

Case Study

Home Group

As one of the UK's largest housing associations, Home Group employs more than 4,000 people and works with over 200 local authorities nationally to house and support more than 120,000 people annually.

The Challenge

Home Group believed it received accurate prices from approved framework suppliers via competitive tenders every month. However, they could not say the same for impromptu purchases from non-approved suppliers.

The business wanted the ability to review and build a business case to consolidate off-contract spending to help reduce the cost of unplanned procurement and achieve the same savings it received on planned purchases, which tended to be below the distribution channel price in most cases. They recognised it was being penalised by suppliers.

Laura Davidson, Home Group IS Supplier Relationship Manager, said: *"We felt we were getting a reasonable price through our monthly procurement framework, but the ad hoc purchases from non-approved suppliers cost on average 21% more and up to 350% more for individual purchases. - Changes were needed."*

The Solution

Home Group adopted KnowledgeBus, an online application with CIPS-accredited processes that automates the benchmarking of purchases against daily trade guide prices and stock levels on over 1,500,000 products from over 4,500 manufacturers.

Supplier product lists are uploaded, or spot checks are conducted to see what margin their supplier is proposing. A range of spend analysis tools also helps users identify, track and forecast market developments for more strategic procurement.

KnowledgeBus empowers IT buyers with market knowledge to rapidly negotiate better deals with preferred suppliers to unlock more from budgets. It saves users time consistently achieving the best value.

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Laura Davidson, IS Supplier Relationship Manager. Home Group

KnowledgeBus conducted a spend analysis on a sample of Home Group's purchases, identifying areas for improvement on ad hoc purchases with non-approved suppliers.

Home Group adopted the application and is saving a day a month in procurement time and driving down the cost of buying IT by £80,000 per year, thanks to the trade-level insight provided by KnowledgeBus. The procurement team is now empowered to negotiate better-value purchases from its suppliers.

Laura said: *"We unearthed supplier sales tactics such as inflating margins for high volume, low-value consumables whilst offering competitive pricing on low volume, high-value equipment. For example, we found markups of approximately 60% on laptop bags but minimal markups on laptops.*

On smaller items, suppliers have asked for markups over 100%. We would not have realised this without having KnowledgeBus in place."

Home Group can now cap commercial agreements with suppliers stipulating a markup of cost +3% on all purchases. Helping the Group achieve better value on planned and unplanned buys by giving them the knowledge to negotiate prices substantially lower than industry best practice (cost + 3%), particularly with volumetric discounts.

Laura added: *"Before we had KnowledgeBus, we would have to accept the lowest price submitted as part of a tender process was the lowest available, and it was difficult to negotiate further from an informed position. Using KnowledgeBus to analyse volumetric manufacturer discounts has enabled us to challenge that."*



She added: *"Our cost avoidance figures show that Home Group saved £50,000 over six months as a result of using KnowledgeBus, and we are likely to save more than £80,000 over the year."*

Laura said: *"The live spend analysis and the level of reporting this tool provides is critical. Before we had live spend analysis, it took at least a day to check prices manually. Immediate reporting frees the team up to perform other tasks."* The Home Group procurement and IT purchasing teams are collaborating to roll out KnowledgeBus to any individual with IT purchasing responsibilities to provide the information needed to make more robust commercial decisions and improve transactional purchasing.

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The UK's only fully Certified IT Price Benchmarking Solution – Find out more at www.knowledgebus.co.uk

