

# Unified Procurement Services Team (UPST) Procurement Operations (P2P) – Accounts Payable and T&E

August 28, 2019



University of Massachusetts

Amherst • Boston • Dartmouth • Lowell • Medical School • UMassOnline

# Agenda

## Introductions & Goals for Today

- ◆ **UPST: Background and High Level Overview**
- ◆ **Procure to Pay Overview:**
  - ◆ **What is P2P?**
  - ◆ **Accounts Payable/Invoicing**
  - ◆ **Bank Card Management**

# Introductions

## ■ UPST Transition Team:

- **David Nero**, Assistant Vice President, Innovation and Operational Services  
***DNero@umassp.edu***
- **Gary Nolan**, Director of Procurement Services, UMass Lowell  
***Gary\_Nolan@uml.edu***
- **GEP**: Procurement and Supply Chain Consultancy
- **Workshop Attendees**: Diverse set of managers across campuses
- **Mike LaGrassa**, Assistant Vice Chancellor, Administrative Services, UMass Dartmouth  
***mlagrassa@umassd.edu***
- **Brian Girard**, Director of Procurement and Accounts Payable, UMass Medical School  
***Brian.Girard@umassmed.edu***

# Shared Services Background

*The Shared Services project was launched at the request of the President with the support of the Board to assess the potential of a shared services model at UMass*

- Objectives
  - Evolve A&F organization to provide world-class service across the entire system
  - Modernize functions to provide services at lower cost
  - Re-invest savings back to academic programs and ensuring continued affordability
  
- Shared Services planning project should build on momentum of past initiatives:
  - 2011 Procure-to-Pay Study
  - Business Process Review (BPR)
  - Efficiency & Effectiveness Taskforce (E&E)
  
- Delivery of comprehensive plan by January 2019\*
  - Refresh 2011 study on Procure-to-Pay and perform initial assessment of payroll
  - Collaborate with campus leadership, faculty, and staff
  - Focus on accounts payable, procurement, and payroll

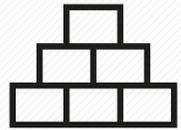
\* Originally December 2018 but extension granted to allow for more analysis on Procurement

# Planning Phase Approach



## Face fiscal challenges

- With higher education facing a challenging environment, effective and efficient management of resources is imperative
- The University embarked on a plan to prepare for current and future challenges, exploring the shared service delivery model to achieve improved service at a reduced cost



## Build on a strong foundation

- The University has established a solid foundation by leveraging common technology and working “Better Together” (Efficiency & Effectiveness and Business Process Redesign)
- Alternative service delivery models, such as shared services, present opportunities to build on the foundation and bring significant benefits to all campuses
- Initial focus on accounts payable, procurement, and payroll



## Plan collaboratively

- Commitment, direction, and support from the Board, President, and Chancellors
- Involvement and input from campus subject matter experts
- Analysis of FTE and spend data to quantify efficiency and savings opportunities
- Examination of peer systems to understand characteristics of leading service organizations

# Plan Highlights

## Key Findings



- Campus procurement organizations work collaboratively but are limited in their impact
- Accounts payable processes vary across campuses leading to missed efficiency opportunities
- Payroll runs successfully but resources are fractional and ownership is unclear

## Key Recommendations



- Establish a Unified Procurement Services Team responsible for system-wide procurement and accounts payable led by a Chief Procurement Officer (CPO)
- Establish a governance structure to ensure strong campus customer relationships
- Establish Service Level Agreements (SLAs) to manage service quality
- Continue to analyze payroll and time and labor to develop a future service delivery model

## Key Benefits



- Responsive, consistent, high-quality customer service
- Cost savings (mid-range estimate of \$16.5 million) achieved through a focus on efficiency and strategic sourcing/category management
- Professional development opportunities through a shift to a unified organizational structure

