

Strategic Procurement Transformation

Status Report for February 2014 Activity

I. Administrative Review Recommendations

II. Status Report: Past 30 Days

III. Implementation Time Line: re-set January 31, 2014

IV. Key Milestones - Thru FY2014: re-set January 31, 2014

V. Attachments:

- Strategic Procurement Organization Chart with Position Status
- Stakeholder Groups: Travel, Pcard, Energy, IT Desktop, Restricted Funding
- Accounts Payable Status: Invoice backlog reduction progress

I. Recommendations

1. Procurement of Specific Goods and Services
a. Travel and Expense Management

- A. Conduct a Comprehensive Assessment** to document the travel service requirements for all traveler groups and locations.
- B. Secure Travel Management Company(S) and Electronic Travel Reimbursement System** through a competitive public process to provide unified on-line and agent assisted travel services that are integrated with a paperless travel reimbursement system.
- C. Contract with Preferred Travel Providers** for favorable pricing and service guarantees for transportation, airfare, and lodging to the extent practicable in the context of the specific needs of University travelers.
- D. Update Travel and Expense Administrative Practice Letter (APL)** with clear guidelines for areas such as tipping, per diem rates in high cost destinations, and exceptions for unique travel needs.
- E. Establish Unified Travel Administration** as part of a comprehensive University system-wide procurement strategy to provide consistent policies and services for all locations with a dedicated support structure. Staff would be located at both campus and system offices with emphasis on ensuring effective campus-based presence.

1. Procurement of Specific Goods and Services
b. Other Commodities and Services (Strategic Sourcing)

- A. Establish Multi-Campus Advisory Groups** with expertise in products and services being considered for competitive public bid.
- B. Develop Spend Analytics Methodology/Tools** to better identify products and services where the University system would save money and add value from a competitive public bid process.
- C. Implement Contract Management Process** to better manage suppliers, ensure consistent contract terms across the University system, eliminate redundant agreements, and identify opportunities for competitive public bids / re-bids.
- D. Conduct Competitive Public Bids** for key products and services such as electricity, IT hardware (in coordination with IT administrative review), promotional materials, custodial paper goods, scientific equipment, commercial print, temporary employment, books/periodicals, vehicle services and parts, and prospect lists.
- E. Expand the Breadth of Products** available with favorable pricing and contract Terms by increasing **MaineStreet Marketplace (MSM)** catalog suppliers and migrating procurement activity from procurement card (Pcard) to MSM as appropriate.

2. Procurement Card (Pcard) Administration

- A. Deliver System-Wide Pcard Service, Support and Training** for all locations as part a comprehensive support strategy for all procurement platforms (i.e., Pcard, MaineStreet Marketplace (MSM), Travel & Expense).
- B. Establish Benchmarks and Standards** for Pcard issuance and approvals to be administered consistently across the University system.
- C. Re-bid Pcard Services** following a competitive public process to better meet Pcard user requirements and administration and **include travel expense** management.
- D. Establish Unified Pcard Administration** as part of a comprehensive University system-wide procurement strategy to provide consistent policies and services for all locations with a dedicated support structure. Staff would be located at both campus and system offices with emphasis on ensuring effective campus-based presence.

3. Structural Resources and Efficiencies (Procurement Organization Structure)

- A. Transition to a Unified Strategic Procurement Organization** operating as a shared system-wide service reporting to the Chancellor or the Chancellor's designee and advised by the Shared Services Advisory Council and the President's Council. The organization would consist of three functional units: Procurement Operations, Procurement Services, and Strategic Sourcing with staff located at both campus and system offices with emphasis on ensuring effective campus-based presence.
- B. Create a Procurement Operations Unit** within the unified strategic procurement organization responsible for accounts payable, travel and Pcard administration, procurement systems administration, and management of procurement related data.
- C. Create a Procurement Services Unit** within the unified strategic procurement organization to provide consistent, system-wide training and support, coordinate procurement activity for individual campuses, oversee quality assurance and compliance, and conduct special projects as required by legislative and regulatory mandates.
- D. Create a Strategic Sourcing Unit** within the unified strategic procurement organization to facilitate public competitive bids, analyze spend data, develop research and reporting methodologies, establish campus-based advisory groups, monitor supplier performance, and manage contract activity.
- E. Establish Assessment Process** for each unit defining evaluation criteria and review process for achieving service, efficiency, and expense reduction goals.
- F. Improve Mechanisms for Exception Process and Feedback** that provide flexibility for unique requirements and create a better process for incorporating suggestions from shoppers about goods or services where they believe additional savings could be obtained.

