

ARISTOCRAT

Unlocking Synergies: Process Analysis of Procurement Transformation

A Case Study

12 September 2024 | 4.10 pm | Gold Coast, AU

SAP

SAP TRANSFORMATION
EXCELLENCE SUMMIT



Speaker Profile



- Leading **BPM Center of Excellence at Aristocrat** to support enterprise strategy and execution
- Initiated BPM capability initiative as one of the pillars in transformation disciplines
- Over **20 years experience in project management and change management**, implementing large, complex technology projects within multinational companies and government agencies
- PhD in Empirical Software Engineering, focusing on **capability maturity model** in software organizations



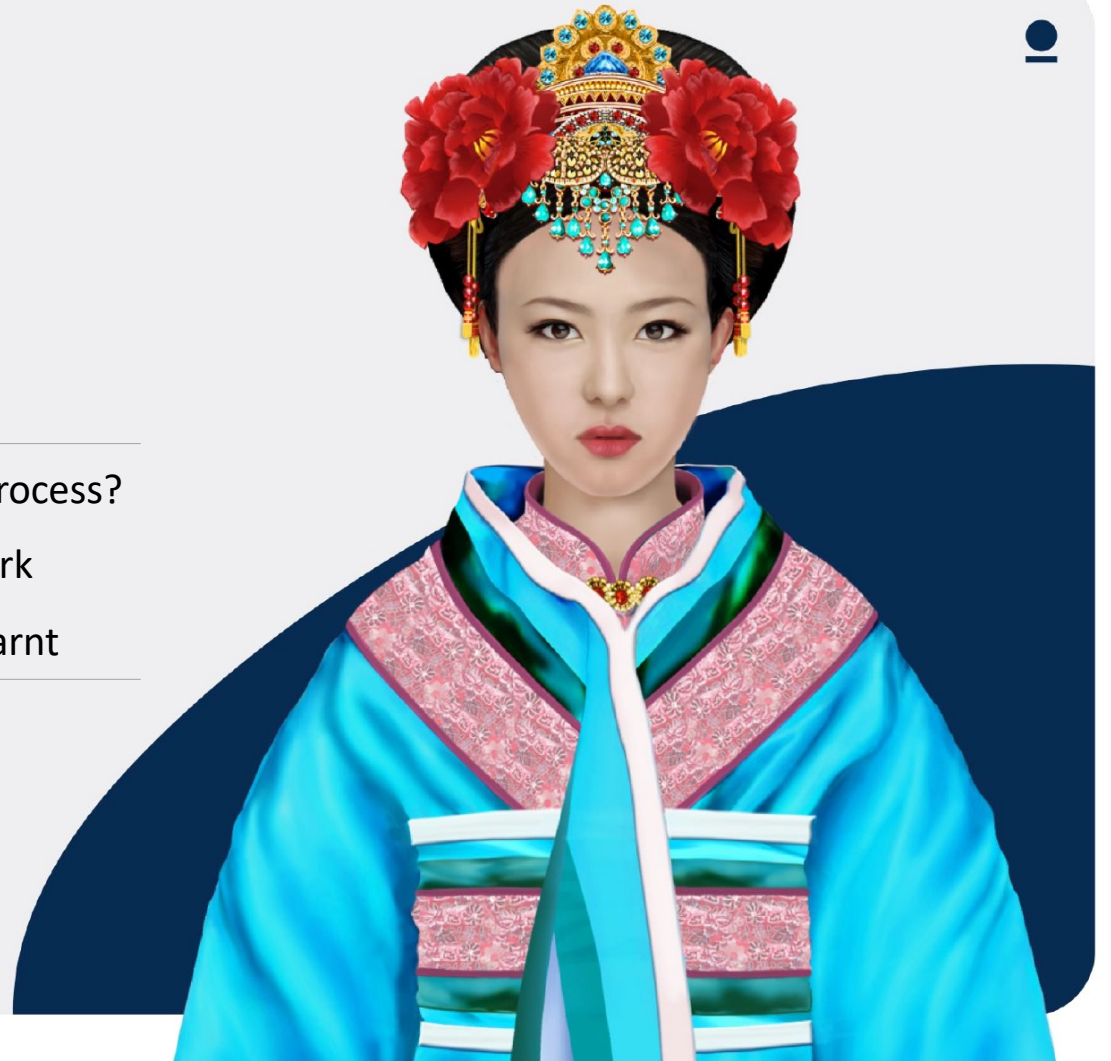
Nazrina Khurshid (PhD)
Senior Director, Global Transformation

| Agenda

- Learning Objectives
- Company Overview

- **Why** did we analyse our Procurement process?
- **How** did we apply the analysis framework
- **What** are the key outcomes & lesson learnt

- Questions
- Contact information



Why are we here?



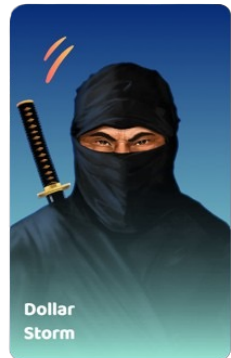
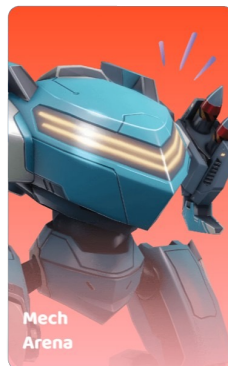
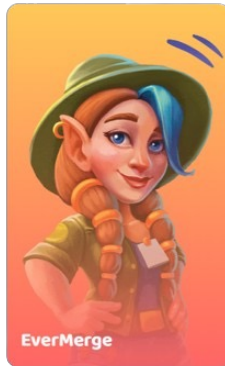
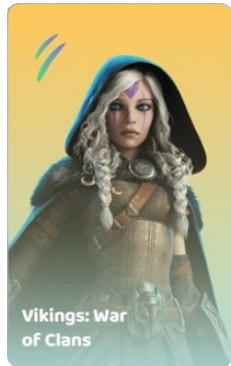
In this session, I will:

