



INDUSTRY SECTOR: LOCAL GOVERNMENT
SOLUTION: TENDERLINK E-PROCUREMENT PORTAL + EVALUATION

LOCAL GOVERNMENT PROCUREMENT USES TENDERLINK E-PORTAL TO REDUCE TENDER BURDEN FOR LOCAL COUNCILS IN NSW



Tendering can be an expensive, time-consuming and risky process - and one that government bodies are obligated to go through when they are spending \$150,000 or more.

These issues led the New South Wales local councils to form an organisation called Local Government Procurement which handles not only the tenders for them but also assists with smaller regular purchases to ensure compliance, cost reductions and efficiencies across all purchasing.

Local Government Procurement uses a number of e-procurement tools to support councils and their own business. In particular, they use the portal from Australasian company TenderLink to send, receive and evaluate tenders to shorten the process for councils, saving them time, effort and money.

"Councils need to be completely transparent about their purchases, about the process of going to tender, about the tenders themselves, about... everything," said Brian O'Mara, General Manager, Local Government Procurement. "Every transaction must be recorded, every email must be kept, every fax photocopied.

"However, as a recognised outsourcing company representing all 152 councils in NSW we need to be compliant with these demands leaving the councils free to concentrate on the issues and services important to their local residents and businesses.

"We are able to do this because TenderLink - the premier tendering e-procurement solution - has a system that is perfectly suited to our needs and the needs of the councils we serve."

The tendering process - risky, time-consuming, expensive

O'Mara estimates the costs for councils to run a tender are, at a minimum, in the \$15,000 range, and can reach the \$70,000 range for the more detailed, complex tenders. But not only that, the sheer number of tenders can be overwhelming to a local council.

"Take heavy plant equipment for example," said O'Mara. "Prior to us establishing our organisation, there were roughly 450 tenders run by councils for heavy plant equipment alone."

What many people don't realise is that even purchase orders, when the cumulative total over time passes the \$150,000 threshold, should go to tender. This could include purchase orders for perceived "minor items" such as stationery orders or magazine subscriptions over a period of time, or three separate purchase orders of \$60,000 for computer software.

Local Government Procurement was established in 2006 to negotiate umbrella-style contracts that councils could buy through and therefore avoid this protracted and time-consuming tendering process. It takes care of the tendering process on behalf of councils and has established contracts for 27 procurement classifications.

These classifications cover everything from IT hardware and software, mobile garbage bins, heavy plant equipment and the recruitment of temporary staff. Even newspaper advertising needs to go to tender, and Local Government Procurement has a contract for that, too.

But Local Government Procurement does not do this alone. It relies on a number of e-procurement solutions to create efficiencies, lower costs and to help assume probity risks.

"The savings in time alone is enough for councils to consider an outsourced, e-procurement service, and that is before factoring in the contracts themselves, which are transparently negotiated and in line with expectations from regulators," said Darrin Stollznow, TenderLink's NSW-based Australasian Business Development Manager. "The issues of probity and transparency are passed on from councils to an authorised, third-party organisation like Local Government Procurement."

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Brian O'Mara
General Manager
Local Government Procurement



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TenderLink - "premier e-procurement"

Local Government Procurement relies on the TenderLink e-procurement system to fulfil the tendering procurement role effectively and efficiently.

"Since we opened our doors in 2006 we have never issued a paper tender, and we have never received a paper tender," said O'Mara.

Before e-procurement, if a council took a phone or email enquiry from a supplier about an open tender opportunity, they had to document the entire call before sending those details via email or fax to everyone that had downloaded tender documents. But with the TenderLink e-procurement portal, a quick forum notice is posted and every interested supplier has the same information.

O'Mara said the benefits of using e-procurement systems are profound. "The time saved by your staff is significant, the professionalism of how you do your business increases significantly, and the amount of time it takes to tender is reduced," he said.

While it is hard to put an exact figure to the potential cost savings, which can vary from tender to tender, O'Mara estimates that a 35 per cent cost reduction in running a tender process could be made in using an electronic system.

O'Mara said Local Government Procurement selected the TenderLink e-procurement system based on the breadth of its functionality, the strength of its processes and the depth of expertise of the support team. "In my opinion TenderLink is the premier e-procurement tendering solution," said O'Mara. "With the TenderLink web-based system, people publish their tenders online and all bid responses download in a uniform format. This is real efficiency. There's no double or triple handling."

"Our e-procurement portal solution creates the same efficiencies and cost savings for purchase orders as for larger tenders," said Stollznow, "and if the purchase orders end up exceeding the threshold over time, the processes and transparency, which are the foundation of the e-portal, can negate the risk of having not gone to tender initially."

The biggest benefit O'Mara found in the TenderLink system was the ease of transparency in tendering.

"TenderLink, and e-procurement in general, creates a process that is transparent and conforms to every single aspect of probity regulations. That reduces the time councils might spend handling procurement enquiries or disputes because it's all done electronically, it's all recorded," said O'Mara. "You can justify every step you have taken because it's all recorded within the solution's audit trail."

"We have only ever received two formal complaints about our tender processes. Both of those were related to a tender not being accepted by

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**Brian O'Mara
General Manager
Local Government Procurement**

us because they came in too late," said O'Mara. "One particular supplier wanted to know when we received their electronic tender submission."

The answers to such queries are critical to the probity requirements of the tendering process. Local Government Procurement needed to show when the documents were received in order to prove its claim that the tender submission missed the deadline, or it could have faced a formal challenge.

TenderLink was able to pinpoint down to the minute when Local Government Procurement received the documents, and the 'paper trail' was available online for confirmation.

"The level of support we have received over the years has been exceptional," said O'Mara. "I couldn't fault them."

"Sometimes companies will sign you up as a client, get you on board and then just move on to next new client, but that's not the case with TenderLink."

O'Mara believes that any council that does not use an e-procurement provider is costing itself time and money, and making itself vulnerable to possible challenges due to inconsistent processes or unauthorised procurement.

"Any council not using an e-procurement portal system is really running a high-risk operation," said O'Mara. "The risk surrounding probity issues is reduced markedly by using such systems."

The web-based system is also more efficient than the spreadsheet- and paper-based systems used by many organisations.

"Procurement staff will save a significant amount of time, the professionalism of how you do your business will increase significantly and when using TenderLink's evaluation toolset, the responses you get from the tender process will be uniform," said O'Mara.



INDUSTRY SECTOR: EDUCATION
SOLUTION: TENDERLINK E-PROCUREMENT PORTAL

CHARLES DARWIN UNIVERSITY TALKS CHANGE INERTIA IN THE TRANSITION FROM MANUAL TO ELECTRONIC PROCUREMENT



Change is hard, but it is inevitable. After decades of doing something a certain way, making the jump into uncharted waters can leave many people apprehensive, but those who make the leap inevitably find themselves better for it in the long run – and in some cases, the change can be seamless.

Charles Darwin University (CDU) had to make that leap a little over 15 years ago, after deciding to overhaul its procurement practices.

Charles Darwin University is a dual sector University with eight campuses and vocational training centres located across the Northern Territory. It also recently opened CDU Sydney and CDU Melbourne.

