



# What is EDI?

And Why Companies Should Understand, Embrace and Fund It



# Introduction

## Why is it So Essential to Understand EDI?

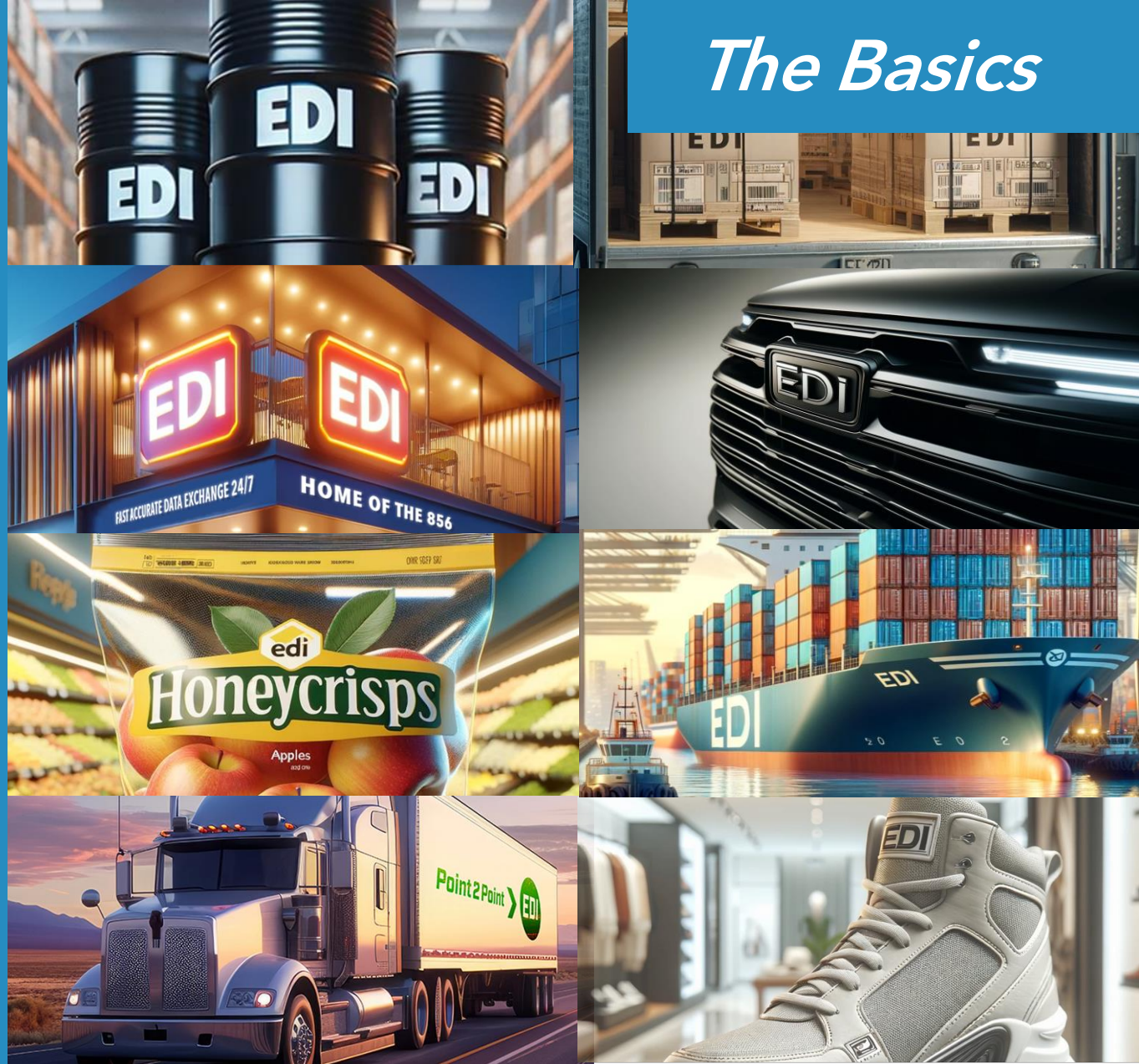
- It accounts for nine trillion dollars in annual B2B sales<sup>1</sup>
- Global supply chains cannot function without EDI
- It's so important that Walmart and countless others insist that all its trading partners be EDI-compliant
- Yet many company leaders don't understand EDI's value
- Let's start with the basics

