# Transitioning to an Electronic Contract Approval Process

TEAM Girl T.A.L.K.S:  Tammy Johnson, Anna Garver, Lavaun Pinckney, Kristina Grooms, Sherry Webb-Greer
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# Executive Summary

As a team, we recognized the need for a streamlined contract approval process.  Many agencies, including some of our own, are still using a paper contract with various levels of hand-offs. This outdated process can result in delays, and not being able to locate a contract during its approval. We decided to interview agencies already utilizing electronic processes so we could understand the components of their systems and requirements needed if an enterprise wide solution was available. Our initial plan was to suggest a platform that could be scaled for state-wide required use, but through the course of our research we began to focus more on the strengths, weaknesses, and requirements of the various agency processes we viewed.

Our research consisted of interviewing agencies currently utilizing electronic contract workflows, agencies using electronic workflows for other purposes, meeting with the Department of Administrative Services Procurement and Policy group, and reviewing Gartner research. Our research did not include costing of the systems currently in use, potential use for grant applications, or system components from an IT perspective. The objective of our interviews was to understand the workflows of each system and what the systems have in common, what are unique to the processes, and understanding opportunities and threats of the currently used platforms. The agencies we interviewed were the Department of Education, Department of Health, Department of Commerce, Office of Budget Management (IT and Shard Services), and Ohio Facilities Construction Commission.

We found agencies currently using electronic systems all have strong internal IT support for their platforms, and there was a lack of standardization within the contracts being used amongst agencies. If there was an enterprise-wide system, one agency's IT could support the system and Procurement could provide oversight to the purchasing piece of the platform (i.e.: contract templates and language). Based on our interviews of the aforementioned agencies, we have compiled a cumulative list of additional desired requirements for a centralized electronic contract approval system:

- Contract expiration dates
- Renewal flags
- Interface into OAKS so invoices/POs only need to be entered into one system and agencies can have supplier invoices routed directly to OSS
- Customized reporting, (i.e. days aged, supplier activity, contract activity)
- Ability to copy contracts
- Templates generated based on type of request
- Boiler plate contract language
- Ease of use for requests
- Consideration of project work requiring entry into OAKS Capital Improvement (CI)
- Assigned security roles and secure workflow paths
- Ability to add additional tools, (i.e. pcard, print requests, grants)

Of all the platforms we reviewed, the ServiceNow contract module seemed to be the best out-of-the-box solution and met our formulated requirements.

# Introduction (Problem Statement)

Our team has a diverse knowledge of the contract approval process across multiple agencies and we have identified weaknesses within the process. For some agencies, contracts are physically walked through the different levels of approval for authorized signatures. The current manual process can inhibit managing the contract throughout the approval process and result in delays in approval; one example of this is absences. We have researched various electronic platforms and are suggesting requirements for an electronic contract approval system. Our goal is to utilize an agency Intranet, SharePoint, or footprint system (similar to an IT ticketing system) to accomplish this process change and workflow approvals electronically. This would eliminate the need to physically be present for contract approval. We have researched records retention schedules, keeping in mind that storage retention capabilities should comply with ORC 2305.06, Contract in Writing. Standardized contract templates and boiler plate language based on the type of purchase would provide agencies and suppliers with a predictable and consistent experience when doing business with the State.

Our team feels this change would expedite the approval process, show accountability, standardize forms/templates, provide transparency, and create a centralized contract repository. Our objective would be measured by contract approval processing time being reduced by 25% per agency that implements the process change.

# Background

When we began identifying potential Capstone projects, we realized of our five agencies only one had an electronic contract workflow. The remainder of us were commiserating over the challenges of having a manual contract process. Several of us found it challenging to track contracts in the approval process, identify where delays could be occurring, and find the location of signed contracts once they were approved. For instance, if someone is out of the office a contract can easily get buried in an inbox only to be recovered in a last minute hustle to get an approval finalized. As stakeholders, we have a vested interest in the contract process and can assist in developing requirements from an end user perspective. Stakeholders also include suppliers, agency administrations, legal divisions, and Ohio tax-payers.

