



## **EDI Operational Processes & Standards**

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# Foreword

Welcome to Myer EDI, this is the way we trade Electronically with our Suppliers to ensure our Supply Chain is both fast and cost efficient. It also covers how we physically move products from Suppliers through our distribution centres to our Stores & Customers.

The Myer EDI process is based on 4 Key Principles...

- ◆ Customer Service
- ◆ Cost Effectiveness
- ◆ Speed
- ◆ Data Accuracy

Consistent with world's best practice, these principles underpin all activities in our Supply Chain. The objective is to meet our customers needs by having the products they want when they want them, offering great value.

This EDI document outlines the standards for implementing the Myer EDI process, designed to incorporate world's best practice incorporating industry standards.

Areas of focus for world's best practice, which we will deliver, are:

- ◆ Full Electronic Trading
- ◆ Quick Response supply
- ◆ Cross dock distribution
- ◆ Floor-ready merchandise, with additional store handling eliminated
- ◆ Error free processing without a need for claims

Examples of Industry standards that we will incorporate include:

- ◆ ANSI EDI & EANCOM / EDIFACT transaction formats for Purchase Orders, *Reverse Purchase Orders (RPOs)* and Advance Ship Notes (ASNs)
- ◆ GS1-128 ( formerly UCC/EAN-128 ) Serial Shipping Container Code (SSCC's) for carton labelling
- ◆ GTIN (and other previous equivalents, such as EAN, APN and UPC) for product numbering

We ask that you work with us in this exciting opportunity to make Myer the premier distribution channel for your products to reach our customers.

Please read on and find out how we can achieve this goal.

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# Myer EDI Team

The Buying team is the primary point of contact for our suppliers, however, the EDI team has a crucial role in providing consultation and advice to our suppliers on issues relating to our quick response strategy, and ensuring the standards involved in the EDI process are achieved.

If you require any assistance, please contact the:

## **Myer EDI Team (for Accreditation and Compliance guidance)**

Email: [myer.ecommerce@myer.com.au](mailto:myer.ecommerce@myer.com.au)

Phone: 03 8667 7928

Myer supplier website: <http://myersupplier.myer.com.au>

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# Our commitment to Quick Response

## Maximising Efficiency

In today's Global economy, most businesses are focused on controlling costs. It is crucial that the efficiency of day-to-day Supply Chain operations are maximised. Myer has actively phased in various quick response strategies and business practices for the past few years to meet this challenge.

Myer needs strategic suppliers who are:

- ◆ Pro-active and focused on securing a competitive advantage in their area of expertise and are leaders in their industry sector
- ◆ Committed to working closely with Myer meet our customers' needs
- ◆ Committed to developing efficient short cycle operations to fulfil customer demand in the most cost effective manner
- ◆ Committed to ongoing quality and service improvement

Our quick response strategies address all activities within our Supply Chain, from Suppliers to customers and including merchandise activities:

- ◆ Buying
- ◆ Marketing
- ◆ Replenishment
- ◆ Transportation
- ◆ Distribution
- ◆ Receiving
- ◆ Payment
- ◆ Administration/performance measurement
- ◆ Merchandise presentation/handling and service delivery to our stores

Myer has re-engineered our Supply Chain to ensure that:

- ◆ Suppliers are focussed on providing our customers fantastic merchandise
- ◆ Distribution strategies and merchandise flow are continuously reviewed to maximise cost effectiveness and speed
- ◆ Technology systems are aligned to deliver the needs of the business
- ◆ Organisation roles and reporting structures are aligned to deliver the needs of the business
- ◆ Robust performance measurement will provide detailed review of the efficiency of our processes at all stages

We have defined, in our EDI process, the operational standards for all stages of our Supply Chain.

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# Our commitment to Quick Response cont'd

## Key performance areas

The EDI process focusses on four key performance areas...



