December CIO Meeting
Leveraging Innovation in Analytics

Agenda

- Breakthru Beverage – who we are overview / challenges

- BI research - Gartner

- BBG approach to business intelligence
    - Process
    - Technology
    - People

- Key Takeaways

The Industry

*After end of prohibition,
the US manufactures, distributes and sells
alcoholic beverages using a 3-tier system*

Key regulations

- Each state sets its own rules (open or controlled).
- Strict separation "firewall" between industry players
  - Manufacturing
  - **Distribution**
  - Retail

Who We Are

Breakthru is proud to be family-owned and operated, bringing valued expertise to its operations across the U.S. and Canada. The company employs more than 7,000 associates representing a portfolio of premier wine, spirit and beer brands totaling more than $6 billion in annual sales.

Suppliers

E. & J. Gallo Winery

DIAGEO
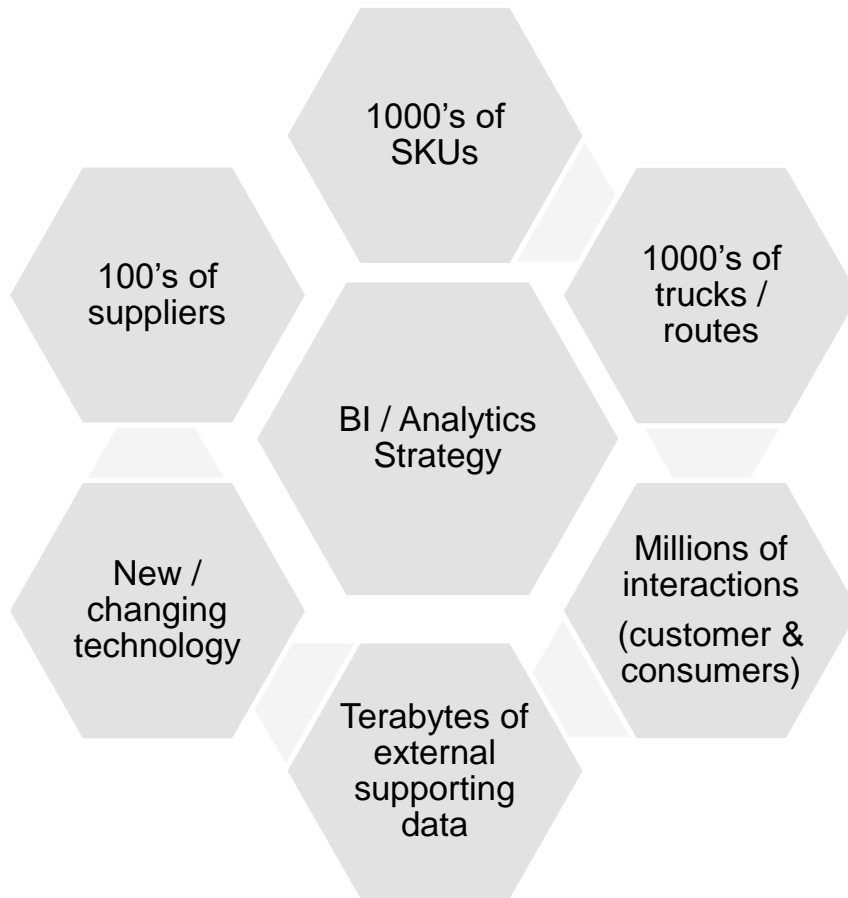
BROWN-FORMAN

MoëtHennessy

+ others

Products

Locations

Colorado , Arizona, Nevada
Florida ; South Carolina
Illinois , Minnesota , Wisconsin
Maryland Delaware , Pennsylvania, Virginia, D.C.
Canada - Affiliates

What it really means to Breakthru

1000's of SKUs

100's of suppliers

1000's of trucks / routes

BI / Analytics Strategy

New / changing technology

Millions of interactions (customer & consumers)

Terabytes of external supporting data

Complexity

Business Intelligence Opportunities

Customer facing:
- Better segmentation / interactions with on and off premise.
- Spend more in the right places.
- Traditional CPG activities – pricing / promotion / product choices
- "Outsourced sales force"
- "Analytics inside"

Suppliers
- Provide key insights to the performance of brands (increasingly innovation) – new products make the difference.
- Insights are differentiators

M&A activity
- Industry consolidation – want the analytics before the 3 year ERP integration project.
- Single view to suppliers (we compete for representation).

Enablers
- Data governance is key!
- Partners that can bring new capability.
- Managing constant change.

