Data-driven performance management for SAP data – powered by AI

SBN Conference, 22nd of October 2020

Welcome to this presentation!

Data-driven performance management for SAP data – powered by AI

Agenda

1 Performance Management and AI

2 Introducing Trufa

3 Client Case: BASF

4 Time for Questions and Feedback

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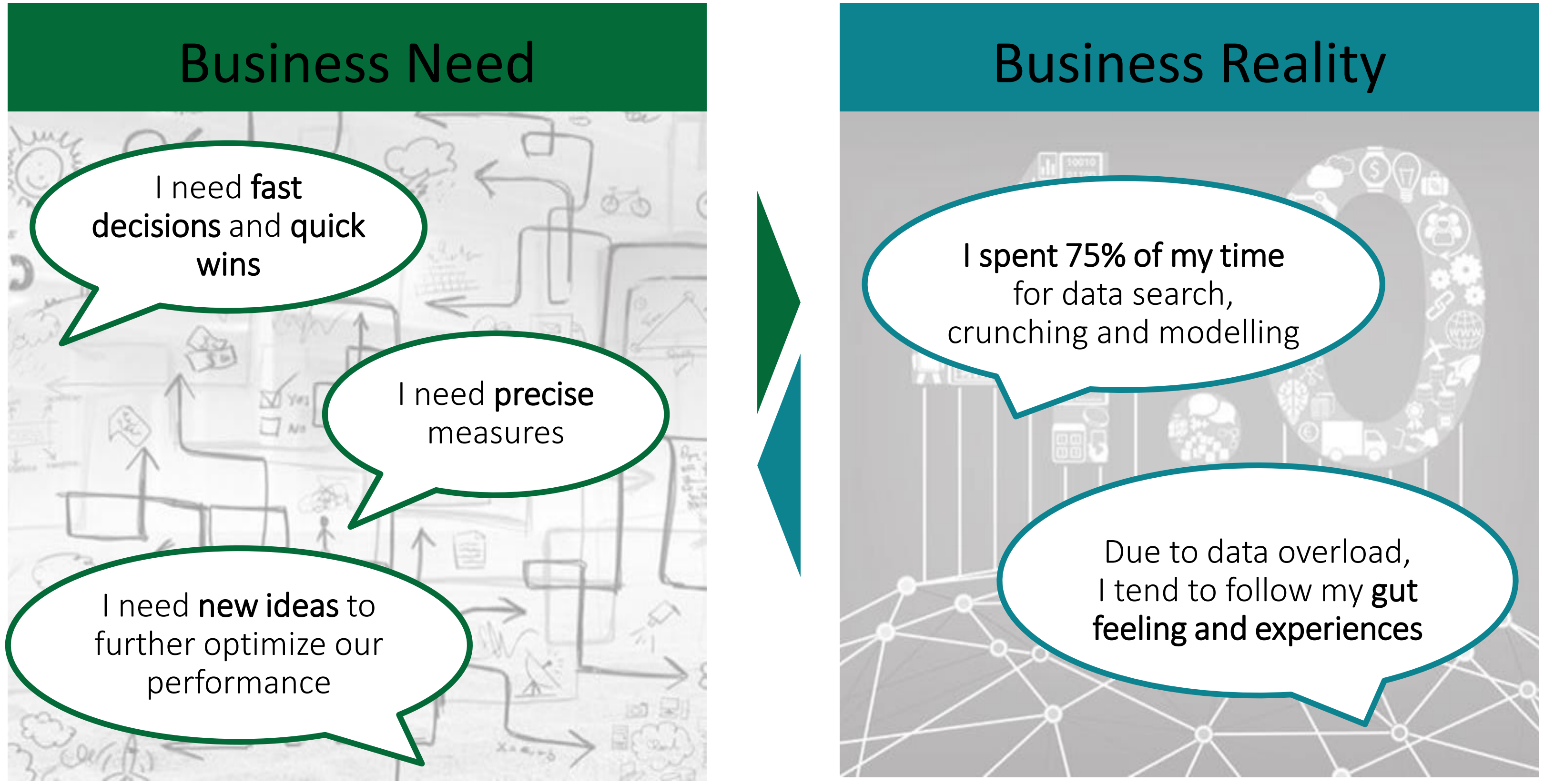
Performance Management and Analytics

