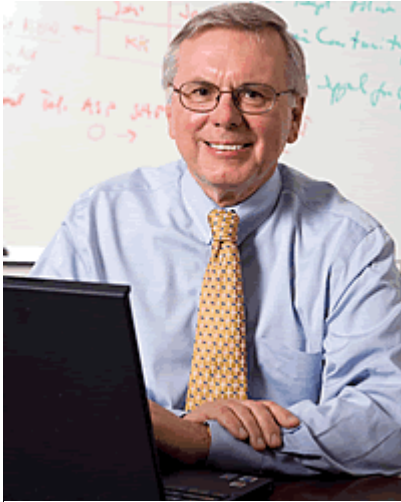


## Strategic Tech Purchasing

By Linda L Briggs

*Which kind of **eProcurement** setup is best for your institution? Weigh the pros and cons carefully, then augment your decision with volume buying, standardization, and other smart moves.*



**DREXEL's Bielec:** Purchasing cards are cheaper and easier.

**FINDING WAYS TO** better manage your purchasing strategy can help save considerable sums not just on purchases, but on back-end support costs. For suggestions on how to cut tech procurement costs and control spending, we spoke with CIOs at two universities and a senior manager of higher ed purchasing at one of the biggest tech product suppliers in the world. Here are their suggestions on ways to control, standardize, and save on tech purchasing.

### **eProcurement vs. Credit Card**

eProcurement is one of the most talked-about technology solutions in purchasing. If you're as yet unfamiliar with the process, it refers to replacing paper-based transactions with electronic ones. Purchases are made over the internet; a school with an eProcurement system in place also has an electronic method of producing a purchase order and tying the transaction into the back-end accounting system. For some schools, it can be an immediate money-saver.

"We are seeing a shift toward more eProcurement," confirms Joe Sartin, senior manager/higher education sales at [CDW-G](#), a provider of technology products and services to business, government, and education. Sartin's advice for colleges and universities considering an eProcurement solution: "You don't have to [incur] a huge expense to make the change." Because there are many different partners and eProcurement organizations to select from, he says, "Customers can choose anything that fits their infrastructure."

eProcurement isn't for everyone though. According to John Bielec, CIO at **Drexel University** in Philadelphia, the university has been saving money for several years through [JPMorgan Chase PaymentNet](#) purchasing cards, a highly effective route to procurement, Bielec maintains. To control spending, he says, staff members are simply assigned appropriate spending levels on the card.

As part of the card program, Drexel receives data once a day from the card issuer, JPMorgan Chase. The data goes directly into the financial system. "It's totally paperless," Bielec says of the three-year-old system. He estimates that 95 percent of purchases are now completed at Drexel using purchasing cards. Compared to either an ERP system with a paper invoice or an eProcurement process in which a purchase is transacted online, a purchasing card is several times cheaper, Bielec says. When Drexel implemented the purchasing card system in 2002, the university had just recorded over 12,000 purchase orders a year, he points out. Three years later, he reports, that number had dropped to 2,700; an 80 percent decrease—and an indication of considerable savings.

"When anyone mentions eProcurement," Bielec adds, "I say, 'Why would anyone spend the time and effort to go through all that process—because it's a lot of overhead—when the credit card is the simplest and easiest way to do business?'" He points out that 95 percent of purchase orders at universities are typically for less than \$2,000, and that magnifies the labor savings possible when eliminating purchase orders, as purchasing cards do.

### **Multi-System Solutions**

Rather than an all-or-none solution, many schools have a variety of procurement programs in place, all of which work together. At **Wayne State University** in Detroit, for example, there are three programs, according to John Camp, WSU's CIO.

First, like Drexel, the school issues a procurement card (the [Visa ProCard](#)) to WSU employees who have spending authority, empowering them to make online purchases. Monthly statements are available online and by e-mail; controls are in place to prevent excess spending or unauthorized purchasing.

Second, WSU's Purchasing department has set up a direct online order system with select vendors such as [Apple](#), [Dell](#), and [Gateway](#), each of which has a contract (with established pricing schedules) with the university. That speeds up turnaround time and reduces paperwork.

Third, when open bids are solicited, WSU uses an electronic bid process, in which requests for proposals (RFPs) and requests for quotes (RFQs) are posted on the purchasing department's [website](#), to foster competition among vendors. Camp says that WSU's purchasing department has considered third-party solutions such as SunGard Higher Education's [HigherMarkets for Banner eProcurement](#) system, but there's no current move to review or deploy one.

### **Buy in Bulk, and Standardize!**

One obvious way to save on tech purchasing costs is through volume purchasing, and according to WSU's Camp, there are a number of techniques administrators can use to negotiate the best prices for volume deals. First, he suggests, look for purchasing consortiums that have already done the pricing legwork for you. Then, compare their prices to your offers in hand. If you've narrowed product selection down to a specific vendor, educate yourself about the different sales channels the vendor offers. At WSU, Camp says, "we've found that the government/education price is not always the lowest price."

## **In just three years, Drexel's purchasing card system reduced the number of purchase orders per year by 80 percent, reports Bielec.**

Also, be aware of deals being offered elsewhere at your institution before engaging in any negotiation, Camp says. That ensures that you're informed about the potential size of the volume-purchase deal before engaging in any negotiation. Be aware, too, that bulk deals offer opportunities for creativity. For a better price, Camp suggests agreeing to serve as a reference site or success story for the vendor, if either is in your best interests.

