

SPEND ANALYTICS

The California State University has created and implemented a robust Spend Analytics program enabling the Chancellor’s Office and campuses to quickly and easily identify savings opportunities; and also provides a way for the CSU to plan and allocate resources toward appropriate efforts.

In 2011, the CSU identified almost a billion dollars in spend, yet was unable to analyze the expenditures of all campuses in a meaningful way in order to determine contract usage and prioritize commodity classifications.

Since then, the CSU has worked to implement a Spend Analytics program, which has resulted in the creation of an online tool from Spikes Cavell that allows for the tracking, management and measuring of campus and system-wide spend. This valuable tool assists in identifying strategic purchasing opportunities in spend management efforts, and targets savings in small business and sustainable purchasing opportunities. It also produces shareable data beyond the CSU to hundreds of higher education initiatives.

Prior to using the Spend Analytics tool, managed spend efforts were guesswork based on very little reliable information. This was the result of the CSU financial system lacking the capability to provide data analytics.

Additionally, the tool was made available to all CSU campus procurement departments, along with online training webinars, but getting the campuses to use the tool on a regular basis proved to be challenging.

Subsequent on-site, hands-on, one-on-one and small group training from the data analyst in the CSU Chancellor’s Office kick-started the involvement of many campus users, and they began to manage their spend or target individual data-driven projects.

Previously, specific spend details were virtually impossible to locate and utilize to the benefit of the CSU. Campuses were unable to extract and combine the data across the 24 locations, nor cleanse it of repetitive or personal data.

Now staff can search across commodities, by vendor name, by campuses, by groups of campuses, etc. It is easy to identify both spend volume and transaction volume.

OPPORTUNITIES AND SOLUTIONS

By utilizing spend management, opportunities now are quickly and easily identified by campus users, allowing the CSU to plan and allocate resources toward appropriate efforts. This allows for the combination of procurement efforts across campuses and the management of “maverick spend.” *(Maverick spending is the expense resulting from purchases that are breaking the rules established by corporate procedures).*

The next step in this process is to implement built-in efficiency measurement tools to quantify and analyze the savings and efficiencies.

MILESTONES

2014

- Delivered 23 campus-tailored savings opportunity assessments.
- Tutorials given in invoice consolidation, category rationalization and compliance with contracted vendors.
- Spend analytics launches to all CSU campuses.
- Main Users: San Francisco State, Cal Poly San Luis Obispo and Cal Poly Pomona

2013

- Perfected data collection methodologies.
- Trained campuses and groups (FOA, PSSOA)
- Spend Analytics utilized in CO projects

2012

- Spend analysis software tool (The Observatory) launched.

2011

- Contracted with Spikes Cavell.
- Collected A/P and pcard data

QUANTIFICATION AND RESULTS

New strategic managed spend efforts implemented or supported on campuses as a result of the analysis of spend data.

Multi-campus sanitary supply contract.

Campus compliance with contracted vendors.

Invoice consolidation efforts.

Action plan to bring greater spend under contract.

Shows change in spend across time.

Shows spend by category and department.

Allows for the combination of departments to see a snapshot of a college's total spend.

IMPACT AND BENEFIT

Several campuses are using spend analytics to target potential strategies that dovetail with current opportunities. For their custodial contract negotiation, San Diego State found an improved contract that created an immediate savings of 8 percent, plus 1.5 percent improvement target. And during their Campus Marketplace project, Cal Poly Pomona used spend analytics to support a 10-campus partnership, which resulted in a significant savings in implementation fees, licensing fees and team efficiencies.

LESSONS LEARNED

1 We have determined better standardization of coding into the financial system across campuses will improve the data analysis capabilities.

2 To fully utilize the tool, ongoing training for campus users is necessary, including training on the features and capabilities of the software, as well as instruction on how to implement its use into the campuses' everyday procurement processes.

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