

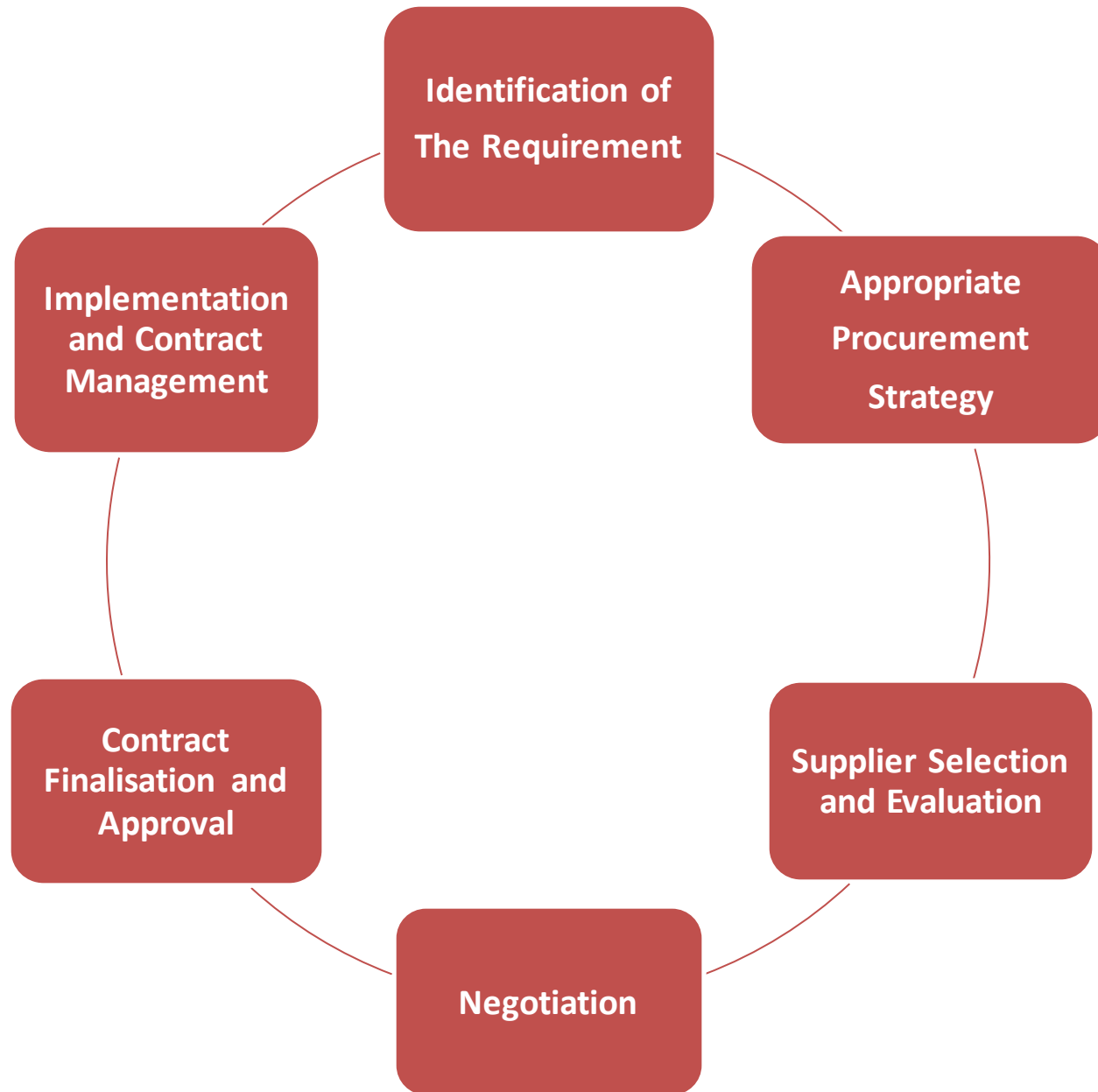


Buying IT

A procurement perspective on
how Procurement and IT can
best collaborate

Andrew Roper
Head of Procurement – The Salvation Army

The Procurement Cycle



Find > Get > Keep the benefits



Find Savings

- Understand requirements
- Baseline current requirements and spend
- Use supply market knowledge to determine options

