Food Industry Overview and SAP Solutions

Food Event, Romania, March, 25th

Yavuz Durgut
Industry Business Solutions – Consumer Industries
SAP EMEA
1. Industry context
2. SAP solution overview
3. Why SAP? Top reasons
4. Strategic Value of SAP to Food Industry
5. SAP customers
1. Industry context
2. SAP solution overview
3. Why SAP? Top reasons
4. Strategic Value of SAP to Food Industry
5. SAP customers
Key Trends are Driving Change in Food & Beverage in the Consumer Products Industry

Market trends are driving food & beverage companies to develop and deliver innovative go-to-market capabilities

<table>
<thead>
<tr>
<th>Intensifying Competition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition on price <em>and</em> process</td>
</tr>
<tr>
<td>Industry convergence and consolidation</td>
</tr>
<tr>
<td>Selling to <em>and</em> competing with retailers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Globalization &amp; Emerging Markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rapid globalization via emerging markets</td>
</tr>
<tr>
<td>Rising prices &amp; diminishing resources – energy, ingredients and commodities</td>
</tr>
<tr>
<td>Standards to manage globally, agility to execute locally</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Demanding Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evolving food &amp; beverage retail formats</td>
</tr>
<tr>
<td>Compliance, food safety &amp; sustainability requirements</td>
</tr>
<tr>
<td>Speed to market with innovative, tailored solutions</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dynamic Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better informed, more demanding, <em>e.g.</em> nutrition and diet</td>
</tr>
<tr>
<td>Want convenience &amp; value <em>and</em> health &amp; wellness</td>
</tr>
<tr>
<td>Price / Value conscious - Quality food at fair prices</td>
</tr>
</tbody>
</table>
Customers are demanding more flexible business models and food & beverage companies are innovating to support them.

<table>
<thead>
<tr>
<th>Intensifying Competition</th>
<th>Globalization &amp; Emerging Markets</th>
<th>Demanding Retailers</th>
<th>Dynamic Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>■ Leverage emerging channels for engaging with food &amp; beverage consumers</td>
<td>■ Business networks - partner globally to deliver locally</td>
<td>■ Enable retailer differentiation via programs tailored to retailers’ shoppers</td>
<td>■ Food &amp; beverage as lifestyle choice</td>
</tr>
<tr>
<td>■ Differentiate via comprehensive solutions for shoppers &amp; consumers</td>
<td>■ Connect the global value chain – from ingredients to delivery at retail shelf</td>
<td>■ Deliver flavors, preferences and relevant lifestyle options for their shoppers</td>
<td>■ Deliver quality, healthy food &amp; beverage choices with convenience &amp; value</td>
</tr>
</tbody>
</table>
What does this mean for your Food Industry?
Typical CEO questions

How do I…

- Protect margin given rising food & energy costs?
- Identify new growth opportunities?
- Manage food safety & compliance globally?
- Deliver differentiated solutions to customers?
- Understand and serve consumers?
The Issue: Responding Effectively to Consumer Needs is Impossible with Disconnected Systems & Processes

- Pain: Long lead times and poor alignment; Average 15 months to launch a new product, and 50% - 80% of new products fail
- Pain: Poor coordination = ineffective spend; 65% of CP manufacturers rate their sales & promotion effectiveness “poor”
- Pain: Lack of cross-functional visibility results in 15% - 20% average out-of-stock rates, leading to lost sales at retail
- Pain: Delivering timely analyses while managing internal & external data = overhead and expensive 3rd party costs

In the absence of coordinated, integrated systems and processes Consumer Products companies struggle to serve consumers effectively
The Solution: Coordinated, Integrated Systems and Processes Enable the Consumer Driven Enterprise

Only SAP offers industry leading solutions across the entire CP value chain, enabling coordinated, integrated business processes from strategic planning to tactical execution.
Industry Key Facts
- 4096 customers globally
- ~10% out of total SAP customers worldwide belong to Consumer Products
- +30 years of industry experience

Market Trends
- Retailers capturing more consumer mindshare, pressure on manufacturers
- Intense competition – brands, private labels
- Increasing Govt. Regulations
- Shift in Consumer Spending: Flat in developed market, Emergence of global middle class

Top CEO Priorities
- Deliver Sustainable Earnings Growth
- Improve Operational Efficiency
- Enable Profitable Innovation

Market Opportunity
2007 - 2009 CP (Market Opportunities)

Benchmark
<table>
<thead>
<tr>
<th>Opportunity Area</th>
<th>Best-In-Class Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Time to Market</td>
<td>9 Months</td>
</tr>
<tr>
<td>2. Product Development Cost</td>
<td>3%</td>
</tr>
<tr>
<td>3. Trade Promotion (as a % of sales)</td>
<td>14%</td>
</tr>
<tr>
<td>4. SG&amp;A Expenses (as a % of sales)</td>
<td>18%</td>
</tr>
<tr>
<td>5. Inventory Turnover</td>
<td>8</td>
</tr>
<tr>
<td>6. Supply Chain Cost (as a % of sales)</td>
<td>14%</td>
</tr>
</tbody>
</table>
Top References

- Beiersdorf
- British American Tobacco
- ConAgra
- Colgate Palmolive
- Chupa Chups
- Dr. Oetker

Customers

- Kimberly-Clark
- P&G
- Nestlé
- L’Oréal
- Coca-Cola
- Pepsi
- ConAgra Foods
- adidas
- Unilever

Partners

- Incentive & Payback
- MES integration
- my Meat solution
- Inventory Optimization
- Wine & Spirits
- Demand Signal Repository

SAP’s Recent Industry Investments

- Demand-Driven Supply Network - Responsive Replenishment
- Sales Execution - Direct Store Delivery
- Integrated Sales and Marketing- Trade Promotion Management
- Best Practices: Food & Beverage; Consumer Durables; Apparel & Footwear
- Apparel & Footwear (AFS) - adoption of ERP EhP's
1. Industry context
2. SAP solution overview
3. Why SAP? Top reasons
4. Strategic Value of SAP to Food Industry
5. SAP customers
## Deliver Product & Service Leadership
Driving Food & Beverage Innovation, Performance and Profitability

### Driving Innovation
- Driving core innovation processes to deliver products and services consumers want through flexible, dynamic, and effective global business partner networks.

### Product & Service Leadership
- **Continuous Product and Service Innovation**
  - Corporate strategy and product road mapping
  - Idea and concept management
  - Feasibility assessment through phase-gated NPDI processes & market launch
- **Integrated Product Development**
  - Core product definition & design
  - Recipe management and production ramp up processes leading into market launch

### Key benefits
- Reduce new products time-to-market by up to 50%
- Enforce process control and aligned execution across all required enterprise functions
- Improve new product success rates via cross-functional process integration
- Drive profitability by ensuring quality and compliance

### Customer examples
- **HERSHEY'S**
  - Enabled visible & accurate specifications, recipes, nutrition information
  - Streamlined new product introduction processes
- **GENERAL MILLS**
  - Delivered product specification standards, facilitating cross-functional collaboration
  - Accelerated specification development; Improved speed to market
Deliver Superior Customer Value
Maximize Food & Beverage Go-to-market Effectiveness

Delivering Differentiated Value

- Enabling food & beverage companies to deliver superior customer value by linking global strategies to customer program execution, integrated with financials & supply chain

Superior Customer Value

- **Customer Business Management**
  - End-to-end sales process management, from strategic planning to tactical execution
  - Coordinated & integrated with financials and supply chain

- **Sales Execution**
  - Activity planning, store reporting, order management, and territory management

- **Direct Store Delivery (DSD)**
  - Store-level service & delivery

Key benefits

- Enable coordinated marketing & promotions, aligned with finance & supply chain
- Deliver best programs at most acceptable costs
- Improve spend efficiency, track actuals v. plan and make adjustments real-time
- DSD: Increase revenue and improve market intimacy

Customer examples

- Improved data tracking enables KPI’s for customer and product profitability analysis for ongoing investment planning
- Able to target promotions and redirect funds towards branding; improved consumer take-away through promotions
Enable Responsive Supply Networks
Timely and Profitable Response to Dynamic Consumer Demand

Synchronizing Demand & Supply
- Empowering food & beverage companies with fluctuating demand and high product complexity to sense and respond faster and smarter to global demand and supply dynamics.

