



# Procurement Innovation PURCO SA





# The New Customer Context

**CHANGE IS REAL.**

**OMNICHANNEL ISN'T OPTIONAL.**

**PEOPLE WANT THE PREDICTABLE.**

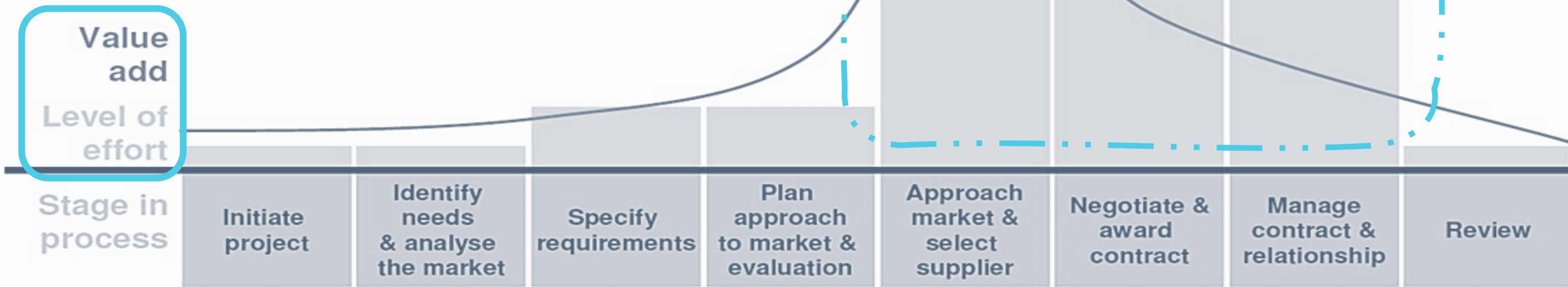
**PERSONALIZATION HAS SCALED.**

**WELLNESS WINS.**

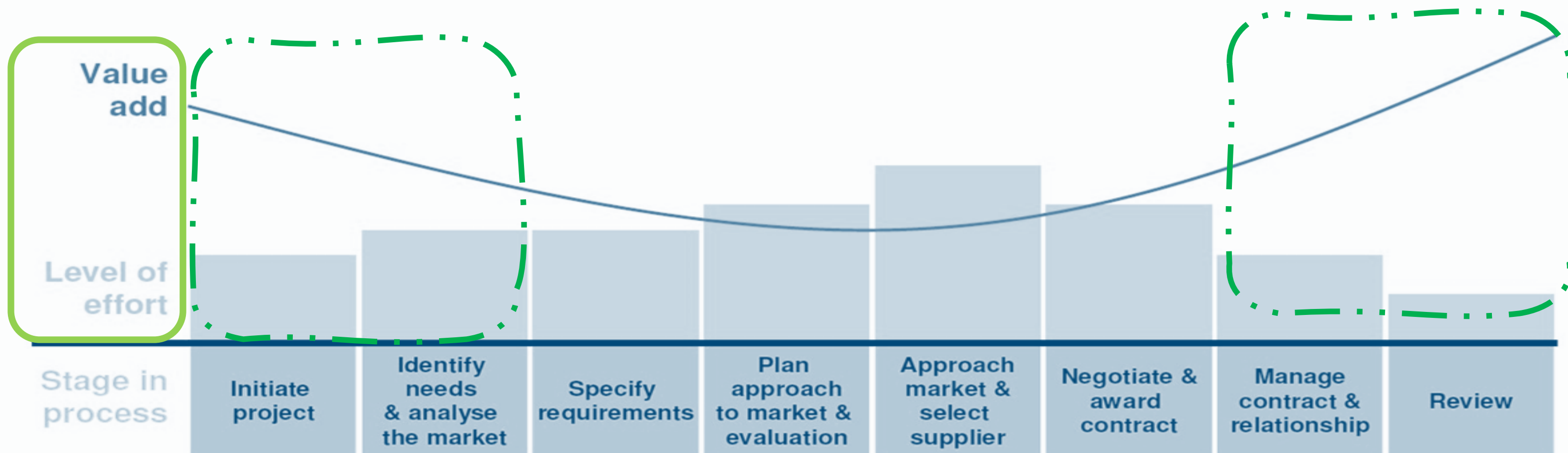
**ESG IS UNDER PRESSURE.**



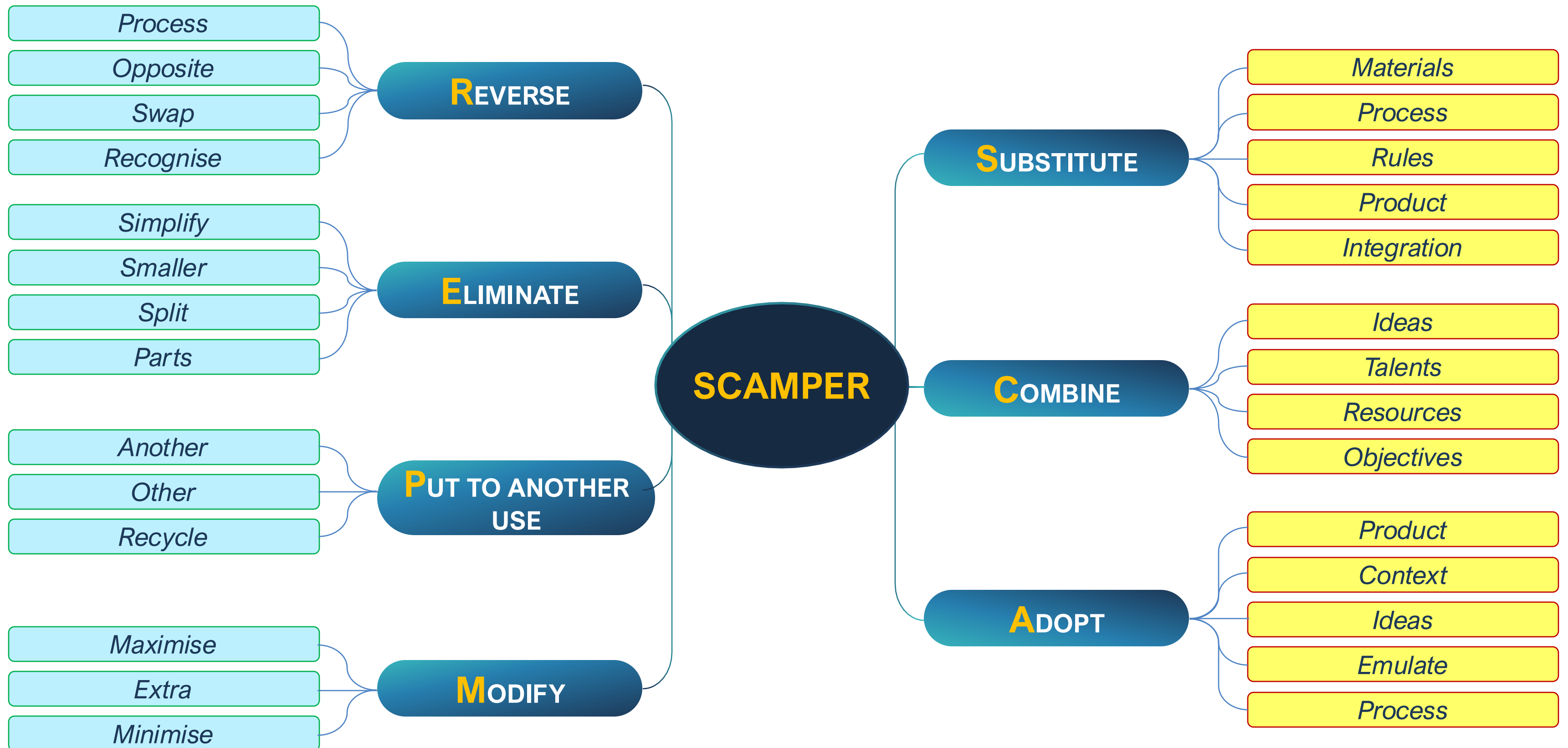
# Traditional approach to procurement



# Strategic approach to procurement



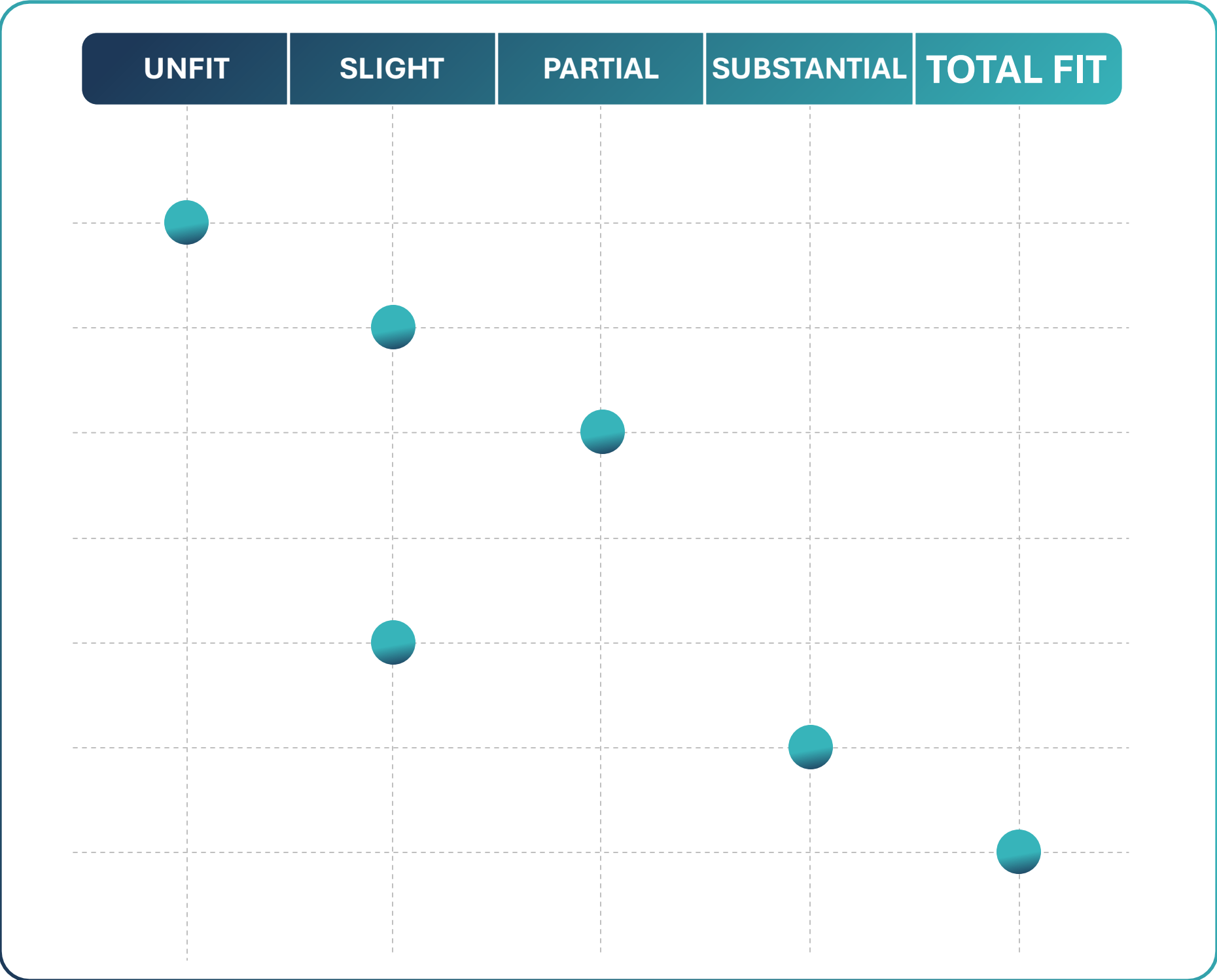
# SCAMPER Improvement



# Strategic Fit for an Innovative Procurement Approach?

## THE INNOVATION

- It helps us to realise our vision
- It helps us to achieve our objectives
- It supports our market position goals
- It concurs with our ICTS strategy
- It meets the academic excellence strategy
- It provides competitive advantage
- It builds on our core competencies



## NOTE

- The innovation foresees market
- Helps maintain long term planning
- Makes our market position better
