



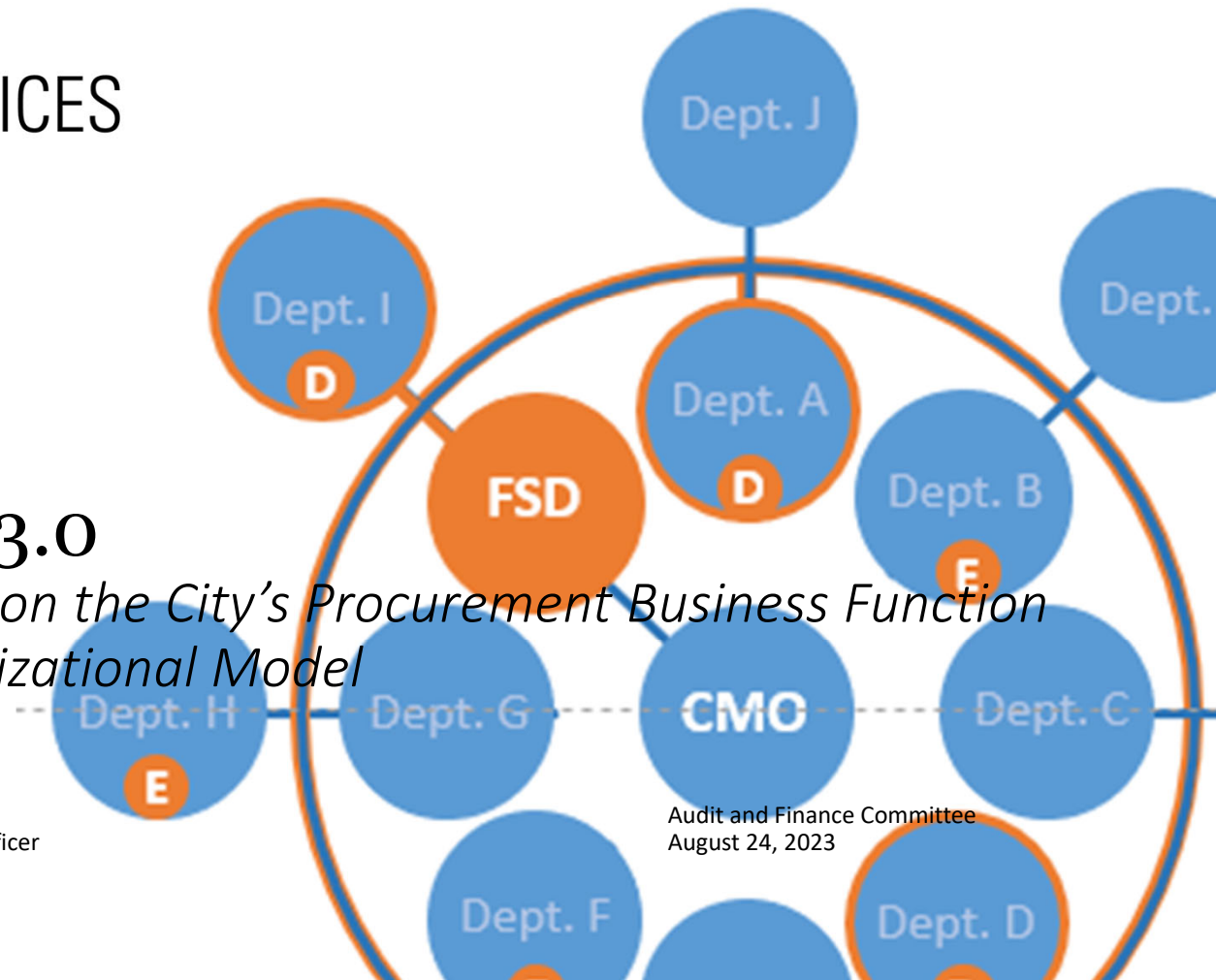
## FINANCIAL SERVICES DEPARTMENT

# Austin Procurement 3.0

*Long-Term Strategy to transition the City's Procurement Business Function to a Hybrid-Distributed Organizational Model*

