Process Excellence for Frictionless Finance

How Finance departments can optimize processes for the outcomes that matter

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Section 1

Introduction

The imperative to transform

Rising customer expectations.

Agile, digital-native competitors snapping at your heels.

The constant pressure to move faster — while also cutting costs.

For any big enterprise, business transformation is imperative — and Finance is the ideal place to start.

You're sitting on some of the most valuable data in your organization. You're closest to some of its most important goals — working capital, productivity and managing risk and compliance amongst others. You've a unique perspective on the business, and the clout to get everyone else on board.

And of course, you hold the purse strings.

Driving transformation, pushing the boundaries of innovation, constantly improving processes — they can and should become Finance's bread and butter.

It's time to take a seat at the transformation table. To become champions of change within your organizations — not just the people counting money.

And the best place to start is within your own department.

The one thing holding you back

You know your organization needs to change — but making it happen is not so easy.

You're hamstrung by legacy systems that are hopelessly out of date. Your processes are anything but modern — some of them are still on paper. And the sheer number of systems and siloes you have to deal with keeps you up at night.

We call it operational friction.

It's the slow calcifying of workflows. The increasing demands of rework. It's where productivity and business outcomes go to die — very, very slowly.

Your employees suffer because they waste enormous amounts of time bending over backwards to make things work. Your customers and suppliers suffer because ultimately your internal processes drive customer experience.

Operational friction is the natural by-product of scale and complexity, but it's holding back enterprises at a critical time. Because how can you compete with the digital natives when you just don't work in the same way?

By identifying and eliminating operational friction, Process Mining can help Finance departments become more strategic, proactive, and have a direct impact on the outcomes that matter.

Here's how.

Section 2

Meet Process Mining

Do you know what's going on **inside your business?**

Only 5% of CFOs

say they've seen a substantial return on investment from digitization and automation initiatives.[1]

