



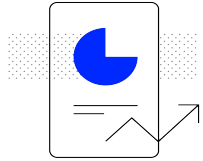
Path to Value Methodology

Frame Value

Path to Value Kickstart 2.0

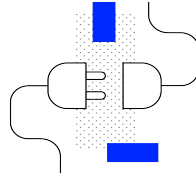
Customer Value Team

Key Aspects for Success



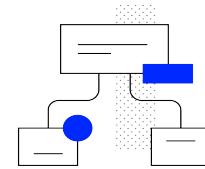
Value Realization

Value Plan
Frame Value
Realize Value
Sustain Value



Adoption & Enablement

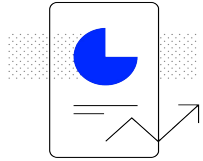
Training/Enablement Plan



Change Management

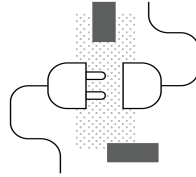
Center of Excellence

Key Aspects for Success



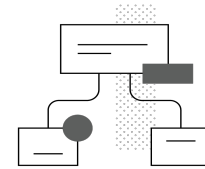
Value Realization

Value Plan
Frame Value
Realize Value
Sustain Value



Adoption & Enablement

Training/Enablement Plan



Change Management

Center of Excellence

Path to Value Methodology (By Steps)



Part 1 – Value Plan: Define your scope of interest, objectives & use cases and Create a Value Plan

1. Write your Strategic Initiatives
2. Select your Process Roadmap
3. Select your Business Priorities
4. Select the Use Cases where you believe there is potential for improvement
5. From Use Case to Business Case Definition (Theory)
6. Document your Use Cases Backlog (Value Overview)

Part 2 – Frame Value

7. Confirm & Identify inefficiencies
8. Identify Root Causes of those inefficiencies
9. Calculate the Business Impact of each inefficiency
10. Complete each Business Case (use case, root cause, and business impact)

Part 3 – Realize & Sustain

11. Define an Action Plan per Use Cases/Business Case
12. Status Report of the Action Plan
13. Track the Business Value generated across all Business Cases (Value Tracker)
14. Monitor Value for each Business case directly in Celonis

Recap from Part 1: Create a Value Plan



1.- Strategic Initiatives

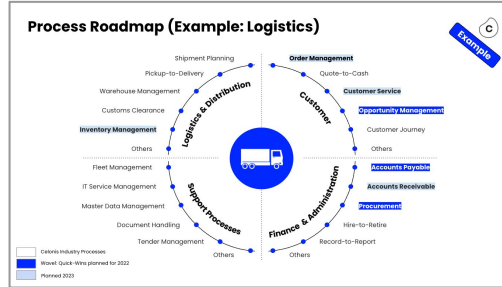
Strategic Initiatives

Company XYZ

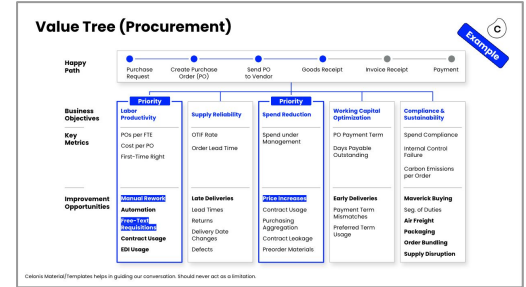
- Objective 1: Productivity & Operational Excellence.** Initiatives to improve labor productivity and reduce operational costs.
- Objective 2: Customer Experience.** Initiatives to improve customer experience and satisfaction, differentiate from competitors and improve NPS score.
- Objective 3: Efficiency in Sales.** Increase win deals numbers in the team, via a solid methodology and reducing administrative tasks.

Celonis Material/Templates helps in guiding our conversation. Should never act as a limitation.

2.- Process Roadmap



3.- Select Use Cases



4.- Business Case Definition (Theory)

Business Case Template

Insight	Procurement - Manual Review Review and changes cause significant manual effort. Resolve root causes such as outdated master data to increase labor productivity. In 2023, a total of 5,000 manual action were taken due to a review. Outdated master data, entry errors, and unilateral vendor behavior requires review and changes after an order has been created.	Volume	\$400 Costs 2023
Actions	Solution: Action Flow Alert to Prompt Master Data Review Implementing automated manual tasks improves labor productivity, lowers through put times, and increases employee satisfaction.	Business Objective	Labor Productivity
Business Value	Business Value = number of review activities * Avg effort (min) * Employee Cost (\$/hr) * Reduction Coefficient Business Value = 5,000 * 10 * 0.5 * 0.70 = 17,500 € Annual Impact Identified	Realization Potential	70% Reduction Potential
		Assumptions	€50 Employee Salary, 40 min per manual activity
		Business Impact	17,500 € Annual Impact Identified

Celonis Material/Templates helps in guiding our conversation. Should never act as a limitation.