James Scarboro  
Chief Procurement Officer

Shawn Willett  
Deputy Procurement Officer



Audit and Finance Committee  
August 24, 2023

# Purpose

---



FINANCIAL SERVICES  
DEPARTMENT

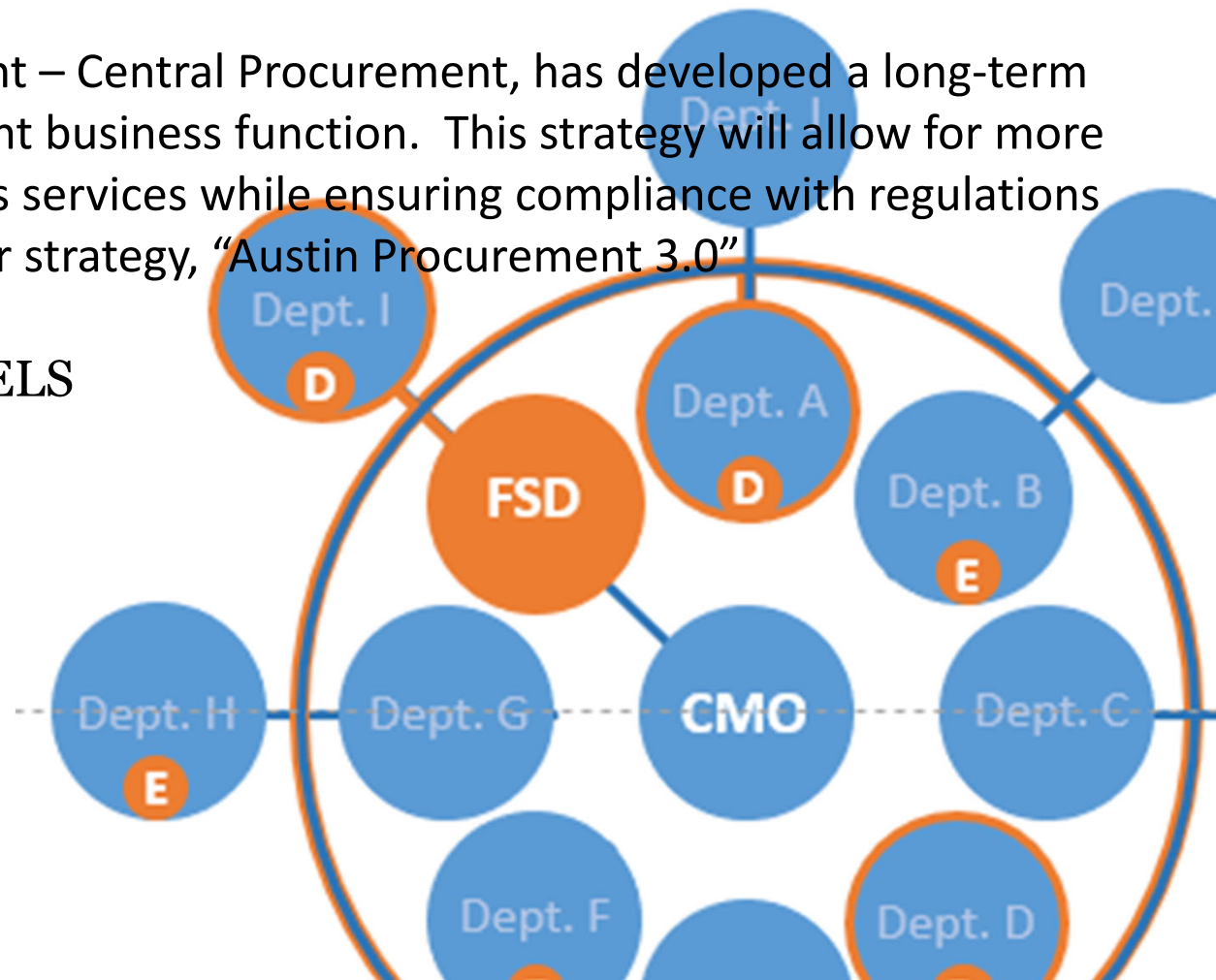
The Financial Services Department – Central Procurement, has developed a long-term strategy for the City’s Procurement business function. This strategy will allow for more distributed procurement business services while ensuring compliance with regulations and policy objectives. We call our strategy, “Austin Procurement 3.0”

PROCUREMENT ORG. MODELS

AUSTIN PROCUREMENT 3.0

Ap3.0 PROGRESS-TO-DATE

AP3.0 NEXT STEPS



# Procurement Models – *Smaller Organizations*



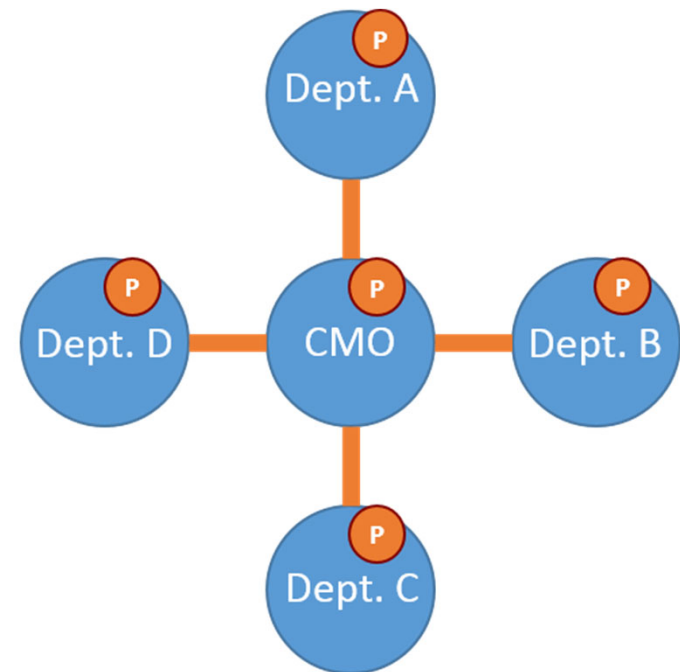
FINANCIAL SERVICES  
DEPARTMENT

## DECENTRALIZED (1.0)

- Smaller/Emerging organization
- Each organizational unit conducts own procurement services