### Customer service

- ◆ Better In-stock position
- ◆ Merchandise in the right place, at the right time, in the right quantity to meet demand

### Cost effectiveness

- ◆ Increased Stockturn
- ◆ Reduced product costs
- ◆ Reduced distribution costs
- ◆ Reduced payroll related costs
- ◆ Reduced product markdowns
- ◆ Reduced Administration costs

### Speed

- ◆ Improved cycle times
- ◆ Eliminate unreliable/inconsistent performance, "Do it Right the 1<sup>st</sup> time"
- ◆ Improved Supplier compliance to avoid rework

### Data Accuracy

- ◆ Reduced Data errors
- ◆ Reduced Process inconsistency/inefficiency
- ◆ Eliminate manual processes
- ◆ Eliminate cross functional inefficiencies

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# Our commitment to Quick Response cont'd

## Strategic principles

The EDI process encompasses the following strategic principles.

We will operate Strategic Partnerships with our suppliers based on a set of high-level principles:

- ◆ Myer will buy on behalf of our customers, not sell on behalf of our suppliers
- ◆ Shared economic responsibility
- ◆ All Suppliers will be treated fairly
- ◆ Suppliers will be given due notice of compliance requirements and the consequences of non-compliance will be clearly communicated
- ◆ Mutual commitment to fact based negotiation

To do this we will adopt world's best practice principles whereby:

- ◆ Initial orders are generated based on forecasts
- ◆ Re-orders are generated based on actual sales data
- ◆ Orders will be reflective of customer demand
- ◆ Smaller more frequent orders, lower inventory levels and reduced level of Out-of-Stocks
- ◆ Communication of order information fast, efficient, and accurate
- ◆ Distribution centre processing times will be minimised
- ◆ Supplier lead times more efficient to improve Speed-to-Market
- ◆ Forecast Demand is mutually agreed with Suppliers
- ◆ Smoother Receipt flow of Indent merchandise
- ◆ Store stocks reflective of Customer demand
- ◆ Poor Selling items are actioned quickly
- ◆ Where relevant, Replenishment based Sales are utilised

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# Our commitment to Quick Response cont'd

## EDI strategy

EDI is the electronic exchange of information between Myer and our Suppliers to ensure timely and accurate ordering, delivery and tracking of merchandise. EDI is a key plank in the quick response programme to facilitate the flow of information between Myer and our suppliers in response to consumer demand.

The components which make a quick response strategy possible are supplier generated Global Trade Item Numbers / GTIN (EAN, UPC, APN) and bar code symbols, combined with the use of Point-Of-Sale (POS) scanning, Electronic Data Interchange (EDI), Logistics labels (that include Serial Shipping Container Codes) and Evaluated Receipts Settlement (ERS).

Through EDI the possibility of a 'paperless order process' is a reality. The commitment to electronic trading enables a much more efficient business relationship between Myer and our Suppliers.

The quick response strategy forges new partnerships between Myer and our Suppliers. These partnerships involve the mutual benefit of shortening the order cycle and optimising the level of Inventory held.

For Myer, quick response means improved customer service, resulting from improved management of the order cycle, accurate information, timely flow of information and the opportunity a stronger partnership with our suppliers.

EDI allows Suppliers to process orders quickly eliminating manual data entry, improving accuracy and data integrity. Therefore, purchase orders are produced and transmitted in an efficient and timely manner. It enables Myer to manage the transmission of orders and Suppliers to manage the processing of orders, when they move efficiently without delay.

The introduction of scan packing and applying the Serial Shipping Container Code on a logistic unit further increases the accuracy of the packing operation. Advance Ship Notes (ASNs) allow for the paperless reconciliation of the receiving process at Myer's receiving points and facilitates automatic payment to the Supplier.

Myer acknowledges that EDI involves a major commitment making it work effectively. However, as a key plank in the quick response programme, EDI provides us with information that is more reliable and accurate in maintaining data integrity. Trading partnerships are no longer viewed as just another exchange of contractually binding documents necessary for business. EDI and quick response strategies enable us to achieve stronger partnerships, better relationships and greater understanding of both partner's business operations, as together we unlock the mutual benefits of sharing information electronically.



