



## Excuses, Alibis And Reasons Why

Overcome the Most  
Common Objections to  
eProcurement Projects

# INTRODUCTION:

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To say that procure-to-pay solutions can save money and make organizations more efficient is somewhat like saying the Earth is round. Yet, despite numerous examples of successful implementations in the marketplace today, some organizations continue to rely on antiquated “flat Earth” approaches to sourcing, procurement, invoicing and contract management. Why?

The benefits of these solutions are far-reaching and include:

- » Reduced transaction costs
- » Improved process efficiency
- » Reduced or eliminated maverick spending
- » Increased spend under management
- » Improved contract compliance
- » Reduced cycle times
- » Inventory cost savings
- » Freed up time for management and staff to focus on creating greater value for the enterprise

With that lineup of potential cost savings and productivity improvements, you’d think that ROI would be obvious and the green light to implement would be a slam dunk. Yet, hesitation persists and there are some common objections – myths, really -- that need to be addressed.

# THE TYPICAL OBJECTIONS

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You may have heard or expressed some of these concerns before. Maybe all of them. In fact, in today's resource constrained environments, these potential objections can probably be applied to any number or types of projects, and they are all worthy of consideration before embarking on a new endeavor.

But when it comes to eProcurement solutions, are they more myth or reality?

Let's take a look at these objections and how several customers have avoided or overcome them.



# OBJECTION 1:

## **WE DON'T HAVE THE BUDGET OR THE HEADCOUNT**

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Reduced funding and the pressure to balance tuition affordability, low tax rates and reliance on donors with the rising costs of goods and services are putting the squeeze on most higher education institutions, K-12 school systems, nonprofits and government agencies.

At the same time, the procurement function is viewed as an expense in most organizations. When personnel leave, they are often not replaced, or worse, the department reduces headcount. At the end of the day, the remaining staff has more work piled up, fewer resources and increasing demands to from the rest of the organization.

As procurement professionals, you can overcome these objections and help deliver savings to your organization. How? Working with the right eprocurement tools, you can:

- » reduce administrative time and costs
- » save money, time and resources with contracted catalogs and pricing
- » identify new savings opportunities
- » consolidate requisitions to minimize fees and maximize discounts

### **REALITY CHECK**

**BUDGET** - Within months of implementation, California State University system's eProcurement solution relieved budgetary pressures. Department users can see an immediate impact on their budgets as day-to-day purchases are guided to lower cost vendors. CSU saw a positive return on their eProcurement investment in just seven months—based solely on the efficiency they gained by eliminating paper-based systems. The return was even faster when actual dollar savings are factored in.

**HEADCOUNT** - Ivy Tech Community College implemented and maintains the system that supports 2,200 users with only one full time eProcurement administrator thanks to an intuitive shopping environment that requires virtually no training.

eProcurement has created a lot of time savings. It's made our processes more efficient. It's brought users to the purchasing department instead of trying to go around us.

Cory Harms  
Associate Director of Purchasing  
Iowa State University

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## OBJECTION 2: **WE DON'T WANT TO LOSE CONTROL**

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Everybody wants control. End users want control to be able to make purchases when and how they want—the flexibility and freedom to act as needed. And procurement staff needs purchases to go through proper channels to ensure that the organization follows procedures to remain compliant, meet contractual obligations and achieve the savings goals.

Keep in mind: Whatever system you do or do not have in place, users are out there shopping on the Internet. You have the opportunity to make it easier for employees to buy the things they need, provide the lowest possible price and capture the transaction for future reporting.

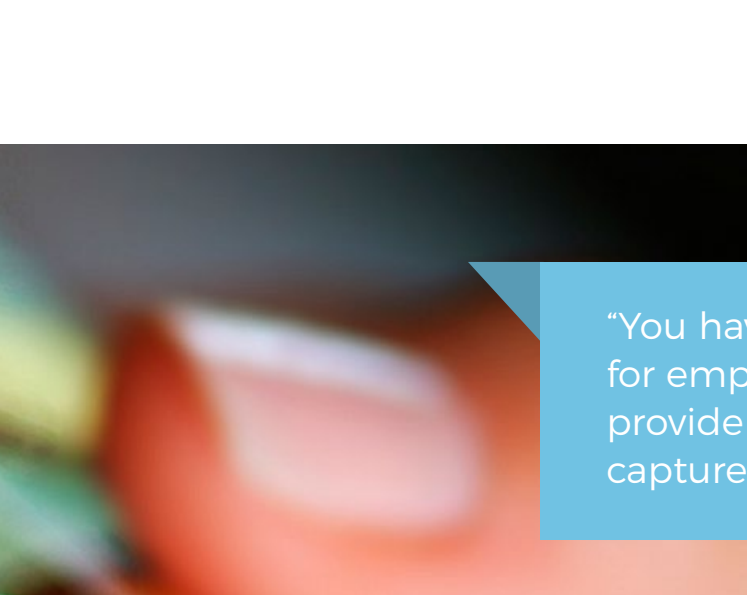
### REALITY CHECK

Before introducing its Campus Marketplace, the Cal State system had existing ERP and P-card systems with significant controls, training, authoriza-

tions, audit and compliance processes in place. They didn't want to lose that investment. Nor did they want to add more P-card holders to the system.

