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Use cases

- Reconcile complex supply chain processes with finance processes

Challenge

- Out-of-date planning tool was slow and expensive—costs were incurred for even simple changes to the blueprint

- Multiple sources of data and manually linked planning processes, such as master production scheduling (MPS), material requirement planning (MPR), and customer service allocation report planning (CSAR) led to unreliable planning scenarios

- Inability to collect and process information in a timely manner

- Transportation and shipment planning manually linked to supply plans

- No regular financial integration in S&OP process

Solution

- Implement an integrated system for budgeting and planning across channels to provide accurate, timely analysis

- Incorporate continuous management of changes, issues, and scenarios

- Reconcile detailed and granular supply chain plans from procurement, manufacturing, logistics, and product development with finance for budgeting, cost optimization, and product and customer profitability analysis and allocations

Results at a glance

- Budgeting and planning process time cut from two to three weeks to two to three days

- Analysis on-the-fly allows for quick responses to changes in any variable

- Integration and collaboration have greatly improved data accuracy across channels, as well as improved reliability and actionability of forecasting and planning

- Scenario planning at detailed levels across plans, resulting in added efficiency in plan outputs and maintained profitability across the supply chain

Del Monte aligns supply chain with finance using Anaplan

Introduction

Del Monte's operations in the Philippines produce 20 percent of the world's pineapple supply and process 600 million cans of pineapple products every year. The pineapple giant focuses on bringing health and wellness around the world, and aims to be one of the fastest-growing food and beverage companies in the world.

Before Anaplan

The planning and reporting tool used by Del Monte Supply Chain Finance was about to collapse—the hardware was failing. Even when it worked properly, processing was slow; simple scenarios required up to six hours to run. Serial processing further reduced productivity. "With a variable change, we had to rerun the whole thing—run volume allocation, run calculation—because changes were not dynamic," recalled Steve De Castro, Finance Business Partner for Commercial and Operations, Del Monte Pacific Limited. And the tech support the company received was poor, leading to a tense relationship: Each change, large or small, to the blueprint required calling the consultant, waiting for the change to be implemented, and incurring a cost.

The product itself, pineapple, further underscored the costliness of this inadequate tool. From planting to harvest, pineapples are in the field for 18 months. Since most of the fruit is processed, the final product, including processor and distributor, is determined before planting. Changes in weather, consumer preference, availability of complementary products (such as papaya for a mixed juice), etc., during that 18-month period need to be monitored and accounted for in forecasting otherwise the amount of waste skyrockets. "Most of our products are in the fast-moving consumer goods (FMCG) segment and have shelf lives. If they don't get delivered on time or aren't produced when and where the demand is, the possibility of wastage is very high," said De Castro.

Internal data issues slowed the process even more. Raw data came from several hundred Excel spreadsheets, and each channel worked with up to 150 large spreadsheets. To accommodate the time required for processing, analysts often had to push each channel for data to ensure the tight data collection deadlines were met, causing internal tension. Even then, an analyst often would not be able to finish a scenario before that scenario was obsolete.

Data integrity was lacking as well, so analysis was not up to par. Since each channel worked individually, data was inconsistent. Each channel could possibly use different costs and pricing, and outdated data, for the same item.

Additionally, to avoid the inflexibility and delays of using the tool, averages were used for many planning scenarios, leading to large discrepancies between forecasts and actual costs. In transportation, for example, actual costs would come in significantly higher or lower than forecast because averages were used in planning while actuals reflected the large variations in distances between field and processors or distributors. The tool was so cumbersome, it was only used for the annual budget.

