



**PROCUREMENT AND THE IMPACT OF
TECHNOLOGY AND EXPECTATIONS**

Insights from the 2013 NAEP
Innovators Forum and
Recommended Technology
Strategies for Procurement Leaders

2013

This paper provides an overview of the 2013 NAEP Innovators Forum along with a distillation of key discussion points and findings regarding the major issues impacting Higher Education procurement departments and policies today. It also outlines the top seven strategies recommended by Forum attendees that senior administrators and educational procurement professionals can leverage to approach these complex problems and concerns.

**2013 NAEP
Innovators Forum
Report**

WITH SUPPORT FROM

sciQuest

HuronEducation



HIGHER EDUCATION INDUSTRY REPORT: Insights from the 2013 NAEP Innovators Forum and Recommended Technology Strategies for Procurement Leaders

TABLE OF CONTENTS

EXECUTIVE SUMMARY 2

ATTENDEES..... 3

KEY TECHNOLOGY ISSUES FACING HIGHER ED 5

FOCUS ON PROCUREMENT 8

PRIORITIZATION OF KEY PROCUREMENT TECHNOLOGY ISSUES 11

 SEVEN KEY PRIORITIES FOR PROCUREMENT LEADERS..... 11

 1) Emphasize the impact of data, analytics and reporting. 11

 2) Communicate the value proposition of technology. 12

 3) Make the right thing the easy thing to do. 12

 4) Recognize that new skills are needed to manage procurement in a dynamic 21st century environment..... 13

 5) Proactively manage change in a 24x7 environment..... 14

 6) Expand the role of procurement with new tools, technologies and processes. 15

 7) Leverage technology to enhance supplier relationships and collaboration..... 18

SUMMARY 19

 ABOUT US 19

 END NOTES 20



EXECUTIVE SUMMARY

The National Association of Educational Procurement convened the 2nd annual Innovators Forum in San Antonio, TX on February 13, 2013. Once again, college and university leaders discussed the future of higher education and considered the impact of that future on procurement. The purpose of the Innovators Forum is to engage in a discussion and analysis of the major issues impacting higher education institutions and procurement professionals – and to better inform institutional stakeholders on alternative ways to approach these challenging issues.

Building upon the initial momentum and scholarship of the 2012 Forum, which explored a broad range of issues affecting higher education and procurement, this year's group was asked to take a deeper dive into procurement technology to:

- Document key technology trends impacting the higher education landscape.
- Closely evaluate the procurement technology issues that create the biggest challenges and opportunities for procurement professionals working in higher education.
- Provide a framework to discuss and define critical procurement technology strategies.

The first NAEP Innovators Forum resulted in the distribution of a white paper “Key Insights from the NAEP Innovators Forum and Recommended Strategies for Procurement Leaders.” Those attending this year believed the 2012 white paper was a powerful tool for senior leaders and procurement professionals to learn about the challenges confronting higher education procurement and to educate administration about those challenges.

To continue the Forum's quest to develop a roadmap that procurement professionals can use to improve outcomes regarding the application of procurement technology within their departments and institutions, attendees identified the following top seven (7) strategies for procurement leadership:

- 1) *Emphasize the impact of data, analytics and reporting.*
- 2) *Communicate the value proposition of technology.*
- 3) *Make the right thing the easy thing to do.*
- 4) *Recognize that new skills are needed to manage procurement in a dynamic 21st century environment.*
- 5) *Proactively manage change in a 24x7 environment.*
- 6) *Expand the role of procurement with new tools, technologies, and processes.*
- 7) *Leverage technology to enhance supplier relationships and collaboration.*



ATTENDEES

New attendees bring fresh ideas and insight. This year’s Innovators Forum was assembled by NAEP with the intent of deepening procurement technology discussions. Attendees included administrative and C-level executives along with procurement leadership, business and IT officers as well as key representatives from professional organizations. The team was committed to fulfilling the mission of the Innovators Forum by capturing and sharing insights with each other – and with their colleagues in higher education and procurement via this white paper – so that other institutions and industry professionals may benefit from their exchange of ideas.

VAIBHAV AGARWAL

Director of Procurement Services
University of Notre Dame

KEVIN CARR

Director of Strategic Procurement
University of Maine System

BRUCE CHERRIN

Chief Procurement Officer
University New Mexico

WILLIAM COOPER

Associate VP and Chief Procurement Office
University of California, Office of the President

KELLY FOX

Senior Vice Chancellor and Chief Financial Officer
University of Colorado, Boulder

WILLIAM HARRIS

Director of Purchasing
University of Kentucky

SCOTT HESS

Managing Director
Huron Consulting Group

SANDY HICKS

Chair, Innovators Forum and Past President NAEP
Assistant Vice President and Chief Procurement Officer
University of Colorado, Office of the President

TED JOHNSON

Chief Procurement Officer
University of California, San Diego



W. THOMAS KALOUPEK

Director of Materials Management
Virginia Tech

RICHARD KATZ

President
Richard N. Katz & Associates

JOANNE KOSSUTH

Vice President for Operations and Chief Information Officer
Olin College

ANDREA MARKS

Vice President and Chief Financial Officer
University of Texas Health Science Center, San Antonio

CHRISTOPHER MIHOK

Director of Purchasing
Yale University

BYRON BURR MILLSAP

Associate Vice President for Administrative Affairs
University of Oklahoma, Norman

DOREEN MURNER

Chief Executive Officer
National Association of Educational Procurement

NINA PUKONEN

Director of Business Operations
University of Southern California

JOHN RILEY

Executive Director of Purchasing and Business Services
Arizona State University

DEREK SMITH

Managing Director
Huron Consulting Group

ERIC ZOETMULDER

Vice President, Product Management
SciQuest



KEY TECHNOLOGY ISSUES FACING HIGHER ED

Forum attendees first directed their attention to the primary issues, challenges, and benefits of technology in higher education. They focused on identifying the issues procurement leaders and senior administration should focus on to help improve performance and prepare for the future. The following questions were posed to promote discussion:

- How has technology helped our institutions?
- What are the challenges that come with technology?
- What skill types are needed to be successful in today's technology-enabled environment?
- Where are the leadership and communication requirements to be successful in a technology-enabled university?