- Perfectly uses ICTS support
- Balance face-to-face and online learning
- Students choose us rather others
- Helps maintain continuousness

**Innovation procurement** expands the traditional concept of procurement from not only ‘**how to buy**’ but also ‘**what to buy**’, whilst avoiding prescription of the technology or product to be procured: **the focus is on the problem to be solved.**



# Three forms of innovation procurement

- **Pre-Commercial Procurement (PCP):**  
purchase of research and development services for solutions to a problem in advance of production or the making of the product – *University is the testbed*
- **Procurement of Innovation (PPI):**  
the University becomes the ‘launching customer’ to provide scale for a product, process or service – *University is the scaling partner*
- **Innovation Partnership (IP):**  
a longer-term Innovation Partnership between the university and collaborating vendors across research and actual development and production of the innovation – *University spinouts*

# Bidding Approach



BIDDING APPROACH	DESCRIPTION	USE CASE
Request for information (RFI)	Used to gather data on potential suppliers, enabling buyers to compare providers with one another.	Benchmark suppliers, collect market data or to refine initial supplier searches.
Request for proposal (RFP)	RFPs describe a specific product or service that a business intends to buy and are used to make like-for-like comparisons of supplier bids.	Often a follow-up to an RFI, buyers use RFPs to further refine the supplier selection process by gathering detailed information on pricing, technical capabilities and other factors to enable comparisons.
Request for solution (RFS)	Buyers provide general instructions to suppliers outlining a specific challenge while placing minimal restrictions on potential bidders and their proposals.	Best suited to business problems that require new and innovative resolutions, or where the answer to a problem is unclear.





