Data Driven Contract Management

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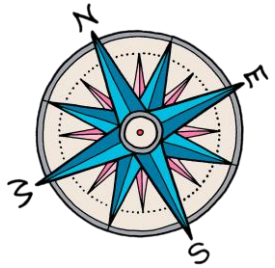
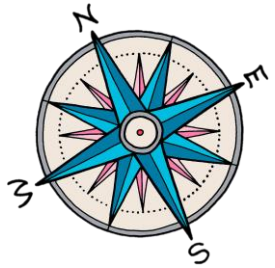


Agenda

- Data analysis defined
  - Process Overview
- Sources of data
  - User-driven versus data-driven
- Using data through the contract life cycle
  - Examples from State Bureau of Procurement contract managers
- Questions and Answers

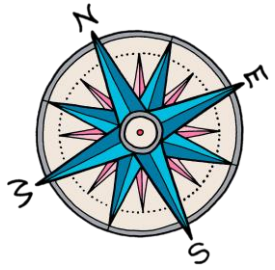


What is Data Analysis?

Data: factual information (such as measurements or statistics) used as a basis for reasoning, discussion, or calculation

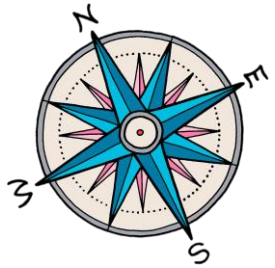
Analysis: a detailed examination of anything complex in order to understand its nature or to determine its essential features

https://www.merriam-webster.com



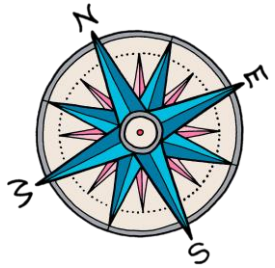
Data Analysis: Process Overview

1. Define your goal
2. Determine Objective Measurements
3. Collect data from reliable sources
4. Analyze the data



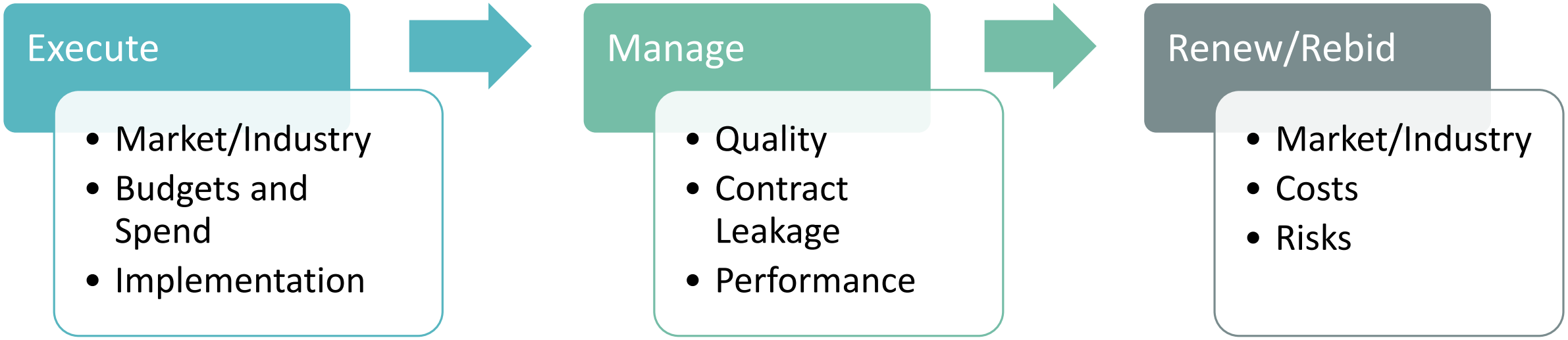
Data Analysis: Process Overview

5. Interpret the data results
6. Draw conclusions
7. Make decisions
8. Implement plans
9. Monitor actual results



Applying Data Analysis

- Data measurements at various points in the cycle:



Data Sources

- There is a variety of sources depending on the issue or question you are trying to solve. Examples include:

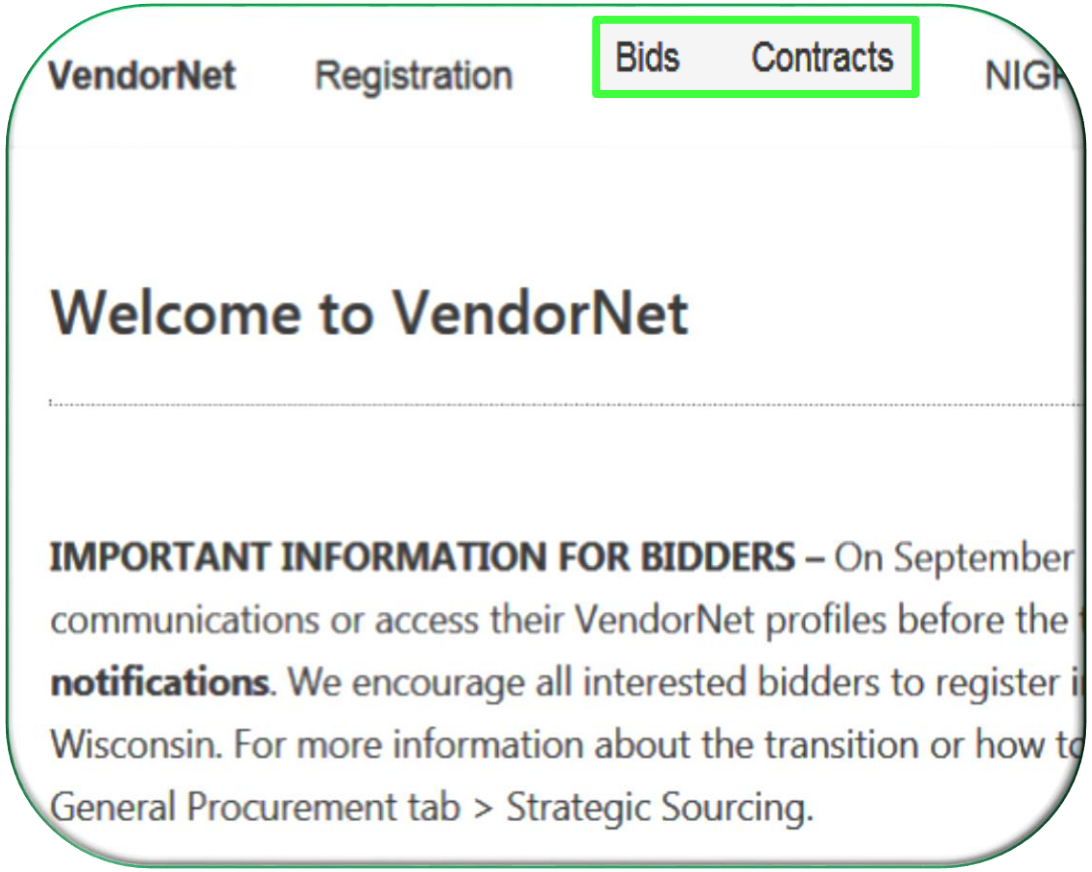
Execute	Manage	Renew/Rebid
• Previous solicitations • Industry Associations	• Surveys • PeopleSoft Business Intelligence	• Supplier Reports • Third party sources

