

ecosio

A CIO'S GUIDE TO

A stylized illustration of a hand holding a magnifying glass. The hand is light orange, and the sleeve is dark blue. The magnifying glass has a black frame and a blue lens. Inside the lens, the words 'ELECTRONIC DATA INTERCHANGE' are written in white, bold, sans-serif capital letters, stacked vertically. The background is a solid blue color.

**ELECTRONIC  
DATA  
INTERCHANGE**

WHITE PAPER

# INTRODUCTION

Electronic Data Interchange (EDI) today is an essential cog for most businesses. While EDI may not always be front of mind (and indeed is best when it is working smoothly in the background), its importance in modern supply chains cannot be understated.

Given the growing dependence of turnover on reliable, automated B2B processes, and with unreliable/legacy EDI solutions becoming increasingly risky and complex, it is no surprise that many businesses are turning to fully managed EDI.

Accelerating this shift towards fully managed EDI has also been the recent introduction of mandatory e-invoicing legislation by many European countries, some of which are already preparing further regulations governing other key B2B processes. Meanwhile the COVID crisis has only increased the appeal of fully managed EDI, as businesses search for ways to optimise and future-proof their supply chains. According to a recent Gartner study “80% of supply chain leaders think that an internet-/platform-based approach is the most critical new business model to support post-pandemic recovery”.

In such an environment, and given how interrelated revenue and EDI processes are today, attempting to move forward without EDI or with a substandard EDI solution is simply not sustainable. **Sooner or later, turnover will suffer.**

By providing a concise, statistics-supported overview of EDI, this paper aims to help you identify the best path for your business. Inside we will cover the key benefits of fully managed EDI, common pitfalls, what migrating to a new solution entails, and things to consider before selecting a solution.

If any questions remain unanswered, we are happy to answer your questions at [edi@ecosio.com](mailto:edi@ecosio.com)

# TABLE OF CONTENTS

<b>A BRIEF INTRODUCTION TO FULLY MANAGED EDI</b>	<b>P4</b>
The shift towards fully managed EDI	P4
How fully managed EDI works... at a glance	P6
<b>THE BENEFITS OF EDI</b>	<b>P7</b>
Fully managed EDI saves you money	P7
Fully managed EDI reduces risk	P9
Fully managed EDI saves you time	P9
Fully managed EDI increases competitive advantage	P10
<b>PITFALLS TO AVOID</b>	<b>P11</b>
Trying to do too much in-house	P11
Not looking at the bigger picture	P12
Being scared of changing a running system	P12
<b>FOUR SIMPLE STEPS TO ENSURE YOU MAKE THE RIGHT CHOICE</b>	<b>P13</b>
Fully assess internal capability	P13
Consider future needs	P13
Look at what's possible	P13
Check what the contract includes	P13
<b>HOW ECOSIO CAN HELP</b>	<b>P14</b>

