

Epicor eBook

How Electronic Data Interchange Fuels Growth and Digital Transformation



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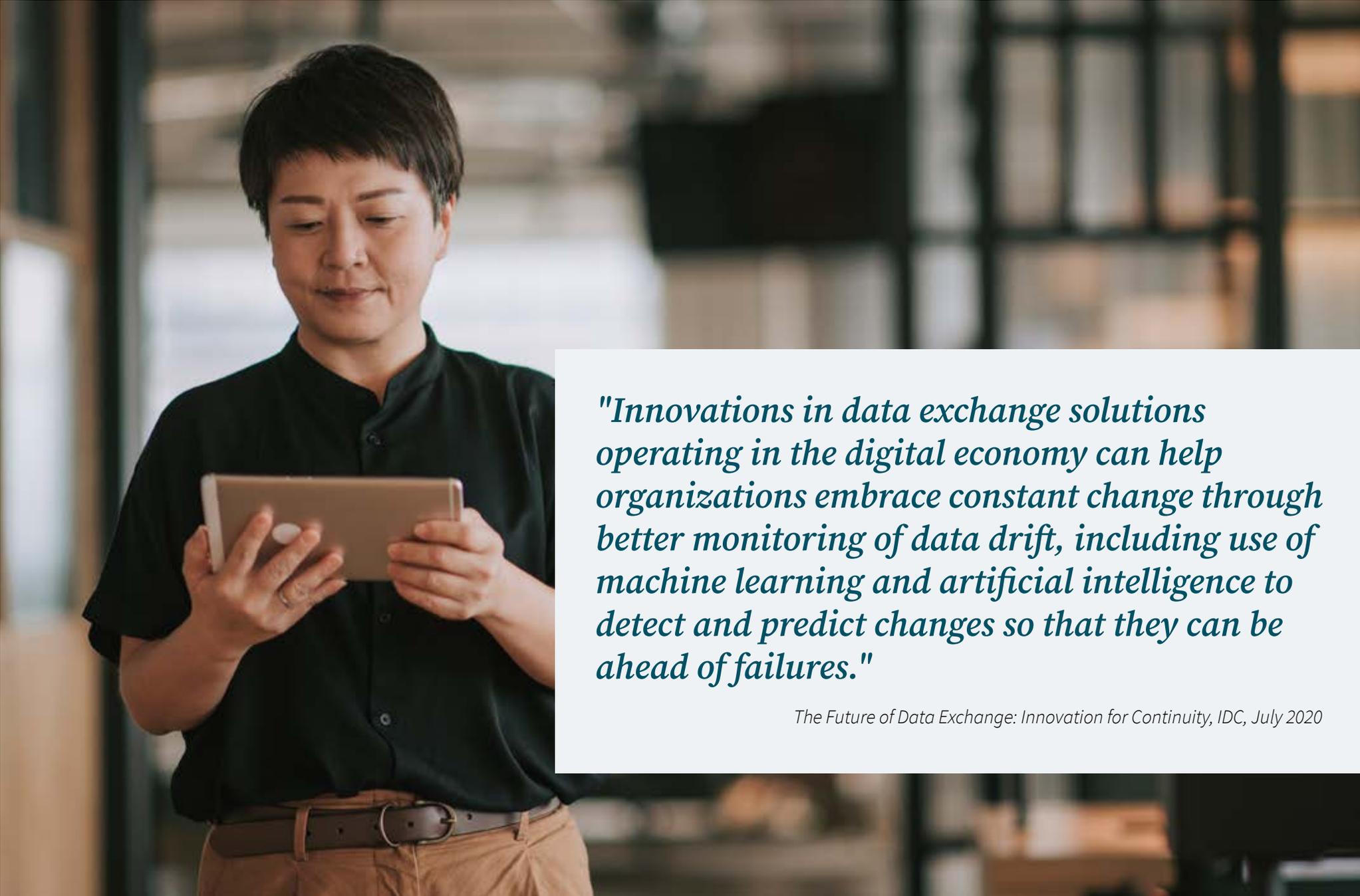
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Introduction

Electronic Data Interchange (EDI) is a business technology that helps your company exchange data with trading partners quickly, efficiently, and securely. It automates and integrates B2B transactions into standard formats that help your business operate more productively.

