

Managed EDI Strategies for a Post-Pandemic Economy



Table of Contents:

(Re)Introduction	3
CHAPTER 1: What Are Managed EDI Services?	4
CHAPTER 2: How Managed EDI Can Advance Digital Transformation Initiatives	6
CHAPTER 3: The Seven Mistakes of Managed EDI Services (and How to Avoid Them)	8
CHAPTER 4: In-House Resources v. Managed EDI Services	12
CHAPTER 5: What Should You Pay for Managed EDI Services?	14
CHAPTER 6: How to Choose the Right Managed EDI Services Partner	15
CHAPTER 7: Four Use Cases	17

(Re)Introduction

In the aftermath of the pandemic, companies are re-shoring and nearshoring supply chains, driving demand for new EDI, MFT, and API solutions-- and creating talent scarcity in key integration disciplines.

We published the first edition of this eBook in mid-2021. We created it for senior leaders and teams in EDI, application development, and B2B integration, and IT director-level types with overall responsibilities for these areas.

By the way, a big thank you to all the in-house B2B integration experts and outside EDI consultants who kept supply chains rolling and goods moving.

You don't get nearly enough credit for the creativity and commitment you bring every day, not just during a global crisis.

While the pandemic brought unique challenges, its aftermath has led companies of all sizes to rethink how they do business.

For example, many enterprises are moving to re-shore and nearshore their production and supply chains.

Not only is this great news for the U.S. and local economies, but the shift is also fueling growth in B2B data solutions.

Industry analysts are projecting solutions for EDI, MFT and APIs to grow between 13% and 25% through 2030.¹ Yet the trends aren't just about closer proximity to suppliers.

They reflect a need for greater visibility, speed, and efficiency across all industries and organizations of all sizes.

However, with the growth of new data exchange solutions comes a new challenge to manage:

Talent scarcity among highly qualified EDI and B2B integration specialists.

Now, many organizations are wondering how they will find the right people with the right skills to connect all the new systems and trading partners that come with an economy that's growing and adapting to a changed business climate.

If this sounds familiar, this updated edition is for you, including two new chapters:

"How Managed EDI Can Help Advance Digital Transformation Initiatives " explains why organizations are looking to their IT talent pools to help them find new ways to deliver products and services—and avoid the risks of failing to.

"Four Use Cases for Managed EDI" details real world examples from our portfolio. The examples vary from full responsibility for managing and monitoring all EDI system functions, to ownership of designated tasks such as trading partner onboarding.

We hope you find this updated and expanded edition useful.

As the pandemic made clear, what worked in the past is no guarantee of future success.

¹ Global EDI Software Market Report

CHAPTER 01

What Are Managed EDI Services?



In simple terms, managed EDI services is when you outsource implementing and managing your EDI system to a third-party vendor. But it's not quite that simple.

With traditional EDI outsourcing, you turn over all aspects of the integration solution. This includes software hosting and implementation. Software and map updates. And last but not least, trading partner support, including onboarding and error resolution.

Traditional EDI outsourcing comes with many benefits but also a few caveats:

- The cost and disruption of abandoning your existing EDI solution

- You sacrifice control of your EDI system, including order-to-cash communications and dialogue with trading partners

- No guarantee of dedicated resources, or talent with the experience to support your business and the ability to work well with your team

Remedi's managed EDI services differ from traditional outsourced EDI in two important ways:

- Customers can retain their existing EDI solution, which can deliver increased ROI from their investment in the software and infrastructure
- Customers maintain control of their order-to-cash transaction documents and protect their relationships with trading partners

[Chapter 7](#) offers four real life use cases that illustrate how our model applies to a range of challenges and industries.

Regardless of the model chosen, managed EDI services can deliver several benefits:

Reduced costs: Managed EDI services can help reduce costs associated with EDI, such as licensing, implementing software updates, and staff expenses.

Increased efficiency: A managed EDI program can improve the efficiency of your EDI processes, thanks to the vendor's expertise with and focus on EDI challenges and solutions, such correcting mapping errors that are creating downstream problems.

