

PROCEDURE OVERVIEW

The **PROCUREMENT PROCEDURE** will provide SDLC.com with an efficient and consistent way of purchasing assets needed to support the operation of the business. This procedure establishes the criteria for requesting, approving, ordering and receiving assets, as well as tracking orders throughout the entire purchasing cycle. The **PROCUREMENT PROCEDURE** is initiated by major projects and programs, as well as by operational requirements that sustain the production, QA and staging environments. SDLC Enterprise purchasing, (i.e. desktop PC's) does not fall within the scope of this procedure.

Procedure Owner: Manager of Operations

Table of Contents

PROCEDURE OVERVIEW..... 1

REVISION HISTORY 2

DISTRIBUTION LIST..... 2

PROCEDURE DIAGRAM..... 3

ROLES AND RESPONSIBILITIES..... 3

 Requestor 3

 Requisitioner..... 4

 Chief Financial Officer, SDLC.com 4

 Chief Technology Officer, SDLC.Com 4

 Chief Financial Officer, SDLC 4

 Secondary/Back-up 4

 Office Manager 4

METRICS..... 4

PROCEDURE ACTIVITIES 5

 Assigning Secondary/Back-ups 5

 Initial Discussion of Purchasing Requirements..... 5

 Verification with Asset Management..... 5

 Preparing the Purchase Order..... 6

 Obtaining Approvals 6

 Completing the Purchase Order 7

 Receiving the Asset(s)..... 7

 Procurement Tracking 7

FORMS 8

EXCEPTIONS..... 8

AFFECTED/RELATED PROCEDURES..... 8

TOOLS/SOFTWARE/TECHNOLOGY USED..... 8

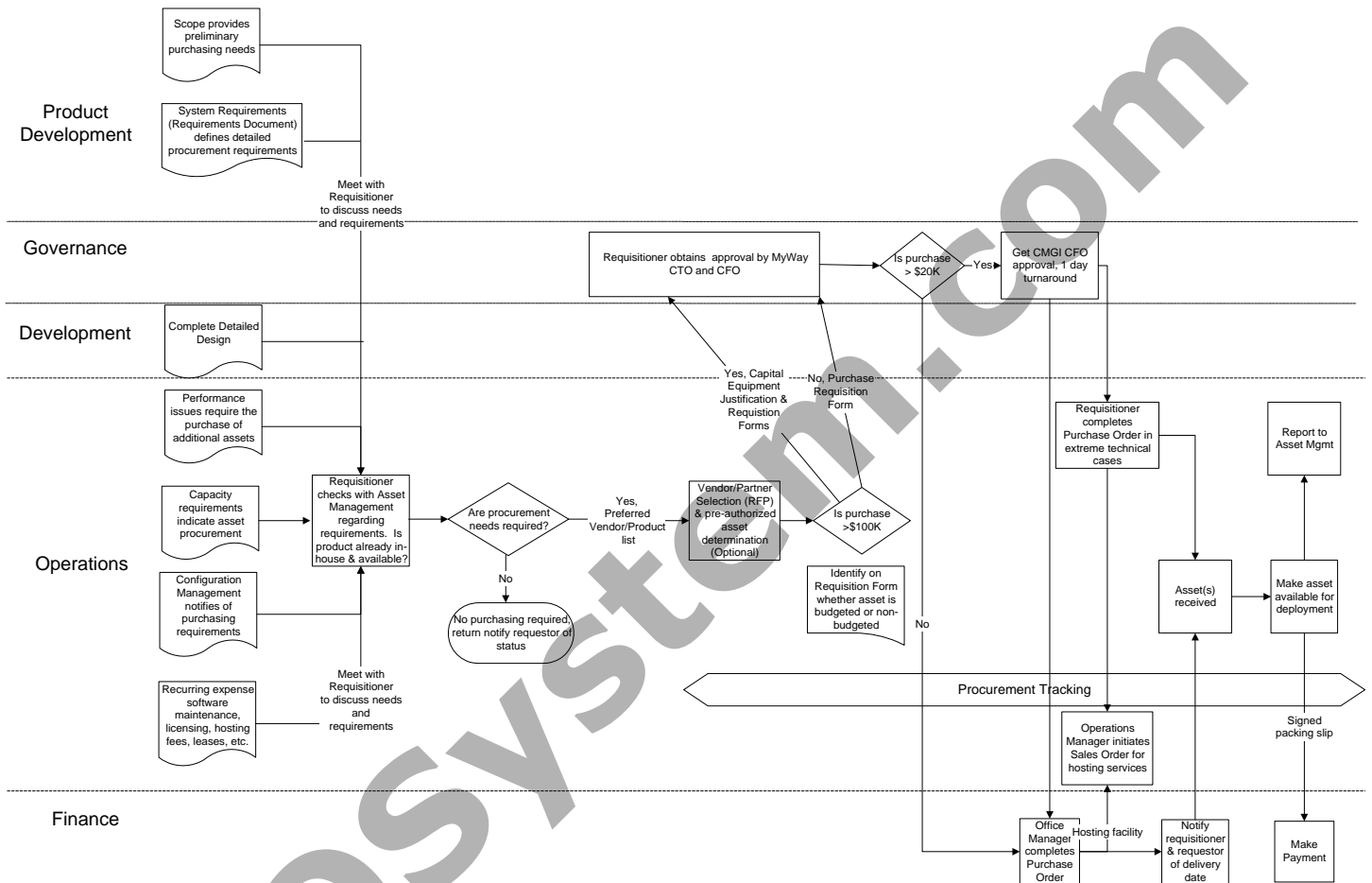
REVISION HISTORY

Version	Date	Author	Description

DISTRIBUTION LIST

Manager of Operations, Operations
Project Manager, Operations
Director of Development, Development
VP Systems Architecture and Engineering, Engineering

PROCEDURE DIAGRAM



ROLES AND RESPONSIBILITIES

Requestor

The individual who meets with the **requisitioner** in order to obtain required assets. For the purpose of this document, the **requestor** is defined as any internal SDLC.com department or personnel. In some instances, the **requestor** and the **requisitioner** may be the same person. The **requestor** is responsible for clearly defining purchasing needs by discussing requirements with the **requisitioner**. This may occur during the **RELEASE PLANNING PROCEDURE**, **CAPACITY MANAGEMENT PROCEDURE** or the **CONFIGURATION MANAGEMENT PROCEDURE**. The **requestor** is also accountable for identifying the urgency in receiving the asset(s).

Requisitioner

The individual who is responsible for identifying whether or not assets must be purchased and which assets to purchase. The **requisitioner** has the responsibility of meeting with the **requestor** and understanding the **requestor's** asset needs. This person is also responsible for generating the **Purchase Order**, obtaining all the proper approvals and tracking the status of the asset through the entire process. Lastly, the **requisitioner** is responsible for asset distribution and forwarding asset information to **ASSET MANAGEMENT**. The **requisitioner** can be any individual from within **Engineering**.

Chief Financial Officer, SDLC.com

One of the two people responsible for signing all **Purchase Orders** generated within **Engineering**.

Chief Technology Officer, SDLC.Com

One of the two people responsible for signing all **Purchase Orders** generated within **Engineering**.

