e2open®

Major CPG Company Finds Success With End-To-End Digital Transformation

Leadership and Innovation

It started over a century ago with one shop on a busy European street. Today this consumer-packaged goods (CPG) company operates in 180 countries, has annual revenues in excess of $50 billion, and owns six of the top 15 international brands in its category.

With deep roots in agriculture, the organization has enjoyed success and has grown steadily for a long time. However, changing consumer preferences in recent years have led to stagnated or declining sales in certain markets. At the same time, other factors have led to rising costs and increased risk for the company, threatening the traditional business model and placing pressure on margins.

In response to these changing dynamics, the CPG company spent enormous resources on research to develop and launch alternative products that would appeal to existing customers and also attract new ones. At the same time, the organization expected its bold leadership in this area to provide a roadmap for other companies in the industry to adapt to new consumer preferences.

Industry Transformation That Starts Inside

Product innovation and regulatory approval were important but not enough to ensure continued success for the company. The new products had to be economically feasible to manufacture and sell.

That posed a challenge because the innovation path the company settled on was to transition away from a primarily agriculture-based CPG business and begin manufacturing consumer electronics and accessories. The company had no experience in producing goods like these, nor taking them to market. Supply chain leaders would now have to source electronic components, secure plant capacity with contract manufacturers in Asia and set up a reverse supply chain to handle returns and repairs. Operations, sales and marketing strategists would have to establish new distribution channels to get closer to consumers and promote the new offerings. The company also had to develop an understanding of demand for the new products, which was substantially different from the predictable patterns of their traditional offerings. Planning would have to become more agile to accommodate a more volatile supply chain. At the same time, the old products were not going away immediately since there was still a sizeable group of loyal customers, and these revenues were important to fueling the company's transformation.

This essentially meant building a new business from the ground up, complete with new products, new customers, new supply chain partners and a very different business model from what had worked for them in the past. To reinvent the company successfully, its decision-makers would need a set of global standards and synchronized planning and management processes across supply, distribution and logistics. They realized that metamorphosis at this scale would demand a dedicated internal organization, a blueprint for change with clear transformation stages and technology implemented at each stage of the evolution.

Why e2open?

Initially, the transformation team changed the company's supporting applications in a piecemeal fashion, ran pilots and generally took cautious steps on the path to reinvention. Throughout those projects, the deciding factors in the selection of new applications were scalability, functional capabilities and the ability to successfully deliver against project milestones and return on investment expectations. It was critical that the new technology be able to capture and act on demand and supply signals in real time while enforcing global standards and providing visibility into multiple routes to the customer, multiple tiers of suppliers and data residing in enterprise resource planning (ERP) systems out of the decision-makers' control. To build resilience to market fluctuations, the new systems would have to be powerful and agile enough to handle a much more complex product portfolio — and do it much quicker than the old solutions. E2open passed those criteria with flying colors and established itself as a trusted partner.

Given the magnitude of the changes, the transformation team soon realized that a piecemeal selection of applications was time-consuming and costly. The company required an open platform where they could add capabilities, processes, partners and internal stakeholders in steps, keep deliverables on time, maintain control of margin targets and ensure market expectations were met at each stage.

Following a thorough evaluation, e2open proved to be the only vendor that could connect with all the members of the value chain to deliver visibility across the board, and provide extensive, integrated demand sensing, supply and demand planning and business execution capabilities that were easy to deploy gradually and worked together seamlessly. The company elevated e2open from its position as a trusted provider of individual applications to the supply chain software platform of choice to underpin the transformation.

The Foundation for Change

The transformation started relatively slowly with a few separate projects. However, the catalyst for true company-wide change was the appointment of new operations leadership and the set-up of a centralized supply chain planning hub with regional execution centers. This enabled an increased focus on the program, better definition of cross-functional requirements and prevention of day-to-day noise and distraction.

