



# Track & Trace of Packed Water in Russia: comprehensive advisory support



**March 2021**

KPMG in Russia and CIS

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# Packed Water serialization in Russia: key events



During 2020-2024, traceability of packed water will be gradually implemented in the Russian Federation. After that, all the relevant products circulating in Russia will be subject to mandatory labeling (serialization), and their flow in the market shall be monitored via the statutory information system for products circulation monitoring (GIS MT).

The main goal of the Track & Trace introduction is combatting counterfeit products, as announced by the regulators.

GIS MT is supposed to allow producers of mineral and other packed water and various market players track the products' journey up to the end-customer.



# 2017



**Key principles outline.**  
**Development of basic track & trace concept for all product groups**

# 2018



**Key terms and parameters**

**28.04.2018**

Approval of T&T functional model  
*Government Resolution # 791-p*

**28.04.2018**

List of products to be traced is approved  
*Government Resolution # 792-p*

**25.12.2018**

*Final concept and principles of T&T with crypto-protection*  
*Federal Law # 488-FZ*

# 2019



**Functionality and essential terms enhancement**

**26.04.2019**

Update of GIS MT functionality, roles of the T&T Operator and Participants  
*Government Resolution # 515*

**08.05.2019**

Fee for T&T crypto-code generation approved (50 kopecks per code + VAT)  
*Government Resolution # 577*

**31.12.2019**

Rules for granting access to data contained in GIS MT  
*Government Resolution # 1955*

# 2020



**Preparation and testing**

**01.04.2020**

Start of packed water T&T Experiment and development of Methodical Recommendations for market participants  
*Government Resolution # 348 dd. 27.03.2020*

# 2021



**Transition period and gradual launch**

**01.03.2021**

Completion of packed water T&T Experiment

**01.05.2021 (T<sub>0</sub>)**

Start of mandatory track & trace: registration in GIS MT.

Preparatory stage before implementation (free T&T codes, integration solutions configuring), voluntary reporting of entry into circulation and retail sale using cash register

**01.09.2021 или T<sub>0</sub> + 4 месяца**

Mandatory labeling of **packed mineral water** by producers and importers

**01.12.2021 или T<sub>0</sub> + 7 месяцев**

Mandatory labeling of **other packed water** by producers and importers

# 2022



**Gradual launch**

**01.03.2022 или T<sub>0</sub> + 10 месяцев**

Mandatory reporting to GIS MT of retail sale of labelled products using cash register

**01.04.2022 или T<sub>0</sub> + 11 месяцев**

Mandatory volume and category accounting per EDI (reporting product GTIN and quantity to GIS MT)

# 2024



**Final stage and launch**

**01.01.2024 или T<sub>0</sub> + 21 месяцев**

Mandatory item-by-item accounting per EDI

# Key risks and uncertainties at Track & Trace project

## Risks



## Risk management options

● GIS MT is under development to comply, among others, with water market specifics

● Ongoing direct interaction with CRPT on requirements to data flows and IT systems integration, resolving outstanding issues, testing, etc.

● Complexity and depth of traceability: 20+ reporting events, mandatory cryptocoding, aggregation requirements

● Elaborated planning and execution of data exchange processes redesign and IT systems integration, including external ones

● Variety of labeling scenarios depending on supply chain structure, goods outfit/packaging, goods returns, need for package disassembling, etc.

● Proactive analysis of possible scenarios, applicable requirements and "cost-benefit" ratio of different options

● GIS MT failures and disruptions while big data processing; lack of information on the data protection level and tools within GIS MT

● Developing back-up solutions for data transfer to corporate repository

● Existing IT solutions (especially international ones) are not customized to the Russian T&T requirements

● Proactive assessment of IT solutions capacity/functionality and cost-benefit analysis of the improvements required

● Production and logistics processes need to be changed in order to meet the T&T requirements

● Development and alignment of To-Be production and logistics processes with account to the company's specifics and CRPT's requirements

● Labeling equipment failures can affect the speed of production and logistics processes

