



// CASE STUDY



DANONE

**Optimization of raw materials
and packaging in the food industry**

// CONTEXT & SCOPE

Founded in **1919**
FTE: **104,843**

Revenue: **€25.29 billions in 2019**
Industry: **Agrifood**



The project began in January 2020 with a call for project proposals by Danone in **collaboration** with Microsoft's "AI Factory For Agrifood". The aim of this program was to respond to the **challenges** in agriculture, logistics and supply chain management, such as **waste reduction**.

Since then, Flowlity has **worked with** Danone to optimise raw material and packaging **stocks: two key elements** in the food sector supply chain.

The **solution** has allowed the agrifood leader **to optimize** its stock levels (min and max) and offers **recommendations** for replenishment and consumption forecasts.

// The project

The project covered **27 products** at a Danone Nutricia pilot facility in Haps, **the Netherlands**.

Integrated with SAP software, Flowlity **retrieved** all past orders and inventory **history** over a **two-year** period. After a **thorough** analysis of this data, the teams were able to compare past stock **forecasts** with those that Flowlity's algorithms would have proposed:



For a 3-month horizon, Flowlity forecasts were approximately

79% > reliable, compared to **30%**

for Danone forecasts before the implementation of the solution



For a 6-month horizon, Flowlity's forecasts were

67% > reliable, compared to **12%**

for Danone's own previous forecasts.

// Implementation

01

Day 1

Kick-off and organisation of **workshops** to define the project scope, use case and data integration.

02

+ 2 Months

Continuous data integration from SAP. Our algorithms are trained using these data sets.

03

+ 3 Months

Access to the **application** and **recommendations** calculated by Flowlity's AI. Users **share** their planning and feedback on the application.

04

+ 6 Months

Application implemented and used **daily** by the procurement team.

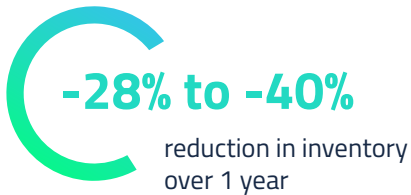
// Results

SIX MONTHS LATER, FOLLOWING INTEGRATION WITH THE EXISTING IT ENVIRONMENT

The solution is fully operational and deployed for the existing planning team. Flowlity **supports** the planners and allows them to **dynamically** adjust the company's safety stock and replenishments.

It allows replenishments to be digitalised and automated and enables a **better level** of service by **reducing** the risk of shortages.

▶ Many other results are expected, including:



Synchronization
with suppliers



By deploying Flowlity, we predict a 28-40% reduction in overall inventory levels

▶▶▶▶▶ over 12 mois ▶▶▶▶▶

// The next steps?



To make the client's **digitalisation** and inventory **reduction goals** a reality, Flowlity is now in the **synchronization** phase with the group's suppliers, including DS Smith, Dutch State Mines and Ardagh Group.



The **objective** is to integrate suppliers' data **without ever compromising the confidentiality** of the information belonging to the different parties. This visibility allows Danone and its suppliers to receive **improved** recommendations. Suppliers can track past and incoming orders in **real time**, obtain sales **forecasts** for all Danone products covered by the project and anticipate potential shortages.



// The next steps?

► The results:

The result: a further reduction in inventory of around

-12.40% ↓

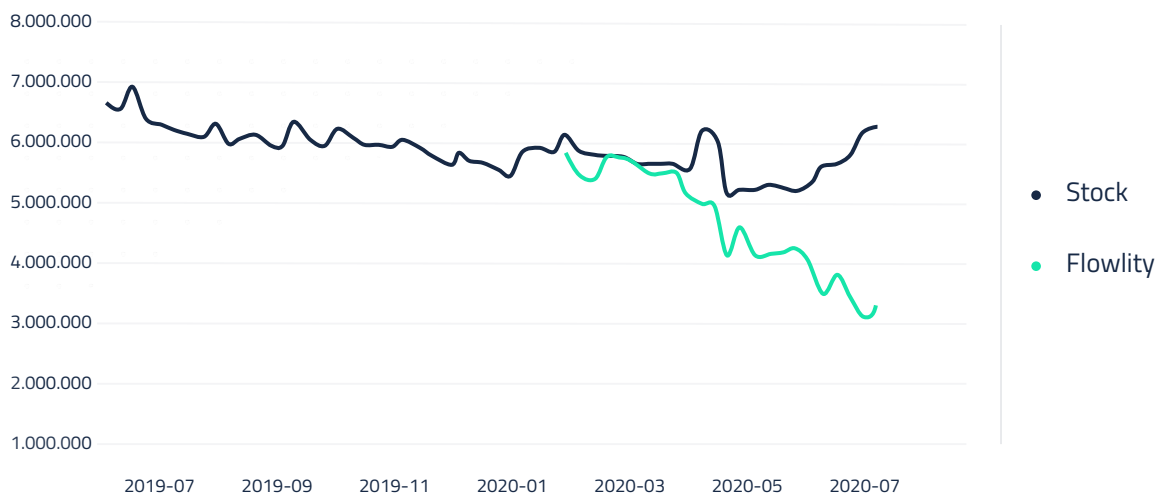
(see graph below)
for Danone

And a reduction in finished goods inventory of around

-30% to -60% ↓

for its suppliers.

