



scottmadden
MANAGEMENT CONSULTANTS

Smart. Focused. Done Right.®

Workshop A

Leveraging Automation, Analytics and AI to Transform Your Business

SSOW LATAM, San Jose, Costa Rica

October 11, 2022

Today's Discussion

- Introduce ScottMadden
- Define Intelligent Automation Strategy
- Identify Target Processes
- Define Governance
- Plan Delivery Model Changes
- Focus on Talent





Introduction to ScottMadden



Who We Are

ScottMadden is a management consulting firm with more than **35 years** of deep, hands-on experience.

We deliver a broad array of **corporate and shared services consulting services**—from strategic planning through implementation—across many industries, business units, and functions.

WE DO

**WHAT IT TAKES
TO GET IT DONE
RIGHT**

EXPERIENCE

Our experienced team has been a pioneer in corporate and shared services since the practice began decades ago. We employ deep, cross-functional expertise to produce practical, measurable solutions.

SCOPE

We have completed more than 2,100 projects since the early '90s, including hundreds of large, multi-year implementations. Our clients range across a variety of industries from energy to healthcare to higher education to retail. Our areas of expertise span the spectrum of middle and back office corporate and shared services.

SERVICES

We have helped our clients with business case development, shared services design, shared services build support, implementation, and improvement.

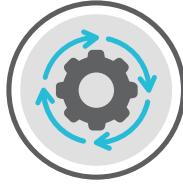
Our corporate and shared services knowledge, expertise, and experience are unmatched—no other firm has helped more clients with more unique solutions.

Corporate and Shared Services Capabilities



Design

- Current state analysis
- Future state design
- Business case development
- Service delivery model design
- Work scope delineation
- Intelligent automation strategy
- Sourcing evaluation
- Organizational design
- Technology evaluation
- Transformation planning
- Implementation planning
- Change management



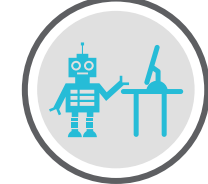
Build

- Project management
- Service and transaction center build
- Detailed organizational design
- Staffing
- Process redesign
- Technology design, selection, implementation, and support
- Education and training
- Facility design and setup
- Change management
- Sourcing implementation



Improve

- Analytics setup and deployment
- Operations improvement
- Governance
- Service expansion
- Cost reduction
- Process redesign
- Intelligent automation opportunities/implementation
- Technology upgrade
- Merger and acquisition integration
- Field resource development
- Voice-of-the-customer surveys
- Metrics and performance management



Automate

- Enterprise-wide strategy
- Pilot program design
- Process selection
- IA vendor selection
- Robot development
- ROI determination
- Testing scenarios/oversight
- Metrics and analytics
- COE/Governance design
- Training support
- Production readiness

Our Areas of Focus

FINANCE AND ACCOUNTING

We help companies transform their finance and accounting operations. Through enterprise financial business services, strategic centers of expertise, intelligent automation solutions, hybrid insource/outsource delivery models, and other solutions, we help you increase value for your company.

HUMAN CAPITAL

We offer HR transformation (including HR shared services), analytics, HR systems (selection, implementation, and optimization), process design and continuous improvement, talent and employee engagement strategy and programs, and payroll—the services your organization needs to excel.

MULTIFUNCTION/GLOBAL BUSINESS SERVICES (GBS)

We move shared services to the next generation—integrating finance, human resources, information technology, supply chain, and/or other business services into a single, multifunction shared services or GBS operation with effective governance and management.

SUPPLY CHAIN

We assist clients across the full range of supply chain processes and have the unique ability to create alignment between supply chain and its stakeholders. From crafting new supply chain strategies to restructuring your organization to improving your daily operations, we help you with every step.

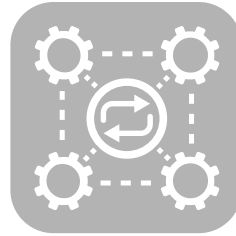
TECHNOLOGY

From IT assessments and strategic direction to governance, cybersecurity, and risk and compliance management, we can help your organization get the most out of its IT investment. We can also help you optimize your projects to focus on delivering business outcomes, not just installed technology.

BUSINESS SUPPORT SERVICES

We help our clients integrate various administrative services into their shared services model to improve service response performance to the business. Services often include real estate, facility maintenance, fleet, security, sales and marketing, insurance, customer service, research, and others.








Define Intelligent Automation Strategy



What's Really Out There... And Being Used

| |  Robotic Process Automation |  Virtual Agents and Chatbots |  Artificial Intelligence |
|--------------------------------------|---|---|--|
| Level of Adoption | 80% ¹ | 45% ¹ | 43% ¹ |
| Characteristics of Data Input | Structured, rule driven, and static | Structured data, but requires cognitive computing | Unstructured/structured data with hidden patterns |
| Nature of Ideal Process Fit | <ul style="list-style-type: none"> ■ Digital repetitive steps ■ Rule-based/logic driven ■ Time consuming ■ Documented ■ Static rules | <ul style="list-style-type: none"> ■ Customer-interfacing ■ Requires access to solve ■ Multiple languages required ■ Multiple time zones required | <ul style="list-style-type: none"> ■ Requires research ■ Non-routine inquiries ■ Formula-driven ■ Requires pattern and detailed analysis |
| Process Candidate Examples | <ul style="list-style-type: none"> ■ AP/AR management ■ Billing and invoices ■ Data entry/management | <ul style="list-style-type: none"> ■ Customer service ■ Vendor inquiries ■ Delivery/scheduling | <ul style="list-style-type: none"> ■ Document research (contracts) ■ Forecasting (turnover) ■ Problem solving |

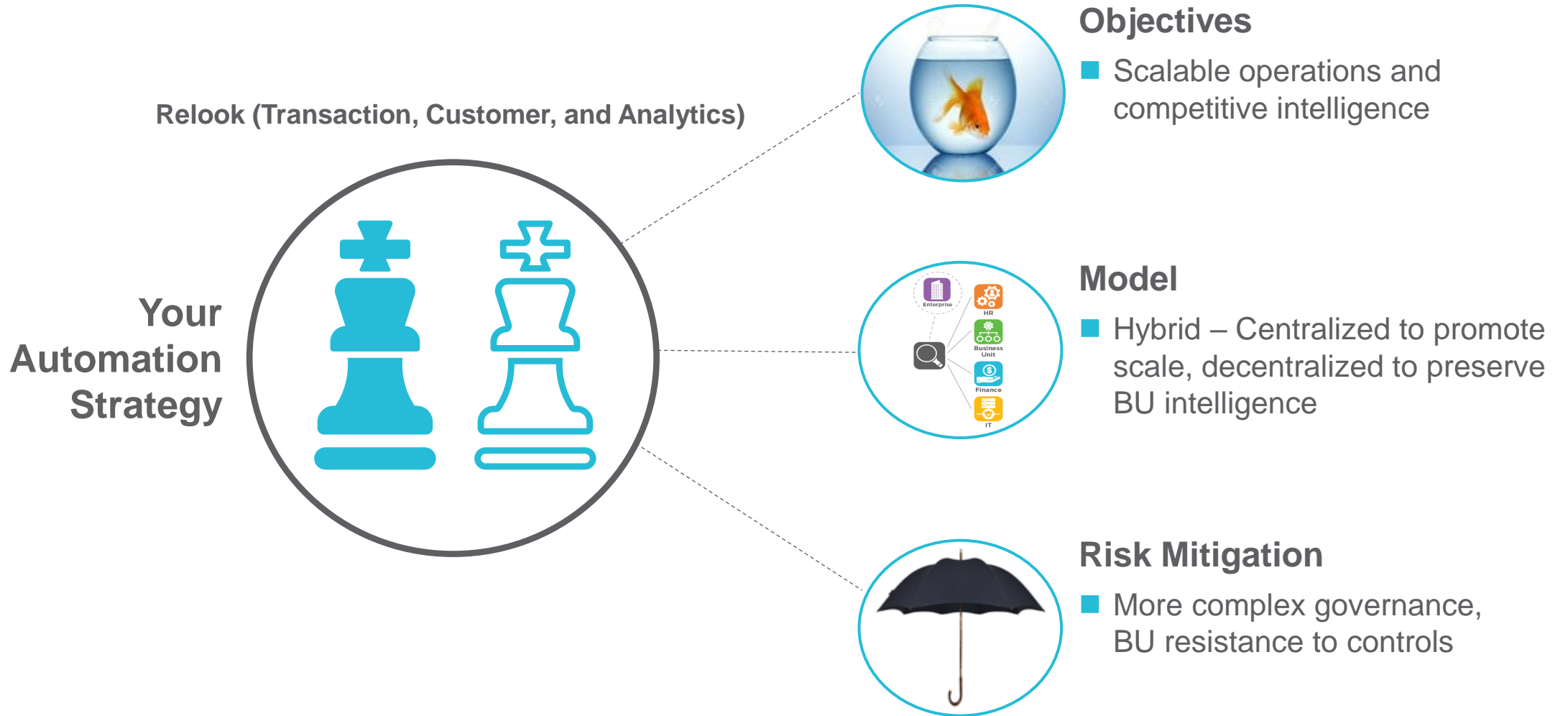
Data structure and integrity is essential across all IA.

