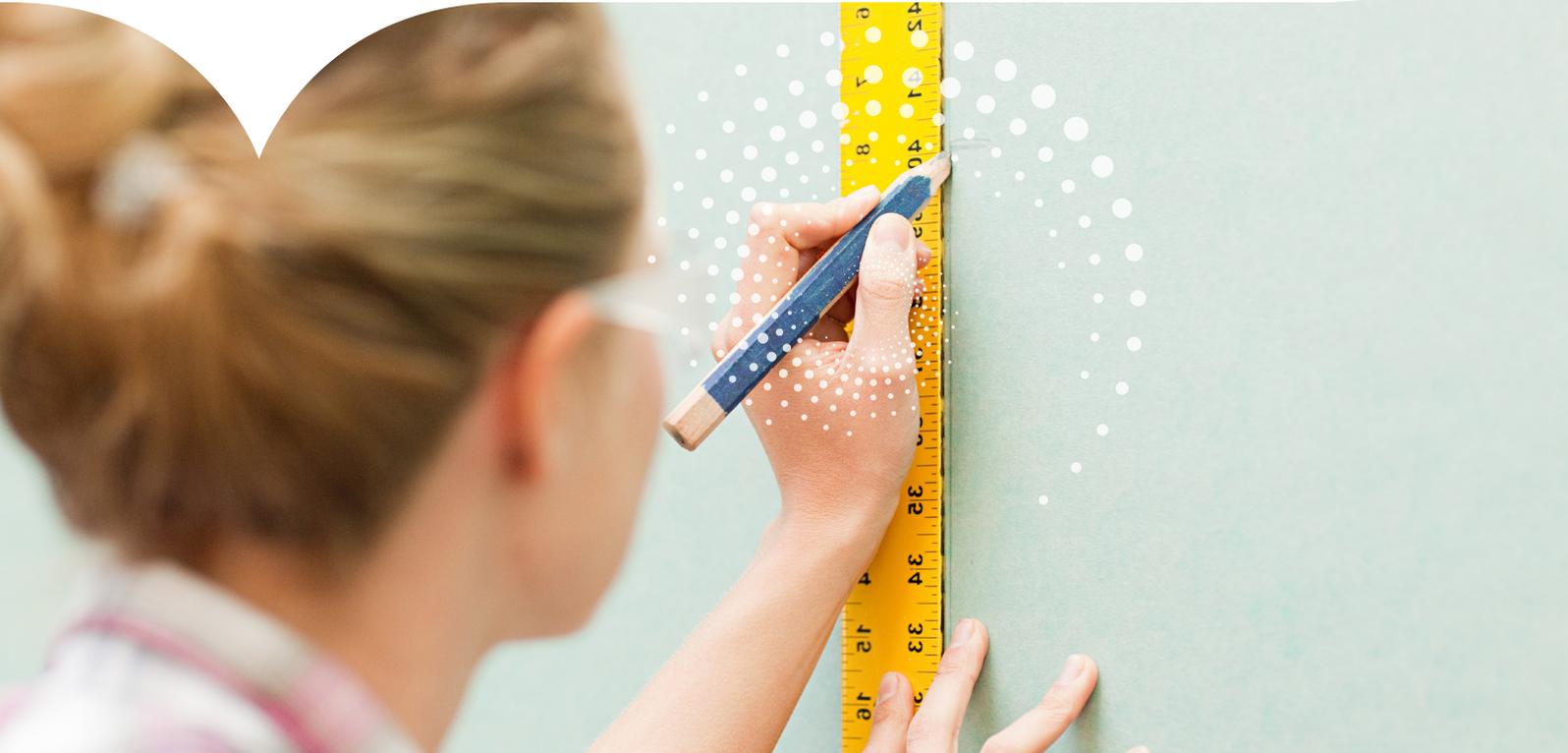


Payable Analytics



Payable Analytics analyzes entire “Procure-to-Pay” process and aims to improve cash flow by increasing Days Payable Outstanding (DPO) and increase profits by identifying cost reduction opportunities

Optimize Cash Flow and Identify Cost Reduction Opportunities

The Procure to Pay process is critical for enterprises and payment terms and discount programs are top-of-mind concerns for executives. Chief Procurement Officers and Chief Financial Officers need visibility into enterprise-wide spend before they can control and reduce spend. Capgemini’s Payable Analytics provides actionable insights into both Accounts Payable and spend to help improve organizational cash flow, visibility of cash use and efficiency of management.

