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Ken Thomas, Financial Controller, DVLA

## AT A GLANCE

### Summary

The Driver and Vehicle Licensing Agency (DVLA) facilitates road safety and general law enforcement in the United Kingdom by maintaining registers of drivers and vehicles and by collecting vehicle excise duty (automobile tax). Responding to increased customer and stakeholder expectations and an increasingly complex regulatory environment, the agency turned to SAP for an integrated enterprise resource planning (ERP) solution.

### Web Site

[www.dvla.gov.uk](http://www.dvla.gov.uk)

### Key Challenges

- Moving beyond spreadsheet culture and fragmented information
- Increasing user base from 400 to 7,000
- Implementing across diverse hardware landscape

### Project Objective

Strategically implement an integrated ERP solution to replace an existing financial system that was no longer able to meet business needs

### Solutions and Services

- mySAP™ ERP solutions for financials and human capital management, including workflows and scanning
- SAP® E-Procurement application
- SAP Business Intelligence and SAP Enterprise Portal, components of the SAP NetWeaver™ platform

### Why SAP Solution

- Comprehensive functionality meeting all requirements
- High level of confidence in company and its solution

### Implementation Highlights

- Project completed in just 11 months
- Comprehensive change management program

### Key Benefits

- One consistent source of data
- Monthly accounts now close 8 days earlier
- Financial and management accounts close 15 days faster
- Employee expenses paid 4 to 6 weeks faster
- Electronic processing of complete purchasing cycle

### Implementation Partner

PwC Consulting (now IBM Business Consulting Services)

### Existing Environment

Diverse legacy system landscape

### Hardware

HP servers with clustered EMC SAN architecture

### Operating System

HP-UX 11i

## DRIVER AND VEHICLE LICENSING AGENCY

### SAP Helps British Government Agencies to Improve Efficiency, Deliver and Develop Modern, Effective Public Services

The Driver and Vehicle Licensing Agency (DVLA) is an executive agency of the British government's Department for Transport (DfT). DVLA is one of four sister agencies that make up the Driver Vehicle Operator (DVO) Group, which aims to ensure safe and secure drivers and vehicles.

DVLA employs more than 7,000 people nationwide at its headquarters in Swansea, Wales, and 40 local offices. Its role is to facilitate road safety and general law enforcement by maintaining registers of drivers and vehicles and to collect vehicle excise duty (automobile tax).

Increased customer and stakeholder expectations, coupled with European legislation and advances in information, communications, and vehicle technologies, contributed to DVLA's strategic decision to implement an integrated enterprise resource planning (ERP) solution. In addition, the existing financial system was unable to meet business needs, resulting in the proliferation of spreadsheets and consequent fragmentation of information.

### SAP an Obvious Choice

With the agency's parent department – at that time the Department of Transport, Local Government and the Regions (DTLR) – needing to replace its own financial systems, it was

decided to jointly seek a solution. While the requirements of DTLR and DVLA were broadly similar, it was agreed that two parallel implementations with separate project teams would best deliver the functional requirements and expectations of each organization.

Two of the three short-listed bids offered SAP® solutions, and extensive scenario testing over a period of six months proved that the SAP software could demonstrate the required functionality. Ken Thomas, financial controller at DVLA, confirms, “SAP was a proven solution, and we had confidence in the implementation offered by the PwC team [now IBM Business Consulting Services]. We wanted a system that delivered business improvement, not just hardware or software. We put a strong emphasis on transparency, ensuring client/contractor responsibilities were clear, in order to minimize risks for DVLA.”

### **An Effective Implementation Team**

The strategic partnership between IBM Business Consulting Services and DVLA ensured an open and collaborative environment, with the joint project board able to make quick decisions and focus on business benefits and organizational change. Moving from a user base of 400 to nearly 7,000 has required a considerable culture change within the organization as it moves from a fragmented spreadsheet environment to one consistent source of data as delivered by the mySAP™ ERP solution.

David Harper, associate partner with IBM Business Consulting Services, says, “We set out from day one to deliver knowledge and skills transfer to ensure that DVLA could be self-sufficient post go-live. We developed both classroom and online training as part of a comprehensive change management program delivered through in-house magazines, seminars, and briefings in Swansea and across the 40 satellite offices.”

Work began on implementing the new financial system for DVLA. The SAP solution for financials – including the full purchase-to-pay process, e-procurement, fixed assets, controlling, employee expenses, cash management, stock control, and sales ledger – was implemented in 11 months, with one unusual addition. DVLA holds records of 60 million vehicle tax discs, which are tracked by a unique identifier, and this required a custom-made SAP component for stock items to fulfill the agency’s specific requirements.

