

FOCUS ON... e-PROCUREMENT

SMARTER

The electronic revolution at the heart of current business process re-engineering has many elements that need consideration, particularly as regards procurement, explains **Peter Robbins**.

In 2000, the internet revolution kick-started the drive towards e-procurement. The first steps towards process re-engineering began with some rather crude systems by today's standards, progressing ultimately through to e-auctions. However, these technologies still mark only the early stages of adopting an efficient and best practice purchasing approach that reduces overheads and delivers value to the bottom line.

While the National e-Procurement Project (NePP) has calculated that savings of £1.1 billion can be made from e-procurement and the Efficiency Review has further sharpened the public sector's focus on going electronic, it is within the private sector that technology well beyond P2P is being pioneered.

Modern procurement solutions

Modern modular solutions utilising powerful aggregation technology genuinely take us to a new level of efficiency and eliminate the need to pick up the phone to negotiate or manage the interface with suppliers. Such solutions join you to a myriad suppliers in a simple and structured manner, inviting them to

Smarter purchasing knowledge means obtaining best value every time you buy

offer competitive prices and availability on a daily basis to keep enjoying your business.

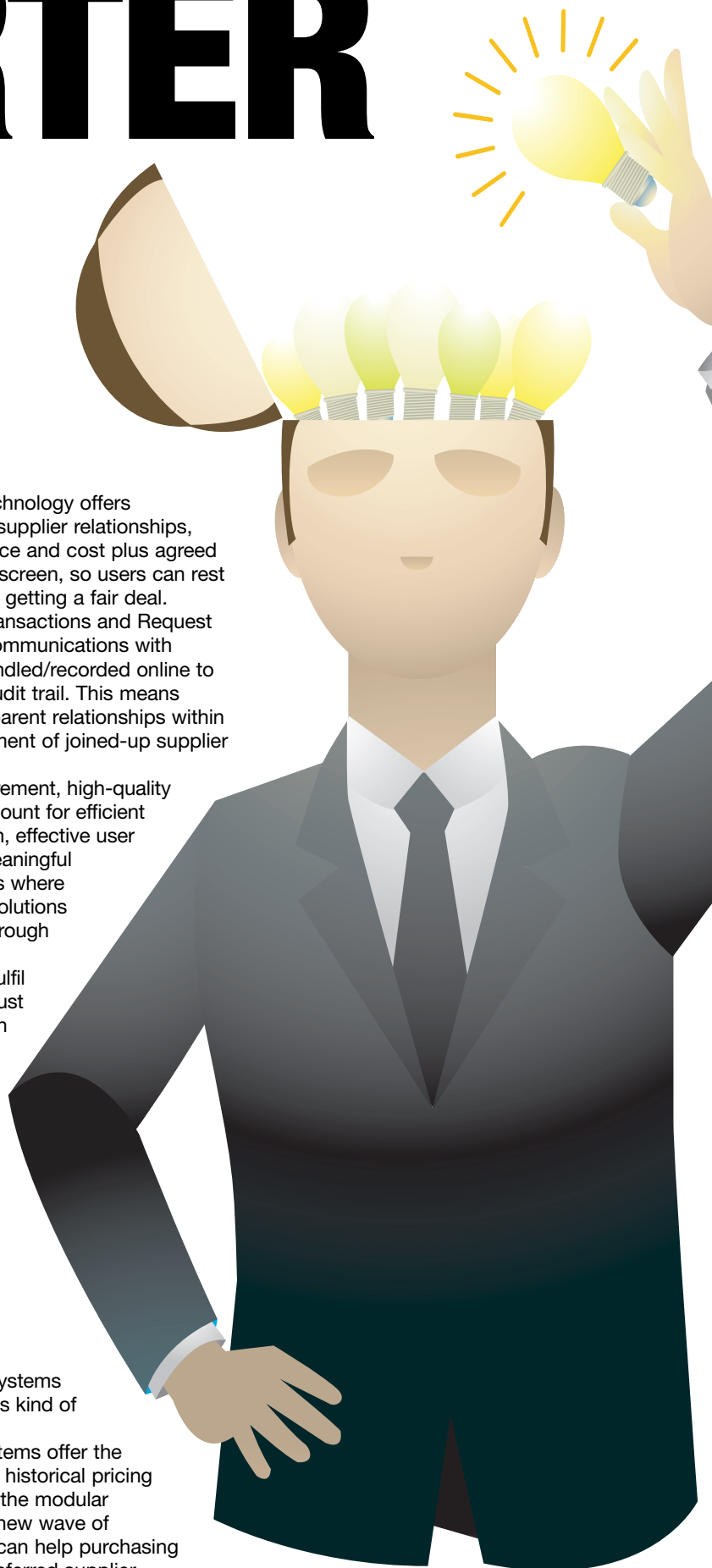
Commercial organisations are successfully using e-procurement technology that requires no user training or supplier education, operates on an Application Service Provider (ASP) model – hosted/managed off-site – and delivers management, planning and budget reconciliation benefits to procurement teams.

