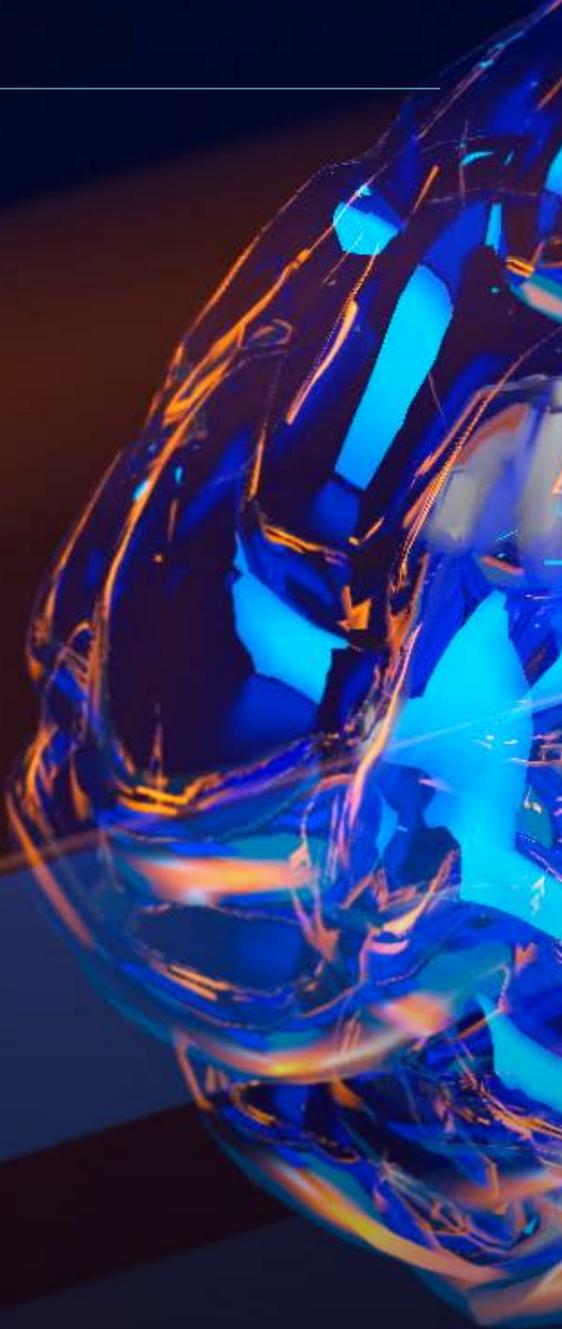




Operational Optimisation: Decision-making beyond human capability

Navigate complex decisions with
AI and advanced mathematics



As an operations leader, you're under pressure to minimise costs, increase productivity, surpass customer expectations, and navigate a web of ever-changing risks and relationships. You rely on robust data to make decisions, but as analytics matures so does the complexity, and pulling one lever can have unplanned ripple effects. While it's tempting to fall back on 'gut instinct' to make the big calls, you risk missing opportunities and leaving significant value on the table.

What if there was a clear pathway to optimal performance?

This report introduces Elara – digital twin technology underpinned by AI and advanced mathematics. It goes beyond human capability to cut through complexity and help you to achieve your high-performance objectives.

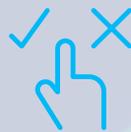
The decision dilemma

41%



of senior business leaders in Australia say that most of their company's decisions are made on 'gut feel' or instinct alone.¹

of Australian leaders report that their business suffered the consequence of 'gut feel' decisions.²



81%

Only

40%

of finance and operations leaders are 'very satisfied' with their ability to compare and combine data across multiple business functions and draw deeper insights as a result.³



Only
31%



of senior operations managers are very satisfied with their ability to apply advanced analytics to data.⁴

95%



of business leaders have suffered from decision distress – regretting, feeling guilty about, or questioning a decision they made in the past year.⁵

82%



of Australian leaders admit the sheer volume of data and their lack of trust in data has stopped them from making any decision at all.⁶

of leaders want help from data. In an ideal world, they want data to help them: make better decisions (34%), reduce risk (35%), make faster decisions (34%), make more money (38%), and plan for the unexpected (32%).⁷

99%

¹ Samuel Tan, [Is the lack of evidence-based decision-making impacting Australian businesses?](#), YouGov, 15 December 2022

² Ibid.

³ KPMG International, [Value of connection report.](#), [PDF], 28 June KPMG International 2022

⁴ Ibid.

⁵ Oracle Corporation Australia, [Overwhelmed and underqualified](#), Oracle Corporation Australia Technology Decisions, 27 April 2023

⁶ Ibid.

⁷ Dexter Tilo, [Growing data hampering decision-making of Australian leaders: report.](#), HRD Human Resources Director, 26 April 2023

Contents

01	
Navigating the decision-making maze	05

04	
How advanced mathematics and AI can crack the code	15

02	
Forks in the road	07

05	
How KPMG can help	22

03	
When opportunities slip by	10



Navigating the decision-making maze

Making decisions is the toughest – and riskiest – task of any leader. From prioritising capital spend to enhancing efficiency, investing in transformation, and mitigating future risk – a single decision creates a domino effect across the intricate, interconnected array of processes and competing priorities that comprise business operations.

