

## NXP partners with TCS to optimize and drive innovations in its Supply Chain IT Operations

NXP, one of the largest chip makers in the world, has made tremendous strides in its field with technological advances and an ever growing global presence. The economic turbulence in 2008 with the outlook of continued revenue decline for the semiconductor industry called for tighter control of expenses and continued innovations. Outsourcing and Partnerships emerged as key approaches to get the most from the budgets and drive innovations.

NXP was looking at addressing these industry challenges through IT landscape improvements and innovations as operational excellence measures. An important need was to optimize its Supply Chain operations and consolidate its vendor landscape for a smooth management of its IT applications.

NXP signed on TCS as its partner in a first-of-its kind offshoring of Supply Chain Applications in the semiconductor industry. TCS quickly put in place a transition methodology based on the stringent Six Sigma approach. The transition has been a huge success - TCS exceeded the set SLAs and ensured no business impact, thus bringing stability in operations. The efforts won due recognition for both NXP and TCS, being awarded the 'Best IT Outsourcing Project for the year 2009' by the Outsource Magazine and the Platform Outsourcing Netherlands. Today, TCS is a trusted partner to NXP.

**Customer**  
NXP

**Industry**  
High Tech

**Offering**  
Supply Chain  
Management

## About the Client

NXP (Next eXPerience) is a leading semiconductor company founded by Philips more than 50 years ago. Headquartered at Eindhoven, the Netherlands, the company has about 29,000 employees working in more than 30 countries.

NXP's business units span Automotive, Home, Identification, Multimarket Semiconductors and NXP software. It creates semiconductors, system solutions and software that deliver better sensory experiences in TVs, identification applications, cars and a wide range of other electronic devices.

### Business Situation

NXP is stepwise moving from a complex non-standard IT landscape towards more standardization. The complex IT environment resulted consequently in high IT costs with the additional complexity that multiple services from various vendors were used. In addition, as most of these engagements were limited by Time and Hire arrangements, it added to the costs significantly. NXP desired stability in operations, deep domain expertise in managing these applications and importantly, reduced IT cost through offshore leverage.

The need of the hour for NXP was to free up its internal key resources for IT innovation and to find a reliable partner for both operations and support for those innovations to enhance the value from IT. This was essential to gain a competitive edge in a dynamic market.

NXP thus began looking for a partner with an established capability and proven execution skills to manage and support its entire SCM suite of applications. Such a partner would also assist in the development of innovative IT solutions on an ongoing basis. In TCS, NXP found the perfect match, given its robust operational processes and successful experiences in simplifying technology landscapes, integrating processes, and streamlining operations.

### TCS' Solution

TCS adopted a phased approach for the engagement. In the first due diligence phase, TCS, in collaboration with NXP, understood the entire gamut of activities that needed to be carried out. Next, TCS did a quick ramp-up and leveraged its proven transition methodology and expertise in various technologies for a smooth transition of NXP's entire SCM suite of applications without any business disruption - 18 sub-application tracks were transitioned within six months. The intensive and focused transition management comprised more than 800 Knowledge Transfer (KT) sessions, around 100 KT playback sessions, 75 gate reviews and nearly 200 weekly review meetings conducted over a period of time to obtain a clear route ahead. Cultural Integration session was held to harmonize both TCS and NXP teams. TCS effectively collaborated with multiple vendors to complete the transition within stringent timelines.

With a successful transition across all applications, TCS moved to the final 'steady state of operations', as a part of which it provides application development and maintenance, project services and professional services on an on-going basis. It provides support to the entire technology infrastructure globally encompassing ERP, Supply chain planning, CRM and PLM applications.

It played the role of a guardian in streamlining the entire operations, efficiently program managing with the infrastructure vendors. Subsequently, it devised an operational document that detailed steps to cohesively manage applications.

Having achieved a steady state, TCS now plans to scale up its services for NXP through offshore centres based out of Bangalore and Bangkok, in addition to Eindhoven.

TCS' sole focus through the steady phase is on continuous improvements and innovations in NXP's IT landscape so that the company achieves its strategic business objectives. To this end, TCS and NXP have embarked on a gain-sharing program for innovation and optimisation, which promises to deliver contractually committed annual savings. TCS leveraged its internal social platform tool and conducted a joint TCS-NXP Idea generation event which resulted in over 240 innovative ideas. In addition, TCS has established a forum for continuous improvements and identified process champions for the entire transition to ensure consistent quality. Process rigor was followed for entire transitioning and to ensure consistent quality.

TCS continues to support innovation development at NXP through its High Tech Center of Excellence based in Eindhoven that aims to facilitate driving innovation in IT and business processes. TCS' research and development teams, along with the Innovation Lab, also focus on developing innovative and specialist applications to deliver competitive advantage to NXP across all stages of the product cycle.

TCS ensured integrity of NXP's complex application landscape and facilitated innovation, a feat that was recognised with the 'Best IT Outsourcing Project for the year 2009' award by the Outsource Magazine and the Platform Outsourcing Netherlands. The award recognizes the superior results that have been achieved rapidly over the one-year period of TCS-NXP partnership.

### Benefits

TCS delivered several benefits to NXP. These include:

- Significant improvements in the operations and IT Landscape resulting in cost reduction of 30% from the previous year's IT budget
- Continuous improvements through a partnership that provides a platform to develop innovation and ideas
- Consistently maintained and far exceeded service level - an increase in 15% from incumbent vendor and minimized business disruption
- A major role of TCS to become SOX compliant

### **About HiTech Industry Solution Unit**

TCS' HiTech industry Solutions Unit provides optimal, customized, and comprehensive solutions across varied High Tech industry segments: Computer Platform and Services Companies, Software Firms, Electronics and Semiconductor Companies, and Professional Services Firms (Legal, HR, Tax & Accounting and Consulting & Advisory/Analyst firms).

Building on its vast experience in engineering, business process transformation, innovation and IT solutions, TCS offers a comprehensive portfolio of services that maximize growth, manage risk, and reduce costs. The TCS HiTech Industry Solution Unit partners with High Tech enterprises to provide end-to-end solutions which help realize operational excellence, innovation and greater profitability.

For more information, visit us at [http://www.tcs.com/industries/high\\_tech](http://www.tcs.com/industries/high_tech)

### **Contact**

To learn more about TCS solutions for the High Tech industry, contact us at [Hitech.Marketing@tcs.com](mailto:Hitech.Marketing@tcs.com)

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### **About Tata Consultancy Services (TCS)**

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT and IT-enabled infrastructure, engineering and assurance services. This is delivered through its unique Global Network Delivery Model™, recognized as the benchmark of excellence in software development. A part of the Tata Group, India's largest industrial conglomerate, TCS has a global footprint and is listed on the National Stock Exchange and Bombay Stock Exchange in India.

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