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Digitizing the Core: Innovating from the Inside Out

Meet the presenters



Nidal Haddad

Principal
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David Carney

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Stephen Laaper

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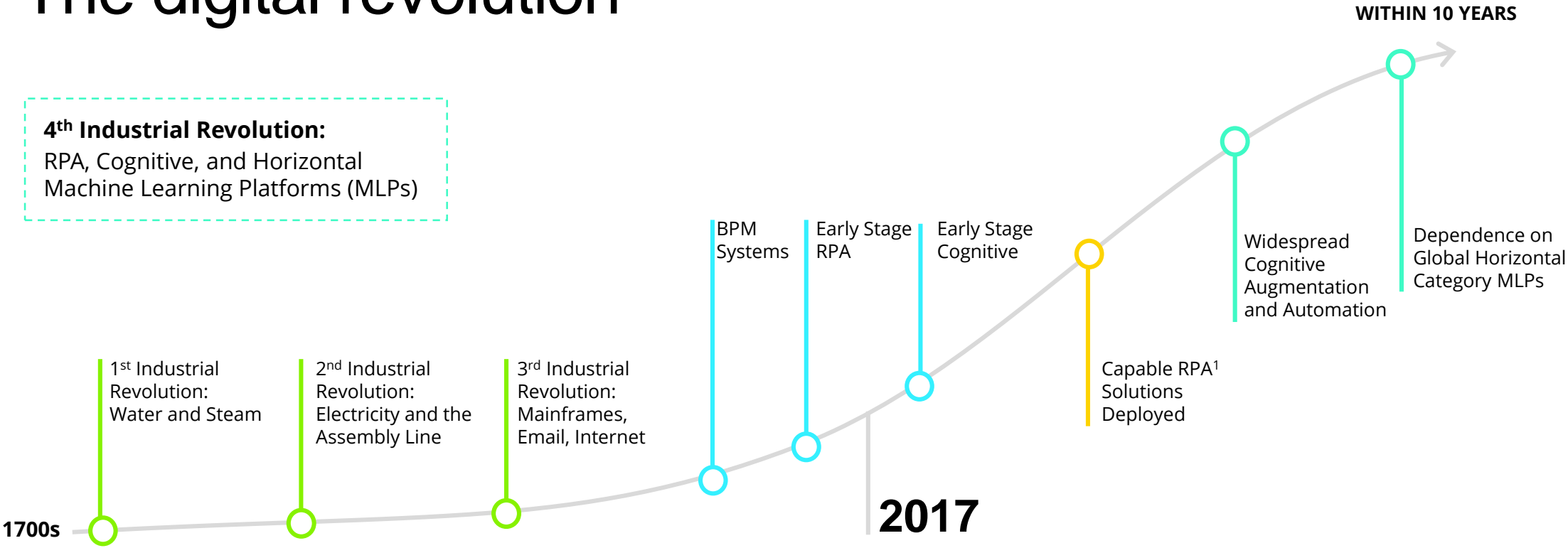
Girija Krishnamurthy

Principal
Deloitte Consulting LLP

Agenda

- 1 Digital Disruptions and their impact**
- 2 Finance in a Digital World**
- 3 Digital Supply Networks**
- 4 The combined power of Digital Finance and Supply Networks**
- 5 How to get started**

The digital revolution



LEGEND

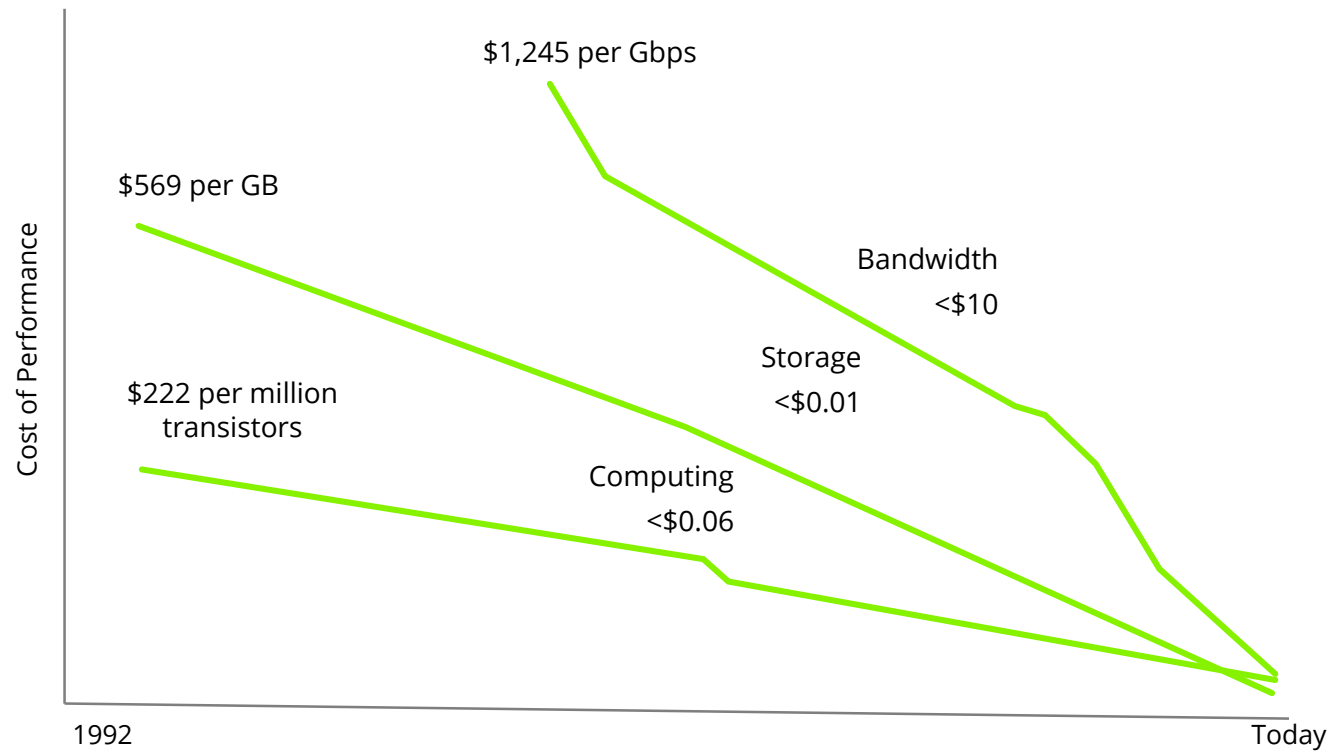
- Industrial Revolution
- Early Stage Technology
- Mature Technology
- Future Event

(1) Robotic Process Automation (Source: Industry 4.0: Challenges and Solutions for the Digital Transformation of Exponential Technologies, Deloitte AG, 2015 and Deloitte proprietary research)

Digital disruption spans many industries

EXPONENTIAL TECHNOLOGY CHANGE...