Across the state there is a desire to simplify processes, provide transparency, and make the contract process electronic and more efficient. We reviewed the contract life cycle management (CLM) guidance issued by Gartner, a preeminent independent industry research firm, and realized we are not the only ones noticing this trend. "Market trends forcing recognition that CLM is no longer a nice-to-have capability: It's a priority. These trends include (but are not limited to): Increased demands on governance, risk and compliance (GRC) management, a push for legal self-service to reduce operational costs and handle increased volumes, and digitation of paper contracts, embracing e-signature and so forth." (Gartner Market Guide for Contract Life Cycle Management, Montgomery, Nigel and Wilson, Deborah, 16 July 2015)

## Research Strategies

We have conducted interviews with agencies currently utilizing electronic processes for their contracts. We have identified strengths, weaknesses, and areas for improvement in current applications being used. As a result of our research, we will suggest options that are scalable for an enterprise-wide solution, but with the awareness there are agency-specific requirements to be considered.

In our research attempts, we were put in contact with individuals from the Department of Administrative Services, General Services Division, State Procurement and Policy leadership, and discovered we have common objectives and our Capstone project can support their initiative to identify requirements for an enterprise wide Contract Management Solution. Per Christian Selch, the State released a master Request for Proposal (RFP) for a large scope of Enterprise Resource Planning (ERP) modules, including for eProcurement with contract management as in scope. The goal within the RFP is stated as, "Adopt automated, end-to-end contract management, solicitation management, fulfillment management, and commodity shopping management, and begin reduction of off-stream systems and processes within two years of adoption." This meeting confirmed we were heading in the right direction with our project, and knowing the future hopes for eProcurement assisted in the formulation of our interview questions. (Selch, Sanders and Grey)

As part of our research, we met with the Department of Education, Ohio Shared Services, Department of Health, Department of Commerce, Office of Budget Management, and Ohio Facilities Construction Commission. These agencies are utilizing electronic workflows for contracts and other uses. We met as a group of end-users to determine requirements in a contract management system, and reviewed market and trend research. Within our group we determined possible requirements to be as follows:

- Electronic Workflow
- Application serves as a document repository
- Contracts have footprints within the system
- Electronic signature/approval capabilities
- Various templates for different types of contracts
- Could potentially be used for grant applications
- Standardize forms/templates
- Provide transparency
- Contract approval time reduced by 25% per agency
- Possibility of approvals via mobile devices

We also referred to the Gartner Market Guide for Contract Life Cycle Management to determine which of our requirements would be more readily available by CLM vendors, rankings above 8, while those with aggregate totals below 8 may require a specialized vendor or require additional system development, (Gartner Market Guide for Contract Life Cycle Management, Montgomery, Nigel and Wilson, Deborah, 16 July 2015).

**Figure 5.** Average Rank of Functional Depth of Vendor Solutions (Vendor-Reported Data)
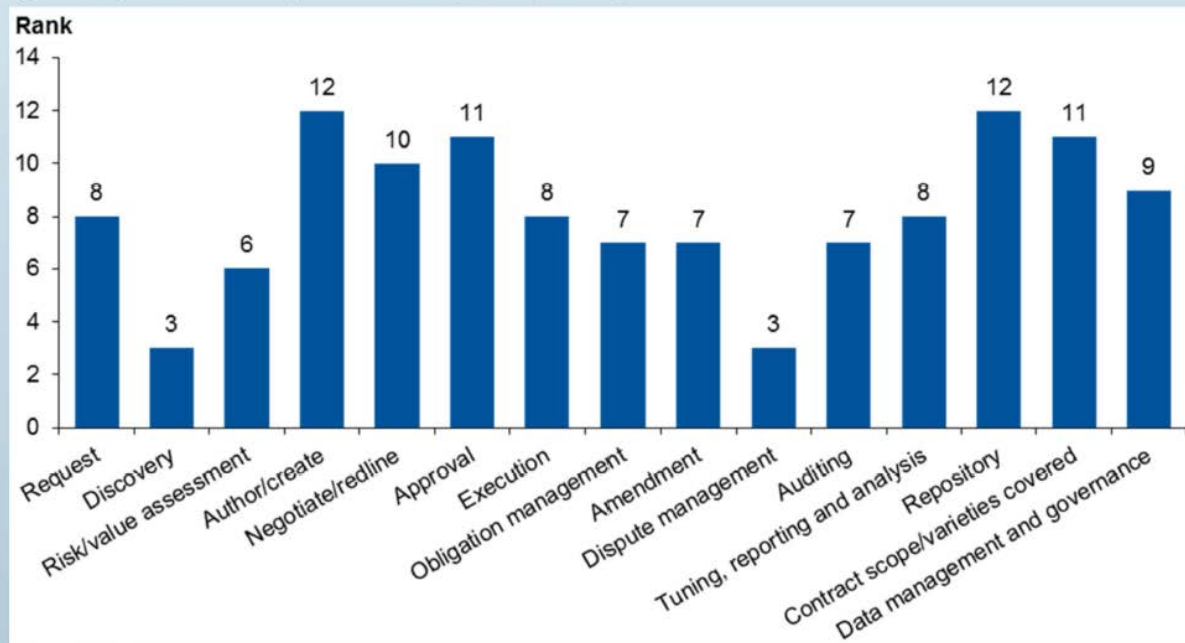