Determine and Align on Strategic Priorities

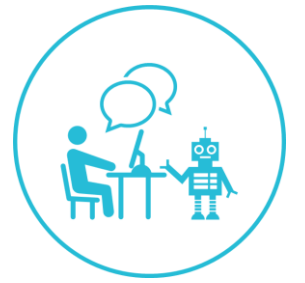
Answers help define program design and funding requirements.



Choosing the Right Path for Your Organization...

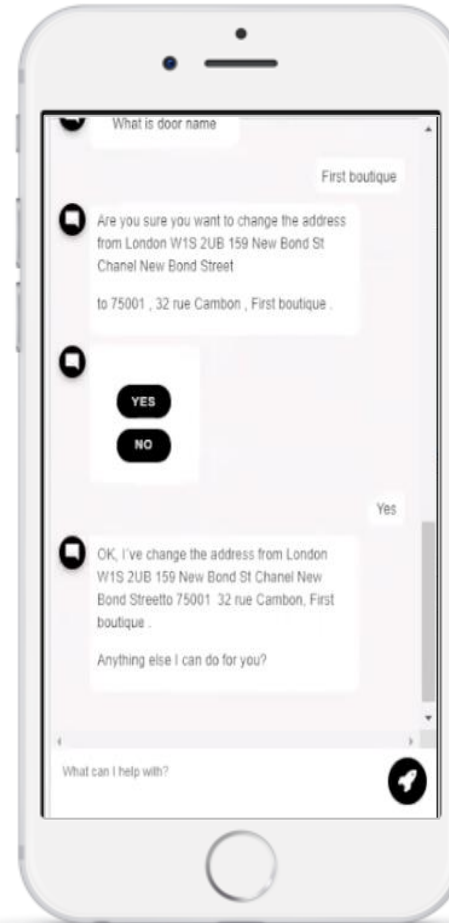


Pressing Further than RPA – Chatbot Applications



Potential Pilots

- 1 Customer self-service
- 2 Response management
- 3 Content delivery
- 4 Data entry and maintenance



Recent MDM pilot conducted by ScottMadden and Jacada

Pressing Further than RPA – Virtual Agent Applications



Virtual Agents are tools designed to mimic the role of online, human services representatives. They connect company data, systems, and service delivery channels.

- Draws real-time information from ERPs, CRMs, and external sources
- Reads natural language and looks for key information
- Understands and speak numerous languages
- Detects underlying meaning of your statements
- Asks clarifying questions
- Measures own performance and self corrects
- Observes successful human interactions and adjusts performance
- Maintains a complete audit trail
- Passes relevant information when escalating to humans



Recent TA interview scheduling pilot conducted by ScottMadden and Paradox

Pressing Further than RPA – Artificial Intelligence Applications



Potential Pilots

- JEs from email traffic
- Real-time data flash reports
- New, real-time FP&A market data
- T&E compliance
- Fraud detection/prevention



Finance use cases being examined by ScottMadden and ITyX

AI Examples

| | | |
|-----------------|---|---|
| H&R Block | ➔ | Use AI to find Tax Audit Risks |
| Bank of England | ➔ | Improve Quality of Data Input |
| Baker Hughes | ➔ | Answer Supplier Questions with Virtual Agent |
| DHL | ➔ | Alert Suppliers to Risks with Language Processing |
| JPMorgan Chase | ➔ | Review Commercial Loans in Seconds vs Months |

Leveraging Best-of-Breed Automation Tools

Examples of Best-of-Breed IA integrated functionality:

O2C Tools

- Recognize **patterns of short pays** and connect to reason
- Correctly **format bank files** for processing
- **Book appointments** to discuss discrepancies

P2P Tools

- Sort through bids and **find best-capability** combinations
- Recognize and **stop duplicate spend**

Travel and Expense Tools

- Recognize patterns of **non-compliant travel expenses**
- External searches to **ensure compliance** with local laws
- **Recognize fraud** (unauthorized bank cards)

Forecasting and Planning Tools

- **Predictive patterns** for sales, inventory, and cash flow
- **Modelling scenarios** for predictive outcomes

Smart Document Capture

- **Language capture** and document classification
- Selection of **right process workflow**

Create Cases that Integrate Solutions (RPA-Chatbots-Virtual Agents-AI)

“In a Few Words, Just Tell Me What You Need...”

Finance Applications



- Respond to policy questions
- Answer vendor questions on invoice status
- Answer questions on tax application
- Process accounting close items
- Answer questions on past due account status
- Obtain credit calculation information
- Answer time and expense questions

HR Applications



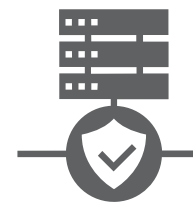
- Respond to policy questions
- Respond to HR questions (e.g., vacation balances, retirement funds, etc.)
- Process personal data changes
- Process leave requests
- Orient new hires
- Identify, communicate with, and screen candidates

Sales and Supply Chain



- Quote a price on a product
- Process a sales order
- Develop a purchase requisition
- Answer a material tracking question
- Alter a shipping route
- Answer an inventory question
- Create a bill

Information Technology

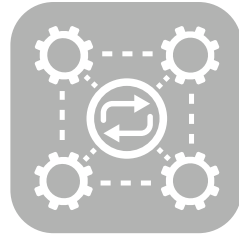


- Respond to policy questions
- Engage in troubleshooting dialogue
- Check credentials and assign user access
- Issue a password reset
- Answer questions on applications
- Collect information for IT requisitions
- Answer network connectivity questions

Questions to Consider...

How do you get your executives to understand digital/automation?

- Introduce them to someone that has formulated a “digital strategy”
- Record a PoC or pilot, and show it off
- Introduce them to people that were/are consumed with mundane tasks (keying)



Identify Target Processes



A Process Breakdown Will Lead Clues to IA Opportunity

Perform Revenue Accounting

1.0 Process Customer Credit

- 1.1 Establish credit policies
- 1.2 Analyze/Approve new account applications
- 1.3 Review existing accounts
- 1.4 Produce credit/collection reports
- 1.5 Reinstate or suspend accounts based on credit policies

Analytical = AI?

2.0 Invoice Customer

- 2.1 Maintain customer/product master files
- 2.2 Generate customer billing data
- 2.3 Transmit billing data to customers
- 2.4 Post receivable entries
- 2.5 Resolve customer billing inquiries

Transactional = RPA?

3.0 Process Accounts Receivable

- 3.1 Establish AR policies
- 3.2 Analyze/Approve new account applications
- 3.3 Apply cash remittances
- 3.4 Prepare AR reports
- 3.5 Post AR activity to the general ledger

4.0 Manage and Process Collections

- 4.1 Establish policies for delinquent accounts
- 4.2 Analyze delinquent account balances
- 4.3 Correspond/Negotiate with delinquent accounts
- 4.4 Discuss account resolution with internal parties
- 4.5 Process adjustments/write off balances

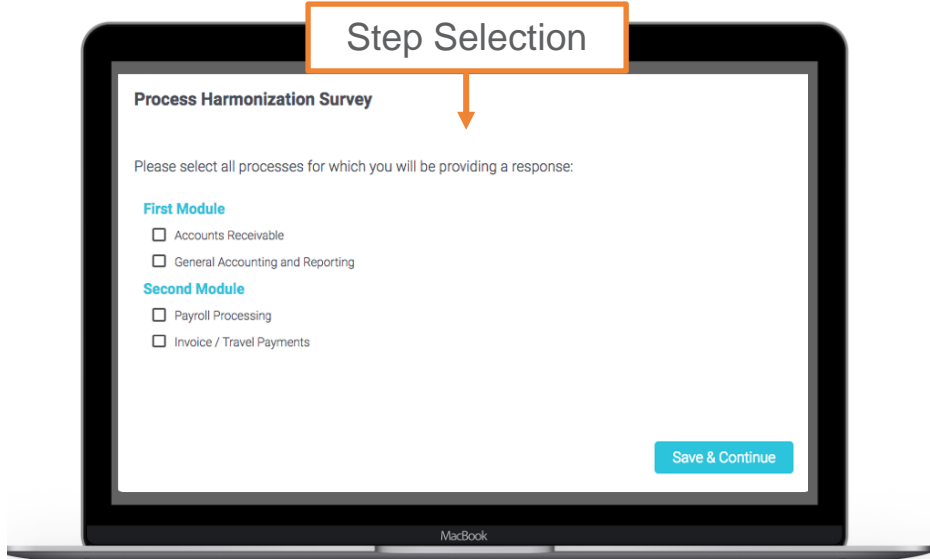
Customer Facing = Chatbots/Virtual Agent?

