![GS1 logo]

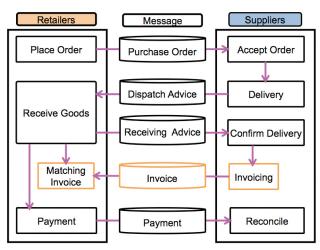# Order to Cash at Nishitetsu Store in Japan

In April 2007, Ryutsu*1 BMS (Ryutsu Business Message Standards), a set of new standardized EDI messages for Japanese retail industry, were first released. To achieve more efficient and visible supply chain, Ryutsu BMS was developed by the joint efforts of Japanese major retailers, wholesalers, manufacturers as well as Ministry of Economy, Trade and Industry and GS1 Japan. Ryutsu BMS defines business processes from ordering to payment, message structures and AS2 and JX*2 communication protocols.

It is now adopted by more than 150 companies, including major retailers and suppliers.

Background of development

Previously, a standard called JCA was widely used in Japanese retail industry. Since JCA set out communication protocol but not format of business messages, the formats vary from retailer to retailer and suppliers had to develop and maintain as many format-mapping-programs as number of their trading partners. The complexities of managing those programs lead to demand for standardisation of message formats. Also with widespread of internet, the need to move from the obsolete, slow JCA communication protocol to faster and more reliable communication means was identified by the industry.

Typical Business Processes and Ryutsu BMS between Retailers ans Suppliers

Invoicing may be omitted
→ shows flow of information.

The two supermarket organizations, Japan Chain Stores Association and Japan Supermarkets Association met in June 2005 to discuss the development of new EDI standard that bring in the total optimization of business information flow.

*1 : Ryutsu is Japanese equivalent of supply and demand chain, typically consists of three groups; manufacturers, wholesalers and retailers.

*2 : A communication protocol for transmitting messages from a client terminal to a corresponding server on a TCP/IP network.

Nishitetsu : Eliminating unmatched invoices

Nishitetsu Store

Nishitetsu Store operates 39 food supermarkets in Kyushu area and has annual sales of 50 billion yen. When their new distribution centre opened in October 2007, the company implemented Ryutsu BMS. Now more than 100 of their suppliers use Ryutsu BMS.

Since many of Nishitetsu's suppliers are SMEs such as family-owned Tofu maker, briefings were organized to explain how their operations will transform and how they benefit from EDI. Some suppliers had no idea what EDI or standardisation is, some expressed concerns over the change and some accepted with no surprise. Over the course of carefully arranged briefings, Nishitetsu gradually gained acceptance from the suppliers.

"We saw the results immediately", says Yuichi Takahashi, CIO of Nishitetsu. *"EDI replaced various kinds of slips with electronic data that we reduced great deal of paperwork and paper-related costs. In fact, we had to manage 390,000 slips before Ryutsu BMS, which was reduced to 140,000 after 6 months"*.
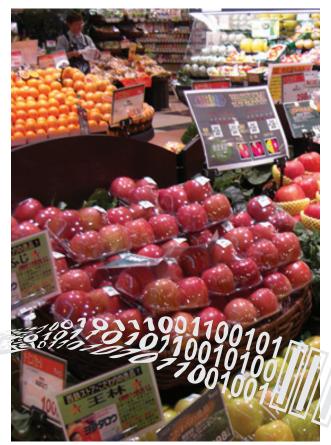Nishitetsu expects to reduce more slips by getting more suppliers adopt Ryutsu BMS.

"You don't have to worry about initial and running costs. You will see the immediate results"
Yuichi Takahashi, CIO, Nishitetsu Store.

Having introduced Purchase Order, Dispatch Advice, Receiving Advice, Return of goods, Invoice and Payment messages, they can also easily and quickly track and trace all the transactions by PO Identification number.

Accounting department benefited from EDI, too. Previously, they had to deal with average 100 inquiries per month from suppliers on outstanding payment due to paperwork errors. In less than a year, Nishitetsu could eliminate these inquiries. With all the transaction data available at hand, they can check Invoice data against Receiving Notice and Payment data.

"Our accounting department was surprised by the impact of EDI", says Masao Murozono, President of Nishitetsu Store. *"Our trading partners also benefit from matching Invoice against Payment. The key to success depends on whether you use messages as a whole set."*

"A standard becomes the standard only when popularized. The more companies adopt Ryutsu BMS, overall supply chain efficiency will improve greatly"
Masao, Murozono, President of Nishitetsu Store.