



# ***Procurement Transformation***

## ***Update: Technology Improvements***

Department of Administration  
***Division of Purchase and Contract***

Presented to  
**Joint IT-Oversight Select Committee**  
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## *Assessment Findings*

- No Training Program and no Career Path
- No integrated purchasing strategy and no integrated spend data repository
- Technology meets basic State needs, but fragmented use of technology
- Limited flexibility in purchasing techniques allowed and outdated procedures
- Few formal channels for feedback and suggestions
- Limited contract management and compliance monitoring



## Working Groups established to address Findings and Recommendations

- Strategy and Governance
- Training
- Strategic Sourcing
- Organization and Staffing
- Contract Compliance and Monitoring
- Change Management/Communications



# Upgrade of Ariba Buyer System

- Move to current release – “9r1” for continued Ariba support
- Start with clean database for efficiency and faster response
- Work with Agencies, Community Colleges and LEAs for smooth transition
- Provide training sessions and materials for new or modified functionality, as well as better use of available capabilities



# Upgrade-related Activity

- Persuaded Ariba to provide 3 additional months of support for current version, allowing cut-over to coincide with Fiscal Year-end
- Acquired direct license and maintenance agreement with Ariba, simplifying transition at end of current Operational contract, if needed (December 2012)



# Where We Are Now

- System Testing Complete
- Developed solution for “In-Flight” Transactions (Open P.O.s at time of cut-over)
- Individual liaisons established for large agencies
- Working with agencies to close as many P.O.s as possible
- Holding monthly agency briefings on status, seeking feedback
- Working on Training, for April roll-out



# Electronic Procurement System:

The technology that supports the services

- **Ariba Buyer (electronic purchase orders)**
- **e-Quote marketplace**
- **Vendor Registration**
- **IPS (Interactive Purchasing System) – RFP/IFB posting**



# System Usage

- **234** different NC entities now use E-Procurement
  - **30** state agencies
  - **16** institutions and hospitals
  - **58** community colleges
  - **115** K-12 local school systems (LEAs)
  - **15** local governments
- More than **14,000** total users
- More than **45,000** registered vendors





## NC E-Procurement Spend FY08-FY11





- NCAS
- SAP
- Community Colleges
- LEAs (4)

