



Key opens up new markets through North England online trading hub



Challenge

Preston-based Key Engineering, a supplier of engineering and hygiene supplies, was having to spend a considerable amount of time on the phone each day with customers from Preston City council checking the prices of individual items and clarifying orders.

Solution

The company was invited by Preston City Council to join the Roses marketplace, an electronic trading hub which brings together a partnership of nine North England local authorities ranging from county and metropolitan to smaller district councils.

Current local council members include :Kirklees Metropolitan Council, Blackpool Borough Council, Chorley Borough Council, Cheshire County Council, Doncaster Metropolitan Council, East Riding of Yorkshire Council, Lancashire County Council, Preston City Council and Wakefield Metropolitan District Council.

The marketplace supports e-tendering, catalogue-based purchasing and contract management with integration to the various legacy systems used by the member authorities. And it is called the Roses Marketplace because all of its original members come from Lancashire and Yorkshire.

“We were looking at ways in which we could make it easier for people to buy from us,” explains Alan Keighley, Key’s managing director. “The Roses Marketplace is a new concept and it is giving us advantages over other companies. It will help us advance the company. We think it’s the way forward for us. A lot of companies are now looking into single sourcing.”

With the assistance of procurement consultancy Best Value Procurement, Key Engineering has created an electronic catalogue on the Roses Marketplace. The fact that council buyers can now access the catalogue over the Internet means there are less phone calls to Key Engineering.

“We get a tremendous amount of phone calls a day asking us for prices. It can consume a lot of time. If you set up a catalogue online, customers don’t have to bother ringing us. They can go straight in and simply email us an order. It’s a tremendous cost saving for us.”

By being on the Roses marketplace, Key Engineering knows it is has greater visibility among councils in the North and the hassle factor of queries and misunderstandings over orders has been reduced.

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explains Alan Keighley

So has the company had to radically re-organise its internal business processes in order to become part of the Roses electronic marketplace? “We have not really had to change anything. The emails come into areas which feed our sales organization. We just have to make sure that the catalogue is up-to-date.”

Results

With nine local authorities using the Roses Marketplace, Key Engineering has now opened up new opportunities to grow its business. Previously Key was trading only with Preston City council. Now it is planning to also start conducting business online with Blackpool Borough Council and other authorities are approaching Key Engineering through the trading hub. “It will expand our market. The Roses Marketplace will give us an opportunity to save money. It gives us time and space that we did not previously have because we were always answering phone calls.”

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Mike Smith, procurement manager for Preston City Council, says that trade will increase for all suppliers on the Roses Marketplace as maverick (non-contracted) spending will be removed. In the future e-invoicing will be introduced to the marketplace which will speed up payments for suppliers.

“The Roses Marketplace gives suppliers a lead into other authorities,” Smith says. “If they are talking to a council, they can tell them they are on the marketplace. From an SME’s point of view, it is a big advantage because they probably don’t have the rep time to go round all the authorities. Now they can do it all via email.”

By encouraging suppliers to join the Roses Marketplace, the nine councils know they are making local companies more IT literate and fitter for business in other markets.

Keighley is convinced that SMEs have a lot to gain from joining new local authority e-procurement platforms. “I personally think this is the way to go forward. SMEs who ignore e-procurement will fall off the supply chain. The supply chain will eventually only be for people who are trading online.”

Martin Scarfe, chair of the national e-Procurement project, says, “The experience of Key Engineering illustrates that e-procurement can open up new markets for SMEs across the country. Not only can e-procurement systems extend a company’s reach, they can also lower transaction costs by reducing the time on the phone and online trading can lead to faster payments.”

He also welcomed the decision of the nine local authorities to collaborate with each other in order to encourage suppliers in the region to adopt e-procurement.

“Key Engineering has successfully adopted e-procurement because the nine councils involved in this innovative venture are engaging in a coherent way with their suppliers.”