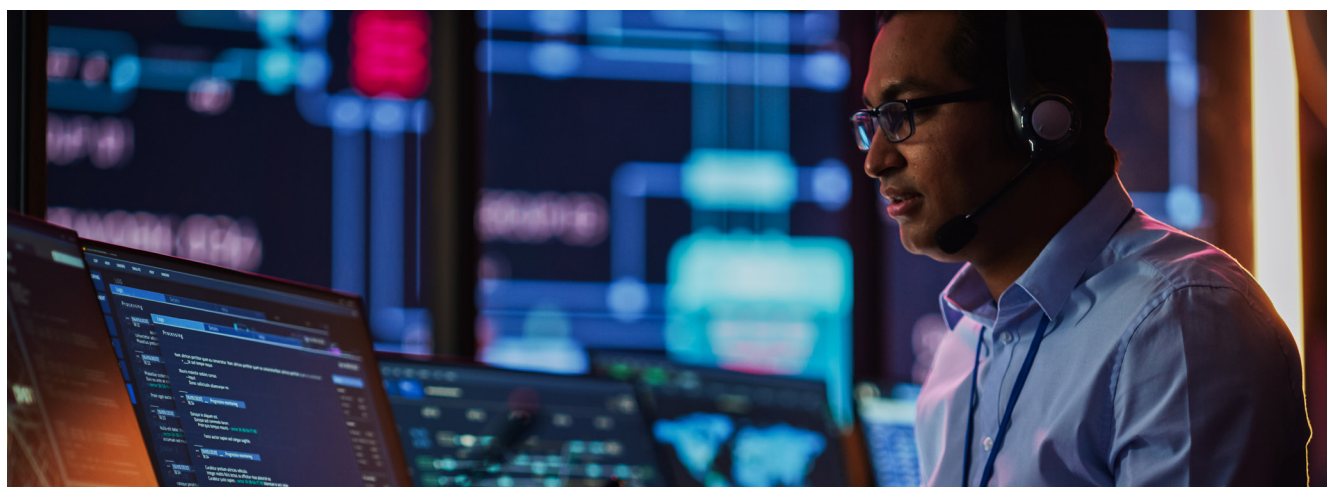
Improved compliance: Managed EDI services can help you comply with the latest EDI standards.

Improved responsiveness: Engaging a managed EDI partner can improve trading partner support. This matters; how well and how quickly you respond to the needs of trading partners is a key SLA benchmark.

Regardless of vendor or service model, managed EDI services can give you more flexibility to adapt to changes in your business or your trading partners, and help reduce costs associated with EDI such as licensing, software updates, and staff expenses.

CHAPTER 02

How Managed EDI Can Advance Digital Transformation Initiatives



EDI introduced the concept of using paperless transactions to reduce errors, save time, and automate processes. It's the perfect definition of the term 'digital transformation.'

So what's the role of EDI in digital transformation? And how can managed EDI services support and advance it?

With a tight labor market for skilled IT professionals, the pressure to manage critical EDI systems while onboarding and supporting trading partners can dilute the focus of senior leaders. That's a problem.

Building a case for and implementing digital transformation projects requires an internal

champion—usually a CTO or IT Director—leading the way. And it requires a great deal of their time.

To be successful, that person must:

- Build a case for digital transformation
- Oversee implementation of digital transformation projects
- Communicate the benefits of digital transformation to the organization
- Overcome resistance to change

Managed EDI services can free up more time for senior IT leaders to focus on creating momentum for digital transformation, and implementing key initiatives.

Adapt or Die

Companies that successfully transform are agile and adaptable. They can quickly respond to changes in the market and customer preferences. Companies that wait too long, or fail to recognize critical shifts, can vanish from the landscape.

Bed Bath & Beyond learned this lesson the hard way, going from bricks and mortar retail behemoth to having their assets snapped up at fire sale prices.

Even in an environment built around legacy technology, companies can engage a

managed EDI partner to do the blocking and tackling of creating new maps, resolving errors, and reducing onboarding backlogs.

Going forward, they can help your organization modernize how it does business and succeed in the digital age.

The question is, how do you choose the right partner?

Managed EDI services can free up more time for senior IT leaders to focus on creating momentum for digital transformation, while helping the organization get the most return from its EDI system and solution investments.

CHAPTER 03 The Seven Mistakes of Managed EDI Services (and How Best to Avoid Them)

MISTAKE

01

The Vendor Lock-In Trap

After operating since 1994, we can boil down why customers stay in a bad partner relationship to one of two reasons:

“Yes, the partner is painful to work with but the process of finding, and transitioning to, another one feels more painful.”



