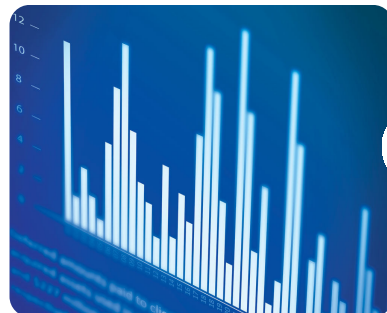


Fuji Xerox takes advantage of cost savings opportunities through early negotiations



Fuji Xerox Australia (FXA) recently used Energetics' energy procurement services to help them get the most out of the low energy prices available in late 2009. By reviewing their contract situation well before contract expiry and remaining responsive to market conditions, FXA entered the market 18 months prior to their contract expiry. This approach eliminates the price-shock risk often associated with leaving energy contract negotiations until the last minute.



Outcome

Procurement strategy

Having a procurement strategy in place enabled FXA to get the most out of a competitive tender process which attracted offers from seven retailers. Acting on their procurement strategy helped achieve a highly competitive price outcome for their new contract.

Early negotiation

FXA went to market 18 months prior to contract expiry which enabled them to lock in competitive prices. By relying on Energetics' proven procurement methodologies, they were able to take advantage of market conditions and negotiate their contracts at a low point in the market. Energy prices have since moved up by \$4.00/MWh in some states.

Background

FXA helps organisations take control of their documents, manage costs and improve productivity. They provide print solutions, software, managed services, consulting and integration services, and supplies.

FXA has approximately 30 electricity accounts Australia-wide, with annual electricity spend of approximately \$1million. These accounts are on a mixture of contracts which expire on different dates.

The sites range in consumption from quite small to over 1,000MWh per annum and are located in WA, SA, Qld, ACT, Vic, with the largest load in NSW.

With a variety of suppliers and contracts, FXA sought Energetics' assistance to conduct an invoice review for accuracy and tariff savings as well as a strategy to determine the best approach to market for the contract renewal which was due at the end of 2010.

Project Objectives

This project had the following objectives:

- Conduct a bill check to identify any immediate savings and then conduct a follow-up review after 6 months
- Review contract position for 15 large sites
- Develop a strategy for going to market for both conventional power and GreenPower
- Conduct a tender based upon the agreed strategy
- Provide on-going energy support services

Our approach

In addition to bill checking and identification of errors, Energetics developed a national energy procurement strategy plan in conjunction with FXA.

Taking a strategic approach to energy procurement provides clients with a better understanding of market conditions and highlights the importance of timing and fast decision making in a volatile market. They are also fully aware of environmental charges and gain insight into the retailers' perspective.

This approach prepares the client for a successful outcome from their tender process as they are ready to enter the market when conditions are favourable and are better placed to avoid price uncertainty.

Companies which leave energy contract negotiations until just before their contracts expire have no choice but to take the prices available at the time. This is a risky strategy in a highly volatile market such as electricity where prices can jump by 10% in a week and 50% in a month. Organisations such as FXA which take an active and flexible approach to the market are better placed to minimise their energy purchasing costs in the short and long term.

For more information, contact

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