

DIGITAL TRANSFORMATION WEBCAST SERIES

Business Operations

September 24, 2020



Your presenters



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Agenda

Topic
Introduction and overview
Date driven transformation
Digital transformation journey
Digital workflow
Wrap-up and Q&A

Learning objectives

By the end of this session, you will:

- Assess the agility of their current business operations
- Evaluate whether their current processes are leveraging emerging technologies to streamline operations
- Explain how to automate routine procedures to allow employees to perform more value-added tasks

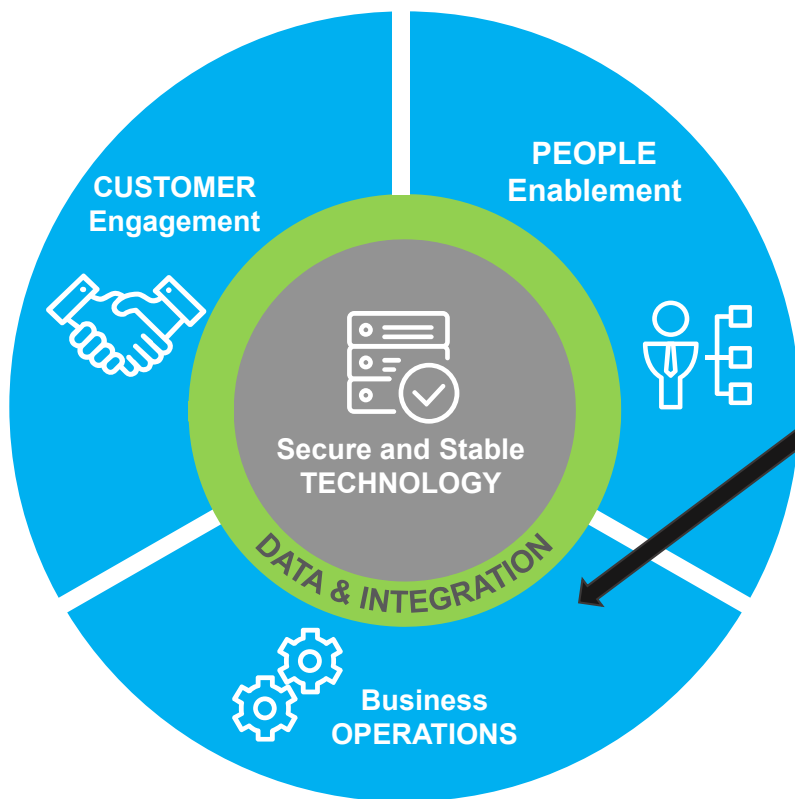


DIGITAL STRATEGY: OVERVIEW

Setting the stage for transformation

How We View Digital Transformation

Digital is not just about technology – its about how an organization can use technology to enable and reach their goals.



Secure and Stable Technology

All of the people, processes and systems necessary to maintain the systems, infrastructure and security.

Customer Engagement

How you leverage technology to engage your customers and external stakeholders.

Business Operations

Using the right technologies and systems to transform how you operate, creating higher levels of efficiency and accuracy in day-to-day activities.

People Enablement

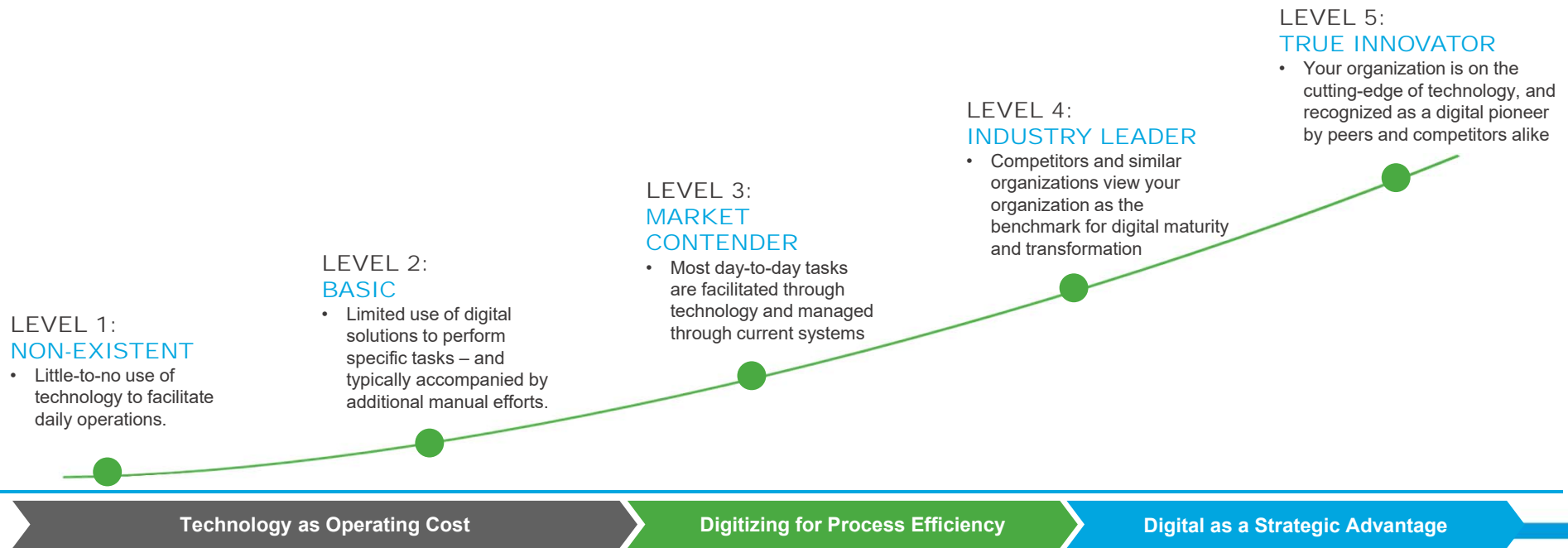
Giving your teams the digital tools, capabilities and culture to be more effective and increase value contribution on a regular basis.

Data & Integration

Capturing and using data to create better insights, deliver more personalized experiences and improve decision making .

The Digital Journey - Where are you & where do you need to be?

A key output of the Digital Strategy Roadmap is determining the target level of maturity for each domain that is needed to support your business strategy

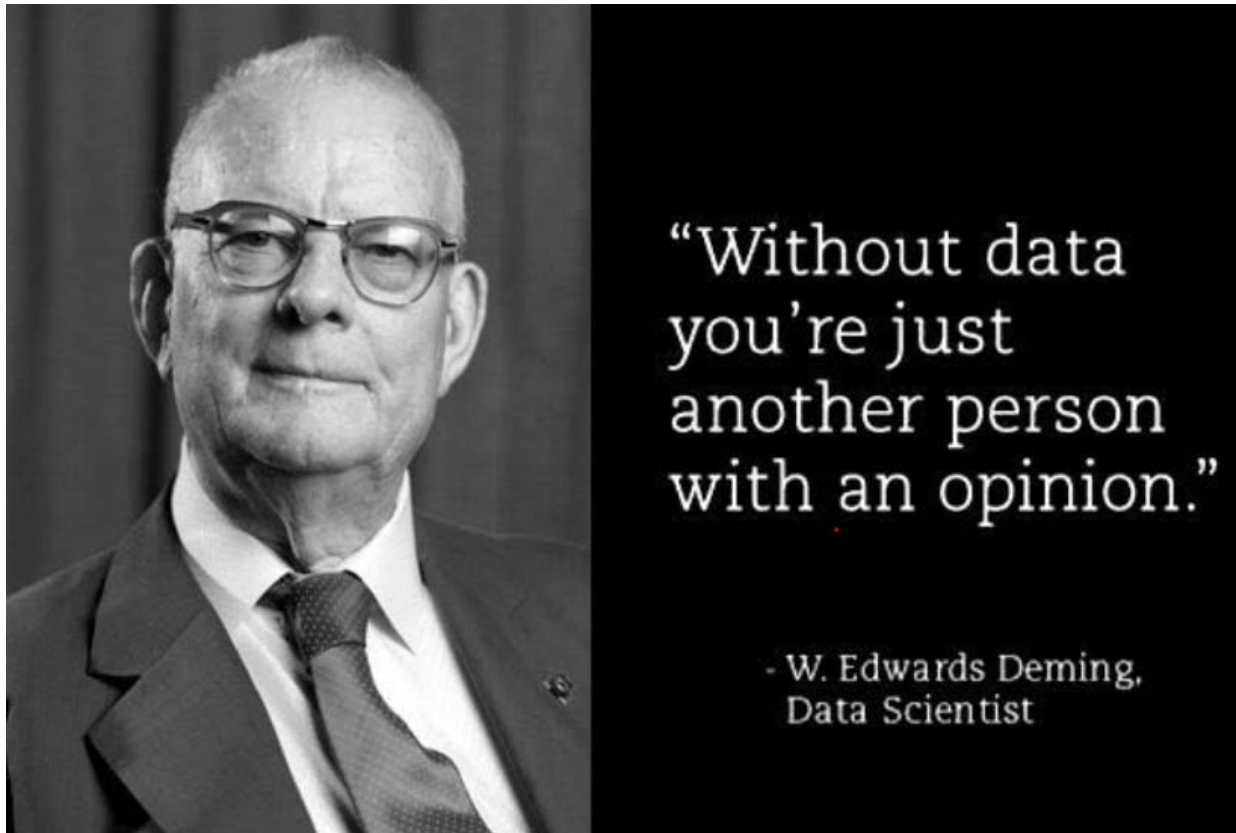




DATA DRIVEN TRANSFORMATION

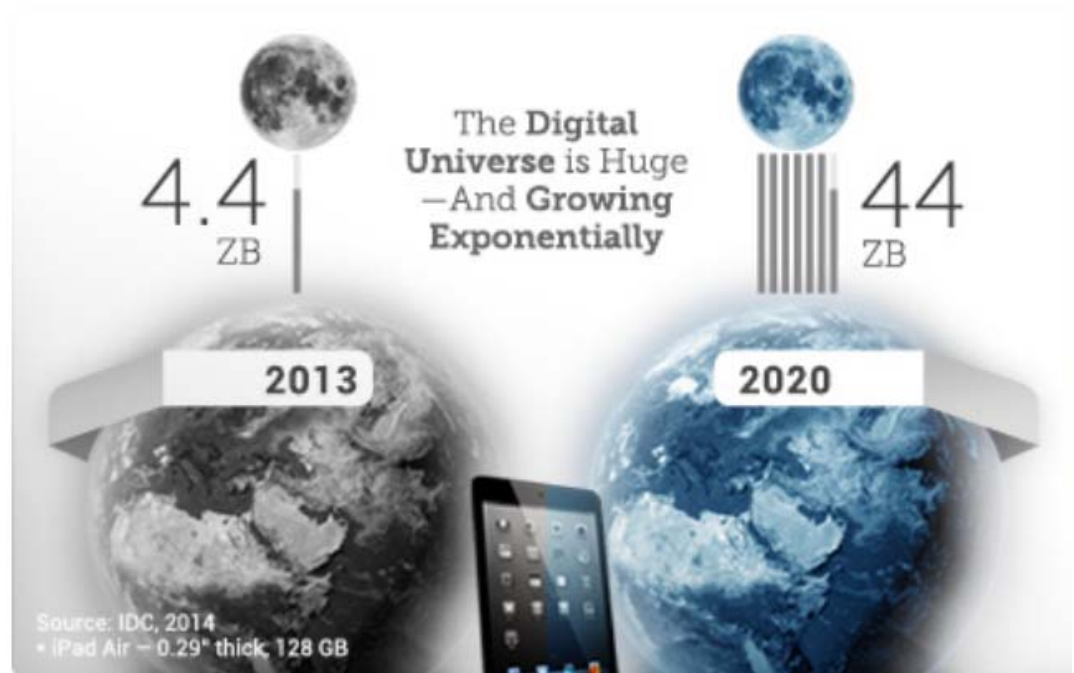
Richard Davis

One person's opinion regarding the importance of data




Gathering the data for decision-making

Like the physical universe, the digital universe is large – by 2020 containing nearly as many digital bits as there are stars in the universe. It is **doubling in size every two years**, and by 2020 the digital universe – the data we create and copy annually – will reach 44 zettabytes, or 44 trillion gigabytes.



