



PEPSICO

LEVERAGING GLOBAL LEVERS:

**The procurement strategy
transformation underway at PepsiCo**

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**THE PROCUREMENT
STRATEGY TRANSFORMATION
UNDERWAY AT PEPSICO**

Having led a major overhaul of procurement operations, Marcelo Stefani, Global Chief Procurement Officer, discusses the strategies, philosophy, and goals of swapping from PepsiCo's localised approach to a global one

About us

PepsiCo products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. PepsiCo generated nearly \$92 billion in net revenue in 2024, driven by a complementary beverage and convenient foods portfolio that includes Lay's, Doritos, Cheetos, Gatorade, Pepsi-Cola, Mountain Dew, Quaker, and SodaStream. PepsiCo's product portfolio includes a wide range of enjoyable foods and beverages, including many iconic brands that generate more than \$1 billion each in estimated annual retail sales.

Procurement's importance within the business landscape has scarcely been clearer than now. Unprecedented levels of disruption to global supply chains via the Covid-19 pandemic, the war in Ukraine, aberrant weather events and international trade uncertainties have centralised procurement as not just a strategic enabler, but a functional imperative.

Gone are the days where procurement operated in the background; now it's a fundamental component of top-level strategy. For a complex multinational like PepsiCo, the depth of value offered by a robust, technologically enabled and strategically versatile procurement organisation is abundantly clear.

Marcelo Stefani, Global Chief Procurement Officer at PepsiCo, took charge of the food and drink giant's worldwide procurement efforts in 2023. For Marcelo, taking the reins at the top of PepsiCo's procurement function meant re-examining the fundamental principles governing its supply chain operations.





A new vision for PepsiCo's procurement operations

Despite its global footprint, PepsiCo's procurement was conducted on a regional basis, and Marcelo leapt upon the untapped potential.

"When I started this role, I was really surprised by the lacking use of PepsiCo's global levers," he says. "We are a \$92 billion company, and we weren't using the leverage of our global brands, specifically in procurement."

The trick is knowing where to start, but for Marcelo the focus had to be with PepsiCo's enormous supplier base.

"First, we had to ensure that we can negotiate globally with suppliers," he explains. "I established a team that was dedicated to supplier negotiations and delivering our strategy among them."

"That wasn't the only thing we changed, but

to deliver results and execute your mission and vision you need to have great talent and capabilities within the organisation, so that was another element. Then, even though you go global when global makes sense, the execution and the operational side have to be at the local level."

Of course, the top-level procurement strategy covers considerably more ground than the supplier relationship management element, as Marcelo elaborates.

"There are four buckets: global portfolios and commodities comprising the strategy of looking at global negotiations and opportunities to engage with suppliers more deeply," he says. "Then we have operational procurement excellence, making sure that whatever we negotiate is on-time with flawless execution in each market, with each

"This is a completely different opportunity, bringing an assortment of innovations from outside the company that we can then leverage"

– Marcelo Stefani, Global Chief Procurement Officer, PepsiCo



line being properly fed. It's all interconnected.

