

Integrated Business Planning Creates a Platform for Digitization & Risk Mitigation

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velocity

CONNECT + ACCELERATE + INNOVATE

INTEGRATED BUSINESS PLANNING CREATES A PLATFORM FOR DIGITIZATION & RISK MITIGATION



THE COCA-COLA COMPANY®
beverages for life

COCA-COLA NORTH AMERICA

Coca-Cola[®]



Coca Cola 125th Anniversary



Coca-Cola at a glance...

- The world's largest beverage company
 - More than 500 brands; over 200 countries; 1.9 billion servings each day



US Transportation

- More than 10,000 lanes
- Bottler average length of haul - 250 miles
- CCNA average length of haul > 600 miles
- Freight Spend \$<2.0B

North America Operating Model

- Coca-Cola North America (CCNA);
Coca-Cola Bottling Partners



US Operations

- Sparkling Beverages (Coca-Cola Bottlers)
 - >100 Production Centers
- Still Beverages (Coca-Cola North America)
 - 30+ Production Centers
 - 30+ Co-packing Partners

Technology – Enables process execution

- SAP
- Logility
- OTM
- E2Open
- FourKites
- Control Room Visibility

Constantly upgrading
technology foundation



Coca-Cola Portfolio: 20 Billion-Dollar Brands

CCNA RTM: direct to customer DC – greater complexity than bottler network – demand planning is critical



● 3,600 Products with #1 Share in:

- Sparkling & Still Beverages
- Ready-to-Drink Juice & Juice Drinks



Source: The Coca-Cola Company Web Site

Over XXX customer, plant, product combinations: aggressive inventory policies



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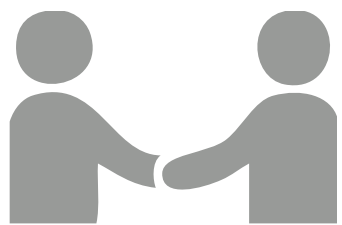
Over XXX customer, plant, product combinations: aggressive inventory policies



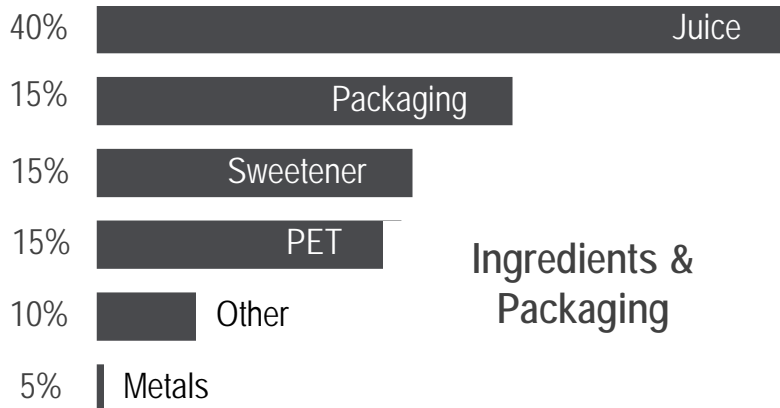
CCNA Supply Chain by the Numbers

PROCUREMENT (BUY)

\$\$\$\$B COGS



320
Suppliers

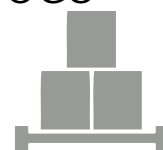


MANUFACTURING (MAKE)

\$\$B COGS

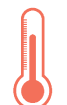
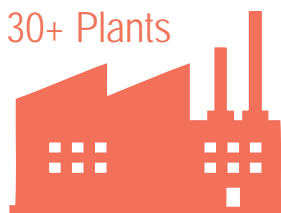


1,066
SKUs



Lots of
Physical
Cases

30+ Plants



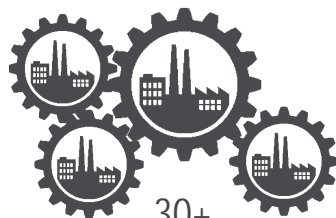
Thermal



Fountain



Water



30+
Co-Packers

115 Lines



50%



Thermal

40%



Fountain

10%



Water

LOGISTICS (SHIP)

\$\$B COGS

Average
DOH
Inventory



Full Goods: 5 - 7
Raw Goods: 7-10



2,200
Delivery
Destinations



8,700 Lanes

388,000



Loads



97%
Order
Fill



Sustainability

135M gallons transported from Cutrale to Main Street via pipeline, keeping 80 trucks off the road per day



30% plant-based materials reduces reliance on non-renewable resources, lowering our carbon footprint



Waco, Truesdale ILBM saving:
4,000 Truckloads
737,000 Miles
1,400 Metric Tons CO2



MANAGING RISK

- Understanding current capabilities
- Maturity of current processes
- Countermeasures

How is Risk & Innovation Defined?