# The EDI process

## 1 Our supply chain

The EDI process details the standards for how we will operate our business at each stage of the Supply Chain. The Supply Chain encompasses all activities from item identification through to merchandise presentation in stores for our customers.

### Myer National Buying Office

- ◆ Register items
- ◆ Transmit EDI purchase order
- ◆ Transmit Product Activity Data / Sales
- ◆ Pay on basis of Evaluated Receipts Settlement (ERS)
- ◆ For vendor managed inventory Receive EDI reverse purchase orders (RPO's) and process



**Buying**

### Suppliers

- ◆ Acknowledge receipt of orders
- ◆ Validate order within 2 working days
- ◆ Make floor ready
- ◆ Pick and pack by store (Logistics Labels & ASN's)
- ◆ Despatch to delivery locations
- ◆ Receive Product Activity Data / Sales
- ◆ For vendor managed inventory - RPO's receive and manipulate data to calculate individual store requirements
- ◆ Transmit reverse purchase orders to agreed timetable



**Supplier**

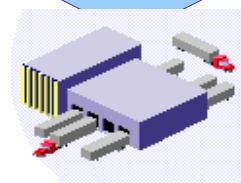
## Supply Chain EDI Process



**Store**

### Myer Stores

- ◆ Receive from Distribution Centre
- ◆ Receive directly from supplier
- ◆ Authorise payment for direct deliveries
- ◆ Move stock to fixtures
- ◆ Record sales by GTIN



**Distribution Centre**

### Distribution Centres

- ◆ Receives Deliveries
- ◆ Cross dock
- ◆ Authorise payment
- ◆ Track compliance
- ◆ Distribute to Stores

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# The EDI Process cont'd

## 2 Item identification

### Processes

Unique product identification is fundamental to EDI. It ensures that there complete accuracy in all communication.

- ◆ GS1 GTIN must identify all products and must be physically marked & bar-coded on, or attached to the merchandise
- ◆ All GS1 compatible product numbers must be registered in the Myer Product Registration System by the Buying team
- ◆ GS1 Australia will issue a unique GS1 Company Prefix and a range of numbers to form GTIN. They also supply a complete user guide to the GS1 system
- ◆ Having obtained your GS1 Company Prefix you then allocate a unique item reference to identify each specific product at SKU level (style, colour, size). The easiest way is to assign the next available number in sequence. These numbers are linked with the leading GS1 Company Prefix to form a 12 digit number, for example

Style	Donna	Blue	S	931234500001
			M	931234500002
			L	931234500003
	Donna	White	S	931234500004
			M	931234500005
			L	931234500006

- ◆ The final step in creating the 13th digit is to calculate the check digit. Refer to the formula in the GS1 Australia user manual or use the on line check digit download calculator program from [www.gs1au.org](http://www.gs1au.org)

### Standards

- ◆ The GS1 International Standard is administered by GS1 Australia contact phone 1300 366 033.
- ◆ In order to trade with Myer Pty Ltd Suppliers must be a member of GS1.

### Benefits

- ◆ Accurate communications regarding product requirements and movement
- ◆ Facilitate EDI ordering and ASNs
- ◆ Facilitates speed of processing at Point of Sale

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# The EDI Process cont'd

## 3 EDI purchase orders

### Processes

EDI purchase orders standardise the format of information and allow suppliers to receive and download orders from retailers.

