

The logo for Louisiana State University (LSU) is displayed in a large, bold, purple font. The letters are thick and blocky, with a slight shadow effect. The background of the slide features a purple tiger-stripe pattern at the top and bottom.

Procurement

Categorizing Spend

An Introduction to United Nations Standard Products and Services Code (UNSPSC) Commodity Codes and How They are Used

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Categorizing how & where the LSU system is spending money allows:

- *Better understanding & forecasting of purchasing needs*
- *Standardization of suppliers and purchasing practices*
- *Leveraging the overall LSU spend to provide better pricing & service*
- *Identifying gaps & opportunities in active contracts*

Purchases are currently categorized in Workday using Spend Categories

- When creating a requisition in Workday, the requestor selects the appropriate spend category on the item level.
- Example #1 - Sharpie Marker** - shows a punchout (B2B) order from W.W. Grainger for Sharpie-branded permanent markers.
 - The spend category only allows for a vague description of the item.

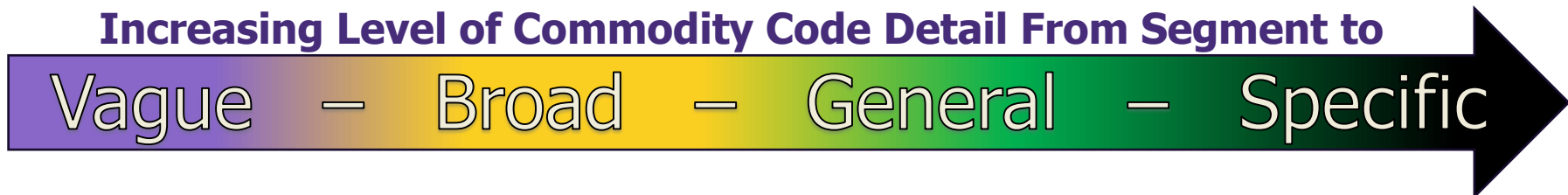
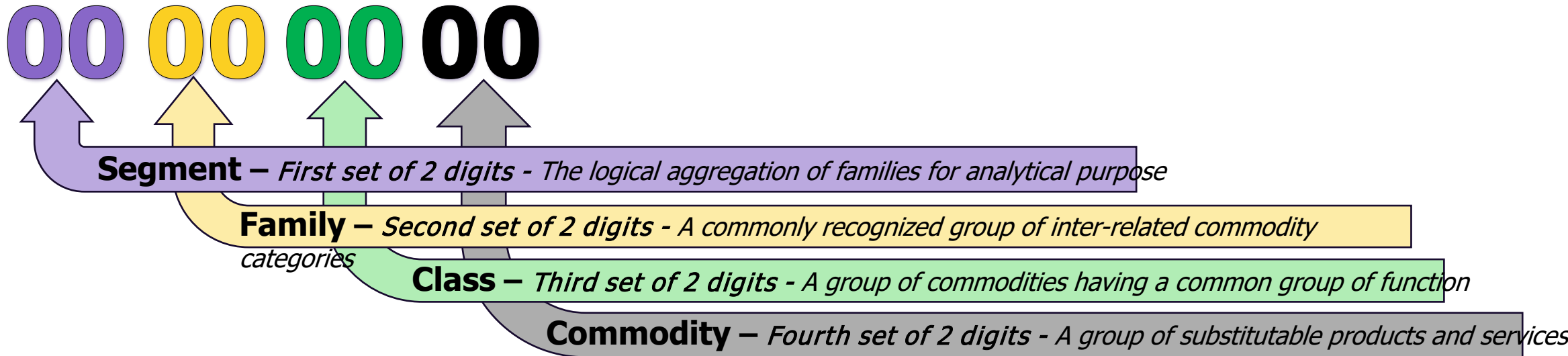
∨ **Goods**

1 item

+	Order	Item Description	Supplier Item Identifier	*Spend Category	*Quantity	Unit Cost	Extended Amount
+ -	▼ ▼	TK120681269T Permanent Marker Black 12 Black Marker Tip Fine Marker Cap Capped Barrel Type Standard Washable Non-Washable Waterproof Water-Resistant Standards ACMI AP ASTM D-4236 Markers Brand SHARPIE Package Quantity 12	1JU51	Office Products and Supplies (SC0057)	Quantity * 1 Unit of Measure * Each	19.44	19.44

The United Nations Standard Products and Services Code (UNSPSC) is a standardized classification system for goods and services used globally in public & private sectors.

- Numerical, 8-digit code that corresponds to a specific good or service, broken down into four (4) levels.



44 12 17 08

Example #1

Segment – Office Equipment, Supplies, & Accessories

Family – Office Supplies

Class – Writing Instruments

Commodity – Markers

440000000
441200000
 441217000
 441217000
 44121708

43 21 15 03

Example #2

Segment – Information Technology, Broadcasting, & Telecommunications

Family – Computer Equipment & Accessories

Class – Computers

Commodity – Notebook Computers

430000000
432100000
 432115000
 432115000
 43211503

Commodity Codes will be used in conjunction with Spend Categories

Both are important for accurately categorizing spend as they work together to describe both what items/services are being purchased **and** how those items/services are being used.

- **Note:** Commodity codes previously existed in LSU's legacy Procurement system (PRO) used until the transition to Workday (July 1, 2016), but Workday did not release Commodity Code functionality for Procurement transactions (Requisition & Purchase Order) until 2021 and completed the transaction lifecycle with Invoice transactions (PO & Non-PO Invoices) in Fall 2024.

