



## CASE STUDY - ESSEX COUNTY COUNCIL

- Essex County Council is on course to save £2.5 million by 2012 – through managing hundreds of thousands of supplier invoices electronically, thanks to a ground-breaking eInvoicing solution from EGS, the UK leaders in spend management.
- The eInvoicing solution is part of the council’s procurement transformation programme delivered through the IDEA:marketplace procure-to-pay (P2P) solution.
- While many organisations can visualise the rewards of eInvoicing, few have made it happen in a way that’s cost-effective, easy to adopt and scalable for thousands of suppliers. That’s why the council’s success is so remarkable.
- The switch to electronic invoicing has opened up a wealth of time and cost savings for the council, while speeding up payments and enhancing relationships with local, regional and national suppliers.

### The customer

As one of the largest councils in the UK, Essex spends around £800m each year on a diverse range of good and services, from construction projects and care provision, through to shepherding services and windmills repairs.

The county council can order electronically from 97% of these suppliers through a pioneering eProcurement marketplace provided by EGS. This was launched in 2002 and become the UK’s first county-based online collaborative marketplace of its kind – as a shared service between the county council and other Essex local authorities.

### The challenge

The council recognised that automated invoice-handling would be the final link in making its new purchase-to-pay (P2P) process truly end-to-end. Electronic invoice management (eInvoicing) would save its accounts payable teams from spending hundreds of hours each week in re-keying, processing, and archiving paper-based invoices. Cashable savings could be achieved, plus a host of other benefits for the council and suppliers alike.

However, the council realised the immense challenge that eInvoicing presented. “Getting thousands of our suppliers to sell online is one thing: asking them to submit their invoices electronically required a deep understanding of all the technology and business issues involved,” says Nicole Edbrooke, Purchase to Pay Manager at Essex County Council.

The local authority needed an eInvoicing solution that would be cost-effective to roll out on a massive scale – and engage with suppliers at their various levels of technical capability.

### eInvoicing solution closes the loop in the P2P lifecycle

“Essex is now looking forward to reaping the full rewards of the programme. Switching from manual, paper-based systems to electronic invoice management has enabled us to ‘close the loop’ in our P2P lifecycle and achieve some of our biggest savings to date. With EGS, we’re able to transform our processes and save millions of pounds.”

**Nicole Edbrooke**  
Purchase to Pay Manager  
Essex County Council



### Winning industry acclaim

This success story enabled Essex County Council to win the Local

Government Procurement Award at the 2009 Government Business Awards.

### Electronic Invoice Management with EGS

EGS’ eInvoicing solution is a proven and robust solution that integrates with an organisation’s accounts payable and accounts receivable systems, including seamless links with back-end ERP systems and all major financial management systems, such as Oracle and SAP.

## The solution

In partnership EGS, Essex County Council crafted a five-year programme to adopt eInvoicing. This would deliver £2.5 million in cashable savings, averaging £500,000 per year. The programme was championed within the authority, achieving executive-level support from across the council's directorates. After months of design and preparation work, the new eInvoicing system was launched in April 2007.

Over the next 18 months or so, suppliers were added in two ways:

- Larger suppliers had their financial systems connected to the Essex marketplace by EGS, so their invoices were presented automatically. Once matched with purchase orders, these were passed for payment - with no human intervention needed.
- For small and medium-sized suppliers, EGS technology allowed purchase orders sent to them by the council to be 'flipped' into a ready-made eInvoices, simply using a web browser and typing the invoice number.

## Ease of use for suppliers

"One of the main benefits of EGS' eInvoicing solution is its ease of use for suppliers," explains Nicole. "We've made sure we do not alienate smaller businesses or fail to integrate with larger ones. For example, we have a small sandwich shop that is able to log into the system and invoice us via a web browser. When an order is completed, the shop 'flips' the order into an invoice, adds their invoice details and submits it immediately, enabling them to invoice us electronically for free.

"Likewise, we have larger suppliers and high volume suppliers, where we are operating with a 'no touch' fully automated process. The workflow is incredibly flexible in how you set up roles and respond to capture spend."

