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Alliance of Finance and Procurement Strengthens Bottom Line *by William Gindlesperger, Chief Executive Officer, e-LYNXX Corporation*

The modern day chief procurement officer (CPO) has a significant role in delivering value to shareholders, customers and the public. But the CPO's success is very dependent upon collaboration with the chief financial officer (CFO). That is one of the findings of the most recent Capgemini Global Survey of Chief Procurement Officers, first published in 2010.

"Increased collaboration between the two key 'money crunchers' in the organization not only makes sense, but is a prerequisite to success," said Hamish McKechnie-Sharma, a Capgemini Consulting Principal, in published remarks.

In addition to 79% of chief procurement officer respondents stating that procurement must be more focused on "improving an organization's bottom line," 70% said organizations must develop means by which "measurement on procurement performance in financial terms" is achieved. This goes hand-in-hand with procurement and finance collaborating from the beginning of a fiscal year on what a savings is, setting up criteria to measure savings and ensuring that the path to savings is totally transparent.

Towards this end, there has to be a means by which savings, improved efficiencies, strong quality controls and full transparency, accountability and reporting are delivered and documented. There also has to be an agreement between the CPO and the CFO that continuing to use traditional – and antiquated – procurement practices must stop. No longer can a few vendors be the sole sources for goods and services. No longer can negotiated pricing, influenced by personal relationships and vendor perks to the buyer, drive procurement decisions. No longer can work be awarded without true competitive bidding.

Savvy CFOs and CPOs are embracing new methods that address the issues of high costs, questionable efficiencies and limited transparency. One such method that is proving itself is automated vendor selection technology. AVS Technology® is reducing costs for procured goods and services by 25% to 50%, with the average cost savings for licensees of the technology being 42%. These reductions are in the actual procured costs of the goods and services when compared with their historical prices, excluding efficiencies and staff reductions which yield additional cost reductions.

Driven by AVS Technology®, vendors – all carefully screened and objectively qualified by the buyer -- are automatically selected to compete for work. Only those best qualified to produce each project are invited to submit bids. Participating vendors lower their prices, in a competitive bidding environment, to fill gaps in their production schedules. The buying organization benefits from deep discounts. The winning vendor is awarded work that it otherwise would not have.

For the buyer, there are additional benefits. When the technology is used with a robust web-based workflow and communications system and best practices, the process delivers total transparency, full accountability for all participants (buyer and vendor), strengthened quality controls, assured timeliness and significant efficiency gains. Also, an indelible and auditable task-by-task record of each project is established for future reference. This approach, already licensed by a host of businesses and other organizations, can be used for a wide range of applications including specialty products, commercial printing, temporary staffing, direct mail, POS, construction services, publications, packaging and transportation. Using the 42% average savings of current AVS Technology licensees as the benchmark, each \$1 million in procurement costs achieves \$420,000 in cost reductions for procuring the same goods and services. This is dead serious money as organizations typically procure 2% to 20% of their gross revenues.

These type results encourage CFO and CPO partnerships. Enlightened management today sees the chief financial officer and the chief procurement officer as equals with both having seats at the executive team table. No longer is procurement relegated to being a back-office function. The Capgemini survey also found that more than 70% of purchasing functions now report directly to boards of directors and more than a quarter report directly to chief executive officers.

Co-ownership of the procurement process by finance and procurement will result in savings that are achievable, proactively managed and sustainable.

About e-LYNXX Corporation

e-LYNXX Corporation patented the technology integral to e-commerce. Endorsed by Educational & Institutional Cooperative Purchasing (E&I) and Printing Industries of America (PIA), e-LYNXX drives results through its three divisions. • AVS Technology® licenses the patented* automated vendor selection procedure used in e-commerce and procurement systems. • American Print Management provides web-based system, services and patented AVS Technology® to reduce substantially the procured costs of direct mail, marketing, publications, packaging, labels and other procured print. • Government Print Management offers effective U.S. GPO bid services and strategies. www.e-LYNXX.com – 888-876-5432

*U. S. Patent No. 6,397,197, Patent No. 7,451,106, post-Bilski Patent No. 7,788,143, and Continuing Application 12/855,423 (collectively, the AVS Technology®) – This thicket of patents covers all custom goods and services, not just print. To inquire about licensing, contact Anthony Hawks at 888-876-5432 or Michael Cannata at 905-773-2207.

About the Author



William Gindlesperger is a nationally recognized entrepreneur, inventor, author and consultant. He founded ABC Advisors and its successor, e-LYNXX Corporation, in 1975. Profit, non-profit and government organizations alike have benefited from his strategic insight and innovation that result in measured and substantial cost reduction.

Mr. Gindlesperger's sound advice and counsel have yielded results for those with fiduciary responsibility and the authority to take action to reduce costs. He has directed major initiatives in both the private and public sectors. He has testified before the U. S. Senate Committee on Rules and Administration regarding government print and procurement policy. He has worked directly with numerous Congressional and Senatorial members and staff and has advised Congress on the development, operations and future of government procurement.

He has been a lead fund raiser for senatorial, congressional and gubernatorial elected officials. He was a founder and chairman of Printing Industries of America's (PIA) PrintPAC (political action committee) and has been recognized for his contributions to PIA and services to the printing industry. He was inducted into PIA's Ben Franklin Honor Society of print industry leaders in 2009 for his lifetime contributions to the print industry. *Supply & Demand Chain Executive* honored Mr. Gindlesperger by including him in its 2010 listing of the most influential leaders in the supply and procurement profession in North America.

Mr. Gindlesperger invented the Automated Vendor Selection Technology® -- the technology that is integral to e-commerce and optimizes cost reduction in the procurement of *all* customized and specification-defined goods and services. He has been granted a series of Automated Vendor Selection patents, including Patent No. 6,397,197, Patent No. 7,451,106, and post-Bilski Patent No. 7,788,143 (collectively, the "AVS Technology®").

Under Mr. Gindlesperger's leadership, e-LYNXX has grown into the leading print management and procurement licensing firm in North America. e-LYNXX has been exclusively endorsed by Printing Industries of America (PIA) and has been named one of the top 100 procurement firms in North America by *Supply & Demand Chain Executive* magazine.

His firm handles more than 200 on-going consulting assignments at any given time. Among its contracts is one with Educational & Institutional Cooperative Purchasing to assist colleges, universities and other institutions nationwide with procurement and spend management.

A native of Chambersburg, Pa., Mr. Gindlesperger is a graduate of Dickinson College in Carlisle, Pennsylvania.