Aptean Food & Beverage ERP

Modernize, Optimize, Strategize: **How to Thrive During Food & Beverage Market Turbulence**

aptean Ready for What's Next, Now®

Protecting Profits Under Pressure

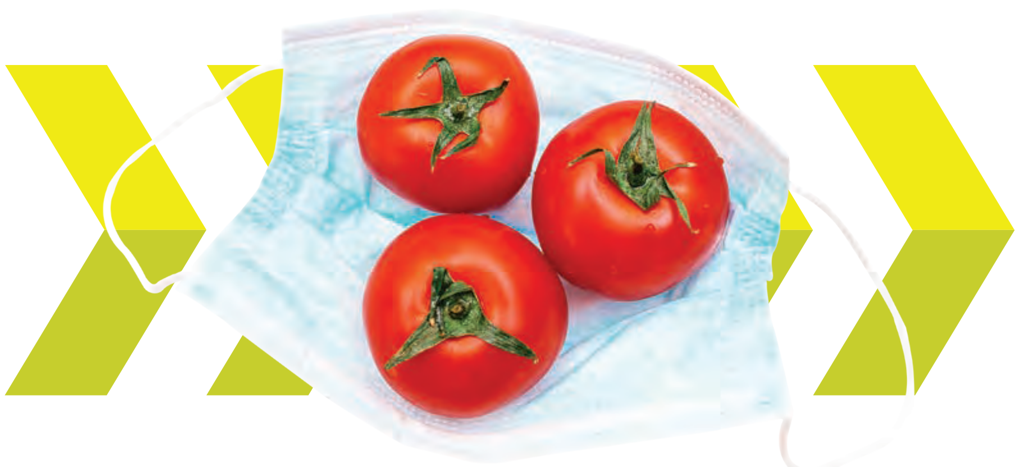
The food and beverage industry is vulnerable to external pressures – and in recent years we've seen how extreme these pressures can be.

From the global pandemic to rising fuel and energy costs, uncontrollable factors are affecting every element of the manufacturing process. And amid these market disruptions, food & beverage companies are still trying to meet the ongoing challenge of keeping pace with consumer demands and producing compliant products.

When the pressure's on, protecting profit margins and maintaining growth becomes critical. But how can your business achieve this when trading conditions are constantly changing?

The answer lies in increasing your operational agility in order to understand the impact of market influences quicker and make smart decisions that drive strategic improvements while streamlining your manufacturing costs.

To help you navigate industry turbulence, Aptean has used our experience as a food and beverage software specialist to develop a three-step strategy for increasing operational agility in a continually changing (and often unpredictable) landscape.



Maximizing Margins When You're Squeezed from Both Sides

The operational agility of North American food and beverage manufacturers has been tested to the limit in recent years. And the business case for updating your infrastructure is stronger than ever.

Since the start of 2020 we've experienced a global pandemic, labor and skills shortages, supply chain disruptions, energy price increases, several extreme weather events, inflation, and international trade complexities as a result of events like Brexit. These forces have impacted both ingredient availability and the cost of production, creating major food chain security concerns.

And with many consumers concerned about their financial stability as a result of market turbulence, rising costs can't simply be passed on. Manufacturers' margins are being squeezed on both sides, and the only way to offset prices increases is to streamline your internal operations.

Given market constraints, many food and beverage companies have been reluctant to make significant operational investments recently. But a solid digital infrastructure is pivotal to driving more efficient processes and enabling you to make proactive decisions that maximize yield – as our strategy outlines.

Step 1: Modernize

The first step towards increasing your operational agility in a turbulent market is improving data visibility. You need to see what's happening across your business in granular detail to know where change is needed first.

Research conducted by IDC, sponsored by Aptean, in 2021 found that lack of operational visibility was food and beverage manufacturers' most significant barrier to growth[1]. And this is because business strategy and IT strategy are intrinsically linked; you need a solid infrastructure to drive improvements.

