

National Health Service Shared Business Services Set to Cut Costs by 20%


Shared Business Services



NHS Shared Business Services
West Yorkshire, England
www.sbs.nhs.uk

Industry:

Healthcare

Employees:

More than 500

Oracle Partner:

Xansa
Reading, UK
www.xansa.com

Oracle Products & Services:

Oracle Database
Oracle Portal
Oracle Financials
Oracle Purchasing
Oracle iProcurement
Oracle Financial Analyzer
Oracle Workflow
Oracle Discoverer
Oracle Consulting Services

“National Health Service Shared Business Services brings a wide range of financial skills and expertise under one roof, encouraging a high degree of professionalism and helping staff meet customer needs. It also lowers operational costs, making more funds available for patient care.” – Daniel Rona, Managing Director, National Health Service Shared Business Services

National Health Service Shared Business Services (NHS SBS) provides high quality finance and accounting, payroll and procurement services to NHS organizations, enabling them to focus their expenditure and expertise on improving the quality and value of healthcare services to patients in England. A joint venture between the Department of Health and technology outsourcer Xansa—the first between the Department of Health and the private sector—was designed to help NHS organizations improve the efficiency of their financial functions. Collectively, NHS SBS expects to save participating organizations \$444 million over 10 years—equivalent to the annual salaries of 3,000 general practitioners or 12,000 nurses. As of April 2006, 101 NHS organizations have shifted financial, accounting and payroll activities to shared service centers in Leeds, Bristol, Southampton and Portsmouth to process purchasing transactions and handle day-to-day financial and payroll management.

NHS SBS uses Oracle’s service-oriented architecture and Web-enabled applications to share information, pool resources, and support the organizations with high-quality, cost-effective business services. The NHS estimates that organizations using the services will initially cut costs by 20%, and 2% annually in succeeding years.

Responding to New Mandates

Before the centers were created, each NHS organization handled its own affairs, leading to duplication of routine financial management processes and high administration overhead. Furthermore, the financial management capacity of most of the organizations was under pressure to meet the increasingly

Key Benefits:

- Targeted a 20% savings in finance costs in the first year of implementation
- Gained scalability to accommodate 75% of NHS organizations in England
- Improved business intelligence
- Enhanced planning, budgeting, and forecasting capabilities
- Increased availability of service offering to other functional areas
- Reduced capital investment requirements through an enterprise-wide agreement
- Leveraged proven migration methodology

complex challenges presented by the government's modernization reforms. Initiatives such as greater patient choice and the planned introduction of payment by results, which links payment to the number of patients treated, increase the complexity of financial management. Sharing services lets organizations benefit from support and helps them operate effectively in the new financial environment.

Oracle provides NHS SBS with a business support platform that facilitates standardization and consolidates common activities. Outsourcing routine financial management tasks allows finance directors and other local staff at participating organizations to concentrate on core services. At the same time, NHS organizations retain autonomy over budget allocation and spending, but are free from the time-consuming tasks of reconciling books, preparing purchase orders, processing invoices, and chasing supplier credit notes.

Organizations receive daily income and expenditure reports from NHS SBS via a web-enabled reporting portal and use Oracle's online analytical processing tools for budgeting, planning, and forecasting. Each organization has a commercial service contract that guarantees levels of service pertaining to transaction volume, payment terms, and approval processes.

Savings in Purchasing

Automation has altered and tightened purchasing processes. Staff at participating organizations log on to Oracle Purchasing using Oracle Portal, which gives each staff member single sign-on access to authorized applications. Oracle Purchasing generates requisitions and routes them to Oracle Workflow for approval by the finance manager. From there, Oracle Workflow automatically generates a purchase order and sends an email to the supplier. When the supplier's invoice is received at Leeds, the three-way match of purchase order, receipt, and invoice triggers payment through Oracle Financials on the due date. More than 1.1 million invoices, totaling \$9 billion, are paid each year to 50,000 suppliers on behalf of the participating organizations.

"Oracle Purchasing eliminated many manually intensive processes, and enabled us to standardize and simplify the procure-to-pay process," said Daniel Rona, managing director for National Health Service Shared Business Services. "Automation gives administrative staff at our client organizations more time for

patient-related activities. Managers can focus on strategic tasks such as effective contract negotiation and smarter sourcing.” Some of the organizations are adopting self-service purchasing, which allows staff to use Oracle iProcurement to select goods and services from approved suppliers’ online catalogs at negotiated prices.

“Besides making the buying process even more efficient, Oracle iProcurement cuts the cost of goods by restricting purchasing to approved vendors,” Rona said. “Oracle iProcurement can also be used to enforce product standardization for routinely-used medical supplies.” NHS SBS has further extended the functionality of Oracle iProcurement to deliver seamless integration with the supplier-maintained catalogs from NHS Logistics and a number of e-market places such as Ukprocure and Zanzibar.

Shaving 13 Days Off Closing

NHS Shared Business Services uses Oracle Financials to complete more than 5,000 balance sheet reconciliations each month on behalf of its client organizations. Auditing takes place centrally, as do Value Added Tax (VAT) returns, with no input required from the organizations. Monthly closings, which used to take up to 20 days when each organization managed its own financial affairs, are now completed by the seventh day.

Up-to-date income and expenditure (I&E) reports are pushed out to financial directors and individual budget holders in each organization every morning via Oracle Portal. The reports, generated in PDF format, are tailored to the job function of each recipient.

NHS financial managers in the client organizations use Oracle Discoverer to carry out ad hoc queries on the data provided by I&E reports to improve business insight. Oracle Financial Analyzer allows managers to drill down into the data held in Oracle Financials to measure performance against key indicators, such as revenue and expenses, and compare the figures against those from previous fiscal periods. Managers can quickly identify deviations from the plan and take corrective action.

“Oracle’s advanced, integrated analytical tools enhance modeling, forecasting, and budgeting for our customers,” Rona said. “They greatly improve visibility and give decision makers more information, in greater detail, than before.”

Why Oracle?

The NHS was already making extensive use of Oracle technology and Oracle E-Business Suite applications, which made Oracle the best fit for NHS SBS requirements. In addition, Oracle Consulting Services was available to work with NHS staff to design and develop the service offering and improve functionality. “Teams from Oracle Consulting were involved with the development of our systems right from the start,” Rona said. “They worked with us to define and refine the business process flows in order to make them as streamlined as possible.”

Implementation Process

Oracle Consulting Services collaborated closely with the system implementers to build the shared service application, and stayed involved until the solution went live in April 2003.

New organizations wishing to take advantage of NHS SBS services go through a migration program over a period of six months, which ensures that their organization, their data and their IT infrastructure are fully prepared for the move.

National Health Service Shared Business Services (NHS SBS) takes advantage of pooled resources and standardized financial systems to provide NHS organizations with an assured high quality service, process efficiency, and cost effectiveness.