

2011-2012

**E-PROCUREMENT
HOUSE SELECT
COMMITTEE**

MINUTES



HOUSE SELECT COMMITTEE

ON E-PROCUREMENT

2011 – 2012 SESSION

**REPRESENTATIVE G. L. PRIDGEN
CO – CHAIR**

**REPRESENTATIVE FRED STEEN
CO – CHAIR**

BEV SLAGLE, COMMITTEE CLERK

From HOUSE SELECT COMMITTEE ON E-PROCUREMENT:

GOALS: The opportunity of significant saving could be realized with the diligent work of this E-Procurement Committee' along with the Division of Purchase and Contract, D.O.A.

1. Pricing of new system versus existing.
2. Cost of complete replacement versus upgrade or partial replacement.
3. Ease of all system integration.
4. User friendly system.
5. Ease of collecting vendor and user data for price comparison and potential savings.
6. Quote for all three systems with complete cost of system, cutover, training, one year savings and five year savings.

QUESTIONS:

- Do we own the Ariba System?
- If not, when does the contract expire? Date?
- What is the cost of the upgrade?
- Is there a guaranteed high and/or low amount Accenture receives from all the orders (contract management)?
- Does Accenture invoice and receive payments and pay the state?
- Does the State invoice and receive payments and pay Accenture?
- How much is the total amount we pay Accenture per year and what services do we receive for this amount?
- Does a high volume of orders come in by fax -- and have to be re-entered at Purchasing? How many faxes? How many employees?
- With the updates, will Accenture be able to do all that the two UNC Systems do now?
- How difficult is it to track account receivables on Accenture?



Office of the Speaker
North Carolina House of Representatives
Raleigh, N.C. 27601-1096

THOM TILLIS
SPEAKER

August 23, 2011

The Honorable G. L. Pridgen
North Carolina House of Representatives
16 West Jones Street, Room 2223
Raleigh, North Carolina 27601

Dear Representative Pridgen:

Pursuant to North Carolina General Statute §120-19.6 and Rule 26(a) of the Rules of the House of Representatives of the 2011 General Assembly, I am pleased to appoint you to serve as Co-Chairman of the House Select Committee on E-Procurement. Your term is effective immediately and will expire on December 31, 2012.

I appreciate your willingness to serve in this capacity. I am confident that you will contribute much to the House Select Committee on E-Procurement.

Best regards,

A handwritten signature in black ink, appearing to be "T" with a superscript "2".

Thom Tillis

Copy: Governor Bev Perdue
Lieutenant Governor Walter Dalton
The Honorable Phil Berger
The Honorable Elaine Marshall
Denise Weeks, House Principal Clerk
Sarah Clapp, Senate Principal Clerk

George R. Hall, Jr. Legislative Services Officer
O. Walker Reagan, Director of Research
Office of the State Controller
State Library
Legislative Library
State Ethics Commission



NORTH CAROLINA GENERAL ASSEMBLY
Legislative Services Office

George R. Hall, Legislative Services Officer

Research Division
300 N. Salisbury Street, Suite 545
Raleigh, NC 27603-5925
Tel. 919-733-2578 Fax 919-715-5460

O. Walker Reagan
Director

October 18, 2011

The Honorable Fred Steen, II, Co-Chair
House Select Committee on E-Procurement
North Carolina House of Representatives
300 North Salisbury Street, Room 305
Raleigh, NC 27603-5925

Dear Representative Steen,

Congratulations on your designation as Co-Chair of the House Select Committee on E-Procurement.

I have asked Mr. Tim Hovis, Ms. Wendy Ray, and Ms. Barbara Riley, with the Research Division; and Mr. Mark Bondo and Ms. Karlynn O'Shaughnessy, with the Fiscal Research Division, to serve as staff to this Committee. In accordance with the Committee's directions as expressed through the Co-Chairs, they will aid in all aspects of the Committee's work, and will attend the meetings of the Committee when it convenes upon the call of the Co-Chairs. Please note that all these individuals also will be responsible for staffing other study committees and commissions during the Interim.

Should you wish to contact Mr. Hovis, Ms. Ray, and Ms. Riley, they may be reached by telephone at (919) 733-2578. Mr. Bondo and Ms. O'Shaughnessy may be reached at (919) 733-4910.

My best wishes to you and the Committee in its work. If I may be of any service to you or the Committee, please contact me.

Yours truly,

A handwritten signature in black ink that reads "O. Walker Reagan".

O. Walker Reagan
Director of Research

OWR/tmp

cc: Hon. Thom Tillis, Speaker
Hon. Gaston Priddgen, Co-Chair
Mr. George Hall
Mr. Mark Trogdon
Ms. Nicole McGuinness
Ms. Sarah Wolfe

Mr. Tim Hovis
Ms. Wendy Ray
Ms. Barbara Riley
Mr. Mark Bondo
Ms. Karlynn O'Shaughnessy
Ms. Becky Cook
Mr. Brian Peck



Office of Speaker Thom Tillis
North Carolina House of Representatives
Raleigh, North Carolina 27601-1096

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

**TO THE HONORABLE MEMBERS OF THE
NORTH CAROLINA HOUSE OF REPRESENTATIVES**

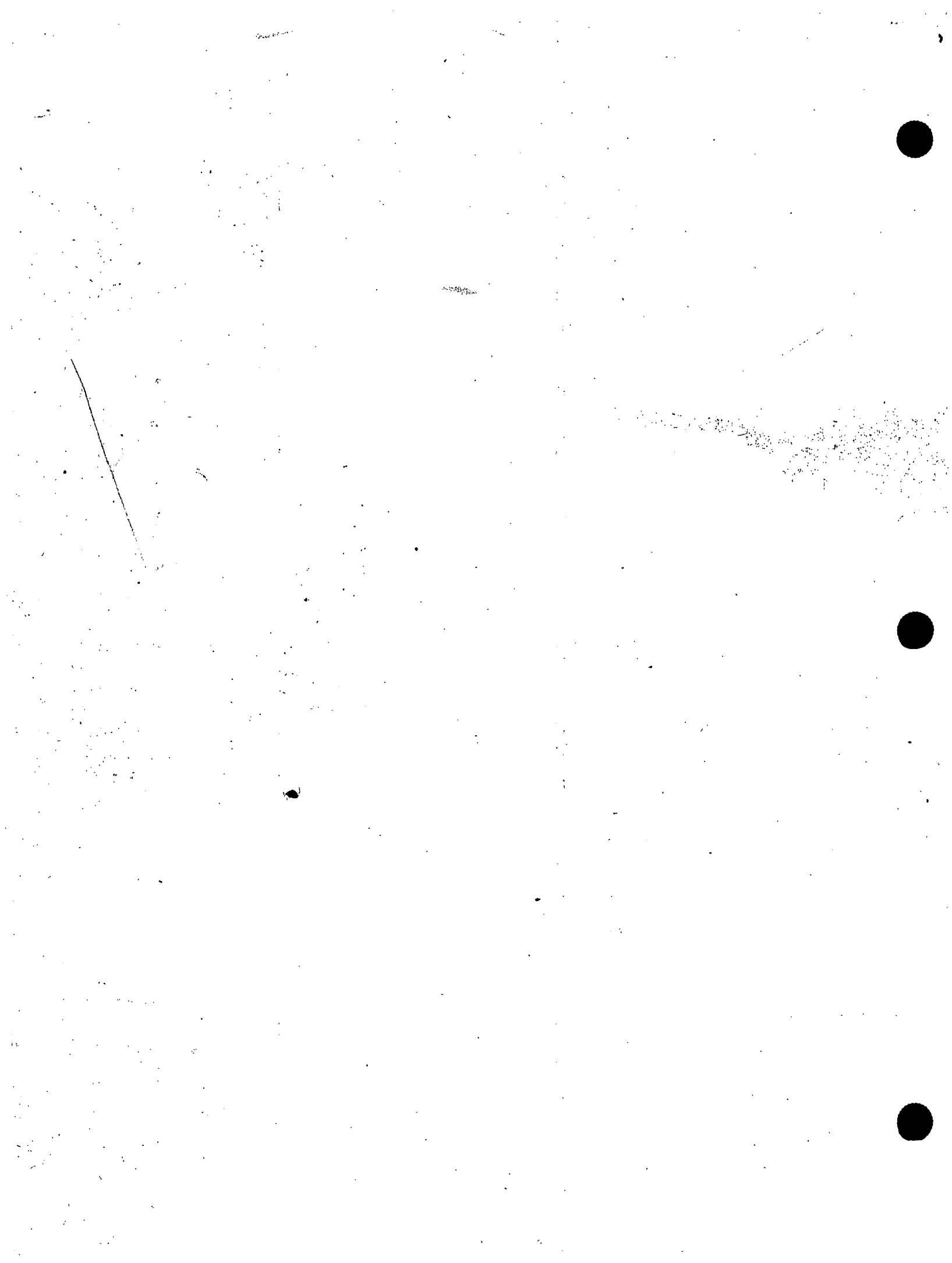
Section 1. The House Select Committee on E-Procurement (hereinafter "Committee") is established by the Speaker of the House of Representatives pursuant to G.S. 120-19.6(a1) and Rule 26 of the Rules of the House of Representatives of the 2011 General Assembly.

Section 2. The Committee consists of the 9 members listed below, appointed by the Speaker of the House of Representatives. Members serve at the pleasure of the Speaker of the House of Representatives. The Speaker of the House of Representatives may dissolve the Committee at any time.

Representative Fred Steen, Co-Chair
Representative G.L. Pridgen, Co-Chair
Representative Glen Bradley
Representative Bill Brawley
Representative Grey Mills
Representative Dale Folwell
Representative Elmer Floyd
Representative Pricey Harrison
Representative Rosa Gill

Section 3. The Committee may study the costs and effectiveness of the State's e-procurement system and any other matter reasonably related to this issue, in the discretion of the Committee.

Section 4. The Committee shall meet upon the call of its Co-Chairs. A quorum of the Committee shall be a majority of its members.



HOUSE SELECT COMMITTEE ON E-PROCUREMENT

Section 5. The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of the General Statutes.

Section 6. Members of the Committee shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1.

Section 7. The expenses of the Committee including per diem, subsistence, travel allowances for Committee members, and contracts for professional or consultant services shall be paid upon the written approval of the Speaker of the House of Representatives pursuant to G.S. 120-32.02(c) and G.S. 120-35 from funds available to the House of Representatives for its operations.

Section 8. The Legislative Services Officer shall assign professional and clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the House of Representatives shall assign clerical support staff to the Committee.

Section 9. The Committee may submit an interim report on the results of the study, including any proposed legislation, on or before May 1, 2012, by filing a copy of the report with the Office of the Speaker of the House of Representatives, the House Principal Clerk, and the Legislative Library. The Committee shall submit a final report on the results of its study, including any proposed legislation, to the members of the House of Representatives prior to the convening of the 2013 General Assembly by filing the final report with the Office of the Speaker of the House of Representatives, the House Principal Clerk, and the Legislative Library. The Committee terminates upon the convening of the 2013 General Assembly or upon the filing of its final report, whichever occurs first.

Effective this the 15th day of September, 2011.



Thom Tillis
Speaker



NORTH CAROLINA GENERAL ASSEMBLY
Legislative Services Office

George R. Hall, Legislative Services Officer

Research Division

300 N. Salisbury Street, Suite 545
Raleigh, NC 27603-5925
Tel. 919-733-2578 Fax 919-715-5460

O. Walker Reagan
Director

March 21, 2012

The Honorable G. L. Pridgen, Co-Chair
House Unemployment Fraud Task Force
North Carolina House of Representatives
16 W. Jones Street, Room 2223
Raleigh, NC 27601-1096

Dear Representative Pridgen:

Congratulations on your designation as Co-Chair of the House Unemployment Fraud Task Force.

I have asked Ms. Cindy Avrette and Ms. Janice Paul with the Research Division, Ms. Kristin Walker and Mr. Rodney Bizzell with the Fiscal Research Division and Ms. Phyllis Pickett with the Bill Drafting Division, to serve as staff to this Task Force. In accordance with the Task Force's directions as expressed through the Co-Chairs, they will aid in all aspects of the Task Force's work, and will attend the meetings of the Task Force when it convenes upon the call of the Co-Chairs. If you have not already done so, I would encourage the Co-Chairs to meet with Task Force staff for planning purposes before the first meeting. Please note that all these individuals also will be responsible for staffing other study committees and commissions during the Interim.

Should you wish to contact Ms. Avrette and Ms. Paul, they may be reached by telephone at 919.733.2578. Ms. Walker and Mr. Bizzell may be reached at 919.733.4910. Ms. Pickett may be reached at 919.733.6660.

My best wishes to you and the Task Force in its work. If I may be of any service to you or the Task Force, please contact me.

Yours truly,

A handwritten signature in black ink that reads "O. Walker Reagan".

O. Walker Reagan
Director

OWR:wsh

cc: Hon. Thom Tillis, Speaker
Hon. Philip Berger, President Pro Tempore
Hon. Marilyn Avila, Co-Chair
Mr. George Hall
Mr. Mark Trogdon
Mr. Gerry Cohen
Ms. Nichole McGuiness

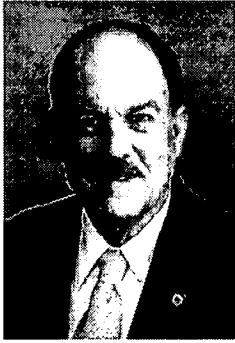
Ms. Sarah Wolfe
Ms. Cindy Avrette
Ms. Janice Paul
Ms. Kristin Walker
Mr. Rodney Bizzell
Ms. Phyllis Pickett
Mr. Brian Peck
Ms. Becky Cook

2011-2013 Committee Budget Estimate

1) Legislative Members Subsistence		\$3,618.00
	\$104.00 Legislative Subsistence	
X	9 Number of Legislative members	
X	1.5 Half of Members using Two Days of Subsistence	
X	4 Number of Meetings	
=	<u>\$5,616.00</u> Total Legislative Members Subsistence	
2) Non-Legislative Members Subsistence		\$0.00
	\$116.00 * Non-Legislative Members Subsistence	
X	0 Number of Non-Legislative Members	
X	1.5 Half of Non-Legislative Members using Two Days Subsistence	
X	0 Number of Meetings	
=	<u>\$0.00</u> Total Non-Legislative Members Subsistence	
* \$101.05 Daily Per Diem Rate Plus \$15 Committee Per Diem Rate (GS138-5)		
3) Travel Expenses		\$2,520.00
a) Legislative Members		
	\$70.00 Round Trip Reimbursement (Based on 242 miles @ \$0.29 per mile*)	
X	9 Number of Legislative Members	
X	4 Number of Meetings	
=	<u>\$2,520.00</u> Total Travel for Legislative Members	
b) Non-Legislative Member		
	\$73.00 Round Trip Reimbursement (Based on 242 miles @ \$0.30 per mile*)	
X	0 Number of Non-Legislative Members	
X	0 Number of Meetings	
=	<u>\$0.00</u> Total Travel for Non-Legislative Members	
* 242 Miles is an Average per Member based on the Total Certified Round Trip Mileage		
4) Clerical Staff		\$3,272.00
	\$818.00 * Average Salary with Benefits for 5 day work week	
X	4 Number of Meetings	
=	<u>\$3,272.00</u> Total Clerical Staff	
* Average Weekly Wages for LA, CAI, CAII & CAIII with Fringes Added.		
5) Professional Staff		\$0.00
6) Special Travel and Expenses		\$0.00
7) Postage and Telephone Expenses		\$0.00
8) Supplies		\$0.00
9) Copying and Printing		\$250.00
10) Reserve		\$0.00
Total		\$11,658.00

NORTH CAROLINA GENERAL ASSEMBLY
HOUSE SELECT COMMITTEE ON E-PROCUREMENT

2011-2012 SESSION



**REP. PRIDGEN
CO-CHAIR**



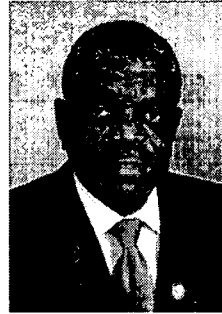
**REP. STEEN, II
CO-CHAIR**



REP. BRADLEY



REP. BRAWLEY



REP. FLOYD



REP. FOLWELL



REP. GILL



REP. HARRISON



REP. MILLS

**JOINT LEGISLATIVE ECONOMIC DEVELOPMENT & GLOBAL
ENGAGEMENT OVERSIGHT COMMITTEE**

MEMBERSHIP LIST

2011 – 2012 SESSION

Representative Gaston L. Pridgen, Co-Chair
1044 Mercer Mill Road
Lumberton, NC 28358
Gaston.pridgen@ncleg.net
919-733-5821 910-740-9855 (C)

Representative Fred F. Steen, II, Co-Chair
317 Daybrook Drive
Landis, NC 228088
Fred.steen@ncleg.net *Steen@ctc.net*
704-857-0857 *C) 704-791-9819*

Representative Glen Bradley
144 Ridgewood Road
Youngsville, NC 27596
Glen.bradley@ncleg.net
919-272-7182

Representative Bill Brawley
13612 O'Toole Drive
Matthews, NC 28105
Bill.brawley@ncleg.net
704-574-0894 (F)

Representative Elmer Floyd
1311 Legislative Building
16 W. Jones Street
Raleigh, NC 27601-1096
Elmer.floyd@ncleg.net
(C) 910-850-2974 (B) 910-850-2974

Representative Dale Folwell, Speaker Pro
Tempore
299 S. Westview Drive
Winston-Salem, NC 27104
Dale.folwell@ncleg.net
252-908-2115 919-754-3295 (F)

Representative Pricey Harrison
P.O. Box 9339
Greensboro, NC 27429-9339
Pricey.harrison@ncleg.net
336.274.5574

Representative Grey Mills
156 Brick Kiln Way
 Mooresville, NC 28117
Grey.mills@ncleg.net
704-664-0863 704-622-5279 (C)

Representative Rosa Gill
2408 Foxtrot Road
Raleigh, NC 27610
Rosa.gill@ncleg.net
919-821-0425

RESEARCH – 733-2578 (P)
715-8365 (F)

Wendy Graf Ray
Room: 200 LOB
wendyg@ncleg.net

Tim Hovis
Room: 200 LOB
timh@ncleg.net

Barbara Riley
Room: 200 LOB
barbarar@ncleg.net

FISCAL – 733-4910 (P)
715-3589 (F)

Mark Bondo
Room: 203B LOB
markb@ncleg.net

Karlynn O'Shaughnessy
Room: 206E LOB
karlynno@ncleg.net

CLERK: Bev Slagle
Room: 2223 LB
pridgenla@ncleg.net
(919) 733-5821 (919) 754-3320 (F)

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

<u>MEMBER</u>	<u>ASSISTANT</u>	<u>PHONE</u>	<u>OFFICE</u>	<u>SEAT</u>
Rep. G.L. Pridgen Co-Chair 1044 Mercer Mill Road Lumberton, NC 28358	Bev Slagle (Clerk)	910.740.9855	919.733.5821 Office: 2223 LB	47 th District
Rep. Fred Steen II Co-Chair 317 Daybrook Drive Landis, NC 28088	Chris Floyd (Clerk)	704.857.0857	919.733.5881 Office: 305 LOB	76 th District
Rep. Glen Bradley 144 Ridgewood road Youngsville, NC 27596	Rosalie Schendel	919.272.7182	919.733.5860 Office: 536 LOB	49 th District
Rep. Bill Brawley 13612 O'Toole Drive Matthews, NC 28105	Brian Lehrschall	704.574.0894	919.733.5800 Office: 1313 LB	103 rd District
Rep. Dale Folwell 299 S. Westview Drive Winston-Salem, NC 27104	Reston Jones	336.748.0046	919.733.5787 Office: 301-F LOB	74 th District
Rep. Grey Mills 156 Brick Kiln Way Mooreville, NC 28117	Wanda Benson	704.664.0863	919.733.5741 Office: 2221 LB	95 th District
<u>MEMBER</u>	<u>ASSISTANT</u>	<u>PHONE</u>	<u>OFFICE</u>	<u>SEAT</u>
Rep. Elmer Floyd 207 Courtney Street Fayetteville, NC 28301	Latasha McPhaul	910.488.6903 910.850.2974	919.733.5959 Office: 1311 LB	43 rd District

Rep. Rosa U. Gill 2408 Foxtrot Road Raleigh, NC 27610	Valerie Rustin	919.821.0425	919.733.5880 Office: 1305 LB	33 rd District
Rep. Pricey Harrison P.O. Box 9339 Greensboro, NC 27429-9339	Sue Osborne	336.274.5574	919.733.5771 Office: 1218 LB	57 th District

ATTENDANCE

House Select Committee on E-Procurement

April 25th, 2012

DATES	10/26/11	12/05/11	02/15/12	03/21/2012	04/25/2012														
Rep. G. L. Pridgen Co-Chair	X	X	X	X	X														
Rep. Fred Steen Co-Chair	X	X	X																
Rep. Glen Bradley																			
Rep. Bill Brawley	X		X	X	X														
Rep. Elmer Floyd	X	X	X	X	X														
Rep. Dale Folwell	X																		
Rep. Rosa Gill	X																		
Rep. Pricey Harrison	X	X																	
Rep. Grey Mills					X														
STAFF:																			
Mark Bondo (Fiscal Research)	X	X	X	X															
Tim Hovis (Research)	X		X	X															
Karlynn O'Shaughnessy (Fiscal Research)	X	X	X	X															
Wendy Graf Ray (Research)	X	X	X	X															
Barbara Riley (Research)		X	X	X															
GUESTS:																			
Sam Byassee, State Purchasing Officer, DOA	X	X	X	X															
Pattie Bowers, Director of IT Procurement/DOT																			
Ken Craig, Assoc. VP of University Business Operations & Shared Services, UNC			X																
Scott Brechtel, UNC-Charlotte			X																
Martha Pendergrass, UNC-Chapel H		X	X																
Jim Macaulay, Mgr., NCAS Model, Office of the Controller			X																
Gwen Canady, Proj. Mgmt.. Officer UNC General Administration	X	X																	

VISITOR REGISTRATION SHEET

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

Wednesday, April 25, 2012

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY & ADDRESS
Angie Harris	Williams Hutten
Buffy Rodri	Accenture
ANTHONY GRECO	NCGA
Jay Stem	NCAA
Chad Lowry	Gov Office
Soyar Peltus	CSS
Ed Striboga	Brooks Bureau
M. Huser	NE DOR
Weldon Jones	Jordan, Price

VISITOR REGISTRATION SHEET

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

Wednesday, April 25, 2012

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY & ADDRESS
Eric ZeeFrulder	Sci Quest 6901 Western Parkway Cary NC 27513
Robert Bowen	FUQUAY SOLUTIONS RAL, NC
DAVID RICE	MANNING FULLEN
Sam Byassee	DOA
Chris Agner	DOA
Diane Pullum	GSUSA
Allison Walter	Nelson Manning
Rick Helfer	IBM
Elise Quick	Troutman Sanders

VISITOR REGISTRATION SHEET

House Select on E-Procurement 3.21.2012
 Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Marsh. K. Cherry	Ronoke EC
Dave Singh	CAAC
Matthew Easley	Smith Anderson
HARRISON BARTELS	SMITH ANDERSON
Joe Crawford	Accenture
Shireen Zackreiter	Accenture
ROBERT POWELL	PERQAM SOLUTIONS
Buffie Rodri	Accenture
Aucie Harris	Williams Mullen
Allison Waller	Nelson Mullins
Kenneth Craig	UNC General Administration

VISITOR REGISTRATION SHEET

House Select on E-Procurement 3.21.2012
 Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME	FIRM OR AGENCY AND ADDRESS
<i>Matt Gassett</i>	AICSB
<i>Bob Healy</i>	McGuireWoods
DAVID RICE	MFS
ELISE QUICK	T. OUTMAN CONSULTING
<i>Ed Sulzgr</i>	Brooks Pierce
<i>Jan Silver</i>	Seigrist
<i>Christy Agnes</i>	DOA
<i>Sam Dussée</i>	DOA
<i>Paula Flynn</i>	DOA
<i>Anne Bander</i>	DOA
<i>Jay Stem</i>	NCAA

VISITOR REGISTRATION SHEET

House Select Committee on E-Procurement 2-15-2012
Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Randy Duncan	UNC Charlotte
Martha Pendergrass	UNC @ Chapel Hill
Joey Stanbury	office of Senator Tucker
Spinos Puggis.	DOA
Ian Silver	SCIQUEST
Mac Boxby	NC Aggregates
Kern Swearingen	SAS
Heather Cox	SAS

VISITOR REGISTRATION SHEET

House Select Committee on E-Procurement 2-13-2012
 Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Angie Harris	Williams Mullen
Buffy Rodri	Accenture
Jim Macaulay	state controller
Anne Godwin	STATE Controller
Tom Newsome	state Controller
Gwen Canady	UNCGA
Rick Heuser	IBM
Julie Hepner	SciQuest
Scott Brechtel	UNCC
Lesley Cates	UNCGA
DAVID RICE	MANNING FULTON

VISITOR REGISTRATION SHEET

House Select Committee on E-Procurement

Name of Committee

2-15-2012

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Chasby Agner

Dept. of Admin

Anne Bender

Dept of Admin

Chad Lowry

Gov Office

David Leonard

Ariba

David Coe

HP

Patti Brown

DOT

Jocelyn Thornton

DOA

Sam Byasse

DOA

Shireen Sackreiter

ACW

Allison Waller

NMRS

VISITOR REGISTRATION SHEET

→ HOUSE SELECT COMM. ON E-PROCUREMENT 12-0511

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Chris Lopez	DOA
Michelle Farrell	NCSRA
Bill Scobbin	TIS
Sam Byarvee	P&C
Patti Brown	DOT
Anne Bander	DOA
Angie Harris	Williams Mullen
Ed Sulington	Brooks Pierce
Tom Exum	NCSRA
Wesley Harris	CAHA

House Select Comm. on E-Procedement 11-20-01

VISITOR REGISTRATION SHEET

House Select Comm on E. Procurement

10/26/11

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Patti Brown	NC DOT
Heather Barrett	Williams Mullen
Joe Crawford	Accenture
Buffie Podri	Accenture
Angie Harris	Williams Mullen
Mac Boxley	NC Aggregate
Jay Stem	NCAA
Carr McLamb	ECA
Daniel Baum	TROUTMAN SAUNDERS
Christy Agnew	Dept. of Admin
Sunny Lineberry	ITS

VISITOR REGISTRATION SHEET

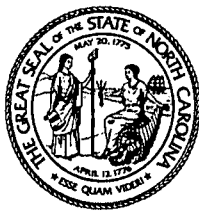
House Select Comm on E. Procurement 10/26/11
 Name of Committee Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Sam Byars	DOA - P&C
Spina Klerkus	DOA
Roger Dees	CSS
Boo Heath	McGuire Woods
Thom Ware	FW
Michelle Frazier	MF+S
Angel Sams	NSS
Larry Coles	UNC
Ed Suljovic	Brooks Science
Rick Helfer	IBM
JAN SILVER	SciQUEST



House Select Committee on E-Procurement

AGENDA

Wednesday, April 25th, 2011
1:00 p.m.
Legislative Office Building: Room 415

I. Welcome and Introductions

Rep. Gaston Pridgen, Co-Chair

Rep. Fred Steen, II, Co-Chair

II. Overview of E-Procurement Issues

Ms. Karlynn O'Shaughnessy, Committee Staff,

Fiscal Research Division, General Assembly

III. Committee Discussion

IV. Adjournment



MINUTES

House Select Committee on E-Procurement

Wednesday, April 25, 2012

1:00 PM

Room 415 / Legislative Office Building

I. Committee Members & Staff:

Co-Chairs: Rep. G. L. Pridgen, 46th District

Rep. Fred F. Steen II, 76th District (*Absent*)

Members: Rep. Glen Bradley, 49th District (*Absent*)

Rep. Dale Folwell, 74th district (*Absent*)

Rep. Elmer Floyd, 43rd District

Rep. Pricey Harrison, 57th District (*Absent*)

Rep. Bill Brawley, 103rd District

Rep. Grey Mills, 95th District

Rep. Rosa U. Gill, 33rd District (*Absent*)

Clerk: Beverly Slagle

Attending House Sargent at Arms:

Jesse Hayes

Bill Bass

II. Staff: Mark Bondo (Fiscal Research)

Bill Patterson (Research)

Tim Hovis (Research)

Barbara Riley (Research)

Karlynn O'Shaughnessy (Fiscal Research)

III. Speaker: Ms. Karlynn O'Shaughnessy, Fiscal Research Division, NCGA

IV. Call To Order:

The House Select Committee on (the committee) meeting was called to order at 1:25 p.m. by the presiding Co-Chair, Representative G. L. Pridgen, who welcomed members, staff, and guests.

