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ekm⁴ customer case study

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Planning Design Procurement Deployment Measurement Improvement

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Introduction

npower is one of the UK's leading utility suppliers and the retail arm of RWE Innogy plc, formerly part of National Power. Launched in April 2000, npower combined the electricity and gas supply business of MEB, Calortex, MEB Powerline, National Power Energy Direct and Independent Energy, as well as the energy supply business of Yorkshire Electricity and Northern Electric and Gas.

Combining operations of several different businesses was a challenge for npower but the significant business benefits were apparent which moved the company towards the goal of the management team.

Print procurement - massive spend and a massive saving opportunity

As a consumer focused organisation there is a significant print spend on marketing materials with a trend towards more purchases of short run jobs, which increases administration. The integration of multiple print purchasing departments of three separate energy companies into a cohesive organisation, provided many benefits. npower could now take advantage of their combined purchasing power and be increasingly effective in where and how they placed their print jobs.

Print purchasing before Intellexprint was introduced.

The original process was to send out a completed Request for Quotation to some of the approved printers that had best fit for the required product. This was done manually using a mix of, email and fax communication using templates that were cut and pasted with common and changeable detail.

The information received was then collated, put into a spreadsheet and evaluated by the purchasing team. This was a very time consuming process and prone to error due to the different formats the suppliers used to respond.

The information from the successful supplier was then processed. The job details were placed on a "Please Proceed" form including artwork formats, shipping destinations, with full manufacturing specifications and supplier details. This was then re-keyed into the Purchase Order management system, which then raised the supplier purchase order. It was not unusual for changes to be required even after the order process was underway which made order and delivery reconciliation a real headache.

According to Jeff Richards, npower's Print Services Manager, "this was very time consuming. There was always a feeling that we could be "working smarter not harder" and perhaps a better deal was available. "

Using Intelleprint

In January 2002, npower instructed ekm⁴ to review their print procurement workflow. npower had already centralised this activity within the Marketing Communications (Marcoms) team where the majority of print was purchased.

It was essential to fully understand how the purchasing of print was currently performed and to establish the most appropriate process workflow improvements, which would meet npower's business needs and audit processes. Any new systems would have to evolve at the natural frequency of change of the business and fit into other strategic initiatives and the IT infrastructure. Clear business benefits and a strong business case would have to show the advantages that could be gained by npower before Intelleprint was installed. Strong support from the users would be essential.

Implementation of Intelleprint gave npower a Knowledge Based Print Procurement System tuned to their needs and built using the rules and skill that normally only print industry experts would apply to make the best buying decisions. The system has allowed npower to streamline processes and free up their print specialists to provide better support to the marketing teams.

npower had a clear vision from the outset and the key to this was establishing a complete digital workflow that simplified the processes of both npower and their suppliers but with an integrated and modular tool that could evolve with their needs. Intelleprint provided the process, the digital workflow and an advanced integrated auction tool with decision support and management information.

Hilary O'Grady - Marketing Logistics Manager, believes using the system immediately solved key business issues: -

1. Intelleprint streamlined the RFI and purchasing process, saving time and money
2. It enabled Marketing Executives to be directly involved in the design specification ensuring more detailed information was available early into the supply chain.
3. Intelleprint became a consistent support tool and knowledge builder for people who have little print knowledge
4. Intelleprint provided a stable framework supporting the integration of the three separate energy company's buying needs under the one process.

The npower team believe that "Intelleprint doesn't replace experts but complements them" and that the software also provided a number of significant advantages.

1. No additional staff required for a significantly increased throughput
2. Speed of implementation and realisation of all benefits including a Return On Investment (ROI) within months
3. Identification of main suppliers and the ability to increase the number of companies quoting with no administration overhead.
4. A simplified quality process to send out RFI's to all suppliers.
5. All selected suppliers have secure access to the Bidding site thereby creating greater choice and transparency

The Intelleprint bid system also provided npower with a purchasing system that meets the requirements of European procurement rules for open tendering by extending the range and number of suppliers able to receive a request without any increased manpower, paper chasing or effort.

O`Grady noted, "What we appreciated most was that Intelleprint gave us the ability to take a professional print management approach but at all times to retain control as the customer – we also managed to retain the margin that would be lost to a third party which improves cost control significantly."

The Results

Using Intelleprint, the npower print services team recognised the software as a 'best in class process'. "With the system enabled, we refined our buying," said Richards, who, having looked for alternatives in the marketplace realised, "there was nothing that came even close to Intelleprint or the obvious benefits of using the system."

Return On Investment

The savings came not only from the actual prices paid but also due to the management time savings achieved.

npower are delighted. The original npower business case was based on expectations of achieving savings somewhere between 5 to 10%. However the actual improvement was over 20% and this was delivered whilst maintaining quality and improving service. Upon review, payback was achieved much faster than expected. npower actually achieved a saving, which in monetary terms was in excess of £300,000 within the first 6 months.

Incremental savings were also made by avoiding increases in head count in the buying team to cope with the print purchases from the growing company.

Summary

npower's main use for Intelleprint to date has been for marketing print but having achieved such good results they are now actively looking within their business for new opportunities and are challenging Intelleprint to assist them in their purchasing of commodity print with a high expectation of success.

O`Grady states, "The Intelleprint print procurement process allows for the setting out of crucial internal guidelines all of which are completely transparent and ensure greater control." npower now considers Intelleprint as the CORNERSTONE of it's print services operation.

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