When it comes to managing operational data, manufacturers tend to fall into one of three categories:

- **Digitally advanced** – companies in this group are already using a multi-functional piece of software like a food and beverage ERP system to run business operations
- **Digitally maturing** – this group of companies have some technology in place, but are either managing multiple systems across different parts of the business, or have one basic system that has reached its functional limits
- **Digitally inexperienced** – companies in this group are still mostly using spreadsheets and emails to manage data

Whichever category your business lies in, there are opportunities to modernize your business operations. Your current approach might 'get the job done', but is it fully optimizing your manufacturing operations to support profitable growth? Even if you're digitally advanced, are you using cognitive services to manage quality control or AI to predict demand?

Replacing your current systems with an infrastructure that can support the fast-paced, multichannel demands of modern food and beverage manufacturing will increase your agility and enable you to take actions that maximize margins.

And while your initial goal is to react quickly and effectively to what's happening in your business, over time the data you generate will enable demand forecasting. That way, you can move towards predictive models that anticipate where the market is heading and what your customers want next.

[1] Source: IDC Whitepaper, sponsored by Aptean, Global Food and Beverage Industry Trends and Strategic Insights 2021, doc #US48272321, September 2021

Modernization: Adams Group's story

Centralizing information and giving everyone a single version of the truth enables your business to take decisive action based on real-world conditions – as Adams Group can attest.

The family-owned firm has been in business for more than 100 years. Until recently, it had been using a homegrown system to manage its operations, which had been built over many years. But this platform could no longer keep pace with the company's growth.

Adams Group needed a modern solution that was capable of coordinating order management, production control, cost control and lot tracking capabilities in one place, and it selected Aptean Food & Beverage ERP.

By modernizing its infrastructure through a single ERP system, Adams Group could start managing its business holistically. For example, much of its processing activities involve blending products to customer specifications. With Aptean Food & Beverage ERP it can see both the type of blend required and whether that blend is available on-hand.

"We feel like we're still just scratching the surface of what we can do as far as **efficiency improvements in the future.**"

Lee Smith, General Manager, Adams Vegetable Oil

Adams Group is also using ERP software to extract and utilize data. It has developed an interface to capture the scale-in and scale-out trucks moving product between locations across all 50 states, and equipped field staff with iPads to share information on growers' loads and product quality without having to return to the office.

And by speeding up data sharing, the company is now able to produce immediate reports, rather than having to wait until 15 days after month-end – gaining rapid insights into yields and losses to identify areas where margin can be improved.

Step 2: Optimize

Once your business has invested in the technology needed to gain a single version of the truth, the next step is to use these insights to reduce production costs and increase margins.

It sounds straightforward, but as you know, creating a roadmap for change in a constantly evolving market is far from simple. Rather than focusing on radical strategies, centralizing data management will enable your team to make small but smart decisions that optimize your entire value chain – using technology to automate responses.

Here are some examples of where data and process optimization can add operational value:

1. Supply chain

Monitoring inventory levels in real-time allows you to reorder ingredients efficiently without overstocking. And by tracking supplier information, you can understand the impact of delays and cancellations on customer orders, sourcing from alternative suppliers to continue production.

2. Production

If ingredient shortages or supplier delays are unavoidable, you can re-sequence schedules to prioritize orders that can still be completed based on available inventory. Operational technology will also help you to minimize spoilage and waste – for example, using perishable ingredients based on their sell-by date, or automating catchweight calculations to deliver consistent products while maintaining speed of production.

3. Machinery

Digitizing your operations will enable you to track asset efficiency and respond to performance issues quicker – reducing downtime. You can also align facilities management with your production schedule, conducting routine maintenance and servicing at the least disruptive times.

4. Workforce

People are your greatest asset, but there are many scenarios where technology can respond quicker and more effectively. Automating low-value, high-risk and complex operational processes will maximize your speed and efficiency, while enabling your workforce to focus on tasks where human ingenuity adds most value.