- Share how to use **process analysis techniques** to solve business problems
- Demonstrate the use of **process mining** (combining process & data) to provide evidence on process gaps/behaviors
- Show how process brings together various business to **solve common problems**

...to showcase synergistic value across the business



Who we are: Aristocrat Leisure Limited



- Global entertainment and gaming content creation company powered by technology
- ASX 25 company, headquartered in Sydney Australia with around **7,500 employees working across the globe**
- Our operating business units are:
 - **Aristocrat Gaming (Land-based gaming)**
 - **Pixel United (Mobile Games Publishing)**
 - **Anaxi (Online Real Money Gaming)**
- Process landscape
 - Implemented Lean / Six Sigma in the past
 - Black Belts in pockets across the organisation
 - **3rd year in our BPM roadmap**

Why focus on Business Process Management (BPM)?



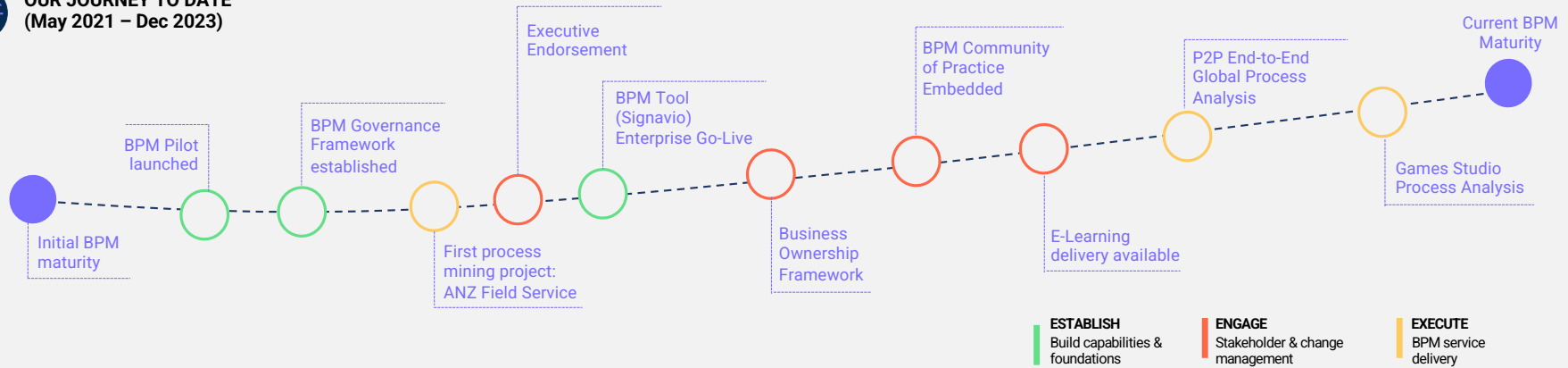
- We have grown due to M&As, growth etc.
- Our operations have changed due to **digital transformations**
- This leads to changes in **OUR PROCESS!**
- BPM initiative was introduced to:
 - Create organizational **process management muscle**
 - BPM Capabilities to help organization **adapt and function at scale**
- We have strong **visibility of our operations** & adapted to the changing nature occurring



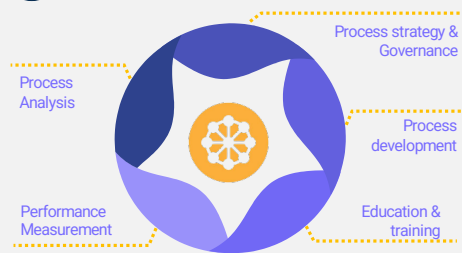
BPM Center of Excellence – Our Journey



OUR JOURNEY TO DATE (May 2021 – Dec 2023)



KEY SERVICE OFFERINGS



OUR PARTNERS & COMMUNITIES

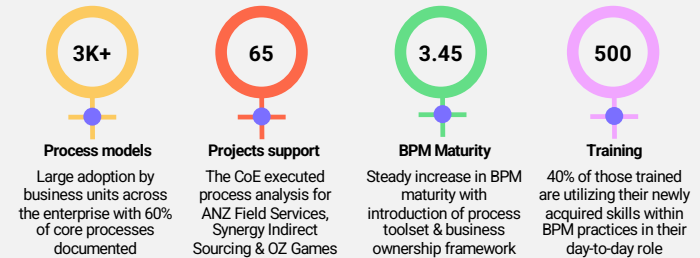


Our key customer focus has been **Group & Gaming** to date. We are slowly getting traction within Pixel & Anaxi

We have over **80 active community members** consisting of analysts, process owners & stewards and management & improvement teams



