The Coca-Cola Company Fireside Chat with Evercore ISI

May 21, 2025

Transcript

Participants:

Neeraj Tolmare

Senior Vice President and Chief Information Officer at The Coca-Cola Company

Robert Ottenstein

Senior Managing Director and Head of the Global Beverages and Household Products Team at Evercore ISI

Robert Ottenstein

Good afternoon. This is Robert Ottenstein from Evercore ISI's Global Household Products and Beverages team. We're here today with Neeraj Tolmare, Senior Vice President and Chief Information Officer for The Coca-Cola Company, and what we think is a very exciting and unique opportunity to get a glimpse into how a world-class consumer goods company is leveraging AI.

So, Neeraj, as we haven't really met before, and I think you're going to be new to pretty much everybody in the audience, can you talk a little bit about your personal journey, your background, and how you got to your current role at The Coca-Cola Company?

Neeraj Tolmare

Yeah, sure, Robert. Great to have this discussion today. Good afternoon to you, as well as all the folks who are listening on the call. So, a little bit about my background. I'm almost coming up on three decades of experience in leading global technology teams and digital transformation across many different industries and companies, from Cisco Systems to Palm. I'm not sure how many of you recognize the name Palm, but it's the company that coined the term 'smartphone'.

And HP, most recently. Before I came to Coca-Cola, I was leading and responsible for global technology, e-commerce, and overall transformation at HP, driving $21 billion of e-commerce through the various systems at a global scale. I helped the company split into two public companies, Hewlett Packard Enterprise and HP Inc. Then towards the end of my time at HP, I helped onboard and integrate Samsung's printer division when HP acquired that business.

I joined Coca-Cola in 2018 to lead digital and innovation. At that time, we were just beginning our journey to lay the foundation for a much broader transformation and modernization effort: upgrading our infrastructure, strengthening our security posture, and setting the stage for enterprise-wide digital transformation.

Today as global CIO, I look after all things digital, data, cyber, and IT across our global footprint. One of the key responsibilities I have on top of being accountable for all

those things at The Coca-Cola Company, because we are a franchise model, I'm also accountable for ensuring that our global bottling system also modernizes along with us. I chair a board where the top 20 bottler CIOs and I get to navigate, not mandate as these are all public companies, their technology choices. And in many instances, we actually procure technology on behalf of our system, which creates significant efficiencies for the system. I can share some examples as we get into it.

That's really what the focus of my role has evolved or grown into now – leveraging technology as a growth driver. We moved from looking at technology just as a cost center to being a growth accelerator. That's what the latest evolution of AI and other things have done. I suspect this is happening across many companies. We just find ourselves ahead of the pack given some of the investments we made in the past and some of the amazing transformation work that we have done.

So that's a little bit of my background. I'm originally from India, have been in the U.S. for a long time and am based in Atlanta.

Robert Ottenstein

Great, great. So, in terms of the kind of leadership position that you're in, can you talk about some of the key investments and particular actions that you and the company have done over the last five or so years that have positioned you to be an early mover here?

Neeraj Tolmare

Sure. So, when I got into the role, as you can imagine, for a company that's been highly successful and has been around for 139 years, we had our share of legacy systems. We had a hodgepodge of technology that was put together many, many years back, but it worked just fine.

The question really became, "How do we think of modernizing this footprint and why should we think of modernizing?"

When the premise was really to focus and look at technology as a growth accelerator, we then broke down our efforts into three major buckets: toolset, skillset and mindset. We recognize that we have to work across all three of them to advance the agenda of modernizing not only our company, but our entire ecosystem of partners.

Five years ago, we actually invested in migrating to the cloud. Today, this is a pretty standard step that most companies are in the process of doing. We retired our data centers six years ago. We were a significant early adopter to go 100% to the cloud back when it wasn't even a sexy word. Half the industry didn't even know what that actually meant.

We took our application stack, the total number of applications that we have, from close to 1,800 plus applications down to about 700. This created an enormous amount of efficiency that we could then deploy to other areas. We modernized our cyber posture. We upgraded our cyber stance knowing that what is going to come our way will challenge us in new ways when it comes to cyber security and when it comes to protecting our consumer data, our customer data, and our employee data.

We very early on believed that data was going to be the key to solving the complexities of operating as a complex franchise system. So, we invested, again

ahead of turn, in standardizing our data footprint. What I mean by that is, can our bottling partner talk to us and exchange necessary information with us, and us with them, in the same language, and do it seamlessly.

