



U CONNECT 07

Data Synchronization is Brewing in the Beer Industry

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ROSETTANET





AGENDA

- Introduction of NBWA/BIECC
- Timeline of Beer Industry Data Synchronization Involvement
- 1SYNC RCE Engagement
- E-Commerce Study Summary
- Interview Assessment Overview
- Looking Ahead



NBWA/BIECC

- NBWA represents more than 1,900 beer distributors across the country.
- America's Beer Distributors deliver more than 13,000 different beers to more than 531,000 licensed retailers across the country.
- The average beer distributor employs 48 individuals and has a fleet of 12 trucks on the road.
- NBWA's leadership consists of one distributor from each of the 50 states as well as 5 elected officers.



NBWA/BIECC

- The mission of the Beer Industry Electronic Commerce Coalition (BIECC) is to maximize the beer industry's role and common interest pertaining to the implementation and utilization of e-commerce within the three-tier system.
- The BIECC has member companies from brewers, importers and distributors of all sizes.

2007 BIECC Members

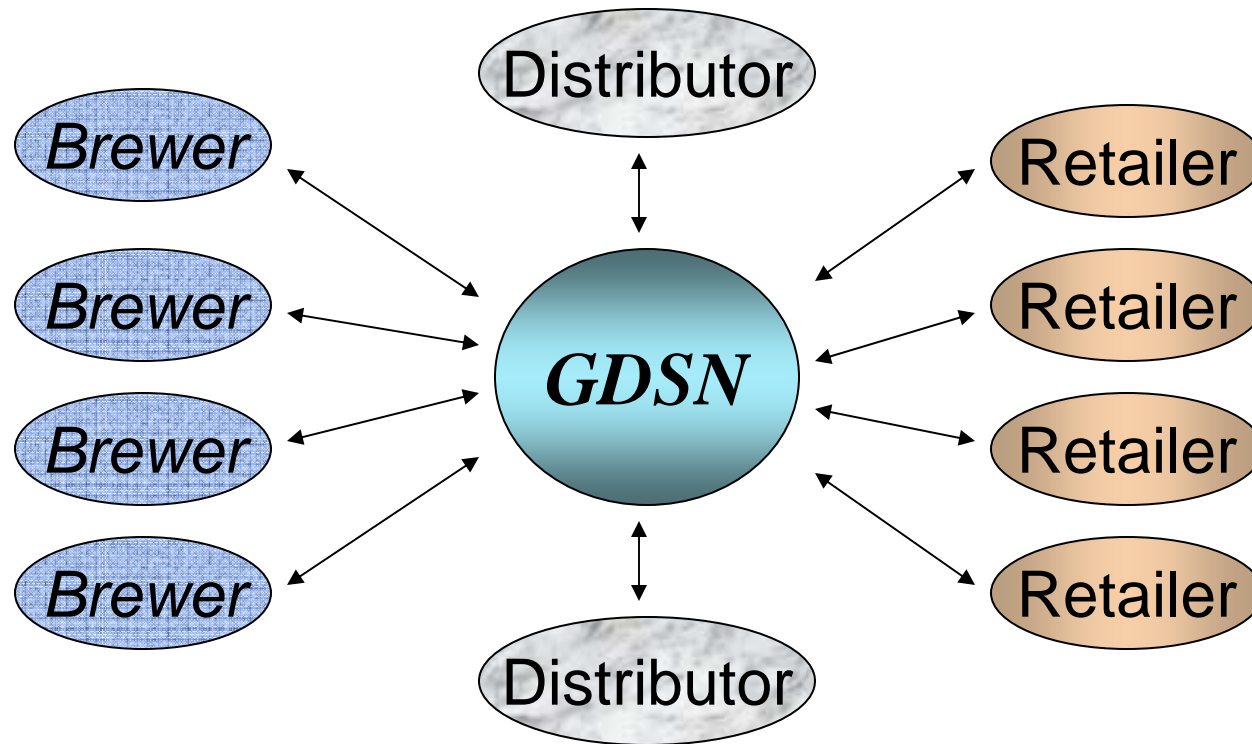
- Brewer/Importer Members

- Anheuser-Busch
- Coors Brewing Co.
- Crown Imports, LLC
- Miller Brewing Co.
- New Belgium Brewing Co., Inc.
- Sierra Nevada Brewing Co.

- Distributor Members

- Andrews Distributing (TX)
- Blue Ridge Beverage Co., Inc. – Salem (VA)
- Central Beverage Co. (IL)
- Grey Eagle Distributors (MO)
- J.J. Taylor Cos., Inc. (FL)
- Monarch Beverage Co., Inc. (IN)
- Wil Fischer Distributing (MO)

The Vision – Why Data Sync



One Standardized, Automated, Electronic Process to Exchange Accurate and Timely Item and Price Information Throughout the Industry



NBWA/BIECC Data Synchronization Timeline

- Sept. 2005 – BIECC offers a seminar titled, “Data Synchronization: Adding Value to the Middle Tier” at the Annual NBWA Convention & Trade Show.
- Oct. 2005 – BIECC officially releases, “The Impact of Global Data Synchronization on the Beer Industry: A guide for Wholesalers & Brewers”.
- Feb. 2006 – NBWA and the BIECC meet to discuss the possibility of conducting a beer industry specific pilot project.
- April, 2006 – 1SYNC offers a “letter of understanding” recommending a pilot project and offering an “on board” solution for smaller brewers and distributing.



