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9B19M101

OECM: TRANSFORMING PUBLIC-SECTOR CULTURE AND SCALING FOR GROWTH

Dr. Farzad Alvi and Amir Nematbakhsh wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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In January 2018, Ontario Education Collaborative Marketplace (OECM) was entering a period of unprecedented growth and formulating an organizational strategy for mastering that growth. OECM was a strategic sourcing organization focused on the education sector in Ontario, Canada, where universities, colleges, and school boards spent approximately CA$4 billion[[1]](#footnote-1) annually to procure everything from pencils to computers.

John Sabo, who became chief executive officer of OECM on May 2, 2016, had previously chaired a multi-billion-dollar pension fund, served on the board of OECM, and acted as chief financial officer of a large school board in Ontario. Seeing a chance to create a strategy for unprecedented growth, Sabo was readying himself for the first strategy offsite meeting of a newly constituted board in March 2018. What strategy would emerge, if any, from the offsite discussion? What strategy would OECM use to achieve its aggressive growth targets? How should OECM scale?

FORMATION AND BUSINESS MODEL

OECM was a quasi-public-sector organization, initially backed by the Ontario government and now a private, not-for-profit organization. It originated in 2004, when a group of procurement professionals from the education sector experimented with ways to mitigate the costly procurement process required for purchases of goods and services over $100,000 using public funds (see Exhibit 1).[[2]](#footnote-2) By collaborating, they alleviated the need for duplication in sourcing.

OECM created a transparent and competitive market by aggregating orders from the education sector to negotiate better prices from vendors. It earned a fee for bringing together buyers and sellers, and it earned plaudits from the government, whose interests were served whenever taxpayer dollars were spent more efficiently. The buyers were happy to get better prices by joining together, and the vendors were incentivized by negotiating with a collective and thereby transacting fewer, larger orders.

In 2017, OECM intermediated transactions worth $255 million in a $4 billion market, which represented a 32 per cent growth over 2016. Over the near term, OECM hoped to facilitate at least $2 billion of overall market transactions, but it had not yet formally developed a strategy for achieving such an aggressive high growth target.

Sabo described OECM’s business model as the “Amazon of public-sector education procurement” in the Province of Ontario. Like Amazon.com, Inc.’s marketplace, OECM facilitated collaborations between buyers (customers)[[3]](#footnote-3) and sellers (suppliers),[[4]](#footnote-4) and it received cost recovery fees (CRFs)[[5]](#footnote-5) based on supplier partners’ sales to customers. OECM’s customers viewed products and services on OECM’s online marketplace, signed client supplier agreements (CSAs),[[6]](#footnote-6) and purchased from OECM’s awarded suppliers. OECM often awarded contracts to multiple suppliers, which allowed its customers to choose from a wide array of products and services. The CRFs for sourcing and facilitating the transactions between customers and suppliers covered OECM’s operational expenses and enabled growth into new procurement contracts, which provided customers with greater choice, options, and savings. CRFs, charged directly to the suppliers, ranged from one to three per cent of the total value of each transaction. From 2007 to 2015, OECM was dependent on significant transfer payments[[7]](#footnote-7) from the government to fund its operations, since the CRF revenues, which were based on the amount of each customer’s transaction with a supplier using an OECM agreement (the spend), were insufficient to comfortably cover operating costs (see Exhibit 2).

OECM’s journey to self-sustaining financial independence began with experimentation—the organization encouraged public-sector cooperation, realized that the idea of collaboration could be viable in the market, and reorganized itself with a start-up mentality to achieve further growth. By 2015, OECM had edged into a surplus, making $280,335 with a transfer payment agreement (TPA) of over $1.9 million, and surpluses became entrenched by 2017, when it made $993,112 without a TPA (see Exhibit 2).