- **Business risk** refers to the possibility of inadequate profits or even losses due to uncertainties e.g., changes in tastes, preferences of consumers, strikes, increased competition, change in government policy, obsolescence etc.



- **Business innovation** is often also viewed as the application of better solutions that meet new requirements, unarticulated needs, or existing market needs



- **Integrated Business Planning** pursuit of advanced planning tools able to connect supply chain partners and support the S&OP processes with cost based scenarios



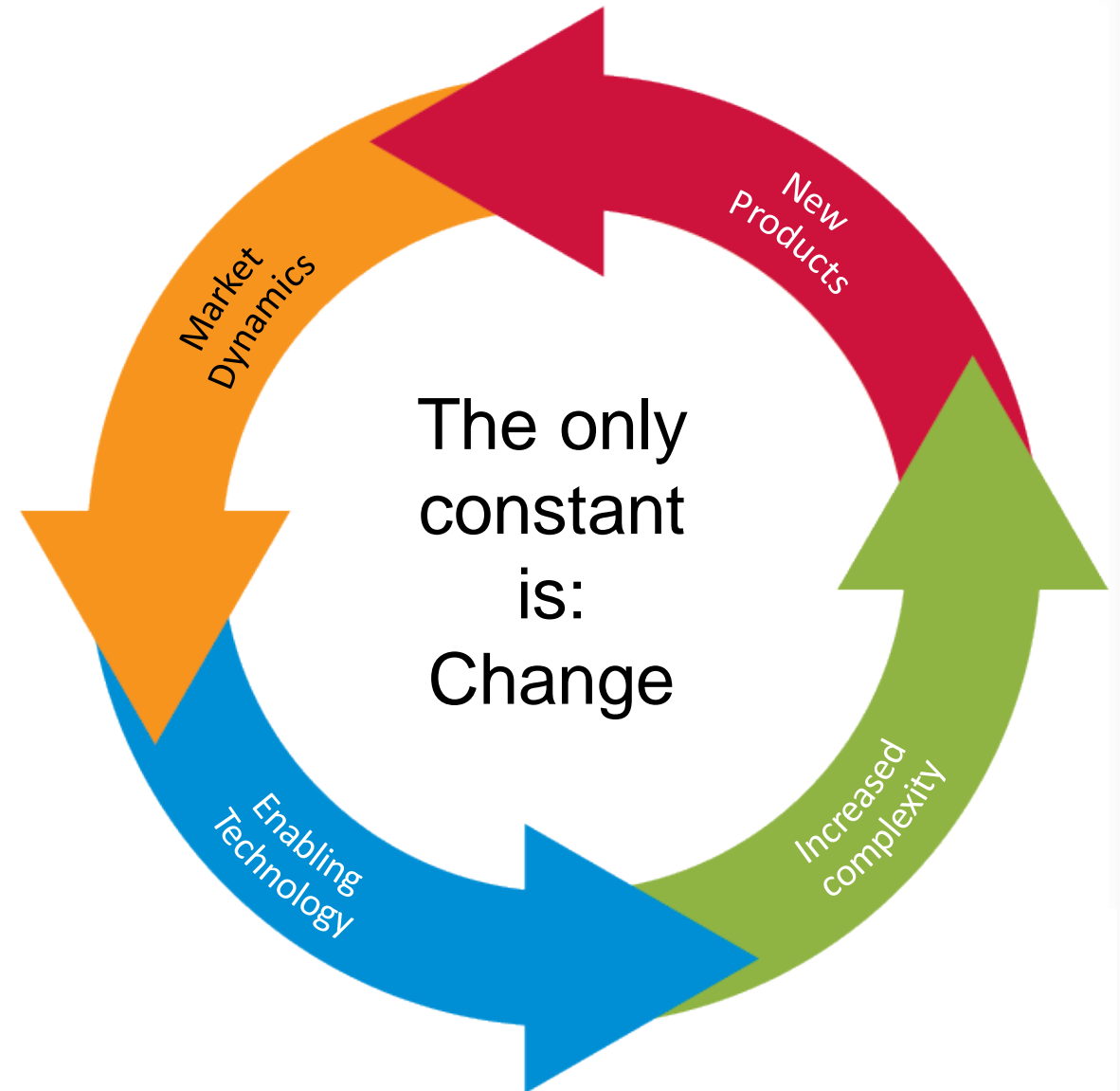
Coca-Cola North America Risk & Innovation: Cycle of Change

