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Why was this assessment commissioned?

We wanted to improve the customer experience, extend the reach of Procurement Services, and/or impact Emory’s bottom line.
How was this assessment conducted?

To gain a holistic perspective of the current state of Procurement Services, we talked to our customers by:

- Creating interview guides based upon project Focus Areas, EY’s leading practice maturity model framework, and Emory’s Value Map Findings.
- Conducting interviews with 44 individuals across Emory University’s school and unit landscape.
- Documenting and summarizing findings and customer-identified opportunities.
We interviewed 44 school and unit representatives

<table>
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<tr>
<th>School and Unit Procurement Customers</th>
<th>Business School</th>
<th>Emory College</th>
<th>Graduate School</th>
<th>Oxford College</th>
<th>School of Law</th>
<th>School of Medicine</th>
<th>School of Nursing</th>
<th>School of Public Health</th>
<th>School of Theology</th>
<th>Development and Alumni Relations</th>
<th>Campus Services</th>
<th>Communications &amp; Public Affairs</th>
<th>Global Health Institute</th>
<th>Office of the Provost/CUBO Office</th>
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Interviews were structured to address the project focus areas via 10 procurement capability dimensions.

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<th>Project Focus Areas</th>
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<tr>
<td><strong>Operations, Process, and Policy</strong></td>
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<td>External Communications</td>
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<td>Customer Feedback</td>
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<td>Asset Management</td>
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<td>Systems Alignment</td>
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<tr>
<td>Major Spend &amp; Contracts Review</td>
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<tr>
<td>Organizational Alignment</td>
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### Strategic Direction
- Evaluates the Procurement Strategy for the organization and how the strategy is managed.

### People & Organization
- Evaluate the current organizational structure and the relationship between Procurement and its customers.

### Sourcing & Category Mgt.
- Evaluates the overall category strategy through demand management, spend compliance, and strategic sourcing execution.

### Technology
- Evaluates the components and functionalities of procurement technologies including the end user experience.

### Supplier Relationship Mgt.
- Reviews the process and components of supplier collaboration, performance, and risk management.

### Contract Lifecycle Mgt.
- Reviews the contracting process and considers potential risks and exposure for the organization.

### Communications
- Assesses the methods used to share major organizational changes, updates, procedures, and strategies.

### Procure-to-Pay
- Evaluates the execution of end-to-end transactional processing.

### Performance Mgt.
- Reviews the method of quantifying value-added services as well as operational output.

### Asset Mgt.
- Evaluates the processes, procedures, and controls within the asset management lifecycle.
## Summary of Customer Feedback (1 of 3)

<table>
<thead>
<tr>
<th>Current State</th>
<th>Strategic Direction</th>
<th>People &amp; Organization</th>
<th>Sourcing &amp; Category Mgt.</th>
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</thead>
<tbody>
<tr>
<td>• There is a high level of unawareness regarding Procurement Services’ business strategy, its purpose, and associated capabilities and offerings.</td>
<td>• A lack of visibility into current operations has created a general feeling of confusion and mistrust. Therefore, customers demonstrate a strong desire to establish a relationship with Procurement Services.</td>
<td>• Customers indicate that executing RFPs without Procurement Services is a common occurrence. Sourcing capabilities are requested at varying levels based upon the <em>perceived</em> complexity and uniqueness of the item or service.</td>
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</table>

### Customer Identified Improvement Opportunities

| • Define the mission and purpose of the organization. | • Include schools and units in new procurement category councils with the objectives to review supplier performance, strategic initiatives, and ongoing needs. | • Define a collaborative sourcing strategy which involves customers in the decision-making process and associated benefits. |
| • Define the formal services offered by the organization and define its role and responsibilities. | • Assign procurement resources to specific schools and units in order to provide on-demand support. | • Provide visibility into category spend across campus. |
|  | • Expand category expertise in high-demand areas to assist in vendor selection. |  |
### Summary of Customer Feedback (2 of 3)

