

## Customer Success Story: Lloydspharmacy

# Invoice automation proves the perfect prescription for Lloydspharmacy

Automating invoice processing delivered visibility and control, resulting in a 40% increase in Accounts Payable (AP) productivity, while a supplier activation programme has enabled Lloydspharmacy to increase the volume of e-invoices received from suppliers - further extending best practice and driving greater operational efficiency.

The UK's largest community pharmacy operator, Lloydspharmacy, operates over 1,700 pharmacies - located predominantly in community and healthcare locations like GP surgeries, hospitals and clinics - and dispenses around 120-million prescription items each year.

Lloydspharmacy's company vision is to move from being a good pharmacy business to a great healthcare brand that is widely acknowledged by customers, employees, suppliers and the NHS as the UK's leading pharmacy multiple. This vision has resulted in significant growth, not only for the business, but for the finance department too.

The finance department originally operated on a paper-based system, however, this inevitably caused problems such as lost invoices and duplicates being received. Missed discount opportunities and even penalties for late payment were also significant challenges, while the month-end accrual process was a lengthy and labour-intensive procedure. What's more, with storage at the company's head office in short supply, documentation had to be held remotely, making invoice retrieval slow and cumbersome.

**"We needed to improve the efficiency of our AP function to cope with an anticipated growth in invoice volumes without an accompanying increase in resources."**

Mark Fura,  
Financial Systems Controller  
at Lloydspharmacy

With a planned retail acquisition programme on the cards, invoice volumes would increase rapidly to over 1 million per annum. Invoice processing performance issues would have to be addressed as a matter of urgency to support the business as it expanded.

Automating AP processes would also deliver greater control and enrich the company's business intelligence, transforming Finance into a business enabler. "As far as we were concerned, invoice tracking, electronic authorisation and archiving were just part of the picture," says Mark Fura, Financial Systems Controller at Lloydspharmacy. "We wanted to create links from our BI and financial systems to an image of a paper invoice, to provide the ultimate drill down on any enquiry."

### Reaping the rewards

According to Fura, there were a number of products on the market that claimed to do what Lloydspharmacy wanted, but only Basware Invoice Automation truly delivered against every requirement - which included an intuitive look-and-feel that would help users get up and running on day one.

Following an initial pilot programme, Basware Invoice Automation was rolled out across all head office departments and then applied to Lloydspharmacy's direct deliveries supply chain.

"Thanks to Basware, we achieved all anticipated gains. We now have a full audit trail, are able to control who authorises what expenditure, and have an extensive data repository which interfaces with our BI application," says Fura. "Furthermore, it takes just minutes to prepare detailed monthly accruals - compare this to the two days it took previously."

In the AP arena, however, the productivity gains have been truly outstanding for a business of this size. Today, the AP team processes 1.2 million invoices per year - a 40% increase in volume - with significantly improved efficiency and without any additional headcount.

### Customer

#### Name

Lloydspharmacy

#### Sector

Retail and pharmacy

#### Location

UK

### Challenge

To boost processing efficiency to manage an increasing number of invoices

To eradicate the costly burden of invoice storage and retrieval

To enable enhanced business intelligence and analysis

To extend productivity gains across the business

### Basware solutions adopted

Basware Invoice Automation

Basware Services for e-Invoicing

Basware Business Transactions

Basware Scan and Capture

Basware Supplier Activation

Basware Supplier Portal



**“One of the biggest hidden cost benefits Basware delivers relates to invoice retrieval. We’re now able to access these in seconds – and the performance and productivity gains this gives us are priceless.”**

Mark Fura,  
Financial Systems Controller, Lloydspharmacy

## Pushing the boundaries

Having experienced the initial rewards of invoice automation, Lloydspharmacy next turned its attention to the challenging area of locum payments.

Temporary contracted pharmacists – or locums – provide essential cover that ensures the company’s pharmacy and retail outlets stay open if Lloydspharmacy staff are sick or unavailable due to training commitments.

