

The State of Public Sourcing

How COVID-19 and Remote Work Have Become a Catalyst for Change in Public Procurement





Foreword by Corry Flatt

How many times have you heard the words “unprecedented times” over the past couple of months? I’ll admit, I’m guilty of saying it too. But sometimes, it just feels like there are no other words to describe the time that we find ourselves in.

Before COVID-19 began impacting our everyday lives, we at Bonfire had talked about adapting our annual State of the RFP report—which uses anonymized first-party data from the Bonfire Strategic Sourcing platform to provide a unique bird’s-eye view into the RFP process—and breaking it out into smaller, more digestible eBooks throughout the year. We had gotten so much positive feedback from procurement professionals across North America on the value the report provided them, it seemed a shame to wait a whole year between each edition. As the state of our world—and the world of procurement—began to shift, we felt it was appropriate that our first edition of this new report gave insight into how COVID-19 and remote work have impacted procurement teams. More on why we made that decision in a moment.

You’ll notice we’ve also made a name change; The State of the RFP is now The State of Public Sourcing. We realize that complex, value-driven RFPs are only part of your day-to-day experience, and running straightforward, price-driven bids is more important than ever before. Our new report will now encompass all types of bids and RFPs.

I also want to address the elephant in the room—much of the data covered in this report is pulled from mid-March to end of April 2020, i.e. when COVID-19 first began impacting public agencies across North America. I don’t know about you, but given the ever-evolving nature of this global pandemic, that feels like a really long time ago.



Whether things may feel like they are finally starting to return to “business as usual,” or you’re still in the thick of working on COVID-related projects while working from home, it’s important that we pause and understand the lessons learned. COVID-19 felt like such a unique disruption to business continuity, and it can be tempting to fall into the trap that this was a once-in-a-lifetime disruption.

Just as none of us foresaw a global pandemic impacting our lives in 2020, it’s not hard to imagine that business continuity at your agency could be disrupted again in the future. Maybe it’s a resurgence of COVID-19, or something else entirely. Procurement plays such a vital role in any crisis, so it’s critical that your processes are prepared to handle any future disruption that comes your way. And that’s why it’s so important that we reflect on how procurement teams responded to the initial disruption of COVID-19 so that we can learn lessons for the future.

At the end of the day, we hope that this report reminds you that you are not alone. We get it, the role of procurement has never been more challenging—even more so when you feel like you don’t have a window into how other public procurement teams are handling these challenges. We hope that this report gives you insight into how your peers are responding to COVID-19 and the transition to remote work, as well as some lessons learned that can help you future-proof your procurement processes for any upcoming disruption.

CORRY FLATT, CEO OF BONFIRE



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Introduction

There's no question that public procurement has been majorly disrupted by COVID-19. In this report, we not only look at how COVID-19 and remote work have impacted procurement teams over the past months, but we seek to better understand how these events have become a catalyst for change in the way public procurement will be conducted in the future.

At Bonfire, we believe in the power of data-driven procurement decisions. That's why we've recently released our new Bonfire Benchmarking feature, which surfaces benchmarks and templates from our library of 40,000 competitive events so that procurement professionals can make confident and informed bid and RFP decisions. It's also why we've created this report—to give you insight into how your peers responded to COVID-19 so that you can leverage those best practices as you continue to future-proof your own processes.

This report uses anonymized first-party data from two sources: the Bonfire Strategic Sourcing platform, containing the competitive event data of 400+ North American public procurement teams, and a survey conducted with 176 procurement respondents. The report is split into two parts, first looking at how COVID-19 generally has impacted procurement teams and public competitive events, and then diving into how remote work specifically has impacted public procurement. Although there is no "official" date of when COVID-19 made a material impact on the lives of public procurement teams, this report marks March 15 as the starting period. It was around this time that we began seeing many procurement teams pivot their projects to focus on the emergency, and when many agencies started mandating work-from-home.



Introduction

Therefore, many of the graphs within this report will be looking at activity from the March 15 - April 30, 2020 timeframe, comparing it either to the same timeframe in 2019, or January/February of this year. This report looks at activity such as project types and categories, vendor competition, and evaluator consensus within hundreds of public agencies across North America in industries spanning municipalities, K-12 and higher education, public healthcare, utilities, transportation, and more.

In this report, we uncover that the importance of procurement in times of crisis has never been more apparent, and the data shows that public organizations have never been more open to considering investments in technology. Converging those two individual findings, we conclude that now is the time for procurement teams to advocate for the tools and technology that will not only make their processes easier and more efficient today, but will ensure procurement is prepared for any future disruption.

We hope that this report not only gives you insight into how your peers are responding to COVID-19, but also provides you the tools to articulate to your leadership team the role procurement technology plays in driving better outcomes for your stakeholders and your agency.



Executive Summary

IN THIS REPORT, WE DISCOVER...

Speed and efficiency take priority

Public procurement teams are adapting their processes to deliver emergency goods and services to their constituents as quickly as possible.

Public agencies are investing in IT & software

To ensure business continuity while working from home, public organizations are running 37% more telecommunications services competitive events.

Vendor competition is on the rise

While there is 5% more competition on public bids, procurement teams must continue to be intentional in engaging and diversifying their vendor pool.

