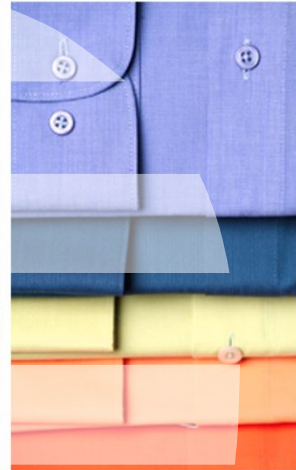
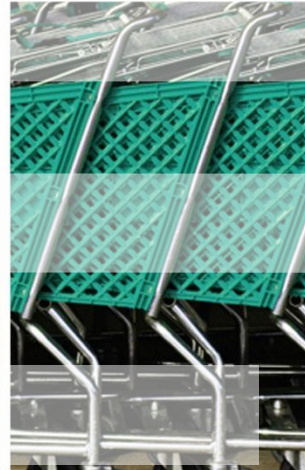


Optimize your supply chain by utilizing standards

The findings of Global Compliance Survey 2010



The complexities

of today's economic environment and ever expanding global supply chains mandate new guidelines for peak performance.



Adopt the *New rules for a new decade**, a vision for smarter Supply Chain Management ...



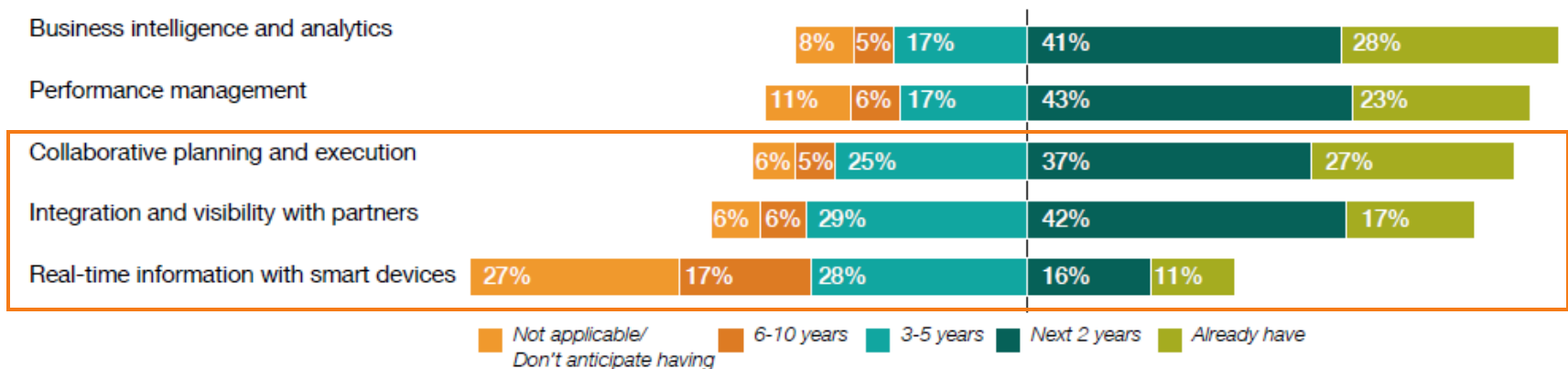
**Smarter
Commerce**

Redefining the value chain in the age of the customer

* Source: *New rules for a new decade, A vision for smarter supply chain management*, IBM October 2010:
<http://public.dhe.ibm.com/common/ssi/ecm/en/gbe03369usen/GBE03369USEN.PDF>, part of the Smarter Commerce initiative

...and see what others don't

IBM has analyzed the strategy of 664 Supply Chain Executives. Be a visionary, unveil visibility with collaborative insight through the **help of standards** to stand at the cutting edge of your industry.





At the same time, the Consumer Goods Forum has identified in their “*2020 future value chain agenda*” that things not only need to be done differently, but should be done collaboratively as well.

By working together with industries, governments, NGOs and consumers....

**we can achieve
collectively what
none of us can
achieve alone.**

Optimizing your supply chain leads to improved effectiveness measures such as increased in-stock availability, Co2 emissions reduction, improved order fill rates, better customer service and reduced lead times.

Out of the 12 primary trends, one of them focuses on the adoption of various supply chain technologies.

By the

Rapid Adoption of Supply Chain Technology Capabilities

In the coming decade, improved collaboration together with new supply chain/logistics technologies and information transparency will enable a more synchronized value chain with greater visibility and traceability. Already 73% of fast-moving consumer goods companies say they have implemented or improved logistics-related technology tools or enablers.²⁰

We will see an increasing ability to constantly read, analyze, exchange and react to information inside and outside the company boundaries. Visibility will be enhanced by suppliers that have access to better demand signals, enabling them to efficiently use their capacity and other resources. Communication and high-quality data sharing will be the most critical factor in successful collaboration. EDI, GDS and RFID will be key enablers for this supply chain transparency in the future.



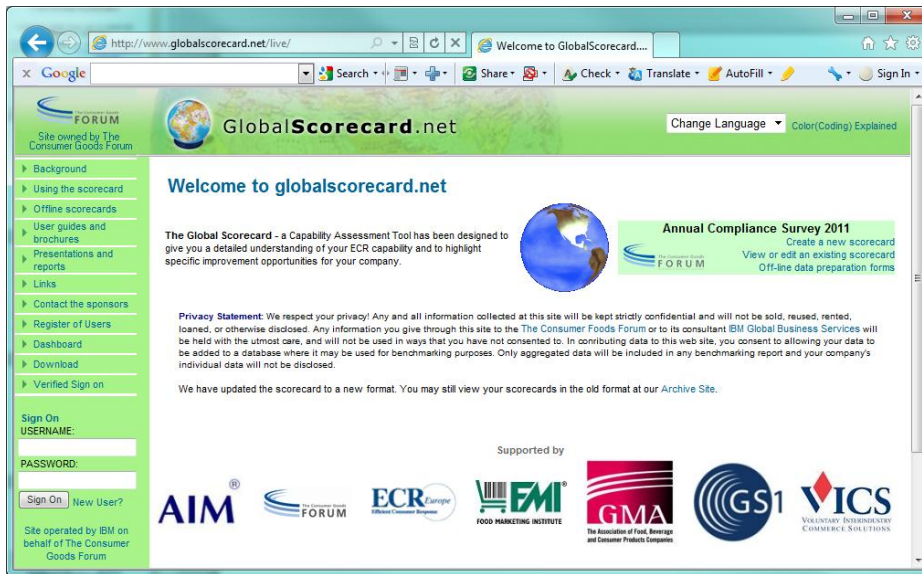
Benchmark

your company versus your peers
regarding standard adoptions
by using



...Global Scorecard Tool

(provided by the Consumer Goods Forum and IBM)



which **is a key enabler** for internal trading
partner collaboration (on non-competitively sensitive issues)



- **Is a tool that uses a common language and measurement system to enable:**
 - Companies internally
 - Trading partners collaboratively
 - And, the industry collectively

- **To understand how well we are doing:**
 - Regarding the capabilities that have been built, we expect them to deliver benefits

Annually, the data of the preceding year is analyzed in the Global Scorecard Survey...

