Working Capital Management 4.0
StrategieTage Supply Chain

Bensberg, 5. November 2018
Deloitte Consulting at a Glance
We are the #1 consultancy world-wide providing e2e solutions across all industries

Our Service Offering

Strategy & Operations
- Finance
- Strategy
- Operations Transformation
- Supply Chain
- Mergers & Acquisitions

Technology
- Tech. Strategy & Architecture
- CIO & Executive Program
- Analytics & Information Mgmt
- Application Managed Services
- Deloitte Digital
- SAP
- Oracle
- System Integration

Human Capital
- Org. Transformation & Talent
- HR Transformation
- Actuarial, Rewards & Analytics

Our Ranking

Kennedy Consulting Rating 2017

e2e: Strategy to Implementation

"Deloitte is a category of one, being the only consulting firm which is unique in their ability to independently execute end-to-end projects across the full spectrum of client contexts."

Source: Kennedy Digital Fintech Consulting Rating 2017
From Hindsight to Foresight
Technologies change the way we need to think analytics
TRUFA – A QUANTUM LEAP IN ANALYTICS
The Future of Process Analytics

Our AI-based analytics solution allows you to go beyond classical (descriptive) process mining solutions.

Data → Insight → Decision

Business Value

Past → Present → Future

Descriptive Analytics → Diagnostic Analytics → Predictive Analytics → Prescriptive Analytics

ARIS → Celonis → TruFa (Graphic Elements: LANA, ProcessGold)
Trufa – Future Readiness Made by Deloitte

Get full transparency about your process performance and automatically identify relevant optimization potentials based on cash and profitability impact.

**Descriptive Analytics**
Create transparency about what happened in your processes
- Analyze processes end-to-end across multiple data sources
- Identify process variants and throughput times with one click
- Drill into scopes for further analysis, e.g. purchasing group
- Perform deep-dive analysis up to single document-levels

**Diagnostic Analytics**
Identify relevant patterns in your processes
- Analyze data patterns with AI and advanced statistics to uncover causes for process variants – in seconds instead of combining 500 pivot tables
- Identify automatically data clusters to discover causes for processes to be more efficient

**Predictive Analytics**
Simulate the impact of process changes to your cash and profit
- Identify what will happen to your cash and profit situation if process drivers are improved
- Set realistic targets for your process performance
- Get process optimization recommendations based on the prior process performance in your organization

**Prescriptive Analytics**
Automatic discovery of process optimization potentials
- Let AI and advanced statistics discover concrete process optimization opportunities including respective scope, drivers and economic potentials
- Search optimization opportunities as easy as with Google
Alerts – The Future of Reporting
AI-based reporting in seconds with our business alerts function

- Define monitor-based alerts for performance indicators (metrics and ratios) that have been identified as critical for process outcomes or at a critical level – within seconds
- Set report-based alerts to get information about defined business occurrences, e.g., if process compliance is humbled
- Define TPI-based alerts to monitor changes in cash optimization opportunities
- Get informed via e-mail at the frequency of your choice.
- Define recipients of alerts to share relevant information
- API available to transfer report/ alert value to standard reporting tools
## Selected Use Cases

<table>
<thead>
<tr>
<th>Use Case</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Working Capital &amp; Cash Management</td>
<td>Identification of opportunities to reduce inventory, optimization of payment terms or accounts receivable &amp; payable</td>
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<tr>
<td>Revenue &amp; Margin Growth</td>
<td>Optimization of profits by analyzing customer satisfaction, product profitability, or pricing</td>
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<tr>
<td>Turnaround &amp; Restructuring Strategy/Drivers</td>
<td>Identification of low performing products, plants, countries, or complexity reduction potentials</td>
</tr>
<tr>
<td>Supply Chain Optimization &amp; Strategic Sourcing</td>
<td>Optimization of supplier network, inventory levels and purchase prices, analysis of customer payment history or plant profitability</td>
</tr>
<tr>
<td>Target Setting &amp; Planning Support</td>
<td>Identification of realistic targets, of profit drivers and simulation of impacts of measures</td>
</tr>
<tr>
<td>S4 HANA Implementation Preparation</td>
<td>Identification of current ERP usage patterns, configuration complexity and their business benefits</td>
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WORKING CAPITAL MANAGEMENT 4.0
Working Capital Management with Trufa

Optimize your cash-to-cash cycle from an end-to-end perspective

1. Analyze and optimize process steps within source, make or deliver process

2. Identify optimization potentials across process borders

3. Focus on key performance indicators (pre-defined or client-specific)

Value flow

Source
- Purchase requisition
- Order submitted
- Goods/ invoice received
- Payment issued

Deliver
- Customer order received
- Delivery initiated
- Goods/ invoice dispatched
- Payment due date
- Payment received

Make
- Production start
- Production end
- Warehousing

Processes

DPO
DIO
DSO

KPIs

Customer satisfaction
2018 Deloitte
Trufa Demo Video
Deloitte’s Cash Management 4.0 Results
We expect to reach both short-term as well as long-term impacts on your working capital positions.
SUCCESS STORY
Trufa Clients
More than 50 clients have benefited from our AI analytics solution

Companies from segments Automotive, Manufacturing (serial, on-demand, process), Pharma, CPG, Transport, Service with revenue between $130m and $90bn

>50 bn documents processed

>100 bn simulations performed

“With Trufa, we immediately got a clear unbiased view of the company’s processes – of our enterprise DNA.”

M. Dannenberg
VP Controlling “Powertrain Solutions”
Customer Success Example

- **Industry:**
  Automotive

- **Focus Area:**
  Screening Cash-to-Cash Cycle

- **Trigger:**
  CFO in search for business benefits to support his agenda

- **Results after 2 months Trufa use:**
  - € 30m working capital improvement
  - € 500k in profitability yearly

<table>
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<tr>
<th>Identified Issue</th>
<th>Value in € p.a.</th>
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<tr>
<td><strong>Purchasing:</strong> Lost/missed payment term discount; invoice checking delayed, process too slow</td>
<td>1.1m</td>
</tr>
<tr>
<td><strong>Purchasing:</strong> payment cycle starts before goods arrive</td>
<td>1.9m</td>
</tr>
<tr>
<td><strong>Inventory Management:</strong> two plants with very different DIO between 2.5 days and 14.1 days Variation caused by manual planning vs. MRP automatic planning</td>
<td>11m (for selected material groups)</td>
</tr>
<tr>
<td><strong>Inventory:</strong> Material not used within 2 years</td>
<td>3.8m</td>
</tr>
<tr>
<td><strong>Sales:</strong> Heavily delayed payments, true DSO excellence is 4 days but spread analysis reveals long tail of 7 to 100 days</td>
<td>9m; 3.2m from 2 countries</td>
</tr>
<tr>
<td><strong>Profitability</strong> issue identified for small spare parts which are not in focus: flat inventory management despite hefty seasonal peaks. Switch to seasonal inventory management.</td>
<td>500k profit for 2 material groups</td>
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Trufa in a Nutshell
Take the next step into the future of performance analytics

Process Mining+
Fully automated discovery of process optimization opportunities, pattern recognition and prediction of future states with a focus on cash and profitability

End-to-end Analysis
Analyses are performed across (sub-) process of the cash-to-cash cycle, esp. based on P2P and O2C

Business Focus
Award-wining user interface, no modelling, no programming, no data scientist needed

Client Approved
More than 50 clients from multiple industries and company sizes have already successfully used Trufa
Open questions