University of Bath e-Procurement Strategy 2015-17

Contents Page

1. Introduction

This e-procurement strategy expands on the University Procurement Strategy Objective 7 regarding Efficiency and Procurement Tools.

The e-procurement strategy explains how the Procurement Tools are utilised by the University and how they offer efficiency measures.

Each procurement tool is to be regularly reviewed to assess if the benefits are being achieved year on year.

2. Purchase to Pay (P2P)

Agresso is the core P2P University Tool for allowing Purchasing and Payment functions.

It allows orders to be raised electronically as well as receive invoices and process them electronically.

Agresso interacts with various other tools such as Version One invoicing software and the SciQuest eMarketplace platform that allows further functionality.

2.1 Ordering Goods or Services (Purchasing)

A Purchase Order (PO) must be raised for all goods or services bought on behalf of the University of Bath that do not fall in the "PO Exempt list" via Agresso as per the University Purchasing Policy and Procedures. POs are produced from approval of a Requisition.

In 2017/18, PO expenditure represented 69% of invoice spend to the University. In 2016/17 PO expenditure remained at 68% of invoice spend. Analysis indicates true Non PO invoices is 16% in 2017/18 when we remove suppliers we do not expect a PO for.
Purchase Orders are distributed to the supplier either by post, fax, email or via the eMarketplace.

Scope:
   ➢ User able to determine if supplier has catalogue available to populate a requisition either from the e-marketplace or in Agresso itself.
   ➢ If no catalogue available product details are entered manually.
   ➢ Approval methods available to allow approval to be undertaken by appropriate person(s) of responsibility and authority.
   ➢ Purchase Order is sent to supplier either by the e-Marketplace (if applicable) or printed for email, fax or post.

Objectives:

   ➢ Users to raise requisitions for all orders of goods or services for approval through workflow in Agresso to then be converted into a Purchase Order.
   ➢ To support Procurement KPI 8

Expected Benefits:
   ➢ Protected Purchases from having Terms and Conditions applied with the issue of the PO.
   ➢ Process efficiencies that provide cashable and non cashable savings.
   ➢ Increase in Purchase Orders raised.

Key Performance Indicator:
   ➢ PO Expenditure – Direction; Increase.(in relation to University Total Spend[1])
   ➢ Supplier Catalogues; Direction - Increase
   ➢ Purchase Orders sent electronically; Direction –Increase

How To Get There:

---

[1] Minus valid PO Exemption Spend

- ➢ Continue to provide training on correct Procurement processes and policies.
- ➢ Analysis of incorrect Procurement processes e.g. POs raised after invoice received, Invoices with no PO raised at all, and review of the PO Exemption criteria.
- ➢ Contract Managers to advise their stakeholders on correct purchasing processes on Agresso.
- ➢ Purchasing Administrators to educate when advising users at all opportunities e.g. need to raise a PO for all purchases after a supplier has been set up.

2.2 Invoice Processing and Payments (Version One and Agresso)

Invoices are received in the central Payments Office. Invoices will come in by either post, email, eStatement (Government Procurement Card) or via the e-Marketplace.

In 2017/18 a total of 83,226 supplier invoice types[2]* were received and paid. In 2016/17 a total of 83,173 supplier invoices types were received and paid. The high volume of invoices makes the need to have efficient tools to cope with those increases very important.

2.2.1 Invoicing - Version One

Version One is the tool that interfaces with Agresso by scanning invoices in for matching. It provides a measure of efficiency by automatically matching an invoice against the Purchase Order in Agresso. It works intelligently to recognise features of an invoice from a particular supplier.

Version One processed 36,418 PO invoices in 2017/18. Success rate has not been measured in 2017/18[3]. In 2016/17 Version One processed 36,710 PO invoices. Success rate was not calculated in 2016/17. V1 had a PDF module installed in 2015/16. PDF import increases accuracy and processing time. PDF figures for 2017/18 were 29,347 (35%) and 32,863 (40%) manually scanned.

The additional benefits of Version One are that it also manages Non Purchase Order invoices. It can register and process an invoice for approval in a way that is streamlined to allow payment which saves resource and processing time.

Another benefit is that it provides an image of the invoice which anyone with permissions can view and refer to.

Once the invoice is matched by Version One in Agresso the appropriate steps are taken to allocate payment.

Aim:

- ➢ All paper invoices are scanned into Agresso for matching.

