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State Procurement Officials

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Modernizing Your Procurement Office

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Founded in 1947, NASPO is a 501(c)(3) non-profit association dedicated to elevating and strengthening the public procurement profession through education, research, professional development, best practices, and innovative procurement strategies.

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Learning Objectives

- Review NASPO's Top Ten Priorities for Procurement in 2024
- Discuss five areas where modernization is needed and easy* ways to upgrade procurement policies, procedures, and techniques in those areas
- Discover ways states are using new technologies to update procurement processes
- Review a list of resources to support modernization efforts
- Review other helpful NASPO resources

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NASPO's Top Ten Priorities for Procurement

Every year, NASPO publishes a list of the Top Ten Priorities for State Procurement offices, based on priority rankings from each state's CPO.

For 2024, the #1 priority is the Modernization of Procurement Processes.

In each office, there are some areas where modernization is necessary. We'd like to share some strategies that state procurement offices can take that are:

- Practical
- Relatively easy* to implement
- Economical

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NASPO's Top Ten Priorities for Procurement

We recognize that this is not a "one size fits all" approach. However, given the rapid advancement of technology, it's not a topic any state procurement office can afford to overlook.

As it is our duty to be good stewards of taxpayer dollars, not only is modernizing our procurement offices just common sense, but it also makes better usage of those dollars via more efficient usage of state resources.

*We say "relatively easy" because what may sound like a simple change to implement may come with different challenges based on your state's procurement code, office size, or other constraints.

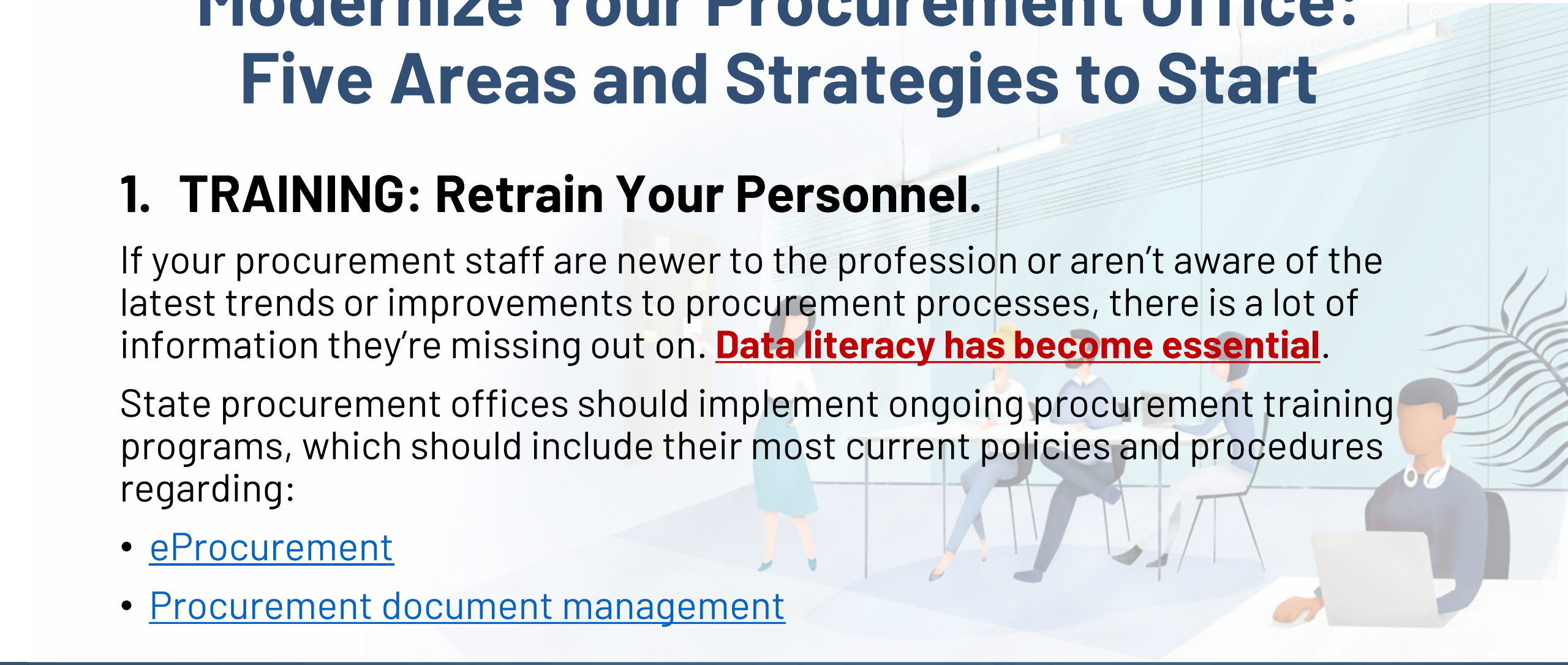
Modernize Your Procurement Office: Five Areas and Strategies to Start

