

Infosys® | CONSULTING

Why CPG companies should use process mining to realize successful process transformation projects



An Infosys Consulting Perspective

By Sachin Jangam, Lionel Chatelet, Vijay Narayan Kulkarni and Rakesh Tripathi

Consulting@Infosys.com | InfosysConsultingInsights.com

Introduction

CPG companies can leverage process mining capabilities for quick process discovery, root cause analysis and transforming legacy processes as they embark on their digital transformation journey to improve margins and meet increasing customer demand.

In this point of view, we will explain why traditional process transformation approach no longer works.



Why traditional process transformation approach no longer works?

All businesses run on **some core processes**, whether manufacturing gourmet chocolates in US and shipping it to markets in Europe or taking a customer order from a client based in China and shipping it via containers from a port in Singapore. All these **business transactions are supported through defined processes**, e.g., manufacturing, order management & fulfillment, logistics, etc. These processes are the foundations of a successful business.

- However, **businesses have become global and ever-changing resulting in variations** of these processes depending on the geography, product and needs of the market. As a result, processes have become truly complex **leading to inefficiencies creeping in business operations**.
- **Delays in order fulfilment, increasing working capital, excess inventory**, dissatisfied customers, etc. are early signs for businesses that something is wrong the way processes are executed and there is a **need to relook the core processes and align them again to current and future business needs**
- However, **traditional approach to process transformation is no longer suited** for needs of current digitally enabled businesses and **demanding consumers**. Many companies embarked on process transformation leveraging traditional approach and they **failed to realize the envisaged benefits**.

Some of the reasons why traditional process transformation approach no longer works are as follows:



Effort intensive & costly

- Based on selected interviews and workshops with business stakeholders, who might not have **exhaustive knowledge on processes and variations**
- **Expenses incurred towards hiring external consultants** for anywhere between 3-6 months depending on the size of the company and processes in scope



Extremely time consuming

- Typical project lifecycle **consumes 3-6 months to do an as-is state, gap analysis and come up with to-be process state**. The actual implementation might take years
- During this time, **the actual process might have changed already and as-is to to-be journey remains theoretical** without much impact on real world processes



Generic & lacks objectivity

- Traditional **approach is largely subjective as it relies on inputs from process owners**, who may or may not have full knowledge of all variations of a particular process. This results into a high-level, superficial study
- The role of actual transactions (like POs, invoices, receipts, etc.) and **data backed process variations is very limited** in traditional methods of process discovery

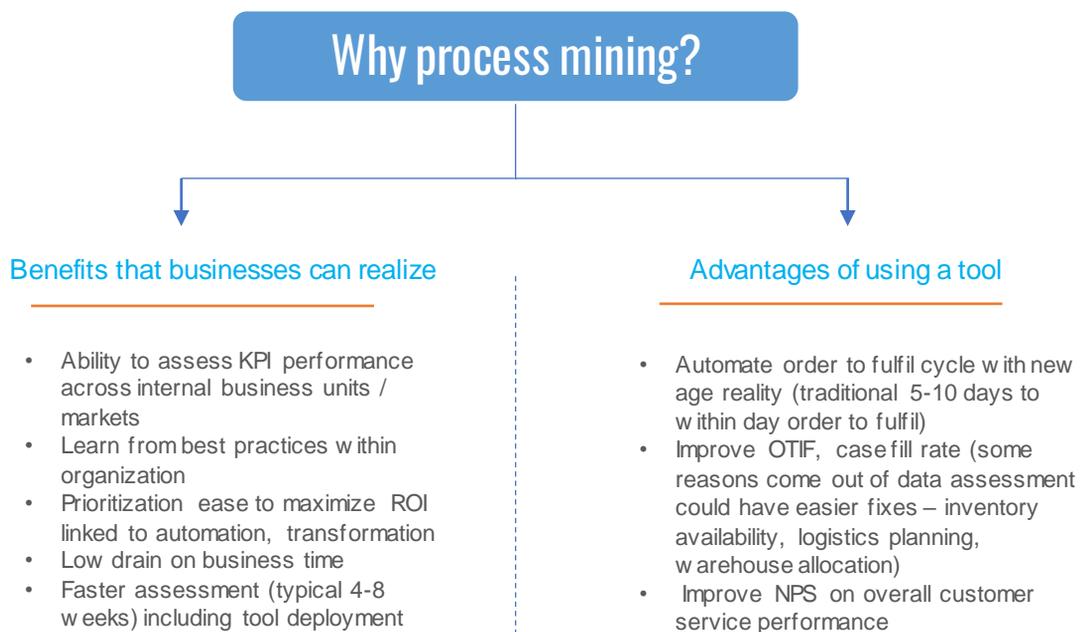
Enter process mining: a new digital enabled approach for process transformation

Process mining leverages advanced and powerful digital technology tools like artificial intelligence, machine learning, analytics to discover and monitor business processes. It enables organizations to capture data from ERPs and other distributed IT systems and provides important insights on how business processes are performing.

