



**8 STEPS TO PROCURING ePROCUREMENT:**

**A Playbook for the  
Public Sector**

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# INTRODUCTION

eProcurement – or electronic procurement – is gaining widespread attention within the public sector as agencies at all levels begin to evaluate the best technologies to facilitate a full, and future-proof, digital transformation.

Conservative estimates suggest that reform of government procurement practices, many of which have been in place for decades without change, could save 5 to 10% of total spending. And that's just the start. eProcurement technology platforms have proven to deliver a host of benefits to federal, state, and local government entities.



However, there still remains confusion as to the purpose and capabilities of an eProcurement system among many in the public sector. Some consider eProcurement to be, in its most basic form, the electronic publishing and receiving of solicitations. Others define eProcurement as the holistic digitalization of the procurement function; the complete transference of purchasing processes, documents and communications to an electronic system. While there are varying levels of eProcurement utilized in the public sector today, the ultimate goal should be to automate the full procure-to-pay process efficiently and intelligently.

## ROOM FOR IMPROVEMENT

A recent Center for Digital Government survey of 138 government, IT and procurement decision-makers found 31 percent of respondents don't have a portal or eProcurement system where they can post bids and RFPs online – a fundamental capability necessitated in today's modern procurement environment.



Business Intelligence



eSourcing /  
Quotes / RFPs /  
eCatalogs



Vendor  
Registration /  
Management  
and Bidding



Contract  
Management



Government-  
to-Business  
Punchouts /  
Requisitions



Invoicing /  
Accounts  
Payable

## STEP ONE

## Embrace Current Challenges and Define Future Goals

Procurement is how governments get work done — from rebuilding infrastructure to modernizing technology to overhauling school curriculum. However, manual and legacy procurement processes tend to add cost, cause delay and reduce agility, while creating a host of other challenges. This is resulting in a rapid uptick of procurement modernization initiatives, which is great news.

Before you can make any changes to improve your procurement function, though, you must first complete a baseline analysis of its “health.”

It has probably been several years since you last conducted an in-depth audit of your entire purchasing process or, quite honestly, even researched the many modern procurement technologies available in the marketplace. Whether you are eager to make a few small changes to your procurement processes or overhaul your entire procurement function, it is important that you first identify current pain points, the root causes of those issues, and your ideal outcome(s).

### Sample Challenges: Where Am I Starting?

We are still using manual processes; we need to digitalize our procurement function	We lack visibility into our spend, which makes it difficult to identify duplicate purchases or make adjustments to vendors/contracts extract more value
I just realized that my eProcurement system is not the best out there, and it is no longer supporting my needs	We know we need a best-of-breed eProcurement system, and we don't currently have an ERP solution. However, we don't have executive support for ePro
We have an ERP upgrade in the works, but my current system is insufficient and I can't wait another month, much less another year, to make a change	We have a new ERP-based procurement system, but it is a bad system and is hurting more than helping; we need to make the case for a standalone ePro system

## STEP ONE

## Embrace Current Challenges and Define Future Goals

CONTINUED

## Sample Goals: Where Do I Need to Go, and Why?

Increase supplier diversity and/or participation from Certified Business Entities (i.e. small, local, women-, minority-, or veteran-owned businesses)	Increase visibility, create transparency and enhance accountability
Centralize procurement function	Increase competition to improve quality and value
Reduce processing times for purchase requests	Improve resource utilization
Automate procure-to-pay workflows	Introduce more effective spending controls
Establish a framework that can support new green purchasing standards	Create system that facilitates easy local agency purchasing off statewide contracts
<i>What else do you want to achieve?</i>	

