



# SAP Innovation Awards 2019 Entry Pitch Deck

The Digital transformation in Retail

CENCOSUD S.A.

# RPA & SAP for Retail



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SAP FICO Project started in 2011 with the aim to unify all the ERPs (administration and management systems) in Cencosud into one for the entire Region, including the 5 countries where the Group operates.

The implementation of the same ERP system for the entire Group on SAP FICO 6.0 EH 11 begun in Argentina, followed by Peru(2013), Colombia(2014), Chile(2016) and Brazil (2017), This implementation helped to discontinue more than 13 administration systems that the Group had.

With this Project still in course, in 2016 HANA technology was implemented in SAP FICO with surprising results: the execution of the balance sheet of the most important Societies, for example is nowadays carried out in just two seconds, against the ten minutes of the previous scheme. In addition, depreciation and cycle execution double their speed thanks to the use of this new database system. Currently, more than 5,000 users operate in the 5 countries.

According to an analysis performed on the 10 most used standard transactions, it resulted in a reduction of the monthly processing time of approximately 2,000 hours.

During 2017, Cencosud strengthened its operating model with the implementation of ARIBA to support and empower the process of Procurement, and other main modules such as FSCM, Credit Management, and Collections and Disputes.

The integration in a unique instance of the financial, accounting and management administration systems, supported by SAP HANA were fundamental steps for the search of efficiency and timely information that the Group and the SSC demands; and lay the foundations to advance in a deep automation of the processes minimizing errors, maximizing processing times and achieving an operation oriented to the analysis and proactivity taking advantage of the use of timely information.

Cencosud ended 2018 with more than 120 automated processes running and expects to automate other 35 additional processes during 2019 and to continue developing more indicators with the help of Lumira that provides in real time information from its main SAP systems.

# The Digital Transformation in Retail

## CENCOSUD S.A.



### "Quote"

"The migration to SAP HANA allows us to start a new stage in the modernization of our processes. We hope to capture benefits for new efficiencies in the backoffice of each of our businesses, to finally continue to build the best shopping experience for our customers".

Ignacio Podestá Castro -  
Cencosud SSC Manager

### Challenge

Competitive pressure and market constrain in Latin America positioned costs reduction and efficiency increase as two strategic goals at Cencosud Corporation and Business level.

### Solution

SAP HANA - FICO 6.0 EH 11 + SAP ARIBA + SAP FIORI + COLLECTIONS & DISPUTES + FSCM + CREDIT MANAGEMENT + SAP TRAVEL & EXPENSE + SAP LUMIRA

### Outcome

Decrease time fraud detection, balance sheet of the most important societies carried out in just two seconds, savings in headcount, access to information in real time, more productivity by minimizing errors and maximizing processing times.

**25%** Faster (reduction of the monthly processing time of approximately **2.000** hours)

**30%** savings in headcount (Finance-Backoffice - Reduction of **12.600** labor hours.

**20%** Faster financial close and Budget preparation - **+45%** in efficiency of business processes execution



# Business Challenge & Objectives

Cencosud Corporation is a leader retailer in Latin America. With over XXX supermarkets and XXX employees it currently runs its business in Chile, Argentina, Peru, Brazil and Colombia. During the past 10 years Cencosud Corporation experienced a significant growth through strategic acquisitions of retail brands in several countries in Latin America. In order to optimize costs, the corporation created a Regional Shared Services Center focused on delivering finance back office services to all the business units. Competitive pressure and market constraints in Latin America positioned costs reduction and efficiency increase as two strategic goals at Corporation and Business level. By that time, Cencosud was going through several inconveniences that affected the back and front office operational efficiency objectives:

- Diversity of legacy systems and a considerable number of administrative and logistic systems that demanded large amounts of time to search data and slowness for decision making.
- Many repetitive and manual tasks with slight low delivery of value.
- Decentralization and lack of homologated harmonized tasks, non-compliance with due dates, difficulty in measuring performance
- Control and lack of availability of information for decision making.

In the search of efficiency and delivery of timely information that the Business demanded, lay the foundation to advance in the RPA project for a deep automation of business' processes. During 2017 Cencosud innovated and prepared technologically to transform the business adapting to the new digital era: more defined and efficient processes accompanying digital transformation for the new era of omnichannel to relate with the customer and automating its processes on diverse systems of the company.

