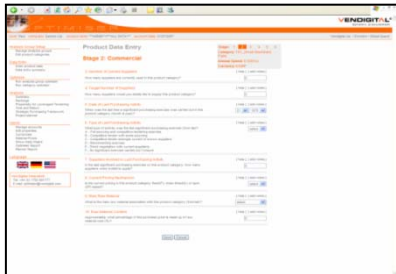


Savings' Optimiser

This is a tool which takes an organised approach to analysing spend and categories based on supplier markets. The inputs are numerically based and gathered in a workshop environment after initial spend data collation. The Optimiser uses various algorithms and Vendigital's historical data and experience to give an insight into calculated savings predictions, category strategies, supply market relationships and activity planning. The process develops a common understanding across multiple sites and pinpoints the activity that should be undertaken to deliver the best results.

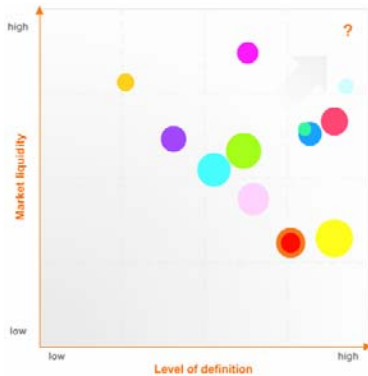


Data Input:

Questions based in key areas of:

- Commercial
- Technical
- Logistical
- Supply market
- Constraints

This input characterises the spend area being analysed and allows assessments to be made.



Propensity for Leveraged Tendering

- Graphical output indicating applicability for leveraged tendering in the various categories (this might include e-auctions).
- Size of circle indicates relative financial return.

- Different segments

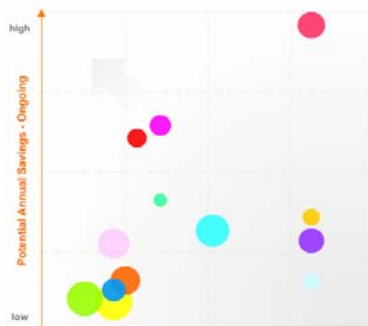
- The overlay shows that the diagramme can be broken into four main segments.
- Top right – Here the categories have good definition and liquidity and lend themselves to a leveraged tender.
- Top left – The best way forward here might be via a RFP to get supplier input due to a lack of specifications or definition.
- Middle – Due to low liquidity, a more strategic approach should be taken, such as a structured Market Negotiations, Cost Modelling or Framework Agreements.



Time and Return

This diagramme shows the categories with respect to their:

- Implementation time – This takes into account the time for data collation, quoting and supplier capability assessment.
- Potential savings – This is the annualised savings potential available from the category
- Ease of implementation – This is represented by the size of the circle



Strategic Purchasing Framework



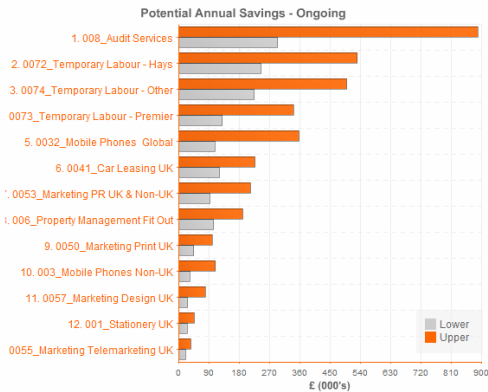
This analysis is critical in determining the best approach to take to the market for each category and potential purchasing activity.

This analysis examines:

- Key supplier strategic positioning
- High risk relationships
- Genuine strategic relationships
- Key input to category strategy development
- Developing common strategic language

Each category will have a position related to the potential market liquidity for supply and then the significance of the purchase to the buyer, or the sales to the supplier. The significance will incorporate various factors, not just the monetary values.

The positioning of the categories in the Strategic Purchasing Framework gives great insight into the current relationship with the supplier and the supplier's relationship and role in their market. This help inform the strategy required for potentially tackling the category.

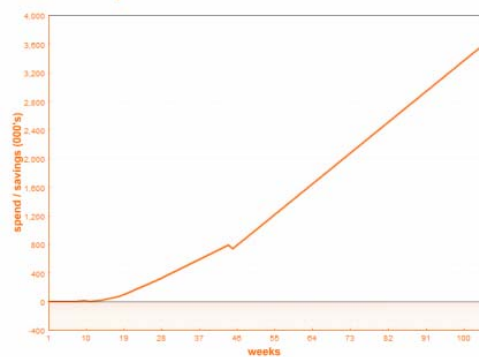


Category Savings, planning and implementation

The Optimiser will also give:

- Estimations of the savings potentially realisable in each category should a full procurement activity be undertaken.
- Cash benefit forecasts related to the time required to undertake activity, taking into account staggered project start dates or other constraints such as:
 - resources availability for supplier switching and technical input as required.
 - switching costs.
 - Any necessary approval processes.
- A realistic implementation plan can then be developed for each category with savings and cash forecasts.

Cash Flow Graph



Implementation Plan

