

# Corporate Procurement Plan 2023



JAMES COOK  
UNIVERSITY  
AUSTRALIA



## Executive Summary

The James Cook University (JCU) 2023 Corporate Procurement Plan aims to improve procurement operations within the University by providing a directional statement.

The COVID-19 pandemic and related restrictions have led to changes in the way JCU operates, creating unprecedented challenges for the sector as a whole. In response, JCU is considering the impact of revenue shortfalls and exploring immediate and long-term cost reduction initiatives to ensure a sustainable future.

JCU recognises that through its procurement practices, it can positively impact the environment and communities. This is reflected in its commitment to increasing the purchase of sustainable products and services, as well as supporting local firms, including small and medium enterprises, and Aboriginal and Torres Strait Islander suppliers.

The plan outlines a range of strategies that will guide JCU in achieving the best possible outcomes from its procurement spending. JCU will use this plan to drive University-wide initiatives to be achieved in 2023, and to evaluate procurement performance and refine strategies where necessary.

The plan sets out the necessary strategies to address the procurement challenges ahead and meet the needs of JCU's consumers and stakeholders in 2023. By improving procurement practices, JCU aims to achieve better outcomes not only for the University, but for the industry and the broader community as well.

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## 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 2023.

## 2. The Role of Strategic Procurement

The main objective of JCU's Strategic Procurement function is to ensure that the organization has access to the necessary resources, with the right expertise, at the appropriate time, to establish and maintain strong relationships with internal stakeholders and external suppliers. By providing strategic and innovative procurement solutions and policy guidance, the Strategic Procurement team aims to enhance the value, efficiency, and compliance of JCU's procurement operations.

The top 10 suppliers, ranked by value, are presented below in Table 1.

JCU's third-party expenditure in the 2022 financial year was approximately \$210 million, indicating a decrease of \$2 million compared to the 2021 figures. Capital projects accounted for \$54 million of this spending.

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

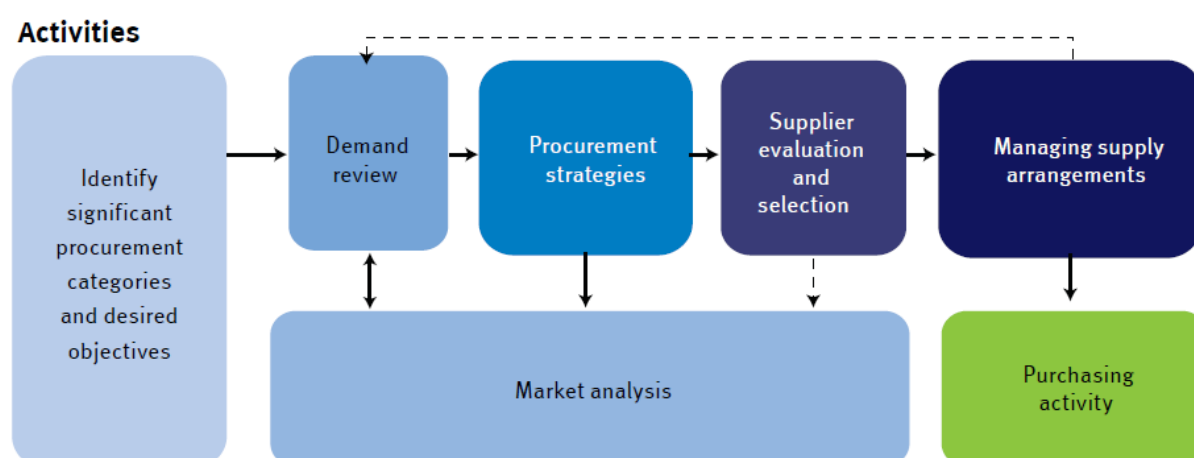
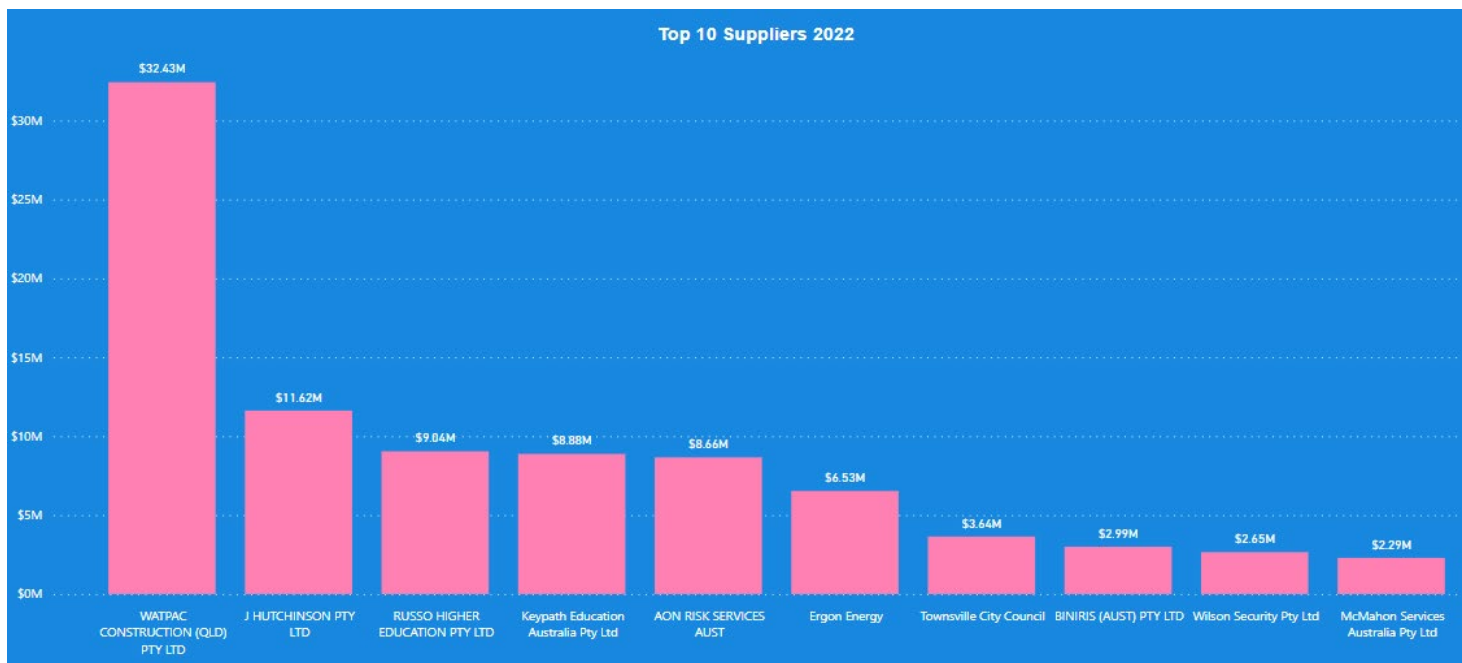


