A TRANSFORMATIONAL APPROACH TO TRADE PROMOTION MANAGEMENT AND OPTIMIZATION
Consumer Goods (CG) companies face multiple business challenges including the explosion of shopping channels, balancing double-digit growth in emerging markets with flat growth in developed markets, execution complexity across markets, growing retailer consolidation and power, and the shift from advertising to trade spend.

Trade spend today is the largest component of the marketing budget and for most CG companies the largest expenditure after Cost of Goods (COG). No longer is it acceptable for CG companies to improve Trade Promotion (TP) Spend effectiveness through systems and process improvements only. In order to be a leader in tomorrow’s markets, today’s organization must optimize all components of their TP operations.

Wipro is uniquely positioned to help companies optimize TP Spend and Operations for not only efficiency gains but also to realize targeted effectiveness via sales growth and returns on promotions.

In multiple maturity assessments of Trade Promotion Management and Optimization (TPM/O) at CG companies, Wipro has identified critical business issues impacting trade as: Unnecessary processes complexity, ineffective supporting technology, suboptimal process execution, and perhaps most importantly the inability to create an analytical culture across sales and marketing functions.

At Wipro, we take a transformational approach to TPM/O covering end-to-end business processes, analytics, technology and services to enable superior planning, execution and optimization of Trade Spend.

We help our clients answer critical questions with regard to their TPM/O implementations including:

- Have we put in place processes that ensure budgets are adhered to and are within contractual limits?
- Are we using shared services to engage vendors and ensuring that business KPIs are delivered?
- Have our business and functional users across Sales, Finance, Marketing and Supply Chain brought into the new process and system?
- Most importantly though – Do we view this as a transformation as opposed to another technology or software implementation?
WIPRO’S TRADE PROMOTION TRANSFORMATION SERVICES

Organizations that have engaged with Wipro's consultants have realized significant gains - from services ranging from global software implementations to business process maturity and best practice assessments. These gains have been quantified from $400,000 USD to nearly $20mn USD in returns.

Wipro is able to uniquely deliver this full set of services because of our ability to bring together experts and consultants across multiple geographies, industry sub-segments and technologies. These consultants bring forth their cumulative knowledge to deliver solutions that combine process improvement, analytics, and technology implementations all supported with quantitative business cases.

We organize our services to address critical challenges our clients face:

I) **Best Practices and Process Improvements** around TPM/O to drive process efficiency

II) **Software and Technology Services** to ensure success at TPM/O technology enablement for Sales and Marketing integration and support

III) **Back-Office Process Management via Shared Services** to enhance process efficiency and drive cost improvements

IV) **Trade Promotion Optimization Services** to reduce wasteful promotions and achieve planned revenue gains

CG companies engage with Wipro across each of the above 4 areas. For each area, Wipro offers multiple services. Each service can be a standalone or executed as a part of a larger effort. Regardless, every offering has been created in consideration, and often integrated, with all offerings. This allows Wipro consultants to deliver client-specific services based on their industry and market needs.

WIPRO’S CLIENTS INCLUDE:

*10 out of the Top 20*  
Retail companies

*6 out of the Top 10*  
Food & Beverage companies

*2 out of the Top 3*  
Agriculture & Tobacco companies

*3 out of the Top 5*  
Home & Personal Care companies

*2 out of the Top 3*  
Fashion & Apparel companies

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I) Best Practices and Process Improvements

To generate large returns on your TPM/O improvements, transformational process change must be a core component of any implementation. Companies need to begin with an end-to-end process evaluation and examine how they compare with world-class TPM/O organizations and best practices.

Wipro’s TPM/O services center around a core set of TPM/O process definitions and best practices captured via over 50 TPM/O implementations. These all begin with the TPM/O “Process Wheel” – an end-to-end flow of TPM/O business processes and how they interrelate and need to be managed organizationally.

The TPM/O “Process Wheel” is supported through the breakdown of the process areas across multiple levels (1-4) and eventually into over 80 best practices. We work with our clients to perform these best practice maturity assessments and customize them according to the client’s industry, the customers they serve, and route-to-market. This structure is used as the basis for all TPM/O transformations and should provide input into:

- Business Case Development
  Justifying the extent of the opportunity, the level of investment required, the roll-out strategy and how benefits will be realized via business process transformation.

- Organizational Change Management (OCM) and Training
  Defining and building the OCM strategy to ensure buy-in and aligning Sales, Marketing, Supply Chain and Finance functions behind the new processes.

- Software Selection and Configuration
  Ensuring that the technology enables the business processes and we get the greatest returns from software implementation.

- Trade Promotions Project Implementation
  Especially for global multi-country implementations, understanding the unique requirements across each geography from a process standpoint and customizing the implementation is critical to success.
II) Software and Technology Services

Wipro uses its best practice process assessments as the basis for all software and technology implementations. Our Software and Technology Services enable process streamlining and are designed to manage risks while speeding up returns on investments.