KEY ACHIEVEMENTS & NOTABLE IMPACT*



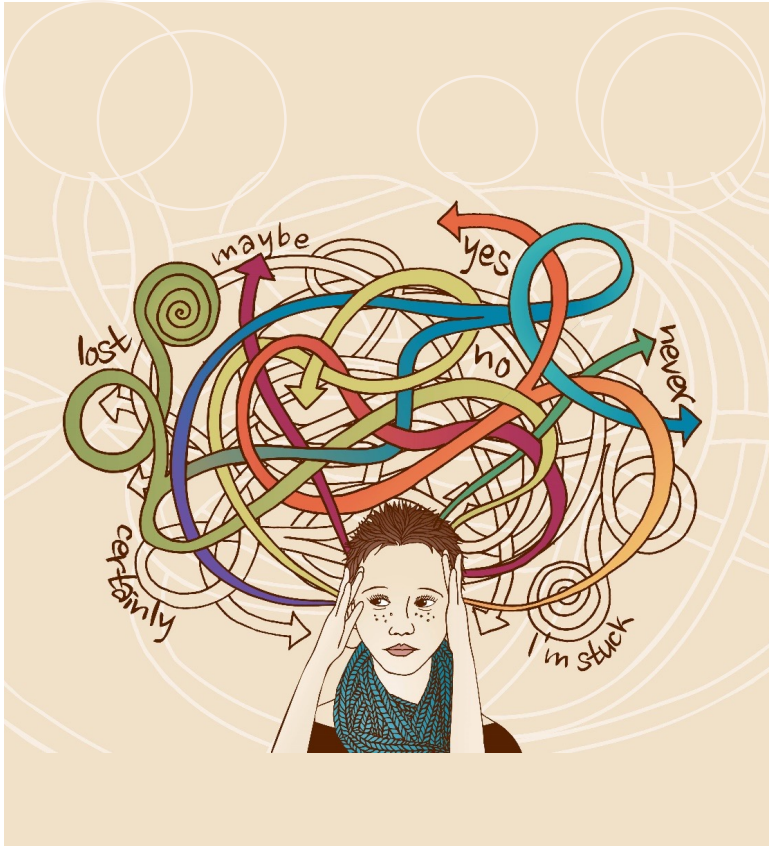
* Not actual data – demonstration purposes only



Case Study

Project Background

What was the situation?



- Our **expenses** are increasing
- Processes are **fragmented with low maturity**
- Problems acknowledged with **little impact/change**
- Heavy focus on **tactical & operational procurement**

Where did we start?

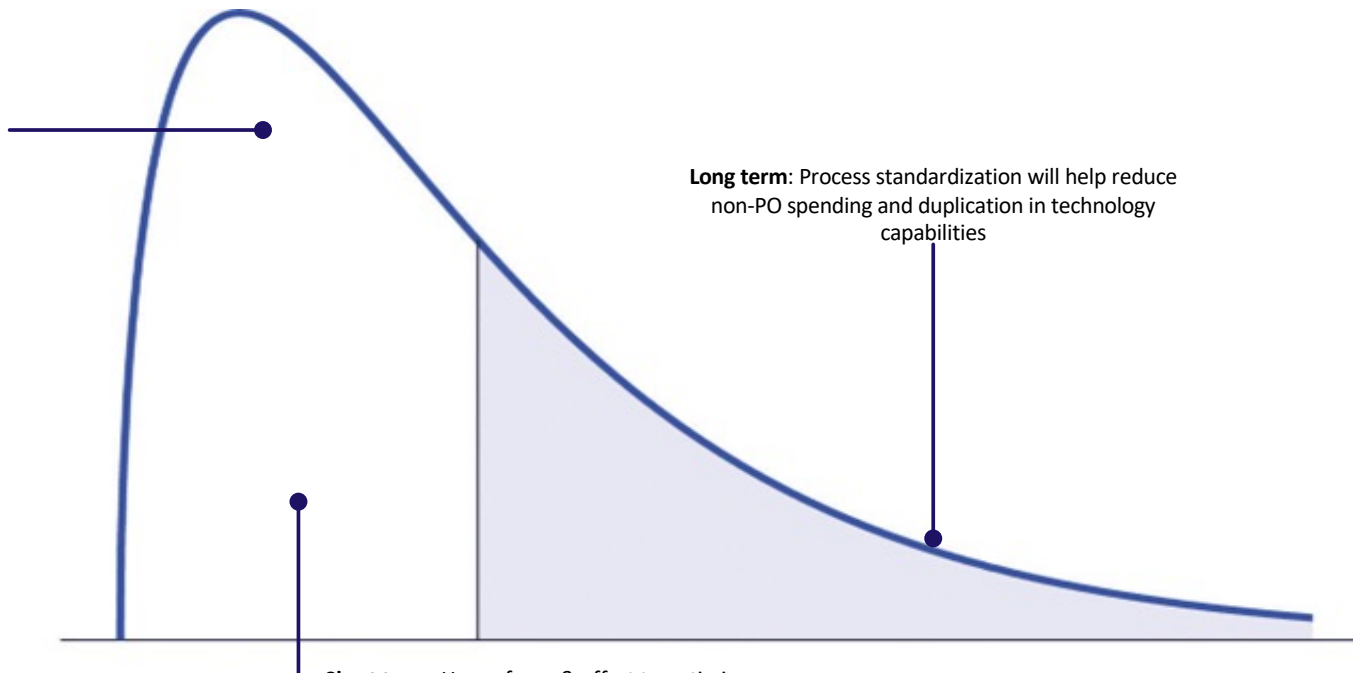


We focused our analysis on the IT procurement category as it reflected a high number of transactions with opportunities for quick wins (optimization of existing large software contracts across Aristocrat's global enterprise).

