



E-procurement implementation in a utility company

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Prepared by: Milos Olejnik

Slovakia in the context of EU



Official name: Slovak republic
Capital city: Bratislava
Area: 49 034 km²
Population: 5 397 036
Currency: Euro
European Union and NATO member

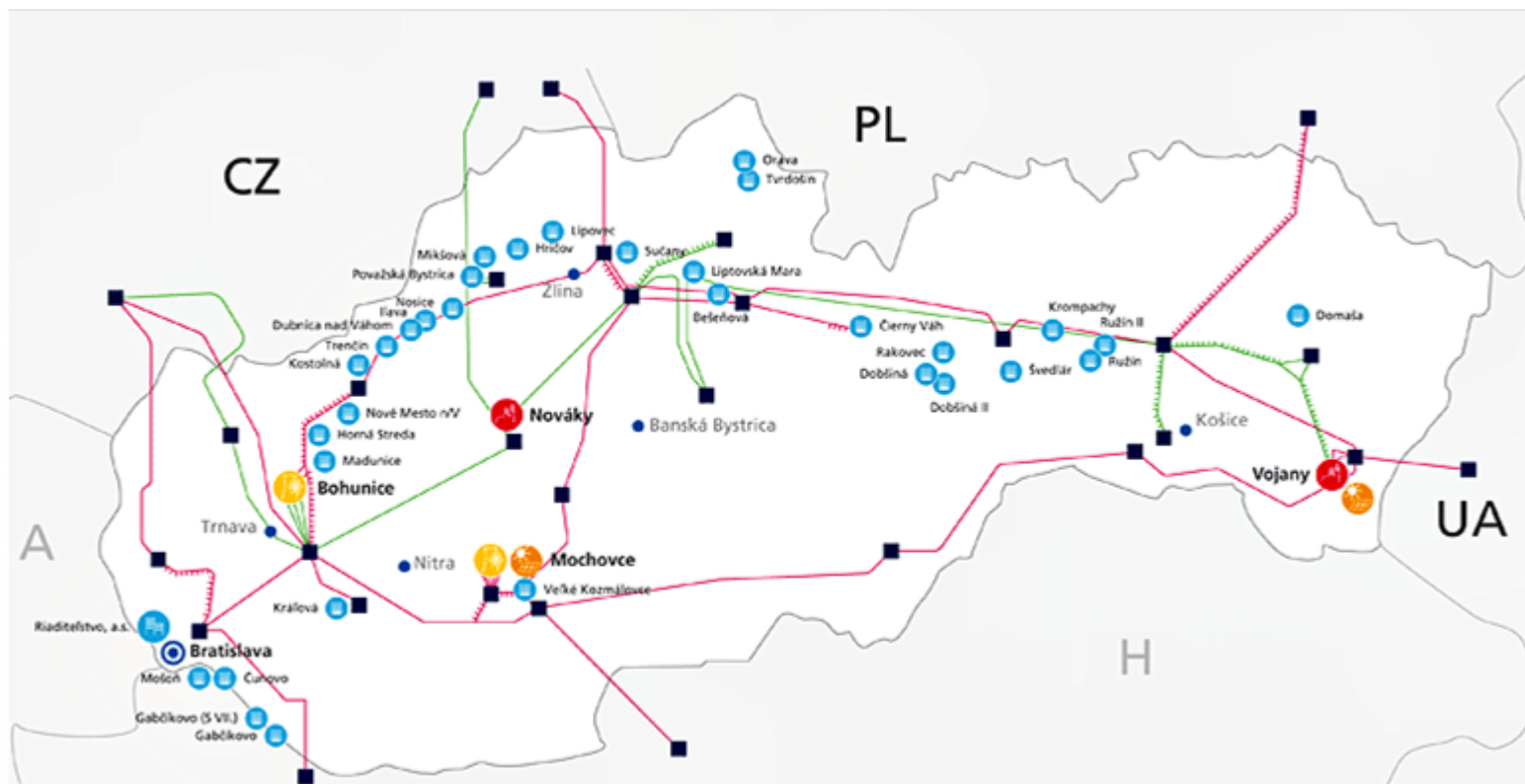


Slovenské elektrárne (SE) - in Slovak Republic

A member of Enel Group

SE operates **40 PPs** having gross capacity of 5,739 MWe.

(2 NPP, 2 TPP, 34 HPP and 2 PVPP)



-  Jadrová elektrárneň
Nuclear Power Plant
-  Tepelná elektrárneň
Thermal Power Plant
-  Vodná elektrárneň
Hydro Power Plant
-  Fotovoltická elektrárneň
Photovoltaic Plant
-  Slovenské elektrárne
Riaditeľstvo
Headquarters



2012 – Why E-procurement?

