

VICS Collaboration Zone Conference

MAY 2005

VICS Collaboration Zone Conference

AGENDA

- Introductions
 - Pam Sweeney
 - Sarah Knowles
 - Mike Slater
- Supply Chain
- Purchase Order Carton Consolidation (POCC)
- EAS - Source Tagging
- Transportation
- Closing

Supply Chain

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- FLO processes over 45 million cartons annually.
- Improvement through supply chain efficiencies:
 - ✓ Manage the merchandise pipeline by leveraging advanced technologies through improved process and collaboration
 - ✓ Implement **win – win** solutions that enhance supply chain efficiencies

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Supply Chain Time Line

UPC / EDI task force formed	October 1988
UPC catalog programmed	April 1989
Key entered UPCs at Point-of-Sale (POS)	April 1989
Scanned UPCs at Point-of-Sale (POS)	July 1989
Sent vendors EDI sales	September 1989
Received EDI Purchase Orders from vendors	October 1989
Scanned inventory	September 1990
Sent EDI inventory	December 1990
Received Advance Ship Notices (ASN)	September 1991
Sent EDI Purchase Orders	December 1991
FASST Plan established	March 1992
EDI Support Center established	Mid 1992
Vendor Standards Manual published	January 1994
Received EDI Invoices	June 1994
Scanned UCC-128 labels at Distribution Centers	September 1994

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Supply Chain Time Line

Federated Logistics Founded	Spring 1995
Accepted Carrier EDI 214 Document	August 1995
Installed Yard Management in the DCs	January 1996
Internet site established	April 1997
EDI 856 and EDI 214 Integration	May 1997
Inbound Freight Management (DC Process)	June 1998
Outbound Trailer Tracking	March 1999
Merchandise Tracking (Intranet) – Merchant	April 1999
Merchandise Tracking (Store Pipeline)	September 2000
EDI PO Overlay with Private Label (860)	November 2000
Exception Alerts - Dashboards	December 2000
Reverse Logistics – Can send ASN	September 2002
Small Package Processing – EDI 240	December 2002
Transportation Routing/Load Optimization	August 2003
Purchase Order Carton Consolidation	March 2004

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www.FDSNET.com

The screenshot shows the FDSNet website interface. At the top left is the FDSNet logo. To its right is the text 'Federated Department Stores Business Services Site'. Further right are links for 'Help', 'About Us', and 'Contact Us', accompanied by an American flag icon. A red callout bubble with the text 'ABOUT US A high-level overview of Federated and FLO' is positioned over the 'ABOUT US' link. The main content area is divided into several sections: 'REGISTERED USER INFORMATION' with a 'Log In' link and a list of services; 'Carrier Only Log In' with a key icon and a list of services; 'NEW TO FDSNet?' with a list of services and a 'REGISTER NOW' link; 'USING FDSNET' with a 'Help' link and a description; 'Important Information' for AOL & CompuServe users; and 'INDUSTRY LINKS' with a dropdown menu. On the right side, there is a 'FDSNet Updates' sidebar with a list of updates including 'Home Store Vendors', 'Macy's Home Store Conversion Information', 'Routing Guide', 'Technology Contacts', 'EDI 204/211 Requirements', 'Fall Shipping Procedures', 'PO Carton Consolidation', and 'Transportation Updates', along with a 'View All Updates' link.

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REGISTERED USERS
[Log In](#)
You must be a registered user to access these and other services:
- Vendor AP Activities
- AP Forms
- Shipment Requests
- Repair Service Scheduling
- Parts Ordering & Tracking
- Trailer & Yard Management
- Document Library
- [FDSNet Profile Update](#)

Carrier Only Log In
You must be a Federated Transportation System registered carrier to access:
- Load Tendering

NEW TO FDSNet ?
-Important Information
-New Vendor Requirements
-Registration Instructions
[REGISTER NOW](#)

GENERAL INFORMATION MANUALS & FORMS
[FASST Manual](#)
- Vendor Standards Manual
- AP Information
[Routing Guide](#)
- Shipping Address Update Form
- Procedural Change Notices
[EDI](#)

INDUSTRY LINKS
- Select -

FDSNet Updates

[Home Store Vendors](#)
[Macy's Home Store Conversion Information](#)
10/15/04

[Routing Guide](#)
10/15/04

[Technology Contacts](#)
10/06/04

[EDI 204/211 Requirements](#)

[Fall Shipping Procedures](#)

[PO Carton Consolidation](#)

[Transportation Updates](#)

[View All Updates](#)

A/P INFO
Vendors can obtain invoice status, expense offset copies, trial balance, etc. They can also submit disputes via FDSNet.

