



“Global Players” And The Future of Process Food Outsourcing

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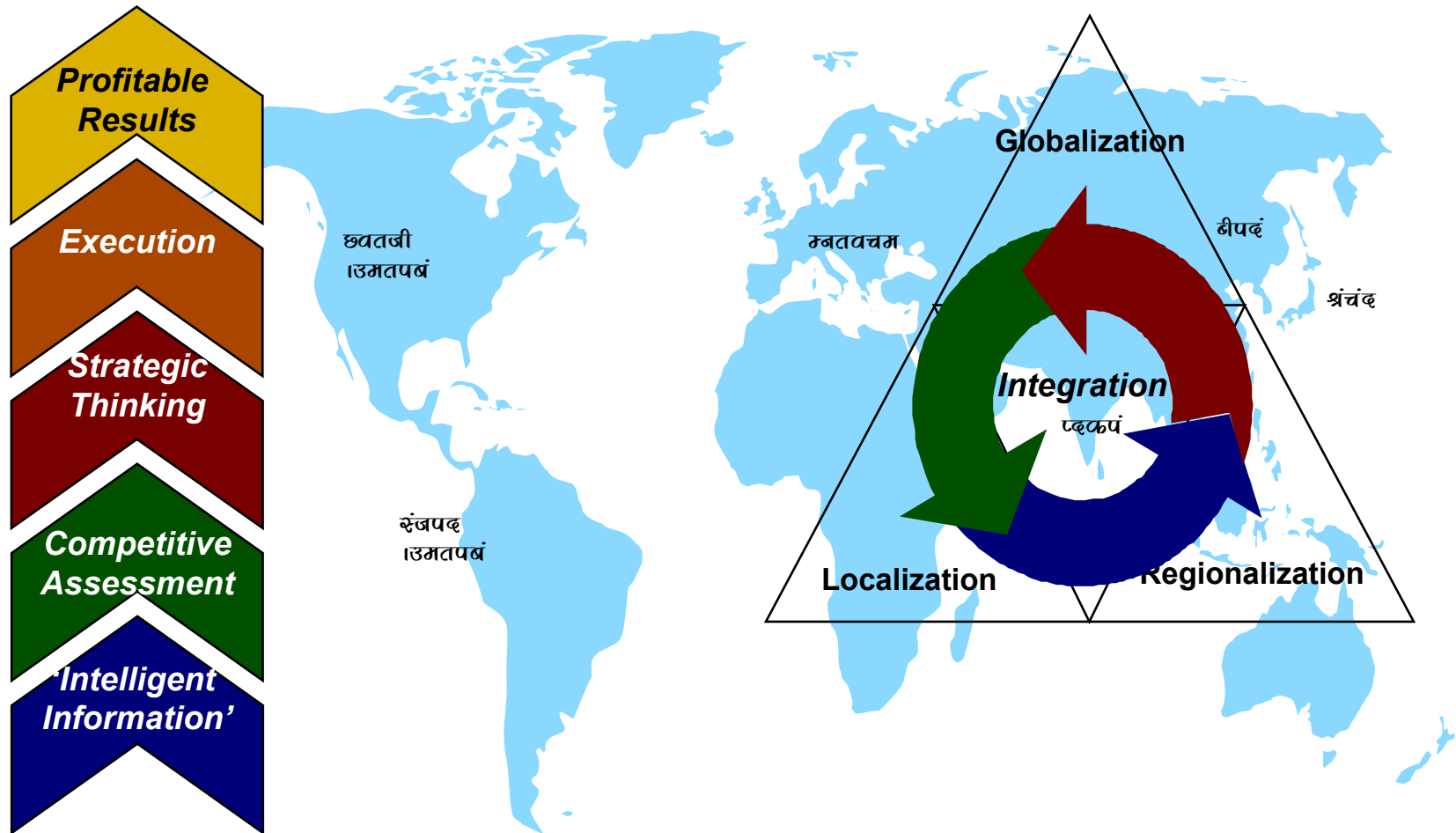
Edica-Garnett Partners

We are a global strategy and implementation group focused on accelerating the growth and performance of our clients globally

- Spin-off of former Arthur D. Little Partners
- Seasoned professionals providing global/cross-cultural strategies
- Customized services to meet the precise needs of clients
- Proven capabilities in innovative step-out strategies
- Senior Executive decision-making advisory assistance
- Achievable strategies with hands-on implementation support



To meet clients' strategic objectives, we deploy global staff and employ a deep understanding of global dynamics and regional-local nuances



The Future of Process Food Outsourcing

“The global process food industry is shrinking and growing at the same time”

