



Sustainable Electronic Procurement Case Study

Rob's Taxis

<http://websites.uk-plc.net/Robs-taxis>

“On-line Request for Quotation System simplifies the procurement process, and proves an environmentally friendly way of saving costs for both the public sector, and their SME suppliers”



1.0 Introduction

1.1 About this Case Study

This publication is based on work undertaken as part of the EPROC project, www.eproc.org, a collaborative European initiative commissioned to encourage and support the adoption of new digital procurement processes and tools by small and medium sized businesses (SMEs). The EPROC project is supported by European Regional Development Funding under the INTERREG IIB North West Europe Community Initiative on Territorial Development.

This eProcurement Case Study – focusing on on-line request for quotation systems – has been published with the full approval of the business concerned.

1.2 In simple terms, what are On-line Request for Quotation Systems?

On-line request for quotation systems are used to seek quotations for goods and services. These applications allow Local Authorities to trade electronically with their suppliers during below threshold, non-contract purchasing. Access to the applications is simply via a web browser. All a particular SME requires is a computer with an Internet connection – preferably using broadband for high-speed performance.

For more information on on-line request for quotation systems, see www.eproc.org.

1.3 Synopsis

Rob's Taxis was asked by Gloucestershire County Council if they were willing to use a new on-line request for quotation system as part of their supplier adoption process. Given that the private hire vehicle company was gaining its entire turnover from the Council, they knew they needed to respond positively to this request.

This Case Study provides a good illustration of a simple, SME friendly, eProcurement system that has resulted in benefits for both the public sector and their supplier. The system has also helped increase the transparency of the procurement process for the benefit of all.

2.0 Background

2.1 Business Profile

Having worked as a licensed taxi driver for 12 years, Rob Millican decided in November 2005 that it was time he chanced his arm and did his own thing, and established Rob's Taxis with his girlfriend, Joanne White.

As Rob was experienced in doing the "school run" (picking up children to take them to and from school), he decided to focus his efforts on this market. Indeed, the first thing he did was to apply to Gloucestershire County Council (GCC) to gain a license to enable his business (and his staff) to do this. The application involved filling in a number of forms and questionnaires, as well as getting clearance on such things as a CRB (Criminal Records Bureau) check.



Rob's Taxis

Rob's Taxis is now a well established, Cheltenham based taxi firm, which has built a reputation for providing a reliable and efficient service to its customers – something that Rob is extremely proud of. The company has a fleet of 10 cars that are all fully licensed and insured, and turnover is in the region of £85,000.

The business is totally dependent on GCC for their trade, and they hold a number of school contracts in the area. They also undertake work for the Council's Department of Social Services, for example they often transport the elderly to and from hospital.

The importance of providing high standards of customer and client care has been firmly rooted within the business from day one, meaning that GCC can trust them to deliver a responsible and caring service to individuals who potentially can be quite vulnerable.

It is therefore a case of the business positioning itself not just on price, but also on the quality element. Indeed, Rob has insisted that all 13 drivers he sub-contracts to, obtain their NVQ Level 3 qualification for private hire vehicle drivers. This is something of a first within the sector, and provides them with a distinct competitive advantage.

As for the future, Rob and Joanne are keen they continue to capitalise on opportunities, in order to enable them to maintain the business' current healthy growth rate.

2.2 Business use of IT

When Rob's Taxis first secured a contract with GCC, in June 2006, they celebrated by purchasing a new computer for the business that uses standard Microsoft Office Software. All paperwork and invoicing is undertaken on this machine using Microsoft Word, whilst Excel is used for calculating drivers wages.

In 2007, Rob purchased a laptop for the business – this is connected to a wireless network, and means he can sit anywhere in his house and access the Internet.

2.3 eProcurement Challenge

Rob's Taxis has been sending on-line quotes to GCC since late 2006, using an eJourney Booking System provided by a software company called @UKplc. The business was first introduced to the new facility at a seminar organised by GCC's Integrated Transport Unit.

At this event, they were able to find out why GCC wanted to adopt this approach when requesting short-term quotes for private hire vehicles, and also how the electronic request for quotation system (eRFQ) would work. Additionally, they were given details of financial support and training available to them, if they were to move forward.