Remote work is the new normal

Public procurement teams are adopting video conferencing and digital procurement tools to ensure their processes run business-as-usual while working from home.

Evaluator consensus is taking a hit

As public agencies adopt new collaboration software, and procurement teams publish bid solicitations at record speed, evaluator alignment is on the decline.

More evaluation work is happening outside of office hours

21% of evaluations are done outside office hours, highlighting that evaluators need digital solutions that will offer the flexibility to complete their scoring around other responsibilities and priorities.

Part One

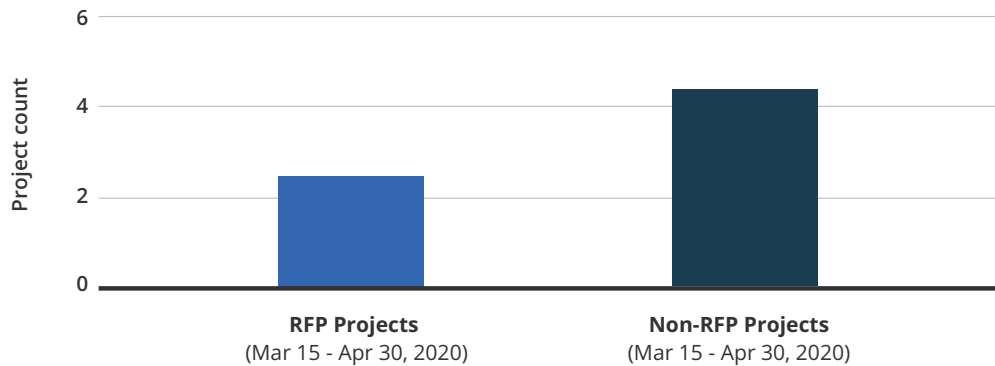
How COVID-19 is impacting procurement teams

In this section, we'll take a birds-eye view of how COVID-19 is affecting procurement teams in North America. These findings include how the types and categories of competitive events being run have changed, and how vendor competition has been affected.



What project types are being run?

RFP vs. Non-RFP Project Counts



At this time, the average organization is running 2.5 RFP project types and 4.3 non-RFP project types (such as price-driven bids or invitationals). At Bonfire, we've seen firsthand from our clients that public procurement teams have pivoted their efforts to run more urgent bids with shorter timelines.

Procurement teams are doing what they can to streamline these projects and get emergency supplies to the frontlines quickly and compliantly. RFP projects have gone from having an average of 4.46 evaluators to 3.8 evaluators (15% decrease). Non-RFP projects have gone from having an average of 2.19 evaluators to 2.06 (6% decrease). Across all projects, the average number of pages per vendor submission went from 207 to 156 (25% decrease), likely because procurement teams are reducing and re-prioritizing criteria so that proposals can be submitted by vendors and scored by evaluators more quickly.



Speed and efficiency are critical to meeting agency and constituent needs during COVID-19, and public procurement teams are adapting their processes to award bids and RFPs as quickly as possible.

Of course, just because procurement teams are running more price-driven than value-driven competitive events doesn't mean that they're any less busy. To meet their constituents' new and unexpected needs at this time, while managing supply shortages from their tried-and-true vendor base, creativity is a critical skill for procurement teams.

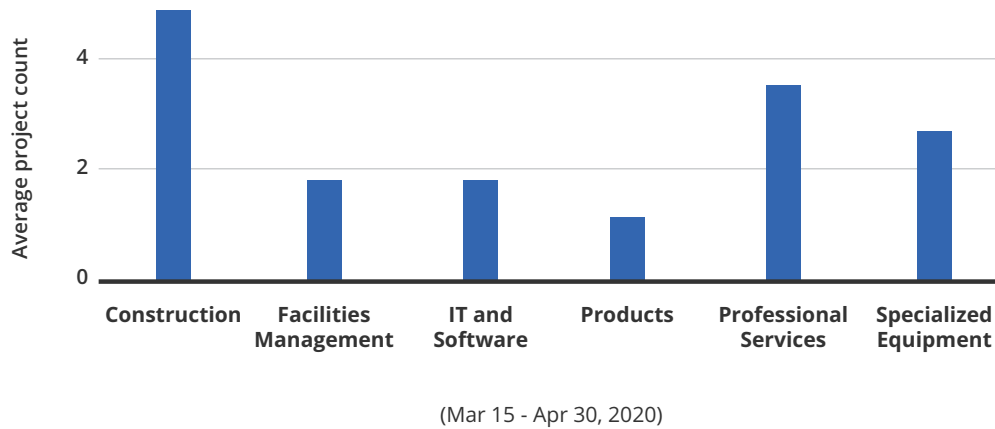


"When there is an emergency, the first question isn't 'what product do you need?' The first question is, 'what is the problem we're trying to solve?' That made a big difference on how people thought and how they approached things. A lot of long-term care has moved to a socialized environment for breakfast, lunch, dinner, and snacks, but when you're in the middle of COVID-19, that doesn't work anymore. We need to keep people spread 6 feet apart. And so all of a sudden there was this enormous need for overbed tables. We saw orders from one organization for 5,000...well, that just took everything out from the industry. So in order to supplement the need, it wasn't overbed tables, they weren't available. It was, what else could we use? Right down to the old TV tables that we used to have. When you go into this, there's process, but you also need to define what will work in the interim while you come up with what you really want to supplement with."