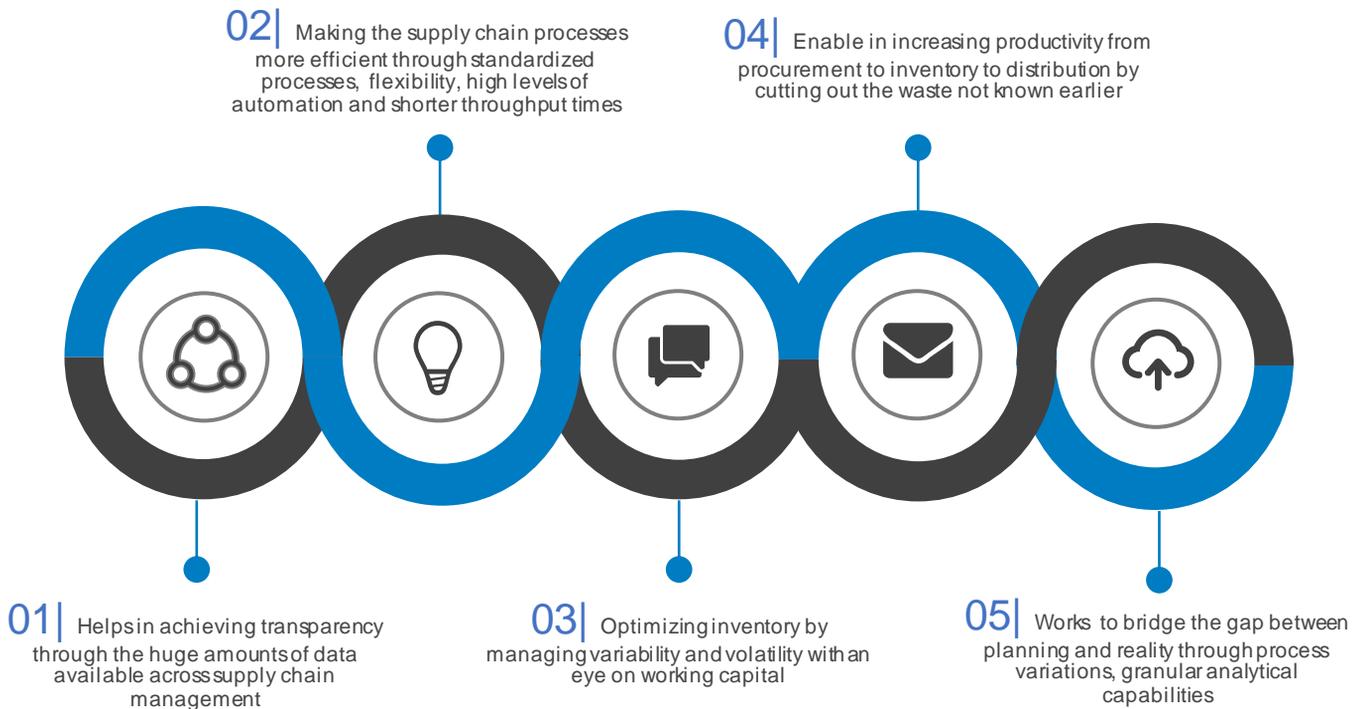
As compared to traditional approach, the discovery of processes and data is objective and real-time. It is not based on subjective interviews and inputs from various stakeholders. It utilizes the knowledge and expertise of these stakeholders in finding solutions to issues that are uncovered during process mining exercise.

In today's enterprises, almost all processes leave a digital trace in the form of event logs. Process mining gathers data from these event logs taken from a business's systems or a data warehouse.

