

# Grape Management: From Contract to Crush Pad



**WITS**

WINE INDUSTRY  
**TECHNOLOGY**  
SYMPOSIUM

**Maggie Huffman** - Director Production Systems - Foster's Wine Estates Americas

**Bruce Phillips** - Director IT Business Strategy - Constellation Brands

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July 15, 2008 - The Napa Valley Marriott

# Agenda

- Company Overviews – Fosters & Constellation
- Grape Management Initiative Overviews
  - What were the initial problems to be solved?
  - What systems and solutions were implemented & why?
  - Learning's and best practices from the initiative
  - What were the architectural pieces that make up the solution?
- Grape Management Lifecycle – Panel Discussion - Q&A



# Company Overview



## FOSTER'S WINE ESTATES AMERICAS

- Luxury and Premium Wine Division of Foster's Group, a global beverage company
- 2008 Grape Supply is sourced from ~17,000 acres
  - 50% owned (30 vineyard properties)
  - 50% contracted





## FOSTER'S WINE ESTATES AMERICAS



# Californian Asset Footprint



- | # | Site                  |
|---|-----------------------|
| 1 | Meridian Vineyards    |
| 2 | Beringer Vineyards    |
| 3 | Asti/Souverain        |
| 4 | Etude Wines           |
| 5 | Stags' Leap Winery    |
| 6 | St. Clement Vineyards |
| 7 | Chateau St. Jean      |
| 8 | TAZ Vineyards         |
| 9 | Winemakers' Cooperage |

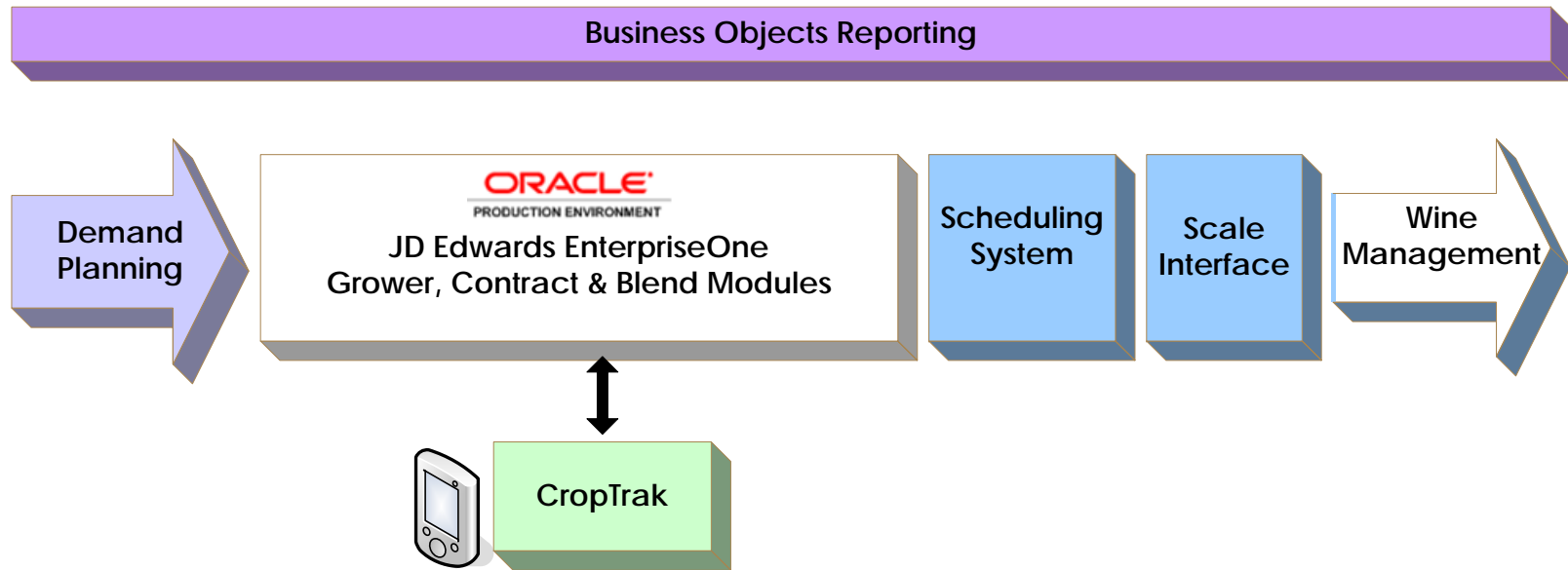


# Foster's Initiative - WHY

- Multiple legacy systems, not integrated
- Systems drove business process  
regional systems = regional practices NOT best practice
- Difficult to extract & analyze data
- Emerging requirements
  - Support for technical viticulture practices
  - Long range & global supply planning
  - Flexibility for over and under supply conditions
  - Year-round, global sourcing