The group noted that colleges and universities must continue to leverage technology to meet mission-critical demands and expand capabilities. They identified the following key technology trends and challenges facing higher education institutions today:

Keeping Pace with Demand for New Technology: Keeping pace with the demand for new technology is difficult, particularly under fixed or shrinking budgets, and technology itself can be disruptive. Universities certainly want to capitalize on the opportunity to use technology to automate time consuming manual processes, enhance collaboration within and outside the university, and broaden the learning experience with online classes, social media, and mobility.

However, many institutions underestimate the costs, amount of time and training, processes, and infrastructure required to effectively implement and support technology.

Today's students arrive on campus armed with multiple devices that can broaden the educational experience: 87% own laptops, 55% have smartphones with Internet access, and tablet computers are gaining popularity.ⁱ However, many institutions underestimate the costs, amount of time and training, processes, and infrastructure required to effectively implement and support

technology.

They also underestimate the attention that must be paid to change management. As technology often solves one problem and creates new challenges, the group stressed the need for proactive change management in order to capture and leverage the benefits of technology across institutions. Colleges and universities are often slow to embrace change. Recent reports show that only a minority of professors, 22 percent, actually leverage the investments made by colleges in 'smart classrooms' and wireless Internet.ⁱⁱ Organizations must be prepared to address and reach different audiences with radically different skill sets and learning styles. They must also negotiate the balance between providing new technology choices and mandating the use of new tools and systems. Setting expectations across the community and implementing an efficient support structure that includes adequate training, support services and Help Desk resources will help to maximize IT investments.



Overcoming Technology Resistance and Fatigue: Universities have been notoriously slow to implement technology, and once tools are implemented departments may continue to use technology because they have it – not because it works – just to avoid the potential headaches of new solutions. Cost is also a barrier. According to “What Presidents Think: A 2013 Survey of Four-Year College Presidents,” conducted by The Chronicle of Higher Education, more than 80% of the 400 college presidents and chancellors surveyed consider technology improvement and maintenance to be a significant driver of increasing cost for higher education institutions.ⁱⁱⁱ Colleges and universities must do a better job of communicating the benefits of new solutions to end users and take time to evaluate the return on investment (ROI) and long-term effectiveness of technology once systems are deployed. They must also make smart technology decisions, choosing tools and systems that make it easy for users to become engaged and for administrators to manage. Simple interfaces are essential for adoption and continued use. Careful attention should be paid to the timing of technology deployments and system standardization across university systems as people across the spectrum tire of the variety and number of solutions they are expected to learn and use.

Addressing the Data Challenge: Technology is making it easier than ever for universities to capture and collect rich data. However, in order to make that data valuable, institutions must be able to analyze, interpret, and secure it. According to Huron Education, “Universities are faced with increasingly complex decisions about maintaining data and tech infrastructure. With rising expectations from faculty, students, and other key stakeholders, there is more pressure than ever on campus technology leaders to do more in an environment with more constraints.”^{iv} Colleges and universities must also be able to keep up with exponential data growth and support increasing data demands with appropriate storage, network, computing, and virtualization technologies, which can lower costs and reduce complexity. Meeting growing data demands may require technology resources, tools, and expertise from IT and data professionals outside of the traditional university community. Universities should not underestimate the value of effective data quality management and analytics to provide clear evidence of institutional performance to students, parents, departments, executives, community leadership, and public and private funding sources.

Meeting growing data demands may require technology resources, tools, and expertise from IT and data professionals outside of the traditional university community.

Continuing Funding Challenges Threaten Technology Expansion: Continuing budget cuts and funding challenges stand in direct opposition to the increasing demand for new technology capabilities. According to the Chronicle of Higher Education, “More than half of public universities faced cuts to their technology budgets in 2011.”^v Many universities are lagging behind in meeting new mandates for computing and networking capabilities, collaboration, data management, security, and more as they are already hampered by outdated or inefficient IT infrastructure. This makes it all the more expensive to achieve technology objectives. In order to direct or secure funding for new technology initiatives, institutions must be able to demonstrate the benefits and savings achieved by currently deployed IT measures as well as implement new methods to identify, capture, and redistribute projected cost savings from new rollouts. Evaluating and managing the financial feasibility of responding to technology challenges and changes must be factored into the overall Total Cost of Ownership (TCO) of new solutions. To lower costs further and to expand IT capabilities, universities should also examine opportunities for cross-institutional collaboration, including sharing of hardware, software licenses, and professional and specialized IT services.



Balancing Innovation with Risk Management: Higher education institutions are inherently risk averse, and university IT departments are scrambling to balance technology innovations with risk management. Mobile devices, consumer-based file sharing, email services (such as Dropbox™, YouSendIt™ and Gmail®), public cloud use, and more introduce legal risks as well as control and compliance issues. Most shared and consumer-based technology services lack even the most basic policy-based security controls necessary for data protection and compliance with university and governmental privacy regulations, such as the Health Insurance Portability and Accountability Act (HIPAA), the Family Educational Rights and Privacy Act (FERPA), the Gramm-Leach-Bliley Act (GLBA), Sarbanes-Oxley and others. While institutions want to empower collaboration and support agility, they must develop or maintain policy-based controls over how data is secured, accessed, and shared to avoid unauthorized disclosure, misuse, alternation, destruction or compromise that could lead to legal issues, damaged reputations, loss of funding, and even costly fines. In some cases, university IT departments have introduced security mandates that render technology useless. End users typically disregard overzealous security rules and regulations, such as banning the use of social media sites or consumer email services. Institutions must look for enterprise-wide tools that keep data safe and enforce regulatory compliance mandates without hampering the ability of students, employees, and administrators to collaborate within and outside the university.

