

NEXT LEVEL RETAIL TROUGH
PROFITABILITY AND
OPERATIONAL EXCELLENCE

TIME FOR PROFIT

COLOGNE, JANUARY 2023
Thomas Both, Dr. Guntram Ochs





**“CHANGE BEFORE
YOU HAVE TO.”**

W. EDWARDS DEMING

Most retailers have recently seen declining profitability through increasing customer demands, supply chain complexities and consequences of the pandemic. Immediate cost cutting may result in short-term gains, but permanent resilience and future proofness require more fundamental adjustments of the business model.

At Capgemini Invent, we have developed solutions that deliver sustainable value at scale. We screen value drivers, identify process inefficiencies and eliminate them permanently. Data driven insights ensure that factual findings deliver maximum organizational acceptance.

On the following pages, we would like to present some of our ideas and look forward to speaking about their application in your organization.

Thank you in advance for your time and consideration.

Best regards,



Thomas Both
Director
Global Lead Process Mining & Analytics

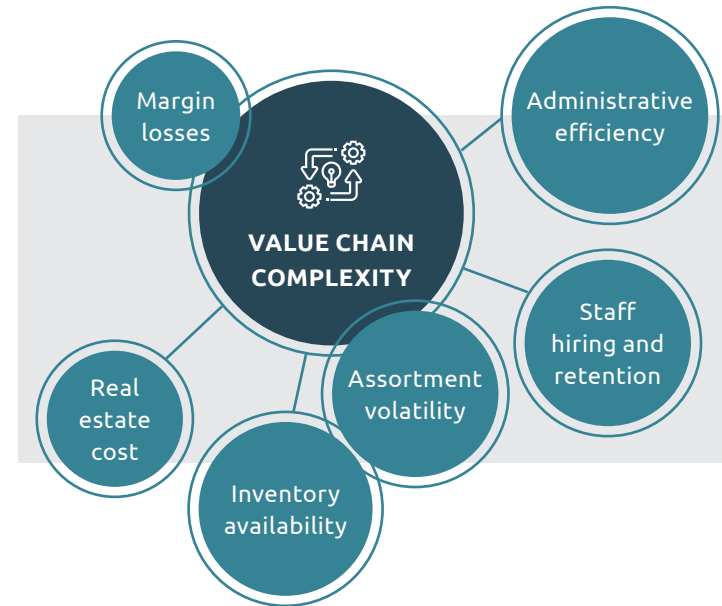
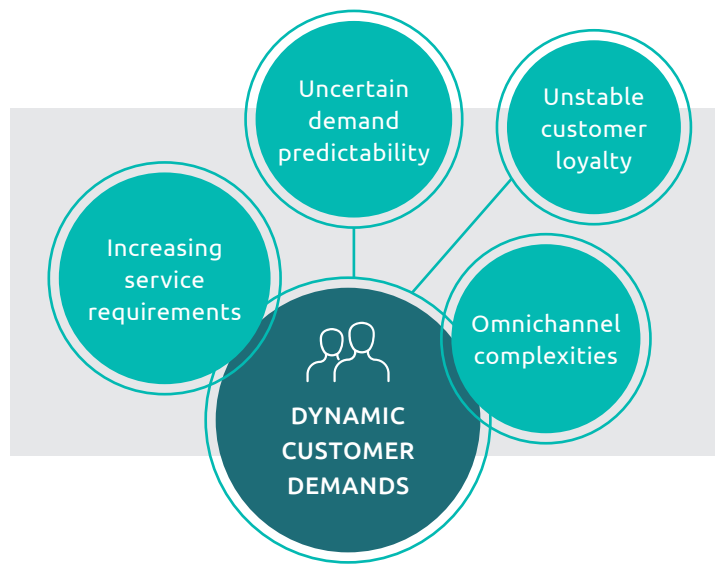


