

Data Sync: End To End Benefits

MIT Conference

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Johnson & Johnson

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

J&J Consumer



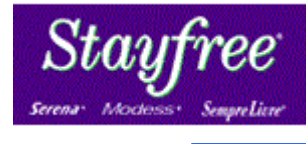
J&J World Wide

Johnson & Johnson

Consumer

Medical

Pharmaceutical



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

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

Guiding Principles

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

What We Know About Data Standards

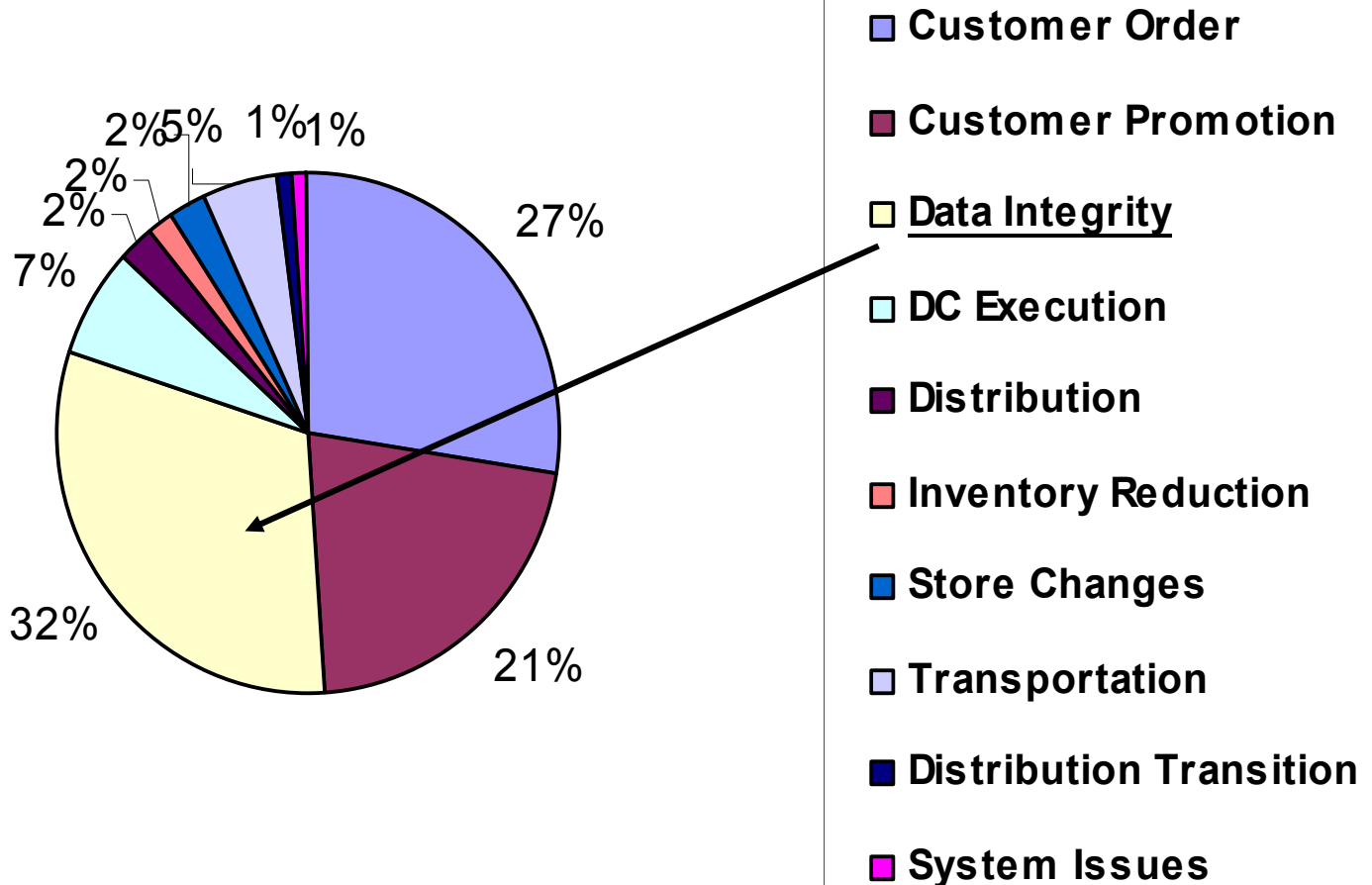
- Lack of sustainable global data standards
 - Creates sub-optimal processes
- Global data standards leads to
 - More efficient processes
 - Better business results

