IBM and Celonis:
Your retail reset is now within reach

Make the quality of your retail operations your competitive advantage with process-led transformation

Transform outdated operations into competitive advantage with Process Intelligence and Celonis

Learn how retailers are combining AI and Process Intelligence to transform hidden inefficiency into scalable bottom line impact

The retail business will always face unexpected external challenges, which makes it imperative to master the operational challenges that the organization can control.

However, many retail operations are run on a complex landscape of people, processes and systems. And without clear visibility into the way these processes work on a day-to-day basis, most retailers are bleeding margin at alarming rates.

This is where IBM and Celonis can help. As part of our strategic partnership, we combine Process Intelligence, generative AI, and expert consultation to unlock the next level of business value. In this short brochure, we explain how.

Celonis at a glance

- Undisputed market leader in process mining, ranked #1 by all the analysts.

- Over 5,000 deployments across some of the largest enterprises in the world.

- More than 200 processes analyzed at more than 100 of the world's largest and most iconic retail brands.

- Thriving ecosystem of over 250 service partners, 25,000+ Celonis-certified professionals and 600+ academic partners.

IBM at a glance

- A global leader in retail consulting services with over 1,000+ clients across retail and consumer industries.

- Recognized by analysts as the leader in AI and Automation consulting services.

- **The first Celonis Titanium partner — with more than 10,000 trained practitioners and 1,750 certified resources.**

- Core retail systems experience includes: SAP, Oracle, Mainframe, Salesforce, Adobe, GK, Flooid, Samsung, Apple, 09, Blue Yonder, Manhattan Associates, Trax, SAP, Oracle, ServiceNow, Workday and Opterus.

When core operations can't keep up

Most retailers are all too familiar with the decades-old systems that underpin their operations. And they're painfully aware of the scale of the challenges posed by demanding customers and shareholders. Consider the table stakes needed to survive in today's era:

— Orchestrate flawless omnichannel experiences

— Optimize supply chains

— Drive down costs

— Drive up revenue and margins

— Expand product portfolios

— Minimize shrink

— Improve inventory management

— Streamline fulfillment (BOPIS, curbside pickup, real-time delivery, etc.)

— Focus on ESG initiatives to meet consumer and employee expectations

But what if there was a way to look across their systems and pinpoint inefficiencies?
To see how problems in one process affects other departments across the enterprise?
To systematically address these issues, improving efficiency and scaling financial impact?
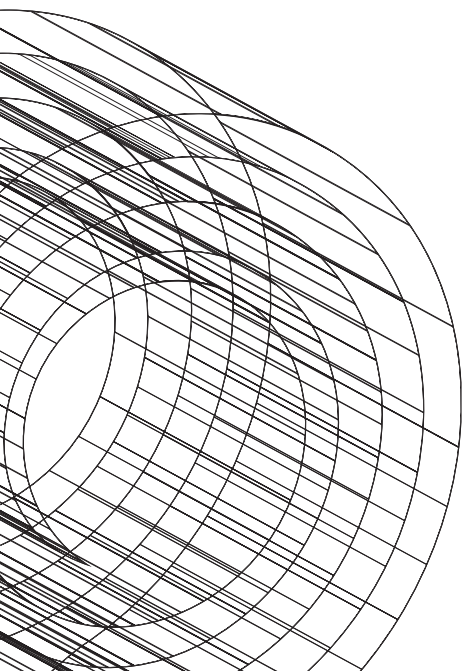**And what if there was a proven path to value delivering seven figure ROI in < 3 months?**

Process transformation for retailers

In recent years, a cohort of pioneering retailers have been enjoying new levels of operational alignment and achievement, thanks to Celonis process mining technology — implemented by IBM consulting teams with deep technological heritage, expertise, and technological resources. These retailers have been able to:

—— Get a real-time MRI of how their processes run

—— Find hidden value opportunities and receive recommended actions and process interventions

—— Orchestrate actions across people, processes, and technologies

—— Bridge the gaps between process mining, technology, business context, and enterprise change management

—— Identify and recognize tens of millions of dollars in ROI through Celonis engagements

IBM's ability to understand — and integrate into — any platform and landscape has meant that even retailers dragged down by cumbersome, complex, decades-old systems can start with Celonis and rapidly find and capture business value within their processes. Take a moment and consider some of the ways your organization could reduce inefficiency in day-to-day operations:

Discipline	Process	Customer Outcomes
Procurement	• Reduce spend from improved catalog compliance • Improve On Time Payment rate • Increase labor productivity from reduced manual tasks	**+ 45%** Catalog Usage **+ 25%** Supplier OTD **+ 33%** No Touch Rate
Supply Chain	• Reduce shipment cycle time • Consolidate orders and reduce shipments • Improve On Time In Full (OTIF) fulfillment rate	**+ 17%** Carrier Reliability **+ 31%** Shipment Utilization **$4.4M** Transportation Cost Savings in <1 year
Inventory Management	• Recommend vendors, carriers and dock appointments for shipments • Automate adjustments in planning parameters to ensure smooth delivery	**$200k** Monthly savings in excess inventory cost **– 42%** Planning Adjustments **– 28%** Stock Outs
Store Operations	• Improve cycle times • Reduce shrink • Improve labor force productivity	**> € 50M** saved in store checkout process **+ 50%** reduction in failed to pickup rate **$5M** labor savings for proactive substitutions in BOPIS picking process
Omnichannel Sales & Service	• Ensure that product is available on time to prevent customer churn • Free capital tied up in safety stock and prevent delivery delays • Improvement in Contact Center resolution time	**€ 8.7** annual increase in value for click & reserve **+ 32%** Improvement in case resolution time **– 20%** Order cancellations

Process Intelligence helps retailers realize new levels of business value from their operations. And by introducing the power of IBM's watsonx AI platform, companies can tap into their vast vaults of unstructured data to drive even more value.

IBM watsonx and Celonis: A new dawn for retailers

Celonis process intelligence acts as a kind of connective tissue for retailers by tapping into data that sits within core systems (such as Oracle, SAP, ServiceNow, Blue Yonder, Salesforce, Sterling and many more) to drive value creation.

But thanks to IBM watsonx, Celonis can now gather insights from data sources that are typically unstructured in nature — such as emails, customer conversation transcripts, comments in customer portals, contracts, and product specifications.

This is game changing. IBM watsonx can use its large language model (LLM) capabilities to summarize and categorize this data into a structured format, then push it back into the Celonis knowledge layer. Celonis then turns this data into a digital twin of your end-to-end process, and drives actions to make sure the systems you use work better together. In this way, you can extract huge value from your processes.

In other words you can enjoy a 360-degree, super-clear view of any retail workflow. Let's imagine a key customer journey is being disrupted, or a supply chain issue is causing a backlog. With Celonis and IBM watsonx you can understand exactly what's going on, and receive an automated fix.

Additionally, business users are able to use natural language alongside LLMs to interact with Celonis. It's never been easier to use Celonis, optimize processes and realize value at scale — more quickly than ever before.

watsonx and Celonis: the use cases

Combining unstructured and structured data in Celonis enables several key transformative use cases.

Spot and correct discrepancies
Extract unstructured data from commercial contracts, enabling Celonis to proactively spot discrepancies in POs, invoices, and goods receipts.

Process guidance for non-techies
Provide a conversational interface to answer process questions and enable non-technical users in their day-to-day operations.

Customer touchpoint analysis
Enhance customer touchpoints with information about sentiment, request category, frequent questions and summarization. Go way beyond activity log-based analysis.
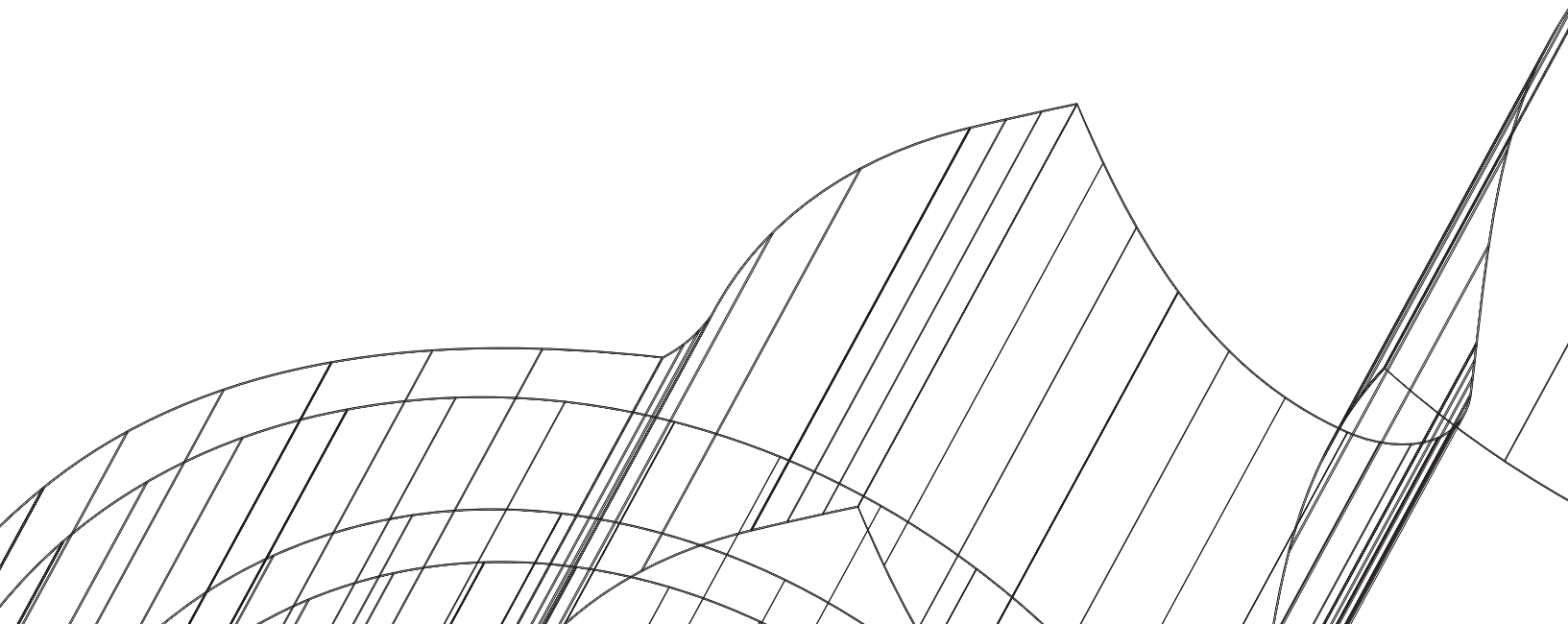
How our partnership delivers for retailers

