COMARCH

Digitize Your Supply Chain with an EDI Solution

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Introduction

In the modern world, digital transformation is a trend that will continue to help businesses become more customer-centric and productive. Facilitating the simple and hassle-free electronic exchange of business documents (orders, invoices, etc.) in the supply chain via digital communication with business partners is a significant step forward in this transition.

Businesses need to make sure that they have the appropriate tools for document exchange, especially in today's digital environment. Efficiency must be achieved without sacrificing security or compliance as businesses are turning away from paper and moving toward new technologies. There are various IT platforms and services available on the market that allow businesses to turn their infrastructures, which are slowly becoming outdated, into autonomous supply chain eco-systems. Such solutions can easily eliminate many of the supply chain bottlenecks almost without human assistance.

The Role of a Digital Supply Chain

Digitization is about completely redesigning and improving all business communication channels and exchange processes between trading partners across the entire supply chain. Why is this important? First, to make it easier for a company to build and collaborate within a supply chain network system. Second, to allow that company to protect its assets when a disruption occurs.

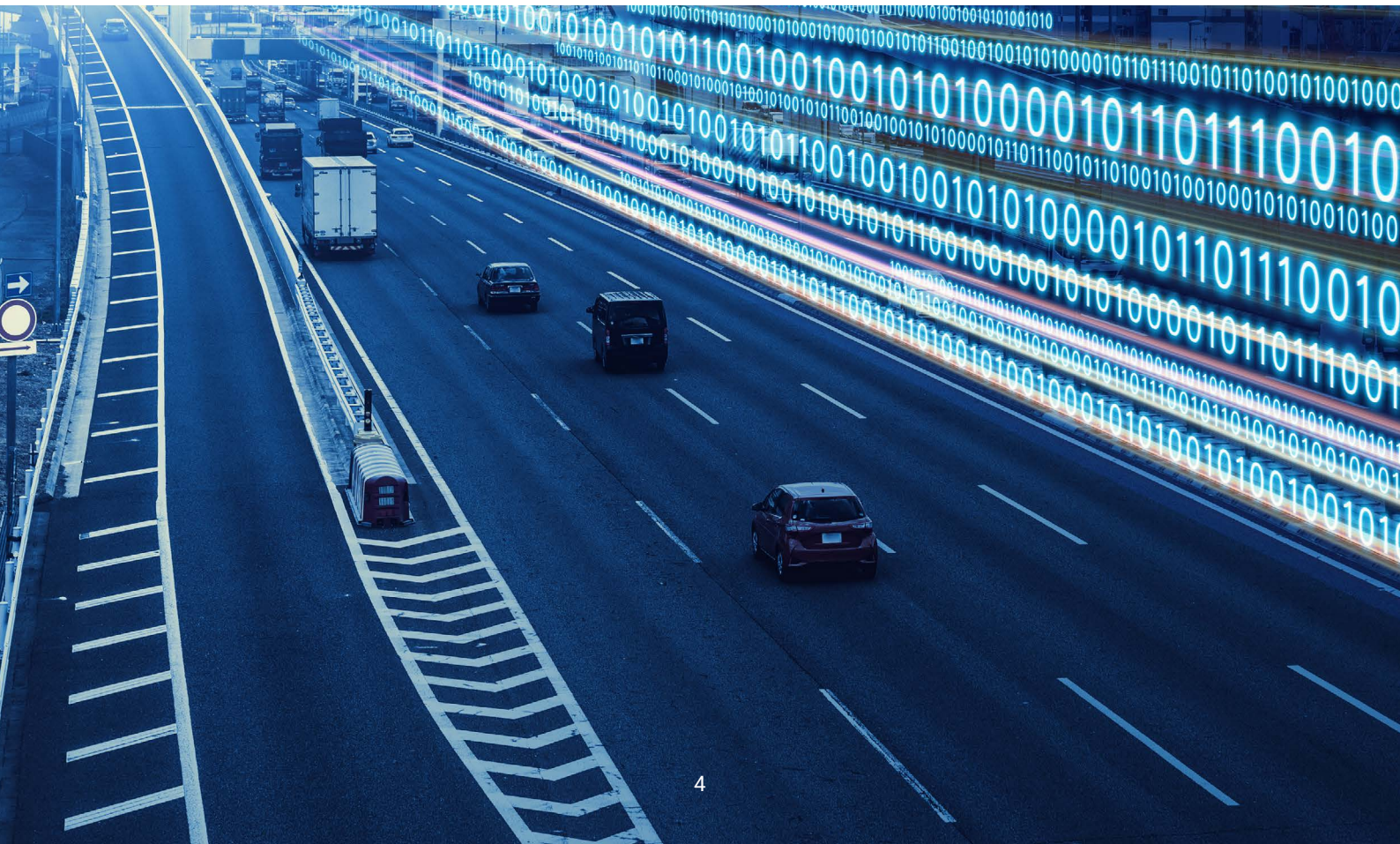
The essential part of this process is digitizing your procurement processes, which starts with eliminating the use of paper and manual handling of orders, delivery notes, invoices, and other documents. This is achieved through introducing digital tools for data exchange and document management.