Source: Gartner (July 2015)

### SharePoint – Department of Education

Our project mentor and subject matter expert, Randy Russell, allowed us to interview him regarding the Department of Education's utilization of SharePoint as a contract management system. Randy has been with Education for 3 years, and prior to joining Education was with Developmental Disabilities (DODD) and the Department of Youth Services (DYS) that had paper contract approval processes. Unlike DODD and DYS, Education has a workflow system and may roll out enhancements in the near future. Education has been approached by other teams and agencies about their SharePoint system.

Our team was interested in potential obstacles of rolling this system out on a large scale, and had concerns that the system would need to be IT supported. However, SharePoint IT support is not widely available to all agencies. In speaking with Randy, we found he would also prefer that every state agency follow the same process. It would also be beneficial if their current SharePoint system could interface into OAKS FIN. Currently, they have to take the electronic copy and manually enter it in OAKS.  If there was a direct link, you could include OAKS supplier addresses.  Unlike Education's Central Payment System (CPS - subsidy payment information), which automatically links to OAKS.  Schools can go online into the reimbursement system electronically, and complete their request for draw down of funds. The system recognizes errors based on the fields where the information is data entered.  (Russell)

Education has an intranet site which houses their SharePoint workflow system. Any employee with an Education login can sign in and enter a request for services. There is a template where data is entered, an example of this is Section 1 which contains Center, Office, Program Contact, Contact Title, Contract Type, etc. Based on the information entered the request is routed through the proper workflow. Education uses the system for purchased personal service contracts. The information submitted into a contract template is used to develop a contract. The

request goes to the Agency Procurement Officer (APO) and the APO determines if the request followed the correct path. Supplier signatures are obtained via email and the supplier is allotted approximately 5 days to reply. Education Legal and/or the Chief Financial Officer (CFO) still get a hard copy for physical signature. Education's SharePoint does not automatically assign a number to the request or to the contract. When a request is entered, the sourcing area manually assigns a number to the request which will in turn, be the contract number. It is Education's practice that requests not be deleted, but can be cancelled. (Russell)

In the future, there will be an email notification letting employees know that someone submitted a request on their behalf. The system will also generate an email to notify employees of the workflow that did not get processed within a specific time frame. Education has not yet limited the access to the workflow, but this is something they may do in the future. (Russell)

## Workflow Integrated System Enterprise (WISE) – Model View Controller Framework, ASP.net Coding– DOH

We interviewed Carol Cook, Assistant Chief of Procurement, with the Department of Health (DOH) to go over the Workflow Integrated System Enterprise (WISE), which was developed internally by DOH to workflow and store their purchasing documents. This system operates outside of OAKS, but is still an electronic workflow that uses a mail merge of purchase request information to create one document. There is a behind the scenes table containing the workflow routes, this requires internal maintenance. The end goal of WISE was to have less processors and more staff with higher skillsets/analytic abilities, and to have the ability to see where a contract was in the process to hold all parties accountable for timely processing. The Director and supplier signing is still a manual process, which is then scanned back into the WISE system.  (Cook)

