

Deloitte.



Edith Cowan University.

Procurement transformation programme



Objective - Provide an overview of the Edith Cowan University procurement transformation programme – including key value drivers, challenges and benefits

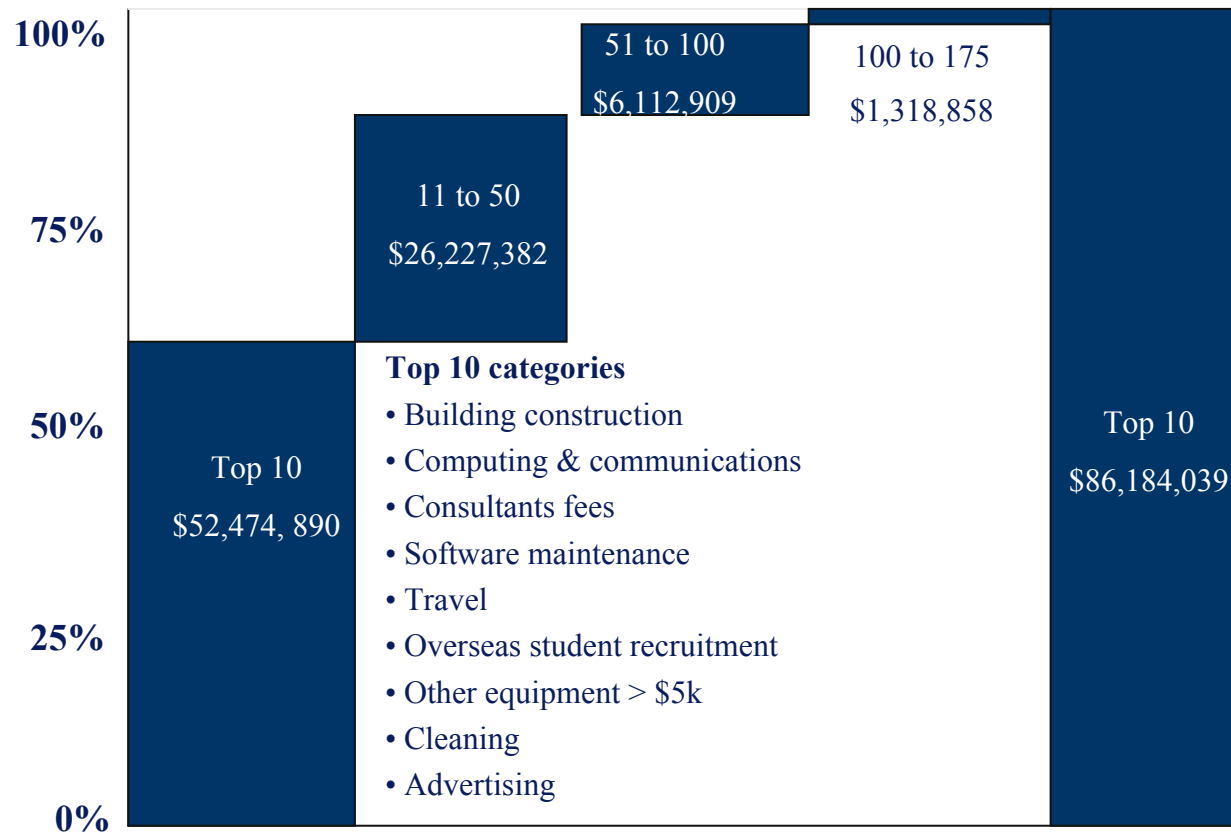
Agenda

1. The need for change (5 mins)
 - A background to procurement at Edith Cowan University and the WPP process
2. Value drivers and thought leadership (5 mins)
 - The higher education value map
 - The supply chain value map and finance transformation process
3. The procurement transformation programme (10 mins)
 - Key issues and recommendations
 - The transformation process – challenges and learnings
 - Realistic benefits to be derived from the process
4. Questions (5 mins)