It was obvious that the traditional process GCC had been using to request quotes was neither efficient nor effective given that buyers had to go through the same labour intensive procedure day in, day out. The process included:

- Selecting a minimum of three suppliers from the tender list;
- Creating and printing quote requests for each supplier;
- Creating and sending an individual fax to each supplier;
- Chasing responses by telephone and fax, given there was often a poor response to quotes via fax;
- Creating records for audit purposes;
- Making a decision and communicating the successful (and unsuccessful) operators by telephone, fax or letter, or a combination of these methods.

In contrast, the new way of working meant that:

- The route specification would be sent via the system to all suppliers for a quote (not just 3 suppliers) with just one click of a button – i.e. it was a far simpler and more transparent process;
- The supplier would then be informed by eMail that a quote is waiting for them;
- The supplier would need to log-on to the @UKplc system via a password protected area and provide a quote within 24 hours;
- The purchaser would then collect and compare responses as normal, and the selected SME would be sent an automatic eMail informing them of their success.

Potential cost savings therefore included staff time when going out to quote, as well as the possibility of eliminating paper and ink cartridge costs, and fax bills. It would also remove the prospect of quote responses being lost or mislaid, and would provide a proper audit trail for GCC.

Rob was also able to visualise the benefits for his business, in that it would help eradicate much of the paperwork, and could also lead to greater

transparency. Indeed, he had few doubts about taking up the challenge of this new way of working – *“it [the seminar] proved very convincing, and we could immediately see the benefits, not just from the Local Authority side, but also from our side”*.

3.0 Becoming ‘eProcurement ready’

Fortunately Rob already had an Internet connection set-up, and his own eMail address, prior to being approached by GCC about the eRFQ system. However, to enable them to use the system they were required to sign-up to the software supplier @UKplc, and pay a subscription fee of £56 per year. Although clearly this was a cost they would need to bare; it was not something they were overly concerned about, given that GCC was their one and only customer, and that this new way of working could cut costs in other areas, and could also potentially lead to more business. A spin-off benefit of this subscription fee was that the software provider set-up a basic web site for them (essentially a shop window to the world providing some elementary details about the business).

The process of signing up with @UKplc was extremely easy and simply required a phone call to provide them with their company details. Within an hour or so, the web site was up and running, and a few days later they received a password through the post which would enable them to send quotes on-line. As for using the system, it was really just a case of following the explicit guidelines.

4.0 Change, Impact and Benefits of eProcurement

4.1 Changes in Working Processes

Prior to the introduction of the new electronic system, Rob’s Taxis would receive regular faxes from GCC – sometimes as many as 50 a month – requesting them to provide a quote. Inevitably this was quite a burden from a time, paper and printing cost perspective.

Naturally, they would only respond to those faxes that were of interest and those they were able to do. Many of these RFQs were therefore in reality an unnecessary cost for both Rob’s Taxis and GCC, and of course were not doing the environment any favours either.

When responding to a RFQ, there would obviously be additional paper and printing costs involved, together with the cost incurred in sending the fax. And then there was the worry as to whether GCC had received the fax, and whether it had gone to the right person.

The new way of working, totally transformed this practice, and in so doing, has eliminated both the inefficiencies and the overhead costs.

So what does this new way of working involve?

From an SME supplier point of view, the process starts when they receive an eMail informing them they have a RFQ waiting for them at the @UKplc site.

Indeed, checking eMails on a regular basis is now a daily routine for Rob's Taxis, given that suppliers must respond to a RFQ from GCC within 24 hours.

