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Reimagining Operations and Supply Chain Through Data

Straumann NAM Case Study

May 10, 2023

Program Background & Aims

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Straumann NAM sought to more effectively leverage their data to drive value across the organization

Objective

Provide an industry leading customer experience and improve operational efficiency.

Challenge

Existing technology infrastructure did not enable the organization to make timely, data driven decisions.

- Limited data accessibility & highly manual
- No real-time visibility into teams' performance, interactions, or customer sentiment
- Data exploration or root cause analysis all manual, taking weeks to combine multiple datasets, conduct the analysis and take-action
- Difficult to communicate to how the frontline customer-facing teams are performing to key stakeholders (i.e, sales force, leadership)

Opportunity

Define, develop, and implement a comprehensive Analytics Strategy & Roadmap that addresses cross-functional stakeholder analytics needs, establishes a scalable data and technology solution, delivers value quickly to stakeholders, and enables the adoption of a data driven culture.

Strategy Smooths Execution and Strengthens ROI

Clients that have a well defined, leadership backed vision and strategy for their analytics capabilities, where an investment in technology is a key enabler, see better adoption and usage across stakeholders

Just 60% of executives acknowledge that their companies are driving business innovation with data

Tactical Projects

- Near-term results that are difficult to replicate
- Point solutions that do not scale easily
- Frequent roadblocks and re-planning cycles
- Difficult to capture ROI and measure success
- Lengthy change management and adoption

Strategic Execution

- ✓ Clear-cut vision for the future
- ✓ Delivery of continuous value and scalable solutions
- ✓ Demonstratable progress at each step
- ✓ Intentional growth of team and roles
- ✓ Gradual change management
- ✓ Structured onboarding and adoption by users

Without a strategy to enable analytics, it is difficult to achieve long term milestones and build the culture required to realize the return analytics can deliver

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[1] Has Progress on Data, Analytics, and AI Stalled at Your Company? (HBR, 2023)

High-Level Approach

Development and Deliverable Phases:

01 Strategy & Design

- Document current state of data and analytics at Straumann
- Align data & analytics capabilities to overall business strategy and use cases
- Design future state architecture and evaluate tools & platforms
- Develop infrastructure recommendations and product roadmap

02 Quick Wins Execution

- Execute "Quick Wins" fixes alongside BI team identified during the strategy and design phase
  - Data process automation
  - Operating model changes
  - New technology introductions

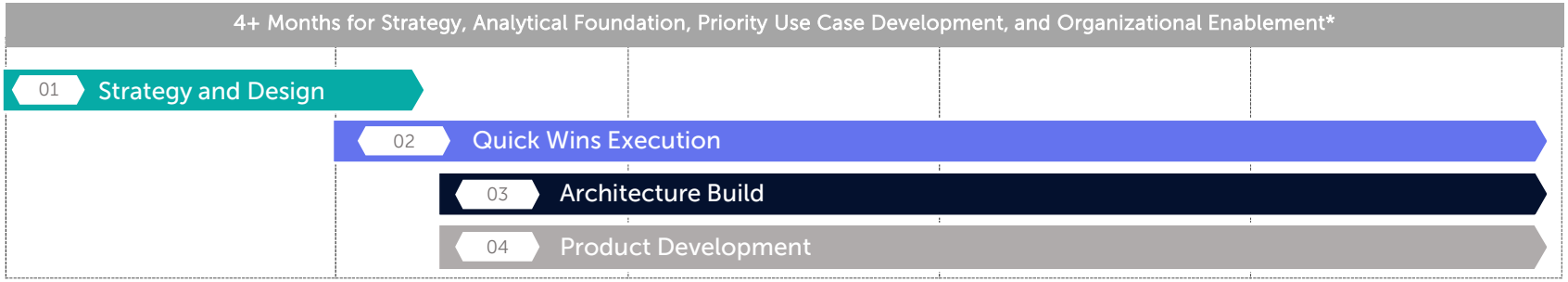
03 Architecture Build

- Stand up analytical infrastructure and security protocols
- Execute on overall platform design and roadmap and establish domain data modeling foundations
- Build functional templates to bootstrap pipeline development and testing

04 Product Development

- Develop high priority use cases to show immediate value to business functions
- Define product guidelines and assign domain asset ownership
- Onboard data & analytic products and metric calculations into data glossary & catalog

