



Industry Leaders Collaborate on Ten-Year Vision

New study assesses the future value chain for consumer goods and the forces that will shape it

PARIS, 25 October 2006 – Senior executives of fifty of the world’s leading companies and industry associations today approved for publication a major new report on the changing dynamics of industry that will define the future of business. The new study, “2016: The Future Value Chain”, emerged from six months of discussions between manufacturers, retailers, logistics and technology companies, and academics. It defines a unique vision of the total value chain for consumer goods from manufacture to consumption.

The new report is the latest in a series of publications on the collaborative management of global business initiated by the Global Commerce Initiative (GCI), a global platform for retailers and manufacturers working together to develop voluntary best practices for the global conduct of business. It predicts that the evolution of the value chain will be driven increasingly by a convergence of external forces that can only be addressed collaboratively by the members of the value chain. Traditional industry trends in information flow, logistics, consumer behaviour and demographics will become increasingly affected by major issues of ecology, new technologies, the regulatory environment, and shifts in the global economy.

“The goal of this joint effort was to provide a realistic view of 2016, rather than an ‘anything goes’ futuristic scenario, and a way to bridge from today to tomorrow,” said José Luis Duran, Chairman of the Management Board, Carrefour group, and newly-named GCI Co-Chairman. “It is especially clear that collaboration between all parties in the value chain will be essential in order to better serve the needs of the consumer, efficiently and effectively. The successful collaborative activities carried out

by GCI and its member companies through this work are only the beginning and will be vital as we move toward realising our future vision.”

The study, published by GCI and Capgemini with the support of Intel, stemmed from joint work conducted by a wide range of industry players, including retailers, consumer products manufacturers, logistics service providers, academics and technology companies. Participating organisations came from the United States, Europe, Africa and Asia and included Carrefour group, Coca-Cola, Dairy Farm, DHL, Kraft Foods, METRO Group, Nestlé, Philips, Pick 'n Pay, Procter & Gamble, Royal Ahold, Unilever, Wal-Mart, GCI, Lean Enterprise Academy, Intel and Capgemini.

“The consumer is boss and at the centre of everything we do,” said A.G. Lafley, Chairman, President and Chief Executive, The Procter & Gamble Company, and newly-named GCI Co-Chairman. “Consumers have virtually unlimited choice and ever-rising expectations for performance, quality and value. They expect more from their shopping experiences and more from the brands and products they buy and use every day. They expect retailers and manufacturers to listen to them more carefully, and to learn from them more often. Meeting these expectations requires fundamental changes to the way we work as an industry, which is at the heart of GCI's mission and is the focus of this report”.

The report calls on industry to address three interrelated challenges. At the core is the development of *new ways of working together*, including sustainable changes in culture, collaborative business planning and new measures and rewards. By building collaborative cultures companies lay the foundation for *sharing information more readily*: the report emphasises that “the best way to manage increasing complexity is through transparency”. The study concludes that it is only in an open, collaborative environment that industry can *redefine the future value chain* and effectively address the impact on the physical flow of goods of changing energy costs, shifts in population density and other external forces.

The study's working group was co-chaired by Peter Jordan, Director International B2B Strategy, Kraft Foods, and by Ruud van der Pluijm, Vice President B2B eCommerce, Royal Ahold. “We are faced with the challenge of thinking of our business as part of an increasingly integrated value chain while maintaining the essential commercial principles of fierce competition,” said Peter Jordan. “We can only do this by changing our cultures internally and rethinking the

sustainability of the relationships that bind us,” added Ruud van der Pluijm. “This will affect the development of our organisations and the rewards we use to identify new measures of performance. At the heart of the vision for 2016 is a fundamental principle of collaborative commercial trust.”

“2016: The Future Value Chain” is published today and is available at www.gci-net.org.

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About the Global Commerce Initiative (GCI)

The Global Commerce Initiative (GCI) was established in October 1999 as a voluntary platform. Its mission is to lead global value chain collaboration through the identification of business needs and the implementation of best practices and standards to serve consumers better, faster and at less cost.

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 more than 45 companies drawn equally from manufacturing and retailing that do business across continents or via global supply chains. It operates under the sponsorship of eight organisations – regional ECR Initiatives and VICS, four trade associations (AIM, CIES, GMA and FMI,) and the standards organisations GS1 and GS1US – representing more than 1 million companies in the world.

More information about the Global Commerce Initiative is available at www.gci-net.org.

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