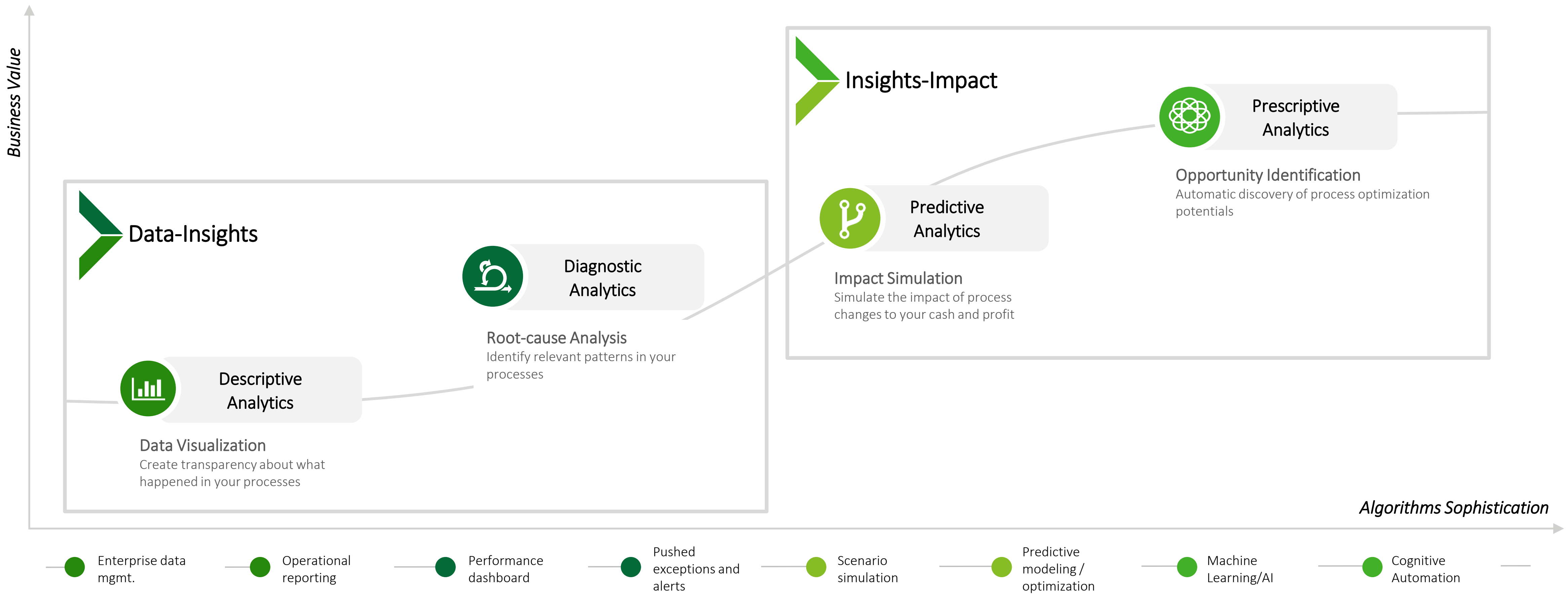
The Performance Management Challenge

Volatility and data availability are creating considerable challenges for our clients' performance management.



Our Perspective on Analytics – Reporting Yesterday's News is not Enough

Generating powerful outcomes requires more than smart historical findings. It requires harnessing and leveraging data & insights to simulate and predict impact



Advanced Analytics and Performance Management

Advanced Analytics needs to go beyond classical BI tools to make an impact that matters

1	More than Visualization and Descriptive Analytics
2	Focused on Financial Outcomes and Measures
3	Holistic Scope on the Enterprise
4	Made for Business Users

Introducing Trufa

Trufa in a Nutshell

Automation everywhere to discover performance optimization potentials – fast and precise

What is Trufa?

TRUFA is a Deloitte-owned software, which uses artificial intelligence to identify **actionable** opportunities for performance optimizations

1. Automated Data Handling
2. Automated Data Analysis
3. Automated Discovery of Process Optimization Opportunities and Root-causes
4. Automated Evaluation of Business Impact

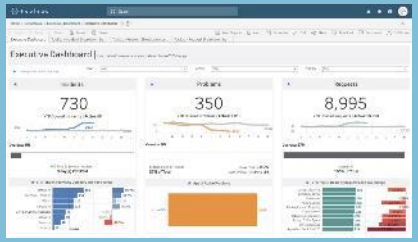
Performed with **>50 clients across industries**

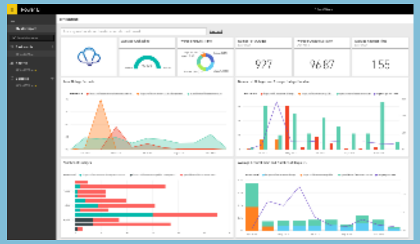
Expect more from Analytics

Imagine to get more than just a visualization of known facts and hypotheses

Classical BI and process mining applications

- are good in visualizing KPIs and processes
- require the user to drill down into data based on own, man-made hypotheses to identify optimization potentials