# A BRIEF INTRODUCTION TO FULLY MANAGED EDI

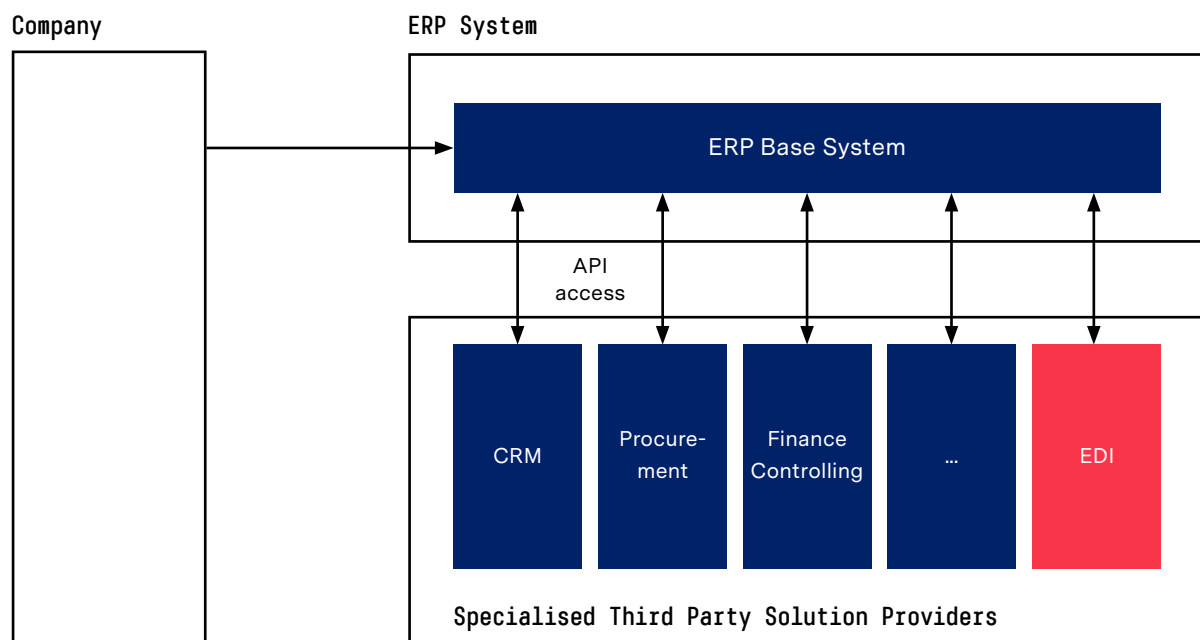
From local EDI converters and partially managed EDI solutions to cloud based solutions that are handled completely externally, there are many options available to CIOs when it comes to solutions for exchanging automated messages with business partners. In this white paper, however, we will focus on fully managed EDI solutions, as these offer businesses the widest range of benefits.

## THE SHIFT TOWARDS FULLY MANAGED EDI

Almost all modern companies rely on the use of Enterprise Resource Planning (ERP) systems to conduct everyday operations, from processing sales orders to issuing invoices. It is in these systems too that data intended to be exchanged with other companies is created and consumed.

As every business is different, for most companies the best ERP system is one that is flexible. As a result, forward facing businesses are increasingly adopting flexible ERP solutions, where a core or base ERP system is extended with more tailored system packages from independent providers. These are known as ‘postmodern’ ERP systems.

As the image below shows, one of these specially tailored system packages is fully managed EDI, which can seamlessly integrate with on-premise or cloud-based ERP systems.



