LCBO

DIGITAL COLLABORATION

Insight Conference | March 7th, 2017

LCBO

let's get together.

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Background

Opening the Dialogue across the Industry

- CIOs from Alberta, Manitoba, Ontario and SAQ have met as leaders in the alcohol beverage industry
- Opportunities related to security and B2B collaboration have been identified as key topics of interest
- The Ontario Craft Brewers have shown interest in collaborating through technology
- We want to engage Wineries to gauge interest in Digital Collaboration

LCBO's Technology Strategy

The LCBO is looking holistically across its B2B and B2C businesses and finding opportunities to leverage investments across both channels

Our ability to exchange information and collaborate digitally across both channels will:

- Improve the **customer service** we deliver
- Make us **easier to do business with**
- Make us **more efficient**
- Allow us to engage in **integrated business planning**
- Help spark new **insights**
- Improve **visibility**

A Key Driver of Digital Collaboration

Increasing external requests to exchange…

- **Digital Transactions**
  (e.g. Purchase Orders, Invoices, Advanced Shipping Notices etc.)
- **Data**
  (e.g. Product Data, Sales Data etc.)

Customers

Suppliers

The demand for external exchanges is intensifying with the launch of eCommerce and Grocery

Digital Collaboration Best Practices

Retail Industry Digital Collaboration Best Practices:	Alcohol and Beverage Alignment to Best Practices
1. Use digital collaboration standards such as EDI for transactions (PO, Invoices, ASNs)	☐ Small portion of Suppliers, and Liquor Boards utilize EDI extensively
2. Adopt global, standard Item/Product numbers, like UPC, across the industry	☐ UPC is not standard
3. Seamlessly transfer transactions from one trading partner to another with minimal manual intervention	☐ Email, Portals, Manual data entry common … ERP to ERP is rare
4. Standardize such that suppliers can leverage common processes across the country	☐ Suppliers must leverage different portals and processes to transact with each Board

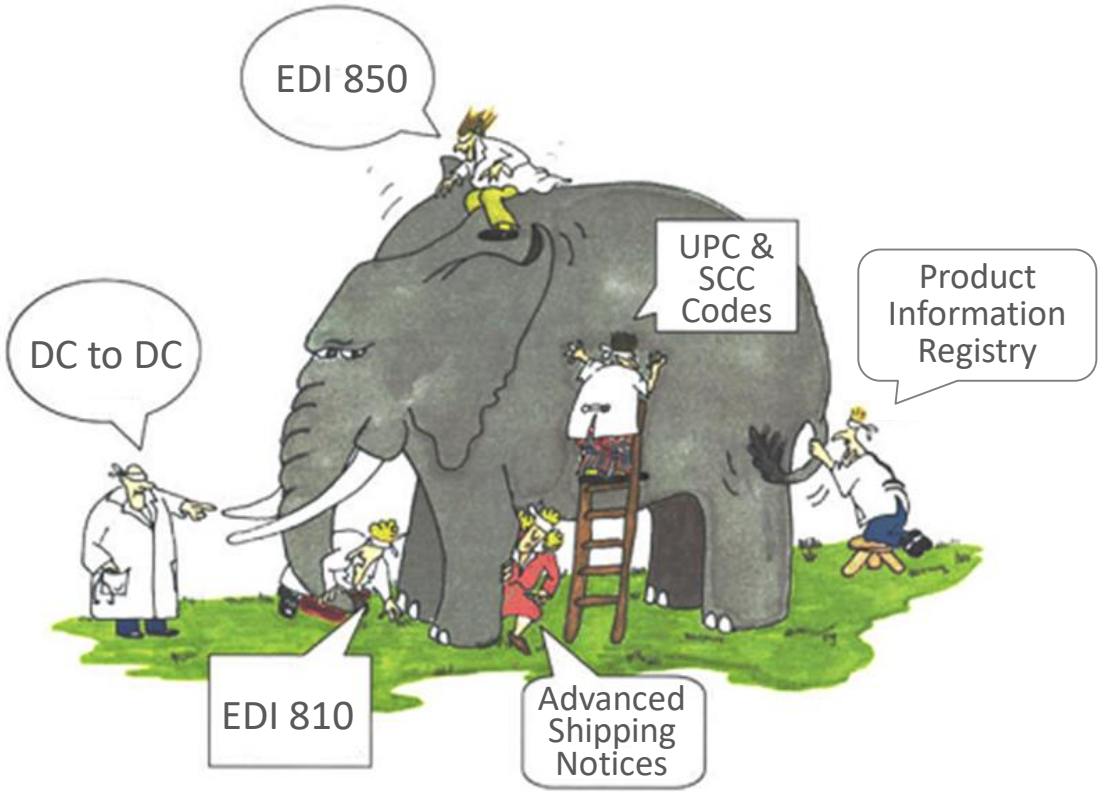
Our current practices make it challenging for our industry to effectively and efficiently collaborate

