Update Bulletin

StoreNext C-DSD

April 12, 2004

A preliminary version of StoreNext's upcoming "Connected DSD" system was shown at February's MarkeTechnics show. C-DSD has the power to change the way much of the independent store business is configured, and can change the fundamental position of a back office in the supermarket.

As is usual with new concepts, C-DSD raised a lot of questions. How does C-DSD relate to the DSD and receiving system with RBO? Is C-DSD targeted for simple or sophisticated operations? Will StoreNext change product strategy with RBO? How will C-DSD be positioned?

Here are some of the market basics for C-DSD as we see them:

- The fundamental concept of C-DSD is to fill the unmet need in small stores for DSD and receiving. Many small stores today have no receiving capabilities because the cost for a full back office system and its associated hardware is too difficult to justify in such small operations.
- It has been proven time and time again that there is an enormous return from proper management of receiving. DSD vendors regularly take advantage of small operators with pre-deal loading and costing errors that do serious damage to the store's ability to survive profitably.
- Proper receiving management puts dollars on the bottom line from Day 1, and C-DSD will eliminate that big up-front investment for application software.
- With the "heavy" back office provided by ISS45, and the price and shelf management functions of PocketOffice, a small operator will not need a full-fledged back office except for receiving or DSD. StoreNext's C-DSD will fix that. The PocketOffice iPAD will fulfill both the PocketOffice and C-DSD functions, plus wholesaler order terminal functions[1] to eliminate hardware replication and cost.

Larger and sophisticated operations may still consider a full, integrated back office system a necessity. But the "stack" of PoS/Back Office/DSD can be easily replaced in small stores with PoS/PocketOffice/C-DSD at enormous savings.

Here are some important distinctions and thoughts regarding C-DSD and how it may fit into your independent market.

COMPARISON AND POSITIONING OF RBO DSD AND C-DSD

RBO DSD

- RBO DSD is best-suited for the grocer looking for a mature DSD package, along with a in-store back office package

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1 Depending on the wholesaler of course…

- RBO's DSD is a "thick client" application that is fully integrated with the RBO back office package
- RBO DSD provides an exceptional reporting module with special reports such as "Going in/Going out" gross, supplier recap, deal days, buy-in etc.
- RBO DSD ties in to RBO's inventory management capabilities
- RBO DSD requires maintenance of item file at store level (most likely being done already if they are using RBO's basic back office capabilities)
- Does not support DEX

Connected C-DSD

- C-DSD is a "thin client" application that does not require a back office package
- C-DSD is best suited for grocers seeking the basic receiving functions, and auditing capabilities offered in Phase 1 (See features and functions listed below)
- Beside the actual receiving function (on the hand-held) C-DSD will offer a receiving document auditing tool (no reports). This is the fundamental documents manager in StoreNext Connected Services which allows the auditing of specific receiving documents as well as updating them.
- Obviously, a cost catalog is required. Connected Services will offer a "slim" catalog for C-DSD that requires only basic item management (see data elements required listed below).
- Does not support DEX.

STORENEXT C-DSD FEATURES AND FUNCTIONS

The following describes the primary capabilities of StoreNext initial C-DSD release

1. The user will be able to create a delivery document (DSD) where the item/supplier information is retrieved from Connected Services
    a. The supplier search can be conducted by code, name or an item scan
2. The user can input the following data while creating a delivery document:
    a. Delivery (invoice) number – required
    b. Credit (any applicable invoice credits) – optional
    c. Surcharge (any applicable invoice surcharges) – optional
    d. Date - default to current date
    e. Invoice totals: Line count, Item count (qty.), Total $$ - optional
3. The user scans items being received. Upon scanning the following capabilities will be provided:
    a. View the following information regarding the item scanned:
        i. Item name
        ii. Receiving case
        iii. Case ratio (number of units in case)
        iv. Case cost
    b. Update quantity received (either manually using keys) or by scanning product again

c. Additional information available on the item (for review purposes only)

d. Scan by supplier order number - optional

e. Scan by item's additional code - optional

f. While receiving, the user can manually enter UPC numbers for items that cannot be scanned. A search capability may be added in the future.

4. An exception function is also available, in which the user can perform the following:

   a. Free item - define the item scanned as a free item

   b. Return item (within a regular receiving document)

   c. Invoice quantity (ability to indicate when invoiced qty differs from actual received quantity)

   d. input return quantity as well as invoiced quantity)

   e. Credit and surcharge at item level

5. The user can review the scanned items in a list, with the ability to sort by UPC, name, or scanned sequence

   a. The user can edit and/or delete scanned items from this point

6. The user will be able to suspend a delivery and resume input into that existing delivery document at a later stage

7. After completion of receiving the user can review and edit the receiving document using Connected Services screens (Documents Manager function)

8. The user can also create a return document to facilitate returns to supplier

C-DSD MINIMUM REQUIRED DATA ELEMENTS

- Item level elements
  - Item code – UPC
  - Item description
  - Case cost
  - Case ratio (units in case)
  - Supplier - along with the link between the supplier and the relevant cases supplied
- Supplier
  - Supplier code
  - Supplier name

CONNECTED SERVICES C-DSD CATALOG

The implementation of a catalog for C-DSD brings some interesting distinctions based upon specific configuration scenarios:

- If the user has implemented CIH, the catalog issues become very simple
- If the user is presently using another host product, StoreNext would need to interface to it to facilitate the catalog information required for C-DSD. Otherwise, the user would have to key data twice.

- If the user no current host and no current back office, a slim catalog management tool in Connected Services is required to allow users to manage the basic DSD elements without having to manage a central item file. These can be managed at corporate level and/or stores level.
- If the user has no host but ***does*** have a back office solution, the store may either choose to use the back office solution's DSD, or C-DSD would need to interface to these back office systems in order to keep track of the relevant item information required for connected DSD.

StoreNext expects C-DSD to be ready for its first users and customers late this quarter.

To Your Success,

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Dror Ben-David
StoreNext Connected Services