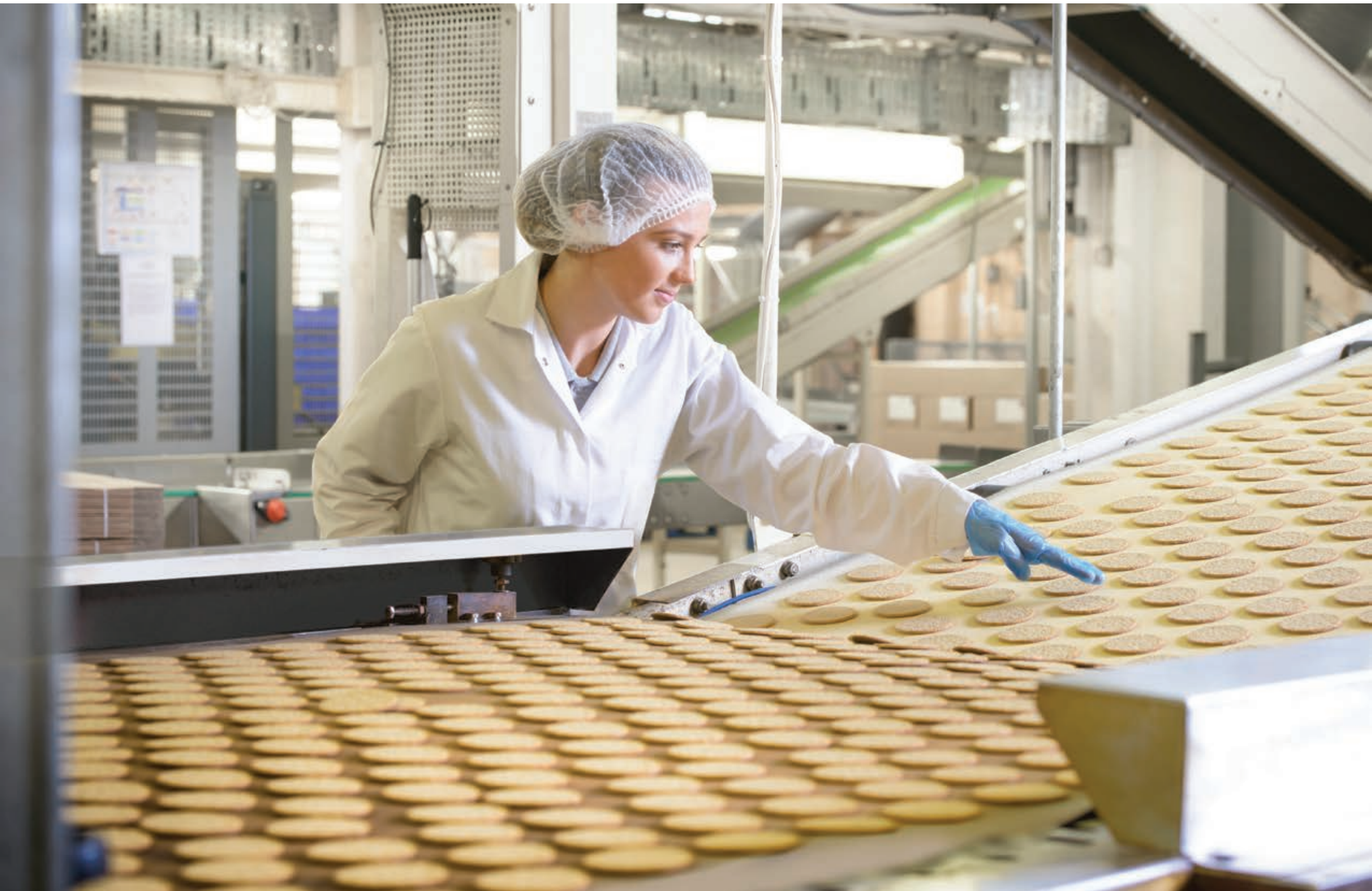
And where manual input is still required, technology makes the user experience slicker and simpler. For example, replacing spreadsheets with real-time data dashboards; introducing mobile and touchscreen technologies for assigning, managing and completing tasks; and coordinating inventory management using barcode scanning capabilities.

