Massachusetts Bay Transportation Authority

Procurement Process Improvements

Updates

November 2017

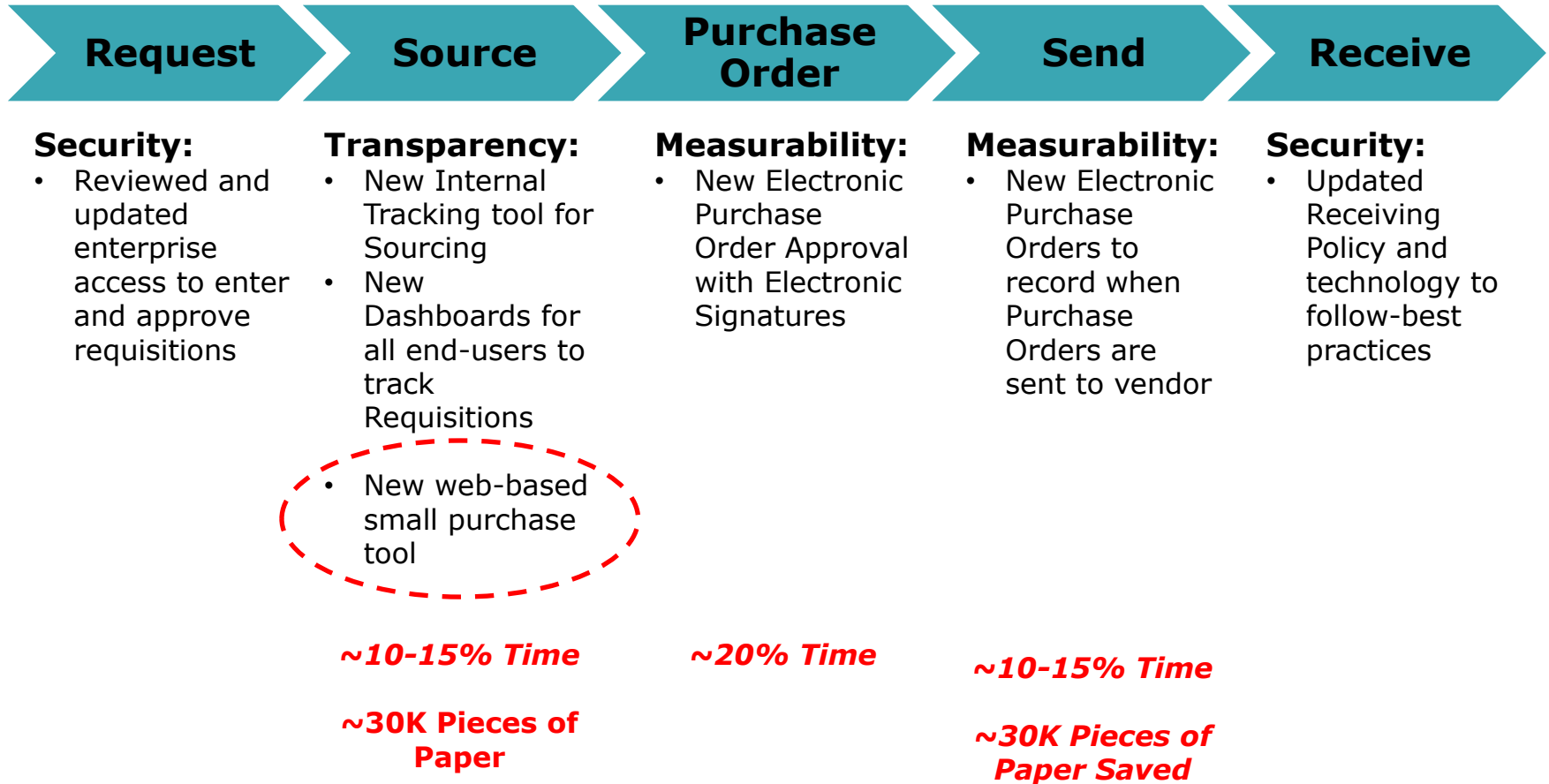# The historic procure to pay process was difficult to measure, monitor, and control

Request	Source	Purchase Order	Send	Receive	Pay
1.Request	2. Source	3. Purchase Order	4. Send	5. Receive	6. Pay

