

Intelligent
Digital


Welcome
to the
30%

PwC at POI 2019

Dallas, TX

November 7





What is the 30%?

Visitors to Alaska's Denali National Park fall into two groups: the 30% club and everyone else.

The 30% club includes those lucky enough to see Denali, the tallest mountain in North America, which most days is obscured by weather.

That's not the only "cloud" issue.

The majority of digital transformations fail to generate positive returns.

70% fail from a lack of user adoption and behavioral change.

Are you making the most of your Salesforce investment?

Welcome to PwC's 30% club, where successful transformation, adoption and ROI is achieved.

With a proven track record of success, a future-forward vision of tech, and next generation products powered by Salesforce, PwC gets you to value faster.

We help you **see through the clouds** to deliver real results on your digital transformation promise.

Speaker introductions



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Agenda

- Industry perspective: digital disruption within CPG
- Unlocking value: how to make your front office fit for growth
- Enabling technology: recent trends & our perspective on how to get the most from your investments
- Q&A

Disruption surrounds you.

Time to take control.

“The lack of connectivity ...is severely impacting execution and revenue gains. Ensure your company is on a journey to full integration.”

- POI, TPx Vendor Panorama 2019

Are you ready?



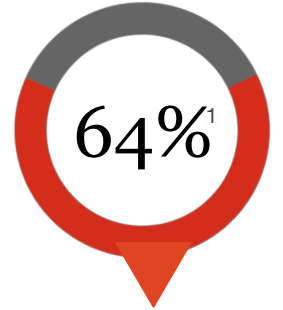
CEOs say AI will significantly change the way they do business within the next 5 years.

16%³

Premium customers are willing to pay for a better customer experience however...

15%²

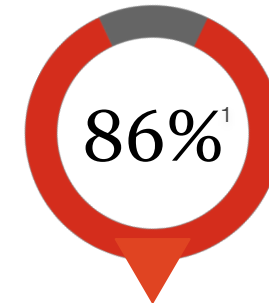
... of CEOs that think their customer experience is effective



Top performing companies see a serious threat from disruption, compared with 27% of others.

436%¹

Increase in share of CEOs who expect global economic growth to decline.



CEOs are modernizing the work environment to attract and develop digital talent.

20yrs²

Average age of S&P 500, down from 60 in the 1950s. The trend is accelerating due to disruption.

Chobani became the top-selling yogurt in the US in 2011, only four years after its launch



Online grocery shopping in the U.S. will more than double from \$14.2B in 2017 to \$29.7B in 2021 (Statista, Mar. 2019)



\$40B Consumer Markets deal value for Q2, 2019, up 319% vs Q1 2019 (PwC Deals Insights)



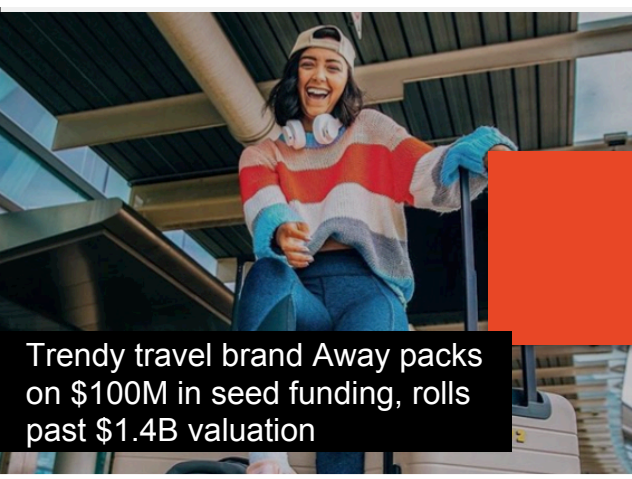
Dollar Shave Club, founded in 2011, grabbed 30% of US shaving e-commerce sales by 2016



Is your Front Office

Fit for Growth?

