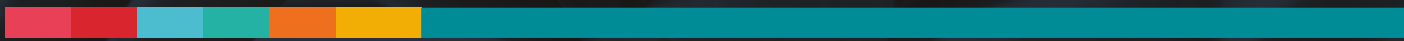


ESKER EDI SERVICES

# HOW TO SOLVE THE FIVE BIGGEST EDI CHALLENGES

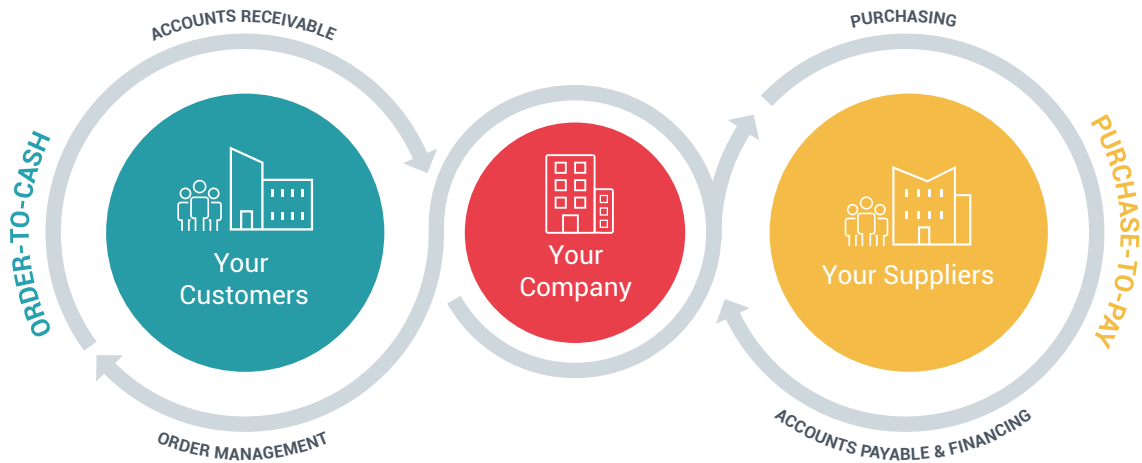


# TABLE OF CONTENTS

Challenge 1: High costs .....	4
Challenge 2: EDI is too complex.....	5
Challenge 3: Multiple requirements in supply chain .....	7
Challenge 4: Business partners reluctant to use EDI.....	8
Challenge 5: Data security and protection .....	9
Summary.....	10

# INTRODUCTION

Electronic Data Interchange (EDI) is the process by which structured data is exchanged between business partners within an automatic process. EDI has existed for decades to make business relationships between companies more efficient. EDI processes, based on technologies such as the cloud, deliver many advantages, including decreased error rates, increased automation and reduced costs.



*EDI automates business processes and makes them more efficient.*

Despite the many advantages of EDI, there are also many reservations. This white paper will address the five biggest EDI challenges and offer solutions to counter them.



## CHALLENGE 1

# HIGH COSTS

**“The costs of implementing EDI, training employees, and maintaining hardware and software are extremely high. Additionally, running an old and new process in parallel during the implementation phase disrupts operational processes and leads to lost revenue.”**

True. Setting up and running EDI can be costly. Hardware is built in the company infrastructure and an internal in-house solution is licensed. Both have to undergo regular maintenance and only trained employees can carry out updates. The investment is significant in terms of both time and expenses.

Working with an external EDI service provider and a cloud-based solution significantly reduces costs and time expenditure compared to an in-house alternative. A dedicated EDI expert implements and oversees operations, no hardware or software has to be purchased and the processing takes place via the service provider's infrastructure. More concretely, a service provider helps companies:

- Implement EDI and redesign operational processes
- Reduce disruption in day-to-day processes
- Impart the required EDI knowledge to the relevant employees
- Run ongoing EDI operations
- Manage updates and regular maintenance

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## AVERAGE SAVINGS WHEN IMPLEMENTING AN EDI CLOUD SOLUTION OVER AN INHOUSE SOLUTION: 77,5%

