



GS1 and AFGC Global Upstream Supply Chain Initiative Information Session

March 2009





Opening Remarks

Samantha Blake

Director Commercial and Retail Policy

AFGC

March 2009



**AUSTRALIAN
FOOD AND GROCERY
COUNCIL**

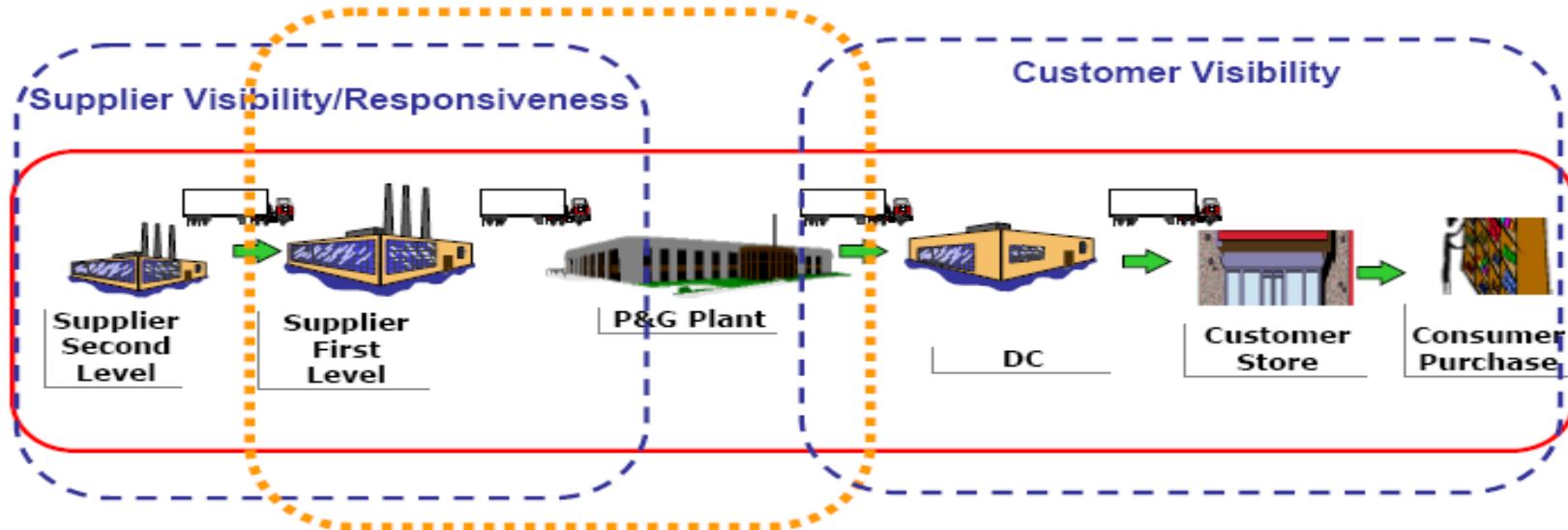




What areas are included?



Integrated Supply Network



Australia

GCI - GS1Upstream Standards Webcast 21 February 2008

AUSTRALIAN
FOOD AND GROCERY
COUNCIL

LIONNATHAN

Unilever

Nestlé

AUSTRALIA

Australia

gci

merce
T Company



What does it do?



- Defines a common business processes and data interchanges to support upstream interoperability between manufactures & suppliers.
- Enables trading partners to use these common definitions whilst still allowing them to use their own internal definitions and processes.
- Designed to meet the major electronic communication needs.





What is the size of the industry involved?



- 7000 firms
- Employing 250,000 Australians
- Annual sales and service income \$81 billion
- Industry value added \$20 billion
- Processed food & beverage exports \$23.3 billion
- Processed food & beverage imports \$8.2 billion

* *Source: Australian Food Statistics 2007 ABS*





What are the current industry challenges?



- Fast moving consumer goods
- Heavily promoted industry
- Reduced time to market
- Reduced life cycle
- Retailers actively reducing inventory
- Global supply chains





Why is the industry involved?



- **2008 AFGC Supply Chain Survey**

- Drive improvements across the end-to-end supply chain.

think upstream with suppliers





Who is involved in GUSI locally?





How to participate?



To scale the benefits across trading partners an industry integration solution has been developed.





