



KPMG Modelling & Analytics

Response to COVID-19

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Introduction

Our clients depend on models to make critical financial and business decisions. Models can provide numerous benefits, including deep insights into data, efficient automation of processes and dynamic analysis of options and opportunities. High quality, robust modelling reduces the potential of misapplying business logic or encountering data errors, and decreases the risk that organisations will make poor decisions.

KPMG Modelling helps our clients utilise information to answer their business questions, by integrating large volumes of data from disparate sources and applying subject matter knowledge and technical expertise to build and review models. We work across all sectors and support the strategic direction of the whole business or parts of a business through a variety of capabilities.



Recognised leader in the provision of modelling services



Highly technical skills coupled with strong commercial acumen



Tried-and-tested approaches underpinning all our capabilities



Agile methods adapted to suit your requirements

Four stages to navigating through COVID-19

All our clients will be in different phases of their journey navigating through COVID-19.



Reaction
Stage 1



Resilience
Stage 2



Recovery
Stage 3



New Reality
Stage 4

Our Modelling & Analytics team can deliver solutions to address client challenges at all stages of the cycle

How Modelling can help

Our modelling, data analytics and visualisation expertise enable us to quickly deliver robust and agile tactical solutions to support our clients' decision making throughout the COVID-19 cycle. Our tactical solutions are flexible and customisable, enabling clients to respond rapidly to changing conditions

Cash Flow Analysis

Cash flow and working capital projections forecast including scenarios

Contact Centre Resource Forecasting

Identifying resourcing gaps and supporting operational planning

Customer Vulnerability Analysis

Identifying vulnerabilities and supporting response prioritisation

Debt Restructuring & Refinancing

Analysis of debt restructuring options and impact on key financial ratios

Business Plan Modelling

Business repositioning and transformation processes

Automated Letter Generation

Tactical solutions for operations for generating letters

Impairment Analysis

Models to support impairment testing and provisioning

Workforce Analytics

Modelling to support strategic workforce planning and optimisation

ChatBot

Internal or external communications solution to provide FAQs and triage queries

Cash Flow Analysis

Detailed forecasting and scenario analysis of cash flows and working capital projections are vital to making informed business decisions



Reaction Stage 1

Client needs

Dealing with ongoing uncertainty in the short and medium term

How modelling can help

- Granular forecasting of cash flows on a daily/weekly/monthly basis to enable management to focus on short-term issues and address liquidity concerns for targeted business areas
- Accurate modelling of receivables and payables for different classes of customers and suppliers and the subsequent impact on working capital
- Quick and easy model deployment



Resilience Stage 2

Stress testing of business plans to understand business resilience under different scenarios

- Detailed scenario modelling of new resilience measures overlaid with sensitivities on key variables
- Analysis of the impact of changes in payment terms, customer and staff numbers, cost structures, supply changes, financing arrangements and macroeconomic variables



Recovery Stage 3

Understanding how the business will return back to more stable cash flows

- Modelling of time to recovery for different revenue streams
- Modelling implementation of new resilience measures
- Analysis of how government support measures will help and affect business KPIs



New Reality Stage 4

Monitoring performance going forward and adapting to a new world environment

- Comparison of budget vs. actuals and forecasting future cashflows based on actuals entered to date
- Identifying and adjusting levers as the new reality evolve
- Analysis of the impact on key financials/covenants, KPIs and ability to pay stakeholders

Contact Centre Resource Forecasting

Demand forecasting model to identify resourcing gaps and underpin operational planning



Reaction Stage 1

Client needs

Reacting to large increases in the demand for contact centres whilst capacity is at its lowest

How modelling can help

- Analysis of current FTE requirements gap areas
- Identification of problems areas and highlight the immediate steps to take



Resilience Stage 2

Planning for high volatility in demand and capacity in the short to medium term

- Develop tactical and strategic models for forecasting call types, call drivers and FTE demand
- Factor in average call handling times, opening hours reduction, resource shrinkage and attrition



Recovery Stage 3

Developing dynamic agile responses across multiple centres

- Gain insights from detailed forecasting models to enable better operational planning for COVID-19 disruptions, allowing consistent customer experience



New Reality Stage 4

Adapting resource forecasting needs to different country responses to disruptions

