



BNSF Reduces Contract Management Effort by 72 Percent with Solution Based on SQL Server 2000, Achieves Full ROI in 62 Days

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To minimize the costs of managing thousands of supplier service contracts, The Burlington Northern and Santa Fe Railway Company implemented a Web-based contract management solution running on Windows 2000 Server and Microsoft SQL Server 2000. This solution reduces the manual effort required for contract administration by 72 percent and decreases the average time to create a new contract from 30 days to 11. By selecting a solution running on SQL Server 2000, BNSF minimized the cost to deploy its new application, resulting in a complete return on investment in only 62 days.

Situation

The Burlington Northern and Santa Fe Railway Company (BNSF) operates one of the most extensive rail networks in North America, with 33,500 route miles of track covering the western two-thirds of the United States and two Canadian provinces. BNSF is the United States' largest grain-hauling railroad, moves more intermodal traffic than any other rail system in the world, and transports enough coal to generate 10 percent of the electricity produced in the United States. The company is number 211 in the 2002 Fortune 500, with about 38,000 employees and U.S.\$9 billion in annual revenues.

BNSF has been an industry leader in bringing customer-facing business processes and transactions to the Web, increasing efficiency and reducing costs for all parties involved. Three years ago, the railway formed a strategic sourcing group to deliver similar bottom-line benefits across its vendor-facing business processes. The group identified three key areas in which it could use technology to drive cost savings: vendor sourcing (up to point of contract), day-to-day contract management (e.g., ensuring vendor compliance), and electronic commerce.

The group's first technology initiative was the deployment of a Clarus e-procurement solution running on the Microsoft® Windows® 2000 Server operating system and Microsoft SQL Server™ 2000. That was followed by another group's rollout of UpsideBilling, a Web-based invoicing solution from Upside Software that also runs on Windows 2000 Server and SQL Server 2000.

While those solutions met the railway's e-commerce needs, they did little to address contract creation and management. "Creation and management of contracts for service-related vendors alone required 14 full-time employees," says Leigh Ann Vernon, General Director of E-Commerce

Solution Overview

Customer Profile

BNSF operates one of the largest rail networks in North America.

Business Situation

BNSF wanted to minimize the cost of managing thousands of vendor contracts.

Solution

BNSF deployed UpsideContract, a Web-based contract management solution that runs on Microsoft® SQL Server™ 2000.

Benefits

- Manual effort required to manage contracts reduced by 72 percent
- Cycle time for new contracts reduced from 30 days to 11
- Complete return on investment in 62 days
- Easy to administer
- Can scale as usage grows

Software and Services

Microsoft Windows® 2000 Server with Internet Information Services 5.0
Microsoft SQL Server 2000

Hardware

One two-processor Compaq server

Partner

Upside Software

Scenario

Contract management

and Sourcing Support at BNSF. "People working at our facilities across the country had to pick up the phone or send e-mail to request a new contract, at which time we would go through a 16-step manual process that took an average of 30 days. Our only tool was an old mainframe application that was very limited in functionality and couldn't be integrated with other systems."

Solution

After examining both Windows -based and UNIX-based contract management solutions, BNSF selected UpsideContract, another solution from Upside Software, which also runs on SQL Server 2000. "UpsideContract was stronger than the other solutions in terms of its flexibility and feature set," says Chuck DeBolt, Senior Sourcing Project Manager at BNSF. "And we already had a high level of comfort with SQL Server 2000 and its ease of administration through our e-procurement and online invoicing initiatives."

Before rolling out its new solution, BNSF worked with Upside Software to specify new features that would be required. These were added to UpsideContract, followed by a month-long deployment phase. "The flexibility of SQL Server 2000 enabled us to rapidly add the new features that BNSF had requested," says Doug Hay, Vice President of Product Development at Upside Software. "Had UpsideContract been based on another platform, we never could have met the railway's implementation schedule."

Adds Ashif Mawji, Chief Executive Officer (CEO) of Upside Software, "We selected Windows 2000 and SQL Server 2000 as the foundation for our products because they provide customers with several benefits: ease of deployment, strong integration capabilities, and low administrative overhead. SQL Server 2000 is so easy to manage that one-third of our customers don't have a full-time database administrator. Moreover, our average deployment time is only 40 days, as compared to six months for our UNIX- and Oracle-based competitors."