The Research – BI Specific Innovation

Three Years Ago (aka The Good Old Days)

2014

- Ebola outbreak in Africa

- Russians in Crimea

- Sochi and Rio Olympics

- New terror group ISIS

- Top Movies – American Sniper, Hunger Games, Guardians of the Galaxy 1

- **<u>BI at BBG = from Excel based to the beginning of something new.</u>**
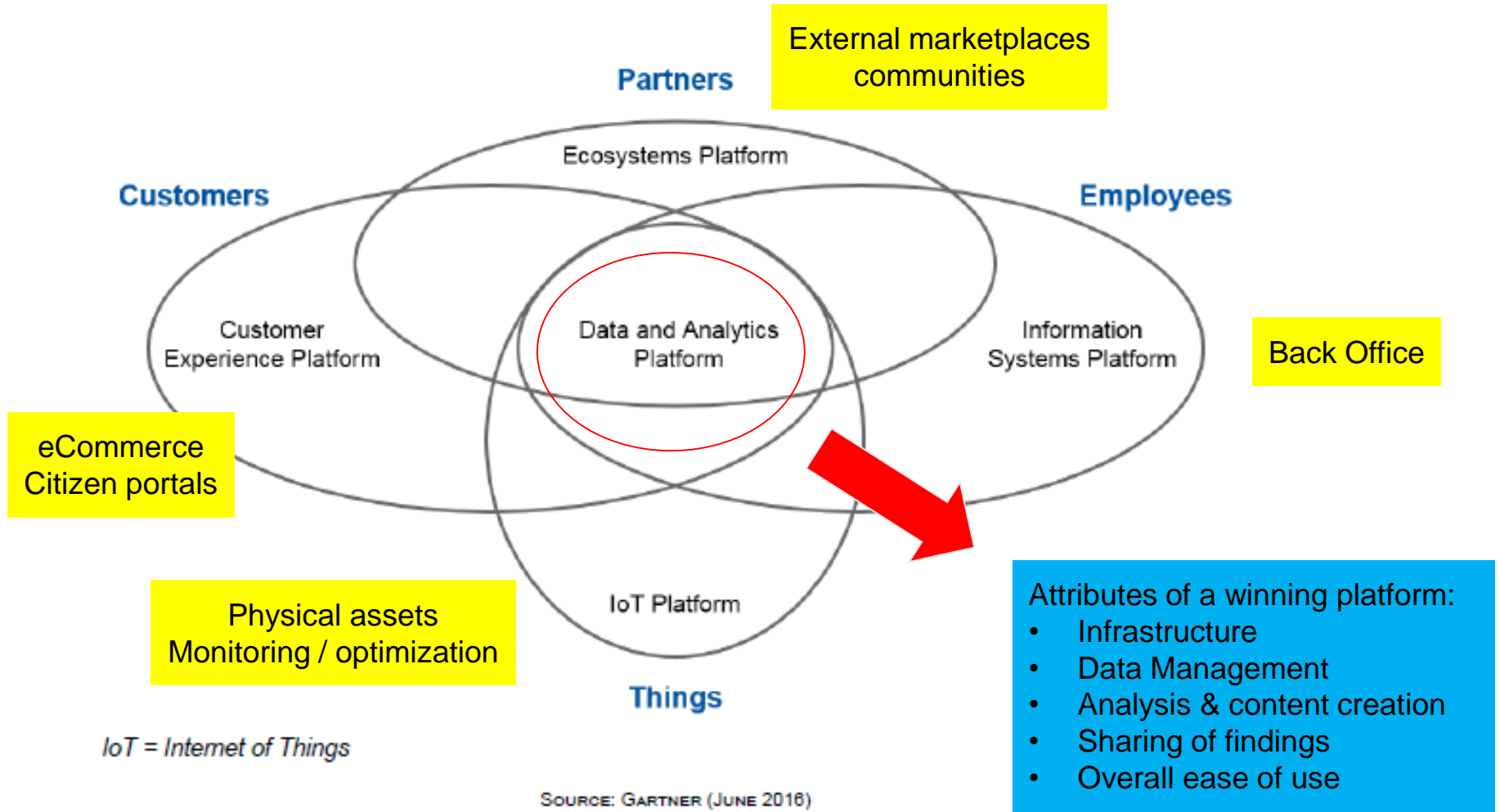

Galaxy 4

iphone 6

What Does Research Say[1] – Next 3 Years - 2020

- **By 2020, natural-language generation and artificial intelligence will be a standard feature of 90% of modern BI platforms.**

- **By 2020, organizations that offer users access to a curated catalog of internal and external data will realize twice the business value from analytics investments than those that do not.**

- By 2020, smart, governed, Hadoop/Spark-, search- and visual-based data discovery capabilities will converge into a single set of next-generation data discovery capabilities as components of modern BI and analytics platforms.

- By 2021, the number of users of modern BI and analytics platforms that are differentiated by smart data discovery capabilities will grow at twice the rate of those that are not, and will deliver twice the business value.