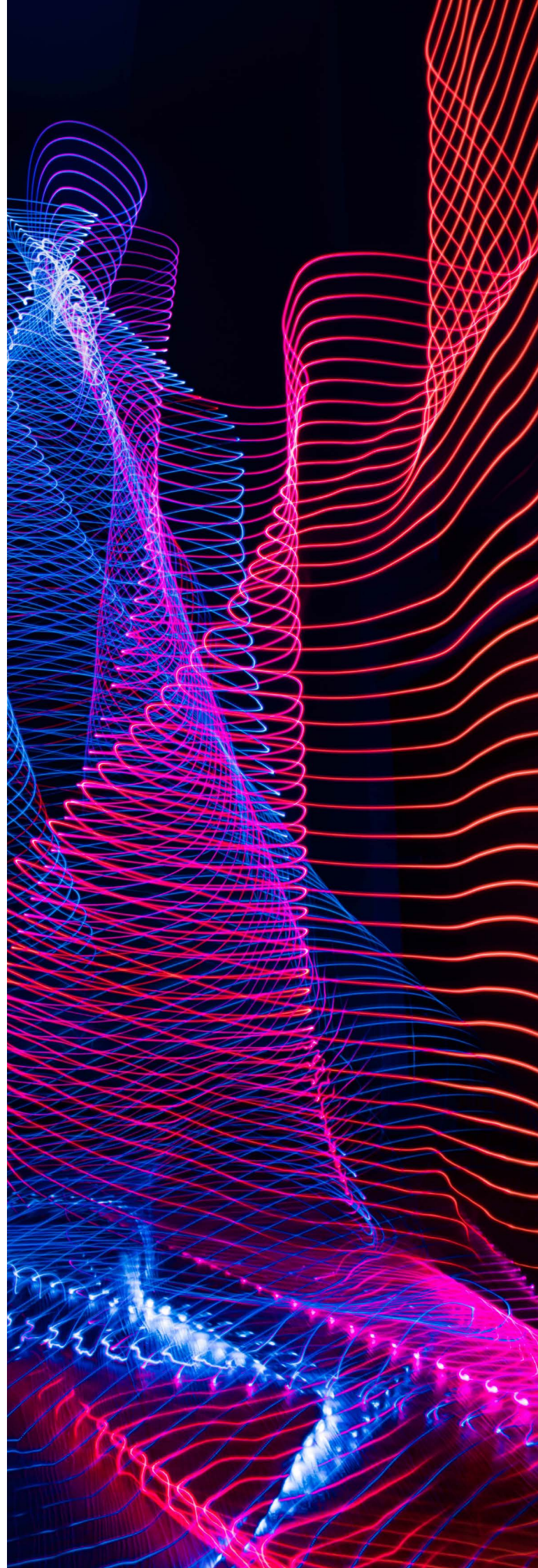
*A postmodern ERP system setup*



Fully managed EDI can be broken down into three distinct, yet mutually supportive elements. Together, these allow for the most comprehensive and successful EDI solution possible (i.e. ecosio's).

The two foundational elements are the **technical platform** and the **B2B network**. The technical platform provides the necessary EDI features such as mapping or connecting suppliers via Web EDI. The B2B network, on the other hand, provides the means for reaching business partners - whether this is via a direct connection or via third-party networks or Value Added Networks (VANs).

The third and final element - **planning, execution and management** - is arguably the most important of all, as it not only ensures that the entire EDI project is delivered turn-key ready, but that it will continue to function successfully after go-live. Significantly it is this part of the puzzle that is neglected by most EDI solutions. In such solutions it is the internal teams who must do the heavy lifting to transform the foundational technical elements into a reliable, future-proof solution.

