

Automated Procurement Systems - What's the right solution?

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I've been in contracting for many years and spent much of the last 15 years working with several software companies in a variety of countries to define functionality for Public Sector procurement offerings. I was amused at how these offerings were often referred to as "*solutions*" when I'm not so sure we really understood what problems we were trying to solve at the time. A few years back a senior procurement executive at one of the larger federal agencies made the comment out of frustration: "*The software keeps putting the wrong clause in the wrong contract type!*" My immediate thought was the software didn't do anything for which a human wasn't ultimately responsible – it probably wasn't so much a software issue as it was a configuration issue; nonetheless, there were customer expectations the software simply didn't meet and he was reacting to numerous end-user complaints to a new system.

As in many cases, problems on both sides likely contributed to the frustrations this agency was experiencing. Taking the time upfront to really understand needs as opposed to wants and understanding the features and functions available in the market place can go a long way to mitigate the frustrations activities face in fielding these complex solutions.

Many factors can go into assessing the "best solution" from the technical architecture, maturity of offerings, complexity of procurement processes, organizational structures, stakeholders and the acquisition environment – global, national, regional, local, centralized or distributed – the list can be exhausting. Five critical areas to consider are as follows:

Complexity and standardization of procurement processes -The most suitable situations for automated procurement solutions are those where there are structured and well defined procurement processes – defined data structures, numbering schemes, consistent use of procurement types, somewhat static or at least manageable regulatory content. Wide variations with individual user defined procurement practices lead to significant challenges to fielding systems that were purposely designed to bring structure, control, oversight and simplicity to procurement processing.

Ongoing maintenance and update requirements – An activity's regulatory content and the degree to which it changes can be a significant factor in assessing which solution is best suited for a particular procurement environment. An activity needs to clearly understand the impact of changes to procurement regulations and a system's adaptability and flexibility to accommodate these changes. This is especially critical for activities that may have to rely on external support to manage and update the regulatory content that populates the procurement instruments.

Dependency on internal and external systems for interfaces – The U.S. federal market is dependent on a variety of mandated external procurement related systems. The GSA Integration Acquisition Environment has been working for years to provide standardized interface methods with service-enablement of a variety of procurement related systems. In many cases, the US Government is taking on a variety of acquisition related functions such as vendor management (e.g. CCR, EPLS),

congressionally mandated reporting (FPDS-NG), procurement advertisement and announcement of awards (FEDBIZOPS) software vendors in the past had to provide. Understanding what IAE is currently doing, and maybe more importantly, what they plan to do in the future is critical in assessing the suitability and sustainability of a new procurement offering.

The organization's culture and adaptability to change – The very best procurement system seems to be the one an organization is now trying to replace – often a common impression from frustrated end-users having new solutions forced on them. The early involvement of end-users to define requirements, assess and understand system functions, and actively participate in the evaluation of options is essential for a successful implementation. Some organizations have found including the end users in the early evaluation stages coupled with incorporating performance goals associated with the successful roll-out of new software systems as an effective means for enhancing the success of new implementations.

Tradeoff of "best of breed" versus benefits of an integrated environment – The major ERP providers have recently introduced automated procurement solutions now focused to the Public Sector market. These offerings can provide functionality supporting a wide span of complex pricing and data structures, regulatory content management and document generation capability never before supported by ERP systems. The ERP offerings can include delivered integration across multiple disciplines - Finance, Funds Management, Human Resources, Inventory Management, Property Management, Materials Management, Vendor Management, Business Intelligence - to which "best of breeds" must separately interface. The ERP systems also offer common features such as Document Management, File Management, work flow, reporting and other business process that are not unique to the automated procurement software but instead common to all users of the ERP offering. This benefit of integration and commonality of business processing may come at a cost of procurement functionality when compared to the maturity of the best of breed offerings.

The above is a short list of critical factors to consider. What other factors have you seen or experienced that need to be considered in determining the appropriate automated procurement solution?

- Randy Gaylor, Director