Session Agenda



09.00 **Opening Remarks**

Welcome

Samantha Blake

*Director Commercial and Retail Policy
Australian Food & Grocery Council*

09.10 **Upstream Integration**

GUSI background & overview
Local project activities
Implementation toolkit

Marcel Sieira

*GM Business Development
GS1 Australia*

10.10 **Industry Panel**

Upstream integration discussion by industry experts

Samantha Blake

11.00 **Closing Remarks**

Samantha Blake

11.15 **Networking Morning Tea**

12.00 **Close**





Upstream Integration Overview

Georgia Blomberg

GS1/AFGC GUSI Project Manager

GS1 Australia

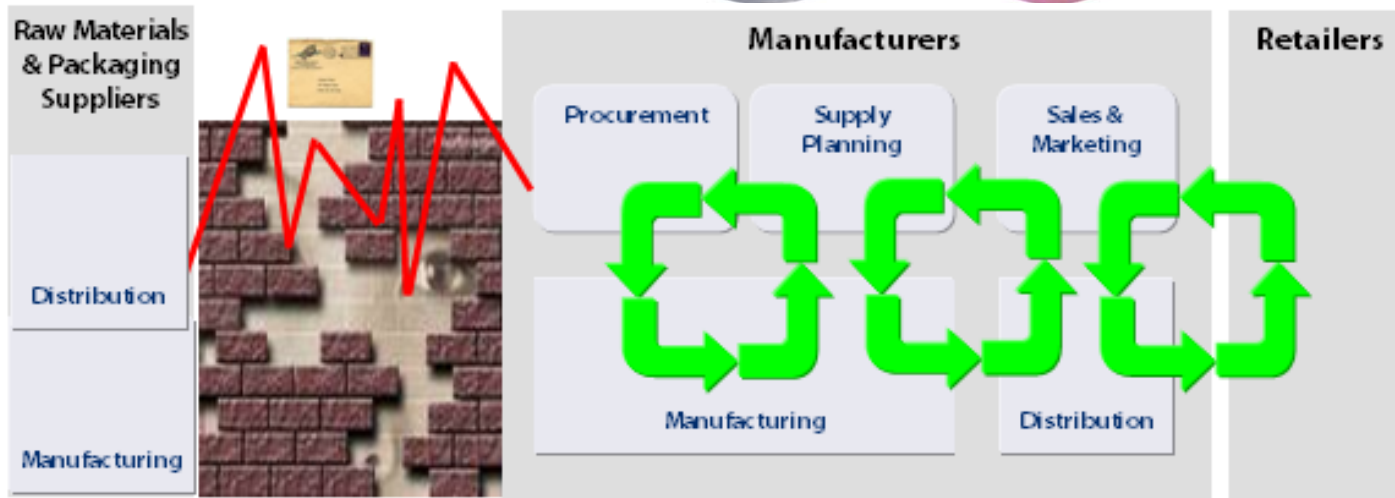
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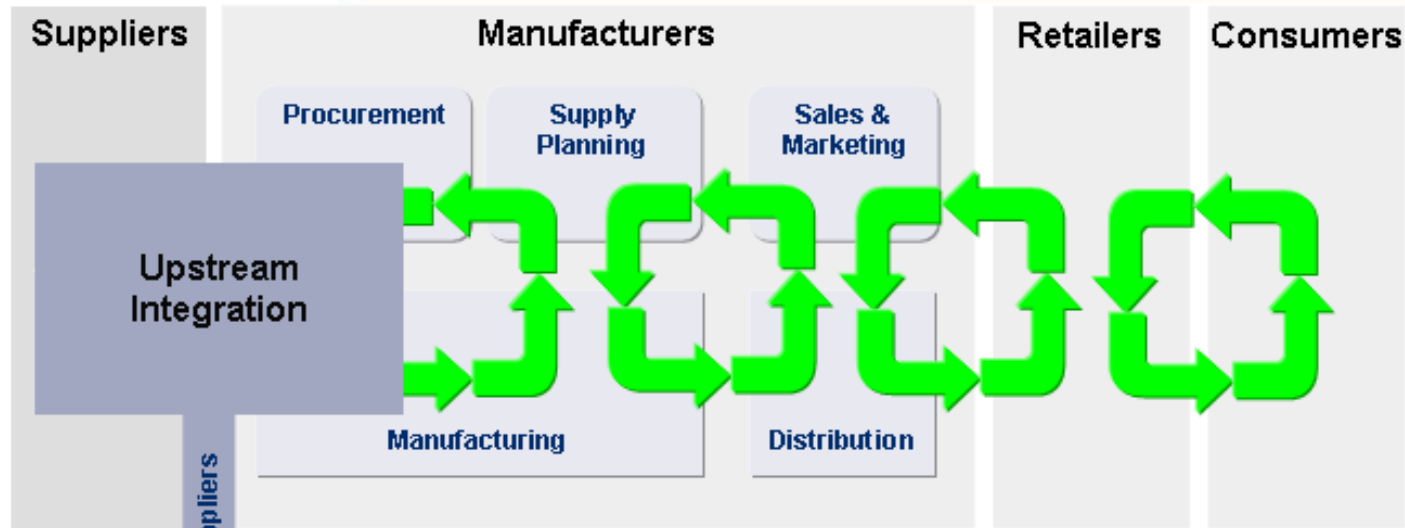


