knowledge17

WORK at LIGHTSPEED™

Enabling True Automated Enterprise Contract Management with a Single System of Record

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Agenda

- Introduction – Who, What, Why?
- CEMEX´s challenge in Contract Management
- Wrap Up – Next Steps, Q&A

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Speaker Introduction



NAME: Adrian Cantu

TITLE: Contract Manager

FUNCTION: VMO – Vendor Management Office

COMPANY: CEMEX Central (Headquarters)

EXPERIENCE: 5 years in Corporate Internal Audit, 4 years in VMO

EXPERTISE: Contract Management, Outsourcing, Auditing, Internal Control, Compliance

ACHIEVEMENTS: Successfully manage a global outsourcing contract with IBM valued at US$ 1 billion in 10 years

CURRENT PROJECTS: Expanding the scope of contracts managed by VMO. Automating additional processes through ServiceNow

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Speaker Introduction



NAME: Alfredo D. Alvarez

TITLE: Performance Analyst

FUNCTION: VMO – Vendor Management Office

COMPANY: CEMEX Central (Headquarters)

EXPERIENCE: 1 year in Service Performance Analysis, 1 year as Architect in ServiceNow platform

EXPERTISE: Process enablement in ServiceNow

ACHIEVEMENTS: Successfully manage a global outsourcing contract with IBM valued at US$ 1 billion in 10 years

CURRENT PROJECTS: Expanding the scope of automated processes in different organizational areas with our Service Management Framework through the ServiceNow platform

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My Company



NAME: CEMEX

INDUSTRY: Building Materials

MARKET FOCUS: CEMEX is a global building materials company that provides high-quality products and reliable service in more than 50 countries. We work hard to develop and deliver the best solutions in cement, ready-mix, and aggregates...so we can transform ideas into reality.

COMPANY'S PRIMARY PRODUCTS/SOLUTIONS: Cement, Concrete, Aggregates, Value-adding services to our products, High quality solutions

COMPANY-WIDE INITIATIVES: Becoming ONE Global CEMEX, Implementing Digital solutions, Regaining Financial flexibility, Health & Safety First

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Session Overview



Objectives

- Learn from CEMEX´s experience in Global Contract Management



What You Will Learn

- The challenges faced when engaging into a “global” outsourcing contract for the first time
- The necessities derived from a global contract
- How ServiceNow resolved necessities for CEMEX VMO; from Manual to Automated processes

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Context – Setting the Stage

CEMEX SITUATION AROUND YEAR 2012

- Global Financial Crisis 2008; downturn of the Construction and Housing Sectors
- Financial pressure

INDUSTRY TRENDS & COMPETITIVE PRESSURES

- Global companies looking for alternatives to lower costs / increase margins
- Global outsourcing strategies became a “must have”

ACTION PLAN

- CEMEX creates the Vendor Management Office (VMO) to engage in a Global Outsourcing Contract
- Request for Proposal process executed with service providers
- Contract signed with IBM on July 27, 2012



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Challenges: Contract Signed! So, how do we Control…?

- A 10-year contract worth approx. US$1 billion
- Multi-Tower Services: Financial & Accounting, HR, IT, Service Center, Applications…
- Services in over 30 countries
- Services to over 20,000 employees

"Lack of management is central to the problems with multiple sourcing. 84% of companies do not have what they regard as a mature governance model."	"63% of companies surveyed believe they lose an average of 25% of contract value due to poor governance."	"Companies report between 5% and 30% of the expected value of their transaction is lost through ineffective governance."
Financial Times July 6, 2009	International Association of Outsourcing Professionals	TPI Research Study

GOVERNANCE!

