e2open

CASE STUDY

CPG Company Takes Customer Fill Rates to the Next Level by Connecting Forecasting and Retailer Data

Heritage of Innovation and Responsiveness

This global consumer packaged goods (CPG) company was set up in the early 1900s to commercialize an innovative food product. By the beginning of the 21st century, it had experienced decades of expansions and acquisitions and built its portfolio to offer multiple product categories, primarily in packaged food. Headquartered in the United States, the company now operates in over 180 countries across Europe, Asia, Australia, Latin America and North America. It employs 34,000 people and generates over $13 billion of revenue annually. The business manufactures all goods in- house and distributes to consumers through retail partners.

In recent years, shifting consumption patterns and changing market preferences have altered demand in numerous product categories. In response, the company's strategy has been to balance growth through initiatives such as continued product innovation, marketing and advertising, new package formats, increased investment in emerging markets, divesting non-core brands, and harmonizing distribution methods in the United States. Though some of these initiatives focused on efficiency, the company's underlying priority is to deliver great customer service to retailers, and this requires agility to anticipate and quickly respond to customer demand.

Great Service Requires Great Forecasting

For this organization, providing great customer service means meeting retailers' orders on-time, in-full. The company uses customer fill rate as the metric to gauge their service performance. High customer fill rates are driven in large part by accurate demand forecasts which allow the company to ensure sufficient inventory availability. A general challenge for the CPG industry is that the innovation and marketing strategies important to drive growth also have an adverse effect on forecast accuracy, making the business harder to predict.

Furthermore, the company made a structural shift from direct-store delivery to warehouse distribution. While this provided value gains in supply chain efficiency, the shift makes it even harder to predict customer demand. To mitigate the impact of these strategies on customer fill rate — and even achieve a net gain in service — the business realized the time had come to take demand forecasting performance to the next level.

9600 Great Hills Trail, Suite 300E, Austin, TX 78759 | Tel. 1.512.425.3500 | e2open.com

"Using retailer data to improve forecasts was a natural extension for us and made easy by having everything on one platform."

VP Supply Chain

Why e2open?

The company selected e2open for this next stage in their forecasting excellence journey because of its trusted relationship, proven performance and quick time-to-value. An underlying driving factor was the integrated nature of e2open's planning capabilities and business network on a single platform. In particular, the ability to bring together the data and applications required to get a new step-change in accuracy without the technical challenges that normally come from using retailer information for supply chain planning was important.

In fact, different teams within the company were already using these capabilities from e2open, but in a siloed manner. Normally, integrating these systems would be costly and time consuming. However, in this case, since both were already part of e2open's integrated planning platform, there was no technical barrier in linking the two systems, making it a natural evolution.

An Opportunity Hidden in Plain Sight

The first step toward boosting forecasting performance for any company is to use real-time signals to sense demand. As a leader in space, the organization had been sensing demand with e2open for years. The next step in forecasting was for the supply chain team to take advantage of the predictive information contained in external signals such as point-of-sale (POS) scans, store-level inventory and retailer warehouse withdrawals.

Likewise, account teams at the company have used e2open retail operational management and store-level execution solutions for years, so they already had access to decision-grade data from many of their channel partners. Now the time had come to connect these systems to use retailer data to drive better forecasts.

