

February 17, 2017

Update to Business, Finance, and Facilities Committee regarding the Purchasing Office Structure and their Collaboration Efforts

Currently, there are eight separate vendor databases within NSHE that prevent the efficient sharing of vendor information such as commodity or service provided, spend history, geographic area serviced, and Minority, Women, and Local business enterprise status. Other than UNLV which has its own on-line requisitioning system, the remaining NSHE institutions initiate all procurement requests via paper forms and manual routes. Real time information sharing among the purchasing offices does not exist thus limiting insight into sourcing information, contract pricing, purchase order detail, vendor spend history, contract management, etc.

WORKDAY

For NSHE, going from a mostly decentralized, manual, purchasing system to Workday's centralized, automated system will represent a "seismic" level change in capabilities, efficiency, effectiveness, and support for each campus. This change is the result of the implementation of Workday, as well as separate automated systems needed to address the limitations of Workday in the procurement area (these limitations were noted with the original review of Workday).

The implementation of Workday will provide functionality allowing the purchasing offices to review spending patterns and vendor selection across all of NSHE. This new and enhanced visibility will improve the decision making process related to vendor selection and contract usage. Specifically, Workday will:

- Provide on-line (paperless) processing to all of NSHE,
- Combine all procurement activity including P-Cards into consolidated reporting for all NSHE institutions,
- Provide real time review of purchasing activity,
- Improve procurement coding and reporting allowing the purchasing offices to identify spend categories which may require a formal solicitation, a more favorable contract, or a renegotiation of an existing contract,
- Produce analytic reporting to drive shared contracting and bidding collaboration,
- Create opportunities to identify and select the appropriate contract vehicle for a specific commodity or service,
- Allow the purchasing offices to collaborate and utilize "consortium" contracting when appropriate,
- Manage "rogue" or off-contract spending,
- Create a single vendor database capturing MBE, WBE and Local supplier statistics and advance the Board's supply chain diversity/inclusion initiatives, and
- **Provide data to better facilitate strategic management of all purchasing and contracting activities.**

WORKDAY Limitations in Purchasing-Contracting and Solutions Identified

As noted above, the initial review of Workday noted some limitations in the purchasing-contracting area and NSHE has always understood these (no system was perfect and had no limitations). While Workday will provide automated functionality to some purchasing processes, there are still major processes that are not currently and will not be available within Workday at the time we are scheduled to go into production. It is important that we address these concerns, to avoid limiting information gathering and data sharing. Sometime in the future, when/if Workday functionality in these areas are available, migration to those capabilities may be appropriate.

Workday's solution for formal, sealed solicitations (Bid and RFP) will not be available at Go Live and there is no scheduled release date. The current capability of Workday for RFQ's is limited to informal solicitations and does not have the capability to receive sealed solicitations. This limitation will prevent the procurement departments from using Workday as a repository for any formal solicitations. As a result, the purchasing departments would have to continue to utilize paper based methods for their formal, sealed solicitations. This creates significant challenges for all solicitations, but especially the hoped-for collective bidding. Noting this gap, an exception was requested to allow for the purchase of a third party solution and this exception was recently approved.

We have been given approval by NSHE to move forward with purchasing the IonWave, an on-line, bidding program whereby all purchasing offices will be able to electronically send requests for goods/services, receive responses, and evaluate bids. The system is currently used by 13 government agencies in the state of Nevada under the title of NGEM, the Nevada Government E-Marketplace. This system automates the creation of bid documents, provides email notices to be sent to suppliers, accepts and stores the suppliers' responses securely until the date and time set for public opening, and automates the majority of functions used to score and evaluate the proposals. An added bonus to joining NGEM, is the fact that our offices are not only able to better manage our internal solicitations and pool our requirements, but now we will have access to current state-wide solicitations other NGEM agencies issue that may be of benefit to us. This program will make our bidding processes much more efficient and effective than the current separate, manual processes. The joinder contract for IonWave is being negotiated and we anticipate being able to schedule implementation and training shortly. At some future date, when Workday has an adequate product, NSHE will look to move in that direction.

As previously mentioned, we currently have eight separate vendor data bases. Once we move to Workday there will be one set of supplier records used by all. Unfortunately, Workday's current on-boarding process for establishing vendor records is manual, and would need to be input by NSHE staff. Workday has committed to provide an on-line supplier registration system but it will not be available for NSHE's go live. In order to address this serious shortcoming, NSHE will make use of an existing system. Some years ago, UNLV's Purchasing office developed and uses an automated, self-service, supplier registration system (SREG) that eliminates the manual input of information from paper forms. Suppliers access the supplier portal to input (and update) their own information electronically, thus placing the burden of accuracy on the supplier.

Purchasing and Accounting staff review and accept the applications on line and they are electronically imported into the purchasing and finance systems. The purchasing directors are working together with the project team to expand that system for use by all of NSHE. This system will remain in-place until Workday has functionality for on-boarding suppliers. Work on expanding this self-service, supplier registration system for all of NSHE is going well and is expected to be available well before implementation of Workday.

