



H&R Block

H&R Block, which boasts nearly 23 million tax customers, is the leading tax return preparer in the U.S. with more than 12,000 national retail offices. It also prepares tax returns in three other countries through approximately 1,400 offices. The company has also branched out to fulfill more of its customers' needs—including now providing products and services such as tax-preparation software and financial planning.



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Gerry Hodson
Director of Enterprise Sourcing Operations
H&R Block

The Challenges

The H&R Block procurement organization had aging, archaic systems in place that were riddled with inefficient processes and no spend analysis capabilities whatsoever. If the team wanted to evaluate enterprise-wide spend to find opportunities to leverage, it was a nightmarish effort to collect the data and to attempt to gain enough visibility to actually identify savings opportunities.

To overcome the challenges with the systems, the team decided to implement a re-engineering project that would be bigger than a traditional purchase-to-pay, transactional-based system. H&R Block also hoped to add value to other areas of the organization and create savings opportunities throughout.

The Solutions

To achieve its goals, H&R Block instituted its Source to Settle program—which includes the five process steps of Source, Procure, Settle, Account, and Analyze.

The team evaluated approximately nine suppliers to support the new program, and found that the many small niche players and ERPs did not have the completeness of functionality that Ariba spend management solutions offered. According to Gerry Hodson, director of enterprise sourcing operations at H&R Block, “Ariba was a good mix of a company focused on the space with leading-edge solutions, but wasn’t so small that you wondered if they were financially viable. They were also committed to continuing to invest in the spend management space.”

H&R Block kicked off its Ariba spend management implementation with Ariba Spend Visibility™, Ariba Sourcing™, Ariba Category



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Management™ and Ariba Contract Management™, and gradually connected to Ariba Supplier Network™ through its ERP system.

As a financial services organization, H&R Block focuses exclusively on indirect spend and uses the Ariba solution for all categories including computers, marketing materials, furniture, and more. “We run sourcing events through Ariba and really analyze every penny of spend through Ariba. Every category that we have goes through an Ariba module somehow,” said Hodson.

The Benefits

Since implementing Ariba Spend Visibility, H&R Block now only needs to look in one place to identify savings opportunities. Ariba has helped the organization to establish data feeds that will transfer data into the system, and the enrichment process now creates better-quality data. Even Accounts Payable information is now visible, generating opportunities to analyze data from all aspects of the business.

In the past, the H&R Block organization was purely in execution mode where they simply ordered and delivered without striving towards savings goals. Today, the team is much more strategic with savings opportunities in the sourcing pipeline, and is focused on pushing those savings on to its customers.

The H&R Block team established a savings goal of approximately \$40 million over a period of three years and has succeeded in hitting that number. Approximately \$35 million came from sourcing savings and the remainder from transactional savings.

The Ariba Supplier Network has also delivered significant benefits for H&R Block. “Sending all purchase orders out in one channel, through the Ariba Supplier Network, provides great value. Ariba is responsible for getting the transaction out to the supplier in the way the supplier prefers to receive it and we also get responses back from suppliers in the way we like to receive them. There is an inherent efficiency with the Ariba Supplier Network, and we can do many more transactions quickly and accurately with less associated cost,” Hodson continued.

The H&R Block team has converted from a hosted model to an On-Demand solution, and intends to leverage this switch as a re-launch platform to drive even more results through the sourcing side of the business. H&R Block also continues to move additional suppliers on to the Ariba Supplier Network with a future goal of 100 percent of transactions over the network.

Results

- *Achieved savings goal of approximately \$40 million over a period of three years*
- *\$35 million in sourcing savings and the remainder from transactional savings*
- *Successful conversion from hosted to on-demand model*

About H&R Block

H&R Block Inc. (NYSE: HRB) is a leading provider of tax, accounting, and related financial products and services. H&R Block is the world's largest tax services provider, having prepared more than 400 million tax returns since 1955. The company and its subsidiaries reported revenues of \$4.0 billion and net income from continuing operations of \$374.3 million in fiscal year 2007. The company has continuing operations in three principal business segments: Tax Services (income tax return preparation and related services and products via in-office, online and software solutions); Business Services (accounting, tax and business consulting services primarily for midsized companies); and Consumer Financial Services (tax-related banking services along with brokerage services, investment planning and related financial advice). Headquartered in Kansas City, Mo., H&R Block markets its continuing services and products under two leading brands—H&R Block and RSM McGladrey. For more information visit our Online Press Center at www.hrblock.com.

About Ariba

Ariba, Inc. is the leading provider of spend management solutions to help companies realize rapid and sustainable bottom line results. Successful companies around the world in every industry use Ariba Spend Management software and services. Ariba can be contacted in the U.S. at 1-650-390-1000 or at www.ariba.com.