

E-Procurement Demonstration Report

March 5, 2001

Seven local governments participated in a series of demonstrations by e-procurement vendors. The seven participants were Independence, Jackson County, Johnson County, Kansas City, Lee's Summit, Olathe, and the Unified Government of Wyandotte County/Kansas City, Kansas. Overland Park also participated in some of the demonstrations.

The participants are all interested in adopting web-based e-procurement systems. Jackson County has already adopted one such system. There are a number of reasons that local governments' are interested in such systems.

- ?? Automation of the procurement system
- ?? Better vendor management
- ?? Easier access for potential vendors
- ?? More responsive bids from a wider pool of bidders
- ?? Better contract management

The participating units of government decided to limit potential vendors to those providing a hosted, web-based procurement system. These systems are generally less complicated and less expensive to set up and operate. The participating jurisdictions initially identified three vendors that fit these criteria, including Syscom, which was the vendor that had been awarded the Jackson County contract, and Way2Bid and DemandStar. Subsequently two additional vendors contacted MARC, Epylon and E-Scout. Epylon provided a demonstration of their product. E-Scout has not been able to arrange a demonstration.

Each vendor was sent a letter asking them to provide a two-hour live demonstration of their product. The letter indicated a specific set of functions and issues that the participants wanted covered during the demonstration. The participants were provided with evaluation sheets for each vendor. These evaluations closely matched the criteria in the invitation letter. Each vendor came in and provided a live, online demonstration of their system. Each of the seven jurisdictions had at least one representative at each demonstration.

Results of the Demonstrations

Based on the demonstrations and the evaluations of the participants two principal vendors emerged as the preferred. They are Syscom and DemandStar. Way2Bid, which has a system similar to Syscom's and Epylon's, did not have a lot of desired functionality in place on their current version. A lot of desired functions were to come in subsequent versions. Epylon was less familiar to the participants and did not currently have a sealed bid function. That is to come in the next version.

Preference for the two remaining systems is dependent as much on what each local government wants to accomplish with such a system as how the system performed. The attached chart illustrates the spectrum of possible e-procurement approaches and where the systems we reviewed fall on this spectrum. Basically the choices came down to this:

- ?? Those jurisdictions that were looking for a longer-term, more integrated solution opted for Syscom (Jackson County and Unified Government). They were willing to reengineer their current process, at least to some extent, and were interested, at some point, in spending the time and dollars to integrate the e-procurement system into their requisition and financial system.
- ?? Those jurisdictions that were looking for a system that could easily be set up with the least amount of disruption to current operations opted for DemandStar (Independence, Johnson County, Kansas City, Missouri, Lee's Summit, and Olathe). At this point in time they wanted a system that did not require reengineering of their existing operations and did not feel that integration into existing systems was an advantage. This is viewed as a short-term solution, in some instances a bridge to an Enterprise Resource Program (ERP) some time down the road.

Where Do We Go From Here?

The results of these demonstrations was presented to the Managers Roundtable on March 2. They concurred that even though the region may operate with two systems there are several things that can be done collectively.

- ?? First we will want to confirm the conclusions presented here and confirm that there are two systems that will be the preferred approach to e-procurement.
- ?? Those jurisdictions that plan to use DemandStar could jointly negotiate with the vendor to develop the best possible package not only for the individual entities, but also for the region. For example, they might agree to set up a piggyback contract catalog at least for contracts going through their system.
- ?? If there are two systems we can talk about how the two systems might share information, such as vendors and contracts. Also we can discuss joint promotion of the two systems to vendors.
- ?? We can discuss how we can use one or both of the systems to promote more cooperative purchasing. This might include running cooperative bids through one of the systems and developing cooperative catalogs. We can also discuss how we might jointly promote other jurisdictions adopting one of the systems.
- ?? Finally, there may be some merit in this group staying together for a couple of reasons:
 - This group could periodically discuss how the systems could be used to enhance cooperative purchasing. Especially important as both systems add functions.
 - The group could also act as an informal e-procurement evaluation and users group.

**E-Procurement Evaluations
March 1, 2001**

Criteria	Syscom		DemandStar		Epylon		Way2Bid	
	Score	Spread	Score	Spread	Score	Spread	Score	Spread
Overall Operation of System	3.3	4	4.1	3	2.5	4	2.7	4
Vendor Signup & Management	3.4	3	4.3	3	2.3	4	2.3	4
Ease of Vendor Signup	3.9	3	4.0	3	2.5	4	2.8	3
Bid & Response System	3.4	4	3.3	5	2.5	4	2.7	4
Integration with Other Systems	3.3	5	3.0	5	2.7	4	2.6	4
System Security	3.7	3	3.4	3	2.7	3	2.8	2
System Flexibility	3.1	4	4.0	4	2.5	4	2.2	4
Ease of Startup	3.1	4	4.6	2	2.5	4	3.0	3
Cost to Jurisdiction	3.6	4	4.7	3	2.7	3	3.3	4
Cost to Vendor	3.1	4	3.6	4	2.2	3	2.5	5
Quality of References & Users	3.0	4	3.6	5	2.5	3	1.8	3
Use for Cooperative Purchasing	3.6	3	3.7	5	3.2	5	2.7	4
Compatibility with Other Systems	3.0	5	3.3	5	2.6	4	2.2	4
Qualifications of Project Team	3.7	3	4.0	4	2.5	3	2.8	3
This Co. Will Be Here Tomorrow	3.3	4	3.7	3	2.7	3	2.3	3

Each jurisdiction was given one evaluation per vendor. We had six respondents for Way2Bid and Epylon and seven respondents for DemandStar and Syscom.

Scores: Scores represent the average of the jurisdiction scores, 1=lowest score, 5=highest score

Spread: This is the range of responses and represents a rough measurement of how much agreement there was on a score. A 5 represents little agreement and a 1 total agreement.