MINDTREE

"MPOWER" – THE ENGINE THAT POWERS MINDTREE

QUICK FACTS

Industry
Professional services

Revenue
About US$228 million

Employees
Approximately 5,800

Headquarters
Bangalore, India

Web Site
www.mindtree.com

SAP® Solutions and Services
SAP® ERP application, SAP ERP Financials solution, SAP ERP Human Capital Management solution, SAP Customer Relationship Management application, SAP Payroll and Time Change Management application, SAP Service and Asset Management solution, SAP Travel Management application, SAP Collaborative Project Management application, SAP Self-Service workshop, SAP NetWeaver® technology platform

MindTree Ltd., an IT and R & D service company, was named among the top 30 offshore service providers by the International Association of Outsourcing Professionals and *Fortune* magazine. MindTree needed a robust enterprise resource planning platform to enable its growth strategy while improving operational efficiency. The deployment of "mPower" on SAP® software helped it accomplish this complex feat with aplomb.

Key Challenges

- No integrated platform that spanned opportunity tracking to resource forecasting
- No integrated project management tool for complete visibility
- Absence of system-driven billing process, leading to delays and revenue leakage
- Longer procurement cycle due to absence of integrated requisition-to-pay platform
- No integrated system to manage travel and expense
- Inefficient employee lifecycle processes

Why SAP Was Selected

- Best-in-class coverage of key processes in professional services industry
- 90% processes implemented on a single platform
- Data integrity across multiple processes for better decision making
- Role-based access for better controls
- SAP NetWeaver® technology platform enabling 3rd-party application integration
- Proven mechanisms to enforce user discipline and simplify governance – such as change management

Implementation Best Practices

- Steering committee meetings with 100% attendance of leadership team
- Adoption of "Why not SAP" stance for any system proposed
- Technical team with dedicated functional area representative
- Rapid prototyping to cut decision time
- Composite applications used to plug gaps rather than customizations
- Extensive user training and usage tracking
- Annual user satisfaction surveys
- Leadership team insistence on reporting using SAP® software only

Low Total Cost of Ownership

- Replaced over 20 disparate systems
- Used standard features (less than 2% customization)
- Lowered support costs with uptime of 99.3%
- Supported high growth with incremental investment
- Achieved faster turnaround for enabling new processes with less time spent on low-level design
- Gained rapid adoption of new applications
- Reduced effort and cost with e-learning-based training

Financial and Strategic Benefits

- Greater visibility into project and opportunity pipeline
- Better project tracking with reliable, real-time decision-support system
- Reduced manual billing effort in spite of 100% growth in number of projects
- Real-time visibility from mPower that enabled a series of operational enhancements
- Better efficiency and decision making due to ability to forecast accurately
- In-house payroll processing leading to annual savings of US$130,000

Operational Benefits

Key Performance Indicator	Impact
Days sales outstanding	-33%
Lower interest costs	-$500,000
Higher resource utilization	+3.5% (1 year after going live)
Higher productivity of finance, HR, and operations FTEs	+15% to +20%
Higher accuracy of sales forecast data	95%
Reduced monthly billing cycle time	-75%
Improved profit-after-tax (PAT) margin	+1%

"Our SAP software implementation brought significant business benefits, which led to an improvement of 1% to our PAT margins."

Ashok Soota, Chairman and Managing Director, MindTree Ltd.

www.sap.com/contactsap

Project-Centric Business Process Automation

MindTree Ltd. is a global IT and R & D services company with a passion for customer satisfaction; it partners with clients to create a transparent, value-based relationship. The company needed an integrated, robust enterprise resource planning (ERP) platform that could support its aggressive growth while improving operational efficiency and profitability. MindTree envisioned integrating aspects of engineering and financial project management with opportunity tracking and resource forecasting to impact the business positively.

MindTree's rapid growth, coupled with the lack of an integrated project-tracking tool, made real-time measurement of project profitability and resource availability a challenge. Moreover, manual project billing and the lack of a system to request resources severely constrained other enabling functions. To improve project tracking, resource utilization, and billing and sales management processes, MindTree required an integrated ERP system. It chose to sunset over 20 stand-alone systems, including the existing ERP system that could no longer support the rapidly growing company.

"mPowering" the SAP® Software Implementation

The single-minded commitment of the leadership team was instrumental in ensuring success of project "mPower." The CIO prevented system proliferation by advocating a "Why not SAP" stance whenever a new application was proposed. This stemmed downstream problems that emerge from disparate systems. mPower Council was formed with process and data owners as members. Whenever a process went live in mPower, the leaders insisted that reports be generated only within the system, forcing its adoption. This top-down push was supplemented by training programs, self-help manuals, and tracker reports to drive adoption within the organization, and usage was monitored through automated tools.

Krishnakumar Natarajan, CEO of MindTree, says, "We invested three years ago in an end-to-end system called 'mPower' that gives us the billing, gross margins, financial parameters, and the free talent available every month end, and it is online. In the services business, unlike manufacturing, when we have people who are unbilled, that is a loss forever."

Delivering Services Professionally

"mPower has provided greater visibility to the opportunity pipeline and projects," confides Rostow Ravanan, CFO of MindTree. "The monthly effort and expense billing of projects has been reduced by 12 days despite the number of projects doubling. Elimination of interdepartmental conflicts by providing a single source of truth across operations, data integrity, and automation has led to productivity improvements of 15%–20%, which will help us grow profitably in the future."

Days sales outstanding reduced from 120 days to 80 days, with a 100% accurate view of receivables within 2–3 days of month end – a process that earlier took 20 days. Payroll processing was brought in-house, resulting in accurate allocation of personnel costs to projects. In addition, harmonizing the sales process in a central system has greatly increased MindTree's competitiveness, resulting in better forecasting ability and decision-making efficiency. And all these improvements have cumulatively increased its profit-after-tax margin.

Future of mPower

mPower has provided MindTree with much-needed scalability and agility to operate in a dynamic environment. As the firm grows organically and through acquisitions, it now has a robust platform and business process templates that can be leveraged to quickly integrate the newly acquired companies. MindTree continues to expand the frontiers of its ERP system into areas such as document management, improved usability, mobility, and business intelligence.

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