

GROUP PURCHASING ORGANISATION

- **GPO IS AN ENTITY THAT IS CREATED TO LEVERAGE THE PURCHASING POWER OF A GROUP OF BUSINESSES TO OBTAIN DISCOUNTS FROM VENDORS BASED ON THE COLLECTIVE BUYING POWER OF GPO MEMBERS .**

SOME GPO'S SE

- **group purchasing is used in many industries to purchase raw material and suppliers ,but it is common practice in the grocery industry , health, electronic ,industrial manufacturing and agricultural industries.**

HISTORY

- **GPO'S are not new .the first health care gpo was established in 1910 by hospital bureau of new York.**
- **till 1962 number was only 10.**

Vertical market GPO

- A vertical GPO'S assists companies and organizations with in a specific industry or ,market segment.

Health care GPO

- E.g. premier ,med assets ,Vera medical group, health trust medical group, HPS, care purchasing services

A food service or grocery GPO;

- a food service or grocery GPO focuses exclusively \$400 billion foodservice marketplace , including food and food related purchasing for multi unit food service operators ,contract negotiation and supply chain services. These negotiation are made with supplier /manufacturing agreements and purchasing contracts.

- Categories for grocery purchase include ;poultry ,fresh produce, frozen food products ,fresh and frozen meal meats, candy and snacks dairy and bakery foods ,disposables and beverages.

INDUSTRIAL MANUFACTURING GPO:

- E.G.,PRIME ADVANTAGE
- A manufacturing GPO succeeds in solving procurement and sourcing concerns by aggregating the demand for products and services used in the manufacturing and production process and delivering deep saving on raw material , services and components by issuing rebates ,discounts and preferred pricing to its members.

- The combine buying power helps manufacturers save money on their purchases and more effectively compete against the largest global manufacturers. Saving can be done in two separate ways in GPO like prime advantage.
- First discounts and rebates are automatic saving, which are pre-negotiated. Then manufacturers are also allowed to negotiate improved pricing privately with an endorsed list of suppliers.

HORIZONTAL MARKET GPO

- A vertical GPO assist organization in specific industries ,such as health care ,food service legal, diary and industrial manufacturing ,a horizontal GPO assists companies across a broad spectrum of industries.

E-PROCUREMENT

- Electronic procurement ,sometimes also knows as supplier exchange is the B-B or B-C business to government purchase and sale of suppliers ,work and service through the internet as well as other information and net working system such as EDI and ERP.
- E-procurement website allow qualified and register users to look for buyers and sellers of goods and services .depending on the approach buyers or sellers may specify costs or invite bids .transaction can be initiated and complete

- Ongoing purchases may qualify customers for volume discounts or special offers. Companies particularly expect to be able to control parts inventories more effectively by reducing purchasing agents overhead and improve manufacturing cycles.

7 types of E-procurement

- web-based ERP:

Creating and approving purchased requisition ,placing purchase orders and receiving goods and services by using a software system based on internet technology.

- E-MRO:(maintenance repair and overhaul)the goods include MRO suppliers .

- E-SOURCING: identifying new supplier for a specific category of purchasing requirements using internet technology.

- E-TENDERING :sending request for information and prices to suppliers and receiving the response the response of suppliers using information technology.

- E-REVERSE AUCTIONING: using internet technology to buy goods and services from a member of known and unknown suppliers.
- E- INFORMING : gathering and distributing purchasing information both from and internal and external parties using internet technology.
- E-MARKET SITES: expands on web –based ERP to open up value chains .buying communities can access preferred suppliers ,products and services ,add to shopping carts ,create requisition ,seek approval ,receipt purchase orders and process electronics invoices with integration to suppliers ,supply chain and buyers financial system.

- The E-procurement value chain consists of indent management ,E-tendering ,and auctioning vendor management , catalogue management and contract management.
- indent management is the work flow involved in the preparation of tenders .this part of the value chain is optional ,with individual procuring department defining their intending process.

- In work procurement ,administrative approval and technical sanction are obtained in electronic format.in goods procurement indent generation activity is done online.
- Elements of E-procurement include request for information ,request for proposal , request for quotation ,RFX (the previous 3 together).
- E-RFX is the software for managing RFX projects.

ADVANTAGES

- E-procurement can provide real time business intelligence to the vendor as to the status of a customer needs.
- For e.g., a vendor may have an agreement with customer too.