Timing:



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Analytics Strategy Outcome – The Case for Change

Describes the potential ROI of implementing the Analytics Strategy

	Scenario	Outcome
Option A: Maintain Status Quo	• Data remains siloed & continues to require significant manual effort to maintain reports or perform analysis • Continue to rely on HQ for data and IT support	• Static, retroactive reports and dashboards mainly done in Excel which do not drive action • Proliferation of silo's, reports, and ungoverned calculations of metrics • Continue $$$ cost of FTE Analysts and Non-Analysts primarily performing manual effort • Continued patchwork investment in 3rd party support and technology to address Data & Analytics issues
VS		
Option B: Strategic Recommandation	• Build a NAM specific integrated technology stack • Define and model datasets including customer experience • Provide Operational Dashboards that provide timely KPIs • Automate existing reports	• **Save $$/yr** through automation and self-service analytics • Faster delivery of actionable, accurate analytics insights and KPIs/Metrics • **Realize value from 40+ use cases like additional revenue lift and reduction in SG&A costs** due to customer insights • Enable Advanced Analytics such as Inventory Optimization to reduce stock outs by 10% and prevent lost sales

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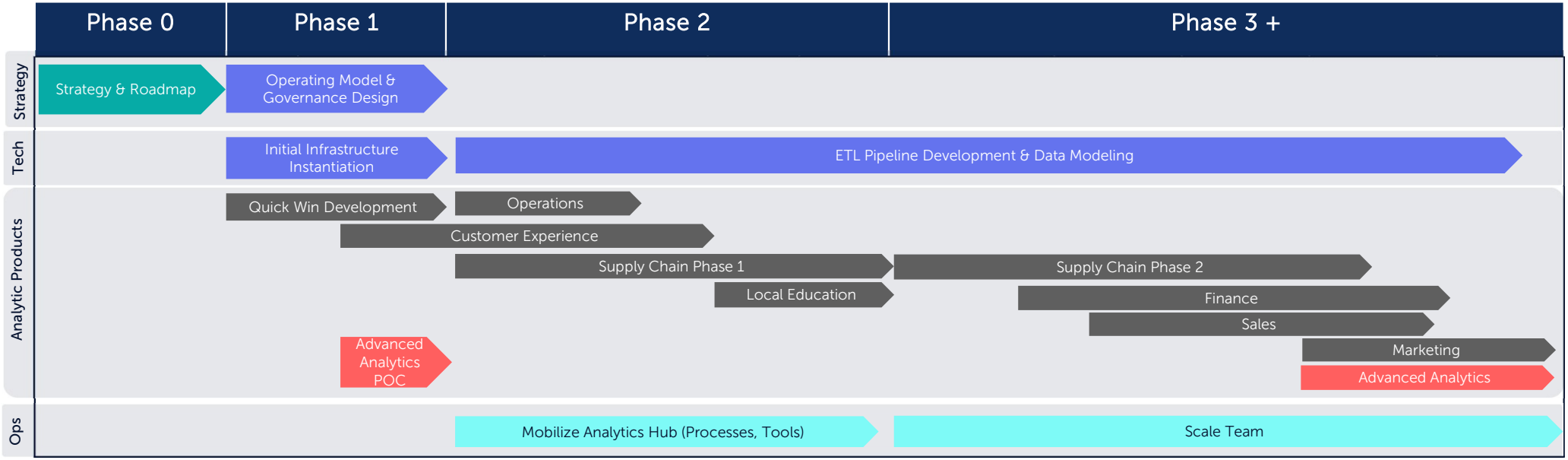
High-Level Journey

High-level view of the major workstreams required for full implementation



Milestones & Value Delivered

- Business Case Established
- Tool Evaluation & Future State Arch Defined

- Establish Infrastructure
- Demonstrate Initial ROI
- POC Advanced Analytics

- Establish Customer 360 & Customer Experience Dashboard
- Deliver Supply Chain Use Cases: Control Tower, Inventory
- Local Education: ROI on Teaching events
- Build Analytics Operations

- Expand stakeholders supported and data models available for self-service analytics
- Scale Analytics Team by hiring internal resources
- Execute Advanced Analytics Use Case (OCR & AI)