Using Data during the Execute Phase

- Helps decide on a procurement strategy
  - Example: Using a NASPO contract versus establishing a state/agency contract
  - Assists in developing specifications
- Provides visibility into potential vendors
- Data can be used to assist with understanding the:
  - Market/Industry
  - Spend

Data Sources: Previous Solicitations

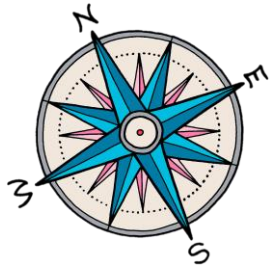
- Search VendorNet for RFB/RFP for similar commodity/service
- Provides starting point for specification development
- Reveals information on prior needs/usage that will be helpful in next solicitation



Data Sources: Industry Associations

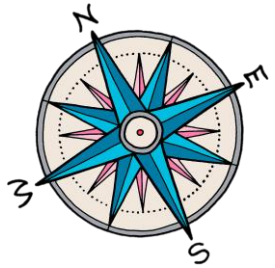
- National Association of State Procurement Officers (NASPO).

  http://www.naspovaluepoint.org
- Information includes:
  - Listing of existing contracts available to participating states
  - Current solicitations
  - Guides and resources



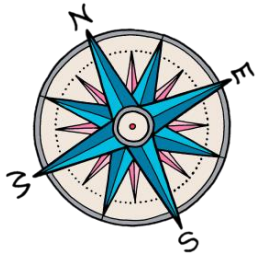
Example #1: Elevators (New Contract)

- **Background:** The State's enterprise-wide Elevator Maintenance and Repair Services contract was due to expire and the State needed to update the future solicitation to include new state and federal laws and technology.
- **Goal:** Use data to define and incorporate new laws and technology.



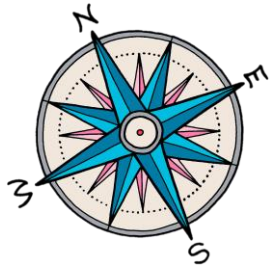
Example #1: Elevators (New Contract)

- **Sources Used:**
  - Third Party – American Society of Mechanical Engineers (ASME) Chapter 17.1A
  - Department of Safety and Professional Services (DSPS) Code SPS 318
  - Procurement contacts at local municipalities
  - Procurement contacts in other states
- **Results:**
  - The resulting contract is more in line with new technologies and laws
  - Implementing new best practices
  - Increased contract compliance
  - Enhanced communication with end-users and vendors



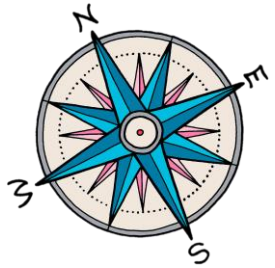
Example #2: Networking Equipment (New Contract)

- **Background:** Wisconsin needed a new contract for Cisco networking gear to support the data center. A national consortium contract, NASPO, was available.
- **Goal:** Obtain the highest possible discounts available from local, authorized dealers of Cisco. The original contract with NASPO offered 35% off list, and State bids in the past received 41% off.



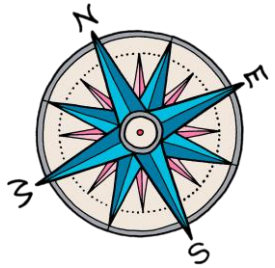
Example #2: Networking Equipment (New Contract)

- **Sources used:**
  - Participating agreements for other states using NASPO
  - Usage reports from expiring WI contract
- **Results:**
  - Competitive “bid” process to get better discounts from 8 authorized dealers
  - Awarded to 7 with discounts between 41-43.6%
  - Savings between 3-12% each year over prior contract



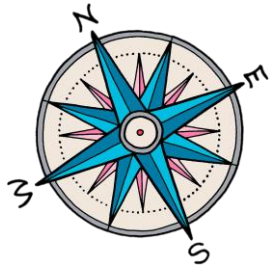
Using data during the Manage Phase

- Looking to data sources during the life of the contract could be used to:
  - Negotiate a price increase with an existing supplier
  - Educate/train staff on use of proper contracts
  - Audit compliance with contract:
    - Internal end users
    - Supplier