Table 1



## Looking Forward - The Vision for 2023

### University Procurement Hub

JCU is one of 14 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.***

## Objectives

The objective of the Strategic Procurement function in 2023 is to support JCU's business priorities by maximising the value obtained from expenditures on goods, services, and capital works. Procurement professionals face several challenges, including increasing demands from customers and consumers, a tight fiscal environment, major changes in the business environment, and a focus on modern slavery, sustainability, and corporate social responsibility.

Procurement professionals must establish strong partnerships with stakeholders to achieve business goals and maximise the value of procurement expenditure. Procurement must operate in complex and ever-changing supply markets, which requires an understanding of the commercial dynamics and impact of the University as a buyer in these markets. Procurement must respond to these challenges in an ethical and fair manner.

Additionally, the University's procurement function is addressing growing concerns about the environment, sustainability, and corporate social responsibility by incorporating more environmentally and ethically responsible procurement practices.

The tight labour market for procurement professionals also presents a significant challenge that requires proactive and coordinated responses to attract, recruit, and retain skilled and experienced staff.

### 3. Procure to Pay Vision, Principals and Objectives

The vision of the JCU Strategic Procurement team is to accomplish three things:

- to ensure that value for money is achieved for all third-party expenses;
- to ensure that the team's operations comply with regulations, vendors, and JCU policy; and
- to collaborate with all stakeholders to deliver the best strategic procurement outcomes at the university level. By fulfilling these goals, the Strategic Procurement team actively contributes to the attainment of the university corporate strategy. Moreover, the team is currently entrusted with transforming the Strategic Procurement function from a decentralised purchasing service that primarily focuses on transactions into a centralised strategic procurement resource.

#### Vision

As a team, we are committed to providing exceptional strategic procurement services. Our business partners will recognise us for our ability to solve problems, provide value for money, and generate cost savings for JCU.

#### Guiding Principals

As we work towards our vision, we recognise the importance of engaging with various stakeholders and undertaking various activities. To ensure that we conduct ourselves appropriately, we adhere to the following guiding principles:

- **Integrity:** We prioritize honesty and consistency in all interactions with our colleagues, business partners, and vendors.
- **Simplification:** We aim to simplify our policies, procedures, and processes as much as possible.
- **Risk management:** While we remain aware of potential risks and challenges, we strive to take calculated risks and not be overly cautious.
- **Continuous learning:** We believe in learning from both our successes and failures to continuously improve as a team.

