Complete transformation and process improvement at a multinational energy management and industrial automation company

Rationalizing the entire application landscape and delivering a dynamic set of automation, innovation, and financial reporting solutions

Localization vs standardization: an eternal challenge

One of the fundamental challenges faced by multinational companies is the need to maintain a balance between localization and standardization imperatives. On the one hand, different countries have diverse local conditions that must be adapted to in order to stay competitive. On the other hand, such localization can often lead to a duplication of processes, non-standard IT systems, and significant shadow IT components. At the organizational level, this can create significant management and governance challenges.

A French multinational company specializing in energy management and industrial automation solutions was grappling with this exact challenge. This had led to a complex delivery model that hampered efforts to increase efficiency and drive transformation across the organization. To address this challenge, the company approached Capgemini and requested an expansion of their existing partnership to include application development and management as well as support for the organization's transformation agenda.

Overview

Client: A multinational energy management & industrial automation company

Sector: Energy and Utilities

Client Challenges:

The company wanted to overcome a complicated IT landscape, launch innovation and transformational efforts, and develop a cost-effective roadmap for rationalizing its existing IT infrastructure

Solution:

Capgemini's ADMnext provided support with the rationalization of the company's IT infrastructure, digitalization of its finance department, and the optimization of application stability and performance with automation, innovation, and industrialization solutions

Benefits:

- Rationalized, simplified, and decreased overall cost of the application portfolio
- Reduction in the total number of applications over a five-year period by 650
- 30% improvement in the order management cycle
- Reduced number of tickets generated annually from 40,000 to 26,000
- 50% reduction in pending tickets
- 98% forecasting accuracy of labor capacity management in the company's Turkish warehouses
- Substantial savings from automation and "move east" initiatives

Managing a complex delivery model

Utilizing ADMnext solutions and tools, Capgemini needed to align with the company's geographical governance model, which required the presence of local resources to interface with the IT and business teams in each country. Each of these teams was at a different level of maturity with distinct processes, tools, ways of working, and degrees of alignment with the business. This made management difficult and governance expensive, often leading to a duplication of efforts across teams in different countries.

Capgemini's Rightshore approach helped address this by maintaining business-centric resources on site, with the rest of the delivery team operating out of Capgemini's India offices. To properly manage this dual approach, the partners followed a One Team model, which acted as a single source of governance for both on- and off-shore teams. This enabled a balance to be struck between local expertise and the benefits associated with standardization, automation, cost reduction, and efficiencies of scale. In addition, the approach provided a new level of rationalization and simplification that played a key role in eliminating technical debt and reducing the number of applications handled from 950 to 300.

Next, the delivery team utilized a number of ADMnext levers, including Rapid Resolve (RaRe), Failure Mode Analysis (FMA), and Business Process Focus (BPF). Most notably, BPF helped resolve pressure points in the company's sales order process, which eventually brought the average sales order cycle time down from twelve to eight days.

