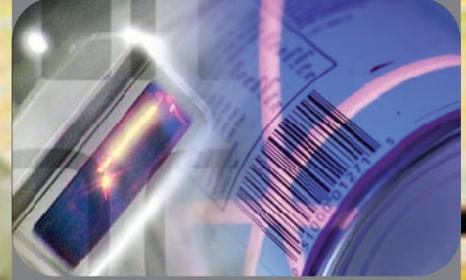




Hong Kong  
New Name of HKANA



## Supply Chain Management For Hong Kong's Fast Moving Consumer Goods Industry

Efficient Consumer  
Response

Electronic Point of  
Sales

Continuous  
Replenishment  
Program

Collaborative  
Planning, Forecasting  
& Replenishment

Vendor Managed  
Inventory

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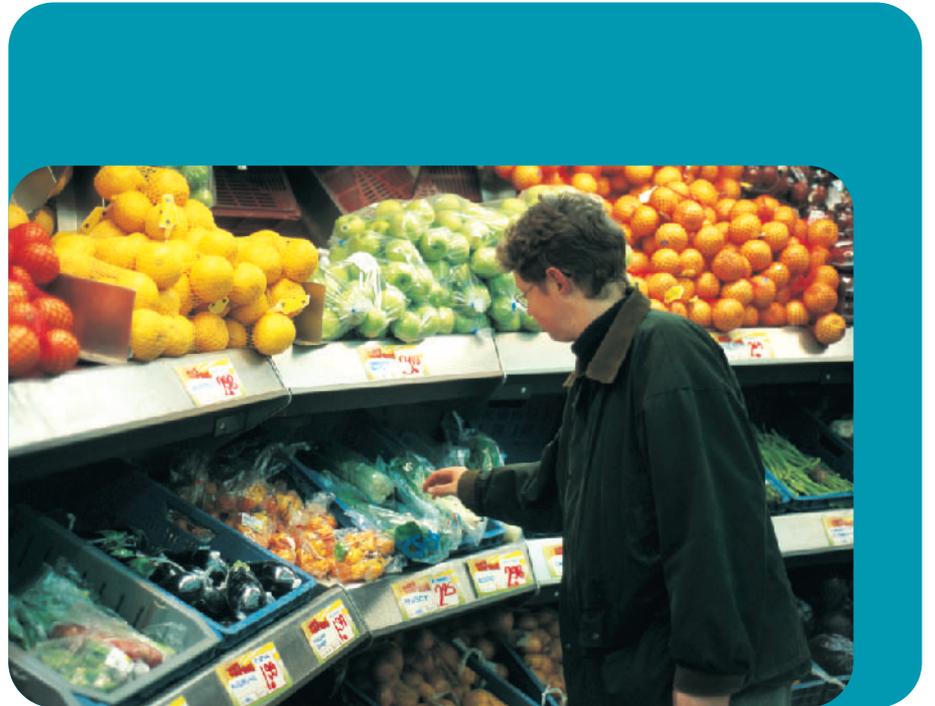
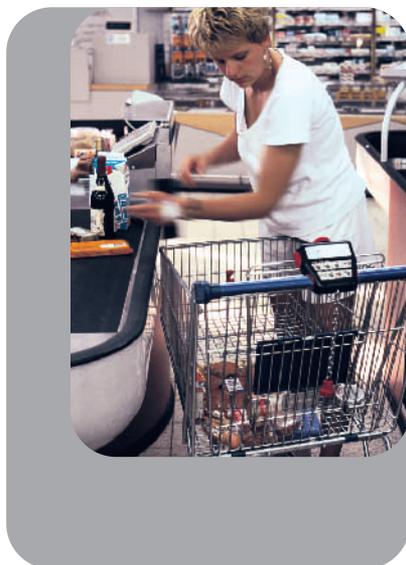
# The FMCG Industry in the 21st Century



Today's retailers are contending with increasingly difficult external forces, essentially driven by a population of sophisticated consumers demanding 'more for less'. Today's consumers demand higher quality, variety of services for less cost, time and complexity.

As a result, retailers across the world have recognized that they can no longer afford to operate their businesses in the 'traditional' way and actions need to be taken to re-evaluate their strategic direction.

Over the past decade, this fundamental change in doing



business has emerged a new 'rule of the game' – Supply Chain Management (SCM).

Mature retail markets across the US, Europe and Japan have been quick to respond. The application of SCM concepts in Hong Kong's Fast Moving Consumer Goods (FMCG) industry has proved more difficult due to a unique set of challenges.

