

CASE STUDY:

Islington Borough Council

ISLINGTON BOROUGH COUNCIL PROMOTES PROMPT PAYMENT WITH BASWARE PAY

BECOMING AN EXEMPLAR OF PROMPT PAYMENT

Islington Borough Council is firmly committed to prompt payment of its suppliers, particularly smaller businesses which are the backbone of the UK economy. It pays 95% of invoices within settlement terms and has a policy of paying local suppliers within 10 days. As a prime funder of its supply chain, the forward-thinking council was looking to innovate its payment processes to increase supplier choice and strive for excellence in its Accounts Payable function.

The council had a long-established relationship with Basware, through the use of its Scan and Capture services and e-invoicing solutions. It decided to embark on a project to implement Basware Pay and approach its diverse supplier base.

BASWARE MAKES EARLY SETTLEMENT PAY

Basware Pay provides a seamless, easy-to-deploy payment solution.

It combines Mastercard's payment processing capability with Basware's digital Purchase-to-Pay and e-invoice network, allowing payments to be issued quickly and seamlessly after invoice approval. Suppliers accept a small discount from the invoice value in return for early payment. The solution would give the Council the ability to pay its suppliers early - in as little as two days - using secure, online payment technology for frictionless transactions.

The Council started by segmenting its supplier base into tiers based on expenditure. As Bill Cavanagh, Payment Service Manager at Islington Borough Council observes, "we chose to invite rather than mandate our suppliers to participate in Basware Pay, so we haven't recruited aggressively. Instead, we reached out personally to existing contacts amongst our tier one suppliers who account for the bulk of our spending, to set up meetings and initiate strategic conversations. As

CUSTOMER:



INDUSTRY:

Public Sector

LOCATION:

London

BASWARE SOLUTION:

Basware Pay

supplier relationship management is part of our everyday activity, this exercise hasn't added to our workload - rather, it's an opportunity to stimulate thinking and re-examine the ways we procure and pay for things. Tier two suppliers were offered an educational webinar and were contacted by the Basware team as part of the supplier onboarding

basware

Simplify Operations, Spend Smarter.



CASH FLOW IS ABSOLUTELY VITAL TO ORGANISATIONS OF ALL SIZES

service. We're not aiming to sign up 100% of suppliers - just those for whom the business case is compelling."

INCREASED CHOICE, BETTER SUPPLIER RELATIONSHIPS



The Council is now able to accelerate invoice approval times without

foregoing control. Although the project is in its infancy, early adopters have yielded some surprising insights. "We initially thought that it would be mainly smaller suppliers that would jump at the chance of getting paid early. But in practice, we have seen a broad cross-section of companies express interest and opt in for a variety of individual reasons - from sole traders to multinational retailers. The unifying theme is that cash flow is absolutely vital to organisations of all sizes and industries in today's economy, and suppliers welcome choice. We will be offering Basware Pay as an option to all new suppliers in future," says Bill.

**"AS SUPPLIER
RELATIONSHIP
MANAGEMENT
IS PART OF OUR
EVERYDAY ACTIVITY,
THIS EXERCISE IS
AN OPPORTUNITY TO
STIMULATE THINKING
AND RE-EXAMINE THE
WAYS WE PROCURE AND
PAY FOR THINGS."**

Bill Cavanagh, Payment Service
Manager, Islington Borough
Council

At a time when finances are stretched under continued austerity, councils are increasingly embracing the opportunities available to them from implementing early payment programmes. Islington Borough Council has been able to capture the rebates offered by Basware Pay, helping to bring its Accounts Payable function a step closer to becoming cost-neutral. Using

technology to automate and manage the rebate process additionally delivers valuable insight into P2P performance, building further momentum for process improvement.

EARLY PAYMENTS FOSTER A MUTUALLY BENEFICIAL CULTURE

What would Bill recommend to other public sector organisations considering the implementation of Basware Pay? "One of the attractions of implementing this initiative is that the process change has been minimal. It doesn't call for a huge, disruptive IT project involving dozens of meetings. I would describe it as an incremental movement rather than a shift."

"It's vital to clearly articulate the proposition and benefits to the supply base in order to maximise uptake and counter any negative supplier perceptions. Basware has helped us to achieve this with a tried and tested engagement approach including marketing materials and messaging."

PROMPT PAYMENT: THE NATIONAL CONTEXT

Predicting cash flow and maintaining an adequate cash position is the single biggest challenge facing the UK's small and midsize enterprises (SMEs). Nationally, late payment is becoming a chronic issue and a barrier to growth even when business is healthy. Archaic protocols have long dictated drawn-out invoice terms, often in excess of the 60-day upper limit proposed by the voluntary Prompt Payment Code, with SMEs often too afraid to chase payments for fear of jeopardising the supplier relationship. Securing a prestigious contract with a large firm or organisation can often prove a poisoned chalice.

To combat this culture, the government introduced a new package of measures to support the Prompt Payment Code in 2016, and is now in the process of appointing a Small Business Commissioner to provide advisory services and mediation on payment issues. The Small Business, Enterprise and Employment Act of 2015 introduced the statutory duty for large businesses to report on payment practices, due to come into force in April 2017.

WE HAVE A CULTURE OF PROMPT PAYMENT

"WE HAVE SEEN A BROAD CROSS-SECTION OF COMPANIES EXPRESS INTEREST AND OPT IN FOR A VARIETY OF INDIVIDUAL REASONS."

Bill Cavanagh, Payment Service Manager, Islington Borough Council

"We have a culture of prompt payment which is part of good corporate citizenship. While many companies in the private sector are holding onto money, we are keen to take the lead in innovation to help our suppliers optimise their cash flow, as it will benefit the local economy and community. We believe that ultimately, this mechanism for prompt payment will become the norm in the marketplace, particularly as regulatory impetus increases," Bill concludes.

ABOUT: ISLINGTON BOROUGH COUNCIL

Islington Council is the London borough's local authority, and provides over 600 services to its 206,000 residents including schools, services for vulnerable adults, support to local businesses, libraries, street cleaning and community safety. Most council funding comes from national government, with just 11% of its income accounted for by Council Tax. The organisation is committed to delivering efficient and value-for-money services in the face of significant funding cuts.

ABOUT BASWARE

Basware is the global leader in providing purchase-to-pay solutions, e-invoicing and innovative financing services. Basware's commerce and financing network connects businesses around the globe. As the largest open business network in the world, Basware provides scale and reach for organisations of all sizes, enabling them to grow their business and unlock value across their operations by simplifying and streamlining financial processes. Small and large companies around the world achieve significant cost savings, more flexible payment terms, greater efficiencies and closer relationships with their suppliers.

Find out more at:

WWW.BASWARE.COM

