



# EDI Definitions, Standards, Messaging

*ECR Baltic*

*15.04.2010*

*Presenter: Marianna Mihelson (Edisoft)*

# Table of contents

- EDI Definitions
- Messaging
- Standards
- Contacts



# 1. EDI – Definition

- **EDI = Electronic Data Interchange**

Electronic interchange of the business information in standardized format between sender's computer system and receiver's computer system, that leads to minimum use of manual data input.

- **General pre-requisites:**

Companies send and receive documents to their clients, suppliers, distributors and partners on a daily basis using emails, faxes, etc. Receiving, processing, storing and forwarding these documents takes a lot of resources and time. Nowadays information technologies enable to organize documents' flow in an electronic way straight from sender's to receiver's accounting system with all companies' partners.

# 1. EDI – Definition. Advantages

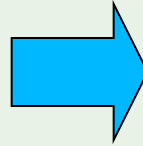
EDI integration in business processes will enable to use previously not used economical potential for both business partners.

- **Expenditures reduction.**  
Traditionally paper work is minimized, and also expenditures on administrative and human resources significantly reduce.
- **Increase in the speed of work process.**  
Large amount of data is transferred in the shortest time. As a result of this JIT (Just-in-time) communication the accuracy of planning increases and reaction time decreases.
- **Increased reliability.** Manual work related errors are eliminated.
- **Increase of productivity and logistic processes acceleration.**  
The period of time from the moment of order until the supply and payment decreases drastically, which improves the resources turnover.
- **Strategic potential.**  
The competitiveness grows, image of the company improves, positive customers feedback.

# 1. EDI – Definition. Advantages. Example of retail chain's order processing

## Without EDI:

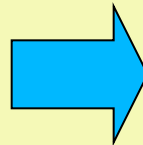
- ✓ Making entry of order into ERP



## With EDI:

- ✓ Order in ERP

- ✓ Order print out
- ✓ Sending by fax, mail or verbally via phone
- ✓ Vendor accepts the order
- ✓ Vendor enters the order into his ERP



- ✓ Automatically sent to ERP system of Vendor via EDI

# 1. EDI – Definition. Obstacles

## Problems preventing from using EDI everywhere

- Country's legislature (electronic signature limitations).
- Obsolete hard- and software (old ERPs unable to import and export data)
- Internet accessibility limitations in rural areas
- Not enough of information about EDI
- Habit of working the old-fashioned way

## Major obstacle of EDI deployment – lack of knowledge

Major obstacle is not the exchange of data itself but which data is to be exchanged and how to organize the process of exchange the best way. The organization and project management is usually done by the EDI-provider.

## 2. Standards. GS1 standards to EDI

- **GS1 EANCOM** – adjusted standard of EDIFACT for retail trading, developed by GS1, includes identification standards by GS1.
- **GS1 XML** – advance documents' format, mainly used for documents interchange within supply chains, developed by GS1.
- **GS1 GTIN - (Global Trade Item Number)**– unique trade item identification number within the GS1 system. Represented by Bar Code on product package.
- **GLN (Global Location Number)** – unique identification number of supply chain counterparties, their material, physical or juridical locations i.e. subsidiaries, stocks, offices. Mainly used for effective identification of delivery targets.

### Other:

- **UN/EDIFACT** – general standard of United Nations Electronic Data Interchange for Administration, Commerce and Transport – contains the most general and widest range of document formats, that can be applied to any document types.
- **Electronic Invoicing EU Directive 2001/115/EB of 20/12/2001 and UN/EDIFACT (ISO 9735)**

