

milestone report

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Developing Australian Country Choice's capability to implement a marketing strategy using data and insights (Stage 1)

Milestones 5: Collaborative Marketing strategy development and implementation

- Commercial in Confidence (Australian Country Choice & MLA) -

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1 Project Background

Australian Country Choice (ACC) and MLA Donor Company (MDC) agreed to progress a Collaborative Marketing capability building Program over a three year period commencing in October 2019. The program is designed to support the development and implementation of ACC's marketing strategy in both the domestic and global markets. The specific focus of the program is the utilisation of data, insights and design led innovation approaches to identifying new markets and customers to drive profitability - in particular, to drive High Value beef exports. It is noted that in addition to the development of new high value products to meet customer demand, the program may also extend more broadly into the ACC's business activities where opportunities to innovate red meat markets are identified.

The Collaborative Marketing Capability building Program will be overseen by a joint ACC / MLA Steering Group and implementation will be managed by a team comprised of ACC, MLA and external resources as required. This project provides support for a full-time (i.e 1 FTE) ACC Marketing and Insights Supply Chain Manager for an initial period of three years with an option to extend to a second three-year term based on overall progress of the program and projects. As the program strategy evolves it is anticipated that specific R&D projects will be developed, and additional resources to support these projects will be considered as required. Each individual R&D project will be contracted via a separate schedule to be attached to the Collaborative Head Agreement.

- ACC's business as a dedicated supplier to a single client is transitioning with an opportunity for ACC to develop new business underpinned by a branding strategy to supply new customers with a range of new beef products.
- ACC is currently supplying half-volumes of product to their existing customer over a 3-year transition period (commenced 2018), allowing ACC to start to supply new domestic retail clients.
- ACC developing the new final structure for the Sales and Marketing team to service its new client base. Initially ACC started looking at multiple customers, and more recently considering 1-3 channels to market (with a maximum of 3 primary customers). ACC reviewing what resourcing will be required to meet future export & domestic customer needs (i.e., structure and resourcing will be informed by the branding strategy).
- A primary focus will be on total carcass utilisation. ACC's priority was to understand China markets and test assumptions on what ACC has been told on recent visits to China from discussions with potential new customers. ACC requesting MLA's help to better understand various markets and the potential size of those markets.
- MLA provided an overview of global & domestic markets, segments, and consumer information. MLA demonstrated developing a beef branding strategy through a guide study process. Types of data available were presented to assist development of a beef branding strategy (Session 1). A session was also provided on data in action with an example of MLA portfolio management tool(s) - 'Where to play & 'How to win' (Session 2).
- Discussion - How could ACC access data & information to further develop & refine their branding strategy? How could ACC transition to branded beef & required steps? What are the required ACC resources & timeframes?
- Opportunity to collect & collate ACC data to swap existing "Which country matrix" trade data with ACC's own data and create an ACC Portfolio Map and portfolio strategy.
- ACC reviewed the branded beef proposal and advised of concerns with protecting their IP (& data) and the limited scope to develop ACC's capabilities. ACC advised they would not be progressing the proposal, including cancelling the scheduled CIRC Consulting workshops and subsequent CIRC assistance to develop the draft ACC Marketing strategy.

- Priority is for ACC to build in-house capability in the medium to longer term through a collaborative program with MLA. This would include ACC leading the strategic planning process, underpinned by business analytics and consumer, customer and market insights and embed internal capability to monitor market opportunities, undertake scenario planning, advanced analysis and planning.
- To develop internal capability, it is envisaged that a Senior Business Analyst resource will be required to work with, and across, the ACC Analytics team. ACC will look to build their Analytics team (including current co-funded digital offices and potential new supply chain roles), and this group would provide independent (of CEOs) analytical services to Production & Agribusiness groups.
- In the short term, ACC would i) Draft the Marketing Strategy on a Page (SOAP), ii) provide data and input into analyses, and iii) commence recruitment of an external resource equivalent to senior business analyst skills.
- ACC requesting support from MLA to develop long-term internal capability by co-funding a medium to long term dedicated resource (subject to MLA & ACC approval).
- The overall objective is for ACC to develop capability to enhance extension and uptake of business and market information and insights for greater adoption across ACC operations.
- A Stage 1 project is proposed to:
 - ACC to develop Draft Marketing Strategy on a Page (SOAP). MLA to provide SOAP template as general guidance.
 - MLA to provide facilitation support for an initial workshop with the ACC branded beef project group. Workshop purpose is to outline steps required to develop a branded strategy (including a focus on 'where to play' and 'how to win' questions).
 - ACC to provide data and input in support of strategy work and will lead the development of the strategy.
 - Recruitment and placement of an external Senior Business Analyst resource who will have a key role in supporting Management in the development of the strategy.

