Who We Are

- National organization supporting public sector purchasing since 1944
  - 16,000 individual members
  - 2,600 member agencies
- Consultancy focused on public procurement since 1995
- Commodity Code (owned & copyrighted) for classification

- NIGP & Periscope Partnership
  - Periscope manages the NIGP Commodity/Services Code under the Institute’s oversight
  - Long-term strategic relationship that also includes membership on the NIGP Business Council and management of the NIGP Consulting Program
  - Combined focus on the public procurement market with vast experience

What is the Code?

- NIGP Commodity Codes are a listing of codes and sub-codes that categorize everything that an agency buys from computer hardware to construction services.
- The system allows an agency to group vendors and procurement by these categories, which allows for ease in solicitations and reporting.
- The NIGP Code is developed and maintained from user input.
- It is a purchasing code that is commodity driven, not vendor driven.
### NIGP Code Hierarchy

<table>
<thead>
<tr>
<th>Code Structure</th>
<th>Sample Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class 425</td>
<td>Furniture, office</td>
<td></td>
</tr>
<tr>
<td>Item 425-21</td>
<td>Desks and tables, wood</td>
<td></td>
</tr>
<tr>
<td>Group 425-21-85</td>
<td>Tables, wood, conference, contemporary, paneled-leg style, laminated plastic top</td>
<td></td>
</tr>
<tr>
<td>Detail 425-21-85-5553</td>
<td>72 in. x 36 in., w/o center drawer, mahogany finish</td>
<td></td>
</tr>
</tbody>
</table>

### Facts about the Code

- Structured in alphanumeric sequence
  - Commodity classes are numbered 005 through 898
- Service classes are numbered 905 through 998
- Class/Item 98 and 99 are reserved for customer use
  - Use of any other Class/Item will create problems!
- Other Standards
  - Abbreviations for common words (detail level packaging)
- Word Order

### What can the Code be used for?

- Register and maintain bidder/vendor files
- Capture purchase history
- Provide an internal tracking number for inventory items
- Generate management reports/foundation for analysis
- Purge vendor lists
- Evaluate vendor performance
- Perform open-market bidding
- Identify MBE/WBE vendors
- Create cooperative purchasing opportunities
- Provide valuable assistance in electronic commerce purchasing activities
Benefits of using the Code…

- It’s standardized
- It allows for more meaningful communication between departments/agencies
- It makes better organized cooperative purchasing efforts possible
- Proper use of the code can generate savings in purchases not previously realized
- Provides a stock numbering system independent of UPCs
- Provides common search/reporting capabilities across inventory locations
- Allows for aggregation of all spend (p-card data)

Does a Taxonomy Matter?

“Success with spend analysis requires a strategy for getting sufficiently detailed and comprehensive spend data, the selection of a suitable classification schema and a solution that enables classification rules changes to quickly be implemented in the database.”

Gartner research note: Use These Spend Analysis Best Practices to Improve Processes, Find Savings and Reveal Trends, March 14, 2013

Recommendation: Create or select a classification schema that suits your business needs.

NIGP Code Subscribers

- 1,000 subscribing entities to the NIGP Commodity/Services Code (each subscribing entity counted only once)
- Entities span States, Cities, Counties, School Districts, Universities, Agencies, Special Authorities
- Coverage across 47 states, DC, Virgin Islands & Canada
- Increasing focus on Statewide Licenses; 29 State Procurement departments subscribe
- Private sector Code subscribers (systems providers, major suppliers)
NIGP.com “Refactor” & Code Clean-up

- Developed list of highest-priority system changes
  - Searchability & ease of use
  - Simplicity in ordering and submitting inquiries
  - Consistency with overall Periscope technology platform
  - Integration of website and maintenance tools
- Mobile support (“NIGP Code Anywhere”)
- Response to subscriber input
  - Some areas difficult to navigate
  - Out-of-date terms
  - Some duplication and inconsistencies
- Large effort; will prioritize areas needing most work
- Challenge: historical data must be maintained

Code User Advisory Group

- Input on Code clean-up efforts
- Periodic meetings to discuss value-add initiatives
- Oversight of targeted efforts (sustainable procurement, specific industry groups, etc.)
- Currently assembling the team
  - Additional volunteers needed!
  - Very manageable time commitment

