

Update Bulletin

GTIN and the New Barcode “Sunrise”

June 13, 2003

In case you missed it a couple months ago in the March issue of Progressive Grocer, the following pages provide a copy of a well-written piece by Dick Schulman regarding GTIN.

For your own information, here’s a GTIN update for key StoreNext components:

- The currently-shipping Series9900 Scanner/Scale is GTIN compliant and supports the relevant RSS-14 codes for PoS. Older 9900s may not have the required GTIN or RSS-14 support, but updated firmware is available at no charge on the StoreNext Web site. See Update Bulletin [Oct02SS.PDF](#) for the details.
- Orion9500 users had their investment protected with firmware to handle both GTIN and RSS-14. This upgrade is available at no charge on the StoreNext Web site, and a larger 2MB EEPROM is required. See Update Bulletin [Oct02SS.PDF](#) for the details.
- The SlimScan1200 is being updated for GTIN and RSS-14, and Fujitsu will provide upgraded firmware at no charge for older units. The schedule will be provided as soon as we have it.
- The SlimScan2002 has been updated and currently supports GTIN and RSS-14.
- ISS45 developers are hard at work revising V7 and **V8** for GTIN and RSS-14. It’s a big job and that’s why you don’t have it yet. Compliance is planned for 7.9 or 7.10 and 8.8 this fall. **FYI:** the upgrade will use the Connected Services Code Distribution System, and Dealers who have installed 7.8.3 or 8.6 will be able to upgrade these sites to the new versions using the Dealer Dashboard. This will give the grocers well over a year to work with a GTIN-compliant ISS45 before the “Sunrise” date.
- RBO is GTIN and RSS-14 compliant in their current releases.
- PocketOffice is GTIN compliant and RSS-14 will be added (iPAD related).
- RBX and CIX are neither GTIN nor RSS-14 compliant. All Retailix back office/headquarters development resources are channeled exclusively into the current offerings. Retailix has no plans to go backward into the task of reengineering RBX (*warning, upcoming marketing-speak!*) which would hobble the relentless drive to great-en these products and further integrate ISS45, RBO and headquarters functions giving true value to users. Given the development cost that would be involved to rewrite RBX and CIX for GTIN, there would be scant investment protection for the user anyway – the reinstall and upgrade cost would be close to the price of an RBO upgrade while leaving the user with an outdated platform. Such a project would be false economy, all around.



To Your Success,

Tony

Antony van Leventer

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TECHNOLOGY: Big number blues

By Richard Shulman

MARCH 01, 2003 -- MEMO TO THE PRESIDENT: If your chief information officer has not given you a projected cost and time frame for implementing GTIN, then you have a problem, a very serious problem. Send him or her this memo and say you expect a briefing in a week.

What is this all about? The Uniform Code Council has established a sunrise date of January 2005 for the industry to be ready to accept a new and expanded form of the UPC code called GTIN (for Global Trade Item Number). This month I'd like to discuss the implications for your company and the opportunity that it presents.

First, the industry was faced with a problem. The UCC has projected that by 2005 it will run out of UPC numbers for new companies. At the same time, as we all know, we are seeing an increasing number of global corporations. These companies have a great incentive to consolidate their buying and purchase decisions on a worldwide basis. Unfortunately, it is very likely that they have had to administer at least two different UPC numbers for each product, one assigned by Brussels-based EAN (European Article Numbering) International and one from the UCC, headquartered in Lawrenceville, N.J.

This not only creates administrative issues for both retailers and manufacturers, it uses up those limited vendor numbers that are part of the UPC process. To address this, the EAN organization, which administers the UPC codes in Europe, and the UCC, which controls and issues codes in the United States, agreed on a strategy to expand the numbers and to set up a special number structure for companies that have limited product lines and don't need the 99,999 numbers normally associated with the UPC code structure.

Without going into lengthy details, these new number structures do not make obsolete or eliminate the current code structure. However, over the years most retailers and wholesalers have taken shortcuts in the way their business systems process UPC numbers. We have assumed certain things to make the handling of these codes easier. These assumptions will generally not work with the new GTIN numbers, which are bigger--14 positions instead of the 12 used today in the U.S. However, the complexity goes beyond the larger UPC number.

The company identifier, which in the U.S. is typically five positions, now becomes variable in size. This means that if you are using it in your ordering and accounting systems to identify suppliers, you must develop new ways to decode the UPC structure. There are so many places where the UPC is used: coupon clearing houses, research firms that report market share data, your packaging of private label and in-store marked products, the raw materials you buy for your bakery, in the codes on every case you handle; the list goes on and on.

The sunrise date of January 2005 creates a situation similar to the one the world encountered with Y2K. Programmers made assumptions about how to tell one date from another, and those assumptions worked fine until the century changed. The result, as we all know, was that all our software had to be "fixed" or replaced.