5.0 Manage and Process Adjustments/Deductions

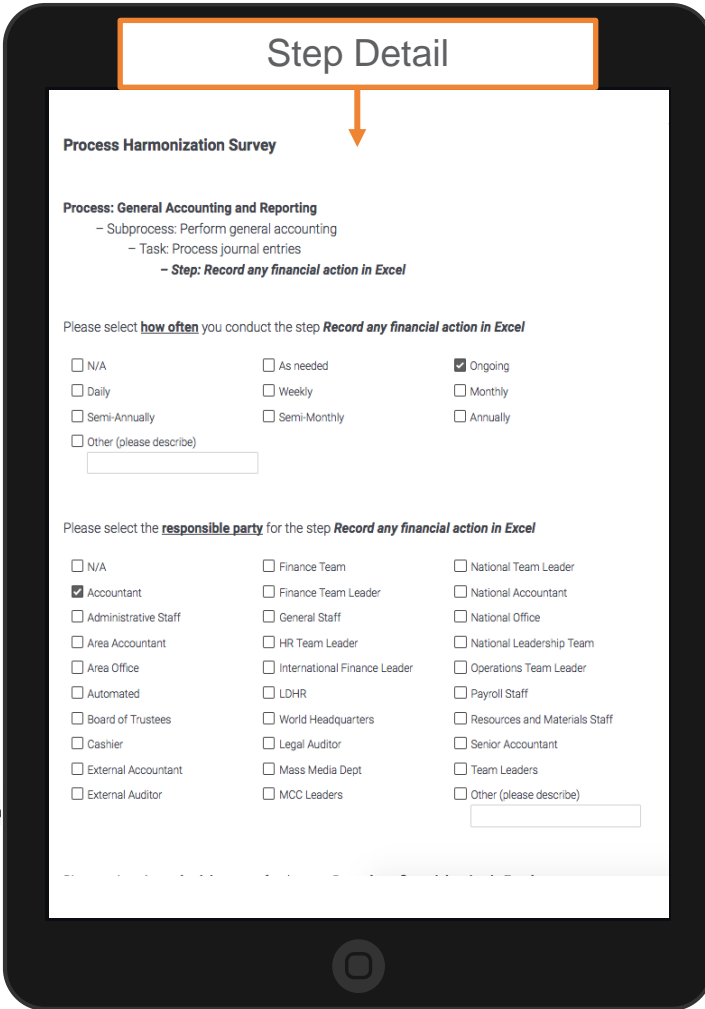
- 5.1 Establish policies/procedures for adjustments
- 5.2 Analyze adjustments
- 5.3 Correspond/Negotiate with customer
- 5.4 Discuss resolution with internal parties
- 5.5 Prepare chargeback invoices
- 5.6 Process related entries

Deploy a Process Analytics Survey for Insights

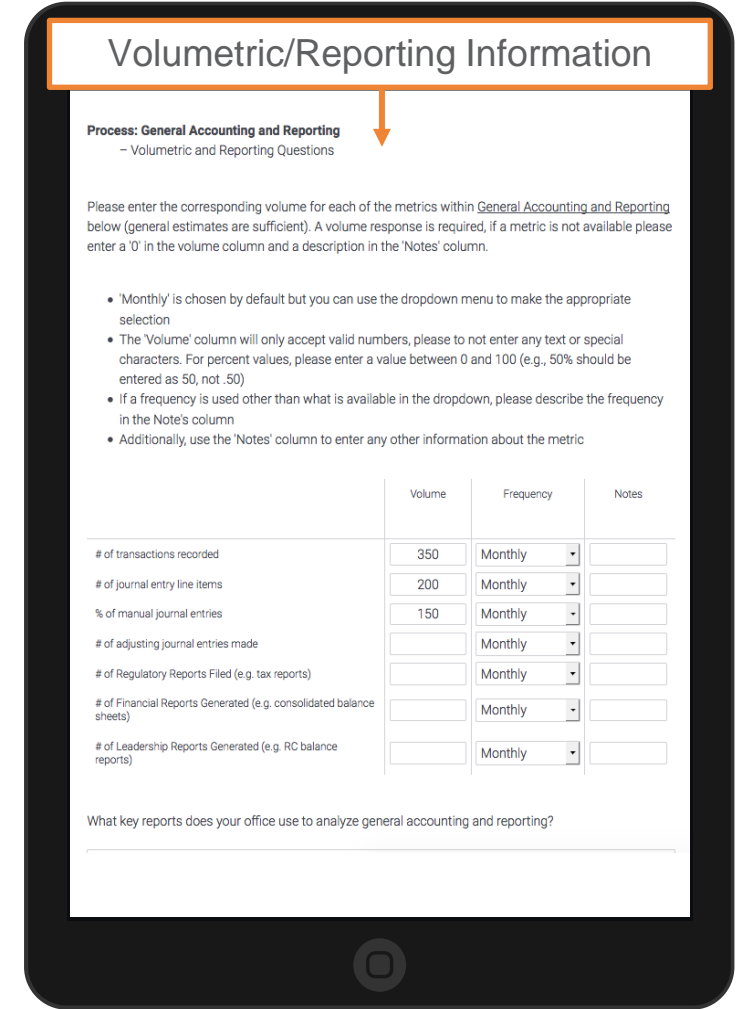
Step Selection



Step Detail



Volumetric/Reporting Information



Process Analytical Tools Provide Great Insight

Process Tools Can...

- Identify process attributes that lend themselves to the right IA capability (e.g., RPA, Virtual Agents, and AI technology)

| Activity and Subactivity | Process | How Often? | Responsible Party | Authorizing Party (if applicable) | Tool / Technology Used | Related Policy | Work Characterization | Government Regulations | Tax Law |
|--|---|------------|-------------------|-----------------------------------|------------------------|----------------|-----------------------|------------------------|---------|
| <p>Instructions: Check all that apply or those that most closely resemble your process. If your process is not listed, please type in the cells below "Other".</p> <p>Use drop down menu to make appropriate selection</p> <p>Use drop down menu to make appropriate selection</p> <p>Use drop down menu to make appropriate selection</p> <p>Use drop down menu to make appropriate selection</p> <p>Use drop down menu to select whether there is a national, area, or global policy for this activity</p> <p>Type the description of the related policy in the cells below</p> <p>Type any related gov't regulations in the cells below</p> <p>Type any related tax law in the cells below</p> | | | | | | | | | |
| Process Donations / Accounts Receivable | | | | | | | | | |
| Process customer <input type="checkbox"/> | | | | | | | | | |
| Establish credit policies | | | | | | | | | |
| <input type="checkbox"/> | Not Applicable | | | | | | | | |
| <input type="checkbox"/> | Establish/revise national credit policy as necessary. No defined process | | | | | | | | |
| Other: Please describe below | | | | | | | | | |
| <input type="checkbox"/> | | | | | | | | | |
| Analyze/Approve new account applications | | | | | | | | | |
| <input type="checkbox"/> | Not Applicable | | | | | | | | |
| Other: Please describe below | | | | | | | | | |
| <input type="checkbox"/> | | | | | | | | | |
| Review existing accounts and balances | | | | | | | | | |
| <input type="checkbox"/> | Not Applicable | | | | | | | | |
| <input type="checkbox"/> | Perform review of existing accounts and balances periodically and as needed | | | | | | | | |
| Other: Please describe below | | | | | | | | | |
| <input type="checkbox"/> | | | | | | | | | |
| Produce credit/collection reports | | | | | | | | | |
| <input type="checkbox"/> | Not Applicable | | | | | | | | |
| <input type="checkbox"/> | Generate reports from accounting software | | | | | | | | |
| <input type="checkbox"/> | Draft emails to notify debtors of delinquent accounts either based on knowledge of debtors or by looking within the accounting software | | | | | | | | |
| Other: Please describe below | | | | | | | | | |
| <input type="checkbox"/> | | | | | | | | | |
| Reinstate or suspend accounts based on credit policies | | | | | | | | | |
| <input type="checkbox"/> | Not Applicable | | | | | | | | |
| Other: Please describe below | | | | | | | | | |
| <input type="checkbox"/> | | | | | | | | | |

Work Characterization Field

Drop down menu

- Rule driven
- Repetitive
- Static steps

RPA Opportunity

Drop down menu

- Customer contact
- Repetitive Q&A
- Knowledgebase driven

Chat Bot/Virtual Agent Opportunity

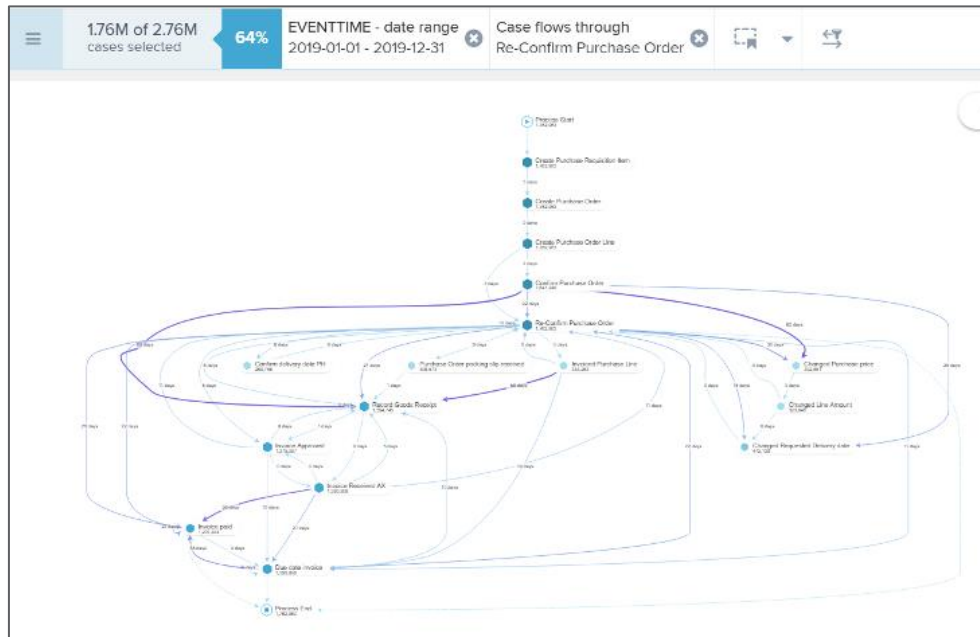
Diving Deeper with Process Mining Tools

Process mining is an analytical discipline for discovering, monitoring, and improving processes as they actually are (not as you think they might be), by extracting knowledge from event logs readily available in today's information systems.

