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Operations Transformation

At the core of business

Consulting





This is the age of transformation

Beyond technology, beyond data, beyond geography, we see organizations beginning to seek transformation at the deepest level. We see them changing what is possible.

This is Operations Transformation. The impacts of the data-technology-automation revolution are all around us, but we have already learned that the age of transformation calls for more than just faster ways of doing old things. Organizations need to take the revolution that is happening in the here and now – the Fourth Industrial Revolution, the complex of innovation in data, machine thinking and universal connectivity that is reshaping the world – and make it their revolution. Realizing this ambition is what our practice delivers.

But why operations? And why now?

Operations is the beating heart of any business. Technology, data, processes, human networks and skills – these are the components of operational advantage. But are they working together? Are the changes being made now delivering the strategy? Are they serving the business, or is the business serving them?

Time is of the essence. Organizations know that today's operational innovations have to deliver no later than tomorrow. They know Fourth Industrial Revolution technologies offer new efficiencies, even entirely new business concepts, but they have to be implemented alongside legacy systems and practices. We share our clients' ambitions for end-to-end transformation, but our mantra is business-led change. We seek transformations that enhance today and deliver tomorrow.

And that is why everything we do in Operations Transformation is rooted in the business imperative. Whatever the drivers that are demanding change we set business on the right path.

We couple business, process and service design with technology fluency to solve our clients' biggest challenges, bring the unpredictable and unknown into focus and turn concepts into reality. We work hand in hand with COOs and operations leaders to define a shared agenda, travelling together from strategy to execution, deploying technology that delivers real margin and revenue growth. Our strength is our ability to draw upon our global network of functional and industry experts who know how businesses really operate, spanning the boardroom to the shop floor. The mission is for transformation you can own.

Our record speaks volumes. We have already helped organizations achieve sustainable transformations in cross-functional operations excellence, embedding next generation technologies, harnessing new data sources, and putting robotic and cognitive machines to work in the real world. We have helped companies realize emerging business models, challenging the blueprint of what a business should be and could be. And we have already achieved revenue cycle and payments transformations with extensive experience in changing cash-flow and cost models in healthcare.

These are change processes, and change is challenging. It's not just the challenge of changing the business while running the business. It's also the challenge to the imagination.

It's about staying true to yourself while imagining a future that is radically transformed.



Howard Doberman
Partner, London UK
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Transformation Leader

The Revolution is here – so what now?

This phrase is commonly used, but what is so revolutionary about this new economic phase? And why does it demand a transformational response?

Put simply, the current revolution is a revolution in the structure of the economy. It is not something that just belongs to businesses in obscure technological niches. Everyone will be changed by Fourth Revolution innovations, and some already are. We have worked through the changes with companies in sectors from finance to resources, from intellectual services to retail. Some will be changed quickly, some will be changed in the near future. All will experience the forces of change. The choice is to prepare and to act now – or take your chances in a turbulent world you may not understand.

Economic revolutions driven by step-changes in technology are nothing new. History is full of them. The machine revolution that began in the 17th Century, the electric power revolution of the late 19th Century, the communications revolution, connecting people and ideas in the 20th Century.

Yet these were discrete changes. They moved at normal speed. Today's revolution is integrative, convergent. Universal mobile communications, unlimited data and thinking machines are combining to create exponential changes.

Some call this, simply, the force of digital disruption. For some years we have been polling corporate leaders on when they think they will feel deep impacts from digital disruption. Four years ago most said 'sometime'. Two years ago most said 'soon'. Today, most say 'now'.

And how could corporate operations not be challenged to respond? Only operations has the 360-degree view of a 360-degree revolution. Only operations can answer the transformation challenge.

...and what does it mean for Operations?

The very idea of operations as a corporate function is contentious. You can see this in the way that organizations have different titles for COOs. They may be heads of materials, or quality, or production - to name a few.