Responsive Supply Networks
- Collaborative Demand and Supply Planning
  - Synchronize demand & supply via end-to-end, cross-functional planning processes
- Logistics & Fulfillment Management
  - Efficient distribution while reducing inventory & logistics costs
- Manufacturing Planning & Execution
  - Integrating manufacturing planning & execution

Key benefits
- Exceed target customer service levels
- Balance inventories across the network
- Reduce total supply network costs
- Reduce capital lock-up

Customer examples
- Maintain 12 inventory turns per year @ 99%+ customer service levels
- Reduced forecast error by 33%
- Improved days in inventory, store in-stock, forecast accuracy and case-fill on-time metrics
- Replaced 11+ supply chain planning applications with one from SAP
Driving Enterprise Intelligence
Bridging the Gap Between Execution and Strategy

Enabling Actionable Information

- Leverage the SAP and Business Objects business intelligence platform to monitor execution and business events, implement process changes required for optimization, and execute quickly and easily across the business network.

Strategic IT

- Visualization and Reporting
  - Interactive data visualization & enterprise class reporting

- Enterprise Query, Reporting & Analysis
  - Web-based, data agnostic query & reporting solutions for business analysts

- Data Integration & Data Quality Management
  - Efficient connectivity to multiple, high volume data sources in food & beverage (e.g. shipments, POS)

Key benefits

- Provide scalable, flexible reporting while meeting performance standards
- Manage BI and reporting within IT governance guidelines
- Provide standard reporting to information workers on key line of business topics
- Enterprise Agility - Easy and fast connectivity to multiple data sources

Customer examples

- Flexible, standard analytics measure retail performance at store level, identify poor performers, and estimate opportunity costs
- Aligned internal and external data sources to enable consistent, standard reporting enterprise-wide
SAP Delivers a Comprehensive, Integrated Solution for Consumer Products

Leverage pre-integrated, cross-functional best practices to lower risk and increase time to value

- Market & Consumer Insights
- Product & Service Leadership
- Superior Customer Value
- Operational Excellence
- Responsive Supply Networks
- Best People & Talent
- Financial Excellence
- Strategic IT
SAP Delivers a Comprehensive, Integrated Solution for Consumer Products

Leverage pre-integrated, cross-functional best practices to lower risk and increase time to value

Consumer-Driven

Marketing & Consumer Insights

Product & Service Leadership
Superior Customer Value
Responsive Supply Networks

Best People & Talent
Supply the enterprise with an adaptive workforce

Financial Excellence
Fund operations, financial compliance and monitor risk & compliance

Strategic IT
Build the Foundation for Integration, Collaboration and Analytic Insights
Driving Innovation with our Customers

Customer-based communities share best practices and create a network effect in the Food & Beverage Ecosystem

<table>
<thead>
<tr>
<th>Communities of innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Products Advisory Council</td>
</tr>
<tr>
<td>adidas</td>
</tr>
</tbody>
</table>

Industry advisory council for CP includes:
- Top 9 CP Food customers
- Top 11 CP Beverage customers

Business process expert community
- CP industry forum
- 2500+ expert contributors

Enterprise services communities
- Enterprise SOA influencer council
- Over 300 customers and partners

SAP Developer Network
- 1 million+ members worldwide

<table>
<thead>
<tr>
<th>Communities</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS PROCESS EXPERT COMMUNITY</td>
</tr>
<tr>
<td>Business Agility Through Process Innovation</td>
</tr>
<tr>
<td>SAP DEVELOPER NETWORK</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td>1SYNC</td>
</tr>
</tbody>
</table>
Driving innovation with our partners

Flexibility, Agility, Extensibility
- SAP offers an open & flexible technology platform supported by a service-oriented architecture
- Strong network of partner solutions seamlessly extend SAP food & beverage solutions

- Demand Signal Repository
- POS Data Integration
- Systems Integration

Incentives, Promotions & Agreements

Manufacturing visibility and control
Inventory optimization

Vistex

R&D, Analyze & Plan
Market & Consumer Insights
Product & Service Leadership
Superior Customer Value
Operational Excellence
Responsive Supply Networks

Best People & Talent
Financial Excellence
Strategic IT

© SAP 2009 / Page 19
SAP ERP for Food Industry
The Food & Beverage Industry Eco-System

Supply

Produce

Distribute/Deliver

Retailer

Consumer

Raw/Packaging Material Supplier
(Commodities, Intermediate materials)

Services Supplier
(eg. Packaging Design, Research, Service Partners)

Food / Beverage Company

Co-Packer /Bottler
(can be outsourced packaging, product finishing)

Distribution Centre

Hotel, Restaurant, Food Service

Retailer (Retailers, Mass merchandisers)

Government Regulations (Taxes, Compliance, Trade Restrictions, Import/Export rules)

3rd Party Logistics (Logistics Service Providers)

Wholesaler
(Typically for smaller Food companies)

Consumer

Corporate Regulations (Internal business processes, policies, legal compliance, etc.)
Integration to Other Key Business Processes
Total value potential can only be achieved by seamlessly integrating all critical business processes

- Project Planning & Execution
- Design Collaboration
- Collaborative Project Management
- Document Management
- System Interfaces (e.g. for CAD, PDM, DMF, SCADA)
- Change & Configuration Management
- Guided procedures / Adobe Interactive forms

- Opportunity management
- Marketing program management
- Channel management
- Multi-channel sales
- Customer Interaction center for sales & service
- CRM Analytics
  - Customer
  - Marketing
  - Sales
  - Service
  - Channel
- Lifecycle management of Technical assets
- Work Clearance management
- Mobile Asset Management
- Preventive & Predictive Maintenance Execution

- Supply Chain Planning
  - Collaborative Forecasting
  - Demand Planning
  - VMI / SMI
  - Flexible Planning using sales characteristics

- Order-to-Cash
  - Self-service Req. for MRO
  - Contract and Order Management
  - Fast data entry
  - Supplier Selection, Qualification & Evaluation
  - Subcontracting / Toll Processing
  - Unit-of-Measure Conversion
  - Non-Ferrous Metal Pricing

- Enterprise Asset Management
- Procure-to-Pay
Reviewing the Packaged Solution Approach

SAP ERP
Packaged Solution

SAP ERP
- SAP’s next generation ERP solution
- Powered by SAP NetWeaver
- Fully integrated within the SAP Business Suite

SAP Best Practices
- Best-in-class expertise built into SAP ERP
- Predefined end-to-end processes
- Industry-specific documentation
- Preconfigured System
  - Preconfiguration settings
  - Master Data
  - Configuration documentation
  - Test catalogs

Services
- Deep food & beverage industry knowledge
- Focus on value creation and risk reduction
- Delivery excellence

Fast ROI
Implementation
Lower Risk  Reduced Timeline

Fast Proven Reliable
Food & Beverage Packaged Solution: The Components

Best-in-class industry expertise built into

SAP ERP
- Predefined end-to-end processes
- Use of customer language
- Industry-specific documentation
- Documented Business know how

Preconfigured System
- Preconfiguration settings
- Master Data
- Configuration documentation
- Test catalogs
- Workshop content

Solution Manager Knowledge Repository & Tracking

Rapid Implementation Tools & Methods
What are SAP Best Practices?