Businesses are moving to adopt digital solutions for this important capability to improve speed and security, and to integrate with other digital business technology that uses EDI. Without EDI capabilities, your business has limited potential to manage your supply chain with digital functionality—a direction your competitors are leveraging to add business advantages.

In this eBook, you'll find practical information about how digital data exchange works and its many business benefits. We'll show you how optimizing this low-profile function can move your business toward a transformational digital future by leaps and bounds.



"Innovations in data exchange solutions operating in the digital economy can help organizations embrace constant change through better monitoring of data drift, including use of machine learning and artificial intelligence to detect and predict changes so that they can be ahead of failures."

The Future of Data Exchange: Innovation for Continuity, IDC, July 2020

Section 1: How EDI Streamlines Your Business

Electronic Data Interchange (EDI) is the computer-to-computer exchange of data and documents in a standard digital format between business trading partners. A process that allows one company to send information to another company electronically rather than with a paper-based source. By making the process electronic, your business can run efficiently and lower inventory costs.

The value proposition of EDI is simple: It helps you run your supply chain system and exchange data with your trading partners quickly and efficiently. That means you deliver products faster—and receive payment more quickly, too. EDI is an essential component for improving supply chain visibility and control.

Key Advantages of EDI

“The annual volume of global EDI transactions exceeds 20 billion per year and is still growing,” [Forrester](#) reports in a recent study.

EDI integration offers tangible benefits for your business and associated trading partners, eliminating the burdens brought on by manual processing. Here are six reasons for your business to use EDI:

1. Cost Savings

- Reduce printing paper and inventory costs
- Minimize data entry errors

- Increase customer satisfaction rates with automated information

2. Enhanced Accuracy

- Reduce costly data errors
- Strengthen professional trading partner relationships
- Avoid data duplication with internal integration

3. Efficiency and Speed

- Deliver information in mere minutes
- Streamline internal business workflow
- Minimize manual, human intervention for transactions, orders, or claims

4. Increase Security

- Safely exchange critical and personal information through encrypted protocols
- Standardized data decreases the risk of a data breach