CDU provides training at 170 sites across the NT in remote Indigenous communities, making it one of the most diverse universities in Australia. It employs 1,200 staff and has a student population of more than 22,000, which are drawn locally, nationally and from overseas.

Mick Lihou is the Contracts Manager in the Office of Strategic Procurement at CDU. He has been involved with the majority of the changes the University has made to procurement practices in the past 20 years – including the shift from manual to electronic procurement.

"The system worked back then," he said. "There was a method to how everything was done, and it was almost universal. It was time-consuming and it was cumbersome, but it was a system that worked. If I had to use that system now I could use it and it would – eventually – get the job done."

The first computer system installed at the university was the e-procurement solution from Australasian company, TenderLink – and the University has been happily using it ever since.

"Change is inevitable, and with any change you expect some amount of pain. More often than not, it can be extremely disruptive," said Lihou. "But the change to the TenderLink system was the least painful experience I have had in my professional life."

"TenderLink's support was first class. After three or four calls with their support team, using the system became second nature. The move was seamless.

"In fact, Tenderlink's support remains first class; they had it right way back then, and they've still got it right today."

The TenderLink solution made the tendering process extremely efficient, saving the University an incredible amount of time. Meanwhile, if issues of probity and transparency arise, the entire process is documented online and any discrepancies are easily identified.

"While some could argue that an e-procurement portal solution offers the same outcomes as the manual process still used by many organisations today, this doesn't factor in the savings which accrue from the streamlined and standardised work-flows built into our software. With our solution, you get to the end game quicker and more efficiently," said Darrin Stollznow, TenderLink's NSW-based Australasian Business Development Manager.

"The efficiency of e-tendering and e-procurement speaks for itself but, increasingly, organisations struggle to change from the status quo. The key to dealing with that inertia is finding a company with a customer service team that will assist in the transition every step of the way."

A solution that works, backed by first-class support.

"Whoever designed this program made it easy to use and logical, and it

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Charles Darwin University



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just works. Anyone can create a software program, but TenderLink provides support that, in my experience, is second to none," Lihou said. "You are being looked after; it's a service-driven organisation and they back their product. You hear and see advertisements from companies claiming they back their product, but TenderLink is the organisation that actually lives it and delivers."

The University is so happy with the solution that it will use TenderLink's e-procurement tool for all its tendering from 2014.

"I don't want to overstate it, but TenderLink takes ownership of any issues, its people are friendly and if they can't help me – which is very rare – they have someone who can help call me within half an hour.

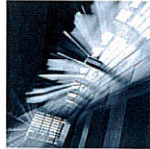
"The whole system just works."

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**Mick Lihou
Contracts Manager
Charles Darwin University**

TENDERLINK

Bringing Purchasers and Suppliers Together



e-Procurement Solutions

For further information call free 1800 233 533 (AU), 0800 698 363 (NZ)

www.tenderlink.com

e-Procurement Solutions...

Is your manual tendering process giving you headaches?

Reduce the time, costs and inefficiencies associated with your current tendering process by using a fully-branded e-Procurement portal powered by TenderLink.

Our end-to-end solution delivers the following benefits:

Advertising - Advertise for a fraction of the cost of traditional print media.

Administration - Suppliers access documents in electronic format, saving you expensive printing and distribution costs.

Staff Time - Staff spend less time dealing with repetitive queries or processes.

Transparency - You have complete visibility over what's happening at each stage of the process, e.g. who has downloaded documents, submitted bids etc.

Supplier Relationships - Use our online forums for supplier Q&A, document addenda or other important communications, e.g. site meetings.

Evaluation Module - This flexible toolset allows you evaluate bid responses in a consistent and transparent manner, pre-qualify vendors and construct vendor panels. Optionally available on a per-tender basis.

Getting Started

To enjoy the benefits of our technology, very little work is required on your part. Your one-off implementation fee covers the technical and design elements of establishing your portal, migrating your current suppliers into our system and the initial training of your staff. Once you are up and running, ongoing use of our system is charged on a monthly rental or pay-as-you-go basis. This choice is yours and will depend on the number of tenders you anticipate publishing via our system.

No-Obligation Demonstration

Our e-Tendering solutions can bring you measurable business process improvements and reduce your tendering costs. If that's your objective, then call us today to book a no-obligation demonstration.

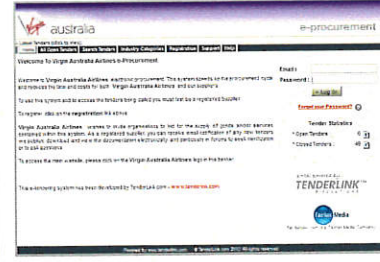
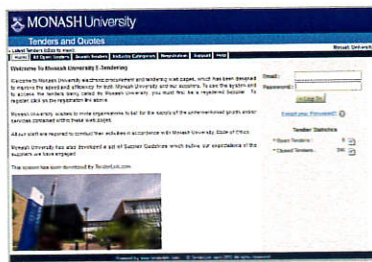
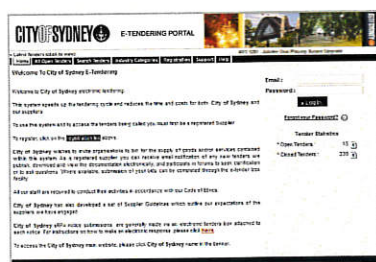
“The establishment of our TenderLink portal has saved over \$60,000 in the first 12 months. We have reduced our tender processing time by nine days, removed the need for the physical tender boxes, and centralised the processing of tenders thus reducing the number of staff involved and eliminating processing errors. However, the key factor for us has been the increase in submissions from vendors across the country which has improved competition and required local vendors to lift their performance - both in the submission of tenders and the performance of contracts.”

Stewart Freeman OAM, CSM MCIPS, CPL
Procurement Manager

For further information, please contact TenderLink

Freephone
Freephone
Email

1800 233 533 Australia
0800 698 363 New Zealand
account.manager@tenderlink.com



What our customers are saying...

“Previously communications would have taken place one-on-one between us and individual suppliers, with very little visibility. Now we notify our suppliers, one-to-many and electronically, of any changes and addendums to tenders and we answer questions at the same time to everyone via the online forum.”

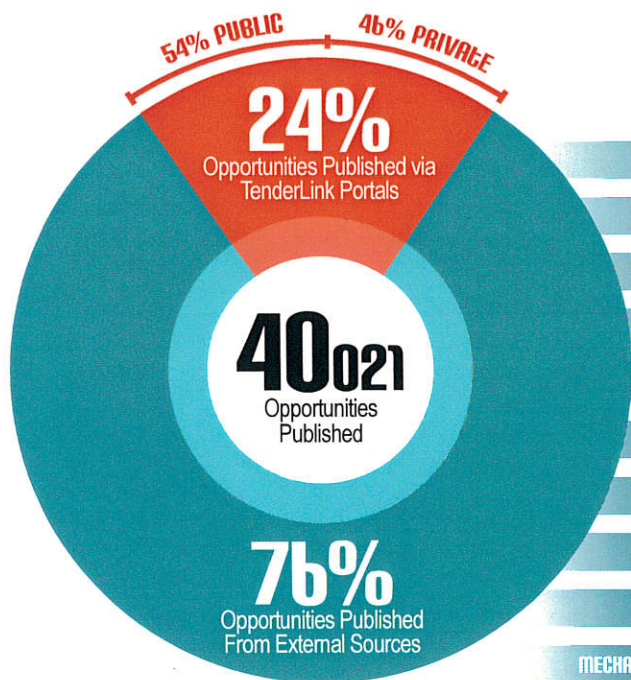
Teresa Pearce
IT and Leasing Officer
Monash University

“BAC's Airport Construction Group has been using TenderLink for two years across all of our projects, ranging from \$100,000 up to \$35,000,000. We have found the system to be very simple to use and effective.”

