



CORPORATE PROCUREMENT PLAN

2021

Prepared by:

Richie Woods

Manager, Strategic Procure to Pay

Endorsed by:

Danella Forster

CFO

Executive Summary

The James Cook University (JCU) 2021 Corporate Procurement Plan provides a directional statement for better procurement operations within the University.

The COVID-19 pandemic and restrictions have changed the way JCU operates and is presenting unparalleled challenges to the sector as a whole, JCU is currently contemplating the impact of revenue shortfalls and the need to implement immediate and long-term cost reduction initiatives in order to ensure a sustainable future.

Through its procurement, JCU is in a position to effect positive changes on our environment and in our communities. This is demonstrated in our commitment to increase the proportion of sustainable products and services purchased by JCU, and also by ensuring that competitive local firms (including small and medium enterprises) and Aboriginal and Torres Strait Islander suppliers are given opportunity to supply the University.

This plan will provide JCU with direction on a range of strategies that will support us in getting the best from our procurement spend.

To bring this plan to life, JCU will use it to drive University-wide initiatives to be achieved in 2021. Further measures are identified in the plan to assess procurement performance so we can identify where change is occurring or where we need to refine our strategies.

This plan sets out the strategies needed to address the challenges ahead for procurement and respond to the needs of our consumers and stakeholders in 2021. Improving procurement practices will lead to better outcomes for the University, industry and the broader community.

Contents

Executive Summary 2

1. Purpose and Scope 4

2. The Role of Strategic Procure to Pay (P2P) 4

3. Procure to Pay Vision, Principals and Objectives 6

4. Procurement Systems 9

5. 2021 Major Procurement Activities 10

6. Appendix 1 – Strategy, Deliverables and Targets Summary..... 13

1. Purpose and Scope

The James Cook University (JCU) Corporate Procurement Plan (CPP) is prepared in accordance with the Queensland Procurement Policy. The CPP provides an overview of the strategic procurement objectives, strategies and processes of the University in 2021.

2. The Role of Strategic Procure to Pay (P2P)

The P2P function within JCU is focused on supporting the provision of resources with the right skills at the right time to develop and maintain strong strategic relationships with our internal stakeholders and our suppliers. The P2P Group will deliver strategic and innovative supply solutions and policy guidance that bring value, efficiency and compliance to the procurement operations of JCU.

In the 2020 financial year JCU’s third party spend was approximately \$180m as outlined in table 1 below. This equates to a reduction of approximately \$30m on the 2019 figures. The top 10 suppliers by value are listed in table 1.

In managing significant procurement activities within the University, the broad planning and execution activities followed are described in the diagram below.