V. Approval of the Minutes: The meeting minutes for the March 21, 2012 meeting were approved.

VI. Overview of Issues for Committee Discussion: (See Attachment A):

Ms. Karlynn O'Shaughnessy, committee staff (Fiscal Research Division), began by saying that today's meeting was for committee member discussion and referred the members to the prepared document (Attachment A) that includes basic information on what has been done so for this year by the House Select Committee on E-Procurement and some potential "next-steps" for the committee to consider as follows. Items for discussion are as follows (details in attachment):

- A. Review of material covered in the previous meetings,
- B. Discussion (to be considered today), providing some detail on the overall State procurement process.
- C. Detail on the two different systems being used in the State.
- D. Are there potential changes to be considered and where savings could possibly be found.
- E. Department of Administration yearly Costs and Cost to vendors providing goods.
- F. UNC General Administration Costs.
- G. Funding: How should any State e procurement systems be funded?

- H. What should happen with excess funding that comes in as a result of the fee charged. If a fee is charged, how should funds in excess of what is required to operate the system be used?
- I. Should there be limitations on the fund and how much it can take in or charge?
- J. E Commerce Fund (currently \$10,748,417 in fund as of March 31, 2012)
 - Current obligations of fund
- K. Reference to Ariba upgrade, upgrades (listed)?
- L. Potential Savings:
 - What potential sources of actual savings have been identified?
 - Could returning functions performed by contractors to the State save money?
 - How should “soft” savings be considered?
 - How should any savings resulting from efficiencies be used?
 - Should the State provide incentives for agencies to participate in and more rigorously implement spend analysis?
- M. Potential Consolidation:
 - Should the State consider migrating to a single e procurement system?
 - The possible issues (listed)
 - Is there functionality in either system that could be applied to both (e.g., catalogs, spend analysis, etc.)?
- N. Spend Analysis Applications.
 - Department of Administration does not currently have a spend analysis module but as part of an ongoing procurement, just approved by the State’s CIO, they are proposing that they add a spend analysis module for the Ariba system. This, according to the department, would give them the ability to perform spend analysis across both their system and SciQuest.
 - SciQuest will offer the capability in the next 18-24 months.
 - Could the spend analysis be accomplished through collaboration between the Department of Administration and the UNC General Administration?
 - How significantly would the need to cleanse data impact any potential savings?
 - What are the potential uses from aggregation of information available in each system?
- O. Possible Next Steps need to be discussed by the Committee:
 - Identify full range of e procurement options for the State.
 - Further consider funding options.
 - Examine other States’ systems and processes.
 - Request using agency feedback.
 - Request customer feedback (the vendors required to use the system for ease of use).

VII. The Chair opened the meeting for discussion / questions.

Questions:

Q: Rep. Floyd had one question and a follow-up question (inaudible)?

A: Staff will follow-up.

Q: The Chair asked if the Yearly Costs shown on page two of Attachment A was the amount to be paid after the upgrade or is it for current annual charges?

- H. What should happen with excess funding that comes in as a result of the fee charged. If a fee is charged, how should funds in excess of what is required to operate the system be used?
- I. Should there be limitations on the fund and how much it can take in or charge?
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VII. The Chair opened the meeting for discussion / questions.

Questions:

Q: Rep. Floyd had one question and a follow-up question (inaudible)?

A: Staff will follow-up.

Q: The Chair asked if the Yearly Costs shown on page two of Attachment A was the amount to be paid after the upgrade or is it for current annual charges?


A: Mr. Byassee told the committee that the amount shown were current charges. He explained that because the Department of Administration will be putting out an RFP for a new operational vendor he cannot say how much it is going to be the end of this year.

Q: Rep. Floyd (inaudible)

A: Staff to follow-up

The Chair recommended that the minutes be provided to the committee members for further discussion and that questions be emailed to staff and copied to each member of the committee to avoid duplicity. All responses from staff should be emailed back to all committee members.

VIII. Adjournment: With no further discussion or business, the committee meeting was adjourned at 2:50 pm.



Signature: Representative G. L. Pridgen, Chair

House Select Committee on E Procurement

Review

Overview of State Procurement Law and Procedures
 Information Technology Procurement
 E Procurement
 Presentations and Demonstrations
 Department of Administration
 University of North Carolina General Administration
 North Carolina Accounting System
 Department of Administration E Procurement Contract
 Business Intelligence/Spend Analysis

Discussion

Procurement

How do the current e procurement systems fit into the State's overall procurement process?

- Department of Administration
 - o 234 entities use
 - o Approximately \$2.5 billion per year spend
 - o Used for goods (40%) and services (60%)
 - o Funded with 1.75% fee for goods purchased
 - o Interfaces with North Carolina Accounting System (NCAS)
- UNCGA
 - o President's Advisory Committee on Efficiency and Effectiveness (PACE) initiative
 - o Sciquest system used by all but two campuses *PeopleSoft (2 campuses)*
 - o Electronic business-to-business processing for the entire purchase to payment process
 - o Funded through fixed price contract
 - o Electronically enables unique requirements
 - o Allows campuses to monitor and manage spend compliance through Spend Compass tool
 - E procurement
 - Other spend

Are there potential changes to be considered?

- Department of Administration
 - o Timeliness of payments to vendors
 - o North Carolina Accounting System interface
- Interface between systems
 - o Spend analysis

Department of Administration Yearly Costs:

Operating fees (Vendor)	\$10,484,820 (FY2010-2011)
Vendor maintenance agreement	439,778
Hosting fee	203,000 (estimate based on current fees)
Software license	113,171 (approx. \$230,000 next FY)
Software license	122,868
Telecomm charges	175,000 (estimate)
Misc. charges and fees	<u>25,000 (estimate)</u>
TOTAL	\$11,541,137

Cost to vendors providing goods 1.75%

University of North Carolina General Administration

One-time implementation cost	\$2.5 million
Annual license fee	\$1.3 million

Funding

How should any State e procurement systems be funded?

- Appropriation
- Fee applied only to goods
- Fee applied to goods and services
- Charge to participating agencies
- Funding with purchase card rebates

If a fee is charged, how should funds in excess of what is required to operate the e procurement system be used?

- Upgrades to system
- Returned to agencies
- Returned to General Fund/Highway Fund

Should there be limitations on the fund?

E Commerce Fund

Currently \$10,748,417 in Fund (as of March 31, 2012)

Current obligations of fund:

\$2,940,352	Ariba Upgrade* (approved by State CIO in 2011)
3,350,000	Additional modules – licenses, implementation & training (approved by State CIO on March 7, 2012 – final cost depends on competitive bids)
439,778	Ariba Maintenance fee (for 2012-13, to be paid in May)
800,000	Estimate of total monthly e-Procurement operational costs paid by State, through 12/2012
<u>138,000</u>	2.8 FTEs (obligated in 2009 Appropriations Act) (estimate - through 12/2012)
\$7,668,130	

*Upgrades will include:

- A single vendor registration system for those businesses that do, or wish to do, business with the State—rather than the two separate, duplicative systems currently required.
- Capability for vendors to submit bids electronically, reducing the amount of paper to be handled and stored.
- An electronic archive for procurement files.
- A data analysis (“business intelligence”) tool that will provide a more accurate evaluation of how much and where the State spends funds in various goods and service categories.

Potential Savings

What potential sources of actual savings have been identified?

- Elimination of manual processing
- No mailing
- Digital documents reduce facility costs
- Efficiencies from end-to-end process (UNCGA)

Could returning functions performed by contractors to the State save money?

How should “soft” savings be considered?

- Procurement process savings
- Payment process savings
- Forms enablement process savings

How should any savings resulting from e procurement efficiencies be used?

- Returned to agency?
- Returned to General Fund/Highway Fund?
- Used to offset e procurement system costs?

Should the State provide incentives for agencies to participate in e procurement and more rigorously implement spend analysis?

Potential Consolidation

Should the state consider migrating to a single e procurement system?

Possible issues:

- Ongoing contracts
- Hardware costs
- Software costs
- Training costs

Is there functionality in either system that could be applied to both (e.g., catalogs, spend analysis, etc.)?

Spend Analysis Applications

Should the State include an e procurement spend analysis capability as part of any business intelligence initiative, or acquire the capability as part of one of the State's systems?

- Department of Administration
 - o Module available for Ariba-part of ongoing procurement
- UNCGA
 - o Currently using Spend Compass at some campuses
 - o Sciquest will offer the capability in the next 18-24 months

Could the spend analysis be accomplished through collaboration between Department of Administration and the University of North Carolina General Administration?

How significantly would the need to cleanse data impact any potential savings?

What are the potential uses from aggregation of information available in each system?

Possible Next Steps

Identify full range of e procurement options for State.

Further consider funding options.

Examine other states' systems and processes.

Request using agency feedback.

Request customer feedback.



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: Wednesday, April 25, 2012

Member: Rep. G. L. Pridgen

Total Number of day's subsistence claimed 1
(This line MUST be completed to be reimbursed)

Arrived the day prior to meeting day Yes No
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Car Mileage on file
(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips 1

G. L. Pridgen
(Member's Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]
[Signature]
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting Yes No

Committee Assistant Name: Bev Slagle Ext.# 35821



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

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Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: Wednesday, April 25, 2012

Member: Rep. Bill Brawley

Total Number of day's subsistence claimed
(This line MUST be completed to be reimbursed)

1

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

Car Mileage

(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips

0

William W. Brawley
(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]

M. S. Priddy
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

4/23 - State Owned Assets 4/24 - Approp Ed Sub.
4/24 Public Private Partnership

Number of day's subsistence claimed for other meeting(s)

3

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name: Bev Slagle

Ext.# 35821



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

Rev: 04/2010

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Financial Services Use:
Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: Wednesday, April 25, 2012

Member: Rep. Grey Mills

Total Number of day's subsistence claimed
(This line MUST be completed to be reimbursed)

0 WAIVER

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

PAY
+
MILEAGE

Car Mileage
(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips

[Handwritten Signature]
(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]

[Handwritten Signature]
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting Yes No

Committee Assistant Name: Bev Slagle

Ext.# 35821

April 25,

2012



N.C. General Assembly

Administrative Division
Financial Services Section

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Form: PR008

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: Wednesday, April 25, 2012

Member: Rep. Elmer Floyd

Total Number of day's subsistence claimed
(This line MUST be completed to be reimbursed)

0

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes

No

Car Mileage

(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips

on file

(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]

(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

House Appropriations on General Government

Number of day's subsistence claimed for other meeting(s)

1

Car Mileage claimed for other meeting

Yes

No

Committee Assistant Name: Bev Slagle

Ext.# 35821



House Select Committee on E-Procurement

AGENDA

Wednesday, March 21, 2012

1:00 p.m.

Legislative Office Building: Room 415

I. Welcome and Introductions

Rep. Gaston Pridgen, Co-Chair

Rep. Fred Steen, II, Co-Chair

II. Approval of Minutes

II. Status of Accenture Contract

Mr. Sam Byassee, State Purchasing Officer and Director of the Division of Purchase and Contract, Department of Administration

III. Overview of Business Intelligence

Ms. Karlynn O'Shaughnessy, Fiscal Research Division, General Assembly

IV. E-Procurement Business Intelligence Applications

Mr. Sam Byassee, State Purchasing Officer and Director of the Division of Purchase and Contract, Department of Administration

IV. Committee Discussion of Options for Recommendations



MINUTES

House Select Committee on E-Procurement

Wednesday, March 21, 2012

1:00 PM

Room 415 / Legislative Office Building

I. Committee Members & Staff:

Co-Chairs: Rep. G. L. Pridgen, 46th District
Rep. Fred F. Steen II, 76th District (*Absent*)

Members: Rep. Glen Bradley, 49th District (*Absent*)
Rep. Dale Folwell, 74th district (*Absent*)
Rep. Elmer Floyd, 43rd District
Rep. Pricey Harrison, 57th District (*Absent*)

Rep. Bill Brawley, 103rd District
Rep. Grey Mills, 95th District (*Absent*)
Rep. Rosa U. Gill, 33rd District

Clerk: Beverly Slagle

Attending House Sargent at Arms: Martha Gadison Fred Hines

II. Staff: Mark Bondo (Fiscal Research) Bill Patterson (Research)
Tim Hovis (Research) Barbara Riley (Research)
Karlynn O'Shaughnessy (Fiscal Research)

III. Speakers:

- A. Sam Byassee, State Purchasing Officer / Department of Administration (DOA)
- B. Ms. Karlynn O'Shaughnessy, Fiscal Research Division, NCGA

IV. Call To Order:

The House Select Committee on E-Procurement (the committee) meeting was called to order at 1:10 PM by the presiding Co-Chair, Representative G. L. Pridgen, who welcomed members and guests, and thanked the staff for their time and valued input.

V. Approval of the Minutes: With no quorum present, the February 15, 2012 meeting Minutes were tabled to be approved at the April 25, 2012 meeting.

VI. E-Procurement Operational Contract (See Attachment A):

Mr. Byassee presented the contractual aspect of DOA's e-Procurement Operations:

- Prefaced his comments with an assumption of the costly impact of a large volume of state employee retirements in ISD in the near future.
- Explained the new contract incorporating procurement software (Ariba) as separate from services contract to operate the e-Procurement system
- Explained where the monthly fee goes to provide, explaining DOA is now directly bound to Ariba for the system and will be paying software support and maintenance fees, directly.

VII. Overview of Business Intelligence (See Attachment B):

Ms. O'Shaughnessy gave an overview of Business Intelligence using a presentation which covered the following information:

- Defined Business Intelligence (BI) as an umbrella term that refers to a variety of software applications used to analyze an organization's raw data.
- Demonstrated the "Intelligence Cycle" to provide the best possible result in analyzing collected data, forecast, and anticipate results.
- Illustrated the Business Intelligence Cycle in a chart.
- Charted the levels of Business Intelligence.
- BI in NC: Informed the committee that this was not a new concept within NC, in 2007 the NCGA began the implementation of a data immigration program as part of the BEACON process, going on at the time, and basically provided funding and setup a government structure for data integration in NC. In 2008 one of the first major efforts to come out of this initiative was the Criminal Justice Law Enforcement Automated Data Services (CJLEDS), due to events.
- BI for Procurement: She explained Spend Analysis; Key Capabilities; and the Benefits.

VIII. E-Procurement Operational Contract (Cont'd, see Attachment A):

A. Mr. Byasse began by commenting on the importance of two points of Ms. O'Shaughnessy's presentation.

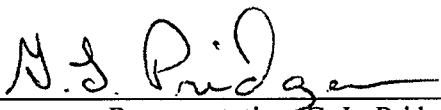
- **Data Quality:** Administration does have the capability to do a fair amount of data analysis, but the program is difficult to use. One problem we have with the system is data quality; what we are finding is that a lot of the data is not what it purports to be.
- **Compliance:** Mr. Byasse suggested that, if the committee made recommendations to improve our e-Procurement system, the recommendation include an enforcement mechanism for those imputing data to ensure better quality of data.

B. Mr. Byasse concluded his presentation (Attachment A) with the following:

- Plans for mid-term future
- Business Intelligence for Procurement
- Ways to improve Procurement Decisions:
 - There are definitely ways to improve the system or, *we might* replace it with something else; but in any event DOA wants to go out with an RFP and we hope to do that, once we get our upgrade implemented. If we can do that within the next six months, certainly within the next year, we will be saving the state millions of dollars—immediately and we want to do that.

C. **Brief Discussion:** There was a discussion (Rep. Brawley) regarding upgrading the antiquated hardware. Mr. Byasse stated that there were no plans to upgrade hardware over the next six years.

IX. **Adjournment:** With no further business, the committee meeting was adjourned at 2:22 pm.


Signature: Representative G. L. Pridgen, Chair

LTO4 1:00 pm
Beverly
Sage
2223
733-5821

Committee Sergeants at Arms

NAME OF COMMITTEE House Select on E-Procurement

DATE: 3.21.2012 Room: 415

House Sgt-At Arms:

1. Name: Carlton Adams
2. Name: Fred Hines
3. Name: _____
4. Name: _____
5. Name: _____

Senate Sgt-At Arms:

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____
5. Name: _____



A

Mc
**E-Procurement
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NC E-Procurement @ Your Service

E-Procurement Operational Contract

Department of Administration

Division of Purchase and Contract

Presented to

House Select Committee on E-Procurement

March 21, 2012

Start 1:00pm

Sam Byassee
State Purchasing Officer
Direct line: 807-4533
sam.byassee@doa.nc.gov



E-Procurement Software (Ariba) is separate from Services Contract to operate the e-Procurement system

Current operational services agreement provisions:

- \$875,000 per month (sole source of funds is e-procurement fees)
- Monthly fee reduced to \$785,000, beginning in April 2012
- Operational Services term expires December 31, 2012
- Transition period, including specified services, to ease transfer to another vendor
- Software licenses, including customizations, remain with State



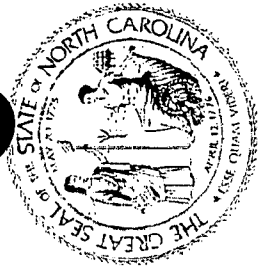
Monthly fee goes to provide --

- Ariba software support and maintenance fees (pass-through to Ariba)
- Vendor services:
 - Operations management
 - Hardware and software maintenance and support
 - Functional and technical support
 - Help desk and other customer support *12 employees*
 - Billing and collection of the transaction fees
- All vendor overhead (Office space, telecommunications costs, personal computers, etc.)



Plans for mid-term future:

- RFP currently in-process, with posting in April
- Operate State's existing e-Procurement system
- Same set of services and performance requirements
- Expectations that additional modules will be added to existing system *Electronic repository*
- Intent is to satisfy State's needs for at least next 3-5 years. *Subs to be added to contract from State of NC*
- Re-evaluate scope and amount of e-procurement fee *during mid-term - re-evaluate cost / fee*



Business Intelligence for Procurement

Decision-making analytics – data mining, statistical analysis, process modeling

Performance measurement – how well are we:

- Meeting performance standards
- Making progress towards business goals

Management reporting – summary information, or historical review of specific segment, for management strategic decisions



Improving Procurement Decisions

- **Overall View of Procurement and Spend**—Gain visibility into specific spending decisions and relationship to decisions on other items; identify opportunities for consolidation and reduction of costs.
 - Assist strategic decision-making, develop sourcing strategies, evaluate effects of alternate sourcing decisions
- **Improve Procurement Performance**—Reduce spending through stronger strategic sourcing initiatives. Identify procurement bottlenecks (late requisitions, poor delivery, poor quality) and take corrective action before they become major issues.
 - spend analysis by commodities, suppliers, supplier locations, buying locations, business units, cost centers, buyers and contract comparisons
- **Enhance Insight into Supplier Performance**—Monitor price, delivery, and product quality to determine best - and worst - performing suppliers. Improve contract compliance.
 - supplier scorecards, supplier price performance, delivery performance, product receipt quality.