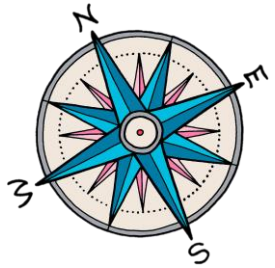
Data Sources: User-Driven

- Survey tools such as SurveyMonkey.com can be a useful way to obtain end user feedback on:
  - Contractor performance
  - How well contract is meeting end user needs
  - Areas for improvement
- Surveys can be issued as needed or at regular intervals:
  - Contract could require supplier to issue customer satisfaction surveys during contract term
    - Used to measure contractor performance



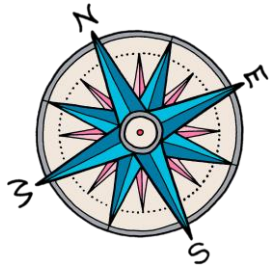
Data Sources: Data-Driven

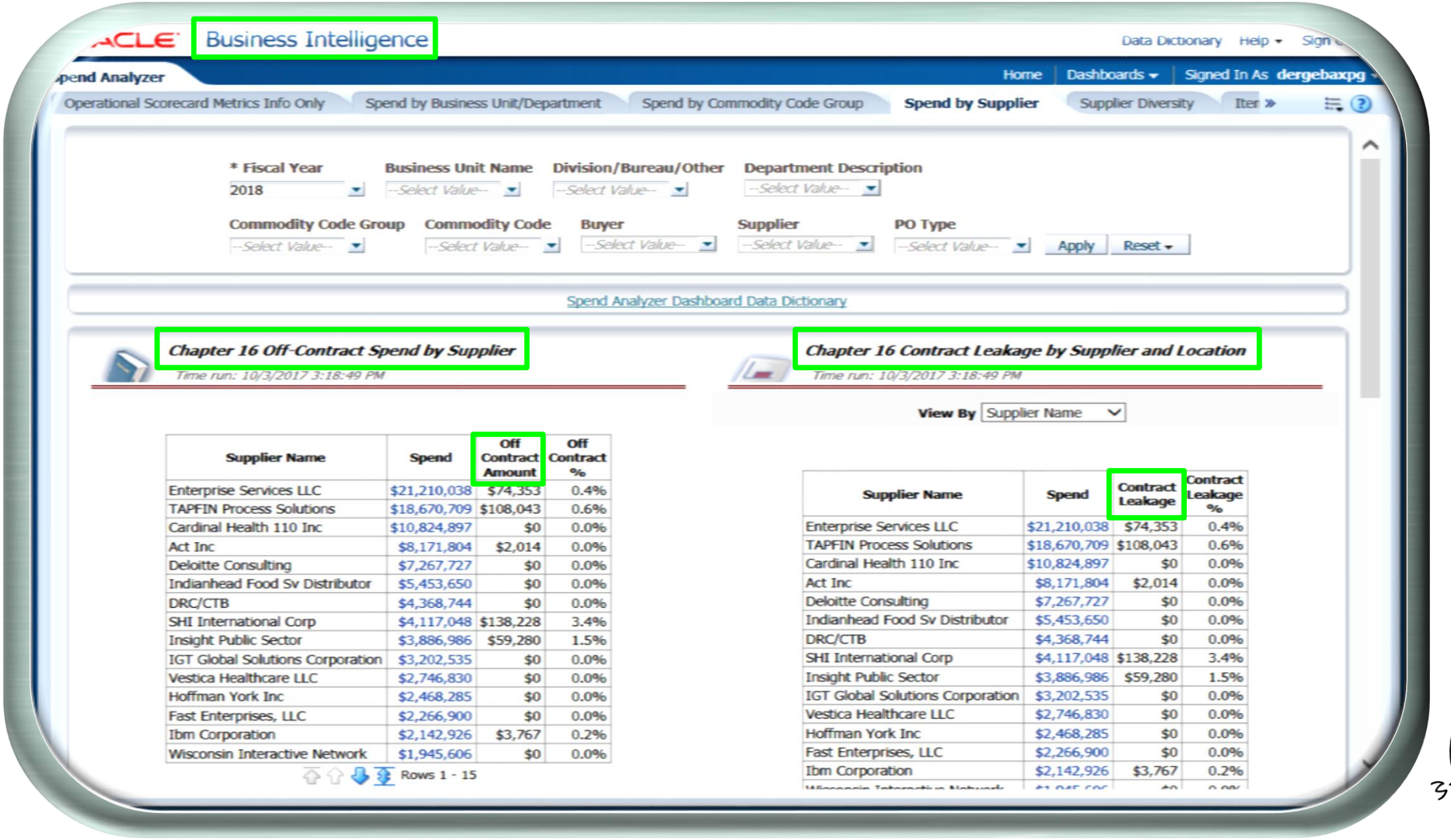
- Oracle Business Intelligence (BI)
  - Following STAR Release 1, STAR and DOA worked to create reporting dashboards using Oracle Business Intelligence (OBIEE) tool
    - Used to understand how the system is being used and to provide business performance information on key operational indicators for procurement
    - Includes Spend Analyzer



Date Sources: Oracle BI con’t.

- Spend Analyzer Dashboard includes:
  - Procurement spend analytics
  - Percentage and value of spend on state contracts
  - On/off contract spend
  - Contract leakage by business unit/department
- Sample of on/off contract spend and contract leakage on next slide





Supplier Name	Spend	Off Contract Amount	Off Contract %
Enterprise Services LLC	$21,210,038	$74,353	0.4%
TAPFIN Process Solutions	$18,670,709	$108,043	0.6%
Cardinal Health 110 Inc	$10,824,897	$0	0.0%
Act Inc	$8,171,804	$2,014	0.0%
Deloitte Consulting	$7,267,727	$0	0.0%
Indianhead Food Sv Distributor	$5,453,650	$0	0.0%
DRC/CTB	$4,368,744	$0	0.0%
SHI International Corp	$4,117,048	$138,228	3.4%
Insight Public Sector	$3,886,986	$59,280	1.5%
IGT Global Solutions Corporation	$3,202,535	$0	0.0%
Vestica Healthcare LLC	$2,746,830	$0	0.0%
Hoffman York Inc	$2,468,285	$0	0.0%
Fast Enterprises, LLC	$2,266,900	$0	0.0%
Ibm Corporation	$2,142,926	$3,767	0.2%
Wisconsin Interactive Network	$1,945,606	$0	0.0%