## eInvoicing set to accelerate

By early 2009, eInvoices were being received electronically at the rate of 70,000 per year. But this will accelerate to some 230,000 invoices per year, as the council's procurement team use the information provided to increase the amount of spend covered by contract.

EGS and Essex have been especially innovative about how this is being achieved. A unique 'agency' module has been created by EGS for Essex's supplier of temporary employees. This creates a direct link to the agency system so that timesheets and GRNs (Goods Receipt Notes) are synchronised, creating a high match rate of invoices.

## Innovative invoice scanning

For suppliers with particular technical issues, EGS is fast-tracking their adoption by making an invoice-scanning feature available. This innovative OCR (optical character recognition) service digitises hard-copy invoices and submits them to the EGS workflow engine for matching.

Going forward, the council is also building the 'ability to submit electronic invoices' into its tender requirements for any new suppliers it takes on-board, while providing the tools they need to make this possible.

## Making eInvoicing accessible for every type of supplier

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## 'So quick and efficient'

One local photographer found the council's previous paper-based system to be "time consuming and laborious". However, he can now access purchase orders on his Blackberry PDA and 'flip' them into invoices within minutes. His verdict: "Brilliant. So quick and efficient."

With eInvoicing, suppliers are paid much faster. This is especially good news for small and medium-sized businesses, where improved cashflow is a major advantage. The photographer has seen his month-on-month cashflow improve - with money in the bank within 14 days.

## Key benefits

The key savings and benefits have been achieved by eInvoicing:

- The council's directorates no longer need to match, batch and re-key invoices. Cashable savings have been achieved as many full-time positions are no longer needed. In the main, employees have been re-deployed to more valued-added roles or positions have ceased through natural wastage.
- With no re-keying, there's greater data accuracy and less time spent resolving anomalies.
- Council decision-makers now enjoy greater management visibility. Invoices can be tracked easily through the system, so the council can resolve any blockages quickly and ensure it meets its payment terms.
- Invoice processing is faster, thanks to a high rate of automated first-time matches between purchase orders and invoices.
- First-time matches of over 70% have been achieved with the agency staff supplier contract that integrates timesheets and invoices.
- Supplier relationships have been enhanced through greater achievement of payment terms. The Council and its suppliers are both able to use the system to check and expedite the progress of invoices. (NB: Once enabled, suppliers can also provide eInvoices to other Essex/EGS marketplace buying organisations.)
- Paper and postage costs have been minimised, and storage requirements have reduced through e-archiving provided by EGS, replacing the physical space required to store over one million invoices.
- The data from eInvoicing has helped the council's procurement team in its strategic decision-making, as it leverages contracts and rationalises the supplier base. Off-contract spend has reduced by 80%, saving a further £700,000.

"Essex is now looking forward to reaping the full rewards of the programme," says Nicole. "Switching from manual, paper-based systems to electronic invoice management has enabled us to 'close the loop' in our P2P lifecycle and achieve some of our biggest savings to date. With EGS, we're able to transform our processes and save millions of pounds."

For more information, call **EGS** on **020 7539 2828** or email **info@egsgroup.com**

## ABOUT EGS

EGS provides solutions to manage and control corporate spending by automating and streamlining the entire purchase-to-pay lifecycle. Our Spend Management solutions give you control, save you money and equip your executive team with the best information to make the right decisions. More than 40,000 users across 150 organisations in the public and commercial sectors employ EGS solutions and save millions of pounds. This year over one million transactions, worth over £1.5 billion of corporate purchasing, will be completed using EGS.

"EGS has a deep sector expertise of end-to-end P2P solutions and it was the next logical step for us to work with them on eInvoicing," says Nicole. "We found it was a relatively quick win to make cashable savings. As each new supplier comes on board, we will reduce the budget of departments which will have less paper to process."

**Nicole Edbrooke**  
Purchase to Pay Manager  
Essex County Council



With EGS, it's quick & easy to get started

We have the in-house technical expertise and experience to make your deployment run to time and budget, minimising risk and avoiding unexpected costs.

Our experienced consultants provide a range of Professional Services to support all our Spend Management solutions - to help you to achieve more from your purchase-to-pay strategy, from business reviews, to project management and training.

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