

Summary of Industry Feedback and Responses to the SOS Tender Blog Consultation (3 – 14 November 2016)

ID No.	SUPPLIER	SUPPLIER' FEEDBACK	FINANCE RESPONSE & RATIONALE
1.	Supplier No. 1	Finance Specified Product Identification Codes (FSPINS) - list manufacturer part numbers or a more specific product description to enable a clear evaluation on a like for like comparison, rather than using FSPINS.	The FSPIN acronym will be known as a WoAG Code under the new arrangement. A WoAG Code and product specifications will be maintained as manufacturers' codes are not consistent across products and the SOS industry, and this code is not the basis for evaluating pricing. Pricing will be assessed based on a 'Product Classification' (Premium, House, Budget and Socially Responsible). Finance has updated the Product Classification definitions to include a sliding price scale of high (Premium), medium (House) and low (Budget). The price schedule incorporates a general product description and up to four additional product description levels, to enable like for like comparison.
2.	Supplier No. 2	New Socially Responsible Classification - Support the replacement of Environmental with Socially Responsible product category as this broadens the scope and is likely to result in a greater range of products.	The Head Agreement and SOR include a new Product Classification of Socially Responsible which expands on the current environmental classification and now includes indigenous products.
3.		Support the minimum SOS product list quantity threshold in Clause 5.4, as it is clear and reasonable.	Under the current SOS Arrangement Panellists offer more Premium Products when compared to Budget and House Products. For example, one Panellist offers 57% Premium, 16% House, 19% Budget and 8% Environmental Products. To improve the availability of products across the WoAG SOS Arrangement, clause 5.4 has been included in the SOR, to stipulate a minimum SOS Product List quantity threshold of 20% - 30% for each of the classifications of Premium, House and Budget, which must be maintained over the term of the arrangement. The minimum quantity threshold for Socially Responsible is 10%.
4.		FSPINS - Suggesting groups of products be included in a Category without assigning each product an individual	Refer to the Finance response to Supplier No.1, ID No. 1 above.

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		FSPIN would be more flexible whilst meeting the Category objectives.	
5.	Supplier No. 3	Moving the reporting cycle from Quarterly to Monthly is onerous.	Although expenditure and Service Level reporting has moved from quarterly to monthly, the number of transactional / financial reports has been reduced from ten to four reports. Additionally, the number of Service Levels has been reduced from eleven to eight. Monthly reporting will allow Finance to analyse data in a timelier manner and proactively manage the arrangement. The new monthly reporting cycle will be monitored closely and changed if need be.
6.	Supplier No. 4	Clause 37.3a – Capped Pricing – failure of the Contractor to apply to SOS pricing any price that is offered to the public for more than 7 days at a price lower than SOS pricing, will be a material breach, and is unreasonable.	Clause 37.3(a) has been updated to require the Contractor to notify Finance, and offer the lower price to entities, if a lower product price is offered to the public for more than 30 days.
7.		FSPIN Limitations - in summary, having one FSPIN per classification of premium, house and budget is restrictive and results in a limited catalogue offering.	Under the new arrangement there is no limit to the number of products per FSPIN (which will be known under the new arrangement as a WoAG Code) as long as a product meets the specification and pricing is comparable.
8.		Entity Reporting - suggest removing Product Classifications (Premium, House, Budget, etc.) as this can be confusing to entities, and limits product availability.	From a product availability perspective, the new arrangement will remove the limit of one product per WoAG Code. This offers the opportunity to increase the availability of a larger range of products (that meet a product specification). Regarding Product Classifications, Finance surveyed selected Customers of the SOS Arrangement (July – August 2016) and requested feedback on whether the Product Classifications assisted entities with their procurement decision-making process. 55% of respondents advised that the Product Classifications were used to make procurement decisions. In addition, none of the respondents reported potential concerns with the Product Classification definitions.

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9.		Product Quantities - including product quantities in the Product Catalogue will enable tenderers to provide best pricing	This feedback was provided by three suppliers. Finance has included volume data in the Price Schedule for the top 300 products (Basket of Goods) and also in the Due Diligence Information of the RFT.