A further implementation challenge was the diverse range of hardware, requiring the SAP solution to be tested against the 80 different builds held on the 7,000 PCs across the organization.

### **Fast, Accurate Information Saves Time and Money**

SAP solutions are now at the heart of enabling DVLA managers to understand the business and how best to utilize resources. Previously, financial information had been centralized, but line managers now have financial delegation and the accurate information that enables them to assess their budget position and take action accordingly.

**“If you establish a solid foundation, the case for further incremental development gets much stronger the further you go into the SAP solutions. The critical-mass argument applies – the more you put in, the easier it becomes to take the next step.”**

Paul Sikka, Head of Financial Development, DVLA

Monthly accounts can now be closed off on the second day of the following month – this had previously taken 10 days. Financial and management accounts are available on the sixth day of the month rather than the twenty-first, making it easier to plan and budget. Employee expenses, which previously took four to six weeks to deal with, are now paid on a daily basis.

### **Streamlining the Purchasing Process**

DVLA’s implementation of the SAP E-Procurement application with the SAP Enterprise Buyer (SAP EB) component has streamlined the agency’s purchasing activities. The system now provides electronic processing of transactions throughout all stages of the purchasing cycle, from requisition entry to invoice payment.

User-friendly functionality, supported with graphical product images and the Internet-style shopping facility, is popular with staff. For example, invoices are scanned into a repository. These invoice images are then attached to an SAP invoice reference and users can then view them directly in the SAP solution.

Direct ordering from suppliers has enabled the agency to significantly reduce stock levels of high turnover items such as machine consumables and stationery, saving on stores resource and storage space.

Paul Cattroll, e-procurement project manager at DVLA, says, “The implementation of SAP EB has allowed us to focus all procurement activity at the agency through one access point and will enable greater opportunity to maximize efficiencies within the supply chain.”

The success of the e-procurement implementation also enabled DVLA to become one of the leading government pilot sites for e-auctions. DVLA conducted three e-auctions – for security-watermarked paper, machine envelopes, and contract cleaning services. This enabled the agency to utilize auctions as a procurement tool to achieve better value for money through transparent competition in a competitive market. Overall the auctions realized savings of 15% to 20% against previous contract prices.

### **Driving Standards Agency Follows Suit**

The SAP solution at DVLA attracted the interest of DVLA’s sister agency, the Driving Standards Agency (DSA). DSA is also a member of the DVO Group, with business requirements similar to DVLA. With 2,500 employees in multiple locations, the DSA wanted to replace aging financial and paper-based procurement systems with more modern technology. By extending the project to a shared ERP platform, there were clear benefits and cost savings for both organizations.

Kathy Gillatt, DSA finance director, says, “This was a great opportunity for the agencies to work together, enabling DSA to acquire a market-leading solution for finance and purchasing functions and a shared platform within the DVO Group for future development.” Gillatt continues, “We were able to benefit from the experience gained in the DVLA implementation to manage the change to new ways of working, and we expect that this partnership can be further strengthened during future SAP implementations. There is ongoing collaboration between the agencies for systems administration and upgrades.”

DSA has moved to an electronic purchasing system, which together with new financial systems has required extensive staff training. Benefits include the speedier handling of invoices, with managers at the agency’s administrative offices now able to monitor budgets on a continuous basis rather than monthly in arrears. Administrative staff claim expenses online and this facility is currently being extended to the agency’s operational workforce across 400 driving test centers.

DSA has also implemented a first phase of the SAP human capital management (HCM) capabilities after identifying that, among other benefits, the system presented an opportunity to streamline the processing of personnel information. Phil Coop, DSA project manager, explains, “Through the implementation of SAP HCM solutions, we have reduced duplicated entry of personnel-related information that was previously recorded on several unconnected systems. As well as achieving integration with the finance system, we are now seeing the benefits of having a central, single source of data that reduces the possibility of inconsistency or inaccuracy. Furthermore, the first phase of the implementation provides the platform for the introduction of further HCM functions from which we expect to obtain the main benefits.”

### **The Future: More Opportunities**

DVLA is currently looking at future opportunities to maximize the benefits of the shared ERP platform. DVLA became a “trading fund,” which allows it to create reserves to fund future investments. The flexible functionality of the mySAP Business Suite solutions for modeling and analysis will be critical for responding to policy or business changes. By developing areas such as staff capacity planning, each agency can have better information on staff skills and competencies for the further development of their services. Like DSA, DVLA has also commenced the phased implementation of HCM processes.

Paul Sikka, head of financial development at DVLA, confirms, “If you establish a solid foundation, the case for further incremental development gets much stronger the further you go into the SAP solutions. The critical-mass argument applies – the more you put in, the easier it becomes to take the next step.”

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