Commercial

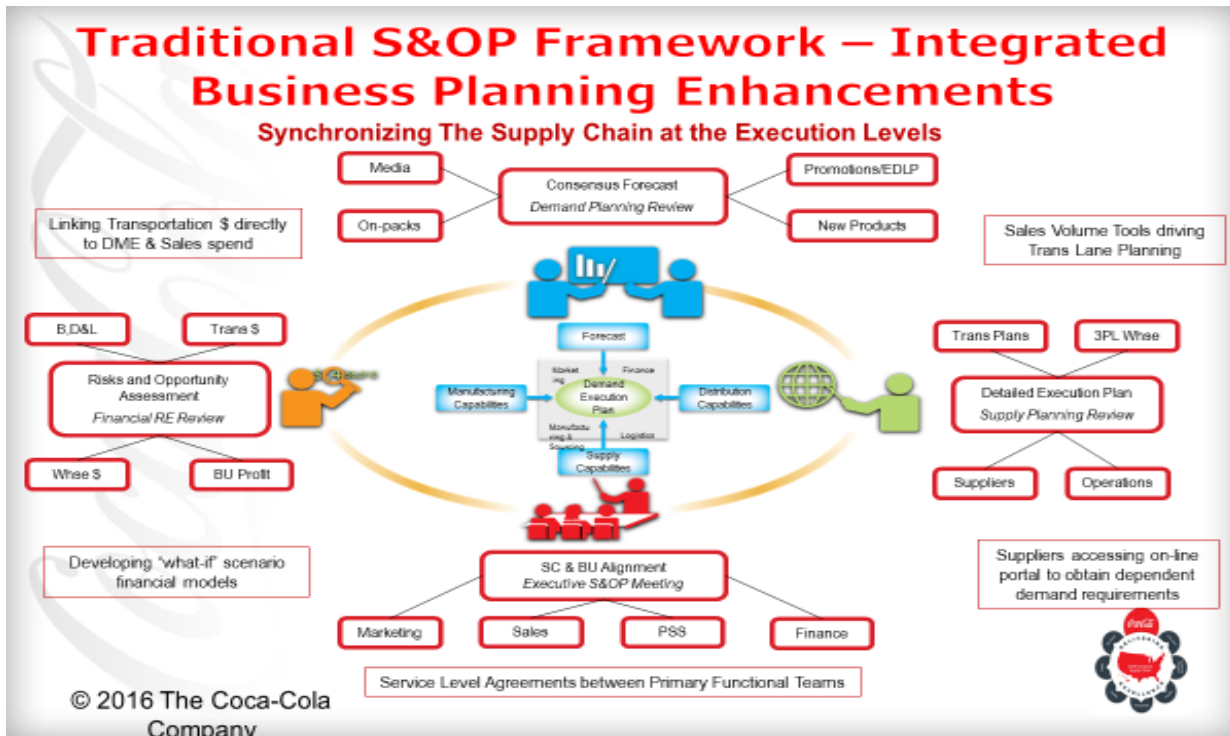
- **Risk:** when to disrupt or adjust to market conditions
- **Innovation:** new product launches

Supply Chain

- **Risk:** perpetual continuity of product supply imbalances
- **Innovation:** investing in advanced planning & predictive technology
 - Reduce reliance on spread sheets
 - Ability to manage advancing complexity with minimal resources



CCNA Risk Mitigation: Supply Chain – Fundamental Business Processes



Foundational Technology Platform

Material Type	Type	Plant	01/01/2018	01/01/2019	01/01/2020	01/01/2021	01/01/2022	01/01/2023	01/01/2024
Non-Stock			263,010	263,010	263,010	263,010	263,010	263,010	263,010
Stock			263,010	263,010	263,010	263,010	263,010	263,010	263,010



Logility DP replaced legacy system and Excel tools: dashboard management

The screenshot displays the Logility Dashboard interface, which is a web-based tool for managing supply chain data. The interface is divided into several sections:

- Navigation and Search:** At the top, there is a menu with options like "Planning", "Edit", "Goto", "Settings", "System", and "Help". A search bar is located on the right side of the top navigation bar.
- Left Sidebar:** Contains navigation options such as "Home", "Demand", "Global Forecasts", and "Forecast Hierarchy". It also includes a "Selection profile" section with a tree view of folders like "YCCNA_DP_" and "YPCS_DP_A".
- Header:** Features the Coca-Cola logo and the title "Logility Dashboard". It includes filter selection options for "Vol Rebate Group Desc", "Product ID", and "Plant".
- Main Content Area:** Displays several key performance indicators (KPI's) and data visualizations:
 - Sales History vs Operational Forecast:** A bar chart showing sales history (blue bars) and operational forecast (red line) for the year 2018, from Week 21 to Week 52. The y-axis represents sales in millions (0M to 3.5M).
 - Forecast Accuracy %:** A line chart showing forecast accuracy percentage over time, with data points ranging from 59% to 72%.
 - Bias Quantity and Bias %:** A bar chart showing bias quantity (blue bars) and bias percentage (red bars) over time, with values ranging from -4M to 4M.
- Right Side:** Contains additional filter options for "Month" and "Week", and a "Forecast Accuracy %" legend with color-coded ranges: 0-25% (red), 25-50% (orange), 50-75% (green), and 75-100% (dark green).