B

Business Intelligence

March 21, 2012

Karlynn O'Shaughnessy
Fiscal Research Division



Agenda

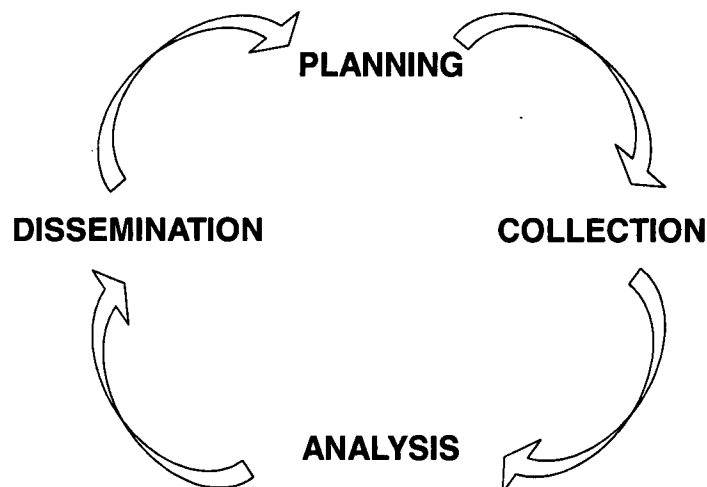
- Business Intelligence... Defined
- Business Intelligence... Cycle
- Business Intelligence... Levels
- Business Intelligence... in North Carolina
- Business Intelligence... in Procurement

Business Intelligence

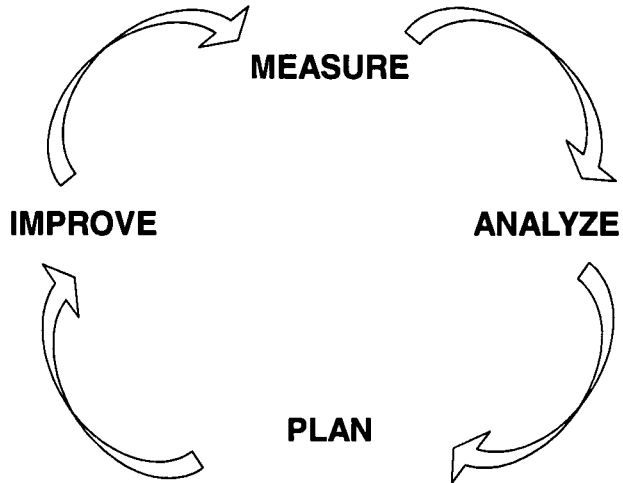
- Business intelligence, or BI, is an umbrella term that refers to a variety of software applications used to analyze an organization's raw data.
- BI as a discipline is made up of several related activities, including:
 - Data Mining
 - Online Analytical Processing
 - Querying
 - Reporting

Source: CIO.com

Intelligence Cycle

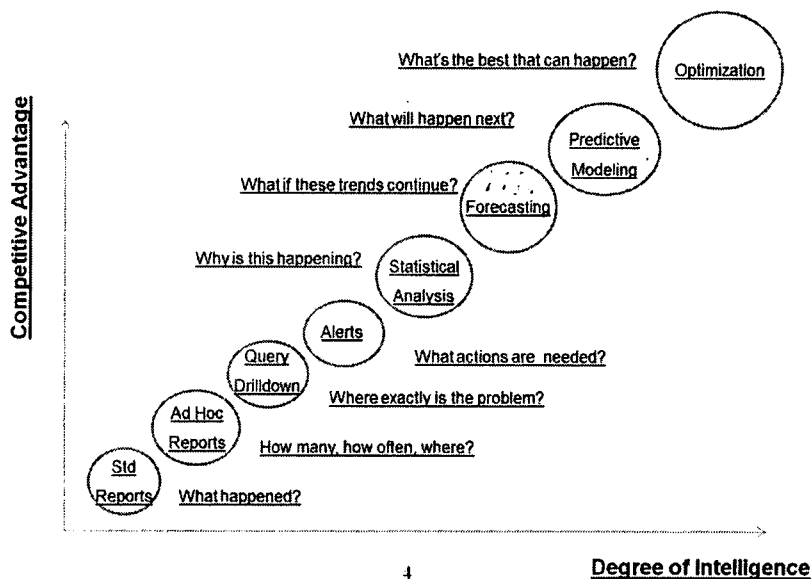


Business Intelligence Cycle



Source: Information Management Online

Levels of Business Intelligence



BI in North Carolina

Legislation:

- 2007: Data integration program established as part of BEACON
- 2008: Criminal Justice Law Enforcement Automated Data Services
- 2011: North Carolina Financial Accountability and Compliance System

Agency Efforts:

- Applications - DPI, DOT, DHHS, OSC, Commerce, DENR, ITS, UNCGA
- Projects under Development – OSC, DPI, DOR, DHHS, OSBM

BI for Procurement

- Spend Analysis
 - Materials
 - Vendors
 - Processes
 - People
- Key Capabilities
 - Data Quality
 - Ease of Use
 - Integration
- Benefits
 - Increased spend under management
 - Improved contract compliance

Source: it.toolbox.com

Prices up on Dora

Questions

Karlynn O'Shaughnessy

karlynno@ncleg.net

919-733-4910



N.C. General Assembly

Members' In-State Reimbursement Form

Form: **PR008**

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: March 21, 2012

Member: Rep. G. L. Pridgen

Total Number of day's subsistence claimed
(This line MUST be completed to be reimbursed)

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

Car Mileage
(Fill out this line if mileage is different than what is certified on file)

on file

Number of Round Trips

1

G. L. Pridgen
(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]

G. L. Pridgen
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s)

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name: _____ Ext.# _____



N.C. General Assembly

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Form: PR008

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(**Complete** Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: March 21, 2012

Member: Rep. Bill Brawley

Total Number of day's subsistence claimed

(This line **MUST** be completed to be reimbursed)

1

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

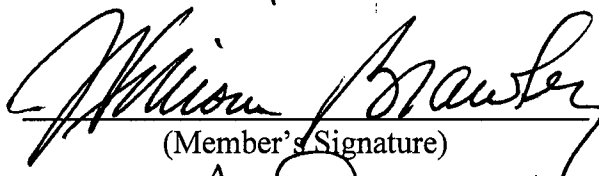
Yes No

Car Mileage

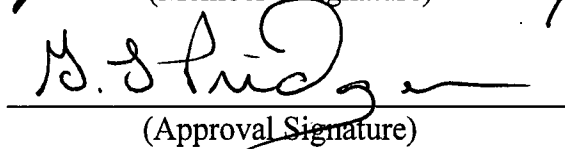
(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips

1


(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]


(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s)

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name: _____ Ext.# _____



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: March 21, 2012

Member: Rep. Rosa Gill

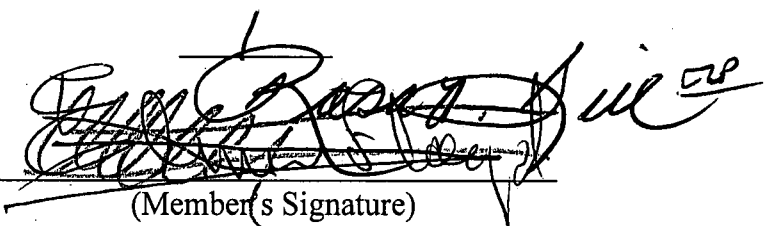
Total Number of day's subsistence claimed 1
(This line **MUST** be completed to be reimbursed)

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

Car Mileage 026.112
(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips


(Member's Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]


(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s) 6

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name: _____ Ext.# _____

March 21,

2012



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: March 21 2012
~~February 15, 2012~~

Member: Rep. Elmer Floyd

Total Number of day's subsistence claimed

(This line MUST be completed to be reimbursed)

1

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

Car Mileage

(Fill out this line if mileage is different than what is certified on file)

on file

Number of Round Trips

Elmer Floyd
(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]

D.J. Priddy
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s)

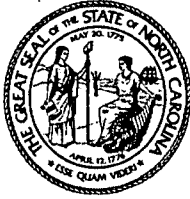
2

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name: Beneh Seagle

Ext.#



House Select Committee on E-Procurement

AGENDA

Wednesday, February 15th, 2012

1:00 p.m.

Legislative Office Building: Room 415

I. Welcome and Introductions

Rep. Gaston Pridgen, Co-Chair

Rep. Fred Steen, II, Co-Chair

**II. UNC General Administration E-Procurement
Demonstration and Analysis**

- *Ken Craig, UNC General Administration*
- *Randy Duncan, UNC at Charlotte*
- *Scott Brechtel, UNC at Charlotte*
- *Martha Pendergrass, UNC at Chapel Hill*

III. Department of Administration E-Procurement Demonstration

- *Sam Byassee, State Purchasing Officer, Division of Purchase and Contract,
Department of Administration*

IV. Payment Processing for NC Accounting System (NCAS) Agencies

- *Jim Macaulay, Manager, NCAS Model, Office of State Controller*

V. Committee Discussion and Instructions to Staff



MINUTES

House Select Committee on E-Procurement

Wednesday, February 15, 2012

1:00 PM

Room 415 / Legislative Office Building

I. Committee Members & Staff:

Co-Chairs: Rep. G. L. Pridgen, 46th District
Rep. Fred F. Steen II, 76th District

Members: Rep. Glen Bradley, 49th District (*Absent*) Rep. Bill Brawley, 103rd District
Rep. Dale Folwell, 74th district (*Absent*) Rep. Grey Mills, 95th District (*Absent*)
Rep. Elmer Floyd, 43rd District Rep. Rosa U. Gill, 33rd District
Rep. Pricey Harrison, 57th District (*Absent*)

Clerk: Beverly Slagle

Attending House Sargent at Arms: Martha Gadison Fred Hines

II. Staff: Mark Bondo (Fiscal Research) Bill Patterson (Research)
Tim Hovis (Research) Barbara Riley (Research)
Karlynn O'Shaughnessy (Fiscal Research)

III. Speakers:

- A. Mr. Ken Craig, Associate VP of University Business Operations and Shared Services, UNC General Administration; Randy Duncan, UNC at Charlotte; Scott Brechtel, UNC at Charlotte; Martha Pendergrass, UNC at Chapel Hill
 - B. Sam Byassee, State Purchasing Officer / Department of Administration (DOA)
 - C. Jim Macaulay, Manager, NCAS Model, Office of the Controller
-

IV. Call To Order:

With a quorum being present, the House Select Committee on E-Procurement (the committee) meeting was called to order at 1:10 PM by the presiding Co-Chair, Representative Fred Steen, II who welcomed members, staff, and guests attending the meeting.

V. Approval of the Minutes: The Minutes for the October 26th 2011 and December 5, 2011 meetings were approved.

VI. UNC SciQuest E-Procurement Presentation (See Attachment A):

- A. **Kin Craig, UNC General Administration:** Mr. Craig gave an overview of the presentation and an update on SciQuest E-Procurement and how UNC ended up being strategically aligned with the SciQuest application as an E-Procurement tool. He presented a *spend analysis* and discussed some of the operating costs associated with the application, both from an implementation perspective and the annual operating cost of the program. He demonstrated

through presentation slides how the application is fully integrated within the state's higher education enterprise resource planning (or ERP system) --- and how user friendly and easy it is to use the SciQuest application from a campus perspective. He went through the steps of how UNC end up with the SciQuest e-procurement tool. He explained that first and foremost the vender itself, SunGuard/Banner ERP system, is strategically aligned with SciQuest. It is an established relationship maintaining an ongoing interface with the SunGuard/Banner application. It provided the lowest cost of investment getting to an electronic platform for the least amount of cost and to achieve the greatest amount of efficiency. It also allowed for a seamless electronic purchase-to-payment process. What differentiates SciQuest from other e-procurement applications that UNC looked at is that it went all the way to the full spectrum of electronic payment for UNC within the single instance application. This provided huge benefits which were demonstrated later on in the meeting (See Attachment A). The Banner application is an established market leader in the higher education platform; fourteen (14) of our universities use that tool. Over six hundred (600) universities across the nation use the higher education application. UNC documented a business case.

- B. Randy Duncan, Scott Brechtel and Martha Pendergrass:** The presenters demonstrated with an online real-time example of the e-procurement process showing how easy the SciQuest application is to use through a common workflow. The demonstration showed where the integration points are between the application and as a software service solution and how it is integrated into the Banner application as a real-time interface application within UNC's system. Banner sits in the middle and SciQuest is all around interfacing into UNC's application.

Banner has made UNC smarter. UNC has many work flows that go outside of a traditional procurement transaction --- control points, approvals, and notifications have been imbedded within the existing purchasing approval process. In doing this, UNC has electronically enabled all of that through one workflow for all of procurement-to-pay on campus. It was shown how cost avoidance was achieved through stable pricing by data mining, which takes little time with big results.

By actually going to the live portal, it was demonstrated how the user can go out and pull data to see if vendors are changing prices. Small increases can have a big impact because of volume buying, so when UNC see prices rising they can go to that vendor at the quarterly vendor meeting and talk to them about reimbursements for a particular item, due to overcharges.

There were no questions from the committee.

VII. NC-Procurement @ Your Service / An E-Procurement System Overview:

- A. Sam Byasse (See Attachment B):**

Mr. Sam Byasse, State Purchasing Officer, DOA, informed the committee the General Assembly provided authorization to set up the E Procurement system, as we know it today; Chapter 143-48.3. provided a mandate for an electronic procurement system operated by the Department of Administration with the cooperation and hosting by ITS and gave the universities and community colleges an "opt out" of that system until May of 2003. In Chapter 66-58.12, electronic procurement allows any agency to provide access to services through electronic and digital transactions and authorizes fees for that which must be approved by OSBM. The revenue from those fees goes into an agency reserve account which then can be

used only for additional ecommerce initiatives and projects, with the approval of the State Chief Information Officer and consultation with the Joint Legislative IT Oversight Committee.

In discussing transaction fees, Mr. Byassee said the Department of Administration is agnostic as far as to the source of the funds, whether it is on goods only, whether it should be placed on goods and services or whether it could come from an annual registration fee from the vendors who use the system or whether it should come from Appropriations. He said there was some equitable appeal to putting one fee on both fees and services which would lower that 1.75% down to below 1%. He pointed out that, at this time, he believes there is an opportunity to *rethink* the way we pay for our system, but added that that is for another day.

The initial implementation of the e-procurement was in October of 2001. There was a significant contract amendment in June of 2004 which resolved a monetary loss due to a fair amount of use which differed from the projected use. The next significant development in October 2009 was a contract amendment which provided for a fixed fee to our operator.

He then went through the work flow management and data aggregation and explained that his demonstration of the data aggregation would not be live but performed on a preset "demo" version. As part of the Department of Administration's procurement transformation initiative, with the increased use of strategic sourcing due to the General Assembly providing us with the ability to join cooperative buying programs, we can leverage our spend along with other states to get the best possible pricing in particular areas. As part of the upgrade we will be taking what were twenty-six different rules, or approval flows, and condensing them down to six more flexible, and a much simpler, framework the approval flow can run. We will also have a "watcher-role" to monitor the process. In the new version accountability will be provided through a compliance field to ensure everyone will input what their justification is for making the purchase, and gave examples.

Mr. Byassee told the committee that the Department of Administration would like to be able to set up an end-to-end system. It is possible, he thinks, keeping the Ariba Buyer and adding on modules. The modules don't have to necessarily come from Ariba; they could be SciQuest or another vendor. We would like to do electronic bidding so that all the bidders can send bids electronically and automatically trigger a requisition. That does not happen today, everything is manually entered. If this occurred we could store data and get rid of paper files that are physically housed. As long as we use NCAS, the electronic payments part of the end-to-end is problematic. The one thing we desire is a more user friendly spend-analysis-business-intelligence system.

- B. **Demonstration:** Mr. Byassee then walked the committee through a demonstration of the system on a "Demo" program he compared as very similar to the previous demonstration given by UNC.
- C. **Discussion:** During and after the demo there was a discussion comparing the two systems. There was a difference of opinion as to the cost savings through the UNC System versus the software the Department of Administration (Ariba) is using. The way each system is paid for was also discussed, with differing estimates of the cost of SciQuest and its maintenance cost. Mr. Byassee noted that if the General Assembly wants to appropriate the money to replace NCAS, he was certain the Controller's office would be thrilled to have an end-to-end system. Without replacing NCAS or allowing electronic payments to be done independently, the

department will not be able to have an end-to-end system. Mr. Byassee noted that if we acquire the modules described in the presentation, his department would have the same quality system as the university system and said that if we go to one system, rather than adding pieces to the system that we have, we will have to retrain fifteen thousand (1,500) users and recreate all of the interfaces, again. Mr. Byassee said that is the reason he is recommending adding the modules, because in his opinion it is much more cost effective.

D. Q & A:

(Q) Representative Gill: Do you [Mr. Byassee] have an idea of the cost that would be incurred if the system were to be upgraded?

(A) Mr. Byassee: He did not have any figures but would get back to the committee, but he estimated somewhere between \$1.5M to \$5M being generous on both ends.

(Q) Follow-up by Representative Gill: If we were to implement the e-procurement system used by the UNC system across the state how much appropriation would be required?

(A) Mr. Craig projected that the system could be self-funded but does not have an exact figure.

(A) Mr. Byassee agreed that the system would be self-funded, but he guaranteed that it would cost in excess of \$10M to implement SciQuest or any other system on a state-wide basis and probably in excess of \$20M as a ballpark figure.

(Request) The Chair asked for a cost estimate.

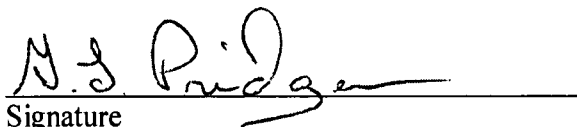
VIII. Payment Processing for NC Accounting System (NCAS) Agencies:

Mr. Macaulay, Manager, NCAS Model, Office of State Controller (See Attachment C): Mr. Macaulay gave an overview of the NCAS system which is clearly explained in the Attachment.

He commented, in his opinion, adding modules would not accomplish a true end-to-end system, in his definition of that term. In his mind, end-to-end takes you through the entire cycle down to the 1099's. At this time, he would not advocate change just to get to a more modern system; eventually maybe but not now. Mr. Macaulay pointed out that there is a lot of functionality that we don't use or integrate on an enterprise level with the current system. As an example, Banking does the banking on a separate financial system, but it is a financial function; the Budget Office does the budgeting on a separate system, but it is a financial function. All of the grant money that comes into the state is done on multiple systems. He commented that if we could get an enterprise-wide approach to all of those functions then your investment makes sense. In 1999, there were two of us dreaming e-procurement, it is a good system. There should be an enterprise, no one is looking broadly and I am not certain how you do that. From a system perspective only, it would be nice if we could make these decisions based on an umbrella look.

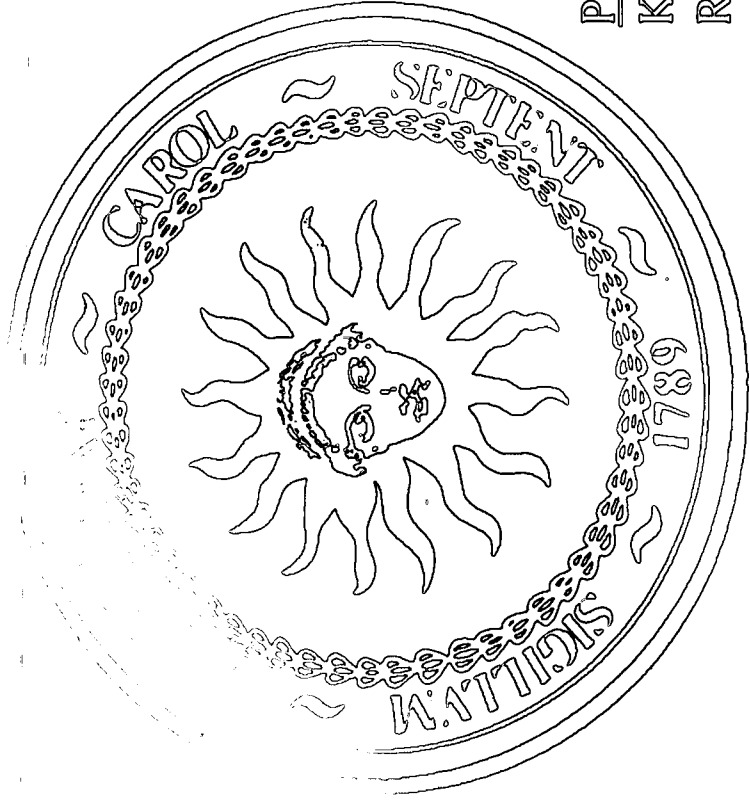
IX. Comments/Input: The Chair requested that the committee members submit any ideas that they may have and welcomed anyone in the audience (vendors, etc.) who would like to weigh in on comments made.

X. Adjournment: With no further discussion or questions, the committee meeting was adjourned at 3:09 pm.


Signature

University of North Carolina SciQuest E-Procurement Presentation

Martha Pendergrass, UNCCH



Presenters
Ken Craig, UNCGA
Randy Duncan, UNCC
Scott Brechtel, UNCC
Martha Pendergrass, UNCCH

February 15, 2012

UNC SciQuest E-Procurement Session Outline

- UNC SciQuest strategic alignment
- System operating costs
- SciQuest purchase to payment system overview
- SciQuest to Banner system integration
- UNC-Charlotte system demonstration
- Spend analysis demonstration



UNC SciQuest Strategic Alignment

- Sole E-Procurement strategic partner with real-time interface with Banner
- Lowest E-Procurement total costs of ownership
- Provides an electronic purchase to payment solution
- No duplicated IT support required
- Fourteen UNC (Banner) campuses use SciQuest's E-Procurement system
- Solution endorsed by DOA and State ITS in 2008

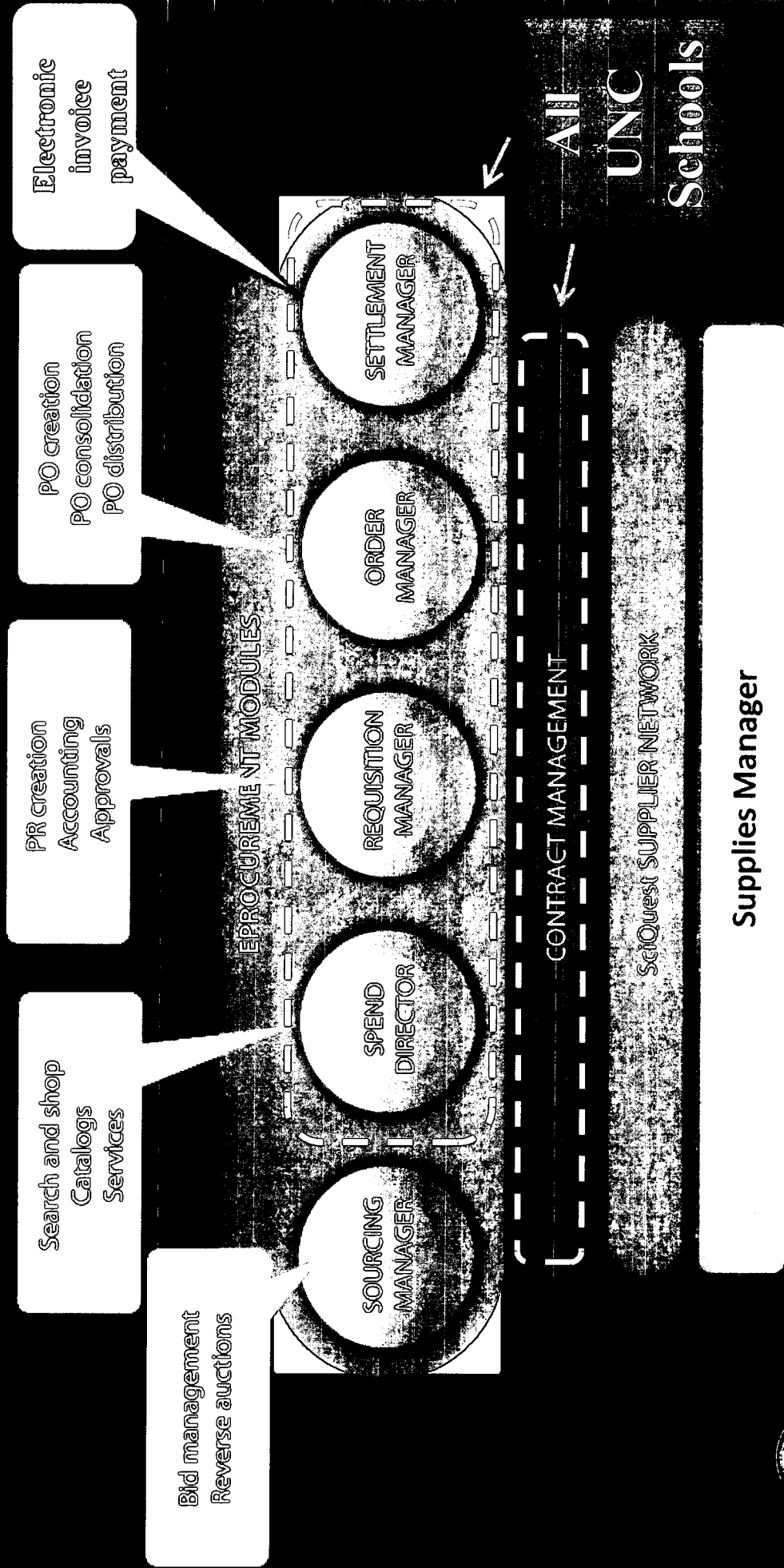


UNC SciQuest Operating Costs

Cost Description	List Price	UNC Price	Discount
One Time Implementation Costs	\$3.6M	\$2.5M	31%
Annual License Fee	\$3.3M	\$1.3M	61%

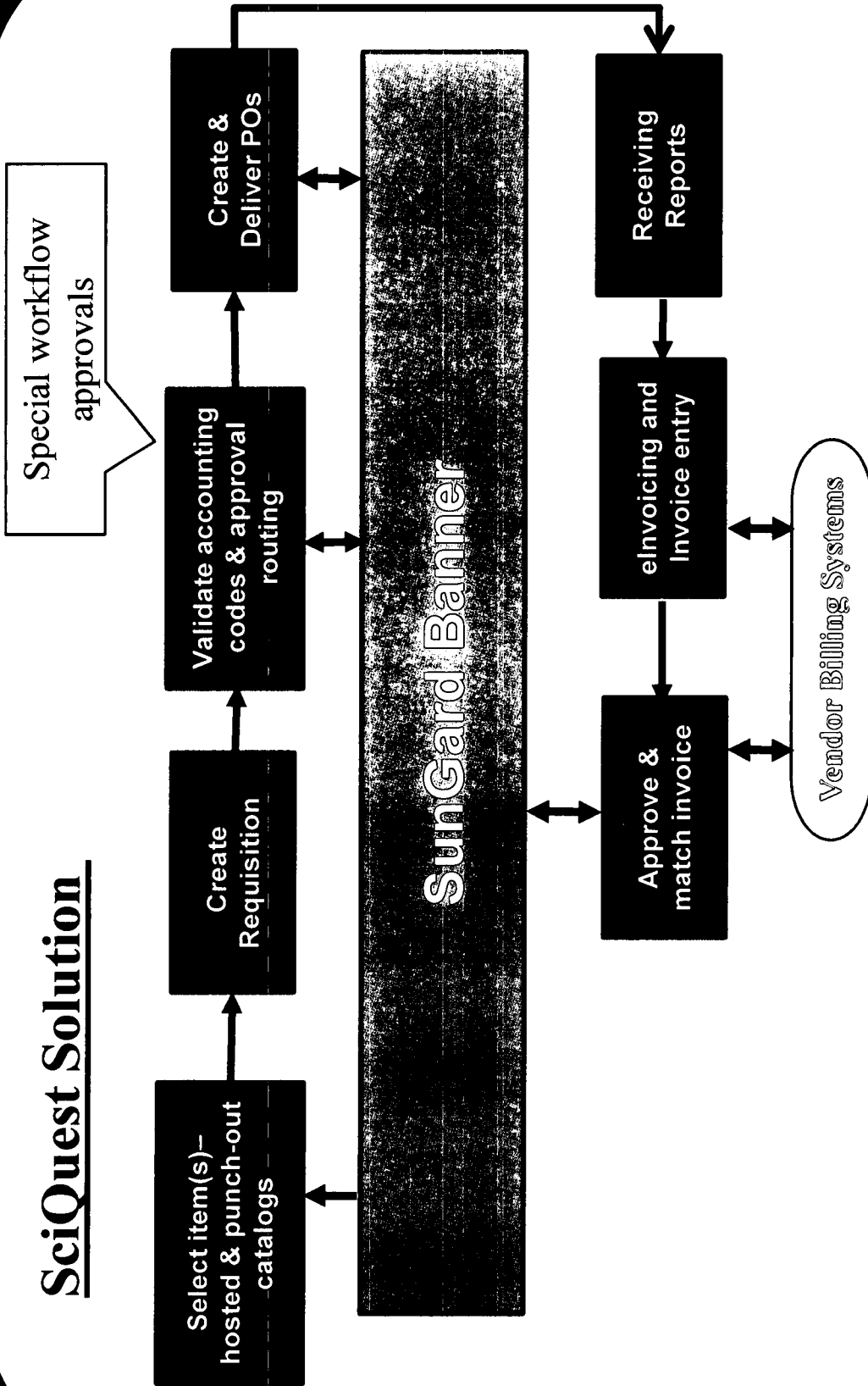


SciQuest Purchase to Payment System Overview



SciQuest / Banner System Integration

SciQuest Solution



UNC Charlotte

System Demonstration

- Requisitioning
- Purchase order processing
- Receiving
- Invoicing
- Transaction status
- Data analysis

