

Smarter Processes Produce \$17.2MM Reserve Release in 6 Months

About the Client

Global Aviation Company

Industry

Aerospace

Business Need

To increase cash flow and release reserves by recovering eligible claims from revenue-sharing partners

Genpact Solution

Analyzed client's existing processes, identified root causes of the process disconnect, and implemented technology and process changes for end-to-end business process improvements

Business Impact

- \$17.2MM released from reserves
- Improved accuracy
- Improved controllership

A global aviation company was entitled to recovery of some \$49.1MM in eligible Claims from Revenue-Sharing Partners (RSPs) but lacked standardized systems and processes for ensuring claims filing and processing. This negatively impacted cash flow and forced unnecessarily high retention of funds for reserves. Genpact helped this client become more effective and “intelligent” in claims handling by implementing controls to eliminate process gaps, releasing \$17.2MM in reserves within six months.

The Business Challenge

This global aviation manufacturer faced issues where Claims on Service Agreement engines were not recovered from their RSPs. The company had identified \$49.1MM under recovery of claims, which would increase cash flow as well as have a positive impact on P&L via release of Reserves.

However, the company lacked an existing process for new contracts by which such recovery could be made and experienced incomplete recovery on existing contracts. Many invoices were not received by the claims processing team, and there was no tracking of claims filed to the Service Agreement Billing department. Non-company shops servicing the company's engines were not covered under the database, so recovery of claims was uneven.

Genpact's Solution

Genpact combined smarter processes with smarter technologies to put in place tighter controls and stop revenue leakage. We began with a root cause analysis of the company's existing recovery process, including a review of Service Agreement contracts, billings, and major claims programs. This included validating claims filed and eligible claims as well as identifying missing claims.

With gaps identified, we instituted a control plan to ensure that, going forward, the client would be able to more closely track contracts, file claims, and recover all eligible revenue. This included:

- Implementing control processes and communicating them to stakeholders
- Weekly reporting of engines shipped from owned repair and overhaul shops
- Maintaining a monthly tracker for overhauls done at external shops
- Instituting a dashboard for missing claims, reporting opportunities for the Claims Processing Team

Business Approach

Genpact's root cause analysis mapped the client's current method of processing claims for both company-owned repair shops and external shops. This identified gaps in existing processes and pinpointed areas for improvement.

The solution focused on three critical areas:

Resolution Strategy

- Analyzed billing data for both Service Agreements and RSPs to understand and validate adherence to agreed-upon terms and conditions
- Identified gaps and filed for missing claims through validation of claims for shop visits

Improved Controls

- Created processes and implemented preventive controls on claims to avoid revenue leakage
- Instituted regular updates for all Claim programs and Service Agreement contracts to the claims team, ensuring timely filing of claims
- Created dashboards to monitor claims filed against Service Agreement billings

Training and Reporting

- Implemented weekly reporting of engines shipped from "owned repair and overhaul shops," leading to visibility of activity against each contract to all stakeholders
- Established a dashboard for missing claims, reporting opportunities for the claims processing team, allowing consistent tracking
- Introduced a monthly tracker for overhauls at external shops, creating control over claims due from RSPs

Successful implementation of new and more standardized processes led to tighter overall control and more insight into the process end to end, as well as a positive cash flow impact. This proven blend of "smarter" processes, targeted technologies, and detailed analytics to drive improvement helped this client become more globally effective and better connected to both customers and vendors.

Business Impact

Genpact solutions strive not merely for greater efficiency but to achieve the highest possible return to our clients from all sources. Our focus is therefore on overall business impact, which is the cumulative effect derived from lowering costs, improving the customer or vendor relationship, and boosting revenue.

For this client, the business impact came from:

- Released \$ 17.2 MM from reserves
- Improved accuracy
- Improved controllership

Genpact powers a more intelligent enterprise through process, helping our clients become not just more efficient, but more effective in serving customers and driving higher customer satisfaction and growth. The permanent process improvements and cultural change achieved consistently result in ongoing savings and enhanced revenue.