**Traditional Project**
- Adjustments within project
- Standard/Add-on-System

**With SAP Best Practices**
- Adjustments within project
- SAP Best Practices
- Standard/Add-on System

**Time and Effort Savings**

- Enable fast and easy implementation of mySAP Business Suite
- Demonstration of a solution that is easy to:
  - Identify with
  - Implement
  - Adapt to specific requirements
- Get a living and fully documented prototype within days that you can rapidly turn into a productive solution

Identification and anticipation of reusable business processes and project activities.
SAP™ ERP Packaged Solution for the Food & Beverage Industry

**Description**

- Focusses on key business processes that create a baseline for future growth
- Delivers immediate benefits by solving the problem of system heterogeneity
- Enables significant business process automation

**Business Objectives**

- **Analyze, Plan, and Develop**
  - Define business strategy and goals
  - Understand company performance and profitability

- **Procure**
  - Realize savings in aggregate purchasing
  - Improve purchasing efficiency
  - Ensure tracking and traceability

- **Manufacture**
  - Improve manufacturing efficiency
  - Ensure quality management in manufacturing process

- **Market and Sell**
  - Improve marketing effectiveness
  - Increase sales effectiveness

- **Deliver and Service**
  - Establish closer contact with customer
  - Enhance control over delivery process

**Complete logistical and financial integration**

**Key Performance Indicators**

- Gross Profit/Total Net Sales
- Net Case Growth
- Inventory Turns
- Purchased Raw Materials Volume
- Production Adherence
- Warehousing/Distribution Costs
## SAP ERP Food & Beverage Packaged Solution

<table>
<thead>
<tr>
<th>Suppliers &amp; Partners</th>
<th>Analyze, Plan &amp; Develop</th>
<th>Procure</th>
<th>Manufacture</th>
<th>Market &amp; Sell</th>
<th>Deliver &amp; Service</th>
<th>Customers (e.g. Retailers) &amp; Channel Partners</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sourcing &amp; Procurement</td>
<td>Procurement</td>
<td>Manufacturing</td>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sourcing &amp; Procurement</td>
<td>Procurement</td>
<td>Manufacturing</td>
<td>Manufacturing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational End-to-End Scenarios</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traceability &amp; Food Safety</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventory Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cross Company Transactions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise Management &amp; Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financials</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Controlling</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# SAP ERP Addressing Operational Pain Points

## Operational Area | Pain Points | SAP Business Benefits
--- | --- | ---
**Procurement** | • Improving purchasing activities’ efficiency  
• Realizing savings in purchased value  
• Allowing visibility on vendors’ conditions and services  
• Ensuring tracking and traceability  
• Ensuring quality of all materials and components used in manufacturing food | • Automate operational tasks  
• Improve vendors’ selection and prices comparison through quotation handling  
• Formalize agreements by introducing contract management and relating it to quotations  
• Introduce batch management for raw materials tracking and traceability  
• Guarantee quality check through goods receipt inspections |
**Manufacturing** | • Reducing time-to-market in food manufacturing  
• Ensuring quality checks over the entire manufacturing process  
• Managing expiration dates  
• Improving manufacturing efficiency | • Create and modify bill of materials and receipts easily and quickly  
• Identify quality-noncompliant lots by defining product inspection lots and related usage rules  
• Manage expiration dates through automatic batch-number generation  
• Calculate and monitor production costs |
**Production Planning and Execution** | • Increasing competitive pressure from retailing/growth of private labels  
• Short-term notice of customer demand  
• Variable demand due to seasonality  
• Difficult management of production planning and execution due to high product complexity  
• Transparency in yield and cost on a timely base  
• Multistage complex production environment  
• Traceability throughout production | • Improve transparency in food production  
• React flexibly to fluctuating demand  
• Realize higher demand accuracy  
• Reduce operating costs and increase efficiency by efficient production processes  
• Calculate and monitor production costs seamlessly |
# SAP ERP Addressing Operational Pain Points

<table>
<thead>
<tr>
<th>Operational Area</th>
<th>Pain Points</th>
<th>SAP Business Benefits</th>
</tr>
</thead>
</table>
| Sales Order Processing            | • Managing variable pricing conditions by different customer/product combinations  
                                     • Shortening order cycle times                                               | • Define standard and ad hoc price lists easily and quickly                        |
|                                   | • Meeting customers’ requests for improved services (e.g., order fulfillment, invoicing, and payments methods) | • Improve sales execution timeline by implementing a seamless process and the timely availability of key information |
| Direct Store Delivery (DSD)       | • Succeeding in the face of intense competition between brands                | • Process rebates and commissions correctly due to improved data quality and availability |
|                                   | • Establishing direct contact with customers, such as retailers, restaurants, and pubs | • Improve customer service through better service levels and multiple points of access |
|                                   | • Improving operational efficiencies in a complex system                      | • Increase revenue by improving order fill rate and reducing shrinkage               |
| Indirect Sales                    | • Obtaining usable and relevant data about customers through third-party wholesalers  
                                     • Allocating promotional spend efficiently                                       | • Reduce operating costs and increase efficiency by reducing administrative functions |
|                                   | • Securing correct rebate processing across a complex supply chain             | • Lower working capital by reducing inventory carrying costs                        |

© SAP 2009 / Page 29
<table>
<thead>
<tr>
<th>Operational Area</th>
<th>Pain Points</th>
<th>SAP Business Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traceability &amp; Food Safety</td>
<td>• Being fully compliant with food regulations, such as EU (Article 18 of</td>
<td>• Minimize risk of losing customer trust by professionally managing a possible recall of</td>
</tr>
<tr>
<td></td>
<td>Regulation 178/2002), U.S. (The Bioterrorism Act of 2002), HACCP (Hazard</td>
<td>a defective batch</td>
</tr>
<tr>
<td></td>
<td>Analysis and Critical Control Points)</td>
<td>• Minimize risk of noncompliance with food regulations</td>
</tr>
<tr>
<td></td>
<td>• Addressing growing food-safety concerns from consumers</td>
<td>• Enable effective batch-specific returns processing</td>
</tr>
<tr>
<td></td>
<td>• Meeting local legal and fiscal requirements</td>
<td>• Monitor materials planning, sales and distribution, procurement and production</td>
</tr>
<tr>
<td>Inventory Management</td>
<td>• Maintaining low inventory levels</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Avoiding out-of-stock situations at retailer shelves</td>
<td>• Reduce working capital by keeping inventory levels low</td>
</tr>
<tr>
<td></td>
<td>• Establishing visibility to inventory levels throughout the entire</td>
<td>• Increase sales by reducing out-of-stock situations</td>
</tr>
<tr>
<td></td>
<td>supply chain</td>
<td>• Improve consumer retention due to product availability</td>
</tr>
<tr>
<td>Product Development with</td>
<td>• Slow and inefficient product development</td>
<td></td>
</tr>
<tr>
<td>Recipe Management</td>
<td>• Changing consumer tastes and requirements</td>
<td>• Reduce development cycle time &amp; costs</td>
</tr>
<tr>
<td></td>
<td>• Increasing demand for new products</td>
<td>• Ensure company-wide consistent product information</td>
</tr>
<tr>
<td></td>
<td>• Implementing new product development</td>
<td>• Reduce time-to-market to gain competitive advantage</td>
</tr>
<tr>
<td>Financials and Controlling</td>
<td>• Meeting local legal and fiscal requirements</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Improving administrative activities efficiency</td>
<td>• Implement an enterprise resource planning (ERP) solution fully compliant and</td>
</tr>
<tr>
<td></td>
<td>• Maintaining focus on most profitable customers and brands</td>
<td>continuously updated with local legal and fiscal requirements</td>
</tr>
<tr>
<td></td>
<td>• Minimize risk of losing customer trust by professionally</td>
<td>• Improve efficiency in accounting activities due to a</td>
</tr>
<tr>
<td></td>
<td>managing a possible recall of a defective batch</td>
<td>seamless process integration across the business that</td>
</tr>
<tr>
<td></td>
<td>• Minimize risk of noncompliance with food regulations</td>
<td>eliminates double-checks and redundancies</td>
</tr>
<tr>
<td></td>
<td>• Enable effective batch-specific returns processing</td>
<td>• Enhance company profitability analysis through profit and loss calculation by</td>
</tr>
<tr>
<td></td>
<td>• Monitor materials planning, sales and distribution, procurement and</td>
<td>customer and brand</td>
</tr>
<tr>
<td></td>
<td>production</td>
<td></td>
</tr>
</tbody>
</table>
## Perceptions of SAP

