What is EDI?

What is EDI, and why is it important?

Electronic Data Interchange (EDI) is the computer-to-computer exchange of routine business data in an approved standard format (e.g., ANSI ASC X12, EDIFACT or TRADACOMS). Companies that decide to trade business data with each other using EDI are called trading partners. The trading partners must decide which transaction sets (EDI business documents) will be exchanged electronically, what information will be included (i.e., what segments and data elements within the transaction set should be sent and received), and what method of communications will be used (e.g. asynchronous communications via a Value Added Network or bisynchronous direct communications).

The EDI Standard data format can be thought of as a common language that allows all companies to communicate with each other. That is, if all companies were able to accept or send data not only in their company's internal format(s), but also in an EDI standard format (ANSI ASC X12, EDIFACT or TRADACOMS), then all companies would have one data format in common for trading EDI mail.

Picture the buyer mailing a letter via the post office and the mailman delivering the letter to the supplier. The letter is in an envelope that was routed to the supplier's mailbox; the buyer's envelope has the required information in the correct format for the post office to read and accurately deliver to the supplier's mailbox. The letter was written by the buyer in a language that could be interpreted by the supplier. Thus, the flow of EDI documents, whether they are sent via a VAN or AS2, has to conform to a set of established standards.

EDI is not just a method of transmitting data between companies; it is a link between the sender and receiver without manual intervention at either end. It is the responsibility of the sender to transmit data in the correct standard format and the receiver's responsibility to translate the data and take the proper action. EDI transactions must be able to be interpreted by machine applications; if the data is incorrect this will result in errors called exceptions. It is essential that EDI data is transmitted in the correct format that meets business requirement standards to ensure that the receiving organization can upload this data into their system.

SUPPLIER   VAN   RETAILER

Diagram: How EDI Works – Buyer computer transmits PO to supplier via VAN

DiCentral –EDI and Supply Chain Integration Experts

Since 2000, DiCentral has been an industry leader in EDI and supply chain integration software and services. DiCentral's solutions enable buyers and suppliers to seamlessly exchange data throughout the entire supply chain. In addition, our solutions streamline the communications that drive commerce, enable users to manage orders and inventory, reduce costs, optimize performance, and provide the insight and agility needed to compete on a global scale.

DiCentral's services for suppliers include: cloud EDI; on-premise EDI; EDI to ERP integration; logistics management; and order, inventory, and warehouse management. DiCentral's solutions for buyers include: application integration; EDI compliance testing; vendor score-carding; and complete EDI outsourcing.

If you are interested in becoming EDI enabled, speak with one of our experts today at 281.480.1121 option 4, or sales@dicentral.com.