

Visibility, Analysis and Process

The ABC of Spend Analysis

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FORUM2014

The ABC of Spend Analysis

How do you
view spend?



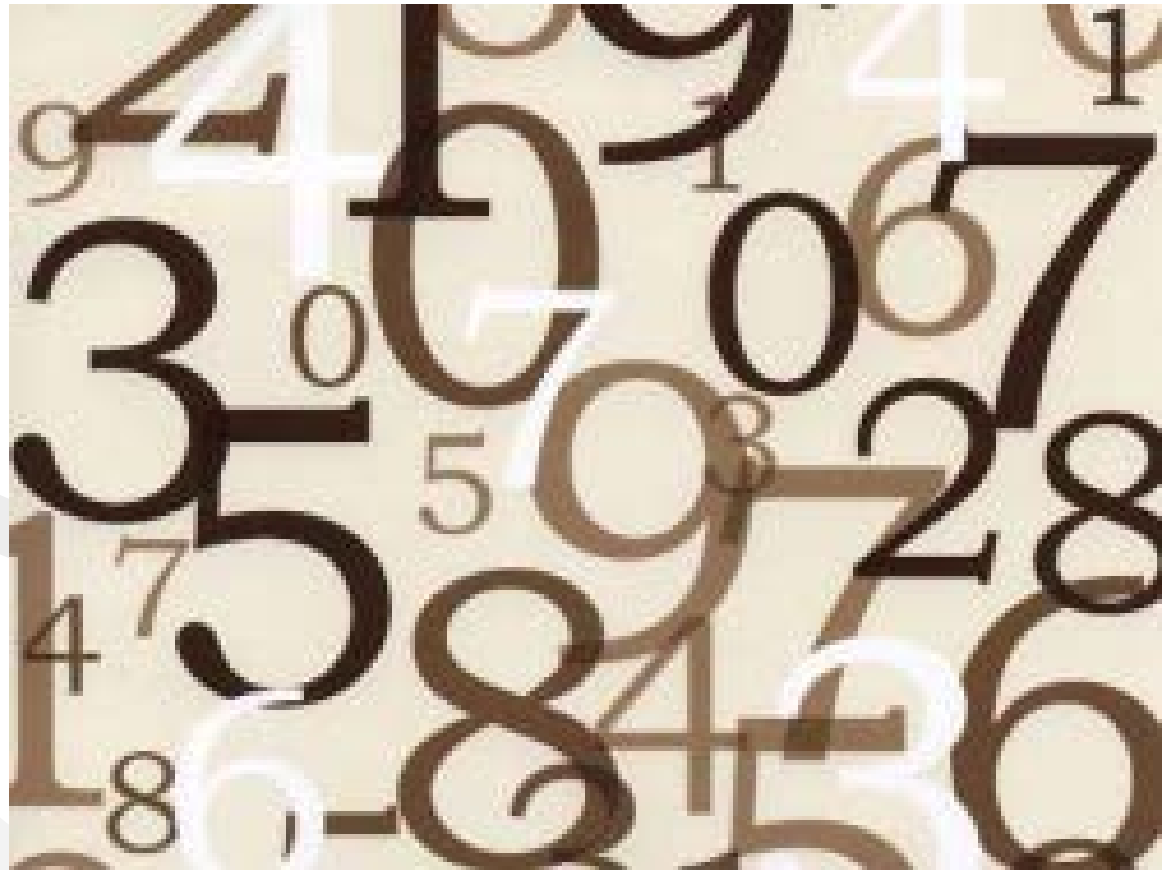
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Which view provides the greatest depth?

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What is the
Truth behind
the numbers?



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The Virginia Story . . .

. . . A Tale of Two Spends



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Actual Spend versus Adjusted Spend

Or

Payment versus original purchase price



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Are you seeing
the “TRUE”
picture?



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Transportation contract

Original purchase \$900 million dollars in **2012** . . .

. . . Adjusted Spend based on actual payment of
\$100 million (\$800 million less) in **2014**



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What is the problem?



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First let's talk about consequences . . .



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- Impacts Budgets
- Impacts FTEs
- Impacts Performance Assessments
- What other impacts?



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- You are at 43% of your SWAM target
- Out of nowhere you are hit with an adjusted spend based on payment as opposed to original purchase estimate
- You are now at 20% of your SWAM target instead of 43%
- Transparency triggers a response in terms of public reaction



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Which
problem do
you solve?



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Original Purchase

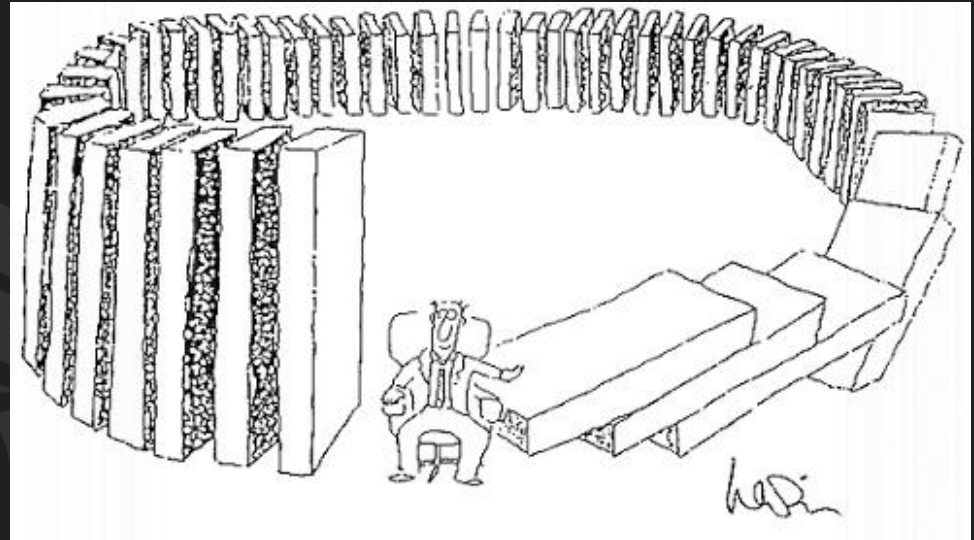


Adjusted Spend



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Don't forget about the Unintended Consequences



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Back to the Beginning!



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- Awareness
- Standardization
- Understanding



*If you can't
measure it, you
can't manage it.*

Peter Drucker



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How do you
view spend?

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