



# ASSESSING THE HEALTH OF SUPPLY CHAIN CONTRACTING PROCESS

### Abstract

An efficient supply chain requires a highly standardized process in place, especially when it caters to a highly sensitive industry such as healthcare. A Europe-based medical technology company partnered with Infosys BPM to assess their contract administration for the services they offered in the US. The diagnostics exercise helped identify interventions and drive improvement in the supply chain process, providing potential business benefits of over \$21 Mn and productivity benefits of up to 35% via automated contract booking.



The Europe-based client is a medical technology giant, with an annual turnover of over €12 billion. The organization is leading provider of advanced treatments related products and services to healthcare providers.

## Need for a process makeover

The client wanted to streamline and transform their contract administration processes within order-to-cash (OTC) value chain. They lacked a structured framework to measure maturity level across people, process, technology, and data. There was no systematic approach to correlate metrics with overall business strategy

and evaluate performance with respect to peers, also no internal mechanism to identify, evaluate and prioritize improvement opportunities. Due to these, the client did not have visibility to major digitization interventions prevalent in the industry.

The client needed a partner to assess their current performance, diagnose their supply chain methodology, and set a benchmark for best practices, and brought Infosys BPM onboard to help streamline their supply chain process.

## Diagnosing the processes

Infosys BPM deployed a team to establish their diagnostics framework and methodology to deep-dive and assess the client's performance. The diagnosis revealed several reasons that affected the efficiency of their supply chain process. The Infosys BPM team used a structured framework to measure maturity levels and performed baselining of the existing metrics. Another major area of focus was the lack of visibility about major digitization interventions prevalent in the industry that could keep the client relevant in the competitive landscape.

### Re-engineering across three areas

To address the challenges, Infosys BPM rolled out a diagnosis process of various aspects of the end-to-end supply chain process:

- Rolled out a qualitative questionnaire-based evaluation with key stakeholders to understand the critical pain points in the contract administration process.
- The diagnosis specialists assessed the existing processes, tools, and technology quantitatively, and identified major gaps and challenges

that contributed to increase in rework and low adoption rates.

- Evaluated the roles of key stakeholders and identified gaps leading to incomplete contracts, which further led to increase in disputes.
- Reviewed the current quality checks in place, identified reasons for low contract adherence and suggested process changes thereof.
- Redefined business metrics to better align with organizational goals and suggested process/tool changes



A close-up photograph of a young woman with blonde hair and freckles, wearing a white lab coat, looking intently through the eyepiece of a microscope. The background is a soft-focus laboratory setting with blue and white tones.

## A successful makeover

Infosys BPM's domain expertise and hands-on experience helped streamline the client's supply chain process, by improving operational efficiency, and process effectiveness. It provided opportunities for automation of contract bookings with potential to improve productivity benefits by 35% and provided 5% incremental productivity benefits through reduction in rework via process re-engineering. The redesign of the operating model resulted in an additional 35%-40% direct cost savings opportunity.

The overall process makeover improved on-time cash collection from customers through proactive dispute resolution. The client also witnessed an increase in digital footprint to manage the contract process.

The audit structure had a potential to reduce invoice disputes worth an estimated \$21 Mn, further making it evident on how the right partnership can not only diagnose the shortcomings, but also help with significant business benefits.

For more information, contact [infosysbpm@infosys.com](mailto:infosysbpm@infosys.com)



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