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— ALASTAIR REID
SUPPORT MANAGER FOR
TRADING AND MARKETING

WHSmith

Profile

WHSmith is one of the UK's largest retailers, with over 500 High Street stores and over 120 stores at airports, train stations and service areas. Its stores are focused on the categories of stationary, books, entertainment, news and impulse purchases. Each year, the company's High Street retail division procures around £1.5 billion in goods from more than 500 trading partners. Some 90 percent of procurement in books, entertainment, news and impulse items and some 60 percent of stationary, is handled electronically—by GXS Managed Services.

The Challenge

Like many retailers, WHSmith introduced e-commerce because it helped increase the speed at which the business could operate, streamlining and enhancing services in a number of operational areas. "Using EDI to place orders, receive confirmations, and transmit shipping notes and invoices allows stores to have stock replenished on shelves within two to three days of selling an item like a book," explains Alastair Reid, Support Manager for the Trading and Marketing teams at WHSmith. "In other areas of the business, we've cut lead times for new stock from several weeks to less than a week. It has enabled us to move to a direct-from-supplier supply chain model. Instead of shipping orders to stores from stocks held in our warehouses, we now have consolidation centres that take incoming orders from suppliers, split them by store and consolidate goods from many suppliers into a single delivery for each store."

The Solution

WHSmith had been a long-term user of a number of EDI translation and transmission solutions from GXS to deliver its e-business strategy, but in 2003 decided to consolidate its e-commerce activities using GXS Managed Services. "We previously had data coming in and out of our systems through a variety of routes, and some were less secure or robust than others," Reid explains. "We were also supporting a number of value-added networks and data exchange mechanisms. We wanted to keep that flexibility, but create a more robust and secure service that was less complex and risky for us to operate. A managed services solution promised unification and simplification into a black box whose detailed operation would be managed by an expert partner."

According to Reid, GXS was the natural choice of supplier. "The demands of the business dictated we needed an enterprise-level solution," he points out. "GXS was the leading provider, and offered us the best solution in several ways. One key factor was GXS's global presence, which allows the managed service to become a platform for growth at WHSmith rather than an inhibitor. We now have a mechanism for taking on partners, regardless of their physical location. That gives us a much higher level of confidence in expanding our trading networks outside the UK."

GXS Managed Services also allows WHSmith to trade electronically with partners of all sizes and levels of technical sophistication. "We're not cutting anyone out at either end of the

spectrum, or being forced to work at the lowest common denominator," Reid says. "We can support those who are just discovering EDI, but also accommodate those at the cutting edge."

Another benefit of GXS Managed Services is that it insulates WHSmith from the impact of new technology and e-commerce standards developments, such as a number of other retailers moving to AS2. "GXS can in the future facilitate us offering an AS2 solution if some of our partners feel that's what they need to have at their end to trade with other retailers, without forcing us or the rest of our supply base down that route as well," Reid points out.

He adds that, unlike many of its competitors, GXS Trading Grid® provides a service that supports a wide range of data exchange mechanisms beyond basic EDI, again meeting all of WHSmith's needs through a single solution. "While EDI is the core of our business, and accounts for the bulk of our data transfer, using mainly the Tradacoms standard but also some Edifact messages, we do have some systems—such as provision of marketing data to ChartTrack, BookTrack and Millward Brown—that use other protocols including FTP or flat files," he explains. "GXS can support all of that, allowing us to work with a single provider and simplify our own operations."

WHSmith has been using GXS Managed Services since October 2003, and Reid praises the reliability and responsiveness of the service. "We can go days or even weeks without the service needing any attention from us," he says. "When issues do arise, the GXS service desk is very good, providing a quick turnaround to investigate and solve problems."

In addition, according to Reid, the ease with which the managed service can be integrated with WHSmith's internal systems has been a key enabler in a long-term project to move all of the retailer's operations away from mainframe-based applications. "GXS has supported us through the process of unravelling services from the mainframe and making them available in a simplified service-oriented environment," he explains.

