

“We had a number of customers that might never have automated if we hadn’t consciously reached out to them. That experience helped us understand that on the supply side, it makes no sense to mandate solutions with which our suppliers would struggle. We try and make connectivity to our systems as easy as possible.”

— DAVID PERSSON,
DIRECTOR OF B2B E-COMMERCE
AND EDI AT FIFTH & PACIFIC, INC.



“We want to share in GXS’s vision while understanding their technology roadmap, so we believe we must get as close to them as possible”

— DAVID PERSSON,
DIRECTOR OF B2B E-COMMERCE
AND EDI

GXS SOLUTIONS USED:

- EDI*EXPRESSSM Service
- Application IntegratorTM
- Enterprise Gateway
- Global Product CatalogueSM
- Desktop EDITM
- Desktop ASNTM

Fifth & Pacific, Inc. Turns to GXS to Digitize its Supply Chain

Corporate Profile

Leading Global Fashion Designer and Marketer

Founded in 1976, New York-based Liz Claiborne Inc., now Fifth & Pacific Companies, Inc., designs and markets a portfolio of retail-based, premium, global lifestyle brands which include Fifth & Pacific, Inc.’s brands, such as Kate Spade and Lucky Brand. In addition, the Adelington Design Group markets brands through department stores and serves JCPenney via exclusive supplier agreements for the Fifth and Pacific, Inc. and Monet jewelry lines. Its brands are available at thousands of different retail locations throughout the world, including chain department stores and mass merchandisers in the United States, as well as in more than 511 of its own specialty and outlet stores. The company has annual revenues in excess of US \$1.5 billion.

The Business Challenge

Managing Complexity in the Supply Chain

Fifth & Pacific, Inc. interacts daily with thousands of retailers and suppliers, ranging from small manufacturers in distant countries with limited communications technology to the largest US retailers with state-of-the-art trading systems. Whether supplier or customer, large or small, local or international, Fifth & Pacific, Inc. must communicate seamlessly with all its trading partners and maintain the agility to continuously add new partners to its supply chain.

The company pushed forward with digitizing the supply and demand chains, but recognized that there were a number of customers that would never automate. “The problem was how to reach out to them,” says David Persson, Fifth & Pacific, Inc.’s director of B2B e-commerce and EDI. At the same time, Liz Claiborne was actively seeking to get its suppliers to adopt automated processing techniques. This would help them combat the relentless pressure on cost due to the way goods are ordered in the fashion industry, and adapt as the company’s aggressive expansion strategy demands.

Fifth & Pacific, Inc. sells its merchandise to its retail customers four times a year. Once the retailers have made their selections, the company has a short period of time to determine the distribution and shipping breakdown of the bulk orders it has received. This typically generated a considerable amount of paperwork. Moreover, as the paperwork grew, the opportunities for error, coupled with the labor-intensive nature of the bulk transport allocations, were making distribution a difficult and costly exercise. “We were looking to improve inventory management, and that meant getting closer to both our customers and our suppliers during the order capture process,” says Persson.

The Solution

Creating Better Relationships through Digitization

The company has a long history of working with GXS, starting with GXS's EDI*EXPRESSSM Service to transact electronically with major retailers and suppliers. Later, the company chose GXS's Desktop EDITM and Desktop ASNTM products to link suppliers in Latin America and the Caribbean into its electronic data interchange (EDI) network. "The purpose of having these different solutions is to ensure that we can include as many of our business partners as possible, but in the way that works best for them," says Persson. "This is really about partnership, and while we want documents in formats that comply with industry standards, we don't want to force one or another solution upon the business partners," he continues.

As those suppliers grow, GXS's Application IntegratorTM and Enterprise Gateway enable them to integrate their own back-office systems into the company's network. Fifth & Pacific, Inc. uses GXS's Global Product CatalogueSM to manage the more than a half million product SKUs that are generated each season and to communicate product information to its retailers. Liz Claiborne made these choices in order to create a long-term strategic partnership with GXS. "We are committed to a best-in-class, open architecture approach to all our systems. This is critical for us as a global enterprise and it is a vision that we believe GXS shares," says Persson.

The Results

Industry-Leading e-Business Infrastructure

Fifth & Pacific, Inc. has developed its e-business infrastructure from basic supplier transactions to what is now the most extensive application of B2B integration and EDI in the apparel industry. More than half a million electronic documents traverse GXS's global network each year between Fifth & Pacific, Inc. and its supply chain community members. Persson estimates that 93-94% of the company's purchasing documents—which account for approximately 96% of all revenue activity—are handled electronically.

In purchasing, this represents 28 different document types that are transmitted between Fifth & Pacific, Inc. and its business partners. The company continues to push forward digitization efforts by increasing both the volume and variety of electronic transactions with suppliers and retailers, and by expanding the reach of electronic trading to encompass more supply chain partners around the world.

From an operational perspective, cycle time reductions have been stunning. In one instance, Persson reports processing throughput increase 10 times. This allowed the company to reduce reporting time by two days out of each week, giving decision makers information about point of sale, order status and credit information by seven in the morning on the Monday following the weekend close. "Decision makers are getting information when they need it, and not when the business can process the results," notes Persson.

FIFTH & PACIFIC, INC.'S RESULTS:

- Most extensive application of B2B integration in apparel industry
- 500,000 electronic documents transacted per year
- 93-94% of purchasing documents digitized
- 96% of all revenue activity handled electronically
- Processing throughput increased by up to ten times
- Reporting time reduced by two days

The company believes its experience working with GXS has helped it to develop and foster relationships on both the supply and demand side that are based on mutual trust. “It all comes down to our looking for common sense ways of doing business that have long-term benefit,” concludes Persson.

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About GXS

GXS is a leading B2B integration services provider and operates the world's largest integration cloud, GXS Trading Grid®. Our software and services help more than 550,000 businesses, including 22 of the top 25 supply chains, extend their partner networks, automate receiving processes, manage electronic payments, and improve supply chain visibility. GXS Managed Services, our unique approach to improving B2B integration operations, combines GXS Trading Grid® with our process orchestration services and global team to manage a company's multi-enterprise processes. Based in Gaithersburg, Maryland, GXS has direct operations in 20 countries, employing more than 2,800 professionals. To learn more, see <http://www.gxs.com>, read our blog at <http://www.gxsblogs.com> and follow us on Twitter at <http://twitter.com/gxs>. You can also access our public filings with the Securities and Exchange Commission at <http://www.sec.gov/edgar.shtml>.