Trendy travel brand Away packs on \$100M in seed funding, rolls past \$1.4B valuation



Alongside blockchain and AI, "technology-enabled" CPG startups are now a bona fide trend for Silicon Valley VCs (TechCrunch, 2018)



Small players with annual sales of less than \$1 billion are outperforming large players in 18 of the top 25 categories (PwC analysis, 2017)



Radical cost cutting is out of favor. Investing in brands to capture changing consumer tastes is in (WSJ, Feb. 2019)



Low-calorie ice cream startup Halo Top became the best-selling pint of ice cream in the US in 2017



Amazon plans to open up to 3,000 Amazon Go stores by 2021, growing into a \$4.5B business within a few years

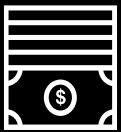


Against this backdrop, CPG companies are addressing a growing set of challenges...



Continued Slow Growth

- **Growth remains slow** in the CPG sector¹: total retail sales growth decreased from a high of >7% in 2011 to 3.0% in 2019 and is **projected to fall to 1.8% in 2021 (0.2% for non ecom sales)**
- Companies are seeing weak demand from developed markets, growth in emerging markets is challenged by regional players, and national brands are losing grocery shelf space to private labels and fresh foods



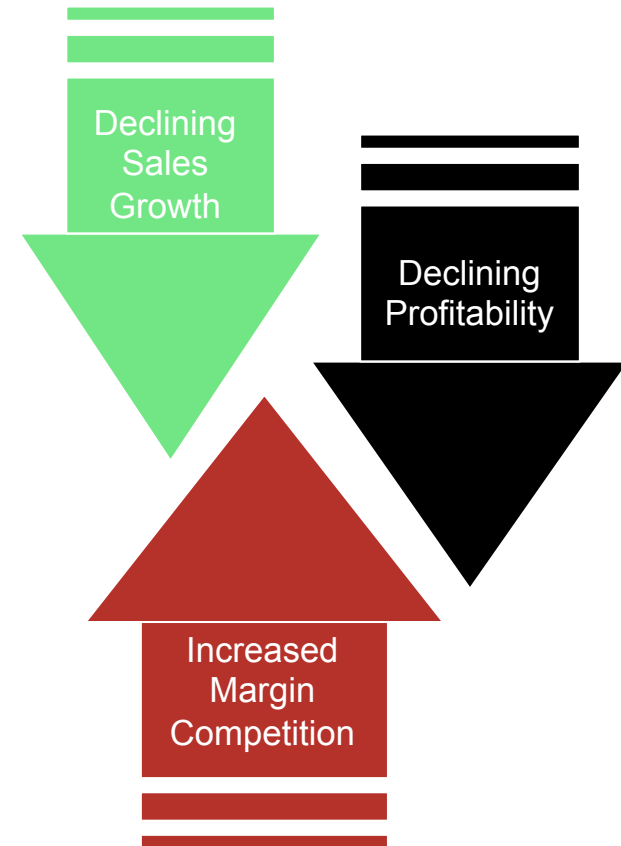
Diminishing Brand Equity

- A **flattened playing field** has brought down barriers for smaller, more agile players who are driving disruption at an increasing rate
- **Private label brands AND small brands have gained significant share**, especially among millennial consumers



Pressure on Margins

- **Investor activism** has pushed capital efficiency to new standards
- **Zero Based Budgeting** created new benchmarks for discretionary spending, advertising, organization efficiency, manufacturing productivity
- **Challenging results** from narrow focus on **profit over growth** leading to revitalized **focus on investments** into brands and technology



¹) excludes event tickets and travel; Source: eMarketer Total Retail Sales NA

.... while trying to capitalize on changing trends and preparing their commercial organizations for growth and digitization



Investing in a Connected Digital Front Office requires reducing costs and investing savings in a clear set of capabilities aligned to your strategy

An Aligned Growth Strategy ...



... Supported by key differentiating Capabilities ...



... Operationalized by a Connected Digital Front Office (CDFO)

External view of disruptive forces

- Acceleration of Better For You preferences & other consumer trends
- Growth of private label and associated price pressure
- The rise of eCom, hard discounters, and small formats

Internal view of historic growth drivers

- What are the capabilities that have driven revenue and profitability growth?
- Which drivers will be more or less relevant in the future?



