

How to handle the uncertainty of Brexit using an online marketplace.



Once Article 50 is filed, the UK will have two years of uncertainty while it establishes key policies and renegotiates trade terms with the European Union. In this uncertain period, business confidence is fluctuating and needs the procurement function to provide leadership. So, how can the use of an online marketplace aid procurement professionals?

The primary focus of an online marketplace is to help the user run a more efficient purchasing operation. At a time when managing the risk of fluctuation in exchange rate is vital, procurement professionals must re-evaluate operational strategy to diversify their supplier network, ensure the best value and avoid monopolistic trade.

Lawrence Churchill, Chairman of Applegate Marketplace, commented: “What marketplaces do, quite simply, is bring together someone who wants to buy a product or service with someone who wants to sell it. “The problem, typically, is buyers and suppliers are unaware of those with whom they could create a contract or they are unsure of the quality or terms a supplier can provide.

“Can they deliver tomorrow as opposed to three months’ time? There are lots of issues in which marketplaces can make that information much more freely available.”

The fluctuations in the exchange rate are great news for exporters in the UK, whose products and services have become more competitive in Europe as a result of the drop in the value of sterling. For procurement professionals that have a number of suppliers across the EU, however, the decrease has made their imports more expensive. So what should procurement professionals do?

Beyond the general guidance to protect the bottom line of an organisation and the ability to steady the hands of non-procurement professionals within an organisation, it is clear in the event of Brexit, the function must re-evaluate its operational strategy.

Multi-source suppliers

By multi-sourcing for each transaction – having a number of suppliers from different locations -locally, nationally and internationally is the key to avoiding monopolistic trade and threats from currency fluctuations.

This can be achieved in a number of ways and aided by utilising an online marketplace as a single location where you can source trusted suppliers and instigate trade relationships with suppliers internationally. Used in conjunction with an eProcurement system it provides a procurement professional with access to hundreds of thousands of suppliers, where they can request multiple quotations – detailing their specific requirement – whether that is location, certification or turnover requirements.

Obtaining the best value

Research from Applegate PRO suggests that SMEs are the savviest at achieving this.

A survey of 726 SME senior decision makers indicated it was the UK's smallest businesses that are the most competent at multi-sourcing suppliers. Seven in ten SMEs are struggling to cope with the impact of rising costs, so to overcome this, these businesses are between 50% and 100% more likely to multi-source suppliers and compare prices on everyday items in contrast to their larger counterparts.

The research suggests the savvy-buying, cost-conscious nature of very small businesses can decrease as a business grows and priorities its time on processes viewed as 'more important'.

Applegate champions the use of an online marketplace in conjunction with an eProcurement system to obtain the best value for each business transaction to guide an organisation through these tumultuous times.

Chief Executive of the Chartered Institute for Procurement and Supply, David Noble, has claimed in these times of uncertainty, the procurement function must act as a 'suppressor of panic' providing guidance not only to the CEO of an organisation but all incidental buyers.

Celebrating its 20th anniversary this year, Applegate Marketplace showcases hundreds of thousands of suppliers for products and services across the world. It's free-to-use eProcurement system, Applegate PRO was launched this year to streamline request for quotation process.

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