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C o n f e r e n c e

Where Solutions Meet the Supply Chain

May 21-23, 2003 • Disney's Swan & Dolphin Hotel • Orlando, FL

Thursday
2:30 pm-3:45 pm

UCC Benefits Analysis Calculator

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Nathan Research Inc.

May 22, 2003
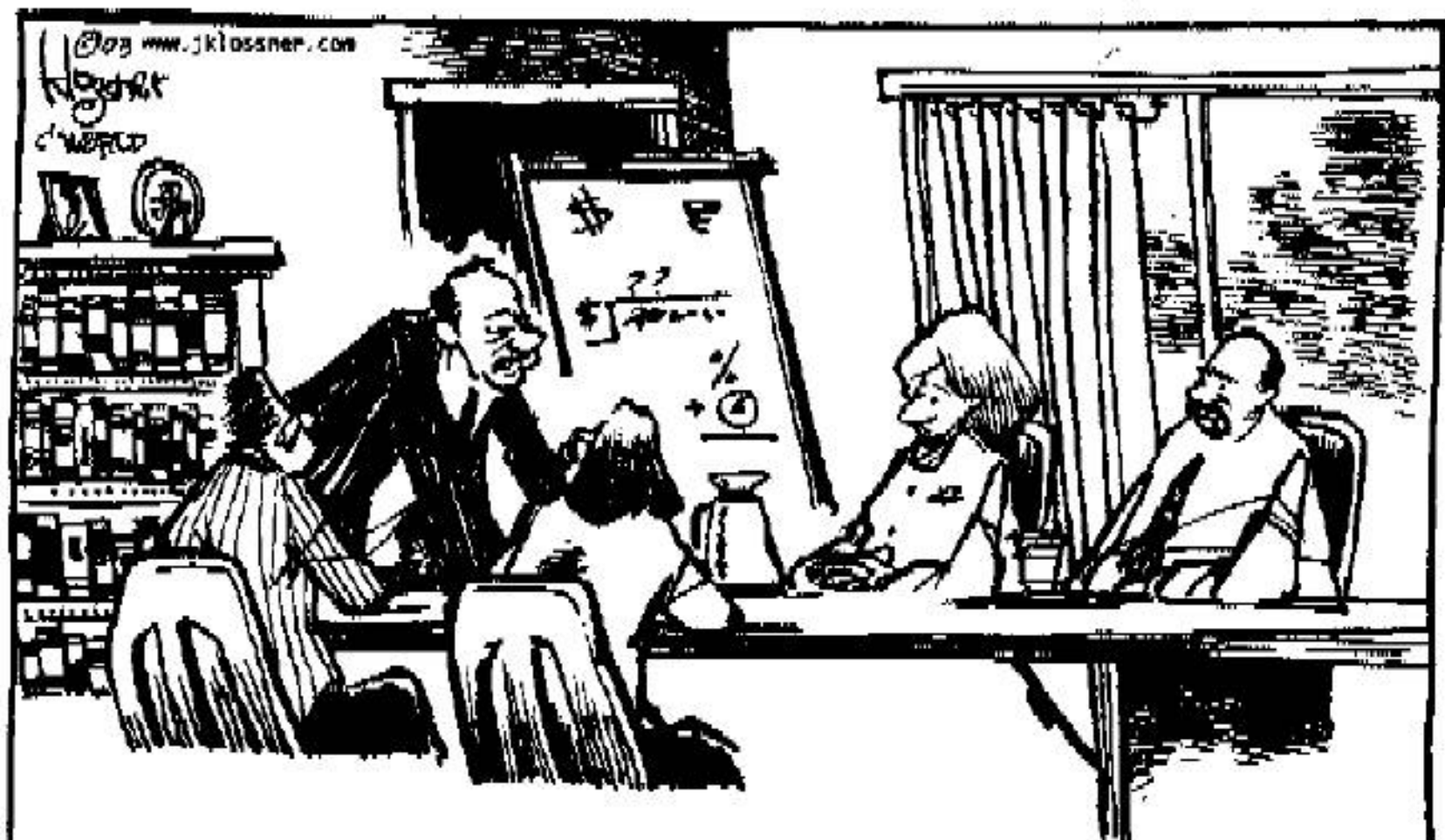
"WHAT'S THE ROI OF THE TIME WE SPEND FIGURING OUT ROI?"

