




FOOD AND BEVERAGE

**DIGITAL
TRANSFORMATION
SURVEY**

INSIGHTS INTO DIGITAL TRENDS AND CHANGES
IN THE **FOOD AND BEVERAGE** INDUSTRY

EXECUTIVE SUMMARY



"While some food and beverage companies remained open during the pandemic, many had to rethink their business model as distribution channels shifted during the crisis."

Cristin Singer
RSM partner and
food and beverage
sector leader

Digital's impact: From revive to thrive

The right digital strategies can provide food and beverage companies a variety of benefits, from addressing increased labor costs to optimizing processes and operations. These solutions can streamline supply chain, identify and track consumer preferences, and manage compliance needs to name just a few critical areas, all while providing in-depth analysis and valuable forecasting capabilities for smarter measurement and improved business decision-making.

However, are middle market food and beverage companies optimally harnessing the full power of digital? What challenges, concerns and risks are executives encountering? Who should be leading and guiding decisions related to technology efforts within the business? Are organizations seeing return on their digital investments and how should they measure these outcomes?

To gauge the transformative impact of a variety of digital methods and strategies within the food and beverage industry, RSM conducted a survey of middle market businesses late last year. While findings were compiled prior to the coronavirus pandemic, much of the analysis and insights can be applied in this post-COVID-19 world.

"What we've seen among our food and beverage clients is that having a sound digital strategy is even more important amid COVID-19 and beyond," says Karen Galivan, RSM partner and senior analyst for consumer products. "The pandemic has truly accelerated the need for improved processes, faster analysis and cost management. Having an optimized digital strategy is essential as economies reopen and businesses look to recover and grow."

"While some food and beverage companies remained open during the pandemic, many had to rethink their business model as distribution channels shifted during the crisis," says Cristin Singer, RSM partner and food and beverage sector leader. "A strong digital strategy was and is needed to provide key technologies that assess these shifts and provide safety monitoring, supply chain management, automation and so much more."

As food and beverage businesses move beyond the effects of the pandemic—from revive to thrive—it's hoped that this report will provide organizations ideas and opportunities for improvement, affirm ongoing digital strategies and provide comparison analysis of industry peers.

RSM's survey focused on six research categories. A summary of findings follows.

Marketplace solutions

Mobile, enterprise resource planning and artificial intelligence were the top three most important technologies for food and beverage companies. Nearly half of the respondents selected mobile as the most important. Inventory management and food safety were selected as the most important food and beverage-specific technologies.



Investment priorities

Executives indicated their biggest digital challenges involved compliance and regulations, followed by predicting future needs and scalability, cybersecurity and system value. Respondents struggled most with prioritizing these items for digital investments.

"Investments in product development to meet changing consumer preference often supersede investments in digital transformation," indicates Galivan. "Costs associated with the swift changes in consumer preferences and disruption in supply chain caused by the pandemic only accelerates companies' timelines and increases the prioritization challenge."

Decision influencers

Technology leaders in food and beverage businesses indicated they run digital implementation, according to the survey. Technology roles—including chief technology officer, chief digital officer, chief information officer—were the top three responsible for leading implementation (86%, 73%, 72%, respectively). CEOs were more often primarily responsible for leading digital projects, but most C-level survey respondents indicated they shared in the ownership of digital transformation as well.

"Every department needs to participate in the process for a company to succeed," says Singer. "This is especially true during times of change. Team work is essential in a company's digital transformation. Together, they can merge individual team goals into what is best for the entire company."

Opportunities and barriers

Setting goals across the organization is a concern for food and beverage companies, according to the survey. Horizontal thinking (investigating wider, not deeper) and success metrics were ranked most difficult. Likewise, employee adoption of digital processes scored in the top five as most difficult. Most respondents indicated they are improving internal training or providing incentives for employees to address this challenge. In addition, goal setting is a concern across organizations. Food and beverage leaders said they struggled with creating success metrics and connecting across the organization. Leaders indicated they are addressing their adoption challenges by setting benchmarks and incentives.