**JAY AYRES, DIRECTOR OF GROUP
PURCHASING ORGANIZATION AT ST.
JOSEPH'S HEALTH SYSTEM**

What categories of projects are being run?

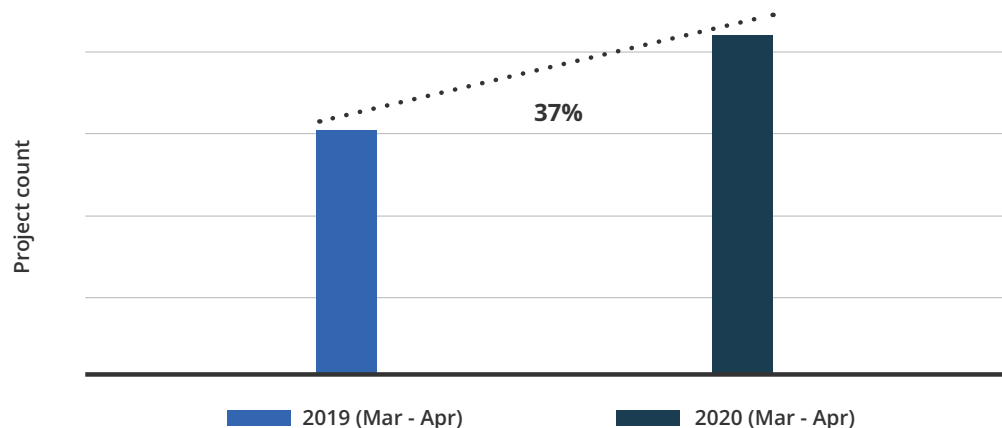
Project count by category



In the Bonfire platform, we categorize bids and RFPs by construction, facilities management, IT and software, products, professional services, and specialized equipment. The above graph gives an idea of what categories of projects procurement teams are tackling during COVID-19. Construction, professional services, and specialized equipment are the top 3 categories that procurement teams are focusing on at this time.

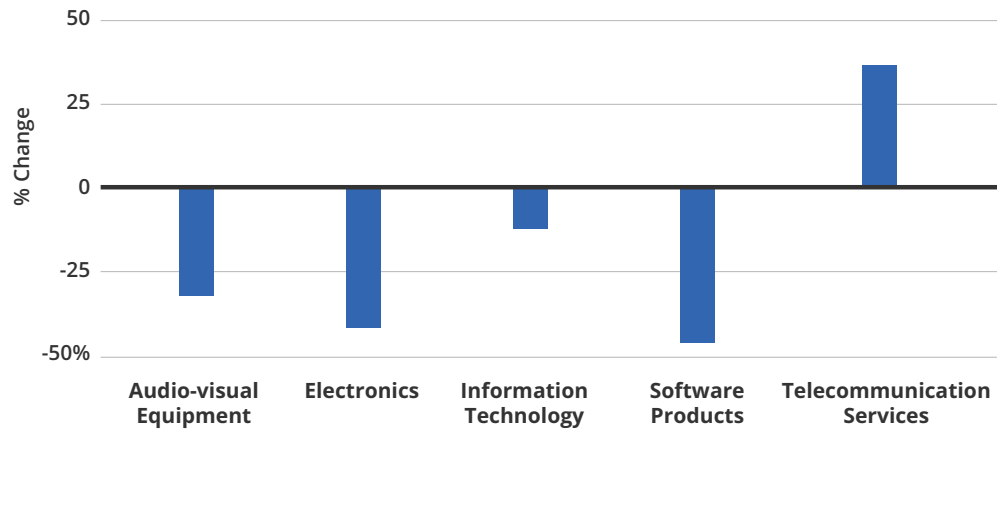
Are public agencies investing in technology?

Telecommunication services project count



IT and software subcategories

March - April 2019 vs. 2020



Given that the current climate has highlighted the need for virtual processes, we were particularly interested in digging into the IT and software category. As the above chart shows, although all other IT and software subcategories saw a decline of volume, telecommunications services saw a 37% increase in project volume.

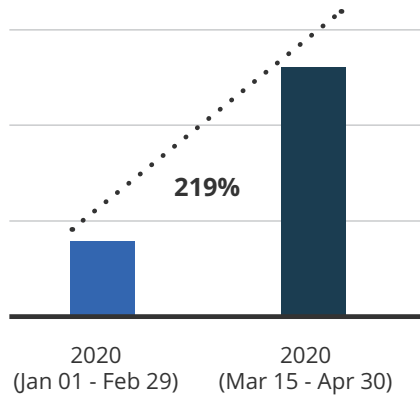
During COVID-19, public agencies are running 37% more telecommunications services competitive events.

What's interesting about these findings is that they highlight the clash of two opposing ideas that COVID-19 has brought into focus. IT and software are often viewed by public organizations as a "nice to have," rather than a business-critical expense, which accounts for why these project types are often the first

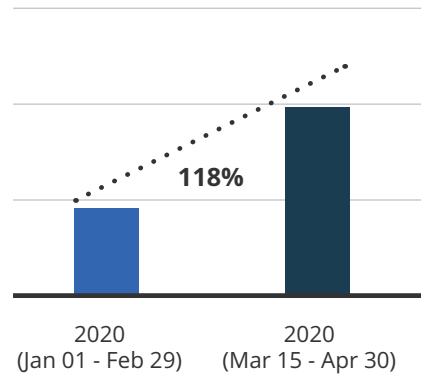
to get cut in times of economic instability. At the same time, as many organizations have had to make the jump to remote work, software services that enable remote work communication have become critical to ensuring business continuity.



