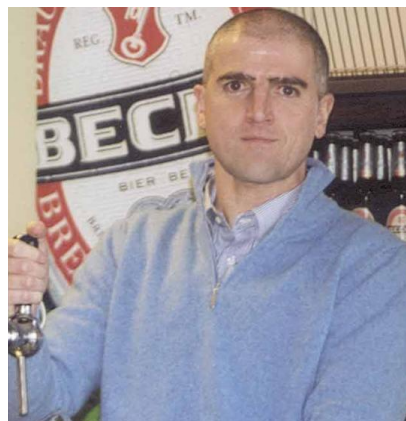


Anheuser-Busch InBev (AB InBev) is the leading global brewer and one of the world's top five consumer products companies. A true consumer-centric, sales driven company, Anheuser-Busch InBev manages a portfolio of over 200 brands that includes global flagship brands Budweiser, Stella Artois and Beck's. Geographically diversified with a balanced exposure to developed and developing markets, Anheuser-Busch InBev leverages the collective strengths of its 120,000 employees based in operations in over 30 countries across the world. The Company strives to be the Best Beer Company in a Better World.

AB InBev created a Global Performance Management platform with QPR based Cost-to-Serve measuring solution

CUSTOMER CASE:



"The application covers most of the tactical managerial needs for our direct distribution operations, including full customer, channel and product as well as product-group profitability. "

*Jan Kerremans
Global Pricing Director
Anheuser-Busch InBev*

Performance Management in Food and Drink industry (brewery).

Methodology frameworks used:

- Strategy Management (BSC)
- Quality Management (PDCA)
- Financial Management (TDABC)

QPR products used:

- QPR ScoreCard
- QPR ProcessGuide
- QPR FactView

Integrations to other systems:

- ERP
- SAP
- CostPerform

To create a Corporate Performance Management platform Anheuser-Busch InBev ordered from QPR's Belgian partner Ackinas a Cost-to-Serve (CTS) measuring solution based upon the complete QPR toolset.

In the context of the development of its Route to market strategies AB InBev had developed a methodology to allocate costs specifically to products and customers based on the concept of Time Driven Activity Based Costing (TDABC).

AB InBev defined a number of objectives that justified a CTS measuring solution:

First, the solution had to capture all costs incurred along the supply chain to serve a customer including own products and third-party products in order to measure the "overall" costs-to-serve.

Secondly, the calculation framework of the solution had to be based on TDABC principles and had to ensure a sufficient level of differentiation.

"As we judged that this cost to serve allocation should be given a consistent, repetitive and sustainable IT solution we searched for an application available on the market and compared it versus in-house development," says **Jan Kerremans**, Global Pricing Director at AB InBev.

Ackinas was chosen as the consulting partner and as the journey proceeded extra requirements were added to the application, benefiting from the data interfacing with the ERP system.

QPR platform was selected because of the QPR ProcessGuide's visual display of the TDABC model and the complete integration with QPR ScoreCard for the management reporting. In addition to that the ease of use and the functional match between this platform and the required AB InBev features made the difference.

Optimizing secondary distribution through customer insight and Stock Keeping Unit profitability

"Without the possibility to measure the costs-to-serve, it is hardly impossible to create a sustainable profitability measuring solution. Depending on architectural choices, the profitability solution, as a tactical decision instrument and including commercial trade spend differentiated or allocated per customer, can be regarded as an extension of the cost-to-serve solution," Jan Kerremans says.

AB InBev developed the idea for this toolkit as part of the Route to Market module of their World Class Commercial Program.

The Company identified several ambitious objectives for this project. The main idea was to optimize secondary distribution in Western Europe through better insight in customer – and Stock-Keeping Unit (or SKU) profitability. In addition to that, the toolkit needed to support also more strategic and tactical projects such as Zero Based Budgeting, sizing of distribution operations, Route to market redesign and Margin pool optimization.

A more than two year long project

Anheuser-Busch InBev demonstrated a strong vision towards the platform they required in order to run a complex Time-Driven Activity-Based Costing (or

TDABC) model in a tool that could be monitored, enhanced and managed by the businesspeople in charge of day to day operations in the AB InBev distribution centers all over Belgium and later on in other countries.

