Globalization – The Manufacturer’s Friend or Foe?

By leveraging our expertise, leading manufacturers can move a step forward in their value proposition through automation, standardization and improvement of global business processes.
A Land of Opportunity: Globalization’s Impact on Industrial Products Manufacturing

Market globalization has gifted manufacturers with a whole range of new opportunities – the ability to reach and deliver products to consumers across the world has truly changed the game. But how did this happen? The globalization of manufacturing became a reality through a number of forces coming together simultaneously. These include:

- A significant change in geopolitical relations between East and West
- The widespread growth of digital information, physical and financial infrastructure, and computerized manufacturing technologies
- The proliferation of bilateral and multilateral trade agreements

These factors, along with others, have enabled supply chains to be broken down into complex global networks. This allows you, the manufacturer, to carry out the sourcing of materials and components, as well as the design and manufacturing of products from virtually anywhere – all while satisfying customers located almost anywhere.

It’s not all Sunny … but There is Help

But with every opportunity there are challenges. The past few decades have created new and also reinforced existing pressures. Issues such as rising input costs, scarcity of resources and talent, in addition to growing supply chain complexity. With both organic and inorganic organizational growth and manufacturing capacity continuing to shift from developed to emerging economies, new markets and competitors have emerged. This has created an intricate web, leading to a long list of issues. Some of these include a shortage of effective best practice sharing, insufficient transparency, a lack of tools harmonization, and master data redundancy. Together, these considerations slow decision-making and hinder your ability to respond to ever changing market dynamics.

However, being able to continuously respond to market shifts and innovate, at an accelerated pace, will be the key capability differentiating industrial manufacturing companies and thus creating your competitive advantage. In today’s world, important progress is being made in development, process and production technologies. Companies that can take advantage of already available advances and also fund further investments are the ones that will win. And this is where Capgemini can be a powerful ally for your enterprise: our BPO services are now being leveraged by some of the most respected and valued brands in the market today.

As a manufacturer, if you want to win, you must be ready to revolutionize your value chain. You have to question the status quo and drive enterprise-wide transformation. This will cut costs and release potential for growth and success. We see a powerful transformational force for you in three digital technologies:

1. 3D printing – this revolutionizes prototyping and cuts time-to-market.
2. Robotics – this improves your process efficiency and enhances productivity.
3. Big data – with advanced analytics, social technologies and the Internet of Things, this helps manage your value chain.

As an industry consultant, we are proven experts in these areas. But, even better, as a BPO provider, we can directly affect big data and through operational transformations place significant focus on enabling cost savings for your enterprise – and this will enable the other two.

Pain Points: The Key Challenges Facing Industrial Products Manufacturers

There are major issues affecting the industry. These include time-to-market, a lack of skilled labor, a difficult capital market and economic uncertainty. Furthermore, changing market conditions dictate the number of options within existing product lines, as well as the introduction of new ones. Cross-department coordination is crucial to maintaining existing product lines and effectively rolling out necessary changes. And competitive pressures, along with the introduction of “quick ship” programs, have forced a decrease in overall order fulfillment lead times. As a result, streamlining order processing and enhanced access and utilization of business information to drive material planning are vital for reducing lead times.

The availability of technology encourages manufacturers to provide more effective quoting and order entry solutions. But cutting edge Internet-based solutions are essential to maintaining customer loyalty and protecting and expanding market share. What is more, supply chain improvements have placed a premium on the availability of, and access to business information.

Our Business Analytics & Big Data practice will help you gain actionable insights from huge chunks of shapeless data.
Some of the other specific challenges faced by manufacturers are:

- Rapid and dramatic order fluctuations
- Global demand and competition
- Heightened sensitivity to environmental and corporate responsibility issues
- Ever-changing regulatory/compliance requirements
- Industry consolidation necessitating flexible infrastructure
- Stringent requirements for providing a safe employee workplace

Grow Your Business, Fast – Collaborate with Capgemini BPO

Our BPO function helps you to figure out how to align the right people, processes, technology and location to your business and customer requirements. This is highly useful considering Industrial Products Manufacturers often face dilemmas: what is the right level of capacity to install? This leads to either over or under capacity, as the production varies with market demand and raw material supplies. Our Supply Chain Insights offer support here. We understand these situations and our analytics services help you to compute an accurate set of numbers as per the demand-supply dynamics of the market. Our Business Analytics & Big Data practice comprises powerful tools for deriving cost efficiencies, while enhancing business agility. These dig deep into the data heaps to get you the right insights for making pragmatic decisions.

