

# GXS Solutions for Consumer Products Companies

## The Consumer Products Value Chain

### The Business Challenge

Retail suppliers today face increasing levels of complexity when it comes to their supply and demand chains. As manufacturing becomes a global rather than a local operation, suppliers are challenged with extending sophisticated technologies to remote locations. At the same time, retailer expectations regarding the performance of their suppliers are becoming more stringent. A recent study sponsored by GXS and conducted by the Vendor Compliance Federation found that in the area of ASN usage, retailers are fine-tuning their compliance requirements. The result is that suppliers are now confronted with numerous disparate requirements for each retailer. Many of those compliance requirements are traced to problems caused by insufficient automation, lack of transaction and logistics visibility, and a need for data quality control on the part of the suppliers.

Greater complexity on the part of both the demand and supply sides is daunting. The situation is complicated by 1) the need to speed the new product introduction process; 2) the requirement to ensure that product information is complete, accurate and consistent; 3) corporate social responsibility initiatives that demand “greener” operations; 4) consumer demand for multi-channel execution; and 5) a need to support logistics processes on a global basis. Delivering a product has never been more difficult than it is today.

### The B2B Challenge

The problem for suppliers is that many of the complexities faced in the new retail supply chain are not areas in which these companies specialize. Automating a supply chain on a global basis, providing visibility into order or shipping status, supporting multiple languages and character sets and addressing international customs, legal and cultural differences can be stumbling blocks that completely halt supply side operations. Likewise, the inability to deliver not only the right products, but the right information about the products and about orders, can quickly deter retail customers and consumers from purchasing the products—negatively impacting brand equity. Coordinating all of these things on a global basis requires people, processes and technology that most companies do not have.

Retail suppliers have begun outsourcing many of these tasks to companies skilled at handling the challenges associated with implementing and running collaborative infrastructures. Doing so allows the supplier to focus on what they do best—what their brand is known for. Thus, order-to-settlement solutions like EDI and visibility into order lifecycle, inventory and logistics, along with pre-order functions like product data quality and data and price synchronization are prime candidates for outsourcing. In addition, managing the rollout of these solutions to trading partners is seen as an area where short-term, outsourced staff can more quickly and effectively meet corporate goals than a newly hired and trained staff that may become unnecessary once a solution is up and running.



### CONSUMER PRODUCTS INDUSTRY ISSUES

- Globalization
- Increasing retailer demands
- Increasing consumer demand
- Introduction of new technologies
- Need to increase revenue
- Automating the supply chain
- Corporate social responsibility

## B2B and Supply Chain Solutions for Retail Suppliers

GXS provides collaborative solutions to all of these challenges faced by the retail supplier. GXS solutions are offered globally, with 40% of our business in Europe and Asia, and with the strongest B2B presence in China today. GXS helps companies reduce costs and increase the effectiveness of supply and demand chain operations, increase customer satisfaction, speed time to market, increase margins and provide improved flexibility and agility when it comes to meeting the complexities of both the supply and the demand side of the business.

Built on the GXS Trading Grid® platform, GXS solutions enable companies to integrate customers and suppliers around the world with a broad range of B2B transaction capabilities—from direct system integration to Web-based form interfaces. GXS Trading Grid is a global B2B e-commerce and integration platform that supports the creation and adoption of on-demand supply chain management solutions for companies of any size. GXS Trading Grid provides customers with visibility into daily e-commerce transactions, enabling dynamic, instant provisioning and manipulation of global trading partner networks. GXS Trading Grid provides access to analytics and reporting about the performance of its suppliers as well as the needs and response rates of its logistics providers.

## B2B Outsourcing

### Managed Services

Staying focused on your core competencies can be difficult. As business needs change, processes that were once a competitive advantage soon become the cost of doing business. B2B functionality can be a competency that quickly moves from strategic advantage to commodity. As supply chains have extended around the world and B2B requirements have become more diverse, many companies have turned to B2B outsourcing, or Integration-as-a-Service. Subscribing to an Integration-as-a-Service solution helps to not only reduce operating costs, but more importantly to enhance B2B capabilities, improve customer service and responsiveness and increase the focus on higher value business objectives.

