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With Capgemini, we have been able to set the fundamental foundation for continual development. Our end-to-end operational productivity has increased considerably — in addition to the F&A services being of a much superior quality. We will continue to raise productivity levels more as we further leverage on Capgemini's expertise within our operations.”

Ms Carisy Kwong
Finance Director
Jardine Restaurant Group
Hong Kong & New Markets



Cost Efficiencies Up by 50% at Jardine Group thanks to Finance Transformation

Capgemini helps the Restaurant Group achieve superior business outcomes with best-in-class Finance & Accounting processes

The 2 “W’s” of Jardine Restaurant Group’s strategy help Pizza Hut and KFC become powerful brands in Asia

“Emerging markets can be volatile with ever-changing political, cultural, social and economic factors to consider,” says Henry Yip, Chief Executive, Hong Kong & New Markets at Jardine Restaurant Group (JRG). Today, JRG — wholly-owned by Jardine Pacific — is Asia’s leading restaurant group that operates over 650 outlets and employs over 21,200 employees. JRG has been driving the growth of international brands Pizza Hut and KFC in the Asian markets of Hong Kong, Taiwan, Vietnam and Macau.

Overview

Customer Name:

Jardine Restaurant Group, part of the Jardine Pacific Group

Industry: Hospitality

Location: Hong Kong, Taiwan, Vietnam and Macau

Client Challenges/Business Need:

To maintain world-class operations at low costs, JRG needed to move its Finance & Accounting (F&A) operations to a low-cost center, while ensuring business continuity, enhanced process efficiency, and stable reporting.

Solution-at-a-glance: End-to-end consolidation of F&A processes, leveraging Capgemini’s Rightshore® approach, unique IP tools and methodology.

Results (Benefits):

- Cost efficiencies up by 50%; average annual cost efficiency by 5%
- Improved productivity
- Improved risk mitigation with internal controls
- Enhanced reporting leading to better compliance

The Collaborative Approach:

The Collaborative Business Experience™ is central to the Capgemini philosophy and a pillar of our service delivery.

Capgemini and JRG worked collaboratively to develop a roadmap for the transformation, of implementing a cost-effective location mix, ensuring business continuity and minimizing risk.

- With a host of tools, platforms and methodologies at play, productivity has increased significantly for JRG
- The implementation of internal controls and the business continuity plans have been instrumental in mitigating risks
- While there has been a huge one-time impact on cost efficiency, Capgemini continues to work towards driving more value for JRG by using its Global Process Model to enhance productivity, operational effectiveness and reporting.

Hong Kong and Taiwan are mature markets, and therefore, fiercely competitive. Vietnam and Myanmar, on the other hand, are more traditional, where consumers lack the exposure to international brands and tastes. Despite the wide disparity in consumer needs and market forces, JRG has been successful in changing consumer tastes, increasing their desire for casual dining restaurants, quick-service menus, and takeaway/deliver services. Above all, JRG has been extremely successful in building two powerful brands — Pizza Hut and KFC — with relentless focus on the two W's: "Winning food" and "World-class operations". Yip says, "We are confident that with our strong brands and business models, we will achieve our objectives."

Striking a balance between a low-cost location mix and best-in-class operations

World-class brands require world-class operations. JRG is implementing "world-class operations" to drive its business objectives. For a Company of JRG's reach and scale, ensuring year-on-year revenue growth and profits means keeping a tight control over costs, while ensuring zero compromise on the quality of operations and services.

Striking a balance between low costs and world-class operations became a challenge for JRG. With operational costs rising in Hong Kong, JRG felt the need to explore business process outsourcing (BPO) as a strategy to lower costs. BPO would provide an optimal location mix for its Finance operations and at the same time improve productivity and efficiency. Accordingly, JRG decided to split up its Finance and Accounting (F&A) operations across Hong Kong and Nanhai. Nanhai is a district in Foshan — the third largest city in the Guangdong province in China. In the last few years, Foshan has evolved into a buzzing service outsourcing hub, with its own unique financial service outsourcing capabilities. Foshan's Nanhai district, therefore, became the chosen location for JRG's F&A operations.