Upstream Integration





Upstream Integration Benefits

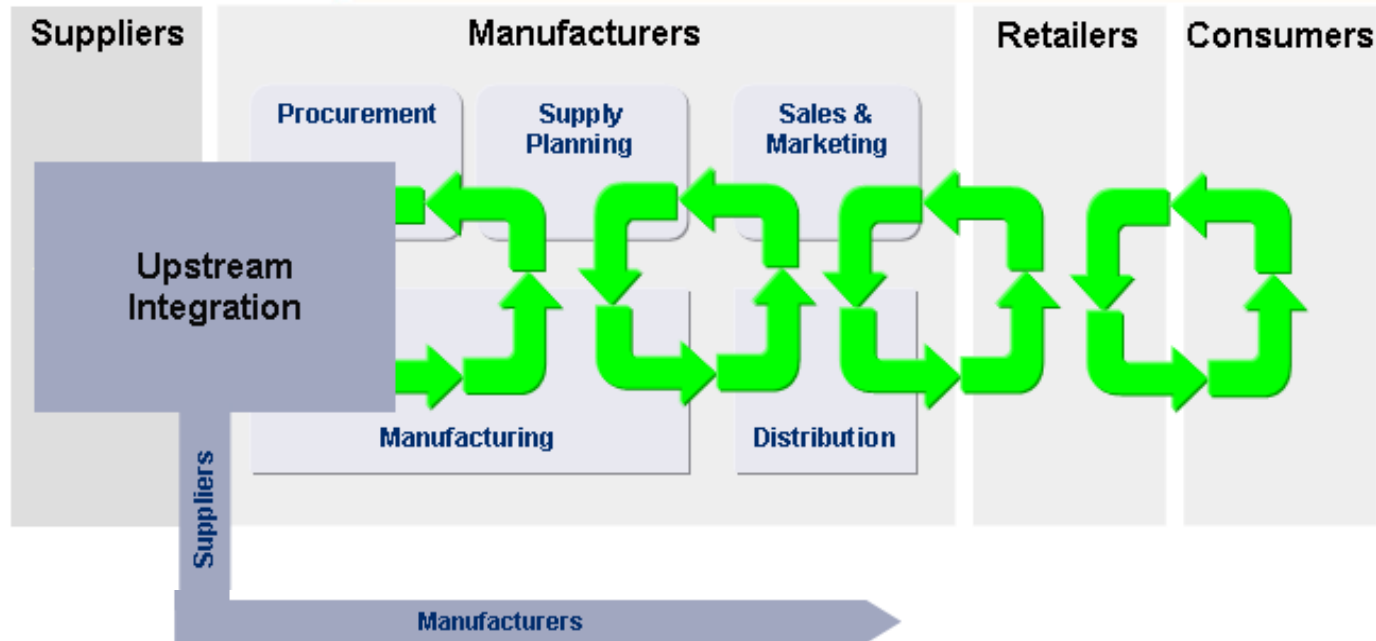


- Better visibility
- Optimised inventory levels
- Better customer service levels
- Lower integration costs
- Optimised processes