Supplier Name	Spend	Contract Leakage	Contract Leakage %
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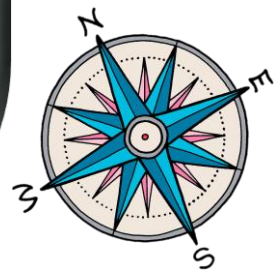
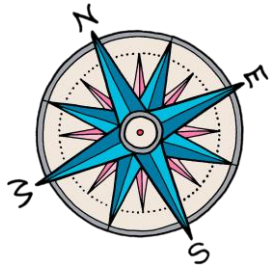


Example #3: State PCard Policies and Procedures

Manage Phase

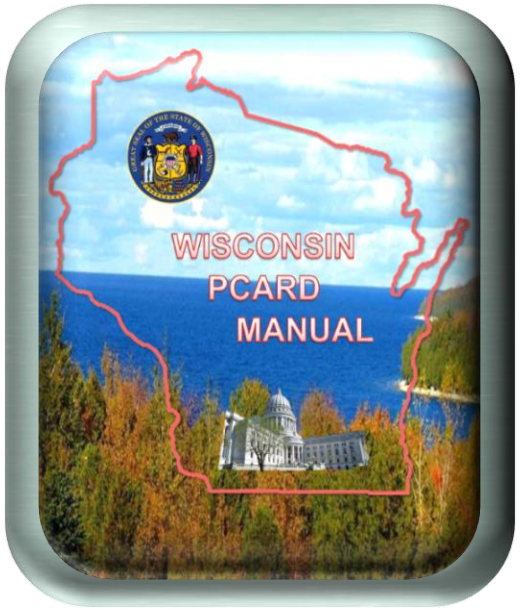
- **Background:**
  The State's Purchasing Card Manual provides information on policies, procedures, and processes related to the State's purchasing card program.
- **Goal:**
  Automate and update the manual to address new technology and processes.

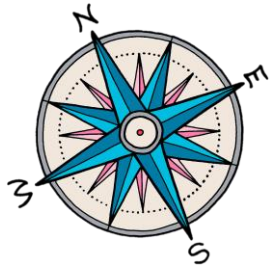


Example #3: State PCard Policies and Procedures

Manage Phase

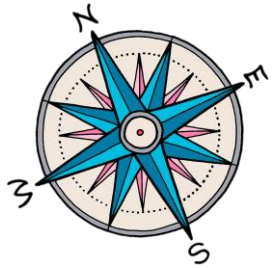
- **Sources used:**
  - Procurement contacts at other agencies and states
  - Industry associations: NASACT, NAPCP
  - STAR/PeopleSoft resources
  - SCO: State Controller's Office resources
  - Supplier resources
- **Results:**
  - Discovered new best practices
  - Increased program compliance
  - Enhanced communication





Using Data During the Renew/Rebid Phase

- Looking to data sources at the time of renew/rebid of the contract could be used to:
  - Decide whether renew/rebid is in the State's best interest
  - Verify that prices are still competitive in the market/industry
- Negotiate with incumbent contractor to:
  - Maintain current prices
  - Decrease prices where appropriate



Example #4: Electronic Fingerprinting

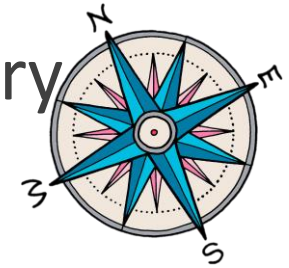
Renew/Rebid

- **Background:**

  The contract for agencies to use for electronic fingerprinting services was expiring and needed to be renewed. A renewal would require that prices from the incumbent are competitive enough to keep the contract rather than rebid.

- **Goal:**

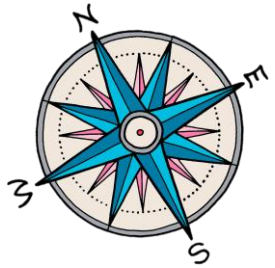
  Hold current prices and demonstrate they are market/industry competitive.



Example #4: Electronic Fingerprinting

Renew/Rebid

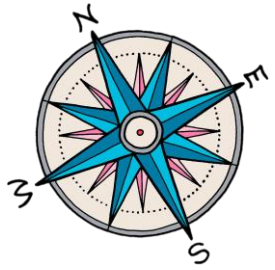
- **Sources used:**
  - Other states contract websites with similar agreements posted in Tennessee, New Jersey, Oklahoma, and West Virginia
- **Results:**
  - Held original bid prices firm for a 2 year renewal term
  - Showed that current pricing was reasonable compared to other states on next slide



Example #4: Electronic Fingerprinting

Renew/Rebid

State	Contract Rate	WI Compared % Less
Wisconsin	$7.75/set	N/A
Tennessee	$8.65/set	10%
New Jersey	$10/set	23%
Oklahoma	$12/set	35%
West Virginia	$12.50/set	38%



Example #5: Enterprise Banking Services

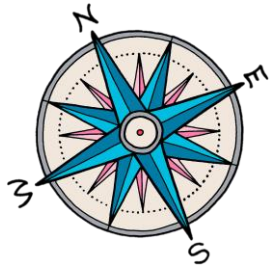
Renew/Rebid

- **Background:**

  The State's Banking contract was due to expire and the State needed to decide which direction to go with a new solicitation.

- **Goal:**

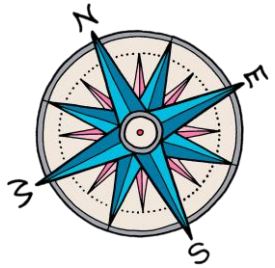
  Use data to support decision to continue contracting with current supplier.