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)



Internal J&J

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

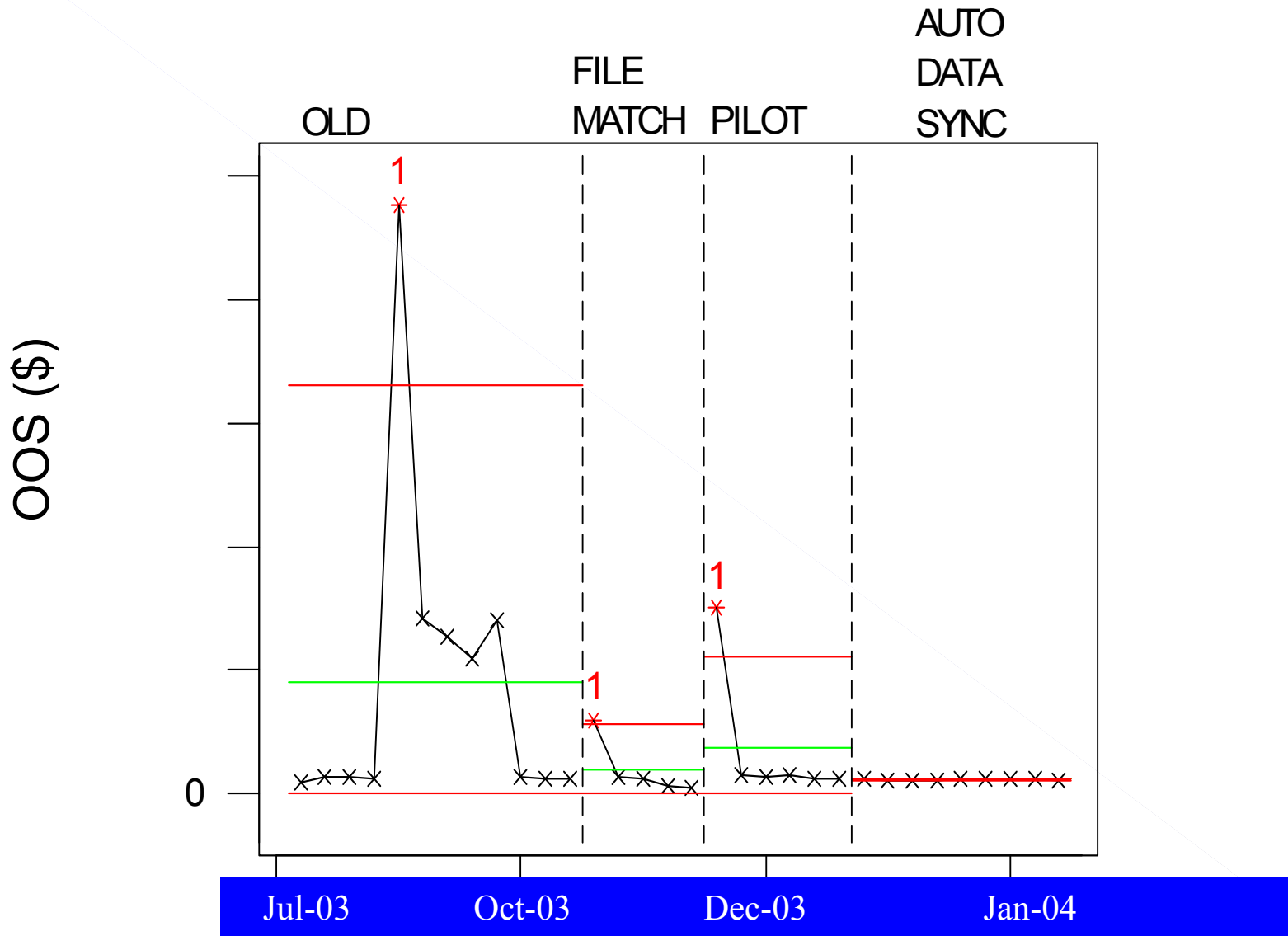
Inaccurate TI/HI data for customers ordering in tiers

- Business Impact – Truck utilization is not optimized.