...DISRUPTING BUSINESSES ACROSS MANY INDUSTRIES



Amazon

Warby Parker

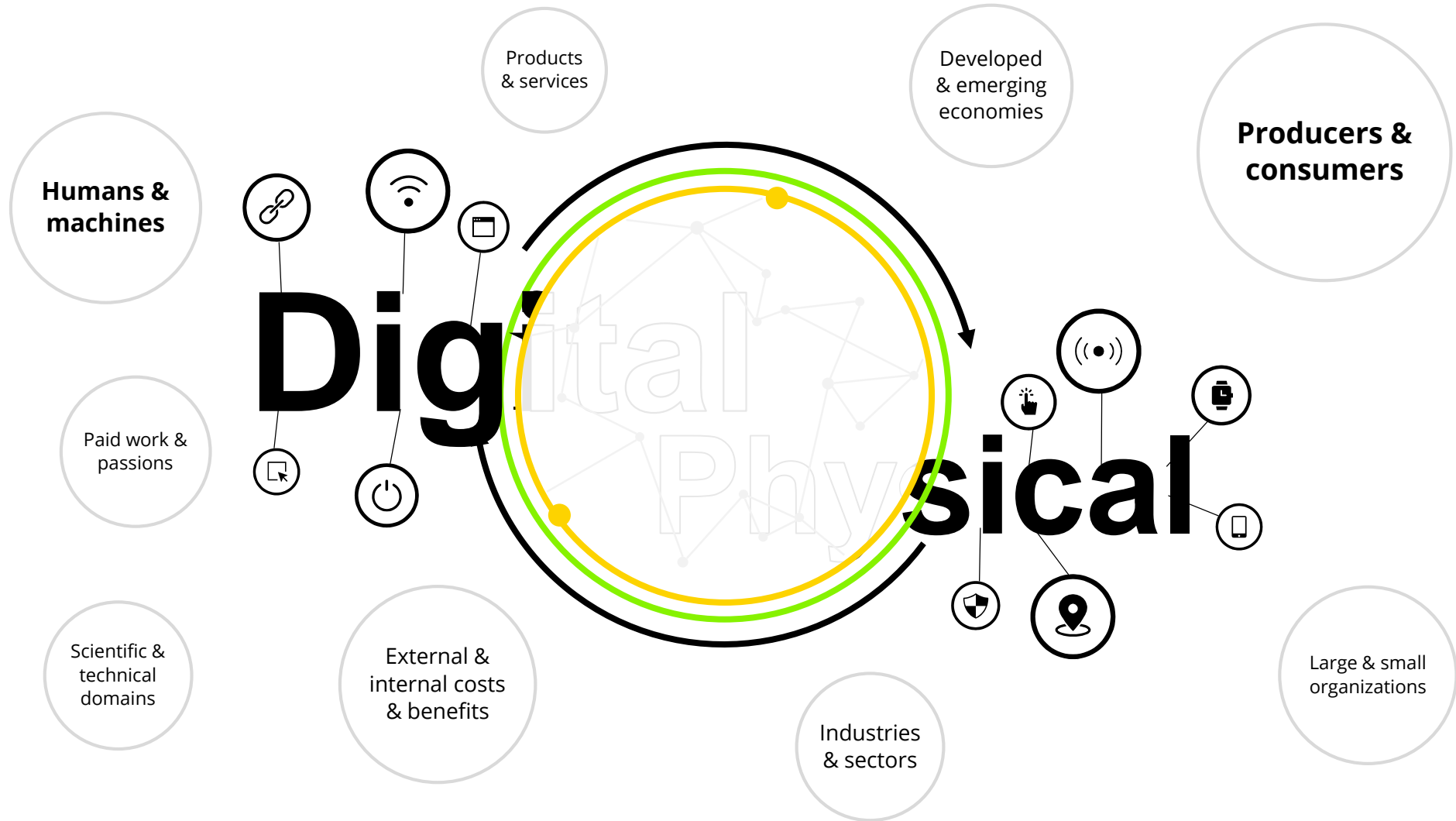
Lyft

Google

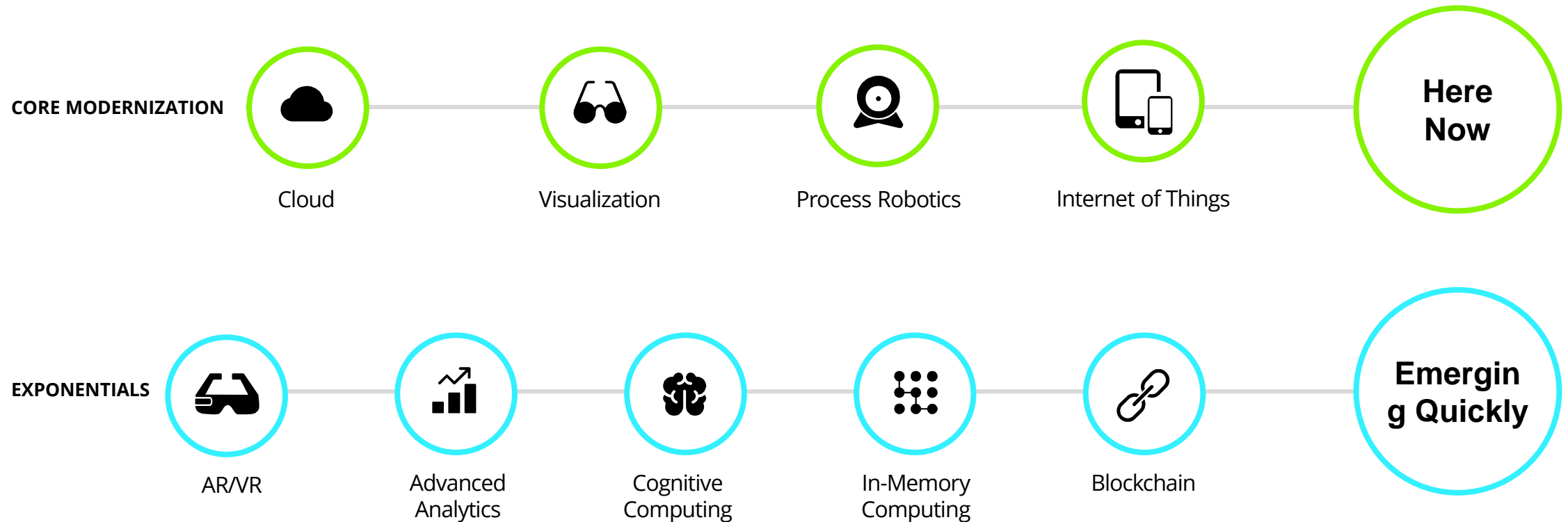
SpaceX

Source: Deloitte University Press

Boundaries are blurring



Digital disruptors are here – examples



Polling Question

Which of the following technologies are being actively used or seriously considered somewhere in your company?

Cloud

Visualization

Process Robotics

Internet of Things

AR/VR

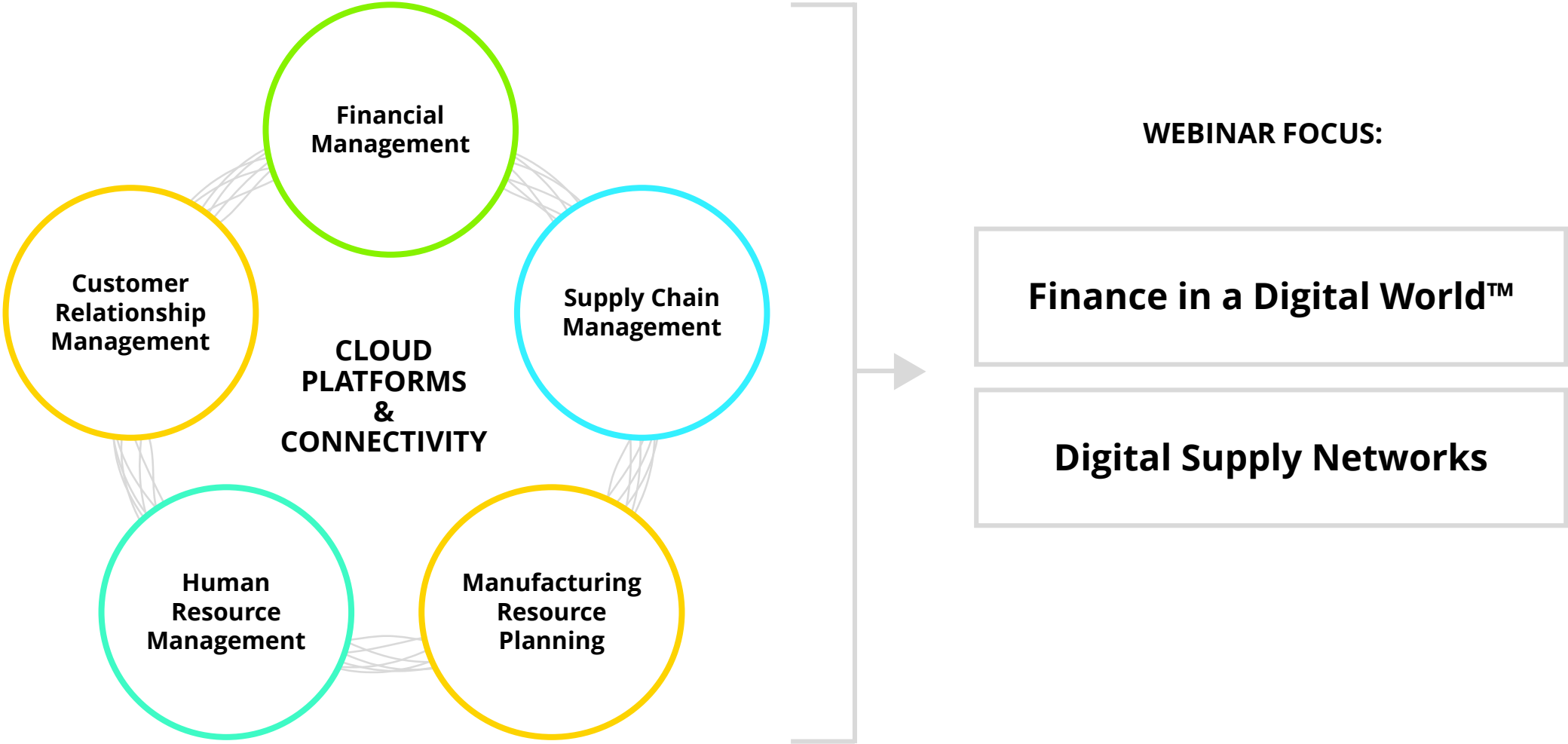
Advanced Analytics

Cognitive Computing

In-Memory Computing

Blockchain

Applying disruptive digital innovations to "the business behind the business"





Finance in a Digital World™

David Carney

Principal

Deloitte Consulting LLP

Imagine a world where...



5:00 am

A blockchain enabled value transfer solution, automatically settles open invoice with payments in digital currency

An automated robot begins populating the net revenue report and output to its analytics engine



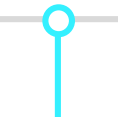
7:00 am

The natural language generator adds in narratives to the dashboard



8:10 am

The CFO interacts with the chatbot in natural language to drill down into splits by channel/product



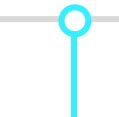
6:00 am

The data from the analytics engine is staged on a tableau or BI server and dashboards are refreshed



8:00 am

The CFO has access to the updated reports and narratives as soon as they arrive in the office



8:15 am

The CFO further drills down into cost variance analyses for products/services with dropping margins

All of the technologies required to realize this vision of the future exist today



Global Consumer Products Company

Analytics in Action

Accelerating Free Cash Flow (FCF) thru Discounts & Payment Terms Optimization

ISSUE

Highly complex commercial terms structure (discounts & payment terms), lack of strategic alignment on execution, and an immature data & analytics environment, challenged the client's ability to derive meaningful insights from its commercial terms environment – in aggregate, it translated into a sub-optimal environment for both profitability and for working capital.