At a time when Australia is experiencing its biggest annual productivity slump since 1979 (with output per hour falling 4.5 percent)⁹, optimising operational performance has never been more critical, but it requires making increasingly complex decisions – faster and more effectively.

To improve decision-making processes, leaders turn to data. But as digital transformation matures, the complexity of data increases and COOs are left feeling increasingly overwhelmed and confused about which road to take. Poor data quality can lead to poor decision-making, compromising upward of 3 percent of profits – and since operations data is rarely perfect, leaders lose faith in data-led decisions.

While there's an understanding that the right technology can help, COOs assume that it will be prohibitively expensive (with a huge implementation runway) and so they lean towards traditional tactical measures instead. But there's a problem when tactical productivity measurements and incremental fixes are implemented without regard for broader impacts. Outdated information and isolated KPIs can lead to a skewed view of the problem and an oversimplification of complex systems.

⁹ Michael Read, [Productivity takes biggest hit yet, cash rate tipped to hit 4.85pc](#), The Australian Financial Review, 7 June 2023

With insufficient data to guide them, leaders struggle to see what optimal performance looks like – the difficulties in balancing judgement with evidence puts high performance decisions out of their reach. With so much riding on every operational decision, current methods of evaluation are simply not up to the task. To unlock the puzzle of optimal performance, leaders require a more powerful key.

Imagine if decisions could draw on insights beyond the limitations of the human mind?

What if there was a way to circumvent the fallibility of existing processes to understand exactly what your business could do to achieve optimal performance?

What if you could predict decision outcomes and de-risk operational transformation?



“Today’s decision making is becoming increasingly complex and is moving beyond human capacity. Leaders who fail to navigate this complexity risk leaving untapped value on the table waiting to be discovered and harnessed.”

CHRIS FOSTER

Partner, Consulting
KPMG Australia

Forks in the road

02

In a typical operation, thousands of decisions are made from one day to the next, each presenting innumerable choices and potential trade-offs. How should a business prepare for disruption? How can it improve the customer experience? How should it distribute resources? How can it achieve more with less?

The challenge spans every industry. How can banks cut their home loan approval turnaround? How can hospitals reduce wait time in emergency rooms?

Every operational decision has a compounding effect – understanding how the choices you make today will impact the ones you’ll make tomorrow is an unfathomable task. Research shows 75 percent of business leaders often make decisions and then look for the data to justify them, and 95 percent have suffered from decision distress – they’ve regretted, questioned or felt guilty about a decision they’ve made in the past year.⁹

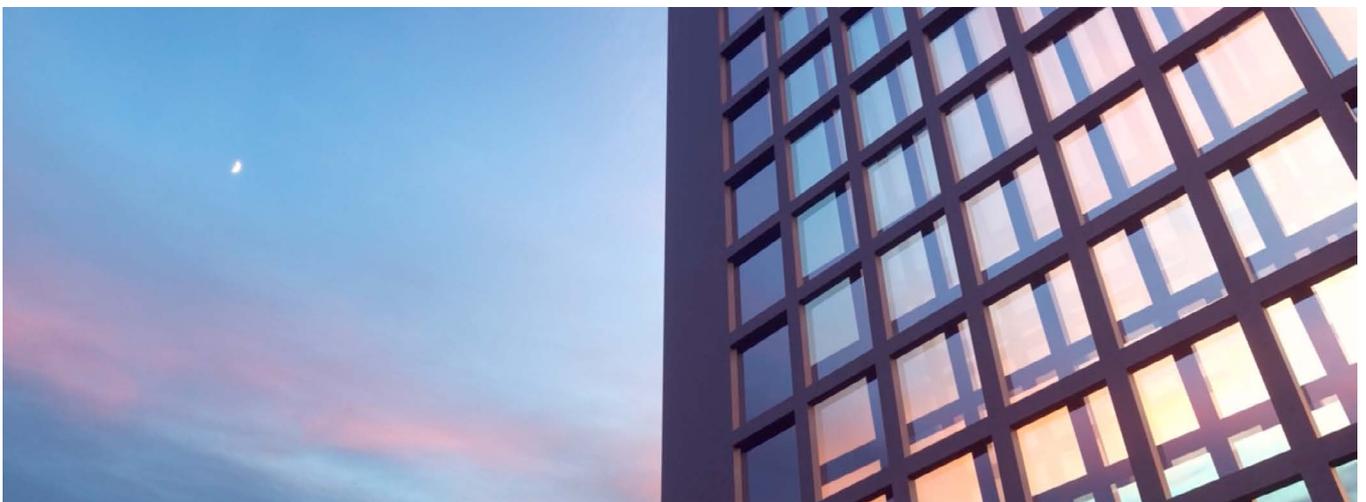
The complexity of decision-making is amplified by three key factors: internal and external drivers, volume of choice, and human limitations. Each factor blurs the view of optimal performance and makes it almost impossible for COOs to predict precisely what’s coming down the line.