“We’re too invested in the architecture to change now.”

How to Avoid It:

Recognize the long-term consequences of staying with something that may have worked in the past can doom future growth and success.

Ultimately, you control your integration environment, revenue and supply chain data exchange, and trading partner relationships— not the other way around.

Yes, migrating to a new integration solution involves time, effort, and capital but the right partner (see #3 and #5) can help you get the most bang for your buck and avoid costly missteps.

MISTAKE

02

Failure to Provide a Realistic Ramp-Up Period

Given the way tasks can stack up during the weeks or months it can take to negotiate a services agreement, clients are naturally eager for the partner to jump in and start managing their EDI system.

Failing to allow enough time for the partner to discover the interconnections and the hidden conflicts between databases, operating systems, business processes, and applications in the ecosystem can lead to frustration for both sides.



How to Avoid It:

First, build in a margin of buffer time to address any undiscovered issues that will inevitably emerge.

Next, assign a point person within the client environment for the managed EDI provider who can create a process to remove obstacles as they arise and build a solid relationship.

The job of the point person is to provide guidance on priorities, make internal staff introductions, and help arrange critical access to company networks and databases as well as software vendor portals.

Employing both strategies can help you avoid a tainted honeymoon period that threatens the relationship's chances of succeeding.

MISTAKE

03

Hiring the Partner Who Won't Commit to a Dedicated Resource(s)

Many EDI staffing firms use the bench model. This means your issue and project gets assigned to whoever's "up," whenever that person is available—not necessarily the specialist who is most qualified or familiar with your environment or your business.

This often creates queue time delays, redundant interactions to explain issues, wasted time, and frustrated trading partners and business users.



How to Avoid It:

Insist on a dedicated resource or team and give them some exposure to the non-EDI, non-IT sides of the business along with business line heads. Why is that important?

A successful managed EDI partnership is more than technical support. Having consultants who know how the business works, with the skills and desire to collaborate, will inspire more informed and creative solutions.

EDI was invented to help businesses work more efficiently and profitably. Properly implemented and managed, it still does. Which is one reason why EDI adoption is expected to grow by 13% annually through 2030.²

Lastly, dedicated resources spare you the pain of having to reintroduce yourself, your business and processes to the partner's available bench resource when there's an issue to resolve.

² Global EDI Software Market Report

MISTAKE 04

Bundling EDI, Integration, and ERP Services within Master IT Services or Outsourcing Agreements

The problem with “all you can eat” IT outsourcing when it comes to EDI and related disciplines is a lack of qualified expertise.

While the initial fee can look appealing, too often what the customers receive is unacceptable response times, poor quality service, or blown budgets when the vendor realizes they failed to adequately scope and staff to support the needs of the customer as promised.



How to Avoid It:

Hire a partner for whom managed EDI is either their sole focus or at least a core competency, not an afterthought.

MISTAKE 05

Overpaying for Software Licenses

It can be tricky to strike the right balance between accommodating the capacity or permissions you need today and projecting what you may need 3 – 5 years from now.

If you're too conservative, you may have to go back to the well to secure funds for additional licenses or resort to administrative workarounds that could trigger compliance, efficiency, or access issues.

On the other hand, if you allow too much margin for error in your cost projections, you may end up creating sticker shock that threatens or delays implementing the new software platform.



How to Avoid It:

Hire a consulting [partner with expertise in your chosen software](#) to help you navigate the process. An experienced services and reseller partner can help you determine the capabilities and capacity you'll need to accomplish your business goals.

Where your wish list may exceed available budget, they can help you identify the potential trade-offs— along with where there may be room to negotiate.

MISTAKE**06****Poor Communication and Coordination**

Communication failures may be the most painful of all the mistakes that can damage the success of a client/partner relationship.

Slow or spotty communications on the client side can impact timing and the partner's ability to comply with their SLAs.

On the other hand, there are partners who take too long to respond to support requests. Or they struggle to supply timely updates or project documentation. These firms can quickly damage productivity and profitability by creating unnecessary headaches and making costly document errors.

**How to Avoid It:**

Assign a seasoned project or relationship manager to be the point of contact for both parties. This can prevent poor communication from derailing the relationship. At minimum, the point of contact should have a background in EDI, MFT, or related B2B data discipline.

