



TECHNOLOGY & LOGISTICS

SN SPECIAL REPORT

Globalizing Data

While progress is being made by the Global Data Synchronization Network, many retailers are still grappling with internal readiness

By MICHAEL GARRY

What a difference a year makes.

In the past year, the Global Data Synchronization Network, the platform established by Brussels-based GS1 to manage product data exchange between retailers and manufacturers, has grown from a fledgling organization to an established entity. Its worldwide trading partner participation has grown from 200 in January 2005 to 3,778 in February, including 110 retailers and 3,668 manufacturers. The number of items in its Global Registry has increased from 180,000 to 479,000, while the number of synchronized items has jumped from 155,000 to 1,051,000.

Moreover, a new cottage industry has emerged to support the GDSN and its participants. For example, the past year has seen the certification of 26 data pools to serve as intermediaries between retailers/manufacturers and the GDSN. Prominent among these are 1SYNC,

Lawrenceville, N.J., formed by the merger of UCCnet and Transora, and Alexandria, Va.-based Agentrics, the result of the merger of the WorldWide Retail Exchange and GNX.

Of course, this activity did not take place by accident. It was the result of years of pioneering work by food distributors like Wegmans Food Markets, Wal-Mart Stores and Supervalu and manufacturers like Procter & Gamble, Unilever and Johnson & Johnson, as well as industry organizations such as UCCnet.

Why did they do it? As retailers and manufacturers began to collaborate during the 1990s, it became increasingly clear that they were hampered by the fact that each used different terminology and protocols in representing and organizing their product data. It was as though each was speaking in a proprietary jargon rather than in a single universal language. The upshot was widespread inefficiency and an inability to collaborate on a more

than superficial basis.

By setting up an electronic method for exchanging standard product data, using certified data pools as intermediaries and a Global Registry to direct traffic, retailers and manufacturers are now in a position to bring far greater efficiencies and collaborative activities to their operations.

Last year, in a report — dubbed “Project Jury” — from the Global Commerce Initiative and Capgemini, New York, some of the benefits of data synchronization were documented. They range from increases in speed-to-shelf and on-shelf availability, to improvements in item maintenance and error reconciliation, to reductions in costs of transportation, store operations and planogram management — all built on a foundation of data accuracy.

Despite the progress, there is still an imbalance between the number of distributors signed up for data sync, 110, and the number of manufacturers, 3,668.

Without more retailers and wholesalers, “this whole thing goes down the drain,” said Corby Bleckert, category manager, special projects, Associated Food Stores, Salt Lake City. “Manufacturers have spent millions of dollars on this, but how can they justify the [return on investment] if they’re only in production with a few retailers?”

But Bleckert, who participates in industry conference calls with other retailers, noted that he is beginning to see signs of more retailer participation. “People are starting to do things in the network, which is great.” The merger of Transora and UCCnet into 1SYNC has also helped the process, he said. “They have better communication tools and more resources than they did as UCCnet.”

LEADING THE WAY

Wegmans, Rochester, N.Y., continues to be one of the standard-bearers for data synchronization in the food industry. The chain has completed data sync with 416 suppliers representing 82% of its cost volume, meaning that the data for all of the products provided by those suppliers is synchronized with Wegmans’ data, according to Brad Papietro, e-commerce manager.

In Project Jury, Wegmans reported that data synchronization resulted in speeding up new-item set-up by 14 days and boosting item accuracy. The retailer is working on a new industry case study that will be available in June.

Another industry leader, Super Valu, Minneapolis, has synchronized all items across all of its distribution centers with nearly 400 suppliers, representing 57% of nonperishable vol-

Standards Update

Standards remain the lifeblood of the Global Data Synchronization Network, ensuring that retailers and manufacturers are all on the same page when it comes to sharing product data.

While standards have been set for many data elements and procedures in the GDSN, several key standards are new or yet to come. Here is an update on some of them, supplied by Sally Herbert, president, GDSN:

- **Price synchronization, using a single message format. Standards will be complete in early May. That will be followed by data pool development and pilots from May to December. Data pool certification will take place in the first quarter of 2007. Price standards will then be available to the user community.**

- **New Item Introduction, which includes automation and standardization of the manual processes associated with the introduction of new items. This is now in production and available.**

- **Extended Attributes. This is a uniform method allowing non-standard product attributes, including retailer-specific attributes, to travel through the GDSN in a standard format. The standard, also known as “Attribute/Value Pairs,” is now in production and available. “[It] is intended to spur adoption by retailers who have thus far not committed to using the GDSN,” said Bob Noe, chief executive officer, 1SYNC, Lawrenceville, N.J.**

- **Item Authorization, a business process that authorizes the sale of specific items within a region, sector or store. Standards are completed and a pilot is under way. Data pool certification will be completed by July.**

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ume, said Greg Zwanziger, director of e-commerce.

“Item synchronization has improved collaboration with our suppliers, eliminating paper forms and manual data entry, which is the primary source of inaccurate data,” Zwanziger said. “We have also focused on improving speed to market on new items by leveraging the GDSN to update our SVHarbor [portal] eNew Item process. Through these developments we have seen improvements in order and invoice accuracy.”

While Wegmans and Super Valu are well along in data synchronization

and bearing some of its fruits, other retailers and wholesalers contacted by SN have been primarily focused on building the internal foundation required to support synchronization efforts with their suppliers. Several of these distributors are close to making a major push with suppliers.

For example, Food Lion, Salisbury, N.C., has been involved in data synchronization activity for some time, but has conducted tests with fewer than 10 vendors to date. “Our approach has been to perfect the internal handling of item data that would come via data sync first before mov-

“You may set up an item once, but how many times do you change prices and promotions? You don’t get a lot of immediate value from items, but it’s a foundation for price. Price is where it’s at.”

