
Electronic Data Interchange (EDI) for Sage Accpac

Prepared by Provida Pty Ltd



Over twenty years after its birth, EDI (Electronic Data Interchange) is still alive and well with a very promising future. Internet EDI and competition have brought the cost of transactions down, and EDI volume continues to increase. This Provida whitepaper investigates the future of EDI and how it can help you increase the productivity of your organisation and those you do business with.

What is EDI?

Wikipedia defines EDI as the structured exchange of information between organisations by electronic means. It allows the exchange of business documents and information, automatically through an electronic mechanism, between different organisations and their computer systems. According to Provida Operations Director, Pranesh Ravindra "There's no limit to the type of transactions that can be exchanged between organisations. It can be anything. Typically it's about transferring information such as purchase orders, invoices, shipping notices, and remittance advices between organisations. Anywhere there's a high volume of transactions going between organizations, EDI is the method for automating those processes." For example, after a purchase order is generated in one company's accounting system, it can then be automatically sent and processed in the accounting system of the company whose goods or services are being requested. In the world of EDI, organisations that send or receive documents between each other are referred to as "trading partners". The trading partners agree on the specific information to be transmitted and how it should be used.

Speed, accuracy and automation

The alternative to EDI is having manual processes involving humans entering data from printed or electronic documents. If the volumes are large, the likelihood of errors is greatly increased, Woollett comments, "If you're typing in really long item code numbers a slight error in the item code mean a massive and costly error to the business. EDI reduces errors, such as shipping and billing errors, because EDI eliminates the need to rekey documents on the destination side." EDI can save a company significant amounts of money by providing an alternative to, or replacing information flows that require a great deal of human interaction and materials such as paper documents, meetings, faxes, etc. Even when paper documents are maintained in parallel with EDI exchange, in cases such as printed shipping manifests; electronic exchange and the use of data from that exchange reduces the handling costs of sorting, distributing, organising, and searching paper documents. EDI and similar technologies allow a company to take advantage of the benefits of storing and manipulating data electronically without the cost of manual entry. To be able to trade with certain types of organisations, such as the big retailers such as Coles or Woolworths, suppliers need to implement EDI and conform to the standards and protocols required by those retail organisations.

How does it work?

EDI evolved during the early to mid eighties. In the past one of the more popular transport methods was the use of a bisync modem to communicate through a (VAN) Value Added Network. Woollett says, "A VAN is an organisation that sits between the supplier and purchaser, acting as a clearing house or post-office." They receive transactions, examine the 'from' and the 'to' information, and route the transaction to the final recipient. Alternatively organisations may have used a direct modem to modem connection and bulletin board systems. To ensure consistency in the way that EDI documents were transmitted and processed a series of standards evolved. The two major sets of EDI standards that were developed in the early to mid '80s:

The UN-recommended UN/EDIFACT is the only international standard and is predominant outside of North America.

The US standard ANSI ASC X12 (X12) is predominant in North America.

The standards prescribe the formats, character sets, and data elements used in the exchange of business documents and forms.

The rise of the Internet

The Internet allows any company, no matter how small or where they are located in the world, to become part of a major supply chain initiative hosted by a global retailer or manufacturing company. It has brought down the costs by alleviating the need for organisations to build their own EDI infrastructure. The Internet utilises its own communications protocols for the secure transmission of EDI documents and transactions. To ensure that EDI documents are transmitted securely, the most popular protocols are File Transfer Protocol Secure (FTPS), Hyper Text Transport Protocol Secure (HTTPS), and AS2. AS2 (Applicability Statement 2) is the draft specification standard by which vendor applications communicate EDI or other business-to-business data (such as XML) over the Internet using HTTP.

Is EDI right for you?

There are a few barriers to adopting electronic data interchange. One of the most significant barriers is the accompanying business process change. Existing business processes built around slow paper handling may not be suited for EDI and would require changes to accommodate automated processing of business documents. Another significant barrier is the cost in time and money in the initial set-up. The preliminary expenses and time that arise from the implementation, customisation and training can be costly and therefore may discourage some businesses. The key is to determine what method of integration is right for your company, which will determine the

cost of implementation. For a business that only receives one P.O. per year from a client, fully integrated EDI may not make economic sense. For other businesses, the implementation of an integrated EDI solution may be necessary as increases in trading volumes force them to re-implement their order processing business processes.

Provida's EDI Module Features

The EDI Module is a Sage Accpac ERP add-on module, created by Provida Pty Ltd in Sage's Software Development Kit (SDK); hence it has a seamless integration along with the look and feel of Sage Accpac. It is capable of being customised to extract sales order files from almost any EDI customer and upload the orders into Sage Accpac Order Entry. Some existing formats are already supported (e.g. Rebel and Footlocker) and others can be added as required.

Provida's EDI Module facilitates the flow of information and EDI practices and can increase the speed and accuracy of all Sales and invoicing processes. EDI Module capabilities can be added to the Sage Accpac system by simply activating in the EDI module, thereby making it a remarkably secure, affordable and easy to use solution. EDI module facilitates file formatting and data to be customised to meet client demands and international standards.

EDI Module helps to:

- Reduce business transaction costs by eliminating duplicate data entry.
- Improve shipping and receiving accuracy.
- Decrease your response time and increase customer satisfaction.
- Execute timely order response time and reconciliation.
- Rapidly comply with customer EDI mandates.
- Offer enhanced data security and privacy through the use of accepted Internet security protocols.

Visit www.provida.com.au or email info@provida.com.au for more information about Provida's EDI software and find out how it can improve your business.