

Since 1978, the Commonwealth of Virginia has taken a decentralized approach to the procurement process. Although this approach ensures that procurement is closer to the customer, it promotes inefficiencies and increased costs for the procurement process.

For example, to do business with the Commonwealth vendors must register with each state agency and/or institution. This process is cumbersome and expensive for vendors and leads to increased costs for the Commonwealth.

eVA addresses the vendor problems through a one-step centralized vendor registration process and lowers the Commonwealth's expenses by enabling state agencies and institutions: to leverage buying power to obtain the best value for dollars spent, share procurement information and data, and provides the opportunity for consistent application of procurement practices and procedures.

Virginia has a history of being an innovative leader in technological development and Governor Gilmore often refers to the Commonwealth as the "Digital Dominion."

In keeping with this tradition, the Department of General Services (DGS) and a design team from agencies and institutions developed and implemented a first generation e-Mall and single procurement system in Aug. 1999 as a means to examine how such a site could be used. Although this system was not eVA, it became the testing ground to determine how an e-Mall should work.

Looking to the future, in 1999, DGS issued a policy for conducting electronic commerce on the Internet. Since then, eVA has continued to evolve.

By Feb. 2000, the Governor's Procurement Assessment Task Force issued a report, which identified the need for a single electronic procurement solution for the Commonwealth. Governor James S. Gilmore, III issued *Executive Order 65(00)* on May 24, 2000 – directing DGS to implement a single web-based, electronic procurement solution by March 2001.

DGS took an innovative approach by holding a pre-solicitation conference using teleconferencing technology and an Internet forum with vendors and agencies that would use the system. Participants gained an understanding of the Commonwealth's vision for electronic procurement and provided valuable input on potential solutions before the Request for Proposal was issued.

A multi-disciplined team of end-users, financial, procurement and technology professionals from various agencies, institutions and local government, reviewed vendor proposals to ensure that the Commonwealth purchased the best possible solution for its procurement needs. Another team of financial experts in the Commonwealth developed the innovative self-funding program for eVA.

At the end of Oct. 2000, DGS had formed a partnership with American Management Systems (AMS), an internationally renowned technology expert, to host and create eVA. DGS' Division of Purchases and Supply, and AMS have worked together to develop and implement Virginia's e-procurement solution.

eVA was ready on March 1, features a number of core services such as an e-Mall with vendor catalogs, a central registration point for vendors, and electronic posting of goods and services, and the first generation version of the data warehouse. eVA was officially launched on March 5 and began receiving orders from state agencies on March 6, 2001.

While some states have developed and implemented narrowly designed electronic procurement solutions, these solutions do not include all of the comprehensive features of eVA. Virginia's total procurement solution combines all of the features necessary to promote and engage in e-commerce. It is the first total procurement system of its kind in the country.

By July 1, 2001, the quick-quote feature and the enhanced purchasing data warehouse will be available. More advanced features such as electronic purchasing, push-technology, on-line auctions, the receiving and electronic invoicing tool, a knowledge center, and analysis and reporting will be available by Dec. 1, 2001. eVA continues to grow, evolve and adapt to the needs of government and its customers.

### **Significant Improvement To Government Leads To Benefits For Our Customers and Our Business Partners**

Doing business with the Commonwealth of Virginia hasn't always been an easy process for vendors or agencies.

Prior to the implementation of eVA, vendors had to set up an independent business relationship with each agency before they could research business opportunities with each agency and respond to them. This process caused vendors to spend a lot of time and money duplicating their efforts, which in turn equates to additional costs the Commonwealth in time and money.

eVA provides a single arena for business transactions to transpire with the Commonwealth. Vendors register once through eVA to do business with all agencies. Once registered, a vendor's catalog of products is posted in the e-Mall and buyers have an easy tool to view potential products that they may wish to purchase. Potentially, eVA gives agencies one place to go to purchase products – no matter what products they may wish to buy and vendor's products receive high visibility without having to do mass marketing. The system is equipped with an easy search engine that will help buyers locate the product that they wish to purchase. The order can be cut immediately and is electronically forwarded to the vendor.

