



Vendor Evaluation

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LaGov

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DIVISION OF ADMINISTRATION

STATE OF LOUISIANA

Angele Davis, Commissioner

LaGov

ENTERPRISE RESOURCE PLANNING

Our mission is to successfully implement an enterprise administrative solution for the State of Louisiana to demonstrably improve business performance and reporting.

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Welcome

LaGov is Louisiana's Enterprise Resource Planning (ERP) system. It is the first of its kind in the state, providing a single business system to the State of Louisiana. It is a strategic business initiative for Louisiana State.

Budget Preparation

Blueprint Session: Budget Preparation, Integration & Overview (FI-FM-002/FI-BP-001)
[FI-FM-002/FI-BP-001 Session Presentation](#)
[FI-FM-002/FI-BP-001 Meeting Minutes](#)

Blueprint Session: Operating Budget Timeline (FI-BP-002)
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Blueprint Session: Operating Budget - Details and Systems (FI-BP-003)
[FI-BP-003 Session Presentation](#)
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Blueprint Session: Operating Budget - Agencies Perspective (FI-BP-004)
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Blueprint Session: Capital Budget - Central Perspective (FI-BP-005)
[FI-BP-005 Session Presentation](#)
[FI-BP-005 Meeting Minutes](#)



Today's Workshop Objectives

- Review Current Vendor Evaluation Process
- Identify all legacy systems used for evaluating vendors
- Capture any differences between Agency evaluations and Central evaluations
- Any different criteria for commodity vendors vs. Service vendors?
- Review SAP Glossary
- Overview of SAP Vendor Evaluation functionality



As-Is Overview



DOTD Consultant Vendor Evaluation

- “Past Performance” ratings of consultants are required by statute as a factor in the DOTD consultant selection process.
- Reports from a legacy mainframe computer system are used by the DOTD Consultant Evaluation Committee to establish a numeric value for “Past Performance”.



DOTD Consultant Selection Process

LSA R.S. 48:293

- "...the evaluation committee shall confer and evaluate [consultant] responses."
- **"A point-based rating system...provided for in this Section shall be used..."**
- "The committee shall...present to the secretary a short list of the three highest rated...firms..."
- "The secretary shall make the final evaluation and selection from the list."



Weighted Evaluation Factors

- Six weighted factors are specified in this statute.
- Of the six factors, “Past Performance” is given the highest weight or value.



General Criteria & Weighting Factors LSA R.S. 48:293 C.(1)

- Firm experience 3
- Individual experience 4
- **Past performance (DOTD projects) 6**
- Current work load 5
- Firm size as related to project magnitude 3
- Work location 4
 - For Urban System projects 6
- Any special evaluation criteria specified in the advertisement required to meet particular project needs



Consultant Rating Criteria

- The “Past Performance” rating used by the Committee is a 3 year average of all ratings received by the consultant, by category
- There are currently 24 consultant rating categories

DOTD Consultant Rating Categories

BA	Bridge Design (simple)	HY	Hydrology/Hydraulics
BB	Bridge Design (moderate)	OB	Off-System Bridges
BC	Bridge Design (complex)	PL	Planning and Feasibility Studies
BD	Bridge Design (movable)	RE	Real Estate Services
BI	Bridge Inspection	RI	Road Design (interchange)
CS	Construction Engineering Services	RR	Road Design (rural)
EA	Air Quality and Traffic Noise	RT	Bridge Rating
EH	Historic and Archeological	RU	Road Design (urban)
EN	NEPA Studies	SV	Surveying
EW	Wetlands and Natural Resources	TM	Transportation Modeling
GD	Geotechnical Design	TR	Traffic Analysis and Design
GE	Geotechnical Exploration	IT	ITS Design
			All Categories



Consultant Rating Criteria, Continued

- There are 5 rating forms currently available, specific to different consultant areas:
 - Construction Engineering Services
 - Environmental
 - Planning and Development
 - Surveying
 - Transportation modeling
- Other forms are being developed



Consultant Rating Criteria, Continued

- Each rating form has multiple factors, specific to the different consulting areas.
 - i.e.: knowledge, quality, completion, etc.

- Each factor has rating choices of:
 - Outstanding
 - Exceeds Requirements
 - Meets Requirements
 - Needs Improvement
 - Unsatisfactory



Project Managers

- Each consultant project is assigned a Project Manager (PM), who is responsible for consultant evaluation.
- The PM does a rating at each major milestone point in each project, or at least once each year.
 - No current enforcement of this requirement



Project Managers, Continued

- The PM enters vendor, category and project information into the legacy mainframe computer system.
- The PM then enters a rating choice for each rating factor. The system assigns each choice a score of 0 to 4 (4 for Outstanding, etc.), and then calculates the overall rating for the consultant evaluation.



Current DOTD Mainframe System: RTNG

- RTNG is the DOTD legacy mainframe system used to record, average, track and report on consultant ratings
- RTNG lists vendors by name and address only
 - Pop-up menus are provided
- There are almost 300 consultants listed in RTNG



RTNG

Consultant Rating - Menu Screen

RTNG00

Select Option ==> _

Consultant _____

Menu Options

1. Enter Project Evaluation for a Consultant
2. Display a Summary by Consultant
3. Display a Summary by Coordinator Userid D1058
4. Display a list of Consultants
5. Update the list of Consultants
6. Print Reports
- S. Security Maintenance



RT01 Consultant Rating - Evaluation by Project Page 1 RTNG01

INVALID PRINTER ID

Key fields(*):

Action: _ (A-Add,
C-Change,
blank-Display,
D-Delete)

*Project Number: _ _ _ _ _ *Rating No. _

*Work Type: _ (F10-Get Work Types)

*Consultant ID: _ (F9-Get Consultant List)

Coordinator: _ *Userid: D1058

Date: YYYY MM DD

Project Description: _

Subject Rated: _

Prime/Sub: _ Pct of Job: _ Cost: _ Months: _ Avg/Complex: _

Factors Rating

1. Demonstration of knowledge of design criteria and procedures, DOTD Outs _
plan development processes and construction specifications. Exd _

