

Equant Works to Reduce Sales-to-Cash Cycle By 40 Percent

Executive Summary

CUSTOMER NAME

Equant

INDUSTRY

Service Provider

BUSINESS CHALLENGE

- Improve customer satisfaction
- Increase profitability of core managed services, specifically IP VPN
- Reduce cost and cycle time in Sales-to-Cash process

SOLUTION

Cisco IBSG facilitated a one-day, deep-dive workshop attended by functional representatives from across the company to gain insight into Equant's Sales-to-Cash cycle. IBSG then conducted an analysis of its findings, established a baseline, and compared results with industry benchmarking data and best practices. IBSG also created a roadmap documenting how the process could be improved, what the impact would be, and what it would cost to implement the recommendations.

BUSINESS VALUE

- Projected cost savings, including the current backlog of orders, could exceed US\$30 million in savings and revenue opportunity.
- Equant, either by adjusting existing processes or by migrating to more efficient processes in the France Telecom family, could potentially decrease its Sales-to-Cash cycle time by an estimated 40 percent.

Building on 50 years of experience, Equant is a recognized industry leader providing global IP and data services to more than 3700 multinational businesses in over 220 countries and territories. Facing a declining market and shrinking profit margins of their traditional services, Equant engaged Cisco to help increase the profitability of its core managed services, specifically IP VPN. Conducting a real-time industry benchmark in parallel with a deep-dive assessment of Equant's IP VPN Sales-to-Cash process, Cisco identified areas of potential.

BUSINESS CHALLENGE

Equant meets the diverse needs of large companies around the world with the industry's most extensive portfolio of managed data network services. With unmatched, seamless global reach, a presence in 220 countries and territories, and local support in 145 countries and territories, Equant's 9300 employees generated 2004 revenues of more than US\$3 billion. After its merger with France Telecom in 2005, Equant became the only truly global interexchange carrier (IXC) in the industry, providing IP and data services to more than 3700 multinational businesses.

In 2003, Equant, like many traditional IXCs, began to feel the impact of a significant market shift. While the company had enjoyed its status in the market as a leading global provider of IP and data services, the need to address decreasing revenues and shrinking margins began to compete with customers demanding more and better services. Equant recognized that it was time to effect a companywide operational transformation.



Prepared by Cisco Systems, Inc.
Internet Business Solutions Group

One of the company's first priorities was to get the Sales-to-Cash process under control. Equant's backlog had peaked at 2000 orders, some with cycle times of up to 220 days. Disparate systems, multiple processes, manual transfer of information, and lack of consistency in the process had also resulted in rising costs and decreased customer satisfaction.

“OUR PRIOR WORK WITH CONSULTANTS HAS ALWAYS BEEN BASED ON THEORETICAL DATA. CISCO GAVE US ACTUAL INDUSTRY INSIGHT WITH REAL-TIME, RELEVANT INFORMATION. THEIR GREATEST VALUE IS BEING ABLE TO USE THAT INFORMATION AND HELP US BENCHMARK WHERE WE ARE AND WHERE WE SHOULD BE.”

—Jean Smith, Head of Global Customer Process Improvement, Equant

Cisco Offers Assistance

Meanwhile, [Cisco Systems](#)®, an Equant partner, had also noticed a large backlog of Cisco® routers due for connection. The Cisco account manager and a representative from the [Cisco Internet Business Solutions Group \(IBSG\)](#) approached the company to see how they could work together to provide insight into the challenges Equant was experiencing with its Sales-to-Cash process.

SOLUTION

In August of 2004, Cisco IBSG facilitated a one-day, deep-dive workshop attended by functional representatives throughout the company, including account executives, engineers, pricing specialists, and fulfillment. They walked the entire team through the process from beginning to end, capturing each action at every stage, identifying which systems were involved, in what form information was collected, and learning the challenges each individual or department faced as the order went through the process. They found that the Sales-to-Cash flow took an order through multiple departments, across multiple systems, involved multiple manual processes, and often resulted in order cycle times of well over one hundred days.

“The exercise confirmed what we were thinking around service modularity and needing to simplify and standardize what we do,” says Jean Smith, head of Global Customer Process Improvement, Equant. “One area it really brought attention to was the need for a CRM-type solution where we validate incoming data, the costs associated with incorrect data, and how that impacts our entire supply chain.”

Once the discovery process was complete, IBSG conducted an analysis of its findings and established a baseline which was then compared with industry benchmarking data and best practices, then prepared recommendations on how the process could be improved, what the impact would be, and what it would cost to implement the recommendations.

The initial findings were presented the following month to Equant's executive team with 24 transformation projects identified for the company. The Sales-to-Cash process was chosen as the kick-off to Equant's overall strategic operational transformation.

BUSINESS VALUE

By providing a benchmark of the IP VPN Sales-to-Cash process, IBSG helped Equant accelerate the rate of change within the company and highlight areas that should be addressed. This acceleration has positioned Equant to implement changes that will have lasting effects on profitability as well as the company's ability to win and retain customers.

Equant is in the process of determining its options for redesigning its Sales-to-Cash process, including potentially migrating to a more efficient process from within the France Telecom family. IBSG continues to work with Equant Operations to help them take full advantage of the cost-saving opportunities. As Equant's transformation activities progress, the company estimates that it will be able to decrease its Sales-to-Cash cycle time by 40 percent. In addition, taking into account the current backlog of orders, projections include US\$30–40 million in savings and revenue opportunity.

“Cisco brought to us an understanding that we were unable to get with any other consulting entities we've used,” Smith says. “They understand our business.”

MORE INFORMATION

The Cisco Internet Business Solutions Group (IBSG) is a global consulting team that helps customers transform their organizations by strategically applying advanced technologies and business process innovation. A unique combination of industry experience, business, and technical knowledge enables IBSG consultants to serve as trusted advisors to many of the world's top organizations.

For further information on Internet business solutions, visit <http://www.cisco.com/go/ibsg>



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