

Reduced inventory by 27% while increasing service levels to over 99%

Unprecedented Collaboration from Shelf to Supplier

Del Monte's Journey to Demand Driven

Before

- Inconsistent fill rates
- High inventories
- Low forecast accuracy

After

- 98% to >99% store-in-stock
- Inventory reduced 27%
- >99% case fill rates, 4.5M fewer cuts
- Forecast accuracy improved >20% at item-DC level, Eliminated >80% of bias
- Multiple awards from customers for Supply Chain excellence
- Supplier of the Year awards and Gold status from multiple retail customers



KEY STATISTICS

- One of the country's largest distributors and marketers of food products in the US.
- \$3.7 billion in net sales 2010
- Brands found in eight out of ten U.S. households

Background

Like many companies today, Del Monte Foods (Del Monte) found that their legacy systems and outdated business processes and tools were not capable of supporting their global supply chain. They also realized that their traditional, inward focused linear supply chain processes were making it difficult to respond effectively to rapid changes in demand, supply or constrained capacity.

New and alternative technologies would need to be acquired by Del Monte in order to effectively address key issues such as performance volatility, the inability to meet challenging customer expectations, and excess, insufficient or misaligned resources.

Del Monte was also experiencing inconsistent fill rates, high inventories, and low forecast accuracy. "We recognized that delayed and distorted demand signals compromised timeliness of responses, fill rates and retailer good will – negatively affecting our on-shelf availability and costs," according to Bill Pollard, Del Monte's Vice President for Customer Service and Transportation.

Challenge

In order to solve these problems, Del Monte would need to differentiate its value proposition to its customers – improve working capital, ensure shelf availability and shorten order-to-cash cycle times – as well as improve its own operational efficiency. They would need to change their practice of using different functions and disparate practices and systems to develop accurate forecasts and communicate with their network of suppliers and carriers. They would also need to establish a network-wide transparency into demand signals and inventories to establish pull rather than push processes since they knew that 90% of a company's supply chain value comes from efficient execution.

Therefore, Del Monte decided to step out-of-the-box to fix a universal problem for all companies: *develop an accurate demand picture and align the demand with supply across the entire value chain including retailers, distribution centers, plants, co-manufacturers, co-packers, suppliers and carriers.*

This meant acquiring the enabling technology that would allow them to meet multi-enterprise collaboration and visibility requirements, and respond to any deviation from demand plans or available supply. Del Monte needed a solution that would use POS data as a demand signal to drive execution between Del Monte and their supply network – what industry analysts now refer to as **Del Monte's Demand-Driven Operating Model**. Del Monte's goal was to improve a variety of performance metrics that included its own days of supply inventory, retailers' days of supply inventory, service rates, fill rates, in-store/in-stock percentages, sales, working capital and cost – not only for Del Monte but for their supply network as well.

According to **Gartner Research**, the key to becoming demand-driven is to create demand-driven value networks (DDVNs), defined as “a business environment holistically designed to maximize value across the set of processes and technologies that senses and orchestrates demand based on a near-zero latency signal across multiple networks of employees and trading partners.”

Becoming demand driven is paying off big for companies who can now deliver two times greater ROI, three times greater revenue growth and four percent more inventory turns.¹

In fact, Gartner recommends aligning planning and execution activities across the entire value network in order to drive a profitable balance between operational effectiveness and innovation.

Multi-Enterprise Technology Requirements for Del Monte's Demand Driven Model

1. Enable **network inventory and demand visibility** for replenishment professionals across the value chain;
2. **Predict customer orders** based on retailer demand signal inputs into optimization engines;
3. Position product in the **right place at the right time**; and
4. Optimize network responses to **maximize service levels at lowest total cost across the multi-enterprise value network**.



¹ According to Gartner's 2011 report, Aligning Demand and Execution.



“One Network understands the various challenges that retailers face and part of their business strategy is to solve those challenges along with us.”

ROBERT LIM, VP PRODUCTION PLANNING INVENTORY CONTROL, DEL MONTE FOODS

Solution

Del Monte selected One Network Enterprises to deliver multi-enterprise **visibility, planning, execution and analytics** to **improve in-stock rates while lowering inventory levels and costs** – to Del Monte, their retail partners and supply network.

One Network’s multi-enterprise, multi-echelon solutions would enable Del Monte’s demand driven strategy because they could jointly benefit Del Monte’s retailers, DCs, plants, co-packers, raw material suppliers and carriers on a single cloud based technology platform.

One Network offered Del Monte a real-time sense and respond solution that provided continuous, incremental planning and execution. The One Network solution also provided Del Monte with a scalable solution that embraced their existing ERP and legacy systems and offered accelerated time to value.

“One Network understands the various challenges that retailers face and part of their business strategy is to solve those challenges along with us,” said Robert Lim, VP Production Planning Inventory Control, Del Monte Foods.

Del Monte’s journey began with the **Retail Collaboration** project and the implementation of One Network’s Intelligent Demand solution. They also tackled **Transportation Optimization** with the implementation of the One Network Intelligent Logistics solution. Finally, to extend multi-enterprise visibility and collaboration to their network of suppliers, the One Network Intelligent Supply solution was chosen as the key enabler for their **Supplier Collaboration** project.

Results

Del Monte Foods is now recognized by industry experts as the industry leader in supply chain excellence. “Our key customers tell us that we are setting the benchmark for innovation in supply chain performance. We believe this helps to differentiate us,” said Marc Brown, SVP Corporate Services Center and CIO Del Monte Foods. One Network’s demand-driven, multi-enterprise solutions helped Del Monte become demand driven by solving their issues associated with demand signal frequency, clarity and latency, network-wide visibility, freeing up working capital, and legacy retailer/supplier business practices.