Transition of old to new code, timing issues in systems

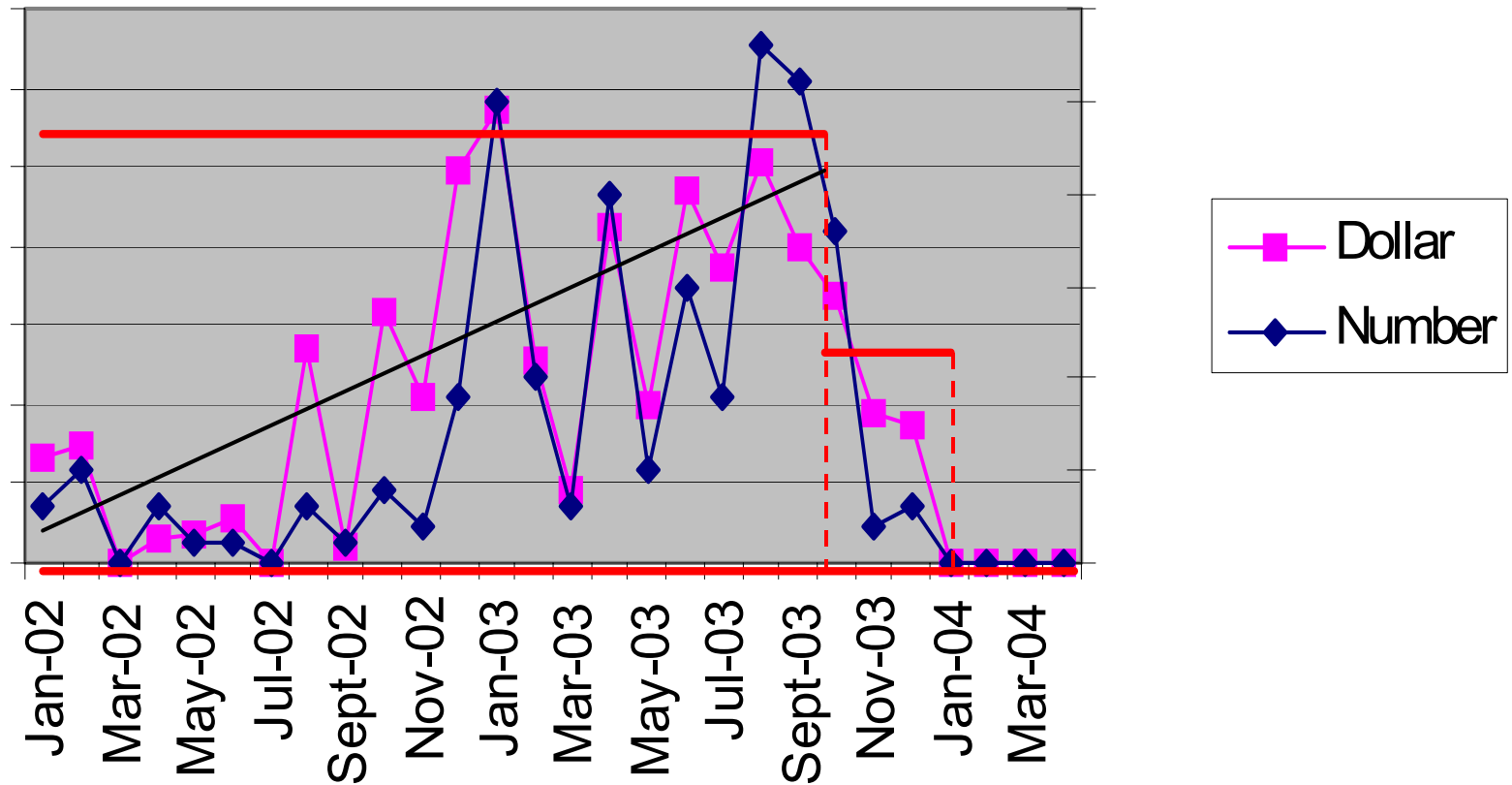
- Business Impact - Order new products before there is inventory if the launch dates are set up incorrectly.
- Business Impact – Order one product and get another if the product codes are set up incorrectly.

