

IFDA Sales & Marketing Conference

Collaboration for Mutual Success

**Standard Product & Location Identification
in Foodservice**

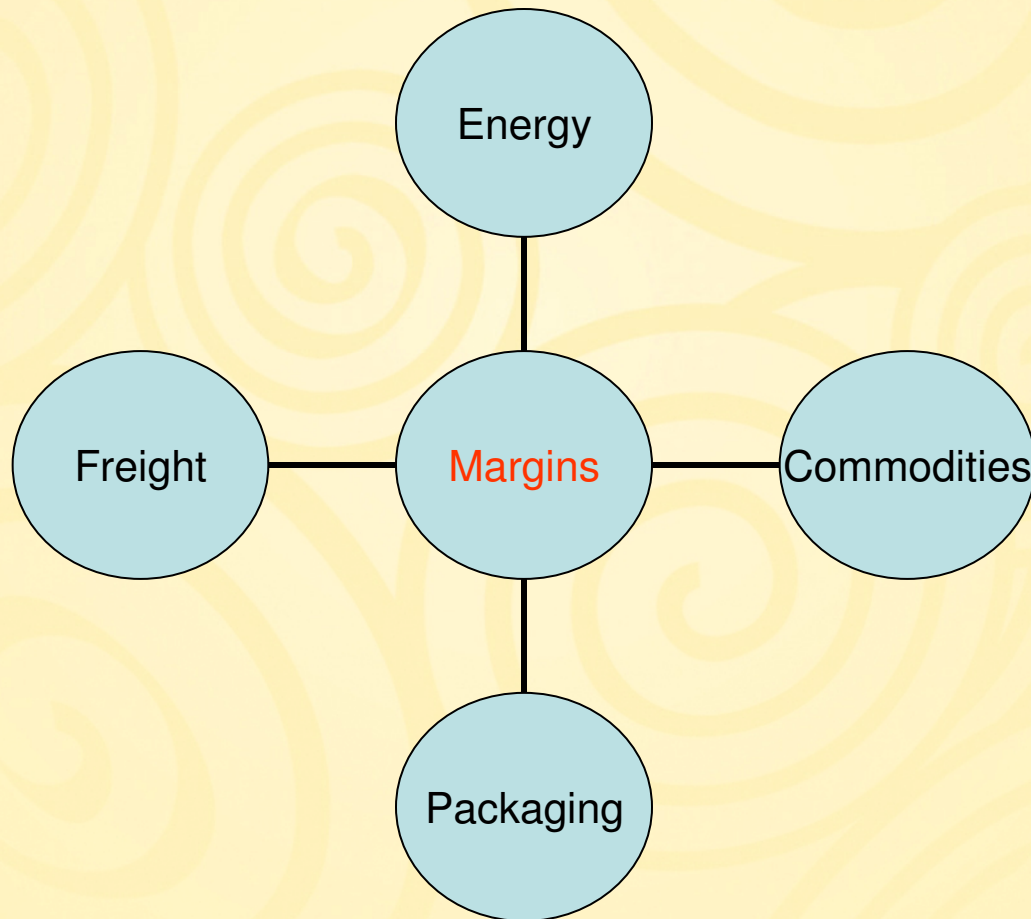
Speaker:

Doug Smith

**Vice President, Marketing
IFMA**



Challenges - Manufacturers



Key to Survival

Efficiency

How do we become more efficient?

Remove unnecessary costs and complexities from the supply chain

The Goals

1. Clean and Accurate Data
2. **GTIN** – Global Trade Item Number
3. **GLN** for contract Business – Global Location Number
4. Data Synchronization

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Efficiencies - Manufacturers