Perhaps definitions don't matter. We say, whatever is at the competitive core of your business, that is operations. Resources, techniques, technology and talent make up your operations. These may once have been different responsibilities, but no longer. In the convergent economy, they have to work together.

And this is why operations is becoming strategic. Not long ago operations had a follower role, the role of delivering the strategy. Operations had to evolve the processes of business, to update, to upgrade - to do what the business had always done, only better. Now that has changed.

The role of operations is becoming central. Instead of delivering the strategy, it needs to drive it. Instead of evolving the business, it needs to re-imagine it. It needs to articulate the future. Operations sits at the heart of transformation

And this is the challenge we help COOs and operations directors to meet. Not just the challenge of understanding how intelligent automation is pervading every muscle and every nerve of the corporate organism. It's the challenge of taking this ultra-rapid technology change and turning it to business advantage.

Technology transformation is pervasive. But it's never just about technology...

Pathways of change

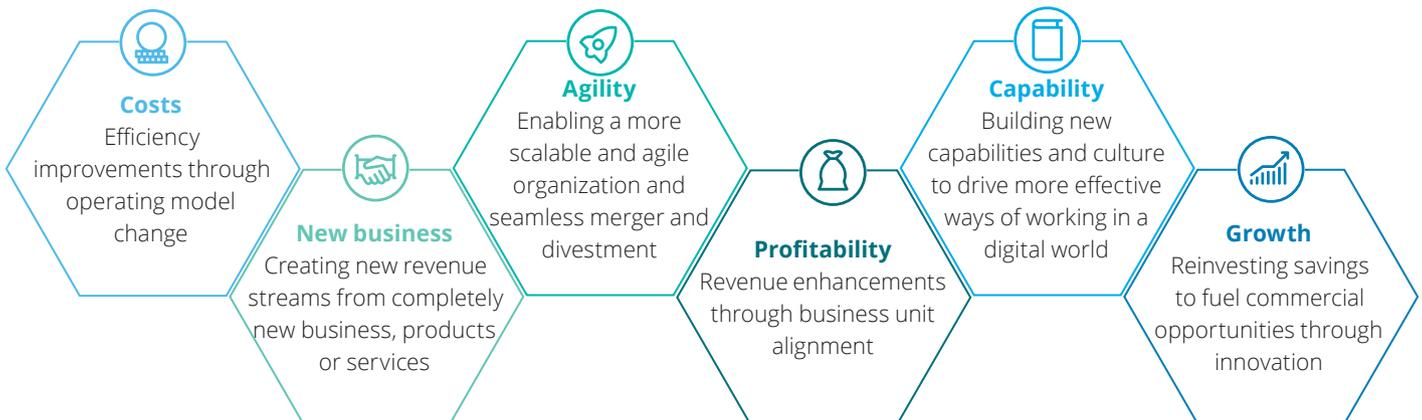
Deloitte is a global network of expertise and insight into organizational transformation. We call on an unrivaled breadth of specialist knowledge including cloud-enabled transformation, intelligent automation, data analytics and bespoke industry-specific solutions. But we act beyond the functional categories and technology components: our Operations Transformation practice is about giving businesses choices about what they want to be, and how they want to act.

We see more than one path of change, and more than one catalyst for transformation.

Transformation is seldom a self-generating process. It needs an event, a spark, a catalyst before initiation. Organizations often need powerful incentives to embark on challenging journeys. Experience tells us there are several common catalysts of change.

Organisations may be prompted to embark on a journey of transformation by shifting market demands, or the need to pursue new growth opportunities, or to harness new technologies. They may need to adapt to regulatory change, or to recover from crisis.

Value is at the core of our approach to transformation. To support our clients we bring the depth and breadth of our experience to deliver real value to their business today.



