

EDI 102 Guide

Introduction to Retail, Consumer
Packaged Goods (CPG) & Grocery

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Introduction

Welcome to our EDI 102 guide, introducing you to the fundamental features and benefits of utilizing EDI within the retail/CPG industry.

In this guide we will go over what EDI is and how to get started communicating your B2B exchange through EDI.

We will then go through the types of standards used within the retail/CPG industry and the transaction sets that are required to begin initiating EDI.

Let's get started!

Key Benefits within the Retail Industry

When you start to communicate utilizing EDI, you will see immense benefits within your internal departments, such as: accounting, customer service, shipping, receiving, and your complete supply chain. Below you will learn about the benefits EDI will deliver when implementing with your trading partners moving forward.

Key benefits of using EDI within the Retail and CPG industry:

- **Seamless Communication**—Those who will be managing the Trading Partner documentation within retail/CPG/grocery will see improved communication and seamless EDI transmission moving forward. This is accomplished because you will be moving away from paper documentation and manual entry, and to an EDI translator directly connected to your partners.
- **Cost Reduction**—When moving to the electronic transmission of trading partner documents through EDI, you will also see a reduction of cost and reduction of errors, which will benefit both your accounting and trading partner relationship.
- **Error Alerting**—Within your EDI translator you can create rules for alerting and notification that provide transparency for errors that can lead to issues when sending and receiving documentation. This will keep you aligned with your most valuable EDI transactions, while allowing you to apply efforts to other valuable projects within your organization's IT department.
- **Paperless Environment**—You will attain a paperless environment by moving away from manual paper documentation and integrating with your backend ERP to provide visibility to additional team members in accounting, finance, and receivables.
- **Quicker Turnaround** —Decreased turnaround times between retailers and trading partners since you both will have a connected translator and have visibility to your transactions instantly. This will allow your organization to scale with the market as it grows and provide quick responses to all your valuable trading partners.
- **Better Customer Relationships**—Utilizing EDI improves trading partner relationships when working with large partners that communicate via EDI to allow for direct communication and create business continuity; increasing the performance of your complete supply chain.
- **Fewer Canceled Orders**—An EDI translator will also provide visibility of inventory to reduce stock outs and fewer canceled orders, allowing you to be ahead of your inventory and on top of your trading partner needs.
- **Automation**—An EDI translator creates automation for your most valuable trading partners or transactions. This is done through automating the exchange of EDI documentation between Trading Partners within your EDI translator. This helps provide more time to your IT department once automaton is in place to apply to other vital projects and allows all errors and transaction conflicts to be addressed and resolved all within one user interface.
- **EDI Visibility**—Once connected to your trading partner all transactions display in real-time providing unrivaled visibility with your trading partners and allowing immediate action to be taken when errors arise.
- **Reduce Order Process and Delivery Times**—When utilizing EDI, you create a seamless communication channel which reduces the order processing and delivery times for your organization as a whole. This enables you to exchange more B2B documents and build much stronger trading partner relationships vs. paper documentation and manual entry.

What is EDI?

EDI stands for “Electronic Data Interchange”.

EDI is the computer-to-computer exchange of business documents in a standard electronic format between business partners (Trading Partners). EDI relieves you from paper-based processes within your orders, invoices, advices, and functional acknowledgments.

In today's retail environment, large retailers require EDI compliance and expect it to be utilized when beginning the business relationship. EDI has become a key to success when working with retailers and trading partners in many other industries, and provides immense benefits to both partners and suppliers utilizing EDI. Large retailers such as Walmart, Amazon, Target, Proctor & Gamble, and many more have been the driving force behind EDI becoming mandatory within the retail industry.

Forrester Research has provided reports showing 41% of companies utilize EDI as a primary messaging format and that number is growing rapidly.

Companies send over 20 billion B2B documentations a year using EDI.



How to Start Utilizing EDI

To begin realizing the benefits of EDI there are a few steps and actions needed to get you up and running efficiently and effectively.

1. Reach out to your trading partners to have them provide their specific EDI Implementation Guide. This guide is key for defining your electronic business documents, their structure and communication method.
2. Begin to research and purchase an EDI software package also known as an EDI translator. The translator is used to map your documents and helps transform your accounting system data into the required format for your trading partners.
3. EDI software solutions differ depending on the size of your organization, volume of transactions, number of trading partners and other factors as well.
 - Our primary software platform and translator is known as HQXchange [HGX]. HQXchange [HGX] is our complete translator for mid-sized to enterprise sized organizations that require backend integration and desire complete control of their EDI.
 - When researching EDI software and translators, you may also find that your mid-sized or enterprise sized organization needs to outsource EDI. This is accomplished through a managed EDI solution and can be integrated with your backend systems. Our example of fully managed outsourced EDI is ManagedXchange [MX].
 - If your organization is a small business starting EDI with one or several large trading partners, then you may only need a web-based solution for your EDI. This is an easy-to-use, simple to understand, and quickly implemented solution for EDI communications without the technical background needed for more in-depth software. Our example of this solution is our PartnerXchange [PX] software.
4. Now that you have your software and your implementation guide, you and your trading partner will test the transactions and communications between both translators.
5. Always test with your partners and with your EDI solution providers to validate that your translator communicates correctly, and that you and your trading partner both receive your required business documents.
6. Lastly, migrate away from historical forms of communication, such as paper documentation and perform any parallel document transaction that may still be required to be sent through another communication method.

