 Sourcing Strategy – IT Products & Services

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| ***NOTES FOR COMPLETION***  *It is mandatory to complete each section of the Executive Summary.*  *If further detail is provided within the body of the document, reference to its location should be noted in the Executive Summary.*  *Notes in Italic print are suggestions of what aspects should be covered within this documentation.*  *If this is for a single sourced tender, the preferred supplier should not be mentioned as preferred until Section C.*  ***These instructions should be deleted before the final document is circulated for signature.*** |

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| **[Document Title]** | |
| **Date  & Version** **Number** |  |
| **ICT Product Owner** |  |
| **ICT Commercial Support** |  |
| **ICT Lead** |  |
| **Faculty Contact** |  |

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| **Executive Summary** |
| **Purpose of Document**  This Sourcing Strategy is an enabler to developing strategic thinking and creating value for the College, using quality analysis and market knowledge. It is used to help manage a category, creating deeper alignment with College objectives and help identify opportunities that can be jointly implemented during the procurement.    **Background**  *A summary of the current situation; whether this is a brand new requirement or the process by which these Products are being purchased at present.*    **Expenditure**  *Expected expenditure information. This is the “Total Contract Value” of the project i.e. what we will be expected to pay the supplier over a 3-year period.*    **Proposal**  *A summary of the commercial intent of the recommendation and procurement route.*    **Stakeholders**  *List of business units and/or Faculties that will take part in the procurement activity and make use of the contract once awarded.* |

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| **Approval of Sourcing Strategy** | | |
| Approval of the Sourcing Strategy must be in line with the Financial Approval Level (FAL) required for the final contract if awarded.  The approval of the Sourcing Strategy does not constitute the exercise of Requisition Authority, Commitment Authority or Contract Signatory Authority. It is the approval of a course of action in relation to a procurement activity up the point prior to contract award. | | |
| **Business FAL Holder** | ***Name***  *Print*  *Signature* |  |
| ***Job Title*** |  |
| ***Date*** |  |
| **Purchasing Signature** | ***Name***  *Print*  *Signature* |  |
| ***Job Title*** |  |
| ***Date*** |  |

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| ***NOTES FOR COMPLETION***  *The remainder of the template contained a series of numbered sections and sub-sections that must be included in every Sourcing Strategy. Within each sub-section there is a series of prompts which indicate the subject matter that should be considered in relation to each section. The level of detail required will depend on the value and risk of the proposed procurement activity.*  *Other information may be added as required.*  ***These instructions should be deleted before the final document is circulated for signature*** |

***PA PART B***

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| **PART A** |

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| **1. Strategy** |

*This section is related to the performance and delivery of the contract and not to the procurement activity.*

**1.1 Background of the Requirement**

* *What is the business value to College and can it be achieved?*
* *How does the outcome lead to a more sustainable business?*
* *How is this requirement fulfilled at present?*
* *Is a new contract proposed or will an existing contract be extended or amended in order to fulfil this requirement?*
* *Who are the existing suppliers of this requirement? What is our expenditure with them?*
* *What is the estimated total expenditure for the new contract (based if necessary on existing contract expenditure)?*
* *If this is to replace an existing agreement, explain the termination and exit plan of the existing agreement.*
* *What is the anticipated expenditure profile (e.g. value per month, per year or per contract delivery phase)? What is the basis for these estimates?*
* *Are there any unresolved issues with the existing contracts (in terms of safety, time, quality, cost or productivity)? How will these issues before resolved? How will the risk of their re-appearance in the new contract be mitigated?*
* *What are the key deliverables of the proposed contract? Are these deliverables generic (i.e. a commodity) or are they bespoke (i.e. unique to College)?*

**1.2 Objectives/Business Goals**

* *Detail the business goals and objectives of the project i.e. save money, better value, increase performance, outsource of a service, replacement of legacy kit etc.*
* *Explain what success will look like.*

**1.3 Consolidation**

* *What opportunities have been identified to consolidate expenditure across other departments within College or similar products or services?*
* *How are these opportunities to be exploited?*

**1.5 Options**

* *Acquisition options e.g. lease, buy or design and build in house. If the ‘design and build’ option is to be taken then the design requirement should be tendered separately to the build requirement. The design supplier should only be allowed to tender for the build element if it is possible to ensure that they will not have an unfair advantage over other bidders.*
* *Payment options e.g. fixed price, on completion of work packages, time and materials or per unit required.*
* *Competition options e.g. Do nothing, negotiate with the existing bidder, issues a Request for information (RfI), Issue a Request for Proposal (RfP), Proof of Concept (PoC) or undertake a Single Source Tender. Reasons for and against should be given for each.*

**1.6 Performance**

* *What are the proposed Key Performance Indicators or Service Levels that will be used to measure the supplier’s performance?*

**1.7 Risks and Assumptions**

* *What are the key risks and assumptions relating to the contract? How will the risks be mitigated (treated or tolerated)? What is the basis for the assumptions made?*
* *Specific sustainability opportunities and risks should be identified and described*
* *What are the specific sustainability (economic, environmental and ethical) led risks and/or opportunities (i.e. reputational risk, revenue generation, cost saving, reduced impact)?*
* *What is the potential impact (positive or negative) on College?*

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| **2. College Requirements** |

*This section relates to the scope of the strategy*

**2.1 Stakeholders**

* *Who are the key stakeholders related to this purchase and what role they will play in the procurement?*

**2.2 Business Strategy - Focus**

*Consider current focus and future trends.*

* *What are the development areas?*
* *Need to be specific about the timescale considered.*
* *Identify best practises already implemented or to be considered.*

