

35th Board Meeting

Wambo.org: update on 2016 roll-out

GF/B35/25

Board Information

PURPOSE: To provide a comprehensive update on wambo.org, the Global Fund's online procurement innovation.

I. Executive Summary

1. In 2014, the Secretariat introduced the concept of an online procurement platform that would operate within the operational framework of the PPM model.¹ Such a platform could alleviate identified challenges in the global health procurement market, increase procurement efficiency and direct cost optimization, and increase the impact that global public health programs could achieve.
2. Over the course of 2015, the Secretariat completed a Proof of Concept phase and a Consultation and Design phase, developing the platform in accordance with existing Global Fund ordering processing, sourcing interfaces and forecasting interfaces. Throughout the process, the Secretariat completed a number of consultations with in-country partners, suppliers and PSAs to ensure compatibility and user experience requirements are met.
3. Since the last update to the Board in November 2015, the e-marketplace initiative, now known as wambo.org, became technically operational on 26 January 2016, marking the start of the initial phased launch and roll-out to PRs. During Phase 1, lasting until mid-2017 (preliminary timelines), the Global Fund aims to provide its PRs a tool to streamline procurement of products for Global Fund-supported HIV/AIDS, TB and malaria programs. .
4. The Secretariat is pleased to announce that the first wambo.org transaction was successfully processed by the National Malaria Program in Bangladesh in mid-February. The second and third orders were processed in Mozambique and Zambia, respectively. The operations have not encountered any major issues, and learnings to further improve future transactions have been identified.
5. All PRs are welcome to join wambo.org and use its functionalities. Over 2015, the wambo.org team worked closely with Grant Management to prioritize PRs who would most benefit from using wambo.org based on their demand forecast timeline and wambo.org product availability over 2016. This work continues in 2016, with many proactive requests being raised by Country Teams, PRs, and partners.
6. Over 2016, products will be added to the platform progressively, starting from core product categories in which the Global Fund has greatest direct experience. LLINs are now available and ACTs, ARVs and other products will be made available in the coming months as per the Product Roadmap. The Secretariat is further engaging with partner organizations that offer catalogues of products in order to define how best to make these available via wambo.org.
7. The Secretariat has assembled a results framework to measure the success of wambo.org during this phase. This framework will be used by the Secretariat on an ongoing basis to track progress, identify issue areas, and devise solutions. Progress against the results framework will be shared with the Strategy Committee and Audit and Finance Committee, the respective successor committees to the SIIC and FOPC, after approximately one year of operations at the last meeting of 2016 to support dialogue on areas of improvement.
8. Ultimately, the Global Fund expects wambo.org to contribute to streamlined procurement operations both at the PRs and within the Global Fund and increased value for money. To deliver on these expected ultimate goals, wambo.org must achieve a set of key business imperatives, i.e., reach a wide and diverse user base, offer a comprehensive suite of products, and leverage state-of-the-art technology to provide users with a positive and reliable experience.

¹ In 2007, the Board approved the Global Fund's initial Market Shaping Strategy, calling for the Secretariat to play "a deliberate and strategic role in improving the impact of grants by influencing market dynamics"¹ and confirmed the Secretariat's authority to operate and implement Voluntary Pooled Procurement (VPP) (GF/B15/DP15). As part of the 2011 Market Shaping Strategy, VPP became known as the Pooled Procurement Mechanism (PPM) after implementing a number of operational improvements to further execute the intent of the Board's initial authorization of VPP.

9. The Secretariat continues to conduct regular stakeholder engagement activities, including briefings with civil society, donors, implementers, and Board constituencies. The Secretariat will begin exploring the business case, potential governance structure and business model for scaling up wambo.org as a global public good through a thorough and consultative process involving the Board, Committees and stakeholders during 2016.

II. Background

10. Over the course of 2015, the Global Fund Secretariat, drawing from insights from a series of consultations with implementers and other stakeholders, has designed and implemented an online procurement solution for implementing partners. Now known as wambo.org, the online platform allows buyers to search, compare and purchase products that are used in health programs globally.
11. In November 2015, a paper was disseminated for information at the FOPC and at the 34th Board Meeting.² That paper outlined the two phases of the e-marketplace initiative: Phase 1, in which wambo.org will operate mainly in accord with the current, Board-endorsed PPM operating model; and Phase 2, in which it will spin off as a global public good available to the broader global health community. Currently in the roll-out of Phase 1, wambo.org has the potential to provide Global Fund Principal Recipients (PRs) with benefits in terms of visibility and transparency, automation and efficiency, and cost optimization to both PRs and the Global Fund Secretariat.
12. In continuation of the project's commitment to consultation with the Board, this paper serves to provide an update on the successful completion of the Design and Implementation phase, and next steps as the project is rolled-out and scaled-up over 2016.