Workforce enablement

In terms of digital workforce enablement, respondents indicated apprenticeship programs, simpler initiatives and incentives were the leading strategies. They emphasized a priority placed on simple digital initiatives that reduce training needs and learning curves. In addition, incentives, rewards and frequent communication with employees were all recommended as ways to engage the workforce around digital.

Technology rationale

New differentiated markets, process efficiency and lower labor costs were sought-after benefits that food and beverage companies focused on, according to the survey. In addition, respondents indicated their companies leverage digital to differentiate and make their processes more efficient and save costs. Also, aligning supply chain with an ERP system and being able to communicate changes over mobile technologies is a clear focus for food and beverage leaders.

"ERP plays a pivotal role in resolving a company's business challenges through digital transformation," said Singer. "ERP can offer cloud-based solutions to increase the ease of access and how resources are utilized. It also allows for integration of other tools, including customer relationship management, data analytics, mobile technologies, social platforms and artificial intelligence. Finally, ERP systems are also scalable, so companies can continue to make technology enhancements as the business grows."

KEY TAKEAWAYS

Here's a look at some key takeaways from the food and beverage executives who responded to the survey :

Differentiated markets, paperless processes, reduced labor, process/cost efficiency and customer transparency were the top benefits middle market food and beverage companies said they received from digital efforts.

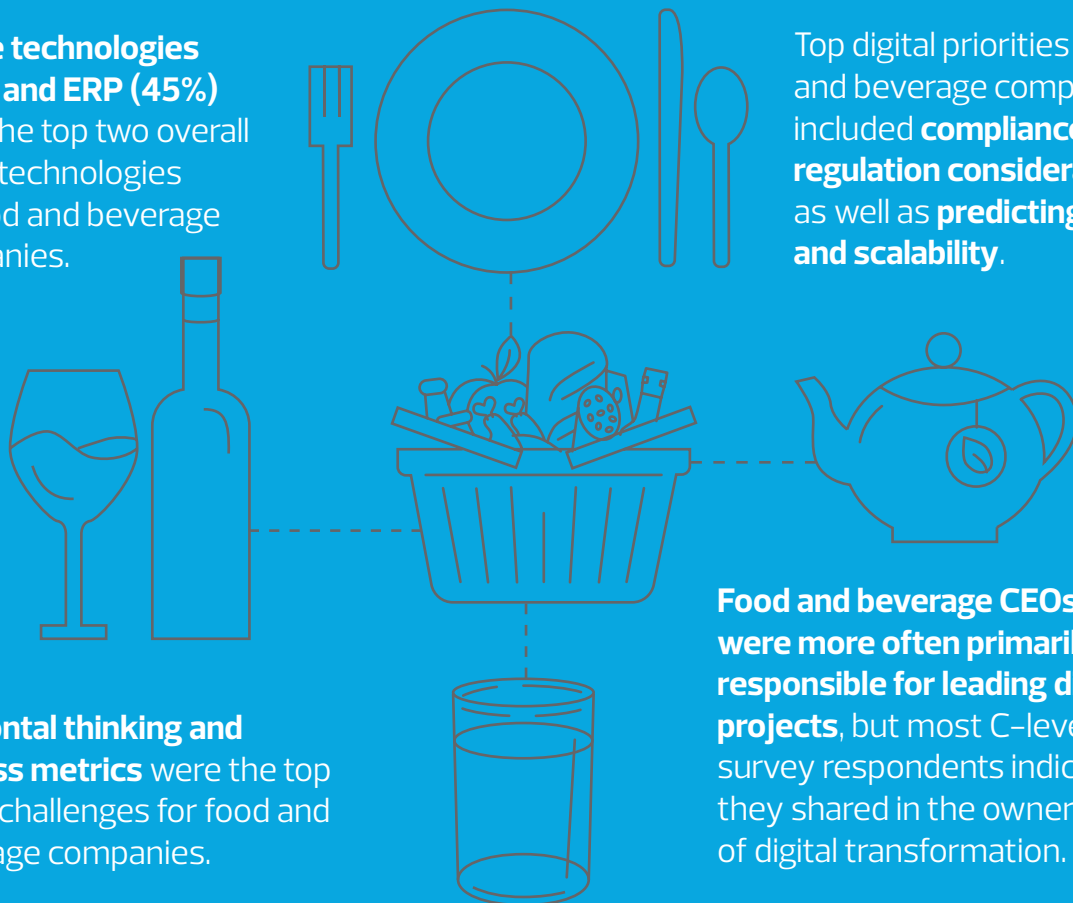
Mobile technologies (48%) and ERP (45%) were the top two overall digital technologies for food and beverage companies.

