



Equity Insurance Group Improves Financial Control with PROACTIS

Following a period of immense business growth, Equity Insurance Group needed to streamline its procurement system and replace its manual staff expenses process

Goals

- To centralise and streamline financial operations, giving greater control over procurement and spend control processes
- Seamless integration to Equity's existing SunSystems accounting system

Profile

Equity Red Star, a Lloyds of London underwriting business, is the UK's sixth largest motor insurer and has been providing insurance products in the UK for over 60 years. Equity Insurance Brokers is the eighth largest personal lines broker in the UK. Operating through affinity partners, the Internet, 60 High Street branches and a call centre, the business provides over 750,000 policies throughout the UK. Together, Equity Red Star and Equity Insurance Brokers make up Equity Insurance Group, with 1,555 employees and an annual turnover of £333 million providing insurance to nearly two million policyholders.

Challenge

Due to significant growth through acquisition since 2003, the Group had outgrown its historic purchasing and expenses processes. A new solution was needed that would streamline its procurement system, reduce its core number of suppliers and replace its manual staff expenses process.

Furthermore, the Group observed that significant cost savings and control improvements could be achieved by using technology to help ensure approval before purchase, approval limit maintenance, the use of preferred suppliers and, fundamentally, the standardisation of purchasing.

"Our legacy purchasing model was a spend approval list that was maintained and referred to by Accounts Payable when paying invoices once they had been signed off by the relevant manager," explains Richard Smith, Finance Systems Manager, Equity Group. *"There was no computer system controlling the pre-approval of spend. In addition, paper invoices were more likely to get lost when they were sent out to managers, resulting in higher processing*

overheads for the Accounts Payable department who then had to spend time locating the invoice."

The Group needed to be able to process staff expenses more effectively. Previously a paper-based manual system was used. *"It was a labour-intensive process that could be slow and expensive for the Group payments team who had to check and code every expense claim,"* says Smith.

Why PROACTIS?

The cost of deployment and maintenance was a major factor in the choice of the new system as was the interoperability and interconnectivity with the Group's existing SunSystems finance solution, supplied and supported by PROACTIS partner, Touchstone Group. *"We already enjoyed a good working relationship with Touchstone",* explains Smith. *"They had previously demonstrated their commitment by helping us to identify a solution that would provide both the short-term improvements we needed, whilst laying a foundation for future development."*



Results to Date

- Enforced expenditure approval process has resulted in significantly improved financial control across the Group
- Employee expenses are now processed 50% faster than before
- Option to fully roll-out the solution to all parts of the business and new acquisitions
- Gaining full visibility of suppliers has enabled the Group to negotiate better rates
- Staff satisfaction has increased because they are more in control and productive

After considering the Group's needs, Touchstone consultants recommended PROACTIS, a procurement solution with reporting and invoicing modules together with DocLink 4, a document imaging system for supplier invoices that would simplify invoicing methods and reduce the use of paper.

"The use of an integrated document imaging system has been very popular as paper-based invoices are replaced by electronic images that can be viewed on-screen by managers," explains Smith. *"The system has also reduced the number of invoices that managers need to view because if the supplier invoice matches the purchase order and the goods have been receipted, the invoice is automatically processed for payment according to the credit terms."*

In addition, the expenses module of PROACTIS was rolled-out to over 600 employees in order to streamline and reduce the cost of processing staff expense claims. Once the payment is authorised, employees automatically receive notification by email.

The deployment of PROACTIS was carried out by a cross-functional team led by Purchasing and included members from Finance and IT in conjunction with Touchstone consultants. A staged implementation over the course of a year was planned that would gradually roll-out to all parts of the business and could be extended to include new acquisitions. The system is now used by over 500 people in the company's three main offices and 60 High Street branches.

To ensure the smooth operation of the new system, key users from each department were initially trained in small groups. *"On Touchstone's advice, we dedicated one member of the Purchasing department to training and supporting new users during the deployment of the system – this proved an extremely effective tactic,"* comments Smith.

However, rolling-out the Expenses module presented a different challenge with over 600 potential users on different sites moving from paper-based expenses to electronic claims filing. A simple document containing lots of screenshots that detailed how to submit an expenses claim was created.

"This document was really successful, not only did it demonstrate how easy PROACTIS is to use but it ensured roll-out was also low cost," says Smith. He adds: *"Furthermore, the use of the document means that we now have something that individuals can refer to time and again, should they need to."*

Commenting on the technology selection and implementation process, Adrian McNay, Divisional Managing Director, Touchstone Group, explains: *"Mid-market companies have, to date, been in a difficult position where they have almost been forced into accepting the traditional technology vendor's product-based sale. Touchstone can offer our clients so much more than that. By truly understanding our clients' business needs, and because of our technology independence, we were able to help Equity Group effect the changes they really need to underpin business growth and development."*

Results

The PROACTIS system enforces strict controls regarding the approval of expenditure before a purchase is made and this has resulted in significant improvement in financial control. Record keeping is easier and faster to manage as the system provides an accurate record of every order placed with each invoice matched to it along with approval. The document imaging system has replaced traditional paper-based storage of supplier invoices and forms, saving money and storage space as well as reducing the use of paper.

PROACTIS also gives the Group full visibility of its number of suppliers, and the relative amounts spent with each of them. This has enabled the Group to reduce its number of core suppliers and negotiate better rates. The Group has also experienced an improvement of accuracy in their financial and management accounts. *"The managers of the business units have experienced the benefits of controlling their own costs through online order approval,"* Smith explains. *"Now they really feel in control of their own budgets and expenditure."*

Smith concludes: *"Overall the implementation and integration of the new system by Touchstone Group has led to massive cost savings from improved processing, prevention of unnecessary or unauthorised spending and greater control over our suppliers. In addition, the technology has helped us to realise a number of more intangible benefits. We are seeing greater staff satisfaction because they are more in control than they have previously been, greater productivity because we have minimised the amount of time our employees spend processing paper, and critically, because of the control we now have over our spend and invoicing, we have improved financial compliance."*

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