Emory University
Procurement Services’ Transformation Roadmap
2016 - 2020
<table>
<thead>
<tr>
<th>Category Management</th>
<th>Current State</th>
<th>Informal</th>
<th>Functional</th>
<th>Standardized</th>
<th>Collaborative</th>
<th>Leading</th>
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<tbody>
<tr>
<td>Sourcing &amp; Category Management</td>
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<td>Supplier Relationship Management</td>
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<td>Procure-to-Pay</td>
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<td>Strategic Direction</td>
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<td>People &amp; Organization</td>
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<td>Asset Management</td>
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<td>Technology</td>
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<td>Performance Management</td>
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<td>Contract Lifecycle Management</td>
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<td>Communications</td>
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The desired future state of Procurement Services will be achieved over a multi-year transformation effort. Organizational maturity will improve in each dimension over this three year period.

**Year 0**
- Procurement activities are driven by contract and dates.
- Procurement is often bypassed or engaged late in the sourcing process.
- Limited category taxonomy exists.
- Purchasing is often performed at the departmental level and procurement is often unable to leverage spend across the organization.
- No formal supplier segmentation in place and is limited to preferred vs non-preferred.
- Some supplier criteria exists, but no formal standards for setting.
- Individual departments monitor supplier performance in ad hoc manner.
- Manual systems are used to create some purchase requisitions and the use of this system is the standard approach.
- Automation of purchase ordering is introduced to reduce processing time.
- Supplier invoices are consolidated so that one supplier gets one check for multiple invoices. Number of checks runs required each month are optimized.
- The procurement strategy is unclear in a number of areas and it does not have visibility on key future initiatives.
- There is poor alignment between procurement and its customers.
- Procurement has been identified as a strategic function, however the organization has not established a clearly defined strategy.
- There is an informal list of procurement KPIs that are related to the overall organization’s performance.
- There is a two-way feedback approach. Formal methods or processes exist to ensure accurate information is being communicated.
- There is an informal communication or discussion of changes and strategies to the internal stakeholders. Several delays may occur throughout the flow of information.

**Year 1**
- Basic metrics are in place to monitor the performance of the procurement organization.
- Some KPIs are established but not measured regularly.
- Some targets exist, but no feedback loop to understand progress to targets.
- Procurement performance is minimally communicated beyond the procurement organization.
- Basic spend information across can be accessed by all of procurement, the information is refreshed consistently, and standard reports are in place.

**Year 2**
- Catalogs are broadly in place and capability exists to drive standard buying behavior and limit non-preferred purchases.
- Electronic tools exist to share transaction and planning information with suppliers.
- Basic spend information access can be accessed by all of procurement, the information is refreshed consistently, and standard reports are in place.

**Year 3**
- Integrated processes with cross-functional stakeholders.
- Catalogs are broadly in place to house all procurement content including contracts, both electronic and hard copies.
- Manual simulations around contract structures are available based on historical data. Individual customers must manually brute and review compliance of T&Cs by its suppliers.
- A contract management system houses all major procurement contracts.
Several guiding principles were accounted for in developing the transformation roadmap.

- Re-deploy and/or re-distribute existing resources while eliminating low priority activities.
- Transformation efforts must remain budget neutral in FY17.
- High priority initiatives which require additional investment (i.e., resource hiring, technology, etc.) will be considered in FY18+.
- Prioritize the development of core competencies and skillsets.
- Continue the commitment to training and development opportunities.

Initiative sequencing and timing have been influenced by the following factors.

- **Quick wins**
  - Prioritize initiatives that are easily executable within 6 months.

- **Enablement of “value delivery”**
  - Focus on delivering cost savings while maintaining alignment to the new capability build as defined within the Procurement Services’ strategy.

- **Resource dedication**
  - Environment for advancement indicates part-time resources supporting these initiatives, thus extending time required for completion.

- **Experiential learning and skills development**
  - Closing identified skill and competency gaps through on-the-job training.