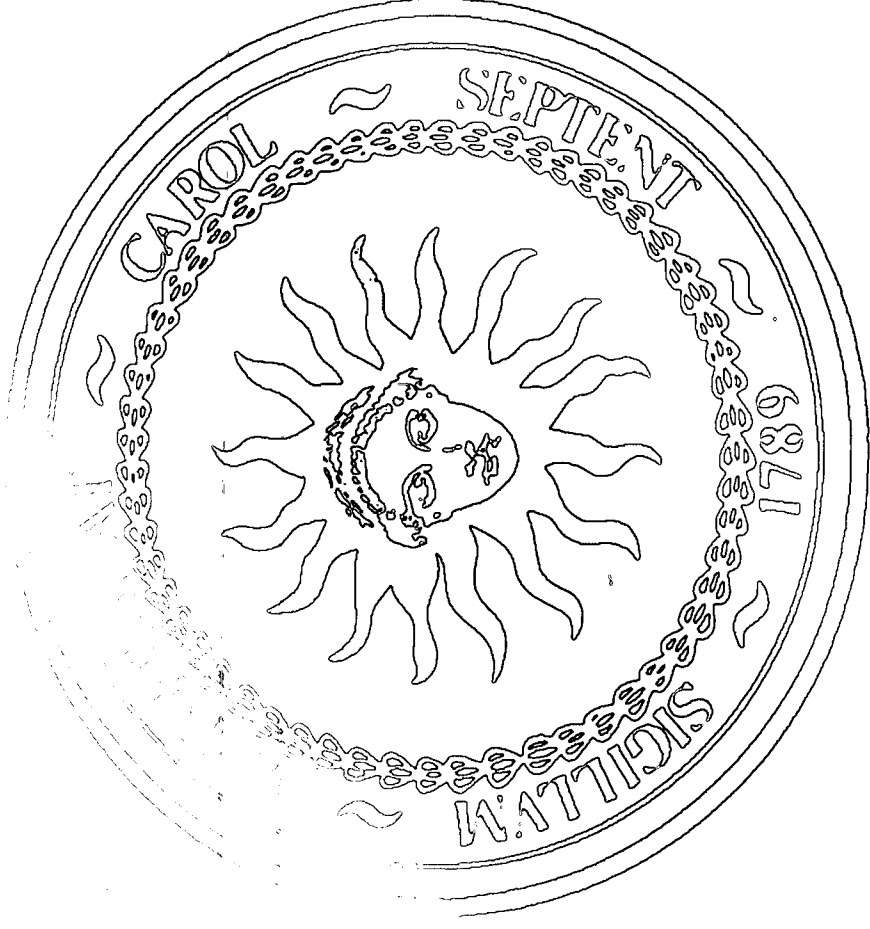


Spend Analysis

- Spend Compass tool used for spend analysis
 - Affiliated with Education Advisory Board
- Benchmarking data warehouse with hospitals and higher education institutions
 - 60 universities
 - Over 200 hospitals
- Demonstration
 - Contract enablement (UNCC)
 - Contract compliance monitoring (UNCCCH)



*University of North Carolina
SciQuest E-Procurement*



Questions and comments



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E-Procurement
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NC E-Procurement @ Your Service

An E-Procurement Overview

Department of Administration

Division of Purchase and Contract

Presented to

House Select Committee on E-Procurement

February 15, 2012

Sam Byassee

State Purchasing Officer

Direct line: 807-4533

sam.byassee@doa.nc.gov

8



E-Procurement Statutory Authority

§ 143-48.3. Electronic procurement.

- Electronic procurement system mandate
- Co-operation of ITS
- University and Community College opt-out until May 2003

§ 66-58.12. Agencies may provide access to services through electronic and digital transactions; fees authorized.

- Fees approved by OSBM
- Revenue into agency reserve account
- Use only for e-commerce initiatives and projects, with approval of State CIO and consult. With Joint IT Oversight



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



e-Procurement Operation Timeline

Initial implementation

Contract amendment (resolve \$ loss due to underuse)

Contract amendment (fixed fee)

Upgrade

Expiration

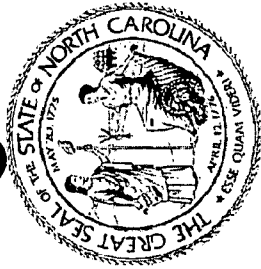
Oct. 2001

Jun. 2004

Oct. 2009

Jul. 2012

Dec. 2012



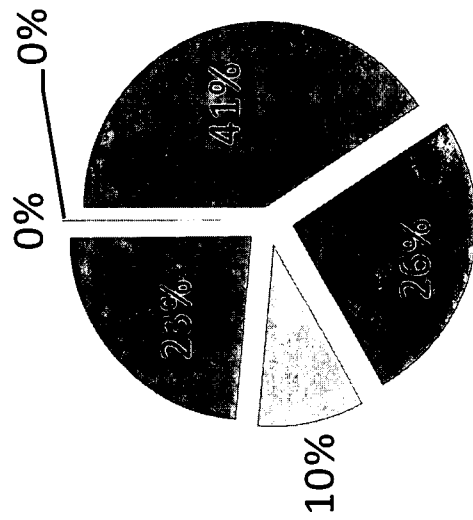
System Usage

- **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



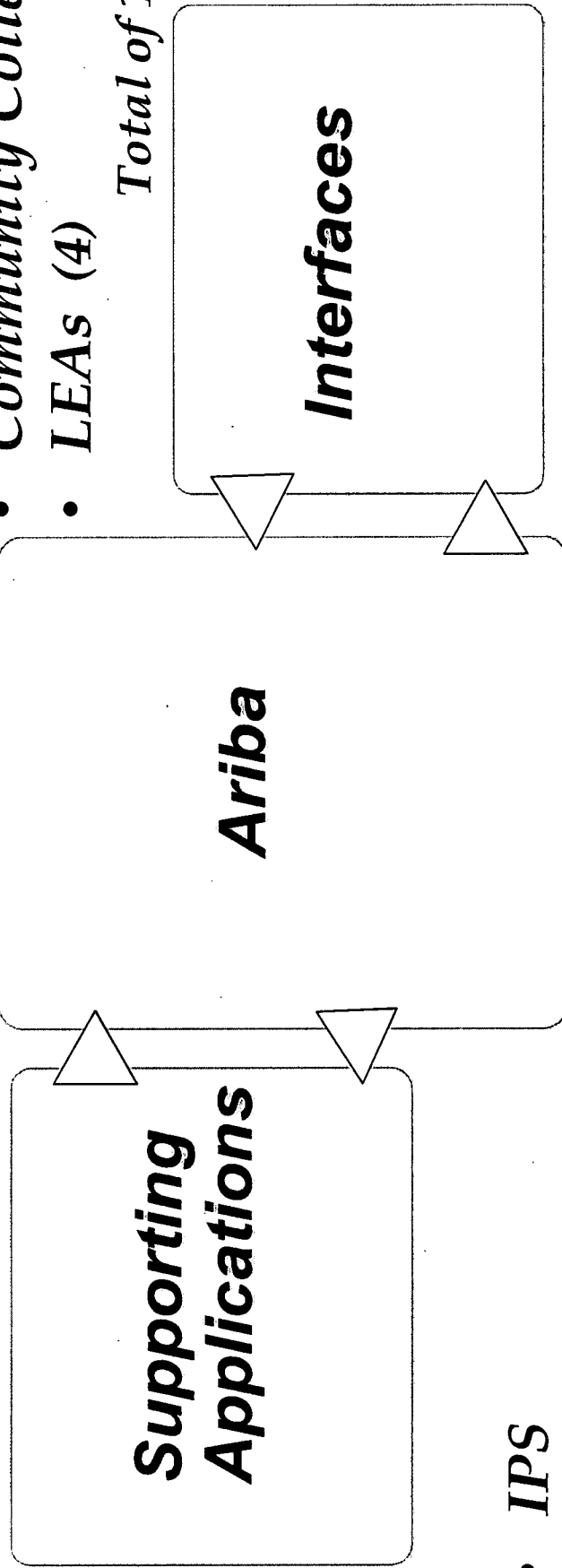
NC E-Procurement Spend FY08-FY11

- NCAS State Agencies
- Community Colleges
- Local Governments
- Dept. of Transportation
- K-12 Local School Systems (LEAs)
- Universities/Colleges





- NCAS
 - SAP
 - Community Colleges
 - LEAs (4)
- Total of 178



- IPS
- eQuote
- Vendor Registration
- Reporting



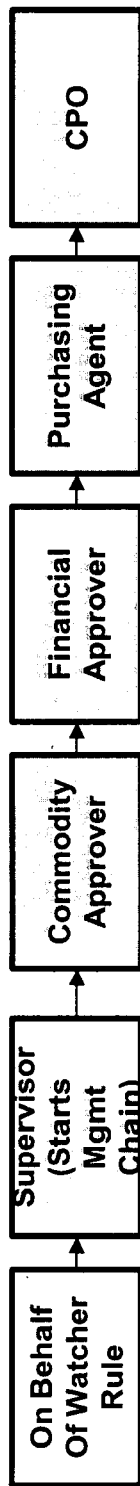
Procurement Functions

- Vendor search
- eRequisitions
- Catalog search
- Approval flow
- eQuote

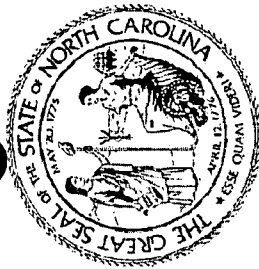


Management Functions

- Vendor registration
- Workflow management
- Compliance and accountability
- Data aggregation and reporting

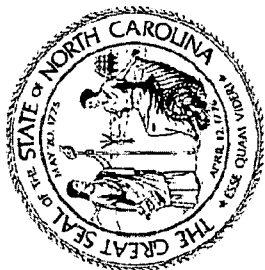


Electronic approval flow facilitates an effective procurement approval process for the State. It allows procurement professionals to focus on more critical strategic initiatives, while it facilitates the proper authorizations before goods and/or services are purchased.

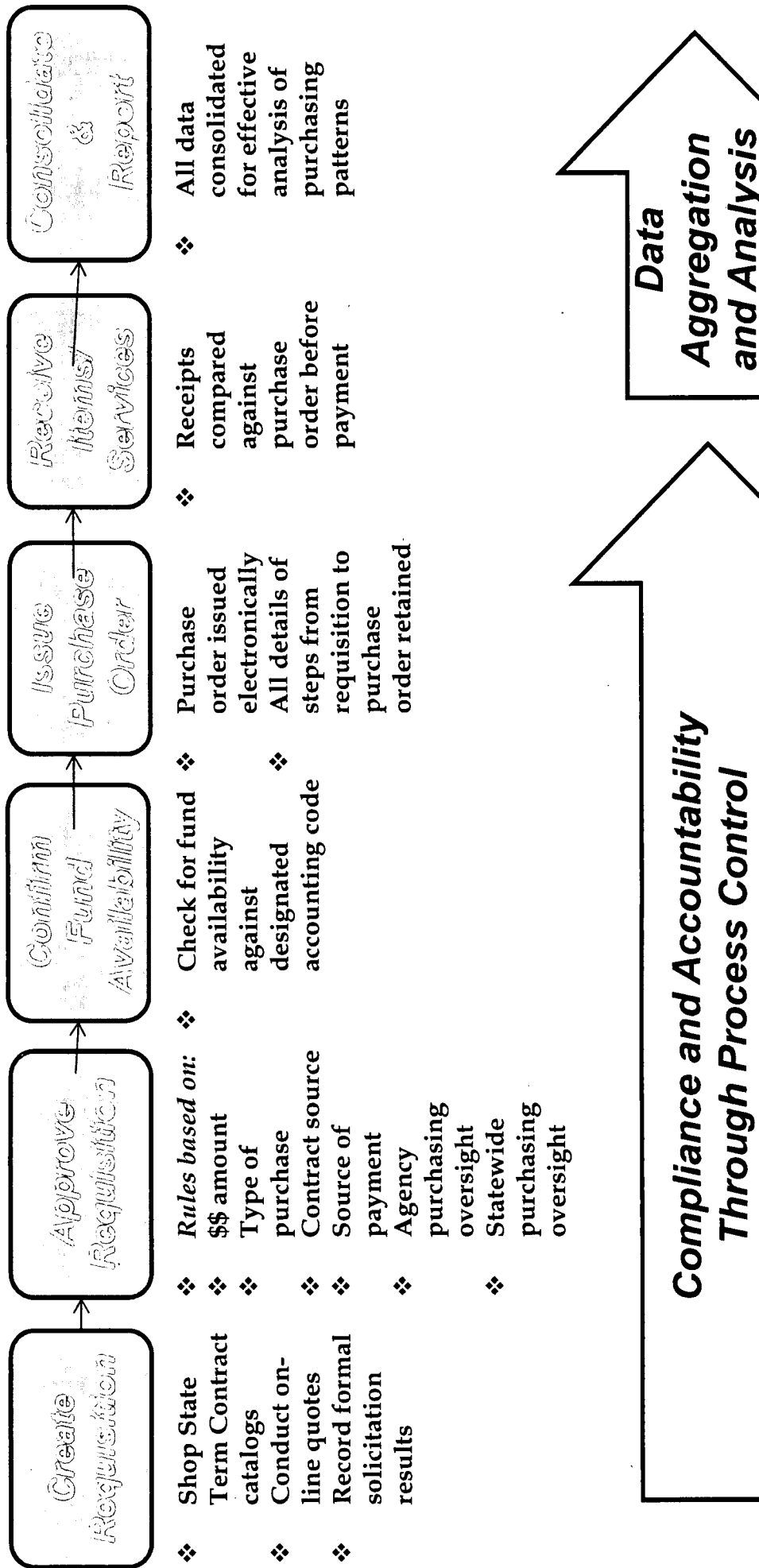


Compliance and Accountability

- procurement method field requires justification at the line item level of basis for purchase (from designated vendor at designated price) e.g., State Term Contract, agency bid, eQuote, sole source, etc...
- Approval process automatically generated from Agency rules (based on dollar thresholds, agency management structure, commodities, and State oversight rules)
- audit trail (what is changed about any requisition by whom and at what time)



High Level Purchasing Flow



Data Aggregation and Analysis

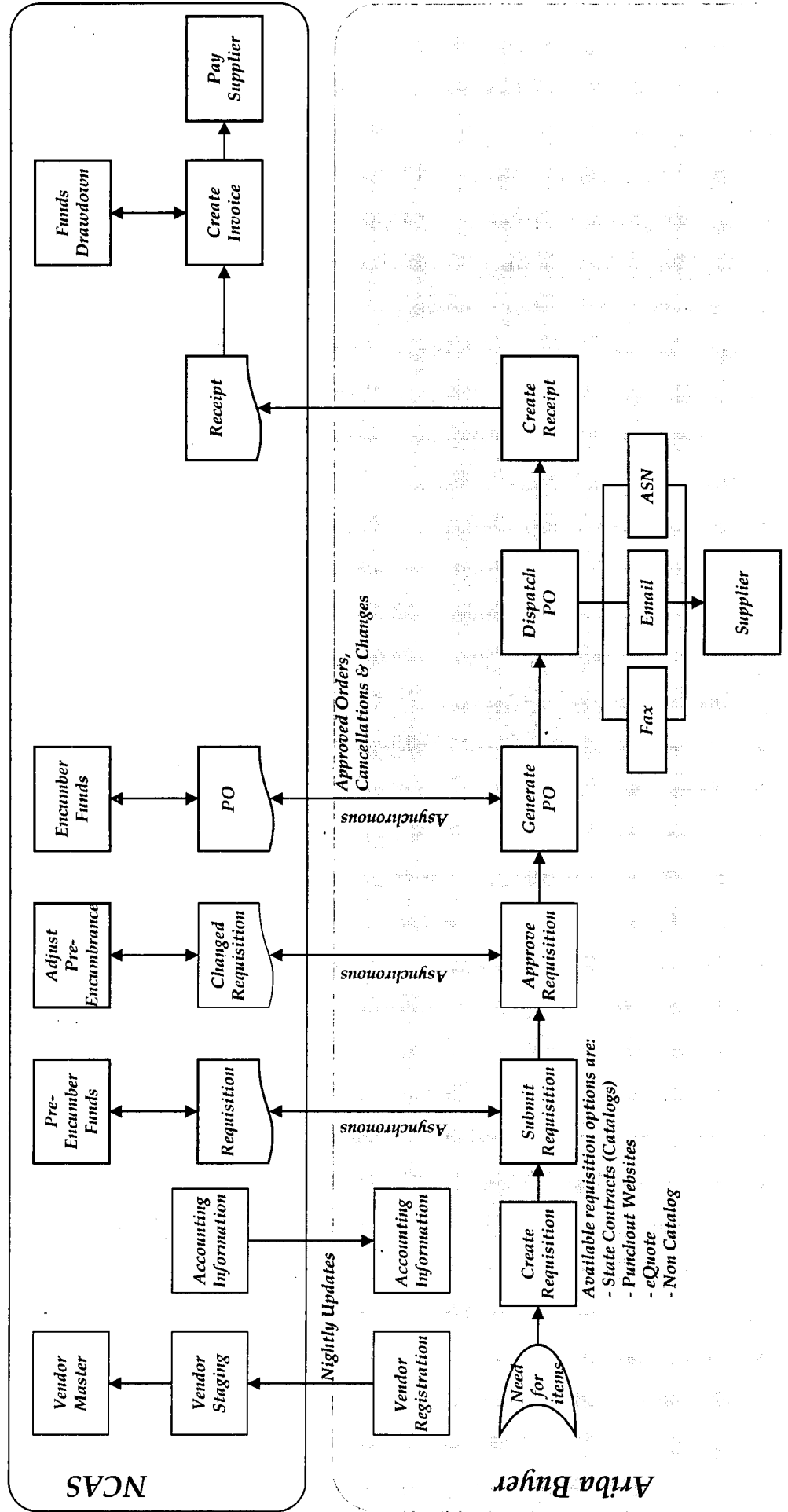
Compliance and Accountability Through Process Control



House Select Committee on e-Procurement
February 15, 2012

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Ariba Buyer / NCAS Data Transfer

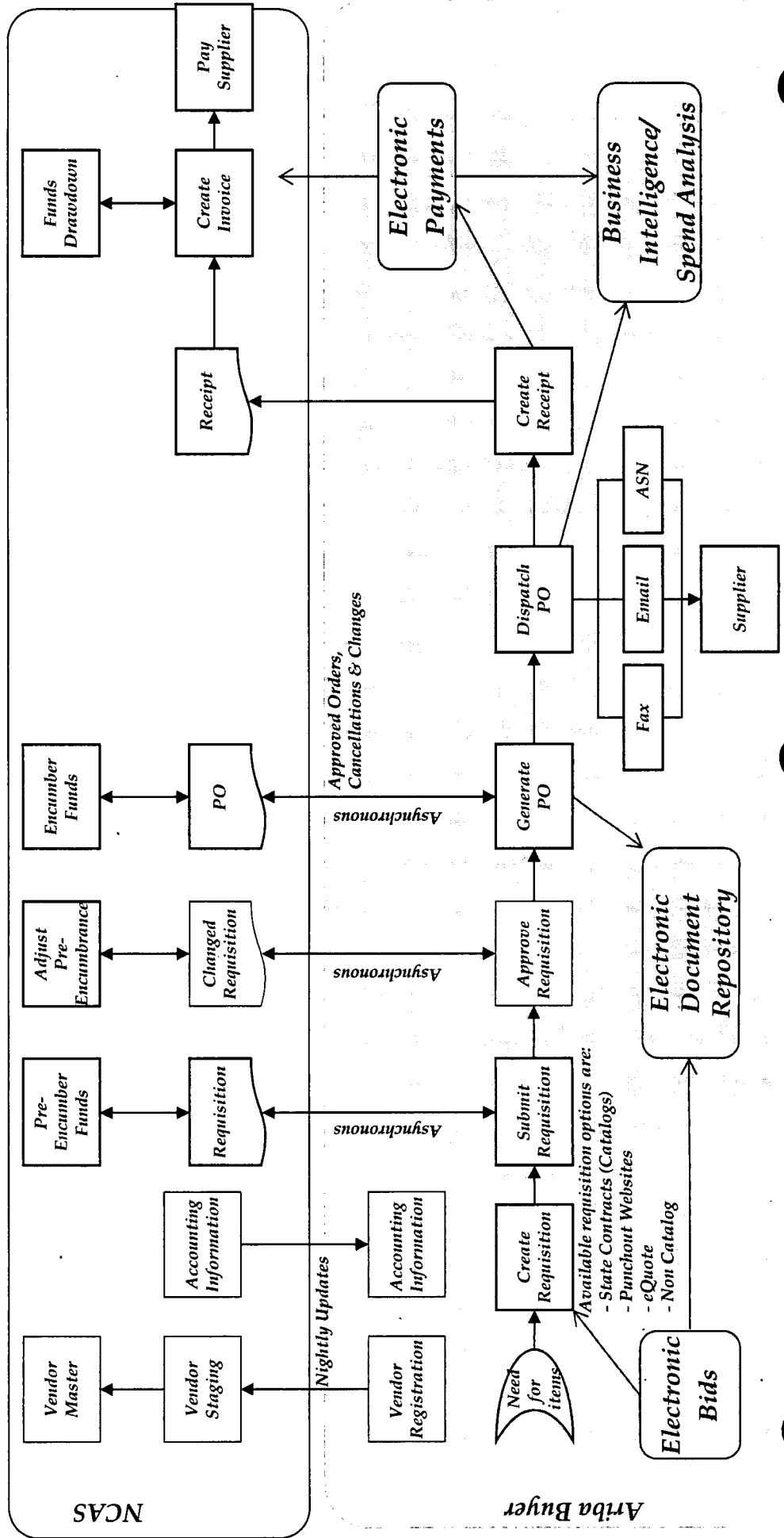




House Select Committee on e-Procurement
February 15, 2012

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Ariba Buyer / NCAS Data Transfer





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E-Procurement
your service
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System Demo

System Demo

Payment Processing North Carolina Accounting System (NCAS)

Most State agencies use the North Carolina Accounting System (NCAS) for financial transaction processing. The entities that do not use NCAS are DOT, Employment Security Commission, the University System, and the Community Colleges.

All of the NCAS agencies use the Department of Administration's (DOA) E-Procurement System for processing purchasing transactions, and they use NCAS for processing payment transactions. Both E-Procurement and NCAS are tools to be used by the agencies, and therefore all transaction entry is done by the agencies. Neither DOA nor OSC create transactions for the agencies, but rather maintain the tools with which the transactions are processed.

Following is a list of the transactions performed during the purchasing-to-payment process.

E-Procurement Processing:

Requisitions

NCAS agency requesters enter requisitions for goods and services into the E-Procurement System. Those requisitions are approved by appropriate agency personnel, after which they are passed to NCAS for funds checking and commitment of funds against available budget.

Purchase Orders

Once a requisition has been completely approved and has passed funds checking, the E-Procurement creates a purchase order and sends it to the vendor electronically. At the time the purchase order is created, it is passed to NCAS for another funds check and for encumbrance against the appropriate budget balance, and entry in the general ledger.

Receiving

When goods are received from the vendor, the agency enters the receipt in E-Procurement against the appropriate purchase order line. With the exception of inventory transactions, receipts do not generate any general ledger entries, but the receipt is passed to NCAS to allow three-way matching (purchase order – receipt – invoice) during payment processing.

NCAS Processing:

Matching Invoice Processing

When vendors send invoices for purchased goods and services, the payables clerk enters the invoices into NCAS and matches them against the appropriate purchase orders and receipts that were interfaced previously from the E-Procurement System. If the three-way match is successful, then the invoice is accepted for payment processing according to the payment terms. If there is a matching problem, the invoice is automatically directed to the buyer for resolution.

Payment Processing North Carolina Accounting System (NCAS)

Direct Invoice Processing

There are some transactions (utilities, employee reimbursements, etc.) that do not utilize a purchase order and therefore do not utilize that matching process for invoice processing. These “direct” invoices require approval of authorized agency personnel, but they are not matched against a purchase order from E-Procurement. In addition to the off-system approval, the NCAS System performs a funds check against the appropriate budget to insure funds are available to pay the invoice, encumbers those funds, and then the invoice is accepted for payment processing according to the payment terms.

Payment Processing

Each agency determines when to process payments and sets the NCAS payment controls for their agency. This includes not only the date of payment processing, but also the date of the next payment processing cycle, so that the NCAS System can calculate which invoices must be paid during the current cycle. As stated previously, NCAS automatically pays invoices according to the entered payment terms (net 30, net 60, etc.). When the payment cycle is run, the agency’s payments are produced, either on a paper check or electronically in an ACH file, depending on the vendor’s preference. Paper checks are printed at the agency and distributed by agency personnel. When payment is made, NCAS automatically reverses the encumbrances and posts the expenses into the general ledger.

Payment Policy

The State’s cash management policy dictates that we pay vendors neither earlier nor later than the due date determined by the agreed payment terms. The NCAS System automatically pays vendors’ invoices on the date due. Late payments occur only if the agency is late entering the invoice into NCAS, the agency puts a hold on the payment, the agency enters the wrong payment terms, or the agency does not stick with the “next processing date” entered during the last payment cycle.