Basis: Meets _
NdImp _
Uns _

2. Quality of plans and deliverables. Outs _
Basis: Exd _

Meets _
NdImp _
Uns _

3. Completion of work within the terms of the contract. Outs _
Basis: Exd _

Meets _
NdImp _
Uns _

F1 Help F3 End F7 Prev F9 Consultant List F11 Print Rating _
F2 Page 2 F4 Summary F8 Next F10 Work Types F12 Mark Complete _

Select	ID	Consultant Name	Address
—	AACO	AACO ENGINEERING, INC.	Baton Rouge, Louisiana
—	ABMB	ABMB ENGINEERS, INC.	Baton Rouge, Louisiana
—	ACADIAN	ACADIAN ENGINEERS & ENVIRONMENTAL CON	EUNICE LA 70535
—	ADDARDEN	ARTHUR D. DARDEN, INC.	METAIRIE LA 70002
—	AFAIRBUR	ALVIN FAIRBURN & ASSOC., INC.	DENHAM SPRINGS, LA 70
—	AGUILAR	THE AGUILAR GROUP, INC.	BATON ROUGE LA. 70802
—	AILLET	AILLET, FENNER, JOLLY & MCCLELLAND,	Shreveport, Louisiana 7
—	AIMS	AIMS GROUP, INC.	METAIRIE, LA 70001
—	ALLIANCE	ALLIANCE, INC.	Shreveport, La 71101
—	AMS	American Management Systems, Inc.	Fairfax, VI 22033
—	APPLIED	APPLIED TECHNOLOGY RESEARCH COMPANY	Baton Rouge, Louisiana
—	AQUATERR	AQUATERRA ENGINEERING, INC.	PORT ALLEN, LA 70767
—	ARABIE	ARABIE ENVIRONMENTAL SOLUTIONS	LAKE CHARLES, LA 70602
—	ARCADIS	ARCADIS G & M, INC.	BATON ROUGE, LA 70827
—	ARDAMAN	ardaman & associates, Inc.	Jefferson, LA 70123
—	ARE	ARE CONSULTANTS	BATON ROUGE LA 70884
—	ARKLATEX	ArkLaTex Environmental Consultants,	Shreveport, La 71138-086
—	ATCHLEY	ATCHLEY & ATCHLEY, INC.	Shreveport, Louisiana 7
—	ATG	ALLIANCE TRANSPORTATION GROUP	LAKE CHARLES, LA 70601
—	ATLAS	Atlas Engineering, Inc.	Harahan, LA 70123

Next- Consultant ID: AUCOIN AUCOIN & ASSOCIATES, INC.

Put an S before the name to select the consultant.



Current DOTD Mainframe System: RTNG

- Report options in RTNG include:
 - average ratings by consultant for all PMs
 - average ratings by consultant for a specific PM
 - average ratings for all consultants (summary)
 - overall rating for a specific consultant
- the time period defaults to 3 years, but can be changed
- Some report “wildcard” options are available



RT06

Consultant Rating - Report Request Screen

RTNG06

Select Report ==> _

Printer ID: IVAL
(Use M for Mainframe)Report
Number Consultant ID: _____
 (Use '*' for All)

1. Average rating for the last 03 years by consultant for all coordinators.
2. Average rating for the last 03 years by consultant for coordinator D1058
3. Average rating for the last 03 years for all consultants (summary).
4. Overall rating for the last 03 years for a consultant (summary).

F1 Help

F3 End

F9 Consultant List



Transparency

- Overall consultant ratings for individual new project RFQs are posted on the DOTD Website
- Individual project selection factor scores are available to the submitting consultant on request
- Consultants may request a copy of all of their individual ratings



Transparency, Continued

- Consultants are informed by the PM of each evaluation score.
 - This is not automated. Usually an email is sent.
 - This is not enforced. Consultants are encouraged to request evaluation scores.
- The Consultant Evaluation Committee reserves the right to investigate any discrepancy they may identify, and change or eliminate an old rating, if justified. To date, changes have been rare.



Vendor Evaluation

Commodities



Vendor Performance Evaluation Commodities

- OSP does not have a structured format through which to measure vendor performance. However, the following tools are used to gather input from user agencies and to monitor vendors' performance:
 - Deficiency/complaint form
 - Vendor files/tracking system for complaints
 - Contract evaluation form
 - Performance evaluation form for contract from RFP
 - Laws give State the right to inspect vendor's plant & right to audit vendor's books relative to performance of a contract.



Vendor Evaluation OSP - Deficiency/Complaints

- If an agency is unsuccessful in resolving problems relative to late or non-deliveries, inferior products, or vendor's failure to perform in accordance with a contract, agencies utilize a form to report the deficiency to State Purchasing.
- This Deficiency/Complaint form can be accessed and transmitted to the Office of State Purchasing on their website, www.doa.louisiana.gov/osp.



DEFICIENCY/COMPLAINT REPORT

Complete this form to report complaints against vendors, commodities, or to report any unsatisfactory service by the Purchasing Section. Be sure to furnish all necessary detail so that a satisfactory settlement of the complaint can be made. Please verify all information to insure accuracy. Complaint reports become a permanent record of the commodity or vendor concerned and must be accurate to guarantee an equitable settlement to serve as a guide for future action.