### Myths
- Expensive to purchase
- Very complex
- Designed for very large companies
- Difficult to implement
- Requires a large IT staff
- Inflexible
- Hard to integrate with other applications
- Smaller companies have no influence

### Reality
- Competitive pricing
- SAP Best Practice
- >1200 mid-market F&B clients
- Proven methodology
- Fully integrated system
- Netweaver is the foundation of the latest myERP technology stack
- ASUG provides the opportunity to influence development

*source: AMR, Jim Shepperd, FKOM 2005, Barcelona*
1. Industry context
2. SAP solution overview
3. **Why SAP? Top reasons**
4. Strategic Value of SAP to Food Industry
5. SAP customers
Why Food & Beverage Companies Choose SAP
Leveraging 30+ Years of Consumer Products Experience

1. Industry leading solution is the **standard** across the entire food & beverage value chain

2. **Comprehensive business processes** based on proven best practices for food & beverage companies

3. SAP enables **Business Network Transformation**

4. **Lower risk** via open & flexible technology platform supported by strong ecosystem of industry partners

5. Complete end-to-end **enterprise support** for food & beverage companies
1. The Consumer Products Food & Beverage Value Chain Runs SAP

<table>
<thead>
<tr>
<th>Food &amp; Beverage Ingredients</th>
<th>Packaging Supplier</th>
<th>Food / Beverage Manufacturer</th>
<th>Wholesaler / Distributor</th>
<th>Retail Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Images of companies]</td>
<td>[Images of companies]</td>
<td>[Images of companies]</td>
<td>[Images of companies]</td>
<td>[Images of companies]</td>
</tr>
</tbody>
</table>

- 8 of the Top 10 Food Ingredients companies run SAP
- 10 of Top 10 Food companies run SAP
- 10 of Top 10 Beverage companies run SAP
- Food & beverage distribution fastest growing wholesale segment for SAP
- 1500+ food and beverage retailers worldwide run SAP
2. SAP Delivers Comprehensive Solutions to Food & Beverage Companies

93% of Top 500 global CP companies run SAP
Food & Beverage Industry leaders are leveraging SAP beyond ERP to address high-value industry scenarios

<table>
<thead>
<tr>
<th>Industry Business Scenarios</th>
<th>Select Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Excellence</td>
<td>Carlsberg, CCS, Coca-Cola, Sam Adams, Tastykake</td>
</tr>
<tr>
<td>Responsive Supply Networks</td>
<td>Brown-Forman, ConAgra Foods, Campina, Fonterra</td>
</tr>
<tr>
<td>Superior Customer Value</td>
<td>Sara Lee, Nestle, Mars, Wrigley</td>
</tr>
<tr>
<td>Product &amp; Service Leadership</td>
<td>Kellogg's, Arla, HERSHEY'S, General Mills</td>
</tr>
<tr>
<td>Strategic IT</td>
<td>Butterball, Trouw Nutrition, Diageo, SAB Miller</td>
</tr>
</tbody>
</table>
Companies are moving beyond internal execution to optimize performance across a dynamic network of partners and realizing value at each step to fund their further transformation.

- Disparate Applications
- Corporate Portal
- Operational Analytics
- User centric Collaboration
- Performance Management
- Business Network Performance and Risk Management

**SAP drives Business Network Transformation**

*Source: MIT Research, 2007 and St. Gallen Research, 2008*
4. SAP Business Suite Optimizes Business and IT for Efficiency, Flexibility and Insight

The SAP Business Suite enables companies to drive flexibility and insight without reducing efficiency

- Harmonized UI increases end user productivity
- End-to-End processes improve business effectiveness and IT efficiency
- Continuous innovation results in improved performance for all lines of business
- Built in industry best practices improves core process performance
- Enhanced application and identity management improves TCO and control
- Enhancement Packages provides non-disruptive innovation with lower TCO
- SOA enablement for process flexibility and business agility
- Enhanced application and identity management improves TCO and control
5. Reduce Risk with End-to-end Enterprise Support

SAP provides the most comprehensive enterprise support offering

- Single point of contact for your SAP enterprise platform and beyond
- Reduce risk through proactive and reactive support services
- 24x7 service provided through a global support backbone including SAP and Partners

SAP enterprise support
Manages innovation and integration in SAP solution landscapes

Innovation and Protection of investment…

... Delivered via run SAP,…

...Mission critical support and …

...Global support backbone…

... in collaboration with the SAP Ecosystem
Why SAP?
SAP Delivers Value for Food & Beverage Companies

Enable business strategy
- Service enabled to innovate without disruption
- Customer advisory boards leading industry development
- Benchmarking & best practices leadership
- Open business and development network
- Business network transformation

Trusted Partner
- Installed in the top 10 food companies & the top 10 beverage companies
- 93% of global 500 CP companies run SAP
- Executive commitment and involvement in your success
- 7x the mission critical apps run by SAP than any other company

Industry Expertise
- 30+ years of consumer products experience
- Food & beverage best practices accelerate time to value
- Industry partner ecosystem to develop and implement
- Resource industry expertise to reduce risk and enable project success

Lowest Cost of Ownership
- Flexible, proven implementation methodology
- Shared service expertise
- Open platform scales to support growth
- Built-in value identification and value delivery
Agenda

1. Industry context
2. SAP solution overview
3. Why SAP? Top reasons
4. Strategic Value of SAP to Food Industry
5. SAP customers
Strategic Goals and Opportunity Areas for Food & Beverage

**Strategy**

Offset cost pressure and generate funds to be reinvested to fuel continued volume and sales growth.

“To become one of the top suppliers of branded food products”

“...through product innovation and brand-building investment.”

