

# Georgia State Purchasing Division Improves Statewide Strategic Sourcing with Unified System



Georgia Department of  
Administrative Services, State  
Purchasing Division  
Atlanta, GA  
[www.doas.ga.gov](http://www.doas.ga.gov)

**Industry:**

Public Sector

**Annual Revenue:**

US\$14 million

**Employees:**

70

**Oracle Products & Services:**

PeopleSoft eProcurement  
PeopleSoft Supplier Contract  
Management  
PeopleSoft Strategic Sourcing  
PeopleSoft eSupplier Connection  
PeopleSoft Financials  
PeopleSoft PeopleTools  
Sun Fire Servers  
Oracle Solaris

**Oracle Partner:**

CherryRoad Technologies  
[www.cherryroad.com](http://www.cherryroad.com)

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In 2003, Georgia’s Governor’s office launched the Commission for a New Georgia, an independent council of top-level executives from across Georgia, with the aim of providing “real-world” consulting to state government to improve management and performance. One of the opportunities the commission recognized for improved efficiency was within state procurement processes. This led to a procurement transformation, primarily led by the Georgia Department of Administrative Services, State Purchasing Division.

Within the State of Georgia’s Department of Administrative Services, the State Purchasing Division is the central purchasing authority, responsible for purchasing policies for most of the state agencies including the state university system. Its two major functions are strategic sourcing—including negotiating statewide contracts to reduce costs and support local vendors—and operating the knowledge center, which conducts training for procurement professionals and suppliers and works on process improvement initiatives.

To support procurement transformation, the state needed to significantly improve its supplier relationship management processes and purchasing data, providing the ability to analyze spending across agencies and categories, and to negotiate statewide contracts. To meet these goals, the State Purchasing Division turned to Oracle’s PeopleSoft applications running on Oracle’s Sun servers.

**Key Benefits:**

- Unified procurement processes, eliminating the need for several third-party systems
- Provided a unified view of spending across agencies, enabling the state to negotiate contracts and volume discounts
- Streamlined the requisition process
- Maintained necessary controls for purchase cards without sacrificing efficiency
- Reduced paper use
- Met nearly all of the state's many procurement process requirements with out-of-the-box functionality
- Reduced the average cycle across agencies from more than 6.07 days to 3.8 days

**Consolidating Disparate Systems to Increase Visibility**

The new PeopleSoft applications replaced a disparate legacy environment made up of several procurement systems, including separate ones for simple requests for quotes (RFQs) and for more complex requests for proposals (RFPs). The old system also lacked data analytics capabilities. For example, the staff could pull basic line items, such as US\$7,000 spent on office supplies, but the legacy system did not store granular purchase order details. This constraint made it difficult to design strategic sourcing plans.

“On the old system, we were leaving money on the table because we were not taking full advantage of volume discounts for large commodity purchases,” said Gina Tiedemann, assistant commissioner, operations, Georgia Department of Administrative Services. “With our expanded PeopleSoft environment and new catalog hosting and management solution, we can be more strategic about our purchasing, which ultimately means we are better equipped to optimize taxpayer dollars.”

Today, Team Georgia Marketplace is one unified system that acts as a one-stop shop for procurement processes and integrates smoothly with the state's catalog management system and an existing procurement registry. More than a common interface, this unified system also brings a unified view of data. Today, the state has line-item detail on purchases, and can pull spending data from across agencies and at the state level.

“Now, for example, I could quickly tell you how many red pens we ordered in the last year, and for which agencies, at what price, and so on,” Tiedemann said.

This level of detail is vital to any government organization, so that it can remain accountable and avoid costs as much as possible to optimize the use of budgets.

“We have a group that does spend-data analytics, and they will refresh our spend cube on a regular basis, helping us keep a closer eye on costs. That means our employees are in a better position when they sit down to negotiate with suppliers because they have a level of knowledge that previously only our suppliers had,” Tiedemann said.

**“We tried to keep the implementation as vanilla as possible. Rather than customize our system to meet our business processes, we tried whenever possible and when prudent to adjust our business processes to meet the best practices inherent in PeopleSoft.”**

Gina Tiedemann  
Assistant Commissioner,  
Operations  
Georgia Department of  
Administrative Services

The implementation benefits will only continue to grow as the State Purchasing Division brings more agencies onto the new system, Tiedemann explained.

In fiscal year 2010, the PeopleSoft system processed US\$1.6 billion worth of spending, and in fiscal year 2011 that volume is expected to increase. Further, as additional agencies come onto the PeopleSoft system, the state can eliminate license fees it pays on third-party systems, contributing to additional cost avoidance.

### **Reducing Paper Use with Automation**

The state has also reduced paper use and saved time by eliminating in some departments the paper-based payment packages that employees previously printed and physically delivered to the accounts payable office. These packages include all of the contracts, RFPs, and other documentation necessary for paying a requisition. Today, the PeopleSoft system contains all of this data in an electronic format, enabling users, with just a few clicks, to view the documentation electronically.