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## CONCLUSION

**THANKS TO CLOUD-BASED TECHNOLOGY AND EXPERT CONSULTANTS, THE MOVE TO EDI DOES NOT HAVE TO BREAK THE BANK. COMPANIES CAN AFFORDABLY BENEFIT FROM EDI WITHOUT EXHAUSTING COMPANY RESOURCES OR FINANCIAL LOSS.**



## CHALLENGE 2

# EDI IS TOO COMPLEX

**“EDI requires expert knowledge. The variety of formats, standards, message types and transmission paths is unmanageable. Handling multiple EDI requirements for both customers and suppliers can be extremely difficult.”**

The conglomeration of formats, standards, types of messages and transmission paths can be very daunting for an EDI novice. Just getting one’s head around the different requirements can discourage most. Not all standards and message types are relevant for every industry and different requirements must be met:

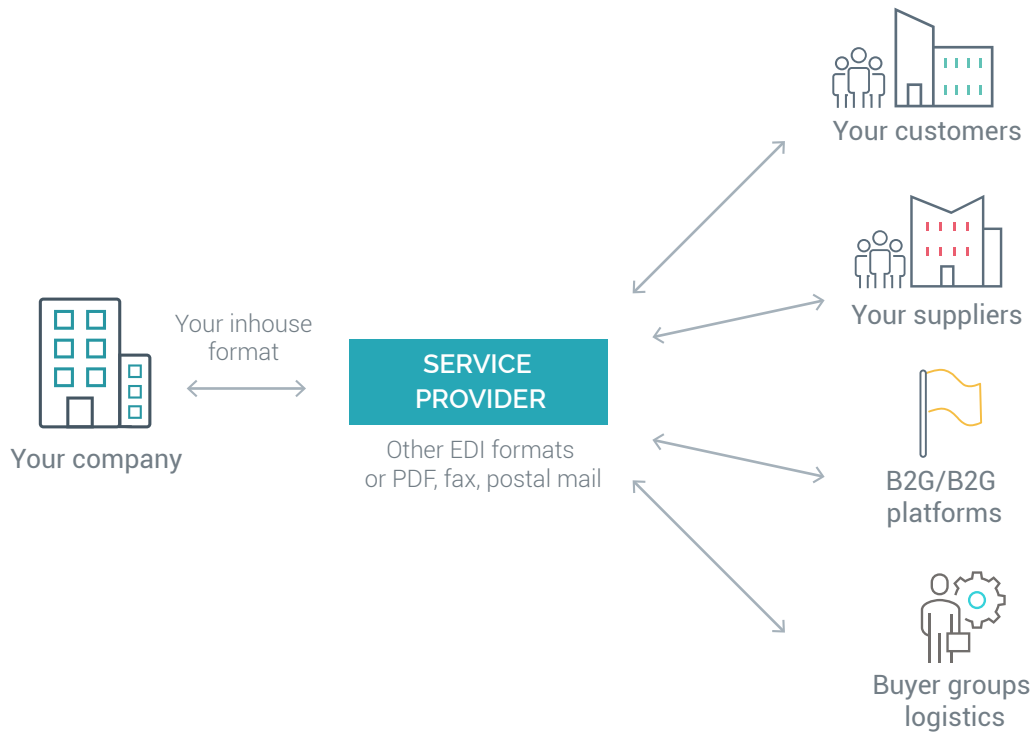
- Business partners use different ERPs and therefore different message formats
- Multiple transmission paths are used
- Different message types for individual business processes

A service provider saves a company a lot of work and speeds up the EDI implementation process. They know which EDI specifications are right for the respective industries and can acknowledge and implement the various customer and supplier requirements. The service provider virtually eliminates all difficulties with the following steps:

- Set up the EDI path between business partners (“mapping”)
- Transform incoming EDI messages to the required format
- Forward the messages via the chosen transmission path

When sending an EDI message, a company sends out its data in its in house format. The service provider transforms the data into the business partner’s format and forwards it. The business partner only has to handle the “finished” data. As the processes are automated, the delivery delay is minimal and the message is sent within a few minutes.





