

Marine Science Institute Dives Into Coupa for Web-Based Purchasing System

“The Coupa e-Procurement system met MSI's objectives within a few months of going live.”

The Marine Science Institute (MSI), established at the University of California, Santa Barbara in 1969, ranks nationally and internationally as a leader in ocean research. The institute supports research in disciplines such as marine, coastal zone, and freshwater, and delivers educational outreach in marine science. Its research programs are funded by grants received from private organizations, universities, as well as state, federal and international agencies.

In 2007, MSI used a paper-based process for procuring equipment, products and suppliers for its research projects. If a researcher wanted to buy something for their project, he or she would complete a paper-based form and forward it to the Purchasing Department. Purchasing would then drive the approval process in order to get approvals from the research manager and the budget manager (to ensure that the purchase would be within the allocated grant) before phoning in the orders.

With about 6 to 7 new requisitions a day, this manual process placed a huge burden on the procurement organization to ensure purchase orders were placed with the vendors within 48 hours of the original request.

In addition, the paper-based process made receiving a challenge. With a dozen ship-to points, including distant locations such as Mammoth Lakes and Carlsbad, tracking of receipts and manually matching them to POs was a nightmare. “We had no real time status of the order after it was placed – we were all flying blind”, said Rachel Whitacre, Purchasing Manager at MSI. Researchers would contact Purchasing to see if a certain part they ordered had arrived – to the tune of about 45 calls a week. In addition, the elapsed time between receiving an invoice and matching it to receipts caused delays in payments to vendors. As a result of these payment delays, some UC approved vendors began to drop MSI as a customer.

Lastly, as a result of the paper-based process, supporting audits from agencies was extremely time intensive. Based on the volume of research grants received, MSI responds to about three to four audits a year from agencies who want to see how MSI

Why Coupa

- Self-service solution that anyone can access, submit and manage PO's through
- Intuitive, easy-to-use solution that requires minimal training to get started
- Affordable solution with no upfront hardware or software costs
- 100% web-based solution, available anytime from anywhere

Coupa Solution

- Go Live Date: May 2008
- Application: Premier
- Users: 200

Results

- Significant reduction in purchase support call volume, 45% of purchasing spend is now automated
- Faster order placement, all orders are now placed within 48 hours of requisition creation
- Improved internal controls that support and remove manual intervention in the auditing process
- Improved vendor relationships with on time payments

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Rachel Whitacre,
Purchasing Manager at MSI

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has spent grant money and what controls they have in place to ensure that the grant money is used responsibly. These audits require Purchasing to provide detailed transaction data on everything that was purchased against the research grant. With paper-based purchase orders and receipts, this was a painstakingly manual and time-consuming process. The inability to provide the requested information in a timely manner could place restrictions on future grants and jeopardize MSI's ability to carry on with their research agenda.

In Q1, 2008, MSI started looking for an eProcurement system to address these issues. As a part of the evaluation process, MSI created clear selection criteria:

- System cost. The cost of the solution needed to be low, due to tight budgets within the University of California system.
- Automation. The system needed to automate the requisition approval and PO creation processes. It also needed to support automatic matching of receipts to streamline receiving.
- Self-Service. The system needed the ability for researchers to check the status of requisitions and orders themselves, to reduce phone calls into the Purchasing department.
- Budgeting. The system needed to incorporate budgets into the approval process to ensure that a requisition did not exceed the budget.
- Ease of use. The system needed to be easy to use for 100% user adoption without any training
- Available anywhere/SaaS. The system had to allow researchers to create requisitions from anywhere, including from research cruise vessels, with a simple internet connection.
- Integration friendly. The system needed to easily allow for extraction of data and exporting to in-house financial systems

After evaluating several systems including Ariba, MSI selected Coupa in April 2008 and was live with the product by May 2008. MSI is currently using Coupa for about 125 users, representing 45% of the organization's purchasing spend. Once the newly selected financial system is installed, MSI will proceed with deploying the Coupa system to the rest of the users.

MSI is receiving the following benefits from the system:

- The requisition approval and PO creation process are now automated. Purchasing does not have to waste time driving and chasing approvals for 6-7 new requisitions every day. The system has allowed Purchasing to ensure that orders can be placed within 48 hours of the requisition being created, provided they have been approved.
- With 45% of the purchasing spend automated, the volume of phone calls asking for the status of an order has dropped significantly.
- The ability to support audits via system generated reports, rather than manually collecting order and receipt data provides significant time savings. The system also enables MSI to demonstrate that its internal controls are strong.
- Vendors are now paid on time.
- As MSI continues to grow their research agenda, they will be able to support additional research projects without having to increase headcount in the Purchasing Department.

Customer At A Glance

- Customer: Marine Science Institute at the University of California, Santa Barbara
- Location: Santa Barbara, CA
- Industry: Colleges & Universities
- Employees: 700
- Website: <http://www.msi.ucsb.edu/>