SOLUTION

Deloitte analytics & visualization platform CashStream was deployed to analyze over 30 million transactional records providing visibility and insights into on-invoice payment terms and line item aggregate discount. Segregation approach was deployed, establishing 150 unique multidimensional “like-to-like” environments where statistical measures were applied to identify outliers and opportunities. Weighted average payment terms offered were then analyzed and segregated across the customer portfolio for comparability.

IMPACT

Identified 155 bps in gross margin improvement opportunities within the Discounts environment thru a more cohesive strategic framework, supported by a more effective execution and governance model.

And almost 9 days in DSO¹ opportunity to free-up working capital thru payment terms standardization and stronger terms compliance measures.

¹ Days of Sales Outstanding

5 Finance Predictions in 2025

1

Self Service Reporting
Is the Norm

2

Finance Mission Control Center
"Digital Exhaust"

3

Personal Automation
RPA to become as common as spreadsheets

4

Blockchain & Smart Contracts
Impacting all transactions

5

Finance Cost to Serve
Reduced by 50%

Polling Question

Which of the five predictions for 2025 are already gaining traction in your finance function?

Self Service
Reporting

Finance Mission
Control Center

Personal
Automation

Blockchain and
Smart Contracts

Finance Cost
to Serve



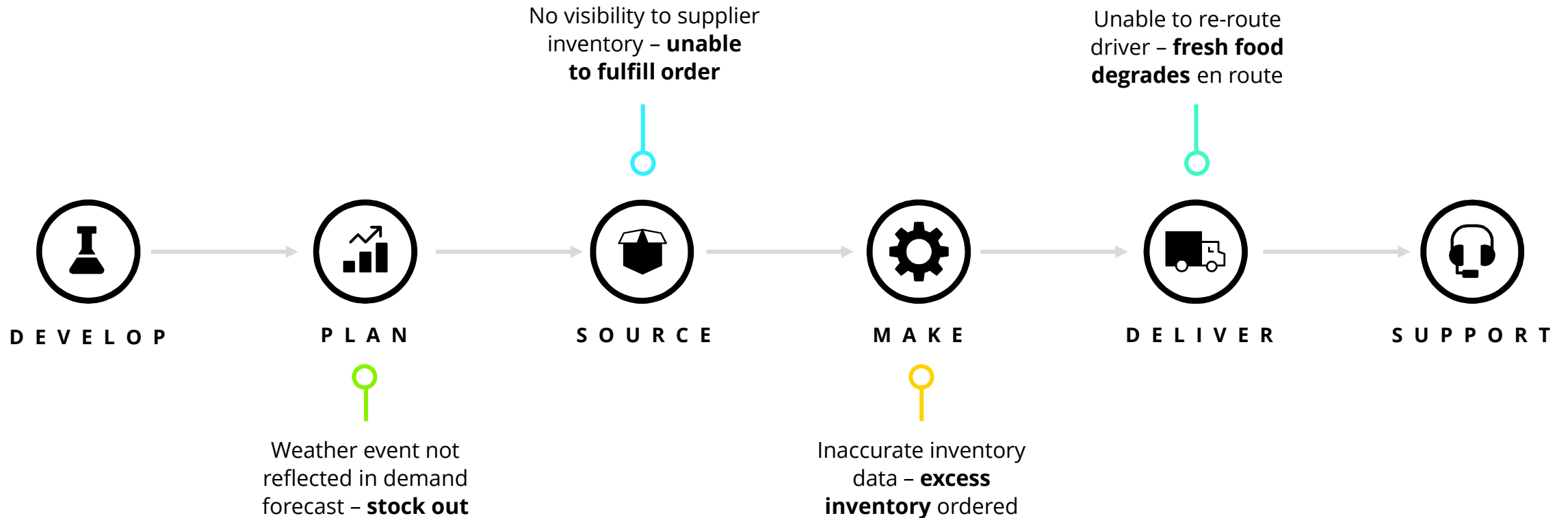
Digital Supply Networks

Stephen Laaper

Principal

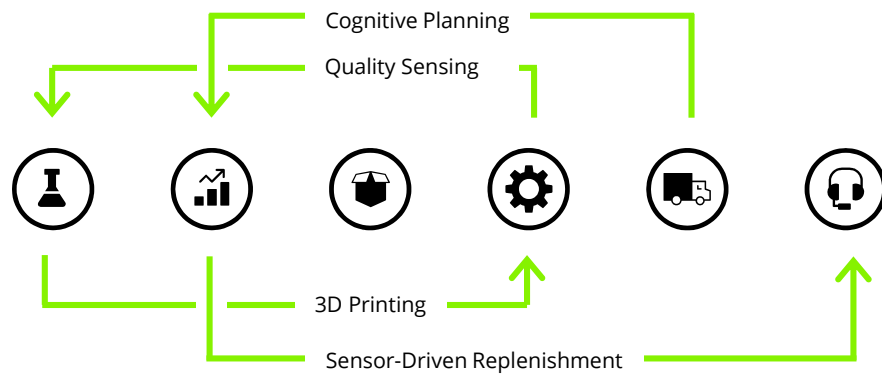
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“Day in the Life” of a traditional Supply Chain

