Connected Order to Cash:
Powered by Digital and Analytics
The Challenge
Companies across industries are refocused on increasing competitiveness and profitable growth. To address ever-changing customer and marketplace demands, companies require more agile, responsive operating models with streamlined processes. Greater efficiency is also required: Reduced operating costs and working capital help fund growth initiatives. However, in many companies, the order to cash (OtC) processes remain siloed, often split across different functions, and labor-intensive. Diverse customers have varied expectations that current Customer Service departments struggle to fulfill. Meeting customers’ expectations is further hindered by complexities of channel diversity at a global scale, and even more with the new digital channel disruptions. The implication? Conventional approaches to OtC often provide poor and inconsistent service to customers, do not meet internal KPIs and are expensive to operate.

To be competitive, companies should transform their traditionally narrow OtC processes through innovative, holistic and connected solutions that increase agility, reduce operating expenses and improve cash flow (Figure 1). In our experience, a business-driven approach can dramatically enhance the speed and success of such a transformation.

The Business Driven Approach to Order to Cash:
A business driven approach starts with a service strategy definition. This allows companies to allocate proper service packages to the different customer segments to help: increase service quality across all customer segments based on their requirements, improve the cost-to-serve, increase internal flexibility to fulfill customer demands and drive internal discipline to help meet service targets.

The next steps involve working on several interconnected dimensions.

- Establishing the organizational structure, often with new specialized roles in a multi-tier structure
- Evaluating centralization and outsourcing as key levers to improve flexibility and decrease costs
- Connecting end-to-end processes and aligning neighboring functions’ activities towards the common goal: customer satisfaction
- Incorporating the appropriate technology (digital and analytics) that will enable predictive insights.

The Digital Disruption: Delivering Predictive, Superior Customer Experiences
Digital technologies can strongly impact daily activities of OtC departments (i.e., through automation). Companies need to be ready to focus their workforces towards more complex business issues that require judgment and decision making and, therefore, provide more value-add services to the enterprise and its customers. Digital helps OtC to be:

AUTOMATED
Companies are already working towards highly automated processes. For example, in the OtC flow, achieving a +90% rate of “untouched perfect orders” should be a reasonable target in the near future. An untouched perfect order is one that flows automatically without any manual intervention.

The key digital component supporting this high automation target is robotics empowered with artificial intelligence algorithms that not only automate step-to-step activities but solve complex cases based on historical patterns and across multiple complex data sources (i.e., unstructured text, speech recognition and video data). Automation not only helps reduce operating costs, it also reduces errors and accelerates speed to completion.
PREDICTIVE
By generating insights through robust analytics capabilities, companies are more likely to predict customer issues. A digital control tower can provide information about imminent out-of-stock-situations that can lead to lost sales. Collections functions can gain insights about future customer payments. These predictive capabilities help OTC functions to proactively identify potential issues and mitigate their impact resulting in improved service and business outcomes.

Another advanced capability is digital sales orders. Many companies wait for the Salesforce or customers to place the order. However, leading companies use predictive analytics combined with online store data and internal marketing insights to automatically generate sales orders. This contributes to greater on-shelf-availability and realized sales, at a lower operating cost.

CONNECTED
Narrow OTC processes are expensive and limit growth.
A connected OTC approach beyond the conventional OTC scope can make a positive, differentiated impact on a company’s profit. For example, trade promotions and trade terms are painful challenges well known by fast moving consumer companies, and transactional-driven traditional approaches have partially solved the issue. However, many commercial investments still have little or null effect on generating demand.
A connected approach, such as Accenture’s, means delivering a new capability (revenue growth management) that holistically optimizes company commercial investments (i.e., promotions, price, trade terms, product portfolio) while further connecting commercial and marketing processes contributing to profitable growth (Figure 2).

Another potential way to increase competitiveness is by connecting with customers through digital channels. Some customer segments will be interested in online access to their OTC data combined with do-it-yourself 24/7 services (self service portals).

AT GLOBAL SCALE
Global companies require global OTC operations that adequately enable their expansion plans both through entering new countries and through acquisitions. Standardization is key; however, “one size does not fit all”.
How to solve this issue? Archetypes can help companies deploy a standardized connected OTC model that supports operations across multiple business units and geographies.
Accenture was asked to help a leading consumer goods multinational company with a large product portfolio in multiple categories. We created and helped deploy a global connected OTC model to cover 101 countries. The market realities were very diverse. To address the requirements, Accenture defined three archetypes. Each archetype had no more than 10% differences with the template. Every time a new country was transformed, it had to fit in one of the three archetypes.

The Value of Connected Order to Cash
The connected OTC operating model, powered by digital and analytics, helps companies achieve business objectives. In our experience, companies may be able to realize:

GROWTH:
- 25–500 basis points (BPS) gross margin improvement through a revenue growth management approach
- Opportunity to be recognized by key customers: For example, if a consumer products company works well with a certain retailer, then that retailer may recognize the consumer products company as one of its preferred suppliers
- Up to 150 BPS increase in service level (i.e., through the digital control tower that predicts future out of stock issues and allows the connected OTC organization to proactively mitigate them)
- Faster “time to market” in new acquisitions through having in place a well-structured operating model, with specialized roles, standardized processes and advanced use of digital technologies.

COST REDUCTION:
- 20% to 40% connected OTC operational costs by streamlining processes: eliminating waste and driving automation, developing new roles, driving centralization towards cost efficient locations and leveraging outsourcing vendors
- 1–4% Logistics cost reduction by respecting delivery agreements through the service strategy engine (i.e., reducing rush deliveries, respecting minimum order value and minimum item quantity)

WORKING CAPITAL IMPROVEMENT:
- 10%–50% working capital improvement by increasing invoice accuracy, reducing customer claims and mitigating risk payment through the “intelligent collections” capabilities, therefore reducing overdue debt.
About Accenture

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With more than 373,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

Copyright © 2016 Accenture
All rights reserved.

Accenture, its logo, and
High Performance Delivered
are trademarks of Accenture.