# Creating Space in the Policy Framework for Innovation



<input type="checkbox"/>	Alternative Procurement Method	Where an alternative procurement process is followed: <ul style="list-style-type: none"> <li>• Design Competition</li> <li>• Close Tender above R5m</li> <li>• Establishment of a Framework agreement with an agreed Price Book</li> <li>• Where direct negotiations are warranted</li> </ul> <p><b>Note:</b> All P&amp;S all deviations above R5m to be approved by Standing Tender Adjudication Committee (STAC).</p>
<input checked="" type="checkbox"/>	Practicalities	Instances of urgency not constituting an emergency, but which would nonetheless result in material risk and/or potentially result in material adverse consequences for the University; <ul style="list-style-type: none"> <li>• Where a donor or funder has its own preferred suppliers of goods or services, or requests specific procurement conditions and/or processes, provided that such requirements do not materially conflict with those of the University;</li> <li>• Purchasing Card transactions of over R100k as a result of an aggregated purchase of the same item for multiple persons;</li> <li>• Approved proof of concept projects where evidence is presented to demonstrate that only selected service provider(s) can supply goods and/or services; and provided that the market is tested prior to any renewal.</li> </ul>





# Problem Statement

## Introduction:

The University of Cape is committed to becoming a sustainable and energy-efficient institution. The university faces challenges in providing a stable and reliable power supply due to the occurrences of loadshedding. These outages disrupt normal operations, hinder academic activities, and pose significant inconveniences to students, faculty, and staff.

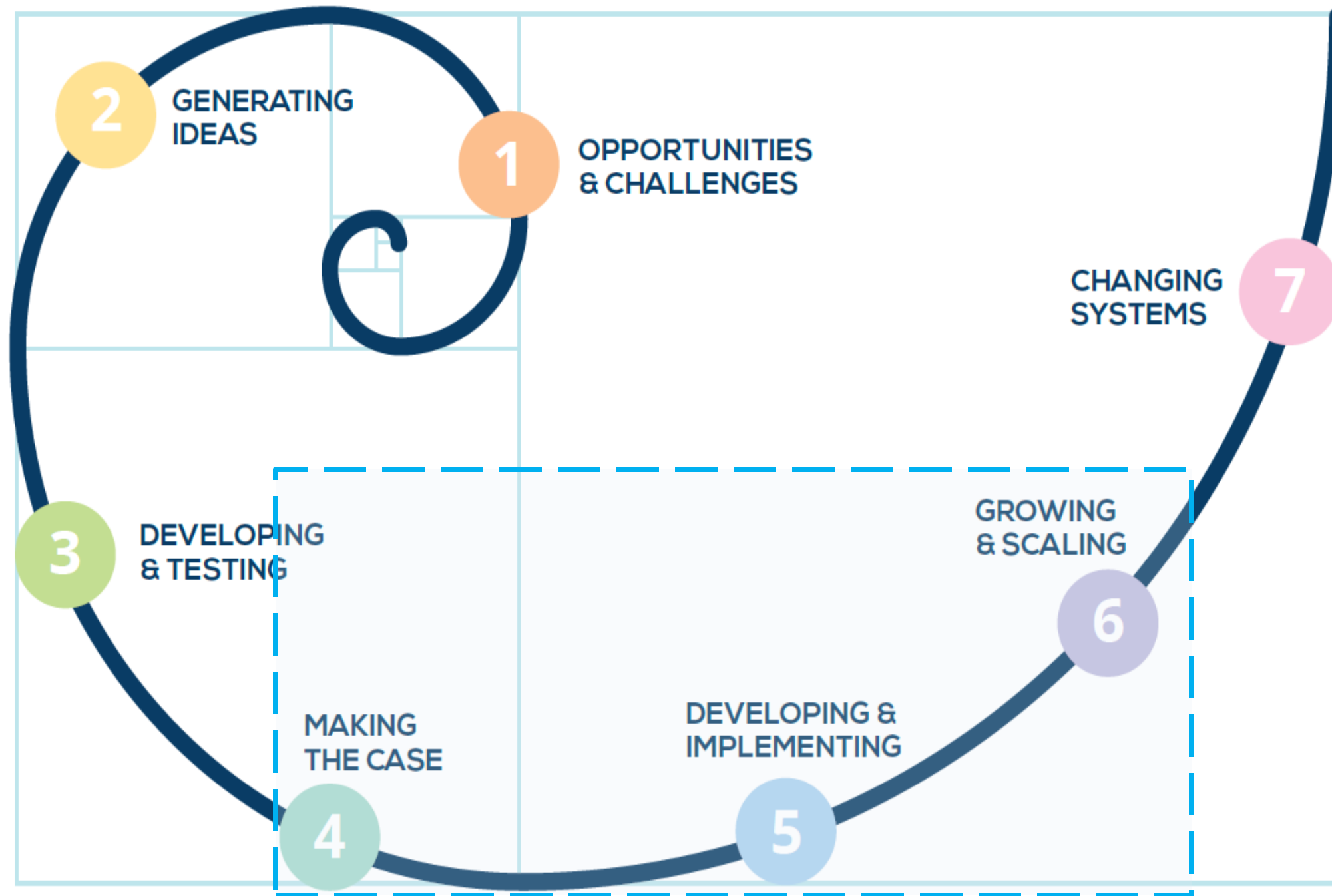
## Problem Description:

The University of Cape seeks innovative solutions to mitigate the adverse effects of loadshedding and enhance its resilience to power disruptions. The primary objective of this problem statement is to encourage suppliers to share new technologies and strategies that will enable the university to manage loadshedding efficiently, minimise its impact on campus life, and move towards a more sustainable and self-reliant energy system.