- **Fundamental procurement benefits prioritization**
  - Focus on initiatives that align with customer needs and interests.

- **Foundational requirements**
  - Fundamental initiatives that should be completed before transformative activity can take place.

- **Capability build**
  - Deploying long-term procurement strategies and end-to-end process capabilities.

- **Level of change management required**
  - Critical cross-University buy-in that should be championed by the Steering Committee.

Improvement opportunities were organized into executable initiatives.

- Improvement opportunities were organized into executable initiatives.

- Presenting during Steering Committee #2

- Is this opportunity closely linked to others?
- What value does the opportunity bring to Emory?
- How quickly can this initiative be completed?
- What are the dependencies for launch?

- Special project initiative identification
- Quantitative Value
- Qualitative Value
- Time requirement
- Sequencing of initiatives

- 16 Initiatives
Master list of executable initiatives and their key objectives.

<table>
<thead>
<tr>
<th>Initiative Name</th>
<th>Key Objectives</th>
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<tbody>
<tr>
<td>Develop Enterprise Procurement Network (EPN)</td>
<td>• Build connectivity across University-wide procurement practitioners to develop strategies and drive transformation efforts.</td>
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<tr>
<td>Mission and Strategy</td>
<td>• Develop University-wide understanding of Procurement Services’ purpose, objectives, and offerings. • Ensure alignment to schools and units objectives and priorities.</td>
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<tr>
<td>Payment Terms Analysis</td>
<td>• Establish improved working capital position and reduce total costs.</td>
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<tr>
<td>Contract Templates &amp; Training</td>
<td>• Reduce risk through providing readily available contract templates for all spend categories. • Equip sourcing managers with necessary skills to conduct standardized contract management activities and to integrate with General Counsel.</td>
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<tr>
<td>Communication Strategy</td>
<td>• Distribute and provide access to information regarding procurement changes and strategic initiatives. • Establish an avenue for effective two-way performance feedback.</td>
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<tr>
<td>Procurement Services’ Operating Model</td>
<td>• Develop roles, responsibilities, and skillsets that are aligned to the future state Procurement Services’ strategy.</td>
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<tr>
<td>Procurement Services’ Training Curriculum</td>
<td>• Continue to invest in people to develop core competencies and skillsets to achieve and sustain value.</td>
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<tr>
<td>Emory Express Supplier Portal</td>
<td>• Alleviate resource constraints across the University by provide suppliers with self-service capabilities for registration, payment status, and document transfer.</td>
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<th>Initiative Name</th>
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<tr>
<td>Strategic Sourcing Enablement</td>
<td>• Provide detailed visibility into spend data. • Define and implement a standardized sourcing process to increase efficiencies and savings.</td>
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<tr>
<td>Source-to-Pay Process &amp; Policy Improvement</td>
<td>• Provide clear and easily accessibly processes and policies.</td>
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<tr>
<td>Sourcing Execution</td>
<td>• Increase the proportion of spend managed by Procurement Services. • Drive lower costs by leveraging total Emory spend.</td>
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<tr>
<td>Supplier Relationship Management Program</td>
<td>• Define a structured process to review and address supplier performance. • Improve the process to ensure realization of sourcing benefits.</td>
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<tr>
<td>Asset Management Transformation</td>
<td>• Provide visibility into existing assets across the University for reuse and repurpose. • Reduce risk associated with Uniform Guidance requirements.</td>
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<tr>
<td>Contract Lifecycle Management Program</td>
<td>• Increase visibility to supplier contracts across the University. • Improve the process to ensure realization of negotiated procurement benefits.</td>
</tr>
<tr>
<td>Category Management Program</td>
<td>• Transfer organizational priority from cost reduction to total value creation.</td>
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<tr>
<td>Procurement Services’ Performance Scorecard</td>
<td>• Provide the ability to quantify and track Procurement Services’ operational performance.</td>
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Enabling Initiatives: Initiatives that drive organizational and capability development.
Freed Up Resources: Initiatives that provide efficiencies to allow for resource reallocation.
Greater Value Add: Initiatives that provide greater alignment to school and unit objectives and priorities.
The portfolio of initiatives will drive long-term value for Emory University.

