P2P Reengineering Project
Executive Assessment Report (December 2020)
Presented by: Procurement and Accounting
Executive Summary

In early 2020, Procurement and Accounting kicked off the Procurement-to-Pay (P2P) Re-engineering Project with a series of workshops. Facilitated by a consulting firm, the workshops were aimed at understanding the current state of uOttawa P2P processes, comparing them with best practices and finding opportunities for improvement.

This report is divided in three sections:

- A summary of the consulting firm’s findings (Phase 1 – Assessing the current state)
- Details on the improvements that will be tackled in fall 2020 and beyond (Phase 2 – Deploying the top 12 initiatives)
- Details on what will happen next (Phase 3 – Planning for bigger initiatives)

Thanks to those that contributed to this project. We look forward to making our procurement-to-pay processes more modern, user-friendly and agile.
P2P Re-engineering Project Activities

- Reviewed documentation and past assessments
- Held 17 workshops on current state and pain points
- Hosted 13 deep-dive sessions
- Documented 332 pain points
- Assessed current process maturity
- Logged and prioritized 167 opportunities
- Identified 12 short-term initiatives for Phase 2
The re-engineering project is an ambitious undertaking started earlier this year to analyze and redesign procurement and payment processes. While COVID could have easily derailed this project, we are so proud of our teams and all stakeholders involved — their operational passion, dedication and focus on improvement has been truly commendable. Because of them, we have arrived at the next phase of our project (implementation), and because of them we will succeed, no doubt.

– Monica Mendoza and Renée Guénette
Project Goals

The Procure-to-Pay (P2P) Re-engineering Project aims to:

• Simplify, modernize, connect and standardize uOttawa’s P2P processes

• Make P2P processes and tools more user-friendly and efficient
Phase 1 – Assessing the current state

The first phase of the project brought together representatives from central functions, faculties and services to talk about their P2P experiences through a series of workshops in February and March 2020.

Hosted by a bilingual consulting firm, these workshops helped paint a picture of current procurement and payment workflows and design the future state.

The result was 167 improvement opportunities.
Phase 1 – Current state assessment

Recommendation assessment: Benefit vs. effort

<table>
<thead>
<tr>
<th>Benefit – 0 (low value) to 100 (high value)</th>
<th>Effort – 0 (difficult to implement) to 100 (easy to implement)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High effort to implement</td>
<td>Low effort to implement</td>
</tr>
<tr>
<td>High benefit expected</td>
<td>Low benefit expected</td>
</tr>
<tr>
<td><strong>Big bet</strong></td>
<td><strong>Small victory</strong></td>
</tr>
<tr>
<td>Low effort to implement</td>
<td>Low effort to implement</td>
</tr>
<tr>
<td>Low benefit expected</td>
<td>Low benefit expected</td>
</tr>
<tr>
<td><strong>Quick win</strong></td>
<td><strong>Low priority</strong></td>
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</table>

Main focus for next steps. The other recommendations will be kept handy as we begin the ERP project.
Phase 1 – Current state assessment

Soft observations from the workshops

• **High engagement** from participants
  – Stakeholders were motivated, present and open.
  – All voiced a willingness and openness to change.

• **Challenges** when discussing improvements
  – Once the discussions on possible improvements began, there was some resistance.
  – Stakeholders said that **these improvements won’t work in our current situation**.
  – Their requirement: **For the process to change, these are the things we need to do first.**

• Governance, disconnected technology and lack of resources were often raised as a concern.
Phase 1 – Current state assessment

Technical findings

The consulting firm that led the P2P workshops assessed theaturity of uOttawa’s accounting and procurement processes (compared with other institutions of our size).

Overall, the finding was that the different parts of uOttawa’s P2P processes were mostly remedial (needing improvement) or standard (not the best, not the worst), with a few items lagging (to develop).

To no one’s surprise, we did not score best-in-class anywhere.