The contract process in WISE begins with a need for a purchase. The program unit fills out information regarding their purchase request, it is then routed to the contract group for a quality check and can be rejected back to the program for correction. Once the contract group approves the request it goes to legal, is made into an electronic document, and then goes to the program unit for approval. Up until this point, it was a completed template in the workflow. Once the program unit approves the contract, the workflow goes to the contract group, and the contract group forwards the supplier a PDF version of the contract. The supplier has to sign it in blue ink and return the original to DOH. Once the contract is complete it is maintained within the program unit for monitoring, such as for renewal and expiration dates.  (Cook)

As purchase orders and invoices associated with the contract are received by the agency, they are entered into WISE and OAKS. Invoices come to the agency first, rather than to OSS. The agency enters invoices into WISE and then preprocesses the invoice for OSS. Accounting reconciles WISE to OAKS, and the program unit reviews the deliverables and is responsible for the coding used to pay the invoice. Ideally, DOH would like for WISE to interface with OAKS to cut down on the duplication of efforts. In the future the WISE system will be rolling out to payment cards, requisitions, and requests for proposals. DOH would like to add some additional features to their system: 1. Duplication of contracts – to allow the ability to create additional templates/contracts if the same type of contract is needed with more than one vendor; 2. Amendment/Extension –to create boiler plate language for contract amendments/extension; and 3. Award – to indicate that a contract has been awarded as the result of a competitive selection.

In the WISE system there are time and date stamps for each step of the process. You can add notes to the system, as an example, during closeout comments can be added to describe the experience with the supplier. A shortfall of the system is, someone has to reject the contract back to you after you submit the contract if edits are required. (Cook)

## Intellivue – Department of Commerce

Team GIRL T.A.L.K.S. met with David Hannan and Joy McKee to go over the Commerce procurement process and the Intellivue system, by Intellnetics. Intellivue is used to workflow the purchase of goods and services as well as process contracts. Commerce has a seven person procurement shop and began using Intellivue five or six years ago. Intellivue is primarily an imaging software, but also has workflow capabilities and server based storage. As an imaging system you can drag-and-drop any format document into the system. Intellivue was selected to provide assistance with procurement and contract services that OAKS could not, such as control over the contract process, workflow, and track where contracts and purchases were in the process. Intellivue helped mitigate the challenge of multiple individuals working of different versions of the same contract. Commerce decided to try the program as a demo and established the requirements. The system is used for purchase orders, contracts, and electronic notifications. The system has worked well for Commerce as it has everything they were looking for such as note capabilities, acts as a document repository, was inexpensive, no cost for maintenance (in house maintenance), great return on investment, and is currently tracking 3,000+ contracts. Any request that has a dollar value goes through this system. Legal can also view old contracts to develop new folders. Contracts are searchable, and the search screen contains many fields that can be used as multiple filters. This system can also be used to track performance and evaluate the worklists for specific people. Much like the Department of Health, Commerce receives supplier invoices at the agency, enters the invoice in Intellivue, then preprocesses the invoice and sends it to Ohio Shared Services. If a contract is internally denied it goes back to the originator for revision. Commerce also uses Intellivue for travel and print requests. (McKee and Hannan)

While Commerce is very happy with the system, there are limitations with Intellivue. Currently, the security of the workflows is not locked down and automated; a user could change the workflow path. All approvals have the approver name, time, and date stamps so post audits could be completed, and unauthorized approvers would be easily identified. There are tiered levels of logins that have different permissions. Commerce thought inclusion of standardized templates for documents could be a system improvement, as well as additional reporting capabilities. David and Joy stated divisions use Intellivue for document management, because it's easy to use, but reporting can be a bit challenging. Intellivue does not currently have a flag for contracts eligible for renewal or reminders for expiring contracts. Commerce maintains an access database to track contract expiration. Intellivue also has limited reporting capabilities. (McKee and Hannan)

Commerce assembles groups to review the system periodically to make sure Intellivue is still working the way the agency wants it to. Contracts are retained for three years after the contract expires. Since Commerce has only been using the system for 5 or 6 years they have not run into any storage limitations in their server based storage. (McKee and Hannan)