Note: During lunch we will be available to take questions

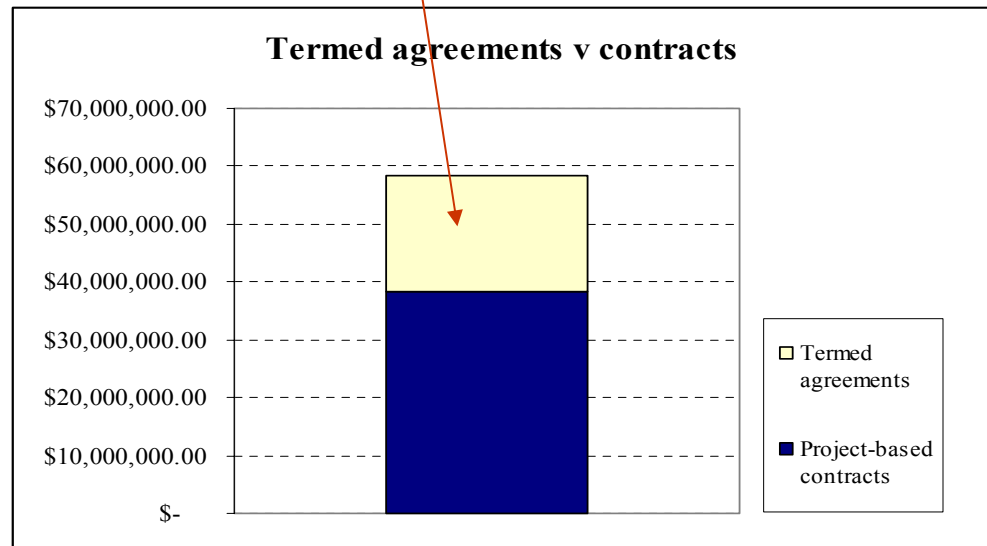
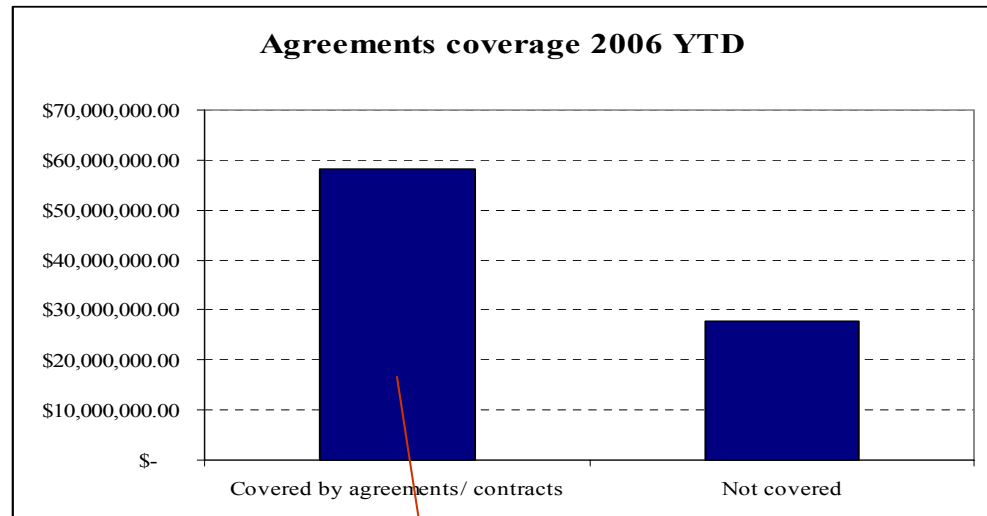
Expenditure profile landscape

- o Year to date expenditure totals \$86.1m.
- o The top 100 goods/services represent 98% of total expenditure.
- o The top 10 expenditure categories represent 67% with the top 50 accounting for 91%.



Coverage of expenditure by agreement/contract

- o Around 68% of the University's expenditure, by value, is covered by supplier agreements or contracts.
- o There exist two fundamentally different types of agreement. Firstly, contracts in place for finite pieces of work, such as building construction of capital works. Secondly, agreements relating to the on going procurement of goods/services. In some instances these agreements in this category that represent on going relationships but are not supported with a legally binding agreement.
- o The second graph outlines the split between termed agreements and project-based contracts.
- o Preferred supplier agreements cover an estimated \$20m worth of expenditure per annum.
- o Almost \$30m of expenditure year to date is not covered by agreement/contract.