Fluctuation in resources and macro-economic drivers

Operational performance relies on the availability of resources, but Australia is facing its highest job mobility rate since 2012. In the year ending February 2022, almost 10 percent of the country’s workers changed jobs, taking much-needed skills with them.¹⁰

Along with the variations in resources, volume is also prone to fluctuations, and predicting the peaks and troughs can be challenging without compromising business outcomes or the customer experience. Consider an industry like insurance, which experiences spikes in demand following natural catastrophes that are becoming more frequent yet harder to predict.

External factors are also at play, with business operations impacted by macro-economic forces like inflation, trade wars, climate change, consumer confidence, population growth and government regulation. How can leaders adjust their operations for any condition? How can they be sure they’re making precisely the right call?



⁹ Oracle Corporation Australia, [Overwhelmed and underqualified](#), Oracle Corporation Australia Technology Decisions, 27 April 2023

¹⁰ Australian Bureau of Statistics, [Job Mobility](#), 30 June 2023

Decisions – key forces at play



ECONOMIC FACTORS

High inflation, fluctuating interest rates, and market volatility have introduced uncertainty into decision-making processes. COOs must navigate these economic forces to effectively manage costs, investments, and financial stability while sustaining growth.



WORKFORCE DYNAMICS

77 percent of CEOs say that talent acquisition, retention and upskilling are one of the top five challenges in 2023.¹¹ They are constantly under pressure to make decisions that promote a productive and inclusive work environment, foster innovation, and align the workforce with organisational goals.



COMPETITIVE PRESSURES

Leaders are facing fierce competition from both established players and disruptive newcomers. They need to make decisions that enhance competitiveness, optimise supply chains, and differentiate their organisation's offerings to capture market share.



CUSTOMER EXPECTATIONS

Heightened customer expectations and evolving preferences pose a constant challenge for COOs – with 89 percent of companies that lead with customer experience performing financially better than their competitors.¹² CEOs are under pressure to deliver superior products and provide exceptional experiences.



REGULATORY COMPLIANCE

35 percent of CEOs rate compliance with regulatory processes in their top five challenges for 2023.¹³ They need to ensure legal and ethical compliance, manage risks, and maintain transparency in operations while achieving business objectives.



SUSTAINABILITY AND ENVIRONMENTAL IMPACT

Increasing environmental and sustainability expectations place added pressure on leaders to make decisions that minimise the organisation's ecological footprint – including resource efficiency and responsible supply chain management to meet environmental standards.

Proliferation of choice

Increased competition and dynamic market conditions present fresh decision-making challenges – research shows that 65 percent of decisions made are more complex than they were just two years ago, involving more stakeholders or choices.¹⁴

But decisions are never made in isolation, and each choice sets off a chain reaction across operations. The complexity of operations means that even when mature analytics are used, it's just not feasible to consider the upstream and downstream impact of every choice you make.

More choices than stars in the universe

With countless ways to organise tasks and resources, how can leaders pick the winning combination?

For instance, the decision to approve or reject a single home loan application may require a sequence of 10 tasks, but a bank may have 1,000 applications to process at any time. It may have 500 employees spread across various teams, but resource availability fluctuates.

Skills and competencies are also a consideration, depending on the complexity of each application.

Based on this scenario, there would be at least 10⁵⁰ potential ways to organise the tasks and resources – that's 1 followed by 50 zeros. That equates to more choices than there are stars in the observable universe.

¹¹ KPMG Australia, [Keeping us up at night](#), [PDF], January 2023

¹² Qualtrics XM institute, [The Global State of XM](#) [PDF], 2020

¹³ KPMG Australia, [Keeping us up at night](#), [PDF], January 2023

¹⁴ Mike Rollings, [How to Make Better Business Decisions](#), Gartner, 20 October 2021

Human fallibility

Despite an immense capacity for decision-making, human beings are fallible. While countless variables apply to every decision, people are capable of considering just four of them at any one time. Judgement is also shaped by a multitude of cognitive quirks – from groupthink to unconscious bias.

An estimated 80 percent of the global population is prone to optimism bias – the classic human impulse to overestimate our odds of success and underestimate the likelihood that things may go wrong. When applied to operational decision-making, it can lead to ‘the planning fallacy’, causing projects to run over time and over budget.

As humans, we tend to filter information through our personal experience and preferences and to draw a straight line between cause and effect. But understanding every complex facet of business operations is beyond the grasp of even the most seasoned COO. And, despite the US\$27.11 billion global market for business intelligence software, even the best dashboards and reporting tools fall short in providing actionable insights to drive optimal performance.



“While spreadsheets, workforce planning models and process mining all provide value, they lack the analytical smarts to understand and optimise business performance. Decision-makers require deeper insights to help them rise above the complexity of the task.”

CAMPBELL MORRISON

CEO & Founder
Elara

¹⁵ Tali Sharot, [The optimism bias](#), Current Biology, 6 December 2011

¹⁶ Fortune Business Insights, [Business Intelligence \(BI\) market](#), March 2023

When opportunities slip by

03

Without a clear path through complexity, operational leaders can struggle to identify and capitalise on the untapped potential in their existing resources and systems. Their suboptimal decision-making fails to 'squeeze the sponge', but almost 25 percent of leaders cite productivity improvement as an item high on their agenda.

