

**Effective Data Inc.
White Paper:**

*UCCnet
White Paper*



Effective Data

1515 E. Woodfield Road,
Suite 770
Schaumburg, IL 60173
Ph (847) 969-9300
Fx (847) 969-9350
www.effective-data.com

Table of Contents

Introduction.....	3
Executive Summary.....	4
The need for UCCnet.....	5
UCCnet impact on business.....	6
UCCnet impact on in-house systems.....	7
Getting started with UCCnet.....	8
Help is Available.....	9
Conclusion.....	9
About us.....	10

Introduction

Effective Data specializes in ***EDI Consulting*** and ***Data Integration***. Founded by EDI experts, ED has been a pioneer in the electronic commerce-consulting arena since 1991. ED believes that a successful EDI solution requires more than technical expertise on emerging trends. Each Effective Data EDI solution is based on a unique collaboration of strategists, developers, and project managers. ED's Consultants are all full-time, unbiased EDI veterans with the desire and determination to succeed. Our specialists deliver EDI solutions aligned to meet the client's specific technology needs, business objectives, and desired time to market.

Executive Summary

UCCnet is a central repository for product information operated by the Uniform Code Council for the retail industry and maintained by individual suppliers supplying base and update information electronically or on-line. Its purpose is to dramatically improve the supply chain efficiency by providing up-to-date, accurate and industry compliant production information.

The driving impetus behind the adoption of UCCnet among retailers and suppliers is the desire to improve the accuracy of the product information for the retailer through their entire system to the final POs scanning and check out process. There are also many benefits to the supplier in the way of: reduction of invoice deductions, reduction of costly administrative errors, decrease lead-time requirements for new production introductions by providing a faster and more accurate method of handling item change information.

UCCnet announced on August 12, 2004, that it has successfully completed beta testing as a standards-compliant, interoperable data pool to the Global Data Synchronization Network (GDSN). The GDSN is a global, Internet-based initiative that will enable companies around the world to exchange supply chain information that is accurate, up-to-date, and conformant with universally supported EAN.UCC System standards. Utilizing a centralized global registry, called the GS1 Global Registry™, the network will connect participating source (manufacturer) and recipient (retailer) data pools around the world, and ensure that information is standardized, synchronized, and can be exchanged between trading partners on a near-real-time basis. Once fully implemented, the GDSN will improve data integrity and help companies reduce the costs associated with inaccurate supply chain information.

Also, UCCnet announced the launch of the UCCnet™ Sync Utility. This new solution, which is geared for smaller-sized companies that qualify at the \$100.00 annual synchronization subscription level, is an easy-to-use utility that guides users through the data registration and synchronization process. The Utility provides a simple step-by-step format to help users enter their product, location, and company information; ensures that the data follows EAN.UCC System standards; and completes the synchronization processes by allowing companies to publish this information to their trading partners. The Utility can be accessed from a standard PC with an Internet connection and does not require any additional hardware, software, or consulting services.

In addition to the UCCnet Sync Utility, the organization also announced a new enhancement to its UCC Solution Partner Program™. Select UCC Solution Partners now offer value added services. These services will include on-boarding to UCCnet Services, customer service, and technical support. Based upon the solution that best fits the customer's business needs, this new offering can provide customers with a 25% or 50% cost savings on UCCnet subscription fees.

While the benefits to a supplier will become apparent once they implement the necessary steps to achieve UCCnet compliance, the supplier will generally be forced into compliance by one or more of their major retailers. This coercion will happen along the same lines that were used to mandate EDI transactions between the retailers and suppliers. A mandate will be given, timetables will be set and performance against those objectives will be measured. The supplier will have to comply with the retailers' requests or face fines and possible disruption or elimination of business with the retailer.

The Need for UCCnet

UCCnet was created to facilitate and improve the production information exchange between the retailer and supplier. The initial benefits will aid the retailer in improving the accuracy and timeliness of their product information. The supplier will see a benefit as the relationship progresses over time. Once the information is established on UCCnet, the data synchronization engine will enable suppliers to communicate new information or data changes to their retail partners in a near real time mode, thus eliminating the costs associated with data inaccuracies.

