

Business Case Creation & Solution Implementation Roadmap for a Leading Insurance Company



SITUATION

The customer's business processes and systems were fragmented. There was unmanaged spend of half a billion dollars and mounting operational costs

IMPACT

Unmanaged spend, coupled with visibility and traceability issues, was leading to untapped cost savings and inefficiencies

RESOLUTION

ITC Infotech built a business case for spend savings that can be realized, while reducing operational costs. Our team suggested a prioritized road map of initiatives and a phased approach to realize the value identified

The Customer

The customer is a Fortune 500 company with global revenues of more than \$25.4 billion in 2012, and US revenues of over \$6 billion in 2012 with presence in more than 50 states. They are a market leader in terms of individual insurance policies in Japan, insuring approximately one out of every four Japanese households.

The Need

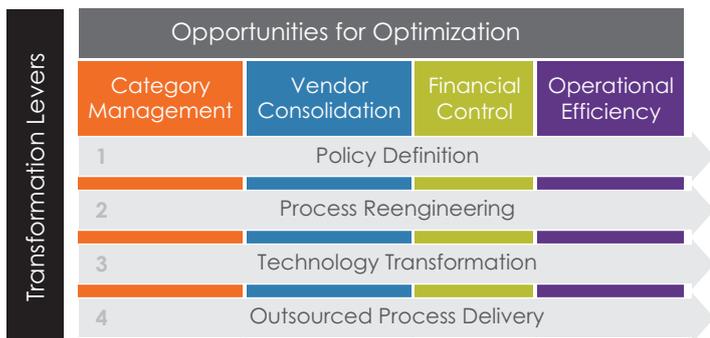
ITC Infotech's analysis revealed underutilization of available system functions, along with:

- Highly fragmented & discontinuous sourcing processes
- Possible non-compliance issues in record management and invoice payments
- Accountability challenges across sub-processes
- Probable high maverick spend
- Heavy reliance on human intervention for non-value adding tasks
- Inadequate implementation of already available system facilities

The Solution

ITC Infotech experts started by studying the two major aspects of the transformation – spend and operational cost reduction. The quantification of the two savings required our team to look at the procurement cycle closely and tap its hidden value. Our team built a business case for spend savings that could be realized while reducing operational costs. A prioritized roadmap of initiatives and a phased approach to realize the value identified was formulated based on the following:

- **Process Maturity Analysis** – Customer was in the intermediate maturity level on the procurement maturity scale. The study of the various aspects of S2P revealed that they would benefit by benchmarking against best in class.
- **Spend Data Analysis** – A detailed analysis gave insights into process, policy and compliance anomalies, which were highlighted to the client.
- **Operational Gap Analysis** - Gap analysis was done to compare client processes with the best-in-class or standard processes.
- **System Evaluation** – The entire system was evaluated for its inherent advantages and shortcomings to suggest improvements.
- **Recommendations** – Our team made suggestions for prospective spend savings as well as operational cost reduction.



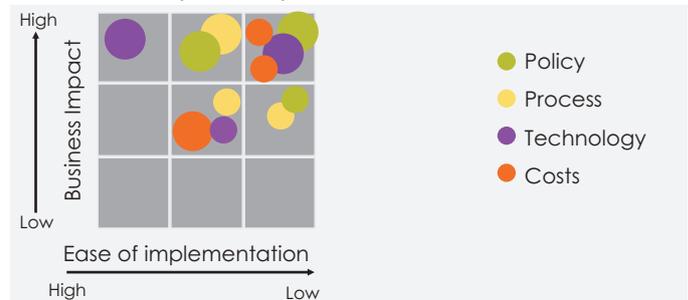
Roadmap Suggested

Post the analysis and diagnosis that helped build the business case (Phase 1) by identifying key issues, our team suggested a roadmap to be followed to solve the issues identified.

Phase 2: Business Process Re-Engineering and Tool Implementation

Phase 3: Setting up Shared Services Model, Rebadging & Transition

Phase 4: Steady State Operations



Projected Business Benefits

- **Reduced Spend and Operational Costs:** Projected spend reduction and operational cost savings to the tune of approximately \$34 million through category management, vendor rationalization and procurement payment integration, etc.
- **Collaboration & Simplification:** Simplified processes, enhanced collaboration, streamlined categories, and enhanced supplier enablement and governance
- **Improved Visibility & Control:** Enhanced spend visibility and alignment of expenses vs. budget, visibility of service delivery details, better compliance, elimination of fragmented and maverick spending, reduced variation in supplier quality, and introduction of metrics for internal and external performance management
- **BPaaS** – We suggested BPaaS as the end-state. Business Process as a Service would take functional and operational burdens away from the customer and give them the flexibility to pay per transaction. This would also reduce spend in infrastructure required for running the process.

ITC Infotech's Business Consulting Practice

The Business Consulting Group (BCG) at ITC Infotech is a converging point for business & IT solutions. We aim to transform business performance, bringing a strategic perspective on process improvement and IT enablement. Our team blends domain experts and consultants, bringing unique capabilities to discover and resolve business concerns of the day.

Our expertise spans Consumer Goods, Retail, Process Industry, Logistics & Transportation, across key business functions such as product development, production, supply chain management, sales and marketing management, field force management, and customer relationship management.

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