

An Innovative Partnership

As a strategic component of Kimberly-Clark's Global Business Plan—improving efficiencies and cost-effectiveness—it chose Cognizant as a partner.

IN 2003, KIMBERLY-CLARK, the \$18 billion health and hygiene company, embarked on its Global Business Plan to accelerate the development of sustainable growth, reinvent its approach to innovation, become a legendary marketer and win with the customer. One of the goals was to accelerate the pace at which the company translated customer and consumer insights into innovative products, and to deliver sustainable cost reductions.

Central to that plan was a move that took shape in 2007, when Kimberly-Clark began outsourcing IT application development and maintenance to Cognizant. Doing so has helped Kimberly-Clark reduce IT costs and radically transformed its IT function into an organization that proactively adds business value by delivering a wide array of innovative services to external and internal customers.

"We wanted to focus on providing more service and value to our internal and external clients and partners, and outsourcing allows us to do that because we're not spending our time doing IT application development and maintenance," says Ramon Baez, CIO and vice president of IT at Kimberly-Clark. "We now have the capability within our company to be focused on value creation."

One example: IT worked with the marketing and engineering organizations to develop a virtual reality lab so that retail customers can visualize, via 3-D, virtual store layouts and merchandising options without moving a single package of product. Kimberly-Clark is helping its customers to be more successful by helping them better position, market and sell merchandise. It's one innovation that some say should be emulated.

In a December 2007 case study, Forrester Research wrote that "CIOs should learn from the Kimberly-Clark example to make sure they are structured to stay close to business idea creation and execution, including assigning staff to work with R&D organizations, cultivating a broad pool of talent, engaging in cross-functional teams and actively seeking and participating in innovation networks beyond the walls of the firm."

Baez says Kimberly-Clark also partners with large customers on RFID technology to more efficiently track merchandise through the supply chain.

"It's not just the technology; it's how you use it," he says. "We're actually embedded with our largest customers, co-located there so we can understand their pain points and partner with them to solve some of their technology issues."

Doing so offers the IT staff – who are now, according to Baez, even more business-focused than in the past – a way to inject innovation into the company, which gives it an advantage in the fiercely competitive consumer goods industry.

So what is Cognizant's role in this complex process? First, Cognizant's business consulting organization helped Kimberly-Clark improve IT performance, productivity and the cost of delivering basic IT services to the business units, which involves reviewing, restructuring and implementing better governance. In this first phase, IT became more involved in the daily operations of the business units and helped set business priorities.

In phase two, business-interfacing groups within IT will complete several strategic planning initiatives with the business units. IT will become embedded

in each business unit's strategic planning process and established as a vital partner in executing the strategic business plan.

On the traditional IT outsourcing front, Kimberly-Clark transferred development and maintenance responsibility for 570 business applications, including facets of its SAP ERP environment, to Cognizant for its North American and Western European regions. The company is encouraging Cognizant to provide innovation and assessments on how to improve existing applications and leverage new technologies to help drive its transformation initiatives.

Why Cognizant?

According to Baez, Kimberly-Clark chose Cognizant to help reach these goals for the following reasons:

- Strong customer communication and a client-first attitude is encoded in Cognizant's DNA;
- Two-in-a-box approach pairs an on-site senior Cognizant manager with an offshore manager to facilitate seamless global delivery; (see related article, *Embracing the 24x7 Workweek*)
- Global scale. Cognizant maps its expertise to its client's global footprint. The company opened a development facility in Buenos Aires in support of Kimberly-Clark's ERP requirements and to leverage the rich application development skills in that emerging business capital of Latin America;
- A deep understanding of business needs and trusted innovation processes;
- Consistency in addressing challenges.

Baez cites the importance of a trusted relationship with global service providers like Cognizant as crucial to the success of an outsourcing and business process transformation initiative. "We have a contract with Cognizant, of course, but if you're running to examine the contract every time you've got an issue, that's a problem," he says. "It's very important to work together well. Cognizant has quality people and an incredibly positive attitude."

To date, Kimberly-Clark, which is almost midway through a five-year deal with Cognizant, has achieved the cost-saving goals it set, according to Baez.

But while cost savings are an important metric, Baez takes the long view; outsourcing and working with a global services provider like Cognizant enables Kimberly-Clark's 800-strong global IT staff to be more agile and proactive when it comes to adding value to the business.

In fact, Baez and his team are getting ready to deliver a strategy to senior management presenting such a scenario.

"We're presenting a multiyear plan that links the company's strategies to IT strategies," he says. "This allows us to drive new capabilities and focus on strategic initiatives. Today, when we spend money in IT – it's an investment in the growth of the business."

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About Cognizant

Cognizant (NASDAQ: CTSI) is a leading provider of information technology, consulting and business process outsourcing services. Cognizant's single-minded passion is to dedicate our global technology and innovation know-how, our industry expertise and worldwide resources to working together with clients to make their businesses stronger. With more than 40 global delivery centers and over 59,000 employees as of June 30, 2008, we combine a unique onsite/offshore delivery model infused by a distinct culture of customer satisfaction. A member of the NASDAQ-100 Index and S&P 500 Index, Cognizant is a Forbes Global 2000 company and a member of the Fortune 1000 and is ranked among the top information technology companies in BusinessWeek's Hot Growth and Top 50 Performers listings. Visit us online at www.cognizant.com