

ALLIED DOMECCQ



“COGNOS HAS DELIVERED A RICHER AND MORE REWARDING INTERACTION BETWEEN OUR SALES AND MARKETING FUNCTIONS BY EXPOSING THE INFORMATION LOCKED WITHIN OUR DATA.”

—SIMON JAMES, BUSINESS SYSTEMS MANAGER, ALLIED DOMECCQ SPRITS & WINE (UK) LTD

ABOUT THE COMPANY

As the second largest spirits company in the world and a leading global quick service restaurant business, Allied Domecq PLC is a world class player.

The company originally came into being as Allied Breweries in 1961. After a series of mergers and acquisitions they became Allied Domecq with the acquisition of Pedro Domecq, the leading spirits company in Spain and Mexico.

The company's brand portfolio includes such famous names as Laphroaig, Canadian Club, Courvoisier, Kahlúa, Teacher's, and Harveys. It commands first or second position in six international spirit categories. Its restaurant brands include Dunkin' Donuts and the US ice cream retail outlet, Baskin-Robbins.

The Spirits & Wine division (ADSW) operates over 50 businesses worldwide and owns or controls distribution of 89 per cent of the company's sales volume. Allied Domecq Spirits & Wine (UK) runs its national marketing and sales initiatives from its offices in Horsham, West Sussex.

CHALLENGES FACED

- To create a new, profit-oriented business model
- To develop an effective Management Information System (MIS) to capture, access and report on relevant information
- To better understand revenues and costs

In 1996 Allied Domecq Spirits & Wine (UK) decided to formulate a new business model that would create a more competitive structure for the company. Faced

with increasing competition as a result of mergers and acquisitions, along with increasingly complex consumer demands, they agreed that the company needed a more comprehensive and detailed view of the market, its customers, and its profitability in all areas.

Simon James, Business Systems Manager, ADSW (UK), explained: “It was really a shift from a volume-led business to one that focused on understanding profit. To achieve this, we not only needed a better understanding of our customers, but also how much we spent, where, when, and why.”

Once agreed, the new business model needed supporting with an MIS system.

“To gain the sort of detailed insight into our operation, we needed to move to much more fact-based decision-making,” James continued. “We needed to develop a new way of focusing on spend and revenue based on marketing and sales activity. This meant developing a sophisticated data-capture system to gain accurate and relevant profitability profiles for every aspect of our operation.”

By 1998, Mr. James and his colleagues began formulating requirements and specifications for the new MIS system that would deliver business intelligence (BI).

A NEW INFORMATION STRATEGY

- Identify a BI partner to help build the system
- Develop a data warehouse accessible to all
- Deliver query and analysis capability to all users.

COGNOS®

THE NEXT LEVEL OF PERFORMANCE™

The company approached long-standing information management partner, Microgen-Kaisha. With extensive experience in implementing BI solutions, Microgen-Kaisha had been working within Allied Domecq for a number of years.

“Microgen-Kaisha had implemented various standalone business intelligence systems from Cognos,” Mr. James said. “We were very happy with them and Cognos, so it seemed logical to work with them again on this latest strategy.”

The ADSW strategy was to develop a data warehouse where Mr. James and his colleagues could receive transaction and budget information from the various source systems. The data warehouse was to have three discrete areas for profitability, sales, and activity-driven events. These data cubes would be accessed by Cognos reporting, analysis, and query tools such as PowerPlay, PowerPlay Web, Impromptu, and Upfront.

THE COGNOS BI SOLUTION

The company developed a prototype model that would form the basis of the requirements definition for the final system.

“We were keen to achieve maximum accessibility, so the Web-based environment offered by PowerPlay Web was an obvious answer for our mobile workers and one which conformed to our strategy in every detail,” Mr. James confirmed.

With PowerPlay, PowerPlay Web, and Impromptu, users would then have all the query and reporting power to drill down, report on, and analyze information in a way which would be faster, more accurate, and more relevant to requirements.

BUSINESS BENEFITS

- Easy to use; minimal training meant quicker uptake
- Data is more accessible and the resulting information is more accurate
- Users can drill down to discover problem areas that can be quickly addressed

Once proven, the prototype system was rolled out to key users within the organization. Uptake was successful. The system was soon being used by up to 100 users at Horsham.

“It was impressive,” said Mr. James. “As a web-based tool, the system required minimal training to get people started. They could get hold of information that was previously difficult both to find and to present in a user-friendly way.”

With much easier access to relevant sales and marketing information, users could drill down to detail, identify problem areas, and create reports that highlighted solutions.

“We could look at ‘actuals’ – information that came from real-world activities such as money-off promotions through certain stores,” Mr. James elaborated. “In this way, we got an accurate and much more timely picture of sales trends.”

Mr. James explained that this has helped uncover problems such as discrepancies between initial prices posted on the system by the production companies and ‘actual’ prices when the products hit the stores.

“This has made a tremendous impact on the accuracy and performance of our operation,” Mr. James said. “It means we can fine tune sales and profitability projections on a daily basis. We can see the results of a marketing activity much quicker, much more accurately—and respond confidently. This has led to better sales performance all around. Which means better profit.”

CHANGING THE WAY THEY DO BUSINESS

With the Cognos solution in place, users can analyze marketing spend by brand over a time period or sales by customer to gauge profitability. They can also analyze information on customer sales per brand, and even compare the forecast marketing spend against the allocated budget to create more realistic targets in the future. In this way, the sales and marketing managers can clearly see effectiveness of spend against turnover in every area to establish key value-for-money indices.

“It has, quite simply, changed the way we do business,” James enthused. “We can now recognize critical relationships between marketing cost and sales revenue—previously very difficult to identify. The Cognos solution has sped up the decision-making process in a market that is crowded with competition and is typified by transient brand loyalties. It guides future sales and marketing activity to an extent that just wasn’t possible before.”

THE NEXT STEP

So successful has the Cognos solution been at Horsham, it was adopted by Allied Domecq Italy, where it will be used by up to 50 people for similar sales and marketing analysis. Allied Domecq Germany is also beginning a program of assessment and prototyping with several other European countries likely to follow suit.

“We have recently moved to version 6.6 of PowerPlay Web and the enhanced functionality is already increasing productivity and saving time,” Mr. James said. “Cognos is our strategic BI solution and we have a worldwide agreement which we will continue to exploit in the future.”

Encouraged by all his dealings with Microgen-Kaisha and Cognos, Mr. James confirmed that more Cognos BI projects are in the works.



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