

Streamlined Back-Office for Transformational Outsourcing Client

New ERP system projected to deliver more than €250 million savings over six years

The Situation

Following a merger, a client from a transformational outsourcing agreement needed a complete back-office makeover. The new organization was created to improve customer service and value for money, so effective new working practices and efficiencies through economies of scale were required. It was quickly recognized that a single standardized IT package and streamlined back-office support service would help deliver performance improvements and establish a foundation for future transformation.

The Solution

The scale of the challenge was formidable as was the timescale. Within a year of the merger, a single system based on new SAP ERP software replaced hundreds of existing IT systems, using a “vanilla” SAP solution to neatly sidestep the need for expensive bespoke system builds. The integrated IT infrastructure covered management information, finance & accounting, asset management,

purchasing & procurement, HR and a corporate data warehouse. Capgemini was prime contractor working with SAP, the main solution provider, and other specialist vendors and contractors.

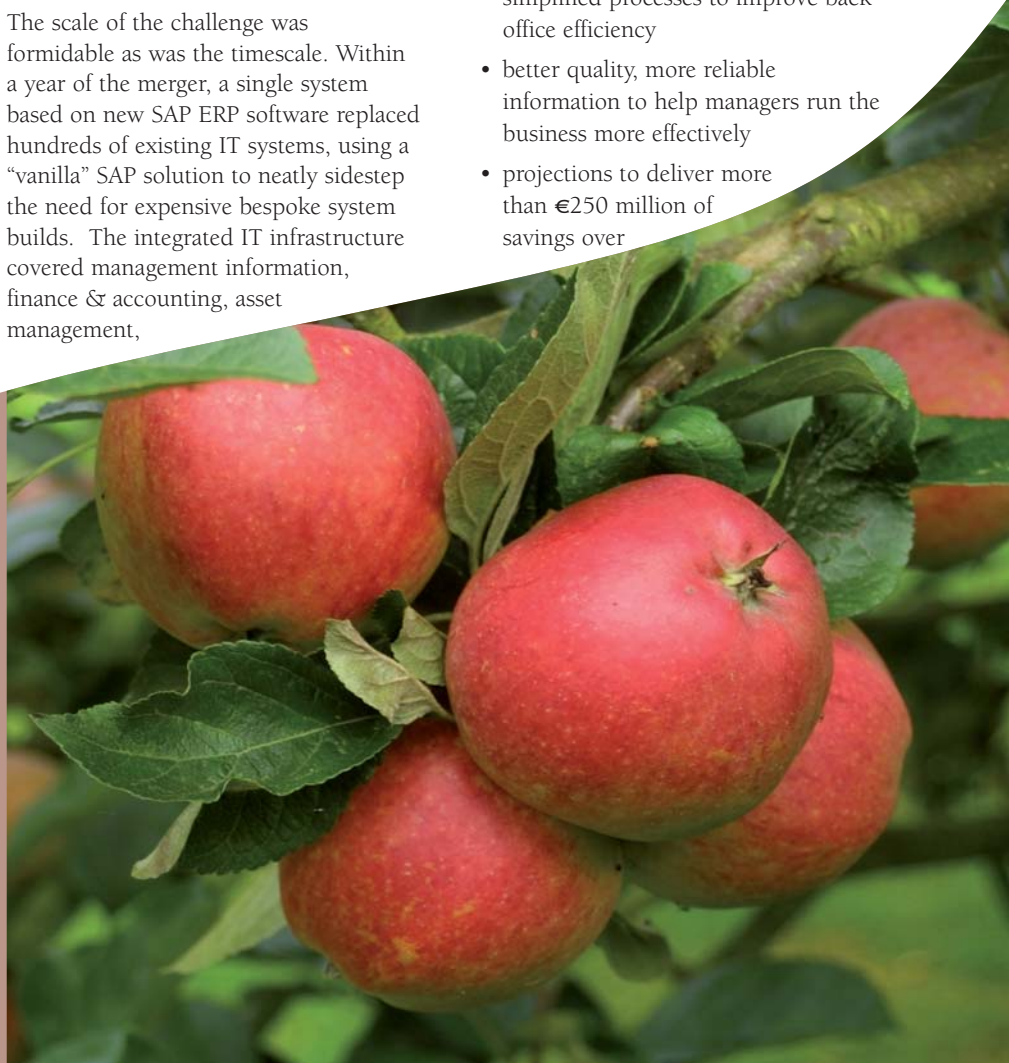
The Result

The new scalable IT platform was on time, to specification and budget. Anticipated benefits are already evident, including:

- significant savings in IT running costs through the retirement of legacy systems
- single source of information and simplified processes to improve back office efficiency
- better quality, more reliable information to help managers run the business more effectively
- projections to deliver more than €250 million of savings over

“Capgemini and its partners have delivered a complex and highly challenging IT and business change program in less than 12 months –without delays or budget over-runs.”

Client Finance Director



six years, mainly in procurement costs thanks to automated enforcement of purchasing rules for simpler supplier management.

How the client and Capgemini Work Together

Strong leadership and effective governance, essential to success, ensured that all the partners committed to:

- total integration of the business change and IT programs
- strong program management thanks to high-level client sponsorship and Capgemini's formal DELIVER methodology
- complete team integration at all levels
- formal quality management with independent auditing at every stage
- leadership from the Steering Committee down to individual project teams, with clear responsibilities and escalation procedures
- rigorous timescales for each phase
- regular, frequent and open internal communications.

The first implementation was across the client's HR, Finance and Procurement functions to take advantage of economies of scale and reduce costs. In a pioneering approach, the business change components were fully integrated into the IT transformation, encouraging real ownership of the new solution across the client's business. Consistent and regular communication from the Business Change Team helped to manage business expectations and resolve issues quickly.