# Foster's Initiative - WHAT



# Foster's Initiative - Learning's

- Put in the work up front:
  - Define and simplify processes
  - Address and fix issues
  - Invest in standardization
  - Build partnerships – IT & business
- Implement in manageable chunks
- Don't shortcut training and documentation
- Plan for change management
- Implement in the slowest season





# Company Overview



- **Brief** description of your company (3-4 minutes)
- Company history
- Key facilities
- Key brands
- Interesting facts etc



# Grape Supply Management System

## OBJECTIVE

- “Premiumize” Grape Supply information delivery to match the expanding premium brand portfolio of Constellation Wines US



# Background

- Legacy system developed for NY grape procurement in late 20<sup>th</sup> century
  - AS400, RPG, DB2
  - “Green Screen” user interface
- System use expanded to California and Washington with Constellation Wines growth
- Various systems migrated into Legacy through acquisition integration



# Constellation Initiative - Why

- No sophisticated means to manage brand/program
- Acquisitions created significant and complex array of payment & pricing terms
- Legacy architecture limited management of contracts to one harvest at a time
- Increasing complexity of brand/crush site allocations with brand, area and appellation expansion

# Business Benefits Expected (26.3% IRR)

- Decreased (50%) duplicate and erroneous payments, via work flow approval of contracts and payments
- More accountability and substantiation for bonus payments
- Decrease (25%) surplus inventory, reduce write-offs through allocation management
- Increase cost accuracy and cash flow visibility through better access to contracts and future supply
- Improve crush-site capacity utilization (5%) and reduce costs associated with un-necessary outside processing
- Reduce SG&A through efficiencies and decreased administrative burden (5%)



# IT Benefits Expected

- Shift IT support costs from custom development to strategic “core business” initiatives around grape supply optimization
- Retirement of non-enterprise class solutions
- Build path and skills to eventual upgrade to Global ERP standard
- ERP Support Efficiencies
  - Utilize similar tools and skills already deployed to JDE and other SQL applications
- Running latest version of JDE Release 8.12
  - CWUS running Xe, other Constellation companies running World, 8.0 and 8.10



# Timeline

- February 2008                      Project Planning
- March 2008                         8.12 Environment available
- July 2008                            Live for Contracts & Pricing
- August 2008                        Live for Receipts & Payments
- Deployment accelerated by utilizing experienced implementation partner (Ciber)
- Ongoing enhancements