<table>
<thead>
<tr>
<th>Technology</th>
<th>Supplier Relationship Management</th>
<th>Contract Lifecycle Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current State</strong></td>
<td>• Emory Express is highly regarded and is heavily used for requisitioning and invoice submissions. Customers have described various technical issues related to encumbrances and invoice processing.</td>
<td>• Customers differ on who should own supplier relationships. However, a large majority of customers would like the ability to provide feedback on supplier performance for further monitoring.</td>
</tr>
<tr>
<td><strong>Customer Identified Improvement Opportunities</strong></td>
<td>• Re-design the transactional approval hierarchies.</td>
<td>• At regular intervals, distribute supplier performance surveys to procurement customers.</td>
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<td>• Improve the data integration between Compass and Express systems.</td>
<td>• Provide visibility into supplier SLAs within contracted terms.</td>
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<td></td>
<td>• Re-design the transactional approval hierarchies.</td>
<td>• Define and communicate an escalation path for supplier performance issues.</td>
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</table>
### Summary of Customer Feedback (3 of 3)

<table>
<thead>
<tr>
<th>Current State</th>
<th>Communications</th>
<th>Procure-to-Pay</th>
<th>Performance Management</th>
<th>Asset Management</th>
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<tbody>
<tr>
<td>• The current methods for communication are considered inconsistent, impersonal, dated, and confusing.</td>
<td>• Emory Express functionality is highly regarded and used when customers see value in it. Some have noted that they must deal with supplier payment issues due to lack of visibility and information.</td>
<td>• Customers are not aware of opportunities to gauge Procurement Services’ performance. Other customers have noted that Procurement Services will commonly miss SLAs without reason for the delay.</td>
<td>• Customers define assets differently than Procurement Services and manage them with various levels of detail. Most are generally uninvolved or unconcerned with the capital asset management process.</td>
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<th>Customer Identified Improvement Opportunities</th>
<th>Communications</th>
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<tr>
<td>• Update the Procurement Services’ website current information.</td>
<td>• Automate T&amp;E approval.</td>
<td>• At regular intervals, gauge customer feedback of Procurement Services’ performance.</td>
<td>• Provide a central system for managing assets that provides visibility across campus.</td>
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<tr>
<td>• Deliver on an effective, regular communications cadence (e.g., EFN/FON network, newsletter, etc.).</td>
<td>• Provide better visibility into payment status to suppliers.</td>
<td>• Establish and communicate process SLAs to customers.</td>
<td>• Advise on transferability of assets between schools and units.</td>
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<td>• Include customers early in the process for updating policies.</td>
<td>• Remove the generic titles associated with escalations, resolutions, and comments within Express.</td>
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<td>• Improve the asset management inventory process.</td>
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</table>
Summary of Customer Feedback – Strategic Direction

- **Procurement Services Interaction**
  - Customers work with Procurement Services at various points in the process with various levels of interaction.
  - A majority of customers acknowledge that the relationship with Procurement Services has improved. Others expressed levels of mistrust and skepticism of the procurement processes due to a perceived lack of connection with the organization due to generic mailboxes, non-authored messages, and a lack of visibility into contracting and spend information.
  - Customers view Procurement Services as a “transactional resource” rather than a “strategic partner”.

- **Strategy Awareness and Alignment to Customer Priorities**
  - Schools and units have differing procurement priorities.
    - Majority of school customers prioritize transactional efficiency and reduction of duplicative work.
    - Majority of unit customers prioritize cost savings over transactional efficiency.
  - Customers believe Procurement Services is more reactive than proactive in its approach and does not reach out to its customers to advertise or communicate its services.
  - Generally, customers are unaware of Procurement Services’ overarching procurement strategy.

- **Customer Service and Offerings**
  - Customers are frustrated that Procurement Services appears to not understand their business needs or their operational priorities.
  - Personal connections are important for issue resolution. Some individuals with Procurement Services have been praised for high levels of customer service.
  - Customers do not have a full view of what Procurement Services can offer. Some interviewees noted that their experience would be improved if Procurement provided sourcing and RFP support, a service which is provided by the organization in the current state.
Summary of Customer Feedback – People & Organization

- **Services and Capabilities**
  - Customers recognize the signature authority of Contract Administration and see this as a valuable service.
  - Customers believe that Procurement Services is understaffed to handle the volume of needs across the University.
  - A majority of customers believe that Procurement Services does not have the skillsets for complex categories that are unique to certain schools or units.