Period Covered This Report:	FY 2014 - 3rd Quarter: February
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Overall Project Status:	
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Status Color Key	
	Project On Track
	Some Concerns
	Project Off Track

Structure	
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Status:	
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Key Accomplishments	
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- Strategic Procurement Staffing
 - > Procurement Services: Five (5) Campus support positions posted for internal procurement staff applicants
 - > Procurement Operations: Travel Administrator position posted for internal procurement staff applicants
 - > Procurement Operations: Michael Noblet named Acting Director of Procurement Operations
 - > Strategic Sourcing: Category Manager interviews in process for three (3) positions
 - > Multi-campus Sourcing Transition team weekly meetings (team member listing attached)
 - > Multi-campus Procurement Support Transition team continues to meet (team member listing attached)
- Accounts Payable
 - > Continue to monitor and manage invoice processing workflow (report attached)
 - > Draft contract and pricing confirmed for invoice processing system improvements (AP Director)
 - > Bi-weekly process improvement sessions scheduled for AP staff
- Performance and Budget Tracking and Communication
 - > CPO Rudy Gabrielson presented a comprehensive overview of Strategic Procurement activity to the Shared Service Advisory Council (SSAC)
 - > Received proposals for 3rd party verification and review for calculating savings obtained from Sourcing activity.
 - > Strategic Procurement web-site updated to include a feed-back linke and updated contact information.

Areas of Concern	
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- Currently on-plan as reset in January 2014

Key Next Steps	
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- Strategic Procurement Staffing
 - > Strategic Sourcing: complete 2nd round interviews, reference calls and develop hiring recommendations
 - > Create interview teams for Travel Administrator and Procurement Coordinator positions
 - > Position Postings: Procurement Services Director, Procurement Operations Director
- Accounts Payable Efficiency Module (AP Director)
 - > Complete contract and schedule ITS resources to support implementation
- Performance and Budget Tracking and Communication
 - > Test and release strategic procurement satification survey
 - > Define and implement assessment process for each unit defining evaluation criteria and review process for achieving service, efficiency, and expense reduction goals

Period Covered This Report:	FY 2014 - 3rd Quarter: February
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Overall Project Status:	
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Status Color Key	
	Project On Track
	Some Concerns
	Project Off Track

Procurement: Travel and Expense
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Status:	
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Key Accomplishments

- Travel and Expense Initiative

- > Core team and evaluation team completed final recommendation
- > Recommendation document reviewed with Travel Subject Matter Experts, Restricted Funding Advisory Group
- > Executed "letter of intent" with recommended vendors: Short's Travel for Travel Management Company and Concur for Travel and Expense system
- > Issued decline letters to non-selected participating vendors
- > Created configuration and implementation team, including ITS, to work with selected vendors on final configuration and implementation plan

Areas of Concern

- Currently on-plan as reset in January 2014

Key Next Steps

- Travel and Expense Initiative

- > Finalize travel configuration and implementatoin team and schedule meetings with vendors
- > Review and update contract terms and conditions
- > Complete system configuration and implementation plan
- > Execute contract

Period Covered This Report:	FY 2014 - 3rd Quarter: February
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Overall Project Status:	
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Status Color Key	
	Project On Track
	Some Concerns
	Project Off Track

Procurement: Strategic Sourcing
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Status:	
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Key Accomplishments	
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- Energy Consultancy Agreement
 - > Proposals recieved, team review and consensus scoring scheduled
- IT Hardware
 - > Demo equipment recieved, set up for review on three campuses, comments recieved from over 100 people.
- Washer/Dryers
 - > Finalizing Request for Proposal (RFP)
- Sourcing Analysis
 - > Analysis in process for numerous potential sourcing initiatives including
 - Fuel Card
 - Scientific Equipment
 - Copiers
 - Vehicles
- State of Maine Collaboration
 - > Held 3 hour meeting with State of Maine Senior procurement team. Provided demo of UMS MaineStreet Market Place system, reviewed multiple opportunities for collaboration.
- Spend Analysis and Savings Methodology
 - > Signed agreement to engage analytics firm to create database of University spend by category