5. Quality control

Digital transformation plays a pivotal role in optimizing the consistency and compliance of food and beverage products, particularly for manufacturers with an international customer base. For example, operational software can automate the production of allergen lists and product labels based on products and quantities, to meet local legislation.

With transformative technologies in place, your company can create digital workflows that check products in real-time, flagging anomalies and enacting stop line capabilities to prevent contamination and stop significant food safety issues. And if a quality control problem occurs, digitized data trails enable quick, accurate product recalls to minimize both financial losses and the impact on your reputation.

Across your value chain, each small optimization makes a huge difference to the reliability and consistency of production, and to your overall profit margin.



Optimization: Green Valley Pecan's story

Operational improvements can have a butterfly effect, with even the smallest changes creating new possibilities. Green Valley Pecan's enhancements to operational traceability and connectivity have opened the business to new custom product blends.

The world's seventh-largest pecan producer had previously been using two systems to manage its operations. While they worked reasonably well together, Green Valley Pecan was restricted to using the basic features of both software platforms, which made full operational visibility very difficult to achieve. Data often reached key people in the business 1 or 2 days late.

"Having **access to critical information** ahead of time allows us to make **real-time decisions and adjustments** to production as needed throughout the week."

Major Williams, Director of IT, Green Valley Pecan

To gain a real-time view over its business operations, Green Valley Pecan invested in Aptean Food & Beverage ERP. This enabled the Arizona-based company to trace its pecans through the complex pasteurization, cracking, shelling and sorting process, improving quality control.

With increased traceability, Green Valley Pecan has been able to pursue new business opportunities, as it can sort nuts by size and manage orders for custom product blends. The company has also improved throughput, as Aptean Food & Beverage ERP detects equipment problems and makes the relevant adjustments in the plant, maximizing performance and uptime.

Step 3: Strategize

Understanding and anticipating customer demand isn't just an opportunity to optimize your manufacturing operations. It empowers your business to make strategic decisions that drive business growth, even in challenging circumstances.

Market turbulence is forcing many food and beverage manufacturers to reconsider the number of SKUs they're producing – whether due to fluctuating demand or ingredient shortages. And when you're faced with tough decisions, you need to know which products are most profitable for your business.

High quality data insights give your company a stronger grasp on how conditions are affecting consumer preferences, so you can make business decisions rooted based on real-world insights. And agile operational capabilities enable you to respond to these insights quickly.

A good example of this is UK online butcher, Farmison & Co. By scaling production in response to rising demand for home meat deliveries during the pandemic, Farmison doubled its revenue to £12.1m in 2020. They then recorded a 150% year-on-year Christmas sales increase in 2021 by responding to strong demand for turkey, ham, beef, pigs in blankets and cranberry sauce.

Data validation and operational efficiency are also giving food and beverage companies the confidence to explore emerging markets like plant-based foods and cultivated meat. If you're interested in treading new ground, technology can help you to manage the production and compliance challenges associated with product diversification.

Strategic data insights are also pivotal to evolving your business model and accelerating product development.

