



Stationery firm reaps rewards of online bulk buying

SECTOR ANALYSIS E-PROCUREMENT

BACK in the days of the dotcom boom during the late 1990s, so-called "e-procurement" was supposed to be the next big thing, and billions of dollars of investment were thrown into the sector. Like many other dotcom investments, the short-term return didn't match the long-term rhetoric, and much of the money was wasted.

"You would imagine that most

big companies would buy most of their goods using electronic methods," says Doug McLean, 47, chief executive of OCG, a stationery procurement specialist based in Redhill, Surrey. "But it hasn't taken off as well as it might have done."

OCG, which was also founded in 1999, is attempting to change that. The company began as a traditional stationery seller, but evolved into a technology provider. Rather than

sell software, OCG allows clients to download its e-procurement platform at no cost, provided that they register with Netstationers, its office supplies business.

The platform, says McLean, allows organisations with disparate sites to see precisely what each office is purchasing, enabling significant cost savings from centralised buying.

One larger leisure client, for

example, was spending £1.5m annually on office stationery – a figure that it expects to trim to £1m this year with OCG.

OCG also says it saved a major national healthcare company £2.4m between 2005-2007. This kind of success has aided growth and OCG has built turnover to £14m.

The surprise, says McLean, is that the stationery supplies sector remains unconsolidated, with

about 3,000 office supplies companies based in the UK.

"It's a huge £6bn-a-year market," he says, "and it's unusual for such

a commodity market not to have been reduced to a few large players. We have made two small acquisitions but we found it is easier to build than to buy. It's surprising that no major private equity firm has spotted an opportunity in this sector."



OFFICE CANOPY GROUP

2000 Business launched as Netstationers, the first online office supplies company in the UK

2002 Office Canopy Group formed as owner of Netstationers and Canopy ASP

2003 Sales of £1m achieved

2006 Launch of e-procurement hub

2005-7 OCG saves a major national healthcare company £2.4m

2007 Sales of £10m achieved

2008 Sales on track to exceed £15m