EDI ORDER PROCESSING HANDBOOK

A Not-So-Technical Resource for Tackling EDI Exceptions
EDI is the abbreviation for Electronic Data Interchange. As its name infers, EDI is the process by which data is exchanged between businesses in a standard electronic format. Think of it as one company’s computer system “talking” to another company’s computer system and sharing information. **Beep boop beep.**

For over 30 years, EDI has been helping enterprises take paper and human involvement out of business document processing with the goal of:

1. **Reducing** bottom-line costs
2. **Increasing** data accuracy
3. **Accelerating** business cycles
4. **Strengthening** business relationships
5. **Enhancing** document security

The world of EDI has a vocabulary all its own. Let’s break down some of those weird-sounding terms tech folks are always blabbing about.
EDI TERMINOLOGY

**AS2.**
Stands for Internet Accountability Statement 2. AS2 is a popular way of transporting EDI data over the Internet using digital certificates and encryption.

**ASN.**
Otherwise known as an Advanced Ship Notice. This is an electronic document that provides detailed information about a pending delivery.

**EDI 850.**
The EDI 850 is an electronic version of a paper PO.

**DATA MAPPING.**
This is the method by which EDI data in one format is converted, or restructured, into a different format.

**MAP INSTRUCTIONS.**
In the process of data mapping, the map instructions dictate the pattern EDI information is to be arranged.

**PO.**
Abbreviation for Purchase Order. A PO is a document generated by the buyer that authorizes a purchase.

**TRADING PARTNERS.**
Commonly used term describing companies that are exchanging EDI documents.

**VAN.**
Acronym for Value Added Network. A non-Internet network where EDI data can be securely exchanged between trading partners.

Got these terms locked in your memory bank? Excellent. Now, let’s explore the theory of EDI and how it’s supposed to work.
EDI is used across a wide range of industries, and a variety of documents can be made computer-readable. As much as we’d love to dive head first into the vast EDI ocean, for simplicity’s sake, this handbook sticks to the order processing pool.

Ideally, here’s how a day in the life of an EDI order plays out:

1. **ORDER PREP**
The buyer prepares an order by entering EDI data into its own purchasing system.

2. **EDI TRANSLATION**
The buyer’s purchasing system interprets this data and assembles it into an EDI 850 PO. Voilà!

3. **MAPPING**
The EDI 850 PO is then transformed, or mapped, into a sales order and sent to the supplier via AS2 or through a VAN.

4. **ORDER PROCESSING**
The sales order is processed through the supplier’s business system. Bada bing, bada boom.

5. **NOTIFICATION**
The buyer is sent an EDI ASN to let them know their product is on its way.

6. **INVOICING**
Lastly, the supplier sends an EDI invoice to bill the buyer. Nice doing business with you!

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Did you know? On average, shipments without an ASN cost an additional $78 per PO to process¹! Not exactly chump change.

A closer look: EDI data mapping

Below is a diagram illustrating the transformation of EDI data from an inbound layout (EDI X12 PO) to an outbound layout (sales order). Mapping instructions essentially run the show, orchestrating what information goes where and making sure everything is properly formatted and compliant with the EDI standards and trading partner's requirements. Sure beats doing it by hand!

Now that we've covered how EDI works in theory, let's tackle one of the biggest issues EDI users encounter — exceptions.
EDI’s positive impact on order processing is unquestionable, but it’s not infallible. Incorrect pricing, invalid material numbers and missing segments are just a handful of errors that can occur when using EDI. Why does it matter? Because dealing with exceptions negates the very efficiencies EDI was put into place to create. Bummer.

Here are three ways EDI exceptions suck the life out of your workflow:

**THEY SLOW DOWN EVERYTHING.**
Errors can affect up to one-third of all incoming orders. Fixing them not only requires manual intervention, it relies on a real, actual human to decipher über-technical EDI language, which can make for a long, expensive and very painful process.

**THEY USE UP IT RESOURCES.**
A specific level of expertise is needed to handle EDI exceptions, usually via IT or outsourced services. However, both carry an impressive price tag, and for time-strapped IT professionals, fixing EDI errors is not exactly a high-value activity.

**THEY LIMIT VISIBILITY.**
How many orders are awaiting resolution? What info do they contain? Good luck getting answers — orders with EDI exceptions make forecasting nearly impossible. Plus, using multiple applications limits your ability to have “global vision” on orders.
The gaps in EDI processing can result in significant business value being lost. The logical conclusion? **Fill the gaps.** One highly effective and established system for doing this is by sending EDI exceptions to an order processing automation platform. Before getting into how this works, let’s review the benefits (hope you’re comfy — there’s a lot of ‘em).

