HFS ONE OFFICE™ AWARDS

A holistic process view is the key to Philips' automation success with Infosys BPM

FINALIST: NATIVE AUTOMATION

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HFS Research Authors
Krupa KS, Senior Analyst
David Cushman, Practice Leader
Tom Reuner, Research Leader

The Situation: Since 2007, Infosys BPM has managed the finance and accounting process and procurement business operations of Royal Philips, a Europe-headquartered global leader in healthcare technology. Combined, Infosys BPM and Philips have 1,900 full-time equivalent (FTE) employees within the Philip's finance and accounting function.

In 2017, sensing the huge scope of automation in finance and accounting (F&A) processes, Philips partnered with Infosys BPM and its subsidiary EdgeVerve to commence its enterprise-wide automation journey. The goals were to increase productivity by 30% and save and automate one million hours of manual work. The plan included large-scale automation, covering nine SAP instances, more than 400 reporting units, 65 countries, and 6 locations.

As a part of the Joint Operational Excellence agenda, the transformation journey aimed to centralize operations, increase automation adoption throughout the finance functions, reduce manual errors, and enable value-added activities for operations executives.

We nominated Infosys BPM, in partnership with Philips, for the HFS OneOffice™ Award in the Native Automation category for the successful collaborative planning and execution of a huge automation journey.

> "Technology can only be an enabler; transformation initiative was the key driver for this project."

> - Philips

The Solution: Combining Philips's strategic business goals with Infosys BPM's mission productivity goals; determined the right path to the success of this journey

Early on its automation journey, Philips approached solving particular use cases with technology. With this technology-first approach, it achieved the metrics it expected, but not its strategic goals. Later, the team realized the correct path to address the issue was not a technology and robotic process automation (RPA) initiative but an end-to-end transformation of the entire finance function.

Collaborating with the Infosys BPM team rather than working on smaller projects for technology implementation, Philips took a step toward its transformation journey. Infosys BPM later leveraged the ESSA (eliminate, simplify, standardize, and automate) framework to approach this transformation holistically. Many unnecessary processes and subprocesses were eliminated. A few processes were simplified and standardized, then later automated.

Automating the finance processes involved RPA bots, integrated native automation with SAP and other enterprise solutions, and later tied all the automated processes to the main pipeline. The project achieved cost savings of 51% from eliminating unnecessary steps and 49% from RPA.

Philips's initiative consolidating many different work methods from different geographies into fewer processes and adopting cloud infrastructure helped Infosys BPM focus on the transformation. Throughout the process, Infosys BPM developed reusable generic models that it later used in many other use cases. It set up a robotic operations command center to govern 24x5 operations, providing predictive and pre-emptive management.

The Results: Taking an enterprise and end-to-end process view was the secret sauce for automation rollout success

Together, Philips and Infosys BPM achieved savings equivalent to nearly 513 FTE through the entire RPA program. They achieved touchless automation for posting payroll, globally eliminating 15,000 personnel hours per year with a 72% reduction in average handling time (AHT). Using bots to manage SAP and BCS (business consolidation) reconciliation eliminated about 21,000 personnel hours annually. The project achieved better controllership through standardization and automation, helping Philips run enterprise-level balance reconciliations easily; RPA bots identified errors in journal entries.

Nearly three-fourths (73%) of all F&A functional processes were standardized. This large scope of automation across the financial functions helped Philips increase its productivity by 30%, saving up to 1 million personnel hours.

The Bottom Line: Rather than solving a problem with technology, take a big picture view to determine the final business goal

Transformation is not just marketing noise these days; it's a mandatory process all enterprises must endure to remain competent and competitive in any industry. Transformation is a long-term journey requiring a proper path and solid leadership for adopting technologies. To create a profitable ecosystem, enterprises should figure out their goal and work with their service providers to attain it.

Royal Philips' approach to change management is commendable. Creating scorecards and ensuring projects achieved metrics helped Royal Philips and Infosys BPM complete a successful journey. We appreciate how Infosys BPM and Royal Philips collaborated to plan and execute this huge automation project. Understanding the end business goal, adopting the right technologies, and collaborating with the right partner were the keys to the successful Infosys BPM-Philips' finance transformation journey.

HFS Research authors

Krupa KS
Senior Analyst

Krupa is a Senior Analyst at HFS Research, and she is part of data products. She is responsible for ITO-BPO outsourcing contracts, merger and acquisition data collection and analysis for different service lines. She also works with practise leads on different research reports.

David Cushman
Practice Leader

David leads our Emerging Technology Practice – tracking OneOffice enablers from automation and AI, to data and design thinking, integration, process orchestration, workflow and intelligence. He is deeply engaged in research into business value delivered by SaaS, and also leads our HFS Hot Vendors program.

Experienced in start-up, scale-up and large-scale digital transformation programs, he has led digital development at the UK's fastest-growing media company, founded and grown digital consultancies across Europe and worked with world-class companies as a director in digital strategy advisory at a tier-1 services provider.

Tom Reuner
Research Leader

Tom Reuner is Research Leader at HFS. Tom is responsible for managing the HFS IT Services practice with coverage areas including cloud native, application modernization, and quality assurance. Furthermore, Tom covers the emerging ecosystems of ServiceNow, Salesforce, and Pega. Leveraging his long entrenchment in the automation community, Tom drives HFS' thought leadership on automation. A central theme of his research is the orchestration and increasing interdependency of approaches such as RPA, AIOps, Observability, and AI. He is also managing the Top 10 program to ascertain consistency and thought-leadership.

About the
HFS OneOffice™ Awards

Organizations around the globe must now embrace a world where perfectly aligning business outcomes with their enabling technologies demands focus, nerve, and creativity. The HFS OneOffice Awards showcases those teams and organizations that have embraced change, taken decisive steps, and transformed processes and technology to take their businesses into a new era.

HFS OneOffice Awards categories:

OneOffice Mindset · Innovation Ecosystem · Diversity · Sustainability
Native Automation · People and Process Change · Data and Decisions

HFS has a proven history of providing straightforward insights based on research, data, and forward-looking trends. The HFS OneOffice Awards provides a window through which organizations can showcase successful transformation projects and where others can find inspiration and fresh thinking to help them along their journey. Our respected, resourceful, and responsive analyst team brings their experience and knowledge to bear to ensure that successful, proven results are lauded and commended.