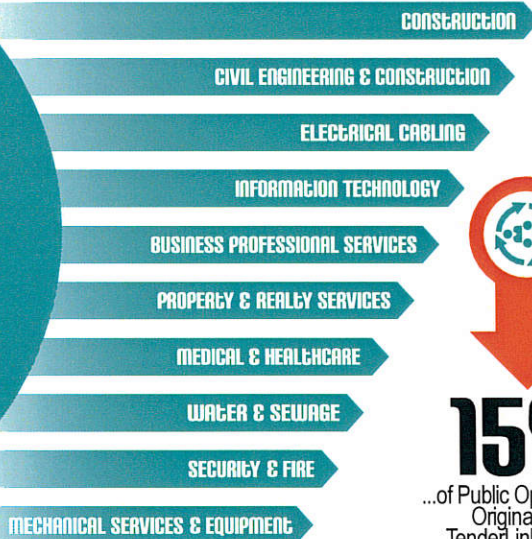
Robert Scodellaro
Civil Infrastructure Manager
Brisbane Airport Corporation Pty Limited

“With the added probity requirements around the procurement process our LGTenders solution, which meets OAG standards and is powered by market leaders TenderLink, is the ideal solution for Councils wanting to undertake smart procurement.”

Cassandra Crowley
CEO
Local Government Online Limited



TOP 10 PUBLIC CATEGORIES BY VOLUME



301,000+
Registered Users in the TenderLink System

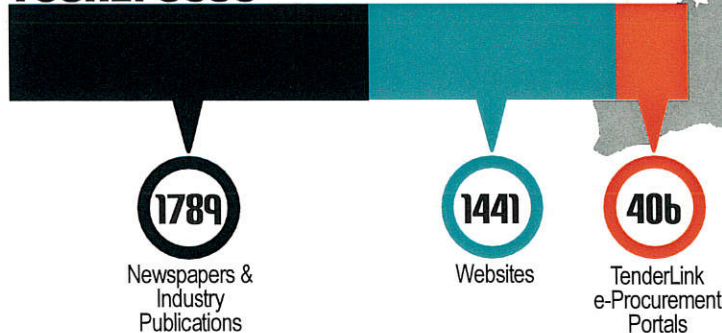
4,457
Tendering for Success Attendees

148 mil
Visits to tenderlink.com Per Year

15%
...of Public Opportunities Originate via TenderLink Portals

SOURCES

TOTAL: 3636

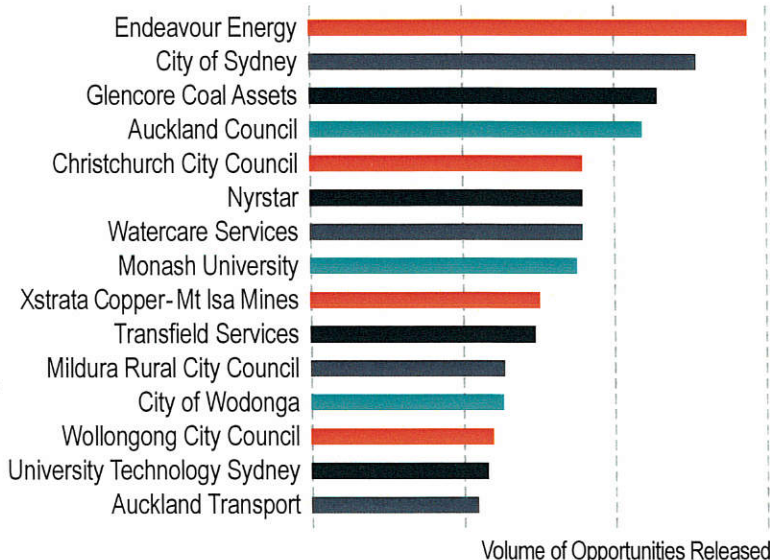


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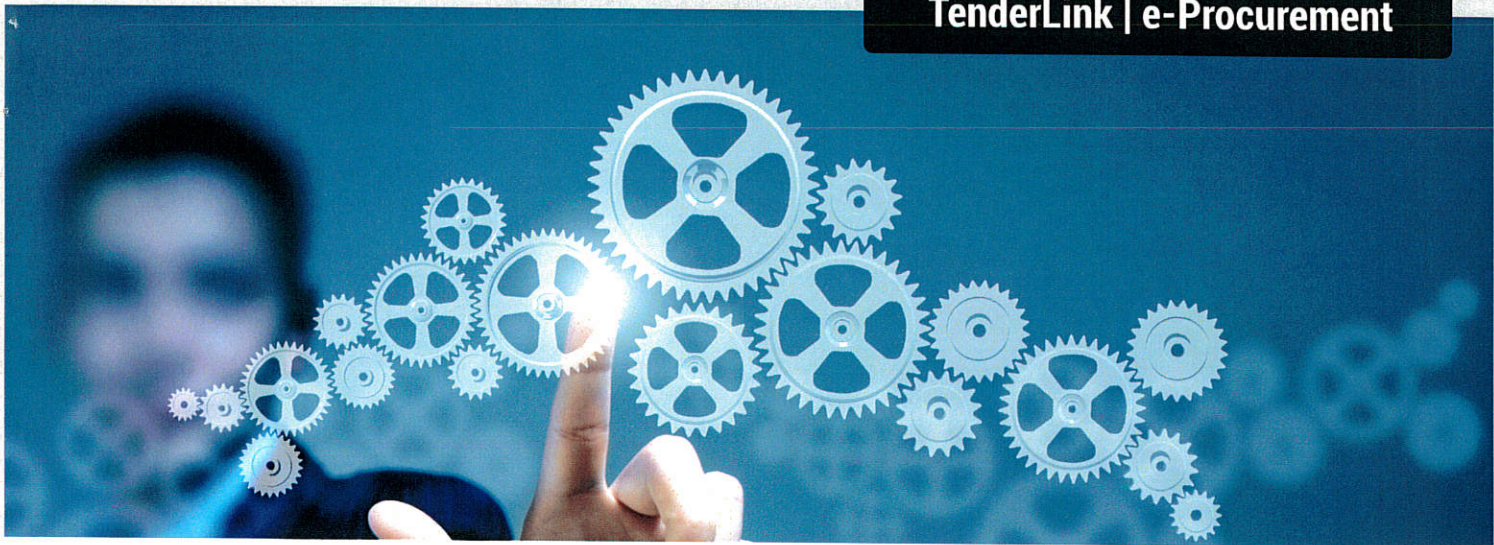
E-PROCUREMENT PORTALS

COVERING ALL SECTORS INCLUDING LOCAL GOVERNMENT, WATER, HEALTH, EDUCATION, TRANSPORT, ENERGY, MINING & CONSTRUCTION

TENDERLINK E-PROCUREMENT HEAVY HITTERS







DEDICATED PROCUREMENT TOOLSET REDUCED PROCUREMENT ADMINISTRATION COSTS EMBEDDED PROBITY

Procurement Process Giving You Headaches?