Dr. Guntram Ochs
Director
Consumer Products & Retail

PROFITABILITY CAN BE IMPROVED BY UP TO 500 BASE POINTS THROUGH OPERATIONAL EXCELLENCE

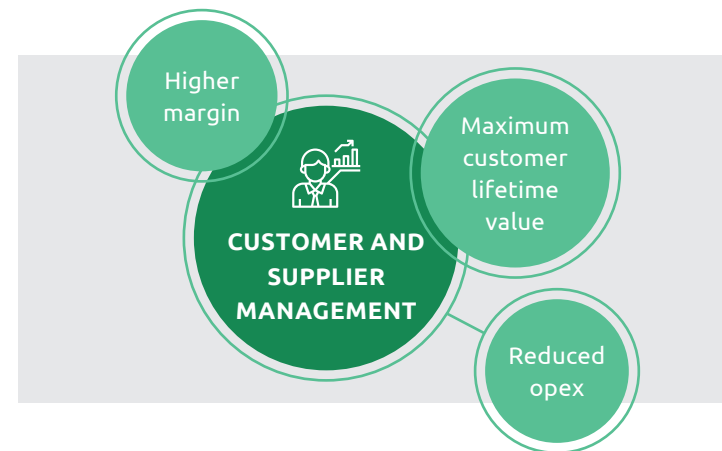
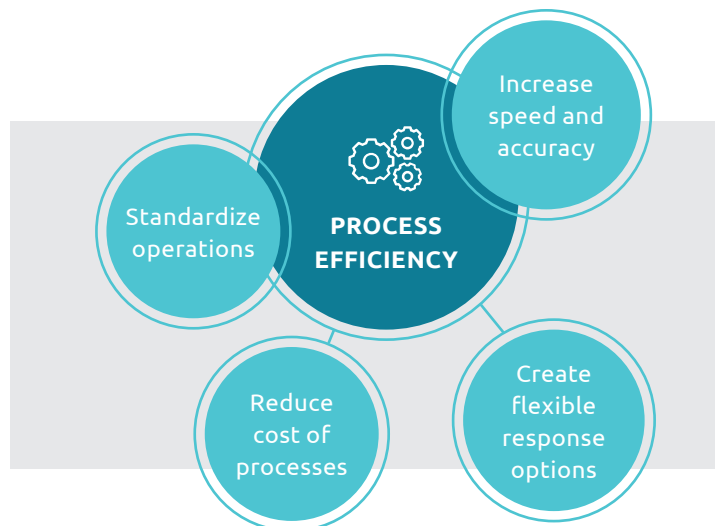
External Influences

Demanding customers and increasing cost squeeze profitability...