ROLES OF PURCHASING DEPARTMENT POST GO LIVE

The Workday implementation (which is now slated to go-live in October 2017) will standardize all business processes and major policies for all of NSHE. This is a major benefit in supporting the “shared services” goal and gives additional flexibility in options to best approach an organizational structure to deliver these services. It is difficult to make sound decisions without good solid data which will come with the implementation and use of Workday and associated support systems.

CURRENT COLLABORATIVE ACTIVITIES

Specialized Purchases (Approximately two thirds of NSHE Total Spend)

Requirements for one-off, specialized, and/or high-dollar purchases such as construction, laboratory, medical, and research equipment, animals, university or college specific purchases (e.g. advertising and special events) are addressed by the local purchasing office and do not lend themselves to collaborative endeavors. Another area falling into this group requiring local involvement is manufacturer-specific and/or unique scientific/medical equipment required by scientific and medical researchers and practitioners. Federal procurement laws and regulations require hands-on review of purchases to ensure NSHE institutions operate within policies and are able to pass Federal audits. Additionally, a recent change in NRS 338 impacts the manner in which NSHE institutions process construction related solicitations. Prior to these changes to NRS 338, we were able to utilize one of the most efficient/effective process of issuing solicitations for “on-call” types of services for construction projects. These included contracts for General Contractors as well as specialty crafts e.g. electricians, painters, flooring contractors. This one set of changes to our governing policies has had a major impact on productivity in Purchasing. We must now issue and award individual formal solicitations for these projects. This has significantly increased the time it takes to start our projects. The process we had in place was efficient for us and one the contracting community supported as fair to them.

Commodity Purchases (Approximately one third of Total Spend)

Generally, commodity purchases provide a better opportunity to aggregate requirements across institutions than services. Commodities such as cleaning supplies, industrial supplies, electrical supplies, HVAC parts, information technology hardware and peripherals, and many others have represented an opportunity to consolidate our purchases.

All three NSHE Purchasing offices have utilized several national consortium contracts. These includes the contracts of the National Association of State Procurement Officials (NASPO) for our Apple, Dell, HP IBM and Lenovo computer related items.

All offices have utilized several consortium contracts for groups of items that are available from multiple suppliers. These include furniture, industrial items, and many lab supplies. Utilizing multiple contracts allow for better selections of items for all the institutions where one model or brand may not work for everyone.

UNLV and NSC have utilized the contracts of local government agencies and the Clark County School District for security cameras and equipment, air filter supplies, electrical supplies and fleet fuel. (These items are better negotiated with our local agencies due to their larger volume advantages than we could get even if we grouped the entire purchasing volume of our NSHE.).

UNLV issues a solicitation for temporary staffing services and includes CSN, NSC, as well as the requirements of Clark County, Las Vegas Metropolitan Police, and the City of Las Vegas. Pooling with regional agencies for some services results in a better pricing structure for institutions rather than trying to negotiate a system wide contract where pricing is not favorable for all parties.

A partial list of solicitations issued by one of the three purchasing offices (BCN, BCS, and CSN) for use by others within our system are:

- UNLV, CSN, and NSC combined requirements for a joint solicitation for office supplies the results of which was a contract with OfficeMax/Office Depot providing improved pricing and service. (Utilizing a “core list” of items specific to the institutions)
- UNLV issued a solicitation for janitorial services for UNLV and NSC.
- UNLV issued a solicitation for armored car services for use by the southern institutions which allowed for a better contract than utilizing a joint contract other local agencies were using due to the service requirements of the campuses.
- CSN and Truckee Meadows Community College (TMCC) released a joint solicitation for the hiring of a consultant to review salary and compensation for professional faculty.
- UNR, UNLV, and CSN are leveraging a contract for a document imaging and management system.
- NSC is “piggybacking” CSN’s solid waste management services contract and the financial aid call center contract.
- BCN has a multi-institution agreement for multi-function copiers, and this has been in effect for over ten years.
- There is a BCN-wide discount agreement with Dell, and this has been in effect for over ten years.
- CSN and TMCC joined together to release a RFP for a constituent relationship management (CRM) system

The purchasing offices of NSHE have participated in collaborative purchasing methods for several years. This is extremely common in purchasing offices. Implementing a unified Workday system will allow for more formalized standard procedures ensuring we are capable of accurate data analysis to assist in even more formal collaborative opportunities. As professionals, we benchmark and consult with our peers (within NSHE, with other agencies within Nevada, and other schools of higher education and other governmental agencies). It is common practice for

procurement staff at BCN, BCS, and CSN to request from the others' procurement office sample solicitations and executed contracts. Similarly before processing a solicitation, procurement staff researches existing contracts awarded by cooperative purchasing organizations. We "pool" our potential purchases to leverage better contract terms such as pricing, shipping costs, reduced lead times, and better general legal terms and conditions. We not only collaborate among our institutions but also with local government, state agencies, educational purchasing affiliates and national governmental purchasing groups as a normal course of business.