So much information...now what

DRIP



The phrase data rich and information poor (DRIP) was first used in the 1983 best-selling business book, *In Search of Excellence*, to describe organizations rich in data, but lacking the processes to produce meaningful information and create a competitive advantage.

DRIP was defeated in the private sector with wise implementation of information technology.



WHAT DOES “GREAT” LOOK LIKE

A sports and entertainment industry example

What does “great” data-driven decision making look like?



What does “great” look like?

Formula 1 is a data-driven sport: During each race, 120 sensors on each car generate 3 GB of data, and 1,500 data points are generated each second. Using Amazon SageMaker, Formula 1's data scientists are training deep-learning models with 65 years of historical race data to extract critical race performance statistics, make race predictions, and give fans insight into the split-second decisions and strategies adopted by teams and drivers.

Formula 1 – Framing the history



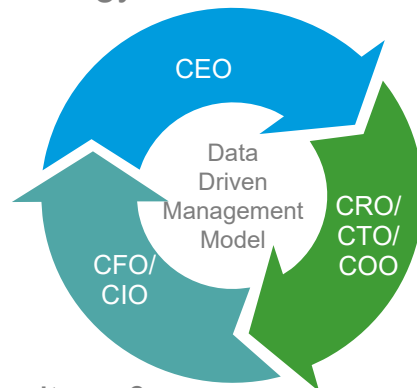
“The driver effect has declined over time since at least 1980, going from about 30% driver in the early 1980s, to about 10% driver today.”

Dr. Andrew Bell,
Sheffield Methods Institute,
Sheffield University

Dr. Andrew Bell, who headed the Sheffield Methods Institute research team, says that on average over the period 1979 to 2014, 86 percent of the performance of a driver/car combination stems from the car/team and 14 percent from the driver.

Data driven value creation (DDVC)

Sets Vision
& Strategy



Monitors &
Supports the
Execution

Executes on
The Vision

Data Driven Value Creation

Optimize
Revenue

- The company growth strategy is clearly defined around net new customer acquisition, organic growth, and acquisitive growth
- Commercial Sales teams harness market and customer data to drive more effective and profitable management of customers

Drive
Margin

- A transparent and actionable 360 view of customers is at the core of every discussion to manage churn risk and profitability

Multiply
EBITDA

- Operational trends across the internal business functions continually identify breakdowns in efficiency and effectiveness potential and guide initiatives to improve margins product and pricing trends across the customer base
- Optimizing the SG&A landscape and analyzing the spans and layers of the portfolio company to ensure the lowest possible cost of delivery to enhance EBITDA

Improve
Cash Flow

- Getting line of sight to cash and working capital to drive investment in systems, processes and acquisitions to drive EBITDA multiples

The data driven CFO: The influential value creator

- He has created a Single Version of Operational (SVOT) to guide decision making around investments that create value for the portfolio company
- She has normalized all relevant sources of enterprise data and has developed operational analyses to identify key business trends and where improvements can be made
- He delivers timely analysis and business insights to the business functions that inform teams how to improve profitability
- **She knows cash, she knows how to manage it, and she knows how to drive the operational levers to create more of it**

Office of the CFO – Target operating model

The **Target Operating Model (TOM)** maximizes the value of a Finance function through the **alignment of strategic objectives** with the **planned design of the enterprise business model**. The path to **Transforming and/or Innovating** can be measured by the **effectiveness of each component** and is unique for each organization.



Linking finance to operations and analytics

Enterprise Transaction “Processes”

Typically governed within Enterprise Systems and Workflows

Lead to Cash

Procure to Pay

Source to Make

Hire to Retire

Record to Report

- The ABBYY platform shines when it comes to intelligently and intuitively analyzing the design of end-to-end business processes in an organization.
- It takes transactional data from systems and models it visually so a company can see where performance bottlenecks exist enterprise wide
- **It allows business leaders to see the breakdowns in the design of business processes, to make a solid case for RPA and Predictive Analytics.**

The ABBYY Use Case



Analyzes business processes to identify process design flaws to drive automation opportunities

Transaction Processing Focused

The Alteryx Use Case



Automates Human Processes When Humans want to Analyze Something

Manual Process Focused

Each Element of our approach Drives an RPA Strategy



Human Analytic “Processes”

Things Finance Teams do “Manually” outside of transaction processing

FP&A

Controllershship

Accounts Payable

Accounts Receivable

Treasury / Tax / Payroll

- The Alteryx platform shines when it comes to intelligently blending and modeling data to be used for analysis and reporting.
- Users can leave the breadcrumbs of how they did their analyses and more important, allows them to repeat it and automate the analytic being performed
- **Moreover, it automates the process for gathering data to be modeled and can feed source system and RPA solutions to drive scalability**

Every Step Drives Analytical Insights to Automate Finance

Leading practices in field services optimization

Field Service Automation – Give the technicians the right toolsets

- Reductions can be found by setting up levels of automation in **field service software for the technicians** that do the tasks otherwise done by back office staff (estimating, procurement, bill review)
- Field service organizations can save on office administration costs, which can be reduced with **fewer people working in call center or dispatching roles**.

Maximize Service Delivery – Drive optimal resource utilization for the technician base

- Delivering exceptional service efficiently **with improved first time fix rates** while reigning in additional costs.
- Utilizing optimum scheduling and dispatch tools to complete more service calls per shift and **getting the right level of tech to the level of complexity of the work order**

Mobile Platform – Make the technician's and customer's life easier when delivering service to customers

- Increasing mobile tools functionality that can **help the technician be even more efficient** in their work and give them the capability to optimize their day to day job.
- Where speed and efficiency are critical components, mobile field service features should allow technicians to **have everything they need to complete a service call on their mobile device**, without the need for time-consuming manual data entry

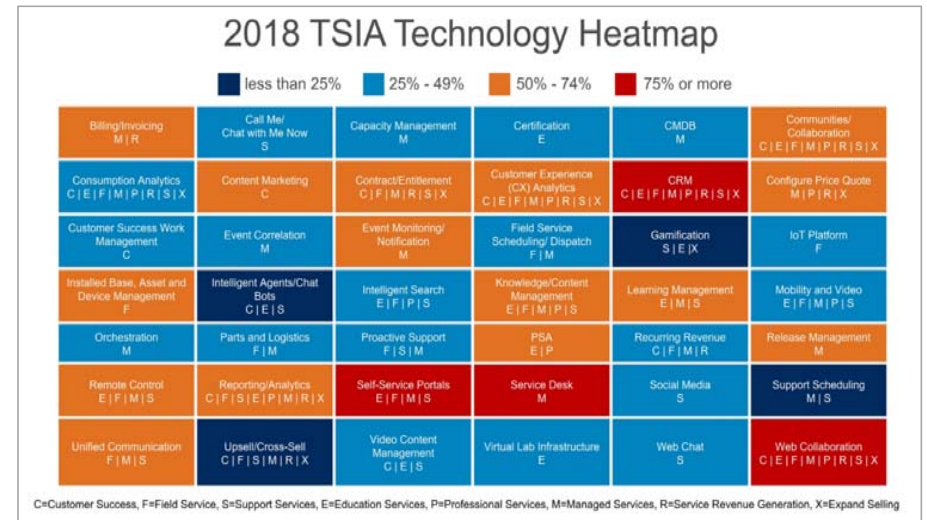
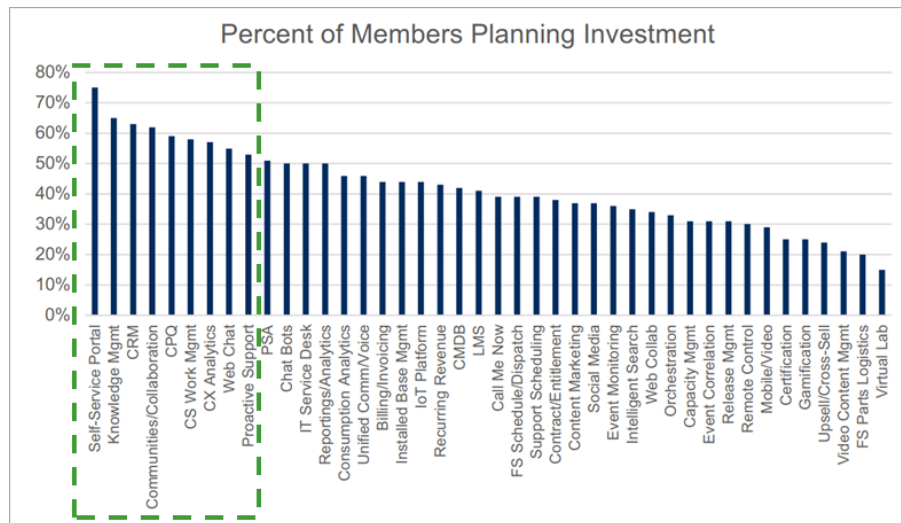
Platform Integration – Improve the ability for the organization to harness the power of data to drive better performance

- Leverage native system modules and feature sets **with minimal customizations to deliver technology that is scalable** and easily managed by IT.
- Ability to **openly integrate** with other related services (ERP, CRM, customer portals, supplier sites)



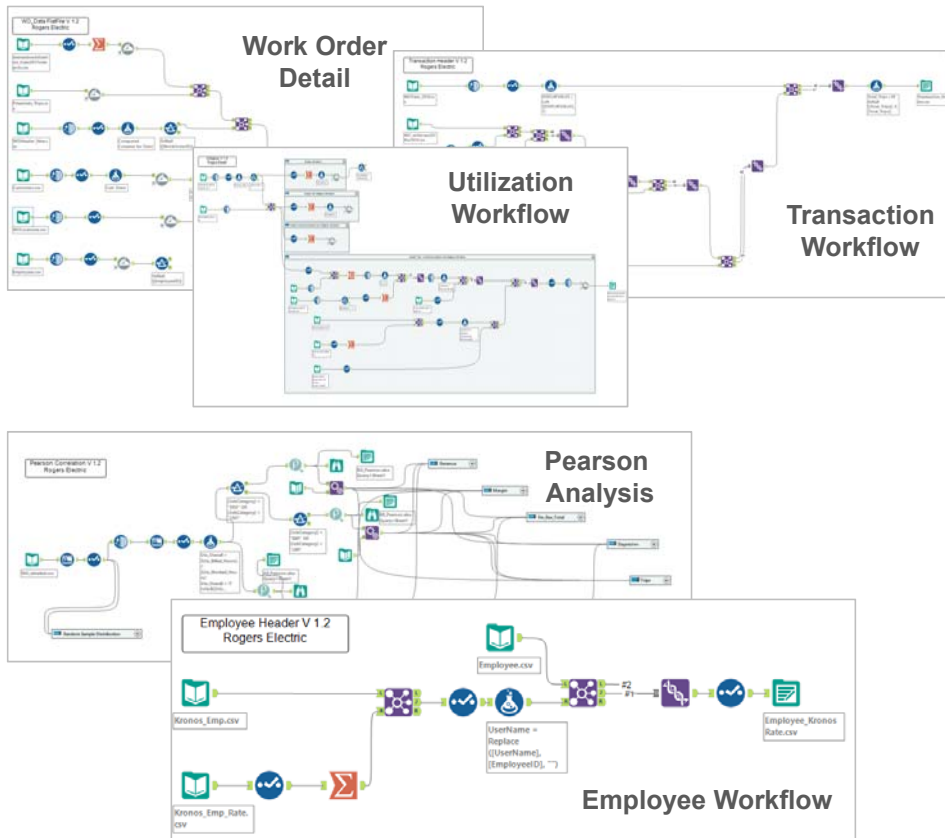
Where field service organizations investing in technologies*

- TSIA's Global Technology Survey covers 42 categories of technology used by service organizations
- More than 50% of all respondents have indicated that they will be making investments in Knowledge Management, Collaboration, Customer Relationship Management (CRM), and Configure, Price, and Quote, and Self Service platforms.
- 75% of all respondents in the survey have indicated the highest possible user adoption rates of said platforms
- The aforementioned platforms are designed to assist service organizations to improve the efficiency among teams and provide the best possible opportunities to identify and capture revenue and margin improvements across the enterprise.