9,099 KPI scorecards

8,790 companies

62 countries worldwide

Leading edge companies: 23 out of Fortune 500 companies

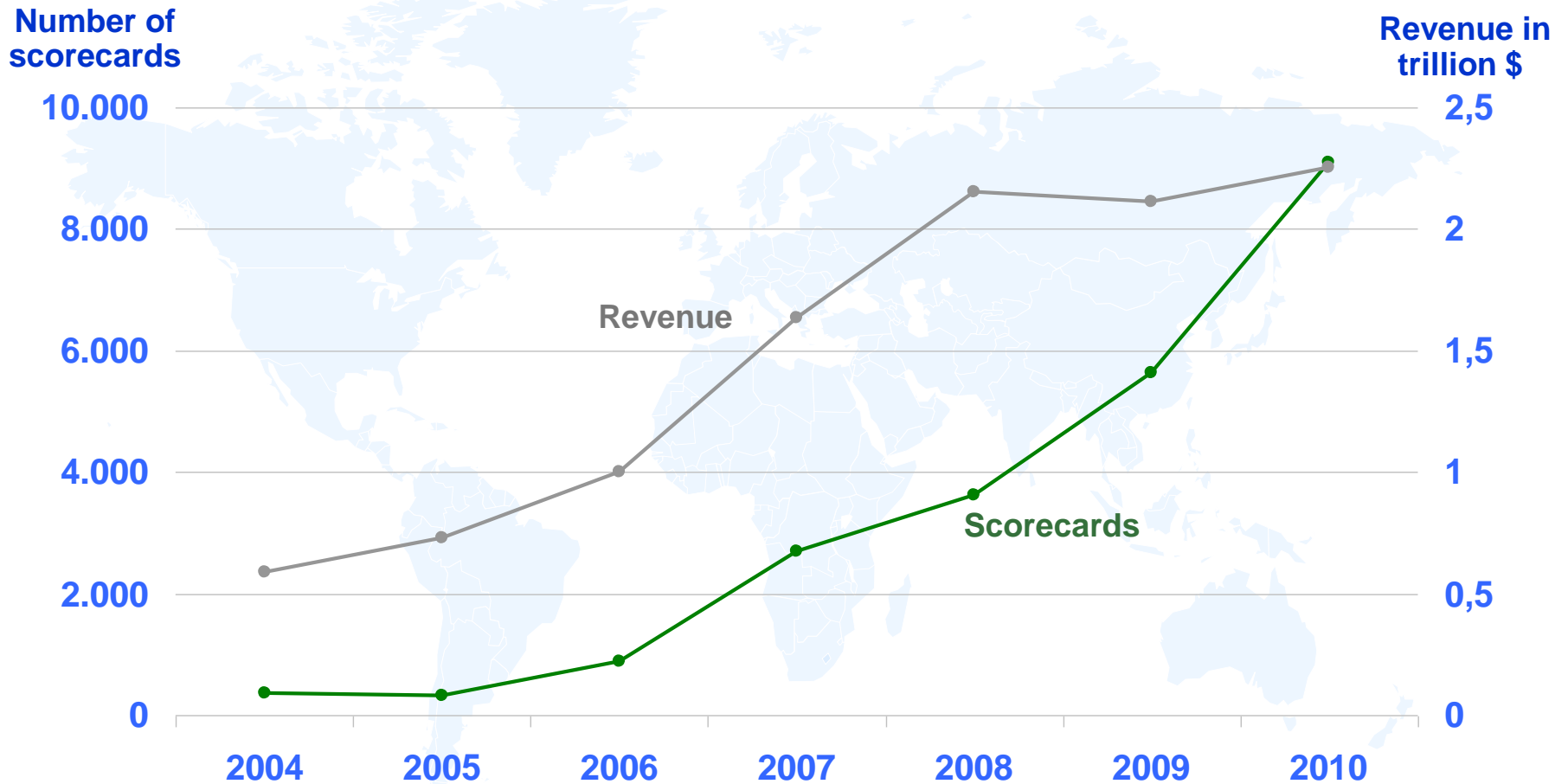
Total revenue: 2.25 trillion US\$

290 The Consumer Goods Forum members

....sharing insights for 2010

on the status of their standards and business measures

Participation for key performance indicators is increasing every year representing an enormous value of the economy.



Global participation for this year's survey (total sample, all industries)



Total

Number KPI
Scorecards

798	17	8,008	3	267	6	9,099
-----	----	-------	---	-----	---	-------

Revenue KPI
Scorecards (US\$ m)

727,663	15,458	1,431,994	23,675	38,884	18,111	2,255,785
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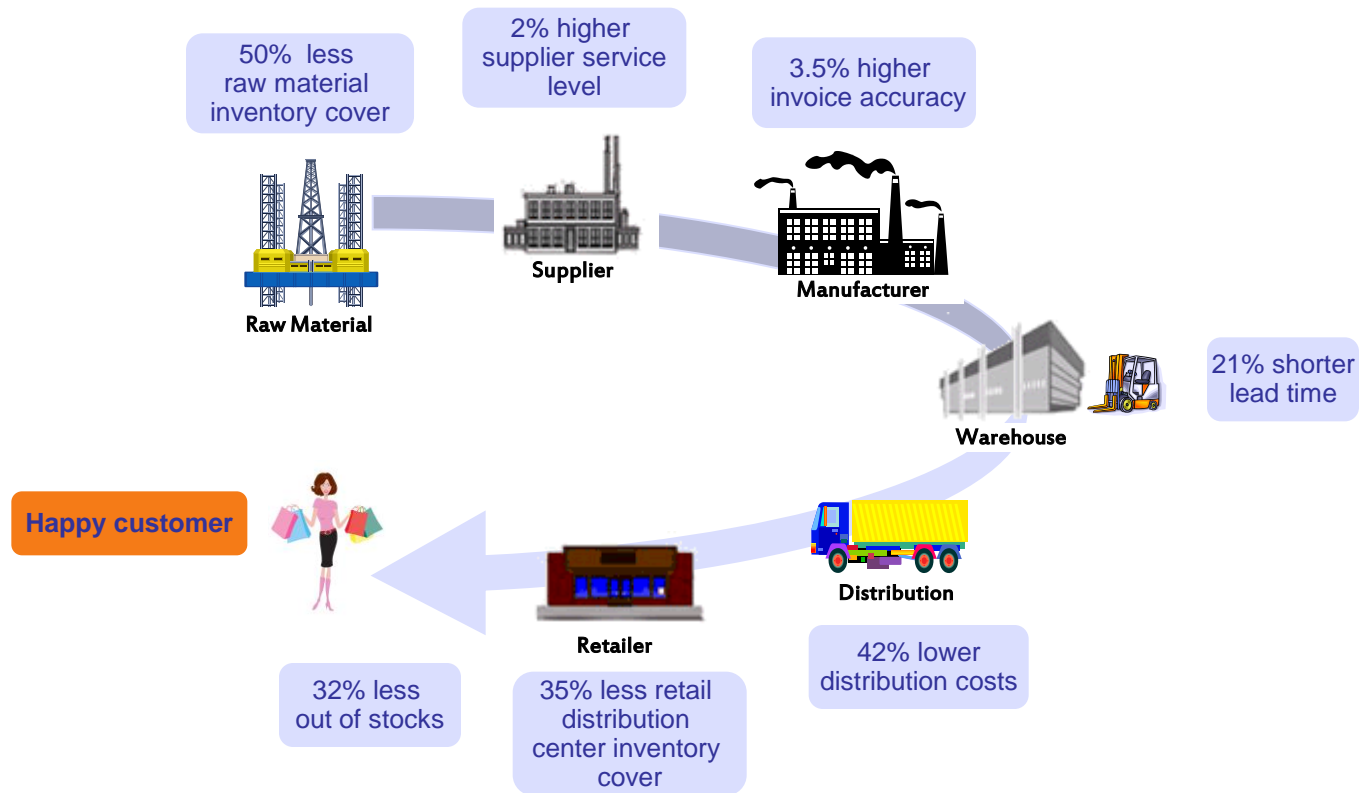


The analysis in this briefing is done for consumer products manufacturers, retailers and wholesalers.

Interdependencies between KPIs and business measures reveal supply chain efficiencies.

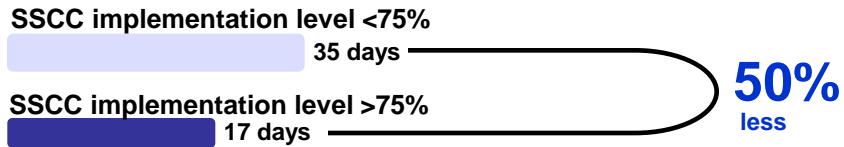


Companies having implemented standards also show **efficiencies** at the same time **along the entire supply chain.**

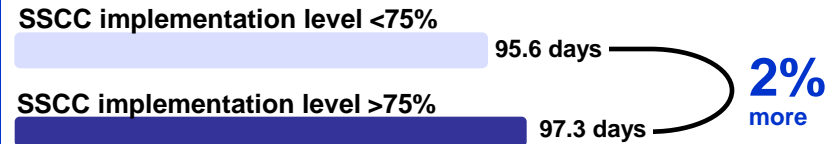


By boosting your implementation levels, you can observe better business results.