Need for New Skills, Business Processes and IT Leadership: Technology often allows for growth and change without adding staff to manage routine operations, but it also demands new skill sets, business processes, and IT leadership. To meet today’s rapidly evolving technology requirements, higher education institutions must provide adequate training that accounts for different learning styles. Long-established business processes seem to keep leadership in a reactionary position. To keep pace with technology advancements and remain strategic, colleges and universities must be open to adopting new, flexible business models and processes – and be willing to look to the business community for IT guidance and leadership.

Enabling and Managing a 24x7 Learning Environment: To deliver a 21st Century educational experience, meet student demands and to remain competitive with online educational resources, universities must enable and manage a 24x7 learning environment. This often involves providing online classes, rich multimedia capabilities, streaming content, and mobile applications. It can also include the availability of advanced technology resources on campus, via remote access,

University leadership must carefully plan and implement new technology to support continuous and experiential learning, learn from other institutions that have done so successfully, and capture performance metrics to demonstrate long-range benefits.

or through different delivery systems and teaching methods. The associated technology and facilities costs to maintain a 24x7 learning environment are often daunting. Yet, some believe that hybrid educational approaches, which blend traditional classroom learning with online experiences, could save money by reducing the use of physical facilities and instructor time.^{vi} University leadership must carefully plan and implement new technology to support continuous and experiential

learning, learn from other institutions that have done so successfully, and capture performance metrics to demonstrate long-range benefits. They must also help teachers and administrators set and communicate clear boundaries regarding availability in order to avoid overwhelming staff with unreasonable demands.



FOCUS ON PROCUREMENT

Turning their focus to procurement, Forum participants noted that procurement professionals remain burdened by increasing workloads and limited resources. Many procurement departments actually oversee a wide portfolio of services not traditionally categorized as procurement functions, such as facilities management. Even as they are trying to do more to support broad university missions and control spending, many procurement departments struggle with general mistrust and are often perceived as glorified purchasing arms of their institutions. To combat this, procurement professionals must clearly define, communicate, and demonstrate their strategic value to the university at large. Implementing and fully embracing procurement technology are essential to meeting this primary objective.

According to Aberdeen's 2012 CPO Agenda, "The Best-in-Class CPO and procurement group actively leverages myriad technologies and solutions to link key processes, drive ultimate spend visibility and provide a foundation for future procurement strategies." The report notes that the majority of Best-in-Class procurement departments have procurement and sourcing technology solutions in place. Of those, 80% use spend analysis, 68% contract management tools, 68% supplier networks/portals, 65% eProcurement, 41% e-invoicing and 52% category-specific solutions, such as Managed Service Providers (MSPs) and Vendor Management System (VMS) technology, and travel and expense management solutions.^{vii} Aberdeen research has found that users of these crucial solutions achieve significant performance advantages. For example:

- Companies currently utilizing spend analysis technology have experienced a 42% higher rate of spend under management than those organizations without these solutions in place.
- Organizations with automated contract lifecycle management solutions in place have driven a nearly 30% higher rate of procurement contract compliance than those not currently leveraging this technology offering.^{viii}

Clearly, both independent and fully integrated procurement technology solutions offer the opportunity to automate and streamline traditional time consuming and costly manual procurement processes. They also free resources and empower strategic action to expand the role of procurement beyond transaction based processes.

However, such solutions are often expensive and can be disruptive. Many departments are hesitant to move forward with purchases and implementation for fear of making the wrong choice from an extensive field of available solutions – or simply

Many departments are hesitant to move forward with purchases and implementation for fear of making the wrong choice from an extensive field of available solutions – or simply lack the time and resources to properly evaluate procurement technology options.

lack the time and resources to properly evaluate procurement technology options. Lack of funding makes it difficult to keep up with the pace of technology change, inhibits training, and hinders integration with other systems, all of which can reduce the overall effectiveness of solutions.



In some cases, end users are reluctant to trust and fully transition to new procurement technology platforms and business processes. One attendee cited an example of a procurement department that continues to print out and hand file all purchase orders (POs) even though they have implemented an eProcurement system that makes this action redundant. Upper management must demonstrate and communicate confidence in solutions and provide complete and ongoing training to support adoption.

Procurement professionals need to be more “nimble” to address and adapt to the changing technology landscape. It is important for procurement professionals to know how to use and adapt technology to solve critical issues. According to the attendees, “We must remember that technology is an enabler. In and of itself, it doesn’t solve the issues.”

Procurement professionals need to be more “nimble” to address and adapt to the changing technology landscape.

Forum participants stressed that procurement professionals should try to make the IT environment and purchasing itself as simple, low cost, and flexible as consumer cloud-based services. Some participants expressed the opinion that end users’ desire to use such services – coupled with the long-term expense of purchasing, maintaining, and managing in-house hardware and software – make it incumbent upon procurement professionals to leverage widely-available

...organizations currently leveraging end-to-end Travel and Expense (T&E) management technology solutions – compared with organizations not using them – have achieved 55% lower processing costs, a 37% higher rate of compliance to corporate travel policies and guidelines, and a 20% higher rate of business travel spend under management.

consumer solutions such as Travelocity®, ORBITZ®, and Amazon.com®. However, others pointed to the value of more specialized industry-specific solutions because they felt strongly that consumer-based services currently lack the visibility, control, compliance capabilities, and analytics that procurement professionals require. Still, organizations currently leveraging end-to-end Travel and

Expense (T&E) management technology solutions – compared with organizations not using them – have achieved 55% lower processing costs, a 37% higher rate of compliance to corporate travel policies and guidelines, and a 20% higher rate of business travel spend under management.^{ix} According to Aberdeen, “End-to-end solutions provide a seamless and consistent framework of functionalities to automate all attributes of the modern T&E lifecycle and are linked to advancements in corporate travel policy, compliance, visibility, and a reduction in expense-processing costs.”^x (NOTE: See how the University of Colorado has enabled savings, leveraged aggregated data to negotiate new vendor discounts, captured travel-related rebates, accelerated expense reimbursement and more with a Smart T&E solution in the adjacent case study.^{xi})*



Forum participants agreed that today's procurement professionals must continually evaluate the TCO of procurement technology, adapt outdated business models and practices to extend the benefits of procurement solutions, quantify results and ROI, and articulate the larger institutional issues that technology solutions are successfully addressing today. They should also capture opportunities to partner with private business and collaborate with other institutions to learn about and implement best practices and share successes.