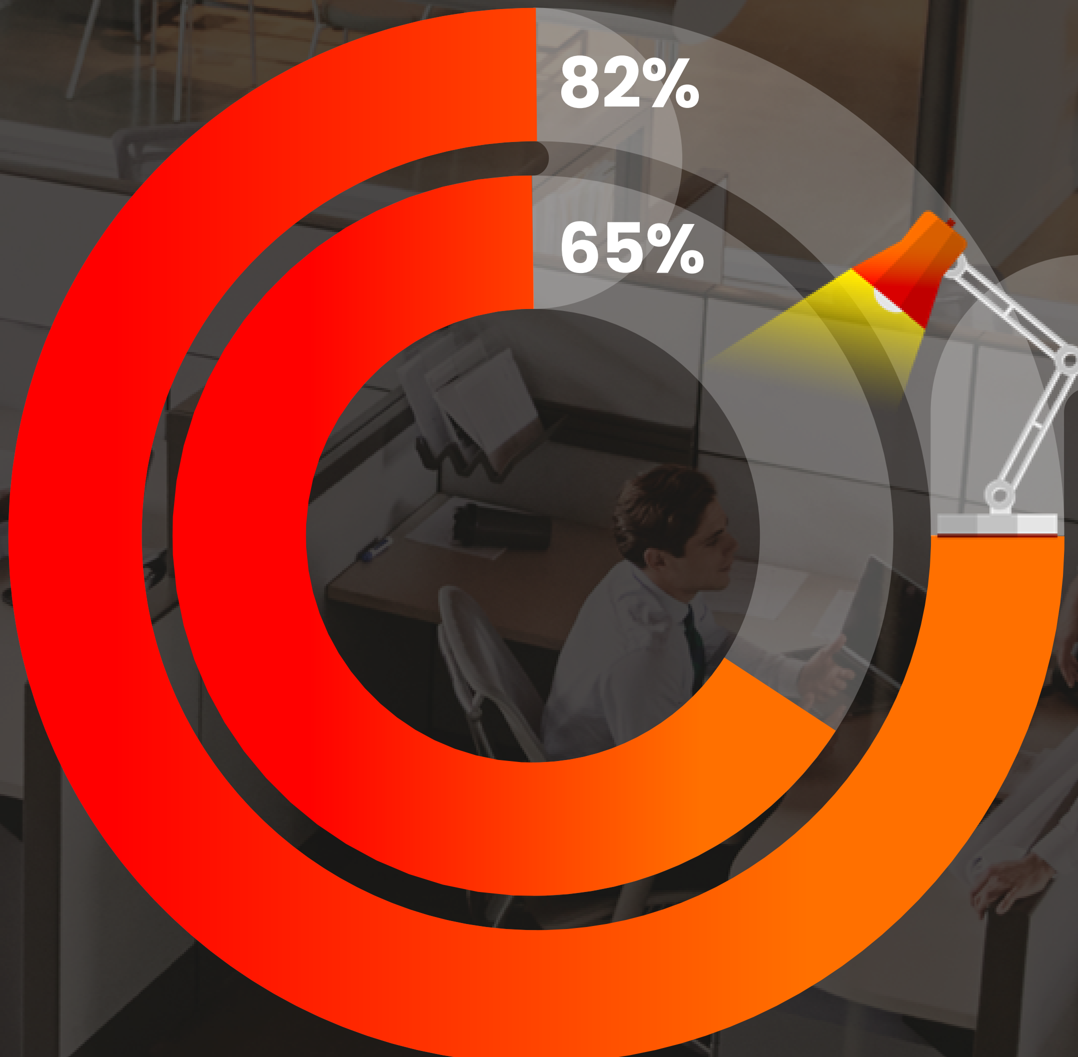
1 McKinsey's CFO Survey, 2018

That's perhaps less surprising when you find out that in the rush to innovate…

82% of business leaders embark on transformation initiatives without looking at their processes first.

65% of executives say they'd feel more confident in their transformation strategy if they had better visibility into how their business is actually run.

Processes are at the heart of experience. So if you want to successfully transform your business, you need to be looking bottom-up, not top-down — and see what's really happening inside your company.



How Process Mining works

Process Mining is the key to more intelligent processes — processes that automatically self-correct to resolve operational friction and drive better outcomes.

Step 1

Discover

The technology draws on the time-stamped event log data buried in your transactional systems to visualize and analyze the flow of data through your processes, systems and departments end-to-end.

The result? A living, breathing, moving picture of what your processes actually look like in real time, including the root causes of every single deviation. (And trust us, there's a lot more than you thought there were.)

That kind of transparency enables Finance departments to drill down into their processes and identify exactly how and why operational friction is — and where it's having the biggest impact.

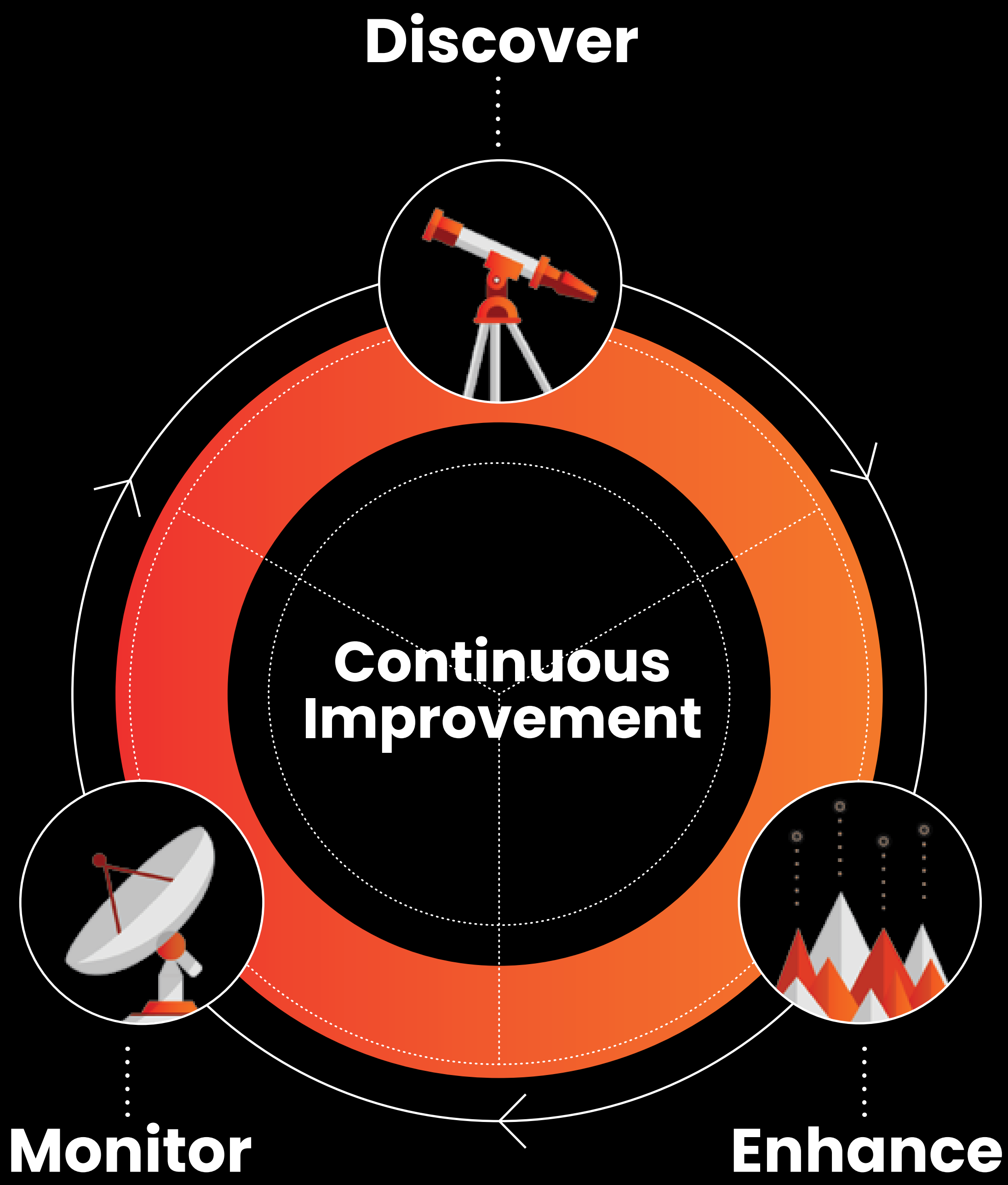
Things that might not seem like a big deal on an individual, day-to-day basis — like a couple of manual price adjustments per person — look a whole lot worse when you aggregate them across your whole team, over an entire year, for example.

