

Case Study Department for Work & Pensions

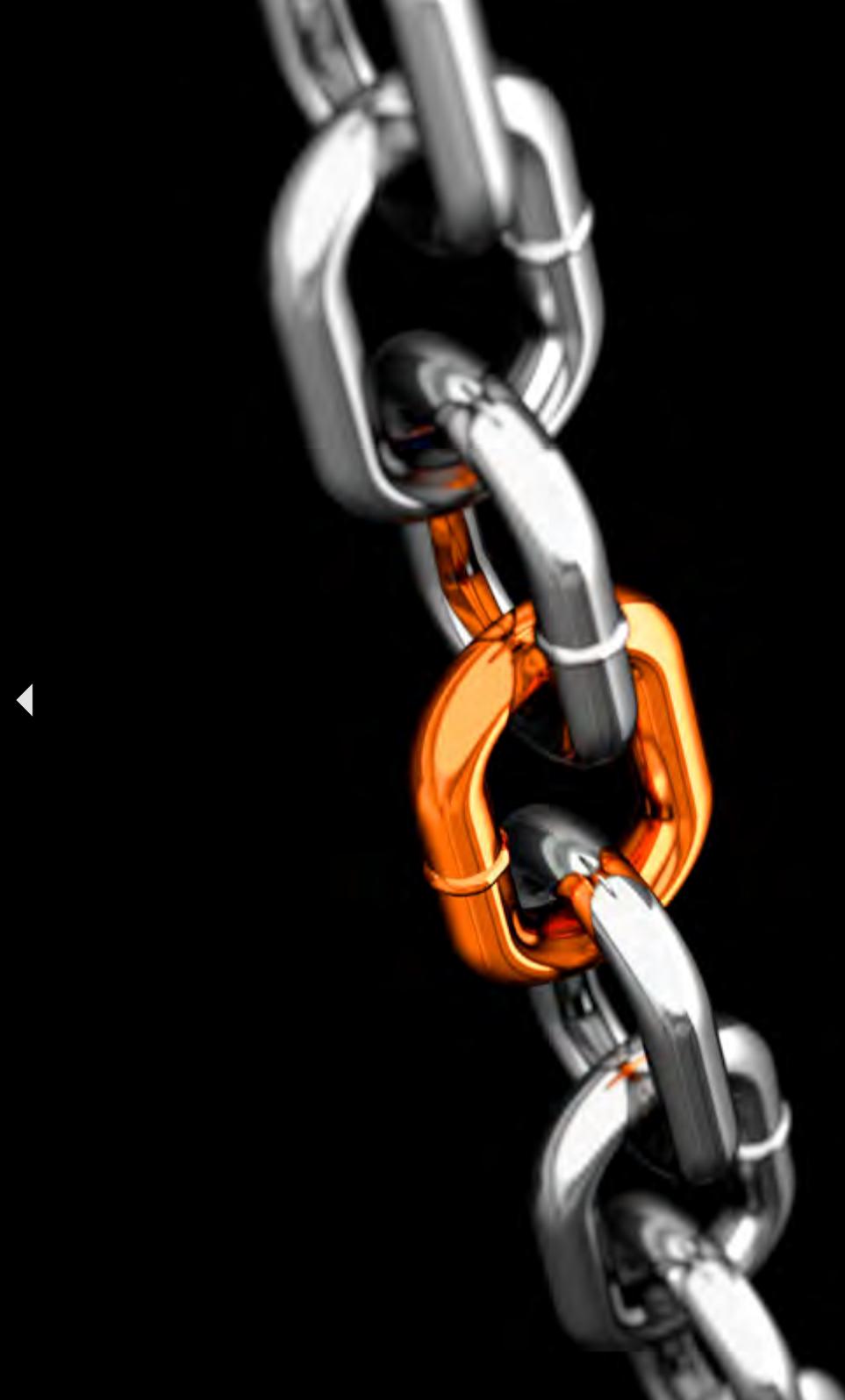
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The Department for Work and Pensions (DWP) is the UK ministerial department responsible for welfare, pensions and child maintenance policy. It is the country's largest public service department in terms of budget and delivery, servicing more than 22 million customers. Ensuring these vital services are delivered every day to those who depend on them is paramount for the department. It is the domain of the commercial function, with its procurement team of more than 300 staff, to make sure the £3.1 billion annual spend to support the organisation, and the processes and systems that underpin it, are managed with the greatest efficiency.

When Andrew Forzani took over as Chief Commercial Officer in 2013, it became apparent that change was required to improve process efficiency and the positioning of the procurement function within the business. In 2014 various scenarios were coming to a head that would leave the procurement structure ripe for transformation. At the same time a period of legacy long-term contracts was coming to an end, as were a number of complex outsourcing contracts. A senior stakeholder consultation agreed that a step change in commercial direction was needed, and this coincided with a central government initiative to improve how all areas of the public sector worked, pulling them together through upskilling and recruitment. The transformation of the procurement process would be part of this wider objective.

