

Procurement is (not) easy?



Ivancica Kraljevic Baclija

Operating Director, Procurement and Logistics Sector

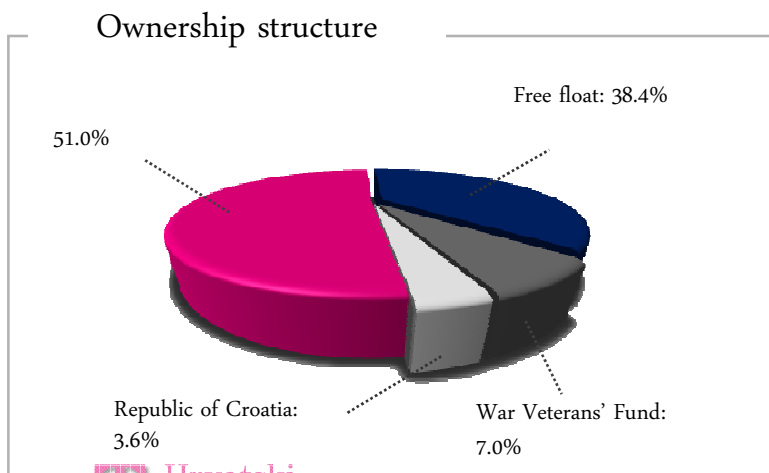
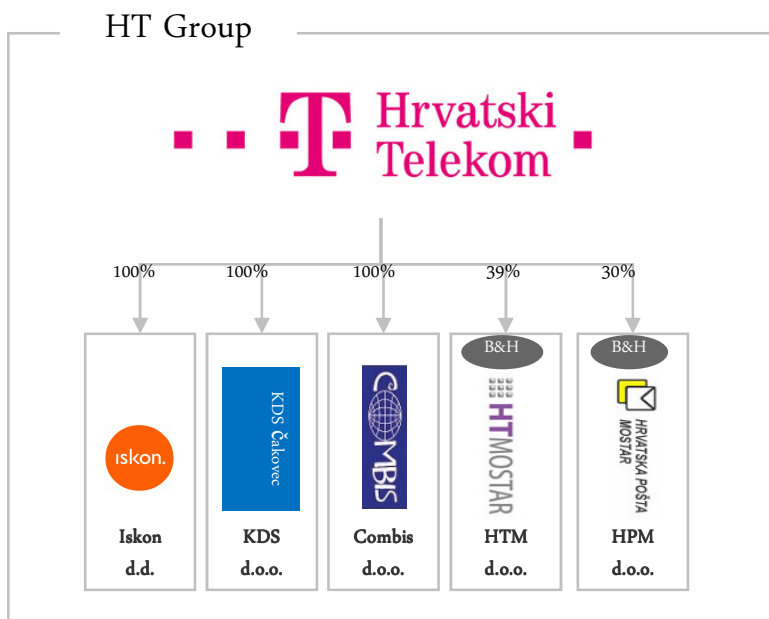


Živjeti zajedno

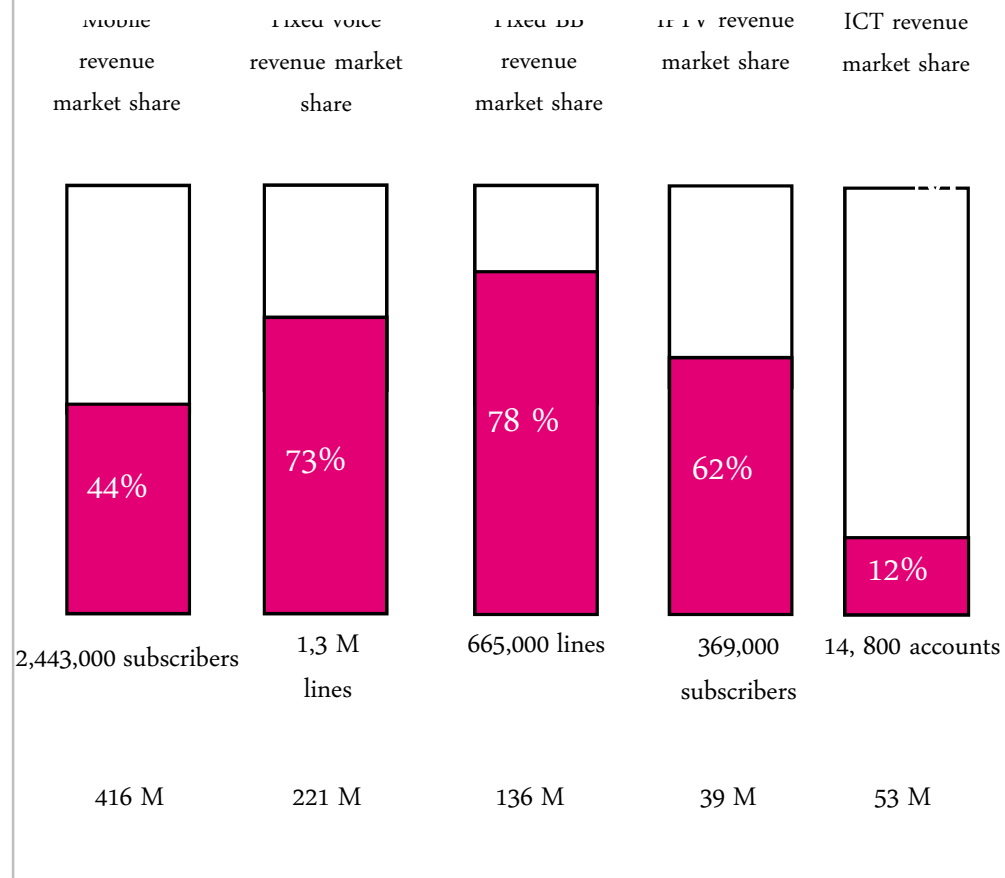
- 1 Procurement at Hrvatski Telekom
- 2 Procurement 2.0
- 3 Procurement process
- 4 What to do?