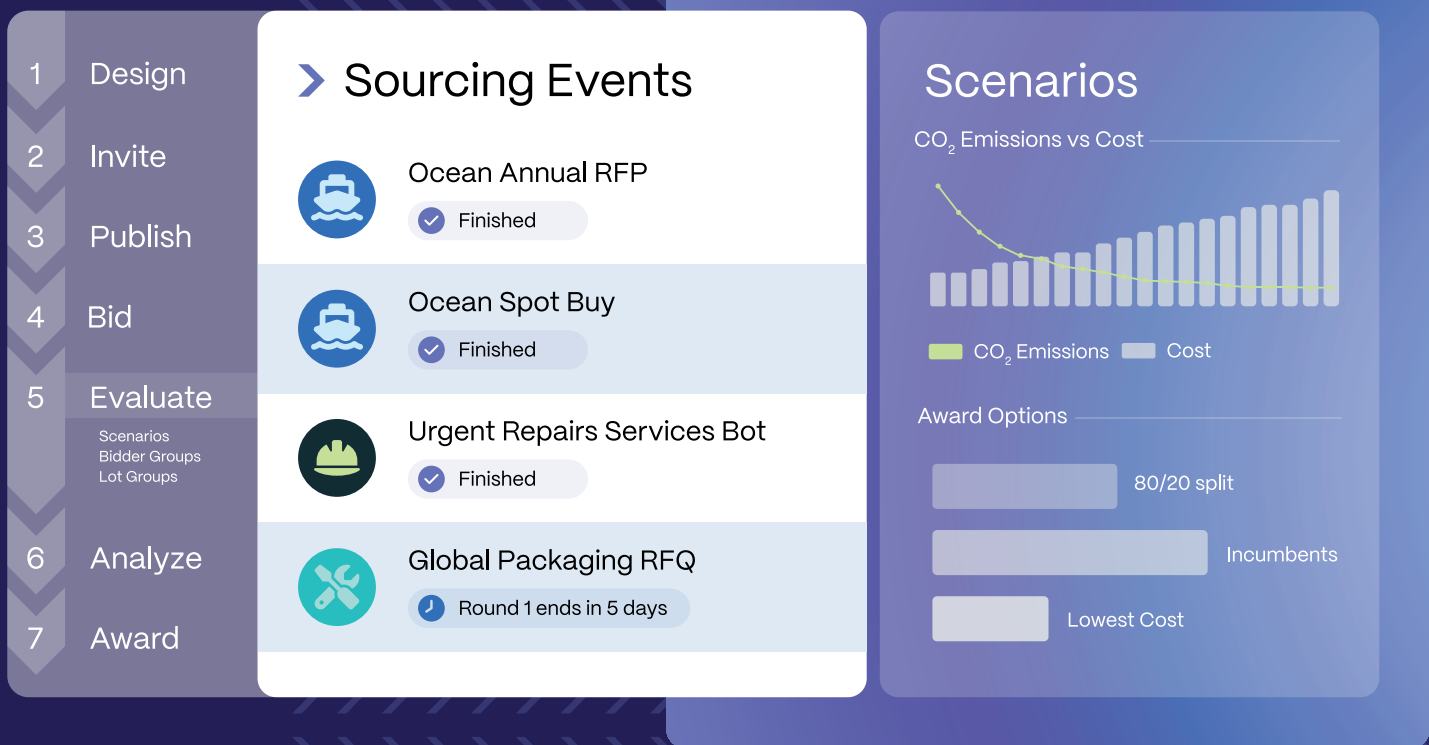
"The third one is sustainability and innovation. Sustainability is very important at PepsiCo, so we ask how we can drive sustainability on a global level. It can be more challenging because you may require more investment in some regions compared with others. We took sustainability from a regional basis to a global one, because it's better when you talk with long-term suppliers on a global level about investments and ways of working together.

"Then the fourth bucket is a bit of the glue of it all: capabilities and process harmonisations across the world, across the whole procurement organisation. Each

of these – the operational procurement, the leaders of the commodities and the portfolio, the innovation and sustainability, and the capabilities – are part of what we call the 'PepsiCo Procurement Leadership Team'.

"But there is a fifth element that is very important," adds Marcelo. "We have a digitalisation person that is sitting amongst the leadership team, and we are of course working together to deliver digitalisation efforts across procurement that will help to drive everything forward."

Smarter Sourcing, Stronger Partnerships: PepsiCo Powers Procurement with Keelvar



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PEPSICO

PepsiCo turned to Keelvar as part of **Global CPO Marcelo Stefani's** mission to modernize supply chain operations and unlock greater value through technology and global alignment.

For a complex multinational like PepsiCo, with a massive and diverse supplier base, automation and intelligence were essential to scaling strategic procurement. *“The depth of value offered by a robust, technologically enabled and strategically versatile procurement organization is abundantly clear,”* shared Marcelo.

PepsiCo partnered with Keelvar to implement Sourcing Optimization and Autonomous Sourcing, aiming to eliminate manual, time-consuming processes and refocus procurement teams on high-impact work—like building strategic supplier relationships. Marcelo noted:

“

Before, transactional suppliers were more reluctant to bring innovation to us. When there's a more established relationship and a long-term commitment, you can talk about co-investing. This is a completely different opportunity, bringing an assortment of innovations from outside the company that we can then leverage.

Keelvar enables PepsiCo to run complex bidding scenarios and model award scenarios based on more than price—factoring in Scope 3 emissions, supplier diversity, and other key goals. The result: faster, smarter decisions that align with PepsiCo's sustainability and operational excellence goals.

