Cost-to-Serve with CadDo Calculate

May 2021
Our business

**CadDo Transformation**
Technical expertise in data integration and business modelling with unique cross-functional skills

**CadDo Calculate**
Class-leading calculation Software as a Service (SaaS) running on Microsoft’s global Azure platform

**CadDo Analytics**
Helping clients make data-driven decisions and improve performance

Underpinned by:
- 24/7/365 availability on Microsoft’s Azure platform, where we’ve been selected as a “Preferred Solution” 🌏
- All delivery team of cross-functional experts across all these areas, allowing our 3-step model to be delivered efficiently without separate resources. Setup to work remotely, ensuring resiliency & agility
- World-class delivery partners, in ESRI and Microsoft (co-sell Partner) 🌍
### Initiatives
- Customer & product segmentation
- SKU rationalisation
- Route-to-Market optimisation
- Order behaviour evaluation
- Truck load and network optimisation
- Holistic customer investment
- Benchmarking (e.g. DC, Product, Customer)
- Sourcing and production option analysis
- Centralised vs regional servicing

### Realised Benefits

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction in SCC costs</td>
<td>10%</td>
</tr>
<tr>
<td>Improvement in inventory turnover</td>
<td>0.5%</td>
</tr>
<tr>
<td>Trimmed off sales inventory</td>
<td>4 Days</td>
</tr>
<tr>
<td>Increase in gross margin</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

### What our Customers Say

**GROUPE RENAULT**

Dragan Gasic  
Revenue Management, Groupe Renault

“CadDo’s flexible software, coupled with their expertise in data integration and business modelling, allowed us to put a robust decision-making tool in the hands of the business teams which generates multi-million Euros of annualised savings on an ongoing basis.”

**DOT**

Bill Brooks  
Director of Finance, DOT Foods

“CadDo’s responsive customer service and flexible software enable us to turn things around at speed. We can manage our profitability and reporting rapidly so that we can focus on getting value out of the results. We are looking forward to exploring more of the functionality and enhancing our analytics capabilities.”

**Unilever**

Adeeb Ali  
e-Commerce Finance Manager, Unilever

“We have step-changed our eCommerce business analytics by partnering with CadDo to go from reporting information to driving key business insights. CadDo’s fast response times, in-depth business understanding and ability to translate business needs to the required data logic has allowed us to continuously update our analytics in real-time to support decision-making in one of our strategic channels for growth. CadDo has operated as an extension of our team, and we look forward to continuing our partnership with them in further evolving value-added analytics capabilities through their platform.”

---

Realise downstream and upstream cost savings
CadDo Calculate®

The Capabilities

- Rules-based easy-to-change business and costing model
- Integrated reports with Power BI, Excel and other tools
- Consume data from any data source
- Fully traceable flow from source data to results
- Managed service, allowing business to focus on value and save time

The Benefits

- Granular financial analysis and P&Ls at any level (DC, SKU, Shift, Customer, Delivery, Order, Team etc.)
- Customer renegotiations with a focus on changing behaviour using cost and operational metrics
- Operational metrics, at any level, to drive performance improvement and management
- Segmentation, Pricing, SKU Rationalisation, Route-to-Market optimisation
- Predictive Costing, Anomaly Detection and Prescriptive Analytics
<table>
<thead>
<tr>
<th><strong>What You’ll Get</strong></th>
<th><strong>Our Solution</strong></th>
<th><strong>What You Do</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully customisable based on your changing needs &amp; changing requirements</td>
<td>▪ Fully customisable based on your changing needs &amp; changing requirements</td>
<td>▪ Load raw data as-is: no need to develop custom data extracts</td>
</tr>
<tr>
<td>Agile development, enabling new features to be added quickly (days/weeks, not months)</td>
<td>▪ Agile development, enabling new features to be added quickly (days/weeks, not months)</td>
<td>▪ Define logic with us on a whiteboard or on paper – change it as frequently as needed</td>
</tr>
<tr>
<td>Fully scalable – the solution will grow and develop with you</td>
<td>▪ Fully scalable – the solution will grow and develop with you</td>
<td>▪ Access fully auditable &amp; traceable model logic and financial results all directly inside the application</td>
</tr>
<tr>
<td>Ongoing design of team-specific purpose-built dashboards, reports &amp; simulation tools</td>
<td>▪ Ongoing design of team-specific purpose-built dashboards, reports &amp; simulation tools</td>
<td>▪ You focus on your business requirements, we do the rest as a fully managed service</td>
</tr>
<tr>
<td>Fully hosted, with CadDo providing the technology and infrastructure</td>
<td>▪ Fully hosted, with CadDo providing the technology and infrastructure</td>
<td></td>
</tr>
</tbody>
</table>
CadDo will help along the journey with its out of the box platform, allowing a complex yet flexible business model and advanced analytics solution to be built.

With the Calculate model as the backbone for historical and peripheral data, it will become possible to utilise data science to make decisions and take informed actions in a timely manner.