Future: Sourcing team can focus on more strategic partnering with the business to help execute business needs (shift from transaction)

Long term: Process standardization will help reduce non-PO spending and duplication in technology capabilities

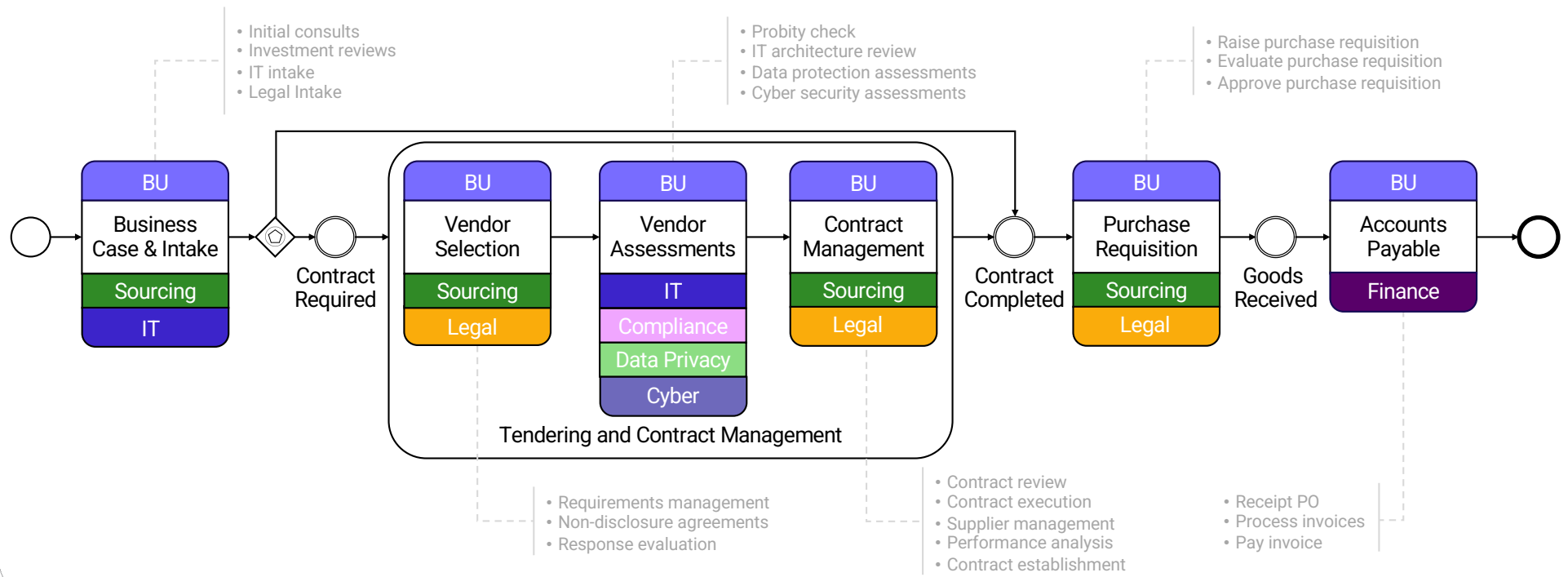
Short term: Heavy focus & effort to optimize existing high value / synergistic contracts



Who were the key players?



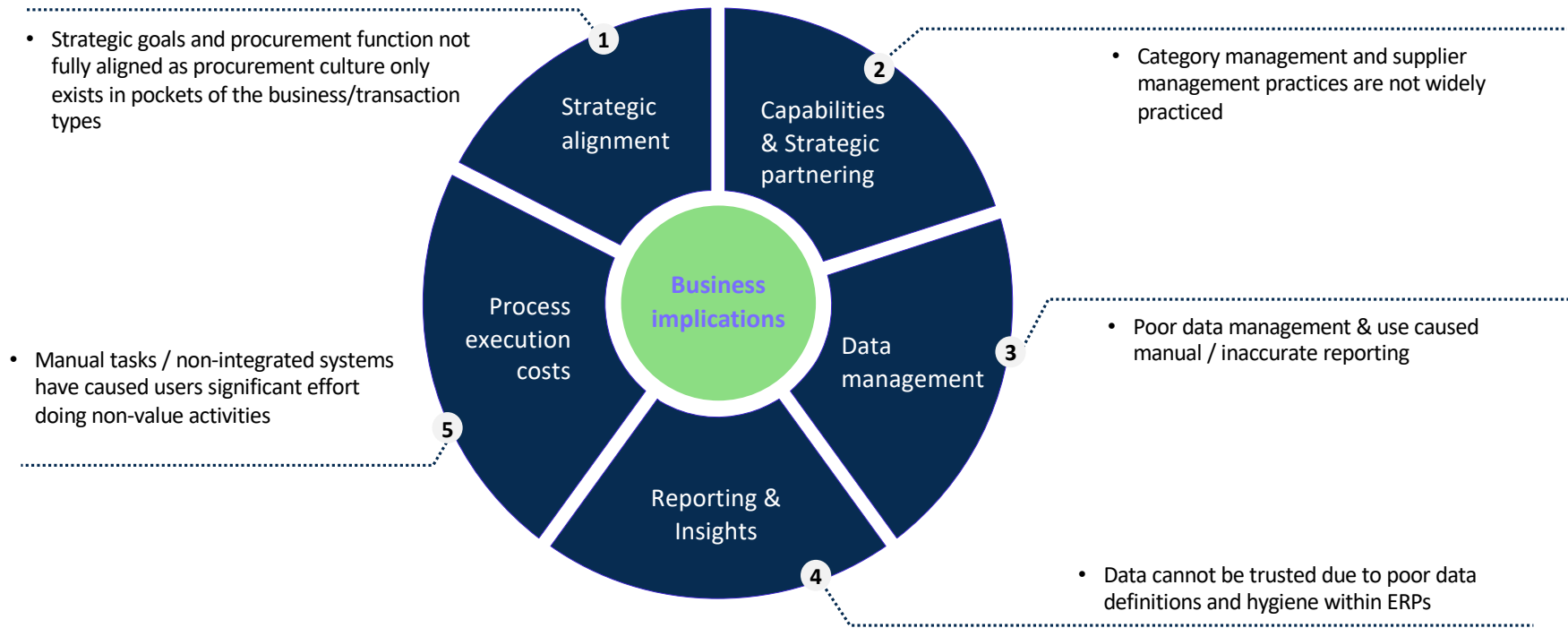
Given the synergistic nature of the project, we focused our process review against the Source to Pay process (as opposed to only Procure to Pay).