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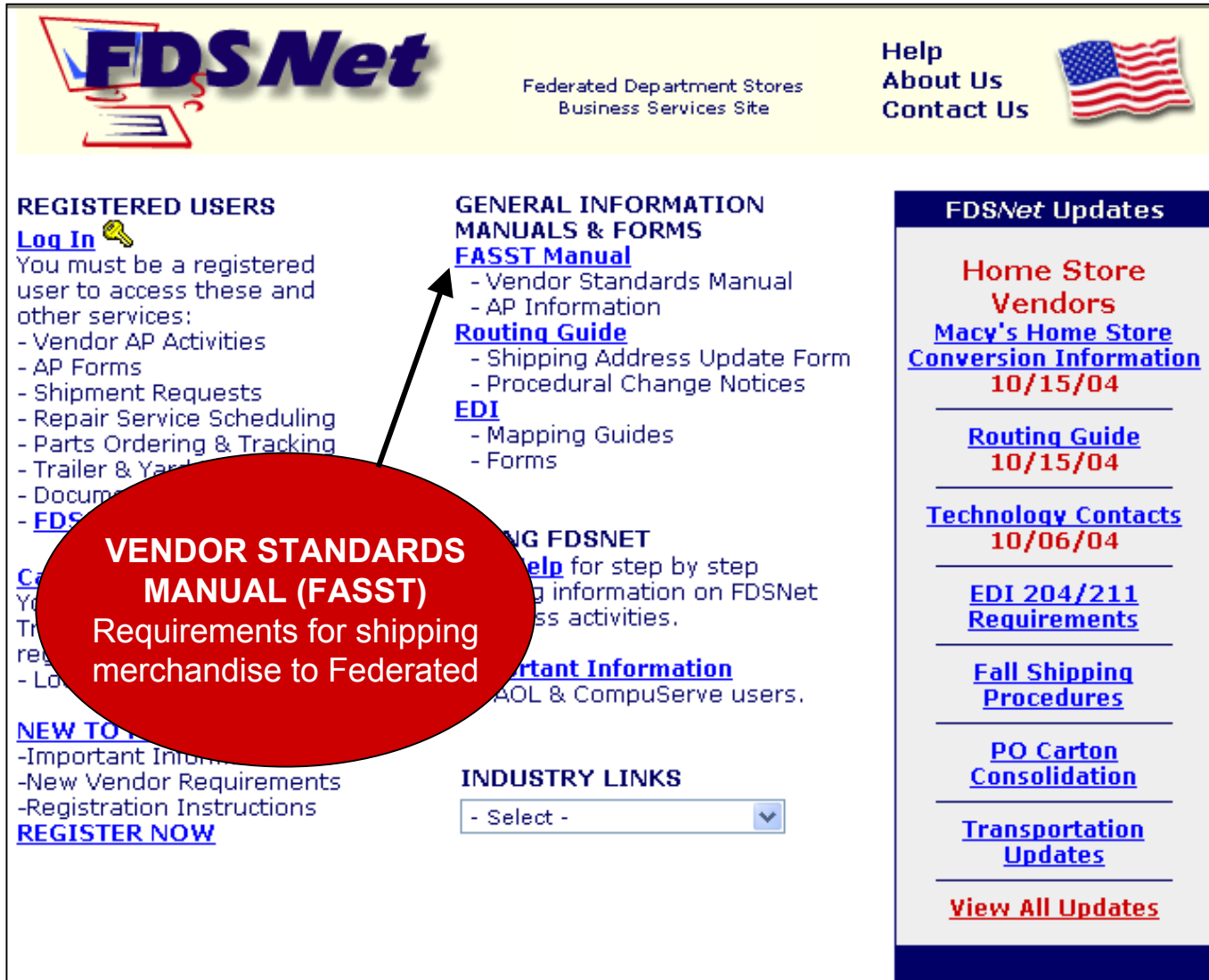
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www.FDSNET.com

FDSNet
Federated Department Stores
Business Services Site

Help
About Us
Contact Us

REGISTERED USERS
[Log In](#)
You must be a registered user to access these and other services:
- Vendor AP Activities
- AP Forms
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- Trailer & Yard Management
- Document Library
- [FDSNet Profile](#)

GENERAL INFORMATION MANUALS & FORMS
[FASST Manual](#)
- Vendor Standards Manual
- AP Information
[Routing Guide](#)
- Shipping Address Update Form
- Procedural Change Notices
[EDI](#)
- Mapping Guides
- Forms

USING FDSNET
Use [Help](#) for step by step training information on FDSNet business activities.
[Merchant Information](#)
- For EDI & CompuServe users.

