DIGITAL TRANSFORMATION WEBCAST SERIES

Business Operations

September 24, 2020
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# Agenda

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<td>Wrap-up and Q&amp;A</td>
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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 – it’s 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

“Without data you’re just another person with an opinion.”

- W. Edwards Deming, Data Scientist
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.
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)

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

**Sustainer**
The organization has highly manual processes and outdated technology that impairs their ability to achieve business objectives

**Innovator**
The organization leverages end-to-end integration throughout the business architecture that enables timely delivery of operational and strategic information to make critical decisions

**Transformer**
The organization has begun to incorporate automation in processes and technology that improves their ability to achieve objectives consistently
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 Use Case
Analyzes business processes to identify process design flaws to drive automation opportunities

Each Element of our approach Drives an RPA Strategy

The Alteryx Use Case
Automates Human Processes When Humans want to Analyze Something

Human Analytic “Processes”
Things Finance Teams do “Manually” outside of transaction processing

- FP&A
- Controllership
- Accounts Payable
- Accounts Receivable
- Treasury / Tax / Payroll

- 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.

Every Step Drives Analytical Insights to Automate Finance

For Discussion Purposes Only – Subject to Material Change
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.

<table>
<thead>
<tr>
<th>Trip Analysis</th>
<th>1 Trip WO</th>
<th>2 Trip WO</th>
<th>3 Trip WO</th>
<th>4 Trip WO</th>
<th>5 Trip WO</th>
<th>5+ Trip WO</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average 1st Time Correct by Trip</td>
<td>EBR</td>
<td>LBR</td>
<td>EBR</td>
<td>LBR</td>
<td>EBR</td>
<td>LBR</td>
<td>EBR</td>
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<tr>
<td>Average EBR / LBR Margin % Across Customer Locations</td>
<td>35.4%</td>
<td>46.0%</td>
<td>36.0%</td>
<td>43.3%</td>
<td>20.3%</td>
<td>26.1%</td>
<td>12.1%</td>
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<tr>
<td>Total Revenue</td>
<td>$16,872,670</td>
<td>$14,303,779</td>
<td>$15,133,923</td>
<td>$13,529,435</td>
<td>$8,955,212</td>
<td>$7,635,388</td>
<td>$5,253,165</td>
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<tr>
<td>Total Margin</td>
<td>$5,970,681</td>
<td>$6,383,697</td>
<td>$4,653,912</td>
<td>$4,550,290</td>
<td>$2,545,131</td>
<td>$2,026,968</td>
<td>$1,304,782</td>
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<td>Top 20 Customers Revenue (Ranked by Margin Vol)</td>
<td>$14,409,834</td>
<td>$13,865,936</td>
<td>$12,704,885</td>
<td>$12,892,666</td>
<td>$7,488,644</td>
<td>$7,192,540</td>
<td>$1,082,894</td>
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<td>Top 20 Customer Margin (Ranked by Margin Vol)</td>
<td>$5,149,054</td>
<td>$6,218,805</td>
<td>$3,881,455</td>
<td>$4,351,275</td>
<td>$2,111,771</td>
<td>$1,912,540</td>
<td>$1,082,894</td>
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<tr>
<td>Top 20 Margin %</td>
<td>35.7%</td>
<td>44.8%</td>
<td>30.6%</td>
<td>33.8%</td>
<td>28.2%</td>
<td>26.5%</td>
<td>25.1%</td>
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<td>The Rest Revenue (Ranked by Margin Vol)</td>
<td>$2,462,836</td>
<td>$437,843</td>
<td>$2,429,038</td>
<td>$636,769</td>
<td>$1,466,459</td>
<td>$419,252</td>
<td>$944,182</td>
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<tr>
<td>The Rest Margin (by Margin Vol)</td>
<td>$821,627</td>
<td>$164,893</td>
<td>$772,457</td>
<td>$199,015</td>
<td>$433,644</td>
<td>$114,427</td>
<td>$221,889</td>
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<tr>
<td>The Rest Margin %</td>
<td>33.4%</td>
<td>37.7%</td>
<td>33.8%</td>
<td>31.3%</td>
<td>29.6%</td>
<td>27.3%</td>
<td>23.5%</td>
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<tr>
<td>Top 20 Customers EBR @ 35.4% / LBR @ 44.6%</td>
<td>$5,099,165</td>
<td>$6,188,290</td>
<td>$4,495,840</td>
<td>$5,753,925</td>
<td>$2,649,991</td>
<td>$3,220,521</td>
<td>$1,524,807</td>
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<td>Additional Margin Top 20</td>
<td>$49,889</td>
<td>$30,514</td>
<td>$614,384</td>
<td>$1,402,650</td>
<td>$538,220</td>
<td>$1,307,981</td>
<td>$441,913</td>
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<tr>
<td>The Rest EBR @ 35.4% and LBR @ 44.6%</td>
<td>$871,516</td>
<td>$195,407</td>
<td>$859,556</td>
<td>$284,186</td>
<td>$518,931</td>
<td>$187,110</td>
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<tr>
<td>Additional Margin The Rest</td>
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<td>$30,514</td>
<td>$87,100</td>
<td>$85,171</td>
<td>$85,288</td>
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<td>Total Margin Opportunity</td>
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<td>$0</td>
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<td>$1,487,822</td>
<td>$623,508</td>
<td>$1,380,664</td>
<td>$554,139</td>
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The universe of manual touches and the life of a work order

