

CASE STUDY SUMMARY



Targeted cost saving measures across overhead sectors which were mutual to the network member hotels.



Engagement addressed multiple sectors across energy, consumables, waste management, cleaning, laundry and property maintenance.



Tier 1 pricing only available to large corporations and access to premium back office support services.



Supplier solutions personalised to each network member hotel regardless of size or usage.



Savings of up to 21% across energy and up to 300% in consumables.

OBJECTIVE

The Best Western network has 70 member hotels in Australia. Each hotel individually owned and operated. The primary objective of the engagement was to provide cost saving measures for each member hotel within the Best Western network. By grouping the member hotels together to create buying power, QSEC were able to approach suppliers and unlock savings which were otherwise not available for the respective hotels as stand alone entities.

ELECTRICITY

QSEC provide energy consulting solutions to business. We work with a panel of retailers including AGL, Alinta, BlueNRG, EnergyAustralia, ERM, Momentum, Origin, Powershop, Simply Energy and Tango. We can source Retail Contracts, Power Purchase Agreements, Progressive Purchasing Agreements, Spot Contracts, and wholesale hedges. Our procurement process begins with market analysis, and includes a detailed, yet easy-to-understand written report with clear recommendations.

Through analysis of the Best Western member hotels current energy usage, QSEC were able to group the hotels into small market and large market usage for the purpose of group tenders.

Large Market

A total of twenty (20) supply points across seventeen (17) hotels participated in the Large Market Power Purchase Agreement ("PPA"). The PPA provided for fixed rates for a 36 month period commencing from the expiry of pre-existing contracts.

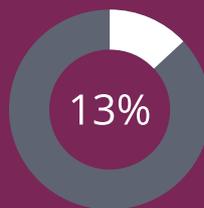
Small Market

A total of thirty five (35) supply points across twenty three (23) hotels participated in the small market group tender. The tender provided for fixed rates for a 24 month period with no early exit fees.

RESULTS

QSEC managed to deliver substantial savings for both Large Market and Small Market participants.

Fixing the corresponding rates ensured that customers immediately saved on current rates and eliminated the risk of energy prices continuing to increase throughout the contracted periods.

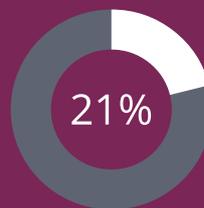


Small Market

Average savings through the group tender process.

Hotels: 23

Aggregated Contract Savings: \$172,000



Large Market

Average savings through the Power Purchase Agreement

Hotels: 17

Aggregated Contract Savings: \$501,000

GAS

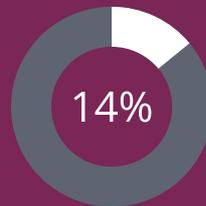
Through analysis of the Best Western member hotels current gas usage, QSEC were able to group the hotels into small a small market group tender. Gas usage within the member hotels was relatively low as as such whilst QSEC manage to deliver material percentage savings, the aggregated savings were modest in the context of the group.

A total of twenty five (25) hotels participated in the small market group tender. The tender provided for fixed rates for a 24 month period with no early exit fees.

RESULTS

The gas price in the market has been volatile throughout 2021 and as such required precision timing to achieve the optimal outcome for customer.

Fixing the corresponding rates ensured that customers immediately saved on current rates and eliminated the risk of gas prices continuing to increase throughout the contracted periods.



Small Market

Average savings through the group tender process.

Hotels: 25

Aggregated Savings: \$48,100

CONSUMABLES

Whilst consumables represent a substantial component of expenditure for hotels, the level of expenditure for each stand alone entity within the Best Western network did not previously warrant tier 1 pricing accessibility. QSEC strived to change this by grouping the member hotels to create buying power when approaching prospective suppliers.

QSEC conducted an analysis of consumables items mutual to the member hotels and created a 600 item products list with which we approached some of the largest consumables suppliers in Australia. Through this procurement process we were able to facilitate a supply agreement for all participating hotels. The supply agreement provided for:

1. \$10,000 credit limit for all participants;
2. Orders dispatched within 24 hours with guaranteed next day delivery in metro regions for all major capital cities;
3. Access to real time tracking on deliveries;
4. Free delivery on all orders over \$150;
5. 10% price beat guarantee on any like for like products; and
6. Access dedicated back office support consultants.