The cost of late or non-delivery is also high. "We are in a mature market; most of our product lines have the leadership position. But that also means accounts have high expectations," explains De Castro. "If we don't deliver, we incur penalties. It's a double-whammy: We lose sales and get penalized when we don't meet customer requirements."
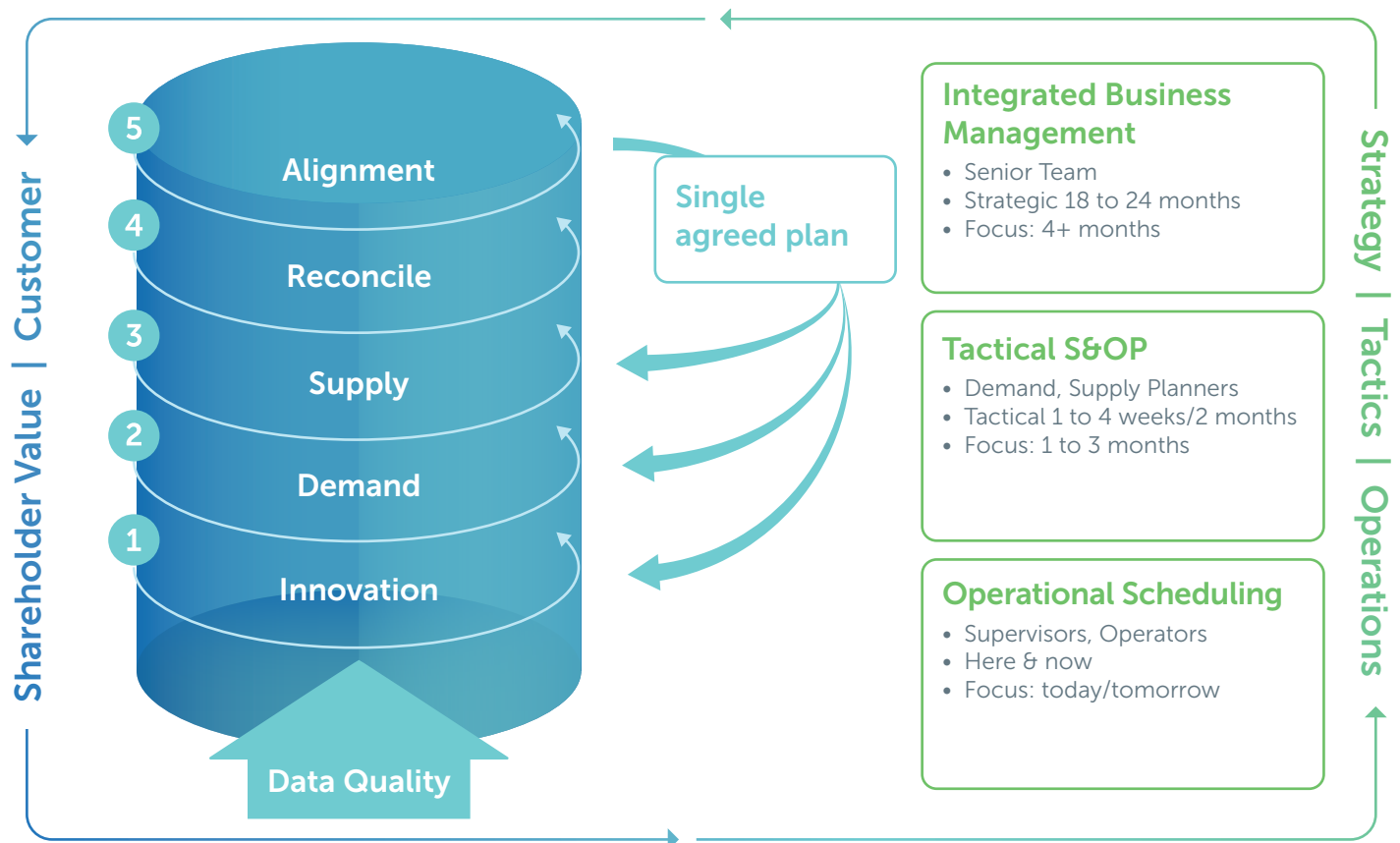
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> " We achieved a level of integration among supply chain commercial and finance planning workstreams at a level not achievable before Anaplan.
>
> – Steve De Castro, Finance Business Partner for Commercial and Operations, Del Monte Pacific Limited "
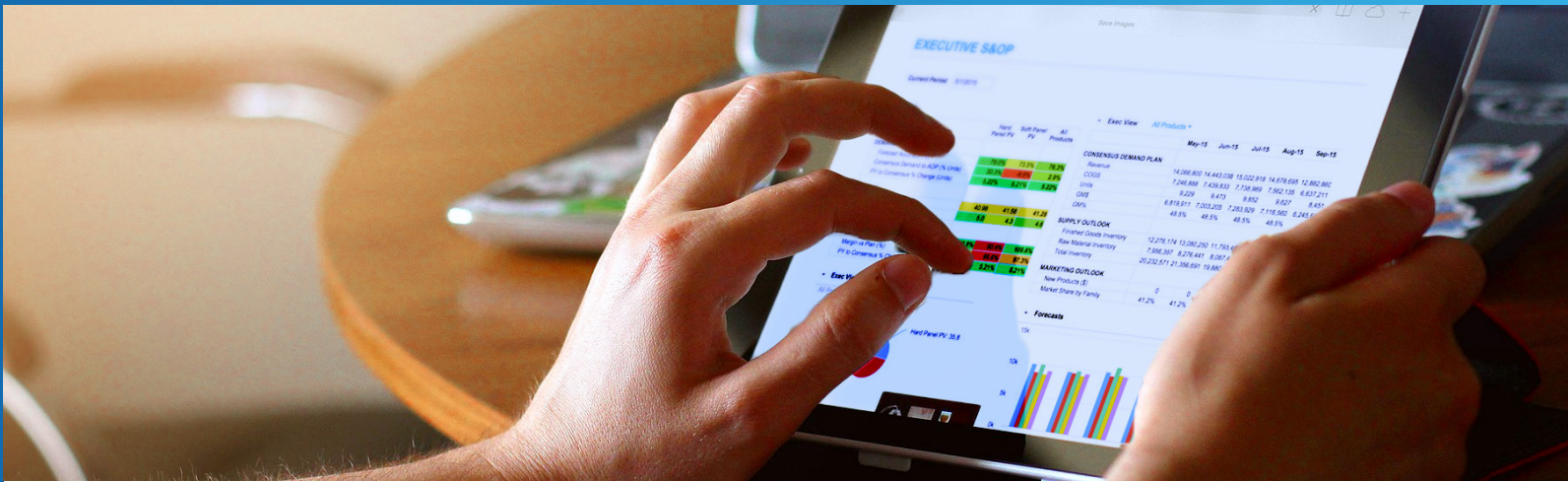
Selection process