2 Project objectives

2.1 Objectives

The primary focus of the Marketing and Insights Supply Chain Manager role is the implementation of the agreed ACC/MLA Digital Strategy across ACC's sales and marketing business. It is anticipated that this Digital Marketing Manager will focus particularly on managing on the ACC digital priorities and will also co-ordinate the sales & marketing focus areas of the Digital Strategy.

The major activities to be undertaken by ACC's Marketing and Insights Supply Chain Manager include:

- Market and insights intelligence and analysis in targeted high value domestic and export markets
- Implementation of design-led approaches for customer services – value propositions that consider desirable-viable-feasible criteria
- Scanning exercises of new innovative product, packaging, technology and processes and business model designs
- Trade shows and industry events to evaluate new innovative products
- Capture, collate and analyse consumer and market trend data to provide insights to new products and packaging to meet customer demand
- Product demonstrations to new and prospective customers of new product and packaging concepts based on market and consumer trends/insights.
- Insight and data analytics capability and skill development

- Study tours of key international and domestic retail and food service markets of innovative products, processes, technologies, and packaging
- Facilitated workshops on where to play? How to win?
- Liaise with suppliers, customers, end users and consumers to identify and maximise data sharing arrangements to drive a demand driven marketing strategy
- Develop strategies to maximise digital data to drive effectiveness of Company marketing strategy

Ongoing support for this role by MLA will be contingent upon:

- There is clear evidence that the role is a dedicated full-time Digital Marketing Manager role who is delivering company and industry benefit.
- The joint ACC/MLA Steering Group is satisfied with progress and agrees to continue the program at each of the annual go/no go decision points.

The Marketing and Insights Supply Chain Manager satisfactorily undertakes the full range of activities as described above (or as varied and agreed by ACC and MLA). It will provide an invaluable case study for the remainder of industry. The process, tools and material developed would become available for use in the wider industry. Industry will also be able to feed into this project tools and extension materials for testing and verification. Critically, this project will allow for the impact of the adoption of feedback to be quantified which will help drive similar models across industry.

2.2 Expected Outcomes

The contribution of the ACC's Marketing and Insights Supply Chain Manager to the overall success of the Marketing Strategy will be determined by:

- Evidence of effective implementation of ACC's red meat high value growth strategies in both the domestic and global markets to be achieved via a range of innovative products, packaging, processes, and value chain concepts. Metrics to be finalised – likely to include:
 - increased % / number of red meat new products presented at range reviews
 - increased procurement volume of red meat (% of protein supply)
 - increased value of issue price to customers – transforming input red meat value
- Quantifiable improvements in company marketing measures (as agreed)
- Efficient project delivery in accordance with budgets and timelines
- Quality of reports
- Contribution to Insights to marketing events and network meetings

2.3 Accountabilities (to be determined as part of Stage 1)

The major activities to be undertaken by the full-time ACC Marketing and Insights Supply Chain Manager include:

- Participate in the development of a comprehensive ACC marketing strategy across the key business priority areas identified above.
- Assist in developing and monitoring key performance indicators and other measures of impact as agreed.
- Ongoing synthesis, analysis and interpretation of data and information from multiple sources, spanning supply and demand.
- Demonstrate thought leadership across markets that is relevant and anticipatory in nature
- Increase ACC business knowledge and adoption of data and insights to inform strategy.

- Develop practical tools that make business and market insights meaningful and valuable to ACC management and leaders, including the translation of data, research, and insights into materials suitable for trade marketing, business development, and business planning and production purposes.
- Adding value to decision making via the generation of broad and market/region specific insights.
- Delivering impactful and potent market profiling.
- Identifying market specific opportunities and implications for ACC.
- Identify strategies based on consumer, channel, and category insights, and recommend programs that build preference for and improve demand for ACC product.
- Develop business projections that factor in both supply and demand and make use of all available insights; span market flows vs ACC production; are of use for determining future strategies such as MSA, breed specific production/ supply.
- Develop and maintain positive and collaborative relationships with key agencies, suppliers, stakeholders, and key ACC team members.
- Manage and monitor the ACC marketing portfolio to manage expenditure and track benefits from outcomes generated from ACC Co-marketing projects and activities.
- Participate in the development and implementation of ACC's marketing skills and resources plan.
- Support and coordination of site project teams.
- Participate in the development and implementation of cultural change initiatives required across the business to deliver against marketing objectives.
- Participate in marketing skills development activities as agreed.
- Prepare regular project reports and quarterly insights and intelligence reports.
- Participate and/or facilitate in independent cost benefit analyses as required.
- Assist in developing and monitoring project performance indicators and other measures of impact as agreed.