SCM adoption by some of the larger players in the local FMCG industry, a sector developed relatively early in Hong Kong, is in more advanced stages. For some of the smaller local industry players, however,

advancements in business processes have fallen behind on the priority scale, suggesting that there is still much to be accomplished if Hong Kong is to remain competitive as a whole.

This brochure is designed to provide Hong Kong businessmen with an introduction to SCM, its best practices and technologies. Throughout the document, details of case studies conducted provide 'real-life' scenarios portraying some of the overall benefits SCM can bring to all sectors and how the GS1 Hong Kong can help.

# What is Supply Chain Management?



Supply Chain Management (SCM) is a business strategy. It involves the collaboration of trading partners throughout the supply chain to enhance the value to the consumer for the least possible cost.

In a 'typical' supply chain, these trading partners would include raw material suppliers, manufacturers, distributors, retailers, service providers and government bodies. In the supply chain, the consumer is the focal point of all activities. Trading partners collaborate together to eliminate all inefficiencies and 'non value-added' activities, and leading edge technologies (e.g. product numbering, bar coding & scanning, EDI/XML, the Internet, Electronic Product Code(EPC) and Global Data Synchronization(GDS)) are utilized to gain business benefits.

**The core of SCM is structured by 3 Flows:**

- Physical Goods Flow
- Information Flow
- Funds Flow

The importance of SCM has grown rapidly over the past decade in response to changing consumer needs and expectations. According to the Hong Kong Supply Chain Road Map commissioned by the GS1 Hong Kong in 1996, it is estimated that potential savings across the FMCG industry, as a result of SCM implementation, could amount to HK\$5 billion.

The benefits are substantial, however, in order to meet the

challenges in today's markets, companies in the FMCG industry need to re-engineer their supply chain processes to ensure quick, accurate and efficient product replenishment and services delivery. Undergoing this adaptation is paramount for the industry to maintain their competitive edge in the global market.

Adopting **SCM best practices** and **e-commerce technologies** is the key to the future of trade.



# A Global Movement – Supply Chain Management Efficient Consumer Response



The SCM movement began over a decade ago prompted by the theory of Quick Response (QR), an initiative introduced to improve the soft goods and apparel industry. In 1993, by adopting similar principles, the Efficient Consumer Response (ECR) initiative (a SCM initiative for consumer goods industry worldwide), was incorporated into the FMCG sector across the United States. With growing consumer demands and competitive pressures worldwide, ECR quickly became a global initiative.

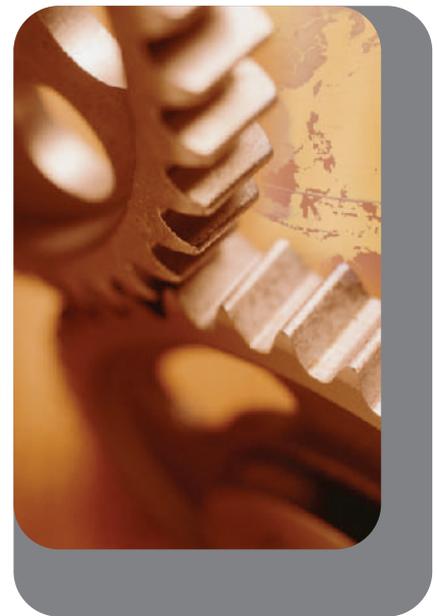
SCM/ECR focuses on redesigning the supply chain processes by applying modern management methods and leading technologies to reduce overall costs and response times, whilst at the same time increasing the quality of the products and services that are provided. ECR Boards worldwide share the vision to:

***“Focus on enhancing consumer values, with trading partners working together to better leverage the total supply chain benefits.”***

Leading European retailers soon established the ECR European Board as well as individual ECR Boards at country levels, which enabled them to accelerate the implementation of ECR throughout Europe.

In Asia, Hong Kong was the first to initiate ECR activities, and has since been followed by developments in Taiwan, the Philippines, Singapore and Korea, just to name a few, which then came under the umbrella of ECR Asia Council. The Board has since established 3 main objectives for assisting with the adoption of SCM/ECR throughout Asia.

