



Electronic Data Interchange

Electronic Data Interchange (EDI) refers to the structured transmission of data between organizations by electronic means. EDI is considered to describe the rigorously standardized format of electronic documents.

Alberta suppliers wanting to sell to larger retailers may be required to use EDI to become a vendor. They may choose to purchase software to enable them to use EDI or may prefer to contract a service provider.

The following information is extracted from an article posted to **Wikipedia** and provides information on EDI and the advantages and disadvantages (barriers) to companies in incorporating EDI in their business practices.

EDI documents generally contain the same information that would normally be found in a paper document used for the same organizational function. For example an EDI 940 ship-from-warehouse order is used by a manufacturer to tell a warehouse to ship product to a retailer. It typically has a ship to address, bill to address, a list of product numbers (usually a UPC code) and quantities.

Advantages

EDI and other similar technologies save companies money by providing an alternative to, or replacing information flows that require a great deal of human interaction and materials such as paper documents, meetings, faxes, etc. Even when paper documents are maintained in parallel with EDI exchange, e.g. printed shipping manifests, electronic exchange and the use of data from that exchange reduces the handling costs of sorting, distributing, organizing, and searching paper documents.

EDI and similar technologies allow a company to take advantage of the benefits of storing and manipulating data electronically without the cost of manual entry. Another advantage of EDI is reduced errors, such as shipping and billing errors, because EDI eliminates the need to rekey documents on the destination side.

One very important advantage of EDI over paper documents is the speed in which the trading partner receives and incorporates the information into their system thus greatly reducing cycle times. For this reason, EDI can be an important component of just-in-time production systems.

Disadvantages

There are several barriers to adopting electronic data interchange. One of the most significant barriers is the accompanying business process change. Existing business processes built around slow paper handling may not be suited for EDI and would require changes to accommodate automated processing of business documents. For example, a business may receive the bulk of their goods by 1 or 2 day shipping and all of their invoices by mail. The existing process may therefore assume that goods are typically received before the invoice. With EDI, the invoice will typically be sent when the goods ship and will therefore require a process that handles large numbers of invoices whose corresponding goods have not yet been received.

Another significant barrier is the cost in time and money in the initial set-up. The preliminary expenses and time that arise from the implementation, customization and training can be costly and therefore may discourage some businesses. The key is to determine what method of integration is right for your company which will determine the cost of implementation.

For a business that only receives one purchase order per year from a client, fully integrated EDI may not make economic sense. In this case, businesses may implement inexpensive "rip and read" solutions or use outsourced EDI solutions provided by EDI "Service Bureaus". For other businesses, the implementation of an integrated EDI solution may be necessary as increases in trading volumes brought on by EDI force them to re-implement their order processing business processes.

Successful implementations of EDI take into account the effect externally generated information will have on their internal systems and validate the business information received. For example, allowing a supplier to update a retailer's Accounts Payables system without appropriate checks and balances would be a recipe for disaster. Businesses new to the implementation of EDI should take pains to avoid such pitfalls.

Pressures from larger trading partners often force smaller trading partners to use EDI. An example of this is Wal-Mart's insistence on using EDI with all of its trading partners; any partner not willing to use EDI with Wal-Mart will not be able to do business with the company.

Source: http://en.wikipedia.org/wiki/Electronic_Data_Interchange (Jan-06-12)

Useful Links

Retail EDI Glossary: <http://www.retailedi.com/index.php/glossary> (Jan-06-12)

Retailers using EDI: <http://www.retailedi.com/index.php/retailers-using-edi> (Jan-06-12)

EDI Center - Directory of Software and Service Providers:
<http://www.edi-center.com/edi-resources/edi-software-services.htm> (Jan-06-12)

EDI Basics: <http://www.edibasics.co.uk/index.htm> (Jan-06-12)

Grocery/Food Service

Below is a list of some larger grocery retailers/food service suppliers with links to their EDI information/requirements.

Albertsons – Supervalu - SVHarbor is an Internet portal designed for SUPERVALU customers, employees, and partners. This portal provides web access to information, applications, and other services.

<http://portal.svharbor.com/svhpublic/content/home.jsp> (Jan-06-12)

Carrefour (Europe) - In May 2011, Carrefour set up a new EDI website.

<http://www.carrefour.eu/edi/home.cfm?lang=en> (Jan-06-12)

Kroger - Kroger supports a variety of different EDI transactions, some of which are mandated through an "EDI Non-Compliance" program.

http://edi.kroger.com/comp_001.htm (Jan-06-12)

Safeway - Safeway requires all invoices for warehouse purchases to be submitted via EDI and will be instituting a paper handling charge for those suppliers continuing to send paper invoices.

http://suppliers.safeway.com/usa/edi_us/edi_policy.asp (Jan-06-12)

Sysco – An electronic trading relationship is required for all Sysco suppliers. Sysco has partnered with iTradeNetwork (ITN), a leading supply chain technology network focused on enhancing electronic trading relationships and reducing transaction costs for businesses in all segments of the foodservice industry.

<http://www.sysco.com/supplier-opportunities/edi-implementation-guides.html> (Jan-06-12)

iTradeNetwork: <http://www.itradenetwork.com/> (Jan-06-12)

Target Corporation - The Partners Online web site is Target Corporation's vehicle to communicate business critical information to their partners. The goal is to elevate performance and maximize profitability, speed and accuracy within the supply chain.

<https://vmm.partnersonline.com/vmm/register/becomeBusPartner.do> (Jan-06-12)

Tesco (Europe) - Tesco has used electronic data interchange (EDI) for many years and in December 2011 partnered with GXS, a leading provider of business-to-business (B2B) e-commerce solutions, discussing how the Cloud is helping Tesco to address supplier compliance and information management in the supply chain.

http://www.gxs.com/resources/media_center/pr/2011/12/how-tesco-uses-the-cloud-to-work-with-its-suppliers-webinar.htm (Jan-06-12)

Wal-Mart (US and Mexico) – Wal-Mart uses EDI to conduct business globally with their suppliers, by electronically sending and receiving core business documents. Walmart/Sam's Club has EDI documents to support these business areas: Supply Chain Management, Global Indirect Sourcing, Accounting, Inventory Management and Logistics.

<http://walmartstores.com/Suppliers/248.aspx> (Jan-06-12)

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