The main reasons for our current state are:

- Focus on reactivity more than proactivity
- Cumbersome, manual processes
- Poor architecture (redundancy of systems in some cases, and no systems in others)
- Inefficient, overly customized workflows
- Non-standard approaches

The next slide provides a visual of the results.
### Phase 1 – Current state assessment

#### Maturity assessment (March 2020)

<table>
<thead>
<tr>
<th>PROCUREMENT STRATEGY DEVELOPMENT</th>
<th>SPEND ANALYTICS AND SOURCING</th>
<th>CONTRACT MANAGEMENT</th>
<th>PROCURE-TO-RECEIPT</th>
<th>LOGISTICS AND INVENTORY MANAGEMENT</th>
<th>INVOICING AND PAYMENT</th>
<th>MASTER DATA AND VENDOR MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Procurement governance and organizational structure</td>
<td>Extract and consolidate spend data</td>
<td>Author contracts</td>
<td>Requisitioning</td>
<td>Customs clearing</td>
<td>Receive purchase order invoices, enter and match in system</td>
<td>Purchasing data governance</td>
</tr>
<tr>
<td>Manage procurement policies</td>
<td>Analyze company spend profile</td>
<td>Interface with legal department</td>
<td>Approve REQ/PO</td>
<td>Track product availability</td>
<td>Receive non purchase order invoices, enter and code in system</td>
<td>Manage and execute data</td>
</tr>
<tr>
<td>Develop procurement plan</td>
<td>Develop sourcing plan</td>
<td>Negotiate contracts</td>
<td>Process purchase orders</td>
<td>Track inventory deployment (goods issue)</td>
<td>Approve invoices</td>
<td>Monitor and manage supplier information</td>
</tr>
<tr>
<td>IT governance and infrastructure</td>
<td>Certify and categorize suppliers</td>
<td>Manage contract assets and knowledge</td>
<td>Confirm/expedite orders and plan deliveries</td>
<td>Track inventory accuracy (physical inventory)</td>
<td>Respond to supplier inquiries</td>
<td>Measure and analyze vendor performance</td>
</tr>
<tr>
<td>Develop competency and training program</td>
<td>Manage RFx assets and knowledge</td>
<td>Enforce contract term compliance</td>
<td>Record of goods receipt</td>
<td>Monitor quality/timeliness of products delivered</td>
<td>Manage treasury and Payment</td>
<td></td>
</tr>
<tr>
<td>Perform tactical buys</td>
<td>Catalogue management</td>
<td>Monitor quality/timeliness of products delivered</td>
<td>Manage flow of returned products</td>
<td>Manage PCards</td>
<td></td>
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<td>Track negotiated savings</td>
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<td>Track realized savings</td>
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</tbody>
</table>
Phase 1 – Current state assessment

Sample recommended initiatives

**Governance**
- Move towards standardization of Procurement/AP to:
  - Maximize Procurement and AP value and efficiency.
  - Improve service levels, simplicity and access to data.
  - Enable local teams to execute standard processes and be trained accordingly.
  - Demonstrate increased value as experts for faculties/services

**System**
- Modify 3-way match rule.
- Support PCard POs.
- Simplify change orders.
- Open access to other FOAPs/journal entries.
- Resolve SciQuest tax issue (to support tax codes other than 13%)

**Process**
- Reduce manual forms to transfer to electronic forms.
- Remove dual approval of PO and invoices in SciQuest/Banner.
- Standardize approval levels ($ values) for requisitions.

**Technology/resource funding**
- Increase staff in Procurement and Accounting to carry out improvements.
- Secure optical character recognition (OCR) technology to eliminate paper, limit data entry, automate exception workflows.
- Decommission SciQuest invoicing module.
- Implement invoice automation toolset (ERP Add-On).
- Implement inventory management module (ERP) and integrate it with S2P tool (SciQuest) for Science, Medicine, Sports Services and Facilities.
Phase 2 – Deploying the top 12 initiatives

• This phase is led by the Administrative Services Modernization Program and is supported by Accounting and Procurement SMEs. It involves faculty and service end-users on an as-needed basis who are key to validating each proposed solution.

• In July and August 2020, the project team identified the top 12 initiatives to be deployed first out of the 167 opportunities identified in the current state assessment.