1. TRAINING: Retrain Your Personnel.

If your procurement staff are newer to the profession or aren't aware of the latest trends or improvements to procurement processes, there is a lot of information they're missing out on. **Data literacy has become essential**.

State procurement offices should implement ongoing procurement training programs, which should include their most current policies and procedures regarding:

- ePrOcurement
- Procurement document management



- Cybersecurity current events
- State data digitization requirements
- Artificial Intelligence (AI) and Machine Learning (ML)

These are all areas that have seen significant technological advances within the past two years. If possible, include legal counsel, managers, and other state officials in procurement training.

If your state doesn't have the ability or budget to send procurement employees to outside training, you can take advantage of the many free training resources that are available.



2. POLICIES AND PROCEDURES:

Update Based on New Technology.

Speaking of significant technological advances, take a look at your procurement policies and procedures - have they kept up?

Technology adoption can tend to happen slower in the public sector, and many procurement offices can tend to get stuck in “the way we’ve always done things” out of convenience, among other reasons.



It’s in every state’s best interest to review and revise their procurement policies and procedures on an ongoing basis to ensure their staff are not using outdated practices that could potentially end up costing the state unnecessary time and money in the long run.



Key considerations when updating policies and procedures:

- Is your state already using the new technology (knowingly or unknowingly)?
- If so, how?
- What are the potential risks to both internal use (work product) and external use (public interfaces)?
- Is your state purchasing products or services that require third-party or indirect use of the new technology?



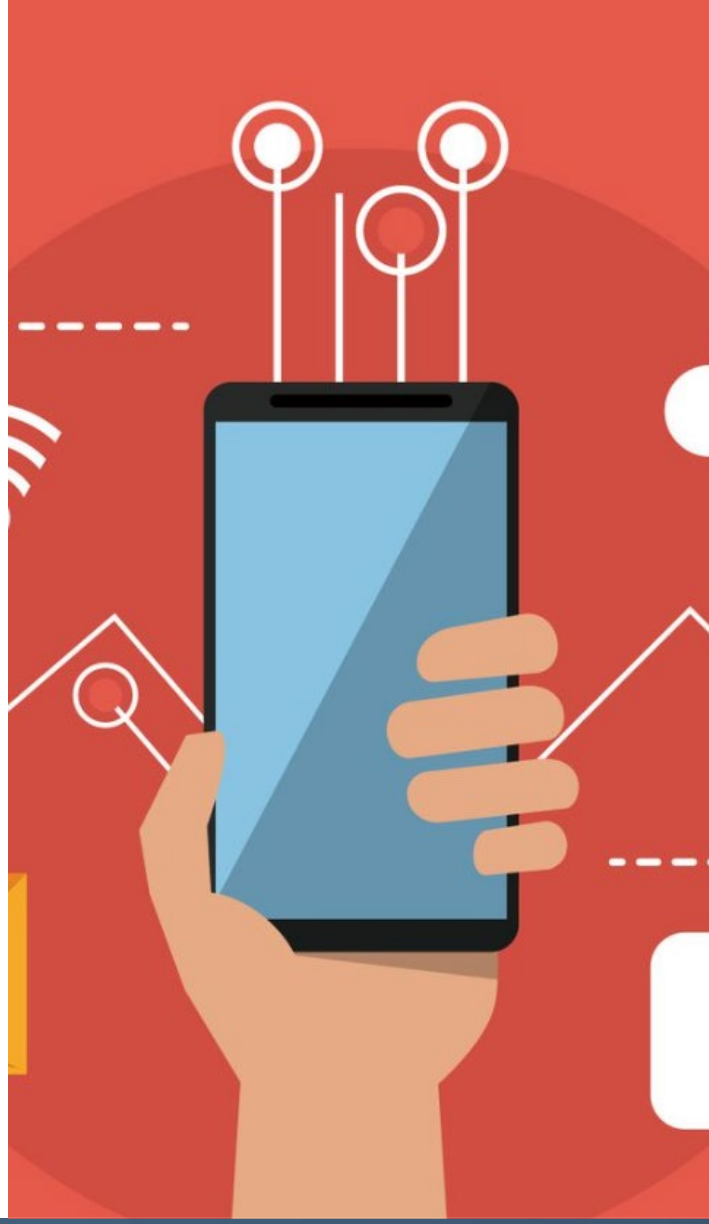
- Design new technology policies and procedures around the way the organization runs, relevant laws, and ancillary policies.
- Devise a change management plan for the new technology in the new policies & procedures.
- Provide training for all who are required to execute the new procedures.
- Ensure the plan incorporates any groups that are indirectly impacted to avoid miscommunication.