Top digital priorities for food and beverage companies included **compliance and regulation considerations** as well as **predicting needs and scalability**.

Horizontal thinking and success metrics were the top digital challenges for food and beverage companies.

Food and beverage CEOs were more often primarily responsible for leading digital projects, but most C-level survey respondents indicated they shared in the ownership of digital transformation.

While the survey was conducted prior to the coronavirus pandemic, findings support **accelerated needs of inventory management, safety, compliance and process efficiency**.



Top tech with food and beverage

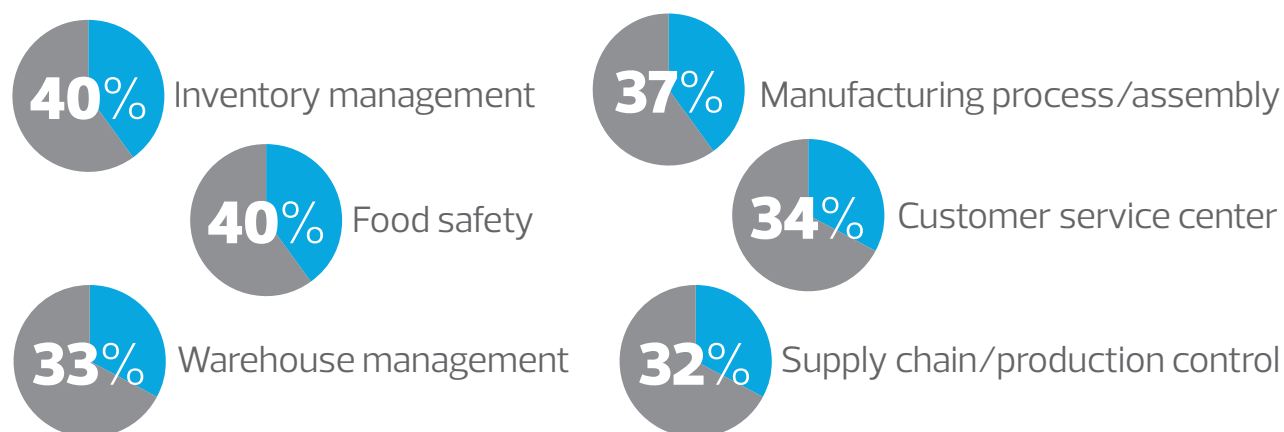
Type and process

According to the RSM Digital Transformation Survey for the food and beverage industry, middle market executives indicated a focus on digital has become an even higher priority than ever before. What's important to them in terms of digital type and how do these technologies help their business processes?

The top five digital applications or technologies ranked “extremely important” include:



Executives also ranked “to a great extent” the ways digital addressed these business processes:



Harnessing the power of digital can be complex and requires organizational change management and expertise to create a vision and process custom to the needs of the enterprise. An outside perspective may be needed to help evaluate opportunities and considerations. Engage consultants who have deep industry experience to ensure you're getting the best digital strategy guidance.



WHAT THEY SAID

Survey respondents provided interesting insights about their digital strategy experiences.

