One Network Solution Offerings for Restaurant and Food Service Industries

Improving Quality, Service and Profitability in an Increasingly Complex World

PROBLEM SUMMARY

The restaurant and food service industry is highly complex with decentralized supply chains and high numbers of locations and trading partners. Restaurants and Food Service companies, along with their network of suppliers and logistics providers, work very hard every day to provide highest quality products and value to customers, while keeping supply chain operations as efficient as possible.

The supply chain cost is high. The industry, across segments that include Fine Dining, Fast-Casual, Casual, and Quick Service Restaurants (QSR), faces key supply chain challenges:

- Inability to keep up with volatile customer demand and deal with sudden environmental changes
  - Challenges in product volume planning both short-term and long-term at distributor and other upstream tiers
  - Inability to react to Limited Time Offers (LTO) that perform above or below expectations
  - Low level of resiliency to deal with sudden weather, carrier, supplier, and other issues
- Inability to deal quickly and efficiently with food safety and recall issues, due to the lack of means to track and trace product movements across the supply chain
  - ERP systems cannot effectively keep track of lots and serial numbers of products to aid in the recall process
  - Supply chain practitioners are left to scamper at the eleventh hour to tag any and all cases of impacted product
- Excess inventory being carried, resulting in increased costs, reduction in product freshness, and increased waste
- High administrative overhead costs due to a variety of manual order management and supply chain tasks, including frequent (unnecessary) manual inventory counts.

THE NETWORK EFFECT

There is an enormous opportunity for the industry to update the way it works with trading partners and upgrade its

ONE NETWORK SOLUTION BENEFITS FOR RESTAURANTS AND FOOD SERVICE COMPANIES:

- Forecast accuracy up to 95%
- Increased revenue due to fewer stockouts
- Order cycle time decreased by 75%
- Restaurant inventories decreased by 50-70%
- Supplier expediting cost down by 75-90%
- COGS decreased by 0.5%-1%
- Forecast accuracy to suppliers up by 80%
- Manual planning and execution effort decreased by 50%
- Waste reduction of about 40% with better inventory mobilization

BENEFITS FOR NETWORK PARTNERS:

- Logistics utilization up by 2%-20% with lower costs
- Full chain of custody and traceability
- Item substitutions and alternate sourcing possible for food preparation partners
- Farmers & harvesters have a synchronized network with supply and demand planning

processes with best practices in ingredient management and autonomous supply chain management. This will enable companies to *maximize customer service levels and efficiencies at every location and every moment in time*.

Traditional approaches to planning limit the scope of plan creation strictly to sites owned by Food Service companies. The pitfall here is supply chain nervousness transmitted all the way up the chain. Traditional ERP solutions are not able to solve this problem because they are limited by the batch planning paradigm which causes delays in actions and re-planning -- and does not minimize 'bull-whip effects' entirely. In contrast, One Network's Solution has the ability to model the end-to-end value chain (i.e. from restaurants to DCs all the way to n-tier suppliers) in a unified fashion.

One Network's Intelligent Autonomous AI agents, called NEO, continuously monitoring the network for any changes. Once changes are detected, NEO autonomously propagates applicable changes both upstream and downstream to balance the Demand-Supply equation.

NEO AGENTS AND AUTONOMOUS SUPPLY CHAIN

For an industry with a highly complex and decentralized supply chain, One Network supports enterprises at every point along the maturity path toward autonomous supply chain management -- from control tower visibility, collaboration, and analysis to short-term exception management around orders & shipments to longer term contract management and finally up through planning & inventory optimization with the most advanced technologies.

Armed with an ever-growing library of autonomous algorithms, NEO has comprehensive ability to sense, respond, and create smart solutions to supply chain planning and execution problems. In Demand-Supply balancing across all nodes in the supply chain network, NEO agents are capable of running an autonomous supply chain with decision-making algorithms that can create proactive solutions to pending problems, such as expediting orders to alleviate out-of-stock problems at distribution centers.

The true power of NEO is to act incrementally on the affected SKU and site, decreasing the response time to supply chain problems dramatically. NEO can autonomously execute these smart-decisions leveraging a real-time Single Version of the Truth (SVOT). This helps customers rapidly move toward continuous optimization and autonomous execution across the whole value chain.