Sounds simple when you present it that way. But when you look at the scale at which we operate, it becomes highly complex, so it required us to focus on the basics. We decided that this is a phase of modernization. Let's get our basics right. There's no shortcut through this. We just have to go do the grind and the hard work.

So, we built a dedicated team to achieve that, which enabled us to get to a place where we find ourselves today. Essentially, we can build on top of this standardized layer. We anchored around a few key platforms that are global in scale – Microsoft, SAP for our ERP systems, Adobe as our marketing platform, Salesforce. We anchored around key platforms that allowed us to then connect with our bottling partners.

I mentioned to you the role I have as chairman of the board for our bottling partner CIOs. I get to then help ensure they too make these choices. We as The Coca-Cola Company are able to negotiate commercial contracts that are much more appealing because they are done as one system. For instance, when I go sit across the table with Microsoft, I'm talking about 950 bottling plants around the world that are negotiating a deal. Very few companies can bring that kind of scale to the table. That enables us to create efficiencies for our system that our bottling partners benefit from, and ultimately, we all move up the ladder of digitization faster.

Robert Ottenstein

Great. In terms of the actual investments that you and the team have made or make, how do you determine where to focus on the enterprise technology investments for AI applications to, for instance, improve productivity at scale and really drive ROI?

Neeraj Tolmare

As most companies have done in the last two years, we, too, began our AI journey with running a thousand pilots across our entire business. Even today, if you ask any company across any industry, they're running all kinds of pilots to learn "What can AI do?"

I think the benefit that the Coca-Cola system and The Coca-Cola Company specifically have is that we have done the groundwork and have a very solid foundation to build on top of. We were able to pivot quickly from "What *can* AI do?" to "What *should* AI do?"

It's a very fundamental pivot that needs to happen. We were able to do that almost two years ago, which then forced us to have our experimentation tied to a specific business outcome. When you're operating as a company as large as The Coca-Cola Company, it's very common to find sometimes the left hand doesn't know what the right hand is doing. We tend to create pockets of excellence. The flip side is also not good when you have a large ocean of mediocrity. You want to be somewhere in the middle.

So, we designed a very effective way of prioritizing where we need to focus our investments. We put in place a digital council that includes the executives in the company. I'm part of that.

On a quarterly basis, we get to review requests that are coming from various parts of the company. Mind you, the system has been spending roughly $2 billion annually on our digitization churn. Our spend is significant in terms of accelerating our way into the next phase of growth. It's important to avoid redundancy, avoid multiple people working on the same projects or a similar type of project or working without really having an end-to-end view. That's what the digital council, [a group that oversees digital investments], does.

The digital council takes all these efforts and says, can you actually put a thread through four of these initiatives? Can it give us an end-to-end view? When I think of marketing, when I spend a dollar on a marketing campaign, does it tell me on the other end how many transactions that dollar creates?

In the past, we never really had the ability to do that. But with establishing the digital council, we are on the path. I wouldn't say that we have solved all the issues. I want to be very upfront. This is not an overnight thing that you can just flip the switch and everything becomes, all of a sudden, highly efficient. It takes time. I think instituting that discipline and having the mindset that you need to stand behind it, at an executive level, and make those decisions that then trickle down into the organization is very important. It has been a great setup for us, and I think we have already seen some green shoots come out of this effort that we're quite proud of.

Robert Ottenstein

So obviously Coca-Cola is kind of an iconic, consumer-focused marketing company. I think it'd be helpful for us to learn and understand the opportunities to use AI or generative AI to engage with consumers and drive better advertising, maybe some of the risks in doing that, and how you manage that part of the initiative.

Neeraj Tolmare

Absolutely. Yes, we are one of the world's largest marketing organizations, and we wake up thinking about our consumer. Our consumer is at the heart of everything we do.

When it comes to AI, Robert, and our marketing efforts, there are three different categories we like to focus on. One is content creation, which is where the generative aspect of AI plays a bigger role. Second is content sharing, meaning our ability to create once and share a hundred times over as opposed to creating a hundred times. Then the third one, which is the most important, is how we are engaging with our consumers. So, we apply AI very methodically across these three areas.

When it comes to content creation, we intentionally leverage almost every LLM that's out there, whether it's open-source or not. We don't want to consolidate or down select too soon because the world is evolving so fast. It's hard to say six months from now which algorithm is going to give you which output, so we have a dedicated team that looks at this internally.

