

Business Process Transformation to Deliver World Class Outcomes

Driving transformation across business units, across borders, and across disciplines requires a robust methodology that can be calibrated to individual company needs.



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Global enterprises suffer inefficiencies as their operations grow over time due to diverse, disparate systems, processes, standards, customs and regulations. The transformative business leader intending to eliminate these inefficiencies and maximize enterprise performance is faced with the following challenge: How to ensure best practices and consistent execution of the corporate change agenda across the global enterprise - transcending the differences in culture, regulation and customs, while overcoming the barriers in language, talent availability and resources.

In most cases, in order to facilitate continued growth while maintaining or developing competitive advantages, transformation of key business processes is required. Historically, this was an event; something a company faced every few decades. In today's business world, this is a constant reality: Methods and practices that are state-of-the-art today will likely be obsolete and antiquated a decade into the future due to changes in technology, markets, and the competitive landscape.

Challenges

- **Multi-national operations:** Very few businesses beyond a certain size are constrained anymore by national borders. When providing services, whether B2C or B2B, many factors now come into play that were not on the radar screen in past decades: Culture, language, time-zone, regulatory requirements, infrastructure, even fiscal considerations such as taxation and exchange rates.
- **Disparate systems:** Global organizations often have a range of systems, business processes, skill sets and functions, making it difficult to enforce consistent policies and procedures across the enterprise. The challenge is multiplied when companies make acquisitions, either domestic or cross border - how to get the entire global enterprise working consistently from one set of best practices?
- **Budget constraints:** When working with a strategic partner to accomplish all the aforementioned goals, what are the costs? In a perfect world, budgets are unlimited, but in the real world, how does one accomplish objectives while minimizing the total cost of service and ensuring a secure transition?
- **Limited visibility:** With differences across countries, changing regulatory requirements, and diverse pricing structures, how does today's executive ensure that accountability, metrics, standards and goals are met at every level of the engagement - and through each phase of the lifecycle?
- **Lack of skilled talent:** Finding the resources with the right mix of skills and discipline to run lengthy transformation programs is often cited as one of the biggest barriers to driving best practice processes. Transformation programs that fail are often due to a lack of proper resources assignment which is of course a big challenge for any organization that wants to stay lean and cost efficient.
- **Measuring value beyond costs:** A decade ago, back-office consolidation, BPO and shared services were considered tools to trim away non-core competencies and cut expenses; today's solutions are about transformation to improve agility and unleash business potential. Because of this, strategic decisions require much more than issuing an RFP for a support service and evaluating criteria limited to rudimentary quantitative factors such as pricing, terms and conditions.

The Solution

Today's multinational companies are increasingly turning to Business Process Outsourcing (BPO) providers who offer a robust and content-rich platform for transforming business processes and a proven ability to deliver world-class outcomes.

When choosing a transformation partner, key considerations should include one that offers transformation solutions that are based on operational experience and can be implemented in a secure manner at the organization's desired pace. Whether taking a 'big bang' approach or a phased plan, the methodology should drive best practices in a controlled, low risk, and measured way. Other key considerations include whether the provider has a documented library of best practices and whether they offer a model developed for specific industries.

Regardless of where an organization is in its transformation journey, there are seven key levers that must be calibrated according to the individual company's requirements to drive the desired business results:



1. Grade Mix

Do I have the right team structure?

It is essential that human resources are properly allocated to business processes. Often an organization has great people, but those employees are not being optimally utilized, and leadership responsibilities may not be optimally aligned with management's areas of expertise. Benchmarking the grade mix assesses current team structures, looks for points of friction and misalignment, and maps this for each job family.

This step is crucial as business leaders are often only regionally aware of the internal resources available, and have not been made aware of—or have not had the resources to be exposed to potential centers of excellence available to the enterprise in other regions, countries, or other continents.

Goal: the right team is deployed to match and exceed service level expectations



2. Location Mix

Are we properly located for optimal service delivery, access to human capital, and efficiency?

Operational centers of excellence must be properly located to benefit from competitive advantages found in certain locations relative to others, be it language, technical ability, infrastructure reliability, access to natural resources, or simply accessibility.

