

Why consumer packaged goods companies are modernizing with SAP on Google Cloud

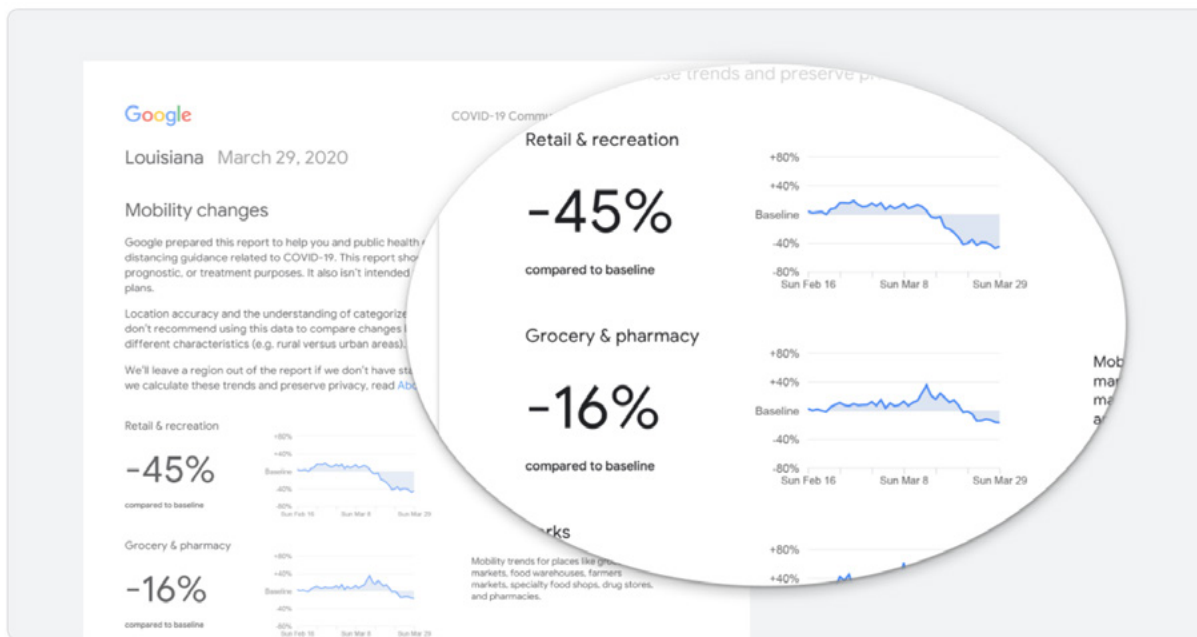


Introduction

Changing consumer expectations. Fragmented competition. Digital disruption. P&L and productivity pressures. These trends are familiar to leaders in the consumer packaged goods (CPG) industry—and all were accelerated by the COVID-19 pandemic.

While levels of uncertainty and anxiety have waned since the height of the pandemic, consumers are not returning to pre-pandemic buying preferences and behaviors. Google Maps data reveals an ongoing preference to stay at home more often, with mobility down in the U.S. by 13%.¹ This means more home-cooked meals, more home-based self care, and fewer visits to the retailers that CPG companies have traditionally relied on to drive growth.

While sales went up last year, longer term trends suggest a decline in volume. In the three years before the pandemic, large CPG companies in the U.S. lost volume at the rate



Example Google COVID-19 Community Mobility Report

of 1.5% a year.² Over the same period, small brands grew 1.7% percent, and private labels grew 4.3%.

Many of these smaller and growing brands are digital natives, with strong direct-to-consumer (D2C) and omnichannel sales models that are now part of everyday routines. Google research found that 61% of US consumers think that buying online and picking up in store/curbside will be a beneficial way for them to shop even when there are no restrictions.³

CPG companies must adapt their supply chains, brand strategies, routes to market, and technology infrastructure to respond to changing consumer behaviour and a rapidly evolving digital landscape. Those that thrive in this new normal will do so by unlocking value from their vast data stores and utilizing advanced analytics, artificial intelligence (AI), and machine learning (ML) to generate new insights with speed and at scale. For CPG companies on SAP, transforming SAP landscapes can be a route to unlocking agility across the organization.



