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KALYPSO
Delivering on the promise of innovation

Balance Increasing Consumer Demand While Reducing Cost and Risk with Agile PLM

Graham Mitchell – Former Director, Global Innovation – Ahold USA
George Young, CPG Partner - Kalypso
John Kelley, VP Product Strategy, Agile PLM– Oracle



Agenda

- Welcome
- State of the Industry
- Ahold Case Study
- PLM Vivo Methodology & Benefits
- Q&A

Business Imperatives in Retail

Accelerate Profitable Innovation and Time to Market

Reduce Product Costs and Improve Productivity

Ensure Product Quality, Compliance and Traceability

- **Global Specification and Supplier Management**
- **Integrated BOM/Formula – Pack/Label Development with Imbedded Regulatory Compliance Screening and Management**
- **Manage Portfolio Pipeline and Deliverables**
- **Enable Globalization and Outsourcing**
- **Secure Supplier Collaboration, Workflow, Traceability and Audit**

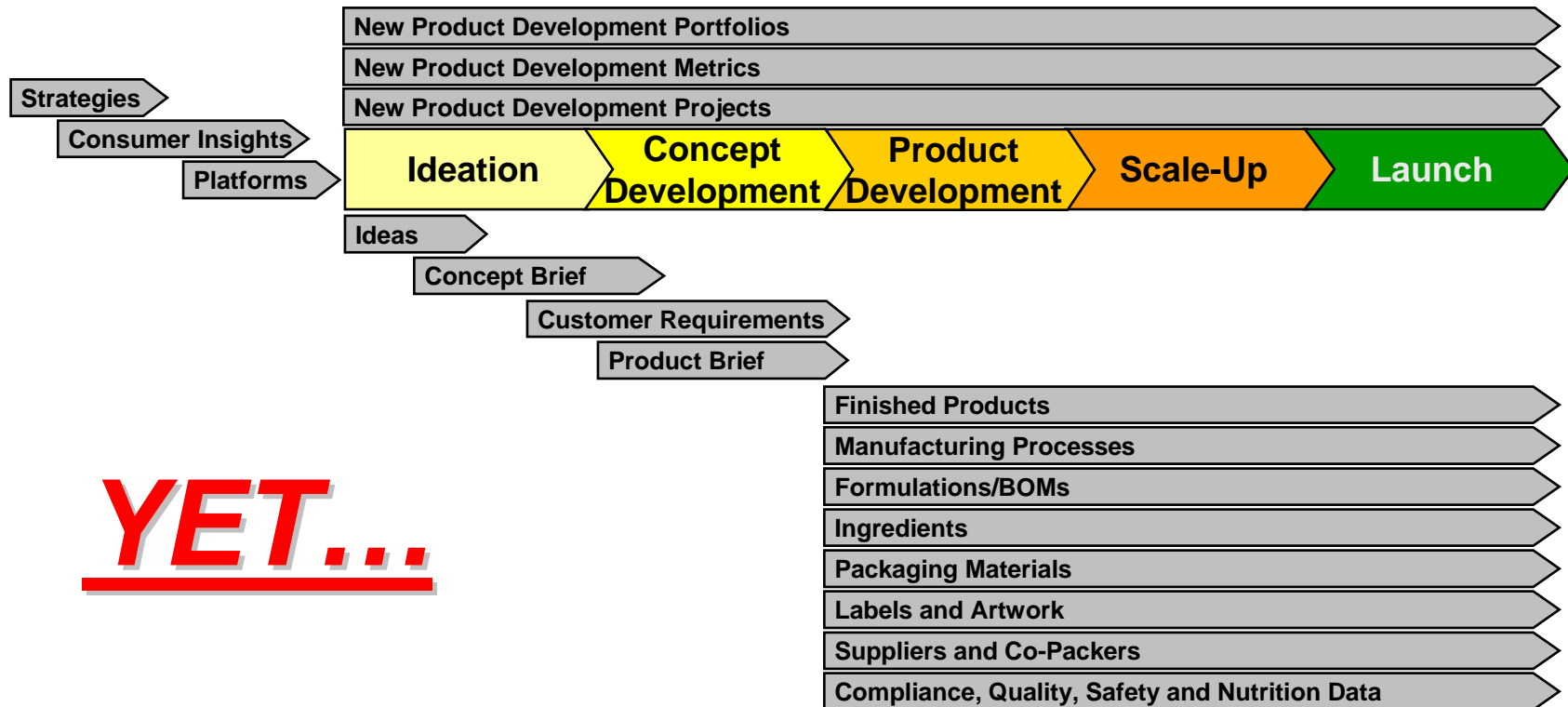
Food Safety

Time to Market

New Markets/Revenue

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Innovation and Compliance are “Must Haves” for Retail Companies



YET...

Multiple Functions, Organizations & Sites -- Including Suppliers and Partners
Must Coordinate & Synchronize Information and Activities Across Complex and Interconnected Processes to Release the “Right” Products on Time...

