

A man with glasses and a beard, wearing a blue and grey plaid shirt, is sitting at a wooden desk. He is holding a white mug in his left hand and pointing with his right index finger at a document on the desk. A woman with long dark hair, wearing a beige jacket over a white shirt, is sitting next to him, looking down at the document. She is holding a black pen in her right hand. On the desk, there is a laptop, a calculator, and some papers. The background is blurred, showing what appears to be an office environment.

HEXAWARE

Client Invoicing Process Transformation for a Leading Custodian

Hexaware's invoice processing automation framework provides cost savings, improved efficiency, and enhanced operational transparency.

Case study

Client

| Client

- Challenge
- Solution
- Benefits
- Summary

The client is one of the top ten custodians in the world, managing over \$4 trillion in assets under custody and serving over 140 customers worldwide in private banking, investment management, and investor services. Operating from over 15 locations in North America, Europe, and Asia, the client also partners with other custodians (sub-custodians) to serve global customers in regions where they don't have operations.

One of the **largest private investment banks** in the US



Challenge

Client

Challenge

Solution

Benefits

Summary

In 2019, Hexaware took over business process operations for the client with over 400 full-time equivalents (FTEs) supporting several operational projects and processes (for example, client invoicing, expense administration, trade management, accounting, etc.) from its Pune, Mumbai, and Chennai locations. Based on the initial due diligence, Hexaware committed an upfront FTE reduction as part of the transformation benefit to the customer.

The problem faced by the client:

Invoice management is a non-core but critical process for every organization. Every month, the client had over 30,000 invoices being generated across 790 billing classes. These invoices were packaged with detailed reports, as per the client's requirements, for regulatory compliance, etc.

Some of the business challenges were:

Process inefficiency

- Siloed applications
- Manual setup, data loading, and invoice and report generation
- Manual handover of work-in-progress tickets/items between teams handling the US and the UK shifts
- Manual reconciliation of payments
- Absence of a unified dashboard for tracking processes
- Manual tracking of daily invoices

Risk

- Possibility of missing invoice data during the loading or processing stages
- Incomplete packages with missing reports
- Incorrect invoices or reports being sent to unintended clients
- Errors in the manual payments reconciliation process

Cost and impact

- Disputes regarding invoices leading to additional work and escalation
- Delays in the invoice processing system and payments
- Revenue loss due to leakage
- Negative impact on client expense budgeting
- Dissatisfaction among clients resulting in loss of business and damage to reputation

What the client needed:

The client had standard operating procedures documented for each sub-process. Hexaware's process excellence group examined these processes, identified breaks in them, and fixed them.

The client's invoicing process was managed by 22 FTEs. Following the process transformation, which involved deploying a client invoice tracking system, Hexaware expected to reduce the FTEs by 30%. The transformation approach also aimed to improve straight-through processing (STP) by 30-40% and reduce the total cost of ownership (TCO) by a whopping \$4 million.

The client faced **significant challenges in their invoicing process**, including process inefficiencies, manual tasks, risk of errors, and disputes, leading to revenue leakage, dissatisfied clients, and a negative impact on business and reputation.

Solution

- Client
- Challenge
- Solution**
- Benefits
- Summary

This transformation journey commenced with the billing and invoicing process receiving a 360-degree makeover using the Client Invoice Tracking System (CITS) solution.

Hexaware proposed using a business process transformation framework for IT and operations synergy. The framework provided for:

- Early identification and mitigation of persona-based behavioral challenges for strategic change management
- Outcome-driven holistic transformation approach using design thinking principles to provide the highest STP with required checks and balances
- Near accurate prediction of dollar savings using time-tested platforms

Hexaware's Outcome-driven Holistic Transformation Approach

Cumbersome and time-consuming manual tasks, such as periodic data loads, invoice generation, and manual report generation, characterized the client's invoicing process. Hexaware implemented an outcome-driven, systematic 360-degree transformation approach to streamline and improve the client's processes. It began by identifying the challenges, guiding the client through the invoice transformation journey, navigating the complexities through continuous improvement, and vigilant business processes.