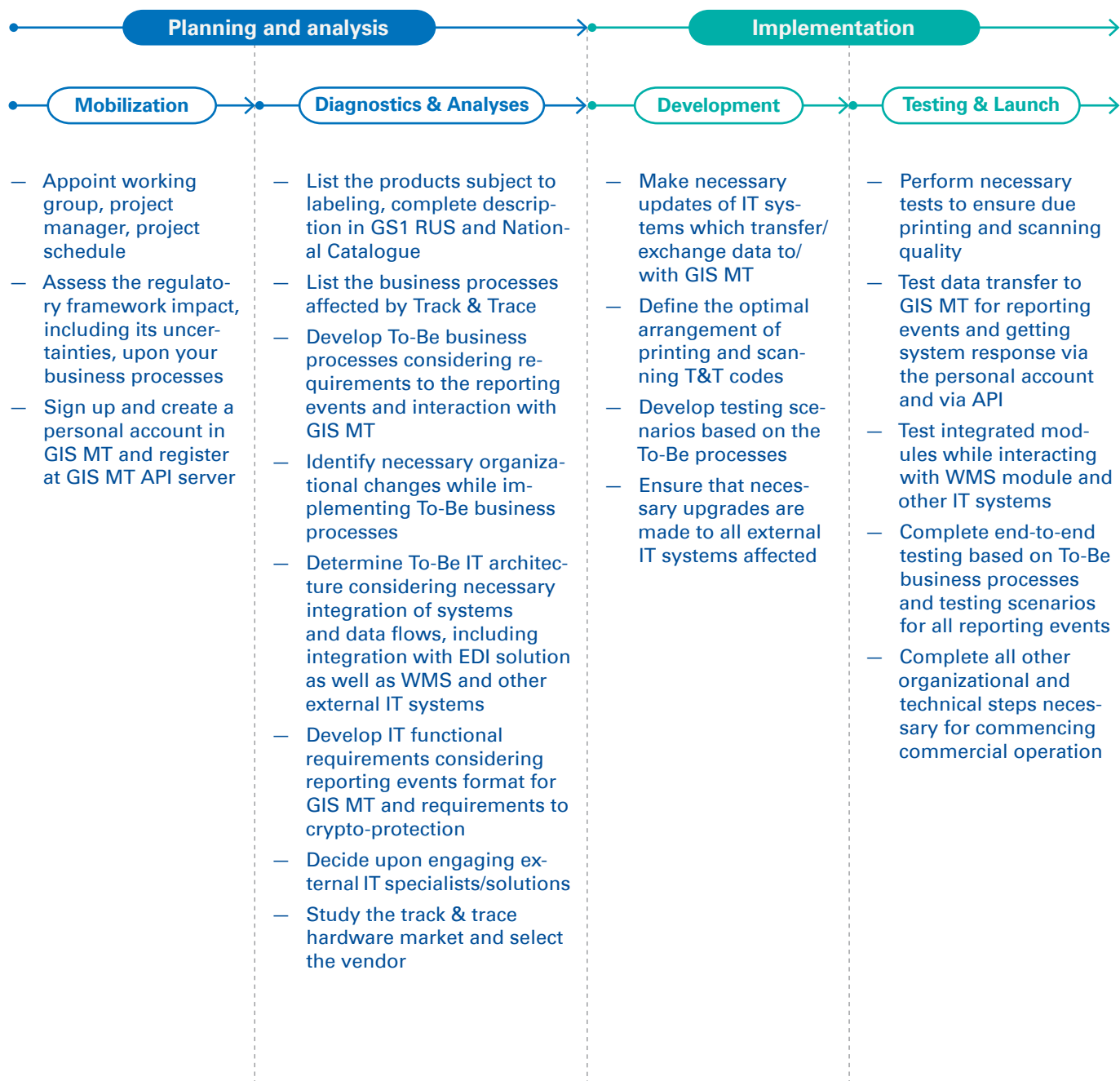
● Selecting the hardware supplier based on the company's experience and upfront end-to-end testing



