

CASE STUDY

CLIENT PROFILE

Faced with state budget shortfalls, East Tennessee State University (ETSU) can count on its strategic investments made in SciQuest HigherMarkets procurement solutions.

Through SciQuest, ETSU has the insight and agility to reduce its operating budget without impacting the quality of education. Since 2006, the University has brought more spend under management, cut its processing costs, which has enabled 2 FTE's in the purchasing department to move to more strategic roles, and reduced approval times by 60%—all while negotiating more competitive contracts with its major suppliers. In today's turbulent economic times, the entire campus is upholding the best practices from the new purchasing processes as an example of how to successfully evolve in the future.

KEY CHALLENGES

ETSU is a mid-sized institution that provides a powerful learning environment for its students. In 2006, the University set out to protect its robust educational programs, since the administration recognized that in a state without income tax and with the state budget being a major part of the school's income, the school was vulnerable in the event of an economic downturn.

Kathy Kelley, Associate Vice President of Procurement and Contract Services for ETSU, set up task forces to investigate opportunities to reduce costs. What they found was that due to the paper-based ordering taking place throughout the campus, the cost to process each PO was far too high. And the average turn around time of an order from requisition to approval (even before sending it to the vendor) was 9.3 days.

Due to the fully manual process, unsupervised buys were taking place across ETSU's campus, but most importantly the budget owners in the departments—and especially in ETSU's Procurement Department—did not have the visibility it needed to examine contract compliance or analyze spend.

With only a small team of people to implement and maintain any new technology, a strong partner was required to not only ensure an easy system implementation, but also to support ongoing business processes to make sure the solution was an enduring success.

SCIQUEST BOTTOM LINE RESULTS

- Average turn around time of an order, from requisition to approval, reduced from 9.3 days to 3.7.
- Complete elimination of paper with 100% of POs processed electronically (\$25 million in spend).
- 2 FTEs reallocated to more mission critical tasks.
- More spend under management: Catalog purchases driven up to 52%; 41% of PO's driven to most preferred vendors; 10% of spend driven to diversity vendors.
- Full visibility to perform contract compliance analysis and spend management analysis to keep costs under control.
- Seamless integration with SunGard Higher Education's Banner Finance system to ensure budget and accounting compliance.

East Tennessee State University

sciQuest™

East Tennessee State University is a leader in improving the intellectual, cultural, economic, political, social, and health environment of Northeast Tennessee and the Southern Appalachian region. The University offers programs through 11 colleges and schools related to five areas: arts and sciences, business, education, health sciences and technology. ETSU's Division of Health Sciences is composed of the colleges of Medicine, Nursing, and Public and Allied Health. This division seeks to support the health and wellness of the people of Southern Appalachia, with special emphasis on meeting the needs of rural populations.



SCIQUEST IMPLEMENTATION

ETSU purchased SciQuest HigherMarkets through an arrangement with the State of Tennessee. SciQuest implemented the Spend Director, Requisition Manager and Order Manager modules as part of the "eBucs" platform. SciQuest seamlessly integrated its solutions with the University's Banner Finance system to ensure financial compliance.

The budget owners at ETSU have rapidly adopted the new procurement process. Buyers in all departments are empowered with the ability to automatically check their purchase requests against the budget in the financial system, enabling them to keep control over their own spend. Now that all necessary parties are completely involved in approving and reviewing spend requests, the Purchasing Department at ETSU is seen as a strategic partner—helping everyone in the educational spectrum to get the critical supplies they need, even in a restrictive economic climate.

SUCCESS

The new procurement process at ETSU, powered by SciQuest HigherMarkets, is so successful that 100% of POs now go through the electronic procurement solution. Both approval times and the overall cost to process each PO tightened dramatically since deploying the new approach. The result is that the institution was able to reallocate 44% of their procurement staff to more strategic roles within the organization, with ETSU running its entire purchasing function with 2.5 FTEs (down from 4.5 in years past). But the biggest impact on ETSU's budget is the fact that the organization has brought more spend under management. The POs directed to preferred vendors have been driven to over 40% and more spend has been directed to vendors that support ETSU's diversity initiatives.

"I love the SciQuest product," said Kelley. "It is user friendly, easy to maintain and easy to support, which is really important for a smaller school with a small staff. And the SciQuest support team is extremely flexible in meeting our needs."

CONTINUING BENEFITS FROM A STRATEGIC INVESTMENT IN PROCUREMENT

With the economic downturn significantly reducing the state's budget, large cuts for state universities were enacted in 2007/2008, and it is projected that more cuts are likely to happen in 2009. ETSU is now looking at the success of the eBucs implementation as a model to weather the storm.

ETSU is streamlining its invoicing process by decentralizing its receiving, and automating invoice entry and validation with high-volume suppliers like Dell, Staples and Fisher Scientific. Also, ETSU's Procurement Department is realizing even higher cost efficiencies by gaining the visibility into campus transactions it needs to negotiate better contracts with suppliers and aggregate spend where beneficial to maximize savings.

Dr. Wilsie Bishop, Vice President for Health Services and Chief Operating Officer recognizes the strategic value that the Procurement Department of ETSU delivers declaring, "I now see how much value can be derived from our procurement process and how easy the system is to use. eBucs, and the team that deployed it, have set a gold standard on how to effectively use technology for the overall improvement of our institution. I think ETSU is going to be effectively positioned to meet and exceed our student demands, while becoming one of the most competitive schools in the state."

INDUSTRY:

Higher Education

EMPLOYEES:

2,250 faculty and staff in 2008

STUDENTS:

13,800

PROCUREMENT TRANSACTION VOLUME:

9,800 purchase orders processed in 2007-2008

52,500 invoices processed in 2007-2008

LOCATION:

Johnson City, TN

CLIENT SINCE:

2006

SCIQUEST SOLUTIONS:

Spend Director
Requisition Manager
Order Manager
Settlement Manager
SciQuest Supplier Network

TECHNOLOGY ENVIRONMENT:

Banner Finance
SunGard Headquarters



SciQuest, Inc.

SciQuest, Inc.
6501 Weston Parkway, Suite 200
Cary, NC 27513

T 877 710 0413
F 919 659 2199
www.sciquest.com