Step 2

Enhance

But it's not just a dashboard that shows you what's happening and why. It's also an operational platform that recommends actions you and your employees can take to tackle those points of friction.

The platform identifies patterns and alerts your team whenever something needs looking at, or an action needs to be taken. It prescribes the next best step for each team member, whether that's removing an unnecessary credit hold, updating an invoice due date, or anything else.



Step 3

Monitor

Whether it's by streamlining, optimizing, automating or better orchestrating your workflows, the platform can also automatically take those actions for you, directly in your source systems.

You can then track the results of your changes and monitor their upward trajectory over time, at every level of the organization.

Frictionless Finance operations

The thing about removing friction from your processes is that it doesn't just have an impact on that specific workflow.

It impacts processes downriver, highlights other, previously hidden inefficiencies, and sets you up on a cycle of continuous automated improvement.

Take order-to-cash for example. Process friction — like unnecessary credit checks in the order process — not only reduces employee productivity and annoys customers, but means you'll probably deliver the product late and get paid late, too.

More than 83% of customers have analyzed their order-to-cash process to find unnecessary credit checks. And by tackling friction there, the impact can be felt all the way through the supply chain to Accounts Receivable.

In other words, flow spreads through the enterprise.

Accounts Receivable doesn't have any control over order management. They can't reduce late cash collections by making sure every order gets processed accurately.

But Process Mining enables the kind of orchestration across departments that optimizes outcomes for everybody. In this case, performing credit checks only when necessary ensures on-time delivery, and greatly increases the likelihood that you'll be able to both invoice and get paid on time. Everybody wins.

By turning friction into flow, Finance departments can maximize productivity, reduce spend, and increase revenue — all while keeping an eye on risk and compliance.

Frictionless Finance processes — ultimately self-correcting processes that optimize and accelerate outcomes over time — are the crucial first step to what we call **a Superfluid Enterprise.**

Meet the Superfluid Enterprise

The Superfluid Enterprise has total clarity over the operational landscape at all times.

It's always eliminating friction, improving productivity and driving business outcomes at pace and at scale — on a self-perpetuating cycle of continuous, automated improvement.

It's the future of business transformation — and it starts with your Finance department.

Find out more

Section 3

End-to-End Optimization

Optimizing for outcomes across departments

Operational friction does not discriminate — it affects every process.

Conversely, the beauty of Process Mining is that it can have an impact on every part of the Finance organization. It can be applied to any process, optimize for any outcome, and because it's end-to-end — orchestrate across several teams at once.

So whether you're an AP leader trying to nail on-time payments; AR cracking down on late collections; a VP of Finance looking to balance the two to optimize working capital; or Procurement or Shared Services optimizing for productivity — **Process Mining can help.**

Let's have a look at what it can do for each department — including the outcomes you can drive, an illustration of how it might work, and an example of someone who's already done it.

