SOUTH AUSTRALIAN GOVERNMENT TRANSFORMS WITH P2P

WHILE THE PRIVATE SECTOR HAS BENEFITED FROM THE INTRODUCTION OF SHARED SERVICES SINCE THE EARLY 1990S, USING SHARED SERVICES WITHIN THE AUSTRALIAN PUBLIC SECTOR HAS SOMETHING OF A MIXED HISTORY. THE NOTION OF POOLING RESOURCES FROM MULTIPLE DEPARTMENTS INTO A SINGLE SERVICE CENTER OFFERS GREAT BENEFITS IN REDUCING COSTS, IMPROVING CUSTOMER SERVICE AND INCREASING VISIBILITY OF SPEND ACROSS GOVERNMENT.

But while the benefits are clear in principle, introducing shared services within government can often lead to greater scrutiny of government activities, due to the increased complexity of stakeholder relationships, and perceptions of loss of control when administrative functions are pooled.

In 2006 the South Australian Government embarked on a plan to move the financial and HR processes from all government agencies into a single operation known as Shared Services SA (South Australia). The 2006 Budget, which announced the initiative, identified that savings of $60 million per year would be delivered from the implementation of shared services.

Over 2008 and 2009, approximately 900 full time employees (FTE) transferred from various government agencies into Shared Services SA. This included approximately 175 FTE who were undertaking invoice processing activities. It quickly became evident, following the transition, that there was a significant opportunity to improve the efficiency and effectiveness of the invoice processing and associated purchasing process ("procure-to-pay or P2P") through the implementation of an automation and workflow solution.

In 2009 a project was initiated to procure and implement an appropriate procure-to-pay technology solution. Like any project of its size, Shared Services SA faced its share of challenges during the

CUSTOMER:

Government of South Australia

INDUSTRY:

Government

LOCATION:

Austraila

BASWARE SOLUTIONS:

- Invoice Processing
- Purchase Management
- Contract Lifecycle Management

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PAPER ELIMINATION

implementation stage. However, after 12 months of operation from 'go live' in 2010-11, Shared Services SA has successfully streamlined and automated the procure-to-pay process across most of the public sector. This procure-to-pay reform was a key contributor to the achievement of the overall shared services savings targets.

ENDING THE PAPER TRAIL

In an average year, the South Australian government receives over 2.5 million invoices from its various government agencies. At the time of transition, almost all of these invoices required manual processing, less than five percent of invoices were received electronically, and only one in every two payments was made electronically.

To add to the complexity, the South Australian government has in excess of 20 different financial system instances (e.g. different charts of accounts and vendor files) and a range of varying financial practices.

According to Mark Carey, Director Reform at Shared Services SA "The invoicing process was a cumbersome and inefficient activity as accounts payable staff had to undertake most tasks, such as purchase order matching, compliance checking and data entry, manually. In agencies, hard copy invoices were physically sent around to different people for certification and approval before being set to Shared Services SA for processing, which naturally led to a high incidence of incorrect or missing invoices."

To achieve greater efficiency across the South Australian Government's invoicing and procurement processes, a strategy paper was developed which highlighted the benefits of introducing an automated, procure-to-pay technology solution. More specifically, the South Australian Government sought a solution that met key business requirements such as high levels of electronic data capture, workflow and business rule automation, extensive management information reporting capability, flexibility to interface with multiple financial system instances, a robust control environment and the opportunity for payment cycle time reduction.

MOVING TOWARDS AN AUTOMATED PROCURE-TO-PAY PROCESS

After a selective RFP process, Shared Services SA decided to implement an electronic invoicing and procurement solution comprising of Basware Invoicing Processing, Basware Purchase Management and ReadSoft.

"We needed a solution that could meet the key business requirements and provide a degree of flexibility to accommodate agency-specific needs. Basware's technology was assessed as being superior to that of its competitors due to its strong reporting and performance management capabilities, its ability to interface with a range of different financial systems as well as ease of implementation and use", explains Mark Carey.

The scope of the project was extensive, with a requirement to undertake 21 separate agency implementations for an

estimated 10,000 users. There was also a need to accommodate the specific requirements of certain agencies in areas such as commitment accounting and inventory management.

With a dedicated Basware consultant and project manager located on-site, implementation was carried out in two stages with a pilot implementation undertaken in advance of production rollout.

"DUE TO THE SHEER SIZE OF THE PROJECT, WE NATURALLY ENCOUNTERED SOME CHALLENGES IN IMPLEMENTING THE SOLUTION WITHIN AGENCIES, PARTICULARLY THOSE WITH MORE COMPLEX FINANCIAL REQUIREMENTS."

"To address this, the Basware team was flexible in tailoring the solution to meet the agencies' unique needs, and we left the more complex agencies to the end to minimize impact on the overall rollout schedule."

"The implementation phase also involved an agency training program. Since a number of the government agencies were dispersed throughout South Australia, the training approach had to be adapted to include classroom-based, regional and online delivery methods," explained Mark.

IMPROVING WORKPLACE PRODUCTIVITY AND PAYMENT CYCLES

Since the implementation of Basware's technology, the government's procure-to-pay process has improved significantly. In the past 12 months, there has been a 35 percent productivity increase in accounts payable and improved payment cycles with approximately 99.5 percent of invoices processed by Shared Services SA within service levels (for the September quarter 2012).

There has also been an increase in the number of invoices received electronically from 5 percent to 55 percent, which has reduced costs and allowed for improved automation. Shared Services SA has also reaped the benefits of automating GST compliance checking, the implementation of an automated workflow for invoices not associated with Purchase Orders, and eliminating the manual creation and processing of employee reimbursements through a solution leveraging Basware Purchase Management.

According to Mark Carey, "the implementation of Basware has been a key driver in helping SA Government create a standardized and automated procure-to-pay process and provide much greater visibility into its financial processes. The new system has also gained broad client and user acceptance with over 12,000 users now using the solution and processing 3,500 invoices and 400 purchase orders daily." Individual agencies migrated across to the system also have enhanced reporting capabilities which has simplified financial accounting and audit

FLEXIBILITY TO MEET NEEDS

activities. Additionally, the technology rollout was delivered on time and within budget.

TOWARDS THE FUTURE

SA Health is in the process of rolling out the Oracle Financial System and Basware is incorporated into the solution.

"SA HEALTH IS RESPONSIBLE FOR 45 PERCENT OF THE TOTAL NUMBER OF INVOICE TRANSACTIONS ACROSS GOVERNMENT, SO WE ARE LOOKING TO IMPLEMENT BASWARE ON THE BACK OF THE ORACLE ROLLOUT. IT'S EXPECTED THAT THE USER BASE WILL INCREASE BY MORE THAN 5,000."

Mark stated.

Once fully implemented, the Basware systems will provide a foundation for even greater levels of automation, transparency and visibility of spend. Fully electronic transactions from purchase to payment will greatly decrease the costs of doing business with government and the environmental benefits of eliminating paper from the process are clear.

Government of South Australia

ABOUT:

SHARED SERVICES SOUTH AUSTRALIA

Shared Services South Australia

(SSSA) provides corporate and business services to all departments of the South Australian government.

The primary objective of SSSA is to improve efficiency, reduce costs and deliver higher quality services for its client agencies, end users, third parties and internal customers.

Through its partnership with Basware, SSSA has been able to automate the procure-to-pay processes for 21 separate government agencies, and an estimated 12,000 individual users, who process 3,500 invoices and 400 purchase orders daily.

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 organizations 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