University of Colorado Automates with a Smart T&E Solution

The University of Colorado is a dynamic community of 58,000 students and 30,000 faculty with staff located on multiple campuses. The University of Colorado offers world-leading programs in nearly every academic discipline. Any day of the week, every day of the year, thousands of faculty, staff and students travel around the world for research, advanced study and recruiting. Prior to implementing Concur solutions, the University used a manual, paper-based process for travel. The University selected Concur for its ability to automate the business rules, scan receipts, and to expedite the process. The end-to-end solution addressed everything from travel booking through expense report generation and approval. The ability to coordinate all aspects of travel -- preferences, itineraries, alerts, card charges and expense report submission -- has proved to be a major benefit for the University of Colorado. Faculty and staff receive their reimbursements faster, improving their overall satisfaction. In addition, integrating the University's procurement cards with back-end financial systems enabled visibility into another area of spend, resulting in increased savings for the university.

University financial managers say simplifying and integrating the process has contributed to overall ROI, including:

- Online travel booking through Concur has enabled savings of \$310,000 in airfare transaction fees alone in the first year of deployment.
- With Concur, the University has leveraged aggregated airfare data to negotiate new vendor discounts amounting to an additional \$215,000 in savings.
- Converting to a corporate-billed travel card integrated into Concur's end-to-end solution has resulted in \$432,000 in travel-related rebates.
- Concur® Expense Pay has helped the University accelerate expense reimbursement time by nearly 80 percent.
- Anytime access to travel booking gives the University's thousands of staff and faculty members the flexibility to make or change reservations with a moment's notice from anywhere, any time.
- The University has reduced expense reimbursement time from five days to 1.4 days.

The University of Colorado would recommend Concur for its ability to automate processes and act as a valuable online resource to faculty and staff, as it simplifies travel for travelers and their travel arrangers.



PRIORITIZATION OF KEY PROCUREMENT TECHNOLOGY ISSUES

Forum participants identified the following seven (7) recommendations to help industry professionals leverage procurement technology to address today's critical challenges:

SEVEN KEY PRIORITIES FOR PROCUREMENT LEADERS

1) Emphasize the impact of data, analytics and reporting.

Data is a powerful persuasive tool and is essential in helping procurement professionals demonstrate that they are contributing to the overall mission of the university. By collecting, analyzing, and leveraging accurate data, procurement professionals can better evaluate key performance indicators (KPIs) required to communicate their strategic value and the ROI their departments deliver. According to Aberdeen, "The Chief Procurement Officer relies on data to make intelligent sourcing decisions and ensure that procurement's link to the executive boardroom is strengthened with real-time information regarding suppliers, spending, and supply risks." They also note that "Best-in-class companies are nearly 60% more likely than all others to classify and cleanse spend data."^{xii} Data is also an important factor in demonstrating the value of technology and can be used to overcome resistance to new technology investments. With better data, analytics, and reporting, procurement professionals can make better decisions internally and provide the insight leadership needs to support informed decision making across the institution.

Barriers/Competing Priorities: Many institutions lack accurate data, visibility into critical data sets and the analytic and reporting tools and skills necessary to understand, share, and leverage available data. When data is available, it is often difficult to understand and translate. This leaves procurement professionals in the position of not having the facts necessary to justify more resources or to demonstrate their value to the university. Comprehensive data collection and analysis tools are expensive, and many procurement departments lack the highly skilled personnel required to administer them properly. Moreover, the general lack of benchmarks and KPIs has been a longstanding issue within procurement and must be overcome to gauge procurement's contribution to the organization's overall financial and strategic objectives.

Key Strategies: New investment directed toward data management, analysis, and reporting is vital. This includes the technology itself, staff to support it, and thorough on-going training for administrators and end users. Long-term benefits outweigh upfront costs. Procurement may offset costs with rebates, regional business offers, and by leveraging shared services opportunities. There may be expertise to tap within the institution itself and this opportunity should not be overlooked before taking on the cost of hiring new talent.

When it comes to collecting, managing, and leveraging data, procurement professionals must do their homework on the front end. If data taxonomy is not accurate from the beginning, data sets will be less valuable. Look for tools that provide the visibility and analytics required to turn raw data into usable information. Easy-to-use dashboards and the ability to combine disparate data sets are important, as are scalability and seamless integration with other systems.

How departments actually use data will vary from institution to institution. Procurement professionals must focus on answering questions posed by university leadership as well as create a contextualized framework to present data so that it is relevant to a variety of audiences. Using accurate data to establish ratios and benchmarks is important.



Procurement professionals must establish a platform to discuss data relevant to spend and cost containment strategies and recognize that how data is presented will often impact outcomes as much as the data itself.

2) Communicate the value proposition of technology.

In a (non-mandated) decentralized environment, adoption of procurement technology is based on the perceived value by end-users. Procurement professionals are often challenged with making new technologies compelling to users, regardless of the cost savings, opportunities for efficiency, compliance, and support of institutional strategy.

Barriers/Competing Priorities: Multiple systems and technologies create confusion and lead to technology fatigue. Procurement technology initiatives may struggle to gain ground due to competing projects and priorities from other offices and departments. Mandating usage often creates resistance, and administrators are perceived as police rather than colleagues. In addition, many veteran procurement professionals want to use *established* business processes while implementing *new* technology, which may undercut the technology's overall value.