<table>
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<tr>
<th>Scheduling &amp; Dispatch</th>
<th>Platforms</th>
<th>Work Order Management</th>
<th>Estimating</th>
<th>Procurement</th>
<th>NTE Billing Review</th>
<th>Invoicing</th>
<th>Collections</th>
<th>Record to Report</th>
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<tr>
<td>W/O accepted</td>
<td>Customer Portal Platforms</td>
<td>7+</td>
<td>130,000 hours</td>
<td>65,000 hours updating REMA work orders</td>
<td>21,000 hours</td>
<td>25,000 EBR/LBR Approvals</td>
<td>2,000 invoices processed per week</td>
<td>7+ Customer Portals</td>
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<td>Create W/O</td>
<td>IVR Platforms</td>
<td>10+</td>
<td>8,300 hours</td>
<td>65,000 hours notes 6,250 hours</td>
<td>6,250 hours</td>
<td>25,000 PO’s created</td>
<td>15,000+ hours getting NTE approval</td>
<td>100+ tasks tracked each month</td>
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<td>W/O scheduled</td>
<td>REMA</td>
<td>2 New REMA modules</td>
<td>16,700 hours</td>
<td>50,000 EBR/LBR Estimates</td>
<td>12,500 hours</td>
<td>25,000 PO’s tracked</td>
<td>22,000 hours spent on Bill Review</td>
<td>1,000’s of hours building XLS reports</td>
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<td>historical W/O lookup</td>
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<td>1,500 hours</td>
<td>196,000 trips</td>
<td>4,100 hours</td>
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</table>

- 2,000 invoices processed per week
- 15,000+ hours uploading Customer Portals
- 22,000 hours spent on Bill Review
- 100+ tasks tracked each month
- 1,000’s of hours building XLS reports
- 2+ weeks month end close
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

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

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

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<tr>
<th>Utz Tech</th>
<th>Job Category</th>
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<th>ERO</th>
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<td>187</td>
<td>124</td>
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</table>
In state – out of state work patterns

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

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

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</thead>
<tbody>
<tr>
<td>Grand Total</td>
<td>21,147,126</td>
<td>2,114,713</td>
<td>10%</td>
<td>21,752,719</td>
<td>2,175,272</td>
<td>10%</td>
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<td>EBR</td>
<td>3,556,287</td>
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<td>6,962,988</td>
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<td>ER1</td>
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<td>10%</td>
<td>202,864</td>
<td>20,286</td>
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<td>553,877</td>
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<td>40,723</td>
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<td>39,361</td>
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<td>446,594</td>
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<tr>
<td>ERO</td>
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<td>967,793</td>
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<td>12,267,705</td>
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<td>21,945,633</td>
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<td>HR1</td>
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<td>10%</td>
<td>195</td>
<td>20</td>
<td>10%</td>
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<tr>
<td>LBR</td>
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<td>76,024</td>
<td>7,602</td>
<td>10%</td>
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<td>LRM</td>
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<td>51,362</td>
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<td>549,900</td>
<td>54,990</td>
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<td>1,063,524</td>
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<td>895,131</td>
<td>89,513</td>
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<td>4,617,915</td>
<td>461,791</td>
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<td>LRP</td>
<td>36,846</td>
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<tr>
<td>PR1</td>
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<td>10%</td>
<td>17,388</td>
<td>1,739</td>
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<td>17,388</td>
<td>1,739</td>
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</tr>
<tr>
<td>R1P</td>
<td>316,366</td>
<td>31,637</td>
<td>10%</td>
<td>316,366</td>
<td>31,637</td>
<td>10%</td>
<td>316,366</td>
<td>31,637</td>
<td>10%</td>
</tr>
</tbody>
</table>
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.

