

Win in the flat world

Infosys' SAP based RFID New Product Introduction & Key Promotion Management (NPI&P) solution

A changing retail landscape....

Well differentiated, specialized and evolving retail channels, each offering a unique customer proposition, makes flawless execution an imperative for successful product launches and key promotions. Today, CPG companies can win the war for consumers but lose shoppers. While CPG companies may have a winning brand strategy, they lose shoppers due to poor and unfocused retail channel execution. As retailers control the final link in the supply chain, how can a CPG company gain the visibility into the last mile of the retail continuum? How can it create the ability to execute its plan, fully and on time?



New Product Introductions and Key Promotions Management – Business Challenges

A small misstep in a product's launch execution can significantly impact the growth potential of a sound strategy and great innovation.

A key factor determining a product's launch success is the ability to ensure synchronized execution at the channel and store levels by the brand launch team. Over 1700 new products were introduced in 2004-2005: 75% did not meet sales targets and averaged only 30% ACV. New product shelf stock outs are more than double of regular turn products - over 14%. An important cause of this lackluster performance is the lack of timely visibility and synchronized execution in the retail supply chain.

Some key challenges compounding the complexity of new product introductions include:

- Lack of historical data and uncertainty associated with consumer demand
- Increasing rate of new product introductions and consumer appeal of private label brands, which limits retail shelf space
- Incorrect and unclear data on important checkpoints on the launch continuum
- Organizational silos and the lack of single version of truth, which impedes synchronized execution

Promotions, like new product launches need to be well executed and on-time to avoid out of stock situations. Additionally promotions:

- Have a short implementation life cycles, making it all the more necessary to have the product and displays available in a timely manner
- Need enhanced visibility for quick reconciliation and settlement of promotion costs

The changing retail landscape and the impact that new product launches and promotions have on a CPG company's top-bottom line growth underscores the question:

“What does it take to deliver a successful launch or a successful promotion?”

RFID - the enabling technology for New Product Introductions & Key Promotions

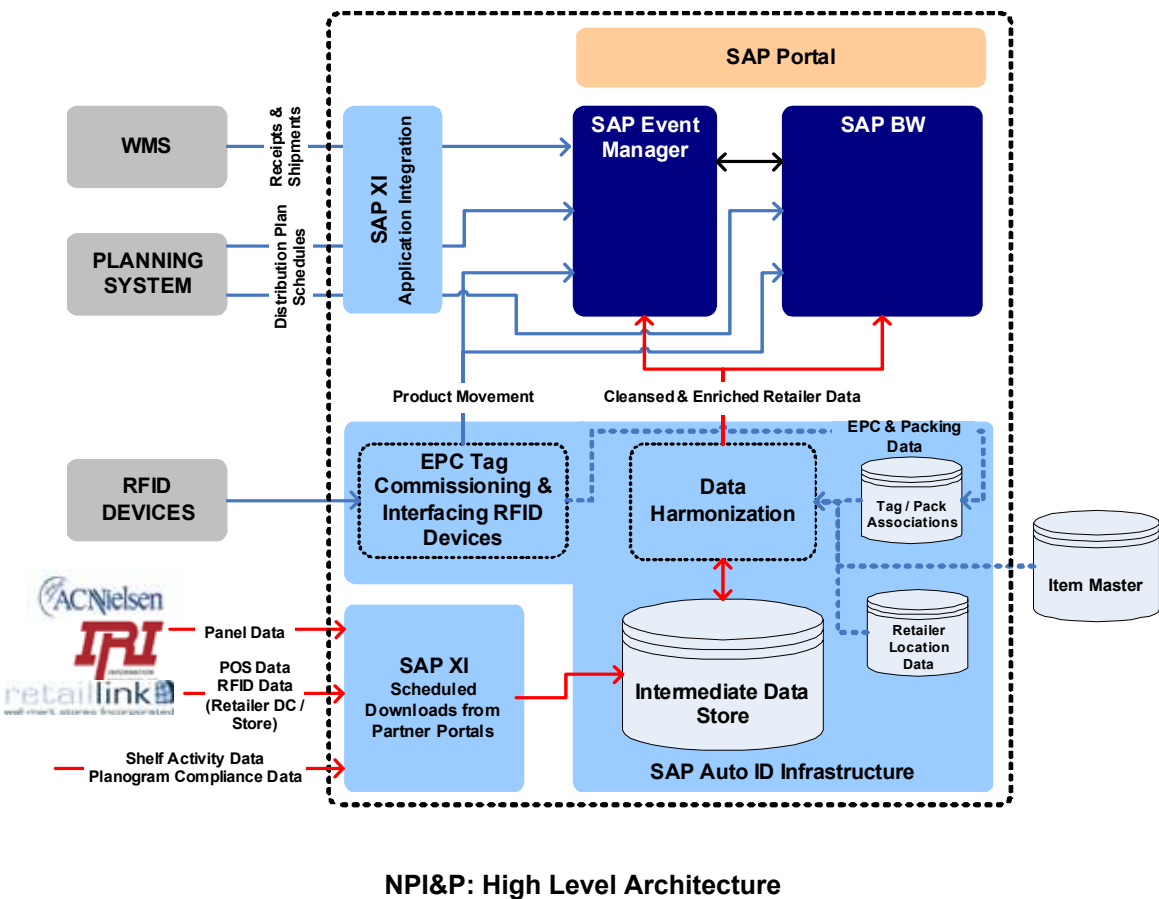
The evolving retail landscape continues to pose increased challenges to CPG companies. However the emergence of RFID to track product flow opens a unique window in enabling real time tracking of goods right up to the retail sales floor. As retail adoption of RFID accelerates, - with falling tag reader costs, the emergence of Generation 2 tag standards and RFID data exchange standards - RFID can act as a strategic tool to address the lack of timely visibility into the last phase of the retail supply chain.