- Simplify and standardize basic Asian supply chain infrastructures
- Establish and maintain the consistency of SCM/ECR efforts among Asian nations
- Develop common standards, measures and best practices for ECR/SCM effectiveness



## **ECR Hong Kong**

ECR Hong Kong is the local representative of ECR Asia Council. Its objective is to take an advisory role to oversee the development of SCM/ECR initiatives in Hong Kong. The Board has gained support from key players from the FMCG industry, including retailers, distributors, traders, manufacturers, and supporting organizations. Board members include:

- AS Watson & Co Ltd / Food, Electronics & General Merchandise Division
- British American Tobacco Co (HK) Ltd
- Campbell Soup Asia Ltd
- Circle K Convenience Stores (HK) Ltd
- Citrus Growers International
- Edward Keller Ltd
- Getz Bros & Co (HK) Ltd
- Gillette Hong Kong Ltd
- Hospital Authority
- IBM China/Hong Kong Ltd
- Johnson & Johnson (HK) Ltd
- Kimberly-Clark (HK) Ltd
- Lam Soon (Hong Kong) Ltd
- Li & Fung Distribution Group/IDS Logistics (HK) Ltd
- Loscam (HK) Ltd.
- Nestle Hong Kong Ltd
- Procter & Gamble (HK) Ltd
- Sims Trading Co Ltd
- Swire Coca-Cola (HK) Ltd
- The Dairy Farm Co Ltd
- The Wing On Department Stores (HK) Ltd
- Unilever Hong Kong Ltd
- Watson's The Chemist Ltd

# SCM Best Practices



There are a variety of best practices designed to increase the efficiency of the supply chain in the FMCG industry. These are:

1. Electronic Point of Sale
2. Source Marking
3. Sharing of Data
4. Electronic Communications
5. Computer Assisted Ordering
6. Vendor Managed Inventory / Continuous Replenishment Program
7. Collaborative Planning, Forecasting & Replenishment
8. Flow Through / Cross Docking

## Electronic Point Of Sale (EPOS)

A fundamental system essential for SCM application is the Electronic Point-of-Sale (EPOS) System. EPOS is an integrated set of electronic devices and software used primarily to process sales transactions electronically.

The major purpose for using an EPOS is to scan and capture product information. After scanning the data, the data will be analyzed to facilitate effective decision making about product replenishment, forecasting and inventory control.

### Benefits:

- Reduced operational costs
- More responsive to changing market needs
- Improved communications
- Facilitated more effective decision making

## Case Study: Mannings Retail Ltd.

Mannings Retail Ltd. had initially introduced scanning systems in some of its stores. However, to develop this system further across all stores, Mannings required an open and upgrade of point-of-sale scanning system that would easily integrate with its existing applications. Pilot tests were run where errors and potential improvements were identified.

The key lessons learnt applied to both technical applications and people issues. Improvements to Mannings' implementation process were identified, which included source marking for all items with international bar codes to help support their SCM practices.



## Source Marking

Source Marking refers to the numbering and bar coding of a product, using international standards, in the upstream / manufacturing stage. All trading partners throughout the supply chain can then adopt the same article number and the corresponding bar code symbol without extra efforts and costs. This practice ensures that all supply chain processes are conducted economically and efficiently.

### Benefits:

- Improved communication between trading partners
- Be able to track items more easily throughout the production and delivery processes
- Increased accuracy in ordering and stock taking processes
- Shortened lead times, which helped to improve ordering and receiving processes
- Facilitated "just-in-time" manufacturing

## Sharing Of Data

Tremendous amount of data such as product data, sales data, inventory data and promotion data is kept in the individual product databases of trading partners. The sharing of the data among trading partners is essential to operate a successful supply chain process. The data transferred across the supply chain forms the base for the processes such as Global Data Synchronization (GDS), Continuous Replenishment Process (CRP) and Collaborative Planning, Forecasting and Replenishment (CPFR).

### Benefits:

- Increased efficiency and improved time management
- Better planning, a result of being able to forecast the demand/supply
- Key enabler of Computer Assisted Ordering and the effective use of sales data
- Reduced costs



## Electronic Communications

Modern communication technologies have greatly increased the efficiency of the procurement and distribution processes, however, they all require manual interpretation. Today's most advanced electronic trade communications overcome this by adopting global communication standards such as GS1 EANCOM® to allow an automatic, precise and accurate processing of data, thus minimizing the need for human interpretation and reducing the risk for human errors. Structured electronic communication such as EDI/XML, using either the Value Added Network (VAN) or the internet platform, has become the basis of all efficient SCM practices.

