



## PepsiCo builds a planning model for complex European markets

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### Overview

#### The need

With separate planning processes for its food and beverage businesses, PepsiCo BeLux found it difficult to gain a consolidated view of operations, and its spreadsheet-based models were prone to error.

#### The solution

PepsiCo BeLux built a sophisticated beverage planning model in IBM® Cognos® TM1®, and migrated its food model onto the same platform. The new model will be rolled out for the Dutch and Nordic markets.

#### The benefit

Provides a single source of truth for financial and operational planning. Frees analysts from countless hours of spreadsheet-based work. Accelerates management information reporting cycles.

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When your future success depends on accurate financial and operational planning, how can you build a single planning model that accurately maps the needs of your business as the scope of your operations becomes more complex?

This was the challenge that PepsiCo faced in its Belgian market, where a particularly complex combination of manufacturing and distribution requirements had led to the adoption of separate planning solutions for its food and beverage businesses.

To gain greater visibility across the entire business and get crucial financial and operational information to decision-makers more quickly, the company decided to implement a much more powerful enterprise-wide planning solution: IBM Cognos TM1.

### Setting the scene

PepsiCo is the second-largest food and beverage company in the world, with annual revenues of USD 66 billion. Its operations in Belgium and Luxembourg – which include the distribution of carbonated drinks and fruit juices, sports drinks, cold soups, chips, salted snacks, nuts, cereals and crackers under numerous well-known brands – comprise a head office in Zaventem, near Brussels, and two manufacturing plants: Tropicana in Zeebrugge, and Lay's, Smiths and Doritos in Veurne.

Joelle Perez, Head of Customer Profitability & Business Planning at PepsiCo BeLux, explains: "In our business, the planning calculations themselves are relatively straightforward: it's basically a question of volume and units. The complicated part is that we have so many categories of products, and need to manage many different types of supply chain. Our food business operates quite differently to our beverage business – and within the beverage business, for example, the supply chain for Tropicana fruit juices is quite different to the supply chain for Pepsi."



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## Solution components

### Software

- IBM® Cognos® TM1®

### Services

- IBM Business Analytics Software Services
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## Need for a scalable solution

For its food business, PepsiCo BeLux had already created a robust planning model using IBM Cognos Planning software – but for the more complex beverages business, it had struggled to find a solution that could process the enormous amounts of data required.

“We had a choice between reducing the sophistication of our beverage model, or continuing to manage it using spreadsheets,” says Perez. “So we chose the spreadsheets. This gave us the level of detail we needed, but it was difficult to manage. Our analysts were spending much of their time manipulating data, instead of actually analyzing it. Moreover, the nature of a spreadsheet-based process meant that we were always at risk of introducing errors.”

## Finding the right way forward

The CFO and General Manager of PepsiCo BeLux knew that for the finance department to play its proper role in driving the business forward, a spreadsheet-based approach was unsustainable. They decided to consult IBM about possible solutions, and when they saw a demonstration of IBM Cognos TM1, they quickly realized that it was the solution they needed.

“Our finance team have been working with IBM for several years, and we view them as more of a business partner than a technology vendor,” comments Perez. “We knew we didn’t have the technical expertise in-house to move to a new platform with such a complex model, so we asked IBM Business Analytics Software Services to help.

“IBM Business Analytics Software Services understood exactly what we needed, and put an excellent team in place. They helped us develop a concept, design the new model, build our planning functions, create interfaces with all the different data sources, and manage the project. By working closely with them during the implementation, our in-house team quickly got up to speed with the new solution.”

Some of the IBM Business Analytics Software Services consultants have now been working with PepsiCo in Belgium for more than two years, and have built a strong and trusted relationship with PepsiCo’s in-house team. Over the course of the engagement, IBM has earned the status of a line-of-business partner and value-added resource that PepsiCo can call upon at any time.

“I’m proud of what we have achieved in our partnership,” says Perez. “These projects are about more than technology: they’re about people. We have always felt that the IBM Business Analytics Software Services team understands this and goes above and beyond the call of duty when we have problems or need help.”

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*“With a standardized approach to business planning based on a single platform, our finance team is in a strong position to help PepsiCo maintain its success across these key European markets.”*

— Joelle Perez, Head of Customer Profitability & Business Planning at PepsiCo BeLux

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### **Benefits of a single platform**

For the first time, PepsiCo BeLux now has a single planning platform that is capable of uniting its food and beverage businesses into a single model without sacrificing accuracy or detail.

“We can see the state of the whole business at a glance – the budget, the forecast, the actual figures, and how each unit is performing,” says Perez. “Manually consolidating the profit and loss figures for the budget or forecast of food and beverages used to be a quarterly process that took about six man-days to complete; now the consolidated figures are available at the touch of a button. And if a manager asks one of our analysts a specific question, we can usually give them the answer in minutes, rather than hours.”

Instead of spending time simply pulling the numbers together and checking for errors, PepsiCo’s analysts can now focus on their real job: providing new insights that help the business make better decisions, operate more efficiently, and make the most of new opportunities.

### **International harmonization**

The Cognos TM1 solution has enabled PepsiCo to build a single model that is sophisticated enough to handle the complexities of the Belgian market, but also flexible enough to adapt to changing needs. As a result, the company is now planning to roll the model out to other European markets.

“If it can deal with Belgium, it can deal with our markets in the Netherlands and the Nordic region too,” says Perez. “We have been working closely with our colleagues in those countries to harmonize our planning processes, and we plan to complete the rollout in the next few months.”

Harmonizing the planning process across these markets will also help PepsiCo prepare for a major European ERP implementation that is due to begin in the near future. IBM Cognos TM1 meets these kinds of challenges by scaling easily to meet the needs of increasing numbers of users and volumes of data, and by readily importing data from multiple sources with guided and scheduled imports.

Perez concludes: “With a standardized approach to business planning based on a single platform, our finance team is in a strong position to help PepsiCo maintain its success across these key European markets.”

## About IBM Business Analytics Software Services

As an integral part of IBM Business Analytics software, the Business Analytics Software Services organization provides education and expert services exclusively focused on the Business Analytics product portfolio. IBM's depth of experience and extensive proven practices help customers maximize their software investment, mitigate risks, raise the quality of their implementations and build valuable skills. IBM has provided training, guidance, advice, reviews, assessments and assistance to thousands of clients around the world, helping to ensure their business analytics implementations are optimized to take full advantage of IBM product capabilities.

### For more information

For more information about IBM Business Analytics Software Services please visit [ibm.com/software/analytics/services](http://ibm.com/software/analytics/services)

## About IBM Business Analytics

IBM Business Analytics software delivers data-driven insights that help organizations work smarter and outperform their peers. This comprehensive portfolio includes solutions for business intelligence, predictive analytics and decision management, performance management, and risk management.

Business Analytics solutions enable companies to identify and visualize trends and patterns in areas, such as customer analytics, that can have a profound effect on business performance. They can compare scenarios, anticipate potential threats and opportunities, better plan, budget and forecast resources, balance risks against expected returns and work to meet regulatory requirements. By making analytics widely available, organizations can align tactical and strategic decision-making to achieve business goals.

### For more information

For further information please visit [ibm.com/business-analytics](http://ibm.com/business-analytics)



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