

INTERACTIVE PURCHASING SYSTEM

EXECUTIVE SUMMARY

The Interactive Purchasing System (IPS) in combination with Vendor Link NC has proven to be one of the most beneficial technology initiatives ever implemented by the Department of Administration's Division of Purchase and Contract. In summary, it has:

- Provided efficient and effective communications statewide with vendors about bidding opportunities from both a centralized and decentralized perspective.
- Included the processing of almost 9,000 bidding opportunities since January 1, 1998.
- Saved conservatively \$750,000 in either hard savings or cost avoidance.
- Eliminated vendor protests related to not receiving notification of bidding opportunities.
- Established a consistent platform for identification of Historically Underutilized Businesses.
- Provided procurement personnel with efficient tools for the initial sealed bid processes.
- Been designed for users by users.
- Allowances for expansion and easy use by other procurement offices such as local government.

It is a powerful and dynamic state-of-the-art procurement tool.

**State of North Carolina
Department of Administration
Division of Purchase and Contract
Vendor Link NC**

Description of the Program:

Vendor Link NC is a business registry and solicitation notification system for use by vendors and agency personnel. Vendors register electronically for goods and services of interest to them. They then receive an e-mail message from Purchase and Contract whenever a solicitation document, in a category for which they have registered, is posted to the Internet. Agency personnel use the business registry to locate vendors for specific goods and services. A sophisticated search engine enables purchasers to find vendors not only for specific goods and services, but also by city, state, contact last name, Historically Underutilized Business (HUB) status, small business status and construction industry codes.

Savings/Cost Avoidance:

Vendor LINK NC has resulted in the elimination of mailing list maintenance costs and reduced postage and duplication expenses both in Purchase and Contract and in state agencies. Savings will increase proportionately to additional participation by state agencies. Documented savings are as follows:

To date: \$416,050

\$40,000 per year due to elimination of the North Carolina Purchase Directory (1000 subscriptions times 24 mailings times \$1.50 per copy plus \$4,000 administration costs)

\$76,050 per year due to elimination of vendor application processes (11,700 registered vendors times \$6.50 handling and processing costs)

\$300,000 per year (Over 1,000,000 e-mail communications with vendors about bidding opportunities times a conservative estimate of \$.30 for duplicating and mailing each hard copy bid notification)

Projection for remainder of Year 2000: \$432,500

\$25,000 per month for vendor communications, about bidding opportunities.

\$9,000 per month for new registered vendors (300 vendors X 100 e-mails X \$.30 each)

\$20,500 per month for administration of hard copy mailings (41 agencies times \$500 each)

Customer Benefits:

Vendors

- Vendors control their own information and can make changes at any time day or night.
- Businesses can view their information at any time and this information is available to the general public, providing them with free publicity.
- Vendors save time. The application process changed from three to six weeks hard copy process to a fifteen minute electronic process. Reduction of time for notification of bidding opportunities from two to five days by hard copy mailing to overnight e-mail transmission of bid notices.
- Historically Underutilized Business enterprises can apply for certification electronically. Vendor Link allows these businesses to complete the application online. Documents verifying certification status is sent through the postal service. Over 8% of businesses (960 of 11,700) have requested certification.
- Vendors currently have electronic access daily to an average of 200 bid solicitation documents issued by the forty-one participating agencies. This number is increasing as agency participation (currently sixteen percent) increases.

Over 61% of the companies currently registered are small businesses. This system has leveled the playing field for all companies doing business with North Carolina.

Agency and Purchaser Benefits

- It is easy to locate vendors for specific goods and services and for specific locations.
- No daily maintenance of mailing lists.
- Increased competition.
- Towns, cities and counties can use the vendor list to locate vendors for their purchasing requirements.
- Vendor Link NC conserves natural resources by drastically reducing paper applications and hard copy solicitation documents.
- Increased competition for many specific commodity areas such as computers.
- Enter and display bidder tabulations and award information on-line.

Relevancy of use by other state, local and federal governments.

Other states have expressed an interest in this new technology. The State of Louisiana requested and was provided with the system programming code for the Interactive Purchasing System and Vendor Link NC.

Local governments can use this system and benefit through cost savings creating/maintaining a sustainable environmental and a focus on quality customer service. Several cities and counties have inquired and are considering active participation in Vendor Link.

