



Beer Industry GDS Readiness Assessment

1SYNC



AGENDA

1. Introduction – Why we are here
2. Ecommerce Study Summary
3. Interview Assessment Overview
4. Industry Recommendations
 1. Education
 2. Business Process Change
 3. GDS Pilot
5. Discussion



1SYNC RCE in Action

Beer Industry GDS Study

The National Beer Wholesalers Association (NBWA) and the Beer Industry Electronic Commerce Coalition (BIECC) are funding a project called the
Beer Industry GDS Readiness Assessment.

The objective of this engagement is to:

- Support the proactive planning of Global Data Synchronization (GDS) solutions by evaluating beer suppliers, importers, distributors and retailers, regarding logistics, item and price / promotion data collection, invoicing, and other relevant business processes
- Provide a prescriptive implementation roadmap that may be used for a Beer Industry GDS pilot.
- Lay the groundwork for adoption and implementation of Global Data Synchronization Network (GDSN) within the 3-tier beer industry



Call To Action

- Other Industries are moving forward
- Those that lead determine the direction
- Benefits can not be ignored (Accenture Study, Clorox White Paper)
- Price Synchronization being finalized
- Retailers looking to expand data sync to alcohol segments



How it was done

The Research conducted falls into two categories

1. Electronic Technology Capabilities Survey given to 109 NBWA Distributors.
 - An important step in this assessment was to establish the beer industry's current capabilities for electronic commerce in general and data synchronization in particular.
2. One on One Interviews with Brewers/Importers, Distributors and Retailers.
 - 21 Interviews were conducted.



E-Commerce Questionnaire Highlights

Findings

Further Industry Education and Best Practices Needed to help Distributors

Industry Education Needed

- Only 15% of respondents have a mostly accurate understanding of what GDS is, at a very high level
- Only 32% see Global Data Synchronization as a priority project
- Importance of Item Master Data on Purchasing, Pricing, Invoicing and external relationships with Retailers and Suppliers not well understood

High Level Implementation Planning

- Only 53% of respondents familiar with GDS have allocated resources toward data sync
- Majority lack High Level Implementation Plan/Checklist for success



Beer Industry Interviews

Background

In order to better understand the challenges facing the Beer industry, the RCE team conducted one on one interviews with an array of small, medium, and large brewers, importers, distributors and retailers.

Interview Process

A standard questionnaire was developed to use with all tiers in the Beer industry. By using a standard questionnaire business processes that flowed from brewer/importer to distributor to retailer could be evaluated.

Interview Questions

A total of fourteen questions were asked during the interview process. The questions brought focus on the common areas where Global Data Synchronization provided business benefits in other product categories and industries.



Interview Highlights – Ties that Bind

Importance of Proper Item Introduction and Maintenance

- Brewer/Importers must provide a large amount of information
- This information is used by distributors, retailers, and consumers
- Item information must be timely and accurate to ensure the end consumer is satisfied

Top Challenges of New Item Introduction

1. Manual Processes/Additional Setup
2. Lack of, or Inaccurate Product/Pricing Information
3. Poor communication with Trading Partner
4. Information in-house but not available for use
5. Inadequate lead time providing information
6. Inadequate supply of product



Interview Highlights – Ties that Bind

Business Process Benefits from GDS

- Receipt of Shipments – improved loading of trucks, increased visibility into deliveries, correct item information, more accurate inventory and forecasting
- Invoice Accuracy – improved price change communication, reduced miss-shipments
- Product Visibility – UPC errors reduced, more accurate and timely POS information from retailers
- Out of Stocks – Inaccurate forecasting , Late placement of purchase orders, CPFR

Challenges to Data Quality & Synchronization

- Organizational Focus to Item Information
- Multiple copies of Product Information
- New Suppliers, Mergers, Acquisitions
- Current Perceptions
- Poor Communication



Interview Highlights – Ties that Bind

Recurring Theme

- Suppliers/Distributors/Retailers all have unique systems requiring different data for item setup. No standardization exists within the Industry

Interviewee Recommendations

1. Timely communication between partners
2. Data synchronization or some type of Automated Electronic Process
3. GTIN use to eliminate duplicate UPC's



Recommendations

- 1. Education**
- 2. Revise Business Processes**
- 3. Define Goals and Objectives of Industry Sponsored GDSN Pilot**
- 4. Execute GDSN Pilot**



Education

Industry Education and Standards

- Website Landing Pages
- Industry Letters and Press Releases
- Live Association sponsored web events about GDSN
- Retailer sponsored web events
- U CONNECT Alcohol Tracks
- Work with Brewers Association and others
- Use existing Committee's

Website Landing Pages

Can Be Customized to Meet Industry Needs

1SYNC - Microsoft Internet Explorer

Address: <http://www.1sync.org/lowes.html>

home > retailers > lowe's

Overview
Ace
Albertsons
Associated Food Stores
Lowe's
McLane
Nash Finch
Office Depot
SUPERVALU
United Natural Foods, Inc.
Wal-Mart
Wegmans

Lowe's

Please Note: Lowe's is a Legacy UCCnet Retailer, therefore, you may encounter both the UCCnet and 1SYNC names.

[Learning the Basics to Data Synchronization with Lowe's](#)
[Senior Merchandising Management Letter to Suppliers](#)
[Lowe's Implementation Guide Executive Summary](#)
[Click here for the full Lowe's Implementation Guide](#)

Lowe's is Live!