### Benefits:

- Reduced total inventory & operation costs
- Reduced communication costs
- Reduced administration overheads
- Improved communication flows internally and with trading partners
- Facilitated "just-in-time" replenishment

### Case Study: Park'N Shop Ltd

In 1995, Park'N Shop (PNS) is one of the first supermarkets in Hong Kong to use EZ\*TRADE, an e-platform for buyers and sellers to conduct data exchange.

Initially, PNS used GS1 Hong Kong's EZ\*TRADE simply for processing some of its purchase orders. The scale of their business changed very quickly, evolving from a small grocery operation into superstores and then hyperstores. Today, nearly all of their stock item suppliers are on the EZ\*TRADE bandwagon and the process will be expanded to include Debit and Credit Notes in the near future.

Accuracy is one of the main concerns in the supply chain and error resolution can incur significant costs and take up time and resources when problems are routed through the accounting department. E-processing such as Invoice, Debit and Credit Notes will eliminate the possibility of document loss and human error.

EZ\*TRADE facilitates cross-docking purchase orders by dispatching POs automatically, has enabled PNS to maintain a smooth operation for such a large supermarket.



The operational system at PNS is now more responsive with shorter lead times, just-in-time deliveries and quick responses to change requests. The entire B2B operation has become very smooth and virtually seamless. EZ\*TRADE has brought PNS notable benefits in terms of its service to customers, stock control and, of course, cost advantages which have enabled them to stay competitive.

PNS hopes to further exploit the benefits of EZ\*TRADE platform through exchanging debit and credit note documents with its trading partner. Incorporating Direct-to-Store deliveries into EZ\*TRADE will also help PNS to realize a successful collaboration with its trading partners along the supply chain. Items with a short-term life span such as milk, ice cream and newspapers will be blessed with this new practice.



## Computer Assisted Ordering (CAO)

Computer Assisted Ordering (CAO) is a decision support tool used for calculating material reorder quantities based on a pre-determined inventory control policy. It is an integrated application whereby a computer automatically generates the replenishment orders.

### Benefits:

- Increased the speed of the product replenishment cycle
- Decreased the likelihood of an out-of-stock occurrence
- Ability to deliver accurate information to trading partners
- Decreased the possibility of excess stock

## Vendor Managed Inventory (VMI) / Continuous Replenishment Program (CRP)

The Continuous Replenishment Process (CRP) is a practice between trading partners whereby the replenishment of goods is based on actual and forecasted product demand. This concept applies to every point where a product is moved for example from raw

material suppliers to manufacturers, to wholesalers / retailers and so on.

### Benefits:

- Reduced inventory and operating costs
- Improved forecast accuracy
- Better manage demand volatility
- Developed mutually beneficial partnerships along the supply chain



### Case Study: Circle K Convenience Stores (HK) Limited.

The collaboration of British-American Tobacco Company and Circle K on VMI implementation provides important reference to local companies who are still skeptical about the feasibility and results of this methodology. British American Tobacco Co Ltd (BAT), a prominent international tobacco group with a global portfolio of more than 200 brands, and Circle K, one of the fastest-growing convenience-store chains in the world, embarked on their first VMI collaboration in

November 2001. The name of the initiative is project FIRST, an abbreviation of "Forecasting, Inventory & Replenishment Solution for Tomorrow". The full implementation of Project FIRST began in June 2002, and the improvements made have been obvious. Inventory turnover was reduced by 35 percent from around 13 days before the project launch to an average of 9 days. Meanwhile, the occurrences of out-of-stock were reduced to 0.2 percent, representing a more than 90 percent reduction as compared to pre-project tracking. Cost saving is just one of the anticipated outcomes. Other intangible gains include having a better understanding of consumer behavior and the overall market situation for BAT's products.



## Collaborative Planning, Forecasting & Replenishment (CPFR)

Collaborative Planning, Forecasting and Replenishment is a concept that allows for combined processes across the supply chain through the use of a set of process and technology models. The CPFR initiative aims to help businesses achieve an environment for dynamic information sharing, integrating both the demand and supply elements, as well as effectively planning, forecasting and replenishing customer needs through the total supply chain.

### Benefits:

- Improved communication
- Enabled the collaboration of partners across the supply chain
- Improved planning, forecasting and replenishment of customer needs

## Flow Through / Cross Docking

Flow Through / Cross Docking is a distribution system that eliminates all non value-added activities such as storage in the Manufacturer, Wholesaler or Retailer distribution centers. On arrival at the distribution centers, products are delivered directly to the point of dispatch.

