

Unified Procurement Services Team (UPST) Voice of the Customer Workshop

August 21, 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 Process Overview
- ◆ Service and Quality Process Overview
- ◆ Next Steps

Introductions

■ UPST Transition Team:

- **David Nero**, Assistant Vice President, Innovation and Operational Services
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- **Gary Nolan**, Director of Procurement Services, UMass Lowell
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- **Mike LaGrassa**, Assistant Vice Chancellor, Administrative Services, UMass Dartmouth
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- **Brian Girard**, Director of Procurement and Accounts Payable, UMass Medical School
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- **GEP**: Procurement and Supply Chain Consultancy
- **Workshop Attendees**: High volume Purchase Requisitioners across campuses

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

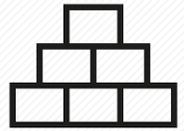
* Originally December 2018 but extension granted to allow for more analysis on Procurement

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

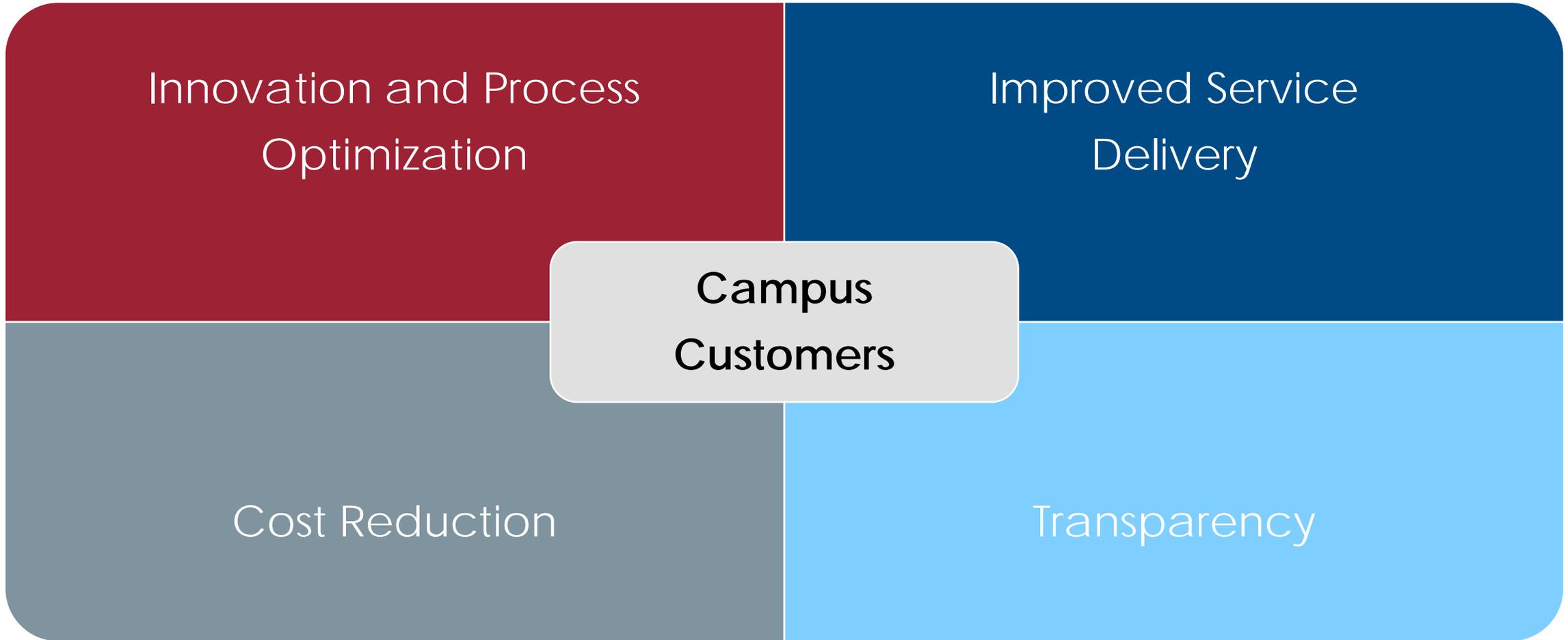
Key Benefits



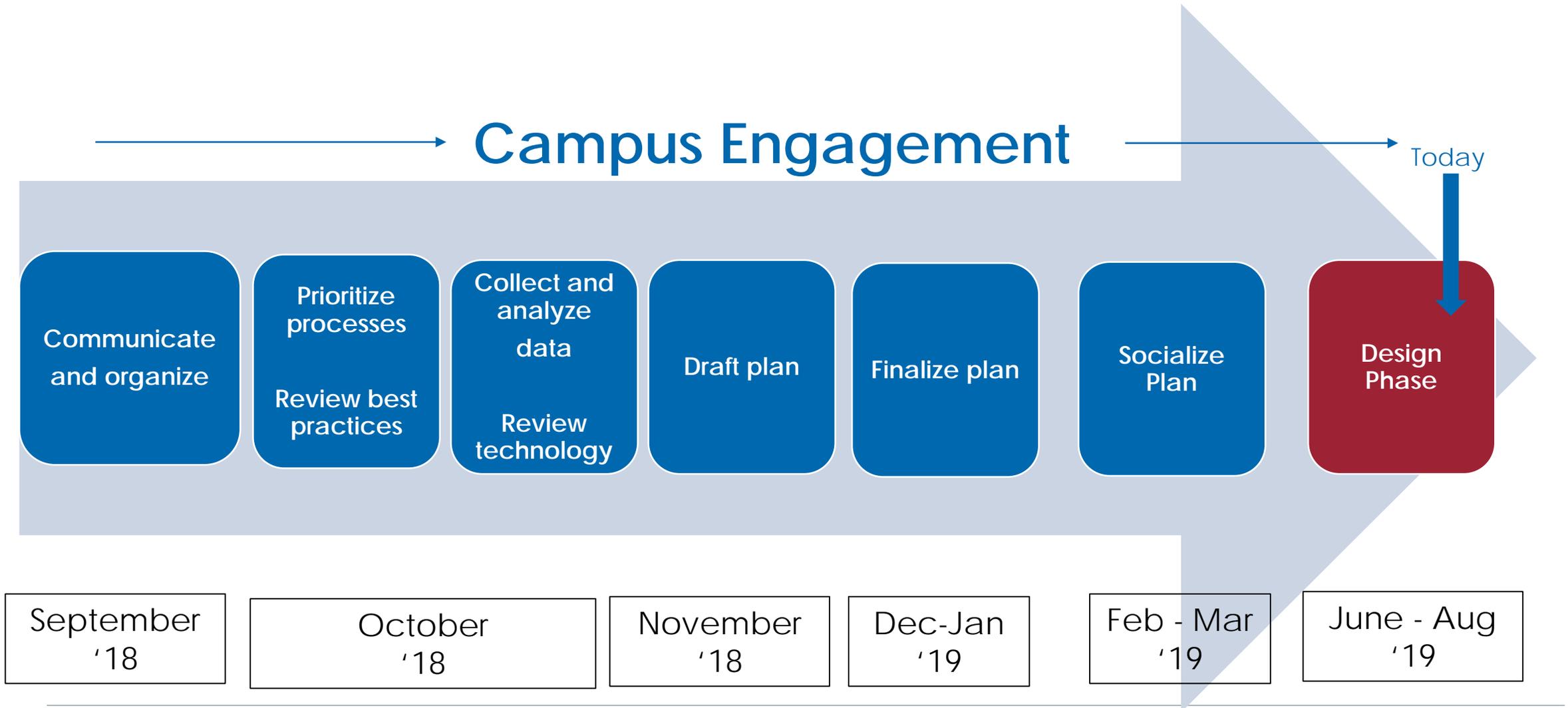
- Responsive, consistent, high-quality customer service
- Cost savings (mid-range estimate of \$16.5 million) achieved through a focus on efficiency and strategic sourcing/category management
- Professional development opportunities through a shift to a unified organizational structure

