

Case Study

# Fonterra



**Country:**

New Zealand

**Industry:**

Agriculture, FMCG

**B2BE Solutions:**

Custom Development



## Business Objective

Fonterra Brands New Zealand needed a system to make it compliant with National Product Catalogue (NPC) formally GS1net's electronic product catalogue exchange, a move that was mandated by Foodstuffs, a key retail customer for its Anchor, Mainland and Tip Top dairy products.



## Business Benefits

- Compliance with NPC standards
- Reduced order error rates.
- Conformance with Foodstuffs data requirements (and others in future). Improved internal data quality.

## The Company

### Dairy company opens tap on electronic ordering

Fonterra Brands has created an electronic product catalogue to meet the requirements of major customer Foodstuffs, turning the valve on for eCommerce with partners globally...

Dairy products supplier Fonterra Brands NZ might be New Zealand's biggest dairy company but when one of its major local retail customers requests a change in the way product information was delivered, it was only too happy to oblige. That's because Fonterra Brands' new electronic product catalogue for supermarket operator Foodstuffs will enable them to readily offer better service to other customers locally as well as globally.

"We were requested to attain NPC compliance by Foodstuffs. This means our product catalogue is accurate and conforms to the GS1 standards," says Andrew Faid, who steered the project for Fonterra Brands.

"NPC is a multi-industry product catalogue, whereby we get our data ship-shape and lodge it in the NPC cloud.

"Effectively we are loading up our product catalogue for subscribers — that is, our customers — to draw it down and assimilate the information into their back-end systems. This facilitates electronic ordering, supply chain, and merchandising functions.

"It's a big advance on the manual and somewhat haphazard paper-based ways of providing information about our products to our customers."

"In the past it was done intuitively — on the basis of verbal agreements," Faid says.

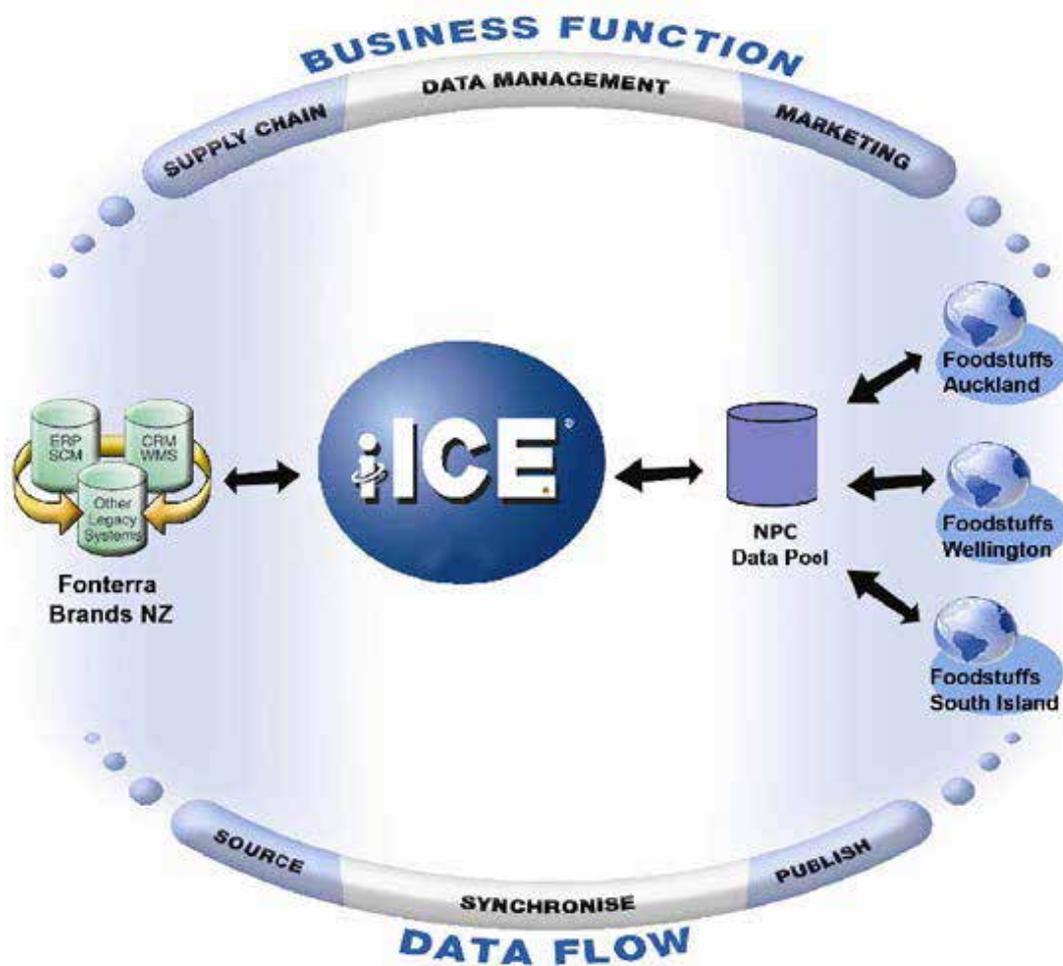
"This often entailed scrambling around at the last minute with ad-hoc files and spreadsheets to enable customer orders to be lodged and fulfilled."