US Transportation Risk – “C” Suite Focus

2018 Over budget >\$XXX

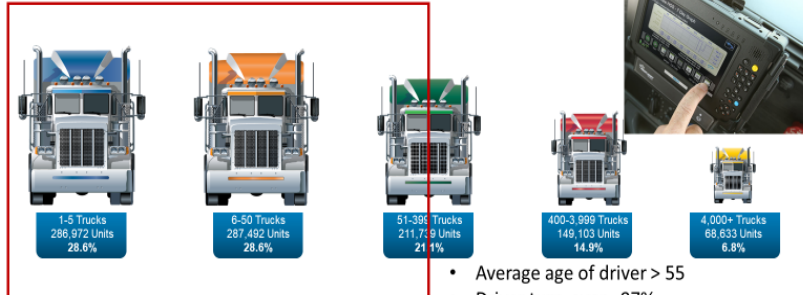
- How to offset projected 2019 double digit rate increases?
- How to insulate from the Spot market, especially during peak volume periods?
- What awaits beyond 2019???

ELD Compliance – 97%

Distribution of For-Hire Carriers in the U.S.

- Owner Operators – Most Impacted by ELD
- Transportation, Warehouse, Construction sector unemployment rate: 4%

1,003,939 truck tractors
206,667 for-hire motor carriers
61% of carriers are owner operators



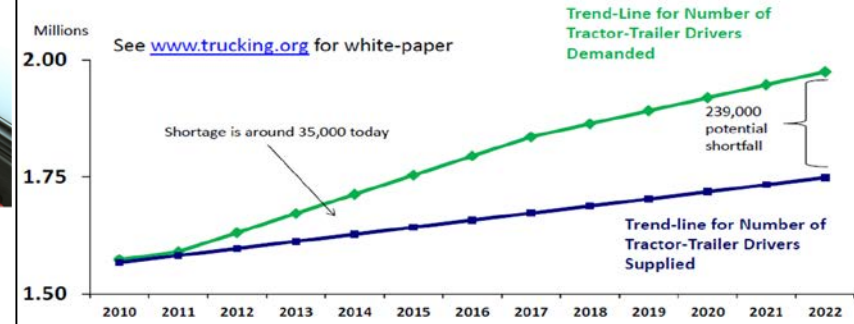
- Average age of driver > 55
- Driver turn-over: 97%
- ELD: 10-13% reduction in miles driven, 500/day to less than 450/day

©HRI October 2015 analysis of May 2015 FMCSA's MCMS Census Data
*Included Carriers: For Hire, USA 48 state, active status updated in 2014 and 2015.
*Excluded Carriers: Bus on's, LTL, carriers, parcel, Gov't vehicles, Private, Forwarders & Drivers

Classified - Confidential

Driver Pay increases to >\$70k

Tractor-Trailer Drivers Demanded and Supplied



Source: ATA



12 Ways CCNA Can Be a Shipper of Choice

Have a Plan for Dock Delays
Sometimes there are backups at the dock. But a shipper of choice has an action plan in place for these scenarios. Don't make a driver idle on a line extending into the street.

Carriers Like Forecasts and Lead Time
If you can provide a five or seven-day lead time to your carriers, then they can position their trucks and dispatch a driver with minimal costs. If you tender freight at the last minute, however, you may incur a surcharge and higher rates in your next contract.

Pay the Carrier Quickly and in Full
You might pay other suppliers in 90 or 120 days, but motor carriers use your money to pay their drivers and purchase fuel. These are immediate expenses.

Form Long-Lasting Relationships, Avoid Penny Pinching
Of course shippers want to secure a favorable rate from their core carriers. But there is a difference between negotiating a fair deal and replacing incumbents to save a penny here or there.

Be a Shipper of Choice Through Thick and Thin
It's one thing to talk about being a shipper of choice when the market favors the carrier, but what about capacity is not a problem? A shipper of choice is not a fair-weather friend but a partner in any market condition.

Provide Drop and Hook, Then Return the Equipment
A drop-and-hook operation is typically quicker than live loads. A drop-and-hook operation will move you to the head of the pack. But don't forget to quickly return the trailer.