Telecommunication services for education



Telecommunication services for municipalities



When we single out the data from education and municipalities, we see how these industries in particular are investing in telecommunications services right now.

Many K-12 and higher education institutions brought learning online in March and April, resulting in a 219% increase in telecommunications bids and RFPs compared to January/February of this year.

Municipalities, similarly, saw a 118% increase in telecommunications services, likely to adjust to a new remote work reality.

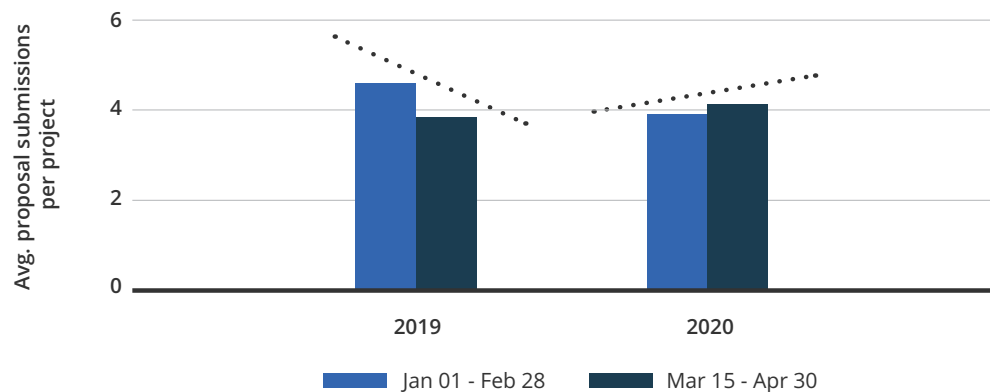


"I think a lot of the new technologies that we're utilizing now are going to continue...I think the use of virtual meetings is going to continue both internally within the organization, as well as externally. We found that there were savings internally in terms of time as well. Our county government is two main campuses about 15 minutes apart. When you have to drive back and forth three times in a day for different meetings, you're wasting an hour of your day just driving back and forth between the two campuses. I think this crisis has pushed the use of the virtual tools that are out there, and I think that will definitely continue going forward."

PAUL J. BRENNAN, DIRECTOR OF PURCHASING FOR THE COUNTY OF ROCKLAND

How has vendor competition been affected?

Changes in average number of vendor proposals per project



To determine how vendor competition has been affected during COVID-19, we looked at the average number of vendor proposals per project. When comparing the data from January and February of this year versus

mid-March to end of April, we see that the average volume of proposals per project has increased slightly from 3.9 to 4.1. In other words, there is 5% more vendor competition on public bids right now.



Public bids during COVID-19 received 5% more vendor proposals than the same time last year. At the same time, procurement teams must continue to be intentional about engaging vendors and diversifying their supplier base to overcome supply shortages, award contracts within project deadlines, and stimulate local and national economies.

In March and April 2020, as public organizations significantly reduced their open bids, suppliers may have had fewer options on solicitations to bid on. At the same time, the climate of economic uncertainty may have motivated suppliers to seek additional business, accounting for the increased vendor competition.

Although vendor competition is on the rise right now, many procurement teams understand that engaging vendors and diversifying their supplier base in new and creative ways is critical to overcoming supply shortages, awarding contracts within project deadlines, and stimulating local and national economies.





“Our vendors were affected—the ones that we usually go to for supply were completely out. So you have to turn to others and be a little bit more creative. In terms of diversifying the supplier base, we found that through this emergency, we’ve been able to bring on new vendors that we haven’t dealt with before.”

“Our local economy, like everyone’s local economy, is just hurting so much. The restaurant and hospitality businesses are hurting. Through this emergency, we’re turning to them to help supply part of the response to the emergency. We’re feeding local seniors who can’t get out of their homes by turning to local caterers to help with that. We’ve launched a program to help first responders who are healthy but can’t return back to their homes in fear of infecting them, so we’re tapping into the local hospitality sector, the hotels, to implement those programs. We’re also providing face covers for all 5500 Louisville Metro employees, and we had those custom-made from a sewing shop in central Kentucky. We’re helping to stimulate the local economy through this emergency.”

“We also have a list of minority- and women-owned businesses that, as part of the incident management team, we look through an equity lens—how are we equitably responding to this so we don’t have disparate outcomes? That list of vendors is made available to those who are making purchases to encourage the utilization of those that have been certified minority- and women-owned businesses locally.”