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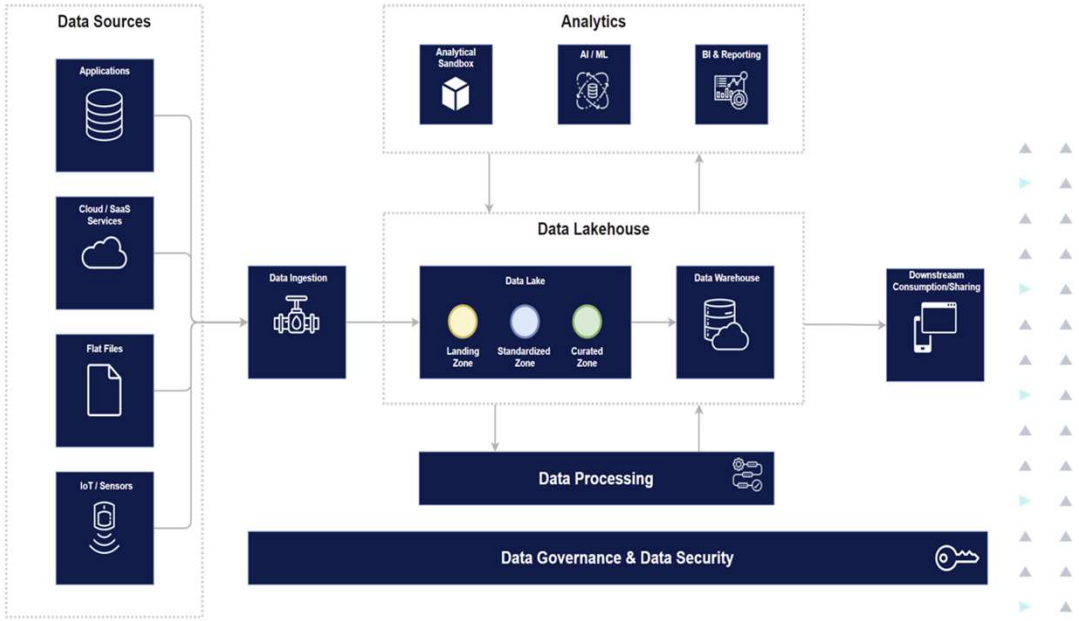
Establish the Right Technical Architecture

Recommended to address all of the potential use cases identified and be able to scale to support self-service



A Technical Foundation for Growth

Core Technical Design Principles:

- Cloud First
- Cost Effective
- Easy to Maintain
- Modern Tool Set
- Modular Design

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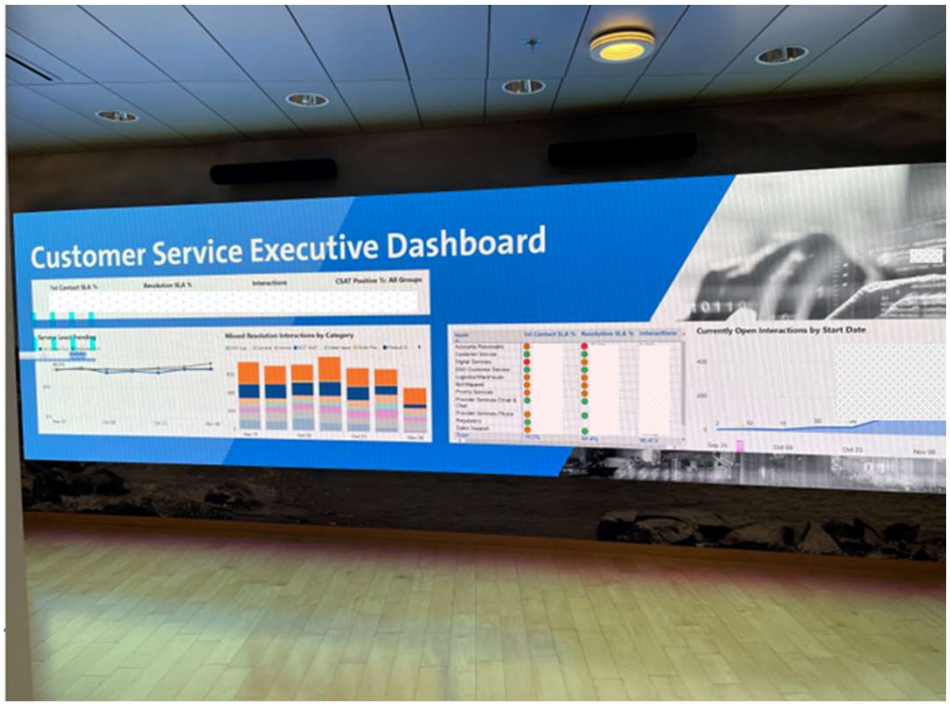
Driving the Change: Building a Data Driven Culture