“Together, we're moving sourcing from tactical to transformative—helping PepsiCo act with precision, adapt faster, and elevate procurement's role as a strategic business partner,” shared Dylan Alperin, Chief Customer Officer at Keelvar.

This is just the beginning. As Marcelo builds a procurement function with “one team, one voice,” Keelvar will continue to support PepsiCo's journey with AI-powered tools built for complexity, scale, and sustainable growth.



Transforming suppliers from merchants into partners

Of the work he has spearheaded thus far as PepsiCo's Global Chief Procurement Officer, the supplier relationship management side has undergone the most dramatic transformation. Leveraging a global supplier base is no mean feat, not least with the breadth of PepsiCo's supplier base, and uprooting and replacing a long-held strategy comes with its own challenges.

It was, nevertheless, a challenge that justified its required efforts.

"When you talk globally with suppliers, focus on supply relationship management and move from transactional to strategic relationships, you create a different dialogue with them because now it's not just about the country or the region, it's about the opportunities that we both have across the world," Marcelo explains. "Agreements become more long-term, and people can then plan accordingly on both the PepsiCo and supplier sides.

"Some projects require a lot of investment from PepsiCo, but also from the suppliers. You cannot do that with a two-year contract or a locally isolated one. This global organisation, the new supply relationship management philosophy, and the new dialogues with suppliers have been of great benefit to the corporation.

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reluctant to bring innovation to us. When there's a more established relationship and a long-term commitment, you can talk about co-investing. This is a completely different opportunity, bringing an assortment of innovations from outside the company that we can then leverage.

"But also, we have a lot of geopolitical issues to navigate around the world. Having a strong relationship with suppliers can protect you from those challenges in many ways, especially when they can prioritise you over other customers as a result of that deepened relationship; you become their customer of choice."

It's not the kind of overhaul that happens overnight, of course, and the breadth of PepsiCo's suppliers has necessitated strategic prioritisation within that pool.

"We have more than a million suppliers between indirect and direct materials, and you can't revolutionise a singular relationship in just one year or 18 months. It's a journey from the outset to gain the trust of potential supplier-partners.

"In terms of selecting those suppliers for a more strategic partnership, every company does it in a different way. Our way was to start with suppliers whom we deemed to be the most important, either because of the innovation they've brought over the years, because of the mutual strategic opportunities we could capitalise upon, or perhaps because of the diversity they brought to the company."

As to whether the previous, localised model could be sustained into the future, Marcelo is emphatic: "I think a procurement function without supplier relationship management is an obsolete one. This is the new way of working."

In terms of how best to approach developing selected suppliers into strategic partners, Marcelo and his team adopted a direct stance that provided the platform for iterating upon those relationships.

"We conducted a survey with the suppliers, and we heard them, we understood that we had to change the way we were operating with them," he says.

"For us, the start was making sure that they understand PepsiCo. We held a supplier summit where we explained where PepsiCo wants to go, the things that we wanted to change from a procurement perspective, and our desire to gain that customer-of-choice position among our suppliers."

The actions weren't exclusive to the outward facing, with Marcelo seeking to unite disparate voices within the organisation to drive this revolution across every front.

"On an interdepartmental basis, procurement's alliance with R&D and marketing is now much stronger than before," he explains. "The result is that we have become one voice for the suppliers. It

used to be that we would go to suppliers, and they wouldn't know if the people visiting them were from procurement, sustainability, or R&D and so on. I love the new unity between us, because it clarifies our outward communication and creates greater consistency for our suppliers."

"After almost two years of fostering relationships in this way, we have 20 suppliers who fit the modernised, strategic mould and we believe that around 50 will be the number where we will feel comfortable."



“Diversity of thought is extremely important to me. I look for people that are decisive, that are doers as well as thinkers. I think that’s the kind of mindset I like when I’m recruiting someone new”

– Marcelo Stefani, Global Chief Procurement Officer, PepsiCo





Raising procurement's profile within the organisation

Marcelo stresses that expanding the strategy beyond procurement has been essential to this progress, and taking this proactive, galvanising approach to engaging other departments and functions is fundamental to its early successes.