5.- Value Overview (by Process)

Value Overview (Purchasing)

Objective	Improvement Opportunity (KPI)	KPI Progress			Value Progress	
		Start	Target	Current	Identified	Realized
Labor Productivity	Changes & Review. Review and changes cause significant manual effort. Resolve root causes such as outdated master data to increase labor productivity.	x%	x%	x%	\$-	\$-
Working Capital Optimization	Early Deliveries. Minimize the impact of early deliveries on your working capital by automatically delaying invoice dates for affected invoices.	x%	x%	x%	\$-	\$-
TOTAL					\$-	\$-

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6.- Value Overview (Total)

Value Overview (Total)

\$xxM Total Value Identified	\$xxM Total Value Realized
Purchasing \$xxM - Identified \$xxM - Realized	Accounts Payable \$xxM - Identified \$xxM - Realized
Opportunity Management \$xxM - Identified \$xxM - Realized	

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Part 2

Frame Value

Path to Value: Frame Value



1.- Method & Tools

The “Frame, Realize, Sustain” Wheel
Confirm & Find Inefficiencies
Root Causes Identification

2.- Value Taxonomy & Value Calculator

Transform improvements into Cash Value
Three examples of Value Calculation
Celonis Value Calculator

3.- Business Cases & Value Plan

Complete Business Cases Slide
Update your Value Plan

Path to Value: Frame Value



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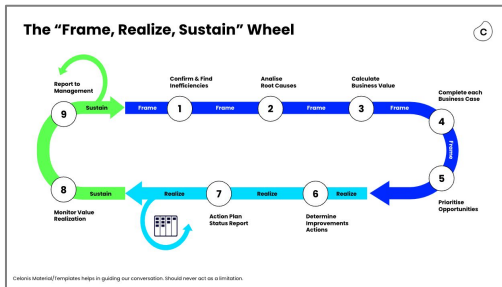
Complete Business Cases Slide
Update your Value Plan

Method and Tools



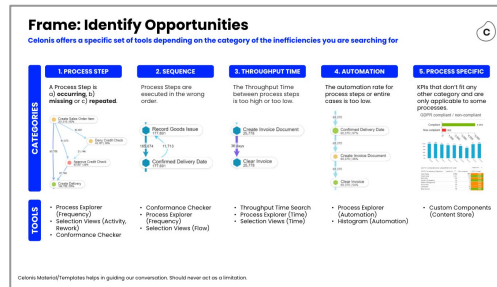
1.- The "Frame, Realize, Sustain" Wheel

The Path to Value Methodology is a continuous improvement loop. Check below.



2.- Confirm & Find Inefficiencies

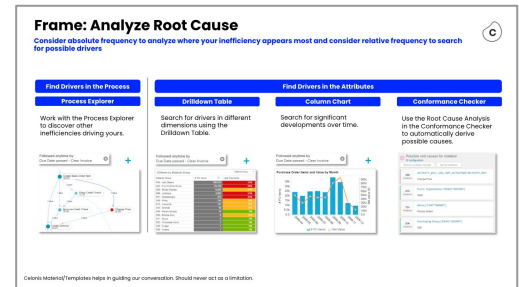
Read Celonis Tools normally used to confirm or identify an inefficiency.



