accenture

consulting | technology | outsourcing

A new era in consumer packaged goods

Cloud computing changes the game

High performance. Delivered.

Cloud changes all the rules in consumer packaged goods.

How cloud computing will shake up the consumer packaged goods industry

To achieve and sustain competitive advantage and high performance in the future, consumer packaged goods (CPG) companies around the globe will need to meet a daunting set of new imperatives.

Agility, scale and efficiency across a wide array of business processes will prove crucial to mastering these imperatives. Specifically, companies must:

- Serve the new digital consumers who are interacting with CPG companies, brands, and offerings in radically new ways to gain product information and share their opinions, and who demand more customized marketing and offers. Serving this consumer calls for excellence in customer-facing processes.
- Win "the war in the store" by helping retailers to grow their store sales and margins through consistent delivery of the right products, prices, and promotions, in return for more valuable shelf space and ideal product placement. This requires strong performance from data-analytics processes.
- Drive growth in emerging markets to stay competitive in the face of stagnation in developed markets, whether it's through acquiring new companies, setting up new operations overseas, or attracting consumers in emerging markets. Large CPG companies are globalizing aggressively to serve the billion-plus emerging-market consumers, many of whom are entering the middle class and have increasing purchasing power. This globalization demands exceptional functioning of infrastructure-related processes.
- Extract high performance from business processes, to scale up or down to meet the changing market needs that have come with globalization. This feat requires agile operating and supply chain models to serve consumers in developed and emerging markets alike. Meeting these requirements escalates the need for superior management of core and non-core business processes.

Achieving any of these imperatives is a major feat. But cloud computing – using IT platforms, infrastructure, software applications, or business process management over the Internet – can help companies achieve the agility, scale, and efficiency needed to manage the processes most critical for succeeding in an industry that has grown more turbulent than ever.

Cloud computing: A quick primer

Cloud computing is a model for providing and sourcing information technology services on a pay-per-use basis through Web-based tools and applications. Cloud services are elastic, allowing them to be highly configurable, adaptable, and scalable, and requiring less up-front investment and ongoing operating expenditure than traditional IT models.

Clouds generally take one of four deployment forms: private, public, hybrid, and community.

- **Private clouds** are dedicated to a single company for private use and can either be built within a company's premises, or located off-premises and owned and provided by an external third party, to deliver virtualized application, infrastructure and communications services to internal business users.
- **Public clouds** are accessible to the public over a network, and are fully owned and provided by external third parties.
- **Hybrid clouds** blend the benefits of public and private clouds by enabling a company to retain confidential information in a private cloud, while providing access to the wider choice of cloud computing services public clouds offer.
- **Community clouds** are collaborative resources shared between a limited number of selected organizations with users who have common interests – perhaps in the same industry or geographical region. Community clouds can be hosted internally or by external third parties as a managed service.

All four forms of cloud computing can provide on-demand computing at one or more of four levels.

- **Infrastructure**: Companies use infrastructure-as-a-service (IaaS) offerings to source raw computing resources, processing power, network bandwidth, and storage on an on-demand basis. IaaS is the most basic cloud service model.
- **Application**: Generally known as software-as-a-service (SaaS), this form of cloud computing delivers a software application to the end user. It refers to any application and associated data centrally hosted on the cloud and accessed via Web browsers, supporting independent devices and accessible from anywhere. In some business areas, such as customer relationship management (CRM), companies such as Salesforce.com have achieved widespread take-up across many industries.
- **Platform**: Platform-as-a-service (PaaS) is a computing platform environment that includes infrastructure elements such as database, middleware, messaging, security, development tools, and a presentation layer that are all used to develop custom applications. It provides companies with an environment that supports rapid evolution of the software development life cycle in situations where there is a need for continuous change.
- **Business process**: Cloud computing–based business-platform-as-a-service (BPaaS) solutions offer a Web-enabled, externally provisioned service for managing business processes. These solutions differ from application clouds in that they provide end-to-end process support, covering not just software but also people processes such as contact centers.

The shape of CPG clouds to come

As CPG companies strive to achieve success with the new imperatives facing them, we believe cloud computing will play a major role. The cloud's potent combination of agility, scalability and efficiency supports the qualities that industry players will need to compete and win in the future.

In our view, there are four trends defining CPG companies' use of cloud computing.

Trend 1

Cloud computing is helping CPG companies serve the new digital consumer by excelling at customer-facing processes.

Trend 2

Cloud computing is enabling CPG companies to work with retailers to win 'the war in the store' by mastering data-analytics processes.

Trend 3

Cloud computing is positioning CPG companies to aggressively drive growth in emerging markets by strengthening their infrastructure-related processes.

Trend 4

Cloud computing is empowering CPG companies to meet globalization challenges by increasing performance from their core and non-core business processes.