Greg Vick director, distribution systems and Web development, Unified Western Grocers



A New Plan for Data Accuracy

One of the foundations of data synchronization is data accuracy — ensuring that the physical dimensions and other attributes of a product reflect reality. While this is mainly the job of manufacturers, retailers are responsible for auditing the data and any changes made to the data.

A consortium of six trade associations formed last year, including Food Marketing Institute and Grocery Manufacturers of America, has been working on a standard plan companies can use to maintain accurate data. The free plan is expected to be released early next month, according to Pam Stegeman, vice president, supply chain and technology, GMA.

The plan encompasses a “total data quality management process” which can help manufacturers and retailers to “know how to measure and weigh products to get accurate data,” as well as understand how to audit their procedures, Stegeman said.

Besides FMI and GMA, the other trade associations in the consortium include Global Commerce Initiative, Cologne, Germany; GS1, Brussels; CIES, Paris; and AIM, Brussels.

Data accuracy “has been a huge issue for both retailers and manufacturers,” Stegeman said. “On the retail side, it’s been a hindrance to moving forward with data synchronization.”

Also next month, the Global Standards Management Process, a standards body created by GS1 and GS1 US, will seek comment on a study it has conducted on tolerances for data accuracy — the degree to which measurements can be expected to change under certain conditions.

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ing any vendors to production,” said Carolyn Hager, manager, e-business for Food Lion.

As a result, Food Lion has established, for all dry grocery products, work-flow technology and a master item database, and set up its back-end systems. Already, the retailer has seen gains in data accuracy, more timely handling of data and greater collaboration with suppliers.

Associated Grocers, Baton Rouge, has been investigating data synchronization for over two years. Recently, the initiative was revived and deadlines set to implement data sync in a test environment with Kraft by the end of March. Additional manufacturers will be added “once the work flow is proven,” said Steven A. Miller, AGBR’s senior vice president of strategic planning, projects and information services.

Like Food Lion, AGBR has put its internal house in order prior to synchronizing data. At the heart of the project is the InSync Data Staging Application, from Dallas-based Retalix, which includes master data management, item subscriptions, workflow, rules and routing logic, as well as syn-

chronization with AGBR’s procurement system, also from Retalix. Data sync “is a priority for 2006 and a critical foundation piece for many future initiatives,” Miller said.

Associated Food Stores is another distributor that has been grappling with internal technical issues. It began two years ago when AFS selected GX5, Gaithersburg, Md., to provide a product information management system as well as connectivity to 1SYNC. The PIM system, which has been in production for about eight months, includes workflow capability to route data to internal category managers who make merchandising decisions.

More recently, the holdup at AFS has centered on making adjustments to its mainframe computer, which receives data from the PIM system, explained AFS’ Bleckert. But the cooperative wholesaler now finds itself “on the cusp of launching full-bore in the next 30 days, just bringing on manufacturers rapidly,” he said. As a hedge against uncertainty, AFS plans to adopt vendors already synchronized with Wegmans. “I feel confi-

dent in what [Wegmans has done] so we can ramp up quickly with those vendors,” Bleckert said. To date, AFS has worked with Kraft, General Mills and PepsiCo.

Thus far, data sync has enabled AFS to identify some discrepancies in dimensional data, but it is still too early to discern many benefits, Bleckert said. Like many retailers and wholesalers, AFS is waiting for pricing data to become part of the GDSN, a move expected to produce a major upside. “One reason we got into this was [to synchronize] price,” he said. “We want to make sure we have the right cost and deal information.”

Unified Western Grocers, Commerce, Calif., is also eager to synchronize price. “You may set up an item once, but how many times do you change prices and promotions?” said Greg Vick, director of distribution systems and Web development for Unified. “You don’t get a lot of immediate value from items, but it’s a foundation for price. Price is where it’s at.”

Because of its many permutations, price has been a difficult attribute to standardize. However, the industry is making progress toward a price standard that will allow trading partners to “synchronize price in a single message format within the GDSN,” said Sally Herbert, president, GDSN. A draft standard is expected to be completed in May (see “Standards Update,” previous page).

Both Unified and Food Lion are also using internal vendor portals to receive data, such as price, still not available via the GDSN.

“All retailers see portals as a temporary measure,” Hager said. “All data will come through the GDSN, but maybe not for the next 12-24 months.”

STEPPING BACK

After working with vendors such as Nestlé Purina PetCare, P&G, Clorox and Kraft, Unified decided a few months ago to “step back and see what we’ve learned and how we can make it better,” Vick said. The company plans to start synchronization activities again in May.

One problem that Unified has wrestled with is, during the initial synchronization of an item, matching an incoming Global Trade Item Number with an item’s UPC in internal sys-

tems. GTINs may be sent with packaging data such as whether an item is in a display module that is not contained in a UPC, causing mismatches. Unified's solution was to build an algorithm that would help a buyer resolve the question.

Unified has also found that its internal item descriptions don't match up with the standard item descriptions coming from the GDSN, so the

company blocks the GDSN descriptions from flowing through. Unified is gradually changing its internal descriptions to agree with the industry standard, Vick said.

Vick complained that industry suppliers were unable to help Unified deal with difficulties posed by initial synchronization or description discrepancies. He has found better support from fellow food distributors such as Weg-

mans and Supervalu.

Dave Garcia, vice president of marketing, 1SYNC, Chicago, said to help resolve technical issues, 1SYNC offers its trading partners implementation services and a list of affiliated service providers. "Companies may have years of embedded data issues that can't change overnight," he said. "We do our best to help get it right."