Transformation through Innovative Business Practices

Dan Durbin – Sr. Associate VP for Finance

Dave Beaver – Assistant VP for Procurement, Contracting and Payment Services
A Reminder

- Financial pressures
- Transformation for future growth
  - Savings goal of $45 million
- Strategies to counter challenges
Transformation Team # 4

**Goal:**
“to simplify and standardize business functions: reduce the cost of procuring goods and services; and curtailing spending without impacting services and quality”

**Leadership:**
Dan Durbin

**Membership:**
John Campbell (Provost/ OIT)
Cris DeBord (Talent & Culture)
Lisa Sharpe (Arts & Sciences EBO)
Tami Cira (Provost EBO)
Dave Beaver (Procurement & Payments)
Stephanie Taylor (Legal)
What is Team #4 Doing?

• Solving for a more efficient and less costly ways to conduct business through the infusion of technology and standardized practices

• Determining:
  
  • “What” business is being conducted?
  • “Who” is conducting business?
  • “How” is it being performed?
The Intersection of Transition

Trained and Motivated Staff

Technology

Customer Service

System/Process

Our Destination
Examples of Current Team 4 Focus:

• Student service functions
• Business office function & structure
• Buying & paying for things
Example #1: Student Services Transformation

Multiple offices & locations
  - Multiple leadership structures
  - Multiple service levels
  - Various capabilities

Result: Mountaineer Hub Opened this Year
Example 2: Review of EBO Structure (currently underway)

Current State:

- 20 Different:
  - Business Offices
  - Locations
  - Capabilities
  - Processes
  - Service Levels
  - Depth & Capacities
  - Rule...Rules...Rules
Testing the Waters of Consolidation

Administrative EBOs are Being Consolidated

- Provost
- Finance/Administration
- Student Life
- Research
- Scheduled to begin operations in July 2016
Example #3: Buying and Paying for Items

Current State:

- Our $400 million of spend is uncoordinated
- PCard dependent
- Inefficient & paper intensive
- Labor intensive; nearly 500 people involved
- WVU Buy is “clunky”

We need a better process and tool…..
Delivering Significant Savings to WVU based on 3 easy procurement concepts (Find, Get and Keep)

**FIND SAVINGS**

- Implemented a spend analytics tool that categorizes WVU spend into logical groupings (based on the external supply market)
- Identifies “high potential” savings categories i.e., high spend and high vendor fragmentation
- Allows us to put together high-level opportunity assessments
- Initial list of categories have identified $13M in savings across a spend base of $85M
• Launched “Wave 1” categories for RFP and/or re-negotiation projects
• Categories include Pouring Rights, Office Supplies, Lab Supplies, IT software and hardware, Executive Searches, Furniture, Food, Dental Supplies, Travel and Expense processing
• Recently Completed Office Supplies resulting in selection of new preferred vendor (Staples) which will save WVU $500K per year
• Recently Completed Food Procurement resulting in selection of new preferred vendor (US Foods) which will save WVU $1M per year
• $1.5M is savings against $12M in spend – (12.5% Savings)
• What can we do against a $400M spend?
KEEP SAVINGS

• Drive spend to our preferred vendors
• Utilize “enabling technologies” to make this process easy and efficient
• WVU shopping experience should be simple, intuitive and paperless
• Mountaineer Marketplace – “Go Live This Summer”
• Next Up – Travel and Expense Automation
What is mountaineer marketplace?

MOUNTAINEER MARKETPLACE is WVU’s new e-Procurement tool, which will be used to order supplies from our top vendors. It replaces WVU Buy.

This tool is a significant improvement because it:

- Fully integrates with MAP, allowing for accurate funding selection and reporting
- Uses approval workflow before an order is placed, ensuring purchases are authorized
- Allows email and mobile approvals
- Routes automatically to supervisor, EBO, PI, etc., based on funding selection and embedded rules
- Uses pre-negotiated vendor catalogs, ensuring best prices and compliance with state rules and laws
- Electronically submits orders to vendors and lets vendors submit electronic invoices, supporting our move toward paperless process
## Why should we use mountaineer marketplace?

<table>
<thead>
<tr>
<th>First, it’s easy.</th>
<th>Second, it frees up time.</th>
<th>Third, it saves WVU money.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The system works much like Amazon with “shopping cart” and “checkout” features.</td>
<td>PCPS is in the process of sourcing new vendors and creating “preferred” vendor catalogs on the system, which means pricing and terms are already established. You just “grab and go.”</td>
<td>• $5 million per year through negotiated contracts</td>
</tr>
<tr>
<td>• You can track your orders to see where they are in the approval process.</td>
<td></td>
<td>• Cuts paper use by eliminating the use of internal forms and by automating the invoicing process</td>
</tr>
<tr>
<td>• EBOs get “real-time” information about purchases and commitments.</td>
<td></td>
<td>• Accurate up-front funding source selection during the approval process, rather than post-purchase paperwork for PCards</td>
</tr>
</tbody>
</table>
What can I buy through mountaineer marketplace?

**Catalog items such as:**
- Business cards and stationery
- Office supplies
- Break room supplies
- Janitorial supplies
- Lab supplies
- Computer hardware and software
- Maintenance, repair and operation supplies
- Audiovisual equipment and supplies

**Non-catalog items (replacing the requisition process in MAP and heavy reliance on PCards):**
- All vendor invoices will be processed using e-forms, replacing the current process for:
  - Confirming Orders
  - Essential Services
  - Lease Payments
  - Internal Transfers
  - Cash Transfers

**Exceptions will be limited to travel-related expenses and specific PCard-related transactions (emergency and small, one-time purchases):**
- All purchasing and invoice processing will ultimately be conducted through Mountaineer Marketplace.
DID YOU KNOW

PROCUREMENT CONTRACTING & PAYMENT SERVICES
processed more than 1 million pieces of paper to pay bills in 2015. On average, each purchase involves about 3 pieces of paper.

SO

20,000 direct-pay invoices = 60,000 SHEETS
16,000 invoices to pay purchase orders = 48,000 SHEETS
14,000 internal WVU transfers on paper forms = 42,000 SHEETS
250,000 PCard transactions = 750,000 SHEETS

On top of that, PCPS processes
7,000 purchase orders averaging
4 sheets each = 28,000

AND

15,000 travel/employee reimbursements,
Averaging 5 sheets each = 75,000

THAT'S 1,003,000 PIECES OF PAPER A YEAR!

THAT'S THE EQUIVALENT OF ABOUT 12.5 TREES

* 1 PINE TREE YIELDS ABOUT 800 POUNDS OF PAPER

ALTERNATIVE?

MOUNTAINEER MARKETPLACE

The new eCommerce tool coming to MyAccess lets you fill a shopping cart, then automatically routes your purchases for the proper approvals. This eliminates both the need to use a PCard and time-consuming, paper-intensive back-end reconciliation of many routine or recurring purchases. Learn more at http://procurement.wvu.edu/news/news

THE RESULT?

WVU saves time and money!

We spend more than $400 MILLION a year on goods and services from more than 15,000 suppliers. If we reduce costs 10% by automating processes, it will save the University $40 MILLION

Sources: Procurement Contracting & Payment Services http://science.howstuffworks.com/

Designed by Lisa Bridges 2016
Questions?