

# Economic Inclusion @Penn



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# Presentation Agenda

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- Procurement @Penn
- Economic Inclusion Overview & Initiatives
- Procurement Objectives
- Technology Overview
- Challenges & Obstacles
- Supplier Engagement Objectives
- Supplier Enablement Strategy
- Strategic Partnerships
- Key Accomplishment

# Procurement @ Penn

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- FY2006 Supply Chain Spend
  - \$1.06 Billion
- FY2006 Direct Spend Through Purchasing Services
  - \$725 Million
- Total Number of Approved Suppliers
  - >32,000
- Total Number of Active Suppliers
  - Appr. 9,000 in FY2006
- Penn Marketplace Suppliers
  - 153 (70% of FY1006 purchase order transactions)

# Economic Inclusion Overview

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- Initiated by Purchasing Services in 1986 as a “Buy West Philadelphia” local community purchasing program
- Formal Supplier Diversity Program launched in 1995
- Economic Inclusion Committee formed in 2000
  - Includes participation of Penn business officers along with local political, community and business leaders
  - Expanded to include Facilities and Human Resources
- Supports the President's “The Penn Compact”
- New Economic Inclusion Committee sponsored by the Executive Vice President formed in spring of 2006

# Economic Inclusion Initiatives

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- Procurement
  - Local Community Business Program
  - Supplier Diversity Program
  - Technology (The Penn Marketplace)
- Construction
  - General Contractor & Subcontractor Inclusion
  - Workforce Development
- Human Resources
  - Diverse Workforce at Penn

# Procurement Objectives

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- Incorporate Economic Inclusion goals into the department's four year Strategic Business Plan, annual Balanced Scorecard, and individual staff member annual performance plans
- Promote initiative as a top 5 business objective for the organization
- Focus activities on increasing spend with local community suppliers and certified diversity suppliers
- Assist in the eBusiness enablement of qualified suppliers
- Partner with external organizations and peer institutions in the five county Philadelphia region

# Procurement Technology Overview

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- Campus wide electronic procure-to-pay system
  - Oracle Financials (Purchasing, Payables & General Ledger)
- Electronic marketplace for online supplier catalogs
  - The Penn Marketplace hosted by SciQuest Incorporated
- Electronic transmission of purchase orders and supplier invoices
  - Electronic Data Interchange, auto fax & document imaging
- Online competitive bidding (reverse auction)
- Electronic invoicing, funds transfer and P-Card invoice settlement

# Oracle Purchasing System

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- Point-of-demand ordering by authorized faculty and staff across all Schools & Centers
- Delegated order creation to 1,800 faculty and staff across campus
- Delegated purchase order final approval for orders <\$5,000 (92% of transactions)
- All purchase orders are transmitted to suppliers via auto-fax or electronic data interchange (EDI)
- Over 41% of suppliers invoices are currently received electronically

# The Penn Marketplace

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- Penn's private online supplier exchange for contract and preferred suppliers
- A fully integrated solution and part of the campus wide procure-to-pay online system
- Contains electronic catalog content and Penn specific pricing for 153 of Penn's most commonly used suppliers
- >5M products available to authorized system users
- A competitive advantage for participating suppliers
  - A critical success factor for community & diversity suppliers

# The Penn Marketplace


The screenshot shows a web browser window displaying the Penn Marketplace website. The browser's address bar shows the URL: <http://solutions.sciquest.com/apps/Router/Home?tmstmp=1128368376508&tmstmp=1128368376510>. The user is logged in as VIRA O HOMICK, with options for 'user info' and 'Cancel Cart'. The main navigation bar includes 'home', 'favorite lists', 'product search', 'carts', and 'user info'. A search bar is present with a dropdown menu set to 'Catalog Keyword' and a 'Go' button.