Trading Partners Publishing to Lowe's

Trading Partners Publishing to Lowe's
150
200
250
300
350
400
450
500
550
600
650
700
750
800

Learning the Basics to Data Synchronization with Lowe's
Register [here](#), to attend web seminars sponsored by Lowe's and 1SYNC

Lowe's Immersion Day Presentations

[Lowe's Perspective on Data Sync Status / Rollout Plan](#)
By Victor Salandanan, Lowe's

[Lowe's Perspective on Data Sync](#)
The Distributor Model / Processing Bulk Items / Top 10 Reasons for Failing Validations
By Mack Davenport, Lowe's

[1SYNC Initiatives in the Hardlines Industry](#)
By Pierre Bonura, 1SYNC

Start | 4 Microsoft Office Excel | 4 Internet Explorer | 4 Microsoft Office Po... | 3 Microsoft Office Ou... | 8:13 PM



Marketing Opportunities

- Joint Industry Letters sponsored by industry associations and major leading brewers and distributors
- Press releases to announce Industry Pilot – Build Industry Awareness
- Email/Voice Reach Campaigns
- NBWA sponsored Educational Web Seminars

Wine and Spirits Letter



March 30, 2007

To: Our Alcohol Beverage Industry Supplier Community
Re: Global Data Synchronization

The Alcohol Beverage Industry Electronic Commerce Council (ABI EC) and its executive members, which include Southern Wine and Spirits, NABCA, and Glazer's, have endorsed Item Data Synchronization using 1SYNC, due to requests from our retailer customers. We would like you to help us satisfy these needs by participating in Item Alignment using 1SYNC. We feel this is the most efficient path to accurate data management and an efficient supply chain. **We are requesting that our suppliers join us in this global initiative by June 30, 2007.**

Data synchronization will enable our suppliers to quickly and efficiently exchange valuable supply chain data that is accurate and compliant with universally supported GS1 standards. This initiative will help our suppliers drive:

- Improved efficiencies in supply chain management
- Increased speed to market on new items
- Improved product availability on retail shelves
- Reduced time dealing with inaccurate item data and orders

Over 10,000 retailers, brokers, distributors, wholesalers, and suppliers in multiple industries around the world are currently synchronizing data within the Global Data Synchronization Network. We have realized that the Alcohol Beverage Industry can benefit as well. Areas of improvement have been identified specifically in new item setup, logistics, invoicing, and speed to market. We are utilizing the 1SYNC Data Pool for data synchronization. We ask that you contact 1SYNC to learn how you can most effectively participate.

Please take the following required steps:

- 1) **By April 13, 2007, assign a key contact for this initiative.** Communicate key contact name, title and contact information via e-mail to Ruben Castano at rcastano@1sync.org; Ruben is facilitating this process on behalf of Southern Wine and Spirits, Glazer's, and NABCA.
- 2) **Enroll with 1SYNC** by contacting Ruben Castano directly by phone at +1 210. 492. 0661, or by visiting www.1sync.org and clicking on "Getting Started."
- 3) **Attend the Educational Web Seminar on April 17 at 10:30 AM EST or April 25 at 1:30 AM EST.**
- 4) **Begin cleansing and loading** data for your company's items.
- 5) **Begin synchronizing data** with us for all current items by **June 30, 2007.**
- 6) **Consider attending the data synchronization sessions at U Connect 2007; information is available at www.gs1us.org.**

Association Sponsored Web Events

- NBWA/Brewers Association Sponsored Educational Web Events
- Hosted by 1SYNC with Association Participation
- Explain what has made this an Industry Priority

Package Measurement Web Seminar for McLane Suppliers

McLane Company has recently endorsed the Global Data Synchronization Network (GDSN) and is requesting that all of its suppliers in the network synchronize their item information with them. Every trade item published in the Global Data Synchronization Network (GDSN) must include accurate measurement information. Determining trade item "default front" or "natural base" may not be, and can lead to inaccurate height, weight, and volume information. McLane Company in partnership with 1SYNC and GS1 US have arranged to host a free special web seminar to help suppliers understand these initiatives.

To attend this seminar please register below:

Thursday, April 12, 2007 2:00:00 PM Eastern Daylight Time

End Date Time: Thursday, April 12, 2007 3:15:00 PM Eastern Daylight Time

First name *	<input type="text"/>
Last name *	<input type="text"/>
E-mail Address *	<input type="text"/>
Title *	<input type="text"/>

Supplier/Retailer Web Events

- Brewer/Distributor Web Events with Retailer Participation
- Distributor Web Events with Large Supplier Participation

The screenshot shows a Microsoft Live Meeting interface. The main window displays a presentation slide titled "Data Synchronization with Wal-Mart" with the subtitle "One Source. One Solution." and the 1 SYNC logo. The slide content includes: "Wal-Mart Data Sync Initiative", "Educational Seminar", and "March 29, 2007".

On the left side, there are several panels:

- Microsoft Office Live Meeting**: Shows the 1 SYNC logo.
- Resources**: Lists "Wal-Mart A WS 013007 Microsoft PowerPoint Presentation".
- Now Presenting**: Shows "Active Presenter: None" and a "Lock control over content display" checkbox.
- Attendees (2 of 2)**: Lists "doug euston" and "marketing" with green status indicators. Includes options for "Send E-mail Invite...", "Call Someone", and "More Choices >>".
- Getting Started**: Includes "Wrapping up a Meeting" with sub-points "Ending the meeting" and "Saving the recording".
- Seating Chart**: Shows a grid of seats with a "Feedback to Presenter" section set to "Proceed".
- Questions and Answers (No Questions)**: A text area with the message "No questions have been answered yet in this meeting." and a "Question Manager" button.

