



Digital Transformation Pathways in Consumer Packaged Goods

A practical guide for CPG leaders to make an impact in critical areas



A woman in athletic wear is running on a paved street. In the background, there is a large, multi-story building with many windows and a decorative metal railing. The scene is overlaid with a semi-transparent blue filter.

Digital Transformation is a marathon, not a sprint.

Because every CPG organization is unique, digital transformation can be achieved through multiple pathways..

A marathon, not a sprint

Every CPG organization is in the race to transform digitally. This did not happen by chance, but rather as a consequence of two forces that trace their beginnings to the advent of digital in the early 2000s: the rise of the digital consumer and, by extension, the mass adoption of the digital marketplace. In many ways, CPG was at the forefront of this revolution as the industry hurried to meet its consumers through e-commerce and digital advertising while monitoring social media engagement and online reviews.

Fast forward to today and it's often thought that continuing to transform digitally must be achieved in sprints: modernizing every workload,

grasping for every piece of data, or enlisting the latest point solutions.

In a recent article, Dr. Venkat Venkatraman, Professor of Management at Boston University, argues that digital transformation is such an overused term that it "loses its power to be the glue that drives organizations forward."

In fact, the marathon is a better metaphor: a series of strategic investments and actions that combine to help drive a unique organizational vision. It's a long-distance race that includes reinventing the business and reallocating key resources. Importantly, it "starts with steps to recognize and respond to inherent

traps that prevent change."¹

Digitization and digitalization are enormous initiatives, and there is no one-size-fits-all solution. Because every CPG organization is unique, achieving digital transformation can be reached by multiple routes or pathways.

Research has found that while these pathways represent a critical pursuit, it's not easy—only 33 percent of organizations successfully meet the challenge. But those that do tend to make big strategic bets and are rewarded with significant revenue growth and 14 extra points of total shareholder return, on average.²

1. "[How to Make Digital Transformation More Than a Catchphrase in Your Organization](#)," Venkatraman, 2022.

2. BCG, [Digital Strategy Roadmap](#).

A photograph of a person running a marathon in a vast, sandy desert landscape under a clear sky. The runner is in the lower right foreground, leaving a trail of footprints behind them. The sand dunes stretch out towards the horizon, creating a sense of a long, arduous journey.

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In the running: Convergence of three critical disciplines

Veeva



In the early stages of digital transformation, sales and marketing organizations within CPG took the lead, driven by the need to adapt to a disruptive change in consumer behavior. Meanwhile, teams that were focused on product **Quality**, **Regulatory**, and **Safety**—all hugely important to the consumer trust of the brand—remained at the back of the pack. These areas were traditionally viewed as back-office, risk-averse cost centers. The way CPGs were conventionally structured, and because of insufficient technology investments, they became siloed.

Today, Quality, Regulatory, and Safety are moving to the forefront of product development efforts. They've grown more substantive to the core of what a CPG company is

and the value proposition the brand presents to customers.

Consequently, they are now an essential part of CPG digital transformation. There is almost nothing that Quality, Regulatory, and Safety do not touch in the CPG industry: consumer experience, brand trust, product differentiation, innovation speed, and cost of quality (COQ).

Quality, Regulatory, and Safety are critical for differentiation, especially in an industry

like CPG where the barriers to entry for new competition are lower than in the past. They also need to be connected.

In CPG, speed is paramount. Given the rapid pace of digital, cloud, and decision-making—along with ESG

initiatives and demands for sustainability and transparency—these disciplines can no longer remain fragmented. It's become a necessity for CPG organizations to bring Quality, Regulatory, and Safety closer together as they assess the next stage in the digital transformation race. For example, product advertising claims drive product differentiation and consumer value, but claims typically demand specific product and raw material requirements. This then requires transparency, not just through R&D and manufacturing, but all the way along the supply chain. Similarly, changes to regulatory rules, like the New York State dioxane restriction, require transparency and collaboration throughout the organization and supply chain.

Gaps and traps: Knowing where to go and avoiding pitfalls along the way

As on any journey, obstacles and hazards are common features of digital transformation in the CPG industry. Having an awareness of these while keeping an open mind allows CPG leaders to better navigate the twists and turns so that transformation efforts don't run off the track.



GAPS

Delivering on brand promise

Consumers and broader society are demanding product transparency; what they buy must be safe for their families and the planet. Yet many CPG organizations suffer from silos throughout the supply chain, downstream to upstream. For CPG leaders to make and back up claims about their products, ensure quality that lives up to brand standards, and comply with regulations, they need traceability and transparency end-to-end. This area is ripe for disruption.