This is what we hear when we go on

“We don’t have the time or staff to deal with the growing amount of regulatory work”

My product data is scattered across dozens of systems and it’s not even consistent

I know my processes take too long, but I have no way to track, automate or improve them

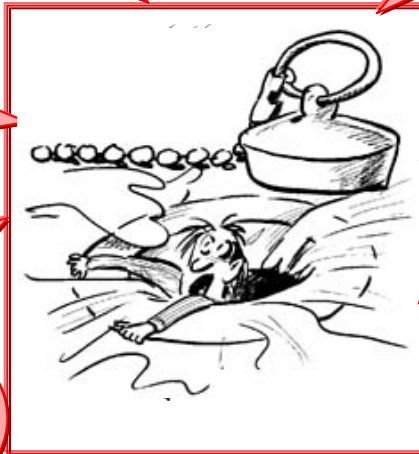
Half of it’s locked up in spreadsheets, laptops, Access DBs and even Filing Cabinets

I can’t tell which projects are on track or behind... without days of my best people in fire drill mode

It’s so hard to find and reuse existing specs & suppliers – it’s literally easier to recreate it...

I can’t easily tell anyone which products contain a particular ingredient, allergen or supplier

It takes weeks to get data from suppliers – and then it’s wrong



PLM Creates Value at All Levels

Oracle PLM delivers and invests from top to bottom



Good People → Old/Legacy Processes – Bad Tools



How many diving catches can the team make...

Before they drop the ball?



The Bottom Line...

1. You have to Innovate faster

- Fund and Resource the Right Portfolio of Products
- Track and Manage Product Portfolio Status
- With Less Resources
- Improved Cycle Times

2. Collaboratively Manage the Product Content and Changes

- Parts, Specs, Ingredients, BOMs, Formulas

3. It has to be right (designed for Supply, Compliance and Quality)

- Label and Packaging
- Nutritional & Environmental Compliance

4. And you need full Traceability across Product Hierarchy

- Manage customer and government audits
- React and contain rework and recalls



Ahold Case Study

www.kalypso.com

Graham Mitchell
Former Director of Global Innovation
Ahold USA

Ahold Summary

- \$ 25 B Annual Sales in 2008
- 750 Stores under 3 Banners in US
- 68 % of group sales in US
- Transfer knowledge and expertise across continents
- Increase private label penetration (5%) to improve operating margins
- Bring customer insights into private label development process
- Establish multi-tiered private label program Value- Everyday= Differentiated

Banners



Problem Statement

Ahold needed to launch multiple lines of private brand products.

The company was struggling with a poor track record due to:

- Lack of a global stage gate product development process- **projects hit development without SVP Approval/Priority or Consumer Acceptance**
- Poor communications between Product Marketing, Packaging, Regulatory and Sourcing: **No central collection point for all materials**
- Lack of a single source of truth as information were often maintained in individual manager's files: **Change several files to make ingredient change**
- No visibility of overall project or program status, which often leads to finger pointing when a launch is delayed: **When is critical mass of key items avail to promote**

The Agile PLM Solution

The Agile 9 PLM platform provided the capability to:

- Combine project management with product development: **manage tasks/critical path, design process, booking packaging run**
- Maintain a single source of truth for product record and document record (e.g. Label outputs, Test Results, Supplier documents), no matter the complexity of the product: **Change once, line extensions/corrections**
- Establish global processes to facilitate a single product development process: **Best practices shared for speed and quality, item requirements transferred**
- Encourage cross-functional communication: **Merchants sit on valuable research data (N. brands, card data)**
- Provide management and executives with program wide visibility of all product development progress: **Once of items vs programs**

Project Scope & Timeline

High level implementation scope included:

