

The Directors' Cut



IT Procurement
as an enabler of
HE Technology



Introduction

UCISA's Transforming IT Procurement Practices Working Group reformed in the summer of 2022 with Terms of Reference that include the stated aims of providing thought leadership and adding value to IT procurement practices in the Higher Education sector.

As an early initiative, the group considered the feedback from a UCISA survey across member institutions from earlier in the year. Following a [roundtable](#) at the inaugural Ahead by Bett in March 2022, UCISA released key findings and asked members to complete a survey to gauge current practices in IT procurement across the sector.

A high response rate was achieved, with 43 universities responding in a relatively short time frame. The survey showed most Higher Education Institutions (HEIs) recognise the importance of category specialisation in order to deliver IT services, although with regard to governance there were large variables in procurement practices.

Thirty-four (79%) of the responding HEIs had at least one IT Category Procurement Specialist and of the 9 that didn't, one third of CIOs had Financial Authority Limits (FALs) of between £25k-£500k, giving them autonomy beyond a Procurement team.

Other areas explored were internal regulations, formal procurement involvement, values associated with bids/quotations and internal thresholds for tenders. The responses showed there were vast differences for like-for-like internal processes, with some IT teams having the autonomy to award contracts over hundreds of thousands of pounds while other HEIs had applied strict internal regulations, far more prohibitive than public regulations require.

Considering the feedback, the Working Group has outlined three broad areas which the sector can focus on to address the challenges of internal procurement set-ups in HEIs to better enable the procurement function to act as a strategic value creator for delivery of information technology services.

Procurement as a Service Partner to IT Commercial Teams

(1) Adopting best practice Procurement in HE

The survey highlighted large variables in approach to governance and little consistency.

There is an opportunity for HEI procurement teams to learn from outside the sector. By looking at other organisations that also have to abide by external regulations, while facing the same challenges of meeting fast-moving demands and technology changes, HEIs can improve by benchmarking against best-of-breed procurement set-ups. Identifying and adapting to best practice should then become a process of continuous improvement.

A potential benchmark would be the CIPS (Chartered Institute of Procurement Supply) Platinum standard, where HEIs can strive for independent accreditation. As of October 2022, there were 17 Platinum globally accredited organisations worldwide, where procurement set-ups are judged to be "strategic value creators", including GCHQ from the UK public sector.

However, the only two platinum organisations from the Education sector were from outside the UK. Of the 9 organisations accredited Gold ("strategic value adder"), which included the NHS, there were no HE institutions included. Of the 8 accredited as Silver ("proactive business

supporter”), which included the Ministry of Justice, none were HE institutions and even of the 115 organisations recognised as Standard (“effective governance”) which included several other UK public sector institutions, no HE institution was included in the list.

A feature of one of the platinum organisations, UK Power Networks, was the Procurement function splitting Governance and Delivery. The delivery function had accountability for delivering Procurement events, whereas the governance function made sure internal regulations didn’t hinder delivery – focusing instead in reaching compliance in the most efficient way. Experienced category specialists formed part of the delivery team and were empowered to use their judgement and their organisation’s own set of Terms and Conditions.

It is now a model widely employed by other regulated organisations, including other utilities and companies such as East West Rail. It is also increasingly followed by best of breed FTSE-250 organisations, which recognise the importance of delivery and applying proportionality in the use of internal regulations to allow fast-paced environments, such as IT teams in the digital age, to keep on track.

Other public sector organisations have also echoed this drive in improving internal procurement processes; at the recent Crown Commercial Services (CSS) Digital, Data and Tech (DDaT) procurement community session (October 2022), the NHS speaker, commercial specialist Jane Fountain, explicitly identified the need for procurement governance to recognise the need for agile delivery in IT.

Just as significant as separating Governance and Delivery, UK Power Networks have internal regulations that empower the commercial teams within directorates such as IT, so procurement specialists only get involved in contracts when the total value of the contract is high value. Budget holders have full authority for any contracts with a total value of up to £50k (excluding VAT).