- By 2020, 50% of analytic queries will be generated using search, natural-language processing or voice, or will be autogenerated.

- Through 2020, the number of citizen data scientists will grow five times faster than the number of data scientists.
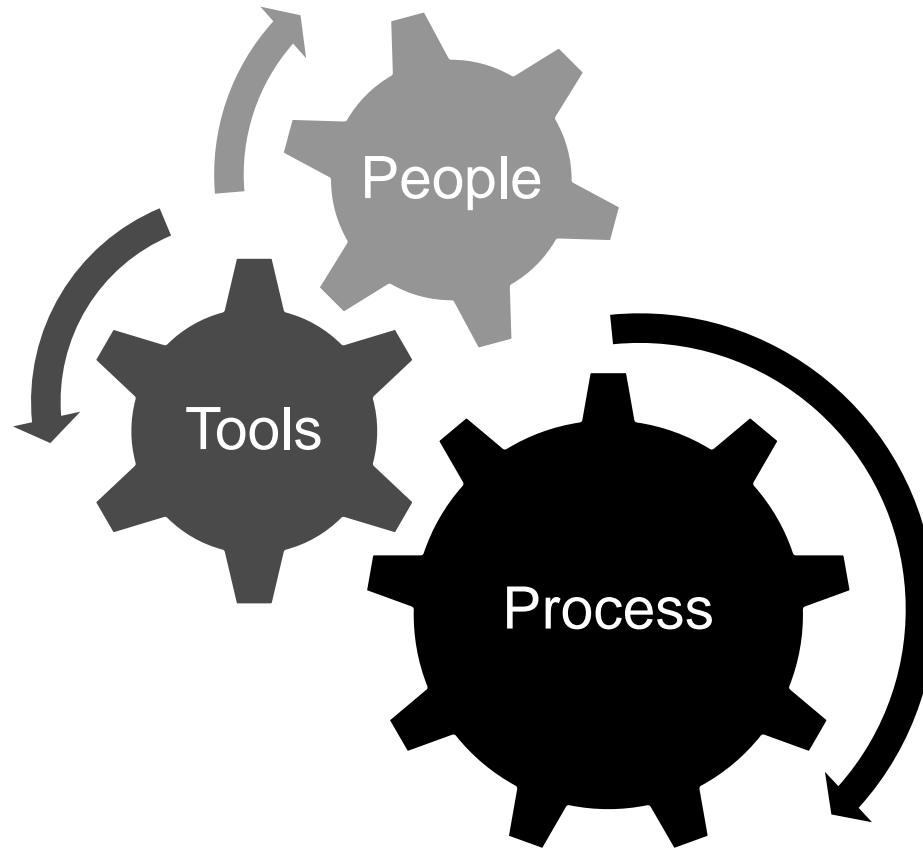
[1]Gartner

Required Digital Platforms – Gartner View

External marketplaces communities

Partners

Ecosystems Platform

Customers

Employees

Customer Experience Platform

Data and Analytics Platform

Information Systems Platform

Back Office

eCommerce Citizen portals

Physical assets Monitoring / optimization

IoT Platform

Things

IoT = Internet of Things

SOURCE: GARTNER (JUNE 2016)