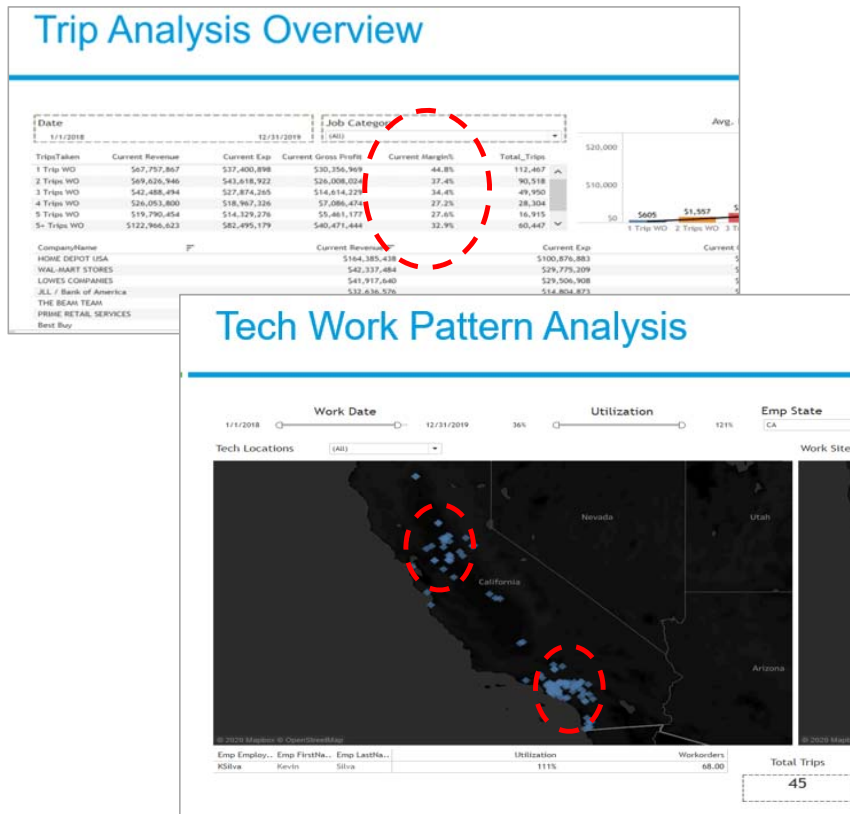
*Source: 2018 TISA Technology Services Heat Map

“Wrangling the data” from the client’s source systems



- A significant amount of time was spent working with the client’s technology and finance teams to extract large volumes of data from REMA, AX and Zora.
- There were a number of challenges with respect to identifying the source data among the data tables in REMA, particularly due to the fact that the underlying data base structure has not been documented.
- In the end approximately 250K individual work orders were analyzed, with a total number of rows analyzed was in the Millions in order to create a data model that statistically significant enough to model future operational improvements for the business.
- These data workflows, scripts and resulting analyses and dashboards are all available to the client’s technology team to assist them in in the development of their data warehouse and BI initiatives.

Deep dive analysis* performed and observations regarding data quality



Demand Management

- All the demand forecasting is performed using project managers experience.
- The client has had rich data for almost two decades, it is critical to have a Statistical Forecasting Time Series model to predict the demand by district

Revenue and Expenses

- All the expenses for a work order are categorized but revenues are collected in one category of fees. Maintaining a breakdown of revenues is important to compare apples with apples.

Material Tracking

- It is important to track the items in a PO to maintain and compare the similarities and price adjustments in a WO

Inventory Management

- No Data system to maintain the log of inventory, it is completely based on Tech conversation. This needs to be changed to proper data reporting as it increases accountability and reduces material leakage.

Route / Tech Dispatch

- There is good amount of data to decide and track if a Techie is over skilled or under skilled for a WO. Currently only location and availability are the only factors considered to dispatch a Techie.

Data Governance and Data Quality

- There is lack of Data quality in locations (Both customers and Techs) there are lot of Typos and wrong entries due to high amount of manual work.

First time fixed – trip analysis

Category: Technician Effectiveness/Profitability

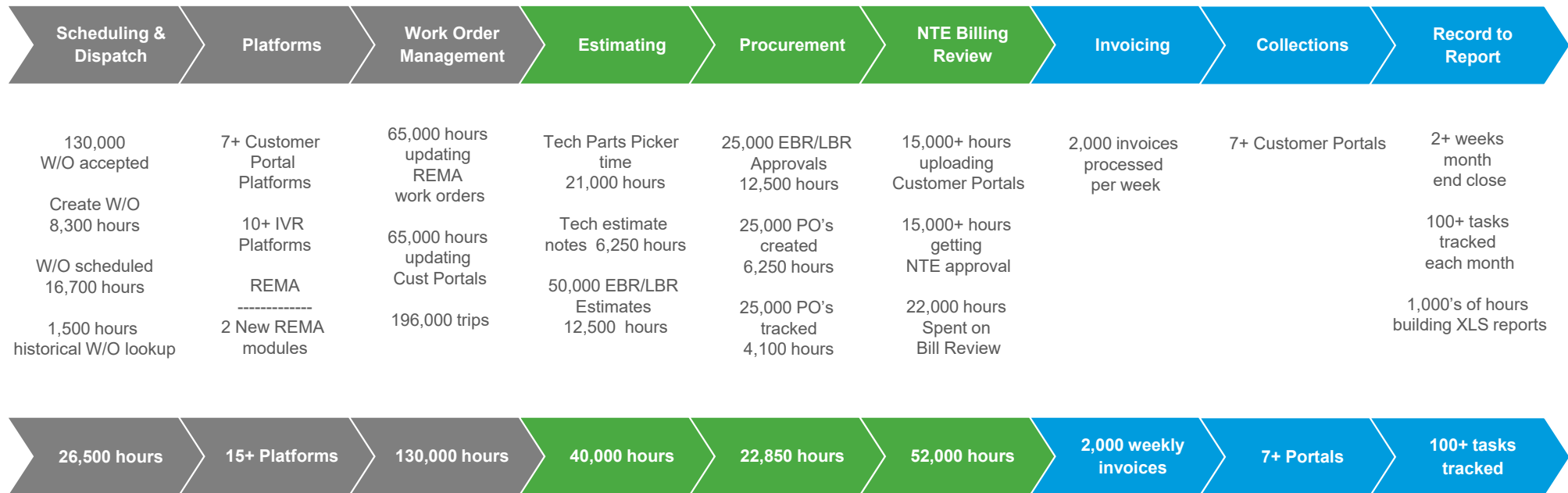
- Information presented **over 2 years (2018/2019)** shows the average margin per trip, ranging from 1 to greater than 5 trips
- Data includes average 1st time completion rate during the trip
- Data is broken out by EBR and LBR Technician with the understanding that margin (bill rates) vary.

Considerations

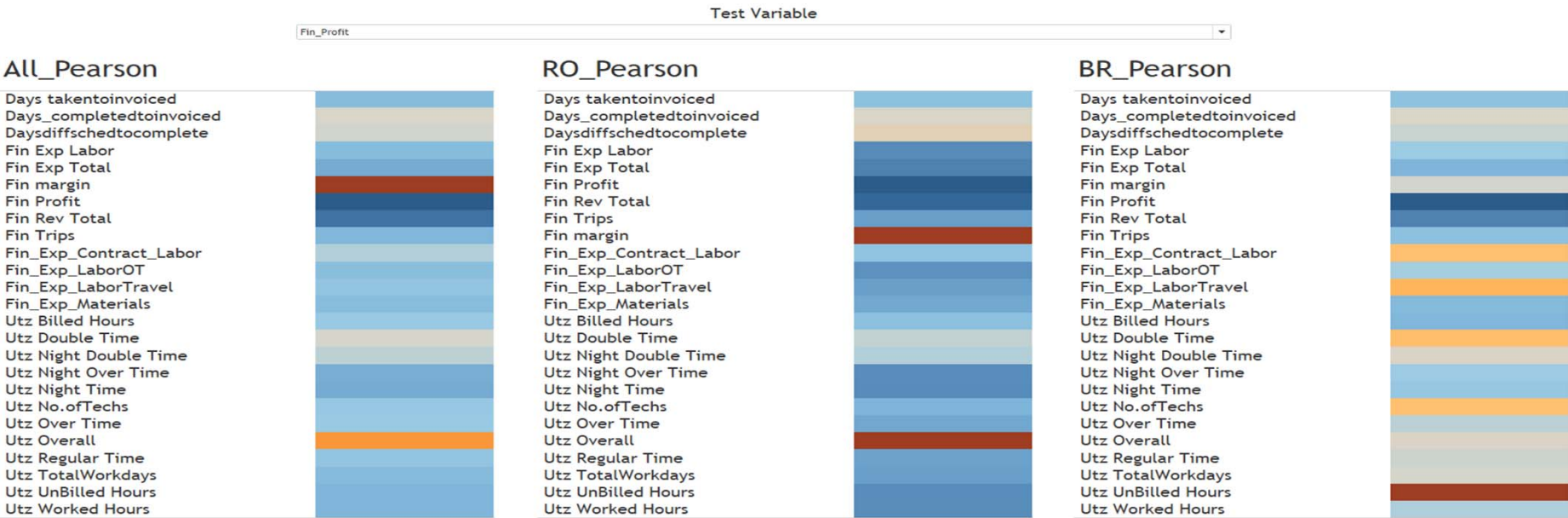
- Trip analysis is a macro profitability indicator that shows margin expansion opportunity closer to getting the initial trip ‘right the first time’ e.g. all equipment/parts, the correct skillset match and technician availability to get the work done on time and per standard hours for the work order.