CxO conversation

- We should do GTIN because UCC has mandated it

- We should get involved in GDS because this big Retailer is doing it

- We should take up RFID because – well, how cool would it be if our products had this tiny little intelligent tag

→

- By adopting GTIN, we can bring additional products to market, sooner - resulting in an additional annual revenue of $ 25 MM

- By doing GDS, we can increase our return on IT spend by 25%

- By implementing RFID, we can reduce inventories by $18 MM and free cash flow by $1.4 MM per year

Agenda

- Industry Priorities
- History Behind Standards Benefit Calculator
- Basis for the Calculator
- Methodology
- Key Features
- Product Demonstration

Industry Priorities

- Emphasis on Business Process Definitions
  - Understanding of process gaps, integrated workflows
  - Formalization and structuring of processes
  - Alignment of business processes with IT initiatives
- Review of Technology Assets
  - Inventory of IT assets (especially software)
  - Gap and Fit Analysis to Process Priorities
  - Critical review of return on IT assets
  - Maturing of retail technology
- Operational Effectiveness
  - Key Differentiator
  - Tighter integration between planning and execution processes
  - Emphasis on Operations more than ever – Standards help

Standards in Action

- Promotes international adoption of comprehensive EAN.UCC Systems of supply chain standards

- Educates top level retail, consumer goods and technology executives

- Develops tools and techniques to explain the function, features and benefits of EAN.UCC System

www.retailsystems.com/communitycenters/cscc/SIA_map.pdf

Standards Layers

GDS   CPFR

Business Process

EDI XML

Transaction

UPC   RSS   UCC128

Representation

GTIN   GLN

Identification

HTML   XML   Apache   JBoss

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http://sourceforge.net/projects/jboss/

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Project: JBoss.org: Summary

Summary | Admin | Home Page | Tracker | Bugs | Patches | RFE | Lists | Tasks | Docs | News | CVS | Files |

The JBoss/Server is the leading Open Source, standards-compliant, J2EE based application server implemented in 100% Pure Java

Foundry Member :Java Foundry

Project of the month for: April 2003

- Development Status: 5 - Production/Stable
- Intended Audience: Developers, System Administrators
- License: GNU Library or Lesser General Public License (LGPL)
- Operating System: OS Independent
- Programming Language: Java
- Topic: Dynamic Content, Object Brokering, Operating System Kernels

Developer Info

Project Admins:
juhalindfors
mnf999
patriot1burke
starksm

Developers:
92 [View Members]

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The Benefit Calculator

- This tool assists retailers and consumer products companies, with a easy yet comprehensive assessment of benefits.

- It will offer a rational view of the potential to enterprises from the involvement in and adoption of Retail standards.

- This is not a scorecard against other companies, but a tool to determine benefits specifics to the systems, applications and processes of individual companies.

Helps

Define, Quantify, and Pursue

The $$$

Performance Process

Enterprise Performance Measurement Planning

Executive Dashboard

Benefits Assessment and ROI calculation

Initiative Prioritization and Planning

Enterprise Performance Monitoring

Basis for the Calculator

- The key functions that drive business operations
    - Planning
    - Fulfillment
    - Financials
    - Store Operations
    - Information Systems
- Processes that constitute these functions
- Activities or Drivers of benefits in these processes

Methodology

- Functional and Process Decomposition

- Uniform system to define and quantify each benefit driver through 4 variables

- Assignment of improvement range for each driver

- Weighted assessment of benefits by different standard groups

  - Identification   - *Keys*
  - Representation - *Physical manifestation of keys*
  - Communication - *Data Interchange*
  - Process   - *Business process context*

Key Features

- Hierarchy of Retail & CPG functions
- Functions based on
    - 16+ Processes
    - 30+ Atomic level benefit drivers
- Adjustable variables with default values
- Provision for 'what-if' analysis
- User guidance through a series of questions
- Built in benchmark improvements for reference
- Description of functions, processes and standards
- Summary by enterprise, by process and by function
- Saving of work to resume later
- Distribution of benefits by standard groups

Open Source Platform

- Linux OS
- PHP server side scripting/ PHP Web Services
- MySQL database
- Apache Web Server
- HTML/CSS
- XML/XSLT

Product Demonstration

- Sign in as a demo user
- Review portfolio of benefits and summary
- Review functions, processes and benefit drivers
- Navigate help
- Perform what-if
- Save model
- Access by self-registering at www.nathanresearch.com

http://www.gttc.org/BusinessCal/User.php - Microsoft Internet Explorer

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Address   http://www.gttc.org/BusinessCal/User.php

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Standards in Action

Standards Benefit Calculator

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Home > Benefit Calculator > Retailer > Planning

Welcome Ram Viswan
Nathan Re.

