

PERNOD



“THANKS TO THE COGNOS TOOLS, WE’VE BEEN ABLE TO ADOPT A GENUINE ENTERPRISE MANAGEMENT STRATEGY. WE NOW HAVE A BETTER UNDERSTANDING OF OUR MARKET, WHICH HELPS US TO IMPROVE THE WAY WE TARGET OUR CUSTOMERS. IN PARALLEL, WE’VE SHORTENED THE TIME WE TAKE TO CREATE BUDGETS, WHICH HAS GIVEN US MORE TIME TO ANALYZE AND OPTIMIZE PERFORMANCE.”

VINCENT MEUNIER, INFORMATION SYSTEMS DIRECTOR, PERNOD

A LEADER IN THE WINES AND SPIRITS MARKET

Founded in 1805 and celebrating its 200th year in business, Pernod is a leading player in its industry. Thirty years ago, Pernod merged with Ricard to form the Pernod Ricard group, now the global number two in wines and spirits. With almost 25 percent of its sales outside France, in 2004 it achieved a turnover of 30 euros million based on sales of more than 50 million liters over the year.

CHALLENGES FACED

Confronted with a market undergoing rapid change, Pernod has developed a new commercial strategy. One clear

outcome of this has been the implementation of a new IT system for sales and marketing activities. “Planning is pointless if it isn’t translated into action plans that are actually delivered and analyzed,” explains Vincent Meunier, IS Director at Pernod. “At the same time, there’s no point in automating your sales force if you can’t direct them towards achieving the relevant goals.” Driven by these two objectives, Pernod starting looking at decision-support IT systems in 1999. The aim was to gain a consolidated overview of information from the various companies that had gradually joined the Pernod group. At that time, Pernod had already decided to follow the route of multidimensional analysis, by basing its architecture on Cognos PowerPlay and by primarily dealing with the most important strategic aspect for the company—sales analysis.

STRATEGY FOLLOWED

This initial stage was only the start of an enterprise-wide project that became known as “PEPA”, an acronym in French for the words “Managing – Drafting – Planning – Analyzing.” This was a result of Pernod’s decision, in 2001, to purchase a customer relationship management (CRM) tool. For Meunier, decision-support was complementary to the new purchase: “It allows us to close the CRM loop and is a key part of the ‘virtuous circle’, whereby you know your market better, you define your strategies, you carry them out, and you analyze performance.”

Three main criteria responsible for Pernod’s choice of the Cognos applications were closely linked to the user environment in place: “In 1999, our first requirement was that the software had to allow for multi-dimensional analysis, and secondly it absolutely had to work in an AS/400 environment. Cognos PowerPlay was one of the few applications available at the time that could meet these

Industry:

- Consumer Packaged Goods

Geography:

- Global

Information Needs

- Monitoring of profit margins
- Scenario-planning tools
- Reduced time spent on data consolidation
- Better empower managers with information

Platforms:

- IBM DB2 and AS/400

Solution:

- Cognos ReportNet
- Cognos Enterprise Planning
- Cognos PowerPlay

Users:

- 150+

Benefits:

- Optimization of sales tracking process
- Reduced time and costs associated with producing budget reports
- Improved data quality



THE NEXT LEVEL OF PERFORMANCE™

needs. As a result, the Cognos solutions seemed the obvious choice, as they were the easiest to implement and the most straightforward for users to access.”

The company began using Cognos PowerPlay and Cognos Impromptu for sales analysis purposes. Data cubes generated from a data warehouse were created. Categorized by distribution channel, the cubes were supplied with data in stages: the first to become operational was focused on general retail. The hospitality (café/hotel/restaurant) data cube was next to go live. Pernod has since moved to using two data cubes for analyzing sales from the hospitality sector, with one for general retail, one for international sales, and a final one for the company as a whole.

In parallel, the company has been using its CRM toolset and has already extended the role of decision-support by setting up specific data marts for analyzing share of shelf-space and purchasing of services. “Tracking margins, or more precisely monitoring partnership sales deals, is a complex subject,” explains Meunier. “This is because, with the major retailers, we’re negotiating on both the price of our products and on joint activities, such as advance promotions for our products, brochures, loyalty cards, and so on. The result is invoices being issued by the distributors, and so our aim is to be able to monitor how these agreements are being implemented.”

In 2003, Pernod further increased its strength in the area of decision-support with the deployment of Cognos Enterprise Planning. Its intention was to optimize budget planning processes. Then in 2004, another key milestone was reached with the implementation of Cognos ReportNet for the logistics chain. “Most applications on the market are now supplied with reporting tools included,” explains Vincent Meunier. “These are generally fudged, though, and the reports produced are cumbersome. Cognos ReportNet has the advantage of being easy to implement and is of particular use to financial users as they can create reports in line with their specific needs.”

In giving users ownership of the tool, Meunier also has another objective in mind: “Excel and Access are a nightmare for IS managers in terms of maintenance and control. With Cognos ReportNet, though, I had an alternative for showing colleagues that something better, something simpler was available. The result is convincing if I look at the number of reports created with Cognos ReportNet since we introduced it—at least 100 of them!”

BENEFITS REALIZED

Throughout these various stages, Pernod was continually expanding the areas covered by its data warehouse by filling it with data from every application within the group. The company is now drawing quantifiable benefits from its architecture: “We have a substantial portfolio of brands and a highly varied client base,” says Meunier. “Thanks to the facility for analyzing our sales provided by the CRM system, we can now manage our campaigns more effectively and get closer to our customers. As a result, we’ve been able to bring out two new products that quickly achieved high levels of market penetration. On the budgeting side, the time we take to produce information on general costs (excluding production and marketing expenses) has fallen from three days to just one. This frees up two days for analyzing and therefore optimizing our control of the business.

The requirements

- **To monitor the profitability** achieved by the sales and marketing strategy through the introduction of key indicators for tracking sales, share of shelf-space, and margins.
- **To reduce the time spent on data consolidation** and expand the options for analyzing data.
- **To benefit from scenario-planning capabilities.**
- **To empower managers** (an initiative of the executive management team).

The benefits

- **Optimization of sales tracking:** indicators used for tracking sales allow Pernod to target its customers better and review the effectiveness of its commercial strategy.
- **Reduction in the time taken to produce budget reports on general costs:** the time needed has fallen from three days to just one, freeing up two days for analyzing and optimizing the way that the business is managed.
- **Improved data quality and reliability:** having thoroughly mapped out and cleansed its data, Pernod now has access to reliable and consistent information and wastes less time in meetings.

The technical environment

Pernod’s current architecture consists of one data warehouse (DB2 in an AS/400 environment), holding 20 Gb of data gathered over four years. It is supplied with data by all of the company’s applications via Hummingbird’s Genio ETL tool. There are also 13 data cubes in place and five data marts (sales/forecasts/objectives, shelf-space profiles, customer segmentation, operating costs, logistical timeframes). These are all accessed by 150 users via the Cognos ReportNet, Cognos PowerPlay, and Cognos Planning applications.



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