

# POI Global Promotion Optimization Summit



*Big Data*  
*Pricing* **TPO**  
*Retail Execution*  
*Mobility* **TPM**

## Driving Trade Promotion Effectiveness

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Carst Vaartjes



## Agenda for today

- Introduction
- The Food & Beverages Industry
- Lessons learned
- The commitment necessary for success
- The ingredients for a successful project
- How does this translate to a SaaS solution for TPM?
- The difficulty of implementing a TPM solution
- Going from global to local
- The benefits of implementing TPM

# Introduction



**Anne Teague**

- Former CIO of HEINEKEN and Sara Lee
- Global owner of data management, information technology & services:
  - Global Business change processes
  - Acquisitions & integrations and divestments
  - Global outsourcing projects
  - Business, technology related, innovation
  - IT strategy
  - Organisation optimisation
  - Global application consolidation and infrastructure optimization
  - Security & compliance



**Carst Vaartjes**

- Carst co-founded visualfabriq in 2013, where he serves as the Chief Product Strategy and is responsible for the functionality, architecture and direction of its revenue management platform
- Before that he worked for 15 years as an award winning consultant for FMCG organizations, designing and implementing analytics and TPM solutions. Before starting visualfabriq he worked as a senior manager at Deloitte Consulting
- Carst has worked for FMCG companies such as Unilever, Canon, Heinz, Heineken, BAT, FrieslandCampina, Yamaha, Leaf, CSM and Perfetti van Melle

# The Food & Beverage Industry

## Our Perspective (1/2)

- Very passionate about and proud of their products
- Often operate on a successful, federated business model
- Focused inward (we are different anyhow)
- Center of gravitas in autonomous operating companies
- Many acquisitions and divestments lead to diversity in processes and heterogeneous systems landscape
- Top-down strategy for and ownership of processes and data often absent
- Business environment rapidly changing

# The Food & Beverage Industry

## Our Perspective (2/2)

- Data & process diversity lead to great variety of applications and multiple instances of systems of record, which in turn become an inhibitor for business growth
- Due to prioritisation within operating companies, processes have not always been reviewed and systems not always regularly upgraded
  - 'often the local functional manager is stuck between a rock and a hard place'



Which leads to:

- High process cost, reinvention instead of sharing best practice
- High technology cost
- Large local IT organisations (duplications across countries)
- Cost allocated to 'keeping the lights on' instead of development