EDI software solutions differ depending on the size of your organization, volume of transactions, number of trading partners and other factors.





EDI Standards

X12 drives EDI business processes globally. The X12 standards are issued by the American National Standards Institute (ANSI), which has set these standards for the past 35 years.

ANSI X12 defines the standards and each party must comply with these parameters.

In addition to X12, there is a global standard some organizations may use when doing EDI transactions outside of the US. The Global standard is known as EDIFACT, which stands for Electronic Data Interchange for Administration, Commerce and Transport. EDIFACT standards cover transaction sets of documentation to transmit and communicate with.

Typically, the trading partner will designate the X12 version to be used and create their implementation guide around those X12 standards for you to begin creating EDI documents. This is the primary standard and version of the EDI standard you will utilize with your trading partners. Some of your trading partners may use different versions of X12, and it is important to remember that each trading partner will provide a unique implementation guide for you to begin EDI transactions.



Most Common T-Sets within Retail/CPG/Grocery

Below are the most common retail/CPG/grocery X12 transaction sets and the relating EDIFACT code set.

850: Purchase Order

The EDI 850 is a Purchase Order transaction set, used to place an order for goods or services. The 850 generally provides the same information you would find in a paper Purchase Order (PO) document.

855: Purchase Order Acknowledgment

The X12 855 transaction set is a Purchase Order Acknowledgment. It is used by sellers to confirm the receipt of a purchase order (an EDI 850 transaction) from a buyer, eliminating the need to call or fax a confirmation.

856: Advance Ship Notice

The Advance Ship Notice lists the contents of a pending shipment of goods as well as additional information relating to the shipment, such as order information, product description, physical characteristics, type of packaging, marking, carrier information, and configuration of goods within the transportation equipment.

810: Invoice

The EDI 810 Invoice transaction set is the electronic version of the paper-based invoice document. It is typically sent in response to an EDI 850 Purchase Order as a request for payment once the goods have shipped or services are provided.

997: Functional Acknowledgment

The 997 provides a response to the foundational documents being sent and confirms the document was received, as well as accepting, rejecting, or indicating an error in the EDI structure.

