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HFS Highlight: Cognizant's appetite for business outcomes in the food services industry

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Defining Future Business Operations

Today's food and beverage service enterprise leaders seek support for maximizing business outcomes and taking advantage of opportunities within their deeply connected and complex ecosystem. Yet services for companies across the value chain are typically siloed, and horizontal services wear a vertical mask and lack

the required connectivity. When it comes to food services—the sales and provisioning of food and beverages across CPG, logistics, retail, and hospitality—there are interdependencies and common goals that most providers don't understand well enough to help clients seize opportunities. Cognizant is using its digital assets and depth of food services expertise to help clients take advantage of industry subsegment-specific opportunities.

The food services ecosystem has been underserved and disconnected

Food services sector companies have industry-specific problems and opportunities, and few service providers understand and address them. The players in this ecosystem overlap, and in this sweet spot, they share common issues and interconnected business outcomes (Exhibit 1). For example, CPG companies seek customer management competency, specifically for new operating models (e.g., direct to consumer channels), and they crave the ability to quickly react to ecosystem changes. Distributors need a partner with the knowledge, tools, and assets to manage processes such as out-of-stocks, shorting orders, and re-routing. These problems do not exist solely within each industry segment's silo; they are connected across a value chain, which, until today, the service provider landscape has not been prepared to address.

Exhibit 1: **The niche food services ecosystem is interconnected**

Note: Company examples are for illustrative purposes
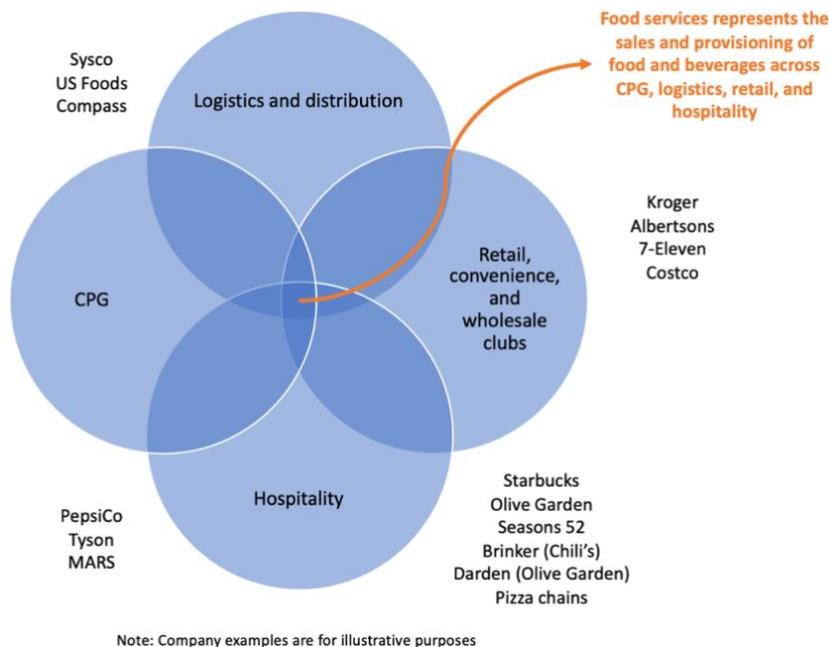
Source: HFS, 2020

The pandemic business environment has created a burning platform for change in food services

On top of the inherent disjointedness that plagues the food services ecosystem, the COVID-19 pandemic thrust each of these industries into extreme disruption. The resulting mutating business environment has accelerated some imminent changes and fired up new trends and ideas. With $9 billion in revenue and 300,000 food outlets and operators in its client portfolio, Cognizant relies on its deep domain expertise to help these companies combat disruption, change strategies, and pivot to survive and thrive in the oncoming pandemic realization phase. It tailored its portfolio of digital assets and analytics capabilities (Exhibit 2) to each industry subsegment, which helps clients focus on business metrics that matter, such as revenue, sales, product placement, and customer acquisition, instead of standard provider SLAs.

