DanoneWave
TrueCommerce Datalliance Platform

DanoneWave Takes a Fresh
Approach to VMI with
TrueCommerce Datalliance

BENEFITS
**More Connected. More Supported.
More Prepared for What's Next.**

➤ VMI identified as a key
enabler for "Customer First"
program

➤ Cumbersome legacy
platform would not support
cost-effective VMI program
expansion

➤ TrueCommerce Datalliance
has provided the ability
to transform VMI from a
transactional focus to a
strategic program, and to
cost-effectively expand
program

TRUECOMMERCE DATALLIANCE VMI DELIVERS

➤ VMI Analyst productivity significantly increased

➤ VMI partners expand to 20 with more in process

➤ Superior performance maintained at approx. 60 turns and 97% inventory levels

BACKGROUND

DanoneWave produces and sells six million cups of yogurt a day in almost 100 flavors, styles and sizes. The top-selling brand of yogurt worldwide, Dannon® is sold under the names Dannon and Danone. DanoneWave prides itself on consistently delivering high-quality, wholesome products, and on responding to consumer needs with nutritious, innovative new products and flavors.

VMI IDENTIFIED AS KEY ENABLER

As part of DanoneWave's "Customer First" program focused on continually strengthening customer relationships, the company has established a vision of being their customer's 'yogurt supply chain expert.' The goals of the program are to:

1. Improve visibility up and down the supply chain

2. Influence the flow of product to the shelf

3. Improve shelf visibility for the shopper

4. Reduce waste throughout the supply chain

This strategic program has many dimensions, but in 2010, Vendor Managed Inventory (VMI) was identified as one key enabler, and one of the quickest and most scalable programs DanoneWave could utilize to help meet their goals. Effective VMI would enable DanoneWave to use customer data to manage warehouse replenishment, which would in turn enable DanoneWave to better influence store and shelf replenishment.

"We can add significant value for our customers with increased supply chain collaboration," said Paula Sawyer, DanoneWave's VMI Program Manager at that time. "With the tremendous growth in yogurt consumption, demand is volatile. And with a shelf life of less than 50 days, the spoilage rate can be high for retailers if supply is not well-managed. By helping our partners closely manage the flow of our products, we can become a preferred partner and gain strong influence in the overall yogurt category."

EXISTING VMI PROGRAM WAS NARROWLY FOCUSED

"In order to deliver against our clients' objectives, we've always recognized the need for IT platforms that are highly functional and productive," says Phil Ben-Joseph, ASM Director of IT and BPO Services. "As our number of VMI clients grew, we researched additional VMI platforms to determine if we could benefit from a change in providers. Our current system had been highly customized over the years and vendor support was limited due to the customization."

Like most consumer product companies, DanoneWave already had a VMI program in place – in fact it had been operating for over 10 years. The program was delivering good results in terms of supply chain metrics, including nearly 60 turns and 97% warehouse service levels. But DanoneWave recognized that the program as it currently stood was narrowly focused and was considered to be a supply chain process only. In addition, it was only implemented with a limited number of high-volume retail partners.

TAKING A BROADER VIEW

In order to fully leverage VMI, the DanoneWave team knew they needed to re-think the program in the broader "Customer First" context and look at the benefits VMI could deliver beyond just transaction processing and supply chain metrics. Those objectives remained important, but they needed

to look at it as a more strategic program, and as an important tool for achieving full 'success at the self level' as defined by:

➤ **Increased sales** through faster new product introduction and quicker response to promotions

➤ **Decreased costs** through reduced spoilage, lower inventory and fewer order errors

➤ **Increased shopper satisfaction** through greater on-shelf availability and consistent product freshness

Achieving those objectives would greatly benefit both DanoneWave and their customers, and have far-reaching results in terms of long-term growth. With that potential in mind, DanoneWave knew they wanted to not only take the program to the next level with existing VMI partners, but to also expand the program to a wider range of partners.

When the DanoneWave team reviewed their current VMI platform in the broader perspective, they found that it was a clear constraint. It required extensive manual input to generate proper replenishment orders, meaning significant additional VMI analyst resources would be needed to support additional VMI partners and volume. The current system had limited tools for managing new products and promotions, and was costly to maintain, difficult to update, and lacked the desired reporting flexibility.

"We needed a VMI platform that was highly scalable, more adaptable to market changes, and much more cost-effective to operate," said Sawyer. "That pointed us in the direction of a solution using the Software-as-a-Service (SaaS) approach. But… it was critical that the solution we selected would enable us to maintain our high level of performance – even as we expanded the program. In addition, the change had to be transparent to our existing VMI partners when we made it."

TRUECOMMERCE DATALLIANCE SELECTED AS NEXT GENERATION VMI PLATFORM

After a detailed evaluation, DanoneWave selected TrueCommerce Datalliance as their new generation VMI platform. Sawyer explains why: "We selected TrueCommerce Datalliance VMI for several important reasons – first and foremost because it automates the majority of the planning effort. Since analysts need only review and confirm replenishment orders calculated by TrueCommerce Datalliance, we can handle much more VMI volume per analyst. That is the key to us being able to expand our program. The cost of the TrueCommerce Datalliance service is actually absorbed by avoidance of the need to add the number of new analysts we would have otherwise needed to add. Beyond that, all of the system maintenance, on-going enhancements, training, and support are included as part of the service, allowing us to eliminate all such expenses associated with our legacy system," concluded Connolly.

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Paula Sawyer
Program Manager,
DanoneWave

"Using TrueCommerce Datalliance, we have significantly increased our VMI program productivity. That change is enabling us to expand our program to more partners and more locations so we can realize the strategic benefits of VMI across a broader range of our business"

Jonathan Peltzer
Sr. Customer Solutions Manager, DanoneWave

DELIVERING RESULTS

In less than a year, DanoneWave realized the kind of results the team was looking for. All existing VMI partners were transitioned to the TrueCommerce Datalliance platform within a few months. VMI analyst productivity has been dramatically increased as a result. That has enabled DanoneWave to begin expanding their VMI program as planned. The number of VMI partners has already been increased to over 20+ locations with more in process.

Just as importantly, excellent inventory management performance has been maintained at an average of approximately 60 turns and 97% service levels for locations under VMI control for 6 months or more. "By transitioning to the TrueCommerce Datalliance system, it has enabled me to engage my customers in a more strategic method versus trying to maintain a system," says Rebecca Petza, DanoneWave's Customer Solutions Specialist.

In addition to providing the higher productivity needed in order to expand the scope of the VMI program, TrueCommerce Datalliance VMI now provides DanoneWave with valuable insights into the impact VMI would have with potential new VMI partners, enabling management to make well-informed decisions about where to expand the program.

"Using TrueCommerce Datalliance, we have significantly increased our VMI program productivity. That change is enabling us to expand our program to more partners and more locations so we can realize the strategic benefits of VMI across a broader range of our business," summarizes Jonathan Peltzer, DanoneWave Senior Customer Solutions Manager who runs DanoneWave's VMI program today.

ABOUT TRUECOMMERCE

TrueCommerce is the most complete way to integrate your business across the supply chain, integrating everything from EDI to inventory management, to fulfillment, to digital storefronts and marketplaces, to your business system and to whatever comes next. That's why thousands of companies across various industries rely on us.

**TrueCommerce.
Do business in every direction.**

THE TRUECOMMERCE TEAM IS HERE TO HELP!
If you have any questions regarding TrueCommerce, or how our solutions apply to your business, our passionate, customer focused team is here for you.
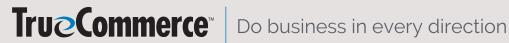
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