3. SYSTEMS:

Promote the Usage of Newer Technology.

Take a look at the systems you're using- how old are they? As previously mentioned, there have been many new technological advancements that can enhance the day-to-day realities of procurement offices.

Some, like the implementation of new ERP systems, used to be daunting and expensive tasks that have been made much easier and less expensive by way of Software-as-a-Service (SaaS) or cloud-based delivery models.



Sometimes, usage of technology is as simple as using the technology your office already has access to. For example:

- Using some of the other functions of Microsoft Outlook, like the Task function, to assign procurement projects
- Communicating with suppliers about solicitations strictly via email instead of phone calls for documentation purposes.
- Microsoft OneNote, or other built-in organization tools

Question: Is there technology your office currently has access to that you're not using? How can you incorporate them into your workflows?

4. PROCUREMENT CYCLE:

Re-evaluate For Inefficiencies.

Take a look at how long it takes for a project to go from initiation to a signed contract. Do your end-user agencies tend to have concerns about how long it takes? What are some of the issues that slow your processes down?

Are there areas in your solicitation, evaluation, or negotiation processes that can be improved?

If you're not sure, the answer might be yes.



Cybersecurity Strategies for Solicitations

- Talk to entities in your state to gather intelligence on any strategies they've already developed.
- Form a council of your more advanced end users to serve as SMEs to develop policies, standards, and terms & conditions.
- Base requirements on government standards such as NIST, FISMA, and HITRUST.
- Include relevant policies and laws your state has established.

Cybersecurity Strategies for Solicitations

- Include mandatory scored questions asking how the suppliers will meet or comply with the cited standards, policies, and laws.
- Require suppliers to disclose the use of any technologies for which the state has identified concerns or has established special policies.
- Ensure all contract provisions require active consent or opt-in.

5. INNOVATION:
Commit to Continuous Improvement.

None of these modernization practices are a "one-and-done" fix. Especially as it pertains to training and technology, they all require a commitment to stay informed of the latest advancements.

It also requires being willing to re-evaluate how you might use new technology to innovate new procedures in your office or update and integrate the latest technological advancements into your current practices.