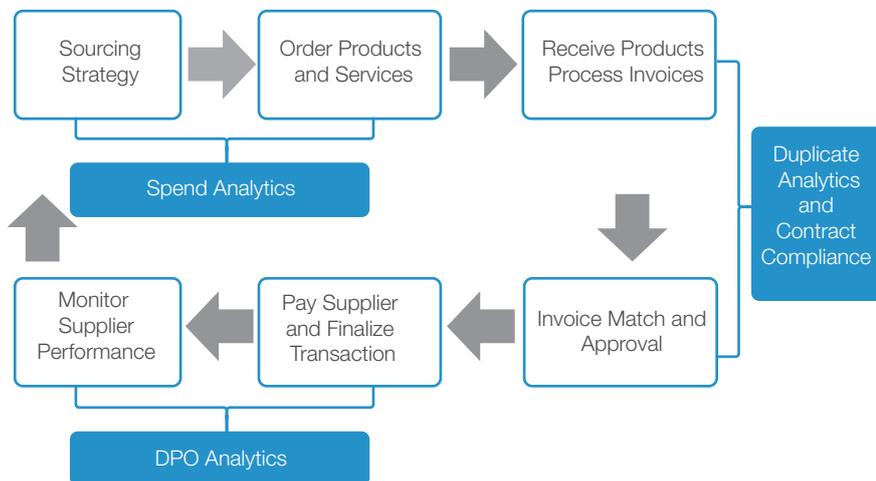
Typical reasons preventing CFOs from proactively addressing Payable Analytics themselves include:

- The difficulty of analyzing huge data sets to gain visibility across business units and regions.
- Lack of analytical resources and time to track and analyze their Days Payables Outstanding (DPO) and spend data
- Lack of tools to investigate early payments and inconsistent payment terms
- Lack of a clear drill-down methodology

Our Solution

Capgemini Analytics provides not just a tool, but a holistic service. You get practical insights at a transaction level that you can use to achieve a leaner compliant process, identify saving opportunities, and optimize cash flow by reducing working capital. We will analyze your entire Procure to Pay value chain, looking at both spend and DPO, to find intelligence that will enable you to control, manage and reduce your spend, improve working capital and increase overall efficiency of operations. Predictive DPO Analytics will help you to forecast cash flow more accurately and plan your working capital requirements optimally.

Methodology: Capgemini Analytics analyzes across the Procure to Pay value chain to identify opportunities of increasing DPO and reducing spend



Spend Analytics Identifies Savings Opportunities Across Strategic Sourcing, Procurement and Supplier Management. DPO Analytics Analyzes Payment Terms to Identify Opportunities to Optimize Terms and Increase DPO, With a Focus On Improving Working Capital.

Payable Analytics Improves Working Capital by

- Optimizing use of discounts
- Normalizing payment terms through benchmarking internally and externally
- Eliminating non compliance to payment terms
- Reducing duplicates and overpayments

Payable Analytics Also Reduce Spend by:

- Improving spend visibility
- Increasing the proportion of spend under management
- Reducing maverick spend
- Reducing transaction costs
- Increasing compliance

Outcomes	<ul style="list-style-type: none"> • Reduce maverick spend • Increase spend under management • Reduce transaction cost • Increase compliance 	<ul style="list-style-type: none"> • Reduce advance payments • Normalize payment terms • Reduce early and urgent payments • Ensure procurement policy compliance 	<ul style="list-style-type: none"> • Reduce duplicates and wrong payments
Insights	<ul style="list-style-type: none"> • Identify non-preferred supplier spend • Identify inconsistent terms and conditions across suppliers • Combine A/P and P-Card transactions to identify opportunities to migrate PO spend to P-Card 	<ul style="list-style-type: none"> • Standardize advance policy and identify vendors to minimize advances • Identify suppliers with immediate payment terms and standardize payment to X days • Review early and urgent payments to identify opportunity to reduce it 	<ul style="list-style-type: none"> • Manage key supplier documents to meet contractual obligations • Evaluate supplier performance via financial and operational metrics
Analytics	Spend Analytics	DPO Analytics	Duplicate Payment and Contract Compliance Analytics
Data	Payable Data		

Key Highlights

- *Limited use of client resources; well established methodology of Capgemini analytics*
- *Ease of implementation*
- *Continuous monitoring and improvement of business results*
- *Actionable insights to business*
- *Focus on improving working capital and releasing cash flow*
- *Application of multi-industry experience: manufacturing, CPG, services, agri-business, beverage, automobile, paper*
- *Application of international experience: Asia, Europe and America*

Success stories

DPO Analytics Enables 15% Cash Flow Improvement for a Leading Agri-Business Company

