

Vendor Review and Service Ranking Website  
CapStrong Case Study

Ohio Fiscal Academy – Cohort 5 – 2015

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# Vendor Review and Service Ranking Website

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# Executive Summary

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This project looks at creating a tool that allows State of Ohio Procurement Agents to review and evaluate vendor's performance. As there is a lack of ease and accessibility in determining the best vendor to utilize, this tool would also have those evaluations easily available. This tool would grant state-wide access to agencies and their procurement agents to help them determine which vendors can provide the best service or goods.

To begin, research was conducted to determine the current processes utilized within the State of Ohio to award and renew contracts, the Complaint to Vendor process and benchmarking with those agencies that may currently be evaluating vendor performance. The interview held with the Complaint to Vendor team resulted in areas of concern on the subjectivity of this site and how State of Ohio agencies would be able to use the ratings. Research included meeting with State of Ohio Officers and asking them to complete a Strength, Weakness, Opportunity and Threat (SWOT) Analysis for their views on the proposal. This provided information on the legal ramifications for ownership of the created records and potential lack of vendor remedy for a low rating.

A procurement survey was completed to gather the usage of web-based review sites and how State Procurement Agents see the validity of this technology. Ohio Shared Services provided information on problems with processing invoices. Benchmarking with other States also occurred to see how their procurement offices handle vendor performances and what measurement strategies they found useful. Additionally, State of Ohio agencies were interviewed for their procurement involvement.

The findings within this report show both the benefits and short comings of having a Vendor Review and Service Ranking Website. It discusses options that other States are currently employing, the potential difficulty of creating the website, and what issues may arise from maintaining this site. It looks to the future and what the State of Ohio hopes to develop for the OAKS Financials Contract Module as well as how to build on the current processes.

After evaluating all the variables, this report recommends not moving forward with a Vendor Review and Service Ranking Website. Based on the research conducted, many of the issues between State Agencies and Vendors would not be solved with this site. Additionally, State Agencies' use of the ratings would be difficult to monitor and could prove to hinder the Competitive Bid process. Finally, DAS already has plans for a vendor review module that would be incorporated into OAKS.

## Introduction

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For State of Ohio Agency procurement agents, there are many laws, rules and guidelines to follow in choosing a supplier. After adhering to all of these laws, rules and guidelines, a procurement agent may find that they have a variety of suppliers to choose from that meet their criteria. While low cost is often the preferred method, it can sometimes lead to low quality goods or services. There are currently two ways to rate suppliers' performances, the Complaint to Vendor form and the Vendor Performance Survey.

In state purchasing, there is a lack of ease and accessibility in determining the best vendors to utilize. There are processes to evaluate and give feedback on vendors that have been used by agencies, but it is not something easily and quickly completed and it is not quickly accessible to all agencies. There would be a benefit to State of Ohio procurement agents if they could easily and readily see evaluations given by other procurement agents regarding their experiences with vendors. Since many agencies have procurement agents handling more than just procurement, a quick and easy way to evaluate vendors and the experiences State Agencies have had would provide a helpful resource.

In reviewing this issue, creating a tool that allows State of Ohio Procurement Agents to review and evaluate vendors and provide access for other Procurement Agents to readily and easily view those evaluations could prove beneficial. This would lead to fewer issues with utilizing vendors who provide poor service to the State of Ohio as well as allow Procurement Agents to quickly determine the best vendors to use.

### **Background**

One of the major obstacles within the State of Ohio purchasing process is selecting a supplier that will best fulfill the needs of the purchasing Agency. Various State of Ohio Agencies often utilize the same group of vendors, however, there is no way to share their experiences with other Agencies. Many times there are multiple suppliers that offer the same products and services but knowing which one will provide the best service can be difficult. Was the supplier timely, accurate, friendly, cost efficient and dependable? Currently, there is no tool to assist purchasing agents in selecting the best supplier.

The State of Ohio has a process in place to remedy issues with suppliers, which is administered by DAS. It is an electronic Complaint to Vendor form that is entered by an Agency employee. Once the formal complaint is assigned to an Analyst, a review is conducted gathering information from the Supplier and the State Agency to reach a resolution. The outcome of the resolution may be terminating the contract or taking appropriate steps to rectify the problem. There is also a Vendor Performance Survey. This survey does not require the involvement of the Office of Procurement Services.

The development and implementation of an internally maintained website link within the myOhio.gov website would consist of crowd-sourced reviews of different Agencies experiences with suppliers. This would allow Agencies to share and review their experiences with suppliers leading to a more efficient supplier selection process benefiting both reputable suppliers and the purchasing Agencies.

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## **Research Strategies**

### Sponsorship

CapStrong's initial thought was to identify those stakeholders who have responsibility over the Purchasing for their Agency and perhaps over the Department of Administrative (DAS) Office of Procurement Services, Contract Administration.