Why go „electronic“

Time saving

- All the necessary documents today created by computers
- No need to print, package and post
- No need to pick up the post by supplier in a Post Office
- Quick access to documents reduces time necessary to evaluate
- Great potential for automation of operative procurement

Cost saving

- Reduced cost for printing, packaging and posting on customer side
- Reduced cost also for suppliers
- Automation of operative procurement requires less resources
- Quick process reduces „time-to-market“ with positive impact on revenues
- Increased competitiveness due to easier access to information

Transparency increase

- All transactions have a clear „audit-trail“
- Easy to say „what, when, who and how“ and then determine „why“
- Possible to see a link between seemingly unrelated issues (big picture)
- Quick process reduces „time-to-market“ with positive impact on revenues
- Usefull tool for internal auditors, forensig investigators- brings more respect

Procurement to pay process



Procurement to pay process – the end



Example on e-invoicing

„Million invoices industries“

- Banks
- Telco
- Water supply
- Electricity
- Gas
- Heating
- Waste
- Phone operators
- Internet providers
- Cable TV

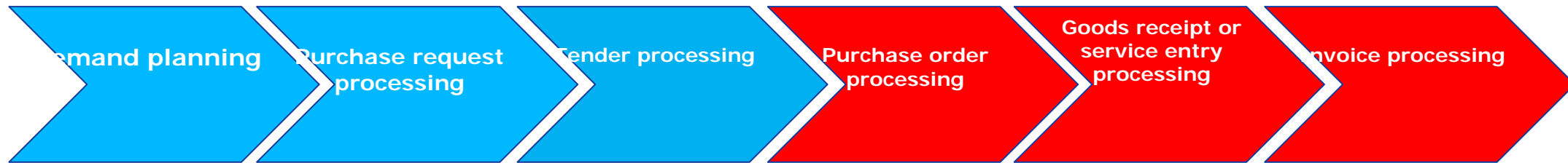
3 000 000 customers
3 000 000 invoices per month
36 000 000 invoices per year

150 000 invoices per day?????

What was the learning curve?

1. Standardize
2. Simplify
3. Automatize
4. Go electronic with your customer

Procurement to pay process – after tender



Example on ordering, goods receiving and invoicing

„Big retail business“

- supermarkets
- Hypermarkets
- DIY chains
- Furniture chains
- FMCG
-

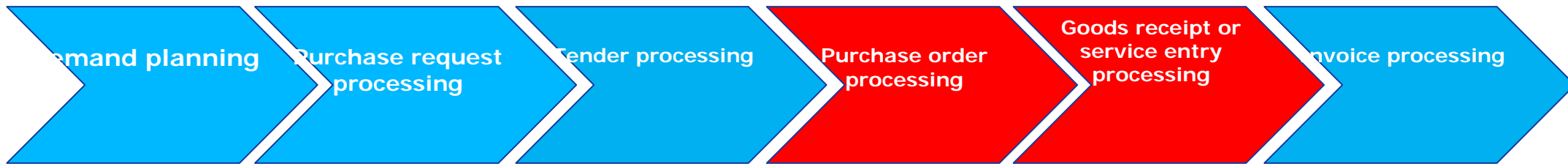
1 200 suppliers
100 000 orders per month
1 200 000 orders per year
1 200 000 goods receipts per year
1 200 000 invoices per year

5 000 orders per day?????

What was the learning curve?