INDUSTRY LINKS
- Select -

REGISTER NOW

FDSNet Updates

[Home Store Vendors Macy's Home Store Conversion Information](#)
10/15/04

[Routing Guide](#)
10/15/04

[Technology Contacts](#)
10/06/04

[EDI 204/211 Requirements](#)

[Fall Shipping Procedures](#)

[PO Carton Consolidation](#)

[Transportation Updates](#)

[View All Updates](#)

ROUTING GUIDE
Transportation guidelines
(e.g., carrier selection,
freight expense offsets,
routing instructions)

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FDSNet
Federated Department Stores
Business Services Site

Help
About Us
Contact Us

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FDSNet Updates

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10/06/04

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EDI
Information that vendors and service providers can access for help with the EDI exchange of purchase orders, ASNs, and invoices

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FDSNet
Federated Department Stores
Business Services Site

Help
About Us
Contact Us

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- Shipping Address Update Form
- Change Notices

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FDSNet UPDATES
Announcements, new information and changes to standards are featured in this section

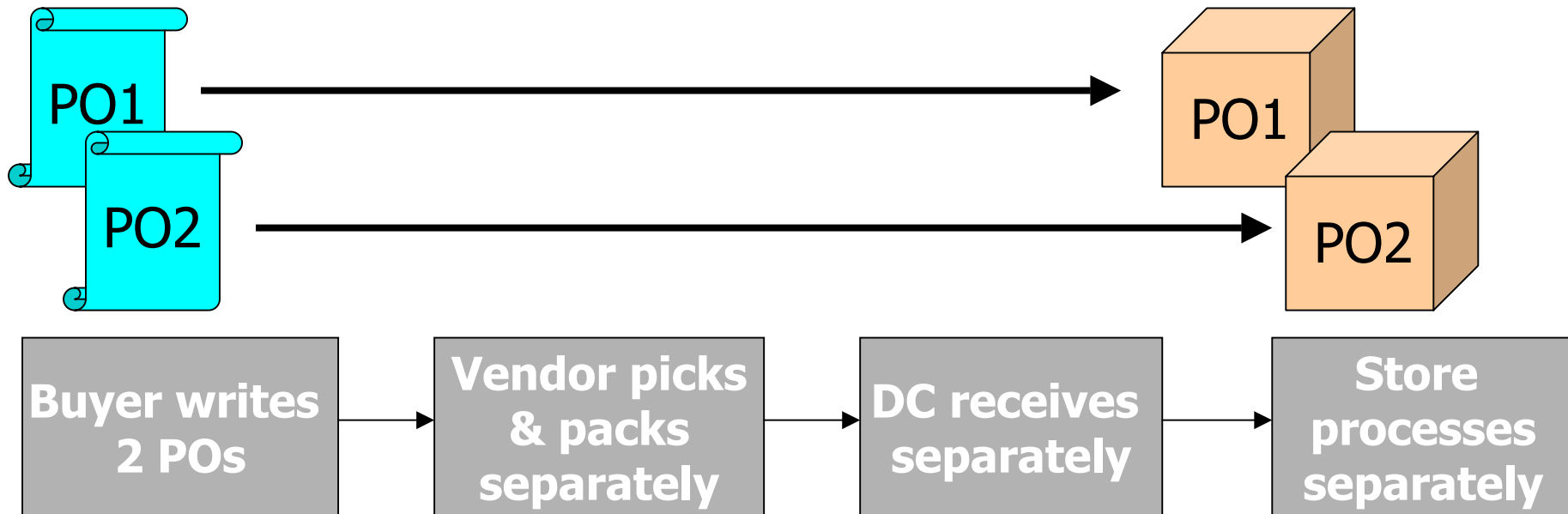
Purchase Order Carton Consolidation

POCC

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BEFORE POCC

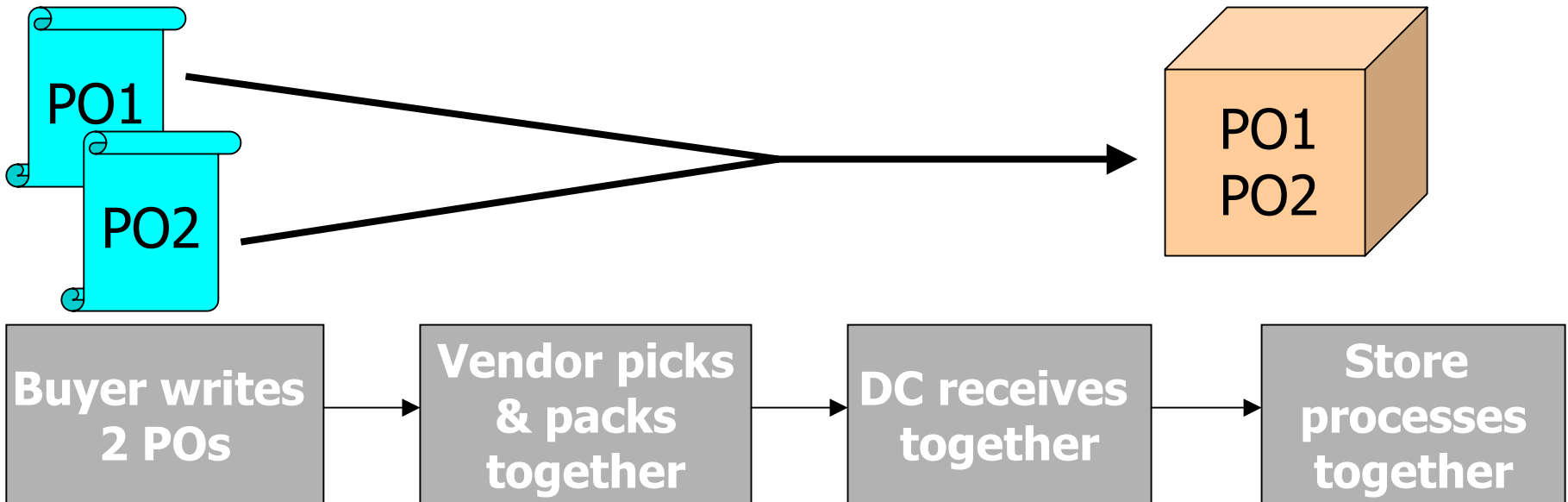
- PO is transmitted with FDS defined ship and cancel dates.
- FDS requires that carton is packed and ASN sent by division, purchase order, store and shipped within FDS shipping window.
- Vendor ships and Federated receives cartons by division, purchase order and store.
- Store processes each carton separately.



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WITH POCC

- Shipping multiple POs in 1 carton.
- Orders must be for the same division/store and have common shipping windows.
- Orders must be for an approved department vendor.
- Vendor ships & Federated processes multiple POs in a single carton.