Reduce the costs and risks associated with your current procurement process.

Our fully-branded online procurement portals deliver the following benefits:

- Advertise for a fraction of the cost of print media
- Save time with purpose-built functionalities
- Reduce risk and embed probity with full audit trail reporting
- Standardise supplier communication
- Save document printing and distribution costs
- Access our extensive supplier base
- Evaluate bids in a structured and consistent manner.

Let's Get Started

Implementing our technology is simple. A one-off fee covers the technical and design elements of establishing your portal, initial training of staff and migration of your suppliers into our system.

Once established, ongoing use of our system is charged on a monthly rental or pay-as-you-go basis. The choice is yours.

What Our Customers Think...

Whoever designed this program made it easy to use and logical, and it just works. Anyone can create a software program, but TenderLink provides support that in my experience is second to none. You are being looked after, it's a service-driven organisation and they back their product.

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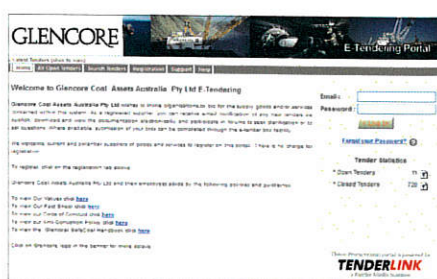
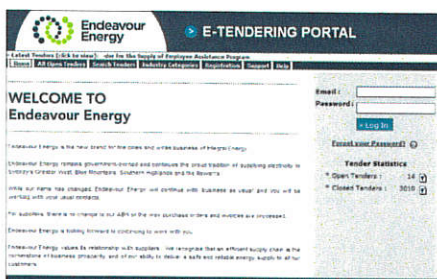
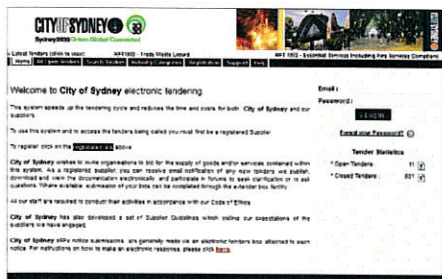
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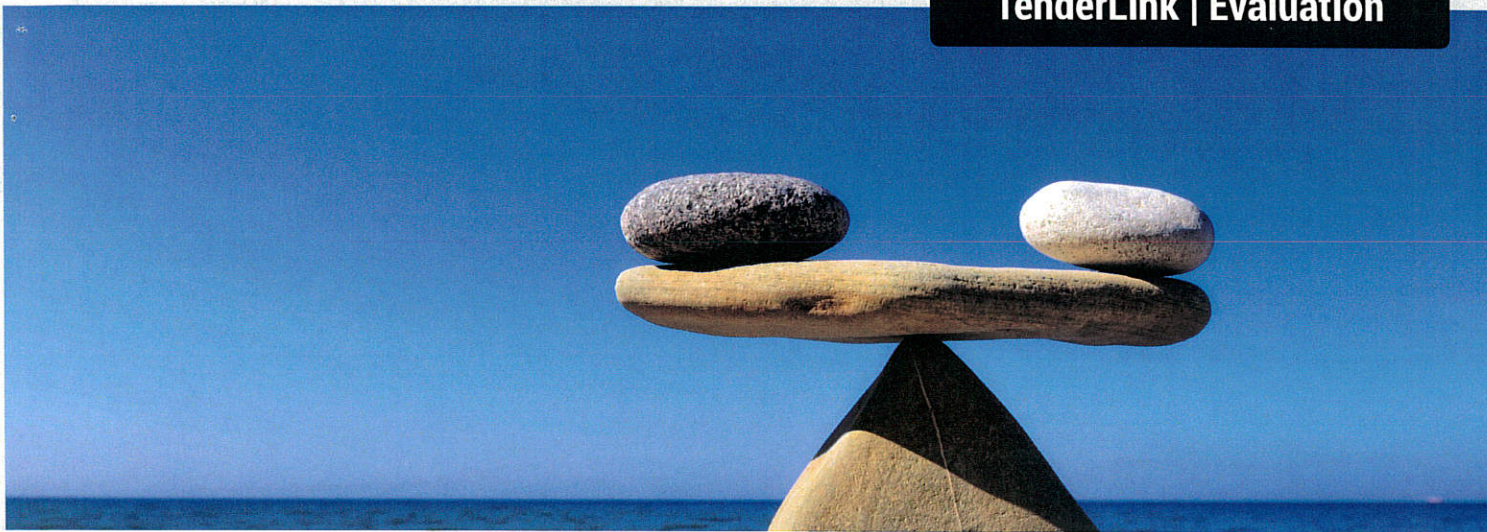
Our system can bring you measurable business process improvements and reduce your procurement costs.

For a No-Obligation Demonstration:

Freephone: 1800 233 533 AU, 0800 698 363 NZ
Email: account.manager@tenderlink.com







STANDARDISE RESPONSE FORMATS MAKE STRUCTURED AND CONSISTENT DECISIONS FLEXIBLE USE AND EMBEDDED PROBITY

Looking for a Tool to Streamline Bid Evaluations?

Our Evaluation module allows you to make complex, multi-attribute decisions in a structured, consistent and transparent manner.

Its flexibility allows you to evaluate bid responses, pre-qualify suppliers, build supplier panels and standardise bid response formats.

Smarter for Decision Makers

- All submissions are consistent - in your specified format
- Key criteria are decided and weighted in advance
- You control the response type for each question
- Allows for individual and aggregated scoring
- Add notations to scores
- Separate price/non-price attributes
- Build a library of templates
- Decisions are transparent
- Delivers high probity standards
- Available on a per notice basis
- Embedded probity with full audit trail reporting

Faster for Respondents

- A simple step-by-step online response process
- Greater clarity about what purchasers are looking for
- No submission format decisions required
- Reduce tender submission production costs
- Ability to save partially completed submissions
- Upload capability for supporting documents
- Quick turnaround, with no paper requirements
- No lost-in-transit posted submissions

What Our Customers Think...

With the TenderLink web-based system, people publish their tenders online and all bid responses download in a uniform format. This is real efficiency. There's no double or triple handling.