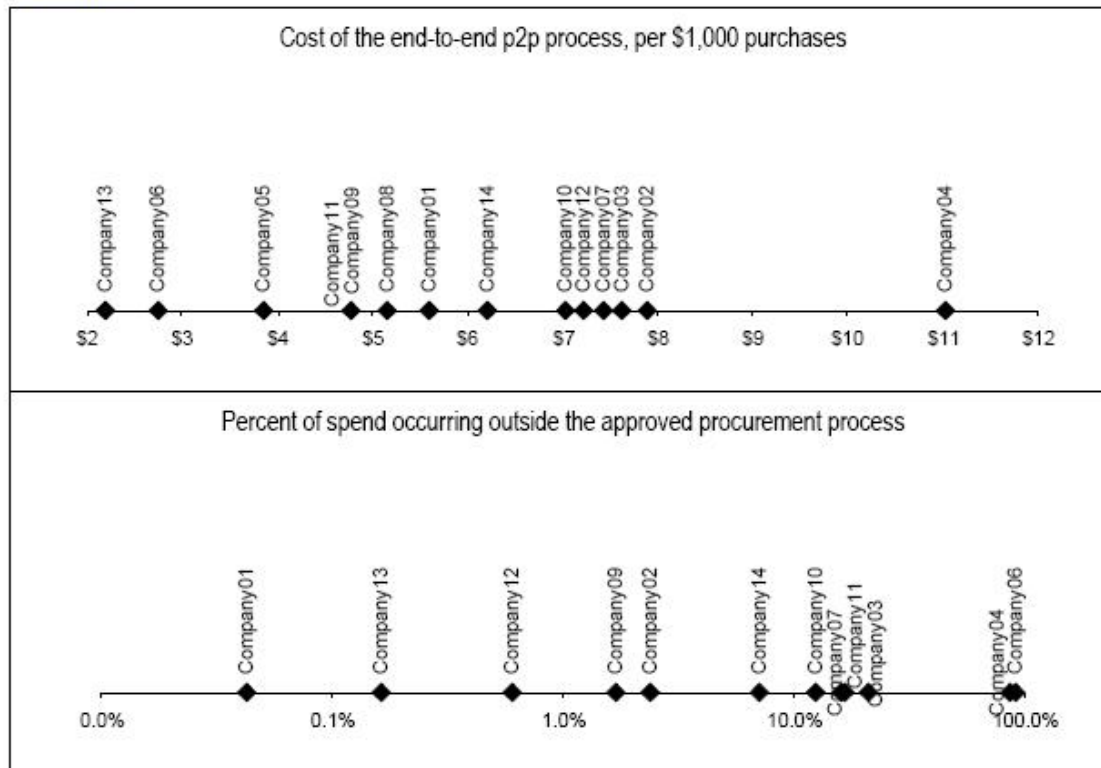
A summary presentation of PPTP

Drivers

	Company01	Company02	Company03	Company04	Company05	Company06	Company07	Company08	Company09	Company10	Company11	Company12	Company13	Company14
High spend with preferred suppliers	●		●		●		●	●	●		○	●	●	
High level of automation	○		●		○	●	○		●		○	●	○	
Low staff turnover	○			○		○	○	●	○	○		○	●	●

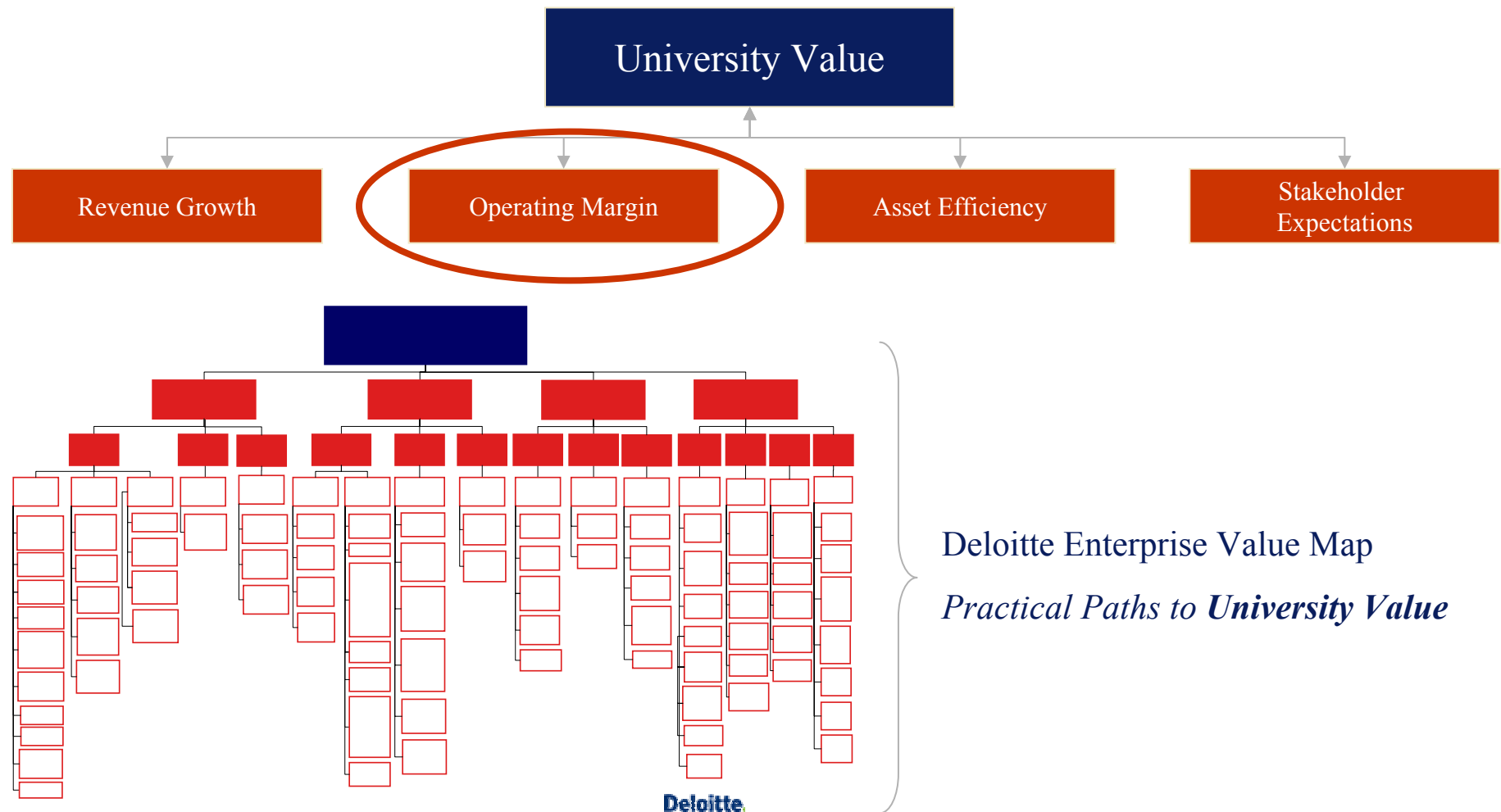
Key: ● good performance compared to other participants ○ moderate performance compared to other participants

