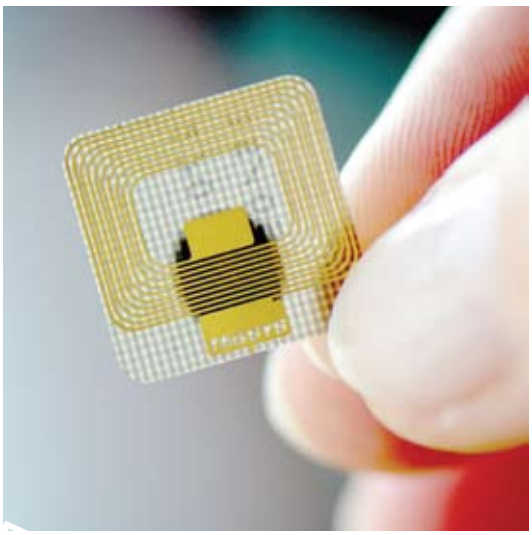
Annual Report 2007/2008



CONTENTS

Letter from the Chairman 5
Letter from the President & CEO 7
Letter from the Chairman Emeritus 9
Reports from Our Business Units 11
- GS1 BarCodes & Identification 12
- GS1 eCom 15
- GS1 GDSN 17
- GS1 EPCglobal 20

Reports from Operations 23
- Standards Development: GSMP 24
- Solutions: Traceability, Mobile Com 25
- Training, Education and Customer Service 27

Breakthrough Projects 28
- Where to Play 29
- Sustainable Financial Model 29
- Operational Effectiveness 30
- MO-GO Relations 30

Reports from Our Work with Industry Sectors ... 31
- Healthcare 32
- Transport, Logistics and Customs 34
- Strategic Alliances 36

GS1 Standards in Action 37
- GS1 Australia 38
- GS1 Malaysia 40
- GS1 Spain 42

Facts & Figures 44
- Financial Statements 45
- GS1 Management Board Members 48
- GS1 GDSN Inc. Board of Directors 49
- GS1 EPCglobal Inc. Board of Governors 49
- GS1 Leadership Team 50
- GS1 Member Organisations 51

At GS1, our vision is a world where things and information about them move efficiently and securely for the benefit of businesses and improvement of peoples' lives, everyday, everywhere.

Our mission is to be the neutral leader enabling communities to develop and implement global standards providing the tools, trust and confidence needed to achieve our vision.

Letter from the Chairman

Charles Darwin discovered that it is not the strongest of the species that survives, nor the most intelligent, but the one most responsive to change. I have long believed that this is true not just of life on Earth but also of organisations, which must know how to renew themselves in order to survive. Put simply: survival requires growth; growth requires change; and change requires renewal. Leadership must provide the vision and the opportunities for an organisation to grow. For their part, the individuals who comprise an organisation must also deliver a contribution to growth, change and renewal.

This was a year where we at GS1 set about understanding, assimilating, and adapting to the many changes created by the volatile, uncertain, complex and ambiguous world around us. At GS1, we are all now agents for change. We are resisting the temptation to be satisfied, we are increasing our sense of urgency, and we are creating the environment and the systems that enable growth. We are focusing on what matters most: our users. We are clear that our purpose and our values are not changing. We are continually developing our core strengths. We are building an outstanding organisation of skilled people. And we're striving to leverage our structure and scale.

One of the clearest signs of change in the past year has been the passionate commitment and hard work to deliver clear outcomes on what we have called our "Breakthrough Projects." In order to identify the "breakthrough" for the future, we have asked ourselves four difficult questions:

- Where should we play? What are our areas of expertise and our zones of intervention?
- What is the right and proper financial model for our organisation?
- What are the required changes to our organisation, business process and governance so that we can be sure we are working efficiently?
- How can we clarify and improve the effectiveness of the complementary roles and responsibilities of the Global Office and the Member Organisations?

This report will share the plans for the initial phase of these Breakthrough Projects. Across the year ahead, we will work to leverage these first steps into successful, proactive plans that put our users' needs first.

Allow me to conclude with a sincere and heartfelt expression of gratitude: Thank you for the chance to lead the GS1 Global Management Board for the next two years. I am honoured to follow in the footsteps of my good friend Danny Wegman, Chief Executive Officer of Wegmans Food Markets, who has provided inspirational leadership to GS1 over the last two years. I look forward to the pleasure and the privilege of working with all the Member Organisations, the users, the staff and the management of GS1 on our important missions. In the words of Mahatma Gandhi: "You must be the change you wish to see in the world." I will strive to be the change we wish to see in GS1.

Robert A. McDonald
Chief Operating Officer
The Procter & Gamble Company

Incoming Chairman
GS1 Management Board

Letter from the President & CEO

The 2007-2008 year was rich in important tasks and significant accomplishments for our organisation. So much hard work was done, so many critical things were achieved. In a context of ever-increasing challenges and high-speed changes, the GS1 global organisation succeeded in adapting. Our work continues to benefit businesses and improve people's lives.

We strengthened our base

Over the past twelve months, our foundation has grown even more solid, with fine work accomplished around our main products. The launch of **GS1 DataBar,** for example, is progressing in line with our plans, and early success stories are coming in from around the world. The GS1 Global Data Synchronisation Network, or **GDSN**, had a strong year, too; there are now over 2.2 million GTINs in the Global Registry and our "Project Etoile" programme successfully completed its first phase. **GS1 EPCglobal** has released a full suite of standards, and our work with public policy makers is paving the way for the future of RFID-based GS1 standards. And **GS1 eCom** has had great progress working with UN/CEFACT. The GS1 Global Office and a number of GS1 MOs are actively involved in governance and task forces.

We extended our work with new sectors

GS1 Healthcare, a single global healthcare standards user group, was formed this year, and is already making great progress in a number of countries, including important work done with medical device manufacturers and regulatory agencies. We have now structured our solutions activities and have begun work on **solutions for Traceability and Mobile Com.** And we signed a Memorandum of Understanding with the **World Customs Organization (WCO),** and are already working to meet the shared needs of our two global organisations.

We have begun to build the foundation for future contributions

We've kicked off a **"Manage and Grow Identification"** initiative, which includes an **"Unauthorised Numbers"** project to defend the integrity, quality and sustainability of the GS1 System. And significant work was done as well on what we've called our **Breakthrough Projects,** four important topics which all relate to the new challenges of the world we now operate in – a world that has a new kind of supply chain, new challenges to our control over identification keys and databases, and new sectors.

And so much more!

The work and dedication of hundreds of individual people have enabled all these accomplishments to come to fruition: the GS1 Leadership Team and our staff at the Global Office of course, but most especially the teams at our 108 GS1 Member Organisations around the world. I am grateful to each and every person who has worked so hard to make this year a success. I am also indebted to Danny Wegman, our outgoing Chairman, for his leadership; Bob McDonald, whom I welcome as the new Chairman of our Board; Tim Smucker, our Chairman Emeritus, who always inspires us; and the entire GS1 Board for their invaluable counsel and guidance. Thanks to the efforts of all, GS1's vision and mission are being realised.

Miguel A. Lopera
President & Chief Executive Officer GS1

Letter from the Chairman Emeritus

Thank you for all you have done and continue to do in pursuit of our vision of one global organisation. We have talked about this concept a great deal over the past few years. It attempts to convey the sentiment that we can accomplish more as a united global organisation than any one Member Organisation could accomplish alone, and it says we know that we must continually seek to find global alignment around **seeing one vision, speaking with one voice, and acting as one organisation.**

We have an exciting story to tell about the GS1 community and the services we offer our constituents around the world. One way to begin that conversation is to ask the following two questions: "Did you know?" and "How can we help?"

For example, **did you know that GS1…**
... has 108 member organisations representing all points in the supply chain
... has over a million companies doing business across 150 countries
... represents over 20 sectors ranging from Fast Moving Consumer Goods to healthcare and more
... is user-driven and user-governed
... serves all companies, both multinationals and SMEs

In this Annual Report, you will read about some of our many accomplishments in the past year, and some of the challenges we intend to face in the months ahead. These pages contain examples of **how we can help with…**
… automation of business transactions (page 15)
… increased speed to market (page 17)
… more efficient and effective supply chains (page 20)
… patient safety (page 32)
… enhanced traceability (page 25)
… and more.

More than ever before we have internalised the same **vision,** that of a world where things and information about them move efficiently and securely for the benefit of businesses and the improvement of peoples' lives, everyday, everywhere.

And our **mission** of being the neutral leader enabling communities to develop and implement global standards providing the tools, trust and confidence needed to achieve our vision is exemplified in everything we do.

Finally, on behalf of GS1, I would like to thank Danny Wegman of Wegmans Food Markets, who is concluding a two-year term as Chairman of GS1, and to welcome Bob McDonald of P&G, who is beginning his tenure.

Danny Wegman has continuously challenged all of us to look forward and to reach for solutions and ways of working together that will transform our industry and global commerce. He has been a leader and often a pioneer when implementing GS1 standards in his company and we thank him for that example. Bob McDonald has already inspired us with principles of leading change. We remain grateful for the contributions and legacy Danny has given us and we look forward to Bob's leadership to achieve our next level of renewal and growth.

Tim Smucker
Chairman & Co-Chief Executive Officer
The JM Smucker Company

Chairman Emeritus
GS1 Management Board

Reports from Our Business Units

GS1 BarCodes and Identification

GS1 eCom

GS1 Global Data Synchronisation Network

GS1 EPCglobal

GS1 BarCodes & Identification

Vicente Escribano
Chief Operating Officer

The foundational business case for the very existence of GS1 has always been to work so that retailers, hospitals and other end users can identify everything anywhere, and so that manufacturers' packages can be read by everyone anywhere. It's not about carriers, it's about identification. The GS1 BarCodes and Identification Business Unit is focused on these actions.

GS1 DataBar implementation progressing

Global adoption decisions that affect points of sale are major events. There have only been a few: 1971, the adoption of the Global Trade Item Number, or GTIN. 1973, the adoption of the UPC barcode symbol. 1977, the launch of the EAN barcode symbol. 2006, when GS1 decided at its General Assembly to adopt for use at points of sale the new barcode symbol we now know as GS1 DataBar (previously called RSS). This was a very big decision for our organisation, and the efficiency and speed at which obstacles to adoption were overcome and issues resolved were both significant and noteworthy.

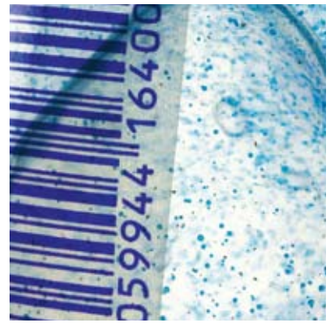
Over the past year, implementation efforts for GS1 DataBar have been running at full speed. At a macro level, close to 70% of the top-100 global retailers are reporting readiness. This is in line with GS1 DataBar's scheduled availability in all trade item scanning systems on January 1, 2010. However, data this year did show regional differences in implementation progress, which must be managed as we continue forward toward the 2010 sunrise date.

Successful pilots

Several retailers across the world have launched pilot programmes using GS1 DataBar, and the initial results are overall very positive, with the benefits and results meeting and even surpassing what was expected.

For example, Mike Agostini, Merchandise Manager for Produce & Floral, Wal-Mart, told our General Assembly about the GS1 DataBar pilot at his company.

"Before we launched our GS1 DataBar pilot programme at Wal-Mart," he said, "it looked like we were growing small apples in our stores and making big ones disappear. Our numbers told us that we sold more small apples than we received from suppliers; and at the same time, large apples were somehow vanishing into thin air!"



Of course, this was actually just a case of mis-keying at the register: large apples were being rung up as small ones.

"You can imagine the profit loss," Mike told us. "But by putting GS1 DataBar on our apples we've resolved this mystery. Today, we've seen dramatic change in the shipment-to-sales ratio of both large and small apples. The difference is measurable in our bottom line." In the next three years, Wal-Mart plans to roll out GS1 DataBar on all fruits and vegetables at stores across the United States.

2008: Another important year

A decision made at GS1's General Assembly in May will put 2008 on the list with 1971, 1973, 1977 and 2006 as watershed moments for the interoperability of global automatic identification systems across our planet. At this meeting in Croatia, we voted to adopt the use of GTIN on all fresh food products and begin using GS1 Application Identifiers at the point of sale, with a rolling-wave adoption across the globe from 2010 to 2014. In the year ahead, GS1 will pursue our work on this, including efforts to set adoption strategies for loose product identification and for variable measure foods.