A range of new product growth and new business growth opportunities are planned to include (but not limited to):

- Evidence of effective experimentation and implementation of ACC's marketing strategy in both the domestic and global markets to be achieved via a range of innovative services, products, packaging, processes, and value chain concepts. This is to include agreed metrics between MLA and ACC for a defined increase in a value multiplier created and captured on commodity red meat offer achieved from various marketing initiatives. Further, securing incremental growth in new markets and segments will be measured in terms of how insights informed alignment to unmet consumer/market need, input into business strategy and the value and effort to define, build and deliver solutions in these high valued opportunities.
- Actively collecting, collating, and analysing various retail, food service, QSR and additional market & trends data.
- Product demonstrations to new and prospective customers of new product and packaging concepts based on market and consumer trends/insights.
- Facilitated process for collecting and collating new product development ideas into insights.
- Documented value-added products roadmap and process of determining market insights from data.

The ACC Marketing and Insights Supply Chain Manager satisfactorily undertakes the full range of activities as described above (or as varied and agreed by ACC and MLA). This project will bring new data streams and significantly increasing its impact across the business.

2.4 Marketing strategy

Draft ACC Co-Innovation Strategy including ACC's draft marketing strategy and collaborative priorities. The draft digital marketing strategy and priorities has been further refined. A number of R&D opportunities have been identified and implemented to enhance ACC's capability in developing and implementing their marketing strategy. A tentative ACC digital and data strategy is scheduled with ACC senior management & ISC-MLA project representatives.

Several initiatives have been conducted to assist with the development of ACC's marketing strategy:

- Shared "Global Markets Update: COVID-19 special edition" link with ACC's Sales & Marketing manager.
- ACC invite to access MLA closed portal of market intelligence shared with ACC's digital team including ACC's Business Analyst & digital officers.
- Shared "The Australian Beef Compendium (MLA publication 2014 Ed) link with Digital officers & Co-innovation Manager.
- ACC's Michael Lee inquiry for "Australian trim volumes and processors list of Australian manufacturing beef trim suppliers" responded with an information pack (provided by MLA business analyst team).
- ACC's Michael Lee with an MLA information request on Australian manufacturing beef supply (i.e., a list of all meat processing facilities which supply / sell domestically trim as raw material). MLA business analyst team assisted to respond with an information pack.
- Update provided by ACC's Business analyst on the data digital teamwork that MLA is co-funding. ACC are seeing real value in these co-funded roles, who are adding value to the business through enhanced business analytics and decision dashboards. ACC invited ISC & MLA project team to a steering meeting.
- ACC Co-innovation Manager inquiry on gelatine production, specifically how this is produced? What are inputs? MLA provided a response directing on suite of projects completed.
- Shared "Emerging food delivery modes" MLA Final report (project VRMH0057) aligned to current realignment of business and new clients with ACC's Sales & Marketing & Business Analyst.
- MLA's Dean Gutzke invite to ACC's General Manager (Anthony Lee) to participate in MLA's sponsored Future Foods "Global Markets & Investor Readiness 2020" Accelerator program commencing 5 March phased over 6-days over consecutive weeks. Brisbane Marketing (Lisa Cavallaro) following up with a formal program invitation.
- MLA's Future Foods "Global Markets & Investor Readiness 2020" Accelerator program commenced 5 March phased over 6-days over consecutive weeks. MLA's membership entitled 3 red meat companies (including JBS, Kilcoy Global Foods, ACC & MLA) to participate. Red meat industry participants included - ACC's Merrick Studders & Allan Kropp & MLA's Dean Gutzke. All cohort group graduated on the final program date (April 1).
- Brisbane Marketing Manager (Lisa Cavallaro) agreed to continue to provide ongoing support to the Global Readiness 2020 program participants from JBS, Kilcoy Global Foods & ACC (now that third cohort group had concluded in April 2020). Brisbane Marketing contacting ACC participates to share videoed program content.
- MLA's Tim Ryan & Dean Gutzke joined the Air Freight BNE - Brisbane Airport Corporation & Industry Stakeholders Meeting #2. A potential new airfreight pilot trial from Cairns, Brisbane to Hong Kong departing Brisbane Airport each Wednesday from w/c 11/5 onwards for several weeks with opportunities for red meat companies to join the trial. Shared opportunity with ACC Sales & Marketing manager.
- The Brisbane Marketing's Future Food 2020 Boot Camp forum featuring industry thought leaders and trailblazers is an annual networking event that serve up a diverse menu of

discussions and case studies covering local and national food success stories, consumer, market, and investment trends. This event is an opportunity to hear from industry leaders, experts, brands along with growing and scaling businesses on trends, opportunities, and tactics. 2020 Boot Camp Highlights (ACC invited to participated) -

