



BGIS

CASE STUDY

**A blueprint for
selecting a
long-term
procurement
technology
partner**



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CASE STUDY

A blueprint for selecting a long-term procurement technology partner

As a procurement leader you stand at the intersection of procurement, contracting and legal. You strive to consistently provide best value to your client stakeholders. In order to achieve this you must tailor good technology to apply your spend management and risk management practices to develop a predictable, high quality supply base. Technology-based endeavours of this nature should be looked at through a partnership lens with an eye to continuously enhancing the value and results that procurement delivers to your organization. This was the approach taken by Brookfield Global Integrated Solutions (BGIS) in their partnership with merx, powered by mdf commerce.

This case study explores:

- Selecting a technology partner versus vendor
- Sustainability
- Completeness of vision
- Control and compliance
- Strategic sourcing
- Contract lifecycle management
- Risk management
- Change management
- Innovation

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FEATURING



John Castelhana
Brookfield Global Integrated Solutions (BGIS)
AVP, Strategic Sourcing and Procurement
North America

John Castelhana has been with BGIS since 2012 and is responsible for leading their innovative and exciting Strategic Sourcing initiatives across the North American market. John oversees a team of more than 100 procurement professionals who are highly engaged in delivering award-winning, high quality and cost-effective solutions with integrity. All solutions must mitigate risk and further sustainable objectives while exceeding clients' expectations. The team is

responsible for sourcing activity related to all major spend with third-party suppliers.

Their vision is to be recognized as the most effective sourcing team in the global real estate industry and to be leveraged as a competitive advantage in securing new business opportunities and strengthening existing business relationships.

John has held various leadership positions through his almost 30 years

in Supply Chain, Procurement and Materials Management profession spanning industries including real estate, industrial, consumer goods and manufacturing.

His career has been enriched through the many amazing mentors he has worked alongside and he has circumnavigated the globe countless times in search of valued service providers and strategic relationships. John is deeply committed to increasing

the awareness and importance of sustainability in his sourcing practices, he is a member of the Freshwater Round Table and avid supporter of the World Wildlife Fund.

He hopes to transform his industry and add greater meaning to his work through a more environmentally focused approach to the procurement of goods and services.

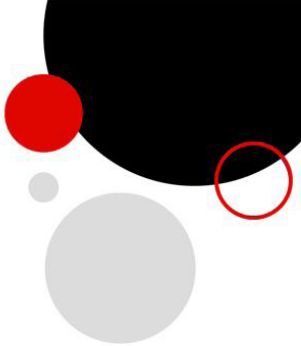
INTERVIEWER



Jean-Michel Stam
merx - former President, Canadian Operations

Since joining mdf commerce (formerly Mediagrif) in 2000, Jean-Michel has held executive-level positions within different business units operated by mdf commerce and currently oversees sales and operations for six LOBs: merx, ASC Networks Inc., The Broker Forum, Polygon, Carrus and PowerSource Online. Over the years, Jean-Michel has played a critical role in the commercial development of various units within

mdf commerce, and his expertise in the B2B e-business sector stems from the leadership roles he has assumed over the years in the field of international operations and sales and marketing. Jean-Michel holds a bachelor degree in Commerce from École des Hautes Études Commerciales (HEC), where he also held key management positions in the field of international relations prior to joining mdf commerce.



Q&A

Q: In addition to procurement, contracting and legal, what other parameters play into your role as a procurement leader?

A: Other parameters important to procurement are understanding your internal client needs, their operations, and the people that they support and represent. Constant, professional engagement with these internal clients is critical – and that front line supports the clients directly. The relationship with the internal client is about 70% of the role of a procurement professional in the global real estate industry. Another 10% of the effort is with the Legal team.

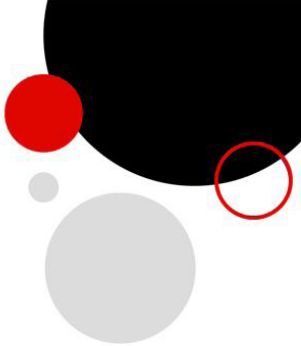
Legal engagement would perhaps be more but they have an established framework of practices and processes that enables them to operate fairly independent. The Finance team likewise consumes 10% of the team's time. Finance engagement is related to the fact that their work has a massive financial impact with financial factors being carefully weighed, considered and tracked throughout the lifecycle of a procurement activity. The last 10% of effort is divided among the teams for Risk Management, IT, Security and Health and Safety.

Q&A

Q: What does consistently providing best value to your client stakeholders entail?

