

A Smarter and Simpler Organisation

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Commitment to Building
A Better Tomorrow™

Our Purpose
To reduce the health impact of our business

Our Commitment
To provide adult consumers with a wide range of enjoyable and less risky products*
To encourage smokers to switch completely to scientifically-substantiated reduced-risk alternatives*

* Assuming a complete switch from cigarette smoking. These products have the potential to be less risky and if they contain nicotine are addictive.

A SMARTER AND SIMPLER ORGANISATION

As part of our drive for A Better Tomorrow™ BAT Malaysia is streamlining our business processes and ways of working to drive efficiency and effectiveness. By automating our processes and embedding digital capabilities through data and e-learning, we are delivering more efficient ways of working, agile supply chains and enhanced consumer connections. Our aim is to continue to manufacture and deploy superior products and experiences to our consumers, eliminate losses to release funds for investment and create opportunities for all our employees to perform at their best.

EMBRACING DIGITAL TRANSFORMATION

BAT Malaysia embraced digital transformation in 2020 by offering new ways to collaborate, extract value from business data and drive better customer experiences. Highlights include:

- **Business Empowerment**

The launch of analytics tool 'Power BI' empowered the business with sharper analysis and enhanced commercial insights. This has successfully reduced effort and time spent in manually compiling data by 40 percent. With this increasingly powerful consumer data and analytics, we will be able to anticipate and satisfy our ever-evolving customer and consumer needs.

We also continued to automate our processes using 'Alteryx', which is a specialised tool for self-service analytics by bringing together customer data from all channels and systems into an automated analytic workflow. With more efficient data processing, the reduction in insights efforts enables our teams more time to make sharper decisions and drive value for the business.

Another key achievement in driving our digital transformation agenda is the implementation of single repository for raw and structured data. Through the consolidation of analytics, the business can now access a wide berth of data from a single repository to harness actionable insights.

- **Speed to market**

As customer and consumer preferences and technology evolve rapidly, we are collaborating with the BAT Technology Hub located in Kuala Lumpur to identify opportunities for growth. In particular, we are transforming our route to market and route to consumer infrastructure to ensure that we are better able to service our customers and consumers.

- **Working in a COVID-19 environment**

BAT Malaysia staff were able to operate effectively from home during the restrictions brought about by COVID-19. Our Information and Digital Technology (IDT) team ensured that the organisation was able to connect via Microsoft Teams through an upgraded bandwidth network. Virtual meetings were successfully held including the first virtual 59th Annual General Meeting. We continue to innovate in technology to mitigate any potential disruption to our business.

OPTIMISING OUR SUPPLY CHAIN

BAT Malaysia continued to drive towards a more effective and efficient supply chain model in 2020.

Our drive to be simpler and smarter delivered the successful launch of KYO. KYO was the fastest project launched during an incredibly challenging period, a true testament of the team living our ethos of bold, fast, empowered, responsible and diverse.

Productivity highlights

1. Increased efficiency in the supply chain via the introduction of Performance, Accuracy, Compliance and Efficiency (PACE) Programme in April 2020. PACE is a cross functional collaboration between Procurement, Finance, Legal and External Affairs, Global Business Solutions and IDT to transform BAT's end-to-end buying experience, building our capabilities to reinforce our digital DNA.
2. Continuous improvement and savings identified across all aspects of Operations and Supply chain.
3. Innovation in planning supply chain routes to ensure goods delivered on time and in full despite various Movement Control Orders in effect.



Continued product related cost optimisation initiatives led to

savings of
RM6 million
during the year

30% reduction
in project costs

as compared to 2019 through improvement in forward planning and innovative ways to optimise project materials

Indirect*
savings of
RM9.2 million
due to an efficient sourcing system

*Indirect: expenditures not related to cigarette products



33% savings

in logistic costs from simplifying our distribution routes in the complex geographical landscape of East Malaysia



30% reduction

of number of tender exercises and achieving optimal spend by appointing vendors at fixed rates for longer contract duration



Automated reporting tool resulting in

70% reduction
of supply chain man hours

This tool was ultimately rolled out to other BAT entities in Asia Pacific Region.



Digital automation of the clearance process

for finished goods resulting in 45 percent reduction of time spent on manual processing resulting in a smoother and expedited transition from Port to Central Warehouse

OPTIMISING OUR SUPPLY CHAIN

Delivering in a challenging environment

Through the various Movement Control Orders, we were able to maintain high service levels to our customers. We achieved this by working with alternative suppliers, leveraging technology and tapping into our people’s innovative mindset. These strategies resulted in operational efficiencies across the following areas:

99.5% 

Forecast Fulfilment Rate

(A measure of stock availability at distributors level)

Efficient supply chain enabling a record brand launch time

33% faster
than any launch in the past



To support delivery of materials, contingency vendors were sourced and appointed resulting in no loss in conformance to

production standards and qualities



Start-up of Johor Bahru Factory with

zero downtime

despite 8 weeks of shutdown during MCO



All employees provided with

Personal Protective Equipment (PPE)

by leveraging global partners



Despite the MCO,

zero supply chain disruption

from material suppliers to source factory to port to central warehouse



Explored and implemented alternative solutions

leveraging global business partners

to manage a cost avoidance of RM1.7 million to the business

