Modern EDI: Keeping Goods—and Business—Moving

Rocket

LEGACY POWERS LEGENDARY

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Why read this report

For decades, Electronic Data Interchange (EDI) has played an essential role in keeping goods moving. From creation to delivery, across businesses and their supply chains, from anywhere to anywhere.

Originally, EDI replaced paper processes with electronic communications for B2B collaboration. With EDI, businesses were able to exchange critical documents and intellectual property across disparate systems—in an action-ready format—and do so safely, securely and transparently. Benefits included faster payments, fewer errors due to manual data entry, improved inventory management and business-process insight, and optimized business operations.

Even with the dramatic changes in digital information and communications technology over the years, EDI remains a foundation of cross-business collaboration in many industries. Automotive companies, general manufacturers, retailers and wholesalers, among others, have maintained and nurtured EDI infrastructure since the beginning.

These businesses have large EDI footprints. **EDI streamlines time-sensitive, any-to-any business communications and document exchange in major operational areas like:**

SUPPLY CHAIN

- Purchasing
- Order fulfillment
- Shipping confirmations
- International orders

LOGISTICS

- Scheduling shipments
- Tracking goods

ACCOUNTING

- Generating invoices
- Providing audit trails

In short: EDI touches every key business process involved in producing products, getting them out the door, and getting paid. It enables modern supply chain strategies such as JIT manufacturing, vendor-managed inventory (VMI), and SLAs.

Typical documents (codified by EDI standards agreed upon by each industry) include:

- Incoming PO from Trading Partner/ Outgoing PO to Supplier

- Outgoing Invoice to Trading Partner/ Incoming Invoice from Supplier

- Advance Ship Notice (ASN)

- Planning Schedule/Material Release documents

- Shipping Schedule to support JIT manufacturing processes

- Production Sequence requesting the order in which goods arrive

- Warehouse Ship Order

- Warehouse Ship Advice

Currently, EDI is undergoing a much-needed renaissance. Over the decades, EDI has become somewhat of a business system unto itself. Businesses recognize the need to integrate EDI more effectively with the modern systems that power industry, from enterprise resource planning (ERP) and warehouse management systems (WMS), to e-commerce platforms and SaaS applications, to non-EDI-enabled trading partners. As such, businesses and IT vendors are applying modern technologies (such as web interfaces, API integrations, and SaaS delivery models) to B2B EDI integration, making it simpler, faster and more cost-effective.
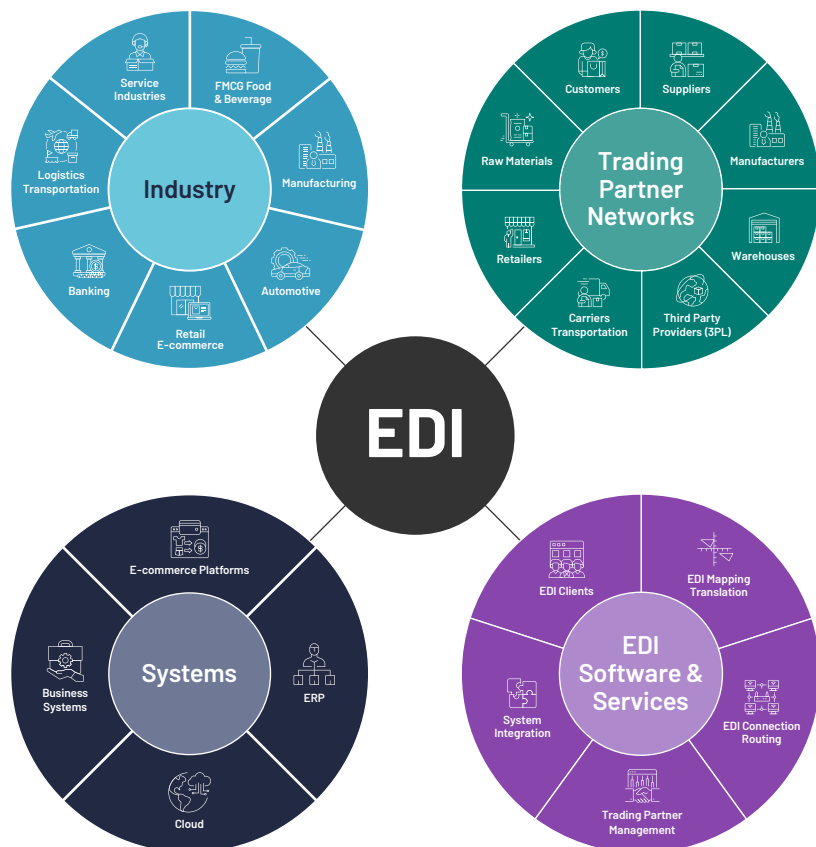
Figure 1: EDI Matters a lot to Industry

