

ALMO Case Study

Prior to conducting an eAuction, an ALMO client had a requirement for approx 4,000 internal doors per annum. They bought different sizes of doors with different specs and paid different amounts according to the size and spec of the door. Total spend on all doors = ~£80Kpa

In setting up the eAuction, Sourcing Vantage, ensured that each type of door the client required was allocated its correct specification and a 'lot' number against which all suppliers could bid e.g.

Lot 1 = internal door 2'6" x 6'6" x 1.5"

Lot 2 = internal door 2'8" x 6'6" x 1.5"

Lot 3 = etc, etc

Note, the eAuction is conducted over the web and there is no requirement for a client to install any IT or hardware to conduct it.

Once the website has been fully populated (by Sourcing Vantage) with the client's purchasing requirements, Sourcing Vantage sends out an electronic invite to all suppliers who are asked to bid at an agreed time on an agreed date. The bidding all happens on-line and neither the suppliers, nor the client, need move from their offices.

Suppliers can submit prebids at any time before the eAuction starts and then participate in the eAuction itself if they see that their pre-bid has been beaten during the event (note, they only know their ranking, e.g. 1st, 2nd, 3rd etc, not the other suppliers' bids) and the bidding will continue until the lowest price the suppliers are willing to bid is achieved i.e. the bidding stops!

Following the eAuction, the prices of all doors reduced significantly, with overall savings and cost reduction achieved being greater than 20%. The benefits to the ALMO were far greater than 'just' the savings and cost reduction.

BENEFITS included:

- Meeting some of their VFM KLOE objectives
- Demonstrating to the Audit Commission that they were:
 - using modern procurement methods to manage their procurement
 - market testing
 - managing their supply chain (as the internal doors were being bought through the ALMO's main contractors)
- Keeping an auditable record of their purchase (as records of the procurement process and eAuction are logged electronically, including all bids by supplier and exactly when they were made)
- Savings over 20% which could be reinvested in the community & match-funded

PS: ALMO = Arms Length Management Organisation which is basically a separate Ltd company owned by a Council, but not directly managed by the Council. The ALMO manages the council house stock on behalf of the Council. It performs essentially the same function as a Housing Association which is independent from the Council.