DEMAND SENSING AND AUTONOMOUS FORECASTING

For its Real Time Value Network™ (RTVN™) of more than 75,000 companies, One Network utilizes restaurant level Point of Sale (POS) data or cafeteria location-specific consumption data to create an item and distribution center level forecast as often as needed. Results are then exploded back to the restaurant level based on smart pattern recognition that apportions forecast values based on the sales profile registered in the POS data for that restaurant.

NEO agents have the unique ability to **automatically monitor the POS demand signal** for any anomalies, and they continuously make autonomous demand and supply adjustments on an hourly or daily basis to ensure customer service levels are met.

MENU FORECASTS: AUTO TRANSLATION INTO INGREDIENT REQUIREMENTS

One Network generates Ingredients (raw materials) requirements from Menu Item Demand Forecasts by using recipe proportions. NEO agents can easily adapt to dynamically changing recipe proportions and account for any yield changes that happen during recipe preparation or stock transfers, not just at a global level but also at the product-restaurant intersection. Ingredient level (raw material) forecasts can be shared in **real-time across all levels of the supply chain** so that a change in forecast immediately propagates to the actual supplier.

If a Limited Time Offer (LTO) performance varies from the plan, the One Network Platform automatically adjusts the forecast through Autonomous Forecasting and translates the demand change into replenishment order forecasts for each node in the supply chain on an hourly or daily basis.

RECIPE MODEL

One of the on-going struggles in Food Services is the reality of ever-changing menu Items and recipe proportions. Companies often adopt simple 'back of the envelope' calculations to figure out recipe proportions, or are forced to scramble when a new menu item or LTO is offered. One Network's sophisticated recipe management model allows restaurants to manage this simply and easily. Capabilities for managing dynamic recipe proportions (by restaurant and also by effective date) allow AI-driven NEO agents to determine the exact time and need for availability of the right ingredient items.

PERPETUAL INVENTORY

Unlike traditional planning systems which look to other data sources to update stock counts, NEO agents **automatically keep count of stock on-hand for all current products**. This is vital for computing replenishment needs at the restaurant level. Presets are configured once and One Network monitors inventory levels (count increments and decrements) across millions of product-restaurant combinations.

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AUTOMATED RESTAURANT ORDERS GENERATION

Because the One Network Platform has the most accurate product requirements and current inventory positions (on-hand & on-order), it can accurately compute and generate your restaurant orders. This *autonomous Restaurant Demand and Supply Management* automates routine tasks, giving restaurant managers and operators more time to tackle non-supply chain related issues, like managing their business and taking care of customers.

BACKWARD PROPAGATION OF DEMAND TO UPSTREAM TIERS

Our Platform is built on a real-time network incorporating your complete end-to-end supply chain. This unique foundation enables it to *effectively propagate demand from every restaurant all the way back to the n-level vendor tier in near real-time*. In each step of the process, the system precisely computes net requirements based on stock on-hand and on-order to generate accurate order forecasts (i.e. supply inbound requirements).

One Network offers distributors and vendors the ability to *view and operate with accurate long-term forecasts* so they can plan production and distribution accordingly. In traditional ERP, this is typically based on historical data, which produces incorrect forecasts and creates confusion, resulting in excess inventory or shortages.

MULTI-ECHELON INVENTORY OPTIMIZATION

In a complex and decentralized supply chain, carrying incorrect inventory levels across a multi-echelon network can cause problems such as:

1. Inventory Shortages: Inability to meet Target Service Levels at Restaurants (out-of-stock & fill-rate problems)
2. Inventory Surplus: Larger than desired Days of Supply (DOS) inventory at Restaurants
3. Increased Waste: Caused by shorter remaining product shelf life

The underlying cause for these problems is the inability to do inventory planning across the entire supply chain. Where current ERP solutions fall short, the One Network Solution's key differentiation is in the ability to perform multi-echelon inventory planning using a SVOT (Single Version of the Truth) for all network participants. This method of aligning inventory in near real time across multiple tiers offers enormous benefits to restaurant businesses.