With the new catalog site, CSU was able to:

- » Leverage the existing systems to retain controls already in place
- » Obtain line item detail on purchases to improve analysis, order history and compliance (which was not available with the P-card system alone)
- » Maintain the number of P-card users by adding the ability for a user to browse, place an item in their shopping cart and then forward the cart to an authorized user in their department
- » Provide better oversight on foundation grants and research contracts.



“You have the opportunity to make it easier for employees to buy the things they need, provide the lowest possible price and capture the transaction for future reporting.”

## CONTROL AMAZON WITH EPROCUREMENT

At home, your organization’s employees likely turn to Amazon.com for personal items - from that New York Times bestseller to toothpaste. It should come as no surprise that they’d do the same at work - expecting inexpensive prices and quick delivery when they order their office supplies or cleansers from the e-commerce giant.

To many, Amazon is simply an invitation to maverick spend. But, with eProcurement, organizations can rein in that Amazon spend and even guide users toward on-contract spending by including Amazon in their eProcurement marketplace.

Consider the experience at Portland State University in Oregon. Since adding Amazon, Portland State has seen a spike in shoppers in its broader marketplace.

“In some ways, Amazon has been the most exciting rollout in that people on campus were already using it and they’re excited to see it available on

the portal,” said Ahrea Summers, Portland State contract officer. “Amazon is everyday life for a lot of people. It’s an organization that they trust, that they use and that they’ve had good experiences with. In fact, having Amazon in the marketplace is driving purchases from even more vendors through the portal.”

Learn more about the [pros and cons of Amazon in our e-book](#).

“ Amazon is everyday life for a lot of people. It’s an organization that they trust, that they use and that they’ve had good experiences with.

# OBJECTION 3: WE HAVE VERY SPECIFIC NEEDS

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This statement is true for all organizations to some extent. Every nonprofit, academic institution, school system and government agency has specific needs. Factor in years of manual processes, homegrown solutions or a patchwork of vendor solutions, and the specific needs add up.

A common misconception is that providing a one-stop procure-to-pay solution means everything must be vanilla: no add-ons, no customization for user groups, no exceptions. This is not the case.

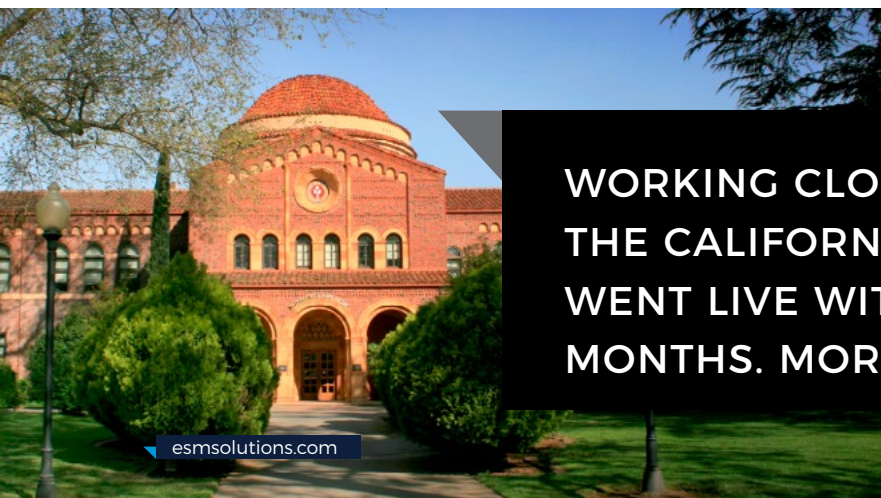
Every eProcurement implementation will likely need to account for special needs and unique requirements. The question is not: How could an eProcurement solution ever work for us? We have very specific needs.» The question should be, «We have very specific needs. Can you show us how to handle our particular requirements?»