"We got a lot of traction in this project because it wasn't just coming from procurement," says Marcelo. "You cannot effectively conduct partnership-focused supply relationship management if it's only being driven by procurement; it has to be a company-wide effort. We are so fortunate that, within PepsiCo, everybody understood the need for this evolution."

Generating that sense of understanding requires its own careful considerations and efforts, particularly given that the various hats within the C-suite are all focused on their own strategies that can easily become

siloes from others. Marcelo approached this collaborative effort with three prongs: by demonstrating procurement's value to the wider business; by expanding his own team with a keen focus on transformative ambitions and qualities; and by establishing procurement's seat at PepsiCo's top table.

"In my own personal view, you need a good reason to believe in the change and understand why you can do better," he says of bringing other leaders and departments into the fold. "You need a vision and a mission first, and then you need to find your first followers."

"That's the start of the journey in terms of seeing people start to change their mindset and come to agree that we can do better. Then it's a cycle of walking the talk, getting a seat at the table, and ensuring the company sees the procurement organisation as a business partner, not just an entity that's buying things. Procurement needs to be on the agenda in the same way as sustainability, marketing innovations, and productivity."

"You could say, however, that it starts with recruitment. You bring people to the company who have some fire in their belly; they want to belong to a winning team and to be involved in big, transformative efforts. That focus on hiring the right people with the right mentality is at the core of how the wider mindset is being changed."

"Early on, it can be difficult to navigate the sense of 'here we go, someone that doesn't know the company very well is trying to transform it'. You need to give people a reason to believe and, once you show them that we can do better, that's where the magic starts."



Transforming Procurement with data intelligence



In partnership with PepsiCo, Veridion has been honoured to support Pepsi's innovative digital transformation. Veridion's global dataset will serve as a foundation layer in supporting decision-grade data, to PepsiCo global.

PepsiCo's remarkable evolution has been catalysed by Heleen's strategic, multi-phase methodology, bolstered by the data insights provided by Veridion.

Our dynamically updated, weekly-refreshed data ensures the utmost accuracy in supplier data for downstream reporting, risk-mitigation, and grants business units unparalleled visibility and assurance within their supply chain.

The best numbers in the industry.



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750M+

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Services

70+

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246

Countries



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Marcelo Stefani, Global Chief Procurement Officer

Marcelo Stefani is PepsiCo's Global Chief Procurement Officer, taking the position in 2023 after first joining the company in 2021 as Senior Vice President and Market Supply Officer, PBNA. After two decades at Unilever culminating in a C-suite role, Stefani joined SC Johnson as Chief Procurement Officer. Following three years in that role, he transitioned into broader operational responsibilities and ultimately joined the executive committee. The experience further solidified his capabilities as a procurement leader, with an end-to-end grounding across operations and leadership.

From there he joined PepsiCo, and his wealth of experience has reaped dividends for the \$92 billion organisation.

Described as authentic and people-first by members of his team, Stefani describes himself as a transparent direct leader with a compassionate and empowering approach to team building. "I also try to help my team to build their emotional resilience," he says. "The corporate world is sometimes tough and frustrations can arise, so you need to have an emotional resilience to survive and thrive. I try to help them go through that and develop that thick skin."

Despite his relatively short tenure at PepsiCo thus far, his time at the company has been transformative for both the procurement function and the wider business.

"Seeing procurement with that seat at the table at the executive committee level, and having the company count on us as a business partner are two of my proudest achievements at PepsiCo this far," he says. "They see how we can help in innovation, how we can help in sustainability, how we can help in productivity."

"We also have over 1,000 people in procurement at PepsiCo, and I think everybody is behind the vision. We are one team, one voice. Everybody is interrelated, I would say. This didn't happen in the past, so we are proud of that too."





Leveraging greater procurement digitalisation across operations and sustainability

A key strategic relationship within PepsiCo has been with its digitalisation team, with Marcelo recognising the need to upgrade procurement's capabilities within that context.

"PepsiCo is progressing very well in digitalisation terms, and we have a lot of tools in marketing, in sales, in accounting, and in finance, but in procurement we weren't at that level," he says.

"You have to make sure that you have the right foundations in a procurement context. Something that's helping already is the digital and systematic Should-Cost modeling, which helps us to understand fair prices of things we procure. It offers greater intelligence from a commodity perspective, and we're at the beginning of digitalising and dashboarding our supplier relationship management processes, too.

