KnowledgeBus
The IT Price Benchmarking Platform

Education

Case Study
University of Birmingham

The fourth largest university in the UK, the University of Birmingham, has more than 32,000 students and 7,200 staff. With five colleges and its feeder secondary school, it has an IT procurement spend of between £30m-£40m per annum.

The Challenge

To meet the university's demands for up-to-date technology, the procurement team is constantly purchasing IT equipment. This also involves significant projects, such as kitting out an entirely new building (for a new secondary school) or refreshing a thousand PCs across campus.

As these projects can involve huge investments, the university has set up a 'procurement hub' that examines the details of suppliers' quotes. The hub's analysis confirmed a long-held suspicion of the procurement team that some suppliers were charging disproportionately high prices regarding IT equipment.

"The team identified that we were regularly being charged a lot for equipment within large contracts. These were contracts worth more than £500,000, and we were finding it would have been cheaper if we had just gone to Amazon," said Jonathan Jones, Head of Procurement and Insurance at the University of Birmingham.

"When the university invests so much in its facilities and services, it is imperative to us to get value for money, and we were not seeing that in many cases."

The Solution

To combat this issue, the university decided to implement KnowledgeBus alongside its procurement hub.

With CIPS corporate certification, KnowledgeBus automates the benchmarking of purchases against daily trade guide price and stock levels on over 150,000 'live' products from more than 2,500 manufacturers.

Users input supplier product lists or conduct spot checks to see what margin their supplier is proposing. A range of spend analysis tools also help users identify, track and forecast market developments for more strategic procurement.

KnowledgeBus empowers IT buyers with market knowledge so they can rapidly negotiate better deals with preferred suppliers to unlock more from their budgets. In so doing, it saves users' time and helps to consistently achieve best value.

"During the first six months, KnowledgeBus helped the university save in excess of £70,000. "

Jonathan Jones, *Head of Procurement and Insurance. The University of Birmingham*

Better Value

When the university tested KnowledgeBus, they could review historical purchases and see where they had paid margins higher than recommended rates, enabling the procurement team to sit with its suppliers and the data and discuss future pricing. As a result of these meetings, several suppliers are now providing hugely improved pricing on their products.

"Having this data to hand has helped our conversations with suppliers. Some have responded positively and challenged their internal organisations to do better. Those are the organisations now getting most of our business," Jonathan said.

Savings Achieved

The university's procurement team is now finding savings on most IT products using KnowledgeBus, reducing the average margins paid, which have come down from 20% to 8%.

Jonathan said: *"During the first six months, KnowledgeBus helped the university save more than £70,000."*

Improved Purchase Process

The university has now introduced new procurement processes which aim to run as many IT purchases through KnowledgeBus as possible, including all purchases made by IT managers in all five colleges, which feed into a central procurement team.

"The plan is to embed KnowledgeBus further over the next year. We want to track our performance and see the saving we are making. By improving our processes further, we aim to reduce the margins paid to less than 4% or even 3%."

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> ***Jonathan Jones,*** *Head of Procurement and Insurance. The University of Birmingham*