

Post COVID-19 Cost Optimisation

May 2020



MAKING AN
IMPACT THAT
MATTERS
since 1845

How can we improve business performance?

The COVID-19 pandemic continues to **disrupt** the market, production, and supply chains everywhere. Based on recent client surveys, the top 3 significant business impacts are on **supply chain, customer engagement, and financing and business continuity.**



Critical business challenges

- **Business interruption**
Operations and revenue drivers impaired
- **Cost control**
Reduced spending and consumption
- **Workforce disruption**
Labour shortages and remote-working
- **Reduced profit and cash flow**
Fixed costs and working capital pressures
- **Uncertainty**
Ongoing concern and reporting



Immediate mitigations

- **Reduce and manage cost**
Increase margin and operation profit to counteract impacts to revenue
- **Optimise asset, liability, and equity**
Curate the portfolio of assets, strengthen the balance sheet, and manage cash
- **Accelerate digital**
Use technology and data to enable growth, decrease costs, and evolve as an insight-driven organisation

Adapting to the post-COVID business environment



Strategic Cost Optimisation (SCO)

- Process optimisation through streamlining and reducing inefficiencies
- Workforce optimisation through organisation restructuring, increasing span of controls and delayering
- Technology optimisation through automation, integration and infra modernisation
- Physical infrastructure optimisation through stacking and computerisation



Robotics Process Automation (RPA)

- Automate highly manual and resource intensive tasks through the use of digital technology
- Increase controls to enhance governance, reduce errors, and mitigate fraud risk
- Free up resources to focus on value-add activities
- Utilise savings to pay for itself or fund longer-term solutions



Strategic Cost Optimisation (SCO) is a management exercise where enterprise leaders use various methodologies to analyse workforce, processes, and technology to identify areas where they can improve accuracy, effectiveness and/or efficiency, and then redesign those processes to realise the improvements. SCO works by identifying employee skills, organisation structure, operations, and technological tools that could be improved to encourage smoother procedures, more efficient workflows, and overall business growth.

Three key SCO areas

Workforce optimisation

- Spans of control and delayering
- Roles and responsibilities
- Trainings and skills.
- Governance/ Organisational models
- Organisational restructuring
- Resources and knowledge

Process optimisation

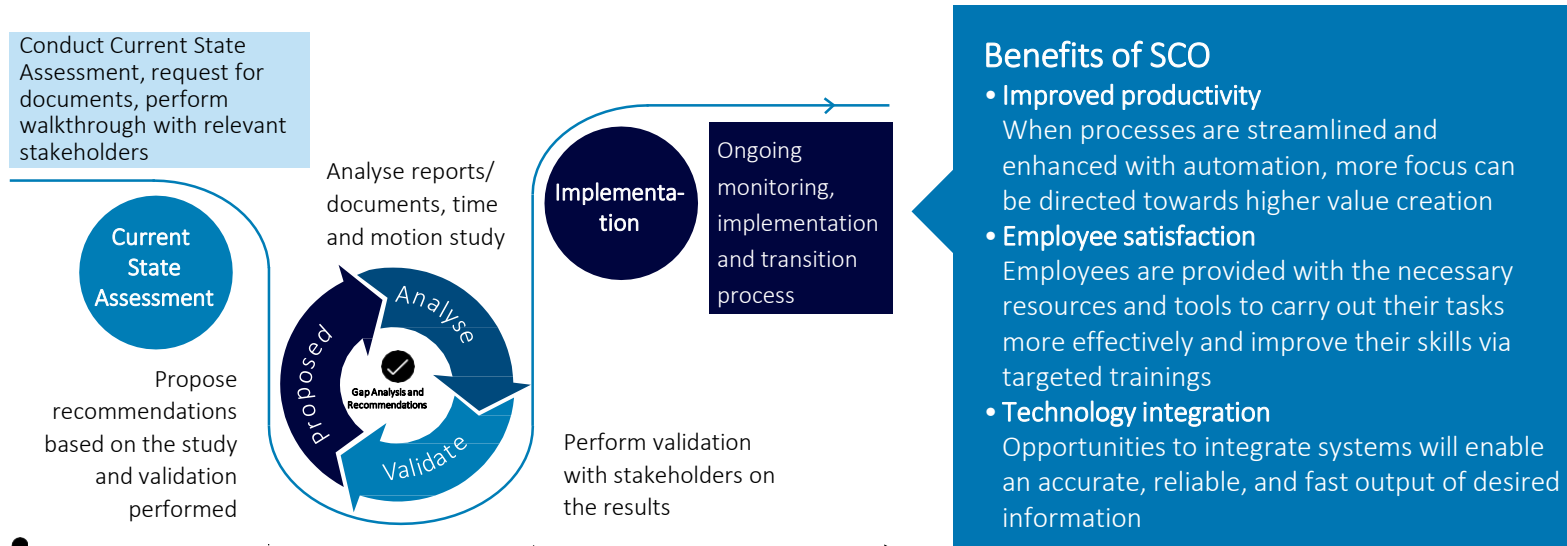
- Operational process
- FTE analysis
- Policies & Procedure
- Workshop and Validation

Technology

- RPA Support tools
- System integrations
- Reporting and dashboards

Our approach

We will conduct a current state assessment on workforce, process, and technology optimisation, while simultaneously conducting a benchmarking exercise, that will enable us to conduct a gap analysis. We will then provide recommendations to mitigate gaps and move to a desired future state. During the implementation, it is essential to conduct continuous monitoring of the benefits to be realised through the SCO exercise.