> ***"The results of our pilot program are quite conclusive: GS1 DataBar works! We're rolling it out at Wal-Mart."***
>
> ***Mike Agostini,***
> ***Merchandise Manager for Produce & Floral, Wal-Mart***

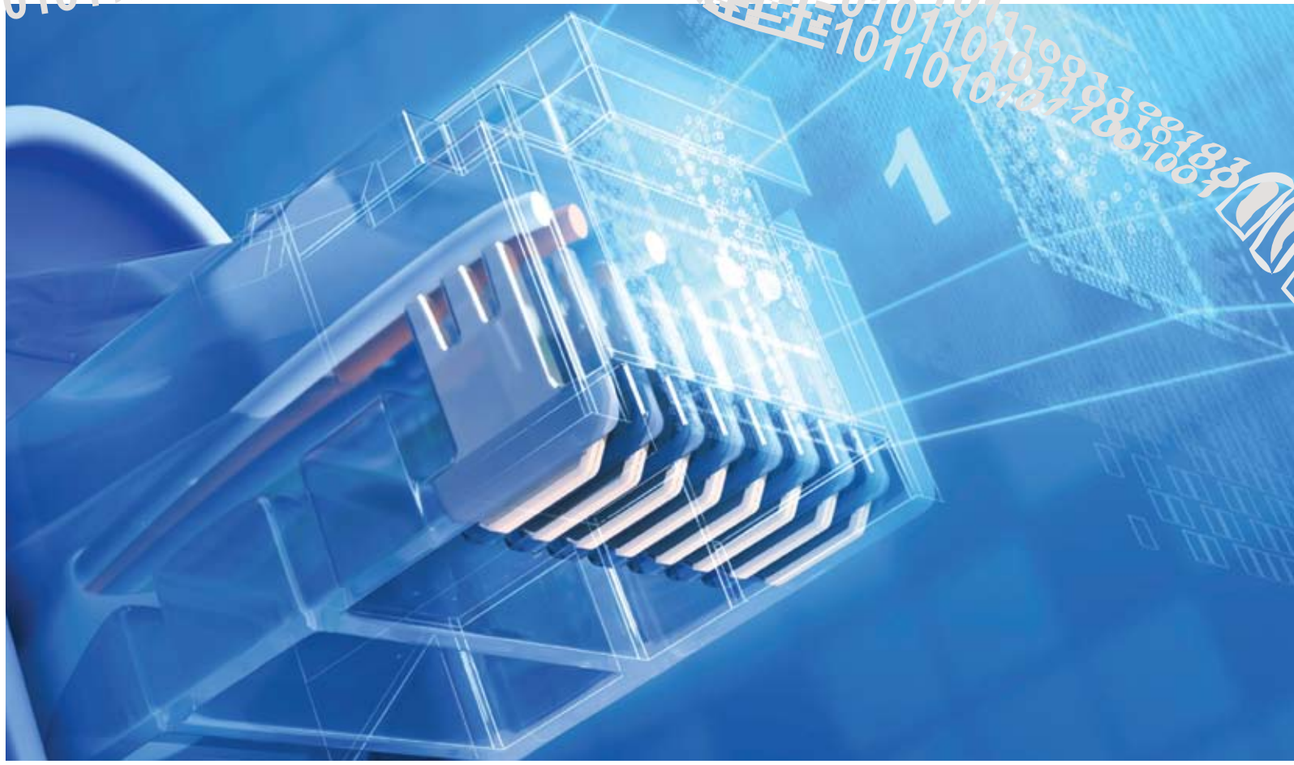
"Manage & Grow Identification" project update

As GS1 Identification moves into the future, we will be called upon to do more than merely provide companies with a globally unique number. We are already being asked to support new areas such as patient safety, and other organisations are turning to us to help them solve global problems such as border security and food safety.

We conducted our largest-ever internal business study; the results reaffirmed the importance and in fact the need to focus on our principle asset: GS1 Identification. To be properly positioned to continue to be the pre-eminent means of identification worldwide, we need to take steps to ensure that the GS1 System is healthy and well protected. The "Manage & Grow Identification Initiative" is the direct result of this renewed focus.

The "GS1 Manage & Grow Identification" teams are working on four specific projects:

Key Authentication: The GS1 Key Authentication Project is focused on the creation of a service which will serve as a common means to share basic information on GS1 Keys (e.g.: GLN, GTIN, SSCC, etc.) via a single global point of entry for the user. Authentication of GS1 Keys is fundamental – it validates the industry's 35-year-long investment in the GS1 System. The GS1 Authentication Service will provide users the ability to distinguish between valid, registered keys and unregistered keys. This new offering will be developed with the theme of local registration and verification of the data held by each Member Organization. This will increase confidence in the GS1 System, prepare us for growth into new sectors and also serve to combat the growth of unauthorised numbers.



Unauthorised Numbers: There exists a growing threat against the GS1 System from companies that are either selling or using unauthorised numbers. When a company uses an unauthorised number, they are introducing into the global supply chain a key that is essentially untraceable; or worse, one that could collide with another, already-assigned GS1 Key. This is in direct opposition to what the GS1 System is based upon and something that we must stop in order to ensure that GS1 remains the pre-eminent solution for global identification. Unfortunately, the Internet has provided unauthorised resellers a means to reach all potential GS1 member companies no matter where they are. This project will strive to eliminate the existence of unauthorised numbers and their resellers by deploying a multi-faceted process to Monitor, Prevent and Act. We know it is important to find the right solution and not just a quick fix, to understand the global problem and to design a sound, global response built solidly on a clear business case.

Capacity: Over 10 years ago, the EAN Organisation (one of the two predecessors to today's GS1) conducted a study that predicted there would be enough capacity for the next twenty years – assuming that the GS1 System developed at the same pace it had in the past. However, in the years after this study, the GS1 System went through a period of tremendous development, as we were called upon to meet new demands and support new sectors. This has put a strain on our numbering capacity. In this "Capacity" project, we will try to understand our remaining capacity, more accurately predict future demand and actively strive to ensure we have the supply to meet it.

Divergence: A major focus area for GS1 is to ensure that GS1 Standards and all supporting material prevent divergence in implementation. Divergence can be broadly defined as 'multiple players involved in similar activities but who are using different and incompatible solutions'. When divergence occurs, GS1 needs a process to log, prioritise and eliminate it. This is the prime focus of the "Divergence" project: to deliver on GS1's promise to see one vision, speak with one voice, and act as one organisation. Through our efforts, we will strive to systematically remove all of the aging, "legacy" methods and approaches which impede our growth and hinder our global expansion.

The power of one

This is a very exciting time for the GS1 BarCodes and Identification team. The fundamental GS1 business case – interoperability of systems and reduction of supply chain waste – has been expanded to support more strategic applications, including patient identification, food safety and border control. Successful pilot projects are boosting our already-high levels of pride in GS1 DataBar. With our "Manage and Grow' projects, we're working to solve real problems for our users and to strengthen our offer in a variety of ways. The formula for success is simple: '1 for All, All for 1', which means that to have one system for all, we must all be working together.

Business is global now, which means companies need a way of swiftly and smoothly sharing business information across the entire supply chain, everywhere in the world. GS1 eCom standards provide clear guidelines for creating electronic versions of all sorts of business documents, enabling just this sort of rapid and clear global communication... and what's more, with GS1 eCom, information exchange can be done without generating so many piles of paper, a notable benefit in a world more and more concerned with sustainable development and eco-friendly best practices.

The GS1 eCom community, including the Global Office, GS1 Member Organisations, and many member companies and strategic partners, has worked diligently over the last two years to define a roadmap for the future of business information exchange and to provide the tools needed to enable rapid adoption.

After successfully building consensus around the GS1 eCom strategy in 2006-2007, this year was all about implementation. In the last twelve months, our focus has been on transforming our plans into actions.

A survey of 56 GS1 Member Organisations held in January 2008 showed that we are already successfully converting our wealth of know-how into results. The adoption of eCom, which had been increasing at a slow-and-steady pace for years, took a sharp turn upwards (see figure 1). Particularly notable is that GS1 EANCOM, which is at a level of maturity where many other technologies reach their saturation point, made a giant leap upward and will soon

GS1 GDSN

Sally Herbert
President GS1 GDSN Inc.

> *"UN/CEFACT sees a compelling demand for a core set of global, end-to-end, interoperable standards in support of e-business, e-government and e-trade. As an organisation with a large, global constituency of international supply chain participants, and as a key player in the promotion and development of trade-related standards, GS1's active participation in this work is critical for the definition of UN/CEFACT standards in this area."*
>
> *Virginia Cram-Martos*
> *Director, Trade & Timber Division*
> *United Nations Economic Commission for Europe*

be used by more than 100,000 companies. GS1 XML, the newest eCom technology, is reaching a point of critical mass and will soon be deployed by 10,000 companies. Even more significantly, this growth has been primarily made in new business areas and has not cannibalised existing ones where other eCom solutions are already well established. Globally there has been a general shift from message standards to process standards, and an increased involvement (direct or indirect) from government authorities, both of which are helping drive adoption of GS1 eCom standards.

Update on our work with UN/CEFACT

UN/CEFACT is the United Nations Centre for Trade Facilitation and Electronic Business. Their mission is to improve the ability of business, trade and administrative organisations to exchange products and relevant services effectively – and so contribute to the growth of global commerce. Our engagement in and strategic alliance with UN/CEFACT is foundational for enhancing cross-border exchange, working with new sectors and ensuring standards convergence. When fully accomplished, it will also enable GS1 eCom to more easily access the public eProcurement sector. The GS1 Global Office and a number of GS1 MOs are actively involved in the governance of this project and its task forces.

The year ahead

Three main activities will occupy our time in the next year:

We will, of course, pursue work on our alignment with UN/CEFACT.

We will be striving to expand into the public sector with our eProcurement solutions, which enable government supply chains to manage their procurement process with electronic systems and processes, and not with paper. Our efforts to reach the public sector this way are important not only in their own right but also for our work with SMEs (small and medium enterprises) and trade facilitation.

Finally, we will be studying the potential technical and sectorial synergies that might arise from bringing RosettaNet, an eCom organisation currently under the auspices of GS1 US, into the GS1 Global Office family.

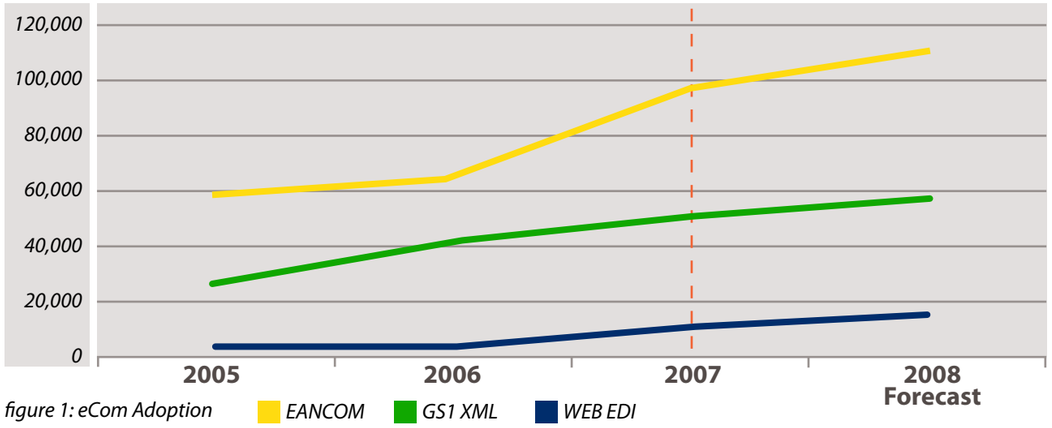


figure 1: eCom Adoption

GDSN is the **GS1 Global Data Synchronisation Network®,** built around the GS1 Global Registry, GDSN-certified data pools, the GS1 Data Quality Framework and GS1 Global Product Classification, which together provide a powerful environment for trading partners to securely and continuously synchronise accurate data.

In the past year, GDSN has seen **breakthrough interoperability and collaboration.** Implementation projects continue to prove that the network is stable and solid. There is now local support for GDSN in over 50 countries, and 23 certified data pools. Regional and local synchronisation projects continue to expand GDSN into new regions and several recently certified data pools have brought GDSN into new countries. Early adopters are now moving past traditional data sync and discovering new advantages, and new adopters are quickly recognizing the proven benefits of synchronising accurate product information. The network has surpassed a critical milestone by registering over 15,500 unique company Global Location Numbers (GLNs).

First results from Project Etoile: "GDSN works."

Project Etoile is the premier GDSN adoption programme backed by the Boards of GCI, GS1 and GDSN, Inc. Over the course of 2007, 8 data pools, 12 retailers and 25 manufacturers in France, Germany, Netherlands, Spain, the UK and the USA participated in Etoile.

Etoile 2007 demonstrated that the GS1 GDSN infrastructure is in place and that it works: trading partners who are internally aligned and focused on executing data synchronisation through the GDSN are seeing results. It proved that, through the existence of the GS1 GDSN, businesses can achieve growth, realise efficiencies and cost savings, and see business process improvements, even from the very first synchronisation event. As just one example, active trading partner synchronisation connections by participants in Etoile 2007 increased from 34 to 100 in one year.