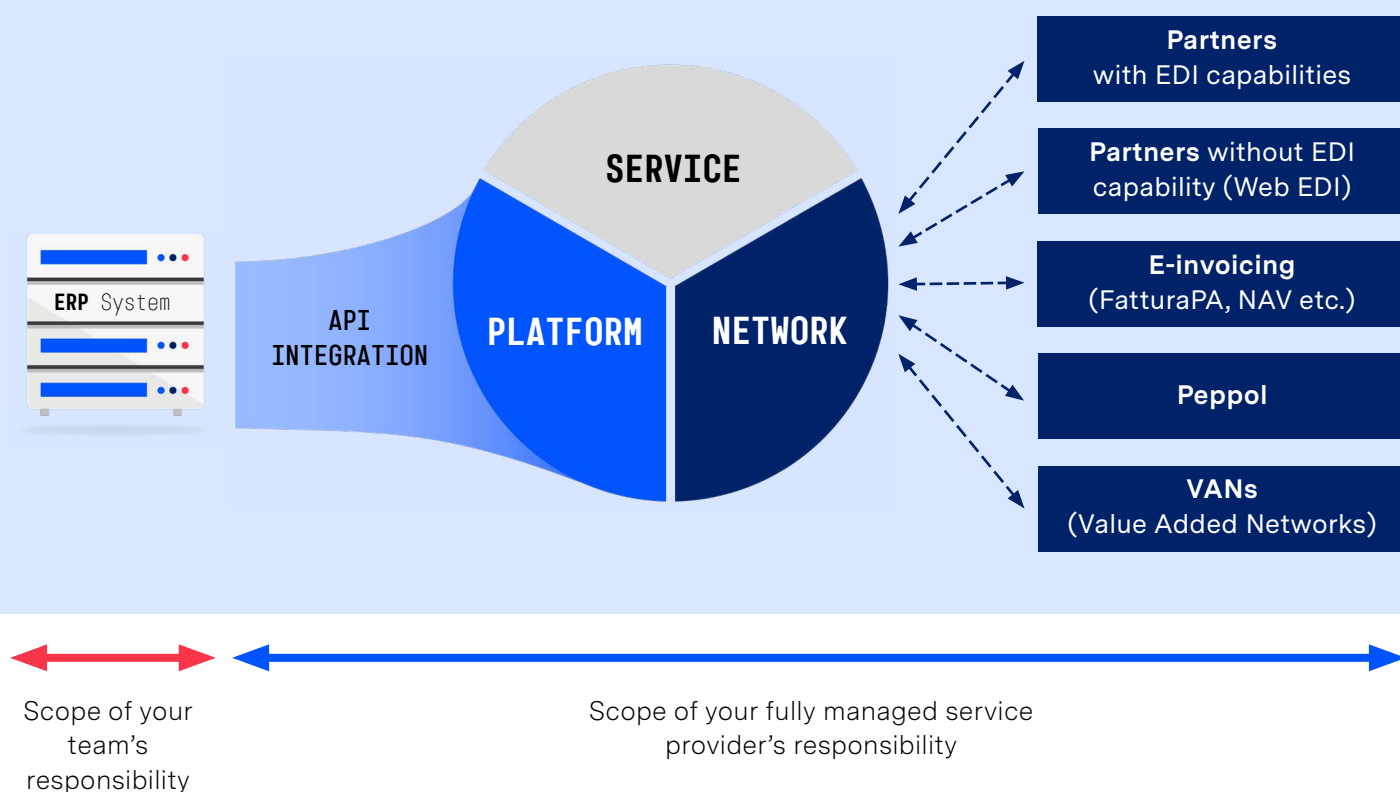


## HOW FULLY MANAGED EDI WORKS... AT A GLANCE

With a fully managed EDI solution your service provider takes over all EDI related tasks and enables not only your internal IT teams, but your entire company to experience a wide range of benefits. A sustainable IT strategy should be closely tied to a comprehensive EDI solution in which mission critical EDI processes are fully managed. Placing all EDI related tasks such as partner onboardings, EDI message monitoring and proactive error resolution in the hands of a trusted EDI service provider not only relieves internal teams from everyday EDI tasks, but also positively impacts your overall business goals, as revenue is largely dependent on trading goods via EDI.

Significantly, at ecosio we offer an API-based integration, which ensures EDI processes become an integral part of the ERP system. As a result, in ecosio's solution message delivery statuses are directly visible on the ERP document (e.g. the customer invoice). This visibility provides reassurance to internal teams that EDI processes are working correctly. Further, if an error does occur, the respective document can be found easily, via a sophisticated full-text search feature.

Now let's explore the benefits of fully managed EDI in a bit more detail...



# THE BENEFITS OF FULLY MANAGED EDI

Although the advantages of fully managed EDI are far-reaching and numerous, the most compelling benefits from a business perspective are fourfold...



## 1) FULLY MANAGED EDI SAVES YOU TIME

While all EDI is capable of saving users time through **minimising manual processes** and **increasing data accuracy**, fully managed EDI enables businesses to multiply these savings further by...



- ✓ **Speeding up partner onboardings** through external project management and use of intelligent tooling such as automated testings
- ✓ **Shortening error resolution time** through deep ERP integration and full-text search across all EDI messages, which enables delivery errors to be spotted quickly
- ✓ **Allowing internal teams to focus on core competencies**, as all EDI tasks are handled by your solution provider

*"10 minutes can be saved in the handling of each invoice when they are received electronically"*

GS1



## 2) FULLY MANAGED EDI SAVES YOU MONEY

Arguably the clearest and most convincing benefit of fully managed EDI is its capacity to save businesses money. Fully managed EDI enables users to...



- ✓ **Reduce the total cost of ownership (TCO) of B2B processing**, as EDI is offered as a scalable service on a pay-per-use-basis
- ✓ **Minimise cost-intensive manual tasks** by getting EDI connections to a working state faster, since onboarding tasks are handled by specialised external teams
- ✓ **Experience flexible, cost-efficient growth**, as new features and connection types can be added in modular fashion without prohibitive “price cliffs”

**Note:** While on-premise and partially managed EDI solutions may initially appear cheaper, when CAPEX, OPEX and other indirect costs are all taken into account, fully managed EDI almost always offers superior value. As the diagram below shows, it is important to calculate the total cost of ownership before making a commitment.

