

Alaska Department of Transportation and Public Facilities Gains Efficiencies, Saves Money with BuySpeed™ eProcurement Solution

The department had been burdened with inefficiencies, data errors, a purchasing backlog and ineffective vendor management.

“Bottom line, BSO has helped us make operations more efficient. Our limited resources are doing what they should: focusing on the core business. We have put once wasted time back into the critical business operations; instead of chasing down information, looking for misplaced paper, printing, faxing and doing data entry.”

Charlie Deininger
Department Supply Chief

During 2007-2008, the Alaska Department of Transportation and Public Facilities eliminated its paper-dependent purchasing processes and implemented BuySpeed™, a web-based eProcurement system. With BuySpeed™ in place, department-wide requisition processing time has been cut by more than half, data entry time and errors have been slashed and the department has saved \$75,000 in salaries. Three vendor databases, totaling 9,000 records, were cleaned up and consolidated into 3,000 and vendors now register and respond to bids online. Hundreds of department staff members across the state can enter and track their purchase requests and management approvals through BuySpeed™. The Alaska Marine Highway and the Ted Stevens Anchorage International Airport - both critical parts of the state's unique transportation infrastructure - use their individual maintenance management systems, which were integrated with BuySpeed™, to create automatic purchase requests and record the specifications and engineering locations of those items. In addition, Marine Highway's vessels can now purchase while at sea. Their BuySpeed™ system synchronizes with the department's central purchasing and vendor databases whenever they are within range of an internet connection.

BuySpeed™ is a product of Periscope Holdings, Inc. of Austin, Texas.



Alaska's Unique Transportation Needs

Alaska, the United State's 49th and largest state, encompasses 570,374 square miles, much of it rugged wilderness. Transportation here presents special challenges. Unlike those in the lower 48, many Alaskan communities are not accessible by road, and the primary means of travel are by air or sea.

They are critically dependent upon state aviation facilities and the state-run ferries sailing along the Alaskan Marine Highway System (AMHS) for the transportation of people and important cargo, such as groceries and medical supplies. The Ted Stevens Anchorage International Airport (AIA) is ranked number one in North America for landed cargo weight, ahead of the Memphis,

Miami and Los Angeles International Airports. The AMHS stretches more than 3,500 nautical miles along the state's coastline.

The Alaska Department of Transportation and Public Facilities (DOTPF) designs, constructs, operates and maintains Alaska's unique transportation infrastructure systems, buildings and other facilities. These include more than 5,000 miles of paved and gravel highways and more than 300 aviation facilities, including 260 airports; 43 small harbors; and the AMHS, which includes 11 ferries, and serves more than 30 coastal communities.

Department purchasing hampered by paper-based process, redundant vendor databases

The DOTPF centrally manages its procurement function, and has decentralized operations across the state in three geographic regions – Southeast Region (headquartered in Juneau), Central Region (headquartered in Anchorage) and Northern Region (headquartered in Fairbanks). The Juneau office not only procures for its region, but also for statewide department needs. The Central Region handles procurement for the Ted Stevens Anchorage International Airport (AIA), and the Southeast Region handles purchasing for the AMHS. A paper-based, unconsolidated purchasing system created numerous problems for the department:

TIME-CONSUMING, INEFFICIENT MANUAL PROCESSES

All three department regions used a paper process for their purchasing. This meant:

- the bid/quote process was entirely manual and paper-based; although opportunities to bid were posted to the Internet, staff had to do so manually
- paper requisitions had to be routed for signatures – often across the state – and had to be manually entered by purchasers
- staff on state-operated ferries traveling the AMHS had to wait until they arrived in port (their busiest time) to route purchasing requests and to check on critical goods ordered for repairs or to service passengers
- staff in all three regions manually entered vendor data into three separate vendor databases, creating redundant – and sometimes inconsistent – information
- individuals making the purchasing requests had no way to easily check on the status of their requests and relied on purchasing staff to research and report this information
- provisions had to be made to store the paper records produced through this process