Participants found that companies or regions just beginning the global data synchronisation (GDS) journey learnt different lessons than those companies with some level of GDS experience. For example, **new trading partners** connecting to the GDSN learnt that acceptance

and use of it depend heavily on retailer commitment and readiness, and that successful implementation of GDS projects is complex to manage and requires support from top level executives, as well as involvement and engagement from every level of the organisation. The project also revealed that in order to truly eliminate disruptions in data flow enabled by GDS, successful companies have changed their internal systems to integrate information from GDSN directly into back-end systems.

The **earlier adopters** learnt that proactive suppliers benefited from more GDSN connections with retailers than those who wait for retailer mandates. They saw that sharing accurate product data is a strategic imperative. Etoile 2007 also demonstrated that the internal business process automation made possible by full implementation of the GDSN allowed them to eliminate non-value added work.

Etoile 2007 did identify some ongoing challenges, none of which were representative of a lack of desire or commitment to pursue GDS. For example, different levels of maturity exist in many different areas (multi-national, corporations, regions, data pools) and this inequality can sometimes be a hindrance to quick success.

In 2008, Etoile is continuing to focus on connectivity and interoperability and beginning to address the other two project components: Data Quality Key Performance Indicators (KPIs), and Business Process Automation improvements. Etoile will also expand to include Belgium/Luxembourg and China.

Data Sync as one of the New Ways of Working Together

Global data synchronisation is critical to efficient trading partner collaboration and as a result, it is a core part of New Ways of Working Together. One of the key pillars of this initiative is "Connecting Our Business Information," something that is enabled by GDSN. GDSN, Inc. has been working hard with companies who are deploying the New Ways of Working Together initiative and are proud to serve as a link point for it.

Sustainable programmes with the GS1 Data Quality Framework

The value of data synchronisation depends on the exchange of quality data in the Network; as a result, the GDSN has a tendency to reveal data problems more quickly. Synchronising bad data faster is not the solution to any business problem. This is the driving force behind the GS1 Data Quality Framework, a set of processes that can help create data quality programmes that are sustainable and focused on the long term. The **GS1 Data Quality Framework** uses GS1 standards and fits perfectly into the GDSN landscape. For suppliers, it provides a baseline of best practices to enhance internal processes and guarantee the good quality of data that is shared. For retailers, use of the Framework can help ensure that they have the means to receive and use the proper information.

In the second half of the 2007-2008 year, the GS1 Data Quality Steering Committee launched a new programme to boost data quality and support the Data Quality Framework. This **"Data Quality Challenge"** aims to increase adoption of the Data Quality Framework, gather feedback for improvement and, most importantly, create success stories. Within the "Data Quality Challenge," trading partners will collaborate to identify key areas within their relationship that can become improved through the implementation of data quality principles from the Data Quality Framework.

Breadth and interoperability for Global Product Classification

To ensure products are classified correctly and uniformly, GDSN uses **GS1 Global Product Classification (GPC)**, a classification system that gives buyers and sellers a common language for grouping products in the same way, everywhere in the world. The past months have brought many fruitful accomplishments in this part of our activity.

With the latest releases, GPC now supports 36 categories, including toys, hardlines/do-it-yourself, electronics, and recreational. Having a greater number of categories improves the Global Data Synchronisation Network's data accuracy and integrity, speeds up the supply chain's ability to react to consumer needs, and contributes to breaking down language barriers. It also facilitates the reporting process across product silos. Some user companies are also going beyond the basic GDS use-case of GPC to map their internal classification systems to GPC, while others find the classification system so well designed that they are using GPC internally.

Another highly significant accomplishment is that interoperability between the GPC and the UNSPSC systems has now been established. An online mapping tool will be available in Q4 2008 to allow users to easily align classification information in both systems. Furthermore, the GPC On-line Browser and Finder is now live and allows users to search and browse in five languages for all components (codes, names and definitions) of the current GPC schemas.

> *"Kraft has been exchanging data through the GS1 Global Data Synchronisation Network for six years now. We've seen that a variety of real benefits can be obtained: increased efficiencies, cost savings and business process improvements. Most importantly, we experienced more collaborative relationships with our customers. We are committed to working hand-in-hand with our trading partners to drive global data synchronisation for the mutual benefit of all involved."*
>
> *Philippe Lambotte*
> *SVP Global Customer Service & Logistics, Kraft*
> *Member of the GS1 Management Board*

GDSN working to serve the healthcare sector

The healthcare sector has recognised the potential of the GDSN and is working with GS1 and GDSN, Inc. to enhance current GDSN standards to meet their unique needs. The sector is primarily driven by patient safety, though increased supply chain efficiency is also an objective. Significant progress has been made over the past year. We have completed a gap analysis and have built a GDSN data model based on the users' needs. GS1 Australia and GS1 US have completed national pilots, and a global GDSN pilot in Healthcare has been successfully completed working in collaboration with these same two MOs. This global pilot successfully met its objective, demonstrating a production level connection between healthcare markets to illustrate how the GDSN supports the exchange of information across countries and multiple data pools. The leading users in both user communities are now in the process of developing production implementation plans.

GDSN in new sectors: Synchronising data beyond FMCG

GDSN has been working to extend into other sectors; growth in this way strengthens the core of the network by increasing the utilisation of the infrastructure we have developed. Adjacent sectors and applications (such as hazardous and chemical ingredients, consumer electronics, "Do It Yourself" [DIY], high tech and semiconductors) have organised standards development activities to address their specific needs. While these areas share certain business needs with the Fast Moving Consumer Goods (FMCG) sector, they nevertheless have unique data requirements of their own. GDSN, Inc. is working with representatives from these sectors, certified data pools, and the GSMP to address the specific sector requirements.

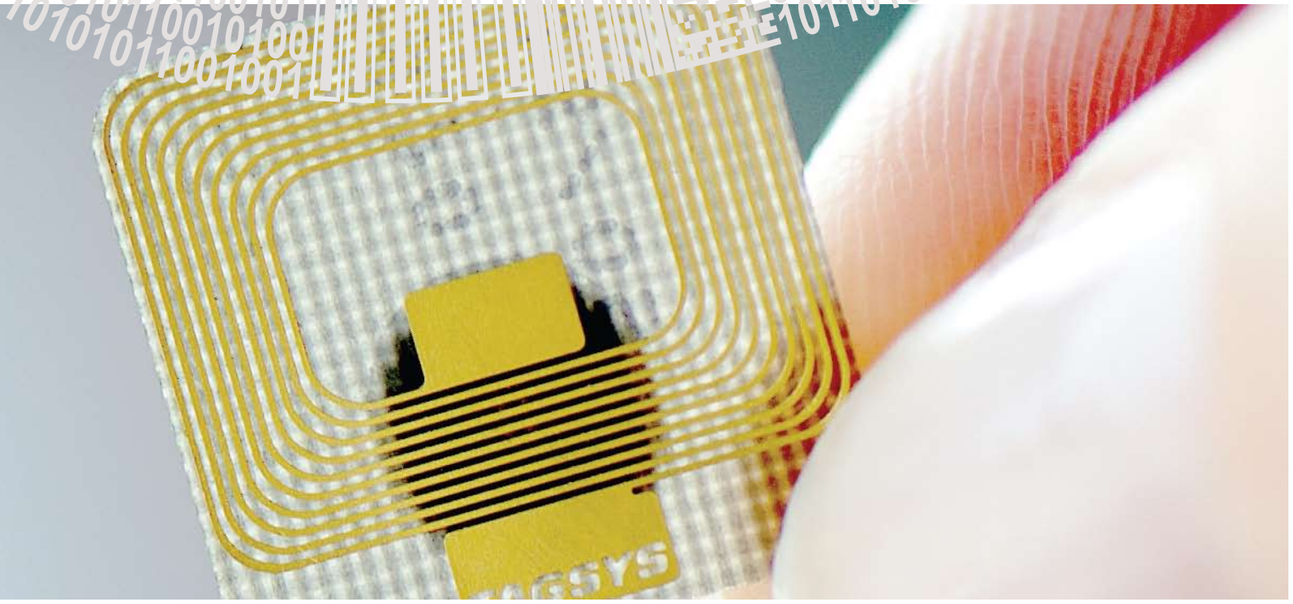
Looking ahead

Global adoption and implementation of the GDSN is underway. It is, of course, happening at different speeds in different countries, with a great deal of activity going on at local and regional levels. Global momentum has definitely been achieved and anticipated to continue.

The year ahead will be exciting for GS1 GDSN, with the team and industry focus on **adoption and implementation.** There exists a solid framework of standards in place and a strong and operational network; and we expect exponential growth. Project Etoile phase 2 is already underway. GDSN is actively working with new industries and new business sectors. We're boosting our communication efforts to better help new users learn from earlier adopters. Visit the GDSN website www.gs1.org/gdsn for the latest news on global data synchronisation, the DQ Framework and GPC.

GS1 EPCglobal

Chris Adcock
President GS1 EPCglobal Inc.

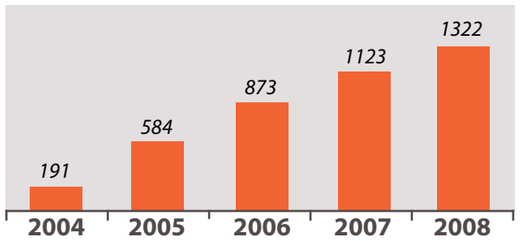


The GS1 EPCglobal community had another year of outstanding progress. The level of visibility into a company's processes that can be achieved through the use of technology based upon EPCglobal standards is opening up a wealth of opportunities to improve effectiveness as a result of better, more insightful information. Companies around the world have been engaged in completing and extending pilot programs as well as, in many cases, moving forward into the implementation phase.

We are continuing to build and expand upon the initial set of standards in order to enable and facilitate use of EPCglobal standards-based technology around the world, and we are very grateful to the many individuals who donate their time, experience and expertise to fulfilling the aims and ambitions of GS1 EPCglobal.

Continued growth and expansion around the world

In June 2008, the GS1 EPCglobal community numbered 1,322 members from companies whose global head offices are located across 42 countries. Over 67% of the community is now represented by end users, with the balance mainly composed of providers of solutions such as hardware, software or integration services. EPCglobal's user-driven principles and broad geographic, multiple-industry profile ensure that the work that is undertaken is directly relevant to the real needs of companies and organisations around the world.



Membership in GS1 EPCglobal

Broad use of initial standards set

The initial EPCglobal standards set is being used broadly as the base for implementation and piloting as well as providing the foundation for the continued development of user driven standards.

Updates to the EPCglobal standards were completed to ensure the interoperability of key components of the GS1 system. These updates to the ONS (Object Naming Service) standard and Tag Data Standard will ensure that any GS1 identification key can be used to encode an EPC tag and be leveraged in finding data across the supply chain through the use of ONS.

> *"We're using GS1 EPCglobal standards with RFID to provide benefits to 2 million customers every day."*
>
> *Zygmunt Mierdorf*
> *Member of the Management Board, METRO AG*
> *Vice-Chairman of the GS1 Management Board*
> *Member of the EPCglobal Inc. Board of Governors*

Significant work was undertaken in the areas of Active Tag requirements (in particular container asset tagging), requirements for Discovery services, Electronic Article Surveillance and also a range of requirements for the Consumer Electronics Industry. In the Consumer Electronics area much of the work to date has been focused on the reverse logistics supply chain (returns, repairs and maintenance) but next year will see groundbreaking work on the total end-to-end processes that will address areas of recycling and sustainability.

Successful pilots

The GS1 EPCglobal **Transport and Logistics Pilot Phase 2 initiative** was completed and demonstrated the use of existing GS1 and EPCglobal standards with "real life" transportation and logistics services processes. The project involved the shipment of parts, tyres and finished goods such as laptop computers of international corporations moving from source factories in China to distribution centres in the US, flowing through the ports of Shanghai and Los Angeles. It was the first global end-to-end pilot showcasing in-transit visibility using GS1 and EPCglobal standards with multiple trading partners across several global supply chains. The results demonstrated that companies now have the opportunity to create value through visibility based on real-time data.

The **Media and Entertainment pilot**, sponsored and managed by GS1 EPCglobal, was a collaborative effort between movie studios, DVD replicators, distributors, merchandisers, retailers, technology companies, industry associations and retailers. This cross-industry effort demonstrated how EPC-based technology can be used in retail stores for media and entertainment products like DVDs, to ensure that the products are kept in stock to meet shopper demand as well as to help shoppers find the right product in the right place inside the store. During the pilot test, EPC labels were placed on more than 12,000 new DVDs issued by studios and distributors including 20th Century Fox, Cinram, Sony Pictures Home Entertainment, Warner Home Video, and Technicolor and shipped to both Wal-Mart and Best Buy. The DVDs had RFID tags encoded with serialised GS1 Global Trade Identification Numbers (GTINs). It demonstrated the importance of using standards-based technology that will be interoperable across multiple trading partners.