**Key Strategic Enablers**

- **Increasing Competition:**
  - Become Supplier of Choice

- **Constraint Revenue Growth:**
  - Need to develop new growth opportunities

- **Downward margin pressure:**
  - Improve Operational Excellence

**Key Areas of Opportunity (highlighted)**

**Supply Chain & Manufacturing:**
- Improve days in inventory, store in-stock, forecast accuracy and case-fill on-time metrics
- Increase visibility of market demand.
- Respond more flexible to demand for innovative products and for demand fluctuations due to trade promotions

**Sourcing and Procurement**
- Reduce fixed costs (F2F) through better sourcing
- Improve Supply Quality
- Reduce maverick spend

**Time to Market**
- Linking of product design with sourcing, supply and launch
- Idea and concept management to capitalize on new product ideas

**Marketing and Sales**
- Maximize Promotion effectiveness
- Integrated end-to-end processes to orchestrate all market facing functions

**Support Processes:**
- Support for standard management processes.
- Financial analysis and consolidated management reporting
- Increased visibility to decrease DSO, working capital requirements and ability to absorb acquisitions.
- Compliance including SOX and food safety
### Supply Chain & Manufacturing

### SAP’s Contribution and References

<table>
<thead>
<tr>
<th>Areas of Action</th>
<th>Economic Impact</th>
<th>Areas of Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consensus forecast based weekly and monthly planning – linked to detailed schedule</td>
<td><strong>KPI</strong></td>
<td>Incorporate promotion plan into demand forecast &amp; create a demand plan on any level of detail</td>
</tr>
<tr>
<td>Manage daily business transactions effectively and efficiently</td>
<td>- Improved Planning Productivity</td>
<td>Integrate key customers into demand plan with collaborative planning, forecasting and replenishment</td>
</tr>
<tr>
<td>Achieve real-time visibility at all levels – across the organization and across the supply chain</td>
<td>- Improved Quality: Reduced Scrap</td>
<td>Provide real-time demand forecast visibility across the organization and supply chain</td>
</tr>
<tr>
<td>Quickly adapting plans and execution for demand or supply variability</td>
<td>- Improved Warehouse Productivity</td>
<td>Integrate procurement, production, distribution requirements and transportation for comprehensive sourcing decisions</td>
</tr>
<tr>
<td>Extend demand forecasting to include channels and retailers</td>
<td>- Reduced Inventory - Carrying costs</td>
<td>Simulate constrained supply, production and inventory deployment plans – perform “what-if” scenarios</td>
</tr>
<tr>
<td>Reduce DII “days in inventory” and inventory spoilage</td>
<td>- Reduced Inventory Spoilage</td>
<td>Provide vendors gross demand updates for supply planning and replenishment</td>
</tr>
<tr>
<td></td>
<td>- Reduced Inventory Stock-out</td>
<td>Optimized production scheduling</td>
</tr>
<tr>
<td></td>
<td>- Reduced Obsolete Inventory</td>
<td>Reduce inventory levels</td>
</tr>
<tr>
<td></td>
<td>- Reduced Transportation Costs</td>
<td>Reduce lead times to customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Proactive alerts timely enough to react</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Optimize logistics planning and execution</td>
</tr>
</tbody>
</table>
### Sourcing & Procurement

**SAP’s Contribution and References**

<table>
<thead>
<tr>
<th>Areas of Action</th>
<th>Economic Impact</th>
<th>Areas of Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Reduce fixed costs (F2F) though better sourcing of indirect and consumables, better compliance with framework contracts and through more efficient procurement process</td>
<td>- Increase contract compliance</td>
<td>- Increase contract compliance</td>
</tr>
<tr>
<td>- Mitigate raw material, energy and packaging cost inflation through global sourcing and better supplier collaboration</td>
<td>- Enables spend aggregation</td>
<td>- Enables spend aggregation</td>
</tr>
<tr>
<td>- Rationalize and manage supplier base to reduce purchasing costs and improve supply quality - incorporating supplier Performance data</td>
<td>- Reduced supplier qualification</td>
<td>- Reduced supplier qualification</td>
</tr>
<tr>
<td>- Automate transactional supplier interactions to focus on exception management</td>
<td>- Better performance monitoring</td>
<td>- Better performance monitoring</td>
</tr>
</tbody>
</table>

**KPI**

- Procurement Staff Efficiency
- Reduced direct Spending
- Reduced Maverick/Unmanaged Spend
- Auction determined pricing
- Single repository of all spend
- Improved aggregation information
- Workflow & task automation
- Reduced maverick spend
- Sourcing per Inventory plan
- Increased Preferred Supplier & Part Usage
- Streamlined invoice processing and dispute resolution
- Enables exception based inventory management
- Standardized connectivity via integration broker
## Areas of Action

- Drive sales and margin with new concepts and product extensions
- Shorten the time from idea to concept to launch
- Maximize portfolio returns while optimizing use of scarce resources
- Manage project to schedule and costs, react to market activity, meet customer and market needs
- Meet project and product goals through effective cross-functional workflows

## Economic Impact

![KPI Chart]

- Increased revenue (growth) share from new products
- Improved R&D Efficiency
- Reduced Time to Market

## Areas of Action

- Insight into performance of current and newly launched products
- End-to-end coverage of idea-to-cash linking of product design with sourcing, supply and launch
- Idea and concept management to capitalize on new product ideas
- Specification management for enhanced collaboration and product structure management
- Develop product recipes and prototypes, maintaining product specifications
- Plan and execute cross-functional, inter-dependent tasks
- R&D costs and resources are captured for entire project

---

© SAP 2009 / Page 44
<table>
<thead>
<tr>
<th>Areas of Action</th>
<th>Economic Impact</th>
<th>Areas of Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low visibility into customer profitability</td>
<td>Perform detailed customer valuation analyses</td>
<td></td>
</tr>
<tr>
<td>Cumbersome process for making price changes</td>
<td>Manage pricing based on customer, product or contract characteristics</td>
<td></td>
</tr>
<tr>
<td>Sales management does not have visibility into key account, opportunity and activity details</td>
<td>Communicate marketing campaigns, sales actions, product launches, etc. - to all sales channels</td>
<td></td>
</tr>
<tr>
<td>Ineffective sales forecasting</td>
<td>Build the total volume forecast with sales force input</td>
<td></td>
</tr>
<tr>
<td>Sales channels lack access to critical customer, product, pricing, and order data while on the road</td>
<td>Reduce order processing costs</td>
<td></td>
</tr>
<tr>
<td>High percentage of sales time exerted on administrative tasks</td>
<td>Provide customer self-service, and cross-sell and up-sell capability</td>
<td></td>
</tr>
<tr>
<td>Order processing requires manual intervention</td>
<td>Enable real time Availability-to-Promise</td>
<td></td>
</tr>
<tr>
<td>Customers lack ability to directly place orders</td>
<td>Increase invoice accuracy</td>
<td></td>
</tr>
<tr>
<td>Minimal use of mobile devices and automation by field sales organization</td>
<td>Shorten the entire order-to-cash cycle</td>
<td></td>
</tr>
</tbody>
</table>

**KPI**

- Improved Sales productivity
- Reduced Order-to-Invoice Cycle Times
- Improved Customer Support efficiency
- Improved Export Management - Partner & Embargoed Country Sales at Risk
- Improved Global Trade Operation productivity
### Areas of Action
- Integrate promotions management with other processes
- Leverage a complete view of the customer to grow revenue and reduce unauthorized deductions
- Encourage customers to use lower cost and self-serve form of sales and support
- Drive cross-channel marketing to gather customer insights and reduce customer acquisition costs

### Economic Impact

#### KPI
- Improved Marketing Effectiveness
- Improved Trade Promotion effectiveness

### Areas of Action
- Measure brand performance, equity and intangibles
- Execute marketing campaigns and monitor success according to defined KPI’s
- Define consumer-driven hierarchies to analyze, plan and execute category management strategies
- Monitor category plans toward target performance
- Plan a total volume forecast account by account
- Assess the impact of various types of promotional activities
- Field validate the execution of current promotion conditions and competitive activities
## Areas of Action

- Efficient, harmonized and transparent processes with human resource management
- Focus on high value processes (career planning etc.)
- Automation of low value processes
- Facilitate internal consolidation

## Economic Impact

- Efficient HR process-support by easy to use solutions
- e-recruitment, e-learning
- Employee self-service
- Managers self-service
- Bonus calculation