How Process Mining can help Accounts Payable

Drive outcomes across AP

On-time payments

Cash discounts

Increase productivity

Manage risk and compliance

So you're the head of Accounts Payable. You know full well that getting payables right has a massive impact on working capital, operating margins, and putting your company's best foot forward in supplier negotiations.

But those aren't your actual KPIs. To have that kind of positive impact on the business, what you actually need to nail is on-time payments. Even better, not just paying on time, but at the right time. Not too early, not too late, but also in a way that maximises cash discounts (if that's what you're after) and avoids compliance-related complications. (France, we're looking at you.)

And while you're at it, what if you could drive quality and productivity while also cracking down on maverick buying by identifying behavior patterns and preventing them?

> **Using Celonis, we have figured out a way to identify if the most advantageous thing is to pay our vendors early and take a discount. Depending on the percentage that our capital grows at if we leave it in the bank, it may be more advantageous for us not to pay early, override the pay date and pay to a later date. That's an analysis that we're very excited about.**
>
> **Jeff Cowan,**
> Senior IT Director,
> Process Improvement
> & Optimization
> **GE Power**

Your current reality is not so sweet.

It's hard to pay on time when the due date doesn't match the one on the purchase order, or in your master data — and even harder to know if that's actually the case.

It's difficult to realize cash discounts when the invoice doesn't make any mention of the favorable payment terms you just agreed with that particular vendor.

Then there's maverick buying, duplicate payments, missing goods receipts — the list of friction points goes on and on.

Here's how Process Mining can help.

Process Mining in action

Let's take on-time payments. There are three steps to optimizing for optimal payment times with Process Mining.

Step 1

Discover

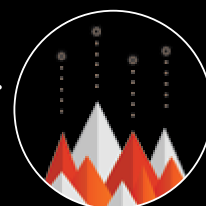
Understand if and where payments are being made too soon — or too late.

Drill down into the root causes.

It could be as simple as invoices being sent with the wrong date on them, for example.

Step 2

Enhance



Automatically identify 'at risk' invoices using machine learning, and take action to remove friction and drive optimal payments.

Next-best action recommendations alert your team about when and where to act — by updating the invoice date for instance, to make sure payments go out at the right time.

And it's not just your team — if there's an issue with a Purchase Order, that alert could go straight to Procurement so that the issue never makes it downstream to AP in the first place.

Step 3

Monitor

RINSE AND REPEAT

Track and quantify the impact of your changes over time, and tweak as necessary, making sure payments go out on-time, every time — ultimately helping you free up working capital.

Process Mining not only identifies operational friction, but provides the means to resolve it and impact the KPIs that matter — and then continue to monitor and improve the process over time.

How Becton Dickinson zeroed in on lost cash discounts

Becton Dickinson started using Process Mining to gain insights around bottlenecks and opportunities within their processes. Their Celonis analysis revealed a big opportunity within AP: lost cash discounts.

This isn't unusual. Most people assume that cash discounts are automatically realized by their ERP systems — that's part of what ERP systems do, after all.

What we see at Celonis is that more often than not, that's not what's happening — and companies are leaving money on the table.

"We were able to isolate a small number of vendors which accounted for the majority of lost discounts, understand why the losses were occurring, how to impact change and enable better use of our working capital in the future. This is the kind of laser targeting that Process Mining technology allows us to perform when identifying the root cause of an issue," said Barbara Infante, Director of Business Process and Analytics.

It's not an approach that requires a lot of manpower either. Once you've identified the issue and its root causes, it's an easy fix.

One year of savings from cash discounts alone was enough to fund four more process excellence initiatives — for the next two years.

Find out more

Celonis provides visibility across end-to-end processes, a view that aligned departments and areas of responsibility. Whereas continuous improvement opportunities are typically focused on one area, Celonis can highlight opportunities across the spectrum – and their relative impact to cycle time, rework and other factors.

Barbara Infante,
Director of Business Process and Analytics
Becton Dickinson

How Process Mining can help Accounts Receivable

Drive outcomes across AR

Reduce late collections

Minimize risk

Increase productivity

So you're in charge of Accounts Receivable. You're an essential part of the equation when it comes to freeing up working capital, but Receivables can be hard to control.

But you don't have to be at the mercy of your customers. Accurate and timely invoicing can help you crack down on payment delays and ensure early collection. You can optimize your exposure with the right credit policies, minimizing risk without delaying orders.

And if that weren't enough, you can also drive quality and productivity by reducing manual rework and automating in the right places — dramatically reducing your cost per order.

That's all very well in theory, but in practice...

You struggle to spot patterns in late payments — because you don't have the visibility you need.

