

## BPO

### CONTRACT LIFECYCLE MANAGEMENT SERVICES

#### ABSTRACT

This white paper explores Contract Lifecycle Management within the railroad industry. ProKarma solutions handle all stages from initiation to invoice validation, which reduces risk and compliance violation. In turn, this enables enterprises to enhance their procurement process and cut cost by 15-20%. Our history with Class I railroads spans over a decade delivering operational projects that enable worldwide cost optimization.



## INTRODUCTION

ProKarma has been providing end-to-end tactical procurement lifecycle management services to fortune 1000 companies in USA since 2005. The procurement lifecycle management services offered by us cover an entire spectrum of major areas including:

### Sourcing services

- Request Management
- Rfx Management
- Sourcing Events
- Auctions
- Bid Analysis, Supplier Selection
- Category Management

### Contract life cycle management

- Contract Initiation
- Contract Administration
- Contract Modifications
- Invoice Validation

### Spend Analysis

- Data Collection & Dimension Management
- Data Cleansing
- Data Classification
- Reporting & Analysis
- Recommendations & Tracking

### Specialized services

- Enterprise help desk & tech support services
- Vendor Sourcing & Supplier Negotiations
- Catalog Building & Administration
- Invoice matching for purchase orders
- Industry Benchmarking & Best Practice Consultancy
- Strategic Sourcing: Subject Matter Expertise

ProKarma's procurement services are offered in both an À la carte model as well as individually packaged services.

## TOOL SET

ProKarma has IT experience in designing an end-to-end contract administration system for a major Class I Railroad company in USA.

However, as most of our customers have homegrown, licensed software to manage

procurement lifecycle including Ariba, SAP among others. Over the past several years, ProKarma's expertise has been honed in working on customer systems in conjunction with our own proprietary software. In case the customer's systems do not have necessary advanced tool kits, we bring our proprietary software to the table to augment and complement customer software -

1. ProAdmin: A ProKarma owned & hosted ERP used to manage request Queues, procurement workflows, configuration parameters & catalog management, Pan-American supplier databases, street prices, industry intelligence among others.
2. ProIssue Manager: A ProKarma owned and hosted ticketing system for request management, help desk ticketing, performance tracking, KPI reports among others.
3. ProInvoice: A ProKarma owned and hosted tool kit for Purchase order workflow management, 3-way matching of invoices among others.

## SAVE AT SOURCE

Enterprises have started focusing on savings at source. A better procurement process with goods/services at industry benchmarked rates with optimal terms and conditions built into the language saves on future costs by up to 15-20% on annual spend. Savings made are incremental and sustain over a longer period.

While most enterprises have a great way of procuring operational essentials, tactical goods/services are often neglected.

ProKarma's expertise and value offering is centered around just that. We offer procurement life cycle management across 7 categories and 232 sub categories:

1. Operations
2. Direct Services including Engineering, Environmental & Mechanical
3. Indirect Services including Facilities
4. Human Resources
5. IT services
6. Telecom Services
7. Materials including Fuel

We serve US, Canadian and Mexican markets.

## GREAT CONTRACTS

ProKarma’s Contract Lifecycle Management [CLM] team ensures that the enterprise policies are followed to the ‘T’ while engaging in contract initiation and set up.

At the same time, it is not enough if the contract T’s & C’s are well laid out when the supplier does not understand them. Annually enterprises lose out on money, services & image because their suppliers perceive them to be difficult in contracting and eventually the enterprise even terminates the contract for a cause.

Generic contracts defined by Legal may not be applicable in entirety to all categories of services/material. ProKarma recommends best practice language and policy to facilitate the contracting flow.

## CONTRACT LIFECYCLE MANAGEMENT

ProKarma handles all stages of a contracting process and ensures that enterprises are not exposed to risk and compliance violation due to:

1. Expiration of contracts unnoticed while work is still being received.
2. Change order processes not complete before change is being effectuated on the field
3. Supplier invoice validation errors because of faulty change order, termination & amendment processes.

## CHANGING BUSINESS NEEDS

Enterprise business needs change often and set standards like

- Compliance norms
- Delegation of authority
- Labor notification rules

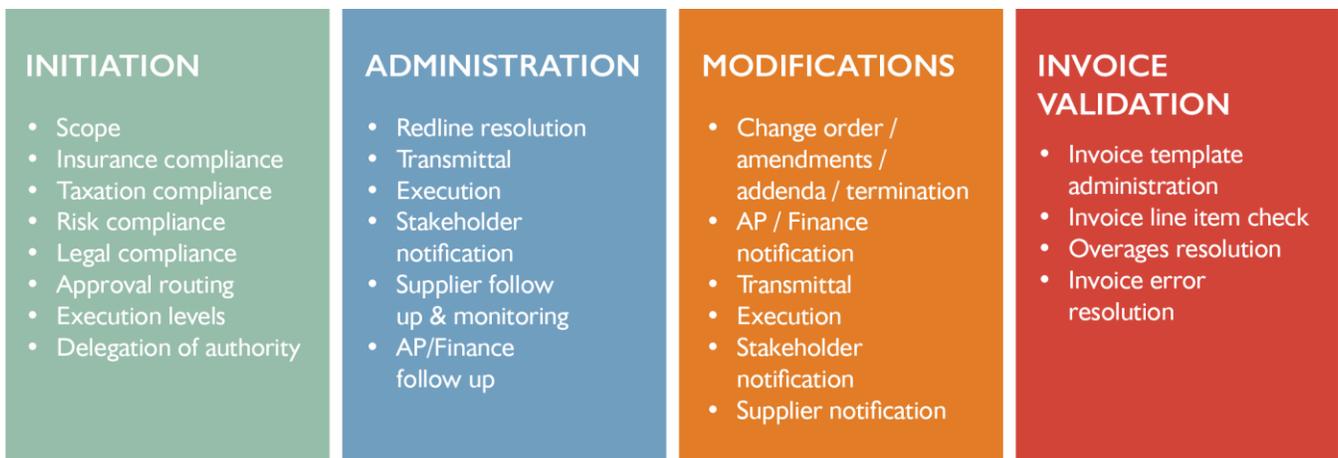
Can change frequently.

ProKarma’s ProAdmin stores all the documents and configurations in a version controlled document to ensure continued compliance in light of changes. The versioning also helps procurement division to satisfy audit trial needs which might arise.

## TURNAROUND TIMES

While ensuring that process standards & compliance is maintained at all levels, ProKarma’s Contract Lifecycle Management [CLM] team works to ensure best possible turnaround times on contracting procedures.

Though each customers needs and policies may differ, ProKarma has historically been able to commit to and deliver upon service level agreements of 15 days for change order/amendments and 30 days for new contracts after the sourcing process is complete and handed over to CLM team.



## INVOICE VALIDATION

Most enterprises might have native supplier portals and invoice validation engines and the invoices themselves may come in as EDI, thus making the process smooth and easy. But central to success of such a model are digitized contract templates, processes to update them and ability to validate individual line items and not the gross dollars. A higher degree of revenue loss prevention is possible with ProKarma's ProInvoice system which addresses this. ProKarma can also receive & process paper invoices, validate them and transmit AP data to enterprise ERPs for payments...all within 24 hours.

## PROCESS OPTIMIZATION

ProKarma's systems [ProAdmin and ProIssue] monitor, analyze and report on several process Key Performance Indicators including among others -

- Queue Velocity Report
- Throughput
- Request Ageing Report

ProKarma conducts quarterly reviews of processes and identifies potential areas for improvement and makes recommendations for increasing efficiencies. The review system is designed as an involved and collaborative process with customer's stakeholders included.