## Areas for in-depth analysis and risk assessment:

- Organizing labeling processes, equipment selection and testing, assessing impact upon production volumes/speed and the need for external parties involvement (print-shop, bonded warehouse, etc.)
- Changes to business processes and data exchange processes within the company and with external parties
- Impact of T&T requirements upon logistics and organizational processes as well as the efficiency of retail sales
- IT systems changes, including EDI implementation / reconfiguring
- Impact of the selected equipment upon the design and efficiency of production and logistics processes

# Implementing Track & Trace: what you have to do?



**Project execution control throughout all stages; coordinating and managing the working group; monitoring timing, deadlines and dependencies**



**Monitoring updates and changes of regulatory framework; setting up the decision-making process in the situation of regulatory uncertainties; "what-if" scenarios analyses**

# A complex Track & Trace project: KPMG services



## Project management

### Planning

- Analyzing project status, project plan and interim results, providing recommendations on improvements
- Improving the existing schedule and roadmap of T&T implementation project; functional planning
- Help with selecting the automated T&T IT solution (for own or external IT systems) and EDI solution

### Ongoing execution

- SPOC function for all the project participants
- Cross-functional work and communication management
- Support during interaction with external project participants (3PL provider, bottler, suppliers, distributors, points-of-sale, etc.)
- Coordinating global and local project teams' activities

### Control and reporting

- Progress monitoring and control
- Regular reporting, proactive identification of risks and challenges; risk management solutions
- Regular communications and presenting the status/results to the project management/ steering committee



## Business processes

- To-Be business processes catalogue considering T&T requirements, reporting events and interaction with GIS MT
- To-Be business process maps considering requirements for inputs/outputs, stages, responsibilities allocation, paper and e-documents workflow
- List of necessary organizational changes resulting from the business processes changes



## Developing requirements to IT systems (SMA L2, L3, L4):

- Recommendations on To-Be IT architecture and IT systems integration
- Developing functional requirements to IT systems transferring/exchanging data to/with GIS MT
- Developing controls to be implemented into IT systems
- Testing scenarios development and assistance in testing
- Developing requirements for printing and scanning equipment



## Laws and Regulations

- Consulting and developing technical position on ambiguous matters and matters not addressed by law, including other affected regulatory areas (statutory and tax accounting, transfer pricing, customs and legal issues) in collaboration with CRPT
- "What-if" analyses focused on regulatory and fiscal risks
- Operational and legal support while interacting with 3PL providers and other data exchange participants
- Developing controls and processes to ensure transparency and compliance with the regulatory requirements



## Results *(depending on the scale of KPMG involvement selected by you):*

- Effective and flexible project management; coordinated efforts of all local and global participants; meeting deadlines and quality demanded
- Integrated IT systems and smoothly functioning data exchange with GIS MT
- Harmonized approaches to interaction with the project's external participants
- Technical position on complicated/unclear regulatory matters and understanding of existing risk scenarios

# Why KPMG?

## Experience with serialization and labeling projects

Complex projects on serialization/labeling realized for local businesses and multinationals in Russia; availability of solutions tested in practice and action

## Management and IT consultancy capabilities

Many years of experience in business processes modeling, IT systems requirements development, their configuration and integration

## Industry-specific experience

Long-term experience in advising consumer products and retail companies on a diverse range of business issues

## Availability of profound international track & trace expertise

KPMG runs an international center-of-excellence for Track & Trace

## Multi-profile expertise

Availability of specialty teams and experts within KPMG who could be immediately onboarded to the project as necessary (to address customs, legal, compliance, cyber-security and other matters)

## Involvement in law-making activities

Active participation in working groups and events and direct interaction with the Ministry for Industry and Trade, CRPT, business associations, experts and etc.

## Collaboration experience with equipment vendors and 3PL-providers

Our experience of seamless work with various equipment vendors and 3PL-providers ensures the systematic approach, results continuity and transparency of all project work-streams



# Contacts

Advisory services in area of serialization and Track & Trace:

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