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KPIT Cummins Infosystems Ltd.

***Solutions & Best Practices in
BPM***

Content

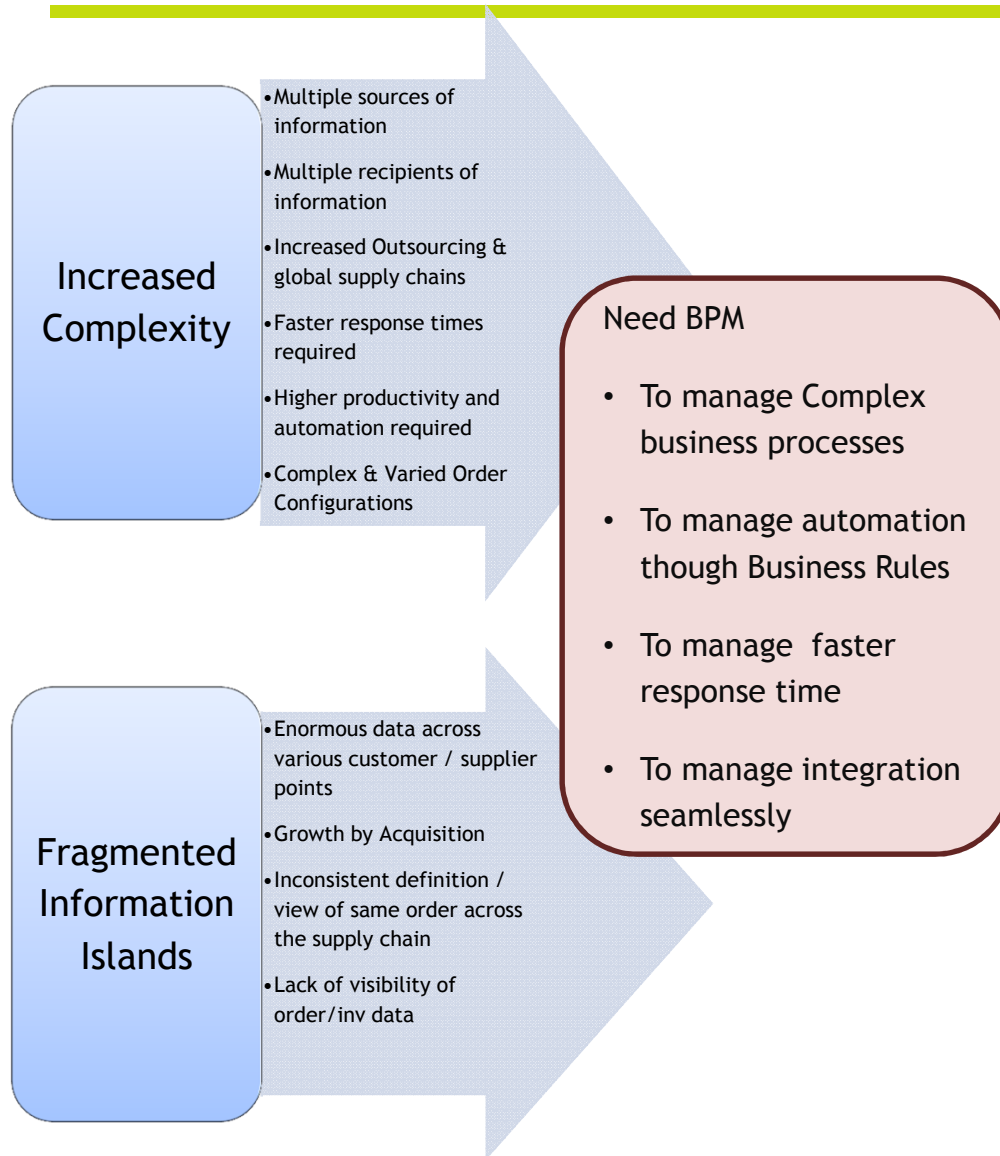


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Reasons for BPM Initiative



Causes for Process challenges



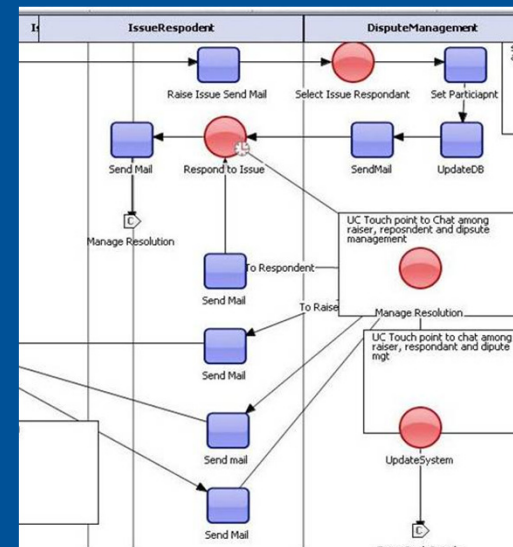
Source: A commissioned study conducted by Forrester Consulting

Common Practice

- Technology required to execute end-to-end order management is difficult to find in one integrated system.
- Companies put an ensemble of fragmented ERP, CRM, and SCM systems without ever considering the end-to-end order flow.