When it comes to content creation, we have actually created amazing content leveraging generative AI. If you Google "Create Real Magic," you will see our latest campaign that we ran this past Christmas. This was our way of creating and engaging with our consumers in a heartwarming, real-time, conversation-like model, with a digital avatar of Santa. You could create a personalized message, either music or

small messages, put it in a snow globe, and share it with your family. This resonated with our consumer base around the world.

What this proves to us is this technology can unlock significant efficiencies at higher quality. Now, our opportunity is, can we scale this across our operations?

The initial promise is pretty good. Execution requires discipline, and we believe we are prepared for that. Even internally, for our marketers, can we make it easier for our marketers to create a campaign? We're leveraging a pretty unique algorithm today that helps us. By prompts, we can generate texts. Our marketers can actually write briefs without having to go work with 10 different agencies, and the quality of these briefs is getting better by the day. I wouldn't have said that six months ago, but today, I can tell you confidently that the quality is just as good as a top-notch agency would do it.

It's also important, Robert, to your question, we have to think of the risks that this technology creates. It's an important part of that equation, and you cannot just focus on the sexy side of the equation. There is a very, very important, responsible side of the equation, and we have taken it upon ourselves to be quite responsible. We are a guidelines- and principle-driven organization. Whether it comes to avoiding situations of deep fake or hallucinations or social bias, we have a very clear set of guidelines. We call them our responsible AI guidelines. We not only share this with our company, every person in the company repeatedly gets them with different kinds of training, but we also share them with our bottlers. Our bottlers also need to know that the content we're creating is done in a responsible way. So, hopefully that gives you a flavor of how we think about marketing.

Robert Ottenstein

Yeah. So maybe scaling this at a higher level. You operate directly or indirectly in 200 countries around the world, different cultures, different stages of economic development, but it's a reasonably finite group of global brands for the most part. How do you see AI helping with the global initiatives and scaling on a global basis, given the 200 countries that you're operating in?

Neeraj Tolmare

I was smiling as you were asking me the question because it took me back to my days when I just had come from HP over to Coca-Cola. I remember thinking, "I know scale." HP is doing business in 200 plus countries, and that's large scale. Until I got here and saw a new definition of scale.

2.2 billion servings a day. That equates to roughly 800 billion touch points with our consumers annually. Just in the time that we're talking here today, that's roughly 90 to 100 million touchpoints. That's an amazing and unbelievable amount of touchpoints we have with our consumers. We take it very seriously, and we take it upon ourselves to actually treat that touchpoint with the respect that it deserves.

I'll give you an example of how we are thinking about scale. We have a platform internally that we call ShopX. This was developed working closely with Nvidia and our marketing partner, WPP. One of the challenges we have is, because of how large we are and how many different countries we operate in, our marketing group tends to create content for their local requirements, and it's incredibly difficult to try and run it

centrally. It's almost impossible, because if you try to do it, you're going to slow them down. So how do you then solve this problem of scale without slowing things down and yet maintaining the quality? That was our problem.

When we got this small group together and said, this is the problem that we're trying to solve, we came up with an algorithm that we rely on, and we created ShopX as our platform. We took 20 assets that were AI-generated — this is content that we created with proprietary Coca-Cola content — we created 20 of them and we said, okay, we have 200 plus brands. We operate across many, many countries. You multiply that by more than 130 languages and all the consumer ethnicities of the world. That level of complexity is significant. So, let's take these 20 assets, and let's have AI create 10,000 variations of these assets to match these different requirements.

And when we deployed them, we found that there's roughly 20% of efficiencies that we could get, and the time to market was 3x faster. This was mind-boggling. This is the power of AI. It can actually unleash efficiencies at a scale that we had not seen before.

Now keep in mind, we did this in a controlled environment, in a pilot setup. Now the opportunity in front of us is to actually scale it globally. So again, we find ourselves almost, I like to call it our tipping point. I feel like we are at the tipping point of how our investments in the last few years have earned us the right to experiment and unleash the efficiencies that AI can do. And that's one example to answer your question of how we do it at scale.

Robert Ottenstein

If we move over to the customer side, all the millions of retailers, globally, restaurants, food service, et cetera, how far along are you in terms of leveraging AI to improve product distribution and your interaction with all your customers globally and create more value for them?