- Store unpacks and processed multiple POs in single carton.



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- Carton Size/Weight Requirements

With PO Carton Consolidation you must follow all applicable minimum and maximum Federated requirements as defined in the Vendor Standards Manual.

Follow carton size requirements, as follows:

DO NOT SHIP ANY SINGLE CARTON SMALLER THAN OUR MINIMUM DIMENSIONS.

MINIMUM
Length 9"
Width 9"

MAXIMUM
36"
27"

MINIMUM
Height 3"
Weight 5lb

MAXIMUM
30"
50 lb.

Same rules apply for cartons created with single or multiple POs

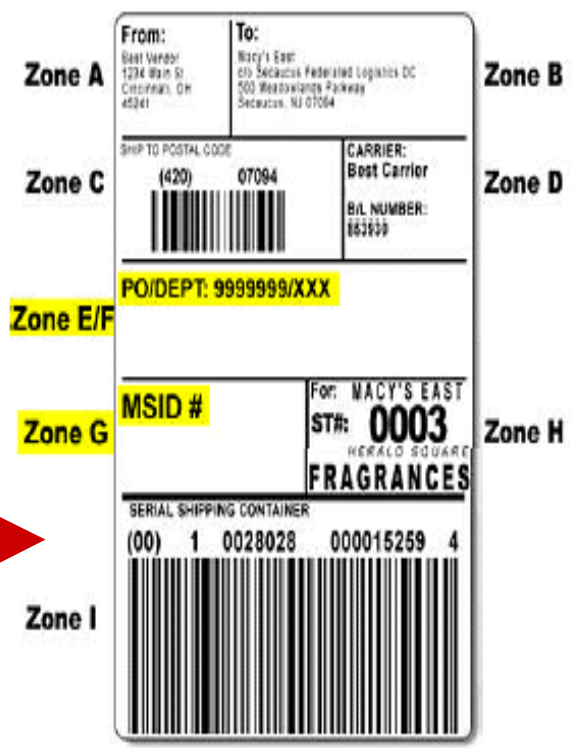
Carton Shipping Label Impact

- Multiple Purchase Order/Department Number listings on a single label
- Up to 15 total PO/Dept combinations on shipping label
- Addition of MSID to shipping label

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← **Current**



New →

SAMPLE OF ACCEPTABLE UCC-128 LABELS for Purchase Order Carton Consolidation Program

These labels are samples only, which have been modified to support PO Carton Consolidation. They allow up to 15 PO/Dept combinations in 12 pt bold font in Zone E/F, and Master Shipment ID (MSID) in Zone G in 20 pt bold font.

Bill of Lading Impact

- Utilize VICS Standard Bill of Lading
 - ✓ Available on VICS website (www.vics.org)
- Changes to support carton consolidation
 - ✓ Addition of MSID# at PO level
 - ✓ Listing of weight and carton counts
 - ✓ Other current VICS guidelines still apply

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Business Case example of POCC

- **Two POs** combined in one supplier shipment of **three cartons**.
- **SKUs from both POs are packed in the same physical shipping container**, with a supplier assigned **MSID number of 1552214455**.
- Both orders and shipping containers are for the **same division**, Macy's Central.
- Shipped to the **same distribution center**, Stone Mountain.
- Individual shipping containers are marked for **one selling store**.
- Four SKUs, with a total 66 Pieces were shipped on 'PO 5244455'. Three SKUs, with a total of 30 pieces were shipped on 'PO 5244465'.

