The Process Era is Here
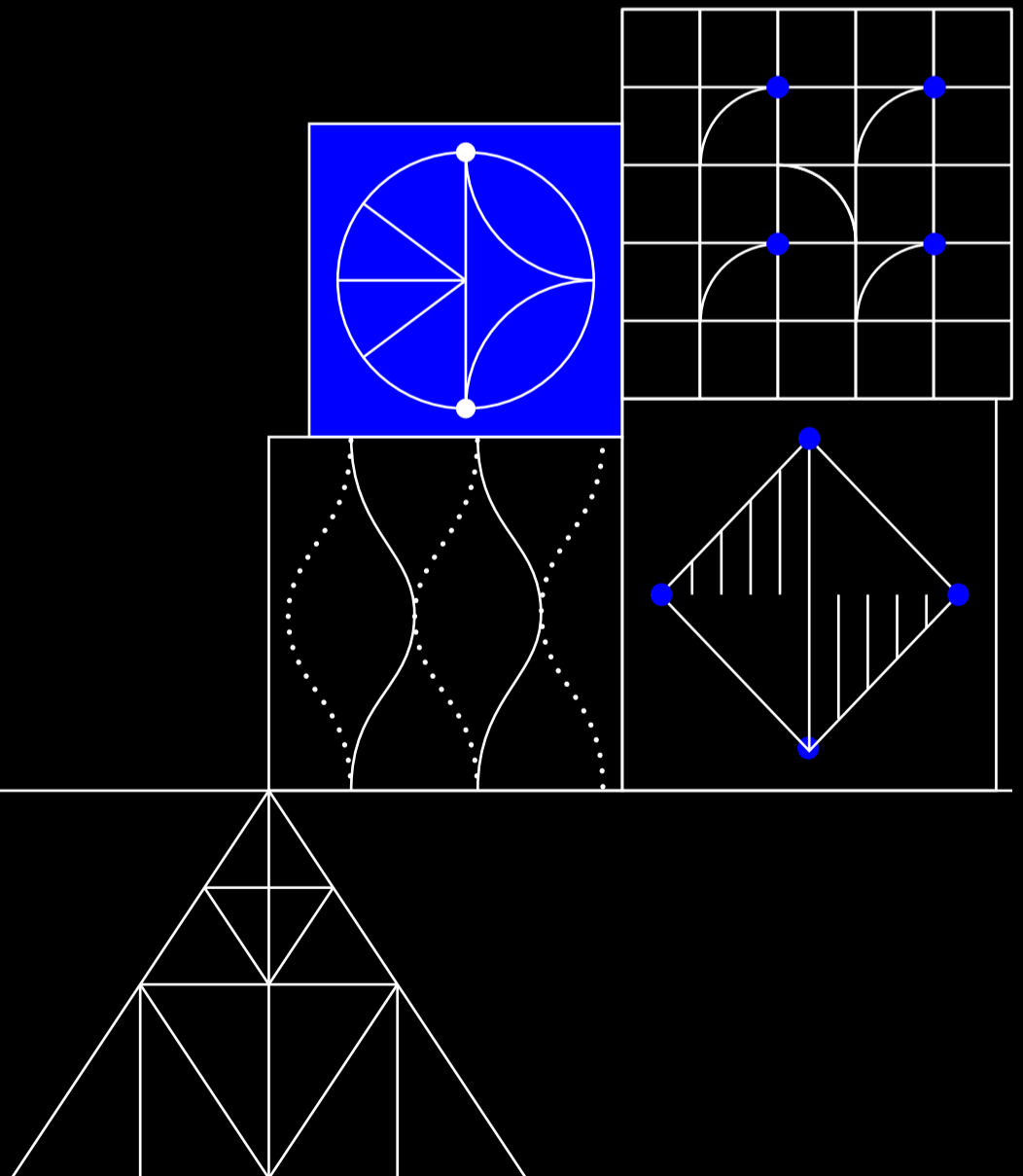
How enterprises are using processes as a lever for value and a driver for change

Contents

Process optimization drives change from within

Today's enterprises operate in a state of continuous change. They're managing global economic and political upheaval, while meeting shifting customer expectations. By the time they've implemented one transformative technology, another game-changing trend has emerged. The same goes for evolving regulations — not to mention the ambitious sustainability goals businesses are working to. Whatever the reason, unpredictability is the new business-as-usual.

But when change is the challenge, it's often the solution too. By changing from within and optimizing business processes, enterprises can make sure they're ready for any future. Our research reveals business leaders understand this potential, with 83% seeing processes as their greatest lever for value and their fastest lever for change. Just how many enterprises are actually using that lever to the fullest, is another question.

We surveyed over 1,200 senior business leaders across multiple functions, from large organizations in Europe and the United States, to understand how they currently identify and capture value opportunities within their business processes. While this report is largely based on the responses of the full sample, we also highlight specific trends and insights from the 300+ business leaders we interviewed that work within the process and operations functions in particular.

The results reveal a sea change in the way enterprises create value. The process era is here — an era in which optimizing processes will be as foundational to business success as product development, finance, or sales.

The vast majority of business leaders understand the need to improve processes, with a convincing 99% saying process optimization is important (or even essential) to meet their objectives.

Recognizing the opportunity isn't the same as unlocking it. Some aren't yet taking the necessary action, meaning sub-optimal processes are costing time and money, and holding back innovation. But the enterprises that are optimizing processes are seeing positive outcomes across the board, from revenue growth and cost reduction to increased flexibility and employee satisfaction.

These benefits mean 82% of business leaders believe process excellence will emerge as a core business discipline within the next five years.
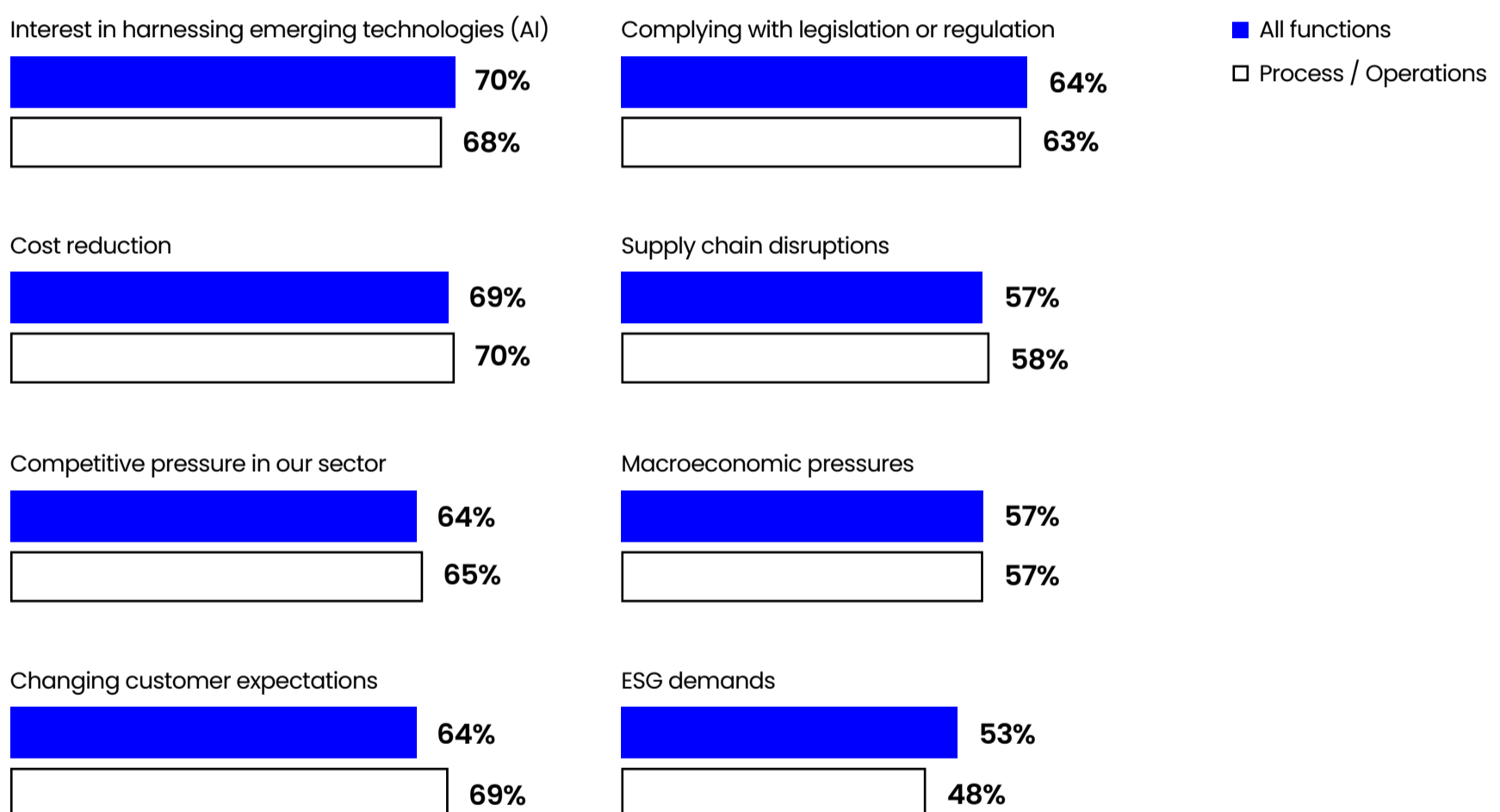
This presents an exciting opportunity for individuals from any function who aren't willing to accept the status quo. For departments that are ready to improve how their organizations work and drive real business value. The time for these visionary leaders to galvanize change is now, and processes are the lever they can use to make it happen.
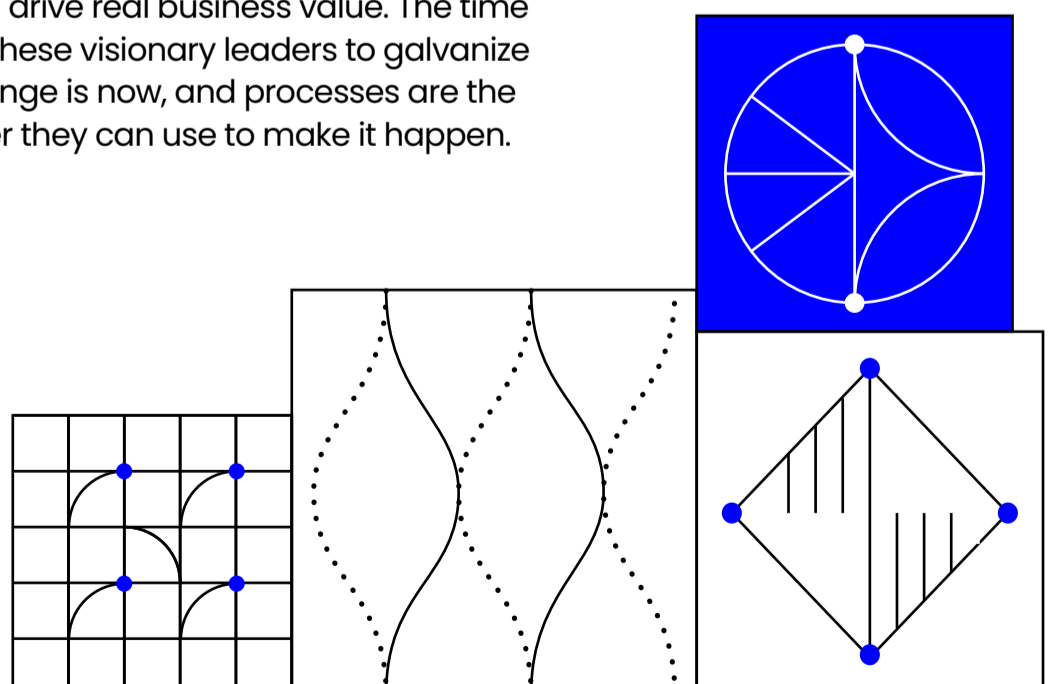
The process optimization imperative

