

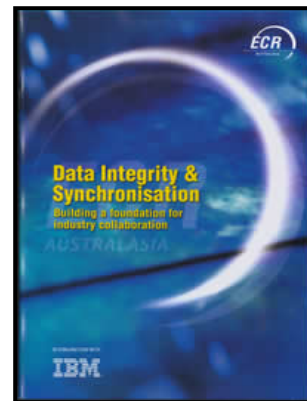
DATA INTEGRITY AND SYNCHRONISATION

The ECRA Board has commissioned this fact sheet for circulation to assist companies on their journey to achieve data integrity and synchronisation (DIS) with their trading partners.

Master data synchronisation is an essential foundation to underpin efficient error free business to business electronic commerce.

INTRODUCTION

Data integrity and synchronisation is a critical enabler for future supply chain collaboration within the food and grocery industry. The Efficient Consumer Response Australasia (ECRA) report, *Data Integrity and Synchronisation, building a foundation for industry collaboration*, confirmed this fact and included statements from leading Australian and New Zealand retailers endorsing DIS and supporting EANnet as the preferred data pool to achieve integrity and synchronisation in Australasia.



DIS is defined in the ECRA report as “the timely, accurate and automatic updating of correct product and location information within and between enterprises to ensure a perfect, consistent match of data between the originator and all other users of the data.”

DIS is seen as a critical first step in solving many of the current problems facing retailers and suppliers. Traditionally, core product data shared between trading partners is maintained on a daily basis through labour intensive and inconsistent methods. Examples of the problems facing industry encompass erroneous purchase orders; purchase order and invoice mismatch; and invoice deductions.

Retailers continue to stress the importance of ensuring and maintaining data integrity. This involves continuous attention to the accuracy of all new and existing product data fields – error rates over 50% are reportedly common with new products – and to the readability of product and transport packaging bar code identification.

The global multi-industry EAN·UCC system provides standards to allow organisations worldwide to speak a common trading language to manage their supply chains. The system can be used by all industries to facilitate trade by combining unique identification numbers with data carriers (bar codes) and electronic commerce processes.

The EAN•UCC system is administered by GS1 previously known as EAN International, based in Brussels, and in Australasia by EAN Australia soon to be known as GS1 Australia and by GS1 New Zealand.

With member organisations in over 100 countries, the integrity and compatibility of the system worldwide is ensured. Nearly one million organisations in over 133 countries use the system.

The three main components for the EAN•UCC system are:

1. Standard numbering structures for the identification of goods, services, shipments, assets and locations
2. Data carriers (usually bar codes) to represent the identification numbers in machine readable format
3. eMessaging standards to transmit the captured data between trading partners

THE BENEFITS

The ECR Australasia report “*Data Integrity and Synchronisation, building a foundation for industry collaboration*” estimated the direct benefit through the implementation of DIS to exceed A\$70 million per annum. The report goes on to state, “While the direct benefit is significant, the real driver for DIS implementation is to build a robust foundation for effective, efficient, sustainable and scaleable industry collaboration”.

Identification of benefits indicates that both retailers and manufactures will gain, the table below provides an overview of these benefits:

	Manufacturer	Retailer
Corporate management	<ul style="list-style-type: none"> • Simplified corporate reporting(D) • Expand geographic retailer base(I) • Eliminate IT system redundancy(I) • Opportunity for shared service creation(I) 	<ul style="list-style-type: none"> • Simplified corporate reporting (D) • Enable global sourcing (I) • Corporate transparency/sales synergy(I) • Eliminate IT system redundancy(I) • Opportunity for shared service creation(I)
Category/Promotion management	<ul style="list-style-type: none"> • Improve visibility/stock-level planning (I) • Product posting/maximise retail exposure(I) • Reduce time spent on complaints/disputes (D) • Simplified & enhanced category reporting (D) • Reduced product introduction lead time(D) • Reduce product promotion lead time(D) 	<ul style="list-style-type: none"> • Reduce need for local agents /intermediation (I) • Expand supplier base(I) • Corporate sourcing price transparency (I) • Improve visibility/stock-level planning(I) • Reduce time spent on complaints/disputes (D) • Simplified & enhanced category reporting (D) • Reduce product introduction lead times (D) • Reduce product promotion lead time (D)
Administrative data handling	<ul style="list-style-type: none"> • Eliminate need for cross reference tables (D) • Fewer invoice disputes (D) • Fewer write offs (D) • Reduce accounts receivable (I) • Fewer sales order defects (D) 	<ul style="list-style-type: none"> • Less catalogue maintenance (D) • Eliminate need for cross reference tables (D) • Fewer invoice disputes (D) • Fewer order defects (D) • Improved fill rate(I)
Logistics	<ul style="list-style-type: none"> • Simplified order tracking and tracing (I) • Fewer return shipments (D) • Improved rate of perfect orders (D) • Fewer emergency orders (D) • More accurate picking (D) • Optimised short-term planning (I) 	<ul style="list-style-type: none"> • Error-free shipment receiving (D) • Fewer return shipments (D) • Fewer backorders (D) • Less excess/safety stock (I) • Optimised location despatch (I)

Source: Cap Gemini Ernst & Young

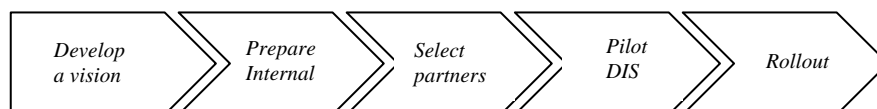
“D” indicates direct benefit, are more explicit and relatively easy to quantify.

“I” indicates indirect benefit, generally have a larger potential value, but the size is harder to quantify and must be assessed or guestimated.

It is expected that DIS will generate greater financial savings as companies expand the scope of data synchronisation and increase collaboration. The ultimate payback comes from the optimisation of supply chain relationships enabled by DIS. While DIS is not a pre-requisite for other supply chain initiatives, realistically suppliers and retailers can not efficiently engage in more complex relationships without synchronised key item and price information.

IMPLEMENTATION

The ECRA report recommends five key stages in the implementation of DIS.



1. Develop a DIS vision

DIS is a strategic commitment to enable ongoing collaboration. The company's overall vision for DIS should be linked to trading partners, developing a business case that encompasses the long term benefits for synchronisation and optimisation.

2. Prepare internally

Internal preparation is one of the longest and most challenging stages of DIS. Internal systems and processes will be required not only to cleanse data but to standardise and maintain it.

3. Select trading partners

Select trading partners that are committed to developing DIS for pilots. It is important to ensure that these trading partners have the systems and processes necessary to maintain DIS into the future.

4. Pilot DIS

Work with selected partners to build specific foundational data and synchronisation capabilities. Monitor results and address these with trading partners and EANnet, make necessary changes to processes, work flow and technology.

5. Rollout to full scale DIS

Engage with additional partners and rollout to full scale. This may include a process to develop and maintain the DIS solution, as trading partner requirements and DIS standards and technologies will evolve over time.

CASE STUDIES

Implementation – Coles Myer's Experience

For Coles Myer Ltd (CML), the use of Industry supported data integrity standards (DIS) and synchronisation catalogues (EANnet) by both retailers and suppliers is an essential foundation and critical first step towards what must be a common end goal – best product availability for our customers at the lowest possible cost.