Areas of Concern	
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- New Sourcing initiatives delayed due to Sourcing Staff hiring delays. Issue being addressed as follows:
 - > Office Category manager position filled, other category manager positions re-posted including comprehensive recruitment strategy via LinkedIn social media
 - > Developing collaborative relationship with State of Maine procurement and exploring opportunities to utilized existing state contracts
 - > Reviewed project list and reset timeline and milestones

Key Next Steps	
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- Energy Consultancy Agreement:
 - > RFP responses received and Core Team evaluation scheduled.
- IT Hardware Initiative:
 - > Hands-on product evaluations scheduled
- Spend Analysis and Savings Methodology:
 - > Complete contract with Spend Analytics firm
- Develop methodology for calculating sourcing initiatives savings
- Meet with State of Maine comprehensive review of opportunities for collaboration

Strategic Procurement Transformation II. 30-Day Report - Feb 2014

Period Covered This Report:	FY 2014 - 3rd Quarter: February
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Overall Project Status:	
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Status Color Key	
	Project On Track
	Some Concerns
	Project Off Track

Procurement Card (Pcard)

Status:	
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Key Accomplishments

- New PCaredAgreement
 - > Migration to a consortium contract on-hold due to resource requirements for required system migration (PaymentNet4) for current Pcard Vendor
- PaymentNet 4 Conversion:
 - > Completed conversion to new PaymentNet 4 Pcard administration platform on February 17th. Working through data conversion issues.

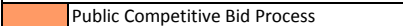
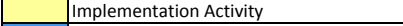
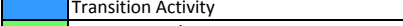
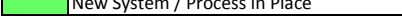
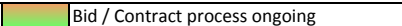
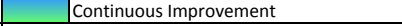
Areas of Concern

- Currently on-plan as reset in January 2014

Key Next Steps

- Update Key Milestones document in consultation with ITS to reflect updated implementation plan.
- New Pcard Agreement:
 - > On hold as resources focused on resolving data conversion issues from the PaymentNet4 Conversion.
- PaymentNet 4 Conversion:
 - > Resolve data conversion issues.

Recommendation Focus Areas	FY2013				FY2014				FY2015				FY2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	1 Procurement of Specific Goods & Services															
A Travel and Expense																
a Comprehensive Assessment																
b1 Travel Management Company																
b2 Travel & Expense System																
c Contracts with Preferred Providers																
d Update T&E APL Practice Letter																
e Unified Travel Administration																
B Other Commodities and Services / Strategic Sourcing																
a Multi-Campus Advisory Groups																
b Spend Analytics Methodology/Tools																
c Contract Management System / Process																
d Competitive Public Bids:																
d1 Electricity																
d2 IT Hardware																
d3 Custodial Paper Good																
d4 Scientific Equipment																
d5 Commercial Print																
d6 Temporary Employment																
d7 Books / Periodicals																
d8 Vehicle Services and Parts																
d9 Prospect Lists																
d10 Vehicles																
d11 Shipping																
d12 Sourcing Other Opportunities																
e Expand MaineStreet Market Place																
2 Procurement Card (Pcard) Administration																
a System-Wide Pcard Support, Training																
b Pcard Benchmarks and Standards																
c Re-bid Pcard Services																
d Unified Pcard Administration																
3 Structural Resources and Efficiencies (Org Structure)																
a Unified Strategic Procurement Org																
b Procurement Operations Unit																
c Procurement Service Unit																
d Strategic Sourcing Unit																
e Assessment Process																
f Exception and Feedback Process																

Legend	
	Public Competitive Bid Process
	Implementation Activity
	Transition Activity
	New System / Process in Place
	Bid / Contract process ongoing
	Continuous Improvement

