

A New Era in Manufacturer-Retailer Relationships

When a major retailing partner asked Whirlpool to send its product information to a third-party clearinghouse, the manufacturer was only too happy to comply. But what began as an exercise to make a partner happy has become an opportunity to improve business processes and efficiencies at this \$13 billion manufacturer.

In 2002, one of Whirlpool's trade partners announced to its vendors, including Whirlpool, that it wanted product information published on UCCnet. "This retailer really wants to do business with us in that manner," says Whirlpool's Jim Shimp. In his capacity as senior director of global application development, Shimp was responsible for understanding and evaluating Whirlpool's options for meeting the requirements of the UCCnet project with SAP and SAP partner products.

UCCnet, a subsidiary of the non-profit Uniform Code Council, serves as a clearinghouse of product information; manufacturers import details about their products into UCCnet, and retailers pull the information out of it. "It's more effective for them and their IT group to access this data through UCCnet, and

Editor's note:

On August 15, 2005, GS1 US (formerly the Uniform Code Council) announced the completion of the process to unite UCCnet and Transora, two leading providers of data pool services. The new combined company, called 1SYNC, will operate as a not-for-profit subsidiary of GS1 US to more effectively help companies realize the value of data synchronization through the Global Data Synchronization Network (GDSN).

For more information, visit www.1SYNC.org.

by **Evan J. Albright**, Senior Editor

it makes it easier for us to maintain it in our internal SAP system,” says Shimp. “Rather than having requests for information about our products go through our organizational structure, much of this information can be found in the UCCnet data pool and is being steered by agreement between the manufacturer and retailer,” Shimp says. “UCCnet brings standardization to that data so that it can be reapplied company to company.”

In the first quarter of 2005, Whirlpool threw the switch and began publishing its product information on UCCnet. “We are putting our data into UCCnet by way of SAP Exchange Infrastructure [SAP XI] using Global Data Synchronization [GDS],” Shimp says. SAP XI transforms Whirlpool’s product data into the data structure that UCCnet requires. “This is the first implementation in the world of SAP XI and UCCnet using the GDS component,” he says.

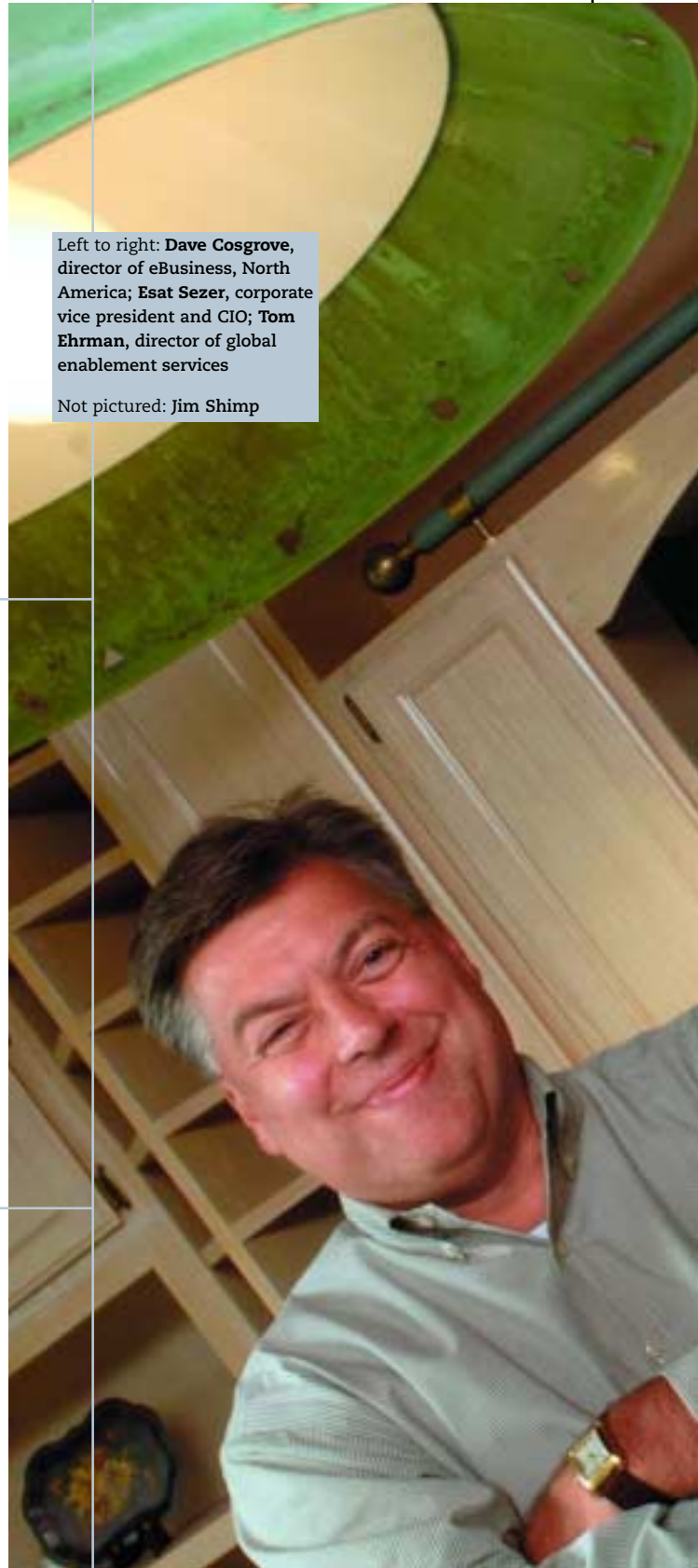
As the first enterprise to deploy this capability,

