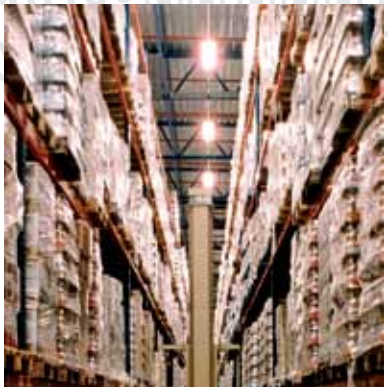
Electronic messaging increases efficiency

Health and hygiene products manufacturer Kimberly-Clark Australia and its carrier, Toll Logistics, worked together on a pilot designed to replace the flood of everyday paperwork that flows between them with electronic messaging. The results have been impressive: reconciliation errors were reduced, and those which remained were resolved in just two days (compared to an average of 10 days previously), while the time spent creating consignments and managing accounts receivable was slashed from four hours to 20 minutes.

Use of electronic messaging and data exchange increased efficiency by reducing the time it took to create consignments and managing accounts receivable from four hours to 20 minutes

The pilot was part of a wider industry project managed by GS1 Australia called "Demonstrating the Benefits of Adopting Global GS1 Standards by Logistics Service Providers in the Retail Grocery and General Merchandise Supply Chain". This project was supported by an Information Technology Online (ITOL) grant from the Australian Department of Communications, Information Technology and the Arts.



Toll Logistics operates onsite at Kimberly-Clark's South Australian facility, creating loads, dispatching vehicles and delivering stock directly to Kimberly-Clark customers. As an experienced GS1 System of standards user, Kimberly-Clark has well-developed order generation and e-messaging capabilities that connect it with many of its customers. Unfortunately, e-messaging had not been used by its logistics carriers, making creation of consignment notes and validation of recipient created tax invoices (RCTI) and remittances extremely labour intensive. Kimberly-Clark had been automatically generating forms for about seven years but, because carriers didn't have the systems in place to accept the data, they were transmitted as faxes that had to be handled manually by the carriers.

At the same time, Toll Logistics had equally powerful systems in place, but the diverse requirements of hundreds of its customers made integration a challenge. Many of Toll Logistics's customers had the right foundations for e-messaging but used proprietary systems, which required customised interfaces. The implementation process was often long and complex.

Brought together by GS1 Australia under the umbrella of the industry project, both companies saw an opportunity to bridge the gap using the GS1 System, since the standardised approach would allow a single solution to be used across the industry, both in Australia and internationally.

For Kimberly-Clark, the adoption of the GS1 System was relatively simple, while Toll Logistics had to do some programming and messaging development. To ensure timeframes were met and to gain a swift appraisal of the likely benefits, the pair agreed to implement a two-phase proof of concept pilot.

Under phase one, Kimberly-Clark generated a special advance ship notice (ASN) suitable for carriers ("carrier ASN") that contained all the data needed by the carrier to create and cost the consignment, including the route, vehicle type, number of drops, pallet footprints, et cetera.

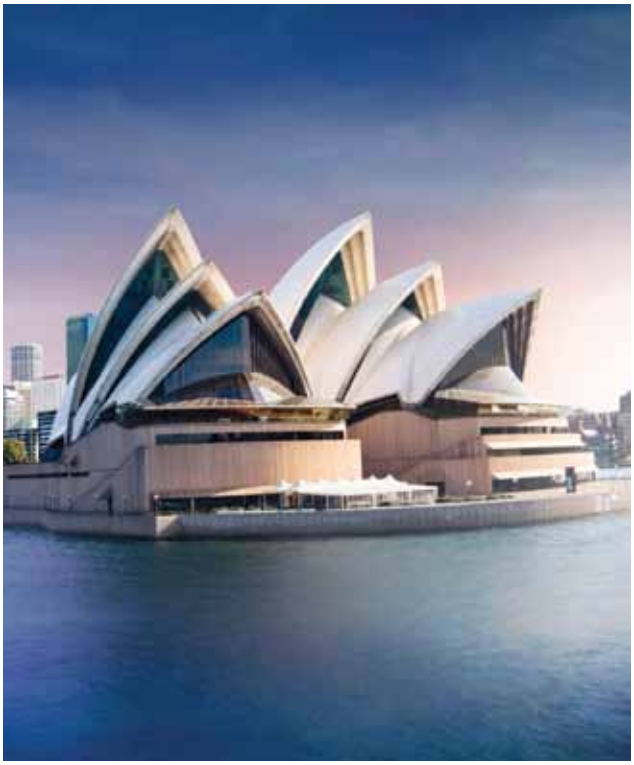
A GS1 number was used as the ASN reference number and output as a bar code on printed shipment manifests. During the pilot phase, the XML-based ASN was emailed to Toll Logistics, although in full implementation a more secure and manageable communication protocol replaces email.

In phase two, the Toll Logistics driver ensured that each customer signed against the barcode to provide proof of delivery. At the end of each day, the Toll Logistics driver presented the completed shipment manifests to Kimberly-Clark, which then scanned the signed-off bar codes, matching each drop-off to the details already on file. Automatically, the Kimberly-Clark system generated an RCTI that, once validated by Toll Logistics, became the basis for payment by electronic funds transfer, confirmed with an electronic remittance advice. In effect, the process is driven entirely by the client and simply verified along the way by the carrier.

A first significant benefit of this unconventional approach is that the information is of much higher quality than in the past. Kimberly-Clark's data comes straight from its production and distribution centres. Because e-messaging doesn't rely on the typing accuracy of the administration team or the careful filing of paperwork, there is less data loss, and as a result less revenue loss and fewer errors.

A second major benefit is improved efficiency. In the traditional model, Kimberly-Clark clerks at every site checked off carrier invoices line by line, information which originated with Kimberly-Clark and had then been given to the carrier, who then returned it as part of their invoice, wasting time and effort.

Toll Logistics sees a competitive advantage in data transparency, as well. Having all the necessary information before providing the service allows the carrier to add value by planning, so the right resources are in the right place at the right time.



The pilot project's success has encouraged both Kimberly-Clark and Toll Logistics to progress towards full implementation. Kimberly-Clark has polled its top ten carriers to learn more about their information flows and has held meetings with them to discuss the benefits of e-messaging. Toll Logistics is committed to full implementation and plans to "keep on trucking" with GS1 standards.

For more information about GS1 Australia, see www.gs1au.org

For more information about Kimberly-Clark Australia, see www.kca.com.au

For more information about Toll Logistics Australia, see www.toll.com.au

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