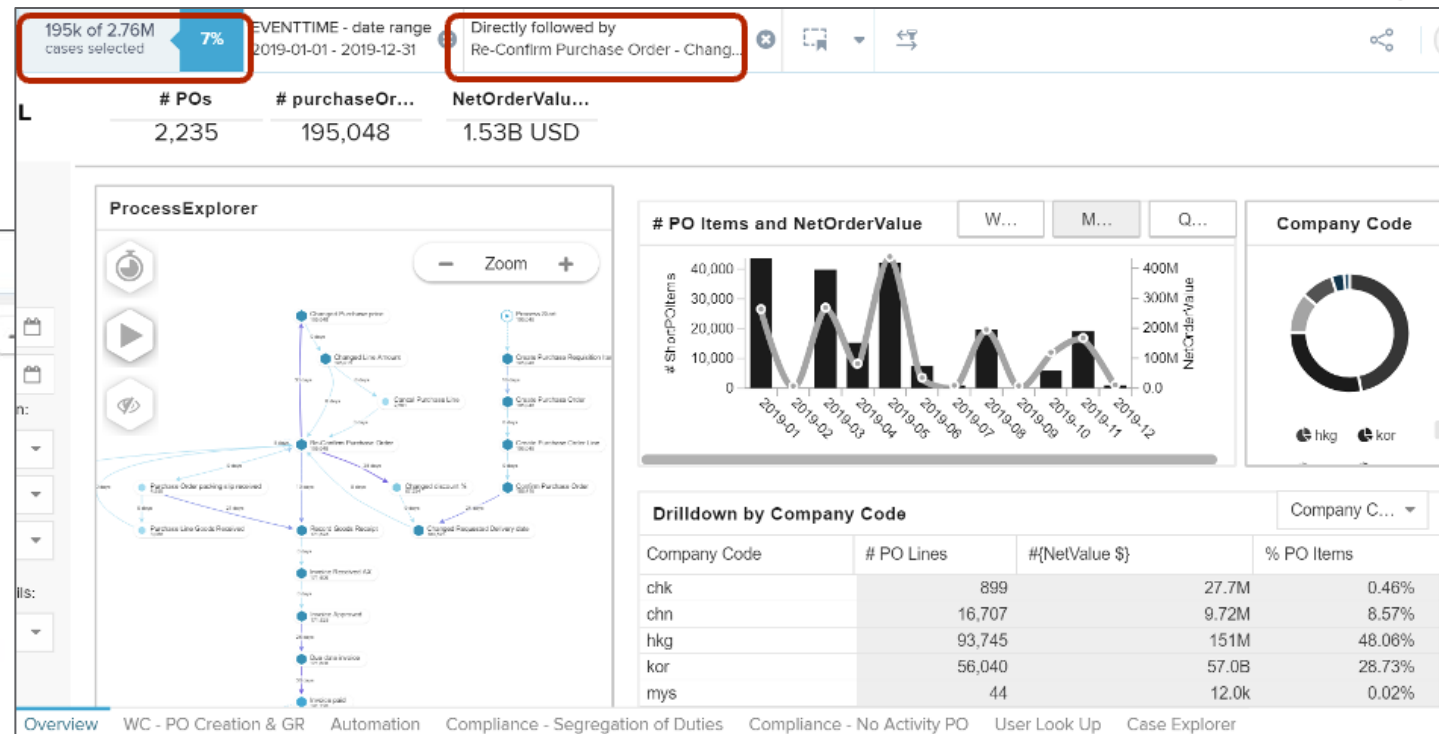
Process mining tools provide insight into:

- Who did it
- How long it takes
- How it departs from the average

Purchase order are generally reconfirmed.

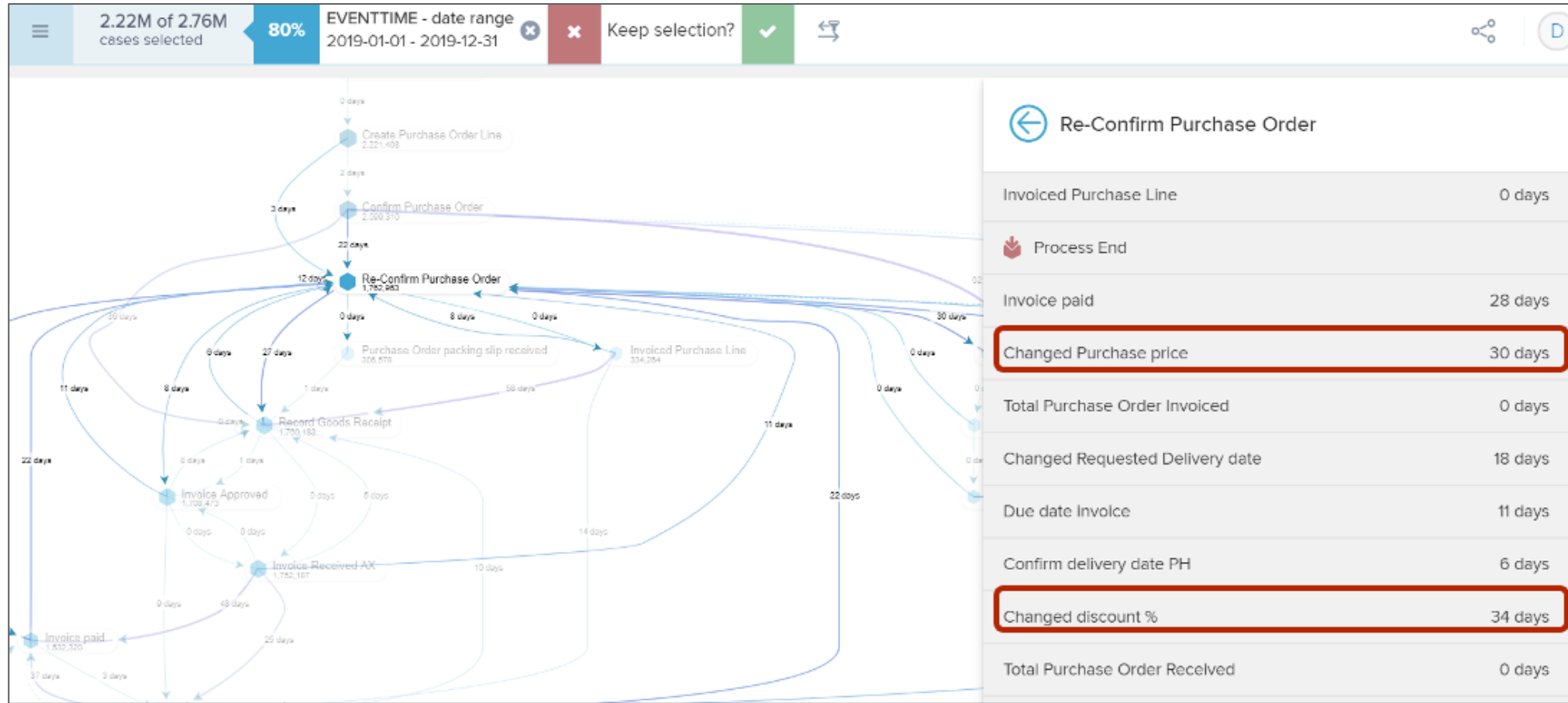


P.O. reconfirmed followed by price change.



Identifying the Process Roadblocks

Reconfirming purchase orders is often followed by additional activities resulting in delays in process flow.



Questions to Consider...

Most IA technology has not been commoditized in “off-the-shelf” solutions. So, how do you get traction beyond RPA?

- Conduct proof-of-concepts with shared vendor investment
- Find “experimental vendors” for chatbot, blockchain, and AI pilots
- Get data in order while you wait for technology to mature

Questions to Consider... (Cont'd)

What should I be looking for in processes to clue into automation opportunities?

