CASE STUDY

Business disentanglement:
From a large, solid enterprise to a leaner, flexible one

Abstract

As a financial shared services partner, Infosys BPO was mandated to help in the business disentanglement of TP Vision from its former parent, Philips. Our approach led to a fitness program that helped TP Vision disentangle smoothly and establish leaner, efficient and flexible financial processes. Today, we are a trusted partner and have initiated several cross-responsibility initiatives to further improve process efficiencies.

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Bringing together unique capabilities

TP Vision was established in April 2012 as a joint venture between TPV Technology and Royal Philips. The company develops, produces and sells high-quality flat TV sets under the Philips brand.

Disentangling from the parent company

In April 2012, Philips Electronics legally separated its TV activity and moved it to TP Vision, a new joint venture (JV) with TPV Technology. As part of this separation, the finance functions and processes of Philips were copied and customized for the new JV.

The new company was established with an objective to leverage Philips' experience and TPV Technology's technical and entrepreneurial capabilities. During its first year of operations, TP Vision used the systems, tools, procedures, and IT infrastructure of Philips to ensure business continuity and quality of its reporting data. Infosys remained the Finance Shared Service Center partner and was mandated to help with the disentanglement as after the legal separation, TP Vision was given one year to set up its own ERP and consolidation system, and arrangement with Infosys.

In early 2014, Royal Philips and TPV Technology announced their intent to transfer Philips' minority shareholding in TP Vision to TPV Technology.

Strategic flavor to our partnership

First, TP Vision altered the agreement with Infosys. Says Rogier van Wijk, Head of Consolidation and Reporting, TP Vision, "given the nature of the new JV, the company decided to make two fundamental changes in our engagement:

- More entrepreneurial: As TP Vision is a much smaller company than Philips and relies much more on the expertise built in by Infosys, we needed to take more process ownership and play a leading role in their redesign. To this end, TP Vision started an improvement board.

- Better cooperation with the sites: Customer Satisfaction Index (CSI) scores were made the most significant performance indicators in the engagement. It was also used internally to improve the communication and cooperation between the local finance teams and the central Infosys team".

Planning the disentanglement

The separation from Philips resources meant careful planning, taking into consideration all possible risk factors, and eliminating them before they appear.