UK Power Networks are also implementing a policy to ensure that contracts between the range of £50k to the public regulation limit (which in the case of the public sector would currently be £213,477 including VAT) fully come under the jurisdiction of commercial teams of business users to progress, with evidence of a 3 bid (or valid justification of a direct award or 2 bid) and completed Conflict of Interest forms stored on record for internal audit.

This means procurement teams are not involved with the award of any contract below the regulation level, making awarding contracts more efficient and allowing procurement category specialists to focus on assisting only on higher value contracts. It is an approach that has led the procurement function to be recognised as enablers who add value to the organisation, ensuring that technology is delivered at pace with the appropriate governance. In turn, IT teams are more efficient and effective at responding to business strategies and requirements.

(2) Digitisation & Automation

Following on from best practice, a common feature with mature procurement functions, including organisations accredited as Platinum by CIPS, is digitisation of all elements of what was previously procurement paperwork.

This happens from initiation where stakeholders, including IT, can automatically raise new procurement matters electronically, creating a ticket reference where the status is able to be tracked throughout the journey.

Automation in the procurement cycle where Procurement resource add little value to tactical and repeatable purchases makes both procurement teams and business units more effective in delivering. A drive for e-Procurement has not only improved time efficiency but also accuracy in many organisations globally recognised as operating best procurement practice.

Similarly, digitisation of all actual events (full formed events that may follow a query or as planned in the pipeline) allows the individual creation of systemised event references which flow through an event to contract award. All reviews and approvals are online, with audit trails and status driven alerts.

A system where all stakeholders can log-in, access content and see the status of events, facilitates the greater the accuracy of award papers. Those closest to the content are able to contribute early and ensure the transparency of live events, addressing IT directors' concern regarding events being lost in procurement teams – expressed at the UCISA roundtable at Ahead by Bett in March 2022.

Well-architected procurement systems create contract references, which strong IT Commercial teams can benefit from; working with enlightened governance practices, so that financial authority limits are delegated down to IT teams for contracts under at least £50k (excluding VAT), allows IT to progress events earlier in the journey, reducing bureaucracy and empowering budget holders.

(3) IT Category Specialists acting as business partners

The survey found the vast majority of HEIs recognise the value of Category Management, with 79% of HEIs who responded having at least one dedicated Category Manager for IT, and within the UCISA community there is recognition that some institutions are more mature than others in this aspect: some institutions, such as the University of Southampton, have fully formed IT Commercial teams under IT jurisdiction. Others, such as Leeds Beckett University, have larger teams of IT Category Specialists who can deliver multiple IT procurement events simultaneously and have a dotted line to the Head of IT.

With IT Commercial teams leading on strategic sourcing, market engagement, supplier management and contract ownership, mature procurement teams can focus on acting as a business partner to IT – taking ownership of the delivery of procurement events, working to defined service-level agreements (SLAs) in responding to new matter, providing regular status reporting updates and regularly communicating procurement news.

Working in this manner, category specialists can have a dotted line into the IT Commercial team, engaging earlier in the enterprise roadmap thereby better understanding the challenges of resource, planning and transition. In turn, IT commercial leaders can draw upon the expertise of the procurement category managers to: advise them on the best practice; consider the most suitable route to market; support benchmarking; and take ownership of running events to deliver high-value contracts. This collaborative approach benefits the whole of the institution in efficiently delivering services at best value.

This closer collaboration also ensures Category Specialists develop a greater understanding of business risk balanced with procurement risk and added value. Business cases, rather than being an internal regulation, become a key driver and support strategic needs.

The natural progression of this would be procurement pipelines being built on strategic IT roadmaps and based on business priority, rather than dumps of contract dates. This relationship then allows Category Specialists to represent their category to the wider procurement function, which may struggle with the complexities of integrations and service change. It also allows a Category Specialist to take full ownership of the delivery of events, while acting as a centre of excellence to the category.

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