

# PHILADELPHIA EVOLVES: HOW TECHNOLOGY IS DRIVING PROCUREMENT MODERNIZATION

The City of Philadelphia is big, but its annual \$3.1 billion spend is even bigger than many residents may realize. To ensure every dollar is maximized and better manage the 1900 suppliers who bid on government solicitations, the City worked across all departments to evaluate processes, procedures and technology.

These efforts led to a Home Rule Charter amendment being brought to voters. The amendment passed allowing the City the ability to award contracts on factors, other than just price, including quality, past performance, budget, schedule, and meeting or exceeding M/W/DSBE goals. Another important change was Philadelphia's move to the BuySpeed eProcurement system.



## City Invests in First Electronic Bidding Platform to Save Money Across All Purchases

Philadelphia has worked to make doing business with the city more efficient. It has dropped its antiquated paper procedures for its first-ever eProcurement system, and added processes that now make it easier for small, minority- and women-owned businesses to get a shot at the billions of dollars the city spends on goods and services each year.

To start, the City deployed the BuySpeed web-based procurement system from Periscope Holdings for online bidding. Since rebranded PHLContracts, this easy-to-use digital platform efficiently and intelligently automates the front-end supply chain management process. It is not only used to post solicitations across all categories and subsequently manage awarded contracts, but it is used to register and manage suppliers. The highly configurable BuySpeed system also integrated nicely with a reverse auction service – which is projected to save the City nearly \$1 million in the first year alone. However, that's not the only reason City leaders consider PHLContracts “the gateway to better business.”

## The City has also seen a 200% participation increase in its supplier and internal stakeholder outreach events, which has resulted in a growing pool of qualified suppliers.

As a bonus, PHLContracts features a log of expiring contracts so that buyers can share upcoming bid opportunities with registered suppliers, which aids with recruitment of new suppliers and encourages increased participation in all solicitation categories. More than 2800 suppliers are now competing for City contracts, many of which are local, women- and minority-owned businesses that previously found it difficult to find and qualify for City contracts opportunities. This new level of participation is not only increasing competition, and driving down the cost of City goods and services, but it is giving a welcome boost to the local economy.

For example, when the public works unit rolled out their first bids on the new eProcurement platform in November 2016, they posted a bid solicitation that historically would receive only one response. Impressively, the department received three responses – a 300% increase in participation – just by using the more modern sourcing components that the PHLContracts system provides. Overall, the number of bidders for each public works contract has increased

from 3.74 to 4.92, and all City departments combined have seen a jump in the number of bid responses and, therefore, more price and quality competition.

At the same time, the eProcurement system has given Philadelphia the tools to re-energize its supplier performance program. By July 2018, all 55 Philadelphia government departments will have fully transitioned to PHLContracts, which means that the entire City government will have the tools to award contracts using best practices. The move to the new Best Value buying model is being implemented in a thoughtful and deliberate way through this calendar year and the next. Instead of being forced to score suppliers using the traditional – and often limiting – best price structure, procurement officials can now choose suppliers based on more important factors, such as quality of work, on-time, on-budget and diversity and inclusion goals. The City's public entities will be able to review "competitive sealed proposals" or conduct "competitive sealed negotiations" to ensure competency and value, and ultimately balance worth with cost, on an "apples to apples" basis.

This method still saves the City – and therefore taxpayers – a lot of money, but it delivers a much greater return on investment across the board.



Learn more about how eProcurement technologies can directly support your fiscal management efforts at

[www.periscopeholdings.com](http://www.periscopeholdings.com)