III. Discussion

01 Wambo.org development and implementation.

13. Since November 2015, significant achievements have been made, resulting in the successful achievement of the initial design and implementation and in the start of the roll-out.
14. Wambo.org was designed drawing from insights and business requirements gathered through a series of consultations with implementers and other stakeholders across 2015. An initial prototype was delivered in October, examined in close detail by implementers involved in the project during 3 day workshops and then refined based on their feedback at the end of the year.
15. The quality and readiness of the finalized wambo.org system were assessed through a comprehensive series of tests, including Unit Testing, Systems Integration Testing, and User Acceptance Testing. These efforts were a collaborative process in which more than 25 testers including Global Fund staff, PRs and PSA's – representing all future wambo.org user groups – provided feedback on the system. Results from these tests confirmed that the system behaves as expected and enabled the resolution of the few defects identified.
16. Wambo.org became technically operational on 26 January 2016. This follows over one year of consultation, design, implementation, and testing within the Global Fund and with partners.

² "GFB34 24 Development of an e-marketplace for the procurement of public health commodities". To provide a comprehensive update on the Global Fund's e-marketplace initiative, including an implementation and Board decision timeline to the Global Fund Board.

17. The Secretariat continuously monitors the PPM demand forecast for countries ordering in 2016, and has agreed upon a preliminary product ramp-up to facilitate procurement for pilot countries based on their product demand over the course of the year. Based on this most recent demand forecast and product roadmap, it is anticipated that wambo.org could at least process USD 250 million in transaction volume in 2016.
18. The gradual implementation and on-boarding of PRs to wambo.org over 2016 encourages a smooth transition to the platform, particularly at early stages leading up to the refinement of wambo.org processes. The Secretariat will carefully pace both the product and PR ramp-up to wambo.org, gradually introducing the different functionalities, product categories and PRs who choose to utilize the platform.

02 Launch plans.

19. As illustrated in the November 2015 Board Committee presentations, the roll-out of wambo.org will be carefully paced across 2016 in order to guarantee the best possible assistance to PRs deciding to join and to enable swift adjustments in case of issues.
20. The plan continues to be for products to be added to the platform progressively, starting from core product categories in which the Global Fund has greatest direct experience; LLINs are now available and ACTs, ARVs and other products will be made available in the coming months as per the Product Roadmap illustrated in November. The Secretariat is further engaging with partner organizations that offer catalogues of products in order to define how best to make these available via wambo.org.
21. All PRs are welcome to join wambo.org and use its functionalities. Over 2015, the wambo.org team worked closely with Grant Management to prioritize PRs who would most benefit from using wambo.org based on their demand forecast timeline and wambo.org product availability over 2016. This work continues in 2016, with many proactive requests being raised by Country Teams and by PRs. The Secretariat welcomes the collaboration of Global Fund partners in identifying PRs that may find wambo.org most beneficial.
22. The on-boarding process typically involves presentations and workshops through which the Secretariat demonstrates to each PR the platform capabilities and receives feedback on country-specific factors that bear an influence on the modalities through which the PR can best utilize the tool. Once the PR confirms the intent to join wambo.org, the necessary legal and technical documentation is prepared, and in-depth training is conducted with the respective Country Teams and Global Fund staff. Especially for first PRs joining, on-the-ground training is conducted by the wambo.org team and the Country Team in-country, ahead of the PR's first orders to ensure that the procurement specialists are fully capable of utilizing the platform. Support is provided by the Secretariat for all subsequent orders in case of issues or request. The Secretariat looks forward to collaborate with partners on the ground in the broader context of in-country capacity building.
23. The Secretariat is pleased to announce that the first wambo.org transaction was successfully processed by the National Malaria Program in Bangladesh in mid-February. The operation did not encounter any major issues and learnings to further improve future transactions were identified. Interest to use wambo.org in 2016 has also been confirmed by Malawi, Ghana, Indonesia, and Georgia among others.
24. Wambo.org has the potential to further facilitate access to quality health commodities at affordable prices. From a practical point of view, the platform is set up to enable PRs to place single orders specifying the different sources of funding they intend to leverage, and power the relevant controls and approvals dynamically, enabling the PR to follow the progress of their order all in one place, with evident simplification and time savings.

25. It remains the vision of the Secretariat to leverage the full potential of wambo.org. The broad deployment of these capabilities remains planned for phase 2, as described in the November 2015 update following consultation with and necessary approvals by the Board and its relevant committees. In 2016, to respond to the growing demands of and interest in utilizing wambo.org with national funding, or funding from other entities, the Secretariat will begin to assess the technical requirements and explore methods by which such transactions could be simulated or tested, updating the Board and relevant committee(s) on potential next steps.