Trend 1

Cloud is helping CPG companies serve the new digital consumer by excelling at customer-facing processes

A closer look at the trend

The digital end consumer is interacting with CPG companies, brands, and products and services in radically new ways. Today, consumers are using cloud-based social media platforms such as Facebook and Twitter to get product information and share viewpoints about companies and their offerings in mass-market proportions. Increasing use of mobile apps across multiple devices defines many consumers' online life, blurring the lines between their online and bricks-and-mortar worlds.

Take a digital consumer who wants to eat in a healthier manner and who insists on consuming only foods containing organic ingredients. She may visit a grocery store to pick up and examine food products. She may also use her PC, smartphone, or tablet to search for information (including pricing) about the items that interest her and to learn about the companies' production practices. In addition, she might use social media to see what her friends are saying about the companies and their products. And she may email or phone a company's call center to ask questions about an item or peruse an online or printed catalog.

How cloud computing can help

The combination of cloud technologies and mobility are blurring the online and physical realms, creating new, unfamiliar terrain. Of course, CPG companies have known for a while now how to track consumers' online activities and generate customized insights from the data that activity creates. But savvy use of the cloud can help companies achieve greater agility, scale, and efficiency in customer-facing processes.

When combined with the consumerization of IT, mobility, and analytics, cloud computing enables companies to collect the huge volumes of data generated by consumers' 24/7 online activity. This potent blend of technology also puts companies in a position to slice and dice data in more ways than ever, generating even better informed insights about how to serve the digital consumer based on the resulting analytics.

Consider PaaS providers. By teaming up with these providers, companies can more easily "listen" to consumers as they use the Web, mobile apps, and social media platforms like Facebook, Pinterest, and Instagram. The greater volume of insights provided sheds more light on consumers' behaviors, attitudes, and preferences regarding companies and their brands than enterprises used to be able to gather. Armed with insights extracted from the data, CPG businesses can generate smarter ideas for better serving end consumers, similar to what retailers have been able to do for years. Moreover, cloud computing enables a one-to-one relationship between the CPG producer and end consumer that was previously not possible, as retailers traditionally had sole access to this type of data.

In fact, many CPG companies have already made major social media forays in a variety of markets. They understand the role of social media in building brand loyalty, detecting buying patterns, developing product ideas, and buffering or influencing negative opinions before they go viral. But some have begun using cloud services to monitor customers' social media activity and applying their findings to craft more effective communications and interactions with customers.

Take General Mills, for example. The company wanted to find a technological solution for offering gluten-free products and information directly to consumers, without incurring the cost and complexity of a traditional IT system. It adopted Microsoft's Windows® Azure™ to develop a direct-to-consumer online channel in the cloud, called Gluten Freely. The site complements activity carried out by the company's retail chain partners because it delivers educational materials that retailers can use. As the site draws more consumers to the channel, the increased customer base draws more activity from retail partners as well.[1]

Procter & Gamble is another example. The company uses a Salesforce.com knowledge management software service to support its Global Consumer Relations organization. Suppose a consumer who bought a Procter & Gamble product uses the toll-free phone number or email address printed on the product to contact the company with a complaint. The software analyzes similar input about this same product that has come from other consumers, and the responses used to address those complaints. Global Consumer Relations staff members can use the results from these analyses to determine how best to resolve the complaint.

As noted above, CPG companies can also use cloud computing to deploy new types of analytics; for example, by posing questions to consumers on a product's Facebook page and gathering responses. This process helps companies to gauge market size and interest and then rapidly generate multiple products. They can also quickly and inexpensively add innovative features to their websites.

Such features might include search optimization functionality that makes it easier for consumers to find information about a company's offerings and business practices, or a ratings and review feature that lets site visitors share their impressions of a product, service, or the company itself.

Finally, companies can use cloud services to gain a 360-degree view of a consumer. Such services can help a company collect and analyze data from consumer activity across the CPG ecosystem – as consumers buy the company's products on Amazon.com or in a retail store; as they talk with Facebook friends about a product; and as they interact with retailers by phone, email, or face-to-face communications to resolve complaints or questions about a product.

Using cloud in these ways can help companies strengthen their relationships with customers. Consider Coca-Cola Amatil, which has partnered with Telstra to deploy 3,000 digital signage units across Australia. The company's objective is to build a relationship with customers by embracing the way consumers are currently interacting digitally. The digital signage program enables CCA to develop digital content that is more effectively targeted to consumers.

