



OVERVIEW

Rethinking procurement target operating models

The foundation for standardization,
productivity gains, and savings

Procurement professionals have heard it all before:

- *You're not delivering goods and services fast enough*
- *CFOs say the firm isn't realizing the savings procurement promised*
- *Suppliers are put off by late payments*
- *Processes aren't consistent*
- *Employees aren't using costly new procurement tools and*
- *Automation isn't working as promised*

No silver bullet can solve all of these problems, but the right target operating model (TOM) - one with a solid structure, correctly skilled staff, streamlined processes, and the right technology - can turn procurement into a sleek, efficient profit center.

Target operating model objectives

When Genpact undertakes a TOM project, our outside perspective shows you procurement through a new lens.

The engagement typically lasts between eight and 14 weeks. Along the way, we benchmark you against best-in-class companies and give you a heat map of problems to address.

The first step is to get a clear picture of end-to-end processes - a procedure that involves gathering and evaluating existing process maps and volumetric data. One goal is to assess how many handoffs take place between people and platforms. That's important, because the more handoffs there are, the more likely errors will occur.

The map also highlights any disparities in processes across sites, geographies, and business units because too much

variation reduces enterprise-wide visibility. We talk to people performing similar functions in different ways to identify and understand why variations occur. Business and procurement stakeholders play an important role here, because their knowledge, information, and corporate insights ensure that follow-up discussions are relevant.

As soon as this first stage is completed, you'll have a comprehensive view of the as-is state.

Design thinking takes center stage

During the next stage, we conduct procurement-wide design-thinking workshops to outline the goals and steps toward achieving a TOM geared to your specific business needs and to anticipate potential roadblocks. The aim is to develop a model that standardizes processes, decreases variations, and reduces handoffs.

This is when we evaluate your existing technology.

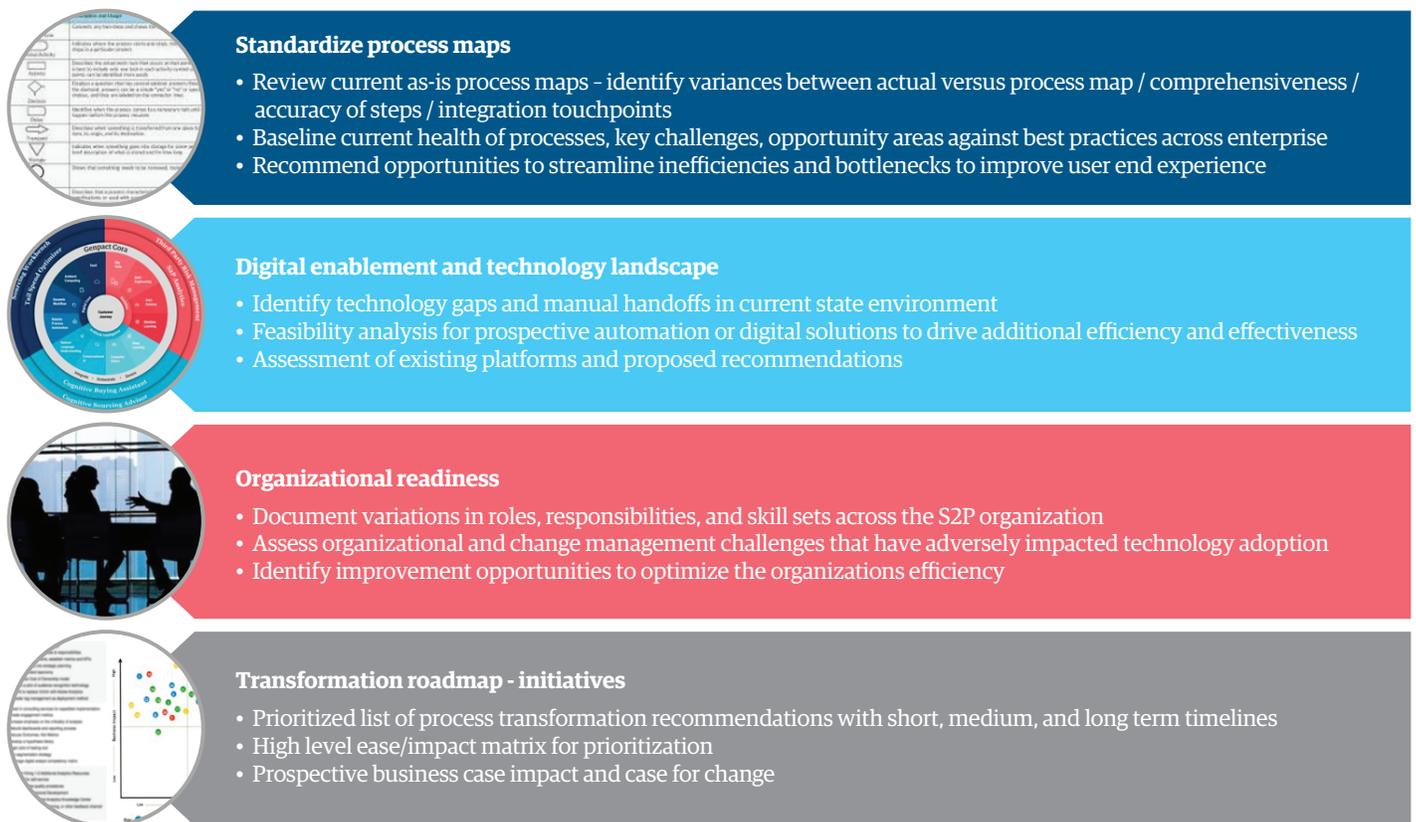
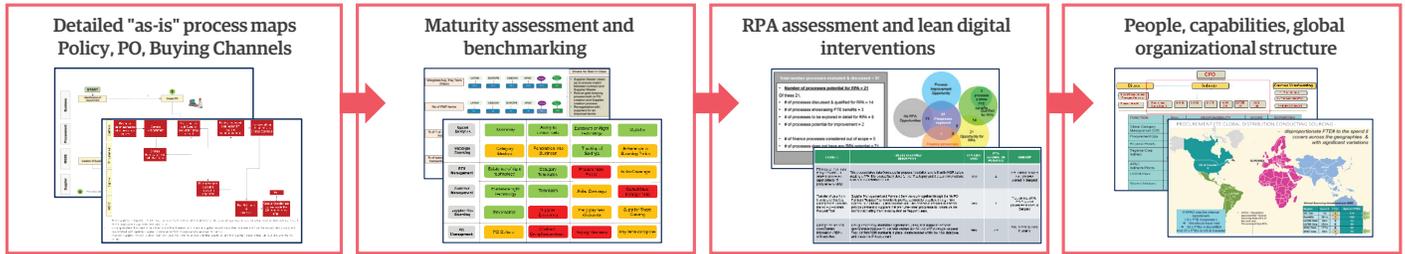