Neeraj Tolmare

Look, just as exciting of an opportunity on the customer front. We have roughly 33 million outlets where we have a direct reach into it. Not many companies can actually make a claim that comes close to that. But, we also have a range of these outlets. On the higher end, you have large retailers that are incredibly advanced in their technology and data, and on the other end of the spectrum, we have mom-and-pop stores or restaurants that are as analog as they come.

Our goal as The Coca-Cola Company is to provide our consumers and our customers a sense of joy and happiness, which is our purpose, without having to jump through hoops. That experience ought to be seamless.

I remember when I first joined the company, I visited most of our plants around the world, and I did some market visits. I remember I was in Mexico City. I sat in one of our red Coca-Cola trucks, and I actually went with that truck from outlet to outlet. I noticed what our reps were doing in those visits. They were pulling out their notepads at some point and writing down how many cases of Coca-Cola need to be supplied to fill that cooler. How many are empty, how many are sold. It had been about two weeks, and they were figuring out what that inventory should look like. In most cases,

I also noticed that the cooler was actually half-empty, which is not a great sign for anybody.

This is where AI comes in. We actually were able to create our homegrown, home-developed algorithm. We call it a suggested order, which predicts the next best SKU that our outlet can have in their particular cooler.

So, imagine you're an outlet owner in Mexico City. You get a WhatsApp message saying, "We believe your next best SKU that you're going to sell is XYZ." How do we know that? Because we have taken historical sales data, mapped that to weather and other related geolocation data that we have, and come up with an answer that we believe is a predictive answer for "What is the next best SKU for a customer that will purchase from your outlet and your cooler?" We tested that across three different countries, four different bottling partners across 1,000 outlets, and we saw that just by having that ability, the outlet month-to-month sales grew by high single digits.

Then, as a system, we took one step further. We said, okay, how about we create AI-generated promotions and images that we could target to that individual outlet. Before this, we didn't have the ability to do that. Our bottlers could send a blastogram to all the outlets in a certain zip code in Mexico City. Today, our system has the ability to drill down to one specific outlet owner and say, hey, Mike, we have this promotion that is customized for you. If you click here, this will be delivered to you. The premise is, your out of stock will be reduced, because we are predicting what the next-best SKU is going to be. This is a huge benefit of what AI can do.

On the other end of the spectrum, Robert, where we have the large, more advanced outlets, we have connected the coolers that they have in their outlets to the mothership. We have put cameras in them to track products. They take snapshots of the products constantly and upload them to the cloud. We basically know the level of inventory, what product is getting picked up by our consumers, at what time of the day. We can triangulate that data to then predict what should be the way we should stock up. What products, if kept in this part of the cooler, have more chances of getting picked up by our consumer? Data has become the key to unlock incremental value.

And because of all the hard work that we've done in the last few years, we're able to actually create solutions that sit on top of this foundation to unlock value. Internally, we call it a phase of going from modernization to activation. We're now activating solutions on top of the modernization. None of this would have been possible, Robert, if we had not done the hard work of putting in that base and really building all of that.

Hopefully that gives you a sense of what we're doing with our customers.

Robert Ottenstein

Yeah, that's great. You see that reflected when we listen to a lot of the Coca-Cola bottlers around the world, and almost all of them are gaining market share, and they refer to things that you're talking about.

You mentioned at the beginning that you guys are a first mover. How do you benchmark yourself against the competition? Do other people have these same capabilities in terms of working with consumers or customers at your level or do you think that you're in a class of your own?

Neeraj Tolmare

It's hard to be definitive in answering this question, Robert, if I'm being honest. We believe we are ahead of the pack because of the work that we have done over the last few years. It gives us the right to now create these solutions. It depends on how fast we activate and create those solutions.

More importantly, at Coca-Cola, what I've learned is if it doesn't scale, it's loosely interesting. So, we have to make it scale. We have to share it with our bottling partners. We have to make it easy for our bottling partners to sell our products. That's where the opportunity is for the next 12 to 18 months.

Robert Ottenstein

Got it. So, looking at another side of the business, let's shift gears to the various digital priorities in terms of the overall enterprise. Starting with supply chain. How are you leveraging AI in that part of your business?

Neeraj Tolmare

Yeah, sure. For everyone's sake, let's step back and understand the scale of supply chain that Coca-Cola operates in. This was a lesson that I had to learn very early on when I joined. This is what it takes to deliver 2.2 billion servings a day.