Overlooking this free or easily unlockable value leads to wasted resources, under-utilised talent and increased costs. It can also impact an organisation's innovation and agility, chipping away at competitive advantage and increasing the risk of disruption.

Current decision-making methods are limited in their ability to bring about significant change and are likely to yield only incremental improvements within an organisation's current cost framework.

To achieve major improvements without the need for substantial investment, leaders need to take a new approach to both strategic and day-to-day decision-making.

The cost of untapped potential

Inefficiency 	By failing to recognise and leverage latent capacity, organisations may operate inefficiently, resulting in wasted resources, under-utilised talent, and increased costs.
Missed innovation 	If hidden expertise, skills and ideas remain untapped, the organisation may miss out on innovative solutions, creative problem-solving, and new product or service offerings that could drive growth and competitive advantage.
Reduced agility and adaptability 	Failing to capitalise on latent capacity limits the ability to respond to market shifts, customer demands, or technological advancements.
Employee disengagement 	Employees may feel undervalued and unchallenged, leading to decreased productivity, lower job satisfaction, and potentially higher turnover rates.
Competitive disadvantage 	Competitors who tap into their latent capacity can gain a competitive edge through increased efficiency, innovation, and better customer satisfaction.
Stagnation and lack of growth 	Overlooking untapped potential puts organisations at risk of becoming stagnant and failing to evolve. They may miss out on opportunities for growth, expansion into new markets, or diversification of their products and services.
Increased risk of obsolescence 	Failing to unlock latent capacity can make organisations more susceptible to disruption. They may be unable to adapt to customer needs, emerging technologies, or changing market forces.

What is your organisation capable of?

Every business strives to perform at its best, but leaders can struggle to identify what optimal performance actually looks like.

Reaching your full potential requires a complete picture of where you are now, versus where you want to be. But can you spot the gaps between your current capabilities and your high-performance goals? And what will it take to bridge the divide?

Large-scale transformation

From major platform upgrades to implementing new business models, transformation projects hold the promise of vast operational improvements. But they involve many moving parts and multiple priorities.

In plotting their pathway to success, leaders must identify the optimal sequence of transformation initiatives and allocate spending to deliver the biggest impact for long-lasting value.

These decisions are tough calls for any leaders. Without a clear vision of optimal performance, there's uncertain risk for uncertain return and leaders make approximate decisions over which big bets to make.

Leaving opportunity on the table

Efforts to unlock the full potential of business operations can fall short, because decision-making methods are simply not up to the task.

Even day-to-day improvements can be hard to realise, with inefficiencies leading to additional company costs. And when it comes to business transformation programs, leaders apply subjective judgement to select transformational changes without the benefit of comprehensive insights.

AI and mathematics are evolving at an unprecedented pace, but complex operations haven't adapted and are continuing to fall behind. As a result, leaders are often unaware of the untapped potential and vast opportunities left on the table with every operational decision they make.

So much at stake

While successful transformation projects boost overall business performance, their scale often exceeds the availability of resources, so how can you be sure that the benefits will extend throughout all areas of a business? And how can you know that a positive outcome in one department won't trigger an adverse result in another?

Furthermore, the payoff of business transformation is typically realised at the end of the process, with limited incremental value experienced along the way. This delayed realisation of value, coupled with high costs and resource requirements, can make transformational endeavours financially and operationally burdensome for organisations.

With so much at stake, leaders must evaluate every potential risk and reward before setting the course for transformation. If only their decision-making methods were fit for the challenge.



“Vast opportunities for improvement exist within every business, but current decision-making methods can keep them hidden from view. As a result, leaders risk overlooking the potential within their existing processes, systems and resources, and optimal performance remains beyond their line of sight.”

THEO EFTHYMIU

Partner, Consulting
KPMG Australia

The transformation challenge

91%



of organisations are engaged in some form of digital initiative.¹⁷



In 2023, global spending on services and technologies that will allow digital transformation is estimated to amount to

US\$2.3trillion¹⁸

The combined value of digital transformation across industries could be greater than

US\$100trillion

over the next 10 years.¹⁹

Successful transformation typically takes between

7-10 years

to take effect.²⁰



More than
50%

of all transformation projects in Australia fail to meet stakeholder expectations.²¹

71%

of big-bet projects will exceed their budgets.²²



56%

will not deliver promised benefits.²³

¹⁷ Gartner, [Digitalisation strategy for Business Transformation](#), July 2023

¹⁸ Business Wire, [Worldwide Spending on Digital Transformation Will Reach \\$2.3 Trillion in 2023, More Than Half of All ICT Spending, According to a New IDC Spending Guide](#), 28 October 2019

¹⁹ Oliver Cann, [\\$100 Trillion by 2025: the Digital Dividend for Society and Business](#), World Economic Forum, 22 January 2016

²⁰ David Lancefield and Christian Rangen, [4 Actions Transformational Leaders Take](#), Harvard Business Review, 5 May 2021

²¹ KPMG Australia, [From Dream to Delivery](#), April 2023

²² Ronald Bisaccia, [3 ways to improve success with 'Big Bet' initiatives](#), CIO, 9 February 2016

²³ Ibid.