To better understand enterprise priorities in today's fast-moving environment, we asked the 1,217 business leaders that took part in our survey to indicate the top five factors they feel will drive the need for process optimization in the coming year. Top of the list is harnessing emerging technologies like AI, followed closely by cutting costs.

■ Factors driving process optimization

■ All functions
☐ Process / Operations

Interest in harnessing emerging technologies (AI)
- All functions: 70%
- Process / Operations: 68%

Complying with legislation or regulation
- All functions: 64%
- Process / Operations: 63%

Cost reduction
- All functions: 69%
- Process / Operations: 70%

Supply chain disruptions
- All functions: 57%
- Process / Operations: 58%

Competitive pressure in our sector
- All functions: 64%
- Process / Operations: 65%

Macroeconomic pressures
- All functions: 57%
- Process / Operations: 57%

Changing customer expectations
- All functions: 64%
- Process / Operations: 69%

ESG demands
- All functions: 53%
- Process / Operations: 48%

Interestingly, the order is slightly different for process and operations professionals, who feel cost reduction will be the most important driver, followed by changing customer expectations, and *then* harnessing AI. In fact, process and operations professionals place more importance on changing customer expectations than any other function.

Overall, it's clear business leaders see three key opportunities in process optimization. First, to harness AI and other emerging technologies, second, to keep costs under control, and third, to respond positively to continually changing circumstances.

Let's take a closer look at these three opportunities.

Harnessing AI and innovation

Business leaders know AI is poised to unleash enormous value for their organization — but only if their processes support it. A decisive 70% say interest in harnessing AI and other emerging technologies is a major factor driving the need to optimize processes in the next 12 months.

The vast majority (89%) of the business leaders we interviewed are already using or actively implementing AI, so they have first-hand knowledge of what is required for a successful implementation.

Almost three-quarters (72%) of those using AI are concerned that process shortcomings may hold back further successful implementation of AI (as well as automation and other emerging technologies) in the next two years. This trend is more pronounced in the US, where 77% say they are concerned, compared with just 64% in the DACH region (Germany, Austria and Switzerland).

72% **89%**
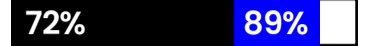
89% of organizations are already using or actively implementing AI

Of these, **72%** are concerned process shortcomings may hold back further implementation of AI in the next two years

Reducing costs and controlling cash flow

Cutting costs is an inevitable priority across most industries and functions right now. So it's no surprise 69% of business leaders put it in their top five factors driving process optimization in the year ahead.

What's more, 82% feel process optimization grows in importance during times of economic instability, perhaps recognizing that it is one of the quickest ways to reduce expenditure and get cash flow under control.

As we'll see in the next section, 46% of business leaders feel cost reduction will be one of the top three outcomes of fully-optimized processes within their department while 53% say the same about revenue growth, and 42% about optimizing working capital.

82%

82% of business leaders feel process optimization grows in importance during times of economic instability

Adapting to change

Many of the factors driving the need for process optimization relate to external changes in the business environment. These include responding to competitive pressure, complying with regulations, and meeting changing customer expectations, which are all seen as top-five reasons by 64% of business leaders.

What's more, two-fifths (40%) say the flexibility to respond to change quickly will be one of the top-three outcomes of fully-optimized processes within their function, while almost a quarter (24%) say the same about exceptional customer experiences. Process optimization equips businesses to respond positively to whatever challenges or opportunities lie around the next corner.

83%

83% agree processes are their greatest lever for value and their fastest lever for change

Processes are the lifeblood of organizations

Considering how foundational processes are to anything an organization does, it's no wonder businesses think processes are important.

But the extent to which they recognize the power of process optimization as a value lever is quite staggering. As mentioned earlier, a conclusive 99% of business leaders think optimizing processes is important or even essential to meet organizational objectives, and 95% say the same about departmental objectives.

81%
of business leaders say processes are the lifeblood of their organization

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■ **Importance of optimizing processes**

■ Essential
■ Important
□ Not important

5%

To meet departmental objectives

42%   53%

1%

To meet organizational objectives

47%   52%
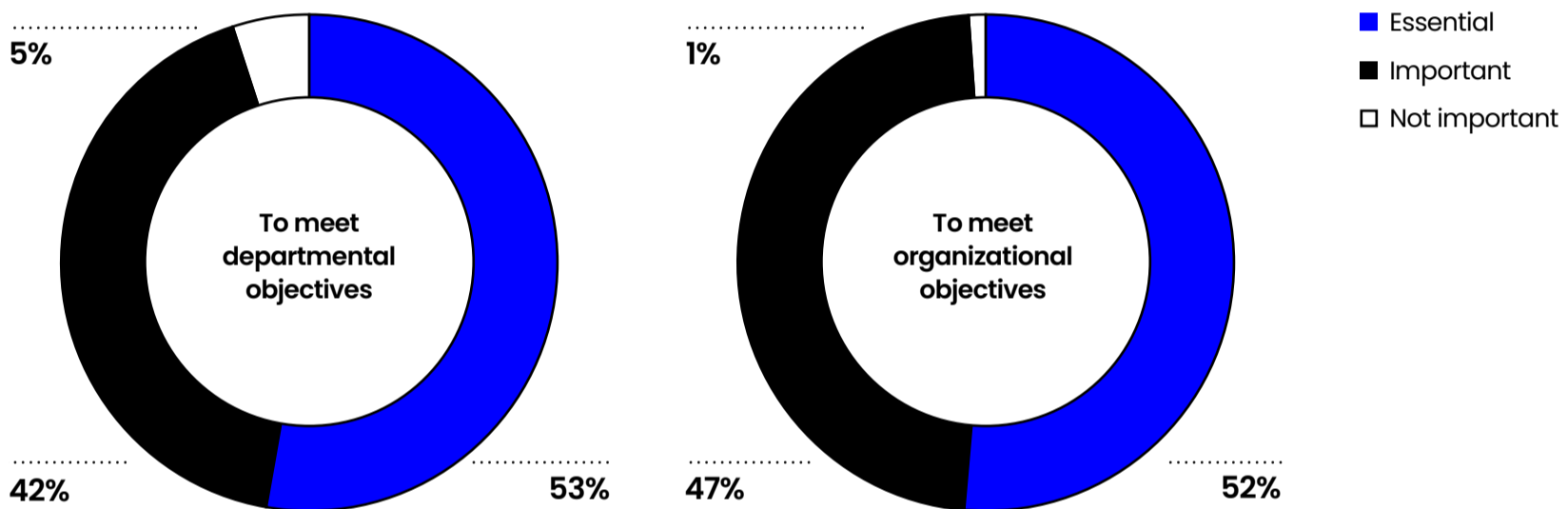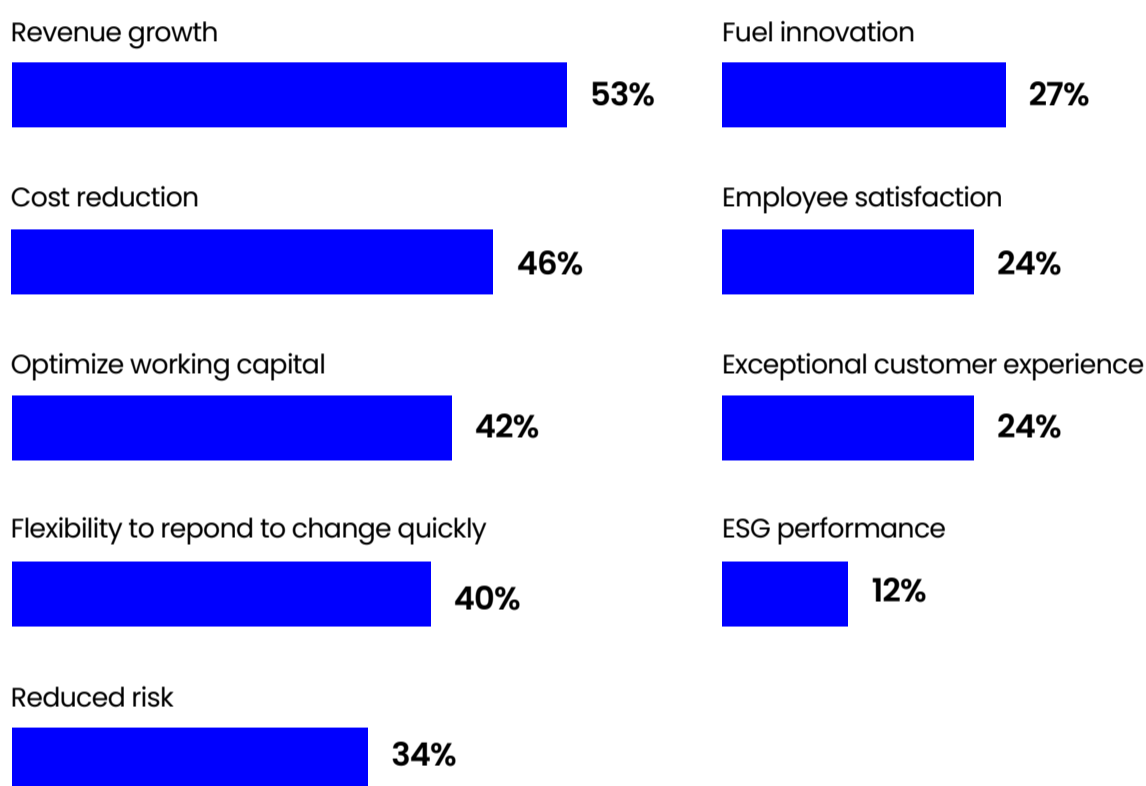

