



# Transforming the Hardware Supply Chain

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# Setting The Scene

- Overview of the Hardware Sector
- Current Issues
  - Supplier Perspective
  - Retailer/Merchant Perspective
- Hardware GS1 Action Group
- Call to Action
- Future Direction



# NZ Hardware Sector Overview

Andrew Ryan Kidd: **GM Finance & IT – ITM**

## Hardware

- Building Materials Merchants
- Timber Merchants
- Plumbing Merchants
- Electrical Merchants
- Green Life (Garden Centres / Nurseries )



*"We'll see you right"*®

# NZ Hardware Sector Overview

- Industry Comprises
  - Co-operatives Models
    - ITM / Mitre 10 / Plumbing World
  - Corporate Models
    - Carters / Placemakers / Bunnings / Ideal Electrical / Mastertrade
  - >2 Billion
- Servicing
  - Retail & Trade Markets
  - Sole focus or mixture



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# NZ Hardware Sector Overview

- Product
  - Local and imported
  - Over 400,000 SKU's
  - Competitive Pricing
  - Consumer Awareness
    - Demand for quality
    - Green / Eco Building / Sustainability



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# NZ Hardware Sector Overview

## E-business evolution

2000 – 2004	Proprietary Standards	Self Governed
2005 - 2007	Industry Standards	Industry Governed HIWG (Aust) NZRSG HIWG
2008 ->	Global Standards	HGAG (Australasian)



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# NZ Hardware Sector Overview

## E-business evolution

- From a transaction focus to a master data focus
  - EPO & Invoice
  - Data Sync GS1net & other options



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# OCP Challenges

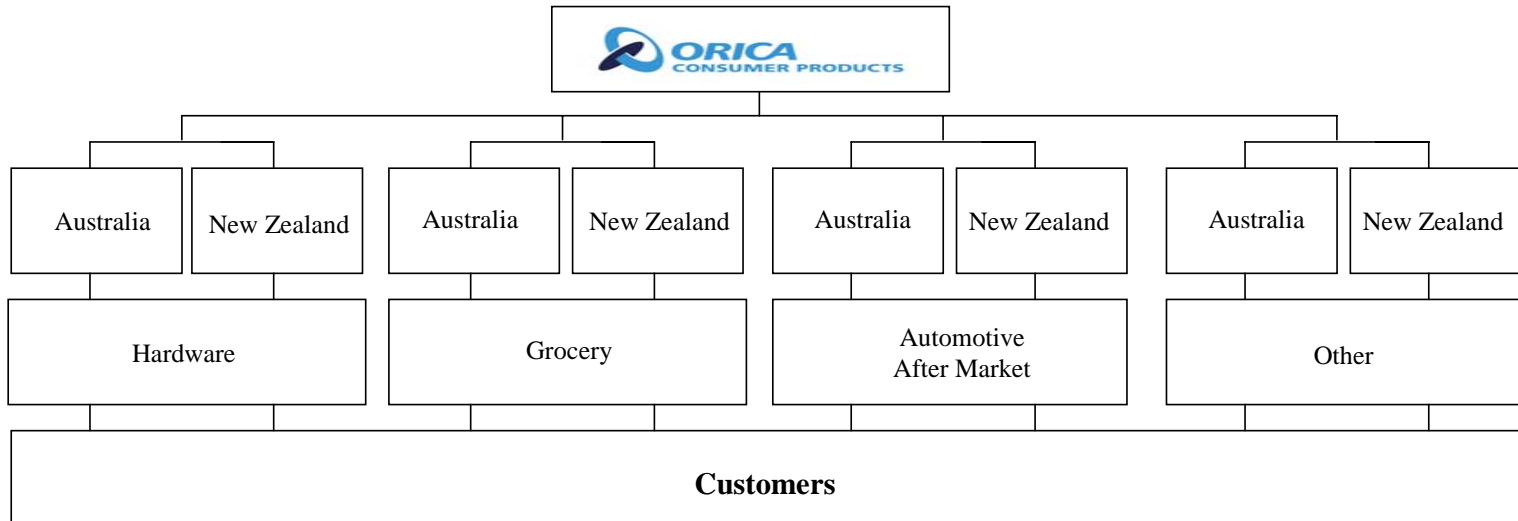
## *Four Layers of Challenges*

Internal

Trans Tasman

Industry

Customer



# OCP Internal Challenges



OCP has a complex business model with many different type of product.

## OCP Trans Tasman Challenges

Same Product, Different can, different barcodes.....



Another way to add cost to a product...

## OCP Industry Challenges

- OCP service multiple industry and not just hardware.
- Not being able to Share data with our supplier and customer quickly and accurately.
- The use of One Global Standard
  - Use GS1 and Industry Group (HGAG) to develop a roadmap and be the facilitator to enable transformation
- HGAG should be there to meet business requirement

Global Standard education within OCP and the industry

## Customer Challenges

- Different level of sophistication/maturity.
- Different priorities.
- Cost and TWC Reduction within the whole supply chain
- To have Better linkage between us and our customer.