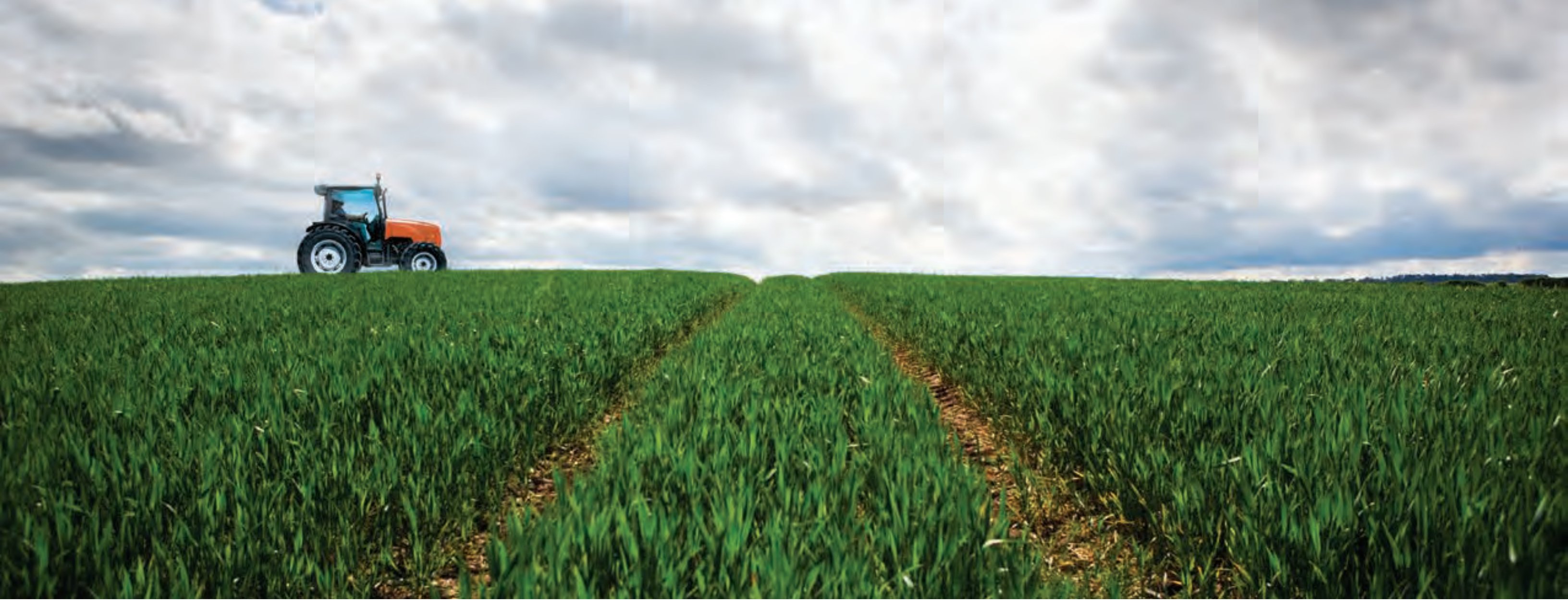
For example, many food & beverage companies are outsourcing production to contract manufacturers in order to scale production and increase flexibility without requiring additional capital expenditure. Others are making use of third party logistics to enhance shipping and distribution.

Food manufacturers are also using operational agility to explore new sales channels. Going direct-to-consumer (D2C) provided a revenue lifeline to many brands during the pandemic – from PepsiCo's online pantry to Heinz to Home – and demonstrated the benefits of building close customer relationships. D2C delivers the rapid feedback that manufacturers need to increase the speed of product innovation and testing, creating new revenue opportunities as a result of giving customers what they want.

IDC research, sponsored by Aptean, has forecast that 90% of industry growth will be captured by food and beverage companies that engage directly with consumers, and more than 80% of firms that have invested in digital software to run their business operations have seen improvements in D2C revenue.[2]

Digitally-driven operations also give food and beverage manufacturers a stronger framework for international expansion. Products can be reformulated for local tastes and cultural expectations while being produced at scale, while food and beverage ERP software automates compliance processes to make sure products meet regional regulations and are labeled correctly.

[2] Source: IDC Whitepaper, sponsored by Aptean, Global Food and Beverage Industry Trends and Strategic Insights 2021, doc #US48272321, September 2021



Strategize: SunWest Foods' story

Insight plus action equals profit, proves California's second-largest rice and wild producer.

SunWest Foods buys rice from 350 farms before packing and distributing it for domestic and international sale, milling up to 80 tons of rice per hour at seasonal peaks. But complex administration requirements meant product information was being re-entered multiple times for each order. And lack of trust in this data forced the company to overstock rice in order to guarantee customer deliveries.