# Common lessons learned

## Completed journeys led to lessons learned and pitfalls that were stepped into

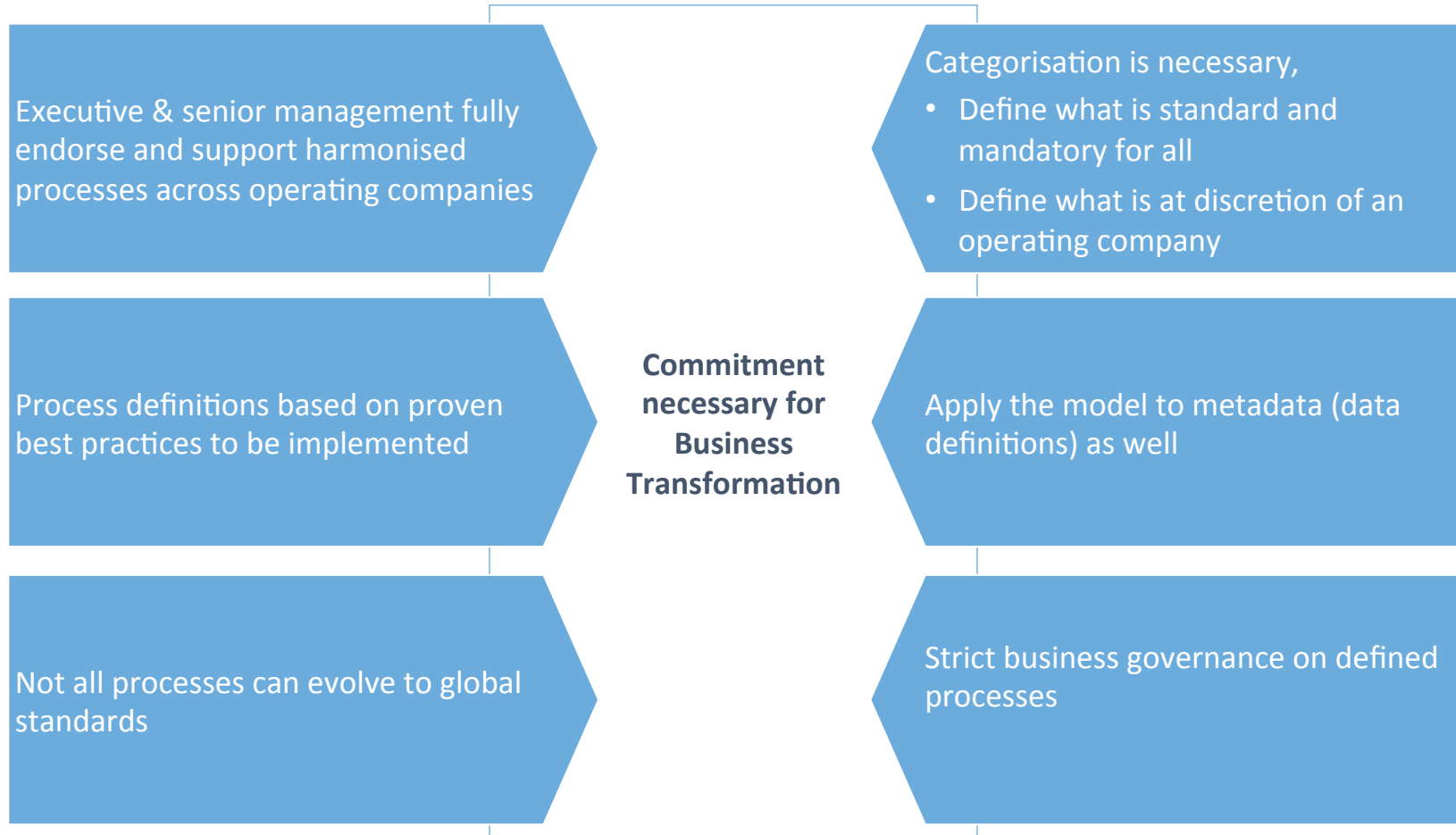
### Projects

- in all sizes,
- starting at small local initiatives,
- moving to global and sometimes
- ending up in multi million company changes

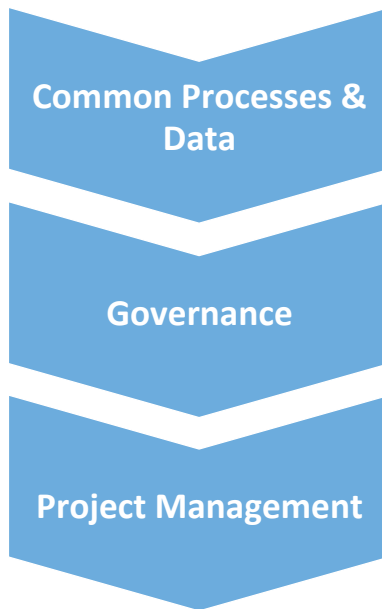
### Showed similar learnings

- Processes and data are NOT standardised within companies
  - (“should they be standard?”)
- A project needs a clear, articulated, *shared* business scope
- Rigorous and strict project management has to be embraced
- Make sure what is promised, gets delivered
- Stick to ‘vanilla’ functionality

# The necessary commitment to ensure a successful Business Transformation journey



# So...what are the ingredients needed for a successful project?



- Definition of common processes & data
  - What will be global and what will be local?
  - What will never be global?
- Definition of governance to support local executions whilst not missing out on global expertise and process & system
- Simplicity and rigour in project management