Creating a Data Driven Culture requires ensuring that the organization understands analytics processes, governance, and their role in the operating model



Keys to Adoption and Change

- Executive Sponsorship
- Continuous Business Stakeholder Engagement throughout Analytics Strategy Development & Implementation
- Defining Operating Model and & Change Strategy
- Business Process Improvements based in Metrics and Lean Principles
- Visibility → Accountability

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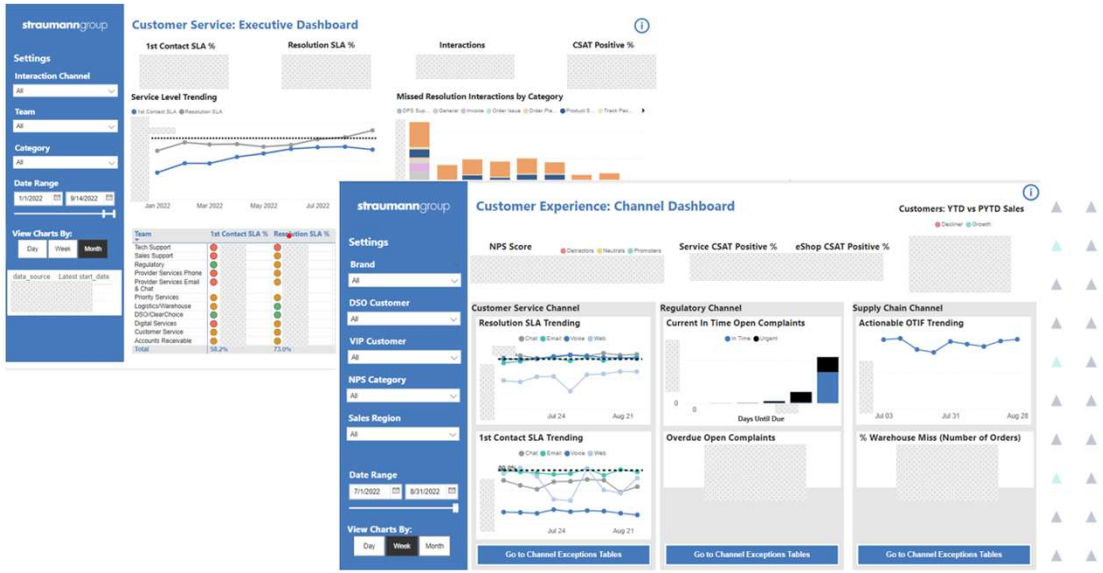
Operations Reimagined



Business Value Realized

- Automated, timely insights refreshed daily vs. 3 days effort to create monthly Customer Service Report
- Standardized Customer Service (CS) Metrics across Customer Service Teams to drive consistent customer experience and manage CS teams more effectively
- Customer 360 view enables ability to see all interactions, products, and activity to better serve clients and understand lifetime value
- View of Customer Experience across Channels with ability to perform root cause analysis for dips

Metrics Improvements:

- **Reduced Call Wait Times by 30%** - for a high visibility product
- **Identified 26 "lost" tickets** - increased visibility to aging tickets across all teams
- **90% reduction in aging tickets** – removed a lot of "noise" in the system, focus on the real tickets