70%

of CPG sales growth driven by ecommerce since 2013⁴

61%

of consumers in the US plan to continue online shopping and in-store/curbside pickup post-pandemic⁹

13%

less mobility in the US as consumers choose to stay at home even as restrictions ease⁵

Unify SAP and non-SAP data and deliver rapid insights at scale

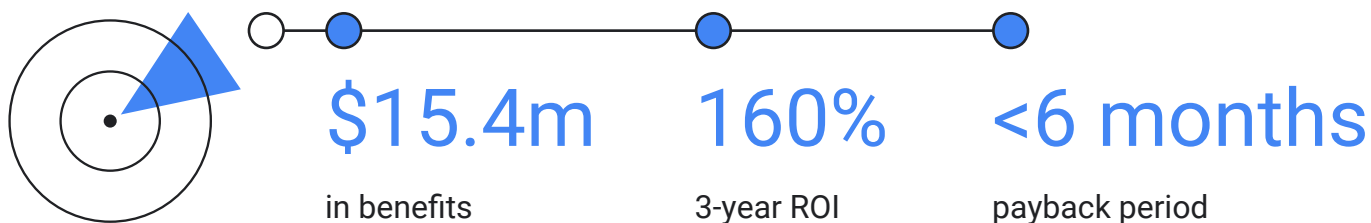
A 2020 study by Boston Consulting Group revealed that CPG companies that can generate data-driven insights at scale, using advanced analytics and AI, can unlock an additional 10% in sales growth.⁶ Many CPG companies rely on SAP as the backbone of their business, providing the critical applications on which their businesses run effectively, and generating volumes of valuable data. Through modernization, CPG

companies can realize the full potential of their SAP systems to drive smarter, transformative decision-making.

At Google Cloud, we help organizations digitally transform by focusing on high-value opportunities with scalable benefits. We enable CPG companies running on SAP to power next-level intelligent operations with the flexibility and scalability of the cloud. A recent [Forrester study](#) found that retail and CPG companies running SAP on Google Cloud can benefit from significantly reduced downtime and effort, greater organizational flexibility, and increased peace of mind for IT professionals, with a three-year ROI of 160%.⁵

Together with SAP, we offer CPG companies with an easy, cost-effective

Forrester Total Economic Impact of SAP on Google Cloud⁵



entry point for real-time insights at scale. This data-heavy activity requires solutions capable of ingesting high volumes of data cost effectively, and querying both structured and unstructured data on demand across multiple data sources that don't share a common architecture.

We do this by unifying data from SAP applications, such as SAP Customer Experience solutions (formerly known as SAP Hybris), with other enterprise systems, Google marketing data, and other external sources in [BigQuery](#), Google's highly scalable, flexible, multi-cloud data warehouse.

BigQuery gives you the ability to securely capture data cost effectively and at petabyte scale to accommodate exponentially growing data volumes. According to ESG, BigQuery provides a 26-34% lower total cost of ownership than alternative solutions.⁷ CPG companies can use built-in ML to generate actionable insights in real time, and [access and analyze data across multiple public clouds](#)—Google Cloud,

Amazon Web Services (AWS), and Microsoft Azure—for unlimited insights at scale, without having to leave the easy-to-use BigQuery user interface.

Empower data analysts and business users alike by democratizing these new insights. A recent [Google Cloud/Harvard Business Review paper](#) confirmed that 97% of industry leaders surveyed said democratizing access to data and analytics across the organization is important to business success. Using [Looker's](#) business intelligence and big data analytics platform, you can empower users to generate deeper insights that can lead to more relevant local product assortments, faster innovation cycles, and personalized marketing and brand experiences.

BigQuery provides a 26%-34% lower total cost of ownership than alternative solutions.

Rémy Cointreau

Building on a rich history and future success with an SAP cloud migration



[Rémy Cointreau](#) understands firsthand the value of taking the long view. Its signature Louis XIII Cognac, for instance, takes up to 100 years to achieve perfection. At the same time, the company recognizes that it is essential to be nimble in today's business environment—putting pressure on a talented IT team to constantly balance the requirements of the past with the needs of the future.

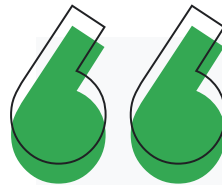
One area where agility is critical is in planning and forecasting. To continue to grow its brands in the United States, Asia, and other markets, Rémy Cointreau needs to ensure it can always deliver the right quantity of products to the right locations when needed. If too little product ships, the company loses out on potential sales. And if too much stock sits on shelves, inventory costs rise and there are lost sales opportunities elsewhere.

