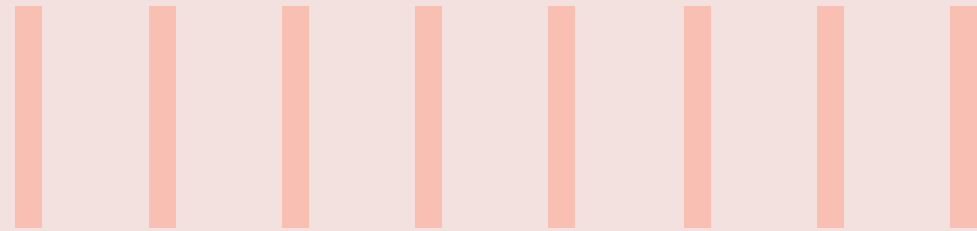




UNDERSTANDING THE COST TO SERVE



Abstract

Infosys Portland developed a cost to serve data visualization model for a leading beverage firm in Australia, that helped identify profit improvement opportunities valued at more than 5% of the in scope spend.



Infosys Portland's client, a leading FMCG beverage firm serves a portfolio of beer, spirits, and ready-to-drink and non-alcoholic brands in the Australian retail and on-premise markets such as bars and clubs.

Shooting in the dark

The client organization lacked visibility into the true profitability of its products and customers. This lack of data resulted in decisions being made across finance, commercial, and the supply chain that were not always fully informed with the facts.

Management's decision making was primarily driven by the intuitive understanding within the firm that profit opportunities lay in the areas of trade spend, ranging, and the distribution service offered. However, profitability remained low due to the lack of a reliable fact base

to support and drive substantive and meaningful discussions.

Aiming to drive profitability improvements, the firm partnered with Infosys Portland to better understand the true cost to serve across its portfolio of products and customers.



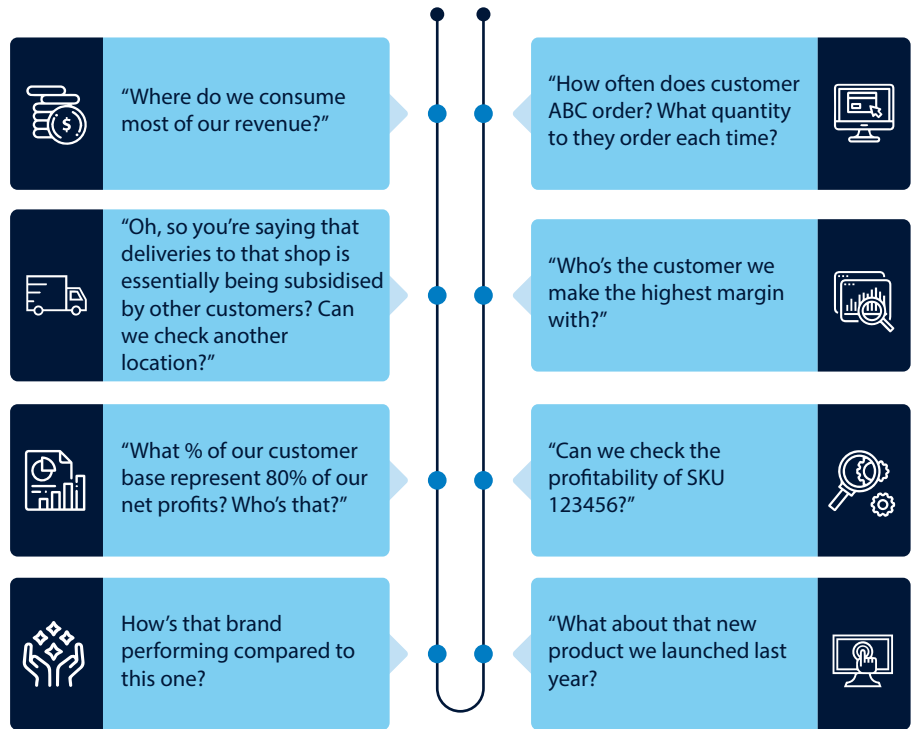
Getting to the root of the matter

An Infosys Portland team worked closely with commercial and supply chain teams to develop a cost-to-serve model for the company that calculated true profitability based on the underlying cost drivers of each activity in the value chain. Through data modelling and advanced visualization, the team built a view of the profit and loss statement which could be 'sliced and diced' in different views including by individual product, customer or geography.