What did we find?



Based on the analysis findings against industry benchmark, the continued non-standardization & practices are likely to impact the business in the following ways:





Approach

Process Analysis Performed



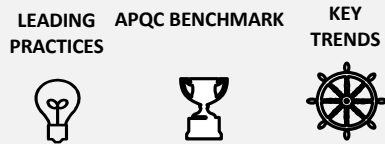
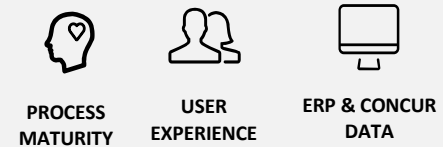
Our Approach: Framework Overview



A number of process definition workshops were held to map out the current state processes within the business to better understand practices, tools, responsibilities, business rules & handovers



We deployed 2 surveys to gather feedback from the provider (those executing S2P processes) & the customer (those utilizing the process). Results inform the development of future state design to understand like behaviours and change management required across the organization.

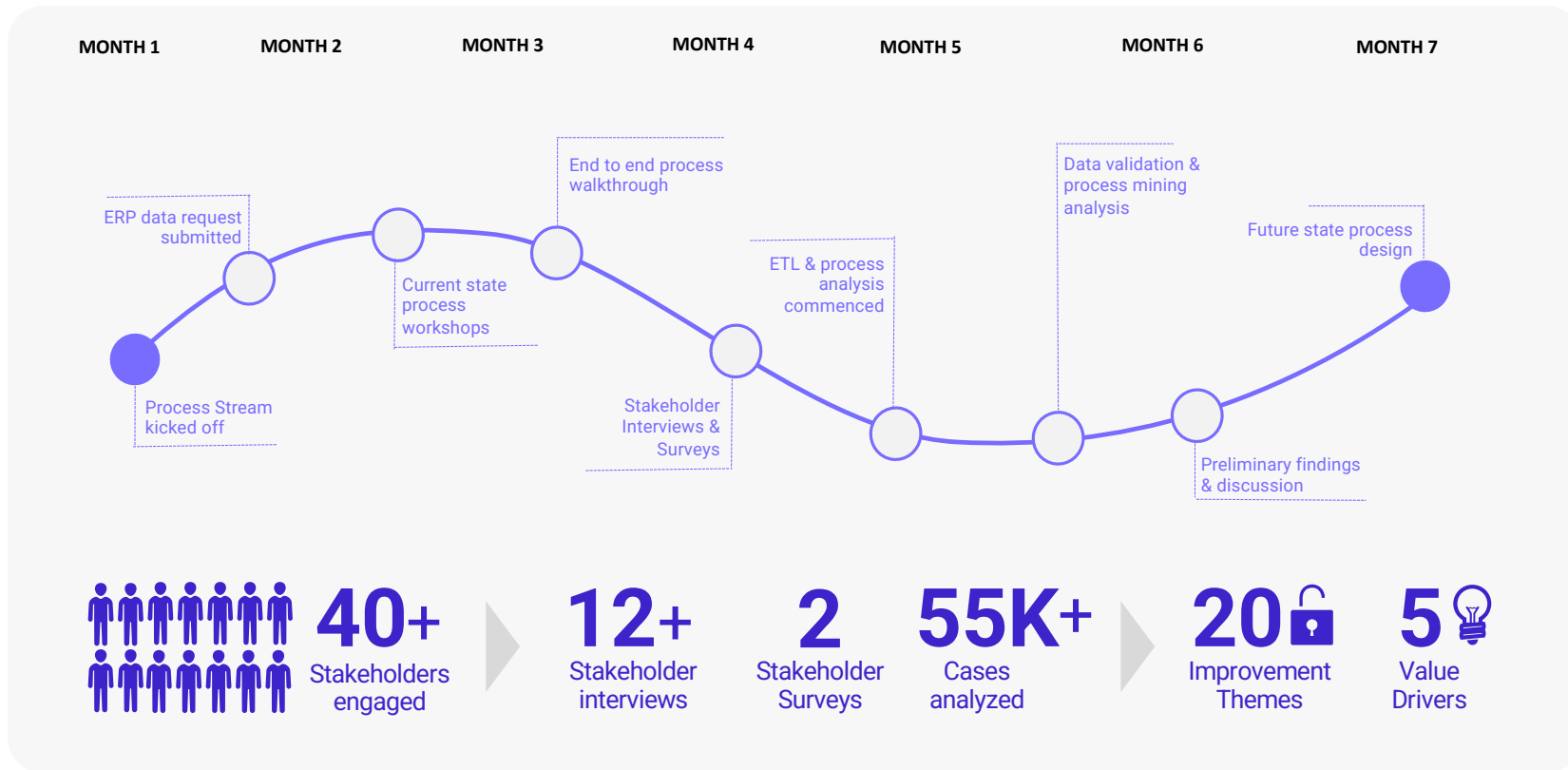


Global leading practice, trends and case studies are utilized to frame the opportunities and value drivers stemming for the challenges found during process analysis



Key findings from data / process analysis, stakeholder interview sessions, surveys are used to develop a comprehensive view and insights of the current challenges of Source to Pay process at Aristocrat

