

SAP Innovation Awards 2023

Entry Pitch Deck

Building a World Class Supply Chain with SAP

Blue Diamond Growers

PUBLIC





Company Information

Company Name Blue Diamond Growers

Headquarters Sacramento, California

Industry Agribusiness

No of Employees 1,800

Web Site www.bluediamond.com

Founded in 1910 as the California Almond Growers Exchange, Blue Diamond Growers is the world's largest almond processing and marketing cooperative. With California providing over 80% of the world's almond supply, Blue Diamond represents over 3,000 growers and exports to more than 100 countries.

Blue Diamond is dedicated to delivering the benefits of almonds around the world and partners with hardworking growers to turn raw almonds into delicious and healthy snacks, beverages, and ingredients.

To maximize the returns for each grower, the cooperative, which runs the world's first "almond innovation center," needs to not only develop new products continuously but also operate efficiently.

Blue Diamond's mission also includes a commitment to sustainability and making a positive impact in the communities it participates in.

Building a World Class Supply Chain with SAP

Blue Diamond Growers



Challenge

The members of Blue Diamond Growers produce almonds for an expanding variety of products with constantly fluctuating supply and demand. Prior to the COVID19 pandemic, planning and logistics were primarily managed using a variety of disjointed documents, spreadsheets, and processes. Once the pandemic started, fluctuations in supply and demand significantly increased and transportation resources became limited and unreliable. The legacy manual processes combined with the impact of COVID19 made it virtually impossible to satisfy demand cost effectively and reliably.

Solution

Blue Diamond Growers chose to deploy SAP Transportation Management and SAP Business Network for Logistics, migrate their ERP to SAP S/4HANA, and leverage their existing SAP Integrated Business Planning (IBP) and SAP Analytics Cloud implementations. This solution would give Blue Diamond Growers a single source of truth for the entire planning and logistics process as well as the ability to do faster and more dynamic planning, eliminate bottlenecks and shortages, and improve response times in planning and customer support functions.

Outcome

SAP S/4HANA went live in 2021 and SAP Transportation Management and SAP Business Network for Logistics in 2022. The solution eliminated tedious and manual processes and gives Blue Diamond Growers a consolidated view across the business. Demand and supply planning moved from a monthly process to weekly and daily. Scenario planning, which had to be completed months in advance to confirm resources, was reduced from 6 hours to 20 minutes. Business performance results included a reduction in supply on hand by 20%, \$1M in logistics savings, and order fill rates up to 99% (industry average of 89%).

99%

Order fill rates

\$1M

In annual logistics savings

54%

Reduction in downtime during conversion to SAP S/4HANA



“By leveraging the SAP S/4HANA ecosystem, and specifically with SAP Transportation Management and SAP Business Network for Logistics, SAP Integrated Business Planning, and SAP Analytics Cloud, we have created the ideal foundation for an intelligent, data-driven cooperative that provides the best value for our growers.”

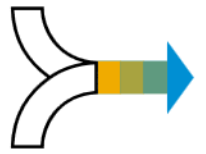
Steve Birgfeld

Vice President Information Technology and Services

Blue Diamond Growers



Challenges and Objectives 1 of 2



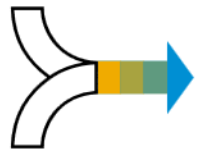
Global Challenges

- The COVID19 pandemic greatly increased fluctuations in product demand by both product type and market.
- The pandemic disrupted the supply of almonds as well as the availability and reliability of shipping and other transportation resources.
- Lead time required for securing freight increased from about 3 weeks to 5 months. The lead time for planning new promotions increased from 2 months to 5.
- These new global challenges made it difficult to keep retail shelves stocked as consumers became increasingly nervous about food supplies.

Business Challenges

- Matching the supply of almonds to the shifting demand across the wide variety and expanding list of Blue Almond products in order to maximize member grower profit margins.
- Responding to customer queries on order status often required customer service reps to interact with 10 different systems and data sources. It could take days to get back to the customer.
- Poor planning and logistics capabilities would lead to shortages in meeting market demand.

