White Paper

QPR

FROM ORDER TO CASH   -
BUT BY WHICH KIND OF PROCESS?

**Analyzing SAP data of order to cash process
using QPR ProcessAnalyzer**

QPR Software Plc

Introduction

A lot of expectations are piled on the way a company delivers ordered products or services. The process touches practically all central functions of the company, including sales, production, logistics, billing, and delivery. Many organizational units are interested in the process since it is among the value and revenue generating functions of the company. A shared interest may have its downside. It could lead to a vicious circle of sub-optimization. In this White Paper, we present a new way to take hold of the order to cash process in the organization using QPR ProcessAnalyzer and data from SAP.

The Current State of the Process

Risk management and accounts receivable are the most common viewpoints from which the delivery process is looked upon. In other words, the company is primarily interested in whether a financial risk arises and whether customers pay their bills on time. At the same time the sales unit is watching the number of deals, logistics is calculating inventory turnover time, and the delivery unit is interested in the workload of its engineers. Unless the full chain of events is modeled in the company, sub-optimization usually arises. Few companies can afford this, since the effectiveness of this single process is perhaps the single most critical factor of the entire business. Creating a process model helps create a desired state of the process and helps set a method for how the company operates as a whole. However, reality differs from the generic model (see Picture 1) in the form of process variations.

Sales Order Processing → Outbound Delivery → Billing

Picture 1. The generic order to cash process

The Truth lies in the Variations

In reality, all processes are made up of variations. The fact becomes evident in process maps: a single possible split in the process flow means that there is not one single way to execute the process. Already ten process steps with two alternative steps forward each create a possible outcome of 100 variations. When the true order to cash process comprises several units, tens of process steps, and several decisions, the amount of variations shoot up to thousands. With enough leverage within the process, each order makes up a unique process variation. When utilized in the right way, variations are the biggest resource for a process developer. The variations are the most effective way to find the best path to execute the process as a whole.

To get development work up and running, process data is required. Information systems create a challenge in process data. Here, however, SAP provides an excellent opportunity.

The Process Developer at the Fountain of Truth

With an order to cash process that is complex and involves many stakeholders, SAP allows for storing all data in a single place. Usually, this important information is for descriptive purposes, such as monthly finance reports, reporting average delivery times, monitoring credit decisions, and for billing purposes. What is common for all these is that the process is viewed from a certain aspect at the cost of the overall process. By taking an analytical approach to the entire process, the collected data can be used to make the whole organization more efficient. For this purpose, QPR ProcessAnalyzer has been developed.

QPR ProcessAnalyzer utilizes data stored in SAP databases and produces automatically a visual representation of the process (see Picture 2). Additionally, one can view resource usage, identify bottlenecks, and compare processes based on background data. In the following section we present a practical approach to the automated analysis of processes.

Process Analysis - Forward Flowchart
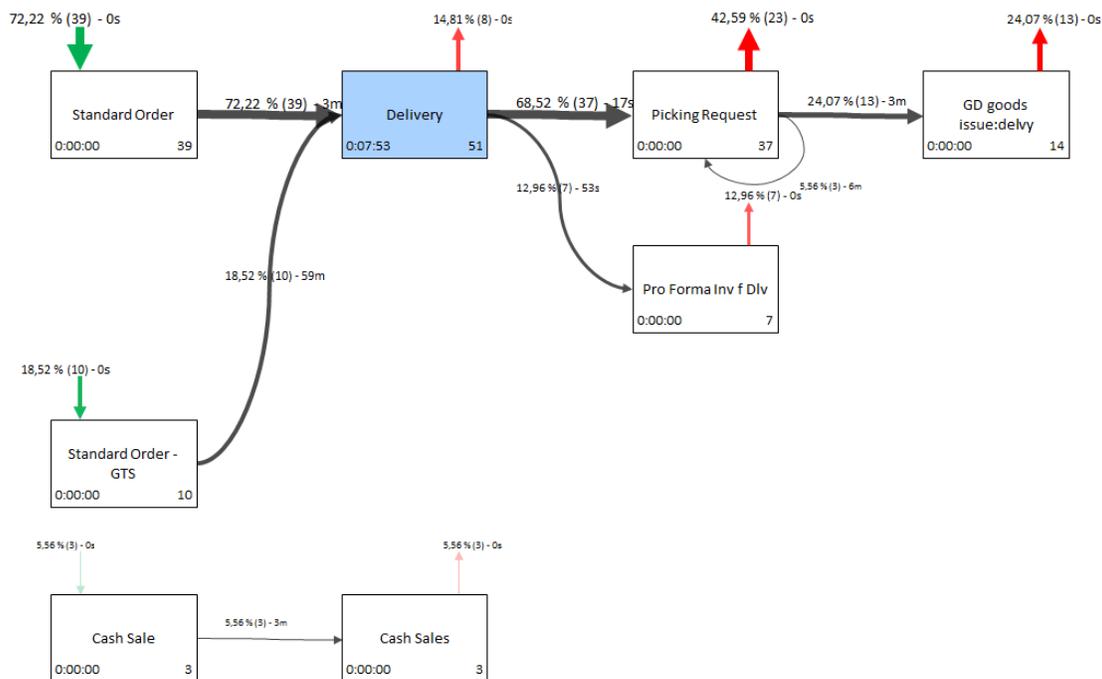
Picture 2. An automatically produced picture of the order to cash process

