21st Century Procurement: Building a Procurement Marketplace

PRESENTED BY
MELISSA MATTSON

Presentation Agenda
- Overview of Service Cooperatives
- Review of Process
- Challenges and Solutions
- Selecting a Provider
- Implementation
- Results
- Questions

Who Are We?

9 Service Cooperatives in Minnesota & North Dakota serving MN, ND, SD
- Est. by legislature, 40 years (MN)
- Receive no direct state funding
- Services to Schools (public & private), Cities, Counties, Gov’t. Agencies, Nonprofit Organizations
Service Cooperative Legislation

MN Statute 123A.21
Chapter 54.40.3 of the North Dakota Century Code
SD Codified Laws §5-18A

Collaborate under umbrella of the Cooperative Purchasing Connection
Approx. 60 Contracts in place
Member of AEPA (Association of Educational Purchasing Agencies)

CPC Team

CPC Team Members: Barb Nelson, Suzi Ruper, Anthony Farag, Julie Anderson, Cindy Ehlers, Shareen Neumann, Sarah Ness
In 2013, we began looking for ways to modernize procurement services for members. From this discussion arose Express, an online marketplace of supply contracts.
Our Challenges

Purchasing across multiple contracts can be cumbersome. Often requiring multiple usernames/passwords.

A Single Sign-on web portal that contains many suppliers.

District/Agency Staff place orders on non-approved contracts or for items that aren’t approved.

A purchasing structure that would help maintain contract spend and provide admin oversight.

Suppliers may not always provide the contracted price to members.

Ensure each buyer accesses the correct punch-out and catalog files.

Needed Solutions

For us, an online marketplace appeared to fulfill many of our challenges, plus:

Technology tools are increasingly sophisticated

More of our members’ services are moving into the cloud

Universities, large school districts and large cities/counties are increasingly adopting eprocurement technology

Technology is becoming more affordable for coops of our scale

Selecting a Provider

Determined needs

Reviewed companies

- Cost
- Experience with our type of members
- Support
- Web application framework
- Work with large and small vendors
- Willingness to listen to feedback and modify
Implementation of the Marketplace

Which vendors should be on the site?

- Assessed which vendors had the capacity to punch-out/catalog hosting
- EQL has the toolset to work with all
- Work with the vendors to build the store
- Introduced it to our business managers and asked for feedback
- Training
Has it made a difference?

“Express has reduced the amount of paperwork and time our district office spends on order approval.”

Superintendent

“Working for a small city with limited resources, I am always trying to keep the cost of government in check and keep costs reasonable. Easy comparison shopping from several sources with a keystroke allowed me to reduce the time spent and ensure good value for the supplies we can purchase through Express.”

City Clerk-Treasurer

“The system is fabulous! It made it so much easier than last year. I probably had my entire order done within half an hour.”

Elementary School Teacher
Large District Case Study
6,000 District Staff across 73 Buildings

Before online
Each Bookkeeper/Administrative Assistant is responsible for placing the orders of the staff in their building/department
PCard purchases as primary method of payment – required cards to be distributed to staff
Ordering staff members were required to have logins for each supplier’s website – making comparison shopping cumbersome
Orders were processed on paper – requiring a written signature by the building administrator for approval – causing delays if the administrator was out of the building

After
Reduced the ordering experience to a single website with a single user/password for the Bookkeepers/Administrative Assistants
Comparison shopping is made much easier
PCards are now managed by the central office and preloaded/assigned to the shopper – reducing the need to distribute physical credit cards
One order to the manager/administrator to approve - marketplace orders can contain items from multiple suppliers
Account code information is input at the time of ordering which helps with reallocating
Easier approvals – approvals can be done electronically from their mobile phone
What Have We Learned So Far?

PROS

- Streamlined access to supply contracts
- One stop, one password access
- Ensures discounts
- Saves time for teacher/employee shopping
- Easy comparison, shopping lists can be tracked and shared
- Easy to use – truly provides value to members
- Provides valuable data
- Service Cooperative has access to reports
- Customizable
- New features added regularly to enhance user experience

What Have We Learned So Far?

In MN – it was important to integrate into finance software
Can be a slow building process – change is not always easy
Maybe a little ahead of the curve?
Some decision makers like the vendor to do the work
Uncomfortable to some digital immigrants
Smaller vendors may not have dedicated resources to keep catalogs updated
Some vendors may not support full integration and work with manual methods or self-service tools
It’s the effort since state and regional vendors contribute to our value
Not all contracts can be purchased from within the marketplace
- Simple projects requiring consultation by suppliers difficult to implement

by the numbers

430 agencies
5,000 users
240,000 + products
Would We Do it Again?

YES!

- We feel online ordering will become the norm
- It preserves open, fair competition and compliance while giving members choice
- It gives members that shopping experience
- It is efficient and saves much more on soft costs

*It's another valuable service provided by the Service Cooperative to members*