Ease of Access
Sometimes, backups can be caused by poor design. Do you have an accurate phone number for a driver to get directions? Does your property have adequate signage, on-site parking and a turning radius for the drivers?

Overnight Parking is a Nice Touch
Drivers cannot manipulate their leglocks, so they must decide what to do when butting up against their hours-of-service limit. Providing overnight parking is an easy solution to carry favor with your carriers.

Carriers Don't Like Unwelcome Surprises at the Dock
Work out kumper payments in advance so that a driver doesn't have to make an unplanned trip to get money. Take up any fines or fees with your supplier or carrier through an invoice, not with the driver bumping the dock.

AT TN: DRIVERS!!!!
- IF YOU'RE A TRUCKER, MAKE YOUR OWN PAY & LOG (no of "No-Id")
- WE DO NOT ACCEPT CASH OR CHECKS!
- WE ONLY ACCEPT CASH-ON-DELIVERY (COD) PAYMENTS
- FEET ONE, CHECKS & TRUCKS
- HAVE DRIVERS

Detention is Bad, So Keep Drivers Moving
"The best way to thinking about it is in terms of minutes," said Brian Reed, former vice president of transportation with Niagara Bottling. Drivers can operate up to 600 minutes behind the wheel, so time equals money. Get them in and out of your dock as quickly as possible.

This Week's Key Charts

Freight Market Overview: Ratio loads to available truck capacity

Exhibit 1: Morgan Stanley by Van OLY Truckload Freight Index

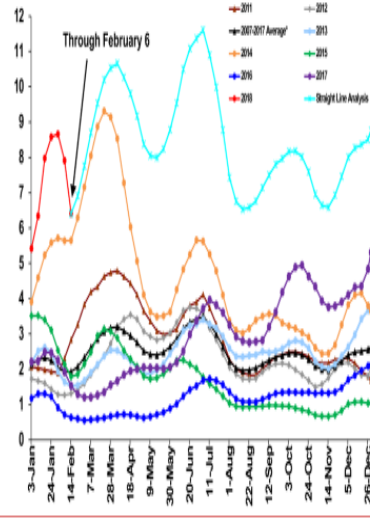
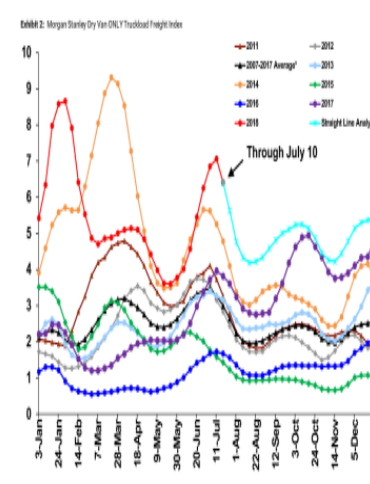
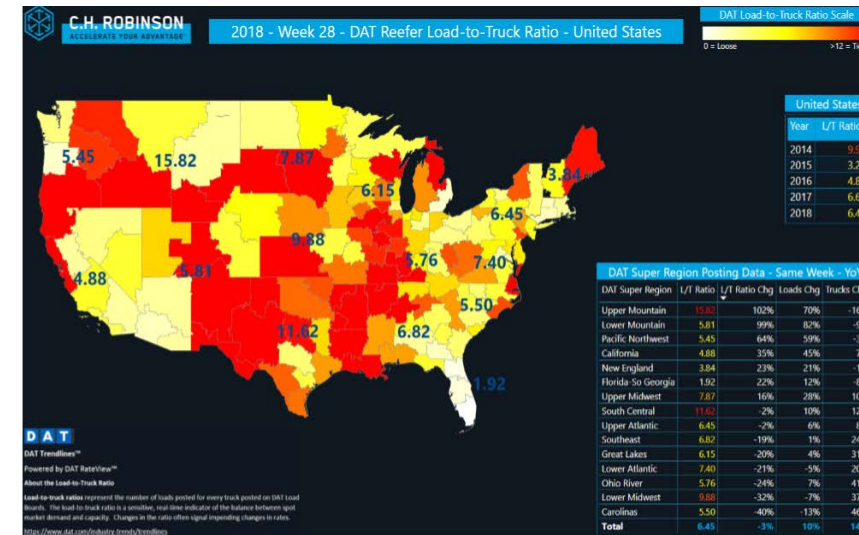