T-HT Group Snapshot





T-HT is the Croatian market leader

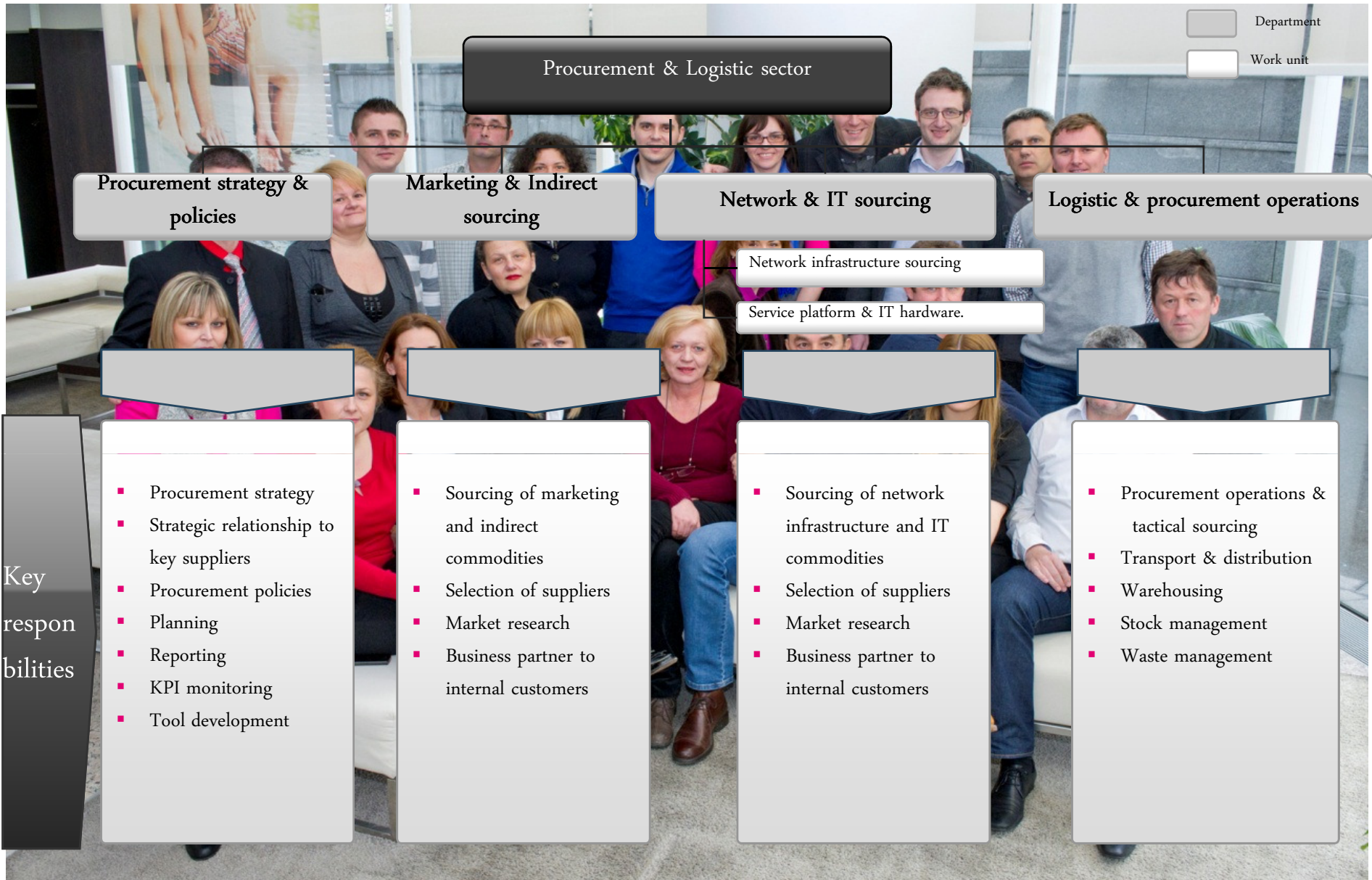


Facts and Figures

- 5400 employees
- Total operating revenue in 2012: 1027 M euro

Procurement & Logistic dpt. within T-HT - Organizational overview