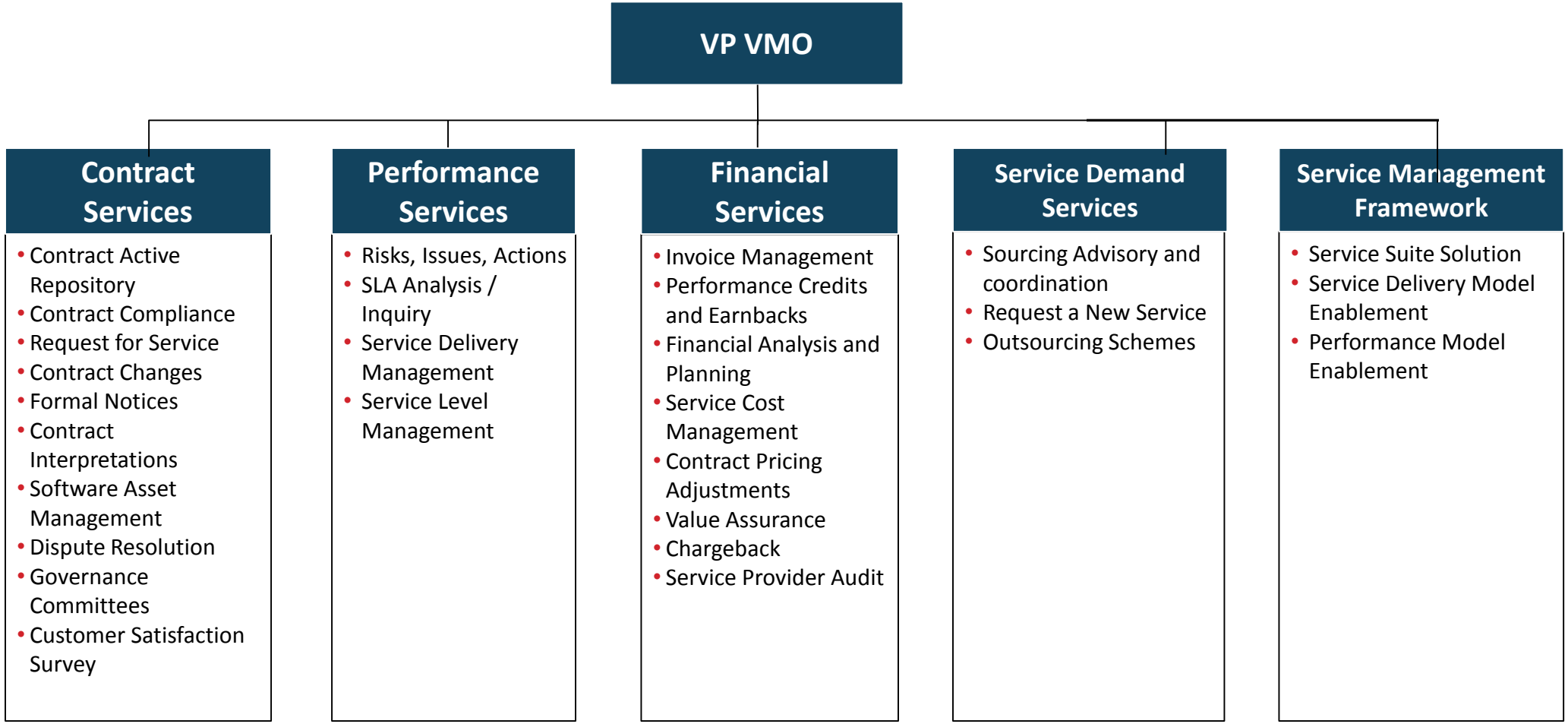
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Challenges: What do we Need to have Proper Governance?

- Define Committees
- Define Service Management and Governance Manuals
- Define Interaction Models
- Enable End-to-End processes (internal and external)
- Define repositories (internal and shared)
- Define a single source of truth to manage processes
- Define a platform to manage processes
- Define platform to manage workflows