Distributed Order Management Framework

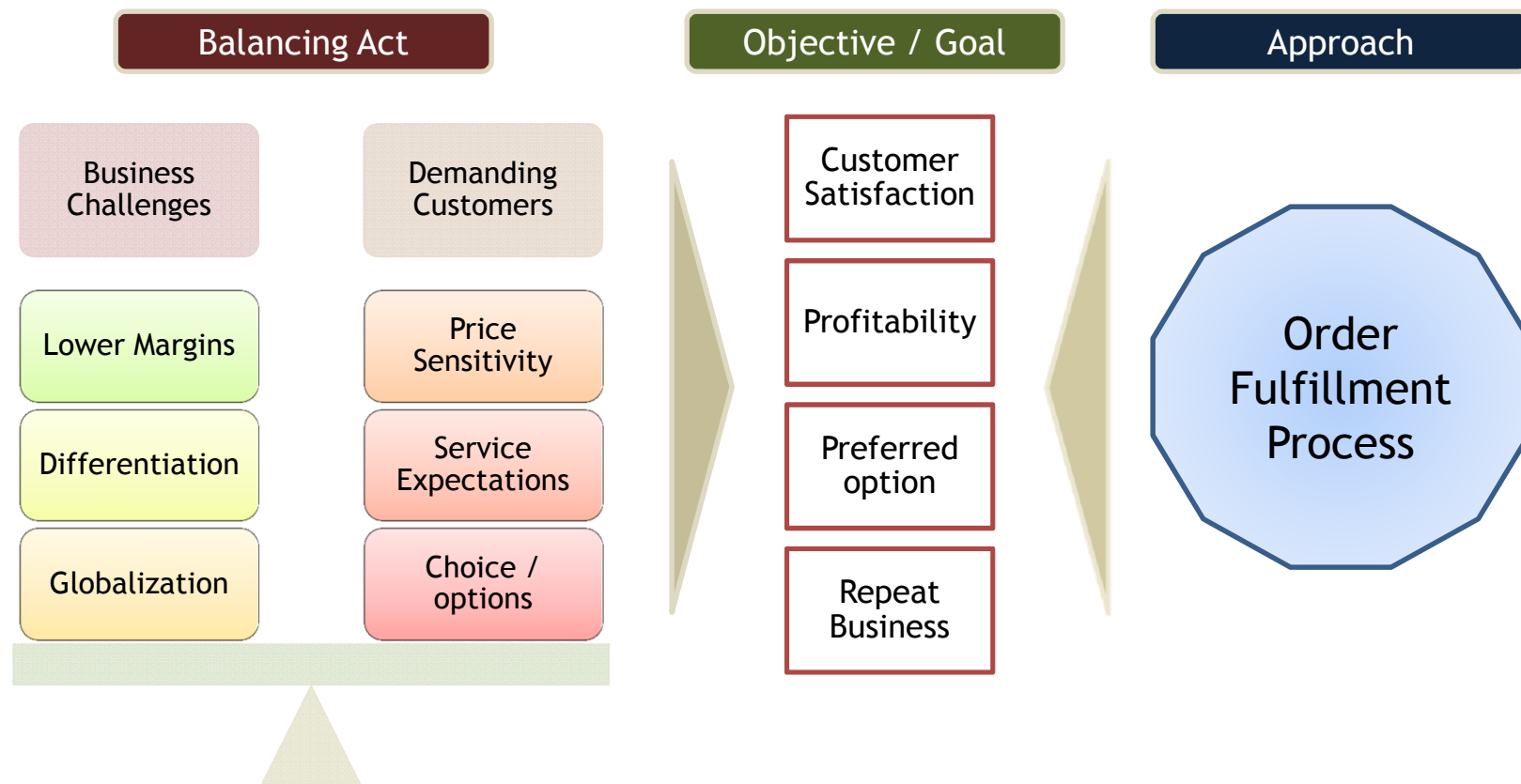
Manage & Track Order Fulfillment process through Capture, Process, Distribution to completion stage on BPM





Current Business Environment

The Economic Situation coupled along with the changing customer expectations drive the need to manage Order Management more efficiently



Distributed Order Management Solution (DOM)



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- Companies are struggling to keep track of Orders through the complex Supply Chain
 - Delays
 - Lack of Visibility
- Applicable for companies such as automotive, consumer packaged goods, high-tech OEMs, consumer durables, and third-party logistics firms.
- The DOM Solution would be able to do the following:
 - Accept orders from diverse sales channels,
 - Direct & Control execution instructions to internal / external fulfillment entities,
 - Be a single window visibility tool to all the fulfillment operations of the enterprise.

