



# AMBEV BOTTLES UP DEMAND PLANNING WITH SAS®

Solution offers 50 percent improvement in production turnover rates

## Industry

Manufacturing

## Business Issue

Produce and distribute the right amount of beverages to meet consumer demand throughout Brazil.

## Solution

SAS® Demand Intelligence combines data from all demand and replenishment planning processes and generates weekly forecasts for setting sales goals, production levels and distribution plans.

## Benefits

SAS® helps reduce inventory costs and increase profit margins.

When thirsty consumers shop for their favorite soft drinks or beer, they expect to find bottles and cans lining the shelves at local retailers. And, they expect a fresh-tasting product each time they open a new container.

No problem, says AmBev, Latin America's largest beverage company. With SAS Demand Intelligence, AmBev ensures its products – including Pepsi-Cola and Skol – are always fresh and in stock throughout Brazil.

Tiago Rino, a Demand Planning Specialist at AmBev, generates a weekly sales forecast with SAS and delivers it to sales and distribution managers who determine sales goals, production levels and distribution plans for each region based on the SAS forecast.

"We have many plants, and my distribution network is quite complex," says Rino. "But with SAS, it's easy to know where you have to send your products so everybody will be supplied."

In fact, the company has 41 beverage production plants, four malting plants, one soft drink concentration plant, one guarana farm and three units for barley fermentation – for a total of 49 plants in Brazil and abroad. Its distribution network of 11,000 resellers includes a fleet of 16,000 trucks that distribute the company's products to more than 1 million points of sale throughout the country.

The SAS forecasting solution combines historical data from many of these loca-

tions, including sales and distribution data for more than 180 products. SAS automatically analyzes the data and provides an in-depth understanding of demand by connecting production levels, distribution plans, and all other processes related to demand and replenishment planning.

### Demand planning pays off

According to Rino, the strategic goals for demand planning are to maximize profit margins and the distribution of products. "In short, I don't want to produce too much or too little, so that I don't have too much capital invested in my inventory or a shortage of products in the stores," says Rino.

Before turning to SAS, Rino says demand planning and sales forecasting were conducted locally at each AmBev plant. "Every region in Brazil used a different process and produced its own reports. In some regions, they had very basic spreadsheets. In other places, they just compared the figures from previous years."

When Rino began working with SAS in 2003, he hoped to create a company-wide program that would reduce sales dispersions, increase profit margins and help AmBev produce the right amount of products at the lowest possible cost.

"With SAS, we now have a system that gives us a high-quality forecast for 100 percent of our products and 100 percent of our customers. I can ensure that everyone in every region can see the same sales forecast based on historical data."

“SAS is the best possible tool available today to ensure that I have products available for sales, starting at the base of my logistics chain.”

**Tiago Rino**  
Demand Planning Specialist  
AmBev

Already, his efforts have paid off. “Today our demand planning is a well-defined process that provides better results for AmBev, increased profit margins and the lowest sales dispersion rates we’ve ever had,” he explains.

### **Reduced costs, increased profits**

According to Rino, SAS has helped improve processes throughout the company. “We’ve been able to replan production and distribution. We’ve committed our sales force to meeting targets based on the forecast. We’re maximizing the use of our logistics chain.”

With SAS, AmBev’s product turnover rate has improved by 50 percent. “For example, we have products in many factories that used to sit in inventory for 14 to 15 days,” explains Rino. “Now, these turnover rates have been reduced to seven or eight days.”

Storing products in the warehouse for shorter time periods translates into better quality for the customer and lower distribution costs. “We’ve reduced costs by saving

on transportation, saving on tight capital and inventory days. We’ve seen a higher profit margin because we can now define the best possible combination of production and distribution in our logistics chain,” says Rino.

“Because I have good demand planning with low errors, I can better plan my logistics and the industrial production. So I can have better provisioning of the warehouse, fewer forklifts in operation and more efficient scheduling of resources in the factories. Plus, I will produce the right amount of products for the lowest possible costs for each region of the country.”

### **SAS is a true partner**

According to Rino, AmBev chose SAS Demand Intelligence because it offered scalability, ease of use, and the capability to conduct simulations and compare mathematical models.

“SAS is the best possible tool available today to ensure that I have products available for

sales, starting at the base of my logistics chain,” contends Rino. “But I can also build upon my original solution and expand it to cover my entire logistics chain.”

In other words, continues Rino, “We didn’t want just a demand planning module. We also knew we would use SAS for inventory control, financials, distribution and production, and more.”

Rino says the partnership with SAS couldn’t be any better. “From the beginning, SAS has proven to be more than just a solution vendor,” concludes Rino. “SAS has always been a true partner.”



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