Rocket

Cornell University
Streamlines Procurement and Saves Millions of Dollars

Industry
Education

Challenge
The University needed to update its legacy software system to manage procurement activities—and reduce spending without negatively affecting research and teaching quality.

Results
- Achieved an immediate savings of $145K with annual savings of $31 million by 2015
- Eliminated the need for costly data warehousing
- Reduced costs without affecting procurement receivables

Products
- Rocket® U2 MultiValue

Application
- Database Management
- Procurement Management specifically designed for the educational industry

Company
Located in Ithaca, New York, Cornell University is a private endowed research University, a member of the Ivy League, and a partner of the State University of New York. Founded in 1865, Cornell maintains an academic staff of more than 2,000 people, with 21,000 students enrolled in 11 undergraduate, graduate, and professional schools. In addition to its 2,300-acre Ithaca campus, the University operates two medical graduate and professional schools in New York City, and one in Doha, Qatar.

Challenge
Despite its bucolic campus setting, Cornell University faced intense pressure to minimize spending while maintaining its prestigious reputation. As manager of Cornell's $500 million annual procurement budget, Tom Romantic was responsible for maximizing the value of every dollar the University spent—from cafeteria trays to radio telescopes.

In 2008, as the national economy weakened, Romantic knew that budget cuts were looming, and that he would have to reduce spending without compromising the University's high standards. Romantic needed to use a scalpel rather than a chainsaw, but there was a problem: the software he inherited when he took the job was simply not up to the task.

"The platform was very rigid," Romantic recalled. "In higher education, we're unique because we need to slice and dice the data through very specific filters that we sometimes need to create very quickly. With the old system, we had to give the vendor the data, which they would then run through a 'black box' and send back to us. The only spends they would classify were those that fit into their system," he explained. "For example, 80 percent of our Dell spend was classified as 'IT.' They were unable to even classify the other 20 percent, and told us that they didn't have to because the agreement didn't require them to classify anything that didn't fit with their existing filters."

Solution

To better manage its procurement activities, Cornell called in Rocket Software partner Spend Viz to implement a solution powered by the Rocket® U2 MultiValue database. Thousands of organizations rely on Rocket U2 database management tools to run mission-critical applications with low ownership costs, little to no downtime, and a small IT footprint. Targeted to higher education procurement activities, the Spend Viz application imports data from various user sources and provides a cohesive view of an organization's overall spend. It is designed to help customers save money by providing the visibility required to analyze expenses, standardize supplies and consolidate vendors for more informed vendor negotiations and discounts.

Results

One year after the Rocket U2 and Spend Viz implementation, Romantic was able to report an immediate savings of $145,000 to the Cornell University CFO. Total savings has grown to more than 31 million dollars annually as of 2015, a significant return on investment in the Rocket-powered Spend Viz toolset.

Issues as varied as run-rate savings, consumer price index, and departmental budget are all critical pieces of data when appropriating funds that must be examined individually and also holistically. "Spend Viz gave us the ability to control classification and rules, and we can change data attributes without any programming requirements," Romantic explained. "We've been able to continually cleanse our data by fixing errors when we see them."

Romantic was able to easily scale usage of the Spend Viz platform so that anybody at the University with a procurement-based question could be given access to the system through a web-based interface. Users can also filter data by vendor name and pull real-time purchase order reports. "Spend Viz was initially designed to serve as a tool for strategic sourcing," Romantic noted. "We are now using it across campus with 500 users as an online tool to set up custom filters so people from various academic departments, colleges, and business units can drill down into the data however they need to. Thanks to Spend Viz and Rocket solutions, the University's spend can now be easily categorized for a better understanding of spending patterns on many levels. Standard reports generated from the software help the University make more informed decisions based on historic spending patterns, compliance issues, and the potential for local/regional economic impact.

Geoff Hanshaw, the chief technical officer for Spend Viz, stated, "The Rocket U2 platform gives us such a leg up. Other organizations that use data warehousing can spend a couple of million dollars rather than the $20,000 for a product built on Rocket, because there is no need for data warehousing. I do customization through this solution all the time. It's so easy to work with because it supports custom code and keeps version control intact, even when performing upgrades."

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