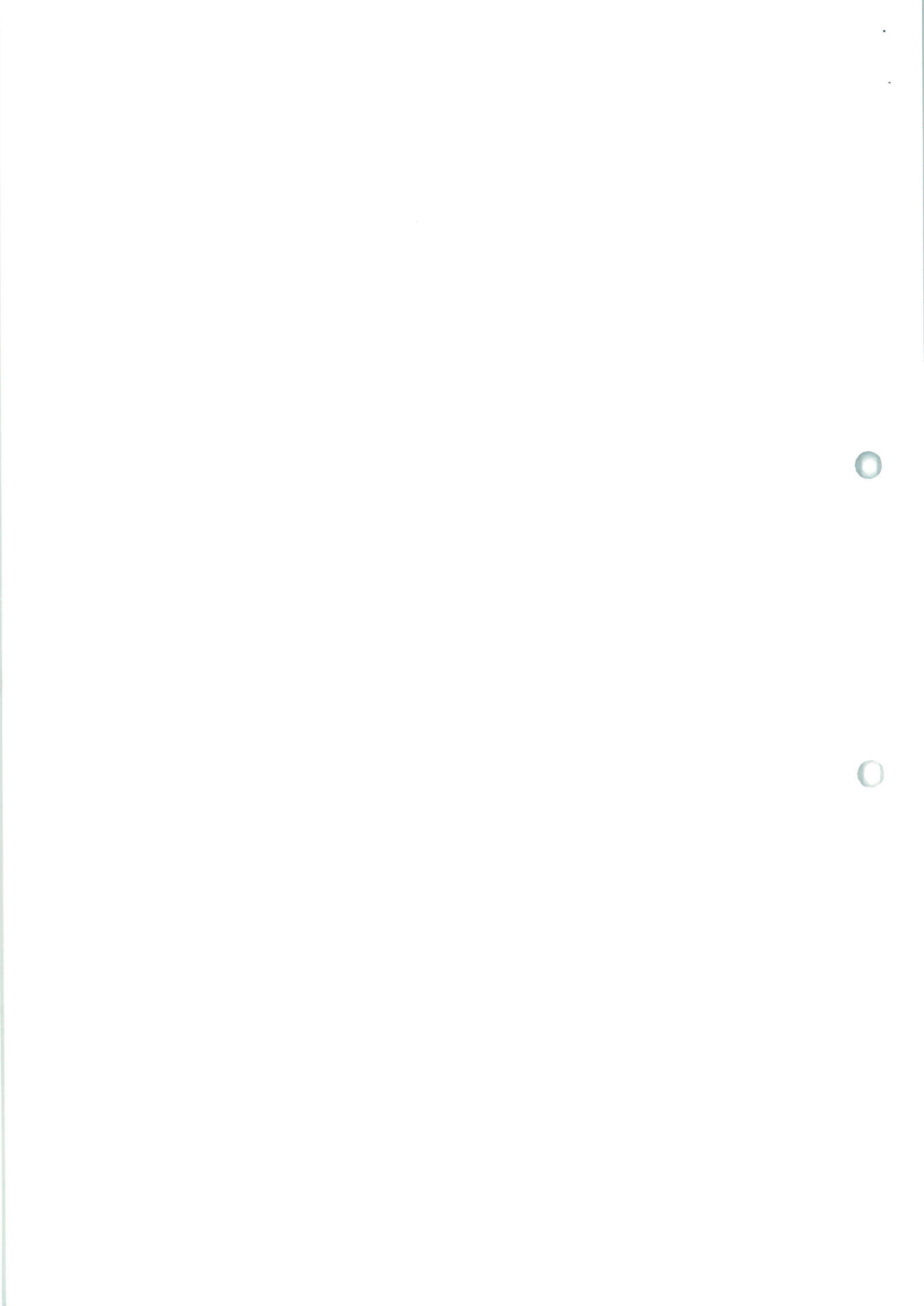
Brian O'Mara, General Manager, Local Government Procurement

For a No-Obligation Demonstration:

- ☎ **Freephone: 1800 233 533 AU, 0800 698 363 NZ**
- ✉ **Email: account.manager@tenderlink.com**

How it Works...

Procurement Team	Respondents	Evaluator(s)
<ul style="list-style-type: none"> ▶ Construct and weight online requirements form ▶ Create and advertise tender with associated requirements form 	<ul style="list-style-type: none"> ▶ Receive tender notice ▶ Complete online requirements form ▶ Submit response online 	<ul style="list-style-type: none"> ▶ Access electronic tender box ▶ Shortlist responses and score ▶ Finalise scores and make decision





INDUSTRY SECTOR: LOCAL GOVERNMENT
SOLUTION: TENDERLINK E-PROCUREMENT PORTAL

CITY OF BUNBURY TURNS TO TENDERLINK'S E-PROCUREMENT SOLUTION TO SHRINK WORKLOAD



Growth is generally seen as a positive. When a city grows, it means everyone is doing something right and further growth is spurred as a result: population figures swell, employment numbers increase and construction booms. But growth in most cases has a directly proportional relationship to pressure.

With an increased population comes a need to align capacity with increased demand: new schools, parks, hospitals. And with those new projects comes the need to go to tender more, and more...and more.

The tendering process is time-consuming, even with the assistance of e-Procurement solutions which remove the need for paper trails, automate manual processes and make everything digital. Some councils are growing at such a swift rate that even converting a manual process into a digital equivalent isn't enough to avoid having to add extra staff, because there is simply too much work - unless e-Procurement can manage to shrink the extra workload as it grows.

The City of Bunbury has managed to do exactly that through its use of TenderLink's e-Procurement solution.

Bunbury is one of the fastest growing regional centres in Western Australia. Located just 180 kilometres south of Perth, the City of Bunbury has a population of more than 31,000 people, while the greater Bunbury region is home to more than 80,000, with that number expected to increase to over 100,000 by 2031.

David Russell, Senior Contracts and Procurement Officer for the City of Bunbury, said the council undertakes an average of 30 public tenders and about 50 quotations a year. The City's internal purchasing policy requires any contracts over \$50,000 to go through a public advertising process. Given this threshold and the growth experienced by Bunbury, one would expect the average number of tenders each year to be much higher than this.

But Mr Russell said the council uses Australasian e-Procurement provider, TenderLink, to shrink the amount of time spent on tenders and quotations, through the process of lowering the number of public tenders and quotations the council undertakes a year.

"One of the major benefits of using TenderLink is that it gives us the ability to create and manage our own panels," he said. "For instance, we have an architectural services contract we've established with a preferred panel of suppliers. Contractually, we must use this panel of preferred suppliers when a need arises, but this arrangement saves us going through the time-intensive tender process every time we have a need for architectural services.

"We also have an environmental auditor's panel, an electrical panel, a plumbing panel and a surveying panel, just to name a few. The time impost of going to tender for each of those jobs is saved, because TenderLink has made it possible for us to create these panels."

"The panel functionality of our system is often overlooked," said Scott Alexander, TenderLink's Perth-based W.A. Business Development Manager. "Our portals have always offered the flexibility to source and group suppliers into panels and then release notices to these panels on a select basis. But an added benefit is that if these panels need refreshing, you can also access our extensive supplier audience on a more public basis, as and when the need arises."

Automated auditing and measureable return on investment

Having TenderLink's e-Procurement portal take much of the manual process away from staff has saved the City not just time, but money, according to Russell.