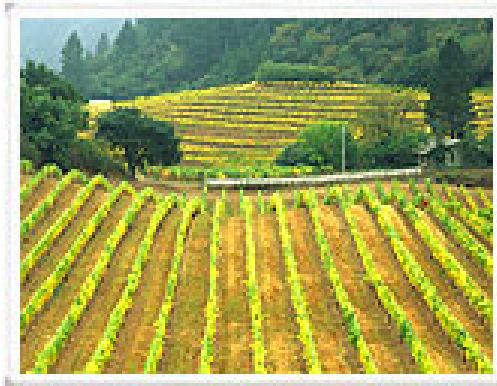
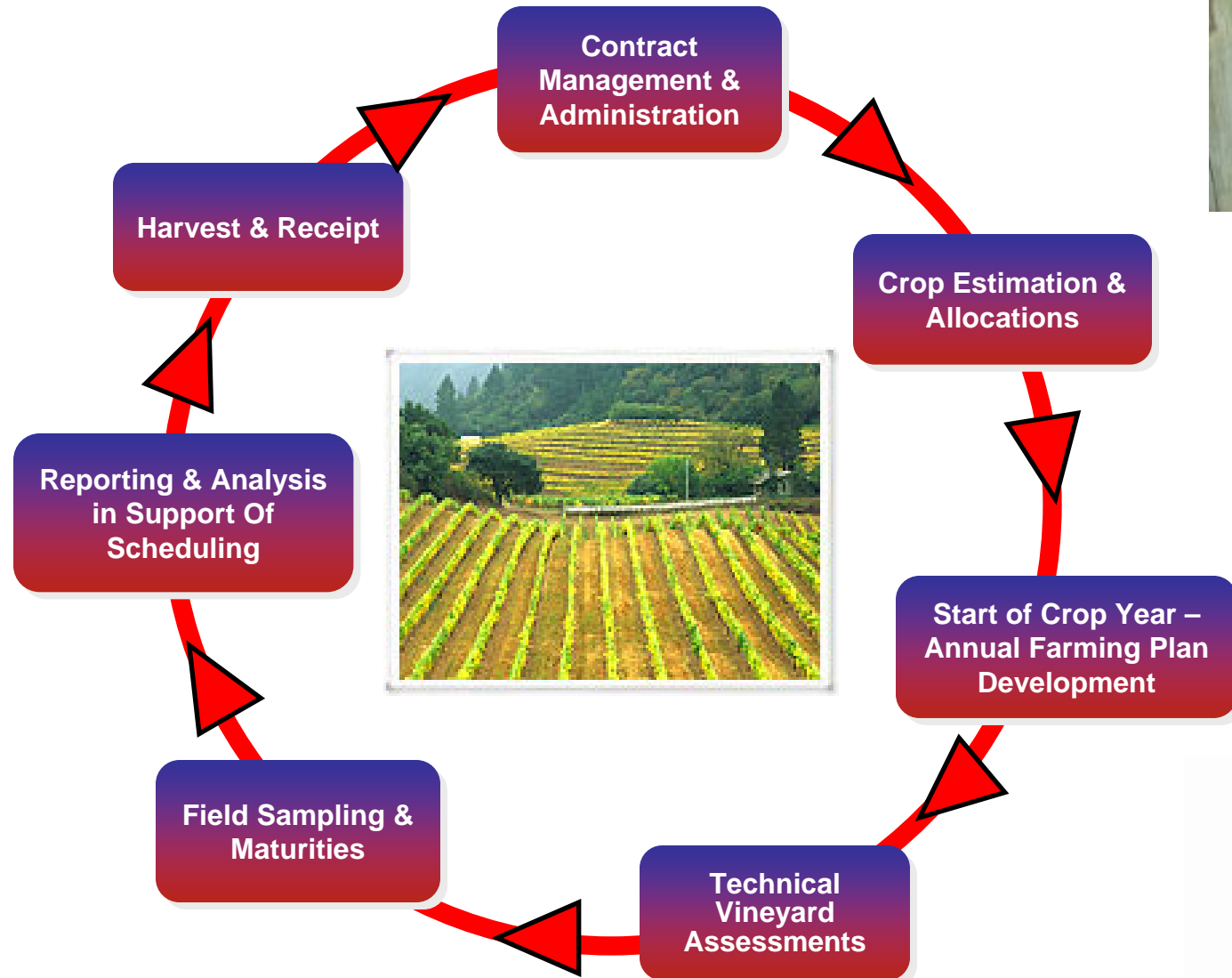
# CWUS Vineyard-to-Bottle Portfolio

- SureHarvest Vineyard Management
- Corrigo Vineyard Labor Mgmt
- Oracle Food & Beverage
  - Grower Management
  - Grower Contracts & Pricing
- Proprietary Load Scheduling, Scale and Truck Staging Programs
- Wine Systems
  - Proprietary
  - WMDB – Icon and BWE

