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**What You Need to Know**

Procurement is more than simply making a purchasing decision and swiping a purchasing card. Procurement systems today support the entire procurement process, from supplier cataloging to contract management, purchasing, and asset tracking. With the importance of data integration across multiple university systems, in addition to interoperable stand-alone systems, procurement applications are also offered as modules of core information systems, such as financial management systems. Plans to upgrade or implement new systems will depend on the institution’s choice between a stand-alone procurement system or integration with a core system. The split between implementing new systems and connections to infrequently replaced core systems contributes to the lower-half rate-of-change ranking for the procurement system market (figure 1).

*Rate of change is an indicator of how rapidly a system area is changing. It is a composite score based on year of current implementation and on plans to implement new systems or replace existing ones. Systems with the highest rate of change typically have been implemented recently or are expected to be implemented or replaced soon.

**Figure 1. Characteristics of core information systems**
These systems are nearly ubiquitous (used by 90% of institutions) and, depending on the culture of the institution, may be run by central IT or another unit on campus (figure 2).

Figure 2. System provision and plans for change for procurement systems
Market Share

With less than half of the market (46%) using a solution from one of the top 4 vendors—Ellucian, 21%; Oracle PeopleSoft, 13%; SciQuest, 10%; and Jenzabar, 2%—the procurement system market is fairly heterogeneous (figure 3).

Figure 3. 2015 procurement system market
Management Strategy

Although most institutions (70%) still opt for an in-house implementation, one-fifth (17%) have a SaaS implementation. Of the top 4 solutions (listed in order of market share in figure 4), SciQuest is most likely to have a SaaS implementation (73%).

Figure 4. Management strategies in use for top 4 procurement solutions
Deployment Strategy

Procurement systems are most commonly deployed via web-based (50%) or basic desktop applications (30%). Of institutions using one of the top 4 solutions (listed in order of market share in figure 5), those with Oracle PeopleSoft Financial Management are more likely to use a web-based application (75%); those with Ellucian Colleague Finance are more likely to use a basic desktop application (45%).

Figure 5. Deployment strategies in use for top 4 procurement solutions
Case Study: New Procurement Solution Brings Immediate Benefits to Louisiana State University

Louisiana State University (LSU) implemented a new procurement solution in 2016 as part of a broader initiative to replace the institution’s three-decade-old homegrown, unified financial and human resources systems. The project was centered on several criteria for any replacement system: modern capabilities and user interfaces, financially sustainable and nondisruptive ongoing maintenance, and, according to Cynthia Hadden, deputy CIO, executive director, University Information Systems, “a really important point was a unified solution.” She said, “Since a unified solution has only one representation of a record, it eliminates duplicate record keeping and reconciliations, as well as supporting real-time operations. Our legacy systems were unified so everyone knew what that meant, and both the functional areas and [UIS] really wanted a unified solution.”

With this checklist in mind, LSU decided on a software-as-a-service (SaaS) solution, signing a contract with the vendor in January 2015 and going live on July 1, 2016. LSU’s new unified, cloud-based solution consists of financial management, human resources, payroll, grants management, recruiting, and analytics. LSU’s new procurement application is part of the financial management solution.

Transition to the new procurement application required some preparation and uncovered a few unique use cases. LSU configured the application’s back-end rules to ensure appropriate staff access; the institution implemented appropriate approval and review processes to mitigate fraud and errors. Another task involved populating supplier information in the new application, inputting information from supplier-completed forms and classifying suppliers into the appropriate spend category. An ongoing challenge is how to accommodate LSU’s various suppliers in the application—they range from large global corporations to children who sell livestock to LSU’s 4-H Club. For example, parents are reluctant to share their children’s Social Security numbers, so the procurement application requires process and policy modifications to accommodate nontraditional payments. LSU is working with the vendor user community to identify best practices for these situations.

The new procurement solution offers immediate advantages. First is a seamless procurement process. LSU’s legacy procurement solution tied together separate pieces including procurement software, a procurement card (p-card), and the legacy financial system. The new procurement solution encompasses the entire process, including supplier catalogs, supplier contracts, procurement, and p-cards. There are no longer issues trying to load, access, and evaluate data from different systems. “It is important to have all of this functionality together,” explained Sally McKechnie, assistant vice president for Procurement & Property
Management, “It was challenging to pull in information from different systems in order to effectively manage our spend.”

In addition, as a part of a unified solution, the procurement application is part of a global, university environment. Tactically, procurement’s workflow feeds into related tasks. For example, a new equipment purchase entry in the procurement application triggers the asset management inventory tagging function. Strategically, the procurement office gains a broader view of the university fiscal picture. For example, the application’s direct access to grants management information enables more straightforward analysis of grant funding and spending impacts on university spend.

Finally, these advantages, combined with the procurement application’s efficiency features like punchout buying and master contract organization, free up procurement staff from some day-to-day transactional tasks, resulting in more opportunities for strategic undertakings. For example, procurement staff can use analytics to formulate cost-saving procurement strategies or pinpoint/plan for periodic demand spikes for certain products or services. Getting the most out of the system and its capabilities requires an investment in staff training. For front-end training, job aids taught university staff to navigate the procurement application’s interface and processes. Advanced users—like managers and buyers—required more comprehensive, in-person training to understand the solution’s full capabilities.

Future enhancements include bid tabulations and solicitation management. LSU is monitoring the vendor’s semiannual comprehensive upgrades closely and will adopt these capabilities as they mature in the procurement application. In the meantime, LSU has developed an interim solution designed to transition easily to the vendor solution when the time is right. As LSU gets comfortable with its new solution, it plans to tap into the vendor user community to advocate for other enhancements to support university needs.

When reflecting on their experiences, McKechnie and Hadden offered this advice:

- **Evaluate both a solution’s strategic and operational implications thoroughly:** It can be a tricky balancing act during the evaluation process not to focus on one aspect to the detriment of the other. For example, the university didn’t discover that the procurement application’s bid tabulation and solicitation management functions didn’t quite fulfill their requirements until well into the implementation process.

- **Involve the user from the outset:** Modern solutions provide opportunities for functional areas to be more directly responsible for the management and operation of applications on a day-to-day basis. As a result, user involvement is key. During implementation, LSU worked hard to build the
functional and technology areas’ camaraderie. “This team-building effort resulted in better understanding, stronger work relationships, and a cross-pollination of ideas,” stated Hadden.

Following a successful implementation, LSU now looks forward to exploring and realizing its new procurement solution’s benefits. “Generally people get a contracts module, an analytics module and a procurement module,” stated McKechnie. “A unified solution puts all the capabilities in one place, and I think that is a real key to success.”
Conclusion

Whether implementing a stand-alone system or tying to a core system, with a heterogeneous market, institutions have plenty to choose from when selecting a procurement system. As LSU found, modern systems offer benefits of contract management, grants management integration, asset tracking, and end-user control. Institutions implementing new systems should consider strategic and operational implications when evaluating the features of a new solution. Successful implementations will include the end user from the outset.

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About the Enterprise Application Market Series

The Enterprise Application Market report series from the EDUCAUSE Center for Analysis and Research focuses on data from the EDUCAUSE Core Data Service (CDS) to better understand how higher education institutions approach various information systems. Market share and system rate of change are among the metrics highlighted in this series. Information provided for this series was derived from the Information Systems and Applications module of CDS. For reports in the 2015 series, responses from 510 institutions were analyzed. Only U.S. institutions are represented in this series.