Attributes of a winning platform:
- Infrastructure
- Data Management
- Analysis & content creation
- Sharing of findings
- Overall ease of use
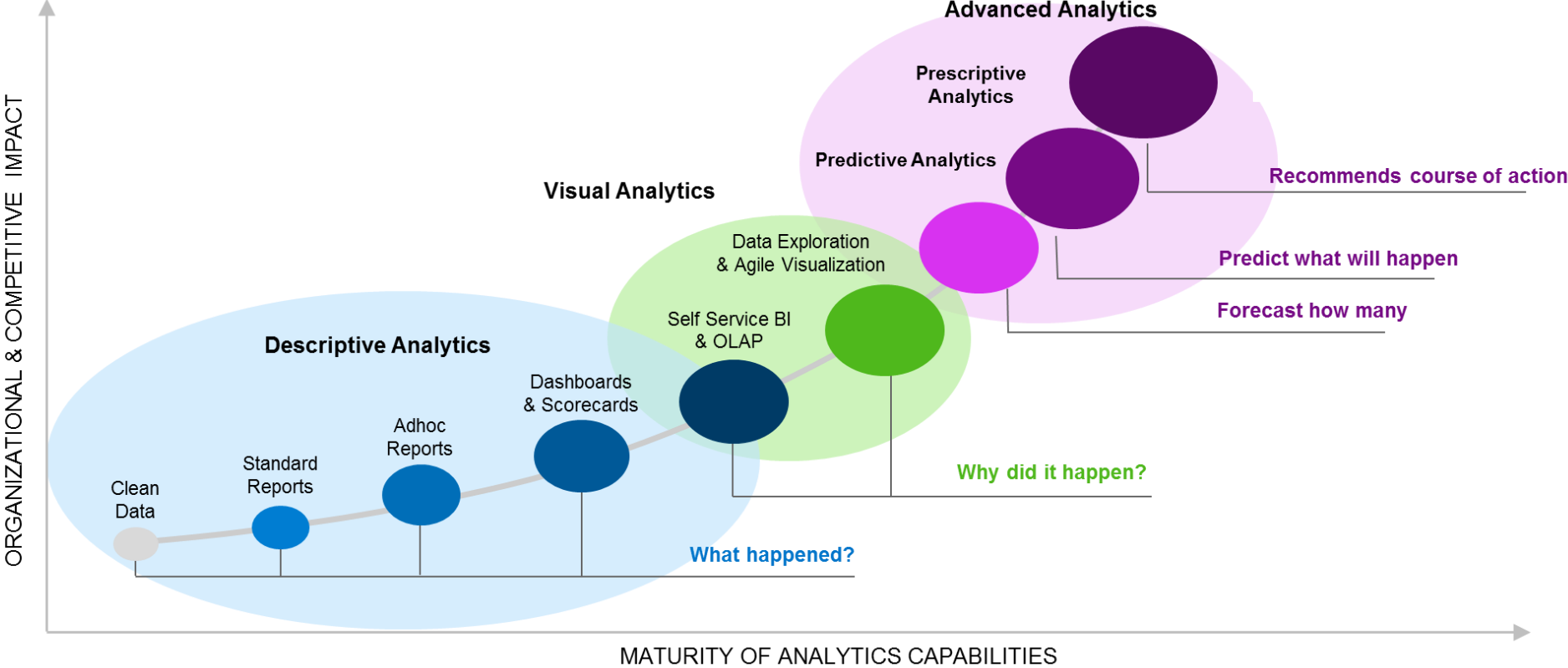
The BBG Approach

The Process

- How we set priorities

- How we align investments

- How we track benefits

Process

BI / Analytics Vision

At Breakthru we aspire to be _industry leading_ in BI areas that can differentiate our services to our suppliers and customers (green and purple). We want to be _on par_* with the industry for basic capabilities (blue).

BI / Analytics Portfolios - Categories

Portfolio of projects

"Leapfrog"

- Investments / effort needed do something new / create an advantage
- Competitors not doing yet

"Keep us competitive"

- Investments / effort needed to stay completive with what others are doing
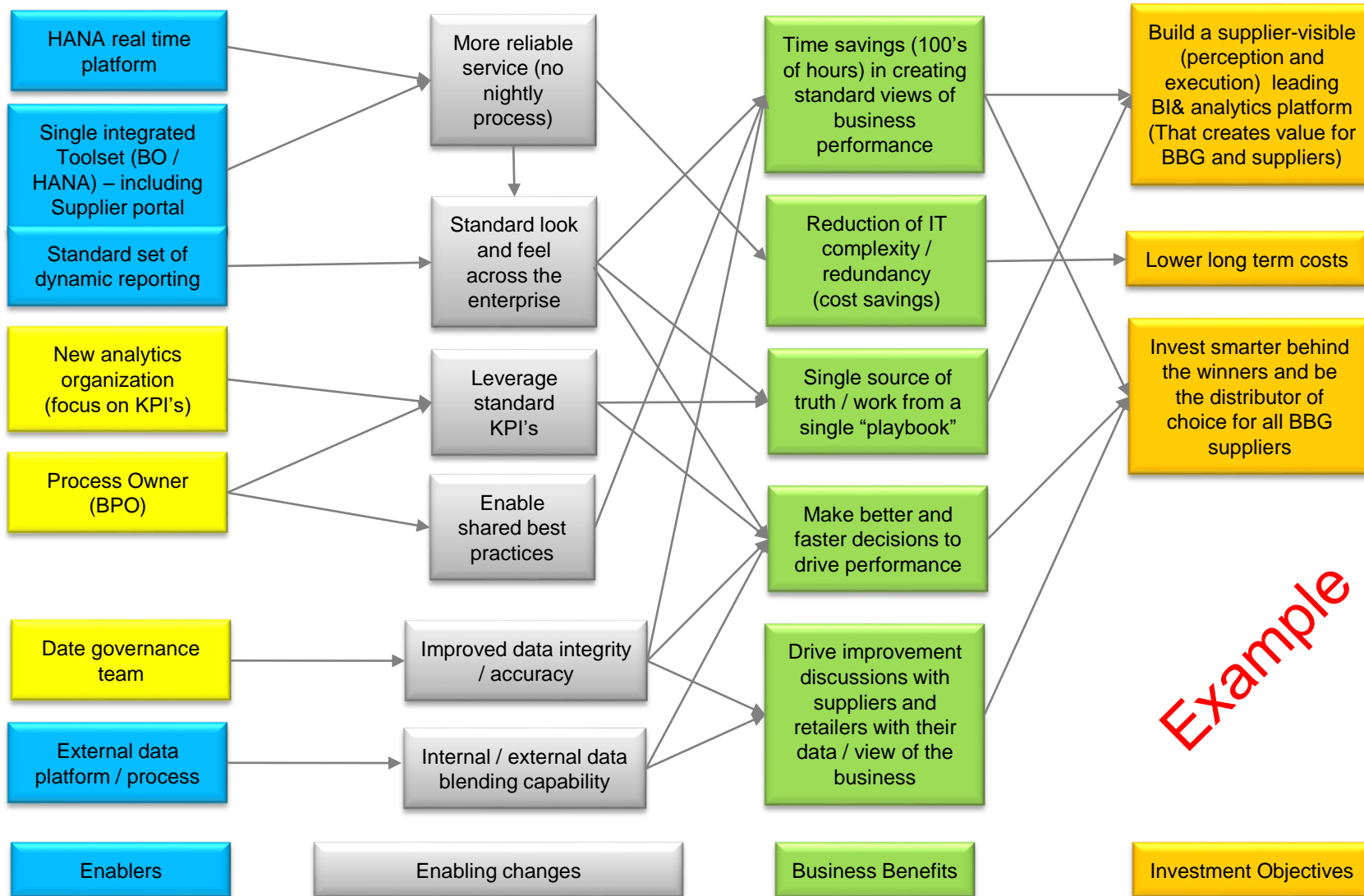- Keep up with competitors