*52% view cost reduction as the main advantage of digital transformation*

**EY**

### ON-PREMISE EDI SOLUTIONS

VISIBLE  
COSTS

HIDDEN  
COSTS

Acquisition cost for software

Setup, customisation and partner onboarding

EDI message monitoring

Staff recruitment

VAN connectivity

Redundancy and reliability

Security

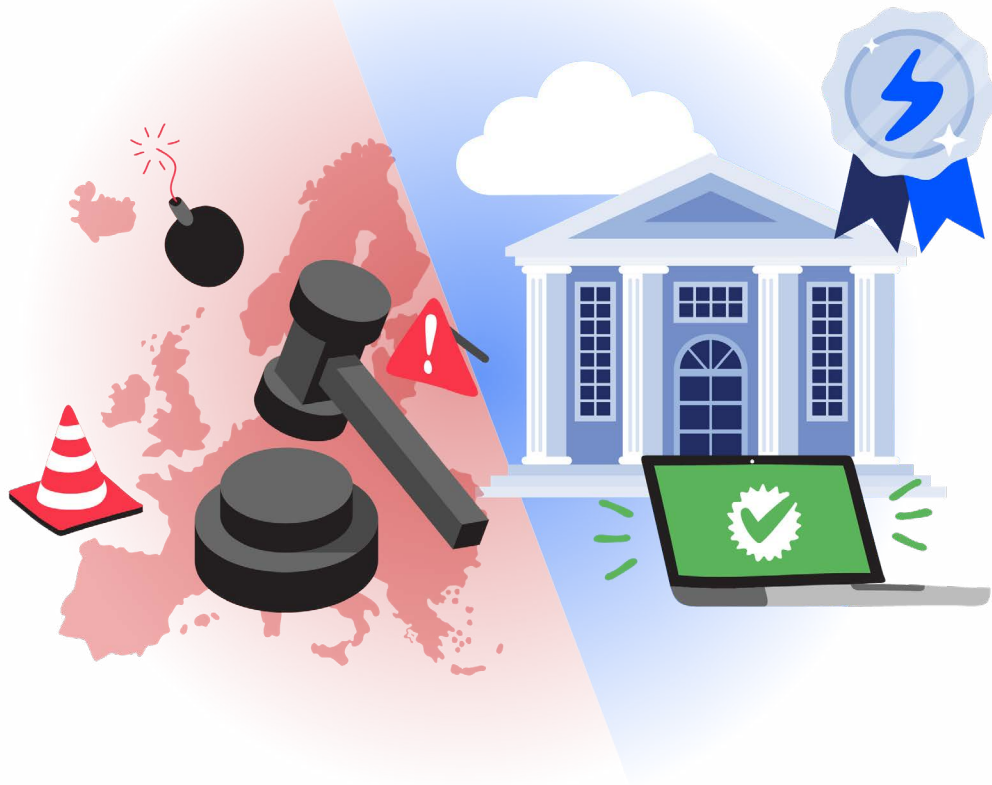
DevOps

### FULLY MANAGED EDI SOLUTIONS

Subscription and transaction fees

Setup, customisation and partner onboarding





### 3) FULLY MANAGED EDI REDUCES YOUR OPERATIONAL RISK

In addition to helping businesses save money, fully managed EDI providers such as ecosio also serve to reduce risk by...

- ✓ **Ensuring the highest possible level of availability** through the redundant operation of our infrastructure
- ✓ **Making sure your solution's success isn't dependent on internal individuals**, as message exchange is overseen by a team of dedicated external experts
- ✓ **Ensuring your solution is always cutting-edge** through the constant deployment of software/security updates
- ✓ **Detecting potential message delivery errors and resolving them as quickly as possible** thanks to continuous monitoring

As a result, businesses that opt for a fully managed EDI solution need not worry about issues such as damaged partner relationships, deterioration of solution efficiency or catastrophic data loss. Fully managed EDI ensures that no matter what, your electronic processes stay up and running.

