

Global Standards and Direct Store Delivery

CECRAL

September 20, 2006



Global Commerce Initiative (GCI)/GS1 DSD Process Group

- Develop a simple business model and process extensions to support DSD
- Educate the industry on the value of standard processes for DSD
- Partner with GS1 to develop standards to support the DSD business model
- Drive Implementation
- Act Local and Think Global

GCI/GS1 DSD Process Group

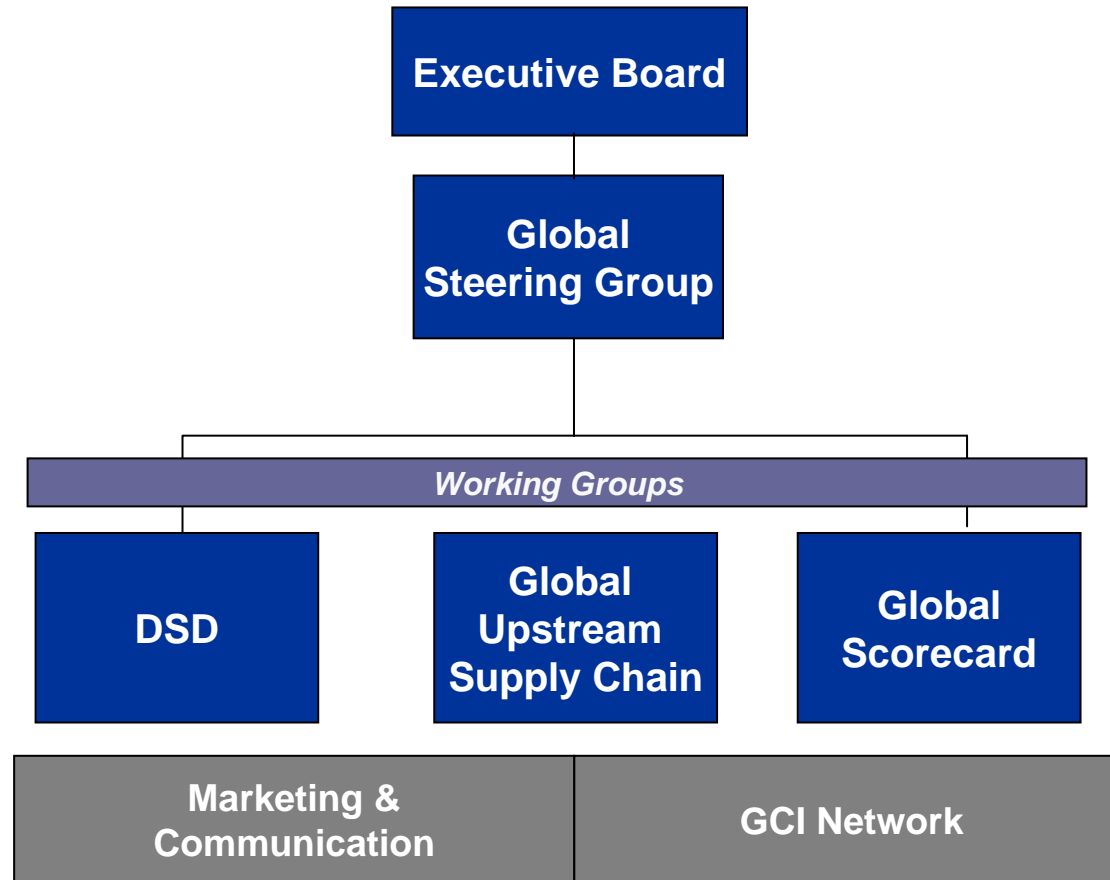


Global Commerce Initiative

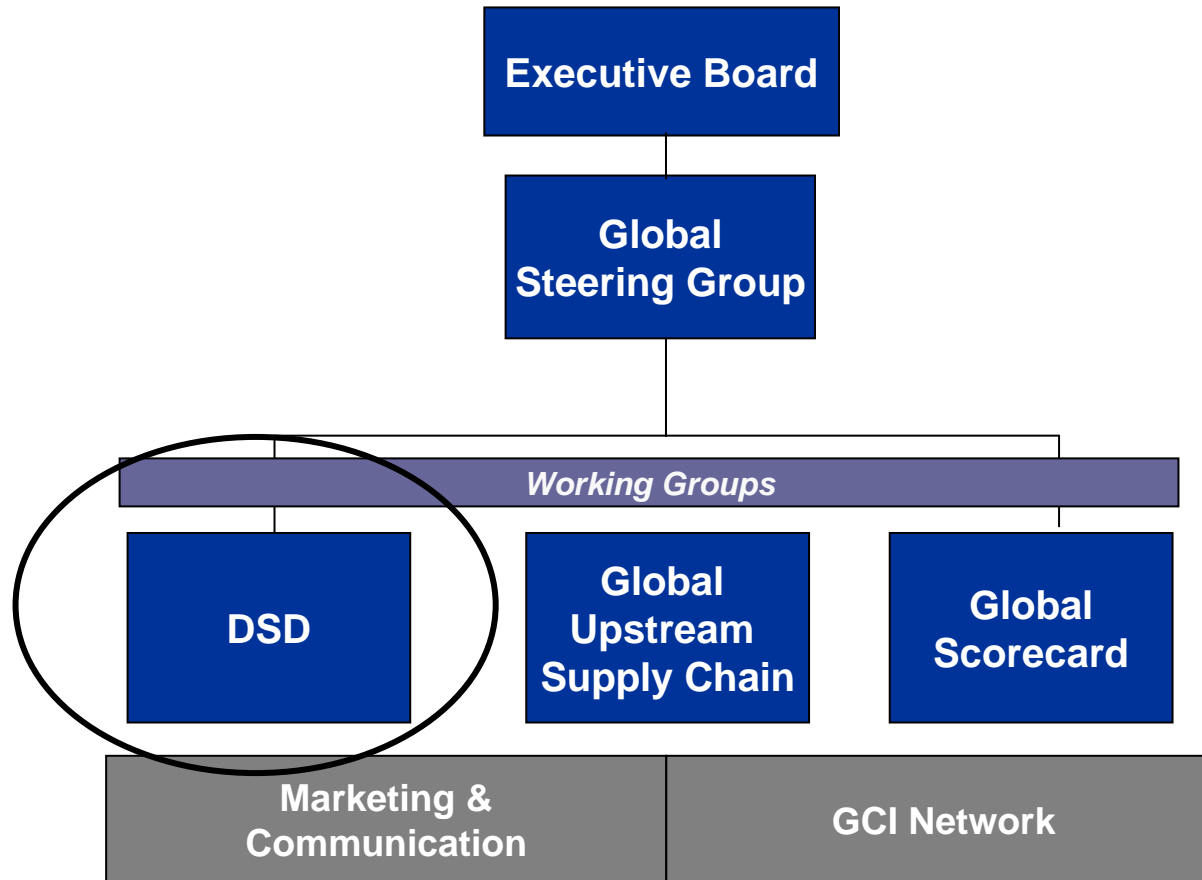
Global User Group that brings manufacturers and retailers together on a worldwide parity basis to simplify and enhance global commerce and improve consumer value in the overall retail supply chain through driving implementation of GS1 standards and processes



