

FGL EDI Operations Manual

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Chapter 1. Overview

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Introduction

The Forzani Group Ltd. continually works to streamline processes in our quest to increase operating efficiency. Our move to exchange data electronically with our vendor partners is an important way we can improve our supply chain.

Electronic Data Interchange (EDI) reduces errors and makes it easier to track the merchandise that we stock in our stores, from the Purchase Order produced by our buying team, to tracking shipments in our Distribution Centres to paying the invoices for the merchandise.

We expect you, our Vendor Partners, to participate in our EDI programs as a condition of doing business with us. We recognize the challenges of integrating computer systems and have worked to make it as easy as possible. We have used industry standards in our processes and have contracted a service provider to offer a low-cost, web-based alternative to full EDI integration.

This Operations Manual is designed to give you all the tools you need to implement our EDI requirements. It is intended for those members of your team that are directly involved in the implementation and operational support of your Electronic Trading initiative. We encourage you to share it with:

- Your Electronic Trading Coordinator
- Your Team Lead responsible for the implementation of your direct EDI or web-based program
- Production level operational and support personnel
- Your shipping departments, credit and accounts receivable departments
- Service providers who are managing your electronic trading program
- Your management team

Why move to Electronic Data Interchange?

Automating the exchange of many critical business documents on which we both depend helps us both. Errors are reduced. Labour costs are reduced with the shift away from manual tasks. Data will be available in a more timely and accurate way.

What does this mean for you? You'll get Purchase Orders faster and they'll contain all the information you need. You can tell us quickly and easily if there are issues with a Purchase Order so we can flag it in our system. Shipments will be accurate and well documented. Finally, invoices will tie directly to Purchase Orders and Shipping Notices, which means we can process them more efficiently.

As we continue down this path, our processes will continue to evolve. We may add functions to our EDI processes. Currently, we exchange five documents electronically with our vendors. They are:

- 850 – Purchase Order
- 855 – Purchase Order Acknowledgement
- 856 – Advance Ship Notice (along with the shipping label with UCC-128 barcode)
- 810 – Invoice
- 997 – Functional Acknowledgement. (This is simply an automated acknowledgement that a document has been received at the gateway.)

EDI Methods – Web Forms vs. Direct EDI

There are two ways to meet our EDI requirements - Web Forms and Direct EDI. Having a good understanding of your business relationship with FGL and your own systems will help you determine which solution is appropriate for your company.

Traditional Electronic Data Interchange or Direct EDI, is when you use your computer systems and software to send appropriately coded data directly to our gateway. It is best suited for vendors that are already utilizing this method with other retailers and have, or anticipate, a high transaction volume with FGL. It requires compatibility with systems and business applications because data moves directly between our system and yours.

FGL has partnered with [Sterling Commerce](#) to provide provisioning, data translation and production support on behalf of FGL. All of our inbound and outbound electronic documents will be processed by Sterling Commerce using ANSI X12 version 5010. Our partner, [SPS Commerce](#), will introduce you to our systems with a certification process. Once complete, you will move to a comprehensive end-to-end testing process with FGL. Not only does this process serve as an excellent training for your staff on our processes, it ensures we can determine any issues that may impede our ability to exchange electronic information. All data shared is validated for accuracy.

Web Forms uses a web portal to collect your EDI data and return it to us. This method is best suited for our partners that have a low transaction volume or seasonal business with FGL. You'll receive access to a secure site, where you can read Purchase Orders in a Web Browser. Easy-to-use online forms allow you to enter Purchase Order Acknowledgement, Shipping and Invoice data. The Forms deliver the data in our formats to our gateway. We've partnered with SPS Commerce to deliver this service. You will need to sign a contract with them to get started in this program. It is reasonably priced and provides all the tools you need to meet our EDI requirements. Once you have signed a contract, you can move right into exchanging data electronically with the support of SPS and our detailed documentation.