- Fewer and fewer global retailers are dominating more and more of the global market
- Mass merchandisers are squeezing profits from domestic supply chains and further driving the globalization of process food supplies
- As global food brands and retailers globalize their customer base, they are driving the same efficiencies into their globally integrated supply chain
- “Brands” are increasingly looking to be marketers
- Retailers are increasingly looking for globally approved vendor/partners over pure regional suppliers
- Global vendor/partners will need to be efficient, innovate and grow the needs of their ever growing customers

Outsourcing has historically been viewed within four basic configurations

“Shoppers”

- Shopping around the world
- Global commodity markets
- Supply Chain: Complex inbound

“Cloners”

- Replications of single or multi-country operations
- “Short reach”
- Supply Chain: low complexity
- Critical issue: knowledge transfer and best practice implementation

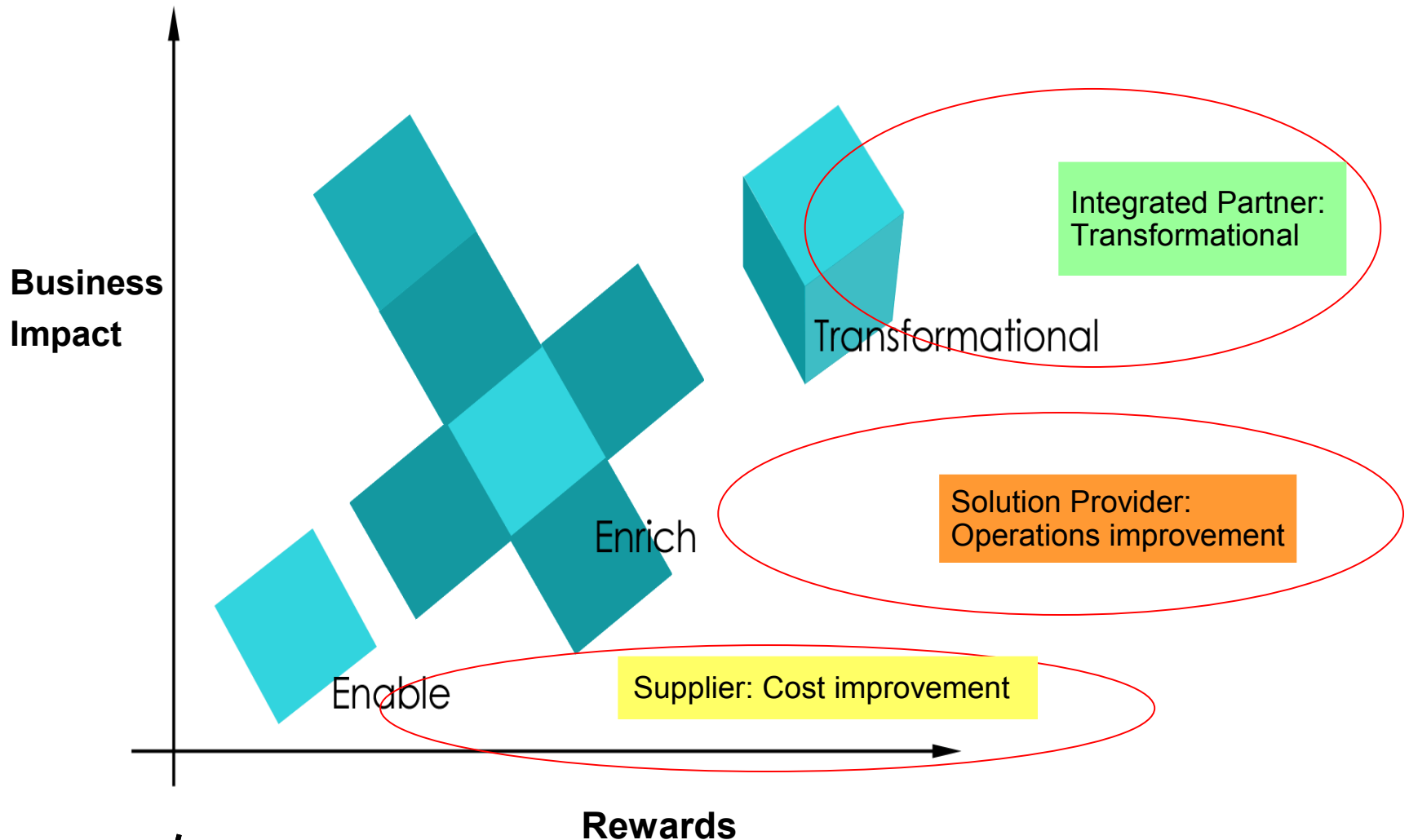
“Princes”

- Growing global brands from a strong domestic base
- Competitive advantage of local sourcing and manufacturing
- Difficult to maintain as delivery and cost pressures increase