It All Starts by Selecting Data

Organizations usually have identified an area of development. One approach is to gather data regarding this are and start the analysis. The best end result is achieved when data is fetched of the entire order to cash process and the process is analyzed as a whole. By doing so, any chance of sub-optimization is excluded. At the same time one can make valuable discoveries of the process, which could not have been made without a large enough data set.

The automated analysis of SAP data begins by fetching all log data of the order to cash process. This information is then used in the first analysis, based on which interesting findings can be drilled into deeper. By using an extensive data set sub-optimization is avoided since the person making the analysis always sees the big picture.

Fetching data from the SAP system is made difficult by the fact that each system is always tailored to the customers' needs. The specialists at Nobultec, who have over five years of experience in developing and optimizing processes

based on SAP systems, know the situation. Thanks to their extensive expertise in SAP reference processes helps fetching the data.

Nobultec: "Analysis visualizes"

According to Nobultec, one of the strengths of automated process discovery is the objectivity of the results. Companies also get information about needs for development quicker.

"Often one runs into the fact that the customer's view of the process is entirely dependent upon whom you are asking. Thanks to QPR ProcessAnalyzer you can show a visual representation of the as-is state of the process based on log data. The time spent with customers can be used for planning and executing process development, Nobultec's **Eero Knuutila** says**.**

An example of the analysis findings is the difference between electronic and paper bills. It is not only interesting to know how many of each types are sent, but also which kinds of process variations they give rise to and how the way of billing affects process durations. Also, it is possible to compare the amount of billings and analyze whether there is a difference in customers based on how they are being billed. The best thing about automated business process discovery is that the customer always sets the starting point for the analysis.

The speed and repeatability of the analysis help the process developer find the most crucial things among the information. When enough data has been fetched for the first analysis, it is easy to make further analysis. A target for development that has been identified may become clearer. In this case, it is worthwhile to study the material from a specific point of view. QPR ProcessAnalyzer suits excellently for this. Once the data is fetched you can do filtering, comparisons, visualizations, analysis and draw charts with the click of a button.

Background information:
QPR ProcessAnalyzer

A fresh data-driven approach

QPR ProcessAnalyzer offers an entirely new approach compared to traditional number-based analysis. Traditional analysis is based on the parameters for the calculation and presentation. As a result, data integrity is critical and requires careful ground work - a single incorrect entry may seem decisive, for example in the average performance of equal time.

QPR ProcessAnalyzer instead allows analysis of partially incorrect and incomplete data. Errors are not affected by the outcome of the examination of the results and analysis is also possible on level of individual cases. Format of the source data does not create any restrictions on the functioning of the product. Analysis of the process can be done easily and quickly on almost any type of data.

Visualize the key data of your processes

QPR ProcessAnalyzer automatically produces an analysis on several different accuracy levels. General illustration shows the participating units, process steps, as well as the transitions between process phases. Visualization helps you to understand major flows and maximum execution times from the key data. With different views you can illustrate the process on a general level and easily drill down to more detailed views.

The process illustrations are intended to stimulate discussion. Process analyses created with QPR ProcessAnalyzer are considered very interesting and open up new perspectives on existing processes. The product allows you to quickly clarify exactly the areas you are interested in the process.

Technical Implementation

Analysis with QPR ProcessAnalyzer is based on the data form the data systems. The first step in the use of the product is, therefore, collecting the data for analysis and importing it to the product. At this stage, it is possible to make filtering for the data, but filtering can of course be made later if the analysis reveals the new requirements.

Once data is downloaded QPR ProcessAnalyzer, it is automatically processed to the required format for analysis. Then a level of review is selected and analysis

can be started. The remaining steps QPR ProcessAnalyzer will do automatically - easy and simple!

QPR ProcessAnalyzer is a tool for analyzing almost any free-form data. Main technical requirements for the data are the log form and the existence of unique identifiers. Log form means that the data includes also the historical data from previous activities and time stamps when the activities have occurred. Generating unique identifiers refer to the data field with what a single case can be distinguished from other cases, and in which the various sources of the collected data can be combined in a single case of activities.

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QPR Software Plc

QPR Software Plc offers the best services and software for developing business processes and enterprise architecture. QPR has more than 1,500 private and public sector customers across the globe in more than 50 countries. QPR's shares are listed on the NASDAQ OMX Helsinki Ltd.

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