



Using Strategic Sourcing to Lower State Costs: The DOAS Spend Management Project

Governor Perdue launched the Procurement Transformation Services Initiative in 2005 to implement several of the recommendations from the Commission for a New Georgia. Through this venture, Governor Perdue is working to significantly lower the state's operating costs by analyzing our spending and buying habits, renegotiating existing contracts and utilizing innovative procurement methods.

In 2006, our consulting partner A.T. Kearney developed a Spend Cube for the State of Georgia that consisted of fiscal year 2005 spends from all State agencies, but was elective from the 35 State Educational Systems. The Spend Cube is now over three years old and is in need of updating. During this three year gap, the Department of Administrative Services (DOAS) has identified the need to update the State of Georgia's 2006 spend cube with the latest state entity spend detail, and to also capture, cleanse, and integrate the spend detail from the 35 educational institutions in the State of Georgia. This will provide DOAS a comprehensive view of virtually all spend under management and permit the State to achieve additional contract consolidations and compliance, which will generate even more benefits from streamlined procurement processes and improved organization structure.

This effort will also allow DOAS to implement a spend cube analysis platform which can be utilized and maintained by State of Georgia staff. DOAS has begun the process of establishing this environment by initiating the purchase of a dedicated (SQL) server to house the spend cube repository and analysis tools. The State will manage and maintain the spend analysis environment of the spend cube going forward.

State of Georgia, the Pew Charitable Trust and A.T. Kearney will work together to:

- 1) Implement a spend cube on the new dedicated server environment,**
- 2) Populate the spend cube with the latest State of Georgia spend,**
- 3) Refine the methods and procedures for maintaining the spend cube and draft a procedural guide that describes the processes for continuing spend management activities,**
- 4) Gain participation in intergovernmental or multi-state strategic sourcing efforts by demonstrating and communicating results.**

These steps are vital to enable an ongoing comprehensive spend management process to support category management, sourcing initiatives, accurate documentation of statewide spend and proper collection of administrative fees from statewide contracts.



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DOAS' spend management plan is to achieve an enterprise level data-driven approach to strategic sourcing and strategic alignment of sourcing activities with state business plans. DOAS will develop a spend management system that will provide for routine ongoing strategic analysis of results and opportunities. The State will document and promote its efforts so that its success can be a model for others to follow. We will use commercial software to manage and report procurement data results. Georgia will make its experience with the Spend Management Project available to other states and public entities that wish to adapt this approach for a similar purpose.

Goals

- Accurately review and evaluate Georgia's state spend by collecting, cleansing and maintaining the latest comprehensive spend data for all State Agencies and all Georgia educational institutions with sufficient detail to drive pricing leverage in the marketplace.
- Utilize, support and maintain the spend data by establishing processes to regularly enable spend refresh and maintain a high level of spend compliance in order to better anticipate the purchasing needs of the State.
- Assess any gaps in contracts where aggregated spend across all agencies and universities could produce market leverage on behalf of the State of Georgia.

Objectives

- Acquire appropriate software and hardware to support this system.
- Develop a robust Spend Management System.
- Develop a Spend Cube with current financials on DOAS' IT environment. The scope of spend for this effort includes State of Georgia's historical spend (2007 to year to date) from all state agencies, colleges, and universities from accounts payable, purchase order, and P-Card systems.
- Establish a process and a schedule that would allow the system to collect disparate data from other financial systems in the State (specifically spend data from the 35 state universities) and non-PeopleSoft environments in a timely and efficient manner.
- Develop a refreshed playbook that describes the processes for continuing spend management activities.
- Use the system for an initial measurement of results since the 2005 program implementation.
- Identify targets of opportunity for Strategic Sourcing Teams for FY 2010.
- Encourage State purchasing reform.

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To learn more about the DOAS Spend Management Project, see the announcements from the [Office of the Governor](#) and [The Pew Center on the States](#).