The technology behind the program distributes content to screens located in licensed hospitality venues with 3G or 4G capability. Consumers who buy a CCA product can receive free access to Wi-Fi and public Internet services and can go to CCA's customer portal to receive product offers. When customers opt in, CCA can establish an ongoing relationship with them and provide them with additional offers in the future.[2]

Spotlight on context-based services

Location-based services that alert customers to the nearest coffee shop or gas station may know where the customer is, but they don't know the customer and what he or she is trying to do right now. Context-based services – combining real-time signals from the physical world with location data, online activities, social media, and other contextual inputs – can help deepen companies' understanding of customers' in-the-moment needs. These services comprise a kaleidoscope of context that can add up to rich user experiences and help companies turn insights into action. Cloud computing can help by enabling companies to gather and analyze more context-related data than ever.

Trend 2

Cloud is enabling CPG companies to work with retailers to win the war in the store by mastering data-analytics processes

A closer look at the trend

CPG companies that win the war in the store do so by working with retailers to confirm that the right products are consistently on shelves and are made visible and alluring to shoppers through the right promotion, placement, and pricing strategies. CPG producers that help retailers grow store sales and margins may be rewarded with more valuable shelf space and ideal product placement.

Speed is essential. Traditionally, companies rolled out a new offering in stores, tested the launch's effectiveness, and made changes as needed based on the results of the testing. Now, with competition stiffer than ever, companies cannot afford to take a leisurely approach to bringing new products to market; they must get it right the first time, in real time. To do so, they must gather immense volumes of data on shopper activity and promotion performance, and use it to develop future in-store strategies.

That means navigating the shifts in relationships among manufacturers and their retail partners and suppliers. These players have begun sharing more information about shopper behavior with an eye to improving their business performance. But as this trend gathers momentum, CPG companies have started putting greater emphasis on priorities such as:

- Product traceability and recall
- Managing product lifecycles
- Monitoring promotion execution
- Optimizing retail execution

At the same time, the new consumer interaction models enabled by technology are helping CPG manufacturers to directly cultivate intimate, personal connections with end consumers. For example, imagine using cloud technology to understand which products a particular consumer buys regularly and how that consumer uses their mobile device – and then using that data to send coupons to that person's smartphone. While manufacturers connecting more directly with consumers may seem like a way to bypass retailers, it actually can benefit a retailer by bringing more consumers to a retailer's stores, instead of to its competitors' stores.

These evolving models are also presenting new opportunities for manufacturers to engage consumers in product development, making focus groups a thing of the past. In addition, as this trend deepens, CPG manufacturers are investing more resources in:

- Using social media for marketing and related analytics
- Optimizing product assortment and retail space
- Making the best use of digital couponing
- Deploying video analytics
- Creating augmented reality merchandising

For instance, a company can use cloud services to create a virtual image of what a display of its products would look like in a retailer's store. The retailer can interact with the image, moving products around to see how a different configuration might affect the appeal of the display and to consider how the display will look in the context of other displays in the store. This kind of service helps retailers establish planograms for merchandise displays in aisles and on shelves in their stores.

To succeed in today's shifting industry landscape, CPG companies must use these technologies and other means to differentiate themselves from rivals. They can boost their chances of doing so by connecting directly with consumers through digital means; collaborating with their retail customers and suppliers to develop new value opportunities; and delivering information for decision making anytime, anywhere.

How cloud computing can help

As the examples discussed suggest, winning the war in the store calls for agility, scale, and efficiency in companies' data-analytics processes. With cloud SaaS providers, CPG companies can easily collect and analyze data about the effectiveness of their in-store strategies without having to set up their own servers or purchase software applications.

For example, CPG companies can use cloud services to encourage shoppers to gather data about product displays that companies cannot get from retailers – information that was once gathered by CPG sales forces. Some companies are inviting consumers to take pictures of their own and competing companies' merchandise displays in retail stores and send them to a cloud service for analysis. Shoppers who perform this task receive a small reward, such as a coupon. The images they send in are processed in the cloud through image recognition technology that gathers data such as product pricing and location in the store. Services like this dramatically increase CPG companies' capacity for data analysis.

An apt example is FreshDirect, a pure-play online grocer with customers in New York, New Jersey, and Connecticut. Facing intense competition, the company adopted IBM®'s DemandTec® service – a network of cloud applications – to simulate different pricing scenarios for its Manhattan and suburban markets. The nature of consumer demand is quite different in each of these markets, including what customers value and how sensitive they are to pricing. By using DemandTec, FreshDirect can enable its pricing team to see the results of a pricing decision before it hits the company's website.[3]

Cloud computing can also help CPG companies better serve their retailer customers by effectively managing inventory to avoid running out of stock. For instance, Del Monte Foods selected One Network Enterprises (ONE), a provider of demand-driven supply chain solutions in the cloud, to implement a demand-driven inventory planning service. The goal was to develop a lean and responsive supply chain that significantly outperforms industry averages.

