



EMPOWERING PEOPLE THROUGHOUT THE CONSUMER GOODS ENTERPRISE



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Microsoft

Dear Consumer Goods executive:

In discussions about technology investment choices, it's easy to forget that such decisions are as much about people as they are about bits, bytes and user interfaces. After all, people—consumers—are part of the industry's name, and they should be part of all business and technology decisions. Consumers have become extremely sophisticated and specific in their preferences, so continuous innovation and fast adaptation are needed to keep up with changing consumer tastes and customer needs. This increased focus on the consumer experience and customer service is having a profound impact on both manufacturing and retailing companies.

How can CG companies meet these challenges while also dealing with the effects of globalization, new regulations and mandates, and an increasingly competitive marketplace? Like the question, Microsoft believes the answer involves people—specifically, moving toward a People-Ready Business. Companies don't garner insights or make decisions, nor do they close deals, invent new products, or find new efficiencies: people do. Companies excel when they empower their people to drive the business forward. That's why Microsoft's approach to the CG industry offers a platform that enables more people within an organization to make fast, fact-based decisions that can measurably improve business performance, and achieve the following key business outcomes: drive innovation; improve operations; build connections with partners and suppliers; and develop and strengthen profitable customer relationships.



This integrated platform, in conjunction with the industry-specific offerings of Microsoft's partners, seeks to address the disconnect that exists within many CG firms. Companies have made major investments in powerful enterprise solutions that do everything from running the factory floor to improving supply chain logistics. Yet many people within the CG enterprise make limited use of these solutions—even when they could help them do their jobs more efficiently or provide valuable business insights.

Expanding access beyond the limited number of "super users" who know the ins and outs of existing applications is a key element in empowering people throughout an organization. Your people can be empowered with role-based productivity solutions combining Microsoft's integrated platform, with its ubiquitous Microsoft Office productivity applications and familiar user interface, along with partner solutions that address CG companies' most pressing business needs.

Microsoft is making major investments in the CG industry, and our goal is to bring real business value to market in collaboration with our partners. Another benefit is that we have a similar focus in the retail space, with a sister organization that provides us with a unique opportunity to look at issues across the entire supply chain. Our key strategy is to listen to our customers about the current challenges they face today and the potential trends that will affect their business tomorrow, and to work with our partners to shape the solutions that will most directly meet the industry's challenges.

Please read on for more specifics about Microsoft's approach to the industry and solutions for a People-Ready Business, which focuses on four key areas of the CG enterprise: plant operations and lean manufacturing; new product development and product lifecycle management; customer centricity; and supply chain management. Several case studies show how Microsoft and its partners are providing people at a range of companies with the tools they need to meet real-world business challenges.

George Taylor
 Director, Consumer Goods, U.S. Manufacturing Industries
 george.taylor@microsoft.com
 Microsoft Corporation

For more information about Microsoft's solutions for the Consumer Goods industry, please visit www.microsoft.com/consumergoods