## CHARACTERISTICS

- Lower staff procurement specialization
- Lower procedural standardization
- Higher customer business integration
- Higher situational agility



— Procurement Services  
— Procurement Authority  
P Procurement Function

# Procurement Models – *Mid-Size Organizations*



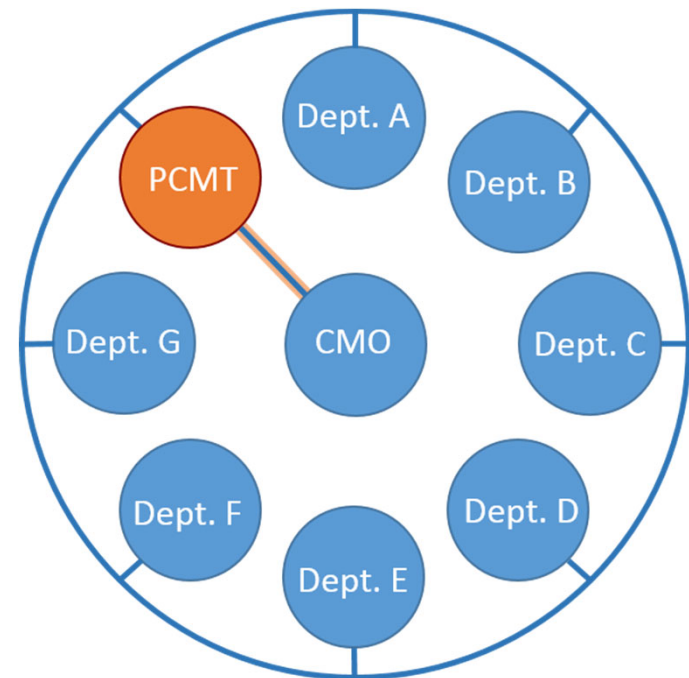
FINANCIAL SERVICES  
DEPARTMENT

## CENTRALIZED (2.0)

- Mid-size/Developing organization
- Central unit conducts procurement on behalf of the organization

## CHARACTERISTICS

- Higher staff procurement specialization
- Higher procedural standardization
- Lower customer business integration
- Lower situational agility