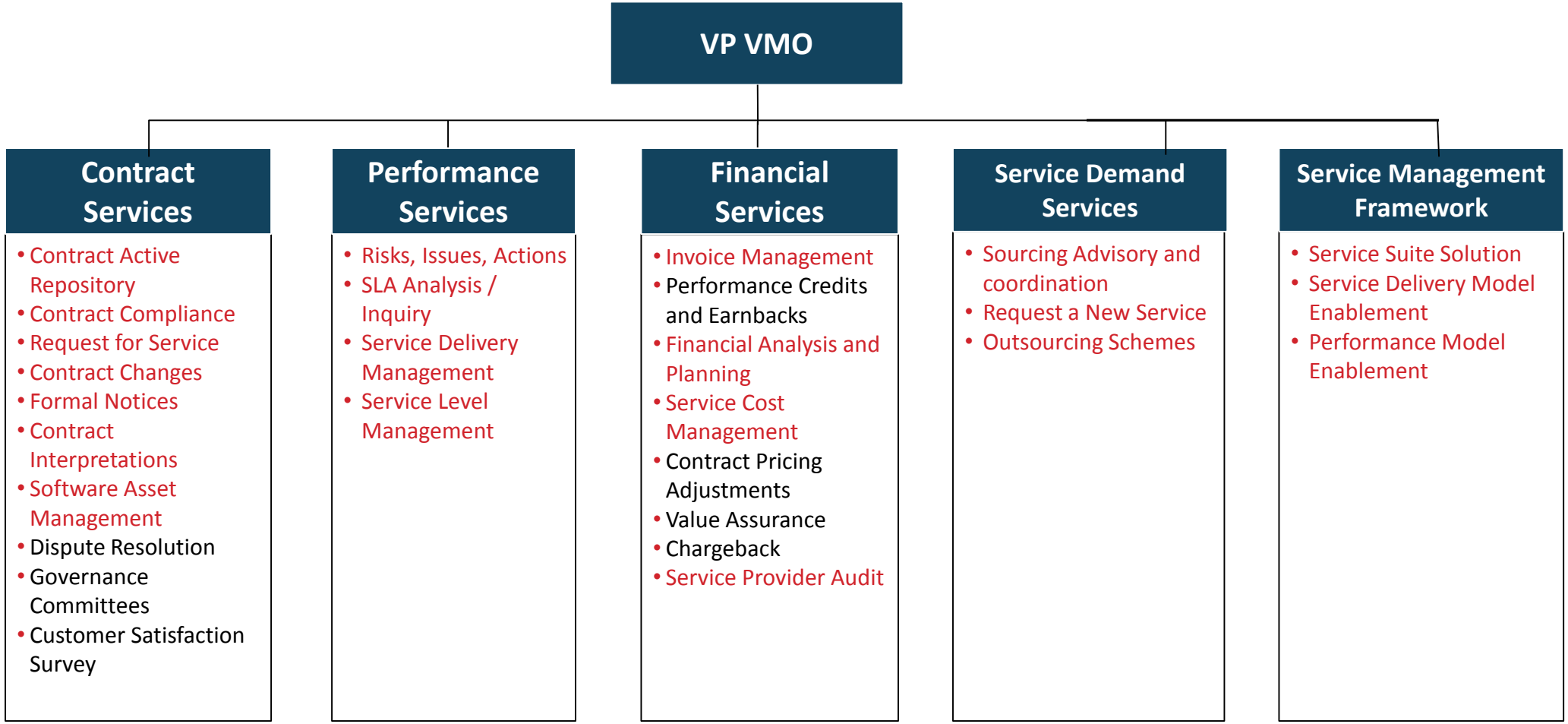
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Vendor Management Office (VMO) Structure and Processes (~35 FTE´s)



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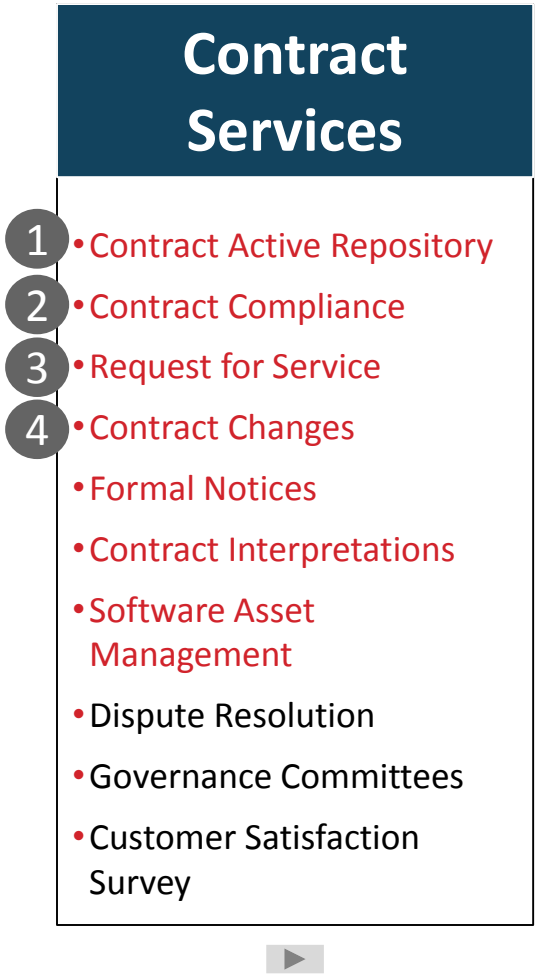
Vendor Management Office (VMO) Structure and Processes (~35 FTE´s)



21 processes managed in ServiceNow!