Digital Collaboration is more than just EDI

Digital Collaboration requires a cohesive strategy

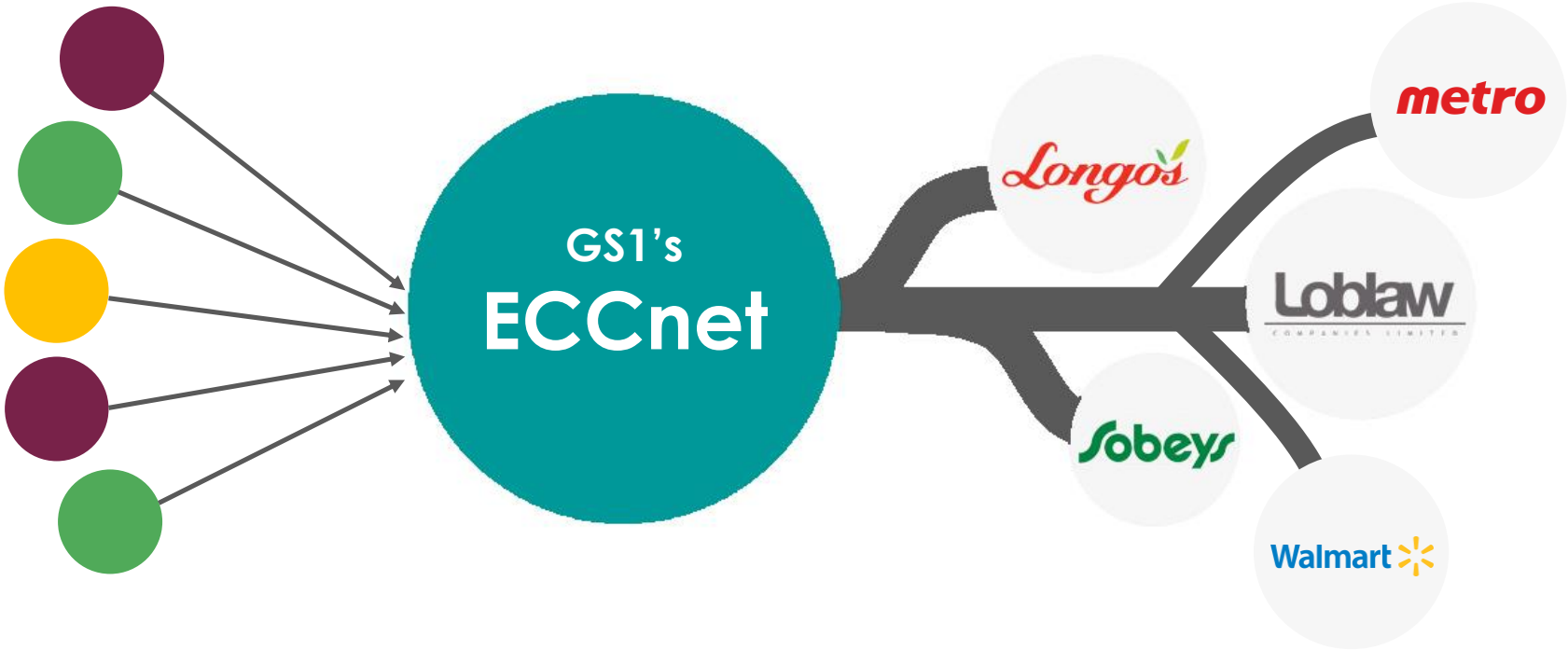
Today, we operate at different levels of maturity across the value chain