... which are countered with corresponding strategies

Value Driver Opportunities

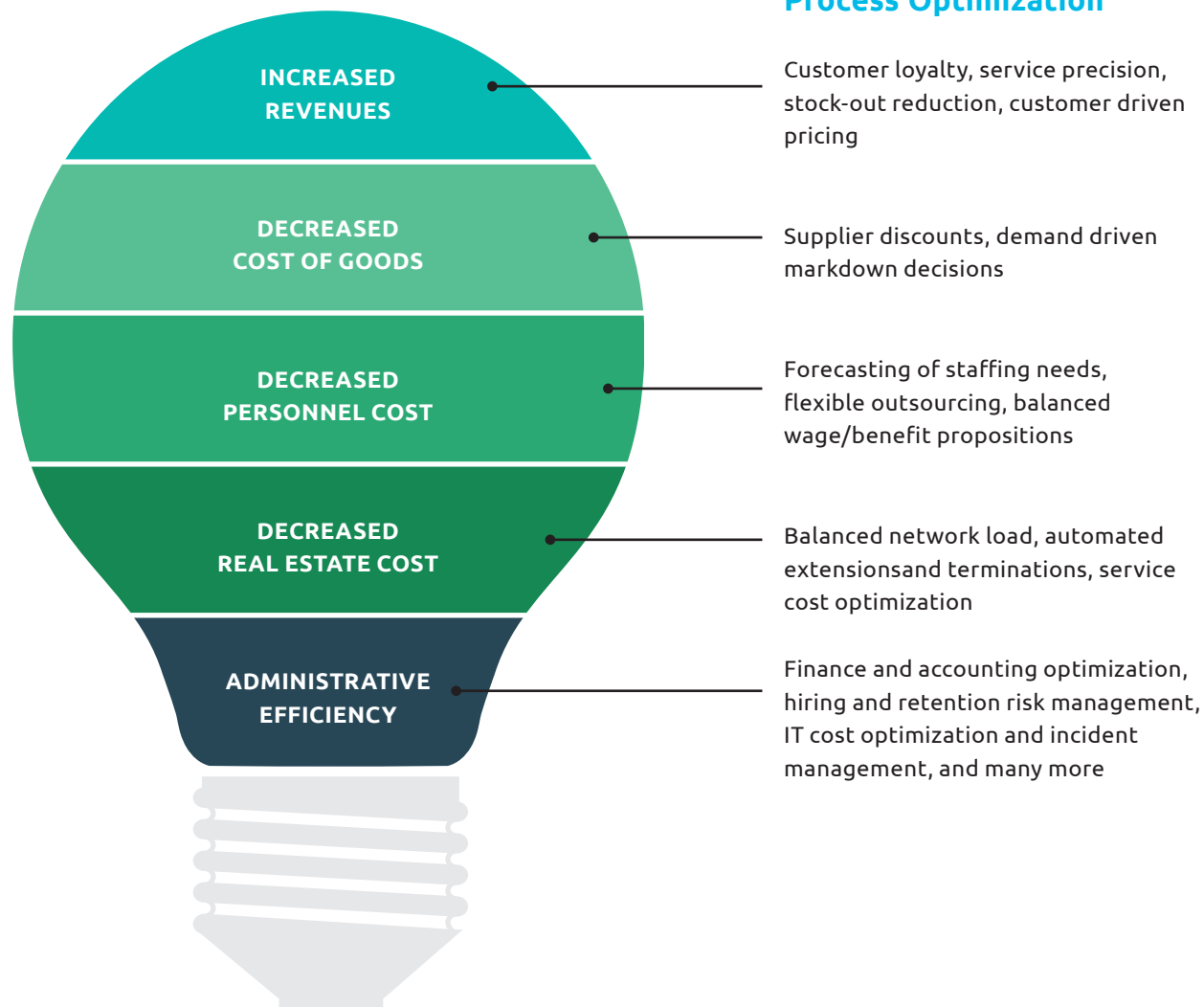


IMAGINE YOU ...

... increase revenue by 1 to 3% based on customer lifetime value focus, on service optimization, stock availability and price management

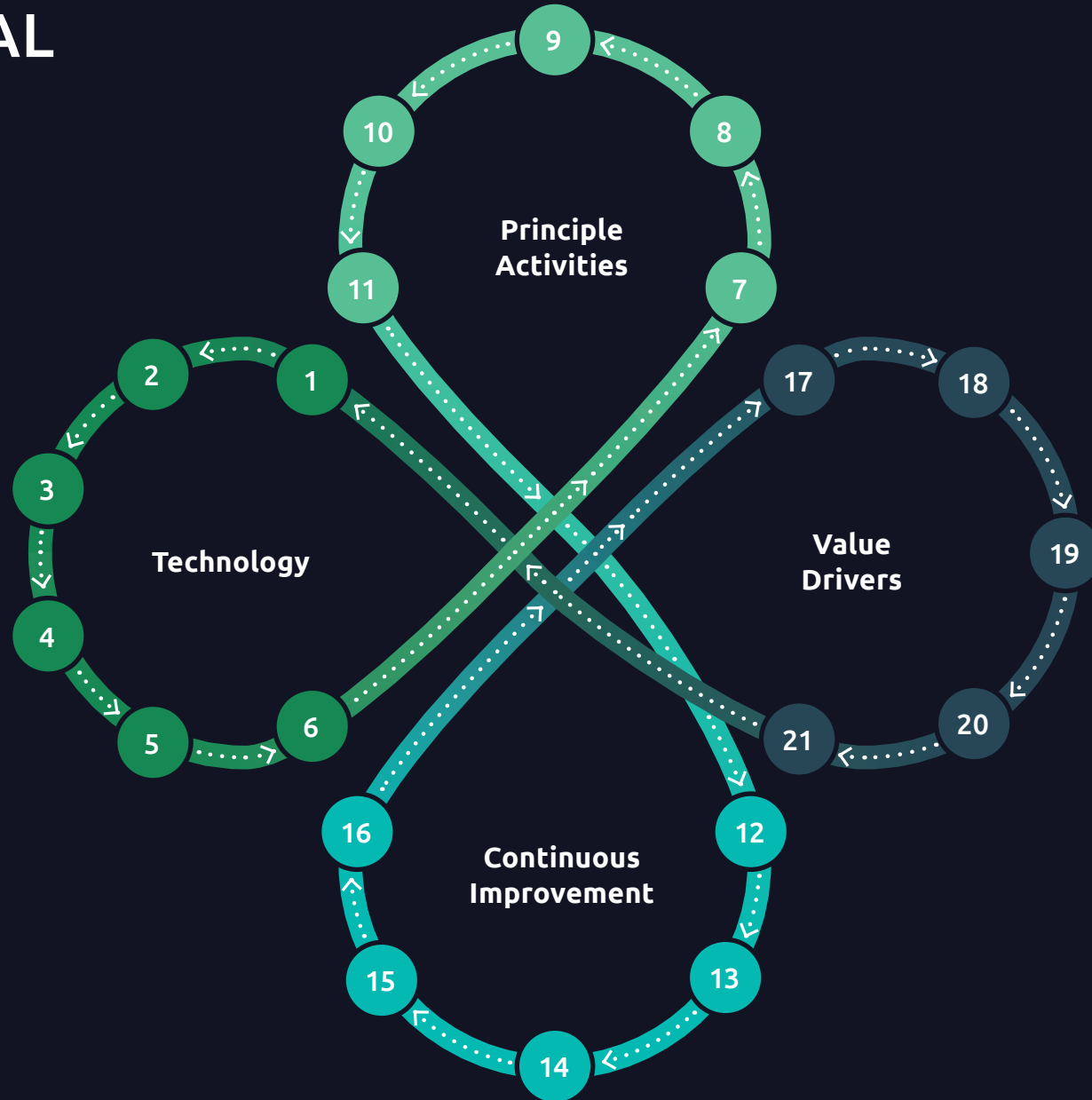
... reduce cost of goods sold by 200 base points through increased vendor discount and real-time markdown decisions

... decrease cost by 200 base points with operational excellence in staffing, leases and administrative cost



ORGANIZATIONAL PERFORMANCE

You will continuously drive sustainable business value through an advanced application of technology and processes.