Looking within the Ohio Fiscal Academy, Kevin Stockdale, Department of Rehabilitation and Correction (DRC), Office of Administration (OOA) Deputy Director, was selected for his oversight of the procurement within DRC for the team's first sponsor. Kevin's prior position at Office of Budget Management (OBM) as a Budget Analyst and then as DRC's Budget Chief made him very involved in all aspects of procurement.

Making contact with Kelly Sanders, DAS Office of Procurement Services' Chief Procurement Officer, for the final team sponsor was decided for her many years' experience within the procurement area. Becoming the DAS Chief Procurement Officer in the fall of 2014, Kelly brought with her the experience of being DRC's Chief of the Office of Acquisitions and Contract Compliance as well as DRC's OOA Deputy Director. Kelly's experience has also included managing the day to day operations of an institution's business office and the Office of Correctional Health Care contracts.

### Legal Awareness

CapStrong recognized that the legalities of creating a record for State Agencies would be a very important component of the recommendation. The ownership aspects would also be a very big concern for State Agencies. At the recommendation of our sponsors, legal counsel was sought. Kelly Sanders recommended Catherine C. Perkins, DAS Associate Legal Counsel, as a contact.

### Survey Research

At the recommendation of the Office of Budget and Management's (OBM) Ohio Fiscal Academy (OFA) Approval Review Committee, a procurement survey was created to determine if a Vendor Review and Service Ranking Website would be a valid tool for State Agencies' procurement offices.

The proper audience to partake in the survey was a very important factor. Sponsor Kelly Sanders enlisted the assistance of Bridget Brubeck, OBM Deputy Director, for distribution. Kelly offered the use of two (2) distribution lists, Agency Procurement Officers (APO) and General Service Division (GSD) State Procurement Teams. Bridget Brubeck offered the use of the Cabinet Level Chief Fiscal Officers (CFO) distribution list.

The survey first looked at how current review sites play a role in the personal lives of procurement staff, followed by the usage of the Vendor Review and Service Ranking Website within their professional lives. This was deemed important as Sponsor Kevin Stockdale's concern was a lack of use. The first six (6) questions sought answers ranging from procurement staff either providing feedback to on-line reviews or making a personal purchase from on-lines reviews that they had read. The seventh question asked preference of rating method. Questions eight (8) through 10 focused on how the survey participant would professionally utilize the Vendor Review and Service Ranking Website. The final questions 11 through 13 asked for additional information regarding vendors and the agency.

The survey was open on Wednesday, August 5, 2015 and closed on Friday, August 14, 2015. CapStrong discussed the length of time for the survey to be available. Discussion centered on time lines being appropriate, where too short of time would deter completion while too long of a

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time might offer occasion for procrastination. Eight (8) business days spanning a week and half was determined to best ensure that an opportunity for completion was available.

## Benchmarking with Other States

Benchmarking to see how other States manage their procurement process provided insight and direction to see if a Vendor Review and Service Ranking Website was being utilized. Betsy Bashore, OBM Chief of Value Management, was contacted to seek which States would be best to research. Betsy recommended Massachusetts, Tennessee and Virginia. The surrounding Ohio States of Kentucky and Michigan were also researched.

## Benchmarking with Other State of Ohio Agencies

Betsy Bashore recommended contacting the Ohio Department of Transportation as a potential State Agency that might be utilizing a vendor rating list for making purchasing decisions.

## Department of Administrative Services' Vendor Performance and Complaint Surveys

CapStrong recognized that an understanding of the current DAS Vendor Performance and Complaint processes are necessary. There was also a need to look into how the creation of a Vendor Review and Service Ranking Website would support, hinder or replace the current processes. The web site for the current processes is located at <http://procure.ohio.gov/pdf/CTV/vendorperformance.htm> (DAS, 2015).

The DAS Vendor Performance Survey “provides state agencies and Cooperative Purchasing members a tool to submit updates to the Office of Procurement Services on the vendor's performance that will not require the Office of Procurement Services' involvement in resolving (DAS, 2015).” The Vendor Performance Survey's header information contains the necessary vendor contact information and DAS contract information, as applicable. The Vendor Performance Survey lists several questions which allows for rating of the vendor on a scale of one (1) to five (5) with one (1) being the very poor and five (5) being exemplary. The form includes the areas in which the state agency worked through the vendor issues and lists the status of resolution. The final step is to e-mail the completed form to DAS.

Through the sponsor meeting held with Kelly Sanders, the current Complaint to Vendor (CTV) process overview was given. The CTV form is emailed to DAS when completed. The electronic form asks for specific complaint title, name and contact information. Identification of the complaint and the historical information outlying what occurred is requested in a written text box. Once the CTV form is received by DAS, a formal investigation is completed working with the vendor to give an opportunity to remedy resolution. Working with the vendor, DAS makes a determination of acceptable resolution or sanction (Sanders, April 2015).