Chief Financial Officer, SDLC

The **CFO** of SDLC is responsible for signing all SDLC.com **Purchase Orders** that are greater than \$20,000.

Secondary/Back-up

It is required that all roles held by a specific title have a **back-up** or **secondary** person to fulfill responsibilities if the primary individual is not available.

Office Manager

The **Office Manager** is responsible for placing the order based on the approved **Purchase Order**. It is the responsibility of the **Office Manager** to inform the **requisitioner** and **requestor** of delivery information. In instances where technical knowledge is required, the role of the **Office Manager** will be replaced with that of the **requisitioner**.

METRICS

The following metrics should be captured to help estimate the length of time it takes from procurement request initiation to asset receipt. These metrics will also help measure procedure effectiveness and identify areas of concern.

- Time required for the **Request for Proposal (RFP)** process, if applicable.
 - The time required to begin researching a product through initiating the **Purchase Order**.
- **Purchase Order** request date compared to **Purchase Order** order date.
 - The time required to get appropriate approvals.

- **Purchase Order** order date compared with the date the asset is received.
 - Identifies the lead-time for specific vendors/products.

PROCEDURE ACTIVITIES

Assigning Secondary/Back-ups

Each of the following individuals will identify a **secondary** resource in the event that individual is unavailable.

- **Chief Financial Officer (CFO), SDLC.com**
- **Chief Technology Officer (CTO), SDLC.com**
- **Chief Financial Officer (CFO), SDLC**
- **Office Manager**
- **Manager of Operations**

Initial Discussion of Purchasing Requirements

The need for assets, driven by one of the following events, may require the use of the procurement procedure:

- Project scope, identified during the **RELEASE PLANNING PROCEDURE**, can recognize a need for new assets
- Requirements Document, created during the **REQUIREMENTS DEFINITION PROCEDURE**, can indicate a necessity to purchase assets
- Detail Design Document, completed within the **DETAIL DESIGN PROCEDURE**, can specify procurement requirements
- Capacity and/or performance issues, discovered within either the **SITE MONITORING AND PROBLEM MANAGEMENT PROCEDURE** or the **CAPACITY MANAGEMENT PROCEDURE**, can require the addition of hardware
- The **CONFIGURATION MANAGEMENT PROCEDURE** can generate hardware configuration modifications which may indicate a need for additional hardware
- Recurring expenses such as software maintenance, licensing, hosting fees, leases, etc. which often occur daily to support all environments, can indicate a necessity to purchase assets

This initial possible need for purchasing can be generated from **Product Development, Development** and **Operations**.

When it becomes evident that there is a possible need for the purchasing of assets, the **requestor** must coordinate with the **requisitioner** (in the instance where the **requestor** and the **requisitioner** are not the same person) to discuss the needs, urgency and requirements of the asset(s).