**JOEL NEAVEILL, DIRECTOR OF PROCUREMENT
FOR THE LOUISVILLE METRO GOVERNMENT**

Part Two

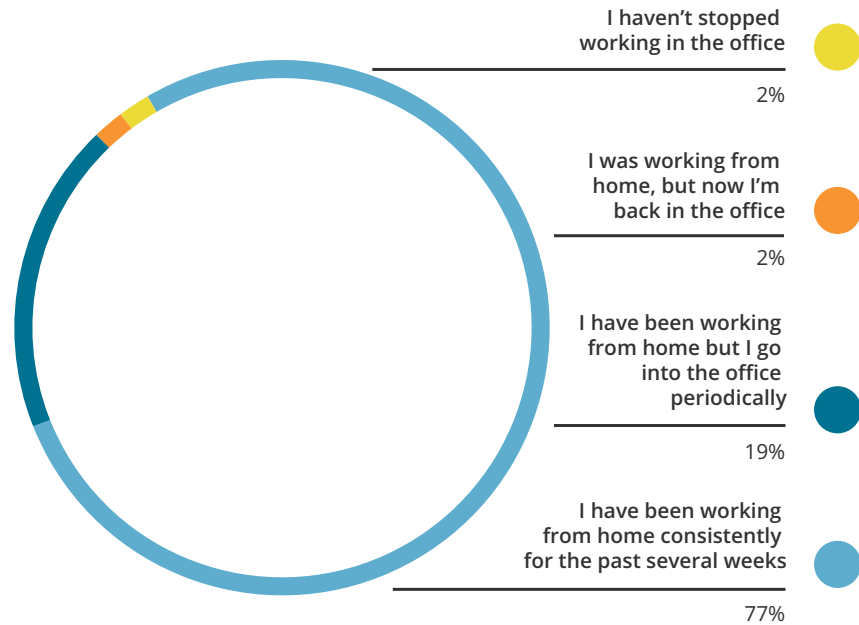
How remote work is impacting procurement teams

Now, we'll take a deeper look into how the transition to remote work specifically has impacted a back-office business process like procurement, which has traditionally relied on paper or legacy systems. We'll dig into our findings on how remote work has affected both procurement's and evaluators' processes and engagement.



How many procurement teams are working from home?

Are you working remotely?



In a survey we conducted with procurement professionals on April 29, 2020, we found that 77% of procurement professionals were working from home consistently, 19% had been going into the office periodically, 2% had returned to the office after working from home, and 2% hadn't stopped working in the office.



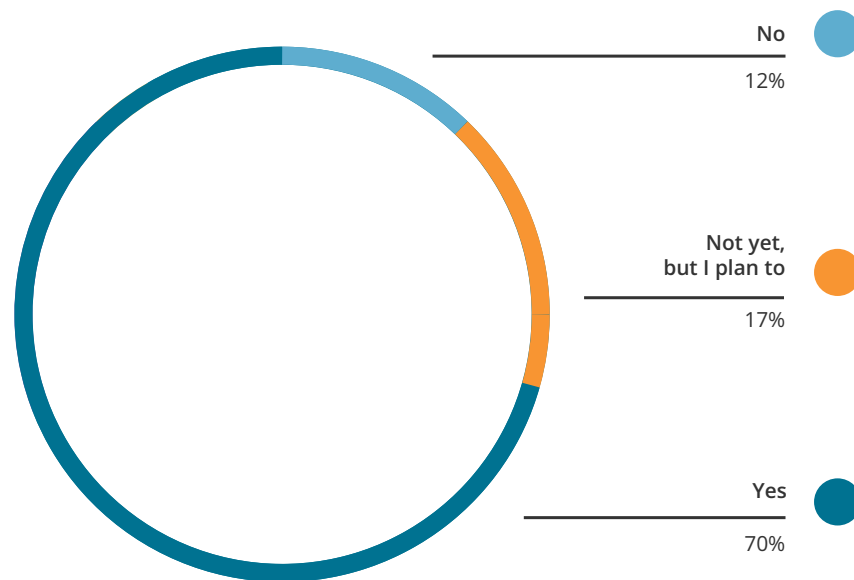
"I have been working a combination of remotely and in office, although I am an exception: most of our procurement staff is fully remote. The transition was difficult at first, given how paper-based a lot of our contracting and administrative processes are, but our staff has worked hard to acclimate over the past few weeks to new technologies, routines, and procedures. The hardest thing has been thinking outside the box to find solutions on the fly to processes that have been established for many years.

"Fortunately, since we made the transition to using Bonfire as an online solution prior to the coronavirus outbreak, this has been less of an issue for our RFX solicitations. The timing really could not have been better. The convenience of having a SaaS solution that is accessible to staff anywhere and utilizing an online process for most of the solicitation lifecycle has simplified what would have been a particularly challenging transition for us since we were still requiring hardcopy proposals in office."

LYNDSAY HARVEY, CITY OF CINCINNATI

How have procurement teams adjusted their processes?