## Ohio Shared Services Vendor Maintenance

A critical part of the maintaining and ensuring continuity within the Vendor Review and Service Ranking Website would be how the vendors would be identified. The Ohio Shared Services (OSS) Vendor Maintenance section was contacted to verify the ownership and ease of sharing the OAKS FIN Vendor Tables.

## Ohio Shared Services Accounts Payable Team

To support procurement survey question 11, the OSS Accounts Payable Team was contacted to validate the amount of vendor invoices that were sent back for errors or discrepancies. To have a clearer picture between what OSS reports and the agencies, this information is crucial to the overall findings of the research.



## Findings

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### Analysis

#### Administrative SWOT Analysis Research

The sponsor meetings included an overview of the team's project and the approved proposal. After this review, a Strength, Weakness, Opportunity and Threat (SWOT) analysis was posed to the sponsors. Surprisingly, the sponsors' responses were both very similar.

The strengths that were identified were positive. As the culture is moving toward more web-based technology driven applications, people in general are familiar with the idea of going to customer based web-sites to look at customer reviews on their experiences. From the proposal review, DAS can see the value in having a vendor review tool. The potential of obtaining hard data on top of the review could potentially be used in the contract renewal process. Additional data that would be helpful to DAS' process and purpose would be:

- agency name that did business with the vendor
- date (time frame) that the business was conducted
- state term contract number, if applicable
- scope of work
- dollar amount spent with the vendor

The weaknesses of a vendor review web-site being used as a tool to evaluate the performance of a vendor included concerns of how the data would be verified, the record that would be created and how it would be utilized. Moving through the process, there is concern of a negative or low review. The potential of a low review brought two other concerns to the forefront. Those concerns are the legality issue of a formal and non-formal complaint and the process of a vendor having due process to obtain a remedy for correction and/or justification.

The opportunities that were gathered from these sponsor meetings were both exciting and hopeful. The possibility of collecting hard data from procurement officers and staff could bring information to the current vendor processes that has not been available in the past. With the data collected, the ratings completed allow for the gathering of facts. The opportunity of having data collected in a new venue holds extreme value with moving forward with DAS's Agency Priority "Cultivate a high-performance culture that improves the quality of work life for all employees and empowers everyone to improve service to customers (Bluebook Executive Budget, D-12)."

The threats of the Vendor Review and Service Ranking Website were identified as the application potentially may go underutilized. This risk is seen by all procurement staff within the business day which can be harried as different emergency and priority purchases and situation arises though out the workday. The concern of the web-site only being utilized for negative feedback was also brought up by our sponsors, as well as the subjectivity of the review (Sanders, April 2015) (Stockdale, March 2015).

#### Legal Research

CapStrong contacted Catherine C. Perkins, DAS, to ascertain all of the legal aspects that a Vendor Review and Service Ranking Website could entail. Cathy defined what a legal record is for the State of Ohio. The legal record definition is a twofold answer. First, public records are records that document the function of an office. Secondly, some public records have personal

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information that must be redacted. Cathy confirmed that the reviews posted on the Vendor Review and Service Ranking Website would be a public record.

This information brought the question of management and ownership of the records created by the Vendor Review and Service Ranking Website. Cathy determined that DAS would manage the database of the information obtained, while each record would be owned by the agency in which the review was generated by the procurement staff.

The retention schedules of these records were discussed next. Maintaining and documenting these electronic records should be the responsibility of each individual agency that created them. The creation of the retention schedule would have to be determined by DAS through the General Schedules.

The question was asked if it was a possibility to enact language to prohibit these records from being made a public record. Due to the contact work that DAS performs, DAS requires state vendors to be responsible and responsive for the services and supplies that they provide. If the surveys were used to sway opinions during contracts, they must be a public record.

Further legal recommendations were made to assist our project. The suggested location of the vendor review was the Ohio Business Gateway. The Ohio Business Gateway is a tool used by businesses to perform over fifty transactions, such as filing taxes, obtaining licenses and permits and segue to start doing business with the State of Ohio. Ensuring that the Vendor Review and Service Ranking Website is controlled so that the integrity is properly maintained is valuable.

Furthermore, oversight of the comments made should be controlled for revision and removal perhaps by supervisory staff located at each agency making the public record. A review of the current Complaint to Vendor process and how it would play a role in the vendor review web-site would benefit this project (Perkins, May 2015).

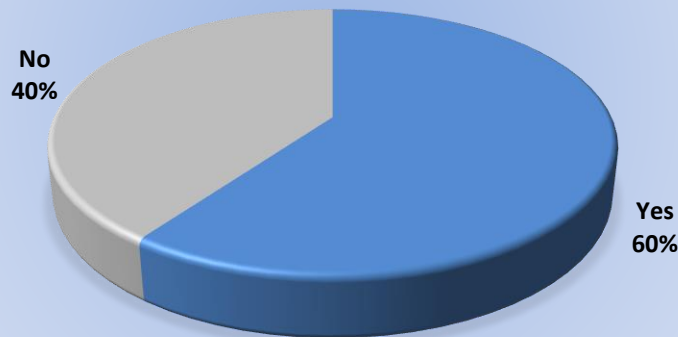
Legal research completed by CapStrong provided great pause and caution in proceeding with a Vendor Review and Service Ranking Website. Creating public records that could potentially be considered slanderous or violate contract negotiation policies is a very serious threat to the project. The benefit of a Vendor Review and Service Ranking Website could outweigh the potential risks of proceeding with the project.

