

Think Procurement - The Online Procurement Newsletter from Brian Farrington Ltd

October 2006 Issue:

- **3-year SME development contract award for BFL**
- **Skydiving!**
- **Moore's Law**

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This Month's Hot-Links

Get previous issues of *Think Procurement* on the web:

<http://www.brianfarrington.co.uk/news.htm>

CIPS event in Manchester 25 October 2006 - Procurement's role in managing risk.

Stephen Ashcroft, Business Consultant for Brian Farrington Ltd, will provide an outline of the risks faced by procurement professionals. By using theory and models he will provide delegates with useful tools to apply in everyday work. Details:

<http://cecollect.com/ve/9870yrBxBwxa8364/page=0>

1. 3-year SME development contract awarded to Brian Farrington Ltd

Brian Farrington Ltd have strengthened their role in the UK SME (Small–Medium Enterprise) development sector with the award of a three year contract for 'How to Tender' services for the DWP (Department for Works and Pensions) funded LEGI (Local Economic Growth Initiative) delivered by St Helens Chamber. This contract is designed to enable SMEs to access public and corporate sector tendering expertise and related services of a high and reputable standard.

We are delighted to have signed a contract with St Helens Chamber and look forward to strengthening our ties with them building on our experience as procurement consultants and lead negotiators with government and corporate clients. Our expertise will be of particular help in seven areas of undertaking tenders to a successful completion:

- Advising on identifying public and corporate tender opportunities
- Handling the formal bid process including meeting EU legislation
- Advising on meeting specifications, financing structures and financial modelling
- Scoping and project managing the formal tender input processes

- Guiding on commercial input to legal documentation
- Advising on negotiating commercial terms including contracts
- Conducting risk management and compliance procedures

The ultimate benefit will, of course, be the gaining of new business by SMEs. The benefits will also include SMEs being awarded 'approved supplier' status and 'Framework Agreements' within the public sector.'

2. 10,000ft Tandem Skydive by Julie Ellison, Brian Farrington Ltd

Congratulations - she did it! Julie said: "I completed my tandem parachute jump on Saturday 23rd September at Whitchurch airfield. It was the most amazing experience I've ever had. The exhilaration is indescribable so I would encourage everybody to have a go and feel it for themselves. Thanks to everyone who made the jump possible and helping me to raise over £500 for the Multiple Sclerosis Society <http://www.mssociety.org.uk>

"THANKS" Julie Ellison PA/Brian Farrington.

3. Moore's Law

In 1965, Gordon Moore, Intel's co-founder made a comment that later became known as Moore's Law. It related to integrated circuits and the observation that on a minimum cost component there is a doubling of transistors every two years. Over time it has been modified and quoted in a number of forms. Suffice to say it recognised that as over time with technology you get more for your money.

But with every rule there is an exception. The exception here relates to dual core and multi-core processors. Not in the development of the technology or price but in the costs of operating such beasts. In fact it's in the cost of the software. There are a multitude of business models for the pricing of software, one approach being to charge per CPU (Central Processing Unit) often used where large servers are involved.

In our consulting work we came across this anomaly. A large organisation had a production system that consisted of servers with a total of 64 CPUs. The database licences were CPU based for which they acquired the appropriate licensing agreement at a not inconsiderable sum. Some time later a mirror image of the environment was required and they proceeded to source similar machine but as with many things nowadays the old model was no longer produced. Nevertheless, the new equivalent model with 64 processors fitted with dual core CPUs performed better and was procured at a lower cost than the original. A perfect example of Moore's law in action. So no problem there!

However, on attempting to licence the machine they discovered the software provider had changed the rules. The technological advances were seen as a threat to their revenue stream. So now a dual core processor was deemed to be 1.5 processors and consequently the licence fees were 50% higher. Nice work if you can get it!

Other software providers have also changed their licensing models or are in the process of doing so. So as we move more and more to dual core quad core and multi processors expect more of the same.

Please forward your insights into best practice procurement to:
news@brianfarrington.com

4. Who are Brian Farrington Ltd?

Brian Farrington Ltd is an independent procurement and supply chain consultancy providing services to major public and private sector organisations. Established in 1978, we have proven expertise and experience in cost management, process improvement, PPP and EU tender performance management and change management. Brian Farrington Ltd solutions and services are formed through consultancy, training & development, interim resource and recruitment. Local government is an area of some recent accomplishment illustrated by the award of 2006 Beacon status for Pendle Borough Council in a PPP transforming key services. Brian Farrington Ltd was retained as lead negotiator and procurement adviser.

Capabilities

Brian Farrington Ltd's four core areas of procurement and supply chain capability are:
* strategic review and commercial governance * performance delivery and transition * major project support including lead negotiator roles * learning & development in support of organisational aims. Brian Farrington Ltd supports clients through each stage of the procurement process from OBC through to contract management and financial close, working as trusted advisers helping to manage the interfaces and relationships within clients and between clients and their suppliers.

5. And finally

We welcome feedback from our subscribers and we were delighted to receive the following from Kevin Treeby, Director of Procurement, House of Commons:

"Loved your write-up about "Beating the Opposition" school of negotiating [in September 2006 *Think Procurement*].

Actually, the next-best thing to doing business with a sensible partner is being faced by the "beat 'em up" negotiators. There is something about an overly-focused aggressive negotiator that makes them great sport (if you love blood sports); they've already given up the moral high ground so you don't feel bad about taking them for a ride and, in confrontational situations, one usually can because they have such a narrow view of what "winning" is all about.

Nigel is the ketchup on our plate - you wouldn't want to dine on it exclusively, but in small amounts it can add flavour to a fast-food meal. You just wouldn't want it, or need it, with a decent/expensive/well-presented dinner!"

Thanks Kevin!

Subscribers, please forward your feedback, enquiries and articles to:
news@brianfarrington.com



Until next month,

Stephen Ashcroft
Brian Farrington Ltd

Helping procurement and related professionals manage third party expenditure and mitigate risk.

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