Leverage advanced analytics and AI to **generate key consumer insights**



Move faster from concept to market with new innovations



Integrate traditional and digital **marketing models** for stronger consumer engagement



Automate non-value add activities and optimize working activities to **increase productivity**



Segment customers to analyze cost to **drive better growth and assortment**



Streamline sales org and processes to improve efficiency

1. Market Ecosystem

Consumer and Retailer Dynamics and Value Proposition

2. Front Office Capabilities

Consumer Engagement

Retail Execution

Digital Marketing

Route-to-Market

RGM and TPM

eCommerce

3. Technology Enablers

Platforms, Architecture, Data and Analytics, Interfaces, Automation

4. People Enablers

Talent Acquisition and Development, Upskilling, Ways of Working, Incentives and Productivity

Funded via savings from a re-aligned cost structure

A mix of digital and traditional productivity levers can be used to free up savings to re-invest in technology

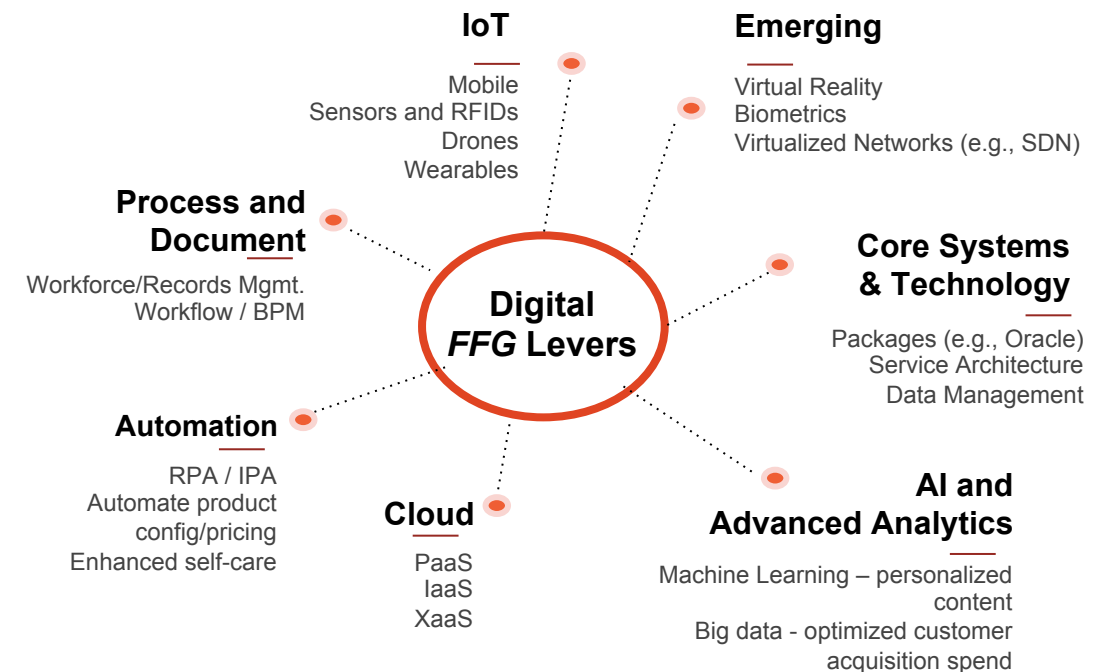
Traditional *Fit for Growth* Levers

Traditional levers ensure a comprehensive approach to optimize capabilities and non-differentiating costs

Category	Lever	Savings Potential	Time Needed
Business Portfolio & Capability Choices	Portfolio rationalization	20 - 30%	~12 months
	Zero-basing capabilities	20 - 35%	6 - 18 months
Operating Model Choices	Outsourcing / shared services	5 - 50%	6- 18 months
	Business operating model	15 - 25%	12 -24 months
	Tiered service	10 - 20%	6- 18 months
Operational Excellence Levers	E2E process transformation	10 - 20%	3 -15 months
	Agile team design	10 -15%	6 - 12 months
	Cloud infrastructure	15 - 25%	1 -3 years

Digital *Fit for Growth* Levers

Digital levers utilize digital technology and small automation to increase and accelerate impact