- The changing consumer demands and how to capitalise on the trends and opportunities specifically within wellness, convenience, and sustainability
- Harnessing research, innovation, smart modelling to provide a “secret sauce” competitive advantage.
- Insights from category leaders choosing Brisbane for Success
- Introduction to the Future Food Initiative 2020 programs to improve domestic & global readiness

2.4.1 Preliminary Marketing Strategy (summary)

Position in the Market

- With a vertically integrated supply chain, ACC has the ability to control the supply and consistency of product, thereby delivering a clear value proposition to our customers. ACC is able to produce a consistent product through internally designed breeding decisions, property management, lot feeding and processing to provide the customer with a product that meets their specifications and order volumes.
- However, ACC will not compete directly with its toll processing customers as cattle supply and service delivery is the core strategy of the ACC group. As such, ACC has made a clear strategic brand decision not to play in the following beef types:
 - Organic grass fed
 - Black Angus
 - Wagyu
- ACC’s customers and competitors have a strong sales function in domestic and export markets and the ability to sell to granular levels. ACC’s function as a service provider limits its ability as a sales agent which in turn limits the target sales channels. As a result, ACC will target narrow sales channels where the end customer is known.

Target Areas / Brand Choices

- Considering the above, ACC will explore the market segment including high quality commodity beef and a mid-range premium program controlled wholly by ACC through its supply chain.

2.5 Digital Marketing – Learning & Development Priorities

2.5.1 The Global Markets & Investor Readiness 2020 program

ACC was provided the opportunity to participate in collaborative “Future Food’s Global Markets and Investor Readiness, 2020 cohort” program between Meat and Livestock Australia and Brisbane Marketing. The Global Markets & Investor Readiness program (Refer to Appendix Section 7.4) is a six-day intensive leadership experience for local food and beverage manufacturing businesses interested in scaling. The program is designed to challenge company’s readiness to pursue a next funding round or a position for exit, set you up to successfully approach buyers or strategic partners and investigate the commercial potential of international markets for your business.

As a strategy partner of MLA, ACC was provided a scholarship for up to two participants to take part in a six-day global marketing program. ACC confirmed that Merrick Studders be registered as the main contact and Alan Kropp and/or Anthony Lee as secondary representatives. Future Food Initiative is an industry development project spearheaded by Brisbane Marketing – the city’s economic development board – to nurture local talent and support food entrepreneurs, producers and companies with the required skills, networks and access to resources that will foster the scaling of their enterprises. The Future Food Initiative commenced in 2017 and continues to deliver a platform of programs to accelerate domestic and global readiness, and to scale food businesses within Brisbane and SE Queensland. The programs are designed to build capability and readiness and provide connection pathways to new markets, customers, and investors – locally and globally.

The Global Markets & Investor Readiness program is a six-day intensive leadership experience for local food and beverage manufacturing businesses interested in scaling. It is designed to challenge a company’s readiness to pursue funding in addition to investigating the commercial potential for international markets. Participants of the program will hear from global experts and delve into a series of live case studies from the founders of successful food and beverage companies who have scaled their businesses, both domestically and internationally.

Companies will receive:

- one day sessions, over five weeks, targeting growth acceleration and strategy, international market opportunities and investment attraction
- Access to successful company founders in the food and beverage industry who have grown their businesses domestically and internationally
- Membership of a cohort of growth-focused food and beverage companies
- Additional promotional activities, networking, and industry-focused content

The outcomes will be developed capabilities and competencies in developing branding strategies and target specific new customers and markets. This will also contribute significantly to the objective for ACC to develop its marketing strategy in the initial 12 months.

3 Overall progress – Digital Strategy – 2020

In addition to the objectives outlined previously, various workshops and consultants were engaged to accelerate outcomes for each project. ACC Digital Marketing officer attended and actively participated in the ISC-MLA “Supply Chain & Digital Value Chain Officer Workshop” forum (over 2 days on 6th & 7th May 2020)

Update on ACC-ACBH Digital / Data strategy & priorities

- Co-funded ACC-MLA roles to develop enhanced digital/data capabilities with full end-to-end SC coverage with oversight by ACC’s Business Analyst reporting directly to Anthony Lee.
- ACC-ACBH are seeing the unequivocal benefits and impacts from the culmination of a suite of strategically phased collaborative projects with ISC & MLA, managed across the ACC Co-innovation strategy program.
- A full suite of data / digital capabilities is being developed, including:
 - Connectivity across properties & feedlot operations.
 - Integration of multiple IT systems / platforms (from 30+) transitioning across to Power BI.
 - Full end-to-end supply chain data/digital integration for real time business decisions.

