



Efficient Consumer Response Australasia
OPERATIONAL B2B ROADMAP -
An Introduction to Expanding Utilisation of
B2B Logistics Components in the Broader
FMCG industry

OPERATIONAL B2B ROADMAP

Introduction

The Operational B2B Roadmap is intended to be a 'common language' catalyst and thought starter aiming to focus attention on the broader use of B2B E-commerce capabilities beyond the Supplier – Major Retailer interface. This could include expansion into other areas of opportunity such as internal stock transactions; 'upstream' suppliers of raw and packaging materials; and with smaller trading partners (i.e. non-Major) retailers, distributors, wholesalers etc.

The Roadmap will also provide links to technical advice, tools, resource guides and case studies where more detailed information is provided.

Efficient Consumer Response Australasia

Efficient Consumer Response (ECR) is a business concept aimed at better satisfying consumer needs, through businesses and trading partners working together. ECR Australasia (ECRA) activity is directed and overseen by a Board consisting senior executives from Supplier and Retailer companies noted below. Work is undertaken through the ECRA Secretariat with support from Australian and New Zealand suppliers and retailers.



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SECTION 1: BACKGROUND / THE OPPORTUNITY

In recent years the use of B2B E-commerce between FMCG supplier/vendor companies (Suppliers) and major retailers such as Coles, Metcash and Woolworths has expanded greatly. Fully adopted B2B E-commerce programs encompass the entire order to cash cycle with message transmissions at each step, providing notification to trading partners in relation to items required, quantities required and anticipated prices, quantities supplied and prices charged, and payments made and received.

These core component messages are often supplemented with notifications for receipt of messages, anomalies, and time components so that both the sending and receiving parties are aware of where an order sits in its lifecycle and any potential issues impacting on expectations and requiring action. The process is supported by physical components such as pallet labels containing information relating products to orders, and scanning devices allowing electronic despatch and receipt of goods.

The intent of B2B E-commerce is to optimise the order-to-receipt-to-cash cycle in several key ways:

- Improve **service/quality** through timely and accurate movement of goods,
- Lower **costs** through reducing manual processes and speeding execution, and
- Enhance **accuracy** by automating processes and providing aligned data and information for the sending and receiving parties.

Whilst B2B E-commerce programs have been, and continue to be, implemented between suppliers and major retailers, there has been relatively little uptake in other components of business that involve the acquisition and movement of stock between locations.

The opportunity to expand the use of physical logistics components of B2B E-Commerce in our industry is the central theme of this document. Specifically broadening the utilisation of logistics components of B2B E-commerce to areas such as:

- **Internal** stock transactions such as Factory-to-Distribution Centre (DC) or DC-to-DC,
- Transactions with **'upstream' suppliers** of raw and packaging materials, and
- Supplier trade with **smaller (i.e. non-Major) retailers**, distributors, wholesalers, etc.

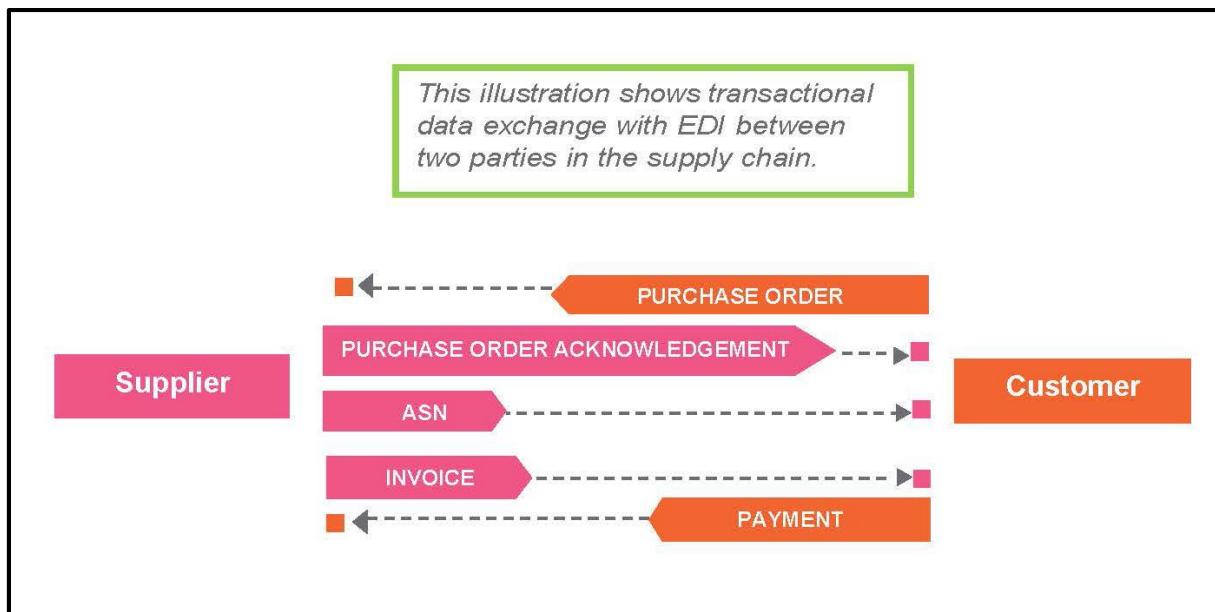
NOTE REGARDING B2B E-COMMERCE WITH MAJOR RETAILERS:

Implementing B2B E-commerce with major retailers such as Coles, Woolworths and Metcash is largely out of scope of this guide. Major retailers each have specific B2B E-commerce programs with defined standards and processes to be followed by trading partners. Details regarding where to find more information about implementing B2B with major retailers is in the 'Additional Information Sources' section at the end of this document.

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SECTION 2: THE LOGISTICS COMPONENTS OF B2B E-COMMERCE

The components of B2B E-commerce transactional messaging and physical stock tracking are highlighted in the following diagram showing the message flows between goods sending and goods receiving parties:



Source: GS1 Australia

Serial Shipping Container Code (SSCC) Pallet Labels

A Serial Shipping Container Code (SSCC) is like a licence plate that uniquely identifies each pallet. Receiving parties (such as retailers) generally require logistic labels with unique SSCCs to be applied to pallets delivered into their distribution centres so that they can be scanned on receipt.

The SSCC is a unique, non-significant, eighteen-digit number which is assigned by the company constructing the logistic unit. It remains the same for the life of the logistic unit. When assigning an SSCC, an individual SSCC must not be reallocated within one year of the shipment date from the SSCC assignor to a trading partner.

The GS1 Logistics Label can typically have many different formats. The SSCC is the only mandatory piece of information that must be contained on the label itself as ideally the information flow, which accompanies the physical flow of goods, is communicated between trading partners by eMessaging.

In practice, however, fully automated communication channels, which make it possible to rely exclusively on electronic files for retrieving information on the movements of goods, are not always available. In this situation there may be a requirement to add additional information to the logistics label to facilitate the process of the logistic units through the supply chain.

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The purpose of the logistics label is to provide information about the unit to which it is fixed, clearly and concisely. The core information on the label should be represented both in barcode and human readable form. There may be other information, which is represented in human readable form only.

Major Australian Supermarket Retailers have agreed on a standard format for the industry which provides a strong basis for other potential users. GS1 Australia in conjunction with ECRA has already created an online toolkit to assist companies in creating Logistics Labels for major Australian supermarket retailers. The free toolkit can be accessed at: http://www.gs1au.org/industry/logistics_labelling.asp

Despatch Advice / Advance Shipping Notice (ASN)

The Advanced Shipping Notice (ASN) is a document, most commonly sent electronically, that provides detailed information about a pending delivery, and is sent prior to the physical delivery. The ASN can be used to provide information about when the shipment will be delivered, the contents of that delivery – including the number of cases on the pallet, weight, product description and other required order information.

In the global GS1 EANCOM standard, it is referred to as the despatch advice message (DESDAV).

The ASN is generally sent from the sending party direct to the receiving party. However, if a logistics service provider is involved in the delivery transportation there is flexibility to allow the message to be sent by that provider on behalf of the sending party. Also, the sending party can send an ASN to the logistics service provider if they so desire.

The ASN may be sent for either the despatch of a delivery consignment of goods or the despatch of a return consignment of goods. Identification of transport packaging may be achieved through the use of the SSCC label.