**2.3 Supplier Relationship Management Strategy**

*This section should contain a summary of the level of supplier engagement in terms of Supplier Relationship Management (SRM) meetings and documents that will be maintained in relation to the supplier.*

**2.4 Policies and Accreditations**

*Which College polices impact of the delivery of contracts within this Category? Supplier may ask to be provided with any policies we contractually as them to abide by. A link to where each of these policies are located i.e. College intranet should be included.*

*As a minimum, all IT requested require;*

* *ICT Security sign-off*
* *Data Protection (GDPR) – DPIA form engagement*

**2.5 Contracting Options**

* *Suppliers are expected to agree to ICL terms and conditions. If a supplier refuses, you must detail as to why. This information will be fed back to the Legal team who may agree to future contract amendments.*
* *Any deviation from College T&C’s much be agreed by either the ICT Contracts and Licencing Manager and/or the Purchasing Lead. Evidence as to why this supplier should still be used will be expected to be provided.*
* *Framework or committed spend?*
* *Will the contract have a fixed duration or will it be an evergreen contract? When would an evergreen contract be reviewed?*
* *Existing agreement – which one?*
* *SUPC Framework Agreement?*
* *Personal Data? This form must be completed and approved by Legal, which should then be imbedded into this document.* <http://www.imperial.ac.uk/admin-services/legal-services-office/data-protection/dataassessments/>
* *If required ICT Security Questionnaire should be completed and imbedded into this document. Not sure whether ICT Security needs to be involved? Ask them!*

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| **PART B** |

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| **3. 3. Market Analysis** |

This section relates to the structure of the market from which a solution and a supplier will be selected to meet the requirement.

**3.1 Market Analysis**

*Include a Pestle Analysis**(which assesses the Political, Economic, Social, Technical, Legal and Environmental (or Ecological) influences on the market), Porter’s Five Forces (Supplier power, Opportunity for the use of substitute Products, Degree of rivalry between suppliers, Buyer power and Opportunity for new entrants to the market (as appropriate to the risk and value of the contract).*

**3.2 Market Overview**

*What is the current state of the market (buoyant or depressed)? Who are the major players and what are their relative sizes and levels of influence? What are the drivers that influence decision-making in the market?*

**3.3 Market Characteristics**

*How strong is competition within the market? What are the barriers to entry? Is there a danger that we will engage with a supplier in an anti-competitive fashion? Refer to the College Competition Manual or consult with Legal if necessary. Are there other contracts we have that could be used as leverage? Where is College positioned in the market? Are we a major or a minor customer?*

**3.4 Market Definition**

*What is the nature of the market in terms of:*

* *Scale – Global / National / Regional / Local.*
* *Structure – Large number of small suppliers / Small number of large suppliers / Market dominated by one large supplier.*
* *Segmentation – For College, which segment of the market does this category of supply fall into?*

**3.5 Opportunity for Savings & Other Benefits**

*How will savings be achieved?**Savings are achieved via an iterative cycle comprised of the following stages:*

* *Identification: Quantifying what expenditure is being incurred, on what and with whom.*
* *Rationalisation: Cancelling illegitimate or unnecessary expenditure.*
  + *Consolidation: Concentrating areas of similar expenditure with a small number of suppliers in order to benefit from volume discounts.*
* *Aggregation: Identifying a number of small amendments within a contract which together add up to a significant saving.*
* *Are there any non-financial benefits that might be acquired?*
* *Sustainability benefits?*

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| **4. Supplier Evaluation** |

Below is a list of current and potential suppliers.

*As a minimum, the following should be included;*

* *reasons why suppliers have been included i.e. Gartner Magic Quadrant, incumbent, SUPC Framework suppliers etc and why Suppliers have been left out.*
* *Confirmation that Suppliers have passed a financial check (Dun & Bradsheet)*
* *Confirmation that Suppliers will agreed to ICL T&C’s.*
* *Confirmation that if required Supplier have passes all ICT Security and/or Legal checks.*

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| **5. High Level Strategy & Priorities Roadmap** |

*As a minimum this section should include:*

* *An affirmation of the aims of the strategy.*
* *Timescales for key activities/milestones.*

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| **PART C** |

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| **6. Recommendation** |

* *Type of procurement i.e. Tender, Single Source Tender, SUPC Framework, Renewal/negotiation etc.*
* *Contract type and duration*
* *Names of Supplier/s (which will have been agreed with Purchasing)*

**6.5 Opportunity for Savings & Other Benefits**

*How will savings be achieved?**Savings are achieved via an iterative cycle comprised of the following stages:*

* *Identification: Quantifying what expenditure is being incurred, on what and with whom.*
* *Rationalisation: Cancelling illegitimate or unnecessary expenditure.*
  + *Consolidation: Concentrating areas of similar expenditure with a small number of suppliers in order to benefit from volume discounts.*
* *Aggregation: Identifying a number of small amendments within a contract which together add up to a significant saving.*
* *Are there any non-financial benefits that might be acquired?*
* *Sustainability benefits?*

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| **Endorsement of Sourcing Strategy** | | |
| The endorsement of the Sourcing Strategy does not constitute the exercise of Requisition Authority, Commitment Authority or Contract Signatory Authority. It is the confirmation by those responsible for creating the Sourcing Strategy that they consider the strategy to be complete and accurate. | | |
| **ICT Head of [insert]** | **Name** |  |
| **Job Title** |  |
| **Date** |  |
| **Purchasing** | **Name** | Andy Hitchman |
| **Job Title** | Deputy Head of Purchasing |
| **Date** |  |