Objectives:
- ➢ Version One Scanning Software works effectively and efficiently for processing Purchase Order Invoices and specific department suppliers.

---

[2] This figure includes external individual expenses and fees but excludes staff expenses and Government Procurement Card transactions.
[3] Success rate taken from random manual sampling in that academic year.

- ➤ Payments team manage invoice queues to process invoices to allow Purchase Order invoices to be matched in Agresso.
- ➤ Payments team manage invoice queues to process invoices to allow Non Purchase Order invoices to be distributed to departments for coding. Once coded they will move into the BACS run process in Agresso.
- ➤ Ability to accept soft copy invoices in PDF format directly into Version One. This will allow invoices emailed into the University to be loaded without the need to print first and then scan in.

Expected Benefits:
- ➤ Process efficiencies that provide non cashable savings.

Key Performance Indicator:
- ➤ All Supplier Invoices to be processed through Version One other than Marketplace and Government Procurement Card statements
  Direction – Decrease (and move towards automated Marketplace eInvoices where appropriate).
- ➤ Success Rate to Scan for matching; Direction – Increase

How To Get There:
- ➤ Ensure template is set for regular supplier invoices.
- ➤ Payments team to ensure software is in full working operation and effectiveness. This is analysed by performing a manual count once a month to record the success and failure of the transactions.
- ➤ Explore the development opportunities to operate, report, and measure Version One transactions.

2.2.2 Agresso Payments

Once Version One has matched the invoice Agresso then takes over with processing of that transaction. The University has an obligation to pay suppliers to the agreed payment terms.

Aim:
- ➤ Invoices are received via Version One, eMarketplace and eStatement for matching

Objectives:

- ➤ Payments team to ensure all Purchase Order invoices are paid to payment terms.
- ➤ Payments team to ensure all Supplier Invoices (Non Purchase Order Invoices) are paid to payment terms.

Expected Benefits:
- ➤ Reduce risk of late payment fees from suppliers.
- ➤ Enhanced supplier relationships.
- ➤ Process efficiencies that provide non cashable savings.

Key Performance Indicators:
- ➤ Invoices paid to term.

How To Get There:
- ➤ Payments team to report and analyse late payments to suppliers.

- ➤ Report on invoices due in next 7 days to allow for on time payments.
- ➤ Procurement Team to educate end users of correct payment process.

3. e-Marketplace

The e-Marketplace tool is provided and hosted by SciQuest (SciQ) Inc. It allows users to shop for products from contracted suppliers in a familiar online shopping experience. It offers the user easy access to a supplier as well as comparison of supplier products. The marketplace platform integrates with Agresso to allow that shopping cart to be brought back without any additional administrative processing.

In 2017/18 there were 22 supplier catalogues available to generate a Purchase Order from an electronic catalogue. Two new suppliers were on boarded during 2017/18.

The e-Marketplace also allows electronic invoicing to prevent any manual process of making payment to a supplier. The interface with Agresso allows exact matching leading to auto processing of payments to suppliers.

3.1 Suppliers Joining the e-Marketplace (Supplier Enablements)

Scope:

- ➤ Identify suppliers to join the University e-Marketplace. This is performed by working with University Annual Spend Transaction report to look at high value and high transaction rates. Also work with Contract Managers to further assess if that supplier is appropriate via the products/service they provide, are motivated to join and are technically capable.
- ➤ Work with SciQuest to bring those suppliers onto the University of Bath e-Marketplace.

Objectives:

- ➤ Primary solution is to work with cXML PO Transmission Export and cXML Invoice Import from SciQuest.
- ➤ Where suppliers cannot receive cXML data there are email options available for receipt of Purchase Orders.
- ➤ Where a supplier cannot send cXML Invoice data to SciQuest there is an option of Purchase Order to invoice Flip (POTIF) to allow cXML data transfer to remain between Agresso and SciQuest.

3.2 eMarketplace Ordering:

There is a huge efficiency made in order processing through supplier catalogues on the eMarketplace. We created and sent 23,293 Purchase Orders in the e-Marketplace in 2017/18. This represents 46% of the total POs generated by the University. In 2016/17 20,717 POs were raised via the eMarketplace which is an 11% increase. The efficiency saving in process costs in 2017/18 amounts to £465,860. This figure will grow year on year thus further improving the efficiency of ordering.