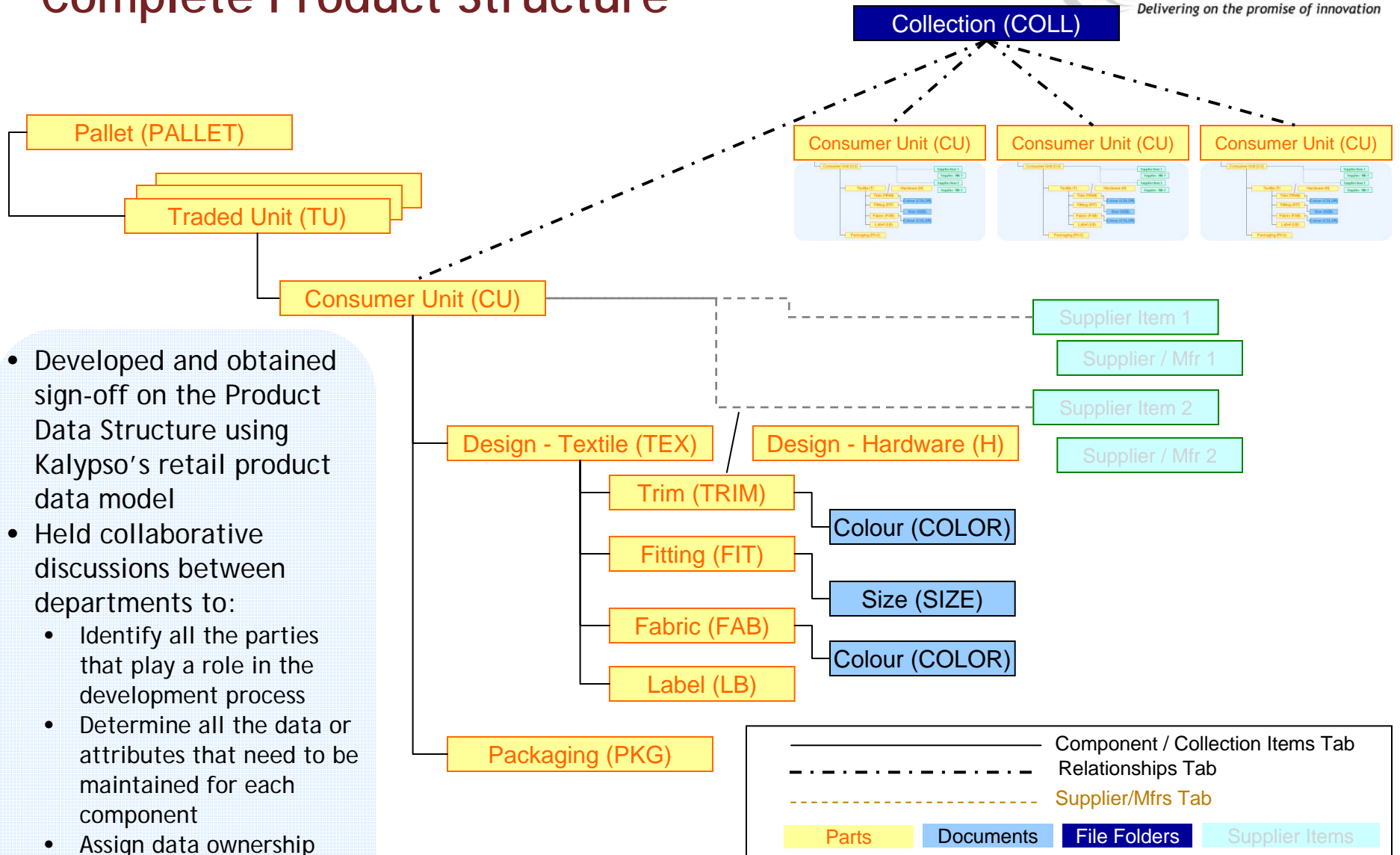
- Agile PC & PPM modules (with 1 process extension)
- 5 global processes
- 3 project templates
- 1 Geographic Location
- < 100 users

Task	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11
Requirements Gathering	█	█									
Stage Gate Design	█	█	█								
Document Configuration Requirements			█	█							
Document PX Requirements				█							
Application Configuration					█	█	█				
PX Development					█	█	█	█			
Training					█	█	█	█			
Testing					█	█	█	█	█		
Deployment									█	█	█
Post-Production											█

Other items were omitted from the scope to reduce deployment risk:

- Data conversion
- Sourcing - will continue to leverage Oracle eBS

Complete Product Structure

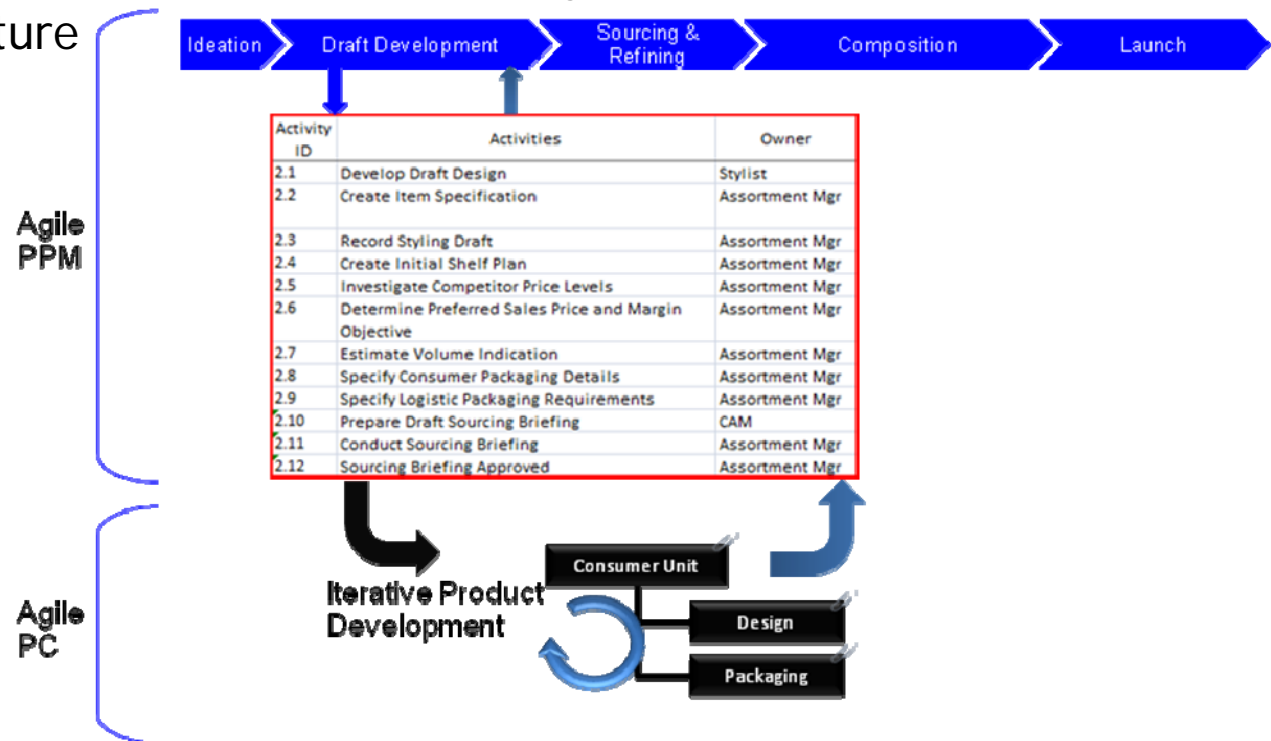


- Developed and obtained sign-off on the Product Data Structure using Kalypso's retail product data model
- Held collaborative discussions between departments to:
 - Identify all the parties that play a role in the development process
 - Determine all the data or attributes that need to be maintained for each component
 - Assign data ownership

Bringing the NPD Process into Agile PPM

- Upon solidifying the Product Structure, focus shifted to the development of a global stage-gate process, which:
 - Incorporated activities and responsible parties from all the departments involved
 - Identified critical deliverables for each stage
 - Identified enter and exit criteria for each stage, in the context of the Product Data Structure

Multiple project templates were created to account for a variety of project types (e.g. new product, line extension, etc.)

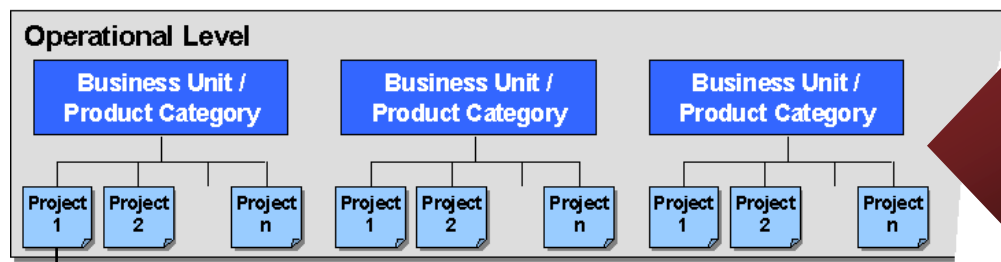
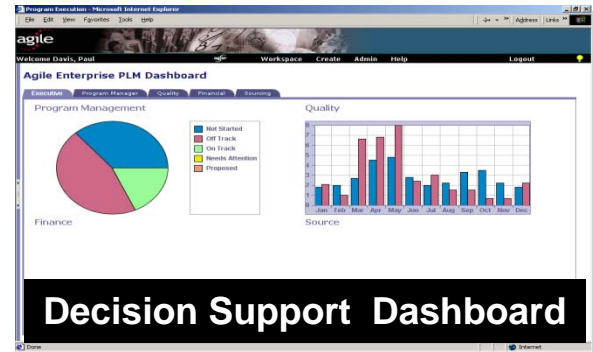


Product Portfolio Management

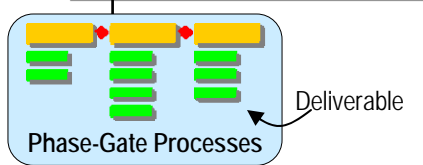
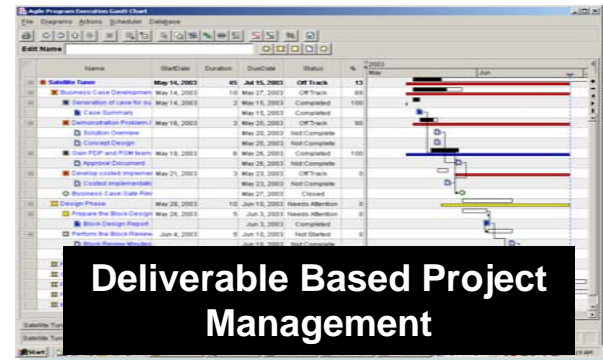
Bringing Effective Management to the Process