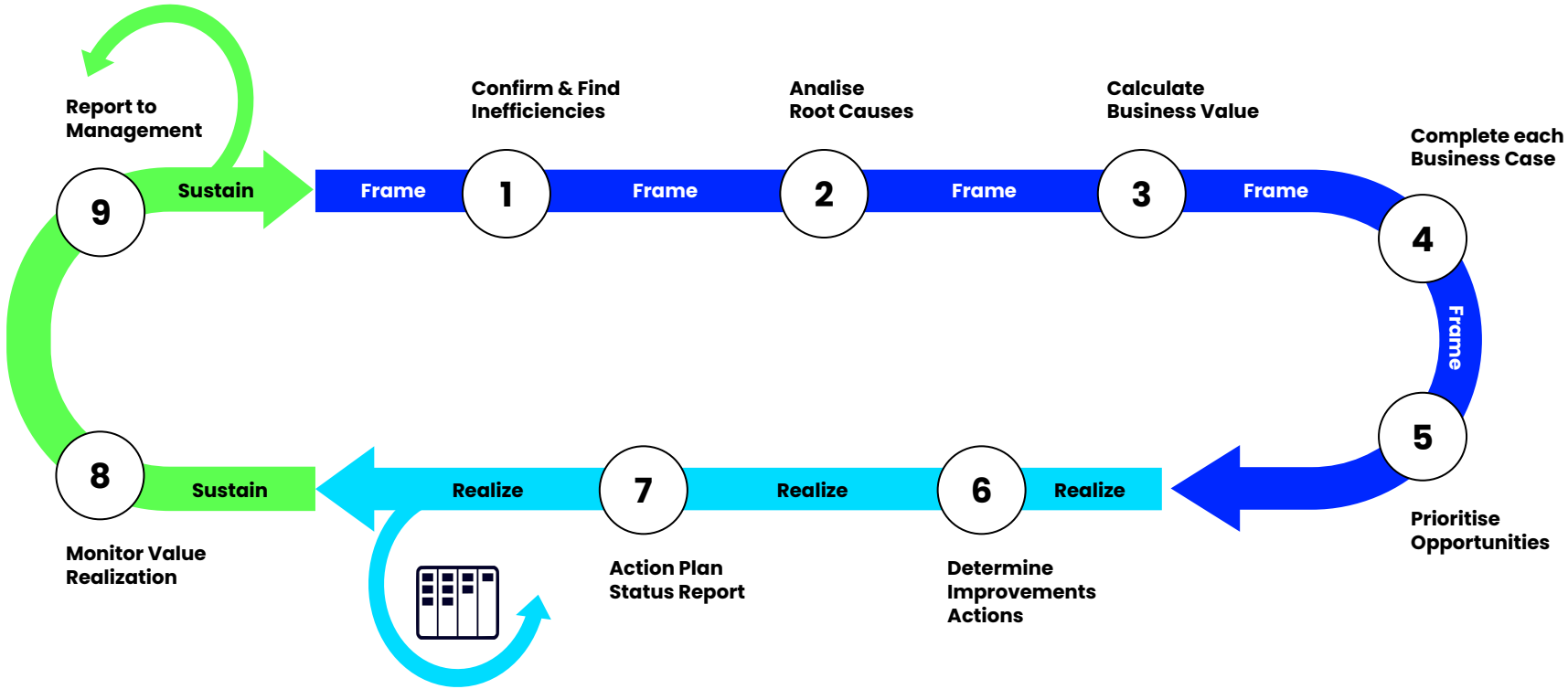
3.- Analyse Root Causes

Real Celonis recommended techniques to identify Root Causes of an inefficiency

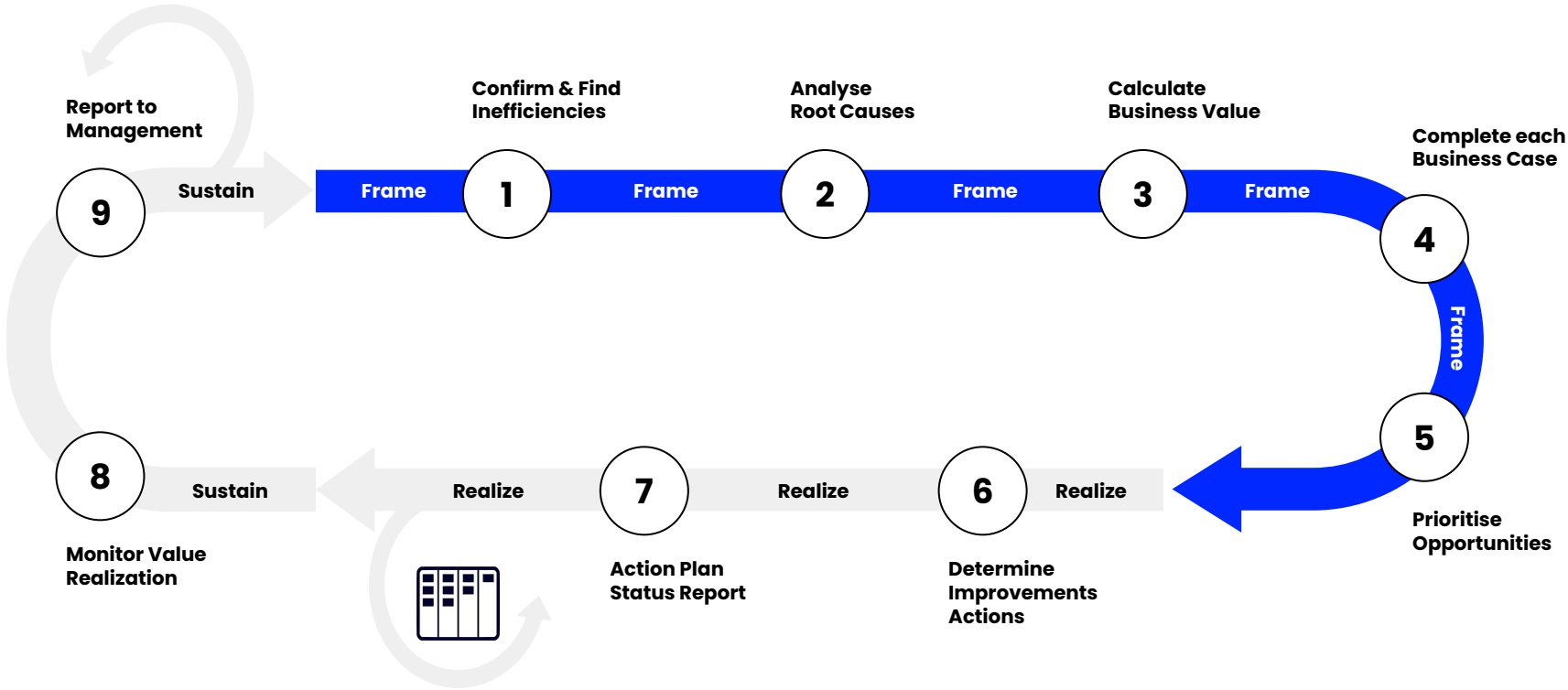
Prescriptive Value Journeys: [HERE](#)
Can be helpful when identifying root causes or solutions.