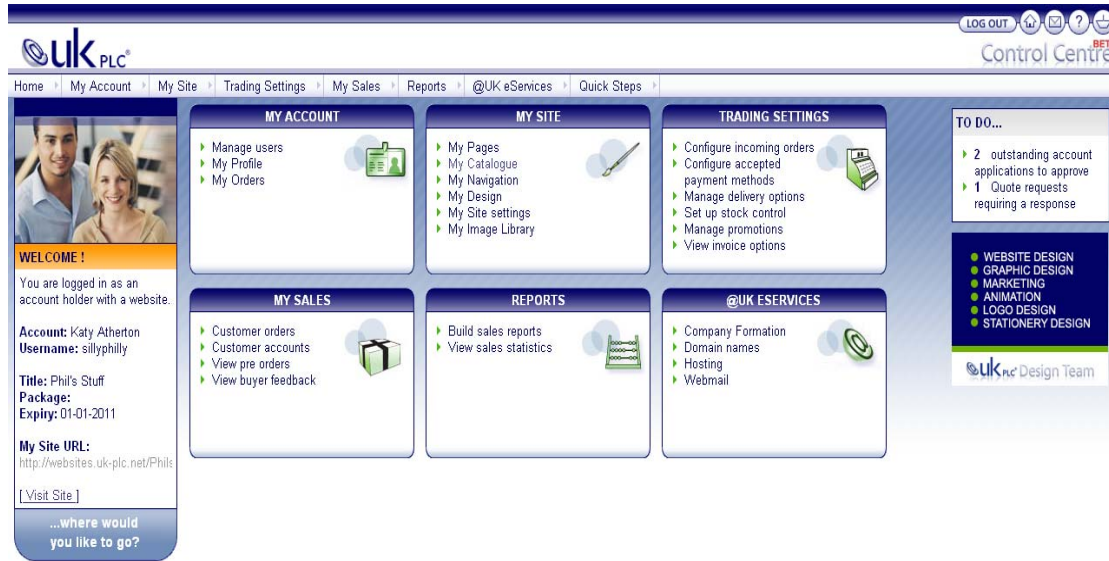


Figure 1: An example of the personal area of the @UKplc site after logging onto the system – note the outstanding Quote Requests at the top right of the page

It is then a case of simply visiting the home page and submitting username and password details. Once they have accessed the password protected area, they need to click the outstanding quote requests link in the “To Do” section (shown in Figure 1). This will take them to the “display quotes” page (Figure 2), and details such things as the buyers’ name, the creation date, as well as the close by time and date. The Action Command (also shown in Figure 2) provides a snapshot of the current state of play, and includes parameters such as; “Response Required”, “Quote Complete”, and “Close by date expired”. Of course, an SME can decide to reject the quote, and the Action Command would then read “Quote Rejected”.