Benefits of process mining can be summarized as follows:



Apart from above, process mining reveals insights and visibility that are not possible to uncover via traditional methods. Some of the benefits that we see across the business processes and supply chain are as follows:



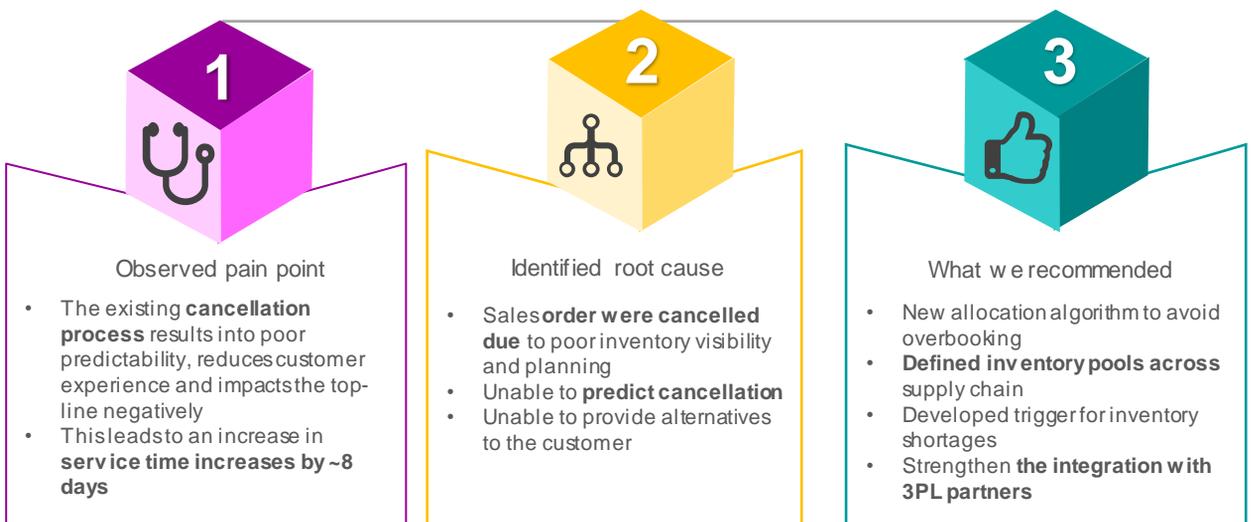
A case in point

Infosys has worked with multiple CPG companies to transform their end-to-end value chain across process areas, i.e., P2P, OTC, MTD, R2R, etc. leveraging our industry expertise and process mining tools.

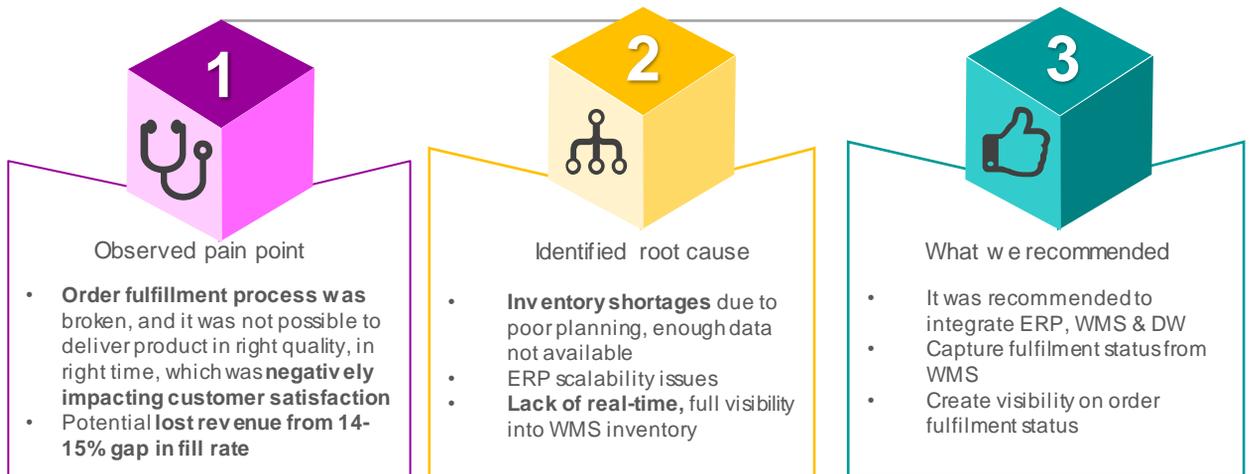
In one of the engagements, we worked with a leading global pet nutrition client to analyze their OTC process and **assess their process maturity, analyze the pain points and existing issues, assess existing KPIs** and then **recommend the ways to improve the process**.

For this PoV, we would site some **examples from the OTC process area** highlighting the pain points that the client faced, how it impacted the business operations and our recommendations leading to improved customer experience and higher margins.