For many years the procurement function had focused on the efficacy of the sourcing process, with less time devoted to other pivotal procurement practices such as contract and supplier relationship management. The function historically had let many long-term contracts, some going back to the 1990s. This meant that it had not been in the marketplace for a long time, and deep category expertise in some key spend areas had been lost. As part of the commercial transformation programme, Andrew identified that a classic category management model within the function would better support the department, with the right tools in place to empower it.





Challenge: to effect a category management change programme to deliver process efficiency and savings for the Department, using BravoSolution's BravoAdvantage platform to support it

A category management transformation programme was launched to re-position the function, develop category expertise and ensure accountability across the contractual lifecycle. Andrew also wanted to have a better understanding of all pre-procurement work, strategy, and market trends. "We wanted to get to a position where we had trained category managers who know and understand their supply base, and the market - where they could tell customers what is possible, and not the other way around." To help achieve this, he needed a tool that could support the category managers from procure to pay, and provide them with data they could use intelligently.

Implementing BravoAdvantage collaboratively

When Andrew entered the procurement department, he was faced with underdeveloped systems. Investment was needed to achieve the digital and service transformation required. "As the team had not been involved in typical category management work for years," he explained, "they had not kept up to speed with the technology advancements that support the approach. We were therefore hampered by lack of data, consistent processes and visibility. We needed to address this and acquire a structured way of managing contracts and suppliers for our £3 billion spend on goods and services."

BravoSolution had been the incumbent sourcing tool. He had used the system in a previous organisation and was up to speed with its potential to manage spend in a better way. The now developed BravoAdvantage platform could provide the end-to-end procure-to-pay functionality needed to support the category management function. But the power of technology as an enabler to business transformation had not been part of the mindset of the department until now. So one of his challenges was to secure the funding to invest in it. "Although investment at this level is comparatively small for DWP, you still have to justify it," he said. "Government departments are not known for being at the forefront of technology, especially eProcurement, so I had to produce a spend-to-save business case. We did an initial analysis that showed how we could manage spend in different ways and I had to make some fairly big promises in the first year, which happily we were able to deliver."

Working collaboratively with the BravoSolution team, Andrew developed the system by adding a new BravoAdvantage capability every few months until the whole suite had been implemented. “BravoSolution worked side by side with us,” he said, “they ran development days, and spent time with our accounts team to understand our needs. They are strong at training and understand what is possible and what is not, so are able to offer good advice. They trained several people to be our BravoAdvantage experts, who have been invaluable as our champions around the country.”

Contract Management – the biggest game changer

The beginning of the transformation project also marked a time when the department was trying to move away from a number of large legacy IT and service providers that had been providing key services. Many of these contracts were no longer delivering value for money and were acting as a barrier to the change programme. This was one of the drivers to getting the Contract lifecycle Management capability working as a priority.

To implement the system Andrew and his team worked closely with BravoSolution; they set targets, held numerous training days, which are ongoing, and, importantly, carried out a lot of communication to keep everyone informed of progress. “BravoSolution helped tremendously with onboarding,” he said, “and we are now at 85 percent full performance. The biggest danger is not being able to see ahead, but we can now see and plan for 24 months. We have eliminated the practice of extending with a vendor for ease, we are prepared when renewals come up, and that puts us in better control. This is basically a risk management tool for us, while making great deals is important, it is more important to have control and visibility of key contracts that maintain an infrastructure on which people depend. We cannot afford to lack provision to replace a contract when it lapses or expires – one might wonder how that could happen, but when you have several thousand contracts live at one time, it is a possibility, and one that would have far-reaching consequences. The software has helped to safeguard against that risk. The Contract lifecycle Management capability was our biggest challenge, but equally it was our biggest game changer.”

DWP has now transformed the way in which it manages its major contracts, strategically with greater visibility and control, and this has been acknowledged by the National Audit Office as a significant improvement. Because many of these key strategic contracts deliver front-line services to the public, a higher quality in service delivery has been felt across the public sector.



Supplier Performance Management brings accountability

The department did not have a formal supplier performance management strategy in place, and that was something Andrew was keen to change and introduce accountability for the contractual lifecycle. They had been very dependent on existing suppliers, especially in IT, and this had bred a highly 'reactive' culture, waiting for a customer to raise a requirement and acting on it. While some people were highly skilled and very good at dealing with that, there was little accountability.

"We decided to mandate the use of the BravoAdvantage Supplier Value Management capability," said Andrew. "What we wanted was for each team member to be responsible for their own, what might be £200 million, category spend. To start to think about who should get that money, how much of it and why. To manage their contracts and suppliers by having a view of the whole picture. This had been done on a project-by-project basis before we had BravoAdvantage. Now they have everything in one place; they have targets, like SME spend and supplier involvement, and a range of initiatives. They have proper scorecards and tracking mechanisms and they have knowledge to take to the market and make better decisions."