Rémy Cointreau adopted SAP solutions to support business-critical processes including finance, manufacturing, and supply chain operations that connect multiple company systems and incorporate data going back decades. But as the company looked to evolve its business and better respond to new opportunities, CTO Sébastien Huet looked for opportunities to modernize the company's IT infrastructure.

The SAP and Google Cloud deployment is live in France, with ongoing deployments planned for other regions. While the environment is still new, Rémy Cointreau already sees big steps towards greater agility with Google Cloud.

For instance, Google Cloud makes it much faster and easier to adjust the technical operating environment. If a team wants to start performing a new resource-heavy analysis, Rémy Cointreau can expand capacity to meet demands within minutes. The team can also roll back capacity so that it is only using the resources it needs.

Business users also see improvements to speed by running SAP on Google Cloud. Teams can analyze live data in minutes instead of waiting days, leading to more accurate planning and faster decision-making. This has been particularly important as Rémy



The strategic alliance between Google Cloud and SAP made us confident they were the right choice for us as companies that combine innovation with smart partnerships.”

Sébastien Huet
CTO, Rémy Cointreau

Cointreau deals with fast-changing consumer habits during the COVID-19 pandemic. With people staying at home, ecommerce sales doubled. Rémy Cointreau needed to adjust quickly to support direct-to-consumer sales, while preparing for an influx of commercial orders once bars and restaurants start opening again.

“The COVID-19 pandemic has shown us the importance of agility,” says Huet. “Having the flexibility to make a decision even an hour earlier can mean the difference between whether or not a shipment makes it to China in time for a holiday.”



After going live with Google Cloud, we decided to upgrade memory to improve SAP performance. Typically, this type of update would take five weeks. Now it's five minutes.”

Sébastien Huet, CTO, Rémy Cointreau



RÉMY COINTREAU

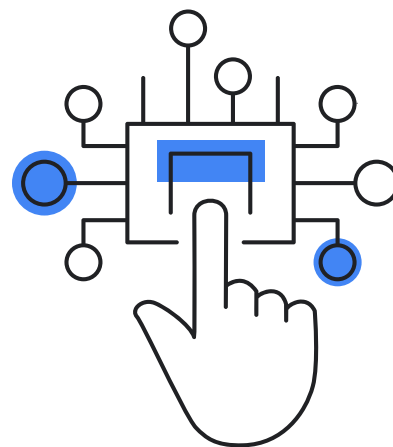
Harness your SAP data for an intelligent supply chain operation with best-in-class AI and ML

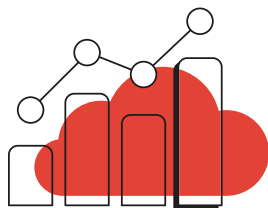
For CPG companies, the time for AI and ML enablement is now. McKinsey estimates that in the CPG industry alone, there is \$1.4 trillion in value to be unlocked.⁸ And beyond improving business agility with better intelligence, migrating SAP systems to Google Cloud enables operational improvements powered by Google Cloud's world-leading AI and ML innovations.

Easily enable business users with AI and ML capabilities. For example, improve your real-time scheduling and routing processes by using Google

Cloud AI and ML on the unified data from your logistics systems, SAP, and Google Maps. Google's focus on digital transformation presents exciting opportunities to evolve business productivity and collaboration processes, empowering employees to accomplish more.

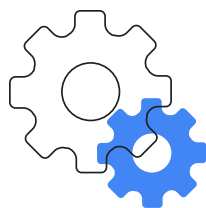
The availability of real-time data analysis makes it possible to identify common or emerging product concerns, and streamlines the process of alerting the teams that need to respond. Detecting these signals early and alerting product design, manufacturing, supply chain, and sales teams can be the difference between a quick production line change and a product recall.