“The situation prior to NPC was immature and unsustainable; there weren’t really any established procedures in place.”

While it was Foodstuffs who nudged Fonterra Brands in the NPC direction, Faid says he could see from the outset that the benefits in terms of internal cost and time savings for Fonterra Brands could be expanded with other customers.

“We don’t want to build this just for Foodstuffs; we want to build our catalogue in such a way that it can be used in many different iterations by multiple customers.”



While Faid was manager of the NPC project, Terry Patmore took on the task of implementation and roll-out to the business users. Having determined Fonterra Brands’ electronic catalogue should be designed for use with any number of customers, the next issue was whether to devise an in-house solution or look for a ready-made one.

Fonterra Brands required a system which could both receive and validate details of the company’s scores of products in their numerous variations. Once the data is entered in the system it is validated to ensure it conforms to GS1 standards, and then uploaded to NPC for accessing by, in this instance, Foodstuffs.

Patmore explained the project team had previously seen a more 'basic' NPC middleware tool. After reviewing its limited functionality, his team was almost convinced to build their own. However, given the complex nature of the NPC data pool, building and maintaining these solutions 'in-house' posed a challenge and also a major risk.

After a chance discussion with their electronic data interchange (EDI) provider, B2BE (formerly called The ECN Group in New Zealand), Fonterra Brands was shown Innovit's iICE Validator for NPC software, which is a 'NPC Certified' middleware solution.

**“After seeing iICE Validator’s breadth and depth of functionality, we suddenly realised it would have been incredibly difficult to try to build something like this in-house”**

Andrew Faid, Fonterra Brands NZ IS Manager.

“We tried it for a month and realised how easy iICE was to use and, basically, it became a no-brainer,” Patmore says.

Faid describes it as a moment of realisation. “After seeing its breadth and depth of functionality, we suddenly realised it would have been incredibly difficult to try to build something with equal functionality inhouse,” he says.

iICE Validator makes the process of publishing an electronic catalogue as simple as extracting product information from Fonterra Brands' ERP system, validating to ensure it meets the NPC format, and uploading it.

“iICE Validator is very easy to pick up,” Patmore says. “We had it loading and validating data within half a day.”



The grunt work for the project is in ensuring the ERP data is in a clean state, which Patmore says is a matter of perseverance, rather than complexity. It is then a matter of putting rules in place for keeping the information, contained in more than 100 data fields, clean. iICE Validator became the gatekeeper to ensure what we provide our customers via NPC is correct and current.

With more than 1,000 variations of products in the system, each represented by a Global Trade Item Number (GTIN), the catalogue updates can occur daily, creating plenty of potential for data corruption. “We had loose processes, and a tool like iICE Validator is only as good as the data that goes into it,” Faid says. “Terry and the team were instrumental in defining new work processes.”

Michelle Newsome, an ecommerce specialist at B2BE, says the Fonterra Brands project is part of a trend by retailers across several industries to adopt NPC, replacing the use of paper-based universal buying forms, or UBFs, for product ordering. B2BE, New Zealand’s largest business-to-business messaging company, has been Innovit’s New Zealand reseller since December 2009, and has undertaken projects involving catalogues in excess of 12,500 GTINs.

Innovit (the Sydney based Master Data Management (MDM) company that built the iICE Validator) says the New Zealand adoption rate of NPC is ‘exceptional’ and many companies are already seeing the benefits of tools such as iICE Validator for simplifying the support of the GS1 standard, and easing the complex data validation, loading, and publication steps on NPC.

Quite apart from the Foodstuffs request to Fonterra Brands to become NPC-compliant, Faid says benefits of the project will be an increase in data integrity across the entire business.

“Combined with refined business processes, and accurate product information this will ultimately improve speed to market for new product introduction.” he says.

“Data alignment between Fonterra and our customers results in a reduction in product ordering error rates and improvements in product merchandising and management at the store front.

“Having gone through the NPC-compliance process for Foodstuffs, we are ready to extend this service for other customers participating in Global Data Synchronisation (GDS) via the GS1 network of data pools.”

“The G in GS1net stands for global, so it could well be a springboard for bigger and better things,” says Faid.

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## About B2BE

B2BE delivers electronic supply chain solutions globally allowing organisations to better manage their supply chain processes, providing greater levels of visibility, auditability and control. With over 20+ years of experience, the B2BE teams operate in over 20 countries and regions and speak 17 different languages. We are trusted by over 6000+ customers with more than +58,000 trading relationships.

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