Definitions

Data Analysis is the process of inspecting, cleansing, transforming and modelling data with the goal of discovering useful information, informing conclusion and supporting decision making.

Descriptive analytics describes what has happened over a given period.

Predictive analytics moves to what is going to happen in the near term

Spend analysis is the process of collecting, cleansing, classifying and analysing expenditure data with the purpose of decreasing procurement costs, improving efficiency and monitoring controls and compliance.

Background

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The Procurement Reform (Scotland) Act came into effect on 18th April 2016. The Reform Act seeks to introduce Best Practice and in addition:

1. Support the delivery of sustainable economic growth
2. Improve supplier access to public contracts
3. Embed Sustainable Procurement

The Reform Act introduced a number of statutory duties and reporting requirements:

1. The publication of a quarterly contracts register
2. The publication of the SDS Annual Procurement Report which includes:
   - % expenditure with UK Small & Medium Enterprises
   - Expenditure with not for profit / third sector organisations
   - Expenditure / business placed with Supported Businesses this includes analysis of spend compliance as this is a statutory requirement of the act

SDS

SDS submits on an annual basis a file extract from the SDS General Ledger to the Scottish Procurement Information Hub. The data is enriched through cross referencing: Dunn & Bradstreet, Thomson's Local Directory, commodity classification categorisation etc. This in turn produces statistics in terms of SME's and third sector spend for SDS and across the Public Sector in Scotland and the UK.

SDS Procurement have transitioned from an excel contracts register to uploading contract details onto Agresso. This has resulted is greater granularity of spend management information which assists our internal customers. We have met our objectives and secured the benefits which are detailed through a programme which has taken several years. A SDS desk guide is available on how to extract spend management information from Agresso
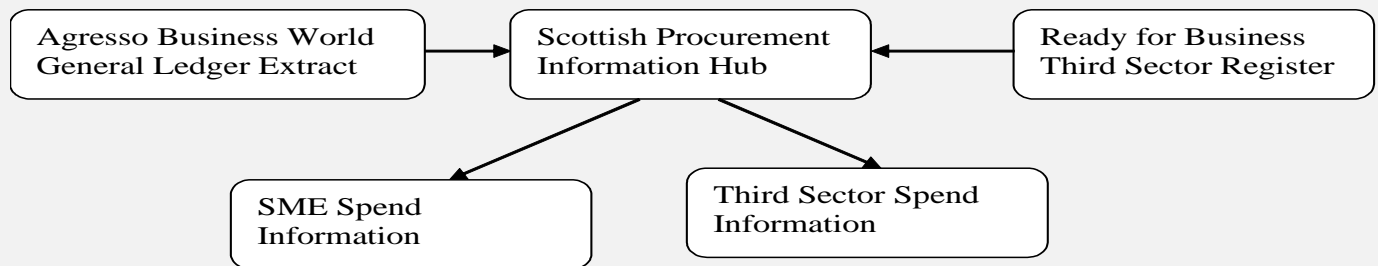
Objectives

- To enrich data to produce robust management information
- Conduct stakeholder analysis – to determine the range of spend management information reports required
- Meet the requirements of the Audit Scotland Red Flags in Procurement report through robust spend management analysis
- Review data analysis / spend analysis methodologies
- Industrialise the production of spend management information – reduce / eliminate manual duplication
- Move to SDS analytic tools - Identify where contracts are not starting on time and common issues with this

Benefits

- Robust spend management information
- Monitor compliance
- Informed decision making
- Greater standardisation and reduced costs
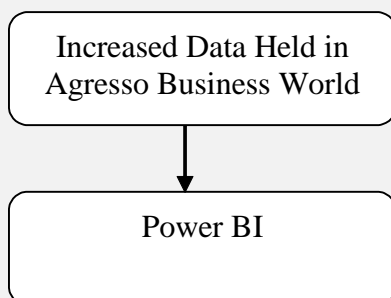- Enhance the reputation and standing of SDS

Schematic A – As Is

The following diagram summarises the current process for the above actions:

```
Agresso Business World        Scottish Procurement        Ready for Business
General Ledger Extract  ──▶   Information Hub       ◀──   Third Sector Register
                                  │      │
                         ┌────────┘      └────────┐
                         ▼                        ▼
                   SME Spend               Third Sector Spend
                   Information             Information
```

Schematic B – Additional Data Analytics

The following diagram summarises the new process where ABW holds more supplier data which Power BI can then be utilised to report on.

```
Increased Data Held in
Agresso Business World
        │
        ▼
    Power BI
```

ABW currently, helps us identify compliant/non-compliant spend through cross checking reference numbers and cost centre codes. However, as we have now added our contracts register to ABW, we can now compile additional reports such as actual spend per contract. Reporting will also produce on a live picture. We will continue to look at other information which can be pulled from Agresso with Power BI to improve reporting.

If you require any further information, please get in touch with procurement@sds.co.uk