

Best Practices: Using Technology to Improve School Procurement

Technology permeates most aspects of education, yet school districts do not often leverage its power to improve the procurement process.

Although almost all districts now have some automation in their systems and databases to help with requisition and purchasing, procurement remains largely a paper-based process in most school districts. Newspapers continue to include long, unwieldy school bid proposals despite the power and convenience of using on-line marketplaces to tap into a nationwide network of vendors.

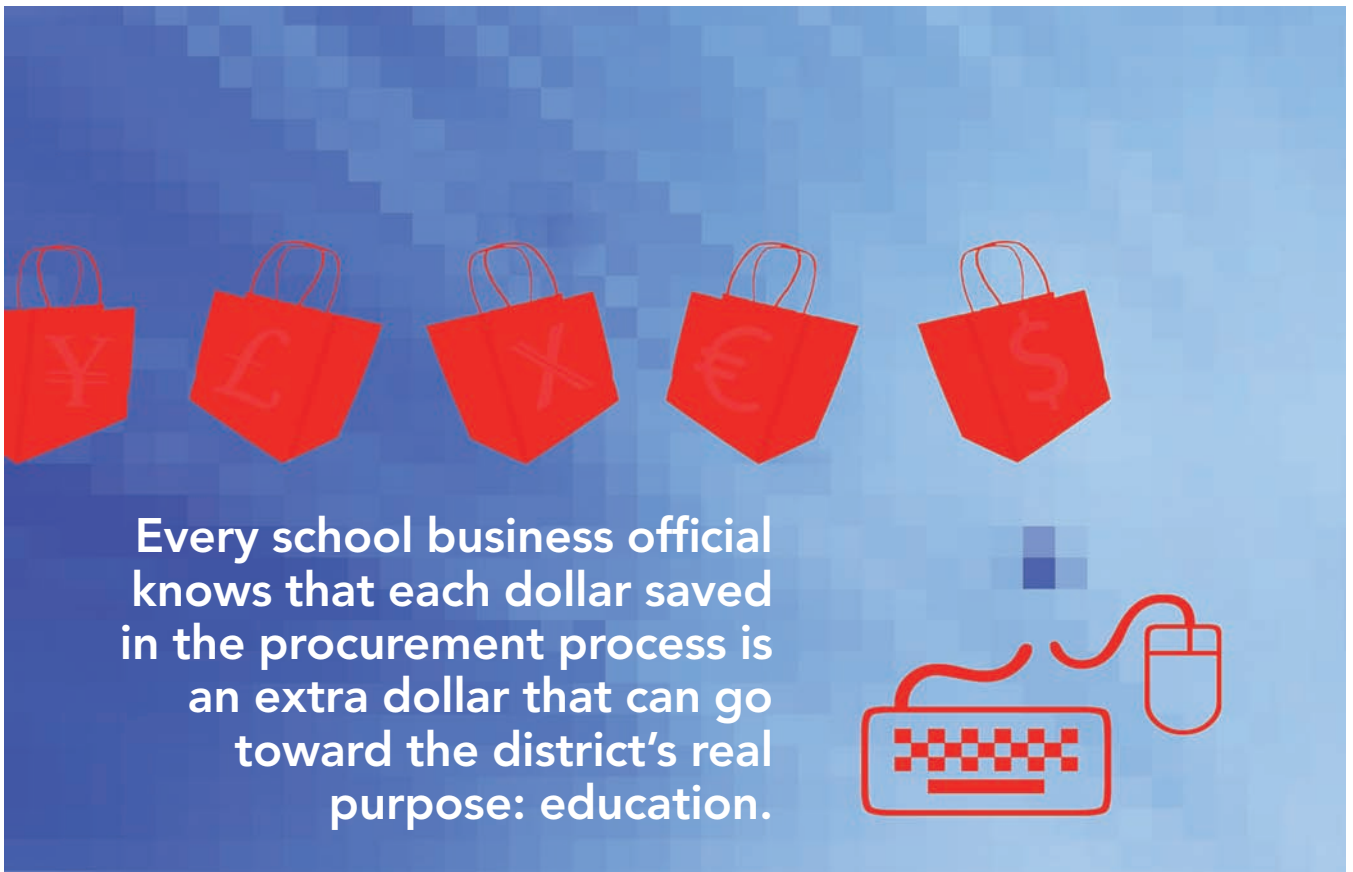
But several districts are using technology to answer their business needs and challenges. This article describes three of those districts that use technology to improve their procurement processes. Their technology is not advanced; most often, it is a new application of an old technology, however, it improves their procurement processes dramatically.

Internet-Based Bid Aggregation

The Detroit public school system reaps real rewards from using on-line bidding for most of its purchasing. The district saved more than \$300,000 on a single purchase of textbooks last year using that method. That savings represented about 10% of the purchase price.

Detroit Public Schools, which educates 153,000 students and has an annual operating budget of \$2.4 billion, has been using the DemandStar system from Onvia since April 2001. DPS uses DemandStar “because it significantly reduces [its] administrative workload,” according to Hildred Pepper, Jr., CPPO, CPM, the district’s chief contracting officer. “We don’t have to print out copies of solicitations anymore. In fact, [vendors] can’t even pick up documents in our office anymore. They have to go on-line to get the solicitation.”

Although he cannot quantify the effect, Pepper is con-



By Josh Karp

fidant that the increased competition from having more businesses responding to solicitations decreases overall purchasing costs.