This type of technology offers transparency of supplier relationships, showing cost price and cost plus agreed margin price on-screen, so users can rest assured they are getting a fair deal. Separately, all transactions and Request For Quotation communications with suppliers are handled/recorded online to deliver a clear audit trail. This means auditable, transparent relationships within a micro-environment of joined-up supplier relationships.

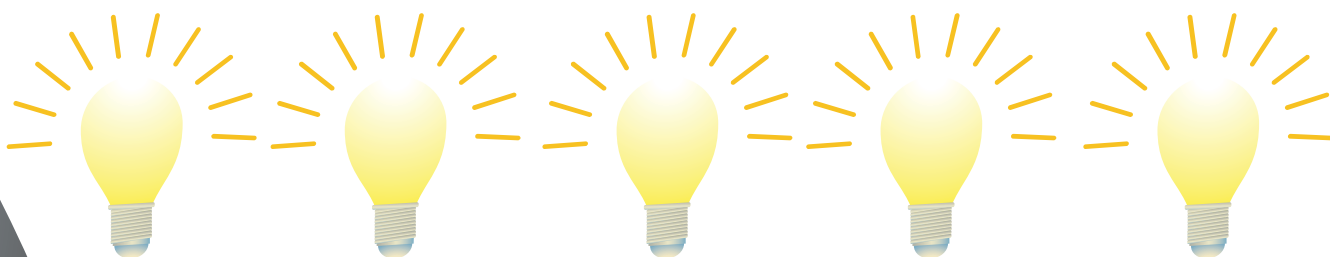
Within e-procurement, high-quality content is paramount for efficient product selection, effective user adoption and meaningful analysis, which is where e-procurement solutions add real value through enhanced spend visibility. But to fulfil that role there must be a link between an organisation and its suppliers and only the most powerful

aggregation and cataloguing e-procurement systems can truly offer this kind of approach.

These new systems offer the ability to provide historical pricing intelligence. It is the modular elements of the new wave of technology that can help purchasing teams police preferred supplier



THINKING



agreements to ensure they are getting their three per cent or five per cent cost plus price agreements on an ongoing basis. So, even though an organisation might be buying through a structured e-procurement process or

framework, the purchaser has the intelligence to consider trends and forecast price and stock changes.

The result is market intelligence which provides greater negotiating power to identify when is the ideal time to purchase 'best value' for any given product in the IT marketplace. This smarter purchasing knowledge means obtaining best value every time you buy.

New joined-up procurement for the public sector

For the provider of the new e-procurement technology, it is undoubtedly a challenge to get it right; but the ability to manage and deliver dynamic content is of supreme importance for equitable supplier relationships and an efficient purchasing process. Of course, with quality content comes quality reporting and planning.

Again, the very fact that modular solutions now exist offering a joined-up approach means buyers can truly maximise their time for better purchasing. That means a public sector buyer needs informative, standardised, relevant and updated content to make a judgement on a purchasing transaction, and technology that intuitively provides malleable content

focused on the needs of the sector. Successful next-generation e-procurement is about more than great technology. It is also about people, new business processes and change management in equal measure.

All the aforementioned factors play a role in ensuring the new generation of e-procurement tools are used to their maximum potential and are key to

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unlocking the broader capability of more complex total commerce solutions. That does not mean greater complexity for the user, but without the user's mindset tuned to the power of the system, the maximum benefits will not be gained from a joined-up procurement solution.

Fully integrated solutions that join back office to buyer and buyer to suppliers, customers and other public sector bodies within a fully auditable environment are in fact the first example of shared services.

This is the reality of how big the electronic procurement revolution has become in terms of generating hard efficiency savings. The challenge for the public sector is to seek help from the private sector where this type of solution is tried and tested and has helped organisations make huge efficiencies and contributed to growth. The private sector has learned the lessons of joined-up working and now the public sector can capitalise on ready-made propositions. The big question is, when? ☞



Peter Robbins

Managing Director, Probrand Ltd

In Summary...

- The National e-Procurement Project has calculated that savings of £1.1 billion can be made from e-procurement
- It is within the private sector that technology well beyond P2P is being pioneered
- Fully integrated solutions that join back office to buyer and buyer to suppliers, customers and other public sector bodies are the first example of shared services

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