A Case Study: doing more with less at La Trobe University
Andrew Peacock  
Director Procurement, La Trobe University

Therese Philippa  
Executive Manager, ArcBlue  
Leading the P2P Practice Line

La Trobe University

ArcBlue
The Global Procurement Network
Project Management

- $5M p/a fee
- $70M - $80M throughput
- 1 provider
- 2 years in situ
Strategy Selection

- Segmentation
- Competitive process vs single source
- Pain of change
- Relationship / strategic partner
- Ethics / intent
Negotiation

- Incumbent knows the “spec”. Refine.
- Balanced commercial terms
- Collaborative
- Price?
Post Award

- Value Extraction
- Formalised CMP
- Margin at risk
- Reward the individual
Equipment supply chain

Well managed delivery program
40

Specification

- Leveraged supply contracts
- Smart engineering / innovation
- Best KPIs and meaningful targets
20

Price

Simple! Boil it down!
Results

► TENDER AVOIDED
  ► Max $500k savings under a disenfranchised incumbent
  ► Or a naïve new supplier

► SINGLE SOURCE NEGOTIATE
  ► $3M p/a for three years straight with an engaged and motivated business partner
Regional Gym

- Significant loss p/a
- 20% - membership loss YOY
- Not attractive to students
- Students going elsewhere
The Challenge

- Update the facilities
- Stem the outflow of members
- Improve the S.V.P
- Engage the community
- Unravel the “ideal” solution on offer
What’s the size of the prize?
Identify primary objective
Spec must appeal to the market and meet our needs
Tenure / opportunity to build / expand a business
Specifications

► Is an on-campus Gym required?

► Deconstruct the tabled offer

► Clarify business requirement

► Strategy and Specification formulated with the primary business objectives in mind
Price

- vs. the original offer?
- Where did the best offer come from?
- A commercially driven entity
Results

- Reverse the loss making situation
- New income stream generated
- $300k+ investment in new equipment & refurb
- Supplier managed project
- Value proposition for parents, student, community
- Genuine business partner
- Appetite to collaborate

LA TROBE UNIVERSITY

ArcBlue
The Global Procurement Network
P-card

► No rebate
► No online program administration
► Annual fees & charges
40

Demand

► # Invoices p/a
► # Card transactions p/a
► Spend analysis
40

Specifications:

- Right ‘platform’
- Timing of payments
- Rebate
- Online program administration
- Supporting technology
Price

- Negotiate with your card provider
- Bring the action
  - spend volume
- Time is money
  - Payment date of your card
  - Payment method
- Online program administration
- Supporting technology
Result

- Negotiated away $25k fees and other charges
- Rebate schedule
  - Target threshold & rebate amount
- $35m+ pipeline of category spend to transition
- Overcame MSF issue through time value of cash to the supplier
- Online program administration
  - Investigating EMS
- Products to suit different purposes one off card
Do more with less

Demand 20 Specification 20 Price

Specification

40 40