

## The Case for Global Standards: Creating the Business Case for Global Data Synchronisation in Your Company

The time to adopt a global “system language” in the consumer products and retail industry is now, before we find ourselves with a host of different solutions that are not interoperable. Adoption and implementation of these voluntary global standards will result in benefits for retailers and manufacturers in the form of revenue and productivity gains, working capital reduction and customer satisfaction. Global Data Synchronisation, in particular, will lead to a 1 percent to 3 percent savings in supply chain costs. “The Case for Global Standards” provides the evidence of where and how you can realise these benefits.

Imagine a perfectly seamless and streamlined supply chain, where exactly the right amount of goods became available at exactly the right place and the right time as if by magic. This dream is now becoming more attainable through the introduction of Global Data Synchronisation. The potential benefits are huge. The industry could cut vast amounts of waste and cost at every link in the supply chain. That’s the prize: better and faster and at lower cost.

Sadly, however, today’s reality is different. If the ideal is instant and seamless communication of accurate information that’s immediately understood, what we have today is slow, expensive communication of information that’s often partial, inaccurate and misinterpreted. Different languages create a barrier to communication while imposing all manner of costs: the time and money spent making translations; the delays caused by the need for corrections; plus inevitable information gaps and misunderstandings.

Given the choice, we would all opt for “business at the speed of thought” rather than a supply chain clogged by misunderstandings and confusion. Today that choice is becoming a reality. With technologies such as the Internet and Internet-based platforms, consumer products and retail companies have a once-in-a-lifetime opportunity to move to a higher level of supply chain efficiency. Via Efficient Consumer Response (ECR) best practices such as Collaborative Planning, Forecasting and Replenishment (CPFR) these technologies can help a company realise the dream of better and faster and at lower cost. But there must be a common language to make them truly effective. If we fail to create this, they could simply make the current confusion, complexity and misunderstanding even worse.

### Seizing the Opportunity

To seize the opportunity that exists demands that companies act fast. It will only be a few years before different local solutions for data synchronisation reach critical mass. If we don’t have a common business language by then, it may be too late, leaving the industry with a multitude of standards that are not interoperable.

The potential benefits associated with the adoption of voluntary global standards will impact many processes in logistics, order management, catalogue maintenance and category management. These benefits were identified during the course of extensive work to develop the business rationale for the adoption of global standards and Global Data Synchronisation (GDS). The business case rationale is presented in a full-length report titled “The Case for Global Standards,” published by CGE&Y and GCI (see sidebar).

The basic building blocks of Global Trade Item Number (GTIN) and Global Location Number (GLN) have been around for a number of years whereas GDS is now being set in place. The GTIN is a single, unique number assigned to all products and services, so that these products and services can be easily and accurately identified by everyone, regardless of country, region or continent. The GLN provides businesses with a globally accepted method of identifying legal entities and locations, such as plants, offices, stores and any other shipping or receiving point. GDS is a process designed to help keep everyone in the industry on the same page by ensuring that basic data such as item and party information stored by one company matches the corresponding data in the systems of their business partners. (Further details can be found in the GCI Global Data Synchronisation report, December 2001.)

The development of the business case rationale for GTIN/GLN/GDS led to a number of key conclusions:

- Data synchronisation is currently relatively underdeveloped. This situation is impeding further improvements in the supply chain.
- Substantial benefits can be achieved. Even in the medium term, retailers and manufacturers can reduce their supply chain costs by 1 percent to 3 percent, depending on their current state. In addition, there will be a positive impact on revenues from the recommended improvements.
- The long-term benefits are even greater, as these foundational standards enable the large-scale implementation of collaborative business processes such as Collaborative Planning, Forecasting and Replenishment.