Commerce Decisions
A QINETIQ company

AWARD® in the Sourcing Tools Market

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Introduction

Having spent a number of years working within the IT sector, primarily with Software as a Service (SaaS), it becomes more and more evident that things go in cycles. For example, when it comes to the government or organisational agenda with regard to the deployment of systems, software and systems, the drive is for best of breed solutions one year and then end-to-end the next. This seems particularly so in the procurement industry, with organisations fluctuating between seeking systems that deliver everything in one package (from P2P to Contract Management) to separate specialised solutions that more comprehensively support the different individual functions.

The general confusion in the market place is magnified by all the 'noise' (social media, events, webinars, etc). Most of the suppliers claim to offer solutions to all your problems in one toolkit – so much so that it's easy to start believing that problems or business needs exist where there were none before! It's no wonder that end-users get disillusioned and confused.

We are often asked where AWARD® sits in relation to other procurement technologies on the market. This paper discusses in brief the various classes of tool perceived as being competitive to AWARD®, and then looks at its positioning in the market (see Figure 1).

Directly comparable tools are very rare. This paper will not go into detail but aims to give enough information for the reader to appreciate the main differences between the eSourcing options available on the market.

AWARD®

AWARD® is a software solution which is used to support strategic procurement decision-making across the UK and internationally.

AWARD® focuses on providing:

– A structured, robust approach to the execution of a procurement, ensuring regulatory compliance where this is required;

– A solid audit trail to defend decision making;

– Efficient management of the process and the stakeholders involved;

– Risk and cost reduction;

– A secure environment to conduct the processes and to store data and documents;

– Templating and process steps allowing for process standardisation and communication of best practice.

It may be delivered as 'Software as a Service' (SaaS) over the internet, or installed on customer infrastructure behind the corporate firewall.

Figure 1. AWARD® positioning in the sourcing tools market

Competitor Types

**Spreadsheets and spreadsheet/
database-based tools**.

The most commonly used tools to support project procurement decision-making and evaluation are still 'home-made' spreadsheets and database tools.

Related to these are a much smaller set of commercial tools derived from these 'home-made' tools. They tend to be produced in-house, are developed or brought in by consultants employed to support the process or are occasionally available commercially.

Teams undertaking more complex procurement projects will often revert to their use even where the organisation believes it has purchased a comprehensive e-sourcing or e- procurement suite. This is because these suites are designed to support the 80% of less complex procurements undertaken by the organisation and almost invariably do not have the flexibility, scalability and appropriate tools to support the people, processes procurement projects.

Teams may attempt to "squeeze" their problem into the sourcing tools evaluation capabilities but regularly fail and resort to spreadsheets/ Microsoft® Office tools.

eSourcing tools/suites

The most visible competitors to AWARD® tend to lie in the e-sourcing domain. These tools are often suites of tools which cover many of the processes required to successfully source goods and services.

These suites might include components such as vendor pre-qualification and category support, RFx support, tendering, decision support, negotiation tools and award tools. They will often blur into other parts of the process such as contract management, supplier performance management, spend analysis etc.

The elements of these suites that are perceived as being most directly competitive to AWARD® are sometimes referred to as e-evaluation. However, more often than not this functionality is incorporated into the e-tendering component and not explicitly named.

Whether named or not, the evaluation capability presented by these tools tends to be fairly basic and is really aimed at providing an efficient mechanism for procurement department buyers to structure their decision-making with a limited set of criteria, individual reviewers or small teams of evaluators and with relatively limited supporting material provided by bidders. This sort of capability is suited to non-strategic, commodity-type procurements.

This tends to mean that for major/complex or strategically important procurement projects the tools are somewhat lacking, particularly where the industry is fully or part-regulated. It may be questioned why such a critical part of the procurement process as the more complex evaluation is neglected by these suites.

There are two generally accepted explanations:

a) For good reason, the focus of the suites is that of addressing the largest number of procurement/sourcing events. Such events typically represent in the region of 80% of an organisation's procurement, so implementation of these suites therefore results in the broad achievement of efficiencies and standardisation across the organisation. It does not make sense for the suite solution providers to focus development effort on addressing the minority (the remaining 20%) of complex and/or strategic sourcing events. In fact it is better for the extra available effort to be applied to better supporting the majority of the events.

This then leaves the organisation to answer the question of how it deals with the remaining 20%. These events often represent some of the largest and most important procurements an organisation will make. In many organisations the spend on this 20% will far exceed the spend on the other 80% combined.

b) Public Sector procurement

The majority of the revenues and customers for the suite vendors do not come from the regulated public sector procurement arena. This means that the priority is often to provide sourcing capability that satisfies the needs of the private sector and is hopefully transferable to public sector procurement.

