

Case Study



Infosys BPO

Order Management Services for one of the world's largest networking OEM's

Abstract

A leading global network equipment manufacturer, which designs, manufactures and sells a number of networking and communication products was looking for a partner to support them with solutions for its order processing practice. The client partnered with Infosys BPO to help them transform their business process and ensure "Best-of-Breed" functioning of the entire order processing cycle.

Our Customer

The client is a Global Network Equipment manufacturer and a Fortune 500 company which designs, manufactures, and sells Internet Protocol (IP)-based networking and other products, related to the communications & IT industry. The clients' products include next generation communication and collaboration equipments and services. Their mission is to transform the way people connect, communicate, and collaborate. Their products include primarily routers and switches which are installed at large enterprises, public institutions, telecommunications companies, commercial businesses and personal residences. The client operates in an electronic market-place and receives orders for its products from its customers based around the world via EDI, email, phone, and fax.

The Business Challenge

The client receives a large number of customer orders for its products and services from around the world. It executed its order management operations from three regions globally, one each in North America, EMEA and APAC. The client desired to optimize operations through a "global delivery model". However, limited sharing of best practices between the "regions" and failure to deliver real-time solutions led to multiple challenges. Regional variances in processing orders, high cost of operations in certain geographies, a lack of a common framework to track and improve on key metrics were some of the issues faced by the client prior to the outsourcing deal.

Apart from the need to streamline business operations, the client also wanted to integrate disparate business operations and ensure a smoother flow of non- standard order processes resulting in multiple road blocks like:

- Orders not being booked, due to gaps in the stringent pre-requisite practice followed by the client, resulting in orders going on pre-booking hold and preventing the client from booking orders
- Post order booking, a substantial number of bookings require modifications ("Problem Holds") increasing the cycle time and impeding revenue recognition
- Increasing customer demand for Hybrid Orders, i.e. integrated view without compromising on the order flexibility and efficiency. Instead of the product orders and service add-ons being delivered through separate processing channels, going beyond processes, operations and extended to systems and applications
- Integration of new product lines and companies through acquisitions, further impacted order processing costs, turnaround time and loss of potential revenue

The client partnered with Infosys BPO to help them transform their business process and leverage better functioning of the entire order processing cycle.

The Infosys Solution

After a thorough understanding of the business challenge, Infosys BPO developed a multi-faceted solution towards addressing the above challenges and striving to help the client achieve success through consolidation, improving operational efficiency and effectiveness and creating improvement projects. Thereby driving transformation, operation scalability and improving revenue margins.

Consolidation

The client chose Infosys BPO to consolidate its global operations because of its strong understanding of the hi-tech ecosystem, level of executive commitment and the ability to leverage its strengths in process management and enterprise transformation. Infosys thus took up the task of consolidating the clients' global operations from

Client Quote

In the words of a Sr. Director Customer Service Operations

This is real best in class performance and partnership. We are very, very impressed by your pro-activity and for you going above and beyond all expectations. You are demonstrating here how much you are leading the way, being in front of our business and truly wearing our hat, protecting our interests, business and calling out financials opportunities. It's so great to have Infosys BPO as a partner and to have you managing our business

various locations into a single team based in one location through a shared service model. Infosys Limited, the parent company, was also a key partner in re-modeling the design and implementation of the client's enterprise software solution.

The partnership's initial objectives were to:

- Successfully implement the concept of centralization which was initiated through a small team at a chosen centralized location
- Robust process documentation and knowledge gathering of current processes across regions, this was ensured through an Initial Onsite Team (IOT) model which consisted of a period of training for Infosys SMEs onsite followed by a handholding by client SMEs offshore to move into process 'go-live'
- Re-designing of processes enabling standardization across regions and facilitating operations from a remote location
- Explore processes that could benefit efficiency through technology augmentation

Infosys BPO also supported the client with efficient [Change Management](#). Infosys helped the client with transition from a traditional route, where the client sales representatives would directly call up and communicate instructions, expedite orders and provide clarifications to the order operations team, to a [process driven module](#), by creating a work flow system with a well defined exception management scenario. This process facilitated, pro-active communication about the migration process, setting new metrics and service levels to capture order aging by dollar value, escalating orders which were on hold for more than 72 hours, joint teams to chase order commits, were put in place to ensure that the back-office was well integrated with the needs of customers and the sales team. Subsequently, a detailed ramp-up plan was created to offshore work from the regional centers to the Infosys Global Delivery centers. Processes were transferred as-is and migrated to a standardized process backbone. Infosys BPO developed a detailed governance mechanism to align Infosys BPO operations with client regional sales, order operations and other vendor groups. To ensure process effectiveness and efficiency, a hierarchy of operational and business metrics was set up along with a dashboard reporting framework. This laid the foundation for creating measurable "Best-in-Class" processes to address the client's challenges.