The bottom of the window shows the Windows taskbar with the Start button, several Microsoft Office applications, Internet Explorer, and the current time 8:21 PM.

U CONNECT TRACKS

- U CONNECT 101 provides the basics on who data sync is
- ABI Track specifics of why it is needed in this industry
- **Wednesday, June 06**
 - 4:15pm to 5:30pm
 - J 8 - A Data Synchronization Roadmap for the Alcohol Beverage Industry
 - Mike Adams, Vice-President and CIO, Glazer's
 - Jeff Holzman, Director, Lansa
- **Thursday, June 07**
 - 10:00 AM - 11:15 AM
 - L 8 - The Importance of Accurate Product Information in the Alcohol Beverage Industry
 - Bruce Youlden, Project Manager, Southern Wine & Spirits
 - 11:30 AM - 12:45 PM
 - M 8 - Alcohol Beverage Data Synchronization in a Control State
 - Jerry Janicki, Senior Vice-President and COO, National Alcohol Beverage Control Association (NABCA)
 - Randall Smith, State of Alabama
 - 1:45 PM - 3:00 PM
 - N 8 - A Retailer's Viewpoint: Why Data Synchronization is Important to the Alcohol Beverage Category
 - Carolyn Hager, Manager, EDI, Food Lion
 - 3:15 PM - 4:30 PM
 - O 8 - Data Synchronization is Brewing in the Beer Industry
 - David Christman, Senior Manager, Industry Affairs , National Beer Wholesalers Association



ABI Members Active In Item Alignment

- AMERICAN BEVERAGE CORP.
- BACARDI U.S.A., INC.
- BARTON INCORPORATED
- BELK CORPORATION
- BOSTON BEER CO. INC.
- BROWN-FORMAN CORP.
- CONSTELLATION WINES U.S.
- DIAGEO NORTH AMERICA
- E & J GALLO WINERY
- EEL RIVER BREWING CO.
- FOSTERS GROUP INC.
- FRANCISCAN VINEYARDS
- FX MATT BREWING CO.



ABI Members Active In Item Alignment

- GLAZERS WHOLESALE
- ITHACA BEER CO.
- McCORMICK DISTILLING CO
- MCLANE COMPANY, INC.
- MILLER BREWING CO.
- S&H IMPORTS, LLC
- SAZERAC COMPANY, INC.
- SOUTHERN TIER BREWING CO.
- SOUTHERN WIND & SPIRITS INC.
- ST. JULIAN WINE CO INC



Business Process Change

1. **Implement Single Item Master (Brewers, Importers, Distributors)**
2. **Improve technology to support processes. Automation Needed**
3. **Support and Sponsorship from Senior Management**
4. **Participation in Industry Standards**



Business Process Change

Implementing Single Item Master (Brewers, Importers, Distributors)

- Reduce the number of resources
- Reduce the number of databases, spreadsheets, repositories for information
- Assign one dedicated resource to own the process
- Understand the Standards



Business Process Change

Improve technology to support business processes

- Automate current business processes
 - Existing technology leveraged
 - EDI/Portal etc. ASN's
 - 832 Document
 - not used and takes a lot of work
 - Evolve to data sync quickly and cost effectively
- Solutions exist to improve the technology efficiently and effectively



Business Process Change

Support and Sponsorship from Senior Management

- **Key business objective**
 - need complete organizational support
- **Organizational Awareness**
 - all departments need to be aware of data sync initiative
- **Business Process Change that will impact everyone**



Business Process Change

Participation in Industry Standards

- 1SYNC can facilitate discussion to ensure GDS meets Beer industry business requirements
- Industry Committees already exist that can participate in this process



Global Data Sync Pilot

Industry Sponsored GDS Pilot

- **Participants to be Brewers/Distributors/Retailers**
- **Objectives of Pilot**
 - **Determine costs associated with data synchronization**
 - **Build ROI Roadmap to drive adoption**
 - **Demonstrate 3-Tier support for Item and Price Synchronization**
 - **Address concerns and misconceptions about data sync**
 - **Identify areas of improvement.**
 - **Generate momentum**



Pilot Project Planning

PHASE 1

1. **"Identify Brewers, Importers, Distributors to Participate in GDS Pilot"**
 - 3-4 Brewer/Importers, 2-3 Distributors, 1-2 Retailers
2. **Develop Communication Strategy for Pilot Participants**
3. **Conduct weekly conference calls for Pilot Committee**
4. **Identify Internal & External Project Resources Available for the GDS Pilot**
5. **Conduct educational web seminars**
6. **Develop Goals and Objectives for the GDS Pilot (Item / Price Synchronization)**
7. **Establish Pilot Parameters (Number of items / brands)**
 - 15 Items per Supplier etc.