With the creation of TP Vision, dedicated SAP kernel and tools, each process had to be revised and tested with user acceptance tests to spot potential threats th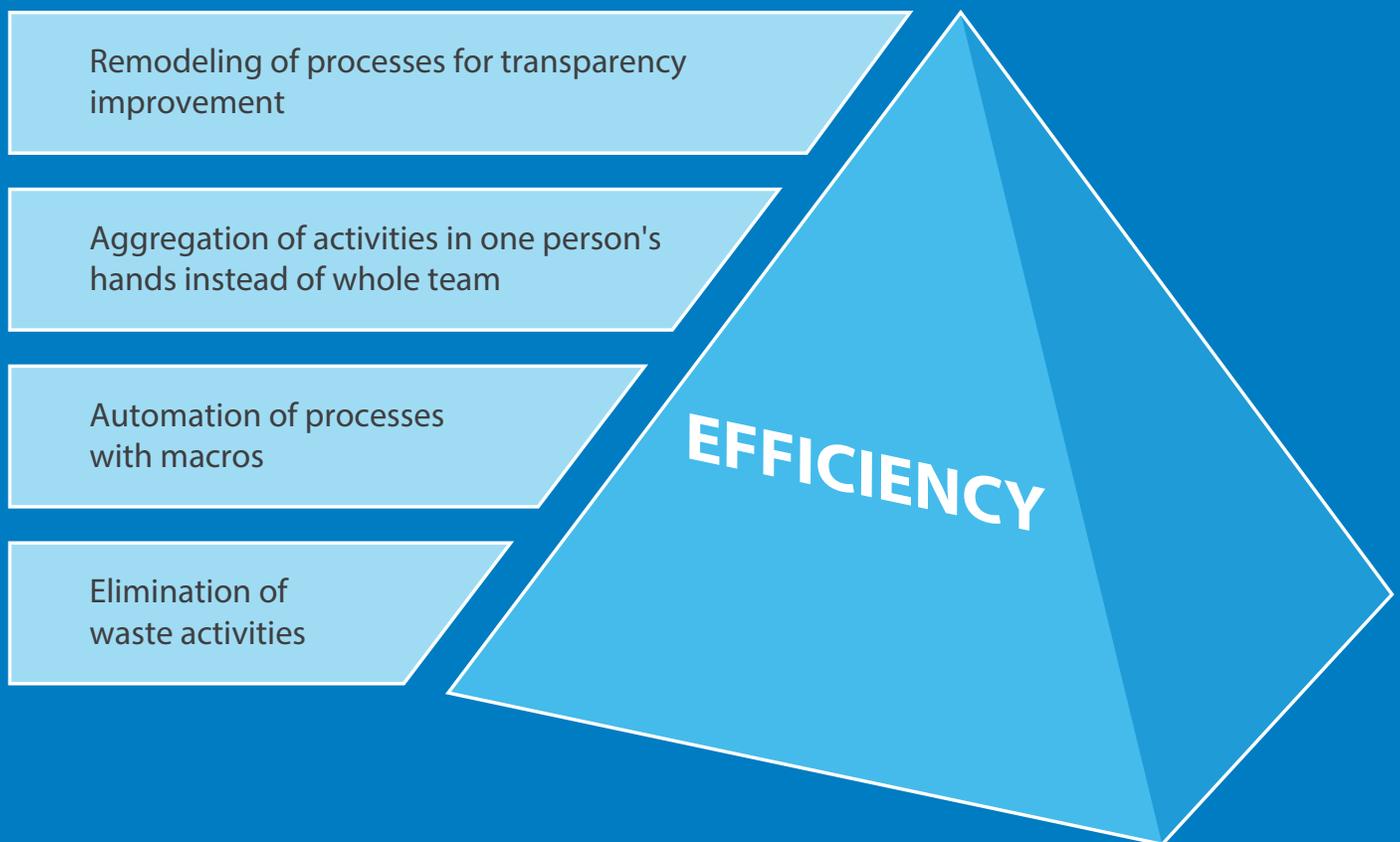at could undermine the process' security and stability. During the planning phase, it was evident that every change was an opportunity to redesign the process charters and make them more efficient. All the business data were safely docked in an accounting SAP application and a consolidation system. Every process was analyzed in terms of its impact and hierarchy in the organizational chart and wherever possible, optimized.

Adds Rogier van Wijk, "we relied heavily on Infosys to implement a new SAP system and a new consolidation tool. During a very stressful implementation, Infosys was able to find the right balance between creating rigid process documentation and meeting very tight deadlines. We met the deadlines."

Initiatives to improve efficiency

From the whole team owning activities to aggregating them to one person, automating processes by creating new macros to eliminate human mistakes, and accelerating the pace of data delivery – these were some improvement initiatives undertaken. Our team ensured one SAP environment that allowed automation of some internal reports creation and made control processes remodeling possible. This improved transparency by removing redundant activities.