Challenges and Objectives 2 of 2



Project Objectives

- Faster and more flexible dynamic planning
- Quicker turnarounds for promotion and scenario planning
- Single source of truth across the enterprise
- Better supply chain visibility and planning tools to eliminate shortages due to supply and ocean freight issues
- Faster response for customer service inquiries

Why SAP

- Leverage and build off of the SAP ecosystem
- Validated SAP as best-of-breed solution in the industry
- Confirmed product fit via demo and pilot
- Did a quick comparison vs other solutions
- Already had SAP ERP Central Component (ECC) in place in 2014
- Already had SAP Analytics Cloud and Ariba in 2018



Project or Use Case Details

Historically, the processes, systems, and documents used for managing planning and logistics functions for the cooperative's \$300M supply chain were cumbersome and disjointed. Each fiscal year required a 12-month demand and supply plan covering all aspects of the business. Given the disparate documents and systems involved, a significant amount of effort was required to consolidate, validate, and analyze the data and metrics. There was little or no ability to run scenarios and simulations. Furthermore, the customer support function had to interact with as many as 10 different systems and data sources to respond to customer inquiries about orders and order status. These inquiries sometimes took days to complete. COVID19 and the impact of supply and logistics shortages, as well as varying demand, put additional stresses on the supply chain, which accelerated the effort to move to a completely digitized supply chain. Blue Diamond Growers was already migrating its ERP and other functions to SAP S/4HANA and SAP IBP prior to 2020. And given that SAP's Transportation Management and SAP Business Network for Logistics were well respected within the agribusiness industry, leveraging the SAP ecosystem fully was an easy decision.

Process Before

- Manual and cumbersome demand, supply, and logistics planning
- Limited or no ability to run scenarios
- Manual promotion scenario planning
- Manual processes for securing logistics resources and obtaining order status
- Customer service had to deal with up to 10 different systems and/or data sources to assess customer inquiries; responses could take days

Process After

- One unified plan for demand, supply, manufacturing, and logistics
- Weekly and daily scenario planning
- Promotion scenario planning in 20 minutes, down from 6 hours
- One dynamic tool for securing freight
- One source of truth for responding to customer inquiries

Benefits and Outcomes 1 of 2



Business or Social

- The solution gave Blue Diamond Growers a consolidated view across the business.
- Scenario planning for matching supply to demand moved from a monthly process, at best, to weekly and daily.
- Promotion planning, which had to be completed months in advance to confirm supply and transportation resources, was reduced from more than 6 hours down to 20 minutes.
- Improved visibility and lead times with \$1M in annual transportation expense savings.
- Improved inventory management; 60 days of inventory on hand down from 75, a 20% reduction in supply on hand.
- Improved fill rates of customer orders at 99% compared to an industry average of 89%.

IT*

- Reduction in the number of systems and vendors supported by the IT team down from 5 to 1 system.
- Improved integration and real-time capability by leveraging the SAP ecosystem.
- 54% reduction in downtime during conversion to SAP S/4HANA.

** IT benefits are required if you are using SAP Business Technology Platform products*

Benefits and Outcomes 2 of 2



People Related – Personal Perspective

Customers used to have to wait days to find out about the status of their orders when contacting the customer service department. In turn, customer service reps had to work with as many as 10 different systems or data sources to research an order. These slow turnaround times were disappointing for customers as they had to incur days of uncertainty about their orders, often when facing shortages in meeting demand. Lengthy wait times and cumbersome internal processes also put additional pressure on customer service reps responding to inquiries. One source of truth and a unified planning and reporting system significantly reduced customer wait times while reducing stress and simplifying the customer service function.

Employees in planning transitioned from low-level Excel tasks to becoming product experts/managers within the SAP ecosystem.

As Blue Diamond Growers moved to a hybrid work model as a result of COVID, these time saving measures helped improve work/life balance.