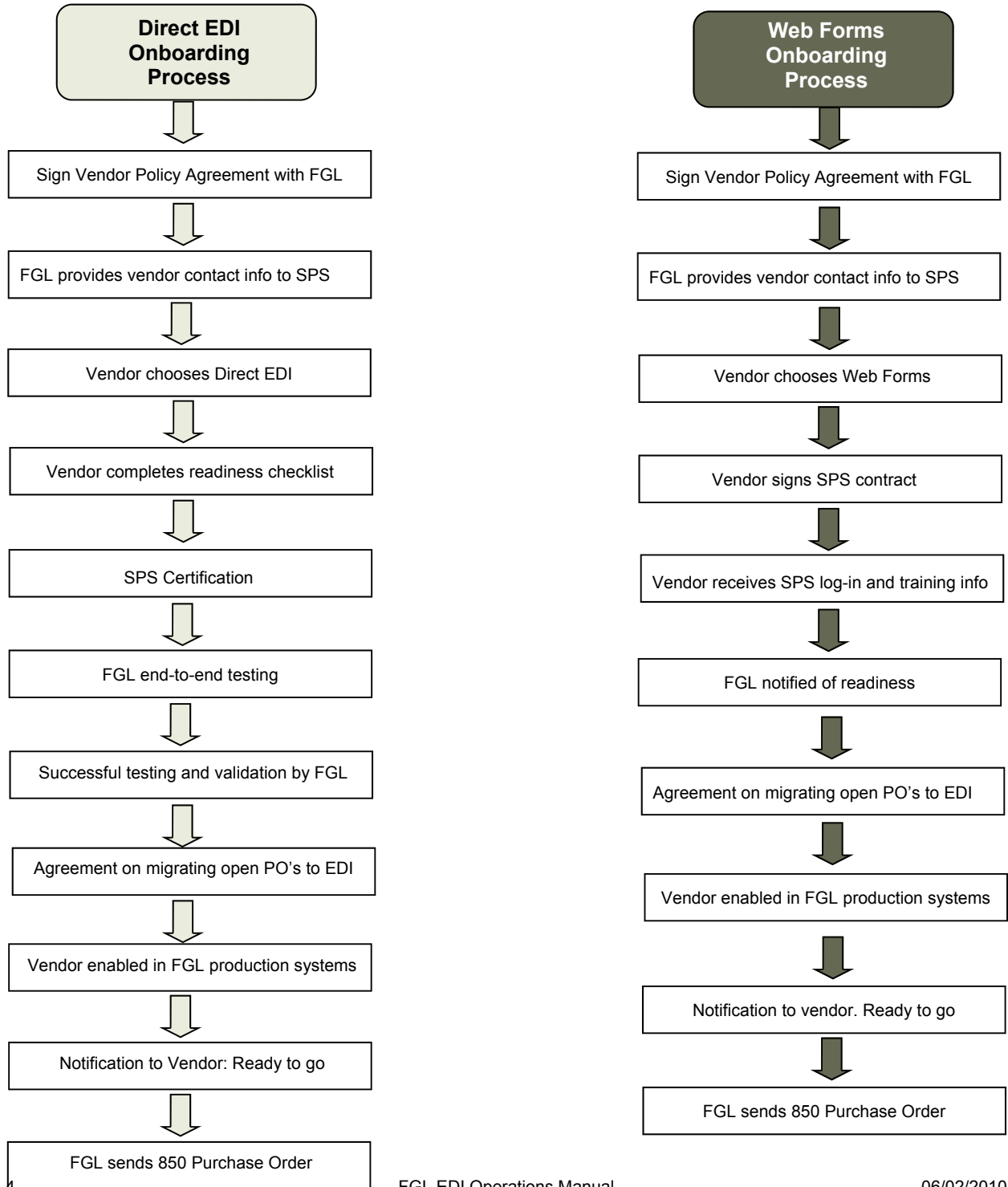
Web Forms

- Easy to use in any Web browser
- Documentation provided to help with data entry
- Meets all FGL EDI requirements

Comparing EDI Methods	
Web Forms	Direct EDI
Few FGL transactions, seasonal business	Many FGL transactions, high volume of business
No previous EDI experience	Experience doing EDI with other partners is helpful
Little or no in-house IT support required	Significant IT resources required to ensure mapping, system integration
No testing	Must make commitment to end-to-end FGL testing
Costs are limited to the SPS contract, either a flat fee or a per-transaction fee	May need to contract with a VAN for communication, a software provider or a partner to manage EDI for you