GROWTH CONSIDERATIONS

Sabo set out the growth challenge as follows:

I want to get to a point where, if one of our customers requires sourcing, the default is to come to OECM first and access from us. The only reason they don’t use us is that we don’t offer what they require. Ideally, we want to get to a point where we do offer most if not everything our customers require. If we do that, we will max out.

To achieve its growth to date, OECM had overcome internal challenges through a four-point plan, implemented between 2016 and 2018, that included technology, governance, the implementation of a people strategy, and increasing contract categories and participation. How to further scale the growth to date remained an open question.

People Strategy

OECM implemented a people strategy to increase the efficiency of its employees. Sabo recognized that without a team of top performers and the willingness to pay for high performers, achieving the organization’s growth targets would be difficult. Headcount had grown 35 per cent year over year, from 22 employees in 2015, to 53 by early 2018. There continued to be some unfilled positions, and as the company scaled, the possibility of more vacancies remained a real concern.

In order to reduce high employee turnover and retain the high performers who were necessary to scale, OECM embraced a workplace culture associated with start-ups: a fun environment with energetic employees, a lounge and games room for breaks, and organizational and community volunteering events to promote employee bonding and morale. OECM hoped that the shift in culture, along with an improved compensation and benefits program, would reduce turnover by ensuring more motivated and fulfilled staff.

Contract Categories and Contract Participation

The heart of OECM’s procurement process was issuing contracts[[8]](#footnote-8) with suppliers for products and services that would be of interest to its customers. OECM planned to increase the number and variety of its contract categories[[9]](#footnote-9) (see Exhibit 3) and to promote increased spending by increasing contract participation.[[10]](#footnote-10) OECM drew on the substantive industry knowledge of subject matter experts to create procurement requests for proposal (RFPs)[[11]](#footnote-11) and contracts that would be of interest to its customers. The experts provided guidance in the field to ensure that the contracts met industry and public-sector standards and the needs of the customers.

Technology

OECM hoped to innovate its customer-centric orientation by utilizing data analytics on customers’ purchasing behaviours, perhaps even anticipating customer needs. It was also using technology to create operational efficiencies in what was still a costly procurement process. Given a recent increase in labour costs, it would need to combine technology, business transformation, and training to achieve tenfold growth. Sabo wanted to build a robust technology platform that would allow for better analysis of customer needs. “We need to be careful with technology,” he explained. “We need to make sure we manage technology while staying efficient. Just throwing money at new technology won’t make us more efficient.” One innovative step OECM took was to use an online solution, e-procurement, which allowed organizations to source products online through the Ontario Tenders Portal, commonly used in Ontario’s public sector. It also used the Merx and Biddingo platforms. This shift reduced OECM’s sourcing costs (one of OECM’s biggest expenses) and created a more transparent environment for suppliers.

Governance

From 2006 to 2015, OECM was heavily subsidized by the Province of Ontario. The board and many staff members came from public-sector backgrounds, but it was evident that the organization needed to make changes in order to become financially self-sustaining. “We’re in the education business, but we’re also a big business, and to be a big business, you need to be governed properly,” explained Sabo. The initial board had been made up of volunteers who worked in procurement at educational institutions, which created conflicts of interest between their OECM roles and their paid positions. As a result, OECM’s governance was shifted from volunteer board members representing the education sector to a skills-based, paid board typical of a corporate setting. “To be an effective board member, you need to clearly understand your role and your fiduciary responsibilities to the organization,” explained Sabo.

To effectively manage the business and promote growth, OECM created committees and processes that ensured customer needs were being addressed. One such initiative was the customer council committee (CCC). The CCC was made up of senior leaders from OECM’s customers (universities, colleges, and school boards). Utilizing information communicated by customers, the CCC provided strategic feedback regarding the effectiveness of OECM’s products, services, business priorities, and business performance. It also advised OECM regarding new products or services that were needed in the market and ensured its plans were aligned with customer needs.

The four-point plan had worked well to accelerate OECM’s growth and helped the organization achieve independence from the government support it had been receiving in the form of a TPA. Now, OECM needed to determine how to scale this success to promote future growth.