For many aspects of e-procurement and e-sourcing tools this approach is satisfactory (though not ideal, for the reasons mentioned above). One key area in which it begins to fail is the critical area of tender evaluation. The nature of public sector procurement regulation places heavy emphasis on this part of the process and implies dire consequences for procuring organisations that do not comply with the requisite regulations.

Private Sector procurement

Conversely, in the private sector evaluation is rarely even accepted as a separate activity and is not structured and resourced in the same way as within the public sector. Many private sector teams will describe the process as Receive bids > Read bids and make notes > Negotiate > Award contract(s).

Clearly a tool focusing on evaluation will not gain recognition or importance where this process description is commonplace. That said, private sector organisations are becoming more and more aware of the importance of transparency as well as the more commercially obvious cost and risk reductions.

There is always a report in the Press in relation to ethical procurement, and sustainability and environmental factors are becoming increasingly important. Corporate reputations are hard won and easily lost.

Data rooms/Shared working environments

Some relatively unsophisticated organisations choose to make use of data rooms and shared working environments to undertake tendering, evaluation and other sourcing tasks. These are sometimes configured/developed internally and sometimes provided commercially.

They will often rely on the use of Office tools (Microsoft® Word, Excel, Access, Outlook) plus extensions to deliver the functionality required to execute the sourcing processes.

There is often an Excel spreadsheet or Access database at the heart of the evaluation support so the main element competitive to AWARD® can be considered to be as per section 1 above.

AWARD® integration with existing technologies

AWARD® offers a depth of functionality not offered by traditional tendering/e-sourcing solutions. It is the only solution in the procurement marketplace that has been specifically designed to support strategic, complex procurement evaluations.

More lightweight solutions do not have the capability necessary to support these complex, high risk, high value projects (see Figure 1).

Complementary to existing technologies, AWARD® can be integrated with an established system. This enables organisations to apply a 'best of breed' approach; deploying the solutions best suited to their processes and requirements.

The use of AWARD® integrated with e-sourcing suites/tools is a very common use case, where AWARD® is used to cover the larger/more strategic procurements.

To date, AWARD® has been integrated successfully across our client accounts with several different technology providers.

Summary

Commerce Decisions operates within a unique space in the procurement technology market. AWARD® is frequently deployed to complement existing 'end-to-end' sourcing solutions; but then at other times is competing with the use of Excel spreadsheets on major projects and programmes.

Having delivered AWARD® on a huge number of projects (well over 6,000) of different size and scope, within some of the largest organisations and on some of the most strategic, high profile one-off projects, it is clear that there is a real need for such a niche solution.

Moreover, with a client retention rate of 98%, and zero successful legal challenges from losing bidders since its launch approximately 15 years ago, it is clear that AWARD® really does add value.

AWARD® is proven to deliver confidence, auditability, risk reduction and cost savings when awarding decisions.

This together with a strong track record in listening to and understanding our users' needs has been key to our longevity and continued leading position in a market place that is ever evolving.

About Gavin Shepheard

Gavin Shepheard is Sales Director for Commerce Decisions. Starting out in the telecoms software industry in the US in 2001, Gavin has a comprehensive background in software sales. Since 2004, he has built up a wealth of experience with Commerce Decisions, primarily with the UK public sector.

Appointed as Sales Director at the end of 2012, Gavin is focusing on retaining and growing existing core markets as well as leading on international business and partnering. During his time with Commerce Decisions, Gavin has acquired extensive experience and knowledge of both the procurement industry and software sales.

About Commerce Decisions

Commerce Decisions has been supporting strategic, high-risk procurements globally since 2001, and is at the forefront of best practice procurement. With a unique focus on complex evaluation, we have unrivalled experience in supplier evaluation and are a trusted provider of procurement services to the public and private sectors.

We deliver a robust and defensible procurement process to our clients, proven time and time again across many sectors including construction, transport, education, health, defence and facilities management procurements – to date, we have supported over 13,000 strategic projects, collectively worth over $400billion. This enviable experience and in-depth knowledge has enabled us to develop proven methodologies, supporting clients to deliver the best possible outcome on strategic and complex procurement projects.

Headquartered in Oxfordshire, UK, and with offices in Canberra, Australia, and Ottawa, Canada, Commerce Decisions provides software and services to support the procurement and post contract review processes for both buyers and suppliers. For buyers we improve the efficiency and effectiveness of the evaluation process to make the best buying decision based on all the relevant criteria, underpinned by our AWARD® software. For bidders we improve the quality and timeliness of proposals to best meet the needs of the potential buyer and thereby give them the best chance of securing the contract, underpinned by our ADVANCE™ software.

About QinetiQ

QinetiQ is a leading international provider of technology-based services and solutions to the defence, security and related markets. We develop and deliver services and solutions for government organisations, predominantly in the UK and US, including defence departments, intelligence services and security agencies.

In addition, we provide technology insertion and consultancy services to commercial and industrial customers around the world.