875: Grocery Purchase Order

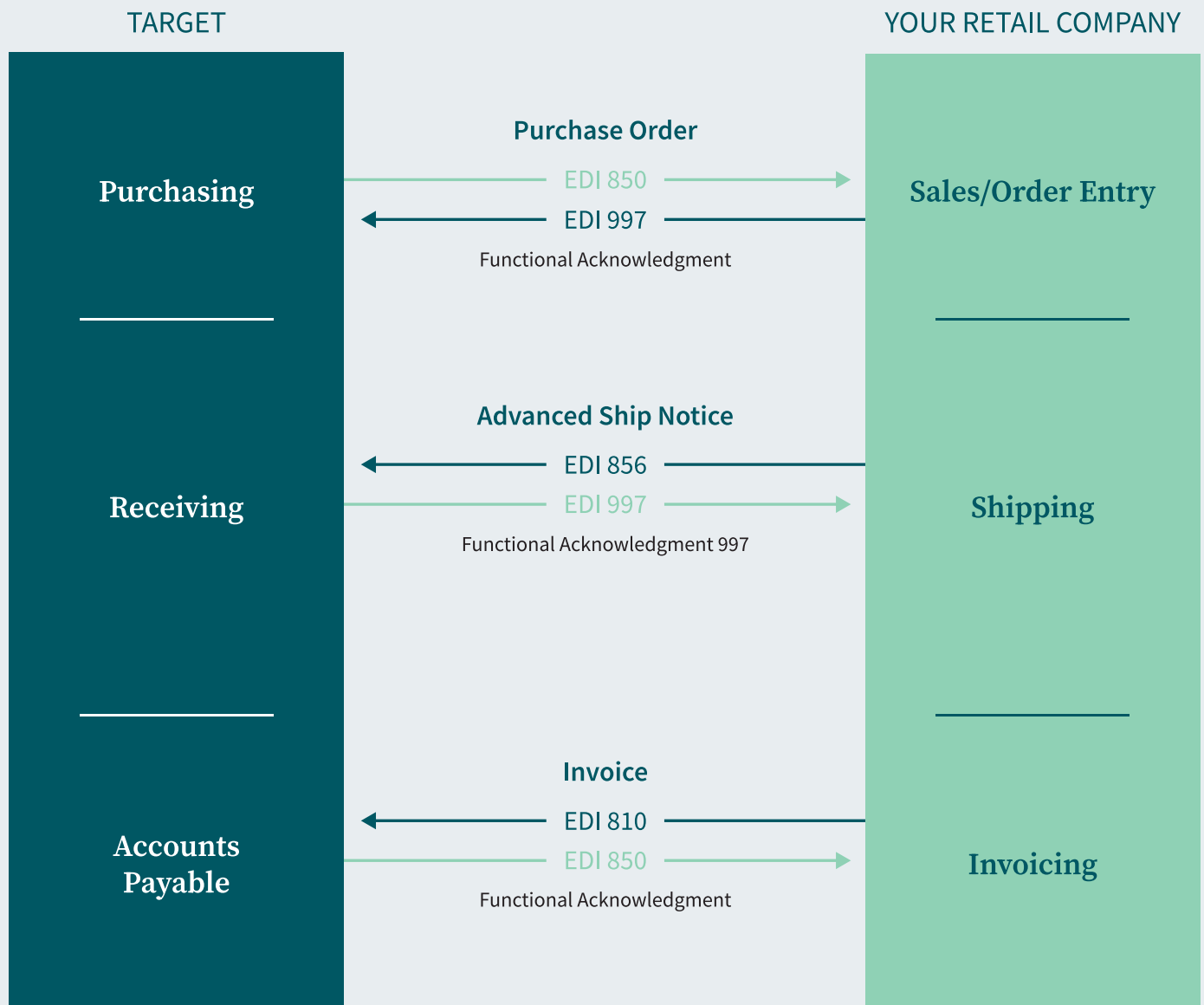
The EDI 875 transaction set is a Grocery Products Purchase Order. This is the electronic form of a paper PO, used specifically by grocery wholesalers and retailers for the placement of orders for finished goods from their suppliers.

880: Grocery Products Invoice

This X12 Transaction Set contains the format and establishes the data contents of the Grocery Products Invoice Transaction Set (880) for use within the context of an Electronic Data Interchange (EDI) environment.

EDI Process Flow

When engaging in EDI within the retail/CPG grocery industry, you will see the below B2B exchange of EDI documents for the complete lifecycle of a purchase order.



1 EDI Source

If you plan to be working with trading partners within the retail industry our EDI software solutions provide customizable and scalable solutions perfect for your retail needs no matter your organization's size.

[PX] PartnerXchange

If you're a small organization just beginning with EDI with a large retailer trading partner or more, our PartnerXchange [PX] solution is perfect for your small business needs and allows you to scale with your trading partner.

[MX] ManagedXchange

If you're interested in having your EDI fully managed, we provide both business and enterprise managed solutions with complete backend integration through our ManagedXchange [MX] platform.

[HQX] HQXchange

If you are a large organization with multiple trading partners looking for an enterprise solution with complete EDI visibility, control, mapping and translation, our HQXchange [HQX] solution is perfect for your needs.

[IX] IntelligentXchange

Our IntelligentXchange [IX] visibility solution works with any EDI translator and transforms complicated EDI data into actionable information. Immediately limit mistakes and research time, while finding opportunities to quickly and significantly impact customer relationships and revenue.





Ready to Get Started?

1 EDI Source, an Epicor Solution is here to help you not only learn EDI, but also provide the expertise, experience and solutions that will help your business grow. We have a full suite of EDI software and solutions perfect for your unique business needs.

Whether you choose a web-based, managed, installed or cloud-based EDI solution, we have a product that will exceed expectations. We also provide communication, integration and migration services to help complete your solution. If you have questions about EDI, or you're ready to get started, contact us and we'll walk you through what EDI option is best for you and be your guide through the entire implementation and beyond.

In no time at all, EDI will become a natural part of your business. And through our ongoing training, you can learn as much or as little as you'd like about the solution, process and ways to maximize success.

EPICOR

We're here for the hard-working businesses that keep the world turning. They're the companies who make, deliver, and sell the things we all need. They trust Epicor to help them do business better. Their industries are our industries, and we understand them better than anyone. By working hand-in-hand with our customers, we get to know their business almost as well as they do. Our innovative solution sets are carefully curated to fit their needs, and built to respond flexibly to their fast-changing reality. We accelerate every customer's ambitions, whether to grow and transform, or simply become more productive and effective. That's what makes us the essential partners for the world's most essential businesses.

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