E-Procurement/NCAS Interfaces:

Prior to the implementation of E-Procurement, NCAS was used by state agencies for the entire procurement process, from requisition creation through payment to the vendor. The processing was done in a fully integrated system which shared transactions and vendor records between multiple business functions.

Although the relationship between E-Procurement and NCAS often is referred to as an integration, it is, in fact, a series of interfaces. A fully integrated system allows multiple business functions to share the same electronic data files, so the data is maintained in one location or system. With an interface, on the other hand, data is transmitted between systems, but the data is maintained in multiple locations and results in file duplication. In the E-Procurement/NCAS

Payment Processing North Carolina Accounting System (NCAS)

transaction interface, for example, requisition records, purchasing records and receipt records are maintained in both systems.

Transaction Processing

Aside from the actual transaction processing files, there are several interfaces that transmit data between E-Procurement and NCAS. Each night, valid accounting distributions, buying entities, etc. are transmitted from NCAS to E-Procurement to insure requesters are selecting valid NCAS values during requisition creation. NCAS also transmits ARRA designations to help with reporting to OSBM's NC OpenBook system. Also nightly, E-Procurement sends valid grant and bid information to NCAS to help insure data integrity on NCAS feeds to the NC OpenBook system.

When requisitions are submitted in E-Procurement, the transaction interface sends the data to NCAS for requisition creation and funds checking. If funds checking should fail, NCAS passes an appropriate message back to E-Procurement. When a purchase order number has been assigned in E-Procurement and the document submitted, the transaction interface sends the data to NCAS again for purchase order creation and encumbrance posting. Finally, when receipts are entered in E-Procurement, the transaction interface sends the data to NCAS for creation of the receipt record to be used in matching against the vendor's subsequent invoice. The three-way match (purchase order – receipt – invoice) and subsequent payment takes place in NCAS.

In another interface, NCAS sends payment records every month to the E-Procurement team to be used for billing vendors the 1.75% marketing fee.

Vendor Information

As long as State entities operate separate business systems, there will be multiple vendor files throughout State Government. The various systems may interface vendor between them, but each will use its own file to create transactions. Even if the State were to adopt one enterprise system for purchasing for the entire State, and another enterprise system for payment processing throughout the State, the lack of integration likely would result in separate vendor files. For example, the accounts payable function pays some vendors directly, with no purchase order involved, and such "direct pay" vendors would not be required in the purchasing vendor file.

The E-Procurement vendor file is separate from the NCAS vendor file, but data is interfaced between the two systems. When E-Procurement was first implemented in 2001, NCAS interfaced its entire vendor file to E-Procurement. Since E-Procurement allows its vendors to add and maintain their own records, they asked the NCAS vendors to review the data in the E-Procurement vendor file and make any needed revisions. Unfortunately, a number of these vendors changed locations on some of those records, which meant that a vendor's Charlotte location in E-Procurement, for example, was recorded in the NCAS vendor as its Raleigh location. As a result, NCAS does not use vendor update data from E-Procurement's vendor file, in order to protect the integrity of vendor activity reporting in NCAS. New vendors, however, are sent daily from E-Procurement into the NCAS vendor files.



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(**Complete** Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: February 15, 2012

Member: Rep. Rosa Gill

Total Number of day's subsistence claimed 1
(This line **MUST** be completed to be reimbursed)

Arrived the day prior to meeting day Yes No
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Car Mileage on file
(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips 1

Rosa A. Gill
(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]

B. S. Pruden
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting Yes No

Committee Assistant Name: _____ Ext.# _____



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: February 15, 2012

Member: Rep. Elmer Floyd

Total Number of day's subsistence claimed 1
(This line MUST be completed to be reimbursed)

Arrived the day prior to meeting day Yes No
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Car Mileage on file
(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips _____
Elmer Floyd
(Member's Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]
D. Spivey
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s) None

Car Mileage claimed for other meeting Yes No

Committee Assistant Name: _____ Ext.# _____



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: February 15, 2012

Member: Rep. G. L. Pridgen

Total Number of day's subsistence claimed 1
(This line **MUST** be completed to be reimbursed)

Arrived the day prior to meeting day Yes No
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Car Mileage on file
(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips 1

G. L. Pridgen
(Member's Signature)

Fred T. [Signature]
(Approval Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting Yes No

Committee Assistant Name: _____ Ext.# _____



N.C. General Assembly

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Administrative Division
Financial Services Section

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Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(**Complete** Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: February 15, 2012

Member: Rep. Fred Steen, II

Total Number of day's subsistence claimed
(This line **MUST** be completed to be reimbursed)

None

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

NA

Car Mileage
(Fill out this line if mileage is different than what is certified on file)

N/A

Number of Round Trips

N/A

Fred A Steen II

(Member's Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]

M. J. Priddy

(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

CON + COPA

Number of day's subsistence claimed for other meeting(s)

1

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name: _____ Ext.# _____



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: February 15, 2012

Member: Rep. Bill Brawley

Total Number of day's subsistence claimed

(This line MUST be completed to be reimbursed)

2

Arrived the day prior to meeting day

(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

Car Mileage

(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips

1

Bill Brawley
(Member's Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]

[Signature]
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

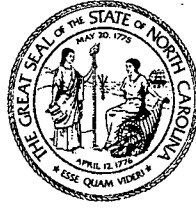
Meeting w UNC Special Comm
Tom Ross - re joint approps

Number of day's subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name: _____ Ext.# _____



House Select Committee on E-Procurement

AGENDA

Monday, December 5, 2011

1:00 p.m.

Legislative Office Building: Room 415

I. Welcome and Introductions

Rep. Gaston Pridgen, Co-Chair

Rep. Fred Steen, II, Co-Chair

II. Approval of the October 26, 2011 meeting Minutes.

III. Department of Administration E Procurement System

Mr. Sam Byassee, State Purchasing Officer and Director of the Division of Purchase and Contract, Department of Administration

IV. University of North Carolina General Administration E Procurement Update

Ms. Gwen Canady, Project Management Officer, University of North Carolina General Administration

Mr. Ken Craig, Associate Vice President of University Business Operations and Shared Services, University of North Carolina General Administration

Ms. Martha Pendergrass, Director of Procurement Services, University of North Carolina-Chapel Hill

V. Committee Discussion and Instructions to Staff

VI. Meeting Adjournment



MINUTES

House Select Committee on E-Procurement

Monday, December 5, 2011

1:00 PM

Room 415 / Legislative Office Building

I. Committee Members & Staff:

Co-Chairs: Rep. G. L. Pridgen, 46th District
Rep. Fred F. Steen II, 76th District

Members: Rep. Glen Bradley, 49th District (*Absent*) Rep. Bill Brawley, 103rd District (*Absent*)
Rep. Dale Folwell, 74th district (*Absent*) Rep. Grey Mills, 95th District (*Absent*)
Rep. Elmer Floyd, 43rd District Rep. Rosa U. Gill, 33rd District (*Absent*)
Rep. Pricey Harrison, 57th District

Clerk: Beverly Slagle

Attending House Sargent at Arms: Martha Gadison Fred Hines

II. Staff: Mark Bondo (Fiscal Research) Bill Patterson (Research)
Tim Hovis (*Research*) (*Absent*) Barbara Riley (Research)
Karlynn O'Shaughnessy (Fiscal Research)

III. Speakers:

- A. Sam Byassee, State Purchasing Officer / Department of Administration (DOA)
 - B. Ms. Gwen Canady, Project Management Officer, UNC General Administration E-Procurement
 - C. Mr. Ken Craig, Associate VP of University Business Operations and Shared Services, UNC General Administration
 - D. Ms. Martha Pendergrass, Director of Procurement Services, UNC-Chapel Hill
-

IV. Call To Order:

The House Select Committee on E-Procurement (the committee) meeting was called to order at 1:15 PM by the presiding Co-Chair, Representative G. L. Pridgen.

V. Approval of the October 26, 2011, Meeting Minutes: Due to the absence of a quorum, the Chair deferred calling for a vote to approve the Minutes of the October 26th, 2011 meeting.

VI. Welcome and Introductions:

The Chair welcomed members and guests attending the meeting then introduced the first speaker, Mr. Sam Byassee from the Department of Administration / Division of Purchase and Contract.

VII. NC-Procurement @ Your Service / An E-Procurement System Overview:

A. How To Source Goods and Services and the Process Of Solicitation and Bids, Particularly Through Our Ariba Buyer Procurement System (See Attachment A):

Mr. Sam Byassee, State Purchasing Officer, DOA, informed the committee the General Assembly provided authorization to set up the E Procurement system, as we know it today; Chapter 143-48.3. provided a mandate for an electronic procurement system operated by the Department of Administration with the cooperation and hosting by ITS and gave the universities and community colleges an "opt out" of that system until May of 2003. He referred to the timeline in the presentation (Attachment A). In Chapter 66-58.12, Electronic procurement, allows any agency to provide access to services through electronic and digital transactions and authorizes fees for that which must be approved by OSBM. The revenue from those fees goes into an agency reserve account which then can be used only for additional ecommerce initiatives and projects with the approval of the State Chief Information Officer and consultation with the Joint Legislative IT Oversight Committee.

Mr. Byassee pointed out to the Committee that the e-procurement system is not comprehensive; it is the Ariba Buyer software along with an equal market place for small orders, a vendor registration system, and also our interactive purchasing system. The interactive purchasing system is a home-developed system which allows the posting of solicitations and notification of vendors that those solicitations are available.

The initial implementation of the e-procurement was in October of 2001. There was a significant contract amendment in June of 2004 which resolved a monetary loss due to a fair amount of use which differed from the projected use. The next significant development in October 2009 was a contract amendment which provided for a fixed fee to our operator. Beginning in March of 2010, we began our upgrade to our most current version of the Ariba software. The last item is the expiration of the current operations agreement in December 2012.

In discussing transaction fees, Mr. Byassee said the Department of Administration is agnostic as far as to the source of the funds, whether it is on goods only, whether it should be placed on goods and services, or whether it could come from an annual registration fee from the vendors who use the system or whether it should come from Appropriations. He said there was some equitable appeal to putting one fee on both fees and services which would lower that 1.75% down to below 1%.

See Attachment A for details of the High Level Purchasing Flow, Compliance and Accountability, and Data Aggregation and Reporting.

Mr. Byassee suggested that the Committee might want to explore is a "Cloud Based" data repository that would be fed by data from all of the different state systems and would give everyone access to all of the data to all strategic source and reporting needs. Even though it is not available now it could be helpful to all agencies across the state.

Based on the familiarity of the system that has provided dependability and satisfies our core needs we chose to go with the Ariba system.

B. Ariba Upgrade Benefits:

1. Latest Software Version with Best Practices Built In
2. New State of the Art Hardware & Operating System Environment
3. Lower Total Cost of Ownership (TCO)
4. Workflow & Process Optimization
5. Enhanced Spend Visibility & Usage of State Term Contracts
6. National Institute of Government Purchasing (NIGP) Commodity Code Update
7. NC Identity Management Interface (NCID)

C. Q & A:

(Q) Representative Pridgen: Have you provided any examples of how this system works?

(A) Mr. Byessee: I have not included any demonstrations today, but we can provide that at the next meeting and show how this process works.

(Q) Representative Floyd: During the process, at what time does the vendor receive payment, and how long does it take?

(A) Mr. Byessee: When the goods are received, the agency that has received those goods reports it in the Ariba System. That gets fed to the Encast System which is in the controller's office which will then confirm goods were received and will the authorized payment for goods received. All invoices are to be paid on time (within 30 days after receipt).

Representative Floyd: We have been hearing that some payments are received 120 days after delivery, but not necessarily in this system. This situation makes it very difficult for the vendor and is a concern.

Representative Pridgen requested that someone from the Controller's office attend the next scheduled meeting to address that question.

(Q) Representative Pridgen: The system in place has been used for 10 years?

(A) Mr. Byessee: Yes, that is correct.

VIII. UNC General Administration (UNCGA) E Procurement Update:

A. SciQuest E-Procurement Update: Ms. Gwen Canady, Project Management Officer, UNCGA (Attachment B/pgs. 2-7).

Canady recapped the history of choosing SciQuest described in the Attachment. SciQuest is a NC corporation operating in the e-procurement emerging technology sector. One point emphasized was that SciQuest is a strategic partner with SunGuard's Banner Financial System.

B. UNC Solution Overview presented by Ken Craig, Associate VP of University Business Operations and Shared Services, UNCGA (Attachment B/pgs. 8-13).

He related the desire of Mr. Bowles, President Emeritus UNC, which was to have an end-to-end solution that would create the largest amount of efficiencies and one most impactful for the UNC System.

An good example of this is as follows: if new releases over a weekend are implemented by SciQuest, no additional IT integration support is required. They will have run the required scripts to interface and upgrade all the prerequisite interfaces with member institutions. They have a large portfolio of private and public universities, and state governments, i.e., state of Georgia, Idaho, and Colorado, who have uniformly adopted the SciQuest tool for similar

functionality. They are breaking into the general government area and are “big-time” players in hospitals and higher education which is why it was a best value for our model.

He reviewed the diagram showing an overview of the UNC Solution. He pointed out that the Forms Functionality is something the university has extensive interest in exploding out to take the complex myriad of 60 – 100 state and university contracts to create an able work flow for those contracts. It is a very simplified approach.

The Settlement Manager has been the most impactful tool for the university that is related to our SciQuest implementation. Taking that last step of e-commerce and enabling that piece of it -- where the payment piece and the invoice payment process is seamless and pays on time. If receiving matches the purchase for the department and the invoice that comes in matches those two documents there is zero accounts payable processing required. An example of UNC Charlotte with 20% or one fifth (1/5th) of all invoices processed through the SciQuest New Settlement application are now electronically matched resulting in zero processing by personnel. This speaks to Representative Floyd’s question regarding timely payment. This process also produces very clean data which leaves you with a significant savings and a rich data to negotiate future contracts.

Costs are centrally managed across the institutions which has been an effective model up to this point.

C. PeopleSoft E-Procurement System Overview for UNC-CH presented by Martha Pendergrass, Director of Procurement Services, UNC-Chapel Hill (Attachment B/pages 14-18).

Ms. Pendergrass began by describing the diagram on page 14. She referenced Representative Floyd’s interest in the payment explaining that E-Settlement allows paying ACH to the vendor by way of CXML. She explained that payments were made every 30 days, on the 25th of each month. Overall, our average payment days are 31.5. The system is *completely integrated* and the *strategic sourcing* allows us to compare pricing.

In March of 2007 the university signed a contract with Oracle, and at that point that was the result of an RFP. We went out to look for a system to replace the Student System right away. The goal was to have a finance system and an HR system totally integrated. In December of 2008, a very nice donor donated to UNC a Bain & Company contract to look for efficiencies in the way we do business. In their report, e-procurement was one of their top areas where we could gain efficiency. At that time, we had no data to compare purchases so we needed a data capture procurement system so we could look at what was being spent across campus. We decided that the most efficient strategy for UNC was to partner with NCSU, who already had PeopleSoft up and running. We have been on the system for almost one year, and we adopted Educational Advisory Board’s data analyze tool. This tool takes the data and normalizes it to allow us to compare pricing, etc., and enables us to track vendor pricing, P-Card data, etc. UNC-CH can actually go out and compare its pricing against what was charged. We have a discussion with the vendor, quarterly, in terms of receiving money back. As an example, for one vendor alone, we received a check for \$47,000 dollars back for July – September 2011. That same vendor will be getting \$32,000 back to us by end of December. The dollar amount is getting smaller because as we identify areas where there are problems we fix them. Without that visibility into the data there is no way we could do that.

We will have a collection of historical pricing data and the neat thing about this tool is the benchmarking data it provides. They have 200 hospitals, and 68-69 college and research universities presently and they are expanding that number. The great thing about the system is you can put in an item and it will give you the lowest price to the highest price paid for that item

over the last three months. This is a powerful tool when receiving bids because we have the pricing data to use as leverage with vendors.

Ms. Pendergrass explained the diagram on page 17 which shows the annual costs to UNC-CH annually. Their actual costs are \$80K a year; UNC-CH is getting an exceptional return on their money. They have already recovered more than that in three months, since the contractual relationship. We can save, speaking conservatively, \$15M through contract compliance, strategic sourcing, processing savings, and bill payment savings. For example, if you can give the vendor an ACH for that payment guaranteed on the 25th of the month, that is usually worth 3% off of the contract price for their entire catalog; whereas, if you pay with other mechanisms (credit card, etc.), you would not be able to achieve those savings. It saves the vendor money on processing fees for credit cards or checks.

Questions & Answers

Q) Representative Harrison: Are there any Energy Savings Initiatives in place?

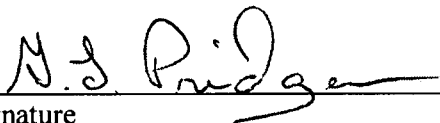
A) Yes, we have eight campuses and eight contracts on the Energy Savings Initiative, and we added UNC-Charlotte in November at the last Board of Governor's meeting. We are continuing to implement those, to realize savings in the millions of dollars.

Q) Representative Steen: How much Asset Management do we have across agency platform coordination, and is that something we can move toward if we are not already there?

A) Mr. Byassee, Administration, said that it has occurred to him in listening to the presentation today that this really isn't a question among PeopleSoft and SkyQuest and Ariba. All three of those entities provide pretty much the same modules and functionality. Our payment process is outside of the E-Procurement systems and the difficulty we have with some payment issues is because we have to pass data to NCAS and NCAS has to pass data back with no integration capability. We could use SkyQuest -- but as long as we have NCAS as our accounting system we are going to have the same issues. Administration does have some asset management capabilities, unfortunately the main asset capabilities are in NCAS and not in our E-Procurement system. In defense of the Controller, I am sure there are valid reasons for doing things as they do, i.e., security, cost savings, etc.; but if that log jam could be broken it would greatly enhance our ability to integrate systems. I hope this committee will be able to address this problem.

Request: Representative Pridgen: Going forward, we need to look at the pricing of new systems, system integration between and across the different systems/agencies, user-friendly system considerations, and the ease of collecting vendor and user data for a central source. This information needs to be looked at before we can look at cost savings. He asked that these issues be reviewed between now and the next meeting.

IX. Adjournment: With no further discussion or questions, the committee meeting was adjourned at 2:33 pm.


Signature



NC
E-Procurement
your service
www.ncgov.com

NC E-Procurement @ Your Service

An E-Procurement Overview

Department of Administration

Division of Purchase and Contract

Presented to

House Select Committee on E-Procurement

December 5, 2011

Sam Byassee
State Purchasing Officer
Direct line: 807-4533
sam.byassee@doa.nc.gov

D



The Procurement Process

- Sourcing
- Solicitation and Bids
- Waivers of Competition
- Standard Terms and Conditions
- Compliance
- Protests



E-Procurement Statutory Authority

§ 143-48.3. Electronic procurement.

- Electronic procurement system mandate
- Co-operation of ITS
- University and Community College opt-out until May 2003

§ 66-58.12. Agencies may provide access to services through electronic and digital transactions; fees authorized.

- Fees approved by OSBM
- Revenue into agency reserve account
- Use only for e-commerce initiatives and projects, with approval of State CIO and consult. With Joint IT Oversight



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



e-Procurement Timeline

Initial implementation

Contract amendment (resolve \$ loss due to underuse)

Contract amendment (fixed fee)

Upgrade

Expiration

Oct. 2001

Jun. 2004

Oct. 2009

Mar. 2011

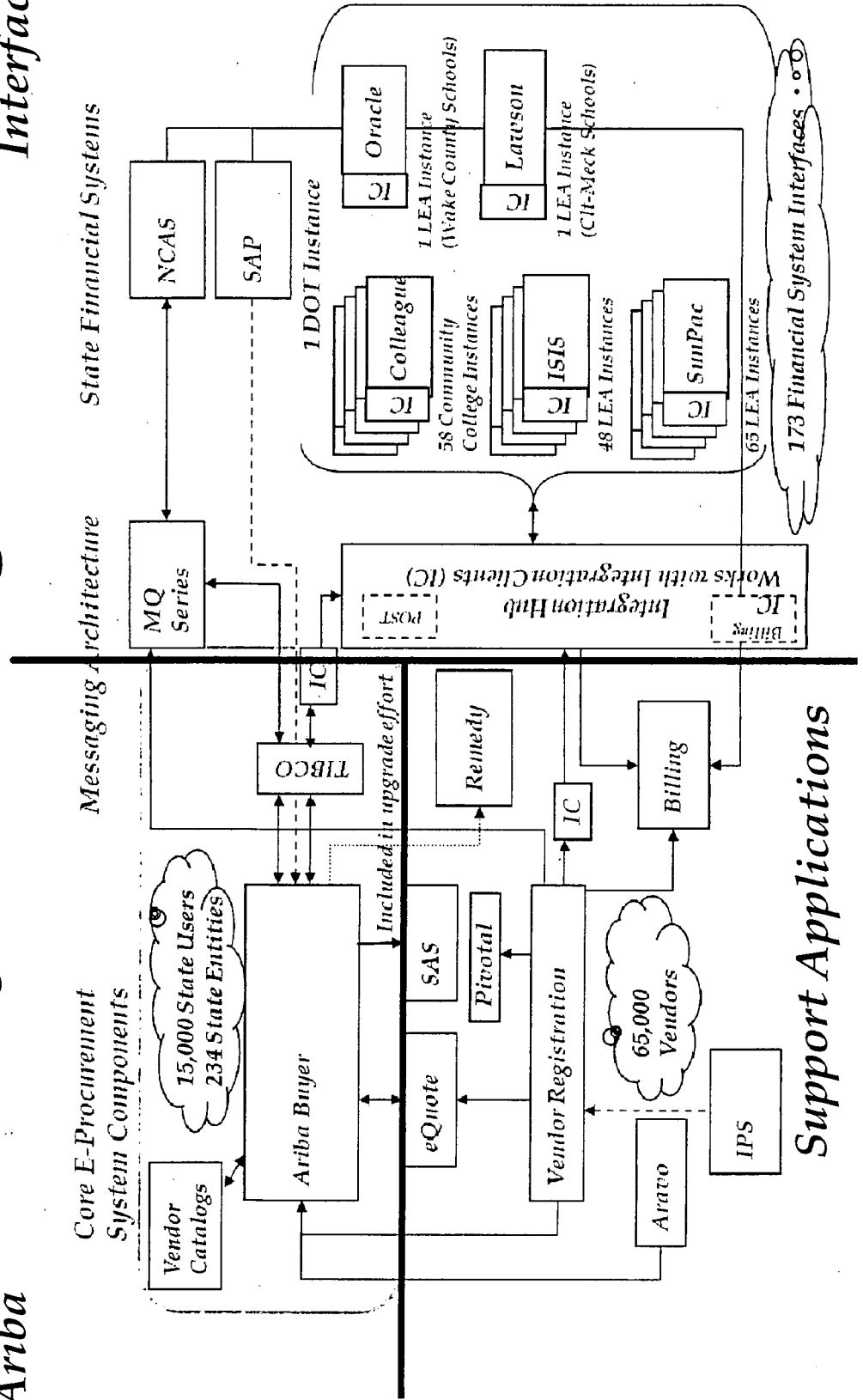
Dec. 2012



System Diagram

Interfaces

Ariba



Support Applications

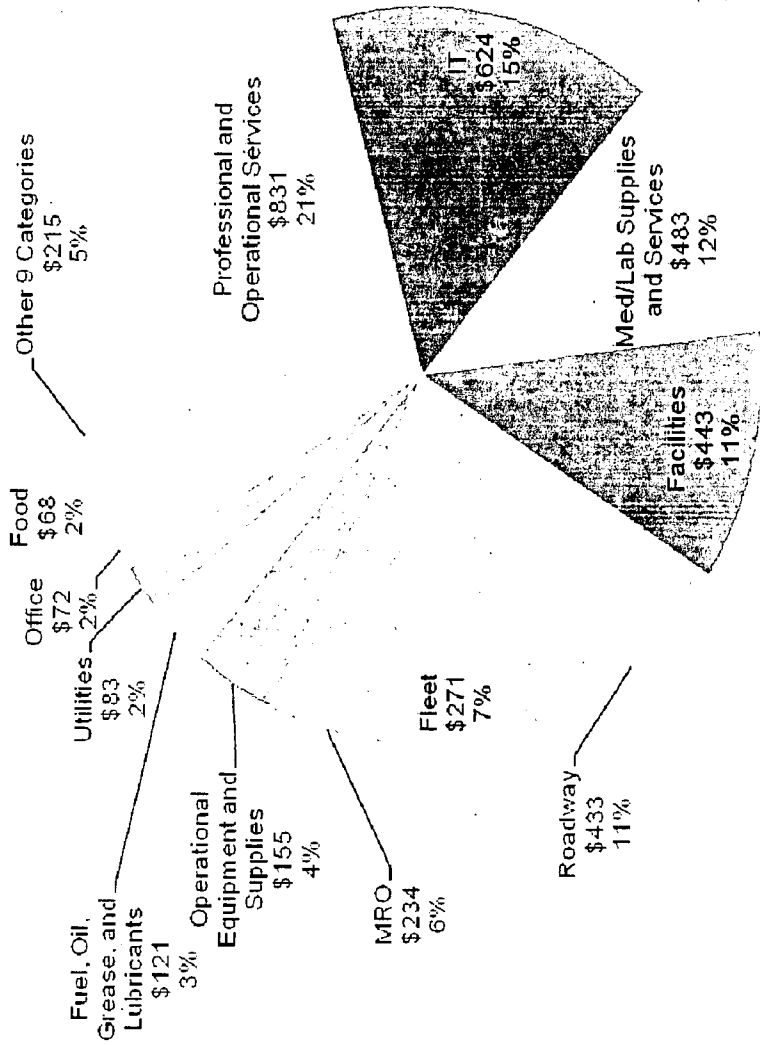


System Usage

- **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 **60,000** registered vendors



State Spend on Goods and Services

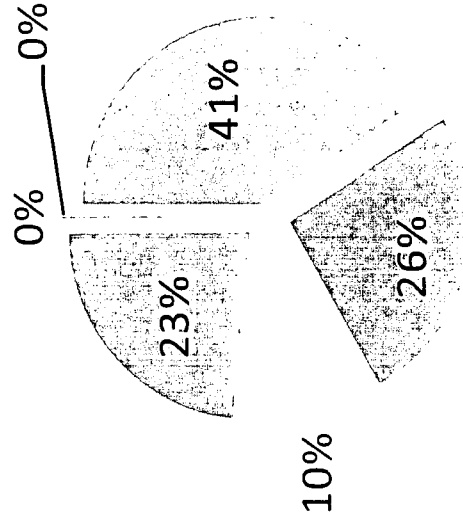


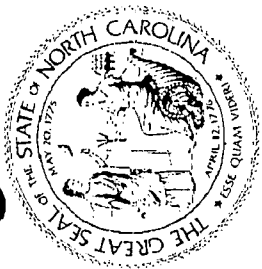
Data based on 3rd party analysis of invoices paid from e-procurement and direct pay sources.