Scenario: Reducing patient wait times

The challenge

As an operations leader in a large hospital, you're responsible for reducing patient wait times while maintaining high-quality care. But your task is complicated by poor visibility into current hospital performance, ongoing workforce challenges and a limited ability to anticipate future patient demand.

Plus, there are competing challenges. Using manual patient scheduling processes to manage postponed surgical cases, as well as new elective surgery patients and increasingly complex emergency surgeries, is both frustrating and time-consuming. The surgery team is aware of the impact on patients when the scheduling of their surgery is delayed. They also understand the stress this creates – rescheduling surgeries can impact the availability of a bed for post-surgery recovery, so operations are delayed yet again. And there's so much more at stake than commercial outcomes.

After analysing data from various sources – patient volumes, staffing levels, bed availability, triage processes – you decide to shift more staff to the emergency department.

But you soon realise this change has unintended side effects.

Jeopardising efficiency and patient care

The increased staffing leads to a higher number of patients being seen quickly, reducing wait times initially. But the influx of patients puts strain on other departments, such as radiology, laboratory, and pharmacy, as they now face a sudden surge in demand.

These new bottlenecks create new delays in obtaining test results, medications, and other necessary resources.

Also, the decision to increase staffing without considering the broader context of patient flow and care coordination exacerbates the problem.

The hospital experiences challenges with patient handoffs, as the increased workload in emergency causes delays in transferring patients to inpatient units or specialised departments for further treatment.

This leads to prolonged stays in the emergency department and prevents the timely admission of new patients who require immediate attention.

Reducing patient wait times is a clear goal but the path to get there is complex – with innumerable variables and potential negative consequences.

Scenario: Improving the insurance claims experience

The challenge

As a claims leader in a general insurance claims department, you're responsible for assisting customers at their most vulnerable and helping them repair or replace some of the biggest assets that they own. Your role involves overseeing a large team that manages thousands of active claims in various stages of repair, as well as the associated third parties. But this is limited by your ability to foresee a surge in future claims.

There has been a natural hazard event that will lead to an inundation of customer calls. Your team must work to find customers accommodation and provide them with the advice and support that they need.

Your initial reaction is to re-prioritise the claims backlog to bring customers impacted by the event to the top of the priority list. You also change the interactive voice response (IVR) so that customers impacted by the event can be fast-tracked to the claims team.

But you soon realise that this has consequences for the bigger picture.

Increasing complaints and higher average claims costs

The impact of the event is larger than you had expected and the number of claims continues to grow. Your SLAs for responding to claims are in the red and customers are starting to complain about the wait times on the phone.

The claims that you are getting to are now getting less focus due to the workload and therefore average claims cost is starting to increase.

You now need to address the claims leakage issues and reassess many of the claims in order to lower the average size. This leads to an increase in complaints.

Supporting the claims surge was your goal, but how could you have predicted the flow-on effect?

Scenario: Enhancing cost and operational efficiency in asset-heavy manufacturing

The challenge

As an operations manager in a major asset-heavy manufacturing organisation, you're grappling with high running costs. Despite the abundance of data generated by your diverse range of assets, you find yourself in a situation of uncertainty, unable to discern the most pertinent areas of focus within the organisation. The data, while abundant, lacks clarity in terms of its interpretation and potential for deriving meaningful insights that could drive impactful improvements.

Navigating the complexity

Your organisation's operations are complex, with a myriad of interconnected assets and processes contributing to the overall cost structure. However, the lack of a coherent strategy to harness the power of data analytics hampers your ability to pinpoint specific inefficiencies or areas of opportunity. The intricacies involved in interpreting the data and translating it into actionable insights have left you at a crossroads, as you grapple with the challenge of optimising costs without a clear roadmap.

Unleashing the power of data

While your assets continuously generate substantial amounts of data, the key lies in transforming this data into actionable intel. A lack of understanding about how to extract valuable insights from this data has resulted in missed opportunities for cost optimisation. By deciphering the hidden patterns, correlations, and trends buried within the data, you have the potential to uncover actionable insights that could lead to substantial cost savings and operational enhancements.

How advanced mathematics and AI can crack the code

04

With interconnected processes, competing priorities and constant competition, how can leaders cut through the uncertainty, the pressure and the complexity to achieve optimal operational performance?

What if there was a solution that could take all the data you can give it, simulate and model decisions and disturbances in your business, predict possible outcomes, and recommend the best way forward?

The solution exists in a collaboration between KPMG and Elara, a powerful insights engine that applies AI and advanced mathematics to determine how you can use your available resources to achieve optimal operational outcomes. When combined with KPMG's deep sector knowledge and expertise in business transformation, risk management, digital innovation and strategic consulting, Elara can help to optimise your current operations and chart a clear course for transformational success.

