

Strategic Purchasing



Demand Aggregation - Together
we buy better!



Objectives:

- To provide a background to Strategic Purchasing and what we do
- To provide insight into our value proposition
- To outline our current place in the market



Background

- Strategic Purchasing is a public company, that negotiates and facilitates contracts for common use goods and services on behalf of its members.
- Strategic Purchasing specializes in demand aggregation
- Head office located in Melbourne with offices in Adelaide and Sydney



Snapshot of Strategic Purchasing History

- 1984 – Set up (through City of Melbourne)
- 1987-89 – Early growth phase
- 1990-92 – Review early corporatisation
- 93-present – Full corporatisation & diversification in:
 - products
 - markets
 - states



What do we do?

As part of the Supply Chain Facilitation role we provide the following products and services:

- General Supply Contracts
- Committed Volume Contracts (CVC's)
- Sub-Agreements
- Product Volume negotiations (brokerage)
- A Contract Information System (CIS) (future live catalogue)
- Tenders Online
- National online e-zine
- Information sharing opportunities, seminars, road shows, bulletins
- Enquiry assistance and conflict resolution
- Individual regional buying groups

ISO Accredited Process



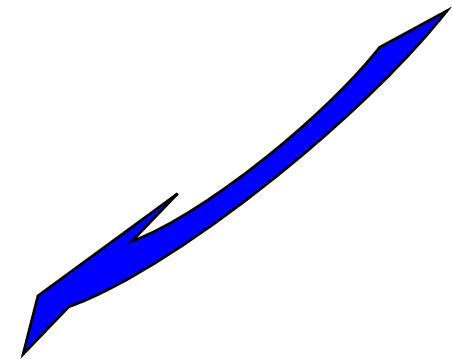
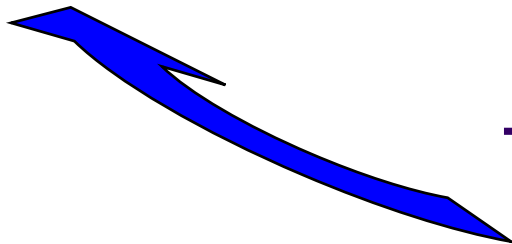
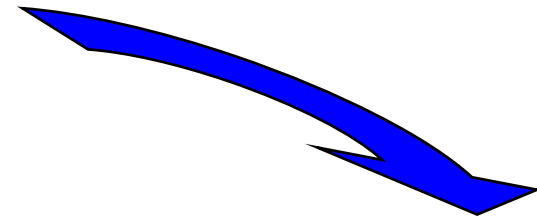
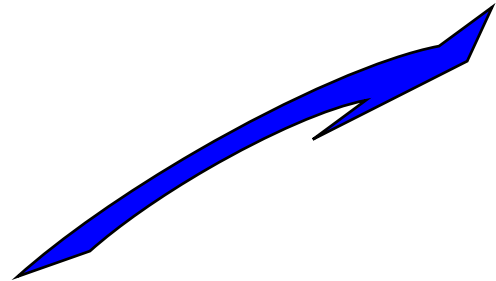
Contract Process

Phase 1
Consultation

Phase 2
Tender Preparation

Phase 3
**Tender Evaluation and
Award of Contract**

Phase 4
**Partnerships & Performance
monitoring of contract**





Procurement Analysis

- SP reviewed the sectoral spend in Electricity in both metered sites and public lighting. We were able to identify potential savings.
- SP provided recommendations and detailed sourcing strategies that resulted in:
- Commodity spend savings of \$20.5m over 4 years.
- Our current tender will result in additional savings of over \$3m over the next 3 years. Soft' savings across the sector amount to approximately \$1.7m in tender savings alone.



- SP implemented a Go-To-Market strategy to manage spend across a complex service environment for recruitment hire services. This resulted in:
 - A rationalisation of suppliers from 35 to 8
 - A spend savings of 11%
 - Process improvements and contract compliance.
 - Soon the addition of an e-Procurement solution for recruitment services.



Committed Volume Contracts

- SP have established pre-negotiated supply contracts leading to:
- A cost reduction of \$100k+ per year for one clients energy spends.
- Aggregation of four clients spend for Hygiene Services to reduce costs by 44%.
- Aggregation of a number of clients spend for fuel with a saving of up to 10%. Currently 16 universities use the SP contract.



Relationship Management

- SP has implemented a supplier relationship framework that enables our clients to step away from complex tender panel and account management functions.
- This leads to improved service delivery, early resolution of issues and identification of innovations that provide mutual benefit.



Online Strategy

- SP has utilised Strategic E Commerce to take its contracts catalogue to an online environment.
- Currently ready for roll out.
- The next stage is supplier enablement and invoice processing.



Our Category Expertise



Office Consumables

- Stationery & Copy Paper
- Consumables
- Toner Cartridges
- Office Furniture
- Envelopes
- Business Forms
- Print Mgt
- Photo-copiers
- Fax Machines
- Printers
- Office Equipment



Information Technology

- Desktops
- Servers
- Laptops
- Software
- Midrange
- Mainframe
- Applications



Industrial Supplies

- Industrial Clothes
- Safety Consumables
- Welding Consumables
- Electrical
- Hardware
- Equipment Hire



Professional Services

- Consulting
- Debt Collection
- Contracting
- Legal
- Recruitment
- Training
- Corporate Clothing
- HR Services
- Waste Management
- Hygiene Services



Commodities

- Fuel
- Electricity
- Gas
 - Specialty gases