### Global B2B Outsourcing Case Study

A large European manufacturer supplying to both retail and automotive channels trades with over 2,500 supply side and demand side partners. After international acquisitions, the company's global SAP implementation, along with difficulties supporting multiple EDI gateways, highlighted a need to upgrade and consolidate their worldwide B2B infrastructure.

This company sought a global B2B outsourced solution that could scale to support its B2B program and its trading partners across 125 different countries. The manufacturer chose GXS Managed Services because of GXS's unmatched international capabilities and the leading GXS solution which allowed the company to meet the requirements of their diverse customer base. Over 80% of the manufacturer's trading community already used GXS—further streamlining the implementation. The GXS solution supports the company's investment and leadership in the retail Efficient Consumer Response initiative, improves their ability to track and trace inbound and outbound shipments and shields the company from the escalating complexity of global B2B trading programs.

### SUPPLY CHAIN INFORMATION

**GXS can help you streamline integration of supply chain information, including:**

- Advanced Ship Notice
- Forecast
- New Product Introduction
- Order
- Order Acknowledgement
- Invoice
- Payment Remittance
- Product Catalog Information
- Sales Reporting

**GXS Managed Services** provides the people, process and technology necessary to perform all day-to-day management of an organization's global B2B operations, including:

- On-demand translation service that provides any-to-any data format and protocol conversion
- Daily global B2B operations conducted via world-class and geographically dispersed data centers with SLAs for 99.9% uptime
- A trading community on-boarding service that enables our customers to reach 100% of their trading partners
- Dedicated program managers to help execute customers' global B2B programs
- B2B transaction visibility for document tracking and reporting, providing real-time order status and supply chain scorecards
- Logistics visibility for both inbound and outbound freight, providing configurable business rules, exception alerts and real-time delivery expectations based on current status
- Inventory visibility to help the customer and its trading partners know what products are available at all times
- Intelligent Web Forms and B2B “accelerators” that enable technologically challenged trading partners to integrate with the customer's system, regardless of their back office capabilities
- Invoice delivery service that provides all inbound supplier invoices electronically, eliminating manual entry and enabling multi-way match against PO, ASN and receiving
- Support for DSD, FMCG, GDSN and other industry initiatives

GXS has 40 years of experience in B2B e-commerce and nearly 20 years in supporting full service B2B outsourcing programs. GXS Managed Services enables you to trade electronically with more trading partners, improve your business visibility and meet your current and future business requirements.

### Customer Integration Services

When working with retail customers, each has its own unique requirements for shipping, logistics and invoicing as well as for formatting transactions and the data provided within the transactions. The more retailers served, the more complex the B2B requirements. GXS serves as a buffer from this complexity by supporting the supply chain automation needs of all your customers.

#### e-Invoicing Case Study

One large clothing manufacturer serves thousands of small specialty retailers in addition to many larger retail stores. Invoicing these customers has been a costly manual process involving taping a paper invoice to each carton shipped or mailing the invoice. Meanwhile the manufacturer has automated invoicing with its larger customers. The company chose GXS to implement an invoice delivery service that provides invoices to all its customers either via EDI or through an easy to use website. The small retail customer receives an email notification that the invoice is available. Then, when the customer opens the invoice, the manufacturer is automatically notified. The solution saves time, reduces costs and is more environmentally friendly than a paper-based process.