Get Savings

- Professional tender exercise
- Market benchmarking
- Supplier selection
- Agree contract
- Contract implementation & handover plan

Keep Savings

- Invoice validation
- Contract management
- Supplier development
- Audit savings
- Continuous service improvement
- Regular benchmarking
- Operational compliance
- Retender

*** This doesn't just apply to savings but any commercial or supplier performance improvement**

What does **procurement** want?



- Advanced warning of major projects
- Early involvement
- Ability to influence the price and contract terms
- Negotiation leverage
- Cost savings
- Finalised & signed contracts (on our terms)
- Clean contract end dates

What does procurement think **you** want?



- Best technical solution
- Robust & supported products and services
- Quick contracting process
- Clear service levels
- Excellent account management
- Cost clarity and invoicing simplicity
- Shiny new technology

What should we do together



- Agree roles and responsibilities upfront
- Plan and commence projects early
- Outcome based specifications
- Assess the supply market
- Internally prepare before supplier meetings
- Understand the supplier's situation and objectives
- Realistic assessment of the risks (likelihood & impact)
- Look for ways to 'expand the pie'
- Aim high – forget about list price and avoid anchoring
- Know our alternatives and walk-away position
- Agree contract ownership and management responsibilities in advance

Kraljic Matrix – Supply Positioning



High

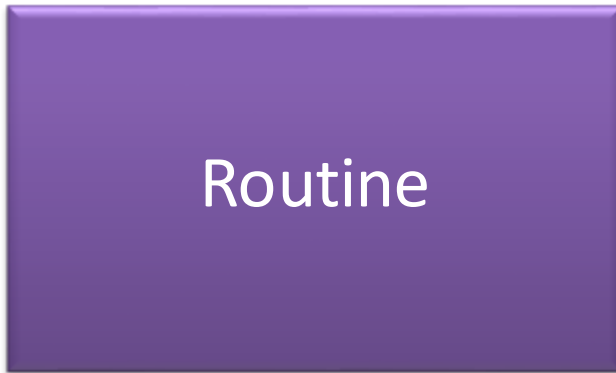
Profit/Cost Impact



Leverage



Strategic



Routine



Bottleneck

Low

Supply Risk

High

Supplier View of Customer



High

Development:

Nurture client
Expand Business
Seek new opportunities

Core:

Cosset Client
Defend vigorously
High Level of Service

Nuisance:

Give low attention
Loose without pain

Exploitable:

Drive Premium price
Seek short term advantage
Risk losing customer

Low

Low

Relative Value of Business

High

Attractiveness of Account

What we should NOT do together!

