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MANAGEMENT **INSIDER**

Empower procurement through intelligent process mining

Transform your processes for a stronger
business performance

Introduction

Every business suffers from inefficiencies and disruptions...

...everything from siloed working to the outbreak of a pandemic disease. Some challenges prevent companies from being fully effective while others endanger their very survival. The current unprecedented coronavirus situation means businesses globally are facing these types of heightened challenges right now.

But whether your organisation is frustrated by bottlenecks or threatened by the presence of an innovative start-up, tackling inefficient processes is a

transformational way to address these challenges and many more. As Forbes put it: “The impact for businesses using antiquated business process solutions, or even worse, no solutions at all, can be multifaceted and ultimately damage their bottom line.”

Wasted time and effort can severely impact customer and employee satisfaction, affecting an organisation’s ability to attract clients and retain staff. Essentially, it affects their ability to be successful. And for those with an eye on growth or getting ahead of the competition, it is even more vital they get their house in order first to ensure they are resilient and maintain day-to-day cashflow. >>

Introduction cont'd

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« Procurement is one of a number of key areas where improved processes, such as a smooth-running procure-to-pay system, can have a substantial impact. A CPO with access to real-time data can identify hidden blockers and wasted resources, reduce manual rework and enable procurement professionals to concentrate on more strategic work.

Identify and improve

This whitepaper, in partnership with *Supply Management*, aims to explain how you can make process improvements, and showcases the success of two international telecoms giants, Vodafone and Deutsche Telekom, who are already reaping the benefits.

Procurement under pressure

Optimising for productivity is key to business success

Businesses are placing increasing demands on their purchasing and supply chain teams to ensure on-time vendor delivery, choose the right supplier at the right time, and move rapidly. And they want all this while staying as cost-effective as possible.

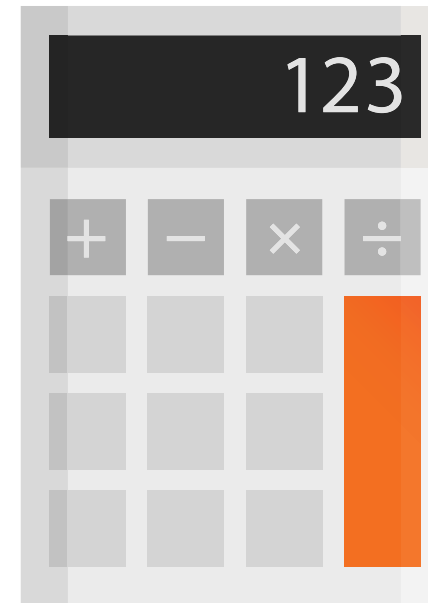
Procurement is expected to be closely aligned with finance and other key internal customers in working towards the company's strategic aims – be it growth, productivity or improved corporate social responsibility credentials. Boards want their CPO to be able

to immediately lay their hands on key spending figures. They also want their function to be focused on enhanced activities, such as generating innovation through supplier collaboration.

Change how you work

To this end, mature procurement organisations have for some time been exploring how their processes can be optimised. They have been considering what can be removed, automated, or improved to expedite the procurement process. The aim is to release staff from repetitive, low-value and time-intensive tasks and deliver better outcomes, such as improved productivity, optimised spend or increased compliance.

“Procurement often sets the pace for how fluidly an organisation can run,” says Divya Krishnan, Product Marketing Manager at Celonis. “Now these departments can obtain the deep insights needed to transform how they work.”



What is process mining?

Process mining can resolve operational friction quickly

Myriad manual processes or legacy workarounds, prompted by acquisitions or even organic expansion, typically result in duplicate master data in numerous systems, poor system integration, and departmental silos. A more sophisticated approach is to use an automated, objective assessment of current business operations, providing full visibility of key processes at any time, called process mining.

Grown out of business process engineering, it is described as an analytical discipline for

“discovering, monitoring, and improving real processes by extracting knowledge from event logs readily available in today’s information systems”. It helps you understand how your current systems work based on hard evidence and quickly make changes. “Process mining helps solve the data challenge quickly by harnessing all the information, analysing it, and enabling proactive improvements,” adds Krishnan.

Build a clearer picture

This powerful technology enables companies to identify precisely where their processes are going wrong and take corrective action to avoid it in future.