*A clear defined scope resulting in clear defined functionality*



# How does this translate to a SaaS solution for TPM?

## Definition of SaaS (Software as a Service):

Software that is **owned, delivered and managed remotely** by one or more providers. The provider delivers software based on **one set of common code and data definitions** that is consumed in a **one-to-many model** by all contracted customers at anytime on a pay-for-use basis or as a subscription based on use metrics

(source: Gartner)

It helps to overcome pitfalls from the past

(‘baklava’ processes & data, over-complication of solutions)

Provides a platform to TPM-in-a-Box

# TPM is more complex than often realized

## Because it involves so many areas



- Often the current TPM way of working requires significant work effort and investments
- Implementing TPM creates a significant opportunity but also risk

# A global process needs to cover local requirements

## Consumer Mechanisms

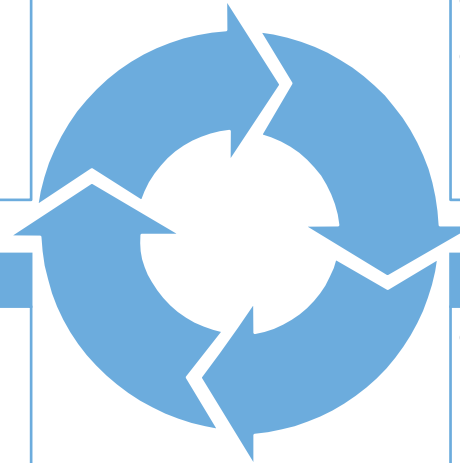
- Coupon
- Folder / In-Store
- National Promotions
- Displays
- Individualized Promotions