	1 Trip WO		2 Trip WO		3 Trip WO		4 Trip WO		5 Trip WO		5+ Trip WO		Total	
	EBR	LBR	EBR	LBR	EBR	LBR	EBR	LBR	EBR	LBR	EBR	LBR	EBR	LBR
Average 1st Time Correct by Trip	69.6%	64.9%	36.0%	43.3%	20.3%	26.1%	12.1%	17.7%	10.4%	9.5%	11.9%	11.6%	37.3%	38.7%
Average EBR / LBR Margin % Across Customer Locations	35.4%	44.6%	30.8%	33.6%	28.4%	26.5%	24.8%	20.8%	22.5%	17.8%	21.6%	16.4%	29.8%	32.7%
Total Revenue	\$ 16,872,670	\$ 14,303,779	\$ 15,133,923	\$ 13,529,435	\$ 8,955,123	\$ 7,635,388	\$ 5,253,165	\$ 4,045,639	\$ 2,850,268	\$ 2,354,121	\$ 6,222,350	\$ 3,286,088	\$ 55,287,499	\$ 45,154,449
Total Margin	\$ 5,970,681	\$ 6,383,697	\$ 4,653,912	\$ 4,550,290	\$ 2,545,415	\$ 2,026,968	\$ 1,304,782	\$ 839,721	\$ 641,494	\$ 417,936	\$ 1,345,755	\$ 537,592	\$ 16,462,039	\$ 14,756,204
Top 20 Customer Revenue (Ranked by Margin Vol)	\$ 14,409,834	\$ 13,865,936	\$ 12,704,885	\$ 12,892,666	\$ 7,488,664	\$ 7,216,136	\$ 4,308,983	\$ 3,858,125	\$ 2,367,509	\$ 2,251,113	\$ 4,905,233	\$ 3,141,313	\$ 46,185,108	\$ 43,225,288
Top 20 Customer Margin (Ranked by Margin Vol)	\$ 5,149,054	\$ 6,218,805	\$ 3,881,455	\$ 4,351,275	\$ 2,111,771	\$ 1,912,540	\$ 1,082,894	\$ 805,163	\$ 532,292	\$ 392,748	\$ 1,009,350	\$ 505,505	\$ 13,766,817	\$ 14,186,036
Top 20 Margin %	35.7%	44.8%	30.6%	33.8%	28.2%	26.5%	25.1%	20.9%	22.5%	17.4%	20.6%	16.1%	29.8%	32.8%
The Rest Revenue (Ranked by Margin Vol)	\$ 2,462,836	\$ 437,843	\$ 2,429,038	\$ 636,769	\$ 1,466,459	\$ 419,252	\$ 944,182	\$ 187,513	\$ 482,759	\$ 103,008	\$ 1,317,118	\$ 144,776	\$ 9,102,391	\$ 1,929,161
The Rest Margin (by Margin Vol)	\$ 821,627	\$ 164,893	\$ 772,457	\$ 199,015	\$ 433,644	\$ 114,427	\$ 221,889	\$ 34,558	\$ 109,202	\$ 25,188	\$ 336,405	\$ 32,087	\$ 2,695,222	\$ 570,168
The Rest Margin %	33.4%	37.7%	31.8%	31.3%	29.6%	27.3%	23.5%	18.4%	22.6%	24.5%	25.5%	22.2%	29.6%	29.6%
Top 20 Customers EBR @ 35.4% / LBR @ 44.6%	\$ 5,099,165	\$ 6,188,290	\$ 4,495,840	\$ 5,753,925	\$ 2,649,991	\$ 3,220,521	\$ 1,524,807	\$ 1,721,860	\$ 837,783	\$ 1,004,659	\$ 1,735,800	\$ 1,401,950	\$ 16,343,386	\$ 19,291,207
Additional Margin Top 20	\$ (49,889)	\$ (30,514)	\$ 614,384	\$ 1,402,650	\$ 538,220	\$ 1,307,981	\$ 441,913	\$ 916,697	\$ 305,491	\$ 611,911	\$ 726,450	\$ 896,445	\$ 2,576,569	\$ 5,105,171
The Rest EBR @ 35.4% and LBR @ 44.6%	\$ 871,516	\$ 195,407	\$ 859,556	\$ 284,186	\$ 518,931	\$ 187,110	\$ 334,115	\$ 83,686	\$ 170,832	\$ 45,972	\$ 466,084	\$ 64,613	\$ 2,221,036	\$ 860,974
Additional Margin The Rest	\$ 49,889	\$ 30,514	\$ 87,100	\$ 85,171	\$ 85,288	\$ 72,683	\$ 112,226	\$ 49,128	\$ 61,631	\$ 20,784	\$ 129,680	\$ 32,526	\$ 525,814	\$ 290,806
Total Margin Opportunity	\$ 0	\$ 0	\$ 701,484	\$ 1,487,822	\$ 623,508	\$ 1,380,664	\$ 554,139	\$ 965,825	\$ 367,122	\$ 632,695	\$ 856,130	\$ 928,871	\$ 3,102,383	\$ 5,395,977

The universe of manual touches and the life of a work order



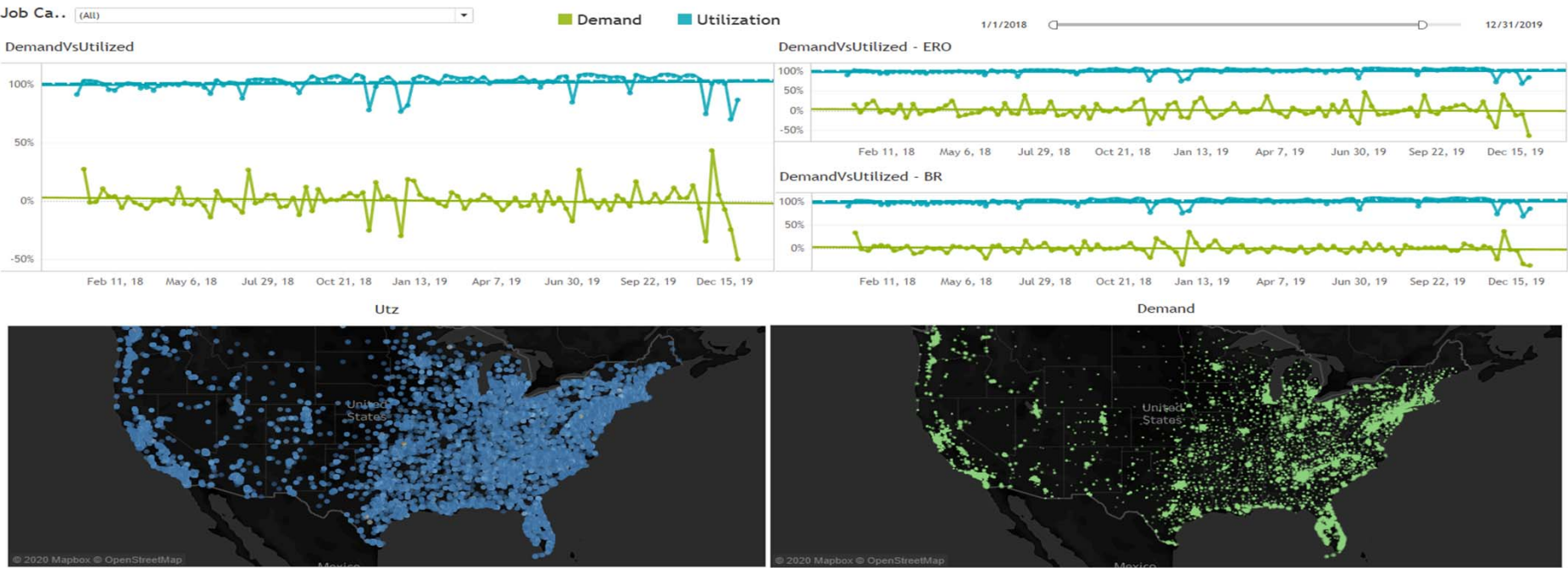
Pearson correlation analysis



Pearson Correlation Coefficient is a statistic that measures linear relation between two variables. This reports helps to identify the factors negatively impacting our target variables like Profit, Margin, Utilization, etc.

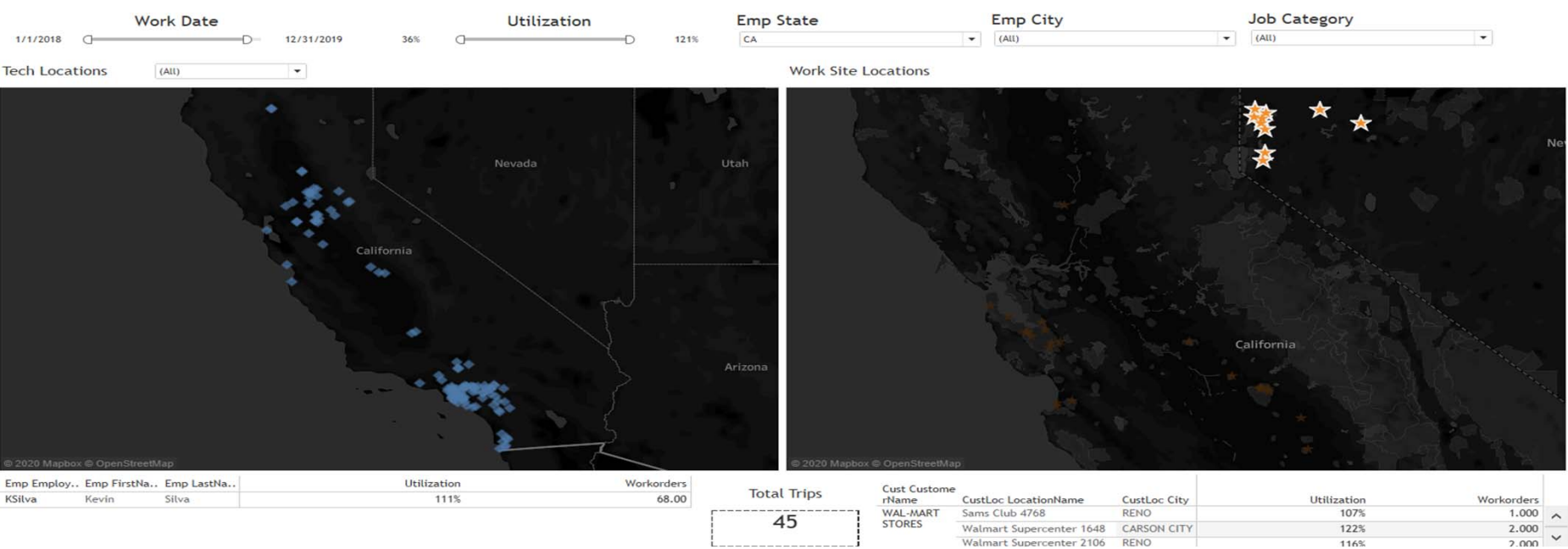


Demand vs. utilization



This report visualizes the Demand & Utilization across United States over last two years

Tech work pattern analysis



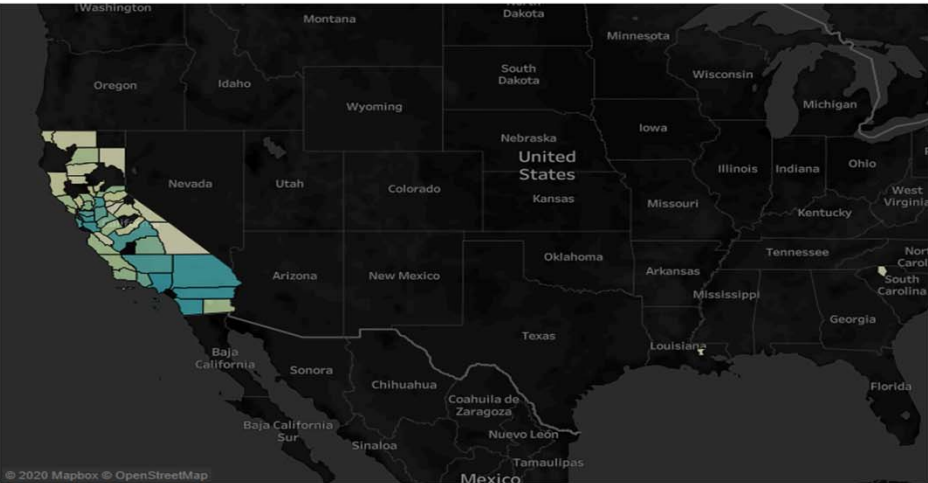
A detail location based report used to understand a tech work site patterns along his utilization and contribution.



Work load vs. utilization

1/1/2018 12/31/2019 State CA

Work Site Locations



Total WorkLoad (By County)

12,834 3,139,918

Tech Locations - New



Employee Avg. Utilization for that County

97% 129%

This report helps to identify workload by county and understand the location of techs contributed to that workload.