## ServiceNow – Office of Budget Management

We met with Mark Schmidbauer, Office of Budget Management (OBM) – Chief Technology Officer (CTO), to go over now the ServiceNow workflow application they are currently utilizing for IT incident management, asset management, and service help desk. ServiceNow does have a contract module, not currently used by any state agencies, but we wanted to see an overview of how it currently works and some of the contract screens to get an idea of how the product could be used. According to Mark, ServiceNow is a cloud-based solution and the instance is "shared" among participating agencies, which reduces costs and standardizes processes. OBM IT and Fiscal assets are managed within ServiceNow and IT acts as administrator to manage users, reports, and updates. Users are able to access via a custom portal page and there are multiple service providers, otherwise referred to as fulfillers in the workflow application. There can be customized workflows setup in the service catalog specific to each agency using the system.  (Schmidbauer)

Some of the requirements for the IT and Asset module would be similar to requirements for the contract module, including tracking, monitoring, and the ability to encourage improvement. Implementation was about a year ago and went very smoothly and both fulfillers and general users have been pleased. Mark said the system is expensive, but when it is split between multiple agencies it becomes more affordable. Once an agency invests in the system they can move into the other modules for just the cost of implementation. This could be attractive to other agencies already using other modules of ServiceNow, and the various modules talk to each other. An example would be a contract from the contract module being referenced in the asset module.  (Schmidbauer)

ServiceNow uses OAKS logins and has the capability of interfacing into OAKS. Service requesters and approvers don't have to pay for ServiceNow licenses, only fulfillers who are working within ServiceNow need to have licenses. Templates can be generated by building a service for the service catalog and selecting what fields to include. OBM has only been using ServiceNow for about a year, but has had minimal contractor maintenance costs. OBM went from having two part time employees to service their old system to only minor cleanup in ServiceNow performed by DAS OIT.  (Schmidbauer)

We were able to view the contract module and it appears to have some benefits that were mentioned as wish-list items by other agencies. For instance, the contract module lists expiring contracts and have various types of out-of-the box contracts available. You can add attachments and have multiple levels of approval. An agency can establish multiple boiler plate terms and conditions to be used within contracts. ServiceNow is very secure, has had little down time, and meets several governmental rules for secure data. (Schmidbauer)

Some of the challenges to the system that we identified would probably be the same for any enterprise wide solution. There is a restriction on customization since multiple agencies are sharing the same instance. The reporting isn't easily customizable, but there are some canned reports used and OBM is linking a few reports together using a separate SQL outside of ServiceNow. Coordinating updates and moving to more modules can take longer when agencies are sharing an instance. (Schmidbauer)

## Capital Improvements – Ohio Facilities Construction Commission

We met with Sara Freetage and Shanna Hooks of the Ohio Facilities Construction Commission (OFCC) to go over the Capital Improvements (CI) system. They use that has a contracts component. The entire system is driven by project number and State Agencies are supposed to go into CI to update their locally administered project.  Just like all the other workflow processes we reviewed, CI has different roles and workflows, but cannot delete workflows which are no longer relevant, they can only deactivate the workflow.  A few years ago the CI and OAKS teams considered interfacing the two systems since POs, invoices, contracts, etc. are entered into both systems, but this never came to fruition. The OFCC team said it may be reconsidered now that OAKS FIN has been upgraded and CI is a cloud-based Oracle Primavera system, and perhaps the two systems are more compatible. (Freetage and Hooks)  When considering requirements for a new electronic contract system OFCC asked us to consider the Ohio Revised Code section 123.27 Capital facilities project reports, requiring State Agencies to use CI for their projects (Lawwriter Ohio Revised Code).

