

Providing the Foundation for Successful Retailing

Today's retailers face unprecedented challenges and complexity. With global sourcing activities on the rise, retailers must contend with a broader and more diverse supplier base with a wide range of B2B e-commerce capabilities. Their supplier challenges are complicated by longer lead times; global cultural, lingual and legal challenges; and new carriers and shipment modes. Retailers trying to improve margins through greater use of private labels often find that suppliers are increasingly found in regions that epitomize these global challenges. In addition, consumers are demanding more when it comes to both product data and product availability. Retailers must have the products to fit their customers' needs—and the data to back it up—or risk losing their business. The challenge is in meeting these needs with an increasingly complex supply chain.

The following areas prove to be especially challenging for retailers when it comes to B2B and supply chain automation:

1. **Supplier Community Automation**—For many retailers, a primary challenge in the breadth and complexity of their supply chains is the operational inability to automate 100% of their ongoing supplier community. Some suppliers are considered “back-up” suppliers that are not usually automated, but most retailers cannot even achieve automation with all of their core suppliers.
2. **Manual Process Gaps**—The suppliers that do automate often have manual gaps that significantly reduce the effectiveness of the automation that is achieved. PO Changes, ASNs and manual invoices are some examples of processes that remain manual some or all of the time—leading to errors in information, out-of-stock situations and decreased consumer happiness. While “expense offsets” help drive supplier behavior and recoup some of the lost revenues and costs, retailers prefer smooth and successful supply chain operations.
3. **Data Inaccuracy**—Inaccuracy of data remains a cause of many supply chain problems. Data synchronization promises to solve this problem—yet those that have implemented GDSN know that their data remains as inaccurate as ever. Synchronization needs to go hand-in-hand with data quality initiatives supported by product data quality services or full-fledged Product Information Management (PIM) applications. Retailers must ensure that the data received from suppliers is complete, accurate, timely and consistent in order to meet consumer demands for more, better and consistent product information across all channels.



“Successful retailers know that their businesses are only as strong as the weakest links in their supply chains. According to AMR Research, companies with the strongest supply chains achieved an average stock market return of 17.89% in 2007 over the previous year’s performance. This is in contrast to just 3.53% for the S&P 500.”

— THE AMR RESEARCH SUPPLY CHAIN TOP 25 BLOWS AWAY MARKET WITH 17.89% RETURN
DEBRA HOFFMAN,
JANUARY 4, 2008

4. **Visibility**—Visibility into supply chains has become more challenging. Many retailers are unable to access accurate, real-time information regarding the status of orders and shipments. This can be especially difficult with private label situations where suppliers may be technologically challenged and located in areas with less sophisticated logistics capabilities.

There are viable solutions to all of these challenges. Through GXS Trading Grid®, GXS provides a range of managed services and Software-as-a-Service (SaaS) applications that help retailers address both their messaging needs and the line-of-business functional requirements in a single global infrastructure. Retailers and other companies of every size, industry and geographic location use GXS's on-demand services to:

- Connect and integrate with global trading partners including those in emerging regions like China, India, Eastern Europe and South America;
- Automate entire trading communities by enabling smaller trading partners to conduct B2B e-commerce and electronic invoicing;
- Gain access to accurate and detailed product data on goods in a format consumers can use and understand; and
- Increase visibility into global sourcing activities, goods production and logistics operations.

Automate Through Supplier Enablement

Automation helps retailers by streamlining shipments, reducing reliance on paper processes and optimizing inventory levels. It is one of the primary methods through which retailers can increase their margins on goods. Automation is also a key factor in corporate social responsibility initiatives like reducing a company's carbon footprint. While most major retailers have achieved electronic integration with technologically sophisticated suppliers, many still struggle with automating those suppliers that are smaller or that are located in regions of the world where technology solutions like electronic data interchange (EDI) or AS2 seem out-of-reach. These same areas are also often challenged with respect to mature logistics capabilities.

GXS Trading Grid is GXS's B2B technology platform that enables businesses to increase their supply chain automation globally, reduce their reliance on paper-based processes and conduct electronic B2B equally well with both technologically advanced and less sophisticated suppliers. In fact, GXS Trading Grid includes a variety of services that enable less sophisticated businesses to send and receive electronic documents and payments. For example, GXS Intelligent Web Forms enables suppliers of any size or location to send and receive electronic documents including purchase orders (POs), PO acknowledgments, invoices and advanced ship notices using web browsers. These documents can be seamlessly translated into and delivered via the retailer's preferred format and transport method.