## Just Don't Forget to Document and Analyze "As Is" Business Processes

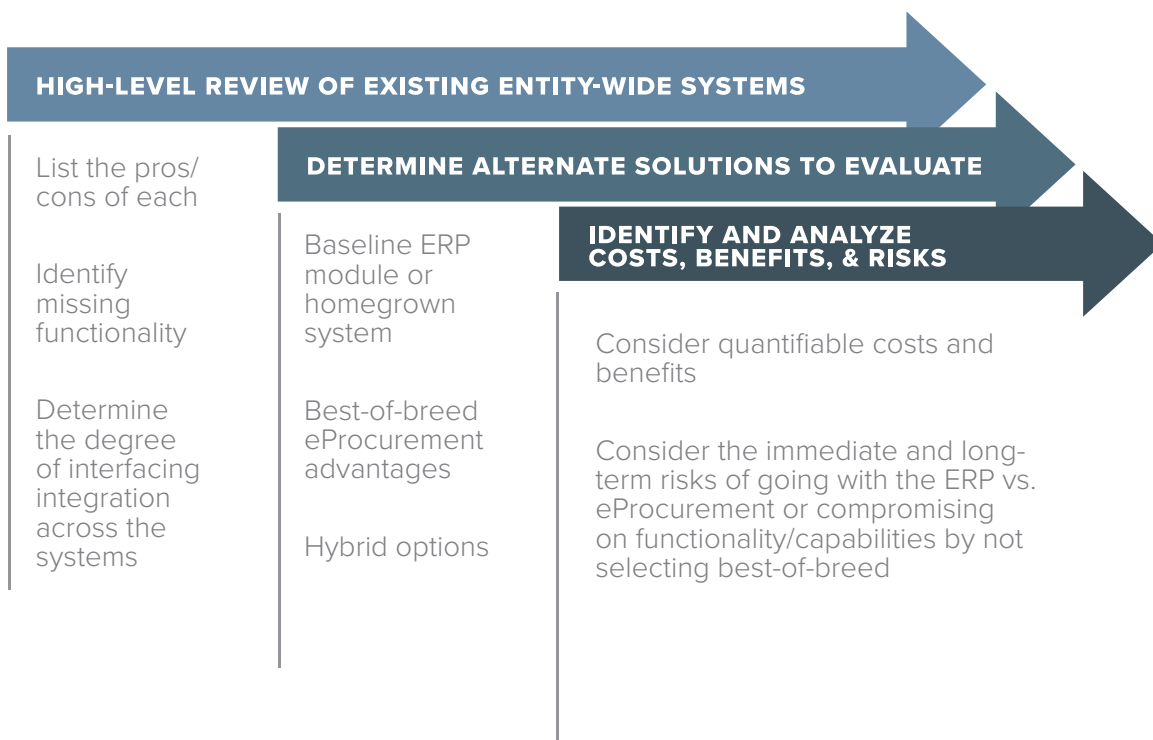
Identify the start and end points of the process.	Identify what's needed to perform the process and where it comes from (e.g. paper, web, fax, etc.)
Identify what's produced by the process	Identify who completes each activity

Place the steps into a flowcharting software program in a swim lane format, i.e. process map. This will help you clearly identify process re-engineering requirements as you overhaul your technology system and modernize the entire procurement function.

## STEP TWO

# Build the Business Case for the Procurement Solution That is Best for Your Agency

## Begin to Develop Your Business Case...



## And Your Budget...

### Perform Financial Analysis

- Quantifiable benefits and costs
- Non-quantifiable benefits and costs

### Prepare a Funding Plan

- Determine funding options for consideration
- Develop proposed funding model that is fair and equitable
- Draft budget issue for consideration by project sponsors and governing authority

## STEP TWO

**Build the Business Case for the Procurement Solution That is Best for Your Agency**

CONTINUED

**Then Prepare Your Business Case Analysis Report**

- ☒ Executive Summary
- ☒ Analysis of existing ERP systems environment
- ☒ Alternative solutions for moving forward
- ☒ Recommendations & high-level implementation plan
- ☒ Scope and approach
- ☒ Detailed discussion of financial analysis and results

Once you complete this exercise, it will be easier to identify potential remedies to current challenges and decide which type of procurement technology platform is best for your agency.

**A Word of Caution**

Not all procurement problems can be solved using software alone. Although technology can and should be utilized to facilitate change, it is only possible to make meaningful improvements and sustain a long-term return on investment if you simultaneously overhaul your business processes or address statutory obligations and restrictions.

**STEP THREE**

## Solicit Stakeholder Feedback and Support – and Do It Early

No purchase decision is going to be made in a procurement silo. Given the tight integration of eProcurement systems with other agency functions, and the direct impact that procurement has on the success of government initiatives, it is critical to involve all stakeholders in your decision making process in some capacity. Present your business case

and seek input not only from your procurement team, but from finance, IT and even upper management. These key personnel will serve as either influencers or decision makers – or both. Without their unified support, or at least understanding, it may be challenging to secure approval for any eProcurement technology purchase.