**Salesforce time
handling item data:
5% reduction**

**Customer service time
dealing with POs:
5%+ reduction**

**Logistics costs:
1%+ reduction**

**Out-of-stocks:
2-4% reduction**



**Finance time
reconciling invoices:
5-10% reduction**

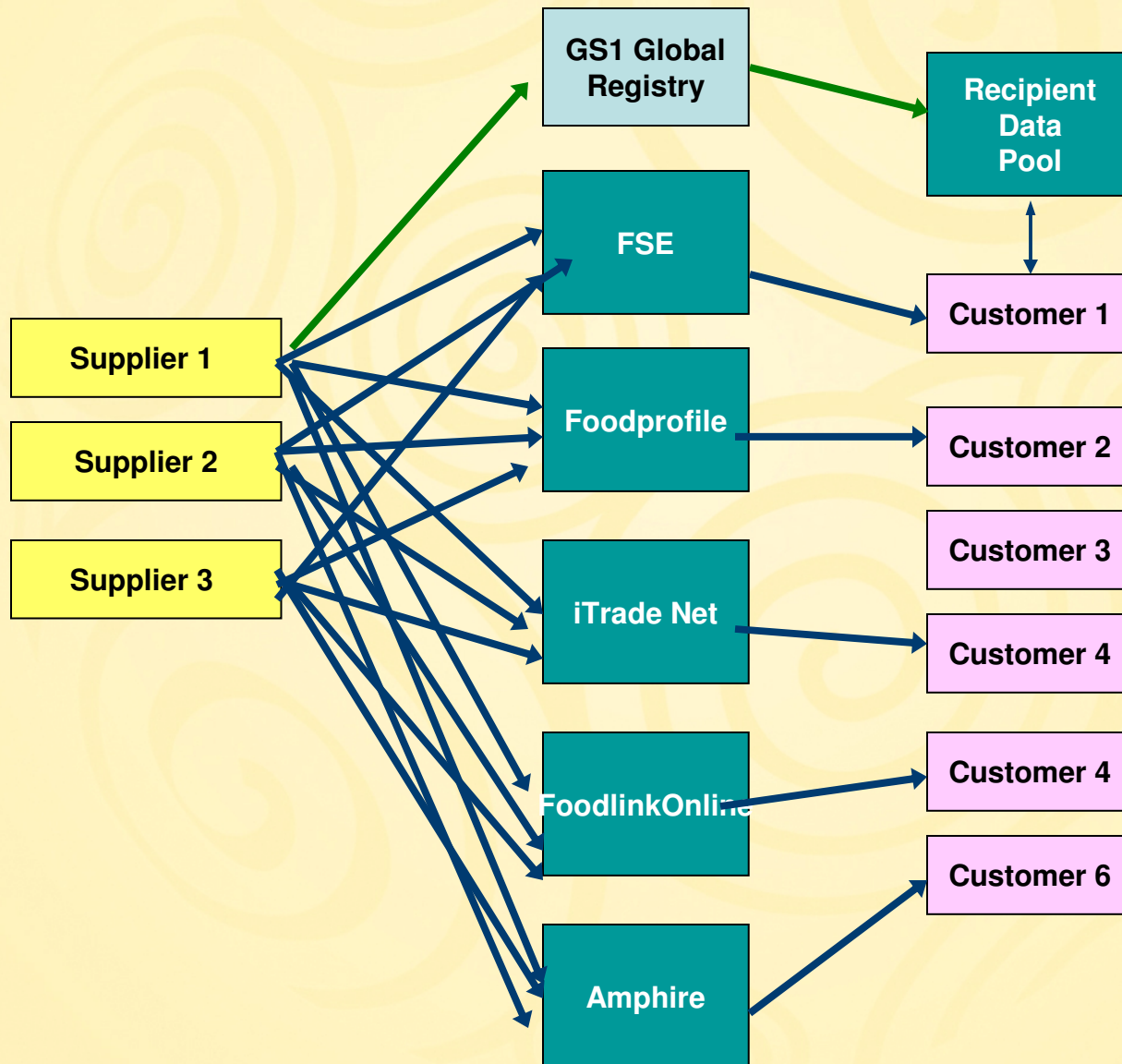
**Inventory:
0.5-1% reduction**

**Warehouse & DSD
deliveries:
1000s of hours saved**

**Speed to market:
2 weeks extra sales
on new items**

Benefits range from \$800,000 to \$1.2 million EBIT for every \$1 billion in sales

Data "Synchronization" in Foodservice Today



Play Video Here

In order to get to Data Synchronization

We need to embrace the GTIN as
an industry standard across all
products within the supply chain

The Goals

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Why GTIN?

Multiple ID's for a Single Product

- Foodservice channel members are applying their unique identifier to a product
- Process requires cross references to be kept throughout the channel to insure that we are referring to the same product
- This process wastes resources and diverts time to non-value added activities
- More pain than we think

Pain Example

- Distributor receives list of authorized products from chain with deviated costs
- Distributor has to match those products to their system and insert the correct deviated costs
- Multiple downside risks if they match the deviated cost to the wrong product
 - Operator gets the wrong price, distributor will be charged if price discovered to be too high in an audit
 - Manufacturer is charged the wrong amount on the bill back. If discovered, the allowance request will be denied.