Key Strategies: Organizational governance and support are essential to the successful implementation and adoption of technology associated with procurement. Several Forum attendees cited examples of the positive involvement of key

leadership, governance boards, and processes that help to prioritize projects and enable successful rollouts.

According to Aberdeen, "A significant component of aligning procurement strategies with overall organizational goals is cross-functional coordination. In order to transpose tactical and strategic

Organizational governance and support are essential to the successful implementation and adoption of technology associated with procurement.

procurement/sourcing approaches with other divisions across the enterprise, it is imperative that organizations regularly institute collaboration between procurement and key corporate stakeholders."^{xiii}

To bring senior management on board at the start, procurement professionals should identify and quickly communicate the projected hard, soft, and process-associated cost savings that can be achieved through the use of new technology solutions. Developing a brief "elevator pitch" that sums up key benefits and cost savings may be helpful.

Working together with university officials, procurement leadership should leverage multiple channels, including social media, email, newsletters, pilot programs, town halls, and university websites to communicate the value of new solutions to users. Messages tailored to reach specific audiences should be consistent about the broad benefits and value of the technology. Offers of online and onsite mandatory training along with easy access to help desk and support resources should accompany technology initiatives and be included in value-add messaging to end users.

3) Make the right thing the easy thing to do.

Unless technology is fully adopted and embraced by the user community, procurement departments will be unable to capture a wide array of benefits, including process automation, sourcing simplification, purchasing and supplier management, contract compliance, enhanced spend control and analysis, and more. While some technologies may be mandated (by local, state, and federal regulations), procurement professionals, university leadership and system administrators must nevertheless strive to make the right thing the easy thing to do for end users.



Barriers/Competing Priorities: Overly complex and multiple procurement solutions can inhibit usage. Slow log-in and processing times, incompatible browsers, and performance bottlenecks are frustrating to users. Adequate marketing and communications regarding the value of new solutions and mandated usage requirements are often lacking.

Key Strategies: Few who avoid or go around established procurement systems understand the ramifications of their actions. From a university consumer standpoint, they just want purchasing to be as easy as possible. Those who are slow to adopt technology may lack adequate training.

Procurement officers must look for flexible, integrated tools that make procurement easier within and outside procurement departments. Senior officials should mandate the use of technology as much as possible and communicate the negative effects of failing to do so. At the same time, some flexibility may benefit the university at large. Forum participants noted that in some cases it is OK to turn control over to the user. Some university procurement departments are allowing buyers to use consumer-based systems, such as Travelocity and Amazon.com, for small purchases. However, in some cases (such as purchasing hazardous materials), procurement departments simply cannot allow users to go outside established systems due to control, safety, and compliance requirements.

eProcurement and other procurement technology solutions should be extremely easy-to-use with intuitive user interfaces that mirror popular consumer-based systems. Just-in-Time (JIT) training, embedded video tutorials, and support services increase adoption rates. Single sign on, federated identity management, and integration with current systems allow the right people to access the tools they need while enforcing security measures and reducing complexity. Prior and subsequent to rollouts, attention must be paid to marketing and communications initiatives in support of new tools and contract compliance. Access to and use of unauthorized alternatives should be made difficult and/or cost-prohibitive. Technology champions across the university community should be identified, trained, developed, and incentivized. Finally, the persuasive power of students to drive technology adoption should not be ignored.

4) Recognize that new skills are needed to manage procurement in a dynamic 21st century environment.

This is a profession that is in transition. Procurement is now expected to be strategic rather than transactional and most procurement tasks are being transformed by technology. Procurement leaders must be innovative, visionary, and collaborative to achieve success in higher education. Their teams must have a love of technology and possess the ability to leverage new procurement tools and data. Without strengthening technology, communication, and negotiating skills, procurement professionals will continue to lag behind.

Barriers/Competing Priorities: According to Aberdeen’s 2012 CPO Agenda, “The top people management challenge faced by CPOs is a lack of staff with appropriate skills or knowledge (49%), a factor which contributes to a lack of strategic focus an inability to capitalize on tactical opportunities (such as identifying savings opportunities within existing supplier relationships).”^{xiv} Procurement departments have limited financial ability to hire new talent. Training budgets are minimal if they exist at all and there is no established training curriculum that addresses today’s procurement challenges such as emerging technology. Identifying talent or developing it in-house also takes time that many departments don’t have. Much of the current workforce is older and technology averse. Procurement lacks sizzle and unless leaders can communicate the value of the profession to a wider audience, they may have difficulty attracting a new generation of highly skilled employees.



Key Strategies: Leadership must promote and take advantage of existing professional development avenues, including resources offered by NAEP and The National Association of College and University Business Officers (NACUBO). They must also work with provosts and deans to develop appropriate a forward-looking training curriculum. Communicating the higher value of procurement may help managers secure funding for technology training.

Looking toward the future of the profession, procurement leaders must explore and develop links with more sizzle, such as sustainability, to attract the next generation of procurement professionals. They should consider campaigns that promote what procurement officers do, demonstrate the use of emerging technology in the industry, and share current information captured by salary surveys.

5) Proactively manage change in a 24x7 environment.

In a modern 24x7 environment, procurement professionals need to be nimble, adaptive, and knowledgeable about change management. Old business models no longer work, procurement technology is evolving, and the pace of change within higher education is accelerating dramatically. If they are to successfully respond to and drive change across procurement, leaders must proactively manage the process.

Competing Priorities/Barriers: The press of daily business is the biggest barrier to managing change and taking on new challenges. There is also a general lack of incentives to embrace and direct change in procurement. Change can be painful, and in a risk adverse environment burdened by harsh economic realities, procurement professionals fear the potential negative impacts of making the wrong decisions, including losing their jobs. Target audiences and end users are on the move, and in some cases, are not even attached to the institution, making it difficult to connect and communicate. On an institutional level, procurement departments must deal with a university culture that demands slow, deliberate decision-making processes and consensus before making any changes.