Agency		Name and Address of Vendor	
Date of Complaint			
Contract Number	Purchase Order Number		
Commodity or Service Covered by Complaint			
NATURE OF COMPLAINT (check all that apply)			
DELIVERY		QUALITY	
<input type="checkbox"/>	Delivery not made on date ordered or promised	<input type="checkbox"/>	Quality of Commodity is inferior
<input type="checkbox"/>	Delivery made at an unsatisfactory hour	<input type="checkbox"/>	Unsatisfactory and unauthorized substitute
<input type="checkbox"/>	Delivery made to wrong destination	<input type="checkbox"/>	Unsatisfactory workmanship in installation of commodity
<input type="checkbox"/>	Improper method of delivery	<input type="checkbox"/>	Commodity lacks required inspection stamps
<input type="checkbox"/>	Unauthorized delivery made before issuance of order	<input type="checkbox"/>	
<input type="checkbox"/>	Delivery in damaged condition	<input type="checkbox"/>	
OTHER			
<input type="checkbox"/>		<input type="checkbox"/>	Invoice price higher than authorized
<input type="checkbox"/>		<input type="checkbox"/>	Weight received at variance with invoice or shipping ticket
<input type="checkbox"/>		<input type="checkbox"/>	Quantity delivered in excess of order
<input type="checkbox"/>		<input type="checkbox"/>	Quantity delivered less than ordered
REMARKS			
NOTE: Give detailed explanation of complaint in this space. Indicate manner in which you suggest complaint be settled. Be specific. If necessary to submit additional documentation, please include a copy of this form with your faxed or mailed documents.			

Instructions to Agency Print copy for your records prior to submittal.	Complaint Initiated By (Name)	Title	Phone No.
	Complaint Form Executed By (Name)	Title	Phone No.
	Your Email Address:		



Vendor Evaluation OSP - Deficiencies/Complaints

- State Purchasing receives complaint and forwards a copy to the vendor, requesting a written response. Vendors must reply to written complaints within the designated time frame. State Purchasing follows up to assure that the issue is satisfactorily resolved.
- Copies of all deficiencies/complaints and related correspondence are maintained in each vendor file to provide guidance in making future purchasing decisions.
- Contents of a vendor's file can be a factor when determining whether or not to offer renewal to a contract vendor; when determining consequences on future deficiencies, or if debarment is being considered.



Vendor Evaluation Deficiency/Complaints

- If used correctly, the deficiency/complaint report can effect better vendor performance, improved contracts and increased customer satisfaction.
- Agencies are encouraged to document and report all poor or deficient performance. It is important that end users document and report deficiencies and not wait until it is time to award a new contract to advise OSP of problems with a contract vendor.



Vendor Evaluation Deficiencies/Complaints – Tracking System

Complaints are also logged into a tracking system.

SPO notates tracking system when any action is taken
(letter sent to vendor, vendor response received, etc.)

When complaint has been completely resolved to the
agency's satisfaction, it is marked as such in the tracking
system.

SPO's can search on vendor name in tracking system and
view any complaints that have been logged.



Vendor Evaluation

State Contract Evaluation

- Each month, OSP sends Contract Evaluation questionnaires to all state agencies and political subdivisions, along with a list of all contracts which are set to expire 4 months later.
- Contract feedback from agency users is very important to the success of state contracts. The purpose of the questionnaires is to gather information on state contract satisfaction or needed changes prior to renewal or bidding the contracts.
- Much of the questionnaire concerns vendor performance on the contracts.
- The Contract Evaluation form is also accessible through OSP's website, and agencies are encouraged to utilize it throughout the year.
- Agencies' response to questions regarding vendor performance may have a bearing on the decision to offer renewal to a vendor.



Contract Evaluation Form for Agencies

CONTRACT PERFORMANCE EVALUATION

The Office of State Purchasing is requesting agency feedback to determine if contracts with approaching expiration dates should be effectiveness of the contract, or modifications needed, please complete this form and submit it on-line. List suggestions and any additional comments on how we can improve the contract in the Comments space provided below. Your feedback is very important to us and we appreciate your assistance in determining the future of the contract(s). This form is designed to collect information prior to bidding or renewing and not to report deficient performance. Report all deficient performance on a Deficiency/Complaint form for immediate action. We also have a "Contract Suggestions" form which can be submitted on-line at any time to convey your needs to us as they relate to changes needed or new contract suggestions.

*Agency Name: _____ *Name & Title of Evaluator: _____

*Email Address *Evaluator's Telephone No.: _____

*Contract No.: _____ Expiration Date: _____ *Vendor(s) : _____

INSTRUCTIONS: Review each element and indicate if the contract meets your agency's needs by responding with a Yes, No, or N/A (not applicable). Comments are requested on all "No" responses. For additional assistance, contact the Office of State Purchasing.

RESPONSE: Check the appropriate box

Contract Usage Yes No N/A

1. Contract Used by your Agency? If "no", not necessary to complete this form unless existing contract can be altered to meet your needs. If so, please provide comments.

2. If "yes", is contract used to fulfill all of your needs for this type of commodity?



Contract Evaluation Form (cont'd)

Contractor Performance Elements

3. Adequate accessibility – phone orders, fax lines, e-mail, etc.
4. Customer service support staff availability
5. Vendor representative knowledgeable of contract items or service
6. Customer service is courteous and professional
7. Phone calls returned timely
8. Support on technical matters provided

Customer Service

9. Vendor acceptance of State procurement card (if agency applicable)
10. Meets delivery time
11. Delivers specified items
12. Delivers packaging units specified
13. Frequent backorders
14. Proper notification of backorders
15. Timely delivery of backorders
16. Delivers proper quantities
17. Delivery discrepancies resolved in a timely manner



Contract Evaluation Form (cont'd)

Delivery

18. Product delivered undamaged

Product Quality

19. Product documentation included (instructions, tech. literature/manuals, MSDS)

20. Products are reliable and durable

21. Accuracy of billing (cost and item)

22. Accuracy of packing slip

23. Prompt billings

24. Prompt credits

Billing

25. "Bill to" proper agency/customer with required reference numbers (CRO, etc.)

Overall Contractor Performance Rating Very Satisfactory ☐ Satisfactory ☐
Needs Improvement ☐ Poor ☐



Vendor Evaluation

- The State has the right to inspect a vendor's facility related to the performance of a contract (RS 39:1621) (LAC 34:Section 22)
- The State has the right to audit a vendor's records to the extent that they relate to the performance of a contract. (RS 39:1622)(LAC 34:Section 22)
- The State has the right to include clauses providing for appropriate remedies, including the following: (RS39:1661.B)
 - Liquidated damages as appropriate
 - Specified excuses for delay or nonperformance
 - Termination of contract for default*

*RS39:1661.C –In the case of default of contractor, the Director has the right to award to next low bidder and charge defaulting vendor the difference.