MISTAKE**07****Failure to Define and Agree to the Expectations of the Resource in Writing**

When it comes to a successful relationship with a managed EDI partner, the devil isn't in the details—it's in the lack of them. Failing to nail down the most critical ones upfront can lay the tracks for a trainwreck later on.

**How to Avoid It:**

Yes, putting details in writing such as the resource's duties, degree of autonomy, and reporting structure takes a lot of thought and time upfront.

However, investing the time to get the blocking and tackling right is well worth it for three reasons:

It creates clear guidelines for the managed EDI partner.

It avoids misunderstandings.

Most of all, it fosters collaboration---and success.

CHAPTER 04

In-House Resources v. Managed EDI Services



Pros and Cons of In-House Resources

Pros:

Full time employees come with security—they work for you. Therefore you know how they're spending their time. They're accessible and available.

And because they work for you, you can usually trust them to align their work priorities with the company's.

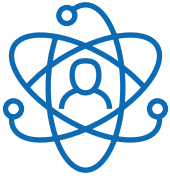
Cons:

If you've read to this point, you already know integration specialists with EDI, MFT, and APIs skills are hard to find—and in demand.

Locating and hiring these specialists is very time-and-resource intensive. It can take months to find, vet, hire, and onboard the person with the right blend of hard and soft skills. It's critical to ensure they will fit the organization, not simply fill the role.

If your new hire doesn't work out for whatever reason, you'll have to start over.

Lastly, their high salary and costly benefits means that to justify their expense you have to sometimes keep them productive with non-EDI tasks. This defeats the purpose of having this talent in-house.



Pros and Cons of Managed Integration Services

Pros:

Using outside consultants to manage your EDI lets you “lease” the skills you need for the number of hours per month you need them, from full-time to fractional (within reasonable minimums).

This assures you’re only paying for time spent on EDI. You don’t have to find non-EDI tasks for them to perform to keep them “productive.”

Note, it’s common for integration consultants on less than full-time contracts to have more than one client. A reputable partner (and most are) will carefully set expectations with regard to the number of hours the resource needs to be available each week and during what hours.

Engaging a managed EDI partner assures you of talent resources who are current with the latest solutions, requirements, and standards. In some cases, they can provide specialists with skills in legacy platforms. For example, [IBM Gentran:Server®](#) for Microsoft Windows.

At the same time, they also handle payroll, management, and other overhead-producing administrative tasks.

Cons:

Technically speaking, the talent resources you’re assigned don’t work for you; they work for the managed EDI partner.

Another potential drawback of managed EDI is the client doesn’t always have approval of the assigned talent.

This can be problematic. The individual or team you engage will have significant contact with your trading partners and major responsibility for your revenue documents and other supply chain and production-related data flows.

You need to interview any consultants you haven’t worked with before to be sure you’re comfortable with their technical acumen, communication style, and overall fit.

One final note: Staffing a top-tier EDI team doesn’t mean you must choose between in-house resources or outside consultants. As we explained in [Chapter 2](#), engaging managed EDI services can let you reclaim team hours for other priorities. It can also reduce the risk of burnout by lightening the load on the in-house EDI team.

CHAPTER 05

What Should You Pay for Managed EDI Services?



Eventually in the partner search, clients (and stakeholders/bosses/decision makers) want to know: What's fair and reasonable to pay for managed EDI services?

The answer is both simple and complex: It depends.

That's because no two engagements are exactly alike. Requirements and costs will vary, sometimes widely.

At Remedi we base our managed services fees on several variables that can include (but not necessarily be limited to):

- The integration roles the client needs us to play (business analyst, developer, architect, etc.)
- Market rates for consultants at the time of the agreement

- The integration tools, types, and infrastructure we'll be managing

- Where the integration environment is hosted (on-premises, cloud or hybrid)

- Number of trading partners to support

- The ERP and other applications involved in integrations

- The SLAs of the contract

- The terms and conditions of the agreement

For help developing realistic cost projections for managed services and other EDI engagement types, try our [EDI project templates](#).

CHAPTER 06

How to choose the right Managed EDI Services Partner



PRO TIP 01

Validate Vendor Experience

Insist the vendor validate their experience and skills with detailed case studies. No one wants to convey or sense of lack of trust at the outset with no at-bats.