DemandStar is but one of several services that aggregate government purchasing information on behalf of businesses that provide products and services to government agencies. Other providers include BidNet, Government-Bids.com, and Epylon. These companies publicly announce open solicitations, aggregate responders to those solicitations, and improve the transfer of information between the respondent and the agency. Almost all of those services are free for public agencies.

“It really is an efficient system. Everyone is notified at the same time [of open solicitations],” Pepper says.

Before Pepper arrived at DPS in 2001, the district complied with state competitive bidding laws in the same fashion as other school districts: by sending solicitations to vendors who had previously expressed interest in the product or service. But that process was time-consuming, expensive, and ineffective at bringing in as many responses as possible. “Using technology has led to a significant jump in the number of vendors who know about the open solicitation,” states Pepper. “I’d say that it has increased by 400% or 500% [over the previous form of notification].”

For solicitations exceeding \$250,000 opened in the last three years, DPS data show that an average of 204 companies received a *notification of solicitation* through the service for each newly opened bid for the school system. An average of 35 downloaded and viewed the actual solicitation during the same period.

But DPS is not resting on its laurels. Instead, it is always trying to improve the procurement process. The district requires that all bids be submitted in hard copy, but it has experimented with on-line submission. DPS opened one bid last year for on-line submission only. “[The experiment] was successful, and we do eventually plan to go with everything in electronic form,” says Pepper.

Sharing Information on the Intranet

York County, Virginia, lies in the heart of this country’s colonial history. The 19 schools that compose the York County School Division sit but a cannon’s shot from Colonial Williamsburg and Yorktown Battlefield. The district has roughly 12,800 students and an annual operating budget of \$94.7 million.

Purchasing for the York County School Division is handled by the county’s central purchasing department. T. W. Sawyer, CPPO, CPPB, is the purchasing agent for the county and the school district. In addition to nearly 40 years of public procurement experience, Sawyer has a strong background and interest in technology, which he uses to solve many of the challenges presented by the diverse nature of his county’s purchasing customers.

Of the county’s many interesting uses of technology, one of the most useful is a system to help respond to the countless “What is the status of my purchase request?” inquiries that all purchasing departments face. Instead of fielding

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those phone calls, the county’s purchasing department makes most of its purchasing documents available to all county employees by way of the county’s intranet.

To do so, the county purchasing department scans in an image of every important page from each request it maintains. “It ends up being just about every signature page,” Sawyer says. Those images are stored via an on-line digital imaging solution from Laserfiche, a document management company based in Long Beach, California. The scanned images form the basis of the system used by the purchasing department to apprise its internal customers of the status of their procurement requests. Individuals can view the documents with the click of the mouse.

According to Sawyer, “It didn’t take a lot of training. And customers [county agencies] really seem to enjoy it.”

A similar site provides information about available bids and can be accessed by the public through the Internet. The site gets more than 3,000 hits a month. That’s a lot of incoming phone calls that the central purchasing department can avoid each month.

Paperless Procurement

The School District of Philadelphia’s 217,000 students make it the seventh largest district in the nation. It has an annual operating budget of \$1.9 billion and operates 273 public schools. Despite the complexity of managing the purchasing needs of such a large agency, its procurement department kept hard-copy records for every one of its more than 200 annual public bids until recently.

The district hoped to abandon the hassle and cost of maintaining paper records, but the department, led by Kimberly Sangster, CPPO, CPPB, senior vice president for procurement services, realized that those hard-copy records held quite a bit of valuable information that could be used to speed up the procurement process, increase the district’s purchasing power, and ensure compliance with laws and regulations.

The school district hired Freerain Systems, Inc., to undertake that process. Freerain oversaw the document-scan-

ning process for every paper file covering the last year of procurement (which amounted to 130,000 individual pages of information). At the same time, the company populated the product's database with key information from each bid, capturing such elements as commodity code, product description, vendor name, contract date, and amount awarded—28 fields in all. This information constitutes the database that the district's buyers can now search.

With Freerain's Bid Information Management Solution (BIMS), the district procurement office is now a paperless operation. Every bit of information in the procurement process is stored electronically and accessed through a secure Internet-based Web page. Each member of the procurement department has some level of access to that Web page based on his or her specific needs. The stored information includes not just images of every vendor response, but also the Microsoft Word and Excel files that are used by the procurement department, as well as esoteric file types that might accompany a specialized bid. The result is a complete, secure, on-line accessible historic bid record.

Researching and retrieving information from the paper-based documents used to take hours or days (if the searches were possible at all). Now, retrieving information is nothing

more than a couple of mouse clicks away and the district can uncover information it could never access before. For example, personnel can search for every response received from a particular vendor in the previous year. What may have been impossible a year ago is now a two-minute process.

The BIMS process also ensures complete procurement records. "I really like the fact that I know our records are complete. If we're missing a piece of a complete bid package, the system warns us before it becomes a problem," says Sangster. "Whereas before there was no way of knowing whether we were missing a signature page, an award sheet, or a pricing quotation."

These case studies show how beneficial technology can be in managing school district business operations more effectively. And every school business official knows that each dollar saved in the procurement process is an extra dollar that can go toward the district's real purpose: education. ■

Josh Karp is the founder and CEO of Freerain Systems, Inc., a Chicago-based software company focused on document management for procurement departments.



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