- **Teamwork:** We value collaboration, respect, and consideration for one another.

## Objectives

The success of the Strategic Procurement team relies on team members possessing the necessary personal attributes, skills, and experience to achieve established objectives. It is crucial to invest in our team members to develop their current skills and adaptability to change.

The Strategic Procurement team operates in conjunction with other departments, and therefore, it is essential to have a team that can engage with business partners, influence executive decisions, and implement effective change. The right allocation of resources between operational and strategic tasks is crucial to position the organisation for success.

Developing an organizational culture that understands Total Cost of Ownership (TCO) is critical to maximising value for money in university procurement decisions. The Strategic Procurement team must collaborate with Financial and Business Services (FaBS) and our business partners to identify and achieve yearly saving targets.

## What does this look like?

Our Strategic Procurement team aims to align with the broader university, ensuring that we have skilled, trained, and competent resources to build relationships and meet university requirements. We prioritise the development of personal development plans for each team member and provide access to mentoring and coaching to support the achievement of those plans.

To best support the JCU priorities, we establish a flexible Strategic Procurement workforce with a strong cross-team working culture. We strive to enhance the reputation of Strategic Procurement by improving customer relationships and satisfaction, while also ensuring value for money.

## Efficient and Effective Solutions

Efficiency in our context refers to the development of processes and procedures that achieve compliance and value for money while minimising effort and cost. Effectiveness, on the other hand, speaks to processes and procedures that achieve desired outcomes while remaining consistent with our Guiding Principles and Vision.

We believe that a shift from transactional purchasing to value-based strategic procurement is the path to achieving both great efficiency and effectiveness. This approach is consistent with better practice recommendations from CIPSA and AUPN. To achieve this, we will embed a procure-to-pay framework that is fit for purpose, with appropriate systems, KPIs, and benchmarks in place to monitor progress towards key outcomes.

## Technology

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

To bring this vision to life, we aim to implement an end-to-end Strategic Procurement suite of business processes that is appropriately supported by contemporary technology, integrated into our existing corporate systems. Our procurement policy will also be embedded into these system solutions. We will provide communication platforms that offer real-time/one-touch support to our business partners, complementing the strategic advice of the Strategic Procurement 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 2022 the FinanceOne Contract Management system (CMS) was implemented. The CMS allows a methodical management of contracts from initiation through to award, management and renewal.

The CMS offers several benefits, including improved contract compliance, better supplier performance management, increased efficiency in procurement operations, enhanced visibility into procurement data, and reduced legal and financial risks. Additionally, it can help JCU to streamline their procurement processes, reduce costs, and increase accountability and transparency. Overall, the CMS helps us to optimise our procurement operations and achieve our strategic goals more effectively.

### New Procurement Systems in 2023

#### Advanced Marketplace Solution

JCU is set to implement the Advanced Marketplace solution by mid-2023. The platform will empower users to make their own purchasing decisions from a diverse range of suppliers, resulting in a reduction of rogue spending.

The Strategic Procurement team currently utilises 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 corporate strategy. During 2023 the Strategic Procurement team proposes to transition from Power BI to Cognos reporting.

