Global life sciences major quadruples ROI from contract management enabled by process transformation and technology

**Client**
A global life sciences company with expertise in medical devices, pharmaceuticals, and biotechnology

**Industry**
Life sciences

**Business need addressed**
Improve productivity, revenue, and document security across contract management and chargeback processes

**Genpact solution**
Genpact’s process expertise enabled process transformation for key contract management functions, supported by technology

**Business impact**
- Improved accounts receivable (AR) collections by 50%
- Productivity gains of 15% per full-time employee (FTE)
- Realized incremental benefits of nearly $4 million
The medical devices division of a global life sciences company was looking to revamp its contract management and chargeback operations. By using a diagnostic framework to identify gaps in the company’s people, process, and technology, Genpact was able to roll-out a comprehensive solution roadmap, including initiatives such as process reengineering, partnership transition, web portal enhancement, and best-in-class technology for document management and workflow, to improve productivity and increase the efficacy of chargeback recovery.

**Genpact solution**

Based on process mapping of the as-is state, the client pursued a strategy that mixed process re-engineering with technology interventions in order to evolve their contract management operations towards best-in-class metrics and processes, including:

- An incentive payout system to clear variances from the AR ledger and increase focus on collecting chargebacks
- Lean six sigma processes for contract management to increase accrual accuracy, reduce duplicate payments, and more clearly detail reconciliations
- A process-complexity heat map within chargeback operations to document and standardize processes, improve price change notification (PCN) efficiency, and reduce errors and missed traces
- Scanning technology to speed up document input and retrieval, bolster security, and enable auto-population of accounting information
- Documenting processing at keystroke level to improve staff effectiveness, reduce turnover, and improve QC by training partners
- Workflow tool to support pair-off matches, dispute resolution, and forwarding, with automated follow-up as well as cycle-time metrics

**Business challenge**

A global life sciences company was looking to improve its contract management and chargeback operations; at the same time, the company was experiencing challenges related to sub-optimal efficiency and invalid chargebacks with process-transitions already underway. Interviews and supplemental data revealed the following process gaps:

- The current contract management process was labor-intensive and required frequent manual intervention, resulting in decreased efficiency and invalid chargebacks
- Contract management was in need of stronger controls and a method for streamlining or segregating incentive disbursements
- The data feed on the accounting systems required approximately one-quarter of each FTE’s time, and inaccurate accounting information was leading too often to duplicate payments and overpayments
- Within chargeback operations, one-third of each FTE’s work was given over to error remediation
- Missed traces necessitated extra research time
- New analysts were slow to achieve proficiency, and additional quality control (QC) was commonly requested for FTEs during their first six months on the job

**Business impact**

With strong executive backing, Genpact’s process and technology improvements generated significant business impact, including:

- Improved collections by 25%–50% through increased recovery of invalid chargebacks, while enhancements to AR collections resulted in a payback time of less than one year (and increasing progressively over a five year period)
- Increased productivity gains with each phase of technology implementation. Document management
alone delivered savings of nearly $500K annually, supplemented by savings from knowledge management, workflow tools, and web portal

- Accelerated learning curve through more effective technology, with per-FTE productivity increasing by 15%, over and above other gains
- Upfront productivity gains from projects as re-engineering took hold. A modest one-time cost yielded ongoing gains in contract management (reduced overpayments, accruals, and controls) and chargeback operations (fewer missed traces, improved PCN efficiency, and other gains from standardization)
- Quadrupled program ROI by the second year, with incremental benefits of almost $4 million expected by year five. These results highlight the power of process expertise in combination with technology enhancement in performance-based partnering frameworks
About Genpact

Genpact (NYSE: G) stands for “generating business impact.” We design, transform, and run intelligent business operations including those that are complex and specific to a set of chosen industries. The result is advanced operating models that support growth and manage cost, risk, and compliance across a range of functions such as finance and procurement, financial services account servicing, claims management, regulatory affairs, and industrial asset optimization. Our Smart Enterprise Processes (SEP℠) proprietary framework helps companies reimagine how they operate by integrating effective Systems of Engagement™, core IT, and Data-to-Action Analytics℠. Our hundreds of long-term clients include more than one-fourth of the Fortune Global 500. We have grown to over 68,000 people in 25 countries with key management and a corporate office in New York City. Behind our passion for process and operational excellence is the Lean and Six Sigma heritage of a former General Electric division that has served GE businesses for more than 16 years.

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