The page content is organized into several sections:

- Welcome VIRA O HOMICK**: A personalized greeting at the top.
- Organization Message**: A box containing several announcements:
  - Welcome to the Penn Marketplace!**: DELL is new Electronic Data Interchange (EDI) supplier, effective Monday, September 12, 2005. Please click here for more ordering details.
  - UPCHURCH SCIENTIFIC joins the Penn Marketplace**, effective Monday, September 12, 2005.
  - World Precision Instruments, Covance Research Products and Dynal Biotech** now available in the Penn Marketplace for your ordering convenience.
  - NEW FEATURES in the Penn Marketplace Effective Monday, August 1, 2005**
  - NEW SUPPLIERS IN THE PENN MARKETPLACE: INVIVOGEN, ASSAY DESIGN and AMERICAN LAB PRODUCTS EFFECTIVE JULY 7, 2005**
- System Messages**: A section for system-wide updates.
- Review**: A section for user reviews.
- My Resources**: A section with links to 'Recent Enhancements' (5.0 New Navigation Guide, SelectSite v5.0 Release Notes, SelectSite v5.0 Focus Group Notes), 'email-', and 'phone- +1 (215) 746-4357'.
- Product Search**: A central search interface with tabs for 'Favorites', 'Quick Order', and 'Product Search'. It includes a 'Categories' list (All, Lab Supplies, Antibodies, Office/Computer, Facilities, Furniture, Services) and an 'Other Searches' list (Browse by Supplier, Browse by Category, chemicals). The search criteria section allows filtering by Product Description (must/include/exclude words), Supplier Name, Manufacturer Name, and Supplier/Manufacturer Part No. It also has checkboxes for 'Include similar terms' and a 'Products per page' dropdown set to 20. A yellow 'Search' button is at the bottom.
- Punchout**: A section displaying logos for various suppliers, categorized by product type:
  - Lab Supplies**: Fisher Scientific, DHARMACON, SIGMA GENOSYS.
  - Office/Computer**: Office DEPOT, CDWG, club colors, crucial TECHNOLOGY.
  - Facilities**: GRAINGER, NEWARK in one.
  - Furniture**: Steelcase.

# Penn Marketplace Demo

<http://solutions.sciquest.com/apps/Router/SupplierList>
Go


VIRA O HOMICK user info | Cancel Cart
Select Draft Cart or Add Item to Cart

**Browse by Supplier**
Search for:

[home](#) | [favorite lists](#) | [product search](#) | [carts](#) | [user info](#)

[search tools](#) | [my favorites](#)

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**Search For Supplier** ?

Supplier / Catalog Name:

Show Types:

Page Size:

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**Supplier Search Results** ?