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David Russell
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INDUSTRY SECTOR: LOCAL GOVERNMENT
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"If we didn't use TenderLink and had to undertake a tender the old-fashioned way, we'd need another full-time employee," he said. "Every time a supplier logs in they leave an audit trail of exactly when they logged in, when they downloaded documents and when they began uploading their submissions. All the auditing is automated, whereas if we were undertaking the same tender using the old manual process, we'd have to hire someone else.

"So, although indirect, it means the money you spend on TenderLink is actually an investment that you will see a real return on through cost savings."

"This return-on-investment criteria is now a well-established market trend," said Alexander. "Councils know they can streamline processes and improve probity with a specialised digital procurement solution. But when deciding whether to make the shift, they also want to reassure themselves of the return on investment which, in our case, is delivered through cost savings."

While the cost of an extra staff member is measurable, quantifying the benefit of the peace of mind that comes with automating much of the process isn't quite so easy. But that doesn't make it any less tangible.

"Using the old system would mean everything had to be done by email or post. If I forgot to attach a document it meant I could come under scrutiny, and that includes if I didn't take into account if their email could receive documents over 10MBs in size or not," said Mr Russell. "With TenderLink, you know that when suppliers download documents, everyone is getting the same thing. The size of the documents doesn't matter either because they are downloading it from TenderLink's servers, direct to their desktop.

"And the more manual the process, the higher the likelihood of missing

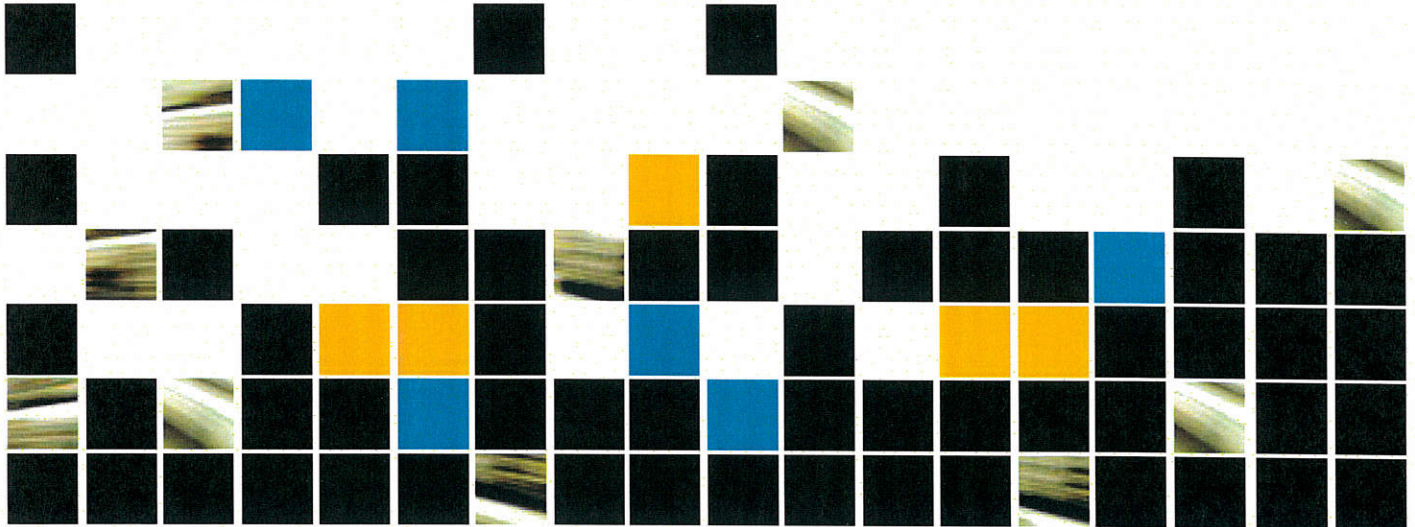
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or forgetting something important, especially when you're really busy. But the TenderLink e-Procurement portal takes care of all of that for you."

The City has also seen additional time savings when an addendum to an existing tender needs to be distributed. Previously, any addenda would need to be emailed out to a mailing list, and the same concerns regarding document sizes were in play. In addition, the responsibility of maintaining an up-to-date email list was left to the City - further increasing the risk of human error. But when using the TenderLink system, once the addendum is uploaded, an email with a link to download the addendum is automatically sent to everyone who has registered an interest in the opportunity and downloaded tender documents.

"It saves us a lot of time, and as everything is automated it protects us from inadvertently creating an audit issue," he said. "It's simple, easy to use and it does what it needs to do."

**RESEARCH PAPER**

AUSTRALASIAN PROCUREMENT - BLENDED IS BEST

This is the second in a series of research reports on procurement in Australasia from Financial Review Business Intelligence, in association with TenderLink.

EXECUTIVE SUMMARY

Paper one in this uniquely local series of research reports revealed that procurement professionals face immense challenges in terms of the expectations placed on them, weighed against the resources available to fulfil their role. While management expects high levels of transparency, probity, and efficiencies in terms both of cost and time, procurement professionals continue to wrestle with fragmented toolsets and often limited resources.

In order to meet such expectations, procurement professionals deploy a range of procurement models and techniques to secure the best strategic result for their organisation. Among these emerging models, one interesting trend is that while public procurement techniques remain dominant, there are clear signals of growth in private or selective methods.

While preferences for public vs. select procurement vary by sector, the clear trend overall is for a continued rise in selective tendering, the use of which can deliver flexibility and time savings.

However, the challenge that remains for procurement professionals is how to balance these vaunted benefits against the need for probity, transparency and access to a broad sweep of products and services in order to ensure continued innovation and value for money.



WHAT THEY TOLD US

For this second paper, more than 100 procurement professionals were surveyed regarding the day-to-day procurement methods they employ.

This research delivered important insights about best practice with regard to harvesting the benefits of both selective and public procurement methods and avoiding the limitations that a single procurement approach might impose.

What became clear is that private or selective procurement methods are valued because they are pragmatic, swift and often involve a known universe of potential suppliers.

The attendant risk, however, is that organisations which employ predominantly private procurement methods can limit their horizons by missing emerging suppliers, new products, or opportunities for innovation and supply chain enhancement.

Here's some of what they told us...

“With private tendering you are targeting known, capable providers. If they have been through a pre-qualification process, it removes some of the basic due diligence tasks associated with public tenders. And it's cheaper than public advertising. (But) you're obviously reducing the number of potential responses, so robust market research is essential to identify the capable providers you will include. And depending on how many you include, it may result in low levels of tenders received and reduced competition.”

“(Selective tendering) offers a more targeted approach. Effective sourcing process should identify optimal suppliers of services and products.”

“(Private tendering) allows businesses to get the results they require within tight deadlines. If the organisation is trusted and has a positive reputation, then procurement will continue to build that strategic relationship.”

“People tend to believe that making a tender public will result in the best deal.”

“(Private tendering) could cost more - bidders can deliberately underbid for the design phase knowing that you are tied to them for build phase and then they increase the price. You have less control.”

“With private tenders you're able to target known capable suppliers or pre-qualified suppliers. Reduces the burden of evaluating a larger number of tenders, some of which will not meet our requirements or satisfy capability requirements.”