He adds that GXS Managed Services also allows WHSmith to work with suppliers in a variety of ways, easily supporting trading arrangements ranging from traditional daily ordering by store managers to providing sales and stock data to suppliers to support a vendor-managed inventory approach. "In addition, GXS Managed Services provides real-time transmission of data rather than overnight batch delivery," he points out. "That's vital when some suppliers only send delivery notes at the last minute as the stock is arriving at the warehouse. The managed service ensures delivery note details are available for warehouse staff to access through the warehouse systems within minutes of them being despatched."

GXS Managed Services now supports the exchange of orders, confirmations, despatch notes, invoices, and credit and debit notes with suppliers of stock for WHSmith's stores, along with information about sales, stock, recalls and returns. It also handles transactions to procure items used internally, and supports sharing of business and market intelligence both internally and with partners such as ChartTrack.

The Results

Since introducing GXS Managed Services, WHSmith has been able to reallocate staff away from processing paper or manual rekeying of data, deploying them on activities that add more value to the business and make better use of their expertise, such as investigating anomalies

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in invoices. This has been coupled with greater visibility across the supply chain. Exception reporting is now faster and simpler, with business users in WHSmith's trading teams now able to answer queries from suppliers more easily and quickly. "GXS's Managed Services visibility portal allows them to monitor all activity in and out of the business themselves," Reid explains. "They can look up the status of an order or invoice directly, without needing to request reports from our central e-commerce service delivery team."

In addition, GXS Managed Services is helping WHSmith with yet another goal. The company is determined to get every one of its trading partners communicating electronically. "We have a steady programme of migration on a one-to-one basis with suppliers," Reed explains, "and GXS is a key part of that, helping us ensure the message exchange process is fully tested and working robustly before we go live. Lots of partners see introducing EDI as a big leap of faith but, thanks to the support we get from GXS, we see it as business as usual. It's a tried-and-tested process for us, and we approach it with confidence that it's practical, risk free and routine. Some of the larger suppliers we work with are dumbfounded to find us in such a position of clarity and confidence, but having GXS as our managed service provider gives us that."

> **"Overall, GXS Managed Services provides a very attractive cost proposition for us."**
>
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WHSmith also undertakes projects with existing partners to increase the range of messages it exchanges with them, or to enhance and extend their use. For example, it has extended its transactions with book suppliers, who have been long-term users of EDI-based ordering, to encompass delivery notes and invoices. "That means we now have an end-to-end, two-way e-relationship with them," Reid explains. For this kind of project, he says, GXS has been a key partner in defining requirements, recommending correct message types and advising on how to use message segments to best effect, and helping WHSmith roll new message types out across the business rapidly.

He adds, "As a result, we've been able to achieve even better value out of the EDI service through the variety of information we've been able to push through it; and, with GXS's help, we've been able to ensure new message types typically pay for themselves within a year. Overall, GXS Managed Services provides a very attractive cost proposition for us. In fact, it offers unparalleled levels of service and features compared with what GXS's rivals charge for just transmission of messages."

He concludes, "GXS Managed Services is now an integral part of achieving the benefits of any new project with our trading partners, as well as central to our ongoing operations. We'd recommend GXS to anyone for the end-to-end quality of service of its messaging solution, which is backed by 24x7 on-demand support that is excellent, regardless of the time of day or issue. The value delivered by GXS Managed Services is taken as a baseline by everyone: GXS gives us a solution that is in line with where our business is going."

About GXS
GXS is a leading global provider of B2B e-commerce solutions that simplify and enhance business process integration and collaboration among trading partners. Organizations worldwide, including more than 70 percent of the Fortune 500, leverage the on-demand services on GXS Trading Grid® to extend supply chain networks, optimize product launches, automate warehouse receiving, manage electronic payments and gain supply chain visibility. GXS Managed Services, GXS' B2B outsourcing solution, empowers customers with the expertise, technical infrastructure and program support to conduct B2B e-commerce with trading partners globally. Based in Gaithersburg, Md., GXS has an extensive global network and has local offices in the Americas, Europe and Asia-Pacific regions. GXS can be found on the Web at www.gxs.com.

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