E2open Applications
Based on feedback from the hub and regional centers, the company decided to leverage the following applications from e2open Channel, Planning, and Supply suites:

- e2open Channel Data Management
- e2open Demand Sensing
- e2open Demand Planning
- e2open Supply Planning
- e2open Distribution Planning
- e2open Multi-Echelon Inventory Optimization
- e2open Forecast Collaboration
- e2open Inventory Collaboration

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The Path to Transformation

Establishing the foundation for change happened over time. It started with a business pilot to roll out the new offerings in a few select markets. A successful new product launch depends heavily on timely, accurate demand data and short-term forecasting. For this reason, the transformation team decided to test e2open's Demand Sensing application in those same markets alongside the pilot program.

Following the outstanding results of the product launch and application pilots, the organization moved to adopt a common centralized system for planning required manufacturing capacity across the old and new product categories. The objective was to ensure cost-effective access to contract manufacturers for the new offerings and the right level of manufacturing capacity in the company's own plants for the legacy products, taking into account any potential cannibalization between product lines. To support these initiatives, the CPG company next deployed e2open's capacity planning applications.

While the demand sensing and capacity planning projects were underway, the company started to envision a centralized supply chain platform. With capacity now being planned centrally, it was inefficient to continue making supply planning decisions country-by-country. Instead, investments the company had made to forecast demand globally should feed directly into a centralized system to coordinate supply. Based on the successful demand sensing and planning projects, and with buy-in from the IT group, the organization decided to expand its usage of supply chain applications and adopt e2open's platform as the standard for the end-to-end supply chain company-wide.

Their next step was to gain a deeper understanding of consumer demand and improve management of indirect distribution. For that, the company deployed e2open's Channel Data Management application to gain visibility into channel inventory. The application provides the necessary data to fuel analytics that help identify the correct incentives and promotions to shift older stock and optimize new product launches.

A Business Execution Platform

As a result of the changes, the CPG company's business transformation is well underway. In contrast to the siloed, inefficient structure and systems of the past, the company has essentially built a business execution platform to orchestrate its end-to-end supply chain, from demand planning, supply planning, fulfillment and inventory replenishment all the way to arrival at the first warehouse in the market. The organization now manages the flow of component, work-in-progress and finished goods inventory across all parties and supply tiers, quickly resolving any stocking imbalances while reducing inventory levels and risks.

The company can already collaborate with its distribution and supply partners, as well as its customers. In the future, it will connect even further downstream to reach end consumers. With visibility to customer forecasts, promotions upsides, sales and inventory figures from channel partners, parts, and the availability of manufacturing capacity, the company creates accurate short- and medium-term forecasts and fulfillment plans that maximize resource utilization.

Furthermore, by combining real-time data, artificial intelligence (AI) and machine-learning (ML) algorithms, the company automates processes, enabling exception management and robust performance analytics. The company's leaders believe their new business execution platform provided by e2open will increase productivity by 30%-40% at the corporate level across all functions. Planning cycle time has already been dramatically reduced from around one month to only a few days. These efficiency gains were crucial to resolving what the company calls "the 16X problem" — namely, how to handle products that are four times more complex while responding to supply or demand change four times faster. Once the platform rollout is complete, the CPG company will be able to respond to change signals — such as unexpected demand surges or supply disruptions — within one day.

The business execution platform gives the company's decision-makers visibility to all tiers in the end-to- end supply chain. It facilitates faster decisions, with automation and intelligent algorithms helping to collaboratively manage performance with supply chain partners.

About e2open

E2open is the connected supply chain software platform that enables the world's largest companies to transform the way they make, move, and sell goods and services. With the broadest cloud-native global platform purpose-built for modern supply chains, e2open connects more than 400,000 manufacturing, logistics, channel, and distribution partners as one multi-enterprise network tracking over 12 billion transactions annually. Our SaaS platform anticipates disruptions and opportunities to help companies improve efficiency, reduce waste, and operate sustainably. Moving as one.™ Learn More: www.e2open.com

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