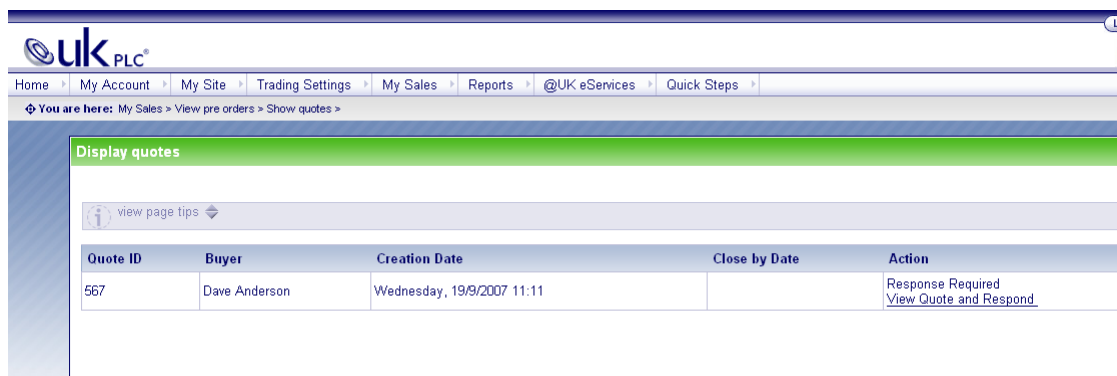
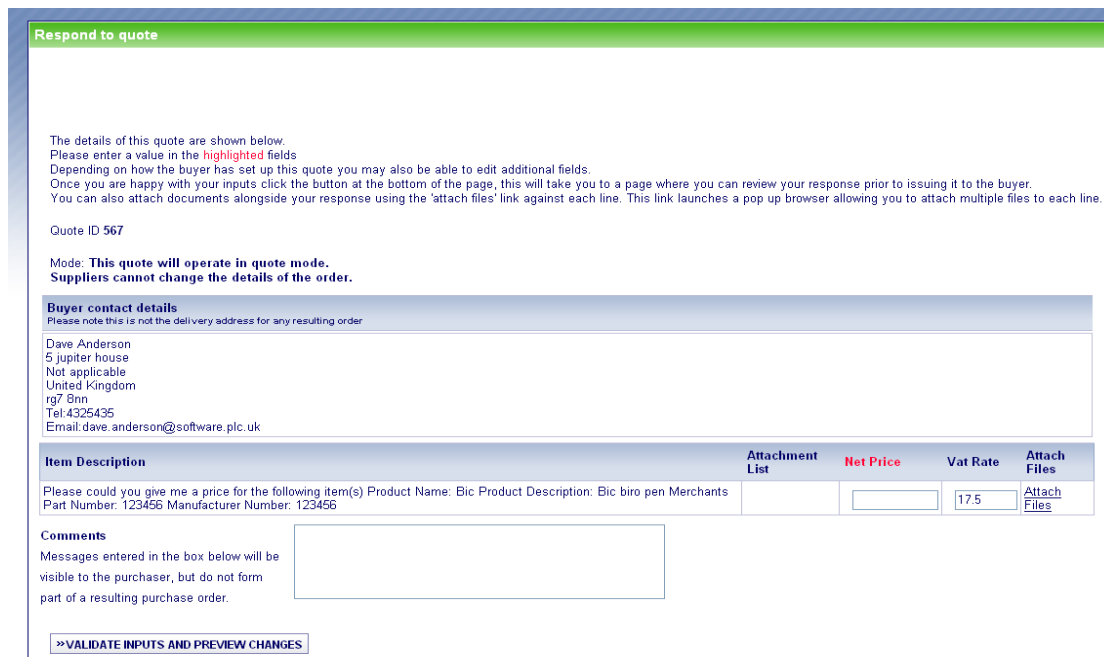


Figure 2: The “Display Quotes” page

When following the “View Quote and Respond” link, SMEs are able to access specific details of the RFQ. This would include the particulars of the route itself, as well as details of the individuals who need picking up. It would then be a case of typing in the quote, and reviewing the response before submitting it the buyer (see Figure 3). It is also possible to send messages and attachments via the system. For instance, Rob's Taxis have sent

attachments to provide GCC with details of a new driver they would be using for that particular RFQ.



The details of this quote are shown below.
Please enter a value in the highlighted fields.
Depending on how the buyer has set up this quote you may also be able to edit additional fields.
Once you are happy with your inputs click the button at the bottom of the page, this will take you to a page where you can review your response prior to issuing it to the buyer.
You can also attach documents alongside your response using the 'attach files' link against each line. This link launches a pop up browser allowing you to attach multiple files to each line.

Quote ID 567

Mode: **This quote will operate in quote mode.**
Suppliers cannot change the details of the order.

Buyer contact details
Please note this is not the delivery address for any resulting order

Dave Anderson
5 jupiter house
Not applicable
United Kingdom
rg7 9nn
Tel:4325435
Email:dave.anderson@software.plc.uk

Item Description	Attachment List	Net Price	Vat Rate	Attach Files
Please could you give me a price for the following item(s) Product Name: Bic Product Description: Bic biro pen Merchants Part Number: 123456 Manufacturer Number: 123456		<input type="text"/>	17.5	Attach Files

Comments
Messages entered in the box below will be visible to the purchaser, but do not form part of a resulting purchase order.

[VALIDATE INPUTS AND PREVIEW CHANGES](#)

Figure 3: An example of the “Respond to Quote” page

The final part of this process involves the buyer informing the supplier by eMail as to whether they have been successful or not with a particular quote. The winner is also automatically sent an electronic purchase order.

4.2 Benefits and Costs for Rob’s Taxis

Without doubt, one of the major benefits of using this new way of working is the fact that the paper trail is virtually eliminated, and there are no associated faxing and printing costs.