A.T. Kearney conducted a survey of the impact that the item synchronization would have on the supply chain and made the following observations:

- \$40 billion or 3.5% of total sales lost each year due to supply-chain information inefficiencies.
- 30% of item data in retail catalogs have errors: each error costs \$60.00 - \$80.00.
- 25 minutes of manual cleansing required per SKU per year.
- 60% of all invoices generated have errors; 43% of all invoices result in deductions; each invoice error costs \$40-\$400 to reconcile
- Average of four weeks to roll out a new product.

These are impressive numbers based on the way that business is currently conducted. UCCnet has conducted a study to determine what retailers and suppliers can experience after implementing a UCCnet solution:

- 50-75% reduction in deductions due to invoice pricing and product delivery discrepancies.
- 30% improvement in the number of quality purchase orders generated per year.
- An average of 1,320 total hours saved in paper administration and data keying
- 80% improvement in speed to retail for new items, price changes and promotions – the time required to communicate and execute changes can be reduced from up to four weeks, to two days.
- 99.8% scanning accuracy at the retail point of purchase.

The number of retailers and suppliers that are currently using or planning to use UCCnet in the near future is continually growing. If you currently do business with one of these organizations, you may soon receive a mandate to become UCCnet compliant. A partial list of participants is:

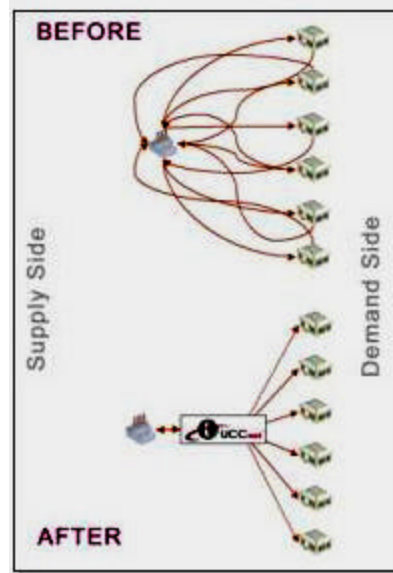
- Ace Hardware
- Ahold USA Inc.
- Albertson's
- Coca-Cola
- Del Monte
- Food Lion
- General Mills
- H.E. Butt
- Hershey Foods
- Hy-Vee Inc.
- Kroger
- Lowe's
- Meijer
- PepsiCo
- Procter & Gamble
- Sears
- Shaw's Supermarkets
- Supervalu
- Walgreen's
- Wal-Mart

UCCnet Impact on Business

The impact on any organization will be a two fold. First, is the initial assessment, setup and implementation step and second is the ongoing effort to maintain the synchronization with UCCnet. The first step can require a significant effort, depending upon the integrity and reliability of the information currently stored in the supplier's item database. If the supplier is currently maintaining all of the mandatory elements out of the 62 primary product attributes, then their scope of effort will be minimal.

The major business impact will include the time and money spent on revising systems and databases and the purchase or development the infrastructure required to format and transmit the item attributes. The ongoing synchronization effort should be minimized once all of the synchronized data workflow and maintenance issues have been ironed out and documented.

The following diagram shows the item synchronization flow before UCCnet and after UCCnet. The information flow before UCCnet required a separate and distinct link between the supplier and each retailer. After UCCnet, the link was reduced to one point of contact between the Supplier and UCCnet, and another point between UCCnet and the Retailer for the Retailer to synchronize the items form all of their suppliers.



*Source – June 8, 2002 A.T. Kearney Study for GMA Executive Conference Forum

UCCnet Impact on In-House Systems

As with any mandated change from a major retailer, the impact on a supplier's application system can range from a minor enhancement to a larger scale enhancement effort. The actual implementation impact on a company's in-house system will be dependent on several factors:

- Ability to store and maintain the required item attributes
- Location of Item data (It might be spread out across multiple systems)
- Ability to ensure validity and integrity of item attribute information
- Knowledge of required technologies (XML, AS2...)
- Current sophistication of EDI translation and transport mechanism (True machine-to-machine integration requires translation of item information into XML schema and is communicated via the AS2 transport protocol)
- Desired level of sophistication of the implemented solution (A simple solution could be to manually maintain the item attribute information on UCCnet via their website and a sophisticated solution would require full machine to machine communications integration)

One of the key components of the UCCnet synchronization is the proper assignment and maintenance of the GTIN (Global Trade Item Number). The GTIN is a 14 character representation of your item number. It will normally be based on your existing 12 digit UPC number with two additional leading zeros. It is imperative that the UPC number is expanded and formatted to the new specifications to implement UCCnet correctly.