Descriptive
- What Happened?
- What does our performance look like last month and over history?

Diagnostic
- What caused the problem?
- Why is contribution low in this channel?

Predictive
- What will happen?
- How will my unplanned costs look next week and next month?

Prescriptive
- What should happen?
- Which commercial actions should I take with my customers?
Every project is stifled with a data problem. Over 60% of an analyst's time is spent on data collection, cleansing and visualization. Only 14% is spent on finding insights. Not enough resources to manage workload.

CadDo acts as an extension of your team, with an uber-responsive service, making changes and delivering requirements in a matter of days, not weeks or months.

Using multiple systems to reconcile and report
CadDo brings everything in one place, traceable from source to results, all the business rules transparent, reports accessible anytime anywhere.

Collecting information from other departments
CadDo ingests data from any source, automates data integration process, overlays it with an intelligent ETL that learns and improves over time.

Data sourced from the Kagga 2018/2019 survey on time spent per role within analytics and data science projects.
Introduction to Cost-to-Serve

What is Cost-to-Serve?
- Granular actionable cost and profitability information accessible to decision makers anytime anywhere
- Predictive analytics showing the impact of alternative decisions ahead of time
- Prescriptive analytics allowing proactive decision-making at high-speed, enabling higher ROI

How does it support Performance Management?
- Spotting opportunities / anomalies proactively, with a clear view of reasons and the impact of potential actions
- Enriched decision-making with automated KPI packs, reports and simulation tools
- Enabling cross-functional initiatives, using readily available granular data

What is the output?
- A rich pool of data containing operational P&L, showing every business activity
- Accessible in Excel and Power BI (or other BI tools)
- In depth analysis, supported by CadDo, on the pressure points in your market
- Advanced analytics through simulations, what-if scenario analysis and data science layers

Question: Are standard costs & allocations enough to manage the business?
Answer: No, Averages hide the reality. Each customer drives different costs & impacts
How it works: Equations allocate financial, operational & other data to the lowest-level transactions

Multiple layers of complex allocations

- Allocation rules and logic varies by customer, category, product, location etc, as required

- Key is to ensure the logic reflects what really happens in the business, so cost is allocated based on the real-world drivers of that cost

- Many rules are multi-layered, such as:
  - Rule 1: General Ledger $\rightarrow$ Warehouse
  - Rule 2: Warehouse $\rightarrow$ Shipment
  - Rule 3: Shipment $\rightarrow$ Delivery (Customer)
  - Rule 4: Delivery $\rightarrow$ Product

Master Data
- Products
- Customers
- Distribution Centres
- etc.

Financial Data
- General Ledger
- P&L
- Transport Systems
- etc.

Other Measures
- Carbon Emissions
- Water Stress Levels
- Distances
- etc.

Transactional Data
(e.g. Delivery Lines or Sales Invoice Lines)
Example of Warehousing Handling Costs, driven by factors that vary by customer, product and DC

Step 1: Cost sourced
Handling cost sourced from the General Ledger by cost centre / DC

Step 2: Times calculated
- Picking
  - Case vs Layer vs Pallet
- Loading
  - Palletized vs Stuffing
- Stock Receipt & Put-away
  - Unloading and racking
- De-topping
  - CHEP vs Euro pallets
- Single Product per Pallet
  - Stackable vs not
- Tower Pallets
  - Vertical layers

Step 3: Cost allocated
Cost per activity is calculated for each transaction line
Primary costs reallocated to customers recursively
The logical data layers, delivering the full suit of steps between raw data processing and Analytics

Our cross-functional experts deliver all these steps efficiently without separate resources

**CadDo Transformation**
- Extract, Transform, Load clean data into CadDo Calculate
- An essential task at the start of the process to enable disparate data sources to be collated
- Business logic does not reside here: This is a data transformation process

**CadDo Calculate**
- Perform the logical calculations & allocations needed
- 100% of business logic sits here
- Allows understandable equations to be written & kept transparent
- Ensures logic is valid and dependencies maintained
- Allows for calculation logic changes to sit independently of source data

**CadDo Analytics**
- Acts as the user-facing layer
- Allows ‘approved’ data to remain static whilst the back-end model is adjusted or reprocessed
- Does not contain business logic.
- Attributes & measures come from the calculation engine
- OLAP cubes can be access by your BI tool of choice
The process to go-live

**Design**
(weeks 1-3)

- Outline end-state reports & logic
  *(Fully remote via design calls)*

- Analyse required data
  *(100% CadDo)*

- Collate data, in currently available formats
  *(100% client-side)*

**Development & Go-Live**
(weeks 3-8)

- Build model
  *(100% CadDo)*

- Build reports
  *(100% CadDo)*

- Review & approve reports
  *(Fully remote having calls as needed)*

Iteratively move between design & development phases
Example Interactive Dashboard Reports – though will be 100% customised for your needs
Screenshots of the CadDo User Interface for Model Development