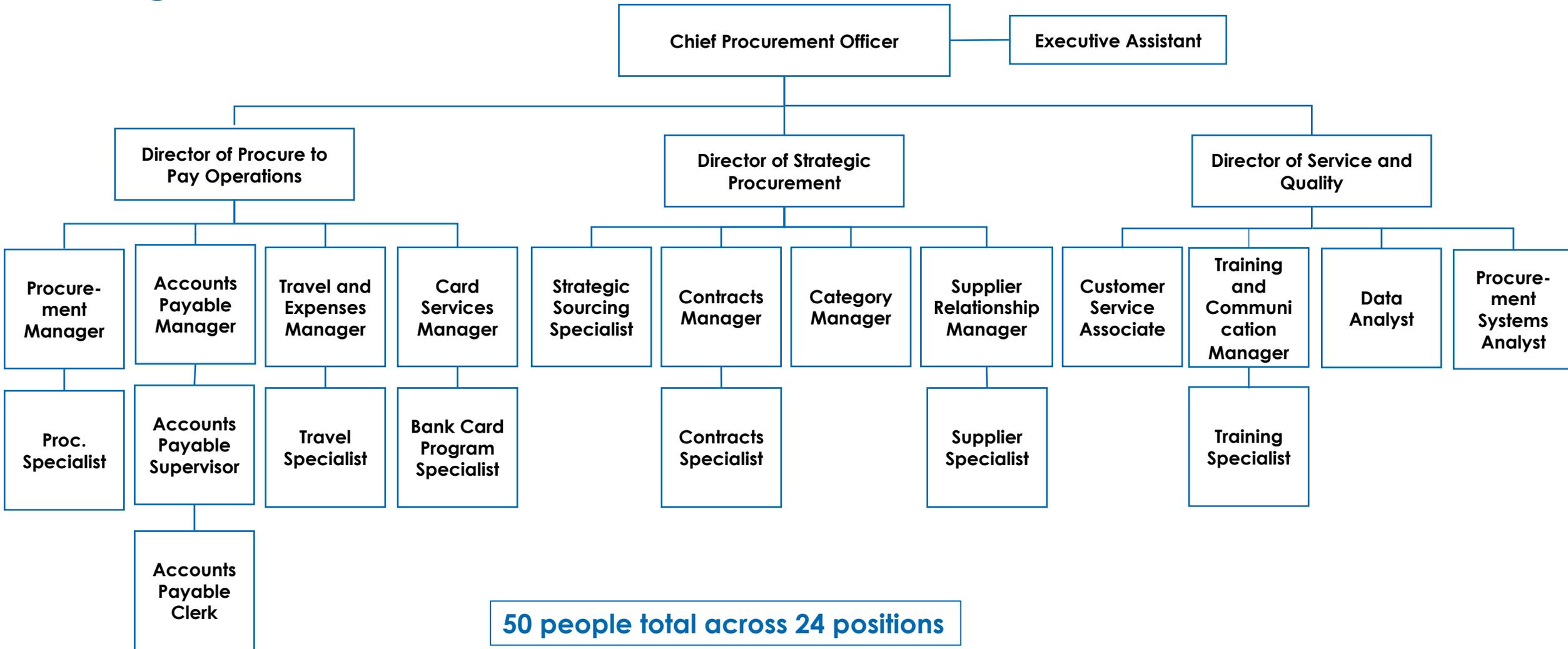
## **Implementation Timeline – FY19 – FY 21**

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# UMass Procurement Volumes

- \$1.2B in total annual spend
- 17,000 active suppliers
- \$37 million in ProCard
- 150,000 purchase orders processed each year, 69% via catalog
- 40,000 TE authorizations
- 1,900 requisitioners

