

# PULA AIRPORT



## ENSOLVA GAVE WINGS TO SIMPLE PROCUREMENT

- Sector: Public procurement - service activity in relation to air transport
- Modules: Supplier Portal, Procurement Plan, Purchase Orders, Scenario Manager
- Number of employees: 122
- Number of users: 20



## FIRST CROATIAN AIRPORT USING DIGITALIZED PROCUREMENT WITH ENSOLVA

Pula International Airport is one of the 9 airports in the Republic of Croatia. It connects Istria with 21 countries, 67 destinations and cooperates with 35 airlines. Significant traffic growth was recorded in early 2000, when the number of passengers grew by an average of 40 percent per year. These are mostly civilian flights in the peak of the tourist season that arrive with low-budget companies and companies that fly on regular routes.

The increase in the number of passengers was also reflected in the increase of procurement, but the Procurement Department in Airport Pula was established only recently in 2015 and it was necessary to develop a number of internal procedures and regulations. The Procurement Service had the full support of the Management Board, which is oriented towards the new, with the aim of providing the best and highest quality service to its internal customers and obtaining the best value for money invested in the procurement market.

### CHALLENGE: HOW TO COORDINATE REQUIREMENTS AND PROCUREMENT?

With a limited number of employees, Airport Pula found it difficult to find time for strategic procurement planning that would support core business even more efficiently. Everyday tasks such as manually printing Purchase Orders and faxing them, manually entering data into the Procurement Plan, connecting to the Contract Register, monitoring postal and e-mail correspondence with suppliers and coordinating the needs and requirements of internal clients took valuable time. Daniela Banković, as well as the management, were aware that change was urgently needed.



"I remember how much time it took just to prepare the annual statistical report on public procurement, which we are obliged to prepare and submit by March 31 of the current year for the previous business year to the Ministry of Economy and the Public Procurement Policy Directorate."

"In the beginning, we spent days in accounting taking out all last year's invoices out of binders, arranged them by categories of goods - works - services (annual statistical report is submitted by categories procurement categories: goods - works - services) and manually added and calculated the amounts spent. In order to facilitate the whole process and be able to monitor the implementation of the Procurement Plan during the year, we agreed that every Friday we will manually enter the amounts of invoices received that week into an Excel spreadsheet, also by categories of goods - works - services. So we later adjusted the Procurement Plan as well. Now, with the help of Ensolva, the whole process has been significantly accelerated and with one click in Ensolva we have insight into the entire system," explained the procurement manager, adding that this long administrative process was significantly shortened.

"The volume of procurement grew and the method of procurement remained the same as it was 20 years ago, which complicated the business process. By consolidating operations using Ensolva, Airport Pula gained a unique insight and control of the process from start to finish."

Pula Airport wanted to gain a unique overview of all activities in simple procurement, and the strategic decision was to centralize procurement, consolidate and standardize procurement processes.

## BRIEF OVERVIEW OF DIGITAL TRANSFORMATION

### GOALS

- Simplification of procurement processes and concentration on core business
- Overview of all activities in simple procurement and more efficient document control
- Centralization of procurement
- Improved supplier relationships
- More efficient transfer of information and control of the procurement process in the company

### ACTIVITIES TAKEN

- Ensolva Supplier Portal implemented
- Standardized work-flow by the implementation of Ensolva Scenario Manager
- All stakeholders involved in the procurement process are connected by a single tool

### RESULTS

- Simplification of procurement processes and the ability to concentrate on core business
- Overview of all activities in simple procurement and more efficient document control
- Centralization of procurement
- Improved supplier relationships
- More efficient transfer of information and control of the procurement process in the company

# CHRONOLOGICAL REVIEW OF DANIELA BANKOVIĆ, PROCUREMENT MANAGER IN AIRPORT PULA

From the non-existence of the department to the digitization of the process

### PROCUREMENT IS A RELATIVELY NEW DEPARTMENT IN AIRPORT PULA:

When I started working at Airport Pula, almost 24 years ago, procurement as a service did not exist. Procurement was carried out, of course, but it was disorganized and without processes, plans, procedures and regulations, but extensive in volume. In the 2000s, the position of procurement officer was introduced in the catalogue of jobs. The road to procedures and systematization was very long. After that, the position of warehouseman was introduced.

### LAW ON PUBLIC PROCUREMENT ENCOURAGED THE ESTABLISHMENT OF THE SERVICE:

The key moment occurred in 2008 when the new Public Procurement Act obliged public contracting authorities to have at their disposal at least one person with a certificate in the field of public procurement or passed an exam in a specialist training program in the public procurement system. At that time, the position of PUBLIC PROCUREMENT SPECIALIST was introduced into the systematization.