Exhibit 2: Cognizant's rich portfolio of digital assets and analytics targets food services sector outcomes

Custom solutions	Digital assets	Analytics model	Metrics that matter
B2Bsales operations (CPG, distributors)	• Customized acquisition agent desktop • Integrated real-time product suggestions • Digital ordering portal (ecommerce) integration with agent desktops for distributors	• Built-in lead prioritization • Integrations to customize offers based on information published online, such as restaurant or outlet seats, location, or cuisine • Cross-sell and upsell algorithms	• Acquisition rate • Revenue uplift • New product placement • Replenishment accuracy • Adherence to minimums and corporate ordering contracts
Delivery coordination	• Case and complaint management system integrated with field devices • Auto-escalation powered by AI and IPA	• Early warning system for disruption in distribution • Policy standardization for exception process	• Delivery exceptions such as short, delay, or skipped route • Respond and recover
Order management B2C (restaurants)	• Integrated agent desktop for centralized operations in restaurants (POS and ecommerce integration) • Client portal to onboard new franchisees, manage online agreements and terms, sign up or opt-out, view payment history, etc.	• Analytics workbench for new product placement • Smart cart for replenishment based on order history	• Revenue and order • Cross-sell and upsell rates • Uplift of revenue and store
Post-sales customer care	• Omni-channel platform integrated with CRM • Automation in email triage • IVR customization	• Personalization based on a 360°customer view • Analytics-based flagging of at-risk accounts	• Customer retention rates
Store POS support	• Offering customer portal development with POS support provides reference guides, video instructions, and planned outage and maintenance information • Online service request system with alerts and case status	• Integrated speech analytics for issue identification • Pattern identification for EWS on outages or widespread issues • Knowledgebase integrated with conversational bot to enable self-service	• POS system uptime • Issue resolution rate
Product information management	• Bot-based QA system enabling 100% QA • Product training-category management in food and beverage	• Training ML-based algorithms to find more relevant matches and improve quality to reduce fallouts and manual interventions	• Item data quality score

Source: Cognizant, 2020

Core to the offering capability is how Cognizant uses its expertise and knowledge of these industries' interconnected nuances. For example, using its insight into how distributors work to help retailers add new products, Cognizant provides analytics based on algorithms that analyze similar businesses, identify which products should be added, and estimate the revenue lift based on SKU analysis. In another example, Cognizant set up a customized digital ordering platform for a major CPG firm where one of the core benefits is a deep knowledge of the restaurant and retail landscape. The platform led to a significant improvement in acquisition rates and increased sales in digital ordering. For each of these use cases, there is a common goal of selling more products to customers and improving experiences; Cognizant aligns these shared goals and accelerates them using emerging technology.

Aligning shared objectives to unlock new sources of value is the vision of the hyperconnected enterprise

Food services represent a prime example of an industry ecosystem ripe for a shift to hyperconnectivity. HFS sees the hyperconnected enterprise as the next step beyond the HFS OneOffice Infinite Experience—a

company breaks down the barriers between the front, middle, and back offices, ecosystems align to common values, and outcomes emerge. Collaboration will drive these networks across multiple organizations with common objectives for generating completely new sources of value. Enterprises will need to be as hyperconnected and autonomous as possible within their disrupted business environments to pinpoint disruption sources and opportunities and discover how to keep reinventing themselves in response. The food services space is an example of how these connected ecosystems and networks of organizations can align to common objectives for business outcomes. Emerging technologies are making this vision of a shared economy with distributed and trustworthy information a reality.

The Bottom Line: Hyperconnectivity is the future of the agile, anticipatory food services value chain.

Cognizant is coming to the table with a breadth of expertise across this ecosystem that presents a compelling case for sharing goals across the value chain and accelerating the shift to hyperconnectivity. Its aim is right in line with our view of the next generation of the hyperconnected economy, which enables businesses to become as seamless, touchless, and intuitive as possible. The impact on the food services ecosystem could be significant; becoming more anticipatory and interactive will help companies across the ecosystem unlock new sources of value and create growth opportunities.

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Excerpt for Cognizant

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IN THE NEXT
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About HFS Research: Defining future business operations

The HFS mission is to provide visionary insight into major innovations impacting business operations, including: automation, artificial intelligence, blockchain, Internet of things, digital business models, and smart analytics.

HFS defines and visualizes the future of business operations across key industries with our Digital OneOffice™ Framework.

HFS influences the strategies of enterprise customers to help them develop OneOffice backbones to be competitive and to partner with capable services providers, technology suppliers, and third-party advisors.

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