- **Robotic Process Automation** – go where the people are... lots of people doing similar work
- **Cognitive/Virtual Agent/Chatbot** – repetitive customer (internal/external) interactions
- **Artificial Intelligence** – large quantities of research and forecasting activity



Define IA Suite Governance





Define Your Automation Services Delivery Strategy

| | Description | Enterprise Role | Challenges |
|-----------------------------|---|---|--|
| <p>Centralized</p> | <ul style="list-style-type: none"> RPA launched from within enterprise COE or shared services with high visibility and control of efforts | <ul style="list-style-type: none"> Almost entirely enterprise-led approach (typically IT, though it could be led by another centralized business function) | <ul style="list-style-type: none"> Less responsive Development time reduces impact opportunity |
| <p>Hybrid</p> | <ul style="list-style-type: none"> Baseline guidelines, controls, and QA Core team provides automation services for areas unable to support own needs | <ul style="list-style-type: none"> Provides: <ul style="list-style-type: none"> Direction and leadership Orchestration and quality assurance Optional process selection/design Optional scripting | <ul style="list-style-type: none"> Potential conflicts between central and local efforts and authority |
| <p>Decentralized</p> | <ul style="list-style-type: none"> RPA efforts are launched locally within business functions Can have business or function-specific COEs | <ul style="list-style-type: none"> Little/no involvement at enterprise level Informal ad hoc coordination | <ul style="list-style-type: none"> Varying quality Potential bot impact on other departments/bots Robot chaos |



Automation Services – Program Decisions

An IA program without central standards and quality assurance is a weaker “program,” but tradeoff may be a reduced speed to implementation.

| | | Governance Approach (Example) | | |
|--|--|-------------------------------|--|---------------|
| Support Type | IA Program Decisions | COE | Process Owner | IT Department |
|  Program Decisions | Standards – Define IA requirements and performance metrics. | X |  More Autonomous (Decentral) | |
| | Certification – Approve qualified vendors to develop IA projects. | X | | |
| | Training – Enable business units to identify and implement IA projects. | X | | |



Automation Services – Execution Decisions

IA prioritization and project execution warrants business unit knowledge of needs, but an IA COE can help keep this organized and avoid surprises.

| | | Governance Approach (Example) | | |
|--|---|---|---------------|---------------|
| Support Type | IA Program Decisions | COE | Process Owner | IT Department |
|  Project Execution | Project Planning – Manage IA implementation schedule and budget. |  | X | |
| | Demand Management – Track and prioritize IA project requests. | | X | |
| | Process Identification – Assess applicability of an IA solution. | | X | |
| | Development – Program and apply IA to process steps. | | X | |

Automation Services – Maintenance and Planning Decisions

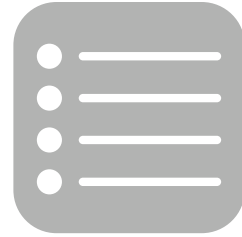
Running IA programs without IT is a fallacy—IT will need to be involved in maintenance at a minimum. But an IA COE can serve as a great “head on the horse” to promote IA visioning and planning.

| | | Governance Approach (Example) | | |
|---|---|-------------------------------|--------------------------------|------------------------------|
| Support Type | IA Program Decisions | COE | Process Owner | IT Department |
|  Project Execution | Technology Infrastructure – Create the foundational elements for RPA operations. | | | X |
| | Program Operation – Orchestration and optimization of IA schedule. | X | More Autonomous (Decentral) | More Regimental (Central) |
|  Program Planning | Vision Development – IA program leadership and promotion. | X | | |
| | Future Planning – Reflect the enterprise's technological change in IA portfolio. | X | | |

Questions to Consider...

How should I manage decision making in an automation COE?

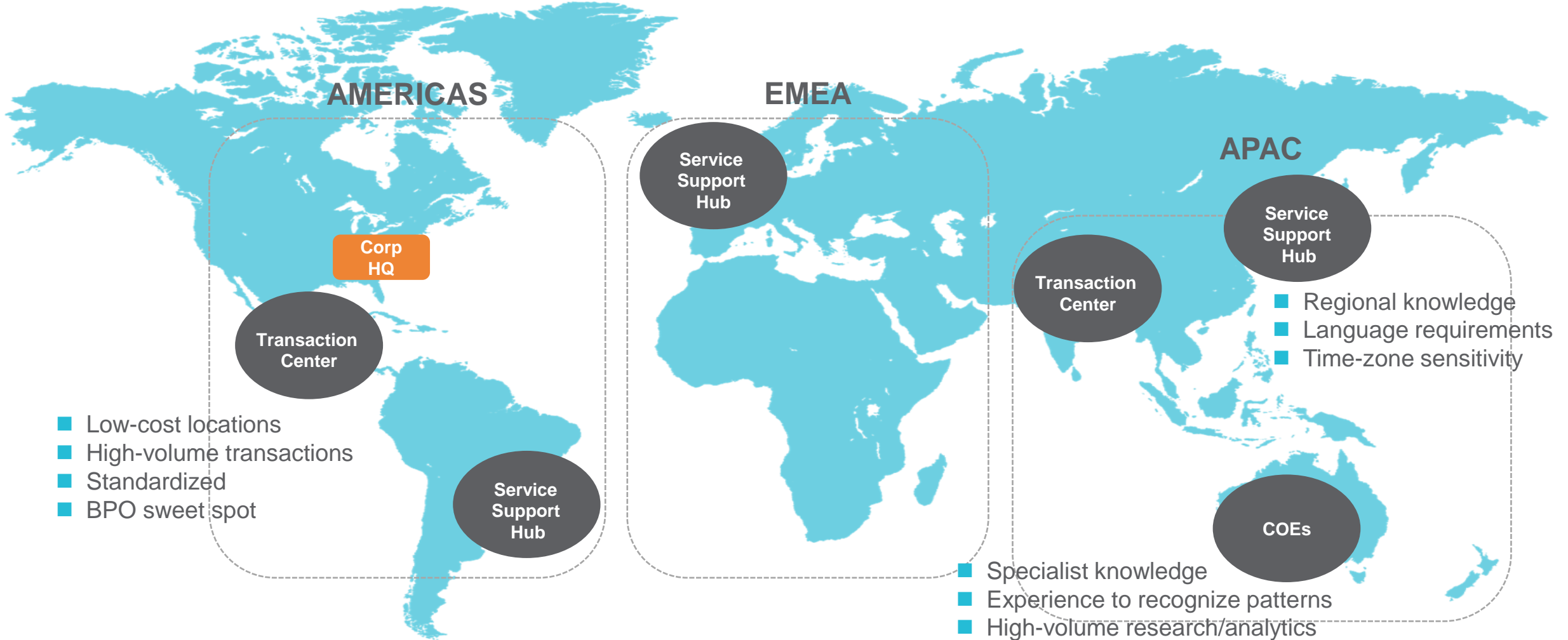
- Establish an enterprise-wide governance model with representatives from both the business and IT
- Report the COE to an “independent third-party,” like the Chief Strategy Officer or the Head of GBS/Shared Services
- Establish approval processes and escalation paths



