

Cost to Serve analytics solution

Better serve your customers, *profitably*



Consumer behaviors are changing and forcing today's organizations to shift existing resources to better serve their customers. However, these new strategies require new investments. Organizations are struggling to balance the need to serve their customers distinctly—transforming the interactions to create unique, memorable, and high-touch interactions—with the need to control cost.

Further complicating this pendulum: Executives are being asked to make smart investment decisions based on incomplete information. The challenge is in the data and how to access the insights that will reveal which individual customers, processes, and products are making money and which are losing money.

Generate value, at the right price

Developing Cost to Serve (CTS) analytic capabilities can help you gain transparency into the actual cost of servicing customers across different dimensions (products, customers, channels, etc.). Quantifying CTS can improve decision making in determining future service levels, negotiating new business terms, and assessing customer acquisitions.

Deloitte's CTS solution features cutting-edge technology and advanced analytical capabilities that enable you to aggregate data, in real time, to better understand the mix of costs—drilling down to see how those are driving (or losing) revenue.

As a result, you'll gain a full view of the true costs, agility to build predictive models based on new products and services (and mitigate the downsides), and detect the value drivers.

Quantifying your cost to serve can improve decision making in determining future service levels, negotiating new business terms, and assessing customer acquisitions.

Deloitte Risk and Financial Advisory Cost to Serve solution

Deloitte's proprietary tools and methodologies, combined with our deep industry and technical experience, uniquely position us to help you leverage CTS strategies and transform your approach to create a sustained source of competitive advantage and improve your overall market value. We can help you:

Gain visibility

Through all of your channels, products, brand, and geography:

- Align to efficient distribution methods
- Influence order quantities, frequencies, and behaviors
- Differentiate service policies (e.g., value-added services)

Understand root causes

Using structured analyses of cost drivers and profitability levers:

- Enhance product mix and assortment to drive cart size and profitability
- Improve pricing and promotional effectiveness
- Reduce end-to-end supply chain costs

Benchmark

Tap into trending performance metrics across your entire portfolio:

- Isolate outliers and identify actions to normalize
- Engage in joint process improvement opportunities
- Model scenarios based on pilot/prototypes tested in key markets

Traditional models	Our differentiated approach	Value gained
Vertical perspective to organization	"Horizontal" cross-functional value chain perspective	Perspective Total profitability across value chain to identify hidden costs
Aggregated profitability views	Multidimensional profitability	Profit transparency Granular view of profitability to optimize the customer portfolio
Management reports	Analytics to produce insights for decision making	Advanced analytics Dynamic analytics that provide descriptive and predictive insights
Traditional functional cost savings	Complexity savings across value stream	Operational visibility Identify pull-through savings from product footprint, organization, and process complexities measurement
Functionally siloed decisions	Collaborative decision alignment best for the business	Decision alignment Implement collaborative decision-making process that leverages fact-based data

With this approach, we help you take a closer look at your organization's existing data to proactively identify pricing and cost gaps, vulnerabilities, and inefficiencies. Then we address the gaps to improve your portfolio, monitor potential risks, and help position your organization for transparency and improved resilience.

Learn more: www.deloitte.com/us/CTS

Contact us.

We can help you understand the hidden costs in your value chain and impact on your organization's "true profitability."

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