Benefits of POCC

- **Reduced expense** - more efficient pick and pack process within your warehouse.
- **Reduced corrugated** – which is up to 30 % of vendor labor in some cases.
- **Reduced freight cost** - fewer cartons needed to ship the same amount of merchandise.
- **Reduction of non-conveyable cartons.**
- **Merchandise available for sale faster** – fewer cartons and trailers handled.
- **Seamless to pickers / packers** on floor.

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Overview of how POCC results were founded

- Simulated against 5% of the PO file.
- Consolidation-friendly FOBs.
- 15 top vendors selected to represent FOBs.
- Results were verified with vendors currently doing POCC.

FOB	Carton Reduction %
Women's Accessories	46%
Women's RTW	35%
Men's RTW	34%
Intimate	31%
Men's Basics	28%
Kids	24%
Women's Hosiery	23%
Cosmetics	21%
Sheets	13%
Men's Suits	10%

Who to contact for more information:

Sarah Knowles

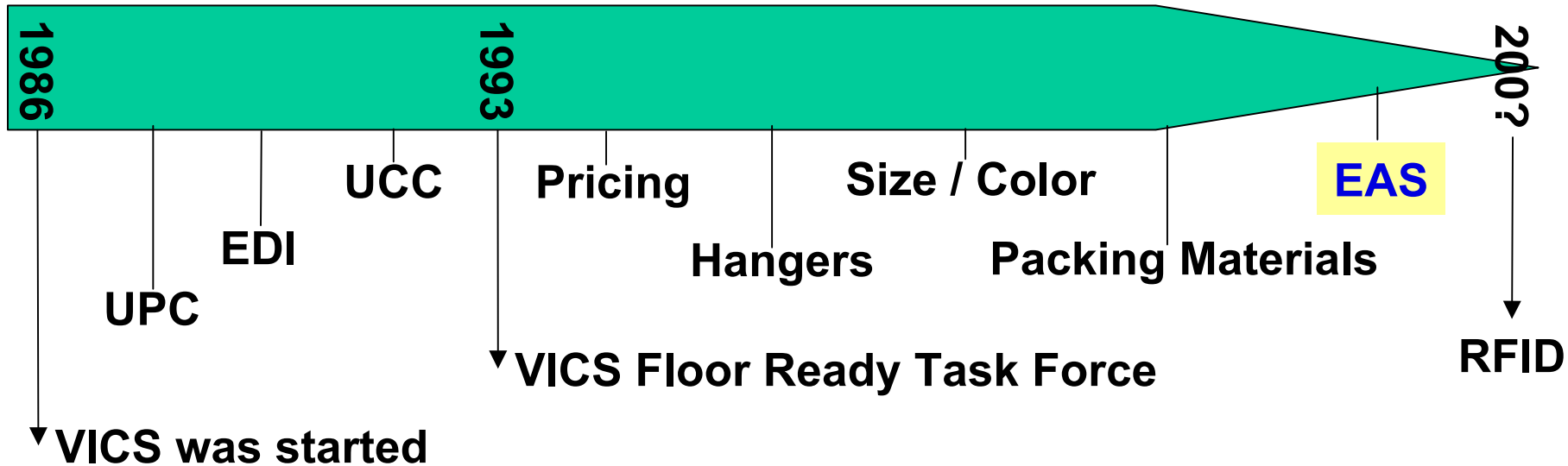
201-271-4031

POCC@FDS.COM

EAS - Source Tagging

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History of Floor Ready

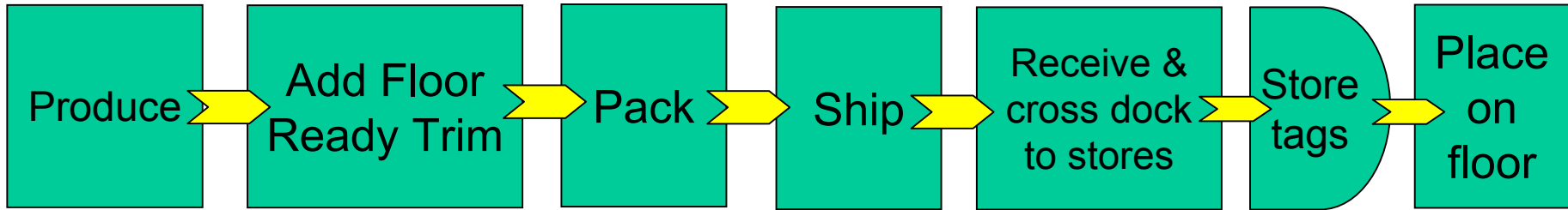


- Success of VICs has transformed our industry.
- EAS - Source tagging is the natural conclusion of the VICs floor-ready initiative.