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With this Project still in course, in 2016 HANA technology was implemented in SAP FICO with surprising results: the execution of the balance sheet of the most important Societies, for example is nowadays carried out in just two seconds, against the ten minutes of the previous scheme. In addition, depreciation and cycle execution double their speed thanks to the use of this new database system. Currently, more than 5,000 users operate in the 5 countries.

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During 2017, Cencosud had as its main challenge linking RPA tools (Robotic Process Automation) with SAP HANA technology, achieving amazing results in various areas of the Shared Service Center, with an efficiency of 40%, 50% and 55% of business processes execution, improving its quality and delivery.

BluePrism and Automation Anywhere solutions were both used for the automation of the following Cencosud's processes: sales processing and control, payment and credit card reconciliation, registration of electronic invoice records, the registration process of accounting entries and updates of master data for customers and suppliers. (+120 robots).

In the same year, in the search of efficiency and delivery of timely information that the Business demanded, Cencosud incorporated to its technological portfolio SAP Lumira to obtain in real time data visualization in order to analyze to take faster decisions and to share information to stakeholders and VIPs.

Adding to this, Cencosud strengthened its operating model with the implementation of ARIBA to support and empower the process of Procurement, and other main modules such as SAP FIORI, FSCM, Credit Management, and Collections and Disputes.



## Project / Use Case Details

SAP FICO Project started in 2011 with the aim to unify all the ERPs (administration and management systems) in Cencosud into one for the entire Region, including the 5 countries where the Group operates.

The implementation of the same ERP system for the entire Group on SAP FICO 6.0 EH 11 begun in Argentina (2012), followed by Peru (2013), Colombia (2014), Chile (2016) and Brazil (2017). an unique finance system for the 5 countries (Argentina, Brasil, Chile, Colombia & Perú), which processes 140MM of SAP transactions annually. Has more than 5000 users and has integration with more than other 50 satellite apps.

Supported with a stronger technology, SSC initiated in 2017 the phase of consolidation and automation of its regional processes implementing Robotic Process Automation.

After a POC (proof of concept), the project sponsor decided to scale in the use of RPA combined with SAP Lumira. In order to do guarantee the success of this effort, Cencosud early adopted ROM Methodology to establish a Center of excellence as a new service unit in the SSC. COE (Center of Excellence) key roles were defined according to the methodology and each role was trained accordingly.

The COE initially was focused in SSCs process automation but after several successful implementations, the COE expanded its reach and started to automate process in other business units. Currently, Cencosud has 120 automated processes running and expects to automate other 35 additional processes during 2019. In regards of SAP Lumira, currently there are more than 30 reports on live and ready for CFO and main management.



# Benefits and Outcomes

## Business / Social

Downsizing: reduction of 12.600 labor hours with a 30% savings in head count.

Adaptation of the CSC to the new digital era: more defined and efficient processes accompanying digital transformation for the new era of omnichannel.

Decrease time fraud detection.

The balance sheet of the most important Societies carried out in just two seconds

Paper reduction in direct operations due to digital processing (such as registration of electronic invoice records)