NC E-Procurement Spend FY08-FY11

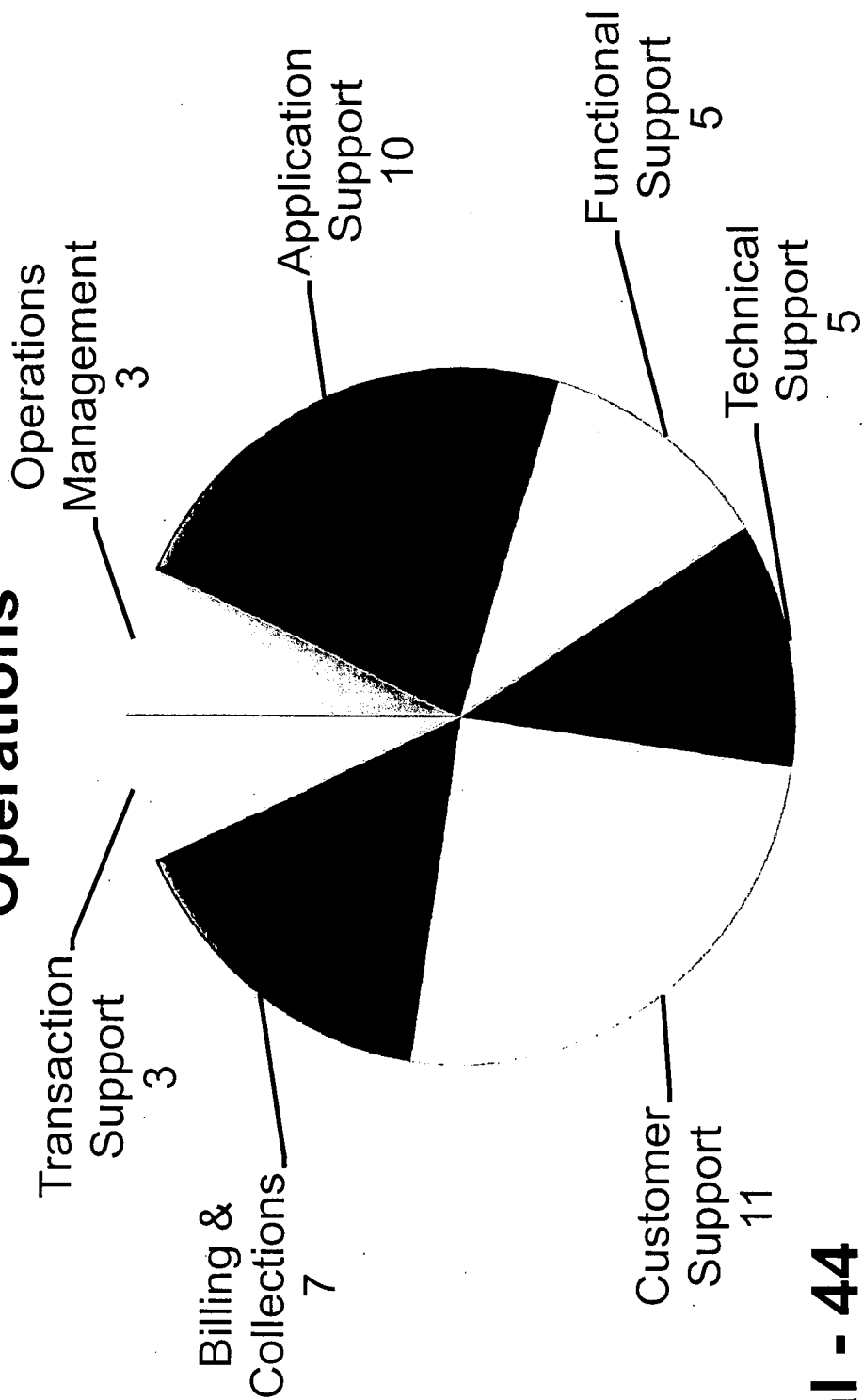
- NCAS State Agencies
- Community Colleges
- Local Governments
- Dept. of Transportation
- K-12 Local School Systems (LEAs)
- Universities/Colleges





Contract Support for e-Procurement

Operations



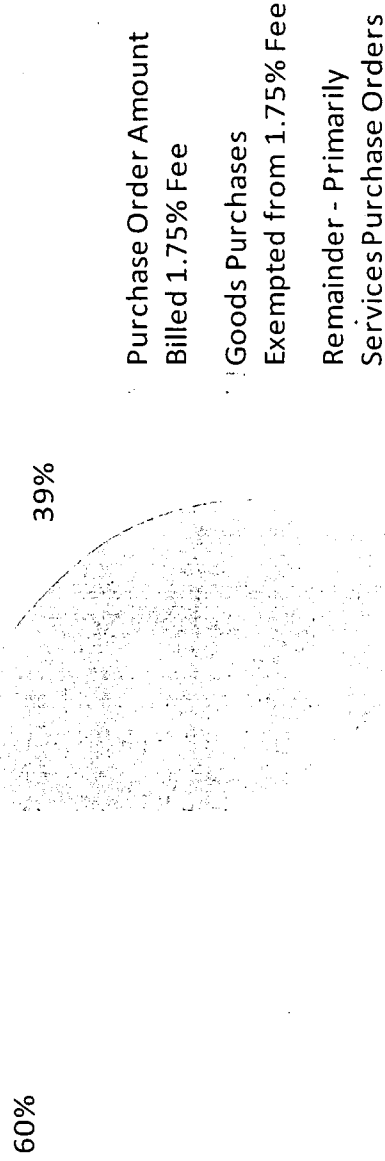
Total - 44



Transaction Fee – 1.75% on Goods Only

< 40% of total spend

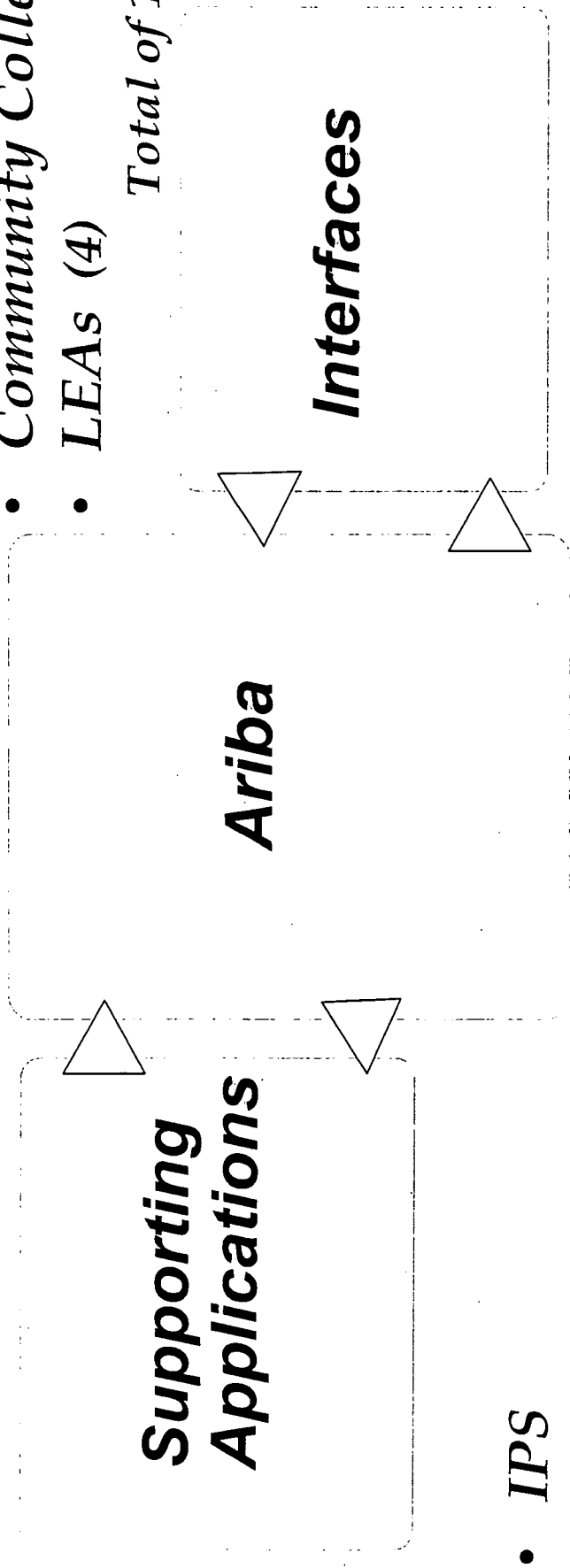
FY08 - FY11 Spend Analysis



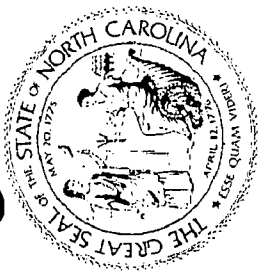


- NCAS
- SAP
- Community Colleges
- LEAs (4)

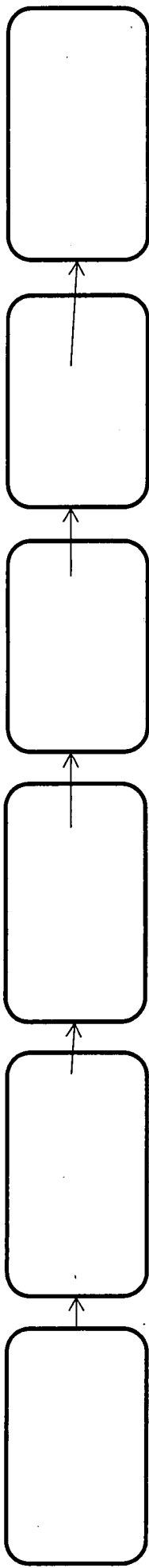
Total of 178



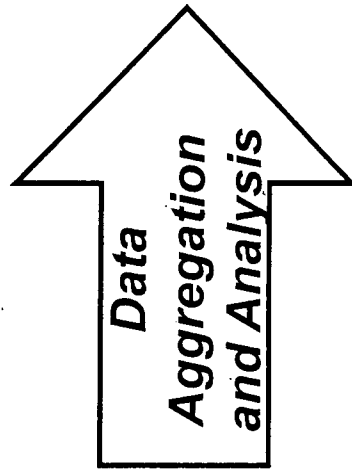
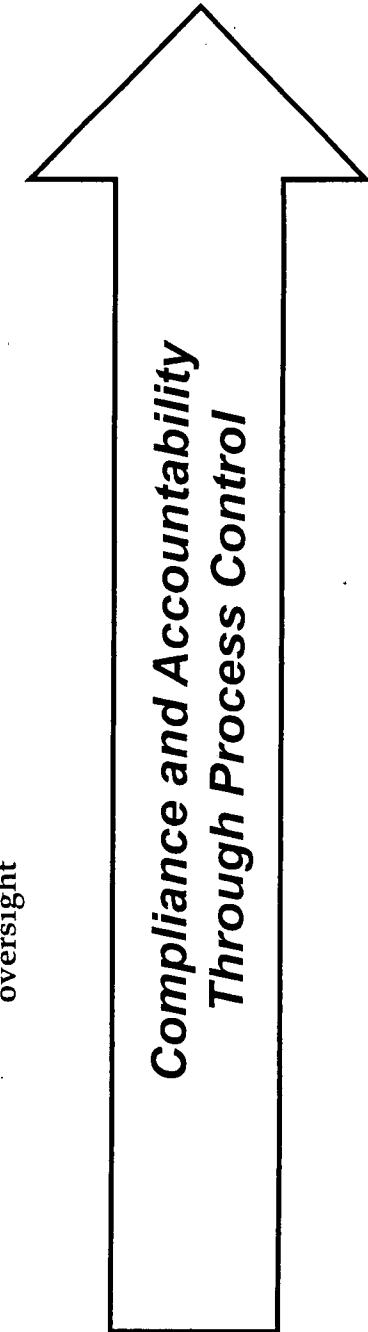
- IPS
- eQuote
- Vendor Registration
- Reporting



High Level Purchasing Flow



- ❖ Shop State
- ❖ Term Contract catalogs
- ❖ Conduct on-line quotes
- ❖ Record formal solicitation results
- ❖ Rules based on:
 - ❖ \$\$ amount
 - ❖ Type of purchase
 - ❖ Contract source
 - ❖ Source of payment
 - ❖ Agency purchasing oversight
 - ❖ Statewide purchasing oversight
- ❖ Check for fund availability against designated accounting code
- ❖ Purchase order issued electronically
- ❖ All details of steps from requisition to purchase order retained
- ❖ Receipts compared against purchase order before payment
- ❖ All data consolidated for effective analysis of purchasing patterns





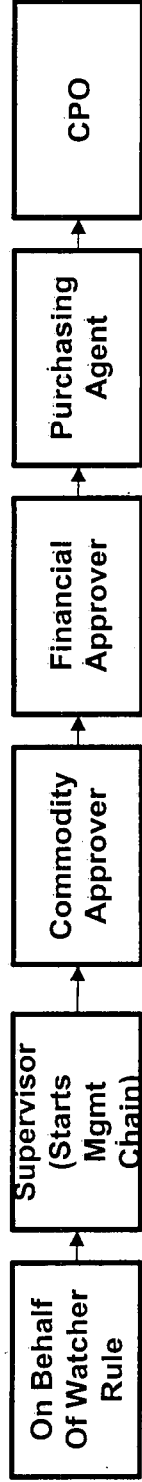
Procurement Functions

- Vendor search
- eRequisitions
- Catalog search
- Approval flow
- eQuote



Management Functions

- Vendor registration
- Workflow management
- Compliance and accountability
- Data aggregation and reporting

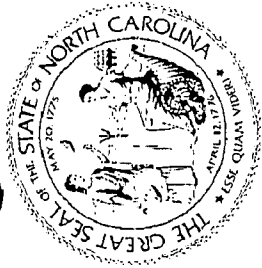


Electronic approval flow facilitates an effective procurement approval process for the State. It allows procurement professionals to focus on more critical strategic initiatives, while it facilitates the proper authorizations before goods and/or services are purchased.



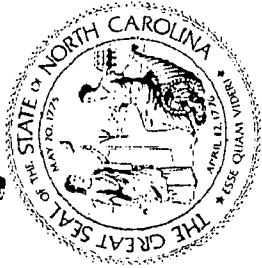
Compliance and Accountability

- procurement method field requires justification at the line item level of basis for purchase (from designated vendor at designated price) e.g., State Term Contract, agency bid, eQuote, sole source, etc...
- Approval process automatically generated from Agency rules (based on dollar thresholds, agency management structure, commodities, and State oversight rules)
- audit trail (what is changed about any requisition by whom and at what time)



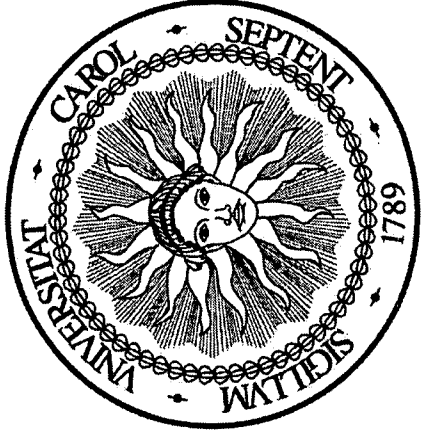
Data Aggregation and Reporting

- Standard reports
- Compliance checks
- Strategic Sourcing data
- Drill down and summarize data by:
 - commodity category
 - agency
 - vendor
 - date range



Ariba Upgrade Benefits

- *Latest Software Version with Best Practices Built In*
- *New State of the Art Hardware and Operating System Environment*
- *Lower Total Cost of Ownership (TCO)*
- *Workflow & Process Optimization*
- *Enhanced Spend Visibility and Usage of State Term Contracts*
- *National Institute of Government Purchasing (NIGP) Commodity Code Update*
- *North Carolina Identity Management Interface (NCID)*



UNC Electronic Procurement Update

**Gwen Canady (UNCGA)
Ken Craig (UNCGA)
Martha Pendergrass (UNCCH)**

UNC General Administration

December 5th, 2011

B
pg 2-7
Gwen Canady

Session Outline

- ▶ SciQuest E-Procurement Update
 - Spend Categories
 - UNC Path to SciQuest Initiative
 - SciQuest System Overview / UNC Implementation Status
 - SciQuest Operating Costs, Benefits, and Savings
 - Spend Analysis / Strategic Sourcing
 - FY 2012 Operating Plans

 - ▶ PeopleSoft E-Procurement Update (UNC-CH)

 - ▶ Questions and Answers
-

UNC Spend Categories

- ▶ Salaries and benefits
- ▶ Rental / lease expenses
- ▶ Debt service
- ▶ Financial aid
- ▶ Utilities
- ▶ Insurance
- ▶ Capital improvement projects
- ▶ **Negotiable goods and services**

UNC SciQuest E-Procurement Strategic Enablement Path

- ▶ 2004 UNC gained consent from DOA to pursue an integrated Banner E-Procurement solution
 - ▶ 2005 SciQuest piloted at ECU with consent from P&C
 - Saves ECU \$600K annually
 - Generates \$1.3M in process and cost avoidance savings
 - ▶ November 2006 - PACE recommended significant opportunities for E-Procurement savings
 - ▶ March 2007 – UNCGA created PACE E-Procurement team with campus representation
 - ▶ May – August 2007 – PACE E-Procurement team defined system requirements
 - ▶ January 2008 – CFOs reviewed SciQuest solution
-

UNC E-procurement Strategic Enablement Path

- ▶ March 2008 – UNC-GA submitted business case for SciQuest to campuses
 - Lowest E-Procurement total costs of ownership
 - Sole E-Procurement strategic partner with real-time interface with Banner
 - Provides an electronic payment to settlement solution
 - No duplicated IT support required
 - Uncertainty with continuation of the NCEP system (set to expire February 2010)

- ▶ June 2008 – UNC System participated in demonstration of the NC E-Procurement system (NCEP) by P&C

- ▶ June 2008 - SciQuest was identified as the sole E-Procurement solution as best value, given the software's functionality, low total cost of ownership, and existing Banner interface capability

- ▶ June 2008 – UNC-GA entered into negotiations with SciQuest Corp. for system level contract as an E-Procurement solution

- ▶ July 2008 - UNC executed SciQuest contract that provided a 61% recurring license fee discount with consent for Division of Purchase and Contract Division

UNC E-Procurement Strategic Enablement Path

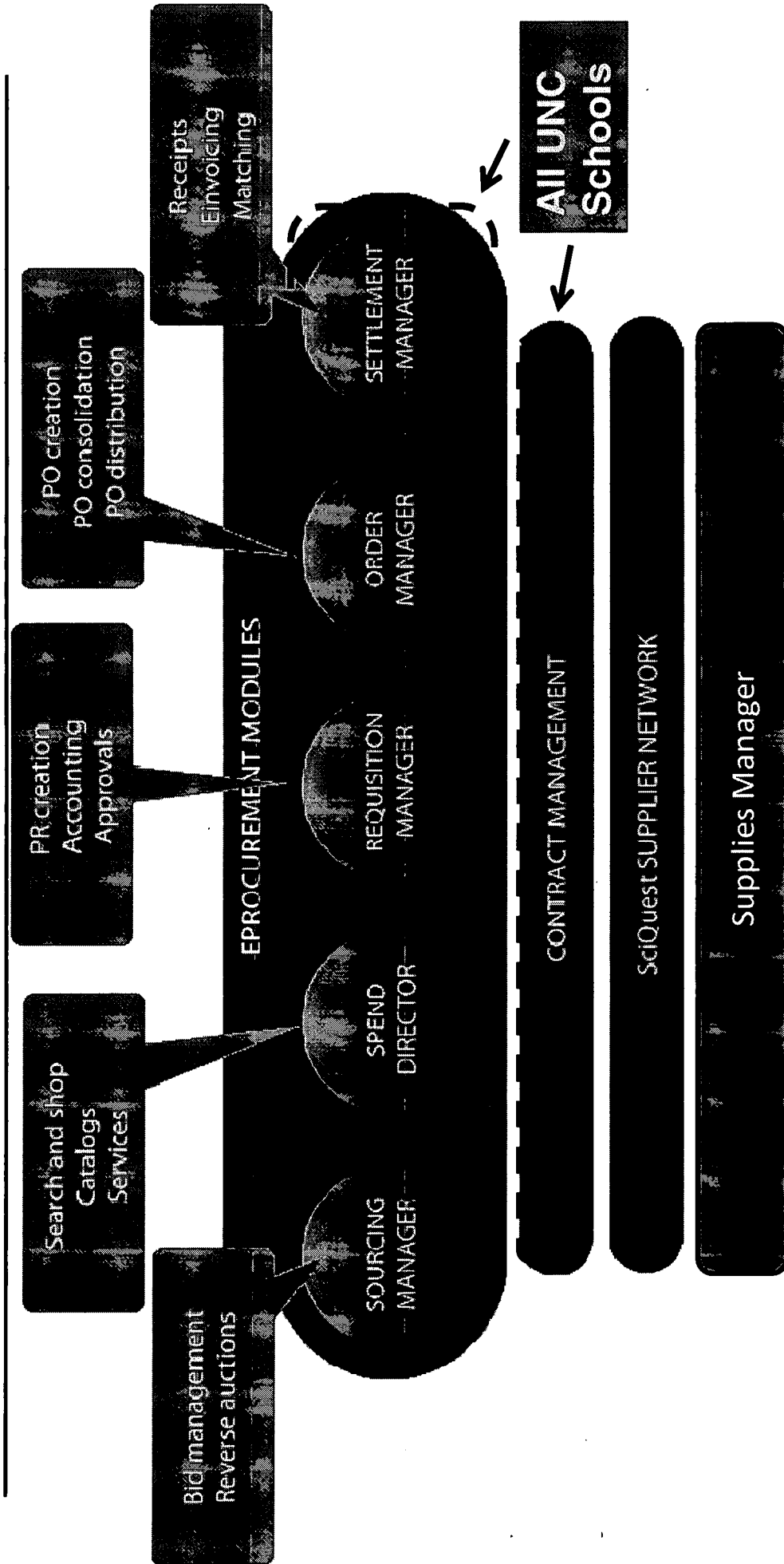
- ▶ SciQuest, a North Carolina corporation, operates in the forefront of the E-Procurement emerging technology sector
- ▶ SciQuest is a formal business partner with SunGard's Banner Financial System

UNC System E-procurement Platforms

- ▶ Fourteen UNC (Banner) Campuses use SciQuest's E-procurement system
- ▶ NCSU and UNCCH use the PeopleSoft's ERP systems, that provides an integrated electronic procurement and settlement system
- ▶ NC School of Science and Mathematics operates on the NC Accounting System and uses the State's Ariba E-procurement system

2

UNC Solution Overview



UNC System SciQuest Costs

Cost Description	List Price	UNC Price	Discount
One Time Implementation Costs	\$3.6M	\$2.5M	31%
Annual License Fee	\$3.3M	\$1.3M	61%

UNC System E-Procurement Annual Costs vs. NCEP Costs

E-Procurement Effect On Spend	Total Negotiable Goods and Services Purchased	Potential NCEP E-Commerce Costs @ 1.75%	UNC E-Procurement Annual License Fee Costs	UNC E-Procurement to Settlement Savings for Using SciQuest
Services Purchased	\$651M	-	-	-
Goods Purchased	\$1.3B	\$22.4M	\$1.4M	\$21.0M

Total Negotiable Goods and Services Purchased: \$1.9 B
Banner Schools: \$817 M
PeopleSoft: \$1.1B

1.75% of Negotiable Goods Purchased

0.07% of Negotiable Goods and Services Purchased
PeopleSoft: \$80,000
SciQuest: \$1,282,020

UNC SciQuest – Estimated Savings Metrics – Banner Schools

- ▶ Negotiable goods and services spend: \$817M
- ▶ Estimated annual savings: \$15.6M
 - Contract compliance and strategic sourcing savings
 - Order processing savings
 - Bill payment savings

