



Case History

Purchasing Strategies for Water Treatment Chemicals and Service

A Western telecommunications company contracted with 22 vendors in a 14 state region to provide water treatment chemicals and service for 324 sites. Internal efforts to reduce the number of suppliers by rating and ranking solicited proposals resulted in a large amount of data but no clear conclusions.

Purchasing water treatment chemicals and services by specification for large organizations requires a systematic analysis. In this situation, a Pareto analysis of the annual costs for each site showed that 48 sites constituted 75% of the total expense. MarTech developed a methodology to tabulate the appropriate operating data in the bid documents to receive an accurate firm-fixed price proposal from prospective suppliers.

Other tasks included identifying and qualifying prospective bidders and developing a scorecard to evaluate proposals. MarTech developed a performance-based specification that included metrics to track supplier performance and penalties for non-performing suppliers. (Figure 1)

The specification requires each supplier to identify a specific number of cost savings opportunities during the annual review meeting.

MarTech participated in the bid review, analyzed the cost data and provided the “best value” recommendation for bid award. Purchase of water treatment chemicals and service by specification reduced the number of suppliers to three and resulted in a 20% annual savings. The total cost savings for this three year contract is over \$400,000.

Statement of Work
Chemical Water Treatment and Monitoring Services

1.0 Purpose
This specification describes the water treatment chemicals, pumps, controllers and services required to treat the open recirculating water (cooling tower), closed loop water (chilled water), closed loop steam water (steam boiler) and closed loop hot water (hot water boiler) and maintain waterside system reliability to industry standards. It is the intention of the purchaser to provide for chemical treatment and monitoring at the sites shown in **Exhibit A**. The contract for water treatment chemicals and routine service shall have a firm-fixed price. The transition costs to replace chemical feed and storage equipment shall be variable, based on site-specific requirements and require authorization by the responsible Property Manager.

2.0 Applicable Codes and Standards
The contractor must conform to all applicable Federal and State regulations regarding documentation for chemicals and handling precautions and safety equipment for personnel on-site. The contractor shall provide copies of the Material Safety Data Sheets (MSDS) for each chemical and furnish the EPA registration numbers for biocides as designated on product labels.

3.0 System Descriptions and Water Quality
3.1 Mechanical – Exhibit B lists the specific heat transfer and water treatment equipment and utility system capacities at the top 48 sites. These 48 sites comprise over 75% of the total annual costs for water treatment chemicals and services. Exhibit A is a complete list of the sites that require water treatment chemicals.

Figure 1 – Sample Statement of Work