CARDIFF COUNCIL

SAP® SRM POWERS PROCUREMENT AND CULTURE CHANGE AT CITY COUNCIL

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QUICK FACTS

Organization
- Name: The Council of the City and County of Cardiff (Cardiff Council)
- Headquarters: Cardiff, Wales
- Industry: Public sector
- Products and services: Municipal administration and services
- Budget: €640 million
- Employees: 18,000
- Web site: www.cardiff.gov.uk
- Implementation partner: Logica plc

Challenges and Opportunities
- Streamline procurement to save taxpayer money
- Simplify purchasing process for occasional users
- Remake culture for compliance with organization's procurement policies

Objectives
Rapidly install supplier relationship management software with in-house resources

SAP® Solutions and Services
- SAP® Supplier Relationship Management (SAP SRM) application
- SAP ERP application

Implementation Highlights
- Early user acceptance testing
- Customized training
- Partner assistance with technical requirements

Why SAP
- Satisfaction with existing SAP software landscape
- Tight integration with SAP ERP

Benefits
- Increased use of procurement software
- Remade culture for enhanced compliance with procurement best practices
- Prepared for further rollouts across the organization
- Established a clear IT road map for the future
- Gained ability to leverage new enhancements by moving to the latest SAP software version

Existing Environment
Earlier versions of SAP ERP and SAP SRM, SAP NetWeaver® Process Integration technology, SAP Interactive Forms software by Adobe, and the SAP NetWeaver Business Warehouse component

Third-Party Integration
- Database: Hewlett-Packard
- Hardware: Windows 2003 Server
- Operating system: Microsoft SQL Server

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The Council of the City and County of Cardiff (Cardiff Council) is a careful steward of taxpayer money as it focuses on the new mandate in public services to do more with less. That's why it chose the SAP® Supplier Relationship Management (SAP SRM) application to power procurement for the Welsh capital city – to make sure the €260 million the city spends across 60,000 vendors is spent effectively and transparently.

The Cardiff, Wales–based governmental body implemented SAP SRM in only 16 weeks across 60 sites, on time and under budget. It says the software was simple enough to install, allowing it to manage the rollout on its own, with its SAP support partner Logica plc providing selective assistance. "We're very much an organization that likes to do it ourselves, rather than have it done for us," says Julian Jordan, SAP support center manager at Cardiff Council. "It helped that SAP SRM was fast and easy to deliver."

That's partly because SAP SRM is straightforward to use. Its intuitive user interface simplifies procurement, even for occasional users. Cardiff Council trained its 1,000 users quickly in 70 classroom sessions over four weeks. This helped the Council change the organizational culture – more people using the tool and greater compliance with best practices.

"SAP SRM provides a user-friendly interface across our diverse user base," Jordan says. "We execute 150,000 purchase orders a year, but people don't use SAP SRM 100% of the time. We need a solution that can be picked up and put down very quickly. SAP SRM lets us simplify the screens, so only role-based details appear and users can view what they need. The software can be tailored easily – that's how SAP SRM became a part of our organization. Our users tell us they have a greater ability to do their jobs and it has made their day-to-day work easier."

Not only does this help users procure more effectively, integration with the SAP NetWeaver® Business Warehouse (SAP NetWeaver BW) component enables the organization to analyze external spend, unearthing further opportunities for cost reduction. "We have to identify €29 million worth of savings next year," says Christine Salter, the City and County Treasurer. "SAP SRM comes with predefined reports for spend analysis that will help us to quickly analyze compliance, vendor performance, and spend across categories." SAP NetWeaver BW will enable Cardiff to achieve this goal by targeting key areas to determine how well it leverages contracts and where it can consolidate suppliers. In addition, SAP NetWeaver BW compares year-on-year figures to help reduce total spend. Cardiff can then match compliance between purchase orders and vendor payments. "SAP software provides the kind of business intelligence we need to rationalize procurement for greater savings," Jordan adds.

SAP SRM Integrates Tightly with SAP ERP

Cardiff Council serves 320,000 residents, a fluctuating student population, and 80,000 people who commute into the city on a daily basis. "We have responsibility for anything from health services, highways, schools, council buildings, property houses, and parks to providing support for rugby matches and pop concerts," says Salter.

The Council implemented SAP SRM as part of a larger rollout of the newest version of the SAP ERP application. "The integration between SAP ERP and SAP SRM is very important to us as an organization," Salter says. "We are a heavy SAP ERP user and needed a solution that would integrate smoothly, as that enables an end-to-end requisition-to-pay process. We did not consider any other procurement solution. We already were running a previous version of SAP SRM and saw the value of tight integration with our back-office operation."