— Procurement Services  
— Procurement Authority  
P Procurement Function

# Procurement Models – *Larger Organizations*



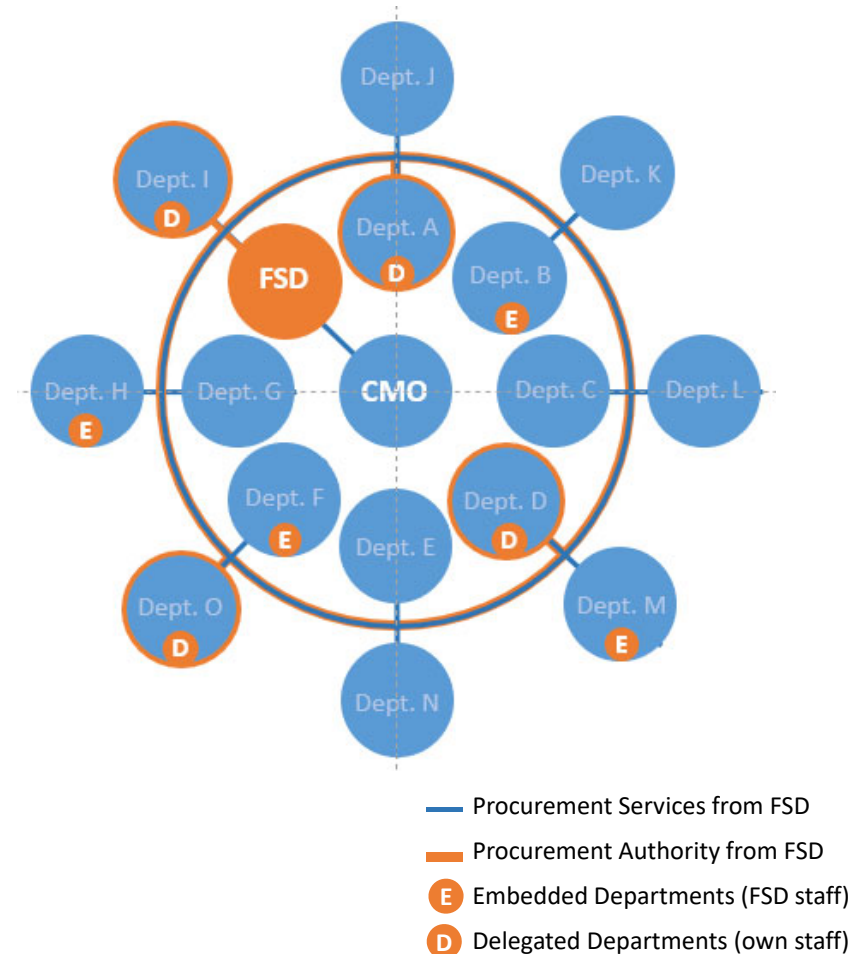
FINANCIAL SERVICES  
DEPARTMENT

## HYBRID-DISTRIBUTED (3.0)

- Large/Developed organization
- Central unit provides procurement leadership for the organization
- Central unit provides limited procurement services
  - Organization-wide contracts
  - Smaller/Units that are less contract-reliant
  - Procedures, training and compliance
- Specified units provide own procurement services

## CHARACTERISTICS

- Higher staff procurement specialization
- Higher procedural standardization
- Higher customer business integration
- Higher situational agility



# Austin Procurement 3.0 – Strategy



FINANCIAL SERVICES  
DEPARTMENT

## AUSTIN PROCUREMENT 3.0 (“AP3.0”)

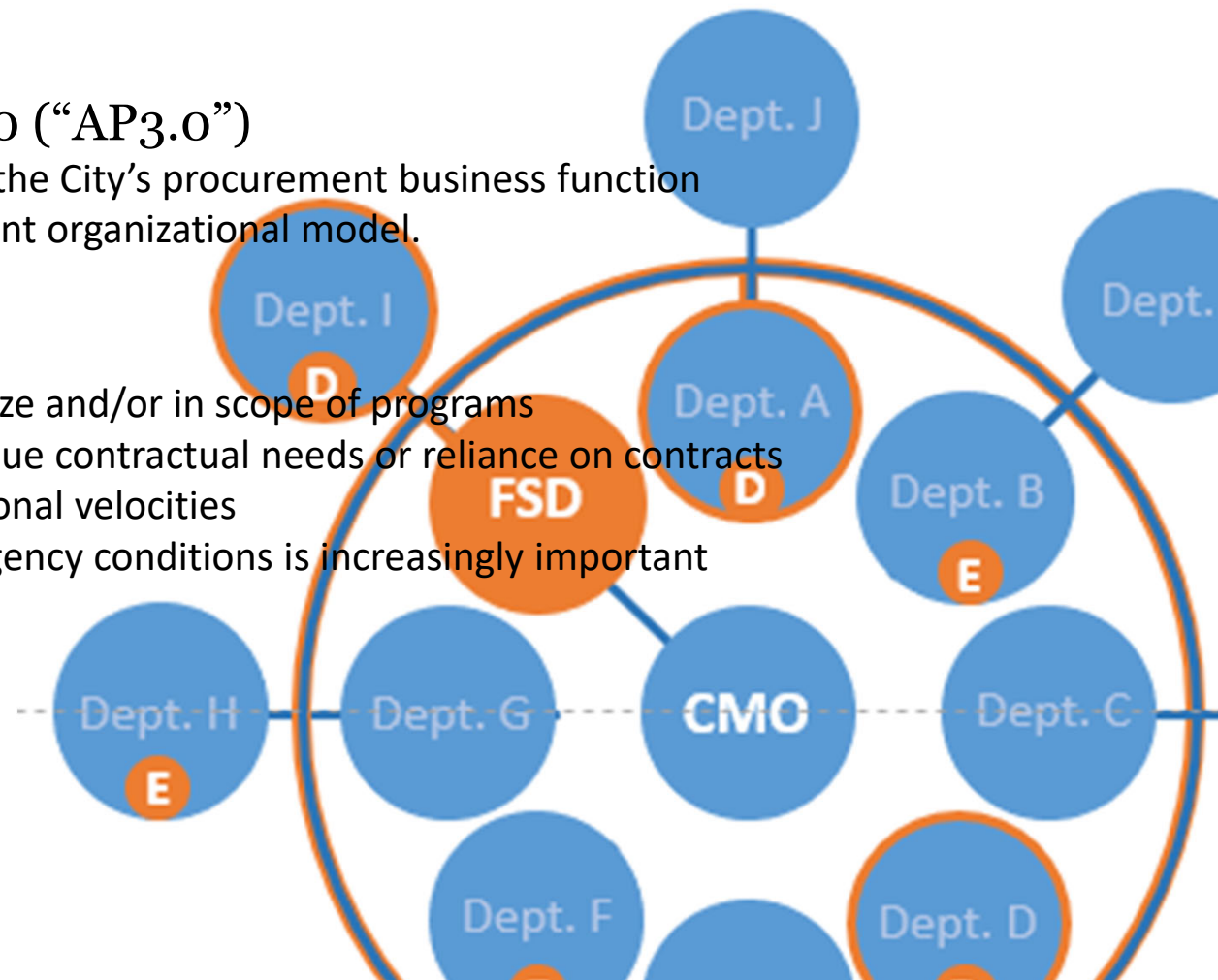
FSD’s Long-term strategy to transition the City’s procurement business function to a hybrid-distributed large government organizational model.