Despite the obvious potential for value, Consumer Brands have had to overcome several challenges to realize desired business outcomes

*Execution vs.
Innovation*

*Omni Channel
Integration*

*AI & Advanced
Analytics*

Long Implementation Timelines

*Poor User
Experience*

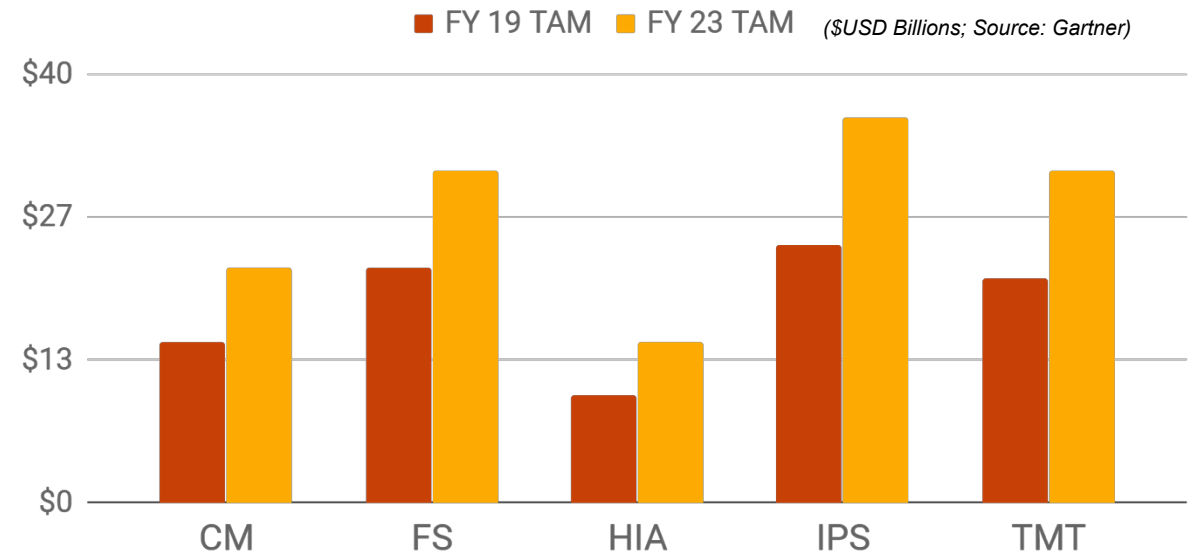
*Business Value
Realization*

*Trust &
Security*



In order to solve, follow the money...Front Office has a TAM estimated at \$90B+ today that is expected to grow to \$135B+ by 2023

- Industry vertical CRM solutions are emerging quickly; according to Forrester, vertical CRMs are expected to be the preferred approach by 2021.
- Salesforce recently tripled their investment in industries and announced plans to launch 7 new industry clouds; Microsoft announced a new manufacturing cloud.
- Clients expect solutions that demonstrate industry depth and deliver value faster; they also require flexibility on the front end to tailor key aspects of the customer experience layer and supporting business processes.



We expect to go from 50% of our distribution team being industry aligned to 85%+. The majority of what we will sell will be industry cloud solutions.

Salesforce Partner Executive Summit, 2019



The opportunity is to take Microsoft (tech) and apply it to transformation...to be able to really do industry specific workflows.

Satya Nadella, Microsoft Inspire, 2019

Conceptualizing a new architecture for the front office

1.

Clients are looking for integrated solutions that provide an exceptional user experience, industry business processes, advanced analytics, intelligent automation and more.

2.

Integrated solutions consist of layers of capabilities with core CRM solutions in the center serving as the baseline for industry solutions that have varied business process and data models.

3.

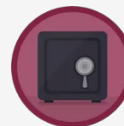
While core CRM capabilities remain important, clients will increasingly base investment decisions on advanced industry process/ UX, intelligence, and integration layer capabilities.

4.

Clients and ecosystem partners will strategically collaborate in order to solve for complex industry requirements in order to provide end to end solutions.