- **Organizational Relationships**
  - Interviews indicate that the customers interviewed thrive on relationships and that these customers do not have a relationship with Procurement Services as a whole.
  - Customers perceive Procurement Services to be a reactive organization instead of proactive. This causes customers to contact the organization only when they deem it “needed”.
  - Individual relationships have been developed over time. Those resources with the individual relationships have been able to achieve resolution of issues faster than others and they recognize this ability.
  - Customers reference the EFN/FON networks as a positive medium for improving communication and building relationships.
Summary of Customer Feedback – Sourcing & Category Management

- **RFP Process Participation**
  - Many customers that believe their sourcing need is unique and specific to their school or unit do not interface with Procurement Services.
  - Customers that utilize Procurement Services for RFP creation and administration are generally positive about the experience.
  - Customers indicated that they are more than likely to provide the initial list of requested suppliers (rather than Procurement).
  - Pricing negotiation is managed by Procurement Services though customers indicate a desire to better understand the process and its handoffs.
  - Customers acknowledge that Procurement Services is included in the sourcing process at times that are considered too late to add value.
  - Customers believe there is an opportunity to leverage spend volume across Emory for better pricing.

- **Vendor Selection**
  - Level of participation at vendor selection remains varied - dependent upon the vendor type and RFP requirement.
  - There is a desire by customers who regularly use preferred suppliers to be more involved in strategic decisions such as vendor offboarding and replacement.
  - Some customers believe that preferred supplier identification does not correlate to best pricing for the University.

- **Sourcing Process Compliance**
  - Procurement is not always used for sourcing-related activities.
  - Customers believe that Primary Investigators (PI) source products on their own because of a desire to maintain true visibility into grant funding.
  - Each school and unit has some amount of purchasing activity that circumvents the procurement process.
  - Customers indicate a need for strong financial accountability amongst CBOs to ensure process compliance.
  - It is common for customers to decide to purchase an item or service specifically for their school/unit and to have a separate pricing agreement/contract than another School or Unit for that same item.
Summary of Customer Feedback – Technology

- **Emory Express**
  - Customers are generally pleased with Emory Express procurement technology.
  - For Emory school customers, Emory Express was claimed to be a differentiating value-added service due to its catalog services and fast transactional processing.
  - Some customers have provided feedback that Emory Express is difficult to navigate and that the interface can be streamlined.
  - A small amount of customers indicated that the “search” function within Emory Express provides too many irrelevant results. These customers believe that time is being wasted as they filter through the search results.

- **Compass**
  - The end user customer experience is positive regarding the interaction with Compass.
  - Some customers did express issues related to data integrity and the interface/transfer of information, but they recognize that these issues are to be addressed during the Compass upgrade on November 9.
Summary of Customer Feedback – Supplier Relationship Management

- **Relationship Management**
  - Customer do not know who is responsible for managing supplier performance.
  - Supplier relationship ownership is viewed differently across the customer base (regardless of “preferred supplier” status).
    - Some customers believe the customer should own the relationship.
    - Some customers believe Procurement Services should own the relationship.
    - Some customers believe supplier ownership should be shared depending on the category.

- **Supplier Performance Monitoring**
  - Suppliers are not graded against performance key performance indicators (KPIs) by the customer base.
  - There is a desire by unit customers for Procurement Services to manage and monitor a “business” relationship with suppliers.
  - A majority of customers have asked for a process to raise supplier issues.
  - Customers have identified suppliers that are not delivering quality service.
  - Customers manage their own escalations related to supplier performance and delivery issues. There is minimal escalation to Procurement Services related to supplier performance.