Outcomes

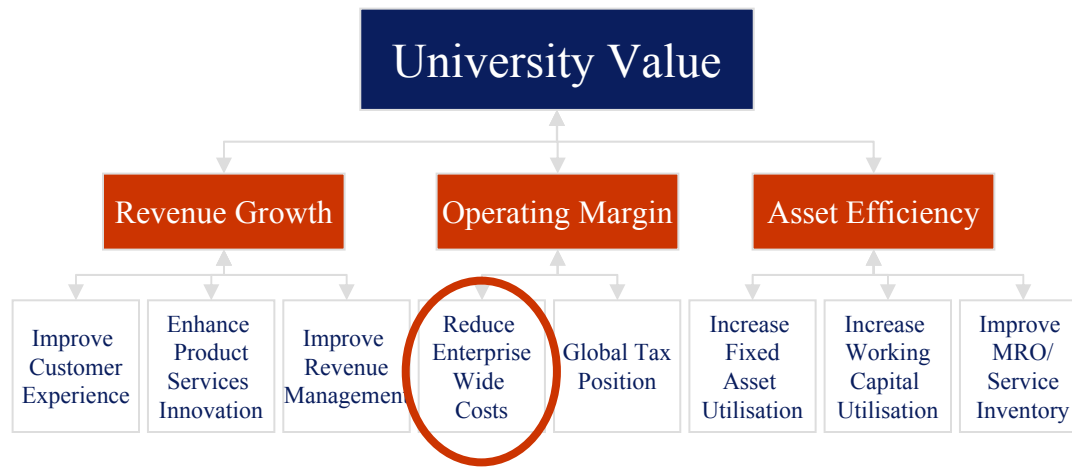


The *Deloitte Enterprise Value Map* is designed to accelerate the connection between the actions you take and University value

The *Higher Education Value Map* represents a series of activities that are directly linked to the creation of value for the University.



The *Supply Chain Value Map* and *Finance Transformation Model* are critical to the development of productivity and cost effectiveness projects in the Higher Education sector