Scenario 1: The client was struggling with **increasing order cancellations** which were affecting multiple downstream processes such as increase in customer service time, poor customer experience, limited or no visibility for new order, etc. All these issues resulted in losing customer and revenues. We used process mining to understand the root cause and come up with suitable recommendations.



Scenario 2: Order fulfillment was another critical pain which was impacting customer experience & sales. The gap in fill-rate was estimated to be around ~14%-15%, this was a result of poor planning and inventory shortages.



Conclusion: realization of potential benefits

The following benefits can be realized across process areas: reducing rework, increasing automation opportunities, process standardization and improved performance metrics.

Improved OTP – We used process mining tool to identify defaulting customers and pursue them regularly for payments. This has increased on-time payment rate by over **22% in just a few months**

Process standardization – to visualize and analyze the source-to-pay and order-to-cash processes, which **shows 1000+ variations and a lot of opportunity** for standardization

Rework reduction – we could identify that rework is a huge contributor to **delay in the overall throughput time**

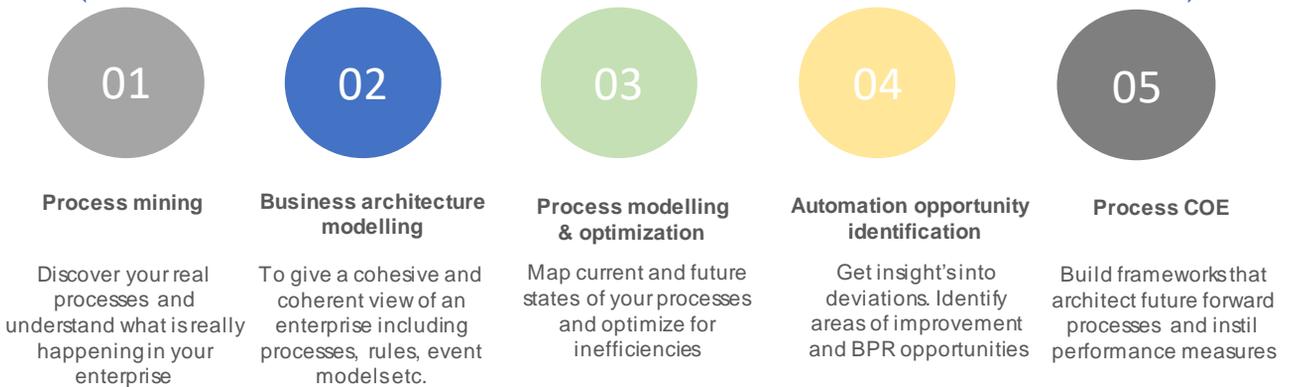
Improved OTD – deliveries to customers for O2C process were hardly meeting promise date 50% of the time. It also showed country wide deliveries from where it was found only couple of countries were performing up to the mark of 80+% OTDs

Savings – reduced lost cash discounts in just a few months, this is expected to go down further over time

Improved automation – Levered process mining tool to **identify automation rate in** invoice processing, and it was found to be only around 37%. Identified activities with the lowest rate, thereby helping in identifying automation opportunities

