

State of Georgia Captures Savings and Efficiencies



STATE GOVERNMENT



“Our decision to take a new approach, while using proven systems and technologies, will enable the state to accomplish more with its resources and free employees from time consuming administrative work. That’s a win for everyone!”

— Gina Tiedemann
Deputy Commissioner, Operations
Georgia Department of Administrative Services

PROFILE

The State of Georgia is home to nearly 9.7 million residents, making it the ninth-largest state in the United States. Approximately \$4 billion of the State of Georgia’s \$17.5 billion operating budget is spent through the state’s purchasing department.

CHALLENGE

With the ever mounting pressure on budgets, it is imperative for government agencies to stretch every dollar by spending tax dollars wisely. Government agencies are experts at negotiating sophisticated statewide contracts with suppliers—but such deals do little good if employees have difficulty accessing and utilizing these contracts. If contracts cannot easily be used, it is difficult to consolidate

buying power and implement one of the basic means by which government entities can contain costs.

A handful of state, county and city governments are starting to reconcile this gap between vendor negotiations and employee purchases by applying private-sector procurement strategies and technologies to public-sector purchasing processes. The State of Georgia is a front runner in the field.

THE SOLUTION

The breakthrough idea was the creation of “Team Georgia Marketplace.” Working in partnership with JAGGAER, the state seamlessly enhanced its enterprise resource planning (ERP) system with an easy-to-use online shopping portal and catalog and supplier management service that drives purchases to Georgia negotiated contracts.

Team Georgia Marketplace allows the state's purchasing department to display real financial leadership. Easy-to-use features and intuitive operations drive contract compliance and intelligent spending by end users. The solution also automatically tracks and reports on order details by suppliers, products, year-to-year data, category/commodity comparisons and more.

"Team Georgia Marketplace has taken the State of Georgia into uncharted territory," said Gina Tiedemann, deputy commissioner of operations for the state's department of administrative services. "It is helping us to gain insight in valuable spend information that has never been available across the state in this depth. It allows us to understand what is important and which opportunities will lower the state's costs and capture the most efficiencies. On top of that, the increased efficiency employees have gained doing the day-to-day purchasing is substantial."

The Team Georgia Marketplace shopping portal can be accessed by every state employee with an internet connection. The portal is populated with products—and discounted prices—from the state's

contracted suppliers. Employee reactions to the Team Georgia Marketplace have been overwhelmingly positive and the increase in spend under management, driven by the ease and efficiency of the solution, was almost instantaneous. The Georgia Department of Audits even decided to move to a nearly 100 percent paperless process after its rollout.

Before starting the procurement transformation, only 6 percent of the State of Georgia's spend was under management. Very few purchases could be measured using vendors with which the state had negotiated contracts or discounted pricing. The creation of a focused strategic sourcing team with deep spend analysis expertise was step one. Once it became easy for state employees to place orders through Team Georgia Marketplace, participation surged. Today, nearly 60 percent of the state's spending is under management and the state is aiming for over 80% in the coming calendar year.

This "spend under management" metric is significant. Not only does it identify the ability to consolidate buying

power, it also supports implementation of intelligent spending practices for employees inside Team Georgia Marketplace. The procurement solutions measure spend for local, diverse or green initiatives and even support the incorporation of the rules needed to guide end users to buy the right way.

"Having a purchasing system that is not only fast and easy-to-use, but also 'intelligent' was critical," said Tiedemann. "Now that Team Georgia Marketplace is available, it is significantly easier for state employees to make the purchases they need right from their desktops. Employees save time—and we will be able to leverage our purchasing power to negotiate even better terms when we renew supplier contracts."

As an added bonus designed to help taxpayer funded Georgia-based public entities, Team Georgia Marketplace enables Georgia's many local public entities to see the terms and discounts of the state's supplier contracts.

These public entities, including city/county governments, public universities and hospitals, can "window shop" to search for the best pricing

and leverage the state's buying power—all the while driving additional business to the state's contracted suppliers and creating additional purchasing leverage for the State of Georgia.

Additionally, Georgia public entities using their own JAGGAER eProcurement environment can automatically inherit all of the state's negotiated contracts via the unique Consortium Community functionality and can make purchases against these contracts directly through their own eProcurement system.

THE FUTURE

Gina Tiedemann summed up her review of Team Georgia Marketplace this way: "It is well known that the consolidation of buying power often represents the single greatest opportunity to contain costs. Our decision to take a new approach, while using proven systems and technologies, will enable the state to accomplish more with its resources and free employees from time-consuming administrative work. That's a win for everyone!"

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