

The City of Espoo Improves Operational Efficiency and Financial Management



City of Espoo
Espoo, Finland
www.espo.fi

Industry:

Public Sector

Annual Budget:

US\$1.3 billion

Employees:

13,500

Oracle Products & Services:

- Oracle Financials
- Oracle Purchasing
- Oracle iProcurement
- Oracle Internet Expenses
- Oracle Order Management
- Oracle Discrete Manufacturing
- Oracle Human Resources
- Oracle Time & Labor
- Oracle Financials Analyzer
- Oracle Application Server
- Oracle Database Enterprise Edition
- Oracle Real Application Clusters
- Oracle Internet Developer Suite
- Oracle Support
- Oracle University
- Oracle Advanced Customer Services

Implementor:

Oracle Consulting

“With Oracle E-Business Suite we can support the common processes and operating models for financial management, purchasing operations, and human capital management.”

– Eira Mononen, City Administration, City of Espoo

The strategic goal of the City of Espoo, the second-largest city in Finland, is to provide excellent services to its constituents in a reliable manner and with optimum cost-to-quality ratio. These constituents include the city’s 13,500 employees.

In 2003-04, the city implemented a business development project, which aimed to improve the efficiency, simplicity, and uniformity of internal operative functions including financial and human capital management, as well as purchasing operations. In this project, the city developed uniform business operating models and processes for these business areas. It also needed to implement information systems that would support these functional areas.

The City of Espoo turned to Oracle to meet these needs, selecting the Oracle E-Business Suite as its enterprise resource planning (ERP) system in the spring of 2004. Oracle E-Business Suite applications replaced the city’s old information systems at various stages of their life span to support renewed processes within financial management, purchasing operations, and human capital management. Approximately 12,000 employees at the City of Espoo can now access the Oracle ERP system.

Centralizing Operations in Shared Service Centers

The city centralized financial and human capital management, as well as the purchasing functions to shared service centers in order to centralize know-how, enhance operational efficiency, and decrease costs. The establishment of the service centers allowed the city to create centralized and uniform operating models and business processes for various operations. The implementation of the service centers had an impact on the daily tasks of about 250 employees.

Key Benefits:

- Developed uniform and efficient internal processes and operating models
- Implemented an integrated enterprise resource planning system to reduce costs and streamline operations
- Improved financial management by centralizing purchasing operations

“Large ERP projects require thorough planning of uniform processes and operating models before commissioning the IT systems. For example, our purchase-to-pay process exceeds the internal limits of the city organization, and therefore we must clearly define the common business processes. Oracle E-Business Suite enables and supports these unified processes,” said Eira Mononen, City Administration, City of Espoo.

Streamlining Financial Management and Purchasing

The City of Espoo kicked off its ERP implementation project in 2004, implementing the financial management and purchasing systems first and going live in January 2005. With Oracle E-Business Suite, the City of Espoo manages, for example, financial accounting, account payables and receivables, purchase invoice processing and part of its purchasing operations.

The new system has allowed the city to reduce the number of internal approvals and invoices in financial management, by grouping the related purchase orders into larger entities. In addition, the city has started to receive electronic invoices—minimizing manual processes and improving efficiency.

“The new self-service application for travel bills allows more than 3,000 city employees to process their own travel expenses. The system also handles approximately 190,000 purchase invoices annually,” Mononen said.

In purchasing, the City of Espoo aimed to reduce the number of orders and people making orders, as well as people approving orders and the number of suppliers. With the help of Oracle E-Business Suite, the city has centralized its common purchases and reduced the number of ordered items. According to Mononen, the purchasing system presently handles fewer orders than planned. The city’s goal is to make 80% of its purchases through the Oracle ERP system.

“A typical city purchases more goods and services than many companies. The city needs products ranging from fire engines to diapers and services ranging from cleaning to research. The creation and maintenance process of all these products and especially services is challenging,” Mononen said.

Human Capital Management Pilot Planned

The City of Espoo continuously develops and extends the usage of Oracle E-Business Suite and the related processes. The City is currently implementing Oracle Human Resources Management System and will pilot the application during 2008. Mononen noted that an ERP project is extensive and requires long-term work, because the operating models and processes will change throughout the organization. Communication and support from management during the change is key.

“In Espoo, we have not yet reached all our targets. The operating models and processes still require fine-tuning. We are not yet using the ERP system to its projected extent and further development is still required. For example, introducing a human capital management system in an organization of 13,000 people is a demanding project. Perhaps in a couple of years our job will be finished,” Mononen said.

Why Oracle?

In 2004, the City of Espoo requested bids from ERP system suppliers. “We selected Oracle because its functionality and price best met the needs of the City of Espoo. We needed an integrated system, and Oracle met that need,” Mononen said.

Implementation Process

Oracle Consulting worked with the City of Espoo on the implementation project, turning the city’s requirements into Oracle E-Business Suite-enabled solutions, building the system’s technical and functional environment, and deploying the application suite. Oracle Support managed support for the city’s technical environment, including database management and ERP system maintenance. In addition, the City of Espoo leveraged Oracle University for end user training on the new system. Oracle Consulting constantly works with the City of Espoo, providing functional and technical support, small-scale development, and roadmap planning for further development of the entire ERP system and related processes. Moreover, Oracle Consulting is the implementation partner for the on-going human capital management implementation project.

The City of Espoo is the second largest city in Finland with the population of 235,000 inhabitants. The city celebrates its 550th anniversary in 2008.