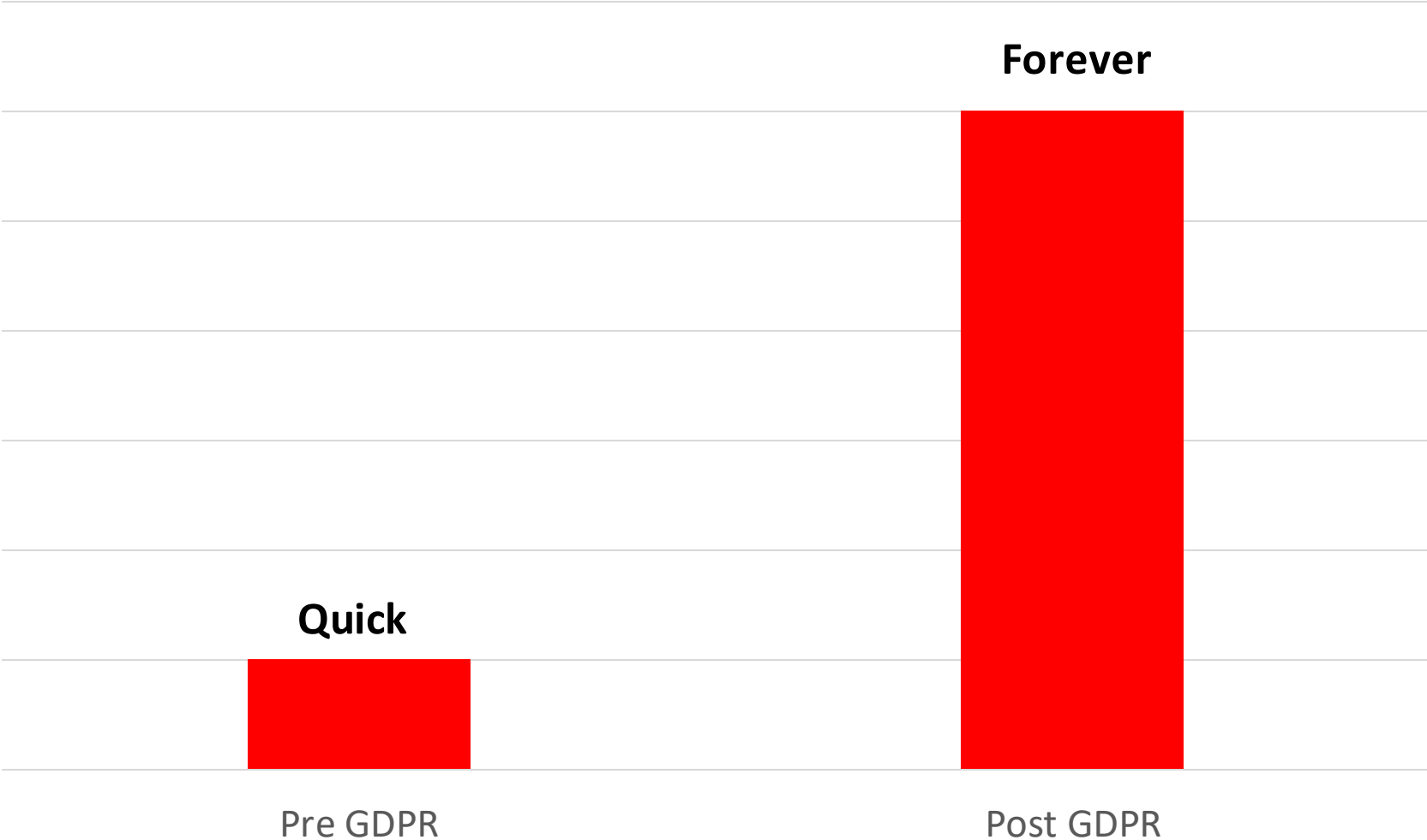


- Narrow down our options
- Give buying signals
- 'Hand off' to procurement
- Always accept suppliers' standard SLAs
- Neglect switching costs
- Forget about the cost to serve us
- Expect contracts to manage themselves
- Undermine our position due to self-imposed timelines

GDPR's Impact on Contracting?



Days to finalise a contract



Why?



- High profile cases and fines
 - British Airways
 - Marriott
- Differing awareness and maturity between sectors
- Increasing supplier/provider maturity and risk awareness
- Exclusions in insurance policies
- Boards personally liable
- Data risk – no inherent relationship to contract value
- Negotiating position – no inherent relationship to data risk
- Central and local government contract liability

The Liability Gap



We want

Unlimited
liability



shutterstock.com • 222258445

Suppliers Want

No liability or
limited to contract
value

So what can we do?



- Categorisation of data (High-Medium-Low)
- Categorisation of risk (High-Medium-Low)
- Re-examination of requested liability limits (tiered approach)
- Re-examining supplier ability to pay
- Stopping projects
- Avoidance of positional bargaining
- Delegation of review and authority from Legal > Procurement > IT
- Exploring government frameworks
- Earlier Procurement and Legal involvement

Summary



- Early involvement
- United approach
- Strategic approach
- Regular communication
- Allow enough time for contracting
- Clear understanding of what each wants and their targets



Charity Sector Procurement Group (CSPG)

Any Questions?