By starting small (think one process with data from one system) and driving value quickly with generative AI and process intelligence, IBM and Celonis can generate business-wide buy-in — creating and implementing process-transformation plans and roadmaps as we go. The more Celonis and IBM watsonx is applied to different business functions and vertical processes, the more you can unlock value opportunities in different ways. For example:

Customer satisfaction
Enjoy real-time visibility of operations. See when stockouts are likely. Divert stock to where you need it (or at a minimum, reset customer expectations). Help your logistics teams get ahead of customer returns and cancellations by identifying and eliminating errors that result in orders being sent back or canceled. Identifying chokepoints and delays before they occur ensures a better experience for customers and saves money on service.

Buying power
Strengthen your negotiating levers by aggregating demand by vendor. Ensure the potential of your contracts are fully realized by reducing maverick buying and flagging contract violations and price variations. Analyze suppliers against performance and ESG metrics in order to fully inform your buying decisions. Fight back against inflation with better buying processes!

Labor productivity
Put an end to swivel chairing between systems by managing all your process-related data from Celonis. Automate repetitive, non-value-add tasks and easily identified resolutions for common exceptions. Monitor adherence to newly optimized processes so employees only have to do a job once. Reduce thousands of people hours over the course of a fiscal year.

See how retailers are applying Process Intelligence to achieve new levels of efficiency.

New Item Set Up

IBM implemented Celonis process mining technology with one of the US's leading grocery chains to analyze new item set-up and maintenance processes. Together we helped reduce stock-outs, increase revenue and cash flow, and improve productivity for category managers and operations teams — adding up to $16M in client benefits.
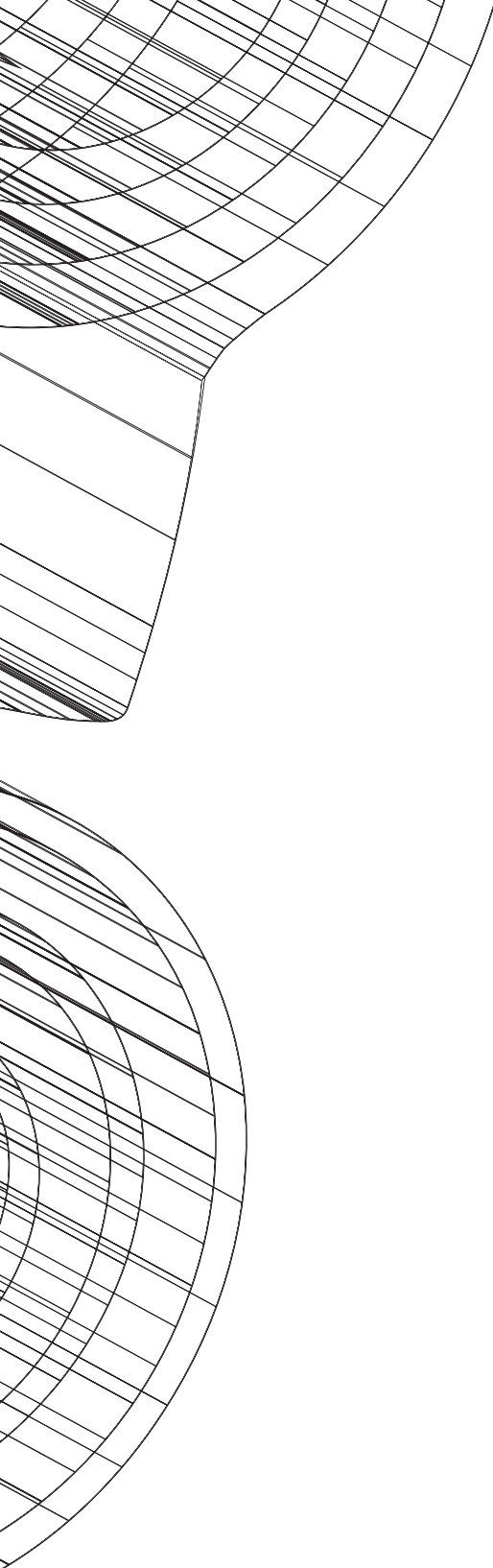
But the value realized doesn't stop there. Multi-million dollar savings have been made in around a dozen use cases in the procure-to-pay (PTP) process. From reducing the number of PO changes prior to delivery, to increasing visibility around late deliveries and ensuring goods arrive on time, the PTP operation is being transformed for the better and previously untapped value is being realized.