Catalysts of change

Customer-led

- Shift in business model
- Shift in value chain focus/position
- New ventures
- Leveraging data & AI
- Commercial excellence & growth

Capability-led

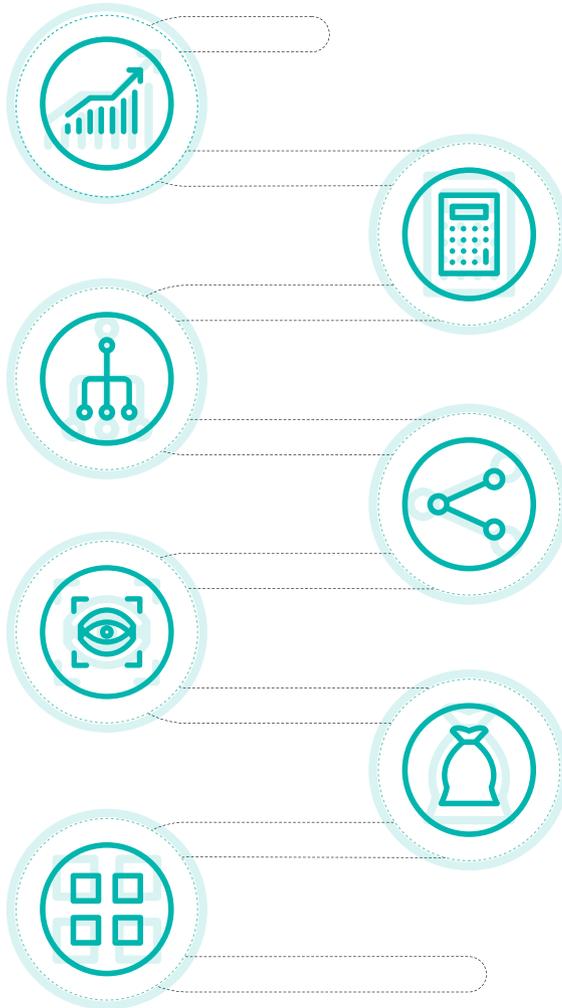
- New organizational structures
- Future of work/of operations
- Robotics and cognitive automation

Technology-led

- SAP S/4HANA
- Next generation IT operating models
- IoT, cloud solutions etc.
- Digital transformations