Industry Solutions

(Industry business processes, front end applications)



FS



HIA



CG



TTH



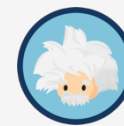
TMT



MFG

Intelligence/AI

(Advanced analytics, smart automation, etc)



Voice



Bots



Next Best
Action



PwC Apps

Common Layer

(Applications that serve the needs of multiple industries)



Loyalty



Surveys



Scheduler



PwC Apps

Core CRM Clouds

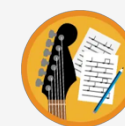
(Mature front office SaaS capabilities)



Sales



Service



Marketing



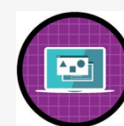
Communities



Analytics

Integration

(Connectors for cross platform solutions)



ERPs



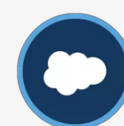
MDMs



PwC Apps

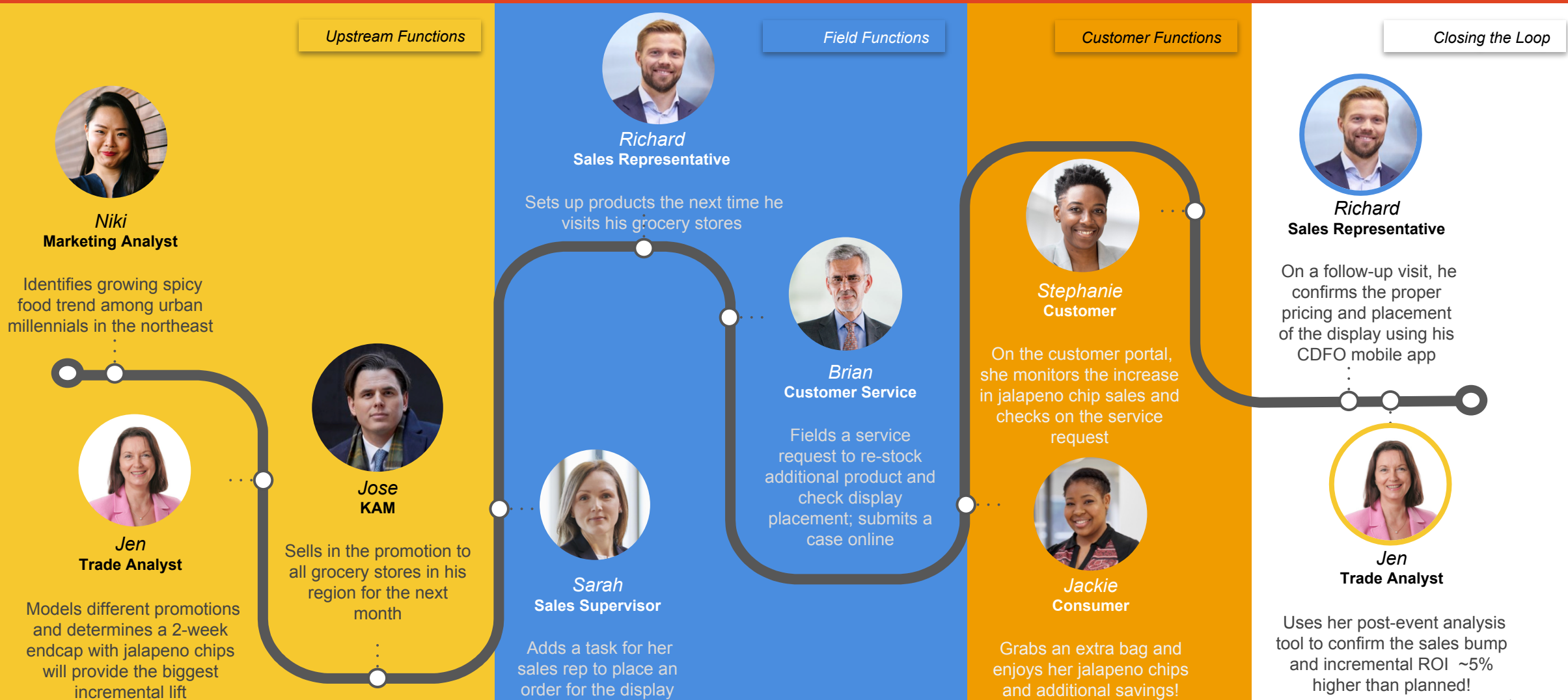


iPaaS



Partner Networks

Connecting the entire front office to close the loop and accelerate benefits across the entire value chain



