

Service Contract Administration Case Study

This case study illustrates the depth and scope of Metavisio projects; it is not designed to deliver the specific details of the project. The Client's proprietary information, numbers specific to the project, and all other project particulars are excluded.

Value

The Net Present Value savings from the Contract via Web (CW) project is, already *well in excess* of **\$1 million dollars**.

Objectives

Our client was interested in updating the way it manages contracts and decided to use the Internet to simplify the process. The primary objective of the CW project is the creation of processes and associated systems for the Order to Service space, which will:

- Dramatically increase productivity while assuring data integrity
- Dramatically increase capacity & scalability while maintaining level growth in work force
- Change the current paradigm of service delivery & customer order management
- Implement new global processes & systems in accordance with the company's global business framework

Overview

The CW project is a complex multi-faceted project that involves Sales, Contract Administration, Finance, and Service organizations. Shortly after inception, the CW project was expanded in scope to include the worldwide implementation of the new process. In order to properly manage the project, the CW project was broken down into several development phases.

The current state for contract management can be summed up by this manager's quote:

"Contract management processes (including requests, receipt of contract, schedule creation, customer documents, and process exceptions) are currently unwieldy, and time consuming to carry out. It currently takes many hours to complete a contract using the current customized ConTRAK system, and quotes from the Sales quoting tool use a different calculation routine than ConTRAK. Multiple contracts are required in many instances, due to the lack of functionality and/or the complexity of system processes during the contract schedule setup. The cost of contract administration is too high. Some services have separate systems and processes that are done in duplicate with other steps."

The CW project was managed, coordinated, and developed from several different levels within the company's business organization. At the highest level, there was a steering committee made up of process owners and high-level decision-makers. In addition to the CW project, there are several ongoing projects that impact the Order to Service space. These projects could have provided additional benefits and/or risks to the overall success of the CW project depending on the specific project dependencies involved. The CW project is comprised of a diverse, highly capable development team called the CW Central Team. The CW Central Team is made up of subject matter experts from Sales, Contract Administration, Information Technologies (IT), and Operations.

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Project Structure

In order to tackle a project of this magnitude, the CW Central Team divided the entire project into several large phases. The 5 phases of the CW Project are:

1. Current State Analysis
2. New Business Process Development
3. Implementation Planning
4. IT Development
5. Training & Roll-out

Deliverables

Here is a brief overview of some of the deliverables created for the completion of this project.

Flowcharts were created to illustrate the differences and similarities between the various domestic and foreign organizations. They also aided in describing how the current process actually works and provided a starting point for further analysis.

Information System Tables were useful for providing IT with accurate, up-to-date system information that was specific enough to include details about the proper format of field-level data within each given system. The IST was crucial in saving valuable development time as database information was mapped to its resident system and to the field level.

Organizational Charts provided the basis for the project communication strategy. They also helped us track down important information related to specific processes, procedures, and systems.

Simulation Modeling (including process exceptions) aided immensely when it came to actual micro/macro process understanding, since the model's detail made inefficiencies easy to identify.

Benchmark Data Collection was perhaps the most difficult and time-consuming task related to the initial phase. It was also one of the most useful. The data obtained was useful in gaining insight into the contract management process, building the Simulation Model, and providing the numbers for the Return on Investment of the reengineered process.

Business Requirements Documentation defined what each division within the company was expecting and what each required from the new process.

Business Requirements are a standard part of the IT development process. What is significant about the BRD in this case is the strategic approach that was developed to reconcile the sometimes-conflicting priorities of the business units.

Since there was a limited amount of new functionality that could be provided by each major release, the Business was asked to prioritize its demands. Then the Business was asked to quantify all exceptions. Each exception was then evaluated according to whether or not it was required for use, the level of savings in man-hours & cost it produced, and how much IT development time the exception would require.

Use Case Analysis defined all the paths and situations a user of the Contract via Web would be expected to take. This analysis was fundamental in designing the CW Web site. It was instrumental in modularizing CW functionality and in resolving complex user interaction issues.

ROI Decision Support Model was used to quantify improvement in bottom line dollars. The Model was instrumental in prioritizing the development and inclusion of new functionality in the CW Web site.

Survey of Current Initiatives apprised the CW Central Team of opportunities & challenges associated with potential dependencies related to other projects. The CW project is just one example of an order management project, within the order to service space.

