



Case Study: Life Sciences

ERP integration trims ops cost by 50%

A global life sciences company redesigned its processes and technology to cost effectively drive productivity and reduce costs.

The challenge

When a company makes numerous acquisitions, it is common for it to add multiple systems and business processes that are not integrated with the rest of the organization. This inevitably drives up operating costs and hampers organizational performance.

This was the case with our client, a global life sciences company. After acquiring five businesses in five years, multiple ERP systems were being used in multiple countries with dozens of non-standard processes. Transactional processing was a challenge, hampering core business operations. For example, vendor invoices weren't processed on time, sometimes interrupting the flow of critical supplies. Inefficient collections disrupted the company's cash flow. The month-end close process was unusually slow, delaying financial reporting.

At a glance

A global life sciences company needed to integrate numerous systems and processes after making a number of acquisitions. We provided a cost-effective, orchestrated solution that standardized key processes, integrated disparate systems, and delivered major efficiency gains and business savings.

Outcomes

- Integrated five businesses into systems of engagement
- 50% reduction in total cost of operations
- Almost 30% improvement in month-end close cycle time

The approach

The company engaged us to design and develop a solution. We developed an orchestrated operating model, using “systems of engagement” that synchronize all ERP instances across multiple countries and business units to manage transactions on a daily basis.

At the same time, we redesigned and standardized the company’s key processes and developed a business outcome framework to drive the optimization of working capital through accelerated collection of past due receivables. We also developed business performance dashboards, giving managers and leaders a view into key operational metrics.

Business outcomes

With our orchestrated approach, we have helped integrate 10 unique ERP systems, delivered standardized business processes for 22 entities in 10 countries and significantly improved the month-end close process. These interventions have produced major efficiency gains, reduced the total cost of operations and delivered \$45 million in business outcomes.

One integrated company

Our engagement was part of a larger strategic effort to establish one integrated company, enable scalability and create support efficiencies.

We began the project with an assessment of the company’s processes and the multiple technologies supporting these processes. During our due diligence, we learned that, in making multiple acquisitions over a five-year period, the company had inherited multiple ERP systems, and each site had its own business practices and procedures. The conventional approach of consolidating all legacy ERP systems into a single ERP implementation would have taken three to four years, with significant financial investments and additional human resources.

Outcomes

- 40% productivity gains
- Business outcome impact of \$45 million, including \$30 million in spend optimization, \$9 million in working capital and \$6 million in revenue enablement

Instead, we opted for an orchestrated operating model, implementing systems of engagement for key processes, including procurement operations, accounts payable, record to report and travel and expense, enabling seamless transaction processing and optimized period close.

The processes and systems were built and consolidated at a single offshore delivery location. The execution, staged across the client organization, was followed by optimizations through digital interventions such as RPA for manual processes that can be performed more efficiently. Cognizant subject matter experts have actively engaged in system integration testing and user acceptance testing to ensure that all possible business scenarios are tested successfully.

These projects continue, but we have already delivered significant value through productivity gains and major, ongoing cost savings.

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