IV. Key Milestones

Key Activity	FY13 Q4		
	April	May	June
Structure / Organization (3A-F)*	<ul style="list-style-type: none"> - Interim Leadership Task Assignments 	<ul style="list-style-type: none"> - Presidents / CFOs Briefed - Meet w/ Current Procure Staff - Continue Interim Task Assignments - CPO Position Posted 	<ul style="list-style-type: none"> - Current Procure Positions: > Continued Communications
Procurement: Travel & Expense (1a A-E, 3F)*		<ul style="list-style-type: none"> - Kick off: Travel & Expense RFP 	<ul style="list-style-type: none"> - Travel APL Update (APL) > Draft complete
Strategic Sourcing (1b A-E, 3F)*	<ul style="list-style-type: none"> - Sourcing Contracts in place: > Shipping > Added MaineSt Market suppliers: Lowes, FW Webb 	<ul style="list-style-type: none"> - Sourcing Kick-off: > Electricity > Energy Management Consulting 	
Procurement Card (2A-D, 3F)*			<ul style="list-style-type: none"> - Kick off: Pcard/Travel Card RFP
Key Communications (3F)*	Presidents Council: 4/10 SSAC: 4/1	Presidents Council: 5/8 BoT Finance/Facilities: 05/16 BoT: 05/19-20 Campus Visits: TBD ~05/13-17	SSAC: 6/10 ~Admin Review Mthly Rpt: 06/03

IV. Key Milestones

Key Activity	FY14 Q1		
	July	August	September
Structure / Organization (3A-F)*	- Current Procure Positions: > Same broad-based job duties > Continued Communications	- 1st Wave New Positions in Place: > CPO and others - Procurement Operations: > AP Efficiency Module: Due Diligence and ROI	
Procurement: Travel & Expense (1a A-E, 3F)*	- Travel & Expense RFP > 1st Draft Complete	- Travel APL Update and RFP > Drafts distributed for review	- Travel APL Update > Review complete and released - Travel Services RFP > Review completed and RFP posted > RFP Response Eval Team in place
Strategic Sourcing (1b A-E, 3F)*			
Procurement Card (2A-D, 3F)*		- Pcard APL Update drafted and distributed for review - Pcard RFP Drafted	- Pcard APL Update > Review complete and released - Pcard RFP > Draft distributed for review
Key Communications (3F)*	BoT: 07/15	SSAC: 8/29	BoT: 09/23

IV. Key Milestones

Key Activity	FY14 Q2		
	October	November	December
Structure / Organization (3A-F)*			- Strategic Sourcing Dir in place - Interim Sourcing Service Dir in place - FY2015 Budget Allocation Planning
Procurement: Travel & Expense (1a A-E, 3F)*	- Travel Services RFP > RFP Responses Received	- Travel Services RFP > RFP Responses Scored > Additional eval activity scheduled	- Travel Services RFP > Vendor Presentations Scheduled
Strategic Sourcing (1b A-E, 3F)*			- Sourcing Kick-off: > IT Hardware
Procurement Card (2A-D, 3F)*	- Pcard RFP > Review complete > Review Consortium Contracts	- Pcard RFP / Consortium Contract > Review consortium contracts	- Pcard RFP / Consortium Contract > on hold - due to required system upgrade for current Pcard Provider
Key Communications (3F)*	SSAC: 10/7	SSAC: 11/21 9-11 BoT: 11/17-18	

IV. Key Milestones

Key Activity	FY14 Q3		
	January	February	March
Structure / Organization (3A-F)*	- FY2015 Budget Allocation Methodology in place	- Procurement Operations: > AP Efficiency Module (AP Director): Go / no go decision for upgrade	- Dept Management Tools in place: > Performance Assessment Plan > Communication and Feedback Plan
Procurement: Travel & Expense (1a A-E, 3F)*	- Travel Services RFP > Vendor Presentations Scored > Reference calls completed	- Draft final recommendation - Project planning and System configuration	- Contracts in place: > Travel Management Company (TMC) > Travel & Expense System
Strategic Sourcing (1b A-E, 3F)*	- Sourcing Kick-offs: > Washer / Dryers	- Sourcing Kick-offs: > Vehicles > Fuel Credit Card - Sourcing Other > Engage Spend Analytics Firm	- Sourcing Kick-offs: > Custodial Paper Goods > Scientific Equipment - Sourcing Other > Provide Data to Spend Analytics Firm
Procurement Card (2A-D, 3F)*	- Pcard System Upgrade > Develop Training Materials > Develop communications plan	- Pcard System Upgrade > System upgrade completed > Provide training and support	- Pcard RFP / Consortium Contract > Resume Consortium contract review, configuration and planning
Key Communications (3F)*	'SSAC: 01-13 9-3 BoT: 01/27	'SSAC: 02-24 10-3	BoT: 03/24
Time Period Covered in this Report			