Our ocean platform (SAP TM) allows us to re-book cargo delays and adjust for ocean delays due to potential disruption. Looking to the future, we propose that SAP TM plan our domestic network and build resilience disruption like we see coming to life now. Our SAP IBP planning tools allow mode transition scenario planning to the trucks for critical inventory while leaving inventory with less service impact in rail. We started weeks ago with a strategy for the appropriate level of resilient stock. All of this is enabled thru the SAP ecosystem, allowing our customer service reps to provide higher value services to our customers.

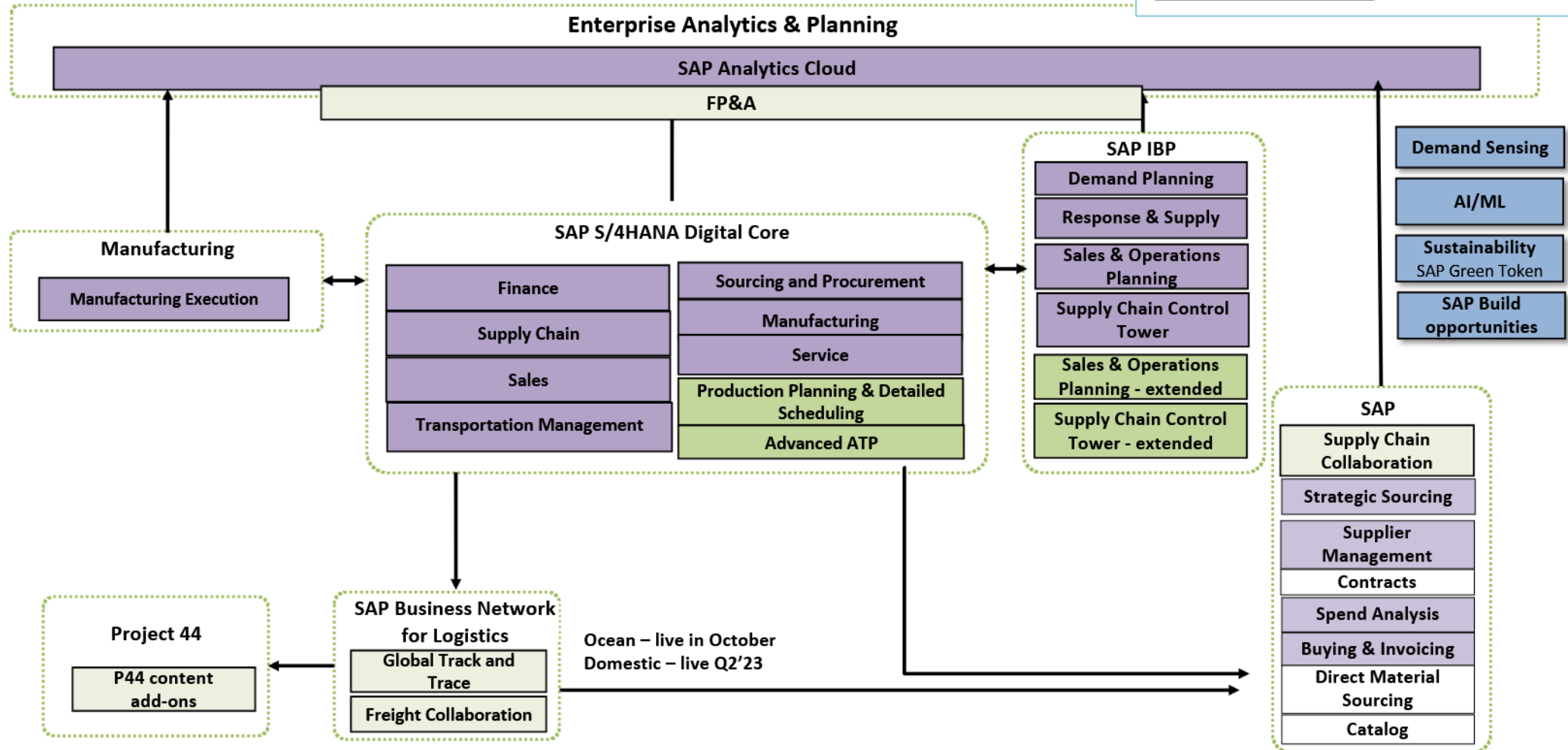
Steve Schult, VP Global Supply Chain



Architecture



Currently used	Phase 2 Roadmap
Phase 1 Roadmap	Phase 3 Roadmap
Not Planned	



Deployment Details 1 of 3



Deployment status Live

Number of end users 50 active users impacting 800 people

Date 2021 and 2022

Transaction Volume Planning for approximately 40 shipments per year with multiple scenarios and customers service queries per shipment

SAP® technologies used:

	SAP product	Deployment status <small>LIVE / POC</small>	Contribution to project
1	SAP Transportation Management and SAP Business Network for Logistics	2022	Provides deep insights into the transportation and logistics aspects of the business; allows Blue Diamond Growers to plan ahead comprehensively to meet demand, address supply gaps, and identify transportation bottlenecks
2	SAP S/4HANA Cloud	2021	Core ERP
3	SAP Analytics Cloud	2018	Core analytics tools capabilities
4	SAP Integrated Business Planning	2018	Provides the ability to plan demand and supply comprehensively, move flexibly and frequently and in near real time across the entire business
5			

Deployment Details 2 of 3



Solution/App details developed on SAP BTP

The following **SAP Business Technology (BTP) Solutions** are part of the project:

	Technology	SAP BTP Solution (list Cloud Products only)	Contribution to project
1	Application Development and Automation		
2	Extended Planning and Analysis	SAP Analytics Cloud; SAP Data Warehouse Cloud (now being assessed)	Centralized warehouse for data modeling; real-time capability; extended dashboard and analytics view for the business - SAP Data Warehouse Cloud is under evaluation
3	Data and Analytics	SAP HANA Cloud; SAP Data Warehouse Cloud; SAP Analytics Cloud	Centralized warehouse for data modeling; real-time capability; extended dashboard and analytics view for the business - SAP Data Warehouse Cloud is under evaluation