1.5 Approval

3.5 Approval

No Electronic Purchase Order Approval

Goals

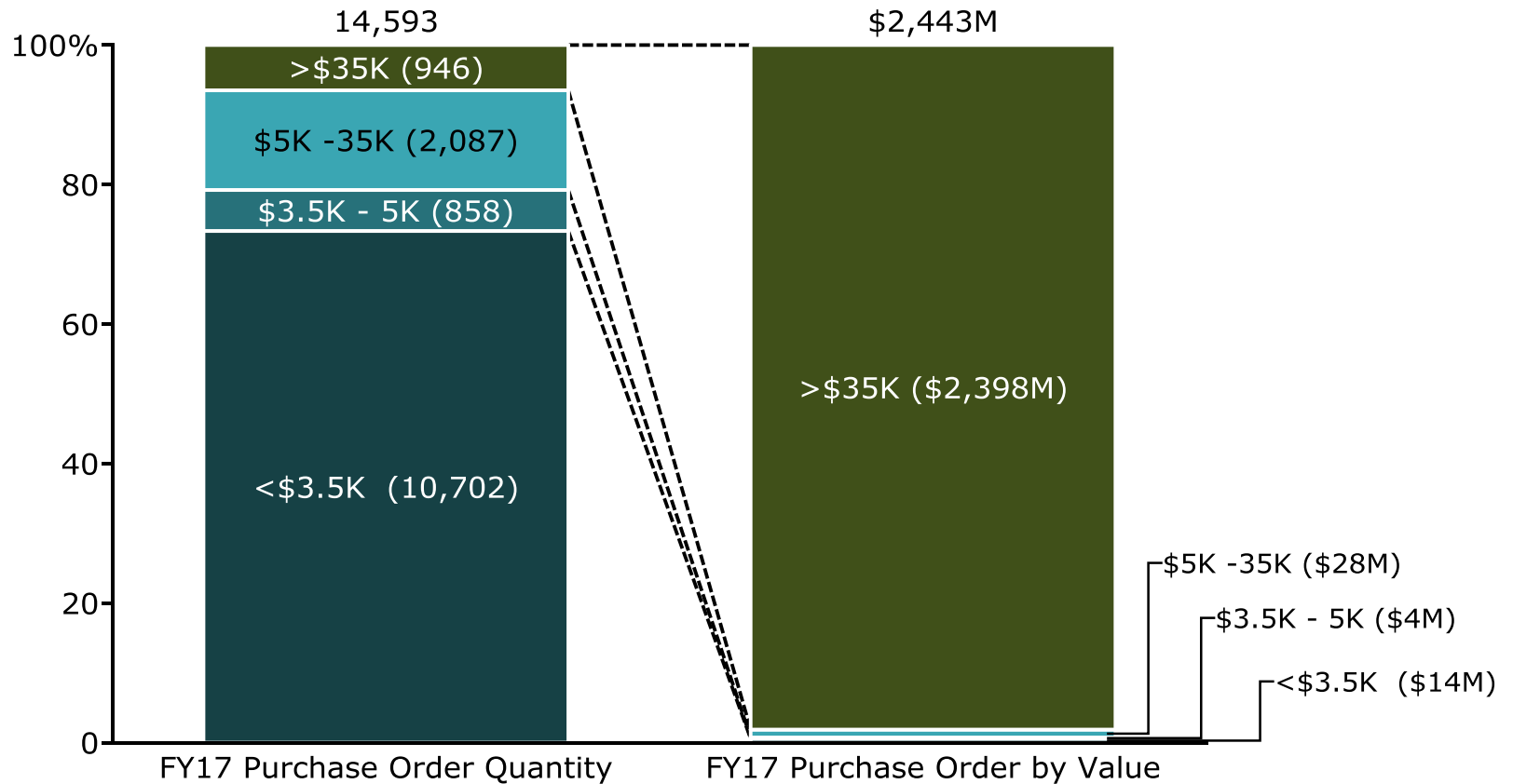| Indicator	1	2	3	4	5	6
Transparency	X	X	X		X	
Security	X				X	
Measurability			X	X		

Our updates decrease the procure to pay cycle by almost 40% and save nearly 60,000 pieces of paper each year

Request	Source	Purchase Order	Send	Receive

Security:
- Reviewed and updated enterprise access to enter and approve requisitions

Transparency:
- New Internal Tracking tool for Sourcing
- New Dashboards for all end-users to track Requisitions
- New web-based small purchase tool

Measurability:
- New Electronic Purchase Order Approval with Electronic Signatures

Measurability:
- New Electronic Purchase Orders to record when Purchase Orders are sent to vendor

Security:
- Updated Receiving Policy and technology to follow-best practices

~10-15% Time

~30K Pieces of Paper

~20% Time

~10-15% Time

~30K Pieces of Paper Saved

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94% of our purchase orders are less than $35K, but account for less than 2% of the purchase order total

FY17 Purchase Orders

14,593

>$35K (946)

$5K -35K (2,087)

$3.5K - 5K (858)

<$3.5K (10,702)

FY17 Purchase Order Quantity

$2,443M

>$35K ($2,398M)

$5K -35K ($28M)

$3.5K - 5K ($4M)

<$3.5K ($14M)

FY17 Purchase Order by Value

The MBTA's Small Purchasing Processes (under $50K) are especially difficult to monitor and manage

MBTA POLICY:
- **Purchases under $3.5K require 1 quote**
- **Purchases $3.5K - $50K require 2 quotes**