The "Frame, Realize, Sustain" Wheel



Phase 1: Frame



Confirm & Find Inefficiencies



Confirmative

Search with a Use Case in mind

Example:

Check for PO Price Changes in the Process Steps

Explorative

Search for other inefficiencies out of your initial Plan

Example:

Look for unwanted steps in your process

As mentioned before, the “Value Plan” is a live document, you may start by selecting use cases where you believe there is potential for improvement. Then, once you see the data on Celonis, you may confirm or pivot for uses cases with higher potential.

Confirm & Find Inefficiencies

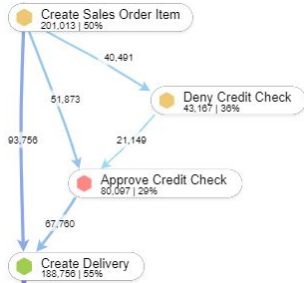
Set of tools to identify Inefficiencies

CATEGORIES

TOOLS

1. PROCESS STEP

A Process Step is a) **occurring**, b) **missing** or c) **repeated**.



- Process Explorer (Frequency)
- Selection Views (Activity, Rework)
- Conformance Checker

2. SEQUENCE

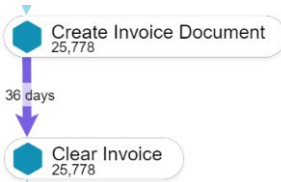
Process Steps are executed in the wrong order.



- Conformance Checker
- Process Explorer (Frequency)
- Selection Views (Flow)

3. THROUGHPUT TIME

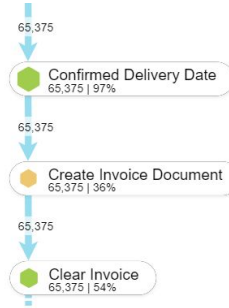
The Throughput Time between process steps is too high or too low.



- Throughput Time Search
- Process Explorer (Time)
- Selection Views (Time)

4. AUTOMATION

The automation rate for process steps or entire cases is too low.



- Process Explorer (Automation)
- Histogram (Automation)

5. PROCESS SPECIFIC

KPIs that don't fit any other category and are only applicable to some processes.



- Custom Components (Content Store)

Analyse Root Causes

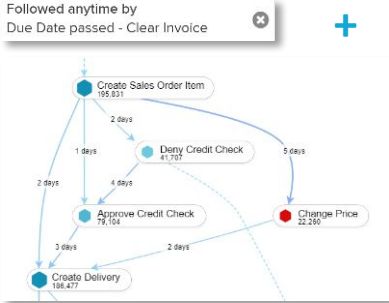
Consider:

- Absolute frequency to analyze where your inefficiency appears most
- Consider relative frequency to search for possible drivers

Find Drivers in the Process

Process Explorer

Work with the Process Explorer to discover other inefficiencies driving yours.



Find Drivers in the Attributes

Drilldown Table

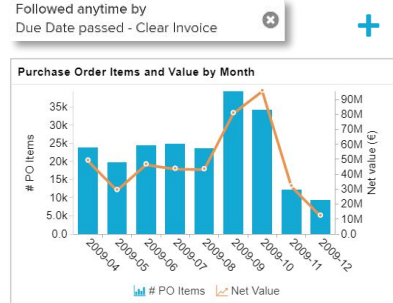
Search for drivers in different dimensions using the Drilldown Table.

Followed anytime by
Due Date passed - Clear Invoice

Material Group	# SO Items	Late Payments
048 - Jelly Beans	196,815	31%
220 - Fruit & Wine Gums	24,154	29%
008 - Baked Sweets	6,250	15%
009 - Lollipops	3,003	31%
007 - Gobstoppers	974	32%
046 - Mints	210	16%
910 - Liquorice	131	11%
043 - Sherbet	48	13%
040 - Marshmallows	14	0%
050 - Bubble Gum	6	17%
041 - Sours	4	0%
050 - Chocolate Coins	2	0%
030 - Fudge	1	0%
050 - Chees	1	0%

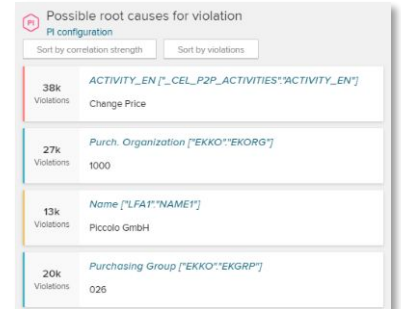
Column Chart

Search for significant developments over time.



Conformance Checker

Use the Root Cause Analysis in the Conformance Checker to automatically derive possible causes.