CHAIN OF CUSTODY

When it comes to Food Safety and Recalls, restaurants need to handle these issues quickly, accurately, and efficiently. The One Network Solution enables this. Aided by Chain of Custody, Blockchain, and NEO intelligent agents, your QA team and your partner network (distributors, suppliers, and logistics providers) can easily track the impacted products and raw materials across the supply chain and take quick effective action to ensure safety to the public. Companies spend considerable time and money related to product recalls and traceability – and poor execution can damage your brand and impact future revenues. Today, it's easier than ever to tackle this problem with precise, targeted recalls that minimize disruption, ease customer concerns quickly, and reduce the cost and time required.

MULTI-PARTY LOGISTICS AND SUPPLY CHAIN CONTROL TOWER

With an architecture purpose-built for network-based business processes, One Network's Supply Chain Control Tower encompasses every process and activity throughout

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the lifecycle of a shipment, across a network of parties and systems. This makes complete visibility possible across international and domestic transportation, and provides four levels of value, so your organization can unlock increasing benefits over time:

1. **Real-Time Visibility**: By integrating transaction information across all parties, the Control Tower enables real time visibility of the entire logistics lifecycle - from purchase order to shipment execution, track and trace, delivery and financial settlement. The system also manages international milestones across all participants, with integrated process flows between cross-border and in-country operations, container booking and tracking, and global trade compliance.

2. **Reporting and Analytics**: Command and control monitoring provides a management overview of the health of the network, configurable to each company's unique perspective. Operational dashboards can be configured at the user level to include all the tasks and alerts relevant to each role. With these dashboards, users can drill into tasks and alerts quickly to resolve issues.

3. **Collaborative Multi-Party Actions**: The system continuously compares planned activities to actuals, determines the likely impact, alerts relevant parties of deviations, and provides recommended solutions so that exceptions can be managed quickly and effectively. The issue state machine monitors open, in progress, cancelled, resolved and closed issues.

4. **Autonomous Network Control**: Many suggested resolutions and user-managed actions can be gradually converted to automated network actions. The Control Tower goes beyond detecting trends and automating issue resolution, and can propose new policies and models to improve operational efficiency.

THE PATH FORWARD WITH A DUAL PLATFORM STRATEGY

One Network's platform is a unique "Tunable System of Control" for business planning and execution across multiple parties and systems, leveraging new network technology while empowering legacy systems, to deliver optimal results fast. This enables your team to assign system-of-record responsibility to each state and action in the Network process — either to the ONE business network platform or a legacy application. It's your choice, and the ONE platform enables you to manage end-to-end processes, even as designated steps are still processed by your legacy systems.

We call this a "Dual Platform Strategy", where your business network platform actually becomes the primary platform for planning and operations, and the old ERP monoliths become bolt-ons to the Network for financial processing.

Whether you are working to eliminate technology silos or collaborate more closely with suppliers, the Dual Platform approach ensures that your daily, weekly, and monthly effort is focused on your organization's most important execution objectives, and is done in the most efficient way. In summary, a dual platform strategy enables you to leverage legacy systems without wasting prior investments — while dramatically advancing your capabilities and decision-making with a business network platform.

ONE NETWORK SOLUTION BENEFITS

- Attain Industry-leading forecast accuracy of greater than 95%
- Dramatically reduce days of inventory carried across the supply chain
- Boost restaurant revenues and customer service with fewer stockouts
- Quickly and efficiently handle product recalls to ensure safety for the general public
- Standardize a demand and supply planning process that can be easily implemented across all restaurants
- Gain staff efficiency with autonomous restaurant supply management
- Dramatically reduce expediting, restaurant transfers, and unscheduled buys - reducing costs and waste
- Create greater trust in collaboration between the restaurant owning entity and its business partners (distributors, vendors) owing to more accurate and reliable short-term and long-term forecasts
- Reduce waste with better planning and inventory mobilization
- Create a smoother supply flow, reducing resource and carrier spikes that drive up network costs

Transform and lead your industry with One Network Enterprises
Learn more about One Network for Restaurant and Food Service:

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