New Vendors will need to choose an EDI format after they've signed a Vendor Policy Agreement. Once you've made a decision, together with our trading partners SPS and Sterling, we'll work with you to get you "Onboard" with all EDI requirements. We will notify SPS Commerce that you are a confirmed FGL vendor. SPS Commerce will then contact you and provide you with documentation and details of the services they offer. They can also help you make a decision on which format would be best for your business with FGL.

Onboarding Processes at a glance



Analyze your Capabilities

The first step in building your EDI strategy is to really understand how your business systems and processes match up with our EDI requirements. We find this is the biggest obstacle to a smooth transition to EDI.

Some of our requirements are distinct to FGL. There are often easy work-arounds when dealing with a manual system, but EDI requirements are not flexible. That's why it's helpful for you to understand your system limitations early in the process. Dealing with large process issues during the testing phase can waste a lot of time and be frustrating for both sides.

We ask you to carefully consider the following requirements and understand the implications of each one.

Understanding FGL's EDI Requirements	
FGL Requirement	Implication
Franchise Division vendors must send 810 invoices	You must be able to send us an 810 Invoice from a paper, PDF or Excel spreadsheet (Non-EDI) Drop Ship Report/Purchase Order.
856-Advanced Ship Notice must be sent prior to shipment	You must determine the shipment size, contents and carton count before the shipment leaves your facility.
Cross-Dock shipments are required from all vendors. A Cross-Dock PO must be invoiced as a single order	Your EDI system must be set up to process Cross-Dock purchase orders and your distribution centre must be able to pack cartons "marked for" stores. You must be able to create a single 856-ASN and a single invoice for the Cross Dock Order.
Our Purchase Orders have a mix of Bulk items and Pre-Pack items	Vendors EDI systems should have the flexibility to deal with both Bulk (Unit of Measure =1) and Pre-Pack (Unit of Measure = Case) on a single order – no matter if it is a Bulk (DC) Order or a Cross-Dock Order.
Bulk items in a Bulk (DC) Order must be packed with a single SKU in a carton	Your 856-Advanced Ship Notice, and your Distribution Centre, must be able to separate all Bulk items into cartons based on SKU.
Vendors print tickets/price tags	You must have a process to print tags— exceptional circumstances must exist for an exemption from this requirement.
We require standard UCC-128 carton labels, with specific information on each label	Our requirements for carton labels include a human-readable standard which may require special configuration within UCC label printing software.
We use VICS standard EDI technical requirements, however some mandatory fields may be specific to FGL.	This may require custom mapping to be done by your IT department or service provider.
In exceptional circumstances, a Vendor Policy Agreement may allow specific extra charges on an invoice	If this is the case, you must ensure your system can process charges on each invoice and we will ensure this functionality is tested.

If there are any issues that arise from our requirements, it's helpful to speak to FGL Electronic Trading support or our Vendor Standards Group as early as possible in the EDI timeline. You may need to budget for extra time or IT resources to modify your systems to ensure we can exchange data seamlessly.

Once you have done this analysis, you are ready to move into EDI implementation. It's important that you have all systems in place to meet all of our EDI requirements. You may be faced with extra charges for non-compliance for documents that fail at our gateway or are re-directed to our work-flow process because of errors at your end.

The next chapter in the guide is all about FGL processes: It will help you understand the terminology we use and explain our processes in detail.

Making Changes

EDI relationships are never static. We both should be prepared for changes as our business relationship evolves. We will work with you to ensure a smooth transition to whatever new scenario is required.

You can expect to return to the testing phase if:

- You're adding a new document
- You're expanding your business to do business with a new Division or Banners
- You contract a new VAN provider
- You change your EDI service provider
- You move from Web Forms to Direct EDI

If you are planning changes, please keep the FGL support team at etsupport@forzani.com apprised of your new processes and timelines for implementation.