ERROR-RIDDEN PURCHASING

The manual process used to handle purchases also meant:

- errors were introduced into some purchasing data as the information was keyed and re-keyed into the system during successive steps in the manual process
- paperwork was difficult to track down and was sometimes lost
- purchasing requests were at times duplicated when frustrated end users thought their request hadn't been processed
- purchasing staff spent considerable time “putting out fires” caused by errors or lost information

PURCHASING BACKLOG

The state outsourced its Southeast Region procurement operations through a pilot program from 2004-06. The project expired on June 30, 2006 and the department had to hire and train new staff during its busiest time of the year:

- department purchasing staff had to step in to rebuild the procurement processes and to resolve the large backlog by sifting through piles of requisitions and other paper documents
- purchasing staff had to spend an inordinate amount of time responding to end-user questions about requisitions that had become snagged in this backlog

INEFFICIENT VENDOR MANAGEMENT

Each department region operated its own vendor database and dealt with vendors separately. This meant:

- a vendor doing business with one region must register separately with the other two regions if it wanted to work with them
- vendor data in one region's database could differ from the others
- the regions' purchasing staffs entered vendor data into its database from a paper form completed by the vendor
- staff in one region had no easy way to learn about vendors that were supplying an item they needed to another region
- staff could not easily learn if a vendor's performance was sub-par

MISSED OPPORTUNITIES FOR TIME AND COST SAVINGS

Because the department had no central purchasing database, procurement managers had no easy way to review department purchases to identify ways to save time or to obtain bulk purchase discounts.



“Online vendor management has saved us so much time because now the vendors keep their information updated, instead of our staff. And the online vendor PO pick-up makes things so much easier for our purchasing team because they do not have to print, fax, call vendors – BSO handles that for them.”



BuySpeed™ implemented, integrated with existing systems to address challenges

Realizing it could significantly improve its purchasing efficiencies, the department decided in fall 2006 to discard its paper-based processes and revamp operations with an online solution – web-based BuySpeed™.

Periscope Holdings implemented BuySpeed™ and delivered services to address the department's unique challenges. The work included:

- Creation of a single, consolidated database accessible to all three department regions and vendors
- Consolidation and clean-up of the existing three vendor databases, so that existing vendors would not need to re-register. Periscope provided training materials and an introduction letter to existing vendors alerting them about the change.
- Redesign of the department's purchasing process and staff training to implement new online requisitioning, inventory, bids, quotes, POs and receipts
- Development of print versions of purchasing paperwork for distribution when a hard copy is necessary
- Creation of a government-to-business “punch-out” that Dell can utilize with the Western States Contracting Alliance contract pricing
- Creation of a custom BuySpeed™ interface with the AMHS's own maintenance management system used by each vessel's engineering departments. The interface allows critical information about replacement and repair parts for vessel maintenance to be directly loaded into BuySpeed™ as a requisition. This connection ensures the exact part is procured and that procurement staff can access additional details in the maintenance management system, when needed, to provide to vendors.

- Installation of a remote version of BuySpeed™ off-line solution for use on 10 of the 11 marine highway vessels. (See “Purchasing made easier...” on the back cover)
- Creation of a custom interface with the AIA's own maintenance management system, which allows materials identified through the system as needed for airport operation and maintenance to be directly uploaded into BuySpeed™ as a requisition for routing and processing as a PO. Requisition status is regularly sent back to the AIA's system so users have that information as needed to plan work.
- Delivery of self-paced BuySpeed™ training that can be loaded on shared files or individual machines
- Modifications to the BuySpeed™ log-in page to integrate it into the department website's web design

THE CUSTOMIZED IMPLEMENTATION OF WEB-BASED BUYSPEED™ WAS ACCOMPLISHED IN FOUR MAIN PHASES:

- **First phase, February 2007** – Requisitions, POs, inventory, receipts, AMHS maintenance management interface and vendor database implemented
- **Second phase, July 2007** – Bids and quotes, ability of purchases to publish bids online and most vendors to provide their quotes online implemented
- **Third phase, November 2007 through April 2008** – AMHS vessels' off-line solution implemented
- **Fourth phase, April 2008** – Interface with AIA maintenance management system implemented

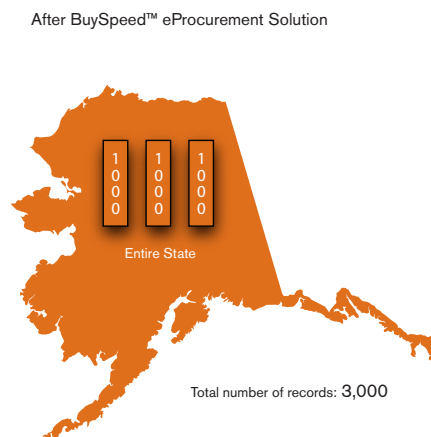
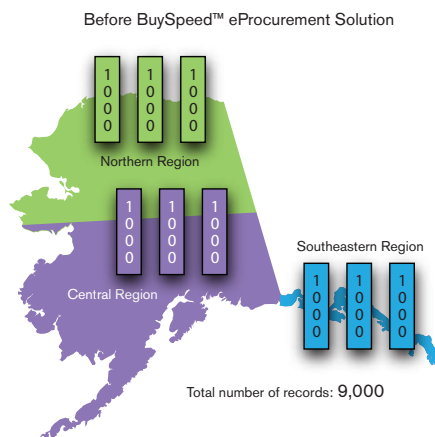
Online tools make process more efficient, accurate; cut requisition time by more than half

- BuySpeed™'s ease of use and online accessibility distributes purchasing responsibility throughout the department – Requisitions can now be created electronically by the staff members needing to purchase. More than 800 department staff at all levels in all three regions now use BuySpeed™ and that number is growing.
- Improved vendor data management and vendor communication – A total of 9,000 vendor entries in three regional databases were consolidated into a single database of 3,000 vendors by eliminating duplicates. Through BuySpeed, vendors can now register online once to do business department-wide. Vendors also use the system to view and respond to bids department-wide.

“Management loves BSO! No more misplaced paper requests; and they can approve requisitions from just about anywhere they’ve got internet access – making their jobs easier and speeding up the process.”

- Purchasing history data enables savings – Purchasing data collected through BuySpeed™ allows staff to seek opportunities for consolidated buys across multiple regions to save money.
- Requisition processing time cut by more than half – The department-wide average requisition processing time dropped from 4.25 days to 2 days after BuySpeed™ implementation.
- Thousands of requisitions and POs processed with BuySpeed™* – Since going live with BuySpeed™ in February of 2007, the department's 20 purchasers have processed more than 33,000 requisitions and more than 22,000 POs (more than 12,000 in FY '08 alone). They have processed more than 700 bids in BuySpeed™ since 2007.
- Long-distance charges for faxing POs nearly eliminated – POs and printing costs have been significantly reduced. Before implementing BuySpeed, the majority had to be faxed to vendors.

- Salary savings of \$75,000 gained* – Efficiencies won through BuySpeed™ allowed the department to re-assign three administrative staff members who were supporting manual procurement processes to other critical functions. The \$75,000 savings covered the department's costs for the services needed to implement BuySpeed™'s online vendor access, POs, bids and inventory.
- Manual entry and approval process of requisitions eliminated – BuySpeed™ eliminated the time spent by department staff to enter requisition data. It also eliminated the time spent faxing and routing requisitions across the state for approvals. A manager using a Java-enabled web browser with Internet access (such as a Blackberry or other hand-held device) can now approve requests online, whether they are in their office or not.
- Errors in purchasing data virtually eliminated – Because requisitions are entered electronically into a central database by the requesting staff, purchasing staff no longer must key or re-key data from paper requisition forms or accidentally enter duplicate requests.
- Time purchasing staff spend researching data drastically reduced – Because current purchasing information is available in BuySpeed™ to hundreds of staff members making the requests (including staff on AMHS vessels), purchasing staff can focus on procuring goods and services instead of responding to inquiries.
- Improved management of AMHS and AIA maintenance purchases – The custom integration of BuySpeed™ with the AMHS's and AIA's individual maintenance systems allows maintenance staff to use their management system to create requisitions and automatically requisition commonly used items. The integrated databases track the storage location of each item, its engineering location and its specifications.