GXS also offers a range of AS2 services for retailers and their suppliers. For example, GXS offers AS2 outsourcing services for retailers and suppliers that have found it cost-prohibitive to implement AS2 software in-house. These companies can send electronic transactions to

GXS using their preferred format—web forms, EDI, XML or even an Excel spreadsheet—and GXS can translate each document into the appropriate format and then send it to the recipient via AS2. Outsourcing AS2 to GXS eliminates the costs of AS2 software, AS2 server hardware, redundant infrastructures, reserved network capacity to handle peak traffic, management of digital certificates, the human resources required to support the infrastructure, and when combined with our translation services, the translation software. While GXS can provide AS2 solutions to retailers, we are also able to help onboard suppliers and provide them with the AS2 capabilities necessary to effectively meet retailer mandates.

Global Supply Chain Visibility

Global sourcing is no longer an emerging trend—it is now standard practice for most retailers and manufacturers. Retailers in particular have pursued strong private label initiatives in order to increase margins. However, those pursuits have resulted in greater variability in supply chain performance and logistics, as their partners are often located in remote geographic regions with technical and logistics challenges. Also, while global sourcing can give retailers access to low-cost goods, it also introduces distance, time zone, cultural and language barriers that combine to reduce visibility into offshore supply chain operations. Retailers that have visibility and actionable insight into their global supply chain operations have a distinct edge over their competition through their ability to optimize inventory levels, improve merchandise planning and promotions, and dynamically reroute goods in shipment to where they are needed most.

GXS Trading Grid® Visibility Services are line-of-business SaaS solutions that give retailers and their trading community web access to customized decision support tools for supply chain information. For example, GXS Order Lifecycle Visibility creates an aggregate view of all transactions (direct or indirect) in a particular supply chain including purchase orders, ship notices, receipts, invoices and payments. Retailers utilize this data interactively in an exception-based framework and cumulatively through scorecards to create measurable improvements in cycle times, increased data quality and reductions in costs. Order Lifecycle Visibility identifies potential problems with orders and helps resolve issues before shipments are received. Retailers can also use Order Lifecycle Visibility to measure the performance and shipment records of specific suppliers and provide foundational information for future orders.

Perhaps even more valuable in today's complex and long distance supply chains is GXS Logistics Visibility. This service provides retailers with a centralized source and decision support system for all logistics information about a given order or shipment. Most companies track international containers reactively on carrier-specific websites. GXS Logistics Visibility simplifies tracking by consolidating shipment information from dozens of carriers onto a single portal. The GXS application provides detailed case/carton and item level detail information for each shipment. GXS Logistics Visibility also includes data from factories and customs brokers so users can get an accurate view of shipments in transit at every juncture. Over six hundred business rules are utilized to provide notifications of unexpected events, electronic proof of delivery and dynamic time of arrival estimates. Consequently, retailers can focus on other business issues rather than micromanaging all shipments hoping to catch those that are in error. GXS Logistics Visibility also provides robust reporting tools that allow for the creation of supplier and carrier scorecarding processes that measure performance against key business metrics. Vendor relations and purchasing departments can monitor performance in desired areas such as order acknowledgement deadlines, late shipments, quantity completeness, broker clearance timeliness and data transmission accuracy.

“Global sourcing is an ongoing process, not a one-time event. Decision support tools from both procurement and supply chain technologies need to work in concert to determine the best sourcing strategy.”

— “BUILDING GLOBAL SOURCING NETWORKS”

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B2B Outsourcing For Retailers

In recent years, the number and type of IT initiatives that retailers have been forced to undertake to remain competitive have escalated dramatically. This increase has resulted in a corresponding increase in the number of IT professionals required to maintain retailer systems. Retailers are in the business of selling goods to consumers—or at least they should be. However, some retailers are employing more IT professionals than they are buyers, merchandise managers or store level sales people. Retailers must be able to effectively utilize key business data originating from both consumer and supply chain events. Their IT staffs are focused on the business systems that make use of this data while B2B functionality becomes a smaller and smaller portion of their time and focus. As B2B becomes more of a utility, retailers need to consider outsourcing this functionality and turn their attention to mining the data generated through doing business—and sharing the results as necessary. In addition, retailers that are embarking on private label initiatives with new suppliers are finding that managing these geographically remote manufacturers in technologically and logistically challenged areas results in difficult supply chain management. Retail Systems Research (RSR) has noted that most retailers are not meeting their expectations when it comes to private label supply chain performance—particularly the length of time it takes to get products from factory to distribution center or store.¹ Outsourcing just this part to a company that has expertise in this arena—and feet on the ground in those regions—can provide more time to focus on product design and production issues. Outsourcing B2B functions, in part or in whole, can significantly enhance a retailer's supply chain effectiveness.