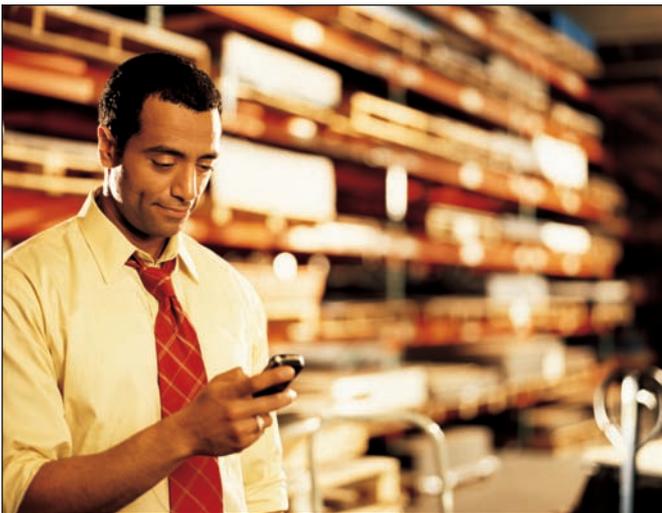
PEOPLE-READY BUSINESS IN THE CONSUMER GOODS INDUSTRY

PILLAR	DESCRIPTION	KEY PARTNERS
Plant Operations and Lean Manufacturing	Boosting performance on the plant floor and visibility both to and from manufacturing operations systems, so CG companies can make real-time decisions around processes and production, and giving people at CG companies the ability to move closer to demand-driven manufacturing.	<ul style="list-style-type: none"> ● Activplant (www.activplant.com) ● GE Fanuc (www.gefanuc.com) ● Invensys/Wonderware (www.invensys.com) ● Orlando Software Group (www.osgi.com) ● OSIssoft (www.osisoft.com) ● Siemens (www.siemens.com) ● Ultriva (www.ultriva.com) ● USC Consulting Group (www.usccg.com)
New Product Development and Product Lifecycle Management	Fostering collaborative product development to improve new product success rates, increase speed to market and link development more closely to execution, with product lifecycle management solutions encompassing areas such as research and development, recipe management and streamlining sourcing processes.	<ul style="list-style-type: none"> ● Dassault Systèmes (www.3ds-microsoft.com) ● Datalan (www.datalan.com) ● Infor (Formation Systems) (www.infor.com) ● Sopheon (www.sopheon.com) ● UGS PLM Software, a division of Siemens Automation and Drives (www.ugs.com)
Customer Centricity	Enhancing sales and customer service performance in areas including customer relationship management (CRM), trade promotion management (TPM), price management and global data synchronization, to ensure CG companies get closer to both their retail customers and end-user consumers.	<ul style="list-style-type: none"> ● CAS (www.cas.com) ● G4 Analytics (www.g4analytics.com) ● Interactive Edge (www.interactiveedge.com) ● JDA (www.jdasoftware.com) ● O₄ (www.o4corporation.com) ● PROS (www.prospricing.com) ● SAP (www.sap.com) ● VMT (www.retailvelocity.com)
Supply Chain Management	Microsoft's Global Value Chain Performance initiative, encompassing demand planning, visibility, collaboration, execution and the use of RFID, to move CG companies toward a demand-driven supply chain, and ensure that their supply chains have relevance and connectivity for their business.	<ul style="list-style-type: none"> ● Cactus Commerce (www.cactuscommerce.com) ● HighJump Software (www.highjumpsoftware.com) ● HP (www.hp.com) ● i2 Technologies (www.i2.com) ● Manhattan Associates (www.manh.com) ● PRTM (www.prtm.com) ● RedPrairie (www.redprairie.com)

Plant Operations and Lean Manufacturing

In addition to the basic business of boosting the efficiency of their actual plant floor processes, consumer goods companies are especially concerned with improving visibility both into and out of their manufacturing operations. On the “inbound” lane they are seeking ways to tie demand signals more clearly into their manufacturing processes, in order to boost profitability and agility by reducing working capital tied up in products made for stock and maximizing products made to order.

On the “outbound” lane, compliance requirements are increasing the need for track and trace capabilities that allow companies to document the entire “genealogy” of products they produce. Especially in the food industry, knowing exactly what source materials went into a particular



production batch is not only good business but a vital necessity. Operations management solutions are increasingly becoming the systems of record for both production and supply chain, emphasizing the need for clearer lines of sight to all phases of the manufacturing process—even as the amount of data being driven by plant operations increases rapidly.

Microsoft and partner solutions for improving plant operations and creating lean manufacturing environments enable people in CG enterprises to:

- Get information to those who need it with familiar, easy-to-use collaboration tools that can scale along with a CG company’s growth. Key technologies include Microsoft SharePoint® Portal Server; Microsoft Live Communications Server for online presence functions; and Microsoft’s integrated mobility strategy to create connectivity no matter where people are located at a given moment.
- Drive insight and improve analytical capabilities with Microsoft Office PerformancePoint™ Server, Microsoft SQL Server™ Reporting Services and Analysis Services, and Microsoft Office Business Scorecard Manager.
- Improve integration of real-time systems to manufacturing systems, such as tying financial data to daily production decisions. In this example, decisions about which product is produced on a given day could be driven by price fluctuations of source materials, in order to maximize profitability by reducing production costs.
- Take advantage of a strong partner ecosystem, consisting of major CG industry software vendors who are building on and creating solutions on the Microsoft platform.