US leaders endorse optimization

The importance of optimizing processes seems to be recognized more widely by business leaders in the US than by those in the DACH region. Only 2% in the US say optimizing processes isn't important to meeting departmental objectives compared with 11% in DACH.

The outcomes of process optimization

It's clear business leaders across the board understand the need to optimize processes to meet their objectives, both at the function and organizational level. To get a deeper understanding of the specific outcomes they're achieving or believe can be achieved by using the process lever, we asked them to pick their top three.

Financial imperatives such as revenue growth, cost reduction, and working capital optimization top the list, and outcomes such as the flexibility to respond to change and reduce risk aren't far behind.

■ The top outcomes of optimized departmental processes

Revenue growth
53%

Fuel innovation
27%

Cost reduction
46%

Employee satisfaction
24%

Optimize working capital
42%

Exceptional customer experience
24%

Flexibility to repond to change quickly
40%

ESG performance
12%

Reduced risk
34%

Processes fuel innovation in DACH

Business leaders in Europe, and particularly in DACH, are far more likely to believe that optimizing processes will fuel innovation than those in the US. On the other hand, US business leaders are more likely to see process optimization as a way to reduce risk and increase employee satisfaction than their counterparts in Europe.

Overall, enthusiasm for process optimization is high. In fact 82% of business leaders believe process excellence will emerge as a core business discipline within the next five years. But that doesn't mean there aren't obstacles to overcome, as we'll see in the next section.

82%

of business leaders believe process excellence will emerge as a core business discipline within the next five years

Processes aren't running as they should

Businesses recognize the critical role processes play in underpinning performance, and the appetite to use those processes as a lever for value is strong. But enthusiasm doesn't necessarily translate into action. The reality is many businesses are struggling with sub-optimal processes, and improvements can be elusive.

Sub-optimal processes are found both within and across enterprise functions and departments. Only one in two business-critical processes within functions or departments are seen as fully optimized. That means around half of the business-critical processes within operations, supply chain, IT, and finance are running in a sub-optimal way.

And of course, there's a high chance that the 55% of processes that *are* seen as fully optimized could still be improved. Leaders' perceptions of process performance within their departments don't necessarily reflect the on-the-ground reality if these processes aren't being accurately measured.

■ **Business-critical processes within departments**

45%
....
Sub-optimal

55%
....
Fully optimized
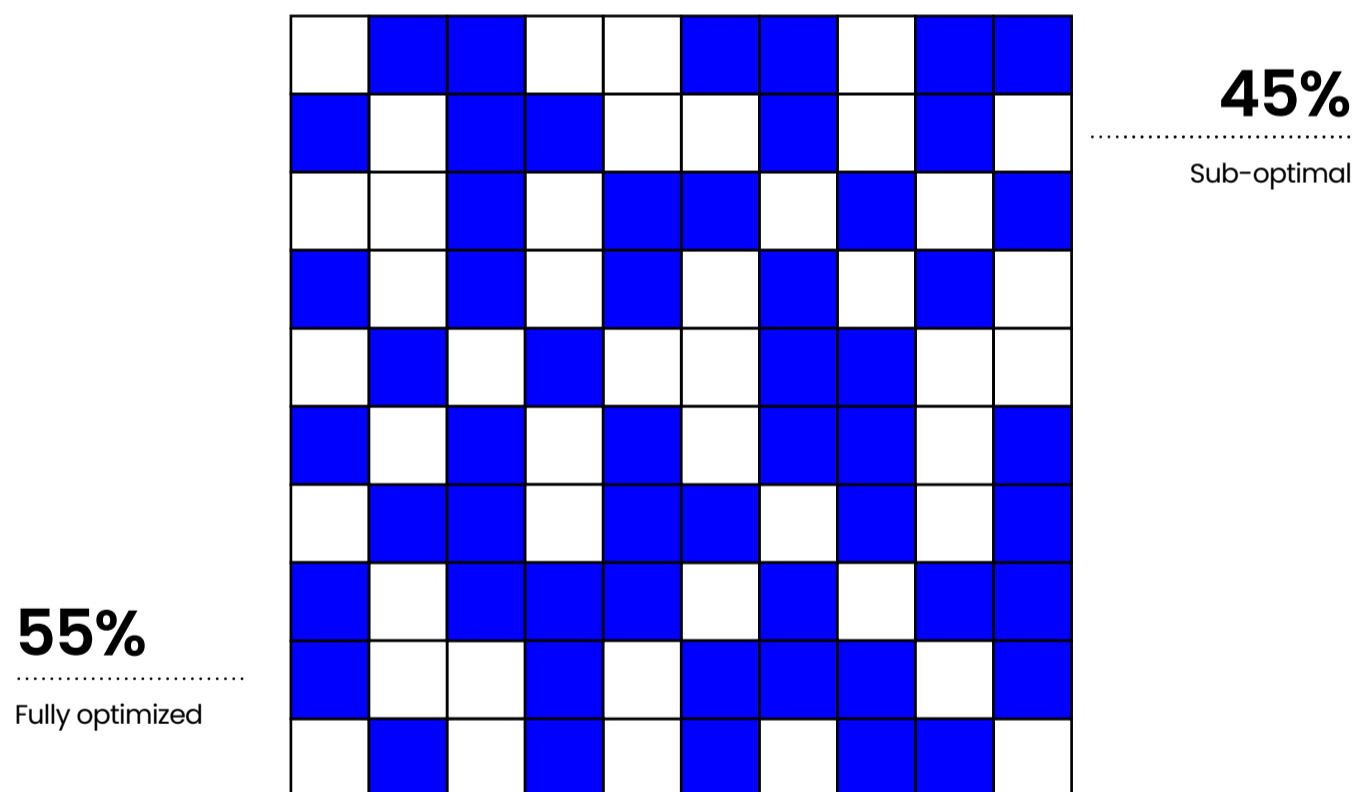
A question of process perception

In the US, 75% of business leaders consider more than half their departmental processes to be fully optimized, while only 60% in DACH give the same response. This may indicate process optimization is more advanced in the US, or it may simply indicate a difference in how process effectiveness is perceived in the two markets.

A similar picture emerges when considering cross-departmental processes, which is hardly surprising. If businesses have sub-optimal processes within individual departments, they're unlikely to have harmonious processes running across multiple functions.
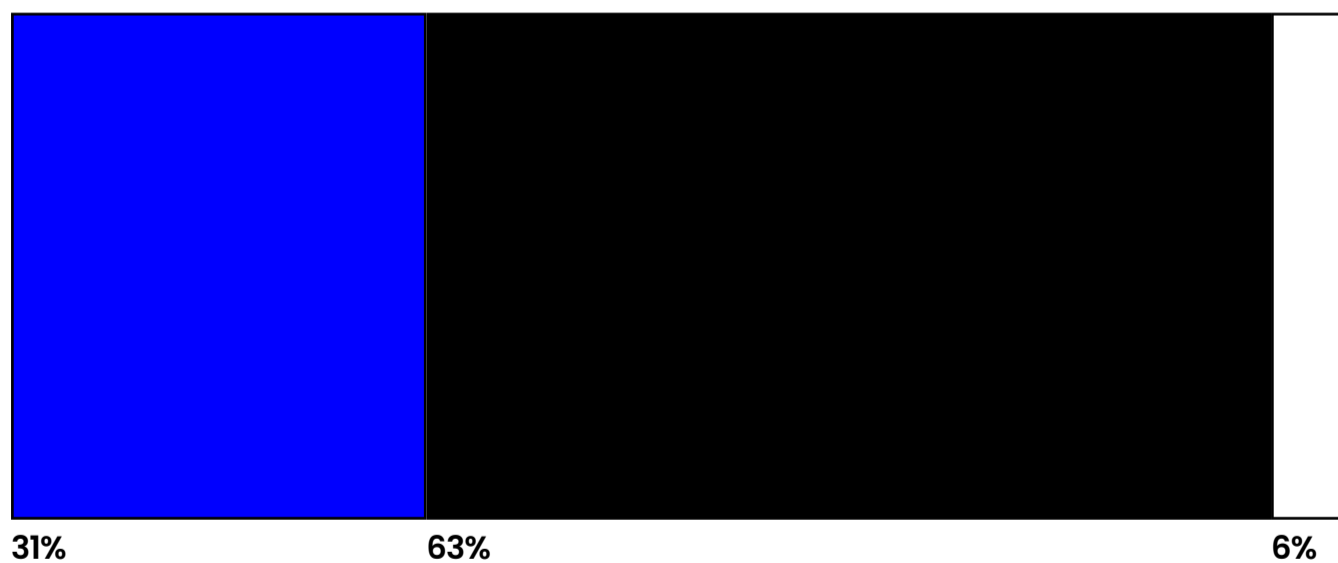
Overall, 57% describe their cross-departmental processes as 'somewhat aligned' compared with just 38% that describe them as 'perfectly aligned'. The view is even less positive in process and operations departments where 63% see their cross-departmental processes as being 'somewhat aligned' compared with just 31% that think they are 'perfectly aligned'.

