



illion's Procurement Clean Sweep

The adoption of an online procurement solution has streamlined the tender process, enhanced stakeholder buy-in and generated significant savings for commercial information analyst, illion.

The background

With offices on both sides of the Tasman, illion (formerly Dun & Bradstreet) was spending in excess of \$200,000 per year on cleaning services when Garry Porter, a 10-year procurement veteran, took up the role as procurement head.

While not a strategic purchase, cleaning services are important to the efficient operation of any business and Porter had inherited a complex arrangement, with several different businesses providing different services at different prices across its eight properties.

The sourcing process

Porter obtained input from all key stakeholders to guide the procurement process. "We all agreed that we wanted to reduce our providers to one or two suppliers so that services could be standardised and managed centrally," he says. Before illion went to market, "pricing was all over the place", he notes and as with any project, a best value for money outcome was also high on the agenda.

Having experienced e-procurement solutions previously, Porter was keen to use TenderLink's solution - a decision made easier by the fact that TenderLink had recently been acquired by illion.

"The TenderLink e-procurement approach is very structured and transparent and we were able to use it as a collaboration tool. I enlisted the help of the people who would be directly using the services in the process. They helped create the criteria which we tested in the tender and also helped evaluate the responses, so they all had total buy-in at every stage," he explains.

While the TenderLink solution provides an option for buyers to distribute public tenders to large numbers of potential suppliers, illion opted for a select tender instead. "We chose to go to a select group of bidders, inviting specific cleaners to tender for the contract - companies we knew were good at their job."

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Procurement & Property Manager
illion*

Seven invitations, seven responses

Porter believes the TenderLink e-tendering process made it easier for tenderers than traditional sourcing exercises. "Not only did all seven invited suppliers respond, but the process reassured them that it was a real tender they stood a real chance of winning, and not just a formality to keep existing suppliers in line."

Participation was further encouraged by early and ongoing engagement with all the potential suppliers. "Had we just sent one email saying 'please respond to this tender', we would probably have got nothing," he says.

The TenderLink e-procurement tool made it easy for the potential suppliers to detail their policies and practices, with questions about their staff hiring, management and quality assurance.

Porter also opted to use TenderLink's evaluation toolset. This allowed him to construct an online tender response form that gathered the information necessary to assess the capabilities and strategies of the bidders, not just the pricing. In fact, pricing was a secondary concern.

"The use of this tool simplified the evaluation process considerably, with responses automatically scored according to our pre-defined criteria. It was then just a matter of all the internal stakeholders ranking the bidders individually to choose a winner. This internal collaboration guaranteed a fair, balanced and transparent decision, he says, ensuring buy-in from all the key staff who have to deal with cleaning services.

The best part of the TenderLink e-tender process is the transparency, says Porter. "All the proposals are locked in the system and can't be changed. So, if there's any confusion in six months' time, we can go back to the proposal."

Cost savings

Even though Porter was aware that illion had been paying above market rate to some of its incumbents, he purposefully separated pricing from the internal evaluation process because he didn't want to simply choose the cheapest bid. "We wanted to avoid choosing a firm that might be underpaying its cleaners or cutting other corners," he explains.

As it turned out, one bid was way higher than the rest, one was much cheaper and the rest were pretty close to each other.

"We ended up awarding contracts to two suppliers, providing a cost saving of 30% from the current spend, without any compromise on service," he notes. There will also be indirect savings through streamlined administration as illion deals with just two suppliers, rather than a number of different operations with different billing and payment requirements.

Looking ahead

After an extremely positive experience with its first e-tender, illion is now in the process of undertaking its second - for contract labour.

"Going forward, all tenders involving two or more companies will go out via TenderLink," he says. While the cleaning tender was simple and effective, future tenders will be even easier. "Once you've done it the first time, you have a template and some standard questions you can re-use so it's quicker and more efficient."

"When you've done it this way, there's no going back," he adds, stressing the value of a systematic approach, collaboration and the creation of permanent document trails that ensure total transparency.

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