CASE STUDY

Real-Time Data, Familiar Tools Raise Value of Operations Management Solution

Unique manufacturing processes are required to produce CORELLE®, the original “break and chip resistant” glass dinnerware with decorative patterns that last as long as the dinnerware. World Kitchen LLC’s Corning, NY plant is divided into two distinct areas: a “hot” end to turn sand into plates on seven production lines; and a “cold” end where the dinnerware is decorated on eight production lines, with the number of lines in use dependent on product demand. With a plant this busy, information and data retrieval is critical.

When World Kitchen needed to update its production management system, it needed a solution that could handle both process and decorating production. The company found an “out-of-the-box” solution that provides information to the people who need it in easy-to-use formats: GE Fanuc’s Proficy™ Plant Applications, consisting of Proficy HMI/SCADA-iFIX, Proficy Historian and Proficy Real-Time Information Portal, built on Microsoft technology including Windows Server System™ and SQL Server.

The solution was designed so that Proficy Historian collects photo eye counts from the hot end production line and feeds them directly into the Proficy application and InfoAgent real-time displays. Proficy Plant Applications performs production reporting on an hourly and daily basis. Quality Control inspectors input their inspection data directly into the system.

As part of the installation, World Kitchen had reports written in Microsoft Excel® for the application’s Real-Time Information Portal so that its data is visible in Excel. “Management likes the fact that we can manipulate the data easily and we like the look and feel of Excel add-ins,” says Brian Hoyle, World Kitchen manufacturing information systems engineer. “We can do queries directly out of Excel. The InfoAgent real-time displays actually save money by allowing us to make decisions and take action while the ware is still on the belt.”

New Product Development & Product Lifecycle Management

Improving new product success rates and speed to market, two long-term challenges for CG companies, have become more complicated as both manufacturers and retailers “go global.” Not only must CG companies create products that will appeal to consumers in very different markets, but the processes they use to create, design, produce and package these products now involve coordinating efforts in countries around the world.

Microsoft’s technology platform makes collaborative ideation processes more fluid and inclusive. An employee with a product idea can search to find subject matter experts both internally and externally, then can search back-end systems to gather key sales history data in order to develop a business case. People can also make use of wiki’s and blogs to include the full employee base in idea development. With Microsoft Office SharePoint Server, people can create secure project workspaces that allow team members around the world—including those outside the CG company such as partners and industry experts—to communicate in real-time and to collaboratively develop concepts and assess their ideas without worrying about security risks.

CG companies must also develop the ability to evaluate ideas against the firm’s strategic goals and resources. Microsoft Office Project Portfolio Server 2007 provides powerful tools for people to view the full innovation pipeline; derive prioritization scores such as strategic value; and weigh ideas in light of resources and risks.

The Windows Vista™ Enterprise operating system includes new tools and functionality to help people find, use and share information quickly

and easily. People using Vista with the 2007 Microsoft Office system can retrieve information on demand with saved searches; smoothly incorporate information into familiar applications, regardless of format; and create and host online meetings and enable impromptu collaboration for users on or off the network. People can also more easily “tag” files with metadata to indicate that they belong to a specific project or category.

In addition, Microsoft and partner solutions for driving innovation and product lifecycle management enable people in CG enterprises to:

- Create “phase and gate” processes that force “Go” or “No go” decisions at key points in the product development process, and allow companies to document and enforce best practices through the entire process from idea to market. Even if a project is a “no go,” the idea can be retained for future reference.
- Use portfolio management to create the right mix of new products, providing decision-making information that allows companies to focus on what are likely to be big winners and adopting an early “no go” strategy on projects with a poor likelihood of success.
- Manage information flow and intellectual property to balance the desire for collaboration with the need for security.
- Create a robust, easy-to-use collaboration infrastructure that crosses over functional and global boundaries, using Microsoft SharePoint with the ubiquitous Microsoft Office suite in conjunction with partners’ PLM solutions.