The Trade Spend Transformation Model helps CG companies focus on their core business by offering Software as a Service (SaaS) model for TPM/O management that includes hosting, implementation and maintenance.

Benefits of Wipro’s SaaS model leveraging Wipro’s Promax Analytical Software and Services include:

- Supporting an organization’s TPM requirements with easy-to-use Promax software whose Excel-like spreadsheet functionality speeds up adoption by business users.
- Providing a TPO tool that meets Scenario Planning and Optimization requirements within the Promax application, eliminating the need for costly manual Consulting and Analytical projects.
- Eliminating ongoing costs including: Hosting, Infrastructure, Support Resources, Maintenance.
- Ongoing upgrades to the software.

The following capabilities are provided by the Software and Technology Services:

- **Process Enablers**
  These assess and evaluate the existing technology landscape, rationalize the application portfolio and execute the roll-out of solutions.

- **Hosting & Implementation**
  This offers hosting with multiple pricing options including pay per use, onboarding & exit processes, integration protocols and implementation of out-of-the-box solutions.

- **Integration**
  This addresses integration with ERP and other native applications, data transfer frameworks for SAP ECC, Web Services, etc.

- **Support & Maintenance**
  This includes the entire gamut of services that help keep the lights on including help desk, ticket logging tools, resolution and escalation matrix with SLA.
**III) Back-Office Process Management via Shared Services**

In today’s world of complex operations, multiple sales channels and fast changing market demands, CG companies need to focus on those business processes and activities that are strategic in nature and consider outsourcing or offshoring non-strategic processes.

Typical considerations when contemplating outsourcing for Trade Promotion processes should include:

- Strategic vs. non-strategic nature of the process
- The level of local knowledge required
- Cost evaluation including transition costs
- Benefits from standardization and global process management offered
- Maturity of relationship with the service provider

Wipro BPO provides both scale and process management expertise. Clients have access to industry best practices, functional expertise and a flexible cost structure with an elastic mix of onshore and offshore teams that are attrition free.

Wipro’s Trade Promotion Transformation Services can help identify activities that can be outsourced and evaluate the maturity of these processes for suitability to offshoring.

Wipro leverages an adaptive program lifecycle approach customized to the customer’s business needs depending on the current maturity level of the customer and immediate objectives, and follows industry tested approach consisting of:

- Due Diligence
- Initiation
- Transition Analysis
- Knowledge Acquisition
- Knowledge Transfer & Ramp Up
- Go Live and Stabilization

Wipro Maturity Assessment Methodology helps in performing 360 degree assessment of Process, People & Technology to help design a path to achieve future objectives.

Due diligence is a critical activity especially in the context of trade activities. This phase consists of:

1. Current Operating Model Assessment
2. Process Benchmarking
3. Right Shoring Index-Heat Mapping
4. Gap Assessment & Improvement Opportunity Identification
5. Business Case Development
6. Target Operating Model (TOM) Design

**WIPRO'S SHARED SERVICES BASED ON ADAPTIVE PROGRAM LIFECYCLE APPROACH DELIVER BENEFITS THAT INCLUDE:**

- Improved Responsiveness and Service Levels
- Unlock Process Efficiencies: Outsourcing non-core functions reduces the cost of ownership by -50% and at the same time helps in increasing productivity by 20%
- Effective Reporting on Market Execution
- Effective Claim Management: Reduction in double dip
IV) Trade Promotion Optimization Services

Trade Spend Optimization involves complex modeling, data management and analytics. CG companies should explore options to extract value from Trade Spend Optimization Services.

At Wipro, we combine our best resources from our A&IM (Analytics and Information Management) Practice with Consumer Goods Domain Consulting experts, and use Promax Analytical Software to derive insights on Trade Spend performance and returns. This helps our clients embed insights/analytics into TPM processes to support decision making.

Our PAD (Process, Analytics and Data) approach towards TPO is built upon the following steps:

**ANALYTICS & OPTIMIZATION**
**INTEGRATING DATA & ANALYTICS WITH PROCESS MANAGEMENT TO DRIVE CHANGE**

- **Process Management**
  - Drive linkages for trade across Marketing, Sales & Planning processes
  - Enhance process efficiencies based on insights & analytics

- **Core Analytics/Modeling**
  - Define analytical scenarios & hypotheses to test e.g. Pricing Strategy, ROI on Promotions
  - Develop models to identify the optimum solution
  - “Pressure Test” results for business execution

- **Integrated Data Management**
  - Properly extract, transform & integrate data from traditional & unstructured sources in developed as well as emerging markets
  - Perform data quality tests
  - Manage data infrastructure
Optimization Strategy – Identifying & Prioritizing Opportunities for TPO