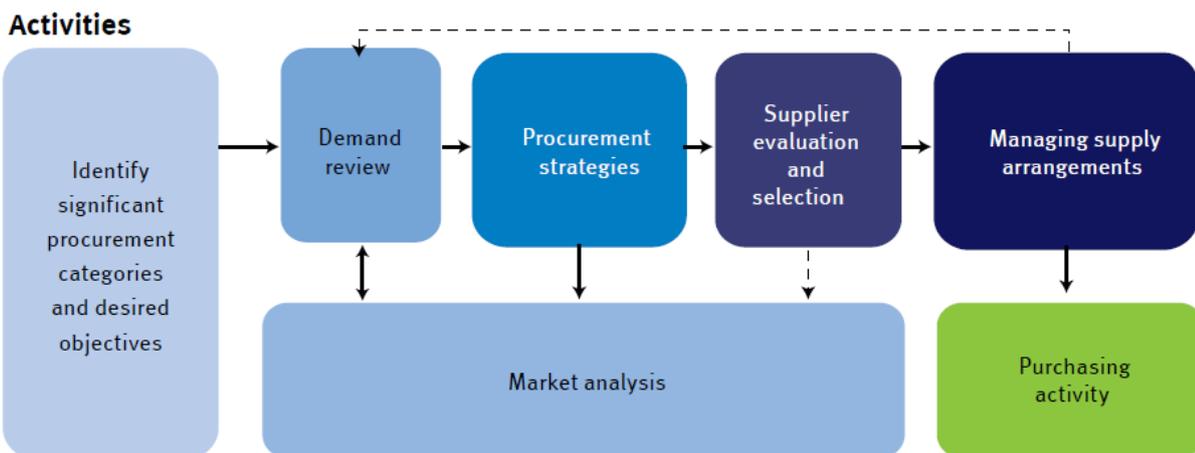
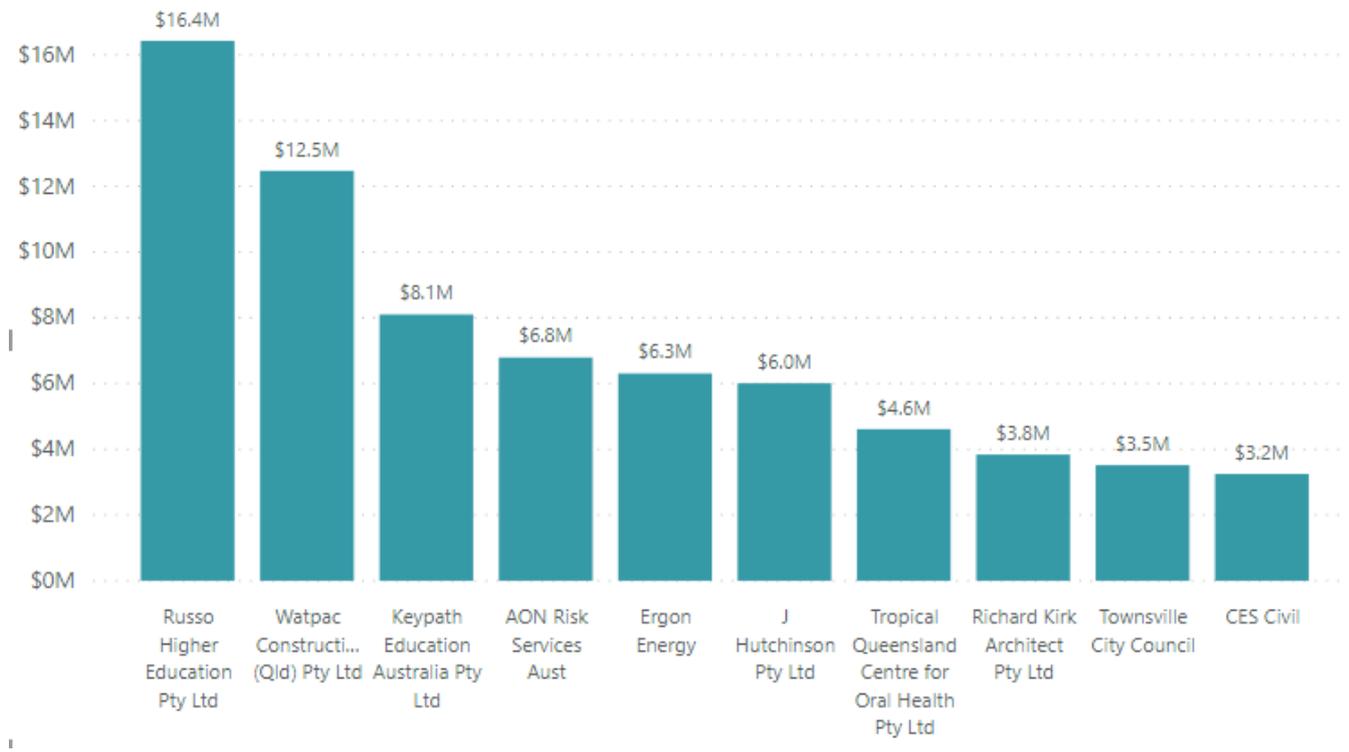


Table 1 Top 10 Suppliers 2020



2020 Total Spend	Top 20 Suppliers	Credit Card	Nth & Far North Qld	No. of Suppliers	No. PO's Raised	Number of Invoices Paid
\$180.97M 2019 - \$210.77M	\$91.28M	\$6.16M 2019 - \$15.56M	\$51.58M	8149 2019 - 17,595	8353 2019 - 10,776	25609 2019 - 28,771

Looking Forward - The Vision for 2021

University Procurement Hub

JCU is one of 18 Universities participating in this initiative. The intention of the University Procurement Hub (UPH) is to:

- Reduce spend on goods and services by leveraging the aggregated purchasing power across the participating Universities.
- Increase procurement effectiveness and efficiency through standardised processes (e.g. removal of sourcing duplication), improved spend compliance and control, and enriched data and analytics.