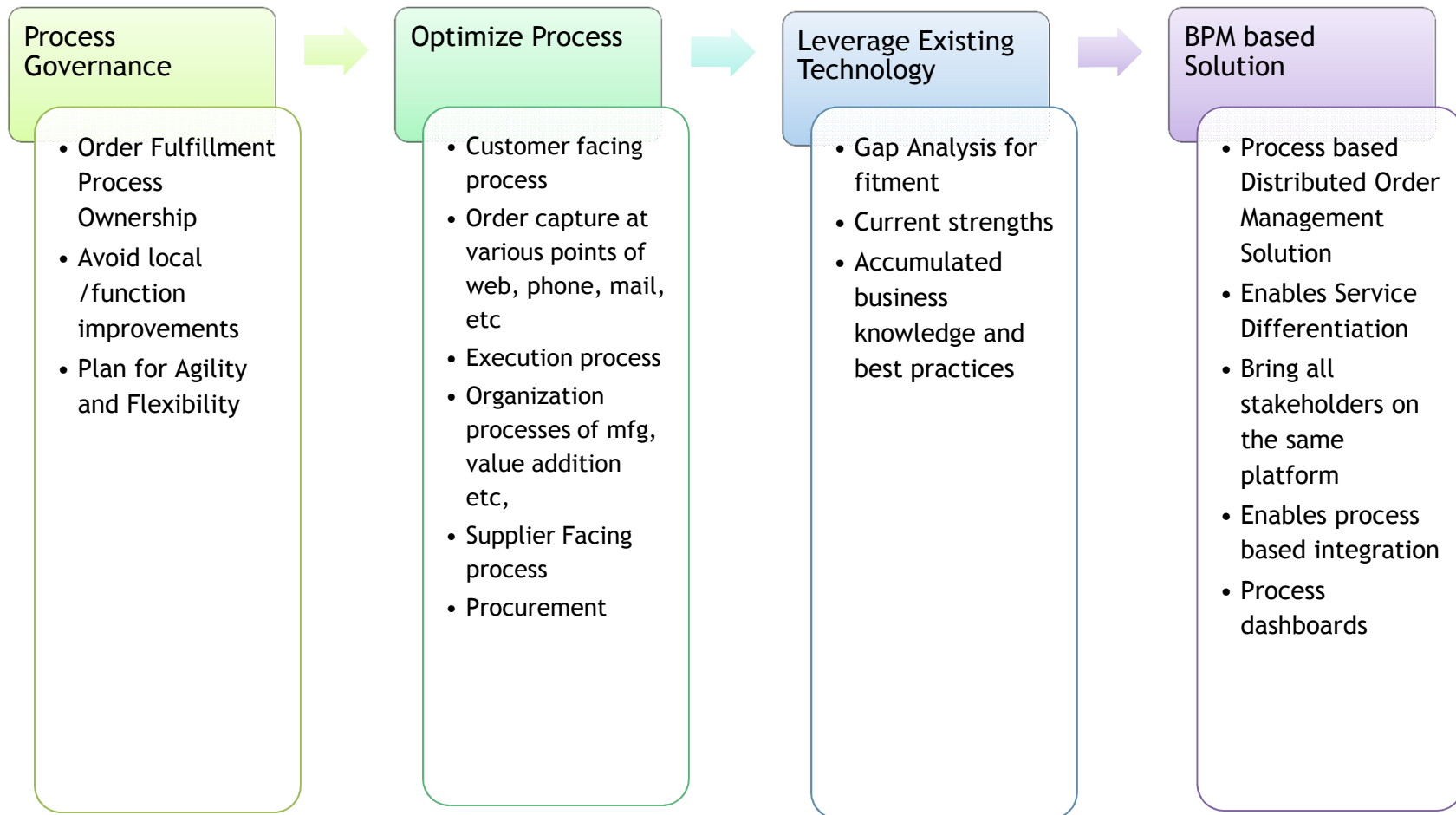


Limitations in Current Conventional Solutions

- Traditional applications address fulfillment “**within the four walls**” of a company
- Existing technology infrastructure was never intended to handle the **complexities of multiple channels & multiple customer interactions.**
- The key problems are as follows:
 - High Volumes with **multiple sources** and **multiple partners**
 - Enormous amounts of data but this **data is not centralized** across the organization.
 - **Real Time Order** visibility in the extended Supply Chain
 - **Integration with Legacy & Other Transaction Systems**

