



Case study: Derbyshire County Council

Managing Change: Derbyshire County Council Deploys EGS' IDeA:marketplace as Part of Overall Change Management Programme

Council targets transactional costs

All local authorities are focused on the eGovernment agenda, but as an award-winning Four Star Excellent Authority, Derbyshire County Council is also focused on continual improvement. In August 2004, the Council reviewed its procurement practices and decided to move away from its manual paper-based processes in favour of eProcurement.

In addition to the mandate of the eGovernment agenda, Derbyshire County Council could see its own business case for improvement, including both cultural and process benefits for the Council and its employees. The Council has been awarded the Federated Small Business award for its work with local suppliers, and takes a very strong local approach in its purchasing strategy. The Council wanted to ensure that an eProcurement system should be inclusive of smaller suppliers, rather than alienating them or forcing them out of the market with expensive system requirements.

Instant access to a wide range of contracts

Following evaluations of different systems and visits to other authorities, the Council adopted the EGS eProcurement and electronic trading environment for local government, known as the IDeA:marketplace. Designed and managed by EGS specifically for local government, the IDeA:marketplace gives instant access to a wide range of contracts for products and services that have been negotiated locally, regionally, or nationally.

The IDeA:marketplace is a joint venture between EGS and the Improvement and Development Agency (IDeA) to deliver local government's own electronic world-class procurement system and electronic trading environment.

The IDeA:marketplace provides local government customers with a range of eProcurement solutions and services that meet their own needs as Councils, whilst enabling them to work more closely and effectively with other bodies at local, regional and national levels. Over 100 Local Authorities are currently part of IDeA:marketplace, and 150 public sector buying organisations use this and EGS' other exchanges.

Supplier Inclusion

"After evaluation visits to other authorities we established that the EGS' IDeA:marketplace was the best operational system, was the most flexible and had the best chance of developing into a long term local government system," said Andrew Ayling, County Procurement Officer for Derbyshire County Council. "Most importantly, it had no cost to suppliers. Our intention is to maintain working

relationships with small and medium local businesses and we were mindful that we didn't want to move to an eProcurement system that would be expensive for suppliers to use or force them out of the market. It had to work on both sides of the fence."

The Council went live with the EGS eProcurement system on 8 August 2004 with a phased approach to deployment.

"We started with Social Services as that's where some of the most complicated spend occurs related to care services," said Sheelagh Doran, Principal e-procurement Manager for Derbyshire County Council. "Between August and December 2004, we deployed the system to about 500 staff, which went very smoothly. We had recently been through a Change Management programme around the eGovernment agenda and our own internal agenda, and this became part of that programme. The system is now deployed to 1,250 staff across the Council. We've also implemented a service redesign as well as the eProcurement system. Rather than just replacing paper processes, we looked at new ways of doing things and how we could improve our processes internally."

Combined efficiencies

Buyers in the UK public sector raise over 50 million purchase orders per year and suppliers post over 100 million invoices per year. Shared Service eCommerce environments help dramatically reduce the costs of these processes and underpin collaboration between groups of public sector bodies to get the best from national, regional and local collaboration.

There is £100 billion of eProcureable spend in the public sector every year. The combined efficiencies of business process cost savings and eProcurement cost savings have the potential to save the public purse well over £1 billion per annum. The solutions also offer major cost savings for suppliers.

"Because we now have all the order system processes developed with EGS, we are working with Essex County Council and the Isle of Wight Council to test EGS' new e-invoicing system, which will further improve the flow from procurement through to invoicing," added Andrew Ayling. "The visibility of expenditure to local and strategic managers at both high and low levels and the identification of key specifiers and orderers is critical to ensuring long-term procurement efficiencies and identifying future strategic partner opportunities. We will be removing order books throughout the corporate body of the council in our next phase to ensure full transparency."

"The EGS system gives us the base architecture to pull everyone together in a similar way. We are keen to build capacity within the council and have worked in partnership with the University of Derby to create an interactive training web site and repository for standard documentation and advice which builds on the uniformity of practices enabled by the introduction of the Idea Marketplace. ."

Delivering savings and efficiencies

Since deploying the EGS IDeA:marketplace, Derbyshire County Council has seen significant financial, operational and management savings. To date, the Council has processed £45 million worth of orders through the EGS Exchange, and this is increasing year on year with an anticipated spend of £50 million for 2007/8.

The Council is processing, 30,000 purchase orders per year through the system at present. EProcurement is estimated to be able to reduce the Council's transactional costs, and is targeted to deliver £250,000 in annual cashable savings. Approximately 8,000 suppliers are now signed up to the system.

“Previously, everything was based on paper catalogues,” added Sheelagh Doran. “It was difficult for officers to know if they had the right catalogue with the right prices. This was resulting in off contract spend. The EGS system gives users a one stop shop for their needs with certainty that the prices were up to date. As part of the government agenda, we have to find 2.5% savings year on year every year. The EGS system is a key tool in helping us to analyse and control where our expenditure is going.”

“Another benefit of the EGS Exchange is that suppliers can read orders more easily,” added Andrew Ayling “There are fewer human errors, and the system won’t enable a user to send an order that doesn’t have a price on it. People tend to think of eProcurement as just paper clips and stationery, but we are using it for a whole range of items across every department in the Council. We’ve used the EGS system to order train tickets, face painting for kids, as well as baby massage classes.”

Extending the benefits

The deployment has been so successful that Derbyshire County Council is creating a Derbyshire marketplace, known as the Derbyshire Partnership, which will extend the benefits of eProcurement to nine other partner authorities within the County. The marketplace will facilitate collaboration between partners to leverage aggregated purchasing power, share the County Council’s experiences so partners don’t have to go through the same learning curve, and create process models that respect different cultures and working processes. It also means that suppliers, including SMEs, need only be registered on the system once.

“The EGS IDeA:marketplace is not just about an ordering system,” concluded Andrew Ayling. “If you see it purely as that you’re missing the big picture. This system is there to give you the foundation for change at a process level, at a management level and at a strategic level. It’s empowered our staff to make the right choices, our suppliers to do business with us more efficiently, and our management team to improve and exceed on our objectives and obligations. It’s one of the main reasons we’ve been able to successfully manage change.”

Summary of Business Benefits:

- More than £45m worth of orders processed to date through EGS, increasing year on year with a target of £180m per annum by 2009
- More than 30,000 purchase orders per year through the EGS system
- Reduction of Council's transactional costs
- Elimination of paper-based catalogues and out of date pricing
- Significant reduction in off contract spend
- Full management insight, detailed analysis and control on Council spend at strategic level
- Ability to link spending to working practices & efficiencies - 2.5% year on year savings
- Strategic foundation for implementing successful change to processes and culture
- Moved from multiple suppliers, streamlining down to key suppliers, delivering a more environmentally friendly and sustainable approach
- Leading the way in deployment of e-invoicing for full purchase to pay efficiencies
- Free for suppliers, ensuring inclusion of local small and medium sized businesses
- Clearer information for suppliers - reducing human error
- More than 8,000 suppliers are now signed up to the system
- Facilitates collaboration between partner authorities, leveraging aggregated purchasing

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

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