

EXECUTIVE SUMMARY

NYS Uses Web-Based Technology To Better Serve Customers

What began as an effort to use web-based technology to bypass a cumbersome price adjustment process has grown to far greater significance for the Procurement Services Group of the New York State Office of General Services (OGS). In order to bring convenient contract fuel pricing literally to the fingertips of NYS agencies visiting the OGS procurement web site, procurement staff designed a versatile and multi-tasked database from which a range of new initiatives have emerged, with significant monetary and administrative savings.

Contract users now visit the State procurement web site to quickly locate fuel prices that are adjusted on a weekly basis due to a volatile market. The web site allows State and local government agency buyers to easily determine the **total net delivered prices** for contract furls on any given calendar date, replacing the former method of weekly paper amendments that listed price adjustments **only**. These net prices are available for historical contracts, as well as current contracts. Formerly, agencies had to calculate prices for their delivery county each week, referring back to the original contracts for the "base prices" and adding or subtracting weekly price adjustments. By the end of the year, the three fuel contracts (fuel oil, diesel fuel, and gasoline) were very thick, since each week a new price adjustment memo was added and stapled to the original contract. The new method allows the procurement office to simply enter pricing information into a database that calculates the adjustments and displays the corresponding price when a customer requests pricing for a specific county and date. This information is now readily available through an interactive web page, saving everyone lengthy computations and eliminating computation errors.

This interactive site also includes the ability to produce automated delivery schedule and bid documents directly from the database. Specifically, NYS is now able to transfer information-including delivery location, address, contact person, telephone number, fuel type, tank capacity, number of tanks, and quantities--into a database that converts the information to several report formats. These report formats include delivery schedules, county summaries and bid documents.

NYS has realized substantial administrative savings by the elimination of manually typing delivery schedules, calculating quantities and transferring estimated requirements into the bid document. The new database application also allows purchasing staff to quickly and easily analyze and compare current data with historical data in order to identify missing or delinquent end users for

follow-up. It helps staff to recognize human error when an agency that may have requested 100,000 gallons of fuel oil last year mistakenly drops a zero in their current requirement letter, instead requesting 10,000 gallons this year. The new system facilitates a more efficient review process and helps to ensure the timely issuance of season-critical bid and contract documents.

This initiative provides a valuable service to the local and regional companies in NYS who bid on fuel contracts since it places delivery schedules on the web site as well. Formerly, NYS distributed a paper copy of the complete bid schedule with each bid package: they have saved significantly by eliminating more than 1000 pages that were annually printed and mailed to each bidder. Now, the delivery schedules are available by county on the web site, allowing prospective bidders to view and download only those counties they are interested in bidding on and delivering to. This eliminates the need to "thumb through" voluminous copies of delivery schedules.

Overall, use of the fuels database system for these purposes has not only saved considerable dollars for NYS but also has vastly improved the efficiency and timeliness of the fuel contracting process for the procurement office, the supplier community and contract participants. Specifically, it is conservatively estimated that state and local government agencies save a total of \$250,000 each year by using the net fuel price page on the OGS web site. With nearly 6,000 separate delivery points for 28 fuel items, and approximately 1,300 OGS customers, manual weekly calculations are eliminated, saving an estimated 20,300 hours per week at \$12.00 per hour. The procurement group plans to use the database and web-based technology developed for this contract to other requirement contracts in the future--including road salt, lumber and milk-in order to maximize the State's savings.

Attachments (Customer Endorsements)