Technology

- 1 PROCESS IDENTIFICATION**
Differentiation of processes
 - performed
 - missing
 - repeated
- 2 PROCESS ORDER REVIEW**
Identification of processes being performed in suboptimal order
- 3 PROCESS SPEED ANALYSIS**
Time in between processes too long/too short
- 4 AUTOMATION**
Degree of automated processes is too low
- 5 DEEP DIVE**
Identification of further inefficiencies
- 6 LEVER ANALYSES**
 - Distribution of suboptimal processes
 - Lever identification
 - Cause identification (automated)

Principle Activities

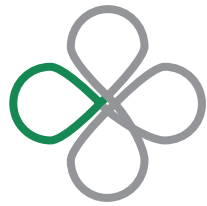
- 7 ELIMINATE**
Eliminate activities requiring unnecessary effort
 - Process loops and improvements
- 8 STANDARDIZE**
Leverage best practices for standardized processes
 - Standard process templates
- 9 OPTIMIZE**
Utilize advantages of elimination and standardization
 - Interfaces for automatized interaction between components
- 10 AUTOMATE**
Non-invasive IT/best-of-breed tools and solutions to increase automatization
 - Automatization of execution
- 11 ROBOTIZE**
Realize additional potential through robotics
 - AI and Machine Learning

Continuous Improvement

- 12 DEFINE**
Define critical areas through benchmarking and data driven evaluation
- 13 MEASURE**
Measure as-is-processes and derive fact based headroom potential
- 14 ANALYZE**
Analyze root causes to identify improvement levers
- 15 IMPROVE**
Improve processes according to ESOAR framework
- 16 CONTROL**
Control and monitor process transformation real-time

Value Drivers

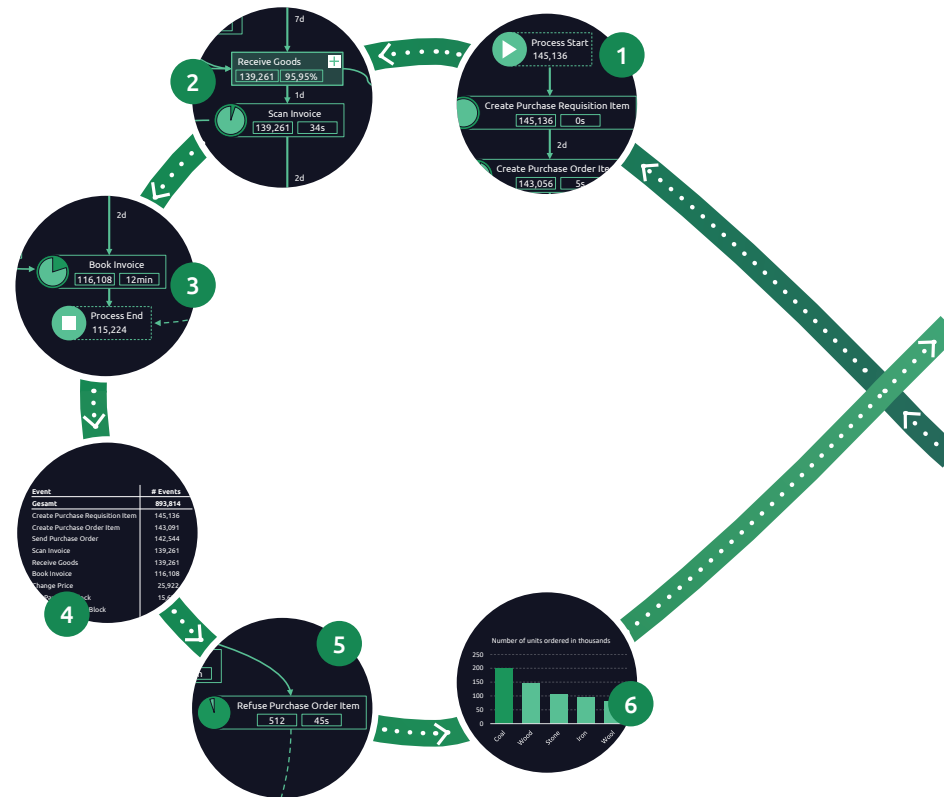
- 17 PRODUCT ASSORTMENT OPTIMIZATION**
Maximum sales through a balanced availability of profitable and must-have product
- 18 MARKUP/MARKDOWN MANAGEMENT**
Reliable insights on price elasticity in target group specific shopping patterns
- 19 PERSONNEL COST**
Staff deployment efficiency across functions, e.g. in store operations, logistics or warehousing
- 20 LEASING AND PROPERTY COST**
Minimum cost of rent, utilities and other lease contract obligations
- 21 ADMINISTRATIVE COST**
Scale efficiency of overhead services

