

Transforming Cheshire County Council: Two E-Auctions save over half a million pounds

Swindon, UK – 8 January 2007: Cheshire County Council's programme to 'Transform Cheshire' includes transformation of the Council's services and procurement. As part of this exercise, the Council worked with sourcing and market purchasing specialist Vendigital, in partnership with PricewaterhouseCoopers to run two online auctions for the categories of IT Consumables and Print.

A saving of 50% on a million pounds worth of print spend was achieved in the print auction. This will free up half a million pounds of tax money for the Council to use in other areas in the future. The IT consumables saved over £220k on a total spend of £750k. This represents a 29% saving.

The aim was to achieve cost reduction on these two categories without compromising service, delivery or quality in any way. The ultimate objective is to create sustainable savings of valuable tax payers' money.

Alistair Jeffs, County Policy Development Officer at Cheshire County Council says, "The online auctions have been a huge success. In addition to achieving a great result through online auctions, we've also created a new framework to transform the way we procure our services and supplies to ensure that all savings can be sustained in the longer term."

Vendigital worked closely with the Council to gather data on the goods purchased across both categories. Profiles of buying patterns were developed from the spend data. This allowed Vendigital to structure the tenders to fit the Council's exact requirements.

Comprehensive sourcing exercises were undertaken to find as many potential suppliers as possible for each category. Both of the tenders were then run under the restricted Official Journal of the European Union (OJEU) process, using a prequalification stage to ensure that the potential suppliers met Cheshire's requirements. ➤

Following the introduction of the new OJEU rules in early 2006, the auctions were run on a weighted combination of price and non-price criteria. The Council were adamant that quality, service, delivery and environmental considerations should not be compromised in the supply so a 50% weighting was given to the non-price criteria in each auction.

Alistair Jeffs concludes, "This has been a first for Cheshire – we have harnessed the scope of the internet to help us secure the best deals possible. Considerable effort was involved in achieving these savings, all the way from gathering and analysing data to drafting the ITT and running the auction. This involved working closely with Vendigital and PricewaterhouseCoopers over a period of months to make these projects such as success."

Adrian Griffiths, Director of Vendigital adds, "Cost reduction through best value procurement is on the agenda of all Public sector bodies. A challenge for Public procurement is not only securing the savings but the sustainability of the savings in the long term. This is achieved through the combination of best practice cost reduction including E-Auctions combined with an internal consulting project to make sure that the organisation concerned can make the change to embrace the new supply situation. E-Auctions provide a step change in the cost base – but it is the step reduction combined with internal development that provides the years of cost efficiency that the Public Sector is aiming for."

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About Vendigital: www.vendigital.com

Vendigital is a procurement organisation that delivers rapid business improvement. Its team of purchasing professionals works with leading industrial and business customers to deliver average cost savings of 26%. To sustain and improve on these gains, customers tap into Vendigital's experience to use the very latest technology and best practice purchasing techniques.

Vendigital enables customers to maximise their position in global supply markets. Cost reduction programmes individually tailored to a customer's needs utilise many of the techniques developed by Vendigital such as: savings optimisation analysis, global supplier headhunting, e-RFx platforms, online tendering, e-auctions, value auctions and results implementation.

Programme benefits are sustained through outsourcing the management of product categories to our specialist team as well as utilising Vendigital's e-RFx and online negotiation technology in house. Established in 2000, Vendigital has offices in the UK, US and Germany.