*The approximate cost to reconcile ONE error  
due to manual processing = 142 EUR*

**IBM**

# 4) FULLY MANAGED EDI INCREASES YOUR COMPETITIVE ADVANTAGE

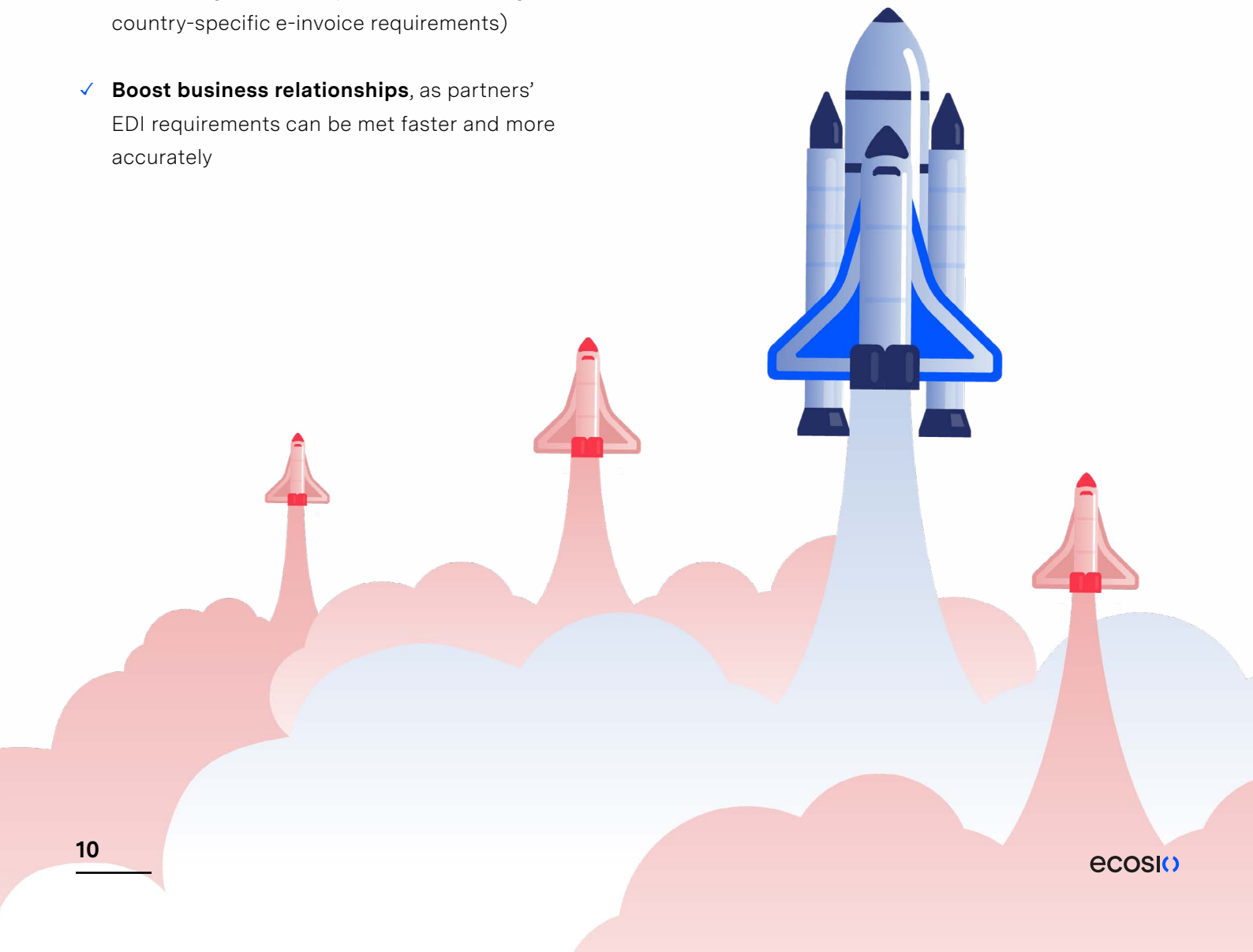
As well as making life easier for internal teams, fully managed EDI also places businesses using such solutions at a distinct advantage compared to their partners. This is due to the fact that fully managed EDI helps you...

