PepsiCo Labs model for delivering End-to-End Program Pilots

PEP Labs steers a consistent approach across all tech programs

Define needs	Discover solutions	Rapidly pilot	Negotiate partnership	Scale-up success

Finance Program

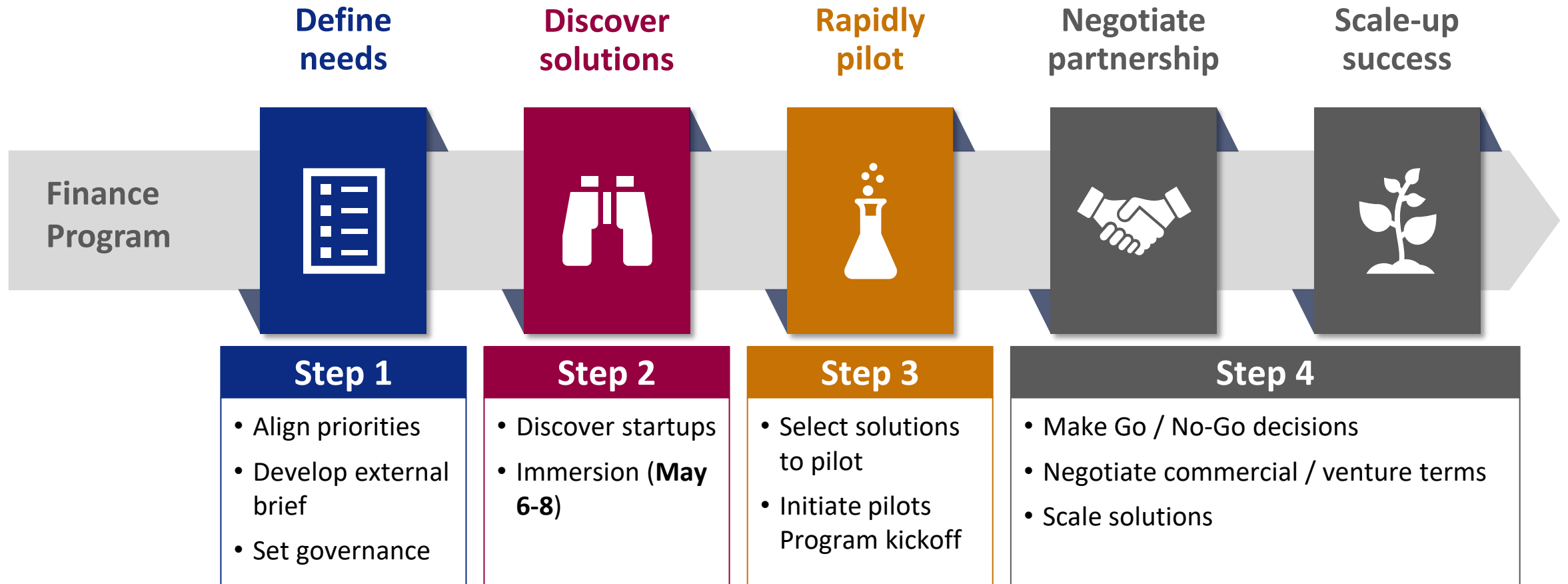| Step 1	Step 2	Step 3	Step 4
• Align priorities • Develop external brief • Set governance	• Discover startups • Immersion (**May 6-8**)	• Select solutions to pilot • Initiate pilots Program kickoff	• Make Go / No-Go decisions • Negotiate commercial / venture terms • Scale solutions

STRATEGY + TRANSFORMATION

PEPSICO LABS

Focus areas for FP&A Program

Goal: Improve operational efficiency with increased transparency and standardization through automation

1. Smart Search to Retrieve Data

User guidance for internal performance reporting, smart calculation and enhanced synchronization

- **Dashboard Validation:** Automates validation process for Tableau dashboards in internal business performance reporting system ensuring data accurately reflects reported data and ensures consistent formatting across all dashboards

2. End-to-End CapEx Management

End-to-End solution to manage the CapEx process from ideation to post-audit assessment

- **New Requests:** Supports development of new requests from idea generation to final approval by tracking wish lists / investment ideas, generating new requests, managing necessary approvals through workflow automation
- **Budgeting:** Aggregates budgets, defines priorities, tracks changes to budget, and manages tasks
- **Document Repository:** Stores and organizes historical documents related to Capital Expenditures, CARs, and post-audit assessments
- **Forecasting:** Supports our year end OCF planning by leveraging actual payment terms to determine OCF impact
- **Ad-hoc Reporting:** Has the ability to connect to TM1 and other planning/reporting tools (including internal builds), and is capable of tracking other KPIs (e.g. sustainability)

3. Budget Control Platform

Platform to track and control spend in line with budget

- **Real-Time Data:** Presents up-to-date spend (actuals and budgeted) data, with ability to view prior budgets.
- **Controls:** Alerts users to potential risks in real time and allows users to approve/reject spend, enabling users to manage changes to budget.
- **Automated Workflows:** Centralizes budget inputs from stakeholders and uses automated workflows to create a seamless budgeting process