Identical products would have different item definitions in different databases, for example, or the same product would be listed twice because one country defined it using the metric system, and in the US, measurements were in inches and feet.

Whirlpool has relied on its already strong partnership with SAP and extended its relationship with SAP to include Seeburger, a B2B gateway provider. According to Tom Ehrman, director of global enablement services at Whirlpool, the AS2 capabilities Seeburger provides are critical (AS2 is a specification for transporting data over the Internet securely and reliably). From a technical perspective, it is the commitment and partnership among Whirlpool, SAP, and Seeburger that has allowed this project to succeed.

Left to right: **Dave Cosgrove**, director of eBusiness, North America; **Esat Sezer**, corporate vice president and CIO; **Tom Ehrman**, director of global enablement services

Not pictured: Jim Shimp





It isn't the data that adds value to businesses directly but the integration of the data between internal functions, or with external partners, that brings about new efficiencies.

Data Sprawl

In the past, Whirlpool would deluge its retail partners with information regarding pricing, imagery, promotions, and merchandising, all originating from different parts of the company. "We would communicate with our trade partners across many touch-points, making it difficult to consistently execute our brand and trade strategies through to our customers," says Dave Cosgrove, Whirlpool's director of eBusiness North America.

It also did not help that at times information from Whirlpool was contradictory. "As we started to look at

it, we found 17 different databases that really didn't talk to each other and had different information in them," Cosgrove says. Identical products would have different item definitions in different databases, for example, or the same product would be listed twice because one country defined it using the metric system, and in the US, measurements were in inches and feet.

Product Information Delivery Today

One side benefit to the UCCnet project was that Whirlpool was able to cleanse and standardize its data.

What Is SAP Global Data Synchronization?

Publishing accurate product information is a major supply-chain challenge. In the past, it has been a hit-or-miss endeavor, a system fraught with errors and obsolete information, and with almost no assurance that the information was being delivered to the right person.

SAP's solution for improving this business process is SAP NetWeaver Global Data Synchronization (SAP GDS), which is one of the many features of SAP Master Data Management (SAP MDM). SAP GDS enables manufacturers and distributors to publish consolidated and consistent product information according to an international data standard for data pools such as 1SYNC (formerly UCCnet and Transora).