### Procurement Survey Summary

To gain an understanding of how the use of technology plays a role in the personal lives of State of Ohio procurement staff, CapStrong first needed to collect data on how on-lines reviews are utilized in the survey participant's daily life. The connection from personal lives to professional lives is very strong. For if someone is comfortable and has preference using on-line reviews in their personal lives, professional on-line reviews would hold value for usage. 60% of participants have posted and provided information in on-line reviews for the purpose of providing others with their experiences on products and services.



### IN YOUR PERSONAL EXPERIENCE, HAVE YOU PROVIDED FEEDBACK TO A CUSTOMER SATISFACTION SURVEY?



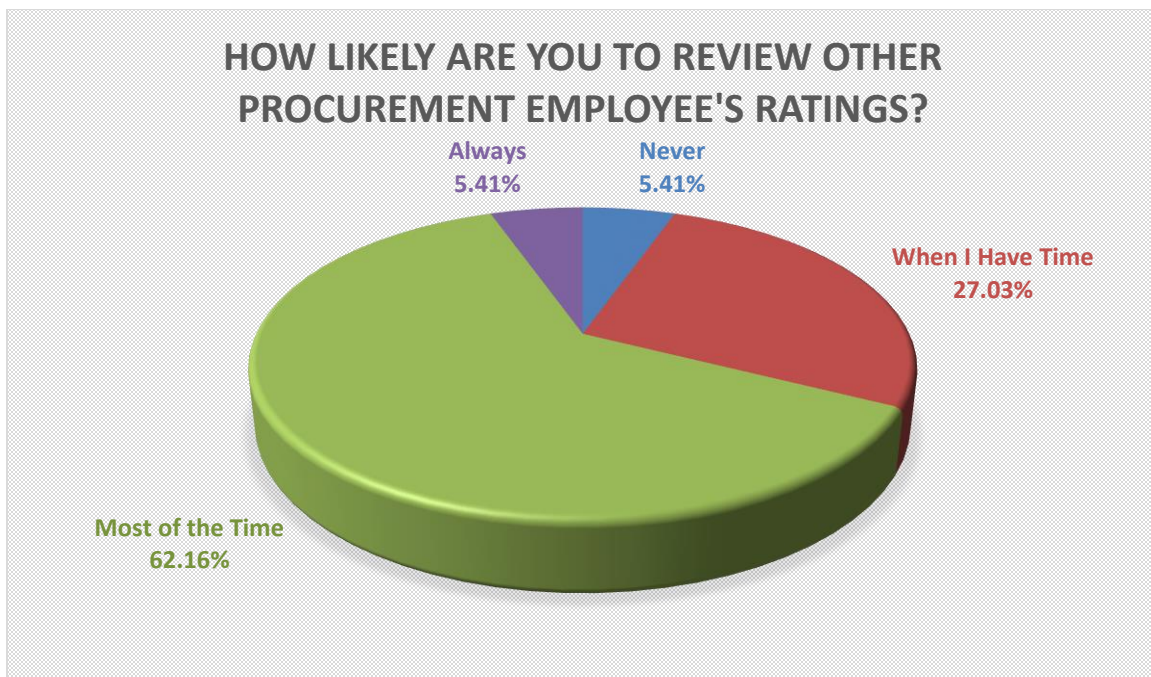
CapStrong sought to know how often the survey participant has posted a product service review. Participants dispelled the concern that a disappointing/poor quality review would consistently be posted while a product or service that performed high would not be as regularly posted. All survey participants posted a review occasionally regardless of whether the service/goods were of a disappointing/poor quality (87%), performed as expected (87%) or had a high performance (70%). The results also showed that for products or services with high performance 22% responded that they regularly post a review, while 4% regularly post a review for disappointing/poor quality performance.

When the survey participants were asked if they viewed or used a web-based service rating system to help make a determination on which products or services to purchase 85% responded that they did utilize on-line review systems. Out of the 85% that responded, 52% regularly use such reviews to help make purchasing decisions on viewed products and services. The participant was then asked to see which type of rating method they found to be more helpful. The rating method receiving the highest score at 44% was the 5 Star Rating Systems. Another 28% had no preference and 18% found a 1 to 10 Rating Scale most helpful. There was an opportunity for the participant to list other preferred rating methods showing that 10% noted that written reviews were most helpful.

