Carlsberg brews innovation with cloud

Carlsberg transitions to a digital business with a scalable, flexible cloud infrastructure and automated application landscape.

A move to cloud is necessary

Carlsberg was struggling to grow in an environment characterized by rising costs and evolving tastes. Consumers were shifting consumption from beer to wine, spirits and craft beers—or moving away from alcoholic beverages altogether. Traditional brewers like Carlsberg were left to compete in a market that was growing steadily smaller. And they had to spend more to do so.

To break away from the pack, Carlsberg knew it needed to take drastic action. The company's CEO spearheaded an ambitious seven-year strategic plan, dubbed Sail '22, which had two main goals. The first was to cut operational costs by one-third to increase working capital and shareholder dividends. The second was to invest those savings in future growth. Achieving both objectives required Carlsberg to become more agile and responsive.

Its leaders knew Carlsberg's future rested on its ability to transform into a digital business, and they were confident that a move to the cloud was a necessary step in their transformation.
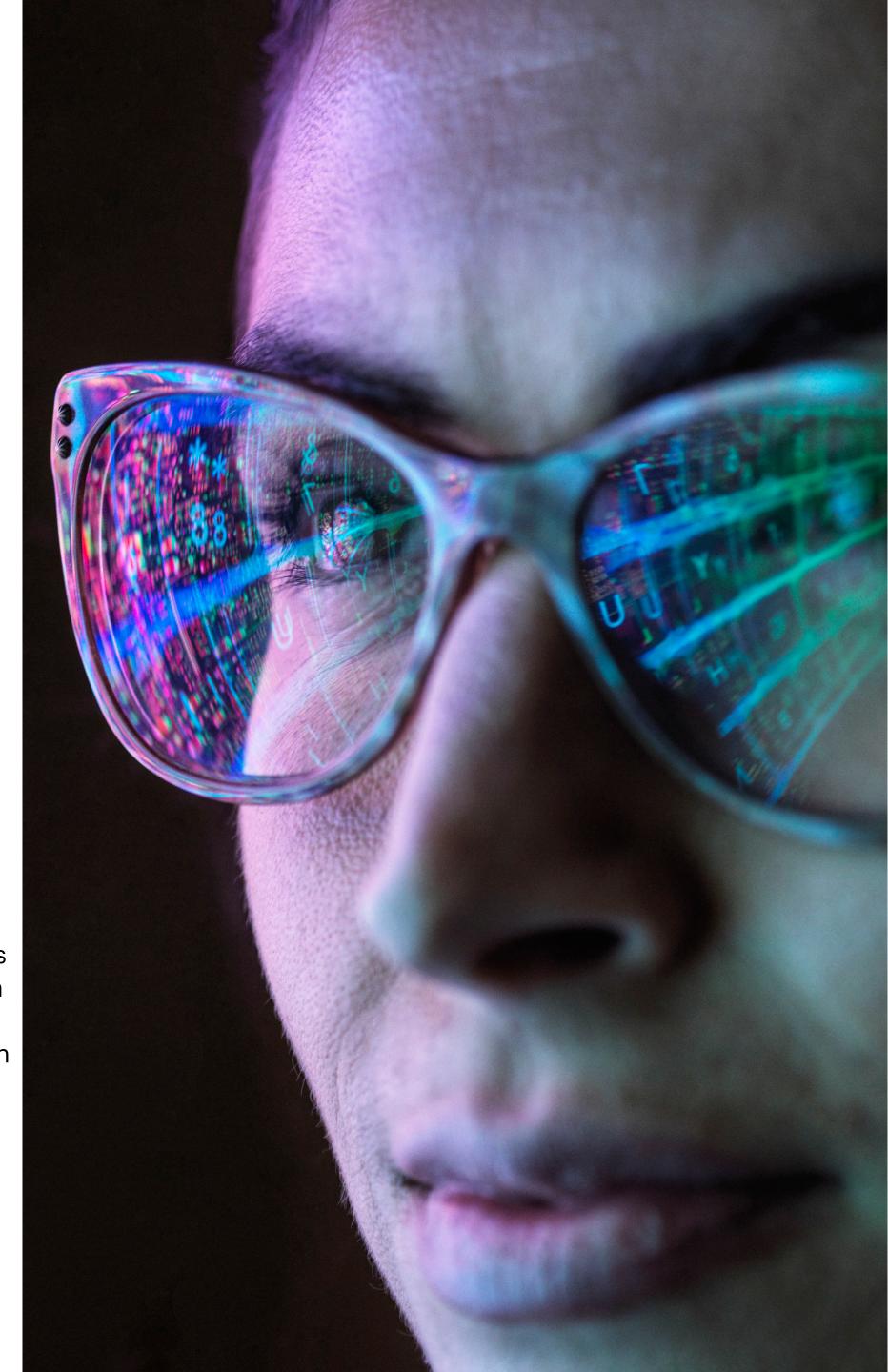
The challenge was that they had not used cloud before in any of their operations and didn't know which approach made the most sense, given that a history of acquisitions had left them with a highly fragmented technology landscape.

Transforming to a digital business with cloud

Since Accenture brought deep cloud expertise and was already working with the brewer to optimize its SAP applications, the two joined forces to map out Carlsberg's transformation to the cloud.