CASE STUDY

Knowledge Management Solution to Boost R&D Productivity 12% for P&G

Procter & Gamble is a company that prides itself on its ability to innovate—not least because P&G recognizes innovation’s role in its growth. The company’s extensive R&D division consists of many individual laboratories or groups of labs. While that structure allows for focused specialization, it lacked any method of linking labs together to standardize processes or share information.

Electronic Lab Notebooks, a computerized solution to replace traditional paper notebooks, were part of the solution to this challenge, but P&G wanted to extend the benefits of electronic notebooking to all of its scientific disciplines. The long-term view was development of an enterprise solution that would span 5,000 users.

P&G worked with solution partner UGS PLM Software, a division of Siemens Automation and Drives, to develop the industry’s first PLM software for capturing and sharing lab research knowledge—Teamcenter Research Knowledge Management (RKM). The pilot phase of the solution linked nearly 250 scientists across eight labs, operating in different countries and across fields as diverse as pet care, household products and pharmaceuticals.

“The Teamcenter RKM solution provides scientists from any discipline the familiar interface of Microsoft Office through which to create their entries and documents, and capture the results of their research,” says Keith Caserta, associate director, health care R&D information systems and decision solutions at P&G. “The solution delivers this via a framework of Microsoft Office templates to meet the needs of any type of research.”

RKM also allows scientists to see the results of earlier research conducted by their colleagues. Historically, only successful research resulting in a product invention or amendment would have been recorded, leaving an immense amount of work untracked and creating the possibility of research being duplicated.

Caserta anticipates the RKM solution will lead to a 12% productivity boost, achieved via time savings from faster notebook entries and a reduction in rework due to improved information sharing. The rollout begins in June 2007, and P&G expects to have 1,000 users by September 2007, rising to 3,000 in 2008.

Customer Centricity

CG companies interested in improving their bottom lines are shifting their focus from gross margins to net contribution margins, analyzing their customer relationships for profitability as well as sales volume. They are seeking tools that help them turn existing unprofitable relationships into profitable ones rather than spending time and effort developing new relationships. In addition, they are seeking ways to improve measurement, analysis and ROI on trade promotion spending.

Microsoft and partner solutions for developing relationships and customer relationship management (CRM) enable people in CG enterprises to:

- Integrate sales, marketing and service capabilities.
- Improve trade promotion management by providing tools to plan, execute and measure the results of promotional activities, events and expenditures.
- Address salespeople's productivity with tools that work the way they do: for example, Microsoft Dynamics CRM is integrated with Microsoft Outlook® to embrace the fact that salespeople use their e-mail inbox as their system of record. Providing the ability to press a button to add an e-mail thread to a customer's account gives salespeople real value from their tools.
- Improve decision-making processes throughout the enterprise with Duet™ for Microsoft Office and SAP. Duet, which includes a set of employee and manager self-service applications, allows people to utilize and interact with SAP data and seamlessly participate in best-practice mySAP™ ERP processes from a familiar Microsoft Office Professional user interface.

CASE STUDY

APPLICA LEVERAGES PROACTIVE ANALYTICS SOLUTION FOR 5% GROWTH IN SALES

CG companies relying on retailer-supplied data rapidly discover that all data is NOT created equal. Formats, delivery methods, depth and timeliness of data can vary drastically from retailer to retailer. Applica Consumer Products, which markets products under licensed brand names such as Black & Decker and several company-owned brand names, deployed the Velocity® solution from Vendor Managed Technologies (VMT) to meet this data variability challenge. VMT has built a packaged demand signal repository (DSR) for retail data that is available to sales, marketing, category management and supply chain users throughout the organization.

"It's all about greater visibility," says Jay Lewis, Applica's senior national account manager. "The solution lets us share information more quickly, which lets people make better decisions and react more quickly."