Getting Started with UCCnet

While there are many issues and decisions an organization must make to implement the UCCnet synchronization, it is relatively easy to get started. The first step is to go to the UCCnet website (https://subscribenow.uccnet.org/uccnet_application/) and fill out the required trading partner service agreement information. The process is not time consuming to get the ball rolling, but to implement the service requires the assignment of a GLN (13 digit Global Location Number) which is a unique number assigned to each organization. A unique GLN number can be set up to identify smaller components of an organization, such as: Corporate HQ, Regional offices, warehouses, plants and Distribution Centers. This number is assigned to your organization by the UCC organization to prevent duplicates from occurring. The UCC will assign the company prefix portion of the GLN number and it is up to the supplier to assign specific serialized components for each of their required distinct locations. The GLN number can be used throughout the world with no need for other trading partners to assign unique proprietary numbers to each of their business entities.

As part of the subscription process, the annual fee you pay to UCCnet is based on your company's annual sales. If your company's annual sales are less than \$25 million, then your annual fee is \$1,500.00. If your company's annual sales are \$1 - \$3 billion, your annual fee is \$40,000.00. You can refer to the UCCnet subscription fees for a full range of fees based on your company's annual sales. <http://knowledgebase.uccnet.org/fastFacts/UCCnetSubscriptionFees.pdf>.

Once you have registered with UCCnet, the next step would be to purchase their SYNCTrak package for planning the assessment and implementation that includes a systematic overview of the entire process as well as other required project and deliverable documents.

After reviewing the SYNCTrak product, the next step is to perform an assessment of your company's current capabilities to manage and maintain the required item attributes and how you will exchange that information with UCCnet. From there, the project will progress through the integration and certification phases before you can register your item data base and go live with the exchange of information using UCCnet.

Help is Available

Effective Data has over 12 years experience implementing EDI, including the 832 product/price catalog transaction set, on multiple platforms and integrated with a large number of business applications. That is the kind of experience that can make the difference between struggling through an UCCnet implementation and quickly and efficiently implementing the process to maximize return on investment. Effective Data's senior level consultants understand the issues surrounding business process change, exactly the kind of experience needed to help smooth over the rough edges in any price/product catalog change within an organization.

Conclusion

The challenge in implementing any product catalog automated data exchange is not the data format to be exchanged, the data transport method or the tools used to accomplish these tasks. Rather, it is the fundamental integrity of the underlying information. Changes in data format, data transport or the use of a catalog repository will not overcome errors in pricing, mistakes in product descriptions or the data entry errors associated with the use of multiple, incompatible systems to develop, publish and distribute the information.

Additional UCCnet information can be found at their website <http://knowledgebase.UCCnet.org/>.

About Us

EDI is our forte and nobody does it better. Over the past decade, ED has supported companies of all sizes - in every industry. From mom and pop shops - to the Fortune 100, ED has developed and implemented an EDI solution for them all. We have worked on every platform and with every EDI software package under the sun - whether home grown, off the shelf, or custom. Through all the difficulties over the past decade, one thing has remained constant; the nation's top companies have continuously relied on Effective Data for EDI support.

Effective Data builds and maintains long-term business relationships with our clients. Offering a unique approach to each project and unsurpassed responsiveness, our clients receive EDI services that are aligned to meet their specific technology needs and business objectives. Before you move ahead with your next project, evaluate our past. Clients include:



Company names and/or trademarks are the properties of their respective companies

Further details and testimonials from our client base can be obtained by contacting our offices, or visiting us on the web at www.effective-data.com.