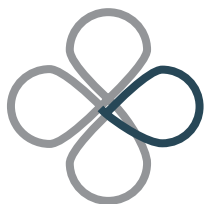


MAXIMUM EFFECT THROUGH REAL-TIME PROCESS MINING ALGORITHMS AND INTELLIGENT ENGINE BASED ANALYSIS

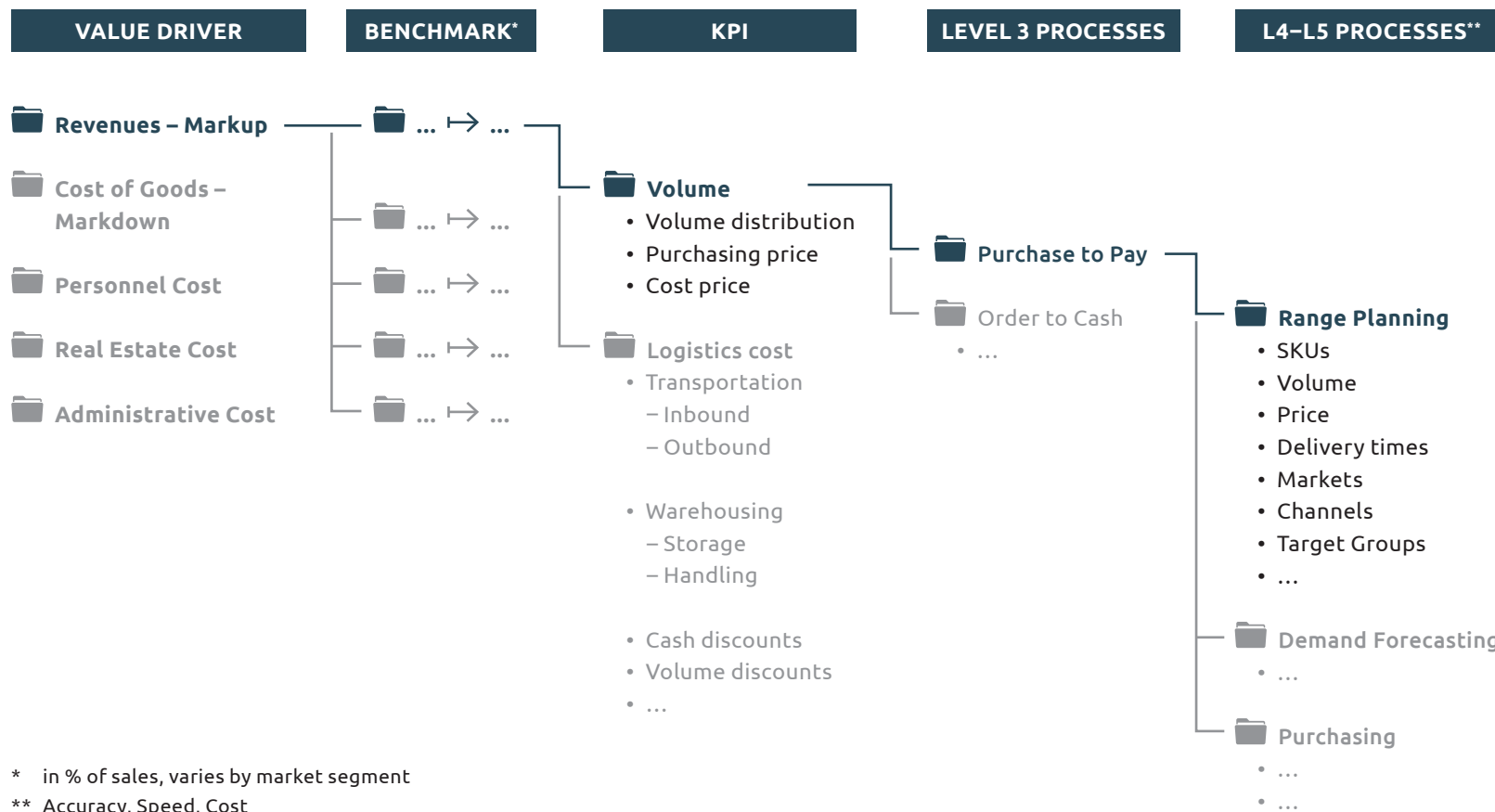
Technology

- 1 PROCESS IDENTIFICATION
- 2 PROCESS ORDER REVIEW
- 3 PROCESS SPEED ANALYSIS
- 4 AUTOMATION
- 5 DEEP DIVE
- 6 LEVER ANALYSES



