



WEBINAR SERIES

How to Turn the FDA Traceability Requirement Into a Win for Stores



ReposiTrak

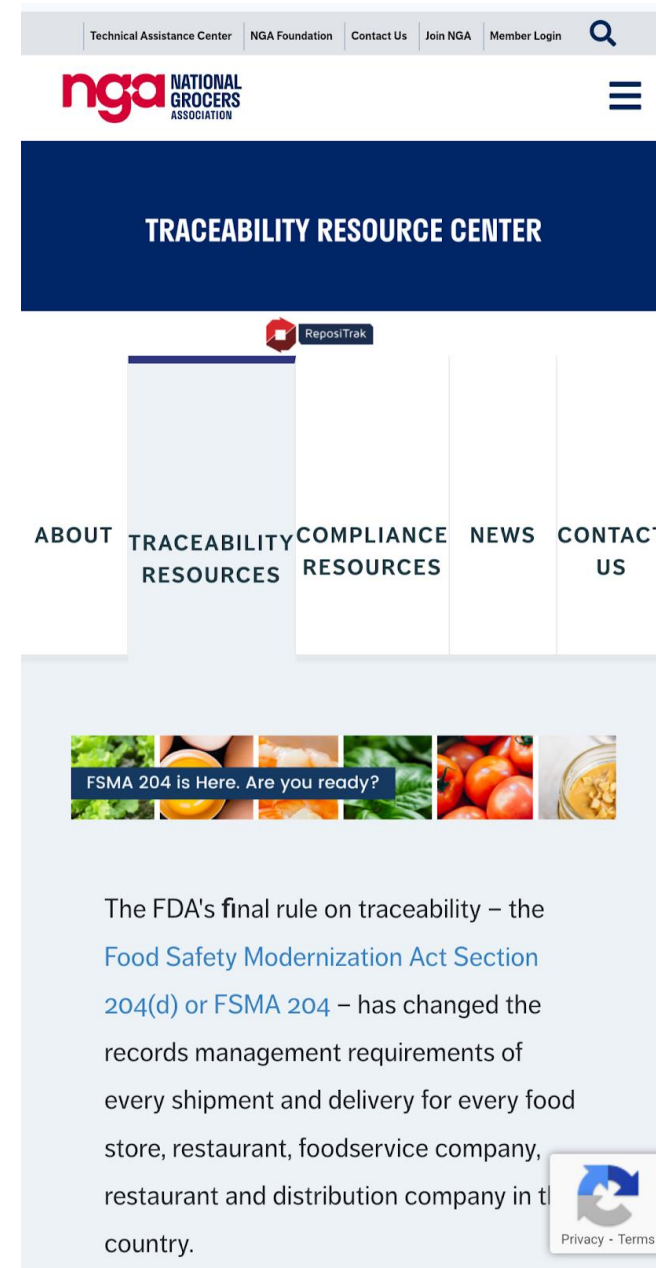
National Grocers Association Anti-Trust Statement

The National Grocers Association is committed to complying with the antitrust laws. Therefore, to assure compliance the Board of Directors, members and staff must refrain from engaging in discussion that may result in antitrust violations such as agreements to fix prices or margins, allocate markets, engage in product, supplier or customer boycotts, and refusal to deal with industry members. NGA appreciates your compliance with the law as the Board and members engage in association Board meetings, education programs and other activities to advance your competitiveness in today's market.

NGA/ReposiTrak Traceability Resource Center

ReposiTrak is the official compliance and traceability partner of the National Grocers Association

<https://www.nationalgrocers.org/m/repositrak/resources/>



The screenshot shows the top portion of the NGA website. At the top, there is a navigation bar with links for 'Technical Assistance Center', 'NGA Foundation', 'Contact Us', 'Join NGA', and 'Member Login', along with a search icon. Below this is the NGA logo and a hamburger menu icon. A dark blue banner reads 'TRACEABILITY RESOURCE CENTER'. Underneath is a 'ReposiTrak' logo. A navigation menu includes 'ABOUT', 'TRACEABILITY RESOURCES', 'COMPLIANCE RESOURCES', 'NEWS', and 'CONTACT US'. A banner image features various food items and the text 'FSMA 204 is Here. Are you ready?'. The main content area begins with the text: 'The FDA's final rule on traceability – the Food Safety Modernization Act Section 204(d) or FSMA 204 – has changed the records management requirements of every shipment and delivery for every food store, restaurant, foodservice company, restaurant and distribution company in the country.' A 'Privacy - Terms' link is visible in the bottom right corner of the content area.