Implementation Timeline – FY19 – FY 21

Customer-centric Approach



Shared Services Project Timeline

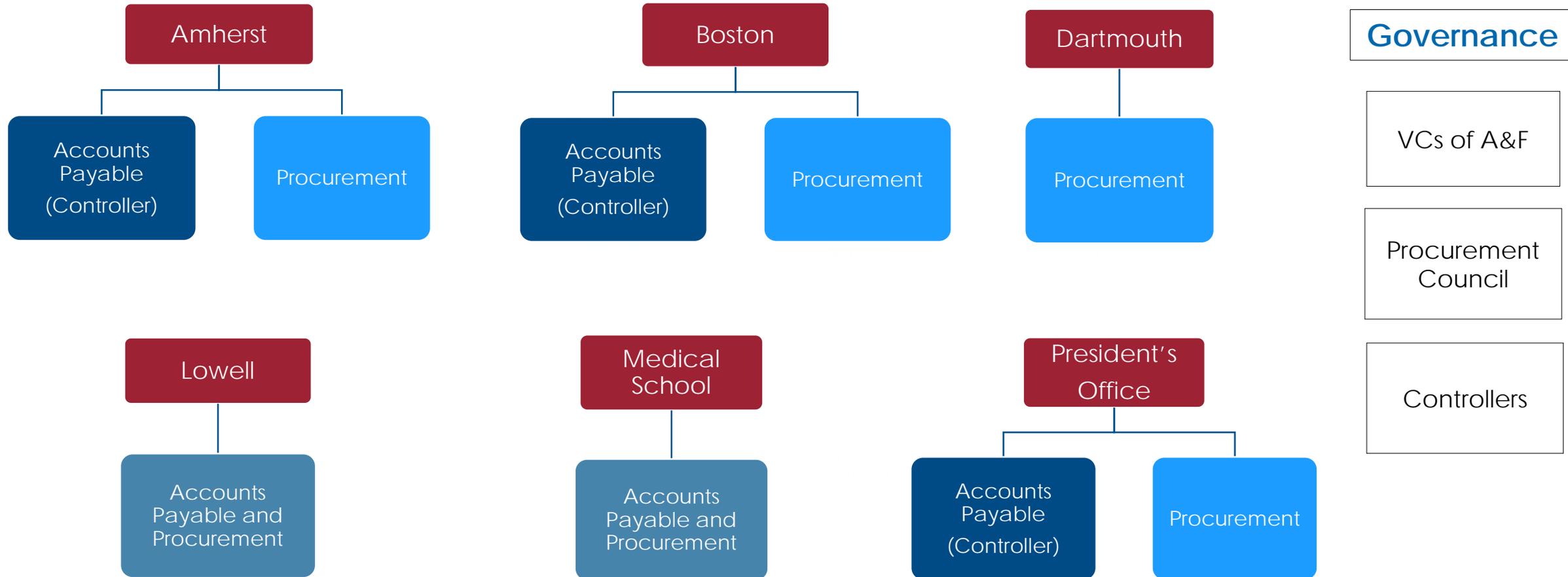


UMass Procurement Volumes

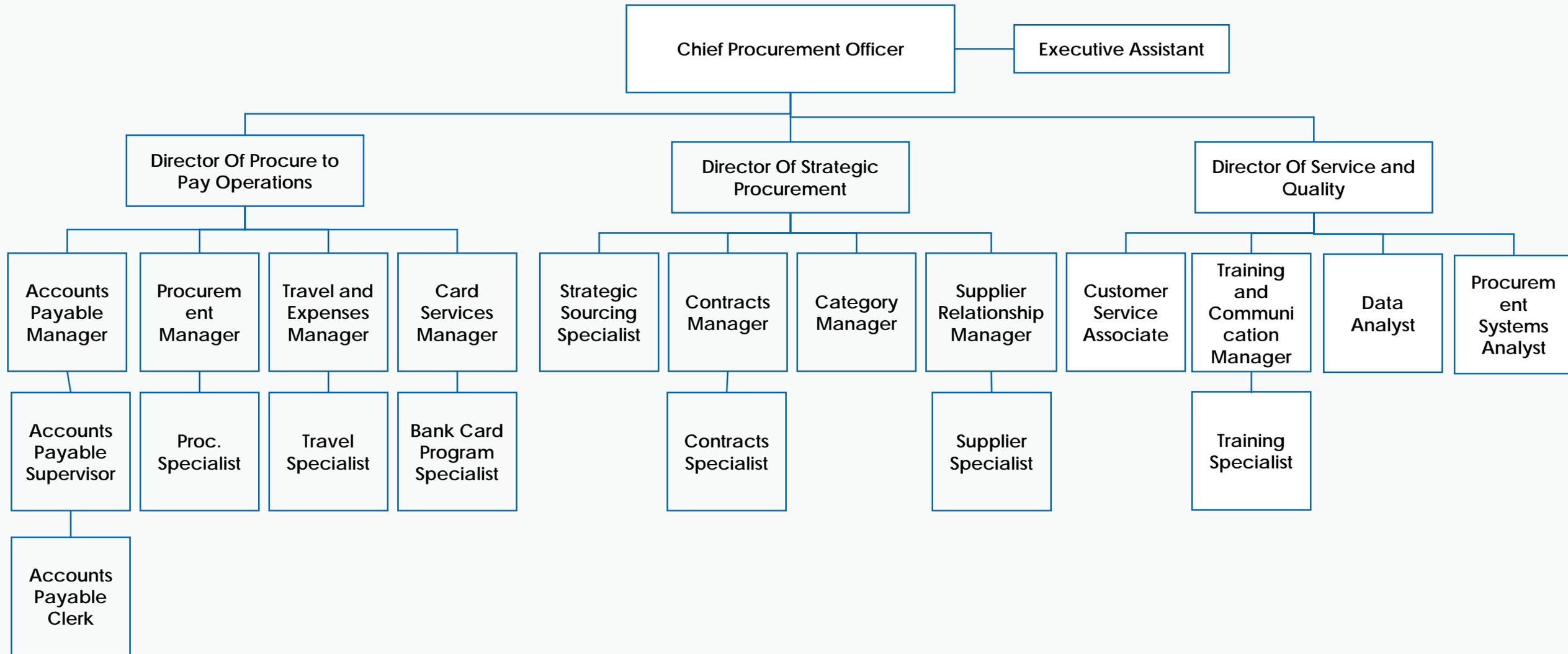
- \$1.2B in total annual spend
- 17,000 active suppliers
- \$37 million in ProCard
- 150,000 purchase orders processed each year, 69% via catalog
- 40,000 TE authorizations
- 1,900 requisitioners

Current Procure to Pay Structure

- 6 separate campus procurement and AP functions
- 3 campuses with procurement and AP separate, 2 combined (Dartmouth AP managed by President's Office)