- A suite of data/digital systems developed and being used daily (screenshots of a suite of business improvement analytical dashboards being used daily – some being refreshed hourly) linked to profitability & productivity metrics.
- Animal disease / mortality dashboards built (& continuing to develop) & being used daily to create “heat maps” of properties and handling procedures that resulted in higher incidences.
- Cattle management system – significantly developed with integration of ProTrace, the platform development and the various user interfaces and processes: SMA, DVR, Paddock Book, Management Accounts (Mobsdata and Inventory Reconciliation).
- Predictive (profit & productivity) forecasting capabilities being developed for individual cattle at any part of the cattle production life cycle.
- ACC-ACBH Ops GMs & ACC buyer now using dashboards to make daily business decisions. Examples of current applications & benefits are:
 - Property crush side data now uploaded and used to develop feedlot induction criteria / rules (the day before induction).
 - Non-productive cattle (determined from daily gains data) identified at properties during strategic muster points are being culled and removed from the system.
 - Animal disease, sickness & mortalities data (which they may have always recorded) is now being analysed daily to create heat maps of properties and handling practices that are higher risk supply chain points.
 - Offal condemned is being monitored down to individual pieces and mapped back to properties (productivity and yield improvements benefits being monetised with profit/loss \$ dashboard outputs).
 - Feedlot performance reports showing on feed performance measures and carcass performance once slaughtered.
 - Feedlot gross margin reports showing close out information by lot killed which considers the purchase price, feedlot costs and sale cost of the cattle.
 - Processing reports on yields and yield variances in offal rooms by customer by day.
 - Property reporting on yard sessions including inductions, branding and pregnancy testing. This information shows information like head numbers, weights, pregnancy status, from paddock and to paddock etc.
 - Property reporting following cattle through feedlots and processing. This provides the property staff information on the performance of their cattle after leaving the feedlot, including feedlot weight gains, feedlot health information, carcass grading performance etc. Within this report we not only report the ACC/ACBH property that these cattle came from but also the vendor from who we originally purchased the cattle (internal and external vendors).
 - Feedlot reporting showing rolling stock on hand at each feedlot by pen and by cattle class. This reporting also allows closer understanding of cattle within a pen, including vendors, induction weight, days on feed, morbidity, and mortality etc.
 - Feedlot performance reports showing on feed performance measures and carcass performance once slaughtered.
 - Feedlot gross margin reports showing close out information by lot killed which considers the purchase price, feedlot costs and sale cost of the cattle.
 - Processing reports on yields and yield variances in offal rooms by customer by day.
 - Offal condemn report showing quantity and reasons for offal condemns by customer by day. This report shows information by offal item, and we can also see the condemns by vendor.
 - Processing reports on yields and yields variance in boning room by customer by day.
 - Reconciliation reports for kill to bone and for stock on hand.

- External sales information showing sales volumes and values by customer, product SKU, destination etc.
-and more
- Aspirations (using property check weight reports & historical end point data over a 1M head Est 45-50 on-farm/feedlot measures captured per head) to be able to forecast the profit / loss of individual cattle at any point in the cattle production life cycle [Note this is an aspiration of other supply chains, with proposal(s) currently with ISC & MLA now].
- Plans to ramp up feedback back to producers (both ACC properties & Est 35% external vendors) – using productivity gains, compliance (disease & EQ etc) & yields back to producer. Priority initially for practice improvement.
- Next priorities (after cattle management) will be property assets, maintenance, property / feedlot / processing utilities (water, energy, waste management) etc – all to be dashboarded in the same way as the cattle management system.
- ACC-ACBH are looking to introduce new sensors and data capture devices over time.
- MLA-ISC has been on a 5-year journey with ACC on data/digital enhanced capabilities (identified as abbreviated project titles):
 - P.PIP.0513 - ACC Processing Young Food Innovation trainee (project 1)
 - P.PIP.0514 - ACC Agribusiness Young Food Innovation trainee (project 2)
 - P.PIP.0515 - ACC Beef Specs
 - P.PIP.5008 & P.PIP.0446 - ACC Collaborative Innovation Strategy Partnership (CISP) program - Stage 2
 - P.PSH.1223 - ACC digital processing officer
 - P.PSH.0826 - ACC eNVD
 - P.PSH.1056 - ACC connectivity Stages 1&2
 - P.PSH.1057 - Hitachi-MLA Co-innovation officer (primary focus on development & implementation of Cattle management System)
 - P.PSH.1080 - ACC HF-ear tags
 - P.PSH.1096 - ACC's Integrated Information Management System (Digital)
 - P.PSH.1147 - NLIS replacement
 - P.PSH.1159 - ACC digital officer
 - P.PSH.1215 - ACC Marketing Insights SC Manager
 - P.PSH.1184 - ACC Co-Innovation Manager
 - V.RDP.2108 ACC animal disease data pilot study project
 - V.RDP.2010 - Rural4Profit - OCM (ACC)
 - Hitachi projects (P.PSH.0815 – ACBH Croydon integrated data capture & analysis; P.PSH.0859 - Eagles Nest; P.PSH.1077 – Connectivity International Vodafone solution; P.PSH.1162 - HPI mobile UAV)