- Scenario modelling around variable offshore capability and future disruption scenarios
- Potential to overlay with existing reporting, enabling actuals vs forecast

Customer Vulnerability Analysis

Detailed analysis of customer data to identify vulnerabilities and support response prioritisation especially at times of unprecedented uncertainty for everyone



Reaction Stage 1

Client needs

Significant and rapid changes to customer and supplier situations requires in depth assessments of their needs

How modelling can help

- Perform data analysis on customers, sales, supply chain and workforce
- Customer segmentation using our analytics capabilities, handling vast amounts of data and assigning rules as to how that data is used



Resilience Stage 2

Regular assessments across the whole business with data often being limited and disparate

- Dashboard outputs giving management the ability to slice and dice the data in different ways, to provide better insights and help identify problem areas



Recovery Stage 3

Performing the required ongoing analyses without a significant drain on staff time

- Vulnerability prediction model using client data
- Scenario modelling which feeds into the analysis, based on how long the disruption might last



New Reality Stage 4

Prioritising customers according to vulnerability, which presents a new challenge to businesses in terms of data, ethics and staff capacity

- Support decision making through in-depth understanding of impact on business
- Ability to update analyses with refreshed data on an ongoing basis
- Reduced pressure on operational time

Debt Restructuring & Refinancing

Analysis of impact of COVID-19 on key financial ratios and potential debt restructuring options



Reaction Stage 1

Client needs

Dealing with ongoing uncertainty in the short and medium term

How modelling can help

- Overlaying existing financials with potential new debt restructuring and financing options
- Side by side comparison of the options including time to execute a quick short term response plan



Resilience Stage 2

Addressing changes in the accessibility and cost of financing available

- Scenario modelling to see how clients take on the new forms of finance available to them
- Understanding the impact of rising costs of finance
- Conducting ratio tests to understand longer term resilience



Recovery Stage 3

Reassessing and potentially restructuring the current financing situation

- Accommodation of different debt restructuring options in terms of quantum, timeframe, terms and hierarchies
- Analysis of business debt capacity, EBITDA headroom and financial covenants
- Functionality to update with actuals on an ongoing basis and forecast on that basis, so that clients can keep on top of how their situation is progressing



New Reality Stage 4

Ultimate restructuring and refinancing will require ongoing assessment of the impact on financial and business ratios and KPIs

- Sensitivity analysis which allows clients to see how funding options will impact key ratios and prepare for worst-case scenarios to inform their funding decisions
- Detailed analysis of potential new financing paths, along with the associated flexibility in these paths and where stress periods are likely to occur

Business Plan Modelling

Detailed cost benefit analysis to underpin business repositioning and transformation decisions



Reaction Stage 1

Client needs

Revisiting business plans in light of the current environment

How modelling can help

- Adjusting drivers related to revenues, costs, payments and workforce
- Identification of optimal levels of risk and reward, through consideration of quick wins and avoidable costs, as well as underlying dependencies



Resilience Stage 2

Modelling of strategic business plans that support companies aiming to increase business resilience

- Modelling the impact of new measures such as diversification of supply chain, investment in IT infrastructure for remote working, and renegotiation of contracts
- Functionality to update with actuals on an ongoing basis and forecast on that basis, so clients can keep on top of how their situation is progressing
- Side by side comparison of different strategic options



Recovery Stage 3

Understanding the interdependence between various costs and benefits in order to make informed decisions

- Definition and measurement of critical success factors
- KPI dashboards to construct views of the case for different stakeholders
- Incorporation of advanced analytics techniques to dive deeper into the case



New Reality Stage 4

Undertaking business transformations in the longer term

- Detailed cost benefit analysis of any business transformation
- Detailed scenario modelling overlaid with sensitivities on key variables

Automated Letter Generation

Tactical solutions for operations for generating letters, with pre-defined templates, at the click of a button at a time when traditional service lines are overwhelmed



Reaction Stage 1

Client needs

Keeping in contact with customers who are looking for reassurance with many similar requests coming in

How modelling can help

- Using KPMG's pre-built tactical solution for automatically generating letters at the click of a button
- Rapid and easy deployment and adaptability