### DRIVERS

- Departments continue to grow, in size and/or in scope of programs
- Departments have increasingly unique contractual needs or reliance on contracts
- Departments have differing operational velocities
- Agility and responsiveness to emergency conditions is increasingly important

### ELEMENTS OF AP3.0

- Management (*Centralized*)
- Systems (*Centralized*)
- Organization (*Distributed*)





# Austin Procurement 3.0 – *Elements*



FINANCIAL SERVICES  
DEPARTMENT

## MANAGEMENT *(Centralized)*

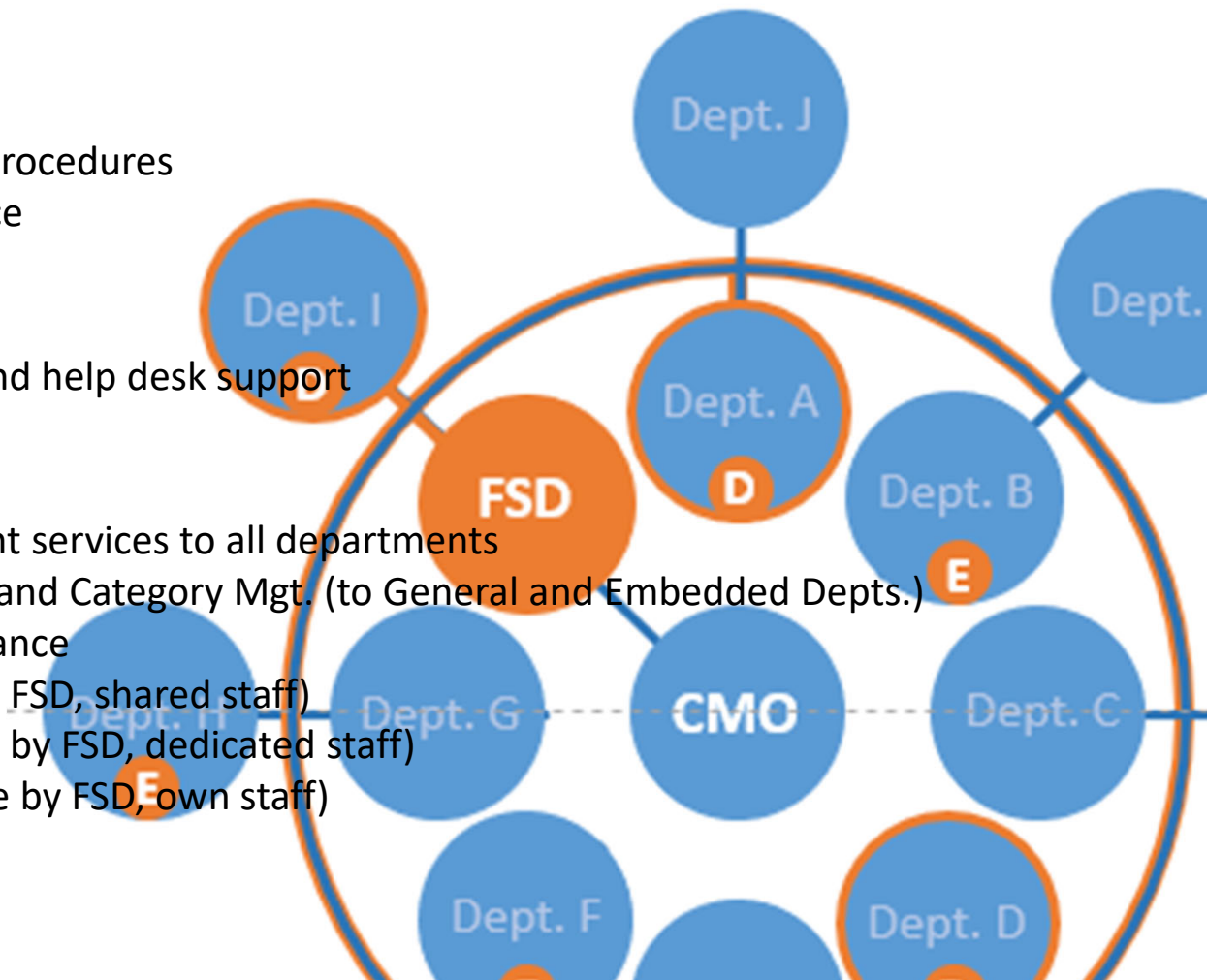
- Procurement programs, policy and procedures
- Procurement training and compliance

