

2014

Telkom

Chief
Procurement
Officer

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OVERVIEW

Chief Procurement Officer Portfolio Overview

01

- Continue to reduce “third party spend” by managing supplier relationships better
- Valuation of the Group’s real estate portfolio for real estate value unlock and the reduction of real estate operating costs
- Finding opportunity for the sale of non-critical owned assets
- Exploring opportunities for office space optimisation



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PROCUREMENT

02

Background and context:

- In FY14, Telkom procurement spent roughly R17bn with suppliers
- Telkom has ~2400 active suppliers; 80% of spend was with 23 suppliers
- Procurement must be fully compliant with the PPPFA (Preferential Procurement Policy Framework Act), such that it provides a procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective.



The procurement Value Delivery Plan is focused on taking as much as possible out of the FY14 third party cost base of R17bn over a three year period

FY15-17 Focus:

- Re-investing in the Procurement team and capability to improve execution
- Creating a value based culture, with a focus on demand management and specification challenge
- Developing closer, more strategic partnerships with key suppliers
- Creating a structured transformational sourcing programme, potentially including some elements of:
 - Call centres
 - Statement printing
 - IT development and maintenance
 - Supply chain distribution centres
 - Retail stores
 - Infrastructure and network maintenance



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PROPERTY

03

Background and context:

- The portfolio consists of 23 million square metres of land and 2.2 million square metres of buildings, of which 1.7 million is owned
- In FY14, Telkom incurred more than R2bn on property related operating costs
- In total 15,345 locations form part of the property portfolio, of which 12,762 are masts or towers
- Strategic end to end review of the portfolio to be completed in the short-term



FY15-17 Focus:

- Identification and sale of excess properties
- Reduction of property related operating costs
- Key initiatives will include:
 - Implementation of ‘workplace of the future’ office standards
 - Head Office consolidation
 - Excess land and building asset sales
 - Aggressive energy reduction initiatives
 - Optimisation of the facilities management value chain



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END