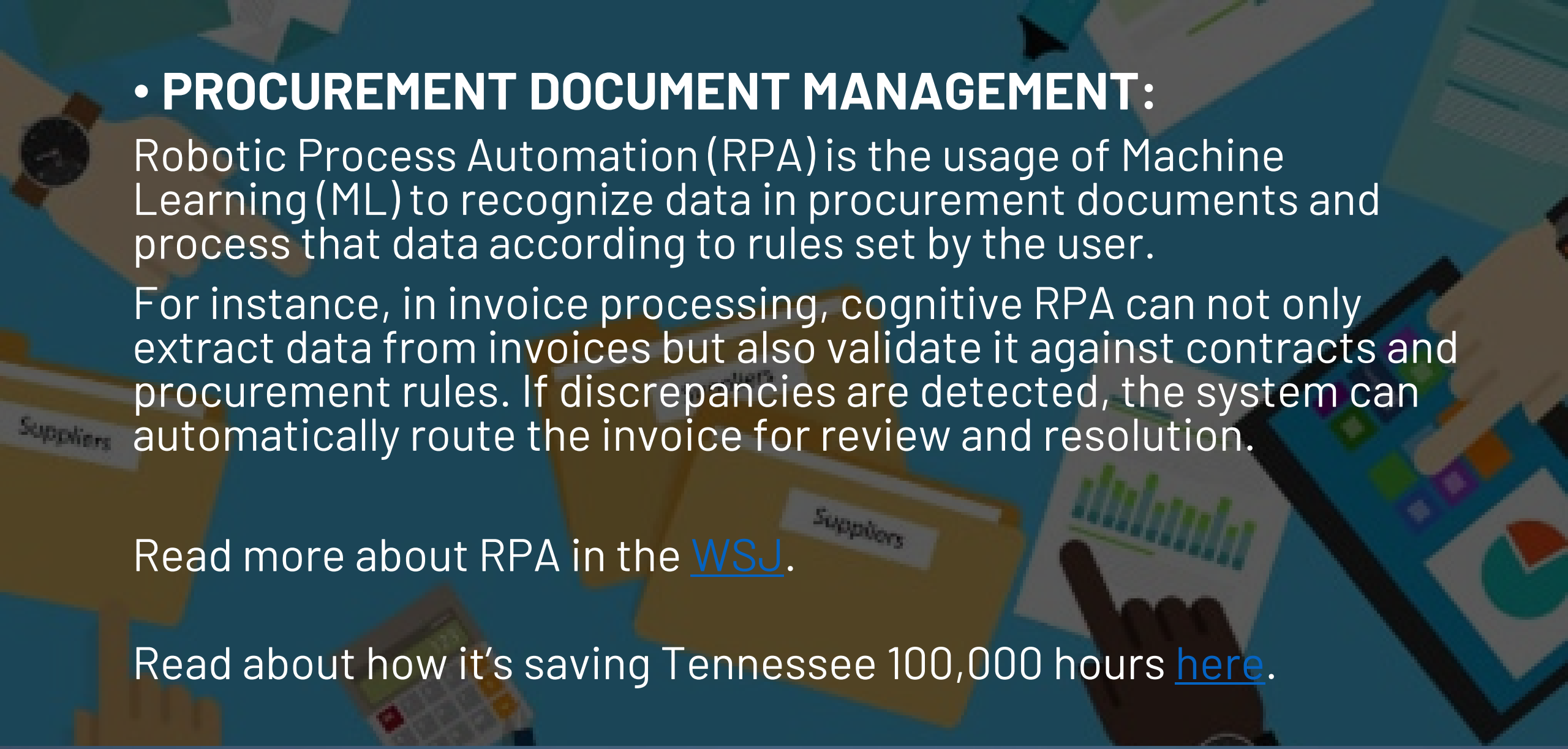
How New Technology Can Update Procurement Processes

- **EPROCUREMENT:**

The state of Florida implemented an eProcurement marketplace called My Florida Marketplace (MFMP). MFMP provides agency customers with a full-service eProcurement system that is a central repository for all purchasing data. In MFMP, agency customers have access to greater spend visibility, online catalogs, automated approval flows, pre-registered suppliers, and much more.

Check it out here.

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- **PROCUREMENT DOCUMENT MANAGEMENT:**

Robotic Process Automation (RPA) is the usage of Machine Learning (ML) to recognize data in procurement documents and process that data according to rules set by the user.

For instance, in invoice processing, cognitive RPA can not only extract data from invoices but also validate it against contracts and procurement rules. If discrepancies are detected, the system can automatically route the invoice for review and resolution.

Read more about RPA in the WSJ.

Read about how it's saving Tennessee 100,000 hours here.

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- **BLOCKCHAIN:**

Blockchain's potential extends far beyond cryptocurrencies. Contracts on the blockchain can automate procurement processes, from purchase orders to payments.

For instance, when predefined conditions are met (e.g., successful delivery of goods), the smart contract can automatically trigger the release of payment. This not only speeds up transactions but also reduces the risk of disputes and errors.