## SYSTEMS *(Centralized)*

- Procurement systems, application and help desk support

## ORGANIZATION *(Distributed)*

- FSD continue to provide procurement services to all departments
  - Source Selection, Contract Mgt. and Category Mgt. (to General and Embedded Depts.)
  - Procedures, training and compliance
- General Departments (Supported by FSD, shared staff)
- Embedded Departments (Supported by FSD, dedicated staff)
- Delegated Departments (Compliance by FSD, own staff)



# Austin Procurement 3.0 – *Departments*



FINANCIAL SERVICES  
DEPARTMENT

## GENERAL DEPARTMENTS

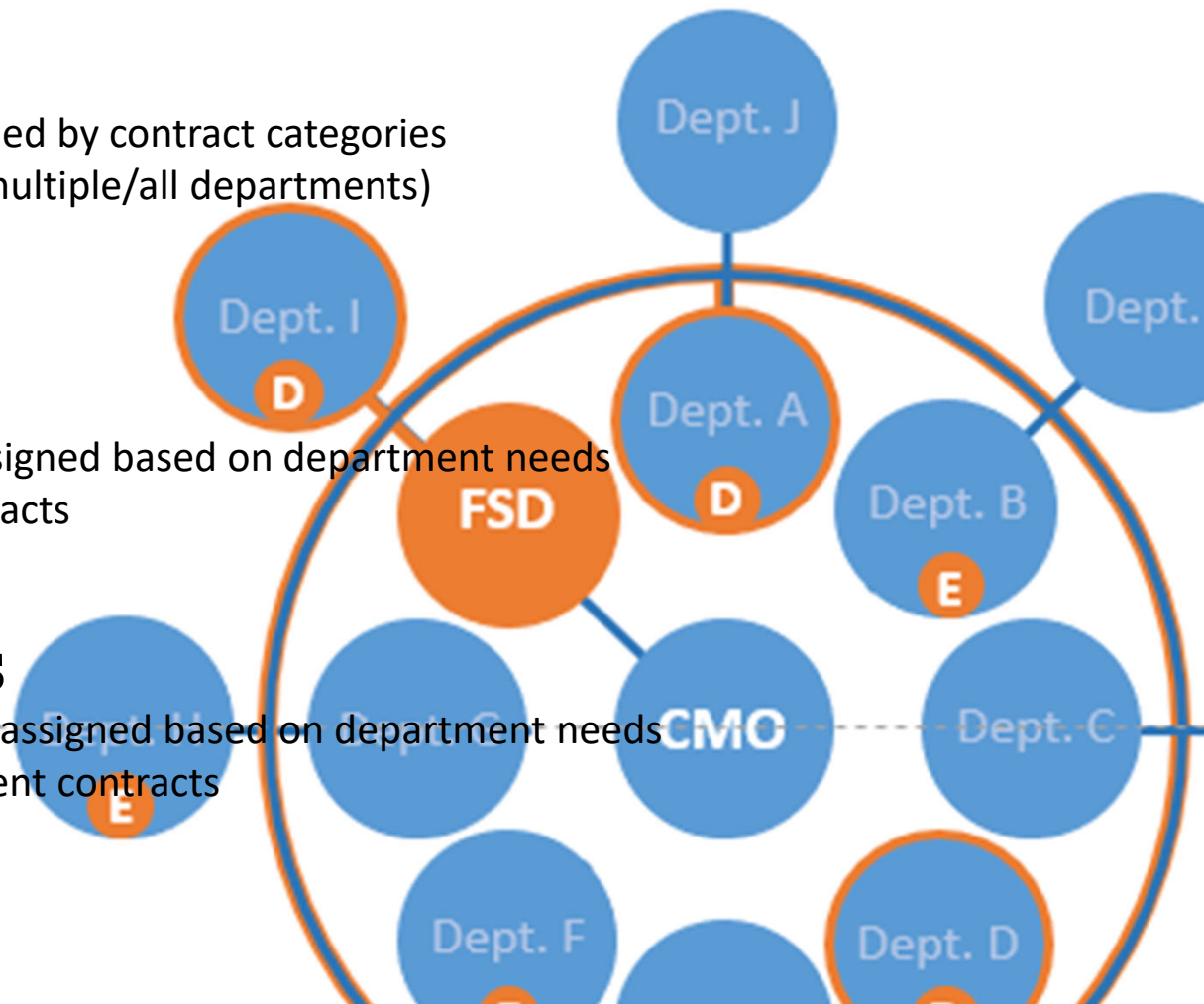
- FSD provides shared staff, work assigned by contract categories
- FSD provides citywide contracts (for multiple/all departments)
- FSD single-department contracts
- FSD represents RCAs