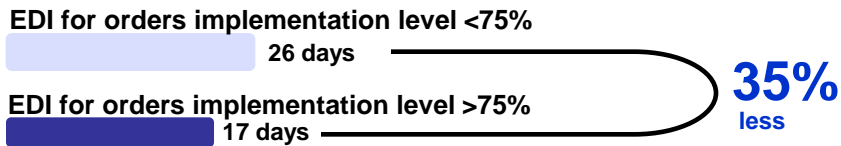
Raw Material Inventory Cover and boosting the SSCC level rate



Supplier service level and boosting the SSCC level rate

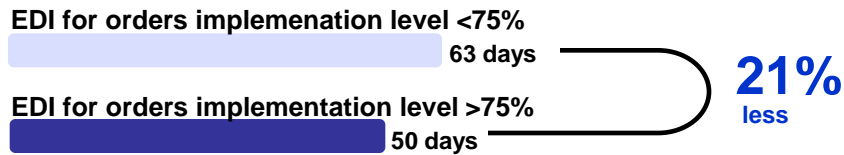


Retail Distribution Center Inventory Cover and boosting the EDI level for orders

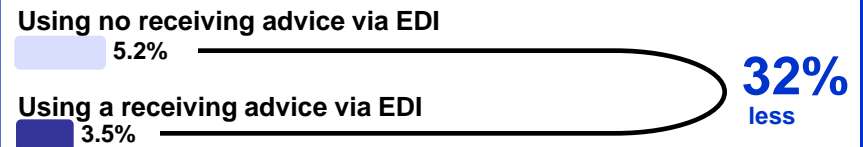


By boosting your implementation levels, you can observe better business results. *(continued)*

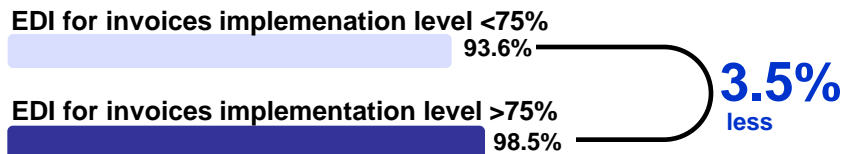
Lead time and boosting the EDI for orders level



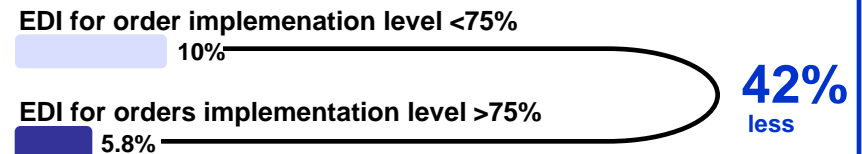
Out of stock rate and using a receiving advice via EDI ((Manufacturer)



Invoice accuracy and boosting EDI for invoices level (Manufacturer)



Distribution costs and boosting the EDI for orders level (Manufacturer)





Case study:
L'Oréal
uses
EDI



L'Oréal France – Order to Cash Implementation

Company description

- Cosmetics
- 130 countries
- 66,600 employees
- 23 global brands
- Sales €19,5 billion (2010)



Methods used

Create an EDI function that manages the following:

- The management of incidents
- The management of data necessary for flows
- Participation in standards development
- Training of internal users
- Control of exchanges (indicators, alarms)
- Promotion of the internal development with management and operation centers.
- Evaluation of the Return on Investment linked to the use of GS1 standards. The messages are used according to internal gain, maturity of clients and benefit in commercial relationships. Prior analysis allows:
 - Measuring the contribution of the message
 - Integrating organizational impact
 - Predicting issues and incidents

Today at L'Oréal

Presently, Electronic Data Interchange (EDI) exchanges are in place:

- 87% of sales from orders placed electronically with EDI
- 78% of sales are accompanied by electronic dispatch advices
- 47% of sales are accompanied by electronic invoices

Benefits for L'Oréal

EDI allowed the use of a logistic process, which is difficult without a standardized automatic message like the GPA (co-managed inventory). Retailers automatically transmit data of outgoing stock to L'Oréal, by a standard inventory status message (INVRPT) which feeds a tool calculating re-supply. Implementation of this logistic process allowed for:

- Reduction of out-of-stock in storage areas and shops
- Anticipation of merchandise flow (production, logistics)
- Optimization of truck loads

Case study: How Procter & Gamble uses the data contained in the Global Scorecard to establish priorities and make choices



COURTESY: PROCTER & GAMBLE

P&G

- Benchmarking helps companies to understand the cost and complexity of implementation
- If my capability is LOW but the market capability is HIGH, the cost and complexity of implementation are LOW because there are established users in the market and in-place best practices
- If my capability is LOW... but so is the market, the implementation cost and complexity tend to be HIGH

Benchmarking overview for an individual company (numbers are for illustrative purposes only)

	Units	# Records	total revenue US\$m	Sample Weighted Avg	My Weighted Avg
Business Measures					
Annual Growth Rate	%	204	252980	5.4	7.9
Supplier Service Level / Unit Fill Rate to Customer Distribution Centre	%	190	263143	95.1	97.5
Store Service Level / Unit Fill Rate	%	80	129424	96.0	98.1
On-Time Delivery	%	232	274084	91.9	92.8
Manufacturer/Supplier's Finished Goods Inventory Cover	days	181	262620	20.5	34.9
Retail Distribution Centre Inventory Cover	days	97	153450	14.2	21.4
Retail Store Inventory Cover	days	83	153823	14.7	24.1
On-Shelf/Point-of-Sale Out-of-Stocks	%	100	199521	5.1	4.3
Lead Time	hours	243	276275	85.5	87.5
Distribution Costs (% of sales value)	%	210	220568	7.7	5.9
Invoice Accuracy	%	154	151337	94.0	94.5
Implementation Measures					
% of consumer units allocated Global Trade Item Number (GTIN)	%	1,713	629408	97.4	100.0
% of cases/cartons/innners allocated a Global Trade Item Number (GTIN)	%	1,794	629729	76.4	100.0
% of pallets/unit loads labeled with Serial Shipping Container Code (SSCC)	%	1,859	654475	42.2	73.0
% of shipping or receiving locations that have been allocated a Global Location Number (GLN)	%	1,830	642151	42.8	80.2
% of orders transacted via EDI	%	1,828	644860	96.0	79.6
% of invoices transacted via EDI	%	1,839	632739	45.7	44.9
% of shipments for which a despatch advice was transmitted via EDI	%	1,810	590390	20.7	31.7
% of shipments for which a receiving advice was transacted via EDI	%	1,823	584982	6.5	14.4
% of sales with synchronized master data between trading partners via the GS1 Global Data Synchronization Network (GDSN)	%	1,778	598681	15.8	25.3
% of sales with master data loaded into a GS1-certified data pool	%	1,632	600879	41.4	71.3
% of GTINs that are catalogued consistently with a GS1 Global Product Classification brick code (not using 9999 designation)	%	989	570433	41.6	85.0