☐ Quotes not electronically stored

☐ Vendor information not shared across buyers

☐ Time consuming process to invite additional vendors

☐ Lacking Public transparency

☐ Advantage provided to historical vendors

MBTA Procurement has piloted a software platform that supports transparency, efficiency, and increases competition

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FairMarkIT is a new public bidding platform that increases efficiency, equity, and transparency

KEY BENEFITS

✓ All quotes electronically stored

✓ Vendor purchasing history in central location

✓ Inviting ten vendors to bid is as easy as inviting one

✓ Public, open, available to all

FairmarkIT also provides management with the tools and data analytics to help make strategic resource and purchasing decisions

KEY BENEFITS

✓ Management tools and data analytics to help make strategic purchasing decisions

✓ Identifies pricing aberrations and procurement risks (e.g. uncompetitive practices) based on purchase history
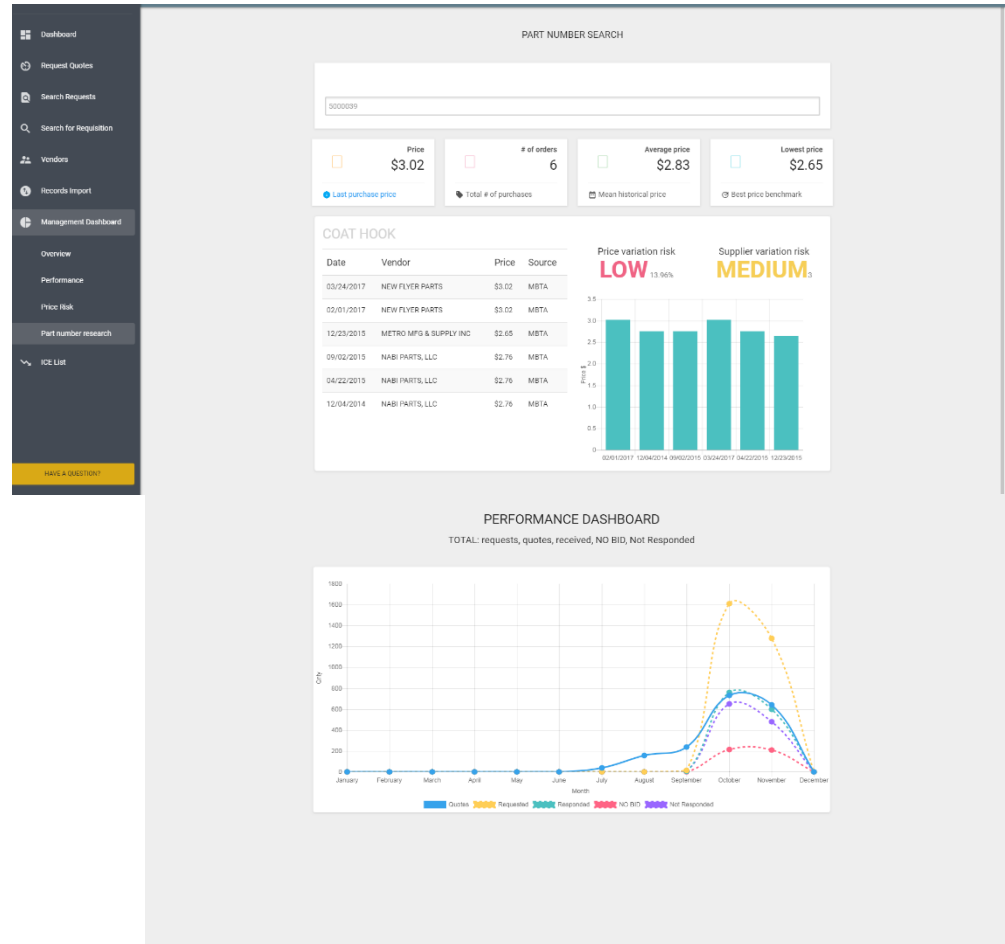
After a pilot phase, we have seen promising preliminary results

PILOT STATUS	KEY BENEFITS

PILOT STATUS

- We have completed 550 bids on FairMarkIt
  - o All buyers are trained and actively using this system for small purchases (<$50K)

- Replaced phone- and email-based quote collection process for all FairMarkIt transactions

- Bids are now recorded and counted
  - o Transparency and public notice of all small purchases ensures open competition on bids

- Uploaded all small purchase history from last three years

KEY BENEFITS

1. Increased buyer efficiency
   - Early analysis suggests employees spend ~15% less time on each bid

2. All small purchase data from last 3 years is available in a structured format
   - Procurement department currently benchmarking internal performance and bid quality

3. Easier access to historic prices paid
   - MBTA has found that lowest prices paid are on average 30% less than mean prices paid
   - Tracking of historic quotes will allow MBTA to monitor and reduce prices

Vendors can go to mbta.fairmarkit.com and start bidding now