With SAP GDS, your IT group does not have to build a new interface every time you need to exchange product information with a retailer or reseller. The advantages of SAP GDS, according to SAP, are these:

- Allows companies to take advantage of their existing IT landscapes
- Offers a quick and easy way to fulfill retailer mandates by providing basic GDS functionalities in a single package
- Ensures data consistency and accuracy between manufacturer and retailer and therefore reduces error-processing costs due to inconsistent master data

For manufacturers, SAP estimates that product data consolidation using SAP GDS can reduce supply-chain costs by 1 percent to 3 percent; for resellers, SAP GDS can reduce sourcing

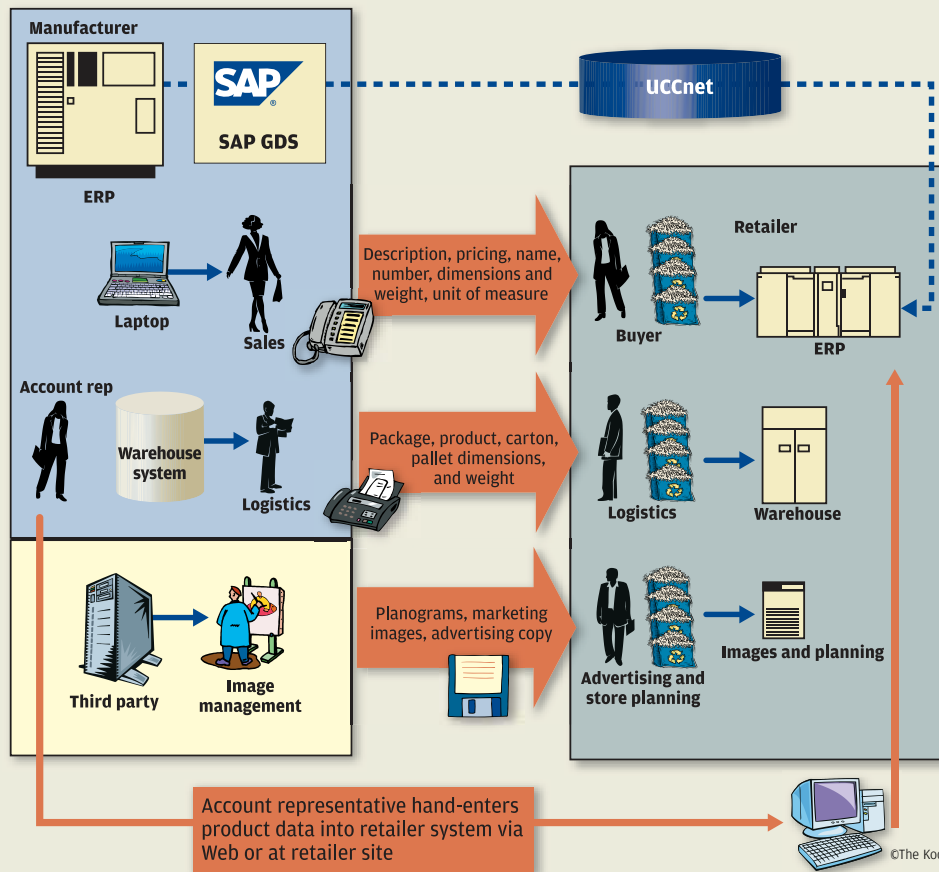
and procurement costs. Incorrect or out-of-date product information means increased costs for shipping and logistics and more shipping errors and invoice write-offs. Furthermore, if publishing product information takes several days or even several weeks, it can mean slower time-to-market for new products.

Now that UCCnet and Transora have merged into 1SYNC, SAP is committed to updating to whatever new versions arise from this merger for a period of five years. In addition, SAP will continue to support evolving standards such as GS1 and EPCglobal.

GDS Feature and Functions

SAP GDS enables:

- Bidirectional communication with global data synchronization network data pools, specifically 1SYNC (www.1SYNC.org). Using global information structures enables full product information content, message orchestration, status management, and automatic updates to provide the greatest customer flexibility and efficiency possible.
- Compliance with the information standards of UCCnet 2.3.1 and Transora 4.2.2 and any new standard that results from 1SYNC. SAP GDS also enables connections to different data pools via adaptors.
- Unidirectional communication with SAP R/3 4.6c and later and SAP MDM 3.0 and later; SAP GDS enables Global Trade Item Number (GTIN) information from the material master in the former case and from the object product in the latter case. [NWM](#)



In phase I (above), Whirlpool consolidated product information using SAP GDS and published it to UCCnet. During the project, Whirlpool mapped its delivery of product information and found it to be fragmented and inconsistent. Information about Whirlpool products originates from sales, logistics, or advertising/

marketing departments, each of which is responsible for delivering that information to buyers, logistics partners, and advertising agencies, respectively. One of the primary goals established for phases II and III has been to consolidate that information and publish it consistently using SAP NetWeaver.

