

## CASE STUDY

### CLIENT PROFILE

**B**aylor College of Medicine (BCM) sought to break from manual processes and transform procurement into a strategic advantage for the organization.

As the transformation began, the organization was surprised to discover just how many benefits an automated procurement process could deliver. With the help of SciQuest, BCM is now recognizing a yearly savings of more than \$780,000 through automated purchasing and an additional \$800,000 in credit card rebates. This is on top of the \$4.1 million in savings delivered through the strategic sourcing advantages of SciQuest. All of this adds up to bankable value that BCM can reinvest into the high-level development of the organization.

### KEY CHALLENGES

BCM utilized a manual procurement process where all items for purchase were entered “free-form” by the end-user departments, and POs went directly into SAP with no consistency. Pricing had to be checked constantly, and POs submitted after a purchase were common. The result was that the purchasing effort at BCM was placed on the purchasing agents, requiring that they handle or correct all of the transactions. This manual process equaled high costs—especially due to the fact that 60% of orders at BCM were found to be under \$1,000.

BCM needed to gain strategic insight into the organization’s purchasing. “We simply had no way to effectively track or control spend,” shares Bud Bocchino, Director of Supply Chain Management for Baylor College of Medicine. “With our vendor database growing out of control and 62% of orders placed by phone, I knew there was no visibility into what was happening with our purchases. And I knew that we were not leveraging our spend to build any kind of strategic direction with our vendors.” BCM wanted to turn this situation around and start putting procurement to work for the betterment of the organization.

### SCIQUEST BOTTOM LINE RESULTS

#### Cost Savings

- **\$782,736 total yearly savings** across 66,000 catalog orders
- \$3 per PO saved through automated PR workflow
- \$2.80 per PO saved by automating PO process
- \$12 saved each time an error is prevented
- \$2.10 per invoice saved by electronic invoicing

#### Strategic Sourcing

- 18% reduction in average product prices
- \$4.1 million in savings realized from directing spend to preferred vendors and negotiating lower prices

#### Process Improvements

- 90% user acceptance of eCatalog ordering
- Over 40% of invoices now received electronically

# Baylor College of Medicine

sciQuest™

Baylor College of Medicine is a premiere academic health science center known for excellence in education, research and patient care. In 2009, *U.S. News & World Report* ranked BCM 13th overall among the nation’s top medical schools for research and 7th for primary care. BCM also is listed 13th among all U.S. medical schools for National Institutes of Health funding, and No. 2 in the nation in federal funding for research and development in the biological sciences at universities and colleges by the National Science Foundation. Currently, BCM trains more than 3,000 medical, graduate, nurse anesthesia and physician assistant students, as well as residents and post-doctoral fellows.



## SCIQUEST IMPLEMENTATION

On April 1, 2005, BCM began to reinvent how procurement was handled through the deployment of SAP's supplier relationship module (SRM). In October 2006, BCM added even more capabilities through the implementation of SciQuest's Spend Director. Spend Director puts more spend under management and facilitates on-contract spending through robust key supplier enablement, catalog management and a shopping platform. The technology also seamlessly integrates with SAP to maximize productivity.

## SUCCESS

Through SciQuest, BCM has insulated the organization from PO errors, while streamlining proper requisition and workflow approvals to speed purchases. BCM now has greater visibility into spend, with reporting by department and product commodity analysis including UNSPSC, manufacturer and manufacturer part number.

Bocchino highlights how almost 90% of the spend within the SciQuest solution has been brought under management. "The presence of eCatalogs in front of our end users is the equivalent of eye-level shelf space at the supermarket. We've been able to reduce product costs by directing spend to our preferred vendors and cutting back on maverick purchases. User adoption is rising, as our end users realize that they are gaining more time put back into their day. And with our purchasing department liberated from manual purchasing tasks, we were able to refocus two members of our team to more strategic sourcing activities for the organization."

SciQuest delivers additional strategic value by empowering BCM to analyze the spend patterns of various commodities. "Many organizations can tell you how much they are spending with a particular vendor," relates Bocchino. "But they can't tell you what they are actually buying. With SciQuest's help, we now know what we are buying and from which vendor, so we can consolidate spend and get better discounts. In one case, we had 10,000 items that were bought from two different suppliers, yet 6,000 of these items were exactly the same. Spend Director enabled us to direct the purchase of these common items to one preferred source, resulting in substantial savings for BCM."

Bocchino plans to expand BCM's relationship with SciQuest to gain even more capabilities through the system. "By adding services ordering through the SciQuest platform, we will open up a whole new avenue to bring even more spend under management," says Bocchino. "When combined with the Hazardous and Radioactive materials ordering functionality that we recently implemented, and the free-text ordering that is next on our agenda, I predict a very strong and productive partnership between Baylor College of Medicine and SciQuest well into the future."

## SCIQUEST ADVANTAGE

SciQuest has enabled BCM to move from a tactical procurement model to a strategic sourcing model driven by an automated process. BCM lowered transaction costs by more than \$5/PO by reducing the interaction necessary from end users and the amount of time that the procurement team at BCM spends on purchasing tasks. And electronic invoicing streamlines processes and lowers costs an additional \$3/PO.

BCM is now driving users to suppliers with negotiated contracts through the use of intuitive eCatalogs. Pushing spend to key suppliers allows BCM to create more strategic relationships with those suppliers, gaining preferred discounts in the process. The organization is now able to leverage its buying power on behalf of the departments. Utilizing enhanced reporting capabilities, BCM can also analyze spending and unit costs in order to identify the most cost effective suppliers and clarify process areas that need further improvement.

### INDUSTRY:

Higher Education/  
Healthcare

### EMPLOYEES:

Approximately 10,000  
faculty and staff

### PROCUREMENT TRANSACTION VOLUME:

\$350 million in spend

### LOCATION:

Houston, TX

### CLIENT SINCE:

2006

### SCIQUEST SOLUTION:

Spend Director

### TECHNOLOGY ENVIRONMENT:

SAP



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