Beyond simulation

Digital twin technologies have been transforming decision-making processes in industries such as construction, manufacturing and agriculture, by providing powerful simulations of physical objects or systems.

But Elara represents a huge leap forward, combining recent advancements in computer science, machine learning and mathematics with digital twin technologies to help you identify how optimal performance can be achieved.

By applying mathematical muscle to data, Elara embeds mature decision analytics to the breadth, depth and scope of operations to empower strategic decision-making and to balance multiple, competing priorities. It can be applied to whatever task or objective your business is seeking to achieve, and its power and flexibility means it can focus on multiple goals at the same time.

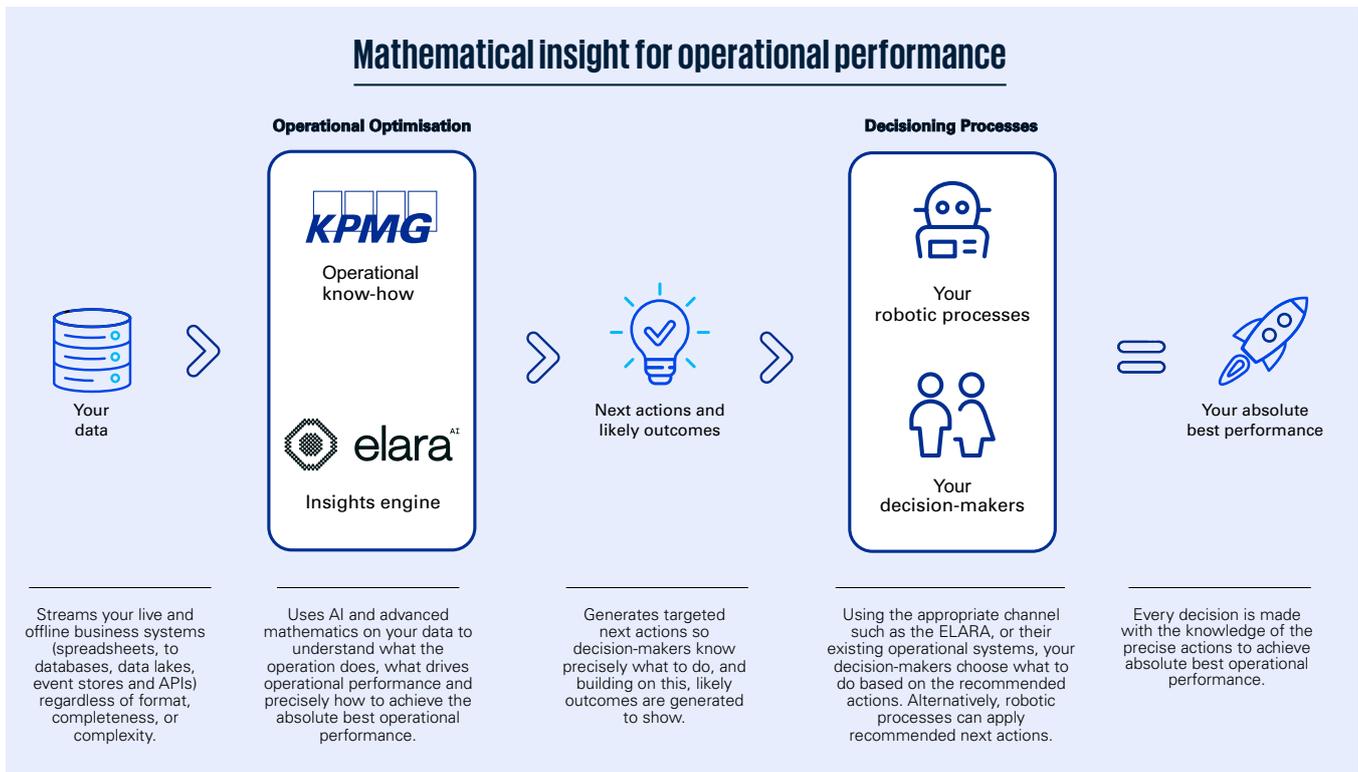
Rather than a linear, step-by-step approach to change, Elara provides recommendations to adjust multiple dimensions simultaneously, creating an additive effect across your operations.



Elara insights can power every area of operations, including:

- prioritising investment
- optimising transformation and future improvements
- personalising customer engagement and products
- arranging individual tasks across teams
- fine-tuning team composition, availability and location
- creating individual capability journeys for employees
- coordinating purchasing and supplies.

When applied to banking, for instance, it can map end-to-end lending processes, test new market scenarios in real time and close cyber security gaps. It's an equally powerful solution for industries like healthcare, providing diagnostic and treatment decision support, optimising hospital management and supporting in-depth medical research.



Transparent data-driven decisions

KPMG will work with you to embed this transformative technology into your business. It runs seamlessly alongside your existing systems to automatically apply AI and advanced mathematics to your data – no matter the shape, form or size. In fact, Elara is built for complex, disorganised or dynamic data, and easily integrates with any live or offline system, ranging from spreadsheets, to databases, data lakes, event stores and APIs.