But other benefits soon became evident as well. “We believe that the investment ... [and] cleaning up our data and developing it in a new way that is consumer-focused will help our retailers as well as [get] our brand messaging and consumer messaging deeper out to the consumer than ever before,” says Cosgrove.

Whirlpool created a three-phase plan aimed at data synchronization. “We decided we were going to crawl, walk, run,” says Cosgrove. “First, we’d go into this in compliance mode, to do what we needed to do. We would also clean up our data and get ready for the longer journey.”

The company is currently in phase II, which focuses on business processes: “How do we get better at product

introductions, get to market faster, improve our invoicing?” asks Cosgrove. Phase III will center on optimizing collaboration and will feature improvements in demand forecasting and replenishment planning, as well as ventures into pricing realization and RFID.

Phase I: Compliance

“We worked with an outside party, which turned out to be the smart way to approach this,” says Cosgrove. Whirlpool had no internal expertise interfacing with UCCnet, so it turned to a third party, Kodiak Group, which oversaw the implementation and facilitated the knowledge transfer.

Whirlpool relies on SAP XI to get data into UCCnet.

“Emerging solutions such as UCCnet integration depend on a robust portfolio of capabilities that can be combined in innovative ways for a strategic business advantage.”



Demonstration kitchen at Whirlpool's headquarters in Benton Harbor, Michigan

“We are putting our data into UCCnet through XI and GDS,” says Shimp. “It really has a lot to do with our product and the information that helps us describe our product. If we look at this simplistically, when we publish to UCCnet the product number and the description of our product, this major retailer can match it to its information using its own product number. We can now exchange attribute information back and forth about that product. As we change the description or attribute data, their systems automatically update their descriptions or related data fields. There are approximately a hundred data fields to which we can actually publish data that are already defined by the UCCnet standard.

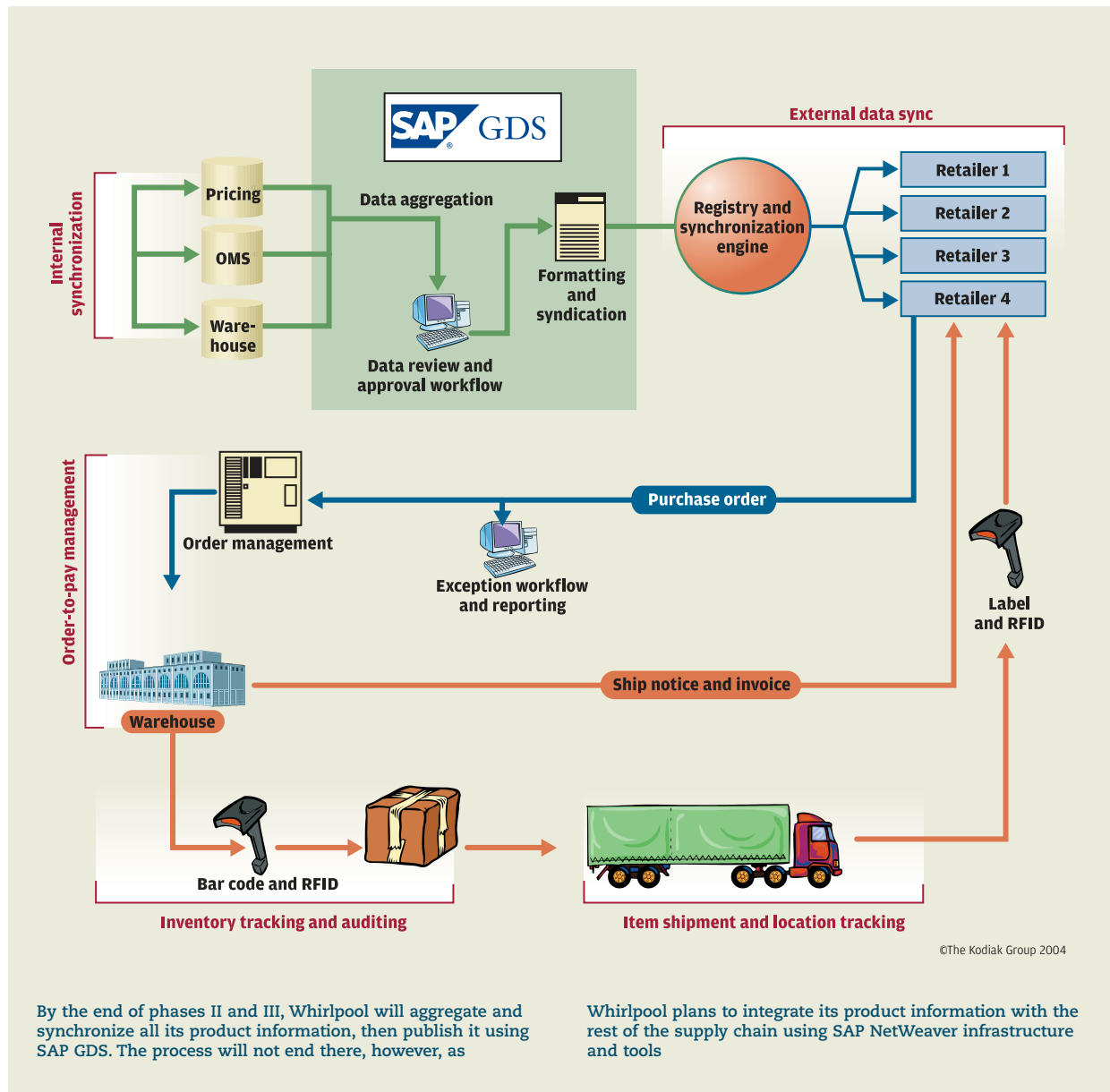
“As we make changes, the retailer is aware of it and vice versa,” Shimp continues. “Nobody has to make a phone call; no one has to check data entry. There are no more mistakes based on bad entry of information into the systems at their end. It is shared across any systems that they have, and it all comes through a Web service.”