## EMBEDED DEPARTMENTS

- FSD provides dedicated staff, work assigned based on department needs
- FSD provides single-department contracts
- FSD represents RCAs

## DELEGATED DEPARTMENTS

- Department provides own staff, work assigned based on department needs
- Department provides single-department contracts
- Department represent RCAs
- FSD provides compliance support





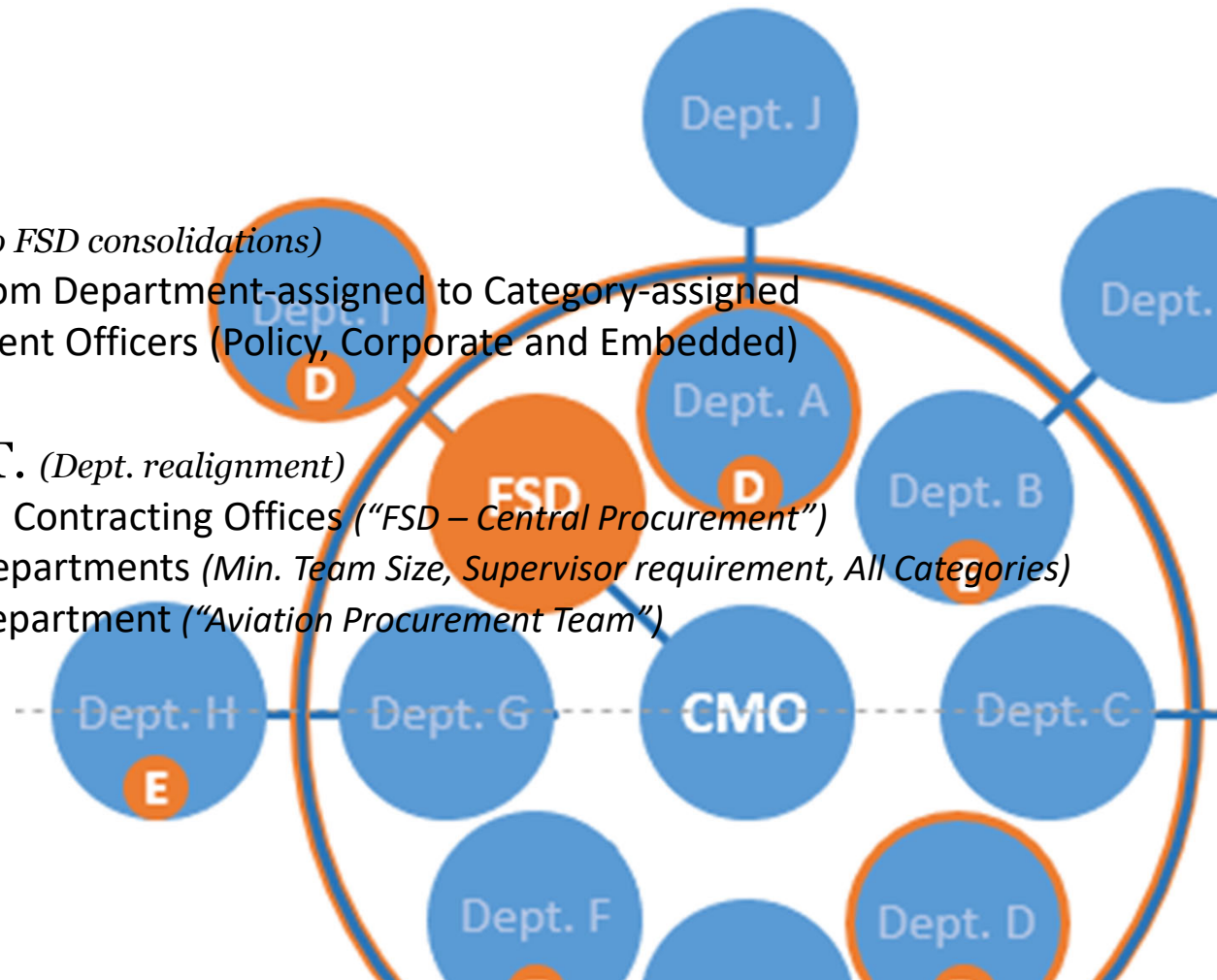


# PURCHASING OFFICE *(prior to FSD consolidations)*

- Realigned Purchasing Office staff, from Department-assigned to Category-assigned
- Differentiated the Deputy Procurement Officers (Policy, Corporate and Embedded)

FINANCIAL SERVICES DEPT. *(Dept. realignment)*

- Consolidated Purchasing and Capital Contracting Offices (“FSD – Central Procurement”)
- Developed Criteria for Embedded Departments (*Min. Team Size, Supervisor requirement, All Categories*)
- Implement initial new Embedded Department (“Aviation Procurement Team”)



