

THE CASE FOR TRACEABILITY: What's In It For Retailers

Whether out of compliance with the Bioterrorism Act (a.k.a. the Public Health Security and Bioterrorism Preparedness and Response Act of 2002) or out of the desire for better business operations, **traceability matters**. This white paper highlights the importance of traceability to retailers, the advantages of adopting new technology systems (or upgrading existing ones) to address traceability issues and the example of one technology solution - Aldata's G.O.L.D. Track - that enables retailers to easily – and quickly – comply with the Bioterrorism Act's regulations and enjoy enhanced supply chain visibility.

WHY TRACEABILITY MATTERS

From compliance to competition, retailers face increasing pressures to have supply chain visibility at all times. Following are three reasons why traceability is critical to retailers.

✓ Compliance with the 2002 Bioterrorism Act

The potential for terrorist or other attacks on the United States' food supply necessitated the passing of the 2002 Bioterrorism Act, which gives companies who manufacture, process, pack, transport, distribute, receive, hold or import food in the United States until December 9, 2005* to comply with the new record-keeping regulations defined by the Food and Drug Administration (FDA) as part of this act. In the event of an attack, the FDA now requires retailers to identify (within 24 hours of a request) the immediate previous source of food and the immediate subsequent recipients of food, if sent to businesses (and if these records are already being maintained). Failure to establish and maintain or provide these records to the FDA could result in civil or criminal charges.

Traceability matters because effective traceability systems enable retailers to assist the FDA in isolating the source and extent of a food recall more quickly, thereby ensuring food safety for consumers and reduced recall expenses, limited liability and less bad publicity for themselves (retailers).

✓ Product Differentiation

Consumers value food items, whether fresh produce or other products, that are produced with certain "content" attributes (e.g., calcium-enriched, isoflavones-enriched) or "process" attributes (e.g., organic, country-of-origin guarantee, fair trade assurance). Since these attributes are difficult for consumers to discern, having a traceability system in place to verify a food product's origin or method of production enables retailers to confirm these attributes and thus sell these products at a higher premium. **Traceability matters** because it helps retailers, in an environment where margins are thin, achieve higher profits and differentiate themselves from their competitors.

* Except small and very small businesses who have until 6/9/06 and 12/09/06, respectively, to comply.

✓ Supply Chain Visibility

Understanding the past and future flows of their food products provides retailers with the supply chain visibility they need to operate more efficiently as a whole. Knowing where products are in the chain and where they are going enables retailers to perform more optimal inventory planning and management and to offer better customer responsiveness and service (knowing where products are helps retailers know when they will reach the shelves). **Traceability matters** because it helps retailers make more informed business decisions in relation to their ongoing operations.

ADDRESSING TRACEABILITY THROUGH TECHNOLOGY

The advantages of adopting new technology systems (or upgrading existing ones) to address traceability issues are many. First, a technology solution helps retailers more efficiently manage the growing volume of information that they must collect, analyze and act upon and to do so in record time. Second, a technology solution provides retailers with the speed of responsiveness they need to avoid the negative consequences that may result from taking too long to react to food safety or quality issues, such as negative publicity, liability brought on by consumer illnesses or failure to respond in time to an FDA request. Finally, a technology solution lowers the recordkeeping and coordination costs associated with synchronizing supply chain records across the food chain and of managing product flows throughout the chain.

DELIVERING MAXIMUM TRACEABILITY: THE ALDATA SOLUTION

To help retailers address these traceability issues, Aldata created G.O.L.D. Track, a web-architected and JAVA-based solution that provides seamless upstream and downstream traceability of your entire supply chain.

G.O.L.D. Track allows retailers to define the type of information to be tracked via indicators (e.g., supplier code, order number, serial number and others) and, based on these indicators, instantly locate or trace products (at the unit and pallet level) and retrieve information about their associated activities, such as product movement up and down the chain, ingredients used, manufacturing method and other activities. G.O.L.D. Track interfaces with other Aldata G.O.L.D. modules and/or retailers' existing applications and enables retailers to:

- Obtain a perfect vision of past and in-progress product flows
- React immediately to anomalies
- Measure the service quality throughout the supply chain; and
- Respond to FDA requirements and requests within the required timeframe

For example, should retailers discover a contaminated batch of cookies, G.O.L.D. Track would allow them to track these cookies back to their ingredient sources and identify which ingredient(s) contributed to the contamination - like bad eggs. With G.O.L.D. Track, retailers can then identify which batches of cookies contained the bad eggs and to which stores the contaminated cookies were shipped. They (retailers) can then remove the contaminated product from the shelves promptly. G.O.L.D. Track gives retailers the visibility, flexibility and accessibility they need to comply and compete in today's regulatory and competitive environment.

CONCLUSION

Traceability matters. The law requires it; the competitive landscape demands it; and your supply chain benefits from it. More and more retailers recognize this and the need for flexible technology solutions that enable them to access, process and respond to information quickly.

About Aldata Solution, Inc.

Aldata is a global provider of merchandise management and supply chain solutions for high volume retailers. Aldata's software, G.O.L.D., is a single integrated system that helps retailers and grocers generate, manage and fulfill consumer demand by automating their merchandizing and supply chain operations. For more information, please call 404-355-3220 or visit www.aldatasolution.com.