Together with Ackinas a platform was developed and implemented over a period of two years were the QPR ProcessGuide, QPR ScoreCard and QPR FactView applications were integrated with CostPerform (a software tool for ABC costing, budgeting, forecasting and simulation originally developed by QPR in 1990's) to facilitate management reporting, analysis and simulation.

The work contained the following four major phases:

- **Phase 1:** a spreadsheet TDABC model was translated into a visual QPR ProcessGuide TDABC model.
- **Phase 2:** To obtain better reporting of the Sales Operation Program Review figures, new KPI's were defined in QPR ScoreCard and linked to the model in QPR ProcessGuide.
- **Phase 3:** the model was extended to budgeting and business development as well as to monitor customer behavior changes.
- **Phase 4:** monthly variance analysis budget versus realization was established with QPR FactView.

Phase 1: creating visual QPR ProcessGuide TDABC model

AB InBev had already a long history of trial and error with spreadsheets before Ackinas demonstrated them the powerful combination of QPR ProcessGuide and CostPerform. Ackinas translated the AB InBev TDABC model into a visual QPR ProcessGuide TDABC model.

The use of QPR ProcessGuide offered both parties the possibility to quickly establish a pilot model (in approximately ten days) that then was refined into the final model (in approximately another twenty days).



The objective of this phase was clearly to get an idea of the calculation of standard costs and setting of targets for the drivers resulting in channel, customer and SKU profitability and other advanced reporting.

Phase 2: Defining new KPIs

For the second phase, AB InBev required better reporting of the Sales Operation Program Review (or SOPR) figures. Therefore the different KPI's were defined in QPR ScoreCard and linked to the model in QPR ProcessGuide based upon their availability.

Anheuser-Busch InBev delivered also SAP data for this ScoreCard. Ackinas developed the ScoreCard in approximately ten days. The SAP integration took several weeks, which was mainly an AB InBev effort. The validation of the model and its data took also several days and was a joint AB InBev Ackinas effort.

Phase 3: Expanding the use of the Model

The third phase was to extend the model to be used for budgeting and sizing incorporating simulations of process improvements, cost factor analysis and customer behavior changes.

Therefore Ackinas introduced QPR FactView to AB InBev. CostPerform could handle the simulations via the user-friendly button driven scenarios.

QPR FactView proved to be a better choice for the analysis of the massive amount of data in the costing model and their graphical representation. This phase took approximately ten days to develop.

Phase 4: Introducing Monthly Variance Analysis

The Monthly Variance Analysis budget versus realization was the subject of the fourth phase. To support the monthly variance analysis and the pareto of the performance gap, Ackinas again advised to use the QPR FactView application for this phase. This phase took approximately ten days to develop.

The data preparation, integration and final validation activities took a major portion of the development and implementation effort.

Achieved Benefits

Anheuser-Busch InBev initiated this project for a number of important reasons; the QPR platform introduced and implemented by Ackinas offered them additional opportunities in the areas of SOPR and budgeting (variance analysis).

For AB InBev this toolkit will identify areas where costs can be eliminated and profits can be optimized. The operational people will gain a better visibility of the logistics operational performance and will be able to perform benchmarks.

In addition to that AB InBev is able to analyze the channel, customer and product profitability in the required detail and perform third party product assortment analysis.



Ackinas now supports AB InBev's budgeting or sizing exercise, the monthly variance analysis (actual vs. budget), customer profitability, key performance indicators and Plan-Do-Check-Act cycle (PDCA).

Future roll-out

Anheuser-Busch InBev intends to roll this toolkit out in other countries. The big challenge will be to keep the model unmodified to facilitate benchmarking between the different countries.

For the QPR ScoreCard and QPR ProcessGuide portion AB InBev aims to use the collaborative functionalities of the QPR portal to embed a PDCA cycle into the model in order to continuously improve the performance and establish a culture of knowledge sharing between the different countries.

"Armed with better and more complete sales figures and simulations, the sales team can now better prepare the meetings with their customers and negotiate more coherent packages with them."

*Jan Kerremans
Global Pricing Director
Anheuser-Busch InBev*