**Total Records Found : 133**

Page  of

Supplier Name	Type	Preference	Supplier Name	Type	Preference
A. Daigger & Co.		<span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: red; color: white; padding: 2px;">2</span>	ATCC (American Type Culture Collection)		<span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: red; color: white; padding: 2px;">2</span>
Accurate Chemical and Scientific		<span style="background-color: green; color: white; padding: 2px;">3</span> <span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: pink; color: white; padding: 2px;">WBE</span> <span style="background-color: green; color: white; padding: 2px;">VET</span>	<b>Avanti Polar Lipids Inc</b>		<span style="background-color: purple; color: white; padding: 2px;">SBE</span>
Advanced ChemTech Inc.		<span style="background-color: purple; color: white; padding: 2px;">SBE</span>	B & B Microscopes LTD.		<span style="background-color: red; color: white; padding: 2px;">2</span>
<b>Advanced Furniture Services Group</b>		<span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: pink; color: white; padding: 2px;">WBE</span> <span style="background-color: red; color: white; padding: 2px;">2</span>	<b>Bachem Bioscience Inc.</b>		<span style="background-color: purple; color: white; padding: 2px;">SBE</span>
Advanced Office Environments		<span style="background-color: red; color: white; padding: 2px;">2</span>	BD Biosciences Immunocytometry Systems		<span style="background-color: red; color: white; padding: 2px;">2</span>
Affymetrix Inc.		<span style="background-color: red; color: white; padding: 2px;">2</span>	BD Biosciences Pharmingen		<span style="background-color: red; color: white; padding: 2px;">2</span>
Agilent Technologies		<span style="background-color: red; color: white; padding: 2px;">2</span>	Beckman Coulter Inc.		<span style="background-color: red; color: white; padding: 2px;">2</span>
Airgas, Inc.		<span style="background-color: blue; color: white; padding: 2px;">1</span>	Bio-Rad Cell Center		
Alpha Office Supplies, Inc.		<span style="background-color: blue; color: white; padding: 2px;">1</span> <span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: green; color: white; padding: 2px;">MBE</span> <span style="background-color: green; color: white; padding: 2px;">VET</span>	Bio-Rad Laboratories		<span style="background-color: red; color: white; padding: 2px;">2</span>
Ambion Inc.		<span style="background-color: green; color: white; padding: 2px;">3</span> <span style="background-color: purple; color: white; padding: 2px;">SBE</span>	<b>BIOMOL INTERNATIONAL LP</b>		<span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: red; color: white; padding: 2px;">2</span>
<b>American Bioanalytical Inc.</b>		<span style="background-color: purple; color: white; padding: 2px;">SBE</span>	Biosource International		<span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: red; color: white; padding: 2px;">2</span>
American Laboratory Products Co (ALPCO)		<span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: green; color: white; padding: 2px;">VET</span>	BOC Gases		<span style="background-color: red; color: white; padding: 2px;">2</span>
<b>American Radiolabeled Chemicals Inc.</b>		<span style="background-color: green; color: white; padding: 2px;">3</span> <span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: green; color: white; padding: 2px;">MBE</span>	Caltag Laboratories		<span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: pink; color: white; padding: 2px;">WBE</span> <span style="background-color: red; color: white; padding: 2px;">2</span>
Amersham Biosciences Inc.		<span style="background-color: red; color: white; padding: 2px;">2</span>	Cambrex BioSciences - Walkersville		<span style="background-color: green; color: white; padding: 2px;">3</span>
Amersham Cell Center			Cambridge Isotope Laboratories Inc.		<span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: red; color: white; padding: 2px;">2</span>
Anaspec Incorporated		<span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: green; color: white; padding: 2px;">MBE</span> <span style="background-color: pink; color: white; padding: 2px;">WBE</span>	Carlick Imaging Products		<span style="background-color: purple; color: white; padding: 2px;">SBE</span> <span style="background-color: green; color: white; padding: 2px;">VET</span> <span style="background-color: red; color: white; padding: 2px;">2</span>
Animal Specialties and Provisions		<span style="background-color: pink; color: white; padding: 2px;">WBE</span> <span style="background-color: red; color: white; padding: 2px;">2</span>	Cayman Chemical Co.		<span style="background-color: green; color: white; padding: 2px;">3</span>

# Penn Marketplace Demo

**Suppliers with Matches** ?  
Emsco Scientific Enterprises (1)

**Categories with Matches** ?  
Beakers (1)

Results for: +1004-1000-10-SP

**Search Results**  
Products found: 1

Weight	Supplier	Category	Catalog #	Product Description	UOM	Product Size	Price
100	WBE MBE 2 SBE Emsco Scientific Enterprises	Beakers	1004-1000-10SP	Beaker, 10mL Capacity, 12 Per Case	12/CS	10mL	29.34 USD

**LEGEND**

- 1 Strategic Contract Supplier
- 2 Contract Supplier
- 3 Preferred Supplier
- West Philadelphia Supplier
- (AT) Disabled Business Enterprise
- (AT) Disabled Veteran Business Enterprise
- (AT) Minority Business Enterprise
- (AT) Small Business Enterprise
- (AT) Veteran Owned Business Enterprise
- (AT) Women Owned Business Enterprise
- List to be excluded from Cell Center
- List to be excluded from Requisitioners
- Science Catalog Supplier
- Controlled substance
- Green

# Challenges & Obstacles

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- Competition with other top business objectives
  - Technology implementation
  - Supplier rationalization
  - Cost containment
- Gap between technology requirements and supplier capabilities continues to widen
- Large and decentralized purchasing environment is a challenge for most small and diversity suppliers
  - Requires innovative approach to supplier engagement
  - Diversity Supplier Manager Project
  - Diversity Supplier Development Program

# Supplier Engagement Objectives

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- Target a wide range of products and services
- Enable high volume commodity suppliers as well as School & Center specific suppliers
- Utilize a combination of supplier hosted and punch-out catalogs
- Rationalize supplier base to promote sole source supplier relationships when appropriate
- Maximize supplier participation in the Penn Marketplace to achieve economic inclusion goals
  - 65% of all purchase order transactions
  - 20% of enabled suppliers