Benefits

The benefits delivered by the UPH will primarily come in the form of contracted savings for sourced categories of goods and services. It is expected that, on average, a saving of between 8-12% can be achieved compared to current spend (although saving will vary depending on the specific category being sourced).

Benefits will be realised in line with the completion of sourcing events for each of the sub-categories identified.

Better procurement means better value, less risk and subsequently better service delivery to the University community.

The mission of the Procurement function in 2021 is to support the business and priorities of JCU by maximising value for money from expenditure on goods, services and capital works.

Procurement faces many challenges, with complexity increasing with:

- **Increasing demand from consumers and customers as recipients of the service**
The University is facing a tight fiscal environment and is being asked to do more for customers and consumers within tight resourcing constraints. Procurement professionals will be required to strengthen alliances with their stakeholders in order to meet business objectives and maximise the value derived from their procurement expenditure.
- **Major changes occurring in the Australian and global business environments**
Procurement is dealing in more complex and changing supply markets partially due to the effects of COVID-19. A critical role for procurement is to properly understand the commercial dynamics, structure and the impact of the University as a buyer on these markets and responding in a fair and ethical manner.
- **A focus on the environment, sustainability, corporate social responsibility**
There is a growing concern about the environment, sustainability, ethical behaviour and corporate social responsibility in business. University procurement is directly responding to this concern by being more environmentally and ethically responsible in the way procurement is undertaken. The P2P team lead the development of a social procurement guideline for JCU during 2020 and will lead the implementation of the guidelines in 2021.
- **A tighter labour market**
A challenge is the tight labour market for procurement professionals impacting on the ability to attract, recruit and retain staff with the necessary skills and experience. This requires increased proactivity and coordination to appropriately respond to this challenge.

3. Procure to Pay Vision, Principals and Objectives

Purpose

The purpose of the JCU Strategic Procure to Pay team is to:

- 1) achieve value for money across the portfolio of third party spend;
- 2) ensure our compliance obligations with our regulators, our vendors and JCU policy are met; and
- 3) work with all our stakeholders to deliver the best Strategic Procure to Pay outcomes at the whole of University level.

In achieving this purpose, the Strategic Procure to Pay team directly contributes to the achievement of the University Plan 2018 – 2022 in particular by contributing to delivery of:..." *meaningful returns on ... investments by managing our financial resources in a*

manner that is sustainable, fit-for-purpose and which facilitates the efficient and effective deployment of our entire resource base.”

In addition to this unchanging primary purpose the current Strategic Procure to Pay team is tasked with transitioning the P2P function from a highly transactional, decentralised purchasing service to a centralised strategic procurement resource in the short to medium term.

Vision

We will deliver strategic procure to pay excellence, as a team. We will be known by our business partners for problem solving, delivering value for money and cost savings for JCU.

Guiding Principles

In achieving our vision, we will undertake a variety of activities and engage with a broad range of stakeholders. When doing so we commit to the following principles:

- **Integrity** – we will act honestly and consistently in our dealings with each other, our business partners, and vendors.
- **Simplification** – we strive to make our policies, procedures and processes as simple as possible.
- **Risk management** – when faced with challenges and opportunities we will be mindful of risk but not risk averse.
- **Continuous learning** - We will collectively learn from our mistakes and understand the drivers of our success to continuously improve.
- **Teamwork** – we will collaborate, respect and be considerate of each other.

Objectives

People and Organisation

The key to the success of the Strategic Procure to Pay team is having team members with the personal attributes, skills and experience that in combination achieve the established objectives. We need to invest in our people so that they can develop both the skills for the here and now and the ability to adapt to change as it occurs.

The Strategic Procure to Pay team does not operate in isolation, therefore it is critical that the team is positioned to engage with business partners, influence the decisions of the executive and to implement effective change. The right balance between operational and strategic resource allocation is critical in enabling organisation positioning.