Descriptive

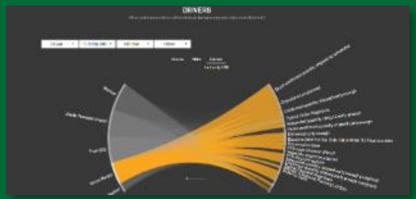
&

Diagnostic

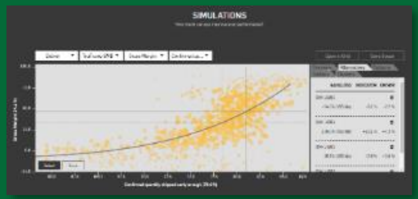
Visualizations

Imagine a software that…

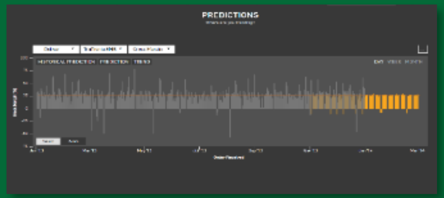
- automates the data handling
- points the user directly towards optimization potentials and actionable measures
- predicts possible future states
- alerts you according to your needs
- allows the business user to focus on validation



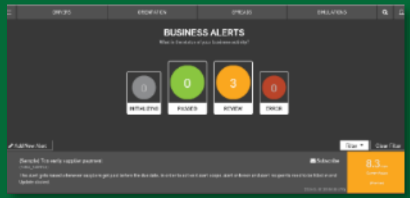
Optimization levers



Impact simulation and root-causes



Intelligent forecasting of KPIs



Automated monitoring

trufa.

Prescriptive

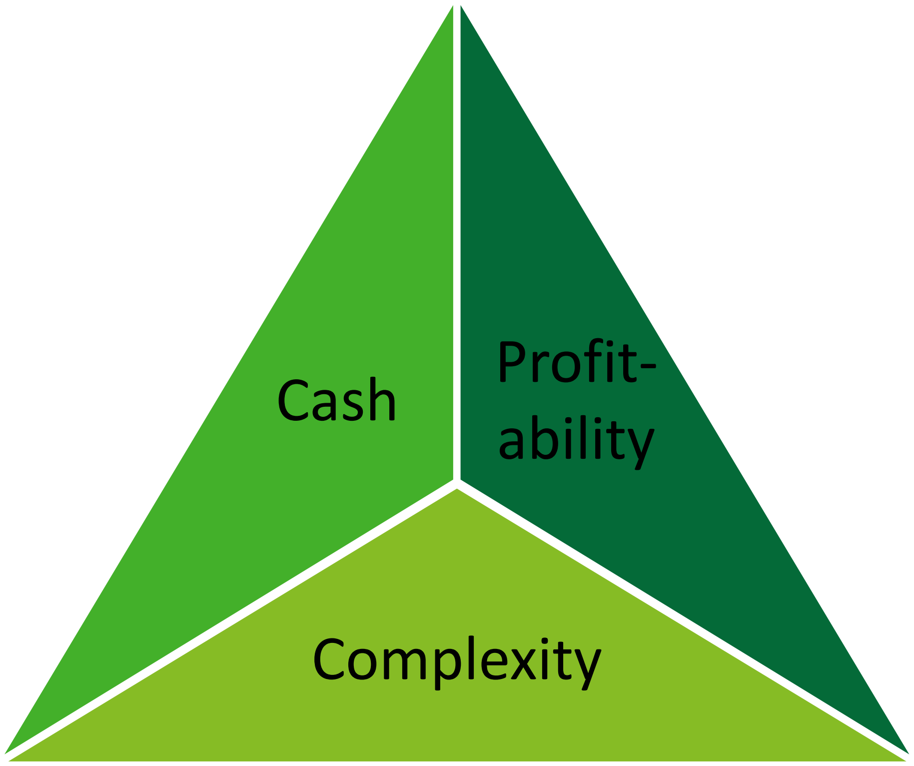
&

Predictive

Analytics

Analysis Use Cases

Trufa offers a clear spectrum of performance related analysis with a focus on outcome measures



