



Data Synchronization at Lowe's

August 2007

Contents

- **Introduction to Lowe's**
- **Overview of Product Information Initiatives and Approach**
- **PCM History and Current Status**
- **Key Learnings**
- **What's Next?**

Lowe's Company Overview

Stores

- Serves approx 13 million customers a week at more than 1425 stores
- ~40k items stocked in an average store, with ~2 million available via special order

Company

- Founded in 1946 and based in North Carolina
- 2006 sales of US\$46.9 billion
- Fortune 50 company with stores in 49 of the 50 United States

Community

- Employs approx 210,000 people
- Contributed more than US\$15 million to support educational and community projects in 2006

World

- 2nd largest home improvement retailer in the world
- Currently expanding to Canada and Mexico
- Evaluating other international expansion opportunities

Contents

- Introduction to Lowe's

- Overview of Product Information Initiatives and Approach

- PCM History and Current Status

- Key Learnings

- What's Next?

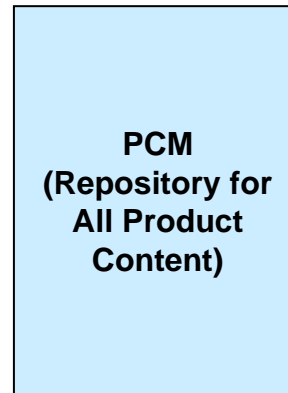
Key Objectives of Product Information

- **Decrease** the number of **applications / processes** internal users and vendors must interact with by creating a central portal (PCM) for all product content collection, review, approval and maintenance.
- **Decrease** the number of **requests to vendors** for the same product information, and internal user time assisting with these requests, by automatically collecting all information once and up-front.
- **Improve data quality and completeness** by synchronizing with vendors and leveraging technology to more efficiently collect and improve product information.
- **Improve consistency** in product information presented to customers by collecting and maintaining centrally, and leveraging technology to improve messaging.
- **Enhance Lowe's operations** by identifying downstream opportunities to utilize the increased and improved product information.

Vision of PCM

Product Information

- Core Attributes / Item Set-Up Information
- Product-Specific Selling Attributes
- Standard Images
- Logos
- User Guides (Energy Star, Installation, etc.)
- Advertising Images
- POG Images
- Costs
- Hazmat Information
- Wood Sourcing Information
- Tax Codes
- Source Tagging Information
- Market Specificity Information
- Etc.



End Users

- ▶ **Planogramming**
- ▶ **Advertising**
- ▶ **Lowe's.com**
- ▶ **In-Store Selling Tools**
- ▶ **Accounting / Finance**
- ▶ **Quality Assurance**
- ▶ **In-Store Displays**
- ▶ **On-Demand Signage**
- ▶ **Supply Chain**
- ▶ **Loss Prevention**
- ▶ **Store Training**
- ▶ **Etc.**

PCM will be much more than just item set-up and selling attributes. PCM will help multiple groups within Lowe's better meet their product information needs, saving both money and time for Lowe's and our vendor partners.

Contents

- Introduction to Lowe's
- Overview of Product Information Initiatives and Approach
- **PCM History and Current Status**
- Key Learnings
- What's Next?

Lowe's PCM History

- Started our GDSN (PCM) effort multiple years ago
- Aggressively messaged to the vendor community to on-board
- Had issues with our chosen IT solution and had to restart with internal build
- Resulted in a “false start” and caused suppliers to doubt our abilities and commitment to the effort
- Regrouped, redeployed a new solution and reinvigorated vendor on-boarding ~2 years ago

Status of PCM / Global Data Sync

- Over 1200 suppliers synchronized with Lowe's, including approximately 210,000 items / models
- Approximately 1/2 of Lowe's internal users using the PCM application and synchronized data for all item set-up and maintenance
- Anticipate completing vendor on-boarding (100% stock and eCat products) and internal roll-out in the next few months
- Lowe's is using this data for item set-up and operations – it is critical for our suppliers to be proactive!
 - Talk with their account reps who sell to Lowe's.
 - Register and submit their item data before Lowe's asks for it.
 - Maintain their item data – this is more than just the initial load.

Contents

- **Introduction to Lowe's**
- **Overview of Product Information Initiatives and Approach**
- **PCM History and Current Status**
- **Key Learnings**
- **What's Next?**

Key Success Factors

- **Develop Support Organization**
 - Dedicated PCM Group – 14 people
 - Responsible for implementing IT solutions and identifying enhancements, aiding vendors with on-boarding, and supporting internal customers
- **Implement a Focused Roll-Out Approach**
 - Started with larger groups (Merchandising Divisions)
 - Dropped down to Sub-Divisions to smooth transition and achieve wins
 - Scheduled training and standard materials for both internal and external users
- **Establish Business and Executive Ownership / Support**
 - Executives started talking to community years ago
 - Commitment to “turn off” old way of item set-up
 - Letter from SVPs of Merchandising to all suppliers
 - Merchandising VP and Director escalations for non-compliant vendors

Key Success Factors

- **Communicate with Suppliers and Scorecard Progress**
 - Periodic Newsletter
 - What do you need to know? What is new? What is coming up? Helpful hints. Kudos. Contact info.
 - Recognition of vendor success in newsletters, on phone calls and in vendor forums
 - Get both data sync people and account reps involved
- **Leverage Data Pool Assistance**
 - Resources helping us achieve our objectives – a partnership
 - Assist suppliers who need to “sell” data synchronization internally
 - Business case on GS1US website – “Synchronization – The Next Generation of Business Partnering – How Leading Companies are Delivering Actual Results”

Contents

- **Introduction to Lowe's**
- **Overview of Product Information Initiatives and Approach**
- **PCM History and Current Status**
- **Key Learnings**
- **What's Next?**

Data Synchronization Initiatives

Vendor-Facing Product Information Initiatives Underway

- **PCM / Global Data Sync** – Complete vendor on-boarding and internal roll-out (US) for GDSN data for item set-up and maintenance.
- **Marketing Data Initiative** – Collect selling attributes and standard images for advertising and selling tool use. (Concurrent effort to move these attributes to the GDSN.)

Vendor-Facing Product Information Initiatives Coming Soon

- **Canada** – Expand GDSN and Marketing Data Initiatives to support Lowe's Canada stores.
- **Cost / Price** – Determine best way to work within GDSN to collect cost information for both stock and eCat / SOS products.
- **Dimensions** – Partner with vendor community to improve consistency and accuracy of dimensions information.

Lowe's has other internal initiatives underway to best leverage the data supplied via the GDSN and Marketing Data Pool.

It's all about getting value from the data!

Moving Forward

- **Managing Through Change – Internal and Vendors**
 - Can be a long – and sometimes painful – process
 - Not only a large IT initiative, but also a new way of doing business
 - Internal users
 - Thousands of vendors
 - Major change management initiative
 - Takes time
 - Learn / refine / improve as we go
 - Moving towards sales call of the future
 - Important that other retailers participate, but someone must be first

It's a challenge, but ask us in 12 months about the value we have achieved!