Deloitte SCO case study



Client

One of Malaysia's largest banks engaged Deloitte to embark on an efficiency and cost reduction exercise, focusing on the support functions - finance, human resources, group risk, and group operations. The main objectives of the exercise:

- Business efficiency – faster and less manual work
- Seamless, integrated process – minimise hand- offs
- Optimise productivity and costs, increase revenue



Key achievements

Cost reduction

Reduction of up to 20% in FTE due to process streamlining from lines of business to group operations

Integration of overlapping functions

Combined reporting and reconciliation activities across the four support functions, which reduced processing time and “red tape”

Resources are mobilised and allocated efficiently

- Freed up FTEs are re-allocated to other areas within the bank which requires their skills
- Reduction in hiring-related expenses for the bank



Robotics Process Automation (RPA) often referred to as ‘robotics’ or ‘robots’, is the automation of rules-based processes with software that utilises user interface, and is able to run on any software, including web-based applications, ERP systems, and mainframe systems.



RPA candidates

Processes with the following criteria will provide maximum impact post-RPA implementation:

- High number of systems used
- High transaction value
- Prone to errors or re-work
- High predictability
- Limited exception handling
- Significant manual work involved



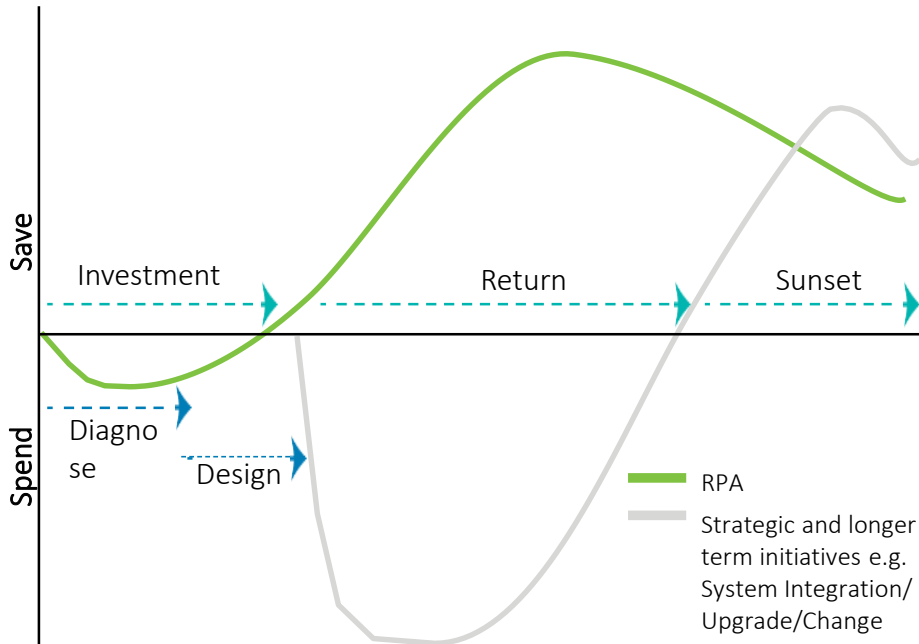
What can RPA do?

RPA mimics the actions of a human performing simple rules-based computerised tasks:

- Log into web/enterprise applications
- System to system data entry
- Open email and attachments
- Move files and folders
- Copy and paste
- Execute “swivel chair” processes
- Extract structured data from documents
- Trigger a process flow based on e-mail content
- Read and write databases
- Fill in forms
- Collect social media statistics
- Search, update, and collate information
- Reconcile information
- Follow “if/then” decision/rules
- Make calculations
- Scrape data from internal source systems
- Scrape data from the web

Benefits of RPA

- **High ROI** - RPA has a quick development and rollout cycle with a short payback period
- **Improved quality** - Robots perform tasks with an accuracy of up to 100%
- **Agile workforce** - RPA can be scaled quickly and reduce reliance on recruitment to handle workload spikes
- **Improved governance** - RPA is secure and provides an audit trail for all automated activities
- **Cost-effective enhancement** - RPA is generally a less costly method of enhancing existing IT capabilities
- **Increased productivity** - RPA enables 24/7 processing capabilities and an average 75% reduction in process TAT



Deloitte RPA case study



Client

A public listed real estate development company in Malaysia poised for aggressive business growth engaged Deloitte for RPA- enabled BPI services, focused on digitisation and automation of key processes in sales and marketing, credit admin, and finance, with the following objectives:

- Improve process efficiency
- Reduce human error
- Scale and sustain growth



Key achievements

Revenue uplift

- Improvement of overall sales conversion process TAT by over 100%

Improved cash monitoring

- Automated daily sales and collection reporting
- Proactive weekly computation and reporting of key upcoming sales and marketing expense obligations

Sustainable operational upscaling

- Increase operational capacity of target processes by over 200% with zero new staff recruitment.

Meet our team



Shahariz Aziz

Partner, Financial Services & Technology
SEA Risk Advisory

+603 7610 7972

shaharizaziz@deloitte.com



Aloysius Chong

Senior Manager, SEA Risk Advisory

+603 7610 8031

alochong@deloitte.com



Larry Eden Gomez

Senior Manager, SEA Risk Advisory

+603 7610 7915

lagomez@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities. DTTL (also referred to as “Deloitte Global”) and each of its member firms and their affiliated entities are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax & legal and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at www.deloitte.com.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Ho Chi Minh City, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Shanghai, Singapore, Sydney, Taipei, Tokyo and Yangon.

About Deloitte Malaysia

In Malaysia, services are provided by Deloitte Risk Advisory Sdn Bhd and its affiliates.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.