The following are our key learnings from the implementation of the Coles Myer EANnet program:

- We found it critical to communicate realistic goals and mutual benefits of adoption to all stakeholders.
- We experienced practical lead times for suppliers to implement the solution.
- Frequent communication from executive management on the importance of the Coles Myer EANnet program assisted the rate of supplier adoption.
- We realised significant benefits through process redesign around optimal 'to be' processes.
- We developed a strong communication program that spoke to the needs of all stakeholders; employees, management and suppliers.
- Training our employees and suppliers on the new data management software was an absolute must, underestimating this could lead to operational issues.
- We learnt early in the program that data integrity responsibility moved from a Coles Myer responsibility to a shared responsibility between Coles Myer and the suppliers.
- We clearly understood that post the initial 'data upload' suppliers required strong maintenance processes to ensure sustainable product data integrity.

Coles Myer sees a DIS program as an absolute prerequisite for the introduction of advanced supply chain applications such as Collaborative Planning Forecasting and Replenishment (CPFR), automated replenishment systems and many other forms of electronic collaboration and trading. The success of these programs is a joint exercise between retailers and suppliers that must be delivered using Industry standards and Industry catalogues (EANnet). Emerging initiatives and standards around Global Data Synchronisation Networks (GDSN) will continue to make improvements to the cross enterprise end-to-end processes that will deliver a win-win for supplier and retailers and ultimately for our customers.

Implementation Learnings and Benefits - Cadbury Schweppes

At Cadbury Schweppes our EANnet strategy is to implement a fully automated machine to machine process as we recognise that only a fully synchronised, scalable and sustainable solution will deliver the key benefits of data synchronisation both now and into the future. Although still to go live with the major retailers we have already realised a number of internal benefits during the implementation process.

By adopting a fully synchronised approach we will in effect make our own internal data our customers' data and it is, therefore, essential that data within our ERP system is both accurate and current. As part of the EANnet implementation a considerable amount of time and resource has been spent on data cleansing. In addition to validation checks built into the end to end process this has enhanced internal data integrity in the following areas:

- Data accuracy – ensuring that all data is correct.
- Data completeness – missing data has been identified and updated.
- Data consistency – ensuring that data across similar pack formats is the same.
- We have estimated that over 50% of SKUs within the business have had data corrected as part of this process.

In order to maintain clean and accurate data on an ongoing basis our current master data processes have been reviewed and reinforced, realising the following benefits:

- Accountability – improved ownership both at data entry and in maintaining data changes as data will now be sent to the customer as entered into our ERP system.
- Priority – a higher priority is now placed on data entry as there is a need to meet customer timings, resulting in internal data being available to the business sooner.
- Consolidation – a single consolidated database of our diverse business streams has been created.
- Future proofing – any changes to processes and systems were made in line with our internal global business model so as to provide a basis for future systems enhancements.
- Culture – data quality and integrity is now seen as adding value.

At Cadbury Schweppes we realise that the efficient and timely synchronisation of complete, accurate and consistent data between trading partners will not only help eliminate lost sales, reduce non-value adding work and costs, but it also provides the foundation to delivering future supply chain initiatives. As such we are fully committed to the advancement of GS1 Global Standards and the Global Data Synchronisation Network.

FURTHER HELP AND ADVICE

Further information is available in the ECR publication *Data Integrity and Synchronisation, building a foundation for industry collaboration*.

Efficient Consumer Response Australasia

c/o Australian Food and Grocery Council (AFGC)

Locked Bag 1,

Kingston ACT 2604

Ph 61 2 6273 1466

Fax 61 2 6273 1477

www.ecraustralasia.org.au

EAN Australia Ltd soon to be known as GS1 Australia

Axxess Corporate Park

Unit 100/45 Gilby Rd

Mt Waverley VIC 3166

Ph 1300 366 033

Fax 03 9569 1525

Email; eanaustr@ean.com.au

www.ean.com.au

New Zealand Food and Grocery Council

Level 6

Microsoft House

3-11 Hunter St

Wellington NZ

Ph (64) 4473 9223

Fax (64) 4496 6550

www.fgc.org.nz

GS1 New Zealand

PO Box 11/110

Wellington

New Zealand

Ph (64) 4494 1050

Fax (64) 4494 1051

www.gs1nz.org