Presenter



ReposiTrak

Derek Hannum

Chief Customer Officer
ReposiTrak



The ReposiTrak Traceability Network®

Turning Food Traceability into a Business Advantage

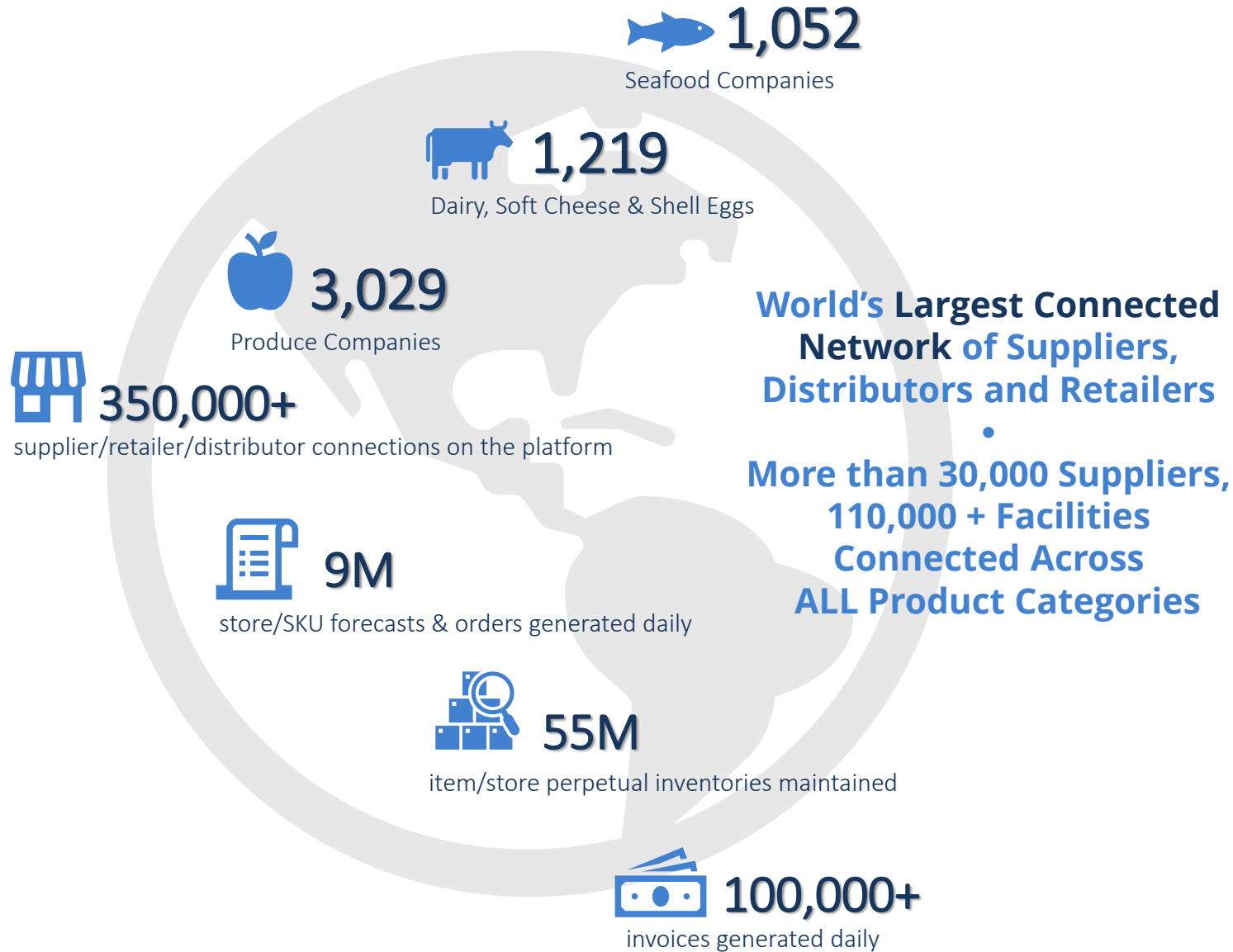
November 13, 2024

REPOSITRAK.COM

What We Will Cover Today

- Quick intro to ReposiTrak
- FMISA 204 Traceability basics
- Challenges and opportunities for product suppliers
- Tips for wholesalers and DC operators
- How retailers can leverage traceability for real business benefit
- Q&A

Who is ReposiTrak?