Example #5: Enterprise Banking Services

Renew/Rebid

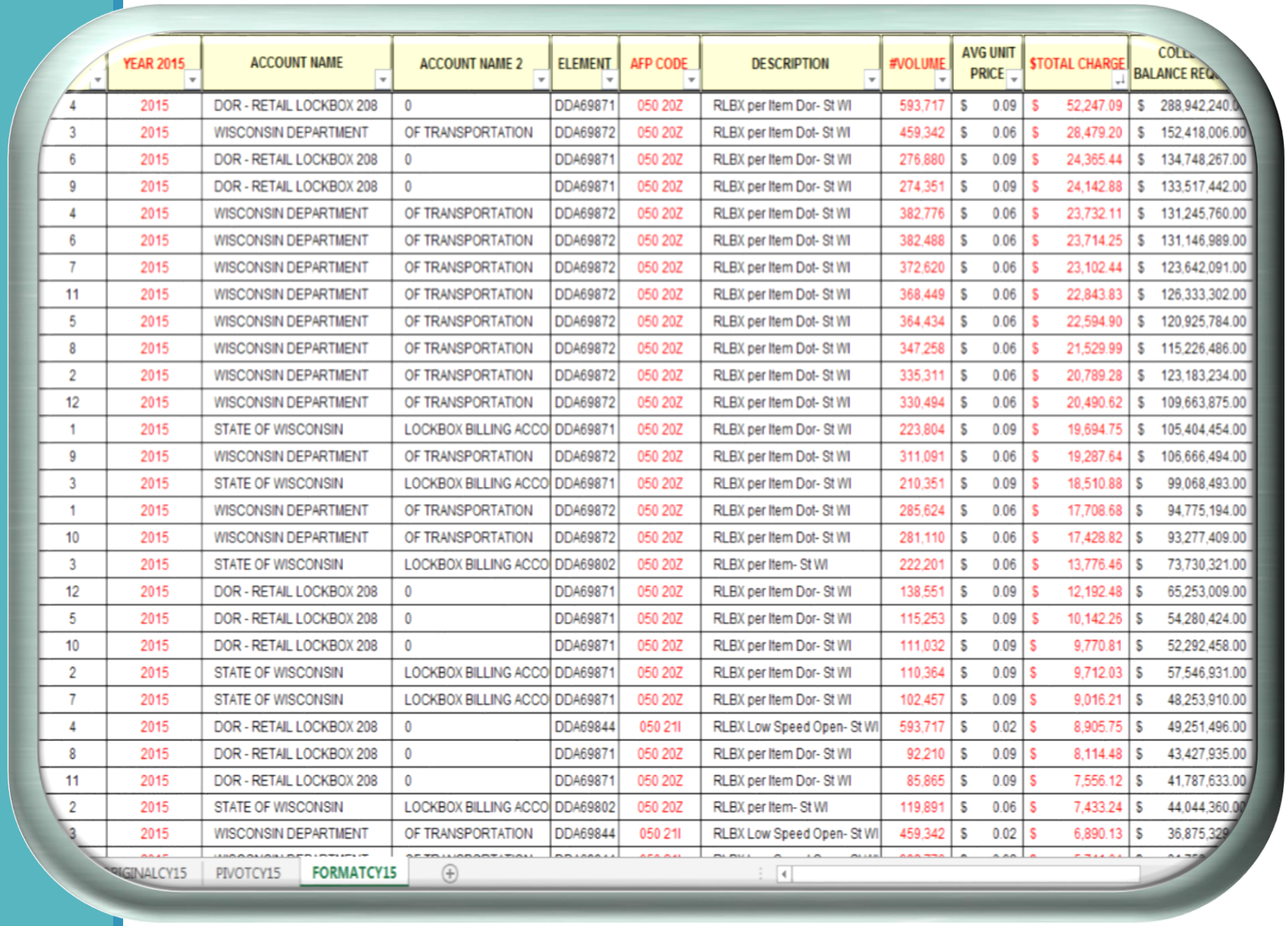
- **Sources Used:**
  - Supplier Reports
  - Third party source information
- **Process Followed:**
  - Started with a spreadsheet of four year's worth of data (approx. 68,000 rows and 21 columns) containing information on State's payment fees
  - Next few slides will detail step-by-step approach



Step 1: Formatted Spreadsheet

Identified data that is essential to understanding State's usage and payment trends over four years including:

- Year
- Fee Description
- Volume
- Dollar Amount

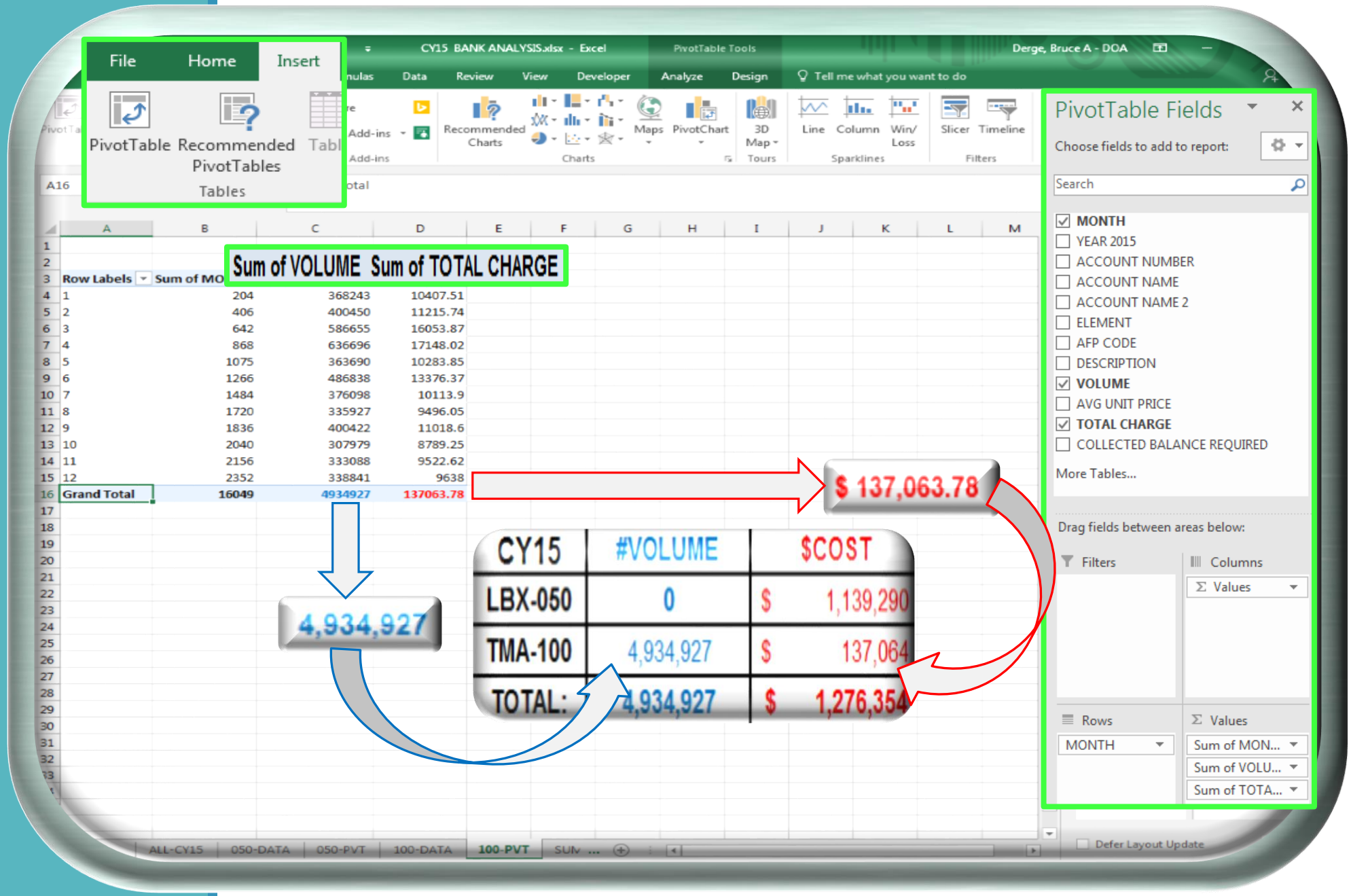


	YEAR 2015	ACCOUNT NAME	ACCOUNT NAME 2	ELEMENT	AFP CODE	DESCRIPTION	#VOLUME	AVG UNIT PRICE	$TOTAL CHARGE	COLL BALANCE REQ
4	2015	DOR - RETAIL LOCKBOX 208	0	DDA69871	050 20Z	RLBX per Item Dor- St WI	593,717	$ 0.09	$ 52,247.09	$ 288,942,240.0
3	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	459,342	$ 0.06	$ 28,479.20	$ 152,418,006.00
6	2015	DOR - RETAIL LOCKBOX 208	0	DDA69871	050 20Z	RLBX per Item Dor- St WI	276,880	$ 0.09	$ 24,365.44	$ 134,748,267.00
9	2015	DOR - RETAIL LOCKBOX 208	0	DDA69871	050 20Z	RLBX per Item Dor- St WI	274,351	$ 0.09	$ 24,142.88	$ 133,517,442.00
4	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	382,776	$ 0.06	$ 23,732.11	$ 131,245,760.00
6	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	382,488	$ 0.06	$ 23,714.25	$ 131,146,989.00
7	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	372,620	$ 0.06	$ 23,102.44	$ 123,642,091.00
11	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	368,449	$ 0.06	$ 22,843.83	$ 126,333,302.00
5	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	364,434	$ 0.06	$ 22,594.90	$ 120,925,784.00
8	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	347,258	$ 0.06	$ 21,529.99	$ 115,226,486.00
2	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	335,311	$ 0.06	$ 20,789.28	$ 123,183,234.00
12	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	330,494	$ 0.06	$ 20,490.62	$ 109,663,875.00
1	2015	STATE OF WISCONSIN	LOCKBOX BILLING ACCO	DDA69871	050 20Z	RLBX per Item Dor- St WI	223,804	$ 0.09	$ 19,694.75	$ 105,404,454.00
9	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	311,091	$ 0.06	$ 19,287.64	$ 106,666,494.00
3	2015	STATE OF WISCONSIN	LOCKBOX BILLING ACCO	DDA69871	050 20Z	RLBX per Item Dor- St WI	210,351	$ 0.09	$ 18,510.88	$ 99,068,493.00
1	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	285,624	$ 0.06	$ 17,708.68	$ 94,775,194.00
10	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69872	050 20Z	RLBX per Item Dot- St WI	281,110	$ 0.06	$ 17,428.82	$ 93,277,409.00
3	2015	STATE OF WISCONSIN	LOCKBOX BILLING ACCO	DDA69802	050 20Z	RLBX per Item- St WI	222,201	$ 0.06	$ 13,776.46	$ 73,730,321.00
12	2015	DOR - RETAIL LOCKBOX 208	0	DDA69871	050 20Z	RLBX per Item Dor- St WI	138,551	$ 0.09	$ 12,192.48	$ 65,253,009.00
5	2015	DOR - RETAIL LOCKBOX 208	0	DDA69871	050 20Z	RLBX per Item Dor- St WI	115,253	$ 0.09	$ 10,142.26	$ 54,280,424.00
10	2015	DOR - RETAIL LOCKBOX 208	0	DDA69871	050 20Z	RLBX per Item Dor- St WI	111,032	$ 0.09	$ 9,770.81	$ 52,292,458.00
2	2015	STATE OF WISCONSIN	LOCKBOX BILLING ACCO	DDA69871	050 20Z	RLBX per Item Dor- St WI	110,364	$ 0.09	$ 9,712.03	$ 57,546,931.00
7	2015	STATE OF WISCONSIN	LOCKBOX BILLING ACCO	DDA69871	050 20Z	RLBX per Item Dor- St WI	102,457	$ 0.09	$ 9,016.21	$ 48,253,910.00
4	2015	DOR - RETAIL LOCKBOX 208	0	DDA69844	050 21I	RLBX Low Speed Open- St WI	593,717	$ 0.02	$ 8,905.75	$ 49,251,496.00
8	2015	DOR - RETAIL LOCKBOX 208	0	DDA69871	050 20Z	RLBX per Item Dor- St WI	92,210	$ 0.09	$ 8,114.48	$ 43,427,935.00
11	2015	DOR - RETAIL LOCKBOX 208	0	DDA69871	050 20Z	RLBX per Item Dor- St WI	85,865	$ 0.09	$ 7,556.12	$ 41,787,633.00
2	2015	STATE OF WISCONSIN	LOCKBOX BILLING ACCO	DDA69802	050 20Z	RLBX per Item- St WI	119,891	$ 0.06	$ 7,433.24	$ 44,044,360.0
3	2015	WISCONSIN DEPARTMENT	OF TRANSPORTATION	DDA69844	050 21I	RLBX Low Speed Open- St WI	459,342	$ 0.02	$ 6,890.13	$ 36,875,329