# Innovation Focus Areas – Stages 4 to 6

## THE SEVEN STAGES OF INNOVATION



### MAKING THE CASE

Before you try to implement your idea, you need to prove that it can work and is better than what used to be there. Build up firm evidence to back it up and then share it honestly.

### DELIVERING & IMPLEMENTING

This is when the solution becomes everyday practice. It includes identifying what is working well, and what is not, as well as securing income streams that enable the long-term financial sustainability to carry the innovation forward.

### GROWING & SCALING

In this stage there are a range of strategies for growing and spreading an innovation - from organisational growth, to licensing and franchising. Emulation and inspiration also play a critical role in spreading an idea or practice in a more organic and adaptive manner.

This is the type of innovations that we are looking for **MAKING THE CASE – DELIVERING & IMPLEMENTING – GROWING & SCALING** for this challenge.



# Innovation Considerations

- **Loadshedding Management:**

Develop robust loadshedding management solutions that can prioritise essential campus facilities, minimise disruptions to critical academic activities, and optimise power allocation during loadshedding periods.

- **Alternative Power Sources:**

Explore and propose renewable energy sources, such as solar, wind, or biomass, and efficient energy storage systems to reduce the university's dependence on the national grid during loadshedding and provide a continuous power supply.

- **Energy Monitoring and Storage:**

Implement advanced energy monitoring and storage systems to track real-time energy consumption, identify potential areas for energy savings, and facilitate more effective loadshedding scheduling.

- **Demand Response and Peak Savings:**

Innovations with respect to demand response strategies that encourage energy conservation among students and staff during peak hours and loadshedding events, optimising power consumption across the campus.

- **Communication and Notification:**

Create efficient communication platforms to inform students, faculty, and staff about loadshedding schedules, expected power restoration times, and energy-saving tips.

- **Cost-Effectiveness:**

Ensure that the proposed solutions are economically viable and offer a reasonable return on investment for the university.

# Innovation Appreciation - Design 2 Dispose Thinking



- Appreciation of the greater **DESIGN to DISPOSE** cycle.
- Innovations put forward should not make any of the downstream processes harder to achieve.