### Benefits:

- Reduced distribution costs, storage space and stock levels
- Increased turnover, shelf-life and availability of products
- Streamlined distribution process and flow of goods
- Enabled distributors to receive consolidated orders from retail outlets

### Case Study: Procter & Gamble (HK) Ltd.

In 2001, Procter & Gamble (P&G) invited Park'N Shop to collaborate in a project called "Supply Chain Management in Action – 50:50". The lesson learned from this collaboration was that in order to reap full benefits for both retailer and supplier, critical mass has to be allowed to develop. To this end, P&G extended the established practice to Watson's The Chemist. To capitalize on the past experience, P&G decided to work with Watson's The Chemist on a more sophisticated ECR tactic, i.e. Collaborative Planning, Forecasting and Replenishment (CPFR).

The new business model is good for both companies. Watson's The Chemist has been able to really "see" the improvements in its warehouse situation. Delivery became on-time with optimal order quantities. The immediate result of the reduction in inventory costs was an increment in cash flow. For P&G, the improvement in internal forecasting accuracy also reduced inventory costs substantially. Meanwhile, additional efforts were also made on P&G's side to further reduce inventory costs by making the logistics arrangement smoother and more economical. The result was a significant improvement in the relationship between both companies.



# e-Commerce Technologies for SCM



For the FMCG industry supply chain to become more efficient, embracing e-commerce technologies is crucial in assisting in the transmission of valuable information accurately and quickly across the supply chain.

The key technologies include:

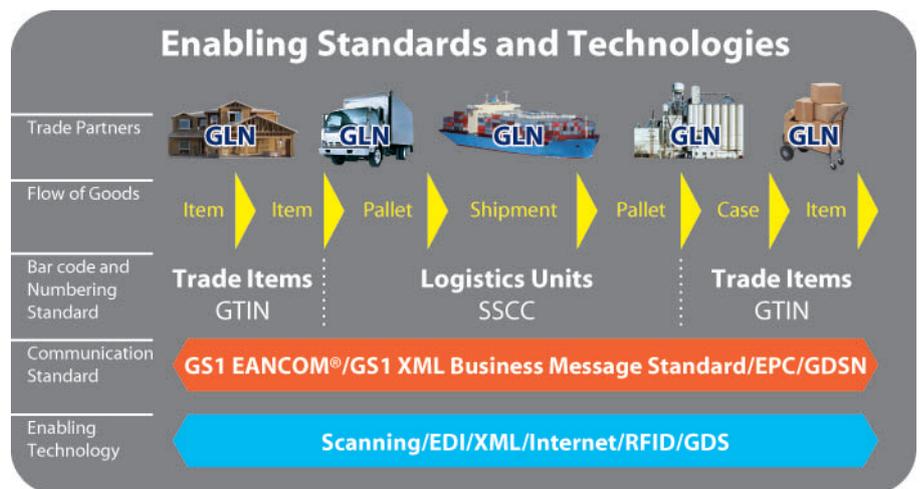
- I. Global Digital ID for:
  - trade items – Global Trade Item Number (GTIN)
  - shipment – Serial Shipping Container Code (SSCC)
  - location – Global Location Number (GLN)
- II. Application Identifiers (AIs)
- III. Automatic Data Capture (ADC)
- IV. Global Data Synchronization (GDS)
- V. B2B Messages
- VI. Internet

## I. Global Digital ID

Global Digital ID is a key enabler of electronic commerce. It integrates supply chain processes such as sourcing, sales, inventory, production and logistics to enable an accurate and efficient flow of information between trading partners worldwide. Global Digital ID is the fundamental building block in reducing communication costs and inefficiencies.

### Global Trade Item Number (GTIN)

To facilitate a seamless information flow along the supply chain, a system of numbers known as Global Trade Item Number (GTIN) guarantees



unique identification. These numbers provide a common language in which manufacturers, exporters, importers, wholesalers and retailers can communicate information regarding the goods or services. Article numbers are represented by a bar code. By scanning the bar code, business data can be entered and retrieved electronically from a computer. GTIN is an integral part of point of sale, VMI and CAO processes, etc.

### Serial Shipping Container Code (SSCC)

The Serial Shipping Container Code (SSCC) plays a vital role in delivering the product quickly and reliably to the customers. SSCCs track the movement of logistics units like pallets, containers or cases between companies. Like the GTIN, SSCCs are globally standardized codes, which can be instantly read and processed by scanning, thus helping companies reduce costs, time and errors.

