

**SAP Customer Success Story
Public Sector**



Salford City Council has risen to the prime minister of England's challenge to provide online e-government services by 2005. Called Project E-Merge, the city now uses the latest technology to improve municipal services and foster economic development. SAP and consultants from PricewaterhouseCoopers completed the first phase by deploying mySAP™ Financials and mySAP™ Human Resources (mySAP™ HR). This initiative is a key element in the move to introduce integrated e-government services to the citizens of Salford, meets the individual needs of council members, satisfies the government's requirement for best value, and will yield an annual savings of £1.5 million.



SALFORD CITY COUNCIL

SALFORD CITY COUNCIL: IMPROVING SERVICES WITH mySAP.com® SOLUTIONS

IDENTIFYING NEW NEEDS IN SERVICE DELIVERY

Salford City Council, situated to the west of the Greater Manchester metropolitan area in England, provides council services to just under a quarter of a million residents, employs 11,500 people, and has an annual budget of £500 million.

In 1998, the council reviewed its corporate finance systems and identified deficiencies stemming from the fragmented and outdated system. The general ledger system, which dated from the 1980s, had very limited reporting facilities for budget managers and little online access. Users often had to rekey data into spreadsheets. Separate systems dealt with debt collection, invoice payments, and payroll and general ledger. No corporate purchasing system was available.

After careful assessment, Salford City Council recognized the need to implement an integrated solution and to reengineer its back-office systems to meet the new needs in service delivery.

Consultants identified the costs and benefits of reengineering the council's financial systems and developed a robust business case. Benchmarking information identified how Salford performed in terms of cost-effectiveness and efficiency. The consultants reviewed and challenged the council's processes, then consulted with users to identify the best-value route.

In November 1998, elected Salford City Council members endorsed the report's findings, agreeing that an integrated solution was required, and the council embarked on the procurement process. Salford decided to follow the prime contractor route, requiring a single point of contact with responsibility resting in one place.

THE RIGHT SOLUTIONS AND THE RIGHT TEAM

After advertising the specification, the council evaluated four bids. Companies were invited to give demonstrations to a range of council staff members from various departments who had differing expertise and views.

In July 1999, Salford City Council members chose SAP to provide the fully integrated e-business software solution and endorsed PricewaterhouseCoopers (PwC) as the preferred supplier for the overall implementation, with Sun Microsystems providing the hardware.

Derek Antrobus, council member and lead member for corporate services, says, "We needed to work with a team that could respond to the council's invitation to tender, had experience and a good reputation for working within the restrictions of public sector organizations, and – very importantly – had the ability to develop e-commerce applications. PricewaterhouseCoopers and SAP were able to satisfy all these requirements."

PwC has carried out a large number of implementations of SAP solutions in both the private and public sectors. Extensive and independent research by PwC into enterprise solutions has resulted in its development of a template of SAP functions well suited for local governments.

SAP provided the software to deliver all core finance, human resources, and payroll functions, and PwC worked with the council to decide how that software should be used.

SUCCESSFUL IMPLEMENTATION OF A NEW FINANCIAL SERVICES GROUP

The control of finance functions within the council had become decentralized and was managed by various departments, but the council decided to recentralize financial processing functions in a new financial services group. This meant reengineering the existing financial processes.

Project work started in September 1999, and the general ledger and payments functions went live in April 2000. In a phased implementation over the next 12 months, accounts receivable, purchasing, and payroll all came online.

REDUCED COSTS, GREATER EFFICIENCY, AND BETTER BUDGET MANAGEMENT

One of the most significant cost savings for Salford has resulted from integrating the procurement function. Previously the council had difficulty in identifying the overall purchasing pattern because the departments used numerous suppliers. With the mySAP Financials solution in place, the central purchasing team can now negotiate corporate contracts and route orders to the correct supplier, ensuring the council obtains the best value for its money at all times.

The development of the new financial services group has resulted in substantially reduced staffing costs, as well as greater efficiency. Users now have easier access to reports online and can drill down to obtain the information they need. Large printouts are no longer needed, which saves money and is easier on the environment. In addition, duplicate data entry, with its inherent errors, has been eliminated. Everyone has accurate, up-to-the minute information.

A dedicated team of 10 Salford City Council staff members worked closely with PwC consultants in implementing the mySAP.com® solutions and has delivered training to the 600 users, including more than 200 budget managers who were new to the financial system. With the mySAP Financials solution, budget management is performed throughout the organization, which encourages staff members to accept responsibility for their own budgets. They can easily interpret the user-friendly reports without specialized accounting skills – a welcome benefit for the staff.

“The decision to implement SAP was a big step for members, but they took the long-term view. By using technology, we can deliver savings of £1.5 million per annum to the benefit of the residents of Salford.”

Geoff Topping, Salford’s project director

The SAP solution now provides the payroll function for the council, replacing various weekly and monthly payrolls with a single, monthly solution. Salford City Council has plans to assess the training and development, recruitment, and employee self-service capabilities of mySAP HR.

Salford’s project director Geoff Topping says, “The decision to implement SAP was a big step for members, but they took the long-term view. By using technology, we can deliver savings of £1.5 million per annum to the benefit of the residents of Salford.”

Council members have retained a close interest in the project, and a number of them are being trained to use the system. By accessing the information available to budget managers, members can gain greater insight into departmental activities and incorporate that information into their strategic and financial plans for the council.

Antrobus says, “Members have been amazed by the awesome power of the system that allows them to analyze and monitor budgets. But its real benefits for politicians will be in using the system to track whether shifts in resources are following policy initiatives. One priority we have is to code expenditure on crime prevention and the costs of crime. We can then see whether prevention measures are cutting the costs of vandalism, theft, fraud, and so on.”

Overall, the mySAP.com e-business solutions will improve the efficiency of the council’s financial processes, helping Salford meet its best-value requirements in effectively using its resources.

From this initial implementation of mySAP Financials and mySAP HR, the council’s Project E-Merge will continue to develop by enhancing and expanding its use of mySAP.com solutions.

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