## 5. 2023 Procurement Plan

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

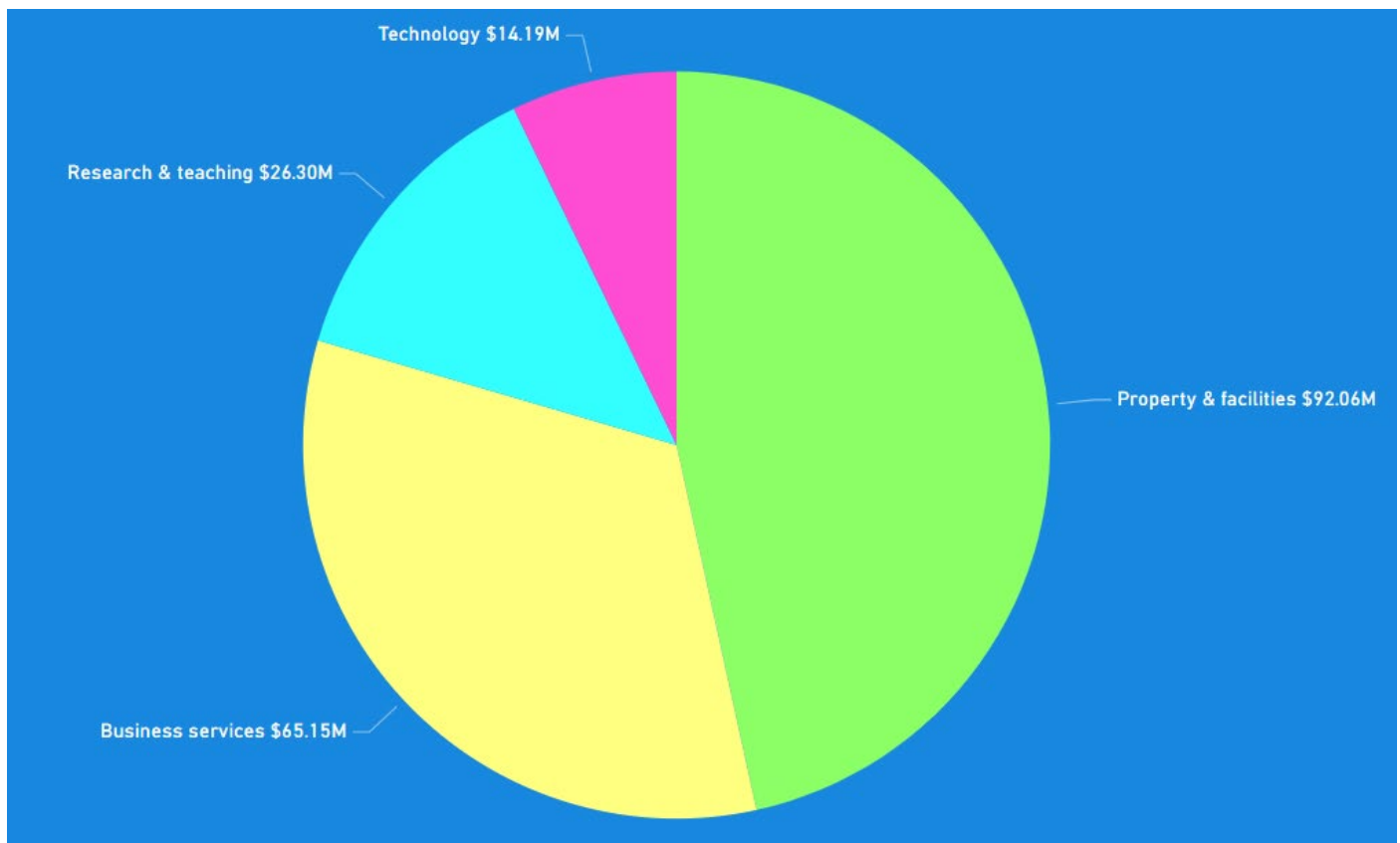
- utilising the University Procurement Hub to reduce spend on goods and services by leveraging the aggregated purchasing power across the participating Universities.
- by developing a strategy to increase the percentage of spend under contract from 70% to an industry standard of 75% to 80%;
- rationalising 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.

## 6. 2023 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.

This includes undertaking an 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.

## 2022 Category Spend



Drawing on the procurement objectives, the following specific activities within relevant procurement categories will be undertaken throughout 2023. This list will be amended and augmented based on needs and requirements.

- **Property and Facilities**

- Cairns campus sporting facility change room
- Campus security services, Cairns & Townsville
- Campus cleaning services, Cairns, Townsville, Mt Isa and Mackay
- Mechanical and Electrical Service providers
- High Voltage and Campus Chiller Electrical maintenance contractor
- Various building demolitions
- Building 1 refurbishment, design
- Solar power generation, Townsville campus
- University mall link
- Demolition of various buildings
- Communication Loop project, Townsville Campus
- Townsville campus renewal projects

- **UPH Contracts**

- End user computing (Dell)
- Laboratory consumables;
- Computer leasing;
- Overseas student health cover;
- Telecommunications;
- Clinical and medical consumables;
- Cleaning & security contract renewal;

- Furniture; and
  - Infrastructure and networking equipment.
- **Business Services**
    - Advanced catalogue management system
    - Sievo, AUPN data analytics tool
    - Employee Assistance Program
    - Salary Packaging Services
  - **Research and Teaching**
    - No major procurement activities planned
  - **Technology**
    - Identity & access management
    - Curriculum management system
    - TechnologyOne cloud migration
    - Information management program
      - Service culture program
      - Enterprise service management deployed across DSR
      - Service improvement program
    - Service transformation program
    - Infrastructure refresh program
      - Wifi upgrade program
      - Computer lab refresh
      - Research data migration
      - Backup migration to the cloud
    - Cyber security transformation
      - Cybersecurity Reference Architecture
      - Cybersecurity Training and Awareness uplift
      - Cybersecurity Hygiene uplift
      - Cybersecurity Policy uplift
      - Cybersecurity IRP uplift and testing
  - **Indigenous and social engagement**
    - Increase spend with local and indigenous suppliers which includes the development of a strategy to increase spend with Indigenous suppliers by a minimum of 3 per cent in the next five years.
    - Consider joining Social Traders to help increase engagement with local social enterprises