

PROCESS MINING FOR DIGITAL TRANSFORMATION

How process mining accelerates digital transformation by demystifying and optimizing complex, interconnected systems



INSIDE:

- How Reckitt and Sanofi are leveraging process mining to reimagine business processes and save millions in the process
- How to drive adoption and transformational change across the enterprise
- How AI, predictive analytics and next generation process mining platforms are evolving process mining from a measurement tool into a fundamental component of the autonomous enterprise

Introduction

Though once dismissed as a passing fad, digital transformation remains a top priority for organizations of all types and sizes due to the emergence of generative AI, the widespread adoption of cloud computing and evolving customer expectations, among many other factors. In fact, research firm [MarketsandMarkets](#) predicts that the digital transformation market will grow from US\$ 695.5 billion in 2023 to 3.145 trillion by 2030 at a CAGR 24.1%.

Digital transformation, however, is not without its challenges. It is widely known that [70% percent of digital transformations fail](#) due to a lack of employee engagement, inadequate management support, rigid legacy systems and a lack of visibility into how existing processes truly function, among other factors.

Since its inception in the early 2000's, process mining has evolved from an academic concept into a software-based technology for visualizing, analyzing and optimizing processes. Unlike manual process improvement methods that are subject to human bias and error, process mining combines process modeling and data mining to paint a clear, objective picture of how processes operate in reality, not just how they are supposed to work in theory.

"Process mining provides end-to-end process transparency and visibility, helping organizations compare what they think is happening within their business with

what is actually happening," Nina van Krimpen, digital director at OCI Global, explains.

Driven by robotic process automation (RPA) and the adoption of cloud-based enterprise resource planning (ERP) solutions, the process mining technology has evolved into a powerful enabler of digital transformation. "Process mining dispels myths using in-depth data captured through time stamps on activities almost in real time," Tanu Mukherjee, senior director – global process excellence at PepsiCo, tells us. "Coupled with task mining, it enables every business user to add value by democratizing process discovery and process analytics capabilities."

In addition to identifying potential areas of improvement, process mining also serves as a true north star for digital transformation and helps ensure strategic alignment across the various teams responsible for executing digital transformation projects. "Process mining enables organizations to create a detailed, unified understanding of how digital transformation efforts are impacting the business," Ricardo Henriques, Business Automation for the Future of Work Director, Catolica University tells us.

In this report, we will look at how organizations are reinventing and leveraging process mining to achieve digital transformation success.



Process Mining in Action

Sanofi reinvents the employee life cycle across 70 countries, and save thousands of hours of labor

Launched in 2021, Sanofi's digital transformation efforts have aimed to "support new digital businesses, fuel new digital experiences for patients and HCPs, and drive innovation and efficiencies across the entire value chain." Paramount to achieving these objectives is the standardization and optimization of its internal business processes.

"We worked closely with process owners to redesign the job change process, build process intelligence dashboards tailored to each team's needs and roll it all out across 70 regions."

Christian Müller
Head of Process Intelligence, Sanofi



One area especially in need of transformation was the company's job change process (i.e. anything related to promotion, demotion, lateral moves and general employment contract changes). Originally set up in 2015, the existing process was slow, cumbersome and no longer aligned with the organization's larger strategic objectives. To help reimagine the process, Sanofi turned to process mining.

As Christian Müller, Sanofi's Head of Process Intelligence explains, "The very first step we took was using process mining and machine learning to understand how processes were really executed across the three HR teams: HR strategy, HR operations and a global business services (GBS) organization."

With that knowledge in hand, they were able to identify bottlenecks, re-engineer processes and, eventually, automate them. "We didn't only rely on technology, we also leveraged user centric process design. "We worked closely with process owners to redesign the job change process, build process intelligence dashboards tailored to each team's needs and roll it all out across 70 regions," Müller told us. "It took about a year but, in the end, we reduced cycle time by 87%."

