



**BRITISH AMERICAN
TOBACCO**

Capitalizing on CONTROL's Extensibility in the Middle East

The Challenge

As one of the world's largest tobacco companies, British American Tobacco (BAT) must constantly track, process, analyze and take action on a multi-dimensional collection of ever-changing information. Regulations governing the product's composition as well as advertising and promotion activities change regularly and vary significantly by region and country. Forecasting is complicated by the fact that the company sells its product through various channels, including wholesalers and a wide range of retailers. And most tobacco companies, BAT included, boast numerous brands, the sales of each of which are extremely difficult to forecast due to the numerous factors and forces affecting sales, distribution and pricing.

These challenges are particularly acute for British American Tobacco Middle East & North Africa (BAT ME&NA), where the products vary, sometimes significantly, among the 19 different markets in these two regions.

Until 2005, the company addressed these multi-layered challenges with an unwieldy patchwork of Excel-based data repositories. More than 90 percent of the data key executives and managers required to make decisions resided on dozens of different spreadsheets dispersed among numerous offices in different countries throughout the region.

"In the past, our marketing people compiled sales volume information from one set of data while our financial people performed budgeting, reporting and forecasting from a separate set of numbers," explains BAT ME&NA Marketing Information Executive Adheesh Budree.

This arrangement caused problems: "Our people were often working with conflicting figures," says Budree, who also points out that the conflicts hampered budgeting processes. Consolidating data from 19 different markets in the region represented a labor-intensive, error-prone process, rife with manually re-entered

data, stale information and significant amounts of time dedicated to numerous attempts to extract, synchronize and integrate important data.

Forecasting accuracy – which represents a significant challenge in the industry even without dirty data, manual mistakes and error-prone consolidations – became a serious challenge.

Those issues have been resolved; thanks to the implementation of a corporate performance management (CPM) application that Budree and his team have since extended to support sales and operational planning. By doing so, British American Tobacco Middle East & North Africa has greatly strengthened customer-demand forecasting accuracy, which also delivered supply chain improvements. Along the way, the business has also reaped more traditional CPM benefits by increasing the accuracy, visibility and efficiency of the consolidation process, slashing budget cycle times, implementing rolling forecasts and bolstering scenario planning.

"KCI's CONTROL serves as the single touch point for all of the information that we use on a daily basis within the company to make business decisions," reports Budree. "We use the application to access any information we need to look backward or forward."

The Selection

Given the accuracy and efficiency issues caused by the spreadsheet environment, the company's selection criteria were relatively simple and straightforward. "We needed a system that would bring order to our financial, accounting and sales data," explains Budree. "We originally sought a financial tool, although we also hoped to find an application that could also strengthen our sales and operational planning processes."

The company selected CONTROL in mid-2005, and had the system up and running before the end of the year.

The Solution

British American Tobacco Middle East & North Africa uses CONTROL to meet several needs.

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ME&NA

First, it is a financial tool that brings greater accuracy, visibility, efficiency and analysis capabilities to corporate performance management processes. Second, the company uses CONTROL to support and strengthen its sales and operational planning activities. Finally, CONTROL helps BAT ME&NA fortify strategic planning efforts.

“Our sales and operational planning activities are extremely complex,” Budree explains. “We run scenarios on CONTROL that give us much more visibility into demand and sales volumes as well as the degree to which demand and sales are affected by marketing promotions and an array of external factors. We use the information CONTROL generates as the foundation for unit costing and pricing, which are essential for our determinations of profit and profit margins.”

In support of the company’s sales analysis and planning activities, CONTROL serves as the organization’s single source for all of the information that key managers and executives use to inform their decisions. CONTROL tracks and stores all of the company’s historical sales data and helps Budree and his team run scenarios and analysis that are used to produce monthly forecasts and three-year strategic plans. All of that information is also used by the organization’s sales and marketing teams to help adjust unit costing and pricing on an ongoing basis.

BAT specifically uses CONTROL to plan and forecast in-market sales (IMS), price structure, volume analysis and shipments. The forecasts are conducted on a three-year horizon. The organization also uses CONTROL to maintain and monitor a strategic plan, which covers the next 10 years, for volume and shipments. That information feeds the profit and loss account by aligning with market expenditure models, selling expenses and overhead expenses (including travel and entertainment, and human resources models).

“The application is user friendly and intuitive,” Budree says. “From a planning perspective, CONTROL is valuable because of its ability to slice and dice data while running numerous different scenarios very quickly and easily.” While these capabilities represent the application’s primary strength for the company, Budree also notes that CONTROL serves as a strong communications tool. “If somebody has a specific need for information, they can access that at the click of a button,” he explains. “Our effectiveness and responsiveness are strengthened because we are assured that we are all working from the same information.”

The Support

BAT ME&NA used Summit Solutions, the Dubai-based representative for KCI, to assist with the implementation and also calls on the firm for ongoing support to help with new features and versions. “We rate Summit Solutions very highly,” reports Budree. “They provide us with an account manager and always respond immediately to any question we have or enhancement to the application we want to adopt. They regularly check on the degree to which we’re leveraging the application’s functionality.”

Budree also notes that CONTROL’s documentation is “self-explanatory” while emphasizing that the help functionality within the application itself “is particularly thorough.”

Maximum Returns

By using CONTROL to support its budgeting processes, British American Tobacco Middle east North Africa has achieved the following results:

- Achieved 100 percent data accuracy, overcoming a major stumbling block prior to the implementation.
- Improved budget cycle times by more than a week and implemented continuous 24-month rolling forecasts.
- Greatly strengthened scenario planning while reducing manual consolidation work so that staff can focus more time and energy on strategic analysis.
- Improved the accuracy of customer demand forecasting, which delivered greater supply chain efficiencies.
- Improved the precision of insight and visibility into the degree to which demand and sales volumes are affected by marketing promotions and other external factors.

Customer Business Profile

British American Tobacco is the world’s second largest tobacco group by global market share, with brands sold in more than 180 markets. The company’s Middle East & North Africa group, is based in Dubai and operates through a combination of subsidiary companies, branch offices and business partners in the following 19 markets: Algeria, Bahrain, Egypt, Iran, Iraq, Jordan, the Kingdom of Saudi Arabia, Kuwait, Lebanon, Libya, Morocco, Oman, Palestine, Qatar, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.

Take charge of your performance management processes with CONTROL[®], the one-stop solution that offers organizations of all sizes the real-time insight needed to plan, assess and drive corporate performance. Contact KCI at (310) 921-6222 or info@kciCorp.com.