- ◆ An electronic purchase order is mandatory. Our format will be the ANSI 850 or EDIFACT D96A standard purchase order document
- ◆ If an order is for a special event such as a catalogue sale or other promotion, we will complete the Special Services segment of the EDI Purchase order.
- ◆ Myer will load orders on to the GXS system 4 times per day
- ◆ You should access the mailbox on a daily basis at a minimum. The timing should be coordinated with daily production/picking planners
- ◆ You should review our orders in detail paying particular attention to cost price and quantity for each item, along with the delivery window, and communicate any discrepancy to the Buyer within 2 working days from the time the order is received

For example	Order received Monday night Discrepancies accepted up until close of business Wednesday
	Order received Friday night Discrepancy accepted up until close of business Tuesday

**It is imperative that this is completed diligently as your payments will be based on the cost price, as per the purchase order**

- ◆ Where the resolution of the discrepancy results in an amendment to the order, a revised order will be transmitted and you will have 2 working days from the receipt of the re-sent order to review the details
- ◆ If the purchase order has not been refused by you, we will deem that you have accepted the order and will supply us with the merchandise in accordance with the terms for supply and any additional terms on the purchase order
- ◆ If at any time after acceptance of a purchase order you become aware of anything that may affect your ability to deliver the merchandise within the specified window, you must notify us immediately
- ◆ A detailed Electronic Purchase Order technical manual is available separately (ask the Myer EDI Team if you require a copy)
- ◆ The ANSI 997 or EDIFACT / EANCOM control functional acknowledgment is required to confirm your receipt of the order

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# The EDI Process cont'd

## 3 EDI purchase orders cont'd

### Standards

- ◆ EDI standards outline document layout and specifications to enable communication between two computer systems.
- ◆ Myer Supports the use of the ANSI X12 or EDIFACT / EANCOM document standards.

### Benefits

- ◆ Eliminates paper handling
- ◆ Eliminates re-keying of data into supplier systems
- ◆ Accelerates communications
- ◆ Improves data accuracy

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# The EDI Process cont'd

## 4 EDI reverse purchase orders (RPO's)

### Processes

EDI reverse purchase orders standardise the format of information and allow suppliers to calculate and transmit orders to Myer. Prior to EDI Reverse Purchase orders being implemented, a Reverse Purchase Order trading parameters document must be agreed upon and signed off by the Buyer. Detailed below are some of the parameters set for RPOs.

- ◆ An electronic reverse purchase order will be mandatory. Our format will be the ANSI 855 standard purchase order acknowledgment document
- ◆ Myer will download reverse purchase orders from the GXS system at regular intervals during the day
- ◆ You may place orders into the GXS system at any time
- ◆ Your transmission of a reverse purchase order must precede the transmission of the ASN and the despatch of the goods BY AT LEAST ONE WORKING DAY
- ◆ Store raised orders are no longer possible
- ◆ You should review your reverse purchase orders in detail before transmission. Please pay particular attention to GTINs and cost prices to ensure they are aligned to details registered in Myer systems, along with the quantity for each item and the delivery window to ensure they are within the agreed parameters.
- ◆ All reverse purchase orders will be validated by Myer against both EDI and agreed business rules
- ◆ Reverse purchase orders which fail to meet these rules will be rejected and you will be notified
  - You must not ship goods against these orders
  - Buyers may be able to correct some errors, in which case you will be advised to delay shipment
  - **In all circumstances, Myer will calculate payment based on the lower of the cost prices on your order or registered in our system**
- ◆ A detailed Electronic Reverse Purchase Order technical document is available
- ◆ The ANSI 997 functional acknowledgment will be transmitted to you as confirmation that we have received your reverse purchase order
- ◆ Where the reverse purchase order is not a “replenishment” order, but is a “recommended” order for a special reason (opening order, special event order, and special purchase), Myer will transmit a standard purchase order to confirm details such as quantification, delivery point and costs.

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# The EDI Process cont'd

## 4 EDI Reverse Purchase Orders cont'd

### Standards

- ◆ ANSI 855 standard purchase order acknowledgement document in version 003020.