01 Measuring success in 2016.

26. The Secretariat has assembled a results framework to measure the success of wambo.org as it rolls out. This framework will be used by the Secretariat on an ongoing basis to track progress, identify issue areas, and devise solutions. An update on progress against the results framework will be shared with the SIIC and FOPC after approximately one year of operations at the last meeting of 2016 to support dialogue on areas of improvement.
27. Ultimately, the Global Fund expects wambo.org to contribute to streamlined procurement operations both at the PRs and within the Global Fund and increased value for money. Additionally, the Secretariat will explore and present the Board with analysis and recommendations on a potential broadening of wambo.org's scope of operations in the long term and how it may be a tool to facilitate continuing access to affordable products for countries that transition out of Global Fund financing. To deliver on these expected ultimate goals, wambo.org must achieve a set of key business imperatives, i.e., reach a wide and diverse user base, offer a comprehensive suite of products, and leverage state-of-the-art technology to provide users with a positive and reliable experience.

Order Lead Time. As an indicator of simplified, streamlined procurement operations, order lead time will be measured in working days from initial requisition to order confirmation (non-weighted average). This will include elements in control of wambo.org and the Secretariat as well as elements that are influenced by PRs, regulatory requirements etc. The time needed to complete the corresponding steps is currently 43 days.³ In 2016, automation of these processes via wambo.org is expected to achieve a **40% reduction** in average order lead time, resulting in a target average lead time of 21-26 days.

Cumulative net cost savings. The business case shared with the Board and its Committees in 2015 projected that by the end of 2016, wambo.org would enable the Global Fund to achieve a breakeven of project costs in one year of operations. This target is retained in and is expected to be achieved via the extension of PPM-negotiated prices, volume discounts, and a reduction in handling fees, above and beyond the savings realized through PPM without wambo.org and captured in draft corporate KPI 12.

Timely implementation of product roadmap. To be attractive to users, wambo.org must offer a comprehensive range of quality-assured commodities. During 2016, products will be introduced at a careful pace and the Secretariat will track progress against the product roadmap.⁴

Number of PR organizations on-boarded. By the end of 2016, the Secretariat plans to have provided access to the platform for **at least 35** PR organizations, some of whom will place orders while others will utilize the viewing capability only. For reference, approximately 120 PR organizations across approximately 60 countries currently have access to the PPM mechanism. The proposed target for 2016 reflects a carefully-paced roll-out plan that will guarantee a smooth experience for PRs and allows the Global Fund to make adjustments when needed. Ongoing collaboration with Grant Management will continue to generate interest in PRs.

³ Current average lead time is based on PPM average order lead time H2 2016 for PFSCM.

⁴ Additional metrics tracked by the Secretariat as proxies of products offering: (a) number of items purchaseable on wambo.org, (b) number of manufacturers whose products can be purchased on wambo.org. However, targets for such metrics are not available due to dependency on sourcing strategy and tender results for each category.

Transaction throughput. Wambo.org plans to process **USD 250 million** in aggregate transaction value by the end of 2016.⁵ Over 2015, PPM spend was approximately USD 1.2 billion. The 2016 target is based on the current order forecast and a carefully-paced roll-out. This is consistent with the assumptions underlying the business case and therefore the targeted cost savings.

Customer satisfaction. Wambo.org customer satisfaction will be measured through an annual survey created to measure the tool's ease of use, efficiency of ordering process, and quality of on-boarding, training and support. The survey will be leveraged to identify areas for improvement and select the most appropriate design directions when applicable.

Platform performance. The stability of the platform and its performance will be measured under the lens of platform availability (target of 99.8% of time), number of severe errors that result in the service being completely unavailable and halting transactions with no workaround (target of less than 5 in the year) and response time measured in Geneva and at key in-country locations (target of less than 10% degradation on initial base line)

02 Continued engagement and upcoming communications.

28. Over the past year, the wambo.org team has established a dialogue to ensure that both internal and external stakeholders are informed on project milestones, and incorporate their feedback into the project strategy. Continued stakeholder engagement includes regular briefings with civil society, donors, implementers, and Board constituencies, including regular updates at Global Fund Board and Committee meetings.
29. Preparations ahead of a Board decision on wambo.org fully deploying its potential as a global public good will include a thorough, fact-based and inclusive consultative process involving the Board and its Committees as well as other stakeholders that may use wambo.org in the future and advice from independent experts. The Secretariat plans to commence the consultation process, on the future business model and exploration of the potential governance structure in the second half of 2016.

⁵ Based on 2014-2015 reference prices. It is assumed that the target of USD 250 million could be influenced by positive price effects.