The survey then moved into the professional life of the procurement staff. CapStrong needed to determine usage of the review site by asking the participant how often they would be able to post a review on a State of Ohio supporting rating system. 66% responded when they have the time; while 26% responded most of the time and 8% responded never. The next question asked how likely the participant would view other State of Ohio purchasing staff members rating to help make decisions about suppliers. 62% responded most of the time; with 27% responding when I have time; 5% responding never and 5% responding always. Next, the participant was asked if they believe overall if a vendor rating system would be useful to them to perform their work. 43% responded somewhat useful and useful; while 11% responded very useful and 3% responded not useful at all.

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The next question sought how many times within a given fiscal year the participant had issues with suppliers providing bad products or poor service. This information could be compared to the results from OSS. 62% responded up to 10 times; while 26% reported up to 20 times; with 9% responding up to 30 times and 3% responded more than 40 times. This information documented that issues do occur within the business relationships between the State of Ohio and their suppliers.

The survey ended with asking the participant for their final thoughts, comments or suggestions. The comments mirrored the SWOT analysis completed by the CapStrong sponsors. A Vendor Review and Service Ranking Website is seen as a valuable tool for procurement staff, especially reviews for first time use of a vendor. Concerns about liability and a vendor's ability to remedy a poor rating as well as flexibility of reviewing vendors when State Term Contract was enforced for utilization. All of these concerns and issues were very valuable and show there would need to be strict guidelines on the use of the information in a review.

### Benchmarking with Other States Summary

The Michigan Department of Technology, Management and Budget (MDTMB) provides guidance for procurement services. The MDTMB website provides a list of debarred vendors, but does not provide a vendor review form for agencies. Vendor complaints are managed via an internal system and the complaints are not published for other agencies to view. However, vendor complaints are considered a public record and shared following Michigan's public records laws (Riehle, August 2015).

The Commonwealth of Massachusetts completes Quality Assurance Reviews (QA Review), administered by the Office of Audit and Quality Assurance, that provides comprehensive review and monitoring of procurement. The QA Review is a group of internal controls that operates as a supplier review and complaint management tool. QA Reviews are conducted throughout the year based upon risk assessments as determined by the Office of Audit and Quality Assurance. A Corrective Action Plan may be created if deemed necessary based upon the QA Review

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findings. All QA Review reports are retained internally and considered a public record but are not published in a format that is easily reviewed by other procurement employees (Commonwealth of Massachusetts, September 2015).

The State of Tennessee manages procurement services in their Central Procurement Office. Agencies may work with Contract Administrators to provide an informal review of their experience dealing with vendors. Once a contract is up for review, the Tennessee Central Procurement Office utilizes Survey Monkey to obtain feedback from agencies regarding the vendor performance. The Central Procurement Office has an online vendor complaint form available for agency use. Access to the form is granted by security roles designated in the EDDISON system, their version of OAKS, and the information is retained internally. Tennessee does not publish vendor complaints to be shared by agencies but they are treated as public records. Most public record requests come from other states gathering information about potential vendors (Crowley, August 2015).

The Commonwealth of Virginia employs a unique vision to manage procurement services. They have recently begun taking a collaborative approach to procurement and are working to establish a two way communication method with agencies and vendors. The Commonwealth of Virginia uses a Procurement Complaint Form (PCF) that can be utilized by agencies and vendors. Complaints by agencies towards vendors are sent to the Supplier Relationship Manager. Complaints by vendors are sent to the Supplier Relationship Manager and the Contracting Officer. The Procurement Complaint Forms are considered public records and are retained internally. They are not published for agencies to review (Unger, August 2015).

Despite repeatedly leaving several voice mail messages and making continued attempts, CapStrong was not able to speak with an employee from the Commonwealth of Kentucky. However, CapStrong did discover the Kentucky Finance and Administration Cabinet oversees procurement laws, regulations and policies. In addition, the Commonwealth utilizes eMARS, Vendor Self Service, an online portal for vendors and agencies to conduct business. CapStrong was unable to locate a vendor review or complaint form (Commonwealth of Kentucky, September 2015).

Careful review of information gathered on Other States allowed CapStrong to conclude that a Vendor Review and Service Ranking Website would be unique and innovative. None of the States benchmarked post any variation of a vendor review website in a format that can be shared by other procurement employees. Although each State researched uses a different format for reviewing vendors, every State considers their vendor review system to be public records. The Commonwealth of Virginia currently has the best model for procurement review because it incorporates both vendor and agency reviews, thus encouraging collaboration. This model fosters a successful procurement process by holding both parties accountable.

### Ohio Department of Transportation (ODOT)

Alana Haberman, Administrator of Federal Projects and Accounting, was contacted as a resource for the vendor contract tracking that ODOT performs. Prior to Alana's current position, she was the Accounts Payable and Purchasing Managing Officer. In this role, she was responsible for the implementation of the vendor contract tracking system that was mandated to be put in place by the Inspector General's 2008 finding where ODOT was cited for bid steering and inappropriate vendor relationships. Through the authority of the Transportation Bill and DAS' annual blanket Release and Permit document, this state agency has been given the purchasing authority to create, award and maintain their own contracts.