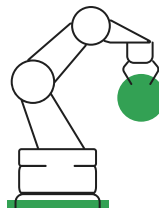
Sales and marketing

- Demand forecasting
- Ecommerce and omnichannel modernization
- Trade promotions optimization
- Personalized product offerings



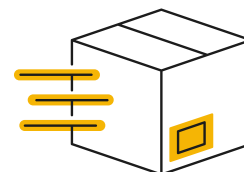
Enterprise operations

- End to end business intelligence
- Automated enterprise-wide data collection
- Accelerated collaboration



Manufacturing

- Visual inspection for quality control
- Production planning
- Predictive maintenance



Product and supply chain

- Portfolio productivity optimization
- Real-time route optimization
- Sustainability tracking and ingredient optimization

By combining SAP’s Trade Promotion Management capabilities with the power of Google Cloud’s AI, CPG companies can also begin to truly optimize trade promotions. Collect SAP data and combine it with consumer data from Google marketing, search, and other Google data signals, utilizing Google Cloud’s API development and management platform, [Apigee](#), to consolidate data sources from disparate systems.

Then, build models to identify optimal trade promotion scenarios, execute optimized promotions through SAP Trade Management on Google Cloud, and drive business insights with custom dashboards and reports. With Google Cloud’s advanced analytics capabilities, you can maximize the ROI of your organization’s trade promotions, reducing spend while increasing sales and promotion volume.

Rodan + Fields

Revitalizing customer experience to **drive business growth**



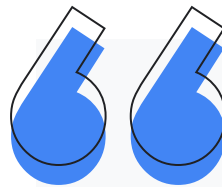
Founded by two Stanford-trained dermatologists, Rodan + Fields serves customers throughout North America and has additional operations in Japan and Australia. It is a 100% ecommerce organization with a distribution model based on direct sales through a network of 300,000 consultants who act as brand ambassadors for the company and benefit from Rodan + Fields products, learning and development, and marketing support to grow their own business networks.

All of the company's websites and customer-facing platforms run on SAP Hybris ecommerce. This enables Rodan + Fields to operate in multiple territories and make accurate, on-time payments to consultants while adhering to rigorous accounting procedures supported by its SAP-based ERP systems including SAP ERP Central Component (ECC).

After a decade of rapid expansion, the existing mixed-cloud and on-premises infrastructure was struggling to keep up, especially when matching spikes and dips in demand. Demand fluctuated throughout the year and Rodan + Fields needed to be able to scale up and down quickly to avoid wasting resources on unwanted capacity.

The existing database software also prevented the efficient distribution of actionable data to decision-makers within the business. By migrating its SAP ECC data into BigQuery, the business can now cross-reference experience data with transactional data—for example, drawing on shopping behavior as well as actual sales.

As the company migrates to the cloud, it is discovering more flexible ways to leverage its wealth of transactional data that historically was managed only in-house. “We’re uncovering intelligence that was previously unavailable because it was so difficult to turn the data into insights,” says Steve Dee, Chief Information Officer. “We can pass this on to our marketing team to inform campaign decisions and more efficiently target the right audience.”



BigQuery enables us to draw on shopping behavior as well as actual sales. This results in an improved customer experience because we now better understand their expectations and preferences.”

Evan Wayne

Vice President of Information
Technology, Rodan + Fields

Looking to the future, Google Cloud plus SAP delivers a more agile environment that can better support Rodan + Fields as it targets new areas for growth.

“AI and automation will help us deliver even better customer product recommendations while providing our consultants with market intelligence that enables them to successfully grow their business,” says Dee. “Empowering our consultants is fundamental to our success as well. Running SAP on Google Cloud presents new opportunities to increase revenue”.



As we move from traditional data platforms to Google Cloud, we have the potential to return millions of dollars to the bottom line, directly improve margins, and improve the customer shopping experience.”

Steve Dee, Chief Information Officer, Rodan + Fields

Futureproof your business with a **secure, scalable, and open infrastructure**

CPG companies like Remy Cointreau and Rodan + Fields not only take advantage of Google Cloud for the advanced analytics capabilities it brings to SAP data, they also run their SAP applications on Google Cloud. This includes ecommerce systems such as

Hybris, supply chain management, and other enterprise applications.

Our commitment to open source and our multicloud leadership accommodates every type of cloud strategy, making it easy for you to keep differentiated processes in house or on premises. And with [BigQuery Omni](#), powered by Anthos, we enable you to cost-effectively access and securely analyze SAP data from other clouds, all within BigQuery.