Foundation for Master Data Management

- Data integrity review
- Mapping of Item Master to the Code
- Code Usage Review
- Aggregation of data via crosswalks (e.g., PO data & P-card data)
- Team training
Cooperative Public-Private Projects

- Leverage UNSPSC-NIGP Crosswalk
- CPS able to pull back NIGP Code for each catalog item
- Potential benefit to all customers who “punch out” to Grainger catalog
- In discussions now with additional suppliers

“Greening of the Code”

- Green Code Advisory Group
- Role of the Code
- Identify “green certified” products
- Can everything have a green counterpart?
- Initial Class Code selections

“Environmentally Certified” Codes

- Computer Accessories and Supplies, Environmentally Certified by an Agency Accepted Certification Entity
- Computer Hardware and Peripherals for Microcomputers, Environmentally Certified by an Agency Accepted Certification Entity
- Data Processing Cards, Paper, Environmentally Certified by an Agency Accepted Certification Entity
- Environmental/Architectural, Equipment Supervisors, Environmentally Certified by an Agency Accepted Certification Entity
- Environmental/Architectural, Testing Instruments and Supplies, Environmentally Certified by an Agency Accepted Certification Entity
- Environmental/Architectural, General Use, Environmentally Certified by an Agency Accepted Certification Entity
- Environmentally Certified by an Agency Accepted Certification Entity
- Paint, Protective Coatings, Varnishes, Lacquers, and Related Products, Environmentally Certified by an Agency Accepted Certification Entity
- Paint, Protective Coatings, Varnishes, Lacquers, and Related Products, Environmentally Certified by an Agency Accepted Certification Entity
- Paper, for Office and Print Shop Use, Environmentally Certified by an Agency Accepted Certification Entity
Current Challenges with Green Code

- Spend management – keeping the Codes in the same class
- Code management – can’t run out of room
- Group and detail implications
- Data integrity / proper coding of transactions
- Future Coding

Green Code: Questions for You

- How/whether the “green codes” are being used?
- What other product/service classes are we missing?
- Are Codes useful for tracking? For reporting?
- What reports could be useful in eProcurement system or for Periscope’s Procurement Intelligence app?
- Any volunteers to serve on user committee?

Looking Ahead

- More aggressive efforts with subscriber base for value-add opportunities
- Broad consulting services offerings – integrating NIGP Code & NIGP Consulting
- Standardized subscription terms (multi-year)
- Work with public entities and suppliers/vendors to promote standardization
- Focus on data analytics - procurement intelligence, data aggregation, data integrity
- Strengthen integration within BuySpeed
Procurement Intelligence - Overview

- Code-enabled Business Intelligence
- Truly unique view: based on coded transactions
- Aggregate all spend (including P-card data, other P2P systems)
- Subscription-based / "Cloud" offering
- Public & private solutions

History behind Procurement Intelligence

- 2013 Evolve Survey Highlights
  - Greater than 60% are interested in a subscription model
  - 50% do not have P-Card purchases included in “Total Spend”
  - Over 20 unique Procurement systems are used (ranging from "Home Grown" to ERP systems)
  - Gartner Research, industry trends indicate rising demand in industry-specific Business Intelligence solutions
  - Workloads continue to increase, however budget constraints limit hiring or retraining for Business Intelligence skillsets

“Procurement Intelligence” (PI) Defined

A subscription-based Business Intelligence solution to help organizations maximize procurement resources by re-organizing existing information into actionable insights

- Requires near zero customer IT involvement - only need data, integration is handled by Periscope
- Information is delivered back using a combination of traditional BI tools (KPI driven dashboards, drillable reports, visualizations, spreadsheets, analytical studies)
- Goal is to solve first two hurdles of BI lifecycle:
  1. We don’t have data to support decisions - “We’re flying blind”
  2. We have data, but don’t know how to make sense of it - “Analysis paralysis”

Add-ons include Data Profiling, Comparison Views, and Spend Analytics
### Information Management Overview