By automating and streamlining the procurement process, business with the Commonwealth is better, easier and more efficient. eVA is a full-bodied procurement system that automatically tags orders with accounting data and ensures that it is recorded on the proper accounting books. The Commonwealth saves administrative time and costs, and reduces processing errors through eVA. All accounting representatives have to do is process the payment to the vendor.

eVA is designed to maximize competition. Every type of vendor, large or small, can participate in business with the Commonwealth of Virginia in the same manner on an equal basis. eVA's data warehouse feature provides vendors and agencies with buying and trend analysis information. Agencies can leverage their buying power through eVA to purchase the best value product for their organization. Increased competition equates to lower prices for the Commonwealth.

In addition, eVA provides an opportunity for all agencies and any vendor doing business with the Commonwealth to participate in e-commerce. eVA interfaces with a variety of existing systems and doesn't interfere with companies or agencies that may have already invested in a different system. It provides an opportunity for agencies and businesses that may not have an automated purchasing system. DGS has special outreach teams to assist agencies and vendors interested in joining eVA.

By Dec. 2001, more advanced features such as electronic bidding and purchasing, push-technology, the knowledge center and electronic invoicing will be available through eVA.

### **Return on Investment**

It is estimated that eVA costs \$1,836,019.00. The start-up costs for the eVA project were less than \$300,000. This figure does not include the government labor resources that were required and already in place for the start-up. These labor resources included two technical and functional project managers, two senior technology managers, a senior functional/ electronic commerce manager, a functional/ electronic commerce specialist, a senior financial manager, two senior procurement managers, a contracting officer/buyer, a senior internal review manager, three outreach and marketing staff members, and temporary assistance from other information technology, procurement, public relations and administrative staff.

eVA is funded by a self-financing model, which was developed by Virginia's e-Procurement Finance Team. This model, which is one of the most innovative in the country, provides for revenue sharing after eVA is implemented. Our solution provider, AMS, receives no revenue payment until the system is utilized.

This self-financing model offers two basic services for vendor registration. The Basic Service, which costs \$25, entitles vendors to register with the Commonwealth of Virginia through a central location. In addition, the vendor catalog is placed on-line allowing suppliers to receive electronic orders.

The second vendor registration option – the Premium Service – includes the same features as the Basic Service and push-technology, which is the electronic notification of business opportunities existing within the Commonwealth. This service, which costs \$200, provides the ability and opportunity to research historical data about the Commonwealth's expenditures.

Vendors will pay a one-percent transaction fee that applies to all orders. Unlike other self-funding models, this fee is capped at \$500 for each order through eVA.

When fully implemented, the Commonwealth expects to have approximately 100 agencies and universities, and thousands of merchants conducting an estimated \$1 billion in business a year through eVA.

### **Can Other States Do It?**

Implementing a comprehensive electronic procurement solution such as eVA necessitates total commitment. It must be made a top priority and be supported at all levels of government. To effectively develop and implement an e-Procurement solution takes a lot of resources.

We recommend doing it right, but do it right now – meaning set an aggressive schedule and reward your staff for making it. Use financial incentives and make sure some time off is awarded as goals are met.

Appoint a multi-disciplined, multi-skilled development team, which includes procurement, finance, technology and function experts. Talk with and listen to interested vendors – as they will keep you abreast of the current market. Work with your business partner.

Focus on marketing to your business partners. You must have “stock on the shelves.” Enrolling vendors is challenging, but you must have suppliers who provide needed products. Listen to your vendors and realize that you and your solution provider are probably not marketing experts. Make a plan and stick to it.

As one of our vendors said during the focus group meetings “streamlining the internal processes of business via the web results in costs savings and a better bottom line.”

The commitment is worth it.