GCI Organization



GCI Organization



GS1 Organization



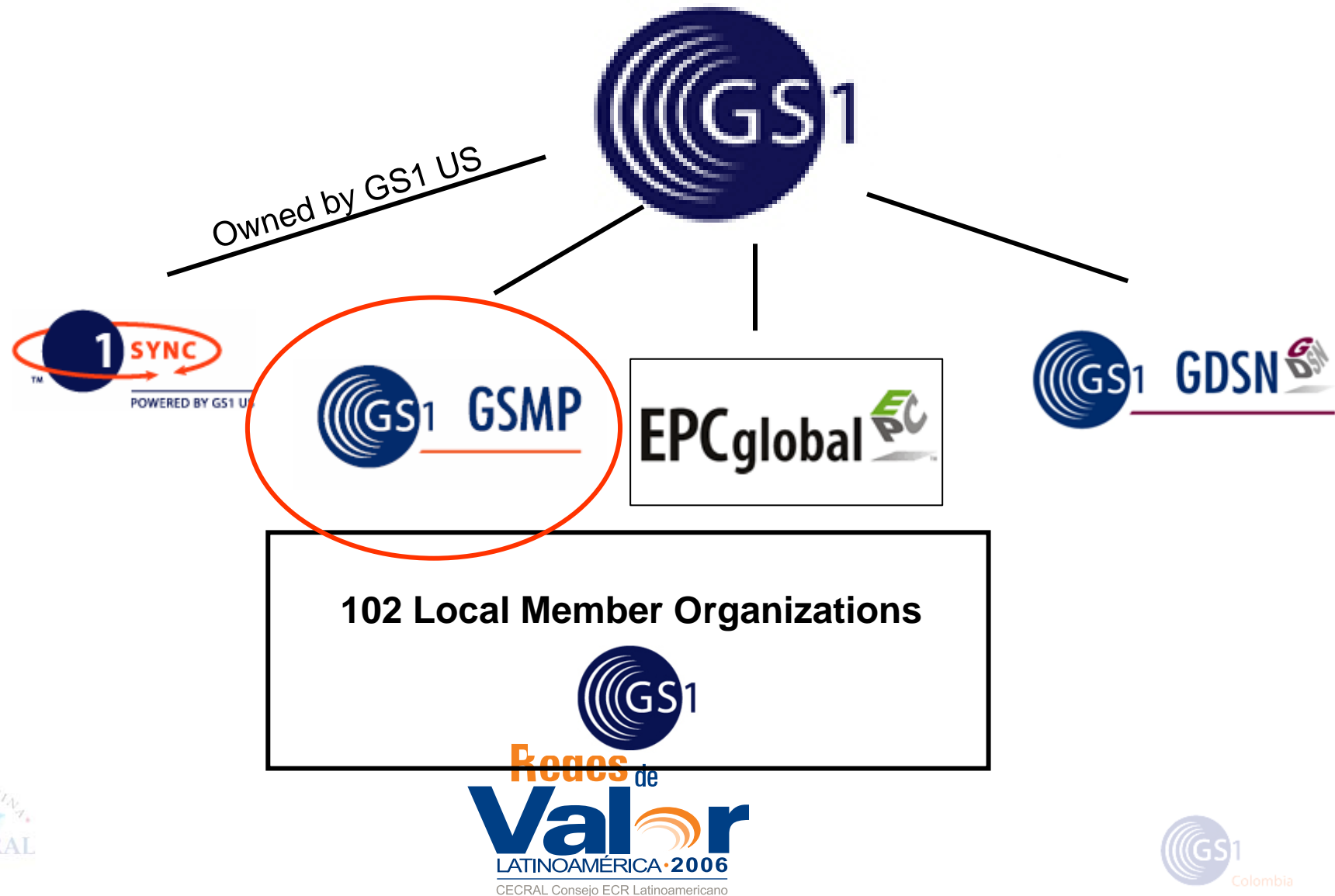
102 Local Member Organizations



Redes de



GS1 Organization

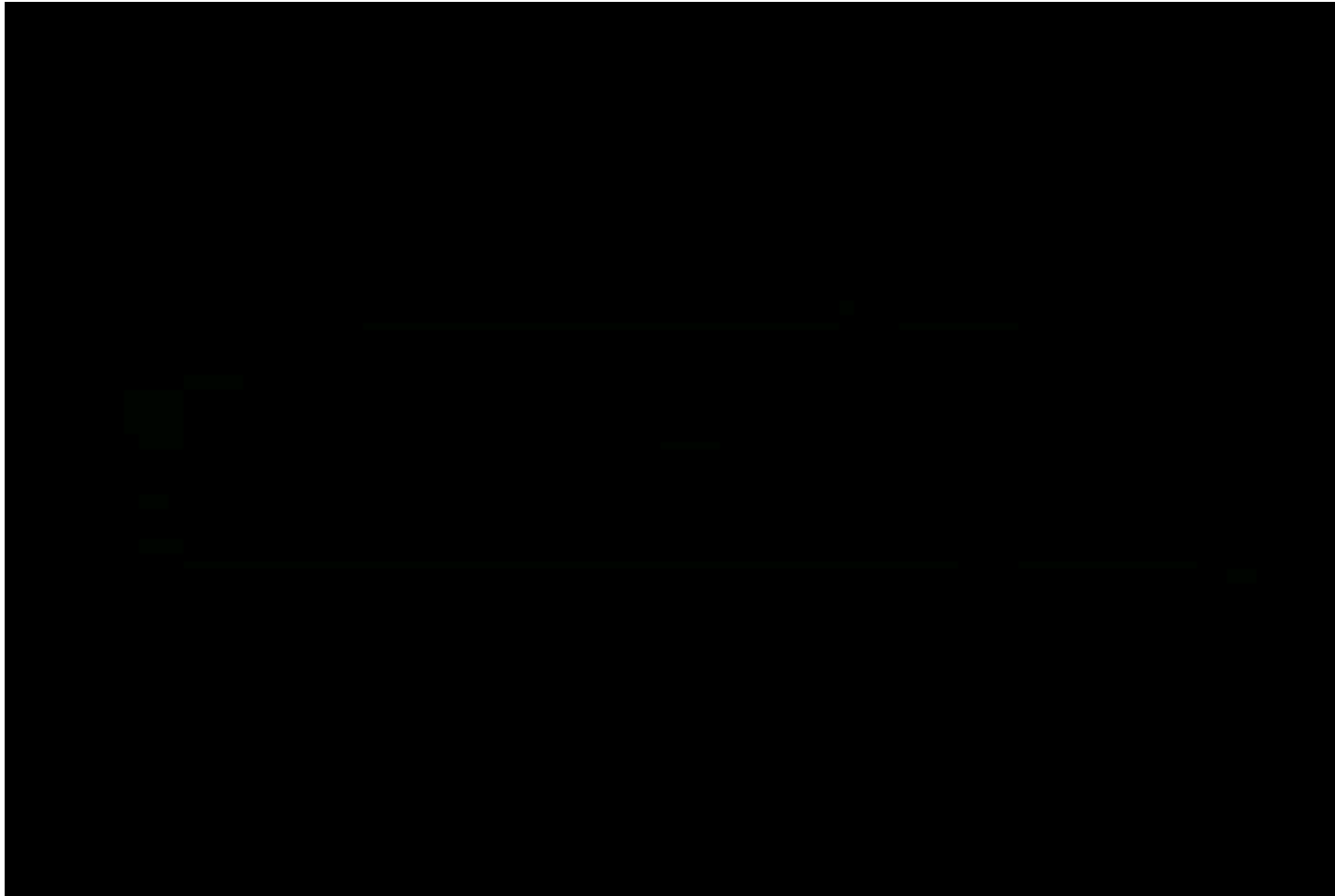


GCI DSD Group Focus

- Global Data Synchronization (GDSN)
- EPC/RFID - Future



Why Global Data Sync?



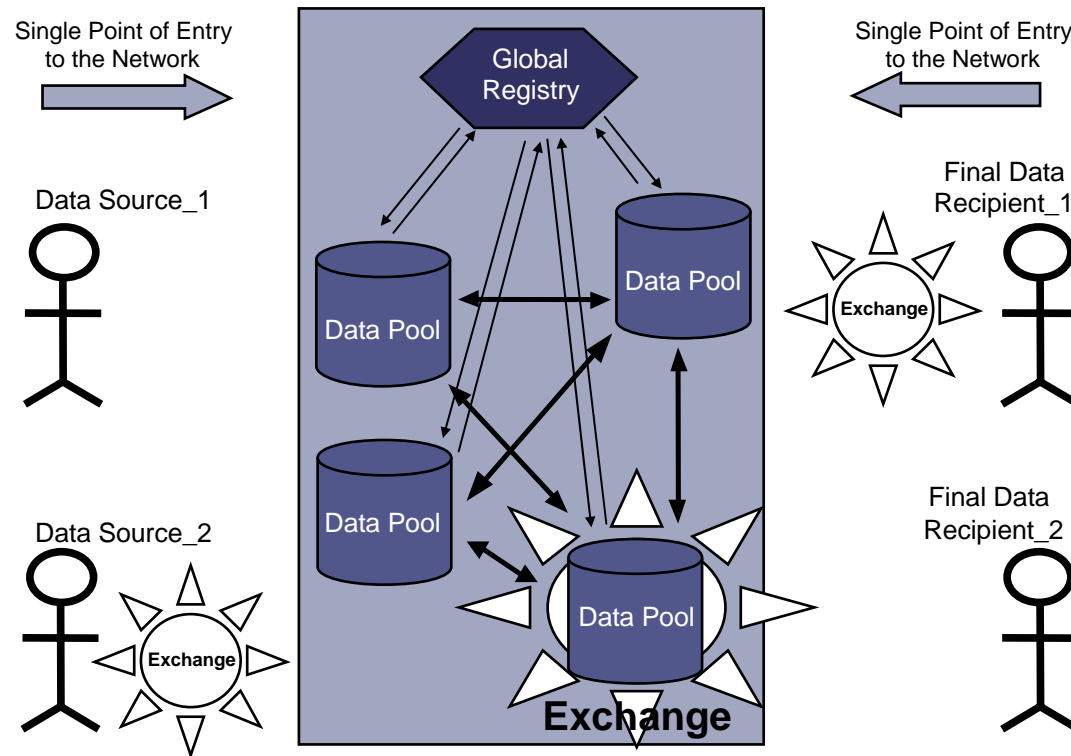
The GDS Vision

- A fundamental infrastructure for a seamless flow of product information through the supply chain (within and across borders)
- *Seamless?*
 - Ensuring all supply chain partners use common product descriptions and classification
 - Establishing a consistent process and workflow to ensure systems remain synchronised as products continue to change and evolve