Business Issue

The client asked Capgemini's CFO Analytics team to analyze its DPO and recommend ways to optimize it

Solution

Analyzing payables data for the two previous years allowed us to:

- Identify plants and locations with above-average DPO.
- Compare high- impact vendor terms, highlighting opportunities to normalize them
- Report early payments, and discounts that were available but not being taken
- Model the effectiveness of scheduling payment runs on different days, and recommend the best day

Outcomes

As a result of our analysis, the client was able to improve DPO by four days and reduced early payments by 16%. Taking advantages of the available discounts generated an inflow of \$10m. The client fixed inconsistencies in payment terms on master data records and normalized payment terms in accordance with its policies, ensuring that all business units applied the same terms for a given vendor.

Spend Analytics Reveals A €1m Savings Opportunity for A Large Chemical Company

Business Issue

This company had a total indirect spend of \$276m with 9m+ line transactions. It lacked spend visibility and hence was losing hard cash – and that negatively impacted its profits.

Solution

We worked with the client in five countries, carrying out structured Spend Analysis to: provide visibility across the procurement process, increase Purchase Order (PO) compliance to identify opportunities for supplier base consolidation and vendor processing cost reduction.

Outcome

Our analysis revealed vendors that the client could bring under PO, thereby increasing PO compliance by 6%. These vendors accounted for 35% of early payments and moving them to on-time payment would increase overall DPO by 3 days. We also identified an opportunity to create catalogs, which would enable better cost comparisons for 38% of the indirect spend. Another opportunity highlighted by our research was to consolidate multiple POs for a given vendor, leading to potential cost savings of € 370,000. Finally, we discovered that invoice consolidation could reduce transaction costs by € 660,000.

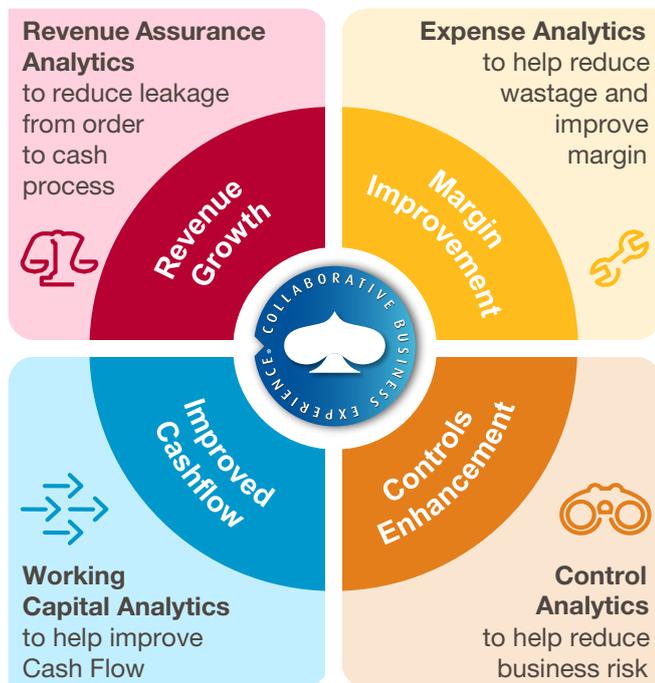
In total, the savings opportunities were worth more than €1m.

The Capgemini Experience

Our teams led by senior practitioners are recognized as specialists in their respective fields. The Payable Analytics team has a strong analytical background comprising of MBA's, finance graduates, Master in Statistics with experiences in Strategy, Consulting, Finance.

Our clients get lasting value because we engage directly and meaningfully with stakeholders at each level of the enterprise – from boardroom to shop floor and warehouse.

Our Other Analytics Offerings



The key components of the CFO Analytics solution include:

Revenue Assurance Analytics:

- Improved customer query to order conversion
- Enhanced credit and collection performance
- Reduced billing leakage and more sell-ons

Expenses and Payables Analytics:

- Recovery of erroneous or duplicate payments
- Increased compliance with procurement policy
- Informed views of global spend

Control Analytics:

- Dynamic real-time monitoring of key controls
- Predictive leading indicators to prevent failures
- Lower cost of better, broader risk mitigation

Working Capital Analytics:

- Optimized treasury performance
- Reduced write off of stock and bad debt
- Effective use of discounts and promotions

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Analytical Tools and Capabilities

- Huge data sets handled by our SQL data warehouses
- Efficiently analyzed using statistical tools like



- Visualization-focused business intelligence



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About Capgemini

With more than 125,000 people in 44 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2012 global revenues of EUR 10.3 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