Upstream Integration Benefits

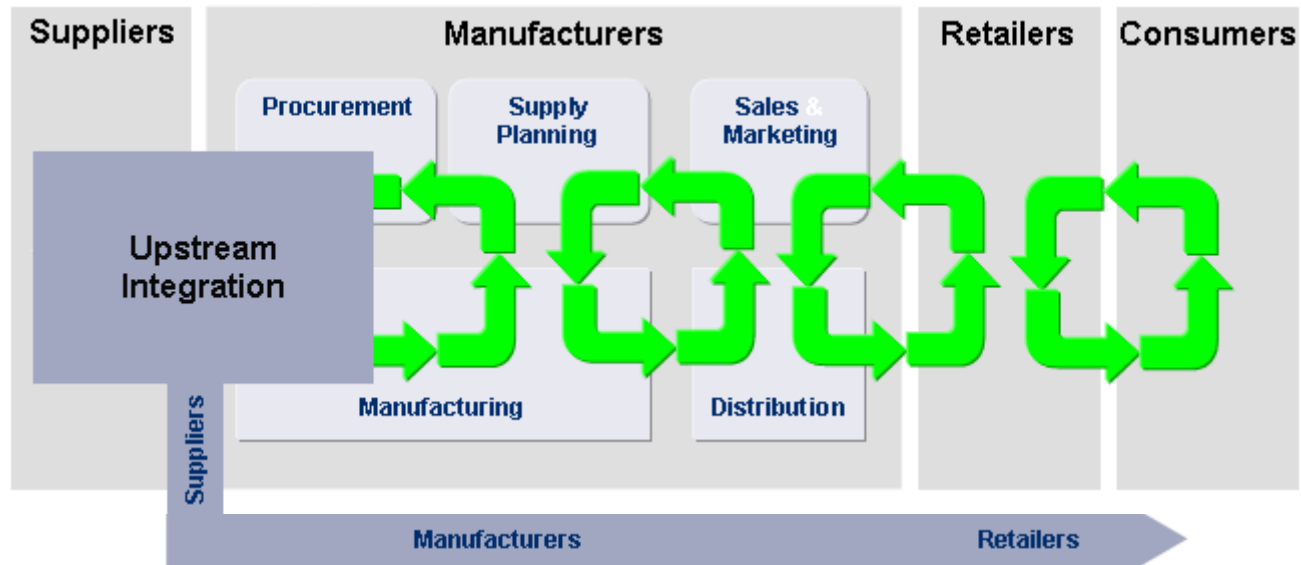


- Better visibility
- Optimised inventory levels
- Better supplier service levels
- Lower integration costs
- Optimised processes
- Increased retailer responsiveness
- Maximised production capacity
- Optimised inventory levels
- Reduced obsolescence
- Optimised processes





Upstream Integration Benefits

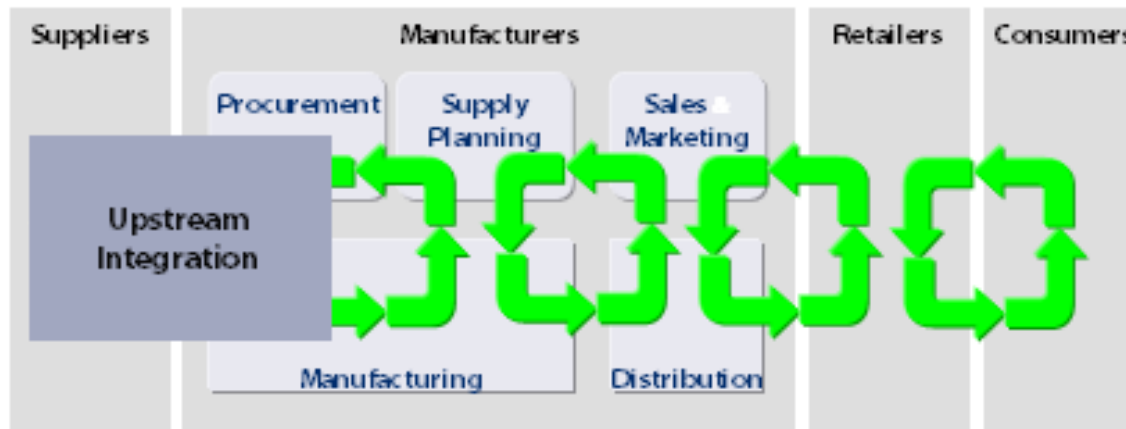


- Better visibility
- Optimised inventory levels
- Better supplier service level
- Lower integration costs
- Optimised processes
- Increased customer responsiveness
- Maximised production capacity
- Optimised inventory levels
- Reduced obsolescence
- Optimised processes
- Increased on-shelf availability
- Reduced time to market





Upstream Integration Leading to GUSI....