## KPI

- Enhanced Employee Self Service
- Enhanced Manager Self Service
- Improved HR Efficiency
### Areas of Action

- Enhance consolidation, eliminate manual tasks and breaks
- Proactive exception reporting, executive dashboards and drill down capability
- Scalability on the path to global company in varied markets
- Integration of financial planning and forecasting
- Streamlined strategic planning process
- Compliance with IFRS and SOX

### Economic Impact

- Efficient consolidation
- Role specific reporting and access to information
- Deploy performance management tools that analyze your entire enterprise and its resources
- Harmonized and standardized integrated processes
- Compliance

### Areas of Action

- Reduced DSO
- Financial Planning Function Efficiency
- General accounting Function Efficiency
- Compliance Function Efficiency

### KPI
### SAP’s Contribution and References

#### Areas of Action
- Manage international expansion
- Work at maximum efficiency (low TCO)
- Fast provisioning of IT for unique processes and process integration

#### Economic Impact

<table>
<thead>
<tr>
<th>KPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced Integration Costs</td>
</tr>
<tr>
<td>Reduced Development Costs</td>
</tr>
<tr>
<td>Decreased IT Staffing Costs</td>
</tr>
</tbody>
</table>

#### Areas of Action
- Provide integrated yet modular platform
- Tools and framework for development of individual processes
- Support of international standards and cross-country reporting
- Enhance value of company through SAP branding
- SOA Platform

---

© SAP 2009 / Page 49
Driving the Customer’s Roadmap

Step 1
Focus on transactional and Integration backbone

Step 2
Focus on integration of planning and execution processes

Step 3
Focus on integration of partners

Step 4
Increase real world awareness and responsiveness

Integrated Sales & Marketing
Demand Driven Supply Network
New Product Development & Introduction
… with SAP Consumer Products - Best-in-Class Solutions
Agenda

1. Industry context
2. SAP solution overview
3. Why SAP? Top reasons
4. Strategic Value of SAP to Food Industry
5. SAP customers
SAP Is Delivering Value To Food Companies Of All Sizes
NUTRICOM an expert in agro-food uses SAP Catch Weight Management in order to optimize costs and productivity

Challenges and opportunities
- Integration from cereals up to chopped pieces in a unique, integrated system in real time
- Production processes synchronization in two measurement units for fodder, animal growth, slaughter and butchering
- Full automation in data processing within all the production processes phases

Objectives
- Performance of all NUTRICOM's production phases
- Transparent system, that can be queried in real time for each type of information; information integrity and reactivity security
- Reports for all Nutricom's activities
- Precise control of production costs
- Simplification of accounting operations

Why SAP?
- A solid database in order to perform a great number of complex operations in all the production domains management
- Capacity to register simultaneously in two units of measurement for all the logistics transactions in fodder, animal growth, butchering
- Multiple integrated modules in one workflow
- Extended opportunities of automation

Benefits
- Real time visibility for purchasing, production orders and planning prod
- Early identification of errors in the integrated flow: purchasing, clients' orders, fodder production, animal growth, slaughter, butchering.
- Control of balance differences for logistics and production processes
- Simplification, visibility and certitude for all the accounting registrations of the logistics movements
- Sole database for all the operations and activities
- Multiple pertinent reports for all the business aspects

Implementation explanation
Performance through workflows and processes reorganization simultaneously with SAP implementation

"Complete transparency in all FNC's domains, animal growth, slaughter, butchering, allows us a management in real time compared to market requests and a great flexibility and precision for pricing"

Executiv e Nutricom SA

© SAP 2009 / Page 54
NUTRICOM specialist in industria agro-alimentara foloseste SAP Catch Weight Management pentru eficientizarea costurilor si cresterea productivitatii

NUTRICOM SA Oltenita
- Industria: Agro-alimentara
- Numar de angajati: 500
- Produse: nutreturi, crestere porci si pui, abatorizare, transare
- www.nutricom.ro
- Solutia: SAP Catch Weight
- Partener de implementare INTEGRATOR SA

“Transparenta completa pe toate domeniile FNC, Crestere animale, Abatorizare, Transare, ne permite o pilotare in timp real fata de cererea pietei si o mare flexibilitate si precizie in stabilirea preturilor”

Elie Daher
Director General
SC NUTRICOM SA

Provocari si oportunitati
- Integrarea de la cereale pana la piesele transate intr-un sistem unic, integrat, in timp real
- Sincronizarea proceselor de productie in doua unitati de valoare in domeniile: furaje, crestere animale, abatorizare si transare
- Dorinta de automatizare completa in operarea datelor in toate fazele proceselor de productie

Obiective
- Obtinerea eficientei in ansamblul operatiilor din domeniile de productie NUTRICOM
- Sistem transparent, interogabil in timp real pe fiecare tip de informatii si siguranta integritatii si reactivitatii informatiei continute in sistem
- Raportari in ansamblul activitatilor NUTRICOM
- Control precis al costurilor de productie
- Simplificarea proceselor contabile

Aspectele implementarii
- Performanta data de reorganizarea fluxurilor de lucru si a proceselor, simultan cu implementarea SAP

De ce SAP?
- O baza de date solida pentru a desfasura un numar mare de operatii complexe din toate domeniile gestiunii de productie
- Capacitatea de a inregistra simultan in 2 unitati de masura toate tranzactiile logistice din domeniile nutret, crestere animale, transare
- Multitudinea modulelor integrate intr-un singur flux de lucru
- Capacitati extinse de automatizare

Beneficii
- Vizibilitate in timp real pentru achizitii, comenzi si planificare productie
- Identificarea timpurie a anomaliilor in fluxul de achizitii,comenzi clienti, fabricatie furaje, crestere animale, abatorizare, transare
- Control al diferentelor de cantar in procesele logistice si de productie
- Simplificare, claritate si certitudine in ansamblul inregistrarilor contabile
- Baza de date unica pe ansamblul proceselor si activitatilor
- Multitudine de raportari pertinente pentru toate aspectele afacerii
Alexandrion Group uses SAP Beverage Solution to support its global business

Alexandrion Group Romania
- Headquarters: Otopeni, Romania
- Industry: FMCG (Beverages)
- Employees: 400
- Products and services: 25 brands (Brancoveanu, Alexandrion, Kreskova, Cava d'Oro etc.)
- Website: www.alexandrion.ro
- SAP solutions and services:
  - SAP ERP ECC 6.0
  - ARIS SmartPath for Beverages
- Implementation partner: Architected Business Solutions SRL

Challenges and Opportunities
- Legacy systems unable to support expanding Group’s business
- Lack of cost-effective management information in order to make accurate decisions.

Objectives
- Deliver an integrated system solution, which enables efficient and effective management of information
- Ensure that opportunities for business process re-engineering are taken advantage of, including administrative effectiveness from new methods of working.
- Provide full traceability of products and ingredients through the whole supply value chain
- Reduce the costs by eliminating repeating tasks performed by different departments.

Why SAP
- System able to support Business Processes based on best practices used in FMCG industry
- Single, reliable and scalable source of information for the business
- Integration with existing corporate application to improve productivity.

Implementation Highlight
- Short implementation duration: 12 months (from kick-off to go-live)
- Process driven implementation using ARIS SmartPath for Beverages and ARIS Value Engineering (AVE) methodology
- Extension of initial project scope to include Quality Management (QM) module as part of the value chain.
- Strategic outsourcing for IT and IS
- Roll out to Alexandrion GmbH (Germany) and go live one month after Romania.

Benefits
- Accelerating time-to-market globally by integrating SAP with business process
- Centralized and easily accessible data for decision making:
  - Improved data consistency and accuracy
  - Real-time inventory
  - QM system integrated
  - Profitability analysis per product
- Outsourcing non-core activities
- Reliable platform for future business development
- Automated accounting records for alcohol excise.

