

# PRIVATE SECTOR LEARNS FROM GOVERNMENT... REALLY!

## Case study: Government of Alberta's Contract Management Solution

### **Preface**

When is the last time you heard of government being progressive? So forward thinking that private sector was taking notes?

The Government of Alberta (GOA) is known to be very forward thinking and a leader in fiscal policy and action. In this article we will discuss an example of the GOA's leadership in leveraging leading edge business technology to improve services and reduce costs. This case study focuses on an implementation of a contract management software solution, including how the project was justified and funded, the challenges faced, successes, savings realized, the "people" impact and post implementation results. In addition, we will explore what the future holds for the GOA as it continues to leverage this technology.



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## ***Background***

The Government of the province of Alberta in Canada (GOA), which consists of 24 distinct departments and has over 25,000 employees, is known to be very progressive. To give you an appreciation of this efficiency-minded government, Alberta is the only province in Canada that has no provincial sales tax, it boasts one of the lowest tax rates for corporate and personal taxes, it has posted a surplus in the last 5 years and is well on track to eliminate its debt within the next 4 years. The politicians even mandated that a specific portion of any surplus must be used to pay down the debt, and made a law that makes running a deficit a criminal offence. So, it's not surprising that the GOA leads the public sector in Canada in embracing technology which helps reduce operating costs and increases service levels to constituents and from suppliers. A point of evidence: it is the first provincial/state government in North America to roll out a province/state-wide high speed Internet infrastructure.

The GOA is one of the first entity of its kind to implement enterprise contract management software. Private sector companies are learning from the implementation and taking notes on what has worked for the GOA. Bringing costs in line and getting a solid handle on contractual obligations, compliance and performance measures were the major goals of the GOA, and their selected contract management software has allowed them to achieve these.

### ***“Please let me fund this project...”***

What if I told you that there was actually a department who was willing to pay for the whole implementation on behalf of the 23 others? It's true! There was one department who was so keen on getting the contract management solution implemented in their offices, they volunteered to pay for the license (for the entire GOA) and the implementation, just for the right to go first. The department of Human Resources and Employment (HR&E), funded the project and took the lead in the project. They anted up the project management resources as well as other key personnel to aid in the implementation. This was actually a very smart move, as they managed the implementation and ensured all their needs were met.

### ***We shall ALL agree on what we want***

One of the major conditions for this project at the GOA was to ensure that whatever system was selected was suitable for all 24 departments. Therefore, a committee was struck to identify and rationalize the requirements of all departments and prioritize these into mandatory and desirable needs. This was a painstaking task that took months, as it was imperative to capture everyone's requirements and get all departments' buy-in. Each department considered its' requirements to be more important than the rest – so the rationalization task was tricky. There was a saving grace – the Chief Information Officer for the GOA mandated that all departments were to use one centralized contract management solution, and that there would be one standard set of requirements for the entire GOA, so all departments knew that they needed to agree on the requirements collectively.

Next, the detailed RFP was prepared and had to be distributed so that all companies across North America had equal and fair access to bid and be evaluated on a level playing field. This was one of the conditions of the NAFTA agreement that all public sector entities have to comply with. Several companies from the US and Canada bid on the project. The successful vendor, who met all the requirements and had the best overall solution, emerged – Upside Software. The selection process was very rigorous as the GOA had to ensure they had selected the appropriate product and the appropriate company to work with them on this critical initiative.