SSCCs are extremely important in practices like Cross Docking and Flow Through, which rely on the rapid and

accurate distribution of different logistics units. A container arriving at a distribution centre will have its SSCC scanned, which will immediately tell the operator the container's contents and where it needs to be delivered.

### Global Location Number (GLN)

The Global Location Number (GLN) identifies any physical or functional location within an organization. Typical location would be a specific warehouse shelf, a distribution center or a retail store. The use of location numbers helps to move products efficiently through the supply chain without manual re-entering of location data, and is another important element of efficient practices such as CAO/VMI and electronic communications.



## II. Application Identifiers

The Application Identifier (AI) Standard is a technique to include supplementary information — such as use-by-dates, quantities or batch numbers — in the GS1-128 bar code. The AI is included as a prefix to the number. The uses for this technology include tracking the use by dates of products within the distribution system and calculating the space required for incoming shipments from the quantity of units. This technology also serves to identify products for quality control testing by their batch numbers, which enable the origin of meat and fresh product to be tracked.

## III. Automatic Data Capture

Automatic Data Capture (ADC) technologies such as the scanning of bar codes and radio frequency tags facilitate fast and accurate capture of product data. Bar codes — a common form of data carriers, are machine-readable graphic symbols, which represent the Digital ID on products, cases or containers. They can be read by a scanner at any point along the supply chain, where the data will be captured automatically. Bar codes provide a cost-effective way to speed up product handling and information processing right along the supply chain.

### Reduced Space Symbology (RSS)

A linear symbology — Reduced Space Symbology (RSS) is developed to encode both the Global Trade Item Number (GTIN) and its attribute information on space-constrained items. This symbology is applicable in the areas of Variable Measure, Logistics, Healthcare and Fresh Product. The technical specifications of the symbology and its sub-set are included in the GS1 General Specifications.

### Electronic Product Code™ (EPC)

The Electronic Product Code™ (EPC), the next generation of product identification from bar code which is used to track and trace goods down to serial level along the supply chain by combining Radio Frequency Identification (RFID) with the Internet backbone, is predicted by many as the next big hit that will revolutionize the modern supply chain and enables end-to-end visibility in a real time manner. EPCglobal Inc., a joint venture of GS1 and GS1 US is working with global user community to develop open global standard for the EPCglobal Network to facilitate its worldwide multi-sector industry adoption.

This revolutionary standard will transform and enhance application areas including:

- Asset & warehouse management
- Logistics process
- Production planning
- Anti-counterfeiting

## IV. Global Data Synchronization (GS1 HK Data Pool)

Global Data Synchronization (GDS) is a global, Internet-based initiative defined by the Global Commerce Initiative, which is a staged process to ensure the compatibility of data between trading partners. It provides a framework to continuously harmonize data attribute values between the systems of two or more trading partners, with the end result of having data attributes and values being the same in all of the systems.

By standardizing the master data of item and party information stored by one trading party, and matching it against the corresponding data in the systems of another party. Companies can then establish and maintain consistent, accurate information throughout the organization and with its manufacturers, distributors or retailers, thereby delivering value along the supply chain.

The foundation of GDS is the Global Data Synchronization Network (GDSN), in which the GS1 Global Registry™ connects certified data pools around the world. Users can upload product and party information that comply with the GDSN standard to their home data pools, and allow the GS1 Global Registry™ to orchestrate the synchronization on a continual basis.



The GS1 Global Registry™ is a global data directory that has been operated by GS1 since 1994. GS1 HK Data Pool serves as both the GDSN source and recipient data pool in Hong Kong, providing a certified platform that interoperates with the GS1 Global Registry™ and all other data pools in that network.

Specifically, major benefits for trading partners include:

- Increased speed to market
- Enhanced productivity and improved information flow
- Reduced out-of-stock occurrences
- Reduced warehousing and distribution costs
- Improved in-store shelf and scanning capabilities
- Reduced inventory
- Instigate savings in error reconciliation
- Reduced customer service management effort

## V. B2B Messages

### **Electronic Data Interchange (EDI)**

Electronic Data Interchange (EDI) is often regarded as the backbone of electronic commerce. It enables trading partners to facilitate automatic transmission of standardized information from one computer system directly to another, based on a common format over the internet/Value Added Network (VAN), thereby eliminating manual intervention.