Traditional inventory management systems aggregate historical data over long periods of time; set safety stock and order policies on a weekly or monthly basis; and are not connected with replenishment systems. As a result, companies need to carry excess inventory to avoid running out of stock. By contrast, the service Del Monte is using computes – in real time – the optimal stock levels at all of the company's finished goods inventory locations across thousands of SKUs (product codes). The service also captures multi-party variables such as lead times, manufacturing frequency, batch size, and ordering policies from every link in the value chain. It then uses simulations, algorithms, exception-based forecasts, and real-time downstream demand signals to suggest and adjust inventories for specific SKUs. Consequently, Del Monte can have lower inventory levels while also improving its responsiveness and services for its retailer customers.[4]

Trend 3

Cloud computing is positioning CPG companies to aggressively drive growth in emerging markets by strengthening their infrastructure-related processes

A closer look at the trend

As spending stagnates among cash-strapped consumers in developed markets, many CPG companies are seeking to drive fresh growth in emerging markets. Those markets have a growing number of consumers who are entering the middle class and who have increasing purchasing power. As a result, CPG companies are targeting them to drive new growth.

Companies' growth strategies range from initiating a merger-and-acquisition spree, to setting up new operations in foreign countries, to entering a new market without establishing a single brick-and-mortar facility. To accomplish these objectives, they may need to swiftly execute activities such as getting employees from a newly acquired company integrated with existing HR systems, and deploying applications that will help them analyze consumer and market data.

How cloud computing can help

Capitalizing on this trend requires agility, scale, and efficiency in companies' infrastructure processes. In the old days, establishing new infrastructure anywhere was time-consuming and capital-intensive. Cloud-based IaaS enables companies to manage this feat swiftly and at a lower cost, and to shift from capital to operational expenditure.

For instance, enterprises that have used mergers and acquisitions to expand into new markets can use cloud computing to quickly integrate newly acquired businesses' workforces and systems into their existing infrastructure. To fully serve their customer base in new markets or set up new operations overseas, companies do not have to build a new data center; instead, they can run their new operations remotely using cloud technologies.

Kimberly-Clark Corporation is using cloud computing to win new business and drive growth in new markets. The company needed a CRM solution to support common sales and marketing processes for its global professional and business-to-business teams. It had deployed one CRM solution in Europe, but it did not fully meet requirements unique to Asia Pacific and North America. The company wanted a solution that was easy to configure and use, and easy to integrate with its existing enterprise resource planning system. It adopted Salesforce.com's Sales Cloud to house its account, contact, opportunity, and product information. Now, all of Kimberly-Clark's sales and marketing processes are standardized across global, regional, and local levels, and all are tied to the company's growth initiatives. Targeting and opportunity management have improved, leading to higher close rates and shorter sales cycles.[5]

But for CPG companies, globalization is not just about how best to use the cloud to catalyze new growth in emerging markets. It is also about how the cloud can help companies better manage key data and processes that cross all the regions where they do business – in emerging and mature markets alike. Take supply chain management. As companies go global, the reach, number of links, and number of transactions generated in their supply chains all increase dramatically, creating ever more complexity. Yet the maturity and capacity of the systems that companies use to manage that complexity may vary across regions. This variance can make it challenging to conduct critical activities such as tracing products or raw materials.

Cloud computing promises to help companies surmount this challenge. Instead of relying on one another's supply chain management technology and willingness to share data to perform such activities, all players along the supply chain could tie into one cloud-based system. That system would have the power and capacity to handle the huge volumes of transactional data generated along the global supply chain. It could also be scaled up or down quickly and easily. Moreover, the data managed by the system would be accessible by every player along the chain, anywhere and anytime, giving everyone real-time visibility into the entire chain and generating one unified picture of what is happening within the chain.