Path to Value: Frame Value



1.- Method & Tools

The “Frame, Realize, Sustain” Wheel
Confirm & Find Inefficiencies
Root Causes Identification

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Transform improvements into Cash Value
Three examples of Value Calculation
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3.- Business Cases & Value Plan

Complete Business Cases Slide
Update your Value Plan

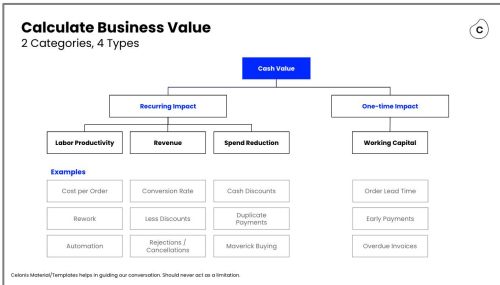
Value Taxonomy and Value Calculator



1.- Transform improvements into Cash Value

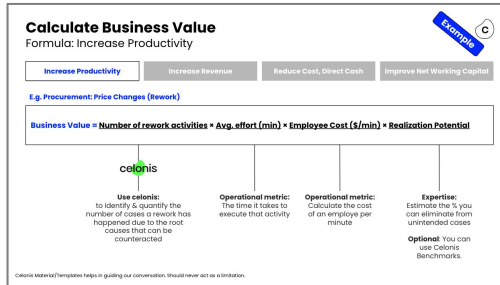
Business Value Taxonomy: [HERE](#)

The key operational levers for improving Free Cash Flow are: Higher Revenue, Lower Operating Cost, Lower Spend, Lower Working Capital.



2.- Three examples of Cash Value Calculation

Three easy examples to understand how the business impact is calculated for specific Use Cases



3.- Use yourself the Celonis Value Calculator

Celonis Value Calculator:

EUR Version: [HERE](#)

USD Version: [HERE](#)

GPB Version: [HERE](#)

Use it to calculate the impact for each of your Use Cases.

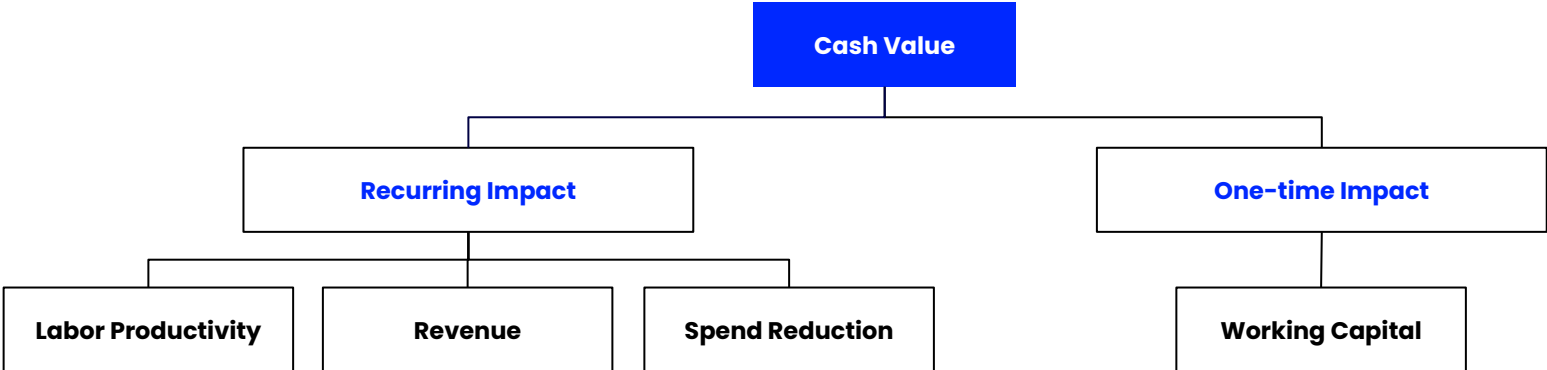
Value Calculator Spreadsheet

Category	Use Case	Impact	Value
Revenue	Revenue	Revenue	1000000
	Revenue	Revenue	1000000
	Revenue	Revenue	1000000
	Revenue	Revenue	1000000
Cost	Cost	Cost	1000000
	Cost	Cost	1000000
	Cost	Cost	1000000
	Cost	Cost	1000000
Working Capital	Working Capital	Working Capital	1000000
	Working Capital	Working Capital	1000000
	Working Capital	Working Capital	1000000
	Working Capital	Working Capital	1000000

Celonis Material/Templates helps in guiding our conversation. Should never act as a limitation.

Calculate Business Value

2 Categories, 4 Types

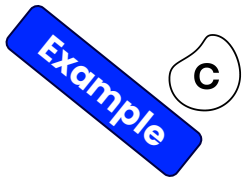


Examples

Cost per Order	Conversion Rate	Cash Discounts	Order Lead Time
Rework	Less Discounts	Duplicate Payments	Early Payments
Automation	Rejections / Cancellations	Maverick Buying	Overdue Invoices

Calculate Business Value

Formula: Increase Productivity



Increase Productivity

Increase Revenue

Reduce Cost, Direct Cash

Improve Net Working Capital

E.g. Procurement: Price Changes (Rework)

Business Value = Number of rework activities × Avg. effort (min) × Employee Cost (\$/min) × Realization Potential

celonis

Use celonis:
to identify & quantify the number of cases a rework has happened due to the root causes that can be counteracted

Operational metric:
The time it takes to execute that activity

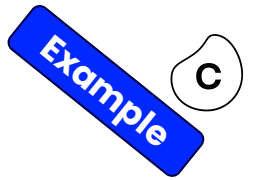
Operational metric:
Calculate the cost of an employee per minute

Expertise:
Estimate the % you can eliminate from unintended cases

Optional: You can use Celonis Benchmarks.