Our supply chain spans across 19 manufacturing concentrate plants across 17 countries, 950 bottling plants, as I mentioned before, across 180 markets. This includes thousands of active formulations and kits that we ship globally. So, you can imagine the level of complexity. Add on top of that, probably one of the world's largest truck fleets running around, delivering all these products to every remote corner of the world. The complexity of managing this is significant.

So, before we thought of what AI can do, we started looking at how we could modernize the basics. Can we get digitized about what the demand looks like? Can we accurately monitor incidents in real time, anticipating some logistical risks? Can we proactively map and mitigate these disruptions across our network?

We very quickly realized that the systems running our plants were actually quite different. They were designed to just operate as independent plants. In today's world, all of these plants are more connected to each other than ever before. They're sharing data constantly back and forth more than ever before.

So, this was one of the big programs we launched. We actually modernized our ERP system, which was the foundation of all these plants, and we did a greenfield migration. Of course, everything in the cloud. We migrated to the latest SAP S4 version. Having our bottlers and us on the same platform now allows us to share that data seamlessly. It allows us to send demand signals much more easily than what it used to. This now presents us with the opportunity of how we can now leverage AI.

One of the examples several of our bottlers and us are working closely on is a digital twin and next generation capabilities. These AI-powered models can simulate the plant operations. It can simulate warehousing and yard management challenges. In the pandemic it came in very, very handy, because we weren't really prepared to operate a plant as remotely as we had to. We were forced to do it, and having

invested in technologies like the digital twin enabled us to continue. Not just continue, actually accelerate our digital journey.

So, supply chain continues to be a key area for us to focus on what AI can do. Recognizing that in supply chain, the impact of AI can show up probably three, four, five years down the line. On the activities that I mentioned on the consumer and customer, it can be almost immediate. So, there's an opportunity cost on all of this. As you asked earlier, how do you think of investments? We intentionally, then say, where is the biggest return on our investments? Some of it is groundwork and we must do it. We then use judgment in figuring out where investments go in the business.

Robert Ottenstein

Looking at another part of the enterprise that's also longer-term oriented, how has AI impacted your R&D initiatives and innovation? Does it make it more efficient, allow you to do more things at the same time? How does it change how the innovation is thought about and implemented?

Neeraj Tolmare

Sure. I'll give you two examples. Our R&D teams are increasingly leveraging advanced analytics and data science to build a deeper understanding of how consumers feel, react and behave. Easier said than done.

When you are in a controlled test environment, with the advancement of technology and leveraging AI, we were able to collect over 26,000 facial video recordings, performed with consented focus groups, that then allow us to pinpoint what consumers are actually feeling, as opposed to their, perhaps, inability to articulate. Perhaps they're not able to explain what they are feeling, and that allows us to design our products and hone-in on innovation that matters to our consumers. This is the next level of truly putting our consumers at the heart of everything we do.

The second one is taste, which in our beverages and our products, it's a very important input. We built a tool that maps these sensory spaces. Knowing that consumers have different preferences, it helps guide our product development. As of 2023, we have roughly 1,200 products mapped. It narrows down our focus of what product innovation should look like in our beverages, because we know what the consumer prefers.

We've gotten much better at innovation because we're now relying more on advanced analytics and data science. We're in the early stages, I would say, on exploring what AI can unlock for us in this space.

Robert Ottenstein

Great. Let's move over to talk about how AI impacts your relationship with the bottlers. Maybe talk about how you use shared platforms to leverage data points across the company and with the bottlers. You mentioned earlier on that a lot of the bottlers had their own information systems and platforms. To what extent are you all on the same language now and is it fairly frictionless? Just would love to understand how that's working.

Neeraj Tolmare

Our business model is, I have to say, somewhat unique. We are an incredibly global operation with just as incredible local touch and feel. That's by design, but this requires strong digital connectivity across the system.

That's what we did in the early years. We standardized most of our platforms. As you can imagine, when I first got here, every bottler was doing their own thing. They had their own choice of technology and platforms, and they were good for them in their region. But when you step out of the weeds and look at the entire forest, you realize that these disparate platforms and technologies make it very difficult for us to talk to each other. If the next unlock of our business is dependent upon us talking to each other in the same language, we better get our act together and standardize across these platforms.

That's the journey that we began along with our bottling partners. I want to be careful and point out that not everybody is on the same place in that journey. The company is at the top of it leading the way, but there's a spectrum. We focus on first getting the top 20%, knowing they have 80% of the impact. If we focus on those bottling partners, then it helps us standardize across the system.