Pilot Project Planning

PHASE 2

1. **Develop Business Requirements from a Three Tier Model Perspective**
2. **Develop Workflow Requirements from a Three Tier Model Perspective**
3. **Determine Data Integration (PIM) Approach**
4. **Evaluate Technology Provider Capabilities and Claims**
5. **Evaluate Internal & External System Architecture and Capabilities**
6. **Determine System Design**
7. **Develop Common Understanding Document on the GDS Pilot Approach**
8. **Participant Agreement on GDS Pilot Approach**



Pilot Project Planning

PHASE 3

1. Complete Brewer / Importer Systems Development
2. Complete Distributor Systems Development
3. Complete Retailer Systems Development
4. Complete 1SYNC PM Maps
5. Complete Brewer / Importer PM Set Up
6. Complete Distributor PM Set Up
7. Complete Retailer PM Set Up



Pilot Project Planning

PHASE 4

1. Complete Brewer / Importer Testing
2. Complete Distributor Testing
3. Complete Retailer Testing
4. Conduct Pilot Integration Testing
5. Implement GDS Pilot
6. Post Implementation Review of Goals and Metrics

Pilot Timeframe

Phase	Start	Time Required
Identify Brewers, Importers, Distributors to Participate in GDS Pilot	Day 1	5 Days
Develop Communication Strategy for Pilot Participants	Day 7	4 Days
Identify Internal & External Project Resources Available for the GDS Pilot	Day 14	7 Days
Education for Resources on GDS Model/Beer Distribution Model	Day 14	14 Days
Develop Goals and Objectives for the GDS Pilot	Day 14	2 Days
Establish Pilot Parameters (Number of items / brands)	Day 18	4 Days
Develop Business Requirements Three Tier Model Perspective	Day 18	4 Days
Develop Workflow Requirements Three Tier Model Perspective	Day 18	4 Days
Determine Data Integration (PIM) Approach	Day 23	6 Days
Evaluate Technology Provider Capabilities and Claims	Day 23	10 Days
Evaluate Internal & External System Architecture and Capabilities	Day 23	8 Days
Determine System Design	Day 30	10 Days
Develop Common Understanding Document GDS Pilot Approach	Day 30	2 Days
Participant Agreement on GDS Pilot Approach	Day 35	1 Day

Pilot Timeframe

Phase	Start	Finish
Complete Brewer / Importer Systems Development	Day 35	14 Days
Complete Distributor Systems Development	Day 35	14 Days
Complete Retailer Systems Development	Day 35	14 Days
Complete 1SYNC PM Maps	Day 30	5 Days
Complete Brewer / Importer PM Set Up	Day 49	2 Days
Complete Distributor PM Set Up	Day 49	2 Days
Complete Retailer PM Set Up	Day 49	2 Days
Complete Brewer / Importer Testing	Day 51	3 Days
Complete Distributor Testing	Day 51	5 Days
Complete Retailer Testing	Day 51	2 Days
Conduct Pilot Integration Testing	Day 55	4 Days
Implement GDS Pilot	Day 60	30 Days
Post Implementation Review of Goals and Metrics	Day 90	1 Day



Driving Adoption

- **Case Studies/White Papers to assist in community ramping**
- **Individual/Group Web events to reach out to suppliers/distributors**
- **Retail Letters to drive participation of both brewer/importer and distributor.**
- **Industry Leaders must participate**

Summary

- **The Industry will benefit from Data Synchronization. Problems exist that can be solved**
- **Standardization is needed**
- **Retailers are moving forward**
- **Action and Leadership is needed**
- **Data Synchronization does not happen on its own Work and commitment are required**
- **If you are not part of the solution you are part of the problem**



Next Steps

- Review Findings
- Establish Pilot Participants
- Work with 1SYNC to make Data Sync a reality in the Beer Industry



Questions?

Thank you!



Appendix

Section 1 – Distributor Information

1. **Average Number of Accounts Serviced** – 1347.05
2. **Channels Serviced** - On-Premise 100% , Chain 95% , Convenience 94%, Grocery 93%, Drug 80%, Big Box 86%, Liquor Stores 73%, Other 14%, State Stores 7%
3. **Average Number of Beer Suppliers Represented** – 12
4. **Average Number of Beers Brands** – 65
5. **Average SKU's** –
 - Beer 295
 - Wine 363 – 19% Distributors Responding
 - Soft Drinks 12 - 45% responding
 - Spirits/Liquors 734 – 5%
 - Energy Drinks 17 – 15%
 - Bottled Water 5 – 3%
6. **IT in-house** - %74 Yes
7. **If not who provides service** – 32% Local Firm, 20% Small Regional Firm, 24% Medium Firm, 24% VIP
8. **Top 3 Business Project**
 1. Mergers and Acquisitions
 2. Logistics Automation
 3. Warehouse Automation, Cost Control and Efficiency
9. **Top 3 IT Projects**
 1. Logistics Automation
 2. Sales Force Automation
 3. EDI/EFT

Section 2 – General Business Questions

Question 1: How does your Organization receive product information today

Answers: Email 108, Fax 86, Phone 84, eCatalog 41, Other 9

Observation: Majority use multiple manual processes

Question 2: What is the title of person responsible for item setup and maintenance.

Answers: Manager 45%, Admin 205, Sr. Exec 15%, Director 12%, Other 4%

Observation: No standard role throughout distributor organizations.

Questions 3: How many individuals assigned to set-up & maintenance in your company.

Answers: 2 on average

Question 4A: Are you familiar with the term “Data Synchronization”

Answers: Yes 57%, No 21%, Not Sure 22%

Question 4B: Please provide your understanding of what “Data Synchronization” is.

Answers: 1 Accurate, 15 Mostly Accurate, 29 Somewhat Accurate, 22 Inaccurate

Observation: Education is needed.



