City of Baltimore Triples Purchasing Efficiency with BuySpeed®

The City of Baltimore completely phased out its cumbersome, paper-based purchasing system and replaced it with the web-based BuySpeed® in July 2007. By moving the City's purchasing entirely online and making the process more efficient, this eProcurement solution reduced pending requisitions by 50 percent and tripled the number of purchases processed per month.

"By being able to track information and meet service-level commitments, we have a better relationship with our vendor community and the City departments," said Tim Krus, project manager, Bureau of Purchasing for the City of Baltimore. "This has made a positive impact on the City."

Apart from construction projects, all City purchasing is now managed online through BuySpeed® from requisitions, purchase orders and bids, to vendor registrations, invoices and receipts. The system is integrated with Microsoft Dynamics, the City's financial system, and provides a three-way match between purchase orders, receipts and invoices. BuySpeed® is accessible via the web throughout City offices and is available to more than 500 staff and managers in 44 City departments. Vendors who want to do business with the City of Baltimore register in the system for free. City staff can identify and select vendors by NIGP code and notify them of bid opportunities – all electronically. Since BuySpeed®'s roll-out, the City's registered vendors list has more than tripled, from 3,000 to 10,000, increasing competition for City purchases. In 2009, BuySpeed® enabled approximately $230 million in purchases through 15,000 purchase orders. More than 46,000 invoices were approved for payment using BuySpeed®'s automated invoice matching capabilities that year.

BuySpeed® is a product of Periscope Holdings, Inc., of Austin, Texas. The City of Baltimore uses BuySpeed® rebranded as CitiBuy.

Periscope
HOLDINGS INC

City of Baltimore, Bureau of Purchasing

Baltimore, with a population of approximately 636,000 is Maryland's largest city. The City's Bureau of Purchasing oversees purchases for City government operations. The bureau serves more than 500 staff and managers in 44 agencies and departments.

The goal of the Bureau of Purchases is to provide unequaled customer service and obtain the best value in procurement and print services. The best value is defined as delivering the right good or service, at the right time, to the right place, from the right source, and at the right price.

More than 1,500 per month

500 per month

Using Manual Process
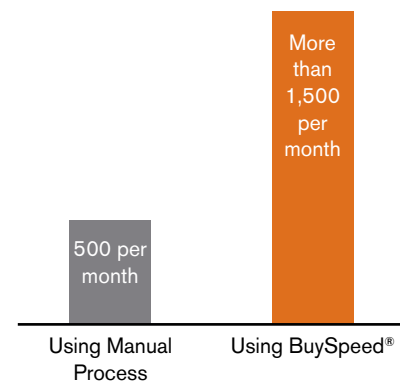
Using BuySpeed®

Purchases Processed per Month Triples

Cumbersome system hampered City's purchasing

Inefficient paper-based purchasing process

Before implementing BuySpeed® the City relied on an antiquated, paper-based purchasing process. Each purchase went through several manual steps:

- Administrative staff within a City department typed purchase details onto a multi-part requisition form. Staff either hand-carried the form or sent it via inter-departmental mail to managers for approval and then to the City's budget department for its OK and the encumbrance of funds.

- The requisition form was then mailed or hand-carried to the City's purchasing bureau, where staff retyped the information into the bureau's internal tracking database.

- The bureau's database was accessible only to City buyers, not to the staff who made the requisition or to vendors supplying the service or product purchased.

- Bureau staff then typed a purchase order, which was mailed to the vendor.

There was no easy way for all parties involved to check the status of a requisition or purchase order. Too much staff time was being spent tracking these down.

Requisitions were aging at an unacceptable rate

Under the old system, each purchase had to be approved by a buyer regardless of the amount spent or how routine the purchase. This slowed the entire process.

"Our reputation when using the paper method was that we were falling further and further behind," said Krus. "We had an unacceptable number of open requisitions each month and were losing ground."

Unable to compile data for reports, prioritize work

With the paper-based system, the bureau had no way to collect data needed by managers to improve employee performance or business processes.

- The bureau had no information about how long it took City purchases to snake their way through the process, and couldn't see where the bottlenecks were.

- It had no way to identify the requisitions that were languishing in the process so staff could assign these a higher priority.

"We needed to have instant visibility for everything in the purchasing system," said Joe Mazza, City purchasing agent. "The buyers were basically self-reporting on their work. We had no way to verify it."

Vendor registration limited, bidding a time-consuming process

Before the implementation of BuySpeed®, the City had a limited reach when advertising its bids to potential vendors.

- Vendors who wanted to receive City bid notices online had to pay an annual fee and register with BidNet. The City notified registered vendors of bids, but vendors could not respond to bids online.

- Staff would scour a separate, City-compiled bidders list to select potential suppliers for a particular bid. They then mailed postcards notifying the selected recipients about the bid.

- Because neither BidNet nor its in-house vendor list had NIGP codes associated with vendors, staff had to use their "best guess" in selecting which vendors to notify.

"With the paper process, the big question being asked was: Where is my requisition? Why haven't I received a purchase order?" said Mazza. "Sometimes it was sitting on the department head's desk or in the budget office. Sometimes it might not have been assigned to a buyer, or it was somewhere in between."