Alaska Fish & Game Online Licensing

Executive Summary:

The Department of Fish and Game is excited about their online licensing web system. Not only are we reaching out to our customers and making government more accessible, we are working towards one-stop shopping. Augmenting our existing vendor network with Internet capability is a natural extension of the Governor's direction to use technology to make government more accessible to the public. Internally the Department benefits, other agencies benefit, and most of all, the customer benefits. It's a very cost effective means to accomplish our goals, improves customer service, and allows the department to quickly respond to diverse and increasing needs utilizing today's technology.

Description of the Program:

The Alaska Department of Fish and Game currently processes approximately 700,000 licenses, tags, permits, and stamps each year for a total revenue of over \$22 million. There are 1500 license vendors throughout the state and a few outside of Alaska. These vendors manually capture licensee information, collect the fee, and send the paperwork into the department. The licenses and big game tag records are data captured for reconciliation of vendor sales. The file is also used by the Divisions of Sport Fish and Wildlife Conservation for harvest surveys, by the Department of Public Safety for enforcement, by the Department of Revenue/Child Enforcement Division for locating parents and relatives, and by the Department of Labor/Fishermen's Fund Division for validating medical insurance claims. This paper process can take up to four months from the time an applicant signs their license to the time the information is entered into a usable data base.

The Licensing Section has seen a three-fold increase in the number of vendors in the last 10 years and revenue has doubled. In order to maintain customer service levels in light of increasing populations, complexity of regulations, and increased paper load, the department needed to determine how to best meet those needs. They decided that online Internet services was the key.

The Department began an online licensing system in October 1, 1999. Anyone with a credit card and an Internet connection can now purchase fishing, hunting, trapping or commercial crewmember licenses, big game tags, king salmon and waterfowl stamps, and apply for draw hunt permits through the department's Web site.

The department offers 27 different license combinations, 39 big games tags, 8 stamps, and 265 permits. The customer accesses the Internet site and enters their name and identification number. If they have previously purchased a license from the state, the application page is populated with their personal information making it easier for the customer to apply. Based on the customer's residency, they are presented with the

choice of licenses, tags, stamps or permits that are only valid for that class of residency. The system then verifies their purchas(s), and validates their credit card in real time through a secured site.

The next business day the system prints the license and other forms and these items are mailed out along with any tags or stamps purchased by the customer.

The online Internet system is an easy and efficient process for applicants. It makes government more accessible and convenient to our customers.

Calculation of Actual Savings in the short term and/or long term:

The state of Alaska currently pays each vendor a 5% commission and \$1.00 for every sport license, tag and stamp they sell. For each crewmember license sold, the vendor receives 10% commission. The State pays the postage costs for shipping the stock to the vendor and for sending in the paperwork, and then pays \$110,000 per year for data entry of licenses and tags. For every license and tag sold through the Internet process, the state pays 1.85% credit card discount fee, postage costs (for most licenses, 33 cents), personnel time to print the computerized license and mail it.

During the first year of operation, the Department hopes to sell 5% of sales online. Since we have not been in operation for one year, it is difficult to determine cost savings. However, if 5% of sales are realized there will be a cost savings of \$87,000 in vendor compensation. This compensation in combination with other costs make the average cost of every license sold via the web system is \$.89. Thus, each year the Department expects to retain more dollars to be used for management of its fish and wildlife resources.

Quantitative Benefits/Relevancy of Use:

The information is entered in the database by the customer. This information is available immediately for Fish and Wildlife Protection Officers and department employees via an internet inquiry. Not only do a variety of agencies greatly benefit by having customers data enter directly into the data base, but the Divisions of Sport Fish and Wildlife Conservation benefit by being able to get quicker licensee data. The sport fish statewide harvest survey is the core of their assessment program and collects data by annually mailing questionnaires throughout the world to a representative sample of 47,000 households. The survey produces harvest estimates for fisheries throughout the state.

Data base information is better since the system is capturing a complete profile for the customer while the data capture of manual records has been limited to only specific fields because of budgetary and time constraints. The data is also more accurate since the customer is entering the information directly into the database and the data entry crew is not entering information from hard to read license copies. It currently costs

\$110,000 per year to data capture licensing information. The online licensing system has no cost to data capture license information.

This system allows us to reach rural residents who do not have access to a license vendor. They can purchase their licensing items online and have these items shipped to them with the next boat or supply plane.

Fifty percent of our licenses are sold to nonresidents. These individuals can now purchase their license and tags from home and start fishing/hunting as soon as they enter Alaska. In many cases, hunters/fishers are in remote areas in the state that do not have a vendor close by.

Revenue is collected faster and deposited into the state's dedicated fund for fish and game license revenue.

The online system has allowed licensing employees to concentrate on the more complex functions and to work more closely with our licensing vendors and customers.