4 Overall progress – Digital Strategy – 2021

Key Achievements (Yr. 2021)

- Profitability model for ACC branded beef program utilising full supply chain costings including feedlot inputs, customer mix, cut plan variability, yield expectations, pricing, foreign exchange to determine viability and success of feeding, processing, and selling ACC cattle.
- ACC120 processing reconciliation. Comparison of actual yield and piece count performance with expectations. Profitability of the program is affected by the quality of processing and final product available for sale. Measuring and understanding the actual performance allows for

benchmarking and updating of expectations in the Profit Model to accurately determine the program's true value.

- Calculation and communication of monthly Offal and By-product credits to Primary Production customers. ACC provides value to our customers by providing a credit on Offal and By-product items at prices aligned with market rates. A thorough understanding of this area assists in determining the value that we attribute to these items with our own brand and where our customers and the market perceives value.
- Attended and passed AUS-MEAT Beef Specifications course.
- Stock on Hand Reporting and benchmarking. These reports are important to ensure that we achieve full value from our branded program by clearing stock and maintaining profitability through cost reduction.
- Offal forecasting tool based on the Kill & Bone schedule to assist in forward selling and consolidation of Offal products. Variability in customer mix, animal weights, and collected yields have a significant impact on the volumes that are available for sale.
- Updating Cost Modelling for Further Processing products. This process involves unpacking the processes and procedures for Further Processing to separate all costs attributable to a production run (product) and calculating the expected cost based on a specification. Having robust cost models allows ACC to accurately predict expected costs and margins to determine competitive pricing and allows Chris a better understanding of ACC's capabilities with the potential to incorporate Further Processing into ACC's branded offering.
- Generating new or updated Cost Models is an ongoing task.
- Further Processing (FP) Labour Hours reporting. Labour in FP was not being tracked and a report was developed to monitor the labour and production per customer per shift. The information obtained is compared to the Cost Model expectations to determine the department's performance. Labour is the largest variable cost and visibility over the effectiveness of labour allows the department to make decisions to improve efficiency and equipment utilisation.
- Modelling Further Processing throughput rates post June. With the end of ACC's contract with Coles additional rooms and equipment become available to use for Further Processing. As a result, throughput rates should increase, and pricing can be reduced which allows our customers to grow with less risk. An understanding of the equipment speeds and line constraints was required to generate Cost Models using the additional equipment.
- Primary Processing (PP) Labour Reporting. A scope was developed for reports to assist in tracking labour usage. The first step in putting the report together was to gather and collate the data which has now been used by the Processing Analyst to develop labour reports for PP.
- Analysis and profitability on different Offal specifications was performed to determine the best value for ACC and our customers. This involved identifying market opportunities for different specifications and subsequent pricing compared to varying yields for mutually exclusive products through the offal room.
- Analysis of the cattle processed through the Cannon Hill facility was performed to develop potential pricing mechanisms for hide disposal. Instead of relying on weight as the driver of cost different attributes of the cattle were compared to give a more accurate value based on the hide usage after sale.

- Analysis of Cold Storage fee increases and the subsequent effect on our Primary Processing customer fees. Understanding the cost base for processing assists in determining appropriate pricing to achieve desired returns.
- Further Processing capabilities have changed with the exit of Coles from the business and the space allocated for FP has been moved or altered. As a result, a comprehensive modelling exercise was performed to understand the capacity of the new areas and breakdown the throughput rates. This exercise was done in conjunction with the costings to better understand ACC's cost base.
- Analysis and profitability on different Offal specifications was performed to determine the best value for ACC and our customers. This involved identifying market opportunities for different specifications and subsequent pricing compared to varying yields for mutually exclusive products through the offal room.
- Marketing Strategy draft prepared for discussion with MLA.
- Onboarding of Factory Data Analyst.
- The Category Growth Driver Assessment with MLA is progressing with several valuable discussions and presentations held. The CGD workshops will assist in providing a platform to progress the Marketing Strategy.