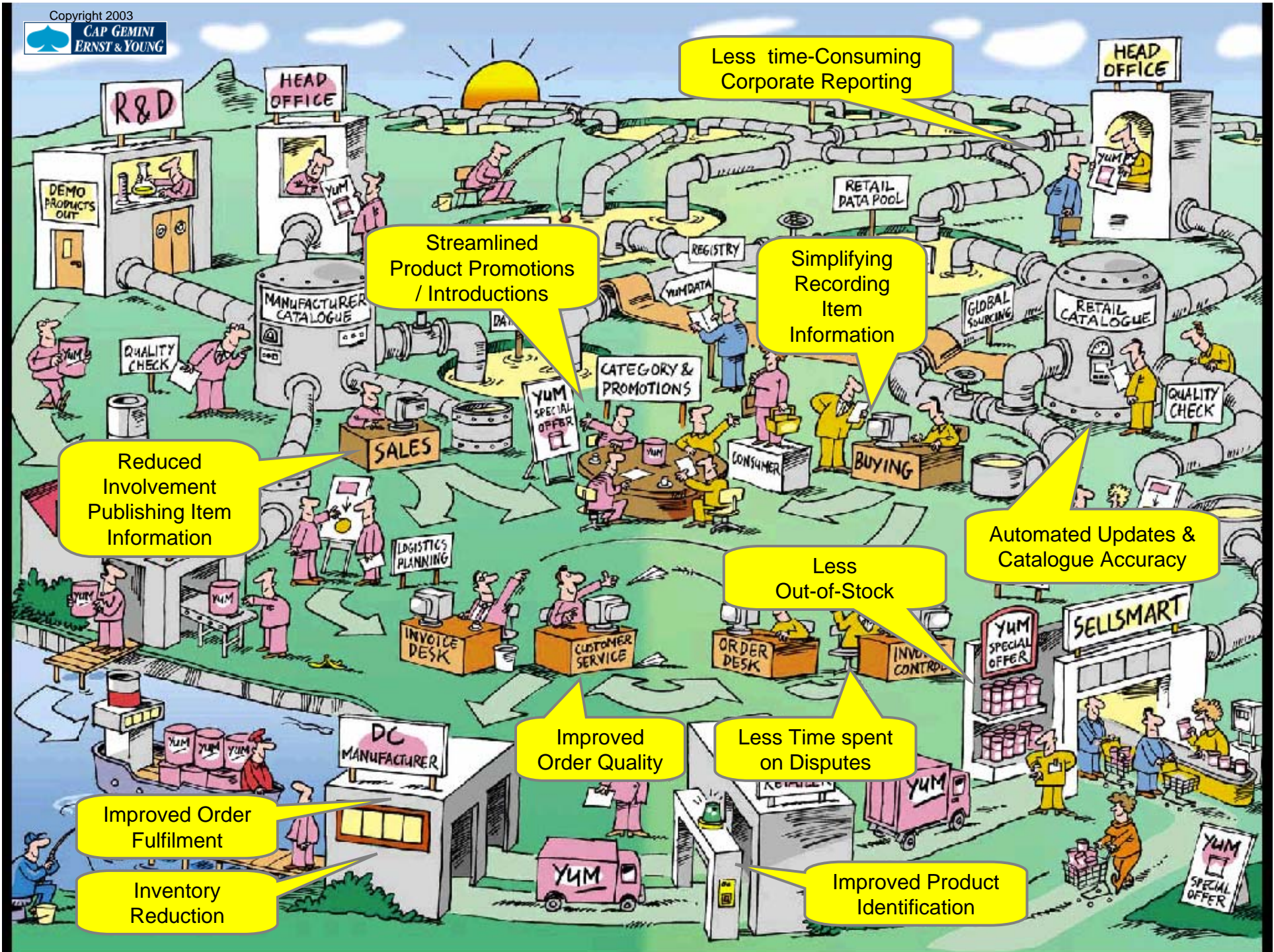
The GDS Network Vision and Industry Data Pools

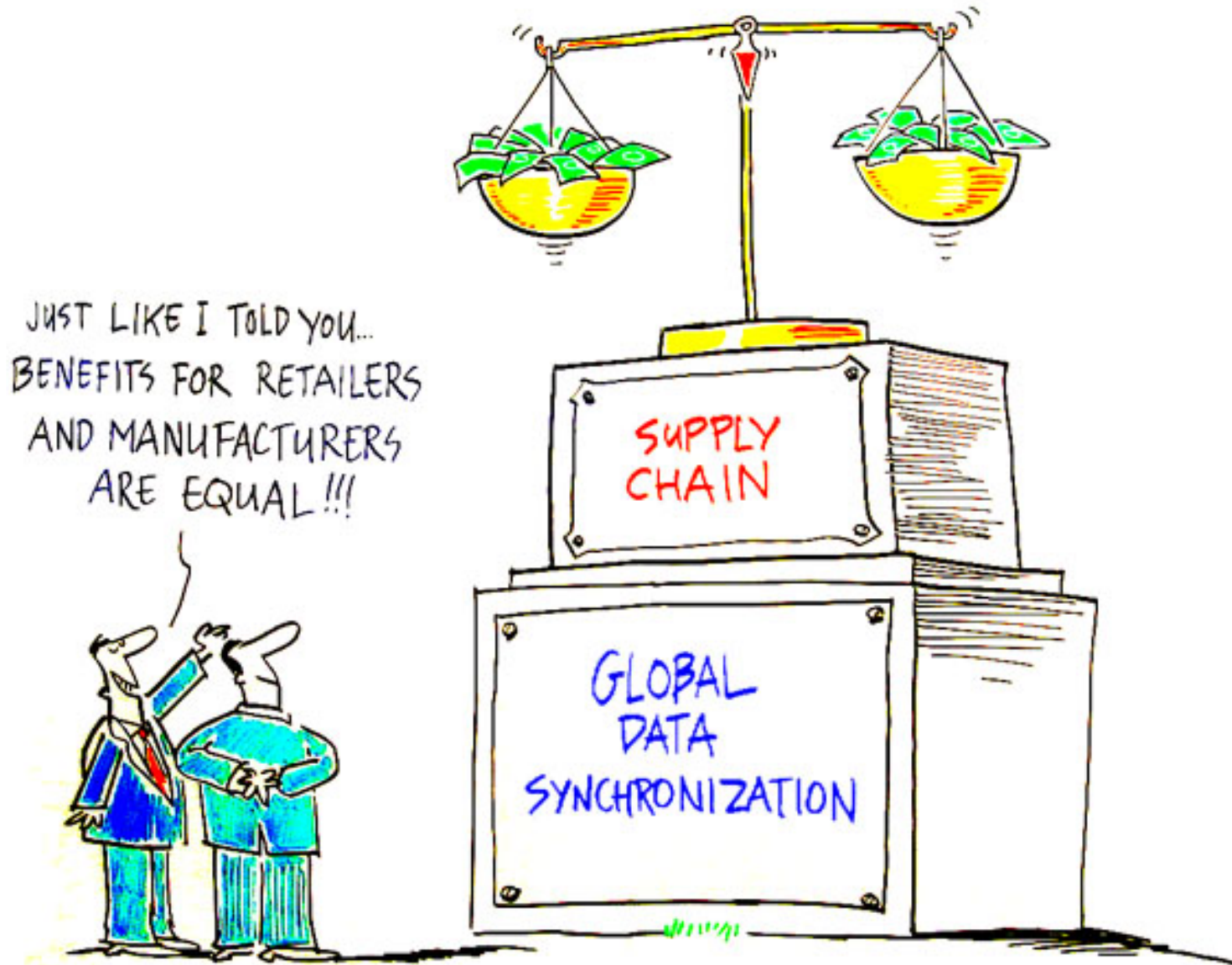
Global Data Synchronisation Network (GDSN)