Data Integrity Related Out of Stocks



Realized Benefits

Incoming Data Integrity Deductions

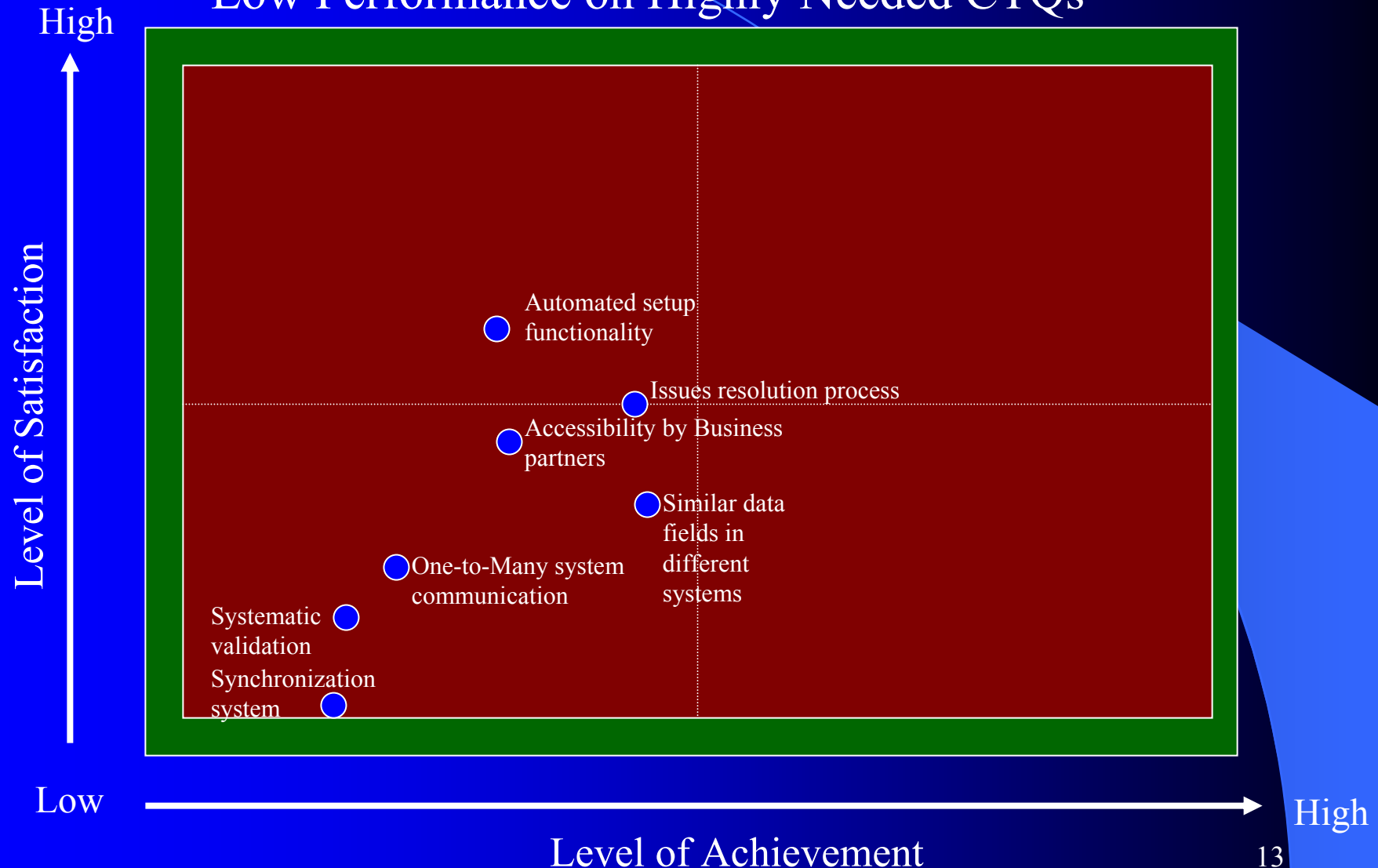


SCORECARD

CTQ	Units of Measure	Estimated Old 'Process'	Achieved Values
Automated Functionality	Process Cycle Time	Avg 10d	Avg 3d
Systematic Validation	% Codes Validated	0%	100%
Systematic Validation	Cycle Time for Validation	2d	<1min
Issues Resolution Process	Cycle Time for Issue Resolution	5d	3d
Aligned Data	# Errors/Million Opportunity	2.5 Sigma	3.5 Sigma

