

How Tech Mahindra helped a globally well renowned US auto OEM save up to \$53 million on their warranty spend

Summary:

A globally well renowned US-based auto OEM wanted to overcome the challenges in its complex warranty management process, and thereby try to reduce the immense time, money and effort they spent on this. Tech Mahindra implemented a comprehensive warranty management solution, WarrantEAZE, by consolidating their legacy systems across the globe, facilitating an enhanced and streamlined warranty process, resulting in substantial savings of US \$53 million a year in the first year, the ability to create more than 14,000 extended warranty contracts in the short period following new system launch, and an improvement in execution speed by 400%.

Business Scenario:

Being a Fortune 500 auto OEM meant that the client had a global footprint with a complex network involving:

- 16,000 dealers and 90,000 users across the globe speaking 29 languages and using 70+ internal Interfaces and 80+ dealer management systems
- A 25-year-old legacy system containing business logic tucked away under 1.5 million lines of mainframe, .Net code and packaged software
- 90,000 claims being processed every day
- Over 4 million records of complicated and varied data
- Around 50,000 user rules authored over the existing legacy system

The client needed to deploy a unified and intelligent warranty management system across geographies, including North America, Canada, Mexico, Emerging Markets, Europe, South America and Asia Pacific, which could help them to:

1. Realize cost savings of up to at least 10% of their erstwhile spend
2. Digitize their warranty management process
3. Re-engineer their extended service business to standardize business rules across regions
4. Manage both their existing warranty as well as extended warranty process better

Approach:

To begin with, Tech Mahindra launched an assessment framework that would ultimately facilitate a flexible and fully-configurable warranty product at the client's premises – one that combines world-class business practices and rules with industry standard data models and accelerators. The solution was then globally rolled out across multiple geographies.





Solution:

Tech Mahindra custom built an end-to-end warranty management solution that automates the end-to-end warranty management process from service contracts to supplier recovery, thereby removing procedural bottlenecks. The solution helped ensure standardization of processes, leading to huge savings in the warranty spend and a significant increase in profitability. A quick view of the solution includes:

- A product configurator to enable the required modules based on the licensing agreement
- Highly modularized and custom built, alongside the process of consolidating all the existing warranty applications
- An initial launch experience layer
- A claims validation process that is standardized, pays the right amount and eliminates claim variability
- Collection of better quality data and information, which are critical to identifying vehicle issues
- Dynamic rules configuration by business teams with reduced dependence on IT
- Ability to configure different levels of approvals, and functionalities to add new products and thereby generate extended warranty contracts with ease
- Improved dealer satisfaction due to quicker payment settlements and ease of use of the application
- Strong compliance with regional and international accounting standards and practices
- Seamless integration capabilities, interfacing with other third-party systems and applications to retrieve and pass-on information on a need-basis

Technology used and why:

Tech Mahindra's *WarrantEAZE* is a business-friendly application that manages the lifecycle of warranty operations and extended after-sales service. Built on the Pega technology platform, it integrates with existing systems and helps users provide intelligent and predictive after-sales service at the right time and at reduced costs.

Benefits:



Savings of **US \$53 million** a year (minimum) in the first year of *WarrantEAZE* implementation due to reduction in fraudulent or incorrect claims and IT infrastructure costs



400% improvement in their execution speed



Visible growth in written premiums and profitability. For instance, more than **14,000** extended warranty contracts were created in the short period following new system launch, and time to market reduced to **1** day for the same