Rapid expansion and use of certification services drives confident technology choices based upon EPCglobal standards

Since the award of the first certification marks in September 2005, GS1 EPCglobal has continued to expand and evolve its range of certification services. Certification is a critical component of ensuring that companies can use hardware and software confidently in the knowledge that it conforms to GS1 EPCglobal standards. A review of our certification strategy was undertaken during 2007-2008, resulting in a renewed focus to drive the use, and communicate the value, of certification more broadly. Since the ratification of EPC Information Services (EPCIS) in Q4 2007, over 13 EPCIS products have been certified. Furthermore, an EPCIS Data Validation Service completed successful trials in June 2008 and will help companies ensure that data they share with their partners using EPCIS will be meaningful and in compliance with the standard.

Progress with public policymakers

The GS1 EPCglobal Public Policy Steering Committee (PPSC) and its working groups continue to support a policy environment at all levels that will advance the adoption of EPC technology by:

- Focusing on the practical implementation and addressing privacy concerns through the EPCglobal Guidelines on EPC for Consumer Products. The PPSC created the "EPC Retailer Toolkit" with detailed guidance for retailers and manufacturers to pave the way for responsible adoption of EPC technology.
- Taking up the challenge of the lack of awareness about the benefits of EPC and RFID technology, by launching the first comprehensive global website dedicated to consumer information about EPC and RFID: www.DiscoverRFID.org
- Making the GS1 EPCglobal community's voice heard by policy makers around the world. The PPSC led the GS1 EPCglobal community to participate constructively in RFID policy making in the European Union and in North America. For example, more than 40% of industry contributions to the European Union's public consultation on RFID followed GS1 EPCglobal's policy points. The PPSC also successfully led many coalitions addressing proposed legislation in the United States.

Redefining the strategic research agenda with Auto ID Labs

The research focus of the past year has covered a wide range of topics from the business to technical areas, including managing difficult reads, environments that will not sustain RFID, combined HF-UHF tags and protocols, high security tags and protocols, sensor technology and networks, end-user integration, successful applications and services, EPC adoption concepts for data sharing and access rights, access rights in non-predetermined supply chains, perishable goods, quality management, robotics, consumer support, RFID for resource efficiency, to name but a few! The research agenda for 2008-2009 will focus on 13 topics with the underlying theme of supporting the expansion of adoption and implementation.

The outlook for 2008-2009

Great progress has been made over the last twelve months and, in addition to all that has been noted above, we have placed particular emphasis on supporting the drive towards adoption and implementation through initiatives such as training programs, development of a collaborative knowledge base, more effective marketing and communication of pilots and the results demonstrated through them.

There is an ever-expanding range of evidence that shows the value and benefits that can be achieved through the use of GS1 EPCglobal standards-based technology. However, as has been noted by one of our users, the great thing about EPC is that it shows you where both the problems and the opportunities for improvement lie. This is not a "plug-and-go" technology; but the effective application of it can uncover a treasure trove of information that allows companies and organisations to be more efficient, to increase the velocity of their supply chains, to serve their customers more effectively, to work more collaboratively and to ensure safety and authenticity of products. Companies that have invested the time and effort over the last few years to understand the effective use of the technology based on GS1 EPCglobal standards are, in many cases, now reaping the benefits. Many of these companies have also been generous in their commitment, participation and involvement in the EPCglobal community to the benefit of all.

We are fortunate to have a highly skilled and experienced team at GS1 EPCglobal. Their passion and sheer hard work have been critical to enabling the wider GS1 EPCglobal community to pursue its strategies and goals. We are all totally committed to the purposes of expanding the GS1 EPCglobal standards infrastructure and driving the adoption and implementation of this remarkable technology.

Standards Development: GSMP

Vicente Escribano
Chief Operating Officer

Seven years ago, the Consumer Packaged Goods community saw the critical need for common answers to business problems, regardless of geography. The GS1 Global Standards Management Process, or GSMP, was the result. Today the GSMP is recognised as the pre-eminent worldwide collaborative forum where GS1 standards and solutions are built and maintained.

The GSMP is a comprehensive set of open, transparent methods and rules which respond to community requests and are driven by business needs. GS1 Member Organisations and user companies participate in the standards-development process.

Increased membership bringing better collaboration

In February 2006, the GS1 Management Board asked for broader and greater participation in the GSMP. In response, a new membership model was created that provided better return on investment, greater awareness, and wider input. Since then membership has more than quadrupled; from 175 in June 2006 to 720 in August 2008. More importantly, the diversity of the membership reflects the diversity of GS1, with members from Asia, Europe and the Americas, representing retailers, suppliers, MOs and solution providers, in industries from Healthcare to Hardlines.

> *"As a global company aiming to become the world's recognised leader in nutrition, health and wellness, we depend on an integrated set of supply chain standards, global and across all technologies. That's what GSMP delivers, and that's why Nestlé is committed to GSMP."*
>
> *Lionel Lechot*
> *GLOBE Program Manager*
> *Nestec Ltd*

To support GSMP's growing community, operations have been simplified and optimised. With more participation than ever and voting rates significantly higher, GSMP is well positioned to support new sectors and new solutions.

A highly successful year

Many achievements were reached by the GSMP this year, including the most Change Requests (CR) ever brought by Member Organisations, the most CRs ever brought by trading partners, the most CRs ever processed by the GSMP, the fastest turnaround from CR to published standard, and more.

It would be impossible to list here everything we have done, of course, but some of our more important accomplishments in 2007-2008 include:

- A complete **redesign and modernisation** of the GS1 General Specifications to provide a better organisation of content, consistent GS1 System branding across all sections, full application of GS1 Technical Documentation standards and a new delivery format for easier navigation and printing.
- Expansion of the GS1 **Global Data Dictionary (GDD)**, whose success can be demonstrated in the 50% increase in users.
- Engagement of the **Hardlines/Consumer Electronics** initiative to expand GS1 data standards for business-to-consumer enterprises
- Support for **newer GS1 sectors** such as NATO, Healthcare and Transport & Logistics
- Expansion of the **GSMP Local Community Network** as a model for creating truly global standards, intended to eliminate the barriers of time, geography and language. Our LCN Member Organisation community is growing constantly and now stands at 174 members from 8 countries (Australia, Brazil, Canada, Colombia, France, Germany, Netherlands and New Zealand).

Joining together

The GS1 System is expanding to new sectors, new business processes and new product types and we are being called upon to adapt the GS1 System to meet those needs. Our goal for the year ahead is to meet these challenges in an increasingly efficient way and to join together with the GS1 Community so that all can benefit from the reach of our Global Standards Management Process.

Solutions: Traceability, Mobile Com

In today's world, counterfeit drugs are rampant in some regions, imported toys with poisoned paint scared many 2007 holiday-season shoppers, climate change has everyone worried about sustainability, and the mobile phone is changing just about everything in every industry!

The GS1 Solutions team was created to respond to these sorts of situations. Solutions are bundled packages of GS1 standards and services that work together to meet a specific business need. At the General Assembly in May 2008, we received approval on our Solutions strategy. Our efforts are today focused on developing solutions in three areas: GS1 Traceability, GS1 Mobile Com and GS1 Upstream Integration.

GS1 Traceability: Answers to new questions

In all industries, managers are asking themselves important questions: Does this pallet contain what we ordered? Do my products have the traceability they deserve from one end of the supply chain to the other? Is the physical flow of my goods optimised with the right visibility? Would I have the information I needed, if there were a recall or withdrawal? The GS1 Traceability Solution responds to new supply chain issues like these.

For years a fundamental GS1 solution in the context of our global mission ("Enabling a world where things and information about them move efficiently and securely..."), GS1 Traceability has become even more relevant. In recent years, for example, laws and regulations requiring traceability have been at the top of the agenda for many industries. Companies deploying traceability programmes to conform to such laws have quickly discovered that traceability is a business process that brings with it responses to many other business needs, too, such as supply chain visibility, efficient logistics, product authentication, anti-counterfeiting, consumer and patient safety, recall and withdrawal capabilities, waste management, and so much more. In the year ahead, we intend to take the GS1 Global Traceability Standard (GTS) and give it true business-focused relevance for companies working in the supply chain. We will also pair it with concrete tools to accompany and facilitate implementation, in every country and at every stage of the supply chain, whatever the technologies used, whatever the sector involved.

> *"Traceability is so much more than just a business process for us. It's a vital part of the Healthcare sector's focus on patient safety. We are committed to developing the GS1 Traceability Solution and expanding its use."*
>
> *Tim Marsh*
> *Chair of the Healthcare Traceability Working Group, GS1 Healthcare*
> *Senior Manager, Pfizer*

Our Global Traceability Conformance (GTC) Programme will be an integral part of our work. This programme provides brand owners with the possibility to have an independent international party which guarantees that the traceability system of a trading partner follows the minimum industry requirements for traceability as defined in the GS1 GTS. It takes into consideration the main international traceability regulations, standards bodies, commercial requirements and other certification schemas. Also on the agenda for the year ahead are adaptations of the Global Traceability Solution to specific sectors such as Healthcare or Fresh Produce.

GS1 Traceability is a particularly important solution for all of GS1. Its widespread implementation will bring with it increased adoption of not just one standard but indeed an entire bundled offer of GS1 standards, including GS1 Identification Keys, GS1 BarCodes, GS1 EPCglobal, DESADV, EPCIS and more. The local-market expertise and the experience of GS1 Member Organisations will be key to the success of our work.

Mobile Com: Making it happen

Consumers are changing their behaviour and expectations with regard to shopping and brand loyalty. Businesses are changing the way they do business. Brands and retailers see opportunities to use mobile devices to offer consumers a new shopping experience, to enable a dialogue with shoppers, to give people access to information such as nutrition details, allergen alerts, carbon footprint, country or region of origin, and more.

Mobile phones could allow these changes to happen, but there is an absence of interoperability and no possibility for global scalability, as each of the many stakeholders in the Mobile Com value chain is trying to impose its own proprietary standards. The opportunities and what mobile commerce will look like in the future depend on the creation of an open and neutral infrastructure trusted by both businesses and consumers to enable a fast and easy adoption of the technology, to reduce the cost of the initial investment for businesses, to facilitate innovation and to allow interoperability between all technology components across applications and geographical locations. GS1 is well placed to contribute in a neutral way to establish relevant global standards for the benefit of all stakeholders.

GS1 launched a Mobile Com Workgroup in 2008, and through it has brought together a variety of companies including several brand owners and retail chains which want our help to "make it happen." In the spring of 2008, the members published a White Paper laying out their vision of mobile commerce; it can be downloaded it from our website at http://www.gs1.org/mobile

In the year ahead, the GS1 Mobile Com Workgroup will be focusing on **extended packaging,** considered as one of the most fundamental applications of Mobile Com. Extended packaging enables consumers to access additional information about products through their mobile phone (for example, while they are shopping, cooking or travelling).

The business requirements have been collected and the group is now working to deliver guidelines detailing the processes and best practices to make it happen, starting by defining which data carriers need to be read by mobile phones.

Getting ready for Global Upstream Integration

The Global Upstream Supply Initiative (GUSI) is a GCI initiative for manufacturers of Consumer Packaged Goods and their ingredients, raw materials, and packaging suppliers. Collaborative work between GCI and GS1 has been underway to help our member companies be prepared. Implementation of upstream integration methods is already happening today in many countries and is "coming soon" to all others. GS1 has created the tools, guidelines and training needed. Our Member Organisations can provide local support.

Helping companies get there, whatever the technology

GS1 Solutions is all about looking at EPC, BarCodes, eCom and GDSN as one system. When seeking to solve an issue or support an opportunity in the supply chain such as traceability, combining aspects from several technologies is often the best way. It is in this way that the interoperability of the GS1 System shows its added value. With emerging issues and opportunities such as anti-counterfeiting, sustainability, and new shopping experience, GS1 Solutions are the way to offer the best answer to many companies' questions.

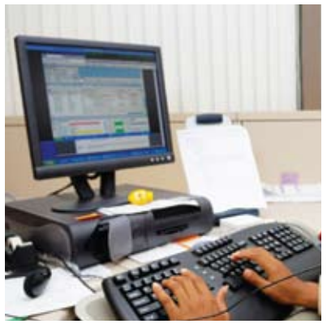
Training, Education and Customer Service

The mission of the GS1 Training, Education and Customer Service (TECS) team is to help drive adoption by serving the needs of GS1 employees at all of our Member Organisations. The "customers" in our "customer service" are the 2,000 + people who work for GS1 around the world every day.

