NASPO Annual Meeting
2010 George Cronin Awards for Procurement Excellence
Spend Under Management “SUM”

Commissioner Brad Douglas, C.P.M.
State of Georgia
Department of Administrative Services

August 24, 2010
Agenda

• Summary

• Innovation
  ▪ Spend Management Analytics
  ▪ Team Georgia Marketplace™
  ▪ Continuous Monitoring

• Benefits

• Transferability

• Questions
Georgia’s Need for Spend Under Management

- **Derivative of Georgia’s Procurement Transformation in 2005**
  - Overhaul of procurement technology and implementation of best practices
  - Effort to streamline state purchasing and help Georgia reach “best-managed status”

- **Spend Under Management Initiative – latest chapter in the Transformation**
  - Implementation of Team Georgia Marketplace™, a flagship electronic procurement system
  - Development of first “refreshable spend cube,” statistical tool to analyze Georgia’s purchasing patterns
  - Continuous monitoring of State procurement performance

- **Effort to bring comprehensive visibility to Georgia’s spend – drive purchasing excellence statewide**
“SUM” a Comprehensive Approach

- **What is it?**
  - Electronic tools that collects spend data and buyer activities
  - Generate reports on enterprise purchasing patterns and practices
  - Comprehensive approach to efficiently managing spend

- **What does it do?**
  - Flexible precision to examine spend and procurement performance with multiple viewpoints
  - Robust technology system provides procurement efficiencies, detailed analysis and hard-to-compile reports
A) 4-Steps to Building a Refreshable Spend Cube:

1) Beginning the Process
   - Introduction to Project Management
   - Identify key stakeholders and develop teams
   - Write project charter
   - Conduct interviews
   - Identify data sources
   - Identify data types
   - Determine timelines, refresh schedule, and data request template
   - Receive and validate data extracts

2) Developing the Spend Cube
   - Bring disparate data together
   - Normalize and categorize data

3) Validation
   - Run summary reports on extract
   - Validate data with IT and Finance

4) Analytical Reporting
   - Develop and run reports to make informed business decisions that align with strategic objectives

B) Disparate Data Types

Data Cleansing
Normalization / Categorization

Output

Applications & Reporting

- Accounts Payable “AP”
- Purchase Order “PO”
- Invoicing Card “P-Card”

About Spend Management Analytics...
Georgia Department of Administrative Services
Implementation of Spend Management Analytics Can Lead To

- **Smarter business decisions**
- **Increased spend visibility**
  - Identify opportunities for potential contracts
  - Lower the purchase price while increasing quality
  - Measure overall procurement performance
- **Increased contract compliance**
  - Ensuring Price Compliance
  - Monitoring “Maverick” Spend
  - Identifying Under-utilized Suppliers
  - Enhanced Marketing of Statewide or Agency Contracts
- **Directing More Spend to P-Cards**
Team Georgia Marketplace™
Core Functionality

- **Electronic requisitioning**
  - Provides easy self-service web-shopping system via online catalogs of products and services available on statewide contracts, streamlines employee ordering and lowers procurement costs by reducing transaction overhead and controlling maverick spending
  - **Benefits** - provides simplified and reduced signature routing, reduced paper requisitions, automates receipts and returns, and simplifies creation of open item and history reports

- **Strategic Sourcing**
  - Enables buyers to create buying events, permits suppliers to respond to procurement actions, allows purchasing agents to analyze supplier responses and make awards
  - **Benefits** - less mailing and waiting time, reduced paperwork, easier bid comparisons, easier maintenance of bidder information and reduced paperwork files and time

- **Supplier Self Service**
  - Two-way online communication with suppliers enabling self-service access to register and change their bidder information and access to outstanding POs and payment status
  - **Benefits** - less paperwork, faster communications, less administrative time, and easily available information for suppliers

- **Supplier Contract Management**
  - Standardizes contract processes, reduces time-to-contract, and drives contract compliance
  - **Benefits** - electronic vs. paper contracts that are easily modified and can be monitored for activity, electronic version control, ties to creating of POs and makes finding contracts for specific items easier through enhanced search capabilities

www.statepurchasing.doas.georgia.gov
### Measures and Metrics

**3/31/2010**

#### Vendors

<table>
<thead>
<tr>
<th>Total</th>
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**Electronic Notification Fees**

