



## A quick guide to helping public sector organisations select a new finance system

A financial management system (FMS) is no longer simply an automated abacus. The level of functionality in FMS' has spiralled over the past few years in response to the growing needs of organisations, many of which are expected to continue to perform at the same level (or better) against a backdrop of cost cutting measures.

An FMS with procurement, planning, forecasting, budgeting, management reporting and analytics functionality is no longer considered a 'nice to have' but an essential system during a time of continued austerity and spending scrutiny across the UK public sector.

Gone are the days when organisations felt the need to invest in large enterprise resource planning (ERP) systems which were designed for large multi-national enterprises and carry a substantial cost of ownership. The era of the more manageable, less costly and yet still sophisticated FMS has arrived, providing organisations with greater choice, more competitive pricing structures and a system far more tailored to their needs.

Of course, greater choice can lead to greater confusion. So how do you select the most suitable FMS for your organisation?

This guide is intended to help you through the process, turning your stress into success.

### **Recognising a new system is needed (and convincing management)**

The first step towards change is recognising that your current FMS is no longer delivering benefits and importantly, convincing management to invest in a new system. The following checklist will assist you with your evaluation.

- > Does your existing FMS enable the finance function to support the business or does it create too much manual effort and/or doesn't provide real-time information? Do you want to enter into a new arrangement, perhaps a shared service using a more flexible agile system?
- > Does your system provide real time budgetary management, flexible budget planning, monitoring and forecasting? This functionality is now key for effective spend control.
- > Do you have real-time analytics, allowing you to drill down into your data and analyse the information for improved decision making?

*"By implementing this integrated suite of software we have increased visibility and control of finances, streamlined process efficiencies and decommissioned several legacy systems."*

Steve Brown > Financial Systems Manager > Doncaster Metropolitan Borough Council

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- > Has the total cost of ownership increased over the years? The ongoing maintenance of a large-scale ERP system can prove very costly.
- > Are you satisfied with the level of support you're receiving from your supplier? Perhaps they don't have sufficient experience of working with similar organisations or much needed software developments are taking far too long because your solution is trying to cater for a number of international markets and not just the UK?
- > Have you entered into a new arrangement, for example, a shared service, requiring a new, more flexible and agile solution?

## Preparing for change

Preparing for change can be just as important as the change process itself if you're to ensure success. Key considerations include:

Have a clear vision and define your requirements. Does anything need to change besides the FMS, for example, will it be a catalyst for wider process and cultural changes? At this stage, you should also assess which areas of the organisation the new system will touch and decide who needs to be consulted internally on how the new system should operate.

Establish a project team. The team should have a clear leader and key stakeholders from areas of the organisation impacted by the new FMS. One of the team's first tasks will be to clearly define the requirements for the organisation including areas outside of finance.

Speak to a number of leading suppliers right from the start of the project. This will help you to understand what they can offer and the information can be used to define tender specifications.

Speak to organisations similar to your own. By finding out the type of finance systems other organisations have implemented, how they use them and how they approached change will provide invaluable insight.

Consider engaging with independent market analysts. Who can give you opinions of the key suppliers within your sector?

Decide the budget and the timescales of the roll-out, but be realistic.

Choose your procurement route. Will you be going through a full OJEU process or will you be

using an approved framework, such as Crown Commercial Service? The Corporate Software Solutions agreement (Framework number: RM1042 - Finance IT Applications Software) supports the UK Government's policy to centrally manage the procurement of common goods and services through an integrated procurement function.

The OJEU process can be very time intensive and organisations can get 'bogged down' with the process and ensuring compliance to regulations. Procuring through a framework significantly reduces the amount of work, risk and cost associated with procuring back office systems. Suppliers having already been assessed, checked and commercial terms agreed, leaving public bodies the ability to run a mini competition to select the appropriate partner of their choice.

Be clear on how the finance systems shortlisted will be evaluated. What scoring system will you use? Are some system requirements essential where as others are 'nice to haves'? The scoring should reflect this.

Know what success looks like. A clear definition of project success should be clarified from the start in terms of the outcomes you are expecting. Will the success of the project be evaluated as soon as the FMS has been implemented, once staff are 'up and running' with the system or even further down the line?

## Considerations when creating the tender document

The bones of the tender document will comprise of the functionality requirements set out by the project team. However you may also want the suppliers to evidence a few other competencies at this stage, including:

- > Experience of working with organisations similar to your own. Can they submit strong, relevant references?
- > If you are selecting a shared service supplier, do they have sector knowledge and a wide enough service portfolio and technology solution to meet your current and future needs?
- > Ability to provide cloud, on-premise and shared service based solutions –if the supplier you choose is experienced in all areas, this helps to future proof the system should your business or IT requirements change.

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Iain Bestford >  
Assistant Director of Finance  
> The Newcastle upon Tyne  
Hospitals NHS Trust

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- > Level of after-sales support – what can you expect and will the supplier support you directly or via a third party?
- > Can the supplier offer you a revenue only model and hence negate the need to find additional capital?

## Making your selection

Whether you choose to create a shortlist of suppliers in the first instance and then make your final selection, or you 'cut to the chase' by selecting your preferred supplier after all tender responses have been received, here are a few considerations to help you choose the most suitable supplier:

- > Evaluate carefully against your scoring methodology to ensure the final scores accurately reflect supplier suitability.
- > Are the suppliers UK-based? UK-based suppliers can often understand and respond to changes in the legislative landscape quicker.
- > Do the suppliers run successful user groups?
- > Will you be able to work well with the chosen supplier? Do they view you as a valued customer?
- > Will the chosen supplier fit with your culture and support your social values and goals?

## Top five tips for FMS project success

- > Be clear on your project requirements. Lack of clarity from the outset could lead to costly and time-consuming errors.
- > Talk to suppliers as well as organisations that are similar to yours 'early doors' in order to gain valuable insight.
- > Ensure you consult with and involve key stakeholders from across your organisation

at the start of the project. This is vital to achieving their 'buy in' and for ensuring the FMS is fit for purpose.

- > Think beyond large-scale ERP systems that are costly to run. It's time to consider more manageable, flexible and cost-effective finance solutions.
- > Evaluate how keen the suppliers are to work with you. Has a senior stakeholder from the supplier company been in touch to discuss your project? This is a good gauge for how they'd value you as a customer.

## Final thoughts

The benefits of implementing an FMS that more closely fits the needs of your organisation can be clear and immediate such as cost savings, a fast return on your investment and productivity gains. The FMS project could also prove a catalyst for broader positive outcomes, such as helping to deliver your organisation's 'social value' initiatives in partnership with your chosen supplier. With so many benefits and opportunities at stake, it is important to take a considered approach to your FMS project. However do not be daunted by the challenges ahead. As long as you take the time to prepare for change, ensure you achieve buy-in from all key areas of your organisation and think beyond just software functionality, you have already taken key steps towards project success.

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Julie Brown >  
Director of Resources >  
Cafcass

## More information

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