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Business Process Improvement - Reducing Enterprise Risk & Cost

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Defining Business Process Improvement

Challenges organizations to change processes to become:

- More efficient
- More effective
- More profitable
- More competitive



Common BPI Tools & Approaches

- Six Sigma
- Business Process Reengineering
- Enterprise Integration
- Quality Programs
- Activity Based Analysis/Costing
- Lean or Agile Practices
- Operations Research



ROI Benchmark – 3:1 Payback

- Customer service: 20-50% savings
- ERP/BI applications: 25-40% savings
- Financial close: 10-30 days reduction
- Reduce DSO: 90+ days to 30- 40 days
- Integrate mergers: 12 vs. 18 months
- Reduce parts inventory: 1/3
- Reduce operations down-time: 12%



BPI Scope and Approach

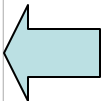
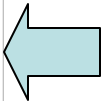
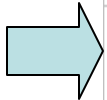
		Scope		
		Point Solutions	Enterprise-wide	
C h a n g e	H i g h	Optimization Redesign	Radical Redesign	A p p r o a c h e s
	L o w	Quick Hits	Continuous Improvement	
		Low	High	
		Investment \$ and Time		



Example – Eroding Margins



ID	Situation	Problem	Risk Implication	Cost Implication	Cost Example	Need	What to Fix
4	Company has grown organically and through acquisition - it has more customers and more business partners	Company's margins are eroding and management does not know why. Since company wants to continue to expand - getting this under control is critical for future growth	4-1: Customers will not pay or will slow pay if invoices unclear or inaccurate. 4-2: Sales people may obligate company to additional costs when packaging the deal. 4-3: Cost accounting systems may inaccurately absorb costs based upon warehousing flow. 4-4: Sub-contractors may bill for services not rendered or may not be rebilled accurately. 4-5: Order fulfillment may be slow or inaccurate. 4-6: Invoicing may be slow or inaccurate or may not match contract terms and conditions. 4-7: Pricing may not differentiate for special services, geography, industry or product customization. 4-8: Sales and use tax nexus and rules may expose company or its customers to obligations that are not accurately interpreted and billed for. 4-9: Margin accounting and reporting may not provide enough transparency, insight or timeliness to provide management with actionable information.	4-10: Overpayment of sub-contractors. 4-11: Overpayment of product components. 4-12: Shipping of obsolete - wrong product. 4-13: Sales commitments in quoting or order that obligate additional costs to the company without corresponding revenue. 4-14: Failing to differentiate pricing for geography, industry or value of solution. 4-15: Failure to bill for all services rendered. 4-16: Failure to bill for pass-through expenses. 4-17: Failure to rebill sub-contractor expenses. 4-18: Utilization of working capital in product or human resources could be sub-optimal. 4-19: Bundling of product and services may not fit customer needs or may not match costs of production. 4-20: Sales and use tax may not be assessed properly. 4-21: Opportunity to change / manage margins is missed because of inaccurate calculation, too late reporting, inadequate business analytics - by customer, by product, by channel, by sales person, by geography. Full P+L reporting might be needed.	20 - 50% higher revenue - 75%+ higher margins	Reduce failure points for quoting, ordering, billing and collecting. Conduct profitability analysis on customers, products, services and cost sources by geography, by customer industry, by sales person, by selling organization	4A-Revenue Cycle - Proposal through Order through Delivery through Collections and Cash Application. 4B-Supply chain - procurement on product and services, time and expense accounting, inventory and warehouse accounting and material flow. 4C-Financial and business analytics - for full P+L, full margin analysis in detail in sales cycle, throughout delivery lifecycle and in aggregates for management decision-making and financial analysis.