Focused on deliverables

The past year was focused on producing and delivering the tools and services our customers need. There are too many to list in full; but some key accomplishments include:

- Creation and production of GS1 DataBar Starter Kits for Retailers and Manufacturers
- Translation and adaptation of GTIN Allocation Rules into Spanish, Portuguese, Latvian, Chinese...
- Support for eCom, including a discussion forum, a technical message guide, and a number of briefing documents
- Publication of the GS1DataMatrix introduction and technical overview
- The GS1 Ideas Bank, created to exchange the great ideas and share the lessons learnt from, by and with GS1 Member Organisations around the world
- Helpdesk FAQs updated, modernised and optimised for search engines



Update on LEARN

LEARN is GS1's training and education platform. This year, LEARN provided more than 50,000 online training hours to over 5,000 registered students. Courses are available in French, Chinese, Thai, Romanian, Italian, Polish, Hungarian and more. Acting as a complement to these online courses, the **GS1 Training Library** is a multi-lingual repository on LEARN where the GS1 Community can find the source files, audiovisuals, exercises and reference material related to courses developed both by the Global Office and by GS1 Member Organisations.

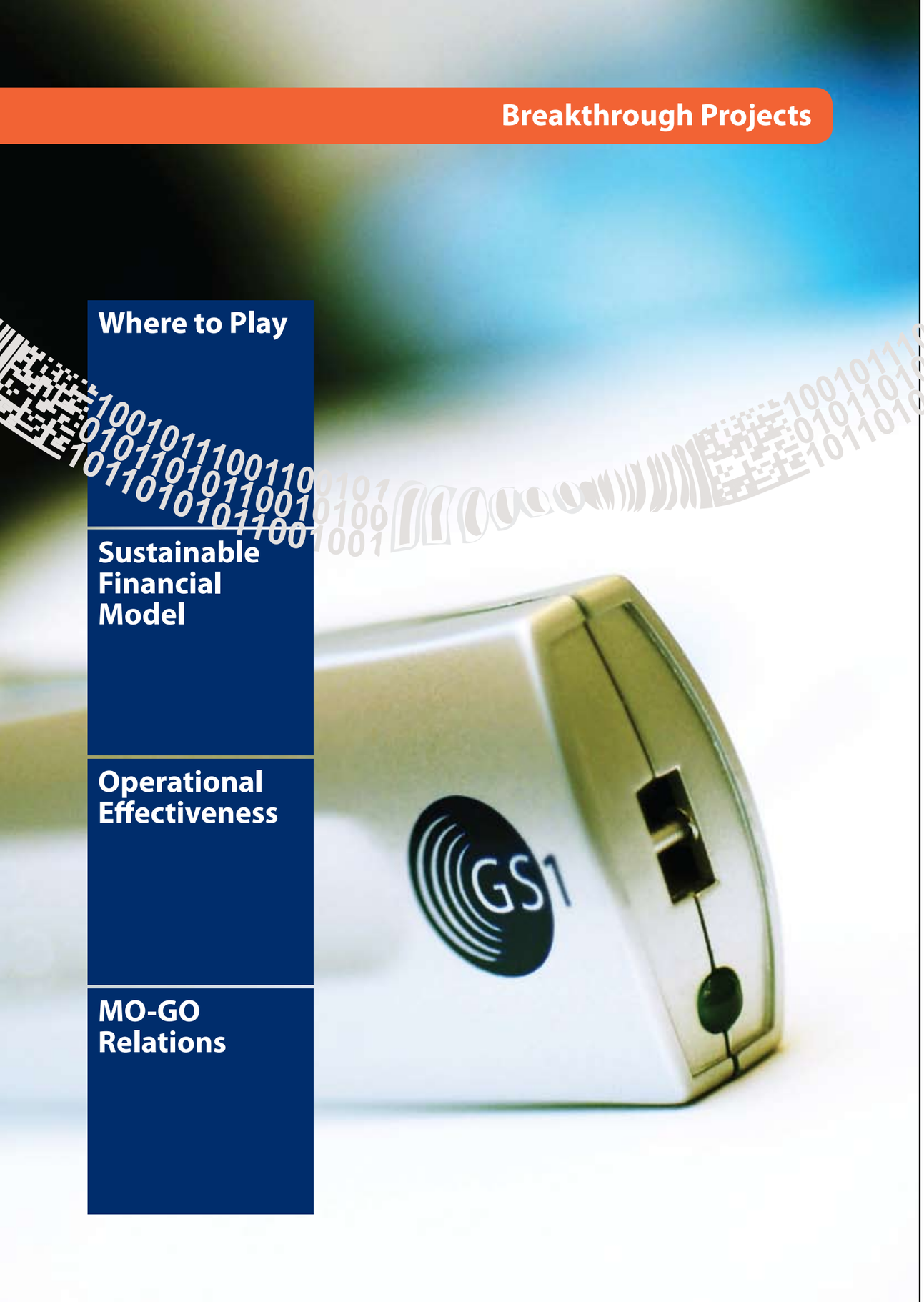
Update on BRIDGE

BRIDGE (**B**uilding **R**adio **F**requency **ID**entification Solutions for the **G**lobal **E**nvironment) is a European Union-funded initiative in which GS1 takes an active role. BRIDGE was created to research, develop and implement tools to enable the deployment of RFID and EPCglobal applications in Europe, and involves 30 organisations from twelve countries in Europe as well as China. The past twelve months saw regular delivery of EPC/RFID training material by the GS1 BRIDGE team, including the creation and production of six EPC/RFID concept animations and a portable demo; these multi-media learning tools illustrate the uses of RFID/EPC technology and their applications. Our work on additional dissemination and adoption tools is on track.

The year ahead

This coming year, the TECS team's efforts will be devoted to building on this strong base and focusing on common and shared tools for educating and training all GS1 staff. We'll strive to improve and facilitate the sharing of great ideas among and across the GS1 Community, and to eliminate divergent practices between GS1 MOs with improved documentation and processes.

Breakthrough Projects



All of us at GS1 know that it is vital to understand, assimilate and adapt to the world in which we now operate. There is a new kind of supply chain emerging, with changes upstream, such as Internet-based buying, and downstream, such as back-end logistics like waste management. There are new challenges and new opportunities to our identification keys, with big global software and search-engine companies looking for ways to identify the location of objects, including virtual objects like pages, sub-pages, and paragraphs on websites and in online documents. Sectors such as Healthcare, Customs or Logistics have specific needs that we must strive to meet properly. As business becomes truly global and the Internet becomes truly pervasive, we find ourselves wondering who we are, what we do, how we are structured and what our organisation stands for.

As a result of these reflections, we have created four "breakthrough projects" designed to ask and answer four major questions about our future:

- Where should we play? What should we stand for in the future? What are the new sectors and new opportunities for GS1?
- What is the financial model that will allow us to continue to grow?
- How should the GS1 Global Office be organised and governed so we best fulfil our mission?
- How should the Global Office and the Member Organisations interact to offer a homogenous quality of service to our users?

The "Where to Play" Project

With so many new sectors and new possibilities open to us, this project is built upon the knowledge that GS1 must decide the areas where we should "play" – in other words, where are our efforts and our energy best directed? This project will allow us to focus standards development in the future by taking into consideration new opportunities and new challenges, including the extension of the supply chain all the way into consumers' homes; new technologies (both known and yet unknown); and new identification needs generated by the Internet. We'll also consider the needs of global companies who will need identification systems, for example for uniquely identifying specific locations in "search" functions. This project's timeline extends to May 2009.

The "Sustainable Financial Model" Project

GS1's current financial model is inherently sound and enables GS1 to support both global and local initiatives. With reasonable assumptions, revenues cover total costs, or sometimes create a limited annual surplus, which is distributed across a large number of Member Organisations (MOs); some other MOs have moderate deficits to cover.

A study undertaken on GS1's behest by The McKinsey Group nevertheless clarified several troubling realities: Some of the newer products and services currently in development will continue to generate a deficit in the medium term and as a result, they are not self-sustaining. The financial burden to support these newer offers is disproportionately concentrated among only a few MOs. Furthermore, the current model will not generate incremental resources to fund additional initiatives. As a result, we have decided that over time, GS1 should move to a more disciplined funding approach for current initiatives and a new funding model for new initiatives.

Although several alternative funding models were proposed by the McKinsey study, including an external venture fund plan (where early adopters would pay directly into a fund) and a tiered structure plan (where MOs would pay based on their use of products and services), a consensus was reached by the GS1 Advisory Council to seriously examine deployment of a single fee system, where all MOs would pay a flat rate. This is in line with our "interdependent federation" concept, and gives all MOs full access to resources.

It was also decided that the venture funding model should be used for certain new initiatives, to build commitment from both GS1 MOs and multinational corporations, align the value proposition and provide necessary funds. A disciplined "stage gate" funding approach with clear decision criteria to move from idea generation to standard development to commercialisation will better ensure adoption of new products and sustainable economics going forward.

In the year ahead, GS1 will undertake a number of actions to determine the required level of funding for Global Office operations and current initiatives and define a new single fee that would be needed to cover the needs of the current initiatives, under agreed assumptions of revenue growth and cost containment. We will submit our proposals to the GS1 Management Board, which must give their approval on any change to fees.

The "Organisational Effectiveness" Breakthrough Project

The Organisational Effectiveness project aims to identify, recommend and justify required changes to our organisation, business process and governance. While fairly extensive work sessions were held in 2007-2008, this project is nevertheless still in the early phases.

The project has been focused to date on the assessment of existing base of surveys (Customer, MO, Employee and other surveys) and on running working sessions with key GS1 leadership groups.

We are focused on the following key themes:

- Bringing ever-increasing alignment across the overall GS1 organisation
- Delivering greater support and value from the GO to MOs
- Delivering more effective support and greater value to our customers (primarily through the MOs) that will result in faster and more effective adoption and implementation
- Creating a more effective standards development process whilst ensuring the integrity and relevance of standards development activity

In brief, the Organisational Effectiveness project has completed the task of gathering strategic level input. We will now assess this input, finalize high level organization design plans and start more detailed planning, and work on business process, human resource and change management plans. Continual emphasis is put on seizing opportunities to obtain input.

The "MO-GO Relations" Project

Many new local and global GS1 initiatives require perfect alignment and coordination across geographies. Furthermore, the globalisation of the supply chain requires a consistency in the presentation and delivery of our basic services at an international level, whether we're working with SMEs or with multinationals. Our current structure is not always clear on the respective roles and duties of our Global Office (GO) and our Member Organisations (MO).

That is where this project comes into play. Its goals are to provide MOs with the right level of support and training to maximize the quality of GS1 services to users across geographies, and ensure the optimal execution of GS1 initiatives both local and global.

The project group focused in 2007-2008 on two areas: a study of GO/MO ongoing relations and efforts to align our annual 1-year operational planning.

For the ongoing MO/GO relations part, a work group composed of MO CEOs and GS1 Leadership Team members identified twelve basic core (mandatory) services and nine optional ones that may be fulfilled by any MO with support from Global Office, with a clear split of responsibilities between the two. In the year ahead, we will work to fine-tune and validate these lists with a broad community of MOs.

Improvements to our operational processes would be a concrete, immediate opportunity to strengthen GS1's development plans and better fulfil our users' expectations. The basic principle is to build into the 1-year planning process a way to capture and validate, for each global project, the MOs supporting it and their role, the role of the GO in supporting it, and the shared roles of MO/GO. We will incorporate this into our 1-year planning process as of next year.

Important work for the year ahead

These four Breakthrough Projects are supported at the highest levels of GS1's Management Board. Across the Global Office and the Member Organisations, we will be working hard over the next twelve months to move them forward.

Healthcare

Michel van der Heijden
President of Sectors & Healthcare

GS1's standards development efforts for Healthcare are now an essential core activity of our organisation, well known by the sector at large and fully integrated into the work done by the Global Office and by GS1 Member Organisations (MOs) around the world.

Global standards for automatic identification, traceability and data synchronisation provide the opportunity to improve patient safety, as well as make the healthcare supply chain more efficient and more accurate. GS1 standards in the healthcare sector contribute to reducing medication errors, making counterfeiting more difficult, enabling efficient and effective traceability and decreasing the production and supply chain cost.

GS1 Healthcare officially launched and already at work

Though GS1 has been actively working on a global level since 2005, we recently took another important step forward with the official launch of GS1 Healthcare, formed by the joining together of the GS1 Healthcare User Group and the EPCglobal Healthcare & Life Science Industry Action Group.

GS1 Healthcare is a voluntary, global user community bringing together healthcare stakeholders and leading the healthcare sector towards the development and implementation of global standards to enhance patient safety and supply chain efficiency. GS1 Healthcare's value proposition is built around the work it does to develop and implement global standards, as well as its efforts to achieve the harmonisation of national regulations or solutions based on these standards.