Section 2 – General Business Questions

Question 5: Is Implementing Data Sync a key priority in the near future

Answers: Yes 41%, No 22%, Not Sure 28%

Observation: Only 32% overall are sure

Question 6: Once Data Sync is implemented industry wide, what issues do you feel it will solve

Answers: Top 3 - Error Reduction, Speed Processes, Improve Processes

Observation: Some overestimating of what GDS can do while other underestimating

Questions 7: Has your company allocated resources to any Data Sync projects

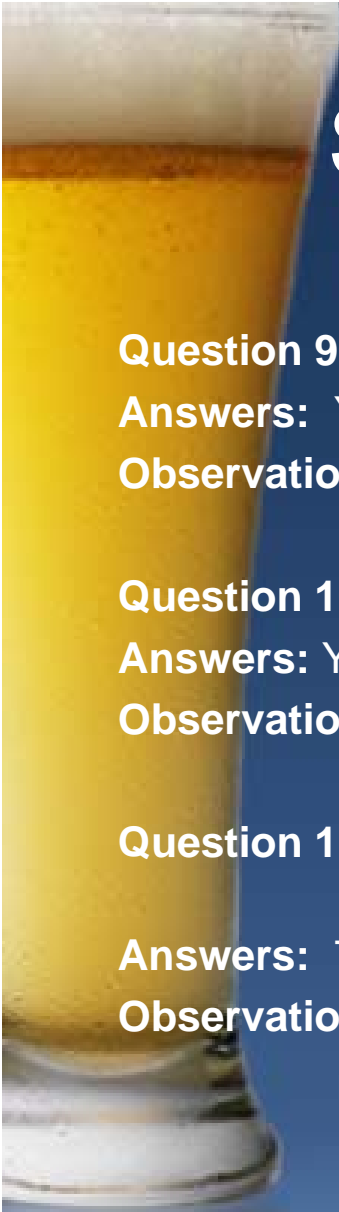
Answers: No Resources 53%, Financial 17%, HR 23%, Other 10%

Observation: Of 57% who answered yes to Question 4, only 53% have allocated resources

Question 8: Who is responsible for automating item setup and maintenance

Answers: 18 Manager, 9 Admin, 6 Sr. Exec, 5 Director

Observation: No standard process. IT was most frequent



Section 2 – General Business Questions

Question 9: Do you have IT resources allocated to your Data Sync project..

Answers: Yes 62%, No 31 %, Not Sure 7 %

Observation: Most not far into planning. Not sure what is involved and need assistance

Question 10: Have resources from functional or business process areas been allocated

Answers: Yes 74%, No 23%, Not Sure 3%

Observations: May require assistance to understand intricacies of project

Question 11: Where is your company in the planning and executions of your Data Sync Project?

Answers: 7% have no plan, only 8% have reached implementation phase. Most in between.

Observations: Education and project plan templates needed to assist distributors.



Section 3 – Internal Readiness Questions

Question 1: Do you maintain item information in more than one information repository

Answers: 45% - Yes, 42% - No, 13% - Not Sure

Question 2A: If you keep item information in more than one info repository, how many repositories are there?

Answers: Average 3.23 – Maximum 20

Questions 2B: Please briefly describe these separate repositories

Answers: RAS, At supplier, local db, at vendor, inventory db, at retailer, excel, sales db ect.

Observation: Respondents have multiple repositories of item data and would most likely benefit from having a consolidated Item Master File. Many respondents maintain redundant data.



Section 3 – Internal Readiness Questions

Question 3: Are you aware of the Industry Standard term Global Trade Item Number (GTIN?)

Answers: 51% - Yes, 38% - No, 11% - Not Sure

Question 4: Are you aware of Industry Standard term Global Location Number (GLN)

Answers: 38% - Yes, 49% - No, 13% - Not Sure

Question 5: Are you aware of the Industry Standard term Global Data Synchronization Network (GDSN) or Data Sync

Answers: 42% - Yes, 43% - No, 15% - Not Sure

Observation: There is a lot of education required to get the Beer Distributor community educated on even the basics of Global Data Synchronization including high level concepts and basic terminology.



Section 4 – Data Management Strategy

Question 1: What business areas rely upon the accuracy of your master item file

Answers: 20 Sales, 14 All of Company, 9 Logistics/Ops, 5 Warehousing, 5 Inventory, 5 Administration, 4 Retailer Execution, 3 Reporting, 3 Pricing, 1 Marketing, 1 Suppliers

Observation: Respondents understand importance to Sales, and many, too all of organization. However importance of Item Master Data too purchasing, pricing, invoicing, and retailers and suppliers still not well understood.

Question 2: Do you use industry standard bar codes and upc's to identify items

Answers: 97% Yes UPC

Question 3: What is your error rate as it relates to invoice errors that cause the invoice to be manually changed or even refused at the back door of a retailer because of errors.

Answers: 66% (Less than 2%), 31% (3-7%), 3% (8-15%)



Section 5 – Data Formats

Question 1: If you are currently exchanging item data with suppliers directly, what formats are you using

Answers: 68 – Email, 47 Trading Partner Extranet, 30 EDI, 30 Flat File, 12 Other, 10 XML, 5 UCS, 5 Your own extranet

Question 2: If you are currently exchanging price/promotion data with suppliers directly, what format are you using

Answers: 68 Email, 48 Trading Partner Extranet, 35 EDI, 19 Flat File

Question 3: What electronic documents are you exchanging with retailers.

Answers: 80 EFT(payments), 55 Invoices, 45 PO's, 40 ASN's

Question 4: What information Systems do you currently use to process your electronic documents from your trading partner

Answers: 20 Fin Tech, 15 Proprietary, 13 VIP, 13 TP Extranet, 8 EDI, 5 Excel



Beer Industry Interviews

Background

In order to better understand the challenges facing the Beer industry the RCE team conducted one on one interviews with an array of small, medium, and large suppliers, importers, distributors and retailers.

