# Safeway Urges Greater Automation of DSD Receiving

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**PLEASANTON, Calif.** — Susan Moore, director of electronic data, for Safeway , would like to see a serious upgrade in the technology used by some suppliers for the check-in of direct-store-delivery goods at Safeway stores.

"If we've recognized what technology can do for the front of the store, why is it we still have a pencil and clipboard at the back door?" she said last month at the U Connect conference in San Antonio.

By using such systems as DEX (direct exchange), NEX (network exchange)

and ASNs (advance ship notices) and scan-based trading, suppliers can "remove the pain from DSD," such as long waits at the back door and the tedium of the receiving process, Moore said. All of these processes are enabled by EDI (electronic data interchange), the standardized communication system for transmitting business data and documents between trading partners.

"The best thing about EDI for DSD is that it enables you to have localized product assortment but have corporate-level visibility and control," she said. Safeway has more than 2,000 DSD suppliers.

Moore pointed out that EDI is flexible enough to work for "any supplier and retailer, whatever business arrangement they choose to engage in." For example, DEX — in which drivers transmit receiving data electronically via a handheld device at a docking station at the store — provides "a degree of automation" and eliminates paper, making for a faster check-in process.

Elyxir Distributing, a beer distributor, is able to trim 15 to 45 minutes off each store delivery by using DEX, said Brian Mullaly, IT director for Elyxir, Watsonville, Calif., who also spoke at U Connect. When Elyxir's trucks are not using DEX at a store, "we typically must wait for all other DEX vendors to finish," he said. Elyxir uses DEX with 18% of its retailers and NEX with 4%.

NEX — by which a supplier transmits receiving data over a network to a chain's headquarters and then to an individual store — is a faster process that "can accommodate different shipping options" and affords "greater visibility to product flow into stores," said Moore.

Scan-based trading — "one of my personal favorites," Moore said — eliminates congestion and tedium at the back door by doing away with

check-in altogether, because product is owned by the supplier until it is sold. Retailers send scan data to suppliers to determine what suppliers are owed. "Scan-based trading really aligns the goals of the retailer and the supplier," she said.

ASNs operate like NEX except that they transmit pallet-level information, and at the store retailers need only scan pallets, not individual cases (except for audits). For PepsiCo, ASNs are "the fastest-growing enabler of streamlining the DSD check-in process and provide the greatest set of benefits for both retailers and suppliers," said John S. Phillips, vice president, customer supply chain and logistics, PepsiCo, Plano, Texas.

Approximately 80% to 90% of PepsiCo's large-format customers (grocery, club and mass) use ASNs, DEX, or NEX to streamline the DSD check-in process, said Phillips. He estimated the breakdown as follows: 30% use ASNs, 55% DEX, 2% NEX and the rest don't use any of the three.

Many of Coca-Cola's retail customers are leveraging technology to expedite their receiving and check-in processes, including DEX, NEX, ASNs and even SBT for certain categories, said Ann Dozier, vice president, strategic industry initiatives, Coca-Cola, Atlanta. "We encourage retailers to leverage one of the industry solutions to ensure they achieve optimal efficiency and allow 'speed to shelf' of our products."

EDI also enables the exchange of POS data, which "can have a tremendous impact on in-stock conditions" by creating inventory visibility, Moore said. And EDI provides "significant operational efficiency" by communicating item information and authorization, price and promotion information, invoice processing, discrepancy reporting and payment reconciliation.

Moore regards EDI as "a framework to build on for future technology and

business needs." She foresees more complex business demands coming in the form of more consumers asking where products come from and what ingredients are in them, as well as more regional and national regulations.

Next year, traceability information — such as lot number, serial number production date and expiration date — will be transmitted via EDI, said Sue Heitshusen, product manager, in-store solutions for SoftTechnics, who also spoke at U Connect last month.