### **eXtensible Markup Language (XML)**

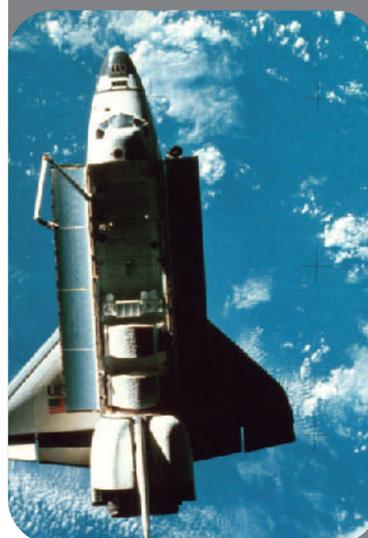
eXtensible Markup Language (XML) is an enabling technology that provides the tools to create a new language - a meta-language. It can bridge the difference between computing platforms and data formats to streamline and extend the exchange of information and transactions in the e-commerce supply chain. Therefore, it can be used to fully optimize retail supply chain processes, simplify the integration of EDI-based product information, and expand the breadth of product information exchanged between trading partners on the Internet.

## VI. Internet

The Internet is emerging as a potential cost-effective method on which to conduct EDI/XML transactions in the supply chain. With access to a global network of this scale, the Internet is sure to accelerate and generate EDI/XML implementation across the industry. For small companies that do not perhaps have the technological skills or resources, Internet based EDI/XML is more affordable and easier to implement.

### **GS1 System — The Global Language of Business**

At the heart of enabling technologies is the Global 'Standard', which is managed by the GS1 system. This standard enables businesses to efficiently and accurately exchange information among trading partners, to achieve effective total supply chain integration.



# How can GS1 Hong Kong Help Your Business?



## GS1 Hong Kong Initiatives

### Hong Kong Out-Of-Stock Study

ECR Hong Kong initiates an "Out-of-Stock Study" in conjunction with local retailers, distributors and manufacturers in the FMCG industry. The Study is part of the ECR 50/50 initiative which aims to have 50 percent less out-of-stocks and 50 percent less inventory in retail outlets.

Beginning as a one-off half-year project in mid 2002, the study has been extended and developed into an on-going industry-wide exercise. This identifies the strengths as well as the weaknesses among different FMCG players. A growing team of manufacturers and distributors is participating in this key study to monitor out of stock status. The results of the study are also being shared among ECR Asia members as a pioneer model in the region.

### ECR Hong Kong

ECR Hong Kong is responsible for representing the retailing industry, distributors, traders, manufacturers and supporting organizations. To help increase Hong Kong's competitiveness in domestic and international trade, the ECR Hong Kong Board advises the Government on efficient trade practices, a particularly important aspect to support a reliable and sound infrastructure across the industry.



The Board is also responsible for promoting SCM adoption and providing links to other regional and international SCM/ECR bodies.

### Pallet Standardization

Through its supply chain working party on materials handling, the GS1 Hong Kong put forth a recommendation to industry to standardize the size of entry pallets into Hong Kong. The main purpose is to contribute to the smooth flow of materials across the supply chain, thus facilitating the flow of distribution. The recommended dimension is 1200mm by 1000mm, with four sides open. Research revealed that pallet standardization would not only be advantageous to retailers across Asia but would also bring local retailers in line with international standards. Standardization reduces the delivery and transfer costs by enabling the sharing and exchange of pallets. Racking systems can then be standardized in warehouses and distribution facilities and handling equipment, therefore contributing to the smooth flow of materials across the supply chain.

### Global SCM/ECR Scorecard

The Global SCM/ECR Scorecard is a global approach developed to facilitate corporate benchmarking locally and globally. It enables worldwide companies using the same standard to evaluate their capabilities, and compare themselves against industry benchmarks. The scope of areas for assessment includes company's SCM/ECR readiness/maturity and progress, either on an individual basis or collaborative basis with trading partners. The scorecard can also assist in identifying key opportunity areas for improvement, by measuring the results of implemented SCM plans. The scorecards are structured around four focal areas:

1. Demand Management — aims at improving the product offering to consumers
2. Supply Management — covers initiatives such as Continuous Replenishment, which is designed to improve the flow of products through the supply chain



3. Enabling Technologies — develops product identification, data management and processing capabilities for accurate communications
4. Integrators — develops Collaborative Planning Forecasting and Replenishment, and explores new ways of doing business using public standard-based networks.