Leading retailers in Europe and North America are embracing EPC-RFID as a means to track product flow through their networks and provide store level product movement data. An increasing number of retailers are also showing willingness to share granular information with CPG suppliers in a timely manner.

In this context, Infosys has developed a solution that leverages a SAP platform, which covers all retail data streams - RFID, POS, IRI - Nielsen, product shipment information etc - and organizes them into lead and lag indicators. Infosys NPI&P solution provides a single version truth, a 'Product Launch Dashboard' that empowers the entire brand launch team. The dashboard can also be very effectively leveraged to monitor the execution of key promotions.

Infosys SAP based RFID NPI&P solution overview

Infosys' NPI&P solution assists CPG companies to lower their total cost of ownership and improve efficiency while meeting strategic business needs. The solution is a unique offering for CPG companies, which leverages a RFID based architecture and utilizes SAP products.



NPI&P solution benefits

Infosys' NPI&P solution:

- Enables brand launch team to successfully execute store level product launches
- Improves the quality and speed of execution by providing timely visibility into retailer network product flows
- Provides actionable information by integrating multiple retail data streams onto a unified 'Product Launch Dashboard'
- Enables the execution of key promotions through better monitoring
- Streamlines the settlement process around promotions by providing better visibility and controls
- Is tailored to varied levels of data sharing and RFID adoption amongst retailers

Conclusion

Successful new products and key promotions are critical to the success of CPG companies. A failed product launch can put significant pressure on already strained topline growth. On the contrary, a successful launch can be a win-win for retailers and CPG companies.

Inadequate visibility into retailer networks has been a key industry problem. Real time end-to-end visibility and actionable information will help CPG companies to:

- Achieve targeted ACV and coordinate marketing plans with an eye to brand availability
- Assist in effectively managing repeat demand, even when SKU off-take is different from plans, across stores and channels.

The emergence and adoption of EPC-RFID along with other retail data sources provides CPG companies with an opportunity to start addressing this business issue. Infosys' SAP based RFID NPI&P solution provides CPG companies a strategic platform to start this journey.

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