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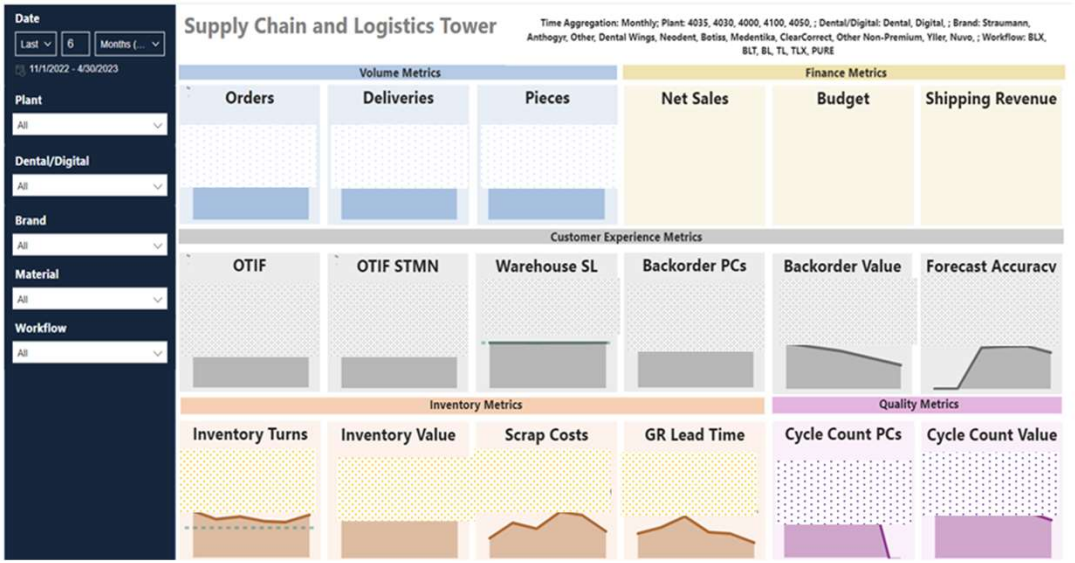
Supply Chain Reimagined



Metrics Improvements:

- Increased OTIF by 5% – over 3 month period
- Reduced Forecast Bias from 24% to 11%
- Reduced Excess Inventory by 17.5%

Value Realized

- Ability to tie OTIF to Customer Experience and account for "last mile", when customer gets product in hand vs when product leaves the warehouse
- Ability to perform root cause analysis into OTIF misses and have team take action
- Integrated demand planning and inventory management, leading to inventory optimization
- Able to hold vendors accountable when there is a fulfillment miss
- Ability to provide ETAs to Sales at an order level

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What's Next?

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Foundation has been set to optimize Operations & Supply Chain

Potential use cases could include:

Operations

- **Customer Service Staffing Optimization** - Optimize scheduling of staff based upon needs, availability, and skills
- **Customer Churn Analytics** – Identify drivers/indicators to predict potential churn or reduction in purchases
- **Customer Sentiment Analytics** - Use text analytics to score customer interactions

Supply Chain

- **Inventory Optimization** - Calculate optimal safety stock and reorder points
- **Warehouse Schedule Optimization** - Optimize scheduling of staff based upon needs, availability, and skills
- **Shipping Cost Optimization** - Determine the best carrier per geography and order type
- **Timeseries Demand Forecasting** - Use Timeseries modeling as an input into demand forecast