Salesforce recently introduced a new cloud specifically for Consumer Goods in order to solve these challenges

Consumer Goods Cloud

Empower Your Team with Data-fueled Insights

Integrated Route-to-Market

From Planning to Omnichannel Execution

Intelligence Embedded Everywhere

Immersive AI across planning and execution

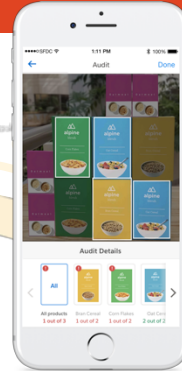
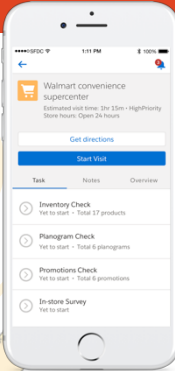
B2B & B2C on One Platform



Smart selling for field sales

In Store productivity

Smart sequence of steps to execute in store
Smart notes and follow ups

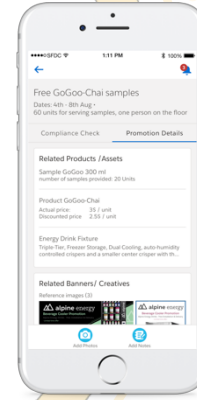
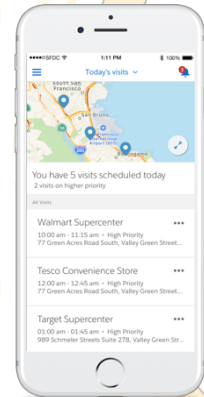


Visual inspection

Guidance on taking photos - detect holes
Automatically identify metrics
Compare real vs. actual

Right sequence of stores

Optimize the sequence of stores
Scheduling optimization



In Store Selling

Recommend promotions
Recommend placements
Recommend content

Right store to visit

Identify top priority stores based on
potential, lifetime value
Determine frequency to visit



Smart Orders

Recommend Products in order
Recommend Order quantities

Right stores in the right
sequence

Right selling activities in
the store

Intelligent guidance
through each activity

Salesforce Customer Case Study



What good looks like: benefits leading CPGs have been able to realize by enabling connected front office capabilities

300%

Increase in account visits in first 3 months after launch

100%

Adoption across front line teams

900%

Increase in collaboration activity

2

People needed to analyze trade spend for all accounts

\$35m

Front Office deal synergies

20%

Decrease in Average Handle Times

15%

Increase in Worker Productivity

>80%

Of their time now spent in driving insights

4%

Increase in Incremental Revenue

120min

Daily time savings for Sales Representatives

\$50M

Profit improvement in a year

~50%

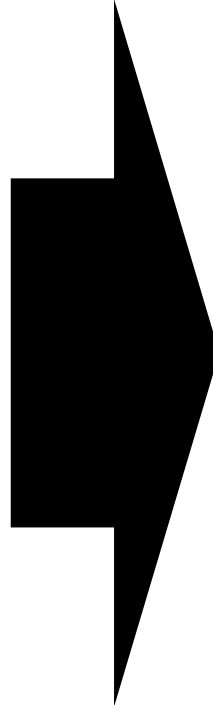
Increase in re-sourced, In-store sales

Disruption surrounds you.

Time to take control.

“The lack of connectivity ...is severely impacting execution and revenue gains. Ensure your company is on a journey to full integration.”

- *POI, TPx Vendor Panorama 2019*



Front office fitness tips:

- Understand where you are now and plan for the journey
- Use FFG leverage to create investment capacity
- Design to disrupt yourself as well as your competitors; if it is too easy/comfortable you may not be pushing enough
- Focus on agility as a key discipline; change is the new constant

Are you ready?



The best time to start transforming is now...



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