Faster Decisions



Promote Best Practice



Better Utilization

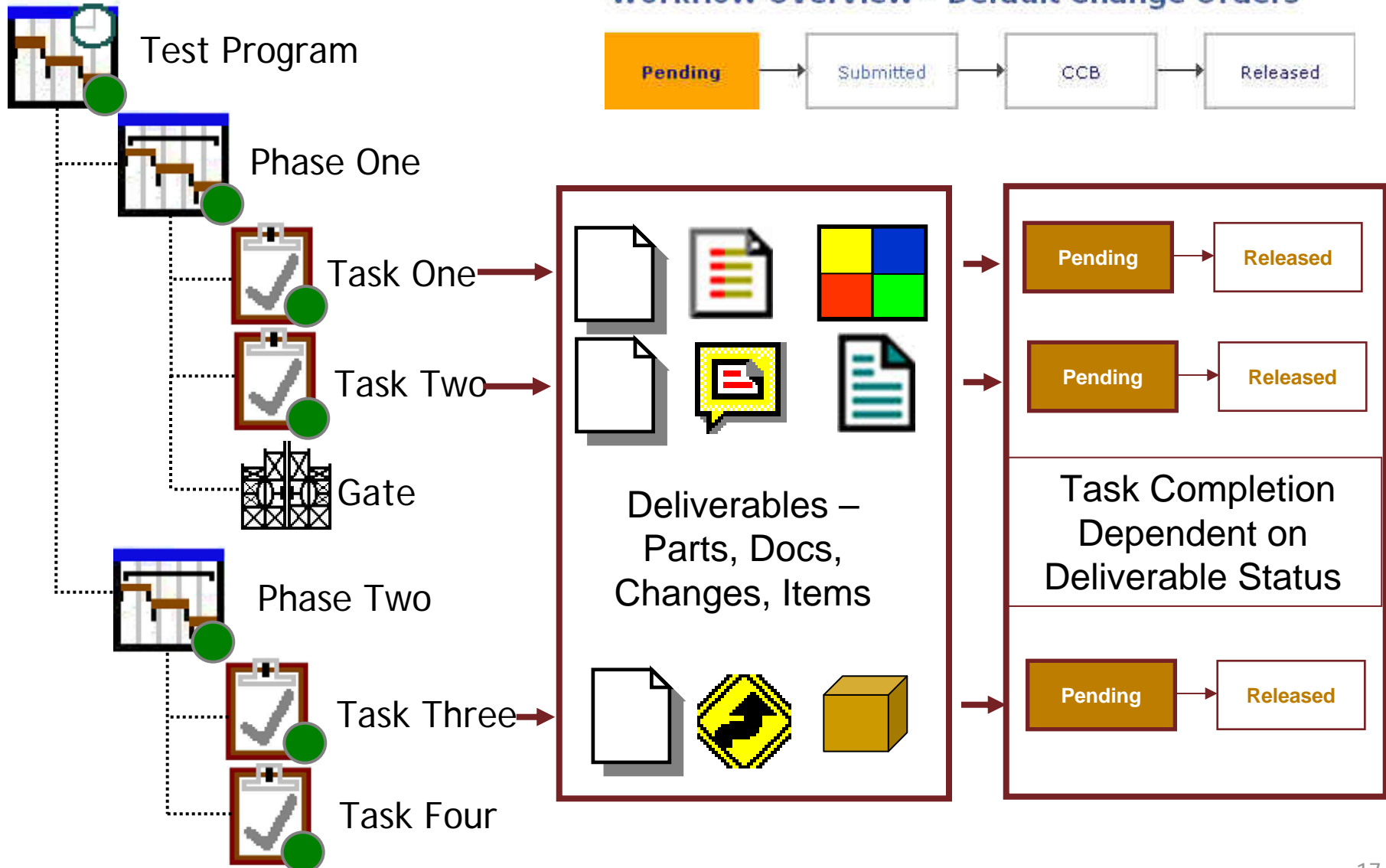
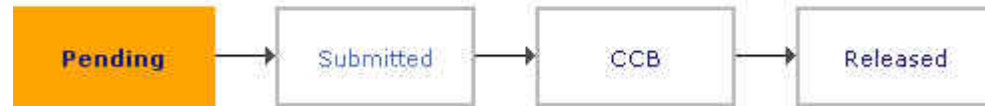


