



How to reap the benefits of cloud in the retail and consumer goods sector

The retail and consumer goods (RCG) sector is currently in a period of transition, migrating legacy applications and systems to the cloud to modernize their processes, enjoy economies of scale, generate new insights, and enhance their ecosystem. However, to ensure a successful transition with the most potential benefits, RCG organizations need to overcome several obstacles. Let's take a look at the challenges that are encouraging RCG organizations to adopt cloud technology, the potential benefits this offers, the pitfalls to avoid, and what the future holds.

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What challenges are organizations facing?

RCG organizations face three main business challenges that are unique to their sector: peak demands, data overload, and on-demand reporting. Each of these can be solved by migrating to the cloud.

The RCG sector has clear periods of peak demand, for example, Black Friday, Christmas, and Singles Day. What this means is that organizations need to be able to scale their IT platform up and down at predictable (and sometimes unpredictable) moments in the year to handle extra traffic, which could be in the form of additional orders from customers on an ecommerce platform, inventory checks of raw materials or finished goods, or checking customer data before dispatching an order.

The second challenge is handling the large amount of data that organizations generate and use for demand forecasting and supply chain forecasting, as well as other daily operations. Without cloud, organizations often find it challenging to access all the required data in a single place in order to carry out these requests.

The third main business challenge is on-demand reporting or self-service business intelligence. Prior to the implementation of cloud, business users needed to contact the IT department and request that they prepare different reports. With the cloud, users can now create their own reports by combining data from a wider array of sources. This gives business users more freedom and power and provides an easier source of insights that support the organization's growth.



Prakash Ayer

Senior Director Retail and Consumer Goods, Netherlands, Cognizant

“Cloud gives business users more freedom and power to support the organization's growth.”

What does cloud offer organizations?

So far, we have seen a few benefits that cloud technology and services offer to the Retail & Consumer Goods sector.

Managing peak demand

The elastic nature of cloud enables scaling based on real-time demand, without the need for lengthy internal service requests or upfront investment and potentially wasted IT resources. This also reduces the pressure on the organization's in-house IT infrastructure, and the organization only needs to pay for the cloud services that it consumes, which reduces costs.

In addition to these benefits, cloud also empowers improved connections via API-led seamless integration with suppliers, customers, and partners within the organization's ecosystem. Organizations can use these improved connections and the agile nature of cloud to bring new functionality, products, and services to the market quickly and efficiently. Lastly, unlike an on-premises solution, cloud has built-in security features. This means that there is no need to continuously monitor the security landscape of your cloud infrastructure.

Data & cloud

Cloud combines multiple data sources and types, such as customer, transaction, and supplier data, to create a seemingly single data source that can assist organizations to make predictions about future demand and supply. While cloud can provide a good technology backbone, without data ownership and data governance, a data lake can turn into a data swamp, which can become unusable with unreliable data.

Having data governance and data quality built into the data organization is paramount to not only save costs, but make data effective in the organization. Businesses often do not trust data in such central repositories if they are different from their operating systems, which can happen as data migrates through different layers, this is something to watch out for.

Empowering business users

Furthermore, self-service business intelligence is another benefit that has a direct impact on the organization's potential growth by encouraging the generation of new insights and supporting decision making. With the cloud, users can now create their own reports by combining data from a wider array of sources. This gives business users more freedom and power and provides an easier source of insights that support the organization's growth.

Financial management & cloud

There are three pitfalls that organizations need to be aware of to avoid unnecessary costs. Firstly, organizations only need to pay for the cloud services that they use. However, as more users can now create and store large numbers of reports and power apps, the amount of storage required for the generated data will increase, which will impact costs. The solution is to ensure rigorous governance to control budgets.

Secondly, organizations are frequently charged for transferring data between different clouds in their landscape. To reduce these costs, it is vital to build minimal data transfers into your data architecture and strategy by ensuring similar data sources are on the same cloud where possible.

Lastly, it is important to realize that there can be shutdowns in different locations and plan for this eventuality. When these shutdowns happen where the organization's cloud is hosted, the cost of the downtime, including any direct consequences, needs to be balanced against the cost of including redundancies across different zones and regions. However, this duplication could increase the cloud's total cost of ownership (TCO), so this concern needs to be investigated carefully for each organization's situation before a final decision is made.

Broadly, we see the role of cloud as a business enabler to unleash the business innovation and creating new business models.



Vanessa Zemmourt

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“Organizations are finding new ways to utilize cloud to benefit their operations.”

What's next for cloud?

As cloud technology becomes more advanced, organizations are finding new ways to utilize cloud to benefit their operations. But what does the future hold for cloud? Here are some of the trends around cloud technology for the RCG sector.

Modernization of the IT infrastructure has seen legacy applications, that were previously in silos, being migrated to the cloud. This opens up new opportunities across the organization's ecosystem concerning customer, supply, and demand data platforms. Plus, this modernization is likely to increase in pace as the migration from on-premises hosting to the cloud offers organizations increased security and easier scalability at a lower cost.

Currently, organizations are migrating their existing applications to the cloud and adapting them to fit the cloud landscape. However, some organizations have noticed the benefits of developing native cloud applications that leverage the cloud's capabilities efficiently, including the artificial intelligence (AI) and machine learning models that are built into cloud. One example of this is Software as a Service (SaaS) that has been designed to assist in particular situations, such as a salesperson placing orders directly on the cloud. As these benefits become clearer, more organizations are likely to follow this route.

Lastly, cloud can help organizations monetize their data by sharing it with partners in their ecosystem. For example, a grocery store could share data with their consumer goods suppliers that helps them to predict when they expect peak demands of different products. This would enable the suppliers to adapt their planning to avoid potential shortages or over supply.

Looking to the future with cloud

Cloud technology offers organizations many benefits, including improved forecasting capabilities, elastic scaling based on real-time demand, and more insights that support future growth. However, successful implementation relies on careful governance and a clear strategy.

The experienced experts from Cognizant can help you with a clear methodology and framework for introducing, adopting, managing, and using cloud technology based on the needs of your organization.

Is your organization ready to fully benefit from cloud?



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Why Cognizant?

You need a partner with deep understanding of the application landscape and how it has evolved over the years. One who is at the leading edge of automated deployment models with the experience of people-led change. One with the wisdom to understand how you got to where you are today, and the vision to take you into the future.

Cognizant has the broadest knowledge and experience with applications across a wide range of technologies, platforms, and languages and has been helping IT and business leaders drive results at speed and scale for over 25 years. We have been recognized as a leader in Application Transformation, Application Modernization, Next-gen ADM and Automation by reputed research and advisory firms. Our vibrant partner ecosystem with leading technology vendors helps drive innovation. Wherever you are in your application modernization journey, and whatever your end goals are, Cognizant can help.

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