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Value Focused Supply Management -- the 21st Century Solution
by William Gindlesperger, Chief Executive Officer, e-LYNXX Corporation

Value Focused Supply Management is an approach for creating and implementing long-term strategies for key purchase categories and their suppliers that go beyond just competitive sourcing. This concept was presented at the 2010 Institute of Supply Management Annual International Supply Management Conference in a major research initiative by CAPS (Center for Advanced Purchasing Studies) Research and A. T. Kearney, Inc., entitled "Value Focused Supply - Linking Supply to Competitive Business Strategies."

Basically, what this means is an organization must go beyond just adopting a competitive buying program to reduce costs. It must institute a technologically sophisticated program that includes executive level involvement, centralized purchasing, strategic procurement, total transparency, data/information collection and analysis, greater efficiencies, strengthened controls, enhanced flexibility, increased competitiveness and ensured fairness in the process. The ultimate goal is to improve the overall competitiveness of an organization by adding additional value for both customers and shareholders.

Looking back over the past 20 years, according to the CAPS research paper, it is clear that competitive sourcing created significant value for companies, driving major cost savings directly to the bottom line. However, the widespread use of competitive sourcing techniques and tools has eroded the major advantage that it gave pioneers in the 1990s. A.T. Kearney has found that the savings gap between leader and follower companies had shrunk by half just since 2004. "Just saving money on external expenditures will not be enough to survive, let alone thrive in the years to come."

That said, to achieve Value Focused Supply Management, an organization must move beyond traditional procurement approaches that are driven by buyer-vendor negotiations in which the buyer looks to a limited number of vendors in hopes of getting preferred pricing, quality and on-time delivery. Traditional approaches can only deliver two out of the three of those objectives. To ensure quality and on-time delivery, prices are typically high. Prices may be reduced if quality or on-time delivery is compromised. The two out of three approach runs counter to Value Focused Supply Management where all three -- quality, pricing and on-time delivery -- must be expected on every purchase.

This requires new technology, which is now available. The new technology plus the use of procurement best practices will allow an organization to get reduced pricing without compromising quality or on-time deliver. It also provides total transparency, data/information collection and analysis, greater efficiencies, strengthened controls, enhanced flexibility, increased competitiveness and ensured fairness in the process.

The basis for this breakthrough is the AVS Technology™ that provides an automated vendor selection procedure once the buyer has established a database of a dozen to two dozen prequalified vendors and also entered into another database all details for a job or a service that is needed. The vetting of the vendors is rigorous to ensure that, regardless of pricing, each vendor in the database will deliver quality work on time. The job specifications must be equally as exacting so the computer will be able to select from the vendor database only those vendors truly capable of doing the work. Then, with the click of a mouse, the computer will match job specifications with vendors and invite only those qualified to bid on the work. This establishes a unique competitive bidding environment because all participating vendors know that low bid wins. To reduce pricing, vendors look at their production schedules and fill gaps or periods during which they otherwise would have no work. Hence, prices are lowered by the vendor but quality and on-time delivery requirements are not. Competition also is increased from just a few vendors to an expanded field. Fairness is appreciated by the vendors because they know from the beginning that they are competing with others who also are lowering prices to fill downtime. They also know that a low price on one job will not be expected on all jobs because the buyer knows that production downtime will vary with vendors from job to job.

The automated vendor selection procedure is repeatable so the buyer is not constantly looking for vendors. They are in the buyer's vendor database, and all that has to be done is enter the job or service specifications and let the computer do the matching.

Once a job or service is awarded, then to gain maximum benefits associated with AVS Technology, the buyer and vendor must apply best procurement practices including use of a SaaS (software as a service)

communications and workflow system that documents and archives every detail of a job, from conceptualization and production through completion and invoicing. From this process comes secure web-based communications, full accountability for all buyer and vendor staff participants, total transparency, thorough data collection, stronger quality controls and greater efficiencies.

Already being licensed by print buyers, AVS Technology, when used with best procurement practices, is reducing the cost of procured print by an average of 42% compared to traditional approaches. Print includes direct mail, marketing materials, commercial print, packaging, labels, or anything where an image is placed on paper, plastic, metal, textiles or other substrate.

The efficiencies of their procurement processes also are greatly enhanced. This is the real power of Value Focused Supply Management -- the 21st Century procurement solution.

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, founder, chairman and chief executive officer of e-LYNXX Corporation, 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 procedure -- the technology that is integral to e-commerce and optimizes cost reduction in the procurement of all custom 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 named PIA's "Best of the Best Workplaces in America". e-LYNXX has also 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.