Thanks to IBM watsonx, insights from unstructured data is leading to many operational improvements. The goal is to improve visibility into KPIs and root causes of pain points — including automation rate, rework rate, FTR rate, lead times, cost per invoice, and more. With a Celonis-informed roadmap in hand and Watsonx analyzing new data sources, our client is poised to aggressively impact target KPIs .

Order Management

Ingka Group, an IKEA retailer, sought to optimize their Sales Order Flow: following customer payment through picking, shipping and delivering goods.

To remove undesirable steps from the sales order process, Ingka needed to gain a picture of all the events occurring in the creation of an order. Process mining gave them total visibility over their current sales order process by analyzing nearly 170 million sales orders, uncovering millions of process variants.

They quickly established which variants detracted from that all-important 'perfect order'. Reducing failed click-and-collect pick-ups was a prime example. With the support of process mining experts, those responsible for functions both within countries and globally reviewed appointment slots. They identified that wide collection windows could be narrowed to reduce cancellation rates and improve picking efficiency.

This work led to a 50% reduction in the "Failed to Pick Up Rate" and a 25% increase in NPS among customers using the Click and Collect channel. It also became the first project in a continuous improvement loop, including a key insights report to communicate outcomes to people and departments across the company.

Store Operations

One of the world's largest retailers has deployed Celonis software to improve the efficiency of its Customer Value Pricing process. As perishable products approach their expiration date, store employees are tasked with reducing prices to increase the likelihood of sale and decrease the likelihood of throwing products away.

By providing granular and aggregated data about store associates' compliance to existing CVP processes, Celonis enables area managers to quickly identify trends and act upon them, flagging problematic stores, categories or users along with dollar values of CVP influenced revenue. A pilot across a single department in a test region has been successfully concluded, with positive ROI and a business case targeting >$20M of value once scaled.

Logistics & Transportation

A global QSR uses Celonis to intelligently orchestrate their inbound logistics and optimize transportation costs. Our customer lacked visibility into shipment utilization and real-time network performance. Rigid legacy software bundled orders into consolidated shipments, resulting in missed bundling opportunities, underutilized shipments, increased logistics spend and lowered inbound DC capacity and productivity.
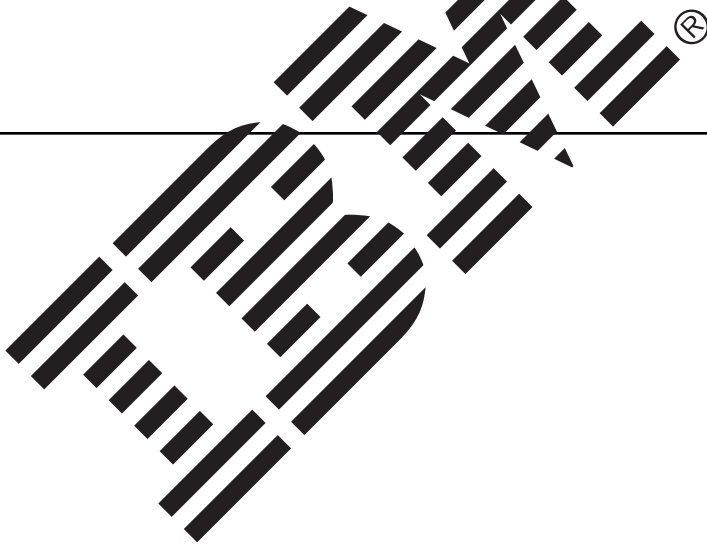
Celonis process intelligence provided actionable insights by supplier, lane, and mode helping to find, frame, and fix gaps in the current system parameters and order execution. Analyzing data across

supply planning, transportation, and distribution operations teams validated the feasibility and value of identified opportunities, empowering changes to order routing and execution.