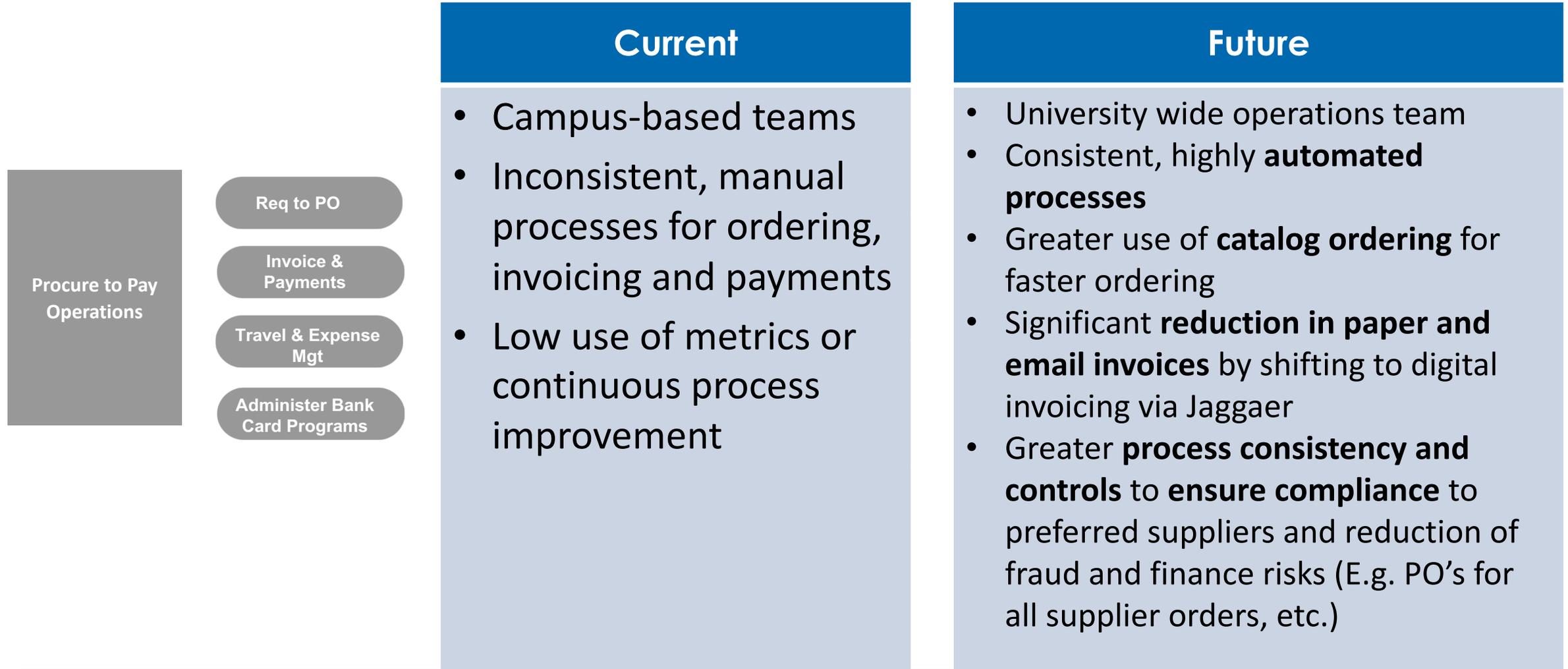
# Future Unified Procurement Service Team Organization Structure