Combining the right IT tools and the information you put in them will help streamline various procedures and utilize a more powerful way of controlling the activities within the supply chain. Additionally, reporting and data analysis tools will guide you through the land of business opportunities and show you the direction that is the most profitable for your company.

By incorporating such solutions into your IT infrastructure, your in-house departments – sales, manufacturing, and logistics – will use one common data platform to share information, which will help to improve data efficiency and drive business growth significantly. Of course, purchasing and introducing data exchange tools as a part of your IT environment is one thing. Getting your employees, partners and clients to use them effectively is a different story.

As reported by Harvard Business Review, more than 70% of companies believe that their supply chain capabilities are digitally immature in terms of planning, risk management, logistics, and procurement. However, around 50% of them also express an interest in investing in dedicated training to improve their employees' skills at using digital tools.

This clearly shows that digital transformation is a trend that keeps gaining momentum, so it is just a matter of time before it becomes global. Thus, the companies that have already made investments in data exchange tools will most probably gain a significant competitive advantage by the time others jump on the digital bandwagon.



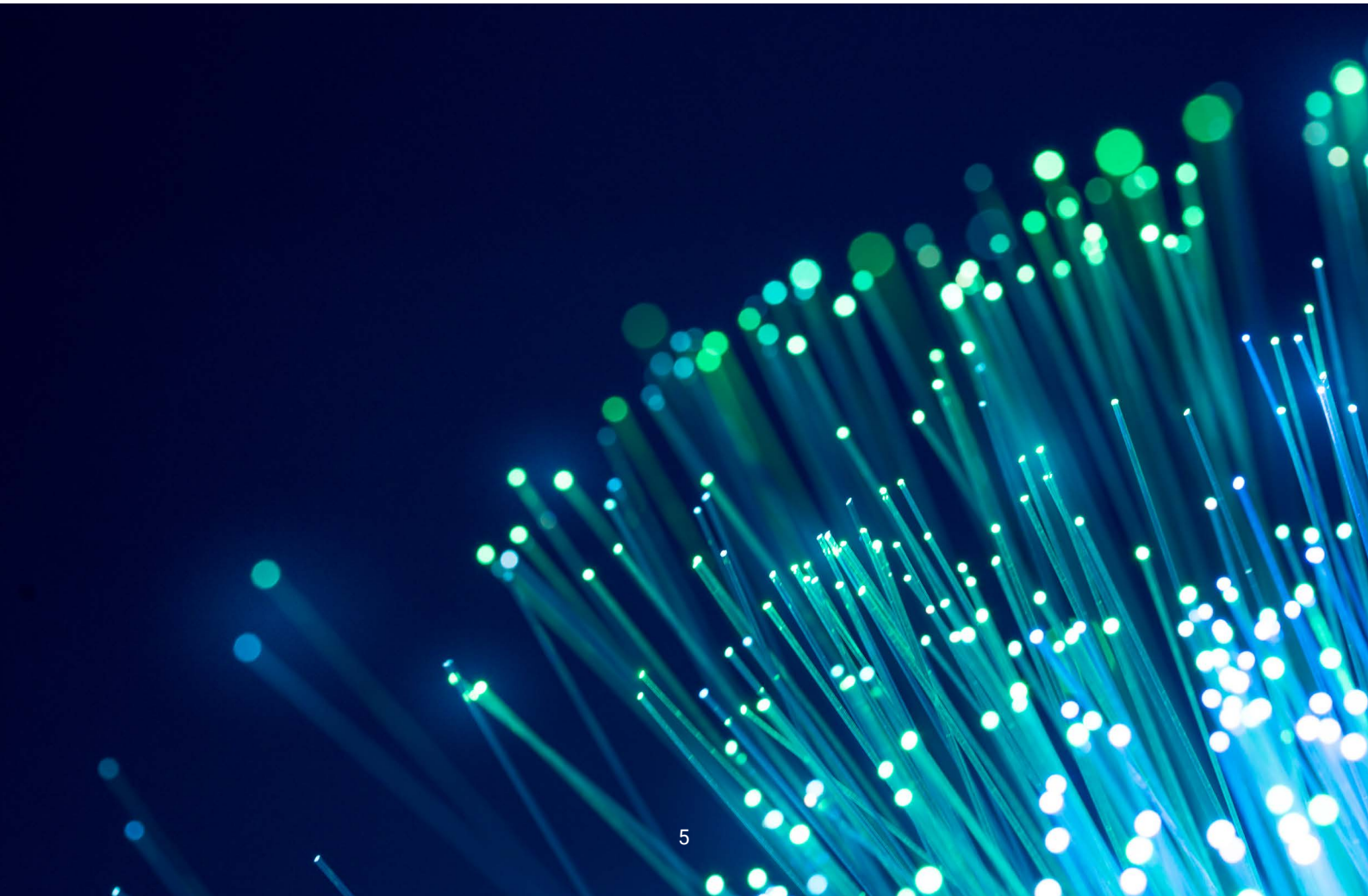
Modern Technologies that Drive Digitization

Modern companies can use various IT platforms and services to digitize their supply chain. However, methods that are data-driven and cloud-based are considered the most effective. Why? Because such solutions allow businesses to react to all kinds of market changes almost instantaneously. What is more, these solutions help in scaling their supply chain operations up and down to help them meet their needs and goals. What makes a supply chain management platform worthy of your attention?

Well, such a solution should include well-designed, advanced yet easy-to use supply chain planning and management applications. It should also allow you to improve and expand your business endeavors by introducing the latest technological innovations such as artificial intelligence, machine learning-based data analytics, or robotics. Knowing how quickly the business environment is changing these days, more and more companies are becoming aware that they need to use the right digital tools to remain competitive. Innovations such as AI-powered tools will play a crucial role in helping them keep their market position, especially since they are now becoming major drivers of digital automation across the globe.

Of course, by saying that companies require the right digital tools, we also mean that those platforms must be fully aligned with their strategies and goals, meaning their functional scope must allow businesses to perform at the highest level on all supply chain fronts.

One of the solutions which is particularly attracting the attention of many companies, is EDI (electronic data interchange), a platform for sending and receiving information stored in a digital form. Because of its convenience and reliability, electronic data interchange has now become a global standard in business and technological terms. As a consequence, it is difficult to imagine a prosperous company NOT using an EDI solution these days, especially as we, as members of the business environment, are all so interconnected.



What is EDI and Why Does a Company Need it?

EDI is a system that allows the exchange of standardized data between the information systems of participants in a business relationship, without the need for human intervention.