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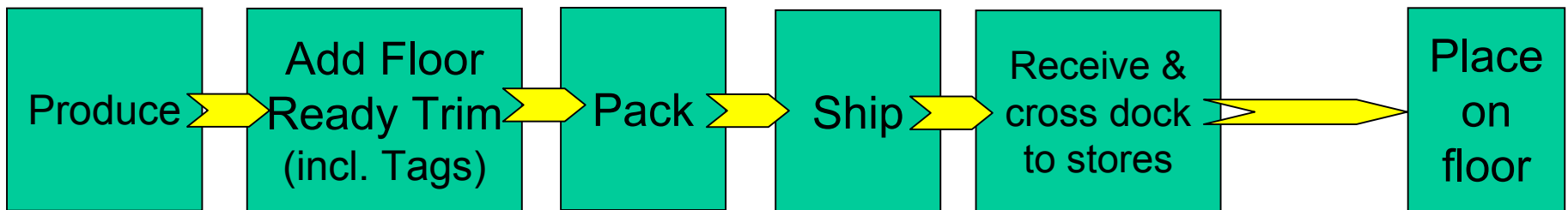
Supply Chain Efficiency Evolution

Current State:



Delay can be from 1 to many days.

Future State:



Successes of Floor-Ready Merchandising

- Increased sales
- Faster turns
- Improved inventory control
- Cost savings

Source Tagging Vendor Benefits - Selling

- Improved speed to selling floor.
- Reduced out-of-stocks.
- Improved accuracy of on-hand reporting thus more timely replenishment / reorder.
- Increased ability for open selling.

Source Tagging Vendor Benefits – Improved Customer Service

- Improved merchandise presentation.
- Important manufacturer information is not covered.
- Tag application at the source does not damage merchandise or packaging.

Source Tagging Vendor Benefits – Improved Internal Inventory Control

- Provides the ability to control theft within their own facility with the installation of EAS equipment.

Source Tagging Vendor Benefits – Increased Strategic Advantage

- Is the foundation for RFID as the RFID chip can be incorporated into the tag.
- Lowers cost of the total supply chain.

Source Tagging Retailer Benefits – Customer Service

- Tagging compliance is consistent which decreases the “failures to remove”.
- Improves visual presentation:
 - ✓ Consistent placement of tags.
 - ✓ Smaller, lighter tags.

Source Tagging Retailer Benefits - Selling

- Eliminates delay in delivery of new receipts to the selling floor.
- Improves ITEM accuracy
 - ✓ Reduces unknown out of stocks.
 - ✓ Ensures timely replenishment or reorders.
- Provides new opportunities for open-sell merchandise.

