

EDI Basics

How Successful Businesses Connect,
Communicate, and Collaborate
Around the World

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Foreword

Bill Clinton once observed, “The price of doing the same old thing is far higher than the price of change.” Companies that are slow to adapt new technology to their business processes may find themselves consigned to the proverbial dustbin of history.

Businesses have invested in technology such as Enterprise Resource Planning (ERP) systems to automate internal business processes, including accounts payable and receivable, inventory control, and intra-company communication. However, many of these same companies are slow to automate their business-to-business transactions, such as the exchange of purchase orders, invoices, and bills of lading.

Electronic commerce (e-commerce) is the exchange of information via electronic media, such as the internet and private communications networks. There are two types of e-commerce: Business-to-Business (B2B) and Business-to-Consumer (B2C). Almost every day, each of us experiences B2C e-commerce, such as when we book airline tickets or hotel reservations online and then receive an electronic confirmation. This book focuses on electronic data interchange (EDI), the most commonly used B2B ecommerce technology.

In today’s business environment, EDI remains a gamechanger across all industries, including retail, banking, manufacturing, high-tech, and services. For many companies, it has become the lifeblood of their business, making them more efficient, driving down costs, and increasing customer satisfaction. It is the means by which they can differentiate themselves from their competition. Using EDI, a manufacturer in Detroit, Michigan can send a purchase order to its supplier in Japan, receive an electronic document indicating that the item is out of stock, and immediately react by sending the purchase order to an alternative supplier in Brazil—all in just minutes. This high level of visibility that is enabled by the use of EDI is critical to business success.

EDI Basics introduces you to this electronic way of doing business so that you can participate knowledgeably in the conversation at your company about moving away from the old, manual processes.

The pages that follow answer the questions: What is EDI? How does it work? What does it take for your company to get started?

More than 85% of all electronic business transactions take place using EDI. This method of exchanging documents is used in industries including retail, banking, high-tech, manufacturing, and services.

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