

## Supplier Adoption and Economic Development (Strand 5)

# Case study: Supplier Adoption in Essex County Council

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## Case study: Supplier Adoption in Essex County Council

Essex County Council are committed to introducing electronic purchasing, and are very clear of the benefits for their stakeholders. The benefits extend further, to those District Councils and their suppliers who are ready to adopt e-procurement.

### e-Procurement in Essex

Essex are committed to introducing electronic purchasing, reflected in their published procurement strategy, which can be found on their website: [www.essexcc.gov.uk](http://www.essexcc.gov.uk).

#### **e-Procurement**

*Essex has already committed to the use of an on-line system for the ordering, receipting and invoicing of all commonly used goods and services. We will ensure that all budget holders are able to use the system which will facilitate direct access to contracted suppliers and prices.*

*We will continue to assess and exploit new technologies which can reduce the internal cost of making purchases and offer information on which to base Procurement decisions.*

*We will encourage our suppliers to adopt similar technologies and to share the resulting benefits. Suppliers who take advantage of these opportunities are likely to increase their competitiveness.*

### IDeA Marketplace

Essex County Council have been using the IDeA marketplace, starting with a pilot in since January 2003 which resulted in a decrease in the price of a basket of commonly ordered stationery goods. Essex were the first County Council to implement the marketplace which allows orders to be raised online, and which is able to support electronic catalogues, purchase cards, requests for quotes, and spot pricing.

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### How did Essex select which suppliers to recruit?

#### - working with finance

Essex had first to find out what they spend, and which suppliers are active. There are 27k creditors on the finance systems, and so it was necessary to carry out some analysis before introducing e-procurement. By looking at budget/cost code by creditors, and removing pension and payroll, and rebates, Essex have identified 13-14k are active providers.

Lesson learned: finance are very much part of the project, and Essex have one person in finance specifically recruited to work on e-procurement, and who is dedicated to this work full time. Senior management support was important in carrying out such a large exercise.

#### - working with service groups

Procurement have also dedicated one person to working on e-procurement full time. The 18 service groups are working with this person to identify which of their suppliers should be selected. This did not necessarily mean picking the largest suppliers.

Project: improving and streamlining the purchase to pay process. e-Invoicing is being looked at to make the finance systems slicker.

### How did Essex get suppliers to come on board?

Essex wrote to some suppliers asking for information about themselves, for example, email addresses. They then followed up by phone. This was time-consuming, and there is now an e-procurement support officer who is concentrating on suppliers. Essex are now able to put on six suppliers a day, and have 1300 suppliers on the system; with 75% now taking email. The next step is to contact those who are not currently taking email.

### Supplier event

Early in March 2003 an event was run for suppliers, which took in the first and largest tranche of suppliers identified. Over 70 businesses attended this day. Demonstrations of the technology were given to show how the procurement process and day-to-day transactions between suppliers and their customers could be automated. Perhaps reflecting the importance of e-procurement strategy, the Leader of the Council opened the event.

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Presentations, demonstrations and one-to-one discussions were offered, which covered the Council's approach to e-procurement, showed the opportunities open to suppliers across the board, and explaining the support available to suppliers.

Four presentations were given by:

- AtoZ Accord Limited, Essex's commercial stores, talking about the benefits and issues associated with e-procurement
- @UK-plc, provider of a low-cost e-commerce solution for suppliers
- UK Online for Business
- IDeA

All of these presentations, which contain valuable material and contacts, can be downloaded from Essex's website.

The reaction to this Supplier Open Day was appreciation that the Council had taken the time to put it together for them.

### More help for suppliers

Essex Council's website explains the benefits of e-commerce to suppliers, saying that local authorities spend in the billions of pounds each year, giving business to 800,000 suppliers, and arguing that the IDeA marketplace can give suppliers access to a wider local authority market and to increased sales opportunities. There is even a whole page on the website which goes through "why adopt e-procurement" – there are some powerful reasons put forward.

The website talks suppliers through the options for registering, and provides a named contact for further information. A supplier guide to the marketplace is downloadable. There is a "useful contacts" page with links to other opportunities for suppliers who want to strengthen their business through technology.

### Kick Start Programme

A small team is now being set up specifically to support those businesses which are going through the process of being e-enabled. Harlow Centre for Business will be running this programme, and will initially identify a number of suppliers to work with. Their first step will be to ask the suppliers to consider where they are on the ladder of e-enablement, and to think through what help they will need to move forward. One way of categorising who to select might be those who are registered on the marketplace but who do not have email

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### So, how is it all working?

There has been some useful learning so far. For example, some suppliers have reported that they are not receiving orders, and yet Essex can see that the orders have in fact been sent. Looking into what is happening Essex found that the suppliers themselves are not picking up the orders: suppliers are seeing emails coming through from IDeA, are not recognising them as orders, and are deleting them.

### Working with the Districts – reaping the benefits

Essex has been working with more than half of the District Councils to share with them the benefits of being on a common marketplace, and Essex will be working with them to help them get their own suppliers on board.

The first step is for the Districts to identify which suppliers they want to invite – just as Essex did. 11 commodity areas have been identified which are common to the Districts, with the intention of putting more catalogues onto the marketplace. In fact Essex have now employed someone for three months specifically to do this.

So far five Districts have gone live (Basildon, Braintree, Maldon, Rochford and Tendring); three more signed up in October and two are anticipated for February. The Districts are already contacting their suppliers, and explaining the benefits to them, not the least of which is that more authorities will have visibility of their goods and services.

### Essex Council's website:



[www.essexcc.gov.uk](http://www.essexcc.gov.uk) (click on: Supplying Essex County Council)

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