Our Journey



Define: Process Mapping, Document Review

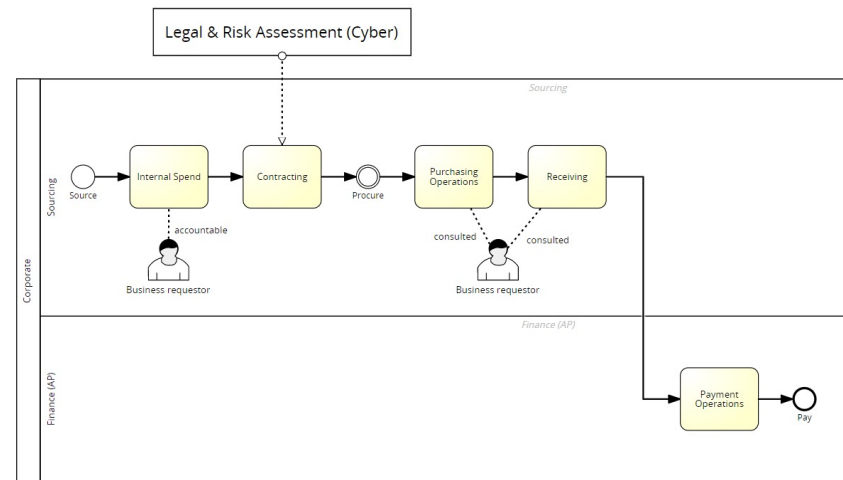


Start with what you know and what you already have:

- Policies
- (Past) Projects' Outputs
- Process Documentations

Bring them all together for ease:

- Process models
- Pain points
- BPM repository



Indirect Sourcing



Travel & Expense & Credit Card



Authorization Matrix



Information Security

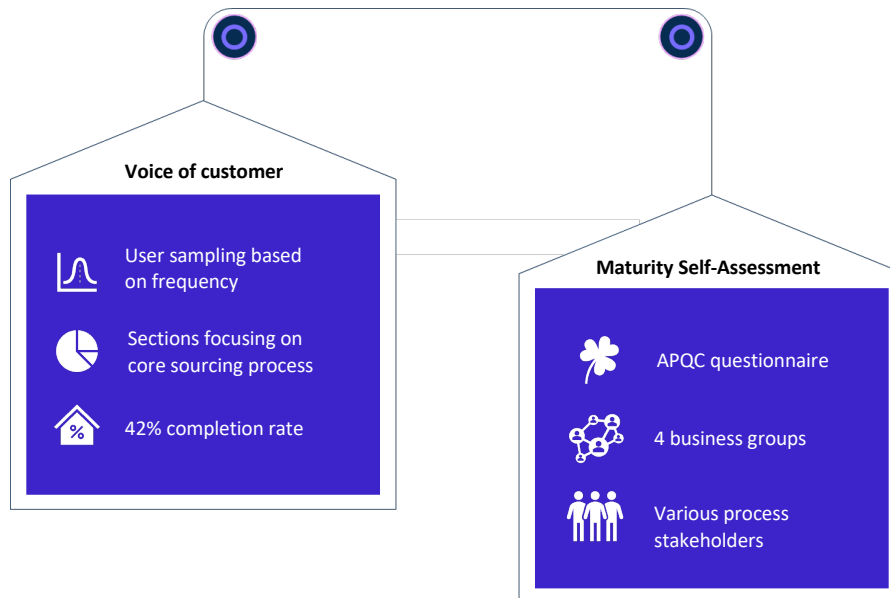


Contract Management



Compliance Management

Measure: Survey & Interviews



Contextualize & Quantify the problem through:

1. **Voice of customer** survey
2. **Process maturity** self-assessment survey
3. **Stakeholder interviews**

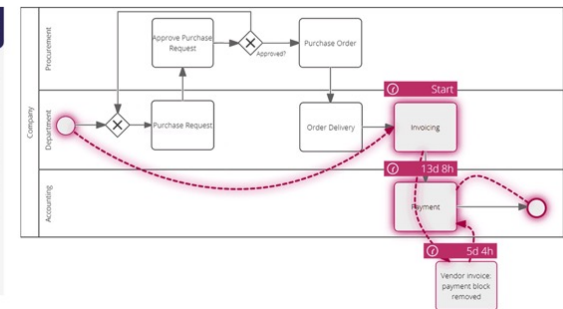
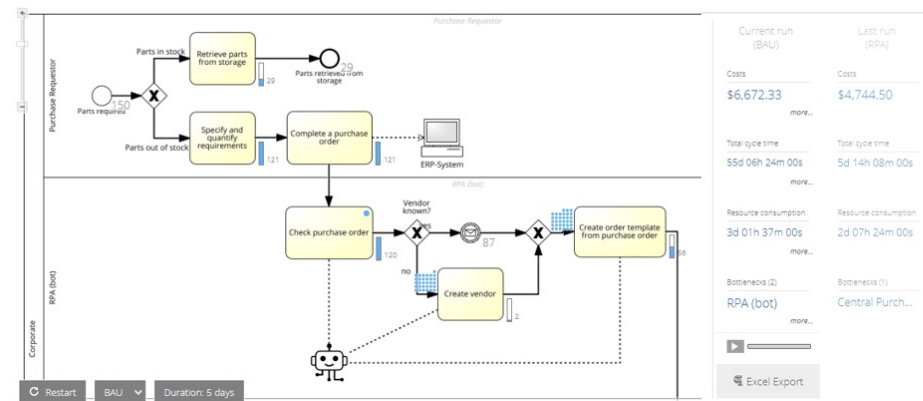
Analyze: Simulation & Process Mining



Data-driven analysis to complement the qualitative analysis:

1. Process Mining

2. Process Simulation

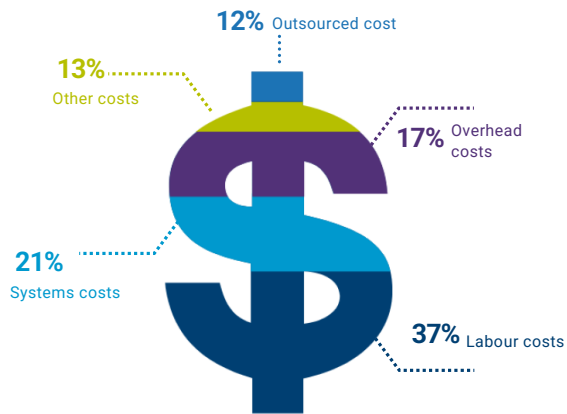


Analyze: Quick Overview of Process Mining @ Aristocrat

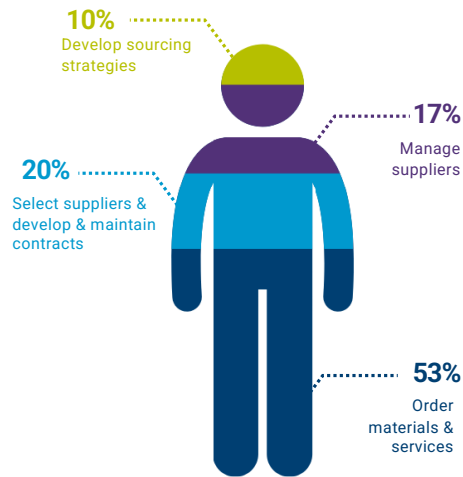
The Aristocrat logo is centered on a dark blue rectangular background. The word "ARISTOCRAT" is written in a white, serif font. The letter "O" is stylized as a circle with a small white dot above it, resembling a die or a similar gaming icon. A small trademark symbol (TM) is located at the bottom right of the word.

ARISTOCRAT™

Research: Case Studies & Benchmark



Procurement Cost Breakdown for Ordering Materials and Services



Allocation of Full-Time Equivalent Employees by Procurement Process

We're not alone – plenty of organizations experience similar issues and are solving them. There are plenty of materials available:

- Review **case studies with similar challenges**
- Understand **key drivers and strategy** that could be leveraged
- Understand **what 'good' looks like**

Use of **APQC benchmark data & studies** that focuses on procurement-based industry best practice:

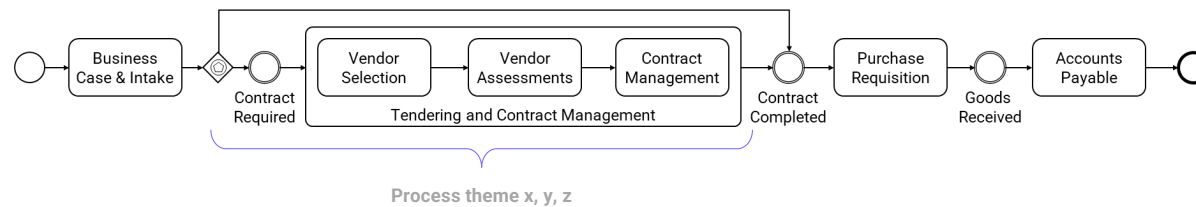


Key Insights

Benefits & Considerations



Define: Process Mapping



Benefits Observed

- Establish common ground for **collaboration**
- Maintaining **process knowledge repository**
 - Ability to break down process in simplistic view
 - Linking of all relevant business rules (policies, procedures, guidelines) against process models
 - See all relevant touchpoints and systems involved
 - Clarity of roles & responsibilities between business functions
- Better understanding of **customer journey** when dealing with multiple process, teams, systems

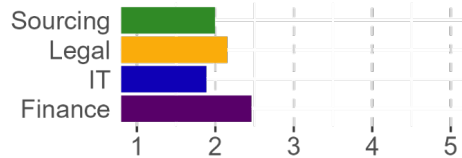
Considerations

- Digest information available in advance to help define processes
- Define the **scope** – what are we trying to solve?
- Arrange **separate process workshop** sessions initially before bringing everyone together
- **Link & group pain points** against process/activities for process owner to manage and improve

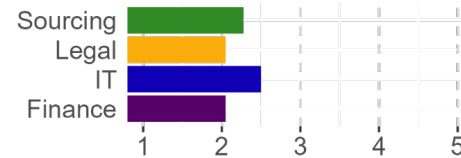
Measure: Surveys & Interviews



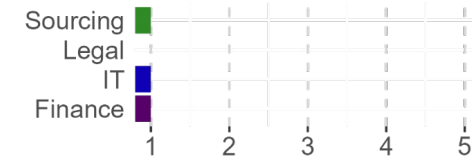
OVERALL PROCESS MATURITY



PROCESS PERFORMANCE



CUSTOMER EXPERIENCE



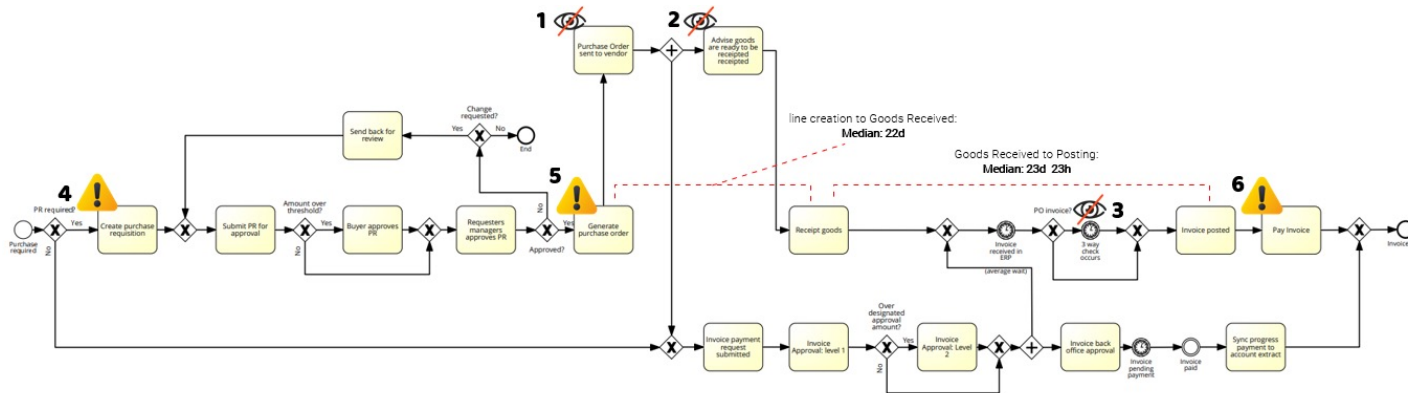
Benefits Observed

- Broad & traditional **analysis approach**
 - Quick ways to get feedback, input and context from a large business audience
 - Business representatives and end users feel engaged
 - Thematic challenges & pain points emerge across the data collection
- Re-usable process analysis **templates**