Vendor Evaluation

- Liquidated damages – Solicitation/Contract may specify that liquidated damages will be assessed in the case of late delivery, etc.
- Default Clause
 - Failure to deliver within the time specified in the bid constitutes a default and may cause cancellation of the contract.
 - Where the State has determined the contractor to be in default, the state reserves the right to purchase any or all products or services covered by the contract on the open market and to charge the contractor with cost in excess of the contract price.
 - Until such assessed charges have been paid, no subsequent bid from the defaulting contractor will be considered.



Vendor Evaluation Contract from RFP - Commodities

Required by R.S. 39:1593.C.(2)(f)(i)

- Agency must monitor and may be required to report to OSP at any time during an outstanding contract.
- Agency evaluates contract performance and utility of final product after completion of performance under a contract.
- Evaluation is delivered to the Director of State Purchasing within 120 days after completion of performance and is retained in the official contract file.



RFP Performance Evaluation Sample Form

Rating factors are as follows:

1. **Overall Project Management**
Completed in Professional Manner
Completed in Timely Manner
Preparation of Reports
Billing/Invoice Accuracy
Vendor Responsiveness
Other (please define)
2. **A.) The products and/or services delivered under this contract were as follows:**
B.) All deliverables specified in the Request for Proposal were/were not satisfactorily and timely completed.
C.) Problems encountered with respect to implementation of the project:
3. **The final product or service rendered benefited the Department of <____> and/or the State of Louisiana in the following manner:**
4. **My overall evaluation of the vendor's performance is:**



RFP Performance Evaluation Sample Form

- **PERFORMANCE EVALUATION AND ASSESSMENT OF DELIVERABLES**
- Submitting Office/Division _____
Date: _____
- Performance Evaluation
- Agency Name
- Office Name
- Agency Contract Number
- DOA Contract Number
- Contractor Name
- Beginning Date and Ending Date for Contract
- Description of Services:
(What were the services that were provided?)
- Deliverable Products:
(What were final products, if any? Were they delivered on time? Were they usable?...)
- Overall Performance:
(List weak points, strong points. Would you hire this contractor again?)
- Signature of Program Official
- *Approved By:*



Vendor Evaluation Due Process

- When problems are encountered with a vendor, due process is followed in investigating the problems and in trying to resolve the problems, before any punitive measures are used.



Vendor Evaluation DOTD - Commodities

- Similar to OSP
- No structured evaluation process
- Maintain vendor files w/ any complaints, etc.
- No automated system of tracking complaints



Performance Evaluation for Service Contracts



Performance Evaluation for Service Contracts

- Performance Evaluations are required for all professional, personal, consulting and social services contracts as per R.S. 39:1500
- The Agency must complete a performance evaluation within 60 days after the completion of a contract
- No contract shall be entered into by a using agency with any contractor for which a delinquent final evaluation report remains outstanding for a contract with such using agency
- Evaluations reports for contracts that are \$250,000 or more shall also be submitted to the legislative auditor



Performance Evaluation for Service Contracts (Cont'd)

- The performance evaluation report should include:
 - Name of the agency official or officials for monitoring the contract and final agency acceptance of the contract deliverables
 - The contractor, contract amount, contract cost basis, and contract timetable which shall reflect both the proposed and actual work initiation and completion dates
 - Any contract modifications
 - A listing of the contract deliverables, inclusive of specific products and services, and whether all such deliverables were satisfactorily and timely completed
 - An itemization of any problems encountered with respect to the execution of the contract
 - An assessment of the utility of the contract deliverables



Performance Evaluation for Service Contracts (Cont'd)

- If the contract is approved by the Agency, the Agency will enter into CFMS an 'S' for Satisfactory or 'U' for Unsatisfactory under the performance code field and enter the date the report was received in the received performance report field
- If the contract is subject to OCR approval, the report is submitted to OCR
- OCR will date stamp the report, verify the information against CFMS, enter into CFMS an 'S' for Satisfactory or 'U' for Unsatisfactory under the performance code field and enter the date the report was received in the received performance report field



Performance Evaluation Reports for Service Contracts

- CFMS generates 3 different reports which lists agencies that are delinquent in submitting performance evaluations for OCR approved contracts
 - BK15A – Generates a notice on the 61st day after the contract has ended
 - BK15B – Generates a report showing the agencies that have not submitted a report 25 days after the notice was issued
 - BK15C – Generates a report showing the agencies that have not submitted a report after 240 days after the contract end date. If a performance evaluation has not been received 270 days after the contract has ended, it will no longer be included in the report
- All reports are generated nightly



- **OCR Suggested Performance Evaluation Form**
- **This is a chance to standardize Performance Evaluation Forms as each Agency uses a different form containing the same information**

Performance Evaluation

Agency Name:

Office Name:

Agency Contract Number:

DOA Contract Number:

CFMS Contract Number:

Contractor Name:

Contract Amount:

Actual Amount Paid:

Contract Cost Basis:

Contract begin and end date:

Actual begin and end date:

Contract Modifications:

Number:

Reason(s):

Description of Services:

(What were the services being provided?)

Deliverable Products:

(What were final products?)

(Were they delivered on time?)

(Were they usable? If so, how? If not, why not?)

Problems encountered:

Overall Performance:

Weak points:

Strong points:

Would you hire this contractor again?

