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**Center for Process
Bionics**
India enablement

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Foreword



Vivek Bhamodkar
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Businesses have adapted to the “new normal” which varies from company to company. Centre of Process Bionics (CPB) India has ongoing conversations with various clients that have planned for re-budgeting and easing technology and transformation spends in the wake of the pandemic. Some of them have also resumed the programmes that were on hold last year. This continues to generate more traction on process-mining technology.

CPB India team has developed new use cases and has also been working with existing clients to expand the process mining usage across the enterprise. Master Data Management is one such area which I find

particularly interesting, as until now, it was always seen to be a function of Data Quality. Process mining helped us mine a Vendor Master Data process from onboarding of a new vendor through its Enterprise Resource Planning (ERP) integration. While other master data processes on product master data and customer master data have been equally transformative in nature, we are sharing some of our learnings from Vendor Master use case in this issue.

Have a great year ahead.

Regards,
Vivek



Vendor management

Process Bionics in action at a large consumer goods provider

Client's scenario

One of the world's top consumer goods providers wanted to analyse the lead time involved in vendor onboarding, as part of their vendor management process. The initial investigation of their overall process led to two key findings:

- Certain actions being performed multiple times
- Manual efforts involved in the onboarding process

Also, it was observed that business users as well as vendors faced certain challenges while using the workflow system for onboarding, which undoubtedly added to the lead time. In some cases, interface errors occurred as well, while integrating the workflow system data with SAP.

Our approach and initial scope of work

We started with the vendor onboarding sub-process and then, targeted the modification requests for the vendors, as an extension. As the next step, we did a process walkthrough and finalised the events that needed to be analysed with process mining. Our objective was to diagnose process delays and examine if there were any modification requests placed by a vendor within a few days of their successful onboarding. The overall analysis involved a study of 7,450 requests with 24 different activities.

Our solution

First Time Right (FTR) is what makes every client happy. However, when we analysed the process, we found the overall FTR to be **93.67 percent**, which, on further segregating into onboarding and modification requests, came out to be **41.84 percent** and **99.63 percent**, respectively. This clearly indicated that the onboarding segment was something we really needed to investigate.

Additionally, we inspected that vendor self-onboarding took **~3 days longer** than when vendor's documents were uploaded by client.

	#Case	TAT (in days)
Company Onboarded	92	5.41
Vendor Self Onboarding	190	8.67

I. Non-FTR analysis in case of onboarding

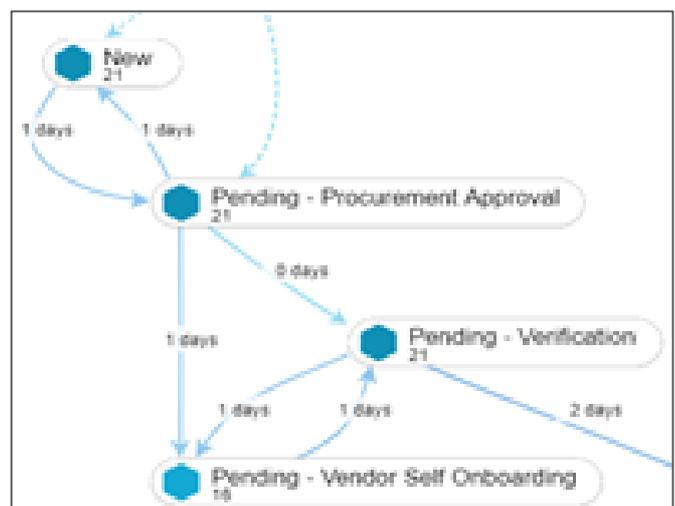
We observed that rework along with SAP integration errors increased the overall turnaround time (TAT) from five days to 10 days. Thus, we identified the following two root causes:

FTR%	Avg FTR TAT (in days)	Avg Non - FTR TAT (in days)
41.84%	5.53	10.21

	#Case	TAT (in days)
No Rework + No SAP Interface Error	118	5.53
No Rework + SAP Interface Error	17	11.18
Rework + No SAP Interface Error	136	9.89
Rework + SAP Interface Error	11	12.64

1. Rework

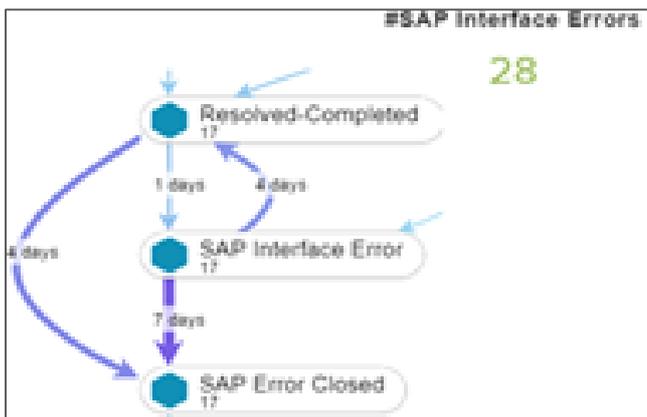
- The verification team sent the request back to vendors as necessary information was missing or incorrect, leading to a back and forth in case flow. (see picture on the right •)