Considerations

- Focus on where the **biggest pain point** is
- Have large **sample size** to account for non-response
- Co-design the **survey instruments** and gain feedback
- Use **existing frameworks** available (process maturity questionnaire)
- Keep it **simple** (start with some hypothesis)
- Include sourcing representative throughout the journey

Analyze: Process Mining & Simulation



Benefits Observed

- Complementary **evidence through data**
 - Helped leadership buy in to the problem
- Ability to measure **process performance** for further analysis & benchmark
- Highlight process gaps
 - Systems configuration/data issues were fixed quickly

Considerations

- Scope your data to **core systems** (limit to 1 region/ERP)
- Ensure **time stamps** are part of event log for attributes/cases you're interested in investigating
- Use **estimations or assumptions** to help guide your analysis – the data might not be easily filtered or structured within the systems
- Don't get bogged down with the **volume of data** – remove unnecessary noise

Research: Case Studies & Benchmark



Metric	25th	Median	75th	Aristocrat
Average procure-to-pay cycle time in days for goods	25.00	45.00	60.00	63 days
Cycle time in days from receipt of invoice until approved and scheduled for payment	3.00	4.00	6.00	8 days (median)
Number of invoices processed per FTE that performs the process "process accounts payable (AP)"	6,495	11,111	20,891	12,267
Number of purchase order line items processed per FTE that performs the process "order materials and services"	3,809.18	8,040.85	15,000.00	3,301.50

Data is for illustrative purposes

Benefits Observed	Considerations
<ul style="list-style-type: none"> Quick pulse check against industry standards <ul style="list-style-type: none"> Baseline for process performance measures for continuous improvements Ability to showcase potential measurable benefits (case for change for leadership) <ul style="list-style-type: none"> Research data provide evidence that could be quantified 	<ul style="list-style-type: none"> Be selective with your measures (focus on metrics that your leadership and team will understand) Don't just focus on where you need to improve, highlight where the team is exceling Set some benchmark targets for future analysis & improvements

Summary: Benefits of Approach



- **There were multiple workstreams in the project – initial focus was on negotiating large value contracts**
 - Process helped initiate business understanding to resolve root cause(s), not just symptoms
- **Everyone involved was aware of the problems, but didn't know how to solve for it**
 - The approach provide a structured way to look at the problem by understanding how each process were executed from each business function
- **The outputs from the process work laid the foundations for process optimization**
 - Operating models are reviewed & operationalized



Summary

Lessons Learned

Lessons Learned



1. Assess suitability and complexity

- Do you have leadership support?
- Ensure it's not a 'forever' project – scope it to gain quick wins

2. Build a data mindset

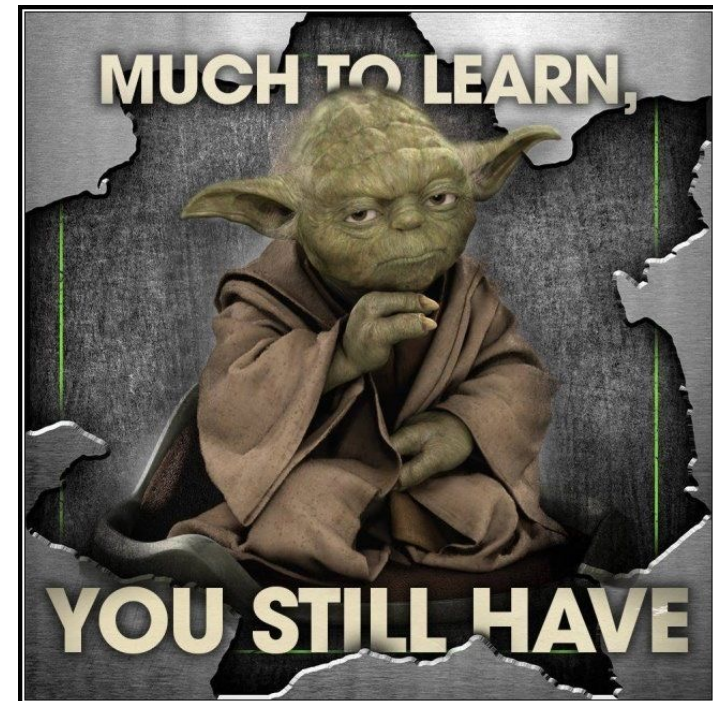
- Find work arounds to deal with low data quality issues
- Use of qualitative and quantitative data analysis

3. Assemble the right team

- Ensure you have right skills & competencies
- Work with those who are interested in collaborating

4. Focus on the value of the exercise

- Go broad not deep first; can go deep using improvement techniques once you determine where you want to improve
- Provide well rounded insights by coupling data, observations & research





- Framework helps business **speak the same language** and **break barriers**
- Use of the **process models** in repository to do **analysis**
- **Repository & templates** for CoE and business use

How did we take the analysis findings for this case study to gain synergies?

- Actual improvement underway: focus on process & change management
- Changes to operating model to optimize process execution



Questions?

Let's stay connected...

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