Technology Trusted by the Food Supply Chain Supply Chain for Traceability, Food Safety and Inventory & Sales Performance

Data Management is at the Core of Everything ReposiTrak does

Traceability – No Longer Just an FDA Issue





Large chain retailers are tracing all food items

- The food industry is adopting traceability as a standard practice
- Retailers/wholesalers who can't execute basic traceability now have regulatory, legal AND business risk
- Companies are realizing that traceability for a subset of foods is more operationally challenging than tracing all food items
- For food companies, you should get ready for traceability now

FDA FSMA 204 Traceability

What Categories of Products Need to Be Tracked?

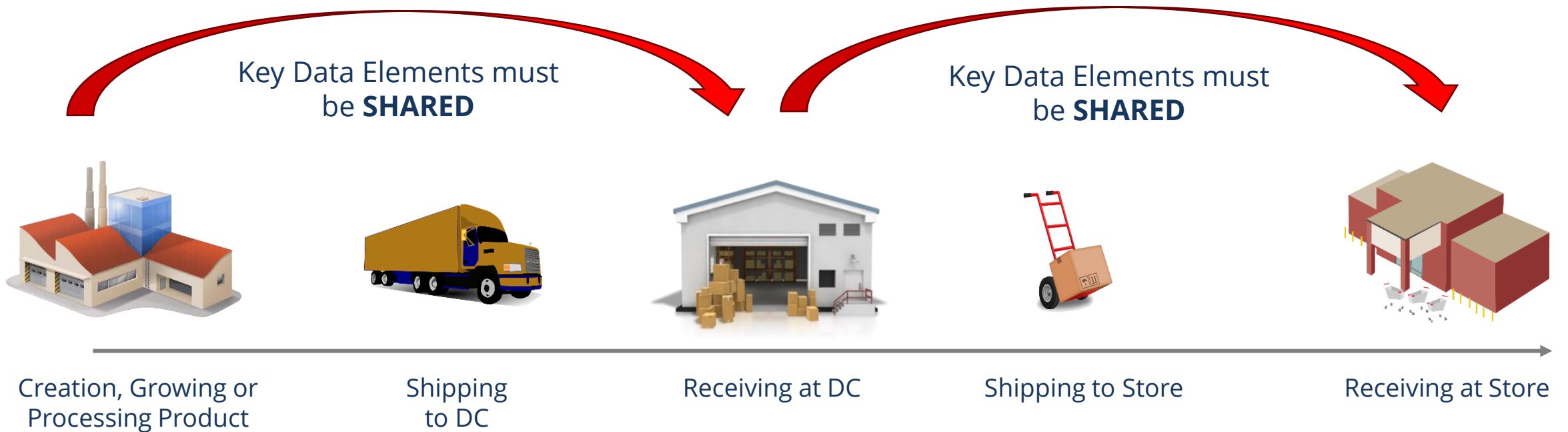
FDA Food Traceability List (FTL)

 Soft Cheeses	 Shell Eggs	 Nut butter	 Cucumbers
 Herbs (fresh)	 Leafy greens (including fresh-cut)	 Melons	 Peppers
 Sprouts	 Tomatoes	 Tropical tree fruits	 Fresh-cut Fruits and Vegetables
 Finfish	 Crustaceans	 Mollusks (bivalves)	 Ready-to-eat deli salads

Deadline for Compliance is January 20, 2026

Shipping & Receiving Critical Tracking Events

Key Data Element (KDE) records must be created as products move from suppliers, to distribution centers and on to stores and restaurants



KDE records must be saved for 24 months, and sent to the FDA within 24 hours of a request



The FDA requires *all* Key Data Elements (KDEs) to be included in a KDE Receiving or Shipping Record → for EVERY SHIPMENT, EVERY TIME.