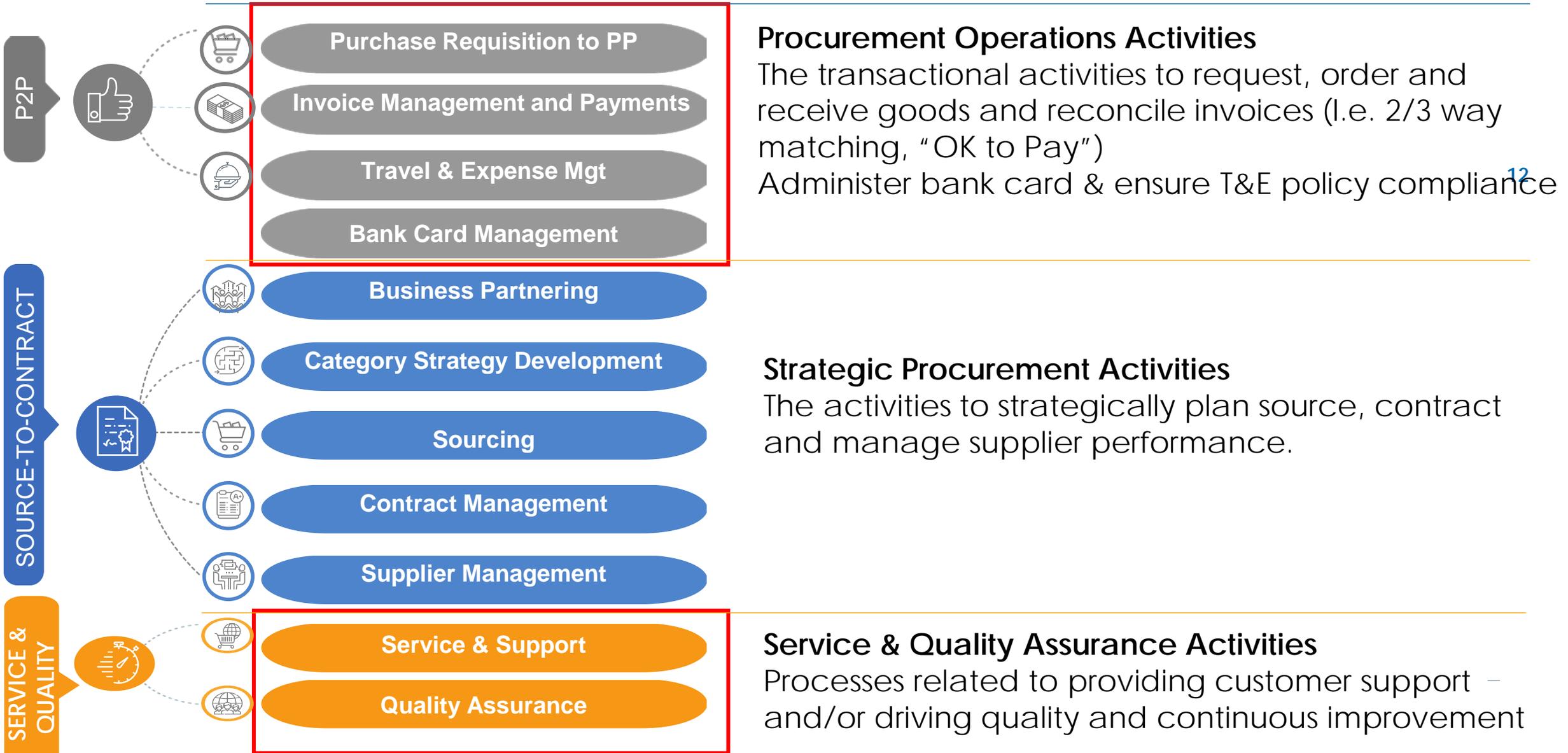


Future UPST Organization Structure



What work will UPST Do? Scope of Services

Workshop Focus



What's changing in Procure to Pay Operations?

Procure to Pay Operations

Req to PO

Invoice & Payments

Travel & Expense Mgt

Administer Bank Card Programs

Current

- Campus-based teams
- Inconsistent, manual processes for ordering, invoicing and payments
- Low use of metrics or continuous process improvement

Future

- University wide operations team
- Consistent, highly **automated processes**
- Greater use of **catalog ordering** for faster ordering
- Significant **reduction in paper and email invoices** by shifting to digital invoicing via Jaggaer
- Greater **process consistency and controls to ensure compliance** to preferred suppliers and reduction of fraud and finance risks (E.g. PO's for all supplier orders, etc.)

What's changing in Strategic Procurement?

Strategic Procurement

Community Partnering

Category Strategy Development

Sourcing

Contract Management

Supplier Management

Current

- Campus-based Procurement Leads
- Reactive approach to sourcing projects constrained by resources and lack of consensus
- Not fully leveraging UMass spend or getting best price in most cases
- Low visibility into organization wide sourcing results and savings achieved
- Low focus on supplier performance management / issue-driven

Future

- Category-based Procurement Teams supporting all locations, developing specialized skills
- Multi-year Category Strategies to analyze market trends, leverage full system spend and then source more proactively
- Common approach to savings tracking and reporting
- Formal Supplier Performance Reviews for top strategic suppliers speaking with a single voice for UMass
- Performance scorecard reviews and year-on-year improvement plans

What's changing in Service and Quality Assurance?

Service &
Quality
Assurance

Service and
Support

Quality
Assurance

Current
<ul style="list-style-type: none">• Limited procurement reporting of KPI's• Informal customer support by campus• Inconsistent experience dependent on campus resources and focus

Future
<ul style="list-style-type: none">• Formal KPI's and case management tracking mechanisms• Dedicated customer support team• Upgraded procurement portal for info sharing• SLA-driven performance reporting

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.

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

Continuous Improvement

- 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
- 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



