TOP 5 MISTAKES OF EDI INTEGRATION

Integrating your EDI into your ERP or accounting system is one of the best business decisions you can make. Poor planning, lack of clarity and ownership, however, can quickly turn your EDI integration project into a costly mistake that can have disastrous results. Learn how to avoid the key mistakes and guarantee success.

Avoiding data integration mistakes

Minimizing downtime, reducing overhead costs, optimizing throughput: these are goals that resonate with small and mid-sized businesses every day of the year – and become imperative business drivers when the economy begins to suffer. It's the business that can respond quickest, provide the most accurate data and fulfill demand in the most timely fashion that will gain the upper hand in difficult economic times. One method of achieving this increased level of competitiveness is through EDI Integration. The promise of EDI has always been to empower the electronic exchange of commercial data between businesses for the sake of speed, clarity, and optimum performance. With many large retailers now mandating EDI with their trading partners, implementing EDI is no longer in question – but finding the most cost-effective means of taking that EDI data and transferring it into the in-house ERP system can be a confusing, daunting challenge for any business. A 2007 Standish Group report, in fact, found that over 80% of data integration projects fail or are concluded at over 170% of original budget. With such high failure rates, it's no surprise that many small and mid-sized businesses are wary of embarking on EDI integration.

Scared of integration?

You are not alone. While integrating your EDI and your ERP has traditionally been a costly, lengthy undertaking, with a partner like DiCentral the truth is that it doesn't have to cost that much.

There is hope on the horizon, however. EDI integration is now available to small and mid- sized businesses that are willing to invest a minimal amount of preparation and some careful planning to gain a thorough understanding of how the data integration process will affect the business during and after the integration phase is completed. As we will examine further in this whitepaper, there are five mistakes that can lead to disastrous consequences for even the most financially secure business contemplating an EDI integration project; avoiding these mistakes is the key to successful deployment, resulting in the economic advantage that every business strives to achieve.

Data integration can be expensive

As much as 60% of a data integration project can be consumed by transformation of data from one system to another.

integration and doing it quickly. The goal is to make sure that data flows into the ERP system no matter what – and to get it done FAST. This sense of urgency, while laudable as a means of driving the company to the important decision of adopting EDI Integration, can lead to catastrophic results. In order to properly execute any integration project, the business must follow certain basic principles to ensure that the likelihood for success is as high as possible. Among these key principles are (1) assigning a central project leader who will have 100% ownership and 100% authority to enact the changes in the organization that will be needed to successfully deploy the project. (2) Looking carefully at all areas that are going to be affected by the EDI Integration – this includes not just the people affected, but also the processes and procedures that will need to change as a result of the integration project. (3) A staged plan of action. This last point is perhaps the most critical

Integration can be affordable

Unlike traditional Integration that can take months and hundreds of thousands of dollars, DiCentral's solution can be deployed for a fraction of the cost of traditional solutions.

Poor planing

Poor planning is the single largest mistake companies make when embarking on an integration project. Often, business owners or the executives who are spearheading the integration project are concerned with achieving

– it's important for the business to have a clear understanding of what is being integrated, how it's going to be integrated and when each phase of the integration is going to take place.

The planning phase of the implementation should also include accounting for resources that could be needed during the project. This would include additional consultants, additional software required, training time, and contingency plans if the integration plan is delayed. As

small and mid-sized businesses embark on EDI integration, it's critical that they establish a clear roadmap that provides some latitude when mistakes are made.

Poor understanding of the undertaking

This second mistake is perhaps the most understandable – but it's also a critical one to avoid. As a business embarks on the road to EDI Integration, it's critical to understand how data integration will affect the systems and the data being integrated. For example – what file format do the two systems being integrated have for exchanging data? Flat file? XML? Proprietary API? Amazingly, this is often one of the last items businesses investigate, which can lead to delayed implementations, increased price quotes, and additional work that had not been originally planned or budgeted for. Additionally, it's important to understand the data being integrated. What date format will be used when bringing in data? Do all data sources use the same format? For instance – a company that does business with both US and European companies might receive EDI data with dates formatted in US standard (MM/DD/YY) and European standard (DD/MM/YY). Not understanding this small difference – and planning for it – can lead to catastrophic results when the integration project is completed

Also under the topic of poor understanding is the notion of expectations. Businesses will often have unrealistic expectations of data being instantaneously transferred from their trading partner's system to their own with no lag time of any sort. While such a theoretical throughput can – and has been – achieved in the real world, there are a number of obstacles that affect how data is transferred and how quickly it is transferred. In the end, it is critical to understand that the benefit of data integration is not only one of speed, but also of quality. Planned properly and implemented with care, data integration can create a nearly mistake-proof environment that will respond at significantly faster speeds than your old processes and procedures were capable of.

Taking on too much too quickly

The third potential pitfall of SMB integration projects is one that is embedded in the very nature of the small and medium business – speed. SMBs live by their ability to respond quickly: to make decisions and implement projects with lightning speed. While it may seem counter-intuitive, this is one project where that ability to act quickly runs counter to

Understand the process

DiCentral understands the entire data integration process and can help you create a project plan that will ensure success.

what is needed. In fact, it's advisable for an EDI Integration project to be planned in phases. By implementing the EDI integration in a series of increasingly more complex stages, the business can achieve a number of benefits: (1) First and foremost is the benefit of troubleshooting. Start by integrating one trading partner into your ERP system and then take that trading partner into production. Through this type of staged approach, the business can identify where problems are likely to arise, correct unexpected deficiencies in the integration, and solve any other problems that will be easier to deal with on a small scale rather than on a large scale. (2) Acquisition of knowledge is the second benefit of a carefully staged rollout. By deploying the integration through multiple projects of increasing complexity, the business can have more time to see the integration process at work and to learn it – acquiring the sort of in-house expertise that will become invaluable over time. (3) Finally, a phased integration plan provides the ability to make course corrections in mid-stream. By doing the integration through such a planned approach, the business will have the highest degree of certainty that the project will succeed. It will also gain the benefit of the proper use and deployment of the software by its staff.

