

# Strategic Procurement Committee

Update: Group Source Procurement  
and SAP Ariba

11 October 2017

# Group Source Procurement update



# What we've achieved: Group Source FY16/17

## Achievements

**\$106.1M**

procurement benefit delivered in FY16/17



**258** initiatives that delivered procurement benefits in FY16/17



**Winner**  
Sustainability Project of the Year (AT CRL) and finalist in 2 other categories (AC, AT)

NZ Procurement Awards

## Impact

Reducing our cost base

- Software maintenance
- Banking
- Recruitment
- Catering
- Fleet rationalisation



Procuring more efficiently



- BI Panel
- CF Construction MSAs
- Mobile
- SAP Maintenance
- Consulting Services MSAs

**\$29.5M** additional value generated through P17 contracts



- 88% more trees pruned annually
- Significantly more weed control & coverage
- Exterior high level cleaning of Buildings
- Mechanical edging of grass

## Innovation



- New Technologies**
- Fleet Booking System
  - Video Conferencing
  - Ariba

**Partnering with MBIE**

- Travel
- Furniture

Strategic Sourcing Across CCO's



- Print Panel P17
- Insurance
- Creative and Media Panel

Embedding Sustainable (Smart) Procurement



- 70+ tonnes CO2 reductions
- Significant reduction of hazardous chemicals in maintaining Council property
- Supported 16 employment placements

# Where we're going: Group Source FY17/18

## Aim



Continue to develop and strengthen  
Group Source

## Principles



Engaging with the supplier  
community to identify opportunities



Group Source Methodology  
adopted in all CCOs for all  
procurement activity including  
group wide procurement  
strategies in key category areas



Consistency in Group Source  
procurement activity is a priority

Watercare reporting  
on Benefits from 1  
July 2017



Finalise  
Sustainable  
(Smart)  
Procurement  
Framework



SAP Ariba (AC, AT with  
Watercare  
pending business case  
approval)

# How have procurement benefits been delivered?

*By measuring and reporting on procurement benefits, we incentivise the right procurement behaviour and drive sustainable long-term value for Auckland Council Group that is aligned with the Auckland Plan*

1

## Reducing Operating business costs

- Leveraging Auckland Council Group's spend to secure improved pricing
- Utilising AoG contracts
- Reducing demand of an external product/service

2

## Deriving Additional Value for Auckland Council Group

- Delivering incremental revenue to Auckland Council Group
- Obtaining additional services at no additional cost

3

## Creating Internal Efficiencies

- Procuring technology improvements that reduce operating costs
- Implementing more efficient procurement processes

4

## Procuring Capital Assets at below-market pricing

- Creating market tension to deliver competitive supplier pricing
- Utilising alternative contracting methods to deliver improved value (e.g. ECI, Supplier Panels, Work Bundling)

5

## Generating Sustainable (Smart) procurement benefits

- Positive environmental outcomes
- Positive social and economic outcomes

TYPES OF  
PROCUREMENT  
BENEFIT

# Project 17: a case study of quantifying Procurement Benefits

*Project 17 refers to the strategic sourcing project for Facilities Management and Maintenance services across the Auckland region. These contracts are a significant proportion of operational spend for Council and are a critical service provided to ratepayers.*

- **Project 17 represents a significant shift in how Facilities Management services are delivered to the Council Group**
  - Bundling of Full Facilities work from nine suppliers to four major suppliers
  - Bundling of Arboriculture and Ecological services from four suppliers to two major suppliers
  - Outcome-based SLA's - Contractor ownership and accountability in a defined area
- **Significant procurement benefits have been achieved through the project**
  - Significant additional service levels regarding building maintenance, cleaning, ecological, arboriculture and open space maintenance
  - Reduced administration costs for Auckland Council from B2B efficiencies and faster processing times
  - Benefits from eliminating Procurement processes by directly awarding minor expenditure capital projects (under \$300,000) to FM suppliers
  - Enhanced environmental and social outcomes that are aligned with the Auckland Plan

# SAP Ariba update



# Post go-live update: users

- Nine supplier briefings – approx. 800 suppliers attended in total
- 1294 suppliers registered
- 200 business users registered

## Sourcing Events

A Sourcing Project (SP) refers to a workspace which has a collection of information, supporting documents, tasks, and a team of users who work on the project.

Status	SP count
Open	84
Pending selection	166
Completed	58
<b>Total</b>	<b>308</b>

\*\*Note: data as of 02/10/2017.



# Post go-live update: training

Training sessions held to date:

- 20 train-the-trainer sessions
- 71 training sessions delivered by members of Procurement
- 64 dedicated business groups training sessions held:
  - Community Facilities
  - Libraries
  - Operations Support
  - ICT
  - I&ES
  - ATEED
  - Panuku
  - Development Programme
- Drop-in help desks (Auckland CBD, Orewa, and Manukau)
- Eight open sessions with the wider organisation

# Enhanced procurement

- Activation of contingency requires DFA approval
- Conflict of Interest declaration is mandatory for all procurements
- Process task and review/approver task will be supplemented with email notification reminders
- Consistency of procurement approach across the organisation

# Questions?