

Allstate Insurance Company of Canada

How much time does it take to manage IT purchasing for 295 locations? Too much — way too much — if you have a manual purchasing process. Just ask Sandra Gass.

Background

Gass is the IT Procurement Manager at Allstate Insurance Company of Canada, a leading property and auto insurance provider. Allstate Insurance Company of Canada has been serving the needs of Canadians for over 50 years and is a subsidiary of the Allstate Corporation, one of the world's largest insurance organizations with global assets of \$104 billion and revenues exceeding \$28 billion. The Information Technology Department at Allstate Insurance Company of Canada needed a better way to procure and manage its purchasing processes for computer hardware and software.

The company's manual purchasing process incurred high risk of data entry errors, redundant work, and a long turnaround for the requisitioning and approval process. They were losing efficiency as more requisitions and purchase orders were placed. Another big challenge was the inability to pull a report to analyze historical purchasing data.

Gass and a team from Allstate Insurance Company of Canada began searching for an improved method to manage their IT purchasing. They understood that they need a centralized tool that would allow users to easily and quickly locate corporate approved standard items for computer software, create requisitions, and check the status of their requests with 24-hour accessibility to this information. According to Gass, "We had a paper-based process, with a lengthy turnaround from requisition to invoice reconciliation. We were using spreadsheets to track vendor prices, stock availability, vendor performance, as well as keeping the order status up-to-date for the requestor."

After a 10-month study of their processes to identify areas for improvement, they began the search for a solution. They met with several vendors and reviewed various software packages before selecting Verian Technologies' ProcureIT. ProcureIT is a web-based spend management software solution that provides enhanced e-procurement capabilities. ProcureIT provided most of the flexibility that Gass and her team needed in order to regain department efficiency. Since implementation, Allstate Insurance Company of Canada has seen major improvements gained in time efficiencies and reduced administrative costs. These savings are primarily reflected through increased data accuracy on requisitions (70%), more efficient requisitioning and approval processes (40%), more efficient and more accurate invoice reconciliation (35%), and improved internal customer service.

Allstate Insurance Company of Canada's time savings with ProcureIT:

Savings In	Time Gained
Administrative Processes	25%
Invoice Reconciliation Process	35%
Requisition Process	40%
Accuracy Improvements	70%

Recovering Lost Time

For Allstate Insurance Company of Canada, purchasing computer hardware and software meant a lengthy purchasing process:

1. The purchase orders had to be prepared and approved manually;
2. Spreadsheets were used to check vendor pricing and stock availability;
3. Considerable time was spent communicating with the vendor;
4. In-house updates had to be done via phone or email so requestors would know when to expect their items;
5. Items were then received and invoices were manually reconciled against the original purchase order.

All this took a lot of time — time that Gass and her team could use for more strategic and proactive activities.

ProcureIT enabled Gass to automate this entire purchasing process as well as provide a web page where requestors and approvers can check on order status. Within two months of implementing ProcureIT, Gass and her team were already seeing a 20-25% reduction in time spent on these administrative processes. Other immediate benefits of ProcureIT in the administrative area were the elimination of redundant work and the reduction in data entry.

The largest recovery of time was seen as a direct result of improved order accuracy. ProcureIT provides electronic catalogs that can be updated easily, which allows the requestors to order exactly what they need. In fact, order accuracy has improved by 70% — which has directly impacted the entire requisition process, resulting in 40% savings in time. Now that the orders are correct, the IT unit doesn't have to spend time returning items, tracking down the requestor to find what the exact item they need, or trying to figure out which vendor sells which items. This one feature — electronic catalogs — has given Allstate Insurance Company of Canada the biggest return by recovering time that can now be spent on finding new vendors, negotiating better prices, budgeting, forecasting, and continuing to improve their purchasing procedures and policies.

Getting the Coding Right

One of the biggest problems Gass and the IT unit faced was in reconciling invoices within their in-house accounting system. The accounting system required specific cost element codes for each item, which meant the user had to know the correct code for every item purchased. As Gass explained, “Getting users to remember the codes was time consuming enough, but what made it worst, was that the majority of the requisitions were missing the cost element, and their department code. This meant we had to track down the requestor, check for the appropriate code, possibly go back through approvals, and then finally start the reconciliation process with the accounting system.”

With ProcureIT, users create the request on-line and the correct accounting code is automatically assigned to each line item, based on the item category and type. No more

remembering the code for the end user, and for the IT Department, no more tracking down the correct code. ProcureIT's ability to automatically fill in the accounting code also eliminated coding errors and greatly reduced the invoice-to-payment cycle. Overall, Gass's unit has seen a 35% reduction in invoice reconciliation process time as well as eliminated several laborious steps from their purchasing process.

As well, the Administration setup within ProcureIT provided the IT Procurement Unit the ability to administer rules that support the IT Department's processes and to obtain mandatory information before processing a requisition.

"ProcureIT has enabled our department to be more proactive, rather than reactive, to the company's IT needs," states Gass. "With the time savings, I am able to manage vendor relationships better and negotiate more beneficial contracts." Allstate Canada was also able to shrink operational costs by reducing the IT Procurement department by one person on contract.

Conclusion

Allstate Insurance Company of Canada has changed the way they procure computer hardware and software. With ProcureIT, they have found a solution that provides them with the needed functionality to centralize and automate purchasing processes as well provide a stable platform for continued expansion within their organization. Overall, Allstate Insurance Company of Canada has recovered something valuable to every organization and person — time.