Tech skill analysis

Utz TechEmploy..		WOH	WOJobCategoryAbbr				Utz TechWorkDate	Utz_TechTruck Rating
Grand Total	Trip2WS	EBR	ERO	LBR	LRO		1/1/2018 12/31/2019	<input checked="" type="checkbox"/> (All)
	Workorders	26,092	29,116	16,399	237			<input checked="" type="checkbox"/> Null
	Avg. Utz_TechKronos_rate	11,076	9,895	3,723	38			<input checked="" type="checkbox"/> A
		32	31	33	26			<input checked="" type="checkbox"/> B
JElkin	Trip2WS	1,076	691	807			Utz_TechOverall Ra..	<input checked="" type="checkbox"/> C
	Workorders	468	189	236			<input checked="" type="checkbox"/> (All)	<input checked="" type="checkbox"/> D
	Avg. Utz_TechKronos_rate	50	50	50			<input checked="" type="checkbox"/> A	Utz_TechWorks Well with ..
MYagarich	Trip2WS	142	593	49			<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> (All)
	Workorders	48	277	15			<input checked="" type="checkbox"/> C	<input checked="" type="checkbox"/> Null
	Avg. Utz_TechKronos_rate	44	44	44			<input checked="" type="checkbox"/> D	<input checked="" type="checkbox"/> B
MDoyon	Trip2WS	547	248	300	87		Utz_TechSkill Level	<input checked="" type="checkbox"/> A
	Workorders	300	109	77	1		<input type="checkbox"/> (All)	<input checked="" type="checkbox"/> B
	Avg. Utz_TechKronos_rate	44	44	44	44		<input type="checkbox"/> Null	<input checked="" type="checkbox"/> C
MLeo	Trip2WS	590	517	512			<input type="checkbox"/> Apprentice	<input type="checkbox"/> D
	Workorders	281	115	149			<input checked="" type="checkbox"/> apprentice	Utz_TechPosition
	Avg. Utz_TechKronos_rate	43	43	43			<input type="checkbox"/> Journeyman	<input checked="" type="checkbox"/> (All)
JLucas	Trip2WS	1,186	528	994			<input type="checkbox"/> journeymen	<input checked="" type="checkbox"/> Field Coordinator
	Workorders	304	152	182			<input checked="" type="checkbox"/> Master	<input checked="" type="checkbox"/> Service Apprentice
	Avg. Utz_TechKronos_rate	43	43	43				<input checked="" type="checkbox"/> Service Electrician
VEspinoza	Trip2WS	307	263	180			Utz_TechNights / Weekends Availability	<input checked="" type="checkbox"/> (All)
	Workorders	175	104	44			<input checked="" type="checkbox"/> Null	<input checked="" type="checkbox"/> B
	Avg. Utz_TechKronos_rate	41	41	41			<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> C
PCassidy	Trip2WS	586	629	384				<input checked="" type="checkbox"/> D
	Workorders	267	291	82				
	Avg. Utz_TechKronos_rate	40	40	40				
BBennett	Trip2WS	363	716	249				
	Workorders	120	285	51				
	Avg. Utz_TechKronos_rate	40	40	40				
WCronin	Trip2WS	298	246	172				
	Workorders	187	124	66				
	Avg. Utz_TechKronos_rate	39	39	39				
SElston	Trip2WS	402	414	210				
	Workorders	200	100	100				
	Avg. Utz_TechKronos_rate	40	40	40				

A detailed report with tech rating to understand the work level contribution across major business lines



In state – out of state work patterns

Emp EmployeeID Emp St..		Trip2WS		Workorders	
		In State Work	Out of State Work	In State Work	Out of State Work
Grand Total		35,388	10,816	19,579	5,334
AAnderson	FL	759	1	537	6
AAttardi	NJ	504	75	146	35
ADanner	OH	355	199	221	111
ATorres	MS		14		8
BBennett	NH	655	341	275	180
BLemmon	MI	690	2	427	23
BSchlueter	MO	67	298	53	190
CAkers	VA	624	12	326	8
CByron	FL	785		356	2
CCabrera	FL	424	6	398	9
Clvory	FL	831	20	550	18
CKellner	TN	711	130	365	83
DBino	NJ	1		1	1
DCasado	FL	313	49	160	25
DRodriguez	NJ	280	289	103	111
EDiaz	FL	734	99	470	47
FBurns	CA	558	3	384	3
FEscobar	FL	844		444	
FMartin	FL	240	220	116	188
FSmith	IL	572	4	120	7
GNowicki	KY	582	45	348	28
GSierra	FL	588	3	366	4
JAtkins	AL	653	276	386	150
JElkin	OR	1,259	3	878	3
JFernandez	FL	673	3	310	7
JFolsom	SC	484	443	285	249
JGerau	WV	350	343	187	177
JHarteau	GA	486	9	386	14
JHawkins	GA	507	46	198	29
JJordan	NC		1		1

Utz_TechWorkDate
1/1/2018 12/31/2019

Utz_TechOverall Ra..
☒ (All)
☒ A
☒ B
☒ C

Utz_TechSkill Level
☐ (All)
☐ Null
☐ Apprentice
☒ apprentice
☐ Journeyman

Utz_TechPosition
☒ (All)
☒ Field Coordinator
☒ Service Apprentice
☒ Service Electrician

Utz_TechNights / Weekends Availability
☒ (All)
☐ Null
☒ A
☒ B
☒ C

Utz_TechTruck Rating
☒ (All)
☒ Null
☒ A
☒ B
☒ C

Utz_TechWorks Well with ..
☒ (All)
☒ Null
☒ B
☒ A
☒ B
☒ C

A detailed report with tech rating to understand the work level contribution across In-State and Out-of-State work orders

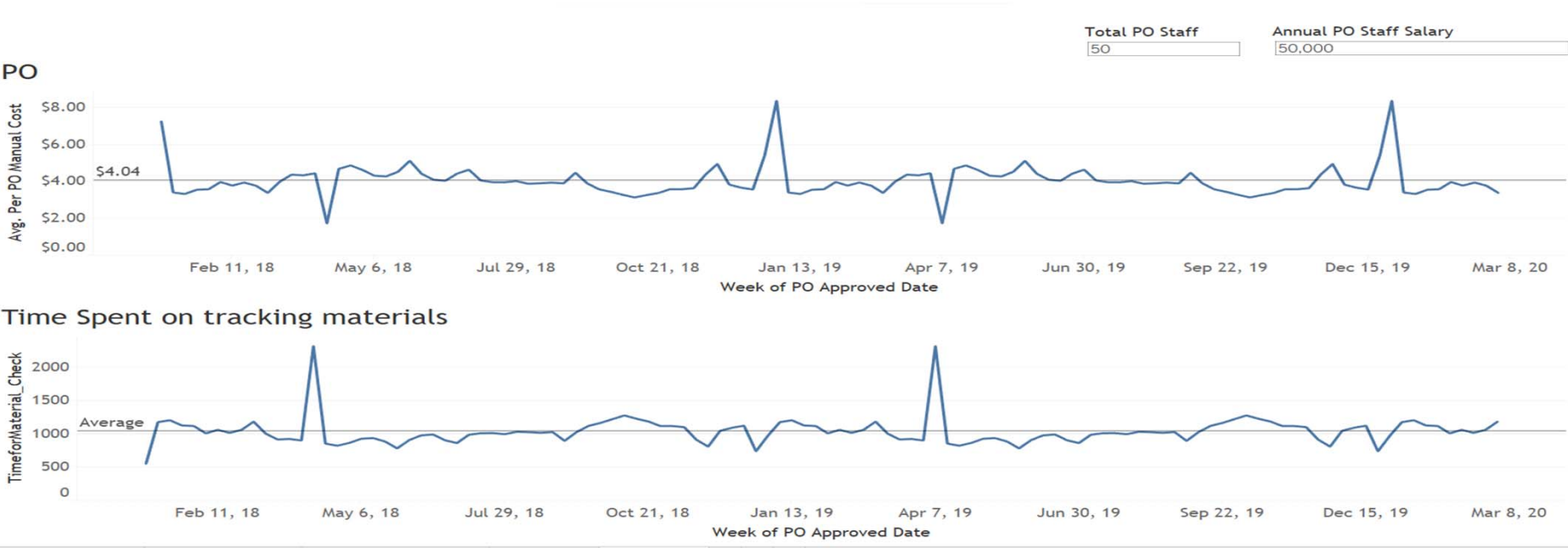
Material leakage

Job Category	2018			2019			Grand Total			Projtransdate
	Materials-Cost	Material Waste	Material Leakage	Materials-Cost	Material Waste	Material Leakage	Materials-Cost	Material Waste	Material Leakage	
Grand Total	21,147,126	2,114,713	10%	21,752,719	2,175,272	10%	42,899,845	4,289,984	10%	1/1/2018 12/31/2019
CRP	19,910	1,991	10%	176	18	10%	20,087	2,009	10%	Material Leakage
CSP	0	0	10%	0	0	10%	0	0	10%	10%
EBR	3,556,287	355,629	10%	3,406,701	340,670	10%	6,962,988	696,299	10%	
ER1	351,013	35,101	10%	202,864	20,286	10%	553,877	55,388	10%	
ER12	407,233	40,723	10%	39,361	3,936	10%	446,594	44,659	10%	
ERO	9,677,929	967,793	10%	12,267,705	1,226,770	10%	21,945,633	2,194,563	10%	
ESP	91,846	9,185	10%	1,321,621	132,162	10%	1,413,467	141,347	10%	
GOV				0	0	10%	0	0	10%	
HR1				195	20	10%	195	20	10%	
LBR	2,769,655	276,966	10%	2,659,372	265,937	10%	5,429,027	542,903	10%	
LR1	0	0	10%	76,024	7,602	10%	76,024	7,602	10%	
LRM	513,624	51,362	10%	549,900	54,990	10%	1,063,524	106,352	10%	
LRO	3,722,784	372,278	10%	895,131	89,513	10%	4,617,915	461,791	10%	
LRP	36,846	3,685	10%	-86	-9	10%	36,760	3,676	10%	
PR1	0	0	10%	17,388	1,739	10%	17,388	1,739	10%	
R1P				316,366	31,637	10%	316,366	31,637	10%	

A dynamic report used to calculate Material Waste across multiple Business Lines over last two years

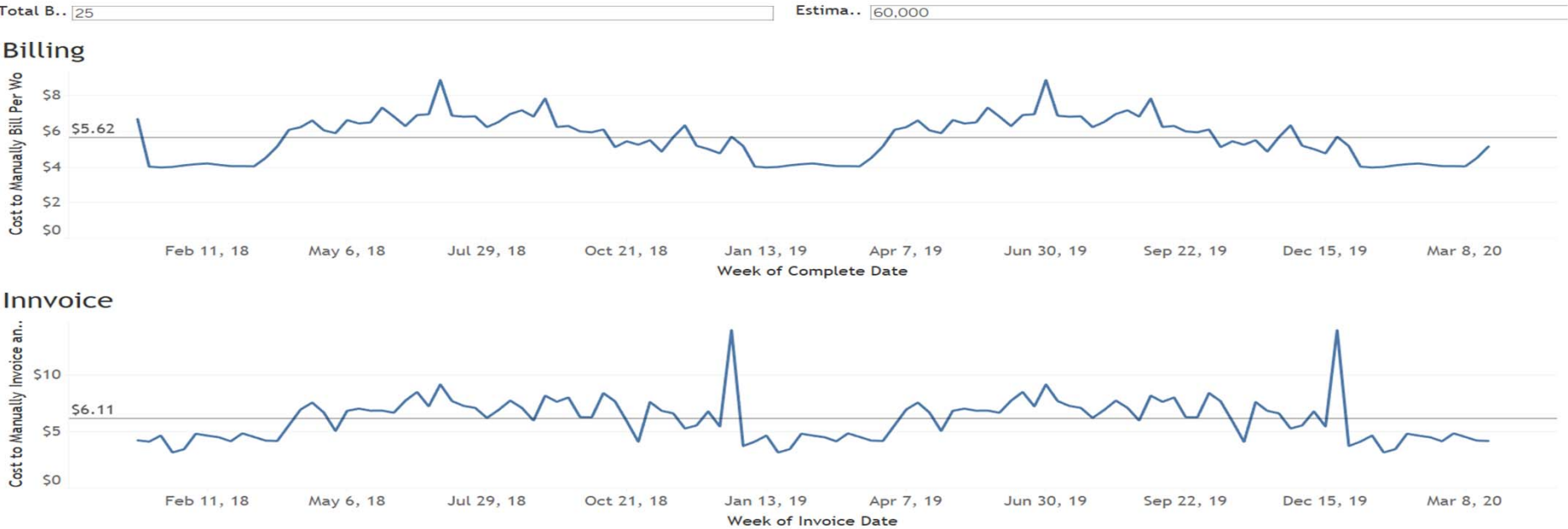


Manual time and costs tracking material and POs



A Dynamic report used to calculate manual costs for PO generation and time taken to track materials

Manual costs incurred per bill and invoice



A Dynamic report used to calculate manual costs incurred for generating Bill and Invoice manually.