Looking at the associated costs of just entering EDI data manually it becomes obvious that even with as few as ten transaction per day (2,600 per year) manual data entry can quickly add up to large costs in time of people being used for manual tasks that could just as easily be handled by an effective data integration system. At this point the small business begins to enter the perilous Phase 3 of EDI adoption - data integration. Done properly this stage can help the small business grow and achieve incredible efficiencies, reductions in costs, and improvements in revenue and inventory turns; done badly it can lead to disaster.

Get your plan in place

Start with a free 30-minute evaluation session where we can help you determine how EDI integration can help you save money.

Not sticking to your plan

This problem is also affectionately known as "scope creep": the concept that as the project begins to be deployed the "scope" of the project begins to creep along and increase in size. In no time, what started out as a reasonably priced, reasonably orchestrated integration project balloons into an out of control project that puts the company in financial jeopardy. How can the business avoid this? The honest truth is that it requires a certain amount of perseverance and strength. While it may be tempting to ask your vendor to "add one little item," it's important to understand that that one item may have negative repercussions on the rest of your integration project. Transferring data from two incompatible systems that were never designed to talk to one another is a difficult process – no matter how easy it may seem at first; for that reason it's important to stick to the plan that was agreed upon and leave changes – no matter how minor they may seem – for future improvements once the original plan has been deployed. Other forms of this problem deal with the propensity of small and mid-sized businesses to make sudden personnel changes. Regardless of an individual's role within the organization – and how that role changes – it's critical that the project leader remain the project leader and that all the staff members who have been assigned to the project stay intact through the duration of the project.

This sense of continuity is a critical aspect of data integration projects for small and mid-sized organizations. Maintaining this continuity from the start of the project through its conclusion will lead to the least number of mistakes and the highest possible success

Selecting vendors based only on price

Selecting a vendor based on price may seem like a sound choice –in fact it can be – however, any small or mid-sized business needs to carefully evaluate all aspects of how the software and service vendor will help the organization. In order to make a sound decision, a business should evaluate a number of points with regard to each vendor they are considering: (1) Business soundness – how long has the business been operational? Will they be there over the next five or ten years to help you modify your system as your business grows? (2) Who does the business focus on? While it may seem attractive to select a vendor that has extensive experience working with Fortune 500 organizations, it's also critical to understand that such a vendor will spend most of its energies keeping those Fortune 500 customers happy. Because of this, SMBs that select such a partner often feel "left out" with poor support structures. (3) Can the software do what you need it to do? While it may be attractive to purchase software because of features that you might need in the future, it's important to focus on what's needed now. Don't get too lost in the feature comparison; rather, focus on who provides the best execution of the features you need now. (4) Who has the best growth path? It is also critical to understand whether the vendor you will work with offers an upgrade path as your business grows. Can they support your data integration needs as the business scales?

Conclusion

In conclusion, it's important for any small or mid-sized business to create a careful strategy for data integration. EDI Integration for the SMB must be given the same strategic importance as a well-thought-out marketing plan or development plan. It's only by using this same type of strategic vision that the SMB planning an EDI Integration project will avoid the pitfalls common to EDI Integration.

The DiCentral advantage

As you evaluate vendors for your EDI Integration project and think about how to avoid the pitfalls laid out in this whitepaper, how can DiCentral help? How can DiCentral provide the type of assistance you need to ensure success?

DiCentral can help you plan

Our professional services team can help you plan the entire EDI Integration project – from the selection of the first set of trading partners for a small test case to the full blown integration project. Our team of consultants has decades of combined experience in EDI and Data Integration; they have helped organizations very similar to yours successfully deploy integration projects of all kinds.

DiCentral can help you grow

Our data integration platforms are designed to provide the maximum level of performance and the maximum level of flexibility. From our DiTranslator EDI translation solution to our enterprise-class DiUnite data integration software, we have the tools to help you as your business grows.

DiCentral has the longevity you need

In business since 2000, DiCentral is a highly successful, highly profitable vendor of EDI and data integration software. We have implemented projects for organizations ranging in size from very small to Fortune 100 companies and have incorporated the lessons we have learned over those years into our products and services.

DiCentral has the focus you need

Because we specialize in EDI and integration projects for small and mid-sized companies, we can focus 100% attention on each of our customer's needs. That means that DiCentral will be there to support you no matter when or how you need help.

LEARN MORE

Founded in 2000, today DiCentral is a leading global innovator in the EDI (Electronic Data Interchange) industry segment. A broad range of Software plus Services solutions enables a seamless exchange of data throughout supply chain networks. DiCentral's integration solutions are scalable to the size, growth, and unique requirements of each business. In addition, DiCentral develops and markets a complementary suite of supply chain applications for retailers and suppliers, including EDI Testing, Global Enablement, Web EDI, Managed Services, and more.

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