

CASE STUDY

CUSTOMER INFORMATION

A global healthcare products company, manufacturer of medical devices and supplies.

CHALLENGES/BUSINESS NEEDS

- Provide end-to-end visibility in supplier invoices
- Enhanced control and reporting capabilities
- Standard invoicing processes, and
- Improved relationships with suppliers

Like many organizations embarking on a digital transformation, this global manufacturer of healthcare products and medical devices also struggled with the complexity of underlying processes, disparate technology systems, poor cross functional collaboration between IT and various interdependent business functions and short term solutions which often hid sub-optimal business performance and key operational vulnerabilities.

A history of rapid growth, aided by mergers and acquisitions in which individual entities were not fully integrated into a uniform operating platform, further complicated the matters.

As it happens in many technology implementations involving transfer from incumbent partners and systems, insufficient documentation and change control, and dependence on a handful of experts can make it extremely difficult for organizations and their partners to determine the exact changes required. Initial assessments often failed to capture the complexity of the legacy process and technology landscape.

SOLUTION

Combining technologies, design thinking, and management principles — helped the customer to address the initial challenges, and subsequently drive real, value-generating transformation faster.

The approach was built on agile and Lean startup practices that tolerate a little deliberate waste early to avoid wasted time, and sub-optimal results, later. Focusing on end-to-end interventions aimed at business outcomes, while also looking beyond SLAs and process-level metrics, helped for instance reset performance KPIs to a lower first pass yield in payment of invoices in order to achieve desired accuracy.

In the new operating architecture, a leading Enterprise Supplier Management (ESM) tool was deployed to work along with legacy procurement, business planning, and ERP systems.

Countering the disruption from the digital technology implementation, an agile operating model was put in place to buffer the temporary performance degradation, with leadership relying on the commitment of their partner to steward the organization through this phase. Multiple discussions were held with senior leaders from the service provider organizations involved in all interactions until a steady state was reached. The agenda was to solve technology interface issues and process flow mappings, manually managing the backlog and exceptions, and coordinating with business and client teams to ensure proper allocation of resources.

Process management experts experienced in running industrialized finance and procurement operations were deployed to train and ramp up resources in order to manually process the rapidly growing backlog of invoices. Operating 24/7 for a full five months, this team cushioned the impact to the business stemming from broken process and data flows, and unpaid invoices.

A team of process and technology experts found over 180 improvement areas in the original application and interface specifications. Using Lean principles that direct focus on material levers impacting business outcomes, the team came up with a roadmap that included multiple implementation waves, with each wave jointly addressing related process and IT changes. The team prioritized critical changes, such as issues that would prevent payments to critical vendors, who could potentially disrupt the supply chain.

With successive iterations performance-related issues and the backlog of invoices began to diminish rapidly. New process controls and governance measures were imbibed along with robust master data management to minimize delays and prevent serious errors, such as payments to duplicate invoices, wrong purchase orders, incorrect pricing, and payment transaction failures.

By looking at the end-to-end process, the teams redesigned the following key operational solutions:

- Streamlining vendor setup and maintenance with automated workflow-based approvals and notifications.
- Reducing inbound call volumes and inquiries by on boarding suppliers through a dedicated supplier portal.
- Developing robust reports and dashboards to enable quick decision-making, resolve process bottlenecks, and drive ongoing improvements.

BUSINESS RESULTS

The solution, in addition to enabling the client to quickly achieve target outcomes, created a build-to-adapt technology and process foundation for further improving end-to-end P2P processes. The client's operations today have better, more reliable, and real-time data, as well as the ability to run data-to-action recursive cycles without stumbling on technology, process,

or organizational complexity. The impact of this simpler and powerful architecture is already evident in:

- Transformed invoice processing resulting in the highest levels of controllership and auditability, through new process controls and accurate master data.
- 17% improvement in employee productivity due to effective automation, process standardization and 45% reduction in duplicate invoices by root cause identification and resolution.
- Around 2,000 duplicate invoices detected every month, preventing erroneous payments totaling more than \$25 million.
- Significant cash flow impact through debit balance reduction enabled by an improved recovery process, leading to lower vendor balances.
- Greater visibility into spend and invoice payments for superior financial decision-making.
- Enhanced relationships with suppliers due to greater collaboration and more accurate, on time payments.