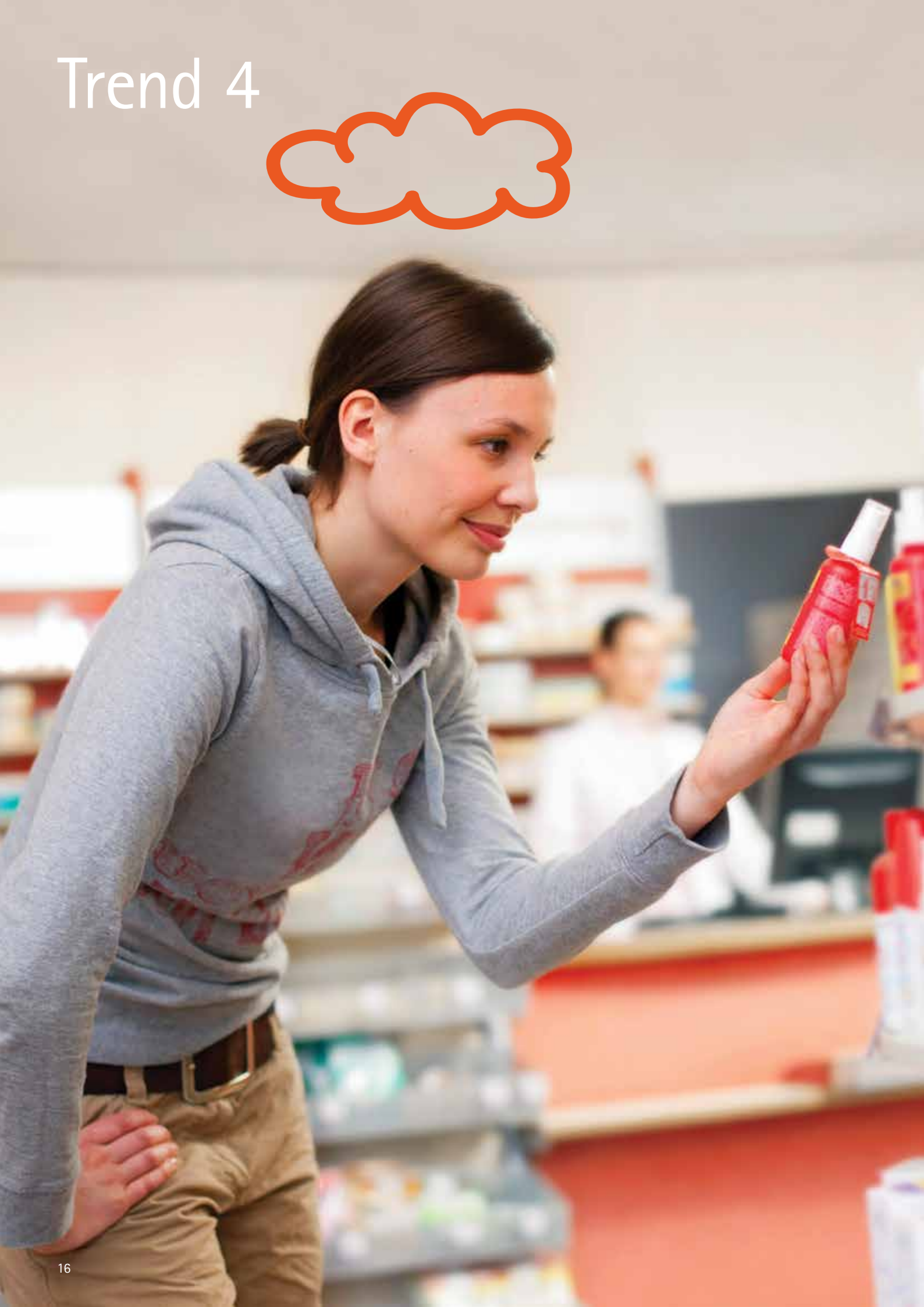
This, in turn, would position companies to effectively and efficiently carry out processes critical to supply chain management. Batch traceability across the supply chain is a case in point. For instance, suppose several people get sick after eating ice cream they purchased from the grocery store. The companies using the cloud service could quickly find out which batch the suspect products came from, where the batch originated, where in the global supply chain the batch has already been sent and is next scheduled to be sent, and what other food items have come from the same originator. By having immediate access to all of this information, companies at every link in the supply chain, around the world, can take immediate action to correct the situation.

Did you know?

Cloud adoption trends in manufacturing

- Since 2009, there has been a threefold increase in the use of cloud computing across all industries, and of those manufacturers moving ahead with cloud, today nearly 50 percent of the manufacturers are already producing cloud applications.
- Cost saving is still the number one driver for moving applications, platforms, or infrastructure to the cloud; on the flip side, security and data privacy are still the leading concerns.
- Cloud applications is the area where manufactures are most likely to purchase external professional services, with 25.3 percent consuming initial professional services to build, assess, enable, or implement cloud solutions. Platforms and infrastructure manufacturers are still exploring the professional services available.

Trend 4



Cloud is empowering CPG companies to meet globalization challenges by extracting increased performance from their core and non-core business processes

A closer look at the trend

As we saw earlier, in today's era of globalization, CPG companies need agile and highly effective operating and supply chain models to serve consumers in developed and emerging markets alike. They must also be able to scale their operations up or down quickly and easily based on changing market needs.

To accommodate these latest developments, companies must sharpen their focus on core business processes (designing products and services, interacting with customers) and optimize their use of non-core business processes (IT, finance, human resources). The result? Top performance from both core and non-core processes.

How cloud computing can help

To meet this imperative, companies need agility, scale, and efficiency in their business processes. Cloud computing can help by enabling companies to optimize their non-core business processes while also supercharging their core processes.