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

Current IT Initiatives
- Business Intelligence (BI) Consulting
- BI Reporting & Dashboards
- Enterprise Data Warehouse
- Manpower Utilization
- Process Consulting
- Office 365 (Phase 1)
- IVR Automation
- Technician Scorecard
- Dispatch Implementation
- Customer Integration Project
- Bulk Purchase Order Project
- Billing Engine Re-write
- Miscellaneous Integrations
- Disaster Recovery Site
- SDWan Implementation
- Sage Financials to AX

Preliminary Process Improvements
- Parts Picker Improvements
- IVR Improvements
- WO Management – Search
- WO Management - Portals
-Procurement
- Estimating
- Billing Review
- Material Management
- Invoicing
- Right Tech for the Right Job
- Improving Frist Time Fixed Rate

Value Creation
- Focus on Performance Management
- Service Excellence
- Business Applications
- Other Infrastructure

Preliminary Priorities
- Knowledge Management
- Collaboration Management
- Business Intelligence Consulting
- BI Reporting & Dashboards
- Enterprise Data Warehouse
- Manpower Utilization
- Office 365 (Phase 1)
- IVR Automation
- Technician Scorecard
- Dispatch Implementation
- Field Estimation Capability
- Field Procurement
- Parts Picker Update & Training
- Procurement Platform
- Customer Integration Project
- Bulk Purchase Order Project
- Inventory Management Platform
- Contract Lifecycle Management
- Billing Engine Re-write
- Miscellaneous Integrations
- Disaster Recovery Site
- Single Sign-On (SSO)
- SDWan Implementation
- Sage Financials to AX
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.

**Sustainer**
The organization has highly manual processes and outdated technology that impairs their ability to achieve business objectives.

**Innovator**
The organization leverages end-to-end integration throughout the business architecture that enables timely delivery of operational and strategic information to make critical decisions.

**Transformer**
The organization has begun to incorporate automation in processes and technology that improves their ability to achieve objectives consistently.
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.

- **Organization & People**
  - Aligning people with specific roles and responsibilities within an organizational model that is responsive to change and utilizes formal programs for developing the next generation of leaders.

- **Policy, Controls, & Compliance**
  - Defining a common business language that is disseminated across the organization and identifying proper segregation of duties to balance cost, risk and quality of output.

- **Data & Reporting**
  - Standardizing and governing data to balance source system supply with reporting and analytic demand.

- **Strategy**
  - Capturing and refining Finance strategy that empowers employees to become valued business partners that execute processes with targeted outcomes in alignment with business goals.

- **Technology**
  - Integrating transactional, storage, and reporting systems end-to-end to drive Finance automation across critical business processes and data elements.

- **Process**
  - Designing tasks and activities with clear ownership in order to execute business objectives with efficiency and effectiveness.

- **Performance Management**
  - Developing KPIs that align to strategic goals and enable operational efficiency and performance improvements that create enterprise value.
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.
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.