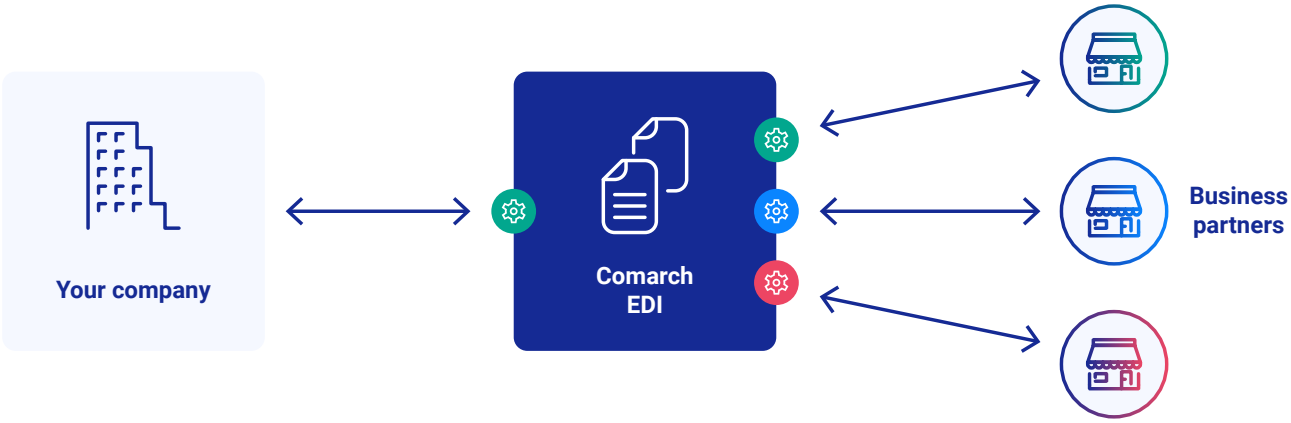
EDI technology makes it possible to exchange electronic documents in a direct way, called computer-to-computer, freeing human resources from repetitive and low value-added activities.

There are a lot of business processes requiring data exchange that can be optimized using the right tools. A modern EDI system is one of the solutions that can support a majority of them effectively. Let's start simply by taking a closer look at the order-to-cash and procure-to-pay processes. For most companies, placing orders, making deliveries, and exchanging invoices are essential parts of everyday reality regardless of their size or industry. Using an EDI system, they can create a wide range of additional document types around these operations, such as order and payment confirmations, shipment instructions, acknowledgments of receipt, and many others, which will allow them to run their businesses more effectively and be certain that the right goods will be delivered to the right parties at the right time.

How does it work?

What distinguishes EDI from other data exchange systems is the standardization of documents exchanged, which is achieved through a common language following industry standards, (EDIFACT in the large-scale retail trade, ODETTE in the automotive sector, ASC X12, etc.).

As a result, it is possible to carry out all the transactions that usually take place between partners, by exchanging the following documents electronically: orders, transport documents, shipping notices, invoices, inventories, price lists, and many more.



With EDI, it is possible to exchange electronic documents in business relations between companies and customers, distributors, suppliers, logistics operators, public administration, etc.

Initially used in the automotive industry, EDI systems are now widespread in many other sectors, such as retail, pharmacy, oil and gas, transport, tourism, manufacturing and healthcare.

Do you know that...?

- While using an EDI platform, there's no need to integrate with your partner's systems or provide information in any specific format to share data with them.
- An EDI platform allows you to generate a dispatch advice automatically from the received purchase order, and to create appropriate logistics units, and pack the goods with just one click with your mouse. Once the document is sent, the supplier can print the logistics label and waybill, and add them to the transport.

When Should I Think About an EDI Solution?

Error rates and costs increase

Business decisions are delayed

Processes are slowed down

Manual intervention decrease team productivity

Low data quality results in misunderstandings

Key Benefits of EDI

Thanks to the many business advantages that EDI brings, it **is gradually replacing all traditional means of data exchange,** such as mail, fax and email.

EDI systems enable companies to:

- Eliminate paper documentation, reducing the related management costs
- Reduce the burden on employees from time-consuming and low value-added activities
- Optimize the commercial, purchasing and administrative departments of companies offering or buying goods
- Promote increased precision in data exchange, thanks to the reduction of human errors
- Assist real-time alignment of the commercial and fiscal situation between partners
- Provide translations, mapping and exchange of EDI documents with all business partners
- Manage the EDI onboarding process or migration of new business partners

Adopting an EDI in 5 Simple Steps

Now, let's go through how you can use a cloud-based EDI system easily and affordably.