Aim:
- ➢ To have representative catalogues from contracted suppliers available to generate Purchase Orders from.

Objectives:
- • Catalogues will be via a Hosted catalogue in SciQuest or by a Punchout Catalogue to a live Supplier website.
- • Access to place order via the e-Marketplace is made only through Agresso to allow adherence to the University Purchasing Policy.
- • All orders from e-Marketplace based suppliers can only to be generated from the e-Marketplace. This prevents any incorrect products being ordered from the supplier.
- • To support Procurement KPI 7

Expected Benefits:
- ➢ Ordering from catalogues save sourcing and process time leading to non cashable savings.
- ➢ Ability to compare like for like products can provide cashable savings when cheaper product chosen.

Key Performance Indicators:
- ➢ Number of supplier catalogues on the marketplace.
  Direction – Increase

How To Get There:
- ➢ To ensure the eMarketplace solution provides a sound technical platform.
- ➢ Periodically review suppliers that transact with the University to assess their capability to join the marketplace.

3.3 eMarketplace Invoicing:

Any invoice sent to Jaggaer (SciQuest) from the supplier will come to Agresso as cXML. This offers great efficiency savings in resource and cost as invoices received by Agresso from SciQ allow the transaction to process automatically. This prevents the need for manual intervention from the payments team.
The aim is to get as many suppliers as possible on the e-Marketplace to be cXML capable to allow this to happen.

The secondary option is for the supplier to manually flip the Purchase Order in SciQuest into an invoice which is sent to Agresso from SciQuest via cXML. This is more time consuming for the supplier but if they are not capable of offering cXML this is the other option requested.

The last and least welcome option is to have a paper invoice for a PO sent via SciQuest.

21,016 invoices came into Agresso via Jaggaer (SciQ) in 2017/18. This represents a percentage of 25% of the total supplier invoices received to the University[4]. The efficiency saving in process costs represents £210,160. In 2016/17 19,839 invoices came in via Jaggaer

---

[4] This figure is compared to a total figure of invoices for which is deemed a true supplier invoice i.e. a PO should be raised for the goods/services.

(SciQuest). This figure will grow year on year and continue to generate huge efficiency savings.

Aim:
 ➢ e-Marketplace suppliers to send cXML invoices to SciQuest.

Objectives:
 ➢ Work with suppliers to enable cXML data invoices to be sent via SciQuest to Agresso.
 ➢ If suppliers can not provide cXML invoices to SciQuest then the PO to Invoice Flip must be utilised.

Expected Benefits:
 ➢ Process efficiencies that provide non cashable savings.

Key Performance Indicators:
 ➢ Suppliers providing automated Invoices via cXML to SciQuest.
  Direction – Increase.
 ➢ Percentage of eMarketplace automated invoices as a University whole.
  Direction – Increase

How To Get There:
 ➢ Request suppliers joining the eMarketplace with eInvoicing function from the start.
 ➢ Periodically review suppliers not working by eInvoicing to incorporate this function.

3.4 Emailed PO's via eMarketplace Provider
There is a secondary function of Jaggaer (SciQuest). Agresso can send a Purchase Order (PO) via SciQ to a Non Catalogue supplier. This brings in efficiency improvement by not having to run a PO print process, physically print the PO and then post, fax or email the PO to the supplier. Suppliers are set up a default to receive POs by email unless there is a genuiene reason not to.

14,785 POs were raised in 2017/18 via this method which is 29% of all POs raised by the University. In 2016/17 there were 9,786 POs raised. Combined with the 46% of Marketplace POs in 2017/18 the total electronic submission of PO's from the University was 75%. This represents a 2% increase from 2017/18.

Aim:
 ➢ Identify contracted suppliers that cannot offer or are not appropriate to work via the e-Marketplace but can receive a Purchase Order by E-mail. This is analysed by transaction rates and if the supplier manages orders via email.

Objectives:
 ➢ Purchase Orders are sent to supplier via SciQuest at the last stage of requisition approval in workflow.

Expected Benefits:
 ➢ Process efficiencies that provide non cashable savings.

Key Performance Indicators:
 ➢ Purchase Orders sent by email
  Direction - Increase

How To Get There:
- ➢ Identify suppliers that currently receive paper POs and move them to receive POs by email.
- ➢ Introduce a new process that with any new supplier trading with the University they will be set up to receive a PO by email.