<table>
<thead>
<tr>
<th>Manage and Record Requisition</th>
<th>Manage In-Bound Documents</th>
<th>Record Goods Received; Approve &amp; Schedule Payment</th>
<th>Payment Processing</th>
<th>Address Vendor Inquiries/Disputes</th>
<th>Perform Period End Close Activities</th>
<th>Vendor Master Data Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual approval routing</td>
<td>Paper sorting and storage</td>
<td>Inconsistent tagging of goods received</td>
<td>Manual payment distribution</td>
<td>Manual notification upon resolution</td>
<td>Manual posting on journal entries</td>
<td>Limited user access controls</td>
</tr>
<tr>
<td>Vendor quotes stored in various locations</td>
<td>Document forwarding between BU’s / geographies</td>
<td>Challenging 2/3 way match process</td>
<td>Heavy manual check based disbursements</td>
<td>Potential recourse lost from erroneous payment of disputed invoices</td>
<td>Delayed reporting times</td>
<td>Changes to master data not restricted to key personnel</td>
</tr>
<tr>
<td>• Manual P.O. generation and submission</td>
<td>• Manual receipt and input of invoices</td>
<td>• Multiple locations for goods receipt storage</td>
<td>• Manual payment processing</td>
<td>• Manual escalation / logging of identified disputes</td>
<td>• Manual calculation of accruals</td>
<td>• Contracts stored in decentralized locations</td>
</tr>
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<td>• Delayed reporting times</td>
<td>• Changes to master data not restricted to key personnel</td>
</tr>
</tbody>
</table>

- **Path to Innovator**
  - Controls on active / inactive vendors
  - Active / inactive vendor reporting and review
  - Single Contract Repository integrated with key technologies to reflect upstream / downstream updates

- **Sustain**
  - Manual PO generation and submission
  - Manual approval routing
  - Vendor quotes stored in various locations
  - Automated purchase order (PO) issuance
  - Purchase order tracking
  - Automated workflow by spend hierarchy
  - Holistic vendor data master

- **Innovator**
  - Automated invoice receipt and entry within procurement system
  - Automated invoice exception / identification
  - Centralized location for goods receipts
  - Automated 2/3 way match
  - Accelerated identification and handling of exceptions
  - Automated approval workflow
  - Electronic payments remitted directly from ERP
  - Auto-notification of payment receipt
  - Optimized use of payment terms, discounts and rebates
  - Vendor queries and disputes automatically logged and escalated
  - Timely resolution and tracking
  - Automated notification to applicable parties upon resolution
  - Outstanding invoices automatically flagged for accrual
  - Automated reconciliation of vendor statements
  - AP Aging retrievable in real time

- **Vendor Master Data Management**
  - Contracts stored in decentralized locations
  - Limited user access controls
  - Changes to master data not restricted to key personnel
  - No unified vendor master file

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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.

**Procurement & Invoice Processing**
- Automated purchase order (PO) issuance
- Purchase order tracking
- Automated workflow by spend hierarchy
- Holistic vendor data master
- Automatic invoice receipt and entry within procurement system
- Automated invoice exception / identification
- Centralized location for goods receipts
- Automated 2/3 way match
- Accelerated identification and handling of exceptions
- Automated approval workflow
- Electronic payments remitted directly from ERP
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- Automated reconciliation of vendor statements
- AP Aging retrievable in real time
- Controls on active / inactive vendors
- Active / inactive vendor reporting and review
- Single Contract Repository integrated with key technologies to reflect upstream / downstream updates

**Accounts Payable**
- Manage and Record Requisition
- Manage In-Bound Documents
- Record Goods Received; Approve & Schedule Payment
- Payment Processing
- Address Vendor Inquiries/ Disputes
- Perform Period End Close Activities
- Vendor Master Data Management

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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

PROCESS OPTIMIZATION

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

Products like ServiceNow can offer a wealth of digital enablement through automation and structured workflows.

Digital transformation can be enabled by contained applications that are purpose built to provide automation and interaction.

Products like Microsoft Power Apps are fantastic avenues for this.

Increasing business operations can completely reshape how you run the core of your business operations.
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

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

- **Discovery**: During the initial phase, spend the time to identify your focuses, process opportunities that align and the technologies you have.
- **Analysis**: The second phase is to aggregate and assess the information to determine viable opportunities and solutions to meet specific focuses.
- **Strategy**: The third phase of is to set a strategy that is simple, practical and captures the transformational aspect limiting negative disruption to operations.
- **Roadmap**: The final phase is focused on building an actionable roadmap and execution plan to guide your efforts into realizing the defined strategy.
QUESTIONS AND ANSWERS
THANK YOU FOR YOUR TIME AND ATTENTION