The engagement drove a 31% improvement in shipping utilization, delivering more than $4M of value within 6 months of launch and far outpacing initial estimates. Second order benefits included fewer appointments to service and reduced carbon emissions across the network.
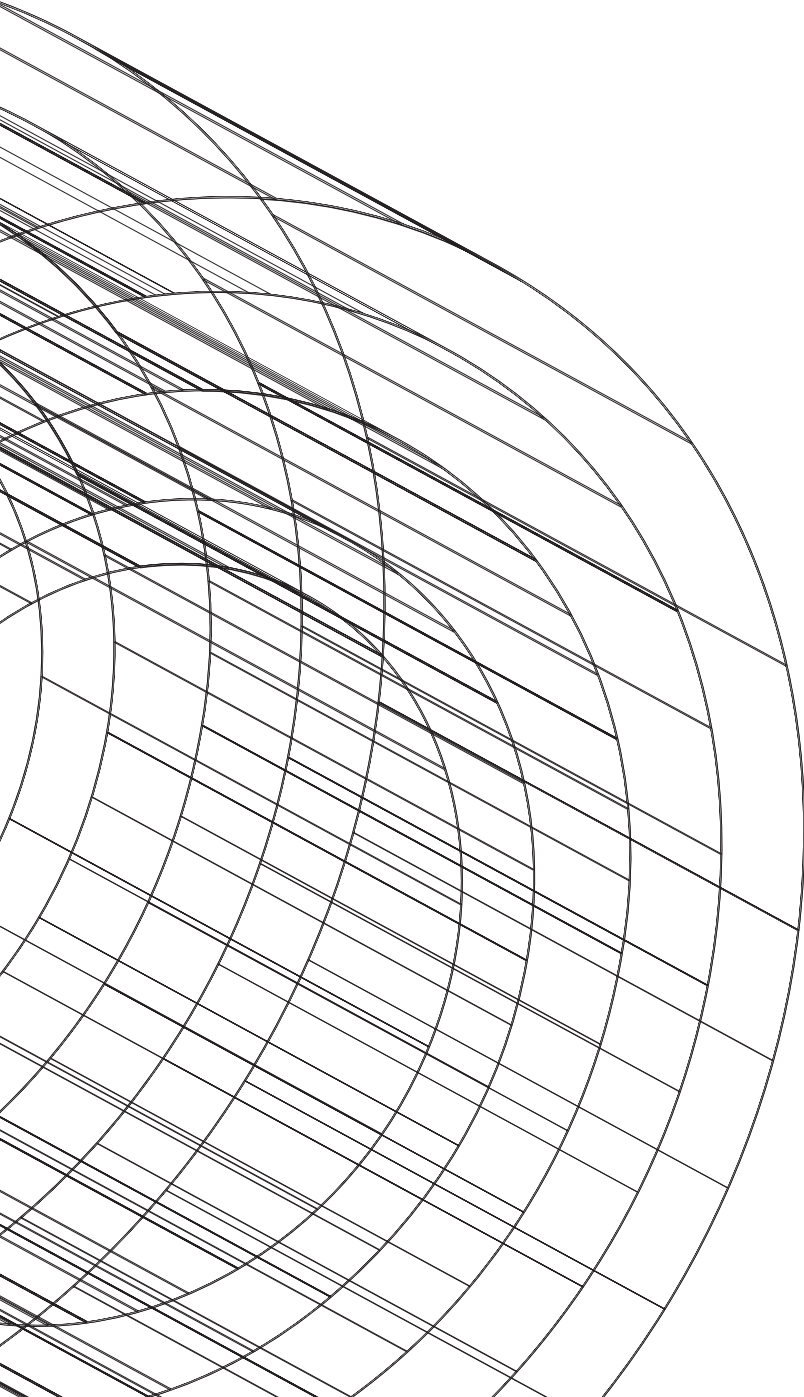
SEE HOW YOU CAN *USE AI AND PROCESS INTELLIGENCE* **TO TRANSFORM THE WAY YOUR BUSINESS** *WORKS.*

Start your IBM watsonx and Celonis journey today.

Get in touch