NBWA/BIECC Data Synchronization Timeline

- June, 2006 – Initial Pilot Project calls begin. No clear goals or objectives are identified. Many questions arise.
- July, 2006 – 1SYNC recommends an industry assessment be conducted by their consulting group, the Retail Center of Excellence (RCE).
- August, 2006 – NBWA signs a Statement of Work with 1SYNC to conduct a Data Synchronization readiness assessment for the beer industry.
- September 25, 2006 – Work on the RCE begins at NBWA headquarters.

RCE Process

The National Beer Wholesalers Association (NBWA) and the Beer Industry Electronic Commerce Coalition (BIECC) are funding a project called the **Beer Industry GDS Readiness Assessment**.

The objective of this engagement is to:

- Support the proactive planning of Global Data Synchronization solutions by evaluating beer suppliers, importers, distributors and retailers, regarding logistics, item and price / promotion data collection, invoicing, and other relevant business processes.
- Provide a prescriptive implementation roadmap that may be used for a Beer Industry Global Data Synchronization (GDS) pilot.
- Lay the groundwork for adoption and implementation of GDS within the 3-tier beer industry



Call To Action

- Other Industries are moving forward
- Those that lead determine the direction
- Benefits can not be ignored (Accenture Study, Clorox White Paper)
- Price Synchronization being tested
- Retailers looking to expand data sync to alcohol segments

RCE Process

The Research conducted falls into two categories

1. Electronic Technology Capabilities Survey given to 109 NBWA Distributors
 - An important step in this assessment was to establish the beer industry's current capabilities for electronic commerce in general
 - and data synchronization in particular.
2. One on One Interviews with Brewers/Importers, Distributors and Retailers
 - 21 Interviews were conducted.

E-Commerce Questionnaire Highlights

Summary

Further Industry Education and Best Practices Needed to help Distributors

Industry Education Needed

- Only 15% of respondents have a mostly accurate understanding of what GDS is, at a very high level
- Only 32% see Global Data Synchronization as a priority project
- Importance of Item Master Data on Purchasing, Pricing, Invoicing, and external relationships with Retailers and Suppliers not well understood

High Level Implementation Planning

- Only 53% of respondents familiar with GDS have allocated resources toward data sync
- Majority lack High Level Implementation Plan / Checklist for success



Beer Industry Interviews

Background

- In order to better understand the challenges facing the Beer industry the RCE team conducted one on one interviews with an array of small, medium, and large brewers, importers, distributors, and retailers.

Interview Process

- A standard questionnaire was developed to use with all tiers in the Beer industry. By using a standard questionnaire business processes that flowed from brewer / importer to distributor to retailer could be evaluated.

Interview Questions

- A total of fourteen questions were asked during the interview process. The questions brought focus on the common areas where Global Data Synchronization provided business benefits in other product categories and industries.



Interview Assessment – Brewers/Importers

Importance of Proper Item Introduction and Maintenance

- Brewer / Importers must provide a large amount of information
- This information is used by distributors, retailers, and consumers
- Item information must be timely and accurate to ensure the end consumer is satisfied

Top Challenges of New Item Introduction

1. Manual Processes / Additional Setup
2. Information in-house but not available for use
3. Inadequate lead time providing information
4. Inadequate supply of product

Interview Assessment – Brewers/Importers

Business Process Benefits from GDS

- **Receipt of Shipments** – improved loading of trucks, increased visibility into delivers, correct item information, more accurate inventory and forecasting
- **Invoice Accuracy** – improved price change communication, reduced miss-shipments
- **Product Visibility** – U.P.C. errors reduced, more accurate and timely POS information from retailers
- **Out of Stocks** – Inaccurate forecasting , late placement of purchase orders, CPFR®

Infrastructure Challenges to Data Quality & Synchronization

- Organizational Focus to Item Information
- Multiple copies of Product Information
- New Suppliers, Mergers, Acquisitions



Interview Assessment – Brewers/Importers

Recurring Theme

- Retailers / Distributors all have unique systems requiring different data for item setup - No standardization

Recommendations

1. Timely communication between partners
2. Data synchronization
3. GTIN[®] use to eliminate duplicate U.P.C.'s

These along with additional answers all support the use of data synchronization.

Interview Assessment - Distributors

Distributors must gather and process a robust set of information about items.

