



A Lecture in Spend Control

PROACTIS helps the University of Birmingham make spend control strategic

Goals

- Take control of expenditure and the management of budgets
- Create a transparent purchasing process that makes information available at the point-of-decision
- Save money by consolidating the University's substantial annual spend with preferred suppliers

Profile

With around 26,000 students and almost 6,000 staff, the University of Birmingham is one of the UK's largest universities. Last year it generated more than £70m from research projects and with a total annual income of over £350m, the University of Birmingham has also become known as one of the world's most respected research universities in several important fields of study.

Challenge

The purchasing process in the University of Birmingham was previously handled using a variety of different software packages and paper-based procedures. In some cases these were integrated, but often the process relied upon fragmented systems operated by individual departments with no common information processing. Often staff bypassed correct procedures in pursuit of a 'quick buy' and the financial autonomy of academic departments meant that few staff were focused on adhering to process. The resulting paper chase had become unmanageable, producing a staggering two million pieces of paper each year for administration alone.

With increasing pressure from Government for universities to improve financial management, the University set out to find new ways to get costs under control. Many of the University's large research budgets were managed by academics, not all of which were financially aware, and there was no ability to track budget progress, so it was not uncommon for departments to overspend.

The University's Assistant Director of Finance, Tim Fuery, explains: *"We had great accounting and financial reporting systems but we were really only capable of capturing historic information. We needed a way to regulate spending and also to encourage budget holders to become more accountable."*

**UNIVERSITY OF
BIRMINGHAM****Results to Date**

- Deployment of PROACTIS to several hundred users
- Establishing and managing supplier agreements is quicker and easier, with little administration
- Invoices are automatically reconciled against orders and delivery information, streamlining the process of troubleshooting problem invoices
- Providing academics with the tools to manage budgets and finances

Why PROACTIS?

The University set out to streamline this process by implementing a procurement system to control the buying process, and feed information about costs and commitments into its accounting solution. Three goals were defined for the project:

- 1.) Take control of expenditure and the management of budgets;
- 2.) Create a transparent purchasing process that makes information available at the point-of-decision; and
- 3.) Save money by consolidating the University's substantial annual spend with preferred suppliers.

A formal OJEU tender process then followed to identify a suitable solution, engaging a wide array of software vendors. These included the supplier of the University's existing financial system, CODA, procurement specialists like PROACTIS, as well as a number of leading software vendors such as Oracle and Agresso.

Tim Fuery: *"PROACTIS stood out as the only solution capable of delivering the level of control we needed without being too complex to extend to such a large number of non-financial users. The other systems we looked at offered extensions to a financial platform, but PROACTIS was designed specifically to streamline purchasing and manage expenditure before it occurs, so it was the obvious choice."*

Results

To date PROACTIS has been rolled out to several hundred users, with the planned eventual user community totalling 3,000. The system is used by the University's Procurement team for establishing and managing preferred supplier agreements, making it easy for any staff to buy against those agreements with little administration. PROACTIS streamlines the supplier invoicing process too, automatically reconciling invoices against orders and delivery information and streamlining the process of troubleshooting problem invoices.

The system also handles the University's complex virement process and has streamlined a paper-intensive internal trading environment in the University. The current stage is well underway with adoption of the PROACTIS stock control and employee expenses modules and the University is now considering a project to roll-out complementary technology from PROACTIS for managing supplier relationships and contracts.

Has PROACTIS delivered against its goals for the University? Tim Fuery certainly thinks so: *"We now have layered control over the vast majority of non-payroll expenditure and we are capturing valuable information and delivering it to our staff to support decision making. Perhaps the biggest win for the University, however, has been the ability to give our academics powerful tools for managing budgets and finances without requiring them to be financially aware, and without distracting them from their day jobs."*

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Tim Fuery Assistant Director of Finance, University of Birmingham