Hexaware's business process transformation framework for IT and operations synergy covered various steps of the client's invoicing process, such as:

1. Account setup

Involves creating a new account altogether or cloning the existing account in the invoicing system.

2. Fee schedule set up

Involves fee calculation setup and invoicing schedules for different services opted by the customer in the invoicing system.

3. Invoice generation

Once the data is loaded, invoice generation is triggered to generate invoices in the system for reconciliation.

4. Invoice validation

Invoices are verified for tolerance breaches and data reconciliation rules.

5. Invoice packaging

An invoice package is created for each client as per schedule, which includes invoice/s and required reports.

6. Dispatch

The invoice package is dispatched to the respective client contact with a defined template based on a repository for contacts and mailers.

7. Account receivables

On invoice generation, accruals are created in the accounting system (general ledger) for accounts receivables, i.e., the accounting system. It can be direct debits or periodic payments, and the account receivables are recognized.

8. Reconciliation

Payment reconciliation is done daily to verify the amounts received against billed services. After reconciliation, an exception is created on the dashboard.

Hexaware's transformation journey involved the implementation of an outcome-driven, 360-degree approach using the **Client Invoice Tracking System (CITS)** and a business process transformation framework for IT and operations synergy. This led to enhanced process efficiency, risk mitigation, and cost reduction, driven by integrating technology and operational excellence.

Solution

Client

Challenge

Solution

Benefits

Summary

Hexaware's Invoice Process Transformation Roadmap

	0–6 Months	6–12 Months	12–18 Months	18 Months Onwards
	Start Onboard	Stabilize and Prepare	Transform	Operating Model
	Operations transition • Ensure no disruption to business as usual (BAU) • Prepare a well-defined transition plan • Prepare a training plan as per requirements • Deploy the existing subject matter experts from day-1 Client Invoicing Tracking System (CITS) - Phase 0 • Gather the requirements for undertaking the transformation, validate the findings from direct debit, and realign the solution • Rationalization of the client's existing invoice tracking systems	• Smooth transfer of operations from the client's incumbent vendor and stabilizing operations and IT support • Implement managed services for client invoicing Ops + IT • Implement unit-based pricing (i.e., pricing based on each invoice) • Implement process improvement based on Lean and Six Sigma principles • Cross-train teams for efficient resource management Client Invoicing Tracking System (CITS) - Phase 0 - Go Live • Operations team transition - Begin data setup for all workflow events Client Invoicing Tracking System (CITS) - Phase 1 • Develop account/fee setup, invoice management, and data management systems	Client Invoicing Tracking System (CITS) - Phase 1-Go Live • Operations team transitions to CITS for account/fee setup, invoice management and data management Client Invoicing Tracking System (CITS) - Phase 2 • Undertake development for invoice management (quality control file preparation), accounts receivable - direct debit, non-DD - house accounts • Prepare a unified dashboard that provides a consolidated view across all CI processes • Integrate smart capture and automatic reconciliation process for data sourcing	Client Invoicing Tracking System (CITS) - Phase 2-Go Live • Operations team transitions to CITS for account receivables Seamless, scalable managed service model leveraging CITS • Managing IT + Ops services delivery with Hexaware at Pune • Stationing a small team at Boston/Krakow to handle specific tasks and perform activity checks • Implementing a simplified workflow for efficient operations • Adopting a pay-per-invoice model for processing and dispatching

Hexaware Value Proposition

Hexaware combined technology and operational excellence to execute the transformation process. The journey began by prioritizing the elimination of existing business challenges, including process inefficiencies, risks, and cost and impact factors, as a crucial step in the transformation process.