Retailer

- Planning
  - New Product Introduction
  - Supplier Development
  - Forecasting
  - Deal Mgt
- Fulfillment
- Financials
- Store Operations
- It - Infrastructure

New Product Introduction

%

Reduced Processing Time	Adjust Improvement Parameters	Opportunity in $	% of Total		Keys	Physical	DI	Pro
				Standards Impact Weighted Distribution				
What is the number of days it takes to introduce an item ?	3.00	180000.00	0.53		50.00	0.00	20.00	30.00
What is the number of items/month ?	500.00							Adjust
What is the average daily labor cost ?	100.00							

Reduced Lead Time	Adjust Improvement Parameters	Opportunity in $	% of Total		Keys	Physical	DI	Pro
				Standards Impact Weighted Distribution				
Days	15.00	7500000.00	22.12		50.00	0.00	20.00	30.00

Descriptions

Business Type: **Retailer**
Companies whose primary business activity is merchandising and selling consumer goods through retail outlets.

Description of Standards Impact

KEYS: This set of standards refers
the identifiers such as the GTIN, Gl
etc
GTIN : Trade Items
SSCC : Logistics Identifier
GLN : Locations

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Standards Benefit Calculator

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Home > *Result Summary*

Business Process Result Summary

Benefit Calculator

Results

FAQ

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Planning	Last Updated on 2003/03/15 15:51	Opportunity	% of Total	Standards Impact -Weighted Distribution			
				Keys	Physical	DI	Proc
New Product Introduction		7,680,000.00	71.68	3,840,000.00	0.00	1,536,000.00	2,304,0
Supplier Development		2,000,000.00	18.67	600,000.00	0.00	600,000.00	800,00
Forecasting		555,000.00	5.18	121,500.00	100,500.00	121,500.00	211,50
Deal Mgt		480,000.00	4.48	144,000.00	0.00	144,000.00	192,00
Planning Total		10,715,000.00		4,705,500.00	100,500.00	2,401,500.00	3,507,5

Fulfillment	Last Updated on 2003/03/15 15:51	Opportunity	% of Total	Standards Impact -Weighted Distribution			
				Keys	Physical	DI	Pr
Replenishment		1,825,000.00	11.61	456,250.00	182,500.00	456,250.00	730,
Po Mgt		81,250.00	0.52	32,500.00	8,125.00	24,375.00	16,2
Warehousing And Logistics Mgt		10,188,562.50	64.81	2,073,068.75	2,033,037.50	3,037,068.75	3,045
Transportation		250,000.00	1.59	50,000.00	50,000.00	75,000.00	75,0

Standards-in-Action

Standards Benefit Calculator

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Business Function Result Summary

Retailer	Last Updated on 00-00-0000	Opportunity in $	% of Total	Keys	Physical	DI	Pro
Planning		10,685,120.00	27.64	4,825,560.00	10,500.00	2,395,524.00	3,453,
Fulfillment		19,044,688.00	49.27	4,624,281.10	3,263,734.36	5,725,624.80	5,431,
Financials		74,000.00	0.19	22,200.00	7,400.00	19,050.00	25,3
Store Operations		8,710,000.00	22.53	1,742,000.00	2,899,000.00	1,742,000.00	2,327,
It - Infrastructure		143,000.00	0.37	57,200.00	14,300.00	42,900.00	28,6
Total		38,656,808.00	100.00	11,271,241.10	6,194,934.36	9,925,098.80	11,265

Standards Impact - Weighted Distribution

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Future Enhancements

- Multiyear Projections of each benefit
- Sector Specific Variations
- Mapping benefits to specific initiatives – GDS, RFID etc
- Generalization of Initiatives
- Investment Calculation
- Investment in specific initiatives
- Three to five year NPV and IRR calculation
- Reporting of Opportunities, Initiatives and Rankings
- Create a customized program by picking A,B,C initiatives

About Nathan Research

- Seasoned Team of Industry, Process and Technology specialists with experience in

  - Retail and Consumer Goods Companies

  - Management Consulting

  - Software and Technology

Thank You

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