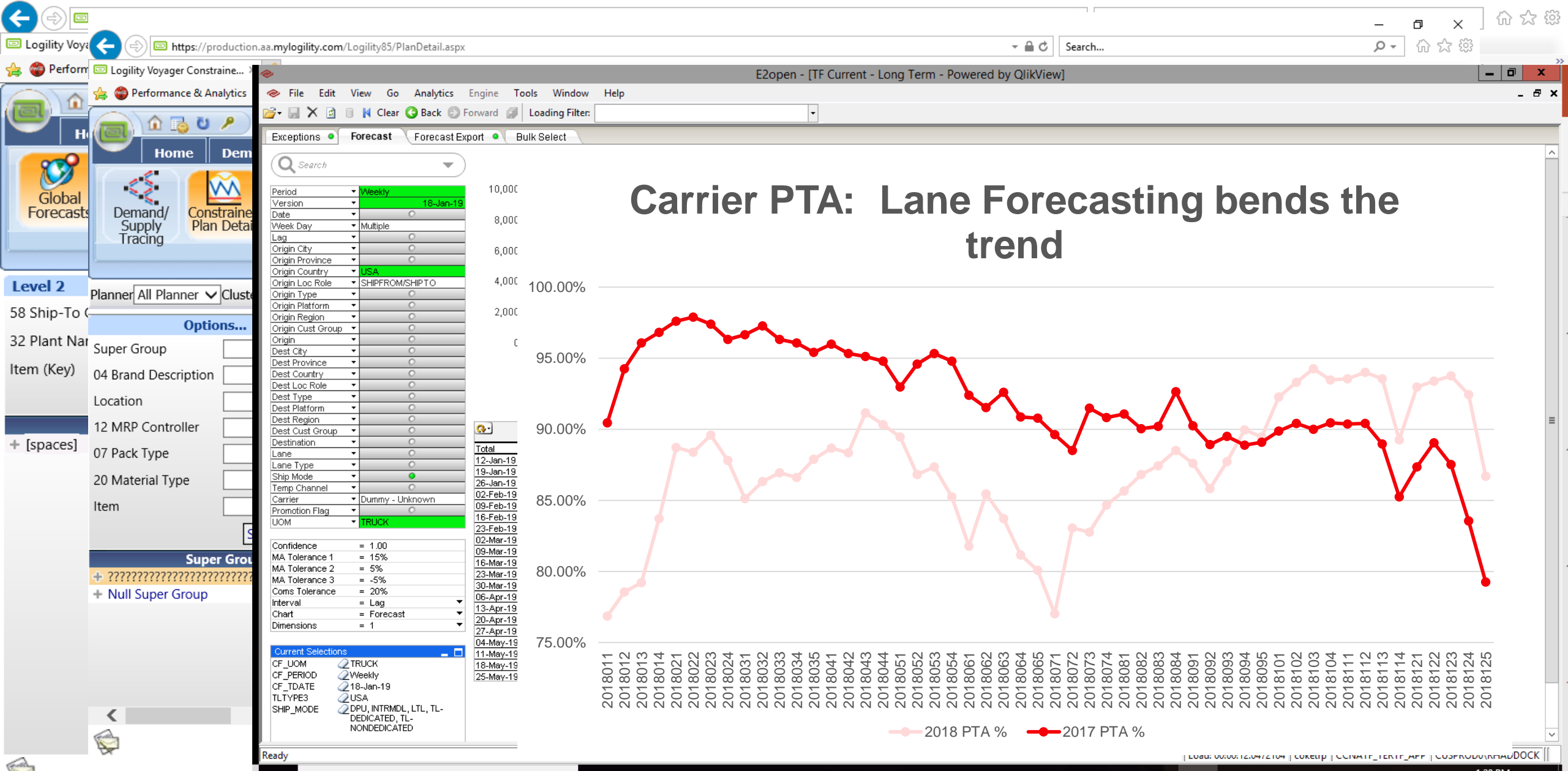
Exhibit 2: Morgan Stanley by Van OLY Truckload Freight Index