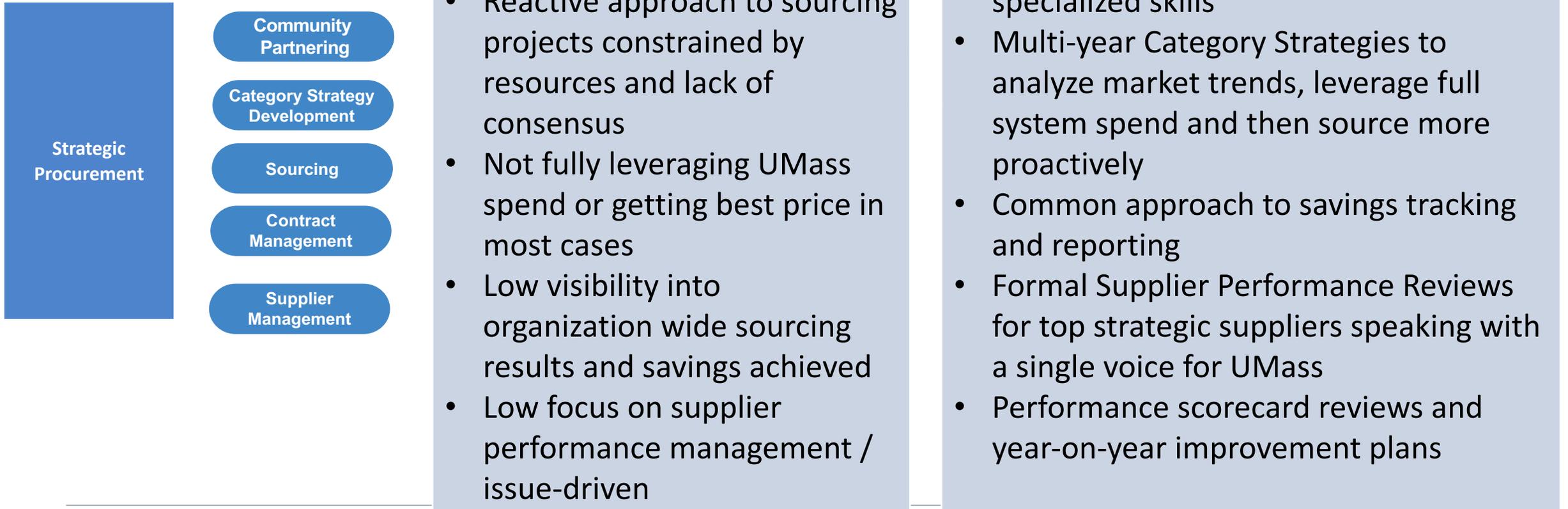
# UPST – Current Status of the Program

- 🕒 Labor negotiations completed
  - Agreement reached; letters to Impacted Staff Members issued on August 23.
  - Campus “open hours” meetings underway
  - Working through issues with unions as they arise; ranked options due September 6.
- 🕒 Staffing the UPST
  - Transfer process for impacted staff members underway
  - Campus visits for impacted employee Q&A
  - CPO search nearing completion
- 🕒 Communicate UPST design and progress
  - Schedule fall Campus Town Halls
- 🕒 Design future UPST processes
  - Identify process improvements
  - Finalize future services
  - Draft Service Level Agreements
  - Identify potential policy changes

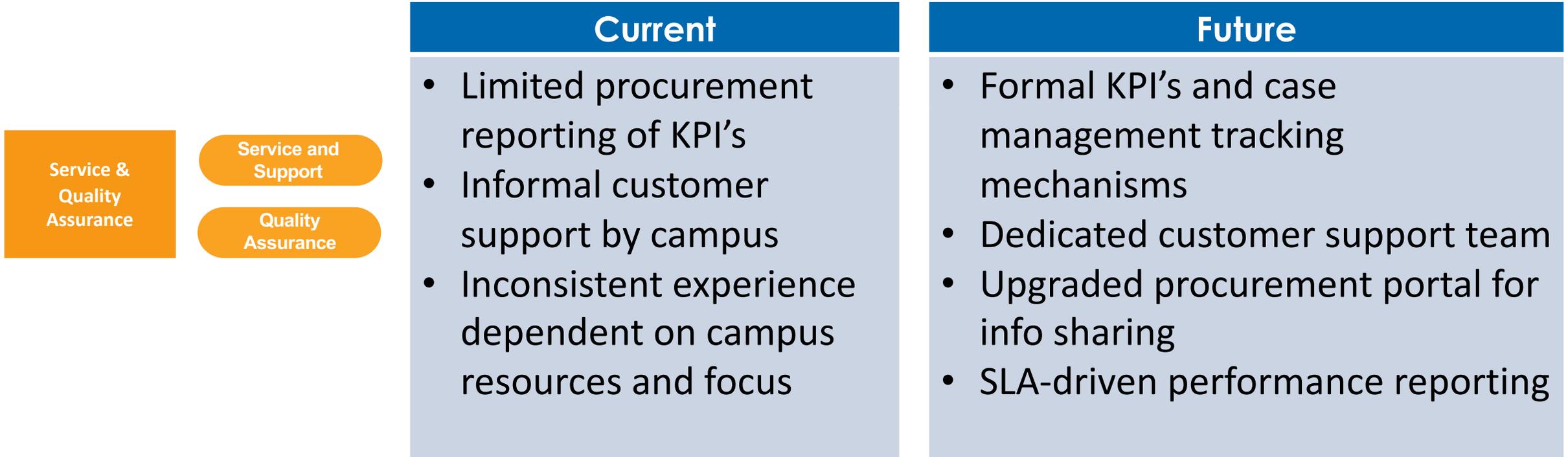
# What's changing in Procure to Pay Operations?