Name and Phone Number of Program Official responsible for monitoring and final acceptance:



SAP Concepts



SAP Glossary

- **Attribute** – A property or value that describes and defines an object or an entity in detail (blonde hair, blue eyes, 5'2" tall, 120 lbs...are all attributes of a human)
- **Client** – A grouping or combination of legal, organizational, business and/or administrative units with a common purpose; a self-contained unit in an SAP system with separate master records and its own set of tables ("The State of Louisiana")
- **Company Code** – This level represents an independent accounting unit within a client. Each company code has its own balance sheet and its own profit and loss statement. Example : a subsidiary company, member of a corporate group ("The State")
- **ECC** – Enterprise Central Component (the core SAP system where financials and most logistics transactions are processed)
- **Matchcode** – A search technique which enables a user to locate a particular database record (such as an account number or material master record) by entering information contained in the record (Key word Search)
- **Reconciliation Account** – A G/L account to which transactions in the subsidiary ledgers (such as in the customer, vendor, or assets areas) are updated automatically
- **Dunning** – A reminder or warning letter used to remind vendors to deliver the material from the purchase orders.



SAP Glossary (continued)

- **Minority indicator** – A business that is owned and controlled by one or more socially and economically disadvantaged persons
- **Tolerance Group** – It is a percentage or a value that is the limit to which an event can deviate
- **Partner Functions** – A term, such as "sold-to party" or "payer", that describes a person or organization with whom you do business
- **Invoice verification** – A term that describes the entering and checking of incoming (vendor) invoices
- **Account Groups** – An object with attributes that determine the creation of master records
- **Flagging for deletion** – A label that identifies a data record to be deleted from the database
- **AVL (Approved Vendor List)** – Object in SAP for source determination which identifies vendors approved to supply specific commodities and services.
- **Purchasing Organization** – An organizational unit in Logistics, subdividing an enterprise according to the requirements of Purchasing



SAP Glossary (continued)

- **Supplier Self Service (SUS)** – The SAP web based application which enables vendors to self register with the state, view purchase orders, respond to purchase orders, enter confirmations, enter invoices and view the status of supplied services and/or commodities
- **Supplier Relationship Management (SRM)** – The SAP application which enables the procurement process via an web enabled user interface
- **Supplier Screening** – The list of suppliers that have registered to supply items awaiting analysis and approval. They are not seen in the procurement processes until they are approved by the buyer
- **Supplier** – The listing of suppliers that have been accepted as qualified sources of supply for goods and services in SAP SRM
- **Shopping cart** – The object in the SRM application leveraged for the requisition data. This document is what is created by the requisitioner in the application to create requests for procurement.
- **Buy on Behalf Of (BOBO)** – SAP term describing the entry of a shopping cart on behalf of another user. This is performed by the secretary in the SRM system.
- **Confirmations** – The goods receipt function in SRM
- **Workflow** – The SAP functionality for online distribution of electronic documents for approval/review.



SAP Glossary (continued)

- **Spending Limit** – The total dollar amount of a request that an end user can create in the SRM system which would not require an approval/review.
- **Approval Limit** – The total dollar amount of a request that an end user approver has authorization to approve/review a request in SRM.
- **Substitution** – The ability in SRM to create a temporary substitute for an approver user with another system approver user. This is to facilitate the idea of an approver going on vacation
- **Approver** – End user in the SRM system which is responsible for approving or rejecting procurement documents (i.e. shopping cart, confirmation, invoices etc.)
- **Requester** – End user in the SRM system which creates requests for procurement (shopping carts).
- **Skip Level Approval** – Approval process which requires that only the approver with the appropriate approval limit performs the approval of the purchasing document (i.e. the document would skip over the lower level approvers and only be submitted to the one approver with the appropriate approval limit of that specific purchasing document).
- **Parallel Approval** – The approval process where the document is sent to several approvers simultaneously and requires that only one of the approvers actually approves the document. When the document has been approved by one of the approvers, the document is then removed from all the other approver inboxes.

