



PROCUREMENT SERVICES



# CASE STUDY

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## SUPPLIER SAVINGS ANALYSIS

### PROJECT SNAPSHOT

**CLIENT INDUSTRY**

aged care



**LOCATION**

South Australia



**SOLUTION**

Supplier savings analysis



**OUTCOME**

\$1.5m+ annualised savings





## ● BACKGROUND

The client was a diverse aged care group with 89 offices & residential villages across 3 business units. The diverse nature of the business made implementing group sourcing arrangements difficult & led to siloed sourcing activities.

Given these circumstances, the client sought the assistance of the procurement experts at Spend Solutions to identify savings opportunities in its supplier base & provide a savings roadmap on how to maximise cost savings & minimise resources.

## ● PROJECT OVERVIEW

Spend Solutions was engaged to conduct a supplier savings analysis on supplier spend. The brief was to uncover savings opportunities through improved sourcing, better pricing & better utilisation of purchased products & services.

Spend Solutions conducted a 4-step process to uncover available savings in the clients' supplier base. Step 1 was to categorise spend to provide a view by product group & supplier, allowing for identification of the biggest spend areas. Step 2 identified opportunities for cost savings through improved sourcing strategies. Step 3 involved conducting a price analysis of key suppliers against market & competitor benchmarks, while the final step sought to identify savings opportunities through better utilisation of products & services. At each step key stakeholders were engaged to guide & validate assessments to ensure relevance.

With many products, services & suppliers being used across all business units, exploring how best to optimise commercial arrangements by leveraging the combined size of the group became a key theme of the analysis.

## ● PROJECT OUTCOMES

In total, Spend Solutions identified **24 savings opportunities** with a **projected annual savings of over \$1.5m**. The project split leaned heavily on sourcing activity to consolidate suppliers, with approximately 20% of projects being direct negotiations & cost optimisation, which provide opportunities for more immediate cost savings.

Areas identified for savings opportunities include key areas such as construction, site maintenance, clinical supplies, allied services & electrical goods.

Overall, the savings opportunity analysis provided the client with key insights into savings opportunities within their business that they would have otherwise not identified. **Importantly, it allowed the client to develop a roadmap to prioritise & action projects based on the level of savings & difficulty, thus providing a platform to plan, budget & execute savings opportunities within a structured framework.**

## CONTACT DETAILS