Issues Identified

- It has been proposed that the data lab roles (P.PSH.1159 Farm Digital Officer, P.PSH.1223 Factory Digital Officer, and P.PSH.1215 Market Analyst) be aligned in reporting and contract dates to provide certainty and consistency for ACC/MLA. Streamlining the roles will allow a better assessment of the contribution the data lab provides to ACC.

5 Conclusions/recommendations

5.1 Conclusions

A number of R&D opportunities have been identified and implemented to enhance ACC's capability in developing and implementing their marketing strategy. The initial stage of the project was successfully completed with multiple deliverables being achieved.

The next steps in improving ACC's digital capabilities are:

- Finalise data lab role contract alignment and extensions.
- Progress ACC Digital Program Strategy on a page.
- Continue and finalise workshopping the Category Growth Drivers with MLA.
- Progress MLA benchmarks, project measures, and communication requirements into co-funded role contracts.
- Progress ACC engagement with MLA Insights.

The next phase for ACC is to build on the existing achievements while also aligning the data lab output with MLA expectations.


5.2 Recommendations

Following are the recommendations:

- Alignment of reporting and contract dates for the 3 data lab roles (P.PSH.1159 Farm Digital Officer, P.PSH.1223 Factory Digital Officer, and P.PSH.1215 Market Analyst) be accepted and documented.

6 Appendix – Supporting documents

6.1 ACC -ACBH / MLA Marketing Strategy (Example only)

|  ACC-ACBH MLA Marketing Strategy (2019-2021) | | | | |
|--|---|---|---|--|
| Value Proposition By 2021 ACC-ACBH will increase beef kgs per head by 5% to new domestic and international customers KPIs: (1) Grow Export Sales \$150M FY18 to \$500M FY21 (2) Value chains using data to create \$5 per head FY18 to \$50 per head FY20 (3) New processing & packaging technologies increased by 5% by 2021 (4) Productivity Improvements with: controllable costs down 5% by 2021,; (5) New domestic and export customers | | | | |
| Delivery Pathways ● Insights & Market Intelligence ● Customer centricity ● Supply chain data analytics ● Global partnerships ● Enabling tools & technologies | | | | |
| Marketing Priorities | | | | |
| Insights & Market Intelligence | Communications | Customers & Partnerships (Domestic & Export) | Supply Chains (Market & Distribution) | Digital & Data Analytics |
| (I1) Market data & information - Customised product by market data (I2) Mega trends - Mapping relevant mega trends (I3) Market channels - Baseline of existing customers (I4) Market research & discovery - Tradeshows & exhibitions - Process, product & packaging scanning exercises - Study tours - Market immersion studies | (C1) Communication Strategy (C2) Social Media strategy - Mapping relevant media applications - ACC website & social links (C3) Content strategy (C4) Search engine optimisation & Analytics - Style guide - Content creation | (CP1) Specifications & customer compliance - Develop 120+ days on feed specs - Develop 150-200 days on feed specs - Feeder specs - Finished cattle / Carcase specs - Standard specs - Co-products specs - Product specs (CP2) Brand development - Positioning strategy - Advertising strategy - Network (CP3) Customer engagement - Marketing objectives - Customer support - ACC Sales & marketing structure & resourcing plan (CP4) Portfolio management - ACC customised product mix (bubble plot) importing ACC data - Where to play? How to win? - Identify capability gaps | (SC1) Data Integration & Integrity Systems - Leverage data sharing via cloud, blockchain and other data streaming technologies - IT systems integration (across the business) - Business systems improvement (SC2) Product Transfer & logistics - Track & trace (SC3) Monitoring - Digital dashboards (Hitachi PI) - Digital Officer (Farms & feedlots) - Supply chain manager (Production) (SC4) Business Cases – new business - ACC Innovation Centre Precinct – Evaluation & business case - ACC business case process | (D1) Value Chain Efficiencies - Lower conversion costs - Higher sales volumes - Reduced Quality Issues - Profit from waste - Greater sustainability (D2) Real-time Monitoring - Sales budgets - Improved quality and shelf-life - Quality KPI's - Service KPI's - Develop and use a suite of tools that allow us to measure and monitor our performance and ROI (D3) Enhanced data capabilities - Real-time business monitors across entire value chains end to end (D4) Digital - Connecting with customers and value chains |
| 2019/2021 Budget ~ x million | 2019/2021 Budget ~ x million | 2019/2021 Budget ~ x million | 2019/2021 Budget ~ x million | 2019/2021 Budget ~ x million |
| Current Projects (FY 18/19) | | | | |
| | | P.PSH.1159 ACC Innovation Centre P.PSH.1184 ACC branded beef strategy | P.PSH.1159 ACC Digital Officer P.PSH.1057 ACBH-Hitachi IO P.PSH.1184 ACC Co-innovation Manager V.RMH.0080 – Digital supply chain | |