- a. the procurement team returned requests to the business user, to fill in correct commodity details linked to the vendor, thereby increasing the lead time. (see picture on the left •)

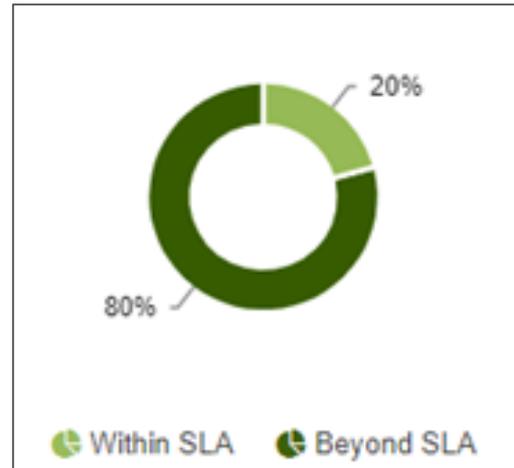


- 2. **SAP interface error** The verification team sent the request back to vendors as necessary information was missing or incorrect, leading to a back and forth in case flow. (see picture on the right •)



II. Overall cycle time

We came across an interesting observation while inspecting the time taken in between various stages of the onboarding process: we noticed that the document verification team had been violating SLA timelines for 80 percent of the total requests. Furthermore, when we investigated the root cause, we found out that the verification was done manually.



III. Modification request within few days after onboarding

We came across an interesting observation while inspecting the time taken in between various stages of the onboarding process: we noticed that the document verification team had been violating SLA timelines for 80 percent of the total requests. Furthermore, when we investigated the root cause, we found out that the verification was done manually.

Time Gap - Onboarding & Modification Request	
Time Difference	#Case
<= 2 Days	15
> 10 and <= 20 Days	22
> 100 and <= 200 Days	158

Impact and value for the client

The client is taking necessary measures to address delays that occur due to manual document verification, by introducing an RPA solution. The solution digitalises the verification process, leading to a reduction in the overall cycle time.

The client is strengthening controls to reduce interface errors occurring while integrating workflow data with SAP. This will help make the vendor "ready-to-be-used" after onboarding.

Recommendations were made to conduct a functional training for business users creating vendor requests.

Thereby, the client aims to reduce rework occurring

due to incorrect selection of commodities linked to vendors in the creation stage. Also, it was advised to let the verification team can validate complete vendor requests along with documents in the first attempt rather than sending requests back to vendors repeatedly. This can reduce the lead time significantly.

The client is looking forward to engaging Deloitte India for further process mining analysis and streamlining of the Material Management and Procure-to-Pay processes.

To know more, please feel free to contact the project team:



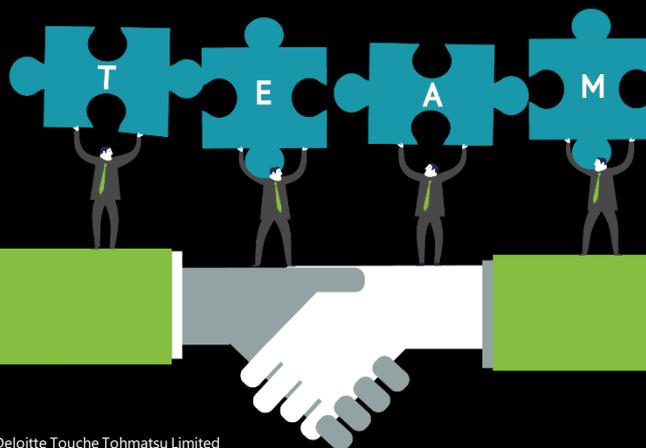
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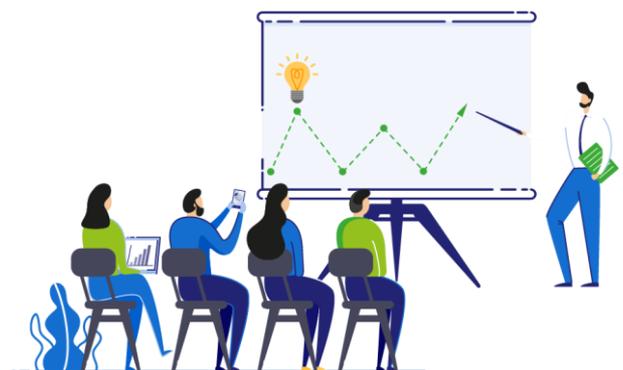
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