<table>
<thead>
<tr>
<th>Benefits of a Traditional EDI Process</th>
<th>Where Automation Creates Added Value</th>
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<tbody>
<tr>
<td>Lower expenses thanks to reduced paper use and greater staff productivity</td>
<td><strong>+ Reduced costs</strong> by allowing CSRs to resolve exceptions (instead of paying IT or an EDI team)</td>
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<td>Reduced processing errors due to less human involvement in the process</td>
<td><strong>+ Faster resolutions</strong> thanks to EDI orders being presented in human-readable formats</td>
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<td>Faster business cycle times as a result of electronic workflow</td>
<td><strong>+ Improved forecasting</strong> via customizable dashboards that provide full visibility</td>
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<td>Improved business relationships thanks to better informed suppliers</td>
<td><strong>+ Greater control</strong> thanks to the ability to search and retrieve any order in the EDI workflow</td>
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<tr>
<td>Enhanced document security through the use of passwords, user IDs and encryption</td>
<td><strong>+ Unified workflow</strong> since every order is stored in one system, regardless of channel or format</td>
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<td><strong>+ Increased IT effectiveness</strong> by freeing up their time for more high-value tasks</td>
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<td><strong>+ Easier on-boarding</strong> thanks to an intelligent and easy-to-use mapping tool</td>
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<td><strong>+ Seamless implementation</strong> without altering your existing EDI or ERP infrastructure</td>
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A closer look: order processing automation

In the past, EDI orders with exceptions would remain stranded in no man’s land until a swashbuckling IT professional swung in to save the day. Order processing automation provides a much more practical scenario: Data is captured off EDI orders and used to create a human readable version. Discrepancies are automatically identified and flagged, dramatically improving the EDI experience for your CSRs, IT staff and trading partners.

*This illustrates only one example of EDI exceptions. There are many different scenarios that can occur.

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**Did you know?** Processing time with EDI is reduced to 3 days when fully automated versus 7 days when manual intervention exists.

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Fax and email order processing

A secondary yet dynamic benefit of order processing automation is that it can be used to streamline the processing of all orders — not just EDI. Regardless of how an order is received (e.g., email, fax, paper, web, etc.), best-in-class solutions have the necessary technology in place to instantly capture the documents > extract the necessary data > route them to the appropriate workflow path > and electronically store them.

Packaged KPIs and dashboards

Another key automation advantage is the use of intelligent dashboards which provide instant access into key metrics that matter most to each user.

**CSRs get insights into:**
- How many orders need to be approved
- How many orders have been approved
- Every urgent/priority order
- Rejected orders
- Open issues

**CSR Managers get insights into:**
- Long-term performance forecasts
- Areas in most need of improvement
- Capacity to better manage resources
- Global order processing efficiency over time
- Staffing needs depending on workload

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We're not blowing hot air — see the results of real-life companies that elevated their EDI performance via automation.
Take these industry-leading organizations as prime examples of what can be achieved when end-to-end efficiency is realized through order processing automation.

**Firmenich**
- Cut order processing time **by one-half**

**TERUMO**
- Reduced order processing time **by 60%**

**Whirlpool**
- Eliminated its average 3-day backlog of orders

**TESSENDELO GROUP**
- Reduced order processing time from **3 minutes down to 1.5 minutes**

**MSA**
- Accelerated order processing time **by 50%**

**PartsTOWN**
- Facilitated a **40% annual growth rate** without increasing headcount
Esker is a worldwide leader in cloud-based document process automation software. Organizations of all sizes use our solutions to automate order processing, accounts payable, purchasing, accounts receivable and other critical areas of business communication.

After 30+ years of field experience, we have helped over 11,000 companies around the world in their efforts to Quit Paper™ and improve operational efficiency. Our headquarters are in Lyon, France, but we’re located just about everywhere paper needs quitting.
The ultimate guide to renovating your old inbound processes and crafting your dream operation. Hard hat and elbow grease not included.

- Identify problem areas in your outdated manual processes
- Review the blueprint of an automated framework
- Feel that sense of accomplishment everyone’s always talking about

A quick and dirty summary of Esker’s EDI Order Processing automation solution. It’s everything you need to know — right now.

- Understand how and why traditional EDI falls short
- Explore how automated processing fills the gaps
- Claim the coveted office title of “EDI savant”

Explores the 16 questions to ask — and the answers you should expect — for maximizing your order processing automation investment.

- Pin down what solution features are worth your attention
- Clarify common misconceptions about automation
- Finally throw away that old thinking cap