"Now that we are advanced in terms of those foundational elements, we're starting to incorporate artificial intelligence with some algorithms. Pepsi is also a food company, and for us the digitalisation of crop management, predicting the weather more accurately, identifying the optimal time to harvest, what the farms needs, what quantity of water is needed, and so forth."

Then there's the sustainability side which, along with being a function in its own right at PepsiCo, is an imperative across its operations. In procurement, a central focus, and one of the biggest challenges, is scope three: the emissions rendered by an organisation's value chain.

“That is the most difficult task we have, right? We have a big footprint in suppliers and with some of them you work together, you invest together. We agree on challenging targets in terms of emissions reductions amongst suppliers, and through that we’re aiming to bring our scope 3 emissions under control.

“It’s also not just a PepsiCo thing. Between other companies and industries, we need to share and strive for those goals together. It’s not an easy task, it’s going to take more time, and more innovation from an artificial intelligence standpoint and the like, but it’s a journey we can’t miss.”

Along with taking actions to mitigate emissions within the supply chain, Marcelo, his team, and the wider organisation at PepsiCo are deeply committed to CSR, and on the procurement side it’s heavily integrated into the new supplier relationship strategy.

One key demonstration of this is in the relationships PepsiCo has established with farmers within its supply chain; delivering

technology, know-how, and predictive capabilities that can maximise farming yields and support local communities.

“There is a lot of technology being deployed with regards to irrigations and weather management, along with gleaning and sharing insights for improving the ROI from the seed that’s planted, how many acres are needed for certain things, and how you can optimise farming operations,” enthuses Marcelo.

“In some communities, we’ve also provided educational resources to help people stay updated with technology and best practices whilst also teaching them how they can optimise their farms.

I am super proud of that, but something that makes me prouder is that we do it without showing off or celebrating everything we do.

“Some companies do much less but tell the public much more, but you have no idea about the scale of our investment in CSR and the volume of people within the organisation who are energised in the sustainability area.”

“I have a very open approach. I trust and I empower my people to really go ahead as soon as we’re aligned on the strategy and imperatives. I think that freedom makes people feel more comfortable”

– Marcelo Stefani, Global Chief Procurement Officer, PepsiCo



Building a winning team

Delivering such a multifarious strategy takes a village, and Marcelo has paid particular attention to building a procurement leadership team that's both capable of grabbing the bull by the horns and able to expand Marcelo's own field of view.

"Diversity of thought is extremely important to me," he says of his approach to hiring. "In all my career, it's been very important to have people that think differently to me, and of course to be around people who are smarter than myself. I look for people that are decisive, that are doers as well as

thinkers. I think that's the kind of mindset I like when I'm recruiting someone new.

"On top of that, I think it's very important to have a team consisting of a good mix of people from inside the company, who know the company inside out, and external people who can bring a fresh way of seeing things. That combination of people that are super-connected, know the culture and know the company upside-down, and the new





people who come with completely different experiences can really give rise to fresh dialogues and exciting results.”

Setting such a robust agenda, galvanising disparate groups, and tackling a broad strategic overhaul is no mean feat, but Marcelo’s approach has thus far yielded tremendous progress. Described by his team as authentic and people-first, Marcelo’s approach to building and nurturing teams speaks to his wider philosophy as an executive.

“I believe I am a super transparent and direct human being,” he says. “I look for people that believe in the journey, believe in the mission and vision. Having a great team makes all the difference.

“I have a very open approach. I trust and I empower my people to really go ahead as soon as we’re aligned on the strategy and imperatives. I think that freedom makes people feel more comfortable. The mindset is always ‘why yes?’ rather than ‘why not?’.

“I also feel really close to my team,” he adds. “I know their families, I know what is going on with them and that’s the way I like to live. For me, it’s about walking the talk. I don’t promise anything I can’t deliver. When you achieve what you said you will achieve and you’ve promised something that’s become reality, then people really start believing in you, and it makes for better relationships. It’s also important to have fun along the way and believe in yourself.”

Despite his long career, wealth of knowledge and expertise, a key takeaway from Marcelo’s approach is the sense of humility that shines through as he discusses his approach to procurement leadership. For him, it isn’t enough to be at the top of the pile: you need the buy-in first. “You always need the first one or two followers that believe in you,” he says. “Without them, things can be very difficult.” ■

