



**Austin
February 2015**



Confidentiality and Antitrust

- We are not here to ask anyone to disclose sensitive competitive information
- We are not here to encourage anyone to recommend changes to their company policies or practices – those decisions are up to each of you independently
- If you feel something is proprietary or confidential, do not offer that up to the group
- Do not breach any confidentiality agreements you may have with your customers during these discussions
- All information shared during this session should be considered “public domain”
- Be especially careful to avoid discussions about anything to do with specific prices for specific customers
- Avoid discussions about whether to do business with certain partners and under what terms of sale



Why are we here?

- Foodservice trade and pricing discounts is a challenging and dynamic environment
 - Across manufacturers, there are significant yet common challenges to address
 - In some areas, solutions defined collectively can have greater value than operating independently
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- Education
- Awareness
- Problem-solving
- Networking



Meeting History

I	2011	June	Chicago
II	2011	September	Chicago
III	2012	January	San Francisco
IV	2012	June	New York
V	2012	October	Las Vegas
VI	2013	January	Atlanta
VII	2013	May	Chicago
VIII	2013	December	Boston
IX	2014	May	Chicago
X	2014	November	Napa Valley



Participating Companies

AdvancePierre

Hormel Foods

Ocean Spray

Bagcraft

Idahoan Foods

Pinnacle Foods

Campbell's Soup

International Paper

Procter & Gamble

ConAgra Foods

J.M. Smucker

Reckitt Benckiser

Continental Mills

J.R. Simplot

Rich Products

Custom Culinary

John Morrell

Sabert Corporation

Flowers Foods

Ken's Foods

Sargento

Foster Farms

Kraft Foods

Schwan's

General Mills

Lamb Weston

Solo Cup

H.J. Heinz

M&M Mars

Tyson Foods

Hillshire Brands

Mission Foods

Unilever

Hoffmaster

Nestle

Ventura Foods

Topics

Broker Consolidation
Buying Group perspective
Efficient Claims Processing
GPO Compliance
GPO Location Level data
Growth of Cash & Carry
Industry News
Operator-focused Organizations
Recapture
Sourcing RFP's
Sysco - US Foods merger
Trade Metrics
Trade Organization
Value for the Sales Function

Guests

AFS Technologies
CBS
CHD Expert
I-Trade Network
Local Operators
Technomic
The Hale Group
Tibersoft
Unipro





Agenda for today

- 8:00 Continental Breakfast – Citadel Room
- 8:45 Introductions and General Session
- 9:00 Gary Karp - Technomic
- 10:30 Break
- 11:00 GPO Analytics
- 12:00 Lunch
- 1:00 GPO Activity and 2015 Action Plan
- 1:45 Case Study Break-outs
- 3:00 Group Review
- 4:00 Adjourn
- 6:15 Meet in lobby – walk to Max's



Friday

- 8:00 Continental Breakfast – Citadel Room
- 9:00 Annie Roberts – NPD Group
- 10:30 Future Events
- 11:00 Adjourn



GPO Analytics



Background

- Increasing importance of tracking and analyzing purchases
- Increasing complexity of the task given combinations of HQ and deviated transactions
- Review a simple yet broad approach that accounts for dollars, volumes, rates and profitability
- New approach by Blacksmith in 2015 for delivering reports as features
 - A. Base performance
 - B. Year over year
 - C. Distribution mix
 - D. Benchmarking



GPO Action Plan



San Francisco

Agenda

- Healthcare history
- Issues definition
- IFDA Letter

Output

- Standard expectations
- Evaluation scorecard
- Standardized claim content

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New York

Agenda

- Technomic findings
- Group findings
- Collective approach

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- IFMA as Champion
- Little support for collective approach





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- Healthcare history
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- Standard expectations
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New York

Agenda

- Technomic findings
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Las Vegas

Agenda

- Quantitative study
- Location level efforts

Output

- Claim evaluation
- UniPro invitation



GPO Core Issues

- Multi-Dip: GPO membership transparency and compliance -- Admin Fees paid against a single case for a single location multiple times.
- Extendibility: Deviated billing and location-level discounts administered through distribution are passed through to locations that are not GPO members.
 - ✓ Margin erosion
 - ✓ Street erosion
 - ✓ Trade flow friction within distribution community
- Contract Conflict: GPO members who are also large enough to warrant “their own” contract drive confusion across the workflow relative to which offer to apply volume against.