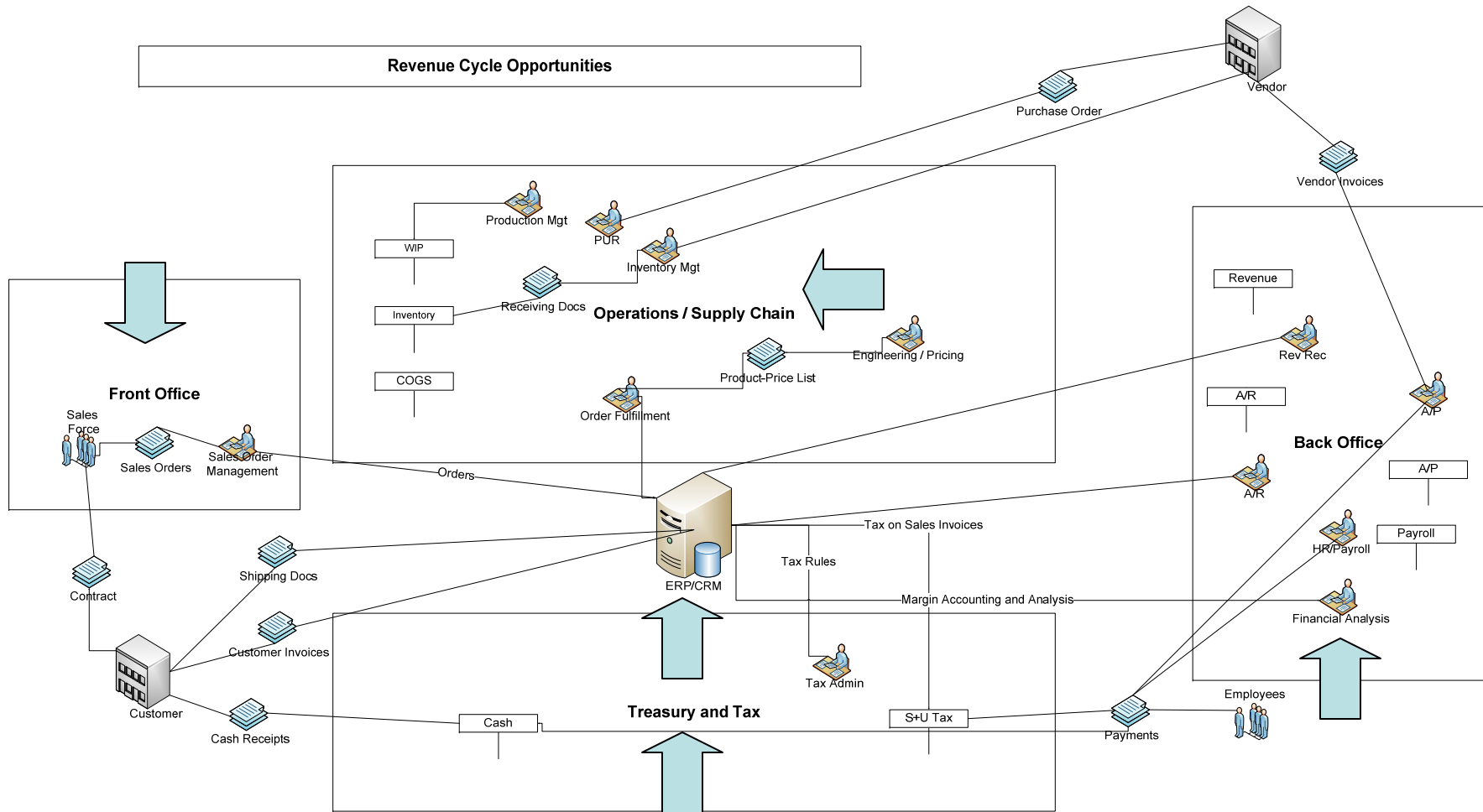
Mapping Risks to Cost Opportunities