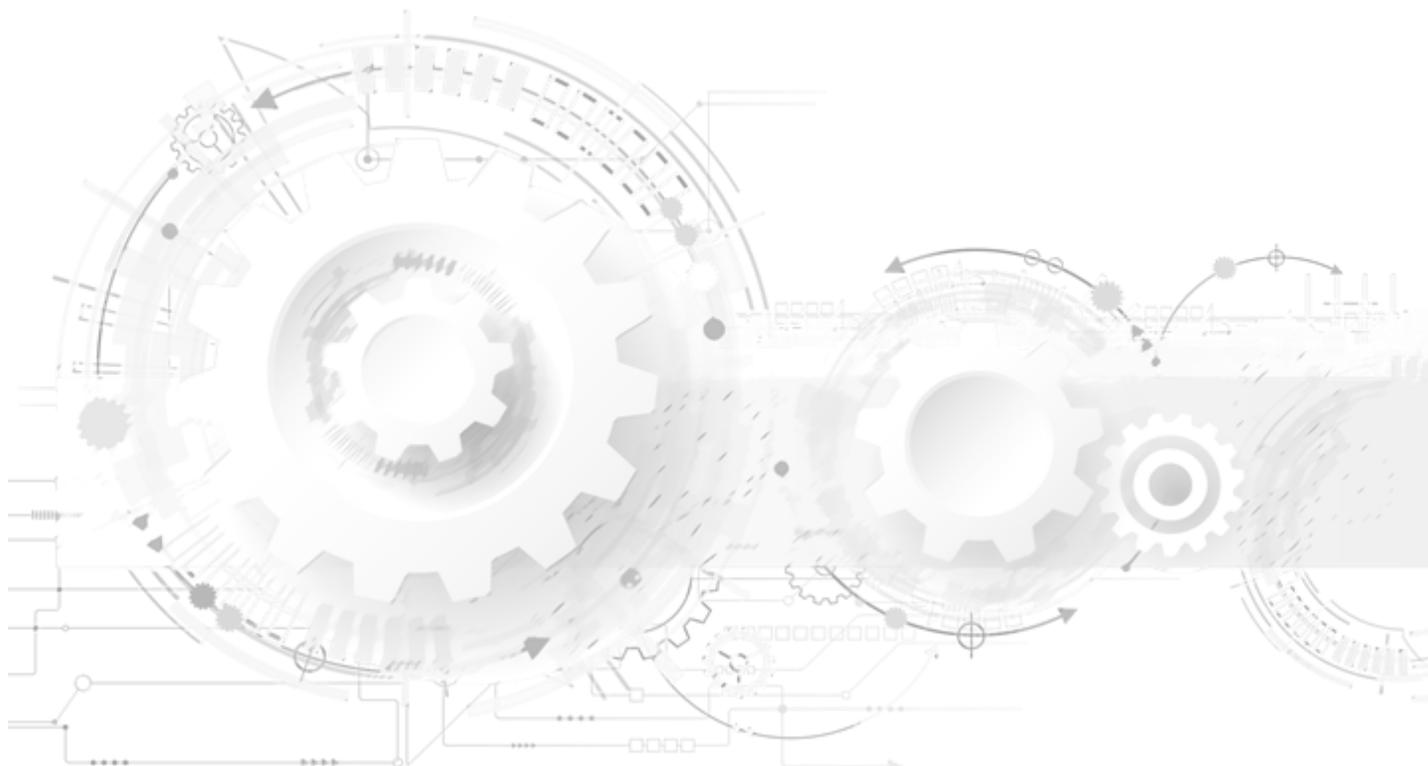
Snapshot of Infosys' process mining capabilities

Infosys combines **strong industry knowledge with deep expertise in leveraging process mining tools** to uncover benefits which were not possible using traditional process discovery tools. Infosys has end-to-end capability to deliver process-based transformation projects and to realize benefits across process areas.



With a pool of experts:

Certified process governance | Certified business process modelers | Domain consultants | Certified data engineers | Certified data analysts | Black bets | Lean practitioners



MEET THE EXPERTS



SACHIN JANGAM

Partner – Consumer goods, Retail & Logistics Practice

Sachin.Jangam@infosysconsulting.com



LIONEL CHATELET

Associate Partner - Consumer goods, Retail & Logistics Practice

Lionel.chatelet@infosysconsulting.com



VIJAY NARAYAN KULKARNI

Senior Principal - Consumer goods, Retail & Logistics Practice

Vijay_kulkarni@infosys.com



RAKESH TRIPATHI

Principal - Consumer goods, Retail & Logistics Practice

Rakesh.Tripathi01@infosysconsulting.com

Infosys[®] | CONSULTING

consulting@Infosys.com
InfosysConsultingInsights.com

LinkedIn: [/company/infosysconsulting](https://www.linkedin.com/company/infosysconsulting)
Twitter: [@infosysconstng](https://twitter.com/infosysconstng)

About Infosys Consulting

Infosys Consulting is a global management consulting firm helping some of the world's most recognizable brands transform and innovate. Our consultants are industry experts that lead complex change agendas driven by disruptive technology. With offices in 20 countries and backed by the power of the global Infosys brand, our teams help the C-suite navigate today's digital landscape to win market share and create shareholder value for lasting competitive advantage. To see our ideas in action, or to join a new type of consulting firm, visit us at www.InfosysConsultingInsights.com.

For more information, contact consulting@infosys.com

© 2021 Infosys Limited, Bengaluru, India. All Rights Reserved. Infosys believes the information in this document is accurate as of its publication date; such information is subject to change without notice. Infosys acknowledges the proprietary rights of other companies to the trademarks, product names, and other such intellectual property rights mentioned in this document. Except as expressly permitted, neither this document nor any part of it may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, printed, photocopied, recorded or otherwise, without the prior permission of Infosys Limited and/or any named intellectual property rights holders under this document.