Whilst the ASN is a specific e-commerce document in its own right, it generally forms an important part of a wider B2B e-commerce process incorporating other electronic data exchange (EDI) message documents such as:

- Purchase Order (ORDERS)
- Purchase Order Acknowledgement (ORDRSP)
- eInvoice (INVOIC)

Usually the ASN will reference back to the original Purchase Order which when combined with SSCC, can assist in achieving a more effective and efficient delivery reconciliation process.

For further information, including access to technical documentation, go to: http://www.gs1au.org/products/gsl_system/emessaging/gsl_eancom.asp

SECTION 3: BENEFITS OF IMPLEMENTATION

As noted previously, the intent of B2B E-commerce is help enable improvement in the order-to-receipt-to-cash cycle through improving **service/quality** via timely and accurate movement of goods, lowering **costs** by reducing manual processes and speeding execution, and enhancing **accuracy** through automating processes and providing aligned data and information for each trading partner in timely fashion.

When considered in this guide's context of the expansion of B2B E-commerce with **internal** stock transactions such as factory-to-DC or DC-to-DC, transactions with **'upstream' suppliers** of raw and packaging materials, and Supplier trade with **smaller trading partners**, we will identify some of the key potential benefits businesses might derive against implementation of SSCC's and ASNs.

Serial Shipping Container Code (SSCC) Pallet Labels

The SSCC label provides uniquely identifiable specific information about a given pallet (full or part) of product clearly and concisely in a standardised format. In doing so, it helps facilitate the process of moving products through the supply chain quickly and efficiently.

Used in conjunction with an Advanced Shipping Notice (ASN), the SSCC label can enhance the **service quality** between trading locations as it provides a link between bar coded information on a logistics unit and the information that is communicated between trading partners via electronic message transactions. Pallet contents can be identified quickly and accurately – including their use-by date to help facilitate storage planning and stock rotation.

The SSCC can assist in **cost reduction** through helping to speed the despatch and receipt process as the label need only be printed, applied and scanned onto a despatch order at the sending party and then scanned again at the receipting party to facilitate the despatch and receipt of the goods. Manual labour is reduced through this process as well as speeding the execution of the activities. SSCC's effectively allow the process steps to be undertaken once only at each parties premise and can help reduce the amount of waiting time for transport providers.

SSCCs can help improve **accuracy** in the shared supply chain by effectively providing the sending and receiving parties a 'single version of the truth' in relation to the product being shipped, its quantity and its use-by date. Through providing this information in electronic and automated form, data accuracy relating to the product/shipment can be maintained across parties and manual data entry errors reduced.

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Advance Shipping Notice (ASN) / Despatch Advice

ASNs provide forward visibility into the actual movement of product shipments. An ASN's power is in the fact that it is designed to arrive in advance of the actual shipment. This allows receiving parties to optimise the goods receiving processes and delivers a mechanism for them to capture more timely information about incoming product availability and plan further replenishment quickly based on this information.

ASNs help facilitate **simplification** in manual receipt processes and verification of contents against paperwork in delivery, and can facilitate receiving systems being updated automatically through scanning of barcodes from pallet labels which provide all the information required by the receiving party to receipt the pallet on its arrival with a simple scan.

This can improve the speed of the receiving process as information captured from scanning the pallet label can be matched to the information previously sent in the ASN. The ASN also provides quantities and contents that in advance of delivery which helps planning the receipt and put away/on-shipment of the goods.

Service can be enhanced as deliveries are better able to be made on time to receiving party's premises through the improved inbound receipt processes noted above. This in turn provides opportunities for goods to be made available quicker for redistribution to downstream locations, be they redistribution DCs, retailers, wholesalers, distributors, or stores, and ultimately to shoppers and consumers.

Accuracy is improved as upon receipt of the ASN, the receiver is immediately informed of any difference between what was ordered, and what was actually shipped. This can reduce the instances of discrepancies between supplier and receiver accounts. Inventory accuracy can also benefit from the reduction of manual processes and through automated data alignment across systems.

Importantly, ASN's can also play a vital role in providing a means of traceability of product in the event a withdrawal or recall being undertaken as they provide the means to link a particular pallet of goods (through the SSCC) to a delivery.