Cash

- Days Payable Outstanding
- Days Inventory Outstanding
- Days Sales Outstanding

Profitability

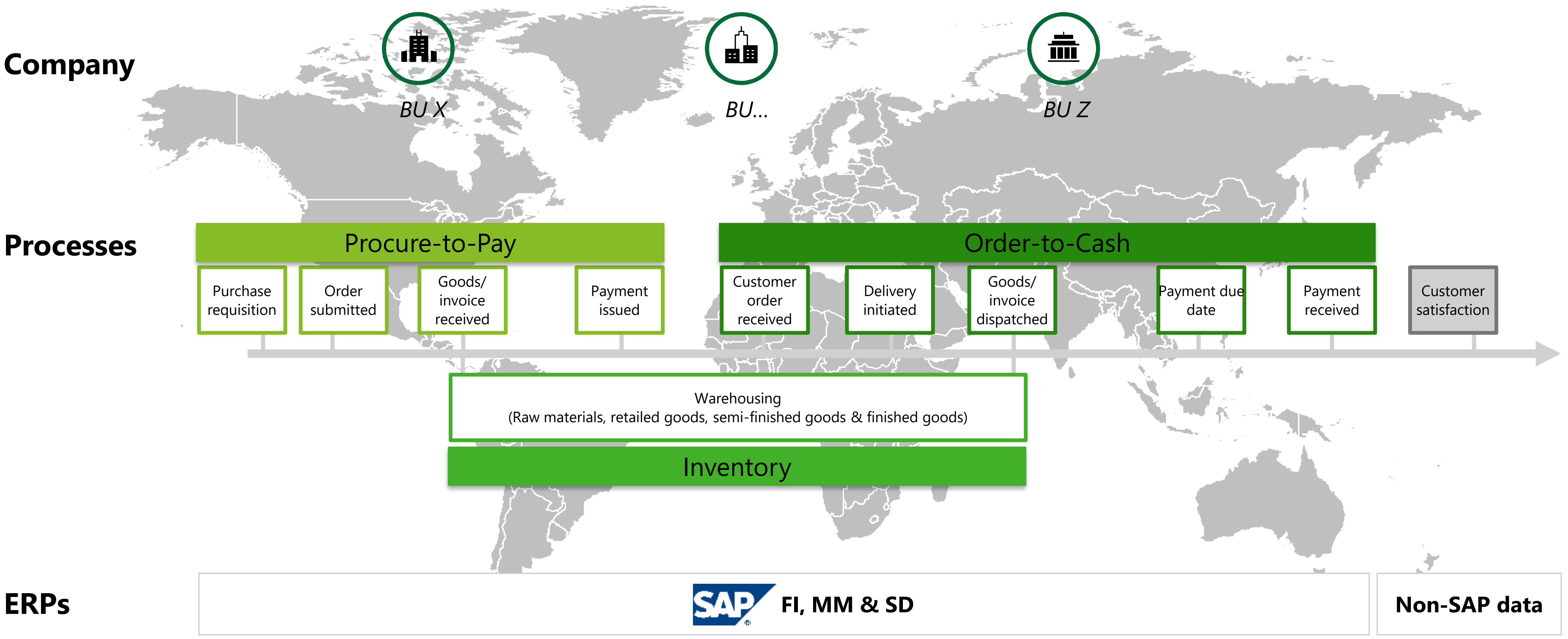
- Purchase / Sales Prices
- Gross Margin
- (Lost) Discounts

Complexity

- Process Variations
- Throughput Time
- ERP Templates
- ABC Analysis (Payment Terms and Materials)

Holistic Analysis Focus

Trufa enables cross-process / cross-business analyses for the full cash conversion cycle



Engagement Approaches

Clients seeking to benefit from the insights provided by Trufa can select an approach that best suits their business requirement

OPTION 1

Quick Scan project

Deloitte identifies 10+ validated working capital optimisation opportunities and works together with management to prioritise opportunities (4-6 weeks)

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OPTION 1 Ext.

Value extraction and further opportunity identification

Deloitte continues to mine additional opportunities for optimisation by broadening the scope of analysis. Analysis to continue for a fixed period of time (additional 8-12 weeks).

OPTION 2

Insights-as-a-Service

Deloitte provides regular (quarterly, semi-annual) insight into new opportunities identified, working with management to ensure ongoing process improvement and value extraction.

OPTION 3

Embedding Trufa into the Finance & SCM Analytics

Clients opts to invest in a Trufa software license to be used by employees inhouse, supported by Deloitte for training and onboarding initially, and thereafter as required.