Elara is a powerful insights engine, but it's not a black box. Audit records of all data points, including validation of the AI and advanced mathematics, are always available so you can see how decisions are calculated. Free tools and learning content are also available to empower digital teams to rapidly and cost-effectively embed insights into your operations.

Scenario: Optimising complex supply chains

As the State Logistics Manager, you're experiencing significant cost overrun and revenue reduction due to the capacity constraints caused by stagnant stock combined with productivity losses due to the unavailability of demanded stock items. The complexities of your multi-supplier, multi-warehouse and dispersed end-client supply chain with variable delay times inhibit efficiency through standard approaches and qualitative process improvement efforts.

Generating inventory efficiency

Working with KPMG, you gather extensive historical and real-time data combined with expert-elicited information to characterise the dynamic requirements surrounding demand, locations, transportation and delay. Aligning with stakeholders, you develop a clear structure for 'what good looks like' – this is codified and combined with the developed data set and applied within Elara.

Maximising confidence with Elara

The complex processes, interdependencies and predicted demand are generated. Optimal holding recommendations, improved workflows and slotting rules are output by Elara to maximise confidence in stock rotation while driving down cost, increasing demand availability and ensuring appropriate connectivity between demand, inventory and sales.



Unlocking optimal performance



POWER OPERATIONAL PERFORMANCE

Elara assists leaders to make the best decisions to drive operational performance.

Its answers are not limited to divisional silos, but are action-oriented to maximise operational-wide outcomes.

As the answers are based on your available resources, operational improvements can begin today.



IMPROVE ALL TYPES OF DECISIONS - FROM OPERATIONAL TO STRATEGIC

The power of Elara is not limited to certain categories of decision-making.

It can be used to allocate individual tasks to employees or to make strategic big-bet decisions such as choosing the prioritisation of transformation programs.



MAKE TIMELY AND RELEVANT DECISIONS TODAY

Elara is data driven, so connecting to live data means the decisions continually adapt as your business operates.

Decisions don't just directly drive operational performance, they do so based on the drivers of your performance right now.



SEE HOW EXTERNAL FACTORS IMPACT OPERATIONAL-WIDE DECISIONS

With Elara, you can see the cause and effect of the decisions and external factors that impact operational performance.

You can analyse in detail how specific decisions, policies or external factors will affect operational performance.

KPMG & Elara: the powerful insights engine

What	How
<p>Data-driven business modelling</p> 	<p>Low technical barrier to embed KPMG & Elara into any business, regardless of data quality, completeness or complexity.</p>
<p>Auto-AI</p> 	<p>Leverages advanced AI that effortlessly adapts to the business and data.</p>
<p>Business simulation</p> 	<p>Predicts the complex interactions between decisions, outcomes, and operational performance.</p>
<p>Scenario analysis</p> 	<p>Provides insights into how operating models and decisions affect operational performance.</p>
<p>Full potential analysis</p> 	<p>Calculates the gap between your current and potential operational performance.</p>
<p>Equation-less mathematics</p> 	<p>Automatically applies advanced mathematics to 'solve' decisions to maximise operational performance.</p>
<p>CLI, API or web UI interaction</p> 	<p>Fully transparent and observable, every data point including validation and audit is accessible.</p>
<p>Reusable improvement</p> 	<p>Generalised delivery patterns make it possible to replicate across different units within a larger enterprise.</p>

Reaching your full potential

No matter where you are in your process optimisation journey, Elara can help you to identify and quantify your full system potential. It highlights the obstacles that stand in the way of reaching that potential and prescribes actions to help overcome them.

By combining AI and advanced mathematics with digital twin technology, it powers every operational decision to assist you to deliver on high-performance objectives.

“KPMG helps businesses to gain a clear picture of their full potential. We’ll work with you to embed this powerful technology – and its recommendations – into your operations to optimise strategic decision-making.”

JESSICA PARKER

Director, Consulting
KPMG Australia



Case study: Optimising productivity in financial services

What they needed

When an Australian financial services business set out to digitise the end-to-end operations of one of its major divisions, it faced some tough decisions. Product origination within the division involves complex, variable activities and its operations were managed through multiple digital systems. Despite these challenges, it needed to sustain high workforce productivity, minimise time to outcome, adhere to service level agreements and, at worst, maintain product quality.

To support its ambition, the business worked with KPMG and Elara to understand:

- Which changes should it prioritise?
- How should it use its available resources to improve outcomes?

How Elara helped

Elara defined a high-conviction use case to optimise the business' product origination space. Manual work allocation was identified as the best way to improve performance. It prioritised changes to the business' strategic operating model, based on the effect on productivity, time to outcome and SLAs. They included:

- local/remote team structure/size/hours and scheduling
- third-party grading
- alternative work allocation strategies
- targeted processing improvements.

The outcomes

The bank saw an expected:

- total average productivity increase (outcomes/FTE) of more than 30 percent
- total average reduction of time to outcome by more than 20 percent
- more than 30 percent reduction of time to outcome for most common applications.

Case study: Improving procurement in transport and equipment services

What they needed

An ASX-listed business was seeking to improve its cash flow and inventory usage after acquiring new equipment and boosting its maintenance and operations capability. But what inventory should it purchase, when, and from where?