IGINALCY15 PIVOTCY15 FORMATCY15

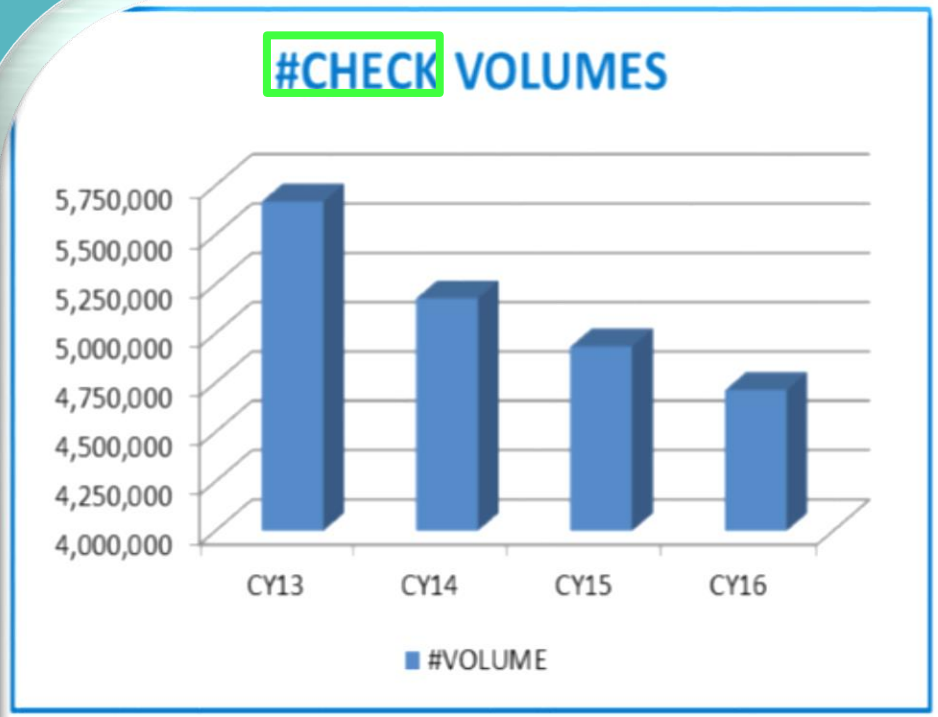
Step 2: Pivot Tables

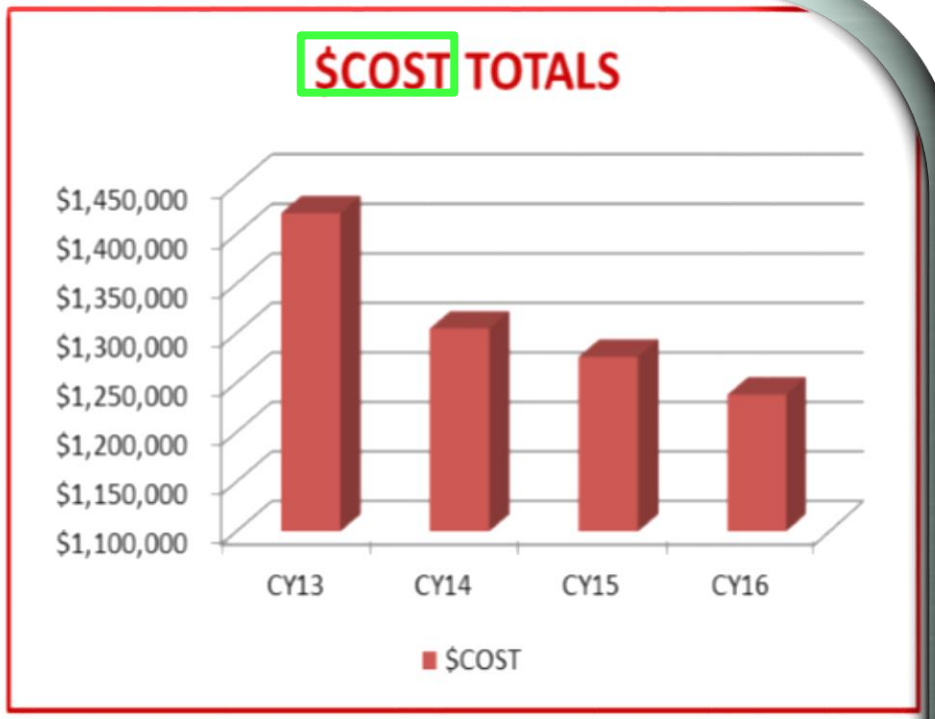
Created pivot tables from formatted data to highlight the essential data



Step 3: Charts and Tables

Used pivot tables to create charts and tables to illustrate the payment trends.