Standard ID Solution: GTIN

- GTIN is Global Item Trade Number
 - Unique number in global commerce
 - 14 digit number. Assigned by brand owner
 - Already successfully in use across multiple industries. Including industries with overlap to Foodservice
 - Supports future leveraging of other trading partner solutions
 - Supports traceability efforts

On the Surface – Simple Change

- Conversion process appears easy. It is not
- System Changes
 - Accommodate the GTIN (14 digits) in all of your product systems
 - Update all “paperwork” to only display the GTIN outside your “four walls”
- People / Process Changes
 - Educate your organization on GTIN’s
 - Have them only use GTIN’s for product communication with suppliers and customers

Conversion Roadmap Under Development

- IFDA SAC/IT Committee is currently finalizing required data elements
- GS1 Foodservice Committee is developing the roadmap for “Clean and Accurate” product information
 - GS1 FS Committee includes representation from Operators, Distributors and Manufacturers
- Standard product identification is the first step in that roadmap
- Surveys are being developed to determine current FS industry status
- Hold tight until roadmap is fully developed

The Goals

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- 3. *GLN* for contract Business – Global Location Number**
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Global Location Number (GLN) What is it?

- GS1 Identification Number
- 13-digit fixed length number that identifies:
 - Physical locations: Hospital, restaurant, manufacturing plant, etc.
 - Functional entities: specific department within a legal entity, e.g., accounting department, returns department, etc.
 - Legal entities: whole companies, subsidiaries or divisions

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What is the pain?

Too many identifiers for the same location --

SAINT JOHN'S QUEENS
HOSPITAL
1100004570208

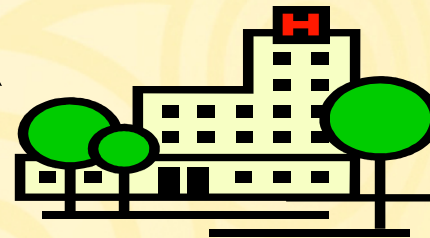
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100084547

SAINT JOHNS QUEENS
HOSPITAL
JAOE

SAINT JOHN'S QUEEN HOSPITAL
50003000431

SAINT JOHN'S QUEEN'S
HOSPITAL
CA2053

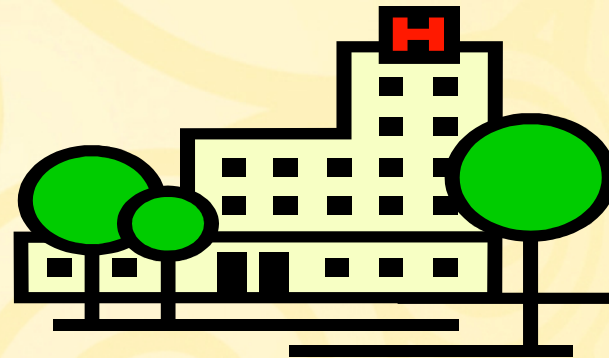
ST. JOHN'S QUEENS HOSPITAL
OM 12345



Many different names
different location numbers
for 1 hospital

GLN Registry

**SAINT JOHN'S
QUEENS
HOSPITAL
1100004570208**



One standard locator GLN
with address rationalized through
US Postal Service

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GLN Example Operator

EAN.UCC Company Prefix = 0012345



Retailer Headquarters

GLN: 0012345000010



Distribution Center A

GLN: 0012345000027



Distribution Center B

GLN: 0012345000034



Store 1

GLN: 0012345000058



Store 2

GLN: 0012345000065



Store 3

GLN: 0012345000089

A Few Distributor / Manufacturer Pain Points

- Contract and Rebate Management
 - No standard identifier on who qualifies for deal
 - Reduced duplicates
 - “Double dipping” on rebate offers
- Lack of visibility of all participants
- No value add search capabilities
- Traceability – Product recall



Operator Pain Points

- Multiple identification numbers
 - Same Information systems issues
- Lost
 - Revenue (rebates, etc)
 - Shipments
 - Control (business and legal)
- Traceability



GLN Registry for Healthcare®

The registry is a database that solves the healthcare industry challenge of inaccurate location identification by providing a comprehensive and accurate list of healthcare facilities with matching GLNs to reduce costs for everyone from manufacturer to provider.