So, not only did we standardize the ERP system. Not only did we standardize the customer platforms that are capturing the data and the consumer platforms that the company is capturing. When you triangulate the enterprise data, the customer data and the consumer data, that's the golden unlock that happens.

We are well along our way, I would say. Some bottlers are more ahead than others and many bottlers we help on that journey. That's our role as a franchise leader. I do that through the system IT board. We meet four or five times in a year, and we all discuss the things that are happening. Where does the system come in? How can we operate as one system, one body, one unit? That is starting to really resonate.

Robert Ottenstein

And is everybody on the same system same language now or do you still have a little way to go for that?

Neeraj Tolmare

I think the bigger players are starting to anchor around the same platforms. As I mentioned, Microsoft and the entire stack across cybersecurity, across Office365, across Azure, they're all consistent. If you look at ERP systems, many of them are on SAP, but we have a few with Microsoft Dynamics. Then there's a smaller group. When you think of the marketing platforms, it's largely on Adobe platforms. When it comes to CRM, it's largely on Salesforce platforms. If you take the big ones in our system, I would say most of them are already on a standardized platform.

There's always a long tail of bottling partners that we work with, and some of them will be a mom-and-pop operation and may perhaps not even need an SAP to operate. So, in those scenarios, the company actually helps them in conducting their operations seamlessly with a commercial construct that we are able to offer to them.

Robert Ottenstein

Right and all of this obviously costs a lot of money. How should we think about digital investment and how that is shared between you and the bottlers?

Neeraj Tolmare

Yeah, it does require a lot of investment on everybody's part. The company does play a lion's share in taking the lead role.

I talked about the Microsoft engagement, and this is a publicly shared number, where we signed a system-wide agreement for $1.1 billion of Azure commitment. Our bottlers then use this and tell us what exactly they are needing and we provide that bandwidth to them. But because we are operating and negotiating as one system, we're able to get significant efficiencies.

The same applies to the other platforms. We procure all SAP licenses on behalf of the entire system. So, when we sit across the table with SAP, we're able to negotiate the kind of commercial constructs that would be unheard of if you were just a small set-up or an individual bottler just going to talk to these companies.

Now, the investments that the bottlers are also making in parallel to this are on activation and customer solutions. They are building solutions and, in many cases, they're building it along with us. So, price optimizing tools, trade promotion optimizer, revenue growth management, these are all individually sometimes a larger bottler working with the company. We co-invest, collaborate and co-develop, and then we make it available for the entire system.

Again, I want it to be noted that we are at the early stages of this. We still have a long way to go, but we have shown the promise of how the system coming together can create value that everybody can benefit from.

Robert Ottenstein

So, we've talked a lot about how you started to incorporate digital and AI into the enterprise. It's early days. When you sit down with Murphy and Quincey and the Board, however, you're judging your efforts, how do you benchmark success for digital transformation? What are the key metrics you're reviewing? How do you rate those efforts?

Neeraj Tolmare

Yeah, in fact, just two weeks ago, I presented a self-assessment to our board. So very timely question that is top of mind.

Look, in my mind, it's very simple when it comes to the enterprise. Is technology making your life easier? Is technology providing you enough bells and whistles to do your job better, faster, cheaper? That's the metric for enterprise. Yes or no, there's no middle ground there. We're making progress; we're on our way. I think with the investments we've made, people are starting to realize why we are doing this.

When it comes to our customers, are we making it easier for our customers to sell our products? Are we making it easier for our bottlers to distribute our products? Those are the metrics. So, everything tracks back to that.

When it comes to our consumers, are we engaging with our consumers in a meaningful, personalized way where they feel like there's a sense of loyalty that is starting to generate? That ultimately leads to an incremental drinker or a repeat drinker of our beverages. To me, those are the metrics.

Even though we are a technology and digital organization, our metric is always external facing. It has to be. Are we creating impact on the ground? When I go on market visits and I visit an outlet, and I ask them to pull out their iPhone and or whatever smartphone they have, I ask them to show me what are the various apps you use to order all your products in the store, and which one is your favorite one. If they don't tell me that the interaction they're having with The Coca-Cola Company is their easiest one or the most seamless one, I know that my efforts and my company's efforts are not enough. We must do more. So, it always goes back to the end consumer at the end customer being at the heart of everything we do. That has to be our benchmark. We remind ourselves of that every day.

