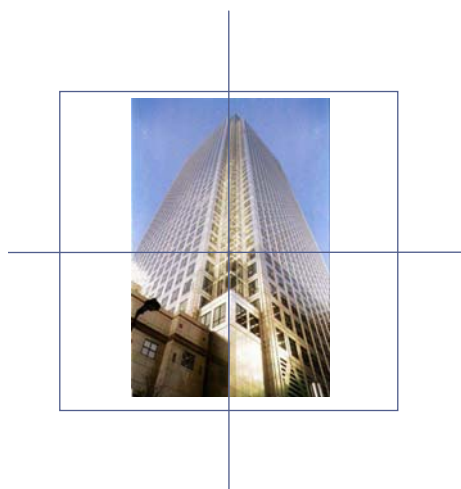


Australian not-for-profit organisations benefits from purchasing via the smartbuy® electronic purchasing system

Taken from an Interview with John Stuart,
CEO, Twilight House

By Edwin Kuller,
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Industry	Not-for-profit provision of aged-services to the elderly
Location	NSW, Australian Trade Commission
Organisation:	Twilight House
Services Delivered:	Twilight house operates four aged-care hostels delivering services to the elderly
Electronic Purchasing Tool used:	smartbuy® TRADE
URL:	www.smartbuy.nsw.gov.au
Description of purchasing tool:	A functional electronic purchasing system for government organisations and suppliers to government organisations
Lessons Learned:	The use of e-marketplaces and electronic purchasing tools such as smartbuy® is not the domain of the commercial for profit organisation. In fact, the efficiencies and cost savings that these tools provides also apply to not-for-profit organisations who, with operating budgets tied to fixed (or shrinking) funding, are prime candidates for exploring ways to cut costs while maintaining product and service level standards.

Questions for the company using smartbuy®

Q: What is the business of your company?

Established in 1915, Twilight House is an Australian Not-for-Profit organisation that runs aged care facilities.

Currently Twilight House operates four aged care Hostels including:

- Onslow House
- Jamieson House
- Horton House
- Glengarry

Q: Tell us how you came to consider using smartbuy® for doing business

John Stuart, CEO of Twilight House joined Twilight House over 12 months ago, moving from another Health Care area that had been utilising Government Contracts. Upon taking up the new position at Twilight House, it became evident there were areas of purchasing that could be improved by utilising government contracts. This led to smartbuy®, a functional electronic purchasing system for government organisations and suppliers to government organisations, providing online access to said contracts. It soon became apparent that smartbuy® solutions could assist with other areas of procurement in terms of implementing effective purchasing and expenditure control.

Some of the procurement issues Twilight House were facing which smartbuy® could assist with included:

- Government Contract purchasing options (the ability to purchase through group Government buying power) were not being exercised
- Disparate and inefficient purchasing practices across each of the 4 Hostels
- Similar products purchased in Hostels, but from different suppliers and at different prices
- There was significant reliance on a single supplier for majority of supplies, as a matter of convenience, rather than best value
- No investigation of added value that other suppliers might offer
- No incentive for suppliers to be competitive

Q: Take us through the steps of getting connected to smartbuy®

Twilight House was able to register online for access to smartbuy® through the smartbuy® Online Enrolment Program. Once the form was completed, an account was created within 2 working days. Twilight House then attended the free training course, which covered setting up and administering our account as well as how to electronically purchase through the smartbuy® TRADE system.

Twilight House then started purchasing within 6 working days and have continued purchasing electronically through the system with support provided by smartbuy® staff at all times.

It was a simple enrolment process and the training established an ability to use the system straight away.

Q: How does smartbuy® work? i.e. what trading or transaction tool did you use?

The option Twilight House is currently engaged in is smartbuy® TRADE, which is the online electronic Procurement system. smartbuy® TRADE delivers us the ability to

- Search and browse a wide range of supplier catalogues
- Compare products and prices to ensure we are obtaining best value
- Place orders electronically to a wide range of government compliant suppliers
- Review orders at any stage
- Approve orders electronically with workflows and electronic financial delegations

At this time Twilight House manually reconciles purchase orders with invoices and inputs data to Accounts Receivable function of the finance system

Future options for Twilight House to implement in its electronics purchasing regime include:

- smartbuy® CONNECT option to link purchasing transactions to and from the Financial Information Management System, eliminating the current manual reconciliation to accounts

- Implement purchase order document exchange to enable Purchase Orders to be sent directly to a supplier through an integrated XML connection
- Zone specific supplier catalogues
- Purchasing reports for expenditure management and analysis
- Training for all Managers to improve purchasing skills

Q: What did you achieve as a result of using smartbuy® compared with traditional purchasing methods?