GXS Managed Services, GXS's industry-leading B2B outsourcing solution, provides retailers with the people, processes and technology for a comprehensive, flexible and cutting-edge B2B program. GXS offers the technical infrastructure to conduct a global B2B program, including transaction management, data translation, systems administration and supplier performance reporting capabilities. Consequently, GXS Managed Services can connect retailers with any trading partner, no matter their location, size or B2B technical capabilities, through a wide variety of trading community enablement tools and services.

The overall success of a B2B program is driven not only by the technology platform, in this case GXS Trading Grid®, but also by the people and processes that optimize the technology. The people and the processes reach current and future trading partners, providing the technical support to stay connected and streamline B2B processes. GXS Managed Services provide customers with the B2B experts to deliver world-class B2B program management, trading community management and customer support.

Organizations that use GXS Managed Services are empowered to free up internal resources, reduce costs and fill gaps in internal expertise by utilizing the service as an extension of the IT department. The benefits of GXS Managed Services include lower B2B operating costs, enhanced B2B capabilities, improved customer service and responsiveness, and the ability to focus on the business's core competency: retailing.

Information Management

Bad data will cause problems—no matter how well-automated your business is. Bad data is both more pervasive and tougher to eliminate than many people understand. The Global

¹ PLM Squared: Product Lifecycle Management Powers Private Label Merchandise. Benchmark Study: 2008; Retail Systems Research; Paula Rosenblum and Brian Kilcourse.

Data Synchronization Network is an initiative that helps retailers and their suppliers share product data effectively. But GDSN functionality just moves the data—it does not address data quality. Data needs to be gathered and managed before sharing and then augmented and syndicated when the retailer receives it. During this process the data needs to be validated to ensure it is complete, accurate and consistent.

GXS provides solutions that address all aspects of product data management from aggregation to validation to synchronization to augmentation and internal syndication. GXS stands alone in the B2B industry with solutions that cover product information management, data quality and data synchronization. Our data management solutions have been available for over 20 years and are used by thousands of companies. Our Product Information Management (PIM) solution helps retailers receive data and manage the data when they receive it. Retailers can engage GXS 1SYNC Onboarding services to ensure that suppliers get up and running with GDSN. For non-GDSN synchronization, GXS Global Product Catalogue has been available since 1988 for use by retailers and their suppliers, in addition to the traditional use of EDI and flat files for sharing data between suppliers and retailers. For all supplier/retailer relationships, GXS Product Data Quality (PDQ) ensures complete, accurate and consistent data. This makes the remaining B2B processes—including synchronization—more valuable and successful, as they will finally work as expected.

Why GXS For Retail

GXS has been in business for more than 40 years, serving the needs of retailers and their trading partners in nearly every corner of the globe. GXS offers a full range of B2B solutions for retailers that help reduce out-of-stocks, minimize carbon footprints, attain 100% trading partner community automation, gain greater visibility into global supply chain operations and improve the customers' access to accurate and comprehensive product information. GXS understands that reducing stock-outs and building lean inventories are not mutually exclusive propositions or pipedreams—they are achievable and necessary goals.

Supply chain integration and collaboration are vital components for retail organizations today. GXS delivers an integration platform that enables retailers to connect and collaborate with any partner anywhere in the world. Building consumer loyalty is crucial for sustained growth and profitability. A critical component of building that loyalty is sharing business critical information both internally and externally. This enables retailers to manage cross-enterprise business processes, and suppliers to help retailers meet their goals. GXS helps retailers and their suppliers manage, validate and synchronize their product information; automate business transactions and logistics information to improve time-to-market; share point of sale and other demand signals; reduce the cost of transporting goods; and increase revenue. In addition, GXS's supply chain visibility tools enable companies to view, monitor and manage data transactions and business processes anywhere in the world in real-time.



About GXS

GXS is a leading global provider of B2B e-commerce solutions that simplify and enhance business process integration and collaboration among trading partners. Organizations worldwide, including more than 70 percent of the Fortune 500, leverage the on-demand services on GXS Trading Grid® to extend supply chain networks, optimize product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. GXS Managed Services, GXS' B2B outsourcing solution, empowers customers with the expertise, technical infrastructure and program support to conduct B2B e-commerce with trading partners globally. Based in Gaithersburg, Md., GXS has an extensive global network and has local offices in the Americas, Europe and Asia-Pacific regions. GXS can be found on the Web at www.gxs.com.

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