Del Monte

Overview

The Challenge: Del Monte needed a better way to manage supply chain performance. Existing spreadsheet-based processes had reached their limits, and previous attempts to build a centralized system had been too inflexible for business users.

The Solution: Using an agile development methodology, Aviana worked with Del Monte to build a new supply chain performance management solution based on Anaplan. Aviana's training has helped Del Monte gain the skills to develop the solution further with minimal external support.

The Global Benefit:

- Provides a single source of truth for supply chain performance data
- Enables more detailed analysis of materials and costs than ever before
- Optimizes production by identifying the most cost-effective way to manufacture each order
- Empowers analysts with the ability to develop new models for themselves

The need for integrated supply chain performance management

During the spinoff of Del Monte Foods from its parent company, Del Monte lost its integrated supply chain performance management system. For a company operating in a low-margin capacity, it was imperative for Del Monte to create visibility into controllable expenses at each level of the supply chain to drive cost savings.

Saving time to add value

Like many other companies, Del Monte had been relying on a traditional spreadsheet-based approach to keep track of different segments of its businesses. However, with increasingly large volumes of data, resource turnovers and reorganizations, the company found that it was spending large amounts of time troubleshooting these spreadsheets. This caused delays for business users, who need to use the data for cost analysis and creating future budgets. Moreover, to add value, the business users needed more detail than the spreadsheets could provide, and lacked the ability to analyze the data and run multiple scenarios in a timely manner at each supply chain level.

After careful research, Del Monte decided to implement IBM Cognos TM1 software to integrate SAP Enterprise Resource Planning (ERP) data for budgeting and forecasting. However, despite many months of development, this solution was never

fully accepted by business users. The key reasons cited for the eventual failure included complex requirements that weren't vetted out by the TM1 developers, a steep learning curve that hampered users from making post-implementation changes, and the resulting rigidity of the product. Del Monte eventually shelved the TM1 implementation and went back to its old spreadsheets.

Using a hub-and-spoke approach for uniform data

Meanwhile, Del Monte's parent company in the Philippines had begun using Anaplan as a performance management solution. Impressed by what the parent company had achieved, Del Monte decided to adopt Anaplan as its preferred tool for supply chain performance management going forwards. The successful implementation of Anaplan by its parent company, coupled with Anaplan's flexibility and ease of use, were the key reasons for Del Monte selecting Anaplan.

The first sprint of the project focused on setting up the Anaplan Data Hub to centralize the integration of all Del Monte's data sources. Del Monte chose SnapLogic as the enterprise integration solution to bridge the gap between the SAP ERP system and Anaplan and automate the loading of data. The key requirement was to align the master data across all segments, use single-source data acquisition where possible, and apply consistent naming conventions and design principles to all models. By ensuring the uniformity of data and metadata supplied by the central hub model to all the spoke models in the supply chain segments, the company was able to achieve seamless integration and consolidation of individual models.

Providing value-add by identifying costs in different segments of the supply chain

Because transportation is the most complex and integral component in Del Monte's supply chain, it was selected as the focus of the second sprint. By using Anaplan's technique of reducing sparsity, the Aviana team was able to capture costs and identify materials and customers at the lowest level possible, something that had never been done before. Del Monte, in turn, was able to use this information to identify more than 100,000 possible transportation lanes and modes.

Another value-add feature of the model was the ability to create demand-based deployment planning. Using user-based drivers (for example, inventory velocity) in combination with the details of the transportation lanes, the team was able to provide visibility into inventory movement and costs impacting transfer expenses.

A secondary focus on manufacturing, another key area in the supply chain, also helped to make significant improvements to the

forecasting process. Del Monte was able to analyze the details of manufacturing a product at multiple plants using different costing versions. By analyzing these costing versions and the costs of the components required to manufacture a finished product, business users could proactively identify the lowest cost of delivering that product. By using the model to optimize production by selecting the lowest costing method from multiple plants, the product costing team is able to monitor and identify areas where it can reduce costs.

Empowering business users

By the end of the third sprint, the Del Monte team had gained the skills to develop its own Anaplan models, with guidance from the Aviana team. The ease of use of Anaplan, combined with Aviana's agile approach in working side-by-side with the Del Monte team, enabled the company's business users to develop procurement, warehousing, and profit and loss (P&L) cost recognition models. This addressed a key complaint of the previous implementation by ensuring that the solution was flexible enough to grow and evolve after the initial deployment.

Providing a holistic solution and integration with FP&A

The Aviana team successfully delivered all of the project's objectives by designing and implementing an integrated supply chain performance management system that empowers Del Monte to perform scenario planning quickly, based on variables such as sales volume forecasts, inflation assumptions, and commodity forward curve projections. The P&L impact of the scenario planning is now integrated with the company's financial planning and analysis (FP&A) model to improve forecast cycle time.

About Aviana

Aviana is proud to partner with Anaplan in providing customized support and consulting services to organizations that want to benefit from Anaplan's flexible platform that can be used for many different use cases such as workforce planning, sales and operations, financial planning and analysis, and marketing analytics among others.

Since the start of our partnership in March 2015, we've worked with a number of clients to provide the advantages inherent in Anaplan alongside our deep knowledge and experience in both technical implementation and the unique wants and needs of a variety of industries.