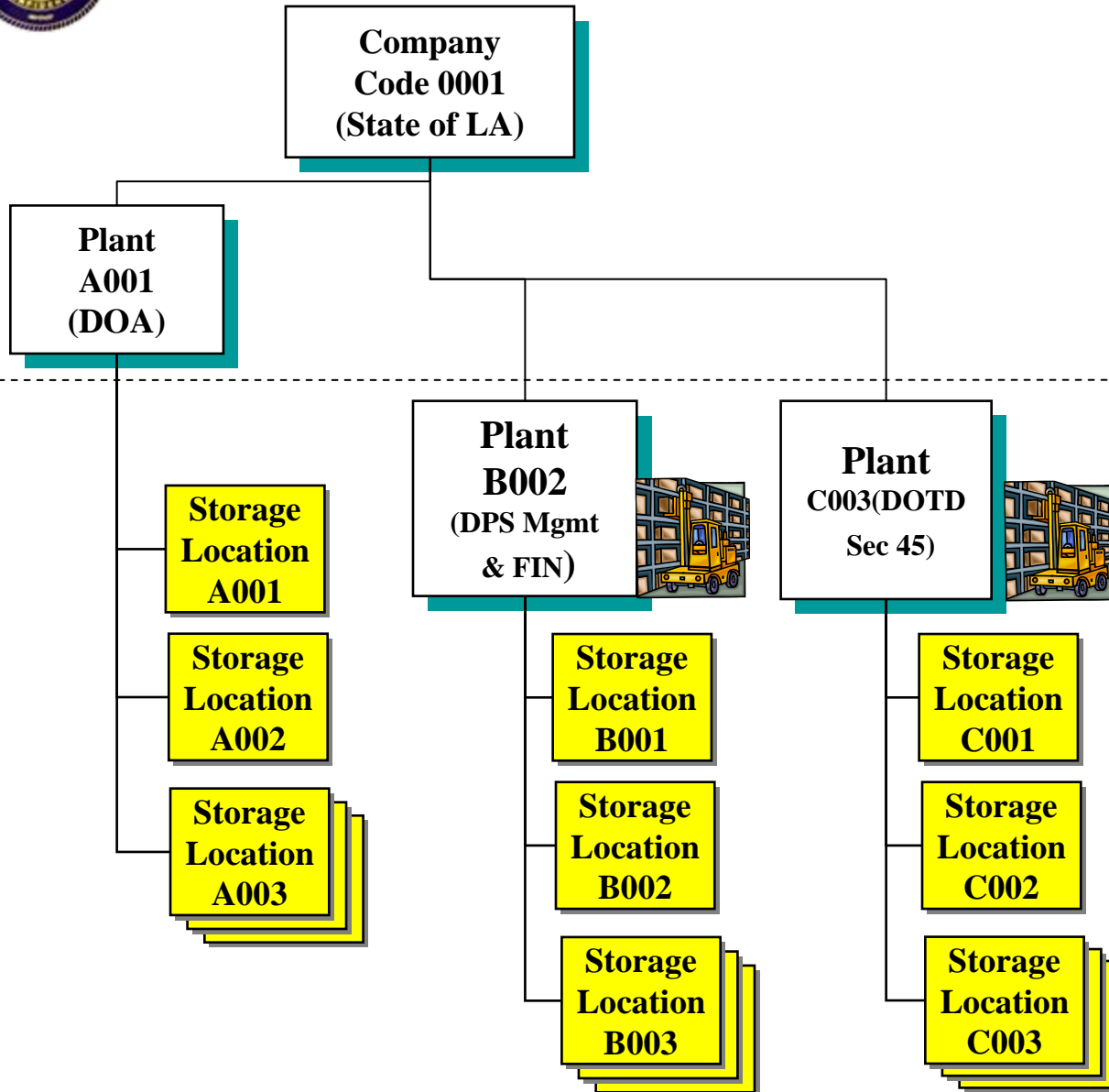


SAP Glossary (continued)

- **P-Card** – The term used to identify the procurement process(es) which leverage the use of procurement cards for requests and purchase orders.
- **BI (Business information Warehouse)** - The SAP application leveraged for creation of operational and managerial reports for SRM and SUS and ECC.
- **Web Survey Cockpit** – The SAP questionnaire tool that enables the definition and maintenance of surveys and questionnaires for manual evaluation on document level .



“Going In” Logistics Structure



Department Level

Agency Level

Guiding Principle: If a given organization maintains inventory AND it wants to track the financial costs of that inventory at a given level, then that organizational level = SAP Plant

Note: Physical inventory taking (conducting an inventory and cycle counting) takes place at the Storage Location level!

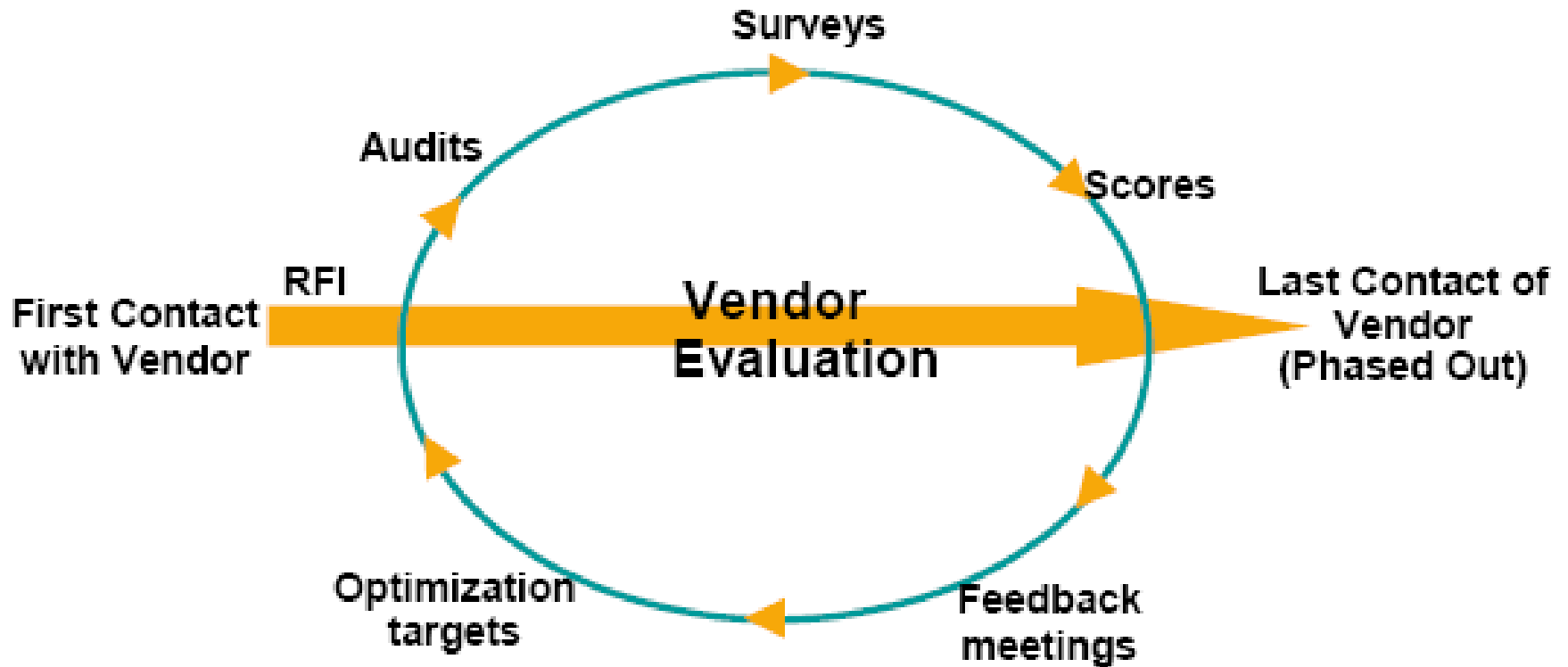


SAP Vendor Evaluation

- Vendor Evaluation (VE) evaluates vendors and retrieves rich evaluation data, but also evaluates and optimizes the whole procurement process.
- VE is a part of an analytical application within Supplier Relationship Management (SRM).
- The following slide gives an overview of this scenario:



VE Scenario





VE RFI

- To select a new vendor, an RFI is sent to the vendor to gather information.
- This can be facilitated in SUS via the Registration form and initial survey, in which the vendors provide information about themselves.
- The buying company is then able to evaluate this information.
- This is the first step in the vendor evaluation tool.



