



CUSTOMER SUCCESS PROFILE

Del Monte

Del Monte Foods is one of the country's largest and most well-known producers, distributors and marketers of premium-quality, branded food and pet products for the U.S. retail market—generating more than \$3.4 billion in net sales in fiscal 2007. With a powerful portfolio of brands including Del Monte®, StarKist®, S&W®, Contadina®, College Inn®, Meow Mix®, Kibbles 'n Bits®, 9Lives®, Milk-Bone®, Pup-Peroni®, Meaty Bone®, Sausages® and Pounce®, Del Monte products are found in nine out of 10 U.S. households. The Company also produces, distributes and markets private label food and pet products.

The Challenges

Jim Stokes, senior manager of the Strategic and Global Sourcing group at Del Monte, and his team are responsible for developing and facilitating the global team to become more strategic with regard to all raw materials spend—including all ingredients and packaging such as steel, resins, and paper-based varieties. While Del Monte's chief procurement officer, Dave McLain, manages more than \$1 billion in cost of goods sold, optimizing MRO spend was not an easily attainable goal due to data requirements.

In the past, the Del Monte team successfully managed PPV—its number one metric for procurement, through its ERP system. The team knew, however, that it needed to engage various internal resources—such as IT and AP—in order to capture additional spend information.

The team required better overall visibility into its spending to know what they were buying and from whom. They also needed better reporting capabilities to successfully track financial metrics.

The Solution

To address the above challenges, Del Monte implemented Ariba Spend Visibility®. The solution provides Del Monte with timely access to category cost data—allowing it to significantly improve efficiencies organization-wide.



“Ariba provides us with the tools we need to gain improved visibility into our spending activities and more effectively manage our total costs.”

Dave McLain
Chief Procurement Officer
Del Monte



807 11th Avenue
Sunnyvale, CA 94089
1-650-390-1000
www.ariba.com

Ariba Spend Visibility enables Del Monte to have a total picture of its spend—which is a tremendous benefit when negotiating with suppliers. To date, Ariba has helped Del Monte to enrich more than 98 percent of its spend data. The supplier parentage reports provide the team with necessary data for more successful negotiations.

"Ariba provides us with the tools we need to gain improved visibility into our spending activities and to more effectively manage our total costs," said McLain. "In expanding our use of Ariba's solutions, we will become more strategic and proactive in our sourcing processes."

Ariba Spend Visibility also provides supplier enrichment and item visibility into MRO and indirect spend across the enterprise. As a result of Ariba, Del Monte now has a good view of its indirect spend and is executing strategies for MRO and other indirect categories. The team is also using Ariba Spend Visibility reporting capabilities to manage a supplier-item approval process. Del Monte can now aggregate indirect spend, and slice and dice it by UNSPSC and SIC codes in order to negotiate savings in those indirect areas. In short, implementing Ariba Spend Visibility has allowed the Del Monte team to be able to successfully transition to the next generation of managing its MRO spend.

"The MRO reports can illustrate from the plant level, to a supplier, down to a specific part number for price variation and identify opportunities for standardization and managing off-contract spend," said Ed Bergstrom, Manager of MRO Procurement.

Future Plans

Del Monte's future plans include marrying market and economic data to item-level transactions to become even more strategic with regard to sourcing activities. Today, the Del Monte team uses Ariba Spend Visibility in the

Strategic and Global Sourcing group but plans to roll the solution out to other functions such as Finance and IT for enhanced collaboration and consistency. By working collaboratively with Finance, for example, the buyers will work on the same information that the Finance team uses to assess performance. The result will be a seamless process that will deliver even greater efficiencies.

"The flexibility of the Ariba Spend Visibility solution has been very valuable in the Procurement Department's collaborative efforts at Del Monte," states Stokes. "As an example, we are using the system to manage Del Monte's Supplier-Item Approval process which is a process managed between Quality Assurance, Research & Development, and Procurement."

The team also plans to implement the function of managing purchase price variance. To achieve these future goals, though, Del Monte recognizes that it can only move as fast their data.

About Del Monte

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Del Monte. Nourishing Families. Enriching Lives. Every Day.™

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