“At Alexandrion, we provide quality in what we are and what we do.
The SAP system will further enable us to have the right products, in the right place, at the right time.”

Claudia Popovici
CFO Alexandrion Group Romania
Alexandrion Group foloseste SAP Beverage Solution pentru sustinerea activitatii globale

Provocari si oportunitati
- Sistemul informatic anterior nu asigura suportul necesar strategiei de extindere globala a Grupului
- Lipsa de informatie managerila eficienta necesara proceselor decizionale corecte si rapide.

Obiective
- Dezvoltarea unui sistem integrat care sa permita gestionarea eficienta si efectiva a informatiilor
- Asigurarea fructificarii oportunitatilor legate de remodelarea proceselor de afaceri, inclusiv eficienta operationala rezultata din noile proceduri de lucru
- Asigurarea trasabilitatii produselor si ingredientelor pe intregul lantul logistic
- Reducerea costurilor prin eliminarea activitatilor repetitive asigurate de diverse departamente.

Aspectele implementarii
- Durata scurta de implementare: 12 luni
- Implementare orientata pe procese prin folosirea ARIS SmartPath for Beverages si a metodologiei de implementare ARIS Value Engineering
- Extinderea scopului initial al proiectului: dezvoltarea functionalitatii OM (Quality Management), ca parte integranta a lantului valoric
- Externalizare strategica a sistemelor IT si IS.
- Roll-out in cadrul Alexandrion GmbH (Germania) la doar o luna de la finalizarea implementarii in Romania.

De ce SAP?
- Sistem informatic capabil sa sustina procesele de afaceri dezvoltate dupa cele mai bune practici folosite de companiile care activeaza in industria bunurilor de consum
- Asigurarea unei surse centralizate, robuste si scalabile de informatii
- Posibilitatea de integrare cu aplicatiile existente pentru cresterea productivitatii.

Beneficii
- Reducerea timpului de raspuns la cerintele pietei globale prin integrarea proceselor de afaceri in sistem
- Informatie centralizata si accesibila rapid si usor pentru sustinerea procesului decizional:
  - Imbunatatirea consistentei si acuratetei datelor
  - Vizibilitate in timp real asupra stocurilor
  - Integrarea managementului calitatii in sistemul de gestiune
  - Dezvoltarea analizei de profitabilitate pe produs.
- Externalizarea activitatilor suport
- Platforma scalabila si flexibila pentru sustinerea dezvoltarii ulterioare a activitatii
- Automatizarea inregistrariilor privind acciza pe alcool.

“Noi la Alexandrion sustinem calitatea in tot ceea ce suntem si ceea ce facem. Sistemul SAP ne va permite si pe viitor sa oferim clientilor nostri produse de calitate la momentul si locul potrivit.”

Claudia Popovici
CFO
Alexandrion Group Romania

© SAP 2009 / Page 57
### SAP Driving Customer Value: Selected Food & Beverage References

<table>
<thead>
<tr>
<th>Application</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SAP New Product Development &amp; Introduction for Consumer Products</strong></td>
<td>- 35% improvement in time to market&lt;br&gt;- Significant increase in sales of new products as percentage of total sales</td>
</tr>
<tr>
<td><strong>SAP Product Lifecycle Management, SAP Recipe Management</strong></td>
<td>- Better speed to market; faster specification development through object reuse&lt;br&gt;- Reduced redundancy for better data consistency and accuracy</td>
</tr>
<tr>
<td><strong>SAP Account &amp; Trade Promotion Management for Consumer Products</strong></td>
<td>- Improved consumer take-away through promotions&lt;br&gt;- Redirected residual trade funds towards branding initiatives</td>
</tr>
<tr>
<td><strong>SAP Supply Chain Management</strong></td>
<td>- Reduced forecast error rates by 33%&lt;br&gt;- Maintain 12 inventory turns per year @ 99%+ customer service levels</td>
</tr>
<tr>
<td><strong>SAP Mobile xApp™ Direct Store Delivery</strong></td>
<td>- SKUs with increase in activity: +60%; Avg. increase in sales activity +195%&lt;br&gt;- Collection-to-Cash (AR Processing time) reduced &gt; 50%</td>
</tr>
</tbody>
</table>
SAP® New Product Development and Introduction for Consumer Products

QUICK FACTS

Company
- Name: Arla Foods amba
- Location: Århus, Denmark
- Industry: Consumer products
- Products and services: Dairy products
- Revenue: €6.1 billion
- Employees: 17,933
- Website: www.arlafoods.com
- SAP® solution and services: SAP New Product Development and Introduction for Consumer Products package
- Partner: SAP Consulting

Challenges and Opportunities
- Heterogeneous IT environment and disparate processes for new-product development
- Limited visibility into ongoing innovation projects
- Lack of enterprise-wide access to legacy solution

Objectives
- Fuel future growth and increase revenue from new products
- Respond to market trends and changing demand faster by reducing time to market
- Manage single projects and entire portfolios across the Arla group
- Deliver 360-degree visibility into activities related to creation and launch of new products
- Select the most promising projects and ensure these are executed effectively

Why SAP
- End-to-end solution for entire product-development process
- Integration with core enterprise resource planning software

Benefits
- 35% improvement in time to market
- Significant increase in sales of new products as a percentage of total sales
- Tight integration with financials software for better cost monitoring
- Greatly enhanced visibility into ongoing projects and programs
- More effective assessment and prioritization of new-product development
- Better coordination of market launches with sales teams
- Solid basis for open innovation with external partners

“Many solutions we looked at were great for individual aspects of the innovation process. But only SAP delivered the end-to-end functionality we needed.”

Sune Stemming
Business Process Manager
Global IT Unit Arla Foods amba
Challenges and Opportunities

Different legacy systems and 12 duplicate data entry points made it very time consuming to develop and maintain recipes and labeling information.

Objectives

Create “one source of the truth” for product specifications, formulas, nutritional labeling, and export documentation data by providing one integrated system to support targeted product development.

Implementation Highlights

ERP 2004 implementation used a “thin slice” approach that initially took a small subset of products through the entire recipe management lifecycle process. The 14-month thin slice implementation is being followed by a one-year project to load all specifications, formulas, and nutritional labels for the global enterprise.

Why SAP

The integrated recipe management functionality in ERP 2004 met most of Hershey’s requirements and required minimal customization.

Benefits

“One source of the truth” – visible and accurate specifications, recipes, nutrition information

Comprehensive platform for global product development, innovation, and compliance

Streamlined new product introduction processes, while providing more capabilities for “what if” evaluations during development

QUICK FACTS

- Location: Hershey, Pennsylvania
- Industry: Consumer Products
- Products: Snack Foods such as Reese’s, Hershey’s, Kisses, Ice Breakers, Payday, Twizzlers, and Jolly Rancher
- Revenue: $4.8 Billion
- Employees: 13,000
- Web Site: www.hersheys.com
- SAP Solutions and Services: mySAP™ Product Lifecycle Management, SAP Recipe Management
- Partner: SAP Services and EnteGreat

“The capabilities of SAP’s recipe management solution exceeded our expectations. We now have one integrated view of all of our product data.”