## REALITY CHECK

California State University demonstrated this point when they implemented their Campus Marketplace shopping solution across the first 10 campuses. Counties in the state of California may have different sales tax rates, and some campuses even straddle different counties. The Campus Marketplace can accommodate different tax rates for each campus delivery location. Some campuses also have unique needs in terms of notifying departments such as Receiving or Environmental Health of certain deliveries. The system also notifies specific departments about orders so they can accommodate special requirements.

At Ivy Tech Community College, where a lone procurement administrator maintains the system and supports 2,200 users, they rely heavily on configurable workflows to address their “specific needs.”

For example, the system has been configured to identify capital purchases as they happen and notify the people in charge of asset tagging and management that a new asset is coming on the books.



**WORKING CLOSELY WITH THEIR PARTNERS,  
THE CALIFORNIA STATE UNIVERSITY SYSTEM  
WENT LIVE WITH 12 VENDORS IN JUST THREE  
MONTHS. MORE CATALOGS ON THE WAY.**



# OBJECTION 4: IT'S TOO COMPLICATED AND WILL TAKE TOO LONG

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Another common objection is that eProcurement implementations will be lengthy, resource intensive and complicated. This perception can exist for a number of reasons.

Many people have experienced ERP implementations, which are notoriously long, complicated, expensive and, generally, not pleasant. Implementations can take years and, like many IT projects, run over budget and over time. Similarly, many people have experienced the ERP version of an eProcurement module, so they perceive eProcurement solutions as having the same drawbacks as ERP.

Here's the big difference: ERP systems are built from the ground up to cater to the needs of accountants, not procurement professionals or other non-accountants. Consequently, the user interface and workflow is not intuitive for the vast majority of people, which contributes to the lengthy and complex implementations.

By comparison, even the most complex eProcurement implementations start to provide benefits to customers in a matter of weeks, with a positive return on investment in mere months.

## REALITY CHECK

With 23 university campuses in its network, the Cal State system knew that their online catalog website could become a daunting project if not scoped out properly right from the start. Cal State cites these reasons for their success:

- » They established a team led by the technology provider and identified a lead campus to manage needs across the groups
- » They leveraged their existing P-card system and simplified enablement by allowing shoppers to fill carts and automatically route them to P-card holders for approval.
- » They engaged a key consortium partner (E&I) to help with vendor implementation and content.
- » They gave internal partners the opportunity to identify key vendors and contracts in the system.

## 'FLAWLESS'

At ESM, we also work hard to ensure a quick and seamless deployment for our customers. In fact, **our efforts have even been called "flawless."** Take a look at a thank you note we received from a customer.

"On behalf of Mount Holyoke College, I want to thank you most sincerely for the outstanding manner in how you managed our implementation. The effort and dedication you gave our projects is evident in the quality Enterprise production platform we now operate on," wrote Christopher Rust, former Mount Holyoke director of purchasing. "Our 'Go Live' was flawless and it was all due to the project planning, weekly meetings, training sessions, gentle reminders and your management oversight of the entire project."

# OBJECTION 5: IT DOESN'T SOLVE THE WHOLE PROBLEM

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Once you look into where your spend is going, you may be surprised. Many organizations are finding that eProcurement implementations:

- » Are useful for a large target area of spend
- » Reduce off-contract spend
- » Reduce the costs of goods, the buying process and payment processing

The best place to start is by identifying vendors that have a high volume of transactions and low dollar amount per transaction. This portion of your spend is likely larger than you think. Moving these vendors to the eProcurement solution first will immediately reduce costs by ensuring that a contract is used for the purchases.

Moving the high volume of low value transactions also frees your professional buying staff by shifting transaction processing to the end users who actually use the goods and services. This enables procurement teams to focus on more strategic activities that create value—setting the stage to add greater value by more fully deploying the system and bringing in other areas of spend.

## REALITY CHECK

Once Cal State used their analytics to identify vendor activity, they were able to include maintenance, repair and operations; custodial, biological and scientific supplies; IT purchases; and office supplies into their eProcurement system. This represented a significant portion of their overall spend and transaction volume.

In addition to P-card spend, Ivy Tech funnels purchase orders through the system as well. This gives them visibility into more than 90% of their total spend outside of payroll and benefits.

## MYTH:

“WE CAN ONLY USE THE SOLUTION FOR A SMALL PERCENTAGE OF OUR SPEND.”

# OBJECTION 6: OUR ERP SYSTEM HAS AN EPROCUREMENT MODULE

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Enterprise Resource Planning, or ERP, is not the same as electronic procurement - eProcurement. ERP systems are designed and built to serve the needs of the finance and accounting departments - not the procurement department.