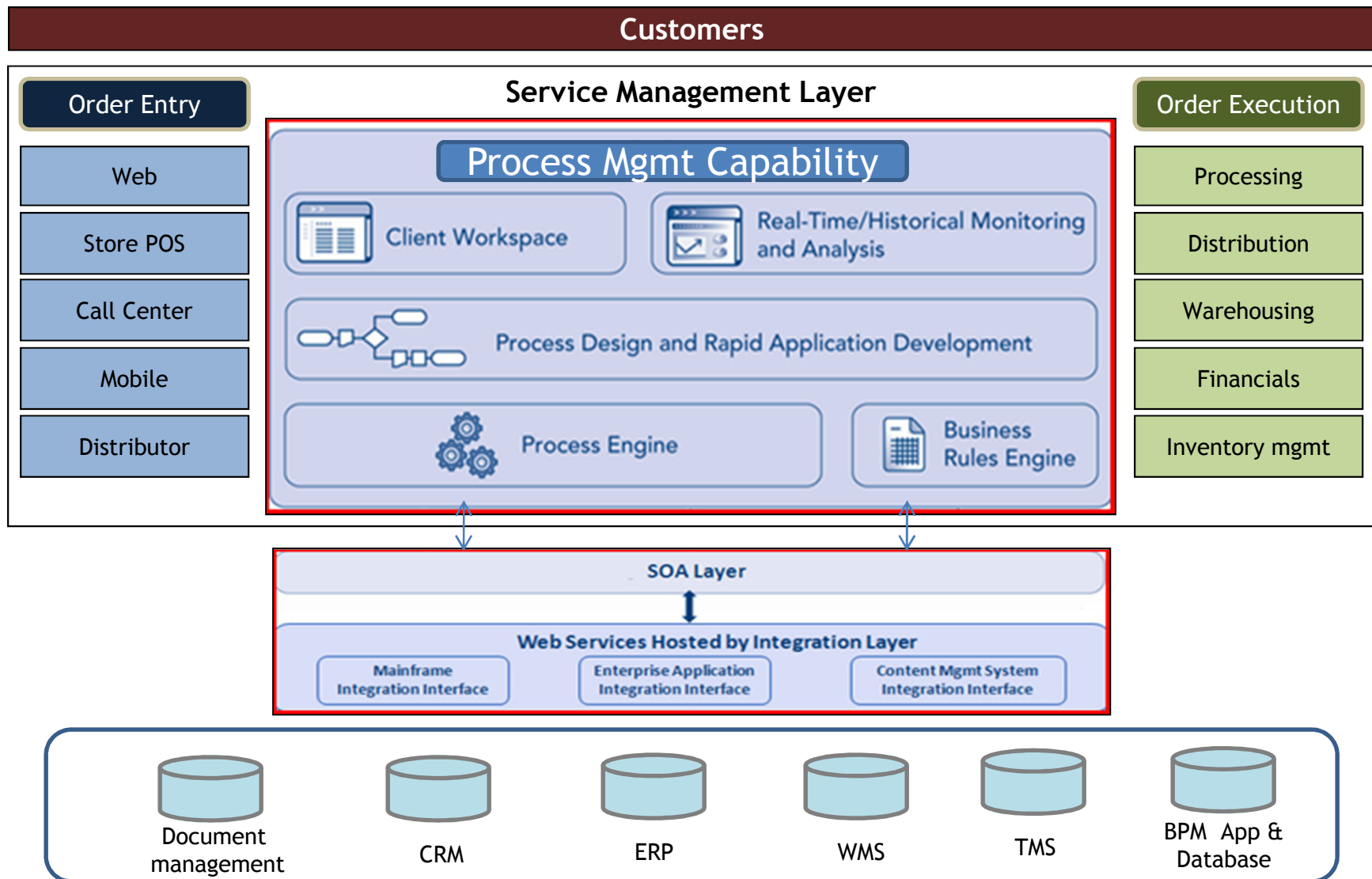


Our Solution Approach





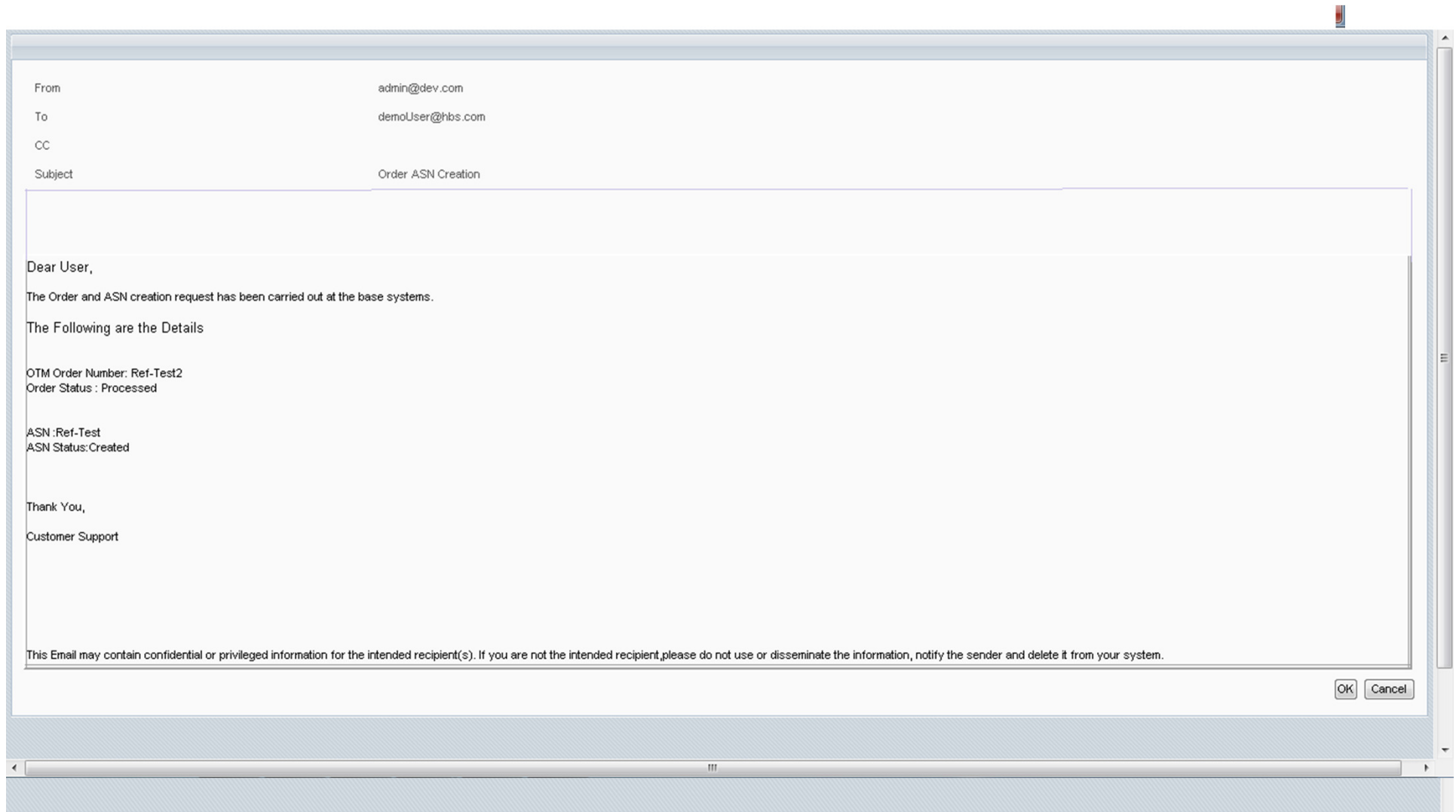
Our Distributed Order Management Solution Architecture