Key Strategies: Most colleges and universities don't have staff who specialize in change management. Therefore, procurement leaders must develop external networks to share and collect insight they can use to manage change. They should focus on building and growing support networks that include experienced consultants, commercial business partners, and procurement professionals who have successfully navigated change.

If procurement professionals want end users to participate in change, they need to leverage technology that will enhance communication and collaboration across a broad range of platforms and devices. They must also incentivize change within their own departments and communicate to multiple audiences the value of new business processes and technology. They must also align themselves with senior administrators on the broader institutional goals that can be achieved through proactive change management.

If procurement professionals want end users to participate in change, they need to leverage technology that will enhance communication and collaboration across a broad range of platforms and devices.

Forum attendees were adamant that procurement must move faster on critical decisions and avoid 'analysis paralysis.' If departments and institutions take 15 months to determine whether or not a consultant's recommendations make



sense, data will be out of date and recommendations may no longer be relevant. Leaders should build momentum on small successes, plan ahead, and set realistic expectations for the challenges and benefits of new initiatives: “Try new things. Go on 80 percent of what you know. And don’t be afraid of trial and error.” Pilot programs are excellent means of trying new processes and technology; user surveys can be effective in collecting input for moving forward.

6) Expand the role of procurement with new tools, technologies and processes.

New tools, technologies and processes can help procurement leaders respond to today’s broader challenges and deliver value beyond transaction-based activities. According to Aberdeen, “Best-in-Class organizations are actively looking beyond traditional solutions to enhance procurement processes and drive more dollars to the bottom line. With

procurement (and the role of the CPO) becoming more strategic in nature (nearly 75% of all organizations perceive the value of procurement function as *strategic to extremely strategic*), it is imperative that CPOs look beyond process automation and adopt solutions that can augment the *big picture* for spend management.”^{xv}

New technologies can and should drive business process improvements in procurement. This increases departmental efficiency and effectiveness, lowers overall costs, and results in true procurement transformation.

New technologies can and should drive business process improvements in procurement. This increases departmental efficiency and effectiveness, lowers overall costs, and results in true procurement transformation. This critical topic was also identified as one of EDUCAUSE’s 2012 Top Ten IT Issues in Higher Ed, which noted, “Many institutions have already used information technology to achieve efficiencies. But ‘transformation’ is a word *du jour*. Information technology allied with process reengineering and continuous improvement is the pathway to transformation.”^{xvi}

Competing Priorities/Barriers:

The role of procurement must expand in conjunction with technology innovations and processes. However, the profession is in transition and senior management often lacks the support, time, funding, and resources required to evaluate new technology and modify established processes. Procurement still suffers from attachment to outdated business models and an attitude of “This is the way we’ve always done it.” There is also a lack of professional development and training in this area and no standardized criteria for decision-making.

Historically, procurement has been seen as transaction-based and more interested in compliance rather than transforming systems or business

processes. Business intelligence is driven by data. However, Forum participants noted that reliable spend data is not always available as many institutions do not have the needed systems in place to capture spend data. For those that do, procurement department staff often lack the skill required to interpret the data in a meaningful way.

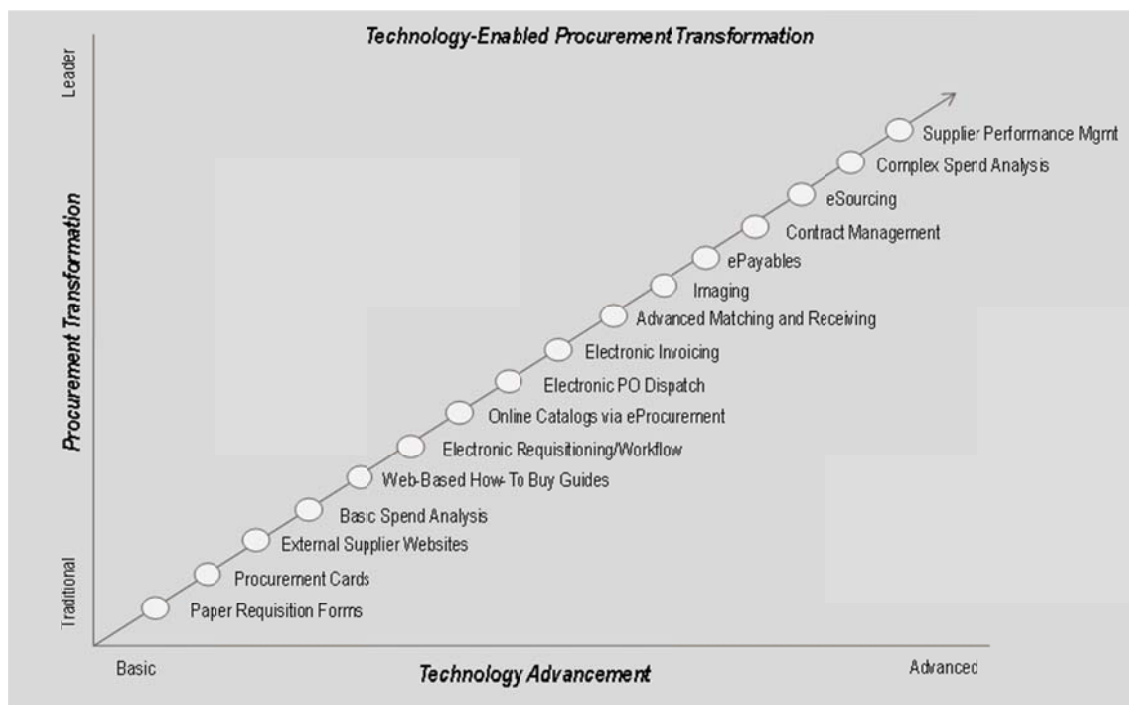
Historically, procurement has been seen as transaction-based and more interested in compliance rather than transforming systems or business processes.