"Keep the lights on"

- Investments / effort needed to maintain current technology – basic services
- Maintain current competitive situation

approved and pending BI projects:
- … just keep the lights on
- … keep us competitive (what others are doing) –
- … in leapfrog.

Commercial BI Strategy – Benefits Map

HANA real time platform

Single integrated Toolset (BO / HANA) – including Supplier portal

Standard set of dynamic reporting

New analytics organization (focus on KPI's)

Process Owner (BPO)

Date governance team

External data platform / process

More reliable service (no nightly process)

Standard look and feel across the enterprise

Leverage standard KPI's

Enable shared best practices

Improved data integrity / accuracy

Internal / external data blending capability

Time savings (100's of hours) in creating standard views of business performance

Reduction of IT complexity / redundancy (cost savings)

Single source of truth / work from a single "playbook"

Make better and faster decisions to drive performance

Drive improvement discussions with suppliers and retailers with their data / view of the business

Build a supplier-visible (perception and execution) leading BI& analytics platform (That creates value for BBG and suppliers)

Lower long term costs

Invest smarter behind the winners and be the distributor of choice for all BBG suppliers

Example

Enablers

Enabling changes

Business Benefits

Investment Objectives

Organization Scorecard

Function	Capability	Status	Next Steps
Commercial	BPO's appointed / empowered	🟩	
Commercial	Training conducted	🟩	
Commercial	Usage tracked communicated		Not started – Will begin Aug 1
Commercial	Resources secured / available	🟥	
IT	Fully staffed / trained	🟥	Down 2 resources
IT	Contracts agreements / budgets approved?	🟩	
Operations	BPO's appointed / empowered	🟨	Distribution in place – pending Warehouse – T Krull as temporary
Operations	Training conducted		Not started
Operations	Usage tracked communicated		Not started
Operations	Resources secured / available		Not started
Finance	BPO's appointed / empowered	🟩	
Finance	Training conducted		Not started
Finance	Usage tracked communicated		Not started
Finance	Resources secured / available		Not started

Example

Where to Fish for Benefits

BPO ?	
Business Investment ?	
Training capability	
Strategic initiaitives?	

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The Technology

- Toolset

- Architecture

Tools

BI Architecture – Summary
3-5 year goal

Current State (left):

