

Supplier Adoption and Economic Development (Strand 5)

Case Study: The Roses Marketplace

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Case Study: The Roses Marketplace

SME supplier engagement – The Roses Marketplace

Background

The Roses Marketplace is a partnership of nine local authorities in the north of England, ranging from county and metropolitan to smaller district councils.

Current members include:

- Kirklees Metropolitan Council,
- Blackpool Borough Council,
- Chorley Borough Council,
- Cheshire County Council,
- Doncaster Metropolitan Council,
- East Riding of Yorkshire Council,
- Lancashire County Council,
- Preston City Council and
- Wakefield Metropolitan District Council.

The partnership has engaged Best Value Procurement (BVP), in partnership with LloydsTSB, to run and manage their electronic marketplace.

<http://www.bestvalueprocurement.co.uk>

The marketplace delivers e-procurement solutions to all the partner authorities enabling them to re-engineer their purchasing processes in order to successfully meet e-government targets by 2005.

www.therosesmarketplace.co.uk

The marketplace support e-Sourcing, catalogue-based purchasing and contract management with integration to the various legacy systems used by the member authorities. It is called the Roses Marketplace because all of its original members come from Lancashire and Yorkshire.

BVP are also operating as a partner to engage suppliers into the marketplace.

The project started in mid-2001 using resources from a successful bid to the Invest to Save Budget 4 round. ISB4 created a motive to create an electronic marketplace that would play a role in the development of local SMEs. This ensured that economic development was at the forefront of The Roses Marketplace initiative (in contrast to a number of other e-procurement initiatives). The bid was won by BVP & Kirklees and the other partners subsequently joined the initiative.

The majority of partner Councils have conducted a supplier analysis, using the BVP Procurement Assessment. This comprises an in depth review of purchases, allowing spend to be evaluated and analysed by commodity, department and supplier to produce an estimate of potential savings that would result from various actions. The assessment also analyses processes to quantify potential savings resulting from the implementation of e-procurement on a department-by-department basis.

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Tim Wilkes, of Kirklees Council, is clear about this, "A detailed supplier analysis is an absolute 'must' for any procurement process, let alone e-procurement. Ours has allowed us to identify the companies that we most want included in our marketplace at an early stage"

The analysis indicates priority commodities. BVP will construct an electronic catalogue for a supplier but only include items that feature in the analysis as priority commodities for each company, rather than all their products. In this way, online catalogues can be tailored in order to optimise control and the generation of management information for the participant Councils. The tailoring process also reduces costs to each supplier and makes the system more manageable for them. (The marketplace also supports non-catalogue based transactions).

Process

As a result of the procurement assessment, each Council was able to identify and produce a roadmap of departments and suppliers who will best benefit from the introduction of e-procurement.

The project is targeting an average of 25 suppliers per Council, and has achieved active participation of 185 suppliers by September 2003.

A participating Council will invite targeted suppliers to attend an adoption event. This point was made strongly by Malcolm Rosier, Marketing and Business Development Manager of BVP, "The invitation must come from a Council. We have run events elsewhere in the country, where we issued the invitation but only a few suppliers turned up",

At the event, BVP will explain the Council's strategies and introduce the audience to the marketplace. Small groups provide the opportunity to give some basic training in the use of the facility.

On average, 80% of those invited to the event will attend and experience indicates that our of c20 suppliers per event, 16 will normally sign up.

BVP will then follow up each company, configuring access to the system to suit their needs and developing a catalogue, or other component solution, as required. Some suppliers are now using the Roses Marketplace as their own e-commerce system. (See the Key Engineering case study already on the IDeA Knowledge site.)

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Strengths

A partnership with the system provider, to engage suppliers, ensures that the process focuses effectively on ensuring that the supplier obtains the maximum benefit from participation in this marketplace.

A single organisation working to support a partnership of Councils reduces the risk of individual companies receiving multiple approaches to attend events. Coordination is efficient, in respect of supplier engagement, and the shared marketplace encourages collaboration between the Councils.

Targeting suppliers that have been prioritised by the assessment process means that the Councils are able to receive high levels of price and process benefits early.

Weaknesses

The use of the system provider to engage suppliers potentially risks focusing the benefits toward this particular system, rather than ensuring that the supplier is enabled to trade as widely as possible online, in as versatile a manner as possible. (Although BVP will produce supplier catalogues to UNSPSC universal standards, so that they can be used on other systems if the supplier so chooses.

Use of a single organisation potentially limits the provision of advice in respect of the range of a supplier's possible needs or makes ongoing and wider advice unattractive in terms of cost (at least for smaller suppliers).

The engagement process is highly targeted. Whilst this offers many efficiencies for buyers and for those companies that take up the offer, it risks excluding a number of smaller local companies, potentially creating a first-mover advantage for the initial cohort.