This process not only increases efficiency, but also reduces spending for paper, toner, and document storage, and makes it easier for the state to meet retention regulations for public records.

A shining example of the push toward paperless processes is the Department of Audits and Accounts, where employees avoid printing whenever possible and store all records electronically, all the way down to individual receipts.

One of the State Purchasing Division’s major goals is to reduce the requisition-to-purchase order cycle to just two days. So far, the new system has reduced the average cycle across agencies from more than 6.07 days to 3.8 days.

### **Increasing Control without Sacrificing Efficiency**

Another area in which the State Purchasing Division has seen improvement is in the purchasing cards that many employees use. With PeopleSoft, the state was able to increase control by adding multiple approval levels without sacrificing efficiency because all of the approvals are electronic and automated. Previously, this process was paper-based and labor intensive.

### Simplifying Supplier Relationships

The state has also implemented PeopleSoft Supplier Contract Management and the PeopleSoft procure-to-pay applications to simplify supplier relationships for the state's major agencies. The Department of Human Services (DHS) is a good example of the results achieved with these modules.

“The DHS has really benefitted from the wizard technology within PeopleSoft Supplier Contract Management. Previously the contract process involved contract administrators doing a great deal of cutting and pasting. Now the wizard quickly walks end users through templates, accelerating the process and eliminating mistakes,” Tiedemann said.

She added, “Supplier contracts is one area in which we have only just begun to take advantage of all of the rich, powerful features PeopleSoft offers. We can continue to improve this process with capabilities such as quarterly review reminders, for example, in order to improve our supplier relationships and maximize efficiency.”

Across the state agencies now on the system, there are 20,000 suppliers signed up on the Web portal. Tiedemann noted that the State Purchasing Division continues to work on change management, encouraging suppliers to leverage the portal rather than calling the helpdesk.

“About 80% of calls come from suppliers checking on the status of payments or seeking help responding to sourcing events. We have made significant progress with change management—which is not easy—and we continue to work to get suppliers to rely on the portal, so we can reduce that call burden and allow staff members to focus on strategic initiatives,” Tiedemann said.

### Why Oracle?

The state of Georgia is a long-time PeopleSoft user, having used PeopleSoft Financials since 1999. When the state began its procurement transformation, it compared Oracle's PeopleSoft suite to individual best-in-class solutions and found that Oracle delivered the most value for the cost. In addition, the robust functionality of each module within PeopleSoft 9.0, along with tight integration with the Financials modules was a key reason for selecting PeopleSoft for procurement.

### Implementation Process

The procurement project began in May 2005 with the decision to implement PeopleSoft applications. Then, the state identified CherryRoad Technologies as the implementation partner and began the implementation in fall 2007. The first go-live was in January 2009. The PeopleSoft applications run on Oracle's Sun Fire servers.

The project was on time and within budget, which, Tiedemann noted, is impressive for a large-scale public sector implementation.

“We tried to keep the implementation as vanilla as possible. Rather than customize our system to meet our business processes, we tried whenever possible and when prudent to adjust our business processes to meet the best practices inherent in PeopleSoft,” Tiedemann said.

In total, the state's fit-gap analysis identified 870 supplier relationship management requirements, and the PeopleSoft applications were able to meet 858 of them out-of-the-box. So, the State Purchasing Division only had to make 12 customizations to the procurement systems during the design phase. Additional customizations have been added but have been kept to a bare minimum. De-customizations have also been done as Oracle has completed feature releases.

To make sure the business processes continue to work well without adding customizations, the Team Georgia Marketplace staff has a program they call the “get well program,” which involves analyzing common mistakes and then addressing them during training sessions and user group meetings to correct them from the beginning.

The initial rollout took place within the Department of Administrative Services as well as two of the largest and most complex state agencies—the Department of Human Resources and the Department of Corrections.

“Many implementations start with the low-hanging fruit, but we took a different approach, tackling the most complex agencies first, with the help of CherryRoad. I think this contributed to the smooth implementation,” Tiedemann said.

By late 2010, the state had seven of eight of its top spending agencies, which make up 80% of state procurement, on the system with plans to roll out to the last major agency, the Department of Education, by the end of the calendar year.

CherryRoad Technologies was critical to the implementation, particularly for the early, more complex agency rollouts and in coordinating change management with the suppliers.

“We had supplier workshops, walked them through registration, sent out a monthly newsletter—all types of activities to get the suppliers involved. Bringing CherryRoad in to assist with this process was one of the best decisions we made,” Tiedemann said.

*The Georgia State Purchasing Division, part of Georgia's Department of Administrative Services, serves as the centralized procurement function for state government entities. Providing leadership, guidance, and reliable, valued business services to its customers and Georgia citizens, the division's goal is to be the best managed purchasing organization in the nation.*