Global Inventory Reduction



// About flowlity



Poor inventory management accounts for billions in losses as a result of overstocks and product shortages. In today's ever-expanding **supply chains**, **inventory optimization** is more **complex** than ever and remains a difficult challenge to solve on a company-wide basis. As part of a long supply chain, how is it possible to **gain visibility** while maintaining data **confidentiality**?

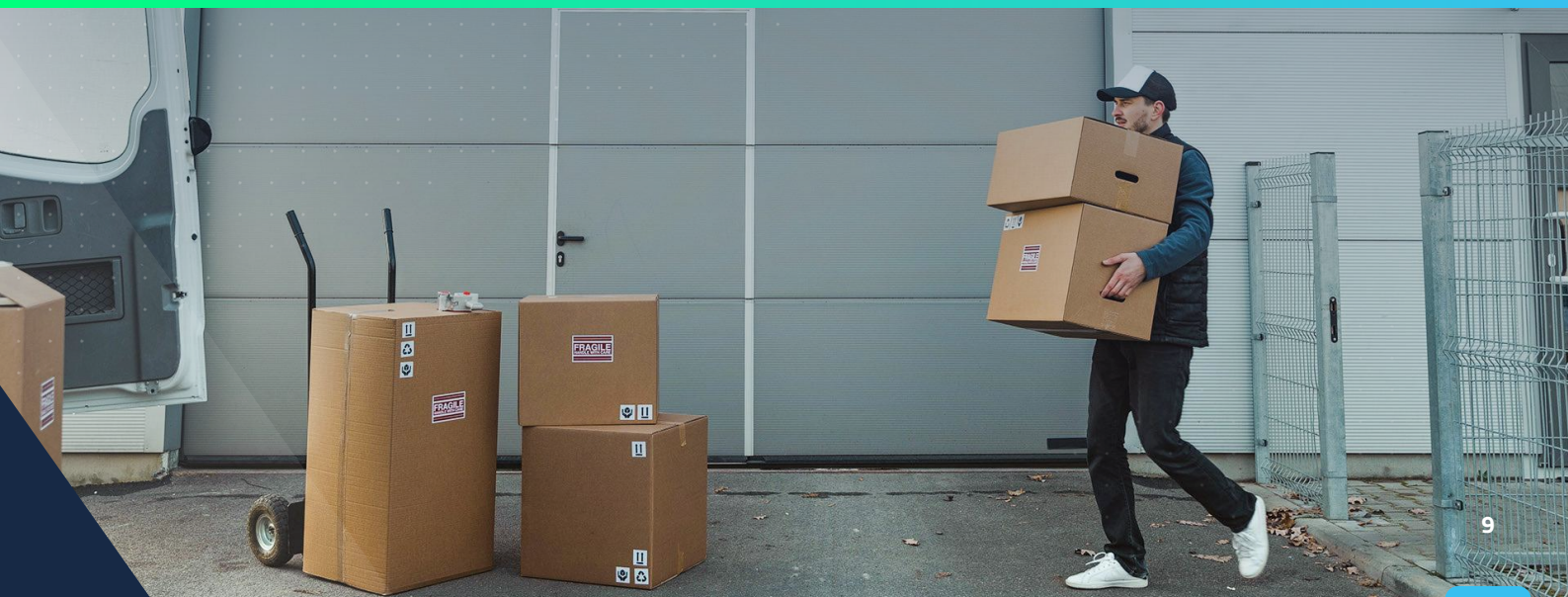
// About flowlity



Responding to this need, Flowlity aspires to be an **intelligent trusted third party** between the company, its suppliers and its customers, providing **each** party with **optimal** inventory recommendations while ensuring **data confidentiality**.



By combining **artificial intelligence and our supply chain expertise**, Flowlity has been helping **leading** companies, such as Danone, La Redoute, Plansee, Saint Gobain and Cartier, to plan and forecast their inventories since 2018.



// Supply Chain

Simplified

As a simple and robust SaaS planning **solution**, Flowlity provides proactive **alerts** to **help** you anticipate any issues **before** they occur.

Synchronized

Flowlity **synchronizes** your company with your direct suppliers and customers, acting as an intelligent **trusted** third party, providing **complete** visibility without having to share your data.

Reinvented

Flowlity has **reinvented** classic inventory optimization algorithms by exploiting the full **power** of Artificial Intelligence and its trusted third party approach. Our algorithms allow you to identify shortages or overstocks to make your company increasingly more **reactive** and **agile**.



For more information,
please visit our website
www.flowlity.com



Or write to us at
hello@flowlity.com