



Leveraging SAP Leonardo to Streamline Fresh Food Production

Tommy Hughes, AGMM – Director of Bakery and Food Court, Costco



Costco Wholesale

Costco is a membership warehouse club, dedicated to bringing our members the best possible prices on quality brand-name merchandise. With hundreds of locations (>700) worldwide, Costco provides a wide selection of merchandise, plus the convenience of specialty departments and exclusive member services, all designed to make your shopping experience a pleasurable one.



A refresher on the **original** initiative



The Original Problem Statement:

How can SAP technologies reduce waste in the bakery department while increasing sales?

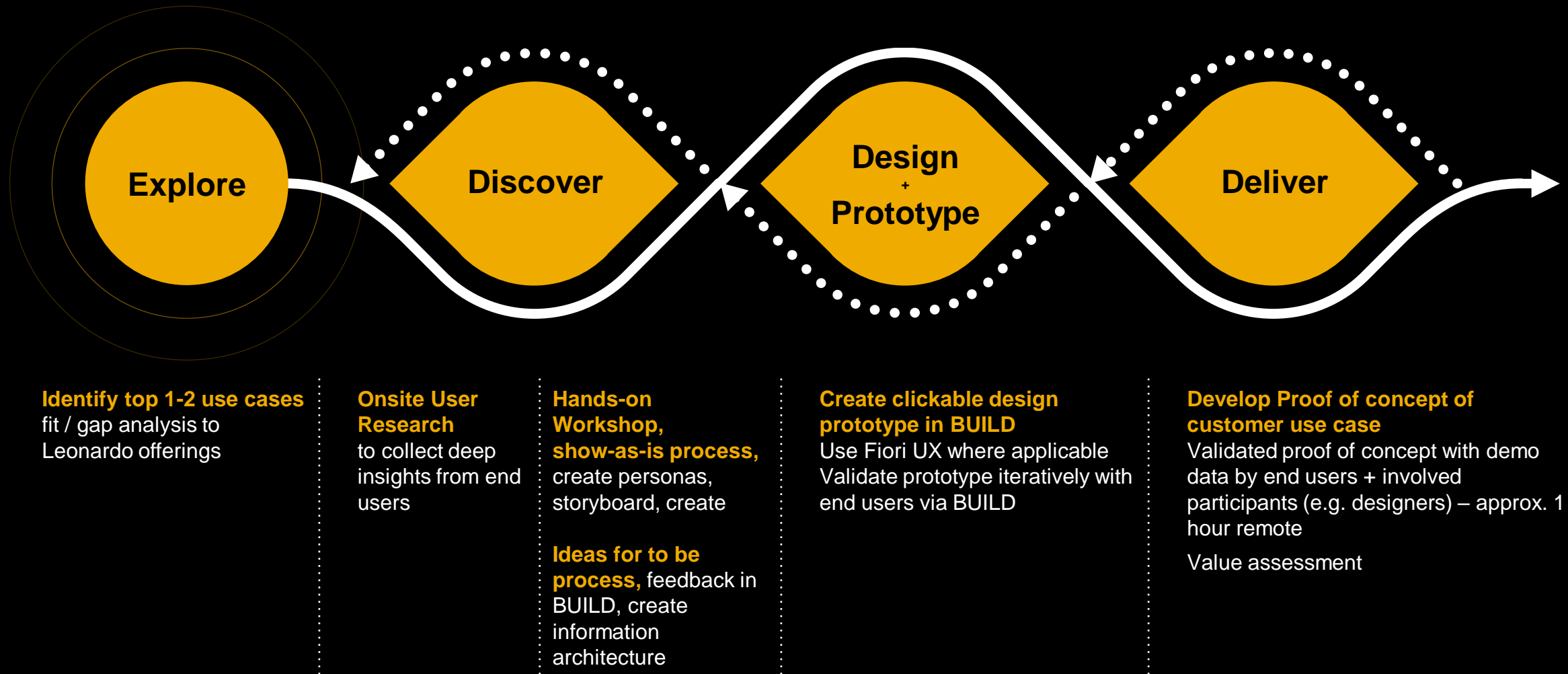


SAP Leonardo Engagement Approach



SAP Leonardo Engagement Approach

Deliver SAP Leonardo Innovation Use Cases by involving Real End Users

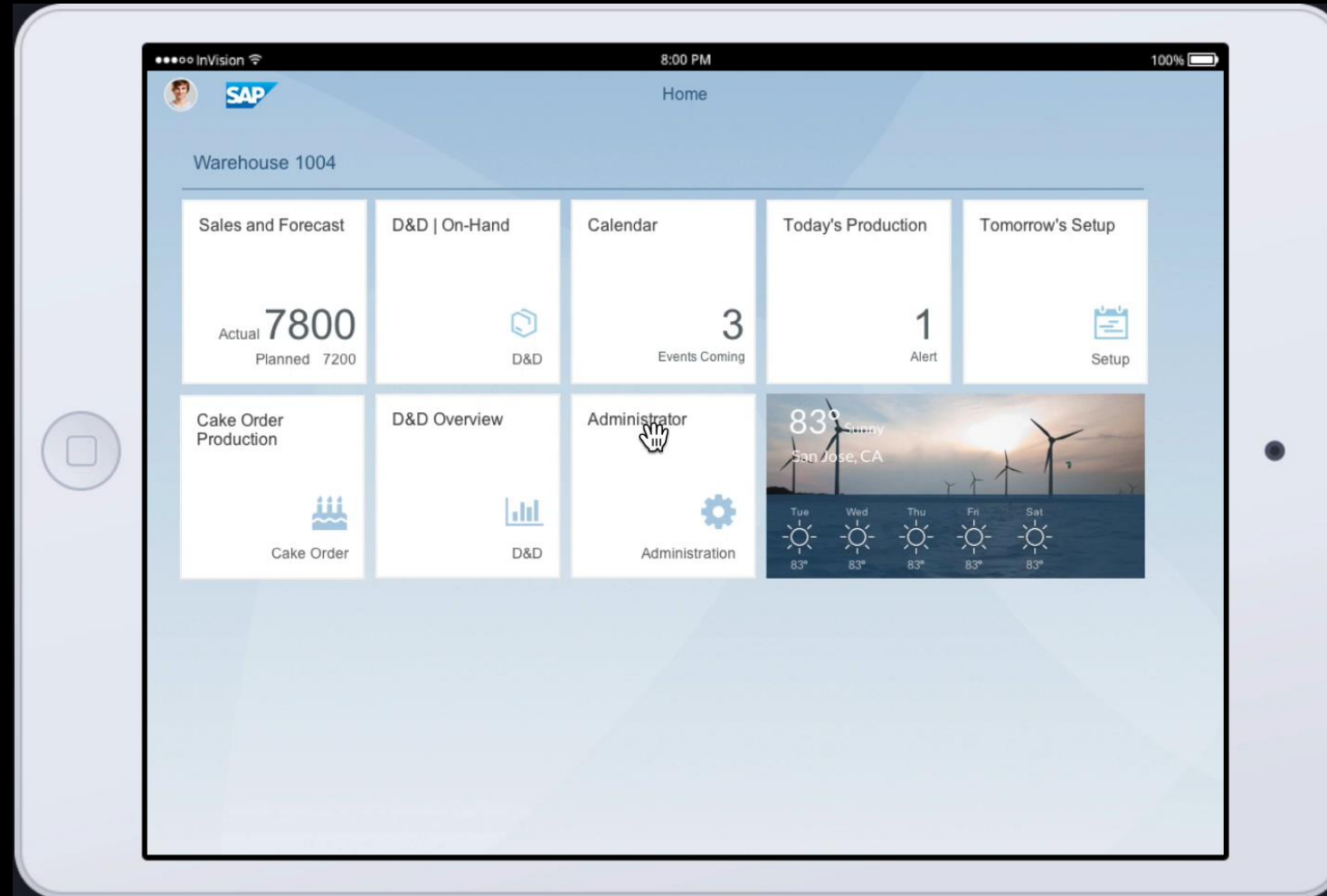


Design Workshop



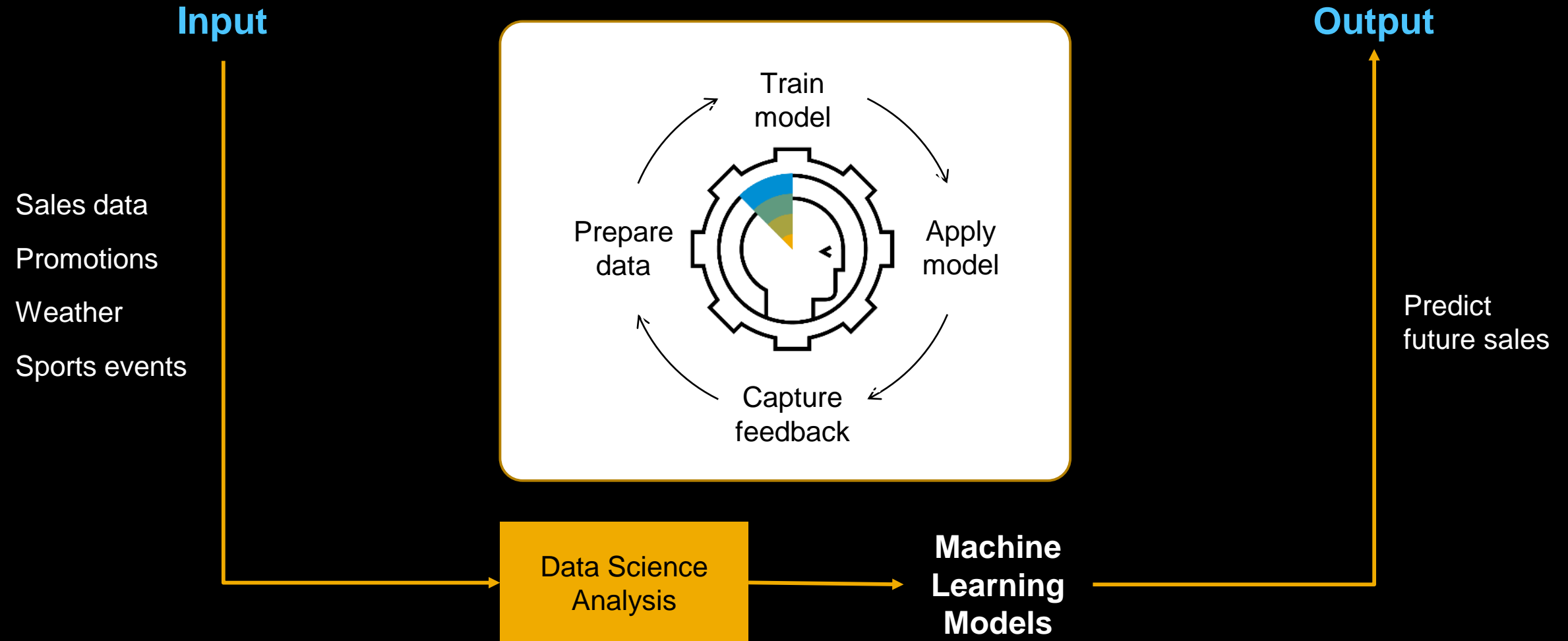


Final UX Design Prototype



Machine Learning for Demand Forecasting

Extract patterns and trends from the past and generalize for the future





San Jose Bakery Results YTD

10% Improvement on D&D vs Peer Group

11% Improvement on Hidden Shrink vs Peer Group

7% Improvement in Productivity

8% Improvement in Hours vs Peer Group

Costco Wholesale Today's Production

Period 9 Week 3 Day 1 View production for: Apr 29, 2019

Pull From Cooler Bake Bagels Muffins and Loaves Cookies Snacks Pull From Freezer by 7 AM Decorate Cakes

