

Procurement review & optimisation in Health & Aged Care



CHALLENGE

Our client, a prominent mid-market Aged Care provider in NSW, had experienced significant growth which was now posing new challenges to their procurement practice. While previously manageable, with size and scale came a recognition that their current processes were predominantly manual and costly, decentralised and highly variable, across all aspects from sourcing and supplier onboarding through the entire procure to pay process. This drove a recognition of clear operational and financial risks associated with non-digital payment methods. Moreover, there was duplication of system purposes across facilities and finance departments, coupled with fragmented and inconsistent processes due to the absence of clear and embedded standard operating procedures.

Exent were engaged to lead a strategic review of the entire procurement function, process and practices with a view to enabling standardisation, modernisation and streamlining their entire Procure to Pay (P2) value chain. In addition, Exent were tasked with identifying spend reduction opportunities that might arise through stronger process controls and automation.

APPROACH

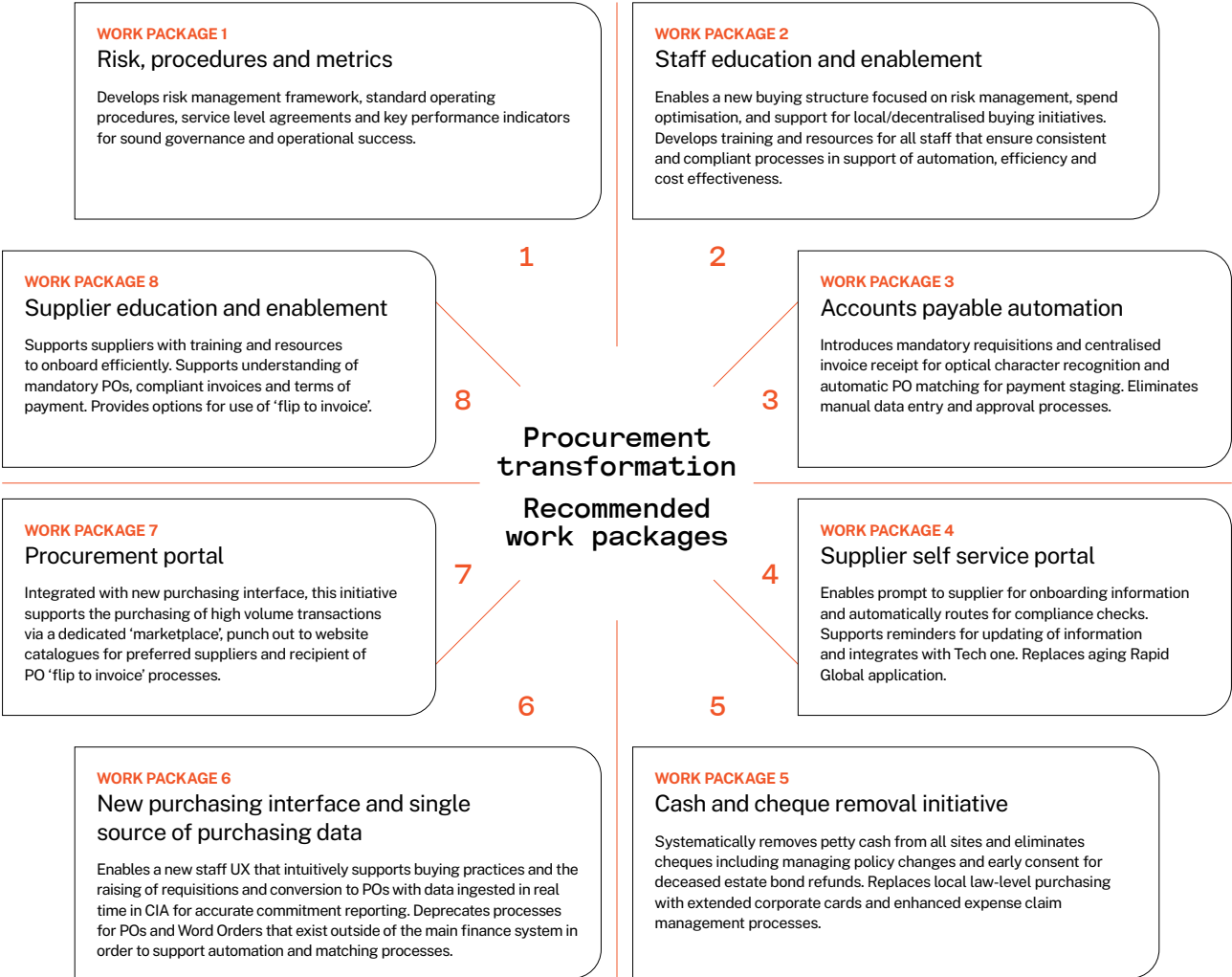
Exent conducted a diagnostic review of procurement current state, spending 8 weeks consulting with 80 stakeholders from procurement, finance, asset management, and various business teams. This combined effort made it possible to gain a comprehensive understanding of how the broader procurement activities occur as well as providing a 360-degree view of the client's existing procurement systems architecture, processes and practices.

In a highly data-driven approach, reviewing spend reflected in 175,000 transactions across 4000 suppliers, Exent conducted quantitative analysis around a range of purchasing process points. Exent determined a range of spend intervention opportunities, process automation opportunities, and practice uplift changes worth several million dollars in tangible savings per annum.

Exent brought a highly collaborative and consultative approach to reviewing, validating and finalising these opportunities to ensure organisational alignment and uptake. This spend reduction was particularly well received given that our client had already conducted several prior passes for category-based spend reduction over a number of years.

Based on these findings, Exent developed a total of 66 recommendations which were configured into 8 work packages for effective delivery and governance.

8 weeks • 80 stakeholders • 4000 suppliers • 175,000 transactions.
All leading to 66 recommendations across 8 work packages.



OUTCOMES

Based on Exent’s recommendations, the client acted on a number of the proposed work packages immediately, embarking on a transformative journey to revamp their entire procure-to-pay (P2P) process.

These interventions presented a significant ongoing cost reduction potential of around \$2.4M per annum which is a highly significant 54% cost reduction per end-to-end invoice transaction, with an estimated three-year payback period.

In this case, Exent’s client experienced both financial and non-financial benefits from the overhaul of their P2P procedures. These included increased working capital, savings in procurement costs, enhanced internal control and audit capabilities, and the establishment of round-the-clock availability for P2P operations.