Source: GCI GDS 2003







Source: Cap Gemini Ernst & Young 2002

Retailer Benefits

- Inaccurate data causes inefficiency at every step in the supply chain process
- Benefits include
 - Elimination of manual forms and data entry
 - Changes get communicated on a more timely basis
 - Speed to shelf on new items
 - Suppliers are kept informed of status changes
 - Reduce order placement questions/labor
 - Streamline receiving process
 - Reduce out of stocks
 - Shelf tag accuracy for end-consumer
 - Reduced invoice reconciliation labor

GCI GDSN Efforts

- Current Capabilities
 - Brand Owner/Distributor Roles (GLN)
 - Item Synchronization (GTIN)
 - Item Authorization
- Work in Process
 - Price Synchronization
 - Data Accuracy
- Future
 - Party Sync



Brand Owner/Distributor Relationship (GLN)

- Global Location Numbers allow suppliers and retailers to uniquely identify their locations
- Option 1 – Distributor Owned GLN
 - Build a GLN generator to ensure each distributor has a unique identifier and they are all tied to the primary brand
 - The distributor provides their GLN information to all other brand owners
 - The distributor uses the GLNs to represent all products they distribute regardless of brand
- Option 2 – Brand Company Owned GLN
 - Brand Company assigns GLN to all its distributors
 - Distributors maintain multiple GLNs for various products

GTIN and Item Sync at Store Level

- GTINs identify the products we sell
 - Base GTIN information is established by the brand companies when products are developed
 - GTIN attributes are added by the distributors to identify how the products are distributed
- Item synchronization electronically communicates item information to retailers
 - If the distributor manufactures the product, GTINs are synchronized by the distributors because the products are manufactured by the distributors
 - If the distributor does not manufacture the product, GTINs can be published by the manufacturer but must be consistent with the GTINs distributors use to conduct business

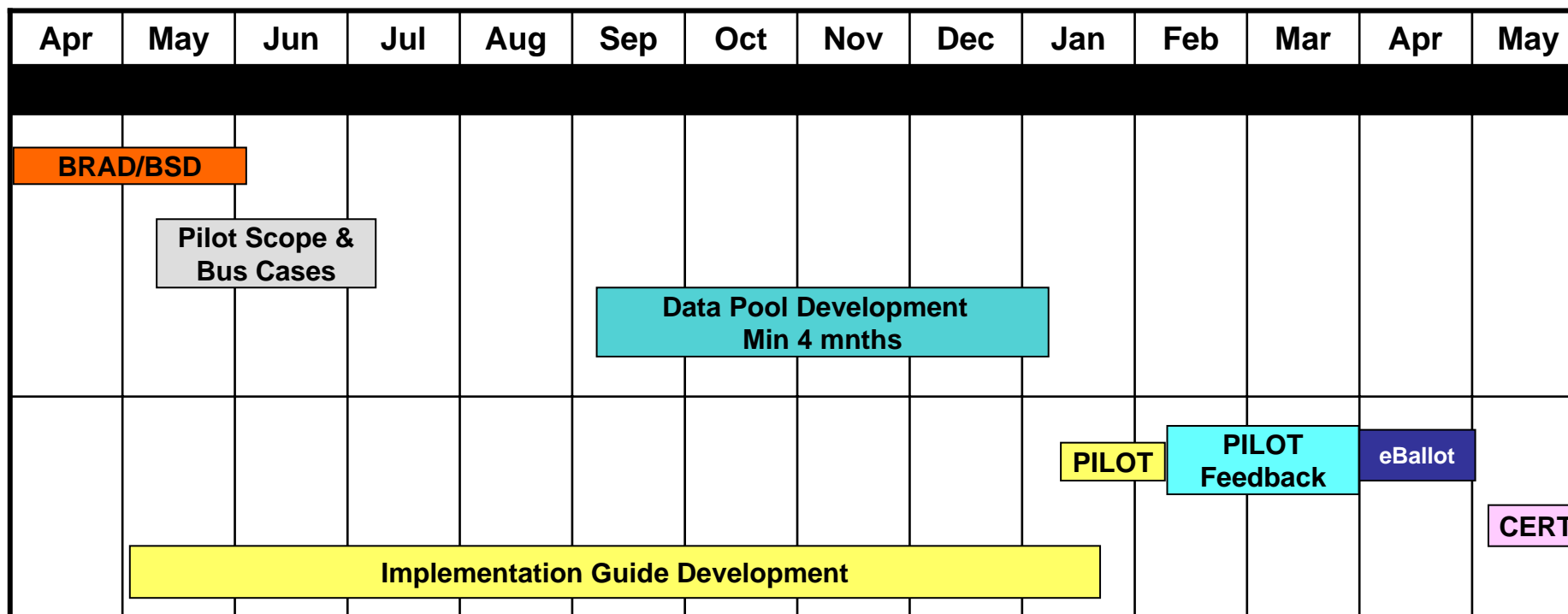


Item Authorization

- Distributors represent many brands across multiple brand owners
 - It is important that the GTIN and GLN information is co-owned by both the Brand Owner and the distributor
 - The brand owners are focused on ensuring that GLNs are unique and that GTINs are consistent across all distributors
- Distributors are focused on ensuring the correct items (GTINS) are authorized at the store and are linked to the correct vendor number (GLN) in order to expedite the receiving and makes the payment process seamless