Ensuring business continuity during the transition was a major concern for JRG. There was also the need to ensure that all processes in F&A (Accounts Payable, Accounts Receivable, Payments, Financial Accounting, General Ledger, and Generation of Management Reports) were transitioned smoothly, without impacting any of its outcomes including productivity, cost per invoice, Day Sales Outstanding (DSO), ADD (Average Days Delinquent), and planning-forecasting-budgeting abilities, among other things. Additionally, JRG needed a dynamic reporting solution that could make data capture and visualization easy and more useful for the CFO's office.

Operational strategy transformation requires the right blend of operational expertise, platforms, and methodologies

JRG selected Capgemini as its partner to drive this change/transformation in operational strategy — to drive end-to-end consolidation of the F&A function, to ensure business continuity during the transition to Nanhai, manage the transition to Nanhai, and finally enhance the reporting within F&A to ensure compliance with SOX and IFRS regulations.

Capgemini had built client intimacy over the years with Dairy Farm — a fellow subsidiary company of JRG. At Dairy Farm, Capgemini had earned the reputation of seamless delivery and performance. Furthermore, Capgemini's near-shore approach, cultural similarity with JRG, and business relations with Dairy Farm made us the best-suited partner for JRG.

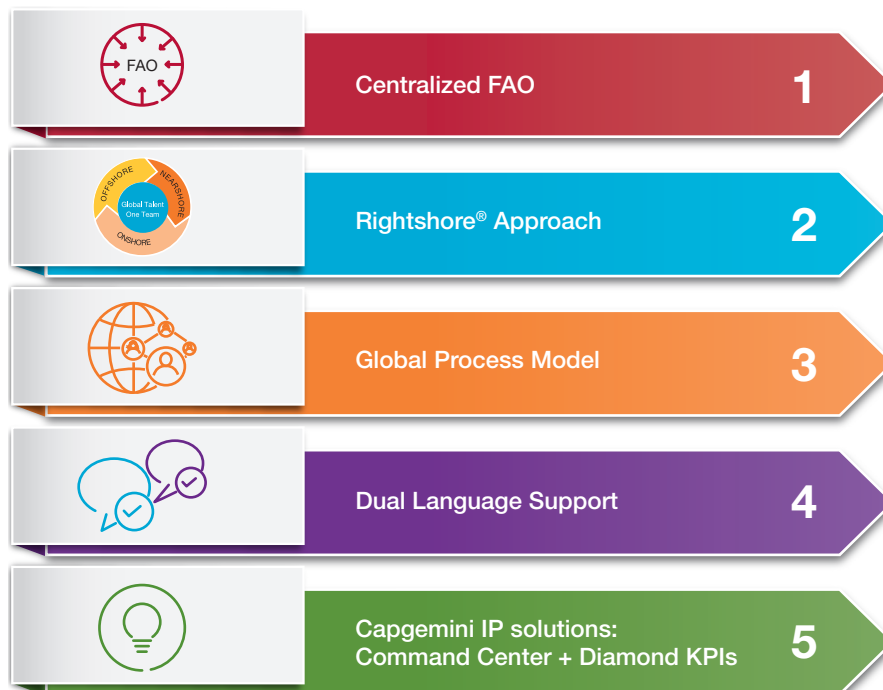


Fig.1: The 5 key elements of Capgemini's solution for Jardine Restaurant Group

Capgemini started out with centralizing Finance and Accounting Outsourcing (FAO) at JRG and restructuring the team which had been previously handling these functions. During this phase, end-to-end accounting services were provided seamlessly to JRG.

Capgemini deployed the Rightshore® approach — that leverages the best resource from the best location, at the best cost — to set up its Global Delivery Network across JRG's Nanhai and Hong Kong locations, which ensured that JRG continued to run best-in-class F&A operations, at much lower costs. To specifically address concerns about business continuity at JRG, Capgemini developed a contingency plan that could be used during onsite crisis scenarios. Dual language support (English and Cantonese) — a critical business requirement — was provided for the FAO-related documentation processes. To transform JRG's F&A processes to the best-in-class, Capgemini used its Global Process Model (GPM).

The Global Process Model (GPM) is a "Target Delivery Model" adopted at Capgemini, backed by a database of defined world-class processes that represent global best practices. As part of the ongoing process enhancements being made at JRG, the Capgemini team performed a review of GPM for selected Procure-to-Pay (P2P) and Record-to-Report (R2R) processes at JRG. These processes included payment, vendor master data, fixed assets, and sales. The GPM review highlighted the multiple process improvements that could be implemented at the Restaurant Group. Relevant process change recommendations were made to the JRG team from the perspective of efficiency and effectiveness that would drive superior value for JRG.