Supply chain collaboration

Collaboration, data sharing, and co-innovation with suppliers is key. Yet today, this process remains remarkably inefficient, and CPGs lack the tools that help them connect with suppliers along the supply chain. A robust feedback and communication engine between entities means you will better meet each other's requirements and, as a logical consequence, evolve better, more innovative products.

Access to information anytime, anywhere

Smart, talented people are assets to CPG organizations, yet much of their potential remains untapped when they're wasting time and cycles looking for information that's available yet inaccessible and fragmented. This leaves money on the table and has no place in digital transformation when you have the ability to create company-wide access to the correct information, content, education, and processes.



TRAPS

Relying on old ways of working to solve new challenges

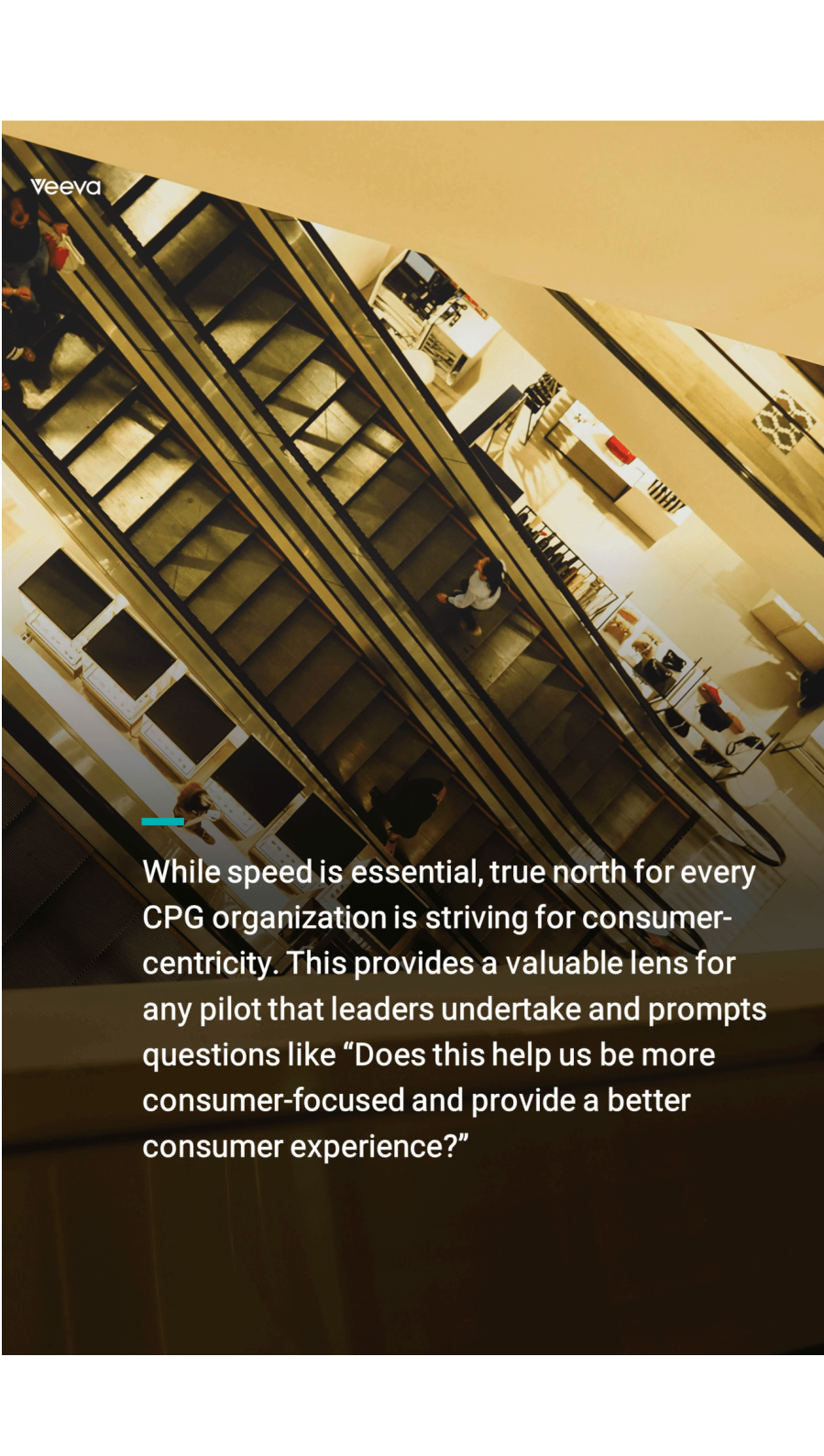
Operating under the assumption that today's technology partners should be tomorrow's partners is making a choice based on heritage rather than market realities. To bring together Quality, Regulatory, and Safety, systems of engagement and collaboration are needed, not systems intended for transactions. Horizontal solutions add cost and customization.