Interview Process

A standard questionnaire was developed to use with all tiers in the Beer industry. By using a standard questionnaire business processes that flowed from brewer/importer to distributor to retailer could be evaluated.

Interview Questions

A total of fourteen questions were asked during the interview process. The questions brought focus on the common areas where Global Data Synchronization provided business benefits in other product categories and industries.



Beer Industry Interviews

Questions Summary

The following questions and their responses pull from all 3 interviews and are used to identify those areas where there is symmetry in the responses as well as where there are differences in the 3 tiers.



New Item Introduction

Question One

- Please list the current process, challenges and recommendations for improvement of your new item introduction process.

Process Observations

- Manual and labor intensive processes in all tiers.
- Brewers & Importers provide information to distributors and some retailers in two pushes when a new product is introduced. First push is general product attributes and second push is pricing and other logistical information.
- Brewers and distributors develop sell sheets to gain retailers authorization to add new items to their stores.
- Brewers and distributors fill out the retailers item setup sheets.
- Retailers manually enter information from item setup sheets into their information systems.
- Importers collect item information from brewers and provide information to distributors and retailers.



New Item Introduction (cont.)

Challenges

- Multiple manual item introduction processes yield poor data quality. (i.e. Incorrect weights and measures, UPC errors)
- Poor communications between the brewers and distributors and the distributors and retailers.
- Distributors feel brewers don't provide complete information yet brewers feel information has already been sent to distributors and retailers.
- Retailers and brewers feel that distributors delay introducing new items.
- Brewers and importers face challenges in supply and lead times for new items.

Recommendations

- All tiers suggested increased automation in the new item introduction process.
- Several companies mentioned implementing Global Data Synchronization specifically as well as EDI, XML and internet portal item setup solutions.
- Improve the communications among all tiers when planning new item introductions.
- Leverage existing industry standards on UPC/GTIN allocation rules.



Product Visibility

Question Two

- Please list the current process, challenges and recommendations for improvement of your product visibility.

Process Observations

- Manual and labor intensive processes in all tiers.
- No common process among any tier
- Suppliers receive inaccurate data in multiple formats
- Distributors obtain information from supplier sites or use common documents such as “sell sheets”.
- Retailers use multiple processes to obtain data. DSD items are usually not tracked at the same granularity as warehouse items.



Product Visibility (cont.)

Challenges/Pain Points

- Suppliers share the challenge of maintaining accurate item information. Data being in multiple formats from distributors is also not always reliable and up to date.
- Data is in non-standard formats, continual UPC problems, and need for better price synchronization with retailers mentioned by suppliers as key challenges
- Distributors mention Lack of info/inaccurate info from suppliers as number one issue.
- Additional distributor challenges include Incorrect weight/no weight info, multiple format/systems to retrieve new item info, and UPC efforts and same UPC for various packaging of same product.
- Retailers lack visibility into DSD items and have no way of knowing if they are out of stock. Large amount of resources devoted to tracking down issues.

Recommendations

- All tiers suggested increased trust and better communication
- Suppliers need better access to Sales/POS information. Also recommend RFID.
- Distributors and Retailers strongly support GDS or related standardized technology as the way to go.

Out of Stocks

Question Three

- Each Organization has methods to try to reduce out of stocks, and recommendations for eliminating them. Please list current process, challenges, and recommendations for improvement.

Process Observations

- No common process in or between the three tiers.
- Suppliers have various process to ensure they have enough product for distributor. Some place responsibility on distributor and don't get involved at retail level. Others attempt to monitor retail OOS through collaboration with distributor.
- Distributors manage various automated and manual processes and reports in an attempt to avoid OOS. These have varying levels of effectiveness and may require significant resources
- Retailers rely on distributors to keep them stocked for DSD items.



Out of Stocks (cont.)

Challenges/Pain Points

- **Brewers struggle with Inaccurate forecasting and late orders from distributors**
- **Distributors struggle with suppliers production schedules (limited, not reliable, orders cut without notice, infrequent production ect)**
- **Poor communication and non-collaborative systems**
- **Too many products to sell**
- **Retailers lack visibility to DSD items. Rely on distributors**
- **Manual processes to monitor inventory with supplier and retailer**

Recommendations

- **3 Tier CPFR/Online/Seamless ordering/Dist Inventory Mgmt**
- **Improved access to Retail POS/Scan data**
- **Retailers should listen to Distributor Sales advice**
- **Digital exchange of inventory information**



Receipt of Shipments

Question 4

- A common goal within the supply chain is to remove cost. With brewers, importers, and particularly with the Distributor and Retailers, there are cost reduction opportunities in the receiving functions. Please list current process, challenges, and recommendations for improving receipt of shipments

Process Observations

- No common process for exist. Some have manual simplistic process while others are moving to more sophisticated higher tech processes with their partners
- Receiving often involves manual processes and hand checking for quantities.
- Some scan based trading taking place in other categories by retailers.
- Some proprietary systems have been developed between supplier/distributor as well as distributor/retailer.



Receipt of Shipments (cont.)

Challenges/Pain Points

- Periodic loss of visibility
- Highly time consuming Manual process/more setup
- Pricing issues
- Slow Check In/Unload or Refused Shipment/Returned Orders
- Inefficient truck loading/utilization
- Small distr. Lack of expertise or resources to deal wth Retailer Demands.
- Merchandiser Roll-over. Product not in Retailer System
- Retailers receiving unauthorized products/short orders
- Discrepancies and disputes

Recommendations

- More use of ASN's, EDI, RFID and other automated processes
- More standards around bar-coding and standard pallet size.
- Data synchronization with automated systems.
- Better communication



Cost/Price Changes of Items/Products

Question 5

- Please list the current process, challenges and recommendations for improvement of cost/pricing changes of items/products

Process Observations

- No common processes observed in any tier of the supply chain. Range from very manual simplistic processes to more sophisticated higher tech processes.
- Some Brewers say it is Distributors responsibility to communicate with Retailer while other brewers have their own communication processes with retailers.
- Communication of pricing occurs in person, via email/Excel spreadsheet, via electronic proprietary connection, or other format
- In most cases all price changes require significant manual intervention



Cost/Price Changes of Items/Products (cont.)