## SharePoint – Ohio Shared Services – Supplier Maintenance

We interviewed Heather Tomlinson, Ohio Shared Services (OSS) – Supplier Maintenance Coach, regarding their experience with SharePoint as a workflow and repository application, not for the contract workflow application. OSS receives an average of 150-200 documents a day. OSS used SharePoint in two different ways, the first way, to add documentation used by various groups to supplier records. The second, and main use of SharePoint, was the supplier maintenance tracker tool. The supplier maintenance team would scan supplier forms received daily and then go to the Supplier Maintenance Tracker through Unified Document Systems (main system). Heather could see all items received in a specific day that the supplier maintenance team needed to process, and work first in first out (FIFO) to assign documents to worklists. SharePoint allowed the supplier maintenance team to put notes on supplier accounts, dates and times of completion, and attach communications. Heather was also able to track work, rather than just assign it.  An example is, the Help Desk can go and look at the status of the work being processed by the supplier maintenance group and communicate back to the supplier. (Tomlinson)

Ohio Shared Services thought SharePoint worked well as a document repository, but they did encounter some challenges when trying to search through supplier records. SharePoint would take a very long time to search for contracts and even crash on occasion. OSS tried archiving and searching using smaller date ranges and still had performance issues. In February of 2015, OSS switched to .NET, designed by the Office of Budget Management OIT. (Tomlinson)

# Findings

We found that our desire to use an electronic contract approval application is equally important to various agencies, including agencies already utilizing electronic workflow systems.

Our research showed that any electronic contract system would need the capacity and capability to store contracts. Contracts should be retained for eight years after the cause of action accrued (Lawwriter Ohio Revised Code). This shared requirement is addressed in the

DAS Request for Proposal 0A1158, supplement 2 – Enterprise Procurement, contract management requirement EPROC-CNT-27.

The commonality among the Department of Health, Department of Commerce, and Department of Education are they all have strong internal IT departments which support their electronic workflows. The Office of Budget management has very little internal IT for their ServiceNow workflow application as it was purchased through the Department of Administrative Services, which handles the upgrades, updates, and additional requests. Another commonality is, agencies seem to start with a need for a purchase, not at the creating of a contract as we had initially anticipated. The Ohio Facilities Construction Commission uses OAKS CI contract management and they have a team of five full-time individuals to work as system administrators. Public entities go into the OFCC owned instance of OAKS CI to update projects and contracts.

An enterprise wide solution would also allow State Procurement to control the standard forms used by state agencies, rather than each agency having their own version of the form. As we visited various agencies we found they used templates generated based on their own needs. One agency did not include the bid piece in their template. Every agency would like their own contract templates, but a State Procurement oversight function would ensure the state as a whole is using contracting and procurement best practices.

Agencies with independent contract systems have invoices come to the agency first, rather than go directly to OSS. Shared Services isn't being fully utilized because agencies want a one-stop shop to house everything within the life cycle of the contract. This also results in a duplication of efforts.

## Analysis

We compared our initial list of possible requirements against the Gartner chart of Average Rank of Functional Depth of Vendor Solutions (both in Research Strategies), and found majority of our requirements are more readily available by Contract Life Cycle Management vendors. Electronic workflows, repository functionality, electronic signature/approval capabilities, various templates for different types of contracts appear to be more common and available functionalities of CLM systems. We are determining this by the approval; repository; tuning, reporting, and analysis; author/create; and contract scope functional rankings being above eight. Contract footprints and transparency may require a more specialized vendor if these requirements fall within the auditing function, since that function is ranked below eight by Gartner. Possible requirements not addressed by this chart are potential grant applications, standardized forms, approval time reduction, and mobile approvals.

| GIRL T.A.L.K.S. Possible Requirements | Gartner Avg Rank of Funct. Depth – Vend Solutions |
|---|---|
| Electronic Workflow | 11 - Approval |
| Application serves as a document repository | 12 - Repository |
| Contracts have footprints within the system | 7 – Auditing; 8 -Tuning, reporting and analysis; 9 – Data management and governance |
| Electronic signature/approval capabilities | 11 - Approval |
| Various templates for different types of contracts | 12 - Author/create, 11 - Contract scope |

| | |
|---|---|
| Possibility of approvals via mobile devices | n/a |
| Standardize forms/templates | n/a |
| Provide transparency | 7 - Auditing; 8 - Tuning, reporting and analysis |
| Contract approval time reduced by 25% per agency | n/a |
| *BONUS* Could potentially be used for grant applications | n/a |

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We worked with our interviewees to compile SWOT analyses of their electronic contract systems to assist in our recommendations. The purpose of compiling a SWOT analysis for each of the agencies we interviewed was to lay out what works for them, what did not, what they hope to see in the future, and potential threats with their current systems. This exercise also helped illustrate how other agencies' requirements stacked up against the possible requirements we formulated.