The issue with the GTIN is not so catastrophic. Nonetheless, it will ultimately impact your company, and now is the time to begin preparing. We must accept that the world is going global and that by 2005 we will begin to see products introduced with this new UPC structure, products that we want to sell in our stores. When items were introduced in the past with an EAN code, retailers told the manufacturers to get an "American" UPC before they could be accepted for sale. After 2005 this won't happen because the UCC will state that the GTIN UPC, along with the company identifier assigned to this manufacturer, is valid in the U.S.

Support RSS, too

Once the effort is under way to have all software handle the GTIN structure, it makes sense to also provide the support for Reduced-Space Symbology. The UCC has said that the RSS

structure is really part of the larger GTIN symbology. Readers of my column know that I have written at length about the advantages of using the RSS standard for perishable products. It, too, was created to address the severe limit on viable UPC numbers for perishable products.

Just think about the proliferation of products in your perishable departments. I'll bet that since you began scanning you have doubled the number of ground beef products you sell, when you take into account both form and brands. Now compound that expansion with prepared foods, expanded deli, and new seafood items, and the problem is truly acute. The original UPC structure never considered the need to identify branded products. The focus was on the need to capture a retail price. Despite the development of the URMIS coding standard for all meat products, there are still benefits to be achieved from RSS. Preparing for GTIN without providing for RSS makes no sense at all.

What are the implications for your company? Let's start with the store and the equipment at the store. As a generalization, everything that handles the UPC code needs either updating or replacement. The first step is to survey your installed scales, scanners, hand-held terminals, and the in-store applications that use this hardware.

Contact every software vendor and get a firm commitment as to when a version of their software that will support both GTIN and RSS will be released. Try to get some specifics on how the vendors are going to provide support so you can anticipate your interface requirements. Find out from them if they believe there are any new requirements for the hardware used with their applications. Their hardware requirements should be cross-referenced with your store equipment vendors' expectations concerning GTIN.

You should get the same commitment from every hardware vendor, including those from whom you do not have any current in-store applications. For example, even if your company does not have a scale management application operating from the store or headquarters, it will be critical that you identify the scales that can be upgraded to the new GTIN structure.

I recommend asking all of your store equipment suppliers the same questions.

As you take this assessment of your in-store technology exposure, I would not order any new equipment that I was not confident could be upgraded or delivered with this capability. In fact, I am confident that, as you take your inventory of store equipment, you are going to identify some that needs to be replaced because it cannot support GTIN. This is the starting point for your capital budgeting for the next two years. Hopefully, you already had plans for replacing this equipment; in any case, the c.f.o. and c.e.o. need to be told now.

I would also put together a GTIN steering committee of buying and merchandising executives to discuss how the company could take advantage of the investment required to support the expanded code.

Their meetings should be wide-ranging discussions about every area where the company uses a UPC to connect with a business partner. Among the areas that should be addressed is your company's movement toward the use of the UCCnet data registry. There appears to be a consensus that UCCnet will be the worldwide data registry. As such, it will be providing all basic data for every product sold around the globe, including, of course, the GTIN. No matter how your company approaches e-commerce it is likely you will be drawing your initial data about an item from UCCnet. You will probably acquire the more dynamic data, like cost and promotional allowances, from another source, such as your exchange if you join one, or a data service organization like viaLink.

Another issue to discuss is how the GTIN will change your informational requirements and what use you will make of this new information. If you are a large international retailer, it goes without saying that you will benefit from the ability to consolidate sales into a single UPC or to link common products in a more finite manner. For all retailers, regardless of size, this transition to GTIN should afford better information to run your business.

Loyalty tie-in

For example, in the meat department, how can you take advantage of the ability to track retail cuts by brand in each store? If you offer a service department in your stores, how would tracking sales by cut help you raise sales and profits? If you are not using scale management, what has been the barrier to implementing this application? If it has been that your scales are of so many different makes and models, the move to support GTIN could simplify that issue as you are forced to replace older scales.

As part of the fallout from this conversion, will you now be able to print more information on your perishable labels, and in the process be able to promote perishables through your frequent shopper program? Many retailers have found it impossible to tell customers how much they will save on a specific steak or roast with their cards. This makes it difficult to express the savings proposition. As part of the upgrade you may find more of your scales can support the expanded label.

Think about the convergence of CPFR (collaborative planning, forecasting, and replenishment) and SBT (scan-based trading). CPFR requires the detailed sharing of information, and in SBT daily sales data by UPC by store is shared between the retailer and his cooperating suppliers.

The bottom line is that, like it or not, your company needs to adapt its systems to support the GTIN, and the effort is consequential in both time and dollars. Unlike the implications that accompanied Y2K, the world is not going to stop on Jan. 1, 2005 if you're not ready. However, if you start your project now, it can be accomplished with a minimum effort, and your capital expenditures during the next two years will be more effective. How can you lose?