### Benefits

- ◆ Eliminates paper handling
- ◆ Eliminates re-keying of data into supplier systems
- ◆ Accelerates communications
- ◆ Improves data accuracy
- ◆ Centralised management of the replenishment process

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# The EDI Process cont'd

## 5 Quality assurance

As per the Myer Standard Supply Agreement for Myer Pty Ltd, all merchandise must conform to:

- ◆ Any applicable standards set by the Myer Quality Assurance department for finished dimensions and performance.  
For example, electrically powered items, toys, ticketing and labelling of soft goods
- ◆ Any relevant mandatory State or Federal standards, with particular care taken on 'country of origin' labelling and care labelling of soft goods

## 6 Making goods floor ready

### Processes

As a general principle it is a Myer preference to receive merchandise from suppliers in a 'floor ready' state that enables display of the merchandise immediately upon removal from the carton or hang pack with minimal additional handling required.

As a minimum standard:

- ◆ All merchandise supplied to Myer must be ticketed to Myer standards as specified in the Myer E-Commerce Price Ticket Standards booklet
- ◆ All merchandise which requires hanging for display is to be delivered on the correct standard hanger as specified in the Myer Hanger Policy booklet

Any additional requirements will be subject to specific negotiation between you and the Myer buyer.

### Standards

- ◆ GTINs & Barcodes - GS1 Australia User Manual Numbering & Barcoding
- ◆ Myer Hanger Policy
- ◆ Myer E-Commerce Price Ticket Standards
- ◆ Myer Floor Ready Standards
- ◆ Source Tagging Policy and Procedures – by merchandise group

### Benefits

- ◆ Eliminates duplication of handling
- ◆ Improves merchandise flow through to customers
- ◆ Reduces cycle time

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# The EDI Process cont'd

## 7 Picking and packing by store

### Processes

Creating Logistics labels (with a Serial Shipping Container Code) and ASN (Advance Ship Note) requires that all merchandise is picked and packed by store allocation as detailed on the purchase order or reverse purchase order.

In order to ensure the integrity of data, and that the ASN accurately details the quantity shipped, Myer has established minimum system requirements for building an ASN.

Your system must:

- ◆ Allow the contents of the Purchase Order or Reverse Purchase Order to be interfaced directly to your picking system
- ◆ Collect and store data of individual carton contents by scanning each item's bar code as the product is packed into the carton.
- ◆ Generate a unique Serial Shipping Container Code in a GS1-128 barcode symbol and incorporate into the logistics label automatically from the scanned data. The Logistics label is attached during the individual carton or bag packing operation
- ◆ Alert the operator should any item scanned not be on the Myer purchase order or the supplier generated reverse purchase order
- ◆ Highlight for investigation any variance between the order and actual packing details
- ◆ Compile the ASN (856 Ship Note Manifest or DESADV) from the data collected and stored during the individual carton or bag packaging operation. This ensures the ASN detail matches the physical shipment
- ◆ For purchase orders, transmit the ASN to Myer upon completion of the packing process
- ◆ For reverse purchase orders, allow sufficient time for Myer to validate the reverse purchase order before transmitting the ASN

Myer will poll its mailbox at regular intervals during the day to ensure receipt of the ASN prior to receipt of the shipment and will send a functional acknowledgment on receipt of the ASN.