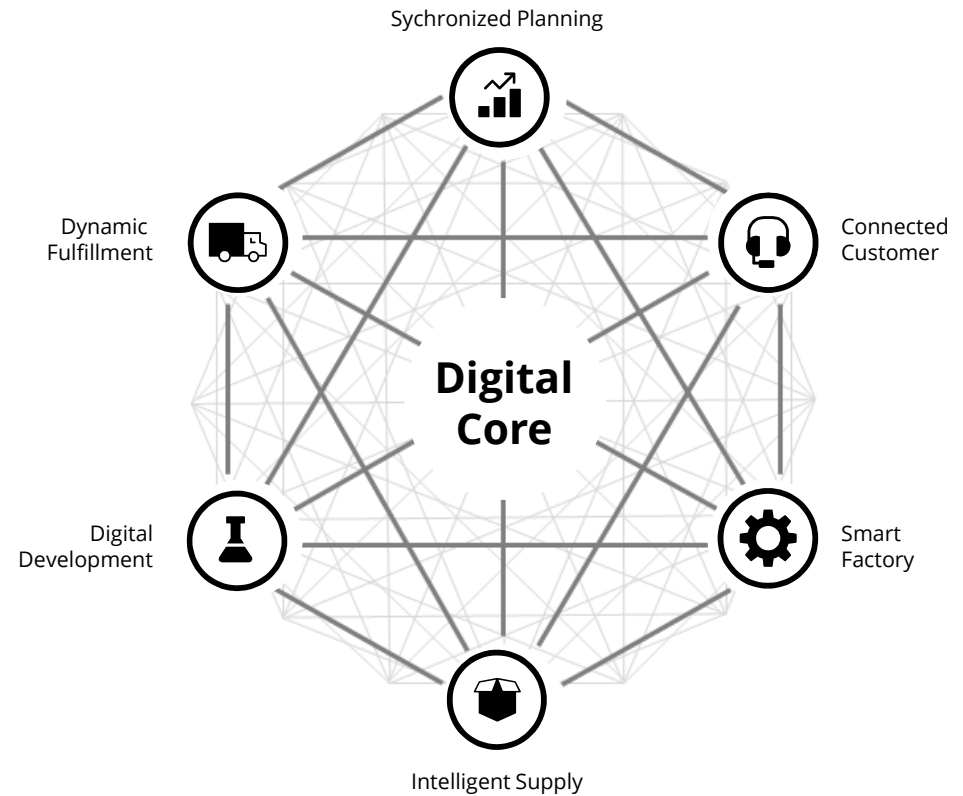


Digital Supply Network (DSN) transformation

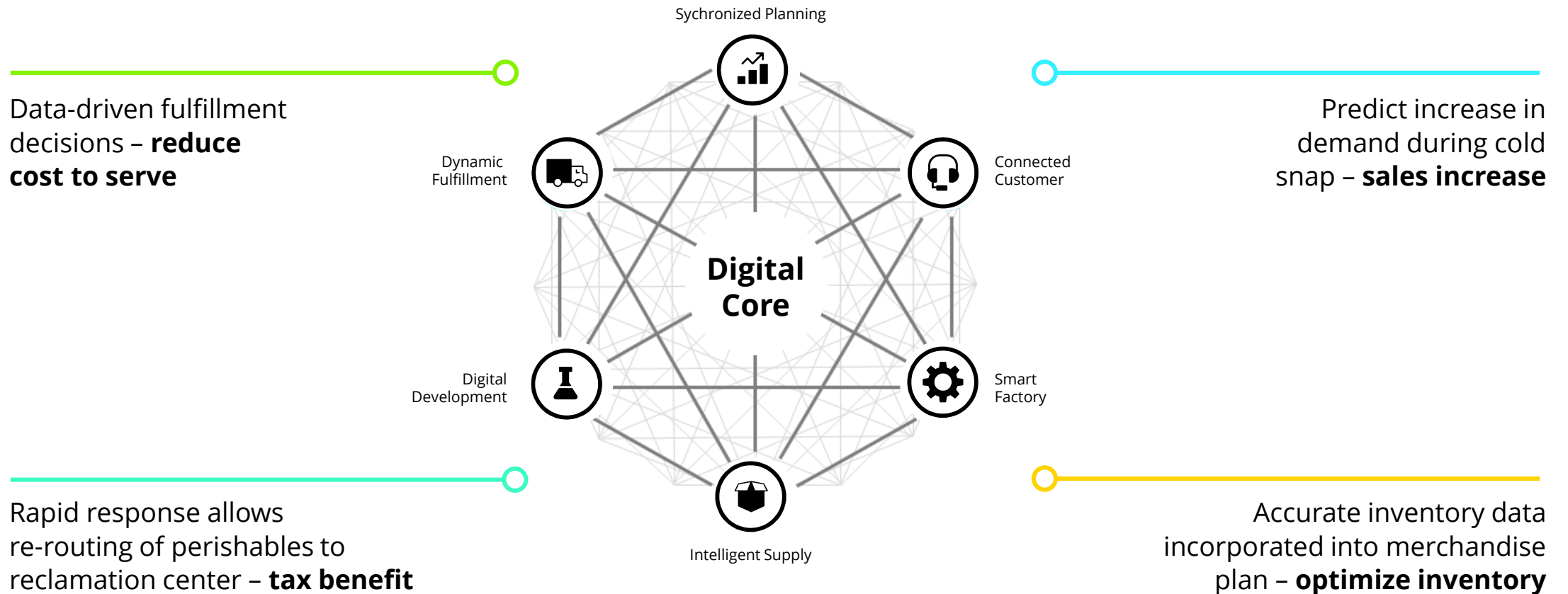
TRADITIONAL SUPPLY CHAIN



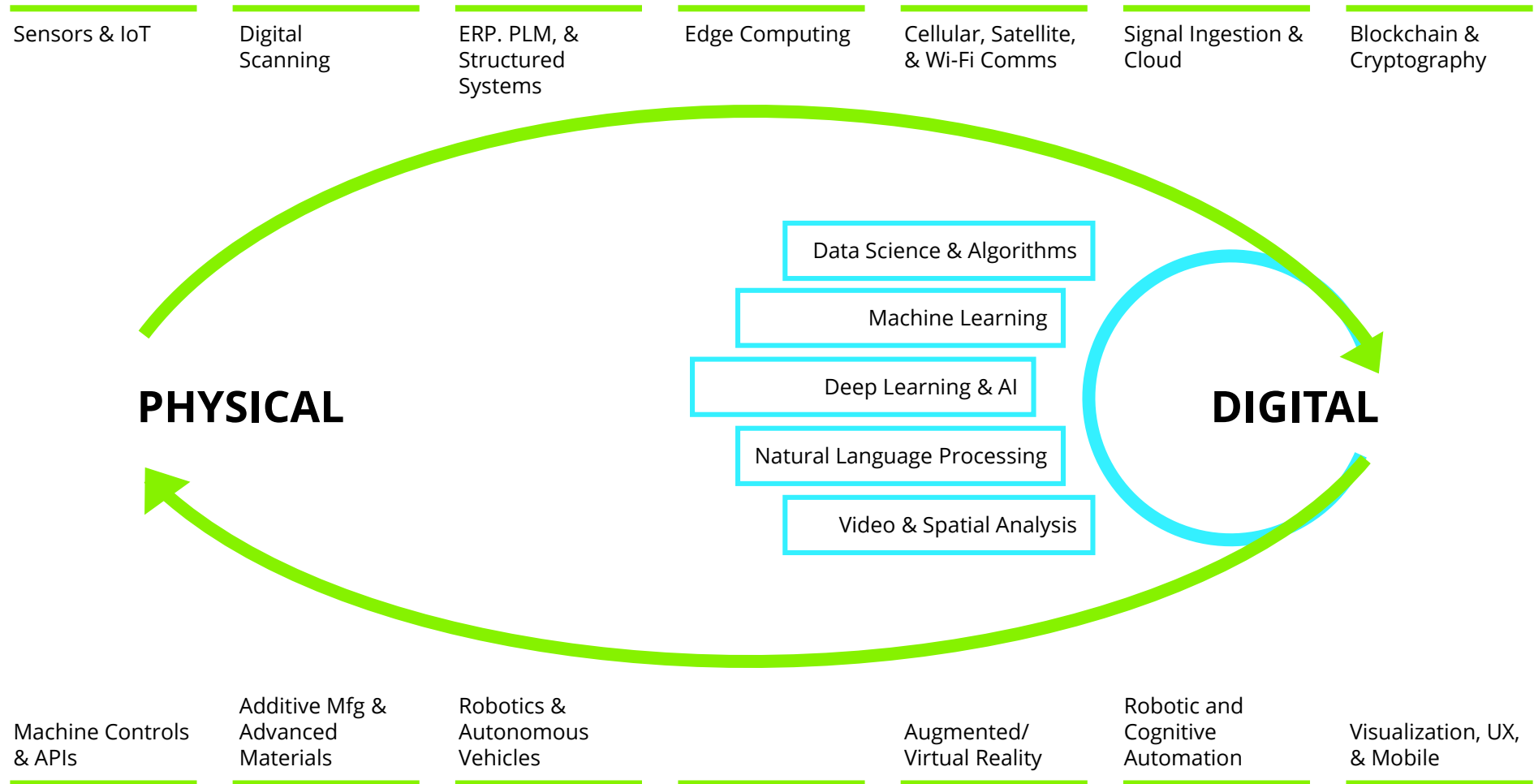
DIGITAL SUPPLY NETWORKS



“Day in the Life” of a Digital Supply Network



Digital Supply Network technologies





Global Industrial Manufacturer

LIVE FACTORY

Illuminating a “hidden factory”, transforming a wealth of data and assets into laser-focused operational insights.

ISSUE

The client was facing mounting pressure from a hyper-competitive market and was looking for ways to increase market share, efficiency, product quality, and customer satisfaction . One of the biggest issues was its ‘hidden factory’, where inventory lived and moved, but couldn’t be tracked and monitored in real-time. This lack of visibility resulted in excess finished goods inventory and inefficient allocation of resources for QA and rework.

SOLUTION

Enter IoT. Our cross-functional team created a “live factory” by attaching sensors to machinery. This ecosystem of business equipment and sensors provided data that helped the team develop apps and dashboards, effectively bringing a “hidden factory” of dormant data and insights to life. These outputs allowed the client to capture a vast amount of real-time information that would inform key operational decisions and generate big business results.

