

# Cloud-based eProcurement saves the SmartCity of Bergen €1.3 million a year

**SINCE 2010, THE CITY OF BERGEN HAS UTILIZED IBX PURCHASE-TO-PAY TO REDUCE PROCESS COSTS BY 20% THROUGH THE ADOPTION OF CLOUD-BASED EPROCUREMENT TECHNOLOGY.**

“The adoption of IBX (now Tradeshift) Purchase-to-Pay helped us realize increased contract compliance and increased leverage, which allowed us to achieve on average 10% cost savings by purchasing on contract.”

— Ole Rasmussen  
Special Advisor Procurement, City of Bergen

## Bergen – A SmartCity planning for the future

The City of Bergen considers itself one of the first SmartCities in the world. The mindset is one of long-term outlook and planning. In fact, it is the only city in Europe to have been invited to be a member of the European Climate Forum (EFC).

The City of Bergen looks after 620 km of roads, 17,300 acres of parks and greens, and 580 sporting facilities. It is responsible for managing kindergartens through to fire and rescue services and the Bergen Port Authority. Management of so many different business units with their own specific systems, processes and requirements is a complex task. The municipality has 16,000 employees with an annual budget of €2 billion and a total procurement budget of €380 million.

As a SmartCity, Bergen places the pursuit of

energy efficiency as a high priority. It has carefully calculated its energy output, planned out energy saving measures and is planning to become carbon neutral in the near future. The City of Bergen has applied the same long-term mindset and progressive thinking to its procurement process.

## The Situation

Indirect procurement across the 350 business units of the municipality was a cumbersome, frustrating process. Staff members spent a large amount of time on processes that could have been automated and money on non-compliant purchases that could have come cheaper at contract rates.

There was low contract compliance, time wasting on low-value requisitions and low productivity in accounts payable, which meant high purchasing

and process costs. Manual errors were common and there was general low control over invoicing.

Bergen wanted to increase process efficiency and contract compliance with a self-service procurement system. It also wanted to leverage its existing Unit4 Business World installation, which was its central system for finance, purchasing and supplier data.

## The Solution

The choice of IBX (now Tradeshift) Purchase-to-Pay as its single indirect procurement channel by Bergen was made in order to improve the efficiency of indirect spend and ensure compliance in order to lower costs. The implementation of the solution allowed the channeling of purchases to contracted suppliers and to products and services with the best prices. The assortment of office supplies was standardized to less than 1,000 products because Bergen could get up to a 75% discount compared with buying outside of contract. To further increase compliance Bergen made an agreement with the majority of its suppliers to only deliver on orders from the system.

High user adoption has been an important success criterion. The solution is 100% self-service and it is as easy to use as the online retail sites employees use at home. Thanks to rich content, strong search capabilities and a user interface that guides the purchaser to preferred products and services, users can make faster purchasing decisions. Ordering is easier and the lead-time is shorter due to fewer process steps, less manual work and faster approvals.

The solution also enabled accounts payable automation, thanks to catalog-based orders

with high accuracy on item and price data, which has resulted in high matching ratios. The Unit4 Business World automatically matches the invoices with the order and the goods receipt. When the invoice matches the order, the invoice processing is fully automated and no approval of the invoice is needed. 100% of the invoices from eProcurement suppliers are e-invoices, and in October 2015, 76% of all invoices were e-invoices, up from 21% in 2013 and 51% in 2014.

## The Result

Bergen's decision to implement the solution has transformed its procurement process. It has enabled better control and cost savings on operational procurement whilst making life easier for staff members for whom purchasing is now as easy and efficient as buying a book online.

The purchase-to-pay productivity has been improved with a 20% reduction in process costs. The City of Bergen has calculated that they save at least €5.5 per order and equally as much per invoice thanks to increased automation. The result has also been lower purchasing prices at an average of 10% due to increased contract compliance, more standardized assortment and increased buying power. Overall, the solution has enabled Bergen to save over €1.3 million annually.

## Future Ahead

The City of Bergen is now working to continue improving contract compliance. The goal is to reach 100% contract compliance on targeted categories by 2017. Bergen continues to meet new targets thanks to the solution. Purchase order line items via the IBX Business Network (now Tradeshift network) continued to grow from 98,000 in 2010 to

over 650,000 in 2014. Similarly, the value, in Euro, has increased from 3.4 million to over eleven million.

### ABOUT TRADESHIFT

Founded in 2010, Tradeshift is the world's largest business commerce platform that connects buyers and sellers. Tradeshift connects over 1.5 million companies across 190 countries, processes over half a trillion USD in transaction value yearly, and has a marketplace containing 28 million SKUs. It offers solutions for procure to pay, supplier engagement and financial services, and enables companies and partners to build custom or commercial apps on its business commerce platform. Tradeshift is headquartered in San Francisco, with offices in Copenhagen, New York, London, Paris, Suzhou, Chongqing, Tokyo, Munich, Frankfurt, Sydney, Bucharest, Oslo, and Stockholm.