<table>
<thead>
<tr>
<th>Industry Term</th>
<th>Procurement Intelligence Component</th>
<th>Value to Public Procurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Data</td>
<td>Open Data sources</td>
<td>- Benchmarking</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Transparency</td>
</tr>
<tr>
<td>Master Data Management</td>
<td>NIGP Product Taxonomy</td>
<td>- Reliable Classification of Spend</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Enables Benchmarking</td>
</tr>
<tr>
<td>Data Warehousing,</td>
<td>Periscope’s Data Warehouse</td>
<td>- Cost effective alternative to homegrown system</td>
</tr>
<tr>
<td>Business Intelligence</td>
<td></td>
<td>- Makes information “Business Friendly”</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Science, Data</td>
<td>Spend Analytics, Special Studies,</td>
<td>- Executive level insight</td>
</tr>
<tr>
<td>Analysis, Predictive</td>
<td>Data Enrichment</td>
<td>- Quantifiable ROI</td>
</tr>
<tr>
<td>Analytics</td>
<td></td>
<td>- Find the signal in the noise</td>
</tr>
</tbody>
</table>

### Data Sources for Procurement Intelligence

- Government Open Data Sources
- NIGP Product Taxonomy

*PI Demo – Dashboard to Data*
Benchmark Capabilities

- Benchmark your organization's data to other groups
- Helps to answer “How am I doing relative to similar entities?”
- More Information can lead to better decisions

More On Data Profiling

- Defined as the analysis of potential data sources to quantify the structure, content, and relationships of the data
- What data is available? How useful can we expect it to be?
- Build a roadmap towards data enrichment

Spend Analytics

- A metrics framework that quantifies the alignment between operational activities and strategic goals
- Help focus your limited resources on Strategic Sourcing
- Can serve as a baseline for forecasting and planning
Currently working with two “beta” customers/partners

Two pronged approach – one BuySpeed customer, and one customer with several fragmented systems

Customers will play a key role in setting product direction

QUESTIONS?

Matt Walker
President, NIGP Code & Consulting Services
mwalker@nigp.com

Vendor Registration

- Associate each vendor with commodities/services they provide by linking them with the correct NIGP Code(s)
- Allows vendors to self-select bids of interest
- Track vendors
  - Know how much you’ve spent with each vendor
  - Know your options so you can get the best price
- Produce more substantive reports
- Utilize competitive bidding
  - Develop competitive specifications
  - Know who to contact when you need to buy anything
Spend Analysis
• Associate every line-item with an NIGP Code
• Track expenditures
  – Know how much you’ve spent on every level of item in every department
  – Know how much you’ve spent on every supplier in every department
• Plan and execute your budget accordingly
• Produce more substantive reports
• Analyze contracts and total spend

Efficiency & Organization
• Communicate between departments
  • Standardize item identification
  • Example of alternative
    • Pedestrian signal
    • Signal - crosswalk
    • Crossing signal
  • Search/report across departments in the same language
  • Enables comparisons with other peers (comparative analytics)
• Track inventory
  • Stock identification system independent of UPC’s
  • Seamless re-order process with procurement
  • Don’t have to order what you already have

Client Example – City of Chicago
• Original supplier file 35,000
• Initiated re-registration process using NIGP 5-digit code
• Eliminated duplicates and “out of business” suppliers
• Accurate listing for bidding with commodity references
• Reduced supplier file to 11,000
Client Example – TXDOT

- 26 statewide warehouse, each with individual numbering schemes for items
- Initiated project to code all items to 11-digit code
- Eliminated duplicates and unused items
- Reduced total inventory carry by 10% overall

Periscope Coding Services

- Review/Analyze Your Data
  - Spelling, grammar
  - Interpretation, identification
  - Identify duplicates
  - Conversion of historical/legacy codes
- Assignment – new or existing Group and 11-digit Code
- Data Entry – Coding tool
- QA

Other Periscope Services

- Updated cross-references from the UN/SPSC, NAICS, and MCC Codes to the NIGP Code
- Coding – Assigning NIGP Codes to your items
  - Contact
  - Vendor Files
  - Inventory
- Consulting – NIGP Boot Camp
  - Integrating the Code into your procurement software
  - Implementing the code into your agency’s process
  - Code Usage Review
- Printed Books