# What's changing in Strategic Procurement?



# What's changing in Service & Quality Assurance?



# Primary Responsibilities of Service & Quality Team



## Mission Statement

*To ensure that high quality and efficient procurement services are delivered to the UMass community with a high level of professionalism, customer service, and commitment.*



## Team Goals and Primary Responsibilities

- Serve as a UPST customer service team for the UMass system
- Lead communication and training programs to ensure robust/seamless transition to the UPST model
- Provide full visibility to supplier spend data and analysis support to the UPST team
- Produce KPI, Progress and Risk reports, including maintaining an overall UPST Performance Dashboard
- Develop and maintain data-driven insight capabilities that enhance UPST performance
- Maintain Procurement Policies, Process Standards and Technology landscape and drive continuous improvements

# Key Customer Service Elements

Status, Updates, Closing the Loop



## UPST Service and Quality

**One Phone Number**  
**One Email Address**  
**Knowledgebase**  
**Self-Service**

## Multi-channel



## Unified Procurement Services Customer Service Team

- Log inquiries as cases
- Work with customer to understand and attempt to resolve the case
- Escalate as needed



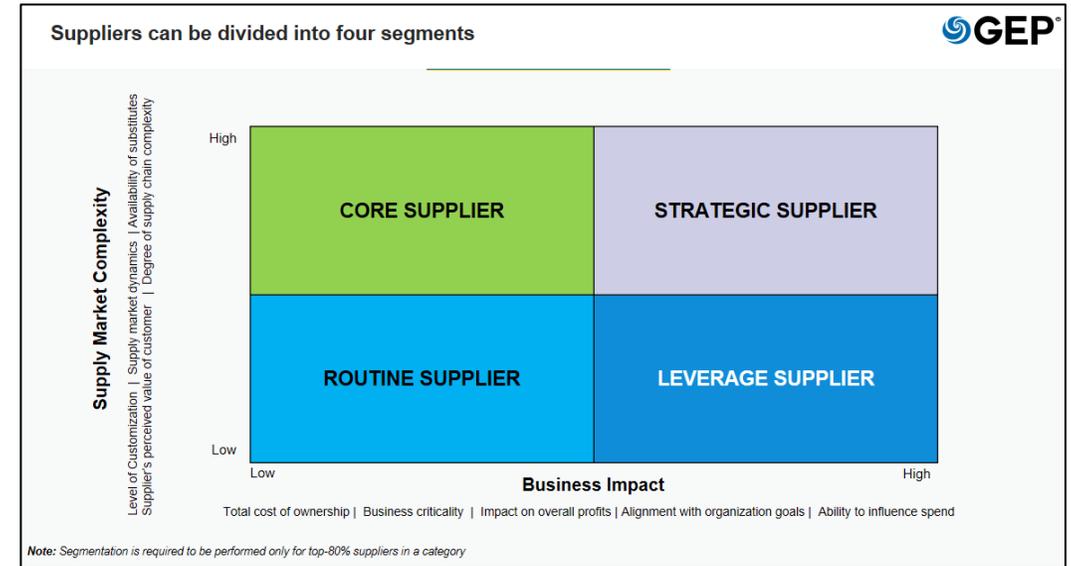
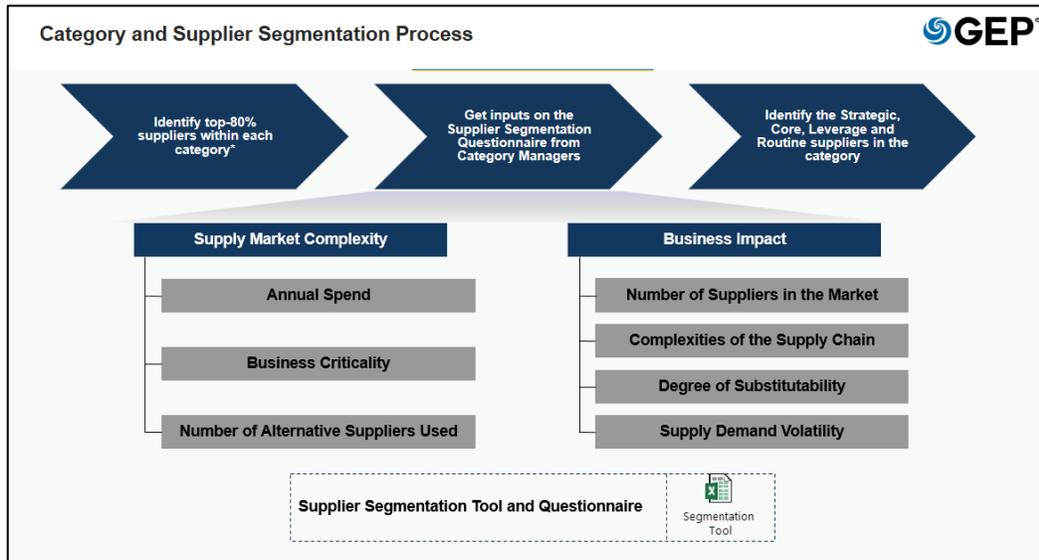
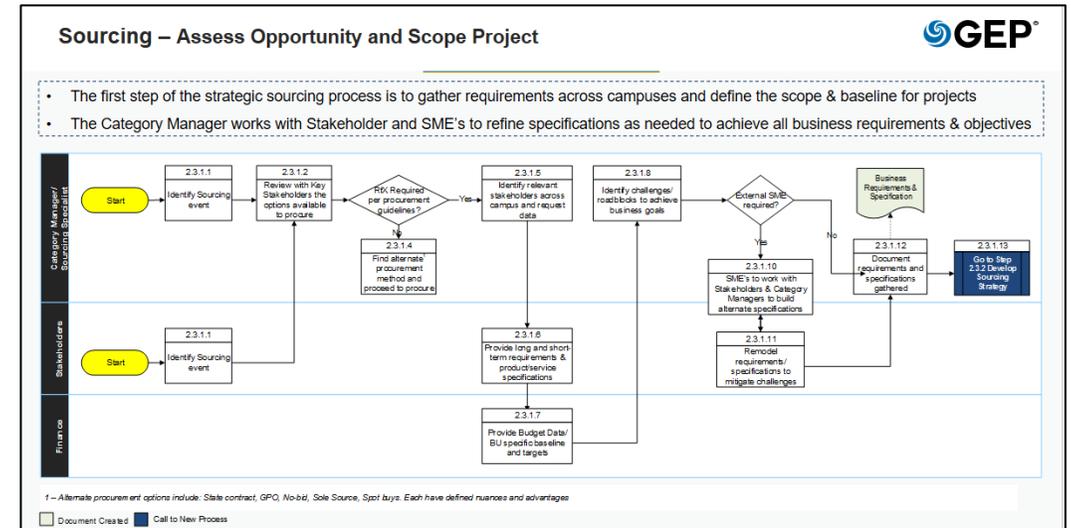
## Unified Procurement Services Functional Teams

- Manage cases that can't be resolved by Customer Service Team
- Work with customer and Customer Service Team to resolve the case

Escalation and Feedback

# UPST Playbooks

- Service & Quality Assurance
- Strategic Procurement
- Procurement Operations (P2P)



# UPST - Next Steps

- Validate the future state processes through additional workshops and stakeholder interviews – Adjust as needed
- Finalize Identification of Roles – End of October
- Shift to Unified Structure with minor changes to existing processes – through January
- Implement Process and System Changes – January through June
- Communication plan for this group

# Primary Responsibilities of Procure to Pay



## Mission Statement

*To enable members of the UMass community to purchase goods and services through efficient and cost effective policies and procedures, put in place to ensure compliance, risk and budget management, and strong usability for team members throughout our organization.*