### **SCM Knowledge Center**

The SCM Knowledge Center is at the heart of the GS1 Hong Kong's initiatives to promote SCM strategies and educate the local business community as to the advantages of adopting these management practices. It serves as a one-stop information center, which houses the most comprehensive collections of up-to-date information and publications, and covers all aspects related to e-commerce and supply chain management in Hong Kong.

These informative and educational resources are aimed at helping the industry at large to familiarize themselves with the concepts and applications of supply chain management.

The Center also offers scorecard and benchmarking services, website and a series of educational programmes including summits, conferences, seminars, workshops and training courses.

### **Training and Education**

Training and education has always been a key focus of the GS1 Hong Kong. Apart from the summits, conferences, seminars and regular workshops, GS1 Hong Kong joins forces with other educational institutes to offer certificate and diploma courses in logistics and supply chain management.

### **SME Ambassador Program 2002-2004**

"SME Ambassador Program 2002-2004" was an industry support project initiated by the GS1 Hong Kong under the sponsorship of the HKSAR Trade and Industry Department SME Development Fund. The Program aimed to assist SMEs in both retail and wholesale sectors to enhance their competitiveness via the introduction of e-supply chain management automation system in daily operations. Through the combined efforts of GS1 Hong Kong's consultants, solutions sponsors and participating SMEs, the Program produced a series of cases and industry guidelines for sharing with the whole industry.

### **SME Advisory Board**

The SME Advisory Board is devoted to help smaller companies overcome the obstacles they face in adopting electronic commerce. Embracing technologies can assist SMEs to implement efficient SCM and the Board which was established to



facilitate the conception and adoption of e-commerce for smaller companies

Initially, the concentration will be on collecting data and statistics and promoting the use of basic systems such as EPOS data scanning and EDI. Eventually the more advanced practices such as Category Management and VMI can be promoted.

## **e-Commerce for SCM Initiatives**

### **EZ\*TRADE**

EZ\*TRADE electronic commerce service provides members with full EDI/XML capability, either over a value-added network (VAN) or the Internet. The service is a user-friendly, cost effective one-stop solution, which facilitates users, in particular SMEs, to trade electronically with their partners.



The GS1 Hong Kong is the local body of GS1 responsible for the administration and promotion of global GS1 standards. As a professional industry advisor, it also advises and supports local companies in their adoption of SCM techniques and electronic commerce technologies.

## Linking businesses worldwide

GS1 standards are global, multi-industry, business-led standards for identification and communication and are currently adopted by over 1,000,000 corporate users from more than 155 nations/regions.

GS1 also works to improve the way global companies can do business. For example, GS1 is actively participating in the Global Commerce Initiative (GCI). GCI is a collaboration between the multi-national suppliers and retailers worldwide which reinforces the importance of having a global standard to facilitate trade worldwide.

## Supporting the Industry

The GS1 Hong Kong has become renowned for its pioneering work in the development and promotion of SCM and its enabling technologies in Hong Kong. Education, information and advice on implementation of electronic

commerce for SCM programs are key roles of GS1 Hong Kong. Some of its services include:

- Number Assignment — allocation of global GS1 identification numbers which meet international standards.
- Bar Code Service — symbol testing and a code of practice to ensure bar codes always scan correctly and satisfy the criteria of overseas traders.
- EZ\*TRADE Service — a user-friendly, cost effective one-stop e-commerce service, which facilitates users, in particular SMEs, to conduct electronic trading over a value-added network (VAN) or the Internet.
- Global Data Synchronization Service — a global, internet-based initiative e-commerce platform, which ensures the compatibility of data and maintain consistent and accurate information between trading partners.
- Electronic Product Code Service — Combining Radio Frequency Identification (RFID) technology with the Internet backbone, is predicted as the next generation of product identification from bar code, which can increase the visibility to track and trace goods down to serial level along the supply chain.
- Training and Information — an extensive range of training courses/summits/ conferences/seminars/workshops, publications, website and library to nurture a deeper understanding of SCM best practices and technologies.
- GS1 Global Membership Directory — a web based service to bring GS1 Hong Kong members into the global market, providing a direct connection to over a million members of the GS1 community worldwide.
- Industry Advice — free advice and assistance on the best in class SCM techniques for individual businesses.
- Scorecard & Benchmarking — endorsed tool for companies to measure their SCM readiness and progress.
- Standards & Technologies — a common framework for information exchange and the key requirements for successful SCM implementation.

For more information on SCM best practices and e-commerce enabling technologies, please contact:

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