<sup>1</sup>2024 Digital Commerce 360 B2B Market Report



## What is EDI?

- EDI stands for Electronic Data Interchange
- EDI is behind every consumer product and industrial good we rely on for food, shelter, transportation and healthcare
- EDI allows business to electronically exchange critical documents, without human involvement
- Let's look at two EDI documents used by millions of businesses every day





## The EDI 850:

- Is an encrypted electronic purchase order for single or recurring purchases of goods and materials
- Contains essential order data such as date, items/quantities, and shipping details
- Is the first step in the order-to-cash process
- Eliminates the need for buyers to manually place orders by phone, fax or email
- Helps to reduce human errors that can delay the order process and result in fines and chargebacks



## The EDI 856:

- Is known as an ASN (Advance Shipping Notice)
- Keeps buyers informed of order fulfilment and delivery timing
- Enables downstream efficiency such as planning warehouse crew headcounts
- Helps automate inventory management
- Helps prevent errors that can delay delivery to buyers and hold up payments





## EDI Ensures Accuracy:

- Transaction data is produced or consumed from the partners' system of record (ERP, database, WMS, etc.) with EDI transformation central to the process
- Reduces the potential for errors to occur that can disrupt production and delay delivery
- Increase visibility into shipping status of perishable and time-sensitive products



## EDI Delivers Cost Savings:

- Reduces the risk of delivery delays and associated fines, chargebacks, and corrective costs such as order replacements
- Streamlines operations and boosts efficiency which allows suppliers to deliver high quality products at competitive prices
- By avoiding manual entry errors, automated data exchange saves industries millions of dollars per day/ billions per year
- Helps suppliers reduce the “back office” costs and time lags of manual document exchange





## EDI Accelerates Growth:

- Can create new revenue streams from new customers
- Allows smaller enterprises to supply retailers such as Walmart and Amazon, in-store and online
- Drives data exchange processes that allow customers to track order and delivery status
- Is known to cut order-to-shipment times by up to 60%
- Enables suppliers to get inventory out sooner



## EDI Drives Differentiation:

- Faster trading partner onboarding gives manufacturers an edge over competitors with slow, clunky processes
- Modern EDI systems help position companies as technologically advanced and reliable partners
- Modern EDI systems support faster order processing and help deliver a better customer experience





## Where is EDI Going?

- Organizations with precise timing and coordination needs are using EDI to align deliveries to promotional calendars, inventory levels, and new store construction schedules
- More integration with ERP and external systems for improved collaboration, scalability, flexibility, and compliance
- Increased migration of on-premises EDI environments to the cloud
- Integration with AI to enhance error detection and decision-making with predictive analytics



## "Modern EDI and B2B data exchange is non-optional."

*Retired Forward Air CFO Tom Schmitt*

- Modern EDI solutions can prevent SLA fines, chargebacks, and other corrective costs + deliver savings that help protect margins
- Sticking with legacy EDI systems gives competitors an opening to offer customers more visibility, faster onboarding, and more self-serve options
- Investing in modern EDI/B2B solutions lowers the risks of doing business in an unpredictable world



# About Us



Remedi Electronic Commerce delivers consulting and staffing services and supply chain connectivity solutions for on-premises, cloud or hybrid deployments.

We collaborate with customers in all industries across North America to cut costs, accelerate efficiency, and increase visibility across their supply chains.

Questions about EDI or working with Remedi? [Contact us](#) to connect with an expert.