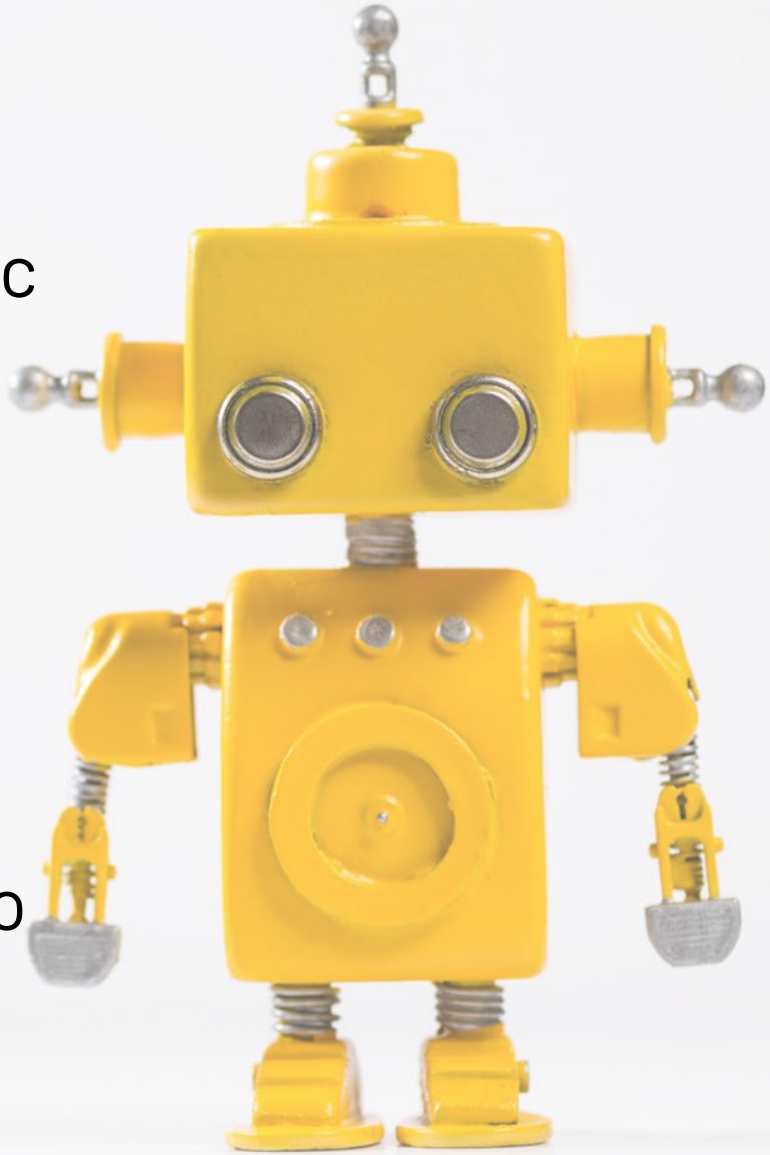
Read about Rhode Island's quest to use blockchain to become the first state-level e-government here.

- **AI:**

Generative Artificial Intelligence (AI) can be used to analyze massive amounts of data and produce ad-hoc reports based on user queries. With that capability, some experts are making a case for AI usage in procurement to:

  - Vet suppliers
  - Track supplier performance and identify problematic companies
  - Detect potential fraud

Read about how Connecticut is using generative AI to answer questions using already-curated internal content here.



Gen AI's Next Level: GPT-4o

What's new?

- It accepts any combination of text, audio, image, and video as input
- It generates any combination of text, audio, and image outputs
- Faster processing & response time
- Increased ability to reason, understand, and evaluate text

How could this potentially be useful for procurement?

- Assist with market research
- Drafting evaluation criteria for complicated specifications
- Analyze your agency procurement policies and procedures for updates



- **CYBERSECURITY IMPROVEMENTS:**

  With all of these incredible new technological improvements, it is imperative that a comparable and concurrent upgrade to your state's cybersecurity measures take place.

  Read the Harvard Business Review article about ways to do that here.

  Read about New Mexico's new executive order to boost cybersecurity protections here.

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Modernization Resources

For Training:

- NASPO'S Procurement U
- Harvard Procurement Excellence Network

For Optimizing Your Procurement Cycle:

- The Center for Procurement Excellence

For Cybersecurity Improvements:

- NASCIO Resource Center

For Updates to Policies & Procedures:

- Virginia IT Agency (VITA) Procurement Policies
- Texas Dept. of Information Resources (DIR) Resource Library

For Continuous Improvement:

- Organization for Economic Cooperation & Development (OECD) Public Procurement Toolbox