E2open Applications

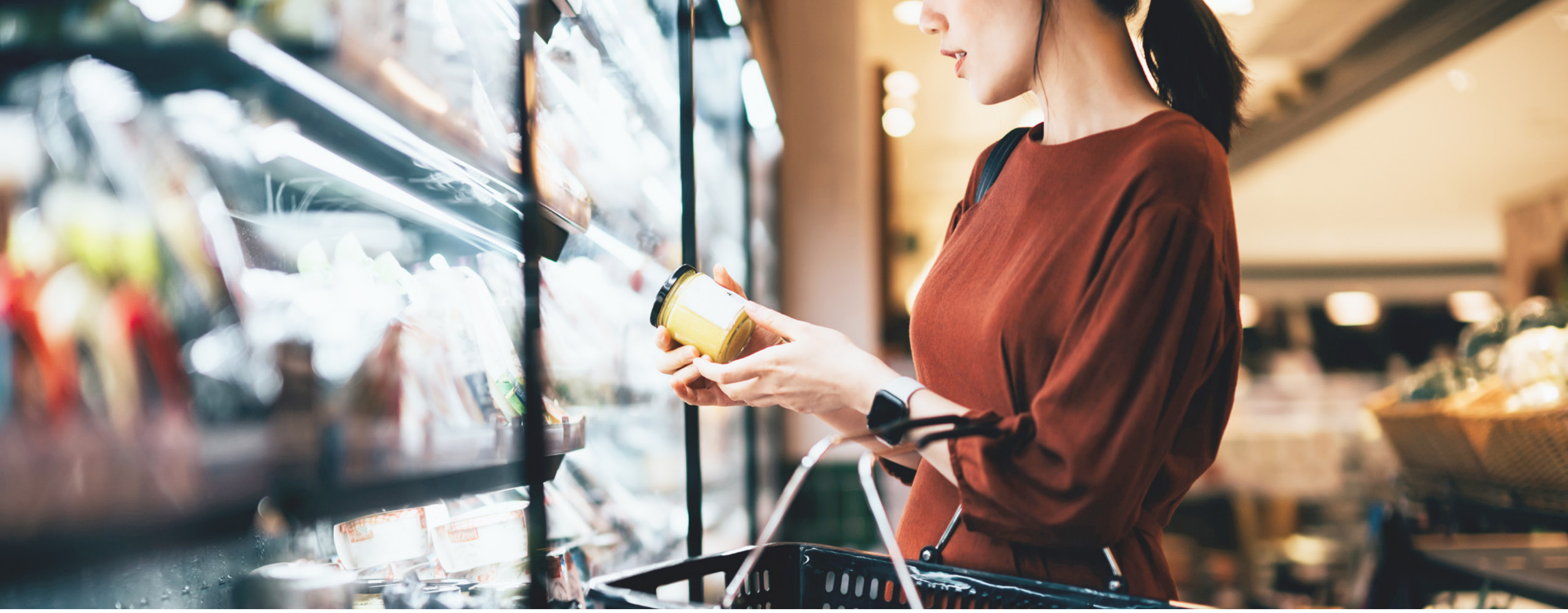
The company chose to gain the synergies of powering demand sensing capabilities with the external data and also to expand the scope of retailer coverage. The intelligent applications from e2open Planning and Channel suites include:

- e2open Demand Sensing
- e2open Demand Signal Management

The Path to a Growth Platform

Once the business decided to connect the two systems, it was a smooth, six-month exercise to reconfigure the demand sensing application to consume retailer data from the demand signal management system. At the same time, the company expanded the number of retailers it gets data from, increasing business coverage from 55% to 70% of its sales. With the additional retailers already on e2open's network, the process of expanding coverage to the next tier of the company's channel partners was streamlined.

The outcome is a consolidated platform that helps the company reach the next level in forecasting. As an added benefit, the increased retailer coverage now allows the account teams to better manage store-level retail execution for an additional 15% of their business.



The Sum Is Greater Than the Parts

Ever since using e2open Demand Sensing, the company has reduced its weekly forecast error by more than 40%. By connecting Demand Sensing to Demand Signal Management and systematically using retailer data as an input for forecasting, the company achieved an additional 12% reduction in forecast error. This dramatic result greatly improved the company's customer fill rates.

Joining the two systems also reduced inventory levels, unplanned production changes and the number of expedited shipments required to meet service commitments. The move resulted in over $1 million of operational improvements for the company.

By linking the two systems and using retailer data to improve supply chain planning performance, the business was able to pursue its corporate goals of growth through innovation and a change in distribution strategy while still meeting or exceeding its customer fill rate target objectives. While these kinds of strategic initiatives typically make businesses harder to forecast, the company was able to more than offset the impact and reach a new level of forecast accuracy.

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

9600 Great Hills Trail, Suite 300E, Austin, TX 78759 | Tel. 1.512.425.3500 | e2open.com

e2open