Challenges/Pain Points

- Pricing seen as leading challenge in industry
- Poor communication of 3-Tier pricing
- Retailers unable to receive/handle special pricing
- For distributors, manual process/more setup/slow pricing changes/multiple formats was the leading challenge
- Retailers requiring multiple weeks notice on pricing changes
- Errors on Deals/last minute pricing/promotion changes and product refused at deliver due to pricing errors.
- For retailers, timely submission of price changes. If changes are not approved and active in their systems receiving and invoicing issues follow.

Recommendations

- All Tiers agree better communication. Automation of pricing.
- Data sync/EDI/XML/Item Sync
- Better Communication-3 Tier Pricing

Other Repositories for Item/Product Information

Question Six

- Please list current practice/processes to store additional product data, what you need it for, and why you feel it is not part of your Master File.

Process Observations

- Brewers, Distributors and Retailers don't seem to have any common process around dealing with internal Mater Data.
- Some have everything integrated into one Master System and find few challenges in this area
- Others are in process of upgrading their strategy and systems
- Some maintain information in large array of multiple areas and formats
- Some retailers maintain 1 master item file while others separate product information base upon departmental systems (i.e Marketing, Sales , Distribution, Accounting)



Other Repositories for Item/Product Information (cont.)

Challenges/Pain Points

- Redundant Internal Information
- No Product Master file/ Product Master Vision
- No Master Data Quality Check
- Retailer wants various UPC formats/lengths.
- Information is in-house but not available to resend
- Accuracy of item information is major challenge to retailers.

Recommendations

- Most frequent solution to challenges for brewers/importers/retailers is to implement a Product Information Management (PIM) or Master Data Management (MDM) solution
- Distributors recommend reduce redundant entry, standardizing of the UPC, and System integration.
- Improved communication was also cited in all three tiers



Invoice Accuracy

Question Seven

- Please list the current process, challenges and recommendations for improvement of your invoice accuracy.

Process Observations

- Process varies through all tiers
- Those doing EDI and EFT have easier time improving accuracy
- Vary manual, labor intensive process in most cases
- Most retailers notice price discrepancies at store level and adjust accordingly
- If discrepancy not notice at sore level, corporate account will catch and forward invoice to category manager for approval
- Some retailers pay the lesser of the system price or price received on delivery
- Even automated processes rely on manual process and human intervention to rectify discrepancies

Invoice Accuracy (cont.)

Challenges/Pain Points

- Suppliers challenges are tied between “manual Process/More Setup/Slow Changes” and “invoice Errors with miss-shipment's
- Distributors see similar challenges with “Manual Process/More Setup/Slow Changes/Human error” a clear number 1.
- Math Errors on credits, retailers paying slow or lowest price even if wrong, routing errors, sales person errors, customer service errors, packing errors all lead to more work and delayed or refused payment.
- “24 hour cycle” cited as an additional pressure
- Retailers cite high volume of DSD invoices that contain discrepancies leading to increased work for receiver, category manager, and supplier and the timeliness of credits issued by the distributor.

Recommendations

- Leading recommendation by all is increased automation and links between systems of the 3 tiers
- Data Sync/EDI/Item sync the leading answer.
- Additional training for receivers and leverage EDI/EFT

Master Item and Pricing Data Receipt, Storage, and sharing, Internally and Externally

Question Eight

- Please list the current process, challenges and recommendations for improving master item and pricing data management.

Process Observations

- Process very inconsistent and complex
- Can involve many people or just one.
- The majority involve multiple media (phone/website/fax/email) and storage.
- Some include sell sheets and other manual processes and visits by sales people.
- Distributors process can vary by customer.
- Many retailers have manual processes that result in more time being spent in setup/maintenance.

Master Item and Pricing Data Receipt, Storage, and sharing, Internally and Externally (cont.)

Challenges/Pain Points

- Most frequent answer from suppliers is a tie between “Manual Process/More Setup/slow Changes,) and “Lack of Standards/Common Process/Systems across Tiers”
- All are due to a lack of consistent process and automated updates and communication between trading trading partners.
- Most common issue among distributors is ?multiple Systems to maintain? Redundant Data Entry”.
- Human Data errors is biggest pain point for retailers
- Product dimension changes by brewer/importer not being communicated to retailer

Recommendations

- Implement Product Master/PIM
- Limit those able to setup or modify master data
- Automate and improve links between tiers
- GDS



Item and Pricing Attributes of Importance

Question Nine

- Please describe which attributes are necessary for you to have accurately represented in your information systems, the pain points, and the recommendations for improvement.

Must Have Attributes

- UPC/GTIN
- Price
- Description
- Product Dimensions (Consumer & Logistic)
- Pack
- Master Pack
- Cost (Price)
- Gross Weight, net Weight,
- Cube
- Net Content



Item and Pricing Attributes of Importance (cont.)

