

Case Study - ProClass

Embedding ProClass into an ERP/Finance System



www.proclass.org.uk

The increased emphasis on delivering cashable savings in 2009 pushed procurement and commissioning into the spotlight. With a total spend approaching £60bn across English local government; third party expenditure clearly had to be a target for savings. However, many local authorities were not capturing the right information in their financial /ERP systems to provide good quality and reliable information from a procurement, rather than a purely accounting, perspective.

Business Challenge

Thurrock Council is an Oracle Financials user and wanted to be able to do detailed category and supplier analysis. Their first challenge was to decide whether to use a conventional coding system or adopt a much higher level procurement classification system such as ProClass. Once they had decided upon which structure to use, the next challenge was to understand what information needed to be captured, interrogated and presented and what role it played in the delivery of cashable savings. This also meant deciding the right approach to their procurement reporting needs. The choice was whether to embed procurement coding / classification into their financial system to achieve real-time classification, or to adopt the much easier, but less accurate, retrospective classification

Business Solution

The selection of ProClass was made by the Procurement team in 2009. They looked at following the conventional route of using a coding system, such as UNSPSC, but they decided that they wanted something that was relatively compact, easy to understand and with a distinct public sector focus.

The council's next decision was how best to apply it. The two ProClass technical guidance papers (Retrospective and Real-Time Classification*) provided a great starting point. The council determined that real-time classification was the way forward, but there was little by way of specific information as to how to embed it into the Oracle V11 system.

The initial solution was to map ProClass to the council's suppliers, which worked very well for most trade-related contractors that operated in limited markets. This gave the council some great information on line which they were able to access through the effective use of the Oracle reporting tool *Discoverer* TM. However, the problem was how to deal with what was spent with big providers such as BT, Capita, and Commensura that operated in multiple markets. This was where most of the expenditure was to be found, but the supplier analysis using ProClass only support a one-to-one relationship. It was too late to change things.

*Available on the [SPS website](http://www.proclass.org.uk).

About ProClass

ProClass is local government's procurement classification standard. It provides a common, overarching system for local authorities to analyse and compare spend on a like-for-like basis and does not entail replacing existing coding systems such as UNSPSC, CPV or Thomson as mappings are available for download.

ProClass allows councils and their partners to pin-point new areas for collaboration and sources of savings using well defined, unambiguous categories.

ProClass is freely available to any UK public sector body under a licence and is managed by [Coding International Ltd.](http://www.codinginternational.com)

SPS's Ken Cole,
Transformation Consultant at Thurrock

“ProClass fitted the requirements very well and it had already been successfully used across the Procurement Agency for Essex (PAE). Its granularity and plain language descriptions were important.”

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The solution has come with the council's current upgrade to Oracle V12. Building on their experience to date, Thurrock Council is making significant progress by mapping the latest version of ProClass to its subjective codes and taking it down to invoice line level. These mappings will be automatically produced by the system, but the user can override the allocation at order entry stage if they think a better match can be provided. The council is also using Oracle's Contract Purchase Agreement functionality which will allow multiple orders to be related to a single contract which in turn will help provide the accurate breakdown of "what was spent" with their big contractors rather than simply report on "what they supply".

Developing the new integrated Business Intelligence module is also going to put the council ahead of the game when it comes to reporting. Apart from containing reporting dashboards covering key expenditure information, it will provide detailed category reports and inbuilt expenditure analysis as well.

The council is keen to use its work on ProClass as a means of forging closer collaborative links with other public sector bodies. The ability to compare and analyse like-for-like information via ProClass is well within reach.

Sean Clark, Head of Corporate Finance at Thurrock Council, is optimistic about the future.

“ We see procurement and commissioning as being crucial to helping us deliver savings as a part of our transformation programme.

We have invested in Oracle I-Procure and by embedding ProClass into it we aim to deliver a good return on investment. ”

 thurrock.gov.uk

Find Out More



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Benefits

Apart from the benefits of using ProClass, the main benefits that Thurrock sees of embedding it into Oracle for real-time use are:

- Having integrated expenditure analysis capability rather than having to use third party tools to deliver it
- Speedier reporting – delivered in real time rather than months after the event
- More accurate reporting against what was actually purchased rather than what a supplier is likely to provide
- Ability to respond to and fulfil transparency requirements
- Better management of spend against contract particularly the high value ones
- Better visibility of subjective: ProClass relationships; highlighting mis-coding
- Lower level (levels 2 and 3) classifications are made as more detail is known about the purchase