Regulatory-led

- Legal entity re-structuring
- Changes in regulatory landscape



Finance-led

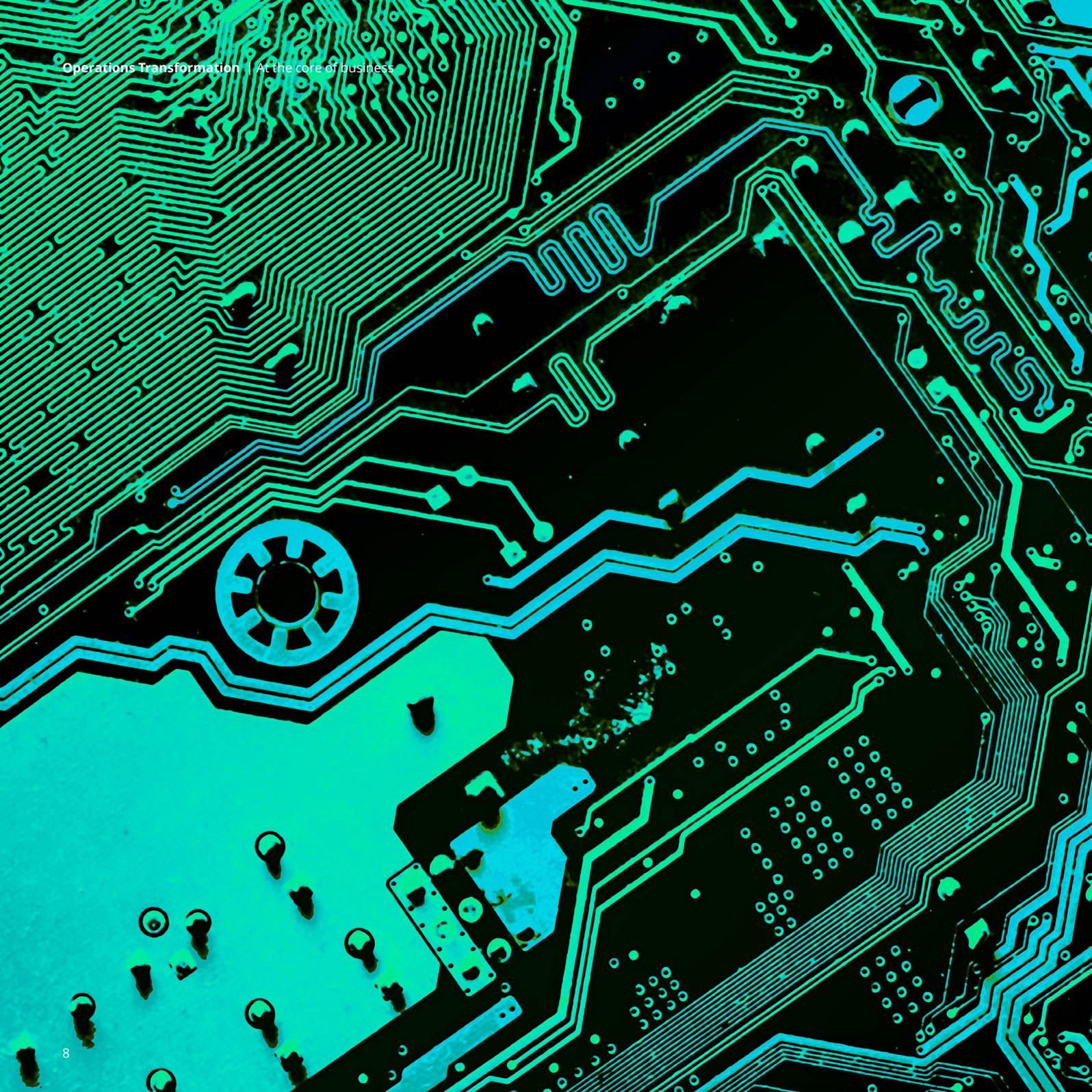
- Recovery from liquidity crisis
- Balance sheet recovery

M&A-led (beyond day 1)

- Post-merger integration
- Retained organization transformation

Cost-led

- Efficiency and effectiveness programs
- Organisation-wide profitability improvement plans
- SG&A programmes



What do we do?

The Fourth Industrial Revolution is already here. The pace of change is already exceptional. The depth of transformation required continues to challenge and surprise. Our mission is to travel with our clients on that transformation journey. We are the catalyst of change.

We empower organizations to deliver their own agendas. We do not believe in bolt-on solutions: every business needs to own their own transformation. We work with COOs, through one-to-one engagements, workshops and ideas labs, using real world exemplars drawn from our extensive cross-border, cross-sector experience in putting Fourth Revolution thinking and technologies to work. We never impose strategies. We always map the path to realization.

We understand the journey from strategic goals to sustainable operational execution. We know that ideals and realities collide. We know that every organization is constrained, by capital, by legacy, by environment. We know that cost control and investment imperatives have to be reconciled. But we have learned that in the Fourth Revolution, the problem is often the solution.

Investments in automation and machine thinking will create efficiencies now that are the foundations of transformations to come.

We think organically, maximizing the end-to-end opportunity for every organization. The Fourth Revolution is holistic. It is not piecemeal, and it should never be. We are in an age of convergent technologies, and this is the insight that makes now so different. Data and communication, cloud and automation and cognitive technologies are working together. This is why their effects are exponential. That is why the potential of operations transformation is so revolutionary. When change is end-to-end, that is when a business embraces the future.

So our key transformation values are collaboration and integration for business-led change. Our network draws on very broad sources of excellence – from cloud implementations, to cognitive tools including our own that are already at work in knowledge-based industries and traditional sectors alike, to skills forecasting and management. We draw on global market experience with the ability to deploy anywhere in the world. But change is only meaningful when it is sustainable for the organization. However deep the challenge, the lights must always stay on. In the end, it is about innovation for better margins, and better revenue growth – measurable, future-proof change.