FINANCIAL CONSIDERATIONS

As a legacy of its history, OECM remained a not-for-profit organization and thus was not subject to income taxes. This meant that OECM thought in terms of surpluses and deficits rather than profits and losses, and its budgeting assumed that revenues would equal expenses. Unanticipated growth generated higher revenues, resulting in surpluses, which were reinvested into improving business process, upgrading staff skills, and attracting more qualified and capable employees. OECM also created social profit through the savings it provided for the public-sector entities it served. The first year OECM generated a meaningful surplus was 2016, and given the aggressive growth strategy it was pursuing, surpluses and associated reinvestments were expected to increase (see Exhibit 2).

In 2016, OECM covered its costs independently by a good margin. Since 2015, it had achieved an 18 per cent year-over-year revenue growth by intermediating transactions—identified in the line item “Strategic sourcing” in its financial statements (see Exhibit 2). The organization had achieved efficiencies such that a 10 per cent increase in the spend resulted in a 20 per cent increase in revenue. Len Scavuzzo, OECM’s chief financial officer, explained:

It’s difficult to estimate our future growth. We’ve succeeded in grabbing the low-hanging fruit, so our future growth rate for our customer segments other than broader public sector [BPS][[12]](#footnote-12) will likely be a little lower over the coming years than it has been in the past. We can continue to grow with new customers in BPS, but for the other segments, we’ll have to think of other ways to entice them to increase spend. The number of school boards, colleges, and universities out there is not going to grow, and we already have CSAs with all of them, so we have to find more value within existing relationships.

OECM expected to achieve high growth both by offering new contracts to existing customers in the education sector and also by attracting new BPS customers.

OECM considered CSAs to be its product, and the CRF it received from each spend was its revenue. A higher spend meant more revenue for the organization. As such, it was necessary for OECM to consider its expenses relative to its revenue, not to the spend. By virtue of its history, OECM already had all school boards, universities, and colleges as customers, and BPS was still a small part of the business; thus, the principal operating costs related to the procurement process rather than to acquisition of new customers. For each procurement completed, an unlimited number of CSAs could be issued, depending on customer demand, and each one could potentially increase OECM’s revenue.

OECM’s cost for CSA acquisition was $6,170 per CSA for 2017 (see Exhibit 3). The organization had considered a trade-off between depth and breadth of CSAs, which would require it to convert its minimum success criteria (MSC) metric from spend to surplus or deficit (see Exhibit 3). OECM could focus on generating more CSAs by sourcing additional categories of goods and services, which would increase the cost of customer acquisition as it incurred additional sourcing expenses. It could also grow the spend within each CSA. Ideally, it would do a little of both simultaneously.

The education sector perceived OECM to be operating for the public good by optimizing the spending of precious taxpayer dollars, rather than as a private-sector wealth maximizer oriented to shareholders. Thus, OECM’s tax status encouraged collaboration in the public sector and increased participation in the OECM marketplace. OECM was pushing for high growth, a goal typically associated with private, profit-driven organizations. The growth served four purposes: First, it enabled the public sector to take advantage of lower-priced goods as a result of customer mass purchases, which created efficiencies and saved taxpayer dollars. Second, OECM spread the fixed cost of procurement across a larger spend. Third, OECM was able to increase efficiencies by reinvesting the funds into the organization, for example, by adopting new technology, obtaining the best employees, and expanding. Finally, there was a potential for OECM to issue dividends or refunds of some form to its education sector customers, subject to tax rules.

Value, market, and strategy considerations

Unlike the private sector, the public sector did not think solely in terms of profits. This often resulted in seemingly irrational behaviour. Some procurement professionals in public-sector organizations felt threatened by OECM and feared for their jobs, and this led them to resist availing themselves of OECM’s cost and administrative advantages. OECM had taken several steps to combat this issue: engaging in market education, heightening its profile within government, and building trust as a partner.