Google Cloud also offers significant benefits in the areas of agility and availability, both of which were shown to be urgent priorities in response to COVID-19. The tradition of taking weeks or months to stand up new environments for projects or promotions is no longer tenable. With Google Cloud's agile infrastructure, CPG companies have the

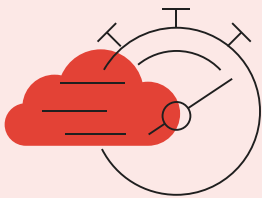


Benefits of SAP on Google Cloud include significantly reduced downtime and effort, greater organizational flexibility, increased peace of mind for IT professionals, and a three-year ROI of 160%.⁵

power to flex up and down on demand. IDC has shown that it can take 65% less time to deploy new SAP environments on Google Cloud, flexibility that is critical for CPG companies to react to consumer demands and new opportunities.⁹

As well as being agile, these systems must stay up and running to support 24/7 global operations. Google Cloud offers SAP customers up to 99.99% availability,

leveraging two availability zones. CPG companies can minimize downtime with [live migration](#) of SAP workloads to Google Cloud with no planned downtime for critical production systems. IDC found that customers running SAP on Google Cloud experience 83% less unplanned downtime, enabling your team to focus on enhancing customer experiences instead.⁹



Customers running SAP on Google Cloud experience 83% less unplanned downtime, enabling your team to focus on enhancing customer experiences instead.⁹

SAP on Google Cloud: Powering intelligent, flexible, and scalable CPG operations

Extracting value from SAP systems allows CPG companies to exponentially open up new sales and saving opportunities across the organization. At Google Cloud, this is where we excel. Here are seven key ways you can run your CPG organization better with SAP on Google Cloud:

01

Unlock unlimited possibilities with the power of one Google.

Google has been a partner to CPG companies for over 20 years, connecting them with consumers across the path to purchase. With your SAP data on Google Cloud, you can connect business data to search trends, shopping, marketing, maps, and other Google data signals, creating more actionable insights and a competitive advantage. Google Cloud's enterprise offering uses the same infrastructure and security that powers Google's vast platforms that support billions of users.

02

Reduce expenditure with a lower total cost of ownership (TCO).

A recent study from IDC highlighted compelling business value with an estimated 30% lower TCO compared to other hyperscale public clouds.⁹ This is enabled through our easy to deploy, 100% no upfront OpEx, sustainable and committed use discounts, our [Cloud Acceleration Program \(CAP\)](#), and other customer specific agreements.

03

Accelerate innovation with advanced data and analytics from the world leaders in AI and ML.

We are committed to co-innovation with SAP, enabling the intelligent enterprise across the front, middle, and back office. Google's AI and ML tools are unique in the industry and power data-driven transformation for CPG companies, delivering improved demand forecasting, marketing programs, and overall sales and promotion optimization.

04

Deploy your SAP applications on a secure, agile, and highly available platform.

On Google Cloud, your infrastructure easily scales with the business and benefits from AI-driven security and rock solid availability.

05

Make a safe investment with the knowledge of our deep partnership with SAP.

Not only do we have robust certifications for SAP applications on Google Cloud with record breaking performance, we also offer robust integrations in key innovation areas such as ML.

06

Forge a path to sustainability with the cleanest cloud in the industry.

Around the globe, consumers are demanding positive environmental change and CPG companies are taking note. IT can do its part by choosing a net carbon-neutral cloud. Electricity used to run Google Cloud is matched 100% with renewable energy and we are the only major cloud provider to purchase enough renewable energy to cover all operations.

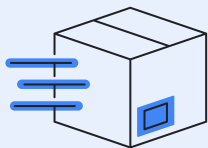
07

Step up business transformation with RISE with SAP.

This initiative recognizes that enterprises need an easy path to the cloud, plus cloud providers and consulting partners who will help them achieve business objectives. We share this commitment to making it simple for customers to move applications to the cloud, minimizing risk and cost, and creating fast time-to-value. We help customers extend the value of their SAP systems and data with cloud AI, ML, and analytics.

Seven of the top 10 global retail and CPG companies choose Google Cloud

Migrating SAP to Google Cloud allows CPG companies to fuel digital innovation and agile business transformation, powering intelligent operations that will shape the future of the industry. We have the experience and expertise in modernization across the SAP landscape in CPG and we can help plan your journey and solve for your most complex business challenges. For more information, speak to your Google Cloud representative or contact our [sales team](#).



Learn more about Google Cloud for CPG companies.

Download our strategy guide, [Driving CPG innovation with SAP on Google Cloud](#), or [visit us online](#).

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