



Tightening Up the Ship

Puridium's solution provides dramatic savings, ensures corporate policy compliance, and eases federal audits for VSE Corporation

VSE Corporation (VSE) is a highly regarded and successful worldwide corporation; ranked among the top 100 defense contractors, top 10 foreign military sales contractors, and top 50 Navy contractors in the nation. VSE's mission is to provide innovative services and technologies to help their customers succeed in the engineering, energy, environment, information technology, and defense services markets. VSE has achieved these goals with talented professionals who support their customers in maintaining and modernizing products, equipment, and systems. VSE applied its own mission statement and hard-working employees to find a procurement automation solution for a largely manual and paper-intensive purchasing process that would provide dramatic savings in time and money.

About VSE

VSE Corporation was established in 1959 with a mission to provide engineering and technical support services to reduce the cost and improve the reliability of DoD systems and equipment. Originally incorporated as Value Engineering Company, VSE has evolved along with the governments and military's needs, while remaining true to its roots as a value engineering firm. VSE now has four wholly-owned subsidiaries: Energetics Incorporated, Integrated Concepts and Research Corporation (ICRC), G&B Solutions, and Akimeka, with 37 sites located throughout the US, including Guam,

Hawaii, Puerto Rico, as well as sites in Kuwait and Egypt.

The Challenge

VSE's procurement challenge was to automate a largely paper-intensive process. Controls in place consisted of excel spreadsheets. The approval and order process was lengthy and time-consuming. There was little ability to track requisitions or purchase orders and little or no visibility to buyer activity. Management had no way to review histories, identify bottlenecks, or note trends, all of which are vital to forecasting budgets, improving buyer performance, and finding out where and how purchasing dollars are being spent. Contributing to the purchasing pain points was the loss of valuable resources when analytic data was required for audits. Purchasing, contracts and accounting department personnel could spend countless hours wading through paper files to compile needed data.

The Solution

To resolve this problem VSE applied its own mission statement, working with a team of hard-working employees to find a procurement automation solution for the largely manual and paper-intensive purchasing process that would provide dramatic savings in time and money for VSE. An integrated team of representatives from purchasing, accounting, contracting and the most intensive line organization developed the requirements and process for the selection process.

Six procurement vendors were invited to demonstrate their effectiveness in several, simple and complex, real-world purchase scenarios.

Puridium was chosen as the solution of choice by a unanimous decision.

Why Puridium? Out-of-the-Box Solution

When asked the main reason for choosing Puridium, VSE's CIO replied, "Puridium had additional modules that integrated with purchasing, most notably, for VSE, the inventory module." Another key reason was that Puridium was the out-of-the-box approval/review process solution. "Puridium supports the many layers of approval/review in accordance to VSE's policies and the different groups that VSE requires," said the VSE CIO. "So if I wanted to request the purchase of a laptop, only my boss needs to approve it. If my co-worker in Guam wants to buy the same laptop, and his management thinks five people have to approve it, we can have Puridium ensure that they do. Our direct charge purchases require extra review from a Quality Control officer and a Contract Administrator. Puridium has no problem distinguishing direct charge from overhead purchases."

Easily Customizable

One of the key requirements in the selection process was customization, due to VSE's rapid growth in recent years. The new procurement solution had to be easy to customize without complicating future version upgrades.

Client Profile: Government contractor that provides engineering, logistics support, sustainment, foreign military sales, management sciences, information technology, energy and environment support, and facilities management.

Business Challenge: Automate a semi-manual, paper-intensive procurement process.

The Solution: Puridiom Hosted Enterprise Procurement Solution

Results: Control and visibility of spend; automated approval workflow; easier, faster procurements;

ROI: Faster transactional and processing times, reallocation of resources, 25% reduction in time spent on inventory audits, increased productivity.

Future Outlook: Continue to employ best practices to increase bottom line savings. Implement Puridiom Bid Board. Begin analysis of production data to forecast, track trends, and evaluate histories.

Another bonus for VSE was that they found they could do a majority of the customizations themselves, implementing Puridiom's procurement tenets of self-service procurement and rule-based technology.

Implementation

The implementation process was longer than expected due to internal reorganizations and changes in senior management. Re-prioritization of implementing the very important inventory module, as well as an unexpected CPSR audit added many additional requirements. Puridiom was there every step of the way and was especially helpful in support of the mission-critical CPSR audit for VSE.

Cultural Struggles

The toughest challenge to overcome

during implementation was cultural. Getting everyone to buy-in to a new way of doing things is never easy, but by setting and enforcing similar processes, policies and workflows VSE was able to overcome cultural resistance and, in the long run, a smooth running operation.

Training and Support

VSE has an excellent in-house training and support system in place. A full-time technical trainer, hired specifically to be an expert in the Puridiom system, with a mobile 20-laptop classroom is able to train at any VSE site. Access to Puridiom is not allowed until training is completed, ensuring VSE a well-trained, capable team.

Results

VSE has had Puridiom in production at headquarters since October 1, 2009 and worldwide since January 1, 2010 for all new purchasing and subcontracting. Multiyear orders from prior years are being converted to Puridiom one at a time as they come up for re-compete or new revisions.

Since Puridiom has been in place, VSE has realized greater visibility into VSE spending; easier, faster and more competitive procurements; more efficient, virtual approval process. Correct approval workflow and validation of data at every step ensure correct information and attachments right from the beginning of the process. Management has gained control of the direct charge spending in the spending pipeline, prior to award and greater control over the timing of purchases.

Finally, the buyer has visibility into the entire buying process. No longer can a buyer be blamed for being late on awarding, if the request has been in the manager's inbox for a week. Procurement has a greater ability to manage and balance buyer workload.

Lessons Learned

For other organizations about to automate procurement, VSE offers this advice:

Involve management and users in the requirements gathering, evaluation process and implementation planning. This will get you buy-in.

Think through as many process interfaces as you can...contracting, subcontracting, account/AR/AP and property management, etc.

Mandate or encourage that all organizations follow the same workflow/policies. Every division that says "but our work is unique" will complicate implementation and support.

IT and Procurement view the project as a joint effort – IT provides the software platform and access controls to use it and Procurement owns the data in it.

Avoid the temptation to jump right into implementation. Take the time to think through all of the details.

Future Outlook

As VSE grows, both geographically and in organizational size and complexity, it recognizes that process automation is critical to its success. Based on Puridiom's best practice information, VSE is pursuing economies of scale by using large blanket orders across divisions, resulting in greater savings. In the future, VSE plans to implement the Puridiom bid board to drive competitive pricing as well as utilize the last year's worth of production data for trending and analysis.



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