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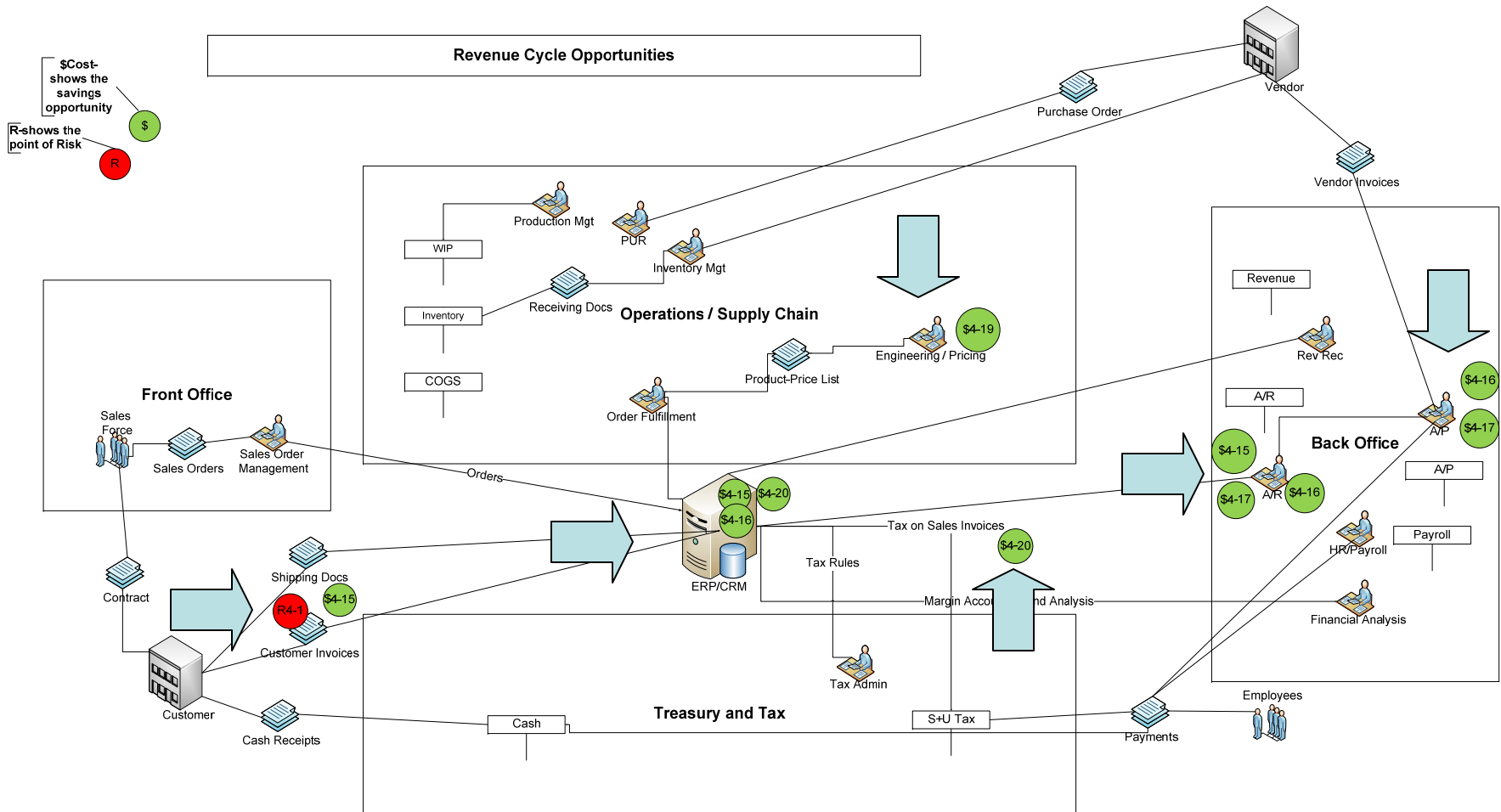