Figure 1: Key objectives of a TOM review

"As-is" Current state assessment



"To-be" operating model

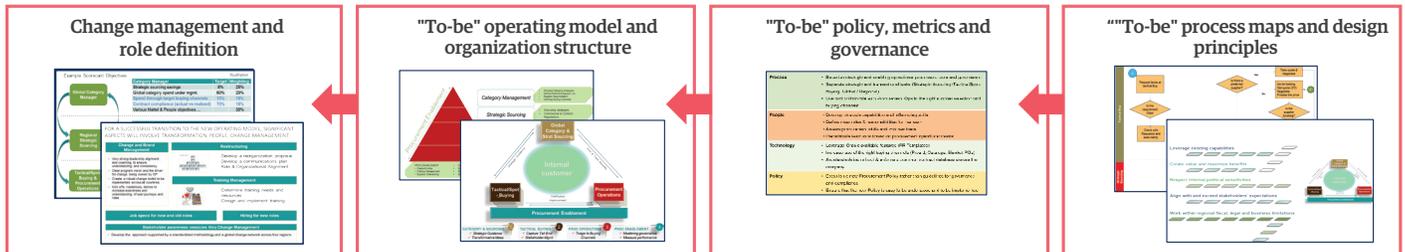


Figure 2: Accelerate the transformation process by leveraging proven tools, frameworks, and benchmarks

Too often, companies invest millions in technology enhancements only to be disappointed when results don't materialize. Understanding how each technology option works can help you shape processes to get the most out of them. For example, we'll assess whether a technology upgrade is really necessary, whether enhanced automation would be enough, or whether you just need to simplify procedures so that people will use what you have.

Becoming a strategic business partner

The final step? Taking a hard look at your organization and asking whether procurement supports the business or is seen as a necessary evil. Do you have the right structure in place to become a strategic partner to your firm? Do you have the resources to staff up if necessary? Does your team have the right skills? Do you have incentives in place to encourage them to perform at their best? By asking the right questions, we help signpost the way for you to become a strategic partner, actively involved in long-term business planning and execution.

When we're done, you'll have a comprehensive

transformation roadmap. We'll make recommendations based on impact and ease of implementation, including short-, medium-, and long-term opportunities to deliver best-in-class performance given existing initiatives and constraints. And we'll produce a business case that makes the argument for change.

Our TOM projects at work

- **Sourcing savings** - \$200 million savings by automating processes for a global manufacturer that was significantly understaffed across its indirect strategic sourcing organization
- **Operational efficiency** - 40% efficiency gains for a global industrial manufacturer by standardizing global processes and driving automation across its direct procurement organization
- **Restructuring** - \$50 million in savings for a global aviation manufacturer by decoupling direct procurement activities and centralizing them into a center of excellence model
- **Compliance** - achieved \$19 million in savings for a global aero structure manufacturer through proactive and reactive compliance

About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes primarily for Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. Combining our expertise in end-to-end operations and our AI-based platform, Genpact Cora, we focus on the details - all 87,000+ of us. From New York to New Delhi and more than 25 countries in between, we connect every dot, reimagine every process, and reinvent companies' ways of working. We know that reimagining each step from start to finish creates better business outcomes. Whatever it is, we'll be there with you - accelerating digital transformation to create bold, lasting results - because [transformation happens here](https://www.genpact.com/risk-compliance/), at Genpact.com.

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