Current State Analysis

The objective of this phase of work was to document all the processes for contract management in such detail that there was "common global understanding". The following deliverables were created in order to document the current state of contract management:

- Flowcharts of processes
- Information systems tables for process steps
- Organizational charts for divisions involved- including foreign organizations
- Simulation models

New Business Process Development

After the current state analysis was completed, new business processes were developed. These new processes involved three sub-projects:

- Suggest short-term process improvements
- Development of Contract via Web project
- Development of the ideal future-state of contract management

Short-Term Process Improvements

Short-term process improvements were designed to reduce the existing workload, improve productivity, and pave the way for Contract via Web and the Ideal Future-State.

Some of the CW Central Team Recommendations ~ Here are some of the recommendations related to making short-term process improvements:

- Quality Controls ~ There are several places within the current process where simple quality controls could be added, greatly reducing errors and WIP.
- Focus on Resellers ~ By catering to the largest resellers, the company can reduce its workload while dramatically improving quality and productivity.
- Workload Management ~ It may be possible to make significant productivity gains by having someone route and assign work to the contract administrators.
- Ongoing Training ~ The order management system is complex. A careful evaluation of how contract administrators are trained could improve productivity.
- Sales Goal Setting ~ We recommend that the goal setting process be amended in such a way that Sales would have incentive to send accurate and complete contract information to Contract Administration. While this recommendation may be difficult to implement, the potential benefits are tremendous.
- Change Management Procedures ~ We recommend that management change procedures be implemented. These procedures would encourage communication between the Business Units. They would encourage foresight and proper planning before changes are made.

Contract via Web

The primary goal of the Contract via Web project is to automate non-value added steps in contract management processes. In addition to the deliverables listed above, the CW Central Team utilized Use Case Analysis and Business Requirements Documentation to guide the development process.

CW Central Team Recommendations ~ Here are some of the recommendations that relate to the CW Web site:

- Data Integrity ~ Improve data integrity through replacement, via new validated contract fields.
- Online Quote Generation ~ Automatic Online Quote Generation could be used to simplify reseller relationships. Whenever a Contract Owner wants a new service quote, they would be able to obtain it via the Internet.
- Automate Manual Processes ~ There were several non-value added processes that were automated. We also made recommendations that simplified complete sub-system procedures.
- Automatic Renewal of Specific Contracts ~ After a careful analysis of contract types and properties, we determined that some high-volume low-dollar contract types could be set to auto-renew. This reduces total volume and conserves time to focus on high-dollar value contracts.
- Contact Information Management ~ By allowing contract owners to control, manage and modify service request contact information, the accuracy of contact information would improve, it would be easier for customers to request service, and the order management workload would be reduced.

Ideal Future-State

The goal of the Ideal Future-State project is to change the paradigm of service delivery and customer order management. For the Future-State project, we took an objective look at the current contract management system and made several "outside -the-box" recommendations.

CW Central Team Recommendations ~ Here are some of the recommendations related to inventing the Ideal Future-State of service delivery and customer order management:

- Eliminate Traditional Contracts ~ The Traditional Contract is the sum of the value-added contract data. We recommend eliminating the print version completely and instead replacing it with complete electronic verification.
- Simplify Terms & Conditions ~ Terms & Conditions are legal documents that spell out the legal restrictions on service contracts and service delivery. We recommended simplifying the Terms & Conditions across contract types and throughout the world.
- On-Site Contract Management ~ The current system requires 3 people to create one contract, and the actual contract creator is quite distanced from the negotiation discussions. We recommend training the Sales Assistant to use CW Web functionality and sending the Sales Assistant with the Sales Representative to meet with the customer. In this way, the contract can be renegotiated and renewed immediately.
- Web to Telephone Contract Management ~ We recommend transferring all reasonable contract management responsibilities to the Contract Owner. In the event that a contract owner needs assistance, we recommend having them use the TeleSales Force. The TeleSales Force is a contract administrator who remotely interacts with contract owners and immediately meets their needs.

- One Time Data Entry for All Resellers ~ Allowing resellers that have their own system in place to directly upload contracts and do most of the contract administration work, would increase productivity and improve contract accuracy.
- Merge Sales and Contract Administration ~ Several current problems with quality and data integrity are generated from split ownership of the contract management process. We recommend merging Sales and Contract Administration. One benefit of unified ownership would be that management could assign responsibility for the success of the contract management process.
- Streamline the Process and the Business Units ~ There are many complex exceptions to the current process. Each of these workarounds is an opportunity for error. We recommend streamlining the contract management process. A thorough review of each exception and its value-add is in order. Through a change management procedure and an understanding of why the Business creates exceptions, fewer non-value-added exceptions would be created and the contract management process would become more manageable and more profitable.
- New Contract Management System ~ Sometime in the future, the company will decide to replace its existing contract management system. We recommend a thorough, well-coordinated review of how the Ideal Future-State will evolve and be implemented. It is imperative that the company researches its future contract management system today.