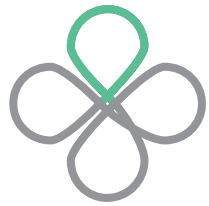


QUICK WINS THROUGH OUR VAST LIBRARY OF KPI AND BEST-OF-BREED PROCESSES AT RETAIL



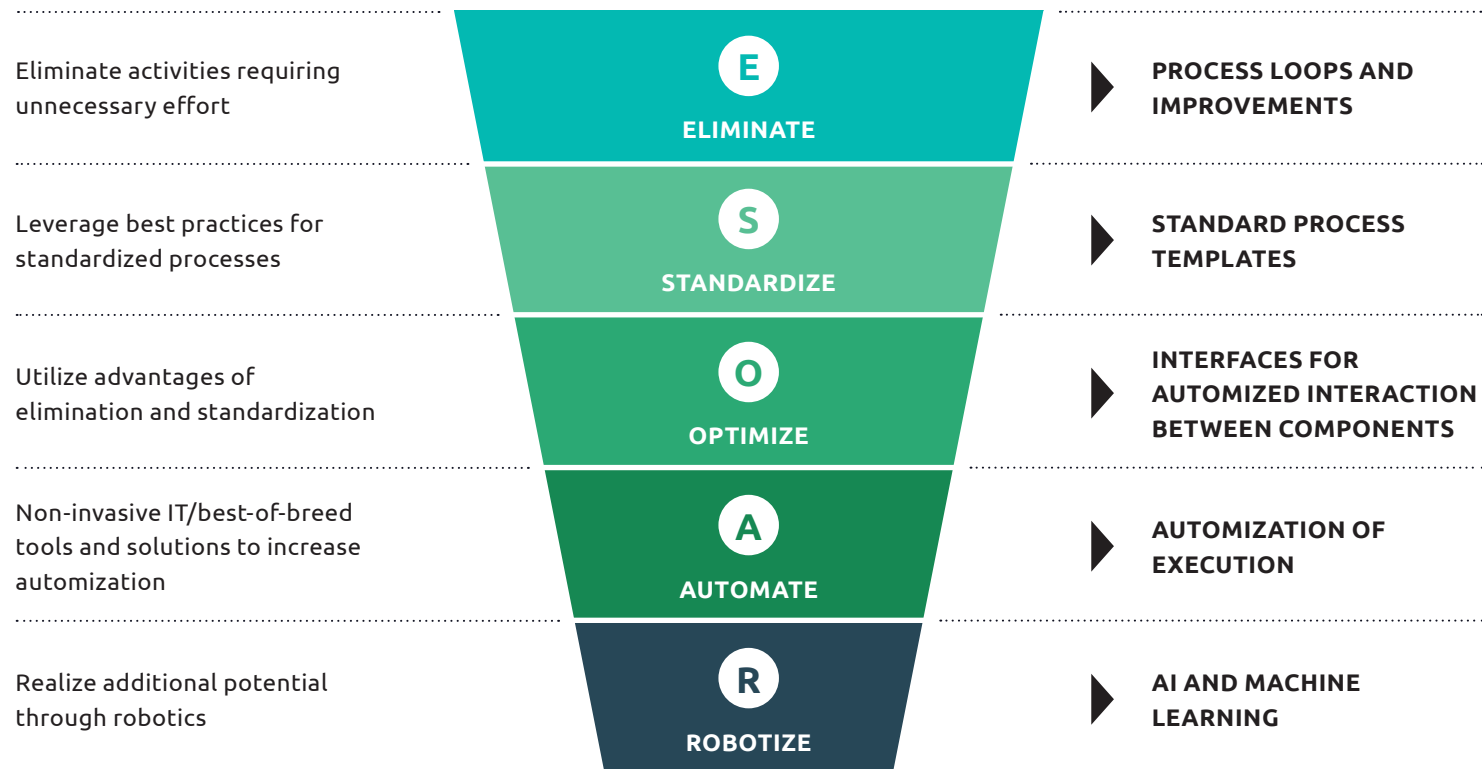
* in % of sales, varies by market segment