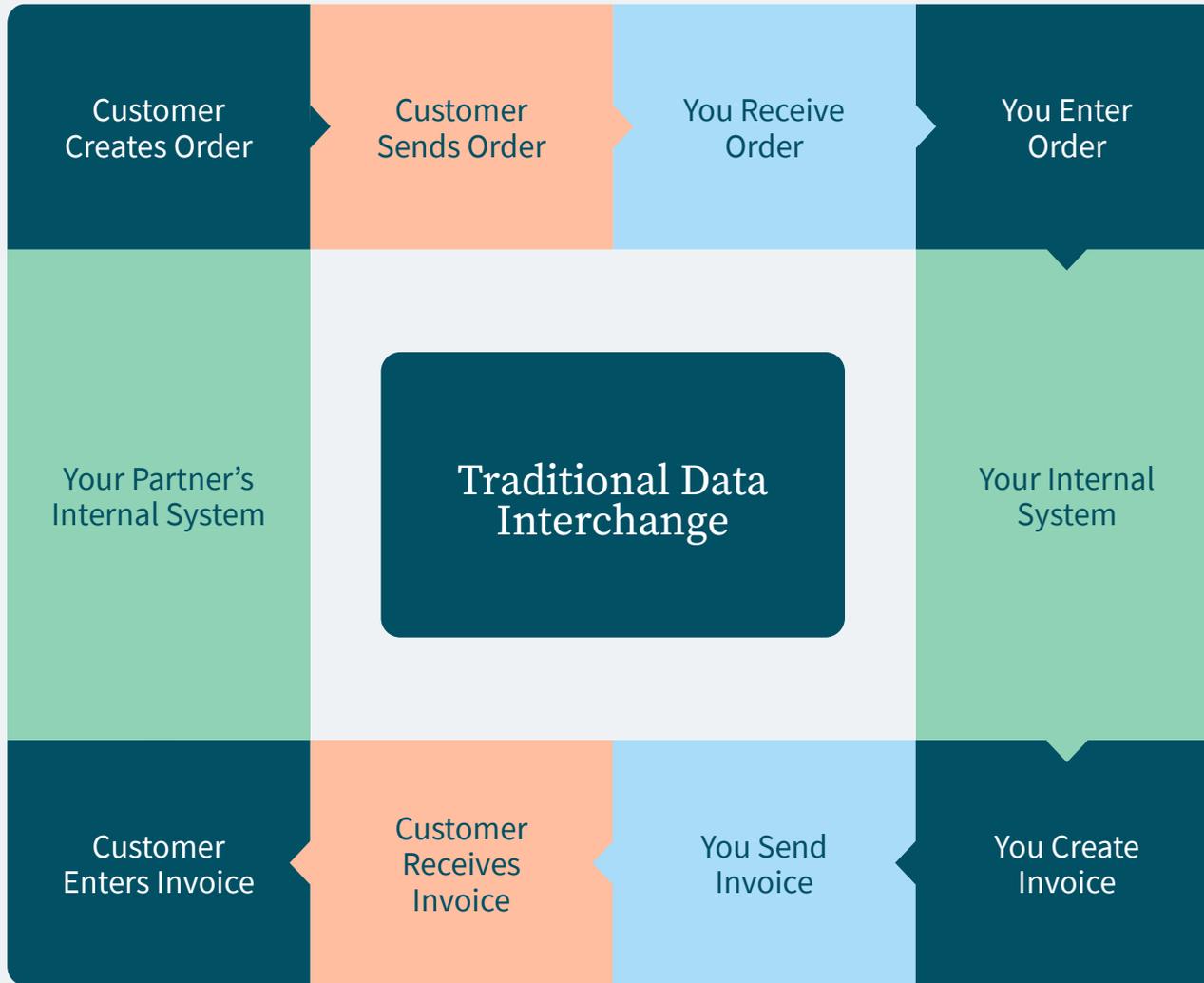
5. Heightened Visibility

- Share product data, inventory status, orders, and more with trading partners across the supply chain
- Visibility allows you to respond to supply chain demands and prepare orders of all sizes

6. Actionable Data Management

- Easily mine and assess data from orders, inventory, and other business requests to identify trends and potential errors

“There is absolutely no way we can walk away from the benefits we are seeing and the transparency we have gained across our organization,” said Shannon Iverson, customer support manager of Betco. “This is exactly what we need to all be on the same page as we work towards achieving operational excellence.”



EDI: Electronic Data Interchange



Section 2: EDI Enables Digital Transformation and Business Growth

It's important to understand how EDI integration is related to digital transformation. It plays a critical role in driving business growth—and helps your company take steps toward implementing more digital solutions.

How EDI Drives Digital Transformation

You need to have EDI capabilities to automate your operations. Until you can digitally exchange data with vendors and partners, you don't have the functionality to adopt digital transformation in other areas of your business. When you move away from manual and traditional-based processes, you can unlock more potential across your organization.

Digital transformation impacts all areas of your business from interactions with customers and partners to how your employees function. Your company can be in a better position to manage customer service, inventory, and order shipment challenges, while lowering your operating expenses.

How Digital Transformation Drives Growth for Your Business

Before implementing digital solutions, your entire organization needs to consider the impact of technology on supply chain, partners, customers, and employees.

Organizations that are further along in their digital transformation are far more likely to perform better financially, a [2020 Deloitte study reports](#). It has wider effects that help your company improve profit margins, customer loyalty, product quality, and employee satisfaction.

The study also finds that companies with more digital maturity saw an increase in engagement levels between employees and customers. Take the popular food chain Chipotle for example; they upgraded their mobile app to allow customers to make custom orders. The resulting digital sales accounted for 18.3% of their total sales in the third quarter of 2019. Capitalizing on digital improvements also raised the restaurant's overall revenue and improved customer experiences.

The goal of digital transformation is to make processes and tasks cheaper and faster, giving you more time to focus on business innovation and growth. When you simplify how your business operates, your organization also creates more value for your employees and customers.