**GXS Customer Integration Services** part of GXS Managed Services, provides the people, process and technology necessary to perform all day-to-day management of an organization's customer integration needs, including:

- Accepting purchase orders in any format
- Enabling purchase order change documents to eliminate the usual, but costly, gap in the order-to-settlement process
- Enabling invoice delivery to customers, regardless of technological capabilities
- Providing Advance Ship Notices, the baseline document for shipment track and trace
- Integrating with carriers to enable electronic updating of shipping status
- Shipping and logistics visibility
- Validation of transaction data to ensure accurate completion of orders
- Enabling product information synchronization through standards-based and proprietary means
- Validating product information to meet industry standards and customer-specific requirements
- Delivering point-of-sale and retailer inventory information—ensuring that store shelves maintain sufficient inventory
- Providing the team that enables all of this functionality

### Upstream Supplier Integration

Suppliers are starting to realize that meeting retailers' demands means having tighter control of their own supply chains. GXS understands that integrating with suppliers is a challenge different from integrating with retailers. Suppliers may be more geographically diverse and have a lower level of technological sophistication. Yet, the same performance that retail customers expect from your business is also required from your suppliers. Your supply chain may even need to perform better in order to effectively meet the demands of the retail customer.

**GXS Supplier Integration Services** provides the people, process and technology necessary to perform all day-to-day management of an organization's global B2B supply side operations, including:

- Delivering forecasts and purchase orders to suppliers around the globe and proof of delivery
- Providing notification if responses are not received when expected
- Enabling purchase order change functionality to eliminate the common gap in the order-to-settlement cycle
- Making it possible to receive all invoices automatically, minimizing manual data entry and keystroke errors
- Providing multi-way matching of invoices against purchase orders, shipping notices and receipts



#### GXS TRADING GRID

The GXS Trading Grid provides a collaborative solution for optimizing B2B processes and increasing supply chain effectiveness. Automating with GXS reduces operational costs and improves business performance.

According to AMR Research, companies with more electronic trading partners experience:

- 13% shorter days sales outstanding (DSO)
- 37% shorter cash-to-cash cycle times
- 19% lower total supply chain costs (including manufacturing), which translates to 5% of revenue<sup>1</sup>

Use of B2B technologies increases the bottom line through:

- Reduced errors
- Faster order processing
- Increased accurate shipments
- Increased on-time deliveries
- Increased on-time payments
- Reduced inventory
- Increased turns
- Reduced expediting costs

1. AMR Research: Benchmarking B2B E-Business: The Value Is in There. Wednesday, January 03, 2007  
Bill Swanton, Debra Hofman

- Enabling all of these transactions with suppliers in any location and with any level of infrastructure sophistication
- Integrating with carriers to provide both freight updates as well as carrier invoices, minimizing costly manual efforts in both areas
- Enabling visibility into supplier inventories, resulting in improved planning
- Providing the team that enables all of this functionality on the GXS customer's behalf while working with the customer's suppliers to increase adoptions and ongoing usage of the new functionality

## Product Information and Data Quality Solutions

The scope of what is considered B2B functionality has expanded over the years. It is no longer appropriate to limit the B2B picture to the order-to-settlement process. In truth, pre-order functionality is seen as the baseline from which all order-to-settlement processes flow. If the pre-order processes are faulty, the order-to-settlement process—and supply chain functionality—will suffer. GXS provides solutions that help suppliers get the right information to retail customers in a complete, accurate and timely manner—and in the way that retailers want the data. Whether delivery is via the Global Data Synchronization standards, EDI or a proprietary method, GXS helps provide complete, accurate and consistent data when and how retail customers want it.

### Product Data Quality Case Study

A leading multi-national dairy products provider introduces nearly one new product each day. In addition, the formulas and packaging for their existing products often change. Supplying accurate, complete and consistent data to its customers is a constant challenge. Consumer demands for nutritional information along with retailer requirements and government legislation combine to create a significant test for the company's data integrity team. GXS was chosen to provide on-demand product data quality services. The company electronically delivers the product data to GXS where it is validated against industry and retailer requirements. Failures are returned to the company to review and revise. Product data that successfully passes validation is certified and delivered to the retail customers.