Exemplary Results and Clients

We have a broad experience with AI-powered performance management – across industries and across the globe

AREA	IDENTIFIED ISSUE FOR BU / REGION X	IMPACT (€ p.a.) (selected measures)
Acc. Payables	Increase number of payment runs (current: 1 per week) to enable more precise payment (less early payments)	14.0m
Acc. Payables	Payment cycle starts before spare parts arrive	1.9m
Inventory	Reducing avg. goods receipt from 4 days to 2 days (where it does not affect prices) to reduce stock volume	12.7m (for selected materials)
Acc. Payables	Identified areas with too slow invoice processing, automation rate increased to realize PTR discounts ("Skonto")	6.1m profit
Acc. Payables	Adjustment of baseline date for due date calculation – reduction of manual interventions and increased use of automatic procedures	33m
Procurement prices	Lowering purchase prices (~2.4%) by establishing more outline agreements from 40 to 50% of all orders	3.9m profit (for selected materials)
Acc. Receivables	Delayed invoicing in one shared service center	8.5m
Acc. Receivables	Late payments by customers for customer-managed inventory	56.0m

Selection

DAIMLER TRUCKS
FUSO Mercedes-Benz FREIGHTLINER
MANN+HUMMEL
PORSCHE
BIOTRONIK excellence for life
BOSCH
Danfoss
BÜHLER
MAHLE
CardinalHealth
BLANCO
MERCK

Client Case: BASF

BASF – We create chemistry

- Our chemistry is used in almost all industries.
- We combine economic success, social responsibility and environmental protection.
- Sales 2019: **€59.3 billion**
- EBIT before special items 2019: **€4.5 billion**
- Employees (as of December 31, 2019): **117,628**
- 6 Verbund sites and 361 other production sites
- Around 100,000 customers from various sectors in almost every country in the world