How to Build your Digital Transformation Plan

Companies need to focus on technology, data, process, and organizational structure, write IT experts in [Harvard Business Review](#), including:





- 1. Technology:** The key is understanding how to effectively solve challenges that may prevent your business from driving change. EDI helps improve information quality and efficiency at measurable rates.
- 2. Data:** This is the basic standard to evaluate large numbers and use them to communicate what improvements are needed. Integrating EDI into your system increases data visibility without requiring a bigger budget.

- 3. Process:** A well-planned strategy is crucial to creating a system that focuses on improving operational processes and engaging customer experiences.
- 4. Organizational Structure:** There needs to be a balance between welcoming technology advances and how leaders and employees are managing the pace of change.

To facilitate successful digital transformation, your workplace needs to support change and evaluate what solutions solve your company's biggest needs and challenges. Embracing EDI integration allows your team to adapt to digital change and set up your business for future success.

Section 3: Supply Chain and eCommerce Benefits

A successful EDI trading relationship requires an efficient workflow to exchange documents and transactions with other businesses. It gives both parties a common channel of communication and language, so that every exchange is mutually agreed upon.

The fundamental benefit of EDI is the exchange format capabilities it opens between business partners. It creates a line of real-time communication, making it easier to verify, decrypt, and authenticate data, all of which strengthens your trading partner relationships.

How to Assess Trading Partner Readiness

What if you could connect all your suppliers—even the smallest—to your own digitized supply hub quickly and easily? Then, you would know instantly when a disruption to your supply was about to happen so you can pivot to one or more of your other digitized suppliers. Or even source a new supplier via an online buying marketplace.

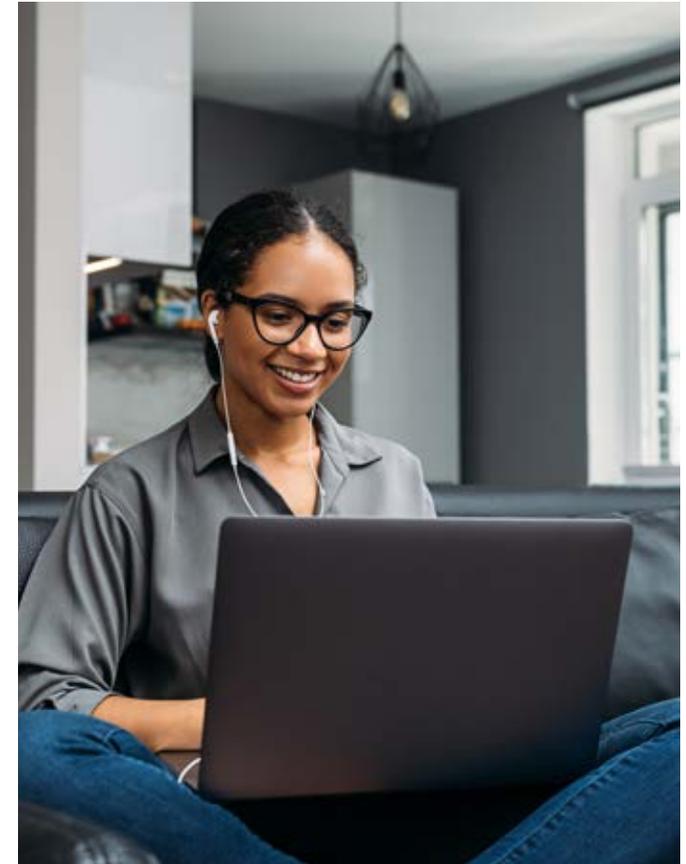
Ready-made maps cover the whole range of sourcing-to-payment transactions for orders, warehouses, and carriers. You might need different rules for different supplier communities. For example, one community might ship partial orders while another community might only ship full orders. Or one community might

ship two days early while another community may never ship early.

To assess trading partner readiness, you need to share your data exchange needs and their willingness to use EDI as a means of communication. In most cases, trading partners are more than willing to share document type specifications or mapping requirements. And in instances where trading partners don't have EDI, there are web portal solutions to send and receive B2B documents electronically through easy-to-use web forms. It doesn't require integration to their business system. All your business partner needs is a web browser and an internet connection.