First, OECM engaged in market education so that potential customers understood and embraced OECM’s advantages. “Our value proposition is so simple,” Sabo explained. “We lower the prices through collaboration so the education sector can focus on what’s important: education.” He related the price of procurement to an iceberg. Public-sector organizations only saw the tip, the price of the product being procured, and ignored the underlying costs embedded in creating and administering the sourcing activity. As Sabo said,

When we ask a customer why they are not working with OECM, and the answer on occasion is that they can do it cheaper. I say, “Wonderful. If that is true, then let’s do it for everybody. Let’s share your wonderful knowledge with everybody.” But then you drill down, and you realize what they have in mind is not quite the same.

Second, Sabo pushed OECM to raise its profile within government, resulting in mentions in the auditor general’s report. The Office of the Auditor General of Ontario was an independent office that conducted value-for-money and financial audits of the provincial government and of organizations in the BPS that received government funding. Being highlighted in the report was publicity that further legitimized OECM’s position, especially in the eyes of customers who might have had doubts. Third, OECM’s not-for-profit status increased trust in the organization within the public sector. OECM established business relationships with all Ontario school boards, colleges, and universities, and this represented a major achievement and catalyst for growth.

Growth opportunities were omnipresent, but translating the opportunities into business required scaling, and it was unclear how OECM could build the required infrastructure to do so. OECM had to identify which segments to prioritize in order to achieve its goal of facilitating $2 billion of overall market transactions. It also needed to consider some longer-term questions—whether to grow into other sectors beyond education, and whether to grow into other locations beyond Ontario.

Marketing and Segmentation

Some customers relied heavily on OECM’s collaborative marketplace, and others dabbled in it on an ad-hoc basis; thus a one-size-fits-all approach did not work. To achieve OECM’s growth targets, the senior management team prioritized which customer segments it should target from among school boards, colleges, universities, the BPS sector, and other not-for-profit entities. Since OECM already had all school boards, universities, and colleges as customers, there was no room for it to grown within the educational sector in Ontario. The organization had already captured this market so its cost of customer acquisition here was low. Instead, OECM focused on creating a higher lifetime value from these customers by promoting further utilization of OECM’s contracts. Increasing both the number and value of CSAs could promote OECM’s growth and increase the lifetime value of each CSA. Sabo aimed to make OECM its customers’ first choice so that it would lose business only when it did not offer the product or service demanded by a customer.

OECM had 553 customers in four segments: school boards, colleges, universities, and the BPS sector (see Exhibit 4). OECM had at least one CSA with all 116 educational institutions in Ontario (i.e., 72 out of 72 school boards, 24 out of 24 colleges, and 20 out of 20 universities). OECM had also made its contracts available to the BPS sector, where it had a total of 436 customers. BPS was a smaller proportion of OECM’s spend (approximately $29 million in 2017), but this segment had the largest potential for growth. Although OECM’s primary focus was education, BPS entities were also able to take advantage of the contracts.

Since 2017, OECM had entered into 421 new CSAs, a 22.0 per cent increase overall (see Exhibit 3), and it had CSAs in a total of 64 categories, which represented a 16.4 per cent increase in the number of categories. However, looking at the number of categories and customers did not capture the extent to which OECM’s customers were utilizing the contracts. Was OECM their sole supplier for specific contract categories? To answer this question, OECM would need access to the customers’ data—something many customers were likely to resist. “As we grow, and we have more customers participate, we want to build a relationship so strong they offer us their keys to their system,” explained Sabo. Despite impressive numbers, Sabo recognized that more work was required to scale and achieve the hoped-for high growth.