Example #1 - Sharpie Marker - previously shown on "Current Method: Workday Spend Categories" of a "Sharpie permanent marker" from W.W. Grainger punchout (B2B) catalog.

- Spend category showed "Office Products and Supplies"
- Commodity code provides much greater detail of the item being purchased – "Markers"
- Each item in Workday will still have a spend category but will add a commodity code to improve data integrity.

1 item

	Order	Item Description	Supplier Item Identifier	Commodity Code	Spend Category	*Quantity	Unit Cost	Extended Amount
	▼ ▼	TK1754675T Permanent Marker Black Marker Tip Fine Marker Cap Capped Barrel Type Original Washable No Waterproof Yes Standards AP Certified Nontoxic Markers Brand SHARPIE Package Quantity 12	1JU51	44121708 - Markers	Office Products and Supplies (SC0057)	Quantity * 1 Unit of Measure * Each	16.36	16.36

- **Punchout (B2B) Catalog Orders**

- Commodity codes should be automatically selected for items in punchout (B2B) catalogs.
- The code is provided by the supplier and auto populates in the requisition cart when the punchout (B2B) order is pulled back into Workday.
 - In rare instances, such as the supplier not providing the commodity code in their catalog, you will have to lookup and manually select the commodity code for the item in the punchout (B2B) order.
 - There is a commodity code search tool in Workday that allows you to search for the correct commodity code based on the item(s) you are purchasing.

- **Non-Catalog Orders**

- For non-catalog orders the commodity code must be manually selected on the requisition at the line level.
 - The supplier may provide the commodity code for the item/service on their quote, but it must be manually selected/input into Workday.
 - If the commodity code is not provided, you may need to lookup the commodity code for the item/service in the Workday lookup tool.

Commodity Code to Spend Category Crosswalk

- Procurement created a crosswalk as part of the commodity code lookup tool in Workday that will provide suggested spend categories based on the commodity code.
 - Suggested spend categories will be at minimum one (1) and at max five (5).*
- When using the Workday lookup tool/report, you can search the commodity code of your item/service to find the suggested spend category(ies).

Example #2 – Notebook Computers

- Searching the crosswalk for “notebook computers” would show the suggested spend categories – you would have to select the correct spend category based on the value (\$\$) of the computer being purchased.

Segment	Family	Class	Commodity	Commodity Code	Spend Category - Option #1	Spend Category - Option #2	Spend Category - Option #3
Information Technology, Broadcasting, & Telecommunications	Computer Equipment & Accessories	Computers	Notebook Computers	43211503	PP&E - Computers - Laptops/Notebooks/Tablets - \$1,000 to \$4,999.99 per item (SC0358)	PP&E - Computers - Laptops/Notebooks/Tablets - \$5,000 or greater per item (SC0181)	Computer Supplies (SC0172)

LSU Commodity Codes: How They Are Assigned – Workday Lookup Tool (Explained)

Using Example #2 - Notebook Computers from before:

We searched "computers" in the "Commodity Code Lookup" tool to populate these results.

The screenshot shows the 'Test - Commodity Code Lookup' interface. At the top, there is a search bar containing the text '"computers"' and a 'Search' button. Below the search bar, there are 'Saved Searches' and 'Current Search' sections with 'Save' and 'Clear All' buttons. The main area displays '12 Results' with an 'Expand All' button. The results are listed as follows:

- 41112512 - Flow Computers or Totalizers
Commodity
Spend Categories for Commodity Code PP&E - Scientific & Research Equipment - \$1,000 to \$4,999.99 per item (SC0315), +2 more...
- 42271722 - Oxygen Uptake Computers
Commodity
Spend Categories for Commodity Code Medical Supplies and Accessories - Nondrug (SC0368), +2 more...
- 43211500 - Computers
Class
Spend Categories for Commodity Code (empty)
- 43211503 - Notebook Computers
Commodity
Spend Categories for Commodity Code Computer Supplies (SC0172), +2 more...

Each result has a 'Children of Commodity Code' box. For 43211500, the children are: 43211501 - Computer Servers, 43211502 - High End Computer Servers, 43211503 - Notebook Computers, 43211504 - Personal Digital Assistant Pdas or Organizers, 43211505 - Point of Sale (POS) Terminal, and More (18). For 43211503, the children are: Computer Supplies (SC0172), PP&E - Computers - Laptops/Notebooks/Tablets - \$1,000 to \$4,999.99 per item (SC0358), and PP&E - Computers - Laptops/Notebooks/Tablets - \$5,000 or greater per item (SC0181).

Class (3rd level) code

No results, because it's not the final commodity code level to use on transactions

Commodity (4th level) code

Spend Category suggestions

Identifies related Commodity (4th level) codes

No results, because this is the selectable level for transactions

***Note:** Sample report for demonstration purposes only – may change before finalization

- Spend categories are currently used to categorize the university's spend but only allow for a high-level overview.
- Commodity codes provide a much greater level of detail on the items (goods and services) being purchased.
 - *Commodity codes were previously used in LSU's legacy Procurement system (PRO), but the functionality was unavailable with Workday.*
- Spend categories & commodity codes will be used together to most accurately categorize the university's overall spend.
- For most punchout (B2B) catalog orders, the commodity code will be automatically assigned and have suggested spend categories.
- The Workday "Commodity Code Lookup" tool will be available for finding the applicable commodity code & spend category.