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<th>Tactical</th>
<th>Strategic</th>
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<td>Restructure Marginal Events</td>
<td>Adjust Everyday Prices</td>
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<td>• Change price points &amp;/or event duration</td>
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<td>• Select different merchandising/promotion options ad, display, TV, radio</td>
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<td>Restructure Payments</td>
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<td>• Move from shipment-based payments to capped, scan-based or fixed payments</td>
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<td>• Increase payments for performance guarantees</td>
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<td>• Shift funding from low-return SKUs to high-return SKUs or change how the funds are spent</td>
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<td>• Increase frequency of high return events; eliminate unprofitable events</td>
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THE NET EFFECT OF THE STRATEGY IS A SHIFT TO MORE PROFITABLE TRADE PROMOTIONS
**Better Promotion ROI:** Predictive forecasting of volumes and trade promotion spend gives you a better view. Linking this information to Key Performance Indicators (KPIs) can help you plan the right promotions to realize better ROI.

**100% Budgets Traceability:** Improves ability to meet regulatory and reporting requirements.

**Increased Efficiencies and Forecast Accuracy:** A major challenge for CG companies is Out-of-Stock (OOS) situations for SKUs on promotions. A fact-based volume forecast with visibility of the supply chain before production can be the solution to avoid such instances and improve your cost savings.

**Improved Process Visibility:** With accurate forecasting and increased visibility of the supply chain along with tighter linkages between departments, you see the big picture and do not get entangled in insignificant issues.

**Standardization of Processes:** End-to-end integration with enterprise systems is the key to improved visibility. This is achievable through standardization across the organization. This also gives rise to the opportunity to automate many processes. The automation can free up resources that can be assigned to more critical tasks.

**Continuous Process Improvement:** With standardization and automation you can monitor processes continuously, thus improving them on a continuous basis.

**Timing Promotions:** If you do not have the right product at the right time on the shelf, it can spell missed opportunities. In several cases, this situation can arise due to lack of consumer insights. Developing consumer insights can help you plan and schedule promotions in an optimal manner.

**Proactive Decision Making:** Processes to sense customer demand and predict promotion performance can enable proactive decision making, leading to more competitive campaigns.
CASE IN POINTS

For a Global Consumer Goods Manufacturer

Used Shared Services for the deductions and chargeback process.

Impact:
• Total cost of ownership reduced by 50%
• Productivity benefits increased by 20%

For a Global Beverage Manufacturer

Used Optimization Services in the area of price optimization.

Impact:
• Identified the optimal price points and gaps and their impact on sales
• Enabled business users to choose the optimum promoted price scenarios

For a Confectionary Company

Defined investment reallocation strategy using a micro-segmentation approach across customers and channels.

Impact:
• Improved average promotional ROI by 10%
• Increased revenues by 2.5%

For a Multi-Category FMCG Company

Deployed predictive capabilities for promotion planning and built an automated trade optimization tool to support decision making.

Impact:
• 12-16% higher return on trade spends

For an Oral Care Company

Created transparency across trade promotion spends and built a customized tool to calculate promotional effectiveness at POS and third-party level.

Impact:
• Decreased trade spends by 20%
• Improved promotional ROI by 28%
IN SUMMARY: HOW WILL YOU BENEFIT?

Architecting and deploying an integrated TPM/O strategy that spans processes and systems in addition to leveraging shared services is highly beneficial. With an integrated approach, CG companies can hope to squeeze more out of TP budgets.

Wipro’s integrated end-to-end TPM/O solution takes a transformational People + Technology approach rather than a technology/tool based approach.

**It delivers the most pressing needs of CG companies including:**

1. Improve decision making and reporting around challenges related to new and developing markets
2. Efficacy of TP strategy and implementation with channel proliferation and retailer consolidation
3. Demystify process and compliance complexity
4. Architecting IT systems to manage the high volumes of data
5. Efficient way of delivering Trade Management Services with device proliferation

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About Wipro Ltd.

Wipro Ltd. (NYSE:WIT) is a leading Information Technology, Consulting and Outsourcing company that delivers solutions to enable its clients do business better. Wipro delivers winning business outcomes through its deep industry experience and a 360 degree view of "Business through Technology" - helping clients create successful and adaptive businesses. A company recognized globally for its comprehensive portfolio of services, a practitioner's approach to delivering innovation and an organization wide commitment to sustainability, Wipro has a workforce of 140,000 serving clients across 60 countries. For more information, please visit www.wipro.com.

About Wipro Promax Analytics Solutions (WPAS)

Wipro Promax Analytics Solutions (WPAS), a Wipro Group Company, is a world-leading specialist in delivering a combination of Trade Promotion Management and Optimization solutions and services designed to ensure clients achieve the most efficient and effective return on their promotion investment. With headquarter operations based in Australia and offices in North America, United Kingdom, Central Europe, India and New Zealand, WPAS boasts an impressive stable of global consumer goods companies. Promax solutions are the result of more than 25 years experience working in close collaboration with leading consumer goods manufacturers, retailers and distributors. WPAS solutions are available in SAAS or On Premise deployment options.

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