You aren't able to reliably identify when a discount hasn't been earned, or whether any of your customers are causing more than their fair share of delays.

Or you inherit issues from order management and supply chain, which result in late payments — but which you can't do anything about. Your people are stuck manually reworking invoices, constantly chasing customers, and possibly hating their jobs.

Process Mining can help with all of these.

Process Mining in action

Let's take your primary concern — reducing Days Sales Outstanding. There are three steps to optimizing for getting paid sooner with Process Mining.

Step 1

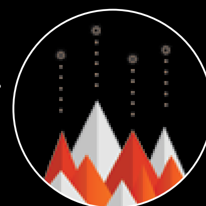
Discover

Understand where payments are being made late — whether it's certain customers, materials or specific countries.

Find out what's at the root of these late payments — from late delivery to slow invoicing, master data issues or simply badly-behaved customers.

Step 2

Enhance

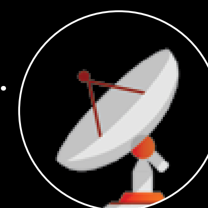


Say the problem is master data issues. You can leverage machine learning to analyze all sales orders and automatically flag and even resolve master data issues directly in your source systems.

No manual rework, no delays.

Step 3

Monitor



RINSE AND REPEAT

Track Days Sales Outstanding over time and identify additional points of friction across customers, geographies or business units, continuously improving your process to reduce late cash collections.

Process Mining can help you improve billing accuracy, send invoices on time, and identify problematic customers, regions, or other variables — ultimately helping you crack down on late receivables.

Sysmex recovered $3.4M in just a month

Sysmex — the diagnostic solutions company — used Celonis to drill into their Order-to-Cash process. They immediately identified millions in overdue payments.

The granularity of the platform means they are able to track the outstanding amount in their Transformation Center, with every analyst in Receivables aware of the portion they're responsible for. They've already recovered $3.4M — in just a month.

Their analysis of their process end-to-end has also enabled them to reduce time-to-cash by addressing points of friction further upstream, like unnecessary credit holds. Delivery is faster, and so are invoicing and ultimately payment. Their customers are more satisfied, too.

By combining their AR efforts with an analysis of their AP process, Sysmex are not only reducing late collections, but optimizing working capital overall.

I’ve never seen a tool like Celonis in terms of controlling your processes and being able to get data in a very fast, very comprehensive way.

[...] As a CFO, cash is king — so we’re using Celonis to analyze credit collections. The better the quality of your processes, the better your cash collection and cash management, and the more satisfied your customers are.

Alex Garini,
CFO,
Sysmex America

How Process Mining can help Procurement

Drive outcomes across Procurement

- Increase Perfect PO rate – right the first time
- Reduce material lead times
- Increase automation rate
- Ensure compliance and crack down on maverick buying

Being the VP of Procurement can be pretty thankless. Everybody loves to hate you, even though you're the department keeping the lights on. But you know that getting procurement right actually means controlling margins and delivering on customer experience.

From optimizing spend and driving productivity, to getting better deals and negotiating more favorable payment terms — every purchase order is an opportunity to make money.

You live for 'perfect' purchase orders — the elusive PO that's right the first time. Reducing material lead times gives you a real thrill. And you look forward to the day you've completely eradicated maverick buying from the business.

But your day-to-day is not so rosy.

Achieving your goals would be a whole lot easier if you could actually have complete transparency over aggregated spend activity across the company. Then you'd actually have a chance of identifying those maverick buyers, the inconsistent codes, the multiple suppliers, and any other repeat offenders making your life harder.

Inaccurate or out-of-date master data dogs your every step, resulting in price and item discrepancies that delay purchase orders and generally cause chaos and confusion.

Last but not least, your purchase orders are far from touchless — let alone first-time-right, every time.

Here's where Process Mining can help.

Process Mining in action

Meet the perfect PO — one that's right the first time, every time. By eliminating rework and deploying judicious automation, you can increase productivity and optimize material lead times. It's not just touchless — it's perfect.

Step 1

Discover

Understand when and where POs require manual rework and establish why — is it a price or quantity change? A delivery date shift, or an unnecessary block?

Maybe you learn 40% of price changes are taking place because the master data's gone out of date. Sourcing's renegotiated your contracts — but those prices haven't been reflected in the source data. Now what?

Step 2

Enhance

Once you've identified the root cause, you can address it. You can track all manual changes, predict rework, and alert your teams to update specific data fields before they start being a problem.

Or you could pre-empt it entirely by automatically updating the master data based on the sourcing contract. You've just eliminated price changes due to out-of-date master data — forever.