- SAP ECC
- External Systems (MS)/ JDE / **Wirtz AX**

- SAP ETL (DS) (SLT)
- MS Integration Services ETL
- Margin Minder

- SAP Hana
  - Finance
  - Operations
- EDW (MS)
  - S&OP
  - GMDSS
  - DSS
  - External Txt files NABCA, NY Metro
  - IT Dash
  - BMC DSS
  - Sales DW
- Application Layer (MS)
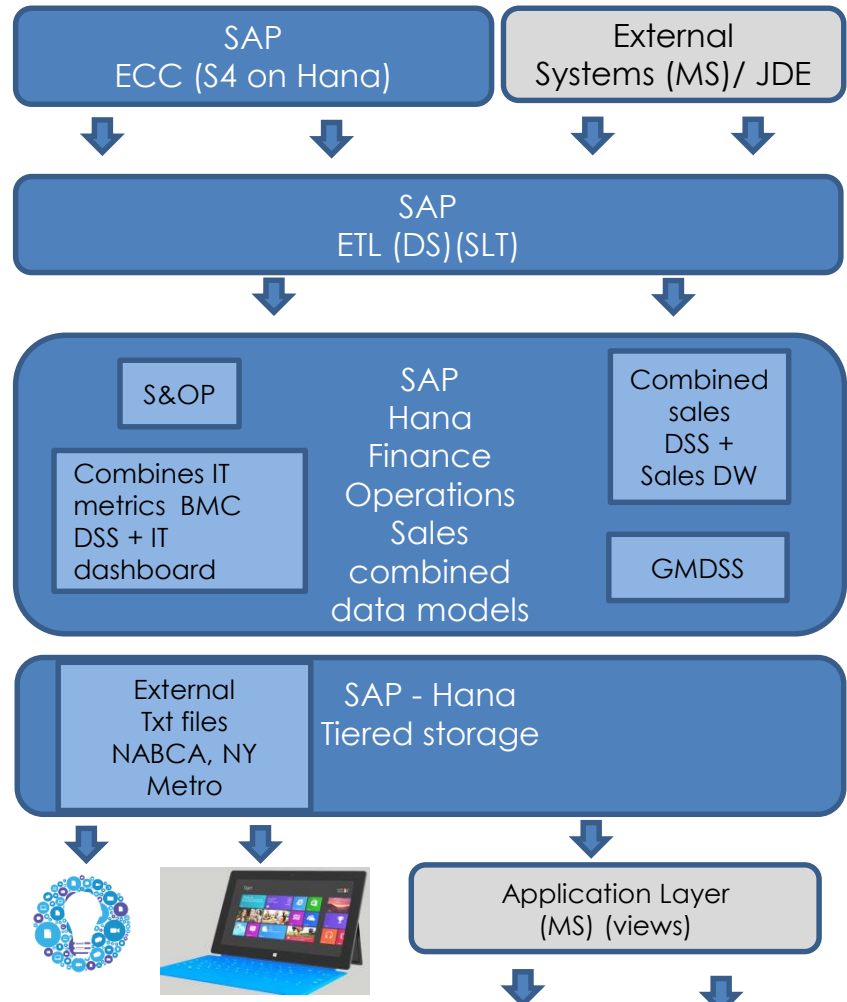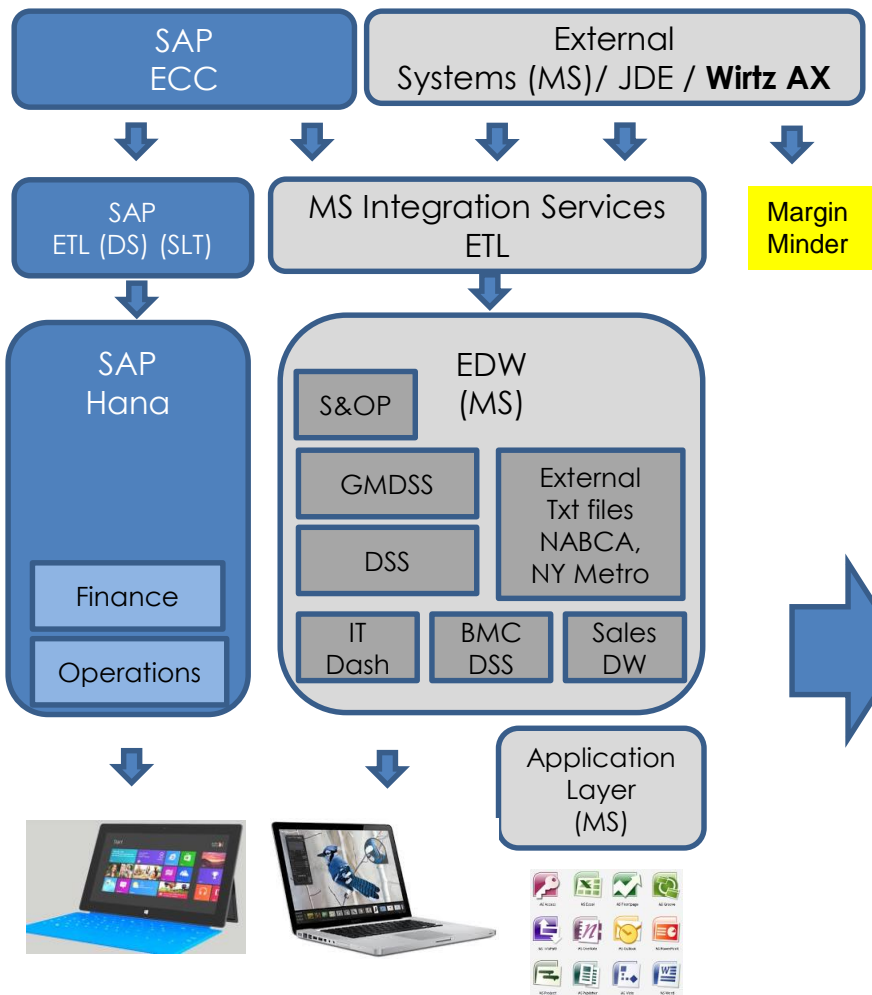
Business Objects
- AA Office
- WebI
- Lumira

