EDI 103 Guide

Introduction to EDI
for Manufacturing

1**EDI**Source
an Epicor solution

Contents

Chapter 1
Introduction

Welcome to our EDI 103 guide, introducing you to the fundamental features and benefits of utilizing EDI within the manufacturing industry. In this guide we will go over what EDI is and how to get started communicating your B2B exchange through EDI. We will then go through the types of standards used within the manufacturing industry and the transaction sets that are required to begin initiating EDI. Let's get started!
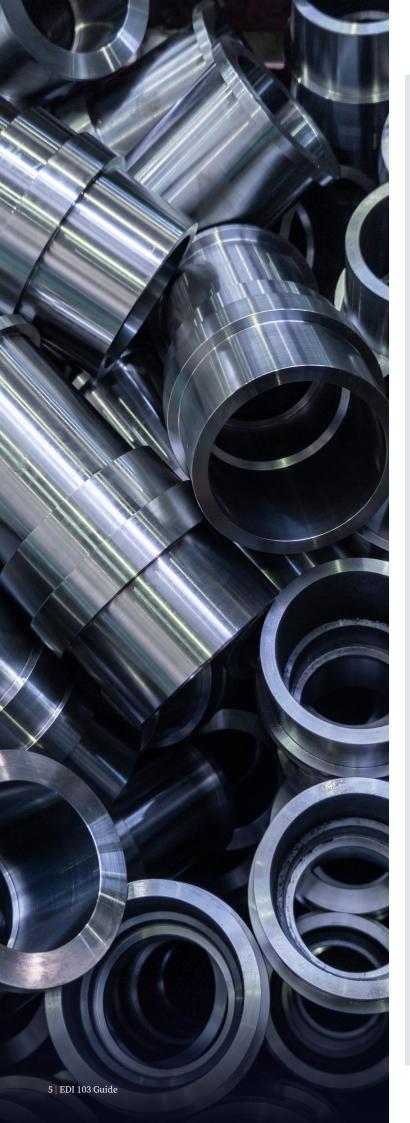
Chapter 2

Key Benefits of EDI within the Manufacturing Industry

When you start to communicate utilizing EDI, you will see immense benefits within your internal departments, such as: accounting, customer service, shipping, receiving and your complete supply chain. As a manufacturer you know the benefits of JIT (Just-In-Time) and Lean Manufacturing, once you begin using EDI with your trading partners you will see drastic efficiency improvements and a seamless transition from historical B2B communications,improving your complete supply chain.

Seamless Communication - Improved communication with your trading partners and suppliers through an EDI translator that allows direct communications.

Error Alerting - Within your translator you will have a dashboard that provides transparency for errors and alerting when sending and receiving documentation. This will keep you aligned with your most valuable business documents and ahead of any and all issues that may occur.

Paperless Environment – Attain a paperless environment by moving away from manual paper documentation and integrating with your backend ERP to provide visibility to additional team members in accounting, finance, and receivables. This also benefits your IT team allowing them immediate visibility to fix issues and your accounting team to improve overall operational costs.

Quicker Turnaround – Decreased turnaround times between your vendors, suppliers, and trading partners by utilizing your translator and having all transactions on one interface.

Better Customer Relationships - Improved trading partner relationships when working with large partners that communicate via EDI. You and your trading partners can create and send a high volume of documents and transactions, improving your business continuity.

Automation - When utilizing an EDI translator, it allows automation for your most valuable trading partners and transactions. This is done through automating the exchange of EDI documentation between trading partners within your EDI translator, giving you more IT resources for other critical projects.

EDI Visibility - Real-time visibility when utilizing EDI. All transactions will be displayed in your dashboard allowing you to see all transactions at all times. Keeping you ahead of any errors or issues that may arise.

Help Reduce Order Process and Delivery Times When utilizing EDI, you create a seamless communication channel which helps reduce the order processing and delivery times for both your organization and your trading partners.

Business Growth - EDI within manufacturing is also critical for your business since it allows you the ability to sell in more places with many more trading partners.

JIT Support - Manufacturing and EDI go hand in hand and it's important to know that EDI supports and helps improve Just-in-Time (JIT) manufacturing, because it provides important details for shipping requirements and creates a cadence for our transactions.

Flat Rate Transactions - Within manufacturing, transaction fees can be expensive. EDI gives you the advantage of flat rate transactions regardless of volume, helping reduce expenses for your accounting and finance departments.

Chapter 3
What is EDI?

EDI stands for "Electronic Data Interchange".