*Total of 178*

**Supporting  
Applications**

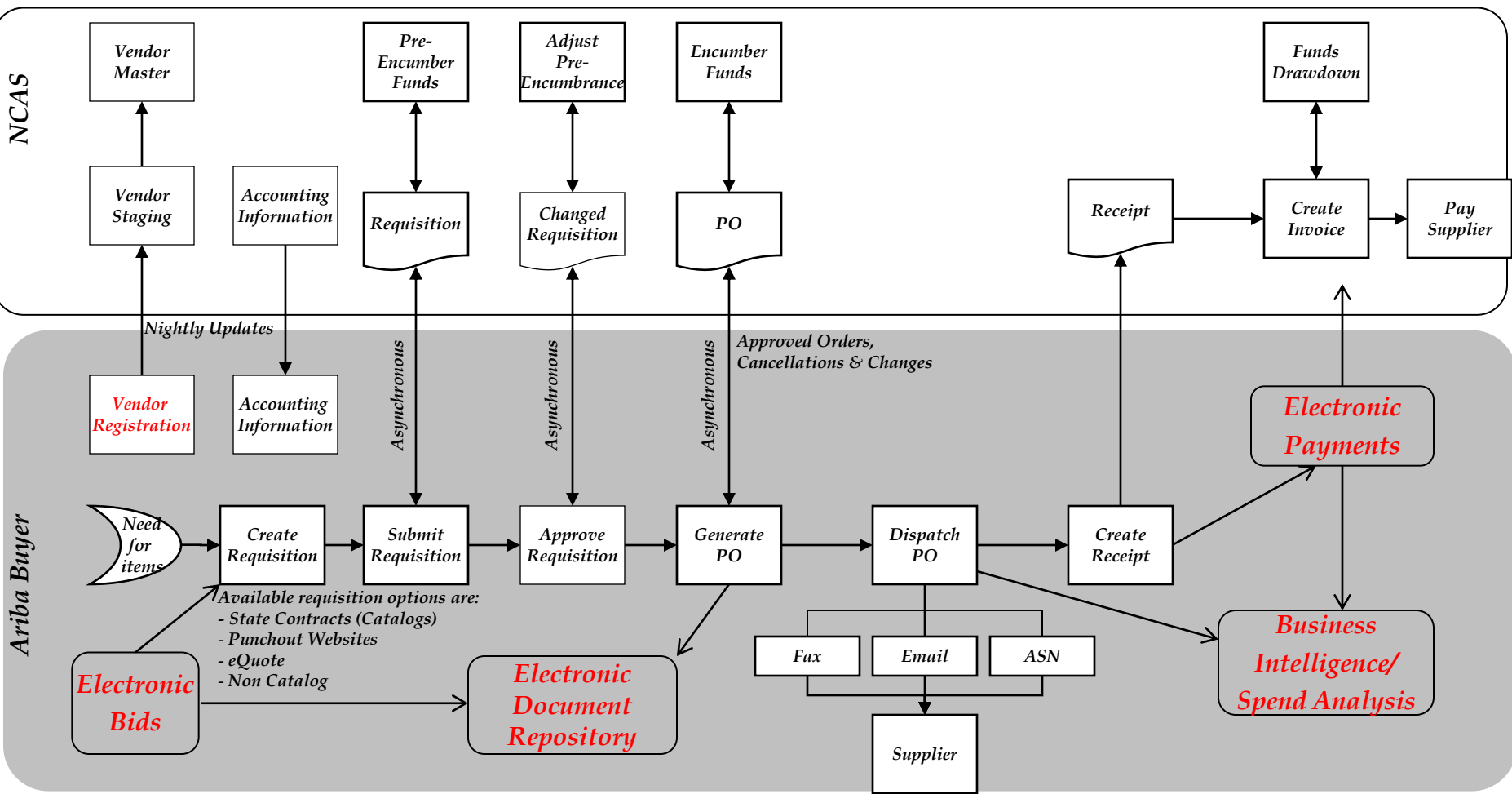
**Ariba**

**Interfaces**

- IPS
- eQuote
- Vendor Registration
- Reporting



# Ariba Buyer / NCAS Data Transfer





# Technology Needs



- Offer a **single vendor registration system** to those businesses that do, or wish to do, business with the State—rather than the two separate, duplicative systems currently required.
- Implement the capability for vendors to **submit bids electronically**, greatly reducing the amount of paper to be handled and stored. Currently, vendors receive notice of solicitations electronically, and they receive orders electronically. This software addition will make the entire solicitation process a seamless electronic sequence , and, once implemented, creates a possibility for electronic storage.
- Provide an **electronic archive for procurement files** (once bids become electronic), which both will reduce the storage space now required for paper files and will enhance the accessibility and reference value of those files.
- Incorporate a flexible, **easy-to-use data analysis tool** that will enable more accurate evaluation of how much and where the State spends funds in various goods and service categories, in order to make more strategic and economical decisions on future purchases. As you may recall, SB404, which was passed unanimously in both chambers gave the Department of Administration authority to request procurement data from all state entities, enabling DOA to acquire the needed data to perform this analysis.



# E-Procurement Fund Request

- Ariba Maintenance Agreement \$ 439,000  
(actual recurring annual cost)
- Software licensing fees and implementation services \$ 1,750,000-2,750,000  
(estimate)
- Staff training costs \$ 250,000-400,000  
(for effective utilization of enhanced capabilities)
- Project Manager \$ 100,000  
(ITS PM Service, part time)

TOTAL REQUEST: \$ 2,539,000-3,689,000