VE Lifecycle Scenario

- The vendor is then included in the procurement process and purchase orders, confirmations and invoices are processed.
- These business transactions can then be evaluated, for example, using surveys and scores, with a view to improving vendor performance.
- Feedback meetings may also be held to discuss the evaluation with the vendor and define targets for future performance.

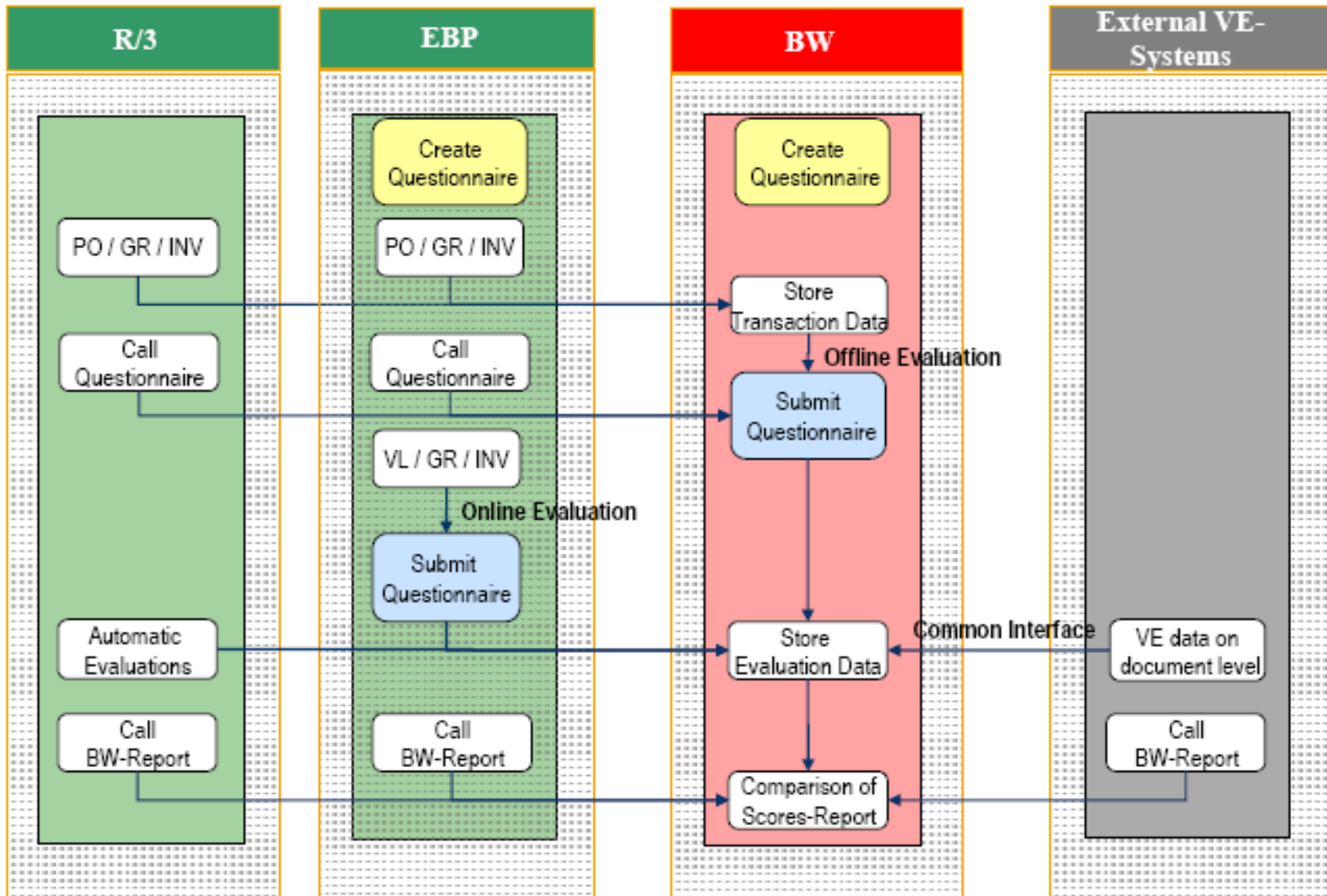


VE Lifecycle Scenario

- The performance target(s) can be optimized, leading to an optimized procurement process and higher vendor performance.
- End goal: Procurement costs are reduced and the process becomes more stable.
- Customizing depends on where you will evaluate your vendors and where you will capture the scores of the vendors.



SRM VE Data Sources





SRM VE Data Sources

- Scores in the SRM system via questionnaires.
- Automatic scores from the ECC vendor evaluation.
- Scores in the BW system via questionnaires.
- It is also possible to integrate scores from other vendor evaluation systems or tools via the common interface.
- Monitor all evaluation data in BI reports.



Web Survey Cockpit

- The SAP questionnaire tool that facilitates the customer to define and maintain surveys and questionnaires for manual evaluation
- Customers can select the criteria they want to evaluate (for example, delivery reliability and quality).
- They can also define when the evaluation is to occur and create questionnaires for invoices, confirmations, and vendor lists.



VE Process

- The questionnaires are included in SRM processes in that a questionnaire has to be filled out when a document (confirmation, invoice) is posted.
- A new browser window opens up, and the questionnaire can be filled out as documents are being maintained.
- This process is referred to as the **online evaluation**.



VE Process

- The questionnaires can also be included in the BI system where you can evaluate confirmations, invoices and vendors on product or product category level
- This is referred to as the **offline evaluation**, because it is not integrated in a system document posting process like confirmation.
- The questionnaires included in BI can be accessed from different roles and users directly from SRM or via a URL.



VE Process

- It is also possible to enhance evaluation data with the ECC automatic vendor evaluation scores or with scores from a third party tool.
- Configuration settings are made in ECC to generate automatic vendor scores based on transactional data (i.e. confirmations, invoices)
- To report on all evaluation data in SAP BI, you define grouping and weighting rules in vendor evaluation customizing in SAP BI.