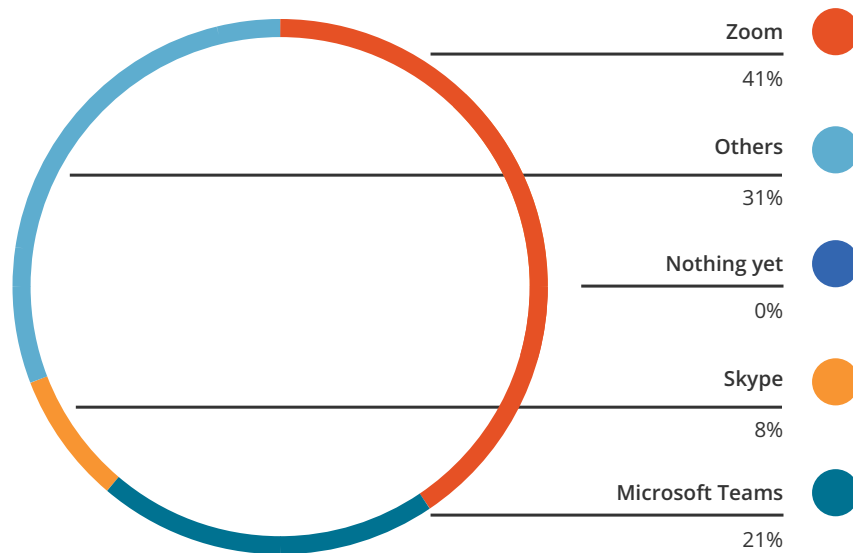
Have you adjusted your process to run virtual processes/meetings (consensus meetings, bid openings, etc.)?



Although procurement plays a vital role in any crisis, it's also one of the departments least optimized for remote work. Some teams rely on legacy systems that aren't compatible with home devices or conducive for online collaboration. Other teams rely on hard copy vendor submissions, but now there's no one in the office to receive those shipments. Getting those documents to out-of-office evaluators is a whole other logistical challenge. Needless to say, procurement has had to make some changes to get their processes remote work-ready.

In our survey of procurement professionals, we found that the majority of procurement teams (70%) have adjusted their processes, such as consensus meetings and bid openings, to run virtually. As of April 29, 2020, 17% had not yet adapted their processes to run virtually but were planning to.

What video conferencing application has your organization adopted?

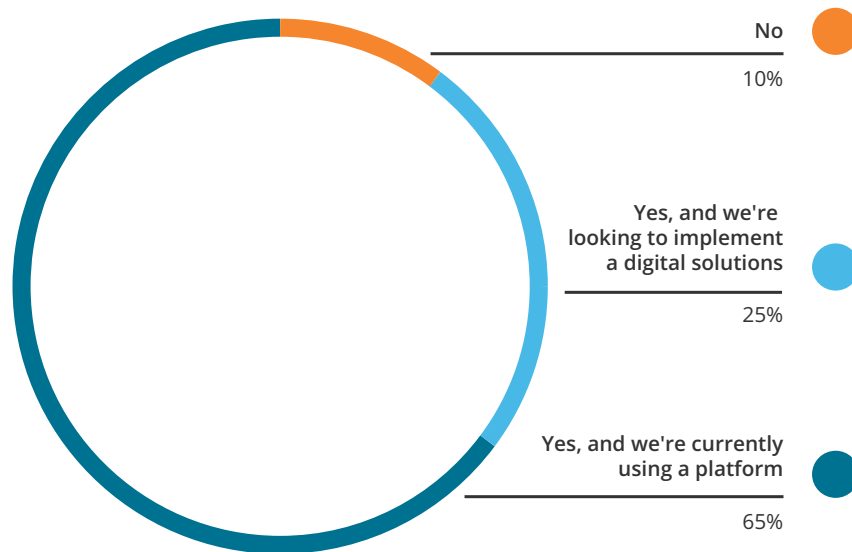


The data shows that procurement has readily adopted video conferencing as a viable tool to collaborate and ensure competitive events were running on-time, on-budget, and meeting all stakeholders' expectations. 0% of respondents said they were not using video conferencing at this time.

0% of procurement professionals surveyed said they had not adopted a video conferencing tool.

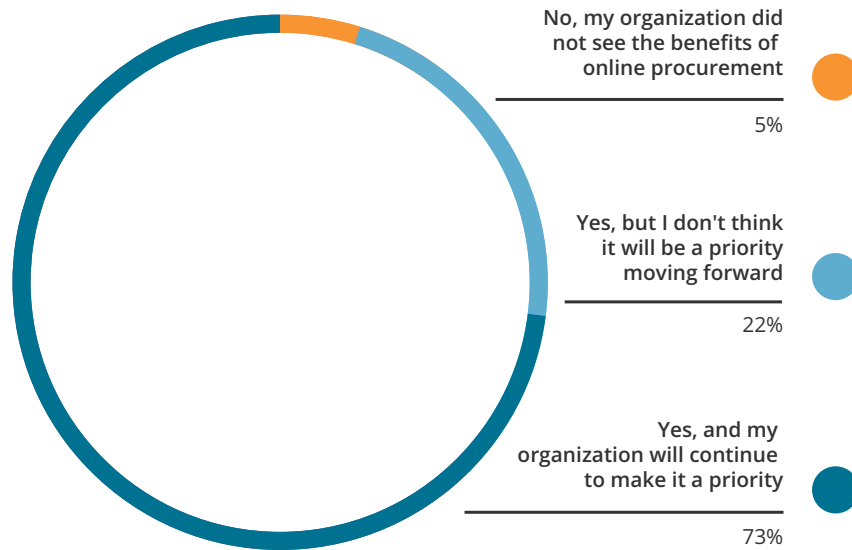


Do you consider digital procurement platforms an important pillar of your business continuity plans?



When we asked survey respondents if they considered digital procurement platforms to be an important pillar of their business continuity plans, 90% of procurement professionals said that they are currently using a platform or are looking to implement a digital solution.

Did COVID-19's effects cause your organization to realize how vital procurement is to business continuity?