It was uncertain how OECM should minimize its cost of customer acquisition while capturing the targeted new customers. From 2016 to 2017, OECM added 78 customers through a word-of-mouth strategy. Although this had been effective in the short term, it was not enough by itself to provide the high growth OECM aimed to achieve. OECM used e-tendering platforms to market new sourcing initiatives to potential suppliers. Once OECM’s customers identified a need, OECM began sourcing by reaching out to suppliers. Through the two e-tendering websites Merx and Biddingo, it informed suppliers about renewals of existing contracts and about upcoming RFPs and supplier consultations. The consultations allowed suppliers to better understand the industry, products, and trends, and they raised awareness of OECM’s role. Although OECM’s marketing to suppliers was limited to the two e-tendering websites, there was no shortage of interest, with the result that numerous contracts were often awarded to multiple suppliers for a single sourcing initiative. In an effort to increase sales, OECM’s suppliers also marketed their products to current or potential OECM customers, which ultimately acted as a catalyst for OECM’s growth.

Strategy Alignment

OECM’s mission and vision did not always translate into a strategy that was comprehensible to customers. Its mission (to generate savings to support excellence in education by unlocking the potential of collaborative strategic sourcing) and vision (to be the premier customer-driven supply management partner for Ontario’s education sector) appeared to be of limited value to would-be customers OECM had not yet reached who had different worldviews. For example, a very large educational institution in Ontario that was one of the last to become an OECM customer had been held back by members of its procurement division, who believed it was possible to self-source more efficiently. By building relationships with the senior leaders at the institution, Sabo was able to articulate OECM’s value and convince them to become a customer.

OECM sometimes took a reactive, survey-driven approach to finding new opportunities for its customers. The CSAs OECM’s customers required were put in place after needs presented themselves. To scale and achieve its growth targets, OECM knew that it would need to take a more proactive approach, using data analytics to anticipate customers’ needs before they were formally articulated to OECM.

Knowing how to align its mission and vision with those of its customers and how to anticipate their needs, required a truly customer-centric strategy, which would be central to growing both the number of CSAs and the spend per CSA. Although OECM had become the largest player in this field, several procurement organizations, such as internal procurement departments, competed passively for the business of OECM’s customers. One growth strategy was to collaborate with current OECM suppliers to market their products and services in an effort to increase the spend from current CSAs and to reach new customers to create new CSAs. OECM could thus reduce its procurement costs while offering a wider variety of contracts to its customers.

OECM also provided extensive ongoing contract management through a simple e-platform, The Marketplace, which allowed customers to compare contracts, and a business relationship team, which managed the awarded supplier contract and CSA throughout its lifespan. Customers were not required to utilize OECM for new contracts. In other words, there was potential for viewing residual customer contact as a non-monetized value proposition.

SCALING FOR Further GROWTH

Despite limited cash, employees, technology, and data, OECM continued to show strong growth. The management team pushed for growth, but at the same time prepared the organization structurally for the future. The question of how the organization could grow exponentially without exponentially increasing its use of resources occupied the attention of the senior management team and the board.

There were a number of avenues for growth, but it was far from clear what strategy the organization should take. For example, the question of expanding into new geographical locations surfaced every few months, yet there was still so much room to grow in Ontario. Would moving beyond Ontario be too risky? Should OECM continue to invest in its current systems, or should it hire an in-house group of computer programmers? Should OECM attempt to become the most innovative procurement firm in Canada or even in the world? The organization’s current strategy, which could be compared to grabbing low-hanging fruit, had worked well to date, but might not be enough to achieve the desired growth. There were so many unanswered questions.

Exhibit 1: OECM’s Procurement Process

Note: RFP = request for proposal.

Source: Organization documents.