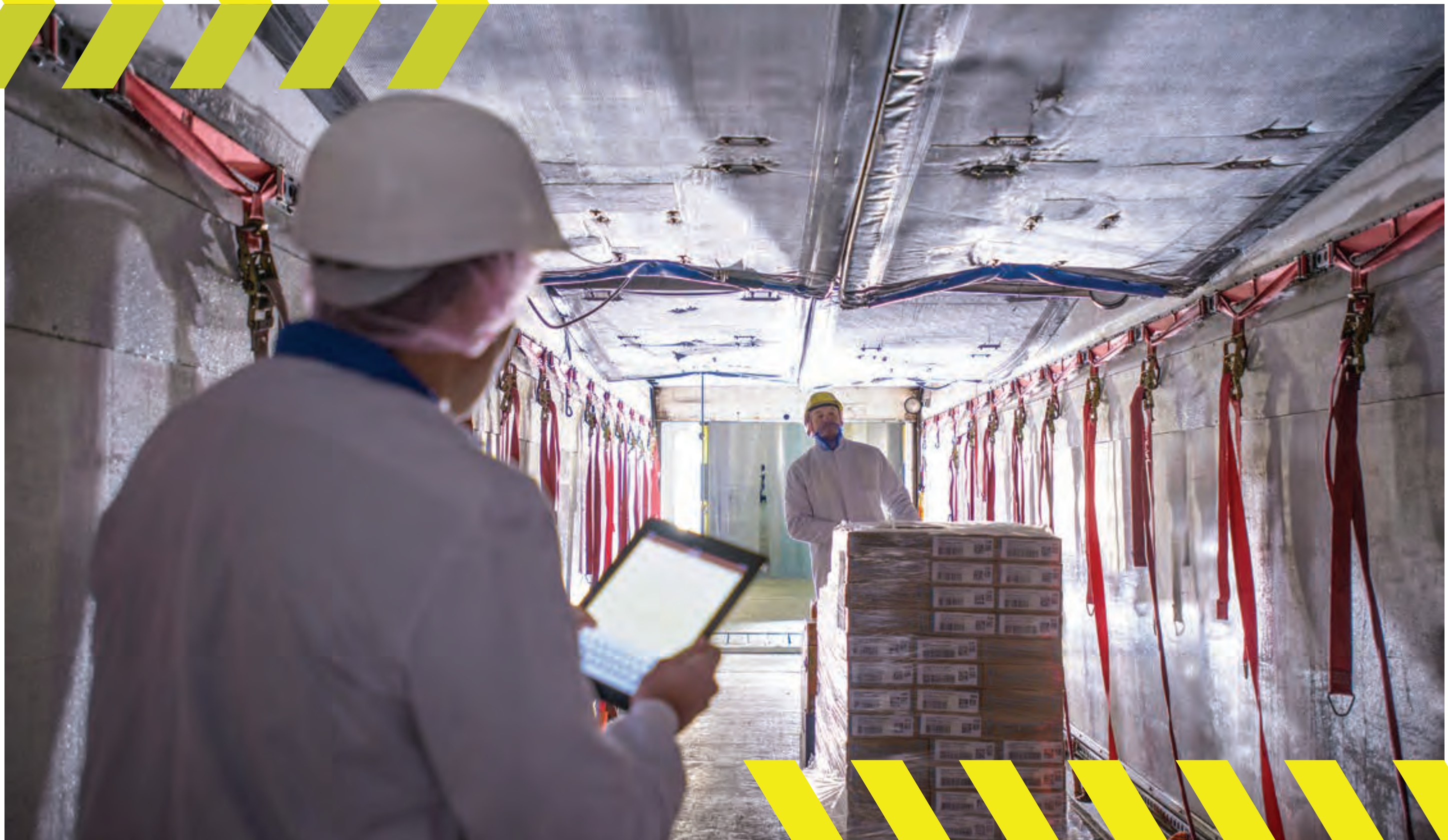
"My commodity buy-sell decisions are smarter now. **In our business, real-time information is everything."**

Jim Errecarte, President and CEO, SunWest Foods

To increase the speed and accuracy of its manufacturing operations, SunWest Foods invested in Aptean Food & Beverage ERP. This enabled the organization to improve inventory management/restocking and plan product blends, as well as promise customer deliveries with confidence.