Focusing on quantity of data rather than quality

CPG leaders attempting to capture and collect every 0 and 1 often become overwhelmed and paralyzed. Focusing on the right data from specific, measurable use cases helps leaders make faster, more informed decisions around managing Quality, Regulatory, and Safety.

Using too many disconnected tools

Point solutions are services or software that solve one particular problem without regard to related issues. There are CPG organizations that use well over a thousand of these to solve different challenges in fragmented ways. That technical debt is hard to unwind in a world where companies are moving toward a smaller number of enterprise-class connected systems to create more visibility, agility, and productivity.



While speed is essential, true north for every CPG organization is striving for consumer-centricity. This provides a valuable lens for any pilot that leaders undertake and prompts questions like “Does this help us be more consumer-focused and provide a better consumer experience?”

Think big, start small, scale fast: Finding the right entry point

Another trap is overarching: CPG leaders often continue along a digital transformation pathway with the right intention but either bite off more than they can chew or don't invest in the resources required to make a measurable difference. It's important to find the balance between starting too narrow, where the effects are negligible, and going too broad, where any adverse effects can turn into a major setback.

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consumer-focused and provide a better consumer experience?”

As an example, for any CPG organization, manufacturing represents the lion's share of the company infrastructure. Chief supply chain officers have many competing investment priorities. Yet, when considered from a true north perspective, product quality rises to the top as the only direct impact on consumer experience. **Investing in a pilot that helps the manufacturing organization make product quality a top priority could have an enormous benefit for the brand.**

For a pilot to be meaningful, you will want to aim for critical mass, where results from testing will be compelling enough to indicate success or failure—a pilot with a handful of people in a \$50B organization will not be as effective as a 250-person pilot in multiple geographies across a meaningful percentage of the business.

We will now show you three examples to demonstrate how you can launch a successful pilot that starts with a portion of the business that can bring together the disciplines of Quality, Regulatory, and Safety in a consumer-centric way.

Which Digital Transformation Pathway Will You Take?

Examples from leaders in CPG who worked with Veeva on **Supply Chain Collaboration, Document and Data Management, and Product and Raw Material Compliance.**

Which digital transformation pathway might you take?

Critical areas where functional leaders can make an impact:

- 1 / [Supply chain collaboration](#)
- 2 / [Product and raw material compliance management](#)
- 3 / [Document and data management](#)

Supply chain collaboration

Significantly reduce supplier risk while building a compliant, cost-effective, and continuously improving supply chain.

Modern quality management and product stewardship no longer stops with the four walls of your company. The CPG value chain is now so connected that the quality failure of a supplier can be as costly as the failure of your own quality system. But traditional methods of assessing and qualifying raw materials and collaborating with suppliers on quality management processes are burdensome and time-consuming. Plus, they distract from your own team's quality and product compliance objectives.



PATHWAY IN ACTION: RECKITT

Consumer hygiene, health, and nutrition leader Reckitt is partnering with Veeva Systems to realize Reckitt's vision for its Quality function's digital transformation. Previously, Reckitt had over a dozen disparate quality systems within the organization and was, therefore, inefficient.

Reckitt decided to partner with Veeva Systems to develop a solution using the Veeva QualityOne quality management platform. By next year, Reckitt expects to be running over 12 key quality processes, with more than seven global integrations, on Veeva's platform.

By adopting Veeva cloud solutions, Reckitt is establishing a modern technology infrastructure that allows people and processes to operate with agility and speed, without compromising quality and compliance. This digital transformation effort improves collaboration throughout the organization and enables greater transparency and agility.



Veeva is an excellent technology partner for us. They are agile and empower us to focus on all the right things. They're driving the strategic thinking and inspiring and motivating us to think long-term."

Breda Quinn, Global Transformation Quality Director, Reckitt

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DIGITAL TRANSFORMATION PATHWAY 2

Product and raw material compliance management

Accelerate time to market by flexibly adapting to changing customer and regulatory requirements.

Demand for trusted and transparent products has increased drastically. Consumers want to know how a product might affect their health, the quality of its production processes, and the sustainability of its ingredients. Government and non-governmental organizations are responding in kind with new regulations, standards, and labels. Reducing time to market while meeting these evolving consumer preferences and shifting compliance requirements puts tremendous pressure on CPG Product Compliance teams.

“If you truly want to do compliance as a competitive advantage, as a way to enter markets faster and be first-movers, you can only really do that with technology.”