Improving operational efficiency and effectiveness

In the hi-tech industry, ordering pre-requisites were stringent; non-adherence to entitlement, order data input and contractual norms resulted in orders going on hold, requiring manual touch and high processing expense. To fuel better operational efficiency, Infosys prepared a reference manual to enable buyers to send in "clean" orders driving down cost per order & cycle time substantially. Acquisition of new companies and their integration into client ordering systems had significant tax implications as well as additional system and processing costs. In one such case, the client and its acquired company were on different ERP systems, requiring a costly systems integration project. Infosys, in combined effort with the client was able to significantly mitigate this impact by some intelligent ordering advocacy. The customer behavior of the acquired company was also re-enforced through follow-up and cheat sheets.

Creating improvement projects

As the teams at Infosys supporting the client's global operations stabilized, the focus quickly shifted from optimization of processes and metrics to moving the needle - delivering transformational business value at an order of magnitude higher than the cost of BPO services rather than the 20-40% that outsourcing traditionally provided. At Infosys, we believe service providers need to assume end-to-end responsibility of a service to a defined customer entity.

The Infosys leadership team decided to use a projectbased approach and leveraged a knowledge pool consisting of client GPEs (Global Process Experts) as well as Infosys process transformation consultants and business analysts, to understand the

business impact (of the challenges described earlier), perform root cause analysis to identify causes and inhibitors and devise workaround solutions. The project managers used their strong organizational networks to interface with IT business analyst, finance and sales teams in the client organization for root cause analysis and to validate potential solutions.

Key initiatives and projects of the teams included the following:

Challenges	Infosys Robust solution	Metrics	Results
Problem Holds	Holds management process to track and expedite all orders that go on hold after booking, due to credit, product, approval related issues	Weekly commit performance	The average weekly volume of high dollar value orders (>\$100,000) carried over without being booked decreased from 82 orders in FY'07 to 60 orders in FY'08
Hybrid Orders	Hybrid order entitlement and processing ensures generic services are processed straight-through, products and services are processed either together or not at all and linked to site and customer contracts for support and billing	Auto entitlement of services for new products manual case creation %	Reduced "place holder" auto-entitlement failures by 65% Reduction in manual case creation from 80 to 50%*
Outsourcing Challenge	Creation of a process transformation team to <ul style="list-style-type: none"> Perform process re-assessment and re-engineering Eliminate non-value-added effort and enhance ROI of manual processing 	Cycle time reduction	From 56 hours at the time of outsourcing to 38 hours (Q1 FY'08)
Billing Errors	Complex orders necessitate exception approval often. Monitor the impact of exception approvals on business metrics (discount leakage, revenue leakage) E.g. If a customer who had placed a prior order, requested for more products through an exception approval, the billing of these additions was triggered only by the entry of certain pre-requisites	Unbilled revenue Feedback into control and compliance processes like Holds management and business rules	Infosys proactively identified orders with exception approvals which had significant additions that did not trigger billing. The client could then raise a supplementary invoice and tighten compliance to plug future leakages

(Above data for Q2 FY'07 - Q4 FY'08)

Once approved, solutions requiring system changes are put through a business case and prioritization exercise with a joint Business IT team. Process changes are pushed out to the operational teams through the support library and reinforced through training and checklists. Operations managers from the BPO vendor teams are then incorporated into the project team and are responsible for implementation.

Participating in systems transformation

When Infosys and other 3rd party vendors were supporting the client through an ERP upgrade, Infosys BPO played the role of a UAT (User Acceptance Testing) specialist, setting up a BPO+IT team to validate user experience specifications, through put assumptions and iteratively develop the same with the various IT teams. During the ERP cutover, adequate capacity arrangements were made to handle order backlogs, system outage and ensure a phased recovery to the improved levels of throughput projected for the new system. The BPO+IT relationship has ensured that the client steers successfully through cutovers and order operations remains focused on the business objectives even in a multi-vendor outsourced model.



Infosys and the client have succeeded in creating a Center of Excellence (CoE) for Order management operations. The relationship has grown from 6 FTEs to a 1000+ FTEs operating across India, Czech Republic, Mexico and China supporting Customer Services, Customer Advocacy and Reverse Logistics with business benefits being delivered quarter on quarter. During the recent year-end, we released multi-million dollar orders for revenue recognition by committing orders to book, efficiently booking and expediting orders through Finance, Manufacturing and Customer Services. We also performed early-shipment to smooth order processing and resource utilization and further contributing to revenue.



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About Infosys

Many of the world's most successful organizations rely on Infosys to deliver measurable business value. Infosys provides business consulting, technology, engineering and outsourcing services to help clients in over 30 countries build tomorrow's enterprise.

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