- **Vendor Management and Onboarding**
  - The majority of customers do not prioritize supplier diversity nor do they indicate a priority to interact with the Supplier Diversity department within Procurement Services.
  - It is believed by some customers that if a supplier exists within Express/Compass, then it is a valid supplier, regardless of an existing contract.
  - The timeline associated with Procurement Services’ supplier onboarding and vetting process conflicts with customer time requirements and priorities.
Summary of Customer Feedback – Communications

- **General Communications**
  - The Procurement Services website has been referenced as dated and confusing. It is not considered a reliable source of information.
  - Interviews indicate that Emory Express is the most widely used system for Procurement Services communications. It is considered a reliable source of information, however locating information can be difficult.
  - Many users feel unaware of major procurement changes and find out from suppliers or by word of mouth.
  - Customers have stated that cascading information through the EFN/FON network into the Schools and Units would be an effective method of communication.
  - Customers have indicated that they would like to receive information from Procurement Services regarding the following topics:
    - Emory best practice for requisitioning
    - Preferred suppliers and the items/services provided
    - “Procurement 101” training
- **Policy Compliance**
  - Customers feel that Procurement Services monitors policy compliance in an inconsistent and fluctuating manner.
  - The majority of customers believe that the current procurement policies are hard to understand and are thus, ineffective.
- **Policy Management**
  - Customers are unsure how to follow procurement policy and the process for change.
  - Customers want to help develop policies with Procurement Services and they want to participate in the distribution / communication of the changes.
  - The contract signature authority policy is unclear. Customers believe they have full signature authority because of the ability to approve certain expenditures within particular spend thresholds. *(Please see page 51, Summary of Customer Feedback – Contract Lifecycle Management for additional commentary on signature authority).*
Summary of Customer Feedback – Contract Lifecycle Management

- **Signature Authority**
  - Customers across campus believe that they have signature authority because of ability to approve expenditures within particular spend thresholds.
  - Non-Procurement Services contracts are captured regularly, indicating an unauthorized signature authority continues to take place. A review of signature authority indicates that at least 99 people at Emory University have signature authority.
  - Customer interviews revealed that signature authority resides in General Counsel, Procurement Services, and LITS.
  - Contract negotiation is a key value-added service to the customers who are aware of this feature.

- **Lifecycle Management**
  - Most customers who were actively involved in the execution of a contract commented that they own the lifecycle of the contract.
  - Customers begin planning for contract renewals and budgetary needs before they are notified by Procurement Services Contract Administration.

- **Administration and Authoring**
  - Some customers indicate a desire for defined roles and responsibilities in the space of contract management.
  - Customers indicate a desire for increased transparency related to contracts.
    - Signature authority
    - Pricing and incentive structures
    - Terms and conditions
Summary of Customer Feedback – Procure-to-Pay

- **Procure-to-Pay Processing**
  - Users are generally satisfied with the transactional purchasing process.
  - Customers indicate that when exceptions or issues arise that must be resolved, documentation of the issue is minimal (e.g., purchase order or payment request rejected with little information “why”).
  - The current state process is defined so that customers may bypass the purchasing process, with little to no penalty, and still enable payments to non-process vendors via the check request process.

- **T&E Processing**
  - Some customers believe there is duplication of work with T&E approvals, as expenses have already been processed through the school / unit. Suggestions for improvement include periodic, random sampling to speed up the process.
  - Some customers communicated that they did not have knowledge where to go to for escalation and support.
  - Rejection of T&E claims are met with frustration by customers as they believe a rejection reason is rarely provided.

- **Card Management**
  - There is a general level of confusion regarding the purpose and policy of the P-Card and Corporate Cards.
  - Multiple interviews with customers provided conflicting information and frustration at how the Corporate Card and P-Card are to be used.
    - Some customers believe that the Corporate Card can be used for all purchases.
    - Some customers believe that the Corporate Card is to be used for travel only.
Summary of Customer Feedback – Performance Management

Performance of Procurement Services

– Some customers believe that transactional SLAs have been communicated to them but Procurement Services is unable to meet those metrics and cannot explain why they are unable to meet the metrics. (Note: It is unknown if performance SLAs exist in the current state. Performance metrics are being established as part of an ongoing Performance Management special project for the entire Division of Finance.)

– Customers have stated that they would like to know when Procurement Services is facing processing delays in order to managed expectations.