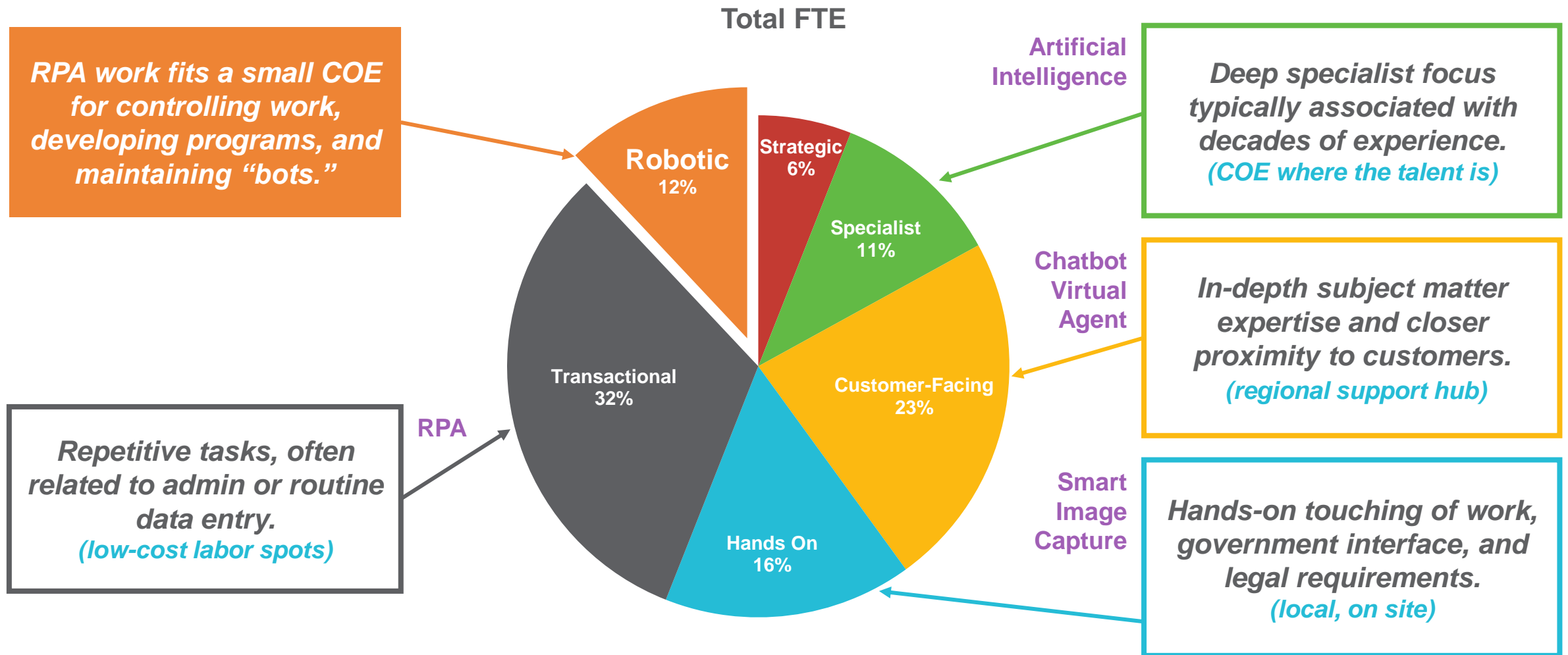
Plan Delivery Model Changes



Global Business Service Models Today



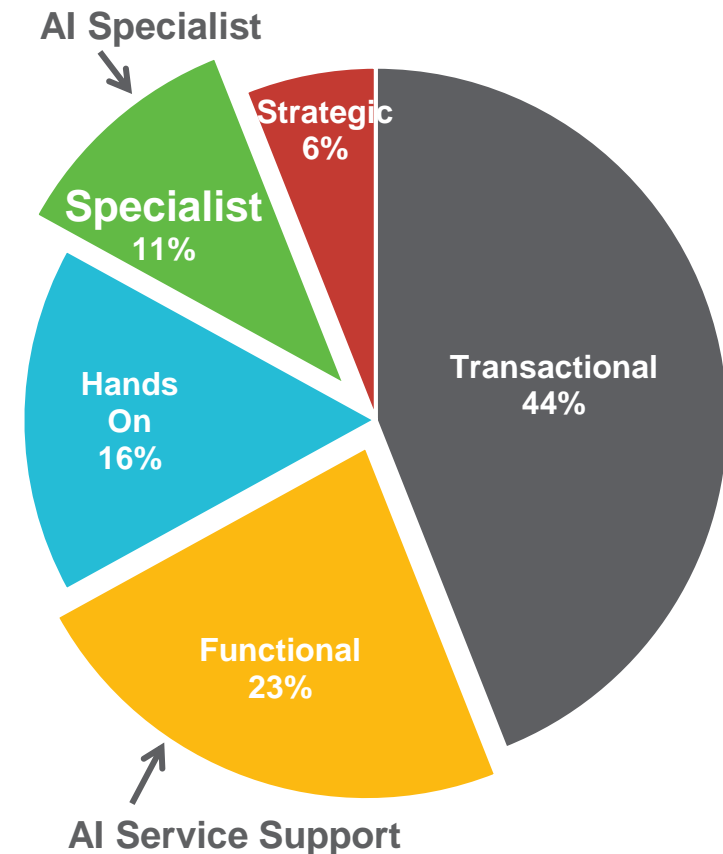
Align the Right IA to the Right Work in the Model



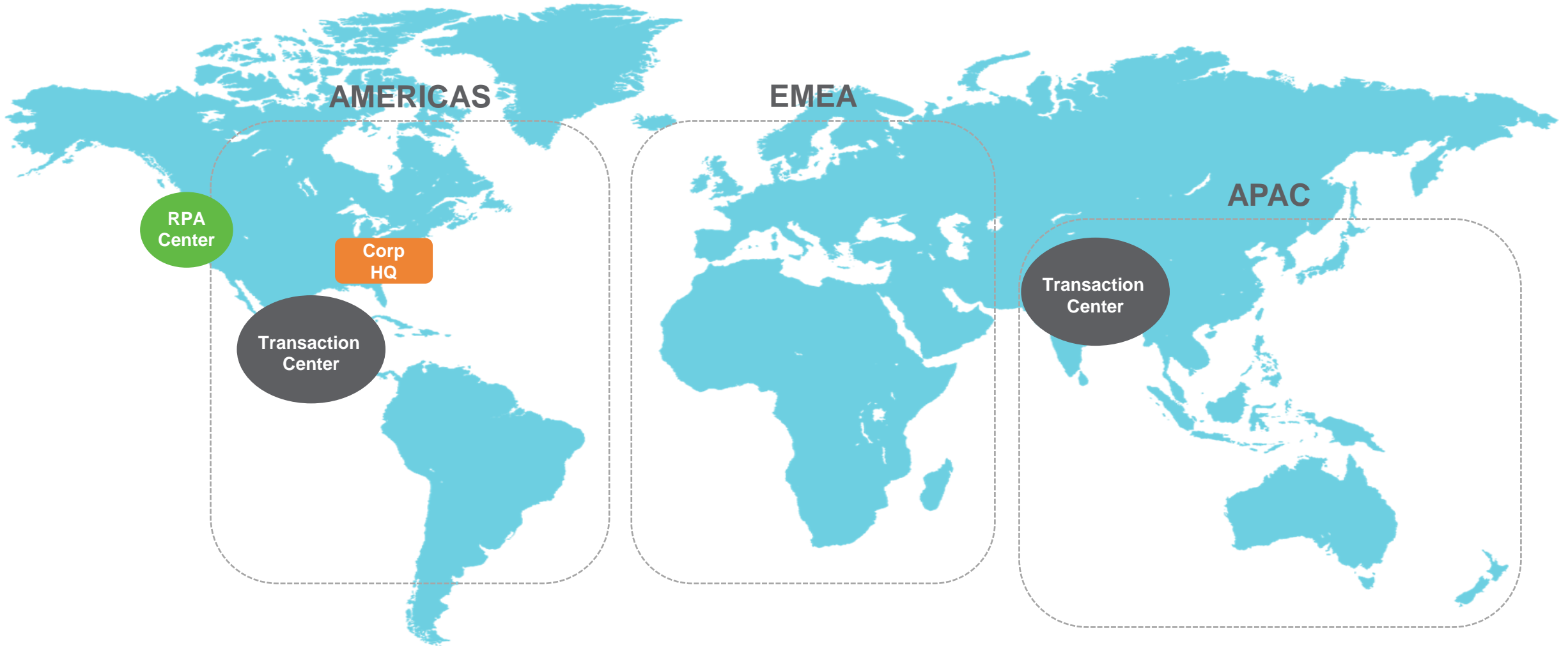
Evolve With Virtual Agents and Artificial Intelligence

Decisions are primarily affected by a) world events, b) legislation, and c) intuition.

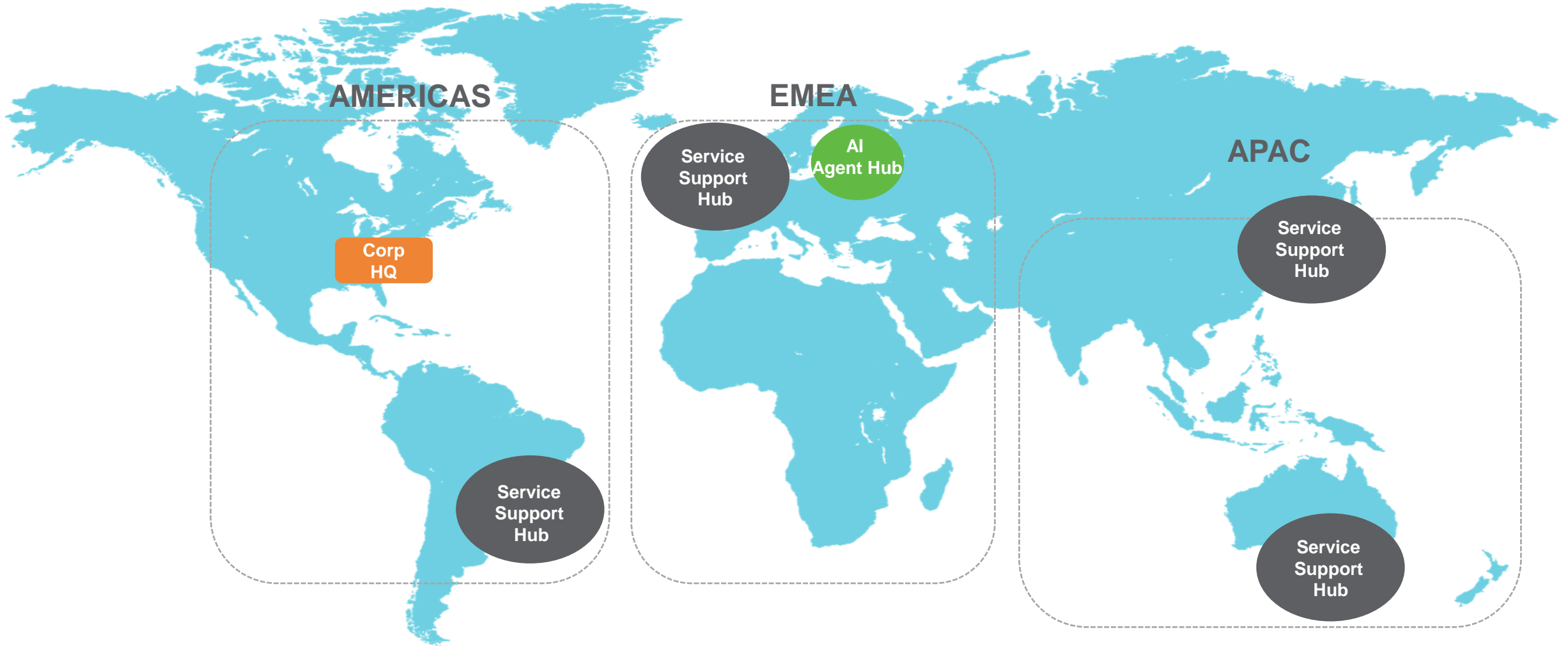
- Service desks and call centers – cognitive agents, chat-bots already here
 - No more interactive voice response “press 1 for this...2 for that”
 - No more wait times
 - 24-hour interactive service in all languages and accents
 - Data driven questions/advice/solutions we do not think of
- Centers of Expertise (COEs)
 - Credit and risk analysis
 - Fraud prevention and controls
 - Forecasting, planning, and budgeting
 - Tax strategy
 - M&A targeting
 - Compensation design
 - Recruiting and retention
 - Workforce planning
 - Demand planning
 - Spend reduction opportunity