Primary responsibilities of Service and Quality Team



Mission Statement

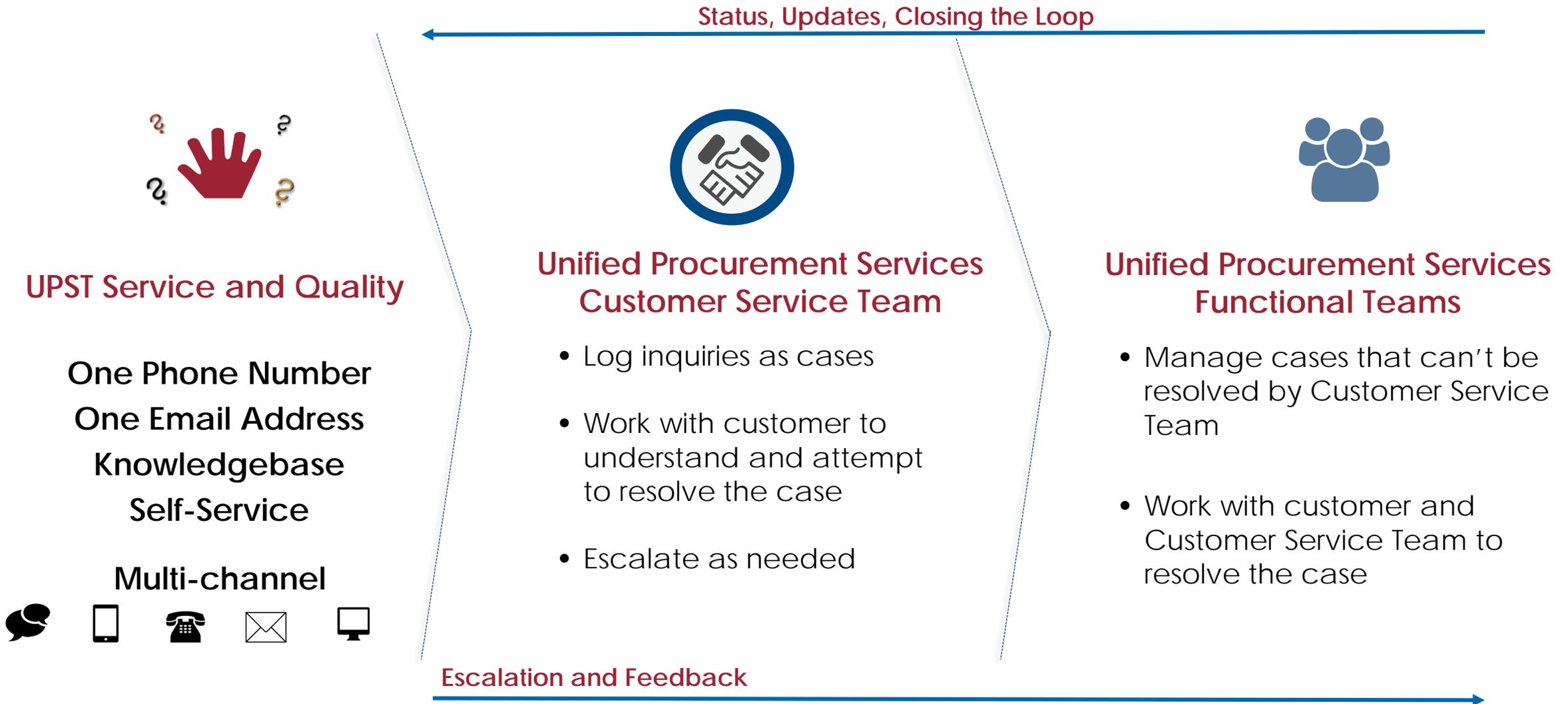
To ensure that high quality and efficient procurement services are delivered to the UMass community with a high level of professionalism, customer service, and delight.



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



Service & Quality Team Roles and Responsibilities

Customer Service

- Manage daily activity of the Procurement Customer Service Operation for UMass
- Accept requests from stakeholders, assign to appropriate team and follow up to ensure timely completion

Training and Communications

- Provide effective communications related to procurement activities and performance
- Identify need for training development based on daily call volume and stakeholder input
- Develop training materials and delivery methods consistent with the needs of the procurement stakeholders

Systems and Process Management

- Provide accurate and timely data analytics and reporting
- Serve as business liaison for technology improvements and new implementations
- Work with suppliers to improve use of technology in on-boarding and transaction processing

Policy and Governance

- Assist campus stakeholders with management of Audits
- Periodically review procurement policies and advocate for improvements
- Publish procurement KPI's

Continuous Improvement

- Focus on **improving the procurement processes** and tools **based on learnings** from customer service interactions
- **Training on demand** through web portal (in person as needed)
- Focus on **guided buying** to simplify purchasing process
- Expand the use of available technology
- Develop **business case justification** for improvements that can make the biggest impact on the stakeholders



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