EDI and Supply Chains

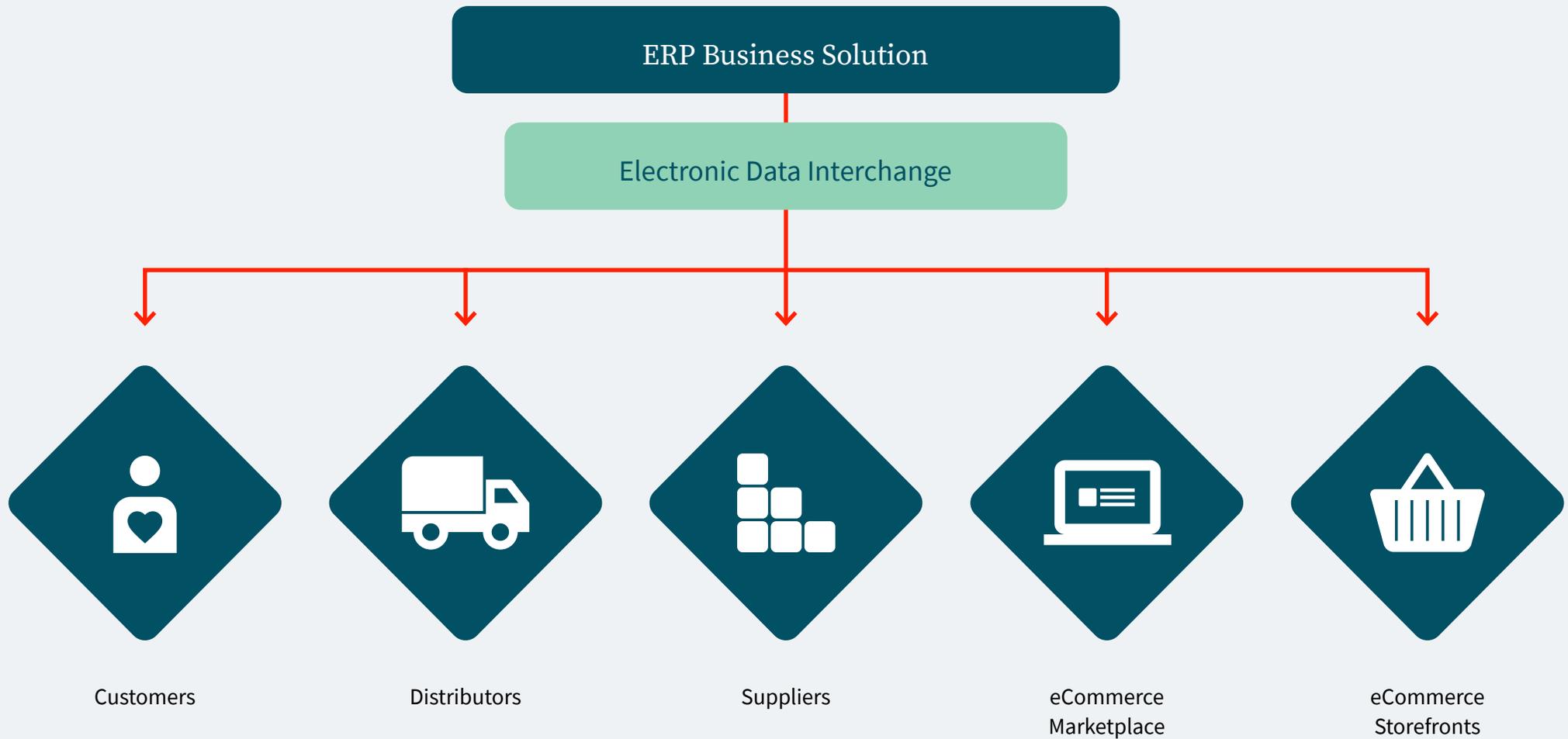
An integrated EDI evolution makes it easier for your business to start on a digital transformation journey, thus improving digital supply chain visibility that allows you to stay competitive in your industry. EDI also drives end-to-end visibility on product delivery and customer satisfaction, empowering your organization to successfully execute critical business decisions. Additionally, as EDI enables a streamlined workflow, it's easier for you to share information with trade partners and respond to any changes or updates in communication. Internal and external team members can monitor progress without any data errors or



financial discrepancies so that the product can be successfully transported from start to finish.

eCommerce Integration

Since 2000, eCommerce has disrupted traditional retail sales numbers through innovation in technology and demographic changes, Deloitte reports. It relies on a few different steps, from B2B integration to supply chain flow, and technologies. EDI allows for a seamless eCommerce approach and execution as it's able to handle and execute various forms of data.