- GPO's created in order to be in compliance with Sarbanes-Oxley
- Works as a “template” for foodservice needs

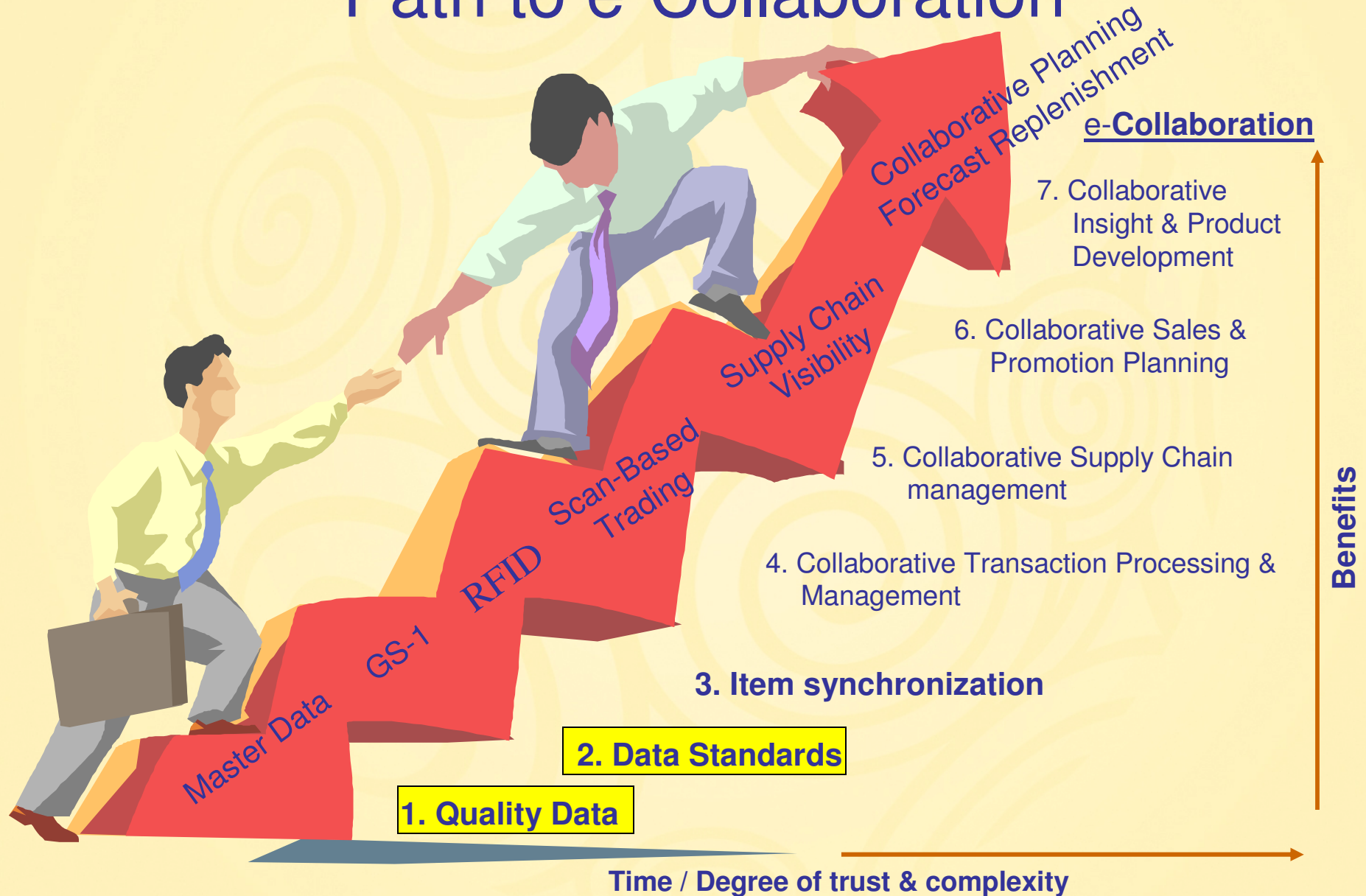
The Goals

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3. GLN
4. Data Synchronization

There are many more savings opportunities!

These are just the first steps to further collaboration

Path to e-Collaboration



Next Steps

- Develop an Industry Roadmap for data synchronization
- Roadmap must simplify the process and focus on value added activities
- Agree upon product attributes, setup process for regular review of the attributes
- Develop Business Cases for the Supplier, Distributor, and Operator position

PARTICIPATION IS KEY!

- Identify right person within your organization and get them involved!
- Send a message to GS1 US' Steve Arens to be added to the distribution list for notification
- sarens@gs1us.org

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THANK YOU!