4	Integration		
5	Artificial Intelligence		

Listed on SAP Store

No

NA

Monetized (sold to your customers)

No

Number of customers using the solution/app NA

Co-innovation with SAP

No

Deployment Details 3 of 3



The following offerings from SAP Services and Support and other packages were utilized during the implementation or deployment phase:

- SAP MaxAttention™
- SAP ActiveAttention™
- SAP Business Journeys
- Embedded Launch Activities
- Learning Success
- Other: Customer Success: Customer Engagement Support
- SAP Preferred Success
- SAP Preferred Care, on-premise
- SAP Enterprise Support
- Project Success
- RISE with SAP
- Managed Business Services
- Cloud Application Services
- Activation and Optimization Services
- Partner Success

Contribution to the project

Starting with the SAP S/4HANA migration and extending to SAP Analytics Cloud and SAP Transportation Management, the organization had excellent support through the Customer Engagement Support, the SAP Enterprise Support team, as well as ongoing leadership thru the SAP Chief Customer Office. Their ability to help with escalations and the higher-level support activity ensured the success across the SAP ecosystem.



Additional Information

The journey started with the initial SAP ECC deployment in 2014, which then transformed the S/4 strategic roadmap by leveraging the improved integration and capabilities across the SAP ecosystem. With a vision to leverage the SAP strategy for extended planning and analytics, the implementation was augmented with SAP Integrated Business Planning and SAP Analytics Cloud in 2018. From there, we moved into logistics with Transportation Management and Logistics Business Network.

The journey currently continues with SAP SAC Planning for financial planning. The roadmap will then enhance Blue Diamond Growers manufacturing capabilities to include Production Planning/Detailed Scheduling, SAP Plant Maintenance, and sustainability to further enable a holistic view of all operations. We will also further leverage the SAP Build environment for automations and enhanced technologies to further optimize the business.

This SAP digitalization journey gives us the capabilities to execute our mission to deliver the benefits of almonds to the world and maximize the return to each of our growers.