If we want to be good at managing the 4 level of complexity, we need to learn how to connect the dot.



# Retailer/Merchant Challenges

Like all retailers world wide we need to have

**the right product**

**at the right price**

**at the right time**



- So that we meet these expectations we must ensure all information on our systems matches what is on our suppliers and or manufacturers systems.
- When we place an order we need to know that what is ordered by the store is what is going to be delivered by the supplier



# What are we doing about it??



- Working with our Suppliers and using the GS1 data model we are ensuring the information we send to our stores is correct
- We have in place a Data Push system which allows stores to receive nightly updates from Support Centre
- Stores then run the check process comparing our info to their info



- They can then Via the Mitre 10 Intranet post messages on the **Data Integrity Bulletin Board** advising of any discrepancies found.
- Changes (if required) are made on our central stock file and stores advised.
- Since we launched the Data Integrity Bulletin Board in January 2009 have had nearly 500 postings from our stores.



# Merchant & Retailer Challenges – Product Data Integrity

What is Product Data Integrity?

- Simply the assurance the product data is consistent and correct
- This enables a product to be:
  - Manufactured or imported
  - Ordered by stores
  - Receipted into stock at our stores
  - Sold by retailers
- Safe in the knowledge that all production and sales forecasting is based on accurate data.





## Why Product Data Integrity is important to our business?

- Mitre 10 NZ Ltd has over 170 stores accessing our master stock file data either via a POS system or through the M10 Intranet.
- Our suppliers have access to their stock information via [www.m10supplienet.co.nz](http://www.m10supplienet.co.nz)
- Orders from stores can be sent electronically to our Suppliers via [www.m10b2b.co.nz](http://www.m10b2b.co.nz) Incorrect data stuffs this up nicely.
- If we get it wrong (and we do) the flow on effect is quite frankly mind boggling.
- How long does it take to fix? Depends on how quickly everyone reacts, but more often than not the problem never really goes away.
- Who pays? **EVERYONE**





# Product Data Integrity – it effects many things

- Manufacturing
- Category management
- Inventory management
- Planogramming
- Advertising
- In store stock availability
- POS integrity
- Accounts payable
- Purchasing

**Imagine a world where there are no credit requests required to correct incorrect order and supply problems**





New Zealand

# Retailer/Merchant Challenges – Bar Code Issues

- **NOT All levels of packaging are barcoded:**
  - 3 units of package
  - Single item Barcoded
  - Inner **NOT** Barcoded
  - Outer carton Barcoded
- **Barcodes covered by packaging:**
  - Operators have to cut outer box or manually key in the 14 digit barcode



Courtesy of





# Bar Coding Issues

- Outers not barcoded
  - Have to cut open boxes and scan item inside
  - Lost time
  - Mistakes



Courtesy of



# Bar Coding Issues

- Incorrect positioning
- Individual and Outerbox barcodes showing at the same time create confusion and mistakes