“Advantages: Strategic partnerships to be created by private tendering. Disadvantages: Can value for money clearly be defined? Risks: Alignment with one or two organisations could provide risks.”

“There is this movement towards transparency within organisations that public tendering provides.”

BLENDING IS BEST

The survey of 106 procurement professionals revealed that there is no tendency towards use of a single mechanism for effective procurement. Instead, a sophisticated blend of procurement methods is favoured by most organisations, with a range of procurement approaches often deployed in concert in order to gain the optimum outcome, which still remains value for money.

Percentage of Respondents Releasing Public and Private/Select Tenders



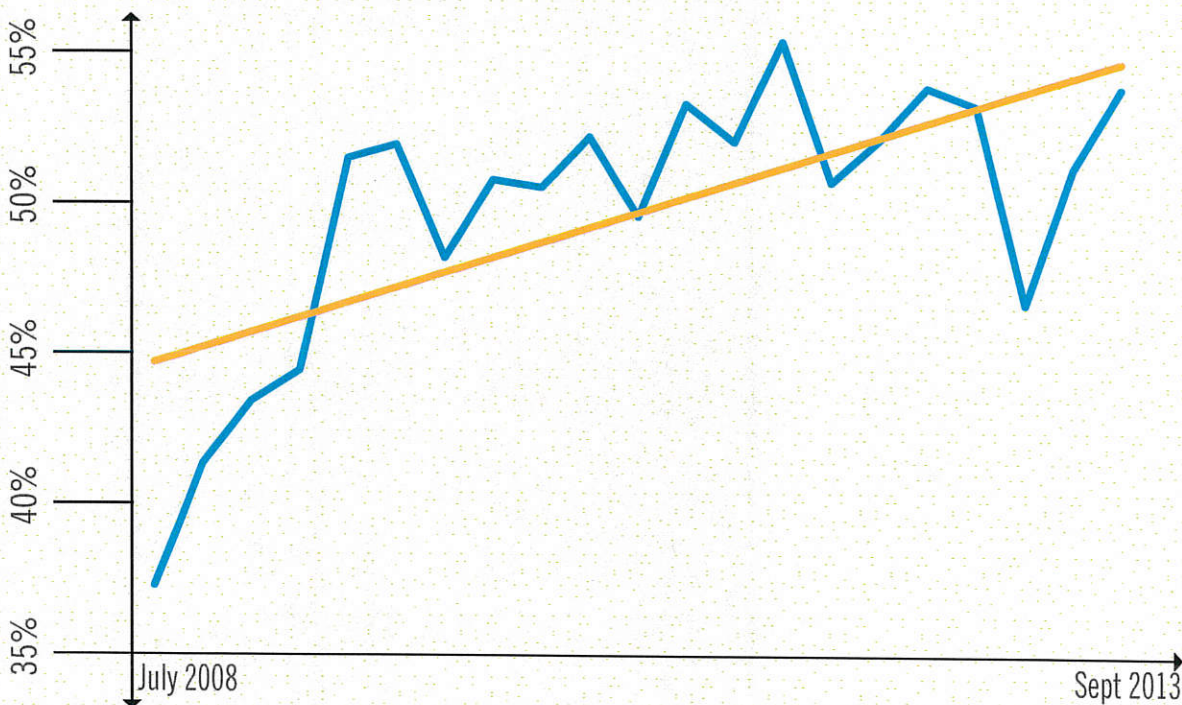
As shown above, public procurement mechanisms remain widespread. The fact that more than half of all respondents

(54.3%) release public tenders demonstrates the importance procurement professionals place on canvassing the entire market, at least during the initial procurement phases. This continued support for public processes shows a great deal of value is still placed on the probity and transparency they bestow.

However, the use of private mechanisms is almost on a par. In fact, according to the survey, 48.7 per cent of organisations indicated that they use private or selective procurement methods.

This view is supported by data from TenderLink's own base of over 300 e-Procurement clients, signalling a clear trend in the growth of selective or private procurement methods over the last five years.

Private Notices Published as a Proportion of all Notices Published - Quarterly Snapshot



However, a casual appraisal of the comparative volumes of private vs. public methods overlooks the subtlety and sophistication of modern procurement. Savvy practitioners point to the need for a blended approach – making judicious use of both public and private or selective procurement techniques. Respondents to the survey don't use the procurement methods in isolation, but in concert, and often sequentially.

For example, an expression of interest process might be followed by a public, or selective tender. Another example

of this blended approach is in the growing use of techniques such as Requests for Panels, which are advertised publicly and used to pre-qualify a group of suppliers. The panel identified through a public process can then be used on a select basis for all subsequent procurement within a given timeframe, with suppliers contracted directly up to a specific cost threshold.

It's this blended approach that ensures market reach, access to innovation, transparency and ultimate competition is combined with the pragmatic benefits of selective/private tendering.

SECTORAL SUBTLETIES

This paper focuses on the growing maturity of the Australasian procurement landscape where public and private procurement mechanisms are increasingly used in concert to liberate real value for the enterprise.

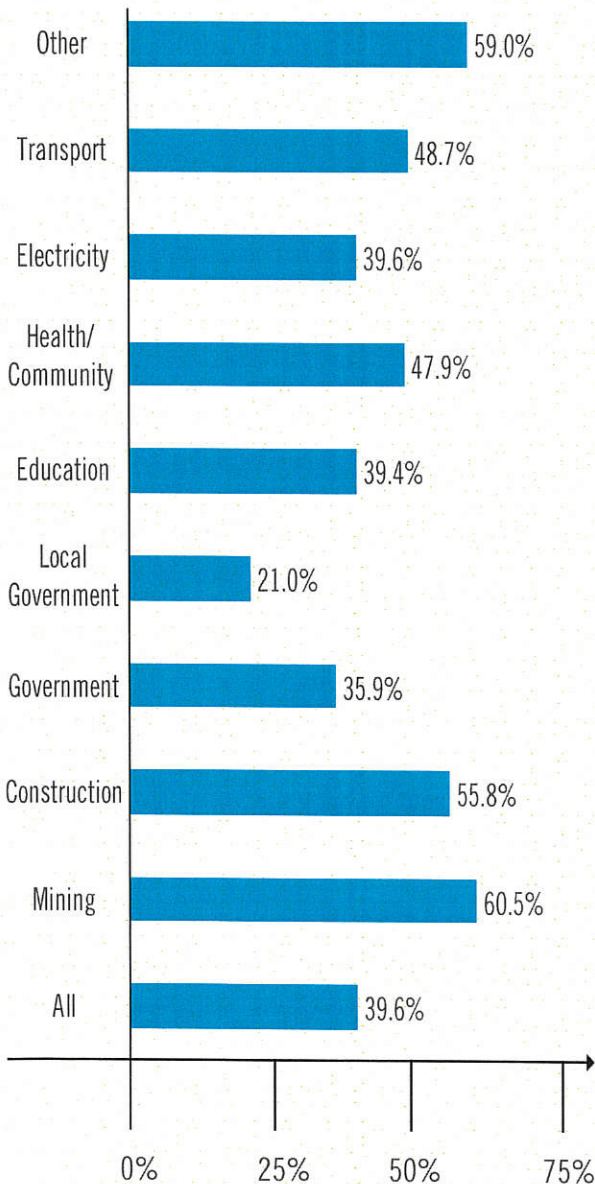
The research, however, also uncovered some starkly different sectoral trends.

