



Sabine Ritter
Global Commerce Initiative
+49 221 947 14 423
sabine.ritter@gci-net.org



Natalie Fine
IBM
+1 646-598-3155
natalie.fine@us.ibm.com

Retailers and Consumer Products Manufacturers Publish Joint Report on EPC and the Transformation of Supply Chains

*RFID/ EPC Technology Critically Linked to Business Process Changes,
New Report from GCI and IBM Business Consulting Services Finds*

New York, NY, and Cologne, Germany, September 7, 2005 – Today, a group of 20 senior executives from some of the world's top retail and consumer products companies and industry bodies announced their shared analysis of the collaborative path toward an EPC-enabled supply chain. The group, comprising the Global Steering Group of the Global Commerce Initiative (GCI), unveiled a new joint report with IBM Business Consulting Services, which describes detailed, practical steps for transforming key supply chain processes and utilizing Electronic Product Code (EPC) technology.

Top-level conclusions of the new report, "*EPC: A Shared Vision For Transforming Business Processes*," find that an EPC-enabled industry supply chain:

- Requires work process transformation to truly deliver benefits.
- Will have varying opportunities driven by category-specific dynamics.
- Depends on information flows that are free, standards-based, secure, and in context.
- Requires costs to come down and new ways to create value along the supply chain.

The report represents a joint assessment of the transformational aspects of EPC technology by GCI members, including representatives from both the manufacturer and retailer communities. It builds upon the GCI's previously published report, "EPC Roadmap," published in November, 2003, to provide:

- An updated vision for EPC adoption in the consumer products / retail industries.
- Scenarios that explain the transformational potential of EPC technology, which can improve business processes, within and across trading partners.
- Action steps that individual companies, trading partners and the industry need to take to move toward the vision of EPC-enabled supply chains.

"In order for EPC to truly work, and for the industry and end-consumers to benefit from this technology, retailers and consumer goods manufacturers need to operate with the same

information,” said Zygmunt Mierdorf, Member of the Management Board of METRO Group and Co-Chairman of the GCI Steering Group. “That requires a new kind of collaboration, where information flows freely, securely and in a standards-based way between trading partners. Deploying EPC technology alone is not enough; we need to implement business processes changes to unlock the value.”

In the final section of the report, GCI recommends a number of key actions for individual companies, trading partners and the consumer packaged goods and retail industries, including:

- Ensure your company has clean, accurate product data that is aligned with trading partners and being shared automatically with those trading partners (through Global Data Synchronization, a recognized industry best practice).
- Embrace the exchange of supply chain information and collaboration via the EPCglobal Network as a source of business improvement, not as a threat. Establish clear information-sharing work practices with your trading partners and support the use of free, standards-based information exchange.
- Manufacturers and retailers should collaborate to craft a workable roadmap for EPC deployment focusing on high potential categories and the most accessible supply chain opportunities.

“EPC implementation is a substantial investment that requires in-depth, joint planning. That means retailers and consumer goods manufacturers need to go beyond sharing their knowledge and experience,” said Peter Jordan, Director International B2B Strategy at Kraft Foods and Co-Chairman of the GCI Steering Group. “Companies should begin reporting EPC results in terms of business value obtained such as reduction in out of stocks rather than reporting technical results such as read rates. We need to demonstrate the benefits in a compelling way.”

The new report is available in full from the GCI website at www.gci-net.org or from the IBM website at www.ibm.com/bcs

About the Global Commerce Initiative (GCI)

The Global Commerce Initiative (GCI) was established in October 1999 as a voluntary platform. Its objective is to improve the performance of the international supply chain for consumer goods through the collaborative development of best practices and the implementation of global recommended standards. It is a network created by the member companies and sponsors to simplify global commerce and link the value chains to improve consumer value.

GCI operates through an Executive Board composed of senior representatives of about 40 companies drawn equally from manufacturing and retailing that do business across continents or via global supply chains. Companies represented are:

Retailers

AEON
ALBERTSONS
CARREFOUR
CBD - GRUPO PAO DE ACUCAR
CORPORACIÓN E.WONG S.A.C.
CPID, KAO CORPORATION
DELHAIZE GROUP
FEDERATED DEPARTMENT STORES
METRO Group
PICK'N PAY
ROYAL AHOLD
SAMSUNG TESCO
TARGET CORPORATION
TESCO
THE BOOTS COMPANY PLC
WAL*MART STORES, INC.
WEGMANS FOOD MARKETS

Manufacturers

AJINOMOTO CO.
BRITISH AMERICAN TOBACCO
COLGATE-PALMOLIVE
GEORGIA PACIFIC CORPORATION
GILLETTE
GROUPE DANONE
HENKEL KGaA
J.M. SMUCKER COMPANY
JOHNSON & JOHNSON
KRAFT FOODS
L'OREAL
MARS INC.
NESTLÉ S.A.
PEPSICOLA
PHILIPS LIGHTING BV
PROCTER & GAMBLE
RECKITT BENCKISER
SARA LEE/DE
THE COCA-COLA COMPANY
UNILEVER

GCI operates in partnership with ten organisations – regional ECR Initiatives and VICS, six trade associations (AIM, CIES, Grocery Manufacturers Association (GMA), Food Marketing Institute (FMI), National Association of Chain Drug Stores (NACDS) and Retail Industry Leaders Association (RILA)) and the standards organisations GS1 and GS1 US – representing more than 1 million companies in the world.

For more information about the Global Commerce Initiative, please visit our website at www.gci-net.org.

About IBM Business Consulting Services

With consultants and professional staff in more than 160 countries globally, IBM Business Consulting Services is the world's largest consulting services organization. IBM Business Consulting Services provides clients with business process and industry expertise, and the ability to translate that expertise into integrated, adaptive, on demand business solutions that deliver bottom-line business value. For more information, visit <http://www.ibm.com/bcs>.

###