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  
    DNero@umassp.edu
  - **Gary Nolan**, Director of Procurement Services, UMass Lowell  
    Gary_Nolan@uml.edu
  - **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

- **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 - FY21
Customer-centric Approach

- Innovation and Process Optimization
- Improved Service Delivery
- Cost Reduction
- Transparency

Campus Customers
Shared Services Project Timeline

Communicate and organize
Prioritize processes
Review best practices
Collect and analyze data
Review technology
Draft plan
Finalize plan
Socialize Plan

Campus Engagement

September ‘18
October ‘18
November ‘18
Dec-Jan ‘19
Feb - Mar ‘19
June - Aug ‘19

University of Massachusetts
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)

Amherst
- Accounts Payable (Controller)
- Procurement

Boston
- Accounts Payable (Controller)
- Procurement

Dartmouth
- Procurement

Lowell
- Accounts Payable and Procurement

Medical School
- Accounts Payable and Procurement

President’s Office
- Accounts Payable (Controller)
- Procurement

Governance
- VCs of A&F
- Procurement Council
- Controllers

University of Massachusetts
What work will UPSTDo? Scope of Services

**Procurement Operations Activities**
The transactional activities to request, order and receive goods and reconcile invoices (i.e. 2/3 way matching, “OK to Pay”). Administer bank card & ensure T&E policy compliance.

**Strategic Procurement Activities**
The activities to strategically plan source, contract and manage supplier performance.

**Service & Quality Assurance Activities**
Processes related to providing customer support - and/or driving quality and continuous improvement.
## What’s changing in Procure to Pay Operations?

<table>
<thead>
<tr>
<th>Current</th>
<th>Future</th>
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<tbody>
<tr>
<td>- Campus-based teams</td>
<td>- University wide operations team</td>
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<tr>
<td>- Inconsistent, manual processes for ordering, invoicing and payments</td>
<td>- Consistent, highly <strong>automated processes</strong></td>
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<td>- Low use of metrics or continuous process improvement</td>
<td>- Greater use of <strong>catalog ordering</strong> for faster ordering</td>
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<td>- Significant <strong>reduction in paper and email invoices</strong> by shifting to digital invoicing via Jaggaer</td>
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<td>- Greater <strong>process consistency and controls</strong> to ensure compliance to preferred suppliers and reduction of fraud and finance risks (E.g. PO’s for all supplier orders, etc.)</td>
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**Procure to Pay Operations**

- Req to PO
- Invoice & Payments
- Travel & Expense Mgt
- Administer Bank Card Programs
What’s changing in Strategic Procurement?

<table>
<thead>
<tr>
<th>Current</th>
<th>Future</th>
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</thead>
<tbody>
<tr>
<td>• Campus-based Procurement Leads</td>
<td>• Category-based Procurement Teams supporting all locations, developing specialized skills</td>
</tr>
<tr>
<td>• Reactive approach to sourcing projects constrained by resources and lack of consensus</td>
<td>• Multi-year Category Strategies to analyze market trends, leverage full system spend and then source more proactively</td>
</tr>
<tr>
<td>• Not fully leveraging UMass spend or getting best price in most cases</td>
<td>• Common approach to savings tracking and reporting</td>
</tr>
<tr>
<td>• Low visibility into organization wide sourcing results and savings achieved</td>
<td>• Formal Supplier Performance Reviews for top strategic suppliers speaking with a single voice for UMass</td>
</tr>
<tr>
<td>• Low focus on supplier performance management / issue-driven</td>
<td>• Performance scorecard reviews and year-on-year improvement plans</td>
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What’s changing in Service and Quality Assurance?

<table>
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<tr>
<th>Current</th>
<th>Future</th>
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<tbody>
<tr>
<td>• Limited procurement reporting of KPI’s</td>
<td>• Formal KPI’s and case management tracking mechanisms</td>
</tr>
<tr>
<td>• Informal customer support by campus</td>
<td>• Dedicated customer support team</td>
</tr>
<tr>
<td>• Inconsistent experience dependent on campus resources and focus</td>
<td>• Upgraded procurement portal for info sharing</td>
</tr>
<tr>
<td></td>
<td>• SLA-driven performance reporting</td>
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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.
<table>
<thead>
<tr>
<th><strong>Procurement</strong></th>
<th><strong>Travel and Expense Management</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Manage daily activity of the Procurement Operations Group for UMass.</td>
<td>• Ensure an efficient Expense Reporting process that provides users with prompt and accurate payments with strong reporting capabilities.</td>
</tr>
<tr>
<td>• Responsible for enforcing delegations of authority and policies of the university.</td>
<td>• Evaluate marketplace for available tools to enable a best-in-class experience for UMass users.</td>
</tr>
<tr>
<td>• Provide support to the UMass user community on purchasing related activities.</td>
<td>• Ensure that all T&amp;E related expenses are within the policies laid out by the UMass Board of Trustees.</td>
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<thead>
<tr>
<th><strong>Accounts Payable</strong></th>
<th><strong>Bank Card Management</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Establish internal controls and procedures to protect UMass assets.</td>
<td>• Ensure compliance with all bank card procedures and that other payment methods are considered first whenever possible.</td>
</tr>
<tr>
<td>• Provide payment support for all incoming invoices across campuses and supplier bases.</td>
<td>• Provide UMass user training on a regularly scheduled basis.</td>
</tr>
<tr>
<td>• Work with UMass Treasury to ensure proper payment and terms are met for all business transactions.</td>
<td>• Enable users to have access to bank card systems to drive ease-of-use and transparency when allocating bank card expenses.</td>
</tr>
<tr>
<td>• Conduct regular evaluations using tools available to ensure an efficient and transparent matching and payments process.</td>
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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.

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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

- **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

Management and Feedback
## Service & Quality Team Roles and Responsibilities

<table>
<thead>
<tr>
<th>Customer Service</th>
<th>Training and Communications</th>
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<tbody>
<tr>
<td>- Manage daily activity of the Procurement Customer</td>
<td>- Provide effective communications related to procurement</td>
</tr>
<tr>
<td>Service Operation for UMass</td>
<td>activities and performance</td>
</tr>
<tr>
<td>- Accept requests from stakeholders, assign to</td>
<td>- Identify need for training development based on daily call</td>
</tr>
<tr>
<td>appropriate team and follow up to ensure timely</td>
<td>volume and stakeholder input</td>
</tr>
<tr>
<td>completion</td>
<td>- Develop training materials and delivery methods consistent</td>
</tr>
<tr>
<td></td>
<td>with the needs of the procurement stakeholders</td>
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<table>
<thead>
<tr>
<th>Systems and Process Management</th>
<th>Policy and Governance</th>
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<tr>
<td>- Provide accurate and timely data analytics and</td>
<td>- Assist campus stakeholders with management of Audits</td>
</tr>
<tr>
<td>reporting</td>
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<tr>
<td>- Serve as business liaison for technology</td>
<td>- Periodically review procurement policies and advocate for</td>
</tr>
<tr>
<td>improvements and new implementations</td>
<td>improvements</td>
</tr>
<tr>
<td>- Work with suppliers to improve use of technology in</td>
<td>- Publish procurement KPI’s</td>
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<td>on-boarding and transaction processing</td>
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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