Here is how modernized EDI can help various industries meet growing B2B integration challenges:

Modern EDI in manufacturing

EDI is the proven, reliable, secure, and industry-accepted method for exchanging business documents within the manufacturing industry.

It's easy to see why. Manufacturers' trading-partner ecosystems include suppliers and vendors, customers, distributors, fulfillment organizations, and retailers. They're constantly exchanging documents that are both critical to revenue generation and highly interdependent in how they work.

Manufacturers of automobiles, high-tech products, consumer products, and medical equipment may be processing thousands, or tens of thousands, of such documents daily. EDI promises supply chain efficiencies, lower overheads, and fewer errors that come with manual data entry.

EDI includes a variety of message standards (such as ANSI X12, EDIFACT, VDA and ODETTE) and communications standards (such as OFTP2 and AS2) that manufacturers must comply with. On top of that, manufacturers often have additional EDI mandates that trading partners and suppliers have to comply with, or else face penalties in the form of fees and poor vendor scorecards. All of this increases the complexity of EDI management, particularly at scale. With the explosion of global trade and sourcing, manufacturers often trade with businesses lacking EDI or based in areas with unreliable telecommunications, requiring creative thinking about how to get them into the EDI system. (Outliers, by definition, are expensive and the weak link in any automated system.)

Modern EDI automation enhances and streamlines B2B communications in the face of this complexity and diversity. Manufacturers are free to focus on their core business activities of product innovation, manufacturing, quality control, and customer service.

Modernized EDI can help manufacturers:

Establish a more seamless B2B communication process with all parties in the supply chain including OEMs, suppliers, customers, and 3PLs.

Reduce the time it takes to onboard and connect with suppliers, logistics partners, and distributors.

Enable monitoring and visibility across global ecosystems of customers and suppliers.

Improve EDI quality to reduce chargebacks for data exchange errors.

Provide better visibility of manufacturing business processes.

Ensure real-time, end-to-end visibility into all data-process streams for better decision making.

Improve trading partner engagement and response times.

Guarantee on-time file delivery to meet customer JIT and SLA demands.

Support all omni-channel operations regardless of where an order originates.

Modern EDI in retail

Retailers have complex, dynamic supply chains for sourcing and distributing products. They are highly susceptible to changing consumer trends and global economics, as well as "black swan" events. An example of one such trend is the increased shift to e-commerce, with consumers expecting free shipping with ever-shrinking delivery windows. A "black swan" example would be the COVID-19 pandemic, during which e-commerce sales increased dramatically as consumers stayed home—at the expense of sales through brick-and-mortar stores. The growing number and diversity of SKUs and their related handling requirements—for example, for perishable goods like groceries ordered online—create additional challenges.

EDI is the lifeblood of modern retail operations, helping retailers respond and react to whatever consumers throw at them while maximizing profit margins. EDI integration management needs to evolve to keep up. Today's suppliers and customers may be located anywhere, using business systems powered by anything from well-known market-leading ERP systems to SaaS apps linked by APIs.

For retailers, modern EDI can:

Help streamline the supply chain and improve processes for onboarding new vendors and partners.

