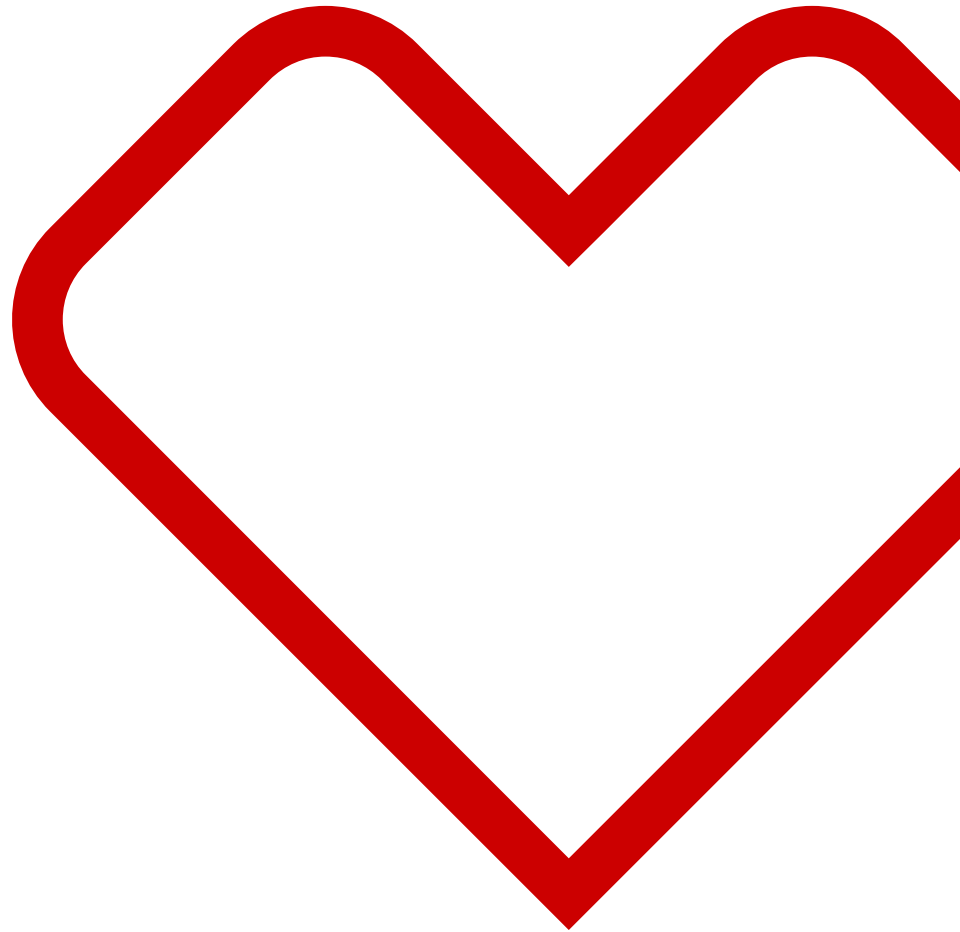




Promo Integration Update

September 19, 2017





Agenda

Overview of Promo Integration

Projected Receipt Forecast

Supplier Responsibility

Examples of Projected Receipt Data

Roll Out Plan

FAQs



JDA Promo Integration Overview

Promo Integration Flow



- The Promo Demand will continue to be calculated using the current tools and fed into our JDA forecast and replenishment system.
- In JDA, it will combine with the regular turn inventory needs and will no longer be viewed or treated as a separate bucket.
- JDA will plan the need for both Promo and regular turn inventory together as one.
- There will be no more Reserve Process. We will be using the natural forward looking capabilities in JDA to predict the quantities needed to cover Total Demand (including Promo and Regular) to arrive in stores just in time for the Ad.
- The new Forecast Reporting that is being developed will show total need by SKU/DC and will not separate Promo from Regular Demand.
- Vendors will receive POs that include both the Promo and Regular Demand, combined into one value, in normal lead time, to arrive in stores just in time for the Ad.



EDI 830 - Projected Receipt Forecast (1/2)

CVS will begin to send a Projected Receipt Forecast to Suppliers in conjunction with our Promo Integration project.

The report will include all Front Store Items that are carried in CVS DCs by DC/Item combination.

Specific to this report:

- Projected Receipts are visible/ denoted by week
- The report includes both Regular and Promotional demand in a single combined value
- The Projected Receipts value is planned by JDA and is expected to be received at the CVS DC by the specified week
- PO STA compliance is critical to meet store demand needs
- The report will include 12 weeks of future receipt information:
 - Promo projected receipts will be included in weeks 1 – 8 of report.
 - Weeks 9 – 12 will reflect only Regular receipts, as Promo is planned eight weeks ahead.



EDI 830 - Projected Receipt Forecast (2/2)

This report will be updated on Mondays and sent out on a weekly basis.

Projected Receipts will update weekly based on JDA recalculated needs due to business activities such as:

- Ad changes (Location/ Offer type/ etc)
- Store level oversell and undersell instances
- Regular forecast changes
- Safety Stock adjustments
- Store and/or DC BOH (Balance on Hand) changes

The Projected Receipt Forecast report will be sent via Electronic Data Interchange (EDI), utilizing an 830 format.



Projected Receipt Forecast Report: Example 1

In this sample report, data is sorted by Item and DC location (You may work with your EDI teams to sort data to best meet your planning needs).