EDI is the computer-to-computer exchange of business documents in a standard electronic format between business partners (Trading Partners). EDI relieves you from paper-based processes within your orders, invoices, advices, and functional acknowledgments.

In today's manufacturing environment, EDI is a fundamental method of conducting B2B document exchange. EDI is expected to be utilized when beginning a business relationship, since time is crucial and in manufacturing expenses can add up quickly. EDI has become a key to success for business continuity, while providing immense benefits to both organizations utilizing EDI. Once EDI is in place your production lines will rely on and benefit from your seamless exchange of B2B documents between your company and your suppliers.

Forrester Research has provided reports showing **41%** *of companies utilize EDI as a primary messaging format and that number is growing rapidly.*

Companies send over **20 billion** *B2B documentations a year using EDI.*

Chapter 4
How to Start Utilizing EDI

To begin realizing the benefits of EDI there are a few steps and actions needed to get you up and running efficiently and effectively.

1. Reach out to your trading partners to have them provide their specific EDI implementation Guide. This guide is key for defining your electronic business documents, their structure and communication method.

2. Begin to research and purchase an EDI software package also known as an EDI translator. The translator is used to map your documents and helps transform your accounting system data into the required format of your trading partner.

3. EDI software solutions differ depending on the size of your organization, volume of transactions, number of trading partners and other factors as well. See examples of how we (Epicor EDI) offer solutions for these factors below.

   • Our primary software platform and translator is known as HQXchang [HQX]. HQXchange [HQX] is our complete translator for mid-sized to enterprise sized organizations that require backend integration and desire complete control of their EDI.

   • When researching EDI software and translators, you may also find that your mid-sized or enterprise sized organization needs to outsource EDI. This is accomplished through a managed EDI solution and can be integrated with your backend systems.

Our example of fully managed outsourced EDI is ManagedXchange [MX].

   • If your organization is a small business starting EDI with one or several large trading partners, then you may only need a web-based solution for your EDI. This is an easy-to-use, simple to understand, and quickly implemented solution for EDI communications without the technical background needed for more in-depth software. Our example of this solution is our PartnerXchange [PX] software.

4. Now that you have your software and your implementation guide you and your trading partner will test the transactions and communications between both translators.

5. Always test with your partners and with your EDI solution providers to validate that your translator communicates correctly and that you and your trading partner both receive your required business documents.

6. Lastly, migrate away from historical forms of communication, such as paper documentation and perform any parallel document transaction that may still be required to be sent through another communication method.

Chapter 5

EDI Standards

X12 drives EDI business processes globally. The X12 standards are issued by the American National Standards Institute (ANSI), which has set these standards for the past 35 years.

ANSI X12 defines the standards and each party must comply with these parameters. In addition to X12, there is a global standard some organizations may use when doing EDI transactions outside of the US. The Global standard is known as EDIFACT, which stands for Electronic Data Interchange for Administration, Commerce and Transport. EDIFACT standards cover transaction sets of documentation to transmit and communicate with.

Typically, the trading partner will designate the X12 version to be used and create their implementation guide around those X12 standards for you to begin creating EDI documents. This is the primary standard and version of the EDI standard you will utilize with your trading partners. Some of your trading partners may use different versions of X12, and it is important to remember that each trading partner will provide a unique implementation guide for you to begin EDI transactions.

Chapter 6

Most Common T-Sets within Manufacturing

Below you will find the most common manufacturing X12 transaction sets and the relating EDIFACT code set.

850: Purchase Order

- The EDI 850 is a Purchase Order transaction set, used to place an order for goods or services. The 850 generally provides the same information you would find in a paper Purchase Order (PO) document.