The current culture has a perception of procurement as a cost center (vs. a revenue generator) and this could not be further from the truth. Many purchasing departments are revenue generators for the institution and this must be demonstrated to key leadership.

Strategies: Procurement directors have much to offer higher education leadership as they address the changes and demands of technology. Forum participants identified the ability to be innovative and nimble under pressure as one of procurement's core strengths. This flexibility should be leveraged to successfully implement new technologies and processes, and to demonstrate their strategic value.

According to Aberdeen, "Although Best-in-Class organizations are building a core of efficiencies through automation and reliance on key solutions, the top-tier CPO must not forget the strategic value of technology in long-term planning for the procurement function. As he or she looks to 2013 and beyond, solutions such as supplier networks, corporate social responsibility, spend analytics, eProcurement and contract management should be just as high on the agenda as people or spend management."^{xvii} There is a broad array of strategic advancement opportunities available to procurement via the integration of new tools, technology, and improved business processes as illustrated in the following graphic from Huron Consulting Services.^{xviii}

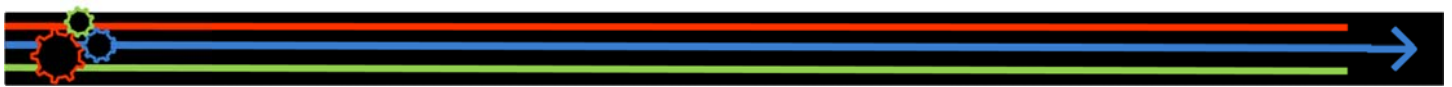


©2013 Huron Consulting Services LLC. Use and distribution prohibited except through written agreement with Huron

The Power of Data

Technology can greatly improve the access and usability of data to support management decisions, identify areas of improvement, drive savings and compliance, and influence individual purchasing behaviors.

- As input to strategic sourcing efforts, understand what users are buying and how much they are paying.
- Monitor supplier contract compliance.
- Use facts to communicate missed savings opportunities to influence future purchasing decisions.
- Measure and communicate savings and key performance metrics.



Access to Contractual Pricing

Technology can provide easier access to view and obtain contract pricing. “You may have a great contract, but if your customers are not aware of it and cannot access it, then the savings are not realized.” Today’s procurement department should:

- Provide a user-friendly mechanism to access, view, and search contracts.
- Deliver searchable catalogs of contracted suppliers for ease of selection and price comparison.

Streamlining Processes

Technology can improve efficiencies, greatly reducing or eliminating manual efforts in the procure-to-pay cycle.

- Streamlining requisition approval processes, with improved visibility.
- Automating purchase order dispatch.
- Streamlining invoice receipt, processing, and payment.

Supplier and Contract Management

Technology can provide great insight into supplier performance and managing the contract life cycle. (See *Recommendation #7 in the next section for more on this important topic.*)

- Automating supplier data management and improving information accuracy and timeliness.
- Managing and enhancing supplier performance.
- Automating bid and quote events.
- Managing contract approvals, requirements, renewals, spend thresholds, etc.

To successfully expand the role of procurement to strategic importance, to support business process updates, and to justify the ongoing investment in procurement technologies, procurement departments must clearly articulate their value proposition to customers. They should use data to demonstrate ROI. Meeting with customers to find out what is important, and then engaging them so that they have a clear stake in the technology is essential. Success stories should be shared across campus. Sometimes departments complain that technology is pushing procurement’s work out to them. Heading that off requires that procurement be more proactive in helping to transform the culture by being transparent and providing fact-based analysis.

Being able to manage change and expectations is a talent required by today’s procurement professionals. To do so, they should clearly identify the need to modify established processes. They should communicate the projected impact, cost savings, and overall benefits of integrating process modifications with new procurement technology. Departments should be able to illustrate the current and future state of whatever it is they are trying to modify. This can be done by outlining the “as-is” versus the “to-be” state and tailoring messages for different audiences (Business Officers, C-Level Executives, End Users, Etc.) Along with communicating the broad benefits of integrating new processes with technology, procurement leaders should be transparent about anticipated challenges and must be prepared to address potential roadblocks. Getting deans and department heads on board ahead of time and letting them know about issues that will create discomfort, can help them address complaints and support the change.



Lastly, in order to maximize the value of the technology investments, departmental skills must continue to evolve, either through continued development or targeted hiring. To make up for the lack of internal expertise, management should consider using outside resources, including consultants.

7) Leverage technology to enhance supplier relationships and collaboration.

Supplier Relationship Management (SRM) solutions can streamline procurement and create a common framework between procurement in higher education and suppliers who may use different terminology and business practices. According to Aberdeen, “Best-in-Class organizations are 35% more likely than all other companies to actively monitor supplier performance; this intelligence can be leveraged in future negotiations and allow key buyers to gauge the effectiveness of specific suppliers we contracts and agreements are drawing to a close.”^{xix}

Procurement professionals must understand and integrate both supplier and institutional objectives into the value proposition of such technology. This is a bi-directional relationship, and procurement and supplier goals are not mutually exclusive. Procurement professionals are not only trying to deliver what the supplier wants in terms of sales, but also trying to engage suppliers in meeting the goals of the institution. Leveraging SRM to enhance collaboration with suppliers can increase chances of success, lower costs, build trust, and create opportunities to deliver more value.