IMPACT

These insights and technologies enable the client to improve quality, increase productivity, and more efficiently allocate resources. By reducing unplanned movements, they also have fewer excess finished goods inventory. The sensors provide the client with a wealth of real-time information, apps, and tools that deliver crucial data on the status of its inventory and factories, with the ability to quickly and effectively triage a vast range of operational and logistical issues.

Even when most companies know they face inevitable disruption . . .



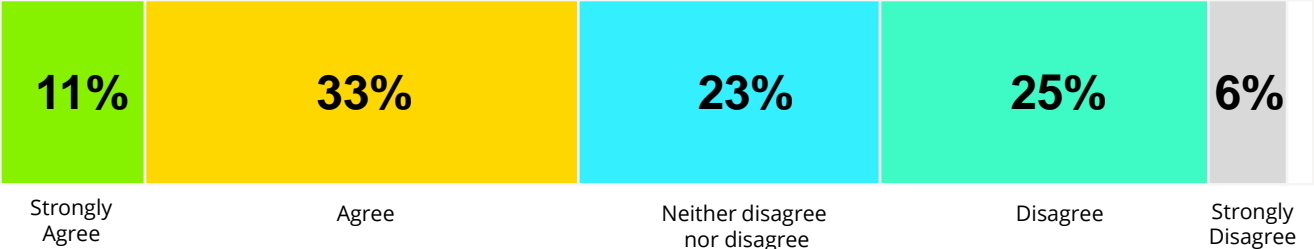
To what extent do you believe digital technologies will disrupt your industry?

87% anticipate disruption



My organization is adequately preparing for disruptions projected to occur in my industry due to digital trends

44% are adequately preparing



. . . less than half of respondents agree that the organization is adequately preparing for a disruption they anticipate will occur

Polling Question

“less than half of respondents agree that the organization is adequately preparing for a disruption they anticipate will occur” Do you agree with them?