Screen shots of solution



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Accounts Payable Process



Manage & Track the complete process from invoice capture, approval, ERP 3-way check , payment advice, payment completion

Background of Accounts Payable Process



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- Invoice processing is a mix of distributed and centralized processing in an ERP environment.
- Marketing, Transportation and other expenses are typically distributed across branches and sales offices depending on Business Policies
- Companies centralizing payment process through
 - Setting up captive shared service center
 - Outsourcing to BPO
- Current Challenges in the payment process
 - Higher Probability of leakage - early payments, incorrect payments etc.
 - Inconsistent turnaround of processes leads to distressed suppliers, increased procurement costs etc

Business Case for Solution



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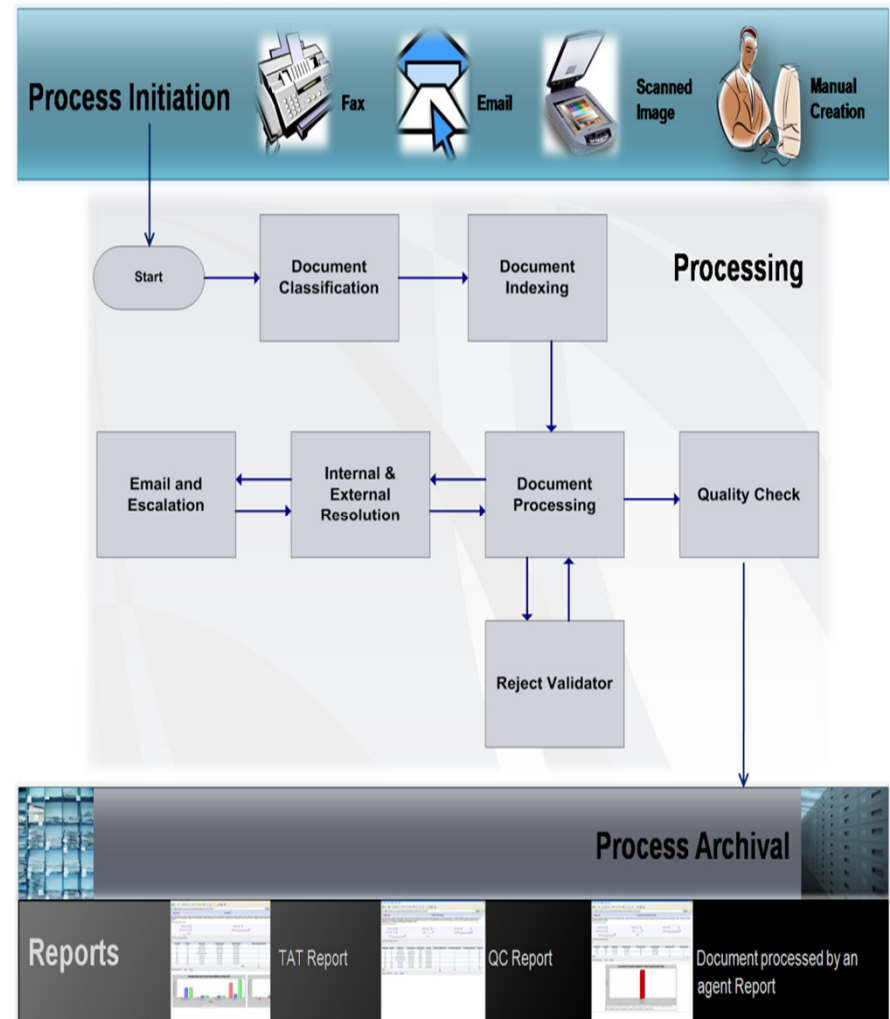
- Applicable to BPOs or Shared Service Center
- Key challenges faced in transitioning business process from current entity to Shared Service or BPO
 - Long process transition times
 - Process Gaps
 - Lack of common view across stakeholders
 - Managing these outsourced business processes within the defined SLAs
 - Lack of visibility & control over process once outsourced
- Build competency & expertise in the process
- Ability to standardize and take this offering for other customers