## Market Models

- Modern Trade
- Distributors
- Mom & Pop Stores
- Foodservices

## Retailer Compensation

- On Invoice
- Scanning Based
- Lump sum
- Year agreements

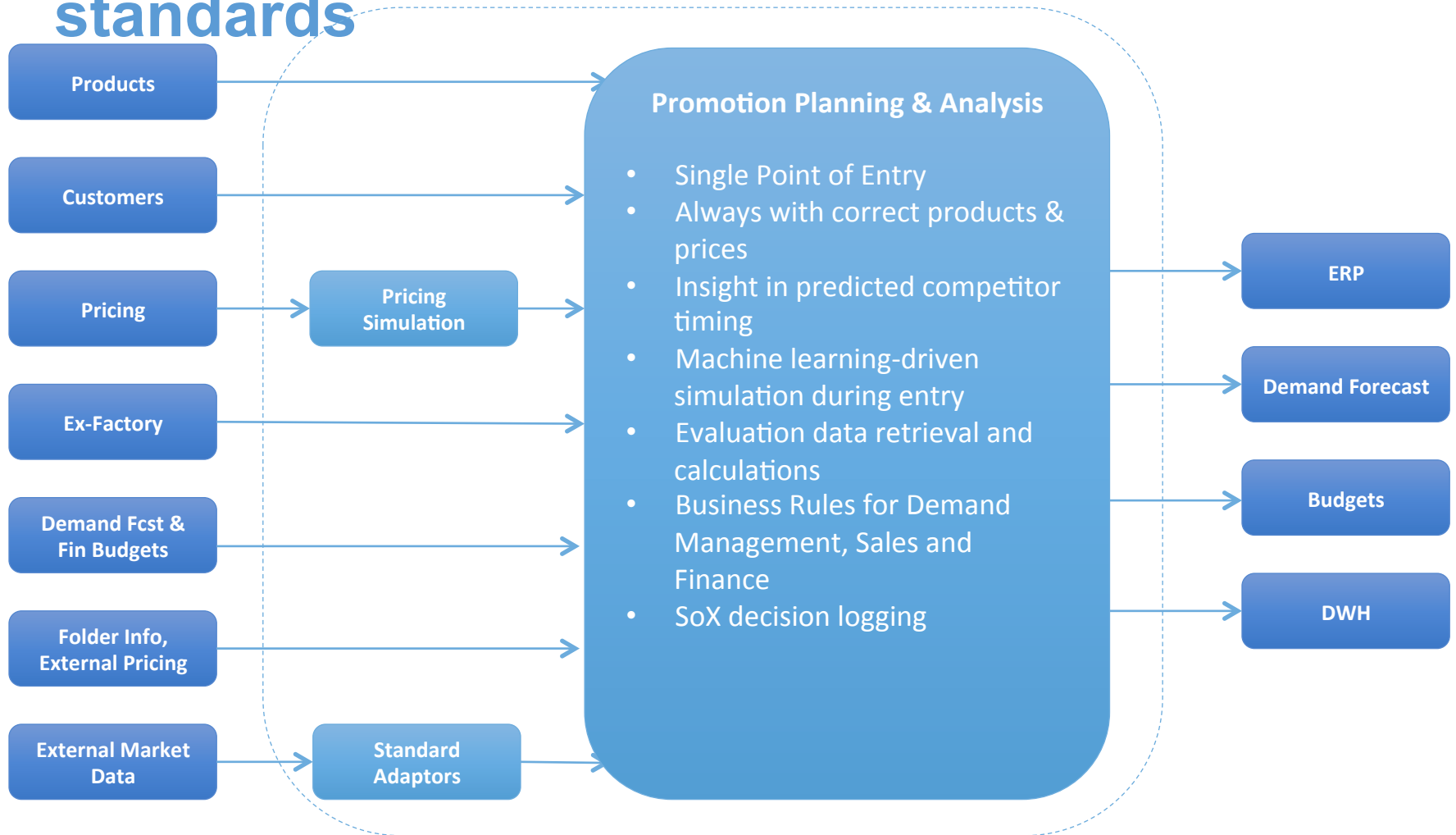


## Different Data and Software Systems

- External Data
  - Nielsen/IRI
  - POS
  - Folder, Pricing
- ERP Systems
- Forecast Systems

