

Elevating the Strategic Role of Procurement with Focus on Customers and Innovation

Customer Profile

The University of Colorado's Procurement Service Center (PSC) supports all university campuses by managing procurement, spending, supplier contracts, travel and procure-to-pay. The center's breadth of responsibility includes four campuses, hundreds of departments and tens of thousands of individuals who rely on procurement to help them accomplish their goals. In the 2016 fiscal year, the university

system spent more than \$1 billion, and the PSC was responsible for managing all of it.

Challenge

The challenges associated with managing spending and procurement at the University of Colorado are both a matter of scale and scope. The center's customers consist of the University's faculty, staff, doctors, coaches, students and all other employees. Those individuals operate in hundreds of divisions and departments at the University's campuses in Boulder, Denver, Colorado Springs and Aurora.

What makes it especially challenging is the broad range of needs that varied customers have. Whether it's the medical research group developing a cure for cancer, the athletic department achieving success on the football field or staff supporting the University's administration, each of these groups has vastly different needs when it comes to purchasing materials and supplies to support their mission.

But the unifying factor for all of them is speed. When PSC customers know they need

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Associate VP & Chief Procurement
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something, they need to be able to order it and receive it as soon as possible. Delays in procurement can compromise their ability to accomplish their goals. But they also don't want to spend undue time in the procurement process—placing orders, reconciling receipts, paying invoices—as this also takes time away from their purpose.

Providing that speed, which allows customers to focus on their own initiatives, is one of the PSC's primary goals. The team strives to be seen as a strategic partner throughout the university community, providing innovative solutions to support their customers' objectives. That is balanced with a more conventional role of enforcing standard purchasing procedures, negotiating pricing with preferred vendors, and ensuring guidelines for federal funding are followed.

Prior to 2011, the PSC had no way of knowing how well it was doing. It didn't have the ability

to track the speed at which invoices were paid, or ensure customers were ordering through the proper channels. Using procurement cards, customers were often on their own in placing orders. This meant they often did not receive negotiated pricing and faced a cumbersome and lengthy process for invoice approvals, reconciliation and payment.

"The truth of the matter is we couldn't really show metrics before JAGGAER," said Sandy Hicks, Associate Vice President & Chief Procurement Officer, University of Colorado Procurement Service Center (PSC).

Solution

The PSC worked with JAGGAER to adopt several of the company's solutions for procurement, sourcing and spend management. In terms of improving the speed and efficiency of the system, and thus the satisfaction of customers, two JAGGAER solutions were particularly effective.



Using JAGGAER's eProcurement software, the PSC built an online buying system—or Marketplace—that allowed customers to shop for materials from the University's preferred and contracted suppliers.

"Customer service wise, people just love the Marketplace," said Hicks. "They find it so easy to use. And before the Marketplace implementation, once you submitted a requisition, you didn't know where it was or whose desk it was on. Now, you can actually go back into the Marketplace and see where it's at in the work stream, which has really cut down on a lot of phone calls and people checking up on things. So that I believe has provided a better customer service experience."

The PSC also implemented JAGGAER Invoicing, which dramatically reduced the time and effort required to approve and pay supplier invoices. The system's touchless eInvoicing process fully

automates tedious, paper-driven processes, provides greater visibility into the process, and allows invoices to be paid much faster.

Further elevating the role of the PSC was the addition of the JAGGAER Sourcing solution, which covers all aspects of the sourcing process.

"We knew if we could adopt a strategic sourcing strategy by integrating an eSourcing tool with our eProcurement tool, we would see additional savings and value," said Hicks. "Since implementing JAGGAER Sourcing in October 2014, we have awarded over \$14 million to suppliers."

Visibility and Measurement

One of the key problems the PSC had prior to using JAGGAER was its inability to measure processes, which made improvement impossi-

Where's the Paper?

One of the benefits of using JAGGAER's Invoicing system has been a drastic reduction in paper for the PSC.

The accounts payable department was once buried under stacks of invoices, statements and purchase orders. Visitors to the department today are often surprised by a distinct lack of paper.

That's because Invoicing virtually eliminates the need for paper invoices. Instead, invoices are received by email and electronically scanned into the JAGGAER system, where they are processed and routed for approval. There is no need to print invoices and manually scan them.

More importantly, the hundreds of daily pieces of mail that flooded the department, each containing invoices that had to be opened and manually keyed into the system, have all but disappeared. It has created a cleaner and more efficient place to work.

"People are always amazed when I give them tours of our offices," said Hicks. "We'll go to about the third accounts payable person and they pull me aside and ask, 'Where's all of the paper?' I'm like, no, no more paper! Or very little paper, right?"

ble. After implementing JAGGAER's solutions, the PSC has complete visibility into its entire procurement process, and has been able to establish and track key metrics. After a year of using the JAGGAER systems, it has found:

- 91 percent of purchases are processed in one day or less
- 75 percent of customer orders are done on the marketplace
- 58 percent of vendor invoices are received and processed electronically

Speed and Simplicity

The metric stated above about purchases being processed in a day or less is an important metric to PSC. It shows that customers are placing their orders easily and receiving the materials they need quickly. This lets the PSC know it is accomplishing its goal of saving customers' time so they can focus on what they do best. Using Invoicing, the PSC was able to save a great deal of time for customers as well as the

team itself. The new system eliminated the need for people to keep receipts and reconcile them with invoices weeks after the purchase. Now, customers simply place an order, and if the invoice matches the purchase order, they don't need to touch it again.

Happy Customers

The speed and simplicity of the new procurement systems at the University of Colorado has made the PSC's customers very happy. According to customer surveys, feedback, and anecdotal conversations, they know that people enjoy using Marketplace, and they appreciate no longer having to deal with receipts. This means that the PSC's customers can focus on the work they set out to do, and spend less time worrying about procurement.

Saving Money

For any procurement department, the bottom

line is the most important metric. Now, years into its JAGGAER implementation and new processes, the University is reaping big rewards and major ROI. In the fiscal year 2016, the University of Colorado saved more than \$7 million through PSC-negotiated pricing.

The Future

One of PSC's core values involves continuous improvement, and that is where the department's focus currently lies. They are always looking at how they can do better and provide better tools and solutions to customers that save them time and the university money.

One area where they are focusing their attention is construction. As one area that has not been affected by the new systems and processes implemented by PSC, facilities construction currently suffers from inefficiencies and outdated supplier contracting. That is one area, among others, where the PSC will be looking to help moving forward.

"One thing that's really important to our customers is speed. When they want something, they want it quickly. One thing we measure is how quickly purchase orders go through the marketplace, and last year, 91 percent went through in one day or less."

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