BASF’s segments

Chemicals

Petrochemicals

Intermediates

Materials

Performance Materials

Monomers

Industrial Solutions

Dispersions & Pigments

Performance Chemicals

Surface Technologies

Catalysts

Coatings

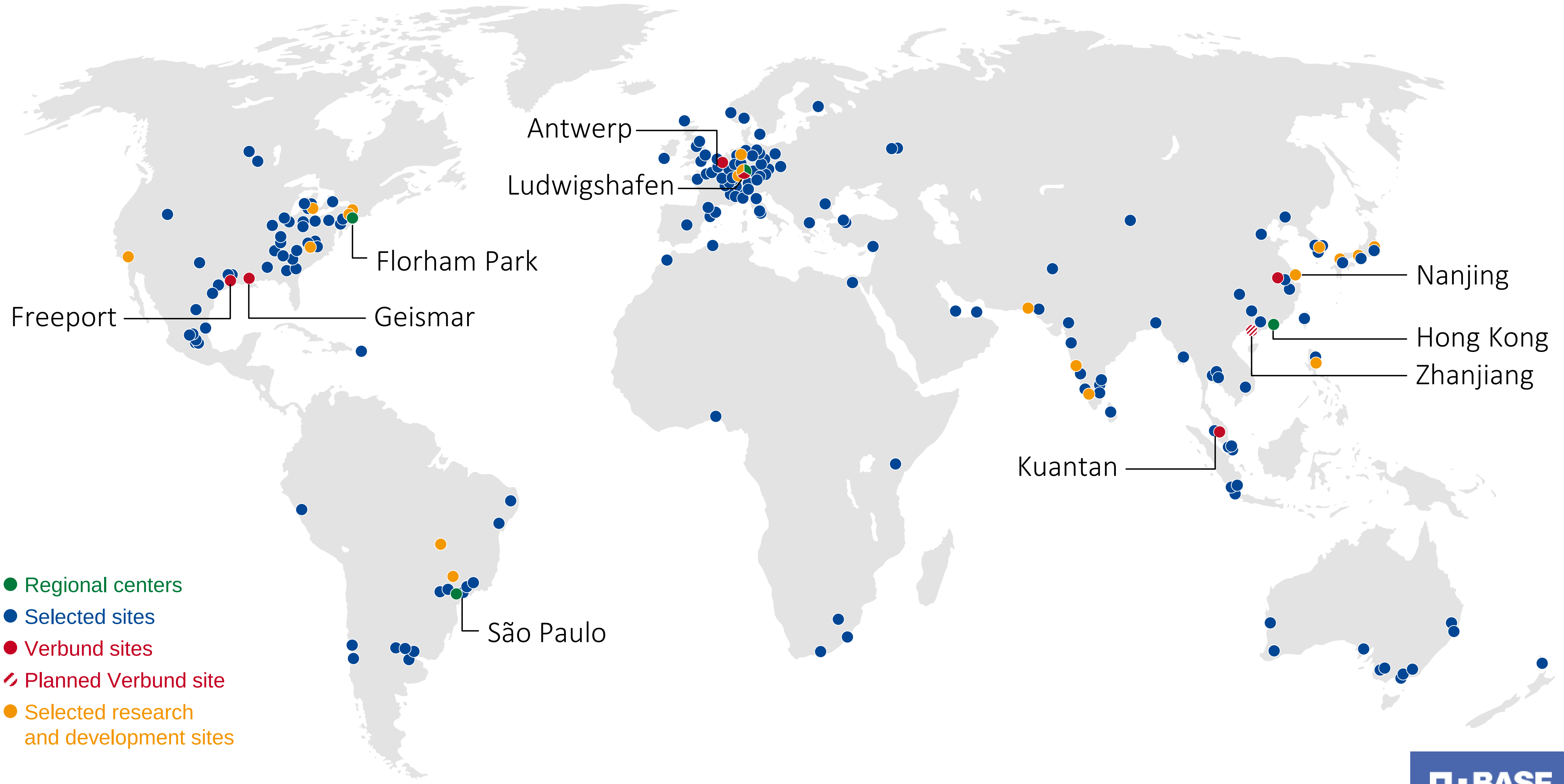
Nutrition & Care

Care Chemicals

Nutrition & Health

Agricultural Solutions

BASF worldwide: sites



BASF
We create chemistry

BASF's SAP ERP: Cobalt Verbund

- One common process & IT platform based on SAP ERP for entire BASF Group globally
- Process platform is actively used by more than 50% of BASF employees
- Focus shifted from improving single processes towards integrated end-to-end processes

* COBALT (Consolidated BASF Accounting, Logistic and Technic System)

BASF
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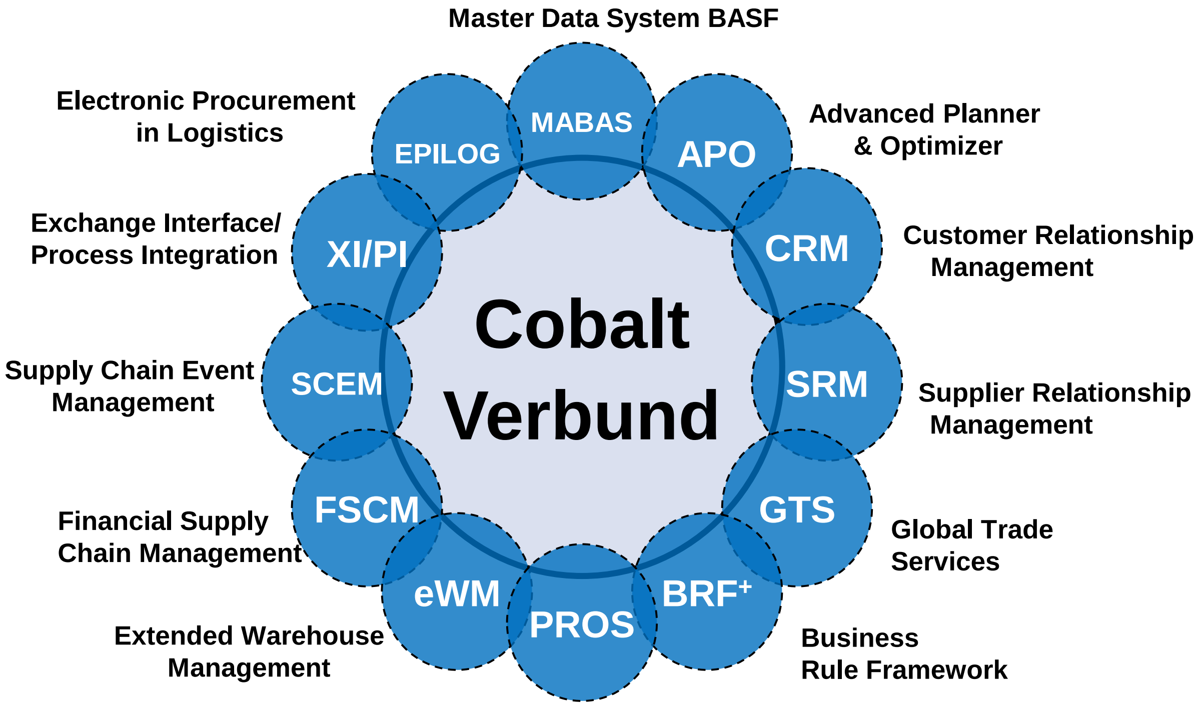
One global integrated ERP for BASF Group



- **Key Figures**
  - 80.000 Users
  - 350 Legal Entities

    > 1 million interface transactions daily

    > 300 systems and solutions connected
  - Quarterly Business Releases with embedded Testing & Training Concept

TRUFA enhanced PoC @ BASF - targets

Identify Quick-Wins & **Identify Strategic Levers**

- Analyze, drill-down and monitor quick wins
  - Invoice processing times
  - Early payments
  - Lost discounts
  - Payment clock
  - Maverick buying
  - Non-movers
  - Delivery accuracy