MS
- Excel
- Pivot tables
- Reporting Services

Applications
- GM
- Sales for Mobility
- ePride (POS)
- Supplier portal

Future State (right):

- SAP ECC (S4 on Hana)
- External Systems (MS)/ JDE

- SAP ETL (DS) (SLT)

- S&OP
- Combines IT metrics BMC DSS + IT dashboard
- SAP Hana Finance Operations Sales combined data models
- Combined sales DSS + Sales DW
- GMDSS

- External Txt files NABCA, NY Metro
- SAP - Hana Tiered storage

- Application Layer (MS) (views)

Predictive
- SAP
- MS
- Other

Business Objects
- AA Office
- WebI
- Lumira
- Others TBD

Applications
- GM
- Sales for Mobility
- ePride (POS)
- Supplier Portal

Many uses but single platform

Scorecards / dashboards

Repetitive / standard / real time

Fast ad-hoc any question in 5 seconds

Data extraction / blending with external elements – supplier specific

True predictive (social media, unstructured)

Technology

https://www.youtube.com/watch?v=EoPnKSgXzO8

https://www.youtube.com/watch?v=v5kr9hxC8D8
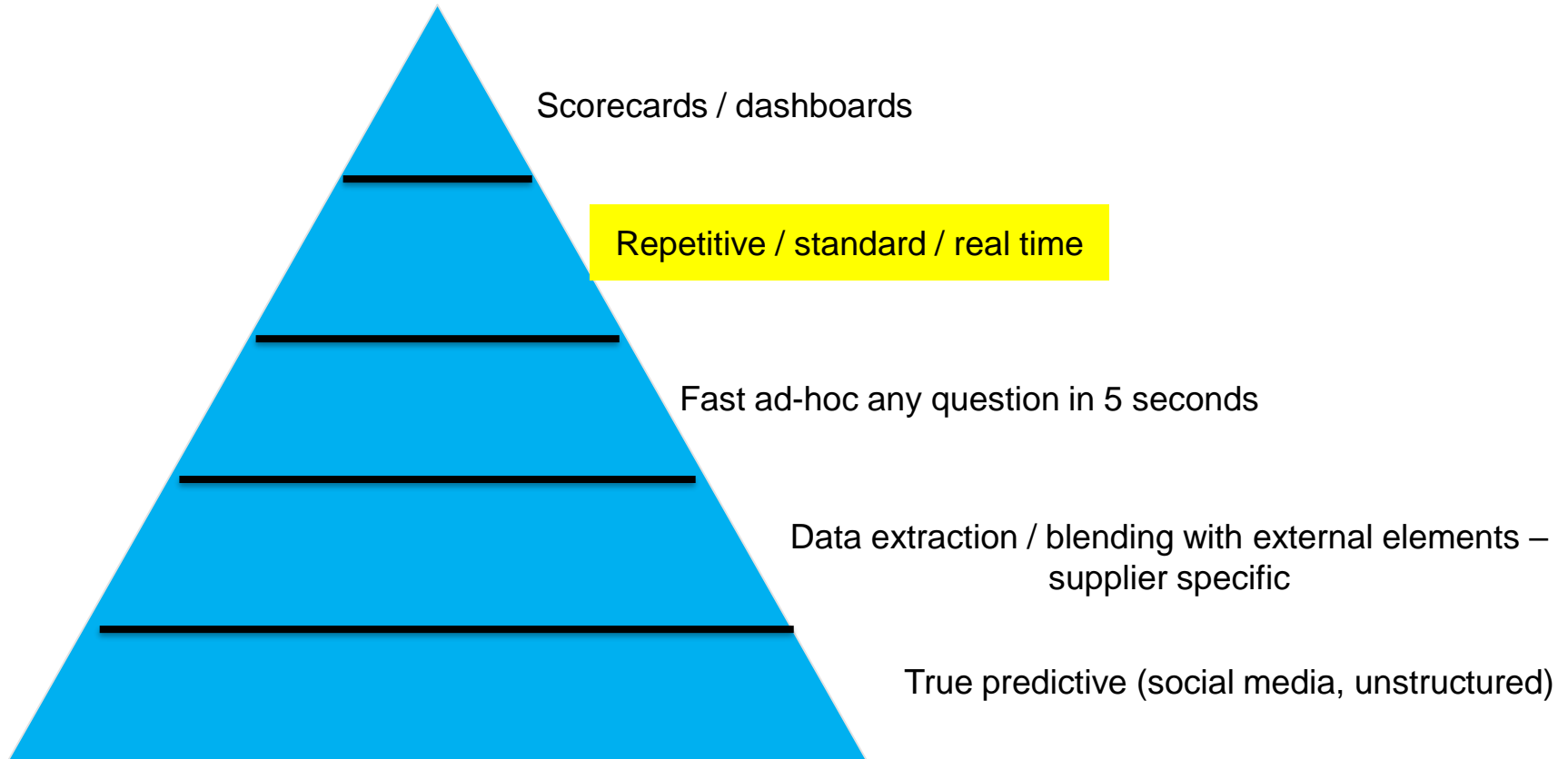
Platform Components