Calculate Business Value

Formula: Increase Productivity



Increase Productivity

Increase Revenue

Reduce Cost, Direct Cash

Improve Net Working Capital

E.g. Procurement: Price Changes (Rework)

Business Value = Number of rework activities × Avg. effort (min) × Employee Cost (\$/min) × Realization Potential

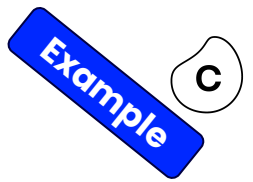
Example

Business Value = 150,000 × 5 × 0.5 × 0.5 = 187,500 € of annual impact

- Unnecessary Manual Activity = **150,000 / year**
- Average Effort of the activity = **5 min**
- Employee cost per minute (Salary 55k/year, 1800 hours/year) = **0.5 €/min**
- Realization Potential = **50%**

Calculate Business Value

Formula: Increase Revenue



Increase Productivity

Increase Revenue

Reduce Cost, Direct Cash

Improve Net Working Capital

E.g. Order Management: Customer Cancellations

Business Value = Lost Revenue that can be avoided × Gross Profit Margin × Realization Potential

celonis

Use celonis:

Identify & quantify rejected customer orders due to root causes that can be counteracted.

Operational metric:

The gross margin of that lost revenue

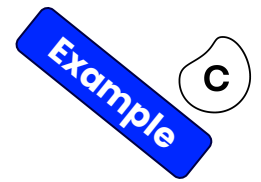
Expertise:

Estimate the % you can eliminate from the unintended cases

Optional: You can use Celonis Benchmarks.

Calculate Business Value

Formula: Increase Revenue



Increase Productivity

Increase Revenue

Reduce Cost, Direct Cash

Improve Net Working Capital

E.g. Order Management: Customer Cancellations

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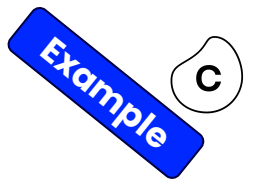
Example

Business Value = 50,000,000 x 0.25 x 0.05 = **625,000 € of annual impact**

- Lost Revenue = **50M**
- Gross Profit = **25%**
- Realization Potential = **5%**

Calculate Business Value

Formula: Reduce Cost, Direct Cash



Increase Productivity

Increase Revenue

Reduce Cost, Direct Cash

Improve Net Working Capital

E.g. Accounts Payable: Cash Discounts

Business Value = Affected invoices volume x Average Cash Discount x Realization Potential

celonis

Use celonis:

Identify & Quantify your payments with a cash discount due date passed

Operational metric:

Average % cash discount received

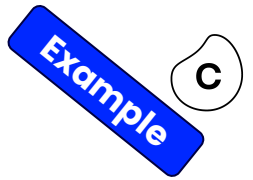
Expertise:

Estimate the % you can eliminate from the unintended cases

Optional: You can use Celonis Benchmarks.

Calculate Business Value

Formula: Reduce Cost, Direct Cash



Increase Productivity

Increase Revenue

Reduce Cost, Direct Cash

Improve Net Working Capital

E.g. Accounts Payable: Cash Discounts

Business Value = Affected invoices volume x Average Cash Discount x Realization Potential

Example

Business Value = 50,000,000 x 0.02 x 0.5 = **500,000 € of annual impact**

- Affected invoices volumen = **50M €**
- Average Cash Discount = **2%**
- Realization Potential = **50%**

