



SUNGARD AVANTGARD PAYNETEXCHANGE CASE STUDY

The Pepsi Bottling Group

THE PEPSI BOTTLING GROUP LOWERED COSTS AND MAN-HOURS BY IMPLEMENTING AVANTGARD PAYNETEXCHANGE

The Pepsi Bottling Group Inc. has been able to reduce its overall cost to produce checks and W9's by about 25% with AvantGard PayNetExchange.

BACKGROUND

The Pepsi Bottling Group Inc. (PBG) is the world's largest manufacturer, seller and distributor of Pepsi-Cola beverages - which includes some of the world's most recognized consumer brands. PBG became a publicly-traded company in March 1999.

PBG generates nearly \$11 billion in annual sales. It operates in the United States, Canada, Greece, Mexico, Russia, Spain and Turkey, accounting for more than one-half of the Pepsi-Cola beverages sold in North America, and about 40 percent of the Pepsi-Cola system volume worldwide.

The PBG sales force of more than 30,000 customer representatives sells and delivers nearly 200 million eight-ounce servings of

Pepsi-Cola beverages per day. PBG's focus is on superior sales execution, customer service, merchandising and operating excellence.

PAYMENTS STRUCTURE

Up until 2004, PBG had printed all AP checks and W9 letters in-house. This internal function produced roughly 900,000 checks and 50,000 W9s in 2003. A dedicated production team of two and a half people worked to produce anywhere from 800 checks to over 20,000 checks in a single day. Providing this check printing service was no small feat.

By using a laser check printing solution, the process was still very complex, and fraught with manual processes. Following are just a few of the challenges the former PBG internal printing operation faced:

- The process involved an array of forms, logos, check stock, and bank accounts
- Check applications included accounts payable, customer payments, payroll, reimbursements, and commission checks with each application having unique handling requirements
- Special handling was needed to sort checks for distribution internally, at field locations, or by mail
- Expertise was required in print production, postal processing, forms design, check printing software, security procedures, MICR printers, and supply management

SOLUTION

In early 2003, PBG decided to consider alternatives to the internal production of checks and W9's. PBG analyzed the potential advantages of using a third party for check

THE PEPSI BOTTLING GROUP

Industry: Manufacturer
Environment: Centralized
Location: United States, Canada, Greece, Mexico, Russia, Spain and Turkey
Revenue: \$11 billion

SOLUTION BENEFITS DERIVED:

- Overall cost to produce checks and W9's lowered
- Less time needed to manage internal check handling processes
- Automated payments contribute to savings of 200 man-hours of labor

printing and distribution. The business case demonstrated that a third party could get the job done faster and cheaper. One of the more significant factors in the business case focused on the postal savings to be gained through a third party with access to special postal sorting capabilities and volume discounts.

With the case made, PBG generated an RFP (request for proposal) in the summer of 2003 and began evaluating potential vendors. A matrix was designed with a complete set of criteria and vendors were scored on each factor. The PBG team also made trips to numerous vendor production centers. After a thorough analysis of all contenders, PBG awarded the contract to SunGard.

“Given the special knowledge and skills required for our print operation, the right decision for us was to shift this work to a payments expert.”

Susan Cotto, Senior Analyst

In choosing SunGard, PBG would get a partner with all the key attributes needed to meet their stringent requirements:

- Web-based application allowing PBG complete visibility over all aspects of payment production
- Tight security around all processes, data and facilities
- Complete print production facilities fully capable of meeting PBG volume demands
- Process controls passing SAS 70 Type II audit
- Thorough disaster recovery plan to ensure contingent production in case of an emergency
- Demonstrated flexibility to deal with unique PBG processes and exceptions
- Reputation for superior customer service and responsiveness

With the decision made, contracts were signed in December of 2003 and a pilot project began immediately in January of 2004. With quick success during the pilot, large volume payment production was



“In the past handling exceptions has been a barrier to our considering an outsourcing solution. But SunGard has proven to be a flexible partner capable of meeting our needs. SunGard has been service oriented, creating solutions that solve our business needs and add value to our overall process.”

*Tim Eremin, Manager of Information,
Financial Operation*

transitioned to AvantGard throughout the remainder of 2004.

RESULTS

With the vast majority of payments now being produced and distributed by AvantGard, PBG has realized significant benefits, including the following:

- The overall cost to produce checks and W9's is lower by about 25%
- The decision to use AvantGard has freed PBG's Financial Operations staff to focus on other areas. While two and one-half full time people were required before, now only three quarters of one person's time is needed to manage internal check handling processes
- AvantGard has proven flexible and creative in automating PBG payment processes. For

example, paying Full Service Vendor commissions used to be a labor-intensive job requiring the folding and stuffing of commission statements to accompany checks. AvantGard automated these payments, printing commission information on check stubs and saving PBG 200 man-hours of labor in the process

OVERVIEW

The Pepsi Bottling Group Inc. has been able to reduce the cost of check production and improve usage of manhours with AvantGard Payments.

SOLUTION BENEFITS

- Overall cost to produce checks and W9's lowered
- Less time needed to manage internal check handling processes
- Increase staff efficiency

ABOUT AVANTGARD PAYMENTS

The AvantGard Payments solution offers a unique payments suite of electronic payments and check printing solutions. AvantGard streamlines the processing of payments helping to improve routing, connectivity and integration; reduce transactional and operational costs; increase security; and improve the management of payment information, exceptions, and statement flows.

ABOUT AVANTGARD

SunGard's AvantGard is a leading liquidity management solution for corporations, financial institutions and the public sector. AvantGard provides chief financial officers and treasurers with realtime visibility into cash flows and increased operational controls around treasury, receivables and payments management. The solution aggregates data for a single view of cash, drives productivity through automation, and fosters collaboration between trading partners. For more information, visit www.sungard.com/avantgard.

ABOUT SUNGARD

With annual revenue of \$5 billion, SunGard is a global leader in software and processing solutions for financial services, higher education and the public sector. SunGard also helps information dependent enterprises of all types to ensure the continuity of their business. SunGard serves more than 25,000 customers in more than 50 countries, including the world's 50 largest financial services companies. Visit SunGard at www.sungard.com.

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