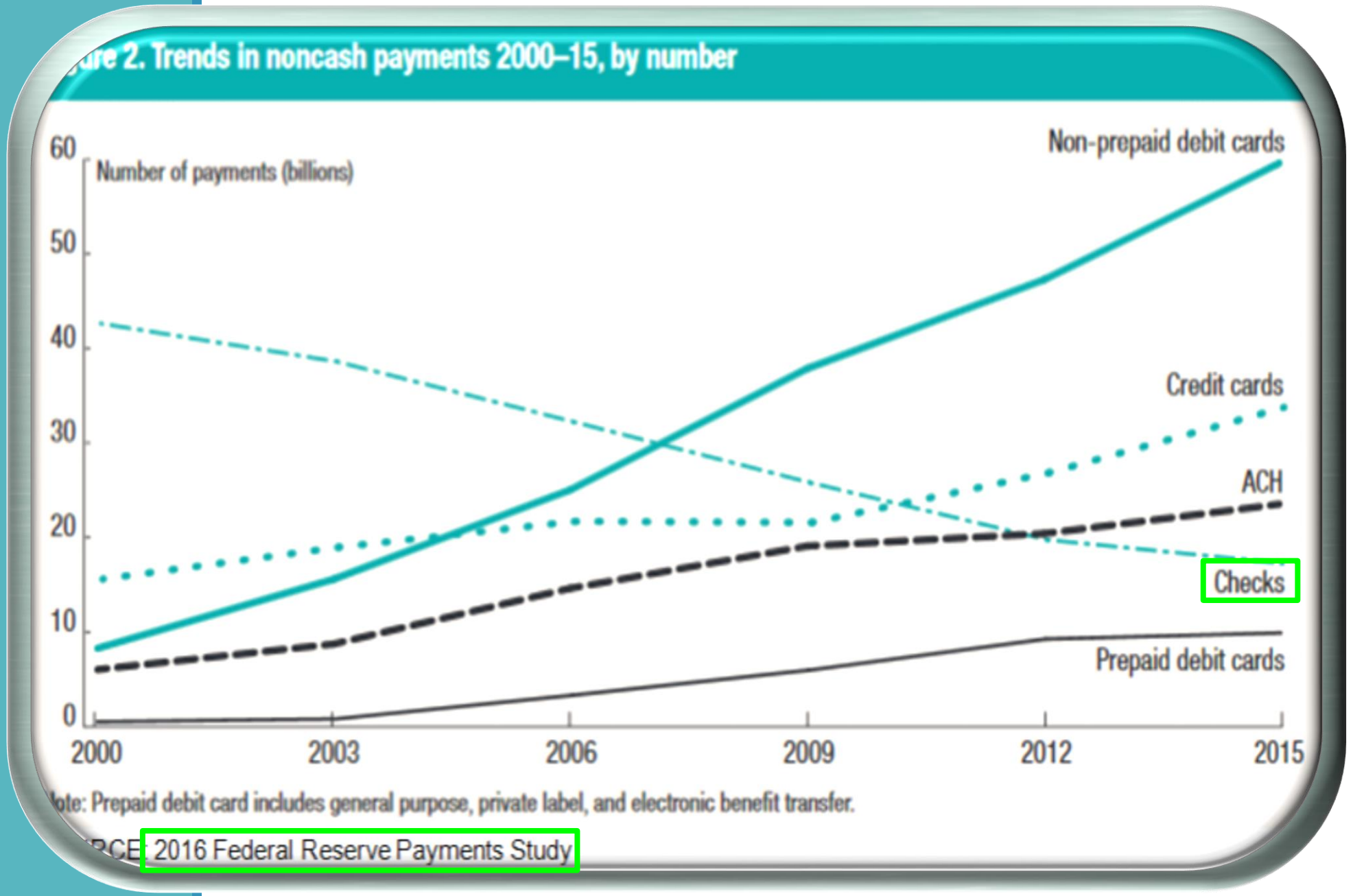


#CHECK VOLUMES		
CY	#VOLUME	%CHANGE ↓
CY13	5,669,710	0.00%
CY14	5,178,638	8.66%
CY15	4,934,927	4.71%
CY16	4,714,016	4.48%
	TOTAL:	17.84%

$COST TOTALS		
CY	$COST	%CHANGE ↓
CY13	$ 1,421,246	0.00%
CY14	$ 1,304,898	8.19%
CY15	$ 1,276,354	2.19%
CY16	$ 1,238,276	2.98%
	TOTAL:	13.36%

Step 4: Validation

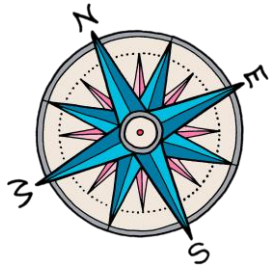
Compared the data presented in the charts and tables with third party industry information to validate the State's trends



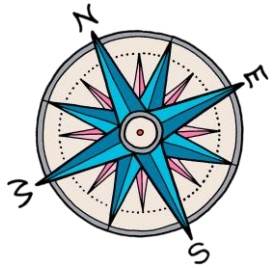
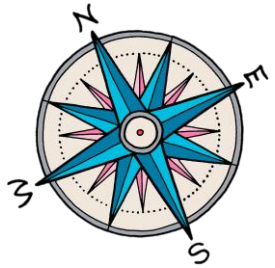
Example #5: Enterprise Banking Services

Renew/Rebid

- **Results:**
  - State's internal data showed that the usage and cost for the service was declining over the four-year period
  - External third party data validated State's experience was in line with industry trends
  - Data confirmed that due to the declining usage and costs for this service, it would be in the State's best interest to continue contracting with current provider



Questions & Answers



Thank You!