Innovation and transformation

The Capgemini delivery team also put together an innovation fund, which dedicated one percent of add-on sales revenues towards innovation. This unique contractual mechanism enabled the company and Capgemini to concentrate purely on innovation. Over the years, this has led to a budget of between 300K to 700K Euros per year, which is dedicated exclusively to innovation. In addition to this, Capgemini set up a Design Office for the organization to connect intimate client knowledge that existed within delivery teams with the skills, resources, and technologies already present in the wider Capgemini ecosystem. As of mid-2020, Design Office has registered 68 ideas, triggered three studies, and delivered two POCs and five projects with an average of 70 days per subject.
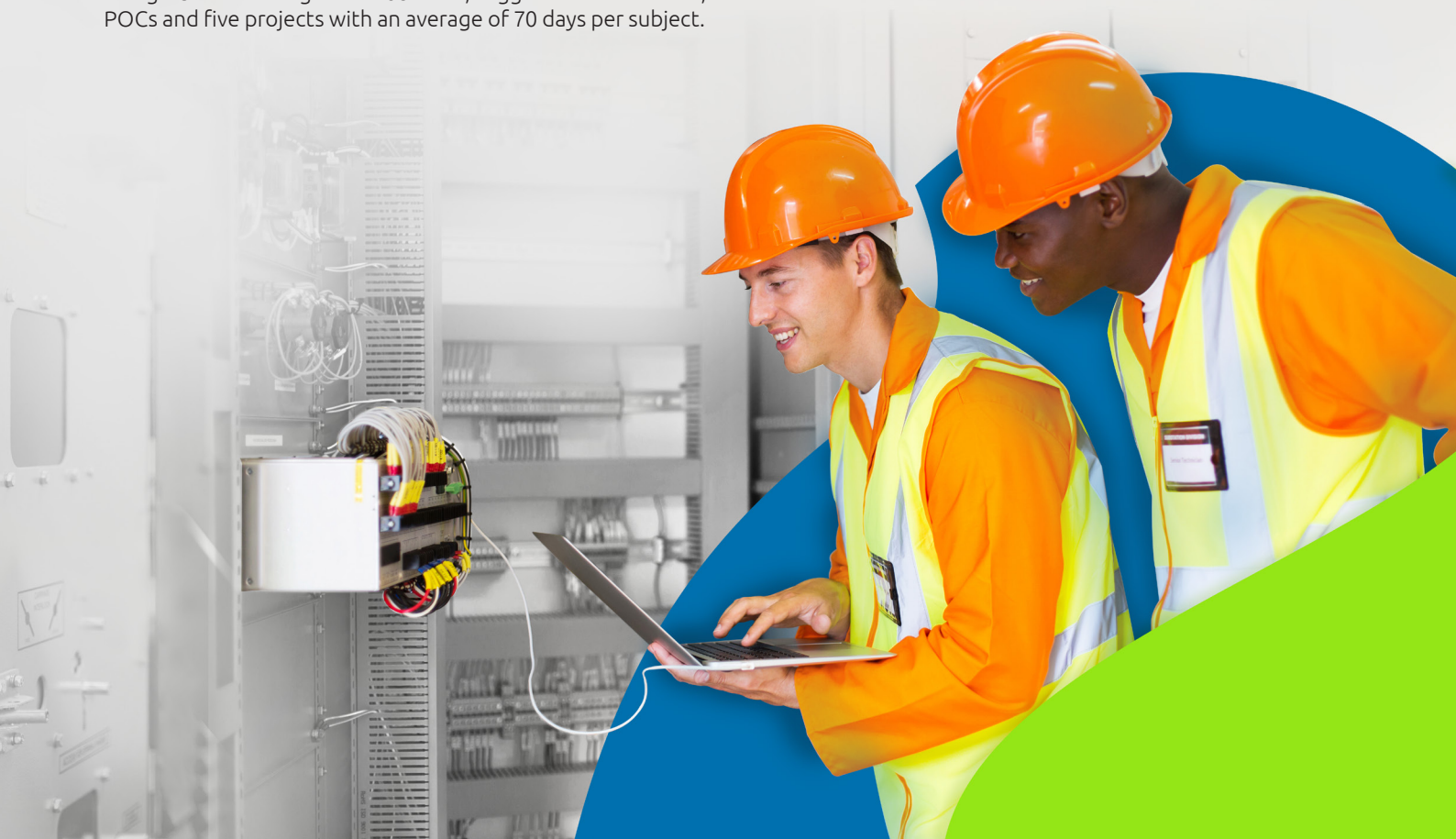
In 2020, a new contractual mechanism was created, called the transformation fund. This has resulted in 50% of the eligible savings from the new contract to be used by the company and Capgemini to invest in purely transformational projects that are aligned with the organization's strategic roadmap and desired business outcomes. With this in mind, the partners are currently focused on projects related to a move to Cloud and an ERP consolidation and modernization strategy.

Improving the quality, consistency, and ease of financial reporting

The consolidation of the client's heterogenous ERP landscape brought together disjointed teams from each ERP platform in order to improve data extraction, whereas previously, data coming from the different systems could not be compared. Also, the delivery team's ERP alignment addressed non-automated reporting that was leading to inconsistent data quality in internal controls, higher costs, and sub-optimal data reporting with Finance and Controlling (FICO) SAP functionalities.

Overall, the above initiatives led to the following benefits:

- Rationalized, simplified, and decreased overall cost of the application portfolio, both in terms of services and technology debt
- A decrease in the total number of applications from 950 to 300 over a period of five years
- Digitalization of the central finance system
- 30% improvement in the order management cycle
- Reduced number of tickets generated annually from 40,000 to 26,000 and decreased pending tickets by 50%
- Improved forecasting accuracy of labor capacity management in the company's Turkish warehouses to 98%
- Substantial savings from automation and "move east" initiatives, which were re-invested in transformation projects.

Energizing the future with ADMnext

As the company and Capgemini continue on this journey together, there are a few key projects on the immediate horizon. These include centralizing the governance model, implementing SAP Agile delivery for all domains, and standardizing and modernizing the digital landscape with migration to SAP HANA. The partners are planning to expand on the successful IT infrastructure rationalization and finance department digitalization with the implementation of eAPM for continued portfolio rationalization and elimination of technical debt, along with continuing to support ERP for future business transformation.

About Capgemini

Capgemini is a global leader in consulting, digital transformation, technology, and engineering services. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. A responsible and multicultural company of 265,000 people in nearly 50 countries, Capgemini's purpose is to unleash human energy through technology for an inclusive and sustainable future. With Altran, the Group reported 2019 combined global revenues of €17 billion.

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