The key benefits the GOA expected to realize from this contract management software solution were:

Reduce “maverick” contracts – they cause legal grief!
Streamline operations, reduce and eliminate manual processes – redistribute staff to another much needed areas, and make better use of their time
Provide faster and more accurate responses to stakeholders (staff, customers and suppliers)
Integrate to Financial systems and processes to ensure compliance of incoming and outgoing invoices
Monitor and manage performance and compliance more effectively
Automate the contract request process for field and non-contract savvy staff
Regulate contract templates/exhibits and enforce standardization
Leverage this as a key part of an overall supply chain management system and strategy
Improve audit controls and compliance to various legislation
Improved visibility of contracts and the related delivery of contracted goods and services
Reduce expenses related to procurement of goods and services (leverage discounts properly, accurate billing, strategic sourcing and reduced inquiries from suppliers)

## ***The Government gets it!***

The GOA had undergone several implementations of large enterprise wide software products – their most recent project was the implementation of PeopleSoft Financials and HRMS – and so they had good experience to leverage in ensuring the success of this initiative. Here are some of the magic ingredients that worked for them in their implementation of UpsideContract:

### **Senior Level Sponsorship and Mandate**

The Chief Information Officer for the GOA had mandated a centralized and common contract management solution for the entire government (all departments). Within each department, the initiative was championed by the Deputy Minister and the Senior Financial Officer. This level of sponsorship ensured the initiative was given the appropriate level of priority and attention.

### **Well Staffed Project Team**

Members from different business areas and at various levels within the departments were a key part of the project team. The objective was to ensure that when scenarios were being analyzed and addressed within this new system, all affected areas had excellent representation and if anything was going to be an issue, it would have to be raised at that time. As they say, “speak now or forever hold your piece.” Not all resources on the project team were working on the initiative full time, in fact there was very little time commitment needed from the majority of the project team members.

### **External Project Manager**

Another smart move made by the GOA was to hire an external consultant whose sole responsibility was to manage the GOA project resources, the project plan and all deliverables. The consultant ensured that the requirements met a 100% satisfaction level by all the departments. This approach allowed objectivity and fairness when issues arose.

### **Pilot Approach – One Department at a time**

“Small steps at a time” was the motto of the implementation. Though the first department was a large one in terms of employee size and covered the majority of the requirements being sought, it was seen as a very good test case. It also helped that this department was the one that funded the whole project. By going at the project one department at a time, the GOA limited its exposure to risk and substantially increased the project’s chances for success.

### **Detailed Gap Analysis and Product Walkthrough**

As there was a large user base (24 distinct departments), the GOA spent approximately 2 months conducting a detailed gap analysis between UpsideContract and their documented requirements. Every requirement that was identified was thoroughly tested within the product. This was the first phase of the project once the software vendor (Upside Software) was engaged. The idea was to go through each requirement as identified by the GOA and understand how the product handled the requirement. Where there was a gap, it was documented and then put to debate as to if the product needed to be changed or the process needed updating. Using this approach, all departments were very much involved and felt that they were adding true value to the process, easing buy-in to any new business processes that were defined.

### **Zero Product Customizations**

This was the message from top management, and was one of the main lessons learned from past large-scale software implementations. Any customization had to be approved by the steering committee, which only met once a month, so it was meant to be a really slow and bureaucratic process – and it succeeded. The long time period between meetings gave the users enough time to identify process modifications or alternative ways to utilize the product to meet their needs. For its part, Upside Software supported this approach by incorporating many of the important requirements, that weren't currently supported in UpsideContract but were useful functions for other customers, into the core product.

### **Integration with Corporate ERP system**

After investing millions of dollars into the PeopleSoft ERP system, there was no way that the GOA would implement a corporate system without integrating it with the ERP to the fullest. Therefore, the various touch points to the ERP were identified and interfaces were developed between UpsideContract and PeopleSoft.

### **Full Fledged Training**

Rather than using the standard “Train the Trainer” approach, the GOA decided to send qualified Upside Software trainers to the various regions across the province to deliver product training. This was at the request of the user community, who also did not want to travel to the vendor's corporate headquarters for training due to the expense and they were more comfortable getting the training in their own environment.