*Use of a service provider for EDI operations.*

## CONCLUSION

**THE VARIOUS CUSTOMER AND SUPPLIER REQUIREMENTS DO NOT MEAN INCREASED COMPLEXITY. THERE IS NO NEED FOR UNIVERSAL EDI KNOWLEDGE WITHIN A COMPANY AS A SERVICE PROVIDER'S EXPERTISE MEETS THIS NEED. A COMPANY ONLY HAS TO ENSURE IN HOUSE DATA PROCESSING. THE SERVICE PROVIDER TAKES CARE OF ALL SPECIFICATIONS LIKE FORMATS AND STANDARDS AND SETS UP THE TRANSMISSIONS PATHS BETWEEN THE COMPANY AND ITS BUSINESS PARTNERS.**



## CHALLENGE 3

# MULTIPLE REQUIREMENTS IN VALUE CHAIN

**“With different material and product numbers used within a value chain, the chances of encountering errors is high. Complex issues such as packaging hierarchies require EDI to be mapped with structured data.”**

It is possible to harmonise different material numbers during the EDI setup and thus create clear allocations. This harmonisation can take place, with the help of mostly industry specific master data servers which facilitate a multilateral exchange of master data between companies. In some industries, uniform material numbers have been agreed upon and defined in the EDI standard (e.g., the EANCOM standard in the consumer goods industry).

The global trade item number (GTIN, formerly European article number, EAN) has solved the problem of different product numbers. Worldwide standardised product numbers are also used in EDI procedures. The global location number (GLN) is a similar system for locations that play an important role in logistics processes.

EDI can also solve packaging hierarchy problems via standardisation. In all current EDI standards (e.g., EDIFACT with its numerous subsets such as EDITEC, EANCOM or ODETTE), the corresponding message types (e.g., the delivery note DESADV) contain specifications.

A case often mentioned by customers are mixed pallets (“sandwich pallets”), on which several different goods are mixed. These pallets are a small challenge when displayed in an automated process, but can be mapped in an EDI message. This makes the message a bit more complex, but it also reproduces the exact composition of the pallet.



## PROCESSES WITH HIGHEST USE OF EDI MESSAGES:

**ORDERS   ORDER RESPONSES   DESPATCH ADVICES   INVOICES**

## CONCLUSION

**EDI CAN MAP MORE COMPLEX OR INDUSTRY SPECIFIC DETAILS. THE KEY IS THE COMPLETE PROCESS STANDARDISATION. NEWCOMERS TO EDI CAN FALL BACK ON A WIDE RANGE OF STANDARDISED PROCEDURES.**



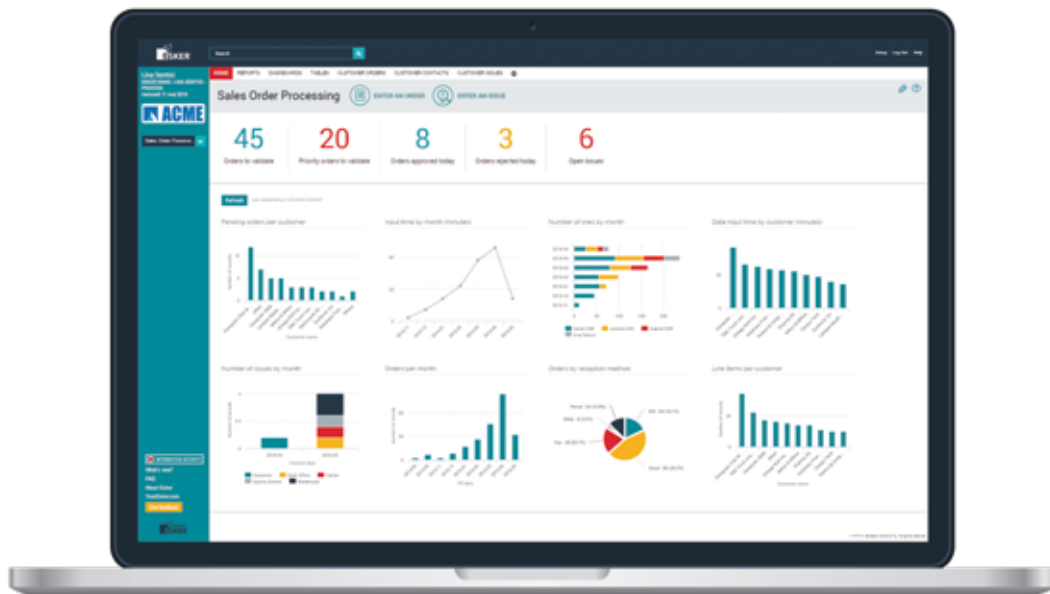
## CHALLENGE 4

# BUSINESS PARTNERS RELUCTANT TO USE EDI

“Some customers and suppliers don’t want to use EDI, either due to company size or just categorically refusing to use it. Businesses therefore have to operate and maintain different channels, even manually process some documents, thereby limiting the advantages of EDI.”

