

Case Study

Coca-Cola

'Pay by the Drink' Flexibility Creates Major Efficiencies
and Revenue for Coca-Cola's International Bottling
Investments Group (BIG)

The Coca-Cola Company's sophisticated distribution model includes a partner network of franchise bottlers that manufacture, package, merchandise and distribute branded beverages to their own customers and vending partners, who then sell the products to consumers. All of these bottling partners work closely with their customers (grocery stores, restaurants, street vendors, convenience stores, movie theaters and amusement parks, etc.) to execute localized strategies developed in partnership with Coca-Cola. This network of bottlers sells Coca-Cola products to consumers at a rate of more than 1.9 billion servings a day.

Over a decade ago, Coca-Cola formed their Bottling Investments Group (BIG) to manage their company-owned bottling assets. The mission of the group was to help bottlers operate at the same high standards that Coca-Cola sets for all of its bottling franchisees around the world.

Today, BIG manages bottling operations in 18 markets including emerging markets such as India, Vietnam, Sri Lanka, Nepal, Myanmar and Bangladesh and accounts for more than 25 percent of the total system volume.

When Coca-Cola initially created BIG, each of the bottlers they brought in faced a different and distinct set of business issues due to their unique markets. Despite these challenges, though, BIG succeeded in its vision to become a model bottler by investing for the long-term in infrastructure and building the right culture to ensure a sustainable healthy business.

"As we have grown through the years, our leadership stayed focused on implementing key strategic initiatives in supply chain, sales, revenue and profit generation," said Javier Polit, former CIO, BIG. "Additionally, we have worked to build leadership capability at all levels with a suite of world-class development programs from front-line supervisor to senior executive."

This successful framework helps new bottlers joining BIG increase their efficiencies and revenues in less time than they could do on their own through world class tool sets and proven processes. Eventually, many bottlers transition out of BIG back into the franchise system and metrics show that these bottlers generally continue to perform at high levels.

The Challenge

BIG's stated goal is to drive efficiencies, higher revenue, greater transparency and higher standards across all of its bottlers. But, the bottlers within BIG each faced very unique challenges inherent to their business and markets. Thus the challenge for the business was how to address the unique complexities and requirements of a very diverse group of bottlers with an efficient infrastructure and standardized processes.

One key area of consideration was to reduce the complexity, rigidity and costs of running the mission-critical applications that were common to each of the bottlers. Motivated by this and a desire to leave behind its capital intensive, highly inflexible on-premises environments located in two outsourced data centers, BIG began its foray into cloud computing in 2012.

The original solution involved outsourcing the hosting of these mission critical applications, which included



the company's business-critical SAP systems. While this initial effort did begin to successfully move BIG bottlers from a capex model to an OPEX model and provided some savings, the solution was not without challenges. Despite these early moves to cloud, BIG's overall costs for running its mission critical applications were still quite heavy.

Reducing the cost to run these spinal cord applications represented a significant opportunity to not only impact the company's bottom line, but also to add greater technological and financial flexibility into the system.

The Solution

In spring of 2016, BIG began the process of transitioning to the Virtustream Enterprise Cloud. This complex multi-system SAP migration transitioned seven of BIG's international bottlers over a six-month time period.

"This new model takes away the need to calculate the optimum service level for our cloud deployment by working through complex pricing options and strong arm negotiations, and instead, automatically and dynamically optimizes service requirements to meet the demands of an individual IT environment or application," explained Polit.

For BIG, this means that its bottlers can literally "pay by the drink," which provides not only significant cost savings, but also offers a transparency into consumption that can drive further efficiencies.

Virtustream's use of the latest Intel® Xeon® E7 v4 Processors deliver cost-effective performance and scalability, enabling these capabilities for BIG and their customers. And Virtustream protects BIG's data by leveraging key security features of the Intel® Xeon® processors, including Intel AES-NI for data encryption and Intel® TXT for added tamper-resistance through platform attestation.

These technologies also help to ensure that workloads are only moved to trusted servers and that all data is protected when it is both at rest and travelling between the company's data centers and Virtustream's, meaning BIG can be confident that its intellectual property, customer and employee data and other sensitive information are protected by one of the most advanced security technologies available.

The Benefits

Migrating to the Virtustream Enterprise Cloud created cost savings for BIG. Adopting a consumption-based model provided a reduction in the total cost of ownership for BIG's mission critical apps, and it is estimated that through future optimizations of the platform, BIG could realize more reductions in cost.

There is also a flexibility benefit to the Virtustream cloud for individual bottlers. Consumption-based pricing allowed each bottler to have direct control in managing its own costs as well as full transparency into its usage data. Virtustream has provided each of the bottlers' unique tools and automated processes to allow them to reduce the up-time of non-production systems and optimize storage tiers. We anticipate this move will, over time, produce additional cost efficiencies.

Leading in Cloud

BIG's willingness to take on this large cloud infrastructure migration has positioned it as a first-mover within the cloud space.

Contact

For more information on Virtustream Enterprise Cloud, please contact us at info@virtustream.com or visit us at www.virtustream.com.

About Virtustream

Virtustream, a Dell Technologies Business, is the enterprise-class cloud service and software provider trusted by enterprises worldwide to migrate and run their mission-critical applications in the cloud. For enterprises, service providers and government agencies, Virtustream's xStream® Management Platform and Infrastructure-as-a-Service (IaaS) meets the security, compliance, performance, efficiency and consumption-based billing requirements of complex production applications in the cloud – whether private, public or hybrid.

