



Environmentally friendly



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Palmer Environmental is a specialist in water leak detection equipment. This quarter, by approaching a supply market, it identified a significant savings opportunity for a £800K per year contract which also resolved, with confidence, a "make v's buy" debate.

Its leading, battery operated leak detection device is attached to water mains all over the world to "listen" for leaks and to alert the water boards via its RF radio transmitter if a leak occurs. By providing rapid notice of a leak and its approximate location, repairs are quickly facilitated ensuring that water resources are conserved.

Faced with rising subcontract costs, Andy Richardson, divisional chief executive, recalls the debate with the company's board. **"We knew that increasing the selling price would reduce the number of units sold but had been unable to find anyone who could make the unit more cost effectively. The option of making the unit in-house was considered but unfortunately the quotations for the constituent parts were also very high. Given that a series of cost reduction initiatives had already been conducted on this unit it looked as if, whilst**

undesirable, increasing the selling price was going to be the only way forward. However we wanted to be sure that no other options existed, hence our approach to Vendigital."

During the 7 week project, Vendigital identified and communicated with 390 potential suppliers, identifying 34 that met Palmer's supplier criteria and that wanted to supply either the whole unit or constituent components. Details were communicated to this supply market via Vendigital's e-RFx software platform ensuring that each supplier had all the information and clarifications that were available. A series of online negotiations were then conducted to determine market price for the components and the complete unit.

"We were really pleased with the prices the exercise produced," commented Paul Hales, Palmer's Manufacturing Director, **"and because so many companies had been approached we also had confidence that the prices were definitive. This enabled us to make the 'make v's buy' decision for the unit with confidence. At this point we are very positive about the outcome".**

VENDIGITAL[®]
dynamic procurement