855: Purchase Order Acknowledgment

- The X12 855 transaction set is a Purchase Order Acknowledgment. It is used by sellers to confirm the receipt of a purchase order (an EDI 850 transaction) from a buyer, eliminating the need to call or fax a confirmation.
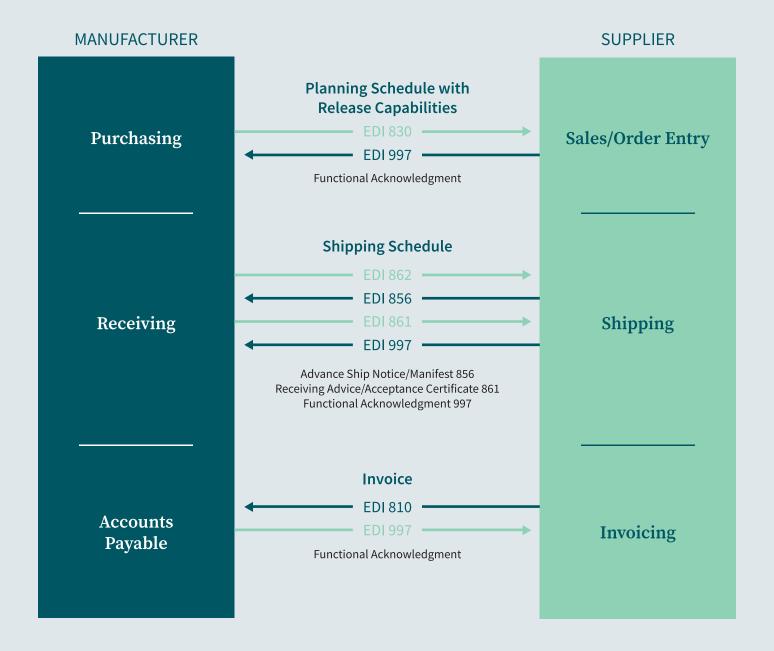
856: Advance Ship Notice/Manifest

- The Advance Ship Notice lists the contents of a pending shipment of goods as well as additional information relating to the shipment, such as order information, product description, physical characteristics, type of packaging, marking, carrier information, and configuration of goods within the transportation equipment.

810: Invoice

- The EDI 810 Invoice transaction set is the electronic version of the paper-based invoice document. It is typically sent in response to an EDI 850 Purchase Order as a request for payment once the goods have shipped or services are provided.

Chapter 7

EDI Process Flow

When engaging in EDI within the manufacturing industry, you will see the below B2B exchange of EDI documents for the complete lifecycle of your planning schedule and shipping schedule ending with the supplier's invoice.

MANUFACTURER   SUPPLIER

Purchasing

Planning Schedule with Release Capabilities

EDI 830 →

← EDI 997

Functional Acknowledgment

Sales/Order Entry

Receiving

Shipping Schedule

EDI 862 →

← EDI 856

EDI 861 →

← EDI 997

Advance Ship Notice/Manifest 856
Receiving Advice/Acceptance Certificate 861
Functional Acknowledgment 997

Shipping

Accounts Payable

Invoice

← EDI 810

EDI 997 →

Functional Acknowledgment

Invoicing

1 EDI Source Solutions

If you plan to be working with trading partners within the Manufacturing industry, 1 EDI Source provides customizable and scalable solutions for your needs no matter your organization's size.

[PX] PartnerXchange
If you're a small organization just beginning with EDI with a large retailer trading partner or more, our PartnerXchange [PX] solution is for your small business needs and allows you to scale with your trading partner.

[MX] ManagedXchange
If you're interested in having your EDI fully managed, we provide both business and enterprise managed solutions with complete backend integration through our ManagedXchange [MX] platform.

[HQX] HQXchange
If you are a large organization with multiple trading partners looking for an enterprise solution with complete EDI visibility, control, mapping and translation, our HQXchange [HQX] solution is for your needs.

[IX] IntelligentXchange
Our IntelligentXchange [IX] visibility solution works with any EDI translator and transforms complicated EDI data into actionable information. Immediately limit mistakes and research time, while finding opportunities to quickly and significantly impact customer relationships and revenue.

Ready to Get Started?

1 EDI Source is here to help you not only learn EDI, but also provide the expertise, experience and solutions that will help your business grow. We have a full suite of EDI software and solutions for your unique business needs. Whether you choose a web-based, managed, installed or cloud-based EDI solution, we have a product that will exceed expectations. We also provide communication, integration and migration services to help complete your solution. If you have questions about EDI, or you're ready to get started, contact us and we'll walk you through what EDI option is best for you and be your guide through the entire implementation and beyond. In no time at all, EDI will become a natural part of your business. And through our ongoing training, you can learn as much or as little as you'd like about the solution, process and ways to maximize success.

EPICOR

We're here for the hard-working businesses that keep the world turning. They're the companies who make, deliver, and sell the things we all need. They trust Epicor to help them do business better. Their industries are our industries, and we understand them better than anyone. By working hand-in-hand with our customers, we get to know their business almost as well as they do. Our innovative solution sets are carefully curated to fit their needs, and built to respond flexibly to their fast-changing reality. We accelerate every customer's ambitions, whether to grow and transform, or simply become more productive and effective. That's what makes us the essential partners for the world's most essential businesses.

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