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Live Demo: Contract Management Services



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1. Contract Active Repository

DESCRIPTION

- Integrated contract management repository with detailed metadata
- Contract value, payments terms, effective dates, renovations, etc

BENEFITS

- Effective tool for budgeting purposes
- Real-time monitoring expiration dates of hundreds of contracts with notifications
- Ad-hoc reporting capabilities, graphs, etc

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2. Contract Compliance

DESCRIPTION

- Tracking of all Deliverables and Obligations (D&O) derived from the contract using the GRC* Module
- All details, including due dates, are input into Service Now and automatic tracking commences
- All Deliverables are exchanged through the platform

BENEFITS

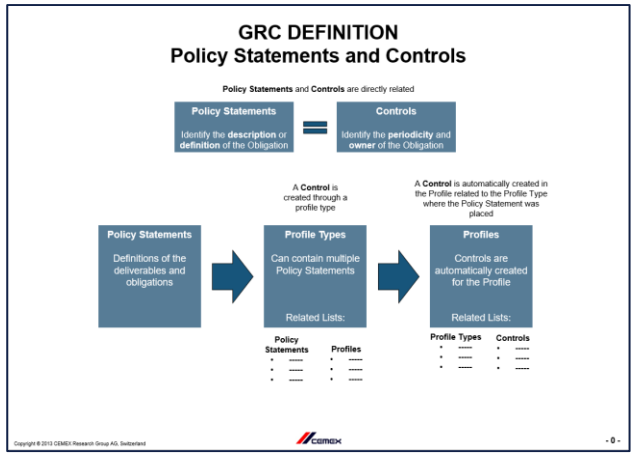
- Deliverables are then stored within the Service Now platform for future reference
- Notifications and reminders are programmed as needed
- Manual tracking through Excel has been replaced
- Multiple views and reporting are available which makes tracking easy

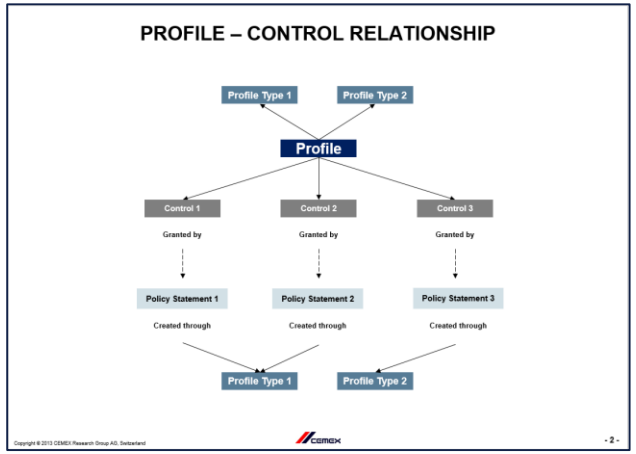
**GRC = Governance, Risk & Compliance*

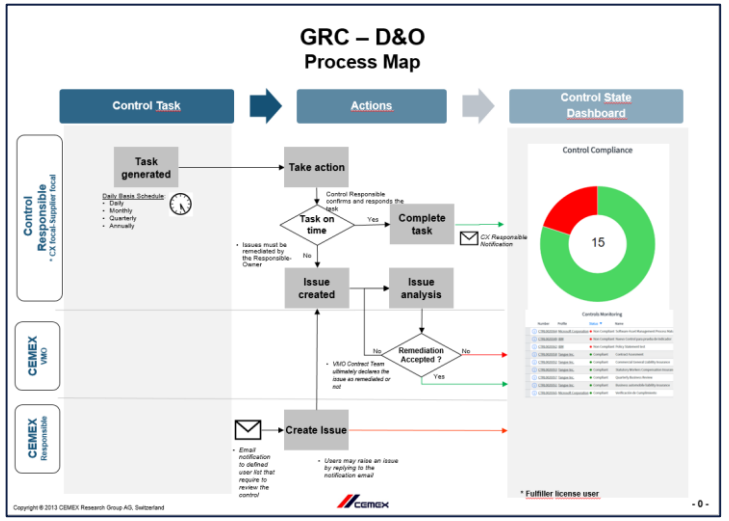
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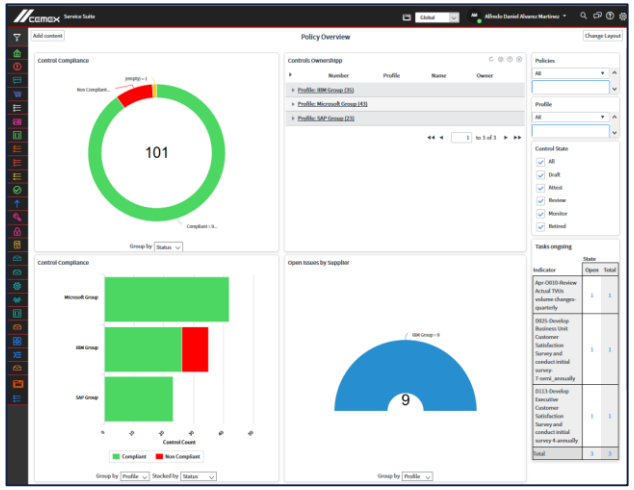
How was Contract Compliance in GRC Implemented?