The client has tens of thousands of staff and their HR function is complicated. Along with payroll, the systems deal with overtime, holidays, sickness, unsociable hours, employee self-service and performance appraisals. Millions of historical records were migrated into a single database.

There was lots of collaboration and direct involvement from the client's staff; some acting as subject matter experts to help move from design into test, others joining implementation teams to provide continuity and support within their own areas after launch. Steering groups met regularly to guide the whole project to completion.

The ERP Program had a dedicated Collaboration Zone, an interactive

experience designed to encourage participation and transfer skills within, and across, teams. This promoted a common way to approach design sessions and meetings, and focus on outputs and delivery. Existing solutions were re-used where possible but occasionally more inventive approaches were needed. For example, the data team employed Microsoft's .NET technology to capture the client's organizational hierarchy. This innovation allowed managers to easily update and verify the organization structure leading up to migration to the new system, saving considerable time and effort.

The new system was run in parallel with legacy to ensure everything worked as it should. This introduced complexities during testing. Dealing with the sheer volume of tasks and issues in the two months to Go-Live was a huge challenge. Training was carefully adapted to meet distinct needs of different parts of the business. This included classroom sessions, eLearning and local support staff being on hand to support the business through the first two months.

Quality procedures surpassed SAP's best practice at the time and were later used as a template to upgrade SAP's own

quality assurance recommendations. Specific quality activities included:

- regular internal and external quality audits
- formal knowledge management process to record all issues and fixes
- Kick-off and Evaluation Events held before and after each phase, focusing on quality issues, lessons learned and progress achieved
- Business Implementation Readiness checks twice a month chaired by the client
- key users seconded to the program for user acceptance testing, with a daily test board to table and resolve issues
- rigorous performance and volume testing using special tools and SAP Netweaver Enterprise Portal
- three cutover rehearsals prior to Go-Live in a tightly structured process, with spreadsheets showing every action and step on the walls of the project team room
- business-readiness plans with formal sign-off before Go-Live
- Quality Gates before each phase implementation including sign-off by the client, Capgemini and SAP
- to ensure "stay-live", IT help-desk staff given intensive training and an exam.



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