Agree

Disagree



Supply Network + Finance

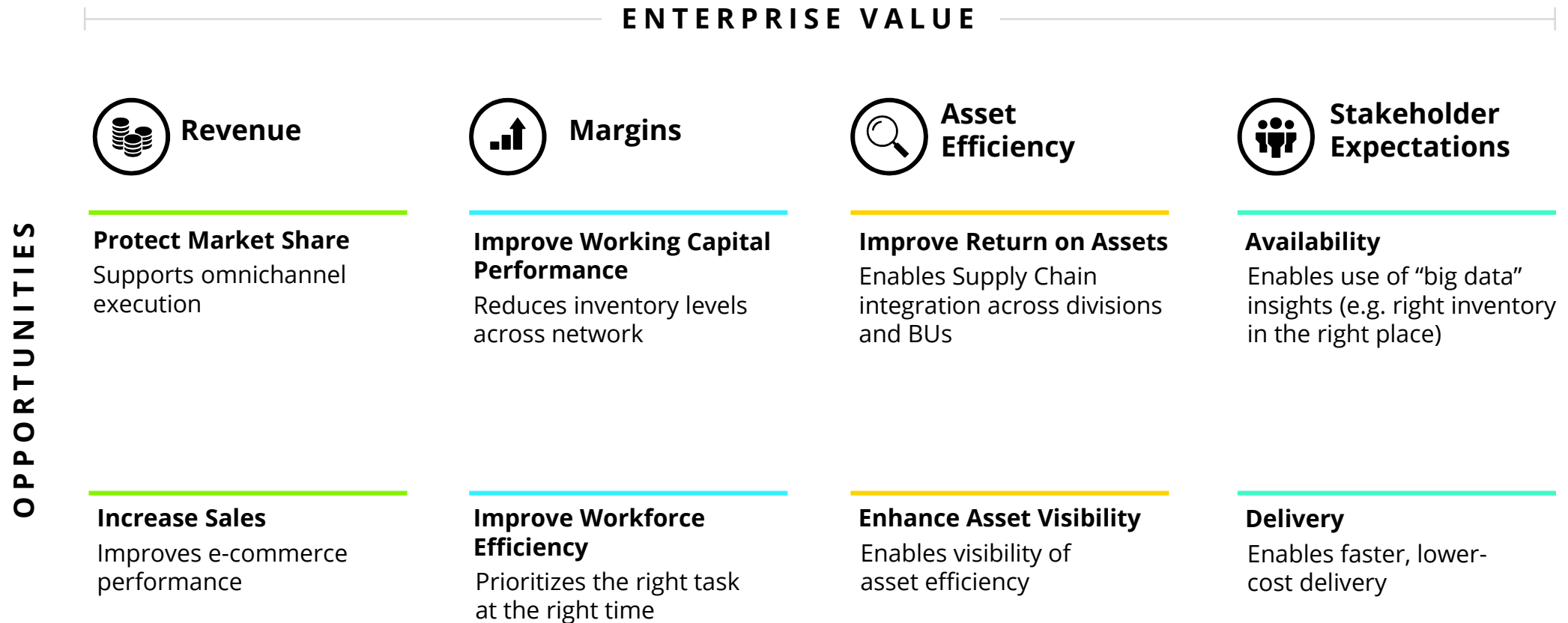
THE POWER OF PARTNERSHIP

Girija Krishnamurthy

Principal

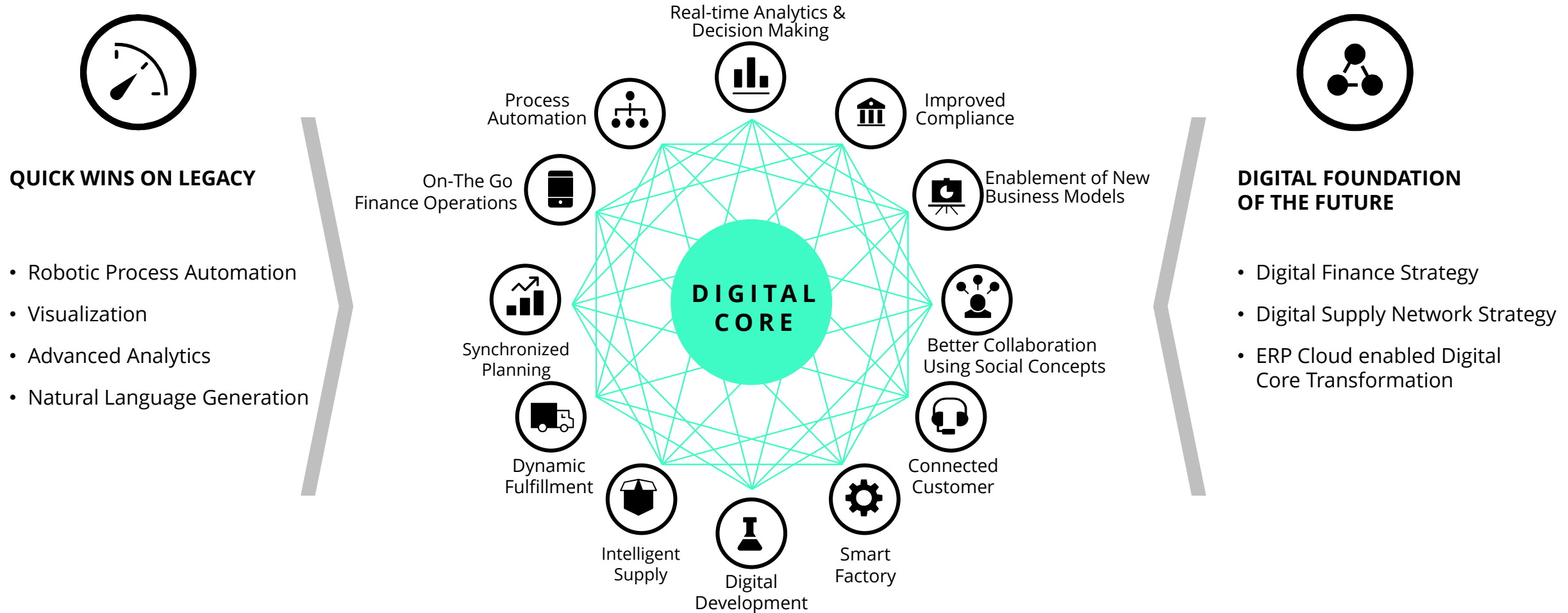
Deloitte Consulting LLP

Digital Enterprises drive shareholder value

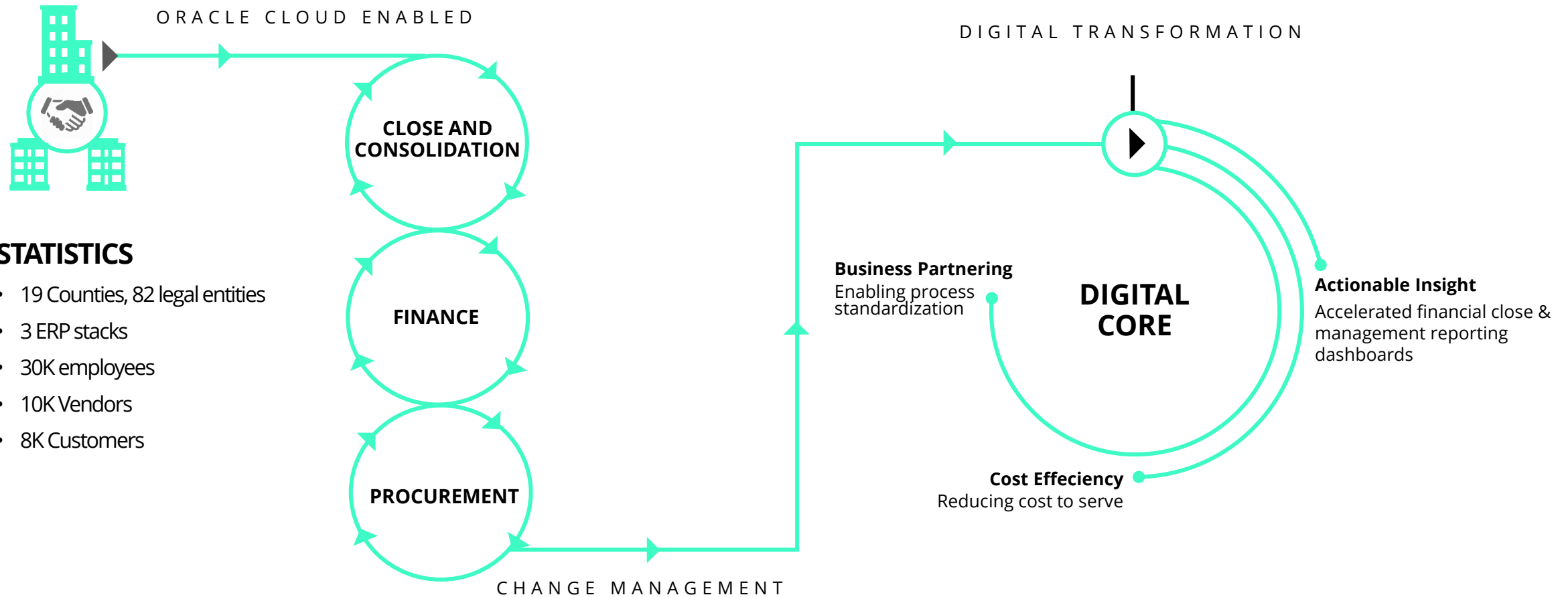


Right Speed Transformation

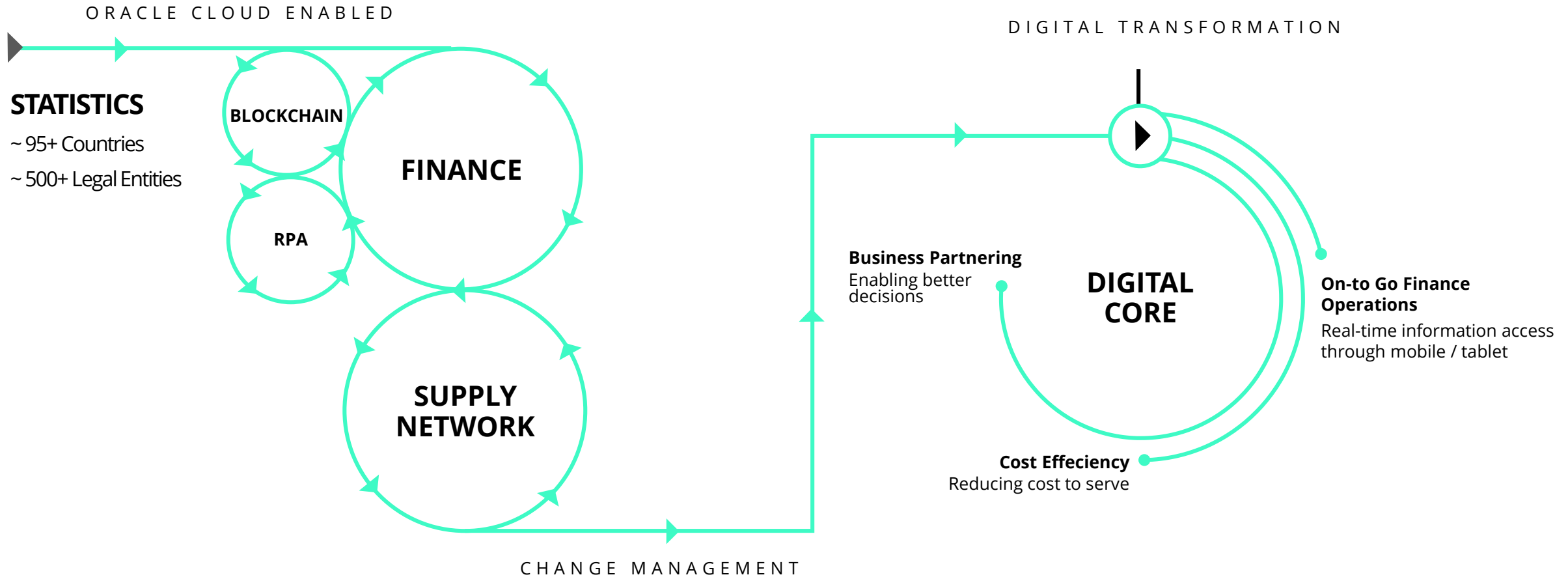
Digital technologies can be leveraged to simultaneously deliver quick-wins on legacy platforms while defining a digital technology foundation for the future



Digital transformation at Computer Storage Company



Value realization at Global Logistics Provider



HOW TO GET STARTED

Think **Big.** Start **Small.** Scale **Fast.**

WEBINAR REPLAY

<https://event.on24.com/wcc/r/1533290/4923323653A4159DF82DF88FF62FAEA9>



Thank you.

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