R/3 Vendor Evaluation

- ECC VE is done systematically based on configured settings to derive scores
- SAP recommends defining a max of 8 criteria to be used
- Global vendor evaluation settings (apply to **all** purchasing organizations):
 - Define weighting keys
 - Define criteria
 - Define scope of list



R/3 Vendor Evaluation

- SAP delivers the following criteria:

Price

- Price level
- Price history

Quality

- GR lots
- Complaints level
- Quality audit

General service/support

Externally performed service/work

Quality of service provision

Timeliness of service provision

Delivery

On-time delivery performance

Quantity reliability

Compliance with shipping instructions



R/3 Vendor Evaluation

- Purchase organization specific settings (can be different for different purchase organizations):
 - General parameters
 - Smoothing factors
 - On-time delivery performance
 - Quality audit
 - Complaints level
 - Price level



VE Process

- When the data has been extracted to SAP BI (questionnaire replies and grouping and weighting), this information is available in SRM via queries.
- Those queries are shown in SRM in the vendor list, the sourcing cockpit, the bid invitation and the purchasing contracts.



Screenshots



BW VE Offline Evaluation

Evaluate Vendors										
Show: Evaluate Vendor by Product Category										
Entry of Variables										
Data Updated On: 04.06.2004 14:45:20										
Row 1 / 24										
System	Category	ID	Vendor	ID	Role	# Evaluations	# Purchase Order Items	Purchase Order Quantity	Purchase Order Value	Action
QWACLNT100	Metal processing	001	C.E.B. BERLIN	1000	*	0	2	2,0 EA	200,00 EUR	
					SAP_EMC_SRM_ADMIN_AL	0	2	2,0 EA	200,00 EUR	
					SAP_EMC_SRM_STRAT_PU	0	2	2,0 EA	200,00 EUR	
			MMVENDOR1	MMVENDOR1	*	0	2	20,0 EA	200,00 EUR	
					SAP_EMC_SRM_ADMIN_AL	0	2	20,0 EA	200,00 EUR	
					SAP_EMC_SRM_STRAT_PU	0	2	20,0 EA	200,00 EUR	
	Office materials	006	MM vendor 2	SUSEBU_ERS	*	0	28	350,0 EA	3.424,00 EUR	
					SAP_EMC_SRM_ADMIN_AL	0	28	350,0 EA	3.424,00 EUR	
					SAP_EMC_SRM_STRAT_PU	0	28	350,0 EA	3.424,00 EUR	
	WA 3CATQWA02	QWA02	C.E.B. BERLIN	1000	*	0	18	18,0 AU	140,00 EUR	
					SAP_EMC_SRM_ADMIN_AL	0	18	18,0 AU	140,00 EUR	
					SAP_EMC_SRM_STRAT_PU	0	18	18,0 AU	140,00 EUR	
			Gusswerke GmbH	1003	*	0	28	*	154.810,00 EUR	
					SAP_EMC_SRM_ADMIN_AL	56	56	*	309.620,00 EUR	



BW VE Offline Evaluation

Evaluate Goods and Services Confirmations

Show: **Mandatory Evaluations**

Data Updated On: 04.05.2004 10:26:10

Row 1 / 22

System	Purchase Order Number	Confirmation Number	Posting Date	Role	Confirmed Value	# Items	Action
QWVA Client 100(Tenhofe Andreas,SRM)	2890502574	#	25.03.2004	SAP_BWC_SRM_RECPIEN	242,00 EUR	2	
QWVA Client 100(Tenhofe Andreas,SRM)	4500013321	#	22.03.2004	SAP_BWC_SRM_ADMIN_AL	198,00 EUR	8	
				SAP_BWC_SRM_RECPIEN	198,00 EUR	8	
QWVA Client 100(Tenhofe Andreas,SRM)	4500013333	#	23.03.2004	SAP_BWC_SRM_ADMIN_AL	4 000,00 EUR	2	
				SAP_BWC_SRM_RECPIEN	4 000,00 EUR	2	
QWVA Client 100(Tenhofe Andreas,SRM)	4500013334	#	23.03.2004	SAP_BWC_SRM_RECPIEN	300,00 EUR	8	
QWVA Client 100(Tenhofe Andreas,SRM)	4500013343	#	23.03.2004	SAP_BWC_SRM_RECPIEN	20,00 EUR	2	
QWVA Client 100(Tenhofe Andreas,SRM)	4500013349	#	24.03.2004	SAP_BWC_SRM_RECPIEN	1.110,00 EUR	10	
QWVA Client 100(Tenhofe Andreas,SRM)	4500013349	#	26.03.2004	SAP_BWC_SRM_ADMIN_AL	500,00 EUR	2	
				SAP_BWC_SRM_RECPIEN	500,00 EUR	2	
QWVA Client 100(Tenhofe Andreas,SRM)	4500013351	#	25.03.2004	SAP_BWC_SRM_ADMIN_AL	2 000,00 EUR	2	
				SAP_BWC_SRM_RECPIEN	2 000,00 EUR	2	
QWVA Client 100(Tenhofe Andreas,SRM)	4500013357	#	24.03.2004	SAP_BWC_SRM_RECPIEN	44,00 EUR	6	
QWVA Client 100(Tenhofe Andreas,SRM)	4500013358	#	24.03.2004	SAP_BWC_SRM_RECPIEN	100,00 EUR	4	



BW VE Offline Evaluation

Lieferantenbewertung

Arbeitsvorrat

 [Warenbestätigung](#)

 [Warenbestätigung](#)

Service Evaluation

Confirmation:

Vendor:

Service Provider:

Purchase Order:

Product Category:

Product:

(100 = best rating; 1 = worst rating; 0 = no rating)

Assign a points value of between 1 and 100

Performance of Service

Was the service performed in a timely fashion?

Was the service performed in accordance with the agreement?

Quality of Service

What is the quality of the service performed?

How qualified was the person that performed the service?

[Submit Survey](#)



Questions?