Manage thousands of integrations with other retailers, distributors, manufacturers, and e-commerce providers worldwide.

Accelerate and streamline the hundreds of thousands of monthly communications that drive retail businesses.

Help better manage inventory (e.g., through timely Advance Ship Notices).

Facilitate omni-channel sales strategies that span brick-and-mortar stores and e-commerce channels.

Enable personalized, seamless customer experiences across all channels, including unique and differentiated customer journeys.

Support vendor-managed-inventory (VMI) and other retail supply chain strategies.

Accommodate various retail models, such as:

- Food and beverage providers
- Do-It-Yourself (DIY) stores
- Fast-Moving Consumer Goods/Consumer Packaged Goods (FMCG/CPG)

Manage all EDI in a single place.

Automate EDI, API, and file integration.

Modern EDI in wholesale trade

Wholesale trade is another form of retail that traditionally sells to businesses (B2B), not consumers (B2C). Retail at this scale means larger, more concentrated product volumes and related document processing requirements. EDI is the de facto industry standard for document exchange in wholesale trade, including the kinds of documents mentioned above.

For wholesale trade, modern EDI can:

Manage integrations with other retailers, distributors, manufacturers, and e-commerce providers worldwide.

Help streamline the supply chain and improve processes for onboarding new vendors and partners.

Expedite critical business processes like Order to Cash, Procure to Pay, and warehouse shipping authorizations, receipts, and confirmations.

Manage all EDI in a single place.

Automate EDI, API, and file integration.

Modern EDI in warehousing, logistics, and 3PL

Holding everything together throughout the supply chain are warehouses, logistics operations, and third-party logistics (3PL) providers. Handling orders, tracking SKUs, and shipping and tracking items are their mission. Getting items to their correct destinations, thousands or millions of times a day, is their business.

Modern EDI can keep the wheels of logistics turning. It can help:

Manage inventory inquiries.

Send Advance Ship Notices (ASNs).

Receive orders.

Send order acknowledgements.

Send invoices.

Automatically track all EDI activity and provide granular insight into business processes.

In all of these industry scenarios, modern EDI automation is the key, whether you choose to build a solution in-house or outsource it to a third party. Newer, cloud-based EDI management solutions can put businesses on the fast track to modern EDI. Such solutions can reduce the costs for operational maintenance and annual support for older, legacy, and end-of-life on-premises EDI solutions, while making EDI much more agile and business-responsive.

Rocket EDX: EDI management as a service

Rocket® EDX is an EDI cloud-managed service, delivered using the popular software-as-a-service (SaaS) model and incorporating modern technologies like web interfaces.