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Several spending limit thresholds were designated to be tracked for the annual spending. All contracts 50K or larger are tracked on an Excel spreadsheet which allows for a vendor monitoring list, results of the contract spending with notifications of actions to be taken on the vendor and pivot tables that display the financial data. The other purpose of the 50K spreadsheet tracking is to monitor 48K to determine if those vendors close to the 50K direct spending authority should be put on a contract the following fiscal year. To ensure that contractors and their sub-contractors are performing as expected, ODOT has incorporated the use of Outlook e-mails as the identified tool sent to the contract section for vendor updates on performance (Haberman, September 2015).

It is through these e-mail records along with other considerations that contracts will be reviewed for the annual renewal and award process. Inclusive within the e-mail are set parameters and categories that can identify vendor performance. Examples of the identified categories include non-delivery of product, inability to provide service, valid invoice receipt, etc. The ODOT contract section has a mediation process that is followed for vendor remedy. It is through this mediation process that resolution is obtained.

Going forward in an effort to monitor and track spending beyond the \$2,500 payment card limit and not to exceed 25K, ODOT will be instituting an electronic tracking system which will allow for a communication of this identified threshold by software maintained by the vendor Ion Wave. Beginning in October 2015, the pilot and testing phase will be underway for receiving quotes to aide in the bidding process, as well as vendor performance functionality. ODOT will be testing this software to track how the vendors identified within this threshold group are performing. The hope of this software is to better assist and organize the 12 decentralized Districts for control of fiscal operations (Haberman, October 2015).

CapStrong is aware that the vendor e-mail tracking system and Ion Wave pilot are only one part of ODOT's financial monitoring and tracking. However, all of this work and effort is a very important part of the whole, which documents that vendor performance is highly important to the State of Ohio for conducting business.

### Department of Administrative Services Vendor Performance or Complaint Summary

Kelly Sanders, CapStrong sponsor and DAS Chief Procurement Officer, was contacted to gain insight and data information on the past two (2) fiscal years (FY) of Vendor Performance Surveys and CTV forms filed.

Surprisingly for the Vendor Performance Survey, none were filed with DAS in FY 2014 and only two (2) were filed in FY2015. In comparison, 79 Complaint to Vendor forms were file In FY2014; while in FY 2015, 104 CTV forms were received by DAS. It should also be noted that DAS has never suspended or debarred a vendor that a CTV was filed against however, DAS has cancelled contracts as a result of a CTV filed.

The purpose of the Vendor Performance Survey is to allow State Agencies to document with DAS positive experiences as well as negative experiences that were identified. These do not require DAS' involvement and are just for tracking purposes. The Vendor Performance Surveys are typically not taken into consideration during the contract renewal processes conducted by DAS.

DAS utilizes a 16 category matrix to identify and track CTVs that are electronically filed with their procurement office. The matrix contains reasons for the CTV to be filed for vendor occurrences from inferior merchandise, refusal to make a delivery, unauthorized substitution to

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damaged shipment. Each CTV received is treated on an individual bases. Each CTV investigation is handled carefully and researched to identify exactly how the issue came to the forefront of concern by the State Agency. DAS works tirelessly with the vendor to ensure that all aspects of the identified shortcoming are taken in to consideration to ensure that no subjectivity plays a part in the investigation. DAS recognizes that the outcome of the investigation could affect the livelihood and sustainability of the company in question and at the same time, DAS' duty to State Agencies is also held in the same high regard as the resolution and/or vendor remedy is finalized.

During the times of contract renewal, a CTV review is conducted by DAS. DAS takes the findings of the CTV into consideration looking at all aspects of the company. DAS ensures that bias against the company is not compounded by a CTV. Looking at the company's history, ownership and management changes, DAS will make contract renewals based on an all-encompassing review.

This helps to identify how to put in place strong assurances of a possible Vendor Review and Service Ranking Website that would meet expectations of objectivity, validity and resourcefulness for this potential procurement tool.

From the benchmarking with ODOT, CapStrong learned of the vendor tracking and vendor reporting actions taken by this State Agency were needed to better manage and give transparency to the contractual spending. Currently, DAS has a Request for Proposal (RFP) for an Ohio Administrative Knowledge System (OAKS) Enterprise eProcurement Workstreams.

The focus of this RFP is currently involving ODOT, DAS Office of Information Technology (OIT) and DAS Procurement and Contract Offices. The goal of the RFP is to have an OAKS Enterprise eProcurement Workstreams system available for purposes of an OAKS Contract Module available in 2017. Due to ODOT having their own contract authority and the amount of contract dollars expended, ODOT was wisely selected to be the first State Agency entered into this enterprise. With the support of DAS OIT, Procurement and Contract Services, the hope is to move away from stand-alone manual spreadsheet/database silos and commence working in a Workstream environment. When perfected, the Contract Module will be extended to include and bring on-board other State Agencies for continuity within the state-wide contract process (Sanders, September 2015).