Courtesy of



# Current Trends & Initiatives Hardware GS1 Action Group (HGAG)

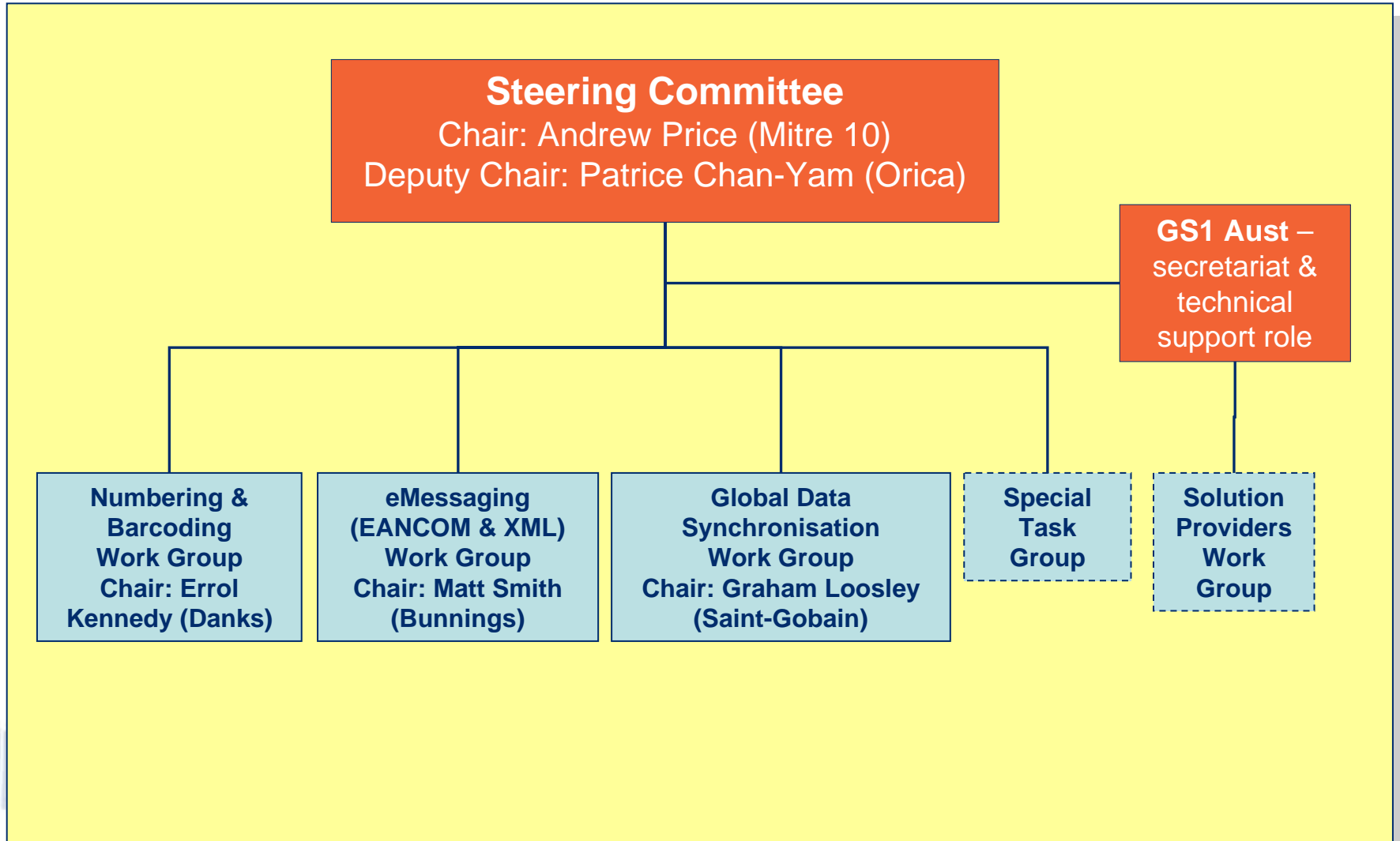


# Hardware GS1 Action Group (HGAG)

- Adoption of Global Standards
- Drive implementations
- Equal balance between Retailer and Supplier
- Structured – Steering Committee, Working Groups
- Cross Tasman
- Enabler for cost reductions in the supply chain



# HGAG Structure



# Numbering & Bar Coding

## Work group Objectives:

- To drive the adoption of GS1 numbering and bar coding beyond Point of Sale products
- To improve the quality of bar codes
- Education and training



## Case Study

1. Product barcoded at the box of 25 only (no individual barcodes)
2. Retailer sells by Each's
3. Wholesaler buys & sells by the box
4. Retailer orders off wholesaler by the barcode of a box of 25 Each and a quantity in Each's.

**Therefore, when the retailer orders 25 EA the barcode translates it into 25 x 25 EA**



# Data Synchronisation

## Work group Objectives:

- Implementation of electronic Product Data Synchronisation via GS1net between Suppliers and Buyers
- Development of a common set of data attributes to synchronise
- Share learning's to improve ongoing implementations



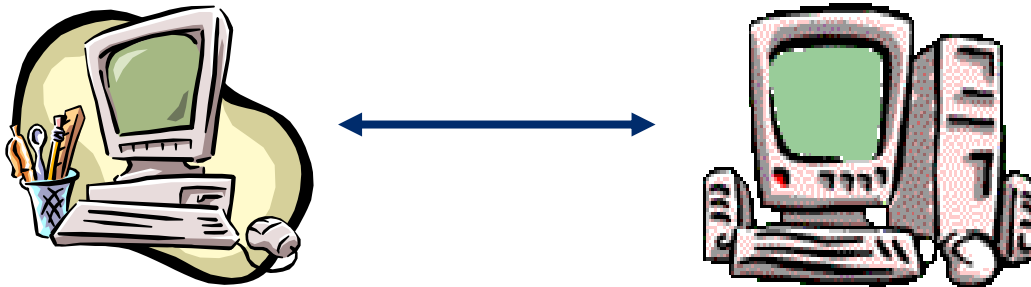
# Data Synchronisation, GS1net , & Product Data Integrity

- M10 NZ taking a lead role
- M10 NZ supports the HGAG initiative to standardise product data requirements via GS1net
- We are currently rolling out GS1net to our suppliers
  - Currently 30 suppliers GS1net Live and another 32 suppliers GS1net Ready
  - We hope to have 60 suppliers GS1net Live by April 2009
  - We have had some learning and teething issues along the way but overall are making great progress
- We are happy to see ITM also adopting GS1net, helping further streamline how our suppliers help us all improve product data integrity. We would like to see more retailers/merchants onboard