Below is the Department of Education – SharePoint SWOT analysis. We found Education's SharePoint met our requirements with the exception of electronic signatures for the legal department, CFO, and supplier. It is currently not used for grant application.



**SWOT Analysis**
**Department of Education**

**INTERNAL**

**STRENGTHS**
- Eliminates redundancies
- Ease of use
- Accurately tracks contracts as to where in the process they are
- Contracts cannot be lost
- Workflow system generates financial reports
- Acts as a central repository for contracts

**WEAKNESSES**
- Requires CFO and Legal to sign hard copy
- Does not notify sourcing that a request has been made, requires sourcing to go into the system and look
- Does not notify sourcing when retention deadline has been met
- Does not notify sourcing when a contract needs renewed
- Does not communicate with OAKS

**EXTERNAL**

**OPPORTUNITIES**
- DAS contracts have been added this fiscal year
- All purchase requests will be entered into this workflow

**THREATS**
- Technology changes
- Security issues. System allows all ODE employees access
- Change of law and/or policy

Below is the Department of Health – WISE SWOT analysis. We found Health's WISE met our requirements with the exception of electronic signatures for the Director and supplier. It is currently not used for grant application; Health has a GMIS Grant System that links to OAKS.

**SWOT Analysis**

_____Department of Health_____

| INTERNAL | STRENGTHS | WEAKNESSES |
|---|---|---|
| | • Paperless/electronic workflow system<br>• Customizable<br>• Provides transparency<br>• Decreases the number of steps in the process<br>• Provides accountability<br>• Decreases the amount of time to process a contract<br>• Provides a date stamp at each step in the process<br>• Developed in-house by OMIS staff<br>• Central repository for the contract and all activity/documents associated with the contract (i.e. invoices, PO, etc.)<br>• Allows communication through the notes section<br>• System provides an email notification notifying the employee their attention is required<br>• Provides aging reports<br>• Can process various types of agreements (i.e. MOUs, contracts, RFPs) and a copy function for multiple vendors/contractors | • WISE not linked to OAKS<br>• System not set up to receive signatures electronically – hard copies still required.<br>• Budget constraints hinder upgrades<br>• OMIS Staff have a full schedule. It may take time for upgrades to be completed. |

| EXTERNAL | OPPORTUNITIES | THREATS |
|---|---|---|
| | • Will be able to process p-card transactions (available now in the system but not in use)<br>• Will be able to process State printing requests (available now in the system but not in use)<br>• Will be able to process requisitions (available now in the system but not in use)<br>• Ability for the system to link to OAKS because the system is customizable<br>• Ability for the system to be used across the fiscal businesses within Department of | • Designed with today's technology – IT industry is ever evolving – the system may become outdated. |

Below is the Department of Commerce – Intellivue SWOT analysis. We found Commerce's Intellivue met our requirements with the exception of contract templates; the contract is drafted externally by the legal department. Intellivue also does not provide electronic signature approvals. The system does provide transparency, however there is a security concern because the system does not automatically route to the next approver in the workflow, it can be assigned to any other employee.

**SWOT Analysis**

_____Intellivue – Department of Commerce_____

**INTERNAL**

| STRENGTHS | WEAKNESSES |
|---|---|
| • Organization and enhancement of the contracts process.<br>• Improved communication amongst the agency.<br>• Improved document workflow management<br>• Cost savings through time management.<br>• End users have the ability to review current and past contracts and the procurement of goods and services.<br>• Changes made are in real time, so no processing delays.<br>• Allows for longer retention of documents. | • Although all sections can access Intellivue, this makes it difficult to make changes to the contract. So only the original contract and final contract is uploaded.<br>• Reporting tools are basic and need to be up to date to improve reports.<br>• Any request changes to Intellivue have to be made through IT. The APO is unable to make administrative changes.<br>• Communicating the expiration of contracts are done manually and an automatic process.<br>• Security issues when it comes to workflow and access to documents. |

**EXTERNAL**

| OPPORTUNITIES | THREATS |
|---|---|
| • Updating reporting tools and creating canned reports will enhance measurable items as well as reporting.<br>• Creating a one stop shop will allow for legal and fiscal to modify/change contracts in one central location and can be tracked throughout the contract process.<br>• Update system to send out reminders when contracts are expiring, this is currently done manually.<br>• Enhance security measures to ensure appropriate access to documents. | • Improvements and changes in the IT industry<br>• Change of laws and/or policy<br>• Data storage due to increase in documents |

Below is the Office of Budget Management - Service Now SWOT Analysis. Although ServiceNow does not have a contract module currently in use, we found it has the ability to meet our requirements with the exception of not knowing if electronic signatures are available.