Is the mentality that digital procurement platforms are critical to business continuity plans here to stay? 73% of respondents said that COVID-19's effects have caused their organization to realize that digital procurement is something to be prioritized in the future.

With telecommunications services getting such a boost in RFPs during COVID-19, there appears to be shifting attitudes towards the importance of online tools in the public sector, especially during times of crisis. Procurement teams have a unique opportunity to leverage this shifting mentality to advocate for digital tools that have typically been seen as a "nice-to-have" rather than a necessity.

Although digital procurement tools may have previously been viewed as an expendable cost, 73% of respondents said that their organization now views digital procurement as a business priority.



"In the wake of COVID-19, we have learned a new normal—adapting to remote working. We have made changes to adapt to this new normal, including using Bonfire for our solicitation, video calls (Microsoft Teams and Zoom) for meetings and training, changing policies, and questioning our known ways of working.

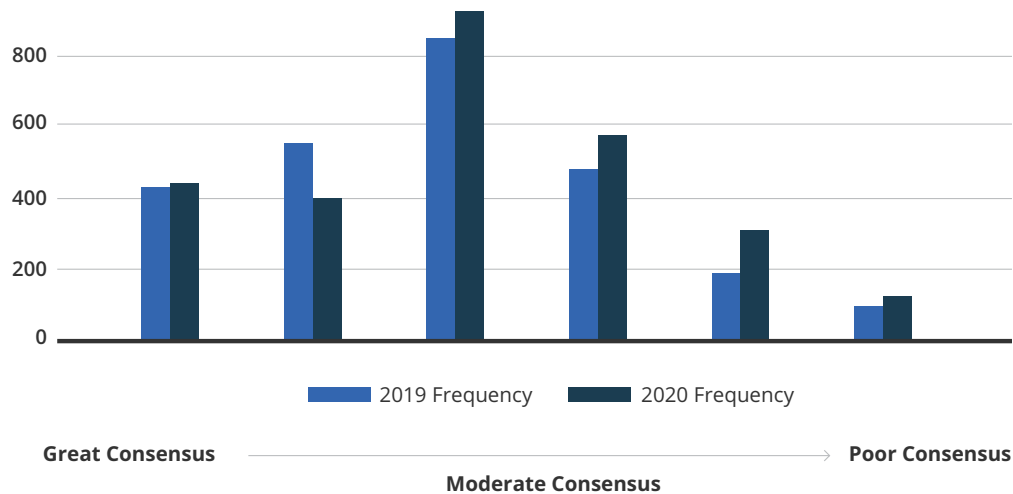
"We have redesigned operations to use Microsoft Teams and Zoom for most communication, such as calling, video conferencing, file sharing, and screen sharing. These tools are gradually pushing email communication to the side. We have conducted virtual pre-bid meetings and bid openings through video conferencing.

"As we transitioned to Bonfire [Strategic Sourcing Software], using the collaboration tools with SMEs and our vendor community has become another means of delivering excellent customer service. Working remotely with Bonfire has made communication more efficient across our team."

DORIS EMEKA, SR. BUYER, MATERIALS MANAGEMENT, FORT BEND ISD

How has evaluator consensus been affected?

Frequency of standard deviation in evaluator scores



- Standard deviation refers to the variation in datasets. In this case, we looked at the variation of responses in evaluation scores.

COVID-19 and the transition to remote work have negatively impacted evaluator alignment.

To reach this conclusion, we took a look at individual evaluator scores and how much they differed or aligned from others in their evaluation group. We measured this by calculating the standard deviation of the user scores.

Here, a low standard deviation means there is little variation in how evaluators scored on different criteria, which means there is high consensus and alignment. Alternatively, a high standard deviation means there is a lot of variation in evaluator data, which means there was low consensus and alignment.

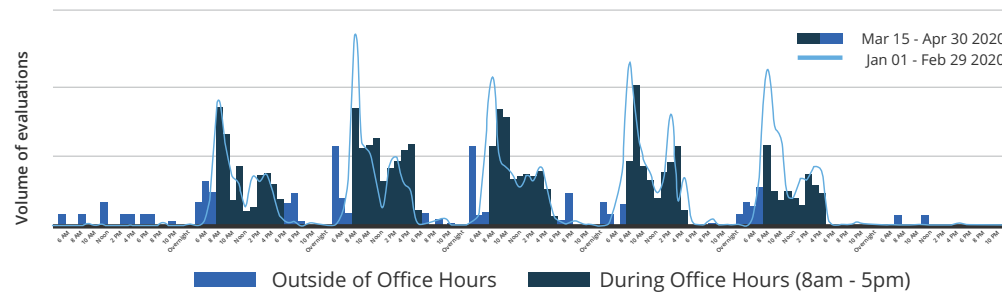
As we can see, as the bars representing 2020 in the poor consensus range have a higher frequency than the bars representing 2019, we can conclude that evaluator scores have had more variation in 2020. Therefore, evaluators are less aligned.

There are many potential contributing factors to this decline in consensus. For public procurement teams who adopted video conferencing because they were working from home, the implementation period as teams adjust to fitting the new technology in their process could cause a bump in misalignment. Alternatively, as teams are getting bids and RFPs to the streets at record speed, steps in project planning—including consensus meetings—might be getting dropped, ultimately affecting alignment in the evaluation stage.



