



Genpact transforms and automates accounting operations for a Fortune 500 hospitality company resulting in working capital improvement of \$60 million

About the Client

A Fortune 500 hospitality company

Industry

Lodging and Casino

Business Need Addressed

Plug revenue leakage and improve working capital through better cash management and cost productivity

Result

- Working capital improvement of \$60 million through increased cash-flow and reduced borrowing for operations
- A 40% increase in labor productivity

A global hospitality company was facing challenges in improving its working capital across its three key lines of business. Genpact conducted a 20-day comprehensive study to identify savings opportunities and implemented smarter solutions in the client's finance and accounting processes.

The result was a \$60 million improvement in working capital, 50% shorter order to cash cycle and centralized and standardized processes.

Business Challenge

The hospitality client has multiple properties in North America involved in gaming and non-gaming operations. They were facing challenges in improving their working capital across three key lines of business:

- **Conventions**, which had a highly paper-intensive process, generating 3.5 million documents for over 700 conventions annually. All paper flows were manual and lacked digitization.
- **Entertainment sales**, where all the invoicing and accounts receivables (AR) activities were done on two different systems. The past-due follow-ups were also done manually, outside any system of record.
- **Room sales**, where a high volume of disputes led to increased past-due accounts and loss of working capital.

The Genpact Approach

Genpact's team of business process and Six Sigma experts completed an end-to-end and granular analysis of the existing process for all three lines of business. This study covered the order-to-cash process for the entertainment sales business, the upstream processes for convention sales document creation, and the dispute management process for room sales.

The analysis clearly revealed that the client's accounts receivables processes were de-centralized, non-standardized and manual across all properties.

The following issues were uncovered by the Genpact team during the 20-day study:

Conventions:

Issues	Potential Impact
<ul style="list-style-type: none"> • Duplication of data capture activity due to multiple documents during the booking process • Document usage standards inconsistent with the hotel portfolio • Manual flow of documents • Disparate IT systems 	<p><i>Close to \$144.5 million of revenue (representing 50% of convention billing) was billed between 2-8 weeks after convention conclusion. This variation in the process resulted in blocking working capital between \$5.5 million (per 14-day standard) and \$22 million.</i></p>

Entertainment Sales:

Issues	Potential Impact
<ul style="list-style-type: none"> • Highly manual order capturing and booking process • Highly manual invoicing process using multiple AR systems • Unfavorable contract terms with vendors including terms of payment • Non-standard payment remittance and manual reconciliation 	<p><i>\$30 million in blocked working capital and \$3 million in EBT due to 16 day average delay in time to invoice and 72-day average delay in time to collect.</i></p>

Room Sales:

Issues	Potential Impact
<ul style="list-style-type: none"> • Lacking dispute capture platform • No segregation of duties within the accounting team • Non-existent dispute management workflow 	<p><i>Increased past-due accounts impacting working capital.</i></p>

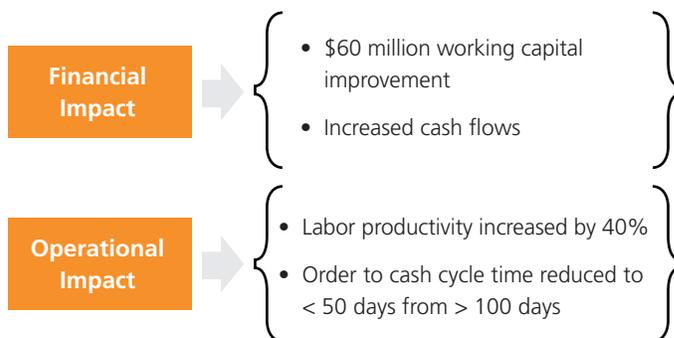
The Genpact Solution

This detailed analysis identified multiple savings opportunities which addressed the client's cash management and cost productivity challenges. Genpact implemented these smarter process and smarter analytics solutions:

- Centralized, standardized and consolidated AR processes from multiple to one location
- Digitized order booking for entertainment sales
- Established single AR module for AR management
- Implemented Electronic Invoice Presentment and Payment (EIPP) tool for invoice creation and submission
- Implemented digitized workflow and document flow tools
- Reduction in paper document generation
- E-signature capture for F&B services
- Setup autopay for major vendors

Business Impact Delivered

The end-to-end approach taken by Genpact resulted in significant process improvements across all three of the client's businesses.



About Genpact

Genpact Limited (NYSE: G), a global leader in business process management and technology services, leverages the power of smarter processes, smarter analytics and smarter technology to help its clients drive intelligence across the enterprise. Genpact's Smart Enterprise Processes (SEPSM) framework, its unique science of process combined with deep domain expertise in multiple industry verticals, leads to superior business outcomes. Genpact's Smart Decision Services deliver valuable business insights to its clients through targeted analytics, reengineering expertise, and advanced risk management. Making technology more intelligent by embedding it with process and data insights, Genpact also offers a wide variety of technology solutions for better business outcomes.

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