KDE Receiving Record at the DC and Store	
KDEs required under FSMA 204	Example Data
The traceability lot code for the food	<i>F55633</i>
The product description for the food	<i>RTE Fajita Salad</i>
The location description for the traceability lot code source, or the traceability lot code source reference	<i>TRT Deli Salads Supplier, 290 Haida Ave, Hastings, PA 16646</i>
The location description for where the food was received	<i>GC-Johnstown-DC</i>
The location description for the immediate previous source (other than a transporter) for the food	<i>TRT-Deli Salads Supplier, 290 Haida Ave, Hastings, PA 16646</i>
The reference document type and reference document number	<i>BOL-20230223.006</i>
The quantity of unit of measure of the food	<i>5 Cases</i>
The date the food was received	<i>02/23/2024</i>

The Challenge for Suppliers

Will every customer want different data, shared in a different way?

“Connect to my internal portal”

“Connect to my third party portal”

“Use my blockchain”

“Send an EDI 856 ASN with these 20 data elements.”

Suppliers Can Flip the Script

Sell more and grow your business by becoming traceability friendly

- Very Important! Understand that it doesn't matter what you sell, you will be doing traceability with your customers
- Don't fight the wave...RIDE IT!
- Look for technology platforms that enable you to exchange traceability and supply chain data easily, with all your customers, regardless of the systems they require
- Avoid volumetric pricing systems that penalize you for growth; get a flat rate price and lock it in
- Position your brand as "traceability ready" and train your sales and marketing teams to use it to expand distribution and grow your market share



For Wholesalers and Retailers

It helps to think about traceability implementation as three separate phases

1. Supplier Onboarding to Enable Data Sharing

- This is thousands of hours of work to get suppliers connected for data sharing

2. Distribution Center (DC) / Warehouse Traceability

- Achieving compliance with the minimal amount of new work is the challenge
- Your current systems may not support capturing and storing records

3. Store-level Traceability

- Stores have to do traceability with DC/warehouse items, and DSD items
- How do you turn this new work at the store into an opportunity