The key elements that a target operating model should consider include local function, captive value centers, and various third party centers. Location mix defines the best practices split in the processes across different types of elements in the operating model rather than exact locations on the global map. It is important to consider the type of processes delivered from each center in order to achieve the optimum balance of the business case and quality of delivery.

Goal: services delivered from the right locations



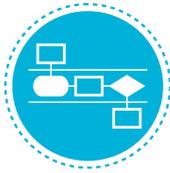
3. Competency Model

Do we have the right proficiency levels on our team for each capability and job family?

Business processes evolve over time, and often a particular workflow algorithm looks nothing like its original design. This may be by necessity as conditions, technologies and situations change. The problem is that this often ends up with a misalignment and resources are not optimized within an organization. Not only does this lead to performance gaps, but it leads to employee attrition, and poor execution.

Using business analysis disciplines, job families are mapped by relevant competencies, and levels of expertise, training and experience. Current resources are inventoried with respect to competencies, knowledge and capability, and a gap analysis is performed to measure that gap and develop an actionable plan to close it.

Goal: to have the right people within the organization dedicated to the most appropriate responsibilities.



4. Global Process Model®

Do I have best-in-class processes?

All enterprises must constantly ensure that their business processes are optimized for current conditions. Companies that don't constantly analyze, measure, and benchmark their processes soon find those processes obsolete and mismatched to evolving technologies, regulatory and market conditions. The Global Process Model® is one effective method to specify best practices, align existing methods to those best processes using an established blueprint, assess performance of existing processes and quantify gaps to expected outcomes, and to enable benchmarking based on documenting high level process flows, process mapping, narratives, desktop procedures, controls and key performance indicators (KPIs).

Goal: all internal and customer facing processes are optimized and built on best processes.



5. Technology

Do I have the best technology tools to support our mission?

Decades ago, enterprise technology was considered a capital expense. Today, the Internet and the Cloud enable transformative technologies enabling companies to operate seamlessly across borders, across geographies, across time zones. Along with new opportunities, this brings new challenges.

The Technology Lever creates a comprehensive map of an enterprise's technology ecosystem in order to assess technology maturity and automation levels, with the objective of determining the best path forward to align technology platforms and data processes to company objectives and transformation goals. This comprehensive set of technology tools and platforms enables transformation across an enterprise's entire global reach.

Goal: technology solutions properly implemented and aligned with business processes and objectives.



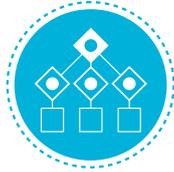
6. Pricing

Is my pricing structure driving behaviors consistent with my business goals?

There are many different pricing models employed by in-house shared service centers or third party business process outsourcing providers, but frequently the model employed is not necessarily optimal for the services being provided. Are service providers properly incentivized to drive the right business behaviors? As engagements move through multiple contract cycles, as businesses evolve and needs change, the existing pricing model may no longer be ideal.

There are myriad flavors of BPO pricing in the marketplace: transaction-based, outcome-based, fixed price, subscription, FTE, man-hour, etc. What is most appropriate in one circumstance may be completely unsuitable in another scenario. The ideal is to drive behavior across the various business units so that even when deviation is necessary, rather than ongoing debate about compliance to the original roadmap, the discussion can focus on the potential outcomes and how the costs and benefits of said change will be allocated.

Goal: pricing strategy is properly aligned to drive performance consistent with business goals.



7. Governance

Is the client-vendor relationship based on accountability at every level?

It is essential that the entire relationship between client and vendor is structured on open, bilateral communication, at the executive, managerial, and team level. Governance in the transformational business environment is evaluating whether the strategic agenda is correct, defining the objectives of both the provider and client enterprise, and ensure that the feedback loop is reporting each month and making sure that the feedback is used to take action on a day to day basis.

It is also important to employ a 'command center' which aggregates all relevant metrics into actionable reports for the client, giving them insight into efficiency, effectiveness, and a view into the day to day processes across each of the seven levers driving business transformation.