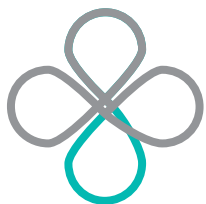
** Accuracy, Speed, Cost



SELF LEARNING ORGANIZATIONS ARE CREATED BY EMPOWERMENT AND TOP-DOWN GUIDING PRINCIPLES

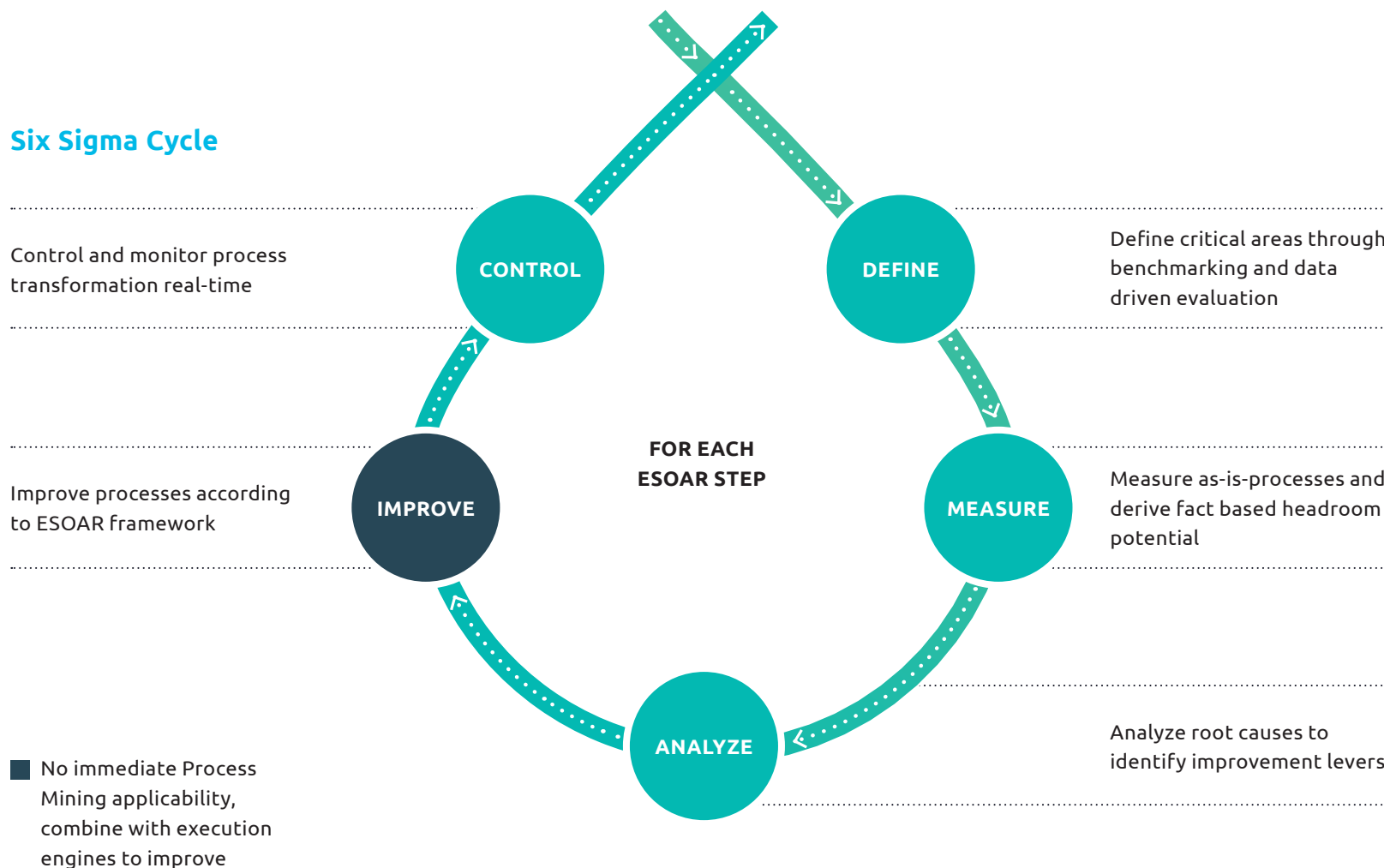
Principle activities





SUSTAINABLE IMPROVEMENT IS ENSURED THROUGH CONTINUOUS ITERATION

Six Sigma Cycle



PROVEN VALUE IMPACT FROM OUR PROJECTS

ORDER FULFILMENT
READINESS:

>1M \$

Conversion of
lost orders

FRAUD
DETECTION:

500+

activities uncovered and
as fraud confirmed

TENDERING AND
CONTRACTING:

630K € p.a.

and **40,000 hours** labor
reduction through
process standardization

CUSTOMER SERVICE
MANAGEMENT:

+0.35 point

customer satisfaction
rating (-1 to 1) with
respective top line growth

PURCHASE ORDER
PROCESSES:

2.3M €

increased
profitability p.a.

DISTRIBUTION CENTER
PROCESSES:

20%

transport time reduction
from pallet to shelf

DC TO STORE
LOGISTICS:

2.4M €

cost reduction,
12,000 hours labor
reduction p.a.

ACCOUNTS PAYABLE
AUTOMATION:

14,500 hrs.

labor reduction p.a.

**GROW YOUR PROFITABILITY AND EFFICIENCY
WITH OUR DATA ANALYSES**

INVENT, DESIGN AND DELIVER OPERATIONAL EXCELLENCE AT SCALE

As your end-to-end partner, we combine all capabilities from strategy to operational implementation.