Verification with Asset Management

At this time, the **requisitioner** confirms whether or not there are any assets within SDLC.com that could be used. If assets are readily available, the **requisitioner** should notify the **requestor** of this status.

Preparing the Purchase Order

If the need for procurement is imminent, the **requisitioner** checks the **Preferred Vendor/Product List** to determine if either the product or vendor is one preferred by CMGI. Either a product is selected from the **Preferred Vendor/Product List** or there is a selection process, requiring either a formal **Request for Proposal (RFP)** or an informal selection. (Refer to the employee handbook for information concerning vendor selection and gift acceptance).

If the cost of the required asset(s) is more than \$100,000, the **requisitioner** must complete the **Capital Equipment Justification Form**. This form will contain the following information:

- Requestor of the asset
- Reason/Project/Program for which the asset is being purchased
- Cost/Benefit analysis, if one is required to make a go/no go decision

The **requisitioner** is also responsible for completing the **Purchase Order**. At a minimum, the **Purchase Order** will include:

- Name of **requestor**
- Name of **requisitioner**
- Department of **requisitioner**
- Request Date
- Order Date
- Vendor name
- Vendor address and phone information
- Vendor contact name, if applicable
- Account number with vendor, if applicable
- **Purchase Order** number
- Description and quantity of asset(s) being purchased
- Cost of asset(s) being purchased
- Budgeted or non-budgeted information
- Shipping/receiving information/address
- Purpose of purchase
- Area for approval signatures

Obtaining Approvals

Upon completion of the **Purchase Order**, the **requisitioner** forwards the form to the **Chief Technology Officer (CTO)** and **Chief Financial Officer (CFO)** of SDLC.com. If a **Capital Equipment Form** was completed, this should be attached to the **Purchase Order**.

For third meeting: it was suggested that the request form be an automated form rather than paper. The preference was to be able to submit a request and verify its status. Also, it is believed that the requisition signatures may be more easily obtained if this form were electronic.

It is imperative that the **Purchase Order** is reviewed by both the CFO and CTO within two business days.

If the required asset(s) cost more than \$20,000, the **requisitioner** must also obtain the approval of the **CFO** of SDLC. It is also crucial that this review be completed in a timely manner.

Completing the Purchase Order

Upon obtaining the appropriate approvals, the **requisitioner** must provide the **Office Manager** with the **Purchase Order**. The **Office Manager** is responsible for placing the order based on the approved **Purchase Order**. In certain instances, the order requires technical expertise and will require the **requisitioner** to place the order. The **requisitioner** will know if he/she must place the order if the vendor requires detailed technical information that only the **requisitioner** would be able to provide. When the order is complete, the **Office Manager** must notify the **requisitioner** and the **requestor** of the status of the order, when the order is due to arrive and any other pertinent information. If the assets are destined to arrive at a hosting location, the **requisitioner** must notify the **Manager of Operations**.

Receiving the Asset(s)

Once the asset(s) has/have been received, the **requisitioner** will notify the **requestor** that the asset(s) has been received and will forward the asset(s) to the appropriate party for configuration. The **requisitioner** must then approve payment for the asset(s) by signing the packing slip and forwarding it to Finance. Lastly, the **requisitioner** must furnish asset information to **ASSET MANAGEMENT** for asset tracking purposes.

For third meeting: It would be preferable to the procedure if all parties involved were provided with a web tool that would allow them to track the status of a request at any given time.

Procurement Tracking

Throughout the course of the **PROCUREMENT PROCEDURE**, purchase status must be tracked. The following is a list of when the procurement-tracking tool must be updated. In addition to these events, whenever a change occurs to the status of the purchase, the tracking tool must also be updated. The individuals responsible for updating the procurement-tracking tool are the **requisitioner** and the **Office Manager**.

- Creating the **Purchase Order**
- During all stages of the approval process
- Ordering the asset(s)
- Receiving the asset(s)

The procurement-tracking tool, at a minimum, should track the following information:

- **Purchase Order** information
- Date the **Purchase Order** is given to the SDLC.com **CFO**
- Date the **Purchase Order** is signed by the SDLC.com **CFO**
- Date the **Purchase Order** is given to the SDLC.com **CTO**
- Date the **Purchase Order** is signed by the SDLC.com **CTO**
- Date the **Purchase Order** is given to the SDLC **CFO**, if applicable

- Date the **Purchase Order** is signed by the SDLC **CFO**, if applicable
- **Purchase Order** information
- Date the asset is received
- Date the asset is deployed

FORMS

- Request for Proposal (RFP)
- Capital Equipment Justification Form
- Preferred Vendor/Product List
- Purchase Order

EXCEPTIONS

- Technical expertise may require that an engineer complete the **Purchase Order** and order the required asset(s) instead of the **Office Manager**.

AFFECTED/RELATED PROCEDURES

- Capacity Management Procedure
- Configuration Management Procedure
- Asset Management Procedure
- Site Monitoring and Problem Management Procedure
- Release Planning Procedure
- Requirements Definition Procedure
- Detail Design Procedure

TOOLS/SOFTWARE/TECHNOLOGY USED

- Procurement tracking tool/database