On the other hand, the systems, information, and trading partner relationships you're trusting them with are too sensitive and essential to the success of the enterprise to rely on assertions and assurances.

If a potential partner balks at this and cites confidentiality concerns, consider taking them off your short list. A vendor shouldn't have to violate a previous NDA to provide enough technical detail to convince you they can do similar work for you.

PRO TIP 02

Ask for References from Current or Recent Past Customers

Believe it or not, not everyone completes this part of their due diligence, often to their regret.

It's always a good idea to follow up with references and ask two simple questions:

1. Would you work with this provider again?
2. Would you recommend this provider to a colleague?

PRO TIP
03

Set Up a “Test Drive”

Start with an integration project to get acquainted with one another. We’ve seen the test drive concept validated time and again and recommend it to anyone; especially for companies who are new to managed EDI services, or who may have had a bad experience in the past.

PRO TIP
04

Hire EDI Specialists, Not IT Generalists

Use a partner focused on EDI and related integration disciplines, not a generalist outsourcer or an A-Z managed services provider.

Generalist firms will promise cross-discipline expertise but often struggle to deliver, good intentions notwithstanding.

EDI and B2B integration applications drive supply chain communications and revenue cycles. Deploying and managing them correctly requires specialists who understand not only how they work together but how the businesses that use them operate.

PRO TIP
05

Don’t Rush the Discovery Process

When evaluating a potential managed EDI partner, make yourself and appropriate team members available as needed for proper discovery. Time invested upfront will pay dividends later.

You want a proposal that meets your technical requirements and supports your trading partners. They want to deliver results and be sure they price their proposal realistically.

Good discovery and dialogue will get the relationship off to a good start and minimize the risk of expensive change requests down the line.

On the other hand, if the partner seems hesitant to put in the appropriate spade work upfront, it could be a red flag. You don’t want a partner who is more interested in closing the deal than your success.

Allowing time for proper discovery helps avoid the risk of a bad fit and creates the foundation for a relationship that could deliver benefits well into the future.

CHAPTER 07

Four Use Cases for Managed EDI Services



USE CASE

01



Full Team | Global Building Products Manufacturer

Resources: Three-person team with total responsibility for managing the client's EDI system, including trading partner support, mapping, system maintenance and optimization, software upgrades, and error tracing and resolution.

Customer Profile: This Fortune 500 manufacturer must be able to cost effectively support a growing network of trading partners in 33 countries. They compete in an industry defined by tight margins and digitally-enabled customers with high expectations for seamless transactions.

Solution: The Remedi team have managed and monitored the customer's EDI solutions and integration environment since 1994. After evaluating other options, the customer followed Remedi's recommendation to migrate from Sterling Gentran to IBM Sterling B2B Integrator® and implement the Remedi Framework solution.

Impact on Business: Overall, Remedi's team frees up the customer's IT staff to focus on other priorities. Implementing Framework allowed the client to bring Sterling Integrator online 4x faster than a typical B2B Integrator install. It has also accelerated onboarding and increased visibility and simplicity for users.



USE CASE

02

Multiskilled Resource | Intermodal Logistics Company



Resource: An EDI consultant who performs a variety of different roles as required, from map development for new requirements, to on-going system management and trading partner support.

Customer Profile: After migrating to Cleo Clarify from an EDI solution without the scalability or functionality they needed, this intermodal logistics leader found day to day EDI tasks were limiting their team's ability to master the nuances of the new system and take advantage of the full range of its benefits.

Solution: Working with the company's IT director, Remedi's consultant developed a series of training exercises within the company's production environment. The consultant also helped the in-house EDI team learn to integrate the practice of using an SVN repository into their mapping and updating workflows.

Impact on Business: Grounding the training in the reality of the company's actual environment allowed the in-house EDI team to easily control versions, collaborate, and discover features they could immediately apply to benefit their customers. For example, the company can offer customers visibility of truck locations updated every fifteen minutes—delivering a competitive advantage for the company and greater agility for customers.