> *"UDI, unique device identifiers, are coming: It's not a question of 'if' but rather 'when' and 'how.' We feel quite strongly that UDIs must be developed in a harmonised and global manner. GS1 standards are an excellent way to achieve this."*
>
> *Dr. Meinrad Lugan*
> *Member of the Board, B.Braun*
> *Member of the GS1 Management Board*

The importance of harmonised global standards

Because of the global nature of the healthcare industry today, as well as the worldwide threats of medical errors, counterfeiting and diversion, country-by-country solutions are neither sufficient nor effective. Global standards in healthcare are key to identifying, authenticating and tracking pharmaceuticals and medical devices worldwide.

An increasing number of regulatory bodies and related stakeholders worldwide are looking into solutions for traceability, machine-readable information on packages down to unit doses, and efficiency improvements such as procurement platforms and methodologies to help to prevent reimbursement fraud or counterfeiting. GS1 Healthcare Global and Local User Groups and GS1 MOs meet with these regulatory bodies to provide input on the benefits of global standards, educate them on the risks and costs of country-by-country solutions, and engage their representatives in our work teams and conferences. Though much remains to be done, there have already been many positive steps toward global harmonisation. For example, the Japanese Ministry of Health, Labour and Welfare recently changed its barcode usage guidelines for medical devices to bring it fully into alignment with GS1 standards.

A great deal of important work has also been accomplished this past year with the Global Harmonization Task Force (GHTF), a group of representatives from national medical device regulatory authorities and the regulated industry, which aims to achieve greater uniformity between national medical device regulatory systems. The GHTF is very committed to using global standards to create unique device identifiers (UDI) and an associated UDI database for medical devices, in order to iron out divergent requirements. GS1 Healthcare is actively supporting these efforts with the GHTF.

Driving and supporting the local adoption of standards

GS1 MOs ensure the local reach needed for implementing healthcare standards, by facilitating pilots, launching training activities, working with local regulators and associations, and much more. As part of our efforts to think globally and act locally, there are now **15 GS1 Healthcare Local User Groups** working with key partners around the world. Other Local User Groups are currently being formed, and a number of GS1 MOs are working with their countries' Healthcare sector and collaborating with the global group.

As just one example of the many successes achieved by GS1 Healthcare Local User Groups, GS1 New Zealand is accompanying its Health Information Strategy Action Ministerial Committee as they launched a Safe Medication Project, which aims to reduce the number of medication errors and thus reduce the number of patients impacted and the cost associated with remedial treatment by implementing bedside scanning in all hospitals.

This year's accomplishments and next year's actions

GS1 Healthcare has had a busy year with many accomplishments. Our work includes efforts to develop global standards for the **automatic identification and data capture (AIDC)** of healthcare products at all packaging levels, from finished goods at the manufacturer's to the end of treatment at the healthcare facility. In 2007, GTIN Allocation Rules for Healthcare were ratified; and both data and carrier requirements for automatic identification (including serialisation) were determined.

> *"Because of the global nature of the healthcare industry today, country-by-country solutions are neither sufficient nor effective. GS1's global standards in healthcare are vital to identifying, authenticating and tracking drugs and medical devices worldwide."*
>
> *Dr. Ajit Shetty*
> *Chairman and Managing Director, Janssen Pharmaceutica NV*
> *Member of the GS1 Management Board*

In the coming year, the main focus will be on drafting application standards for most pharmaceutical and medical device products, as well as surgical instruments and other "exceptions."

Work is also underway to define a **global solution for traceability in Healthcare,** to ensure that the business needs of the industry are fulfilled, including providing global traceability in an efficient, secure and reliable way, addressing restrictive legal requirements, addressing authentication of products, and achieving cross-industry interoperability. A complete gap analysis between the existing GS1 Global Traceability Standard and the needs for Healthcare has already been undertaken by the work team and the results are being used to develop appropriate complementary solutions.

Significant progress has equally been made on developing a data synchronisation standard, including a classification solution, which will allow the Healthcare industry to use the **GS1 Global Data Synchronisation Network (GDSN).** The work team has completed a gap analysis and created a GDSN Extension for Healthcare, adding healthcare-specific attributes, business rules and validations. A global GDSN pilot in Healthcare has been successfully executed in collaboration with GS1 Australia and GS1 US. The pilot's overall objective was to demonstrate how the GDSN supports the exchange of correct product information between hospitals and suppliers across countries and with multiple data pools. The team is also working on an inventory of classification systems worldwide and a long-term recommendation for product classification.

Transport, Logistics and Customs

A new context for transport and logistics activities

The use of information technologies in business practices has revolutionised the way logistics and transportation activities are organised and conducted. In the past, logistics were a passive, cost-absorbing function in an enterprise. Today, logistics are a highly strategic factor, capable of providing a unique competitive advantage. Furthermore, innovations in logistics (such as satellite transmissions, web-based ordering, electronic data interchange [EDI], automated storage and retrieval systems, and others) create a basis for knowledge sharing within and among the organisations involved. All that is needed are global standards, and that's where we come in. GS1's Transport and Logistics team had an incredibly busy and successful year developing and promoting standards that help all actors in these sectors.

Update on the GS1 Logistics Forum

The GS1 Logistics Forum was founded to help manufacturers and material suppliers, retailers, logistic service providers and carriers achieve business benefits and remove unnecessary costs of global supply chains in transport and warehouse management activities. The Forum has two work groups: the Logistics Label Group and the Logistics Interoperability Model Group.

The **GS1 Logistics Label (LL) Group** had a very productive year. The members completed work on the Standards International Logistics Label (STILL), a document designed to facilitate efficient management of logistics units in the supply chain. STILL is of course fully compatible with the GS1 General Specifications; it provides recommendations and best practice guidelines for using transport and carrier data on the GS1 Logistics Label. The STILL document can be downloaded from: http://www.gs1.org/sectors/transportlogistics/

The **GS1 Logistics Interoperability Model Group (LIM)** had as its objective to increase business interoperability and visibility over operations in transport and warehousing by defining standard messages that companies can exchange in logistics operations. The Group finished its mission during the 2007-2008 year, publishing a report (downloadable from our website at www.gs1.org) which describes a set of typical business processes and transactions. As a result of this work, a dedicated LIM Work Group was created within the GS1 Global Standards Management Process (GSMP) to perform a gap analysis with current GS1 eCom message standards and to participate in the development of the necessary enhancements.

Strong bonds with the World Customs Organization

Certainly one of the more important events this year was the signature of a Memorandum of Understanding (MOU) with the World Customs Organization (WCO) and the corresponding strengthening of our cooperation with this important international group.

> *"We feel very strongly about the potential for successful collaboration between GS1 and the WCO. We are calling upon GS1 and its Member Organisations around the world to help the WCO meet the challenges of today's international supply chains with pragmatic solutions."*
>
> *Michel Danet*
> *Secretary General, World Customs Organization*

Across the past several years the WCO and national Customs administrations have put a high priority on enhancing the security of global supply chains and facilitating global trade. GS1 standards can provide Customs organisations in every country of the world with the time-tested and widely used solutions that can help them achieve safe and secure borders and enable them to work even better with each other and in partnership with businesses.

With this MOU, GS1 and the WCO have agreed to facilitate efficient cooperation and provide support for initiatives that harmonise standards in the Customs sector.

Two Successful Proof-of-Concept Pilots

Customs and the Wine & Spirits sector: In 2006, a high level proof-of-concept pilot was launched to test whether the GS1 SSCC Identification Key was suitable for Customs purposes in international transactions. Pilot participants included HM Revenue and Customs (UK), Australian Customs Service, Constellation, the Hardy Wine Company, Diageo and Trans Ocean Distribution. The WCO, the Wine and Spirit Trade Association, GS1 Global Office, GS1 UK and GS1 Australia joined forces with these parties to support the project. This pilot is now finished, and the results were very conclusive in demonstrating that the GS1 SSCC can indeed be used as an "electronic staple," linking all key elements in the supply chain and enabling appropriate information on the movement of goods cross-border to be submitted to Customs administrations. Perhaps most importantly, the project showed that Customs and trade can successfully work together to find solutions to issues concerning security and trade facilitation.

> *"GS1 standards enable the flow of 'knowledge' between logistics firms and their customers and provide a global common language which is crucial to building a sustainable competitive advantage based on innovative high quality services and products."*
>
> *Bruce Edwards*
> *Chief Executive officier DHL EXEL SUPPLY CHAIN*
> *Member of the GS1 Management Board*

GS1 EPCglobal Network and RFID: In 2007, GS1 Hong Kong launched a series of GS1 EPC Network infrastructure projects to enable end-to-end visibility of the supply chain in this region. The projects set out to evaluate network security, cross-border technology feasibility and the potential benefits of implementing end-to-end supply chain visibility. Though strongly based on the GS1 EPCnetwork and RFID/EPC technology, the participants also employed GS1 BarCodes and GS1 eCom messages. The pilots were completed in late spring of 2007, and the results were as promising as hoped: multiple supply chain stakeholders were able to exchange real-time information, enabling end-to-end visibility at critical points throughout the international supply chain.

Introducing the GSIN, Global Shipment Identification Number

One immediate result of the agreement between GS1 and the WCO was the adaptation of an existing GS1 Identification Key to create the Global Shipment Identification Number (GSIN), specifically made for the identification of shipments in international trade and Customs. The Wine & Spirits pilot project described above demonstrated that the GS1 SSCC can identify any individual transport unit travelling from origin to destination in a unique and unambiguous manner. However, it also showed that this level of identification is too detailed for today's Customs operations, which day after day process thousands of national and international transactions, most composed of multiple transport units containing a number of containers, pallets, and more, all travelling under one single purchase order. In light of this learning, GS1 has proposed the GS1 GSIN to identify such grouped transport units travelling under one commercial order.

The year ahead

GS1's T&L team has a busy year ahead. Among many other projects, Phase 2 of the Wine & Spirits Pilot Project will soon be underway, during which the GS1 GSIN will be tested in complex international scenarios between wine and spirits trade manufacturers and Customs administrations of the UK, New Zealand and South Africa.

Strategic Alliances

Eric Decroix
Chief Marketing Officer

Developing our strategic alliances is an area of increased focus for GS1; it is an important undertaking because partnerships are a classic "win/win" activity:

Companies who use GS1 standards will benefit from seeing wider and better integration of these standards into third-party software and services, and from having a larger choice of informed and experienced implementation partners.

Our strategic partners will benefit from GS1's endorsement and enjoy privileged contact with the entire GS1 Member Organisation community and their users. Official GS1 partners will be able to do more (and better) business, target new markets and grow their revenue.

And finally, **GS1** as a whole will benefit from accelerating the implementation of our standards, as well as from boosting a wide variety of sectors' receptiveness to using GS1 standards. This will enhance the value of the GS1 brand, and broaden the ways in which we can fulfil our mission.

There are three main kinds of potential partnerships:

- Partnerships with other **standards organisations,** such as ISO or UN/CEFACT
- Partnerships with other **international groups or consortiums,** such as the World Customs Organization or NATO
- Partnerships with **solution providers** whose services or software interact with or build upon GS1 standards

We have shared values and common objectives with all of these potential partner companies. Developing sound, effective relationships with them is in everyone's interest, and helps us to continue to be a neutral leader enabling communities to develop and implement global standards that benefit businesses and improve peoples' lives.

Working efficiently with partners is also perfectly in line with our objectives to embrace the future's more collaborative value chain and find New Ways of Working Together.

In the last quarter of the 2007-2008 year, we launched an action plan and hired a full-time staffer to manage the project. In 2008-2009, we will be formally rolling out our strategic alliance programme. Our communications team will make updates on our progress available across the year on our website at www.gs1.org

GS1 Standards in Action

GS1 Australia

Boosting Patient Safety

GS1 Malaysia

Guaranteeing Halal Food

GS1 Spain

Reducing Costs for Businesses

Pilot project demonstrates compelling benefits for patient safety

Australia has a federal government and eight states and territories. The federal government provides the majority of funding to run hospitals, but the state governments (with a handful of exceptions) actually run the hospitals. Prescription medications are only available in hospitals or separate retail pharmacies; they are not available in grocery or general merchandise stores.

The Australian pharmaceutical and health supply chain is still a mainly paper-based system with manual processing. At best, purchase orders are sent electronically. By comparison, a significant amount of the Australian retail supply chain in both Grocery and General Merchandise sectors are completely electronic from purchase order to remittance. This notable difference may be explained by the presence of major players in the retail industry who have seen the benefits to be realised from electronic commerce and have driven change. The pharmaceutical and health supply chain currently lacks these sorts of large companies willing to be agents of change.

