

Introduction:

Baltimore City Public Schools (City Schools) is the fourth largest school district in the State of Maryland with over 82,000 students in grades PreK-12. The district covers approximately 77 square miles and a residential population of more than 646,000.

City Schools operates 200 facilities over a ten-mile radius which includes elementary, middle and high schools as well as over 30 Charter Schools. The Central Administration offices are located at 200 East North Avenue, Baltimore, Maryland 21202.

Background:

On June 1, 2007 implemented K12Buy.com. Prior to the introduction of K12Buy.com, City Schools utilized paper requisitions which were created at the schools and then routed to the central office for approval. The process was labor intensive, slow and fraught with errors. The process time to create a purchase order averaged three to four weeks to complete.

Today City Schools' procurement processes are entirely electronic. Requisitions are created at the school based on what they placed in their "shopping cart." All the items that are purchased are from pre-populated catalogues with agreed contract prices.

The requisitioner then clicks to submit their requisition which is then routed electronically, based on the dollar amount, to appropriate supervisor. Once approved, the requisition is routed to procurement where a purchase order is assigned and then sent electronically to the vendor; all without paper. The process time from requisition to purchase order is now is 1-2 days.

Because City Schools operated in a paper based environment a number of inefficiencies

- Customer complaints
 - Where's my requisition?
 - What's the status of my order?
 - Why does it take so long to buy something?
 - What do you mean I don't have the money in my budget?

- Additional Cost to City Schools
 - Too many vendors
 - Long approval process
 - Inability to aggregate spend
 - Numerous invoice problems
 - Supplier performance issues
 - Higher prices due to slow pay
 - Poor documentation – Audit Findings

- Example - Invoice Problems (September 2006)
 - 364,639 items were purchased
 - Total value of purchases = \$902,685.10
 - 4% of the invoices were 30-60 days outstanding
 - 12% of the invoices were 60-90 days outstanding
 - 5% of the invoices 60-90 days outstanding
 - 21% of the invoices were beyond 30 days resulting in additional costs of 3-7% to the District.

Statistics:

Number of Users	12,459
Number of Suppliers	2,100
Number of Supply catalogues	38
Number of Textbook & Supplemental catalogues	152
Projected Annual Spend	\$718MM
Projected Textbooks Expenditures	\$7.2MM
% of Electronic Transactions	99%

Cost Savings & Improved Business Processes:

Postage	\$6,300
FTE Reductions (2)	\$200,000
Contract compliance = Lower prices (7% savings based on supply purchase of \$325MM)	\$22.75MM
Department productivity improvement (10%) (FTE budget of \$1.4MM)	\$140,000
Organizational productivity improvement	
Payment terms (3% of \$325MM)	\$9.75MM
Losses in Grant Expenditures	\$1,000,000
% of Electronic Transactions	99%

Function	Benefits
Spend visibility	View spend by supplier and line item detail from PO information.
Catalogue management	Electronic catalogues support the procure to pay function for high-volume, low-value goods.
Electronic Purchase orders	Electronic Purchase orders sent via the internet or cxml negating the cost for paper & mail.
Supplier Portal	Direct connection for suppliers to self manage; supplier data, inventory, receive POs and payments electronically.
Automatic workflow approval	Speeds the approval process and eliminates lost requisitions or invoices. Customer satisfaction !!
Electronic invoicing	Ability to process multiple bills from a single supplier.
Electronic receipts	Eliminates three-way match. Supplier is paid upon receipt. The supplier no longer sends invoices and invoices are no longer processed
Improved governance & data integrity	Electronic records of activity, approvals, and accurate data. Electronic transmission of files and data. Electronic Audit trail !