ITEM	DEST	WK_38_RCPTS	WK_39_RCPTS	WK_40_RCPTS	WK_41_RCPTS	WK_42_RCPTS	WK_43_RCPTS	WK_44_RCPTS
906001	D_AL	0	0	528	0	0	264	0
906001	D_CR	0	0	768	0	384	120	384
906001	D_DT	0	0	768	0	384	384	0
906001	D_EN	0	0	768	0	384	120	384
906001	D_FL	0	0	384	0	384	384	0
906001	D_IN	0	0	768	0	384	384	0
906001	D_LA	0	384	384	768	384	384	384
906001	D_MA	0	0	384	0	384	120	0
906001	D_NJ	0	384	768	384	768	384	768
906001	D_OR	0	0	384	0	0	384	384
906001	D_PA	0	0	120	0	384	384	0



The value in the report combines both Promo and Regular demand into a single value.

In this example, higher volume in future weeks is driven by incremental promotional demand.



Projected Receipt Forecast Report: Example 2

In this sample report, data is sorted by DC and Item location (You may work with your EDI teams to sort data to best meet your planning needs).

ITEM	DEST	WK_38_RCPTS	WK_39_RCPTS	WK_40_RCPTS	WK_41_RCPTS	WK_42_RCPTS	WK_43_RCPTS	WK_44_RCPTS
572016D_AL		0	0	96	0	96	96	0
906001D_AL		0	0	528	0	0	264	0
906002D_AL		0	0	120	0	96	120	0
906003D_AL		0	0	1480	480	480	480	480
917967D_AL		0	0	192	0	0	192	0
917968D_AL		0	0	72	0	72	0	72
917969D_AL		0	0	480	0	480	480	0
971546D_AL		0	24	48	48	72	48	72
971681D_AL		0	24	96	96	96	120	96
982184D_AL		0	0	0	216	0	216	0
987312D_AL		0	0	96	0	0	96	0
572016D_CR		0	168	0	168	0	168	0
906001D_CR		0	0	768	0	384	120	384
906002D_CR		0	0	120	144	0	144	0



The value in the report combines both Promo and Regular demand into a single value. In this example, higher volume in future weeks is driven by incremental promotional demand.

Your Responsibility As A Supplier...

All Suppliers currently receive EDI 850 Purchase Orders via EDI from CVS.

Now Suppliers will receive an EDI 830 Report for Projected Receipts via EDI as well. (Note: CVS sent the EDI 830 until 18 months ago; we are reusing the same structure, so your company may already have this set up.)

Supplier To Do:

1. Visit CVSSuppliers.com
2. Mapping Specifications for the EDI 830 will be available on the site by 9-22-17.
3. Determine how your company will use the Projected Receipts report; have your EDI team deposit report into your planning system or Access/Excel. Examples from prior slides highlight just 2 options that may work best for your needs.
4. Utilize forecast for production and supply chain planning.



DC Rollout Schedule (Updated 10/20/2017)

WAVE 1

- La Habra (LA)
- Beverage (BV)
- Somerset (PA)
- N. Augusta (SC)
- Bessemer (AL)
- Woonsocket (WN)

Nov. for Jan. Ad Impact
Week 4 '18

WAVE 2

- Indianapolis (IN)
- Conroe (CR)
- Vero Beach (FL)
- Fredericksburg (MA)

Feb. for Apr. Ad Impact

WAVE 3

- Chemung (YK)
- Patterson (UC)
- Knoxville (TN)
- Orlando (OR)
- Ennis (EN)
- Novi (DT)
- Lumberton (NJ)

Apr. for Jun. Ad Impact

EDI 830 Reporting will reflect updated values based on the deployment schedule by Wave/ DC (DC Promotional demand will only be included once live).



FAQs

- **Question:** What is JDA?
- **Answer:** JDA is our Forecast and Replenishment system that is currently used to order regular turn inventory into our stores and DCs.
- **Question:** What do you mean by “Promo”?
- **Answer:** The Promo Integration project focuses on “Promotional Events” at CVS that are attached to a Promotional Event code and currently ordered with extended lead time on a separate PO and reserved in a separate inventory bucket from the regular turn inventory.
- **Question:** Once the Promo integration rollout is complete, will any front store product continue to be ordered through E3?
- **Answer:** Product ordered under a Seasonal Event code, (i.e. Easter, Back to School, Endcaps) will continue to be ordered through E3 until such time that Seasonal Event Code product is integrated into JDA.
- **Question:** What kind of End User training will be required?
- **Answer:** End User training will only be required for individuals who actually use our JDA system to place orders. Training plans are being finalized and will soon be communicated to those individuals. Although rollout begins in October, end users will not see changes in JDA until Mid-November.

Questions for Future Sessions

- Those of you who actually work in the JDA system have sent in some excellent questions. Specific End User questions will be answered in End User Training. Keep sending to Maureen to help shape the training materials.
- Please continue to send additional questions to Maureen.Rinehart@cvshealth.com and we will share FAQs in future sessions.



Appendix: Key Fields on EDI 830 for Expected Receipts Report

Key Data Fields*	Description
WP026-WHSE	CVS Distribution Center
WP026-VENDOR	Supplier
WP026-ITEM	CVS Item Number
WP026-DESCRIPTION	Item Description
WP026-E3-BUYER	CVS Buyer Code
WP026-MAJOR	CVS Major Category #
WP026-MINOR	CVS Minor Category #
WP026-CURRENT-PURCHASE-PRICE	Purchase Price
WP026-PERIOD	Week #
WP026-PROJECTED-RECEIPT	Total Units planned to be received by DC in week

Above are the key data fields that will be transmitted on the EDI 830.

*Additional fields will be transmitted, with a value = 0.

Full EDI 830 map will be available on CVSSuppliers.com by 9-22-17.