USE CASE

03



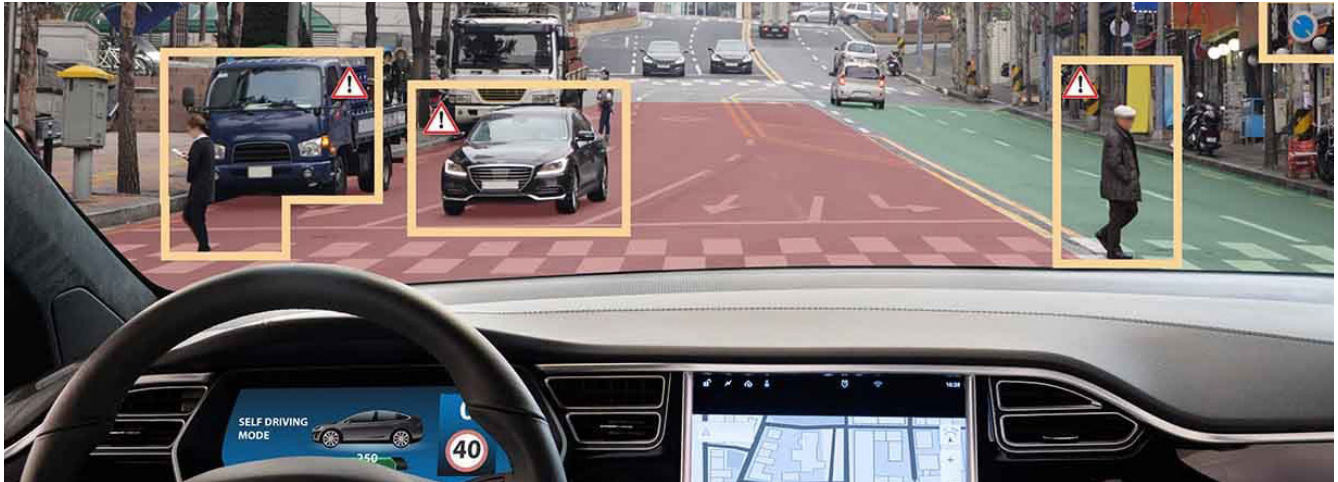
Dedicated Roles | Global Pen Manufacturer

Resource: One or more EDI consultants who support the customer's in-house team by performing designated duties on a part-to-full time basis (subject to commitment and need).

Customer Profile: The U.S. division of a global pen manufacturer needed full-time EDI specialists to help them migrate from Gentran to Sterling Integrator. A long struggle to find "mad mapper" talent who could grasp and build on existing business processes plus a hire that proved a bad fit opened the client's mind to working with an outside EDI consulting firm.

Solution: Originally, the company requested a bid from Remedi to manage the migration but decided to handle the map conversion and other migration elements internally. When that approach yielded disappointing results, they initiated a new RFP. After the client selected Remedi, they engaged a mapper and business analyst to begin the migration, and a system architect to build API solutions for Walmart and Amazon.

Impact on Business: Day in, day out, inbound data flows more efficiently with reduced potential for errors. Post-migration, the client can now sell to consumers via mass retail online marketplaces. Engaging Remedi's managed EDI services rather than continuing to search for full-time resources delivered "everything I was looking for," the client said.



USE CASE

04



Customer Advocate | Global Automotive Technology Supplier

Resource: A specialist with EDI training and project management experience who acts as the liaison between the company, its trading partners and B2B integration vendors. This individual serves as the customer's "eyes and ears" to ensure SLA compliance and resolve or prevent productivity and communication issues.

Customer Profile: In response to deep structural changes in the global automotive industry, this technology supplier has steadily moved away from in-house EDI and integration resources to outsourced integration partners. At the same time, IT leaders realized the company needed a point person with "tribal knowledge" to act as liaison between the company and their various B2B integration contractors and solutions, including opentext.™

Solution: Following a previous contracting stint, in 2001 the client re-engaged Remedi's EDI consultant. The original scope called for her to perform in a stopgap EDI consulting role for six weeks to clear trading partner backlogs and resolve mapping errors. The consultant's ability to work well with business leads and suppliers during a major restructuring and strategic realignment evolved into a decades-long managed services relationship.

Impact on Business: This relationship allows the client to enjoy the cost benefits of outsourcing while being confident their outsourced integration vendors are meeting their SLA commitments and adding optimum value.

About Remedi

Remedi Electronic Commerce Group helps companies save time and money, provide a better customer experience, and quickly respond to new opportunities using EDI and B2B integration solutions built for a digitally-driven economy.

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