A. Cover Page – 2010 Recognition Award Nomination

Title of Nomination: **MyFloridaMarketPlace**

Nominations

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Category: **Improving State Operations**

Section B: Executive Summary

Overview:
MyFloridaMarketPlace is the most sophisticated and far-reaching procurement initiative undertaken by any state government to date. Not only does the size of the system, in terms of both buyers and vendors, make Florida unique, but the scope of functionality that it encompasses surpasses programs undertaken elsewhere. The program is self-funded; a 1 percent fee paid by vendors selling to the State funds the Division of State Purchasing operations, the Office of Supplier Diversity operations and the MyFloridaMarketPlace program. The State of Florida also benefits from any fee revenue collected above what is needed to cover operational costs. *As a result of effective fee collections, the state is on target to cover operational costs and receive over $4 million in additional revenue back this year.*

What it does:
MyFloridaMarketPlace automates the state's order, approval, invoicing and payment approval process, making the procurement cycle more cost effective and time efficient than a traditional paper-based system. Additionally, MyFloridaMarketPlace provides electronic tools to streamline the development and execution of solicitations, as well as the award and management of contracts. Online certification of minority vendors, online catalog shopping, and online quoting are also key features of the system. Today, 32 agencies, more than 14,000 State users, and more than 130,000 vendors use MyFloridaMarketPlace.

Benefits:
- *Eliminated the need for paper* processing of purchase orders and invoices across State agencies
- *Saved over $171M* from November 2004 through March 2010 on nine re-negotiated statewide contracts
- Reduced *average requisition to purchase order cycle time* by approximately 50% since project inception; Reduced *average invoice to check cycle time* by approximately 48% since project inception
- Implemented cross agency benchmarking to encourage *continuous improvement in operational efficiency across the state*

Key Statistics:

Current Key Operational Statistics as of April 30, 2010 (cumulative to date)	
Purchase Orders Created	>874,000
Invoices Processed	>1,431,000
Registered Vendors	>130,000
Minority (MBE) Vendors	>46,000 (approx. 35%)
Total Spend Through System	>$7.9 billion
Total State Users	>14,000
Catalogs Loaded	>610
Customer Inquiries fielded (via help desk- July 2003 to present)	>305,000

Section C: Description of the Business Problem and Solution

MyFloridaMarketPlace is a comprehensive program that addressed the people, processes and technology used in the procure-to-pay life cycle for Florida, resulting in a transformation of how Florida purchases goods and services. Before MyFloridaMarketPlace, purchasing and paying meant multiple phone calls and faxes between suppliers and customers. Buyers combed through 840 separate product catalogs that featured more than 70,000 items, which were not easily searchable. Approval of purchases within state agencies was done manually via paper being passed around an agency. Vendors were mailed purchase orders and vendors mailed back invoices. The invoices were manually checked and approved before payments were made. The process was time consuming, expensive and prohibited productivity. State Purchasing, the central organization within the State charged with negotiating contracts, lacked enterprise insight into agency purchasing patterns. This situation, coupled with availability of improved technology, was the catalyst for the MyFloridaMarketPlace program.

At the heart of the MyFloridaMarketPlace program is a state of the art eProcurement system that automates and simplifies the entire procure-to-pay life cycle. It facilitates the following key processes online:

- Vendor registration (including business designations like minority owned business status)
- Requisitioning
- Catalog shopping (including special designations for products on the State's Environmentally Preferred Products list)
- Informal and formal bidding events (including online reverse auctions)
- Automated workflow for purchase and invoice approval processes
- Purchase order issuance through electronic transmission to vendors
- Contract setup and usage
- Full integration with financial system for funds checking
- Receiving
- Invoice processing (including electronic submission by vendors)
- Operational and analytical reporting
- Vendor performance management, and
- Buyer performance management

To date, MyFloridaMarketPlace has issued more than 874,000 purchase orders, processed more than 1,431,000 invoices, has more than 130,000 vendors registered and has processed a total spend for goods and services exceeding $7.9 billion. The program supports more than 14,000 agency buyer customers and provides access to 610 online catalogs. The MyFloridaMarketPlace program also focuses on strategic sourcing efforts, following a rigorous methodology to aggregate spend and most effectively leverage the state's buying power to negotiate optimal state term contracts. These efforts result in contracts that balance high quality and low prices for commonly

purchased goods and services. These contracts support state agencies, local governments and elementary and higher education institutions across the state.