Price Synchronization Timeline



Leveraging a single message to synchronize price at the store level...include simple price, ^{Redes} bracket, allowances and charges, and promotions



Pilot Participants

Retailers

- AAFES
- Ahold
- Almacenes Exito
- Coles Meyer
- Tesco
- Piggly Wiggly
- SuperValu

Suppliers

- Cadbury
- Coca-Cola
- Colgate Palmolive
- Dean Foods
- Pepsi
- P&G
- Industrias Alimenticias Noel

Data Pools include 1Sync, Agentrics, GXS, and CABASnet across five countries



Data Accuracy

- **Accuracy is Critically important for:**
 - Logistics Systems
 - Warehouse Management Systems
 - Plannogram Management
 - Outbound Shipping Efficiency
 - Efficient New Item Introduction
 - Efficient Financial Processes
 - Incredible Customer Service
 - **The Realization of Data Sync Savings!**



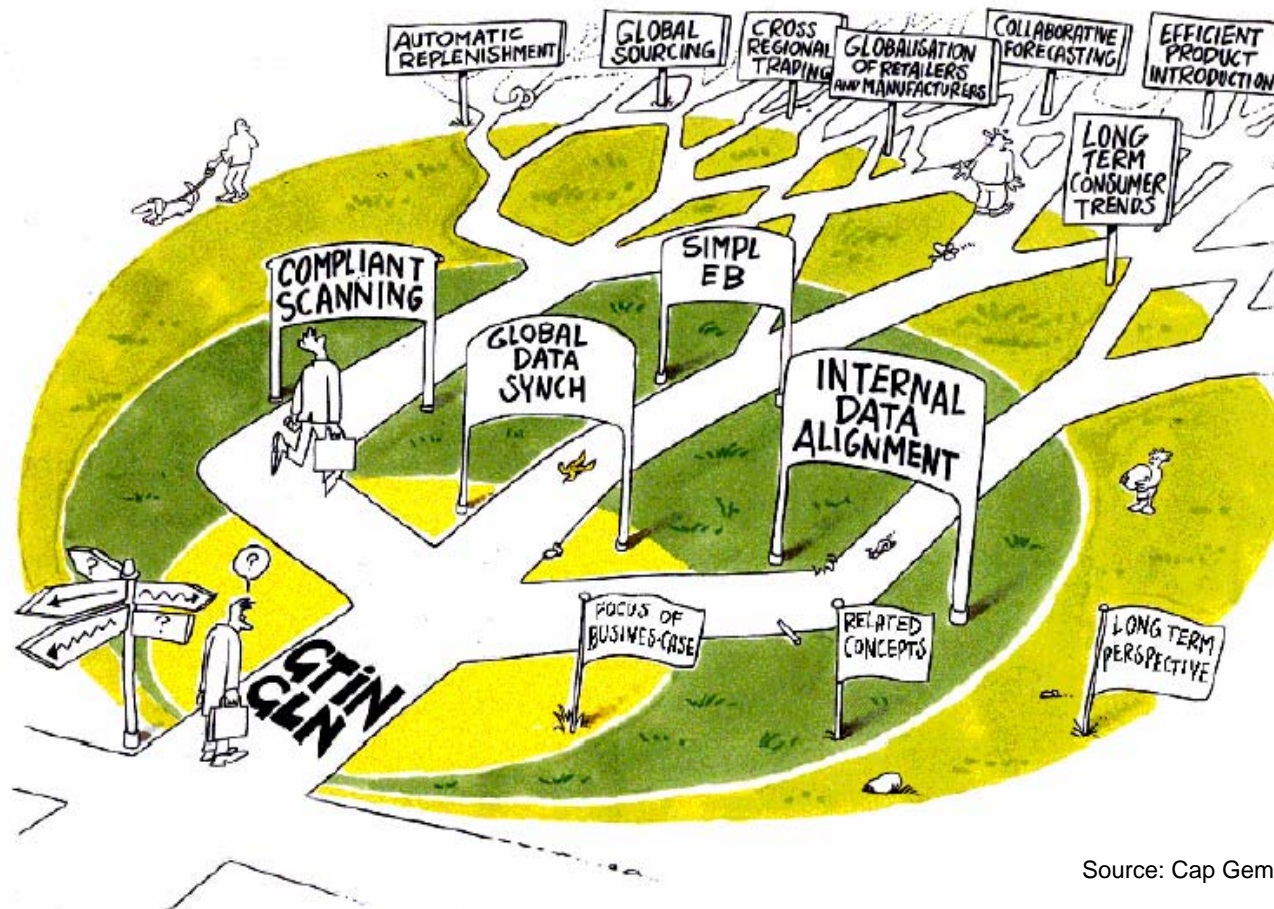
Party Synchronization

- Synchronize organizational structure
 - Hierarchies
 - Organization attributes
- Critical for near-term functionality
 - Multi-Source - identify necessary organizations and roles
 - Pricing - identify pricing to specific parts of the organization
 - Item Authorization/Publications - go to lower level in organization to publish and authorize items
 - DSD/Distributor functionality - identify store relationships by retailer and distributor orgs.
 - Security
- GDSN priority for 2007



Global Data Synchronization

Where to start?



