



TenderMAX Case Study

Customer Name

- St George Bank, Sydney, Australia
- Banking and Finance

Customer's Business Background

- St George Bank is Australia 5th largest bank employing over 8,000 staff.
- St George Bank recently tendered for a Consolidated Printing Device Tender (MFD) – stakeholders were IT, Financial, Procurement, and the Bank's Retail Business Units.
- Total Procurement spend of the Project. – \$27 million (over 5 yrs cycle)

Customer Procurement Environment

- **St George's** current procurement environment
 - Centralised procurement management for Corporate Spend,
 - Centres of Excellence management for IT, Telco, Security, Legal and Marketing
 - Procurement is primarily on corporate services, IT services & human resources categories
 - Products are primarily only purchased for IT network, Desk Top and property.
- **St George's** current procurement process
 - Vendor online purchasing systems for Corporate spend,
 - Paper based purchasing processes for IT Products,
 - Sourcing is approached through various approaches including RFQ/RFI/RFP/RFT.
 - Corporate Procurement has a regular staffing of 15 FTEs. Procurement staff is supplemented by non-dedicated FTE resources in support and business areas for procurement of non-corporate products.
 - Evaluation process is market comparison against historical cost benchmarking.
 - Application software spreadsheets in the business and increasing use of Decisionmax software in Corporate Procurement.

Customer Procurement Issues & Problems

- St George had insufficient central resources to manage complete Group spend
- Procurement Methodology
 - Process varies between central management of sourcing and business management of sourcing. Corporate management is process driven to achieve result while business management tends towards identifying the desired result and building a process to support.
 - Structured process in Corporate Procurement incorporating business buy-in with strong emphasis on supplier management. Ill-defined structure and process outside Corporate Procurement with use of cross-functional processes.
 - No consistent approach applied
 - Routine recreation of documentation and processes, limited use of templates.
 - Variable and non-standard evaluation criteria. Limited use of broad business evaluation processes.

- o Current sourcing and evaluation methodologies are more skewed to subjective assessments than objective scoring.
- Strong skills sets in negotiation and supplier management inside Corporate Procurement limited developed procurement skill across the businesses and low levels of broad based skills in the Bank in sourcing.
- Process probity is strong in centrally managed sourcing where electronic audit trails are kept and process is transparent but open to issues in non-centrally managed sourcing projects.
- Current manual processes are more time consuming than use of electronic processes.
- Response management is time consuming for manual processing.
- Low Visibility for stakeholders in manual processes
- Financial
 - o Limited budgets for long sourcing projects
 - o Process efficiency is not strong in many non centrally managed sourcing projects
 - o Tighter specifications and objectives management during the sourcing and evaluation process would increase savings value opportunities
- Contractual Compliance is reasonably strong across the Bank
- Corporate Governance while in place is not policed or broadly monitored
- Risk Identification/Assessment is variable across the group depending on the level of skill of the individuals available in the assessment
- Supplier Relationship management is impacted by limited benchmarking
- Sourcing debriefs is not routine and lacks consistency and process support
- Decision Reporting is time consuming report generation and often may lack clear transparency to the evaluation analysis
- Contract performance management is not systemized outside central procurement and not done routinely in non-centrally managed areas.

Solution

- TenderMAX was identified as a solution through information provided from the office equipment industry
- TenderMAX was able to address issues of standardization, the Templating experience and broader distribution or procurement techniques and skills, delivering increased objectivity and speed in evaluations, increasing participation and buy-in form business areas, greater process transparency, reduced process times, audibility, faster information retrieval and storage
- What were the specific outcomes –
 - o Reduced Staff resource time
 - o Procurement Methodology
 - Improved efficiency of Process
 - Provided a process and evaluative Structure
 - Supported process Consistency across the Group
 - Reduced document Creation time
 - Standardised Evaluation Criteria processes and review time
 - Increased Objective Scoring analysis
 - o Assisted to increase Skill Sets through acquired learning from the discipline required to build RFX
 - o Improved Quality of sourcing process both internally and as public relations within the market place
 - o Provided a Process Probity that was generally missing previously
 - o Shortened project delivery Time
 - o Stakeholder Management
 - o Financial

- o Reduced project Budgeted Costs
- o Increased and develop Process Efficiencies
- o Assisted to optimize Savings opportunities
- o Allows for easier templating of Corporate Governance concerns and processes
- o TenderMAX methodology helps provide increased awareness and monitoring of Risk identification/Assessment
- o TenderMAX e-tendering was generally well received by the supply market to reduce completing time and clarity of requests. It often assisted relationships and an effective Debriefing tool for strategic management of the supply base for future opportunities
- o Reduce time to raise high level Decision Reporting and increased Transparency of process, evaluation and assessment procedures
- Return on Investment – Group Procurement had saved \$220k in budgeted project development and sourcing costs with the assistance of TenderMAX and identified a 5 years saving on expenditure of between 30 – 40%.

Conclusion.

Benefits achieved through TenderMAX.

- o Using TenderMAX brought discipline to the sourcing process.
- o Increased the objectivity of the evaluation and drove a deeper analysis of the total ownership costs, allowing greater extraction of savings available.
- o Achieved superior buy-in from business units through online grader functionality.
- o Enhanced auditability and transparency of process.
- o Saved process time and therefore further increased savings through implementing the new solution faster.

- o It is hoped to build increased utilisation of online tendering and TenderMAX across the Bank and to develop this as a standardised processes so skill gaps can be compensated for.

- o To increase speed of process to completion and increase risk management of the sourcing, evaluation and final supply decision.



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