Seeing this opportunity, a group of proactive and leading health sector companies banded together to participate in a project designed to demonstrate the concepts of e-commerce using GS1 standards and GS1 guidelines in the areas of ordering, processing, picking, packing, despatch and receipt of goods.

The pilot focused on the Monash Medical Centre Pharmacy Department, which is part of Southern Health, the largest public Health Service in the Australian state of Victoria. The main objective of the project was to establish a significant and demonstrable supply chain between Monash Pharmacy and a group of their suppliers.

Monash chose to work with three suppliers representing small, medium and large sized enterprises (Clifford Hallam Pharmaceuticals, Hospital Supplies of Australia and Orion Laboratories) as well as key stakeholders including Health Purchasing Victoria, the National Supply Chain Reform Task Force, and Pharmos Software. GS1 Australia acted as project manager.

Success in both phases of the project

Phase 1 of the Monash Pharmacy Project was an influential demonstration of the usefulness of the GS1 System in the hospital pharmaceutical supply chain. It ran from November 2003 to August 2004 and successfully proved the advantages of using GS1 identification keys, bar coding and electronic messaging. The benefits measured included a reduction in stock receipt time at the hospital pharmacy, improved accuracy in order fulfilment, and an embracing of the new processes and technologies by staff. In short, the process was demonstrated to be effective, efficient, beneficial for patient safety and transferable to other hospitals and suppliers.

Phase 2 focused on implementation and ran from June 2005 to December 2007. The participating manufacturers were Abbott Australasia, Baxter, Bristol Myers Squibb, Hospira Australia (formerly Mayne Pharma), Novartis Australia, Orion, Pfizer Australia; wholesalers were CH2, Symbion Hospital Services. Other participants included Health Purchasing Victoria (Project Chair), Southern Health Pharmacy Departments (five hospitals), GS1 Australia and of course Monash University and Pharmhos Software

Phase 2 was essentially a replication of Phase 1's methodology, broadened to add additional trading partners. The beneficial outcomes reported in Phase 1 were replicated. There was, for example, a 60% to 92% reduction in time taken to receive stock into the Merlin Pharmacy System. Order placement times were similarly reduced. This phase of the project highlighted the need for continuous, ongoing data quality control and alignment, as well as collaborative environments to reduce implementation timeframes. The consortium's members shared learnings to the benefit of all.

Looking ahead

Today, implementation continues to move forward. Phase 3 has already begun, with a broader project team, all of whom anticipate further benefits. It is intended to further refine and improve the supply chain efficiency of the organisations involved. As such, it will again encompass the ongoing promotion of GS1 standards-based electronic commerce and its applications, benefits and opportunities, as well as the use of new GS1 standards and technologies.

The results of this project have exciting implications for all manufacturers, suppliers, wholesalers and hospitals participating in the Australian hospital and pharmaceutical supply chain, as well as those operating in the broader health supply chain. Download more information about this project from GS1 Australia's website at www.gs1au.org

Guaranteeing Halal food in a pertinent and cost-effective way

Malaysia is a country situated in Southeast Asia at the crossroads of the busy east/west shipping and trading routes. With its rich history, Malaysia is a land of fascinating sights and attractions, rich in colour and contrasts. Malaysia's multi-racial and multi-cultural population of over 26 million comprises Malays, Chinese, Indians and numerous other indigenous groups. The official language is Malay, but English and other languages are widely spoken. Although the official religion is Islam, the people are free to observe any religion of their choice. It is common to see temples, mosques and churches located in close proximity. The passion of many Malaysians is food and shopping. There are numerous markets and shopping malls, and countless eating premises selling both Halal and non-Halal food.

The importance of Halal food

There are an estimated 1.6 billion Muslims in the world, and the Halal industry (both food and non-food) is estimated to be worth US$2.1 trillion annually. Halal food alone is worth approximately US$600 billion a year.

Halal is an Arabic word which means "lawful or permissible by Islamic laws." Food and products that are certified as Halal indicate that Muslims are permitted by their religion to consume or use such items.

Beyond the food products, food **premises** (restaurants, food courts, commercial kitchens, cake and pastry shops, fast food restaurants, etc.) and **slaughterhouses** are also required to be certified as Halal, in order that Muslims can consume the food prepared or sold there. Similarly, utensils used to prepare food must be appropriately Halal.

The Islamic Development Department of Malaysia (the acronym in Malay is JAKIM) is a governmental body under the Prime Minister's Department. JAKIM serves as the Halal certification authority in Malaysia. Halal certification is granted according to a set of standards established by JAKIM. Items and premises certified Halal are authorized to use/display the Halal logo on the products/premises.

The inspection of products and premises is carried out under the direction of JAKIM, or by the authorised State Islamic Department or Council. Upon validation that the product or premise is Halal, a certificate is issued. This certification is valid for two years, after which it must be renewed via a new inspection process. The official JAKIM Halal-certification logo must be clearly printed on each product manufactured and labelled on each box or package. For a food preparation or serving premise, the Halal logo must be visibly displayed on site.

Challenges to provide a guarantee to consumers

There were a number of challenges faced by JAKIM in protecting the integrity and legitimacy of their certification logo. For example, there may be counterfeit Halal logos in the market, or the Halal certification of a product or premise may have expired and not been renewed.

As a result, some sort of verification process was required in Malaysia, in order to authenticate that products and premises are truly certified as Halal. JAKIM was aware that the technique employed must be practical, affordable and widely accepted.
Among the solutions considered were:

- Holographic stickers: Though very hard to counterfeit, they are quite costly and somewhat less practical.
- Using the JAKIM's self-generated barcode as identification method: Though this is a unique numbering system, using it would require line of sight technology and is somewhat cumbersome and complex; not to mention "reinventing the wheel."
- Pattern Recognition: Though very hard to counterfeit, these are always licensed and thus rather costly.
- RFID: These are always licensed and are still today rather costly for this kind of use.

GS1 GTINs provide the best solution

The solution ultimately chosen was to create an **e-Halal portal** to verify the status of the Halal certification via SMS text messaging or through the Internet, both using GS1 GTINs as the identification key.

The **e-Halal portal SMS text messaging method** is very useful for consumers on the go, who need to only use their cellphones to send a text message with the bar-coded GS1 GTIN of the product to a special number set up by a telecom service provider for this purpose. The consumer will quickly receive by return text message information from JAKIM's database on the Halal status of the product they have in their hand.

By Internet, consumers go to www.halaljakim.gov.my and use the site's search features to find a company or a product, again using the bar-coded GS1 GTIN on the product. They can immediately read information on the expiration date of the Halal certification and the validity status of the certificate. The website also has Halal certification applications and a complete searchable database on companies, manufacturers and producers.

The e-Halal text message and Internet portal are a successful applications of GS1 standards in the daily life of consumers. They provide a useful service that is of immense benefit to Malaysians and everyone who seeks authentic Halal products.

Substantial savings for businesses thanks to e-invoicing

GS1 Spain serves 24,000 member companies across many sectors including fast-moving consumer goods (FMCG), healthcare, do-it-yourself (DIY), textile, and sporting goods. The entire GS1 Spain team prides itself on being very active and committed to all GS1 activities and to the implementation of GS1 Standards across the country.

Significant activity in e-Invoicing

An e-Invoice is a modern, reliable, secure, cost-efficient and practically paperless method of handling and processing invoices for goods, services and other expenses. New legislation (specifically European Directive 2001/115/CEE) has made electronic invoices legally accepted across Europe, and eliminated the requirement to send and store paper invoices. e-Invoicing has been further boosted by technology changes like electronic data EDI, which enable companies to implement tools that improve their business processes and increase their efficiency in supply chain management.

GS1 Spain has done a great amount of work with the Spanish tax authority (Agencia Tributaria) to define ways to better implement the EU Directive in Spain. In part due to GS1 Spain's hard work, Spain is today one of the most active European countries in e-Invoicing. GS1 eCom standards were used for e-Invoices by some 5,500 users in Spain last year; with an average of 5,500,000 e-Invoices exchanged every month. This represents a total savings of more than 228 million Euros in 2007.

e-Invoicing at El Corte Inglés

GS1 Spain has made great efforts to work with their member companies to implement e-Invoicing systems. One particular success story is the work that has been accomplished in this field by El Corte Inglés, the Spanish retail store group. El Corte Ingles has over 96,000 fulltime employees and did 17B€ of business in 2007.

The e-Invoicing programme at El Corte Inglés is in full expansion. In 2007, the group had 4,900 users who exchanged 588,000 e-Invoices every month, 74% of which were also digitally signed. Their next challenge is to now consolidate other formats, including the XML format employed by the Agencia Tributaria Tax Authority.

El Corte Inglés has already seen many benefits from their programme, including money saved in printing, sending and archiving invoices; time saved when transmitting or receiving invoices; better reliability of data; increased sustainability and environmental protection; and perhaps most importantly, a greater overall competitive advantage.

The secrets of the programme's success

The success of e-Invoicing in Spain lies in the fact that it met member companies' expectations. For example, it allows for paperless invoices without any additional requirements or burdens other than storing the invoices in electronic format. Furthermore, e-Invoicing satisfies the demands of European tax authorities and Spanish government regulations; and in fact sometimes even surpasses them, as an invoice with a digital signature is more secure than a paper invoice.

It is quick to roll out an e-Invoicing plan: No authorisation is needed for companies to implement e-Invoices. No certification is needed for solution providers. As a result, it is relatively easy to create positive momentum behind this sort of project.

The first step toward the e-company

GS1 Spain is so proud of the work that has been done on promoting and implementing e-Invoicing by suppliers and retailers within GS1 Spain Committees. The success of the e-Invoice project has created a huge momentum for the adoption of GS1 eCom standards across Spain. The positive results were featured prominently in general newspapers and specialized magazines, where a variety of articles detailed the benefits companies saw thanks to the implementation of e-Invoicing.

This success story adds value to all of GS1 Spain's members; and it positions GS1 Spain as a reference point in providing added efficiency to the supply chain. But perhaps more importantly, it opens a new world of opportunities for GS1, and the first step in a path toward a totally "e" company built upon GS1 standards.

Financial Statements

Michel van der Heijden
Chief Financial Officer

Change

In the management of our finances as in all else, the theme of the past year was change. After successfully improving the transparency, predictability and sustainability of our financial function, in 2007-2008 we were focused on creating a platform for change. Our base is now clean and solid, and we have a healthy financial situation, despite the challenging global economic context. Our focus for the year ahead will be on boosting our productivity, and of course on the Breakthrough Projects and especially the work on a Sustainable Financial Model. More information on all of these important projects is available on pages 28-30.

Key financial statistics: Global revenue

GS1 Member Organisations around the world are funded by their local members through annual membership fees and sales of services. Consolidated in euros, the total revenue in fiscal year 2007-2008 was essentially unchanged from the prior year at -0.3%. Excluding the impact of currency due to the strengthening of the Euro, the year-over-year growth then stands at 3.5% (5.3% excluding EPC). This compares to a growth of 5.1% last year (4.8% excluding EPC). Regionally, we see some important differences, with double-digit growth in MEMA, Canada and Latin America, but a significant decline in the United States and Russia.

GS1 Global Office: Fee evolution

Looking at the historical trend, the numbers confirm that after a period of transformational change in GS1, including the launches of GS1 EPCglobal Inc and GS1 GDSN Inc, we have now reached a more stable phase in terms of the evolution of our fees. The reduced funding of GS1 EPCglobal as we move beyond the initial start-up phase has brought the 2007-2008 GS1 Global Office revenues to €25.6M, a reduction of €1.0M or 4% versus the year before. Going forward, we continue to invest in GS1 EPCglobal and expand into new sectors, while managing our core activities in a going-concern mode. Our 2008-2009 budget calls for an increase of €0.5M or 2% versus the year before.

GS1 Consolidated - FY 2007/08 Actuals for the period ending 30/06/08

Figures in thousands of Euros	Consolidated	GS1 CO	EPCglobal Inc. (100%)	GDSN Inc.
Revenue	*25,634*	*16,679*	*6,743*	*2,212*
Fixed/Recurring Expenses	*2,640*	*1,272*	*891*	*477*
Discretionary Expenses	*8,746*	*4,932*	*2,776*	*1,038*
Payroll Expenses	*12,982*	*9,160*	*3,075*	*747*
Operating Expenses	*24,368*	*15,364*	*6,742*	*2,262*
Operating Result	*1,266*	*1,315*	*1*	*(50)*
Other Revenue / (Expenses)	*310*	*311*	*(1)*	*-*
Result for the period	*1,576*	*1,626*	*-*	*(50)*

Notes:
1) Consolidation based on budget rate (1.30 USD = 1 EUR)
2) Preliminary results not yet audited

Financial Statements

Income Statement and headcount

Our consolidated Income Statement shows a positive result of €1,576K for the fiscal year ending June 2008. We continued to build a reserve from our base business, to cover current and future investments in new technologies and applications, but also to have the necessary reserves in case of adverse currency fluctuations. In just five years, we have built a cumulative surplus of €6.1M. The GS1 EPCglobal Inc Income Statement was break-even, as it is based on a cost recovery funding model. As for GS1 GDSN Inc, the final result was nearly break-even as a shortfall in revenue due to non-participation of some data pools was offset by tight cost controls.