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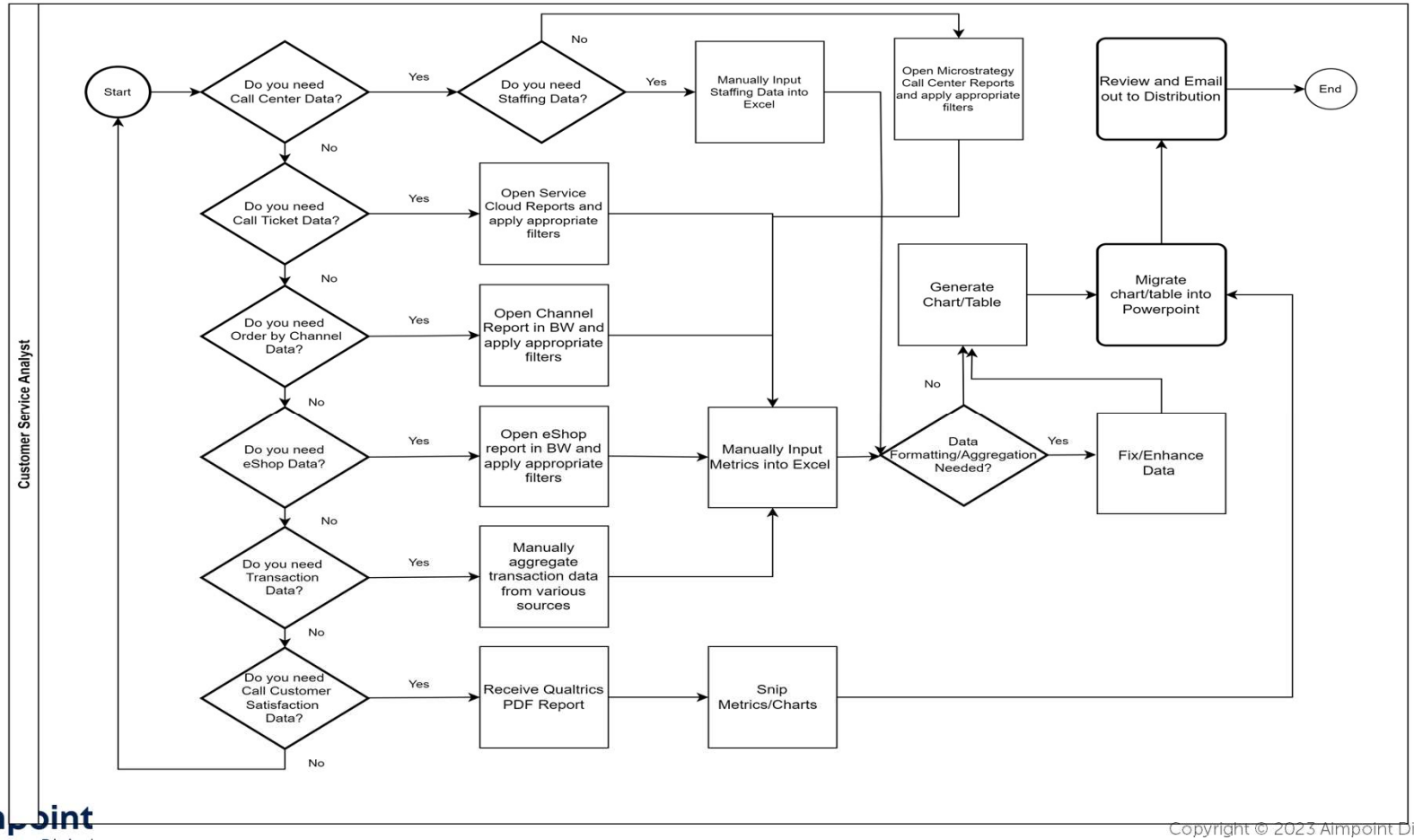
Current Process for Customer Service Dashboard

This is the high level process which can take up to 3 days to create the monthly Customer Service Dashboard



Phase 1 - A Deep Dive into Strategy Approach

Phase 1: Strategic Assessment

Current State Assessment

Assess Current State for Pain Points and "Quick Win" Opportunities

- Gather and review current state documentation
  - Use Case Documents
  - Current State Architecture Diagrams
  - KPI / Metric / SLA Documentation
- Interview stakeholders to define user personas and to inventory use cases with following considerations
  - Technical feasibility
  - Business strategy
  - Product thinking
- Examine current state assessment, pain points, and business processes

Future State Definition

Plan Overall Data Capability and Architecture Strategy

- Develop future vision and guiding product principles for scalable data architecture at Straumann
- Identify required future state technology & security capabilities to address current challenges and use case needs
- Evaluate platform and analytic tools that align with budgetary restraints, technical capabilities, and long-term vision
- Outline a phased agile product roadmap that will provide continuous value alongside infrastructure build

Phase 2: Implementation & Enablement

Setting the Technical Foundation

Instantiate a Robust, Scalable Infrastructure & Establish Best Practices

- Install and secure approved infrastructure
- Identify user personas and license tools
- Define domains and shared entities
- Understand appropriate schemas to map data to value driving use cases identified during phase 1
- Develop DataOps framework for automated testing of functional and governance requirements
- Design reporting templates and asset certification guidelines

Quick Win Identification and Execution

Use Case and Data Management & Delivery

- Implement data governance policies and strategies for data modeling, visualization, and insight sharing
- Collaborate with stakeholders to design and deliver foundational and high-value use cases
- Provide clarity and transparency of data and metric definitions and improve discoverability of assets through a data glossary & catalog
- Monitor data quality and performance and trigger alerts
- Automate time-intensive and high impact business processes