It is always about the business.



How do we do it? – our market offerings

Operations Excellence: transforming the actual

In today's digital economy, it is simply not good enough to continuously improve existing operations. Organizations need help to modernize, re-imagine and transform their core operations – necessitated by insatiable customer expectations, technology innovation and margin demands.

Our Operations Excellence (OE) market offering leads with Service Design – designing and delivering transformed end-to-end service experiences to customers and employees – to create the operational agility our clients need to respond to evolving customer, market and regulatory dynamics.

Combining deep industry expertise and client insights with process innovation enabled through next-generation technologies, our OE market offering increases process productivity and cost efficiency while creating impactful user experiences.

We put users at the center of our approach, optimizing solutions for desirability, increasing adoption rates, and solving for the right problem from the start. Leveraging automation, data and analytics, we find ways to optimize the use of tools and industry assets, helping our clients stay at the forefront of their industries.

Our two-staged approach is built around Imagining and Delivering the future. We start with Imagine, where we leverage Service Design, Lean, Six Sigma, and a range of technology enablers to challenge assumptions, focus on the key problem areas and develop creative, innovative solutions for the people at the heart of the operations.

In Delivery, we combine the best practices of Agile, DevOps, Lean Start-up, and Change Management to rapidly build, test and launch solutions, minimizing business disruption, risks, time frames and costs, while optimizing solution adoption.

Our proven approach enables true business-led, technology-enabled transformation of our client's operations. Let us help you unlock your organization's potential.



Emerging Business Models: imagine and build

To modernize, re-imagine and transform an organisations' core operations often necessitates a change in the underlying business and operating model.

Our Emerging Business Models (EBM) market offering helps organizations to change their core operating model – the blueprint of how an organization structures its core processes, technology and people to deliver the value described by its strategy – as they adapt to disruptions in their underlying business model (how they create and capture value or commercial success).

We help to evolve and optimize existing operating models in order to drive the lower-cost and more efficient ways of operating necessary to underpin future profitable growth. We act as business design architects, combining a multitude of skills and capabilities from across our varied offerings – and in particular the deep industry know-how within our Operations Excellence market offering – with our operating model design expertise to re-think how organizations work end-to-end across their value chain.

And we design for new and emerging businesses – particularly when organizations need to think bigger, more creatively, to unlock new value or penetrate new markets. We help to radically transform and re-imagine new future operating models, taking advantage of the technology-enabled innovation and cloud-based opportunities that are heavily disrupting the traditional business models across all sectors. We push the boundaries with next-generation and industry-specific operational solutions to challenge what capabilities are required and how they are best delivered end-to-end.

Blending deep sector-specific expertise with our tried and test operating model design methodology and industry-specific process and capability model blueprints, we help to define and deliver a new “north star” for how organizations operate, capturing new value and driving profitable growth.

The goal is not just productivity and growth for existing businesses.
The goal is entirely new value.

Revenue Cycle and Payments Transformation: market place innovation

Our market offering, comprised of deep-sector and capability experts, leads the market in partnering with our clients to design, implement, and operate transformational “pay for performance” and payments modernization solutions that holistically and innovatively transform their way of doing business.

We focus on tangible levers to enable revenue capture, accelerate cash flow and working capital, and enhance the customer experience – securing financial growth and sustainability.

Our Revenue Cycle practice partners with our Healthcare clients to design, implement and operate transformational solutions that improve patient experience, and identify and implement new capabilities and technologies across the sector.

Our Payments Transformation practice partners with clients across all industries in designing and transforming their organizations through their payments journeys. Whether it’s re-imagining a classic business model due to market drivers such as ensuring a superior customer checkout via their end-to-end payments experience or improving the working capital conversion cycle – or, when our Clients are embarking on new smart, frictionless and instantaneous market opportunities - we focus on designing and delivering a superior experience, reducing costs and maximizing flexibility to support new revenue models.

Meet the core team

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