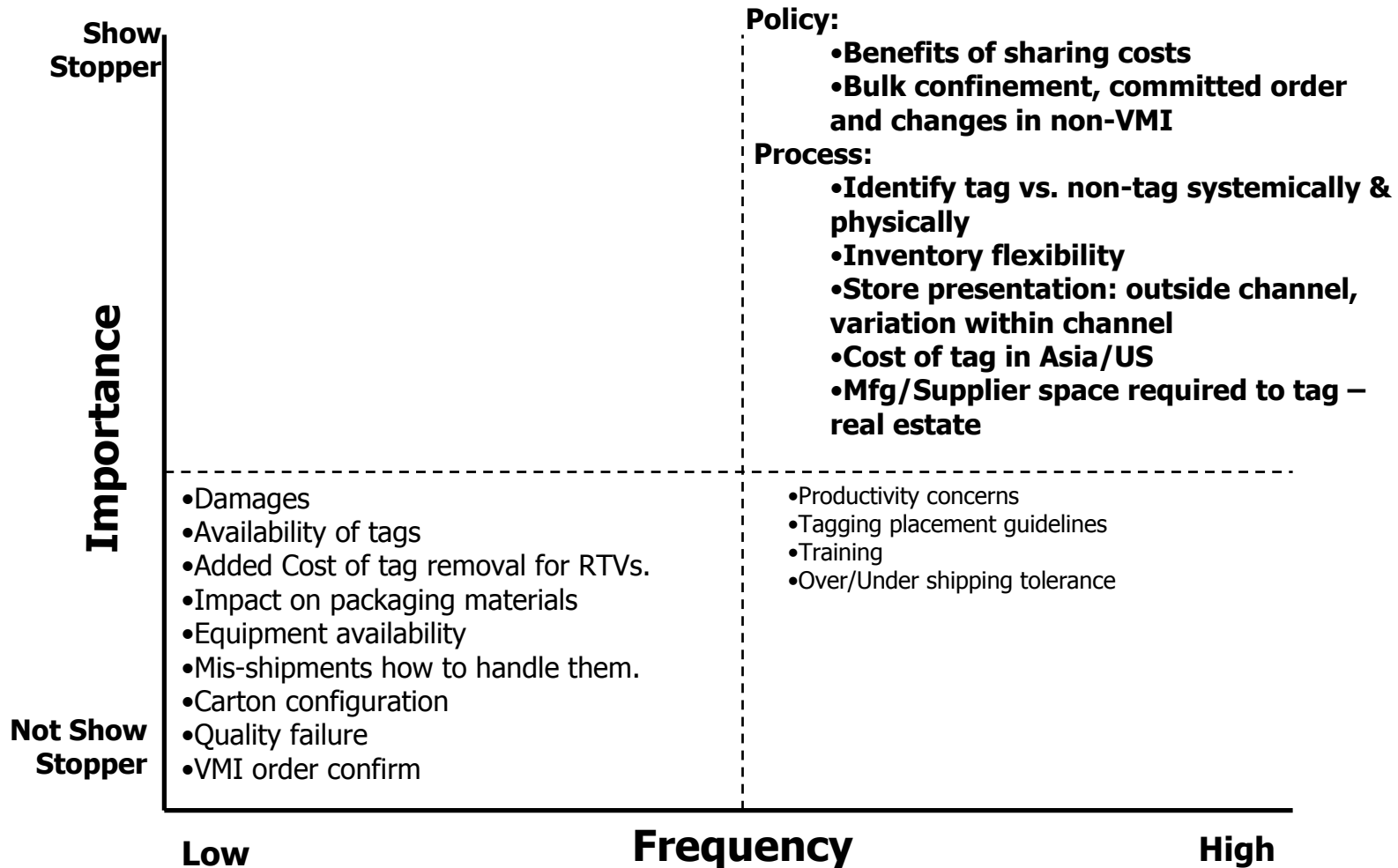
Source Tagging Retailer Benefits – Inventory Control

- Tagging compliance is consistent which increases the level of security.
- Tags are applied to a wider range of goods.
- Increases knowledge on the level of theft activity.
- Foundation for RFID.

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Vendor's Perspective

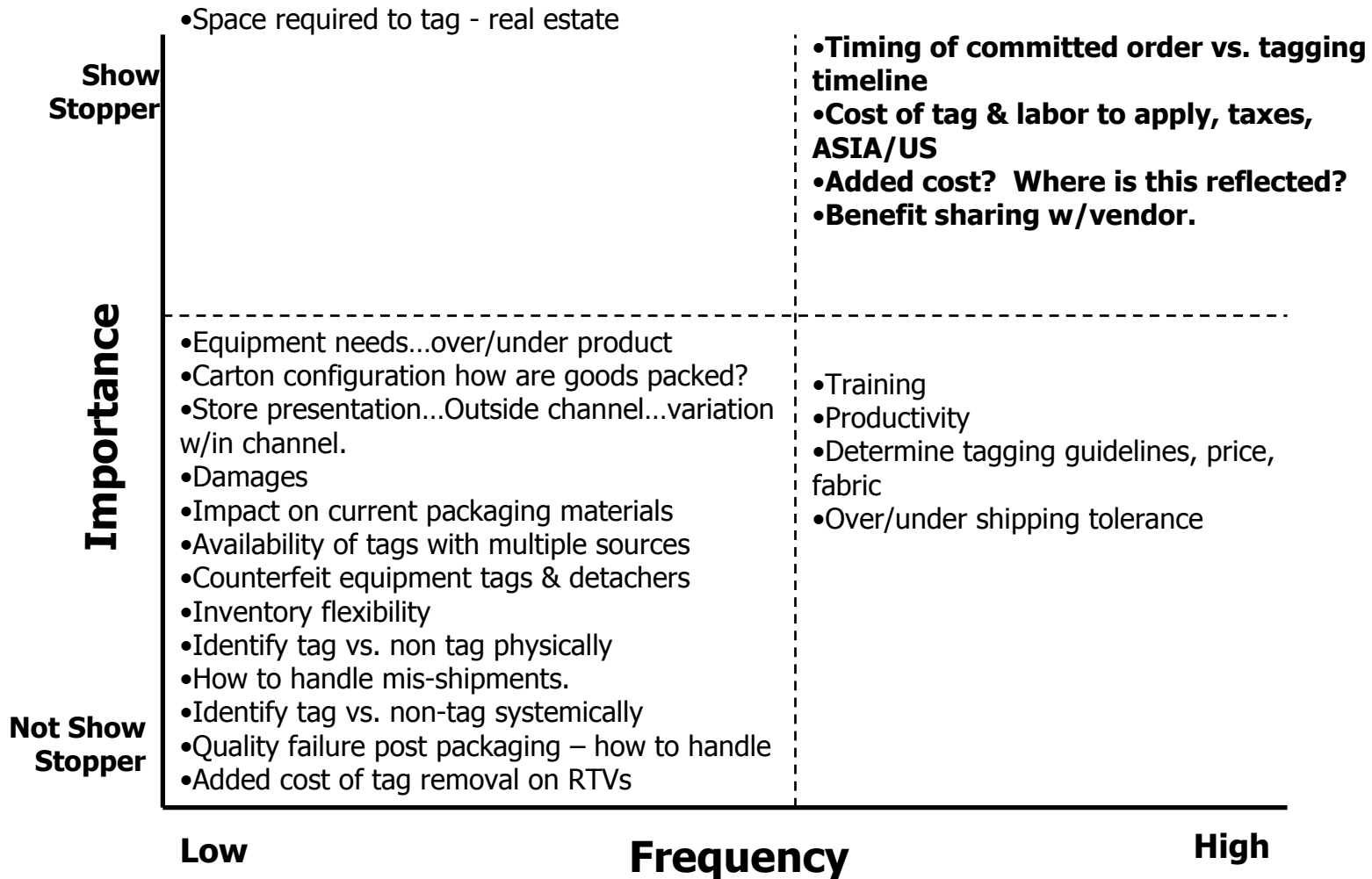
Replenishment & Fashion Prioritized Issues