## WHAT'S THE DIFFERENCE WITH EPROCUREMENT?

eProcurement solutions, on the other hand, work the way your purchasing team works, providing the flexible tools they need through every step of the procure-to-pay process. They also empower employees across the organization to reduce spending at a departmental budget level.

eProcurement is an online solution you can use to source, contract with and manage suppliers. It provides your employees with an easy, intuitive tool to engage in the procure-to-pay process. At the same time, it gives your procurement department full control over where and how they are allowed to spend.. It tracks and analyzes your spending and steers organization-wide spending to preferred suppliers and other compliance targets.

Did you know: ESM's eProcurement solution can seamlessly integrate to any ERP or financial system of record.

- » Peoplesoft
- » Oracle
- » Sungard
- » Kuali Financial System
- » Colleague by Ellucian
- » Banner by Ellucian
- » ...and many custom or home-grown systems.

Consider the experience at The University of Alabama, which uses ESM Purchase with Banner integration. Thanks to an integration, purchase order information can be passed between Banner and ESM. Both contract and off-contract purchases can be placed through the more intuitive ESM system.

"We can do all of it with one login and password," said Kevin Stevens, Alabama's director of procurement services. "It's more customer friendly."

More information: Check out our e-book: ["ERP is not enough for eProcurement."](#)

### TIP:

Your eProcurement system should absolutely be fully integrated with your ERP. But they can be deployed independently so that organizations benefit from controlled spending and lowered costs sooner rather than later.

## **NO TRAINING REQUIRED**

In today's society, people generally know how to shop online. When presented with an intuitive, self-guiding user interface, there is really no training required for the vast majority of employees.

## **OBJECTION 7: WHAT IF NOBODY USES IT?**

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It's no secret that most people are resistant to change. This is particularly true in a purchasing environment where users may perceive they are losing purchasing power and choice.

In reality, as an eProcurement system is implemented and more suppliers and options are included in it, user adoption typically follows because there are fewer reasons to circumvent the system. Creating an intuitive, easy-to-use interface also aids adoption.

### **REALITY CHECK**

Cal State found that user adoption was not tied so much to training as it was to marketing. They developed a common brand and logo; easy-to-navigate web pages; and marketing materials to promote the new one-stop-shopping tool. To help the site gain traction, they continually re-invited users to visit the site, provided tips and shared the good news as users saved money.

Similarly, at Ivy Tech, little time was needed or spent on formal training. In today's society, people generally know how to shop online. When presented with an intuitive, self-guiding user interface, there is really no training required for the vast majority of employees.

When Iowa State University rolled out ESM to replace another vendor, they simply presented it to their user base as an "upgrade." The system is so intuitive and configurable that they didn't skip a beat when they flipped the switch in a definitive cutover.

Take a closer look at our [easy-to-use user interface ...](#)



Experience  
ESM's intuitive  
new user  
interface

“CREATING AN INTUITIVE,  
EASY-TO-USE INTERFACE  
ALSO AIDS ADOPTION.”

## CONCLUSION: **FROM MYTH TO REALITY**

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Increasingly, organizations are finding that the typical objections to eProcurement solutions—limited resources; fear of lengthy and complex implementations; loss of control; resistance to change; low user adoption; and high costs - are simply myths, not reality.

Organizations achieving success with their eProcurement projects are following these guidelines to overcome the barriers:

- » Get upper management engaged and on the same page in terms of solution benefits and keep them apprised of progress.
- » Work with internal stakeholders and groups up front to determine needs, commonalities and differences.
- » Choose the right partners to make a project go smoothly. Most vendors will be attracted by the opportunity to be part of a company-wide resource as it gives them greater visibility with more customers.
- » Communicate the benefits to the end users — give them reasons to want to use the new system.

SEE OUR CASE STUDIES TO LEARN MORE:

- » [Ivy Tech Community College of Indiana, IN](#)
- » [California State University, CA](#)

# ESM SOLUTIONS

We give you complete spending control through our sourcing, purchase, analytics and contract management tools. We integrate with your financial system and deploy rapidly for maximum cost savings.

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*To date, we estimate our cost savings to be over \$45 million. At the same time, we have generated over a million dollars in revenue.*

~ Purchasing Manager,  
Baltimore County Public Schools

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## HAVE QUESTIONS?

Contact us to set  
up a demo

With ESM, organizations can automate the procure-to-pay process with a suite of cloud-based, mobile solutions that can be tailored to your specific business needs and requirements.

Implementation is easy. Adoption rates are high. Integration is key. And you get the benefits of more savings, improved visibility and better control.

Contact ESM to learn more about how our suite of spend management solutions can help your organization now.

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