4. e-Tendering

The tool for e-tendering for supplies and services is run through Delta e-Sourcing (BiP Solutions). The University Procurement Policy threshold for running a tender is when the anticipated contract spend will be greater or equal to £25K.

The efficiency and benefits gained from running a paperless tender are widely appreciated. The management of the tender also becomes more efficient with communications to parties as well as delivering and receiving documents.

In 2017/18 we ran 97 tenders through Delta. In 2016/17 84 tenders were run. The efficiency savings in process costs was £64k*. There was a 15% increase in use of the eDelta system for tender activity. Cashable savings for 2017/18 were £4,333k.

4.1 Tendering Supplies and Services

Delta is currently managed by Purchasing Services. There is potential to permit certain access if Purchasing Services deems it appropriate to allow entry for other departments for assessing PQQs and tender scores.

Aim:
- ➢ Requirement identified from Annual Contract Plan or Ad Hoc Requirement
- ➢ To perform a procurement exercise electronically via Delta e-Sourcing.
- ➢ Assess whether the tender is to use the EU open or restricted procedure. If Open there will be no Pre-Qualification Questionnaire (PQQ) required.

Objectives:
- ➢ All procurement values that exceed the threshold above £25k to be tendered via Delta and advertised via Contracts Finder (Business Link).
- ➢ All procurement values that exceed EU Thresholds to be tendered via Delta and Advertised via OJEU.

Expected Benefits:
- ➢ Process efficiencies that provide non cashable savings.

Key Performance Indicators:
- ➢ All tenders are to be let through Delta unless Purchasing Services dictate otherwise.

How To Get There:
- ➢ Contract Managers are trained to use the eTendering system and have access.
- ➢ Regular review of function is carried out ensure it meets requirements (UK/EU Legislation) and support eProcurement.

Process efficiencies allowed to be claimed changed in 2017/18 thus reducing non cashable savings figure.

5. e-Auctions (Reverse Electronic Auctions)

It is recognised that an e-Auction can be utilised in certain circumstances as part of a procurement exercise. It is not appropriate to run an e-Auction for every good or service being procured.

The annual contract plan identifies requirements for procurement of services/goods and a further evaluation of that may lead to the use of e-Auctions as part of an exercise.

The instance where an e-auction is appropriate is when a procurement takes place either wholly or as part of a tender process to enable a commodity to obtain the best price possible.

Aim:

➢ Identify use based on contracts plan and commodity area to see whether it is appropriate.

Objectives:

➢ A procurement exercise will be created that will allow documentation from start to finish of an e-Auction.
➢ Product or service specified for supplier to offer real time product/service price in a reverse auction environment and designated time frame.

Expected Benefits:
➢ Process efficiencies that provide both cashable and non-cashable savings.

Key Performance Indicators:
➢ Number of eAuctions run from opportunities identified on contracts plan.
   Direction – when used, to increase cashable savings

How To Get There:
➢ Contract Managers are aware that the tool exists and when it is appropriate to be used in a procurement exercise.
➢ Contract Managers to receive training and support on the tool that provides the eAuction function.

6. University Purchase Card (Government Procurement Card)

There are circumstances where using the Purchase Card is the best tool for making purchases.

The Barclaycard Purchase Card is available to departments as another method for buying goods for their respective departments.

The University Purchase Card does not replace any existing Purchase to Pay payment methods and must not conflict with any contracted supplier arrangements but offers an alternative method for a new transaction.

In 2017/18 the University made 8,306 transactions by Purchase Card at a value of £1,356,891. This compares to 2016/17 to 8,527 transactions that took place at a value of £1,453,921. The Non Cashable efficiency savings for Purchase Card use amounted to £83k.

Aim:

➢ Purchase Card Guidance is followed.
➢ Purchase opportunity identified and evaluated leading to approval of use to buy goods by Purchase Card.

Objectives:

➢ Purchase Card used to make payment for goods via secure methods

Expected Benefits:

➢ Security from purchase made via Credit card.
➢ Allows certain payments that can only be made online.
➢ Immediate payment to supplier allowing dispatch of goods but no monies being spent.
➢ Process efficiencies that provide non cashable savings.

Key Performance Indicators:

➢ Appropriate Use
   Direction: Decrease inappropriate transactions.

How To Get There:

➢ Purchasing Data Administrators to monitor use and ensure it is used appropriately.
➢ Training and support to be given to all card holders.