Integrated Program Management

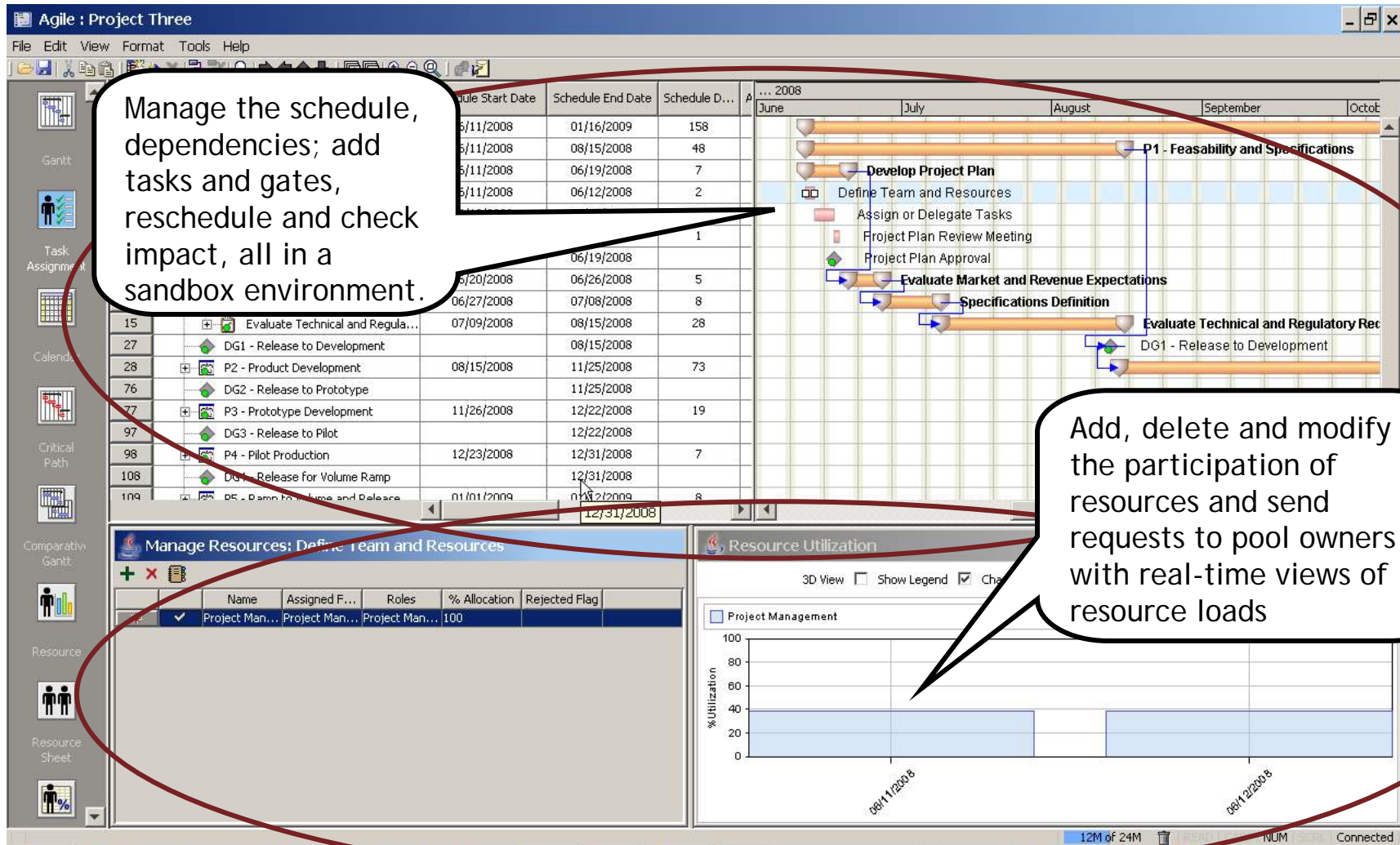
Linking project activity, resources and deliverables (product & document)
in one system



Workflow Overview - Default Change Orders



Project Manager Experience - Gantt Chart Editor



The screenshot displays the KALYPSO software interface for 'Agile : Project Three'. It features a main Gantt chart area with task bars and dependencies, a 'Manage Resources: Define Team and Resources' table, and a 'Resource Utilization' bar chart.

Manage the schedule, dependencies; add tasks and gates, reschedule and check impact, all in a sandbox environment.

Task ID	Task Name	Start Date	End Date	Duration
15	Evaluate Technical and Regula...	06/20/2008	06/26/2008	5
27	DG1 - Release to Development	07/09/2008	08/15/2008	28
28	P2 - Product Development	08/15/2008	11/25/2008	73
76	DG2 - Release to Prototype	11/26/2008	12/22/2008	19
77	P3 - Prototype Development	12/23/2008	12/31/2008	7
97	DG3 - Release to Pilot	12/31/2008	12/31/2008	0
98	P4 - Pilot Production	01/01/2009	01/12/2009	8
108	DG4 - Release for Volume Ramp	01/12/2009	01/12/2009	0
109	P5 - Ramp to Volume and Release	01/12/2009	01/12/2009	0

Add, delete and modify the participation of resources and send requests to pool owners with real-time views of resource loads

The 'Resource Utilization' chart shows % Utilization on the y-axis (0 to 100) and dates on the x-axis (08/11/2008 and 08/12/2008). The utilization is consistently around 40%.