Robert Ottenstein

So, we've talked about consumers, the customers, the enterprise, supply chain, lots of different ways in which AI is touching the company. And you talk about things getting easier but you also said, you know where you're in the early stages.

To the extent you're comfortable talking about this, if we look out in the future a little bit, what are the big unlocks that you may get in the next three years? So that if we had this discussion three years from now you can say these are the things that you were able to do and accomplish. What are those new benchmarks that you've hit? So that when we, as investors, think about how the company's evolving, I think you've laid things out really well, but what is to come? Is it just the same thing just getting better and more efficient? Or are there new areas that that you're excited about, that could have meaningful impact three years from now?

Neeraj Tolmare

At the beginning of our chat, I mentioned the three main categories we began our journey with: toolset, skillset, mindset. We find ourselves doing a reset on all three. That's to me what the next few years are demanding of us, as an industry, as a company, as a system.

I actually fundamentally believe you can learn only by doing. You cannot learn by looking at a PowerPoint chart; you can learn only so much. That has led us to another tipping point. We are now reevaluating and reassessing for this next phase of going from modernization to activation. Do we have the right toolsets? Do we have the right skillset? And do we have the right mindset? What we are recognizing is the opportunity can be significantly bigger if we were to accelerate our efforts in upskilling and upgrading faster.

So interestingly, I find myself to be in almost the same place I was five years ago at a different phase. It's almost like it's a step ladder. I finished the first step. And now I've arrived at the second step. We have to reset our organization because the unlock AI can provide the promise based on the last two years of work on AI is phenomenal.

However, you have to be careful because you can get lost in the world of experimentation, and you could then be chasing after the new shiny object that comes in front of you. And a year goes by before you realize they haven't created any value.

Your earlier question is even more important. How do you measure your success? Are you actually creating incremental value in areas that matter to your consumers?

Because not everything is going to matter. So, are you focused on the right things, and do you have the discipline to stay focused?

What we have learned is that it's one thing to get an organization rallied and have a rallying war cry and get everybody excited about it. It's a whole other discipline that it takes to continue. Can you stay on that track for a year or two years with that relentless grind, day in and day out, with all kinds of sacrifices that your teams have to make, like working late hours, or whatever it takes to deliver that outcome, but never forgetting why we are doing this.

We are doing it because our purpose as a company is to create happiness and joy in our consumer base with the variety of beverages that we provide as an all-beverage company. We have proven time and time again that we are an all-weather company. We can survive many of these external shocks to our system, but it's because we are grounded in our principles.

So, I keep coming back to these three areas, which has been my own biggest learning as I went through this with my team. If you focus on these three areas. If you stay focused. If you do fewer things that continue to move the needle and not get distracted by all the noise that is happening around you, you can get to a pretty meaningful outcome.

And guess what? Our bottlers want that office and they're demanding that office from us as a franchise leader. We have earned the right to lead, but we have to continue to execute at scale and deliver the outcome. That's how I think of the next few years. It begins by creating the right awareness.

We have to train the organization. If you ask people today, “What does AI mean to you?” you get 20 different answers if you ask 20 people. They're not necessarily wrong. However, we have to understand as a Coca-Cola system, what do we want AI to do for us? It could do all these things, but for us, we have to be focused. This is what it means for us.

We have to really engage and personalize our connection with those 2.2 billion servings per day. We have to wow our customers by making their lives simpler and easier where they can interact using our digital tools. When it comes to the enterprise, things should just work seamlessly. Technologies should talk to each other seamlessly. No longer should we be bound by an Apple walled garden and an Amazon walled garden and an HP walled garden. Whatever it is, we need to break the silos, and AI allows us to do that seamlessly.

Hence the push in wanting to get to that next phase of digitization. That's where the journey begins. It's a super exciting journey. That's why I fundamentally believe that the company is again at a tipping point, and we are at the onset of an amazing journey that we're uniquely qualified to succeed at because of the work we have done in the last few years.

Robert Ottenstein

Great. Well, I think that's a great way to tie everything together that we've been talking about, that you've so generously given the last hour or so to us and the investors on the call. So, Neeraj, thank you so much. Congratulations on the great

accomplishment, and we all very much look forward to what's going to come out over the next few years.

Neeraj Tolmare

Thank you, Robert, and thank you to all the listeners on the call.