Eroding Margins Example: Enterprise Process Model



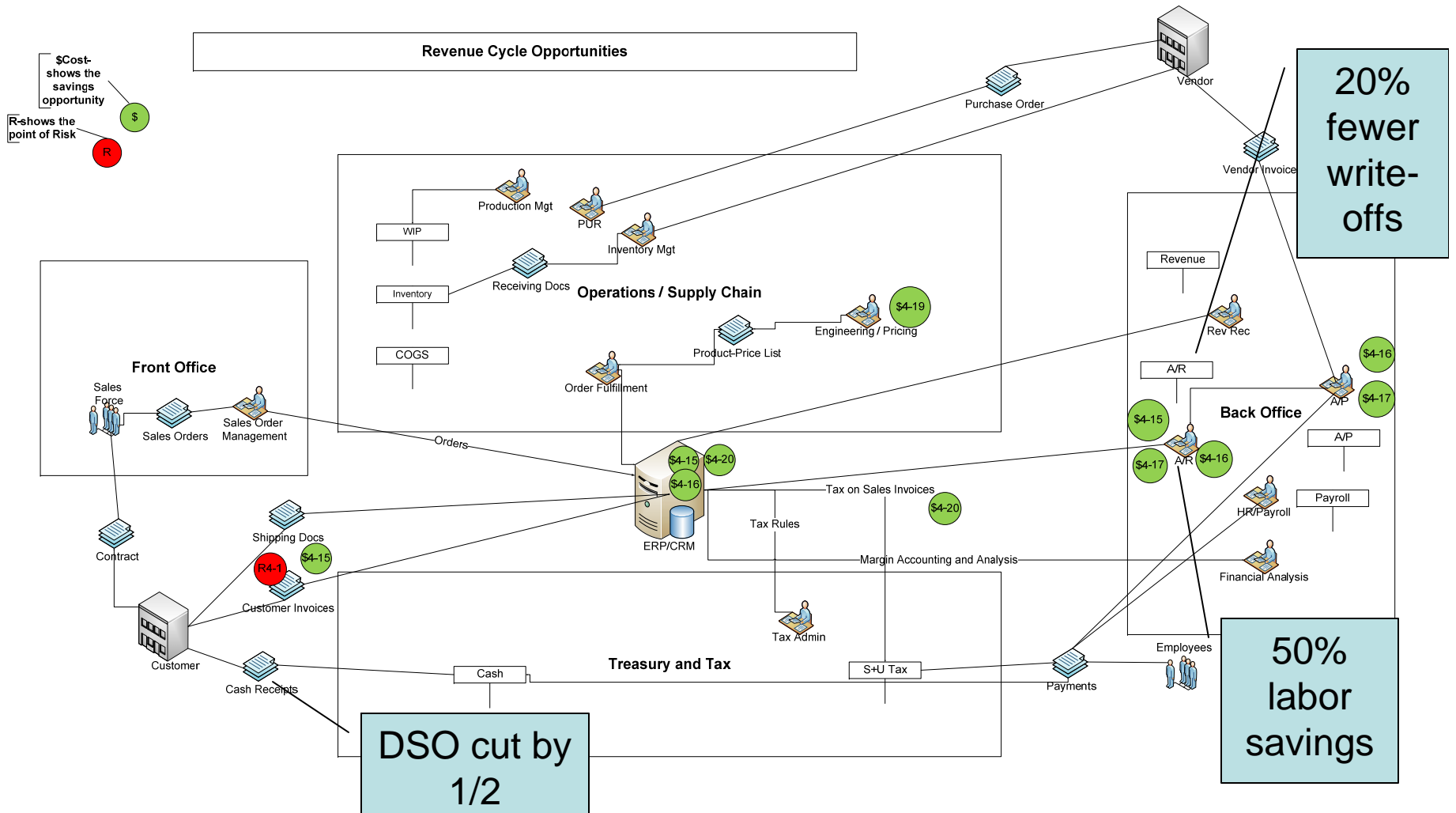


Eroding Margins Example: Risk & Cost Opportunities





Eroding Margins Example: ROI





Scoping the BPI Initiative



Titus' Strategic Discussion Framework

Identifies which level is being changed and demonstrates the linkage to levels above and below



Which Situations Fit Your Organization?

sample business drivers	sample project solutions		
Six Sigma / SOX	Lean Accounting	Accelerating the Close	Accelerated Reporting
Merger and Acquisition	Enterprise Integration		
Cost Cutting / Efficiency / Time to Market	Procurement Cycle Reengineering	Requisition to Pay	Vendor Management Programs
	Revenue Cycle Reengineering	Order to Cash	Quote to Order
	Supply Chain Reengineering	Inventory Management	Engineering to General Release
ERP Software Selection	Oracle, SAP, mid-range solutions	RFP Development	Evaluation and Selection
ERP Implementation	Chart-of-Accounts Redesign	Project Mgt, Requirements, Design, Testing, Conversion, Training, Roll-out	
Technical Accounting Pronouncements / IFRS	Policy and Procedures	Transactional Redesign	Accounting / Reporting Redesign
Financial Planning and Budgeting	Annual Budget Cycle Redesign	Strategic Planning	Rolling Forecast
Project Management	Project Assessments	Project QA	Project Planning and Controls
Finance and Accounting Department Restructuring	Roles and Responsibilities Redesign	Policy and Procedures	Shared Services



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Where's the Value?

■ Transparency ■ Accountability ■ Predictability

What is it?

Where is it?

What is it costing me?

Who is responsible for stewardship?

Who is responsible for incurring cost?

What are the cost drivers?