Cardiff Council, which has been using SAP software for years, says installing the latest versions and newest platform was central to its strategy. Jordan, who is responsible for SAP software infrastructure, application support, and development, explains: "This puts us on a clear road map with SAP SRM until 2017. We've stabilized our entire infrastructure. We're not going to be held back by one of our landscapes being out of sync with

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our overall SAP environment. All our SAP software is the newest version, so enhancement packages will work across the entire landscape. The strategy SAP uses for its enhancement packages means we can deploy new functionality much quicker and therefore realize the business benefit much faster than previously, when we would have to wait for the next major solution upgrade."

Rollout Provides Opportunity for Retraining, Culture Shift

Cardiff Council cites several reasons for the rapid implementation. One was the fact that it conducted user acceptance testing within its development environment. "We see this as key to success, because we pulled forward some issues," Jordan says. "With SAP SRM we changed our testing strategy to start testing business scenarios in the development environment rather than in the quality environment. This meant we were fully testing the business scenarios in week 5. In a normal implementation, you might do that in week 10. This helped us resolve issues earlier and made it a faster, easier rollout."

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Jordan also compliments his project team, which consisted of a project manager, project support officer, business analyst, system tester, and trainer. "They really added value to the organization," he says. "They managed the project tightly based on the initial project plan. All testing and the training were done in-house by the team. The classroom sessions were supplemented by online guidance and 'sandpits' – business process simulations where users could step their way through a complete procurement transaction."

The training provided Cardiff Council with a chance to remake the corporate culture. "It was a great opportunity to not only train users on how to use the new software but also to show why we procure the way we do," Jordan says. "We tailored the training to the user, putting together groups based on whether they were heavy or light users and how many transactions they ran. This helped us ensure greater compliance with best practices."

Business partner Logica assisted as needed. "We understand our own skill sets and where we need to bring in expertise," Jordan says. "Logica helped with the technical upgrade, project planning, and during the final weekend when we went live with the software." Logica provides worldwide business consulting, systems integration, and outsourcing, and it's committed to long-term collaboration with its customers. "Our partnership with Logica is now in its sixth year," Jordan says. "We have an understanding of the way they work; they understand how we work. It's very easy to manage the relationship."

SAP SRM Speeds Purchase Approval via Automated Workflow

At Cardiff Council, users begin the procurement process by calling up a shopping cart, with SAP SRM supporting procurement across multiple systems and organizational boundaries. "We have a 'punch out' from SAP SRM to Xchangewales, a nationwide catalog of suppliers," Jordan explains. "Users also order from a vendor agreement within SAP SRM or send the requirement to our sourcing team." Cardiff Council has a warehouse that stocks 10,000 different products. It maintains an internal online catalog – powered by the SAP E-Commerce application – that is linked to SAP SRM for purchase orders from that internal inventory.

The Council has three levels of approval, depending on purchase amount. "The shopping cart will automatically flow to whichever level of approver has to sign off on the total," Jordan says. "Whether the purchase has been procured from Xchangewales or another vendor agreement, it will be automatically converted into a purchase order and either e-mailed to the vendor or printed and sent via post. Where there is no preexisting agreement, our sourcing team will validate the requisition and communicate it to the vendor."

SAP SRM Links Easily to Outside Applications

The latest version of SAP SRM is built on the SAP NetWeaver® technology platform. This establishes the linkage between SAP SRM and the nationwide supplier catalog Xchangewales, enabling Cardiff Council to exchange information better. This open architecture and enhanced connectivity will also support the Council's next step.

"We want to do e-sourcing and electronic invoicing," Jordan says. "We're also looking into further centralizing our accounts payable and accounts receivable team. And we plan to use SAP SRM enhancement packages as part of our goal to increase the software's footprint across the organization. For example, we're going to roll out SAP software to our asylum-seekers team, which manages some 400 properties."

SAP enhancement packages are small bundles of functionality that enable quick extensions to existing SAP software. The packages, which simplify updates, will help Cardiff Council continuously improve procurement. They will also support the mandate in the Council's newest corporate plan, which calls for "a renewed focus on achieving value for money and the use of public resources."

Jordan points out, "The key part of this rollout was compliance. We wanted to align our organization and people with the procurement processes supported by SAP SRM. This puts us in a position to increase our use of SAP SRM and to capture the procurement benefits we are seeking."

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