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Process mining helps solve the data challenge quickly by harnessing all the information, analysing it, and enabling proactive improvements.”

Divya Krishnan
Product Marketing Manager
Celonis

Make data work hard

Remove the blockers that stand in the way of 'right first time' POs

In the case of purchase orders, process mining can increase the perfect PO rate, reduce material lead times, increase the rate of automation and ensure compliance, enabling procurement to crack down on maverick buying. Complete transparency over purchase orders helps procurement teams to understand where and when manual rework is required. It also allows them to address the problem they've revealed, and monitor PO rates over time. They're able to amend the process to continually improve it, acting as detectives, problem

solvers and opportunity hunters. Israel Expósito Peraza, Head of Data Governance and Analytics at Vodafone, where process mining is used to oversee its procure-to-pay, says:

"Process mining is about empowering decision makers with analytics that will eradicate gut-feeling decision-making and enable the data-driven organisation of the future."

Replacing manual data procedures with process mining has radically enhanced Vodafone's ability to track and analyse the effectiveness of buying practices in real-time, cutting costs per purchase order and reducing time to market.



Visualise, analyse and drive change

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The technology... identifies the most troublesome points of friction and presents clear guidance for actions that address root causes.”

Process mining can be applied to any business process

Celonis is a pioneer in commercialising process mining and is recognised by Gartner as the market leader. Founded in 2011,

it turned this emerging tech into an enterprise-ready solution and now global industry leaders including Siemens, Vodafone and L'Oréal have adopted its technology to transform their most critical and complex business processes.

Manage data better

The technology plugs directly into a company's own large data sources in multiple formats, rapidly constructing a comprehensive picture of how procurement process flows are happening in real-time. Essentially, it tracks data produced by a company's own software, as well as how it works and makes recommendations as to what that business can and should do to improve it.

It identifies the most troublesome points of friction and presents clear guidance for actions that address root causes. Those recommendations can easily be automated for repeatability. So it not only visualises live processes, it also delivers a full analysis, and clarifies how to drive change.



Use speed and scale to grow smarter

Get in the data driving seat and deliver better business outcomes

As the Forrester Now Tech report on Process Mining and Documentation concludes, these tools are to “provide objective analysis into the current state of business processes” and “offer speed to insight and the ability to scale”. Businesses cannot be transformed and scaled without appreciating which processes first need to change – and for that, they need complete and accurate information to understand and act on their most impactful inefficiencies and see and prove what is happening at the click of a button. Hard data results in more

intelligent and quicker decisions – monitoring process performance means you can get in front of problems before they arise.

Supercharge growth

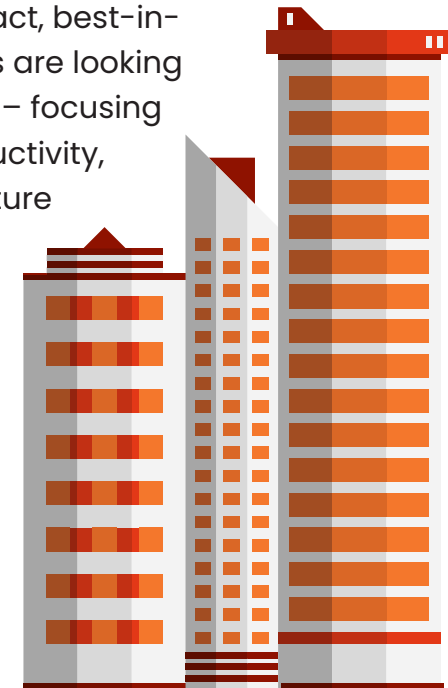
It’s crucially important that systems processes and management disciplines adapt to tackle the challenges they face. With the global coronavirus outbreak, for example, this human tragedy is also taking a huge toll on businesses. Companies can use process mining to help tightly manage their working capital and boost liquidity during these dire times.

Not only can it help create efficiencies and bring real business and strategic value, but it is also an

essential approach as companies expand. As businesses gain more operations and procedures that they need to manage, protect and improve, process mining can help them get the most out of that growth.

Deliver real change

For long-term impact, best-in-class organisations are looking for deeper change – focusing on increased productivity, optimised expenditure and reduced risk. The scale of this change requires smart process mining technology that can quickly deliver success.



