



Joint Study from GXS and VCF Discovers Improved ASN Accuracy Key to Retail Supply Chain Efficiency

Data Quality Cited as Top Issue Preventing Retail Suppliers from Delivering the Perfect Order

GAITHERSBURG, Md. and PARSIPPANY, N.J. — November 6, 2007 — GXS, a leading provider of business-to-business (B2B) e-commerce solutions, and the Vendor Compliance Federation (VCF) today announced the results of a research study focused on evaluating the advanced ship notice (ASN) and related processes in the retail supply chain. The study, part of ongoing VCF research into the Perfect Order Process, found that while 89 percent of retailers surveyed require the use of ASNs by their suppliers, accurate and efficient execution of ASNs is lacking. In fact, the retailers surveyed identified ASNs as the most problematic of all electronic documents in the order-to-settlement process. The growing challenges with shipment processes have led retailers to institute more compliance-related deduction types for ASNs than any other supply chain document.

The ASN process is a cornerstone of automation for retail transportation and warehouse management processes. ASNs are used to automate receiving processes in the distribution center, to cross-dock shipments for immediate outbound dispatch and to monitor product inventory in the supply chain. The ASN, however, has been beleaguered by a number of factors, including inconsistent implementation by retailers, a pervasive lack of data quality and the difficulty of onboarding the supplier community, all of which have impeded full realisation of its benefits. As a result, both retailers and suppliers struggle to achieve the perfect order, defined as on time and complete with accurate documentation and no defects.

“ASNs are one of the most frequently used electronic documents in the supply chain today, but also one of the most problematic. In executing this study, we sought to give retailers and suppliers better insight into the root causes and business impacts of ASN problems,” said Bryan Larkin, director of marketing for the retail and CPG industries at GXS. “The study results confirm that ASN challenges are so widespread that most retailers and their suppliers have not fully realised the benefits they hoped to achieve. Poorly executed ASNs are a leading source of warehouse inefficiencies, expense off-sets and retail out-of-stocks. Retailers and their suppliers who focus on improving data quality can perfect their ASNs and gain a competitive advantage in the marketplace.”

Poor transactional data quality was cited as the most problematic area for ASNs and associated documents, by more than 50 percent of survey participants. Data-related ASN errors include inconsistencies between related documents such as the bill of lading and purchase order; missing units of measure for weight; and inaccuracies resulting from splits and consolidations of loads. Although not conclusive, the survey results suggest a strong correlation between the lack of data

quality and the volume of purchase order changes, most of which are communicated manually, versus via electronic data interchange (EDI). The full report identifies 30 root causes of ASN inaccuracy and details more than 40 best practices which retailers and their suppliers can implement to reduce ASN-related problems.

“The VCF has a history of active collaboration with retailers and suppliers to ease supply chain pain points, and build greater harmonisation between both groups,” said Mark Jones, managing director of the VCF. “This study takes that mission one step further by identifying issues shared across the industry and suggesting best practices to address those issues. Deductions are not a solution to a problem, but they are used to motivate change in supplier behavior. By optimising the ASN process and combining it with supply chain visibility tools, retailers and suppliers can avoid the prevalent problems and reap the benefits in multiple areas of their business.”

The study results will be presented by Bobby Patrick, GXS’ chief marketing officer, at VCF’s Global Conference November 4 to 7, 2007 in Indian Wells, California. The complete report contains a detailed discussion of the challenges associated with ASNs. It can be downloaded for free by retailers and retail suppliers from the GXS web site at www.gxs.com.uk or the VCF web site at www.vcfww.com.

GXS enables demand-driven supply chains for retail and consumer products companies by integrating trading partners, synchronising product information, monitoring supply chain events and facilitating collaborative planning. Retailers and suppliers in the grocery, do-it-yourself, department store, apparel, and consumer electronics sectors, rely on GXS’ solutions to help build customer loyalty, reduce supply chain errors, enhance supplier relationships and streamline operations. Through industry-leading technology, strategic partnerships and professional support on all major continents, GXS enables retailers, manufacturers and suppliers around the world to increase B2B e-commerce functionality and reach and to improve the efficiency of their supply chains. GXS customers in the retail and CPG sectors include Circuit City, JCPenney, Liz Claiborne, PepsiAmericas, Rite Aid and Warnaco.

About VCF

VCF is the nation's fastest growing retail membership organisation. Focused on improving the entire sales-to-cash process, the organisation has been an advocate for its members on trading partner issues and has championed initiatives to increase industry-wide productivity, profitability and growth. Visit www.vcfww.com for more information.

About GXS

GXS is a leading global provider of B2B e-commerce solutions that simplify and enhance business process integration, synchronisation and collaboration among trading partners. Organisations worldwide, including 75 percent of the Fortune 500, leverage the GXS Trading Grid® to extend supply networks, optimise product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. With an unmatched global presence, proven trading partner management and B2B outsourcing services, GXS’ on-demand solutions maximise the benefits of integration for businesses.

Based in Gaithersburg, Md., GXS’ extensive global network serves customers throughout the Americas, Europe and Asia Pacific regions. GXS can be found on the Web at www.gxs.co.uk.

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For further information please contact:

Denise Oakley, Director, Marketing Programmes International GXS

Tel - +44 (0) 1932 776408 / +44 (0) 7768 537 481 Email: denise.oakley@gxs.com