- ✓ **Focus on your core business** while supporting EDI tasks are taken care of by a specialised service provider
- ✓ **Stay competitive in the long-run**, as fully managed solutions are flexible and can easily be adapted to suit changing requirements (e.g. introducing a Web EDI platform or fulfilling country-specific e-invoice requirements)
- ✓ **Boost business relationships**, as partners' EDI requirements can be met faster and more accurately

What's more, fully managed EDI also boosts the attractiveness of the business in question to prospective partners, with benefits such as fast onboarding and round-the-clock message monitoring/error resolution, likely to be particularly appealing.

*"68% reported clients found them easier to do business with after implementing fully managed EDI"*

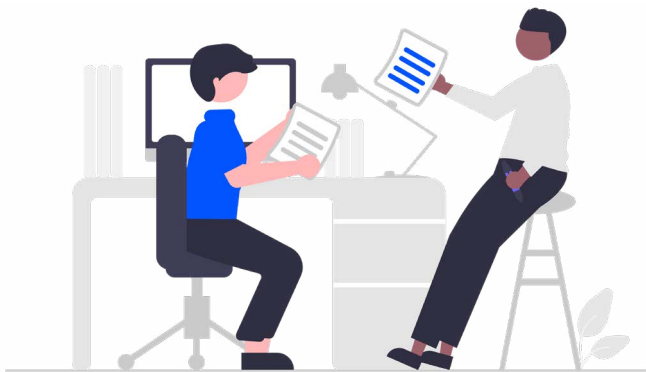
**University of Tennessee Study**



# PITFALLS TO AVOID

While every business is different, the mistakes companies make with regard to EDI are typically very similar, and can largely be grouped into three main categories:

## **PITFALL #1: TRYING TO DO TOO MUCH IN-HOUSE**



For businesses with large internal teams and a great deal of EDI expertise, handling EDI in-house may well be logical. Realistically, this solution only makes sense for very few businesses, however. Plus, even if you are a large player and you run a large EDI solution inhouse, there is potential for a fully managed EDI solution - e.g. on a “routing only” basis for instance. If you are considering handling EDI in-house, first ask yourself...

### **Will managing EDI in-house actually save me money?**

When all the costs relating to mapping, message monitoring, partner communication, update installation, infrastructure hosting/renewal, staff etc. are factored in, in-house solutions generally work out to be more expensive than fully managed solutions.

### **Will the solution be reliant on individuals?**

No matter how well your solution is run, if its operation relies heavily on a few individuals your business is at risk. From sickness and injury to job change and retirement, there are many potential ways that a successful system

can be disrupted when it is operated internally by a small number of people.

### **Does my team have the knowledge?**

Unfortunately EDI expertise is rare. As a result, EDI tasks are often assigned to people for whom EDI is not their main area of expertise. What’s more these people also typically have to juggle EDI tasks with their other responsibilities. With time, such a situation can lead to a deterioration in efficiency and to a dependency on individual persons in the company.

### **Can my team cope with the workload?**

Even if your team IS very experienced in EDI, change (e.g. to your EDI or ERP infrastructure) and growth (e.g. new onboardings or mergers/acquisitions) can still result in workloads increasing rapidly, which reduces the speed of potential expansion, multiplies the likelihood of errors occurring, and decreases the flexibility to react to upcoming changes.

### **Could staff be adding more value elsewhere?**

By having to focus on message exchange, internal teams are also prevented from focussing on more value-adding activities. Moreover, with internal solutions the responsibility for successful message exchange lies completely with the company in question.

*50% of respondents noted that moving to fully managed EDI freed up existing IT staff for other productive activities.*

**University of Tennessee Study**

## PITFALL #2: NOT LOOKING AT THE BIGGER PICTURE



Just because supply chains can be complex, it doesn't follow that EDI landscapes have to be too.

### Avoid multiple solutions where possible

As EDI needs change and partner networks grow, it's common for more EDI connections to be added over time (e.g. to handle the routing of messages via a new Value Added Network, or "VAN"). New VAN connections may require additional VAN mailboxes to be purchased at a cost. Increasing the number of VAN connections also leads to higher complexity, meaning more time is needed to complete operational tasks. Again, the result is higher costs.

Costs are not the only downside, however, as higher complexity also means more chance of message failures occurring and difficulty in finding the error source fast.

### Implement a system that will allow for easy growth

Flexibility is key when selecting an EDI solution. By neglecting to implement a solution that can evolve alongside your business and in step with relevant industry and regulatory developments, you may be inhibiting your capacity to grow.