It is also possible to respond to quotes at any time of day and night, and from anywhere in the country. As Rob put it, ***“in the past, if we were away for a few days, we wouldn’t know whether a fax had come through or not, and that thought would always be at the back of my mind – I don’t like missing out on opportunities!”*** He went on to say, ***“I sometimes do a run all the way down to Exeter and bring the laptop with me – if I’m near a wireless hotspot, I can check my eMails for notifications to ensure I don’t miss out on any business”.***

Rob Millican runs his business from home, but of course for those private hire vehicle firms that have a separate office, the ability to access quotes from home is especially useful as it means they don’t have to keep returning to the office to check for faxes.

Although Rob is not convinced the new way of working saves lots of time, he does feel it is a far easier process, in that now the procedure is very straightforward. It simply entails checking eMails on a regular basis, then viewing details of the RFQ, and finally quoting a price! Given that previous

quotes are automatically kept on the system, he is able to go back to this historic data, and use it to influence any new quotes he submits. The fact that GCC inform all unsuccessful suppliers of winning bids also helps him to quote a price that has a fair chance of winning.

Another benefit Rob was keen to draw attention to, is that all suppliers get a chance to bid for the business, rather than perhaps the lucky few who would be invited to quote using the old system. Clearly, this helps create a level playing for all operators, regardless of size and personal connections – and for Rob's Taxis in real tangible terms, it has meant one thing – more business!

As for the costs incurred in operating in this new way, the major burden is the subscription fee to @UKplc of £56 per year. However, Rob was adamant that the benefits of sending on-line quotes far outweigh this cost.

4.3 Benefits for Gloucestershire County Council

Feedback from buyers at GCC of the eRFQ process has also been resoundingly positive. Indeed, they have found the system easy to use, and a lot quicker than sending quotes out via the fax machine. It has also meant they no longer have to print off and keep every sheet of paper, and don't have to check the fax machine all the time to ensure quotes don't go missing, or end up on the wrong desk.

In tangible terms, the time savings are quite significant:

- Using the old way of working, it would take **1 hour and 15 minutes** on average to prepare, send out, receive and award a quote using the fax machine process;
- Using the new means of operating it takes on average **34 minutes** to prepare, send out, receive and award a quote.

Alongside the time saving of 41 minutes (per RFQ!), there were obviously other savings in terms of ink cartridge costs, paper costs and the costs incurred in sending faxes.

GCC also found they were getting a better response to quotes, presumably because it was an easier process for their suppliers, and because suppliers could potentially respond to these quotes from anywhere. Their initial findings suggest they are getting a 42% response rate using the eRFQ system, in comparison to the 23% response rate they would get using the fax machine.

The fact that all suppliers are invited to quote, as well as the impact of higher response rates, has opened the market to competitive pricing, and has meant that GCC have been paying less for these services.

5.0 Summary

Rob's Taxis have adopted an extremely positive stance to taking on board a new way of working. Right from the outset, they have taken a long-term view of the benefits, and have never got caught in the trap of being preoccupied with short-term costs. As Rob put it: ***“you can't live in the past, and thus need to progress your use of technology now that we are in the electronic age”***.

Without doubt, attending the supplier adoption event eased the transition for them, but adopting a professional approach to taking on a new challenge has made the most difference. Rob though is far more modest about things, ***“it is not that difficult and anybody can do it. One thing's for sure, and that is there is no way we would go back to the old way of working!”***.

However, Rob Millican and his girlfriend are not the only ones who deserve praise. GCC should also be commended. Indeed, they have chosen to introduce an SME friendly system that takes away many of the complexities of eProcurement. It brings tangible benefits not just to GCC so they can reinvest money in front-line public services, but also benefits their suppliers. Furthermore, it increases the transparency of the procurement process, and has a notable environmental benefit. With eInvoicing also about to be introduced, this will clearly eliminate further unnecessary use of paper.



Rob and Joanne

Although the eRFQ system was originally just piloted with the private hire vehicles, it has been so successful that it is now being used for all short-term quotes, and nearly £4m of business is going through the system every year.

It appears that other Local Authorities are beginning to follow the lead of GCC and are in the process of introducing similar systems.

Rob's Taxis can be found at <http://websites.uk-plc.net/Robs-taxis>