Areas of Focus

1. Definition of Standards and Expectations



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- 2. Broader collaboration [rather than door-to-door]**



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3. More efficient distributor claims

Rank	Opportunity	Size	Commentary
1	Gordon Food Service	Large	25% of industry pain level
2	Bunzl	Large	50% of disposables pain level
3	PFS	Medium	Variance by branch complicates streamlining
4	Vistar	Med to High	Files often hard to read and difficult to convert
5	Shamrock	Medium	Conversion of the files is painful

Special Mention

Reinhart	Large	Rate of discrepancy is higher than most
Sysco	Grande	Inconsistent execution / duplicates
US Foods	Grande	Contract mapping too complicated for GPO's



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2. Broader collaboration [rather than door-to-door]
- 3. More efficient distributor claims**

Synopsis

- Efforts to broadly collaborate have failed
- There are some one-off door-to-door success stories
- The biggest opportunity will be PFS if the Sysco/USF merger goes through



Areas of Focus

1. Definition of Standards and Expectations
2. Broader collaboration [rather than door-to-door]
3. More efficient distributor claims
- 4. GPO Headquarter Claims**



Areas of Focus

	Files	Members	Distributors	Products	Comments
ARAMARK	8-12 files per contract	Line of business and concatenated membership	Dated	Their version of your product number	
Avendra	Clean	Varies	Named - no ID	Their version of your product number	
Sodexo / Entegra	4 per contract	Full address	Name and ID	Their version of your product number	
Foodbuy	Clean	Name plus city and state	Names / Separate file	Their version of your product number	* Review distributor file
Novation	Clean	Name plus city and state	Name and ID	Their version of your product number	
Premier	Clean	Named	Named - no ID	Their version of your product number	

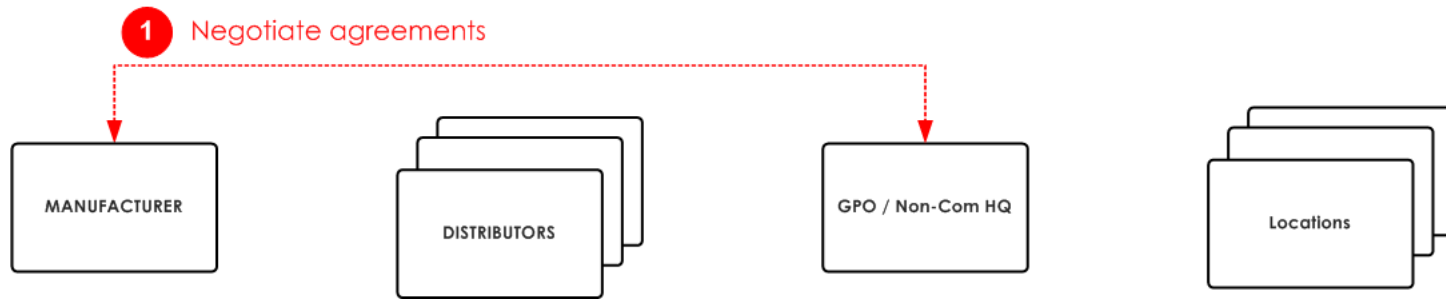


Areas of Focus

1. Definition of Standards and Expectations
2. Broader collaboration [rather than door-to-door]
3. More efficient distributor claims
4. GPO Headquarter Claims
- 5. Automation of contract information to the GPO's**