## IT

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## Human Empowerment

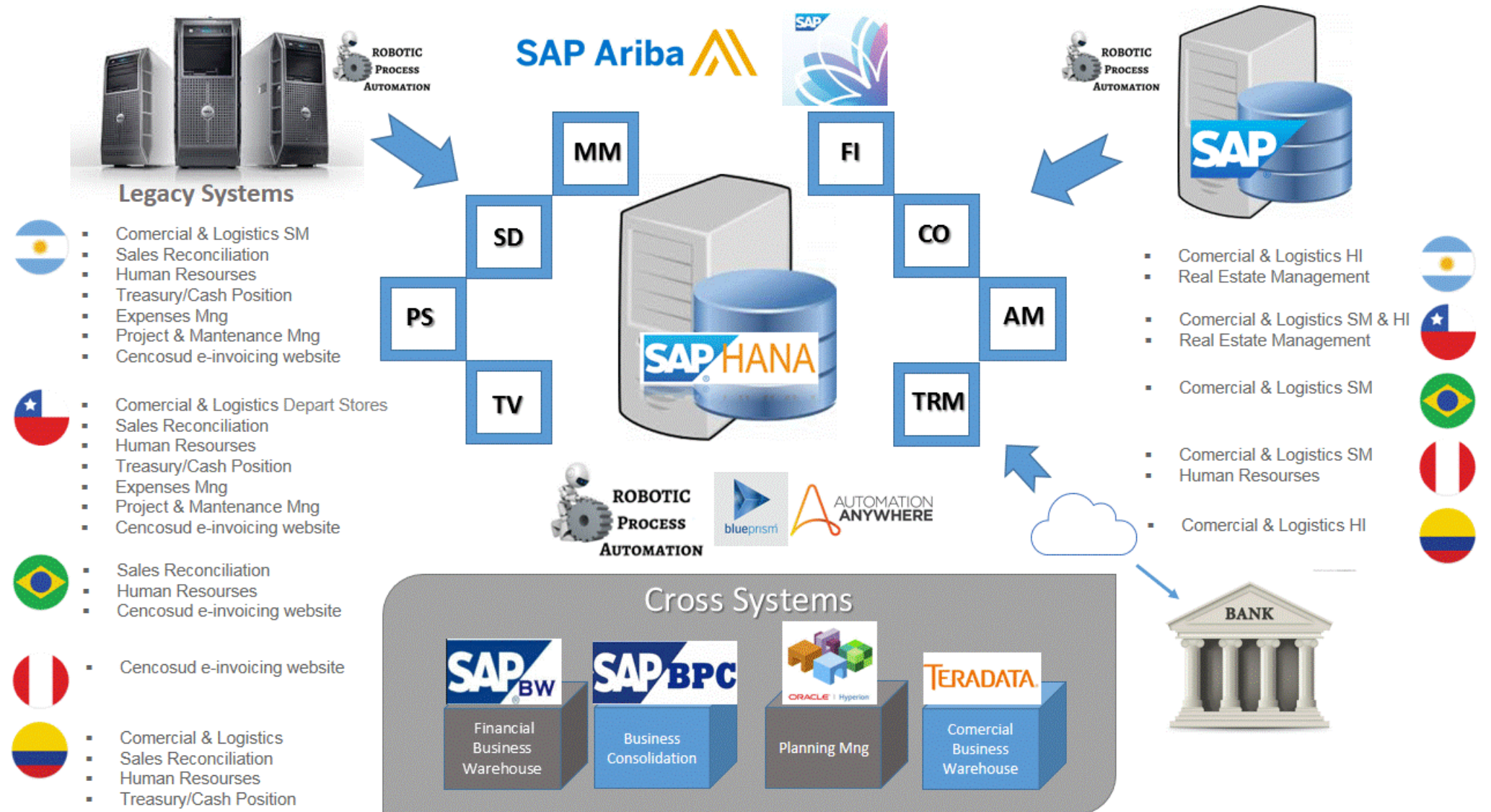
Leave repetitive and routine tasks to turn to higher value-added tasks that generate motivation, leadership skills and professional judgment.

Access to information in real time para los stakeholders (20% Faster financial close and Budget preparation)

Collaborators now dedicate more time to processing and analyzing data than obtaining it. The time of processing data decreased thanks to HANA technology in 2.000 hours approximately per month.



# Architecture





## Deployment

Date of Deployment or POC: 2017

Number of live users: 4000

### SAP Technologies Used:

SAP HANA - FICO 6.0 EH 11

SAP ARIBA

SAP FIORI

SAP LUMIRA

COLLECTIONS & DISPUTES

FSCM

CREDIT MANAGEMENT

SAP TRAVEL & EXPENSE

Server Processor: Intel

Linux Distribution: Red Hat Enterprise Linux Server release 6.7



# Emerging Technologies and Use Cases

The following Emerging Technologies and use-cases are part of the project and describe the contribution

	Technology or Use Case	Yes/No	Contribution to Project
<b>1.</b>	Data Analytics	Yes	Data Visualization in real time
<b>2.</b>	RPA	Yes	Downsizing
<b>3.</b>	API Economy / Integrate the Intelligent Enterprise	Yes	Integration between RPA and SAP systems
<b>4.</b>	Cloud Native / Event Based Architectures	Yes	For storage