Supply Chain Management

We offer a wide range of BPO Supply Chain Management services to help your enterprise make significant improvements to its supply chain operations in the context of today’s highly competitive business environment.
We are a leading innovator within the Supply Chain Management domain. More than 8,500 Capgemini SCM experts are dedicated to driving transformation projects for our clients; we design, build and operate SCM solutions within our application services operation and propagate innovative concepts. Our proprietary Global Enterprise Model (GEM) covers best practice processes, controls, technology blueprints and benchmarks, to ensure a best-of-breed setup and the rapid, seamless establishment of our clients’ BPO operations.

Our Supply Chain BPO operation can be broken down into four major building blocks:

- Supply Chain Master Data Management (MDM)
- Supply Chain Planning
- Supply Chain Execution
- Supply Chain Insights to identify optimization and innovation potential

Our offering is enabled by our Global Enterprise Model to ensure you have the right people with the right skills, delivering the right services from the right location. We now focus on the role played by our Supply Chain Insights offering and how it helps to increase your business’ operational efficiency.

**Supply Chain Insights**

We leverage our Supply Chain Insights offering to help you to enhance operational efficiencies and effectiveness by using data-driven decisions at strategic, operational and tactical levels. It encompasses reporting on the entire BPO delivery as well as analytics covering the complete value chain, starting from sourcing, manufacturing and distribution through to logistics.

The key deliverables cover:

- Devising inventory norms for all nodes within the supply chain
- Conducting root cause analysis for excess inventory or stock-outs at the nodes
- Optimizing freight utilization by improving loading levels and routing
- Forecasting demand at product category and SKU level along with risk cover
• Evaluation of service levels with current and revised forecasts
• Network reconfiguration through design of all feasible network scenarios, evaluation of transition costs, and risks and returns linkage
• Provision of optimum customer scenario based on critical success parameters

What benefits does your business attain?

We have a proven track record in managing complex logistical challenges. By providing end-to-end process support services that address each step of the supply chain, we help you to reduce costs, improve service levels, cut waste, lower your carbon footprint and increase accuracy and agility. Typical outcomes that you could expect include:

• Forecast accuracy improved by 10%
• Order lead time (responsiveness) enhanced by 12%
• Identified savings via throughput and asset replenishment analysis
• Identification of savings opportunities using Spend Analytics
• Evaluation of different scenarios for distribution network and channel optimization across the supply chain
• Benchmarking and research for distribution cost reductions

In Focus: The Industrial Manufacturer’s Finances

A CFO, in their stewardship role, has to meet the organization’s risk and compliance objectives while providing control over assets. They have to lead as a strategist, by analyzing the business’s operational and financial performance and suggest corrective actions to align the company’s growth and head it in the right direction.

Finance leaders of Industrial Products Manufacturing companies are expected to deliver a lot more in terms of providing complex insights for future growth, so they can maximize shareholder wealth. In addition, the finance team is expected to ensure day-to-day fiscal discipline and overall compliance. They must also catalyze growth by assessing the competition and revising cost and price structures at regular intervals. Our BPO services transform F&A operations into an agile business accelerator. Our proven F&A transformation methodologies help you gain better insights, achieve financial excellence and deliver best practices.

The CFO Agenda & FAO as a Stack

We know that because your stakeholders demand world-class outcomes from your CFO, the CFO demands world-class outcomes from us – your business partners. This means the key requirement is to understand and align with your CFO’s agenda. The following points highlight what we consider to be a “typical” set of CFO priorities:

• Revenue growth
• Margin improvement
• Enhanced controls
• Improved cash flow

Global Enterprise Model (GEM)

Today’s concepts and business practices are changing to meet these new demands. We base all our FAO activities on our Global Enterprise Model (GEM). This is our proprietary business and operational concept developed using extensive hands-on delivery experience. Our GEM offering sets out a best practice approach for defining, managing, measuring, delivering and – most crucially – continuously improving your enterprise’s processes to ensure the best possible outcomes for you. GEM contains seven levers. These come together to provide a world-class process and technology backbone for all key operational activities. When your CFO begins using GEM, they are safe in the knowledge that the focus is on shared outcomes. GEM provides the toolkit that enables these outcomes. However, we believe that a new approach is needed to cover both their respective design and delivery.
**FAO as a Stack**

We see FAO as something that can be treated “as a stack”: an integrated, modular set of components that can be customized to deliver the outcomes required. This can be done at any place or time, for any kind of organization you may have. It is ready to go as soon as an agreement is reached. Through GEM, we are equipped with a pre-configured, proven and established toolkit for FAO. And there is no need to start anew every time: we are able to reuse established components, best practice know-how and shared experience, gained from our other work in the wider marketplace. We leverage these to design, build and configure solutions for your business quicker, at lower risk and decreased cost. This will enable your CFO to direct their full attention to the world-class outcomes the business expects them to deliver. It will also mean a more assured, cost-effective transition period.