Examples -- Illinois

Examples

What We've Achieved – Big Benefits

Major timing / accuracy improvements

- 20-30% reduction in time (business and IT) to create "standard" views of analytics Time repurposed for other value added activities.
- Elimination of nightly batch process (8+ hours).
- Real time allows for alignment on finance view for single source of truth (finance P&L used for sales reporting).
- Real time view of actual vs target at month end (60% of business shipped in final 3-4 days of the month for some products).

Support strategic initiatives

- Enable new analytics organization with ways of working (consistent supplier view across states / houses). Analyst playbook.
- Support Chain stores and category management (data – internal and external)
- Higher sales / revenue with "recommended products"
- Operations – IOT sensors – trucks and driver performance
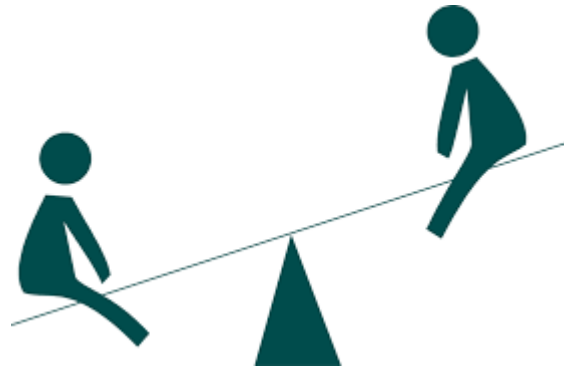
On the Horizon

- Real time sales / execution KPI's on mobile device (today one day behind)
- 12 use cases for analytics (promotions impact / segmentation / pricing) – outcomes are all mobile focused – what can drive performance at the sales / mobility level.

People

- Internal

- External

People
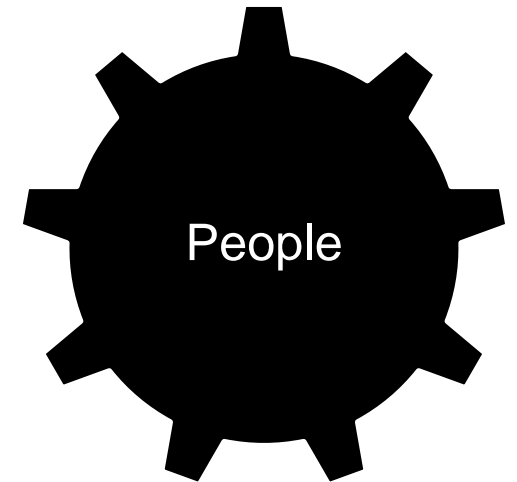
Organization – What We Strive For

Internal Team (70%)
- Platform specialists
- Project Management
- Requirements gathering
- Managers have functional focus
- Do 70% of development (steady state)

External Partners (30%)
- Best practices
- Functional / technical design (doc)
- Innovation
- Speed
- Expand for projects

Keys to Success - Behaviors

Act with integrity and good spirit

See the ball -- pick it up (it's yours) – others will help.

Help solve problems.

Bring the function -- Be the expert

Key Takeaways

Overview & Research
- Find the complexity with the right ROI to fix – complexity is your friend
- Evaluate your vendors / platform for the coming capabilities

Build the platform on one stable thing and add:
- Single source of the truth is hard – choose wisely.
- Data validations – live it – love it.
- Be clear on what you care about (hint – can't be everything)

In BI Speed matters:
- Vendor innovation cycles (cloud) every 3-6 months how to manage?
- Infrastructure / quarantine
- Set yourself up for success (where ROI is easiest to calculate).
- Build the world you want.

Focus on outcome
- Real time data / analytics needs to be in the hands of those driving the business (not only the analysts).
- Realtime data & analytics is a disrupter – changes the ways of working.

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Thank you!