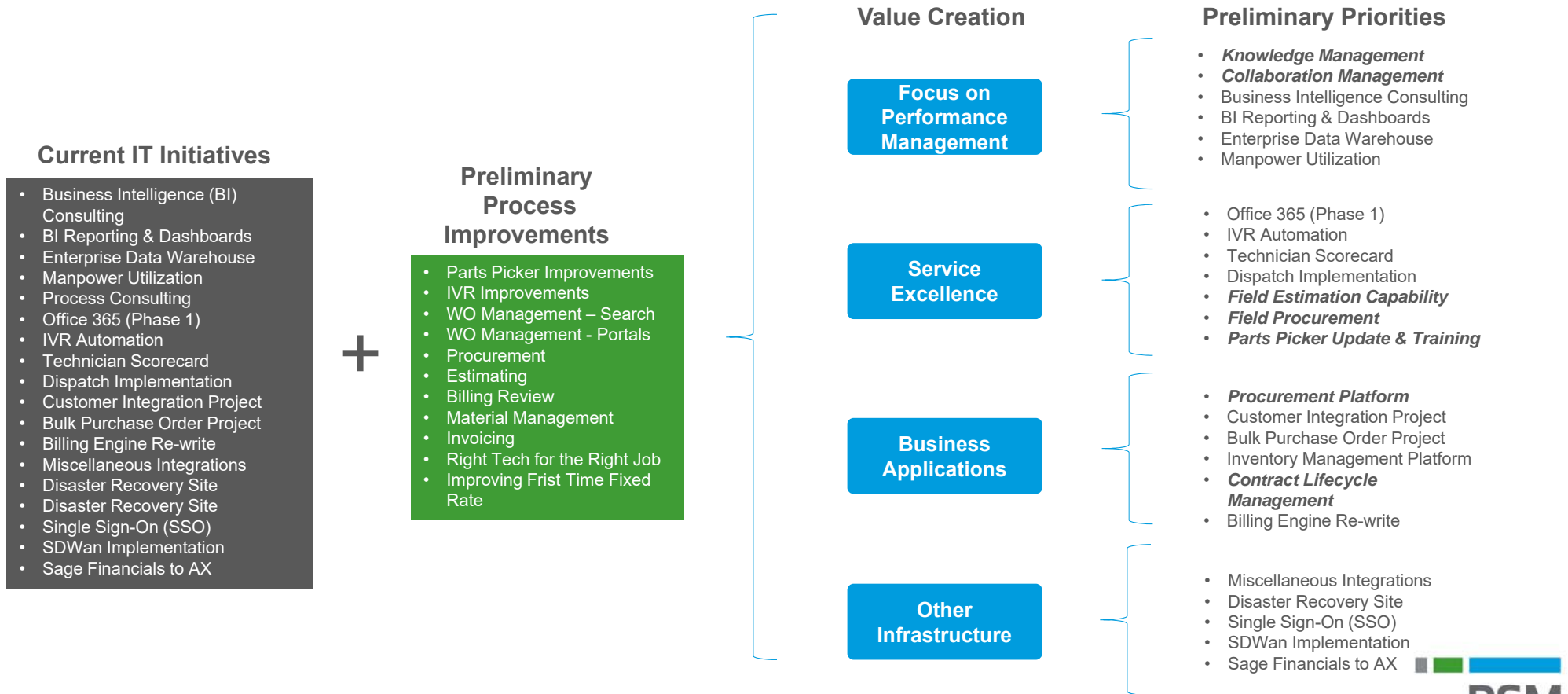
Projected operational efficiency savings and impact on margins

- The table below contains a number of operational efficiency projections based upon the historical data provided by the client applied to the performance of key business processes. The projections are intended to be directional savings, and do not represent a forecast.
- The RSM team analyzed a series of discrete processes on an individual use-case basis, accordingly, there could be some slight overlap in efficiency projections given the fact that the same data set was used to assess multiple processes.
- Taking into account the potential for overlapping of business process activities among technicians and back office team members, there is still the probability to achieve a range of \$10M to \$12M of operational efficiencies that could further drive margin improvements for the company.

	Operational Potential	Enhance Reporting	Enhance Control	Existing REMA Initiative	Integrate New Technology	Estimated Level of Effort	Expected Value Creation
Technician Profitability - Parts Picker Imp.	\$292,000	X	X	X		Medium	High
Technician Profitability – IVR Opp.	\$135,000						
Work Order Management – Search	\$51,000	X		X	X	Medium	High
Work Order Management – Portals	TBD				X		
Procurement (EBR & LBR)	\$135,000	X	X			High	Medium
Estimating	\$294,000	X	X			Medium	High
Billing Review	\$250,000	X				Low	Medium
Material Management	\$2,150,000	X			X	High	High
Invoicing	\$200,000	X				Low	Medium
Right Tech for the Right Job	\$2,967,000		X	(TBD)		High	High
Improving First Time Fixed Rate	\$8,500,000						



Enhancing the technology roadmap





DATA TRANSFORMATION JOURNEY

Gavin Backos

The innovation CFO: Becoming influential and driving value

The innovative CFO maximizes the value of a finance function through the alignment of strategic objectives with the planned design of the enterprise business model. The path to transforming and/or Innovating can be measured by the effectiveness of each component and is unique for each organization.



Office of the CFO: Target operating model

RSM's enterprise **target operating model** is an excellent tool to assess the client's current functional operating model, in order to create a business case for innovative change that supports your desired future state transformation.



Optimizing the office of the CFO – becoming influential and driving value



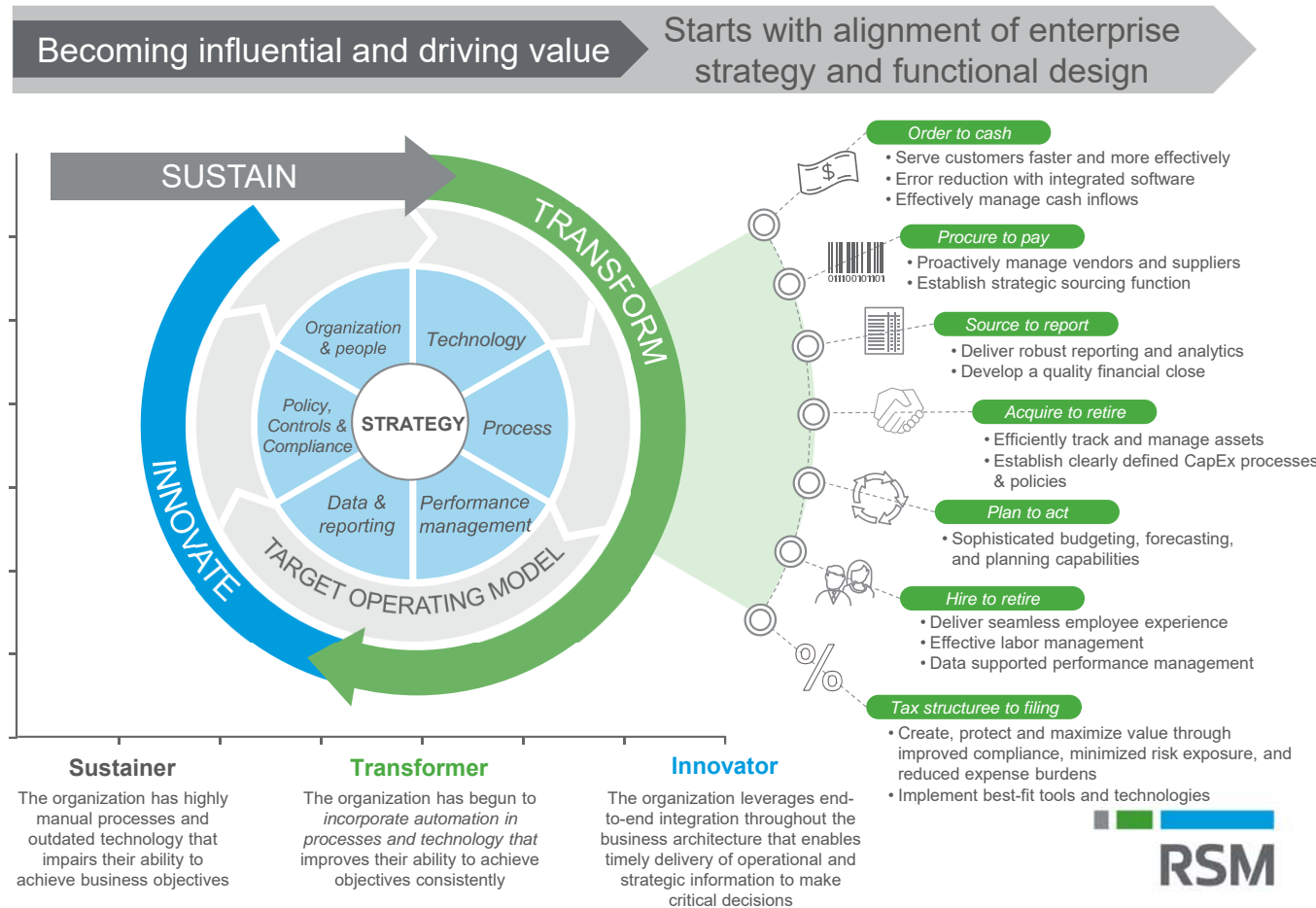
Optimizing the office of the CFO

The CFO's role is to enable the enterprise to effectively execute its **strategic vision** by providing a high performing finance function that integrates operations, finance, accounting, reporting, and performance measurement

The **innovative** CFO maximizes the value of a finance function through the alignment of strategic objectives with the planned design of the enterprise business model. The path to transforming and **innovating** can be measured by the effectiveness of each component RSM's enterprise **target operating model** and is unique for each organization.

Creating a business case for innovative change that supports your desired future state transformation begins with assessing your current functional operating model, evaluating your strategic goals and positioning your function value additive to the enterprise.

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Impacting the office of the CFO



Close faster

Ability to close, consolidate, and report up to

50% faster

than average



Save money

Perform the finance & accounting function at over

40% lower

cost than average



More analytical

Enable workforce to focus on analytical activities with

25% less

resources dedicated to transactional processing



More reliable

Improve data and reporting accuracy by

10%

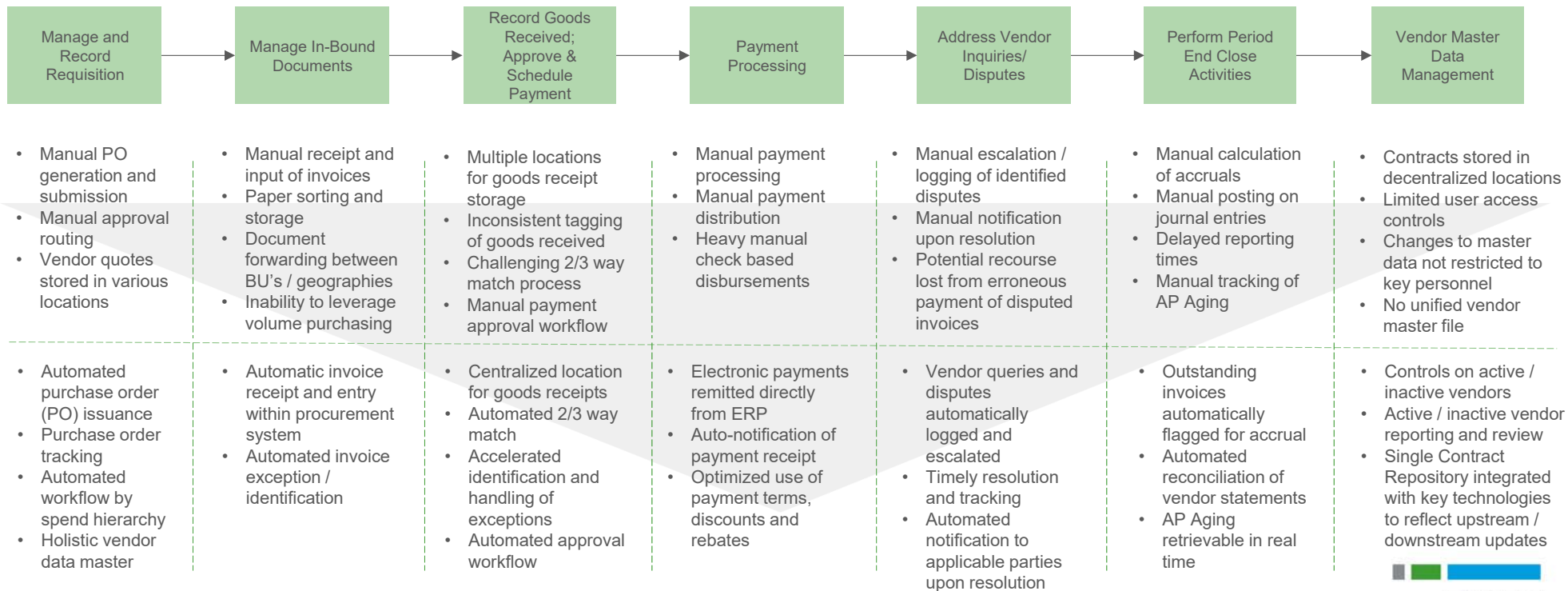
versus the average

Example function – Procure-to-pay: Maturity alignment

A transition from a Sustainable to an Innovative Procure to Pay business process will enable organizations to become more efficient, scalable, effective, accurate, and controlled across people, process, and technology landscape.