It is essential that we develop an organisational culture that understands Total Cost of Ownership (TCO) to drive maximising value for money from University procurement decisions. Our team needs to work in collaboration with the broader Financial and Business Services (FaBS) and our business partners to identify and achieve yearly saving targets.

What this looks like

- Alignment of the Strategic Procure to Pay team with the broader University such that skilled, trained and competent resources are available to build relationships and meet the requirements of the University.
- Development of a personal development plan for each team member and enabling access for all staff to mentoring and coaching to support achievement of that plan.
- Establish a flexible Strategic Procure to Pay workforce, with a strong cross-team working culture, that is utilised effectively to best support the agreed JCU priorities.
- Enhance the reputation of Strategic Procure to Pay by improving customer relationships and levels of satisfaction, balanced with improving value for money.

Efficient and Effective Solutions

Efficiency in this context is used to mean developing processes and procedures that achieve compliance and value for money while applying the minimum effort and cost. Effectiveness speaks to processes and procedures that achieve the desired outcome while remaining consistent to the Guiding Principles and Vision.

It is the belief of the team and is consistent with better practice recommendations from CIPSA and AUPN that great efficiency and effectiveness can be achieved through a shift from transactional purchasing to value based strategic procurement. This is achieved via the embedding of a procure to pay framework that is fit for purpose with appropriate systems, KPIs and Benchmarks in place to monitor progress to key outcomes.

What this looks like

- Implementation of lean and sustainable business practices and processes that minimise the complexity, cost and time to complete procurement activities.
- Business partners that understand and apply Total Cost of Ownership (TCO) principles to all buying decisions achieving savings that are JCU-wide, equitable and sustainable.
- Provision of timely management information based on accurate and complete spend data.
- Executed category plans that underpin the achievement of value for money in terms of price, quality, delivery and risk management.
- Utilise our procurement activities to generate social value above and beyond the value of the goods, services or construction being procured.

Technology

To achieve efficient and effective business processes the Strategic Procure to Pay team requires appropriate tools. Technology in the Strategic Procure to Pay domain is evolving rapidly and many transactional tasks are being automated. The power of these tools is to establish capacity within the Strategic Procure to Pay team to focus on alternative tasks of analysis, deepening business partner relationships and other continuous improvement measures. The future vision is one where technology supports the full lifecycle of sourcing and buying across the University and with our vendors.

What this looks like

- An end-to-end Strategic Procure to Pay suite of business processes appropriately supported by contemporary technology integrated into existing corporate systems.
- Embedding of procurement policy into system solutions.
- Communication platforms that provide real time / one touch support to business partners and complement the strategic advice of the Strategic Procure to Pay team.

4. Procurement Systems

The procurement system used by JCU is FinanceOne, we utilise its requisition, purchase order, accounts payable, contracts, inventory, accounts receivable, general ledger and budgeting modules. This corporate system works alongside the Concur Expense Management System (EMS) which is used to manage credit card transactions for travel and low value purchasing.

During 2021, the goods receipting and order amendment functionalities will be implemented within MyRequisitions. These new processes will replace the current signed paper amendments and e-mail approvals to pay thus saving considerable administration costs.

It is proposed to implement a full Contract Lifecycle Management system (CLM). This will allow a methodical management of contracts from initiation through to award, management and renewal. Implementing CLM can lead to significant cost savings and efficiency gains.

The P2P team utilises the Power BI analysis and reporting tool to provide timely, informative and relevant expenditure data reports which allows JCU to take a strategic approach to procurement that aligns with the University Plan and the statement of Strategic Intent.

2021 Procurement Plan

A major focus will be to drive savings through procurement which can be achieved in several ways:

- utilising the University Procurement Hub to reduce spend on goods and services by leveraging the aggregated purchasing power across the participating Universities.
- increasing the percentage of spend under contract from 70% to an industry standard of 75% to 80% by 2022;
- rationalising product range and consistency of specifications to remove procurement complexity;
- consolidate the range of suppliers and develop and maintain preferred supplier panels;