IV. Key Milestones

Key Activity	FY14 Q4		
	April	May	June
Structure / Organization (3A-F)*	- 2nd Wave New Positions in Place		'- Final Wave New Positions or Interim Assignments in Place
Procurement: Travel & Expense (1a A-E, 3F)*	- Travel & Expense > Implementation Activity Begins	- Travel & Expense > Implementation Activity Continues	- Travel & Expense > Implementation Activity Continues > TMC review of service contract opportunities (Air, Car Rental, Lodging)
Strategic Sourcing (1b A-E, 3F)*		- Sourcing Other > Spend Analytics database available	- Sourcing Kick-offs: > Temp Employment
Procurement Card (2A-D, 3F)*	- Pcard RFP / Consortium Contract > begin implementation activity as required		
Key Communications (3F)*		BoT: 05/18-19	

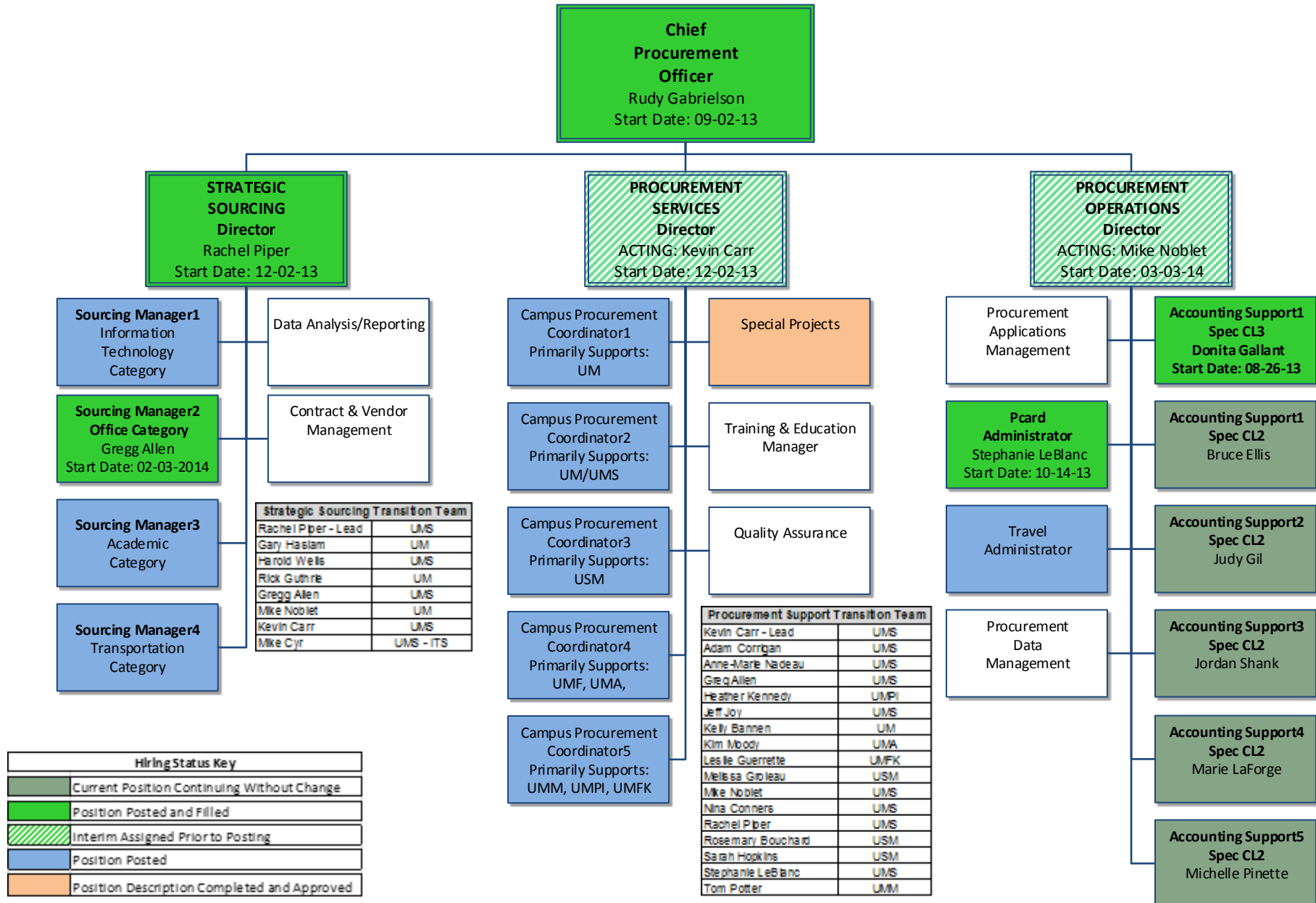
IV. Key Milestones

Key Activity	FY15 Q1		
	July	August	September