Solution Brief - F & A - Accounts Payable



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- **BPM platform** to be used to define and model the process for account payables
- All outsourced processes in **F&A (Finance and Administration)** domain viz; Accounts Payable, Travel & Expenses, Case Tracker, etc.
- The **Generic Process Automation Framework** offers parameterized configurable capabilities, with extensive reusability of process & technology components for multiple process roll-outs.
- Solution offers **Dashboards & Reports** for monitoring process SLAs and continuous process improvement.



Solution Benefits



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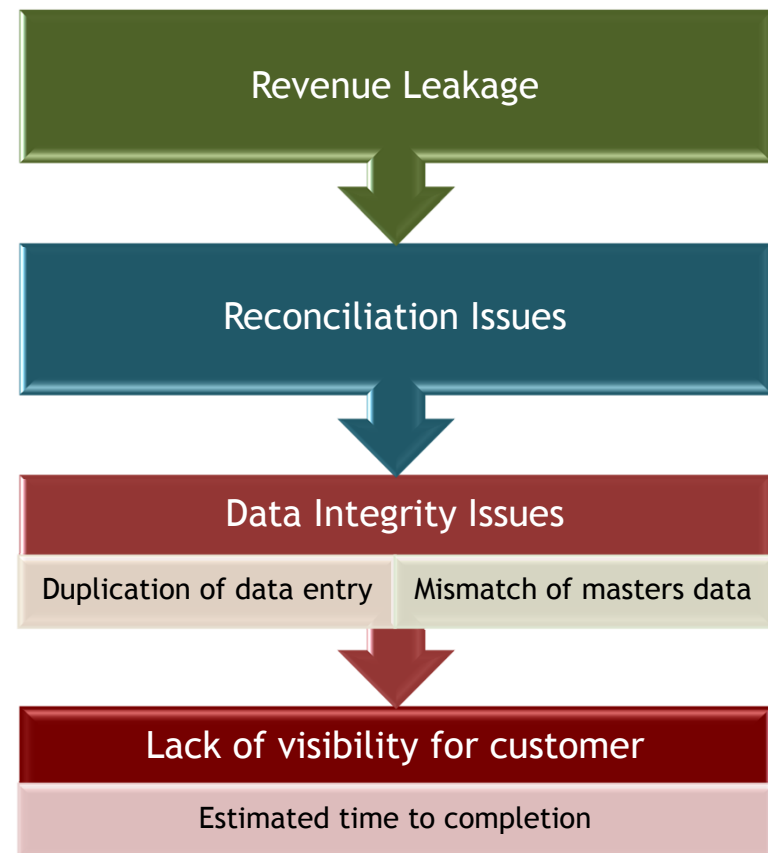
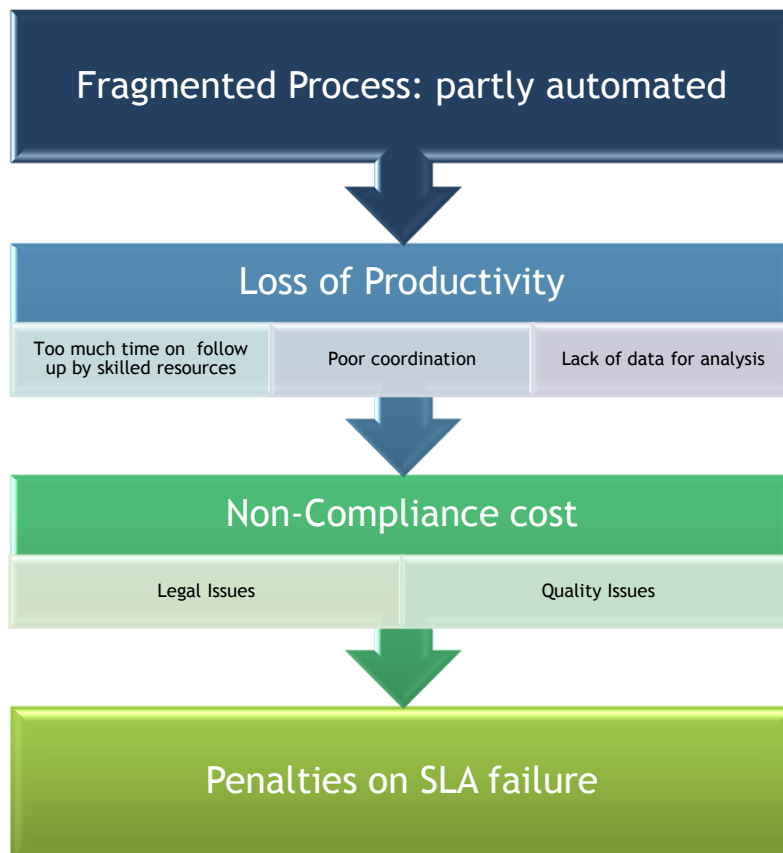
- Provides competitive advantage by **faster on-boarding of outsourced processes**.
- Enables better **control & visibility to customer** at required points in the process after it has been outsourced.
- Increased **adherence to planned SLAs** on Quality and Turn Around Time & other process parameters
- Reduced cost per transaction leading to **higher operational profits**.
- **Scalability** of solution to handle higher volumes and multiple processes for multiple customer deployments over time.