The Best Western network has hotels of various sizes and corresponding consumables usage. Through the procurement process and engagement with consumables suppliers QSEC ensured a standardised pricing structure for all hotels regardless of usage.

RESULTS

All network member hotels received the benefit of the best pricing in the country when it comes to consumables products with the supplementary benefit of premium back office support services.

Based on our analysis, hotels would stand to see minimum savings of up to 300% on a number of products within the pre-selected list of 600. The prospective savings have no bounds with access to up to 10,000 products within the consumables space.

PROPERTY MAINTENANCE

QSEC have engaged with Best Western to create a property maintenance plan for the member hotels. Short and long term maintenance plans for property assets not only ensured that the member hotels are compliant with brand standards, but also provides a valuable guide for planning repairs and maintenance of buildings and equipment.

The short and long-term programs and plans involved:

1. Site surveys and assessments;
2. Development of asset registers and building/plant lifecycle reports;
3. Full budgeting and forecast analysis designed to meet the current and future requirements; and
4. Grouping of services amongst member hotels to lower otherwise extraordinary costs.

Grouping of services is a key component of the cost saving measures as it created economies of scale when negotiating with service providers. Through our analysis we have seen a number of hotels requiring key maintenance services such as painting, flooring, electrical etc. QSEC were able to group hotels based on their requirements and geographical locations to drive the cost down and create savings which would otherwise be unavailable for individual hotels.

RESULTS

Hotel owners are seeing the following benefits from engaging in the property maintenance programs:

1. Ease in identifying contractors with appropriate credentials to carry out required works;
2. Efficiency in getting required works done in a timely and convenient manner;
3. Maintaining Best Western brand standards whilst minimising outlay;
4. Minimising risk of asset failure and keeping business critical assets in optimal working order;
5. Minimising operational and financial risk with a comprehensive asset register; and
6. Ensuring continuity of service without compromise in standard.

CLEANING

Cleaning is a core component of QSEC. We deliver high end, professional, yet affordable commercial cleaning services with a reach across Australia. It is this nationwide reach across both regional and metropolitan areas which made QSEC an ideal service provider for the Best Western hotel network.

Similar to what we achieved with the property maintenance piece, we were able to drive costs down for hotels requiring both regular and ad-hoc cleaning services. Throughout the pandemic, hotels have been facing an ever deteriorating labour market in which cost effective cleaning services have been difficult to obtain; particularly for occurrences such as Covid-19 cleaning. Our nationwide presence meant that we have been able to provide hotels with fast response times to minimise disruption to the overall business.

Regular Cleaning

QSEC have been providing regular cleaning services to hotels. These services primarily involved general cleaning and maintenance required for high traffic volume facilities.

Ad-hoc Cleaning

QSEC have been providing comprehensive COVID 19 cleaning and decontamination services to hotels. We have responded to critical and emergency situations 24 hours a day, 365 days a year.

Periodical Cleaning

The periodical cleaning provided to the hotels is designed to keep premises/assets in optimal condition with minimal up front cost to spread the exposure over time. Each hotel has been provided with a tailor made solution.

RESULTS

By streamlining and managing the cleaning requirements of the Best Western network hotels, we worked directly with site managers/directors to ensure that each aspect of the respective hotels were receiving the right level of service.

Service levels and needs were identified, budgeted and planned wherever possible, helping to reduce unnecessary costs.

PARTNERSHIPS

The ultimate goal of the Best Western engagement was to provide complete cost saving solutions for its member hotels. Through this process QSEC have delivered substantial savings through its procurement network either directly or through key partnerships.

The buying power of the collective group meant that QSEC were able to forge partnerships in key sectors with some of the largest product/service providers both nationally and globally. These key partnerships translated into savings across the board for individual hotel owners/operators whilst still delivering a personalised solution specific to requirements.

Key sectors in which QSEC were able to forge these partnerships include:

1. Trades and maintenance services;
2. Air conditioning;
3. Consumables;
4. Furniture;
5. Bedding & mattresses;
6. Hygiene supplies & toiletries;
7. Hospitality & commercial equipment;
8. Smart technologies;
9. Telecommunications; and
10. Insurance, banking & finance.