In terms of types of expenses, our main investment remains our people, with 79 employees on the payroll at the end of June 2008, unchanged from the prior year but moving towards 84 by the end of the next fiscal period. Discretionary spending, which includes travel, consulting, marketing and large user meetings/events (Global Forum, GSMP events, ECR) declined 9% versus the prior year.

Global Coverage Revenue By Region

Figures in thousands of Euros	Actuals 2003	Actuals 2004	Actuals 2005	Actuals 2006	Actuals 2007	Growth %	Growth Excl. FX
Asia Pacific	*24,555*	*25,616*	*33,679*	*34,069*	*35,093*	*3.0%*	*7.4%*
Latin America	*16,737*	*19,707*	*24,306*	*23,060*	*24,953*	*8.2%*	*11.9%*
North America	*52,774*	*52,834*	*74,254*	*68,005*	*59,893*	*-11.9%*	*-5.1%*
Middle East/ Mediterranean/Africa	*2,727*	*3,187*	*4,033*	*4,015*	*4,342*	*8.1%*	*11.3%*
Europe	*64,796*	*72,887*	*79,595*	*85,452*	*89,776*	*5.1%*	*6.1%*
TOTAL	*161,588*	*174,231*	*215,868*	*214,601*	*214,056*	*-0.3%*	*3.5%*

Historical perspective (€ millions)

	Actuals 01/02	Actuals 02/03	Actuals 03/04	Actuals 04/05	Actuals 05/06	Actuals 06/07	Actuals 07/08	Budget 08/09
GS1 Central Office	*5.0*	*6.3*	*7.2*	*11.6*	*13.8*	*16.4*	*16.7*	*17.1*
EPCglobal Inc.	*-*	*-*	*3.2*	*5.4*	*7.2*	*7.8*	*6.7*	*6.7*
GS1 GDSN Inc.	*-*	*-*	*-*	*0.6*	*3.2*	*2.5*	*2.2*	*2.4*
Total GS1 Global Office	*5.0*	*6.3*	*10.4*	*17.6*	*24.2*	*26.6*	*25.6*	*26.1*
Staff	*20*	*31*	*35*	*58*	*76*	*79*	*79*	*84*
Cumulative Reserves *		*-0.04*	*1.6*	*2.0*	*3.2*	*4.6*	*6.1*	*6.6*

* where Reserves are defined as reported net result, could be invested in cash, fixed assets or receivables

GS1 Management Board Members

Member	Title	Company
Robert A. McDONALD	Chief Operating Officer Chairman of the GS1 Board	The Procter & Gamble Company
Zygmunt MIERDORF	Member of the Management Board Vice-Chairman of the GS1 Board	METRO AG
Juan Antonio SANFELIU	Chief Executive Officer Vice-Chairman of the GS1 Board	Manufacturas Antonio Gassol
Timothy SMUCKER	Chairman & Co-Chief Executive Officer Chairman Emeritus of the GS1 Board	The JM Smucker Company
David CALLEJA URRY	Chairman & Chief Executive Officer	GS1 Malta
David CHING	Senior Vice President & Chief Information Officer	Safeway Stores Inc.
J. Alexander M. DOUGLAS	President	Coca Cola North America
Bruce EDWARDS	Chief Executive Officer	DHL Exel Supply Chain
Rollin FORD	Executive Vice President & Chief Information Officer	Wal-Mart Stores
Christopher J. FRALEIGH	Executive Vice President & Chief Executive Officer Food & Beverage	Sara Lee Corporation
Elzbieta HALAS	Chief Executive Officer	GS1 Poland
Sonny KING	Chief Executive Officer	Advantage Sales & Marketing
Philippe LAMBOTTE	Senior Vice President Global Customer Service & Logistics	Kraft Foods Global Inc.
Alain LE GOFF	Executive Vice President of Supply	Reckitt Benckiser
Seung-han LEE	President & Chief Executive Officer	Samsung Tesco Co Ltd.
Miguel A. LOPERA	President & Chief Executive Officer	GS1
José LOPEZ	Executive Vice President of Operations	Nestlé SA
Dr. Meinrad LUGAN	Member of the Board of Management	B. Braun Melsungen AG
Rodney McMULLEN	Vice-Chairman	The Kroger Company
Denise MORRISON	President North America Soups Sauces & Beverages	Campbell Soup Company
Maria PALAZZOLO	Chief Executive Officer	GS1 Australia
Michael POLK	President Americas Region	Unilever
Jörg PRETZEL	Chief Executive Officer	GS1 Germany
Gonzalo RESTREPO LOPEZ	President	Almacenes Exito S.A.
Sergio RIBINIK	Chief Executive Officer	GS1 Brasil
Milton SENDER	Chairman	Daymon Worldwide
Dr. Ajit SHETTY	Corporate Vice President Worldwide Operations	Johnson & Johnson
Zong-nan WANG	Chairman	Bright Foods (Group) Company Ltd.
Danny WEGMAN	Chief Executive Officer	Wegmans Food Markets Inc.

GS1 GDSN Inc. Board of Directors

Member	Title	Company
Milan TURK	Managing Director, Global Customer eCollaboration Chairman of GS1 GDSN Inc, Board of Directors	The Procter & Gamble Company
Nihat ARKAN	Chief Executive Officer	SA2 WorldSync GmbH
Lori BIGLER	Manager, Strategic Industry Initiatives	The JM Smucker Company
Clem ERHARDT	Senior Vice President, Secretary & General Counsel	GS1 US
Rafael FLOREZ	Chief Executive Officer	GS1 Colombia
Pierre GEORGET	Chief Executive Officer	GS1 France
Ron GILBERT	Director, Item Management Systems, Information Systems Division	Wal-Mart
Sally HERBERT	President	GS1 GDSN, Inc.
Xavier HUA	Director of B2B Strategy	Carrefour
Mark C. JOHNSON	Senior Director, Operations & Business Services	Kraft Foods Inc.
Lionel LECHOT	GLOBE Program Manager	Nestec Ltd.
Silvester MACHO	Managing Director Supply Chain Processes	MGS METRO Group Solutions
Robert NOE	Chief Executive Officer	GS1 US, 1SYNC
Nigel ORCHARD	Global Solutions - Vice President Applications	Unilever
Maria PALAZZOLO	Chief Executive Officer	GS1 Australia
John PHILLIPS	Vice President of Customer Supply Chain and Logistics	PepsiCo
Jörg PRETZEL	Chief Executive Officer	GS1 Germany
Ron RUDOLPH	Chief Technology Officer	Edgenet, Inc.
Tom THOMAS	President & Chief Operating Officer	GXS
Marianne TIMMONS	Vice President of Supply Chain and Global Business to Business	Wegmans Food and Markets Inc.

EPCglobal Inc. Board of Governors

Member	Title	Company
Richard CANTWELL	Vice President, Internet Business Solutions Group Chairman of EPCglobal Inc, Board of Governors	Cisco Systems
Chris ADCOCK	President	GS1 EPCglobal Inc.
Dave ASIALA	Executive Director Auto-Id	The Dow Chemical Company
Didier CHENNEVEAU	EVP & Chief Supply Chain Officer	LG Electronics
Alan ESTEVEZ	Principal Assistant Deputy Under Secretary of Defense - Logistics and Materiel Readiness	US Office of the Secretary of Defense
Claus GARBISCH	Sector Head Fashion/Retail EMEA	DHL Exel Supply Chain
Pierre GEORGET	Chief Executive Officer	GS1 France
Mark JAMISON	Vice President, Customer Supply Chain	Kimberly-Clark Corporation
Louis KRATZ	Vice President and Managing Director, Focused Logistics	Lockheed Martin Corporation
Vincent LIN	Vice President / Chief Technology Officer	Haier Group
Zygmunt MIERDORF	Member of the Management Board	METRO AG
Kurt W. REBER	Head Third Party Management	Novartis Pharma AG
Sergio RIBINIK	Chief Operating Officer	GS1 Brasil
Michael P. ROSE	Vice President	Johnson & Johnson Healthcare Systems
Sanjay SARMA	Associate Professor, Mechanical Engineering	Massachusetts Institute of Technology
Mario TOKORO	President	Sony Computer Science Laboratories, Inc.
Milan TURK	Managing Director, Global Customer eCollaboration, and Program Leader, Global EPC initiative	The Procter & Gamble Company
Carolyn G. WALTON	Vice President	Wal-Mart Stores, Inc.

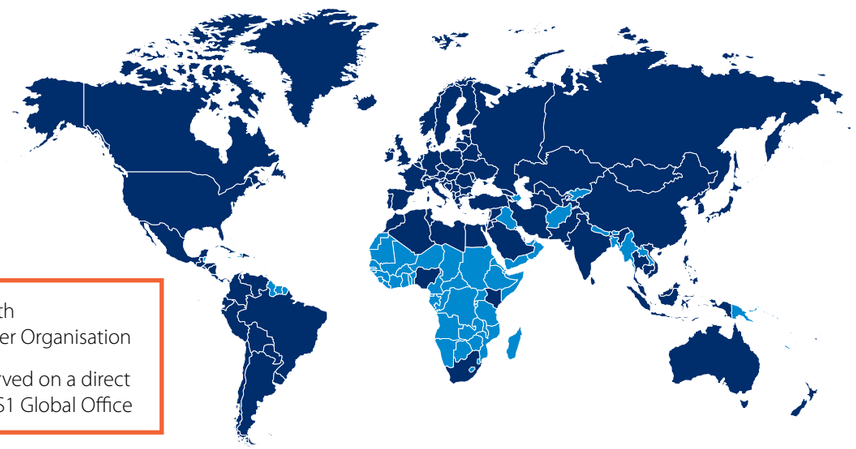
GS1 Leadership Team

All six members of the GS1 Global Office Leadership team report to Miguel A. Lopera, President and CEO of GS1. They oversee the work done designing, implementing and promoting GS1 global standards and solutions.

From left to right:
Michel van der Heijden (Chief Financial Officer, President, Sectors and Healthcare)
Sally Herbert (President, GS1 GSDN Inc.)
Chris Adcock (President, GS1 EPCglobal Inc.)
Susan West (Chief Human Resources Officer)
Miguel A. Lopera (President and Chief Executive Officer)
Eric Decroix (Chief Marketing Officer)
Vicente Escribano (Chief Operating Officer)

GS1 in the world

108 Member Organisations. 150 Countries served. Local services, global reach.



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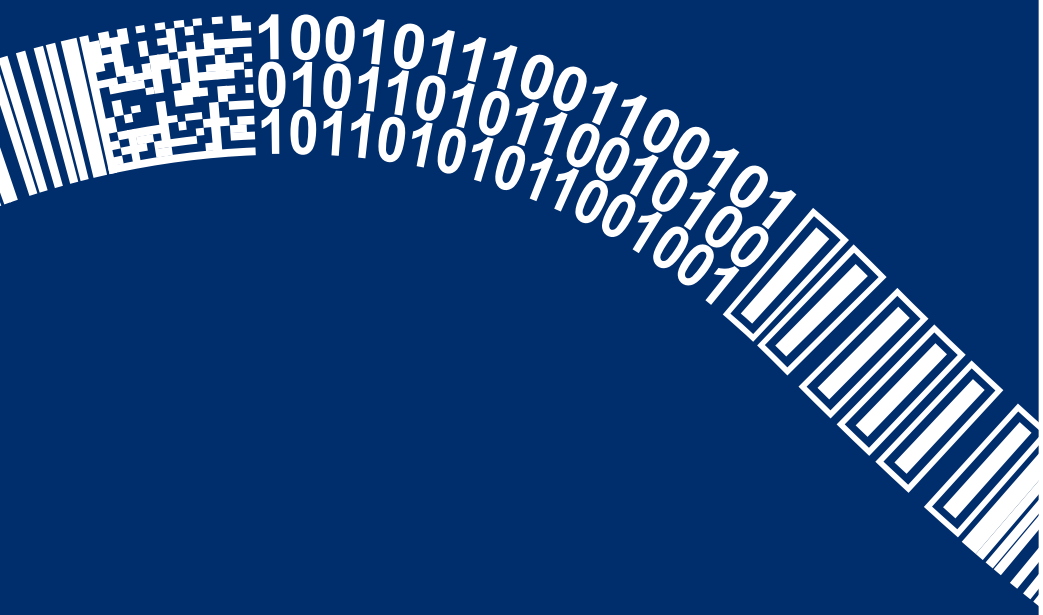

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