Business Challenges Addressed By BPM



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BPM is the right solution to address these business challenges that one often hears in conversations with CXOs



Sample Processes



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1. Service Orders
2. Finance Reconciliation in scenario of multiple divisions
3. Item Master, Supplier Master, Customer Master creations
4. PMO processes
5. Alerts & Notifications as part of quality process
6. Supplier Schedule management
7. HR - On-boarding / Leavers
8. Customer On-boarding for Services Organization
9. Dealer extensions
10. Warranty management
11. Engineering & change management
12. Payment Process
13. Web-extensions for ERP processes

BPM Critical Success Factors



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- **Incremental improvement is the key**
 - If you focus to include all in 1.0, you will never see 1.1 release. Follow a phased approach towards implementation.
- **Map all stakeholders**
 - Process is often embedded in transaction systems & manual activities.
 - Discovery through meetings & workshops with Stakeholders
 - This will also help to avoid any critical requirement being missed out.
- **Assess Willingness to Change:**
 - Need to manage two kinds of scenarios:
 - End- Users face challenges and need improvements. In these situations acceptance is easier
 - End-Users are comfortable and very familiar with current systems.

BPM Critical Success Factors



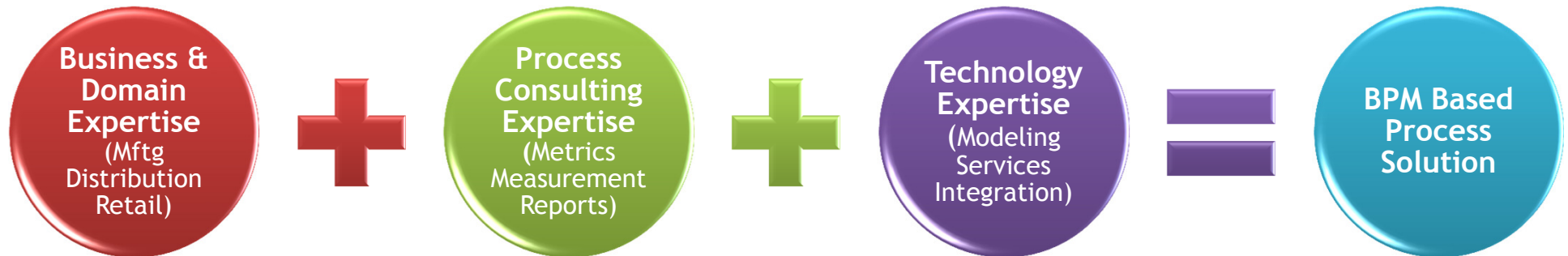
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- **‘LEVERAGE’ & Do not ‘REPLACE’ existing Systems**
- **Build Business Case:**
 - Identify and document the expected business benefits
 - This will serve as guiding lighthouses to keep focus on the core areas
 - Build Focus on data collection (process data, business data, effort data, implementation time, etc) through the journey of BPM.
- **Business participation is critical to the success of any BPM project.**
- **Plan and Put together a well-oiled BPM COE to improve BPM adoption in Organization:**
 - provide continuous value in terms of learning, reusability, productivity and sustenance.

Our Services on BPM



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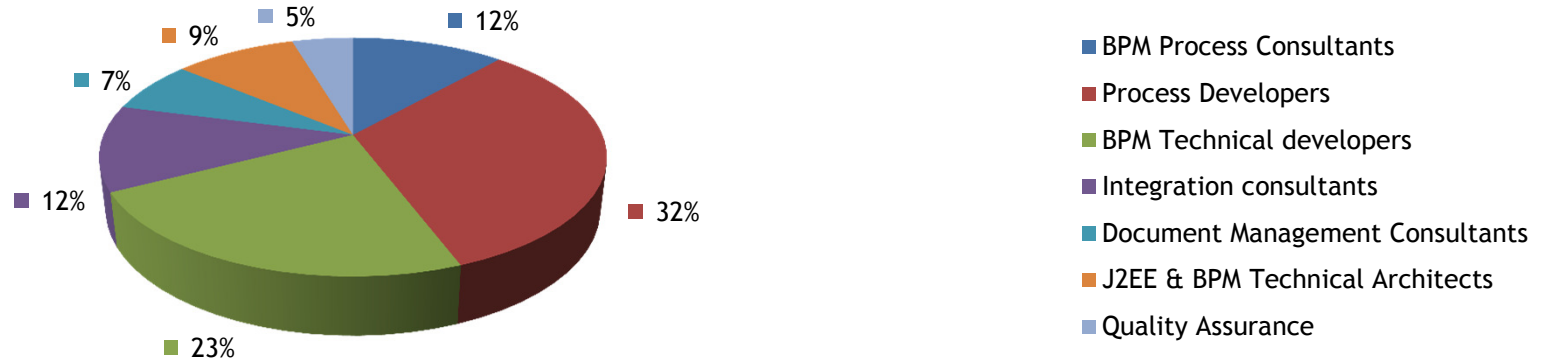
- Our Service Offerings on BPM helps customer traverse the entire BPM journey from Process Modeling, Technology evaluation to implementation and support.
- Our BPM solutions help customers extend ERP & manage customizations to manage organization / industry specific processes, exceptions etc.
- It also helps companies overcome operational challenges such as SLA compliance, reconciliations, regulatory compliance etc.