My inventory levels are way out of line with the market averages

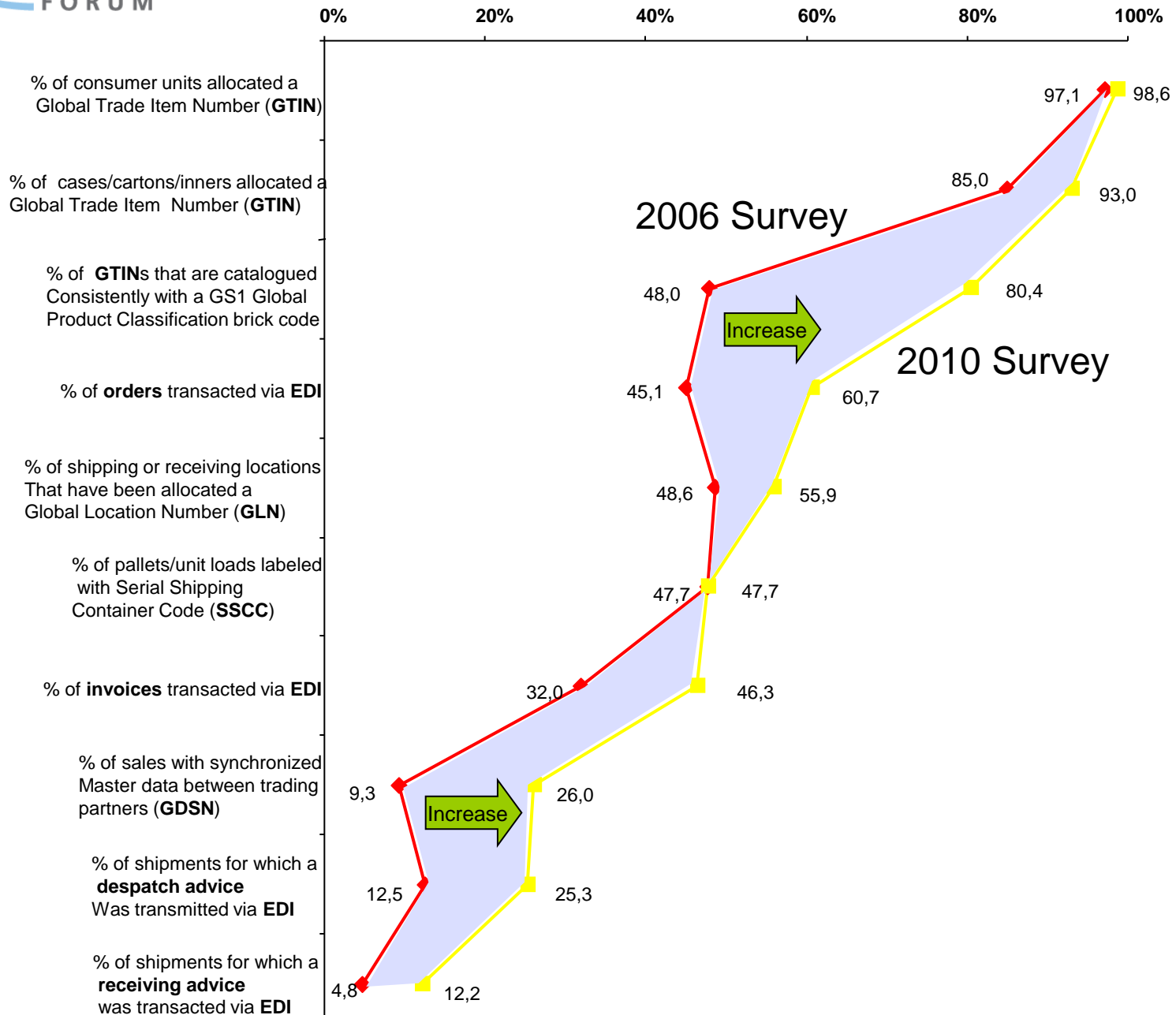
If I choose to drive EDI for orders, I know there are a lot of other practitioners

On the other hand- no one is driving EDI for invoicing, my investment costs will be high

Implementation levels of KPIs showed considerable improvements between 2006 – 2010

by the panel sample (companies which participated in 2006 and 2010)





24 Note: Data averages are not weighted. The sample contains 90% manufacturer and 10% retailer and wholesaler.

In the same time span from 2006-2010, the business measures for the panel companies have improved.