Applica's first implementation of the Velocity solution began with a focus on Wal-Mart. Since then Applica has expanded the reach of the solution, which gathers POS data and offers user-friendly tools that provide a range of reports in a dashboard format, to a number of other major retail accounts, with more to be added in coming months. Velocity, built on the Microsoft platform and using a SQL Server database, can be accessed with familiar Microsoft Office tools.

Lewis notes that Velocity has dramatically changed Applica's relationship with its customers. For example, Velocity's reports allow Lewis to easily identify a retailer's top 200 stores: "If there's a sale next month, I can tell them that we should send these stores extra product, because they ran out the last time. I can even show them a list of stores that don't have any of our products on their shelves, and that's really free money. As a result of these insights and recommendations, we have been able to achieve a 5% increase in sales. The value of Velocity is being able to have a concrete example, show it to the retailer and have them address it."

CASE STUDY

INTEGRATION AND COMMUNICATION IMPROVEMENTS BOOST CUSTOMER SERVICE PRODUCTIVITY FOR POLARIS

Polaris Industries, one of the world's largest manufacturers of all-terrain vehicles and the recognized leader in the snowmobile industry, makes products that take customers virtually anywhere they want to go. But Polaris had no clear path to providing adequate customer service due to a series of nonintegrated customer relationship management solutions built on legacy technologies.

Within Polaris, five separate organizations provide support to consumers, internal sales staff and dealers. With 3,600 employees and more than 1,600 independent dealers, effective communication among these groups, and smooth integration of their systems, is critical to the company's success. But each support team had traditionally maintained its own systems, resulting in a collection of disparate call-logging systems that did not share information. In addition, Polaris' management lacked the reporting capabilities needed to assess the effectiveness of customer service operations.

To address these issues, Polaris implemented Microsoft Dynamics™ CRM 3.0 Professional Edition and Microsoft Office SharePoint Portal Server with Windows® SharePoint Services in a phased rollout. Microsoft CRM proved easy for Polaris employees to learn and use. It integrates not only with popular desktop productivity applications including Microsoft Office Word, Excel and Outlook, but also with the legacy applications Polaris created to meet its unique requirements.

SharePoint Portal Server facilitates information-sharing for better business insight. Its single, centralized case repository makes it easier to manage data and analyze it in different ways, helping employees detect problems and identify issues early—and deal with them proactively—thus eliminating future calls on the same issue.

These integration improvements enable employees to provide a higher level of service with less effort, resulting in more efficient customer service. The solution also gave Polaris' management a 360-degree view of customer service operations and communications. "Microsoft CRM is truly a new platform for Polaris, allowing support and sales teams to evolve and work together in ways that were not possible with the legacy applications," says Bede Braegelmann, Polaris' project manager for sales.

Supply Chain Management

Globalization has created significant pressures on CG supply chains, making them both longer and more complex. CG companies are challenged to find the right balance of inventories and costs across global markets.

Microsoft and partner solutions for supply chain management focus on four broad areas that make up the Global Value Chain Performance initiative: visibility, collaboration, planning, and execution. These solutions enable people in CG enterprises to:

- Take advantage of familiar user environments, opening up supply chain activities beyond the traditional “super users” to the many more people who should be involved in analysis, collaboration, planning and management.
- Get a greater return on RFID investments, using Microsoft technologies such as Microsoft BizTalk® Server to turn RFID-generated event data into information companies can use to cut costs, reduce cycle times and improve product movement visibility. RFID can also be used to track the in-store movement of end caps and other displays, improving campaigns’ effectiveness by ensuring promoted products are highly visible during the promotional period.
- Use the Microsoft Business Intelligence (BI) solution to manage key performance indicators centrally for increased scalability; personalize BI dashboards to meet the unique needs of individuals across the supply chain; and maintain accountability by assigning ownership for specific performance indicators. The integrated, scalable solution offers quick cleansing and transformation of data with integration tools that help keep information up to date; data warehousing with enterprise-grade scalability; predictive analytical capabilities using integrated data mining models; reduced query time; and the ability to maintain control of who views sensitive data.