Many manufacturers have developed their own approach for supplier collaboration (e.g. e-mail, extranet access, EDI, etc)

- Different business process scenarios
- Different data interchanges
- Different integration technologies
- Lacking standards
- Non-scalable
- **Leading to the development of GUSI Standards....**





GUSI - Background



In 2003, a group of consumer packaged goods manufacturers and suppliers formed in collaboration with GS1 and GCI formed the Global UpStream Initiative (GUSI) to define a common way for tighter integration of their supply chains





GUSI - Background



- 2004 – formally recognised within the GCI
- Present – GCI, GUSI WG and GS1 have created the GUSI Model plus implementation guides and XML electronic transaction formats
- GUSI uptake has spread from Europe to North America, Australia, New Zealand and Asia.
- GCI estimates over 2000 implementations of GUSI standards to end of 2008 with 50% B2B and 50% via portal solutions





What is the aim of GUSI?

- GUSI standardises external interactions between trading partners
 - standard identification products, parties, locations (GS1)
 - standard B2B ecommerce transactions (GS1 XML)
 - standard data dictionary
- Tighter integration between partners
- Scalable across multiple relationships

- Faster ROI





GS1 Reported Benefits

- **Faster Integration**
 - up to 75% faster to connect new partners
- **Reduced IT costs**
 - set up: development and training, both IT and business staff
 - maintenance: due to phase out of non standard interfaces
- **Larger scope = multiplied benefits**
 - more partners: factories, suppliers, distributors
 - GS1 is for large and small companies

Source: GCI GS1 Business Case Document





The Upstream Integration Model

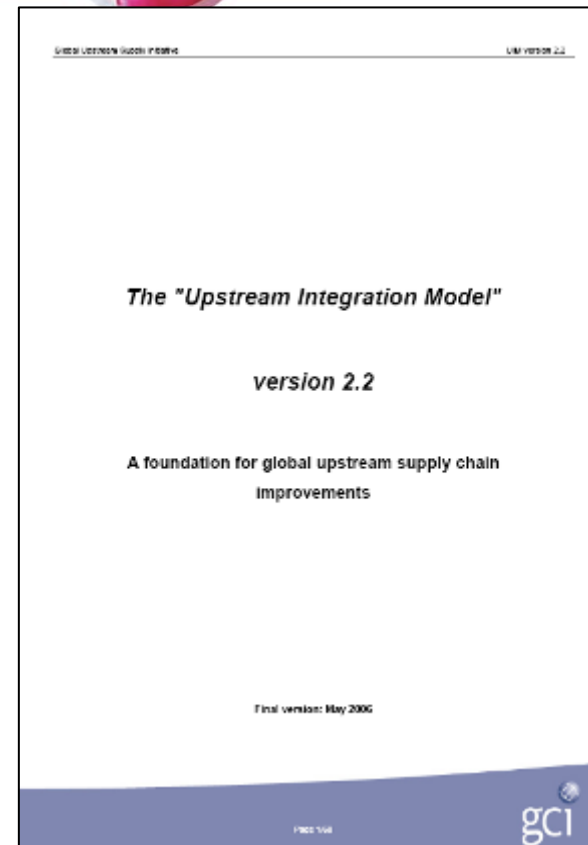


Defines a range of common business processes

- technical standards for identification and transactions
- processes – external touch points

Modular solution based on

- Manufacturer driven: Traditional Order Management (TOM)
- Supplier driven: Supplier Managed Inventory (SMI)





The Upstream Integration Model



Product/Material Scope:

IN: direct raw and packaging materials used by the manufacturer in production

OUT: indirect materials not part of the final product e.g. machine parts, lubricating oils, cleaning agents, office stationary