... with joint project track record

We have a strong footprint in business strategy, digital transformation, customer centricity and understand the importance of omni-channel in today's food retail industry

Established partner

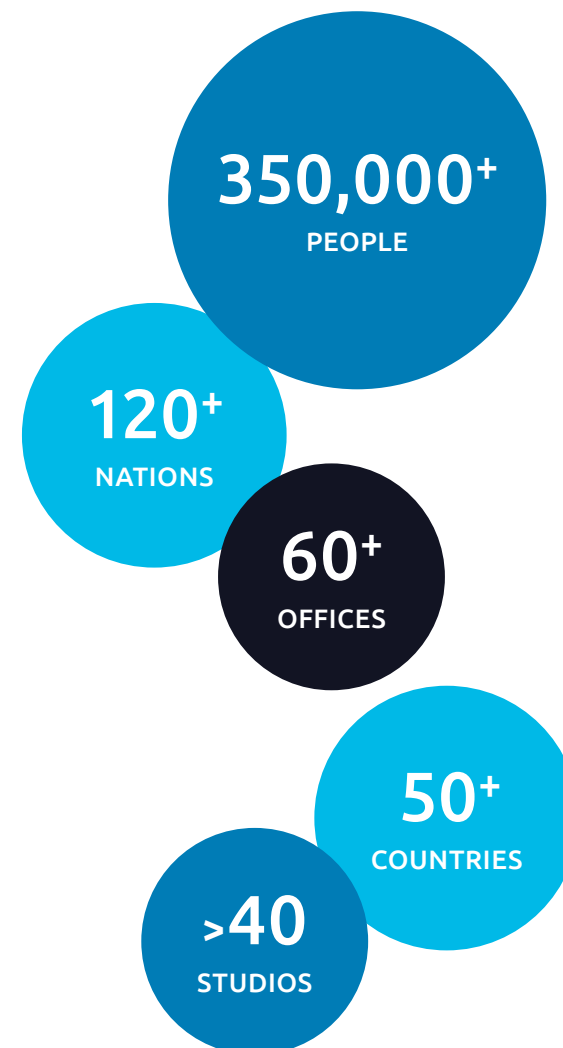
We have been successfully delivering projects for you in the past years and therefore know your business and your current challenges in the retail industry

Customer-centric approach

In our proven strategic approaches, we put the end-customer at the center and accelerate your sustainable business growth with our proven E2E digital capabilities

Maximum velocity

Speed is key in the digital era. With our E2E competence we will leverage our strategy expertise and implementation capabilities to support you in achieving quick results



SELECTED CLIENT REFERENCES

Action | Albert Heijn | BIPA | boulanger | Carrefour | Casino | coop | Denner | Dunkin | E. Leclerc | Globus | IKEA | John Lewis | Kroger | McDonald's | MEDIA-SATURN | MERCADONA | Migros | Morrisons | PALMERS | Penny | PRET | Rewe | S Group | Starbucks | Tchibo | TESCO | Unilever | Waitrose | Walmart | Whole Foods

KEY PARTNERS

Adobe SAP | aws | celonis | DELL | Google Cloud | IBM | Mehrwerk | Microsoft | MuleSoft | ORACLE | salesforce | Signavio | SITECORE | UiPath

LET'S TALK ABOUT PROFIT



Thomas Both

Director
Global Lead Process Mining & Analytics

Capgemini Invent

Phone: +49 151 1889 7899
E-Mail: thomas.both@capgemini.com



Dr. Guntram Ochs

Director
Consumer Products & Retail

Capgemini Invent

Phone: +49 151 1137 4168
E-Mail: guntram.ochs@capgemini.com





**TAKE
YOUR
BUSINESS
TO THE
NEXT
LEVEL**

About Capgemini Invent

As the digital innovation, design and transformation brand of the Capgemini Group, Capgemini Invent enables CxOs to envision and shape the future of their businesses. Located in nearly 40 studios and more than 60 offices around the world, it comprises a 10,000+ strong team of strategists, data scientists, product and experience designers, brand experts and technologists who develop new digital services, products, experiences and business models for sustainable growth.

Capgemini Invent is an integral part of Capgemini, a global leader in partnering with companies to transform and manage their business by harnessing the power of technology. The Group is guided everyday by its purpose of unleashing human energy through technology for an inclusive and sustainable future. It is a responsible and diverse organization of over 350,000 team members in more than 50 countries. With its strong 55-year heritage and deep industry expertise, Capgemini is trusted by its clients to address the entire breadth of their business needs, from strategy and design to operations, fueled by the fast evolving and innovative world of cloud, data, AI, connectivity, software, digital engineering, and platforms. The Group reported in 2021 global revenues of €18 billion.

Get the Future You Want | www.capgemini.com/invent

This presentation contains information that may be privileged or confidential and is the property of the Capgemini Group.