- Discover relevant drivers for mid- and long-term improvements of performance KPIs, e.g.:
  - DPO
  - DIO
  - DSO

- Identify root-causes and patterns

BASF We create chemistry

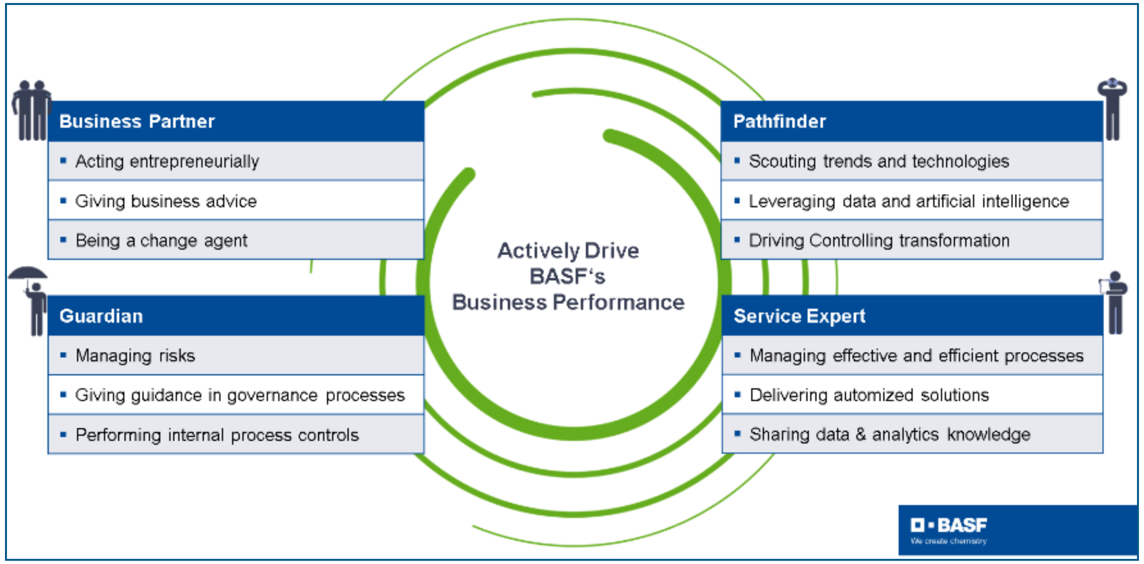
trufa.

TRUFA enhanced PoC @ BASF - motivation

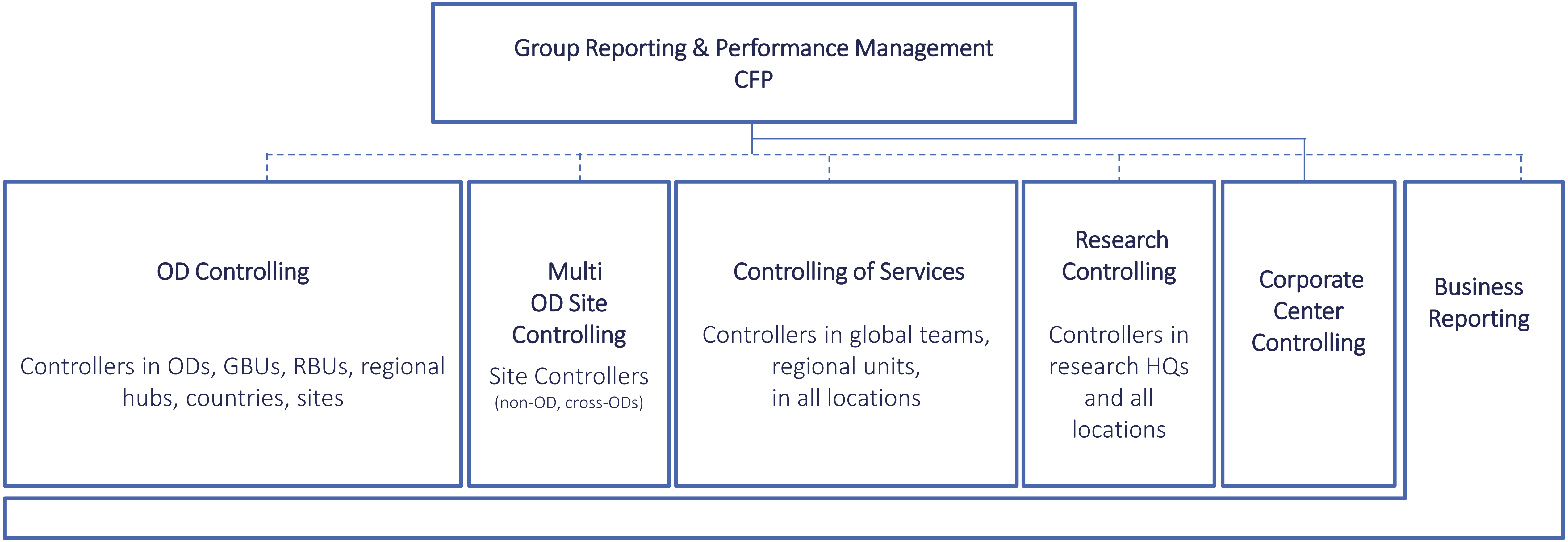
- **find the treasure** using new technologies – gain nsights beyond our current controlling mechanisms

