University of Toronto

Enabling the University of Toronto's "USHOP" eProcurement Solution

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University of Toronto

- 76,143 students - 11,807 faculty and staff and 450,000 alumni
- operating budget: $1.6 billion
- research grant and contract support: $650
- 278 Hectares with 262 Buildings
- 75 PhD programs, 17 professional faculties
- 2nd Largest concentration of medical research in NA
- library has over 15 million holdings and is one of the top 4 research libraries in North America
- 23 collective agreements

Current Situation

- Current version ECC 6.0
- SRM version 5.0
- Web development, Netweaver (which integrates SAP and non SAP functionality)
- Using CE and CAF
- Using workflow, imaging (Open Text),

eProcurement Philosophy

"Our goal is for eProcurement to become the purchasing method of choice for the University of Toronto. This will be achieved by creating the optimal purchasing experience for users while creating the optimal marketing channel for suppliers."

S. Whittaker, University of Toronto 2002

Procurement Issues

- ~ 2,000 commercial trade accounts
- 44,816 items (many duplicates)
- 305,000 purchases annually
  - 210,000 purchase order transactions
  - 95,000 renegade buys
  - 15-27% higher cost
- SAP purchasing difficult for casual users
- ~700 purchasers

Why did we do it?

- To *simplify* purchasing processes
  - Drive down process complexity & cost
- *Increase productivity*
  - Reduce time spent on non-core activities
- *Reduce cost* of goods purchased
  - Facilitates vendor consolidation – more volume/fewer suppliers = lower prices
  - *Focus on more strategic issues*
    - Changes to RFP requirements

User Involvement

- Focus Group
  - 40 U of T participants
  - Across all campuses
  - Business officers/researchers/management
  - Workshops and interviews
  - Review sessions
  - Constant feedback

Stakeholders – Who are they?

- End users
  - Principal investigators
  - departmental administrators
  - specialized Buying Groups
- Internal Funding Bodies
  - Deans of Arts & Science, Medicine, Engineering
  - Chief Financial Officer
- Suppliers
  - Tier 1 suppliers
  - High volume, low value
  - Controlled substances

Supplier buy-in

- Get CEO buy-in to allocate resources
- Leverage existing eCommerce investment
- Multiple participation strategies
- Profile – “Founding partner”
- Detailed project plan with milestones – collaborate, communicate, monitor

Supplier buy-in

- Terms of engagement – eProcurement pre-qualifier
- Exclusivity for non-strategic commodities
- Universal standards
  - UNSPSC
  - OCI and XCBL
- Payment terms

Purchasing Process Comparison

Steps / Touch Points

	"Pick-up the phone and order"				SAP / FIS		SAP EBP	
	Purchasing Card		"Bill me" - Certified Invoice		Purchase Order		eProcurement	
	P.I.	Business Officer	P.I.	Business Officer	P.I.	Business Officer	P.I.	Business Officer
Search for (source) product								
Source competitive bids								
Negotiate terms & conditions								
Create account with vendor								
Create vendor account in SAP								
Create PO or Requisition in SAP								
Record purchase to track Budget								
Fax supporting documents to ProcSvcs or PO to vendor								
Fax PST Exemption Certificate to vendor								
Fax PO to vendor								
Receive goods (physical)								
Forward shipping documents to Business Officer								
Receive goods (system)								
Receive vendor invoice								
Reconcile vendor invoice with Purchase Order								
Process invoice for payment								
Issue cheque/funds to supplier								
Reconcile departmental accounts								
Touch points	4	4	6	8	5	10	3	1
Process Touch points	8		14		15		4	
Capture detail for reporting?	YES		NO		YES		YES	