Step 3

Monitor

RINSE AND REPEAT

Track your perfect PO rate over time and tweak your process to continually improve it as new process insights come to light. It's what we call a virtuous cycle of continuous, automated improvement.

By giving you complete transparency over your purchase-to-pay process, Process Mining helps you identify the blockers that are getting in your way. Resolve them to reduce spend and drive productivity higher than ever.

vodafone

Vodafone increased their ‘Perfect PO’ rate by 23% — to 96% — in a year

Vodafone’s Procurement department processes 800,000 purchase orders, 5 million invoices and 40 million assets every year.

Using Process Mining, they analyzed their source-to-pay process to discover where inefficiencies and deviations were driving up costs and delivery times.

Their goal was to get their ‘Perfect PO’ rate — right-first-time ordering — from 73% to 80%.

In six months they got it to 85% — and with 85% of purchase orders produced correctly the first-time round, they managed to reduce the cost of each PO by 11%.

Within the year, their Perfect PO rate had reached 96% — a massive 23% increase and one that also improved their time-to-market by 20%.

Learn more

I like to use the Perfect PO initiative — right-first-time ordering — as the perfect use case for how **Process Mining enabled us to transform the business to perform on a world-class level.**

When we kicked off this initiative our Perfect PO rate was at 73%. Only six months later we over-achieved our 80% annual target by hitting 85%.

Israel Exposito,
Head of SCM Data Governance,
Vodafone

How Process Mining can help Shared Services

Drive outcomes across Shared Services

- Drive productivity
- Reduce cost per PO/SO
- Speed up cycle times
- Ensure compliance
- Reduce error rate

Shared Services centers can obviously benefit from the Accounts Payable and Accounts Receivable use cases we've just covered — but that's not all. After all, Shared Services is ultimately all about productivity.

Are we doing things inefficiently? Are we reworking invoices regularly? Do we have a thousand variations? How can we reduce manual errors and speed up cycle times?

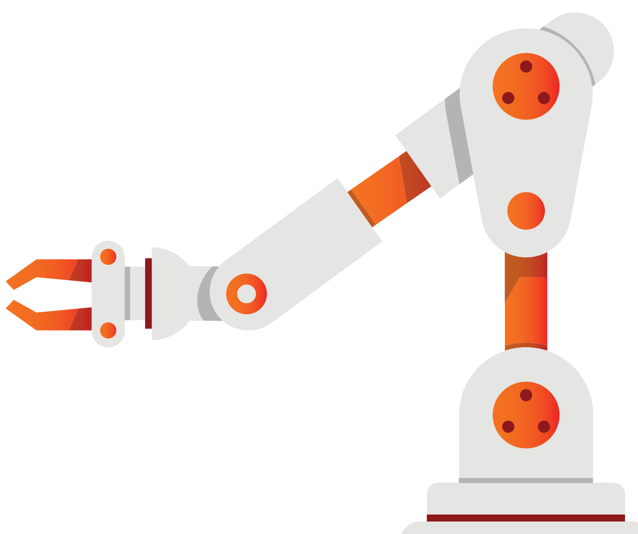
The more invoices you can process at a lower cost, the better — whether that's by standardizing processes, benchmarking across regions and service centers or automating those mind-numbing repetitive tasks everybody loves to hate.

The answer is more complex than just automation.

Today, increasing productivity means prolific automation in the minds of many people — but automation applied to broken or inefficient processes just replicates inefficiency at scale.

You can't afford that kind of mistake in an environment of increasing operational complexity and constantly-changing regulations. Your reputation is on the line.

Here's where Process Mining can help.



Process Mining in action

Process Mining helps guide automation efforts to drive productivity and reduce costs. It can identify the best way to reduce manual rework — not always automation, in fact — and speed up cycle times while ensuring quality and compliance.

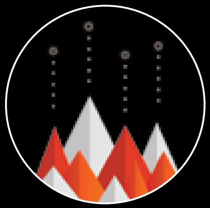
Step 1

Discover

Process Discovery lets you identify common inefficiencies like failed three-way matching or PO price changes, and work out exactly why they're happening.

Step 2

Enhance



Once you've identified the root cause, you can take action to resolve it and prevent it happening in future.

For example, if the problem is changes that aren't reflected in the PO documents, you can proactively identify POs at risk and alert the relevant purchasing teams to update them, avoiding rework downstream.

Step 3

Monitor

RINSE AND REPEAT

Keep tabs on your cost per invoice. As you resolve inefficiencies, new insights emerge to help you continually improve your process.