Pull From Cooler

Item	Projected	On-Hand	Need in Addition	Pulls			Still Need	Complete
☆ 14368 - COUNTRY FRENCH 2 PACK	13	40	-75	0	0	0	-27	<input checked="" type="checkbox"/>
☆ 14510 - MIX & MATCH DANISH 2-4PK Varieties	75	27	0	48	0	0	0	<input checked="" type="checkbox"/>
☆ 33336 - BUTTER CROISSANTS	397	135	22	240	0	0	22	<input checked="" type="checkbox"/>
☆ 35757 - CRANBERRY ORANGE BISCONIE	27	0	3	24	0	0	3	<input checked="" type="checkbox"/>
☆ 36996 - ROASTED GARLIC PARMESAN	1	14	-37	0	0	0	-13	<input checked="" type="checkbox"/>
☆ 38521 - BRAIDED APPLE STRUDEL	15	17	-32	20	0	0	-22	<input checked="" type="checkbox"/>
☆ 1272097 - STRAWBERRY FILLED	53	1	4	0	0	0	52	<input type="checkbox"/>

Save

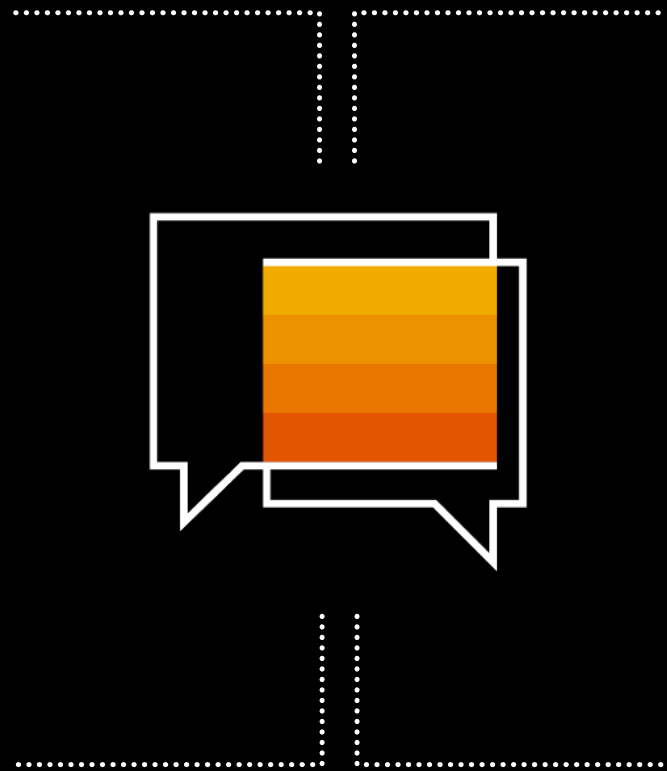
Testimonials

“Holly Baker #06”

“The numbers are a lot more dialed in. It takes out the guesswork. Our D&D used to be two full carts and now we are less than one. It is Awesome!”

Merced Bakery MGR #06

“When we first got it I was skeptical with the lower production numbers. We ran out of product a lot but kept trusting and adjusting the inputs. Now that it's gathering data it is extremely accurate. We have good carryover and are in business til closing on everything while improving on D&D. I'm very excited about it! “



Abel Zuniga AGM #148

“ The tablet is Bakery Manager friendly. The program allows for myself to go into the department and review the forecast with the Bakery Manager and Supervisor. The program allows us to focus on driving top line sales with the right items and the right time. This has been proven through the historical data built into the program. “

“Steve Alexander GM #148”

“I love this tool; it allows my manager to focus on the most important thing -- Top-line sales, and at the same time protects our margin with more efficient and accurate data to control D&D... This is it!”