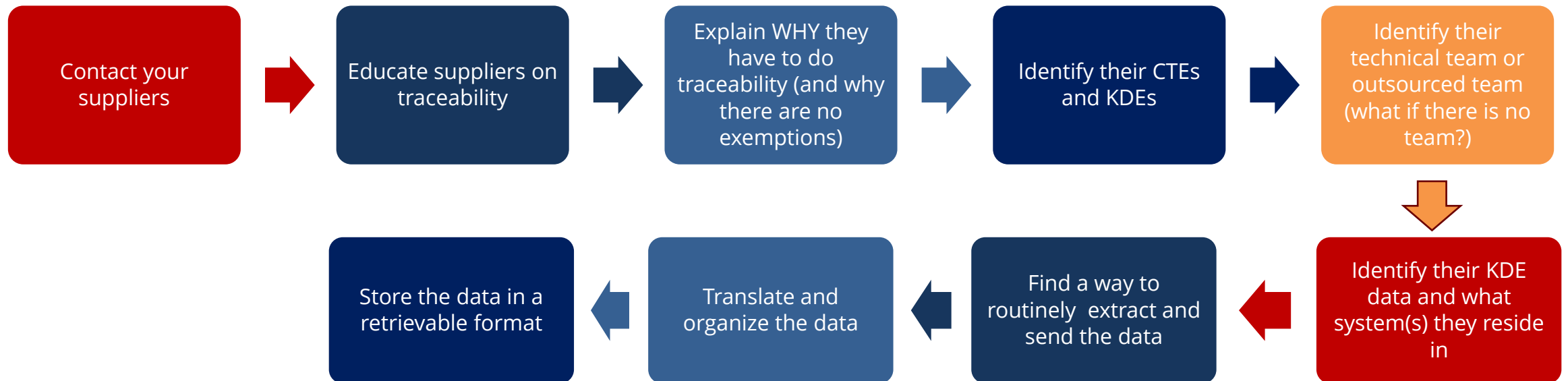


Phase 1 - Establishing Traceability with Suppliers

A Multi-step Process

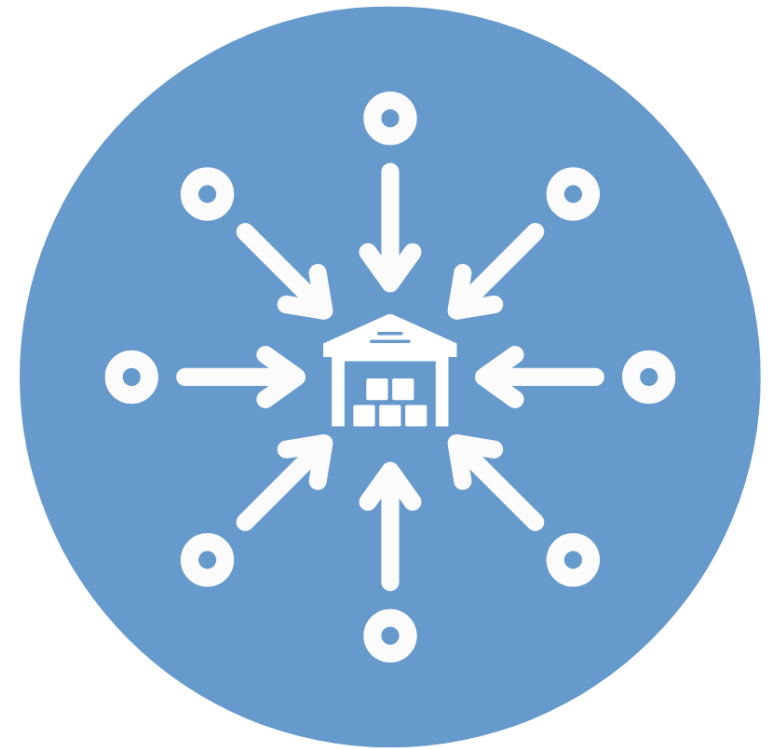
What's required for a successful and compliant traceability program?

- Data flows EVERY TIME a shipment is sent
- Automated data sharing is the goal, but getting there requires a lot of work
- Even if you think you can collect the Receiving KDEs, you need to have a place to store the data for 24 months where you can easily retrieve it



Tips for Wholesalers/Distributors

- Remember, you are the flip side of your suppliers; you have many suppliers, but they have many customers
- Understand your suppliers run the gamut from the most technically sophisticated CPGs to small family businesses, so choose an approach that works for all of them
- Help them understand why it will be necessary to include non-FTL items in your traceability program, as your customers may require it of you
- You not only have to collect the data, you need a place to store it...a repository
- Don't think the case label solves the whole problem...it can't





Some KDEs cannot be printed on a label, because they're not available when the label is printed.

- ✗ The location description for where food was received
- ✗ The location description for the immediate previous source (other than transporter) for the food
- ✗ The reference document type and number
- ✗ The quantity and unit of measure of the food
- ✗ The date the food was received

- **Some KDEs can**
- **be printed on a label.**

- ✓ The traceability lot code (TLC)
- ✓ The product description
- ✓ The location description for the TLC source, or the TLC reference