Benchmark across subsidiaries and regions to identify the best (or the right) opportunities for standardization and automation, increasing productivity across your entire Shared Services organization.

How ABB increased automated invoice handling by 25%

ABB, the multinational industrial digitalization pioneer, has maintained an SSO for Finance and Procurement for years — but struggled to make it as efficient as they wanted.

Using Celonis Process Mining, they were able to discover significant volumes of invoices that simply couldn't be processed without consulting their internal business units. The resulting rework and iterations were affecting cycle times, delaying cash collection and impacting working capital.

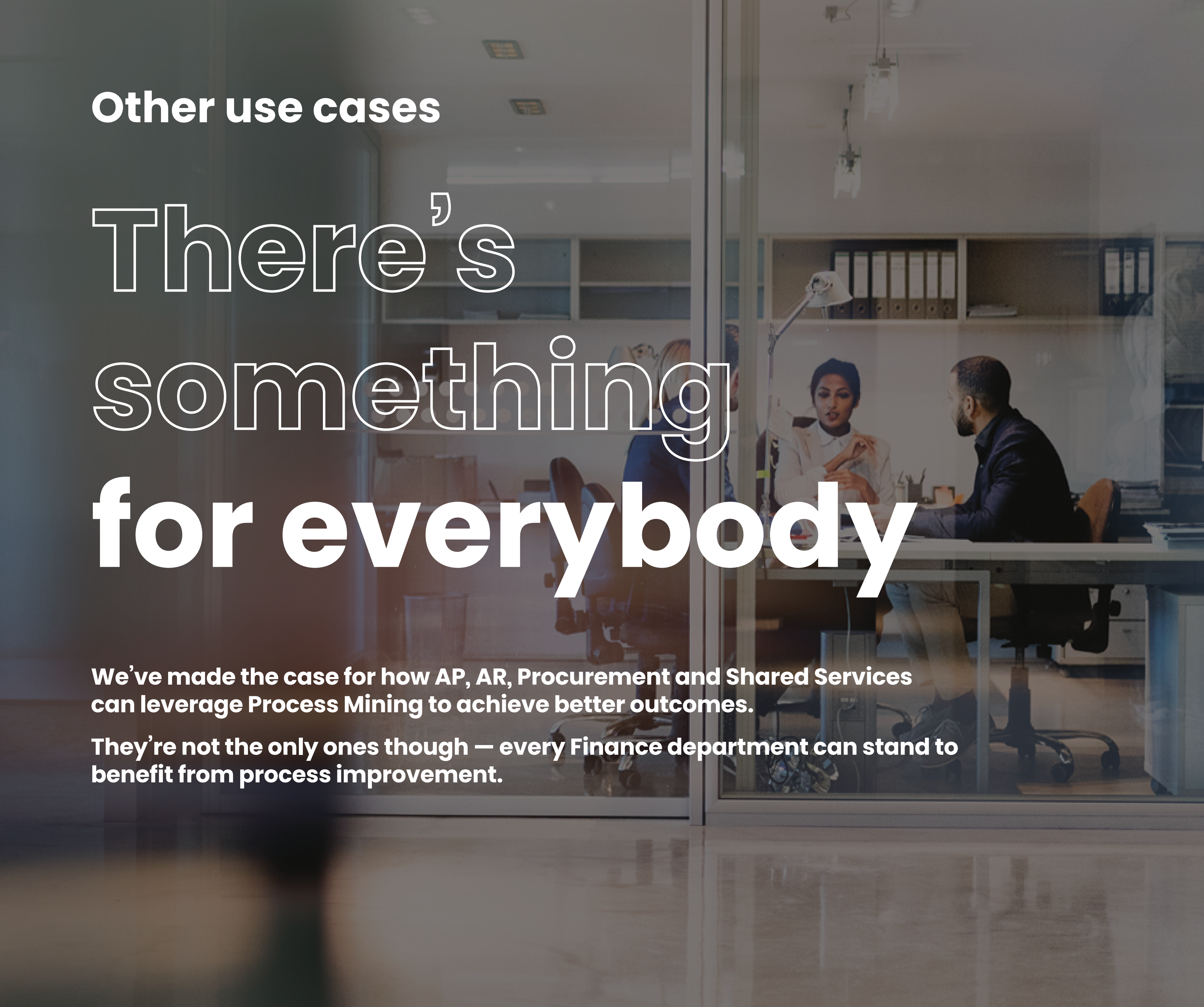
By identifying the root causes of the most frequent cases, they were able to implement solutions — like targeting specific customers to resolve problems at the start of the process.