Profitably managing a slow-growing crop in a fast-paced market requires a nimble, decisive team, so the Del Monte team is accustomed to acting quickly. The decision to implement Anaplan happened after a demo. "We looked at several options. But the Anaplan account officer was so bold in stating what the platform could do and how quickly it could be implemented, I said, 'I want to give this a try, '" recalled De Castro.

That promise of speedy implementation was a deciding factor. Other vendors had timelines of nine months to a year, and De Castro was facing annual budgets without a functioning tool. Anaplan's promise of as short as seven days to deployment was a challenge he couldn't resist.

Implementation and deployment

Since De Castro essentially lacked a working planning platform, he volunteered his team for the pilot program. "For initial implementation, we focused on the FP&A use case—logistics, warehouse capacity planning, and bill of material-based costing for culinary products," he explained. To ensure the deployment's success, he kept the team small: a couple of model builders, eight

analysts to check the data, and other team-members who were read-only—about 25 people in total. The pilot program served as proof-of-concept for the company.

Implementing the core supply chain finance model required only seven days of dedicated work, but the additional tasks of training, data integration, and preliminary requirements gathering took a total of two months. IT involvement was minimal and only needed for the ERP integration. A key factor was the flexibility of the Anaplan platform. "We're in an industry where the business model can change instantly," said De Castro. "With Anaplan, we can accommodate those changes ourselves. That was the most empowering thing." The team was able to build many of the models easily and quickly.

Since De Castro's business area was the only one using Anaplan, interfacing with other systems had to be straightforward—and it was. Incorporating spreadsheet data from areas not yet using the Anaplan platform was seamless.

In the end, the lightning-fast deployment Anaplan's account officer promised was a reality. "That's the fastest deployment I've experienced as an FP&A practitioner and a supply-chain practitioner. We are very happy with our implementation," noted De Castro.

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Benefits

In the eight months after deployment, Del Monte experienced benefits at many levels. "We achieved integration among supply chain commercial and finance planning workstreams at a level we were unable to achieve before Anaplan," said DeCastro. The planning process, which used to take two weeks, now takes two days.

"Everyone is working on the same platform. Everyone is collaborating, and there is real-time availability of information," De Castro shared. "We can now look at what drives the profitability of a channel, a SKU, a customer on a monthly basis. And the data and information is available to decision-makers so they can quickly make decisions beneficial to the company. It guides actions."

Additionally, the ability to do parallel processing enables analysis on-the-fly. "If we change costs in a particular SKU, the change is reflected throughout system," explained De Castro. "It's very dynamic." That flexibility reduces tensions as well. "In the most recent budget cycle, the plantation and cannery teams weren't confident in their forecasts because of the unknown effect of El Nino on the harvest," he explained. "We can wait for them because we can now do the analysis in three days or less."

What's next?

De Castro sees Anaplan expanding into sales and marketing; additional areas of logistics, culinary, and cannery cost planning; and operating expenses within the next 12 months. Other departments soon implementing Anaplan include legal, supply planning, and distribution planning, and human resources is investigating how Anaplan can help with their planning requirements. Finally, the demand team is looking into using Anaplan's predictive analytics for demand forecasts.

Beyond Del Monte's Philippine operations, the U.S. office is looking into Anaplan as they face similar issues with data collection and analysis.

About Us

Anaplan is the leading planning and performance management platform for smart businesses. Anaplan combines an unrivaled planning and modeling engine, predictive analytics, and cloud collaboration into one simple interface for business users. Anaplan is a privately held company based in San Francisco with 16 offices worldwide. To learn more, visit anaplan.com. Follow us on: Twitter, LinkedIn, YouTube, and Facebook.