Optimized non-core processes

Cloud providers with BPaaS offerings can help companies focus on their core by managing non-core processes (such as those related to IT, finance, or human resources) efficiently and affordably. For instance, low prices on cloud services mean lower IT capital outlays and better use of IT assets. Companies can eliminate the cost of servers, software licenses, maintenance fees, data center space, electricity, and even IT labor. And they can replace large upfront capital expenditures with lower, pay-as-you-go operating expenditures.

Even if a company incurs additional costs in provisioning a BPaaS offering, the offering may generate value that justifies the cost. To illustrate, Salesforce.com's Chatter offering, an enterprise social network collaboration tool, can be well worth the cost for CPG companies seeking to improve employee collaboration and knowledge sharing. Such interactions among employees can not only facilitate problem solving but can also foster the exchange of ideas for new products or services.

The experience of companies in other industries can be illustrative. For instance, one of our clients , a large global pharmaceutical company, recently deployed iPads to its U.S. field sales representatives. As part of that deployment, the company retired its existing sales representative communications portal and email, which had become increasingly costly to maintain and update.

Sales representatives were repeatedly expressing discontent with the volume, format, and timing of the communications they received. To make matters worse, these communications were produced and distributed manually, increasing the administrative burden and reducing productivity.

The replacement solution was a new employee portal on the Salesforce.com platform, incorporating Chatter, Salesforce.com's social collaboration tool. This portal was designed to be a one-stop shop for information. As a result:

- Chatter is now being used to inform sales representatives of key commercial and legal announcements.
- In one division, the home office posts key information and sales representatives can respond with questions as well as share that knowledge with the rest of the sales force.
- Communications are now pushed out in real time (compared to once weekly under the old system).

Supercharged core processes

When it comes to reaping the benefits of cloud, the savviest CPG enterprises are also using cloud services to power core business processes throughout their organization. These can range from cross-device content access and sharing, supply chain visibility, and inventory management, to collaboration and building brand awareness.

Nestlé Purina PetCare Company is a case in point. The company has a mission to have homeless pets adopted. It had been relying on multiple interactive agencies to create websites for communicating with partnering organizations. But the process was slow and expensive, and updating content as requirements changed proved difficult. The company selected Salesforce.com's Force.com platform, to meet the unique needs and processes of its 'Pets for Seniors' program. Pets for Seniors' employees create, manage, and measure email campaigns from within the cloud service, and a web-to-lead functionality automatically generates tasks and activities to keep initiatives moving forward. The company also communicates with more than 200 participating animal shelters using the new portal, and the shelters use the portal to develop marketing materials, submit online adoption contracts, and track key program outcomes. The adoption contract return rate has improved from weeks to just a day, facilitating increased animal adoption rates.[6]

Using cloud's unique characteristics as a source of competitive advantage

As retailers' usage of cloud grows, they are on a journey toward using cloud's unique attributes as an ever greater source of competitive advantage. Accenture has devised a cloud maturity model (see Figure 1) to help retailers map their path to cloud maturity. It will help retail executives pinpoint their company's stage in the journey, assess the upcoming opportunities and plan their best next steps.

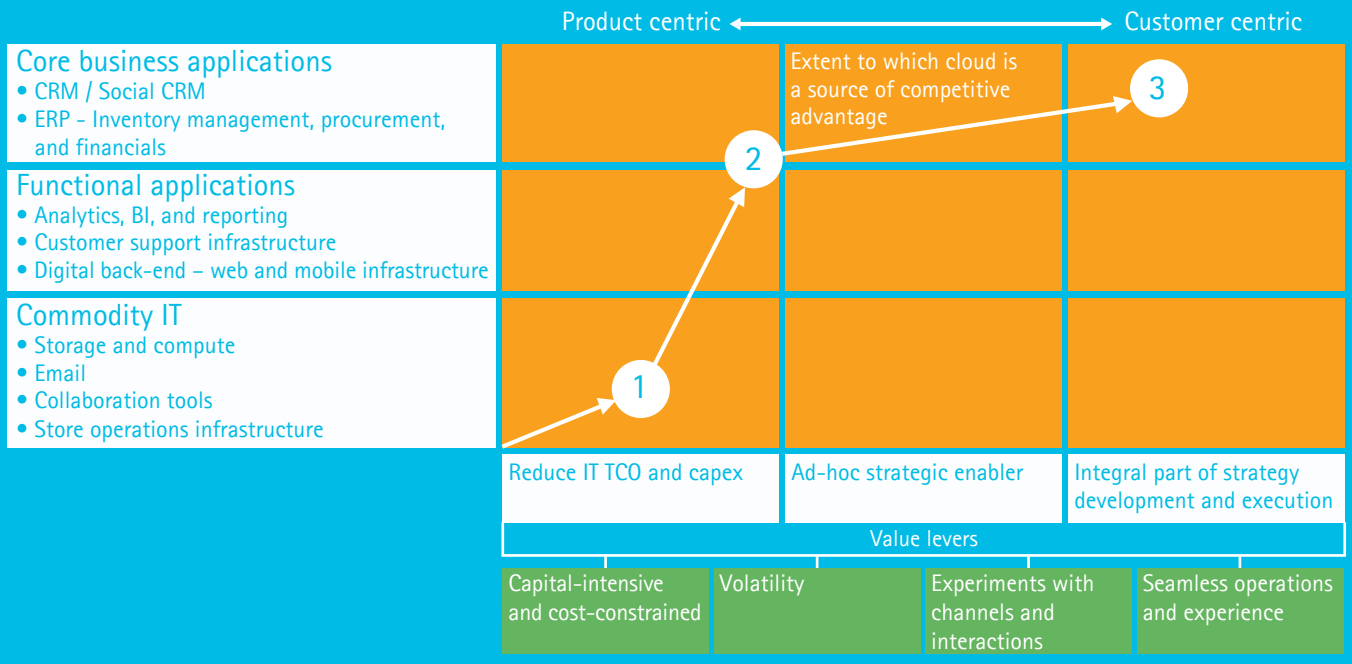
The model divides the journey to cloud maturity into three main phases starting with commodity IT, such as email and storage, then stepping up to functional applications, such as business intelligence (BI) and procurement, and, finally progressing to core business applications in the cloud, such as CRM and billing.

