

Sage Health Solutions Taps Into a Global Sourcing Network

By Robert J. Bowman

Started by two sisters in South Africa, a small provider of medical supplies accepts an invitation from its biggest customer to join an electronic sourcing platform—then sees the technology as an opportunity to enable growth on a global scale.

The automation of sourcing and procurement has been, for the most part, a story of big, global companies waking up to the benefits of new information technology. Early applications seemed best suited to buyers looking to gain control over a large supplier base. In a sense, it was the scale of their operations that justified the time and money spent acquiring such systems. Smaller entities, with perhaps a handful of trusted suppliers, crept along with manual processes and prehistoric spreadsheets.

That's hardly the case anymore. Procurement technology, especially in the age of the cloud, has matured to the point where a far wider range of buyers and suppliers can take advantage of its offerings, even in the most specialized industries.

Take Sage Health Solutions. Started in 2000 by two sisters in Cape Town, South

Africa, it occupies a narrow but crucial niche in the healthcare supplies industry. Sage provides products for bedridden and terminally ill patients in hospitals and other types of care facilities. Items include specially made, PVC-covered mattresses and pillows, as well as sheets, blankets and gowns.

The company arose from an instance of highly personal grief. In 1989, the mother of Ruwayda Tambe and Gheelmeyah Sulaiman was left in a comatose state after an accident. Her condition, lasting three years, made the sisters acutely aware of the need for providing comfort and compassionate care to the severely ill.

Their experience led to the formation of multi-product Sage Enterprises, with operations out of Sulaiman's home near Cape Town. Initial turnover was less than \$2,900 a month, growing into six figures in subsequent years.

In 2011, Tambe and Sulaiman created Sage Health Solutions, with an exclusive focus on medical supplies. Its first and still biggest customer is the South Africa government, which generates daily requests for quotation across some 2,000 categories, says Tambe, who currently serves as the company's marketing director. Inquiries number around 100 per category, and Sage chooses the ones it wants to pursue.

A Manual Process

At the outset, Sage was responding to RFQs manually, a process that proved time-consuming and labor-intensive—far from ideal for a company of its modest size. As it happens, though, the South Africa government was using the procurement platform of Ariba Inc. It asked Sage to join the network so that the two entities could do business electronically.

Sage was quick to agree. In addition to

the obvious benefits of automating transactions with its biggest account, the company saw an opportunity to better manage its own raw-materials suppliers.

Sage quickly experienced the benefits of streamlined procurement via a network. It started out on the Quadrem system, acquired by Ariba in 2010. (Ariba was itself acquired by SAP AG in 2012.) Tambe says the company today can answer government RFQs "anywhere and anytime," from a mobile device. That's an especially valuable capability, given the sometimes-spotty nature of South Africa's internet.

Invitations to join the Ariba Network from a valued customer aren't necessarily

mental accounts that still communicate by phone and e-mail—at least for now.) "Since we began working with Ariba, and receiving and responding to all of our tenders via e-mail, we have been able to grow our business from almost nothing to a multimillion-rand venture," says Tambe.

Broadening the Vendors

She expects to broaden her own vendor base as well. At the moment, Sage's suppliers are based locally. "I source whatever I need from the people I know," Tambe says. Access to Ariba's Web-based platform, however, is expected to broaden the company's options to include vendors

give it global exposure.

"We see our business growing quite exponentially," Tambe says. Sage hopes to use Ariba to set up storefronts in various product categories (it's now selling over the internet), and could also develop electronic catalogs through the network. For that capability, however, "we need a bit more training."

Sage is just getting started with Ariba, Spasser notes. The company has yet to take advantage of such features as the ability to offer discounts to buyers, based on adjustment of payment terms. Another service, Ariba Discovery, matches buyers with sellers. "There are a lot of ancillary services that



couched as a mandate, says Rachel Spasser, chief marketing officer with Ariba. They don't have to be—typically the account "will provide a pretty strong business case. It really does become a win for both sides."

For Sage and the South African government, the network handles the entire "source-to-settle" process, including the tendering, acceptance and completion of RFQs; receipt of purchase orders; and issuance of invoices. The system also monitors vendor performance, allowing the buyer to determine whether an order was fulfilled accurately and on time. And it provides opportunities for lead generation and social matching.

Today, around 80 percent of Sage's business comes from Ariba's automated platform. (The rest is smaller, non-govern-

ment from around the world. Already she has received inquiries from a number of companies outside South Africa.

Tambe also wants to expand the use of Ariba for items beyond bed-patient products, such as wheelchairs. "We would like to supply the whole range of equipment and products for the disabled and terminally ill," she says.

A sure sign of any company's success is the need for more workers. As of late 2013, Sage Health Solutions was running with just four people. Thanks in part to opportunities afforded by a global procurement network, Tambe expects to more than double staff this year.

New customers will be the chief driver of revenue growth, she says, adding that the company's website has been upgraded to

live within the network," she says.

"We are still very much learning the process," says Tambe. "I would like to become part of this global network."

For a small company with initially modest ambitions, automating and networking the procurement function is helping to broaden its scope of customers, suppliers and markets. "It's going to be a very exciting year," says Tambe. "I'm very nervous, but I know it's going to be big." Q

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