■ **Cross-departmental process alignment**

All functions

38%	57%	5%

■ Perfectly aligned, perfectly harmonious

■ Somewhat aligned, somewhat harmonious

□ Not aligned, not harmonious

Process / Operations

|		
31%	63%	6%

Process optimization is being neglected

Process optimization is a relatively broad concept that means different things to different people. For this research, we define it as:

"Pinpointing a business-critical process that needs improvement, identifying the root cause of the problem, and then taking effective, sustainable action to optimize that process to drive a high-performance outcome."

Having established this definition, we asked business leaders about the last time their department had taken this action.

The results reveal process optimization is being widely neglected, with only 14% saying they do it on a continuous basis. Over half (51%) haven't optimized a process in the last year, and almost one in three (30%) say they last optimized a process more than two years ago.
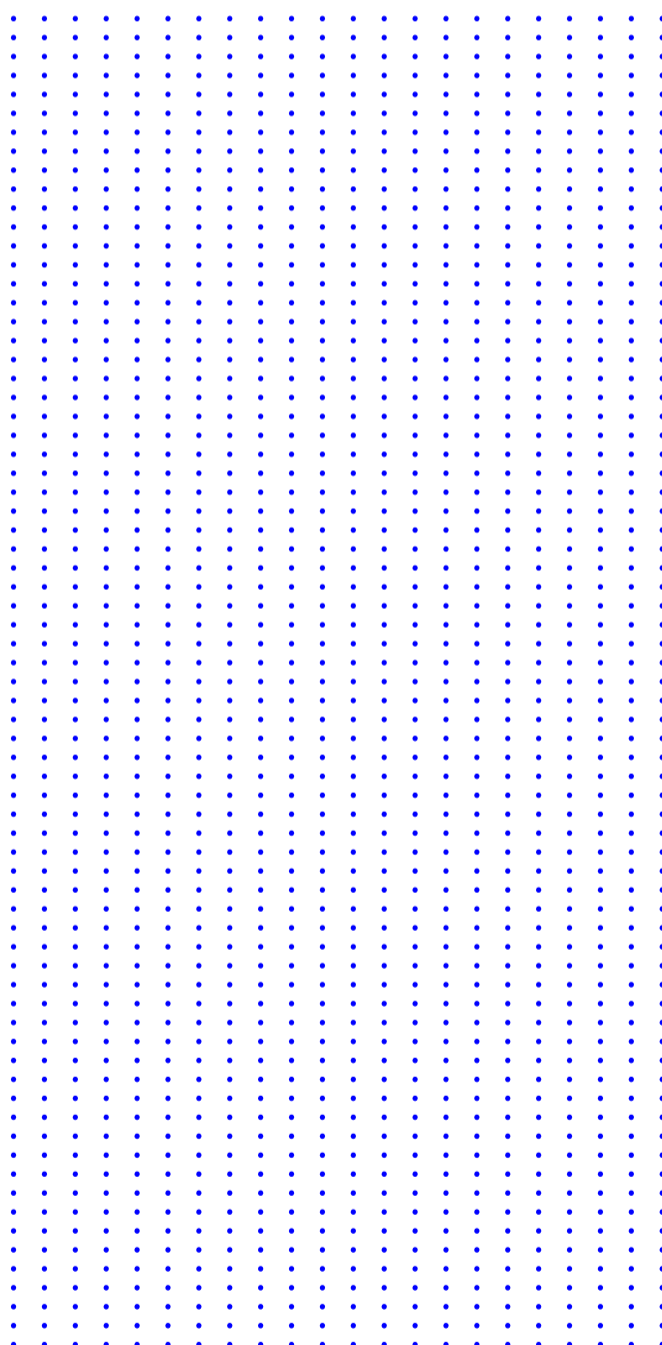
51%
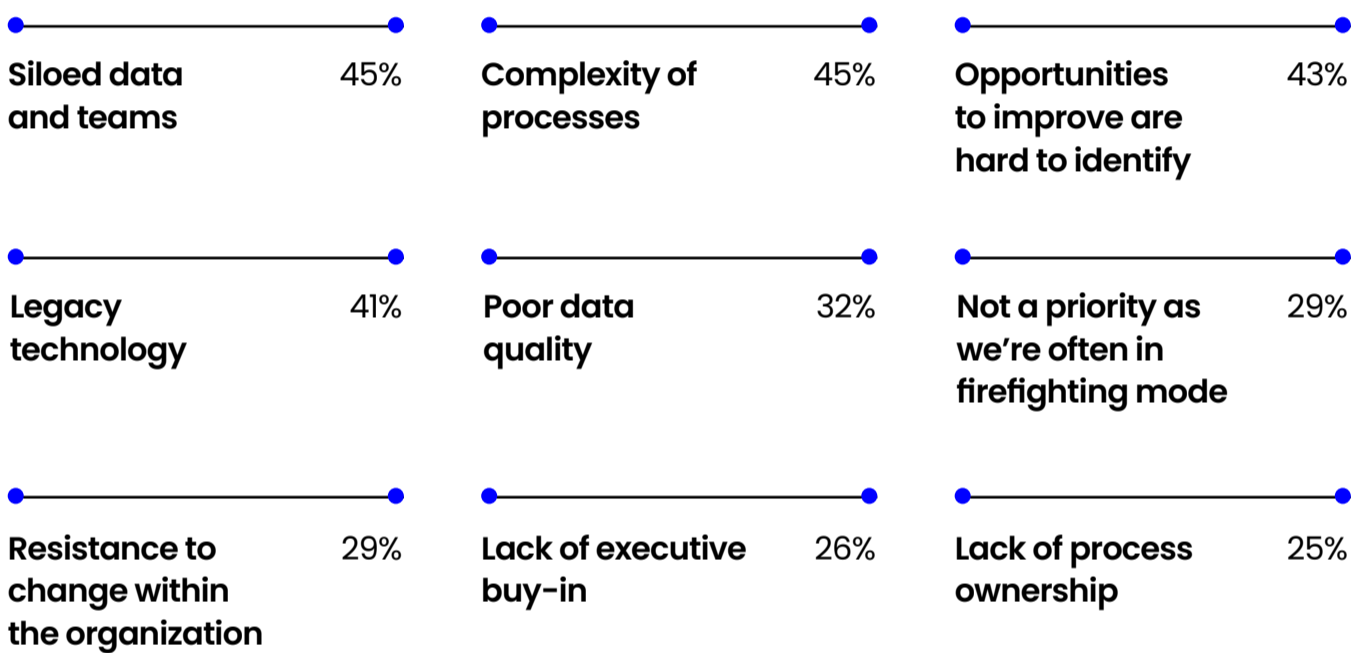of businesses haven't optimized a process in the last 12 months

Barriers are getting in the way

So, why aren't businesses making better use of the process lever when they so clearly understand its value?

There are a number of barriers preventing enterprises from optimizing departmental processes. The top four, all identified by over two-fifths of business leaders, are siloed data and teams, the complexity of business processes, difficulties in identifying opportunities for improvement, and legacy technology.

The responses highlight an overall disconnect within these enterprises. Departments speak their own languages, systems don't play well together, and processes are hard to see, which makes it difficult to move forward with optimization initiatives.

■ Barriers to optimizing departmental processes

Siloed data and teams	45%	Complexity of processes	45%	Opportunities to improve are hard to identify	43%
Legacy technology	41%	Poor data quality	32%	Not a priority as we're often in firefighting mode	29%
Resistance to change within the organization	29%	Lack of executive buy-in	26%	Lack of process ownership	25%