Example outcomes

- **Global Consumer Goods Company** - Over \$1.5 million per year in savings was realized using Business Insight Concurrent Audit Process.
- **Beverage Giant** - Using Lean Six Sigma, collections productivity was improved by 50 percent.
- **Nordic manufacturer** - Accounting back office operating costs were reduced by 70 percent.
- **Global Agribusiness** - Business processes were standardized across over 45 countries.
- **Worldwide Insurer** - Overdue accounts receivable line items were reduced by \$90 million, DSO was decreased by 9 days.

Applying the Model

The aforementioned recommendations and best practices are based on Capgemini's Global Enterprise Model (GEM), which has been successfully applied to deliver secure transformation and world class outcomes for some of the world's largest global companies.

Multinational Shipper – For this world leader in logistics through solutions such as ground freight and next-day-air services, Capgemini delivered process transformation in less than 8 months across 23 countries. Cost savings were realized through the GEM People Levers, by utilizing delivery centers in Poland and India.

Medical Device Manufacturer – Capgemini helped this global medical technology company implement a blended Shared Services Center strategy in Europe and a Business Process Outsourcing strategy in Asia. Using Capgemini's BPOpen® business management platform and Global Process Model, processes were automated and unified across continents and the proper application of grade mix and competency modeling allowed the hybrid model to be successfully implemented with finance functions handled in the European SSC and 10 Asia-Pacific countries served from Capgemini's China outsourcing centers.

Consumer Packaged Goods Giant – One of the largest global consumer goods companies applied Capgemini's Global Enterprise Model as a rapid design and implementation accelerator to retool and transform global finance and accounting processes. The GEM Methodology was deployed to design a complete Global Process Model within the space of only 6 weeks. Technology, pricing and grade-mix levers were employed to design and implement the company's global finance transformation, including major technology enhancements.

GEM Maturity Assessment

A Capgemini GEM engagement closely examines your back-office functions and benchmarks it with the seven levers. This focused six-week review process has minimal time requirements on the client side. The engagement is initiated with a two-day workshop and is concluded with a half-day

validation session. At the conclusion of the six weeks, our clients are safe in the knowledge that their improvement program has the optimal design and can look forward to reaping the benefits of enhanced efficiency and effectiveness.



The Power of Business Transformation

Most forward thinking executives realize now that the archaic business model of multinational companies creating and managing duplicate structures based on geographies is no longer optimal. The world is more interconnected than ever before, with relationships families, consumers and markets untethered to national borders, or even hemispheres.

The enterprise now focuses on core competencies and forms strategic alliances with partner enterprises to handle those functions not part of the enterprise competitive advantage. This transformation in the way business is structured allows even the largest corporations to be more nimble, to react to market and regulatory changes, and to adapt themselves to local conditions more quickly than ever before.

Global shared services and business process outsourcing, when properly implemented using a sound methodology enables enterprise transformation of key business processes in a way that integrates experience, technology tools and analytics to standardize, automate, and streamline business processes globally, enabling them to unleash their business potential.

Sustainable growth is necessary for the long term success of any enterprise. Capgemini's Global Enterprise Model uniquely enables the acceleration of growth by transforming processes and operations from archaic, legacy methods to models best optimized for the competitiveness and profitability, within a safe, tested and proven framework that has already been implemented in corporations across the globe.



About Capgemini

With almost 140,000 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.

Capgemini's Business Process Outsourcing (BPO) collaborates with some of the world's largest, multinational corporations to transform their business processes in the areas of Finance & Accounting, Supply Chain Management, Procurement, and Human Resources, consistently delivering new levels of productivity and accelerating business outcomes. With its unique Global Enterprise Model (GEM), Capgemini engineers and delivers powerful analytics-driven BPO solutions using the right combination of best-in-class processes, industry leading technology and highly skilled resources along with appropriate pricing and governance models for each client's individual needs. As part of Capgemini's Rightshore® delivery network, a team of over 14 thousand BPO professionals provide services to more than 100 clients in 37 languages from an integrated global network of delivery centers in Australia, Brazil, Canada, Chile, China, France, Guatemala, India, Poland, Sweden and the United States.

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