The Global Language of Business



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Commerce Commission PO Box 2351 Wellington 6140 New Zealand

Email: buildingsuppliesmarketstudy@comcom.govt.nz

Re: Market study into residential building supplies draft report, published 04 August 2022 – GS1 New Zealand Submission

To whom it may concern,

I am pleased to provide comments on the draft proposals in the above market study.

GS1 New Zealand's role

We are a not-for-profit membership organisation. We provide open data standards for identifying, capturing, and sharing product and location information. The use of these data standards enables digital inter-operability and the standards are open and pro-competitive; supporting market entry, industry collaboration and competition. We are governed by New Zealand business, and we are part of a global federation of similar organisations serving over 150 countries.

We have a large footprint in the building and construction sector. Our standards are instrumental in the automation of many business processes, including barcodes used at point of sale, inventory management, electronic invoicing and identification of products sold on-line. Globally, we hold millions of building sector items in our licence registries, containing information on the licensee and basic product meta data.

We assist New Zealand suppliers and retailers in the building and hardware sectors exchange extended product data sets. This covers more than 100,000 products and, in some cases, enriched data extends to the inclusion of over 70 fields of information, including product assurance information. This catalogue of product information is growing rapidly.

Market study draft recommendation 6

This recommendation is to:

"Identify and develop methods to centralise information sharing about key building supplies and ... establish a national building product register as a centralised repository for sharing information about building products and consenting"

GS1 NZ supports this draft recommendation, subject to some modifications.

The digitisation of building product data will play a significant role in lifting industry productivity and innovation, as this data is used in numerous ways. These include for procurement, asset management, specification, and other design services, as well as in building information modelling. Currently there are large duplicative efforts from businesses and consumers in information search costs, recording of product data and the transcription of data into paper processes, webforms or sometimes in digital formats, where data is finally used.

Most product data is held in PDFs or paper without a standardised and structured format, and is not digital. Thus business and regulatory processes do not enable data exchange and reuse. The same data is

entered multiple times, by different parties to serve many and often the same use cases, as evidenced in building consent processes.

Furthermore, due the lack of globally unique product identification wasted effort is put into ascertaining whether the technical and product assurance data found, relates to the product at hand. Productivity growth in the sector lags other sectors and one of the reasons is this lack digitisation of product data.

Proposed modification recommendation 6

The suggested solution in the draft report is to *centralise* product data, whereas we recommend the development of a *federated or more decentralised* approach that could facilitate the rapid population and sharing of building product data in open digital formats.

Our proposed alternative recommendation 6 is:

"Identify and develop *decentralised methods* for information sharing about key building supplies though an *industry and government partnership* that:

- 1. uses international standards for product data structures and unique identification (ISO/IEC 15459-6) to enable industry inter-operability and data sharing
- 2. leverages existing sets of product data, already held by private sector service providers ("data aggregators") to help populate the public element of the "registry"
- 3. governs and set rules for data validation and participation of data users and data aggregators
- 4. makes product meta data and basic product assurance information publicly available ("product registry")."

Problems with attempting to implement a centralised government run system include:

- the resource demands for a government agency to populate and maintain data, limiting the number of products available and thereby innovation benefits
- the time taken to develop data sets, given the large volume of product data within the market, which is continuously changing
- weak business incentives to participate in a centralised system, unless there is regulation, to maintain and update product data currency.

The centralised approach has struggled in other jurisdictions, for example, the Australian National Construction Product Register which aimed to gather up-to-date product conformity information.

A decentralised model of data sharing is preferred as it would harness existing industry data sets and processes for populating and updating product data. Through interoperability and integration with private sector services, it would support productivity, competition, and innovation.

The main challenge to establishing a decentralised approach is reaching industry agreement on governance, standards, data access and use rules. For example, there are several niche proprietary data services, some of whom may not welcome a more digitised and open competitive market. The Government could play an importance role in building such a consensus and supporting the start-up phase of a private-public partnership.

Industry infostructure for product data

There is now considerable effort in the European Union, following success in Scandinavian countries, to support the development of a digital ecosystem for building product data. While there are lessons to learn from overseas, the infostructure for data sharing needs to be fit-for-purpose in the New Zealand context. There are many industry participants who produce or use product data including:

- manufacturers, distributors, retail merchants
- Building Control Authorities and central government regulators
- data service providers or data aggregators who analyse and support data



• engineering other professional service providers.

We have previously researched how a private-public partnership could be developed in our report "*Digital Product Data for Lifting Productivity*", developed with support from the Building Research Levy. The figure below comes from the report and summarises how such a digital ecosystem could work.





Next Steps

I understand much of what we have covered above you may not be familiar with in your day to day work and therefore may need some clarification.

We are here to assist you and I am keen to meet, discuss and clarify what we have said in this submission if that is of value.

I look forward to hearing from you.

Kind regards



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