ACC-ACBH / MLA Marketing Priorities & Activities

| Project Title | Value (K) | FY19/20 (K) | Insights & Market Intelligence | | | | Communications | | | | Customers & Partnerships | | | | Supply Chains | | | | Digital & Data Analytics | | | |
|--|--------------|---------------|--------------------------------|----|----|----|----------------|----|----|----|--------------------------|-----|-----|-----|---------------|-----|-----|-----|--------------------------|----|----|----|
| | | | I1 | I2 | I3 | I4 | C1 | C2 | C3 | C4 | CP1 | CP2 | CP3 | CP4 | SC1 | SC2 | SC3 | SC4 | D1 | D2 | D3 | D4 |
| P.PSH.xxxx ACC branded beef strategy | \$688 | \$150 | | | | | | | | | | | | | | | | | | ● | | |
| P.PSH.1159 ACC Digital Officer | \$486 | \$ 75 | | ● | | | | ● | | | | | | | | | | ● | ● | | | |
| P.PSH.1057 ACBH-Hitachi Innovation officer | \$247 | \$138 | | | | | | | | ● | | | | | | | | | ● | ● | ● | ● |
| P.PSH.1184 ACC Co-Innovation Manager | \$688 | \$ 50 | | ● | | | | ● | | | | ● | | | | | | | | ● | ● | |
| P.PSH.xxxx Sixth Sense (Hitachi-MLA) | \$0 | \$0 | | ● | | | | ● | | | | ● | | | | | | | ● | | ● | ● |
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| Total | \$xxM | \$xx8M | | | | | | | | | | | | | | | | | | | | |

● ACC-ACBH & MLA Collaboration ● ACC-ACBH Initiative ● MLA funded (levies or ALFA)

6.2 Supply Chain & Digital Value Chain Officer workshop (6th & 7th May 2020)



Integrity Systems
red meat customer assurance

Supply Chain & Digital Value Chain Officer workshop



Day 1 - Supply Chain & Digital Value Chain Officer Workshop (Wednesday 6 May)

1:30pm start (half day), finish around 5pm

- **Consumer Insights Updates** - Putting rejecters into context (including vegans) with Nat Isaac
- **Market Update** - A look at herd & flock numbers and the current forecast with Adam Cheetham
- **Customised Adoption Packages for the Red Meat Supply Chain (Supply Chain Adoption program** - Understand how MLA & ISC can provide support to maximise the impact of your producer engagement activities to benefit your business with Dave Packer
- **Sustainability and CN30 Update** - Program updates since the group Webinar with Doug McNichol

Day 2 - Supply Chain & Digital Value Chain Officer Workshop (Thursday 7 May)

9:00am start (half day), finish around lunch time

- **Traceability across the supply chain** - The Australian red meat industry has a global reputation as a supplier of clean, safe and natural product. To maintain our competitive advantage, the red meat industry must persevere and invest in new technologies and approaches. There is opportunity to apply improvements to integrity systems from the farm through to the end consumer with the goal of achieving production and efficiency gains as well as building consumer confidence in brand Australia and combatting the increasing risk of food fraud. With Irene Sobotta and Julie Petty

Discussion:

Because we very much in a digital age, and all work with lots of data, we are also thinking we would like to invite MLA/ISC's security partner to do a session on the importance and details surrounding data security etc. There are a number of possible areas they have suggested to speak on and I am keen to get your feedback on which session you would like most. We can always get them to come along next time and present on one of the other areas if a few are popular. Specific topics:

- i) Social Engineering
 - What it is
 - Examples (Catch Me if you can, Real world Pen-testing scenarios)
 - Phishing (Email Social Engineering)
 - Sample Phishing Sites / Email
 - Real or Phish?
 - Spear Phishing
 - Protecting yourself
 - If you are not sure just ask
 - DEMO PHISHING
- ii) Multi Factor Authentication
 - What it is
 - How does it work
 - How to use it
 - Why you should use it everywhere
 - Best Practices
- iii) Personal Identifiable Information and Data Security
 - What is it
 - Company Data Classification Policy (if there is)
 - General Data / Business Data / Customer Data
 - Don't copy data to other systems
 - Don't turn off data protections
 - If you find something you shouldn't have access to. Please report it!