

MEMORANDUM

Date: April 6, 2006

To: Deans, Directors, and Department Heads

From: James A. Hyatt, Executive Vice President and Chief Operating Officer

Subject: Electronic Procurement System

For several years, the University has maintained a goal of implementing and enhancing its information systems in order to improve the efficiency and effectiveness of our business and administrative processes, and I am pleased to share with you information regarding an important new component of our automated systems environment. Recently, the University enacted a contract with a company named SciQuest for the implementation of their Higher Markets suite of programs. These new systems, which focus on procurement activities, will bring to us electronic processes that will greatly enhance our ability to move toward more broad, distributed electronic business practices.

We established this partnership with SciQuest for several reasons. First, SciQuest is a partner organization with SunGard for Higher Education, the company that provides the Banner system now in use throughout Virginia Tech. The SciQuest suite of programs is designed to integrate into Banner, which will provide increased operational efficiencies. Second, SciQuest designs its services specifically to serve the higher education and medical research markets. Schools such as MIT, the University of Pennsylvania, Penn State University, and Cal Tech are successfully using the SciQuest suite of programs. Most recently, Johns Hopkins University, Cornell University, and the University of Illinois have signed contracts with SciQuest. Third, demonstrations indicate this system is intuitive and relatively easy to use, much like commercial internet services that are becoming increasingly popular. Finally, it is important to note that the implementation of the SciQuest system was a critical element in the University's ability to successfully negotiate with the State during 2005 for greater autonomy for its business and administrative activities as a part of the Higher Education Restructuring Act.

At its center, SciQuest/Higher Markets is an electronic procurement vehicle. But it also offers the ability to improve storeroom management and to provide for electronic receiving and electronic invoice processing. In addition, it offers the capability to establish an electronic, paperless market place for business activities that are internal to the University. With this capability, the University will have the opportunity to create a common, paperless environment in which to process transactions, as compared to the current process where various service requests are paper intensive and manually processed through numerous systems.

The work to implement the SciQuest procurement system is well underway; the implementation process will involve several phases. We intend to make an initial implementation in May 2006; the first phase will involve a number of pilot departments from both academic and administrative areas. To do this, we have formed a broad-based implementation team to model the system and to make recommendations for adjustments to current business practices. Following this initial implementation phase, we intend to rollout the system to the rest of the University in a series of stages during the remainder of 2006. The implementation and business practices re-work will be performed under the general leadership of Dwight Shelton, Vice President for Budget and Financial Management.

Several academic, research, and administrative areas were involved in the evaluation of the SciQuest products. Their reaction was positive and enthusiastic. Making this change will require work and adaptability at all levels; however, I am convinced that this will improve our efficiency and overall business practices. Most importantly, implementing an electronic system will better position us to support future growth.

If you are interested in learning more about this company and the SciQuest product line, you may wish to view the following website: <http://www.sciquest.com/>. The Purchasing Department is also posting briefing materials related to this project on their website: <http://www.purch.vt.edu/>.

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cc: Charles W. Steger
Mark M. McNamee