Structure / Organization (3A-F)*			
Procurement: Travel & Expense (1a A-E, 3F)*	- Travel & Expense > Implementation Activity Continues	- Travel & Expense > Implementation Activity Continues > Select Pilot Site > Compile Training Materials	- Travel & Expense > Implementation Activity Continues > Pilot Site confirmed - TMC service contracts in place (Air, Car Rental, Lodging) - New Travel Policy Available (APL)
Strategic Sourcing (1b A-E, 3F)*	- Sourcing Other > Additional Opportunities Identified > FY 15 Work Plan in place		
Procurement Card (2A-D, 3F)*			
Key Communications (3F)*	BoT: 07/15	SSAC: 8/29	BoT: 09/23

Strategic Procurement Staffing Plan

Status as of March 3, 2014

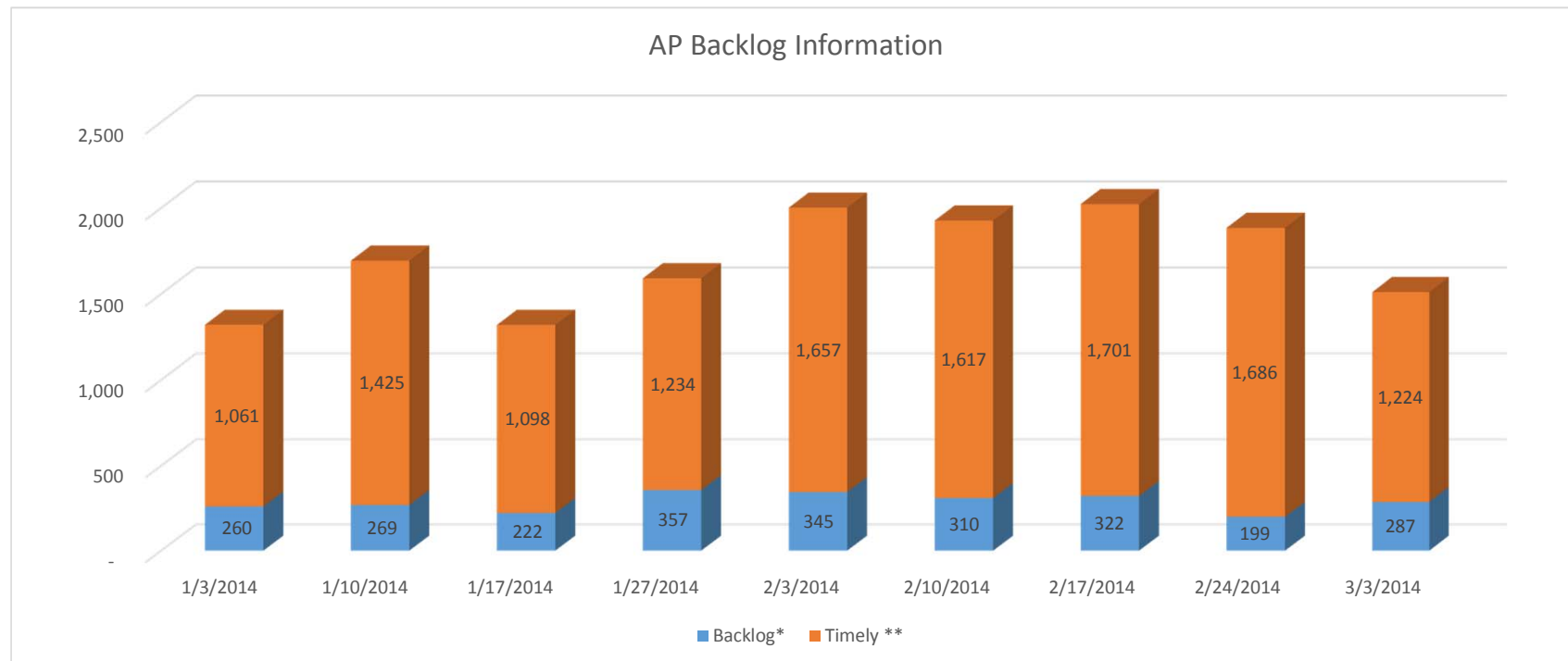
Detail of Chart 14, Page 46 of Administrative Review Report
<http://thinkmissionexcellence.maine.edu/strategic-procurement/>