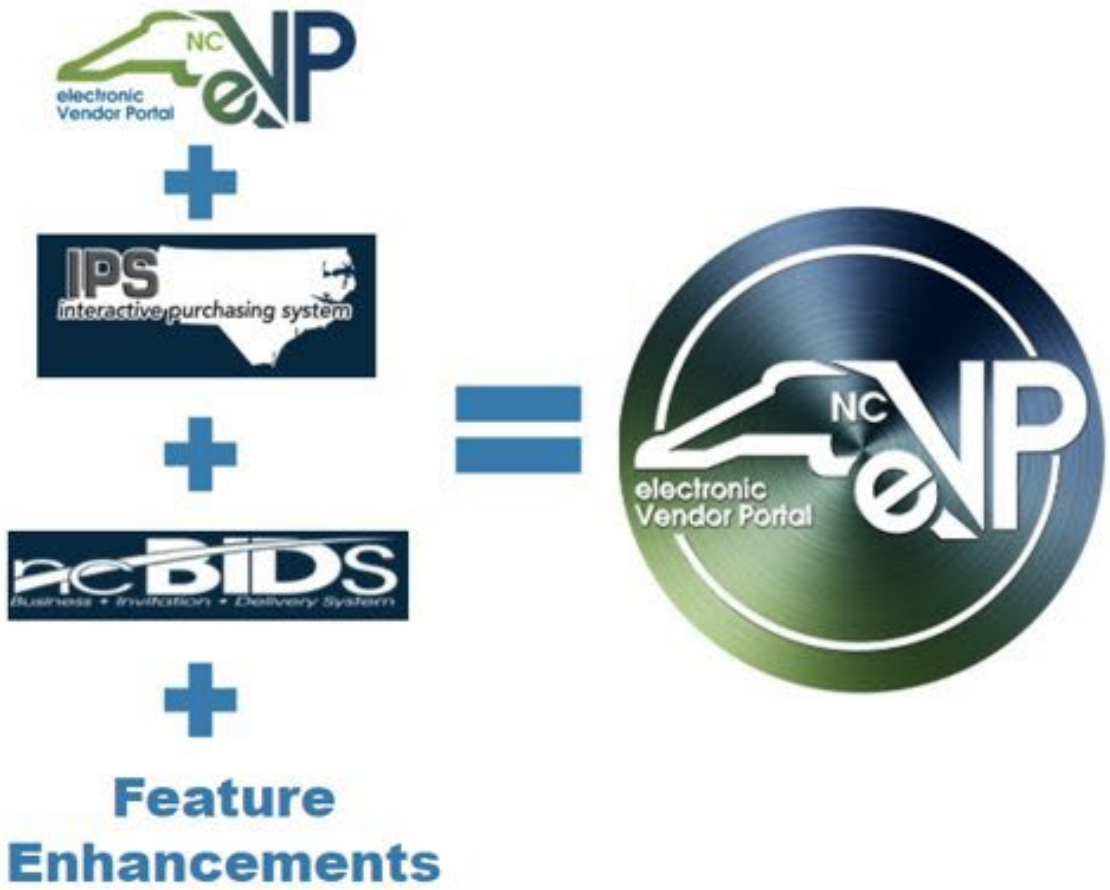
For Promoting Technology Usage:

- North Carolina State IT Standards

The new electronic Vendor Portal (eVP)

NC eVP **combines** the functionality of **two major legacy applications** into a single, modern cloud-based platform, supporting the statewide vendor registration, supplier diversity, and procurement programs.

- Supports **public procurement advertisement, evaluation** and **award**, along with the ability to accept **electronic vendor bid submissions**
- Brought the supplier diversity and small business certification programs **online**
- **Integrates with 15+** other key state procurement and ERP systems



NASPO Resources

- **Education, Training & Professional Development**
  - **Procurement U**
- **Research and Innovation**
  - **Publications, Pulse Blog and Podcast**
- **Cooperative Purchasing**
  - **NASPO ValuePoint**
- **Conferences and Events**