At the same time, the CPG company's objectives in using cloud also mature, progressing from a focus on costs to ad-hoc strategic enablement, before finally making cloud an integral part of the strategy. Each of these objectives addresses a different defining factor of the retail context that we described earlier.

Clearly, different organizations will move into the cloud at their own pace, reflecting the unique characteristics of their business and the competitive environment they face. However, our industry experience and insights indicate that CPG higher performers will be:

- Realizing all the available value from level 1.
- Proactively and systematically exploring opportunities at level 2.
- Preparing for level 3 as the cloud matures— and as the depth and scope of the cloud ecosystem increases.

Figure 1: Accenture's cloud maturity model for CPG companies




BORGES
BERIO
BRAGG
TEAOIL
COLAVITA
Gallo

Realizing the cloud-enabled future in CPG

To meet current and emerging imperatives, CPG companies must act now. Those that do not act miss out on the chance to strengthen capabilities their rivals are rapidly acquiring. We recommend that companies consider the following steps:

Explore ideas for taking advantage of different cloud services

Companies can benefit by envisioning creative ways to make the most of the different types of cloud services. For instance:

- For SaaS, companies can use context-based cloud services to create richer customer experiences. Imagine using local data on common allergies to develop geography-specific food and healthcare products.
- For PaaS, companies can look beyond PaaS's cost-cutting benefits and capitalize on its power to drive process and business innovation by supporting flexibility and iterative experimentation.
- For IaaS, companies can deploy data lifecycle management solutions tailored to the CPG industry into cloud infrastructure environments. These can support convergent data architectures – the blending of structured and unstructured data – to enable more effective product lifecycle management, 360-degree consumer views, demand management, supply chain management, branding, and promotion.
- For BPaaS, companies can take advantage of IT-enabled business process outsourcing in the cloud. The key is to identify processes that do not represent a company's core competencies but that lend themselves to processing in the cloud because of the high volumes of data involved. For many companies, social listening is an example of such processes.

Tackle security and regulatory challenges

Cloud will help CPG companies manage fresh challenges emerging on the horizon. These challenges include a new generation of security threats as well as regulatory oversight that will impose greater control over online transactions. To overcome these hurdles, CPG companies will need more potent analytics-based security systems. Thus security-as-a-service could emerge as a new type of cloud offering.

After all, today's hyper-connected world demands an orchestrated, in-line means of protecting data and preventing breaches. Transaction security is critical, especially in the social world. The data platform will allow security to easily handle large volumes of fast-changing data. It will also help to suppress insider threats by analyzing data about comparative network usage patterns to see whether an employee's time spent downloading reports is out of the ordinary. The platform might compare information packets; the same packets going to different hosts could indicate that information is being echoed to a snooping threat.

Manage Big Data complexity

Thanks to the advent of Big Data, data will continue ballooning and flowing in from countless diverse sources. The challenge for CPG companies will be how to manage the complexity of the data. Companies must capture unstructured data such as voice feedback, images, weblogs, and patterns on social media sites, and combine it with existing transactional data before plugging it into analytics engines to glean meaningful insights.

This complexity grows with cloud, social, and mobile technologies. All three require consumer goods businesses to integrate structured and unstructured data feeds. Supply chain management also requires converging data sources and architectures.

