EDI 104 Guide

Introduction to EDI for
Transportation and Logistics

1**EDI**Source
an Epicor solution

Contents

Introduction

Welcome to our EDI 104 guide, introducing you to the fundamental features and benefits of utilizing EDI within the transportation and logistics 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 transportation and logistics industry, and the transaction sets that are required to begin initiating EDI.

With so many changes in the transportation and logistics industry over the last decade, many challenges and complexities have arisen which have been addressed by EDI, leading to the efficient EDI communications that are in place today. We understand that transportation and logistics facilitates the exchange of goods across the globe, and many believe that transportation and logistics is one of the most important assets to our economy. It is crucial to be educated in EDI to have business continuity and success in our current day logistics and transportation market. Let's get started!

Key Benefits within the Transportation and Logistics Industry

When you start to communicate utilizing EDI, you will see immense benefits within your internal departments and roles such as: dispatchers, IT department, accounts receivable, accounting, and shipping.

Key benefits of using EDI within the transportation and logistics industry:

Automation – A key advantage in the transportation industry for routine high-volume communications is EDI automation. Automating the exchange of EDI documentation between trading partners with your EDI translator gives other departments, like IT and accounting, more time to focus on other productive and profitable tasks and provide overall higher quality service.

Manual Error Reduction - EDI also relieves dispatchers from needing to provide manual intervention for the documents communicated. This results in saving time and reducing costs, while eliminating manual entry errors.

Seamless Communication - For transportation and logistics companies who use EDI, they can seamlessly and digitally communicate with all members of the supply chain process flow. This improves trading partner relationships and creates business continuity.

EDI Visibility - Real time visibility when utilizing EDI. All transactions will be displayed in your dashboard and are visible at all times. Keeping you ahead of any errors or issues that may arise, and providing immediate visibility into shipment status.

Quicker Turnaround – Achieve decreased turnaround times between your vendors, suppliers, and trading partners by utilizing your EDI translator and having access to all transactions in one interface.

Real-Time Reporting - Improved control of load requests, responses and status updates in real-time.

Standardized Formats - Your organization will be able to standardize the electronic formats for exchange rather than needing to manage different manual systems for invoices, load requests, load request responses, and status updates.

Scalable and Flexible Solutions - EDI offers the scalability and flexibility to grow with your business that you may not have when using other B2B communication methods.

System Integration - EDI will also provide back-office system integration to your most valuable ERP and WMS systems, creating business continuity throughout important departments of your organization.

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 shipping schedules, orders, invoices, advices, and functional acknowledgments benefiting the dispatchers immensely.

Currently, transportation, logistics, and load brokers are adapting their systems to cater to their EDI translator. Some trading partners expect EDI to be utilized when beginning a business relationship. EDI has become a key to success for business continuity, while providing immense benefits to both partners utilizing EDI.

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 and accounts receivable system data into the required format of your trading partner.

3. EDI software solutions differ depending on the size of your organization, volume of transactions, number of trading partners and other factors as well. See examples of how we offer solutions for these factors below.
   - Our primary software platform and translator is known as HQXchange [HQX]. HQXchange [HQX] 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 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 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 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 X 12
EDIFACT

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. Transportation data will be communicated between your carriers, shippers, and the consignee within the EDI translator utilizing X12 transaction sets.

Most Common T-Sets within Transportation and Logistics

Below you will find the most common transportation and logistics X12 transaction sets and the relating EDIFACT code set.

204: Motor Carrier Load Tender

- The EDI 204 is the Motor Carrier Load Tender and is used by shippers to tender an offer for a shipment to a full truckload motor carrier. It may be used for creating a new shipment, updating or replacing a shipment, or canceling a shipment. Shippers may include manufacturers, distribution centers, wholesalers, or any other organization that handles and ships goods.
- EDI 204 typically provides detailed pick-up and delivery information for a load, usually for a single pickup location. This information may include:
  - Carrier identification information.
  - Scheduling information.
  - Equipment requirements, such as length of truck required.
  - Ship-to location information.
  - Contact information for shipment recipient.
  - Information on consignees, if relevant.
  - Description of goods, including weight and other units of measure.
  - Shipping instructions.

990: Response to Load Tender

- The EDI 990 is the Response to a Load Tender transaction set and is used by motor carriers to indicate whether it will pick up a particular shipment previously offered by the shipper.

- The EDI 990 is generated in response to the above document EDI 204, a Motor Carrier Load Tender. This is used by manufacturers, distribution centers, wholesalers, and other organizations that produce, handle and/or ship goods, to make – or "tender" – the offer of the shipment.
- One of the five responses may be communicated with the 990 transaction set as shown below:
  - Tender accepted.
  - Tender declined.
  - Tender accepted with conditions.
  - Spot bid request accepted (with freight quote bid amount).
  - Spot bid request declined.

211: Motor Carrier Bill of Lading

- The EDI 211 is used to allow shippers or other parties, responsible for contracting with a motor carrier, to provide a legal bill of lading for a shipment.
- It is not to be used to provide a motor carrier with data relative to a load tender, pickup manifest, or appointment scheduling.

214: Transportation Carrier Shipment Status Message

- The EDI 214 is used by transportation carriers, such as trucking companies, to provide shippers and consignees with the status of their shipments.

- A 214 document may include the below information:
  - Where shipped from – name and address.
  - Shipment location – may include address or coordinates.
  - Dates and times – including pickup and estimated delivery.
  - Proof of delivery – including location and who signed for delivery.
  - Shipment status details – including reasons for status and lading exception information.
  - Shipment description – including weight, packaging and quantity information.

