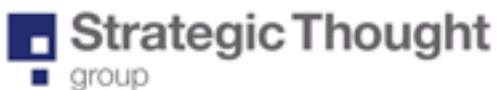


Turnaround WW Services Organization and US/APAC Operations



Turnaround Multiple Services Organization and US/APAC subsidiary

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Executive Summary

I will breakdown business challenges faced by this client "STG" in 2 parts:

1. Global Services Organization – This division of STG was facing many problems that most of the software companies have in terms of delivery and reputation on the market. They came to this conclusion when the new CEO came on board as the customer satisfaction was very low and complains were coming on a daily basis. To be more precise, the problems described to me by the CEO, CFO and later by the board were revenue stream and utilization very low, no margin and no recurrent business. The division had 3 business units with Retail, Bank and ERM Services. STG core business is only ERM as a company.
2. Americas (US/Latin America/Asia Pac) Operations. They launched their US subsidiary in 2004 and despite a few years of good business, they never really had the profit and the activities they were expecting from the biggest ERM market. The challenge was to assess the market, the team and make it profitable; in a word, turnaround and improve the situation in

the US. Per my experience of Asia and my language skills, they asked me to improve the business in Asia and assess the opportunity to work in Brazil. To summarize, very bad revenue and loss for the last 5 years in the Americas.

Challenges

1. Services Organization

- a. After interviewing the board, CEO and CFO to understand fully their problems and challenges, I carried on my evaluation by interviewing the Managers of each Services Team (Retail, Bank and ERM Services). As often perception of the challenges were different from the Board/Executive and the Managers. The Executives perception was lack of professionalism from the resources, methodology and approach where the Managers were very focused on lack of investment and resources.
- b. During the evaluation I found out that there was no project approach methodology, no tools, no financial process, no selling process and a very strong lack of appropriate skills within the team. Part of the process was to evaluate their market, their customers' demand, build a strong forecast/pipeline and skills matrix. An important item was that there was a sales team for the bank services. I did evaluate the process they were using and attended some of their meetings to evaluate the demand and their approach.
- c. They had some strong partnerships with IBM and Microsoft but the business model used was not in their favor, only 3% margin before paying commissions.
- d. Their business was based on a few clients and there was no implementation offer (consulting, advisory, installation, development, training etc...).

2. Americas Operations

- a. The evaluation took place in 4 steps such as organization, customers' base,

pipeline/forecast analysis and sales approach.

- b. I found out that the organization was very flat with no reporting structure and with no team spirit but a group of individuals working with their knowledge, own processes and approach.
- c. The pipeline was created to match the Board number rather than representing real opportunities with associated documentation.
- d. The customer's base was almost only focused on Government Agencies and very little on the commercial sector. Most of the customers didn't have any contact from STG for a few months and didn't even know who was in charge of their account if they needed to request anything.
- e. I have discovered that \$2m of „old“ maintenance were not paid and most of the customers never renewed their maintenance agreement. There was no follow up from STG, and customers were still supported.
- f. No Customer Support staff for the Americas territory.
- g. Lack of Financial Process for renewal, payment of 3rd parties, payment of STG invoices and even payment of the employees' benefits such as salaries and 401k.
- h. There were no partners established for the US Market.
- i. The Asia Pacific region had two key issues: the market was not developed enough and STG had very little presence if any.
- j. Latin America was a new market and a complete assessment was needed before making any decision as to whether or not STG should open a local office.
- k. There was no marketing for the Americas Market

Solution

1. Services Organization
 - a. We created a project methodology based on Prince II and PMI, implemented MSF Project and a new approach to sell services.
 - b. New offerings (Services, Consulting and Training) were created to respond to market demand and increase the revenue stream.
 - c. After reviewing the skills matrix, a few changes in the organization were made through internal promotions, new certified consultants and new projects managers.
 - d. Compensation plan was changed to add bonus (equal to 20% of base) based on utilization, revenue and profit.
 - e. Services were included during the sales phase to sell their services to prospects and customers.
 - f. Pipeline/Forecast was reviewed with a 2.5 ratio.
 - g. Partnerships with IBM and MSF were stopped as it was not making any business sense to STG.
 - h. A minimum implementation plan of 30 to 50 days was added to every single proposal with a new pricing list based on the methodologies and the new recruits.
 - i. Financial Process (Contractor T&M, payment and invoicing) was established.
 - j. New approach to the banking sector with a focus on 18 to 24 months projects.
 - k. As STG company strategy, mission and vision was to be focused only the ERM market, we found an agreement and sold the retail and banking services businesses after securing medium term projects and revenue.
2. Americas Operations
 - a. New organizational chart created with VP, Director and Managers such as Support, Sales, Finance and HR.
 - b. A Support Team was created with a Director to manage the global team and implement 24*7 support..
 - c. New Account Management Approach with calls, visits and a 3 year plan for all major accounts.
 - d. The forecast was updated with opportunities backed up with documentation such as budget, timeframe, decision maker, champion identified.
 - e. A weekly sales meeting for update and involvement of Senior Management for negotiation and closing stages.
 - f. New Maintenance renewal process in place with a call of each customer depending of their situation
 - g. Recruitment of a Financial Controller locally to deal with invoicing, payments and cash collection instead of remote financial from the UK.
 - h. Signed a few partnership programs with the big 4 such as E&Y, Booz Allen and Marsh.
 - i. Establishment of a program for the Asian market with quarterly visits and calls scheduled every fortnight with major clients.
 - j. After assessment and analysis of the market with potential partners, the Latin American market was abandoned.
 - k. A Marketing Program was established for the Americas Market with Videos of customers" feedback, case studies, press releases and a user conference.

Results, Return on Investment and Future Plans

1. Services Organization
 - a. Complete focus on the core business of the company. One company and one goal for all employees.
 - b. Increased utilization of services resources from 45% to 65%.
 - c. Increased the revenue by 65%.
 - d. Average daily revenue per resource moved from \$1,200 to \$2,400
 - e. Recruited 10 people.
 - f. Signed several \$2m dollars projects for the banking services before selling the business to the banking services team who created their own company with a forecast of 18 months revenue in front of them.
 - g. Signed 3 years deal with the four major clients for the retail services team who created their own company with 3 years of revenue in front of them.
 - h. Increased the customer satisfaction and recurrent revenue by 40%.
 - i. 15 new offerings for services and training meeting customers' demand.
2. Americas Operations
 - a. Collected \$2m of unpaid maintenance renewal in less than 3 months.
 - b. Increased licenses revenue by 350%.
 - c. First time profit for the Americas with an EBIT of 40%.
 - d. Improved the market share in the commercial sector with new deals coming from the Mining, Construction, Energy and Utilities sectors.
 - e. Cash Collection improved with a backlog of less than \$500k at net 60 days (from \$4M at 90+ days).
 - f. Americas User Conference with more than 100 customers coming from the US and Asia Pac regions. Case Studies, Press Releases and Videos created with all major customers and new deals closed.
 - g. Customer satisfaction improved dramatically with the new support team in place.
 - h. New customers from the Asian Market signed every quarter.