**World-class Outcomes**

The diagram below sets out the core architecture of our “stack” approach. In this structure all of the different components of a BPO-based FAO service are vertically integrated, making it possible to customize and update services with greater flexibility than is normally possible. The starting point is always the drive for world-class outcomes. As we blend components to build the ideal service for your enterprise – embedding our work into the organization as an essential, integral element – outcomes drive everything.

As your CFO comes under further pressure to deliver world-class outcomes right across your business, they need a trusted and experienced BPO provider. Thanks to the investment we have made in GEM in addition to a vast array of expertise that cover the BPO spectrum, we can take up this mantle and help your CFO deliver these benefits right away.

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**World Class Outcomes at the Lowest Total Cost of Service**

With accumulated industry expertise, Capgemini is uniquely positioned to help Industrial Products Manufacturers innovate and stay competitive in a market characterized by globalization and slower than expected recovery.
In focus – new products

Enterprise Content Management (ECM): Technical Publications Offering

Industrial manufacturers face other issues. Every new product release or revision you make needs to be accompanied by useful, clear documentation. Creating and maintaining technical publications is an essential step in the manufacturer value chain and has a direct impact on your customers’ satisfaction. While it is offered to the customers at no additional price, it can cost up to 12% of total product development costs.

How do we help you? Our Technical Publication solution is a part of Capgemini Group’s Global Engineering Services portfolio, a strategic offering bringing together a full range of services. We offer you a flexible and efficient BPO solution for the production and management of high-quality technical publications. We provide you with a strong service level agreement in compliance with all applicable technical regulations and important international standards.

Over 500 A&D engineers and technicians provide technical content management services from our publication center in Bangalore. Our team is committed to providing you with ongoing support. If requested, resources can be placed onsite to perform coordination activities during the initial phases. These high-quality technical content management services aim to provide you with operational cost savings, reduced time-to-market and increased customer satisfaction through handy and user-friendly publications. This also represents a vertical offering helping reinforce your business’s brand position while minimizing legal exposure.

Why Capgemini?

At Capgemini we believe taking a step towards transformation can free up the potential trapped within inefficient operations and can ignite your company’s entrepreneurial spirit. We help you, the manufacturer, to minimize the various risks present on your transformational journey by enabling our Global Enterprise Model – a selection of proven industry best practices. Thanks to the savings we realize for your support functions, such as finance operations and supply chain, we help you fund investments in R&D, new technologies, and, ultimately, innovation. It is this commitment to delivering agility, responsiveness and information-driven customer insights that allows us to partner with you on your journey towards gaining that competitive advantage.

Clients Outcomes

Timely payments increased from 72% to 92%

Many large integrated metal products manufacturers, including one of our clients, operate highly intricate supply chains that can be easily disrupted by untimely or missed payments. Fluctuating demand and commodity prices, combined with currency volatility and shifting buying patterns can diminish manufacturers’ profits. Our client’s alliance with us resulted in attaining the following benefits:

- Global increase in timely payments from 70% (reported at the beginning of the partnership) to 92%;
- Enhanced business relationships with suppliers, thanks to renewed trust and reliability;
- Improved credit position;
- More efficient pre-payment process;
- Implementation of external vendor payments via Payment Factory;
- Increase in payment runs in all regions.

Reduced Selling, General & Administrative (SG&A) Costs

A European industrial products manufacturer was struggling with rising raw material prices and a declining global market. While efforts to restructure had improved operations, SG&A costs were still high compared to sales performance. Business Process Outsourcing was seen as a way to not only reduce SG&A costs, but also to move to a more agile back office delivery model. We worked with our client to implement a BPO solution that delivered 20% cost savings in the finance function within 18 months. As a result, the company expects to have one of the lowest SG&A costs in the industry.

Operational cost savings and enhanced customer satisfaction

Our client is a leader in the design and manufacture of innovative aviation products and a provider of related services for the business, commercial, amphibious and specialized aircraft markets. Our client aimed to reduce costs for all its aircraft programs while continuing to enhance its ability to deliver a high level of customer service around the globe. We have worked together to transform technical publication processes and systems in order to deliver high-quality technical content management services.

The collaboration with Capgemini has brought excellent results, accelerating process re-engineering and simplifying technical publications systems. This results in operational cost savings along with an increased customer satisfaction. At the same time, a delivery solution was implemented in India for future aircraft programs.
About Capgemini

With more than 130,000 people in over 40 countries, Capgemini is one of the world’s foremost providers of consulting, technology and outsourcing services. The Group reported 2013 global revenues of EUR 10.1 billion.

Together with its clients, Capgemini creates and delivers business and technology solutions that fit their needs and drive the results they want. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Learn more about us at
www.capgemini.com

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