


Half of government invoices still manually processed

E-procurement vital to efficiency savings – report

By Leo King, www.computerworlduk.com  ShareThis

E-procurement is vital to the government's attempts to slash departmental costs by a quarter, states a research paper by Durham University.

Only 25 percent of current buying processes in government departments are fully automated, according to a survey of procurement personnel. Fifty five percent said their buying processes are partially automated.

In spite of the advances in e-procurement systems, seven in 10 professionals said at least half of their invoices were processed manually on paper. And over a third still have totally manual processes for running contract auctions.

Process automation was most effective in areas such as order approvals, invoice management, issuing receipts and tendering, those surveyed found. So far their supplier relationship management and contract management had the lowest levels of automation.

While sixty-nine percent of professionals expected their budgets to be cut this year, only six percent have the highly-efficient spend management processes to help with operating more efficiently. Seven in 10 said their processes were only moderately efficient.

Of the 115 professionals interviewed, seventy percent were looking for procurement systems to be more user friendly. Other users wanted clear analytical capabilities, web hosting, or integration with enterprise resource planning and accounting systems. Collaborative features were also key, with 98 percent of personnel having conducted purchasing arrangements with other organisations.

Daniel Ball, director at e-procurement firm Wax Digital, which commissioned the research, said that "purchasing efficiency alone can't solve the deficit crisis but it is critical in minimising front line service cuts and tax rises". He added: "Given the right tools and the freedom to use them, purchasing [professionals] can lead the charge."

Last year, a report by the previous government stated there needed to be a dramatic increase in the use of e-procurement in order to hit Whitehall targets of cutting £6.1 billion from procurement costs. It is not clear how much has been achieved.

Comments received

Dave Carmichael, Sterling Commerce said on Tuesday, 29 June 2010

"It is a similar story in the private sector, with just over a third of invoices still being sent as paper documents. Only a quarter are sent via a fully automated electronic process.

Sterling Commerce research, conducted by Forrester Consulting, highlighted that organisations can save a massive 90 per cent on the cost of invoicing if they change their manual, paper intensive invoicing processes to fully automated, electronic invoice processing.

For example, in accounts receivable, manual invoice processing costs approximately \$30 per invoice – automated invoice processing costs an average of \$3.50 (90 per cent cost savings).

For the private sector, these costs savings will continue to push organisations out of the recession and increase revenues. If public sector IT departments start to understand the cost-saving benefits of automating common processes, like invoicing, this could help towards the delivery of services within their reduced budgets."

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