### STRUCTURE OF THE PROCUREMENT DEPARTMENT:

Procurement is becoming more and more complex, professionalization was required, so a procurement service was formed which has: a head of the service, a public procurement specialist, a public procurement officer and a warehouseman. This is still small compared to how a procurement service should be organized in a company like Airport Pula.

We conduct all categories of public and simple procurement. These are very complex processes that, with the cooperation of the heads of various sectors, are ultimately carried out by two people, which is very demanding since the procurement processes are based on meeting deadlines.

## PROCUREMENT ON PAPER

Procurement plans did not exist in the form of a specification of goods, works and services but were exclusively defined by the possible financial amount in an annual business plan. Also, the performed procurements were not always accompanied by complete accompanying documentation, there was no procurement structure as a function. As a result, there was no adequate control over costs and contract execution.

## DIGITIZATION:

The beginnings of digitization of procurement date back to 2008 when we introduced data records in Excel spreadsheets to track purchase orders electronically. However, the link between purchase orders and requisitions and then with offers was missing. Accounting may not pay an invoice without a link to the issued purchase order, and purchase orders should be linked to the purchase requisition and the accepted offer.

## DIGITAL COLLECTION OF DOCUMENTATION:

The goal of connecting is transparency and efficient cost management: who, when, what and for how much money procured a certain procurement line item! Then the idea of a system was born that would unite everything in one click: internally and externally. Because that's professional procurement. In procurement, one must undoubtedly know: who submitted the procurement request and when, who sent and received the bids and when, who approved it, who sent the purchase order, when the payment was made, who is the supplier and what are they like ... EVERYTHING must be known and available in one place!

### WHY A SPECIALIZED PROCUREMENT SYSTEM?

When I started researching the procurement software market, ERP solutions with a procurement module as a side addition to the ERP were mostly imposed and it did not meet my needs at all. I conducted several interviews with representatives of economic entities that offered ERP solutions, but this was not the solution I was looking for because the offered solutions covered procurement only in the administrative segment. Online auctions were the first step of digitalization, they proved to be very useful and a tool that saves money. But all those links before and after the auction that make the procurement process a systematic whole were missing. Auctions are a negotiation tool.

"The number of purchase orders that we printed manually was continuously increasing. To speed up and make it easier to follow the process, I created an Excel purchase order form in which I entered the data from the offers and then printed three copies - one for the supplier, one for accounting, one for our storage. At first it seemed a little easier and clearer. But it was still too slow and time consuming, the process had to be faster, connected, transparent and accessible. I wanted to have an insight into the status of each procurement and at any time. "

### ACHIEVING THE VISION WITH ENSOLVA:

The question was how to monitor the implementation of the Procurement Plan. I wanted that every time we issue a Purchase Order, directly from the Procurement Plan, this item is reduced or removed. This part is always dynamic: the delivery of the subject of procurement is performed, but for example in the case of construction works, the contracted quantity is not delivered or is greater or less than the contracted quantity, so there are differences in amounts during the contract. Therefore, there was also the issue of managing the Register of Contracts. All this must be connected: The system removes the item from the plan when issuing a purchase order or concluding the contract, and at the moment when an invoice is issued and entered in the invoice records, the contract register is connected to the Procurement Plan. The moment I looked at the Procurement Plan I wanted to have an insight into the real situation. At that point, I have all the information in focus: how much we planned, how much we spent and where can we reallocate the funds we have left in case of need.

## HOW DID ENSOLVA TRANSFORM PROCUREMENT?

Until we introduced Ensolva, we printed Purchase Orders manually in the classic PO block. The most vivid example of improving the digital transformation is the legal obligation to submit a statistical report to the Directorate for all simple and public procurement by categories of goods, services and works that we are obliged to submit to the Ministry of Economy - Directorate for Public Procurement Policy by the end of March each year. Before we started using Ensolva, this meant going to accounting and extracting each individual account from each binder and calculating how much was spent. It was a PHYSICAL job. To make the job easier, we have introduced the practice of taking all the invoices every Friday during the year and entering the amounts manually in the Procurement Plan. It made it easier for us, but through Ensolva the change is drastic. Digitization is a step further.

## CHALLENGES WITH ENSOLVA IMPLEMENTATION

The biggest challenge was the fear of the unknown: new tools, new educations. Fortunately, the Management Board readily accepted the digitalization proposal: they liked real-time overview of funds, realistic insight into costs, the possibility of conducting eAuctions and cost control. To make it easier for employees, we have developed an Implementation Plan in stages:

1. Ensolva is tuned to the needs of Airport Pula
2. Preliminary training of key users was performed
3. The Purchase Order module has been implemented
4. The Procurement Plan module has been implemented
5. The procurement plan is linked to purchase orders

## COOPERATION DEVELOPMENT PLANS

1. Implementation of the Requisitions module and replacement of the current paper version
2. Full digitalization of internal and external communication