Challenges/Pain Points

- Suppliers getting information from supplier for whom they import or purchase for resale domestically
- Distributors not getting info from suppliers or getting it too late
- Manual Process/More Setup/Slow Changes
- Item Accuracy an issue for retailers (Weights & Measures, cost and product hierarchy)
- Unique Retailer Requirements
- UPC/GTIN Standards not being followed

Recommendations

- Better Communications and adherence to industry standards
- Getting a Standard Naming conventions for case/carrier/can
- Develop a GLN industry strategy for the wholesale tier
- Data sync/item sync/EDI/GDS



Promotional Information Sharing

Question Ten

- Please list current process, challenges, and recommendations for keeping track of promotions and related product pricing.

Process Observations

- Among large and medium brewers/importers it varies from independent in-house pricing systems to integrated systems which share info with distributors.
- Smaller brewers/importers use less complicated processes and generally have less problems.
- “Word of Mouth” “Spreadsheets” “Systems”
- Manual process for retailers although some offer web portals for distributors
- Chains add a layer of complexity for all
- Management approval needed for promotions

Promotional Information Sharing (cont.)

Challenges/Pain Points

- Manual process/setup/changes is number one challenge for all
- Overall lack of communication among all 3 tiers
- Bigger issue for the larger brewer's/importers
- Retailers unable to handle certain promotional pricing
- Getting promo info on time or surprise promotions an issue for distributors
- Retailers want information in different formats
- Retailers struggle with out of stocks due to poor forecasting. Also untimely communication of upcoming promotions causes deliveries not coinciding with the start of the promotion

Recommendations

- Electronic tracking/automation of Pricing and Item Approvals/Changes
- Better 3-tier communication
- Uniform Promotion Process
- GDSN/web based forms



New suppliers, Supplier Mergers & Acquisitions

Question Eleven

- Please list the current process, challenges and recommendations for improvement process around new supplier, supplier mergers and acquisitions, distributor changes.

Process Observations

- No common process among or even within the separate tiers
- Very little notice when changes occur to all tiers
- Very manual and time intensive when changes occur.



New suppliers, Supplier Mergers & Acquisitions (cont.)

Challenges/Pain Points

- Lack of info from supplier or previous brand owner
- Incorrect product/price info at retailer when there is distributor change
- Logistics issues
- Expired Product in Trade
- Retailer slow to know new brand distribution rights
- Lack of timely information

Recommendations

- Full product education and information to new distributor
- GDS or automated process of information, shared among tiers
- 3 tier common repository for Item/Pricing information
- Consolidation pressure drives all to improve efficiencies and eliminate cost



Commonly Asked Questions about Product/Item and Pricing Information

Question Twelve

- What are the most commonly asked questions about Product/Item Pricing information both internally and from trading partners

Questions

- Brewers

Internally – 1. Cost and Deals/FOB/Pricing/Chain Pricing 2. Availability Date

Externally – 1. Availability Date/Lead Time 2. Pricing/Promo Pricing 3. Margins

- Distributor

Internally - 1. Pricing, Discounts and Deals 2. Availability of Product

Externally - 1. Pricing, Discounts and Deals 2. Availability of Product

- Retailer

Internally - 1. Product Cost up to date 2. What are terms 3. Why price change

Externally - 1. Pricing at Retail, 2. Preferential Treatment for Competitor 3. Planogram placement



Commonly Asked Questions about Product/Item and Pricing Information (cont.)

Challenges/Pain Points

- Information in-house but not available – trading partners need to be sent information multiple times
- Lack of access/training on internal information data
- Don't know price point/ don't understand the deal
- Don't receive information in timely manner, don't trust the information
- Answering same questions over and over

Recommendations

- 3-tier common repository for item/pricing info
- Data Sync/EDI/XML/Item Sync
- Share Chain specific Pricing Tool
- Formulize Audit Process

Auditing the Accuracy of Item/Product Information

Question Thirteen

- Please list the current processes, challenges and recommendations for improving the verification process of new and existing item product information

Process Observations

- No existing Process exists – (60% Brewers and 40% Distributors)
- Manual Review
- Software Check/Error Flags
- Wait for sales/customers to find errors
- Retailers rely on distributors for accurate info on DSD items

Auditing the Accuracy of Item/Product Information (cont.)

Challenges/Pain Points

- Data Entry Errors in Invoicing/Item or Price Setup/Maintenance
- Very labor intensive and time consuming manual process to verify data
- Product description is not what is expected
- Embarrassing when customers find errors
- Wrong pallet configuration or miss picks occurring
- No review, workflow, or feedback process

Recommendations

- Automated link to suppliers and customers to reduce errors
- Formalized audit process
- Industry standards around weights/measures for product hierarchies
- Improved internal systems




Other Related Areas of Interest to You

Question Fourteen

- Challenges regarding Data Sync or related to previous questions

Challenges

- Large investment of dollars/resources for low initial ROI
- Belief that small suppliers and distributors can not benefit from data sync
- Benefits go mainly to chain retailers/high traffic users
- Confidentiality and security concerns around data sync/price sync
- Accuracy and timeliness of data are critical issues
- Everyone is proud of the system they have (resistant to change)
- Suppliers/Distributors technology challenged



Other Related Areas of Interest to You (cont.)

Recommendations

- **Necessary Education on Data Sync, including it's importance to beer industry, who is setting the standards for the systems, who profits, and how confidential and secure is it.**
- **Base cost of GDS around usage and not sales volume**
- **Brewers, Importers, Distributors need to assign someone who has authority over multiple areas (logistics, finance, marketing, ect.) to make sure their item master meets GDSN standards and is accurate**
- **RFID education**