Mawji attributes the rapid deployment time for his company's products to several features of SQL Server 2000. "The installation wizards in SQL Server 2000 make it very easy to install and setup," he says. "And the self-tuning capabilities in SQL Server 2000 eliminate the need to perform extensive manual tuning before putting a system into production—another common requirement for most other enterprise databases. Furthermore, the Data Transformation Services (DTS) in SQL Server 2000 make moving a customer's existing data over to the new system a fast and painless process. Data migration is often the largest step in the deployment process, and DTS enables us to automate it regardless of the source systems."

BNSF's new solution went live on April 22, 2002, achieving 100 percent adoption across its base of 2,000 potential users within two months. Roadmasters, administrative assistants, and anyone else needing a contract can now initiate the process by going to a Web site on the BNSF intranet. A point-and-click interface lets them input their requirements, and the system dynamically generates the corresponding contract. Once a user approves the contract, the contract is routed to a third-party service that ensures the vendor has a valid insurance certificate—integration that is facilitated by DTS. After proof of insurance compliance is returned (another DTS-enabled step), the appropriate contract manager is notified so that the contract can be printed and signed.

"UpsideContract running on SQL Server 2000 and Windows 2000 Server paid for itself in only 62 days."

Leigh Ann Vernon
General Director of E-Commerce
and Sourcing Support
BNSF

Benefits

Increased Efficiency

BNSF's new solution eliminates the extensive clerical effort—and associated costs—that used to be required for contract creation and management. “Our new contract management solution running on SQL Server 2000 converts a 16-step manual process to a 7-step automated process,” says Vernon. “As a result, we've been able to reduce the number of full-time people required to manage contracts from 14 to 4. They now spend most of their time handling special 'one-off' situations, which are added to the system for automation the next time around. There's no way we could have modified our old mainframe application to provide this kind of rich functionality and automation. The costs would have been astronomical—assuming we could even find the talent—and we would still have needed to extend it to the Web for self-service access.”

“While SQL Server 2000 is affordable enough for small businesses, it can scale to handle the processing workloads of even the largest companies.”

Ashif Mawji
CEO
Upside Software

Rapid Return on Investment

The solution's low platform costs enabled BNSF to realize a full return on its investment (ROI) far sooner than if the company had deployed a solution running on another platform. “Because the up-front costs associated with UpsideContract's underlying operating system and database were far less than those of other solutions, we were able to realize a much faster return on investment,” says DeBolt.

Adds Vernon, “UpsideContract running on SQL Server 2000 and Windows 2000 Server paid for itself in only 62 days. We had to ask for funding because this was an unplanned project, but the solution was affordable enough that getting the money wasn't a problem.”

Reduced Cycle Times

Automating the contract creation process reduced the average cycle time for a new contract from 30 days to 11 days; now BNSF employees in the field have their contractual needs met in one-third the time that it used to take. Furthermore, because the solution is Web-based, employees distributed across BNSF's nationwide infrastructure enjoy 24-hour-a-day, self-service access when requesting a new contract or checking the status of a pending one.

Improved Risk Avoidance

With proof of insurance compliance built into the solution through the SQL Server 2000 integration capabilities, BNSF minimizes its financial exposure in case of an accident. “Our new solution makes it much easier to verify that we have insurance compliance on all contracts,” says Vernon. “And UpsideContract automatically notifies the field when an insurance certificate is due to expire or a contract is up for renewal, which minimizes our exposure due to lack of coverage or an expired service agreement.”

Superior Scalability

Although the solution currently manages service-related contracts, BNSF is planning to add all remaining vendor contracts (for hard goods) to the system. The superior scalability of SQL Server 2000 will ensure that the solution can handle this increased processing load as the number of contracts it manages increases from 3,000 to several times this number. “While SQL Server 2000 is affordable enough for small businesses, it can scale to support the workloads of even the largest companies,” says Mawji. “We have a Fortune 100 customer running UpsideContract in support of its worldwide operations—more than 100,000 contracts representing \$10 billion in annual spend—and the SQL Server database resides on a single two-processor server.”

Ease of Administration

Although BNSF has several databases running on SQL Server, the company finds its SQL Server environment quite easy and cost-effective to manage. "The biggest difference between SQL Server and other enterprise-ready database platforms is that you don't need a lot of dedicated, high-priced help to administer SQL Server," says Hay.

Adds Vernon, "SQL Server 2000 has served us well as we continue to execute on our strategic sourcing initiatives. We originally thought our Clarus solution running on SQL Server was going to require hiring two additional database administrators, but we haven't had to hire any."

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