

XL Axiata

Improvements in Accounts Payable pay off

The XL Axiata was established in 1995 and is one of the major cellular providers in Indonesia with a majority ownership by Axiata Group Berhad (66.7%).

The Axiata Group includes Robi (Bangladesh), HELLO (Cambodia), Idea (India), Celcom (Malaysia), M1 (Singapore), Samart (Thailand) and Dialog (Sri Lanka), as part of its holdings in Asia.

XL has become the second largest company in the Indonesian Telecommunication market and one of the most profitable

“Renoir has been able to identify and help implement several improvements in the respective processes that have significantly helped XL in strengthening its position in the market. We feel that Renoir has significantly contributed to the improved business performance over the last three quarters.”

Wim Timmermans
Chief Finance Officer

Key Results

Development of a financial liability report to better manage financial risk and PO aging.

Installation of checklists and procedures to reduce errors and rework.

Setup of an Accounts Payable procedures ‘Vendors’ Compliance Report’ with penalty scheme.

Facilitation of training sessions for 100 key vendors.

ANALYSIS

The telecommunications industry in Indonesia has, over the last few years, become extremely competitive and dynamic, posing specific challenges for operators. Key success factors for growth in such an environment are a clear strategy and effective execution.

XL has engaged Renoir since 2007 to help streamline and simplify several key business processes with the objective of increasing speed and predictability through a lean execution approach.

Following a period of rapid network expansion, XL hoped to increase focus on several key business processes which would allow it to better monitor capital expenditures and improve vendor performance.

After successful projects in Procurement, Logistics, Network and Sales & Channel Management, Renoir was asked to review Accounts Payable and the various administrative processes involved in completed purchases and paying vendors

PROJECT APPROACH

The 8 week project kicked off with **Renoir’s Focus Process™** and continued with the standardized operations **Implementation**.

The project was structured to allow for regular progress reviews by the Chief Financial Officer. A ‘Management Action Team’ headed by the Vice President of Finance was created to directly engage General Managers and key personnel across XL to develop and install project deliverables in a short period of time.

The objectives of this project were to first **improve Accounts Payable productivity and reduce the amount of errors and rework** and secondly, install a **vendors’ compliance monitoring system**.

The Focus Process™ highlighted the following solutions for implementation:

- XL’s rapid network expansion resulted in some administrative steps in the field being left incomplete, delaying some vendor payments and increasing their liabilities.
- There was no end-to-end system in place to track Purchase Orders through their lifecycle and accurately monitor aging.
- Accounts Payable was forced to rely on ad-hoc communication

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from regional staff to monitor PO status and control down payments to vendors.

- Vendor requirements for delivery and payment processing were unclear and needed standardization across regions.
- A select number of vendors were underperforming in administrative areas requiring

Tax staff to continually reprocess documents and deal with regulatory authorities due to vendor noncompliance to regulations.

- Accounts Payable lacked effective planning and performance targets to improve department invoice processing and increase productivity.

PROJECT RESULTS

The project began with a 3-week in-depth review of all network roll-out processes and the multiple methods of data capture being used across XL departments.

Renoir then worked with Accounts Payable to design a report that would allow management to identify the status of each specific purchase order at any-point in network rollout process. In order for the report to be readily accessible, Renoir coordinated with SAP and various XL departments to install data entry and upload guidelines.

At the end of the project a versatile report provided top-management with a snap-shot of financial liability and at the same time allowed middle-management to better manage financial risk and PO aging through short interval control.

In order to immediately reduce the amount of rework due to tax document errors, an enhanced invoice acceptance check was installed at the beginning of the project. All invoices with tax errors were immediately rejected eliminating required vendor follow-up on 5% of all invoices.

A series of vendor information sessions were held with over 100 key vendors to educate them on Accounts Payable and Tax Policies and Procedures. The session provided vendors with an opportunity to raise questions and discuss issues with multiple XL departments at the same time. These information sessions aided vendor development, reduced rework in Accounts Payable and improved compliance to Tax and Regional Operations policies and procedures.

In order to more closely monitor vendor performance and provide Procurement with additional criteria to rationalize vendor selection, a supplementary vendor performance management system was developed to monitor vendor performance in administrative areas and tax compliance.

THE RENOIR GROUP

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