Data Sync: End To End Benefits

MIT Conference
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Presentation Topics

- Johnson & Johnson
- A Changing World
- Importance Of Data Standards
- The Role Of Data Sync
- A Case For Item Data Sync
- Plans Moving Forward
The Changing J&J Operating Model

Drivers of change
- New markets, global customers, competitors

J&J is going through major global & regional initiatives that re-define the business models
- Global Supply Chain, Global Franchise Global Customer Management, etc.

These changes call for new process and support capabilities
- Enabling global & integrated processes, providing decision support & insights

Information is becoming one of our most important assets
# Global Master Data

## Guiding Principles

- Treat data as Intellectual Property
- Minimize complexity
- Process is critical – tools are an enabler

## ASSET

- Has value
- Needs to be sustained
- Can be leveraged
- If not well-managed, becomes a liability

## CRITICAL FACTORS

- Essential for strategy and execution
- Enables decision making
  - Supports business process innovation
  - Must be trusted

## BEST PRACTICES

- Global data standards
- Centralized master data functions
- Strong governance and control functions
  - KPIs
What We Know About Data Standards

- Lack of sustainable global data standards
  - Creates sub-optimal processes

- Global data standards leads to
  - More efficient processes
  - Better business results
The Role Of Data Sync

- Catalyst for global data standards
  - Fosters internal alignment
  - Improves information exchange between trading partners
  - Simplifies data change process

- Improve commercial activity
  - Increased speed to market
  - Higher efficiency in order to cash process
Importance of Data Integrity

Out of Stocks (excl. Forecasting and Product Supply)

 Depending on customer: 2% - 9% of Total OOS
Impact of Data Integrity Issues

Wrong Case quantity
- **Business Impact** – Customer orders one quantity and gets another if the case packs are configured incorrectly

Discontinued item still showing active
- **Business Impact** - Order generated for discontinued codes

Inaccurate TI/HI data for customers ordering in tiers
- **Business Impact** – Truck utilization is not optimized.

Transition of old to new code, timing issues in systems
- **Business Impact** - Order new products before there is inventory if the launch dates are set up incorrectly.
- **Business Impact** – Order one product and get another if the product codes are set up incorrectly.
Data Integrity Related Out of Stocks

OLD

FILE MATCH PILOT AUTO

DATA SYNC

OOS ($)

Jul-03 Oct-03 Dec-03 Jan-04
## SCORECARD

<table>
<thead>
<tr>
<th>CTQ</th>
<th>Units of Measure</th>
<th>Estimated Old 'Process'</th>
<th>Achieved Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automated Functionality</td>
<td>Process Cycle Time</td>
<td>Avg 10d</td>
<td>Avg 3d</td>
</tr>
<tr>
<td>Systematic Validation</td>
<td>% Codes Validated</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Systematic Validation</td>
<td>Cycle Time for Validation</td>
<td>2d</td>
<td>&lt;1min</td>
</tr>
<tr>
<td>Issues Resolution Process</td>
<td>Cycle Time for Issue Resolution</td>
<td>5d</td>
<td>3d</td>
</tr>
<tr>
<td>Aligned Data</td>
<td># Errors/Million Opportunity</td>
<td>2.5 Sigma</td>
<td>3.5 Sigma</td>
</tr>
</tbody>
</table>
Kano Model Results

Low Performance on Highly Needed CTQs

Level of Satisfaction

Level of Achievement

Automated setup functionality
Issues resolution process
Accessibility by Business
Similar data fields in different systems
One-to-Many system communication
Systematic validation
Synchronization system
Kano Model Results

High Satisfaction on Most CTQs

Level of Satisfaction

Level of Achievement

- Automated setup functionality
- Synchronization system
- Systematic validation
- Similar data fields in different systems
- One-to-Many system communication
- Issues resolution process
- Accessibility by Business partners

High Satisfaction on Most CTQs

High

Low
OVERALL BENEFITS

• Reduction of Shortages / Out of Stocks
• Reduction of Past due invoices and deductions
• Increased data visibility and improved data management
• Automation of new item setups
• Enabler for value-added initiatives:
  RFID
  Truckload Rounding
Rolling Out Data Standards

- Standardize the right global data
- Ensure that standard data is sustained over time
- Contribute to enable others to drive value for business owners “Master Data as an Asset”
J&J GDSN Support
Thank you