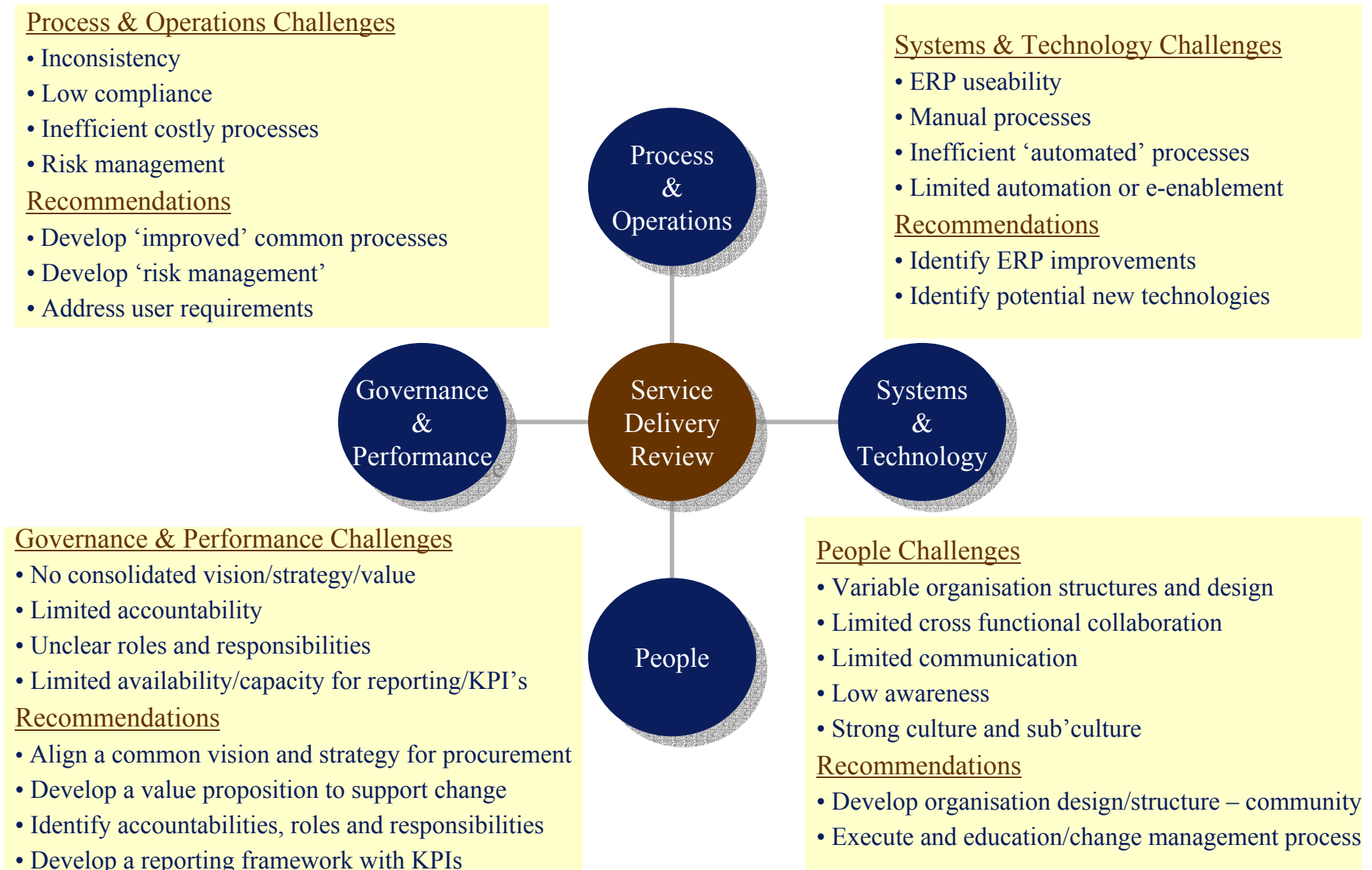


The *Supply Chain Value Map* and *Finance Transformation Process* have been aligned to create value in the Higher Education sector by building on the Generic *Higher Education Value Map*



The interaction between *Supply Chain* and *Finance* is essential to the overall effectiveness of the organisation. The *Finance Transformation Model* represents a series of programmes aimed at significantly optimising the Finance Function.

Deloitte applied a structured framework to identify the key challenges faced by the University & in developing recommendations for the creation of ‘best practice’ procurement



Deloitte and Edith Cowan University have encountered a range of challenges during the six step *Procurement Transformation Programme*



Challenges

- Strong cultural connection to status quo
- Recognising the change imperative and the transition
 - Develop commonality of process and approach
 - Mind set – changing to proactive from reactive
 - Independent business units
 - The procurement profile

Tactics and Learnings

- Engage & involve all stakeholders – buy in starts from day 1
 - Develop a clear value proposition at the beginning
 - Involve both academic and operational personnel
 - Identify both financial and efficiency ‘wins’
 - Target ‘high profile’ early ‘wins’
 - Be pragmatic and realistic
 - Change management is the priority

The *Procurement Transformation Programme* will deliver a range of financial and productivity benefits to the University