According to Aberdeen, “Supplier networks and portals (utilized by 51% more Best-in-Class companies than all others) represent a shift in the business mindset. Supplier networks are not just mere links between buyers and seller; solutions enable true commerce between procurement professionals and their suppliers and allow CPOs to better manage the entire spectrum of purchasing.”^{xx} Moreover, “users of supplier networks have achieves a 32% higher rate of negotiated/identified savings being realized and implemented than companies not currently leveraging supplier networks.”^{xxi}

Competing Priorities/Barriers: Many procurement professionals feel that they lack influence with suppliers. Some are not familiar with SRM technology and may have limited training and expertise in this area. State rules and mandatory rebids can erode trust built between established suppliers and the institution. Procurement departments rarely have resources that can be dedicated to building, managing and maintaining supplier relationships.

Strategies: Dedicate staff, identify appropriate tools and find expertise to enhance SRM. Today’s procurement departments also need both personnel and technical resources to understand SRM related data and technology. Those that are implementing or currently using SRM should create a framework that includes scorecards, metrics, surveys, and business reviews, which serve to measure and track supplier performance. Use the relationship with suppliers to influence product development, and drive user adoption by communicating the value and ease of the system. Openly share data and encourage transparency on both sides of the relationship. This will protect SRM investments, and it may garner a seat at the table as technology continues to evolve.

Dedicate staff, identify appropriate tools and find expertise to enhance SRM.



SUMMARY

2013 Innovator's Forum participants agree that the future of procurement looks challenging. Participants believe procurement leaders will need the following skills and qualities to successfully take on and overcome current and future challenges:

- Analytical
- Collaborative
- Media savvy
- Risk taking
- Technology savvy
- Data driven
- Business savvy
- Visionary
- Confident
- Value driven
- Passionate

It is difficult to find all these traits in one human being. To be both data driven and value driven, both analytical and passionate, both business savvy and visionary is a tall order. But a combination of these traits will be necessary for procurement professionals to face the future with confidence. As part of its core mission to train, educate, develop, and support procurement professionals, NAEP can help. Tools such as the Innovators Forum white papers will help institutions understand the challenges before them, develop strategies to face those challenges and implement needed solutions. The purpose of the NAEP Innovators Forum is to engage in an annual discussion of the major issues affecting higher education and to inform procurement leaders about ways to handle these issues. It is of critical importance for procurement leaders to understand the major trends affecting the future of higher education and to ensure alignment of the procurement mission with that of the institution. When procurement leaders understand the top concerns of their administration, they will be better able to frame procurement issues more effectively. The greatest value of this paper will be to engage those leaders and begin a conversation about the future of the institution and the role procurement will play in supporting that future.

ABOUT US

NAEP is the association of choice for educational procurement professionals dedicated to their continued professional development and to reinforcing the strategic role of procurement in education. Since the 1920's, NAEP has been the non-profit professional association primarily dedicated to serving higher education purchasing officers in the U.S. and Canada. In 1934, members of the Association founded E&I Cooperative Purchasing, Inc. as an important undertaking and benefit of NAEP membership. Currently, over 1,500 colleges and universities are members. NAEP is a member-focused association providing progressive knowledge management in strategic sourcing, supply chain, materials and logistics for procurement professionals. NAEP provides professional development and networking opportunities regionally and nationally. These meetings, workshops, and seminars provide knowledge transfer ranging from "beginning" to "advanced" and are conducted throughout the year and across the nation. Visit www.NAEPnet.org to learn more.

Huron Consulting helps clients in diverse industries improve performance, comply with complex regulations, reduce costs, recover from distress, leverage technology, and stimulate growth. The Company teams with its clients to deliver sustainable and measurable results. Huron provides services to a wide variety of both financially sound and distressed organizations, including healthcare organizations, Fortune 500 companies, leading academic institutions, medium-sized businesses, and the law firms that represent these various organizations. Visit www.huronconsultinggroup.com to learn more.

SciQuest (NASDAQ: SQI) is a leading provider of eProcurement solutions to higher education that enables colleges and universities to realize significant efficiencies and savings on their purchases of indirect goods and services. SciQuest's unique expertise and innovative "source-to-settle" approach to eProcurement enables institutions to identify savings opportunities they may otherwise have missed, while improving contract management, compliance, and supplier management. Learn more about SciQuest's commitment to higher education at www.sciquest.com/higher_education.



END NOTES

- ⁱ Jeffrey R. Young. "Campuses Look to Digital Tools for Savings, and Reinvention." The Chronicle of Higher Education. August 26, 2012.
- ⁱⁱ Ibid.
- ⁱⁱⁱ Jeffrey J. Selingo. "WHAT PRESIDENTS THINK: A 2013 Survey of Four-Year College Presidents." The Chronicle of Higher Education Inc. April 2013.
- ^{iv} "Key Issues Facing Higher Education in 2012." Huron Education. January 2012.
- ^v Jeffrey R. Young. "Campuses Look to Digital Tools for Savings, and Reinvention." The Chronicle of Higher Education. August 26, 2012.
- ^{vi} Ibid.
- ^{vii} "The CPO's Agenda for 2012...and Beyond." Aberdeen Group. October 2012.
- ^{viii} Ibid.
- ^{ix} "End-to-End Technology and the T&E Lifecycle." Aberdeen Group. November 2012.
- ^x Ibid.
- ^{xixi} Concur Technologies. "University of Colorado Automates with a Smart T&E Solution." July 2013.
- ^{xii} "The CPO's Agenda for 2012...and Beyond." Aberdeen Group. October 2012.
- ^{xiii} Ibid.
- ^{xiv} Ibid.
- ^{xv} Ibid.
- ^{xvi} Susan Grajek and Judith A. Pirani. "Top Ten IT Issues, 2012." Educause Review. June 6, 2012. <http://www.educause.edu/ero/article/top-ten-it-issues-2012>.
- ^{xvii} "The CPO's Agenda for 2012...and Beyond." Aberdeen Group. October 2012.
- ^{xviii} "Technology-Enabled Procurement Transformation." Huron Consulting Services, LLC. 2013.
- ^{xix} "The CPO's Agenda for 2012...and Beyond." Aberdeen Group. October 2012.
- ^{xx} Ibid.
- ^{xxi} Ibid.