# eMessaging

## Work group Objectives:

- Develop and support global standards based electronic messaging
- Ensure Hardware Sector requirements are considered in the global standards





**Current Trends & Initiatives**  
**HGAG Call To Action**  
**“For Aus Market, GTINs**  
**and Barcodes on All**  
**Packaging Hierarchies”**



# HGAG - Call To Action



The document is a call to action for the Hardware GS1 Action Group. It features a header with the GS1 Australia and GS1 New Zealand logos. The main title is 'HARDWARE GS1 ACTION GROUP' in large, bold, red letters. Below the title, it states 'New industry requirements to impact all suppliers to the Hardware Sector'. The text explains that within the hardware sector, an efficient and accurate supply chain is becoming increasingly important, and that bar coding of items sold at point of sale has improved dramatically over the past few years, while bar coding of non-retail point of sale items (cartons, inners and packs) has lagged far behind other industry sectors. It mentions that key players in the Australian and New Zealand Hardware Sector have formed a new industry action group to see supply chain efficiencies and savings delivered throughout the sector. The document outlines the requirements for assigning Global Trade Item Numbers (GTINs) to all levels of packaging for a product by the end of the calendar year 2008. It lists three main requirements: 1. To assign GTINs to all levels of packaging for a product by the end of 2008. 2. All new products introduced to the market after December 31 2008 must be physically bar coded on all levels of packaging with GS1 compliant bar codes. 3. All existing products in the market must be physically bar coded on all levels of packaging by the December 31 2009. The document also provides information on seminar sessions, the agenda, and how to register, and lists the names and titles of the steering group chairs: Patrice Chan-Yam and Andrew Price. The bottom of the document features a row of logos for various hardware and supply chain companies, including 3M, BOC, Bunnings, Husqvarna, Husco International, ITSPROLINE, and others.

**GS1 Australia** | **GS1 New Zealand**

## HARDWARE GS1 ACTION GROUP

**New industry requirements to impact all suppliers to the Hardware Sector**

Within the Hardware sector, an efficient and accurate supply chain is becoming increasingly important. Whilst bar coding of items sold at point of sale has improved dramatically over the past few years, bar coding of non-retail point of sale items (cartons, inners and packs) has lagged far behind other industry sectors.

In light of this, key players in the Australian and New Zealand Hardware Sector have formed a new industry action group in a bid to see supply chain efficiencies and savings delivered throughout the sector.

Known as the Hardware GS1 Action Group, they have outlined an industry approach to product identification, bar coding, electronic messaging, data synchronisation and practical implementation for critical business activities.

These outlines have created the Hardware Sector Numbering and Bar Coding Initiative, and plans for implementing GS1 net (Data Synchronisation) and eMessaging requirements.

Does your business package products in cartons, shippers, outers etc? If so, these new requirements will impact on you.

To kick start the initiative, the companies below announce to the Australian and New Zealand Hardware sector that they are committed to adopting the GS1 standards of Numbering and Bar Coding for all products at all levels of packaging.

This call to action, aims for all industry participants to fully support this commitment and meet the following requirements and timelines below.

1. To assign Global Trade Item Numbers (GTINs) to all levels of packaging for a product by the end of this calendar year 2008 (Note GTINs are also known as APNs, EANs, TUNs, UPCs)
2. All new products introduced to the market after December 31 2008 must be physically bar coded on all levels of packaging with GS1 compliant bar codes
3. All existing products in the market must be physically bar coded on all levels of packaging by the December 31 2009

To provide more information on the new initiative, we encourage you to join us for an upcoming Roadshow to be presented in Melbourne and Sydney to discuss the new initiative and its impact. Sessions will also be helpful if you would like to find out more about the Hardware GS1 Action Group.

For information on seminar sessions, the agenda and how to register, please see your enclosed invitation or visit [www.gs1au.org](http://www.gs1au.org). Alternatively, contact GS1 Australia on 1300 366 033.

We look forward to seeing you there!

Yours sincerely,

**Patrice Chan-Yam** - Orica  
Hardware GS1 Action Group  
Steering Group Deputy Chair

**Andrew Price** - Mitre 10  
Hardware GS1 Action Group  
Steering Group Chair



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Price tags on the shelf edge: \$19.99, \$19.99, \$19.99, \$19.99



Price tags on the shelf edge: \$19.99, \$19.99, \$19.99, \$19.99



Price tags on the shelf edge: \$19.99, \$19.99, \$19.99. A promotional sign reads: WIN A BBQ IN THIS STORE.

# The Future

- Continued focus on Numbering and Bar Coding and Bar Code Quality
- Data Synchronisation using GS1net
- eMessaging beyond PO and Invoice
- Logistics labelling



# Questions?