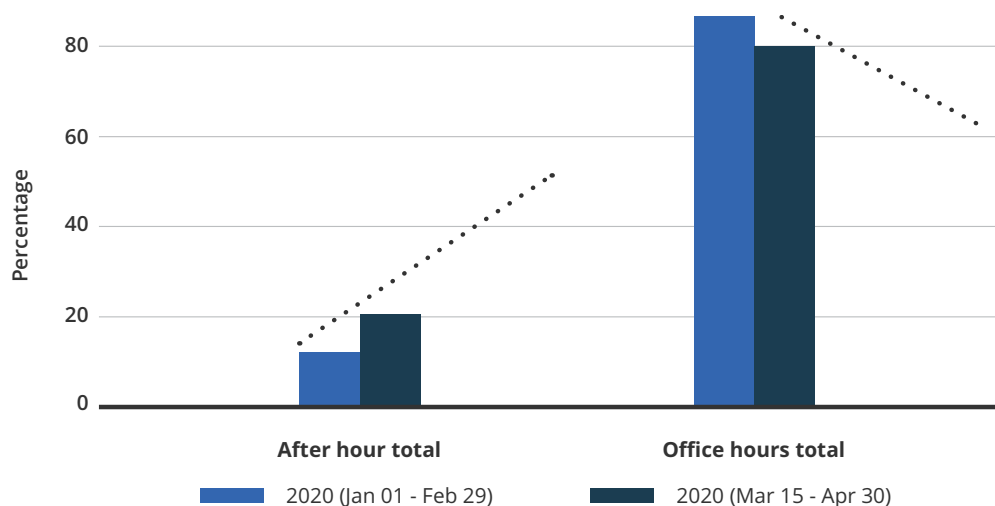
When are people completing their evaluations?

Time of day that evaluations are completed



In this graph, we're comparing the timestamp of when people are completing their evaluations, both in January/February and March/April of this year. From March 15-April 30, we see a considerably higher percentage of evaluation activity performed during non-office hours. Notably, the bars indicating

work outside of office hours see a significant uptick before the beginning of every work day, meaning more evaluation activity has been happening from 6am - 8 am since the start of remote work. More evaluations are also now happening on weekends, especially Sundays.





In January/February, 13% of evaluations were done outside office hours. In March/April, 21% of evaluations were done outside office hours. That's a 62% increase in evaluations done outside office hours, while evaluations completed during office hours has declined by 9%. With so many people across North America experiencing a breakdown of the barrier between work life and home life these days, this trend is not surprising.

This data serves as a reminder that, as you're considering digital tools to optimize your procurement process for remote work, prioritize solutions that will offer the flexibility for users to complete their evaluations around other responsibilities and priorities.

As you're considering digital tools to optimize your procurement process for remote work, prioritize solutions that will offer the flexibility for users to complete their evaluations around other responsibilities and priorities.

Even as many public procurement teams transition back to working in the office, digital tools like eSourcing enable your evaluators to do their work on their own schedule. Our findings that evaluators are completing their scoring before the workday begins indicates that people prefer to complete evaluations at a time when they can

concentrate, perhaps before kids' wake-up times, or because their mornings are more flexible with no commute. Even when your evaluators are back in the office, digital tools make it easier to access materials when they have the time set aside to concentrate on completing their scoring.



Conclusion

If the job of public procurement was challenging before, COVID-19 and the transition to remote work have only heightened those challenges. Procurement teams are running emergency bids at a breakneck pace, engaging a new vendor pool amongst supply shortages, and managing declining evaluator consensus, all while adjusting to a new reality of working from home.

The good news is, procurement is no longer attacking these challenges behind closed doors. The importance of procurement in times of crisis is front-of-mind for many public agencies right now.

That, coupled with the fact that public organizations have never been more open to investments in communication technology, signify that now is the time to advocate for the tools that will not only make your processes easier and more efficient today, but will ensure procurement is prepared for any future emergency, whether it's a resurgence of COVID-19, another pandemic, or something else entirely.

As this report is released, many public procurement teams have transitioned back to working in the office, on a part-time or full-time basis. But public organizations' office life will likely never look or feel the same as it did before COVID-19. Procurement is no longer seen as a back-office administrative function, but a critical department with a stake in agency impact. Digital tools are no longer a "nice to have," but integrated into business processes. Employees expect new levels of flexibility when working around their home and family life.

The world has changed, and the actions you take now to capitalize on changing attitudes towards technology will define procurement's impact in your agency for years to come. Procurement has a unique opportunity to take advantage of these changes in office life and attitudes towards technology. Either you can make minor tweaks to bring your bid openings and vendor submission online, or you can invest in the tools that will provide the benchmarks and templates you need to strategically approach project planning, collaboration, evaluation and scoring, and vendor competition.



About Bonfire

Bonfire Strategic Sourcing software brings procurement online, ensuring 100% compliance, reducing cycle times, and improving transparency. Through the power of tools optimized for collaboration and in-app access to RFP insights and templates (surfaced from Bonfire's library of 40,000+ projects), Bonfire unlocks procurement's potential to drive better agency impact, achieve better outcomes, and engage colleagues along the way. Bonfire's proven history of customer-driven innovation is trusted by hundreds of public procurement teams across North America.