Working with a multi-channel, cloud-based solution enables businesses to manage all incoming messages and documents. Machine-readable EDI messages or documents are turned into a human-readable version and handled similarly to email or faxed messages. A centralised platform with built in dashboards and reports provides visibility into valuable data.

Companies get a complete overview of documents and items including, sold articles, paid or outstanding invoices, purchased items from certain suppliers. The processes are supported with artificial intelligence, which helps to automate the capture of the relevant data from documents.



## CONCLUSION

**A TRUE MULTI-CHANNEL SOLUTION, CAPABLE OF HANDLING EDI, PDF AND ANY OTHER CHANNEL, ENABLES COMPANIES TO RELIABLY AND EFFICIENTLY PROCESS THEIR BUSINESS DOCUMENTS AND IMPROVE THEIR ORDER-TO-CASH (O2C) AND PURCHASE-TO-PAY (P2P) CYCLES PERFORMANCES.**



## CHALLENGE 5

# DATA SECURITY AND PROTECTION

**“Data must be secure and protected at all times. In the event of a technical defect such as a power failure, orders, invoices and other messages must continue to be received.”**

Service providers take data security and data protection very seriously. They put in place a range of security measures to protect operations against unforeseen incidents such as large scale power failures or flooding and unauthorised, malicious access by unlawful persons.

A comprehensive data security concept describes concrete technical and organisational measures a service provider takes in the event of an emergency, including:

- Precautions against unauthorised access
- Operations via a secure computer centre
- Devices for emergency operation in the event of a power failure

Equally important is a data protection policy used by the provider to describe security measures for personal data.

## CONCLUSION

**EDI OPERATIONS MUST BE DESIGNED TO BE EXTREMELY SECURE, SO THAT EVEN IN EMERGENCIES, ONGOING OPERATIONS REMAIN SECURE AND DATA IS PROTECTED AGAINST NATURAL DISASTERS AND UNAUTHORISED THIRD PARTY ACCESS.**

# SUMMARY



## CHALLENGE 1

### High costs

When choosing a service provider, you avoid high initial investments.



## CHALLENGE 2

### EDI is too complex

A dedicated service provider helps you to find your way through the EDI jungle.



## CHALLENGE 3

### Multiple requirements in value chain

EDI is able to handle industry specific requirements with standardised formats and processes.



## CHALLENGE 4

### Business partners reluctant to use EDI

With a multi-channel cloud-based solution like Esker on Demand, you are able to easily process all type of business documents.



## CHALLENGE 5

### Data security and protection

EDI can be made safe by defining emergency measures and taking appropriate precautions.

EDI accelerates business processes, reduces errors and increases cost-effectiveness. Any obstacles or challenges that may arise can be resolved, particularly when an experienced partner is brought on board and the introduction (or expansion) of EDI is well planned. The initial investment, both time and cost, is not as high as anticipated, and it quickly pays for itself in ongoing EDI operations.

A dedicated service provider enables companies to reap all benefits of EDI. Companies use an infrastructure, which is always technically up to date, quickly get connected to business partners and accelerate their business processes. Combined with a multichannel solution for O2C and P2P cycles, companies can automate their document processes and make their EDI streams visible and easy to handle.

**With over 30 years of experience, Esker EDI Services are industry experts with proficient knowledge of EDI requirements in different industries and countries. The company offers an EDI full service portfolio based on extensive network and experience. Esker EDI Services delivers the benefits of EDI, including fast transmission, touchless booking, low error rates and high data quality, combined with the benefits of Esker on Demand, including high data transparency, visibility and security.**



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