Its ultimate goal was to create a nimble, simplified digital business characterized by intelligent operations: data, applied intelligence and human ingenuity combined to drive better decisions, customer experiences and outcomes. Accenture Technology and Interactive professionals quickly jumped in to provide guidance on the creation of an overarching digital strategy. The vision included a highly agile ERP environment based on SAP, an advanced DevOps capability able to drive fast innovation, automated processes to reduce time and costs, and new Edge computing technologies to support the Internet of Things (IoT) as well as new customer solutions.

Moving to the cloud was the critical first step to carrying out its digital transformations and achieving its goal of intelligent operations. But the brewery group was not planning a typical cloud migration; it wanted to transition 100% of its global process workloads—previously managed with legacy systems and an on-premise data center—to a cloud environment. The solution would represent one of the largest and most complex transitions ever undertaken in the food and beverage industry. Given the scope of change at play, there was not a moment to waste. According to Sarah Haywood, CIO of Carlsberg, "In this day and age, companies are built in months, not years. It was critical that we moved quickly so we could start adding value fast."

"The people Accenture put forward to help were just as passionate about what we were trying to achieve as we were. Also, because Accenture had no legacy infrastructure to protect, the company was able to provide the unbiased guidance we needed when it came to evaluating and ultimately choosing the right cloud solution."

In just eight weeks, a team comprising Carlsberg and Accenture Technology professionals developed a one-of-a-kind cloud strategy and selected Microsoft Azure as the cloud platform of choice. As Haywood pointed out, Accenture's agnostic approach was just what was needed.

Tapping the robust ecosystem of Accenture alliance partners, Avanade and Microsoft, Carlsberg built its Azure architecture in just 10 weeks, embedding automation and innovation wherever possible to create better service quality and user experiences. In just six months, Carlsberg migrated 1,300 servers and 650 critical business applications to the cloud. The global migration occurred in three waves—the last of which involved moving 40 terabytes of data—and was completed with no disruption to the business.

With the Azure infrastructure in place and securely managed via the Accenture Cloud Platform (ACP), Carlsberg was able to begin its transition to a truly digital business. Workshops at the Accenture Innovation Hub in Milan helped the client visualize the potential of using cloud to connect consumers, ecosystem partners, suppliers and employees in new ways.

When tech meets human ingenuity

Ultimately, Carlsberg zeroed in on transformations designed to enhance customer experiences, improve agility in local markets and gain greater customer insights.

They included:

- An **application transformation** focused on reducing technology costs and optimizing the application landscape. A number of applications were either retired or consolidated; SAP and non-SAP applications were optimized and prioritized for their move to the cloud. As a result, Carlsberg became one of the first companies in Europe to close its datacenter.

- A **"connected bar" solution** that introduced a new, sustainable, lighter-weight beer keg outfitted with IoT sensors to gauge real-time consumption and link consumption directly with marketing campaigns—a first for the company. The solution has not only helped Carlsberg streamline its distribution of kegs but also gain real-time insights into the effectiveness of its localized (i.e., city- and region-specific) marketing campaigns.

- A **"smart brewery" solution** that uses IoT sensors to identify problems during the production process and automatically issue maintenance requests. The solution, currently in development, is designed to minimize maintenance delays and service disruptions and optimize production to meet customers' needs while maintaining a strong focus on quality.

- A **service delivery transformation** that included setting up a new service desk, standardizing processes, applying intelligent tools and automation, and optimizing team configurations. Using the Accenture Cloud Platform to manage the new cloud environment will keep improving Carlsberg's IT service effectiveness and efficiency.

Nearly 8,000 Carlsberg users now access the company's main business systems, including SAP supply chain and marketing, via the cloud. The secure solution is enabling the brewer's professionals to focus on strategic priorities such as building the brand in emerging markets and responding more quickly to local market demands. Additionally, the cloud transformation has been accompanied by a talent transformation. Carlsberg is taking advantage of Accenture's Open Innovation Network and alliance.

100% in the cloud=unlimited innovation

Today, Carlsberg has the scalable, flexible cloud infrastructure and the simplified, automated application landscape needed to support its transition to a digital business. It has also shifted 100 percent of its systems and applications from a legacy to cloud environment. Major system incidents have already dropped from an average of 13 per month to just five. Better reliability, security and disaster recovery capabilities are just the beginning. With the cloud's variable cost model, Carlsberg has been able to significantly reduce operating expenditures and achieve the benefits of the business case.

Another key advantage is the freedom to innovate and experiment. Carlsberg now has the ability to operate much more quickly. It is launching new initiatives and campaigns in hours, rather than months. As Ms. Haywood explains, "With cloud, our network capacity is 10X what it was, which means our users experience much less latency. The use of self-service and bots, which respond to natural-language questions, is far beyond what we had before. The commodity-style services we receive are fast, cost-effective, reliable and flexible. All this means our people get to focus their brainpower on those things that make a difference for our customers and consumers. And that is closing the gap between our technology and our business."

The ability to develop IT solutions quickly, with certainty, is allowing Carlsberg to deliver more satisfying user and customer experiences. In short, the move to the cloud has freed up savings and laid the foundation for growth.

And the best is yet to come: With its new cloud platform and an optimized application landscape, the company will continually look for ways to use its new computing environment to achieve greater efficiencies and grow its brand in new markets. Accenture, which recently renewed its strategic partnership with Carlsberg through 2025, will be with the brewer every step of the way—capturing the full potential of SAP, squeezing more value from the cloud, and creating innovative services and solutions that set Carlsberg apart as a leader in the digital world.

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