Exhibit 2: OECM Financial Summary (CA$)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2015** | **2016** | **2017** |
| **Revenues** |  |  |  |
| Transfer payment agreement | 1,905,617 | 0 | 0 |
| Government project grants | 0 | 532,705 | 209,749 |
| Strategic sourcing | 3,397,650 | 4,893,314 | 5,544,119 |
| Interest income | 13,703 | 29,988 | 62,510 |
| Other income | 58,249 | 148,114 | 156,244 |
| Amortization of deferred capital contributions | 39,297 | 0 | 0 |
| Total revenues | 5,414,516 | 5,604,121 | 5,972,622 |
| **Expenses** |  |  |  |
| Advertising | 15,559 | 19,959 | 28,845 |
| Amortization of capital assets | 53,334 | 49,059 | 80,300 |
| Legal | 0 | 92,200 | 73,776 |
| Licensing fees | 4,753 | 7,891 | 8,156 |
| Office and general | 27,134 | 41,450 | 100,006 |
| Office services | 142,285 | 130,451 | 184,049 |
| Professional fees | 93,156 | 19,137 | 41,419 |
| Rent | 139,464 | 146,400 | 156,643 |
| Salaries and benefits | 2,648,846 | 2,942,162 | 3,670,213 |
| Technical consultation fees | 72,512 | 553,274 | 383,489 |
| Travel | 31,521 | 30,703 | 42,865 |
| Total expenses | 3,228,564 | 4,032,686 | 4,769,761 |
| Surplus revenue over expenses | **2,185,952** | **1,571,435** | **1,202,861** |
| Surplus revenue over expenses (excluding government grants) | ***280,335*** | ***1,038,730*** | ***993,112*** |

**Forecast and Other Financial Information**

|  |  |
| --- | --- |
| **Additional Calculations:** |  |
| Expenses (2017) | $4,769,000 |
| Sourcing Revenue (2017) | $5,544,000 |
| Spend (2017) | $255,263,108 |
| Expenses (as Percentage of Spend) | 1.8683% |
| Sourcing Revenue (as Percentage of Spend) | 2.1719% |

**Strategic Sourcing Revenue Growth Rate Assumptions**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Annual Growth Rate Assumptions | **1. University** | **2. Colleges** | **3. School Board** | **4. BPS** |
| CAGR % | 20% | 23% | 30% | 50% |

Note: CAGR = compound annual growth rate.

Source: Organization documents.

Exhibit 3: CLIENT Supplier Agreements (CSAs)

**Total by Sector**

|  |  |  |
| --- | --- | --- |
|  | **Dec. 31, 2016** | **Dec. 31, 2017** |
| Universities | 273 | 313 |
| Colleges | 335 | 375 |
| School Boards | 681 | 871 |
| BPS | 598 | 749 |
| Total | 1,887 | 2,308 |

**Sorted by Category**

|  |  |  |
| --- | --- | --- |
| **Category** | **Dec. 31, 2016** | **Dec. 31, 2017** |
| Educational/Recreational Supplies | 117 | 153 |
| Facilities | 198 | 298 |
| Financial Services | 110 | 147 |
| Furniture/Furnishing | 133 | 180 |
| IT Hardware | 496 | 529 |
| IT Professional Services | 48 | 52 |
| IT Solutions | 116 | 166 |
| Office Stationary/Suppliers & Services | 551 | 649 |
| Transportation/Courier | 98 | 119 |
| Other/Misc. Professional Services | 20 | 15 |
| Total | 1,887 | 2,308 |

**Conversion of Minimum Success Criteria (MSC) from Spend to Surplus**

|  |  |
| --- | --- |
|  | **Dec. 31, 2020** |
| Spend | $2,000,000,000 |
| Surplus | $6,072,166 |

Derived by multiplying spend ($2 million) by surplus % (0.3036%) (i.e., Revenue as a Percentage of Spend − Expenses as a Percentage of Spend).