### Recruit a “Champion” for Your Cause from Upper Management...



Governor,  
mayor or other  
civil leader



CIO



CTO



CFO

### Then Build Your Winning Team for Project Execution.



Procurement  
leaders and  
users



Finance/  
accounting  
department



IT  
department



Legal  
department/  
auditors



## STEP THREE

**Solicit Stakeholder Feedback and Support  
– and Do It Early**

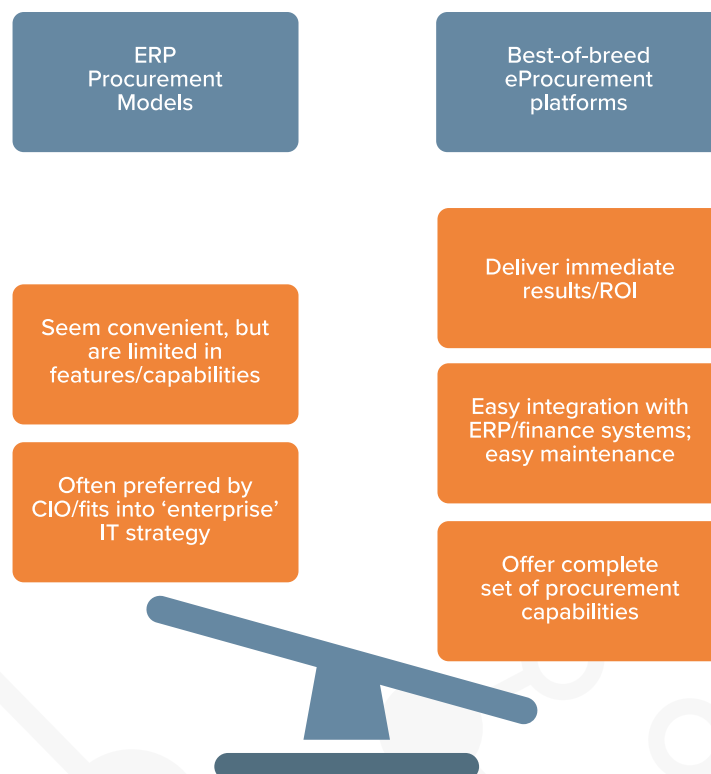
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**Prepare for The Ultimate Showdown: Deciding Which  
Procurement Technology Solution is Best**

Although many public sector CIOs may advocate for procurement to be conducted via the ERP, and many public sector procurement professionals will push for a best-of-breed eProcurement system, the ideal technology solution to facilitate fast procurement modernization may indeed be an eProcurement system that lives outside of – but remains tightly integrated with – the core ERP.

**The Real Win-Win: A Hybrid ePro-ERP Approach**

This type of compromise does not require procurement to wait until an ERP upgrade is complete a year, or three years, from now to start introducing new efficiencies. A best-of-breed solution can be integrated with existing systems and on-boarded immediately and then later integrated with new or upgraded finance, human resources or ERP systems. As a result, buyers gain access to fully-functioning eProcurement system within weeks or months, and other agency stakeholders maintain full access to cross-functional business systems – and critical procurement data – as incremental technology upgrades occur.



## STEP THREE

Solicit Stakeholder Feedback and Support  
– and Do It Early

CONTINUED

My [ CIO / CFO / Governor ]  
will not sign off on a new  
eProcurement solution for  
[ insert reason ]. How do I  
change his / her mind?

## Still Facing Challengers?

Your credibility or relationship with C-level leaders may not be enough to secure their support for your cause. Before you can plea your case to decision makers, arm yourself with proof that your preferred eProcurement system is best for the entire agency. And you must be prepared to present that proof in a language each stakeholder will understand.

Whether you are advocating for your agency's move to a standalone eProcurement platform

(because you don't have an ERP) or the utilization of an integrated ERP/eProcurement system, you have to communicate the risks associated with not investing in an eProcurement solution, waiting for an ERP upgrade or – worse – not making any changes at all. Of course, be sure to tout the benefits of your recommended solution too.

*See below for stats that will persuade.*

## Examples of Proof Points to Compile



## Easy Integration

49% of respondents said they desired a procurement solution that is easier to integrate into processes.\*



## Better Resource Utilization

40% of respondents said more efficient use of their staff time was among the top 3 benefits that attracts them to a best-of-breed eProcurement module.\*



## Cost Savings

Money Talks. Best-of-breed eProcurement software cost less to implement and maintain than traditional ERP procurement modules. That's the #1 reason why government agencies prefer ePro over ERP.

Use findings from third-party research, such as the data from this recent Center for Digital Government survey of 138 Government, IT and procurement decision-makers.

## Turn to your peers for help building your case.

**TIP:** Use case studies to 'prove' your business case to other decision makers.

Case studies provide more than "proof of concept". They are filled with stats, process descriptions, and testimonials that clearly demonstrate the value and feasibility of your preferred procurement technology solution in an environment that mirrors your own.

## Governor / Mayor

ePro offers tools that increase supplier diversity, deliver more value for every taxpayer dollar spent, which protects rainy day funds and allows you to deliver on promised infrastructure, programs, etc.. ePro also increases small, women, minority and veteran-owned business participation in solicitations, which builds goodwill among caucuses that appreciate the administration's support of such business enterprises, especially those that return revenues to the local economy

## CIO / IT

ePro is easy to integrate with ERP; minimal burden on IT resources; eliminates redundant inputs; cloud-based systems are neat; the ePro vendor will lead integration so that you don't have to worry about interfaces; ePro also provides visibility into project spend and quality - this transparency improves governance for high profile digital transformation project

## CFO

ePro will directly interface with your finance system, so you will always have a single source of truth about spend, direct access to clean and complete data sets; increased visibility into spend will aid with budget planning and reporting

*Whatever you do, be sure to speak your stakeholders' language.*

**STEP FOUR**

## Decide How to Procure an eProcurement Solution

Just like any other public sector technology purchase, there are many vehicles that can be used to solicit for an eProcurement system. To determine which is best for your agency, consider the following:

### Resources

- How much time and effort can my staff dedicate to this project?
- Do I need to outsource most of the process analysis/re-engineering and system integration?