At the individual agency business process level, MyFloridaMarketPlace took on various initiatives focused on increasing efficiency and effectiveness in the day-to-day procurement and payment processes. By taking into account different agency best practices and working across the enterprise, cycle times were significantly reduced over the program's tenure, by as much as 50%. A statewide Agency Benchmarking Activity (ABA) report has also been implemented to provide comparative performance data across state agencies. This data is distributed quarterly and continues to support adoption of best practices and improvement across the enterprise.

State agency customers receive ongoing training and new tools from MyFloridaMarketPlace to continuously improve their ability to effectively do their jobs in purchasing and payment processing. Early in the program, there was also an initiative to reorganize the Division of State Purchasing that resulted in a 13% flatter organization, and 38% fewer titles and updated job descriptions. The team structure is more streamlined, allowing the state's purchasing professionals to leverage their individual expertise while establishing and managing contracts under a standard framework.

Throughout the life of the MyFloridaMarketPlace program, the team has worked closely with the Division of State Purchasing to create and utilize various venues to communicate with and receive input from MyFloridaMarketPlace agency customers. These include Customer Roundtable meetings, conferences, e-mail, website updates, and periodic surveys. Vendor communication has also been a focus of the program, including conducting informational roadshow presentations to help with the initial transition to eprocurement, 'MFMP Web Ex Sessions,' for ongoing training, e-mail and Web communications. Buyer and vendor customers also receive a regular 'MFMP e-newsletter' to stay up to date on current activities and functionality.

Project timeline / Product Selection:

The program began with a contract between the Florida Department of Management Services (DMS) and Accenture signed in October 2002. Accenture has been the service provider for the State of Florida's implementation of the eProcurement system, and has built MyFloridaMarketPlace using the Ariba suite of products (Buyer, Invoicing, Sourcing and Contract Management). Ariba is a leading provider in business-to-business and business-to-government technology. This suite of tools is providing the state with the full life cycle of purchasing. In addition, using commercial off the shelf software allows the state to continually take advantage of technology improvements and advances through periodic upgrades.

The core Ariba functionality (that includes features such as purchasing, invoicing, paying, creating requisitions, approvals, catalogs, p-cards, contracts, bidding, solicitations and reverse auctions) as well as the custom developed "Vendor Information Portal," (which provides self-service registration, vendor performance tracking, and fee reporting) were developed to meet the unique needs of public sector procurement.

MyFloridaMarketPlace is also integrated with the Florida Accounting Information Resource Subsystem (FLAIR), which is the primary accounting system for Florida.

Leveraging best of breed technology was and is essential to help ensure:

- A comprehensive search engine
- Web-based capability for vendor registration
- Web-based functionality for agency buyers that modeled their procurement process
- Increased visibility for small and minority businesses via the online catalogs implemented
- Enhanced reporting and spend data via the online reporting modules
- Quicker purchase-to-payment cycle due to online approval and automated e-mail reminders
- Improved accountability for the expenditure of state funds
- Expanded reporting capabilities
- Better human performance management by highlighting the production of opportunities within the overall transaction workflow

Vendors began registering online in April 2003 and the first state buyers began using the system in July 2003. Executive Branch agencies continued to transition purchase order activities to MyFloridaMarketPlace through 2005. Additionally, both judicial branch agencies and the Legislature have transitioned purchase order activities to MyFloridaMarketPlace. This has also resulted in sunsetting one of the State's legacy mainframe systems (SPURS) that was used for purchase order activities. SPURS sunset saves more than $200,000 annually and avoids additional annual maintenance costs of $1,200,000.

Over the course of the program, Accenture and the State of Florida have worked closely to identify and implement customizations that address State of Florida needs, improved efficiency, and overall customer satisfaction. This includes upgrades to the Ariba modules, the recently launched "Vendor Information Portal," and planned upgrades to the Reporting and Buyer modules over the next two fiscal years.