Value Calculator

Use this tool to help you calculate the business impact for each Use Case



2
Find the Use Case you want to calculate

3
Fill the formulas with Celonis Data, Operational Data, Benchmark Data

4
Find the Cash Value identified for the Use Case

1
Select the Tab for your process (e.g. Procurement)

Business Impact	Improvement Opportunity	Financial Benefit Calculation						Annual	One-Time
Employee Productivity	Manual rework	Total PO item count/year 200.000	Rework rate * 30%	Effort per rework activity * 5 min	FTE cost per minute * €0,51	Realization potential * 25%	= €38.000,00		
	Automation	Total PO item count/year 200.000	(1 - Automation rate)	Effort per activity execution * 4 min	FTE cost per minute * €0,51	Realization potential * 25%	= €71.000,00		
	Electronic orders	Total PO item count/year 200.000	(1 - EDI rate)	Effort per transmission * 4 min	FTE cost per minute * €0,51	Realization potential * 35%	= €93.000,00		
	Free-text requisitions	Total PO item count/year 200.000	Free-text requisition rate * 18%	Effort per conversion * 15 min	FTE cost per minute * €0,51	Realization potential * 50%	= €138.000,00		
Purchasing Spend	Material prices	Total PO spend/year €5,0M	Total price increase rate * 0,40%			Realization potential * 10%	= €2.000,00		
	Contract usage	Total PO spend/year €5,0M	(1 - Contract Usage rate)	Discount potential * 2%		Realization potential * 5%	= €2.000,00		
	Retrospective POs	Total PO spend/year €5,0M	Retrospective PO rate * 12%	Discount potential * 2%		Realization potential * 10%	= €1.000,00		
Inventory Holding Cost	Early deliveries	Total PO spend/year €5,0M	Early Delivery rate * 18%	Days too early / 365 days * 6 days / 365 days	Holding cost * 14%	Realization potential * 25%	= €1.000,00		
	Late deliveries	Total PO spend/year €5,0M	Late Delivery rate * 18%	Days too late / 365 (d) * 8 days / 365 days	Holding cost * 14%	Realization potential * 15%	= €0,00		
Working Capital	Early deliveries	Total PO spend/year €5,0M	Early Delivery rate * 18%	Days too early / 365 days * 6 days / 365 days		Realization potential * 12,5%	= €2.000,00		
	Late deliveries	Total PO spend/year €5,0M	Late Delivery rate * 18%	Days too late / 365 days * 3 days / 365 days		Realization potential * 10%	= €1.000,00		
Your Input							€38.000,00	€3.000,00	
Input									
Total PO item count/year	200.000								
Total PO spend/year	€5,0M								
Average procurement FTE cost/yea	€55,0k								
FTE hours per year	1.800								
Inventory holding costs	14%								

Path to Value: Frame Value



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Complete Business Cases Slide
Update your Value Plan

Complete the Business Cases Slides & Value Plan



1.- Complete the Business Cases Slides

Use the Business Case Template and complete it with the value calculated.

Business Case Template: [HERE](#)

Celonis Value Calculator:

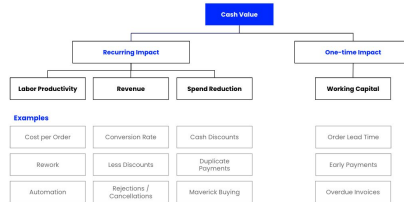
EUR Version: [HERE](#)

USD Version: [HERE](#)

GPB Version: [HERE](#)

Calculate Business Value

2 Categories, 4 Types



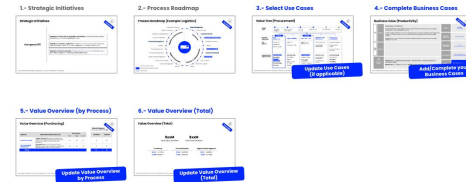
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2.- Update your Value Plan

Finally, **update your Value Plan** based on the latest discoveries.

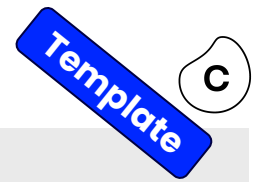
- Update Use Cases selected
- Add the Business Cases slides
- Update Value Overview (by Process)
- Update Value Overview (Total)




Update your Value Plan



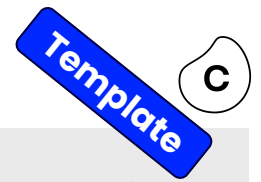
Celonis Material/ Templates helps in guiding our conversation. Should never act as a limitation.




Business Case (Productivity)



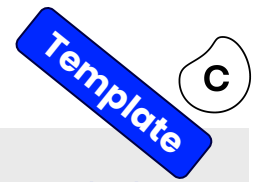
	<p>Insight</p>	<p>Procurement – Manual Rework</p> <p>Rework and changes cause significant manual effort. Resolve root causes such as outdated master data to increase labor productivity.</p> <p>In 2021, a total of 150,000 manual action were taken due to a rework . Outdated master data, entry errors, and undesired vendor behavior require rework and changes after an order has been created.</p> <p>Celonis Studio and Smart Root Cause Analysis highlight frequent changes related to specific materials or vendors.</p>	<p>Volume</p>	<p>150,000 Cases in 2021</p>
	<p>Actions</p>		<p>Business Objective</p>	<p>Labor Productivity</p>
	<p>Business Value</p>	<p>Business Value = $\frac{\text{Number of rework activities} \times \text{Avg. effort (min)} \times \text{Employee Cost (\\$/min)}}{\text{Realization Potential}}$</p> <p>Business Value = $150,000 \times 5 \times 0.5 \times 0.5 = 187,500 \text{ € of annual impact}$</p>	<p>Realization Potential</p>	<p>50% Realization Potential</p>
			<p>Assumptions</p>	<p>55k€ Employee Salary 10 min per manual activity</p>
			<p>Business Impact</p>	<p>187,500 (€) Annual Impact Identified</p>



Business Case (Increase Revenue)