A: It means:

- Delivering the lowest TCO – a combination of quality, capability, service delivery, innovation and price all roll into TCO
- Demonstrating that they are highly professional and have technical expertise in what their area of purchasing ("informed buyers")
- Emphasizing that they are a service organization and how important that is -- they treat their direct clients like customers even though they are internal parties
- Providing consultative and adaptive support – which could mean the fastest, quickest, most flexible, most efficient, etc., depending on the client needs



Q&A

Q: How have you tailored your technology solutions to deliver a predictable, compliant, high quality supply base?

A: You need tools tailored to your specific business needs but also leveraging industry best practices such as automated workflows, paperless transactions, mobile access and configurable “workspaces”.

To them the tool is the workspace of the people on the team (it’s not a “platform” or “application”). The tool allows for third parties to have direct dialogue and to collaborate in the workspace.

- Predictable means standardized processes -- forms are predictable; they provide an intuitive structure for process and must be followed each time per design (e.g., per the automated business rules and approval workflow).
- High quality is really about vendor management. That includes the ability to integrate vendor performance which they are “roadmapping”. Future proofing is so critical. You need a workspace that is interactive, agile, enables the addition more best practices, automation of more steps and processes. Integration into other tools and system in your network ecosystem is also critical (e.g., ERP: Oracle).
- Flexibility to deploy across additional departments and countries (“lines of business and markets”). Deployment plans are short term and agreed and solidified, while roadmapping is longer term (vision of where you want to be).
- Vision: To be the best team in the industry – the most effective, strategic team in the corporate real estate industry.

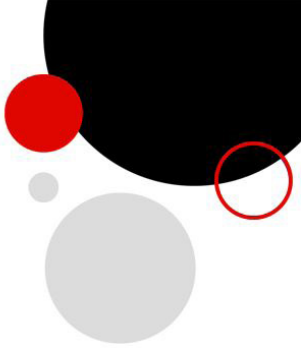
Q&A

Q: What is the value of a technology partner versus a vendor?

A: A vendor is more transactional while a technology partner implies a strategic relationship with mutual benefits and mutual risks. A partnership is a relationship where the parties know each other’s business really well and the lines of communications are open and informed.

This ties back to how BGIS itself works – they have the same expectations of their supplier partners. A partnership means:

- The relationship is critical to the long-term success of both companies
- They are partners in innovation and growth in each other’s businesses
- Agreements are outcome based
- Collaboration is not prescriptive or transactional
- There is strong governance and a consistent and frequent business review cadence with an agenda comprising key business topics, areas for development, etc.
- Alignment of values
- Good chemistry amongst the teams



Q&A

Q: How important is sustainability in the context of the procurement function?

A: Sustainability is absolutely huge, not just corporately but personally. It is an opportunity to make work more worthwhile, to do things that will have impact on your kids, family, community and the world. Sustainability is part of the team's operating objectives and they take it really seriously. They want to show sustainability responsibility in all that they do. They channel corporate social responsibly into sustainability. Sustainability is 10% of their evaluation criteria -- it is always part of their mandate. They not change it or reduce it – it's a firm requirement.

Q&A

Q: What elements should be considered in formulating a complete vision?

Completeness of vision from a best practice perspective is about doing five (5) things simultaneously: integrity, innovation, sustainability, delivering memorable and positive customer experiences, and ensuring employee engagement. They live, breathe and practice these core values. To add that, from a personal philosophy, engagement is everything. If you have strong team engagement, everything else looks after itself. Their "battle cry" or vision statement is: "To be recognized as the most effective Sourcing Team in the Global Real Estate Industry and be leveraged as a competitive advantage in securing new business opportunities and strengthening existing business relationships."



Q&A

Q: What are the foundations of control and compliance?

It is very important to demonstrate and practice what they preach, to have governance and monitoring of all procurement activities to ensure consistent practices and compliance with policy and procedure (transparency and auditability).

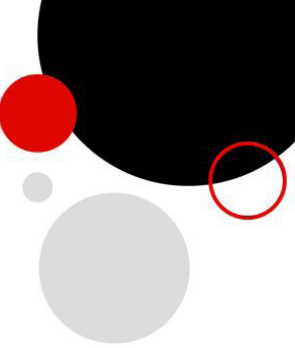
They leverage the results of program to “steer” efforts in training and development. They have very sophisticated clients and have to consistently demonstrate to them that they have “equal or better” processes to “earn their trust and business” – this applies to their internal clients but also their end clients such as government, finance institutions and large organizations.

Q&A

Q: How is strategic sourcing changing?