Section D: Significance of the Program:

MyFloridaMarketPlace has transformed the procurement processes and technology in the State of Florida. Moving the procurement process online provided functionality that did not exist in the past:

- Online approval and auditing of transactions
- Approval workflows that are triggered by dollar thresholds
- Reconciliation of purchase orders, invoices, and receipts (and flagging of any "exceptions" across those items)
- Electronic submission of orders to vendors
- Electronic invoicing (eInvoicing)
- Visibility into enterprise spend via Reporting tools

The efficiencies gained through these process and technology changes have been key to improving metrics such as Requisition to Purchase Order Cycle Time by approximately 50% since program inception and Invoice to Check Cycle Time by approximately 48% since project inception.

Strategic Sourcing Savings have also been a significant contribution to this program's success. During the program's tenure, nine of the state's contracts have been renegotiated using the strategic sourcing methodology and the state has enjoyed over $171M in savings based on price reductions on those nine contracts alone. (Original Office Supplies (32%), PCs, Laptops and Monitors (36.5%), Material Repair Operational Supplies (11%), IT Hardware/Network Infrastructure (8%), New Office Consumables (5%), Medical & Dental Supplies (5%), Police Officer Equipment (1%), Police Officer Uniforms (1%), Lawn Services (.5%))

Section E: Benefit of the Program:

MyFloridaMarketPlace has been in operation for nearly eight years, and in that time, the program continued to expand its user base and its functionality to meet customer needs. The clear benefit of this program to the State of Florida is that it is self-funded, and it funds the ongoing operations of the Division of State Purchasing operations, the Office of Supplier Diversity operations and the MyFloridaMarketPlace program. Additionally, a recent contract modification also provided the opportunity for the state to benefit from additional fee collections received (that exceed the cost of operations). *As a result of effective fee collections, the state is on target to cover operational costs and receive over $4 million in additional revenue back this year.*

Additional benefits include:

- Eliminated the need for paper processing of purchase orders and invoices across State agencies
- Improved accountability for the expenditure of State funds (online history of approvals for every purchase order and invoice)
- Better insight into the state's purchasing patterns overall, providing a foundation for decision-makers to fully leverage the state's buying power and negotiate better contracts for goods and services
- Reduced average requisition to purchase order cycle time by approximately 50% since project inception; have reduced average invoice to check cycle time by approximately 48% since project inception
- Overall system usage has grown from 38K transactions in FY04 to over 452K transactions in FY09
- Enhanced facilitation of MBE (minority owned) business participation in State purchasing
- Supported the 2007 Governor's Executive Order to encourage the purchase of Environmentally Preferred Products by adopting "green" product standards, identifying almost 7,000 commonly purchased "green" products, and updating the

system to flag those products in the online catalogs to encourage agency “green” purchasing
- Results from conducting a reverse online auction for PCs, laptops and monitors increased the state term contract discount from 10% to 45%, a savings of 35%. For local governments, the largest purchasers of this equipment, actual dollar savings are estimated to total $50 million
- Implemented cross agency benchmarking to help identify agency best practices in both purchase order and invoice processing in order to allow continuous improvement in operational efficiency across the state
- Created a forum for open engagement between the state and vendors to support and encourage DMS’ “Business Made Easy” initiative
- User Satisfaction: In the 2009 Customer Survey, 94% of buyers are satisfied with the ability to use MyFloridaMarketPlace for conducting daily purchasing and invoicing activities

MyFloridaMarketPlace’s benefits and continued success also align with various NASCIO state CIO priorities:

- **Budget and Cost Control:** In tough economic times, it is ideal for a State to operate a program that is not only self-funded, but is revenue generating. MyFloridaMarketPlace is on target to return at least $4 million to the State of Florida this year

- **Shared Services:** Agencies are able to leverage a centralized procurement offering, and do not have to allocate funds or FTEs to support the system; Data is housed centrally and provides enterprise visibility of spend data

- **Transparency:** Agency customers and Legislative staff can access a comprehensive picture of enterprise wide spend; Additionally, report data is refreshed on a nightly basis which provides current data that can be used to support fact based decisions as part of the budgetary process

- **Infrastructure:** Having a centralized procurement system results in a more effective infrastructure investment; there is a standard architecture that is hosted in the State’s data center, and there is not a need to maintain multiple systems and standards

With additional upgrades on the horizon, a focus on streamlined services, and the opportunity to generate revenue, MyFloridaMarketPlace can continue to be a success for the State of Florida.