This RFP impacts CapStrong's project as a component of the Contract Management functionality would be to capture vendor performance. While this RFP is at the beginning stages of the Contract Module processes, CapStrong was pleased to know that vendor performance is thought to be a very important component of the new Contract Module. This validation impressed upon CapStrong that the significant role that vendor performance has in the daily procurement operations of DAS and all State Agencies.

### Ohio Shared Services Vendor Maintenance

Heather Tomlinson, OSS Vendor Maintenance Coach, was contacted for her knowledge and expertise on how the Vendor Tables are maintained and governed. CapStrong recognized that vendor name and OAKS vendor identification number were the two (2) vital pieces of information that would need to be maintained with consistency and continuity. This would keep the integrity of the data entered into the on-line review site viable, consistent and would make locating vendors easy.



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While the OSS Vendor Maintenance team enters new vendors and updates existing vendor information, the Requirements and Configuration Management (RACM) Team has ownership and is responsible for technical support of the vendor table. The OSS Vendor Maintenance team relies on the RACM Team for all reporting that comes from the vendor table as well as all technical process changes or updates.

Currently, there are approximately 224,000 vendors located within the vendor table. Of those 224,000 vendors, 60,000 have an active status. Approximately, 600 new vendors are added monthly. It is important to note that this data includes the Department of Developmental Disabilities providers. Heather recommended that perhaps a quarterly download of the vendor table into the Vendor Review and Service Ranking Website might be best depending on the availability of assistance and feasibility of sharing the vendor table by the RACM Team (Tomlinson, September 2015).

The RACM Team confirmed that their role is to help manage and customize the vendor table. Currently, the vendor table is shared nightly through an interface to several State Agencies that request through their Information Technology Offices via an INF01 interface request. Therefore, a daily download of the current vendor table is probable and would be more beneficial (Burris, September 2015).

With the September 8, 2015 OAKS 9.2 Software Upgrade, the OSS Vendor Maintenance was changed to OSS Supplier Operations. This name change occurred due to the PeopleSoft Software naming convention of the prior Vendor menu being identified in the 9.2 Upgrade as the Suppliers menu. Located on the Supplier Information sub-menu on the Identifying Information tab, there is a Supplier Rating menu. Contained within the Supplier Rating drop down menu, there is a four (4) star rating system which identifies the Supplier as Excellent, Good, Fair, Poor or None. An Excellent rating is signified by four (4) stars while working down the scale a Poor rating is signified by one (1) star. Currently, this functionality is not operational. The Identifying Information tab also contains a Comments drop down menu which contains a box for text to be entered. As these drop down menu items are grayed out, the typical OAKS FIN end user does not have entry access. CapStrong found all of the information very valuable and helpful for the recommendation of this project.

### Ohio Shared Services Accounts Payable Team

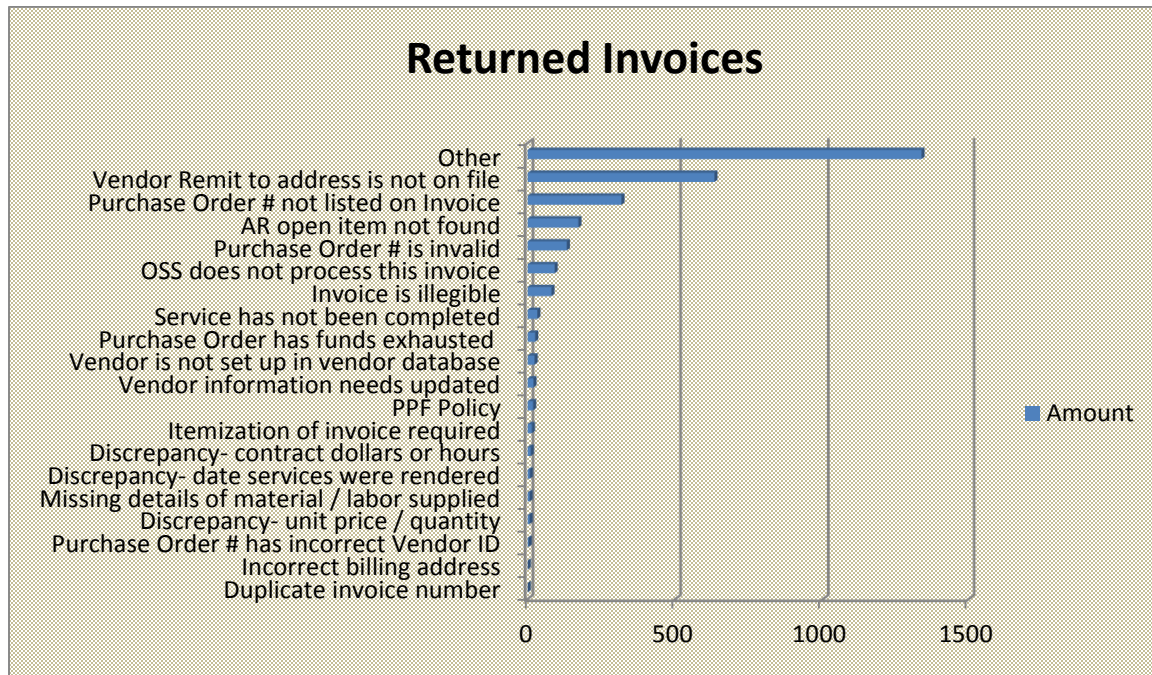
Over a six (6) month period, OSS returned over 2,900 invoices to vendors for corrections. This includes about 300 invoices from state agencies. About 55% (1445 total) are from separate, distinct suppliers and were returned for a variety of reasons, a majority are listed as other, with many also returned for the purchase order (PO) number is not listed/incorrect or there were issues with the remit to address. The "Other" category included some problems with remit to addresses, PO number being listed incorrectly, information about services/goods being incorrect, missing pages from invoice, and many other reasons. There were 1338 returned for other, 593 for issues with the suppliers OAKS information, and 422 had issues with the PO number.