Devin Mosier
Director, Manufacturing, R&D and HR Systems
The Hershey Company
Proven Results
General Mills

QUICK FACTS
- Location: Minneapolis, Minnesota
- Industry: Consumer Products
- Products/Services: Food company with brand names such as Betty Crocker, Häagen-Dazs, Pillsbury, Green Giant, Old El Paso, and Cheerios
- Revenue: $12.5 billion
- Employees: 28,000
- Web Site: www.generalmills.com
- SAP® Solutions and Services: mySAP™ Product Lifecycle Management, SAP Recipe Management
- Partner: SAP Services and TechniData

“We integrated two companies onto one common SAP platform by providing standardized content, process, and functionality for specification management. SAP PLM helped us eliminate over a dozen legacy systems.”
Bonnie Welshons
QRO Director, General Mills, Inc.

Challenges and Opportunities
- Merging of different systems from two separate, large R&D organizations
- Too much time spent developing and introducing new and improved products
- Complex variety of products

Objectives
- Define, develop, and deliver an integrated system solution, which enables efficient and effective management of core product information from the initial introduction throughout the complete lifecycle

Implementation Highlights
- Implemented recipe management 1.0 based on R/3 4.6c and went live in April 2003—including ingredients, packaging, finished product specifications, and formulas
- Implementation of recipe management along with engineering change management, document management, and workflow
- Completed upgrade to ERP 2004 in July 2005

Why SAP
- General Mills already runs SAP systems for finance, HR, purchasing, and manufacturing

Benefits
- Eliminated over a dozen legacy systems
- Better speed to market; faster specification development through object reuse
- Clear definition of content ownership; more complete product data
- Common language for product specifications, a big step toward common culture; facilitates cross-functional collaboration
- Reduced redundancy for better data consistency and accuracy
- Power for meeting current and future business needs; enables faster integration to future acquisitions

QUICK FACTS
- Location: Minneapolis, Minnesota
- Industry: Consumer Products
- Products/Services: Food company with brand names such as Betty Crocker, Häagen-Dazs, Pillsbury, Green Giant, Old El Paso, and Cheerios
- Revenue: $12.5 billion
- Employees: 28,000
- Web Site: www.generalmills.com
- SAP® Solutions and Services: mySAP™ Product Lifecycle Management, SAP Recipe Management
- Partner: SAP Services and TechniData

“We integrated two companies onto one common SAP platform by providing standardized content, process, and functionality for specification management. SAP PLM helped us eliminate over a dozen legacy systems.”
Bonnie Welshons
QRO Director, General Mills, Inc.
“Our SAP software and SmartOps inventory optimization solution support our strategy to drive supply chain efficiencies, enhance planning, and improve our ability to meet customer needs.”
Bob Masching
Vice President, Sales and Operations Planning
ConAgra Foods, Inc.

ConAgra Foods
Optimizing Inventory with Software from SAP & SmartOps

QUICK FACTS
- Location: Omaha, Nebraska
- Industry: Consumer products
- Products and Services: Consumer packaged foods
- Revenue: US$12 billion
- Employees: 24,500
- Web Site: www.conagrafoods.com
- SAP® Solutions and Services: SAP® ERP and SAP Supply Chain Management applications; SmartOps Multistage Inventory Planning & Optimization, a Qualified SAP Business All-in-one partner solution
- Implementation Partners: IBM, SmartOps

Challenges and Opportunities
- Improve revenue, earnings and ROI
- Reduce operating costs and working capital
- Migrate from 8 planning organizations to an enterprise structure with a single, unified strategy

Objectives
- Improve days in inventory, store in-stock, forecast accuracy and case-fill on-time metrics
- Replace 11+ supply chain planning applications with 1

Implementation Highlights
- Completed SmartOps implementation in 7 months, on schedule and within budget
- Used proven implementation methodology from SmartOps and ConAgra Foods

Why SAP
- Leadership in the consumer packaged goods industry
- End-to-end supply chain management and planning platform
- Superior functionality for inventory optimization

Benefits
- Leadership in the consumer packaged goods industry
- End-to-end supply chain management and planning platform
- Superior functionality for inventory optimization

QUICK FACTS
- Location: Omaha, Nebraska
- Industry: Consumer products
- Products and Services: Consumer packaged foods
- Revenue: US$12 billion
- Employees: 24,500
- Web Site: www.conagrafoods.com
- SAP® Solutions and Services: SAP® ERP and SAP Supply Chain Management applications; SmartOps Multistage Inventory Planning & Optimization, a Qualified SAP Business All-in-one partner solution
- Implementation Partners: IBM, SmartOps
Proven Results
Brown-Forman

QUICK FACTS

Brown-Forman Corporation
- Headquarters: Louisville, Kentucky
- Industry: Consumer products - beverage
- Products/Services: Fine wines and spirits
- Revenue: US$2.4 billion (2006 gross)
- Employees: 3,750
- Web Site: www.brown-forman.com
- SAP® Solution and Services: SAP SCM
- Implementation Partner: Accenture

Challenges and Opportunities
- Assimilate partners and acquisitions faster
- Tap emerging global markets
- Reduce inventory levels
- Improve customer service

Objectives
- Establish global positions for premium brands
- Introduce more premium brand beverages
- Expand business without significant additional headcount

Implementation Highlights
- Minimal customization
- Tightly managed project scope
- Accelerated implementation within budget

Why SAP
- Superior integration of supply chain planning with inventory and order management
- Ability to support Brown-Forman’s global supply network practices
- Viability of SAP as a company

Benefits
- Finished goods inventory ~40%
- Material inventory ~20%
- Total inventory excluding barreled whiskey ~40%
- Forecast error ~33%
- Maintain 12 inventory turns/year 99% + customer service levels
- Accelerated on-boarding for global distribution partners
- Adopted global sales and operations planning process
- Increased number of products while maintaining service levels without adding inventory

“With SAP SCM, Brown-Forman increased the number of combined item/locations offered in some regions while maintaining 12 inventory turns per year and 99%+ service levels. Brown-Forman met their long-term inventory targets within a few months of start-up.”

Jim Hutchinson
Senior Vice President of Supply Chain Management
Brown-Forman Corporation
SAP® Software Helps Empresas Polar Hone its Competitive Edge

QUICK FACTS
- Location: Caracas, Venezuela
- Industry: Consumer products
- Products and Services: Beer, wine, beverages, and more
- Revenue: US$3+ billion
- Employees: 25,000
- Web Site: www.empresas-polar.com
- SAP® Solutions and Services: SAP for Consumer Products solutions; SAP® xApp™ Mobile Direct Store Delivery composite application
- Implementation Partners: Accenture; SAP Consulting; SAP Custom Development

Challenges and Opportunities
- Growing operational complexity
- Increasing margin pressure
- Redundant data, applications, and processes

Objectives
- Install integrated solution to support go-to-market (GTM) strategy
- Provide optimal support for key current and future operational requirements

Implementation Highlights
- Phased approach using knowledge from previous deployments
- Linkage of new processes to overall company value chain, ensuring optimum cooperation and support from end users

Why SAP
- Seamless integration with SAP® software
- Scalable functionality at low total cost of ownership

Benefits
- Flexibility to review, configure, and redeploy GTM strategy
- Real-time accurate view of demand and inventory
- Organized and streamlined order processing
- SKUs with increase in activity: +60%
- Average increase in sales activity for SKUs mentioned above: +195%
- Time spent on administrative activities (sales personnel): –50%
- Collection-to-cash (AR) processing time: –50%

“The integrated SAP software helped us differentiate ourselves from all other competitors in Venezuela.”

Ramón A. Castillo
Project Manager, Food Business Unit
Empresas Polar

© SAP 2009 / Page 64
Questions
Thank you!

Yavuz Durgut
Industry Principal
Consumer Products/Life Sciences

SAP EMEA - Industry Business Solutions
T  +90/212/317 5139
M +90/533/651 6839
mail to: yavuz.durgut@sap.com
http://www.sap.com/