# Next Steps

---



FINANCIAL SERVICES  
DEPARTMENT

## PROCEDURES, REGULATIONS, MANUAL

- Reviewing procedures and current regulations (*Consultant, underway*)
- Recommend any needed ordinances (*Austin Procurement Code*)
- Procurement Manual (*Consolidate and revise; for use by all departments*)

## SYSTEM(S)

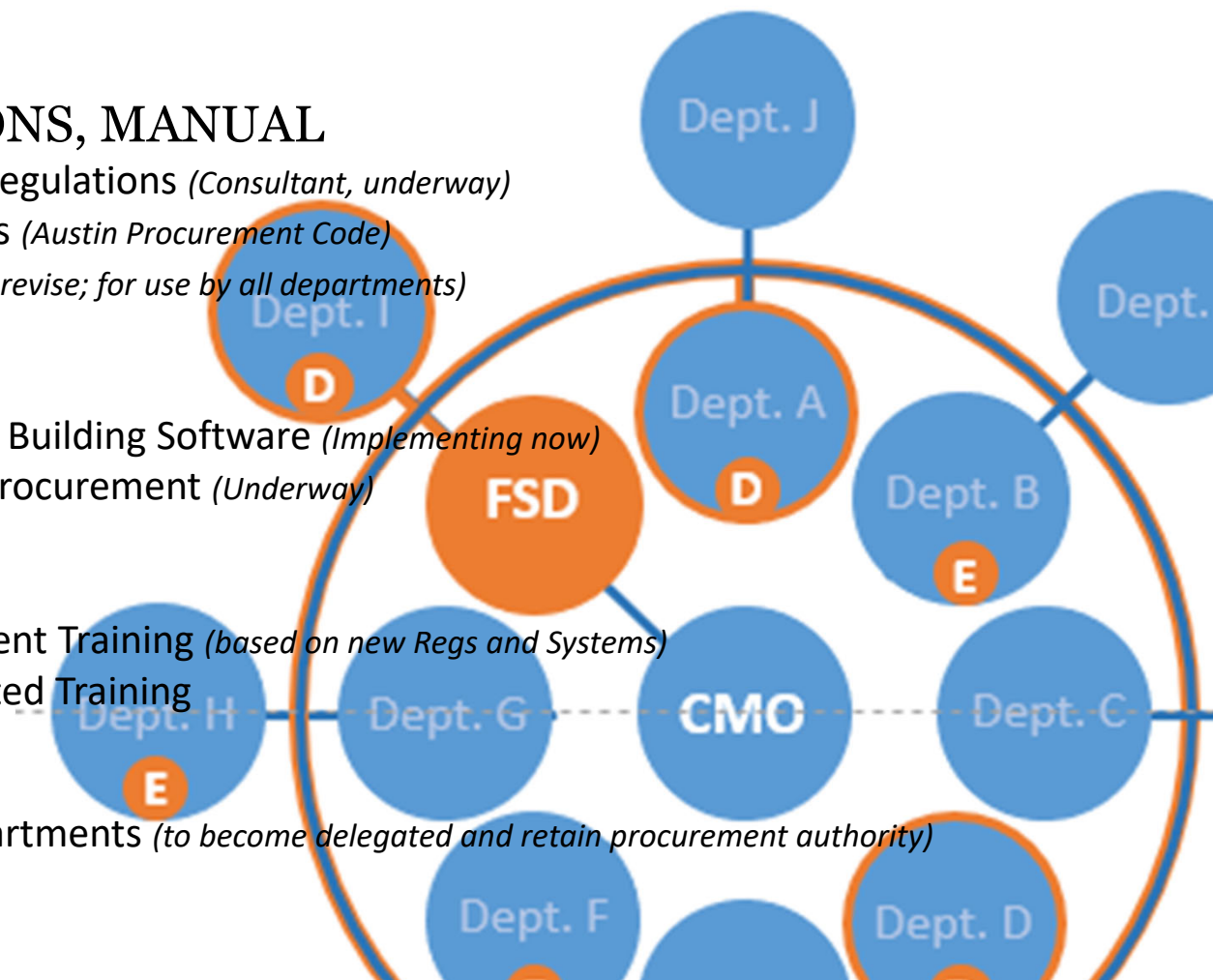
- Solicitation and Contract Document Building Software (*Implementing now*)
- FSD IT Systems Review, including eProcurement (*Underway*)

## TRAINING & COMPLIANCE

- Update and automate all Procurement Training (*based on new Regs and Systems*)
- Align Compliance activities to updated Training

## DELEGATED DEPARTMENTS

- Develop Criteria for Delegated Departments (*to become delegated and retain procurement authority*)





FINANCIAL SERVICES  
DEPARTMENT

# Austin Procurement 3.0

*Long-Term Strategy to transition the City's Procurement Business Function to a Hybrid-Distributed Organizational Model*

James Scarboro  
Chief Procurement Officer

Shawn Willett  
Deputy Procurement Officer

Audit and Finance Committee  
August 24, 2023