**GXS B2B Data Management Solutions** provide the aggregation, validation and synchronization functionality needed to deliver retailers complete, accurate and consistent data, including:

- Synchronization with general merchandise and apparel retailers via the GXS Global Product Catalogue that has been utilized by customers for over 20 years
- Outsourced and Software-as-a-Service product data quality solutions that accept supplier data, validate it against industry standards and retailer specific requirements and then:
  - Deliver that data to retailers only after it has been certified as clean and accurate
  - Deliver the same data to the client's back office systems so that the client and the client's customers work from the same clean, accurate and complete data
- Synchronization with 1SYNC and other Global Data Synchronization Network data pools
- On-boarding services to 1SYNC in partnership with 1SYNC

## Outsourcing and GXS

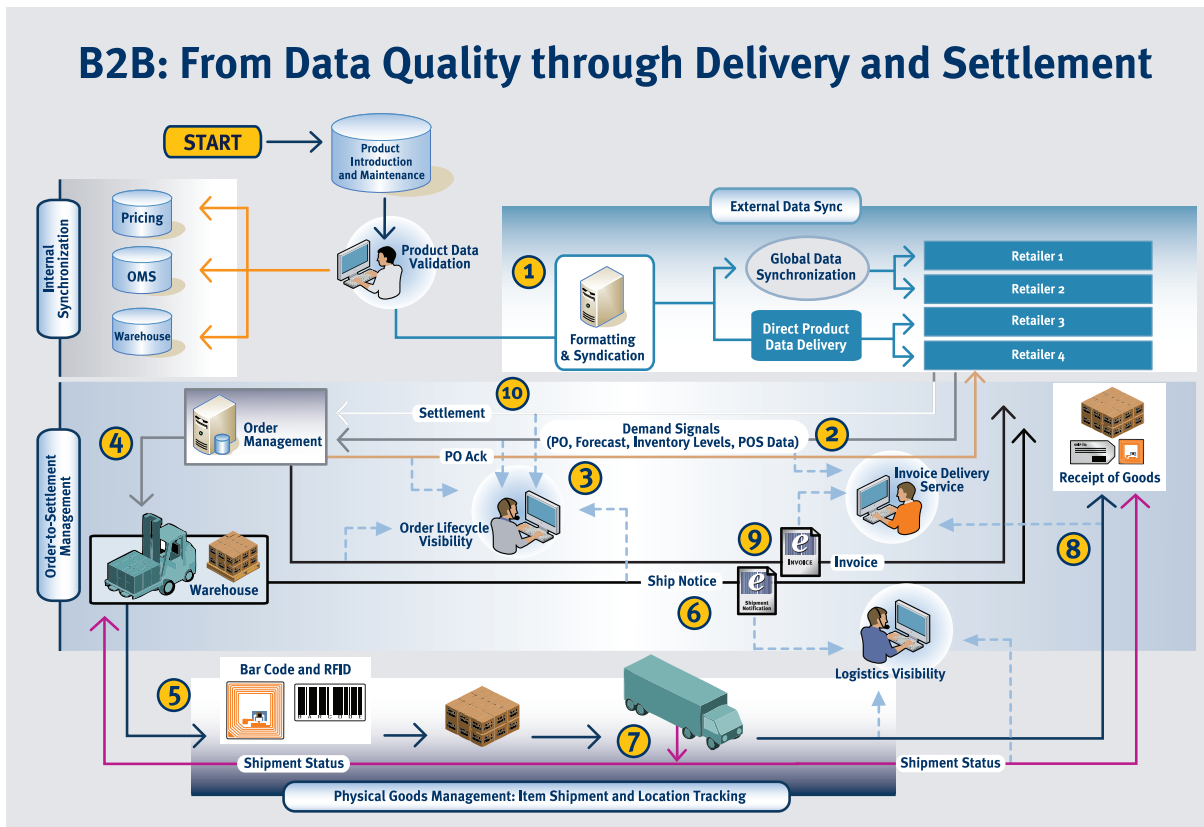
Across all channels and B2B transactions, consumer products companies indicate that they are seeing an average annual increase in retail trading partners of more than 20%, and as much as 45%. At the same time, consumer products companies have identified their greatest B2B challenge today as keeping up with the changes in existing trading partner requirements.<sup>1</sup> Having to keep up with existing customer requirements while also increasing trading relationships at a rapid pace is an almost impossible task for most consumer products companies. Thus, they often have extensive backlogs of customer-oriented B2B initiatives. Outsourcing solves these problems.