In addition, the median process duration dropped from eight days to less than one and the average process duration shrank from 30 to six days. The project was so successful, it won a Digital Hackett Award in the category of Talent Management earlier this year.

Despite the external recognition, Müller emphasizes that while process mining is a powerful tool for identifying inefficiencies and potential areas of savings, the hardest part comes afterward when the new system and cultural changes have to be implemented. "An important part of our strategy is to let our customers shine," Müller tells us. "Instead of taking all of the credit, we encourage our customers to share their success stories and do the marketing for us."

How Reckitt optimizes 40+ processes at scale, realizing tens of millions in value

Kuldeep Dudeja, knows a thing or two about transformation. The IT and digital director leads the Intelligent Automation Center of Excellence at Reckitt, a multinational consumer goods giant who is known for brands such as Durex condoms, Clearasil skin care and Nurofen painkillers.

His and his team's mission is to drive Reckitt's digital transformation at speed. That means embracing technologies like automation, AI and machine learning to refine processes, reduce waste and unlock efficiencies.

"We proudly call ourselves the *BFFs*' to the business," says Dudeja – alluding to his team's mission to make their digital transformation bigger, fitter, and faster. "We are their go-to person whenever they have a business problem."

But getting visibility into why things were going awry was no easy feat given the size and complexity of Reckitt's process and system landscape. After all, the company is selling more than 30 million products per day. "We're talking about billions if not trillions of data points here," said Dudeja. Looking to transform the company's sprawling set of processes at scale, Reckitt turned to process mining vendor Celonis.

Reckitt first partnered with Celonis in 2019 to better understand and optimize the company's accounts payable processes. "We initially just wanted to have better control and visibility in finance, but we quickly realized that the power of Celonis goes far beyond process visibility, it had the power to accelerate our digital transformation," Dudeja says.

Impressed by quick wins in departments like procurement and order management, Reckitt decided to go all in. They built a Center of Excellence (CoE) to infuse Celonis process intelligence and capabilities into almost all parts of their business. Since then, Celonis has become their starting point and accelerator for every process improvement initiative at Reckitt, according to Dudeja.

Celonis helps his team identify and prioritize the biggest value opportunities, allocate the right resources and determine what exactly needs to be done to maximize ROI. "By serving as a cross-functional, unbiased layer, it has done wonders when it comes to democratizing and standardizing process intelligence," Dudeja explains.

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Kuldeep Dudeja
IT and digital director, Reckitt

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In procurement, for example, the team uses Celonis' intelligent automation capabilities, dubbed Action Flows, to optimize payment terms by 15 days on average for 63% of Reckitt's suppliers allowing them to unlock "millions and millions" in free cash flow.

Another use case that's especially close to Dudeja's heart is order management, where the team uses Celonis' machine learning capabilities to boost on-time delivery, reduce rote manual work and avoid fines for late delivery. "Our order management process has to work like clockwork but that has never been feasible until recently."

Rather than chasing for approvals via email or trying to match Excel spreadsheets, the team uses the Celonis Open Order Processing App, which prioritizes their work by listing critical orders at risk and recommends where, when and how they should take action. These capabilities dramatically reduce the time it takes to resolve order blocks for customers with a positive credit history or mark a high-value order for express shipping. Dudeja said Celonis helps Reckitt mitigate fines for late deliveries, which has a direct impact on customer satisfaction and the company's bottom line.

In their hygiene business in North America alone, Reckitt has unlocked millions of dollars in value by:

- ✓ *More than doubling their no-touch order rate, from 34% to now 84%.*
- ✓ *Cutting manual touches cut in half, from 4.2 times to now 2 times.*
- ✓ *Improving on-time delivery by 12 percentage points.*

Results like these got the rest of the business fired up to roll out the order management use case globally and scale it beyond Reckitt's internal system landscape. Dudeja's team plans to connect Celonis to their 3rd-party warehouse and logistics systems. Their goal is to maximize visibility into their supply chain end-to-end and use those insights to drive exponential value.

