



GENERATING **LIFE SCIENCES** IMPACT

Pharma giant transforms finance operations to cut costs by £105 million



Client

Fortune 500 global pharmaceutical company

Industry

Life Sciences

Business need addressed

Transform the finance function to create end-to-end, best-in-class Procure to Pay (P2P), Order to Cash (O2C), and Record to Report (R2R) processes that would reduce the cost of operations by £6.4 million

Genpact solution

Partnered with the client to consolidate operations, simplify delivery, and standardize processes across geographies, stepping beyond transactional processes to include e-invoicing, ERP optimization, and various Lean Six Sigma initiatives

Business impact

- Simplification and standardization
- Cash flow and liquidity
- Adaptation and flexibility
- Asset optimization

To keep up with the increasing complexity and changes within the life sciences industry, this pharmaceutical giant, which operates in 115 countries, set out to simplify and transform its finance operating model across multiple geographies and processes. The company hoped to decrease costs, increase working capital, and drive long-term profitability by deploying innovative best practices that would support best-in-class performance across its P2P, O2C, and R2R processes. The initial goal was to decrease operating costs by £2.8 million. However, after partnering with Genpact for the transformation journey, teams from both companies, working together to identify key strategic initiatives for the P2P and R2R functions, discovered further opportunities that led to a revised goal of £6.4 million in reduced costs. To date, this collaborative partnership has delivered 6% increased productivity year over year and £105 million in business impact, £38 million of that in the first year alone.

Innovating to retain the competitive edge

The company recognized that an advanced operating model was required to remove unnecessary processes and unproductive operating structures across business lines and geographies to increase profitability and agility. Among the challenges facing the company were non-standardized processes across regions, capacity utilization across teams, IT challenges, multiple ERPs and workflows across locations, and a lack of best practices and bolt-on tools. The enterprise needed high-performing, low-cost transactional and high-end finance processes, supported by industry best practices that would produce continuing and significant business impact.

Thinking outside the box uncovers greater-than-expected opportunities

Initially, the enterprise focused on standardizing and improving its P2P and R2R workflow and processes in North America to satisfy the initial cost savings goal. That goal quickly expanded after joint workshops put Genpact's subject matter experts with the client's staff. Together, the teams

uncovered much broader opportunities for savings and improvement across the enterprise. Clear roadmaps for implementing changes were then produced, taking a theme-based approach to each initiative: debit balance reduction, payment term corrections, banking and tax error reduction, etc.

As the relationship matured, the scope of the engagement expanded to include the APAC and LATAM regions and moved beyond improving transactional processes to include ERP optimization, greater adoption of e-invoicing in Europe, and reduced helpdesk queries. Key initiatives included the following:

- **Improving process capability** through
 - Lean Six Sigma initiatives
 - Right-skilling
 - Implementing better workflow tools
- **End-to-end process improvements** that
 - Enhanced automation
 - Reduced manual interventions
 - Decreased recovery costs
 - Increased Paid on Time percentages by as much as 30%

- **Simplifying the operating model**, including
 - Consolidating operations (US and UK shared services, for example)
 - Standardizing reporting
 - Implementing a vendor self-help portal that reduced helpdesk volume by 25% and slashed bandwidth costs by 15%
- **Standardizing and transforming processes**, including
 - Rationalizing payment terms across geographies
 - Improving the processes for reconciliation, payment runs, and business banking, which increased working capital, decreased early payments, and optimized payment runs

By proactively standardizing, simplifying, and streamlining its business processes and delivery model, this pharma giant has retained its leading-edge industry position and laid a solid foundation for dealing with the changes this fast-evolving economy will certainly bring.

Business impact far beyond the goal

The business improvements implemented through this collaborative partnership have delivered significant impact across the P2P, O2C, and R2R processes to date, including:

- 60% reduction in invoice processing costs through e-invoicing
- 10% increase in helpdesk productivity and 25% decrease in helpdesk queries
- £105 million in cumulative business impact
- 6% average increase in productivity year over year

Genpact's partnership approach and long heritage of applying Lean Six Sigma principles to drive astonishing improvement in end-to-end business processes helped this company far exceed its initial savings goals, while delivering significant additional business impact in working capital, productivity, and adaptability.

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 (SEPSM) proprietary framework helps companies reimagine how they operate by integrating effective Systems of EngagementTM, core IT, and Data-to-Action AnalyticsSM. Our hundreds of long-term clients include more than one-fourth of the Fortune Global 500. We have grown to over 70,000 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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