 Department
 Work unit



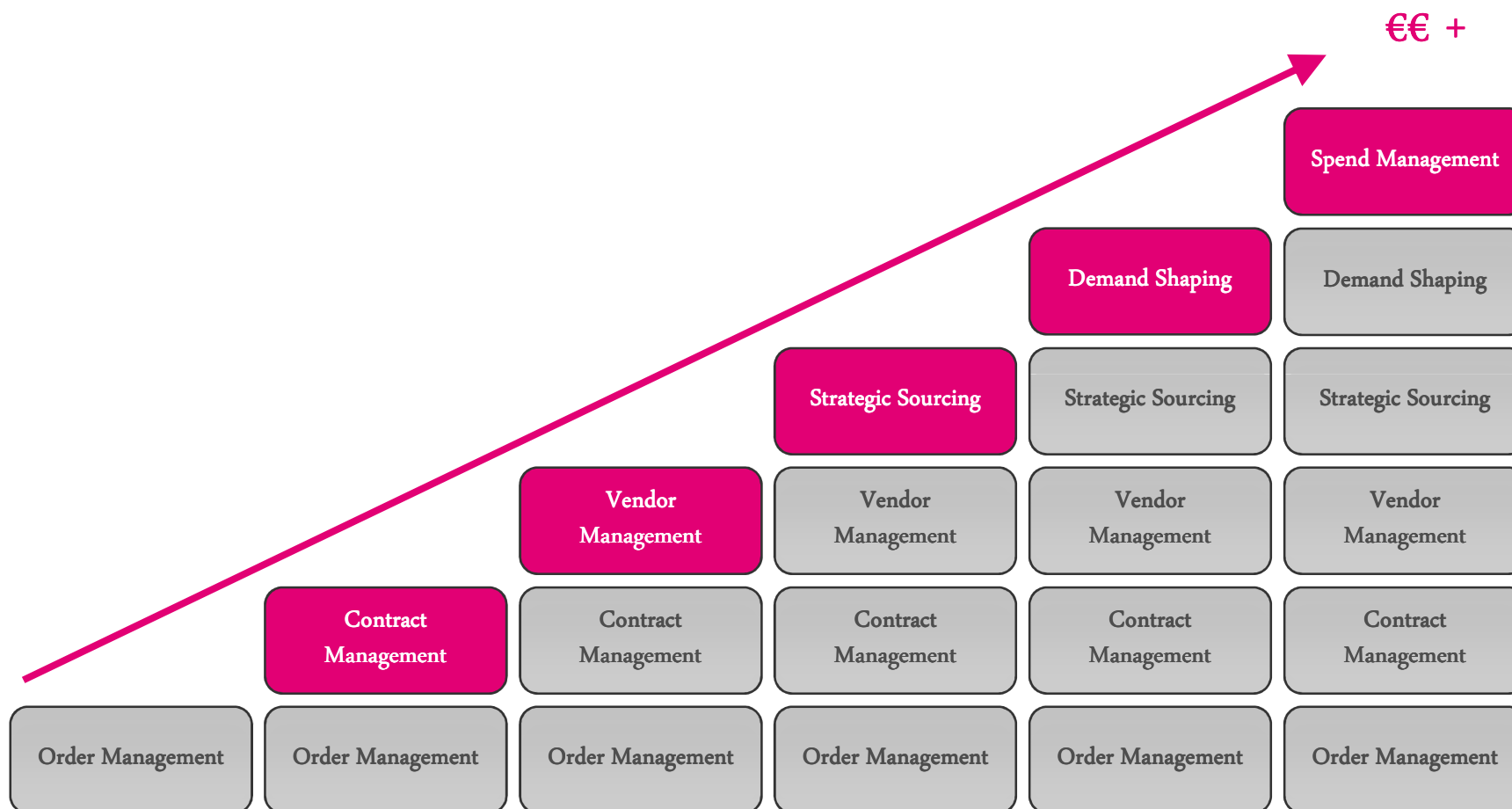
- Key responsibilities**
- Procurement strategy
 - Strategic relationship to key suppliers
 - Procurement policies
 - Planning
 - Reporting
 - KPI monitoring
 - Tool development