Companies that outsource see a reduction in time to set up new B2B connections and a reduction in the number of trading partners waiting to get on-boarded.<sup>2</sup> Consequently, 61% of companies that outsource indicate that doing so has helped improve their revenue. Other benefits noted by these companies include cost reductions, improved cash-to-cash efficiency, improving cost to serve, better compliance with customer requirements and an increase in satisfaction with the strategic nature of customer relationships.<sup>3</sup>

As the world's leading B2B outsourcing provider, GXS is passionate about delivering these significant benefits to our customers. In addition, outsourcing improves risk management by providing better predictability in B2B IT costs while increasing the availability of those systems.<sup>4</sup> Contact us today to learn how GXS outsourcing solutions can help your company reduce operational costs and improve business performance.

1. AMR Research, January 2008  
 2. Stanford Global Supply Chain Management Forum: Driving Business Value Through B2B Outsourcing, October 2007  
 3. AMR Research, January 2008  
 4. Stanford Global Supply Chain Management Forum: Driving Business Value Through B2B Outsourcing, October 2007

**Figure 1: GXS Helps Automate Your Demand Chain**



The following 10 steps are highlighted in Figure 1. GXS allows you to exchange information using traditional EDI standards, new XML formats, ERP formats (SAP IDOC), Microsoft Excel, Web Forms and proprietary formats.

- 1. Product Introduction and Maintenance:** Aggregate and stage product, price and promotion information, validate product data against industry standards and retailer-specific requirements, syndicate that information back to internal systems, synchronize the information to trading partners. Utilize standards-based or proprietary methods. GXS provides solutions to support all this functionality.
- 2. Demand Signals:** Purchase Order, Purchase Order Changes, POS, Forecasts, Inventory updates, etc. Retailers transmit this information to suppliers via EDI or other methods. Alternatively, suppliers identify needs via in-store inspections in some DSD models. GXS supports supplier in receipt of all customer-driven demand signals.
- 3. Order Acknowledgement:** Suppliers receive and respond to the order, including a Purchase Order Acknowledgement that lets the retailer know if the order can be fulfilled. GXS helps generate and deliver acknowledgements to customers.
- 4. Order Fulfillment:** Internal supplier processes are followed to ensure supplier product availability and sharing of initial shipping and bill of lading information with the retailer.<sup>5</sup>
- 5. Shipment Labeling:** Products are picked, packed, labeled and shipped. Bar code and RFID are used for track and trace throughout the shipment process. GXS helps produce labels and links to logistics documents.
- 6. Ship Notice:** The Advance Shipment Notice (ASN) is used to notify the recipient that the products are en route. ASNs contain data such as the actual shipment contents, the expected delivery time and the carrier. GXS helps generate and validate the ASN against demand signals and business rules for accuracy.
- 7. Shipment Status:** Carriers deliver shipment status messages, including delivery notices, to the supplier/retailer as the goods move through the supply chain. GXS validates status against business rules and expectations.
- 8. Receipt of Goods:** The shipment label is used by the retailer's receiving department to identify the shipment and its final destination.<sup>6</sup>
- 9. Invoice:** The supplier invoices the retailer for the goods delivered. GXS formats and distributes invoices and provides easy-to-use web forms for customers that cannot receive electronic invoices.
- 10. Settlement:** The retailer and supplier settle the transaction, including expense off-sets and anticipated promotional and other deductions. Funds and payment advice are transferred electronically. GXS delivers payment advice to supplier.

## 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 75 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's 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, Maryland, 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](http://www.gxs.com).

5. While this step is an important part of the supply chain process, it is executed outside of the GXS application functionality.  
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