Potential Process Savings Metrics

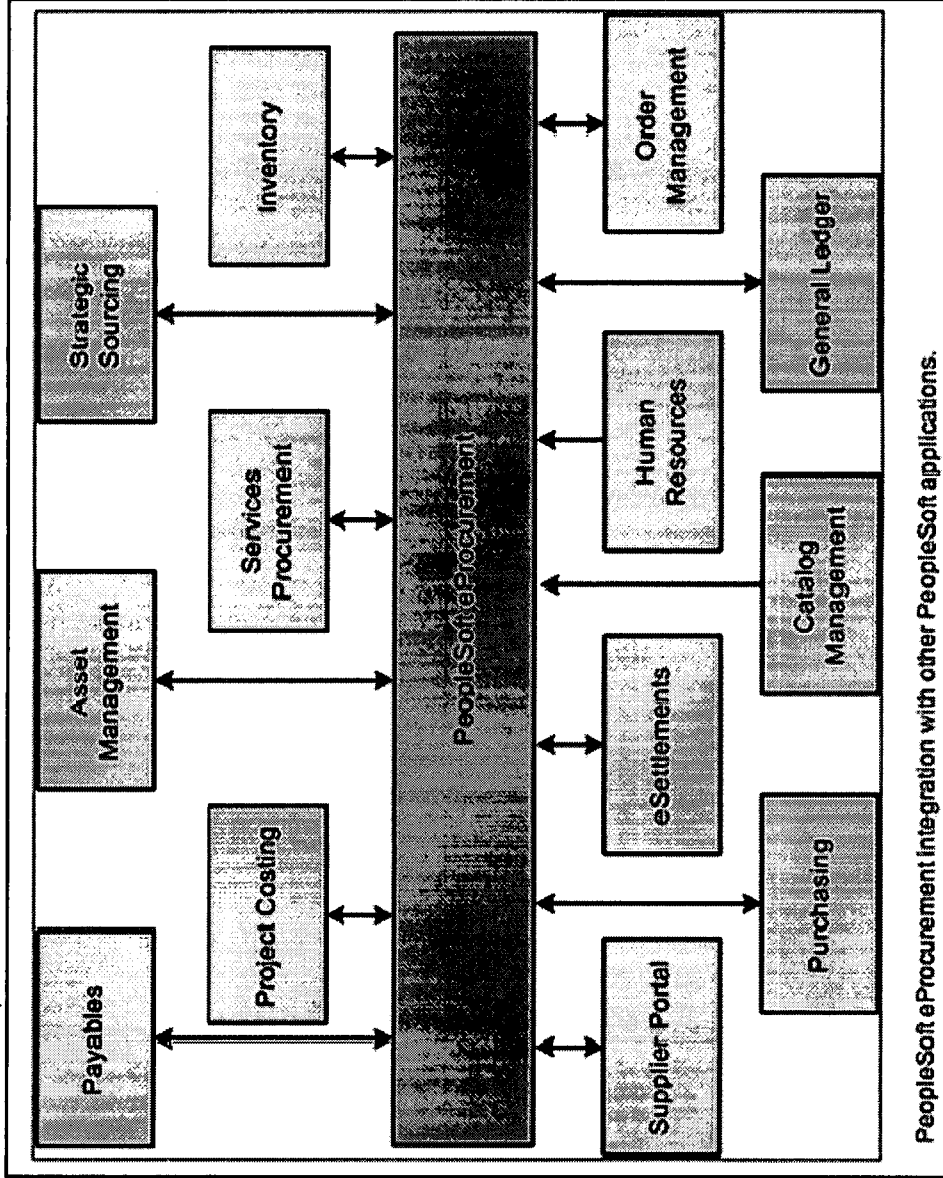
Performance Area	Before E-Procurement	After E-Procurement
Requisition-To-Order Costs	\$60	\$31
Requisition-To-Order Cycles	11.0 Days	4.4 Days
Invoice Receipt-To-Payment Costs	\$34.11	\$2.18
Invoice Receipt-To-Payment Cycles	35.1 Days	2.8 Days

UNC E-Procurement Next Steps

- ▶ Establish University Procurement Office to manage strategic sourcing and spend analysis operations
- ▶ Conduct UNC System spend analysis and strategic sourcing study
- ▶ Work collaboratively with DOA to share state and university contracts and catalogs where applicable
- ▶ Expand system level catalog inventory
- ▶ Sustain state term contracts and UNC campus contracts on GA consortium site
- ▶ Develop implementation plan to leverage and expand SciQuest form workflow adoptions
- ▶ Develop a purchase to pay return on investment annual report for E-Procurement

PeopleSoft 9.1 E-Procurement (System Overview – UNC-CH)

This diagram shows how PeopleSoft eProcurement integrates with other PeopleSoft applications within PeopleSoft Financials and Supply Chain Management and PeopleSoft HRMS:



PeopleSoft eProcurement integration with other PeopleSoft applications.

UNC-CH E-Procurement Strategic Enablement Path

- ▶ **March 2007 – Master agreement for Oracle PeopleSoft financials, human resources and student services signed**
 - ▶ **December 2008– UNC-CH engaged Bain & Company to identify efficiency opportunities within UNCCH**
 - ▶ **July 2009 – Bain & Company final report recommended utilization of a data-capture procurement system to focus on strategic analysis, policy recommendations, and enforcement**
 - ▶ **August 2009 – October 2009 – Evaluated all potential vendors (including SciQuest) for new procurement system**
 - ▶ **November 2009 – Entered into a strategic alliance with NC State for early implementation of PeopleSoft E-Procurement**
 - ▶ **December 2010 – January 2011 – Phased go-live with PeopleSoft ePro**
 - ▶ **September 2011 – Adopted Educational Advisory Board’s data analyze tool – Spend Compass**
-

Data Analysis Tool

Education Advisory Board's Spend Compass

- ▶ Normalizes all data
 - Purchase Order
 - Small Order Process / AP Vouchers
 - Vendor Catalogs
 - P-card

 - ▶ Line-level detail illuminates contract noncompliance
 - Vendor Pricing – track price paid – monitor price increases
 - Departmental Usage

 - ▶ Collection of historical pricing and benchmarking data
 - Peers paid less for same item
 - Pricing upward trend in past 6 months

 - ▶ Leverage data in negotiations
 - Use benchmarks to reduce prices
-

UNC-CH PeopleSoft E-Procurement Annual Costs vs. NCEP Costs

E-Procurement Effect On Spend	Total Negotiable Goods and Services Purchased	Potential NCEP E-Commerce Costs @ 1.75%	UNC E-Procurement Annual License Fee Costs	UNC E-Procurement Settlement Savings for Using SciQuest
Manageable Services Purchased	\$169M	-	-	-
Manageable Goods Purchased	\$621M	\$10.9M	80K	\$10.9M

Total Negotiable Goods and Services Purchased: \$790 M

1.75% of Negotiable Goods Purchased

0.01% of Negotiable Goods and Services Purchased

UNC-CH – Estimated Savings Metrics

- ▶ Negotiable goods and services spend: \$790M
- ▶ Estimated annual savings: \$15.0M
 - Contract compliance and strategic sourcing savings
 - Order processing savings
 - Bill payment savings

UNC E-Procurement Update

Questions and comments

N.C. General Assembly

Members' In-State Reimbursement Form

Form: **PR008**

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:
Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: December 5, 2011

Member: Rep. G. L. Pridgen

Total Number of day's subsistence claimed 1
(This line **MUST** be completed to be reimbursed)

Arrived the day prior to meeting day Yes No
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Car Mileage _____
(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips 1

G. L. Pridgen
(Member's Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker] _____
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting Yes No

Committee Assistant Name: _____ Ext.# _____

N.C. General Assembly

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Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: December 5, 2011

Member: Rep. Elmer Floyd

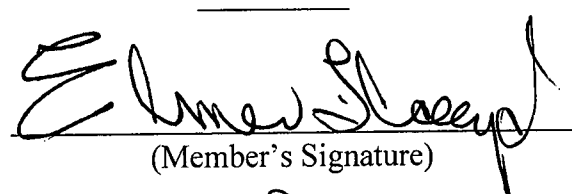
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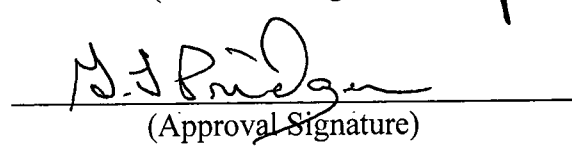
Car Mileage _____
(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips _____

on file


(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]


(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting Yes No

Committee Assistant Name: _____ Ext.# _____

N.C. General Assembly

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Budget to Charge

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(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: December 5, 2011

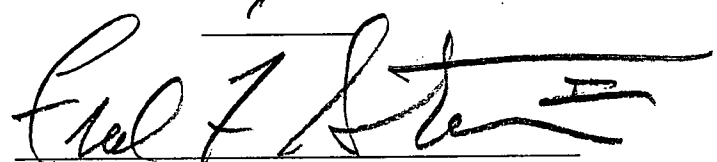
Member: Rep. Fred Steen, II

Total Number of day's subsistence claimed 1
(This line **MUST** be completed to be reimbursed)

Arrived the day prior to meeting day Yes No
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Car Mileage on file
(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips

1

(Member's Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]

D. J. Priddy
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting Yes No

Committee Assistant Name: _____ **Ext.#** _____

N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: December 5, 2011

Member: ~~Rep. Grey Mills~~ Rep. Pricey Harrison

Total Number of day's subsistence claimed
(This line MUST be completed to be reimbursed)

1

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

Car Mileage
(Fill out this line if mileage is different than what is certified on file)

162

Number of Round Trips

1

MPT Harrison
(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]

B. S. Priddy
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s)

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name: _____ Ext.# _____

VISITOR REGISTRATION SHEET

HOUSE SELECT COMM. ON E-PROCUREMENT

12-05-11

Name of Committee

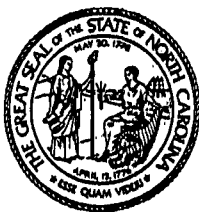
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Chris Agnew	DOA
Matt Farrell	NCSBA
Bill Scobbin	IIS
Sam Byrnes	P&C
Patricia Brown	DOT
Anne Bander	DOA
Angie Hant	Williams Mullen
Ed Sulington	Brooks Pierce
Jay Stan	NCSA
Wesley Harris	CAHA



House Select Committee on E-Procurement

AGENDA

Wednesday, October 26, 2011

1:00 p.m.

Legislative Building: Room 1228

- I. **Welcome and Introductions**
Rep. Gaston Pridgen, Co-Chair
Rep. Fred Steen, II, Co-Chair

- II. **General Overview of State Procurement Law and Procedures**
Mr. Sam Byassee, State Purchasing Officer, Division of Purchase and Contract, Department of Administration

- III. **Information Technology Procurement**
Ms. Patti Bowers, former Director, IT Procurement Office, Procurement Transformation Project, Department of Administration

- IV. **Overview of E-Procurement**
Mr. Byassee

- V. **Committee Discussion and Instructions to Staff**



MINUTES

House Select Committee on E-Procurement

Wednesday, October 26, 2011

1:00 PM

Room 1228 Legislative Building

I. Committee Members:

Co-Chairs: Representative G. L. Pridgen, 46th District
Representative Fred F. Steen II, 76th District

Members: *Representative Glen Bradley, 49th District (Absent)*
Representative Bill Brawley, 103rd District
Representative Dale Folwell, 74th district
Representative Grey Mills, 95th District (Absent)
Representative Elmer Floyd, 43rd District
Representative Rosa U. Gill, 33rd District
Representative Pricey Harrison, 57th District

Clerk: Beverly Slagle

Attending House Sargent at Arms:

Martha Gadison Young Bae Jesse Hayes

II. Staff: Mark Bondo (Fiscal Research)
Tim Hovis (Research)
Karlynn O'Shaughnessy (Fiscal Research)
Bill Patterson (Research)
Barbara Riley (Research) (Absent)

III. Speakers: Sam Byassee, State Purchasing Officer / Department of Administration (DOA)
Pattie Bowers, Director of IT Procurement / Department of Transportation (DOT)

IV. Call To Order:

The House Select Committee on E-Procurement (the committee) meeting was called to order by the presiding Co-Chair (Chair), Representative Fred F. Steen II, at 1:15 PM. At that time he announced he and Representative Gaston L. Pridgen would be Co-Chairing the committee.

V. Committee Business / Presentment of Proposed Budget:

A. Research provided the Chair with a *Proposed Committee Budget* prepared by their staff: A *proposed budget* was put before the committee by the Chair described by staff as an estimate of what the committee expenses might be. Because the budget had not been presented to the

Co-Chairs, prior to the meeting, the Chair requested that staff explain the purpose and scope of the budget to members of the committee. .

Research Staff, Tim Hovis, described the budget set forth as a *proposed budget* to cover four (4) meetings, noting that this committee was not restricted to four (4) meetings. He then read off the items included in the calculation which were as follows: legislative members' subsistence, travel expenses, and clerical staff. He stated that the calculations were based on the assumption that all nine (9) members will attend every meeting. The *proposed budget* was a "broad" estimate for (4) meetings.

- B. Motion:** Representative Brawley made a motion to adopt the *proposed budget* as presented. The motion was approved unanimously by voice vote.

VI. Welcome and Introductions:

The Chair welcomed everyone to the meeting and each member introduced themselves, ending with the Co-Chair, Representative G. L. Pridgen. The Chair then requested that Research staff member, Tim Hovis, review the charge of the House Select Committee on E-Procurement for the committee.

Tim Hovis, Research, asked members to go to the 1st tab, Authorizing Legislation, in their committee binder to follow as he read the charge (document) from the Speaker's Office (ATTACHMENT A). TAB 1

VII. General Overview of State Procurement Law and Procedures:

Mr. Sam Byassee, State Purchasing Officer, DOA, gave a brief summary of his background. He told the Committee he would like to return and present, specifically, on E-Procurement at a later date. Today's presentation (ATTACHMENT B) gave a broad overview of the State Procurement Law and Procedures, requesting questions be taken at the end of his presentation. During Mr. Byassee's presentation he asked committee members to contact him or his office with any constituent issues regarding procurement.

VIII. Information Technology Procurement

- A. Introduction:** Ms. Bowers, Director of IT Procurement / DOT, has fifteen (15) years of experience in State Procurement. Initially she worked in the North Carolina (NC) University System. She was Procurement Director over IT Procurement for almost eleven (11) years, for the last year she worked at DOA as Project Director over the *Procurement Transformation Project* until recently, assuming her present position.

Ms. Bowers, presenting to the committee, described IT Procurement and the differences between what is done as described by Mr. Byassee at the DOA, and what is done in IT Procurement. In particular, she explained, as it relates to IT projects which are the major expenditure in North Carolina.

In conclusion of Ms. Bowers' presentation she emphasized the importance and significance of the collaboration and communication between all of the various groups mentioned throughout her presentation. She explained that, with collaboration and communication, agencies identify enterprise systems and/or enterprise opportunities to work and partner together. When multiple agencies are looking to implement similar projects or a similar technology an

advantage through this process is to identify opportunities for state agencies, instead of everyone going off and doing their own thing. (See ATTACHMENT B)

B. Question (Q) and Answer (A):

(Q) Rep. Pridgen: Can any nonprofit order through state procurement?

(A) Ms. Bowers: Our state-wide contracts are available for any state or nonprofit entities across NC.

(Q) Rep. Brawley: What is the e-Procurement transaction fee, who receives the fee, and who is the vendor?

(A) Ms. Bowers: The e-Procurement transaction fee is 1.75% on goods only. The fee is shared with the vendor that operates the e-Procurement systems and anything over that goes to the Department of Administration. The vendor is Accenture.

(Q) Rep. Floyd: What is the total number of IT contracts?

(A) Ms. Bowers did not have that information but did make a note to follow-up.

IX. Closing Presentation: Mr. Byassee identified the state's e-Procurement systems as Ariba Buyer, which is the Department of Administration's electronic purchase orders, the E-Quote Market Place, the vendor registration system, and IPS (Interacting Purchasing System) which has been in place since 2001. He remarked that the system has served the state well and, while undergoing many changes over the years, it has done its job.

A. System Usage: The Usage of this system is wide with 234 entities with full or partial use of the systems. More than 14,000 individuals who use the system and more than 60,000 vendors are registered in the system.

B. Entities Using the Department of Administration's e-Procurement system:

1. 30 state agencies
2. 16 state institutions and hospitals
3. 58 community colleges
4. 115 K-12 local school systems
5. 15 local governments around the state

C. Upgrade System: Mr. Byassee presented the following positive points regarding an upgrade to the present system.

1. On a user level: The advantages to an Ariba System upgrade.
 - a) Better functionality
 - b) More flexibility
 - c) Better reporting capabilities
 - d) System will be much faster (common complain among users)
2. The Ariba System Agreement: The current Agreement for operating the Ariba System will expire at the end of next year (2012). At that time there will be a decision made

either to bring the work in-house, which has been looked at in the past and is *not an inexpensive process*; or go back out into the market place with an RFP for operating the current system.

D. Question (Q) and Answer (A):

(Q) Rep. Pridgen, Co-Chair, inquired if the original project was bid out.

(A) Mr. Byassee: The original project was bid out, long before my employment with the State, for which the e-Procurement portion was an option in that project. After the original project was fulfilled the option was exercised to create the e-Procurement System.

(Q) Rep. Brawley asked if there was a separate fee for Ariba.

(A) Mr. Byassee: The procurement fee pays for everything. Accenture has licensed Ariba Software on behalf of the state, which they operate. They are paying that fee from the money they receive from the state.

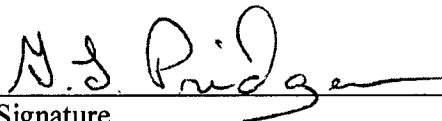
(Q) Rep. Steen II, Chairman, asked Mr. Byassee for recommendations of any savings going forward regarding the state's e-Procurement systems.

(A) Mr. Byassee's recommendations were as follows:

- That the e-Procurement system go end-to-end as far as the procurement process is concerned.
- Eventually, Ariba Systems will most likely be replaced. If, at that time, we could consolidate or reduce the 173 interfaces that exist today down to a more manageable number, it might be possible to go to the Cloud as Rep. Brawley had discussed.

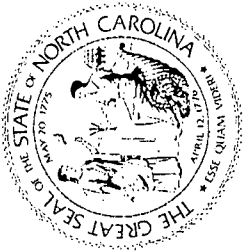
E. Request For Addition Vendor Presentation: Rep. G. L. Pridgen requested that additional vendors be brought in, in addition to Ariba Systems, for presentation. The Chair agreed suggesting that staff arrange for additional vendors to present.

X. Announcement: Rep. Fred F. Steen II, Chairman, announcing that the members would be notified of the next meeting date and location and adjourned the House Select Committee on E-Procurement at 3:14 PM.


Signature

2011-2013 Committee Budget Estimate

1) Legislative Members Subsistence	\$5,616.00																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">\$104.00</td> <td style="width: 80%;">Legislative Subsistence</td> <td style="width: 10%;"></td> </tr> <tr> <td>X</td> <td style="text-align: right;">9</td> <td>Number of Legislative members</td> <td></td> </tr> <tr> <td>X</td> <td style="text-align: right;">1.5</td> <td>Half of Members using Two Days of Subsistence</td> <td></td> </tr> <tr> <td>X</td> <td style="text-align: right;">4</td> <td>Number of Meetings</td> <td></td> </tr> <tr> <td>=</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$5,616.00</td> <td>Total Legislative Members Subsistence</td> <td></td> </tr> </table>		\$104.00	Legislative Subsistence		X	9	Number of Legislative members		X	1.5	Half of Members using Two Days of Subsistence		X	4	Number of Meetings		=	\$5,616.00	Total Legislative Members Subsistence		
	\$104.00	Legislative Subsistence																			
X	9	Number of Legislative members																			
X	1.5	Half of Members using Two Days of Subsistence																			
X	4	Number of Meetings																			
=	\$5,616.00	Total Legislative Members Subsistence																			
2) Non-Legislative Members Subsistence	\$0.00																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">\$116.00 *</td> <td style="width: 80%;">Non-Legislative Members Subsistence</td> <td style="width: 10%;"></td> </tr> <tr> <td>X</td> <td style="text-align: right;">0</td> <td>Number of Non-Legislative Members</td> <td></td> </tr> <tr> <td>X</td> <td style="text-align: right;">1.5</td> <td>Half of Non-Legislative Members using Two Days Subsistence</td> <td></td> </tr> <tr> <td>X</td> <td style="text-align: right;">0</td> <td>Number of Meetings</td> <td></td> </tr> <tr> <td>=</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$0.00</td> <td>Total Non-Legislative Members Subsistence</td> <td></td> </tr> </table> <p style="margin-left: 40px; font-size: small;">* \$101.05 Daily Per Diem Rate Plus \$15 Committee Per Diem Rate (GS138-5)</p>		\$116.00 *	Non-Legislative Members Subsistence		X	0	Number of Non-Legislative Members		X	1.5	Half of Non-Legislative Members using Two Days Subsistence		X	0	Number of Meetings		=	\$0.00	Total Non-Legislative Members Subsistence		
	\$116.00 *	Non-Legislative Members Subsistence																			
X	0	Number of Non-Legislative Members																			
X	1.5	Half of Non-Legislative Members using Two Days Subsistence																			
X	0	Number of Meetings																			
=	\$0.00	Total Non-Legislative Members Subsistence																			
3) Travel Expenses	\$2,520.00																				
a) Legislative Members																					
\$70.00 Round Trip Reimbursement (Based on 242 miles @ \$0.29 per mile*)																					
X	9	Number of Legislative Members																			
X	4	Number of Meetings																			
=	#####	Total Travel for Legislative Members																			
b) Non-Legislative Member																					
\$73.00 Round Trip Reimbursement (Based on 242 miles @ \$0.30 per mile*)																					
X	0	Number of Non-Legislative Members																			
X	0	Number of Meetings																			
=	\$0.00	Total Travel for Non-Legislative Members																			
* 242 Miles is an Average per Member based on the Total Certified Round Trip Mileage																					
4) Clerical Staff	\$3,272.00																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;"></td> <td style="width: 10%; text-align: right;">\$818.00 *</td> <td style="width: 80%;">Average Salary with Benefits for 5 day work week</td> <td style="width: 10%;"></td> </tr> <tr> <td>X</td> <td style="text-align: right;">4</td> <td>Number of Meetings</td> <td></td> </tr> <tr> <td>=</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$3,272.00</td> <td>Total Clerical Staff</td> <td></td> </tr> </table> <p style="margin-left: 40px; font-size: small;">* Average Weekly Wages for LA, CAI, CAII & CAIII with Fringes Added.</p>		\$818.00 *	Average Salary with Benefits for 5 day work week		X	4	Number of Meetings		=	\$3,272.00	Total Clerical Staff										
	\$818.00 *	Average Salary with Benefits for 5 day work week																			
X	4	Number of Meetings																			
=	\$3,272.00	Total Clerical Staff																			
5) Professional Staff	\$0.00																				
6) Special Travel and Expenses	\$0.00																				
7) Postage and Telephone Expenses	\$0.00																				
8) Supplies	\$0.00																				
9) Coping and Printing	\$250.00																				
10) Reserve	\$0.00																				
Total	\$11,658.00																				



NC
E-Procurement
your service
www.ncgov.com

Purchasing Overview

Department of Administration

Division of Purchase and Contract

House Select Committee on E-Procurement

October 26, 2011

Sam Byassee
State Purchasing Officer

W



House Select Committee on e-Procurement
October 26, 2011



Purpose of State Procurement

- Core purpose of government → Spend taxpayers' money wisely
- Assure the procedural regularity and substantive value of each purchase



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October 26, 2011



Authority

P&C – State government, or any of its departments, institutions
or agencies

Statewide IT Procurement – All information technology for State
agencies



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October 26, 2011



Exceptions to Centralized Purchasing Authority

- Judicial Branch
- Legislative Branch
- UNC System
- Community Colleges
- Construction contracts
- DOT - Road Building Materials
- Specific Legislative Exceptions
- Agency Delegations

Prison Facilities are NOT an exception



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Prime Principle – Open and Neutral Competition

- Small purchases – less than \$5,000
- General agency delegation – between \$5,000 and delegation limit
- Significant Purchases – greater than delegation amount

**Rep Ermen Floyd - question*



House Select Committee on e-Procurement
October 26, 2011



The Procurement Process

Corrective v Enterprise

- Sourcing
- Solicitation and Bids
- Waivers of Competition *(competition)*
- Standard Terms and Conditions *- Stressed (Terms of awarding)*
- Compliance — *Approved* paper bid:
penance
- Protests

*- RFP requires paper return as sign up
Take questions at end of presentation. Write of protestive down & hand!*

*No Exception!
Deadline Required
Signature*

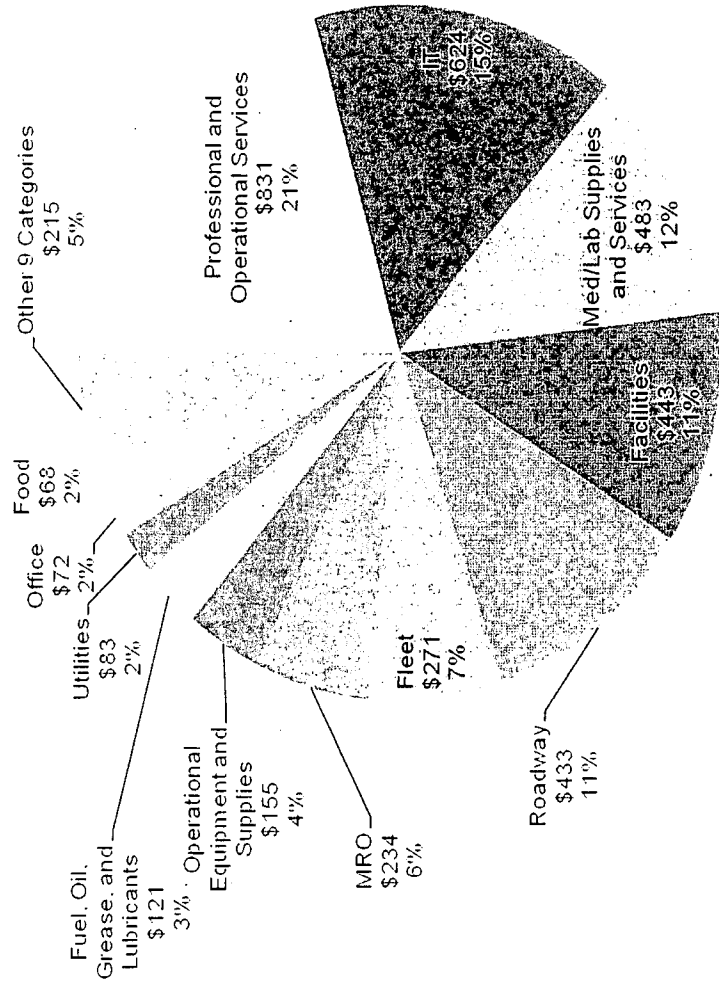
Listen for



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 October 26, 2011



State Spend on Goods and Services



Data based on 3rd party analysis of invoices paid from e-procurement and direct pay sources.