This shows that the suppliers are not keeping information in OAKS up to date and that invoices are not being submitted with the correct information. A vast majority of the rejected invoices could be corrected by suppliers, whether by keeping their information in OAKS up to date, being sure to include the PO number correctly, or sending legible, complete and correct invoices. The repeat offenders may not be to blame for the multitude of rejected invoices, as invoices may be rejected as the supplier is working with the agency to get it corrected and send over multiple invoices during that time. While vendors are the ones who can most quickly and easily correct



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these mistakes, some are made by the agencies as well. CapStrong recognized that this data collected from OSS outlined that suppliers need to update changes with the OSS Supplier Operations routinely as well as maintaining an open line of communication with the Agency for proper PO information to be received.



# Conclusion

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### Recommendations

Controlling the objectivity and how the data contained within the Vendor Review and Service Ranking Website would be utilized was a major factor. As the hope would be that the website would be used as a professional tool encouraging postings through ease of use and accessibility, certain controls would have to be put into place to ensure that the website's objectivity was maintained. Procurement staff may not want to take the time to post a review if these controls were too cumbersome making the staff feel that they would be wasting their time.

The legal issue of a record being created and the ownership of the record by the initiating State Agency would cause concern over a poor vendor rating. A policy may have to be developed which would outline the process and procedure to be followed to determine when and how a review would occur so the vendor would have opportunity to remedy the poor rating.

The procurement survey that was conducted supported both of the above concerns. With the majority of procurement officers responding that they would post a review on the website when they had time, indicates that this would not be a priority during the work day. With mandated state term contract vendors in place, this posed the concern of flexibility coupled with the potential continued low ratings reflecting poorly on the State of Ohio in how it conducts business. With the majority of participants responding that the website would be somewhat useful for performing their work supports the sponsors' concern of lack of use.

Benchmarking with other States allowed CapStrong to validate if vendor performance was an area of procurement that was being reviewed. The different States researched valued the reporting of vendor complaints and had procedures in place to process complaints internally. The Commonwealth of Virginia's collaborative approach where both the vendor and the agency could report and share their experiences documented the more forthcoming website access similar to CapStrong's project. While this approach could reduce the above concerns of subjectivity and legality, it would also involve creation of additional positions and responsibilities to maintain.

The research that was conducted with ODOT, DAS, OSS Supplier Operations and OSS Accounts Payable team supported that vendor performance is valued within the State of Ohio. ODOT is striving to have a more formal vendor performance tool in place to assist in contract awards/renewals and expenditure reporting. DAS has an underutilized valuable Vendor Performance Survey as well as a CTV process in place. Additionally, DAS is moving forward with a Contract Module RFP which will include vendor performance functionality that would integrate directly into OAKS. Contained with the Suppliers menu in OAKS FIN, there is a documented supplier rating functionality that could potentially be utilized. The research that was completed with the OSS Accounts Payable team documented that errors with invoices were not solely from reoccurring vendors; thus, CapStrong cannot support that a Vendor Review and Service Ranking Website would correct this issue.

To move forward with this project, CapStrong suggests activating the Supplier Rating Functionality within the OAKS Supplier Information Menu. We suggest looking into enhancing the functionality with the ability to view multiple reviews and adding a comments section to each review. This activated functionality would require new security roles, guidelines, policies and a

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retention schedule. Policies and guidelines would need to address the use of the Supplier Rating. Costs of enabling and enhancing the Supplier Rating and creating security roles in OAKS would need to be researched. Training classes on posting to and use of the Supplier Rating would need to be created.

At the conclusion of the research and analysis of this project, CapStrong reviewed all of the data to make the proper recommendation of not moving forward with a Vendor Review and Service Ranking Website.

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