The solutions Twilight House have implemented from smartbuy® to date have helped us:

- Access a wide range of over 340+ suppliers and over 120,000+ new products on government contract, previously not utilised
- Achieve immediate savings on the purchasing of appliance goods through best price options available in Government Contracts
- Provided the ability to gather together food contractors and establish a best price for all four houses, delivering savings of over \$100,000.00
- Implement a simple ordering and approval process, leading to efficiency gains in time and savings on administrative processing.
- Provide a future path to further improve purchasing process and create electronic connections to our new finance system.

Questions for smartbuy®

Q. Please give us an overview of who is behind smartbuy® and why it came about.

smartbuy® was a whole of Government initiative, which is managed by the NSW Department of Commerce.

The drive to develop and implemented smartbuy® was through NSW Government policy agenda designed to reform administrative procurement processes and deliver savings for NSW Government Agencies.

The smartbuy® system was first released in November 2002. Completed in July 2004, smartbuy® is a fully functional electronic purchasing system, delivering tailored electronic procurement solutions for government organisations and suppliers.

Q: Does smartbuy® give suppliers flexibility to differentiate themselves on non-price factors such as brand or quality or delivery terms?

One of the smartbuy® options delivers government organisations the ability to access government contracts and purchase electronically through government contracts. Government contracts offer the opportunity to access group government buying power through pre approved suppliers and caterers for a wide range of product information and attributes, but is mainly focused on best price.

There are other options to explore through smartbuy® which offer government agencies the ability to tailor their own agency specific catalogues to purchase electronically through, which can be tailored to an agencies specific brand, quality or delivery terms requirements with individual suppliers.

Q: In what way do you think that suppliers benefit from using smartbuy®?

smartbuy® delivers a range of electronic procurement initiatives to suppliers of government organisations. The benefits of engaging smartbuy® to access the Government marketplace include:

- Delivering suppliers the advantage of a single entry point to Government procurement,
- Reducing administrative costs, leading to reduced cost of sale and lower cost per order processing,
- Providing low to zero cost entry to suppliers to the Government marketplace,
- Suppliers are able to provide comprehensive information about their products, targeted to a specific market audience,
- Delivering improved vendor/client relationships through catalogue content development and perceived versus actually buying activity,
- Eliminating time and distance barriers delivering the opportunity for both metropolitan and regional suppliers to equitably engage the Government marketplace,
- Delivering information accuracy of orders, straight into ordering system reducing errors and incorrect orders,
- Facilitating standardisation of sales processes across multiple channels,
- Providing the ability to improve time to fulfil orders,
- Increased opportunities to liaise with government clients to better understand needs and improve customer service and satisfaction.

Q: In what way do purchasers benefit from using smartbuy®?

The range of smartbuy® solutions that have been designed, delivering easier engagement in a single service for the uptake of electronic procurement, supporting government organisations electronic procurement initiative and achieving direct savings by:

- Increasing purchasing compliance, leading to direct cost savings and product rationalisation,
- Reducing the transaction and administration costs of purchasing by decreasing the effort of placing orders and removing duplicate processes,
- Reducing consumption and improving cash management through reduction of purchasing cycle times,
- Reducing an organisations IT investment and system duplication by utilising existing applications, such as smartbuy® CONNECT and smartbuy® TRADE,
- Delivering purchasing advantages to organisations through access to a large competitive range of suppliers,
- Maximising use of existing IT investment, utilising smartbuy® CONNECT to support an organisations current Finance or ERP system,
- Providing low to zero cost entry for suppliers, removing duplicate costs in the trading support of each agency,
- Bringing transparency to the purchasing element of the supply chain through improved reportability,
- Providing common standards and protocols, increasing interoperability.

Whatever an organisations electronic procurement requirement, smartbuy® can deliver the electronic procurement solution and option that complements an organisations procurement initiative.

Q: What does the future hold for smartbuy®? What are your plans?

Currently smartbuy® is focused on assisting NSW Government Agencies in reforming their procurement practices. smartbuy®'s future, as an operational eProcurement system, consists of keeping pace with technology and ensuring capacity demands are met. Future endeavors will include development outside the smartbuy® application to support Supply Chain Automation.