Many people are excited about the new process. They are finding their roles different, but more interesting. They are asking questions about the marketplace, how they can gain the capability to understand it better. "What this gives me," said Andrew, "is a picture of what success looks like. DWP had a relatively small supply base, where 80 percent of spend was with just 15 suppliers, there was little tail spend and very little local procurement. So, in my view, if you get it right, you can make a huge difference. We are now spreading spend more widely and more wisely, we have access to more suppliers and the means to discourse with them more influentially – BravoAdvantage has been instrumental in helping us achieve this."

Spend analysis and dashboards drive new strategies

As the BravoAdvantage platform was implemented, capability by capability, Andrew could see his plans being supported more and more and could start to see how every module linked to and complemented each other. He was very excited about the Spend Analytics tool, how it could draw on data from other parts of the system to bring, for the first time, a complete view of spend across the organisation. "In order for category managers to own their spend, we agreed that we would train them and give them the data they needed to help them succeed. This module has allowed us to do that. We can tell them what they need to know to drive value; we can see why spend has gone up or down, where the spikes for particular demand lie and decide whether our frameworks are suitable. This had been an ongoing battle for me, but now, this knowledge has enabled us to drive new strategies to identify savings."

The teams had been managing with spreadsheets and had their own ways of tracking suppliers and spend. “When asked to produce contract data for example, or how much had been spent on what, they had to go to a huge amount of trouble to get that information. Sometimes as many as eight different places or people had to be visited to get separate bits of data to make one spreadsheet of the information required. We can now access this information in one place at the click of a button.”

It is not just the category managers that have benefitted from this capability. “Through easy-to-read dashboards, we can quickly supply customers with quarterly overall spend data and produce a forward-looking pipeline. It had been difficult for managers to understand their spend and for functional heads to get a wider picture. The only place they could get any idea of that data was from Finance, but that would be through a budgetary lens. We can now show them detailed spend by supplier, its impact, and aggregate that across the organisation. We can show the CEO trends, for example explaining where and why we have doubled spend with certain suppliers or spread it among others. All the stories are there to tell, keeping senior management informed and giving them an intelligence they didn’t have before. The recipients of these benefits have been amazed at the transformation in reporting and forecasting, and it has changed how the tool has been perceived, from something that allows us to do our jobs, to something that guides decision making at a senior level.”

How procurement’s position has changed

Andrew acknowledges that historically, customers would come to Procurement with a pre-conceived view of what was needed, from whom and for how much. Often, Procurement would just accept that and run a tender. “What has changed dramatically for us,” he says, “is we have accurate data and therefore market knowledge. We know about average costs, what’s going up, what’s coming down, basically what is going on, and where. The system has helped us to think differently and find new opportunities, and suddenly, we are having different conversations.”

In such a vast organisation, which is rather like a multi-national with many different businesses, Andrew wanted the function be seen as a valuable business partner, the people who look after spend, who can bring insight to the table and therefore who the business would turn to and engage with early on. “With our strategies and systems in place, I now believe we are achieving that goal,” he said.





Fulfilling a vision

Andrew has been driving a “root and branch” change throughout the department. Procurement has mandated the use of the BravoAdvantage suite, and this has led to consistency of approach for every procurement process, forcing compliance, governance and control. “We have never been in a better position,” he said. “Through a major change programme, the team has listened to the business, changed its operating model and got closer to customers. This has brought significant benefits to the whole of DWP. We have gone from a reactive procurement service, to a strategic model ready for the future.”

Two years down the line, Andrew has been able to fulfil the promises made in his ‘spend-to-save’ business case. In terms of savings, he has been able to report £180 million in verified cash savings delivered in the first year. “I now project another £165 million for this year, which we are on target to achieve,” he said. “That’s a healthy percentage of savings on total procurement spend year on year. So our transformation programme and our investment in BravoAdvantage has proved a big enabler for us.”

The commercial and procurement function has achieved a massive step change in capability and performance. The new approach, involving re-contracting for new requirements at improved terms, and renegotiating existing long-term contracts through better customer demand management, has resulted in considerable cash and efficiency savings which have directly benefitted the department. Across the UK, staff are being trained on the online procurement platform allowing for more local procurement to support local initiatives, and the time required to source and deliver those lower-value acquisitions has now been much reduced. They are now very much considered the pioneers of cross-government commercial transformation.

About BravoSolution

- **Leverage Proven Global Results** - 100,000 purchasing executives across 70 countries and 700,000 suppliers globally rely on BravoSolution products and services.
- **BravoAdvantage™** - BravoAdvantage is the strategic procurement platform that enables organisations to generate more value, influence innovation and reduce risk. Powered by a unique supplier-focused approach that integrates supplier lifetime value throughout the entire procurement process, BravoAdvantage provides the visibility, insight and transparency required to power and improve every procurement initiative and decision.
- **Engage a Team of Global Procurement Experts** - BravoAdvantage is powered by the combination of a team of global procurement professionals with years of practitioner experience and cutting-edge, proven processes designed to help with organisational transformation and management, implementation, adoption, support, and procurement strategy.
- **Connect with a BravoSolution Professional** - Learn more about BravoAdvantage and how we can help you unlock your organisation’s hidden value and savings throughout the procurement processes.

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