Each week, hundreds of locum timesheets and claim forms had to be submitted to 60 local administration offices for approval, before being forwarded to head office for payment.

Managing this process within three days – to meet next week payment deadlines – was a considerable burden on local and central administration teams, especially if local adjustments needed to be made. Now, using Basware, the approved locum claims are transferred automatically from the remote local offices to head office for payment, and extracts are made instantly available to support local reconciliation and approvals.

As Fura explains, manual intervention is now a thing of the past. Locum payments are completed in days, and the process is transparent to all parties. “The daily submission and approval of locum claims and expenses has lifted the administrative burden from our teams and revolutionised the way we work with this key supplier group.”

Alongside enhancing its business reputation and professional standing with locums, Lloydspharmacy has also capitalised on the richer data capture made possible by Basware. The outcome of detailed analysis of locum working hours, mileage and booking fees has led to greater cost control and savings.

According to Mark Fura:

**“Extending Basware into this complex operational payment area has given us greater visibility of spend and delivered the business intelligence we needed to make informed decisions.”**

## E-invoices – the next frontier

To boost performance and data accuracy yet further, Lloydspharmacy wanted to reduce the number of paper invoices it processes and has set a target date to completely replace these with electronic invoices. Currently, all paper invoices are outsourced to Basware’s Scan and Capture service which scans and converts the invoices into electronic format. Lloydspharmacy then receives the e-invoices via Basware Business Transactions straight into its Basware Invoice Automation solution.

“Our goal was to receive all invoices as e-invoices and achieve immediate savings from day one,” says Fura. “Basware’s Connectivity Service makes it possible for us to do this and more. Basware is now project managing the conversion of our supplier base to e-invoices – through its Basware Activation Service – leaving us to focus on our business.”

## Activating suppliers

A three-year supplier activation programme is now underway and Basware, in close collaboration with the Lloydspharmacy project team, is managing the entire supplier communication and conversion process.

Supporting a broad spectrum of suppliers was critical to Mark Fura. As he explains, the breadth of connection options available from Basware is critical to suppliers of all sizes making the transition to submitting e-invoices.

**“What’s great about Basware is that no matter the size or sophistication of a supplier, there’s a connectivity solution that works for them,”**

says Fura.

## World beating AP performance

Today, Lloydspharmacy processes 1.2 million invoices every year and has achieved truly world class AP productivity performance. The company currently processes 129,000 invoices per FTE per annum – compared to the top performing shared services organisational benchmark of 35,000 per FTE. Its goal is to boost this performance yet further once the e-invoicing project is fully rolled out, increasing the number of processed invoices to 166,000 per FTE per annum.

**“We’ve eradicated our reliance on paper and transformed the finance function to become a true value-add business enabler. Our AP performance is now world class – enabling better relationships with suppliers and unsurpassed cost visibility,”**

Mark Fura concludes.

## The Journey

### Phase 1: Cutting costs and increasing invoice processing efficiency with Invoice Automation

Accounts payable productivity has increased by 40%. The average employee now processes 129,000 invoices per year, compared with an industry benchmark of 35,000.

### Phase 2: Realising transparency gains

Full audit trail and expenditure control. Monthly accruals, which used to take two days, now take minutes.

### Phase 3: Boosting AP performance with supplier activation

Converting suppliers to e-invoicing enables even greater purchase-to-pay processing performance efficiencies.

**Lloydspharmacy**   
Healthcare for life

Lloydspharmacy is a leading community pharmacy and healthcare provider with over 1,650 pharmacies across the UK, mainly in community and health centre locations. It employs around 17,000 staff and dispenses over 151 million prescription items every year.

Basware is the global leader in purchase-to-pay solutions with more than 1,500 customers and 1,000,000 users in over 50 countries around the world.

Basware solutions are distributed and implemented in Europe, the US, and Asia-Pacific through an extensive network of Basware offices and business partners.

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