# Supplier Enablement Strategy

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- Provide maximum value to the buying community by targeting suppliers for all major commodities
- Initial focus on Penn's high transaction volume suppliers
  - Low transaction volume mission critical suppliers
  - School or Center specific commodity suppliers
- Ensure local community based and diversity supplier recruitment in the enablement process
- Utilize third party business relationships
  - SciQuest Incorporated
  - Pennsylvania Minority Business Development Center

# Diversity Supplier Manager Project

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- Lunched in 2005, a unique supplier enablement service provided by SciQuest Incorporated for recruiting diversity suppliers for the Penn Marketplace
  - [www.purchasing.upenn.edu/buytools/div\\_manager.php](http://www.purchasing.upenn.edu/buytools/div_manager.php)
- SciQuest provides supplier specific training and content development assistance to targeted suppliers
  - Penn assumed cost for supplier specific training
  - Content development and maintenance services provided for one 12 month period
  - Suppliers required to develop skills to assume responsibility after one year

# Diversity Supplier Development Program

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- An expanded commitment to diversity inclusion and supplier enablement
- A collaborative effort between Penn, Penn Health System & Drexel University purchasing organizations
- A partnership with the Pennsylvania Minority Business Development Center (PA MBDC)
- A scalable initiative to be expanded to include other local University purchasing organizations
  - Web site: [www.purchasing.upenn.edu/social/dsdp.php](http://www.purchasing.upenn.edu/social/dsdp.php)

# DSDP Program Objectives

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- Streamline the supplier enablement process at each participating purchasing organization
- Increase opportunities for diversity suppliers to develop meaningful and mutually beneficial business relationships
- Provide mentoring services to assist suppliers in the development of skills, capacity and capabilities required to successfully compete in an electronic purchasing environment
- Increase purchasing staff interaction with the local community through quarterly “Purchasing Day” events

# Role of PA MBDC

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- A strategic business partner to participating purchasing organizations
- PA MBDC will:
  - Conduct supplier skill, capacity and technology capability assessment at no cost to suppliers based on defined business requirements of each purchasing organization
  - Facilitate supplier engagement from initial contact, through evaluation, to initial contact with each purchasing organization
  - Track program success via a "Performance Scorecard"
  - Provide fee based services to suppliers that can not presently meet purchasing business requirements

# DSDP Phase I Milestones

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- Pilot program launched on July 1, 2006
- Engage a minimum of ten (10) diversity suppliers by December 31, 2006
- Expand program participation to include St. Josephs University, Community College of Philadelphia and Philadelphia College of Osteopathic Medicine in October 2006
- Develop formal calendar year 2007 business goals and objectives by December 2006
- Expand program participation to remaining members of the Philadelphia Area Collegiate Cooperative
  - Web site: [www.purchasing.upenn.edu/pacc](http://www.purchasing.upenn.edu/pacc)

# Impact on Diversity Inclusion

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- Penn Marketplace diversity supplier inclusion rate is highest of any SciQuest eProcurement customer in higher education
- Participating suppliers realize a significant increase in business during the 1<sup>st</sup> year in the Penn Marketplace
- New business opportunity for some suppliers
- Participating suppliers are able to leverage their Penn Marketplace involvement with other SciQuest customers in higher education and the private sector
- Significant opportunity to increase diversity supplier inclusion in 2007

# Key Accomplishments

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- Penn is one of 23 organizations that has committed to the Institute for Supply Management (ISM) “Principals of Socially Responsible Purchasing”
  - Web Site:
- 32 diversity owned Penn Marketplace suppliers
  - 21% of 153 enabled suppliers
- Local Community Business Program
  - FY2006 Purchases: \$72.9M (\$614.3M since FY1997)
- Supplier Diversity Program
  - FY2006 Purchases: \$52.5 M (\$456.1M since FY1997)

# Questions & Contact Information

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- Questions?
- Contact Information
  - Ralph Maier
  - E-Mail: [maierr@pobox.upenn.edu](mailto:maierr@pobox.upenn.edu)
- Addition information is available on the Social Responsibility web site:
  - [www.purchasing.upenn.edu/social](http://www.purchasing.upenn.edu/social)
- A copy of this presentation is available at:
  - [www.purchasing.upenn.edu/about/presentations.php](http://www.purchasing.upenn.edu/about/presentations.php)