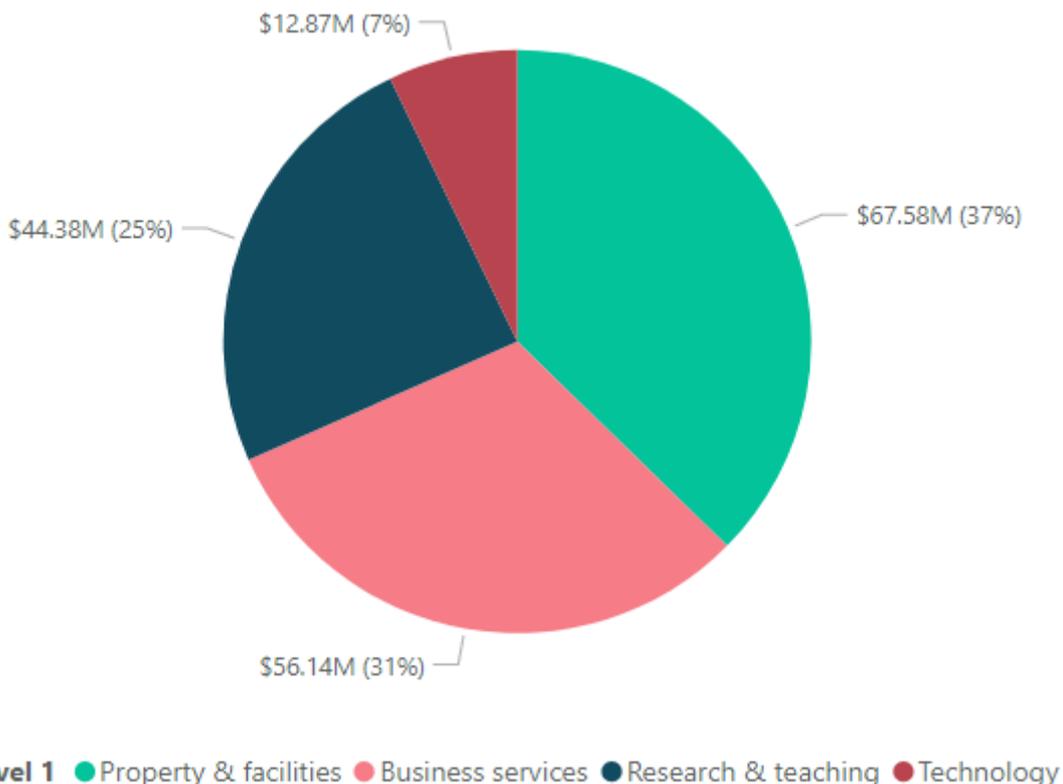
- develop a performance framework and metrics for key contracts and suppliers and incorporate into all new contracts; and
- integrating ethical procurement and sustainability into the procurement strategy.

5. 2021 Major Procurement Activities

As the procurement function of JCU is transitioning to a contemporary practice model focusing on category management, a significant amount of work is required in order to embed the significant change and realise savings and efficiencies. These activities include:

1. Undertake analysis of expenditure and behavioural trends to determine a procurement strategy for high risk or high value items and areas where there is ease of implementation along with a high return, with a view to this data assisting the University to develop category strategies and plans. Analysis of third party spend has been undertaken in the four major categories:

2020 Spend by Category



2. Drawing on the procurement objectives, the following specific activities within relevant procurement categories will be undertaken throughout 2021. This list will be amended and augmented based on needs and requirements.

- Property and Facilities
 - Townsville Technology Innovation Complex;

- Fleet vehicle procurement & maintenance;
 - Fire services maintenance;
 - All purpose contractor;
 - Demolition of buildings 111 A&B, 2,3,8,9 & swimming pool;
 - Orpheus Is office and accommodation construction;
 - Building 27 refurbishment:
 - Electrical & mechanical maintenance preferred contractor panel;
 - ICT loop masterplan, buildings 39 & 4;
 - Electricity supply agreement;
 - Infocus Monpad 70 AV screen;
 - New Holland 4wd tractor; and
 - Townsville campus renewal, central lecture theatre refurbishment.
- UPH Contracts
 - Accommodation;
 - Laboratory gases;
 - Software, eg Adobe, Microsoft etc;
 - Facilities;
 - CAUL, library books and publications;
 - Airline agreements;
 - Laboratory consumables; and
 - Transformative travel opportunities.
- Business Services
 - Contract Lifecycle Management System;
 - Advertising and Marketing Services;
 - Promotional Items; and
 - Printers and multi-function devices.
- Research and Teaching
 - Various boats to be replaced;
 - Water chillers;
 - Aqua shed installation;
 - Hino truck replacement;
 - High Temperature Gel Permeation Chromato;
 - Superior slasher; and
 - Various equipment will be replaced.
- Technology
 - CCTV;
 - Building management system;
 - Environmental sensors;
 - Secure door access;
 - Building intelligence;
 - Emergency lighting;
 - Inground cabling;
 - Lighting control;
 - Energy management system;
 - Intercom;
 - Parking; and
 - WOWSA subscription.

