



Case study: Allerdale Borough Council

- ◆ What are the key ingredients for a successful eProcurement solution? Huge budgets, large teams and long lead times? Not so, according to Allerdale Borough Council.
- ◆ This small Cumbrian local authority managed to transform its spending strategy and achieve major efficiencies in a matter of months - with three-quarters of its purchasing being directed through a standalone procure-to-pay marketplace from EGS.
- ◆ Now the council is looking forward to savings of nearly £80,000 per year as well as enjoying clear visibility of spending and stronger compliance across its organisation.
- ◆ The key factors for success were: Executive sponsorship by council leaders to develop eProcurement; a compelling business case that showed a rapid return on investment; and effective change management for adopting the system, adding suppliers quickly and giving the council's buyers a 'shopping basket' interface they found easy to use.

The customer

Allerdale Borough Council is based in Workington, Cumbria, and employs some 400 people, providing services to its population of around 93,000 residents. The borough includes industrial centres as well as areas of the Lake District National Park.

The challenge

The council recognised that eProcurement could transform its manual ordering processes. "Purchasing is devolved across many council departments. We wanted to control the way the way our staff bought goods and services – and gain the visibility of what we were buying across our organisation," explains Joanne Leah, Corporate Procurement Officer.

In addition, the council was keen to maximise the benefits of a joint initiative with Cumbria County Council and five other district authorities. In 2007, they had formed EPIC (Effective Procurement in Cumbria) as a platform for shared tendering and contracts.

Directing its buyers to these contracts and its other open contracts – and giving them access electronically via the desktop – would be a major benefit for Allerdale Borough Council. However, as its financial system was unable to support e-procurement, a cost-effective alternative was required.

Leading by example

Allerdale Borough Council's success story answers the *main challenge* of eProcurement, as posed by the National Strategy for Local Government report ***Towards Public Service Transformation*** in April 2008.

This states: "*Improving take up of e-procurement is an integral part of securing better outcomes and greater efficiency. Although progress has been made the main challenge now is to 'drive out' the significant cost and efficiency benefits not yet realised by implementing the technology across the spectrum of local authority's activities. There is a need for more concerted effort in applying e-procurement throughout the CSR07 period.*"

The solution

EGS first became involved in Cumbria through its support for the EPIC initiative. Using its market-leading technical skills, EGS created a 'quick start' platform in April 2007 that enabled all seven authorities to access EPIC's shared contracts – no matter which financial system they used.

"However, we realised we needed a P2P (procure-to-pay) system to make eProcurement a reality," points out Joanne. "This made a big difference. For the first time, we could see the details behind what we were buying."

After carrying out an expenditure analysis and developing the business case, Allerdale could see that the company's eProcurement marketplace would pay for itself quickly. The marketplace would be a standalone solution and would allow the council's users to make instant, online purchases. The only manual process required would be the final keying of invoices from suppliers back into the finance system and this could potentially be addressed in the future through eInvoicing. Even this manual keying process would be much improved due to the marketplace's management information giving immediate access to the relevant purchase order/receiving details.

The deployment

Work to implement Allerdale's marketplace began in late 2007. EGS provided essential Professional Services including training, configuration, support and expertise to Allerdale, who, in turn, elected to employ a dedicated e-procurement officer to manage the project going forward and ensure any change management was effective. "This was what really made the project a success for us. Focusing the necessary resources, by employing a dedicated eProcurement Officer, ensured we were able to quickly train users, support them and actively engage with suppliers," says Joanne. Within months, over 320 suppliers were added to the marketplace. In addition, 140 users from across many council departments were trained, benefiting from the system's easy-to-use 'shopping basket' style interface.

A successful, six-week pilot began in January 2008, leading into the first 'live' order in February, followed by the full roll-out to users in March 2008. By mid July, the number of orders processed electronically had exceeded 500 with a combined order value of more than £4.6 million. And the quantities are increasing each month.

Key benefits & recommendations

EGS's proven marketplace technology, together with its own clear vision and targeted resources, has enabled Allerdale Borough Council to achieve a remarkable transformation in its spending policies within a very short timeframe.

"We now purchase more efficiently and enjoy full visibility of our spending across the authority, which informs better decision-making," says Joanne Leah. "We now have the ability to control maverick spending and instead drive the most value from our open contracts, which can be monitored. We have strengthened compliance too. We expect to direct 75% of the council's procurement via the EGS marketplace. That's virtually everything aside from utility bills. It includes small suppliers and major contracts too, such as refuse collection and cleaning services."

The council looks set to make significant savings, based on its own conservative estimates. "With the marketplace, we expect to reduce our costs from £7.94 to £2.40 per transaction," says Joanne. "We process around 14,000 of these per year and so we're expecting to make in excess of £77,500 in annual non-cashable savings. Even with accounts payable there are time savings. Some manual keying is required but spending approval has been done up-front so we know the figures are accurate. E-invoicing may be the next step for us – it's something we'd like to consider in future."

"I would recommend EGS. We are very happy with their support and expertise."

- For more details, contact info@egsgroup.com or call **020 7539 2828**.

About EGS

Founded in 2000, EGS is the UK's leading supplier of eCommerce marketplaces for the public sector. Its shared solutions are used by around 150 buying organisations. EGS operates a series of inter-locking regional and sector-focused eCommerce marketplaces, providing services designed to automate and reduce the costs and time-scales associated with the procurement-to-pay lifecycle. Our services save considerable time and cost for buying organisations and suppliers. EGS has more than 50% market share in the UK, making it the leader in its field and the most successful business of its kind in Europe. For more details, visit www.egsgroup.com