GDS Benefits

Once Global Data Sync is implemented, you can begin improving your operations

- Back Door/In Store
 - Efficient Assortment
 - Expedited Delivery
- Back Office
 - Reduction in transaction processing



Video On Downstream Benefits



GCI DSD Group Focus

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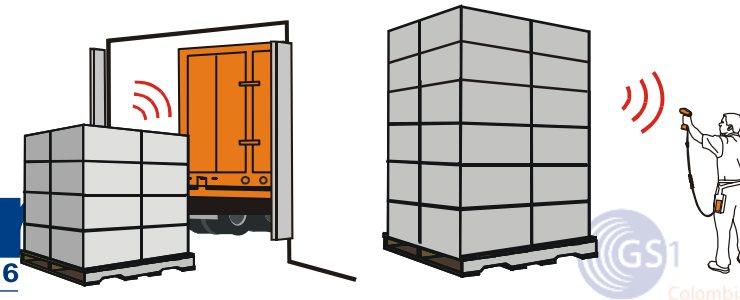
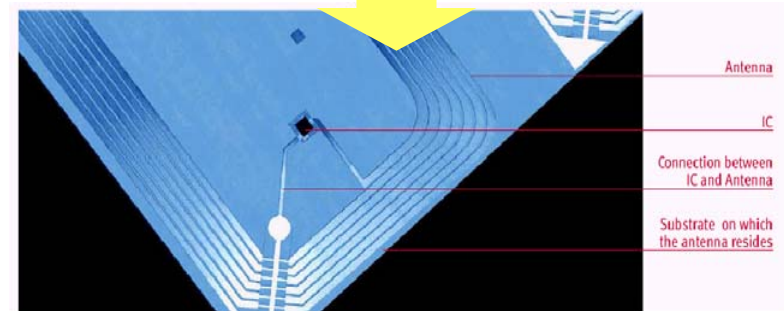


RFID/EPC in the CPG/Retail Supply Chain

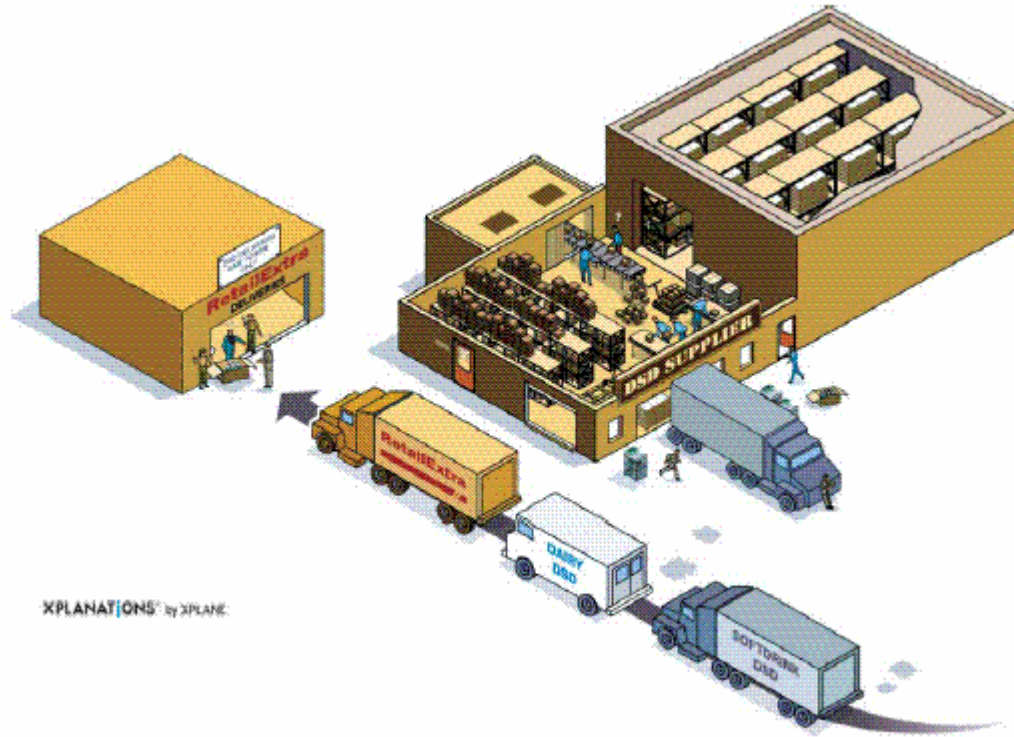
Moving from Barcodes/UPC/EAN...



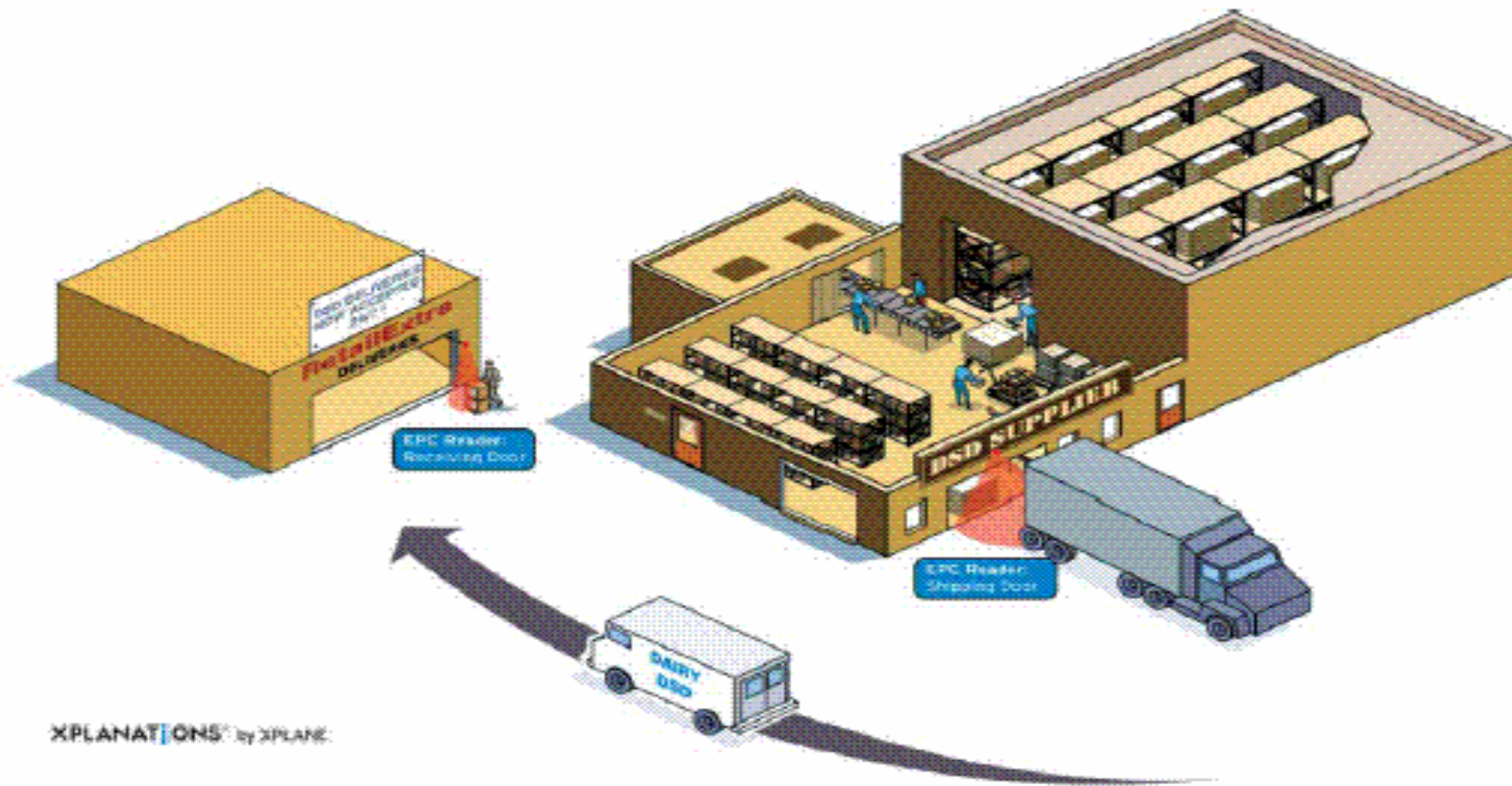
To RFID/EPC ...