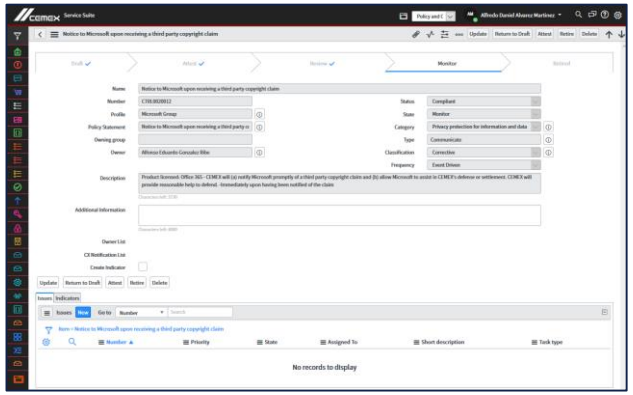
Understanding GRC Module → Defining and Designing Additional Requirements → Implementation











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Value Outcomes of the “Contract Compliance" Process

A decrease of

~10

Emails per D&O

Zero emails needed per Request



Time saved per day to follow-up on open controls and tasks

2X

FASTER

Automatic monitoring and task scheduling reduced time consumed for compliance process

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3. Request a New Service

DESCRIPTION

- The process to request an additional service to a Service Provider
- Services may be defined as in-scope (additional volume) or new services (no established pricing, need quote)
- May be requested by CEMEX Service Delivery Managers throughout the CEMEX global network. Service Providers may not initiate this process.

BENEFITS

- ServiceNow will dynamically assign the correct workflow group depending on the user and “tower” selected
- Real-time monitoring of SLA per step of the workflow, easy to identify pain-points
- Ad-hoc reporting capabilities

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Value Outcomes of the “Request a New Service” Process



Zero emails needed per Request



Time saved in the Initial Request step



Time saved saving and storing files

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4. Contract Changes

DESCRIPTION

- The process to request a change to an existing contract with a Service Provider
- May be initiated by both parties; CEMEX or Service Provider.
- Depending on the Supplier selected in the initial form, the workflow will assign the correct group

BENEFITS

- Workflow within ServiceNow is easy to visualize and monitor each step in real-time
- All information is saved for reporting purposes: initiators, approvals, comments, reworks, attachments
- Ad-hoc reporting capabilities
- Easy to identify pain-points

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Wrap-Up: Advantages

- Single source of truth
- Scalable to multi-businesses
- Capacity to interact with external users (e.g. service provider…)
- Customizable to any workflow process
- Executive, real-time dashboards
- User-friendly, easy to do In-house developments, enhancements…
- Mid / long term savings in Contract Management

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Our Next Steps

- Expand the scope of VMO processes enabled within the CEMEX Service Suite
- Offer the CEMEX Service Suite to other areas within CEMEX
- Further develop smart reporting
- Reinforce change management necessary for users to use the CEMEX Service Suite
- Engage new users to further explore the tools' capacities
- Further develop in-house programming skills

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Top Takeaways

1

CEMEX Contract Management in SN has proven to be a success! We now have increased compliance, agility, visibility.

2

SN understood our initial necessities and budget to help CEMEX initiate in SN. From 2 processes, we now manage over 21!

3

The capability to do in-house developments has saved us a lot on money when compared to other traditional applications.

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Thank You

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Q & A

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Thank You

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