To assess trading partner readiness, you need to share your data exchange needs and their willingness to use EDI as a means of communication.



Section 4: How to Power up Your Business with EDI Capabilities

EDI offers a variety of modern resources to grow and magnify your business to new customers. In this section, we look at what your business needs in an EDI solution, how EDI improves profit margins, and how it helps your organization's resiliency with internal team members and trading partners.

What to Look for in a Modern Solution

As you assess your needs and narrow down the list of providers, consider which solution types would best suit your needs.

1. **On-Premise/Cloud Software Solutions:** These platforms allow your company to maintain complete control over EDI operations through self-sufficient data mapping for deployment.
2. **Managed EDI Solutions:** A managed solution can onboard and oversee data mapping, monitoring, and EDI operation management. This platform allows you to implement EDI in-house in the future, if desired.
3. **Web-Based Solutions:** This solution is appropriate if you are new to EDI and have a limited amount of data and trading partners. It doesn't require a full system integration and includes simple web pages to present to trading partners.

It's important to evaluate critical qualities of EDI providers that align with your business, employees, and customers:

- **Experience:** An EDI partner should have years of expertise and knowledge about EDI standards, trading partner requirements, and how to operate a B2B data exchange.
- **Stability:** An EDI partner needs to have a thorough history of consistent, long-term clients and plans for future growth. As a client, it's important to build a trusting partnership that will support your business.
- **Training and Support:** An EDI provider should offer accessible training and educational opportunities for a more seamless implementation.
- **Innovation:** Continuous investments in product growth and development is a crucial factor for an EDI provider to prepare your business for the future.
- **Scalability:** An EDI provider needs to have options for businesses of every scale and size so that as you grow, they can provide a solution for your business.

- **Efficiency and Operational Excellence:**

Your EDI provider needs to be capable of identifying operational challenges in the supply chain. Your selected provider should alert you about issues without affecting your costs or production schedule.

EDI Helps Improve Profit Margins

EDI integration leads to faster payment processes, as it automates the flow of communication and business documents, leading to better communication with your customers. [McKinsey](#) reports that companies with good customer satisfaction rates see “reductions of 10%-20% in cost to serve and revenue growth of 10%-15%.” As your trading and data exchange capabilities improve

and become more advanced, your customers are more likely to sway away from your competitors that don't update trading capabilities. The effectiveness of your EDI integration will allow you to accumulate long-term clients and create more opportunities for revenue growth and profit.

EDI Helps Your Business Be More Resilient

A unified EDI solution with various internal and external protocols makes it easier and more efficient for your business to exchange and receive data. EDI allows you to overcome the main supply-chain challenges, reports [Supply Chain Brain Think Tank](#) in “Realizing the Benefits of the ‘New EDI’”:

- **Manage Cash Flow:** EDI's agile and efficient processing allows you to protect your profits while invoices are generated, saving time for both the buyer and supplier.
- **Reset Thresholds:** EDI gives you the capability to share and exchange data and information with trade partners seamlessly, making it easier to adjust to untimely disruptions, such as shortage of stock, or resetting sales data.
- **Streamline Data Gathering:** EDI allows you to format data, monitor end-to-end visibility for orders and delivery, and ensure management procedures and invoices are accurate.



Summary

As your business continues to attract more customers, it's critical for you to invest in innovative technology that offers seamless communication with customers and supports long-term growth with trading partners. EDI integration propels your business forward so you can stay ahead. It helps unlock the ability to adopt digital transformation across your organization. Modern data exchange also helps you increase revenue and optimizes your business's capabilities.

Adopting EDI technology prepares your business for the future by giving you more control and visibility into your operations and the ability to meet new demands.

Contact an EDI Expert now at 1-800-999-1809

Learn more now about how to gain speed and efficiency while positioning your business for the future.

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