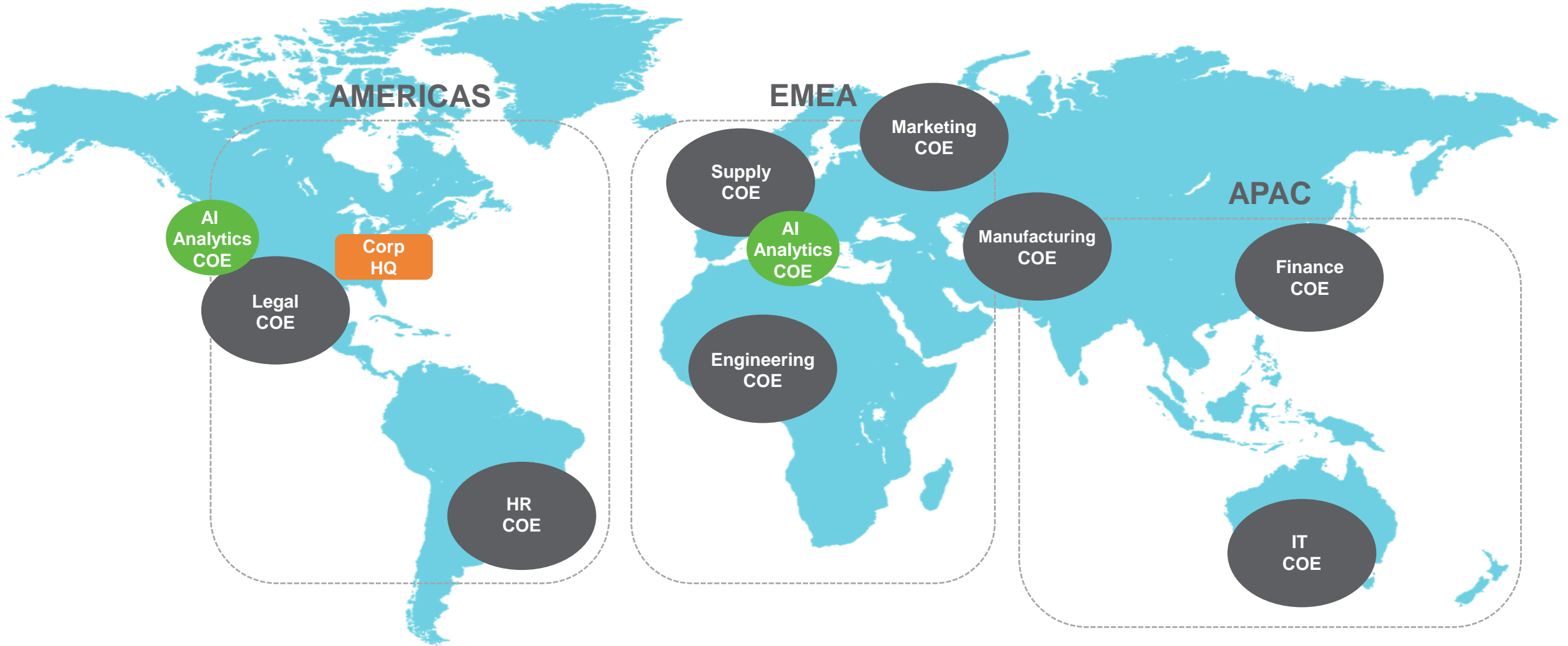
Transactional Shift – Away from Lost-cost Areas?



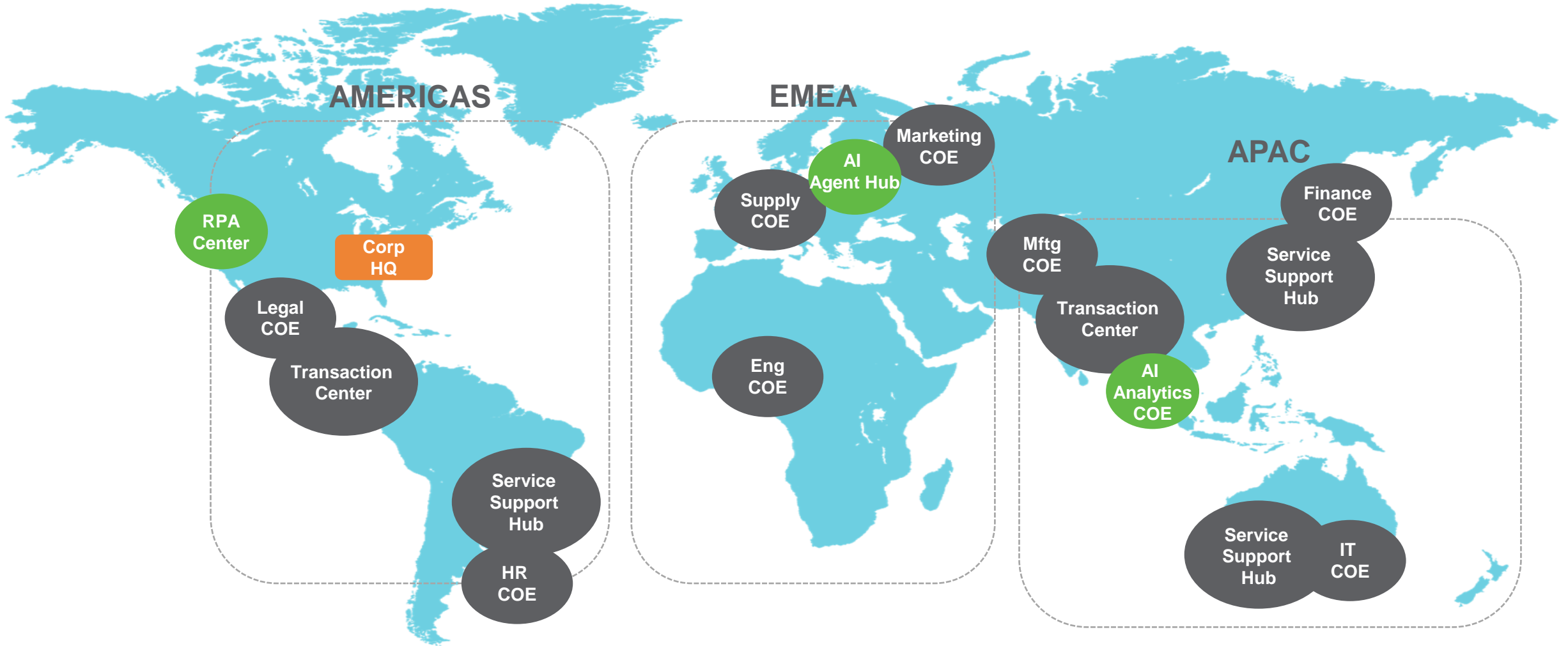
Service Shift – Virtual or Smaller Service Hubs?



Specialists COEs – Smaller, Intelligent, Data Driven?