Created and operated by EDI experts with decades of experience across multiple industries, Rocket EDX serves hundreds of customers in a highly secure, highly available multi-tenant environment. Outsourcing EDI to Rocket EDX delivers significant savings and increased business agility over on-premises and internally staffed EDI solutions.
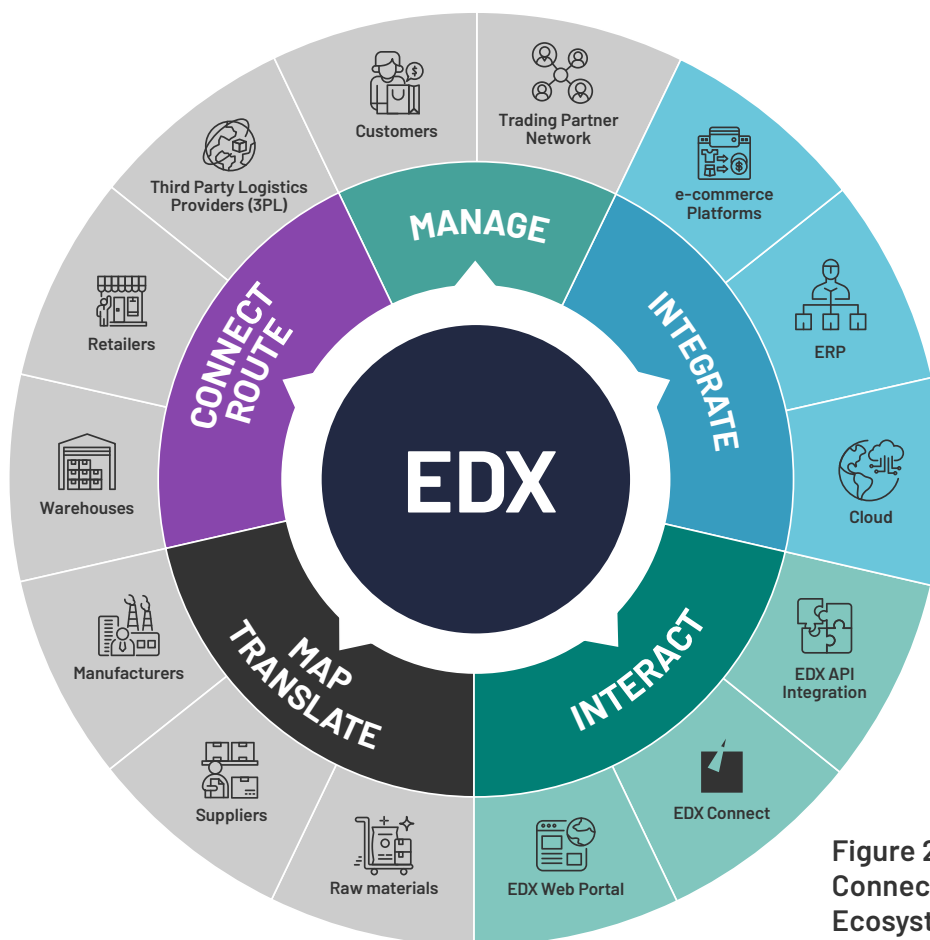

Figure 2: EDX Connects Industry Ecosystems

Rocket EDX lets you confidently outsource all your global EDI requirements, day-to-day tasks, and change management to proven EDI experts, while you retain complete visibility. You can accommodate an extensive, growing network of trading partners using more types of EDI documents, with the ability to track and report on all EDI transactions. Your EDI processing is accurate and reliable, backed by responsive customer service from Rocket (particularly for urgent requests). Competitive pricing models with predictable variable costs enable you to right-size your EDI processing to your business today, tomorrow, and far into the future.

Cloud-based EDI solutions can save an average of 25–75% in upfront costs, plus 50%–75% in long-term expenses like software updates and hardware upgrades over non-cloud solutions.

Ready to get started?

Contact us for a demo or a discussion of our leading EDI-management-as-a-Service solution, Rocket EDX.

✉ *info@rocketsoftware.com*

LEARN MORE

Rocket Software

If your enterprise leverages EDI, Rocket Software offers other B2B integration products that may support your enterprise's goals:

- **Rocket® Eurex-c®** can help bring coherence and confidence to the chaos. Eurex-c is a centralized, secure system that automates, controls, and manages all your file exchanges, integrates easily with your B2B integration processes, and is OFTP2- and AS2-certified.

- **Rocket® TRUfusion™** Enterprise is a simple, cost-effective complementary solution for companies using a PLM system such as Siemens® Teamcenter® or PTC Windchill®, allowing you to easily and securely manage exchanges of CAD files and related product design data from within your PLM system.

- **Rocket® TRUcentrix™** is a comprehensive collaboration and process automation solution that streamlines data exchange and collaboration scenarios across corporate IT boundaries. From simple Managed File Transfer (MFT) transactions to complex multi-organizational workflows, TRUcentrix provides a single, secure and proven B2B platform that offers rapid return on investment.

- **Rocket® TRUexchange®**, a highly secure Software as a Service (SaaS), allows your organization to easily exchange files and documents of any type and size quickly and securely. Organizations can leverage Rocket TRUexchange to connect and share with business partners in any geography, regardless of time zone or system configuration.

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