Resilience Stage 2

Adapting to centres having a low capacity for manual letter generation and very high volumes

- Pre-defined and customisable templates
- The ability for EUC to integrate with the client's existing printing solutions to send the letter, or connect with their mailing house



Recovery Stage 3

Developing processes to respond to similar requests and prioritise vulnerable customers, who are likely to be the least tech savvy or may not have access to the internet

- Automated and standardised processes allow for operational time savings which can be used for client contact
- Customised templates and processes for vulnerable customers



New Reality Stage 4

Automated solutions that can integrate with existing solutions or mail houses to reduce pressure on operations and contact centres

- Personalised contact with customers which increases reassurance and reduces pressure on contact centres
- Cost efficiencies generated by pre-emptively applying and communicating one template to certain cohorts of customers without involving the contact centre (where appropriate)

Impairment Analysis

Models to support impairment testing and provisioning. These are easily updatable and support scenario analysis.



Reaction Stage 1

Client needs

In depth valuation across the whole book or asset base

How modelling can help

- Help clients to assess the impact on the business, assets / product books and provisions
- Reduce pressure on operational time
- Quick and easy deployment of models and tools



Resilience Stage 2

Understanding balance sheet resilience

- Identify the portfolio or assets which may be required to take a financial hit if necessary, and how to restructure the books
- Perform stress testing to gain better insight into resilience



Recovery Stage 3

Considering any knock-on impacts on KPIs and covenants and building in protection mechanisms

- Evaluate time to recovery for product, segment and each customer and what this means for business and financial KPIs
- Modelling recovery scenarios as adaptive and protection mechanisms are built in



New Reality Stage 4

A holistic understanding of the book as well as a granular analysis to regularly understand any high-risk areas in the business structure and how these can be mitigated

- Incorporate scenario modelling into impairment models based on how long the disruption might last
- In-depth understanding of the impact on the business

Workforce Analytics

Modelling to support strategic workforce planning and optimisation including scenario analysis for all the different options for each stage of the cycle: reaction, resilience, recovery and the new reality



Reaction Stage 1

Client needs

Making difficult decisions as a result of huge changes to workforce requirements

How modelling can help

- Easy and fast deployment of workforce planning tools for quick demand and supply simulations
- Outputs visualised by job family, capability, skill group, location or division



Resilience Stage 2

With large sections of the workforce experiencing limitations in home working, health constraints and childcare, requiring the flexibility and ability to pre-empt reductions in productivity to limit overall impact and become resilient

- Dashboard outputs giving management the ability to slice and dice the data in different ways, to provide better insights
- Users provided with the choice between FTE and cost views, with visibility of the bottom line impact of every option



Recovery Stage 3

Successful workforce planning being the key to recovery

- Evaluate time to recovery for capability, location and division
- “Unpeeling” of emergency measures such as furlough



New Reality Stage 4

Making longer term decisions about the workforce in order to decide what the new “normal” will look like

- Generation and analysis of an unlimited number of demand and supply scenarios
- Evidence based insights

Conversation AI Assistant (Chatbot)

Internal or external communications solution. Can be used to provide FAQs and triage queries to the right teams, essential for currently overwhelmed services



Reaction Stage 1

Client needs

Keeping contact with customers and staff and provide reassurance

How modelling can help

- Using KPMG's pre-built chatbots which can be easily configured to clients' requirements and used as internal or external solutions.
- Quick and easy deployment
- Use of the firm's preferred technology



Resilience Stage 2

Provision of standardised and consistent responses to FAQs, which can be updated quickly and easily as the situation changes

- Work with clients to understand the key areas of concern for staff and customers.
- Example uses include: Chatbot for internal staff for COVID-19 related FAQs and policies, Chatbot for external Customer FAQ, or to triage current customer queries to the right teams



Recovery Stage 3

Adapting to volatility in contact centre capacity and volumes by handling similar requests consistently on an ongoing basis

- Enable chatbots to run 24/7, ensuring information is always available
- Reduce pressure on contact centres



New Reality Stage 4

Provision of clear information both internally and externally and triaging current customer queries to the right teams

- Ensuring ease of updates to latest information so that decisions are made in line with the latest policies
- Efficient deployment of operational / contact centre resources



Contact details

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