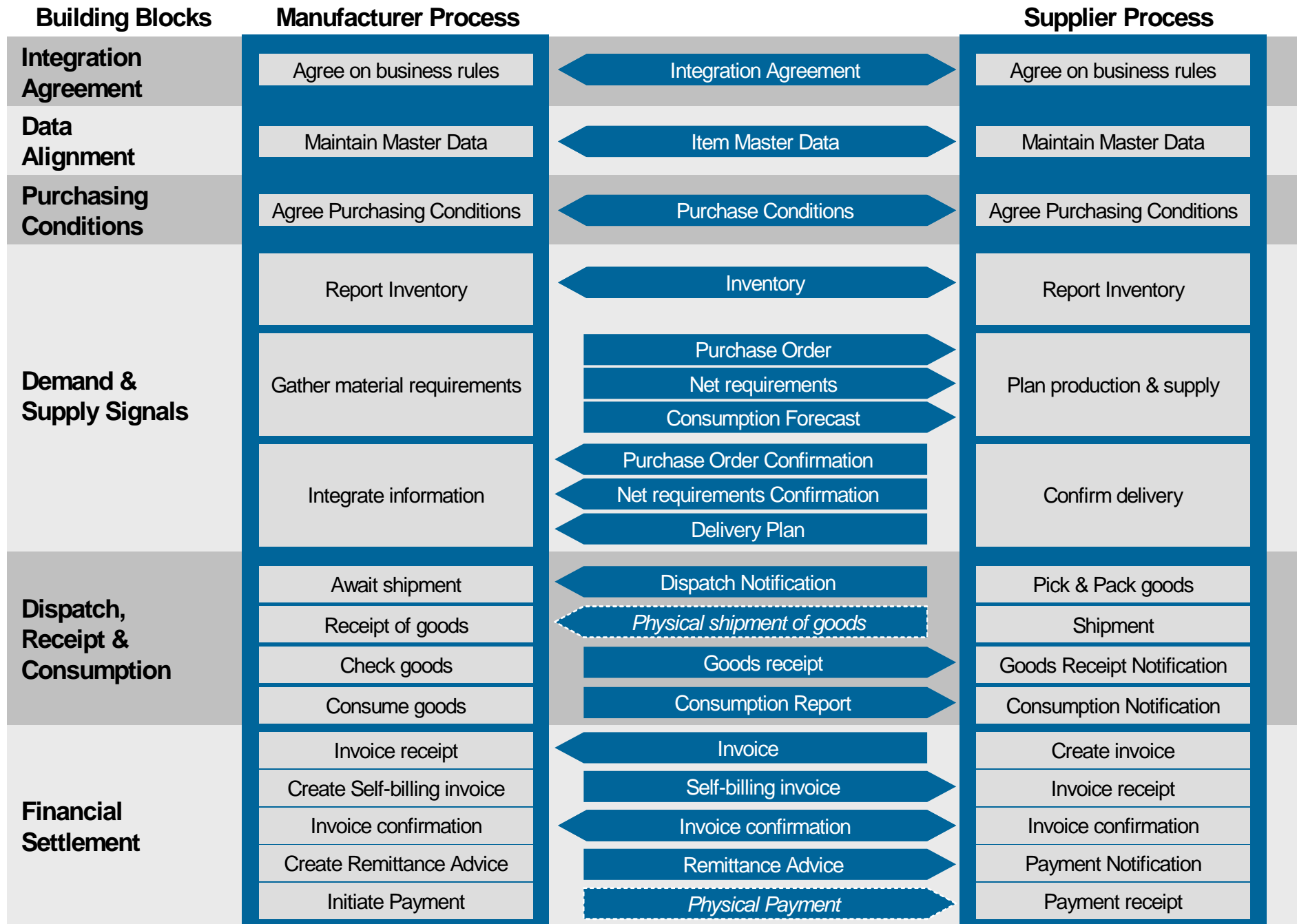
The Upstream Integration Model



Process Scope

- Procurement
- Material Forecasting
- Inventory Management
- Demand & Supply
- Despatch, Receipt and Consumption of Materials
- Financial Settlement







GUSI Local Project Business Drivers



1. Manufacturers have not been able to scale up existing upstream initiatives; each is a new & separate project.
2. Increasing pressure for companies to improve traceability; reliable, automated.
3. Automating receiving of inwards goods to speed up process
 - lag time is resulting in lack of visibility of landed shipments
 - leading to production interruption, over ordering and inaccurate accounts.
4. Master data currently established at the beginning of a supplier relationship once. No processes to keep data aligned, leading to increasingly “dirty” master data.