**Average CSA Value Growth Rate Required to Reach MSC of $2 billion by Spend**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **0%** | **10%** | **20%** | **30%** | **40%** | **50%** |
| Number of CSAs | 1,998 | 1,326 | 960 | 732 | 578 | 469 |

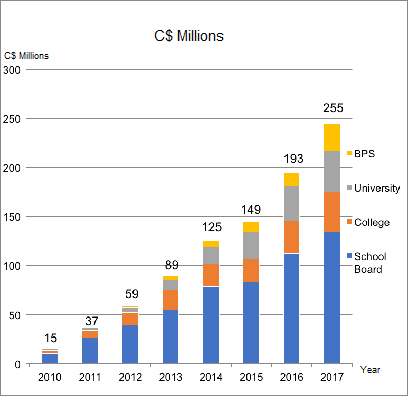
**Cost of CSA Acquisition**

|  |  |
| --- | --- |
|  | **2017** |
| Expenses ($) | $4,769,000 |
| Total CSAs Signed in Year | 773 |
| Acquisition Cost per CSA in Year | $6,170 |

Note: BPS = broader public sector.

Source: Organization documents.

Exhibit 4: Historical Spend Levels



**Spend per Segment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Year** | **University** | **College** | **School Board** | **BPS** | **Grand Total** |
| 2015 | $28,168,883 | $24,353,008 | $84,861,664 | $12,426,718 | $149,810,273 |
| 2016 | $34,321,645 | $32,988,659 | $111,754,968 | $14,559,616 | $193,624,887 |
| 2017 | $41,311,193 | $40,614,000 | $144,044,108 | $29,367,342 | $255,336,642 |
| Grand Total | $103,801,721 | $97,955,667 | $340,660,740 | $56,353,676 | $598,771,804 |
| 2015–2016 % Change | 21.84% | 35.46% | 31.69% | 17.16% | 29.25% |
| 2016–2017 % Change | 20.00% | 23.00% | 29.00% | 101.70% | 32.00% |

**Number of Customers per Segment**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Year | University | College | School Board | BPS | Grand Total |
| 2015 | 21 | 24 | 69 | 208 | 322 |
| 2016 | 21 | 24 | 71 | 292 | 408 |
| 2017 | 21 | 24 | 72 | 436 | 553 |

Source: Organization documents.

1. All currency amounts are in Canadian dollars unless otherwise specified. [↑](#footnote-ref-1)
2. See Supply Chain Ontario, “Ontario Broader Public Sector Procurement Directive,” July 1, 2011, Ontario Ministry of Government and Consumer Services, accessed April 22, 2019, www.doingbusiness.mgs.gov.on.ca/mbs/psb/psb.nsf/EN/bps-procurementdirective. [↑](#footnote-ref-2)
3. Customers were the organizations purchasing through contracts. [↑](#footnote-ref-3)
4. Suppliers were the organizations that had fully executed agreements with OECM for the provision of goods and/or services. [↑](#footnote-ref-4)
5. Cost recovery fees, the fees that covered OECM’s expenses, were taken as a percentage of spend and charged to the suppliers. [↑](#footnote-ref-5)
6. Client supplier agreements between customers and suppliers indicated terms regarding the goods or services the supplier would provide to the customer. [↑](#footnote-ref-6)
7. A transfer payment agreement (TPA) was used to manage and oversee government transfer payments to recipients; the transfer payments were cash grants. [↑](#footnote-ref-7)
8. Contracts were written agreements between OECM and the awarded suppliers, outlining details of future exchanges of goods or services. [↑](#footnote-ref-8)
9. Contract categories were segments of the market for which OECM currently had contracts (e.g., furniture, computer services, and office supplies). [↑](#footnote-ref-9)
10. Contract participation was the number of contracts and the amount of spend that went through each contract a customer utilized. [↑](#footnote-ref-10)
11. Requests for proposal were documents that solicited proposals, outlining the requirements and the terms and conditions of a competitive procurement. Proposals were then assessed and scored, and the highest-scoring submissions were awarded contracts. [↑](#footnote-ref-11)
12. The broader public sector (BPS) was all publicly funded organizations in Ontario, including all hospitals, school boards, universities, agencies designated as children’s aid societies, and other similar organizations. For OECM’s purposes, BPS referred to the non-education public sector. [↑](#footnote-ref-12)