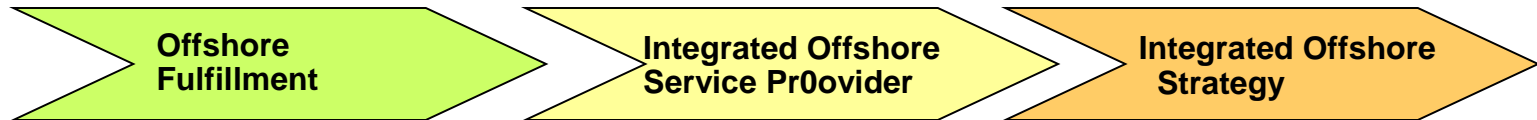
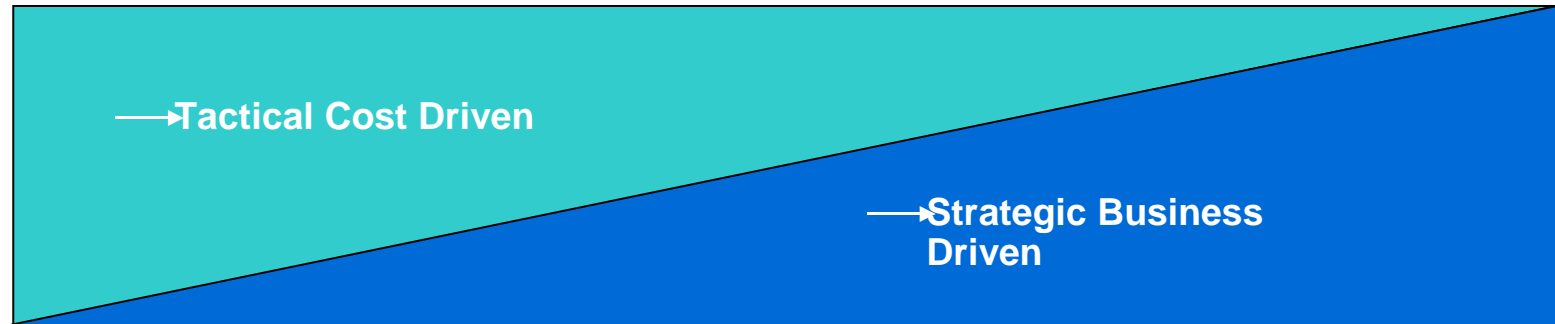
“The Players”

- Large scale producers, global branding, large scale suppliers
- Complex, with cross-country flows

This is changing as executives continuously seek “Transformation”, eclipsing local competition while repositioning as major forces in foreign markets



Today the objective of offshoring is to increase long-term value both in its traditional market and in the new offshore market



- Factory/process plant approach to delivery
- Cost reduction
- Increased flexibility by sourcing strategy

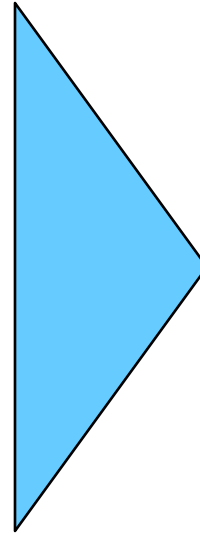
- Best sourcing alternatives
- Shared risk for offshore challenge

- Increased innovation to meet multiple markets
- Refined business model

Multinationals seek partners for transformation

Key Criteria:

- Transparency and Governance
- Cultural Fit and Values
- Talent Management
- Knowledge of Industry
- Process Knowledge
- Offshore Capabilities Fit
- Corporate/Financial Stability



Key Objectives:

- Leverage Offshoring to Create Value
- Business Alignment to generate maximum value
- Offshoring, not for better operations, but as a driver for business transformation

The food industry drivers for outsourcing is increasingly following the model of other industries

- Innovate
- Faster
- Cheaper
- Transparently
- Globally
- ... And increasingly be a knowledge partner in “our brand”

As many US/European “brands” increasingly become “marketing companies” to cost sensitive “customers”, the challenges to suppliers will increase dramatically

Culturally attuned to customer and “market” needs and future objectives

- Wal-mart cost oriented
- Customer innovation focused; product co-development
- Multiple lines serving both
- Evolving tastes

Food Safety

- Consumer concerns
- Increased government enforcement
- Increased ‘partner’ concerns and oversight

US/European/Global Supply Chain Infrastructure

- Warehousing
- Cold storage
- Labeling and packaging, etc.

Consistent quality

- Consistent and timely supply and availability
- See-through inventory systems

Brand Management

- Quality and Forward Looking Innovation
- Testing Procedures
- Packaging

Capital and Cost Management

- Rapid scalability
- Maintain role as global supplier/partner

Indian companies need to develop Ambition Driven Strategies

- Determine who you want to be
- Understand what it will take to get there
- Develop a flexible plan to achieve your ambition