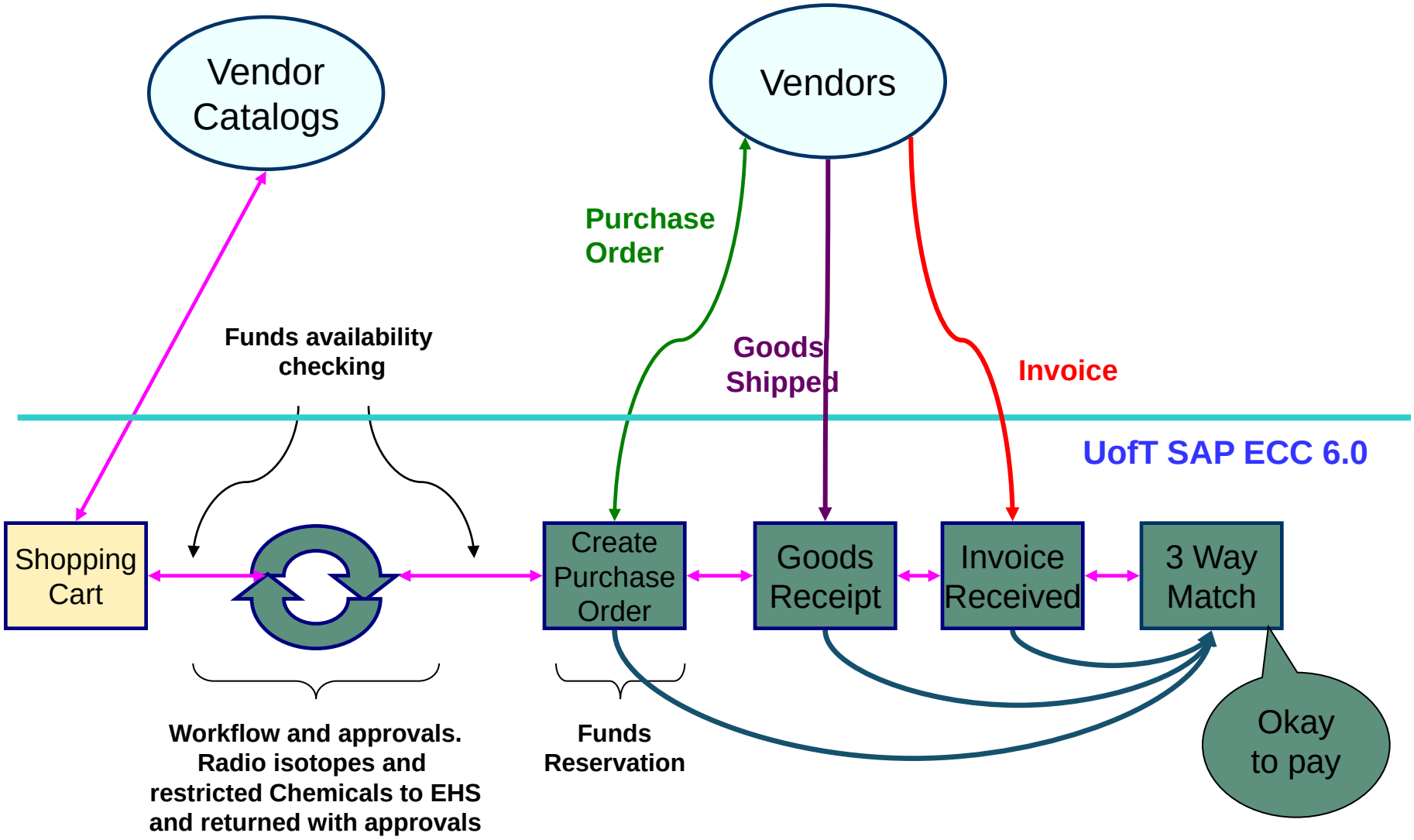
University Non Salary Expenditures

($ thousands)

Materials & Supplies	**$112,659**
Services (e.g. Utilities)	**64,918**
Ancillary Services	**54,823**
Non Capital Repairs & Maintenance	**32,554**
Other Expenses	**28,498**
P-Card Purchases	**6,738**
TOTAL	**$ 300,190**

$ 68 Million

University of Toronto – eProcurement Workflow



Savings and Benefits

- Estimated 7% - over $4.76M annually
- Easy to use – 24 by 7 availability
- Guide purchaser to prime vendor with value assured
- Multiple quotes eliminated
- Streamline administrative tasks and eliminates spending limits
- Savings directly to departments and researchers
- Improved accountability

More time devoted to academic pursuits

Ushop Facts

- USHOP has over 1,600 registered users from 250 departments representing 20 Faculties and Divisions.

- Through USHOP, the University has processed over 85,000 orders and more than $38 million in spend.

Challenges
Vendors

- Vendor Engagement
- Long process to set up a single vendor with the catalog and integration of invoice, goods receipt processes
- Many are not Canadian based
- We have included the UofT Software License Office
- 17 vendors

Challenges
Users

- User take up of the UShop
- Not enough vendors and in many cases need to use old methods of procurement
- Don’t know about it
- Change Management
- Only $8,404,718 through UShop for 2010

