

VALUE FOR MONEY

The Client is one of Britain's largest bus operators. It operates around a fifth of all local bus services outside London. A fleet of some 5,800 buses carry approximately 1.6 million passengers every day across a huge number of communities. Critical to the Client's success is the reliability of its fleet and minimising the cost of vehicle maintenance.

SCOPE

The Client's Procurement team was targeting £1.5m of savings in year from Direct Materials. Their long-term supply contract with a single supplier had failed to deliver value for money and an alternative sourcing strategy was required. To enable the most effective sourcing, a full spend analysis review was required to target quick wins and identify opportunities for strategic supplier relationships. A collaborative approach between the Client's Procurement and Engineering Teams was also required to monitor and manage the total cost of ownership of its assets and maximise potential warranty claims.

APS undertook a supply chain review and sourced new known and trusted suppliers that could deliver immediate savings without any negative impact on the quality of products or service delivery. Contract information, historic spend data and actual product usage was mapped across UK regions. This data was classified and segmented into spend categories to enable a category management approach. Trusted and established after-market suppliers were targeted as potential strategic partners and bench marking exercises with these future partners evidenced the potential for significant savings. Stakeholders across Engineering, Procurement and Finance stakeholders were engaged and a new Sourcing Strategy was developed complete with category management plans and pipeline of tenders.

ACTIONS

RESULTS

APS led price negotiations and new strategic partnering agreements were put in place, generating cashable savings of £500k per annum. APS, with the Engineering teams, were able to obtain technical approval of products, working with the suppliers to ensure ethical and sustainable supply chains were in place. The Client's transactional Purchasing team implemented the new supply arrangements to ensure spend under management and realisation of the proposed benefits. APS created a robust Supplier Scorecard to evidence compliance with the agreed pricing, product reliability and supplier performance.

On completion of the project, APS provided a handover report evidencing the savings achieved and recommending several further cost-down initiatives that would deliver further savings including reducing lead time, introducing service kits and innovative product remanufacturing.