Overcoming the complexity barrier

While the barriers encountered by different functions across enterprises are largely similar, there is one notable difference with process and operations teams. Only 38% of process and operations professionals see the complexity of processes as a major barrier to process optimization compared with 45% across all functions.
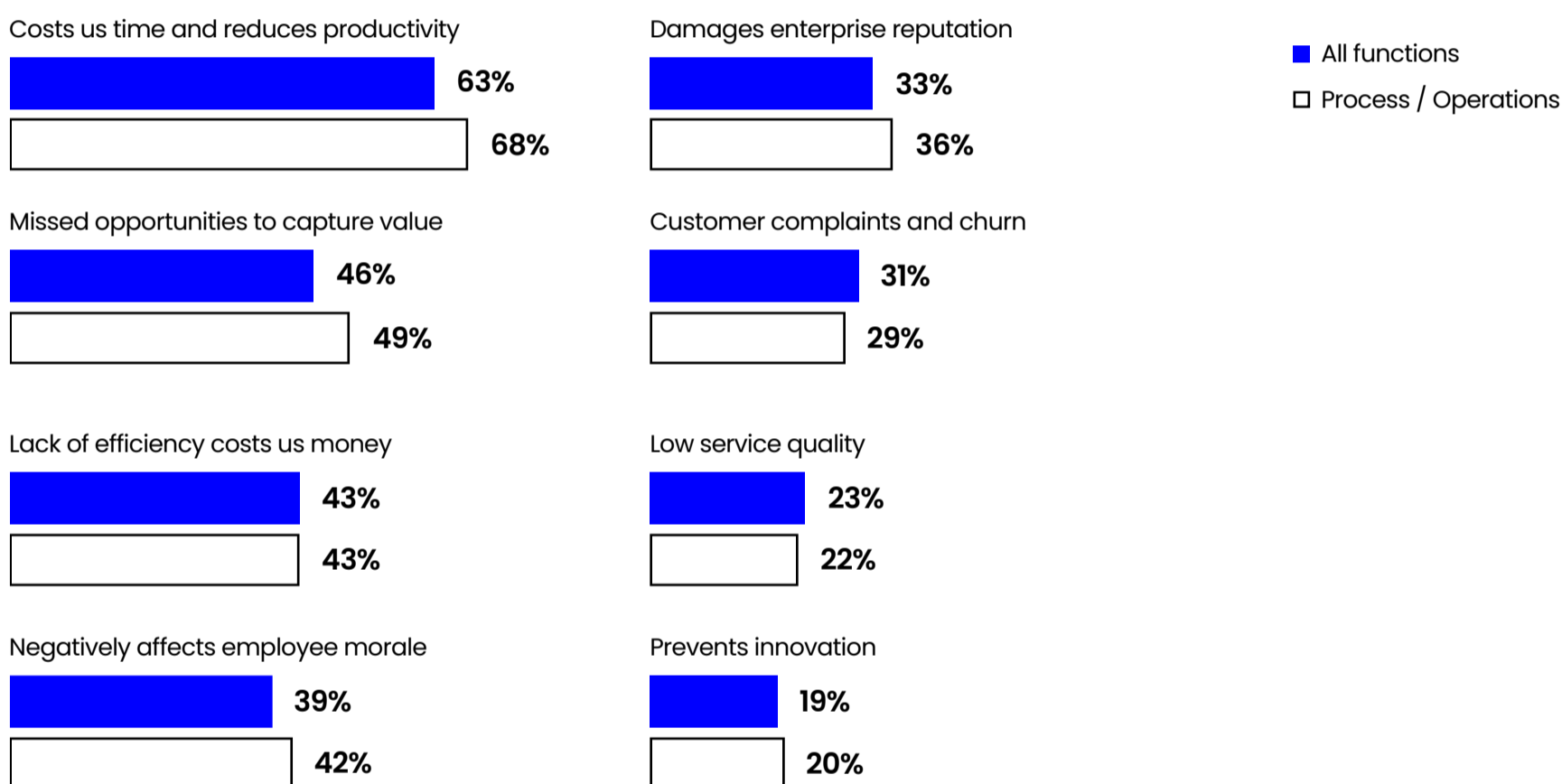
Businesses are paying a high price

Process neglect, exacerbated by a variety of barriers, is resulting in sub-optimal processes.

When businesses look at these processes individually, the impact may not seem that great. But, as we saw earlier, a significant 45% of business-critical processes aren't running as well as they should. And when the impacts of each of these are added together, the effects are immense.

Loss of time and productivity is currently seen as by far the biggest impact, across all regions and functions.

■ **Impacts of sub-optimal processes**

■ All functions
☐ Process / Operations

Costs us time and reduces productivity
63%
68%

Damages enterprise reputation
33%
36%

Missed opportunities to capture value
46%
49%

Customer complaints and churn
31%
29%

Lack of efficiency costs us money
43%
43%

Low service quality
23%
22%

Negatively affects employee morale
39%
42%

Prevents innovation
19%
20%

Process and operations teams are more likely than their peers in other departments to think sub-optimal processes are costing time, contributing to missed value opportunities and negatively impacting employee morale, as well as damaging enterprise reputation.

Somewhat surprisingly, preventing innovation comes at the bottom of the list of current impacts. But this is unlikely to remain the case moving forward. As mentioned earlier, 72% of the business leaders that are already using AI are worried process shortcomings may hold back further implementation in the next two years, so we're likely to see preventing innovation rise up this list if process optimization is not prioritized.

Tech investment in the process era

Despite the barriers standing in their way, many businesses are already attempting to unlock the value opportunities in their processes and are investing in process optimization technologies.

The majority of enterprises, across all regions, are either using process optimization tools or planning to use them in the near future. Almost half (49%) are already investing in process optimization technologies, while a further 32% plan to invest in the next three years.

■ **Process optimization tech investment**

49%
Already
investing

32%
Plan to invest in
the next 3 years

19%
No plans to invest
in the next 3 years
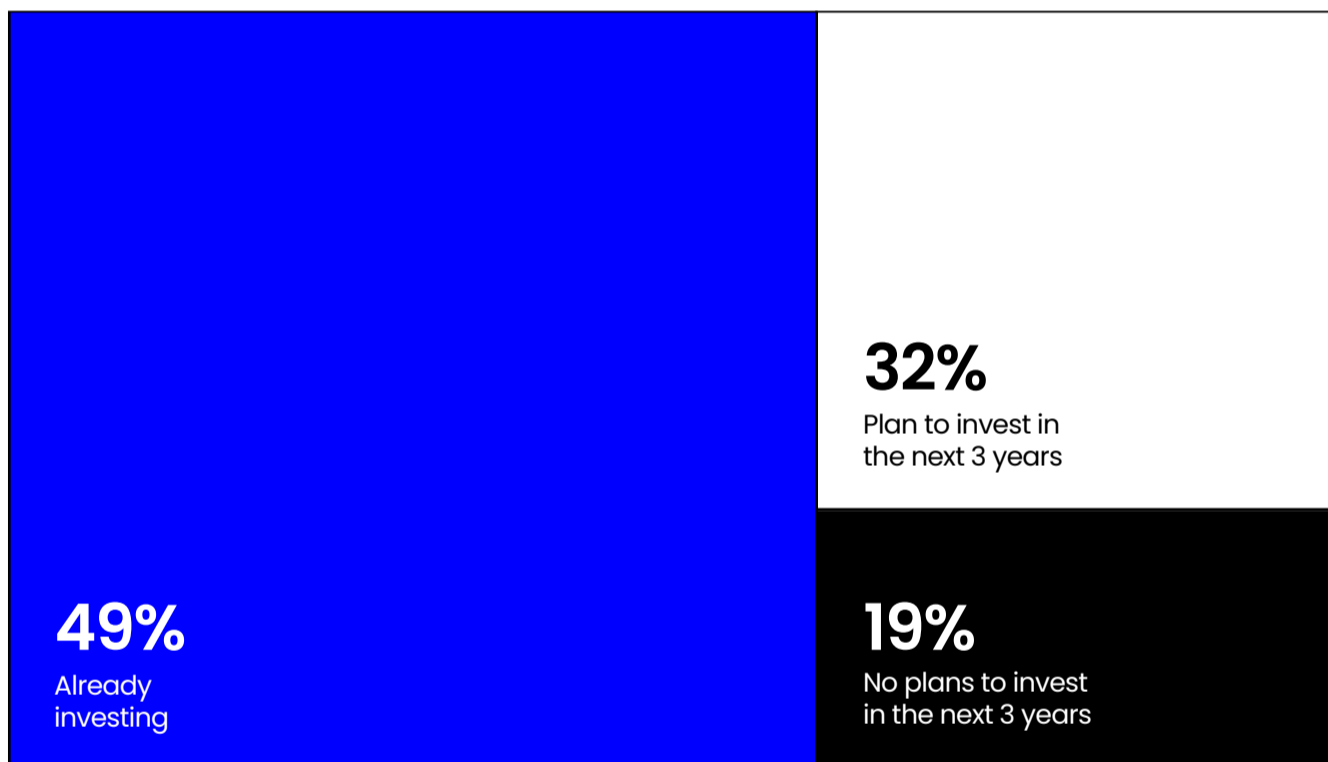
So, what types of tools and techniques are being used to identify and act on value opportunities within existing business processes?

With almost three-quarters (73%) of business leaders saying a lack of visibility is the biggest enemy to process excellence, the tools and tactics businesses are using today tend to focus on increasing the visibility of processes so they can be optimized.

Business Intelligence (BI) tools are most commonly used, especially in the US, while Robotic Process Automation (RPA) and Business Process Management (BPM) are also popular. Process mining tools are currently least likely to be used but they are an emerging technology and, as we'll see later, a significant proportion of businesses are exploring their use.

■ Techniques used for process visibility
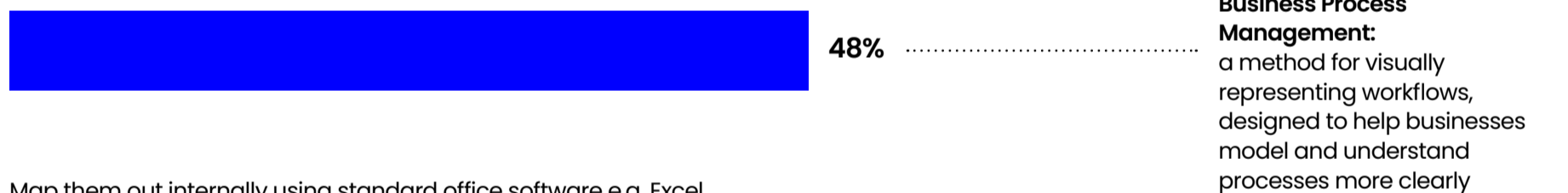
Business Intelligence (BI) tools

67% .... **Business Intelligence:** software that ingests business data and presents it in user-friendly formats such as reports or dashboards

Robotic Process Automation (RPA)

58% .... **Robotic Process Automation:** automation technologies that mimic back-office tasks such as extracting data, filling in forms, and moving files

Use external consultants

52%

Business Process Management (BPM)

48% .... **Business Process Management:** a method for visually representing workflows, designed to help businesses model and understand processes more clearly