Executive Management Experience - The Agile PPM Dashboard



Product Lifecycle Management (PLM) - Welcome, Moorhead, Pat (pm) - Microsoft Internet Explorer

ORACLE | agile

Welcome
Moorhead, Pat (pm)

Program Type : All Region : All Business Unit : All Product Line : All
Customer : All Launch Year : All

Executive Projects Resources Financial My Activities Product Changes Custom

Program Management

Legend:
■ Off Track
■ Needs Attention
■ On Track

5 Program(s)

Financial

Root Program	% Of Budget	Schedule E...	Owner	Budget - Fixed C...	Actual - Fixed Cost	Estimated Fixed Cost to ...	Budget - Ca...
Project Three	0%	01/16/2009	Moorhead, Pat (pm)	0.00 United States Dollar	0.00 United States Dollar	0.00 United States Dollar	0.00 United States Dollar
Project One	0%	01/12/2009	Moorhead, Pat (pm)	15.00 United States Dollar	17.47 United States Dollar	24.75 United States Dollar	0.00 United States Dollar
NPD - DBX9	0%	03/30/2009	Moorhead, Pat (pm)	250,000.00 United States Dollar	0.00 United States Dollar	0.00 United States Dollar	140,000.00 United States Dollar

http://mcaveney2-d800.agile.agilesoft.com/Agile/PLMServlet?module=DashboardHandler&opcode=orderPrograms&objid=100&classid=20000

Local intranet 2:05 PM

Agile Implementation Challenges

- Product Variety
 - How to develop a Global Product Record Structure and a Global Product Development Process that can meet every division's needs.
 - Utilized the 80/20 rule and took time to educate all the stakeholders how a global design can meet 80% of their requirements. We simplified the remaining 20% through additional PX (process extensions) or identified work arounds.
- Reporting
 - Formatted reports can be developed, but required additional effort and funding.
 - Users wanted to get information out of the system, but did not want the ownership of entering the data.
- Change Management
 - Training & Communication

Lessons Learned

- Change Management
 - Know the team
 - Know the users
 - Know the management
 - Sometimes your worse critic will be the earliest adopter
 - Many ways to do the same action in the system. Train users as few ways as possible
- Implementation
 - Process Design needs to be simple, yet clearly identify the appropriate gates
 - Product Structure - keep it simple
 - Concept of "re-use"

Future Opportunities

- Phase 2
 - Migrate complete packaging functionality / process into Agile
 - Provide access to external users (i.e. Suppliers, Design Agencies, Printers, Licensors, etc.)
 - Introduce Product Lifecycle Management concept (ECR, ECO, MCO, etc.), including the ability to obsolete a product
- Phase 3
 - Implement full PLM solution to manage a product from Launch to Obsolete
 - Upgrade application version to 9.3, providing added functionality of thumbnail/image support and custom bill of material views.
 - Integrate Agile PLM with Oracle EBS / Retail, including pricing data



PLM Vivo Methodology & Benefits

George Young
Founding Partner and CPG Practice Lead

www.kalypso.com

Kalypso

The Kalypso Difference

Kalypso is a consulting firm focused exclusively on innovation. Our people are leading business professionals who combine experience in select industries with product and process innovation expertise.

Mission:

To help our clients deliver on the promise of innovation

Exclusive Focus

Comprehensive Capability

Flexible Delivery

Informed Opinions

Sustained Results

Kalypso Capabilities

Our services are designed to help companies become more innovative and provide a systemic view of new product & service development.