1. Standardize
2. Simplify
3. Automatize
4. Go electronic with your supplier

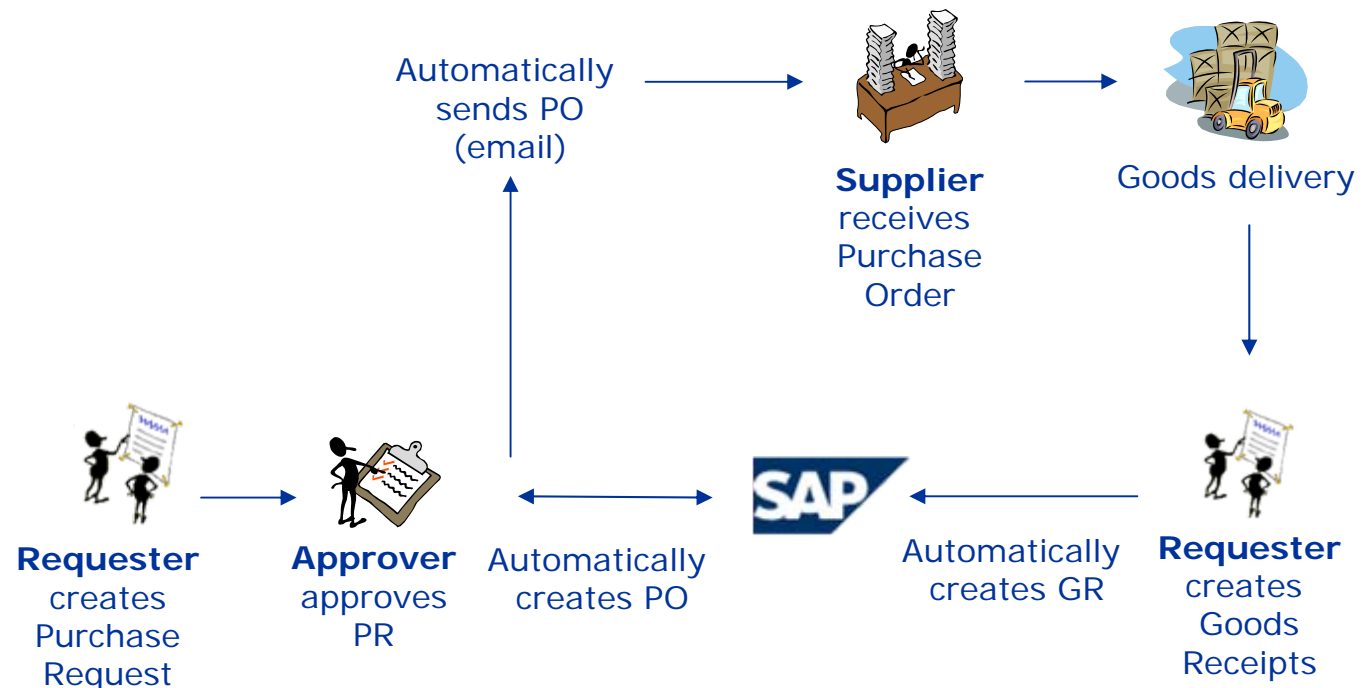
Procurement to pay process – e-catalogue



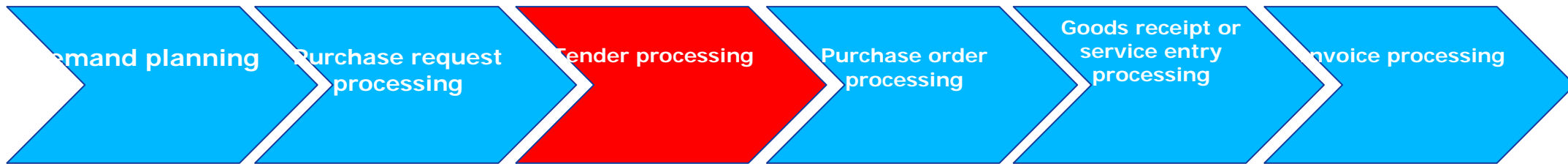
E-catalogue (example from our company)

Modern solution for ordering of small value items

- ✓ Increased productivity
 - Intelligent routing, automatized transactions, compliance with suppliers systems (speeding up the process)
- ✓ Short delivery time
 - Up to 24 hours
- ✓ Reducing costs
 - Decrease of stock levels, WH area (no facility in Apollo building)
 - Savings on transactional cost
- ✓ Detailed reporting
 - Delegated to a supplier (no workload on SE side)
- ✓ Reduction of small direct Purchasing
- ✓ Smart companies add „self-billing“



Procurement to pay process – tender phase



Tender process in a utility company

- 2 000 tenders per year
- Total spend in hundreds of millions of EUR
- Materials, services and works
- Simple deliveries
- Complex projects
- One-off needs
- Recurring needs
- Partial deliveries
- Turn-key projects
- ...



E-tender: what do we need?

We need a simple and reliable tool that allows:

- E-announcement
- Upload of all electronic documents (specification, drawings, BoQ etc.)
- E-submission of bids (all the forms, including e-auctions)
- Automatic evaluation of bids
- E-approval process and e-communication on-line and off-line
- Automatic publishing of information on web
- E-contract? (Compulsory publishing of contracts on web)

Tips for a good use I.

Choose the right tool!!!

- Easy to use
- Intuitive
- In local language (but also supporting English)
- Local support (also during e-auctions)
- Willing to adjust to your needs
- Trustworthy (certified?)

Educate suppliers

- Full support on the web
- Gradual implementation to gain trust
- E-learning
- Local on-line support (also during e-auctions)

Tips for a good use II.

Educate buyers

- Allow continuous training
- Nominate a supervisor
- Allow experience exchange (conferences, workshops)

Motivate buyers

- Allow gradual implementation
- Monitor process
- Define clear KPIs (savings, process time)
- Reward leaders

Tips for a good use III.

Create a backup plan

- Things may not work according to plan
- Allow for contingencies
- Learning by doing
- Willingness to adjust the tool
- Admit problems and try to solve them
- Transparency must be retained