### ePro

#### Total Users

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<tr>
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<th>Audits</th>
<th>DJJ</th>
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#### Cycle time: Requisition to PO Dispatch

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#### Total Spend in the Marketplace - FY 2010

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<tr>
<th>DOAS</th>
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#### Total Agency Contract Spend in the Marketplace - FY 2010

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#### Total SWC Spend in the Marketplace - FY 2010

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### Measures and Metrics

#### 3/31/2010

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**P-Card**

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**Sourcing**

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<tbody>
<tr>
<td><strong>Responses (Total)</strong></td>
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<td>185</td>
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<td>255</td>
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### Contracts

#### Contracts created from events

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<th>DHS</th>
<th>GDC</th>
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<tr>
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<td>7</td>
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#### Ad Hoc contract documents created

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<th>GDC</th>
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<td>2</td>
<td>2</td>
<td>3</td>
<td>4</td>
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### Number of SWC in SciQuest compared to SWC in PeopleSoft

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<tr>
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<th>SWC PS</th>
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</thead>
<tbody>
<tr>
<td>SWC - SQ</td>
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<td>69</td>
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### Agency contracts in PeopleSoft (Agency Contract index)

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<th>DHS</th>
<th>GDC</th>
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<th>DeCD</th>
<th>DNR</th>
<th>GTA</th>
<th>GFC</th>
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</thead>
<tbody>
<tr>
<td>Total</td>
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<td>2</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>1</td>
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<td>0</td>
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<tr>
<td>Total in PS</td>
<td>57</td>
<td>26</td>
<td>42</td>
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<td>32</td>
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### Purchase Orders from Events

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<th>DHS</th>
<th>GDC</th>
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<th>DeCD</th>
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<th>GFC</th>
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<tr>
<td>POs</td>
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<td>5</td>
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<td>14</td>
<td>1</td>
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### Total numbers

- **Total number of Window Shoppers - FY 2010**: 1264
- **Total number Window Shopper Sessions**: 253
SUM (Spend Under Management) Initiative
Department of Administrative Services

Continuous Monitoring for Statewide Process Improvement
Report to management on Performance Levels & Training Needs across State Entities
Report to State Entities where corrective action plans can be effective to mitigate compliance performance issues

Spend Management Cube
(State Spend)

PO & P-Card Spend Reports
Desktop Review across all State Entities

Requisition & Contract Documentation & Other Compliance Information

Team Georgia Marketplace™ Data
Why Continuous Monitoring?

Benefits

- Leverage technology where possible to utilize data analytics
- Continually look for indicators of procurement risks and performance deficiencies
- Reduce travel costs and increase audit productivity
- Increase the number of entities audited per fiscal year
- Report finding deficiencies immediately to correct behavior
- Achieve higher levels of compliance statewide when organizations realize frequent oversight is in place
“SUM” Benefits

- Provides the electronic sourcing tools and workflow required to streamline the State’s procurement processes.

- Promotes a more open government marketplace by providing the state procurement professionals, state suppliers, and end users an array of online self-service and collaboration tools.

- Centralizes and automates the capturing and collection of core procurement information to better leverage state spend.

- Provides electronic tools and processes to support the State’s continuous monitoring to improve procurement performance.

- Creates the structure to centrally manage state-wide procurement contracts and associated documentation from contract creation through termination.
Transferability

- The Spend Management Analytics (SMA) Website is Available at [www.spendanalytix.com](http://www.spendanalytix.com) which includes:
  - Spend manual
  - White papers
  - Project fact sheet
  - Presentations
  - Press Release
- SPD is working with Pew Center on the States and Microsoft to market the SMA project nationwide
- Information on Team Georgia Marketplace™ and Continuous Monitoring can be found at: [http://doas.ga.gov/StateLocal/SPD/Pages/Home.aspx](http://doas.ga.gov/StateLocal/SPD/Pages/Home.aspx)
Questions?

Georgia