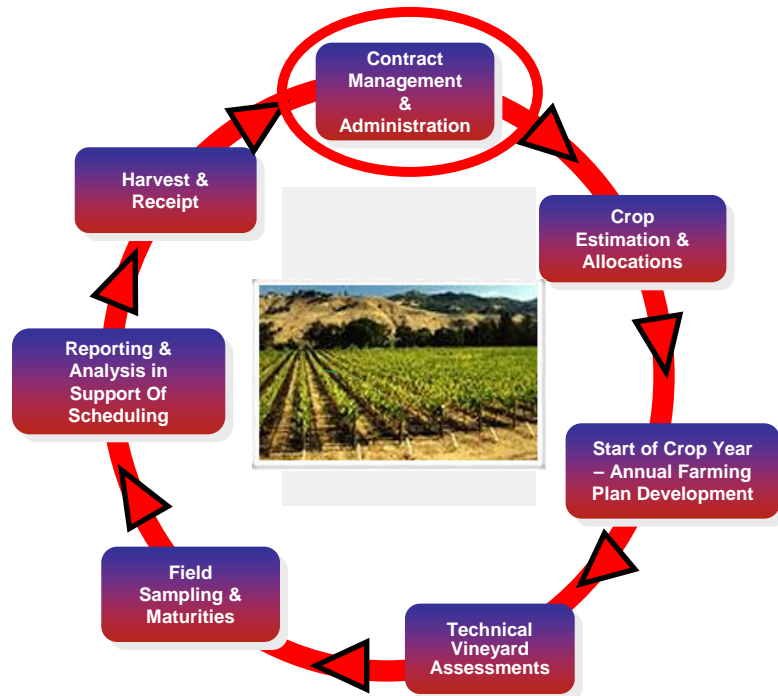




# Grape Management Lifecycle



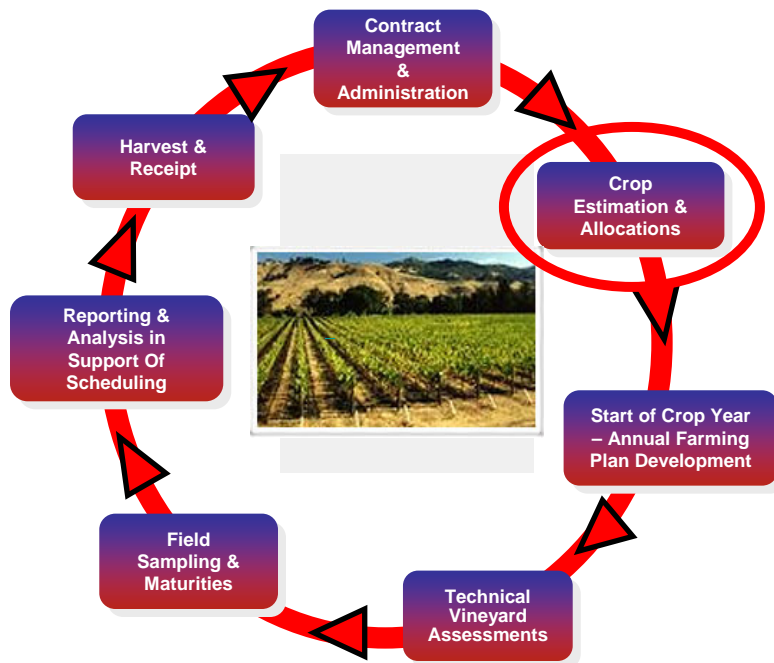
# Interactive Q & A Session Based on the Grape Management Lifecycle



- How much of an issues was the cost & administrative burden of administering grower contracts & pricing?
- How have your contract growers responded to your new processes & systems?
- Are your organizations building in quality and other performance attributes into your grower contracts & pricing & has this had any impact?
- How has your contract mgt solution improved operations?

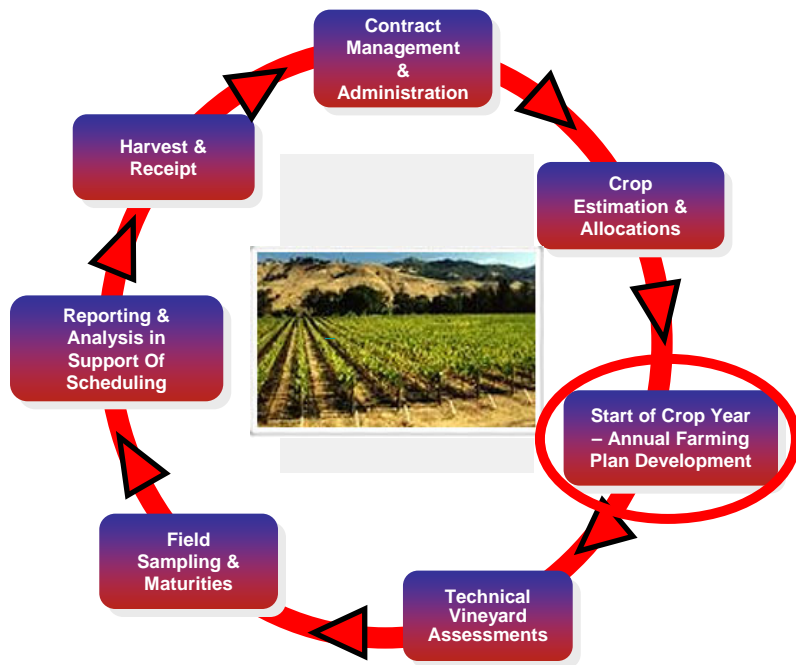
# Interactive Q & A Session Based on the Grape Management Lifecycle