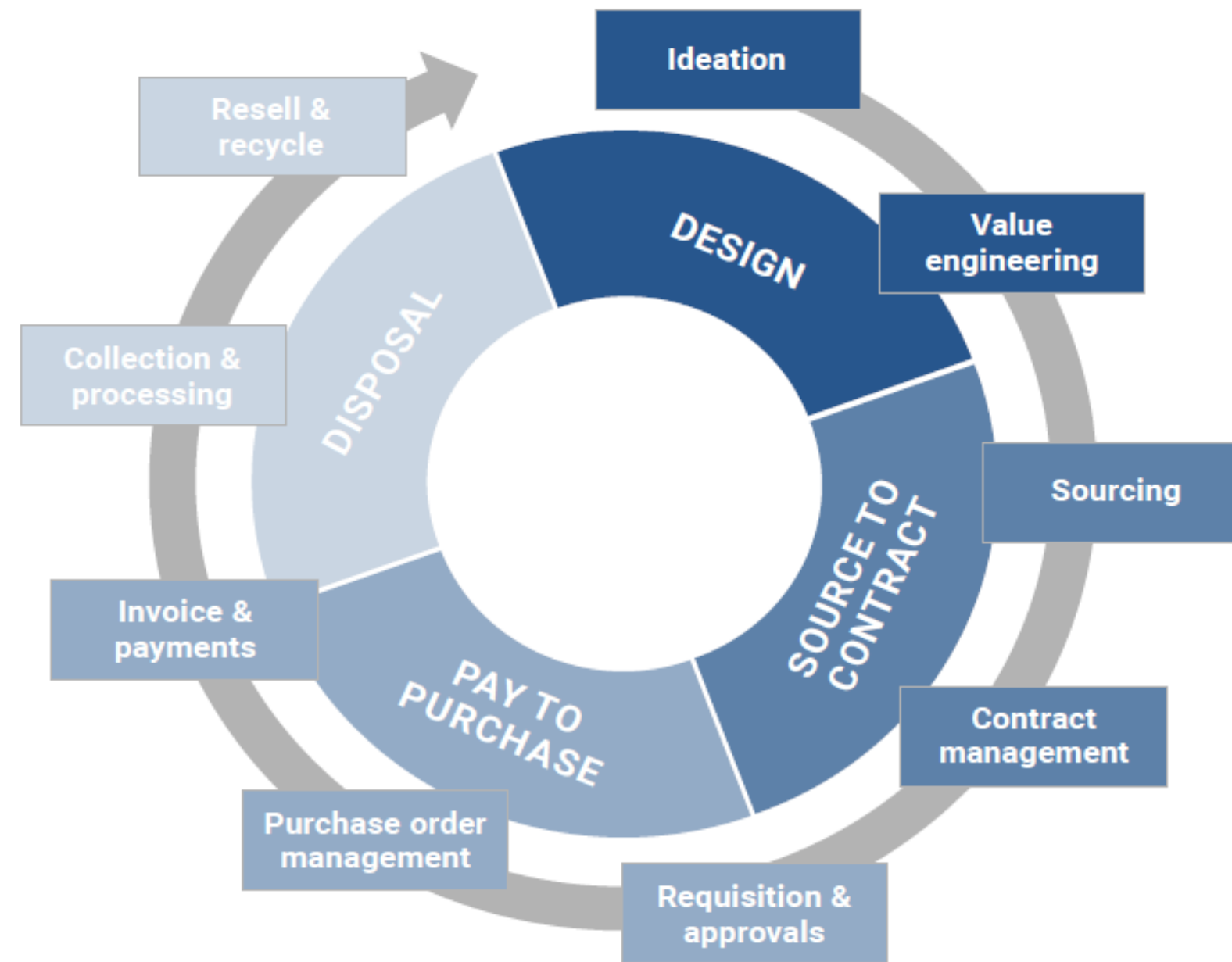
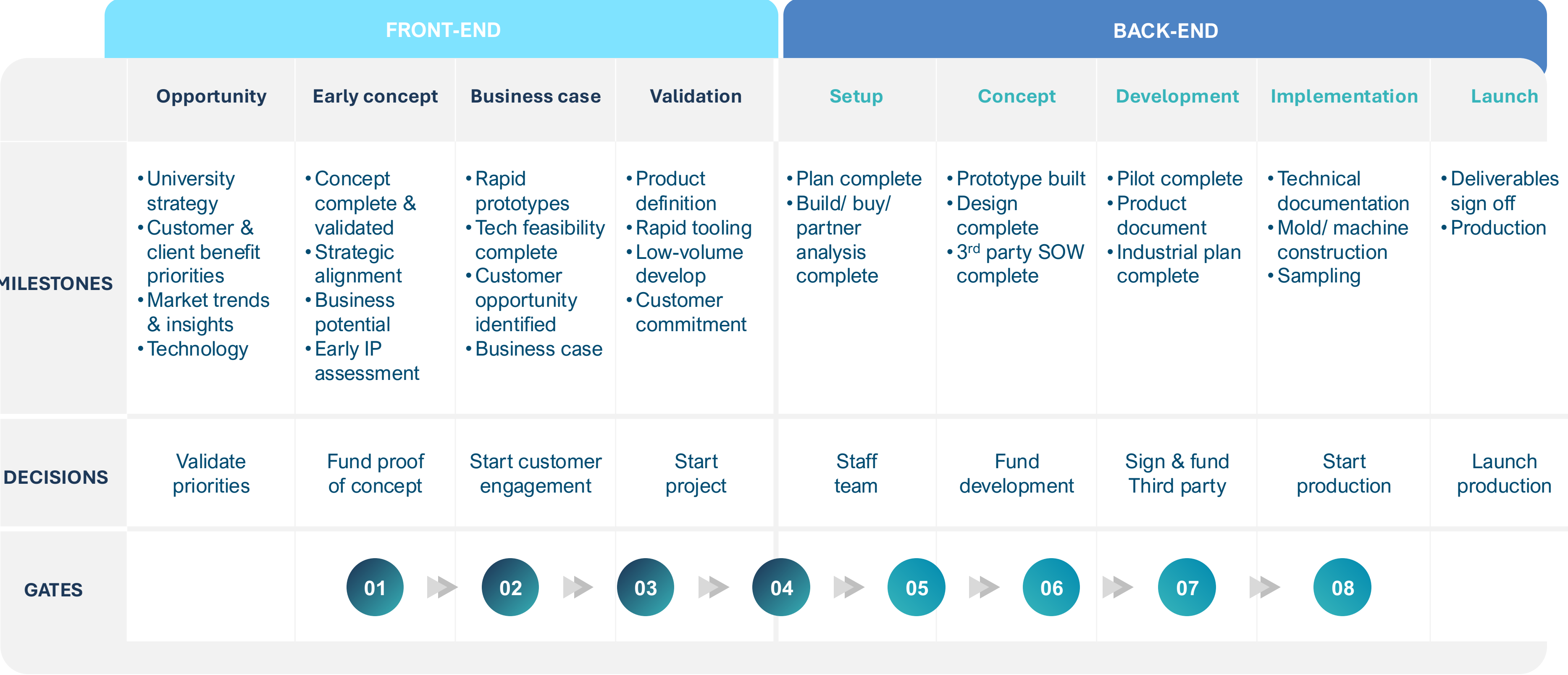