Frequently Asked Questions of Distributors

- Product pricing / discounts / deals
- Product availability
- U.P.C. numbering
- Current inventory
- Package descriptions and sizes

Item Introduction and Maintenance Issues

#1- Lack of, or inaccurate information from supplier

(incorrect weight / no weight, multiple formats, U.P.C. errors)

#2 - Lack of communication with Retailer

(receiving issues at back door, different requirements for providing info)



Interview Assessment - Distributors

Business Process Benefits from GDS

- Receipt of shipments
- Invoice accuracy
- Product visibility
- Out of stocks

Infrastructure Challenges to Data Quality and Synchronization

- Organization focus to item information
- Multiple copies of product information
- New suppliers, mergers, acquisitions
- Distributor current perceptions

Interview Assessment - Retailers

Retailers must collect a large amount of item information regarding products they carry in order to properly represent them to the end consumer. They must receive timely and accurate item information.

Q: “What were the most frequently asked questions by their trading partners”

A: Retailer pricing strategy, preferential treatment for a competitor, and planogram placement

Item Introduction and Maintenance

Top Challenges

1. Manual processes
2. Poor data quality
3. Lead time on new items
4. Non-authorized items being sent

Interview Assessment - Retailers

Recommendations

1. Implementing GDSN® was the leading recommendation
2. Some retailers also mentioned using a Retailer Internet Portal

Business Process Benefits from GDS

- Receipt of shipments
- Invoice accuracy
- Product visibility
- Out of stocks

Infrastructure challenges to Data Quality and Synchronization

- Organizational focus to item information
- Multiple copies of product information
- New suppliers, mergers, acquisitions
- Retailer current perceptions



Recommendations

- 1. Education**
- 2. Business Process Change**
- 3. Define Goals and Objectives of Industry Sponsored GDSN Pilot**
- 4. Execute GDSN Pilot**



Education

Industry Education and Standards

- Website landing pages
- Industry letters and press releases
- Live Association sponsored web events about GDSN
- Retailer sponsored web events
- U Connect Alcohol Beverage Track
- Work with Brewers' Association and others
- Use existing Committees



Business Process Change

1. Implementing Single Item Master (Brewers, Importers, Distributors)
2. Improve technology to support processes - Automation Needed
3. Senior Management Support and Sponsorship
4. Participation in Industry Standards



Global Data Sync Pilot

Industry Sponsored Global Data Synchronization Pilot

- **Brewers/Distributor/Retailer participation**

Objectives of Pilot

- Determine costs associated with data synchronization
- Build ROI Roadmap to drive adoption
- Demonstrate 3-Tier support for Item and Price Synchronization
- Address concerns and misconceptions about data sync
- Identify areas of improvement.
- Generate momentum

ABI Organizations Active In Item Alignment

- AMERICAN BEVERAGE CORP.
- BACARDI DEUTSCHLAND GMBH
- BACARDI NEDERLAND N.V.
- BARTON INCORPORATED
- BLAVOD DRINKS LTD.
- BOSTON BEER CO. INC.
- BROWN-FORMAN CORP.
- CAMPARI DEUTSCHLAND GMBH
- CONSTELLATION WINES U.S.
- DIAGEO DEUTSCHLAND GMBH
- DIAGEO ESPANA SA
- DIAGEO NA
- E & J GALLO WINERY
- EEL RIVER BREWING CO.
- FGL WINE ESTATES EMEA LIMITED.
- FRANCIS COPPOLA BRANDS

Source: GDSN

ABI Organizations Active In Item Alignment

- GALLO VINYARDS INC
- GLAZERS WHOLESAL
- GLOBAL WINE & SPIRITS LTDA
- HIGH FALLS BREWING CO
- HORNELL BREWING COMPANY
- INBEV DEUTSCHLAND
- INBEV USA
- INTERBREW NEDERLAND
- ITHACA BEER CO.
- MATT BREWING COMPANY
- McCORMICK DISTILLING CO
- MCLANE COMPANY, INC.
- MILLER BREWING CO.
- MOET HENNESSY DEUTSCHLAND GMBH

Source: GDSN

ABI Organizations Active In Item Alignment

- NATIONAL ALCOHOL BEVERAGE CONTROL ASSOCIATION
- PACIFIC BEVERAGE
- PEDRO DOMECQ
- PERNOD RICARD COLOMBIA
- PERNOD RICARD NEDERLAND
- PILSNER URQUELL INTERNATIONAL
- SAZERAC COMPANY, INC.
- SOUTHERN TIER BREWING CO.
- SOUTHERN WINE & SPIRITS INC.
- ST. JULIAN WINE CO INC
- WINE TO WINE B.V.
- WINERY LTDA

Source: GDSN



Where We Are Today

- NBWA Commitment
- BIECC Commitment
- Data Sync Pilot
 - Planning has begun
 - Participant selection process is beginning



Summary

- The Industry will benefit from Data Synchronization - Problems exist that can be solved
- Standardization is needed
- Retailers are moving forward
- Action and Leadership is needed
- Data Synchronization does not happen on its own. Work and commitment are required
- If you are not part of the solution you are part of the problem
- **GET INVOLVED TODAY**



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Thank You

Questions?

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