Focus areas for Control Program

Goal: Improve operational efficiency with increased transparency and standardization through automation

1. Automation of Financial Processes

Automation and Standardization Tools for Key Financial Operations

- **Streamline reconciliation process for:** cash records with bank statements, accounts receivables, accounts payable, Intercompany reconciliation, inventory and general ledger to avoid manual work
- **Intercompany Transactions:** tools that simplify and automate all intercompany related invoice creation, reconciliation, and payment processes to save time and resources
- **Close Process:** tool that streamlines close process by automating data consolidation, integrating multiple systems, standardizing reporting templates, reducing effort in intercompany transactions, reconciliations, and cash flow reporting
- **Balance Sheet Review**: streamline and automate the end-to-end process of balance sheet review (e.g., accounts reconciliation preparation & variance analysis, identify aged accruals, risks monitoring etc.)
- **Statutory Financial Statements**: automate the creation of statutory financial statements using historical data (e.g., create transaction documentation)
- **Tax Reporting**: automation of month end/statutory documents; tax returns; indirect taxes (e.g., GST)
- **Approval Workflow Automations for Schedule of Authority:** automate the approval flows based on policies and SoA
- **Claims Processing:** automation to accelerate the claims validation process and gain real-time visibility into PepsiCo Bottler's financial data
- **PEP Policy Queries:** tool that automatically and accurately answers policy clarification questions in real-time

2. Optimize Invoice Management

Digital tools for Streamlining Invoice-to-pay Proof of Delivery and CDA

- **Automating Invoice-to-Pay:** tool that automates invoice indexing and matching with Optical Character Recognition (OCR), automates payment processing and verification, and integrates with SAP
- **Automating Proof of Delivery**: tools that digitize and automate the proof of delivery process, to reduce manual workload and improve efficiency, ensuring seamless integration with invoice management
- **CDA (Customer Deduction Agreement) Management tool:** comprehensive solution to centralize, standardize, and streamline CDA management across all markets. The tool should provide a centralized platform to log, track, monitor, and approve CDAs, directly linking them to specific invoices for seamless reconciliation and improved efficiency
- **End-to-end Trade Promotion Management System:** automated, integrated system with real-time updates, error detection, user-friendly, and audit trails to accurately capture and manage scan volumes for promotional activities and deductions

3. Credit Calculation and Risk Detection

Automating Credit Limits & Risk Detection

- **Automating Credit Limit Calculations:** automated system to streamline the calculation of credit limits using real-time internal financial metrics and customer trends together with external market data
- **Predictive Modelling for Financial Risk Detection:** system that proactively detect customer financial failure, incorporating historical customer data, payment trends, and external financial indicators enabling preemptive actions such as credit adjustments or targeted interventions
- **Continuous Control Monitoring:** tool that automatically recommends, executes, tracks, and analyzes control processes, with capability to schedule and conduct risk assessments

4. Accounts Receivable and Customer Management

Streamlining Collection Processes

- **Automating Collections for AFH Customers:** automated collections system tailored to handle the unique needs of AFH customers (primarily smaller accounts), reduce manual workload, improve cash flow, and provide a consistent customer experience
- **Improving Query Responses:** tool that improves vendor/customer satisfaction by automatically providing timely, accurate, and standard responses to queries about invoices and payments
- **Automated Call Center:** streamline and automate the collection process, invoice management, payment matching, and deduction handling

Focus areas for Treasury Program

Goal: Improve operational efficiency with increased transparency and standardization through automation

1. Complement Treasury System Upgrades

Streamline and standardize core Treasury operations

- **Opportunities to complement TMS implementation by supporting:**
  - API / SWIFT integration in new TMS to enhance real-time / global visibility of cash, investments & debt balances (from ~95% currently to 100%)
  - Real-time compliance with PEP policies/procedures
  - Bolt-on platforms and/or AI capabilities for automated management reporting, enhanced analysis supporting decision-making

- **Review digital cash collection platforms and setting up "Fintech" in Mexico to reduce cash collection fees**

2. Support End-to-End Workflow / Process Automation

Improve efficiency and accuracy of cash transactions and mobilizations

- **Opportunity to identify solutions supporting end-to-end management of workflow automation, connecting disparate modules/software and support future automation initiatives planned to:**
  - Reduce/eliminate manual entries on banking platforms to support complex cash mobilizations
  - Back-to-back trade confirmations within middle office
  - Real time monitoring of "dual payments" / GCS controls
  - Automation of cross-functional memos seeking approvals for cash mobilizations
  - Monitor bank account "signatories" and communication with banking partners to update/change signatories

- **Enhance / Automate Financial Reporting Review**

3. Risk Mitigation

Streamline and Enhance Counterparty Reporting and Analytical Capabilities

- **Opportunity to optimize risk mitigation via:**
  - Full visibility into transaction-level risks and counterparty exposures
  - Real-time automated insights on creditworthiness of counterparties, credit risk assessments and bank health insights
  - Predictive analytics to anticipate potential macro-economic tail risks and financial instability
  - Proactive alerts and insights to detect risks and intervention mechanisms to prevent fraudulent activity.

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