MacBuy Town Hall – April 12, 2019

Dee Henne, CFO, speaking notes

Welcome and thank you for coming to our second MacBuy Town Hall.

When we kicked off this project last August, I was excited to finally see this buying system come to McMaster not just because the university approved this project in 2010 but then put it on hold to implement Mosaic, but truthfully because I had heard so many great thing about this tool from our peer universities including Western, Queens, York, and Toronto. It's true that the universities that have implemented this tool have delivered real time savings to the units as well as financial cost savings to user's budgets.

Flexible rollout, five-year plan

And, even though this project as a lot to offer McMaster, whether you're interested mainly in team time savings or cost savings or both, I have been cautious with our project team (across UTS/Financial Affairs/ and a multi-disciplinary Steering Committee) to be extremely flexible and pragmatic throughout this project plan and its implementation.

What do I mean? Well, when we implemented Mosaic, everything about the implementation was about being on-time on-budget, which at that time made sense given the $55 million project price tag. Any delays for Mosaic meant about $2.2M extra cost per month as the focus for Mosaic was a complete 100% cut-over for each of the Finance, HR, and Campus modules.

However, with MacBuy our goal as never been about a 100% cut-over or being driven by finite roll-out timeline for all areas, instead our version of on-time and on-budget is linked to a project period that is not followed by a big bang roll-out. No, instead, this project was launched in August with a clear indication that we have a five-year plan to transition whereby over the course of months, areas will be on-boarded to the new system.

Moreover, over the course of the five years we will have loaded all of the core vendors that users need and many more, and ideally our annual savings will hit the target our software provider believes is possible.

A five-year plan means that at initial rollout, the project team will tell us that we have loaded a sufficient number of vendors to go-live, and that we have satisfactorily completed user-acceptance-testing, and we are ready to go live.

Phased onboarding, chartfield set-up to reduce errors

At this juncture, the phased onboarding can begin. Phased onboarding means that we want and need to ensure each area is introduced to the system and given support to set up their common chartfields, it means they will have access to tools to understand the process, and access to people to ask questions.

Things important about onboarding: first and foremost, it will be essential we help you to understand the importance of setting up your commonly used chartfields, the accounts you want to charge your goods to.

These could be operating fund accounts, ancillary fund accounts, or research projects, or any others. Setting these strings up correctly at the onboarding stage will minimize the need for error identification and correction later on (either

during the workflow approval stage or after the goods arrive but the journal doesn't accurately post through due to a fund or other chartfield string error). So, ideally chartfields are set up accurately as each area is onboarded. However, errors may still occur and we will work together to identify those and correct them both for the item but in the system set-up itself to prevent reoccurrence.

Following onboarding, when we hope 95-100% of your commonly used accounts are established, we recognize that over the passage of time you will have new accounts to add or old accounts to remove. This too will be covered in the onboarding activity, however should you forget or want extra support you will be able to ask the SP Help (strategic procurement helpline) or call your research support person.

Examine your department's buying needs to save time

One of the key questions is: will MacBuy really be better than the systems we have today, like PeopleSoft purchase requisition and PCard? Well, we will hear two users speak about their experience later today, but really your experience with this system will be driven by your experience perception.

We really want to ensure you have an onboarding activity. This is the first positive step to ensuring your experience starts off on the right foot. The next thing is that we want to know what vendors, if missing, are most critical to be prioritized and loaded next so this information should be directed to SP Help, as the procurement team is looking across our actual buying activity and making priority choices over which contracts to negotiate and load. Following, we want to make sure you understand your choices in how you organize your area for buying.

Your use of the system will drive time savings if you consider your needs and optimize your people processes around this tool. It is the people processes you organize that will drive whether this system is saving you time. Therefore, conversations within your area teams are essential. We will provide business process maps and infographics about this tool. However, ultimately how you interact with it drives your time.

For example, if you have a bunch of shoppers they can build up a shared cart by going in daily or weekly, or several times a day. This decision is up to each area. The requisitioner can go in daily or weekly and punch through the whole cart, modify it, or select some items, which then would flow onto the approver. Or, if you are a shopper/requisitioner you can decide how often you want to build up a shopping cart and punch it out so it goes through workflow to the approver. This is an important discussion amongst each team, because you may want to punch things out each day, but the shopper and requisitioner need to think about the approver impact, does the approver want to approve daily or weekly? Is the approver a PI or Delegate and what are his or her needs for efficiency?

Making a plan to fit your situation

What about the situation where your lab actually needs a supply routinely, say daily or every other day? How can you use this tool efficiently without burdening your approver? Well we will have a business process map to show you the tool can help you. Angelo, our Director of Strategic Procurement, knows, like me, the best way to deal with routine needs is to create a standing PO for a larger quantity of that supply that can be released based on a schedule you determine. For example, if I need 5000 of the same item for my lab over the year, but I need

only about 100 per week (sometimes more or less), then I would set up the standing PO order that is approved once and released based on my needs, which also means the commitment is there for 5,000 but the cost comes into my project as the goods come in. And, I only needed the approval once.

What about other people-process examples? Well, we want to do the phased roll-out because each area will be a conversation and many scenarios we may have already thought about and will have suggestions, but I am sure given the size of our McMaster activities that we are bound to find new needs net yet uncovered and phasing will allow us to work together on efficient people processes when using this tool. We will want to hear from user areas if they come up with quicker ways to organize their work around this tool - we want to openly share that at future town halls or financial forums.

Tracking and reporting key performance indicators (KPI)

What about tracking key performance indicators? We are committed to tracking several things:

First, we will track and report our Strategic Procurement Help Line response time, setting a target along with actual results.

Second, we will set an annual savings KPI applying the Jaggaer (vendor) methodology use to quantify the $3.7M per year savings potential.

Third, we will target and track increased overall university P-card spend using our 2017 $27M spend as a baseline, aiming for a 20% increase by 2023. This is not because of department p-card use, which should be greatly reduced, but because of our invoice settlement approach whereby we pay vendors through AP when

you use the MacBuy tool. We provide you the cost via journal following approval and receipt of the good.

Fourth, we will measure time-savings associated with buying and P-Card reconciliations (due to lower use).

We plan to report our KPIs in the tool and on our website, but we will share these at future town halls too. The goal is to track these over our five-year horizon.

Organize your area for success

Overall, our McMaster community has asked for a shopping cart experience for buying needs, an ask that began before this project was approved in 2010. We have waited patiently and long to finally be at this stage. However, ultimately the success of our interaction with the simple tool is more about how we organize our own areas around its use. I implore you to be wise about your choices and to have open discussions about each system rollout and how often your approver realistically will want to undertake his or her approval activity - is it daily, weekly, bi-weekly. These are discussions where one size will not fit all but each area can model its size to its needs regardless of what you need and how often you need it.