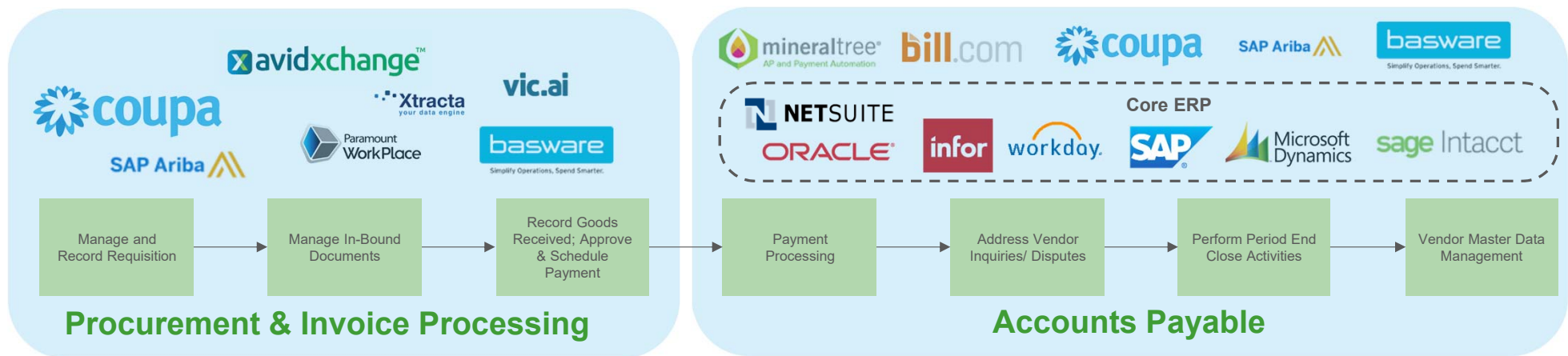
Path to
Innovator

Sustain



Example function – Procure-to-pay: Technology alignment

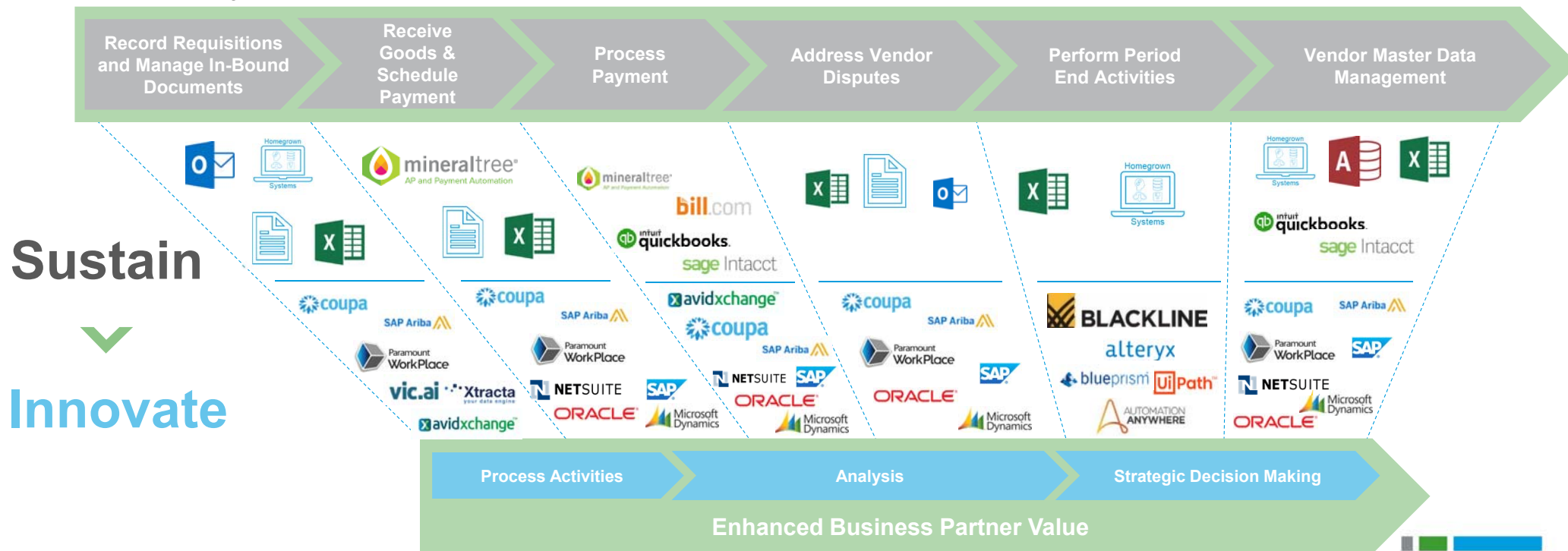
A transition from a Sustainable to an Innovative Procure to Pay business process will enable organizations to become more efficient, scalable, effective, accurate, and controlled across people, process, and technology landscape.



- | | | | | | | |
|---|---|--|---|--|--|--|
| <ul style="list-style-type: none"> Automated purchase order (PO) issuance Purchase order tracking Automated workflow by spend hierarchy Holistic vendor data master | <ul style="list-style-type: none"> Automatic invoice receipt and entry within procurement system Automated invoice exception / identification | <ul style="list-style-type: none"> Centralized location for goods receipts Automated 2/3 way match Accelerated identification and handling of exceptions Automated approval workflow | <ul style="list-style-type: none"> Electronic payments remitted directly from ERP Auto-notification of payment receipt Optimized use of payment terms, discounts and rebates | <ul style="list-style-type: none"> Vendor queries and disputes automatically logged and escalated Timely resolution and tracking Automated notification to applicable parties upon resolution | <ul style="list-style-type: none"> Outstanding invoices automatically flagged for accrual Automated reconciliation of vendor statements AP Aging retrievable in real time | <ul style="list-style-type: none"> Controls on active / inactive vendors Active / inactive vendor reporting and review Single Contract Repository integrated with key technologies to reflect upstream / downstream updates |
|---|---|--|---|--|--|--|

Example function – Procure-to-pay: Digital evolution

An organization's digital maturity evolves from Sustainable to Innovator through the use and implementation of applications and software. The graphic below shows a typical transformation as it relates to the software surrounding Procure to Pay





DIGITAL WORKFLOW

Ron Browning

Why digital transformation of business processes and operations?

Digital transformation drivers – where are your focuses?

DIGITAL TRANSFORMATION BENEFITS



Enhanced cost efficiency



Operational scalability and sustainability



Reduced time spent on administrative-type activities



Reduced risk



Organizational alignment based on workload, needs and goals



Improved process performance and accuracy



Data-driven decisions on major business systems



More efficient time-to-market



Increased collaboration and coordination



Scalable digital work environments



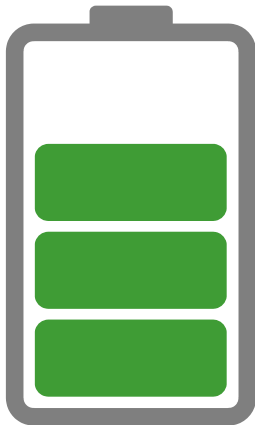
Improved communication throughout the organization

Why digital transformation of business processes and operations?

Impact on COVID-19

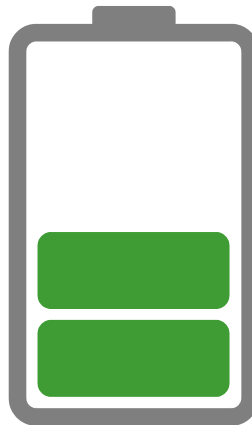
Never before has it been so important to be agile. As illuminated by the ongoing COVID-19 pandemic, **technology and digital transformation are no longer optional.**

75%



of organizations were
unprepared from a business
continuity perspective

< 50%



of organizations have a digital
strategy, though the majority
are increasing digital spending

70%



of customer interaction will be
led by technology by 2022, as
consumer expectations change

Digitizing business and operational processes

Two components

Two Core Components



TECHNOLOGY
ENABLEMENT



Digitizing business and operational processes

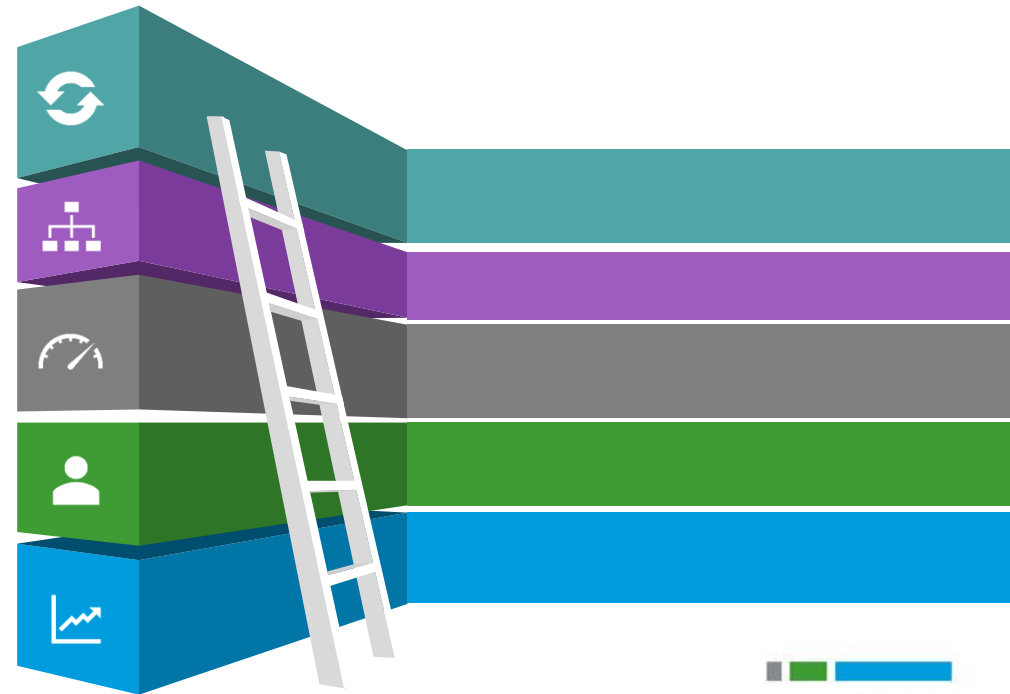
Two components

Process Optimization

Automation and digitizing process should be focused on:

- ➡ Low-value, high-volume
- ➡ Inter-departmental
- ➡ Efficiency and quality
- ➡ Creating head room for more valuable work
- ➡ Maintaining or increasing output