Map them out internally using standard office software e.g. Excel

37%

Process mining tools

30% .... **Process mining:** a technology that visualizes, monitors and improves actual processes by leveraging real-time and historical data for business processes and operations
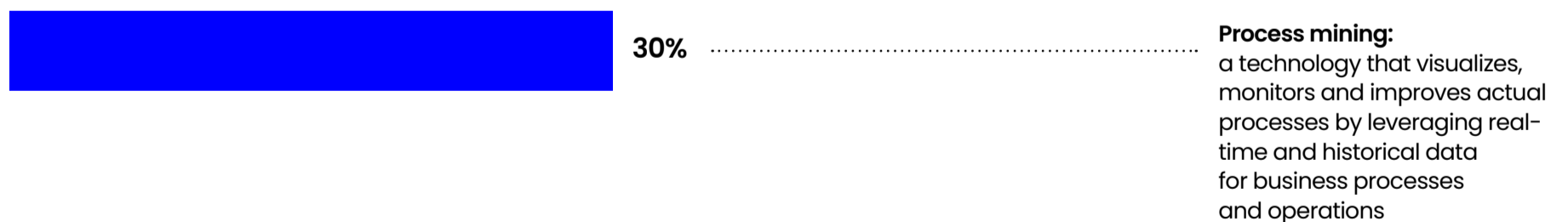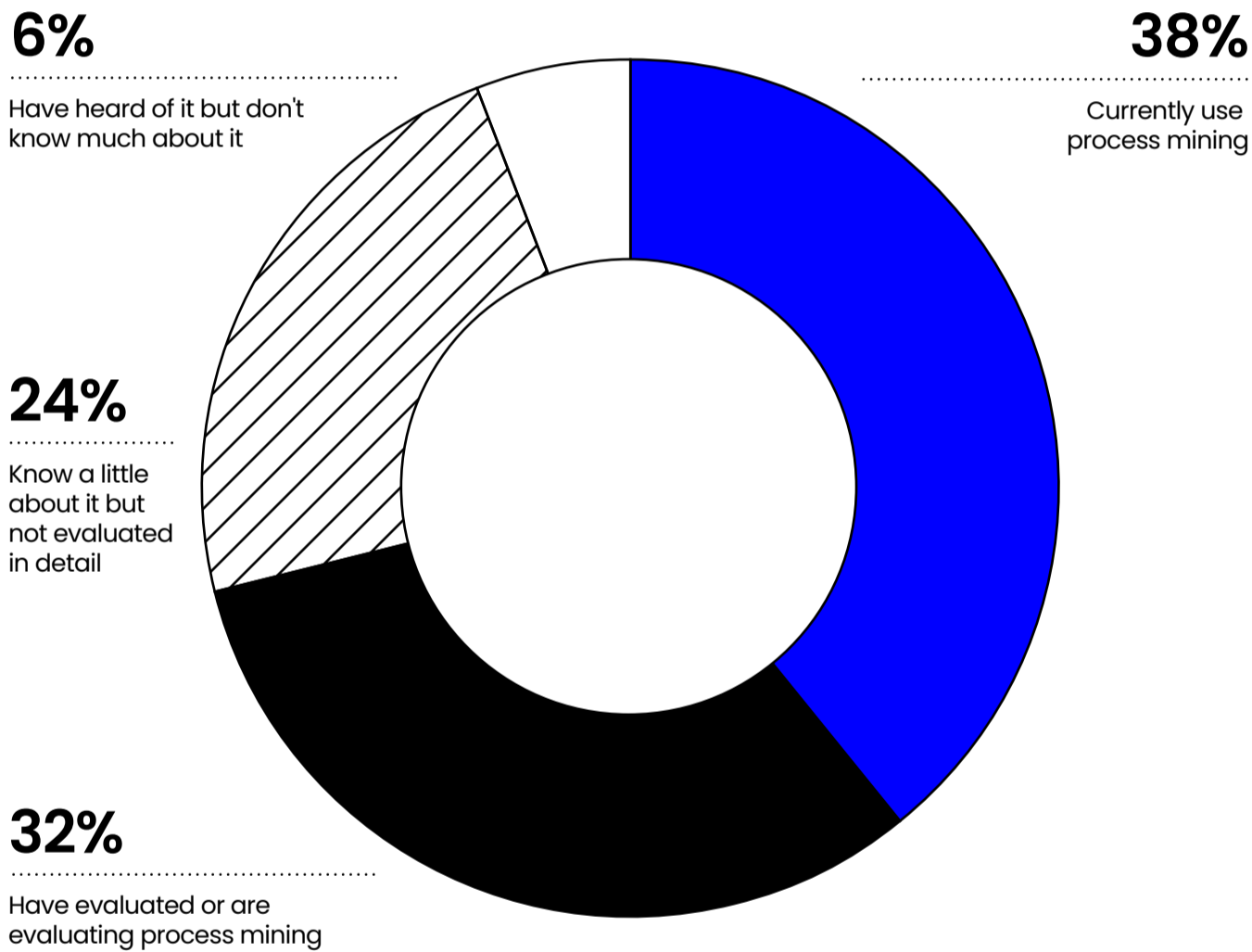
Process mining is gaining traction

Process mining is currently the least used tool for gaining visibility into business processes, but it's gaining traction. Its importance as a key enterprise technology is highlighted by the fact that Gartner® published its first Magic Quadrant™ for Process Mining Tools in 2023.

While 30% of business leaders say they use process mining tools specifically for gaining visibility, 38% say they are currently using the technology in some form (mostly as part of an integrated tool or software suite). A further 32% are already evaluating process mining.

■ **Familiarity with process mining**

6%

Have heard of it but don't know much about it

24%

Know a little about it but not evaluated in detail

32%

Have evaluated or are evaluating process mining

38%

Currently use process mining

Process mining helps to address specific challenges faced by over half of business leaders across departments or functions.

■ Process challenges faced by business leaders

■ Very challenging   ■ Challenging   ☐ Not so challenging

Challenge	**How process mining helps**

Identifying and defining opportunities for improvement within a process

20%   40%   40%

Process mining provides an MRI of finance processes to rapidly uncover hidden value opportunities

Understanding how processes interact

20%   39%   41%

The latest iteration of process mining, object-centric process mining, allows organizations to visualize how processes interconnect across operations

Orchestrating improvements across people, processes, and technologies

20%   38%   42%

Process mining layers on top of existing systems to allow businesses to look holistically across processes and take an end-to-end approach to improvements

Understanding how processes actually run

20%   37%   43%

Process mining extracts data from business systems to accurately visualize finance processes as they actually run

Analyzing how to optimize the process

16%   39%   45%

Process mining continuously observes how processes are performing, and recommends the right actions to capture value

Measuring how a process currently performs

18%   37%   45%

Process mining quantifies the impact of process performance on specific KPIs

Migrating systems

17%   37%   46%

Process mining supports each system migration phase, from standardizing processes pre-migration to maximizing value post go-live
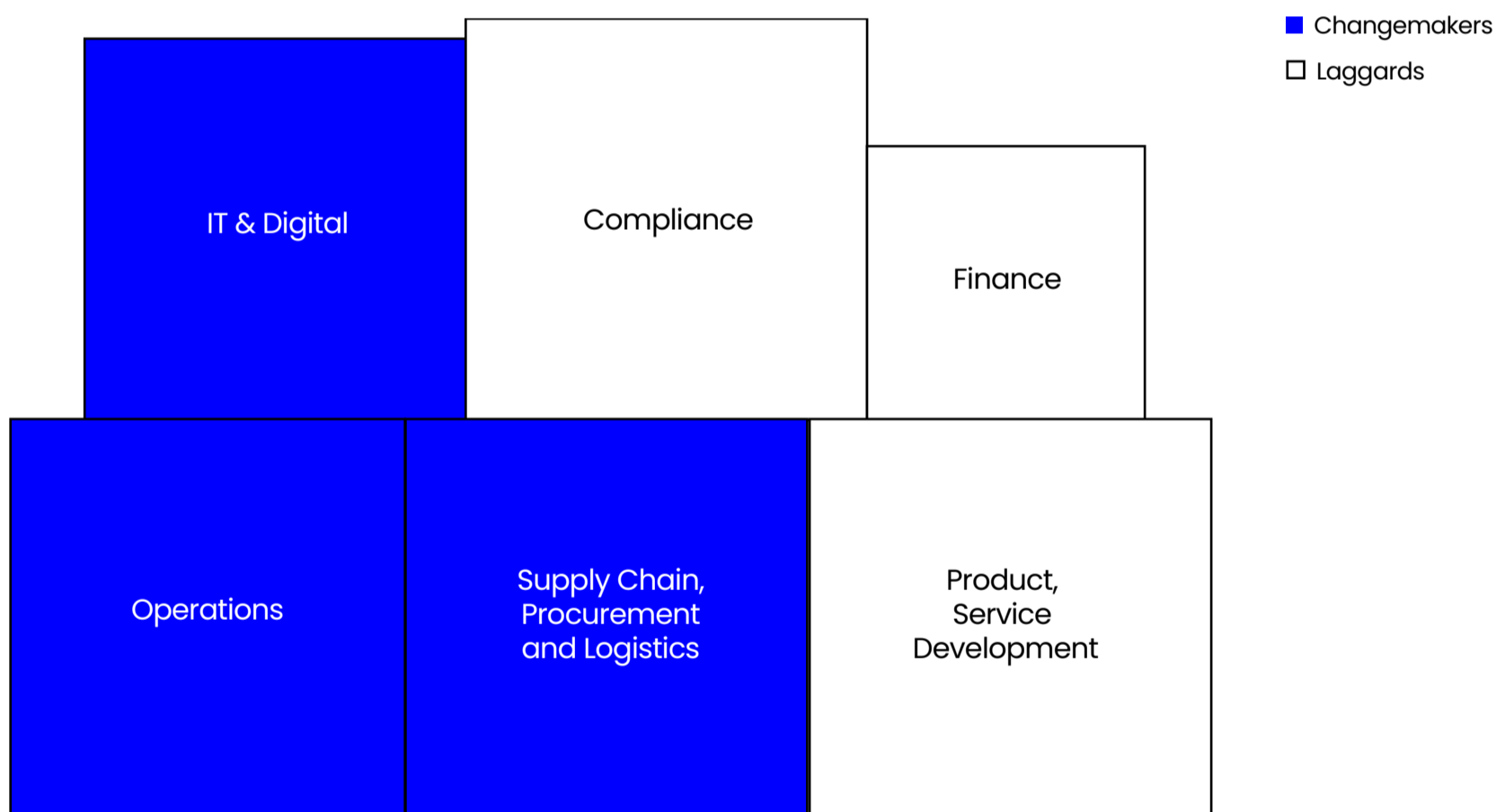
The leaders driving adoption

Change management is always challenging. Driving the process optimization agenda forward requires individuals or departments within organizations to act as changemakers. These leaders are setting an example for process excellence, taking action to make their businesses more efficient and effective.