**Potential Investments**
- Reallocation of University-wide resources to support the transformation efforts.
- Training required to enable existing Procurement Services’ resources to execute future state responsibilities.
- Technology enablement required to fully implement identified improvement opportunities.
- Additional headcount to support the expanded scope of services to be provided by Procurement Services in the future state.

**Outcomes**
- Increased focus on strategic activities.
- Clear and easily accessible policies and customer service channels.
- Standardized and repeatable processes.
- Defined governance models to support strategy development and decision making.
- Increased visibility to University-wide requirements and objectives.
- Improved technology platforms to support capability advancement.

**Value**
- Greater added value through increased focus on strategic activities that align to school and unit priorities.
- Cost savings delivered through fully-leveraging Emory spend in a structured sourcing process.
- Decreased value leakage resulting from proactive category management approach.
- Improved efficiency and time savings enabled by standardized processes and policies to reduce rework.
- Elevated quality level through monitoring and managing internal and supplier service level agreements.
- Reduced risk and increased security of supply through proactive Procurement Services’ involvement in category management.

**Change management** will be critical to success.

<table>
<thead>
<tr>
<th>Common change management hurdles</th>
<th>How to ensure implementation success</th>
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<tbody>
<tr>
<td>Lack of organization leadership</td>
<td>Established management and controls</td>
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<td>• Executive level buy-in from Division of Finance and Steering Committee members.</td>
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<td></td>
<td>• Develop plan for resource requirements and skills development.</td>
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<tr>
<td>Team lacks capability or capacity to deliver requirements.</td>
<td>Thinking ahead</td>
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<tr>
<td>Organizational needs are not understood or managed.</td>
<td>• Continued Steering Committee involvement to ensure school and unit needs are adequately addressed.</td>
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<tr>
<td>Program objectives and organizational priorities are not aligned.</td>
<td>Change is managed</td>
</tr>
<tr>
<td>People’s transition needs are not adequately planned for.</td>
<td>• Establishment of Enterprise Procurement Network to ensure alignment to school and unit objectives and priorities.</td>
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<tr>
<td>There is inadequate stakeholder identification and buy-in.</td>
<td>• Adequately transition resources throughout the program to enable sustainable performance improvement.</td>
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<tr>
<td>There is a lack of benefits focus and/or measurement.</td>
<td>Benefits are measured and monitored</td>
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<td>• Establish process to track and monitor benefits achieved and highlight success stories.</td>
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**Emory Procurement Services in 2020**

- **Division of Finance**
  - Provide data analytics support.
  - Provide help desk and enterprise systems support.
- **Procurement Services**
  - Sets procurement strategy, policies and best practices.
  - Drive Procurement Services’ organization performance.
  - Execute strategic sourcing for core addressable categories (to be determined).
  - Perform end-to-end contract lifecycle management activities.
  - Facilitate supplier relationship management process.
  - Manage operational procurement processes.
  - Manage supplier payment, travel and expense, and card management process.
  - Facilitate and support asset management process.
  - Provide market intelligence / spend analytics support to customers.
  - Provide customer support for all procurement related inquiries.
  - Manage stakeholder needs and expectations.
- **School & Units**
  - Provide operational procurement services
  - Provide strategic procurement services
  - Negotiate, execute, and monitor contracts
  - Source a majority of spend
  - Supply goods & services
  - Provide feedback on Procurement Services’ performance.
  - Source remaining spend
  - Review supplier performance

- **Epitome Procurement Network (EPN)**
  - Participate in procurement governance
  - Set expectations
  - Provide feedback

**Suppliers**