Furthermore, implementation of Capgemini's IP tools, methodologies and platforms such as Command Center (for monitoring) and Diamond KPIs (to measure efficiency) brought more dimensions to transactional reporting, making compliance with SOX and IFRS more efficient.

About JRG:

Through the Jardine Restaurant Group (JRG), Jardine Pacific as at the end of 2013 operates over 650 outlets with over 21,200 employees, making it one of the leading restaurant groups in Asia. The JRG is one of Pizza Hut's largest international franchisees, with operations in Taiwan, Hong Kong, Macau and Vietnam. In addition, JRG also operates KFC outlets in Hong Kong, Macau, Taiwan and Vietnam, and provides value pizza delivery through PHD in Hong Kong.

JRG is wholly-owned by Jardine Pacific.

Learn more about client at:

<http://www.jardines.com>

Results Count – JRG sees improvement in bottom-line with cost efficiencies of 50%

JRG's association with Capgemini has yielded positive results for the restaurant group and made a solid impact on its bottom-line.

- **Cost efficiencies at 50%:** The establishment of the Delivery Network across Hong Kong and Nanhai helped establish the most cost-effective location mix for JRG's operations. This enabled significant cost reduction of approximately 50% at JRG. **More savings means higher business growth:** The project implementation at JRG helped save operation costs and established scalable finance back office support services. The efficient and high-quality accounting services being provided at the Restaurant Group helped them focus better on business growth and other development initiatives. The project rollout also provided a means to realize an average cost efficiency improvement of 5% annually. There was a rise in the number of JRG stores by 12% over the four year period from 2011 to 2014, and this growth in business was well-supported by the Capgemini team through reliable FAO services.
- **Productivity and operational efficiency parameters unaffected during the transition:** With Capgemini's Global Process Model, productivity and operational efficiencies remained unaffected. Improvements were also noted in certain parameters including cost per invoice, Day Sales Outstanding and Average Days Delinquent.
- **Enhanced internal controls and segregation of processes:** Capgemini helped JRG implement internal controls — through the Diamond KPIs approach and the Command Center platform — to segregate F&A processes. This is helping JRG minimize risks.
- **Improved reporting:** With new and improved reports being generated, top-level finance executives now have improved data visibility, which makes compliance (with SOX and IFRS) more efficient.

The Future Ahead:

With the vision of becoming the number one provider for casual dining, delivery and takeaway in Asia, JRG aims to have grown to 1,000 outlets by 2019 and to have diversified into more new markets, such as Myanmar. JRG will need partners who understand their business and will be able to support their ambitious growth objectives.

Capgemini has ably supported JRG's objective to balance low-cost location mix and best-in-class F&A operations. Satisfied with the results, JRG intends to outsource more complex tasks to Capgemini. Discussions are in progress to extend the Capgemini service to cover a new logo, which was newly acquired by the Restaurant Group. Capgemini is poised and in discussions with JRG to support their expansion across Asia.

About Capgemini

With 180,000 people in over 40 countries, Capgemini is one of the world's foremost providers of consulting, technology and outsourcing services. The Group reported 2014 global revenues of EUR 10.573 billion. Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness. A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

Capgemini is a recognized global leader in the provision of Business Process Outsourcing (BPO) solutions and services. We collaborate with some of the world's largest multinational companies, helping them transform their business processes and accelerate business outcomes in the areas of Finance & Accounting, Supply Chain Management & Procurement, Customer Operations Management, and Human Resources. Capgemini leverages the strength of its proprietary Global Enterprise Model (GEM) to deliver powerful analytics-driven BPO solutions tailored to each client's individual needs. As part of Capgemini's Rightshore® delivery network, a team of over 16,700 BPO professionals provides services to more than 100 globally diverse clients in 38 languages, 24 hours a day, seven days a week. This is done from an integrated global network of delivery centers in Australia, Brazil, Canada, Chile, China, France, Germany, Guatemala, India, the Netherlands, Poland, Sweden and the United States.

Learn more about us at
www.capgemini.com

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