



CUSTOMER STORY

Multi-National Coffee Bar Company

IoT-integrated planning grows revenue and reduces inventory

Challenges

The company's unmanned coffee bars use integrated telemetry that provides real-time reporting on machine performance and drinks sales. However, the real-time sales data wasn't being used for replenishment. Because there was no system in place to consolidate and analyze that data, the team relied on manual spreadsheet-based estimates based on current stock holding and average cup sales.

Industry

- Retail - Food & Beverage

Solution

- Demand Forecasting & Planning
- Inventory Optimization
- Replenishment

Results

- 20% reduction in field stock being held at partner sites
- 50% fewer delivery refusals by partners
- 30% reduction in annual logistics operating costs and associated annual CO2 savings of 70 (metric) tons
- 10% growth in Net Promoter Score

Company Overview

One of Europe's fastest growing coffee shop brands offers airports and railway stations, hospitals and universities, convenience stores and more the opportunity to profit from the increasing demand for high-quality coffee on the go. The company provides partners with self-manned coffee machines and regular replenishment of coffee and supplies.

Project & Objectives

After an initial success in 2011 with a few hundred self-manned coffee bars, the company hatched ambitious plans to grow in less than five years to thousands more railway stations, convenience stores and other locations with growing demand for high quality coffee on the go. To sustain its revenue sharing model, the company needed visibility and control over its supply chain and accurate stock replenishment at the order-line level.

The unmanned coffee bars used integrated telemetry that provided real-time reporting on machine performance and drink sales. However, the real-time sales data wasn't being used for replenishment. Because there was no system in place to consolidate and analyze that data, the team relied on a manual spreadsheet-based estimates based on current stock holding and average cup sales. A "Brand Guardian" supported 800 stations, including training partners, replenishing stock and giving advice on how to maximize sales and improve the coffee experience. But this approach was not able to scale with the business. Indeed the company was adding partners much faster than expected, and the company wanted to ensure growth remained profitable.



So far this project has gone far better than we ever could have imagined... We've actually managed to grow our revenue and reduce our inventory costs, so I'm very pleased."

The coffee company team evaluated several supply chain planning software providers, selecting ToolsGroup. In the end they chose the hosted SaaS version of the software to accelerate the implementation and realize the benefits more quickly.

While ToolsGroup's consultants were working on the system design and data analysis, the company initiated a major supply chain transformation, adding a new logistics/warehousing partner, a new IT system, and a new process of purchasing stock directly from the suppliers. At the same time, the company's coffee stations expanded by 25%.

Despite these various challenges, the implementation went live within six months. According to the company's supply chain manager, "The flexibility of ToolsGroup's consultants during all this change was world-class. The original model they developed needed to be adapted several times during the implementation, but they didn't blink - just got on with it."

Day to Day

Before implementing ToolsGroup's software, the company used to estimate how much stock to supply each site with at the end of each month using figures provided by the partners. Now they're able to compare the actual sales data to the levels of inventory declared in the sites to give far better visibility and control.

ToolsGroup's SO99+ software uses the actual sales data provided by the unmanned coffee stations to forecast demand, optimize inventory and generate replenishment proposals for distribution and procurement operations. This enables the company to optimally manage the supply of ingredients from the central warehouse out to several thousand sites.

The supply chain manager commented, "In some countries that we're entering, we're legally required to make month-end declarations, so our new level of forecasting accuracy is extremely helpful."

Benefits

Implementation went live in just six months and after only six months in operation:

- 20% reduction in field stock being held at partner sites
- 50% fewer delivery refusals by partners
- 30% reduction in annual logistics operating costs
- Annual CO2 savings of 70 (metric) tonnes
- 10% growth in Net Promoter Score

Stock visibility and control with stock to be supplied to each site is now based on comparing actual sales data to the levels of inventory declared in the sites.

The SO99+ software uses the actual sales data provided by the unmanned coffee stations to forecast demand, optimize inventory and generate replenishment proposals for distribution and procurement operations.

The software now manages many of the detailed data analysis and inventory replenishment, so the Brand Guardians role is now "Brand Excellence Advisors", whose sole focus today is helping partners sell and deliver a great customer experience.

+ About ToolsGroup

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