

Schools Ensuring Price Paid is Price Negotiated

CASE STUDY



“JAGGAER ensures that the price paid is the price that was negotiated.”

—Associate Vice President for Financial Operations

PROFILE

Before implementing eProcurement automation software from JAGGAER, this school system's departments in Atlanta ordered what they wanted, when they wanted, and from whichever supplier they wanted. Now, the benefits the school system's procurement operations have realized with JAGGAER can be summarized in one sentence: “JAGGAER ensures that the price paid is the price that was negotiated.” This statement is simple, yet significant.

THE CHALLENGE

The school's procurement office had little visibility into how much each department was paying for everything; from pens and paper to furniture and MRO supplies.

Without this visibility—and without fully understanding how purchasing dollars were being spent—the school system couldn't leverage its buying power to negotiate lower prices or better terms and conditions. Today, procurement has the opportunity to play a powerful role in school systems. Spending on goods and services often consumes the largest portion of a school's annual operating budget behind payroll. On average, two thirds of these purchases pass through the school's procurement process. Even a 5% reduction in the amount that a school spends can quickly become millions of dollars in annual savings.

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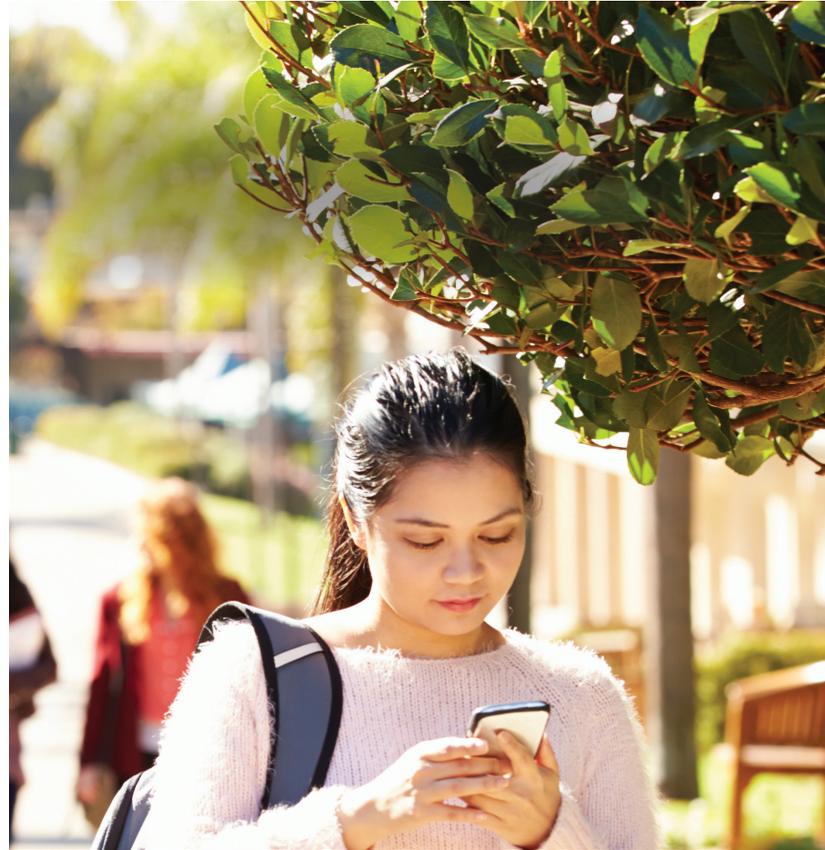
THE SOLUTION

This Atlanta school system tapped JAGGAER's expertise in education procurement to save time, money, and promote the use of their preferred suppliers. An online, one-stop shopping marketplace was rolled out where staff can order most commonly required goods and specific services from the school's contracted and preferred suppliers. However, the school knew that the ordering process was only half of the picture. "The time spent negotiating low prices doesn't matter if the invoice isn't correct in the end, and you haven't stopped to make sure the price you're billed is the price you were promised," said the Associate Vice President for Financial Operations.

The school saw the value of using JAGGAER's full suite of source-to-settle procurement solutions, including its user-friendly catalog management and shopping platform for requisition workflow automation and streamlined, automated purchase order placement, tracking, and management. But it was JAGGAER's "Accounts Payable Director" that excited this school system.

THE FUTURE

The Atlanta school system feels that one of their best decisions was to implement JAGGAER's full suite of source-to-settle solutions because it has allowed them to be very nimble and to change their school financial system (ERP) with minimal end-user impact. "Through our ROI we've calculated a six-to-one return on investment with JAGGAER," said the Associate Vice President for Financial Operations. "For every dollar we pay JAGGAER, we get six dollars of benefit—and we believe that figure will continue to grow."



BOTTOM LINE RESULTS

- Realized a 6-to-1 return on investment; for every \$1 spent, the school system receives \$6 savings benefits
- Realized positive cash flow within 12 months
- Funded the investment in JAGGAER within its existing procurement budget from the efficiencies generated by the new processes— with no budget increases or general fund expenses
- Found that the savings realized, approximately 45% was driven from the process efficiencies and 55% from negotiated discounts and contract compliance

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