



Sydney University

The University

The University of Sydney, founded in 1850, is one of Australia's leading universities. Over the past 150 years, the University has built an international reputation for its outstanding teaching and as a centre of research excellence.

The University employs more than 6,500 staff to help manage and administer the facilities, and teach the 45,000 students enrolled each year. Annual turnover is \$1.1 billion, of which approximately \$300 million is spent on procurement of goods and services.



The Issue

The University, as part of its overall transformation of the Financial Services area, recognised the need to strengthen and update its approach to procurement. Declan Devenney, Manager of Shared Services, and the person recruited to achieve this, implemented a strategy that focused on three key areas:

- introduction of professional procurement expertise to manage strategic sourcing;
- policy development to exploit the expenditure leverage;
- technology deployment to streamline and introduce velocity into the source to pay process.

The institution's procurement policy dictates that activity in excess of \$200,000 requires the approval of the University Tender Board.

In support of the technology deployment objectives, Devenney realised that the introduction of an electronic tendering solution would offer significant benefit to the University. Benefits would be associated with improved turn around times for completion of the tendering process, elimination of paper-based activity, stimulation of competition amongst the supply base, and improvements to the University's controls posture through greater transparency

The University was already using PeopleSoft for its core financial systems, including the eProcurement module to manage the procure to pay process. It did not, however, have an electronic solution to manage RFX activity, such as requests for tenders, request for quotations, expressions of interest, and requests for information.

The eVALUA Solution

In 2005, the University identified an eRFX solution from Canberra-based developers, eVALUA. The eVALUA eTenderbox software offered the ability to electronically manage the publication and receipt of RFX documents, while VFM Online added to the core functionality by providing decision support capability through an objective analysis of suppliers' responses.

Devenney's team put the eVALUA solution through a rigorous testing process to understand how the tool would operate in the University environment. Security of the system was an obvious area of concern. Devenney admits to conducting many tests in this area. "We had to be certain that not

only was the system secure, it had to be perceived that it was secure. Whilst the solution provides appropriate functionality around audit trails to support transparency objectives, the clients of the system, the suppliers, had to be confident their submissions would be secure and could not be accessible or disclosed to their competitors.”

In April 2006, the Shared Services team implemented a rigorous proof-of-concept test for the software, running an online tender for some very specialised scientific equipment, of which there were only two known suppliers, both located in Japan. The software successfully handled this activity. Three key factors emerged from this pilot exercise: the technology received the full support of both the suppliers and the internal client, and the University Tender Board accepted the final evaluation report produced by the tool.

According to Devenney, “Since then we’ve begun using the eVALUA software for both open and selective tendering. I am looking at this solution as one of the key avenues for me to achieve my objectives around spend influence. We are very active in now engaging the internal clients to drive RFX activity through the eTenderbox and VFM Online toolset.”

In its first six months, since the initial pilot, eTenderbox and VFM Online have handled a wide variety of requirements ranging from relatively non-complex items such as office furniture and bulk print needs, through to complex medical and scientific equipment to support specific research objectives, and higher-value strategic purchases such as musical instruments.

Importantly, the toolset has also been used to manage the sourcing activity for services; selection of a Real Estate Manager and Web Services providers are two examples.

In September 2006, eTenderbox was managing four-to-five University tenders at any one time. Devenney is confident that by year-end, as staff become more familiar with the tool and the reach of the strategic sourcing team goes deeper into the organisation, each sourcing leader may be managing at least ten discreet RFX projects at any one time.

The Result

“One of the reasons we were able to move so quickly with eVALUA is that the initial investment required was very reasonable, so much so that we expect a complete return on investment within nine months,” Devenney comments. “The result is that we now have 21st century technology that provides our strategic sourcing community with more time to spend engaging the internal client and the supply base, rather than worrying about logistics, administration and manual handling of tender processes.”

The supplier community benefits as well, which is of critical importance. Electronic publishing with eTenderbox means that all interested suppliers receive tender documentation at the same time, regardless of whether they are locally or internationally based. Queries may be forwarded electronically and if required, addenda can easily be sent by the University to all suppliers. Suppliers gain extra response time through the ability to submit up until the last second before the closing time, without having to factor in the time and cost of printing, binding and couriering their submissions - a fact that has been acknowledged on many occasions by suppliers.

As mentioned earlier, the eVALUA solution has also helped to provide additional transparency to the eRFX process. Together, eTenderbox and VFM Online provide security with exceptional transparency, maintaining a complete audit trail of any online activity associated with a particular tender, such as when the tender document is released; when suppliers download it; the time a response is submitted; and how evaluations are made.

“eVALUA has helped to introduce greater clarity and objectivity in our tender analysis. The toolset takes care of many of the traditional weaknesses in a tendering process.” Devenney concluded, “Not only that, but transparency and openness are sound procurement practices, which will result in increased competitive behaviour as suppliers recognise there is a robust decision making process.”