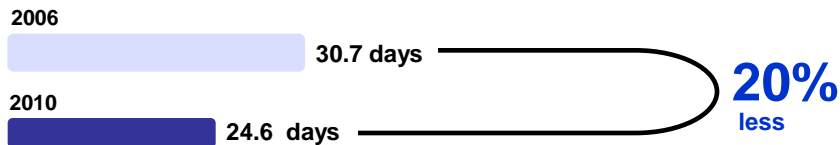
On Time Delivery



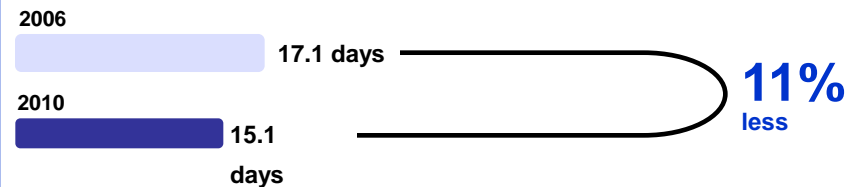
Distribution Costs



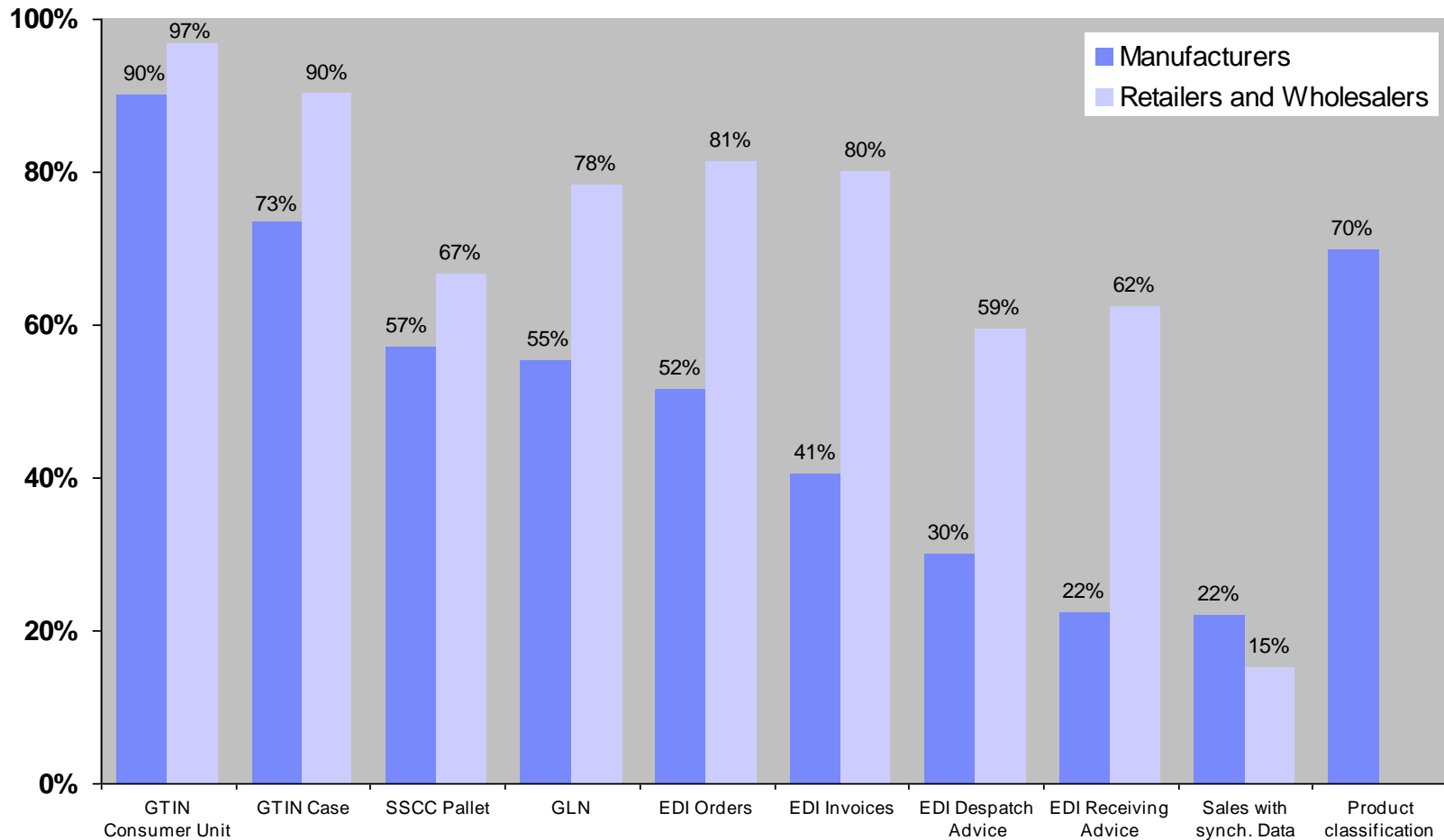
Raw Material Inventory Cover



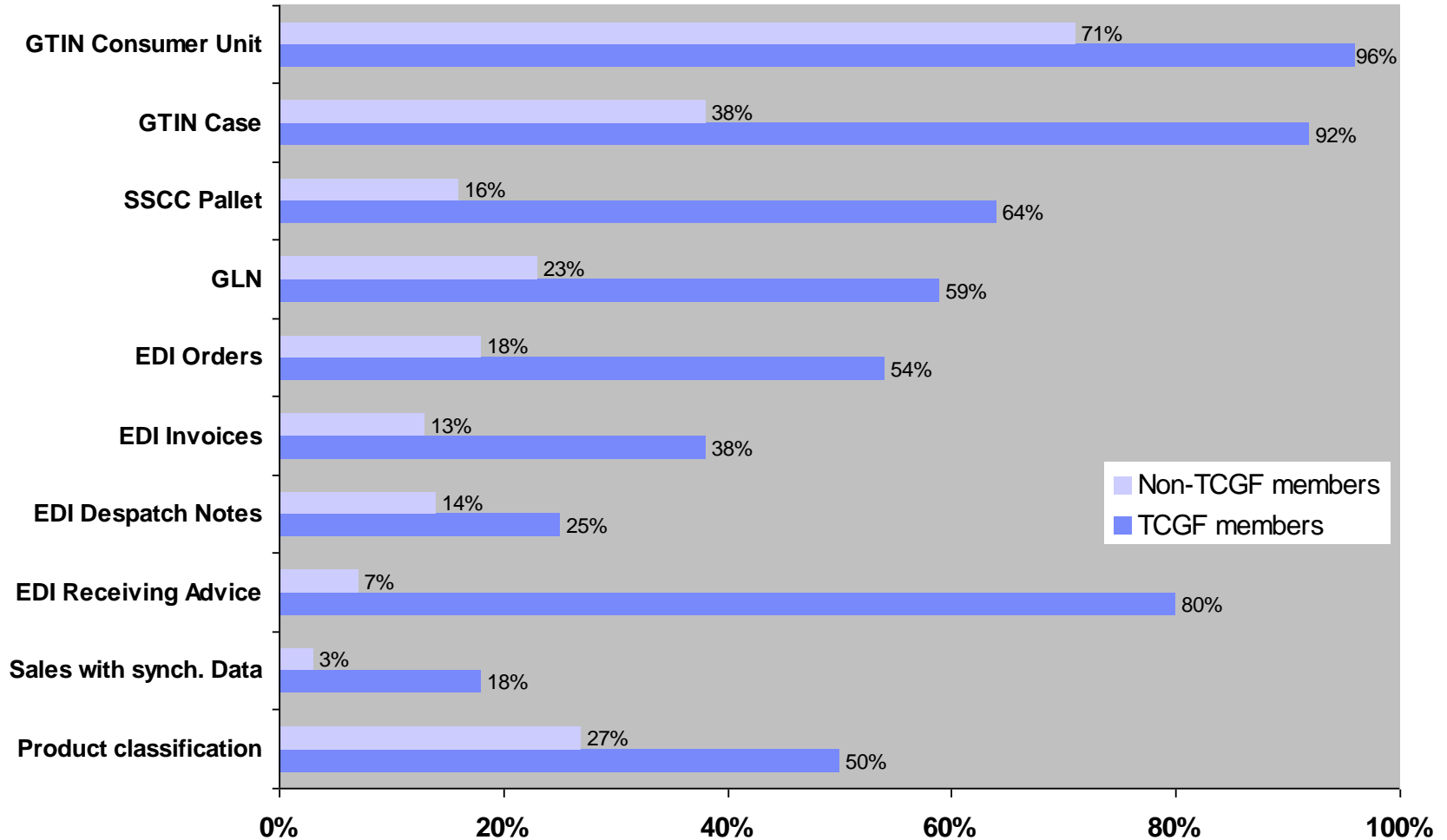
Retail Distribution Center Inventory Cover



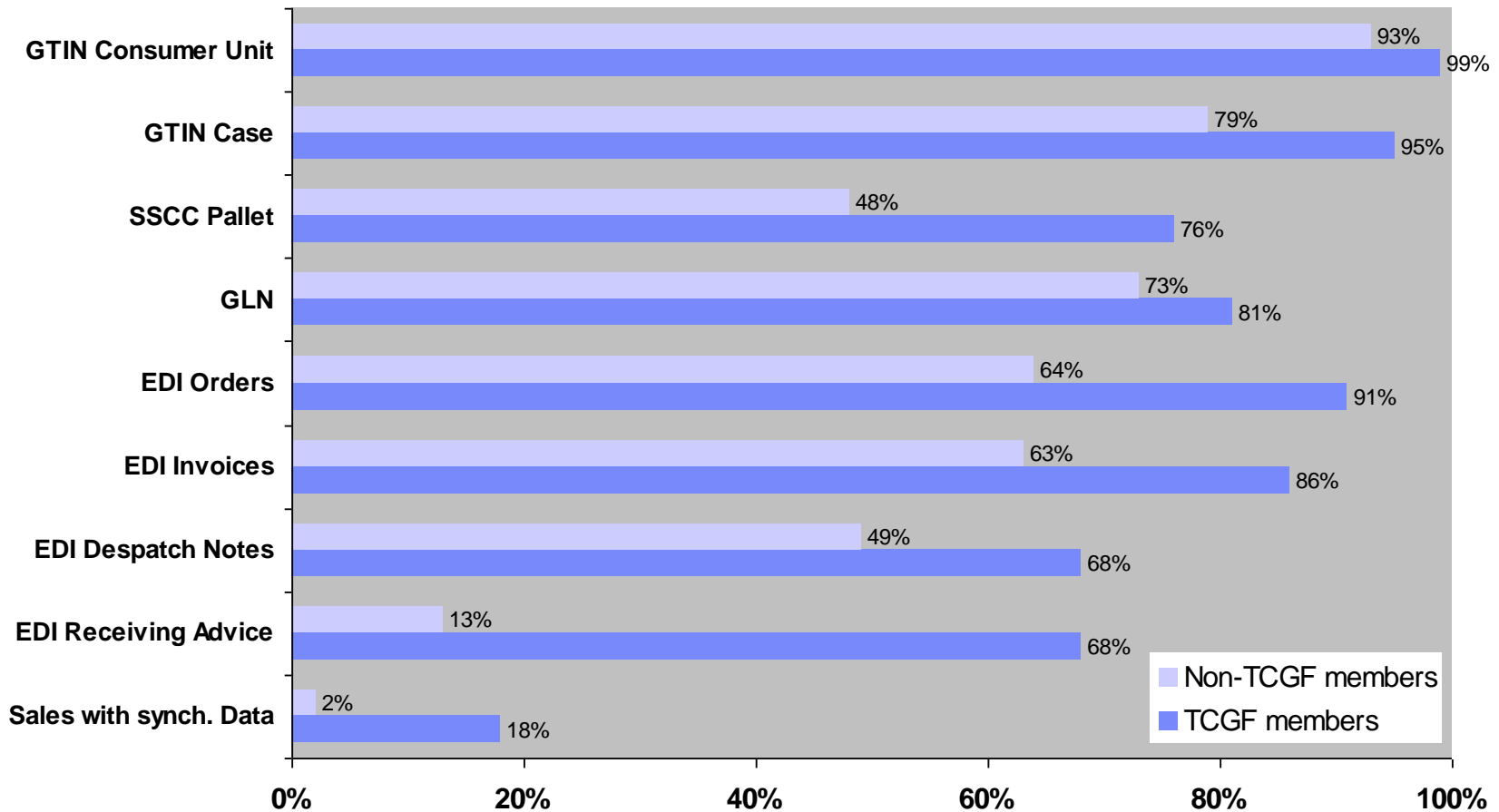
CP Retailers and Wholesalers tend to implement the standards on a higher average implementation level than manufacturers (worldwide). Interacting with more business partners makes an efficient supply chain exceedingly essential.



The Consumer Goods Forum (TCGF) manufacturers are ahead of the non-TCGF-members in implementing measures.

