

Optimizing Spend Analytics in Higher Education

BACKGROUND

A \$4B publicly traded company, this establishment is an innovative provider of higher education programs that has grown to become one of the most influential educational organizations in the world today.

To improve its ability to monitor spend given the Company's rapid growth, the Company began a process of transforming its purchasing organization from a "legacy purchasing" to a "strategic sourcing" one by building internal expertise and P2P automation using spend technologies such as Ariba Spend Management™.

GOALS OF SPEND VISIBILITY

The Company started this spend technology transformation with Ariba Spend Visibility™ (ASV). The original goal for implementing ASV was to begin managing spend data and to identify spend savings opportunities through various sourcing and current data sources generated from the Company's spend systems.

By selecting an on-demand platform, the Company sought to capture the savings benefits of a rapid deployment while leveraging Ariba Data Enrichment™ services. But using the ASV application to its fullest potential required integrating the Company's current business processes and developing internal knowledge of its data analysis process.

CHALLENGES

Within a year of the spend management technology initiative, the director of purchasing realized the Company's ambitious transformation goals, combined with other Ariba deployments such as Sourcing, Procurement Content and Invoicing, were putting time and resource constraints on the team.

Furthermore, the potential of ASV was not being leveraged to identify savings opportunities due to many challenges, including the following:

- Creating a better process for automating the data loads from the source system
- Identifying ways to increase enrichment data accuracy and completeness
- Improving the process for analyzing data sets and gaining consistency in reporting
- Increasing internal knowledge of ASV to improve its use in identifying savings opportunities

ENGAGEMENT APPROACH

As a result of these challenges, the Company sought outside leadership from The Shelby Group to identify the context of spend data (i.e., PO, Invoice, Pcard) going into ASV for increasing data accuracy and completeness, and to help the Company take full advantage of ASV's overall reporting capabilities.

To accomplish this task, Shelby recommended a six-week exercise to identify current data and reporting with the ASV issues and to build "an analysis roadmap" based on this evaluation.

The six-week approach could be broken down into a two-week requirements gathering session, three-week data evaluation/review period and one-week recommendation documentation and preparation of deliverables for the Purchasing Management team.

REQUIREMENTS GATHERING

Starting with on-site requirements gathering, Shelby resources began a thorough review of existing documentation and collected key information on the current ASV usage and its experiences related to Ariba Spend Management via interviews with various key stakeholders. The on-site requirements gathering also provided Shelby with additional valuable feedback on Company resources regarding current roles, responsibilities and context for the current spend management initiatives and strategy. This would allow Shelby to establish realistic recommendations in building its roadmap and assist in the overall "transformation" strategy currently underway.

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SOURCE SYSTEM AND DATA AUDIT

By week three, Shelby began an audit of the data and processes in ASV. Shelby's review of data sources feeding into ASV included data from Ariba Procurement Content, Ariba Invoice, PO data from Oracle and Pcard data from Works; the evaluation also considered the future uses of data that would be coming from Ariba Sourcing, Invoice and a future contract management system.

With roughly two fiscal years of enriched header data already loaded in the system, Shelby documented observations of the data and data loads, completeness of data fields (i.e., for accuracy, completeness and content) and the impact of current data on enrichment loads coming from Ariba.

Shelby observed that the data sources overall had key challenges, including inconsistencies in how the data was extracted and how the fields were being populated. Some observations included the following:

- Field population of negative numbers, decimals versus whole numbers
- Inconsistencies with what data was included versus excluded across all data sources
- Inconsistencies in how data was being entered into the eCatalog system
- Truncations of description fields on the invoices having an impact on the enrichment cycle
- Duplication of data between invoice, Pcards and catalog-related data

RECOMMENDATIONS

Based on the source system and data audit, Shelby resources identified ways in which the Company could improve the process for pulling data from the data source extract and improve the data quality in ASV. Shelby's recommended approach overall was based on best practice approaches, essentially recommending that the Company view all data sources from a holistic perspective and reload the data for a refreshed view with updated changes.

As part of these next steps, the following key approaches were recommended:

- 1. Documenting the Business Process** - A need to document process flow for each data source to ensure consistency in how the data is entered. This started with gaining an understanding of the data early in the process (i.e., from generating POs and invoices) by reviewing the invoice and purchase order procedures from their point of origination. Documenting the process flow for each data source would also assist in automating a process of data loads from the source system.
- 2. Understanding Database Requirements** - Data issues could be minimized by including DBAs in discussions early to identify the availability of future fields from database sources for data loads, data inclusion and test loads using scripts and a review of all unclassified or misclassified data in the system. This would also assist in improving consistency with field population and data inclusion requirements and provide an opportunity to enhance data extracts by using flex dimensions and unpopulated fields.
- 3. Change Management and Training** - Confirming that key ASV users understand the data extracts would assist in enhancing enrichment and data classification, improve overall data integrity and improve reporting adoption and reporting consistency.

Shelby also conducted a thorough review of additional application-based and change management needs that would help the Company execute its short- and long-term goals. Some of these areas included the following:

- A technical review of the current data model supporting ASV
- Documentation of all 72 reports related to spend visibility for end users
- Documented fact tables and associated dimensions for multi-fact reporting
- Review of training needs for spend visibility and sourcing
- Overview of data enrichment process within ASV
- Executive summary emphasizing supplier diversity goals based on ASV usage

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CONCLUSION AND NEXT STEPS

At the conclusion of the engagement, the Shelby team provided a detailed summary of the findings and next steps during an on-site meeting with the Purchasing Management team that included the following:

- Results of the spend visibility source audit
- An executive summary of recommendations
- Documented ASV reporting and data model concepts
- A spend visibility roadmap for short- and long-term next steps for improvement
- Spend visibility foundations
- Reporting and training
- Sourcing process improvements
- Supplier diversity strategy

As a result of this six-week engagement, Shelby provided the Company with a means to move the use of ASV beyond spend visibility and to use ASV as a true reporting tool. Furthermore, by laying a foundation to execute these next steps, the Company would be better able to understand additional sources of spend and obtain a holistic picture by rolling in data from other sources, including asset management and detailed T&E in the future.

FOR MORE INFORMATION CONTACT

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