

# PEPSICO, INC.

## Custom Supply-Chain Planning Solution Enables PepsiCo to Optimize Manufacturing and Distribution against Seasonal Sales Demand



### ESSENTIALS

#### Challenges

- Requirements Too Complex For MS Excel
- Dynamic Reporting of Daily Supply, Consumption, Distribution, Forecasting
- Multiple Languages, Currencies, Metrics
- Wide Variety of End User Skill Levels

#### Solution

- Custom Smart Client application
- Enhance, Maintain and Support

#### Key Benefits

- Centralized Admin Over EMEA Regions
- Alignment of Best Practices and KPIs Across Multiple Languages and Geographies
- Stable, High Performance Internet Database

#### PEPSICO BUSINESS NEEDS AND CHALLENGES

PepsiCo approached PCA, seeking improvements to how they managed their supply-chain planning and forecasting operations — their ability to optimize manufacturing, distribution and warehousing of hundreds of different beverage products and snack foods against seasonal sales projections across European, Middle East and Asian continents.

Under-production meant lost revenue; over-production resulted in unnecessary manufacturing costs and waste of highly perishable product with a short (30 day) shelf-life. Joanne Metzke, PepsiCo's senior Supply Chain Manager for EMEA was tasked with making such improvements, including implementing proprietary best practices.

These processes have been a mainstay in PepsiCo culture – providing the company with competitive advantage and vital insight into product sales, production, distribution, and scheduling. “At the time, most of our facilities weren't quite ready for SAP, but we did require more sophistication than Excel spreadsheets could provide,” stated Joanne. “Ultimately, we needed to connect key people and processes, all under PepsiCo's best practices, which many commercially-available software tools struggled to support.”

PepsiCo's unique requirements demanded a custom solution that could make immediate improvements in their overall demand forecasting and supply planning process, enable centralized administration of EMEA's entire demand, product, and deployment planning process, and offer the flexibility to support expansion into new markets and cultures. In the end, PepsiCo needed a secure “one-stop shop” for distributed planning managers to forecast, report and track sales, production, and distribution numbers.

## PEPSICO ASSESSMENT

In PepsiCo's experience, the large commercial software vendor packages were either over built (too sophisticated) or too expensive, too costly to configure, deploy and support, and from past experience, too difficult to adapt to PepsiCo's best practices.

PepsiCo engaged PCA to gather business requirements necessary to design and build a custom database solution that was easy-to-use, adaptable to PepsiCo's strict Key Performance Indicator business standards, and scalable to support additional PepsiCo global regions.

PCA's experience developing simple solutions to sophisticated business needs, combined with their highly efficient Rapid Prototyping and Design-Build methodology were key factors in PepsiCo's decision.

## THE PCA SOLUTION

PCA led PepsiCo subject matter experts through its standard design-build methodology — starting with the Prototype Design phase that was intended to get solid answers to the same 3 questions that both PepsiCo and PCA shared: What was the optimal solution? How much would it cost? And, how long would it take? Following several months of back-and-forth feedback and refinements to the Prototype Design, PepsiCo and PCA were both confident they had good answers to all 3 key questions.

PepsiCo's new Supply Chain Planning System succeeded in providing secure web-based connectivity for PepsiCo's growing number of globally-distributed planning managers, product producers, distributors, and administrators across EMEA. Not only did the new system cost significantly less than comparable packaged software solutions like SAP, but it supported PepsiCo's unique best practices and performance metrics from day one.

The custom PCA database solution also succeeded in meeting PepsiCo administrators and managers core project objective: the critical planning intelligence they required, and the flexibility needed to extend the solution across new and culturally-diverse global markets.

Key capabilities of the new Supply Chain Planning & Demand Forecasting solution included:

- Single, unified database that applied consistent performance metrics across demand planning, production planning, and deployment planning
- Secure, role-based application privilege access — a key concern of franchisees regarding weekly regional sales reporting
- Easy-to-use, intuitive interface with familiar Microsoft office application look-and-feel
- Easily translated to localized languages to meet growing multilingual user base
- Automated 24X7 Internet installation, access and updates

## KEY BUSINESS BENEFITS

The new PCA system resulted in wholesale improvements to how PepsiCo managed product and supply chain status, and has dramatically reduced the time it takes to publish accurate and consistent demand and sales forecasting reports.

Ease-of-use and anytime, anywhere availability has satisfied users, and provided management with fast, reliable data for visibility into all three critical areas of the PepsiCo business: demand, production and deployment planning.

Additional key benefits of the new Supply Chain Planning & Demand Forecasting solution included:

- Adherence to PepsiCo KPIs and best practices
- Alignment of distributed people and processes
- Dynamic, push button planning and reporting
- Consistent performance measurements
- Low-cost, low maintenance state-of-the-art technology

*"At the time, most of our facilities weren't quite ready for SAP, but did require more sophistication and consistency than Excel spreadsheets could provide. Ultimately, we needed to connect key people and processes, all under PepsiCo's best practices – which many commercially available software tools struggled to support."*

*"The custom PCA solution provided transparency to the entire supply chain planning process across EMEA. Now everyone can report their numbers and forecasts in one central location, and operate under PepsiCo's best practices and consistent performance metrics. Life at PepsiCo has been made much easier."*

**Joanne Metzke,  
Senior Supply Chain Manager**