* Numbers reflect savings from February 2007 - April 2008

PURCHASING MADE EASIER FOR THE ALASKA MARINE HIGHWAY SYSTEM

The Alaska Marine Highway System, called the All-American Road, covers more than 3,500 miles of Alaska's scenic coastline. The AMHS is a critical part of Alaska's transportation network. Eleven vessels provide regularly scheduled service transporting people, goods and vehicles to more than 30 communities in Alaska, as well as to Bellingham, Washington, and Prince Rupert, British Columbia.

Between November 2007 and April 2008, a customized remote version of BuySpeed™ off-line was implemented on 10 of the 11 vessels.

This solution provides crew members with an exact copy of the main (or shoreside) instance of BuySpeed™. Whether they are at sea or in port and regardless of whether the vessel has access to the internet, crew members can enter requisitions as their workload allows. When the vessel comes within range of a satellite connection to the internet or is plugged in at port, the remote system synchronizes with the main instance of BuySpeed™ to provide management with requisitions needing approval and crews with updated information about submitted requisitions.

Before the BuySpeed™ implementation, crew members had to handle the majority of their purchasing duties, which were paper-based, while they were in port. This was extremely inefficient because they are at their busiest while in port.

“Before the offline version of BuySpeed™, our vessel crews were wasting time in port chasing down information on orders, trying to determine the status of items and trying to figure out when and where to expect delivery. Now, with the information provided thru BuySpeed™, they focus on normal port duties.”

In addition, Capt. John Falvey, AMHS general manager, used BuySpeed in 2008 to check on his office's total purchasing expenditures mid-way through the fiscal year. Using BuySpeed, he easily changed its parameters to tighten purchase requirements and automatically route purchases of \$1,000 or more through him for approval. This instantly gave Capt. Falvey better control over his budget.

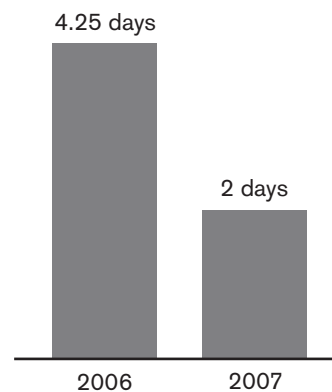
Conclusion

“The AIA and AMOS interface ensures the right information is where staff needs it, when they need it.”

“In the past, we had to go to great lengths to provide the vessels with catalogs for inventory items, which were almost immediately outdated. Now, with no effort on the part of the purchasing and warehouse staff, the most up-to-date stock item list is available to the crews.”

The Alaska Department of Transportation and Public Facilities' purchasing process is no longer largely manual, inefficient and frustrating for many end users. Web-based BuySpeed™ has revamped the process into one that is streamlined, integrated with department maintenance management systems and available to hundreds of staff throughout the department – even to crews on vessels traveling the waters of the Alaska Marine Highway System. Requisition processing time has been cut by more than half and \$75,000 in salary savings gained as a result. Since February 2007, more than 33,000 requisitions and more than 22,000 POs (more than 12,000 in FY '08 alone) were processed. As purchasing data continues to accumulate in the BuySpeed™ centralized database, the department will be able to use this new information to realize additional time and monetary savings for the state of Alaska.

REQUISITION PROCESSING TIME
CUT DEPARTMENT-WIDE



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