As part of the cross-functional survey, we asked business leaders which departments they see as actual or potential change makers in their organization. Perhaps unsurprisingly IT and digital, operations (including process excellence), and supply chain are the departments most likely to be seen to be leading the process optimization charge.

We also asked which departments respondents consider to be process laggards. The top three answers are finance, compliance, and product development.

■ **Process changemakers and laggards**

■ Changemakers
☐ Laggards

| IT & Digital | Compliance | Finance |
| Operations | Supply Chain, Procurement and Logistics | Product, Service Development |

An emerging discipline

In an environment of constant change, optimizing processes equips businesses to respond positively to any challenge or opportunity ahead of them. With the vast majority (84%) of business leaders saying process optimization can deliver bottom, top, and even green-line value at the same time, investment in process improvement is set to accelerate.

Ultimately process excellence will emerge as a core business discipline that will set organizations up for success in an unpredictable world.

Get in touch to find out more about how your organization can use process mining to find and capture value.
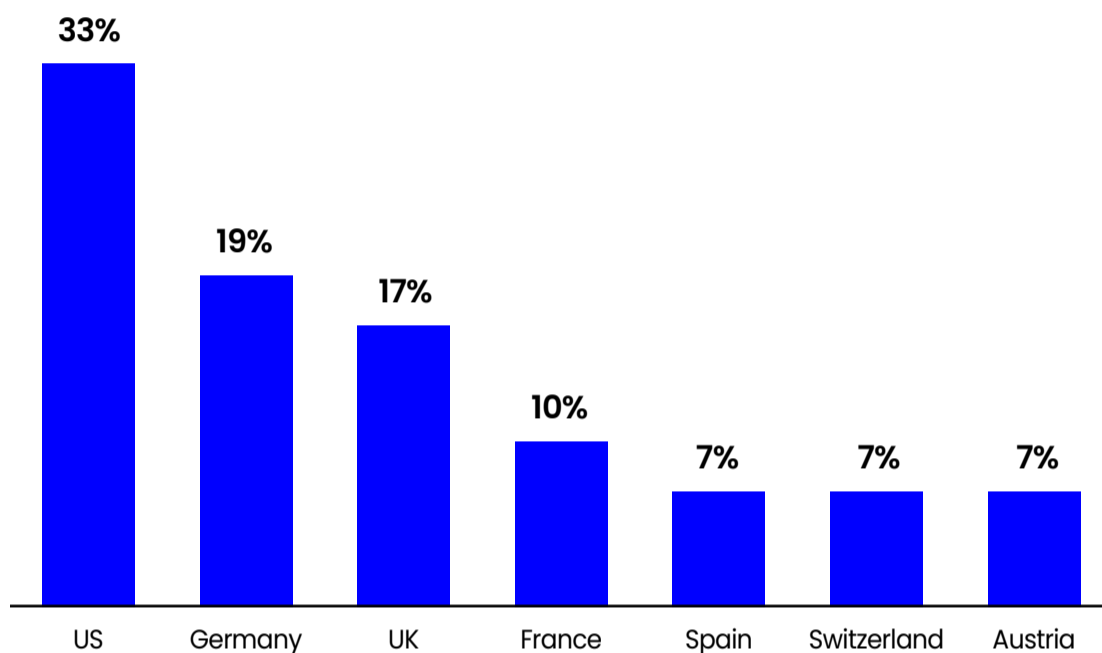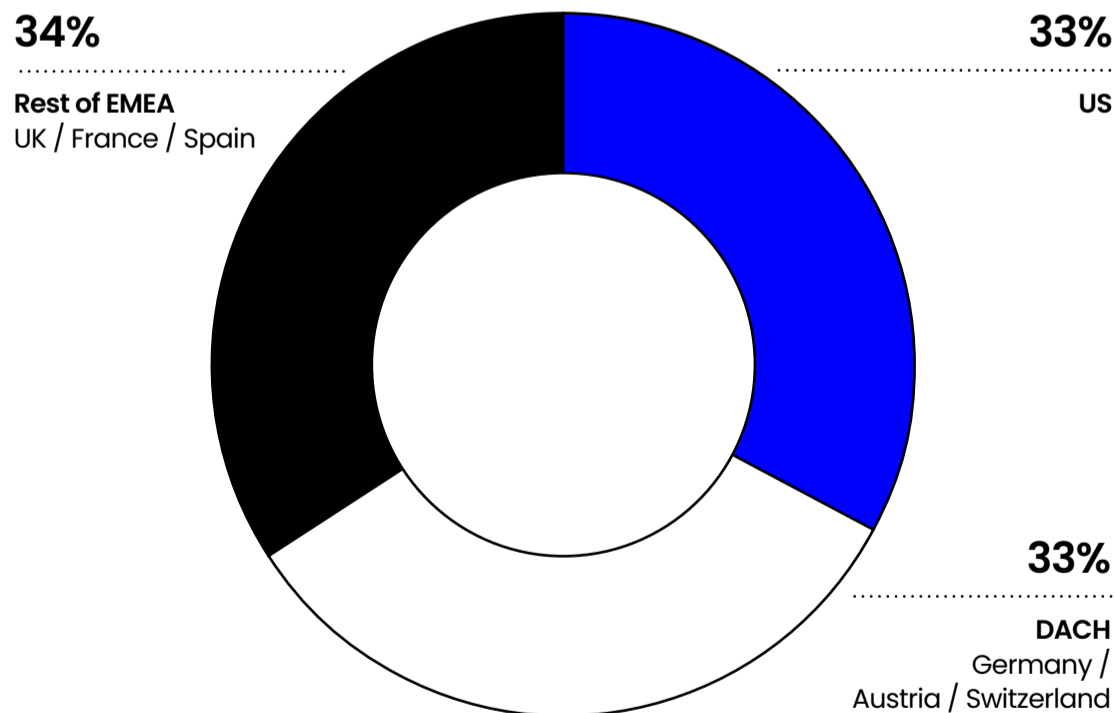
Let's talk
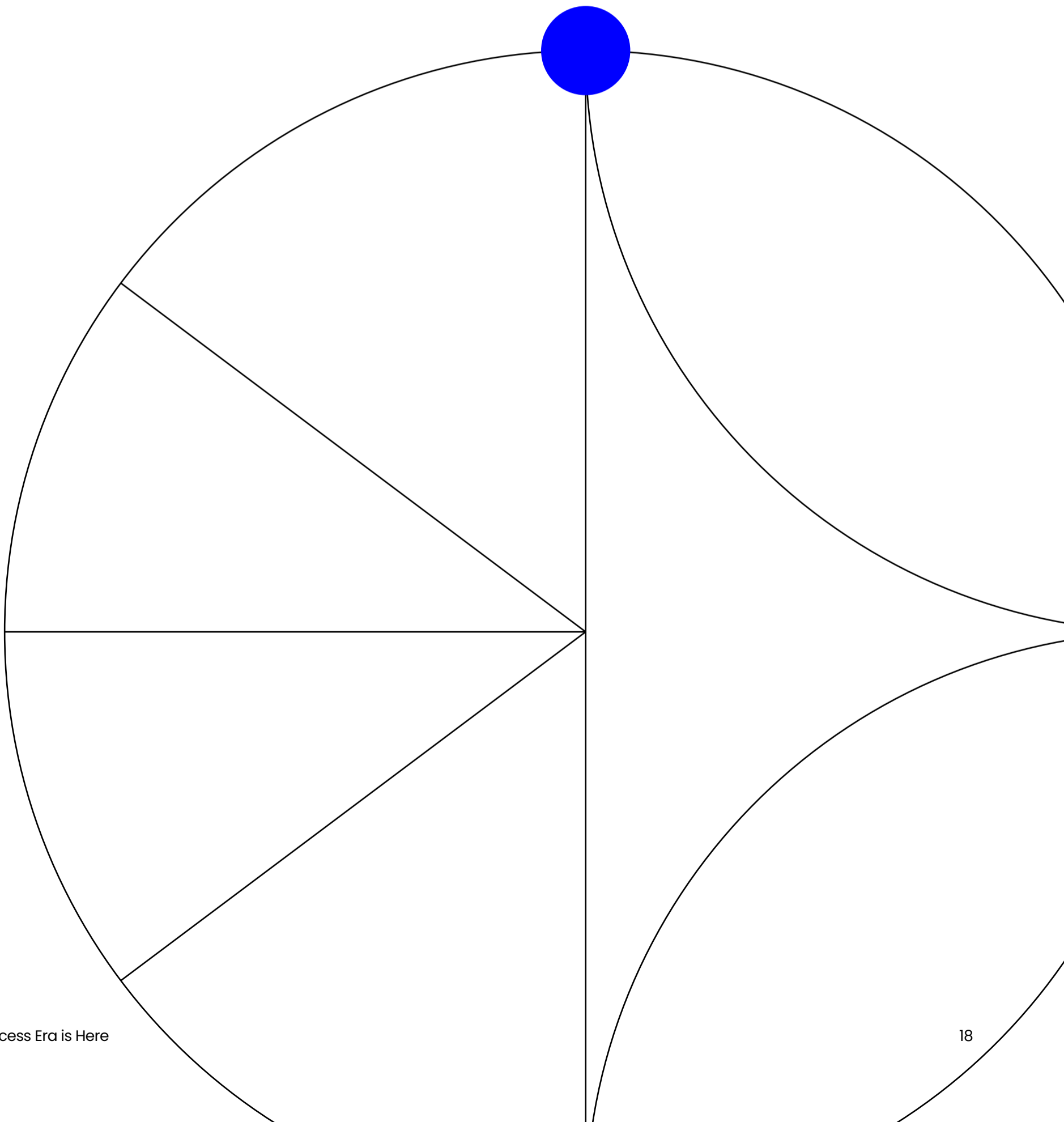
Survey methodology