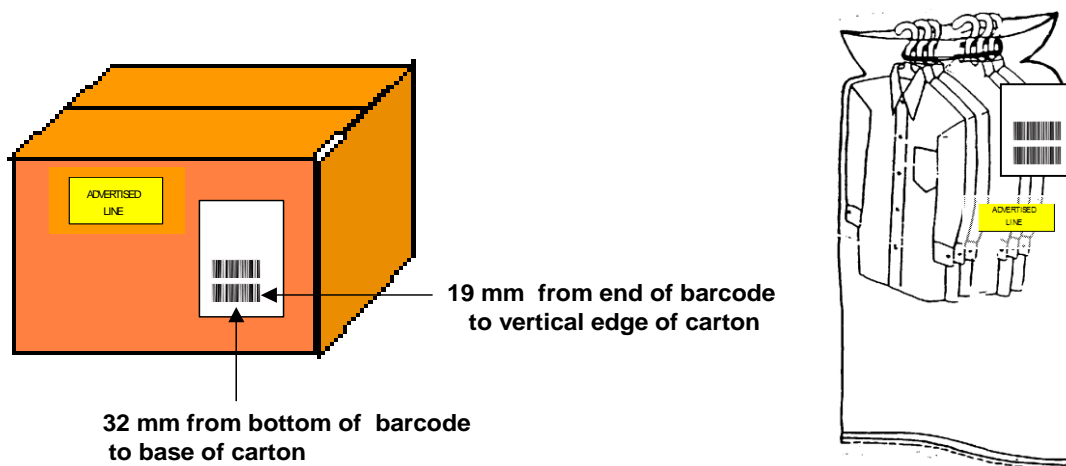


# The EDI process cont'd

## 7 Picking and packing by store cont'd

### Logistics Label and ASN Standards

- ◆ An Advanced Ship Note (ASN) and Serial Shipping Container Code (SSCC) incorporated into the Logistics label will be mandatory. Our format will be ANSI 856 ship note manifest or EDIFACT DESADV and the GS1 Logistics label
- ◆ The Logistics label must be affixed to the right of centre on the longest side of the carton, with no less than 19 mm from the bar code to the vertical edge of the carton, and no less than 32 mm from the bottom of the bar code symbol to the natural base of the carton. For hanging fashion, the Logistics label should be affixed as close as possible to the side of the upper right shoulder of the bag



- ◆ Each carton / fashion bag must be labelled with a Logistics label
- ◆ The Logistics label details the Order Number, the RDC and Store the delivery is for and has a unique SSCC number that identifies what is within the carton or fashion bag.
- ◆ If the order has an Advertised Date, this date is sent through on the Purchase Order and will print on the Logistics label. Any Carton or fashion bag delivered either through the Distribution Centres or Direct to Store that is advertised must have the Fluoro Yellow Advertised Line Label. The Advertised Line Label must be clearly separate from the Logistics label (No Overlap) and should be applied so as not to obstruct the Logistics label. If the goods are for Stocktake Sale, the label is Red.
- ◆ ASNs - Advance Ship Notes are the electronic contents documents that detail what has been scan packed against the allocated purchase order. Within the ASN document are the SSCC numbers for each store and the GTIN item details. Myer must receive the ASNs prior to the delivery of the merchandise to the distribution centre or store.
- ◆ Myer will send a Functional Acknowledgement to confirm receipt of your ASN
- ◆ A detailed Electronic Advance Ship Notes technical document is available

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# The EDI process cont'd

## 8 Evaluated Receipts Settlement (ERS)

### Processes

Evaluated Receipts Settlement will become the standard for generating payments to suppliers.

Myer will pay on the basis of the quantity received as detailed on the ASN (extended by the cost price as detailed on the purchase order).

This will eliminate the need for invoices and invoice reconciliation.

Payments will be credited to your bank account via Electronic Funds Transfer in accordance with negotiated payment terms.

### Standards

- ◆ Changes to purchase order cost prices are only accepted within two working days from receipt of the order. (Refer also to EDI purchase orders section of this booklet).
- ◆ Goods shipped must match the ASN quantities precisely, as facilitated by scan packing at your premises.

### Benefits

- ◆ Eliminates paper handling
- ◆ Reduces administrative effort
- ◆ Eliminates claims for short delivery and pricing errors

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# The EDI process cont'd

## 9 Compliance with the E-Commerce Operational Processes and Standards

Myer will incorporate world's best practice within our Supply Chain in which deliveries are received from suppliers as ordered and are despatched to our stores within a minimum time-frame to ensure we are able to satisfy customer demand.

Merchandise that does not comply with Myer quality standards or statutory requirements will be rejected at our distribution centres or stores and returned to you at your cost.

## 10 Conclusion

We look forward to working with you to maximise the efficiency of our Supply chain for the mutual benefit of our respective businesses and to ensure we satisfy our customers.

This document is designed to define the Myer EDI Operational Processes & Standards.