The One Network solution also provided Del Monte with a scalable solution that embraced their existing ERP and legacy systems and offered accelerated time to value.



Retail Collaboration

Using technology from One Network Enterprises, Del Monte has created network-wide transparency for demand signals and inventories to establish pull — rather than push — processes as the foundation for their transformational journey.

One Network's Intelligent Demand solution helped Del Monte achieve dramatic results in terms of improved cash flow, inventory optimization, on-shelf availability and lower working capital. More importantly, it gave Del Monte the key capabilities they needed to utilize their POS data as a demand signal to drive execution.

Early results reported included reducing the Sales and Operations Planning cycle by five days and a forecast accuracy improvement of more than 400 basis points. Other results include greater than 98-99% in-stocks for customers during key promotion periods, with inventory effectiveness helping customers achieve negative working capital.

By leveraging One Network's demand driven 2.0 supply chain solutions, Del Monte has established itself as a downstream data leader in the retail industry. According to leading industry analysts, Del Monte has clearly demonstrated how leading supply chain organizations can differentiate themselves in the marketplace by increasing on-shelf availability, managing retailer inventories and creating value in their retail trading relationships.

Transportation Optimization

One Network's also gave Del Monte the ability to generate demand signals from daily POS data, plan transportation orders and schedule carrier appointments using the Intelligent Logistics Appointment Scheduling application. This allowed Del Monte customer teams to use One Network's solution to both monitor and anticipate out of stock events and to collaborate with the customer replenishment teams.

According to the ARC Advisory Group, Del Monte accomplished its objectives using a best-of-breed technology stack — and a key component of the stack is One Network. The multi-enterprise execution management solution provides Del Monte with extended network visibility and optimization. One Network's Intelligent Logistics solution provides dynamic transportation planning and scheduling for carriers into its DCs as well helping them make dynamic replenishment allocations.

SHARING RESULTS WITH CUSTOMERS

DEL MONTE RESULTS

- Improved customer order fill rate to 99+%
- Decreased inventory by 27%
- Invested in strategic projects with 2 year payback

CUSTOMER RESULTS

- Improved store in-stocks to 99+%
- Decreased inventory for Del Monte products by 30+%
- Achieved negative working capital



Supplier Collaboration

According to Gartner, “The demand-driven journey is not complete without providing demand visibility across the supply network to create a true end-to-end supply chain solution that delivers value to trading partner relationships.” With One Network’s Intelligent Supply solution, Del Monte is building collaborative processes between trading partners to better manage costs, service and inventory to further improve cash flow and reduce working capital requirements while driving new efficiencies and creating value in their supplier network.

The Intelligent Supply solution was integrated with Del Monte’s ERP system to help them synchronize planning and execution with their network of co-manufacturers, co-packers, and raw material suppliers. It leverages downstream data signals upstream to its supplier network. The solution allows Del Monte to see deviations from plans in real time, and can optimize inventories with the right levels of ordering, based on daily shelf-level consumption.

Intelligent Supply supports a variety of procurement and replenishment models including procure-to-pay, vendor-managed inventory (VMI) and consignment. With the supplier scorecard capability, Del Monte can evaluate supplier baseline performance against its customer performance to drive continuous improvements.

Del Monte’s Supplier Collaboration project will allow them to extend demand-driven principles to a supply network of co-manufacturers, co-packers, raw material suppliers and third-party logistics (3PL) providers to reduce overall inventory cost and improve operational efficiency.



**CLIENT PROFILE**

- One of the country's largest and most well-known producers, distributors and marketers of premium quality, branded pet products and food products for the U.S. retail market
- Generated approximately \$3.7 billion in net sales in fiscal 2010
- Powerful portfolio of brands found in eight out of ten U.S. households
- Pet food and pet snacks brands include Meow Mix®, Kibbles 'n Bits®, Milk-Bone®, 9 Lives®, Pup-Peroni®, Gravy Train®, Nature's Recipe®, Canine Carry Outs®
- Food products product brands include Del Monte(R), Contadina®, S&W®, College Inn®
- The Company also produces and distributes private label pet products and food products.

CUSTOMER AWARDS AND ACCOLADES

- Multinational Retailer: **Pet Supplier of the Year**
- National Club Retailer: **100% rating on 2010 vendor scorecard**
- National Mass Merchandiser: **#1 Supply Chain Vendor two consecutive years**
- National Grocery Retailer: **VIP Supply Chain Vendor**
- National Grocery Retailer: **Gold Supply Chain Vendor and #1 vendor in November**
- National Mass Merchandiser: **Top 5 Supply Chain Vendor two consecutive years**
- Regional Grocery Retailer: **Gold Standard Vendor**
- National Pet Specialty Retailer: **VIP Vendor**

For more information on One Network's solutions and how they can help streamline business processes, visit

www.onenetwork.com or call +1 866-302-1936.



One Network Enterprises™

Corporate Headquarters US

One Network Enterprises
4055 Valley View Ln, Suite 1000
Dallas, TX 75244
Tel: +1 866-302-1936
Email: inquiries@onenetwork.com
Web: www.onenetwork.com

International Headquarters

One Network Enterprises (Europe)
PO Box 59383
London NW8 1HH, UK
Tel: +44 (0) 1332-34-36-86
Email: europe@onenetwork.com
Web: www.onenetwork.com