3. Continue to develop and implement catalogues in MyReqs. Catalogue management ensures the quality of product data and its configurability to JCU's required format while removing the requirement for buyers to source quotes from suppliers.
4. Establish an Indigenous supplier panel which includes a strategy to increase spend with Indigenous suppliers by 3 per cent in the next five years.

6. Appendix 1 – Strategy, Deliverables and Targets Summary

Our Strategies	Key Activity/Deliverable	Targets
Partnerships	Key measure: <i>All significant procurement activities include stakeholder consultation and endorsement</i>	
Maximise opportunities through effective partnerships	<ul style="list-style-type: none"> • Develop collaborative relationships between procurement staff and stakeholders • Implement category management strategy including the development of category specific plans • Keep stakeholders informed of changes to procurement policies and business rules 	<ul style="list-style-type: none"> • Stakeholders engaged at procurement process inception • Regular meetings to ensure stakeholder engagement at category level • Establish regular forums with stakeholders to ensure they are kept up to date with changes. Procurement provide training as required.
Workforce	Key measure: <i>Stakeholder satisfaction with procurement function (regular surveys)</i>	
Attract, retain and develop a highly skilled professional workforce	<ul style="list-style-type: none"> • Conduct skills gap analysis for the procurement group • Maintain individual training and development plans based on results of pQ assessments • Undertake training where gaps are identified 	<ul style="list-style-type: none"> • Plans updated February 2021 and will be reviewed in June and December 2021 • Training scheduled as identified and available

Our Strategies	Key Activity/Deliverable	Targets
Service Delivery	Key measure: <i>Number of tenders completed on time and within budget (quarterly)</i>	
Deliver cost effective services and maximise value	<ul style="list-style-type: none"> • Increase the percentage of spend under contract • Ensure local supplier participation in all tenders • Establish Contracts or PCP's for goods and services where there is significant spend • Ensure the University enters the market for RFT, RFQ and EOI in a reasonable timeframe • Ensure Indigenous suppliers are given a full, fair and reasonable opportunity to quote on JCU work 	<ul style="list-style-type: none"> • 75% - 80% under contract by 2022 by utilising the UPH & JCU P2P team. (currently 70%) • Ensure compliance with Charter for Local Content and engage ICN for assistance where required • Top 5 groups have spend under management by June 2022 • Depending on size and complexity, RFT, RFQ & EOI to be issued to market within one week of receiving all documentation • Utilise Supply Nation membership and ensure Social Procurement Guidelines are followed. Establish a panel of Indigenous suppliers.
Performance	Key measure: <i>Contract/PCP life cycle outcomes/benefits reported for all significant procurement (quarterly)</i>	
Promote accountability through good governance and robust procurement practices	<ul style="list-style-type: none"> • Implement Supplier Management process • Maintain procurement procedures • Review template Contract Terms & Conditions and tender documents • Develop and implement a JCU Social Procurement Framework 	<ul style="list-style-type: none"> • Systems developed, implementation commenced in 2019 and ongoing through 2021 • Amendments made in 2021 align with the Queensland Procurement Policy and other legislation • Ongoing • March 2021

<p>Improve quality and use of performance information</p>	<ul style="list-style-type: none"> • Implement data extraction and analysis processes and capability within Procurement • Record and report on UPH Contract savings • Record and report on supplier/JCU performance 	<ul style="list-style-type: none"> • Prepare quarterly spend by category, Division and College/Directorate • Prepare quarterly reports on savings by category • Develop contract management & SRM procedures. Prepare quarterly reports and arrange regular meetings with suppliers.
---	--	---