As a result of using Celonis, the share of bookings that are processed automatically went up by 25%, and they greatly reduced manual interventions — saving both time and money.

Find out more

There is a difference between the on-paper design and how we really use our processes. With Celonis, we had an excellent opportunity to see what really happens in the company. [...] With Celonis, we get faster and more reliable, and that can be the competitive edge at the end of the day.

Markus Ochsner,
Chief Financial Officer,
ABB Germany



Other use cases

There's something for everybody

We've made the case for how AP, AR, Procurement and Shared Services can leverage Process Mining to achieve better outcomes.

They're not the only ones though — every Finance department can stand to benefit from process improvement.

Accounting

Reports that don't get you fined

Process Mining can be applied to any process — and record-to-report is no exception.

Too many accounting departments struggle to get the right data into the right reports. Many think it's a data management challenge.

It's not — it's a process challenge.

Monthly fines from the SEC (or your local regulatory body) don't have to be the cost of doing business.

Discover inefficiencies that not only let you close the books faster, but ensure your reporting is accurate and regulation-compliant every time.

USE CASE

One of the top three banks in America is using Celonis Process Mining to overhaul their compliance reporting. By making it frictionless, they can accelerate their time-to-report, reduce manual effort, and eliminate SEC fines — saving the company millions.

Treasury

Influence the balance

As a VP of Treasury, your life is about cash management.

You need to optimize and mobilize your cash and reduce financial risk — while maintaining practical, efficient and scalable controls.

Process Mining helps you get there.

The transparency over your processes enables integrated cash management. It gives you the insights you need to know which lever to pull to achieve your cash goals.

Recommended actions, backed by the predictive evidence buried in your data, help you have better conversations with AP, AR and inventory, so you can influence the outcome, break down silos, and help people work better together.

You can then break down and re-engineer complex projects like consolidating your exposure risk to foreign currency; aggregating data for insurance renewal; or working through the local 'know your customer' complexities tied to banking infrastructure, faster and more easily than ever.

USE CASE

One of the world's top medical device companies is using Process Mining as part of their approach to integrated cash management. The visibility that Process Mining delivers enables them to navigate their own operational complexity, giving their Treasury department much-needed insights into how to influence their forecast and actively drive outcomes.

Travel & Expense Management

Crack down on fraud

Expense management is never as straight-forward as it should be. From missing receipts to skipped approvals and full-on fraud, the process is full of potential pitfalls.

Full transparency over your expense management process can help zero in on those pitfalls — and the right opportunities for automation, so you don't have to trawl through millions of receipts, often manually.

Process Mining's machine learning capabilities can also identify possible infractions or compliance risks — not to mention detect fraud.

You save time, you save money, and you crack down on risk. What's not to love?

USE CASE

A global healthcare company is using Process Mining to streamline their Travel & Expense Management. Analyzing their processes enabled them to identify and automate unnecessarily manual steps, and reduce the amount of rejected expense reports — eliminating rework and cutting down process costs. They also improved their reimbursement times, ultimately making their employees happier, too.

Corporate Development

Make mergers work

Ever brought people together who are used to working in different ways? You don't need us to tell you that mergers and acquisitions can be extremely painful.

Process Mining can be used ahead of an M&A scenario, both to run due diligence and to evaluate synergies.

But more importantly, it is particularly effective in consolidating processes after acquisition — identifying the good, discarding the bad, and making it easy for people to work better together.

USE CASE

A technology company who pulled off the largest ever acquisition in the sector are leveraging Process Mining after acquisition to effectively consolidate processes — going from six CRM systems to just the one.

Driving process excellence across the organization

The power of Process Mining is cumulative.

It works well within a single process or department, but its real value lies in what it can do when it is applied end-to-end.

That's where you break down silos, facilitate change and get people who previously wouldn't speak to each other to actually collaborate.

Twenty years ago, Finance was about 'reporting the news' — accurate reporting of what was going on.

Now it's about structuring data from different systems to make patterns out of it.

It's about using technology to predict what's going to happen, and exactly what you should do about it.

Process Mining lets Finance departments tackle the operational friction holding them back.

By continuously improving their processes and optimizing for outcomes, Finance can finally become the strategic, data-driven, frictionless function it should be.

And the best part? There's very little change management effort required when you have a platform that gets your entire team involved.

Don't be the person that's just counting the money. It's time to start driving real change across the organization, moving faster and more effectively towards process excellence — and your future as **a Superfluid Enterprise.**

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.

www.celonis.com/frictionless-finance

celonis