Truck/Load Ratio – Wk 28



Logility Demand Signal Driving Tactical Transportation Lane Forecasting

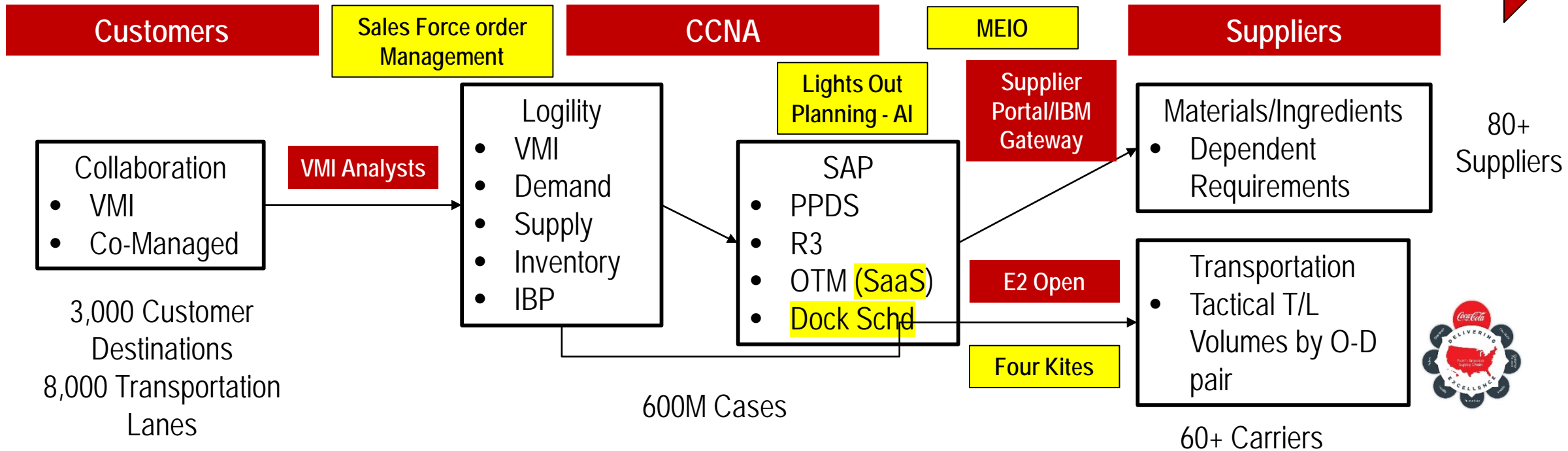
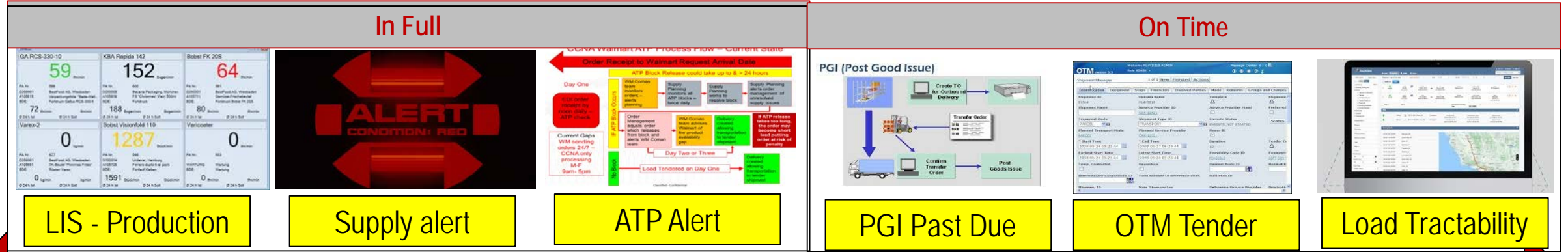


PROCESS & TECHNOLOGY INNOVATION

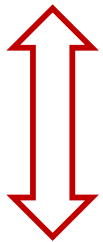
- Alignment – change management
- Will this solution really work
- What if the organization made the wrong decision?

CCNA Strategic Vision: Customers – CCNA - Suppliers

- Leveraging technology to share real-time demand requirements across trading partners
- Operations Control Tower: performance monitoring and alerts across various technologies