Retail Food Establishment Operators

Understanding your requirements

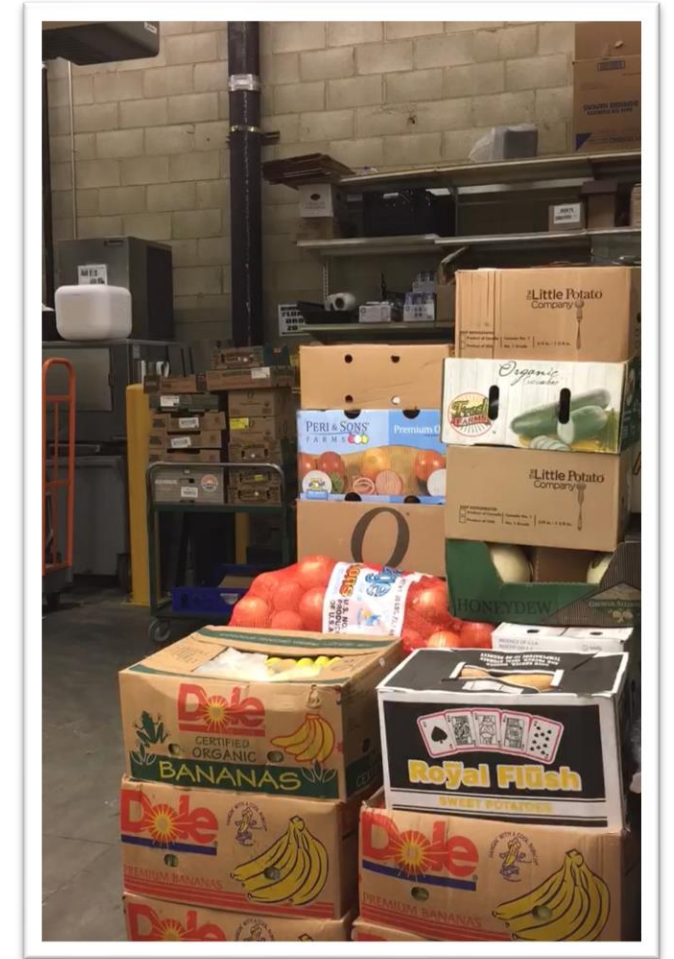
- If you operate a retail food establishment, you have a traceability requirement under FSMA 204
- You also have customers with growing expectations about your responsibility for food safety
- You have a variety of suppliers, with a variety of technical capabilities
 - Your primary wholesaler/distributor can be your partner in traceability, but can't solve all your problems
 - You will need traceability capabilities with your DSD and local suppliers



Rethink Store Receiving

This is where the case label really matters

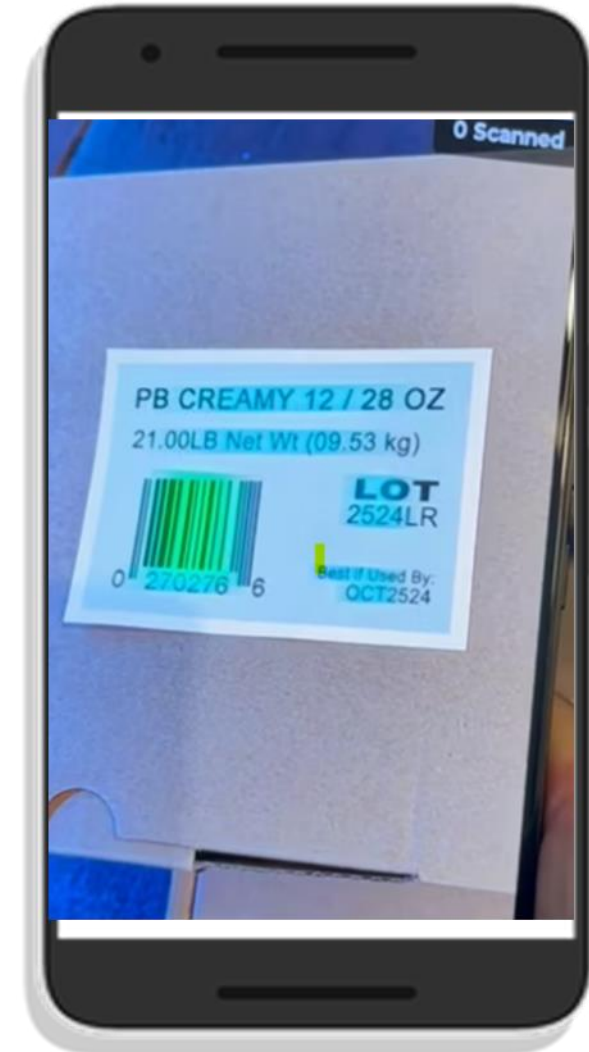
- If your suppliers don't have a method to send you lot codes and related data, you will need to manually collect it from paperwork or labels
- Supplier labelling needs to be improved; many have inadequate or missing lot code info
- Start looking at your case labels now and letting your suppliers know they need lot codes on their cases