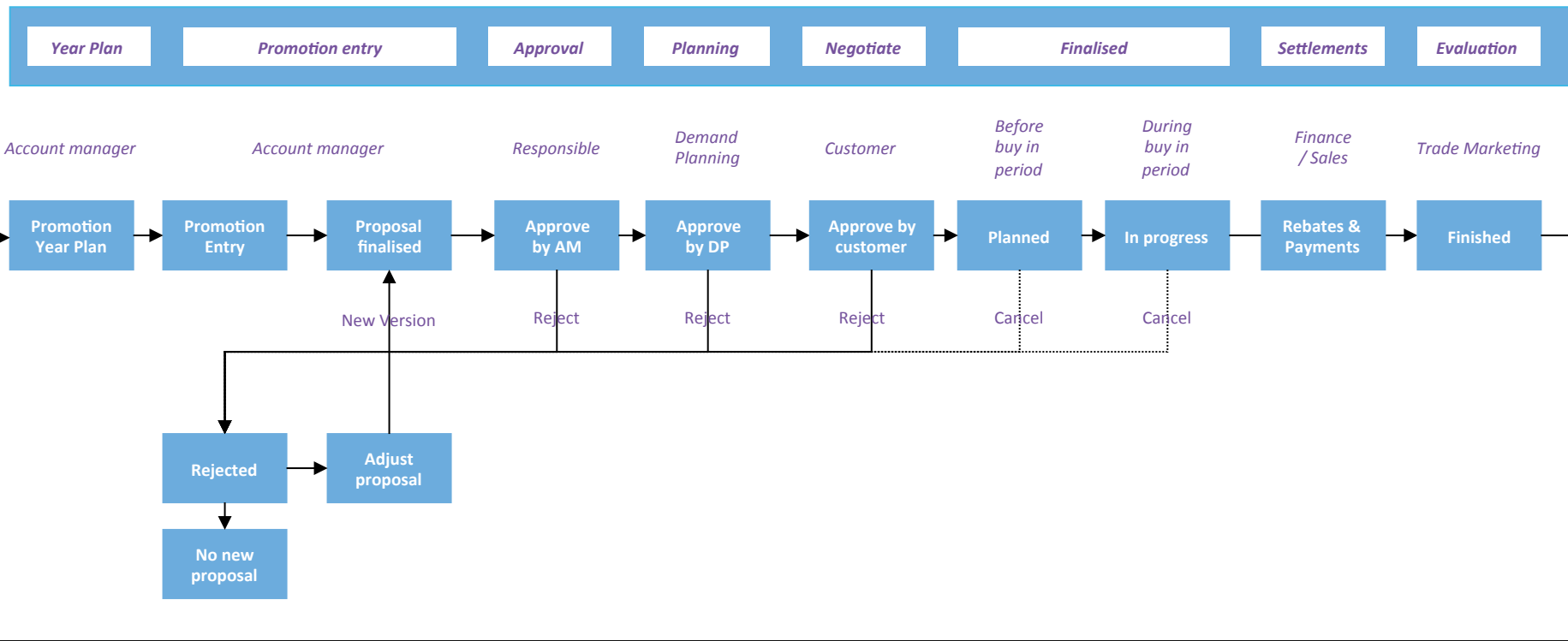
# Using standard interfaces

## Find common denominators and stick to standards



# And a standard end-to-end workflow

## Below is an example of the classical workflow



Feedback for improvements of guidelines

# Design Global, then translate to Local

## The essential guidelines

### Maximize Out-Of-The-Box Functionality

- When designing: take the blue print as the goal, not as a starting point
- Understand which local mechanisms and business rules are standard in the solution, so that roll-outs are limited to configuration and not customizations
- Where functionality is not available, challenge its necessity; exceptions can often be left out
- Be frugal: because functionality is available, does not mean you should always use it

### No One Size Fits All

- Going local you will see that depending on the size and maturity of the business as well as the availability of external data, the local business will require (and be able) to do less than the most mature markets
- Create a scalable template, building from a basic template with optional building blocks for markets

### Be economic

- Focus on quick wins instead of boiling the ocean
- Minimize the IT effort and re-use as much as possible
- Go for pay-per-use licensing

# Implementation Pitfalls

## From the front lines of projects

- Garbage in, garbage out
- Current problems in the process, often are someone else's problems
- Lack of change management jeopardizes the project
- Change of definitions and scope creep
- Going for a theoretical optimum instead of pragmatic quick wins



*Success cannot be achieved without organizational commitment*

# But there is so much to win

## Some examples from projects

### Prerequisites

- Automated Master Data
- Accurate Pricing Simulation
- Machine Learning Predictions
- External Data Integration
- End-to-end loop
- Guideline Enforcement
- Scenarios & Simulation
- Tracking & Sox

### Handling

- Has led to 50% drop in promotion related work for account assistants at one client; also leads to decreased pressure on other parts of the organization (pricing, master data, order entry)
- Improvements in individual promotions already earned back a year of license fee

### Credit Notes

- Automated pricing interfaces and updates have led to 80% reduction in promotion-related credit notes
- Next to a drop in dispute handling, it also improved working capital
- This number excludes the unknown errors where mistakes were in favour of the retailer

### Forecast Accuracy

- In practice, we see anything between 20 to 60% of promotional forecast accuracy on a account-week-product level for manufacturers
- With machine learning models this can often be brought up to 70 to 80%
- This does rely on reliable baseline forecasts on account level

### Optimization

- Earned back yearly license costs by just discussing one to two retailer-proposed promotions with better alternatives
- Often a 10% efficiency improvement can be realized, but this requires focus and adjustments in negotiations



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