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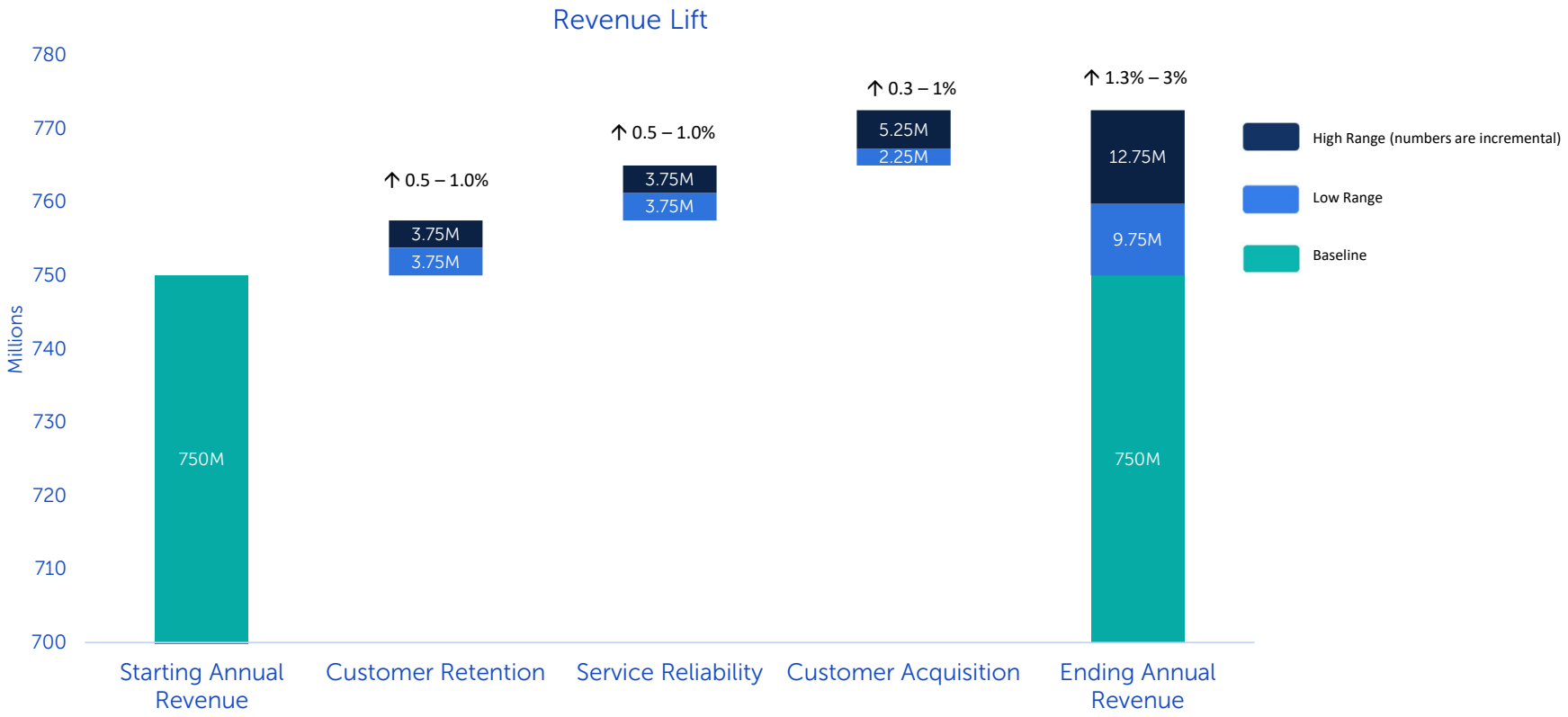
Calculated Estimated Value - Rev Growth/Retention

Our preliminary analysis estimates the revenue growth opportunity (or revenue erosion avoidance) to range between $9,750,000 (1.3%) and $22,500,000 (3%) dollars.