Phase II: Business Process Improvement

“In phase II, we've gotten a little smarter, a little faster,” says Cosgrove. “We've developed a master data strategy. After developing our UCCnet interface, we believe we can develop a comprehensive digital asset strategy.”

Whirlpool's Data Synchronization Challenges

- **Trade compliance requirements** – Several major retail partners are requiring efficiencies for product information and supply chain.
- **Inaccurate and slow communications** – The lack of consistent communication channels with vendors results in frequent errors and miscommunication.
- **Multiple databases and interfaces** – Numerous repositories of product information cannot communicate with each other.
- **Challenges of pushing out new products** – Product transitions and new launches can be slow to market due to the lack of quality data and communications.
- **Conflicting item definitions** – Product information data in various databases is not consistent.
- **Slow product updates** – The variety of databases creates a lag when information needs to be updated.
- **Incorrect and returned shipments** – Product information and specifications must be standard and error-free to eliminate returns and ensure consumer satisfaction.
- **Deductions and credit errors** – Correct information on product delivery documents, instructions, and customer information is essential for reducing credits to retailers. [NWM](#)



Whirlpool, like other companies, communicates with its partners through numerous channels. For major retailers, not only is information being published using UCCnet, but the Whirlpool sales team is contacting them about new products, the logistics team is contacting them about supply-chain information, and the marketing team is supplying catalog and advertising information.

“We believe we can create one stream instead of many streams,” Cosgrove says.

During the planning and requirements gathering stages, the data synchronization team has been traveling

the breadth of the company. “This has strengthened our relationships across our enterprise,” Cosgrove says. “It’s been a very interesting journey talking to marketing and engineering and IT and all the different organizations and getting them to understand how important this strategy is to Whirlpool Corporation, our trade, and our consumers.”