STRATEGIC PROCUREMENT INITIATIVES
Core Team / Subject Matter Experts (SMEs) / Advisory Groups

Administrative Review:
 Strategic Procurement

Travel Services		Procurement / Travel Card		Energy Management		IT Hardware		Restricted Funds Advisory Group	
Core Team		Core Team		Core Team		Core Team			
Rudy Gabrielson - Lead	UMS	Kevin Carr - Lead	UMS	Rachel Piper - Lead	UMS	Kevin Carr - Lead	UMS	Mike Hastings	UM
Gregg Allen	USM	Lisa Fournier	UMFK	Will Dunlay	USM	JoAnne Wallingford	UMPI	Greg Kolvoord	UM
Stephanie LeBlanc	UMF	Kim Moody	UMA	Peter St. Michel	UMA	Michael Cyr	UMS	Robert Lad	UM
Beth Morin	UM	Kelly Bannen	UM	Paul Kuplinski	USM	Derek Husson	UM	Rick Guthrie	UM
Kevin Carr	UMS	Rudy Gabrielson	UMS	Mike Swartz	UM	Andrei Strukov	UM	William Otto	UMM
Alison Cox - ITS PM	UMS	Alison Cox - ITS PM	UMS	Mike Noblet	UM	Judith Ferrante	USM	Trish Bola	USM
Kate Van Dine - ITS	UMS	Kate Van Dine - ITS	UMS	Andy Jacobs	UMFK	BJ Kitchin, Jr.	UMA	Larry Waxler	USM
						Alison Cox - ITS PM	UMS		
Subject Matter Experts (SME)		Subject Matter Experts (SME)		Subject Matter Experts (SME)		Subject Matter Experts (SME)			
Marjorie Jarry	USM	Dianna (Dee) Dipaolo	USM	Sheri Stevens	UMA	Kim Tran	UMA		
Peter Watson	USM	Nicole Vinal Harvie	USM	Laurie Gardner	UMF	Danny Hughes	USM		
Vanessa Pearson	UMPI	Robert Spencer	USM	John Murphy	UMFK	Jason Howard	USM		
Jamie Beaudoin	UMF	Asita Albert	UMFK	Tom Potter	UMM	Todd Zoroya	UM		
Joyce Blanchard	UMA	Lisa M Ellrich	UMF	Janet Waldron	UM	Scott Dunning	UM		
Emmanuel Boss	UM	Lauren Dubois	UMA	Bob Bertram	USM	John Young	UM		
John Mahon	UM	Diane Blanchette	UMA	Marty Parsons	UMPI	Carmel Blankenship	UM		
Patti McPheters	UM	Jodie Feero	UM	Chip Gavin	UMS	Michele Lodgek	UM		
Sue Randall	UM	Ranae Byard	UM			RFP Response Evaluation Team			
Ellen Doughty	UMS	Hiedi Chan Buck	UM			Alison Cox - ITS PM	UMS		
Bill Kelley - Risk	UMS	Owen Smith	UM			JoAnne Wallingford	UMPI		
Tracy Elliott - Finance	UMS	Bill Kelley - Risk	UMS			Michael Cyr	UMS		
RFP Response Evaluation Team		Tracy Elliott - Finance	UMS			Derek Husson	UM		
Alison Cox - ITS PM	UMS					Andrei Strukov	UM		
John Brown - ITS	UMS								
Joyce Blanchard	UMA								
Susan Randall	UM								
Beth Morin	UM								
Marty Parsons	UMPI								
Tammy Blair	USM								



Date	1/3/2014	1/10/2014	1/17/2014	1/27/2014	2/3/2014	2/10/2014	2/17/2014	2/24/2014	3/3/2014
Backlog*	260	269	222	357	345	310	322	199	287
Timely**	1,061	1,425	1,098	1,234	1,657	1,617	1,701	1,686	1,224
Total Invoice	1,321	1,694	1,320	1,591	2,002	1,927	2,023	1,885	1,511

* Backlog: Invoices in the queue longer then 21 days from invoice date.

** Timely: Invoices expected to be processed on time

AP Backlog Stats
10/10/2013 - 02/07/2014