*By 2025, 80% of B2B sales interactions between suppliers and buyers will occur in digital channels.*

**Gartner**

## PITFALL #3: BEING SCARED OF CHANGING A RUNNING SYSTEM



Given how central EDI is to modern supply chains, it's understandable that decision makers want to avoid disruption at all costs. However, it is important to note the following...

### Just because your system is running, it doesn't mean it isn't holding you back!

While EDI ostensibly serves just one main purpose - streamlining data exchange between business partners - EDI solutions differ greatly from one another in terms of the success with which they manage this and the benefits they offer to users. Those without fully managed EDI are missing out on the full potential EDI has to offer and will be at a competitive disadvantage!

### Change doesn't mean disruption

As all testing is conducted on a parallel system and thoroughly checked before being put live, there is no risk associated with moving to a fully managed solution.

### Failing to switch will continue to hold you back

Ironically, by delaying switching to a more efficient and reliable solution out of fear of disrupting existing processes, you are taking a far bigger risk than by simply migrating!

*By using electronic invoice messages for 84% of its purchase orders, the UK retail grocery sector saved £193m in one year.*

**GSI**

# FOUR SIMPLE STEPS TO ENSURE YOU MAKE THE RIGHT CHOICE

## STEP 1: FULLY ASSES INTERNAL CAPABILITY

In order to get the best possible solution for your situation, it's important to first understand your capabilities fully. Conducting a thorough assessment of your current infrastructure, processes, technology and partner matrix will give a good idea of which type of solution a) you can handle, and b) will deliver the most efficient results and increase your overall competitive advantage.

## STEP 2: CONSIDER FUTURE NEEDS

It's only natural that as time passes and your partner network evolves, so your EDI requirements will also change. As a result, selecting a flexible solution that can adapt to accommodate your needs is imperative.

## STEP 3: LOOK AT WHAT'S POSSIBLE

As internal IT teams are typically focussed on running existing EDI processes, many businesses are unaware of what modern solutions can offer (e.g. full-text search or deep ERP integration via API). Only by taking the time to investigate what is available can you be certain you're choosing the best solution.

## STEP 4: CHECK WHAT THE CONTRACT INCLUDES

Once you are aware of what EDI solutions CAN provide it's important to exactly what your provider WILL provide. Taking the time to investigate what your EDI contract does and doesn't include could save you a great deal of money and stress.

## ECOSIO QUICK CHECK

If you would like an expert assessment of your EDI landscape you may be interested in our Quick Check service, which includes...



- ✓ A full analysis of all your current EDI connections, document types and protocols (plus any other specific analysis requested)
- ✓ Creation of an EDI partner matrix
- ✓ Identification of opportunities for optimisation
- ✓ A recommended action plan

To learn more please [contact us](#).



# HOW ECOSIO CAN HELP

Every day we challenge the status quo in EDI to allow our customers to experience EDI's full potential. We are passionate about cutting-edge technology and enabling our clients to turn EDI from a hurdle into a hero. To us every EDI message matters.

Through our comprehensive service, which includes building and testing all required mapping and routing, managing partner onboardings from start to finish, and round-the-clock monitoring, we ensure that **minimal internal effort is required to achieve an optimal solution**. In short, our EDI experts take care of everything so you can focus on what you do best! This way, we not only save you time and money, but also reduce risk and boost your competitive advantage.

Whether you are looking to consolidate complex existing processes into one unified cloud-based system, or are interested in implementing an EDI solution for the first time, our flexible Integration Hub and fully managed, modular services offer the perfect answer by providing **Connections That Work**.

## WHAT ECOSIO DELIVERS

- 3X** accelerated time to value
- 70%** faster onboarding times
- 40%** savings realised when switching to ecosio (average)
- 88%** realise both savings and accelerated speed when switching to ecosio
- 92%** of customer expectations met or exceeded

## FIND OUT MORE

For more information on ecosio's services and to find out how we can help your business in particular, email [edi@ecosio.com](mailto:edi@ecosio.com) or give us a ring on **+44 20 3369 5760**.