The research was conducted by Insight Avenue, an independent, third-party, specialist B2B and technology research consultancy. 1,217 interviews, with around 400 in each of three regions and 300 in each of four job functions, were conducted during August and September 2023. Business leaders were interviewed from organizations with revenue of $500m+ across a range of sectors.
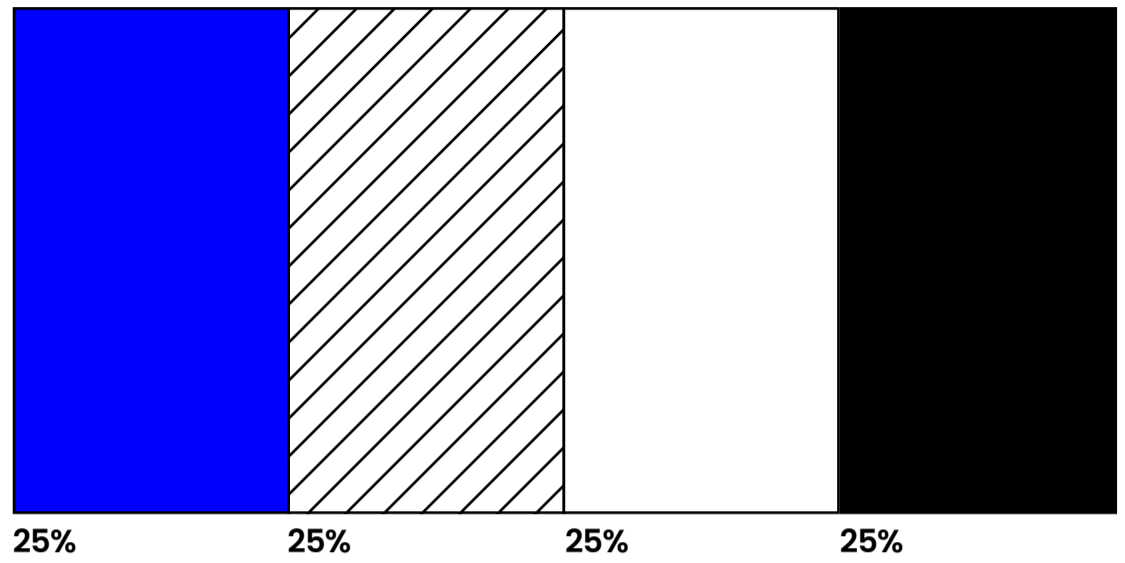
■ Country

	US	Germany	UK	France	Spain	Switzerland	Austria
	33%	19%	17%	10%	7%	7%	7%

■ Region

34%
Rest of EMEA
UK / France / Spain

33%
US

33%
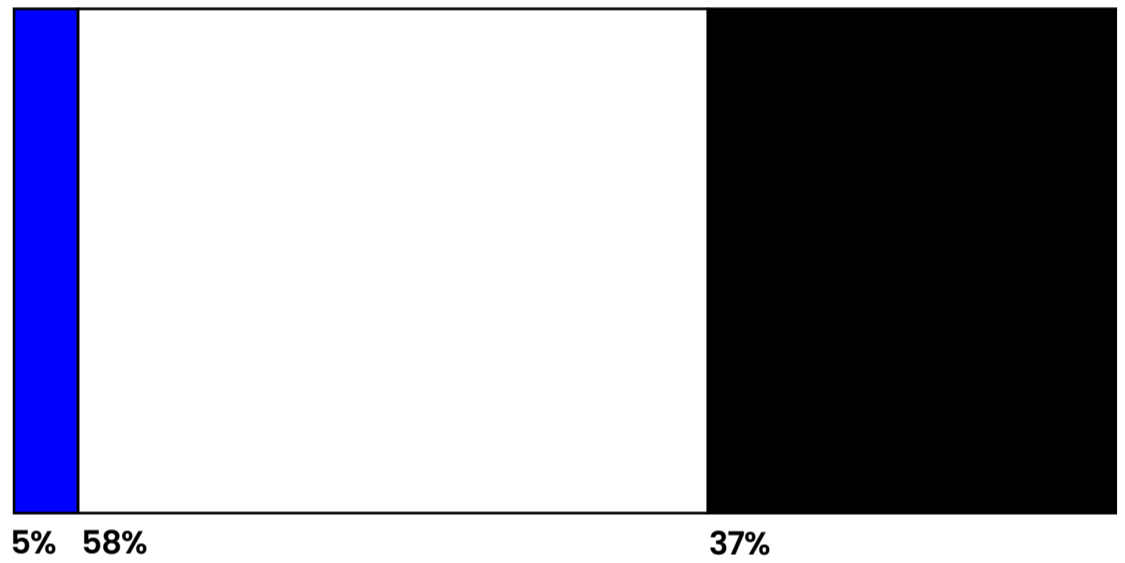**DACH**
Germany /
Austria / Switzerland

■ Job function

- ■ Operations, Process improvement, Process excellence
- ▨ IT, Digital
- ☐ Supply chain, Procurement, Demand planning, Logistics, Order management
- ■ Finance, Shared services

25%   25%   25%   25%

■ Seniority

- ■ Board, C-level
- ☐ Head of department, Director
- ■ Senior manager

5%   58%   37%

■ Revenue

- ■ $500 million - $2 billion
- ☐ $2 billion - $10 billion
- ■ More than $10 billion

15%   80%   5%

Industry sector

Sector	
Utilities	14%
Retail	13%
Manufacturing	12%
IT / Technology	9%
Banking	8%
Insurance	7%
Automotive	6%
Public sector	6%
Oil and gas	5%
Chemicals	5%
CPG / FMCG	5%
Logistics	4%
Pharma	3%
Life sciences	3%
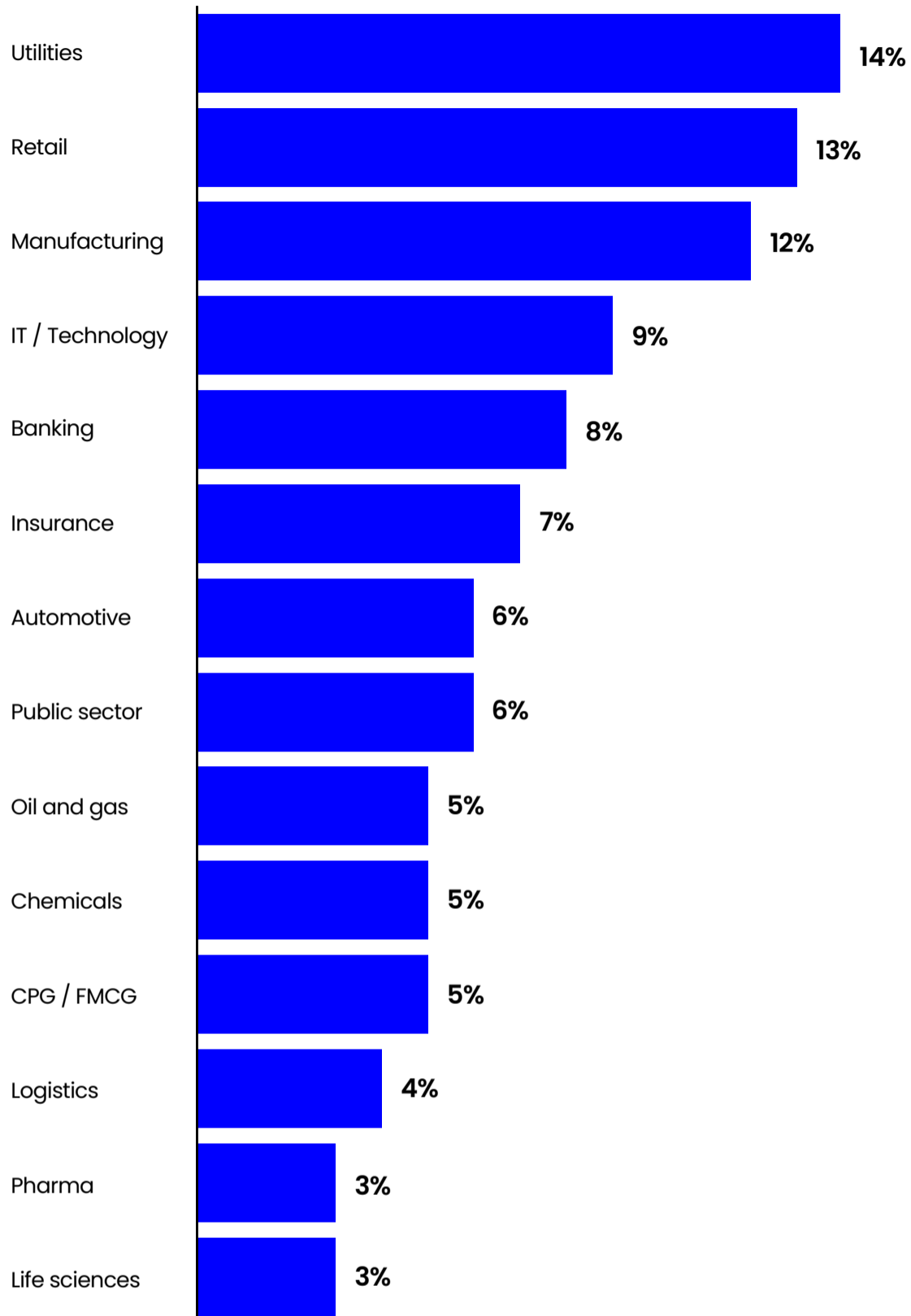
About Celonis

Since 2011, Celonis has helped thousands of the world's largest and most esteemed companies yield immediate cash impact, radically improve customer experience, and reduce carbon emissions.

Its Process Intelligence platform uses industry-leading process mining technology and AI to present companies with a living digital twin of their end-to-end processes. For the first time, everyone in an organization has a common language for how the business runs, visibility into where value is hiding, and the ability to capture it. Celonis is headquartered in Munich, Germany and New York City, USA with more than 20 offices worldwide.

Find out more at celonis.com

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