Buying any item in bulk can have a hidden benefit as well, says CDW-G's Sartin. Beyond the obvious savings up front (because of the volume buy), there is a second benefit, often even more significant over the long term: the back-end cost savings inherent in managing a single

software application, computer platform, or other item, he points out.

### Rein in Maverick Spending

Curtailing “rogue spending” that can lead to off-contract purchases and non-standard equipment can be a challenge indeed. One approach yielding success, Sartin reports, is the eProcurement website. Typically, such a procurement site is set up for access via the school’s intranet, and it offers users a complete online catalog of products preapproved for purchase by the university—items that can range all the way from computer CDs to autos. This kind of procurement control method is catching on because reporting and tracking is greatly improved.

Release Date	RFQ / RFP Title	RFQ / RFP Number	RFQ / RFP Status	RFQ / RFP Description	RFQ / RFP Value	RFQ / RFP Location
04/18/2006	RFQ - Wireless LAN Infrastructure at the Best Buy School of Business, Project Wireless	04-18-06	RFQ	RFQ - Wireless LAN Infrastructure at the Best Buy School of Business, Project Wireless	\$1,000,000	Best Buy
04/18/2006	RFQ - Audio Visual Equipment and Installation for the Best Buy School of Business, Project Wireless	04-18-06	RFQ	RFQ - Audio Visual Equipment and Installation for the Best Buy School of Business, Project Wireless	\$1,000,000	Best Buy
04/18/2006	RFQ - Printing System Bid/Quote for the University Department of Printing & Transportation	04-18-06	RFQ	RFQ - Printing System Bid/Quote for the University Department of Printing & Transportation	\$1,000,000	Best Buy

**WAYNE STATE UNIVERSITY'S** Purchasing department posts RFPs and RFQs on a public website, to foster competition among vendors.

“Now administrators are able to go to the site and track all the orders,” Sartin says, including “which credit cards were used, and who made the purchases.” And because shopping information is consolidated in one place, purchasing is easier for users, which helps to curtail trips to the local Best Buy for off-contract equipment. The online catalog method also is a cost-saving strategy because it reflects prices that the university has already negotiated with each vendor, typically giving buyers a choice of items at reduced rates.

Issuing credit cards with limits, as both Drexel and WSU do, can also be successful, Sartin says. And the cards can be used as part of a more comprehensive eProcurement system. One drawback to credit cards: They can encourage the very kind of rogue buying that you’re trying to control. “Often, administrators will set a daily limit, but they don’t indicate where you need to purchase products, or what brand or type of product should be purchased,” Sartin adds.

Camp agrees that institutions can better manage their general-purpose IT environments by controlling off-contract purchasing, but is careful to draw a distinction between discipline-specific IT equipment used by a single department, school, or college, and general-purpose IT equipment such as computers, servers, printers, and productivity software used throughout the university. The former types of purchases are managed locally, and that is appropriate, he explains. For general-purpose IT equipment, however, “purchases should be managed globally to reduce costs and improve the quality of support,” he says. To reduce off-contract spending and move toward better management of resources, Camp suggests establishing standards committees (for both hardware and software) that can recommend products that adhere to general industry standards. It’s important that committee members represent key constituencies, he stresses, “including IT leaders, key customers, and purchasing representatives, all of which have a vested interest in improving IT services across campus. To encourage university personnel to follow committee recommendations, he adds, make it easy to access the appropriate product catalogs, enlist the support of the Purchasing department, and become an advocate for the reasons behind simplifying IT environments.

### Mind Your RFPs

Bid proposals are challenging for universities because of extreme pressure both from within an institution and from vendors to get the best pricing and the best value. One suggestion from Sartin: Tailor the RFP to very specific needs rather than simply fill in pertinent facts on a

standard form.

**If you've narrowed product selection down to a specific vendor, educate yourself about that vendor's various sales channels; the government/education price is not always the lowest price.**

"Many times there's a boilerplate RFP, and you just fill in what you want," he says. "But now we're seeing customers write more specialized RFPs, so they really get what they need from a price as well as a service standpoint." That means focusing on smaller issues like turnaround time, customer service attributes, or certain web capabilities.

Because both the Purchasing department and university's General Counsel office will be involved in RFPs, Camp suggests developing a close, working relationship with representatives of both offices. "Any healthy relationship requires good communication, mutual respect, and trust," Camp says. "When those traits are associated with IT, Purchasing, and Legal, the result is better RFPs, proposals, and awards."

In fact, Camp's comments are good advice for fine-tuning your purchasing strategies overall. Good communication with everyone who purchases equipment, along with mutual respect and trust, can go a long way toward helping everyone understand how solid purchasing rules keep costs under control, helping standardize equipment, and making purchasing and using IT equipment easier for everyone.

*Linda L. Briggs is a freelance writer based in San Diego, CA.*

Linda L. Briggs is a freelance writer based in San Diego, Calif.  
[lbriggs@landabriggs.com](mailto:lbriggs@landabriggs.com)

This article originally appeared in the [10/1/2006](#) Issue of Campus Technology

Copyright 1998-2005 [101communications](#). See our [Privacy Policy](#)