- Sourcing of marketing and indirect commodities
- Selection of suppliers
- Market research
- Business partner to internal customers

- Sourcing of network infrastructure and IT commodities
- Selection of suppliers
- Market research
- Business partner to internal customers

- Procurement operations & tactical sourcing
- Transport & distribution
- Warehousing
- Stock management
- Waste management

Procurement 2.0 - evolving from a service to a function



Mandate Demand Shaping

The preparation phase before the RFQ or negotiation can be done with the help of vendors. We are committed to ensure:

- Transparency of demand definition
 - Conclusions of discussion with stakeholders about the reasons for their demand definition
 - Conclusions of discussion with stakeholders about the demand and alternatives such as make or buy, feature-shaping, etc. according to the actual necessity
- Understanding of concrete examples of standardized demand
- Redefining new demand definition agreed with stakeholders



- Key is: Setting up a functional RFQ aligned with stakeholder vs. specification based RFQ!



Mandate Spend Management

Spend Management is per definition not related to the vendor, unless combined with related processes.

- Spend Management embraces an existing potential. For example some budget lines are common across all departments, like Marketing materials, Consulting and IT Controlling. However the non-transparency of spend means these categories cannot be steered
- Create transparency on spend externally and internally through cohesion with the functional side and countries
- True transparency enables sourcers to act as cross-functional budget managers (not possible from the functional side because the view is too narrow)
- Analyze what stakeholders buy and cluster costs
- Discuss findings with stakeholders
- Create “rules” on how to spend such clusters in the future
- Monitor and manage the newly created spend transparency

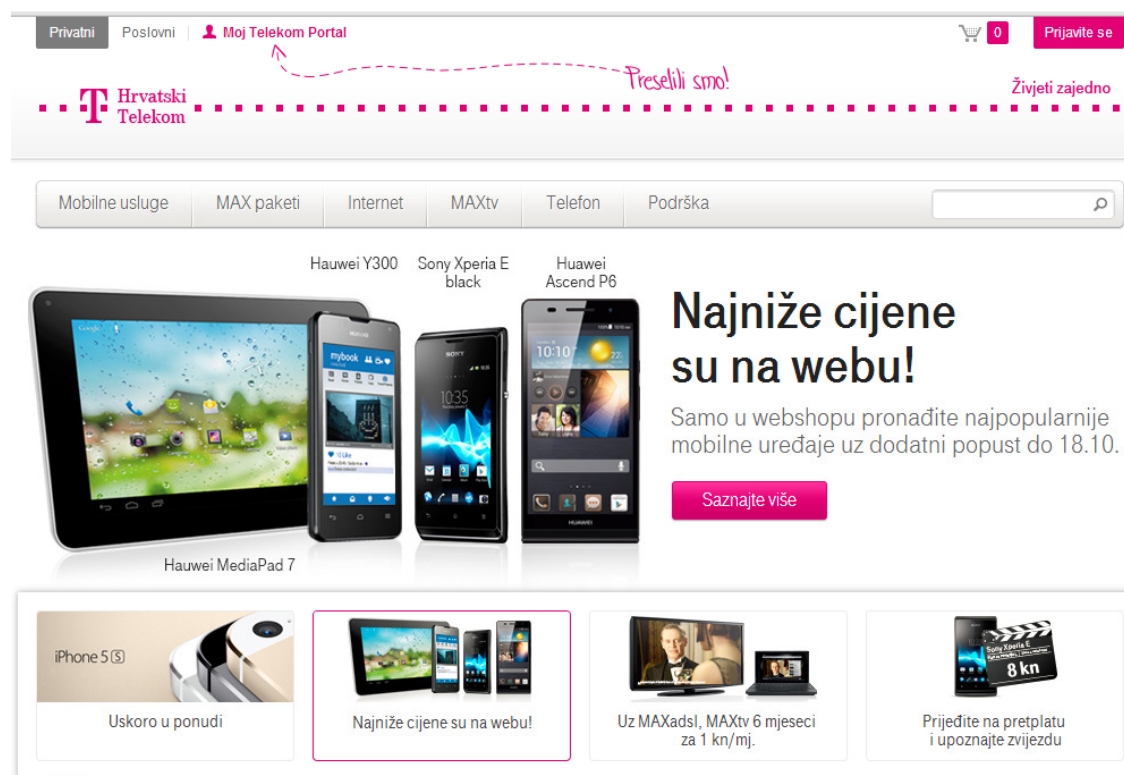


Practical Examples (I)