On a strategic level, greater understanding of supply and demand has enabled SunWest Foods to strengthen relationships with its farms and make smarter buy-sell decisions in an incredibly sensitive market.

"*Most manufacturers don't juggle daily worldwide cost fluctuations in raw materials. We have to. That marketplace influences what we buy and from whom, what we hold on to or sell fast, and at what price,*" CEO, Jim Errecarte, shares. "*Right and wrong decisions have surprising ramifications.*"



Creating Business Opportunities, Whatever the Future Holds

With market turbulence making trading tougher by the day, investing in digital software is no longer advantageous: it's essential.

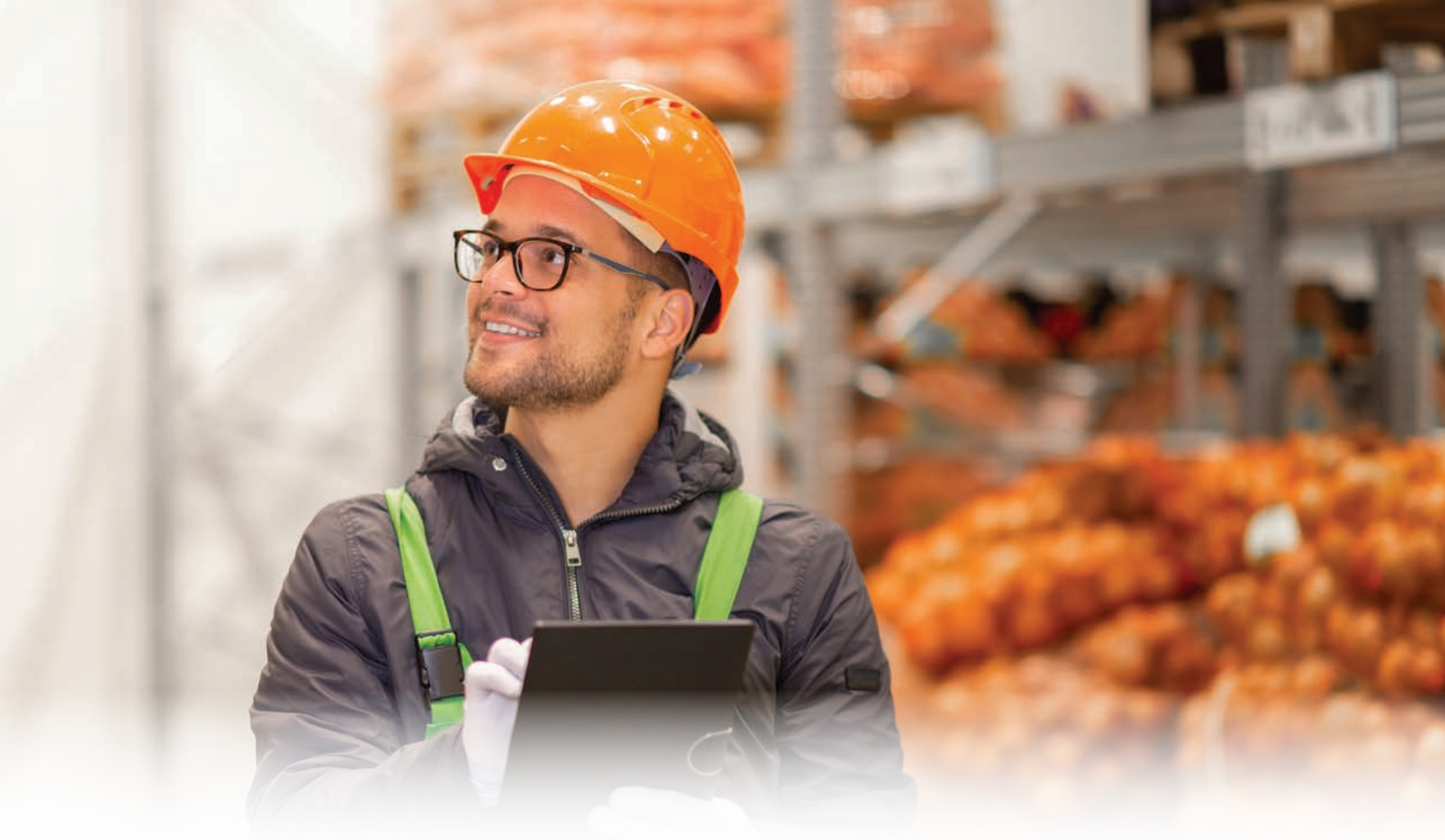
Many manufacturers are holding back on operational investments, but if you're still relying on spreadsheets and legacy systems to run your business, you need to act quickly – or you risk falling behind your competitors.