Before DSD EPC/RFID



After DSD EPC/RFID



EPC/RFID for DSD

Figure 12. Direct Store Delivery: Key implementation requirements.

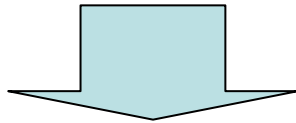
	Description	Responsible Party				Timescale
		Raw Mat'l's Supplier	CP Mfr.	DSD Dist.	Retailer	
People/ Process	• DSD supplier to implement automated EPC-based warehouse efficiencies			✓		Short term
	• Retailer's store labor model changes to reflect automated check-in and delivery model				✓	
	• Store security policies revised to handle off-hours DSD				✓	
	• Implement data synchronization between supplier and retailer to ensure all items and prices are synchronized in the retailers' store systems		✓	✓	✓	
	• Retailer to implement automated validation of DSD receipt and initiate back-office transactions for payment		✓	✓	✓	
	• Ensure appropriate security measures are implemented to enable automated check-in and delivery			✓	✓	
System	• Conduct automated three-way match (goods ordered vs. goods shipped [EPC ASN/DESADV] vs. actual goods received)		✓	✓	✓	Medium term
	• Supplier EPC infrastructure to interface with EPC-driven warehouse applications and enterprise systems that support back-office transactions		✓	✓	✓	Short term
	• Retailer receiving systems to use EPC reads as proof of receipt and automatically update inventory levels and supplier-specific payment systems		✓	✓	✓	
	• Suppliers and retailers should implement EPC information-sharing solutions leveraging the EPC network and standard measures for success		✓	✓	✓	

Source: IBM Business Consulting Services analysis.

Is Your Product Ready ?

EPC - Advantaged

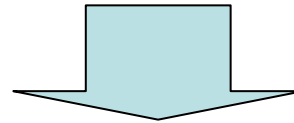
- Higher benefit potential
- Good readability
- Ability to tag efficiently or contain tagging costs



- High priority for customer initiatives
- Focus area for broad deployment
- Benefits re-invested to drive other tiers toward EPC - Advantaged

EPC - Testable

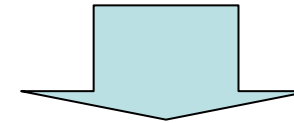
- Some/questionable benefit potential *AND/OR*
- Readability challenges *AND/OR*
- Some tagging challenges



- Leverage extensively for internal testing
- Not for deployment based solely on customer request
- Consider including in customer pilots to develop learning's

EPC - Challenged

- Little / no perceived benefit potential today *AND/OR*
- Known / ongoing readability challenges



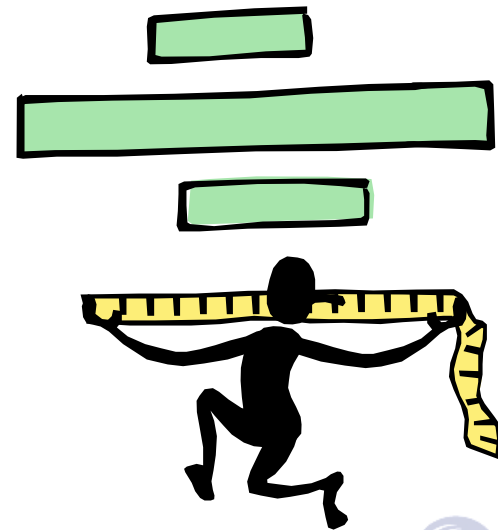
- Engage technology community to address issues
- Explore other means to gain visibility data
- Lower priority for customer initiatives

GCI DSD EPC Focus

- Process and Data
 - Three tier distribution tagging and data ownership
 - Mixed pallets
 - Use of Advanced Shipment Notice with EPC
- Technical
 - Read rates
 - Returnable items
 - Accuracy

Why are standards so important?

- Standards drive costs down over the long term
 - Retailers sell 10,000s of products, some sell 100,000s
 - Multiple Sales Channels look for standard solutions
- Opposite of Standards is PROPRIETARY = BAD !!
 - Too Costly to maintain
 - Different Technologies
 - Different Processes
- How can I get more involved...
 - GCI DSD Group
 - www.gci-net.org
 - Contact Ann Dozier or Steve Benson
 - Next meeting Nov 7-9 at Anheuser-Busch



Thank You !!!