Business & Innovation Strategy



PLM Technology

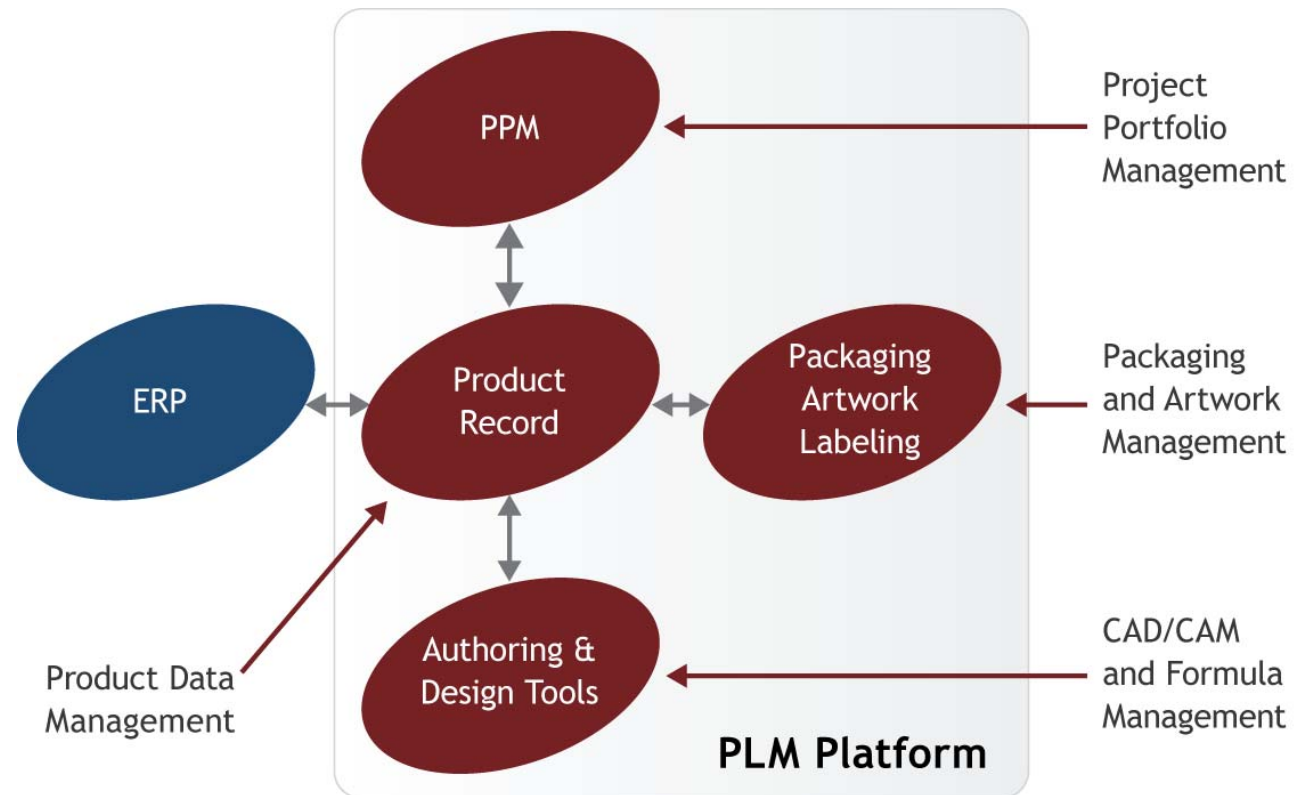
Leadership & Learning

Intellectual Property Services

PLM Defined for Private Brand Retail

The core of the PLM system is the Product Record - a single version of the truth for all product data

Other PLM capabilities include Project and Portfolio Management, Packaging, Artwork and Labeling, Authoring Capabilities, Document Management and Collaboration



The Heart of PLM - Product Data Record

- Defining the Product Data Record (PDR) is the first step in implementing a PLM system
- The PDR is the blueprint to guide a company's PLM initiatives by providing a comprehensive view of all product data elements - structured and unstructured
- Consists of the well-defined set of relationships between data elements required to fully describe a product in a traceable manner from idea to realization
- Allows traceability back and forward from any lifecycle state of a product, ingredient, process or idea in its development cycle from concept to manufactured product

What is PLM Vivo for Private Brand?

- PLM Vivo for Private Brand Retail is a pre-configured PLM solution designed for rapid implementation, enabling companies to reduce the time, investment and effort to deploy PLM by up to 66 percent
- PLM Vivo is a cost-effective alternative for businesses to quickly realize PLM benefits with go-live in just 13 weeks
- Depending on the application, PLM Vivo for Private Brand is pre-configured for either Agile 9 or PLM for Process
- The solution enables reduced risk and cost when compared to traditional PLM delivery and can help realize benefits faster than ever before

PLM Vivo Implementation Methodology

- **Business-driven Approach**
 - Early joint assessment of challenges, objectives and justification
 - Focused implementation on business objectives
 - Maintains stakeholder alignment
 - Accelerates time to benefit
- **Core Implementation Team**
 - Fully staffed Kalypso team to guide people, processes, and changes throughout the implementation
- **Pre-Configured Solution**
 - Agile 9 or PLM for Process solution installed with pre-populated best-in-class core data and templates jumpstarts the implementation and minimizes configuration effort
 - Rapid data population and migration using Excel-based configuration tools to guide users
 - Pre-populated regulatory requirements
- **Defined Deliverables**

Pre-Configured Solution

- **Pre-populated security model**
 - Add/assign pre-defined organizations, roles and privileges for users
- **Data work templates**
 - Excel-based templates simplify data requirements gathering, population & migration
- **Pre-defined workflows**
 - Pre-defined workflows represent best-in-class processes
- **Specification templates**
 - Represent basic specification types needed for F&B companies
- **Nutrition profiles**
 - FDA/USDA nutrition profiles pre populated for immediate application to ingredients and formulas
- **Test scripts**
 - Detailed instructions on how a user should perform a specific function
- **Online Training modules**
 - Used to support user training of basic business processes
- **Defined integration points**
 - ANSI S88 compliant

Implementation Benefits

Kalypso's rapid ROI implementation, modeled in conjunction with our pre-populated Oracle Agile PLM or Agile PLM for Process solution, will:

- Reduce setup time
- Provide a straightforward path for legacy data migration
- Aid in rapid business process documentation
- Facilitate swift user adoption
- Provide essential functionalities for optimum PLM performance
- Apply best industry practices
- Enable basic, effective security
- Utilize leading change management practices

Questions & Answers





Contact

John Kelley
Oracle

(408) 642-2520

john.kelley@oracle.com

www.oracle.com

ORACLE®

George Young
Kalypso

(216) 849-5064

george.young@kalypso.com

www.kalypso.com

www.twitter.com/KalypsoLP



Graham Mitchell
Sustainable Innovations

graham@sustainableinnovations.biz



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