	Insight	<p>Order Management - Order Rejections</p> <p>Prevent situations in which you need to reject customer orders.</p> <p>Slow confirmation of orders (e.g. due to highly manual process) lead to order cancellation by customers. In 2021, a total of 22k order were rejects with 50M of value.</p> <p>Customer order cancellations lead to lost revenue in the short term and lower customer lifetime value in the long run.</p>	Volume	22k (50M) Cases in 2021
	Actions		Business Objective	Increase Revenue
	Business Value	<p>Business Value = <u>Lost Revenue that can be avoided</u> × <u>Gross Profit Margin</u> × <u>Realization Potential</u></p> <p>Business Value = 50,000,000 x 0.25 x 0.05 = 625,000 € of annual impact</p>	Realization Potential	5% Realization Potential
			Assumptions	Gross Profit 25%
			Business Impact	625,000 (€) Annual Impact Identified

Business Case (Cost Reduction)



	Insight	<p>Accounts Payable – Cash Discounts</p> <p>Some vendors provide cash discounts (i.e. 2% discount if paid in 30 days) to incentivize early payment on their invoices.</p> <p>Missing cash discounts that are higher than the opportunity costs of paying early increases our spending.</p> <p>Delays such as payment blocks and slow invoice processing prevent cash discounts from being realized. Source systems typically do not provide intelligent prioritization of open invoices in order to maximize cash discounts.</p>	Volume	120k (50M) Cases in 2021
	Actions		Business Objective	Cost Reduction
	Business Value	<p>Business Value = <u>Affected invoices volume</u> x <u>Average Cash Discount</u> x <u>Realization Potential</u></p> <p>Business Value = 50,000,000 x 0.02 x 0.5 = 500,000 € of annual impact</p>	Realization Potential	50% Realization Potential
			Assumptions	Average Cash Discount 2%
			Business Impact	500,000 (€) Annual Impact Identified

Update your Value Plan



1.- Strategic Initiatives

Strategic Initiatives

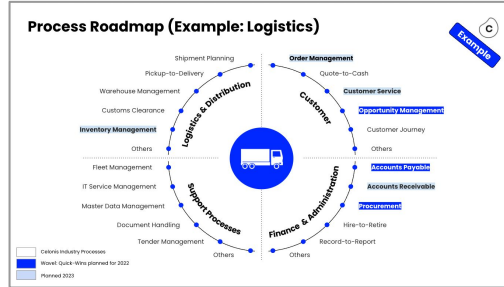
Company XYZ

- Objective 1: Productivity & Operational Excellence.** Initiatives to improve labor productivity and reduce operational costs
- Objective 2: Customer Experience.** Initiatives to improve customer experience and satisfaction, differentiate from competitors and improve NPS score.
- Objective 3: Efficiency in Sales.** Increase win rates numbers in the team, via a solid methodology and reducing administrative tasks.

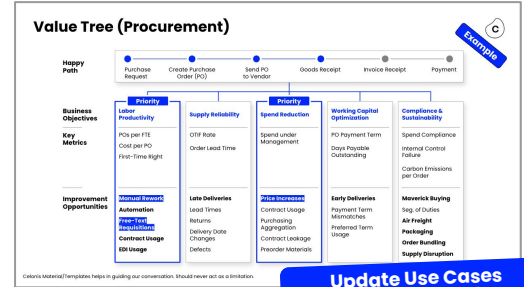
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2.- Process Roadmap



3.- Select Use Cases



Update Use Cases (if applicable)

4.- Complete Business Cases

Business Case (Productivity)

Height	Problem - Manual Rework Rework and changes cause significant manual effort. Resolve root causes such as outdated master data to increase labor productivity.	Volume	15,000 Cases in 2023
	Impact In 2023, a total of 150,000 manual action hours taken due to a rework. Outdated master data, entry errors, and undesired vendor behavior require rework and changes after an order has been created. Colson Studio and Smart Root Cause Analysis highlight frequent changes related to specific materials or vendors.	Business Objective	Labor Productivity
Width	Actions	Realization Potential	90% Realization Potential
	Business Value $\text{Business Value} = \text{Number of rework activities} \times \text{Avg. effort (min)} \times \text{Employee Cost (\$/hour)} \times \text{Realization Potential}$ $\text{Business Value} = 150,000 \times 5 \times 0.5 \times 0.9 = 187,500 \text{ € of annual impact}$	Assumptions	50% Employee Salary, 10 min per manual activity
		Business Impact	187,500 (€) Annual Impact Identified

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Add/Complete your Business Cases

5.- Value Overview (by Process)

Value Overview (Purchasing)

Objective	Improvement Opportunity (KPI)	KPI Progress			Value Progress	
		Start	Target	Current	Identified	Realized
Labor Productivity	Changes & Rework. Rework and changes cause significant manual effort. Resolve root causes such as outdated master data to increase labor productivity.	x%	x%	x%	\$-	\$-
Working Capital Optimization	Early Deliveries. Minimize the impact of early deliveries on your working capital by automatically delaying invoice dates for affected invoices.	x%	x%	x%	\$-	\$-
TOTAL					\$-	\$-

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Update Value Overview by Process

6.- Value Overview (Total)

Value Overview (Total)

\$xxM Total Value Identified	\$xxM Total Value Realized
Purchasing \$xxM - Identified \$xxM - Realized	Accounts Payable \$xxM - Identified \$xxM - Realized
Opportunity Management \$xxM - Identified \$xxM - Realized	

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Update Value Overview (Total)



Thank you.