

Chapter 58

Implementing Business Intelligence in the Dynamic Beverages Sales and Distribution Environment

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EXECUTIVE SUMMARY

To compete successfully in today's retail business arena, senior management are often demanding fast and responsive Information Systems that enable the company not only to manage its operations but to provide on-the-fly performance measurement through a variety of tools. Use of (ERP) systems have been slow in responding to these needs, despite the wealth of the internally generated business databases and reports as a consequence of functional integration. The specific nature and demands by those senior management staff require the congregation of many external data elements and use data mining techniques to provide fast discovery of performance slippages or changes in the business environment. Data Warehousing and Business Intelligence (BI) applications, evolved during the past few decades, have been implemented to respond to these needs. In this case write-up, we present how the ERP system was utilized as the backbone for use by BI tools and systems to provide Sales and Marketing units in a transnational company subsidiary in Egypt to actively respond to the demands for agile information services. The Egypt subsidiary is the HQ of the African region's operations of several franchises and distributors of the company products, in addition to operating a beverage concentrate manufacturing plant in Egypt, which services the entire region's beverage products needs.

BACKGROUND

Company Overview

The case firm considered in this chapter is a transnational company subsidiary in Egypt, which is located in the Free Zone in Nasr City district, in the country's capital, Cairo. The company owns and operates a beverage concentrate plant within the domain of its facility for producing the concentrate syrup used in all its beverage products. These concentrates are then delivered to many bottling operators in African countries for the production of the final product mixing, bottling, packaging and trade fleet distribution in their respective territories. The concentrate plant is among the few plants of the transnational company world-wide, where the technical know-how formula of the company is produced, and the plant caters for the supply of concentrate syrup for the entire African, Middle East and Asian bottling territories.

The company is divided into a number of business units (BU). Egypt's subsidiary assumes the function of the head office to the African business unit which constitutes more than 25 franchises and distributors in many African countries. In this case-paper, we consider the analysis and evaluation of the information systems categories used in the head office of the company's subsidiary in Egypt for the Sales and Distribution management in the region. In particular, we detail how the backbone Enterprise Resources Planning (ERP) and business intelligence systems (BI) are integrated and used to leverage the need for agile management of the operations in the Sales and Distribution functions within the highly dynamic competitive beverage market.

Brief Economic Outlook of the Country Where the Case Company Operates

Forecasts put Egypt's food and drink exports growing by 59.4 percent between 2007 and 2012,

which is not only a reflection of the free trade agreements ratified by the government of Egypt since late 90's, but also the country's improving food and drink processing industry. Regional trade agreements such as the Greater Arab Free Trade Area (GAFTA) have also given producers access to a far larger market. Having gone into effect in 2005, GAFTA has gradually lowered customs on locally produced food across a broad range of Middle Eastern countries. These agreements opened larger markets for Egyptian producers, given the similarity of diets and lack of language barrier. Meanwhile, Africa is also becoming another key export market, mainly for its proximity and lack of domestic production capacities in the African countries.

Sharply rising food prices have been the cause of growing unrest in Egypt over the past two years.

Though the Egyptian government has taken a number of measures to deal with the mounting public discontent, inflation hit the 20 percent mark and food prices skyrocketed, and a dire situation has evolved in the country.

Egypt is a rather unique market for the region as it benefits from a very large population (over 80mn) and an unsaturated food and drink market. However, the food and drink trade balance is highly dependent on imports. In addition, inflation, in a country with national poverty rate of 22.9 percent according to the World Bank Development Data Group, (2002) and Earth Trend Country profile estimating 20 percent of the population below the poverty line, led to increased levels of political risk and unrest. Against a backdrop of worsening global financial market turmoil and rapidly accelerating inflation, particularly in emerging markets, Egypt has significantly more economic hardship clouds on the horizon. Nonetheless, Egypt receives a pretty high score in the region for its food and drink market due to its per capita food consumption growth. Egypt does not fare well for the country structure indicator, with low GDP per capita, although the size of its population and lack of market maturity help pull up its score.

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