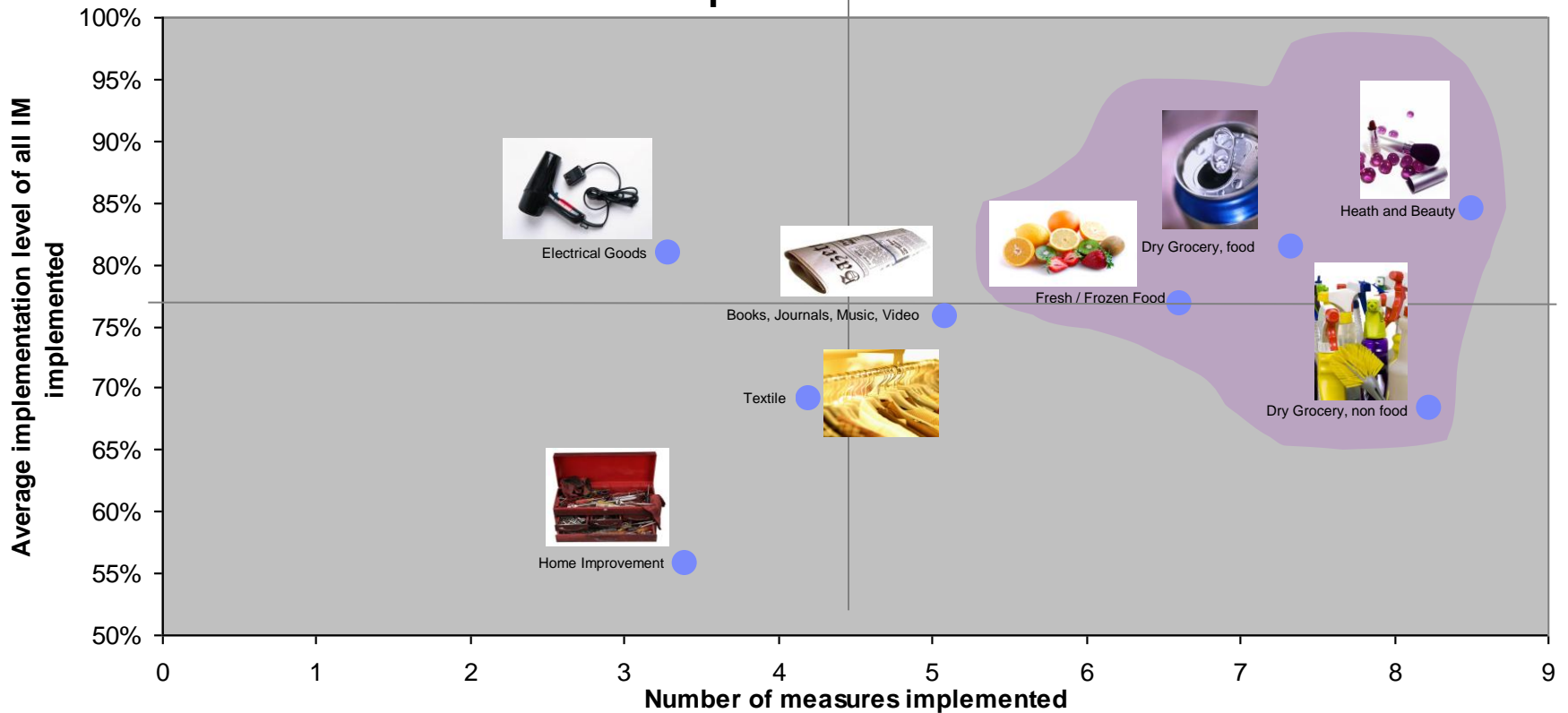


TCGF retailers and wholesalers believe in the necessity of standards for the industry and have a better understanding of the value of global standards, collaboration and integration with trading partners.

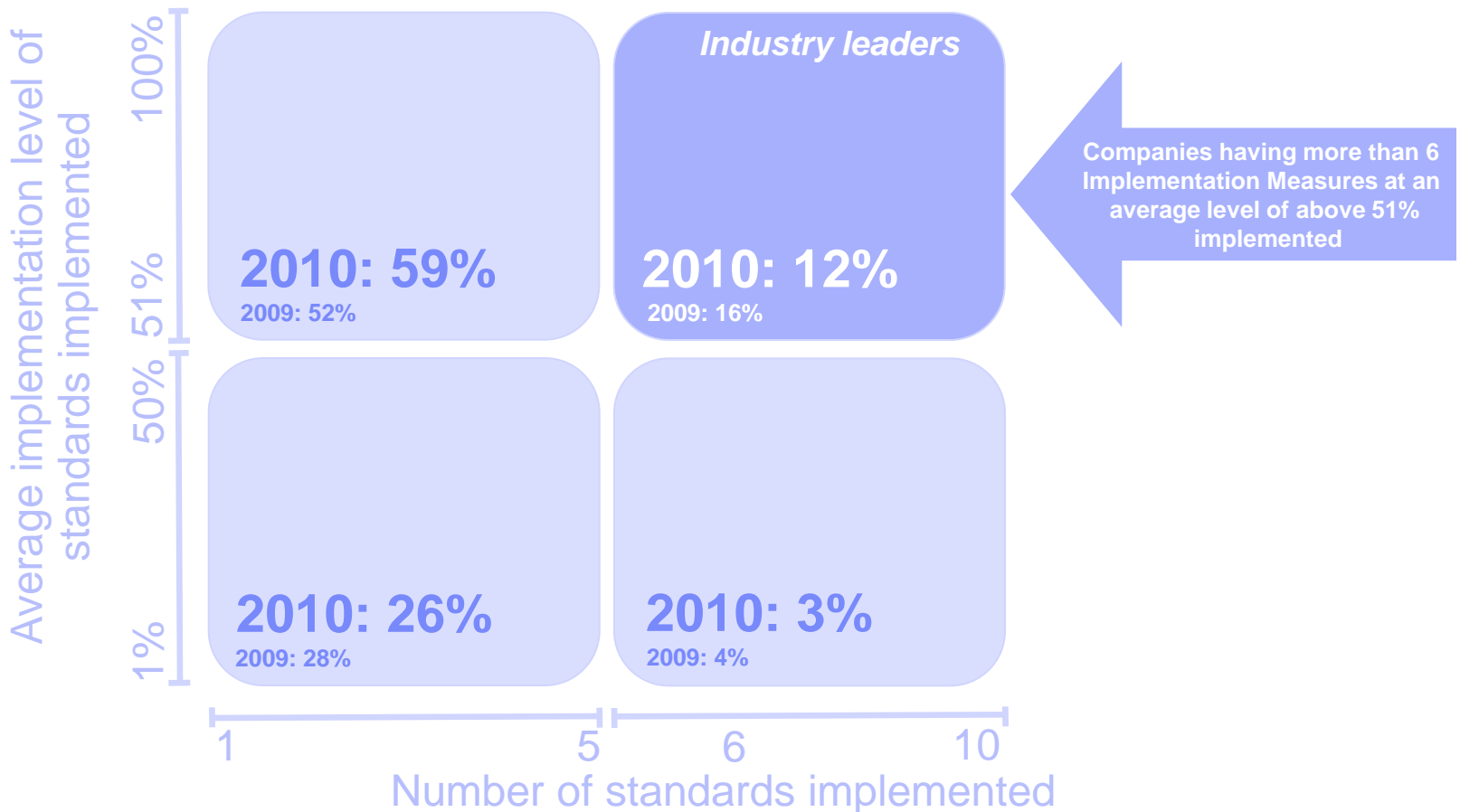


An efficient supply chain is essential for the *Fast Moving Consumer Goods (FMCG)* industry. Very high results also have the print and digital industry, as journals are time critical.

