

A DESCRIPTION OF THE CONTROL STATE ELECTRONIC PRICE QUOTE REPORTING SYSTEM (PQRS) CURRENTLY UNDER DEVELOPMENT

SUMMARY

Because of requests from industry, and specifically at the request of the Association's Industry Steering Committee, the NABCA is participating in a pilot project with suppliers, the control states, and value-added vendors, to design and implement an electronic price quotation system for use by industry companies doing business in the Control States. Participating in the pilot in addition to the NABCA are Barton Brands, Sazerac, Luxco; the states of Alabama, Idaho, Maine, and West Virginia; ISYNC, and Ontuet.

Historically, suppliers have listed products in the Control States and filed associated prices. Price filings allow a supplier to set or change the prices that a state pays for the products it buys. Price filings occur periodically within a state, usually four times per year. This process is manual in most of the control states, and mechanizing it is desirable.

The PQRS originated during the 1999 Administrators Conference in Portsmouth, NH. During this conference, suppliers in attendance asked Control State personnel to adopt a single price quotation form to replace the nineteen that were in use at that time. Ken Hall, Seagrams' Control State Division Chief of Staff and now with Pernod-Ricard, volunteered to design a new form. A year later, fifteen of the nineteen control jurisdictions approved the standardized form, and the NABCA began distributing it to industry during 2001.

Although the standard form is widely used among the Control States, other means are used to collect price filings. Montgomery County, MD, and the state of Pennsylvania use proprietary forms, and three Control States, Michigan, North Carolina, and New Hampshire, have implemented on-line price filing systems. Every alternative to using the standard form presents a unique interface to companies filing prices in the Control States. In addition, other states have plans to collect price quotations on-line with their own yet-to-be-built systems in the more distant future. We believe that these efforts will create an environment of on-line systems and proprietary forms as different from one another as the paper forms were prior to the 1999 standardization effort.

Current Systems

The price quotation process allows suppliers to report product attribute changes - e.g., UCC and SCC changes, pack size changes - as well as price changes. Over the past years a subset of the Control States - Alabama, Idaho, Montana, New Hampshire, Oregon, Utah, West Virginia - working with industry - Bacardi USA, Brown-Forman, and Diageo - identified events, referred to as trigger events, that require suppliers to send price quotation forms announcing product related attribute changes to the Control States. The completeness and appropriateness of the events were validated among the Control States with a survey.

An all-inclusive trigger event list allows suppliers to respond in a uniform way within the Control States, regardless of what information an individual state requires, when a qualifying event occurs. This suggests that some states receive price quotation forms containing superfluous information, which is ignored. The events identified as triggers are:

- New Item (already listed)
- Proof Change
- Age Change
- Case Cost Change
- Vendor Change
- Size Change
- Pack Change
- Freight Change
- Shipping Point Change
- FOB Point Change
- Vendor Change
- UPC Change
- SCC Change
- Pallet Quantity Change
- Cases per Layer Change
- Case Weight Change
- Case Dimensions Change
- Sleeve Change (50 ml)
- Terms of Purchase Change
- Authorized Distribution Agent Change (Michigan Only)
- Brand Name Change
- Label Change

Michigan, North Carolina, and New Hampshire currently use on-line systems to collect price quotations from their supplier business partners. Montgomery County, MD, and PA use their own proprietary forms for this purpose, with PA planning to migrate to an on-line system in the future. The other fourteen Control States use the standardized price quotation form to accept product change information from industry.

Two Control States, NC and VA, have used, or are now using, Electronic Data Interchange (EDI) to accept product change information from at least some suppliers.

General And Specific Issues

Suppliers doing business in the Control States need a standard way to file prices, and the Control States need a standard way to receive them. The process of transmitting, formatting, and storing product and pricing information should employ an easily accessible, ubiquitous medium that conforms to the standards embraced by corporate entities doing business globally.

The Price Quote Reporting System (PQRS) brings these capabilities to industry and the Control States with the benefit of being consistent with processes used by industry to distribute product information to its open-state wholesalers and retailers . Product information, including prices, is put onto the GDSN by suppliers. When this product information changes, transactions are sent to the NABCA,

which accepts data on behalf of the Control States. The data are collected by the NABCA and distributed to the Control States in an agreed upon format.

Implementation

The NABCA uses Gentran Server for Unix AIX 4.3.3 to process EDI transactions. During this past year, an XML module was added to increase in-house capabilities for handling data formatted consistently with global standards. Subscriptions to 1SYNC's services were purchased by the NABCA on behalf of Alabama, Idaho, Maine, and West Virginia, and a working relationship was established with Ontuet, a 1SYNC business partner.

A test of the PQRS is underway at this time. Barton Brands and Sazerac created transactions for twenty-five products. The fifty transactions were stored on the GDSN, and the NABCA retrieved them on behalf of the state of Alabama. The transactions were processed on NABCA's systems – i.e., XML documents were read and their contents were mapped to a flat-file format know to the state - and transmitted to Alabama, where they were determined to be suitable for loading into appropriate state systems. This test was completed on October 19, 2006, and a status report was delivered to attendees of NABCA's Administrators Conference in Portland, OR, on October 20. Comparable tests are planned for Idaho, Maine, and West Virginia, and later in the year, Oregon..

A parallel test using product data from Barton Brands and Sazerac during a price filing period in 2007 is planned. Industry wide implementation of PQRS in Alabama, Idaho, Maine, New Hampshire, Oregon, and West Virginia is planned for 2009.