CASE STUDY

RFID SOLUTION IMPROVES ASSET MANAGEMENT FOR CHEP AND ITS CUSTOMERS

CHEP, the global leader in pallet and container pooling services, has been developing expertise—and reaping benefits—from its own decade-long use of RFID technology. Now, with a track and trace solution for both customers’ products and its own assets developed by Cactus Commerce, CHEP is extending those benefits to customers, including those in the consumer goods industry.

“The focus of the fast-moving consumer goods industry is to take costs out of the supply chain,” says Brian Beattie, senior vice president, marketing at CHEP. “The track and trace solution enables that by providing real-time visibility and traceability, plus alerts to better manage our customers’ business and the ability for us to better manage our business.”

The solution, which uses data from RFID tags placed on CHEP pallets and containers to provide real-time data on the physical movement of pallets and containers, has been pioneered in CHEP’s facility in Brazil. Benefits there include reductions in manual processes; reductions in processing time from five days down to two; and better stock management, resulting in reducing needed storage area by 30%.

“It’s a completely Microsoft.NET solution,” says Winson Woo, director, supply chain management at Cactus. Key technologies include Microsoft BizTalk Server 2006 R2. “BizTalk RFID provided us with two major benefits,” he says. “One was the ability to be device-agnostic, and the other was to be able to manage these devices. In addition, we leveraged BizTalk’s business rules engine extensively to allow configurable workflow services, allowing CHEP service technicians to follow a guided path for workflows.”

“The power behind the track and trace solution is all about innovation,” says Beattie. “Working with what we know from a pallet and container standpoint, and adding the expertise of the people and the know-how of Microsoft, is very powerful from a solutions standpoint.”

CASE STUDY

ACCURATE, REAL-TIME INVENTORY DATA EASES ‘GROWING PAINS’

When City Brewery, formerly a flagship brewery for G. Heileman that had fallen on hard times by 2000, emerged from foreclosure several years ago thanks to local business people, the LaCrosse, WI landmark had to re-imagine itself. Its metamorphosis into a lean manufacturing provider that converts multiple customers’ ingredients, packaging and containers into finished products was a success—but like many successes, one that brought new challenges. The new complexity of City Brewery’s co-packing model—moving 100 to 200 trucks in and out per day and maintaining 24/7 operations—made its former supply chain management solutions, many of which were manual, woefully inadequate to sustain growth.

“Our challenges involved ever-growing inventory and SKU counts, and the need to continually add manpower to deal with those issues,” says Leanne Prise, IT manager at City Brewery.

City Brewery implemented the HighJump™ Supply Chain Advantage, a solution built on a suite of Microsoft products. “The fact that it functions on a Microsoft platform, with a SQL Server on the back end and a web-based user interface, was huge for us,” says Prise.

Benefits have included near-100% inventory accuracy. “Our customers used to come in here monthly and do physical audits, and they used to ask us daily for counts and recounts on their inventory. Now they just trust the system,” says warehouse manager Patrick Sake, adding that the HighJump system provides live, real-time inventory information company-wide: “The customer service reps know exactly what’s being produced at what time, and they can schedule their trucks accordingly.”

The HighJump system has allowed City Brewery to achieve 30% growth since its implementation without the need to hire additional staff. “There’s no way we could have transformed from a single-customer business to where we are today without the HighJump application,” says Kenn Yartz, City Brewery’s COO. “It’s provided us with a very capable, flexible tool, allowing us to satisfy the shipping and logistical demands of our customer base and be able to manage and prioritize our inventory controls.”

About Microsoft

In the changing global market, most often people, not systems, resolve supply chain variability. They face demand for faster response, increased productivity, and competitive pressure to exceed customer expectations in a complex global supply chain.

Through our People-Ready Business solutions and vast partner ecosystem, Microsoft strives to help people innovate faster, streamline operations, and enable a seamless, synchronized and more secure collaborative supply network while increasing revenue, reducing cost and liberating working capital.

For more information visit www.microsoft.com/consumergoods

KEY PARTNERS

Plant Operations and Lean Manufacturing



New Product Development and Product Lifecycle Management



Customer Centricity



Supply Chain Management



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