**SWOT Analysis**
**ServiceNow**

**INTERNAL**

| STRENGTHS | WEAKNESSES |
|---|---|
| • Cloud-based performance for retention<br>• Reduced cost (OIT spent money up-front)<br>• Pre-built modules<br>• Can have a "see-only" function<br>• Tracks each task and leaves a "footprint" of user, date and time as it moves through the workflow<br>  • Reduction is staff to maintain system, contractor and central service agency maintain system and pass costs thru to participating agencies<br>• Ease of use for requestor<br>• Security – based on roles<br>• Performance reporting<br>• Modules "talk" to each other, ie: contracts and assets | • Trouble getting data into report form, limited report customizations<br>• Monthly cost per user for subscription/license fees<br>• Sharing an instance can be restrictive<br>• Coordinating upgrades may cause delays |

**EXTERNAL**

| OPPORTUNITIES | THREATS |
|---|---|
| • Room to grow by adding new modules<br>• Standardized and Customized processes<br>• Coordination with all users<br>• May be able to interface into OAKS<br>• Can have various templates by agency<br>• Instance is "shared" among participating agencies<br>  o Reduced Costs<br>    ▪ If agency already uses ServiceNow, they may only need to pay for implementation of Contract Module and additional licences needed.<br>    ▪ Requestors and approvers do not require licenses<br>  o Standardizes processes | • Technology changes<br>• Change of law and/or policy |

# Conclusion

## Recommendations

We recognized a need to improve the contract approval process within the State of Ohio. This was confirmed through Gartner's guidance and further confirmed by the agencies we interviewed who have already implemented electronic contract approval systems. The concern, however, is different platforms, templates, and practices that are being used by the various agencies and there is no governing body providing guidance and control of the process.

Based on our interviews of the aforementioned agencies, we have compiled a cumulative list of additional desired requirements for a centralized electronic contract approval system:

- Contract expiration dates
- Renewal flags
- Interface into OAKS so invoices/POs only need to be entered into one system and agencies can have supplier invoices routed directly to OSS
- Customized reporting, (ie: days aged, supplier activity, contract activity)
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- Assigned security roles and secure workflow paths
- Ability to add additional tools, (i.e. pcard, print requests, grants)

An enterprise wide solution for contract management would provide consistent contract practices amongst agencies. Agencies would not be responsible for maintaining the support for the enterprise wide system. IT support for the application and maintenance could be more affordable by being centralized within the Department of Administrative Services (DAS). DAS would have the ability to determine how to best recover the cost of the enterprise system. In addition, DAS State Procurement could provide oversight to ensure that public funds are ethically and wisely spent, and safeguard state agencies from making purchases that do not comply with applicable statues, rules, policies, and procedures that govern the procurement process.

If something similar to the contract module in ServiceNow was utilized, agencies could setup their own service catalog items which would create their contract templates, but State Procurement and or Legal Services could approve the catalog items using an administrator type of role prior to making them available for use.

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[i] *Charts/graphics created by Team GIRL T.A.L.K.S. based on Gartner research. Source: Gartner Inc., Market Guide for Contract Life Cycle Management, Montgomery, Nigel; Wilson, Deborah, 16 July 2015*
[ii] *All statements in this report attributable to Gartner represent Team GIRL T.A.L.K.S. interpretation of data, research opinion or viewpoints published as part of a syndicated subscription service by Gartner, Inc., and have not been reviewed by Gartner. Each Gartner publication speaks as of its original publication date (and not as of the date of this report). The opinions expressed in Gartner publications are not representations of fact, and are subject to change without notice.*