



The adoption of IBX Purchase-to-Pay helped us realize increased contract compliance and increased leverage, which allowed us to achieve on average 10% cost savings by purchasing on contract."

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Cloud-based eProcurement saves the SmartCity of Bergen €1.3 million a year

Since 2010, the City of Bergen has utilized IBX Purchase-to-Pay to reduce process costs by 20% through the adoption of cloud-based eProcurement technology.

Bergen – A SmartCity planning for the future

The City of Bergen considers itself one of the first SmartCities in the world. The mindset is one of long-term outlook and planning. In fact, it is the only city in Europe to have been invited to be a member of the European Climate Forum (EFC).

The City of Bergen looks after 620 km of roads, 17,300 acres of parks and greens, and 580 sporting facilities. It is responsible for managing kindergartens through to fire and rescue services and the Bergen Port Authority. Management of so many different business units with their own specific systems, processes and requirements is a complex task. The municipality has 16,000 employees with an annual budget of €2 billion and a total procurement budget of €380 million.

Overview

Customer Name: City of Bergen

Industry: Public Sector

Location: Norway

Client Challenges/Business

Need: Increase compliance and productivity on indirect spend by implementing IBX Purchase-to-Pay.

Solution-at-a-glance: Cloud-based eProcurement solution compatible across platforms and devices

Results (Benefits):

- Increased contract compliance
- Process costs reduced by 20%
- Annual savings of €1.3 million

As a SmartCity, Bergen places the pursuit of energy efficiency as a high priority. It has carefully calculated its energy output, planned out energy saving measures and is planning to become carbon neutral in the near future. The City of Bergen has applied the same long-term mindset and progressive thinking to its procurement process.

The Situation

Indirect procurement across the 350 business units of the municipality was a cumbersome, frustrating process. Staff members spent a large amount of time on processes that could have been automated and money on non-compliant purchases that could have come cheaper at contract rates.

There was low contract compliance, time wasting on low-value requisitions and low productivity in accounts payable, which meant high purchasing and process costs. Manual errors were common and there was general low control over invoicing.

Bergen wanted to increase process efficiency and contract compliance with a self-service procurement system. It also wanted to leverage its existing Unit4 Business World installation, which was its central system for finance, purchasing and supplier data.

The Solution

The choice of IBX Purchase-to-Pay as its single indirect procurement channel by Bergen was made in order to improve the efficiency of indirect spend and ensure compliance in order to lower costs. The implementation of IBX Purchase-to-Pay allowed the channeling of purchases to contracted suppliers and to products and services with the best prices. The assortment of office supplies was standardized to less than 1,000 products because Bergen could get up to a 75% discount compared with buying outside of contract. To further increase compliance Bergen made an agreement with the majority of its suppliers to only deliver on orders from the IBX Purchase-to-Pay system.

High user adoption has been an important success criterion. IBX Purchase-to-Pay is 100% self-service and it is as easy to use as the online retail sites employees use at home. Thanks to rich content, strong search capabilities and a user interface that guides the purchaser to preferred products and services, users can make faster purchasing decisions. Ordering is easier and the lead-time is shorter due to fewer process steps, less manual work and faster approvals.

IBX Purchase-to-Pay also enabled accounts payable automation, thanks to catalog-based orders with high accuracy on item and price data, which has resulted in high matching ratios. The Unit4 Business World automatically matches the invoices with the order and the goods receipt. When the invoice matches the order, the invoice processing is fully automated and no approval of the invoice is needed. 100% of the invoices from eProcurement suppliers are e-invoices, and in October 2015, 76% of all invoices were e-invoices, up from 21% in 2013 and 51% in 2014.

The Result

Bergen's decision to implement the IBX Purchase-to-Pay has transformed its procurement process. It has enabled better control and cost savings on operational procurement whilst making life easier for staff members for whom purchasing is now as easy and efficient as buying a book online.

The purchase-to-pay productivity has been improved with a 20% reduction in process costs. The City of Bergen has calculated that they save at least €5.5 per order and equally as much per invoice thanks to increased automation. The result has also been lower purchasing prices at an average of 10% due to increased contract compliance, more standardized assortment and increased buying power. Overall, the IBX Purchase-to-Pay system has enabled Bergen to save over €1.3 million annually.

Collaborative Experience

The Collaborative Business Experience™ is central to the Capgemini philosophy and a pillar of our service delivery.

The Bergen Supplier Activation Project is a perfect example of how Capgemini and its customer teams work as one to deliver value. The project started with a focused effort to secure the top suppliers for a fast return on investment and to assure high-quality content. This was a way to mitigate the risk of low user adoption. To reach a high rate of user adoption, accurate, high-quality content is key, since users will bypass the system if they cannot find what they need or if the provided data is not enough to make a purchasing decision. Open and direct two-way communication ensured the right content and suppliers were activated as IBX Purchase-to-Pay was implemented at Bergen Kommune.

Future Ahead

Capgemini and the City of Bergen are now working together to continue improving contract compliance. The goal is to reach 100% contract compliance on targeted categories by 2017. Bergen continues to meet new targets thanks to IBX Purchase-to-Pay. Purchase order line items via the IBX Business Network continued to grow from 98,000 in 2010 to over 650,000 in 2014. Similarly, the value, in Euro, has increased from 3.4 million to over eleven million.

About Capgemini

Now with 180,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2014 global revenues of EUR 10.573 billion. Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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About the Client

The City of Bergen has 16,000 employees and serves the 275,000 citizens of Bergen.

The annual budget is €2 billion with a total procurement budget of €380 million.

For more information on this project, please contact:

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