For example only 21 per cent of local government opportunities – where transparency is paramount - are filled by selective tender, compared to 60.5 per cent of mining contracts, 55.8 per cent of construction opportunities, and 48.7 per cent of opportunities in transport.

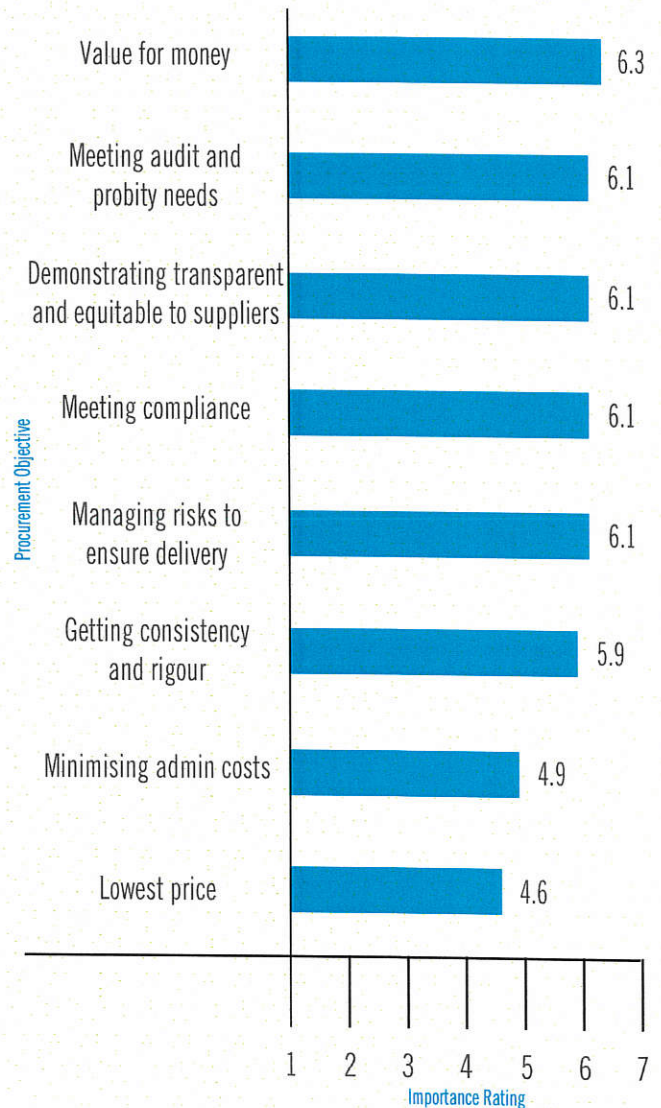
This apparent skew could be due to the more niche nature of mining and construction procurement opportunities and the existence of a “known and trusted universe” of suppliers, making procurement professionals in these sectors particularly comfortable with the notion of selective tendering.

However, regardless of sector, the following chart demonstrates that survey respondents are clear about the fact that the gold standard and strategic intent of successful procurement remains achieving value for money.

Respondents' Estimated Use of Private/Selective Procurement Techniques Within Their Industries



Overall Procurement Programme Objectives



What is also clear from this survey is that this important organisational benefit is increasingly being achieved through the tactical blending of public and private procurement techniques.

MARK OF MATURITY

The challenges facing procurement professionals in the current volatile and economically constrained business environment are significant, as identified in the first research paper in this series. This research sought to better understand current best practice.

As this latest research demonstrates, using a variety of procurement mechanisms is increasingly proving to be the most assured way to deliver the best outcomes and liberate greatest value for the enterprise. While private procurement methods can be swift, and reinforce relationships with

vendors, if applied carelessly, they can leave organisations vulnerable to vendor lock-in and potentially blind them to innovative approaches from excluded vendors.

By using publicly-oriented techniques to first narrow and authenticate the field of suppliers, then employing private mechanisms targeting a narrowed field, savvy professionals are reaping benefits.

It is this blended approach that delivers the magic – the optimum balance of pragmatism and probity.

IDENTIFYING PROCUREMENT BEST PRACTICE

This second in a series of procurement research reports confirms the sophisticated approaches that procurement professionals harness today - using a blend of procurement methods, often in concert and sequence, to deliver the best results for their organisations. The savvy procurement professional understands:

- 1. The need for pragmatism:** Procurement professionals are challenged each day to meet growing expectations with limited resources. Professionals skilfully integrate a range of procurement mechanisms to deliver a pragmatic result without sacrificing quality or probity.
- 2. Mitigating risk is critical:** By using a matrix of procurement models, encouraging a broad community of suppliers and carefully assessing the risks associated with each opportunity, procurement professionals are ensuring they deploy the right tool for the right opportunity. To borrow a sporting analogy, they first select a broad squad of players and then use their coaching nous to assess each player's likelihood of delivering on a well-defined game plan, thereby ensuring that on match day they arrive with the best possible team to secure a result.
- 3. How to embrace the matrix:** Harnessing public procurement techniques in the foundation phases of the procurement cycle allows professionals to fully explore the market and encourage competition, but still leaves the option to deploy private techniques later in the process after the broad range of potential providers has been shortlisted. By being open and transparent with both management and suppliers, procurement professionals can extract the most value from both public and private procurement practices.
- 4. The importance of an open mind:** Leading procurement professionals maintain an open mind, constantly seeking potential new suppliers, fresh supply chain approaches and pricing or technical innovations. Telegraphing this approach by using blended procurement approaches in concert and informing suppliers about the overarching procurement philosophy to secure best value for the organisation helps elicit from suppliers more innovative responses.
- 5. The focus is on value, not cost:** Procurement professionals understand that highest value rather than lowest cost is the true measure of success. At a tactical level this is achieved by balancing public processes with judiciously applied private processes, thereby allowing procurement professionals to identify and deploy the best value solution.

METHODOLOGY

A quantitative survey of 300 procurement professionals conducted in August and September 2012 revealed important insights about procurement and the pathways to best-practice. Responses were collected from all levels of government, plus a broad spectrum of industry, including mining, education, health, community services, construction and transport.

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FINANCIAL REVIEW
BUSINESSINTELLIGENCE

TENDERLINK

Established in 1994, TenderLink has grown to become one of the largest web-based procurement systems in Australasia. TenderLink offers a variety of purchaser-and supplier-oriented services including:

- Web-based e-Procurement solutions
- Subscription-based tender notification services
- Tender response education and training

Currently over 300 leading government, public and private sector purchasers use TenderLink's e-Procurement system to significantly reduce their procurement costs, increase the speed of their procurement cycles and improve supplier relationships. And they achieve this within an externally audited system providing the highest levels of security, transparency and probity.

If you are a procurer of goods and services and are considering a shift to web-based procurement technology, then contact TenderLink.

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