## **Challenges, Challenges, Challenges...**

You can imagine the magnitude of the challenges faced when you are dealing with an implementation project impacting 24 different and distinct departments. Fortunately, both the GOA and Upside Software have extensive experience dealing with projects of this magnitude. With lessons learned in the past, the challenges encountered were dealt with knowledge, perseverance and a positive attitude, which ensured timely and successful resolution. Some of the major challenges faced were:

### **24 Departments, 24 different ways**

The biggest challenge by far was to harmonize the requirements from the 24 different departments. As you can appreciate, the department of Health will have a distinct set of requirements as opposed to the department of Transportation. It took a long time, a lot of nurturing and guidance, and some amount of senior level influence, but the GOA was able to come up with a requirements document that all departments were comfortable signing-off.

### **Paradigm Shift – Old proven way vs. new process**

When you have been doing something for over 20 years and are now asked to use a different approach, it can be very unnerving. There was significant effort expended in getting buy-in from the various user segments and ensuring they were seeing the value that an automated solution would deliver to them. The GOA found that after the users “played” with the system early in the implementation phase, they were able to see first hand the benefits – this made them excited and made them much more willing to embrace the system and the new business process it brought.

### **Sun-setting of existing systems**

With the mish-mash of systems (manual and otherwise) that were used to perform various elements of contract management across the many departments, there was a huge task to identify these systems, determine what data was present, and finally, how to convert the valid and valuable data and eliminate the systems. This process was like getting ready for a garage sale – you never know what you will find, and you always find more to get rid off than you imagined. It was a task in itself to find all the systems that had a role in their contract management processes.

### **Data Conversion and cleansing**

Conversion is almost always a nightmare. Decisions had to be made how far back the GOA was going to go for contract conversion to the new system. In addition, all the systems that were identified had to be examined to determine what level of data was present and if it was possible to import that electronically. Bringing in the data using

electronic means was very difficult and in some instances, it was impossible. Therefore, those systems were handled manually and the data was keyed into the contract management system. Luckily, these instances were minimal.

### ***A Job Well Done!***

Learning from past mistakes has helped the GOA implement UpsideContract successfully and all parties are more than delighted with the success. The implementation was on time and on budget, which is quite a feat in itself. The users of the system have received more than they expected and are finding new opportunities to streamline or even eliminate their existing processes. In terms of Return On Investment (ROI), the GOA has been able to achieve a full ROI within months!

### ***The effort continues...***

The implementation of the system will be an ongoing activity, as there are still numerous departments to work through, and upon each implementation, more lessons will be learned as well as additional processes to be replaced or streamlined. With time, more improvements will be added to UpsideContract, which will provide increased value to all customers, including the GOA. Some of the next steps are:

#### **Next department**

Various departments are fighting to go next – they all realize the value the system will provide them. The steering committee will be the ultimate decision point to determine who goes next. When the project was initiated, there were five departments who anted up resources to work on the project, so it would only be fair to offer the next-in-line space to these pioneer departments.

#### **Open access to suppliers and customers**

The GOA has many suppliers (over 400,000), including several “ma and pa shops” (part of the Small & Medium Enterprise – SME sector) and would like to offer their suppliers online access to their contracts as well as enable them to submit their invoices and be able to inquire on payments online. Allowing external access to the GOA’s customers and suppliers will further enhance the ROI for the GOA and will reduce the number of inquiries and other manual effort. The customers and suppliers are also looking forward to access as it permits them to have real-time access to contracts and invoices relating to them and they are not restricted by the business hours of the GOA.

**Integrate to CRM and eProcurement system**

When the GOA commences the projects to implement a CRM and an eProcurement system, it will no doubt need to integrate with their contract management system. The GOA realizes that there is incredible value in integrating these applications to create a holistic view of their operations and further leverage their IT investments.

***If Government can do it, so can you...***

In this article we have seen how the GOA has gone through an implementation of UpsideContract, an enterprise contract management software solution. They faced unique challenges and had many different objectives for their initiative, but the blueprint used to perform the implementation proved to be successful. We hope that the details revealed here will help you with your plans and efforts to implement a similar solution, or for that matter, to undertake any software implementation project.

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