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ARKANSAS OFFICE OF STATE PROCUREMENT – ONLINE CONTRACT SUBMISSION SYSTEM

Cronin Awards 2011 Submission – Executive Summary

The Arkansas Office of State Procurement (AOSP) transformed a very labor intensive, cumbersome, manual, paper-driven business process into a streamlined, cost saving, efficient and green solution.

Arkansas statutes require all Professional and Consultant Service contracts (PCS) greater than \$25,000 to be reviewed monthly by the Arkansas Legislative Council. The previous paper-driven, manual process of approximately 2,000 contracts per year has been replaced with a new online system that allows electronic submittal of these contracts, status tracking, and approvals received digitally.

AOSP led the state in the Arkansas Go Green effort to reduce paper usage and decrease the carbon footprint. The implementation of the new system has reduced paper usage in this process by approximately 117,000 pages annually. In addition, users benefited from improved customer service, decreased process time/enhanced productivity, vast reduction in real estate required for processing and eliminated the need for archival storage at AOSP.

Other benefits include:

- Reduced errors
- Improved productivity
- Agency time savings
- Shortened process time
- No lost contracts
- 24/7/365 availability
- Reduction of redundancy
- Increased government transparency
- Increased confidence in procurement process
- Decreased queries to AOSP
- Decreased postal and courier expenditures
- Universal data

Improving the process changed more than the process. The effect has reached further than originally anticipated. For example, state property previously used for processing contracts and paper storage has been converted to an on-site training center. Ultimately, taxpayer dollars are used more effectively through enhanced customer service, reutilization of space, development of stronger relationships, and increased confidence in the procurement process.



ARKANSAS OFFICE OF STATE PROCUREMENT – ONLINE CONTRACT SUBMISSION SYSTEM

Cronin Awards 2011 Submission – Descriptive

Arkansas statutes require all professional and consultant service contracts greater than \$25,000 to be reviewed monthly by the Arkansas General Assembly or its Legislative Council. The Arkansas Office of State Procurement (AOSP) developed and successfully initiated its 'green' online contract submission system for Professional/Consultant Services (PCS) contracts on February 15, 2010. This new system allows state agencies to submit PCS contracts electronically, track the contract status, and receive approvals digitally.

PREVIOUS PRACTICES

The previous business process was manual, expensive, and redundant. For original contracts, a paper contract would be completed and signed by the vendor and agency. A copy would be made of the original contract with all necessary attachments, which might be voluminous. Both paper copies would then be sent via courier or post, depending on the agency location, to AOSP. For amendments to an existing contract, the paper amendment form would be completed, a copy of the amendment with all attachments would be made, and a copy of the contract's entire back history would be sent to AOSP (for example, a fifth amendment to a contract would require the original amendment 5, one copy of amendment 5, and one copy of the previous four amendments, and the original contract).

Once received, AOSP would review each original contract and amendment for accuracy. Data related to the contract would be manually entered into a spreadsheet (25 fields) for tracking purposes. Contracts would be grouped, reports compiled, and copies of the contracts sent to the Bureau of Legislative Research (BLR) for placement into the next legislative review meeting agenda.

BLR would receive a paper copy of each submitted original contract, each amendment, plus all of the back history for each amendment. BLR would manually enter pertinent data related to the contracts/amendments into their own database. Once the legislative review was completed, all paper contracts/amendments would be returned to AOSP. Each contract/amendment was then stamped with the director's signature and dated. The executed contract or amendment would then be filed at AOSP for future reference, and the original returned to the submitting agency.

THE NEED FOR MODERNIZING

The previous practice was quite costly in employee time, paper costs, envelopes, postal costs, messenger services, filing space, and long-term storage. Another "cost" was in efficiency. If an agency forgot to include an attachment to their contract or needed to redo a page, the time it would take to receive such document could be days, especially if the agency was located outside of central Arkansas.

The state needed a new method to process these contracts so as to save on tangible and intangible costs, improve customer service, increase the speed of delivery, and eliminate redundancy. The new system greatly improved all these problematic areas.