Figure 1: Design to Dispose (Procurement Leaders)

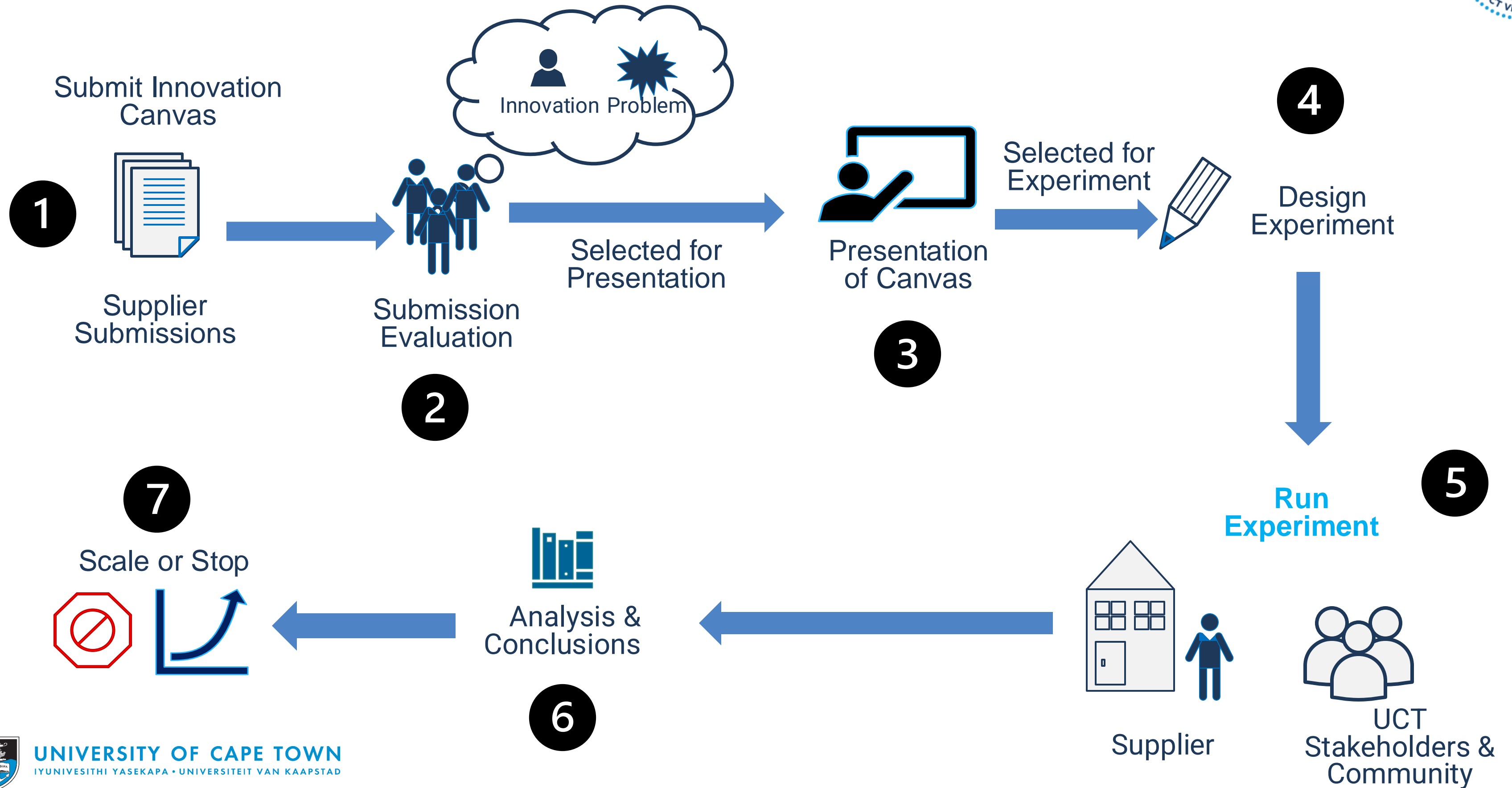




# Phase-Gate Process



# 7-Step Process



# Innovation Assessment and Impact

## High Level Overview of Key Selection Criteria:

- Improved campus resilience and continuity of academic activities during loadshedding events.
- Reduced environmental impact through increased use of renewable energy sources.
- Enhanced energy efficiency and cost savings for the university.
- A model for other educational institutions to follow in their journey towards sustainable energy management.