Caution: Never automate an inefficient or ineffective process



Digitizing business and operational processes

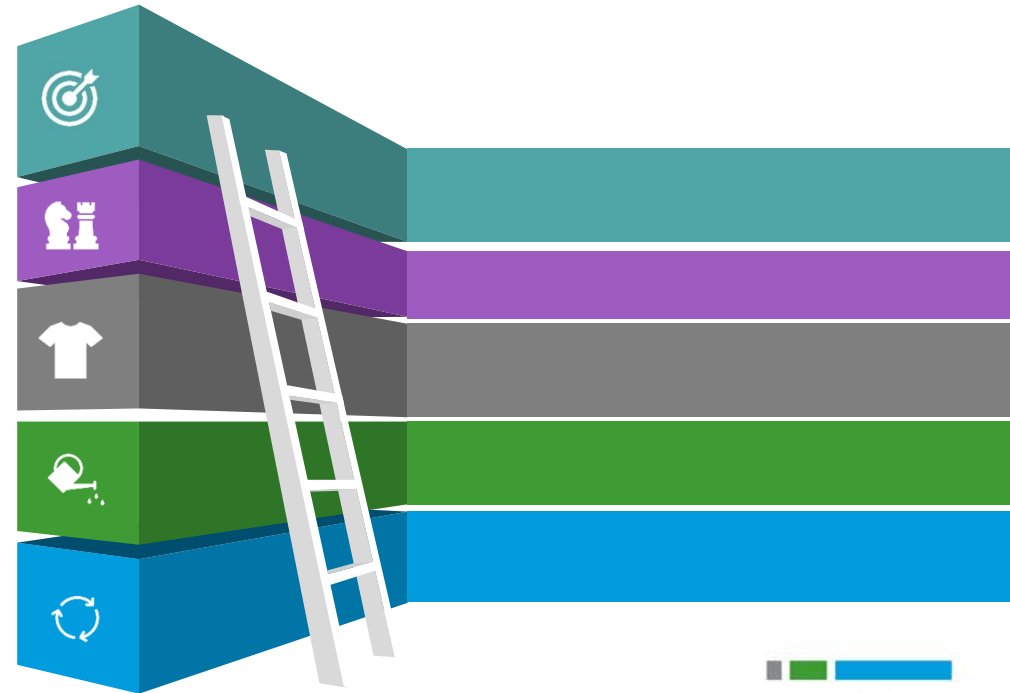
Two components

Technology Enablement

Selecting the right technology should be focused on:

- ➡ Business or operational objectives (benefits)
- ➡ Alignment to an overall technology strategy
- ➡ Purpose fit
- ➡ Scalability
- ➡ Longevity

Caution: Avoid over-confident technologies



What is digital transformation/?

Digital transformation technologies

Robotic Process Automation

- Cost of robot a fraction of FTE, work up to 5x faster 24/7
- Reduction of human error rates → enhanced compliance and security
- Robots can easily replicate and scale activities to meet peak or atypical workloads



Finance Automation

- Automated account reconciliation & task management → 75% reduction in close cycle time, 50% in time spent
- Strong audit trail & ease of information exchange with auditors



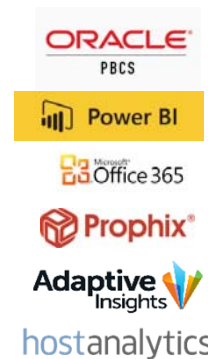
Artificial Intelligence

- Advanced process automation
- Strengthened analytical capabilities
- Learns, adjusts, and improves



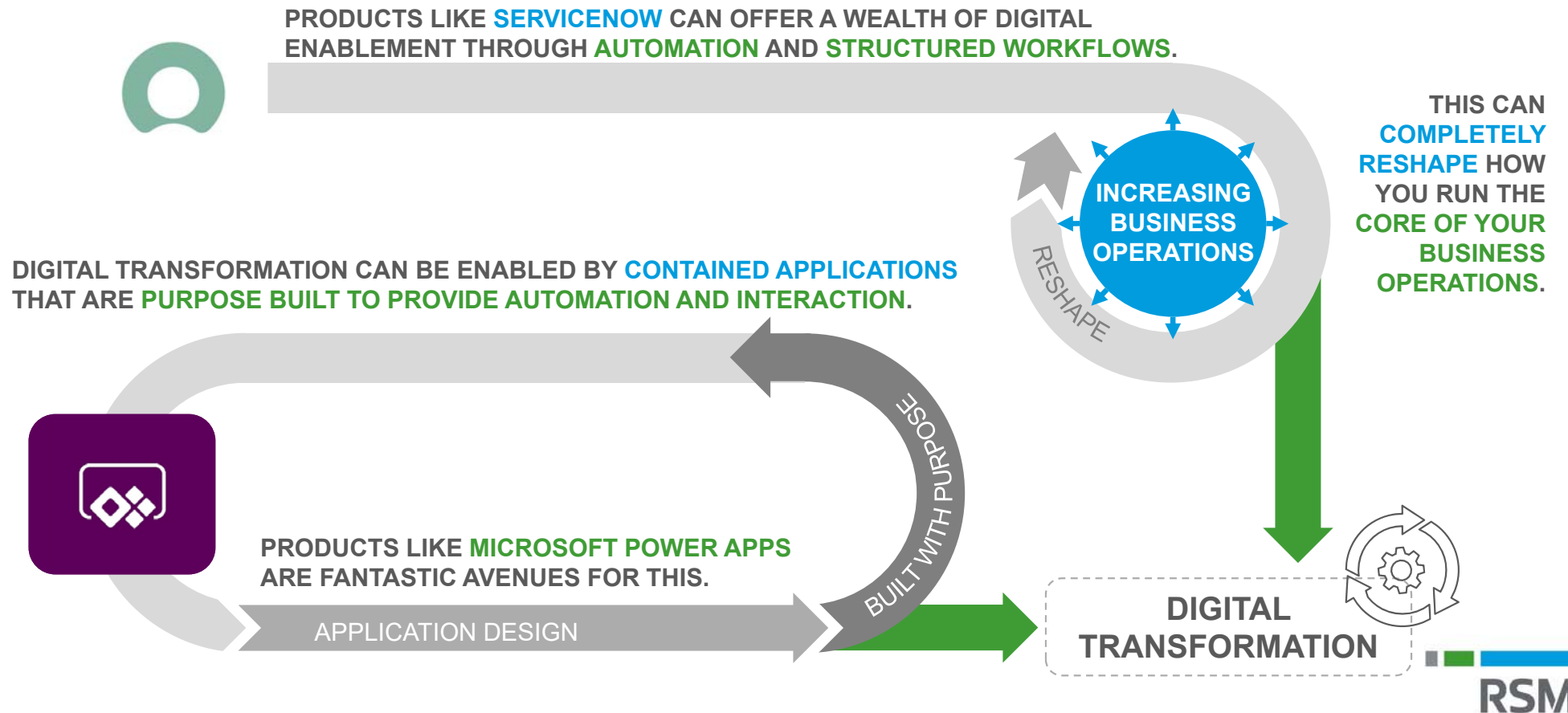
Insights & Analytics

- Analysis of business transactions and data for actionable insights
- Forecasting capability of key metrics to increase efficiency



Digitizing business and operational processes

Aligning technology to process and outcomes



Digitizing business and operational processes

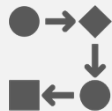
Aligning technology to process and outcomes

Digitizing business and operations processes is a transformational opportunity to systemically change how work is executed and managed within your organization

This is a culture change.



Collaboration between teams.



Automated facilitation of demand



Access to new operational performance data



Coordinated facilitation of demand



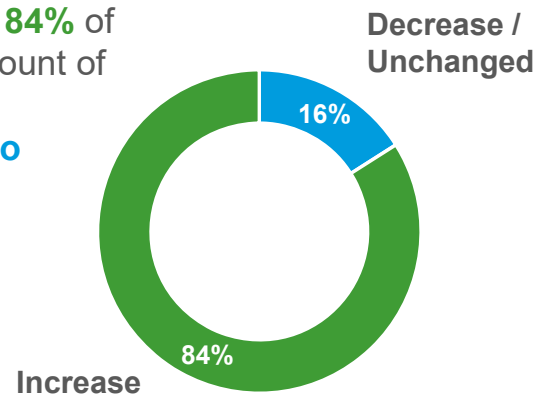
How do you start the journey

RSM 2018 Digital Transformation survey results



72%
of organizations will
**increase digital
transformation spending**
over the next three years.

Over the next three years **84%** of companies expect the amount of investment in **customer experience technology to increase**.



MOST LIKELY ACTION ITEM FOR DIGITAL TRANSFORMATION

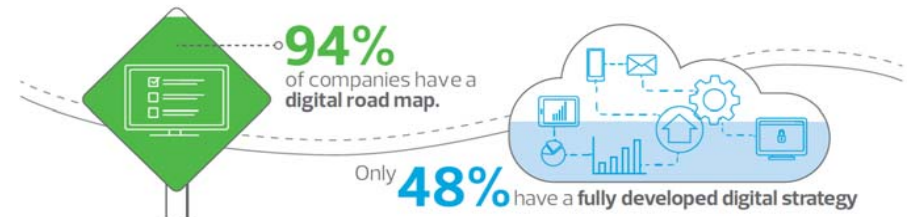


55%
Increasing spend on
digital solutions



48%
Investing in education programs
on digital for employees

However, the same survey has shown that many **companies** are **pursuing digital efforts without** a fully developed **strategy**.

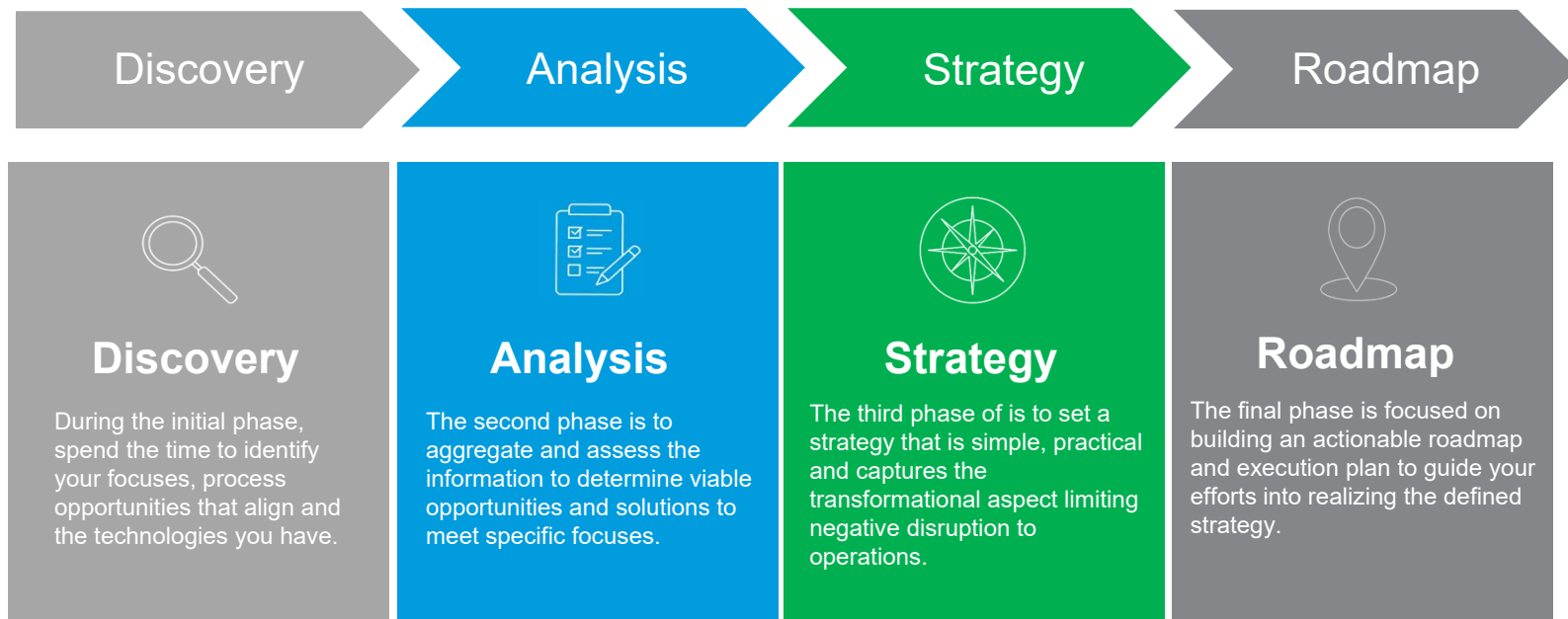


How do you start the journey

Getting started

It's important to just get started

This involves understanding and evaluating technology in the context of your organization and digital process opportunities:






QUESTIONS AND ANSWERS



THANK YOU FOR
YOUR TIME AND
ATTENTION



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