

Winning with your B2B network

Driving the competitive
edge with EDI and your
Value-Added Network

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The Landscape of Business-to-Business Networks

For some organizations, EDI can be difficult to implement. One reason is the need to keep pace with shifting government regulations, standards and updates. But as you expand your global presence and take on more diverse suppliers, could you be doing more?

Electronic data interchange (EDI) is the intercompany communication of business documents in a standard format. With EDI, the information moves directly from a computer application in one organization to an application in another.¹

Businesses use EDI to integrate and share a range of document types— from purchase orders to invoices to requests for quotations to loan applications and more. In most instances, these organizations are trading partners that exchange goods and services frequently as part of their supply chains and business-to-business (B2B) networks.

Whether kept in-house or outsourced, there are some basic conditions, capabilities and resources needed to implement EDI effectively. In addition to obvious factors like agreement on document types, secure transmission methods, and requisite hardware and software, an effective EDI implementation requires a trusted value-added network.

Connect

In general, EDI transmissions can be broken down into two basic types:

- Point-to-point or direct connections: Two computers or systems connect with no intermediary over the internet, generally with secure protocols.
- Value-added network (VAN): A third-party network manages data transmission, generally with a mail boxing paradigm.

Collaborate

The world as we know it runs on and depends on EDI, a global, foundational B2B technology. It is widely used throughout businesses worldwide as the preferred means to exchange documents in the B2B transaction process.

¹ “Electronic data interchange (EDI): An introduction.”
Roger Clark, Business Credit, Oct 2001

The importance of EDI

Regardless of company size, industry or core business, the ability to handle an ever-increasing number of document formats and transmission options will dictate your company's growth strategy and competitive advantage.

Are your suppliers and trading partners still using email and fax as a means to transmit critical business documents? Are you looking for ways to automate file transmissions?

EDI is important to businesses of all sizes. For large organizations, EDI enables standards to be instituted across trading partners to consistently achieve benefits. For smaller organizations, adherence to EDI offers greater integration with larger firms that have big budgets and strong influence.

EDI is complemented by metalanguages like Extensible Markup Language (XML) or JavaScript Object Notation (JSON) as well as application programming interface (API) integration complement.

There are some basic conditions, capabilities and resources needed to implement EDI effectively. In addition to agreement on document types, secure transmission methods, and requisite hardware and software, here are some key considerations for an effective EDI implementation.

- Translation or mapping software. Takes fields such as names, addresses, currency amounts, part numbers and quantities, and maps them from business application formats into standardized documents and vice versa.
- Batch enveloping or deenveloping capabilities. Supports large EDI message batches to enable senders and receivers to wrap and unwrap transactions which can then be grouped from or split to several divisions or areas of a trading partner's business.
- Message routing mechanisms. Required once a message is deenveloped to sort messages for different groups and deliver them to the appropriate targets. Message transformation may also be required to get the message into the correct format for its destination.
- Trading partner agreements (TPA). Clarifies terms and conditions, establishes standards for business documents and defines communications and business protocols between trading partners.

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What's the bottom line? How does EDI help your business?

Identifying the right solution to convert paper, fax and phone based transactions into Electronic Data Interchange format with small and/or seasonal trading partners will help reduce the overall cost of managing a partner network.

As an automation technology, EDI delivers core business benefits.

- Save time and money. Reallocate resources to core business functions by automating processes currently executed manually with paper documents.
- Improve efficiency and productivity. Share and process more business documents in less time.
- Reduce errors. Standardize information and data before it enters business processes or applications.
- Improve traceability and reporting. Improve data collection, visibility and business intelligence by integrating electronic documents into numerous IT systems.
- Contribute to positive customer experiences. Enable efficient transaction execution and prompt, reliable product and service delivery.

Can you imagine a world where you could gain more insight into the performance of your partner network? As an IT professional, how would you like to empower business users get answers in real-time to questions about business transactions that matter most to their jobs?

If these business challenges exist in your organization, then investing in a value added network could provide a tighter integration between all the people, systems and data that matter to your business.

IBM strives to streamline connectivity and deepen B2B transaction visibility with cloud-based, AI-enabled infrastructure. [Read the essential elements](#) of a modern B2B architecture to learn how you can develop scalable, security-rich and always-on connectivity across your value chain.



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IBM Corporation
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Produced in the United States of America
November 2019

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