

## Procurement Leaders: Procurement software key to UK efficiency targets

The recent move by the UK's new coalition government in hauling in the CEOs of its 19 biggest suppliers to re-negotiate contracts, highlights a commitment to addressing poor public-sector procurement strategy.

But with a target of achieving £6.2bn in savings from government spending in 2010-11 central and local government should also be fully exploiting procurement applications to hit its goals.

In a fresh off the press research report, entitled Strategies for public-sector investment in procurement applications, Gartner says, "Procurement and sourcing applications can significantly impact the ability of public-sector organisations to manage costs, do more with less, spur economic development and reduce corruption."

These are all key points for a government looking to make savings and boost its economy. Francis Maude, co-chair of the British government's Efficiency and Reform Group (ERG), the body charged with bringing in the savings, is likely to be wishing he had access to a clear technology framework to help manage sourcing costs. He has said that savings targets by project have not yet been set, and this is because it's unlikely there is any clear visibility of what has been spent and where.

Most of these initial 19 suppliers are government technology service providers, and initially the ERG is simply asking suppliers what they can do to take costs out of contracts. "Some of this will come out of margins," says Maude, "but we will also invite ideas on how we can structure things differently to reduce complexity and cost."

For Gartner, the adoption of procurement applications, will deliver this. Research director Deborah Wilson, who authored the report, says, "I have to confess, the topic totally captured my interest, because the order of magnitude of improvements these applications can bring to the public sector is not always well understood but often extremely valuable."

The reason for Gartner's enthusiasm is that improvements in procurement technology have dramatically increased the usefulness of commercial off-the-shelf products, and it believes these should be used whenever possible.

It then recommends that there is secure public-policy-level support for procurement investment decisions, to ensure the appropriate commitment and resources to succeed. Also, that the set-up and ongoing costs of procurement projects are funded through budgeted funds, rather than supplier fees, to maximise supplier adoption and minimise costs.

The key part is then making sure organisations have the authority to mandate usage. "Do not invest in procurement technology unless you have the authority to mandate usage," says Wilson.

Yue Jin Tay, business development manager for Government e-procurement specialist ProcServe, one of the off-the-shelf suppliers name-checked by Gartner, believes that with the ERG, there will be an end to the days of "multiple complex deals with uncertain visibility of spend", on government contracts. "The transaction data needs to be easily accessible, real-time, transparent, granular and measurable," he says.

Tay doubts whether it would have previously been possible to easily find out exactly how much the government's IT suppliers have been paid, both directly and indirectly. "And are they being managed as strategic, pan-government suppliers - I doubt if this has been the case up to now. However, it is clear that government intends to dramatically alter this situation as a matter of urgency," he says.

Gartner has gone so far as to say the technologies "procure to pay" and "strategic sourcing apps & suites" are hot right now. So get your oven gloves ready, this is the time for procurement applications in the public sector.