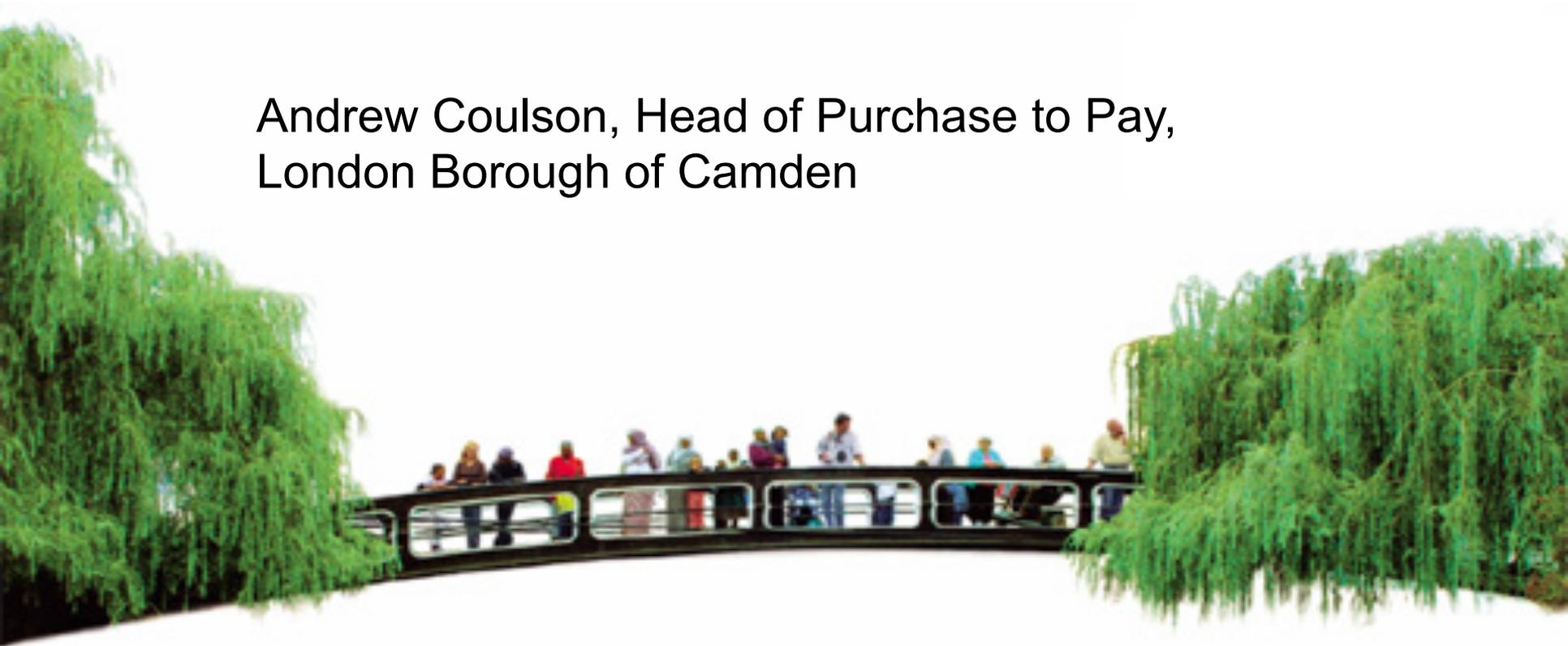


# Building the Business Case for e-procurement & e-invoicing

## The Public Sector experience: reducing costs and improving compliance

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# Introduction & context

- Camden Council provides wide range of public services to over 212,000 residents.
- e-procurement system live in 2007
- 70,000 e-procurement related invoices each year
- 4,700 e-procurement suppliers used each year.
- e-invoicing supplier in place since 2009
- 26 suppliers represent 50% of invoices
- 180 suppliers represent 80% of invoices
- 4,000 suppliers invoice fewer than 10 times a year.

# Why e-invoicing?

- Savings - business case from 2007 showed significant cost reductions could be made by head count reduction
- Improved compliance – supports right first time approach, supports existing policies (eg no PO no Payment), driving up use of e-procurement and use of existing suppliers. Invoice validation compliance can be embedded into the system and workflow. Means that only “clean” invoices are received for payment processing

# Obstacles to progress pre 2011

- No strategy or plan for supplier adoption
- Range of suppliers, commodities/services
- Complex supplier analysis but no decision
- Convoluted cut over procedures
- Until early 2010 multiple payment teams with different processes
- Weak order/invoice compliance and few consequences for non compliance (internal and external)
- Unclear approach to benefit realisation.

# Barriers during implementation?

- Quality of own data on suppliers - finding the right contacts especially in non-contracted suppliers can be painful
- Perception of technology issues – at basic level suppliers only need internet access
- Cost against benefits – need to communicate that for many suppliers the cost of adoption is nil and benefits tangible and easy to achieve
- Inertia/resistance to change from some suppliers and some buyers - we personalised communication and were firm but persistent in adoption and post go-live switch.

# Why did we succeed?

- Straightforward approach to supplier identification
- Service is free to use for suppliers
- Choice of connection options suitable for wide range of suppliers
- Validation rules embedded in e-invoicing system to support compliance. Suppliers self service
- Communication with suppliers about adoption, benefits and not accepting refusal
- Sufficient dedicated resources on supplier adoption
- Recognising that this is a business process project enabled by technology.

# Compliance improvements

- Embedded validation rules prevent suppliers submitting non compliant invoices and support right first time approach. Suppliers self service and resolve own issues
- e-invoicing supports Camden's "no order = no payment" policy. Suppliers soon realise that they cannot invoice without valid Purchase Order. Leading to improved buyer compliance
- Recent supplier survey showed majority of suppliers are having positive experiences from e-invoicing.

# Benefits achieved - by Camden

- Over 90% of e-procurement related invoices are now originating as “pure e” from over 1,000 suppliers
- Over 75% of invoices achieve straight through processing from supplier to payment
- Secure digital storage and simple invoice image retrieval
- Enabled agile working and contributes to reducing need for office and storage space
- 96% of invoices paid within 30 days, 88% within 10 days
- e-invoicing combined with auto-receipting is supporting contract and commodity price discussions
- Direct staff cost savings of over £500K (40%) each year.

# Further information on Camden's project:

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