Stage 1

Set your goals: While choosing an EDI supplier, there are a few factors that you need to take into account. You may compare your expectations with the functionality provided by a certain cloud EDI supplier by conducting extensive market research.

Stage 2

Define your strategy: As previously mentioned, your plan can always be modified and improved. Additionally, it is essential to seek an alternative that not only satisfies your demands or is compatible with your existing solutions, but also offers a foundation that allows scalability and further expansion - especially because you will likely want to add new functions down the road.

Stage 3

Get opinions from your business partners: You should consult with your important business partners about all of the cloud EDI choices before making a final selection. One method of achieving a compatible settlement it is to use a hybrid solution, which combines end-to-end EDI and an EDI web portal. The upshot is that those partners who lack the IT resources to set up a full EDI will be able to connect with you via an easily navigable online platform that offers sufficient functionalities for you to exchange data effortlessly. Your decision about your future EDI supplier should be based on how easily it can convert EDI messages between different formats. You will be prepared to go on if this criterion is met and your partner is able to introduce you to several providers as a result of having mapped a range of document types.

Stage 4

Define a global or phased approach for onboarding your partners: Once you choose the solution, it's time for you to define how to adopt a new system and take your partners on board at the same time. There are two basic approaches to how you can do that – global or phased adoption. The global approach aims to connect all of your partners simultaneously, while a phased approach means you add them in accordance with previously established criteria, for example, the level of collaboration, the amount of data processed while carrying out transactions, location, demography, etc. No matter which one you choose, it is best to start with the core business partners as, most probably, the amount of data exchanged between you and those companies exceeds the others.

Stage 5

Set up your reporting tool: Gaining access to advanced reporting tools and a monitoring platform offered by your EDI provider will give you a complete overview of the implementation process. In that way, you will be in full control of the whole procedure. Remember that defining an appropriate EDI implementation plan will allow you to establish goals that are achievable. Having a realistic view of how EDI works and how it can be integrated will help you achieve better performance results once the cloud-driven EDI system is up and running.

Conclusion

Data exchange technologies are now obligatory when running a business, no matter what your industry, product, or location. To remain competitive, companies must develop fully dynamic, transparent, and highly efficient supply chains – and this can be done only with data exchange and document management platforms and services.

At Comarch, we are well aware of the challenges today's companies must face. Thus, our main goal is to provide our clients with high-end IT solutions that will allow them to optimize and streamline their supply chain processes. Second, we aim to support them in every way through their digitization journeys.

This is why we deliver Comarch EDI, a cloud-based B2B platform that enables secure, quick, and reliable data and document exchange covering a wide range of e-documents such as orders and invoices between its users and their trading partners.

By allowing you to connect with partners over multiple channels (email, web, API, AS2/AS4, and FTP), Comarch EDI enables you to improve your communication across the entire supply chain significantly, and thus gain a competitive advantage.

The great thing about it is that your partners don't need to implement it and make it part of their IT infrastructures, as they can use the Web-EDI version to send/receive business information to/from you. It's all been taken care of.

Most importantly, thanks to dynamic EDI messages and notifications, automatically generated inventory and sales data reports, as well as purchase order proposals and confirmations, it helps you to prevent global supply chain disruptions from affecting your company's operations and lets you focus more on what is the most important – your business.

Want to discover how our EDI solution can digitally transform the supply chain processes of your business?

Contact me to learn more about our solution.

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About Comarch

Founded in 1993, the Comarch group is a software publisher and leader in the design, implementation, integration of services and hosting of IT solutions for the retail, industry, trading and health sectors. With more than 100,000 customers in more than 100 countries, 92 offices around the world and 7,500 employees, including 150 in France, Comarch supports companies in their transformation and participates in the creation of opportunities through the development of innovative and meaningful technologies.

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