



## GETTING STRATEGIC WITH EDI

### The stages of EDI adoption in mid-sized businesses

Using EDI to manage your business can be purely reactive and can also be a strategic core-competency that drives growth. Find out what the three phases of EDI adoption are and how to be ready for them.

## Introduction

Your business has been profitable and successful for years, you understand your market, your product provides a solution to a critical need, and you just signed a major national retailer that will mean significant expansion for your business. The only problem is that you keep being told that you need to implement EDI and you are not quite sure where to turn. Your problem is not unique, in fact even companies that understand and use EDI often struggle with how much or how little attention to pay to EDI. Having a critical understanding of EDI, how it impacts your business, and how you can maximize use of this technology is critical for any small and mid-sized business in today's market of margin pressures and high competition. As a business embarks on the road to effectively using EDI, it naturally progresses through three phases:

- **Phase 1 - Reactive** - At this phase you have just started using EDI, usually as a result of pressure from a significant trading partner. EDI becomes a required nuisance.
- **Phase 2 - Proactive** - Eventually the business begins to see the advantages of EDI and realizes the potential cost savings and decreased time to revenue. EDI becomes more important and dedicated resources are assigned to its expansion.
- **Phase 3 - Strategic** - Ultimately EDI becomes a mature part of an integrated IT infrastructure with data seamlessly being shared with trading partners directly out of in-house ERP systems and becomes a critical strategic component of the company's IT infrastructure

## EDI to ERP Integration is Critical

Over 50% of medium-sized businesses will have ERP systems in-house by the end of 2012. With keying errors responsible for thousands of dollars in costs, integrating ERP and EDI is mission critical.

in support of revenues and cost reduction.

## Reactive: Getting started with EDI

As a small business your first exposure to EDI is often a forced one. Most frequently small businesses are faced with a daunting proposition: you have signed an agreement with a major national retailer - great news for your business - but in order to work with that business you are being mandated to use "EDI technology" to exchange transaction documents like purchase orders, advance shipment notices, etc. At this phase of the EDI adoption curve most businesses will typically opt for out-sourced services or for low cost, easy-to-use in-house software. Of course the benefits of the out-sourced service is that the EDI work is done with little or no involvement from the business - there is no software to buy, no complicated terminology to learn - you just simply use a web-based system to receive purchase orders and enter advance shipment notices, invoices, and other transaction documents. While such a solution is perfectly viable for many small organizations that are gaining first exposure to EDI, questions begin to eventually arise that make an in-house solution more viable - both for the small business and for the growing one:

## Security

Regardless of available technology, we have all seen stories in the press about sensitive credit card data, user information, and other types of restricted data being compromised. The simple truth of the matter is that there is only one way to guarantee that your data will not be at risk of compromise: keep it within your firewalls - of course with any web-based system this is simply not feasible.

## Is your EDI secure?

Are you ready to bring EDI in-house? Can your current vendor guarantee 100% uptime and security as well as your in-house IT staff can?

### Availability

As with security, the availability of a web-based system is 100% reliant on an outside party. As a business begins to rely more and more on EDI, not having access to that data can have dire consequences on financial results in understated revenues, misallocated expenses, and break-downs in relationships with critical trading partners due to faulty or missing EDI data exchanges

### Integration with IT policies

Although web-based systems try to account for issues such as secure access, integration of a web-based system into broader IT policies can be daunting. Disaster recovery, business continuity, access and security planning, and other mission-critical IT functions and policies are simply not designed to account for a web-based system; the task often proves impossible. It is at this stage that businesses begin to look to bring EDI in-house.

## Proactive, bringing EDI in-house & under control

Once a business has made the decision that EDI is important to the organization there are several considerations that need to be made. Carefully planning an EDI purchase, deployment, and integration within the larger context of an IT policy must be done cautiously and in advance.

### 1) Selecting the right vendor

Selecting a vendor with a solid reputation for developing reliable and easy-to-use EDI software is a critical first step. As a mid-sized business you want to ensure that the vendor has significant experience with EDI, that they will be able to understand your problems and provide you with the type of advice that you need in order to properly establish EDI as a critical function of your business

### 2) Selecting the right software for your needs

Is the software easy to use? Does it have a reputation as a trusted, reliable product that can grow with your needs? Ensuring that you have positive answers to both questions will mean that you will have an easier time setting up EDI properly and that your staff will use it accordingly.

### 3) Understanding the growth potential

Does the vendor you are selecting provide an upgrade path to more sophisticated products? Will you be able to start with a single-user system and grow to a multi-user and perhaps to an integrated system as your EDI needs grow? Ensuring that you have growth opportunity with the investment you are making will mean not having to re-invest in new and unproven equipment as your business grows.

### 4) In what other ways can my vendor help?

Can the vendor provide you with consulting services to help you best utilize your newly purchased EDI software? Will they provide you with reviews of your environment to help you identify areas that need bolstering? Ensuring that you work with a vendor that can help you and will treat you as a key customer is critical for the small and mid-sized business that does not want to get lost in the "other" revenue category of a multi-national corporation that happens to also provide EDI software.

## Can your solution grow with you?

Does your current EDI vendor offer a suite of products that range from entry level to high performance, high-availability? DiCentral does!

## Strategic: Using EDI for growth & profitability

Eventually as your business grows you will find that having EDI as a stand-alone, dedicated system begins to become cumbersome and begins to use too much man-power in managing data and reports. As your business matures and you invest in more sophisticated business tools, it's critical to keep EDI in the forefront of that planning. Integrating your EDI transactions into your ERP back-end system can save you money in faster transaction turn-around, reduced errors due to mistakes in re-keying information, and

## Integrating EDI the right way

EDI Integration packages must offer ease of use, ease of installation, ease of expansion and, most of all, affordability.

improved usage of EDI. Ensuring that the vendor you have selected for your EDI software can help you through this transition is critical to ensuring that when your EDI software becomes integrated with your ERP system, it will be done quickly, efficiently, and with few worries. An integrated EDI system will have some significant up-front costs, but the long term benefits to a growing business will mean a return on investment measured in mere months.

At this stage of development it's also critical to understand how EDI will fit into the larger IT perspective. Is EDI part of the IT department's disaster recovery plan (DRP)? Are you considering issues relating to security and access and how they relate to EDI? For EDI to become a strategic aspect of your company it must become a key component for both line of business and IT departments. At this stage having the right vendor to assist you and provide you with the right advice and the right tools will be critical.

## Getting Strategic with EDI

As you explore the brave new world of EDI, or begin to ponder how to make better use of EDI in your business, DiCentral is ready and able to become a key partner in

helping you develop your EDI strategy. With over twelve years of expertise in EDI, DiCentral has worked with Fortune 500, as well as small and mid-sized businesses, and understands the complexities and advantages of a properly implemented EDI strategy. DiCentral can help you navigate EDI across the three phases of growth; our family of integration products provides a robust, easy-to-use EDI translation package that has been deployed and is being used by thousands of companies world-wide.

## PRODUCTS YOU CAN TRUST

DiCentral's family of products provide a full range of EDI and data integration software that is easy to use, fast, and provides maximum flexibility and power for mid-sized businesses. Visit our web site and learn how DiCentral's software can make your life as a retailer significantly easier and more profitable.

## Learn more today

Download our free data integration survival kit and learn key strategies for data integration including

- The stages of EDI adoption for small business.
- How to minimize data entry costs
- The causes of data proliferation and available solutions
- How to select the right data integration alternative
- How data integration costs compare to manual data entry
- Key mistakes to avoid when planning data integration