Average implementation level and number of measures implemented



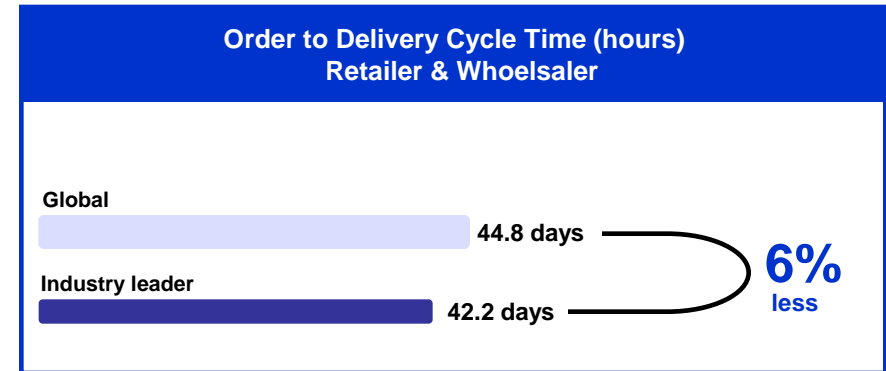
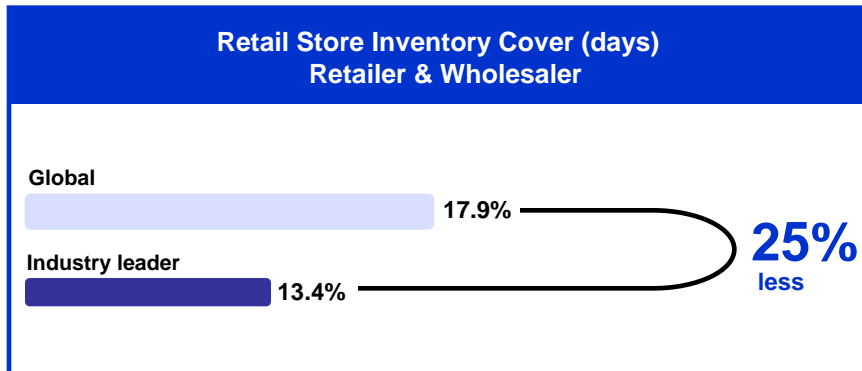
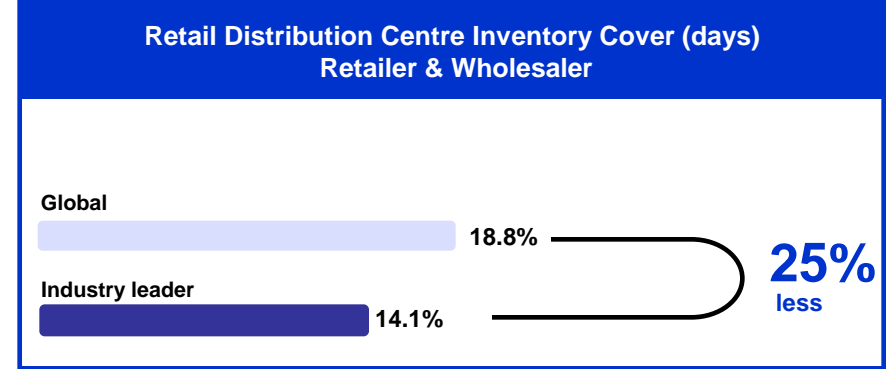
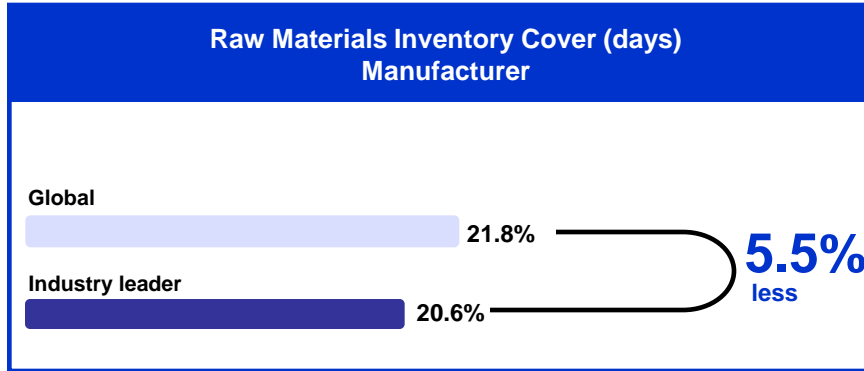
In general, companies tend to implement the standards they use at a high level, even higher than we observed in the previous survey.



Compared to the global results, the industry leaders showed higher averages....

	Manufacturers		Retailers & Wholesalers	
	2010 - all	2010 – Industry Leaders	2010 - all	2010 – Industry Leaders
IM01 % of consumer units allocated a GTIN	89.9	98.9	96.9	99.0
IM02 % of cases/cartons/inners allocated a GTIN	73.4	93.4	90.3	93.9
IM04 % of pallets/unit loads labeled with SSCC	57.1	85.1	66.6	75.6
IM05 % of shipping or receiving locations that have been allocated a GLN	55.3	73.5	78.4	83.1
IM06 % of orders transacted via EDI	51.5	69.8	81.3	89.6
IM07 % of invoices transacted via EDI	40.5	54.4	79.9	87.7
IM08 % of shipments for which a despatch advice was transmitted via EDI	30.1	49.3	59.4	69.8
IM09 % of shipments for which a receiving advice was transacted via EDI	22.3	28.6	62.4	69.3
IM10 % of sales with synchronized master data between trading partners via the GS1 Global Data Synchronization Network	22.2	29.1	15.1	17.5
IM11 % of sales with master data loaded into a GS1-certified data pool (%)	73.6	82.5		
IM12 % of active SKUs where the master data has been synchronized using the GS1 Global Data Synchronization Network			15.4	19.1
IM13 % of GTINs that are catalogued consistently with a GS1 Global Product Classification brick code	69.7	79.3		

...this brings along better business measures than the global average



Executive Summary

The importance of collaborative working and the necessity of standards is stated in several documents

- *New rules for a new decade – a smarter supply chain (IBM)*
- *2020 future value chain agenda (TCGF)*
- *L'Oréal Case study*
- *Global Scorecard Executive Brief: Results from the Scorecard survey 2010*

The benefits of standards are analyzed in the Global Scorecard Executive Brief

- *Effects can be observed throughout the entire supply chain*
- *Panel sample shows an increase of implementation levels and improved business measures*

The drivers of standards are

- *Retailers & wholesalers can have more business partners to collaborate with*
- *Fast Moving Consumer Goods, because logistics are time-critical*
- *TCGF members are informed, so to have a better understanding of the value of global standards, collaboration and integration with their trading partners*

The industry

- *P&G uses the Global Scorecard tool on a regular basis for defining their business strategies*

Executive Summary *(continued)*

We can achieve collectively what none of us can achieve alone

- *Your company can improve the supply chain by closer collaborating with your business partners*
- *Utilizing standards can lead you to a more efficient way of working together*
- *Unveil better visibility internally as well as with business partners*
- *Benchmark your company in the Global Scorecard Tool versus your peers or business partners to determine and develop the right strategies*

(Back-up slides) Tables for Consumer Products Manufacturers, Retailers and Wholesalers



Three year results for Business Measures Worldwide (Revenue-weighted Averages)

	Manufacturers			Retailers & Wholesalers		
	2008	2009	2010	2008	2009	2010
BM01 Annual Growth Rate (%)	5.9	3.1	3.5	4.3	6.6	1.6
BM02 Supplier Service Level/Unit Fill Rate to Customer Distribution Center (%)	96.7	97.8	96.8	89.8	90.9	91.7
BM03 Store Service Level/Unit Fill Rate to Customer Distribution Centre (%)	96.5	93.6	95.3	92.8	90.6	95.3
BM04 On-Time Delivery (%)	92.1	91.7	94.2	86.0	89.1	87.2
BM06 Raw Materials Inventory Cover (days)	19.8	15.4	21.8			
BM07 Manufacturer/Supplier's Finished Goods Inventory Cover (days)	35.7	31.4	33.9			
BM08 Retail Distribution Centre Inventory Cover (days)				20.6	13.1	18.8
BM09 Retail Store inventory Cover (days)				30.0	37.6	17.9
BM10 On-Shelf/Point-of-Sales Out-of-Stocks (%)	4.7	3.9	4.3	4.8	3.5	3.0
BM11 Order to Delivery Cycle Time (hours)	67.8	62.8	66.5	45.0	50.5	44.8
BM12 Distribution Costs (% of sales value)	7.0	7.8	7.5	4.9	2.9	3.2
BM13 Invoice Accuracy (%)	93.8	96.4	95.9	84.7	82.0	83.2
BM14 Retail Shrinkage Rate (%)				1.6	1.5	2.6