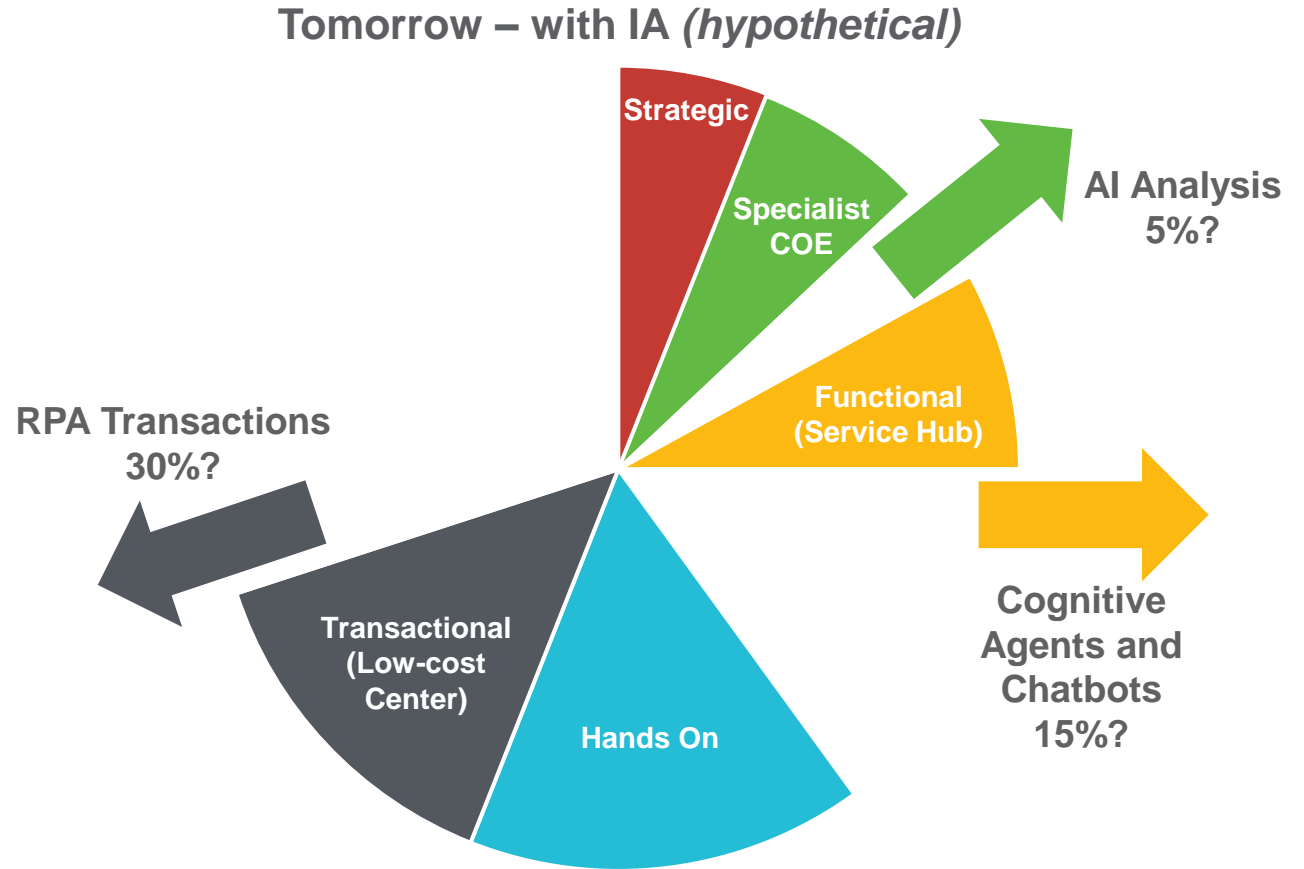
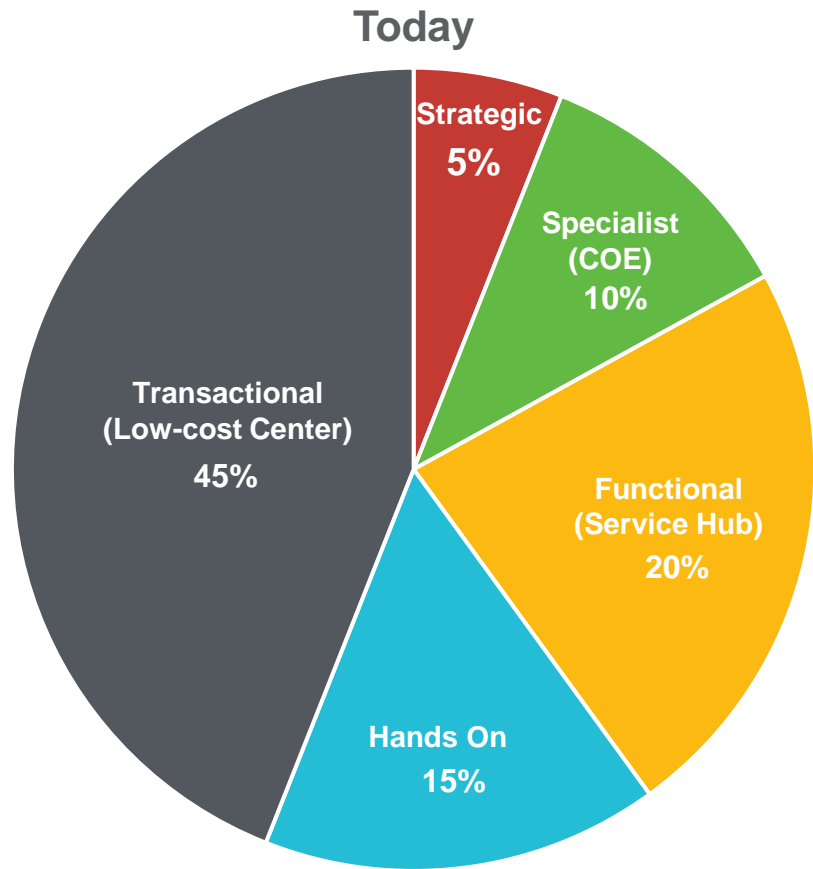


GBS Model of the Future

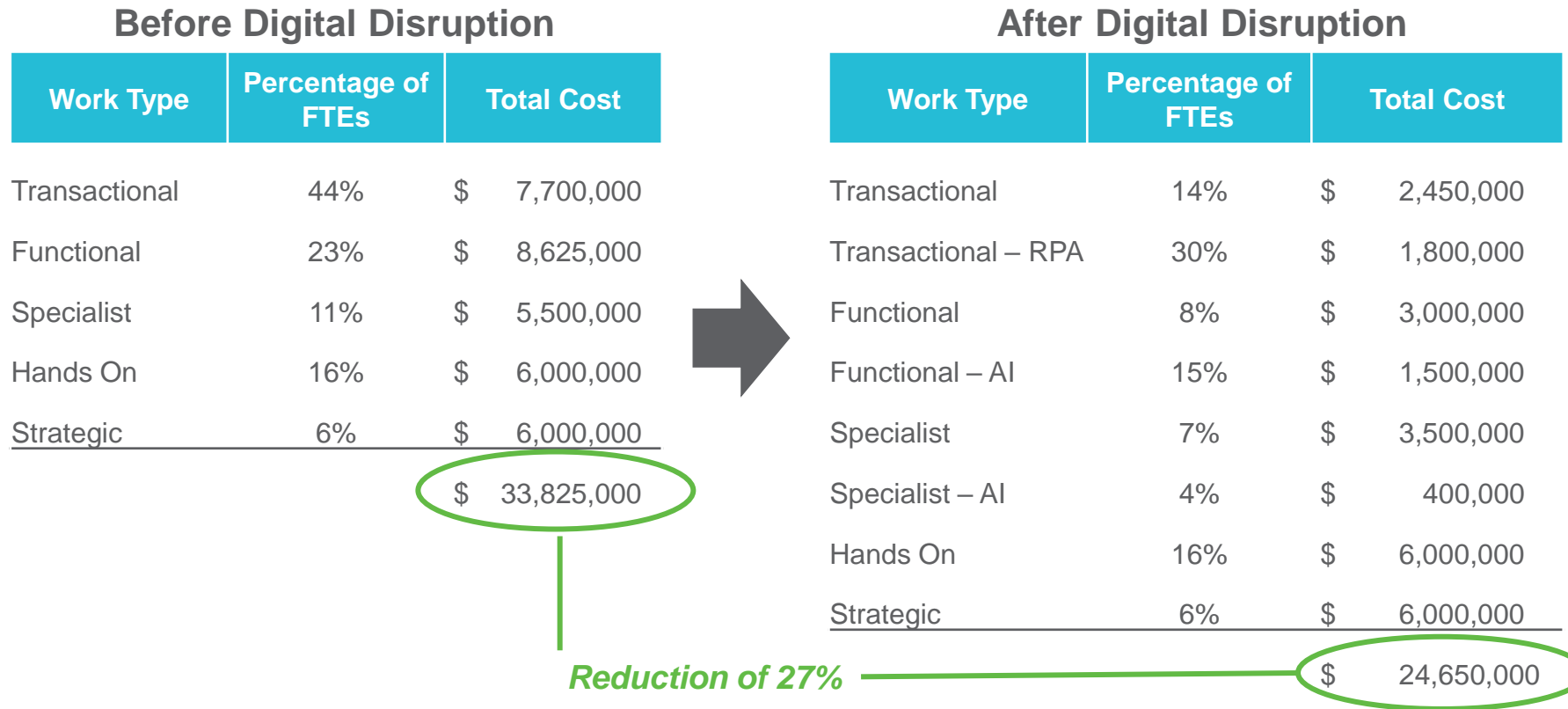


Impact to Future Work Types – Example

Future impact to our rationale for existing GBS models may require rethinking and result in completely different delivery frameworks than we have today.



Example Business Case Savings Resulting from the New GBS Model



Advancing your GBS through digital transformation yields significant recurring savings across the global operating model.

Questions to Consider...

How do you quantify and explain the benefit of an enterprise-wide IA program?

- Appoint a role to oversee programmatic ROI
- Use governance to ensure business cases are conducted/tracked
- Measure scale improvements across processes that are assisted by IA applications

Questions to Consider...

How should you get started with your delivery model strategy?

- Begin cleaning up your data – this is often a long process
- Determine the level of process standardization required before automation – do you “fix” your processes first?
- Identify long-term decisions that could be impacted by a holistic automation strategy
 - BPO decisions
 - ERP decisions
 - Service support decisions
 - Location decisions

Wrapping Up

ScottMadden activities you can participate in:

- Stop by ScottMadden's virtual booth for additional information or to learn more about:
 - How IA Will Impact Today's GBS Model
 - Establishing a COE for an Enterprise-wide RPA Program
 - Changing Finance Skillsets in a Digital World
 - RPA in HR: Leveraging RPA to Enhance the Employee Experience
 - Shared Services Data Protection
 - Process Selection Tool (demo drive)



Thank you for participating in today's workshop and enjoy the rest of the conference!