FOR RELEASE IN EARLY 2015 - B2B FINANCIAL COST/BENEFIT CALCULATOR TOOL

To assist companies in determining the costs versus benefits of implementing B2B E-commerce initiatives, be it within their own business or with trading partners, GS1 are partnering with Deakin University to develop an E-Commerce Financial Business Case Tool. The tool is being designed such that it can be utilised to model various scenarios using a company's own cost and volumes data to provide virtual 'return on investment' projections.

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SECTION 4: IMPLEMENTING LOGISTICS COMPONENTS OF B2B

There are a number of key prerequisite capabilities and requirements companies will need to develop prior to expanding B2B E-commerce logistics into the areas of SSCC labels and ASNs (typically within a broader suite of B2B components). Following are some 'top-line' requirements businesses will face in these circumstances:

Hardware Requirements

High quality and correctly configured label printers and label scanners must be employed and maintained.

System Requirements

Appropriate software packages and related technical developments to support SSCC printing and ASN processing and transmission must be integrated with other associated business systems (warehouse operations, transactional etc).

Process Implementation Requirements

Requirement to redesign specific despatch and receiving processes to accommodate implementation of SSCCs and ASNs. New process documentation and training at both despatching and receiving parties will be required to ensure correct implementation.

In regards to ASNs specifically, suppliers looking to engage in B2B e-commerce implementation with internal stock transactions, transactions with 'upstream' suppliers of raw and packaging materials, and with smaller trading partners should anticipate the need for:

- Contingency planning for occasions when an ASN - fails to be delivered (e.g. Internet connection is down or rejection occurs. Orders will still need to be despatched and receipted when issues arise with an ASN message to ensure product availability.
- Development of a timely internal mechanism to capture shipment departure details including when/where best to trigger the ASN - given timing requirement by receiving party, data content of the ASN, and the need to be 100% accurate.
- Pilot/Trial shipments to ensure despatching and receiving parties are comfortable the process, including 'intensive care' environments to ensure business impacts and issues are captured and understood by despatching and receiving parties.

How to Get Started / Where to get Help

For further information on allocating SSCCs and creating logistic unit labels as per the grocery and liquor industry requirements go on-line to:

http://www.gs1au.org/industry/logistics_labelling.asp

For further information on GS1 electronic messaging standards and access to technical documentation go on-line to: http://www.gs1au.org/products/gs1_system/emessaging/

SECTION 5: ADDITIONAL INFORMATION SOURCES

ECRA Information

- To access a range of information documents and tools relating to product identification which have been released by ECRA click on the following link:

<http://www.ecraustralasia.org.au/product-identification/>

GS1 Information

- Logistics Labeling Toolkit: http://www.gs1au.org/industry/logistics_labelling.asp
- ECRA Numbering & Barcoding Guidelines: <http://www.gs1au.org/assets/documents/industry/GS1-Australia-ECRA-Grocery-Liquor-Numbering-Barcoding-Guidelines.pdf>
- eMessaging Standards: http://www.gs1au.org/products/gs1_system/emessaging/index.asp
- GS1 Global Order To Cash Brochure: http://www.gs1.org/docs/ecom/2-Paperless_Supply_Chain_Brochure.pdf

Implementing B2B E-commerce with Major Retailers

Whilst the focus of this guidance document is on implementing B2B E-commerce components outside the supplier-to-major-retailer/wholesaler sphere, companies looking to engage in e-commerce with the majors, or simply to find out further information should click on the following links:

Coles: <https://www.supplierportal.coles.com.au/csp/wps/portal/web/ElectronicTrading/ImplementingB2B>

Metcash: <http://www.metcash.com/supplier-information/ecommerce/>

Woolworths: www.wowlink.com.au (Then click on 'Connect to eBusiness')

B2B E-commerce Solution Providers

GS1 Australia have developed a directory of accredited B2B E-commerce solution providers. Within this on-line directory, users can find descriptions and contact details of companies offering relevant goods and services to assist with implementation of the GS1 System.

Searches can be undertaken via either company name, or by category. Results can also be listed specifically by state. Click on the following link to access the directory:

<http://www.gs1au.org/membership/spd/>



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