Customer Success Story
Anheuser-Busch Wholesaler and Distributor

Halo merges transactional data with supplier shipments to create the ultimate Distributor Margin Management solution

Business Situation

- No checks and balances over large supplier forecasting / shipments
- Out-of-code beer was a $250K problem
- Need for weekly forecasts
- Manual forecasting for smaller suppliers
- Labor-intensive order entry
- Heavy reliance on Excel

Benefits Achieved

- Create more automated process for data integration and management
- Combine multiple data sources to create better inventory visibility
- Tournament-style statistical modeling for more accurate forecasts

Why Halo?

- Single technology investment can be used for multiple reporting and analysis needs
- Easily automates SKU level forecast by supplier and warehouse location
- Incorporates automated forecast with inventory, orders and code dates
- Adding profit per case virtually automates an annual budget

Automating beer distributor's forecast, inventory, order and code date reporting improves operational efficiency.

About the company

Based on the East Coast of the United States, this community-oriented beer wholesaler distributes Anheuser-Busch InBev products, along with many small to large craft and non-alcoholic brands. In the past year, their supplier portfolio grew dramatically, creating an urgent need for accurate and automated forecasting to help them manage SKU proliferation and quell the destruction of expired product.

Prior to implementing the Halo Predict forecasting module, operations and purchasing teams were manually forecasting in Excel, comparing their average sales for the last 10 weeks to current inventory levels in order to generate purchase orders. They were receiving larger supplier orders via email or reports being created

out of proprietary systems. Smaller, craft supplier orders were being manually entered into an enormous master spreadsheet full of handwritten calculations, leaving them vulnerable to error.

As a result, the distributor faced a significant inventory problem – one that we find to be a problem for many distributors. Specifically, they were not monitoring code dates in their forecasts and reporting. And without that visibility, they were receiving large shipments that were driven by supplier forecasts rather than customer demand. This was contributing to an increase in fire sales and operational expenses. Executives were seeing decreased profits. "Expiring beer is getting to be a quarter of a million-dollar problem."

The benefits

In the past, if this distributor was caught off guard by an out-of-stock situation, a waiting game followed. How quickly would new stock come in? How long could the customer make their current inventory last before becoming irritated and switching to a competitor? In the worst case scenario, the customer might switch and never come back. Now, with Halo in place, out-of-stocks have been reduced by 19% and the distributor reports better sales and customer retention.

The company has also realized, as a result of implementing Halo, a reduction in operational expenses. An excess, or shortage, of inventory often leads to an increase in trucking, logistics, employee hours for picking line operations, fire sales and intercompany transfers between warehouses. Halo has helped mitigate all of these issues.

And finally, with Halo in place, the operations and purchasing teams have seen a significant decrease in their reliance on Excel and their time spent analyzing their sales, manually forecasting and placing orders. Instead of calculating forecasts on their own, Halo Predict is automating a SKU level forecast by warehouse location. They simply log into Halo each morning and see an updated forecast that includes the ability to add their own unique insight by adjusting for promotional activity that their brand managers know is coming up in the market. When adjustments are made, they now have a record to understand why, and visibility into how to adjust their forecasts in years to come.

The solution

After researching a range of options, the business turned to Halo for a new solution. After mapping out data sources and a new reporting strategy, Halo deployed its data integration and analytics platform to quickly consolidate

supplier shipment and depletions information, including code dates. The platform uses a simple-to-manage data repository and several purpose-built tools for statistical forecasting, management reporting, and expiration alerting. Everyone in the organization was then assigned role-specific dashboards and tools to facilitate better demand planning, inventory planning and financial management.

The future

"If you can wake up every morning and have up-to-date data from the previous day, in this format - drillable, chartable and exportable - with smart algorithms predicting the future on a SKU basis that you can play with, adjust and get smarter with, it is very, very valuable."

Now that this distributor has an automated platform for managing their forecasts, inventory and orders, they are introducing code date monitoring to decrease the amount of expiring product and allow them to not only realize the profits they expected, but focus their time and effort on customer service and growing their business, instead of operational chaos. And to tie the whole system together, they are linking financials and profit per case to the forecast to help them automate an annual budget.

Ultimately, this distributor plans to use Halo to build a data warehouse containing depletions from multiple ABInBev distributors in the state and automate forecasts at each location. Using the Halo solution, all distributors involved can take advantage of consolidating supplier orders, when their individual needs do not allow them to take advantage of the best trucking rates from suppliers on the other side of the country.
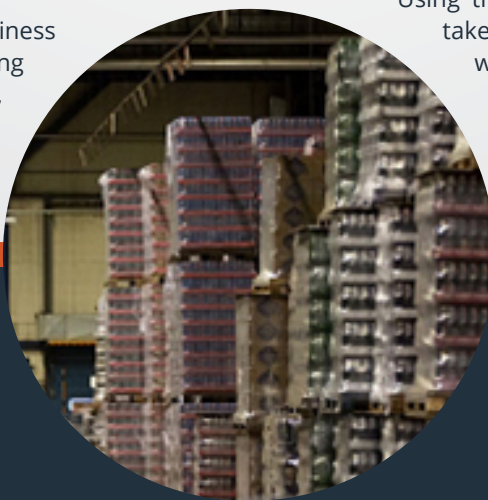
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