** insufficient data available to produce a benchmark, n<5

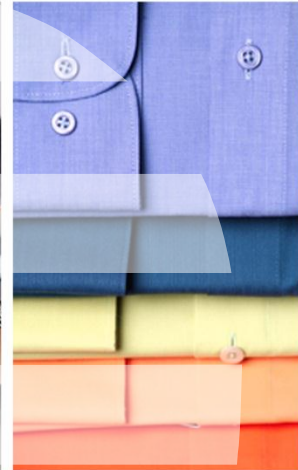
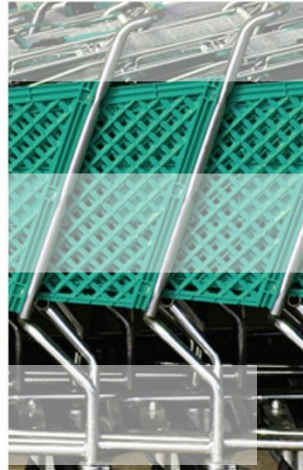
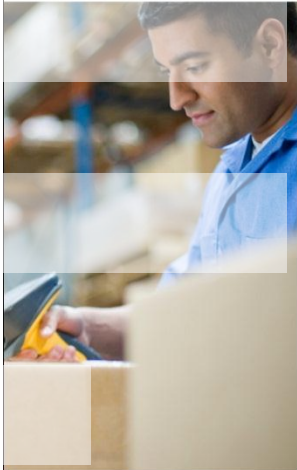
Three year results for implementation measures worldwide (Revenue-weighted Averages)

	Manufacturers			Retailers & Wholesalers		
	2008	2009	2010	2008	2009	2010
IM01 % of consumer units allocated a GTIN	95.3	91.4	89.9	89.5	96.6	96.9
IM02 % of cases/cartons/inners allocated a GTIN	86.2	83.8	73.4	74.4	86.6	90.3
IM04 % of pallets/unit loads labeled with SSCC	47.2	64.8	57.1	45.6	70.8	66.6
IM05 % of shipping or receiving locations that have been allocated a GLN	39.6	49.6	55.3	70.0	86.5	78.4
IM06 % of orders transacted via EDI	52.2	47.1	51.5	64.3	76.2	81.3
IM07 % of invoices transacted via EDI	48.5	45.6	40.5	62.2	78.6	79.9
IM08 % of shipments for which a despatch advice was transmitted via EDI	26.8	35.5	30.1	19.7	58.9	59.4
IM09 % of shipments for which a receiving advice was transacted via EDI	12.6	16.0	22.3	12.3	58.7	62.4
IM10 % of sales with synchronized master data between trading partners via the GS1 Global Data Synchronization Network	18.1	24.1	22.2	15.5	42.1	15.1
IM11 % of sales with master data loaded into a GS1-certified data pool (%)	41.6	**	73.6			
IM12 % of active SKUs where the master data has been synchronized using the GS1 Global Data Synchronization Network				6.3	26.5	15.4
IM13 % of GTINs that are catalogued consistently with a GS1 Global Product Classification brick code	45.2	71.0	69.7			

** insufficient data available to produce a benchmark, n<5

Note: lower values are due to many new smaller manufacturers participating in this year's survey

(Back-up slides) The Global Scorecard



Standards to be measured



Measure	Explanation
% of consumer units allocated a GTIN % of cases/cartons/inners allocated a GTIN	The GTIN (Global Trade Identification Number) is a globally unique number to identify trade items (in databases), and is therefore the foundation for Global e-commerce.
% of pallets/unit loads labeled with SSCC	The SSCC (Serial Shipping Container Code) is used throughout the SC as entity identifier for item tracing.
% of shipping or receiving locations that have been allocated a GLN	The GLN (Global Location Number) is used to identify physical locations.
% of orders transacted by EDI	Transmission of orders between organizations by electronic means.
% of invoices transacted by EDI	Transmission of invoices between organizations by electronic means.
% of shipments for which a despatch advice was transmitted by EDI	Shipments that are accompanied by an electronic despatch advice message transmitted by electronic means.
% of shipments for which a receiving advice was transacted by EDI	Shipments that are accompanied by an electronic receiving advice message transmitted by electronic means.
% of sales with synchronized master data between trading partners by the GS1 GDSN	The GDSN (Global Data Synchronization Network) is an internet-based, interconnected network of interoperable data pools that enables companies around the globe to exchange accurate, compliant, standardized and synchronized supply chain data with their trading partners using a standardized Global Product Classification.
% of sales with master data loaded into a GS1-certified data pool (%)	Sales with the use of synchronized master data.
% of active SKUs where the master data has been synchronized using the GS1 Global Data Synchronization Network	SKU (stock keeping units) where the master data has been synchronized by GDSN
% of GTINs that are catalogued consistently with a GS1 Global Product Classification brick code	Enabler for GDSN

Value through the scorecard



Key capabilities of the Global Scorecard:

- Reports “as-is” status on individual companies, country/regional and global level
- Assesses key process performance relative to peer companies
- Demonstrates gaps in performance levels
- Helps to support the business case for improvement projects
- Provides a report building tool that can be customized according to your specific requirements
- Helps to measure success
- Helps to establish priorities. Are you on the “bleeding edge” or are there advanced practitioners among your trading partners to help you get started?
- Provides results and effects (business impact and value) of scorecards as demonstrated in the annual report and provides information from geographic regions and business types
- Provides an on-line action planning tool that gives visibility of agreed actions and progress
- Allows for the ability of multi-national corporations to manage global and regional programs
- Data is anonymous and is treated highly confidential

*The more scorecards submitted
the more relevant results we receive...*

The community or who is behind it?

■ **The Owner: The Consumer Goods Forum / IT – Connect Our Business Committee**

- Merger of the Global CEO Forum, GCI and CIES.
- Independent global parity-based consumer goods network.
→ 650 retailers, manufacturers, service providers, others from 70 countries.



■ **The Host: IBM**

- Technical host of the GSC tool.
- Validity check and direct support for users.
- Creates global reports and analyses.



■ **The Community Builders GS1 and ECR Organizations**

- Promote the use of the GSC by companies in their country.
- Support for users.
- Use the GSC to assess the implementation of GS1 standards in their country.



■ **The Team**

- Exists since 1999 and keeps the GSC aligned with today's and tomorrow's business requirements.
- Promotes the GSC and provides expert knowledge.



1. What is it I want to deliver ?

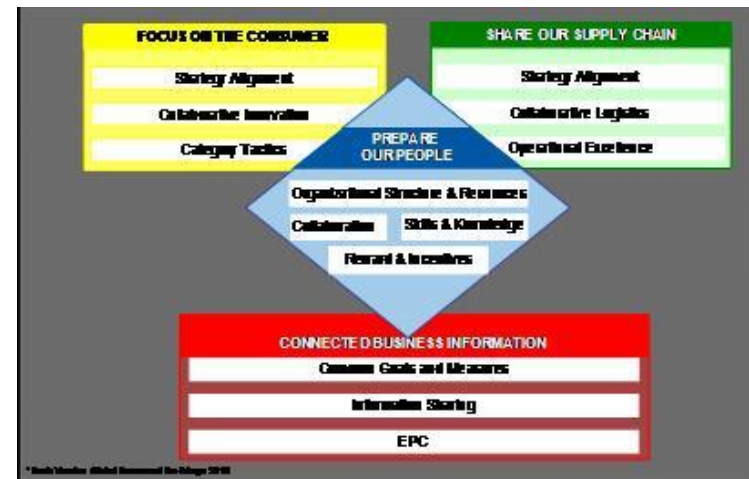


Key performance indicators / implementation measures

2. What capabilities deliver better results?

Global Scorecard concepts and best practices

The Global Scorecard - a Capability Assessment Tool has been designed to give you a detailed capability and to highlight specific improvement opportunities for your company.





- For additional insights about the global Scorecard, please visit globalscorecard.net:
- The following documents are available:
 - The Global Scorecard Executive Brief
 - Report with tables

For further information please contact Rüdiger Hagedorn, CGF (r.hagedorn@theconsumergoodsroum.com) or David McCarty, IBM (mccartyd@us.ibm.com).

Trademarks and notes

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