

CASE STUDY

Empowering channel partners

Advancements in technology take place in the blink of an eye; far, far faster than the speed of light. The pressure to harness these advantages and still stay ahead of the game is intense; more so if you're one of the big players, with a global reach. It is vital for every aspect of your business to work to the optimum, with precision.

The Scenario

The client's vital distribution and service operations to customers in India are managed by a 200-member strong channel partner network. The Channel Partner reimbursement process for services, warranties and replacements is rather complex. This coupled with about 100,000 monthly service calls presented a number of operational challenges, and extended to the quality of service between the client and its channel partners. From an accounting standpoint, the client's finance team were required to determine the monthly outstanding liabilities to its channel partners, requiring some key improvements, specifically:

- Streamlined and improved channel partner reimbursement process
- Reduced Turnaround Time (TAT)
- Enhanced service levels to their partners
- Accurate outstanding liability

How do you implement a pricing calculation mechanism with adequate controls in a business that is expanding rapidly, sustain a complex supply chain, and combat the increase in probability of processing errors? How do you support a team with limited time to address these issues? How do you reduce stress levels arising from ad hoc processes and long turnaround times?

Simply put, the key issues were:

1. 500 pricing permutations for closed calls + manual process > errors = financial loss
2. Ad hoc processes + lengthy turnaround time (73 days) = choked cash flow and dissatisfied network partners

3. Opacity in reconciliation + distributed reimbursement > multiple regional payment points = poor channel partner engagement and inaccurate disbursements
4. Duplicate claims + poor quality control = duplicate reimbursements
5. Backlog of reconciliations = Poor visibility of accrued liabilities

The Solution

A detailed study of the entire system followed by the implementation of a re-engineered process resulted in:

- A 15 per cent reduction in turnaround time, with the aim of a further reduction by 10 per cent through the introduction of automated processes
- A significant reduction in the time taken for claims reconciliation
- A reduction in disputes pertaining to reimbursements to network partners
- An increase in partner satisfaction from error-free pricing and the ability to lodge accurate claims faster
- The provision of timely and accurate information on liability accruals to the client's Finance team

Pierian helped the client to achieve the above within six months.

Pierian carved out a strategy plan to address challenges

Pierian recognised the requirement to re-engineer existing processes (AS IS). An experienced Business Process Re-engineering (BPR) team examined the existing process to identify measurable outcomes and improve overall efficiency. A detailed study identified the under-performing areas, critical failures, process risks and ineffective controls.

Pierian proposed a new workflow methodology and TO BE process

This included the design of revamped control points, Key Performance Indicators (KPIs) for critical performance measures (PMs) and increased internal controls with adequate Segregation of Duties (SOD). As a result, key areas that could be automated were identified and a roadmap to achieve them was defined.

Pierian recommended a two-way approach to the transition plan

A strategic two phased approach was planned for the project. A team was assigned to complete a pilot test and parallel run the second phase. Key issues were agreed and resolutions were defined, to be addressed after the parallel run. This ensured a smooth transition involving all stakeholders, moving from 'AS IS' to 'TO BE' including redefined controls, SODs and KPIs. After a 30-day 'parallel run', the entire process was transitioned to Pierian's delivery centre.

Pierian instituted rigorous Quality Checks throughout the process

This was introduced to ensure that there weren't any errors or duplicate payments being processed. Pierian trained and supported the client to adopt the new process, which meant clear deadlines and quality outputs resulting in uniform, faster and accurate re-imburement/ payment across the supply chain.

Pierian streamlined communication with the channel partners

Today, Pierian has achieved a single day turnaround time with the channel partners on responses to issues and updates, irrespective of varied levels of complexity.

A monthly review of operations is conducted with the client's management to review operational and financial metrics, and service performance. The client can now assure its Channel Partners of business and knowledge continuity, enhancing the overall Payout TATs, and availability of critical financial information. The client also enjoys a reduced number of Partner reconciliations and improved partner satisfaction levels.

The client is a global technology solutions provider and ended FY08 with revenues of \$118.4 billion. They have a significant presence in India and employ over 60000 personnel. Their Indian distribution and service network has over 200 partners spread across the country, aiding in sales, service and infrastructure maintenance businesses.