

# Bringing business home

The Welsh Assembly Government says the transformation of public sector procurement is boosting the country's economy

**W**ales' public sector spends about £5bn a year on procuring goods and services, just under half of which are from suppliers based in Wales. Every 1% of this business creates an additional 2,000 jobs.

Andrew Davies, the Welsh Assembly Government's minister for finance and public service delivery, says it essential "to make sure we open up that £5bn even more to companies in Wales...the potential impact is very important for the Welsh economy".

This has been part of the rationale for the development of xchangewales, the programme that is laying the ground for the transformation of public sector procurement in Wales. It enables buyer organisations to source, tender, evaluate, order and pay for goods and services electronically, and automatically alerts suppliers to upcoming opportunities and enables them to manage their processes electronically.

The electronic tools and web based services help to improve efficiency, increase productivity, lower the costs of doing business and could help speed up payments.

## Reinvestment

Speaking at the programme launch in October last year, Davies explained: "The significant savings released, potentially up to £200m over five years, can be reinvested locally in the delivery of improved public services for all the citizens of Wales."

Among the electronic purchasing tools on xchangewales is its eTrading Hub. Buyer organisations can view and search online catalogues of pre-approved goods and services, and place orders at the click of a button. Suppliers can upload and maintain catalogues of their goods and services, to be approved by their buyers, and receive purchase orders and send invoices electronically. They can also receive payment electronically and often faster.

"The Hub enables an electronic one-to-many connection process across

the different software systems in use by either the public sector or supplier communities", explains xchangewales programme director, Paul Skellon. "A supplier transacting electronically with one organisation will then be able to transact with any other organisation subscribing to the 'hub'. This will be very advantageous to SMEs."

Sitting alongside xchangewales is sell2wales, a five year old website for suppliers wishing to trade with the Welsh public sector. Suppliers manage their own profiles and matching contract opportunities are automatically emailed to them. The figures provide the measure of its success: more than 32,000 suppliers are registered and over £6.5bn worth of contracts have been placed.

The sister site buy4wales, is where public sector organisations advertise their upcoming contracts. All tender documents can be stored on the system, avoiding duplication of effort and costly filing facilities.

## Supplier support

Suppliers are more than supportive of such initiatives. Neil Griffiths, managing director of office supplies firm SET, says: "We at SET are delighted to be the first Welsh company to be successful in their bid to supply public bodies throughout South Wales with their office stationery needs. The Value Wales contract will guarantee our continued growth and will ensure additional recruitment of personnel in South Wales, which in return will help stimulate the Welsh economy."

"In addition to this, our increased buying power will allow us to be even more competitive in the commercial market place. Everyone's a winner."

Meanwhile, the Welsh Assembly Government has worked with RBS to produce the Welsh Purchasing Card (WPC). For the buyers it provides a low cost method of ordering and paying for low value, low risk items, and for the seller it supports cash flow by facilitating payment in three to four days.

It can also provide for merchant rebates based on aggregate expenditure by all public sector bodies using the card.



So far 3,700 WPCs have been issued, accounting for an average monthly spend of £2.7m.

xchangewales is playing a major role in making procurement easier, getting value for money, speeding up payments maximising the impact for the Welsh economy. Welsh businesses should find that, with the prospect of tougher times ahead, using the e-procurement solution can deliver more public sector contract opportunities.

The programme is delivered by a small team but is being rolled out to many organisations across the Welsh public sector. Key influencers such as Cardiff CC, Caerphilly CBC and the Welsh Assembly Government have already signed up to the solution and Davies is heralding the programme's potential for transforming Wales.

"We've already calculated the xchangewales programme has delivered benefits of some £10m," he says. "That equates to nearly £1m per month of benefits being delivered for the redirection into public services."

"But we know much more can be achieved - it's still early days in terms of the programme. We're looking to achieve benefits of up to £3m or more per month as the xchangewales programme is rolled out and more organisations in the public sector join up."

"By adopting new ways of working we can deliver better quality services for the citizens of Wales." **GC**