- What technologies have you utilized to better estimate crop yields and allocate crops to specific products?
- To what extent do you move grapes across your network of wineries

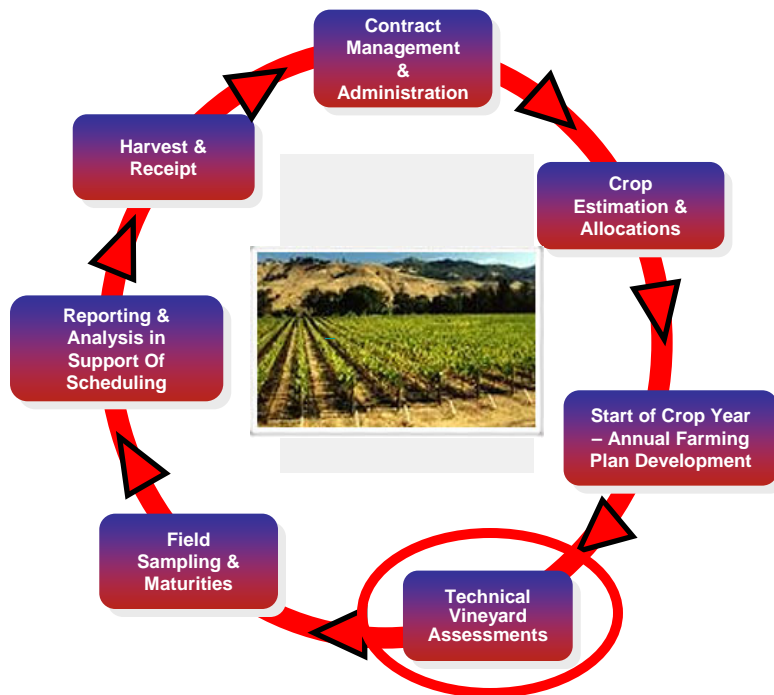


# Interactive Q & A Session Based on the Grape Management Lifecycle

- How has technology helped in the annual farming plan development and what are the anticipated benefits over multiple growing seasons?



# Interactive Q & A Session Based on the Grape Management Lifecycle

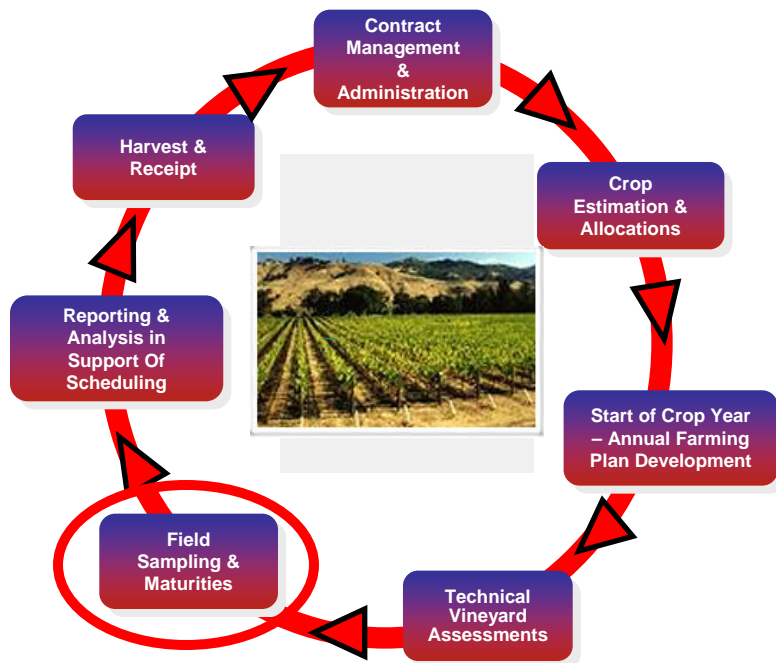


- What technologies & solutions do you use for assessments in the field?
- How have these improved performance and quality?
- What were the challenges in integrating these solutions to your core systems?