Using the cost-to-serve visualizations, the team conducted several workshops with the client team to assess the firm's profitability. Using these views, they were able narrow down on the most material areas of profit erosion. Subsequently, the team performed root cause analysis and identified a range of issues to address including trade spend guidelines, price and range controls for specific sub-channels, and excessive distribution costs in regional areas.

Cost to Serve Visualisation & Dashboards

A key element of the Infosys Portland approach is to present cost to serve through a series of visualisations – these dashboards have a 'drill down' ability which makes them interactive and are a great tool for validating and driving insights in collaboration with your teams

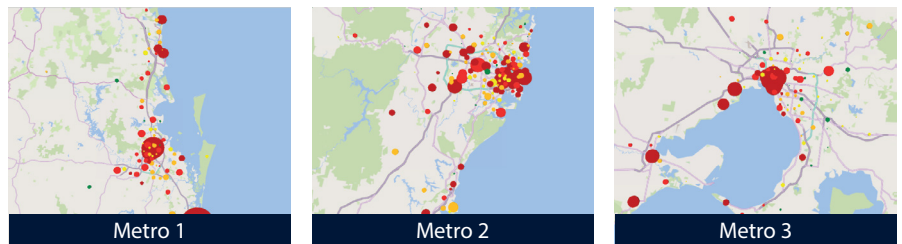


The benefits of truly understanding total cost to serve

The cost to serve dashboard that provided 'drill down' visibility into the company's financial data was of great use to the commercial and supply chain teams. They were able to use the insights to identify geographies with excessive logistics costs and initiate continuous improvement activities. Over time, these initiatives helped the teams improve profitability through fine tuning commercial levers and reducing transport costs through reviewing aspects of the service offered such as delivery frequencies, minimum order quantities, and delivery windows and days.

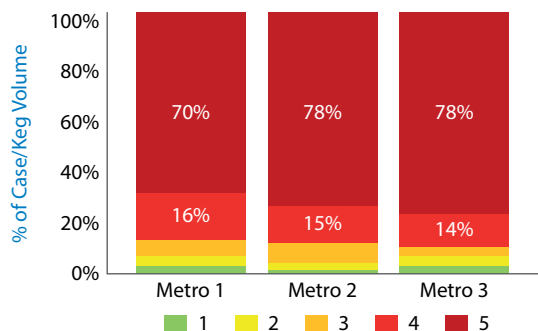
The Infosys Portland team provided the client with identified and agreed-on profit improvement opportunities valued at more than 5% of the in scope spend. This significant outcome is just another example of how the right view of data can be a powerful tool to open up barrels of profitability.

Day of Week Delivery Visits by Postcode



- The maps shows the postcodes in each of the metropolitan areas that received deliveries on four (red) or five (dark red) different weekdays.
- Customers generally prefer one delivery per week, the opportunity to consolidate these "weekly" deliveries by postcode is very significant.

Days per Week Delivered to a Given Postcode Profile for 3 Major Capitals



- This chart demonstrates that more than 70% of volume is delivered to postcodes that receive 5 deliveries per week.

About Infosys Portland

Infosys Portland is a subsidiary of Infosys BPM Ltd., a part of Infosys Ltd. Its mission is to improve the efficiency and effectiveness of its clients' procurement and supply chain activities. We achieve this by providing thought leadership, specialist subject matter expertise, a global delivery model, and best-in-class technology solutions. By increasing the value delivered and improving the of procurement and supply chain operations, our clients are able to achieve more for less.



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