These decisions were complicated by a range of factors, such as the need to sustain high availability and utilisation of equipment, while maximising cash flow and adhering to SLAs.

To support its ambitions, the business worked with Elara.

How Elara helped

Elara developed a high-conviction use case to optimise in the procurement space. The process of purchasing equipment and parts with capital was selected as a prime opportunity to improve performance. It then configured a minimum-viable-product insights engine, which included:

- an integration with various business systems, such as spreadsheets and ERP
- use of simulation, scenario, and full potential analysis to identify drivers across procurement, maintenance and operations
- use of advanced mathematics to calculate weekly procurement shopping list and maintenance schedules
- interactive user interface to allow live interaction with the system.

The outcomes

Elara prescribed a weekly nationwide procurement shopping list to improve availability, cash flow and return on capital. This resulted in:

- a bankable 10 percent improvement to monthly operating cash flow while adhering to a capital deployment schedule, over an 18-month period
- an expected 5 percent increase in average monthly availability.

How KPMG can help

05

Optimising operational performance has never been more important, and we'll help you to cut through the complexity, identify untapped potential and seize every opportunity for improvement with Elara's transformative technology.

Combining our deep sector knowledge with domain expertise in business transformation, risk management, digital innovation, strategic consulting and AI, we will work with you to understand your core business objectives and embed the power of Elara into your business.

KPMG and Elara is adept at working with imperfect and disparate data, and it does not demand a significant investment of your time and resources. We configure the technology to run side-by-side with your systems and processes. It creates a digital twin of your operations and provides a complete picture of your current position, your key drivers of performance and the factors standing in the way of achieving your full potential.

With KPMG and Elara, we create scenarios to model and assess the impact of possible adjustment to your operations in a virtual environment, before recommending any changes to the business.

However, KPMG and Elara goes beyond simulation – it automatically applies advanced mathematics and AI to identify actions you can take today to immediately raise your operational performance, as well as further opportunities to continuously improve into the future to enhance the decisions you can make to optimise the outcomes for your business.

Whether you are just starting out on your AI journey or well advanced in its adoption, KPMG and Elara can help you to expedite value. We can also integrate the technology into any stage of business transformation – start, middle or end – to help minimise risks and maximise your return on investment.

With KPMG and Elara, you can bring greater precision to everyday decision making. We'll work with you to uncover immediate opportunities, optimise your operations and unlock your full potential.

Businesses that choose Elara experience results such as:

>30% Faster processing across operations 

 **>30%** More productivity per employee

>15% Reduced risk during delivery 

Contact us



Chris Foster
Partner, Consulting
+61 415 165 291
cfoster@kpmg.com.au



Theo Efthymiou
Partner, Consulting
+61 433 973 298
tefthymiou@kpmg.com.au

Contributors

Jessica Parker
Director, Consulting
jparker7@kpmg.com.au

Deanne O'Regan
Director, KPMG Futures
doregan@kpmg.com.au

Lachlan Hardisty
Director, Consulting
lhardisty@kpmg.com.au

Andrew Lowe
Associate Director, Consulting
alow6@kpmg.com.au

Mason Gorniakowski
Manager, Venture Partnering
mason3@kpmg.com.au

Campbell Morrison
CEO & Founder, Elara
cmorrison@elara.ai

Disclaimer and disclosure: things you should know

The Elara products, systems, technologies and offerings, including Elara Execution Engine (Elara) are owned, maintained, operated and provided by Elara AI Pty Ltd ACN 627 124 903 or its related entities and affiliates (Elara Group). Elara is subject to the licence terms offered by the Elara Group directly. Any Elara information provided by KPMG is for information purposes only. KPMG Australia and its group entities and affiliates, and their respective partners, officers, employees and agents are not responsible for, and do not endorse nor make any representation, warranty or undertaking in connection with, Elara or the Elara Group.

We recommend that you, and understand you will, independently investigate Elara and the Elara Group before proceeding with any work or commitment. If you choose to consider Elara, Elara has information available [here](#) and please contact Elara directly (Campbell Morrison, CEO & Founder, Elara, cmorrison@elara.at).

KPMG Australia is party to a venturing arrangement with Elara AI Pty Ltd ACN 627 124 903. Where you choose to purchase an Elara licence(s), KPMG may receive a benefit of up to 20% of the total licence fees received by Elara from you.

KPMG.com.au

The information contained in this document is of a general nature and is not intended to address the objectives, financial situation or needs of any particular individual or entity. It is provided for information purposes only and does not constitute, nor should it be regarded in any manner whatsoever, as advice and is not intended to influence a person in making a decision, including, if applicable, in relation to any financial product or an interest in a financial product. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

To the extent permissible by law, KPMG and its associated entities shall not be liable for any errors, omissions, defects or misrepresentations in the information or for any loss or damage suffered by persons who use or rely on such information (including for reasons of negligence, negligent misstatement or otherwise).

©2023 KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.

Liability limited by a scheme approved under Professional Standards Legislation.

September 2023. 1149101536FS.