Today, they are optimizing more than 40 processes across five business functions with Celonis, realizing tens of millions of dollars in value – while scaling to go after hundreds of millions tomorrow. "Without Celonis, we would not be where we are today in our transformation journey," Dudeja tells us.

*This case study was adapted from Reckitt's presentation at Celonis World Tour 2023.

Process Mining Success Factors



Ensure cultural readiness and strategic alignment

For some, transparency is a scary word. In the beginning we did run into some cultural roadblocks," Müller tells us. "Some people did not want us to look into their processes and others were reluctant to embrace new ways of working."

To help structure their approach to driving change and ensure accountability, the process team created a checklist of success factors to help determine whether or not a team was ready for change. "We looked at things like leadership buy-in, if the project had a sponsor, how much data is available to work with and the team's willingness to learn," Müller explains.

Though Sanofi relies on their technology vendors for some training, much of it is developed in-house and is customized to each team's educational needs.

To ensure business, IT and data teams are fully engaged throughout the project lifecycle, Mukherjee of Pepsico recommends establishing regular governance meetings with stakeholders. "When it comes to complex processes, simply establishing connectors for bespoke applications, getting the data engineers to map out fields and data attributes and building data models can take months." She explains. By meeting regularly and keeping everyone in the loop, "you can harness the power of collective wisdom across your teams and critical decisions can be made much earlier on."



Democratize and deepen process mining

Early on, Reckitt's Center of Excellence connected Celonis to as many source systems as possible and gave out unlimited licenses, so everyone could explore the data. "Now I have a different problem: I have more demand than I can serve and need to prioritize," Dudeja says.

Today, Reckitt has roughly 2,500 business users and 30 analysts working with Celonis, and a dozen use cases on the roadmap to be rolled out globally across processes like purchase-to-pay, order-to-cash, accounts payable, procurement and order management. "I have one single

goal. And that is scale, scale, scale. Scaling our existing use cases, scaling into new functions, new markets, new categories," said Dudeja.

As Reckitt's use cases expand, so do their ambitions. "Now, we're going after hundreds of millions of dollars. Our goal is to create ten times the value we create today by 2025." Further scale Celonis and achieve even greater ROI, Reckitt will be investing in Business Miner, a new Celonis product feature aimed to guide non-technical users through process explorations via a question-and-answer model.

Mukherjee, however, cautions not to mistake quantity of processes mined with quality. "It can be so tempting to mine more and more processes, but if the goal is to do more with less, try going deeper within models that are already live."

She adds: "once you start to deliver the value, it becomes a virtuous cycle, because then you can have the right conversations to reinvest at least part of the savings from your first set of processes into your next set of processes, which is more sustainable, especially in times like these."



Process Mining Success Factors



Embrace the next wave of advance process mining technology

Though process mining has dramatically evolved over the past decade, its transformation has only just begun. Artificial intelligence, machine learning and advanced analytical techniques are continually expanding the potential of process mining to deliver transformational results.

Increasingly organizations are embracing predictive process mining capabilities. For example, Johnson & Johnson recently evolved their capabilities “from being able to show what happened to what could happen,” Marvin Johnson, the company’s vice president service excellence, tells us. With the help of a machine learning workbench they can predict how changes (or no changes) could impact the customer experience. In addition, to help turn insight into action, Celonis also provides contextual guidance on what to do next.

“We are now starting to lean into the concept of process science, which is different from data science.” Johnson explains. “We are still focused on understanding end-to-end process transactions and the intricacies in the handoff, but we are now using these insights to reimagine processes through generative AI and automation.”

Müller, predicts that the integration of AI will help process mining tools accelerate and deepen root cause analysis. “Right now people are still stuck in their silos,” he tells us. “I think AI will help us understand the big picture of how large, complex, cross-functional processes interact.”

Müller also foresees process mining evolving from a measurement tool into an active instrument of change. “As AI capabilities evolve, process mining tools will be able to not just analyze processes in real-time, but influence them.”

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Marvin Johnson

Vice president service excellence, Johnson & Johnson



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