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October 26, 2011



Procurement Transformation Project

15 yrs since

- Policies and Procedures
- Organization and Staffing
- Training
- Strategic Sourcing
- Contract Monitoring and Management
- Governance and Communications

Vendor/Purchaser
Review Process
Streamline

formal feedback manual

Technology Improvements?

What are options -

Single Vendor Registration system
 Systems now fragmented between departments

opportunities for procurement

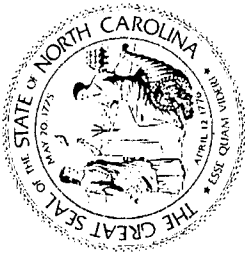


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October 26, 2011

 E-Procurement
your service
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Vision Statement

Create a customer-focused enterprise to achieve increased procurement effectiveness, efficiency, and compliance resulting in significant financial benefit for taxpayers by reducing the costs of acquiring goods and services.



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October 26, 2011

Me E-Procurement
your service
WWW.NCGOV.COM

North Carolina e-Procurement System



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October 26, 2011



Electronic Procurement System:

Technologies that support purchasing

The technology that supports the services

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



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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 **60,000** registered vendors



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October 26, 2011

NC E-Procurement
your service
www.ncgov.com

17500

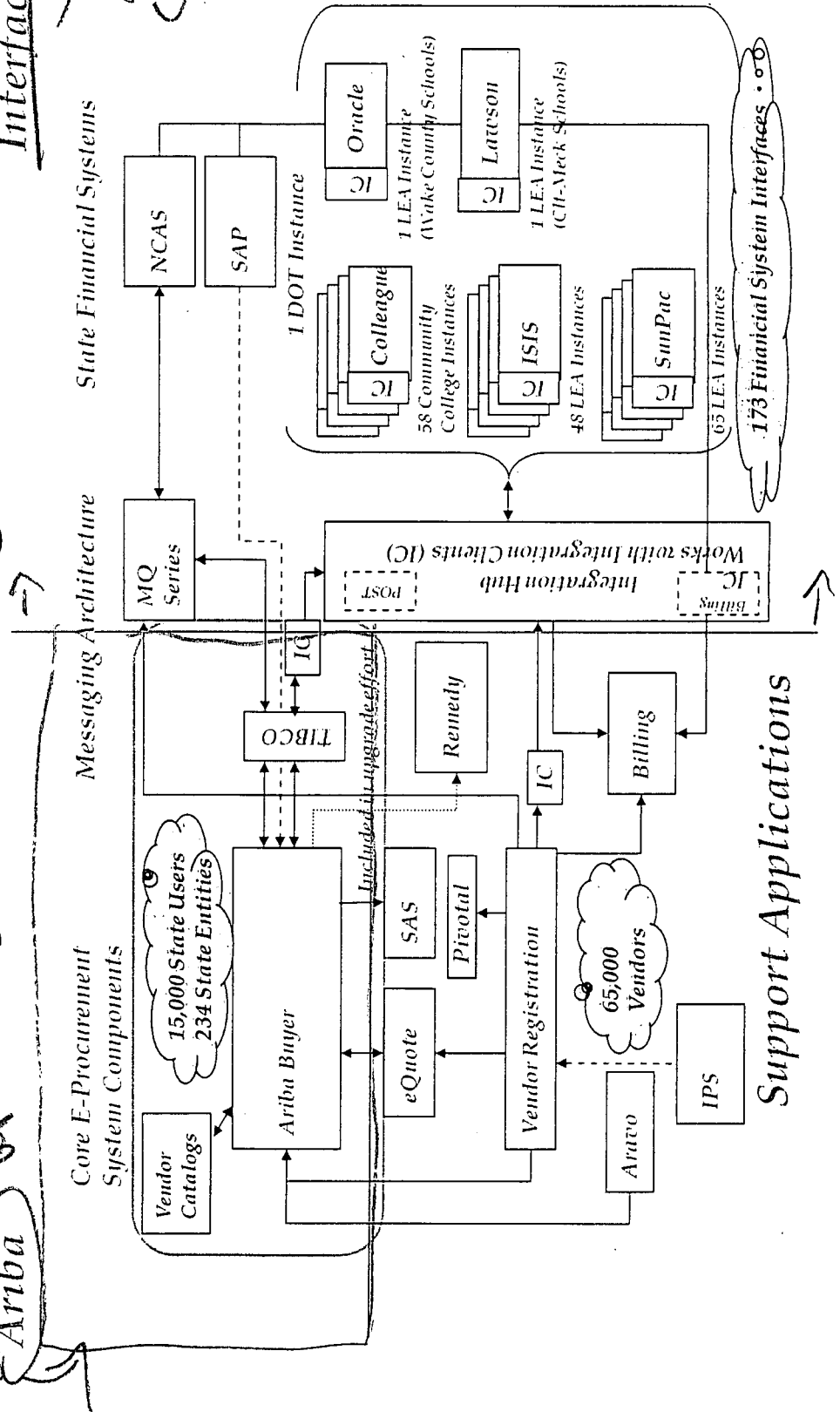
Handwritten: This is for the add explanations in minutes
own purpose.

System Diagram

Handwritten: Ariba

Interfaces

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LEA Community Coll



Support Applications

173 Financial System Interfaces

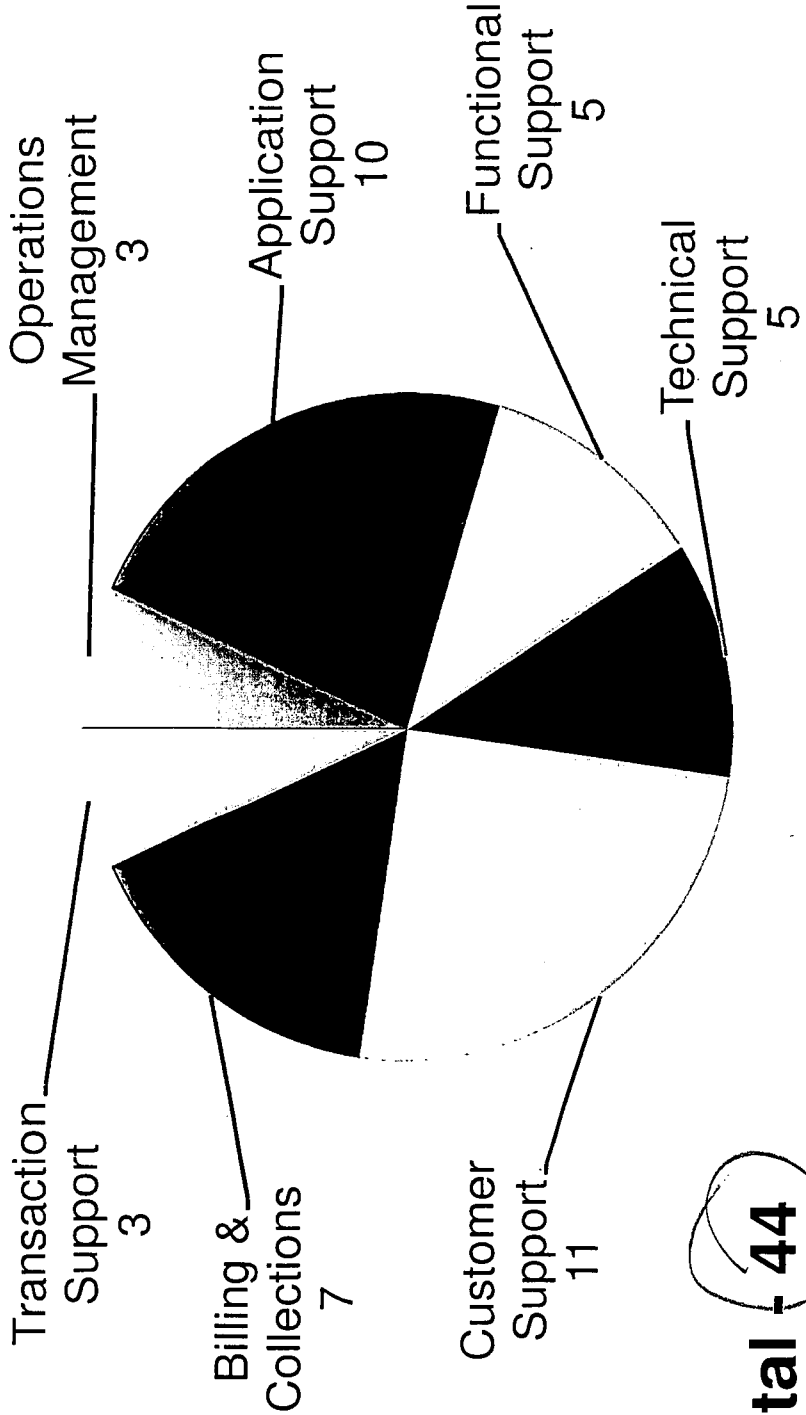


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October 26, 2011



44 employees

Contract Support for e-Procurement Operations



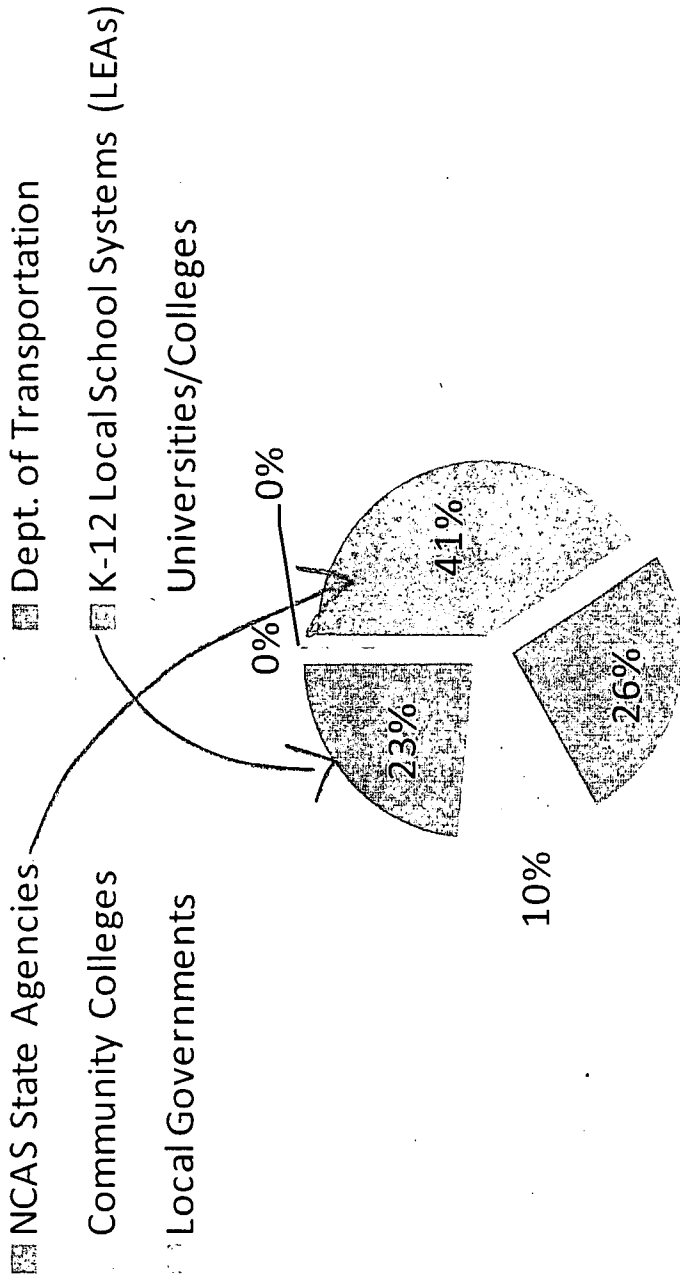
Total - 44



House Select Committee on e-Procurement
October 26, 2011



NC E-Procurement Spend FY08-FY11





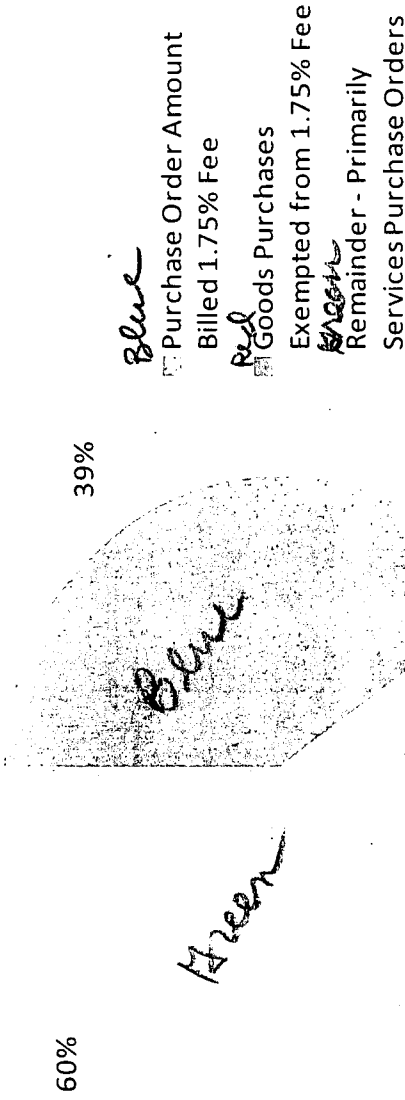
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October 26, 2011



Transaction Fee – 1.75% on Goods Only

< 40% of total spend

FY08 - FY11 Spend Analysis



Welcomes suggestions - regarding approval 16 path



House Select Committee on e-Procurement
October 26, 2011



2001

Ariba Upgrade Benefits

*Expires 12/31/2012
Bring in bid.*

- Latest Software Version with Best Practices Built In
- New State of the Art Hardware and Operating System Environment
- Lower Total Cost of Ownership (TCO)
- Workflow & Process Optimization
- Enhanced Spend Visibility and Usage of State Term Contracts
- National Institute of Government Purchasing (NIGP) Commodity Code Update
- North Carolina Identity Management Interface (NCID)

Information Technology Procurement

**House Select Committee on
E-Procurement**

October 26, 2011

G.S. 147-33.72F

- The Office of Information Technology Services shall establish procedures for the procurement of information technology. The procedures may include aggregation of hardware purchases, the use of formal bid procedures, restrictions on supplemental staffing, enterprise software licensing, hosting, and multiyear maintenance agreements.

Information Technology

Procurement

- North Carolina Administrative Code, Title 9, Chapter 6

- Term Contract, Open Market, Waiver of Competition

- \$25,000 Delegation

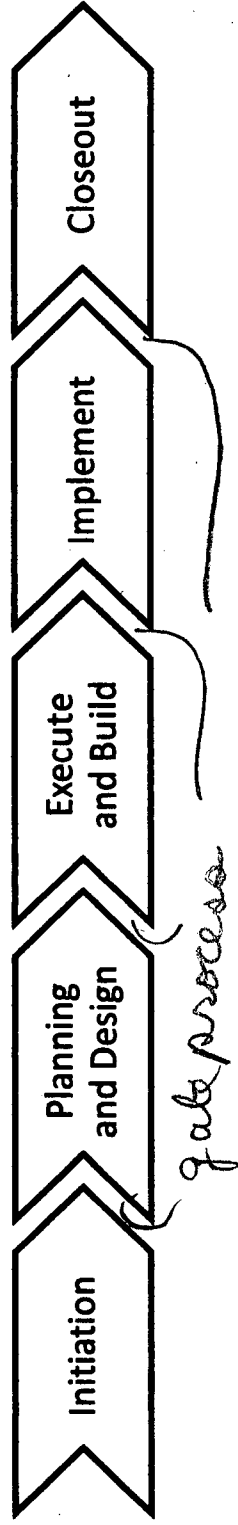
- Bid Thresholds

- <\$5,000 *Competition encouraged*
- \$5,000 - \$10,000 *Competition required*
- \$10,000 - \$25,000 *Bids*
- >\$25,000 - *Oversight required - Competition required.*

G.S. 147-33.72C

- The State Chief Information Officer shall review all State agency information technology projects that cost or are expected to cost more than five hundred thousand dollars (\$500,000), whether the project is undertaken in a single phase or component or in multiple phases or components.

State Project Approval Process



Project workflow provides checkpoints to allow state approvers to review projects and determine any risks. Smaller projects (\$100,000-\$500,000) only require review at the first checkpoint. Large projects also require monthly status reporting.

Project Approvers are: Agency CIOs, Agency Chief Financial Officers, Enterprise Project Management Office, Office of State Controller, Office of State Budget and Management, Strategy and Architecture/State CIO's Office, Deputy State CIO and State CIO

IT Procurement and IT Projects

- Gate 1 Project Registration/Approval
 - During the Project Planning Phase, the Agency determines any requirements for procuring goods and services necessary for implementation of the project. Once these needs are identified, the appropriate procurement methods should be utilized.

** Fill out project program template to identify needs & requirements*

IT Procurement and IT Projects

- Procurement

- The Procurement Process includes all work activities associated with purchasing goods and services, developing RFX's, soliciting and evaluating proposals, negotiations, vendor selection, contract award, and vendor/contract management. During the procurement process, the EPMO, Statewide IT Procurement Office, Enterprise Architecture and a representative from the Attorney General's Office assigned to ITS are required to conduct reviews and approve agency solicitations, vendor responses and award recommendation.

Work cases with Budget office to ensure funds are available

IT Procurement and IT Projects

- The Statewide IT Procurement Office will not approve a solicitation associated with a project that has not received Gate 1 approval.

*pay attention
monitor approved projects*

IT Procurement and IT Projects

Definitions-

- What is an IT Project? (5 year time period)
- What is the "Typical" Agency PM Role? (key role project manager)
- What does the PMA Review? (proj. manager assist procurement office)
- What does Enterprise Architecture Review? (Technical Reviews)
- What does IT Procurement Review?
- What does Legal Review? (AG's office) +
- What is the "Typical" Role of Agency?

IT Procurement and IT Projects

- RFP Template - see page
- Technical Specifications
 - Enterprise Architecture Standards
 - Enterprise Licensing
 - Hosting
 - Virtualization
 - NCID - Identity Authorization
 - Work Statement
 - Technical Requirements/Specifications
 - Cost Proposal
 - Other Requirements and Special Terms

IT Procurement and IT Projects

Sections

Welfare

- Initiate Project
- Plan and Gather Requirements
- Prepare the RFP
- Prepare Vendor Proposal Evaluation Plan
- Receive and Answer Vendor Questions
- Receive and Evaluate Vendor Proposals
- Select Final Vendor and Award Contract

Information Technology Procurement

<http://www.epmo.scio.nc.gov/>

<http://www.its.state.nc.us/ITProcurement/>

<https://www.scio.nc.gov/services/enterpriseArchitecture.aspx>

Questions

VISITOR REGISTRATION SHEET

House Select Comm on E. Procurement

10/26/11

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Patte Brown	NC DOT
Heather Barrett	Williams Mullen
Joe Crawford	Accenture
Buffie Podri	Accenture
Angie Harris	Williams Mullen
Mac Baxley	NC Aggregate
Jay Stem	NCAA
Carr McLamb	ECA
Daniel Baum	TROUTMAN SAUNDERS
Christy Agnes	Dept. of Admin
Jenny Lineberry	ITS

Copies 10/26/11

N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: October 26, 2011

Member: Rep. G. L. Pridgen

Total Number of day's subsistence claimed

2

(This line MUST be completed to be reimbursed)

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

Car Mileage

(Fill out this line if mileage is different than what is certified on file)

on file

Number of Round Trips

1

G. L. Pridgen

(Member's Signature)

Paul F. Stan

(Approval Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]

Names of other official legislative or state government meetings attended during this visit:

NA

Number of day's subsistence claimed for other meeting(s)

N/A

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name:

Beverly Slagge

Ext.# 35821



N.C. General Assembly

Members' In-State Reimbursement Form

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Administrative Division
Financial Services Section

Rev: 04/2010

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Financial Services Use:
Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(**Complete** Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: October 26, 2011

Member: Rep. Fred Steen, II

Total Number of day's subsistence claimed

2

(This line **MUST** be completed to be reimbursed)

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

Car Mileage

(Fill out this line if mileage is different than what is certified on file)

on file

Number of Round Trips

1

Fred Steen, II

(Member's Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]

M. J. Priddy

(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

N/A

Number of day's subsistence claimed for other meeting(s)

N/A

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name:

Brenda Hoyle

Ext. # 35821



N.C. General Assembly

Members' In-State Reimbursement Form

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Administrative Division
Financial Services Section

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Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: October 26, 2011

Member: Rep. Dale Folwell

Total Number of day's subsistence claimed
(This line MUST be completed to be reimbursed)

1

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No 0

Car Mileage
(Fill out this line if mileage is different than what is certified on file)

~~_____~~

Number of Round Trips

1

(Member's Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]

(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

1/ALIDMS

Number of day's subsistence claimed for other meeting(s) _____

Car Mileage claimed for other meeting Yes No

Committee Assistant Name: Beverly Slagle Ext.# 35821



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

Rev: 04/2010

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Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(**Complete** Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: October 26, 2011

Member: Rep. Elmer Floyd

Total Number of day's subsistence claimed 1

(This line **MUST** be completed to be reimbursed)

Arrived the day prior to meeting day Yes No

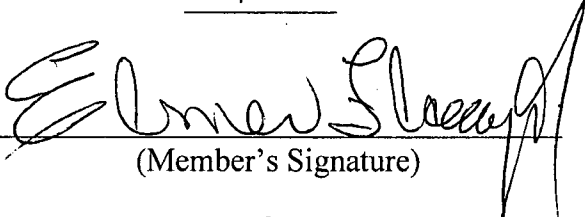
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Car Mileage

(Fill out this line if mileage is different than what is certified on file)

Number of Round Trips 1

on file


(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]


(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

South legislative Election oversight Comm.

Number of day's subsistence claimed for other meeting(s) 1

Car Mileage claimed for other meeting Yes No

Committee Assistant Name: Beverly Slagle

Ext.# 35821



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

Rev: 04/2010

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: October 26, 2011

Member: Rep. Bill Brawley

Total Number of day's subsistence claimed

(This line MUST be completed to be reimbursed)

1

Arrived the day prior to meeting day

(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes

No

Car Mileage

(Fill out this line if mileage is different than what is certified on file)

0

Number of Round Trips

0

Brawley
(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]

M. J. Pruden
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Two Committee on 10/25 - State Asset
& Municipal Park Board - arrived 10/24

Number of day's subsistence claimed for other meeting(s)

Car Mileage claimed for other meeting

Yes

No

Committee Assistant Name:

Beverly Hagge

Ext.# 35821



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

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Rev: 04/2010

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: October 26, 2011

Member: Rep. Pricey Harrison

Total Number of day's subsistence claimed

(This line MUST be completed to be reimbursed)

1

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes No

Car Mileage

(Fill out this line if mileage is different than what is certified on file)

162

Number of Round Trips

1

[Handwritten Signature]

(Member's Signature)

[Must be approved by Chairperson, Senate President Pro Tempore or House Speaker]

[Handwritten Signature]

(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s)

Car Mileage claimed for other meeting

Yes No

Committee Assistant Name:

Beverly Haagle

Ext.# 35801



N.C. General Assembly

Members' In-State Reimbursement Form

Form: PR008

Administrative Division
Financial Services Section

Rev: 04/2010

This form is used to request for in-state reimbursement for subsistence and travel for Committee, Commission or Other In-State Meetings/Legislative Business by members.

Financial Services Use:

Budget to Charge

HOUSE SELECT COMMITTEE ON E-PROCUREMENT

(Complete Name of Committee or Commission or Description of Meeting/Business)

Location of Meeting (City): Raleigh, NC

Date(s) of Meeting: October 26, 2011

Member: Rep. Rosa Gill

Total Number of day's subsistence claimed

1

(This line **MUST** be completed to be reimbursed)

Arrived the day prior to meeting day
(Claim one day for each meeting day you attended. If spending the night prior to the first meeting day, you are entitled to an extra day.)

Yes

No

Car Mileage

(Fill out this line if mileage is different than what is certified on file)

on file

Number of Round Trips

1

Rosa H. Gill
(Member's Signature)

[Must be approved by Chairperson,
Senate President Pro Tempore or
House Speaker]

H.S. Priddy
(Approval Signature)

Names of other official legislative or state government meetings attended during this visit:

Number of day's subsistence claimed for other meeting(s)

Car Mileage claimed for other meeting

Yes

No

Committee Assistant Name: Beverly Stagle

Ext.# 35821