Success in action

Celonis has more than 700 large customers including L'Oréal, AstraZeneca, Siemens, Honeywell, Cisco, and Uber. Its platform enables them to get full transparency over their processes across multiple enterprise resource planning (ERP) systems in real-time – surfacing blockers and taking action to resolve them and improve operational efficiency.

Vodafone

Procurement is supercharged with automation and AI

UK-based telecoms titan Vodafone is among the many firms making advanced changes to its procurement using Celonis' process mining technology. The enterprise comprises more than 20 operating companies around the world, and every year its procurement units issue nearly 800,000 purchase orders and receive more than five million invoices.

When Ninian Wilson took the role as CEO of Vodafone's Procurement Company (VPC), he told the

management team he wanted one version of the truth around all key tools and metrics.

To bring full transparency into how the procurement process is actually functioning and to boost efficiency and compliance, a control centre was built using technology from Celonis. Its advanced analytics and predictive modelling enable SCM professionals to identify bottlenecks or problem areas for extra attention, investment or training to further improve efficiency and compliance levels.

"There's no debate left on numbers and no excuses," said Wilson. Previously, around 15 staff >>

Vodafone cont'd

« members had to spend almost a month compiling procurement data, rendering it immediately out of date. The new technology analyses 20 terabytes of procurement data, presenting live visualisation and process recommendation analytics.

As it crunches through masses of bytes of information, little red dots on a flowchart track precisely where POs have got stuck or delayed. Four data scientists flag bottlenecks, which leaves procurement staff to spend time on higher value tasks, such as a strategic sourcing and negotiating. Replacing manual data procedures with process mining has radically enhanced

its ability to discover, monitor and analyse the effectiveness of buying practices in real-time. Costs per purchase order have fallen over 10%, while the proportion of perfect purchase orders has soared from 73% to 96%. Quick identification of any problems is also reducing time to market by 20%.

Its control centre attracted the attention of the Wall Street Journal, which described it as “supercharging procurement with automation and AI”. And The Hackett Group, which VPC uses to benchmark its activities, has deemed its performance levels world-class, and better in every single category of purchasing.

Deutsche Telekom

X-ray of your system shows what's happening and why

As the largest telecommunications provider in Europe, Deutsche Telekom operates several subsidiaries worldwide. Procure-to-pay plays an essential part in the company, handling more than two million purchase orders and around seven million invoices.

Since the introduction of Celonis' Process Mining, the business now has full end-to-end transparency of processes and has \$44 million realised annually in extra cash discounts by optimising payment times. In addition, \$10.8m savings with procurement

and \$55m savings across the whole of procure-to-pay has been achieved. Peter Tasev, SVP of procure-to-pay at Deutsche Telekom Services Europe, said: "Once we had everything set up, we had this 'wow' moment. For the first time, we saw our processes as they really are and could directly point out inefficiencies."

Gerrit Lillig, VP strategic and operational steering PTP, said now they're able to identify open invoices and the reason why they are blocked. "And by that, we've been able to reduce the cash discount losses by 20%." He says the tool enables companies to take an x-ray picture of your system based on real data, so you can see what's happening and why. »

Deutsche Telekom cont'd

«Babak Ghasemi, SVP of procure-to-pay at Deutsche Telekom, now digital and agile transformer of finance and business, says: "It's revolutionary for us to see how it changes in real-time with all the reports updated in seconds. It's a lot of fun to use, I use it every day."»

Efficient cost savings

And customers can benefit too, says Lucas Hack, PTP project leader Celonis at Deutsche Telekom, because they're able to be more efficient and therefore cost-effective. He said prior to having this system in place, the company's departments had been pretty good at operating in silos but it now strives to have an integrated view across systems

and departments. The company is also using it to predict delivery times, to see if a vendor is going to keep a certain date and anticipate purchase order volumes.

Realise data benefits

Deutsche Telekom has built up a centre of excellence of data analysts able to use the system who are looking at how it can be applied elsewhere in the business, such as to monitor operational HR processes. Katerina Hlozkova, head of data analytics at Deutsche Telekom Services Europe in the Czech Republic, said it was planning to connect new processes. "In such a big company it is important not just to store data but to use and benefit from it."