210: Motor Carrier Freight Details and Invoice

- The EDI 210 replaces a paper invoice, used by commercial truckers and other freight carriers.
- The 210 transaction is typically sent from the carrier to a shipper, consignee or third-party payment center for payment of freight charges.

- Below is additional information you would typically find on a paper invoice:
  - Invoice data and number.
  - Bill-to-name and address information.
  - Order information details, including items, quantities and weights.
  - Shipping methods and descriptions.
  - Shipper name and address information.
  - Consignee name and address information.
  - Terms of payment.
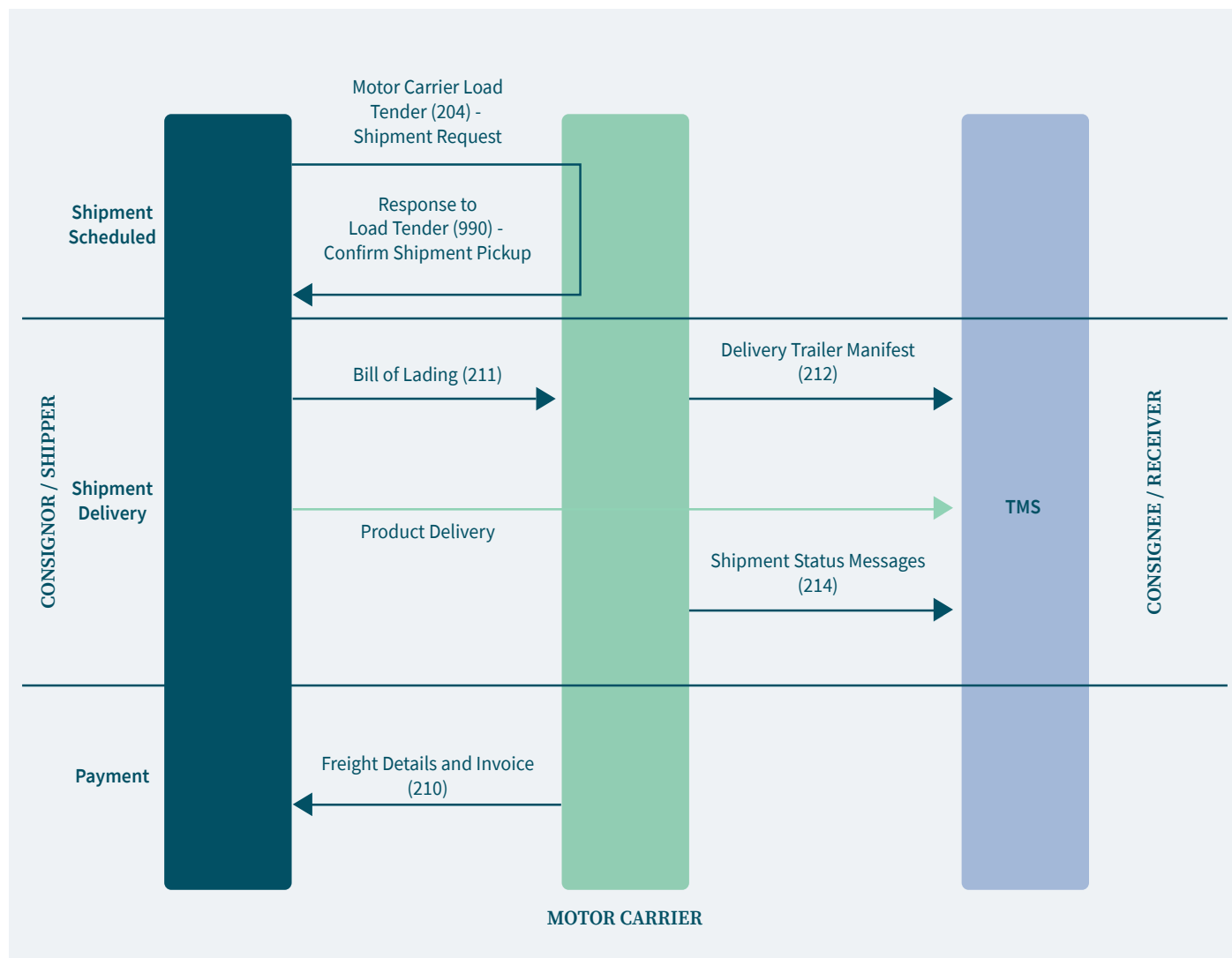 - Delivery information, including proof of delivery, tracking numbers, etc.

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.
- EDIFACT: CONTRL.

EDI Process Flow

When engaging in EDI within the Transportation and Logistics industry, you will see the below B2B exchange of EDI documents for the complete lifecycle of a Motor Carrier Load Tender to the final documents Motor Carrier Freight Details and Invoice and Functional Acknowledgment.

CONSIGNOR / SHIPPER

Shipment Scheduled

Motor Carrier Load Tender (204) - Shipment Request

Response to Load Tender (990) - Confirm Shipment Pickup

Shipment Delivery

Bill of Lading (211)

Delivery Trailer Manifest (212)

Product Delivery

TMS

Shipment Status Messages (214)

Payment

Freight Details and Invoice (210)

MOTOR CARRIER

CONSIGNEE / RECEIVER

1 EDI Source Solutions

If you plan to work with trading partners within the transportation and logistics industry, 1EDI Source provides customizable and scalable solutions for your needs no matter your organization's size.

[PX] Partner Xchange

If you're a small organization just beginning with EDI with a large retailer trading partner or more, our PartnerXchange [PX] solution is 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 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?

The EDI experts at 1 EDI Source are 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 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.

Contact Us Today: info@epicor.com | www.epicor.com