If selected suppliers will be expected to present their proposed loadshedding innovations, including:

- Detailed technical specifications and feasibility studies for the proposed solutions.
- A comprehensive plan for the implementation and integration of the innovations into the existing university infrastructure.
- Cost estimates and potential financial savings from the adoption of the proposed solutions.
- A timeline for development, testing, and deployment of the innovations.
- Demonstrations, prototypes, or simulations showcasing the effectiveness of the solutions.

# Innovations Q&A



## ■ Confidentiality?

Only share what you are comfortable sharing, if selected this can be further discussed

## ■ When will this happen?

We are wanting for this process of submission and selection to occur in Q4-2023 with experiments to be conducted in 2024

## ■ Non selection?

We will only be communicating with submissions that are successful, we will share general feedback on request.

## ■ Invitees?

This is limited to selected suppliers on our database, those of the Purchasing Consortium (PurcoSA) and those that have been brought to our attention that may be interested in partaking in this process.

## ■ Spirit on the challenge?

The University invites enthusiastic and forward-thinking suppliers to participate in this summit and contribute to shaping a brighter and more sustainable future for the university community in respect of loadshedding.

## ■ Cost-Effectiveness?

Ensure that the proposed solutions are economically viable and offer a reasonable return on investment for the university.



# Where have you used Procurement Innovation?

- **Residence Build**

Shared 70% of the design and let the bidders complete the scheme

- **Design Competition**

Issue a call for ideas for two of our buildings



# Procurement Innovation Manager?



## Procurement innovation manager job persona

PROCUREMENT  
LEADERS

### Key responsibilities

#### Source and enable innovation

- Stay up-to-date with industry, market, process and technology trends.
- Actively seek out and inspire innovation in new and existing suppliers on a consistent basis.
- Regularly meet with or pulse stakeholders to understand opportunity areas for innovation projects.
- Prioritise procurement innovation projects according to business needs and supplier capabilities.
- Act as conduit between suppliers' capabilities and internal business requirements on feasible and opportune innovation ideas.

#### Collaborate to facilitate innovation

- Develop strategic supplier group relationships relative to segmentation model.
- Run ideas workshops with key suppliers to generate trust, maximise shared value and reduce risk.
- Play key role in supplier days.



#### Develop and deploy innovation capability

- Establish and manage a supplier-enabled innovation framework with elements that promote a culture of innovation.
- Collectively work with category managers to develop processes that embed innovation in the category management process.
- Regularly meet with marketing and PR personnel with regards to the branding of the internal innovation programme.

### Recruitment channels (and where to find them)

- MBA or graduate in fields such as innovation, entrepreneurship or strategy.
- Niche consultancies, in particular, those focused on corporate strategy or on creating competitive advantage.
- High-performing generalist in procurement, finance or another similar commercial field.
- High-performing individual from the supply base or one of the internal stakeholder groups.

### Recommended capabilities

#### Source and enable innovation

- **Divergent thinking:** Seeks information and new avenues of analysis to freely explore ideas.
- **Curious:** Demonstrates the desire to explore, investigate and enquire.
- **Entrepreneurial:** Seeks opportunities to create value.
- **Consultative approach:** Advises stakeholders and suppliers alike on innovation opportunities between the two groups.

#### Collaboration to facilitate innovation

- **Analytical thinker:** Uses logical reason to spot patterns and draw conclusions from data or observations.
- **Sensible visionary:** Generates bold, feasible ideas about the future.

feasible ideas about the future.

- **Storyteller:** Engages audiences by presenting information and ideas in a compelling way.

#### Develop and deploy innovation capability

- **Strategic thinker:** Considers how decisions will affect the organisation's ability to deliver its objectives.
- **Relationship builder:** Cultivates lasting, productive relationships with internal and external stakeholders.
- **Persuasive communicator:** Uses a range of methods to coax others into a desired outcome or decision.
- **Process-driven:** Has the ability to identify optimal ways of working and create flexible frameworks to enable innovation scalability.

### Success metrics

#### Source and enable innovation

- Conversion rate of projects to executive review compared with the number of projects with 'successful outcomes' in terms of efficiency gains, cost savings and revenue generation, for example.

#### Collaboration to facilitate innovation

- Stakeholder satisfaction with the innovation process.

- Supplier satisfaction with the innovation process.
- Procurement satisfaction with the innovation process.

#### Develop and deploy innovation capability

- The number/percentage of business units aware of the procurement innovation programme.
- The number/percentage of business units participating in the procurement innovation programme.