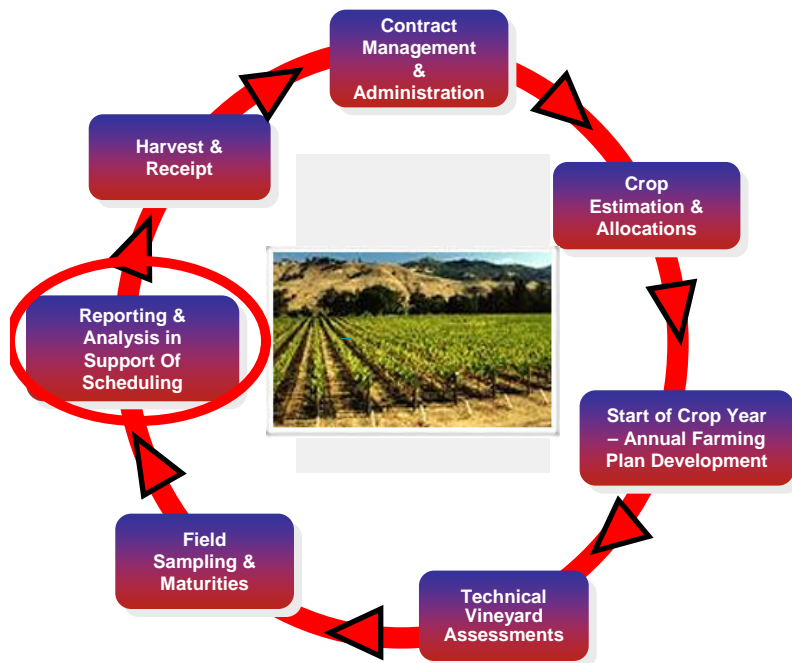
# Interactive Q & A Session Based on the Grape Management Lifecycle

Questions/Discussion topics based on steps in the lifecycle:

- ????

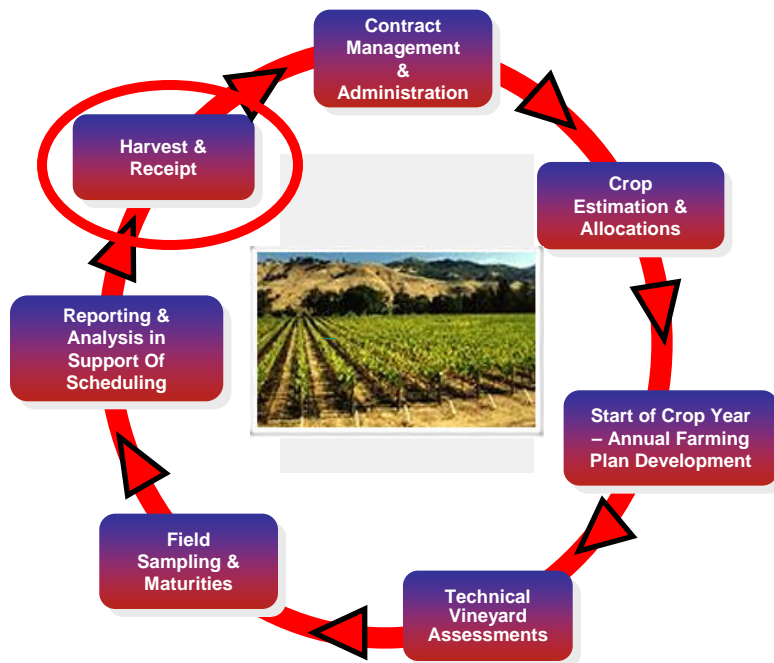


# Interactive Q & A Session Based on the Grape Management Lifecycle



- What were some of your key scheduling challenges?
- How have the solutions you implemented helped you schedule across your network?

# Interactive Q & A Session Based on the Grape Management Lifecycle



Questions/Discussion topics based on steps in the lifecycle:

- Do you schedule harvests across your entire network?
- How do you manage over or under supply issues?
- How have your systems automated and speeded up the harvest process?