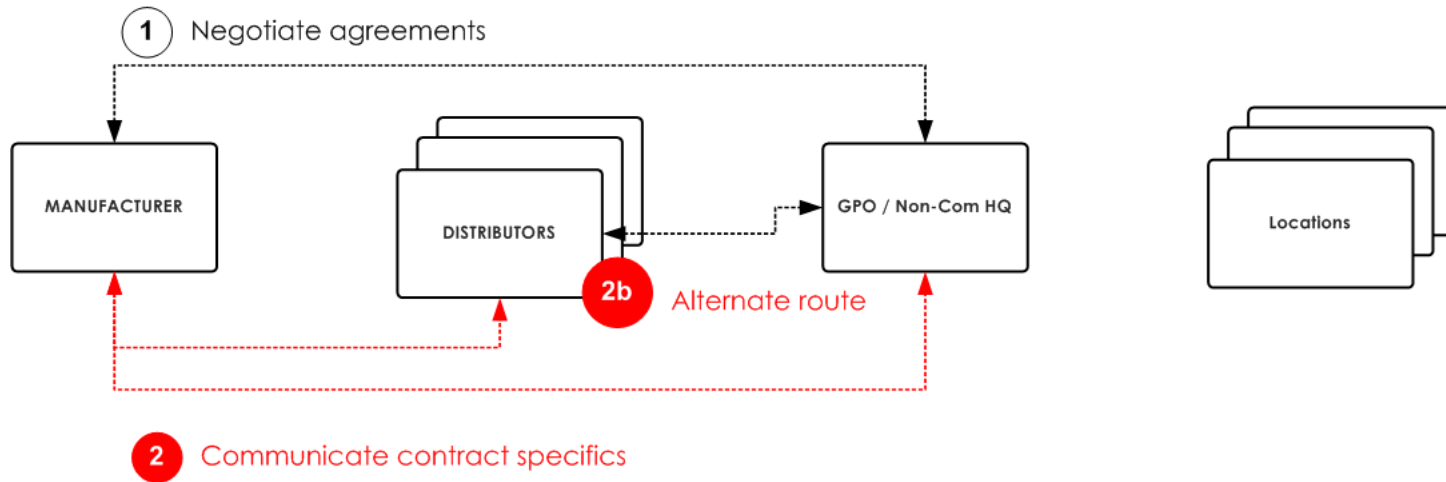


Contract Workflow



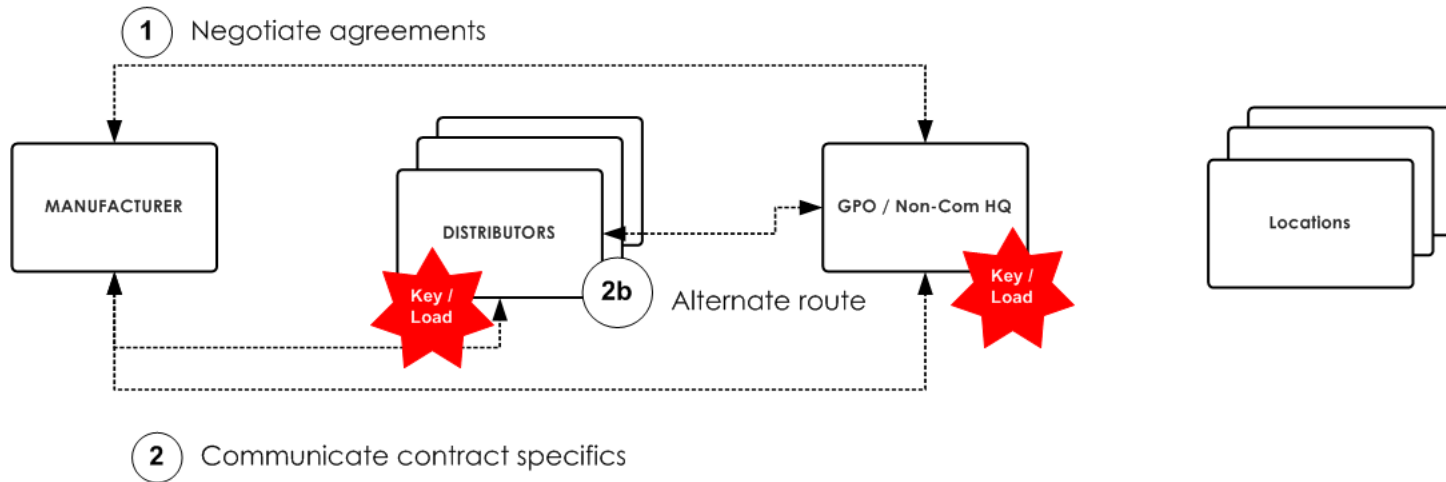


Contract Workflow





Contract Workflow





Automation of contract information to the GPO's

1. Transferring the contract data from your system to the customer system remains a pain point for everyone
 - Timely and accurate updates
 - Contract numbers and alignment of items and rates
2. This should be the path of least resistance given there is value for the operator
 - We are not asking for them to revise their claim process
3. We would like to approach each of the major six non-commercial operators and propose a file export/import process to load your contracts to their system
4. The file format and process would be 'TPM Agnostic' – not just Blacksmith
5. We have a budget [dollars] set aside to fund the IT support or consultants if these accounts have some work to do



GROUP BREAK OUTS



Case Study Summary

- Within a target-rich environment, we believe bringing a level of automation to the delivery of contract information offers the best overall value to all constituents with the least amount of friction.
- Each group should prepare to provide feedback relative to these questions --
 1. Does anyone disagree with this step or is there a higher value action item that we should take on?
 2. What questions or concerns should we prepare to address?
 3. Who can volunteer to help with coordinating an introduction?
 4. What level of involvement does each manufacturer envision?



Today's process

- Case study format
- Small breakout groups with assignments from the case
- Break out rooms to ideate, brainstorm and problem-solve
- Re-group as a general session

Your role

- Rely upon your experience and knowledge in the industry
- Try to free yourself of the constraints you may have “back at the ranch” [e.g., disposable vs. F&B, broker v. direct, etc.]
- While we are working as a group, feel free to throw in challenges you have right now for selfish reasons



Group 1

Aliza

Julie

Mike L.

Scott M.
[Custom]

Suzanne

Group 2

Brent

Gina

Kerry

Mike F.

Rita

Group 3

Cathy

John

Mabel

Matt

Scott M. [Mission]

Group 4

Andrea

Becky

Bill

Jay

Keith

Group 5

Brian

Barbara

Michelle

Rob

Tim