## Primary Goals and Responsibilities of P2P

- Enable a quick and efficient **process for UMass staff members to raise requisitions to purchase goods and services**,
- Drive our staff toward **use of contracted suppliers** when possible.
- Ensure that whenever possible, our staff will **create a PO proactively** for all purchasing requests.
- An efficient and transparent procedure in place **to match POs to invoices driving compliance**, and enhancing supplier relationships.
- **Implement T&E policies and procedures** that ensure UMass staff will be paid quickly, accurately, and in an efficient manner utilizing the best available systems.
- Drive training and compliance to a **ProCard program** designed to maximize benefit for both department users and the UMass institution.

# Agenda

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## Procure to Pay Overview:

- ◆ **What is P2P?**
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- ◆ **Bank Card Management**

# Core Processes: Procure to Pay (P2P)

<b>Purchase Request to Purchase Order</b>	<b>Requisitioning, PO Management, Spot Buying</b>	<b>Receiving</b>	<b>Catalog Management</b>	
<b>Invoicing &amp; Payments</b>	<b>Managing Invoices</b>	<b>Reconciling Invoices</b>	<b>Creating and Transferring OK-to-Pay Invoice Status</b>	<b>Manage Direct Payments</b>
<b>Travel &amp; Expense</b>	<b>Travel Program Administration</b>	<b>Processing Expense Reports</b>	<b>Auditing Expense Reports</b>	
<b>Bank Card Management</b>	<b>Administer ProCard Program</b>	<b>Administer Other Card Programs</b>		

# Team Roles and Responsibilities

## Procurement

- Manage daily activity of the Procurement Operations Group for UMass
- Responsible for enforcing delegations of authority and policies of the university
- Provide support to the UMass user community on purchasing related activities

## Travel and Expense Management

- Ensure an efficient Expense Reporting process that provides users with prompt and accurate payments with strong reporting capabilities
- Evaluate marketplace for available tools to enable a best-in-class experience for UMass users
- Ensure that all T&E related expenses are within the policies laid out by the UMass Board of Trustees