We believe there are benefits to work across the alcohol beverage industry to highlight the opportunity across Grocers, our Suppliers and other Liquor Boards



ECCnet: A National Product Registry for Canadian Grocers

Suppliers	GS1	Grocers
Product Information	National Product Registry	Data Recipients



There is an opportunity to explore a similar 1:Many approach for the Canadian alcoholic beverages industry

Benefits of Digital Collaboration

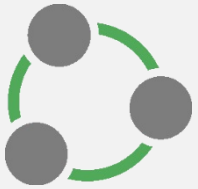
VISIBILITY

- Inventory Visibility
- Supply Chain Visibility

DATA ACCURACY

- Order Accuracy
- Product Data Accuracy

COLLABORATION



- Integrated Business Planning
- Product Recall

EFFICIENCY

- Product Onboarding
- Inbound and Outbound Transportation

REVENUE

- Vendor Performance Management
- Selling Data

Call To Action

Opportunities to increase Digital Collaboration within our Industry

Quote from Michael Sadiwnyk, Chief Standards Officer GS1 Canada:
"Within the North American Retail Industry, EDI is a legacy enabler that powers core supply Chain functions for a critical mass of companies. All large organizations have used EDI to reengineer their order to cash business processes. In Canada the Grocery, Retail Pharmacy and Department Store sectors have adopted a common implementation guideline based on GS1 Standards."

Procure to Pay/Order to Cash

Gain industry support to use a common EDI transaction set – 850, 855, 810, 820

Inbound & Outbound Transportation

Gain industry support to increase the adoption of the EDI 856 transaction (Advanced Shipping Notice - ASN)

Sales, Integrated Planning & Insights

As an industry, identify opportunities where improved visibility, collaborative planning and data driven insights would enhance our sales processes

Product Onboarding

Engage in an industry discussion about the benefits of utilizing standards and a national product registry for alcoholic beverages

Next Steps

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Moving Forward

1. CIOs across the Liquor Boards will continue to collaborate and enable the opportunities through the use of technology
2. Engage with Ontario wineries to identify opportunities to standardize and collaborate digitally across the industry
3. Drive industry adoption (across Grocers, Brewers, other suppliers)

APPENDIX

Glossary

- **Digital Collaboration**
  - The automated exchange of business documents and data between business applications both internally and externally
  - Requires secure electronic connections and standards so that the document and data formats are immediately understood
- **Procure to Pay and Order to Cash**
  - Both processes are commonly enabled by financial accounting modules in ERP systems
  - **Procure to Pay:** Starts with the procurement requirement and ends at payment to the vendor from whom goods have been procured from
  - **Order to Cash:** Starts with receiving an order and ends when payment is received from the customer
- **Common EDI Transactions**
  - EDI 850: Purchase Order
  - EDI 855: Purchase Order Acknowledgement
  - EDI 810: Invoice
  - EDI 820: Payment Order/Remittance Advice (format used to transmit information related to payments)
  - EDI 856: Advanced Ship Notice (ASN)
- **GS1 Canada**
  - GS1 Canada develops standards that facilitate global competitiveness and educates industry on how to incorporate collaborative commerce tools and processes into their businesses. GS1 Canada manages communities and works as an implementation partner as it delivers value to its members through Industry Managed Services that provide solutions to business problems.
  - With over 20, 000 subscribers, GS1 Canada's activities are carried out through five sector boards: Carenet Healthcare, General Merchandise, Apparel and Hardlines, Pharmacy, Foodservice, Grocery
  - GS1 Canada's ECCnet Registry is Canada's national product registry. It is a central point of access between trading partners for electronically sharing accurate product data based on global standards.