Vice President, Global Quality Center of Excellence



PATHWAY IN ACTION: GLOBAL COSMETICS COMPANY

A top-five global Beauty and Personal Care company sought to partner with Veeva to break down silos and continuously improve processes, increase collaboration, and maximize total compliance across the value chain. This meant rethinking and reshaping legacy business processes: consolidating 483,000 product registrations into a global single source of truth, streamlining registration processes, improving forecasting, and increasing compliance across 33 brands and 53 markets. Teams also needed digital solutions that could facilitate global harmonization without infringing on local and regional flexibility.

One of the benefits of Veeva's cloud platform and regulatory application is its flexibility to adapt to meet unique business needs. In the early stages of this project, the Veeva team worked collaboratively to configure the solution to handle the scale and complexity of such an extensive global product portfolio.

The success of the initial project was capitalized upon in subsequent projects, giving the joint team the confidence and mutual trust to explore transforming other business areas. Now, Veeva's configurable platform and applications are enabling corporate teams to establish a single source of truth for numerous departments' global content, data, and processes. The result is significant operational improvements, cost savings, and accelerated speed to market.

Document and data management

Capture, standardize, and centralize critical product stewardship and quality management content on a single platform.

Regulatory and Quality teams can spend nearly 50 percent of their time managing information. Much of that time is spent on non-value added activities such as finding documents, manually reentering data, or verifying information with suppliers, customers, and the business. This is because required information is scattered across spreadsheets or locked in complex transactional systems that are fragmented, inconsistent, and hard to access.



PATHWAY IN ACTION: GLOBAL CPG ENTERPRISE

To maintain its foundation for guaranteeing that its over 3 billion consumers consistently enjoy safe, high-quality products, a top-five global CPG company needed to ensure that its 50,000-plus employees follow standard procedures. This could be achieved only by creating a transparent, accessible, and business-enabling business-practice knowledge base.

To meet this goal, the organization deployed Veeva Document Control to every employee. By unifying all global standard operating procedures in a modern, enterprise-scale, single system of record, the CPG company was able to drive efficiency and compliance at full scale.

Employees enjoy powerful search, filter, and review tools in a system that organizes and manages content templates, versions, and lifecycles in true product and business context.

As a GxP-compliant, validation-ready system, Veeva Document Control was able to meet the standards of every business, from drug and medical device manufacturing to biocidal, household, and other consumer products. Furthermore, this company was able to unify controlled content management with critical business processes, including global change controls, complaints, audits, and regulatory compliance.

Every vision needs a leader

Digital transformation is a difficult undertaking. It is sometimes hard for CPG leaders to make the business case, which can involve large sums of money and is not guaranteed to succeed. One differentiator that drives fast-moving succeeders in the CPG industry is having senior leaders who are engaged in a vision for using new technologies to transform the business and move beyond traditional ways of working.

Determined, thoughtful leaders who understand the power of digital throughout areas like R&D, Quality, Regulatory and Product Claims, and Safety can make a real impact on the business after launching and leading a successful pilot. Functional leaders in these disciplines, who know the lay of the land, and are often in the trenches, should consider presenting their ideas for change to senior leadership. It's important for functional leaders to have a clear vision—and supporting hypothesis—about the future and be able to articulate what needs to be done now and why. The most successful leaders will focus on an important problem and feel conviction about a partner with whom they can build a strong, long-term relationship.



The final stretch is often the most challenging

Many CPG companies have made substantial progress in digital investments like optimizing manufacturing, improving communications and collaboration, digitizing processes, centralizing systems, and training and upskilling teams to work in a more productive environment. Now, the industry may be nearing a critical stretch that organizations need to complete to manifest the opportunities that come from those investments. And in a world of lowered barriers of entry, fast followers, and agile disruptors, the final stretch is often where the winner emerges.

But many of these hard-won advancements can be throttled or

squandered if there are significant roadblocks in the three key areas of Quality, Regulatory, and Safety. Companies attempting to meet the demands of these disciplines with fragmented point solutions are likely to run into challenges because it's not easy to integrate these efforts across the stack. There is a real advantage to having a single partner and a unified system that runs alongside you for the entire race.

While it remains true that CPG organizations need transactional solutions to help run the business, they must also complement these with collaborative solutions that break down internal silos. Collaboration systems also

accelerate the ability to get safer products to market faster and deal with modern complex consumer requirements.

Everything you've put into place along your digital transformation journey has prepared you for the now—for the opportunity to leverage the power of digital for Quality, Regulatory, and Safety—and confidently fly past your competitors along your own digital transformation pathway.

Veeva

To explore which digital pathway is right for your organization, contact one of our CPG digital transformation experts for a complimentary assessment of your organization's challenges and opportunities.

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