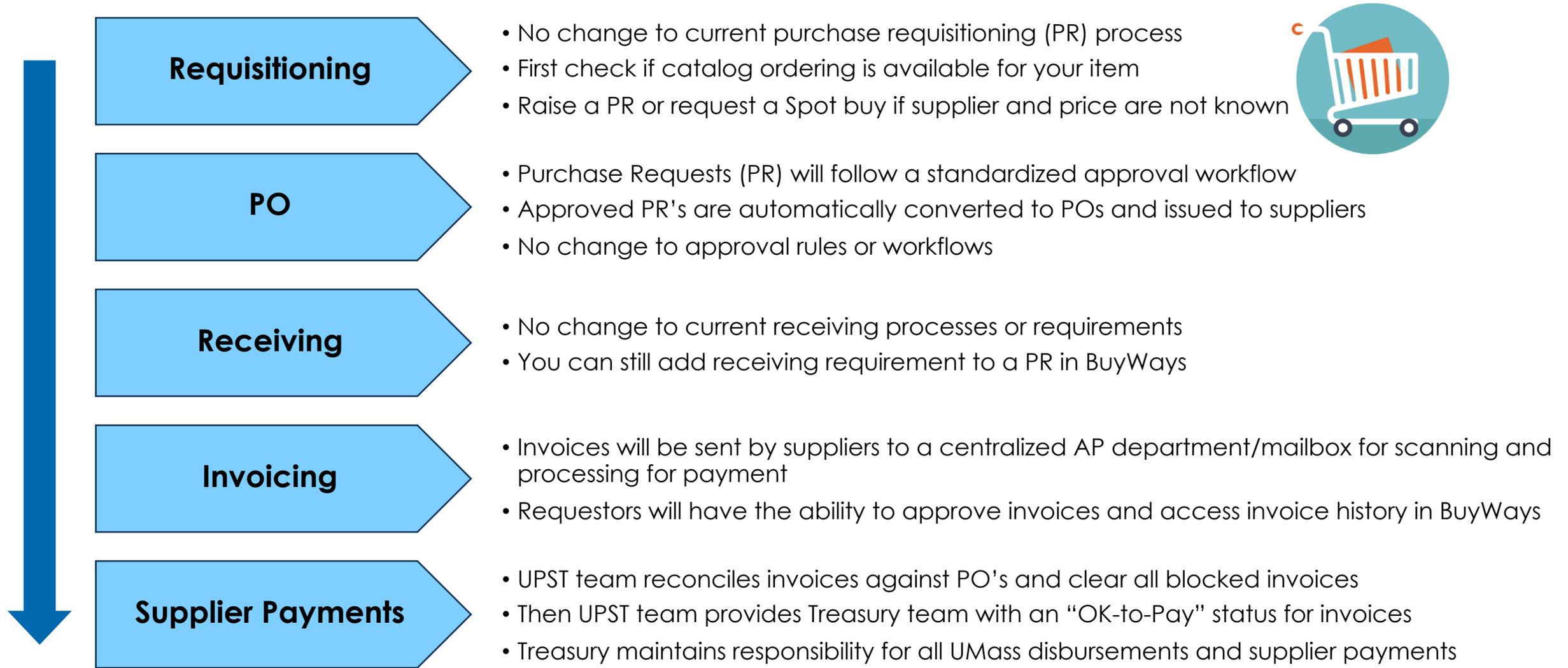
## Accounts Payable

- Establish internal controls and procedures to protect UMass assets
- Provide payment support for all incoming invoices across campuses and supplier bases
- Work with UMass Treasury to ensure proper payment and terms are met for all business transactions
- Conduct regular evaluations using tools available to ensure an efficient and transparent matching and payments process

## Bank Card Management

- Ensure compliance with all bank card procedures and that other payment methods are considered first whenever possible
- Provide UMass user training on a regularly scheduled basis
- Enable users to have access to bank card systems to drive ease-of-use and transparency when allocating bank card expenses

# Procure to Pay Process (High Level)



# Invoice Processing – Future State Implementation

- Train, prepare and equip staff
  - All new processes are extension of current system and practices, maximize BuyWays AP functionality across the University
  - Technology and equipment needs (most exist today)
    - Desktop scanners
    - Second monitors
    - Adobe Pro
- Communicate to internal and external stakeholders
  - Vendors – communicate new, electronic process for submitting invoices
  - UMass community – outline changes, new process and benefits to them

# Invoice Processing – Future State

- Benefits of future state
  - Increased efficiency of AP process for entry
  - Eliminate mail handling
  - Eliminate paper and associated required physical storage
  - Eliminate redundancies throughout campuses
  - Transparency and access to documents for campus users
  - Defined process for managing AP across the UMass System, eliminating user and supplier confusion and frustration
  - Centralized vendor statement review, identify issues that can effect all campuses
  - Streamlined use of 3<sup>rd</sup> party – DMR and vendor portal

# Travel & Expense Management

- No significant changes in the T&E Program
- The University Travel Program will remain in place through the implementation of this program
  - The UPST will be analyzing potential opportunities for system improvements in the future
  - **For example:**
    - Integrated travel program
    - Improved user experience
    - Expense reporting system capability
    - Enhanced travel authorization process
    - Integration with university risk management systems

# P2P Continuous Improvement (1 of 2)

- Standardize and optimize use of **BuyWays Direct Payments** for appropriate, defined transactions
- Increase **BuyWays Punch-Out Catalogs**, CMXL and vendor portal for matches to be paid with no manual effort (electronic)
- Implement **electronic workflow for invoices** in match exceptions, eliminate the manual handling done today across the system



# P2P Continuous Improvement (2 of 2)

- Investigate improved technology to automate AP efforts utilizing efficient and cost effective **optical character recognition** “OCR” solutions
- Implement an **enhanced travel booking** tool, optimizing user experience and increasing benefits to UMass
- Identify and put into operation a new, **improved expense reporting** tool
- **New bank card provider** selection and implementation