Process

"From an application perspective, trade agreements like 'two for one' deals on business are important. You have to be able to account, track and plan all of it." – CIO

Impact

"More things are electronic, and that has impacted our day-to-day and customer interactions." – CFO

Transition

"We're going from physical servers to a more virtual environment. It's been a good opportunity to do the right things." – CIO

Decisions

"Decision-making is done at leadership team level, since they understand what is happening in all departments. CEO, CFO and VPs of all departments are involved in decision-making." – CIO

Training

"We identify our tech savvy employees and try to give them more of a role in some aspects of the business, making them an SME to be a trainer." – CIO

Success

"No downtimes or glitches and less disruption for the employees are some of the criteria that we use for measuring success of a new technology roll out." – CIO

YOUR DIGITAL DOZEN

12 questions to help food and beverage companies evaluate a new cloud ERP system

The right enterprise resource planning cloud platform can be a game changer for a middle market food and beverage business, but there are key questions company leadership must weigh. Answers will help you identify the right solution and provider to best fit unique requirements and current and future business needs.



1. Are you maintaining multiple systems and platforms to manage core business and operational functions?
2. Do you have to maintain integrations between these systems or are you looking to build an integration between them?



3. Does your current ERP solution provide enterprise-wide visibility into financial and operational data in real time, with anywhere access (mobile, tablets)?



4. Can you easily access reporting and analytics dashboards from any point in your operations with real-time data that helps facilitate decision-making?

5. Do you access your business management information from a centralized up-to-date database, or is information pulled from multiple systems?



6. Can you accurately track and manage key activities and performance metrics to compete in the food and beverage industry?

7. When needed, can your business systems reflect changes in organizational structure or operations?

8. Has your organization recently executed, or is it planning to execute, a key growth initiative such as a merger or acquisition, expansion in locations or sales channels, the addition of new product lines?



9. Will your current system sustain your growth in two to three years?

10. Do you have global needs? Do you require a multilingual, multicurrency or international taxation solution?



11. Does your current ERP solution help your organization to automate, track and record processes to meet and maintain regulatory compliance requirements?

12. Do you have or work with a technology consultant that demonstrates knowledge of industry standards and best practices?

Source: "[Cloud ERP selection guide for the middle market](#)," RSM US LLP

NEXT STEPS

Digital transformation will continue to be a pressing need for food and beverage companies, especially as organizations and economies emerge and recover from the impact of COVID-19. Innovations in safety, inventory management, production, workforce and more will be key to that recovery. Creating a digital road map aligned with organizational strategic goals and vision is essential. Likewise, collaboration among digital decision-makers is a must to ensure optimal planning, prioritization and implementation. Planning must include a variety of assessments, from marketplace and consumer needs to current systems analysis. Risks and security must be weighed, along with cost and workforce evaluation. To get started, consider the following steps:

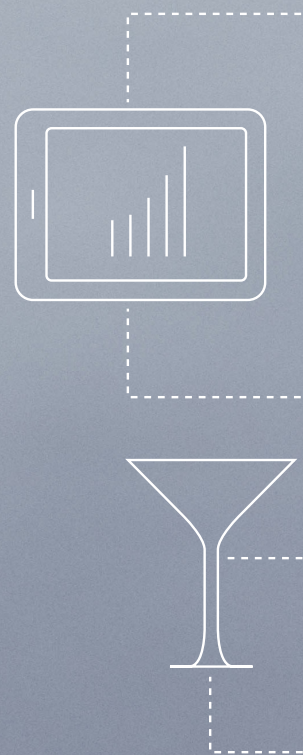
- **Review your business strategic plan** – Tie your digital road map to your corporate vision, business plan and strategic objectives.
- **Address IT holistically** – Consider time frames, goals, risks and opportunities associated with a variety of areas including resources, processes, governance, infrastructure, controls, security and more.
- **Research current and future needs** – Assess your current state, future needs, infrastructure, application inventory, strategic vendor and outsourcing partnerships, and other key areas.
- **Define success** – Determine critical success factors and key performance indicators for measuring progress.

Optimal digital transformation is an important element for growth. Our hope is that the data and insights provided in this report make helpful comparisons, raise awareness, and spark areas to build and improve.

Please contact us if you have additional questions or require help in developing your organization's digital road map strategy.

About the survey

The RSM Digital Transformation Survey represents perspectives of C-suite executives from middle market food and beverage companies (those with annual revenues between \$50 million and \$4 billion). The survey assesses organizations' approaches to digital transformation to support companies in benchmarking digital transformation initiatives and opportunities to embrace innovation effectively.





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