• They will be analyzed, discussed, reviewed and potentially implemented in early 2021 using the Agile methodology. They will be tackled in batches (sprints) of two or three at a time so that users can reap the benefits of these improvements as soon as they are completed.
### Phase 2 – Initiatives

#### Sprint 1

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Convert PCard request forms from paper to electronic</strong></td>
<td>Digitizing the paper form used to request a new PCard means users should see a reduction in processing times, making the process more agile.</td>
</tr>
<tr>
<td><strong>Explore virtual PCards</strong></td>
<td>Virtual cards generate a new number for every transaction. They could remove the need for some physical cards and help prevent fraud.</td>
</tr>
<tr>
<td><strong>Publish the list of available vendors-of-record (VOR)</strong></td>
<td>This initiative should offer faculties and services greater access to the list of “campus-wide” contracts available to them. Users could save time by purchasing from pre-approved vendors instead of starting a procurement process from scratch.</td>
</tr>
</tbody>
</table>
## Phase 2 – Initiatives

### Sprint 2

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improve the transfer of accounts payable (AP) forms and related documents from faculties and services</strong></td>
<td>The intention is to convert the AP forms into electronic documents and to establish a procedure to receive them from faculties and services and store them centrally.</td>
</tr>
<tr>
<td><strong>Accelerate the payment of vendors managed through exceptions</strong></td>
<td>Procurement providing visibility to Central AP on approved derogations and transgressions will lead to more seamless invoice processing.</td>
</tr>
<tr>
<td><strong>Consider a loading dock remote door unlock mechanism for the Science Store</strong></td>
<td>This could reduce risk of forced entry and facilitate deliveries to the store.</td>
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</table>
### Phase 2 – Initiatives

## Sprint 3

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automate wire payments</td>
<td>This will allow for faster and better management of wire payments.</td>
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<tr>
<td>Remove double approval of shipping tolerance</td>
<td>This will streamline processes so that shipping charges are approved in just one system (SciQuest or Banner).</td>
</tr>
<tr>
<td>Change goods receipt requirements</td>
<td>Current procure-to-pay processes require a three-way match (PO-invoice-receipt) on all purchases. Could a different approach apply for low-risk or low dollar-value items? The initiative will research the topic and find opportunities to reduce the administrative burden.</td>
</tr>
</tbody>
</table>
## Phase 2 – Initiatives

### Sprint 4

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implement a multi-year purchase order (PO) process</td>
<td>This initiative will attempt to align the University of Ottawa with best-in-class business practices that save users the burden of recreating a purchase order (for multi-year agreements) at the beginning of each fiscal year.</td>
</tr>
<tr>
<td>Implement a fix for the tax issue in SciQuest</td>
<td>It’s back! This project will re-explore options to allow SciQuest to handle international purchases or deliveries outside of Ontario. The team will ensure alignment with the upcoming ERP system implementation.</td>
</tr>
<tr>
<td>Implement optical character recognition (OCR) software</td>
<td>This software could revolutionize the way invoices are processed at the University. OCR software helps to digitally capture the different fields of an invoice and automate the transfer of information into our financial systems (ERP).</td>
</tr>
</tbody>
</table>
Phase 3 – Planning for bigger initiatives

What happens after the top 12? Once Phase 2 is completed, the project team will look at other opportunities and determine a plan for them.

Some identified in Phase 3 were considered as big bets and could represent significant improvements for end-users.

Others may need to wait until the arrival of the enterprise resource planning (ERP) system, as they are linked to ERP implementation or other projects, or will take longer as they are governance related.
Phase 3 – Planning for bigger initiatives

Medium-term initiatives

Along with the top 12 initiatives, Procurement and Accounting launched several “big-ish” projects that require more time to process but will bring significant improvements to stakeholders.

They are:

- **Single point of entry:** Creation of a single landing page for all procurement-related requests.

- **Contract management solution:** Secure a central contract repository that will allow Procurement to better access documents and manage contract expiry dates.

- **Sourcing management solution:** Secure technology that will improve visibility of open tendering request status for users.
Phase 3 – Planning for bigger initiatives

Preparing for ERP implementation

• Participate in ERP design sessions in 2021.

• Prepare and execute “no regret” projects in along with the ERP project (things that we would still benefit from in the short or long term).

• Participate in the ERP project by ensuring P2P processes are well incorporated.

• Implement ERP-dependent recommendations (quick wins/projects).
Thank you!

We would like to thank all participants for the input and time they have offered the Procurement-to-Pay (P2P) Re-engineering Project. The conversations this project has generated are invaluable. Participants are always so generous in sharing their knowledge of the processes in place in their faculty or service, discussing the challenges they face and proposing areas for improvement.

As always, if you have comments or questions, email us.