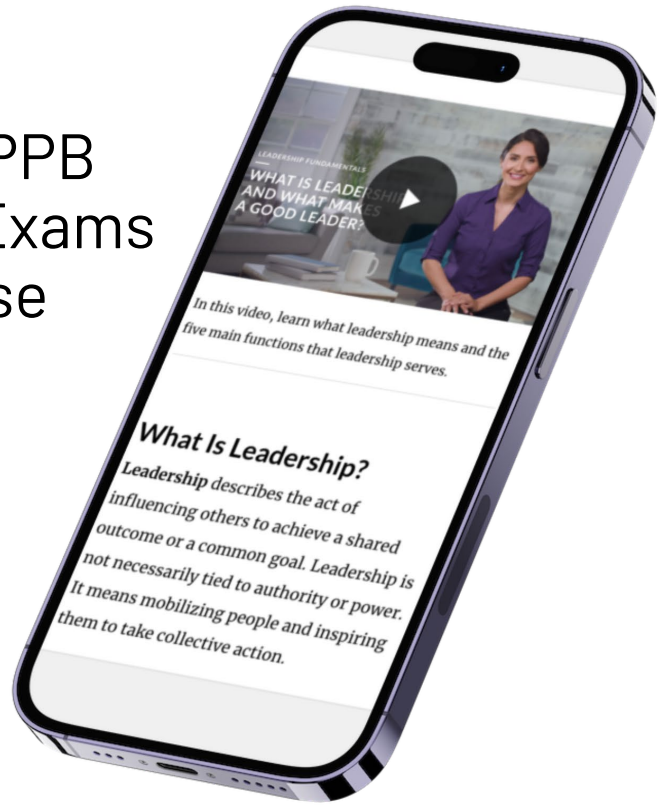
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Courses and Training

- **83+ contact hours** of **FREE** on-demand procurement-focused courses and **FREE** instructor-led trainings all year
- 70+ on-demand courses on developing professional skills
- Award-winning; internationally accredited programs

Certification Support

- **FREE** CPPB and CPPO Certification Study Tools (includes resources and practice questions)
- UPPCC-Approved CPPB and CPPO Practice Exams available for purchase

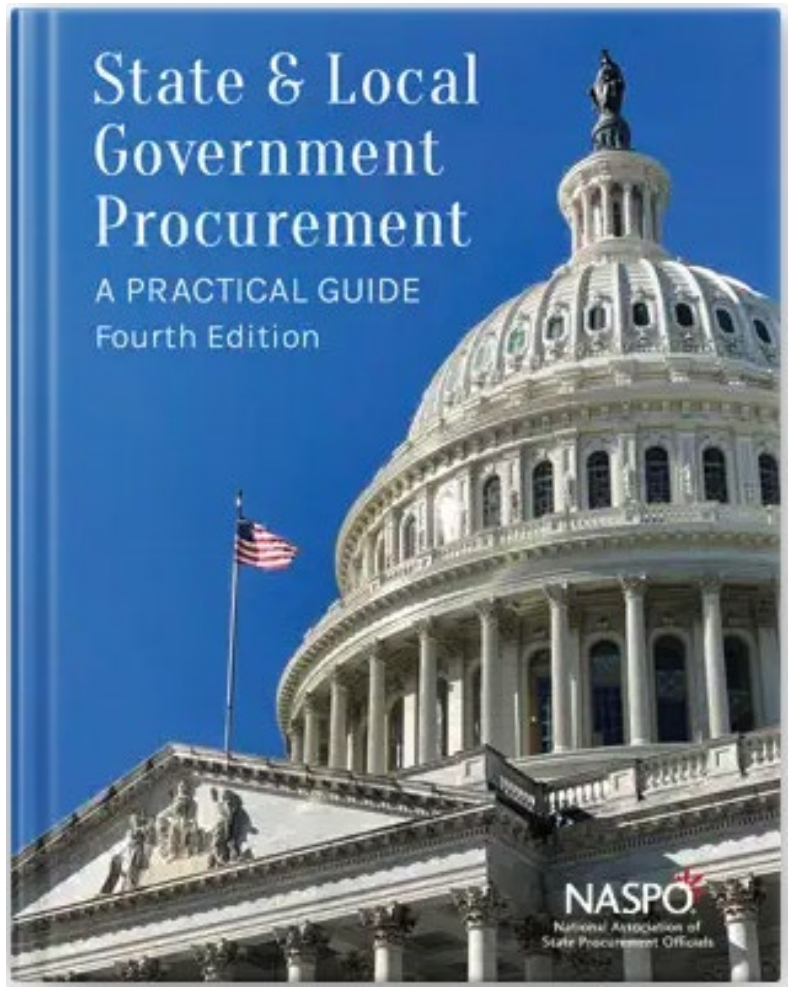


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Research & Innovation





Q&A / Discussion



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Thanks for joining us!



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