Business Benefits for Store Scanning

Turning traceability into a business advantage

- Automatic Invoice Reconciliation
- Improved Inventory Management
- Improved Forecast Accuracy
- Improved Order Accuracy
- Reduced Shrink Through Freshness Management
- Labor Savings via Task Management



Automated Invoice Reconciliation ROI

Store Case Volume Calculator	
Annual Stores Sales	\$ 25,000,000.00
Weekly Stores Sales	\$ 480,769.23
Gross Margin %	35.0%
Weekly COGS	\$ 312,500.00
Cost per Case	\$ 24.00
Cases per Week	13021

Cost to Track all Food Items at the Store	
Total Cases Per Week	13021
Deliveries Per Week	5
Total "Scans" Per Delivery	2604
Time Per Scan Per Case (seconds)	5
Total Weekly Time for Scanning (hours)	18.1
Fully Loaded Labor Rate of Receiver	\$ 25.00
ReposiTrak Subscription	\$ 50.00
Total Weekly Traceability Cost	\$ 502.11
ROI	341%

Benefit of Automated Invoice Reconciliation	
Total Cases Per Week	13021
Cost per Case	\$ 24.00
Short Ship Percentage	0.5%
Total Savings from Shorts Reduction	\$ 1,562.50
Time Per Week Reconciling Invoices (minutes)	150
Fully Loaded Labor Rate of Reconciler (manager)	\$ 60.00
Weekly Labor Cost of Reconciliation	\$ 150.00
Weekly Savings of Auto Invoice Reconciliation	\$ 1,712.50
Annualized Net Savings	\$ 62,940.16

Email Dhannum@repositrak.com for a copy of the ROI calculator

More accurate forecasts and orders

Sell more by confirming what actually enters the store

- What happens when...
 - Your CAO system tells you to order 15 units of an item
 - What actually gets delivered is 10 units
- Unless you confirm that you actually received 10, instead of the 15 you needed, your inventory will reflect 5 more items than you actually have
- Unless manually reconciled (which involves labor to count inventory and make adjustments) your system will be overstating the actual inventory
- This leads to even more forecast and order inaccuracy, resulting in higher out-of-stocks, lost sales and disappointed shoppers
- If this is happening in your stores today, why *wouldn't* you consider a different receiving process?

How else can you use data collected at receiving?

Feed the data to freshness management systems to increase sales and reduce waste



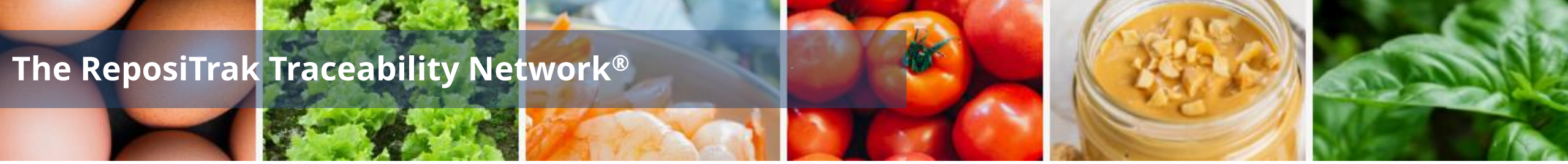
Feed the data to task management systems to reduce labor expense and increase store efficiency



Summary

Traceability is now an INDUSTRY transition, not simply a regulatory requirement

- If you are still in denial about traceability as a market reality, you will miss opportunities to leverage it to your advantage
- Understand your capabilities, and those of your competitors; market share will be won and lost on traceability
- COLLABORATE - Engage your trading partners in order to understand their needs
- Identify your gaps and look for technology partners to help you fill them
 - Focus on solutions that offer interoperability with other systems
 - Look for affordable fee structures that enable you to cap the cost of traceability



The ReposiTrak Traceability Network®

5,000+

Suppliers

41+

DCs/Warehouses

11,000+

Retail Locations

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**A Low Cost, Automated
Solution for
FSMA 204 Traceability**

**Low Fee, Unlimited
Use Model for
Suppliers**

**Industry's Largest
Traceability
Network**

Questions?



ReposiTrak

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ASSOCIATION



Thank You