How to reap real-time results

Celonis Process Mining technology empowers procurement leaders to visualise key processes, identify hidden inefficiencies and eliminate them in real-time

Helping **Vodafone** identify bottlenecks in Purchase-to-Pay

Issue **800,000+** purchase orders

Receive **5m+** invoices

Results

Improved perfect PO rate from

73% to 96%

Drove down purchase costs

by **11%**

Giving **Deutsche Telekom** insight into company-wide processes

Handle over **2m+** purchase orders

Transact **7m** invoices

Results

Reduced cash discount losses by

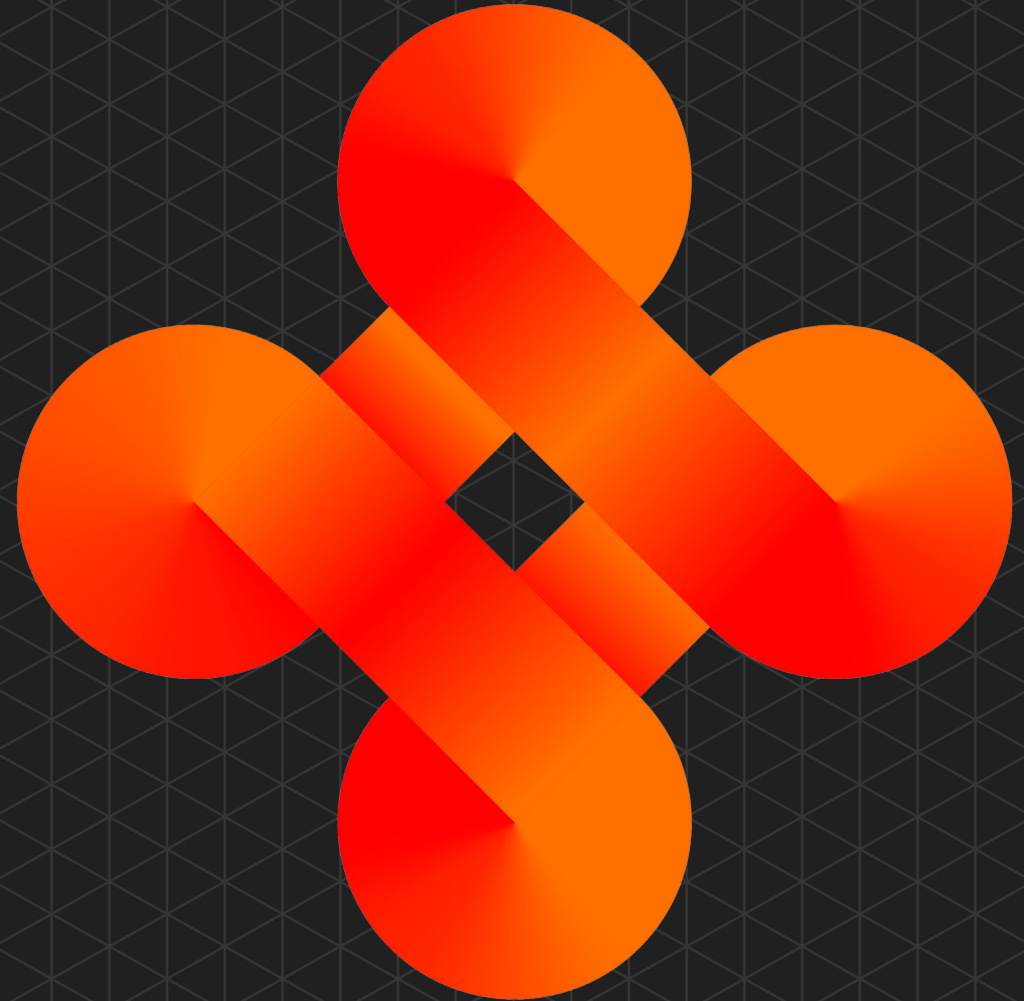
\$44m

20%

realised annually in extra cash discounts by optimising payment times

Celonis helps finance departments everywhere get into the driving seat and stay there – by turning processes into extraordinary experiences, and data into better outcomes.

To find out more about Process Mining for finance, **get in touch.**
celonis.com/frictionless-finance



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