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Vendor's Perspective

Direct & Exclusive Prioritized Issues



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Merchant's Perspective

Solidify the Partnership

- Process & aesthetic improvements
- VICS guidelines
- Who to contact for more information

Federated Department Stores

Nancy McCrickert

631-224-2308

Transportation

FTO's goal is to provide outstanding service to our merchants, vendors and carriers.

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Freight Terms

Collect freight terms **with full freight allowances** are preferred:

- FTO uses carriers with whom we have an established partnership
- Established carriers have standing appointments at the DC

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Shipping Options

Truckload/ Intermodal / Rail is the ideal shipping option:

- Fastest
- Cost effective
- May be achieved via co-load with other FDS shipments
 - ✓ FTO may take 2-3 days to try and build a full truckload from a vendor
 - ✓ Vendors should request pickup via FDSNet at least 48 hours (and up to 14 days) before their desired ship date, to maximize the likelihood of pickup on their ready-to-ship date

Establish mandatory pick up dates with vendors

Drop trailers at high volume, high frequency vendor locations

The use of consistent start ship dates to allow combination of Purchase Orders and encourage Truckload Shipments

- Across divisions (sales reps may provide start ship dates for other divisions)

Use Intermodal/Rail if you have time flexibility

- Least expensive
- Can be used for new store openings or when a vendor has early lead times

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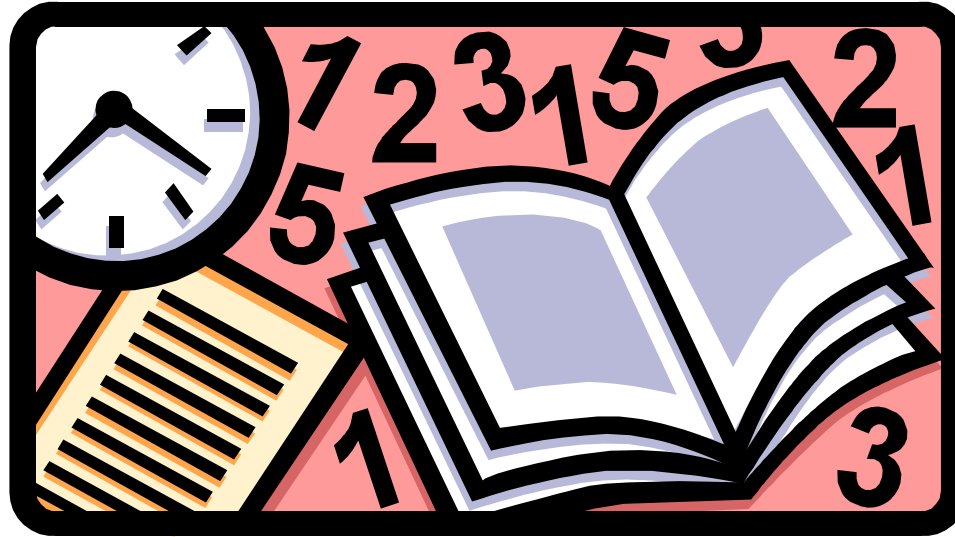
Who to contact for more information:

Mike Slater

770-913-4610

MSlater@FDS.COM

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Questions / Answers

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Thank You!