The Road Ahead

9 Locations On Boarded

- Easy Adoption
- Results are in line with initial pilot locations

Phase Two of Development Initiated

Deployment over the next year

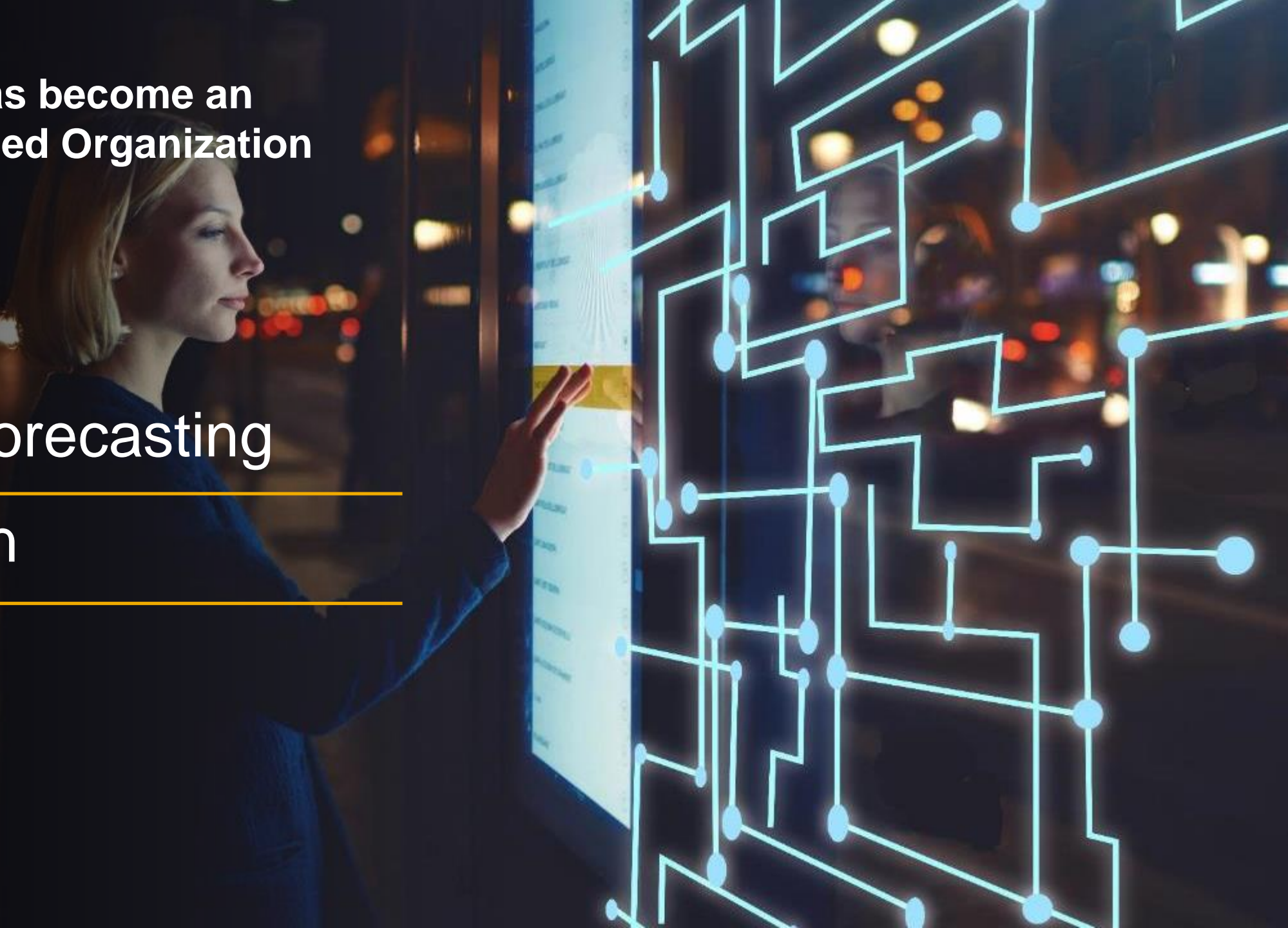


How Costco has become an Innovation Based Organization

AI-based forecasting

Automation

Robotics



Other areas Costco is focusing on **Innovation**

Food Court forecasting
eCom Planning & Fulfillment
Poultry Plant
Greenhouses
Tire Center



How Costco embraced a “Why Not SAP?” approach

It is our shared DNA

The Perfect Marriage =
Costco’s Culture of Innovation
and Business Challenges
paired with SAP’s Innovative
Business Technologies

Design Thinking Approach to
problem solving



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app.



Presentation Materials

Access the slides from 2019 ASUG Annual Conference here:

<http://info.asug.com/2019-ac-slides>

Q&A



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Thank you.

Tommy Hughes

AGMM – Director of Bakery and Food Court