



Penn P2P
PROCURE-TO-PAY MADE EASY

P2P Champions Meeting

November 29, 2007

Meeting Agenda

- Purchasing Card Spend Analysis
- Updated Competitive Bidding Policy
- Online Competitive Bidding
- Future Meeting Schedule
- School Presentations

Purchasing Card Spend Analysis

- New Purchasing Services initiative to monitor Cardholder compliance with commodity and supplier restrictions
- Updated commodity and supplier restrictions to be communicated to all Cardholders in early December
 - www.purchasing.upenn.edu/buytools/card_restrict.php
- New quarterly communication to all Cardholders will begin in January 2008

Purchasing Card Spend Analysis

- Commodity and supplier compliance is a new P2P performance metric
- School and Center senior BAs will receive unit specific reports
- Cardholders will be notified of non-compliance with program restrictions
- Continued violation of program restrictions will result in suspension of card privileges

Purchasing Card Spend Analysis

- Commodity restrictions include:
 - Alcohol Chemicals Hazardous
 - Animals Consulting PayPal
 - Biologicals Drugs Travel (excluding
 - Catering Gift Cards Amtrak)
- Supplier gift cards and PayPal are latest commodity restrictions
- Over \$100,000 in PayPal charges during last 12 months with no visibility into purchase activity

Purchasing Card Spend Analysis

- Supplier restrictions include:
 - Preferred contract suppliers
www.purchasing.upenn.edu/buyinfo/suppliers/contract_suppliers.php
 - Penn Marketplace suppliers
www.purchasing.upenn.edu/buyinfo/suppliers/pm_suppliers
 - Deactivated suppliers
www.purchasing.upenn.edu/buyinfo/suppliers/deactivated.php
 - Restricted or debarred suppliers
www.purchasing.upenn.edu/buyinfo/suppliers/restricted.php

Purchasing Card Spend Analysis

- Results of FY2008 1st Quarter Spend Analysis:
 - Total Purchasing Card Spend: - \$4,758,018
 - Spend w/Contract Suppliers - \$399,610 (8%)
 - Spend w/Marketplace Suppliers - \$153,484 (3%)
 - Spend w/Deactivated Suppliers - \$45,405 (1%)
- A 95% supplier compliance rate has been established as the goal for 4th quarter of FY2008

Purchasing Card Spend Analysis

- Any issues or concerns?
- Suggestions on how to improve communications to Cardholders?

Competitive Bidding Policy

- Updated competitive bidding policy (#2308) will be communicated to all BEN Buys users in early December
 - Major change is to Section 5 pertaining to equipment maintenance agreements
 - All annual maintenance agreements >\$5,000 will require a competitive price quotation from Specialty Underwriters, the University's contract supplier for maintenance cost management services
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Competitive Bidding Policy

- Over \$1 million in annual maintenance spend processed during the past 12 months with an average cost savings of approximately 24%
- Purchasing Services may require a competitive quote for annual maintenance agreements <\$5,000 if the potential for significant cost savings exists
- Reminder that all supplier agreements must be submitted to Purchasing Services prior to final approval of the purchase order

Online Competitive Bidding

- Business objectives of new online competitive bidding technology include:
 - Satisfying all of our current competitive bidding requirements
 - Streamlining the bid solicitation process for requirements >\$5,000
 - Providing visibility into bidding requirements for future contracting, cost savings & supplier enablement opportunities
 - Increasing competition between suppliers
 - Delegating technology to the point-of-demand

What is Reverse Auction

- eBay in reverse – competition drives cost below results achieved from traditional bidding processes
- An online competitive bidding event for invited suppliers only
- Bidding event is scheduled for a specific day and time
- Bids are submitted online by the Bidders
- Bidding extensions are added as needed in response to ongoing bid submittals
- Most activity takes place towards the end of the event
- Awards are based on a combination of price, quality and specifications

Reverse Auction Business Rules

- Once an online auction has been scheduled, bids will not be accepted through any other means.
- Information regarding the event is distributed to all suppliers.
- A bidding event coordinator is available for questions and problem solving during online auctions.
- Results of the event are communicated to all bidding suppliers (whether they won or not) within a designated time period.

Steps to a Successful Reverse Auction

- Step 1 - Customer determines need, identifies business requirements, contacts Purchasing Services
- Step 2 - Purchasing works with the department to identify qualified bidders
- Step 3 - Bidders are selected & event is scheduled
- Step 4 - Bid specifications are distributed to all bidders & training offered to supplier representatives
- Step 5 - Pre-bid meeting held if required

Steps (cont.)

- Step 6 - All bidder questions or concerns are addressed before scheduled event
- Step 7 - Scheduled event is conducted, extensions granted as required
- Step 8 - Bidder responses are evaluated after the event and contract/purchase order is issued to successful bidder
- Step 9 - Savings generally exceed expectations

Future Meeting Schedule

- January 17, 2008
- March 6, 2008
- April 17, 2008
- June 5, 2008
- Volunteers for future School/Center P2P presentations will be recruited before the holiday break

School P2P Presentations

- Graduate School of Education
 - Greg Tausz
- School of Arts & Sciences
 - Bob Allison