GUSI Local Project Business Drivers



4. Enabling more accurate, more frequent access to production planning data to address supplier out of stocks and facilitate synchronised production.
5. Standards and automation with suppliers will facilitate internal improvements in process and data capture also
6. Real-time data capture instead of manual, batch processed data. The latter never reflects the actual / truth
7. Communication tends to be one-way e.g. demand signals such as Vendor Schedules, Consumption Forecasts are sent to suppliers but supply signals about availability limited if at all.





GUSI Local Project Objectives & Method



Project Objectives

1. To review the GUSI model and ensure there are no “show stoppers” that would make it impossible or commercially or technically undesirable for use in Australian & N.Z. FMCG sector

And

2. Identify and initiate and changes, additions for implementation e.g. develop standard logistics labels





GUSI Local Project Objectives & Method



Method

Working Group: Lion Nathan, Unilever, Simplot, Sugar Australia

- Review in detail GUSI model and implementation guidelines
- Check in-house with subject matter experts
- Clarify interpretation with global GUSI
- Reality check with broader industry reference group
- Register of issues / queries





GUSI Local Project Findings & Outcomes



- GUSI **is applicable to Australian FMCG** upstream supply chain, with no “show stoppers”
- Australian & N.Z. FMCG **can leverage benefits** from upstream integration using the GUSI standard.
- **The GUSI standard was endorsed** as the standard model to use when integrating manufacturing and raw materials or packaging supply chains.





GUSI Local Project Deliverables



- A published statement of endorsement of GUSI as the standard to use in Australasia for upstream integration
- Raise awareness with 90% of the industry of the existence of GUSI and its endorsement
- Develop an Implementation Toolkit to guide implementing companies through steps and guide to the right documentation
- Promote and facilitate GUSI adoption in Aust/N.Z.





GUSI Implementation GS1 Australia Assistance



Education and Training Service – GS1 XML 101

- Designed technical staff involved in implementation
- Covers GS1 XML principles and structures
- Covers all messages used in GUSI and more
- Develops GS1 XML understanding applicable in other implementation areas (i.e. GDSN)





GUSI Implementation GS1 Australia Assistance



Education and Training Service – GUSI 101

- Designed to form an understanding of GUSI and its applicability to business processes
- Covers all modules developed through GUSI working group
- Designed for Business Executives
 - Process based
 - Focused on business benefits
 - Not covering technical areas





GS1 Implementation GS1 Australia Assistance



Raw Materials Management Service

- Service by GS1 Australia Professional Services team
- Aligned with GUSI standards
- Leverages “true and tested” supply chain review methodology, covering:
 - Analysis & recommendations
 - Prioritisation and proposals
 - Implementation Planning
 - Implementation Project Management & Handover





GUSI Implementation GS1 Australia Assistance



Raw Materials Management Service

- Business drivers: which GUSI module(s) will biggest benefit in shortest time for client, given:
 - current and planned process and IT capabilities
 - key trading partners
 - carefully negotiated and agreed Integration Agreements
 - documented, trained, tested, change management, handover
- GUSI based implementation ensures scalable to other partners





GUSI Implementation GS1 Australia Assistance



Leveraging GS1's global reach and expertise

- GUSI model understanding and contacts into GUSI global working group
- GS1 standards expertise
- Supply Chain integration experience
- FMCG sector knowledge
- Project Management skills and experience





QUESTIONS





Panel Discussion



Mandeep Sodhi
B2B Manager
Nestle Australia

Jeffrey Rochman
Manager eBusiness
Visy

Michael Vulcan
Managing Director
Sterling Commerce Australia & New Zealand

Neil Schiff
Environmental Systems and Project Manager
Lion Nathan

Nikhil Tandon
Key Projects and Indirect Spend Manager
Simplot

Suzanne Pooley
Business Analyst IT
Sugar Australia

Marcel Sieira
General Manager – Business Development
GS1 Australia





Contact Details



Marcel Sieira
General Manager
Business Development
GS1 Australia
T +61 3 9550 3474
E msieira@gs1au.org

Axxess Corporate Park
Unit 100/45 Gilby Rd
Mt Waverley VIC 3149

1300 366 033
www.gs1au.org

