

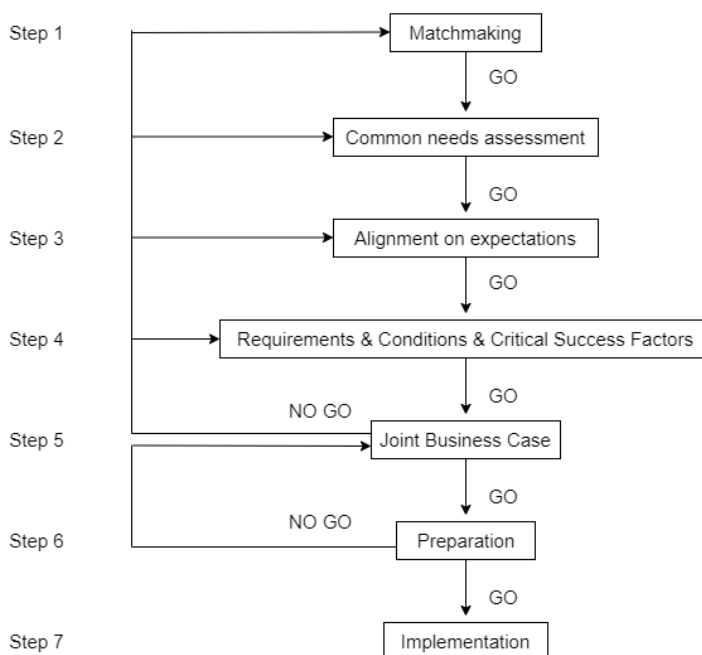
ENTRANCE – PURCHASE AGGREGATION MANUAL

This manual can be considered as a guide through the process to set up a joint purchase or purchase aggregation and it explains the support services that ENTRANCE offers. The various steps are elaborated. In particular the role of the impartial orchestrator or trustee in this process is explained, supporting, or guiding the parties involved. He acts as an architect of the collaboration and the manager of the purchase community.

The process is classified in 7 steps. These steps are consecutively:

- *Step 1: Matchmaking*
- *Step 2: Common needs assessment*
- *Step 3: Alignment on expectations*
- *Step 4: Requirements & Conditions & Critical Success Factors*
- *Step 5: Joint Business Case*
- *Step 6: Preparation*
- *Step 7: Implementation*

Joint Purchasing - Process Description



The process is indeed conceived sequentially. After every step one should have a “GO” – “NO-GO” decision moment. In case of a “GO” the next step can be started. In case of a “NO-GO” one might redo a former step. In some cases, a successful outcome is the result of various iterations or different attempts.

Hereafter the various steps are further detailed and combined in **a high level manual for joint purchasing**.

1.1. STEP 1: MATCHMAKING

The ENTRANCE platform generates potential matches, either one-by-one, e.g. demand versus supply, or multiple-by one. If several parties have a common interest in a particular (type of) solution or have a common problem or need (i.e. the buyer’s perspective), then a joint purchasing opportunity is identified. If a party or company has declared through **the ENTRANCE platform** to be interested in joint purchasing than the process is initiated. If this is not yet the case, then that party or company needs to be asked to confirm its interest in such a collaboration.



If several parties are interested in a joint purchase initiative the process can be continued.

📖 A letter of Intent (LoI) can make the mutual intentions formal.

1.2. STEP 2: COMMON NEEDS ASSESSMENT

With the interested parties a community is formed. Within this community one should elaborate a thorough needs assessment. Guided by the trustee or orchestrator, parties start with assessing their own individual needs. Based on these individual needs the scope of the joint purchasing needs to become clear. Once there is a clear scope, one can look for common needs. This is always a crucial exercise. If this assessment does not result in unambiguous common needs among the parties, the basis for a solid cooperation is missing.

The ENTRANCE platform offers high level needs that should be further elaborated in this process step.

1.3. STEP 3: ALIGNMENT ON EXPECTATIONS

Based on the common needs, alignment needs to be found on the expectations of the parties. Expectation management appears to be important in any collaboration set up. For a joint purchase initiative this alignment is also key. Every party involved needs to be on the same level. Based on common expectations one can define the requirements and develop the joint business case.

📖 A Gentlemen's Agreement (GA) is the formal outcome of this alignment exercise.

1.4. STEP 4: REQUIREMENTS & CONDITIONS & CRITICAL SUCCESS FACTORS

In step 4 the development of the Request for Proposal (RFP) is started. The requirements are elaborated (What do we need?), the conditions are stipulated (Under which conditions or how do we expect the services?) and the critical success factors are defined (What is crucial or decisive for the success of the joint service?).

Through **the ENTRANCE platform** basic requirements, conditions and critical success factors for the various parties can be gathered.

📖 Before gathering detailed data for the joint business case, a Non-Disclosure Agreement (NDA) between each party and the neutral trustee must be signed.

1.5. STEP 5: JOINT BUSINESS CASE

Step 5 of the joint purchase process is the most creative one. A joint business case needs to be developed. Every business case needs to be positive on several objectives (cost-efficiency, effectiveness and/or sustainability). Being positive is always relative. One compares with a reference, which is most often the current situation or solution, the so-called AS IS. The new solution, through the joint purchasing, the so-called TO BE, needs to be better.

On top of a general improvement resulting from the collaboration and the joint initiative, a balanced and fair gain sharing is essential. All parties involved should get a fair share of the gains generated by the purchase aggregation.

Through **the ENTRANCE platform** the success parameters important for the parties should be gathered.

☞ Once there is an mutual agreement on the business case and one is prepared to set up the purchase aggregation a Letter of Engagement (LoE) can complete this step.

1.6. STEP 6: PREPARATION

In step 6, the roll out of the joint purchasing initiative is prepared. A timeline is defined for the joint purchasing. Often a two-steps process is provided, starting with a common request for information, followed by a request for proposal or quotation.

A balance needs to be found between ambition and realism. Here again it is better to have a solid fundament, than a fast unstable, unbalanced or unsustainable solution. The trustee or orchestrator can help to set realistic milestones in the implementation plan.

1.7. STEP 7: IMPLEMENTATION

In step 7 the joint purchasing initiative is implemented. The implementation plan is executed.

After the launch of the joint purchase an effective process monitoring is necessary in order to adjust or to refine. At the end of the implementation a thorough evaluation is very helpful, especially towards future similar joint initiatives. One should learn from these experiences. Both positive and negative experiences help to improve further processes and initiatives in this field.

Testimonials can be recorded and be put on **the ENTRANCE platform** in order to convince other companies or parties to go for similar joint purchase projects.

☞ An agreement is made and formalised in a multi-lateral contract.