- New portal system procurement
 - Demand definition
 - Cross-functional team within HT
 - Analysis of the current system
 - Functional requirements
 - Technical requirements

- In a case no system existed before, definition would include state of the art technology analysis



Practical Examples (II)



HT

- Define sourcing strategy
 - Make or buy?
 - New system
 - Legacy system
 - Enterprise system
 - Open source system
 - Etc.

- Long list of suppliers
 - HT experience
 - DT group experience
 - Reports
 - Recommendations

Potential supplier

- Presales
 - Create and finalize your product
 - Create concise information about your product competences
 - Be visible – web site, conferences, etc.
 - Create partnerships – technology, project, etc.
 - Invest in people – certifications





HT

- Prepare RFP
 - Prepare commercial guidelines
 - Define submission deadline
 - Define questions deadline
 - Check contact details
- Issue RFP
- Answer questions to the bidders
- Receive proposals

Potential supplier

- Read documentation carefully
- Read requirements for submitting a bid even more carefully
- Check submission deadline – no late submissions!
- Check any other deadlines
- Prepare questions you might have
- Include as many as possible details in your bid
- Include breakdowns for all costs in the financial bid – they should be understandable and precise
- Check if you have completed your bid
- Submit your bid on time – or even slightly before deadline



HT

- Technical analysis
 - Compliance with requirements
 - Mandatory and desirable
- Commercial analysis
 - Total Cost of Ownership
 - Payment terms
- Comparable proposals
- Presentation of proposals
- Short-list suppliers

Potential supplier

- Prepare presentation of your offer
- Put yourself in the buyer's shoes
 - Think of possible buyer's business case
 - Think in terms of Total Cost of Ownership (TCO)
 - Think about long term consequences for you and the buyer





HT

- Technical negotiations
- Commercial negotiations
 - TCO
- Contract proposal

Potential supplier

- Negotiate from the partnership perspective
- Provide transparent information
- Be open
- Walk the talk



What to do after the procurement process?

- Start work as promised
- Report progress regularly
- Be on time – or before time
- Create flexible change management process
- Change is inevitable and brings value to the customer
- Project plan should reflect change

The screenshot shows the Hrvatski Telekom website interface. At the top, there are navigation links for 'Privatni', 'Poslovni', and 'Moj Telekom Portal'. A shopping cart icon shows '0' items, and a 'Prijavite se' button is visible. The main header features the Hrvatski Telekom logo and the slogan 'Živjeti zajedno'. Below the header is a navigation menu with categories: 'Mobilne usluge', 'MAX paketi', 'Internet', 'MAXtv', 'Telefon', and 'Podrška'. A search bar is located on the right side of the menu.

The main content area features a promotional banner for mobile devices. It displays four devices: a Huawei MediaPad 7 tablet, a Huawei Y300 smartphone, a Sony Xperia E black smartphone, and a Huawei Ascend P6 smartphone. The text reads: 'Najniže cijene su na webu!' (Lowest prices are on the web!). Below this, it says: 'Samo u webshopu pronađite najpopularnije mobilne uređaje uz dodatni popust do 18.10.' (Only in the webshop you can find the most popular mobile devices with an additional discount until 18.10.). A pink button labeled 'Saznajte više' (Learn more) is positioned below the text.

Below the main banner, there are four smaller promotional tiles:

- 'Uskoro u ponudi' (Coming soon) with an image of an iPhone 5 (S).
- 'Najniže cijene su na webu!' (Lowest prices are on the web!) with an image of several smartphones.
- 'Uz MAXadsl, MAXtv 6 mjeseci za 1 kn/mj.' (With MAXadsl, MAXtv 6 months for 1 kn/mj.) with an image of a man and a laptop.
- 'Prijedite na pretplatu i upoznajte zvijezdu' (Subscribe and meet the star) with an image of a Sony Xperia E smartphone and a clapperboard showing '8 kn'.

Thank you for your attention.