CCNA's Vision: Collaborative, End-to-end Supply Chain



CP

Customer



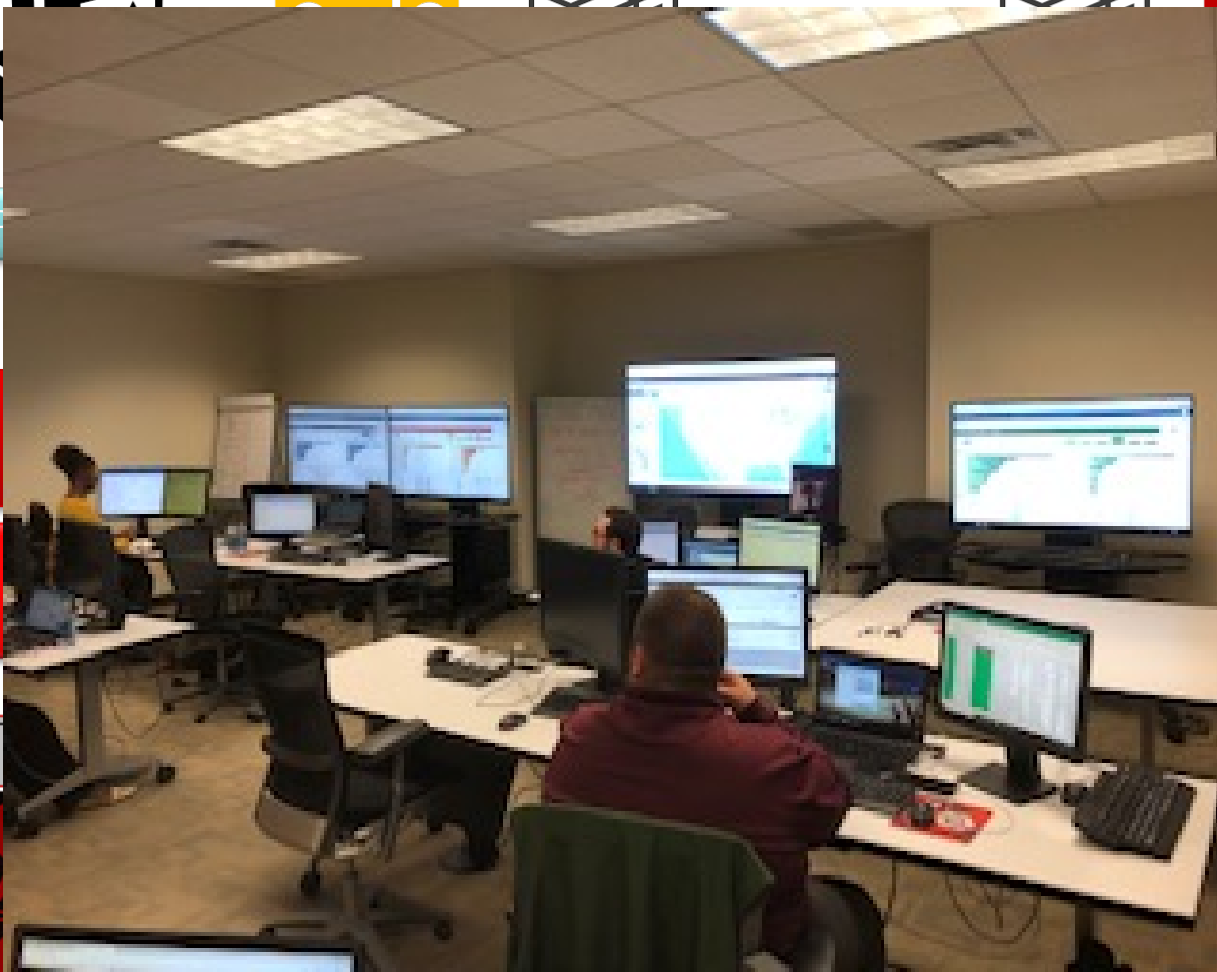
FG Inventory

Raw

LIS

FG Inventory

FourKites



GA PCS-230-10 59 72 0 1591	AGA Florida 142 152 188 1287	Baker FK 205 64 80 0
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On Time



LIS - Production

Supply alert

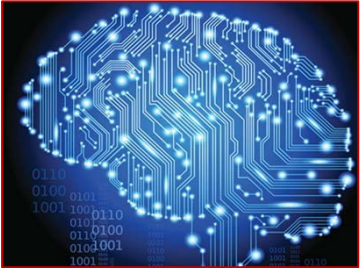
ATP Alert

PGI Past Due

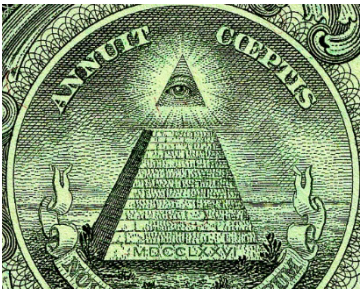
OTM Tender

Load Tractability

Robotic Process Automation & Artificial Intelligence



RPA Replace repetitive planning decisions
Modern ERP & TMS system's make all the recommendations yet human touch is still involved in making the final decision.
What keeps us from going to "auto-pilot" today?



Artificial Intelligence (e.g. Alexa, Winston, Jarvis)
Why can't one ask "Cleopatra" for updates on key accounts OTIF performance from the prior day, how did plant x, y or z run in the past 24 hours, or how much has next week's order volume increased versus the forecast?



Logility Benefits & Results to Date: Year 1

- Expandable advanced planning system – foundation for 2019 IBP implementation
- Robust Demand planning system: driving “in Full”, “on-time” and cost results
- Committed partner working with SME’s and users to drive system adoption and technology advancements



Key Points to Remember

- Risk is inherent in everything we do and Integrated Business countermeasures are essential to minimizing the disruption
- Both process & technology innovation can make a positive impact if sustainable, adopted, and the right solution
- Change remains the only constant and success will be determined on how well change is managed





QUESTIONS?

THANK YOU

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