Online tool makes requisitions more efficient

In 2007, the City implemented the BuySpeed® eProcurement system. After unsuccessful attempts to implement PeopleSoft and Oracle, the City sought a procurement system designed specifically for government agencies. BuySpeed® provided a solution designed to meet the unique controls of the public sector, while also providing workflow and reporting tools to increase processing efficiency.
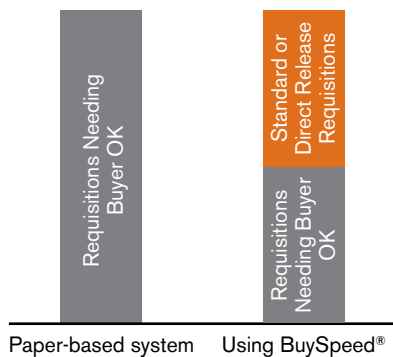
- **Requisitions processed per month tripled with BuySpeed®** – The number of requisitions processed monthly jumped from fewer than 500 before BuySpeed®'s implementation to more than 1,500 with the new system.

- **Standard and direct release purchase orders are now 50 percent of total procurements. This increases flow to strategic contracts, which reduces unit costs for items purchased and decreases processing times.**
  Approximately:
    - **96 percent of standard release requisitions are now processed in less than three days, and**
    - **98 percent of direct release requisitions are now processed in less than one day.**

- The number of open purchases at any one time has dropped by 50 percent. Approximately:
    - 95 percent of open market purchases under $5,000 are now processed in less than six days,
    - 70 percent of open market purchases between $5,000 and under $25,000 are now processed in less than 40 days, and
    - 95 percent of open market purchases of $25,000 or greater (requiring formal solicitations) are now processed in less than 50 days.

- Government-to-business "punch-outs" allow for quick and easy purchases – Department staff can visit the Grainger Industries and Rudolph's Office Supply websites through BuySpeed® to purchase items and automatically generate a purchase order.

- Online bid posting – The City streamlined the bid notice/response process and now posts all bid notices online through BuySpeed®.

- Quick, online access to requisition status for all – More than 500 staff throughout the City's 44 departments can access web-based BuySpeed® and check the status of their purchase requests.

- Purchasing process data available – Standard and customized reports compile data to identify bottlenecks in the process, detail buyer productivity and reveal requisitions needing priority attention.

- Ability to improve process and customer service – The new data allows the bureau to set benchmarks and establish – and stick to – service level agreements with City departments.

- Improved budget transparency to the public – The data collected by BuySpeed® delivers detailed purchasing statistics that can be used to compare performance against expected outcomes – important for governments now more than ever before.

- Vendor registration more than tripled, from 3,000 to nearly 10,000 – With BuySpeed®, any vendor can easily register for free, download bid notices and respond to bids online.

- Approximately 26 percent of registered vendors awarded POs – Vendor registration through BuySpeed® captures more details about which services and commodities vendors provide using NIGP codes. Bureau staff can easily search the vendor database to identify vendors who provide the services and products they need. With the click of a button, staff use BuySpeed® to notify these vendors by e-mail or fax that a solicitation is available. (Zetafax, an online fax package, is integrated with the system.)

- BuySpeed® integrated with City's financial system – In 2007, BuySpeed® integration with the City's legacy mainframe financial system went live. In February 2009, the City migrated to the Microsoft Dynamics financial system, and Periscope implemented a new integration to Microsoft Dynamics. This implementation also included integration to an online document management system, where vendor invoices are scanned and integrated into BuySpeed® and Microsoft Dynamics. This allows accounts payable to efficiently and accurately issue payments, and vendors can track payment status through BuySpeed®'s vendor portal.

- Tracking of requisition through payment – Staff can ensure that items requisitioned were received and vendors paid for the encumbered amount. The City of Baltimore is a leader in using statistical information to measure agency performance. BuySpeed®, integrated with the City's financial system, extends the agency's data-collecting ability.

Half of Requisitions Processed with BuySpeed® are Standard or Direct Release

> "Baltimore is a leader in using statistical information to measure agency performance," said Krus. "Because BuySpeed® so accurately mirrors the public procurement process it captures data in a very understandable way. It's much easier to do our reporting."

Conclusion

BuySpeed® has enabled the City of Baltimore to re-engineer its lumbering, paper-based purchasing process from one that was not keeping up with the City's needs into an online process that churns out three times as many purchases a month as it once did. All parties involved in a purchase can log on to BuySpeed® via the web to easily create a requisition, approve a purchase, search for potential vendors, post a bid, respond to a bid request or issue a payment.

This eProcurement solution allows more than half of City purchase orders (excluding construction contracts) to be issued within 72 hours. Government-to-business "punch-outs" let staff purchase items directly from a company's website, without the need for a buyer's OK. Ninety-eight percent of these are finalized the same day. Standard release purchase orders with vendors under contract get a quick online OK from a buyer, usually within three days.

Because the City's Microsoft Dynamics financial system is integrated with BuySpeed®, every step of the process – from the initial requisition to vendor payment – is tracked and handled online. This provides the City with a solid audit trail, which is especially important today as government spending must be transparent and government agencies fully accountable to the public.