– A majority of customers do not believe that Procurement Services seeks feedback regarding customer satisfaction.
Summary of Customer Feedback – Asset Management

- **Capital Equipment Asset Management**
  - Most customers do not understand the purpose of the capital asset management process, partially because of a lack of visibility into the system.
  - Customers who do participate in the capital equipment asset management, play a very minimal role in the process.
    - When requisitioning an item greater than $5,000, they will help the Asset Management team apply a serial tag for tracking purposes.
    - When inventorying is required, customers will receive an email that requests confirmation that the asset (tracked on a central spreadsheet) is still in their possession.
  - Some customers have provided specific examples that the current process demonstrates an inability to understand their business and the equipment that is actually being purchased.
    - Example: multiple components summed to greater than $5,000 on a single PO will receive one asset tag. There is confusion as to where to place the tag for tracking.
    - Example: multiple asset tags provided for items purchased separately that are assembled into single units.
  - Customers did not present a point of view on the depreciation values of equipment.
  - Some customers recognized need for advice regarding equipment lease vs. buy strategies.

- **IT Asset Management**
  - A majority of customers believe that IT assets should be managed.
  - Customers believe IT assets should be tracked due to data privacy issues, soon-to-be-changing federal regulations, and enterprise infrastructure stability monitoring.
  - Some interviews indicated that customers who sought out robust asset management procedures were challenged by their administration due to a belief that there was not value in the program and that associated costs were too high.
  - A majority of customers demonstrated a desire for an enterprise system that could address their needs and provide proper access to individuals across campus within affected schools and units.
Stemming from the assessment and customer feedback, the following initiatives are being implemented to meet our customers' needs by Fiscal Year 2020:

**Enterprise Procurement Network**: Assemble a Council of cross-university procurement leaders, practitioners, and interested stakeholders to build connectivity across University-wide procurement practitioners, develop strategies, and drive transformation efforts.

**Procurement Mission and Strategy**: Devise and disseminate a clear and concise University-wide understanding of Procurement Services’ purpose, objectives, and offerings. This strategy will increase brand awareness.

**Payment Terms Analysis**: Establish process and reports to improve working capital position and reduce total cost.
Project Initiatives

**Contract Templates and Training**: Create templates and tools to conduct standardized contract management activities and equip sourcing managers with the necessary skills and tools to execute these trainings. Documents and artifacts will be developed in conjunction with the Office of General Counsel.

**Communication Strategy**: Develop and distribute information regarding procurement changes and strategic initiatives. This strategy will also include mechanisms to establish effective two-way performance feedback.

**Procurement Services’ Operating Model**: Cultivate and optimize source-to-pay operating model that align functional capabilities in the best-fit manner to realize greater value and opportunity across the university. Strategic Sourcing Training and Toolkits: Standardize sourcing methodology, process, and accompanying training materials.

**Procurement Services’ Training Curriculum**: Devise training curriculum and deliver courses geared towards procurement services’ staff as well as departmental staff who are engaged in the procurement process.
As a culmination of Ernst and Young’s assessment and interviews, we developed a Procurement Transformation Roadmap. The image on the next page depicts the desired future state of Procurement Services over the next three years.
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.

