

# Her Majesty's Prison Service

In 2005, HMPS created a Shared Service Centre in Newport, United Kingdom, to consolidate and simplify business processes in the areas of finance, human resources and procurement. After a rigorous comparison of products, HMPS chose to deploy Perceptive Intelligent Capture from Lexmark for its ability to process large volumes of unstructured documents, including invoices. The implementation gave the agency new flexibility to manage and empower its people, and saved the organization £250,000 (approximately \$372,500) by reducing costs.

## Challenge

Her Majesty's Prison Service created a Shared Service Centre with big savings in mind. "The center was tasked to deliver nearly 30 million pounds in cost reduction, whilst improving the service and compliance of its finance and HR services," says Steve Hodgson, head of HMPS Shared Services. Purchase-to-pay optimization turned out to be especially challenging.

"We benchmarked our purchase-to-pay process and we found that the cost of processing an invoice was roughly twice that which we were expecting," explains Hodgson. "In other words, in UK pounds, it was close to 5 pounds per transaction rather than closer to 2 pounds. That was the gap that we set out to close. We had a number of issues with it, some of which were business-related and some of which were technology-related."

When HMPS decided to optimize the accounts payable process, they started with an analysis of their extremely diverse supplier base. It turned out that few vendors were able to submit electronic billing documents, and thus relied on paper invoices.

"Less than half of our top 32 suppliers can supply us with an electronic statement against which we can reconcile," says Hodgson.

His group considered the electronic data interchange (EDI) option, but quickly rejected the idea as the suppliers were reluctant to dramatically revamp their operations or take on the costs associated with EDI.

"We therefore decided that the automation of paper rather than the elimination of the paper was the way that we would go initially," says Hodgson. "This would result in the least amount of change within our supply base."

## Meet Her Majesty's Prison Service

Her Majesty's Prison Service (HMPS) is the British executive agency tasked with managing 131 jails in England and Wales.

- ▶ **Facilities:** 130
- ▶ **Staff:** 44,000
- ▶ **Focus:** Prison management/criminal justice

**Products in use:** Perceptive Intelligent Capture

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**Steve Hodgson**

Head of HMPS Shared Services  
HMPS

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Head of HMPS Shared Services  
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## Solution

### The promise of template-free invoice processing

After a rigorous comparison of vendors, HMPS chose Perceptive Intelligent Capture from Lexmark for its ability to process large volumes of unstructured documents including invoices.

"There are over 10,000 vendors in the supply base and over 5,000 who regularly interact with us," explains Hodgson. "Building individual templates for thousands of suppliers would not have been a practical proposition. The feature of Perceptive Intelligent Capture that attracted us initially was its ability to process invoices without having to have a template built for each supplier."

## Results

### Delivering immediate value and ROI

"We transact three quarters of a million invoices a year for the Prison Service," says Hodgson. "The implementation of the software has delivered £250,000 in cost reduction. We would expect to further reduce the cost of invoice transaction processing from something on the order of 2 pounds per invoice to closer to 1 pound, and this beats world class processing costs."

### Contributing to an award winning shared services initiative

The implementation gave the agency new flexibility to manage and empower its people. "In introducing this technology we have moved the role of some of our people from data entry to process improvement, where they can really add some value to the end-to-end process," says Hodgson. "The truth of the matter is that with the high employment cost in the UK, the only way that you can deliver shared services cost-effectively is with great processes, good technology and fantastic, creative people."

Her Majesty's Prison Service is the winner of the 2008 IQPC Shared Services Excellence Award in the category of Best New Shared Services Organization.

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