PAPER REDUCTION

As indicated above, large volumes of paper were required in the previous business practice. The number of annual contracts processed averaged 1,960 per year. Paper usage summary was:

Pages per year	19,887	Pages per year including duplicates	92,748
Pages over 3 years	59,661	Pages over 3 years including duplicates	278,244

The 2009 Government Printing Report shows an average of 33% of federal government printing is unnecessary or wasted. By using this waste percentage as an average, this would increase paper usage from 278,244 pages to 370,064; 91,820 pages of this total being unnecessary/waste. To put this volume of paper into perspective, the height of 370,064 pages would far exceed the height of the White House. These figures are minimum values and do not allow for additional paper usage such as lost



Pages used in previous business practice: 370,064

Pages used in new system: 18,503

contracts, page corrections, large contract anomalies, contracts that have to be redone in their entirety because of errors and other like events that would require reprinting.

The new system reduces paper submitted to AOSP by more than 95%. By submitting contracts and amendments digitally (PDF format), we have eliminated the need for paper copies. With this substantial reduction in paper, the 3-year paper-usage value has fallen from 370,064 pages to approximately 18,503 pages.

EMPLOYEE PRODUCTIVITY ENHANCEMENT

Manually processing paper contracts requires much more employee time than digital contracts because of activities such as transporting, moving, organizing, and filing paper documents. Each hands-on function has now been replaced with mouse clicks. The time to file approximately 2,000 paper contracts per year has now been eliminated entirely. Searching for contracts was vastly time consuming in paper format whereas searching may be done now in a few seconds. With the new system, data gathering may be performed on thousands of contracts in a matter of minutes.

MAXIMIZATION OF REAL ESTATE

The number of PCS contracts that flow through AOSP varies monthly from 20 to 400 depending on the time of year. The months with higher numbers of contracts required vast amounts of space to stack, store, organize, and process paper contracts.

Arkansas’s record retention law requires contracts to be archived for five years after contract expiration. This could add up to a retention period of as long as 11 years (assuming a seven-year maximum

contract term + five years historical archive). In certain instances, this archival period may be longer. Based on almost 2,000 contracts per year, this would be an estimated 22,000 paper contracts that must be stored. The new system has greatly reduced the need for office work space to process contracts as well as entirely eliminating the need for warehouse space. Areas previously used to store PCS contracts have been reallocated to create an in-house training center for AOSP and other state agencies.

COST SAVINGS

Monetary savings categories for the new system include:

- Paper – Reduced by more than 95%
- Envelopes (mailing and courier) – Reduced by more than 97%
- Mail/Postal – Reduced by more than 97%
- Messenger Service Use Reduction
- Office and Warehouse Storage – Eliminated

OTHER BENEFITS AND SAVINGS

Other intangible advantages of the new system results:

Customer Service – The new system puts more control into the end users' hands. It gives the end user control over when a contract is entered as well as giving them the ability to view the status of any contract at any time.

Speed of Processing – When a PCS contract is entered into the new system, it is ready to be processed by AOSP. PCS contracts that do not require review by the Legislature can be examined, executed, and returned back to the agency as quickly as 5-10 minutes.

Elimination of Redundancy – AOSP and the Legislative Bureau no longer need to enter information pertaining to the contract into separate databases. This information is entered one time only by the agency when creating the contract. The Legislative Bureau downloads a pipe-delimited data file and uploads to their system. This data can then be pulled into the monthly meeting agenda without the need of manually reentering the information.

Availability – The online system does not have the restrictions equated to an office environment. It is Internet based and available at any time. This permits employees to work in the field and accommodates telecommuting. The system allows real-time online accessibility regardless of location.

Public Information – All PCS contracts processed through AOSP are legally considered public information. Because this system is Internet based, citizens may view contract information at their leisure, allowing for complete transparency.

Universal Data – Stored and reported data are in common formats. Standard databases are used to store both text information as well as PDF contract images. Downloaded results can be accessed in comma-separated values (CSV) or pipe-delimited file formats. These formats are readable by most spreadsheets and other business software. This universal data allows access to vast amounts of information to all end users.