### Priorities

- What capabilities do I need immediately?
- What does my budget allow me to procure now vs. later?
- What parts of the project are most important to me and other stakeholders?

### Solicitation Types

- What are the pros and cons of using a formal RFP vs. co-op or other type of solicitation?
- Do I need to issue an RFI/RFQ first to ensure my project is even achievable within current budget/system /timeline parameters

**STEP FIVE**

## Select the Right Solution – and the Right Partner

### Be Sure to Ask the Right Questions

Modern procurement technologies should be designed to simplify the purchasing process, protect taxpayer dollars and ensure fair competition. However, not all procurement technologies are created equal. The only way to ensure that the best-of-breed eProcurement platform you plan to use is really the best for your agency is to develop a thorough requirements checklist for reference during the evaluation process.

#### Sample Features and Capabilities Checklist

	Customizable vendor management (registration, bidding, purchase orders/POs, etc.)
	Self-service vendor model (vendor manages profile maintenance, electronic quoting, PO/change order pickup)
	De-centralized informal quote support
	Pre-encumbrance, encumbrance, and expense control
	Out-of-the-box account NIGP or other classification code support
	Configurable approval paths
	Built-in audit trails that are tied to workflows and document processing
	Multi-layered, enterprise-grade security ecosystem, including firewalls, intrusion detection, network partitioning, physical security, managed and hosting security services, threat management, disaster recovery, data encryption
	eCatalogs that provide consumer shopping-like experience and automate/enforce contract spending
	24/7 web-enabled application for easy access by all users and stakeholders
	Full integration with third-party systems
	Full-service process re-engineering, platform integration, on-boarding, training and post-launch support services by vendor team
	Business Intelligence Reporting and Dashboards with advanced filtering capabilities like top/bottom filtering, chart formatting, dashboard exports, and tree maps

## STEP SIX

## Plan Diligently – and Plan for the Unexpected

Every successful digital transformation requires a well-defined strategy. Once you have convened all parties involved in your procurement modernization effort, it is time to map out a plan of attack.



Outline Your  
Vision



Begin with the  
End in Sight



Validate  
Business Goals  
and Objectives



Communicate  
with All Parties



Establish Project  
Management  
Structure and  
Standards



Be Willing to  
Compromise



Develop, Maintain, and  
Refine (as needed) a  
Detailed Project Plan  
with a Timeline



Keep Pursuing



### Warning

Internal delays are possible and, quite frankly, to be expected. Have a contingency plan prepared. Factor delays into your timeline. Most importantly, be flexible.



## STEP SEVEN

# Execute, Evaluate, and Refine




The project does not end once you “go live.” In fact, it is almost more important to conduct an in-depth analysis of eProcurement system performance in the months immediately following launch than during beta testing.

- ☒ Develop a set of both quantifiable and intangible key performance indicators (KPIs).
- ☒ Consistently solicit feedback from both end-users and the integration team.
- ☒ Identify gaps in capabilities once real-world applications are tested on a mass scale. Incrementally on-board new system features as needed.
- ☒ Maintain a support team that can address technical issues in real-time.
- ☒ Analyze both the technology and associated processes simultaneously to ensure they are in sync. Be prepared to adjust workflow rules or define new processes if needed to facilitate more efficient procurements in the modern technology system.
- ☒ Don't forget to train end-users thoroughly on the new system; this will minimize productivity disruptions during the transition

## STEP EIGHT

# Don't Forget to Document, and Share, Your Success

It is so important to showcase your project's success both internally and externally. Not only does this build credibility for you and your team, but it shines a spotlight on your superiors.

-  Give credit where credit is due – to IT, vendors, and certainly your government's leadership.
-  Develop case studies, leverage social media, and be willing to talk to media to tout the impact of your procurement modernization efforts on both your agency, larger government, and the local economy – to include the businesses and taxpayers benefiting from streamlined procurement processes.
-  Develop internal newsletters, or host public events, to showcase the benefits of your new procurement system. This will help to recruit vendors (which will increase competition) and internal agency users/local agency users (which aids with procurement standardization and centralization efforts).



No matter the communications channel, remember to talk about change agents during the implementation. This will help you demonstrate the extensive effort that was put into making this project a success while aiding with the documentation of “lessons learned” and best practices for future implementations by both your agency and others in government.



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