- live our **path finder role** – simulation and optimization capabilities
  what if? what are our options?

- live our **business partner role** – TRUFA as a starting point for deep dives together with the Business units



Performance Management @ BASF – community overview



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TRUFA enhanced PoC @ BASF - inventory driver analysis

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DRIVERS | ORIENTATION | SPREADS | SIMULATIONS

DRIVERS

Which performance drivers affect which performance characteristics most effectively?

Function ▾ Scope ▾ Indicator ▾ Driver ▾

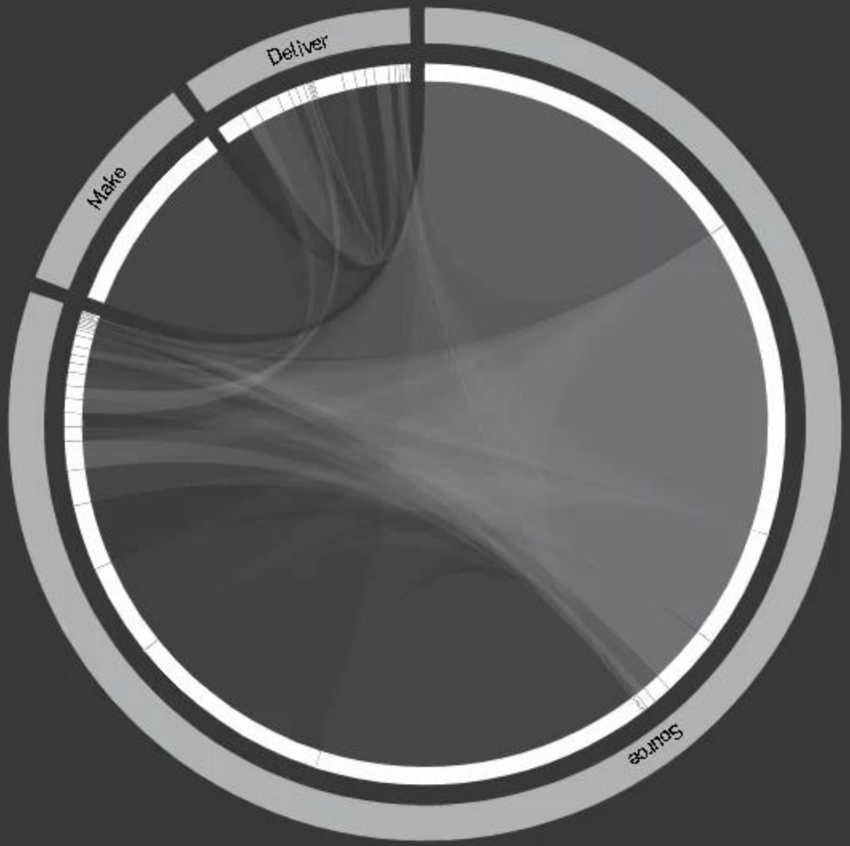
End-to-end Processes
Which process steps should be improved?

Free Cash
How can you improve your free cash position?

Price Elasticity
Where can you realize better prices?

Profitability
How can you realize better profitability?

Complexity
Which process variants can you eliminate?



BASF
Business Period: 01 AUG 2016 - 31 JUL 2019
Data Records: 3,390,537,278 Total Opportunities: 6,302 Working Capital Opportunities: 5,187 Profitability Opportunities: 517 Pricing Opportunities: 220

TRUFA enhanced PoC @ BASF - outcome

Item	Assessment / lesson learned
TRUFA provides transparency	Overview, structural analysis and data detail capabilities are excellent
TRUFA shows unknown process defects	TRUFA has discovered several items that are currently not visible in standard reporting
Input for steering model	TRUFA shows areas within the steering models that require synchronization in the context of working capital management
Input for strategy development	TRUFA shows high potential for detecting drivers and priorities that give input to (local) strategies

Time for Questions and Feedback

Any unanswered questions?

Visit our virtual booth and join live meetings!

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