<table>
<thead>
<tr>
<th>Current State</th>
<th>Informal</th>
<th>Functional</th>
<th>Standardized</th>
<th>Collaborative</th>
<th>Leading</th>
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<tr>
<td><strong>Sourcing &amp; Category Management</strong></td>
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<tr>
<td>Procurement activities are driven by contract and data.</td>
<td>Procurement is often bypassed or engaged late in the sourcing process.</td>
<td>Limited catalog management</td>
<td>Procurement is a strategic function that integrates across categories.</td>
<td>Procurement is engaged early in the sourcing process and understands the benefits.</td>
<td>All procurement teams are focused on results and collaborate effectively.</td>
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<td><strong>Supplier Relationship Management</strong></td>
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<td>Basic supplier relationship management program in place.</td>
<td>No formal supplier segmentation to place and is limited to preferred and non-preferred.</td>
<td>Some supplier criteria exist, but no formal standards for writing.</td>
<td>Monthly supplier scorecard is used to leverage spend across the organization.</td>
<td>Supplier performance is regularly monitored and rewarded with suppliers through formal process.</td>
<td>Most categories managed centrally and supply base is rationalized.</td>
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<tr>
<td><strong>Procure-to-Pay</strong></td>
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<td>Automated web-based systems are used to capture purchase requirements and the use of this system is the standard approach.</td>
<td>Only purchase orders are introduced to reduce processing time.</td>
<td>Supplier invoices are consolidated so that one supplier gets one check for multiple invoices.</td>
<td>Number of check runs required each month are optimized.</td>
<td>Automated web-based systems are used to capture purchase requisitions. Resources are aligned to categories to balance workload and make the process efficient.</td>
<td>A clearly defined supplier relationship management strategy is in place with standardized processes and systems.</td>
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<tr>
<td><strong>Strategic Direction</strong></td>
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<td>The procurement strategy is unclear and does not have clarity on key future initiatives.</td>
<td>There is an alignment between procurement and its customers.</td>
<td>Procurement has been identified as a strategic function, however the organization has not established a clear-defined strategy.</td>
<td>The governance model is unclear but functional roles and responsibilities exist.</td>
<td>The governance model is clear and procurement is aligned to execute cross-functional operating model.</td>
<td>A clearly defined supplier relationship management strategy is in place with standardized processes and systems.</td>
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<td><strong>People &amp; Organization</strong></td>
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<td>The overall governance model is unclear but functional roles and responsibilities exist.</td>
<td>The influence of the organization is limited, and some customers remain reluctant to work with procurement.</td>
<td>Procurement has been identified as a strategic function, however the organization has not established a clear-defined strategy.</td>
<td>Procurement personnel have the ability to perform at levels required to achieve operational performance and carry out tactical functions.</td>
<td>The organizational model includes upstream and downstream stakeholders. Cross-functional operating model is external key to us, but still has to be incorporated.</td>
<td>A clearly defined supplier relationship management strategy is in place with standardized processes and systems.</td>
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<td><strong>Asset Management</strong></td>
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<td>A strategy for the scope of asset management has been defined, but may be unclear.</td>
<td>Inventories, tools, customer needs, and priorities are overestimated and responsibilities documented, but may be unclear.</td>
<td>Assumptions are not achieved and not directed to a central function.</td>
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<td>Integrated processes with cross-functional stakeholders.</td>
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<td><strong>Technology</strong></td>
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<td>Catalogs are broadly implemented and maintained, but new inventory still occurs and could be reduced.</td>
<td>Communal and/or linked systems are in place for the majority of the business units and are fully adapted.</td>
<td>Purchase-to-pay and executive tools are part of standard sourcing procedures and regular use by sourcing teams.</td>
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<td><strong>Performance Management</strong></td>
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<td>Strategic KPIs are established but not measured regularly.</td>
<td>Some KPIs exist but feedback loops are not communicated through the organization.</td>
<td>Procurement performance is minimally communicated beyond the procurement organization.</td>
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<td><strong>Contract Lifecycle Management</strong></td>
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<td>A central repository exists to house all procurement content including contracts, both electronic and hard copies.</td>
<td>Manual simulations around contract structures are available based on historical data.</td>
<td>Individual contracts must manually locate and review compliance of RFQs by its suppliers.</td>
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<td><strong>Communications</strong></td>
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<td>There is informal communication or discussion of changes and strategies to the internal stakeholders.</td>
<td>Several delays may occur throughout the flow of information.</td>
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Year 0: Year 1: Year 2: Year 3: Year 4:
Where are we now within the project?

We are focused on three initiatives to begin with:

• **Procurement Services’ Operating Model**: Cultivating and optimizing source-to-pay operating model that align functional capabilities in the best-fit manner to realize greater value and opportunity across the university.

• **Strategic Sourcing Training and Toolkits**: Standardizing sourcing methodology, process, and accompanying training materials.

• **Procurement Services’ Training Curriculum**: Devising training curriculum and delivering courses geared towards procurement services’ staff as well as departmental staff who are engaged in the procurement process.
We will continue to keep you updated on our progress.

If you would like to explore our transformation efforts in more detail, [click here](#).
Thank you.