Our BPM Service Offerings



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Role wise Distribution



Consulting

- Business Process Maturity Assessment & Process Mapping
- BPM Product Evaluation & Recommendation
- BPM Business Case Preparation
- BPM Architecture Consulting & Roadmap Creation

Enablement

- Solution Design & Implementation
- Legacy Transformation & Modernization
- Building Agile Business Applications

Sustenance

- Support & Maintenance
- Version Migration
- Optimization

Specialized Offerings

- Post Implementation Value Assessment
- BPM COE Setup
- BPM Training
- BPM Testing
- SaaS Based Offerings

Our BPM Experience



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Industry Vertical	Case Study Brief
BPO	<ul style="list-style-type: none"> • Invoice Processing and Contract / Rate Management System
Services for Construction	<ul style="list-style-type: none"> • Solution Frameworks and components for implementation and roll out
Hardware Manufacturer	<ul style="list-style-type: none"> • Process consulting & analysis - modeling, standardization & measurement (KPIs & Metrics)
Shipping	<ul style="list-style-type: none"> • Automation & optimization of cargo clearing processes using BPM-SOA (BPM & ILOG Suite)
Banking Solutions	<ul style="list-style-type: none"> • Lending and Loan Management system
Food Processing	<ul style="list-style-type: none"> • Integration of Transportation, Warehousing and ERP systems through a process execution layer
Express Logistics	<ul style="list-style-type: none"> • Solution recommendation, business case & roadmap preparation
Freight Forwarding	<ul style="list-style-type: none"> • Legacy modernization approach & roadmap
Insurance	<ul style="list-style-type: none"> • New Business Acquisition, Underwriting & Claims process implementation & support using TIBCO iProcess & TIBCO BW
Pharma	<ul style="list-style-type: none"> • BPM COE/ Shared services Setup, Enablement & Proliferation • Process automation & optimization within the shared services model of BPM COE using Lombardi BPM



Process Automation Enabled by BPM-SOA - Global Shipping Major



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Key Highlights

- Average traffic volume of around 300+ vessels/ships at ports globally per day
- Peak load of 6 million containers processed per week
- Average of around 50+ process tasks to be executed per vessel for cargo loading/ unloading



Business Requirement

- Need to measure & improve productivity of core shipping business processes on a continuous basis
- Need to comply with country specific regulatory norms for clearing cargo at ports
- Need to automate manual tasks resulting in lower productivity & rework
- Need to integrate existing systems for vessel scheduling, port operations, container booking , etc. to eliminate duplicate data entry

Solution and Services

- SOA based solution architecture comprising of following key components - Service Bus, BPM (process mgmt) & IBM-Illog JRules (rules mgmt)
- Our scope of work - solution design, configuration & development for over 25+ processes spanning over the entire program life cycle

Business Value

- Improvement in process efficiency in the tune of 20-25% to start with
- Reduction in operational cost by enhancing utilization of empty containers
- Better & faster compliance to regulatory norms



Invoice Processing, Contract Mgt on BPM Based Solution - Global BPO



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Key Highlights

- Average invoice volume of around 100 per day
- Custom development of Contract & Rate Server
- Integration between BPM invoice processing and Rate Server



Business Requirement

- High volume of invoice processing for two of its customers in Transportation and Logistics business
- Need to automate this process of invoice capture and processing
- Contract and Rate definition in a custom built software based on business operating model and its contracts with transporters
- Need to integrate the business process with this custom system to accurately arrive at rates based on the invoice details submitted by the customer

Solution and Services

- Savvion BPM used for defining and developing the invoice capture and processing activities
- Custom built a contract management and rate definition server for keeping the master data of the transporters and different types of negotiated rates

Business Value

- Streamlined and automated process of invoices capturing and processing in a outsource environment
- Integration of process with Rate Server ensures greater degree of control on payments to transporters for services rendered.
- Ability to report on process metrics and various



Among **BEST 5** companies

by Industry Focus:

AUTOMOTIVE

- *International Association of Outsourcing Professionals (IAOP), Apr '09*

Among **BEST 20** leaders

by services offered:

Industry- Specific

- *International Association of Outsourcing Professionals (IAOP), Apr '09*

KPIT Cummins is a
specialized provider focused on
automotive industry

-*Forrester (Aug 09)*

Q & A