Enhanced Process Efficiency	Mitigated Risks	Reduced Costs and Minimized Impact on Business
• Integrated previously siloed applications • Implemented automation for setup, data loading, and invoice and report generation • Utilized API-based handover • Implemented rule-based reconciliation processes • Developed a unified tracking dashboard • Automated daily invoice tracking	• Automated invoice data loading to eliminate human errors • Implemented data-driven processing to prevent incomplete packages and missing reports • Utilized the maker-checker functionality to ensure correct invoices and reports are sent to the intended clients • Automated reconciliation process to eliminate verification errors	• Implementing a data-driven approach to eliminate rework and escalation, thereby reducing disputes • Automating invoice generation, dispatch, and payments, resulting in error-free invoice processing and preventing revenue leakage • Transparent and predictable invoice amounts to minimize the impact on expense budgeting • Business process transformation

Benefits

- Client
- Challenge
- Solution
- Benefits**
- Summary

Automation played a significant role in this transformation as it swiftly validated and synced the substantial chunk of customer and invoice data by identifying gaps and eliminating errors.

- \$4 million: Savings in total cost of ownership (TCO) over five years
- 30%: Improvement in STP

Other Benefits

Process transparency

The transformation process ensured complete transparency at every stage of the client invoice tracking system, providing visibility and clarity.

Reusable component factory

The implementation of reusable components allowed for the efficient utilization of standardized components across similar projects, such as API management, workflows, event-based triggers, and scheduled jobs, among others.

Analytics

The CITS process transformation helped to establish a comprehensive data repository, enabling the categorization of clients based on their specific needs and the services they have opted for. This information would be valuable to facilitate cross-selling of services to clients.

Decoupled architecture

The adoption of a decoupled architecture enables seamless replacement of the invoicing system at any time while the rest of the system continues to function through API integration. The workflow or CITS remains unaffected, minimizing the impact on the underlying application system.

Automation played a crucial role in the transformation, resulting in cost savings of \$4 million over five years and a **30% improvement in STP**, along with other benefits such as process transparency, reusable components, analytics-driven insights, and a flexible decoupled architecture.

Summary

Client

Challenge

Solution

Benefits

| Summary

Hexaware undertook a comprehensive invoice process transformation journey for the client – one of the top ten custodians globally. The client faced issues concerning process inefficiencies, risks, and cost and impact factors. Hexaware implemented an outcome-driven holistic transformation approach. The transformation involved integrating siloed applications, automating manual tasks such as setup, data loading, invoice, and report generation, and implementing API-based handover and rule-based reconciliation processes. Hexaware also developed a unified tracking dashboard and automated invoice processing system for daily invoice tracking. We mitigated risks through automated invoice data loading, data-driven processing, and maker-checker functionality.

The transformation resulted in several key benefits. Automation played a significant role in validating and synchronizing customer and invoice data, eliminating errors, and improving efficiency. The client experienced savings of \$4 million in total cost of ownership (TCO) over five years and a 30% improvement in straight-through processing (STP). Other benefits included process transparency, utilization of reusable components, analytics-driven insights for cross-selling services, and a decoupled architecture for easy system replacement.

Overall, Hexaware's transformation journey helped the client to streamline its invoicing processes, reduce costs, minimize risks, and improve operational efficiency, ultimately driving significant business benefits.

Hexaware's comprehensive invoicing transformation for the client addressed process inefficiencies, risks, and cost factors through an outcome-driven approach, resulting in substantial cost savings, improved efficiency, and enhanced operational transparency.

About Hexaware

Hexaware is a global technology and business process services company. Our 27,000 Hexawarians wake up every day with a singular purpose; to create smiles through great people and technology. With this purpose gaining momentum, we are well on our way to realizing our vision of being the most loved digital transformation partner in the world. We also seek to protect the planet and build a better tomorrow for our customers, employees, partners, investors, and the communities in which we operate.

With 40+ offices in 19 countries, we empower enterprises worldwide to realize digital transformation at scale and speed by partnering with them to build, transform, run, and optimize their technology and business processes.

Learn more about Hexaware at www.hexaware.com.

Get in touch