

Business Success Case Study

Private University Leverages Contract Management Automation to Bring Purchasing Control, Compliance, and Cost Savings

Business Challenge

As a major metropolitan learning institution, this university spends \$200 million on goods and services each year to support its urban educational mission. However, with 18 to 20 different departments able to execute supplier contracts, the school was suffering from a series of informal, manual, and disjointed processes for sourcing and procurement that resulted in inconsistent management of its suppliers and little purchasing optimization.

Contract Management Strategy

To squeeze more value out of each purchasing dollar, the university realized it needed a central repository for all contract data to serve as the foundation for formalizing its contract management processes. At the same time, it saw the opportunity to establish a supplier compliance and performance improvement program through a centralized data solution.

Contract Management Selection and Deployment

In its quest to improve contract and purchasing data collection and management, the university's Office of Business Operations defined a specific set of functional requirements and issued a request for proposal (RFP) to enterprise contract management solution providers. In addition to tight mapping of system functionality to the school's defined technical requirements, the university wanted a solution provider that had established best practices from experiences with other customers.

Following its formal selection process, the university chose UpsideContract from Upside Software because the solution was the only one that met most of its requirements "out of the box" without any customization. Upside Software also had strong references who spoke to its flexibility and commitment to meet customers' requirements.

OnSite in Contract Management

Company Name

Private university (name confidential)

Solution Providers

Upside Software

Business Challenge

Informal and disjointed purchasing and contract management processes led to limited spend visibility and control

Strategy

To create a central repository for contracts as a foundation to formalize and improve purchasing processes and support effective supplier compliance and performance measurement programs

Value Achieved

Improved contract and purchasing visibility and compliance; reduced clerical resources, purchasing cycle times, and physical document storage needs

Deployment kicked-off in August 2003 with an initial weeklong workshop to define work-flows, contract types and templates, and product configuration requirements. This resulted in a one-month pilot with the Office of Business Operations managing 122 contracts to help the university refine its new business processes and product set-up for a four-phased full deployment. Today the system is in full production across most of the school's divisions managing approximately 1,000 supplier contracts, including 700 to 800 in technical and operational departments, as well as 12 net new contracts that were created in the system. Phase three will incorporate unique groups like research grants and human resources, before wrapping up with academic contracts in phase four.

Results

Following the implementation of the contract management solution, the university has realized cost savings in a number of hard and soft cost areas. It has been able to reduce clerical staff and contracting and purchasing turn-around time, as well as improve procurement and supplier performance.

Also of note, with improved business controls and workflow capability, risks associated with supplier activity and management have been reduced or eliminated. In the past the legal department was not even aware of all contracts in place, let alone their degrees of compliance.

Eliminating lost contracts and flurries of faxes, today the system provides all authorized individuals with better visibility and access into the university's contracts in an efficient and accurate electronic system. Stakeholders have the most current and accurate contract data to make decisions with, instead of trying to find contracts in filing cabinets.

With the reduction in clerical effort and minimization of the time required to process and manage contracts, key resources have now been redeployed to higher value activities. Overall, project participants estimate these savings have enabled a return on investment (ROI) in the solution in approximately six to seven months.

Lessons Learned

The university believes strongly that starting with an initial pilot project, even a short one, was very valuable to help confirm and refine the new business processes and the configuration of the software. However, although this pilot scope of the project was added after kick-off, staying on track with the rollout schedule and achieving early results was key to keep all of the stakeholders interested and actively participating.

Organizations considering contract management initiatives should remember that effective communication and the ability to control the scope of the project helps resolve early issues. Communication and appropriate training for users also ensures widespread user adoption which is critical to the success of the program – the solution may have lots of bells and whistles, but companies should make sure their employees are comfortable with the basic capabilities of creating, releasing, viewing, and printing contracts first before moving on to advanced features like complex reporting.

Future Outlook

The system is now used as the key reporting tool for the supply chain organization, which will be the heaviest user of the solution at the university moving forward. Procurement professionals will use it to help evaluate vendors and to establish performance metrics, as well as monitor and report against them.

The school is also investigating additional areas within its community to drive added value with the contract management solution. It is assessing leveraging it in the university's corporate governance initiatives, as its business process control and audit capabilities fit well with the school's overall compliance improvement program.

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