Remodeling of processes for transparency improvement

Aggregation of activities in one person's hands instead of whole team

Automation of processes with macros

Elimination of waste activities

EFFICIENCY

Graph 1. Efficiency optimization initiatives
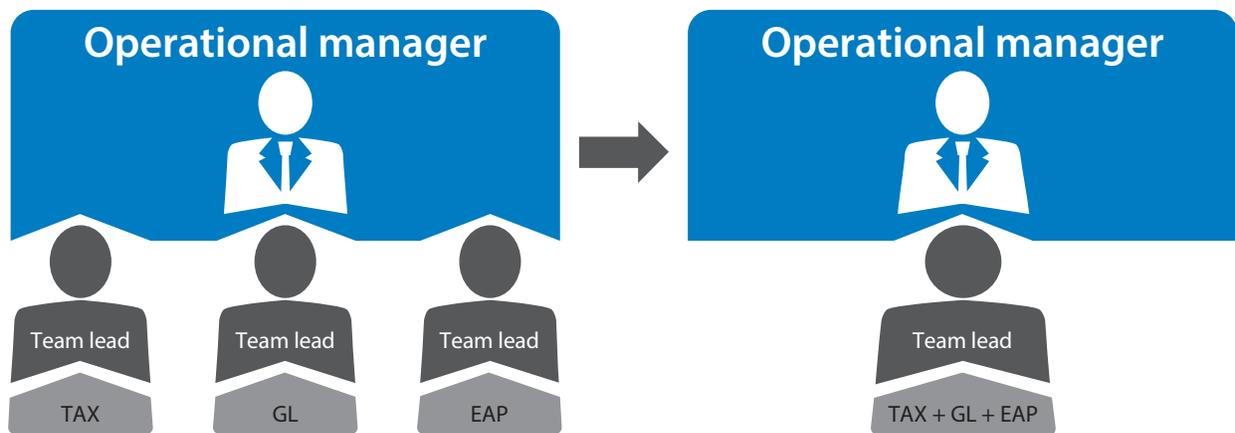
Centralized managerial and internal control model

Massive aggregation of processes allowed for a centralized managerial structure that helped in improving the accuracy and speed of communication flow within the team.

So instead of involving three different departments, GL/EAP/TAX, each with separate leader, TP Vision now has one leader to manage a diversified team. This has helped remove any communication

and procedural redundancies that arise from a dispersed process structure. New division of responsibility (where split-per-process was no longer applicable) resulted in unprecedented improvements that further led to initiatives focused on efficiency optimization. In addition, cross-departmental synergy provided another opportunity to improve internal control procedures.

With specialized and experienced people serving different parts of a business, we secured internal control activities. This helped gain further efficiencies and increased process control awareness.

The cooperation between team members and domains helped in knowledge sharing and in developing reliable backup and handover structure.

Operational manager			→	**Operational manager**
Team lead	Team lead	Team lead		Team lead
TAX	GL	EAP		TAX + GL + EAP

Graph 2. Managerial model evolution chart

Fine tuning the communication model

Our team simplified the communication structure that made no customer relation team (CRT) indispensable. CRT was replaced by active participation of operational executives and leaders on monthly calls with the customer where all pending matters were explained and solutions developed on an on-going basis. This assured of closer, faster and more accurate cooperation between customers and our team. CRT exclusion from the communication chart accelerated information flow, shortened customer request implementation time, and allowed the operational manager to stay near the front line.

Management

Operation

Customer relations team

Customer

Operation

Customer

Graph 3. Communication model evolution

Testimony to our success is the increase in the customer satisfaction index. In twelve months, the average scores increased from 7 to 8.8 and the number of escalations decimated.

Month	Score
April 2013	7.1
May 2013	7.5
June 2013	7.6
July 2013	8.0
August 2013	8.3
September 2013	8.4
October 2013	8.5
November 2013	8.6
December 2013	8.8

Graph 4. Customer satisfaction index trend

All these initiatives enforced the customer's confidence in BPO services. Today, we are a trusted partner and have taken this as an opportunity to initiate many cross-responsibility projects including:

Harmonized MEC time table design	Revaluation matrix preparation	Chasing approver process re-design
BSAR guideline preparation	ICS documentation update	SLA definition and documentation design

Couple of months post the disentanglement, after adjusting to the new delivery model and initiating process improvements, TP Vision has realized more than Euro 270,000 in savings.

Euro 270,000 savings realised

Vendor query process automation	☑	Revalution matrix development	☑
Chasing approver process redesign	☑	BPC adjustment template	☑
Communication model change	☑	APAR elimination check	☑
Quality checks implementation	☑	Equity pickup check	☑
TP Vision trainings development	☑	P&L BPC to TPV hierarchy	☑
Harmonized MEC timetable design	☑	Local input files for consolidation	☑
ICS 158 and 223 automation	☑	TPV RP BS – retrive function	☑

"With Infosys' relentless support, we were able to successfully change from a large and rigid organization to a lenient and flexible team. Infosys adjusted to our needs and we are very grateful for the dedication and cooperation of their team."

– Rogier van Wijk
Head of Consolidation and Reporting TP Vision

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