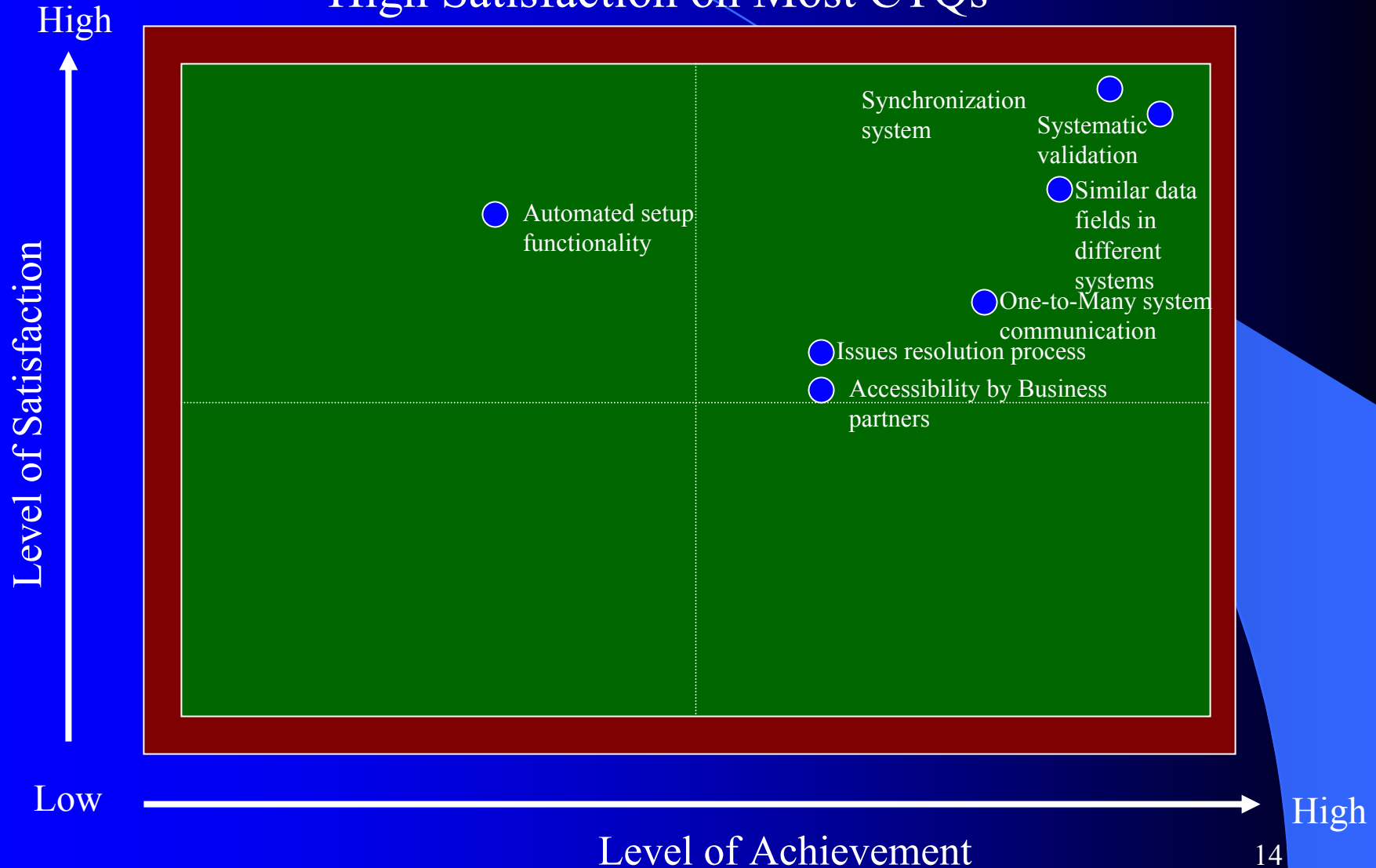
Kano Model Results

Low Performance on Highly Needed CTQs



Kano Model Results

High Satisfaction on Most CTQs



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:

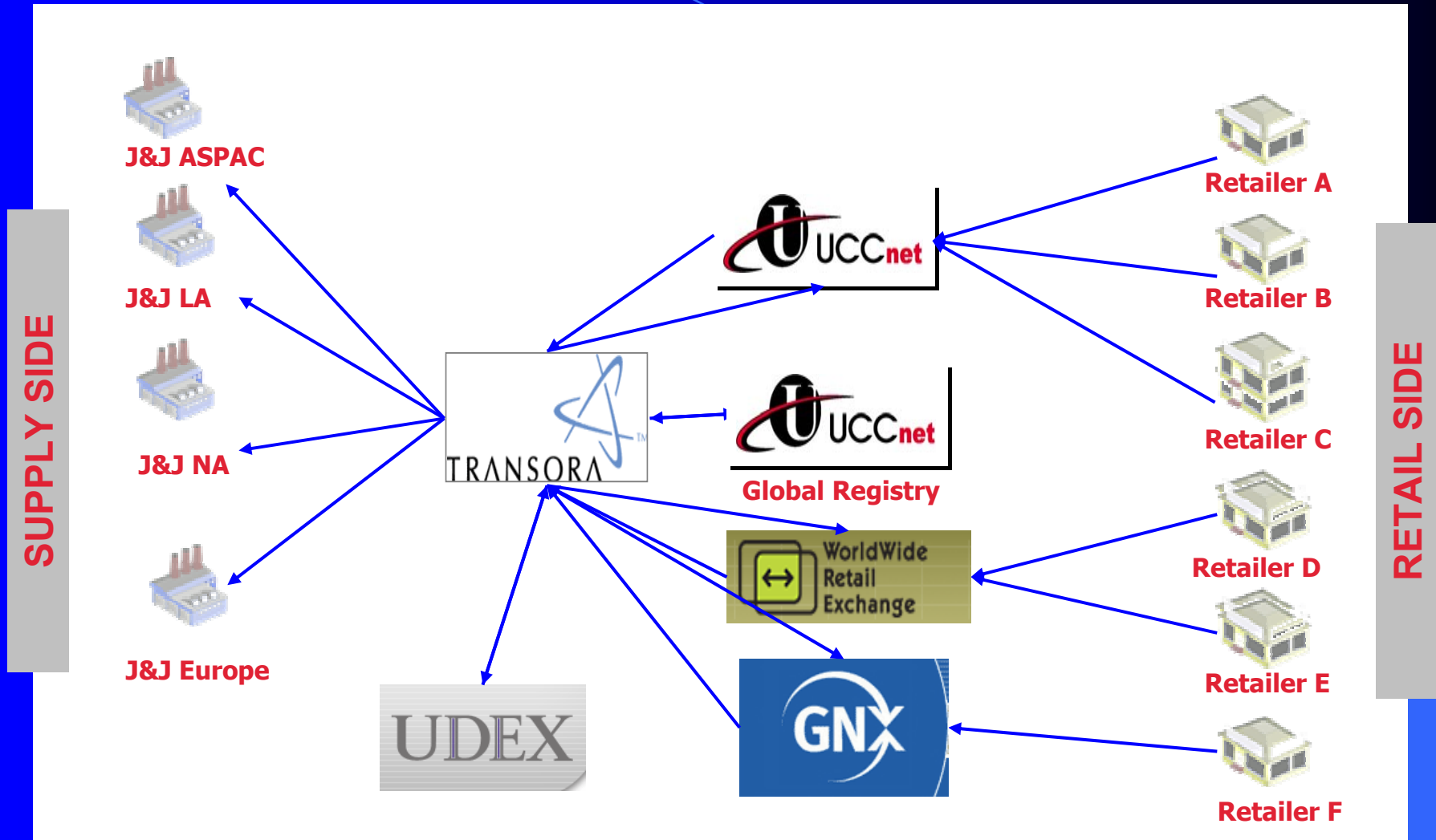
RFID

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