Experiment with leading-edge processes, with little risk and no upfront investment

As technology continues to advance at breakneck speed, new processes – innovative ways of conducting business – keep cropping up in the CPG industry. The rise of social listening is just one example. Such leading-edge processes can present valuable opportunities for companies, but they also pose questions. For example, how can companies extract the most value from a particular new process? How long will the process be in play? (Will it be just as viable three years from now as it is today and will it work in just the same way?) What additional new processes could arise from this one? (For instance, could social listening give rise to a process by which consumers will start buying CPG offerings directly through Facebook?)

In short, innovative processes come with a lot of uncertainty. As much as a company might like to try a new process, investing in the IT assets needed to do so can be expensive and risky. What if the process turns out to be not as valuable as the company anticipated? What if it disappears entirely or morphs into another process – one that requires different IT assets – soon after the company makes the upfront financial commitment?

The cloud lets companies experiment with leading-edge processes, with reduced risk and no upfront investment in the form of capital expenditure. Companies pay only for the service they want, only for as long as they use it. If the process proves disappointing or short-lived, companies have lost nothing in the way of capital expenditure. If it turns out to be stable and valuable over the long term, companies can build more of their own infrastructure around it if they wish. Moreover, as new processes continue to emerge, companies can easily shift to experimenting with the ones that interest them the most.

Companies that use the cloud in this way will position themselves to swiftly try out promising new processes as they emerge, assess their value, and craft well-informed strategies for future investments.

To find out more about how Accenture can help your CPG company harness the power of the cloud to achieve and sustain high performance, please contact:

Kelly Dempski

kelly.l.dempski@accenture.com

Kelly Dempski is a managing director with Accenture Technology Labs in Silicon Valley, where he leads the R&D program for Digital Experiences. This program is focused on developing new ways for Accenture's clients to interact with their customers and workforces using emerging technologies in the areas of social media, mobile devices, gamification, and new modes of interaction on the web and in the physical world. Kelly holds an Engineering degree from the University of Illinois, and joined Accenture in 1994. He has written three books and numerous papers. He is a frequent speaker on the subject of technology trends and innovation.

Andrew Long

andrew.g.long@accenture.com

Andrew Long is a senior manager in Accenture's IT Strategy and Transformation practice, specializing in IT strategy and enterprise architecture. Andrew has worked in a variety of industries and multinational organizations across Europe, the US and Asia Pacific to align their business and IT strategy, defining roadmaps for change and architecting technology solutions to support this change. Andrew is the Cloud Strategy Lead for Europe, Africa and Latin America working with clients on understand the specific value cloud can bring to their organizations.

Fabio Vacirca, Global Managing Director, Consumer Goods & Services
fabio.vacirca@accenture.com

Jim Coleman, Managing Director, Consumer Goods & Services North America
james.b.coleman@accenture.com

Angelo D'Imporzano, Managing Director, Consumer Goods & Services EALA
angelo.dimporzano@accenture.com

Additional Contributors:

Laurie Henneborn

laurie.a.henneborn@accenture.com

Laurie Henneborn, based in New York, leads the global Technology research team within Accenture Research – an in-house network of professionals who have strong knowledge of various industries, geographies, technologies, and functional domains, as well as research methods and techniques. Laurie specializes in cloud and applications-related topics.

V.M. Sundaram

v.m.sundaram@accenture.com

V.M. Sundaram is also a member of Accenture Research and is aligned to the global Consumer Goods & Services research team.

References

[1] Information Management News, "General Mills Turns To The Cloud", dated 15th Aug. 2011.

[2] "Coca-Cola Amatil to grow customer base and revenue with digital media signage," http://www.cio.com.au/article/435359/coca-cola_amatil_grow_customer_base_revenue_digital_media_signage/

[3] DemandTec, "Managing Pricing Strategically at FreshDirect," April 2012.

[4] "One Network Successfully Implements Demand-Driven Inventory Planning at Del Monte Foods," August 24, 2012. http://www.prweb.com/releases/2012/8/prweb9846205.htm

[5] Salesforce.com

[6] Salesforce.com

Shaping the future of high performance in consumer goods

Our Consumer Goods industry professionals around the world work with companies in the food, beverages, agribusiness, home and personal care, consumer health, fashion and luxury, and tobacco segments. With decades of experience working with the world's most successful companies, we help clients manage scale and complexity; transform global operating models to effectively serve emerging and mature markets; and drive growth through evolving market conditions. We provide end-to-end managed services as well as individual consulting, technology, and outsourcing offerings in the areas of Commercial Services, Speed to Customer, ERP Global Operations, and Integrated Business Services. To read our proprietary industry research and insights, visit www.accenture.com/ConsumerGoods.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company, with approximately 259,000 people serving clients in more than 120 countries. Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. The company generated net revenues of US$27.9 billion for the fiscal year ended Aug. 31, 2012. Its home page is www.accenture.com.

13-0480 / 11-5967