Thankfully, the affordability of multi-functional food software means it's possible for companies of all sizes – from SMBs through to large-scale manufacturers – to find a solution that delivers on your needs and your budget.

Choosing cloud-based food ERP technology will empower your business to modernize and optimize in a logical, step-by-step process, without overwhelming your teams with complex operational procedures.

Manufacturers in the early stages of digital transformation can start simple and add new functionality as your confidence grows, increasing the quality and sophistication of your business intelligence over time. Digitally maturing manufacturers can add new people, sites and regions to your operational network as you expand, without having to rip out and replace your infrastructure. And digitally advanced manufacturers can mine data insights and use advanced algorithm functionality to predict customer demand.

Investing in food and beverage software enables your business to implement an agile foundation for providing consistent, reliable information in the face of constant change. And it also delivers the operational flexibility you need to adapt to market conditions and add value to your bottom line – whatever the future holds.



Modernize, optimize, strategize: your 3-step strategy recap

Step 1: Modernize

- Invest in software that provides complete visibility over your operations, in real-time
- Give all personnel (and relevant external partners) access to this information for a connected, cohesive approach to food manufacturing

Step 2: Optimize

- Use the insights being generated by your software to make improvements across your value chain
- Identify which processes can be automated to increase speed of production and reduce manual errors

Step 3: Strategize

- Underpin product and business development strategies with real-world customer insights – moving to predictive planning as those insights deepen
- Use your agile infrastructure to pivot production based on demand, exploring new customer, channel and market opportunities

Increase Your Operational Agility with Aptean Food & Beverage ERP

Aptean Food & Beverage ERP is built specifically by the industry, for the industry, to give you full control of your growing business while also retaining all the flexibility you need to respond dynamically in a fast-moving food environment.

We pride ourselves on understanding the food industry, delivering the food-driven functionality you need to succeed.

- **Total Traceability** – Aptean Food & Beverage ERP offers fast, complete traceability to optimize compliance with global food safety initiatives and regulations. And because every transaction has complete traceability back to the source (and forward to the sale), you have full tracking of revenue cost and of material traceability.
- **Real-Time Data Capture –** True traceability and complete control comes from capturing data at the time of transaction with no impediments. A central feature of our solution is real-time data capture at every point of your supply chain, providing the visibility you need to run your business.
- **Automation** – Aptean Food & Beverage ERP collects data directly from equipment in real-time, removing the need for manual entry. Our software also captures mobile data in the plant or out in the field, ensuring you're ready for what's next, now.
- **On a Microsoft Platform** – Our solution is a unique, industry-specific technology built on an underlying Microsoft Dynamics 365 Business Central platform. That gives it a familiar, user-friendly interface, allowing your employees jump in and get to work in the system with minimal additional training.

Are You Ready to **Learn More?**

Discover how Aptean Food & Beverage ERP can help your business to thrive in a turbulent market.

Contact us at **info@aptean.com** or visit **www.aptean.com**.

aptean Ready for What's Next, Now®

About Aptean

Aptean is one of the world's leading providers of purpose-built, industry-specific software that helps manufacturers and distributors effectively run and grow their businesses. With both cloud and on-premise deployment options, Aptean's products, services and unmatched expertise help businesses of all sizes to be Ready for What's Next, Now®. Aptean is headquartered in Alpharetta, Georgia and has offices in North America, Europe and Asia-Pacific.

To learn more about Aptean and the markets we serve, visit **www.aptean.com**.