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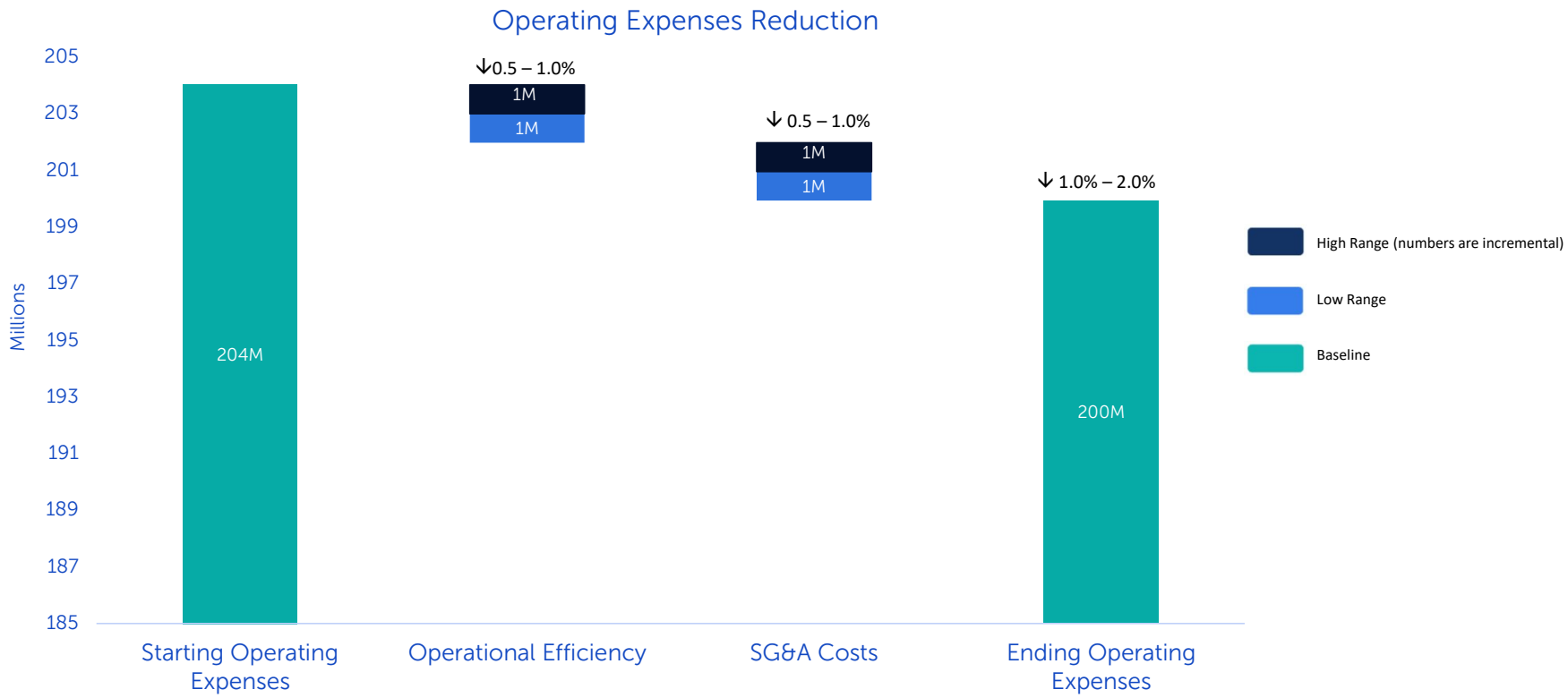
Calculated Estimated Value – Operating Expense Reduction

Our preliminary analysis estimates operating expense savings to range between $2,000,000 (1%) and $4,000,000 (2%).



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Case for Change per Analytics Strategy

The Analytics Strategy

	Scenario	Cost	Outcome
Option A: Maintain Status Quo	• Data is siloed and not easily accessible, thus requiring significant manual effort to maintain reports or perform analysis • NAM relies on HQ for data and IT support	• ~ **$2 million/yr** in FTE Analysts (~13) • **Manual effort** from non-analysts • **Unrealized value** of **40+** analytics use cases • ~ **$$ Tech Investment to incrementally address manual effort** (Alteryx pilot) • **~ $$ Third party support** for reports and data	• Static, retroactive reports and dashboards mainly done in Excel or SAC which do not drive action • Proliferation of silo's, reports, and ungoverned calculations of metrics
Option B: Recommendation	• Build a NAM specific integrated technology stack • Define and model datasets including customer experience • Provide Operational Dashboards that provide timely KPIs • Automate support of existing reports	• Tech Investment: ~ **$110 - 130K/yr** • **One-time cost** Tech Integrator: **~$300K** • **~ 2-3** additional data/analytics FTEs and upskilling of existing FTE Analysts	• **Save ~ $2 million+/yr** through automation and access to data • Faster delivery of actionable, accurate analytics insights and KPIs/Metrics • **Additional revenue lift and reduction in SG&A costs** due to customer insights • Enable Advanced Analytics such as Inventory Analytics reduce stock outs by 10% and prevent lost sales