Nowadays they are hearing more about catalog management than strategic sourcing. 30 years ago we were simply buyers, 20 years ago the term procurement became popular, and then 10 years ago strategic sourcing became the more progressive and engaging label or topic. But now they are seeing the term category management maturing. Some see it as the next phase but as BGIS they see it as something that “runs alongside, a critical component” of strategic sourcing.

Category management entails a much stronger emphasis on managing stakeholders and being an expert in the change management toolkit. It’s a different competency, highly technical and really value focused. Hence it is one of the more important aspects of strategic sourcing and therefore has become a focal point.



Q&A

Q: How does contract lifecycle management fit into the procurement practitioner's role?

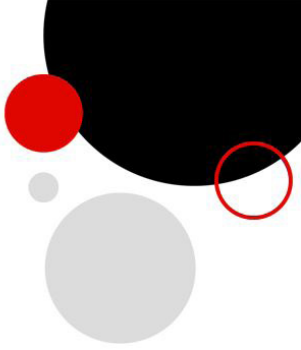
Contract management is the plumbing, the foundation, the "infrastructure" – it absolutely critical to the success of the system. Contract management provides efficiency, control, reporting and accessibility. The scope is end to end from procurement concept to contract and you need a workspace that enables execution of a contract and maintenance throughout the contract lifecycle. Being able to do that all in one workspace (platform) is huge.

Q&A

Q: What tools and methodologies do you use to mitigate risk?

Every work stream at BGIS is supported by the Risk Management team. They hold annual meetings to evaluate and articulate the impact of risks, score them, and define mitigating actions and levels as well as redundancy plans. Primarily the tools they use are with the supplier base where there may be dependencies and business requirements that might impact financials of company.

They are penalized if they don't meet their commitments and they need to be able to report out and manage corrective actions to avoid negative financial impact. They also have business continuity plan (BCC) which includes disaster recovery. They also expect business continuity plans from their technology and supplier partners.



Q&A

Q: How does change management fit in the practitioner's skill set?

Change management is an essential skill for someone in this line of work – equal to or just as important as being a strong facilitator and managing stakeholders. Outcomes need to be carefully managed and that includes changes, new terms of business, new technology, new environments, new clients and new suppliers. Change management practices are critical for driving success in their projects. Key components in their tool kit include their charter, their change management risk plan and their communications plan. All are embedded in their practices and very beneficial for the group.

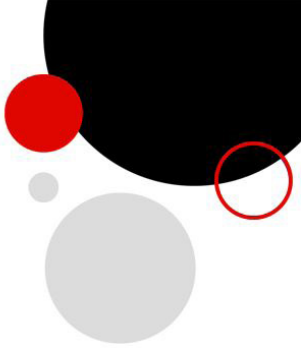
Q&A

Q: Is innovation a priority for the procurement function?

One of their strategies is to always be leveraging innovative solutions that are emerging in the marketplace and that they or their clients can benefit from. They put in the time and effort to research and outreach to the industry to ensure they are on the leading edge with new technology.

Corporately they have Supplier Symposium that's recurring and designed to solicit innovative solutions from service providers and help them deploy their new technology and even help market on their behalf to the BGIS customer base. They make a call for innovation solution via a wide open RFP (no prescribed specification) and then evaluation, score, award and recognize the winning innovations. The process is managed in a way that is respectful of intellectual property and confidentiality. It is a totally value based evaluation process and no pricing is requested.

The event is really successful, with more than +100 proposals from their service providers. As an executive from one technology partner stated, "It's an innovative way to procure innovation!"



about merx

merx, powered by mdf commerce, helps thousands of private and public organizations reduce strategic sourcing costs while improving efficiencies and accountability to stakeholders. Organizations of all types and sizes use merx to manage hundreds of billions of dollars of spend while engaging our global network of over 200,000 suppliers. merx enables organizations to optimize procurement with a 360 degree perspective of needs, supply, risk,

contracts and supplier performance. Anchored by electronic tendering, merx offers a fully configurable Source to Contract solution, integrated with your existing systems and tuned to your industry, business and vision.

about BGIS

BGIS believes that the world of business is facing unprecedented change and that the concept of “business as usual” is dead.

To be successful in this ever-changing world, real estate management companies need to be agile, flexible and show a willingness to do things differently. As true partners and change agents, we are committed to pursuing a better way of doing things for our industry and for our clients.

We will always do whatever it takes to make sure we deliver real results against the goals that actually drive our clients’ business forward. Because, in the end, we’re not just responsible for serving our customers - but their customers, too.



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