INTERVIEW WITH CARLOS ARANGO, JANUARY 2018

Nexo spoke with Carlos Arango, Commercial Capex Director at Quilmes, about his experiences investing in connected coolers. Quilmes is the AB InBev Opco in Argentina.

Please tell us about your role at Quilmes, and what you are trying to achieve.

I look after Commercial CAPEX in the company, which covers coolers, draft beer, and post mix for soft drinks. I have under my control the cycle and lifetime of this equipment- from the very beginning when evaluating suppliers, to purchasing and defining what kind of coolers and equipment to buy; to making changes in the technical specifications that adapt to our needs. I work with finance to develop the budget, and with the sales force to tackle the challenge of where to send equipment in the market, and in what volume.

Regarding maintenance, I look after commercial and technical aspects: tracking coolers, and understanding the sales volumes. I work on better defining our technical services, managing the servicing in the field. My department also repairs equipment, and manages write-offs. Examples of measuring success include having a target of cleaning the draft beer pipes at least once a month, and processing cooler sales calls within a certain time limit.

What are the challenges you face in achieving your objectives? What part do connected coolers play?

We have many, many coolers in the field, and it's not easy to be sure that the minimum sales volume in the store is good enough. We are also faced with the basic challenge of being sure where the coolers are. To know where, exactly, each cooler is in the field; connected coolers allow us to align this information with the code or the owner of the store in our database.

Secondly, we want to try, with the information we can get from the controller, to find some metrics that help us to have a better understanding of the business in each store. The idea of that is to give us a competitive advantage.

Do you think you know what all those metrics are, or do you think you'll learn as you explore the data?

We have some ideas, some theories about how the data will help us. We are not yet sure. One idea concerns the 'invasion' of the cooler with products of competing brands; and we are also focused on knowing our market share in the store. That, to me, is important.

Another is, regarding the function of the cooler, to have a sense of the temperature in the condenser. It could help us to define if the compressor could break in the future.

Which stakeholders are involved in your project, and did you need to put any new capabilities in place?

Business information [BI] from the connected coolers is to be used in the whole sales department, including Trade Marketing; Pricing; Tap Sales; and Operations. We intend to use it in the whole department.

We are already working with KPIs in our department, and this is another way to work with them, so I found we didn't need any new capability. It's about adding new information to the current information we have, to make better decisions.

A lot of companies ask us where they should integrate the data that comes from connected coolers into their business. What is your advice?

In the beginning, we felt that it was ok to keep the information in the cloud [Nexo cloud], separate from the rest of the information in the company. But, when we really knew that the information was relevant for the business, we felt it should be integrated with our BI, and the company should have its own cloud, with all the relevant information of the company, to compare with the other information- sales information.

Our sales information should be integrated with the information of the controller, so we could have more interesting or more relevant KPIs. It's not only about the KPIs that we can develop from the controller; if we combine the information from the controller with our sales information, I believe we can create more interesting KPIs for the business.

How will you ultimately measure the success of the connected cooler program?

We'd measure success with more sales. But... not only that...

If we can make something happen that helps the consumer to perceive us as a better brand, in the long term it should impact the sales. Maybe not in the short term, but it's also a good reason to do it. We are not yet sure how to involve the controller in improving perception of the brand. But this is not only about sales. That's the obvious objective in the short term, but with the technology we will have the possibility to manage some marketing campaigns, for example.

Are there things you know now about deploying this kind of solution which you didn't know when you started?

In the beginning, I thought that it would be quicker to develop the integrated hardware and software solution. And, maybe one mistake was not trying to find help in other departments in the company to do it more quickly. One reason for that was that nobody was really sure; partly because it's seen as fashionable to have a project involving connectivity. But in general, people in the company are as yet unsure about how to benefit from connected coolers and then how to do it. It's very new, and ours is not a technology company- unlike a bank, or a software company. However, if you look at the competition, nobody else is doing it, so we hope to take advantage of the time we have spent on this subject to date.

What gaps do you see between what you still need, and what vendors in this market are providing?

There are two things. Firstly, to have a website that is really oriented to the needs of the client. Which is not easy, because I don't know what I need! So, the first challenge for vendors is to have a really good understanding of the business.

The other thing is regarding data mining, or some kind of methodology with which to classify or segment our clients. I am talking about the South America market, where it's not easy to find a partner to work on this kind of thing. We'd like to take a second step, and take things further. Profiling case studies that I've read are typically about banks, or insurance companies; it seems there is no experience in the market in working with a mass consumption market like ours.

What would you say to people who are skeptical about investing in connected coolers? We hear people say that the business case isn't yet justified, it's not proven- and they're absolutely right. What would you say?

I think the issue for people who are skeptical is more the cost of the solution; because nobody is in a position to say this doesn't work. To me, cost versus benefit is where the discussion is. We think that this is interesting and new, and that probably we should do it; but in the moment when we need to define the costs of the project, we worry that it is massive. We're talking about thousands of coolers. So, if you have a strong case to show the benefits are relevant, against the cost- there is no big argument against it.