Phase III: Collaborative Optimization

The next phase will see Whirlpool continuing to build on emerging Web technologies, such as UCCnet and Web services, to optimize how it transacts business with

Short-Term Benefits	Long-Term Benefits
<ul style="list-style-type: none"> Standardize business processes 	<ul style="list-style-type: none"> Reduce manual sales and administrative support
<ul style="list-style-type: none"> Strengthen relationships across the enterprise 	<ul style="list-style-type: none"> Improve inventory management
<ul style="list-style-type: none"> Drive supply-chain efficiency 	<ul style="list-style-type: none"> Enable other supply-chain management tools
<ul style="list-style-type: none"> Decrease dependencies on manual processes 	<ul style="list-style-type: none"> Enable other collaborative e-commerce initiatives
<ul style="list-style-type: none"> Decrease trade partner setup time 	<ul style="list-style-type: none"> Improve customer loyalty
<ul style="list-style-type: none"> Enhance pricing and promotion strategy 	<ul style="list-style-type: none"> Drive efficiency and value throughout the industry
<ul style="list-style-type: none"> Enable more accurate execution of orders 	<ul style="list-style-type: none"> Allow for more accurate reporting capabilities
<ul style="list-style-type: none"> Increase speed to market for new products 	<ul style="list-style-type: none"> Enable RFID opportunities

its trade partners. Improvements brought about by the adoption of information technology will increase the speed, and value added, on both ends of the supply chain for the supplier (Whirlpool) and the retailer. Whirlpool is looking forward to leveraging its partnership with SAP and with its major retailers to continue enhancing cooperation that adds value for their mutual customers, the home enthusiast.

IT's innovative culture helps Whirlpool deliver new products to the marketplace quickly.



Lessons Learned Along the Way

☑ Recognize that any reason for change – even compliance – is an opportunity to create new value for the business. If all parties are open to mutually leveraging such an opportunity, everyone benefits. The success of this UCCnet project is the result of SAP's commitment to Whirlpool's success in meeting this technology challenge. Whirlpool IS and business representatives in turn demonstrated commitment to their customer's success by making changes to increase the effectiveness of both organizations and to benefit their mutual customers. And the retailer was committed to being patient with Whirlpool as it developed the technology to meet its needs for data exchange using UCCnet. This is the best way to leverage the opportunity for everyone involved; you don't just simply comply.

☑ Understand that getting high-level support can be difficult, but it is vital to the success of the project. When fully realized, the data synchronization project will revolutionize how Whirlpool conducts its business. "High-level leadership commitment was difficult to obtain because when we would talk to the CEO and VP of sales, they understood that it was important because their trade partner wants it, but they didn't really understand why it was important to Whirlpool," says Cosgrove. "It was a pretty dry topic for them to get their heads and hearts around. We had to create a compelling vision and relay it through several levels of our organization to get them to understand why this project would be critical for their success and for their future endeavors."

☑ **Be flexible internally to withstand external change.** UCCnet is a real moving target, says Cosgrove. For example, in May, only a few weeks after Whirlpool began contributing to its data pool, UCCnet announced it was merging with Transora. No one at the time had any idea how this would change UCCnet, but everyone at Whirlpool was ready to weather that change and do what it took to keep the data coming.

☑ **Educate IT and the business.** “This project promised to change so much with regard to our business process — all the way back to product development and forward to the consumer,” says Cosgrove. “It was daunting because we had to educate everyone.” This education process is still continuing within the organizational structure at Whirlpool. “Those on the front lines of information system change continue to advocate to all parts of the business that business efficiency and effectiveness in today’s Web-paced world can be achieved only through integrated efforts. It cannot be realized working in the functional silos of yesterday,” Shimp explains.

☑ **Remember that you’re all in it together.** Not only were manufacturers such as Whirlpool not being efficient with how they distributed product information, the retailers also “were not utilizing information effectively,” says Cosgrove. “As receivers of that information, they still had a long way to go to sort through their own issues.” Remember to keep your sense of humor and sense of perspective as you sort through the challenges together.

Integration Is the Key

Ehrman sums up this effort at Whirlpool: “Emerging solutions such as UCCnet integration depend on a robust portfolio of capabilities that can be combined in innovative ways for a strategic business advantage.” It isn’t the data that adds value to businesses directly but the integration of the data between internal functions, or with external partners, that brings about new efficiencies. This is the core value proposition UCCnet presents, and SAP NetWeaver enables the use of such kinds of emerging Internet standards and Web services for more efficient business communication. [NWM](#)

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