

## Background

The staff at Kennedy Krieger Institute is dedicated to helping children with neurological disorders improve their lives and unraveling the mysteries of children's brains. More than 2,000 employees work at hospitals, outpatient clinics, research labs and training facilities that provide services that help improve the lives of children who are affected by a wide variety of brain disorders. Kennedy Krieger Institute is affiliated with Johns Hopkins and is headquartered in Baltimore, Maryland.

The staff had a great diversity in their product needs and purchasing patterns. Items were purchased at the department level. The items were either purchased using a purchase order or with a check request after the products were received.

The Finance Department had been speaking to management about an automated purchasing system for over three years. "Our staff was frustrated because they spent their time manually filling purchase requests and waiting on approvals instead of helping children or doing research," said Peggy Fong, Assistant Controller.

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— Peggy Fong, Controller

Finance wanted a single software system that would manage check requests, purchase orders and expense reimbursements. Under their paper-based system, when an individual needed to purchase work materials they would fill out either a purchase order or purchase the item and submit a check request when the invoice arrived.

In the case of purchase orders, managers would review and approve requests for purchase orders, which would then be sent to a purchasing agent for execution. For other orders, the purchase order process was bypassed — managers approved check requests and then sent the invoice to Accounts Payable for payment. Both approval processes were often time consuming.

The purchasing agents were primarily clerical staff — with relatively few agents fulfilling any responsibility other than ordering the requested item from the selected vendor. Many individuals who purchased highly specialized research equipment would complete the purchasing process themselves.

## Approval Process and Audit Trail Challenges

The Finance Department was concerned for several reasons. Requestors were frequently frustrated with the slow approval process, which encouraged managers to approve stacks of POs and check requests without much thought or scrutiny. They were also concerned about their audit trail — getting a purchase order, packing slip and invoice in one place before paying an invoice was a challenge.

The finance department believed that the right application could automate the purchasing and check request process and improve internal controls. The AP Manager, Assistant Controller, IS Director, and VP of Finance became the selection committee and began searching for the best solution.

The team set a high priority on one critical characteristic. The chosen application would have to be easy to use and have the capability of handling purchase orders, check requests and expense reimbursements. The team did not want to implement multiple systems at the same time.

## Finding the Right Solution

After searching for several months, Kennedy Krieger Institute found many applications capable of handling their purchasing needs — applications with electronic request forms, automated approval routings, catalogs and receiving capabilities were plentiful. What was missing was an application that could handle check requests and expense reimbursements as well.

The percentage of purchases made using purchase orders has also increased by about over 50% — a significant reduction in “maverick spending.”

Verian Technologies soon began to stand out among the vendors under consideration. The team from Verian took an unusually deep interest in understanding Kennedy Krieger’s needs before they began talking about their solution. Verian Technologies has specialized in automating the Purchase-to-Pay process for a more than a decade. Their experience enables them to offer a keen understanding of organizations’ need to capture and manage PO and non-PO purchases as well as expense reimbursements. Their experience includes working with organizations that practice fund accounting and receive grants from various funding sources.

Verian was able to provide an integrated suite of applications that were very close to meeting 100% of Kennedy Krieger’s needs. Purchase Manager, Invoice Manager and Expense Manager were the three modules that gave users the capability of generating purchase orders, check requests and processing expense reimbursements through a single application with one common user interface.

The modules share a common database, which allows for rich reporting capabilities and easy deployment. The “free form” purchase request allowed researchers to quickly order the unique items they needed from infrequent vendors. The Vendor Connect (“punch-out”) module made it easy to place orders for common items from regular vendors.

After Kennedy Krieger realized how well Verian understood their Purchase-to-Pay processes and demonstrated a willingness to configure the system to meet their unique needs, Kennedy Krieger decided that Verian should be their software partner.

## User Adoption Leads to Project Success

Kennedy Krieger Institute made their commitment to Verian and the two organizations began scoping the project plans. Kennedy Krieger's senior management was behind the project, and due to Kennedy Krieger's unique culture, they felt a deliberate and steady roll-out would be best. Ninety-five departments were implemented over the course of 24 months.

Managers have gained a clearer understanding of where their actual spending is versus budget. The percentage of purchases made using purchase orders has also increased by about over 50% — a significant reduction in “maverick spending.” Audit trails have improved because all received items are now entered into the Purchase-to-Pay system — creating a quick and easy three-way match.

Kennedy Krieger Institute considers Verian Technologies a strong partner. “Verian is a very friendly vendor that is much more helpful with technical support questions than other software vendors,” said Fong. “But what is most important is our staff now can spend more time focused on healing sick children and less time on administrative work.”