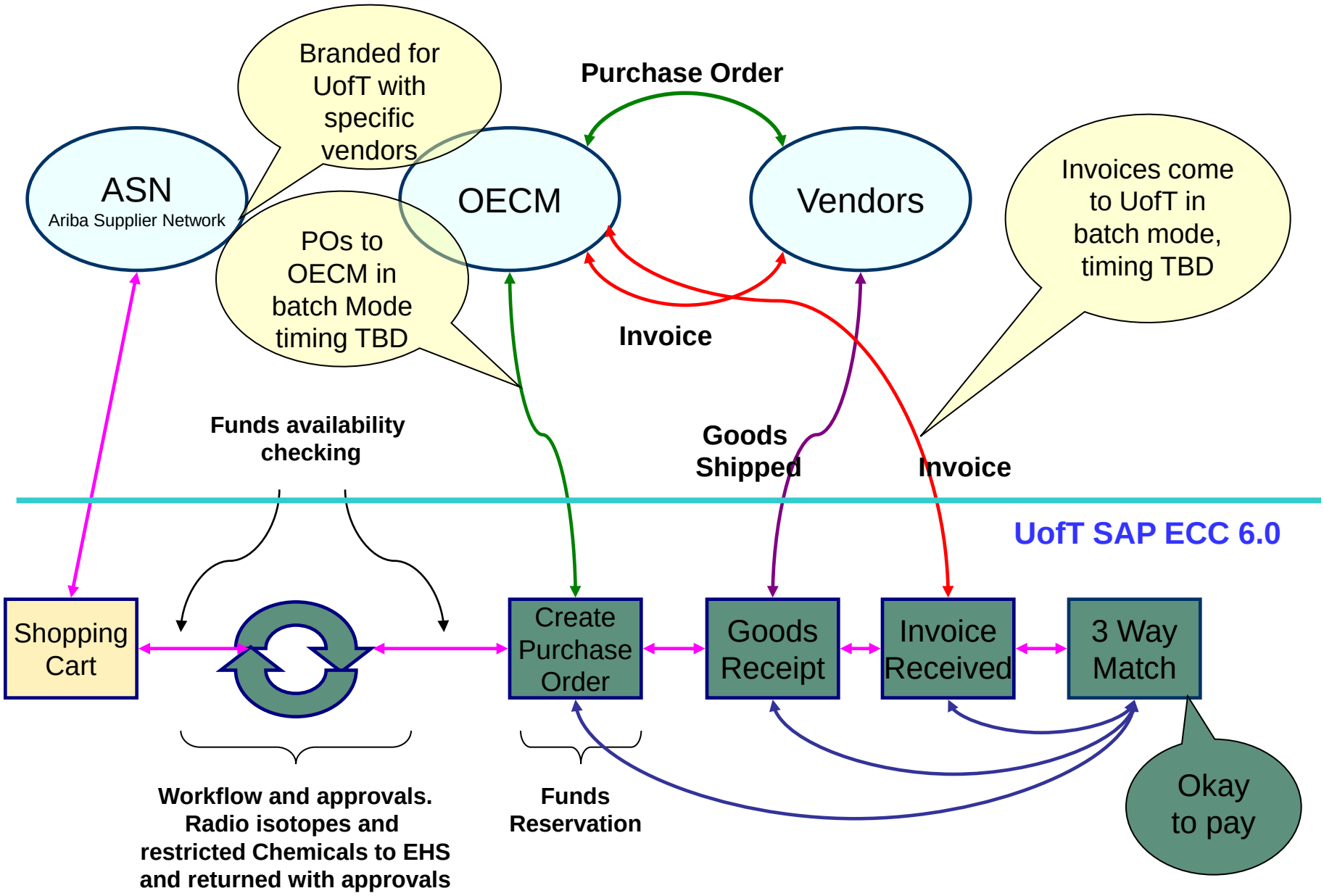
Addressing the Challenges
Vendors

- Ontario Provincial Government created – Ontario Buys
  - to address public sector purchasing and look for efficiencies
  - Ontario Education Collaborative Marketplace (OECM) was formed to address K – 12, Colleges and University purchasing

OECM

- Strategic Sourcing
- Creation of a Marketplace
  - Multiple vendors with catalogs
- Negotiate with and on-board vendors
- Contracted with Ariba to use the Ariba Supplier Network (ASN)

University of Toronto – eProcurement Workflow



Overall Benefits - OECM

- OECM Determines interface with Vendors for PO’s and Invoices
- Removes the need for tight integration
- Data transfer – flat file batch mode
- Standard interface OECM and SAP SCU’s to be determined by SAP SCU’s and OECM
- SCU punches out to SCU branded eMarketplace or ASN
- Still retain the functionality of SAP and SRM

Addressing the Challenges: Users

- Branded with Ushop
- Engaged DesignWorks
  - Rotman School of Management
  - To look at procurement as a whole from the users perspective
  - Walking in their shoes
  - Part of this is to look at the user view of Ushop
- How change is brought about

Designworks

Rotman School of Management

Design-based innovation and education centre, focused on Strategy and Business Design.

Ambition: Help **shape business practices** in a way that will contribute to future growth and prosperity and **groom a new generation** of business designers.

DesignWorks

1. Empathy and Deep User Understanding
   I. Interviews
   II. Observation
   III. Photo journals
2. Concept Visualization and Prototyping
   I. Exploring possibilities
   II. User feedback into early concept development
   III. Iterative prototyping
3. Strategic Business Design
   I. Taking the concept and translating into a strategy
   II. Aligns organizational activities and connections
   III. Reframe strategic possibilities

The Future

- The work being done in collaboration with OECM and DesignWorks is still work in progress
- We still need to complete negotiations with OECM, design the solution both technology and business aspects and set targets for implementation
- Designworks are moving into the Strategic Business Design phase and will have this completed by June 2010
- Perhaps next year we can report on the successful completion and implementation of OECM and the Designworks Strategy

Questions?

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