## 2. Standards. Usage of GLN numbers

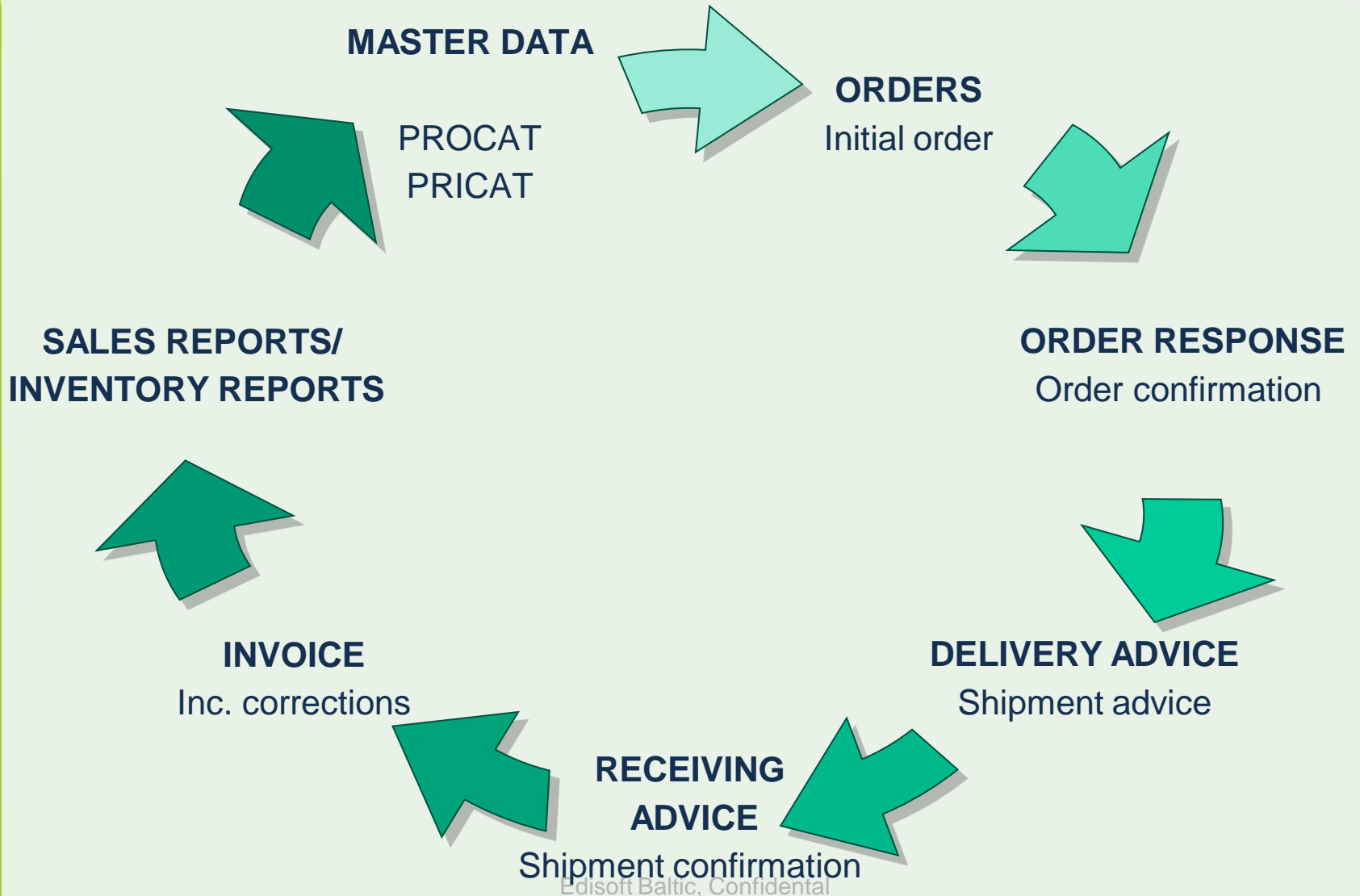
- **More than 2 parties involved in documents interchange:**
  - Sender - Receiver
  - Buyer - Seller
  - Ship From - Delivery Location
  - Payer - Payee
- Partner e.g. retailer has more than one delivery locations.
- Producer/ supplier may have several production or warehousing locations. In that case specification of “Ship From” data is critical.

```
<Sender><ILN>9961096303004</ILN></Sender>  
<Receiver><ILN>4770119000050</ILN></Receiver>  
</Document-Parties>  
<ReceivingAdvice-Parties>  
<Buyer><ILN>4770119000005</ILN></Buyer>  
<Seller><ILN>9961096303004</ILN></Seller>  
<DeliveryPoint><ILN>9961096303028</ILN></DeliveryPoint>  
<ShipFrom><ILN>9981501596111</ILN></ShipFrom>  
</ReceivingAdvice-Parties>
```

Example of 3PL  
Logistics  
companies  
RESADV



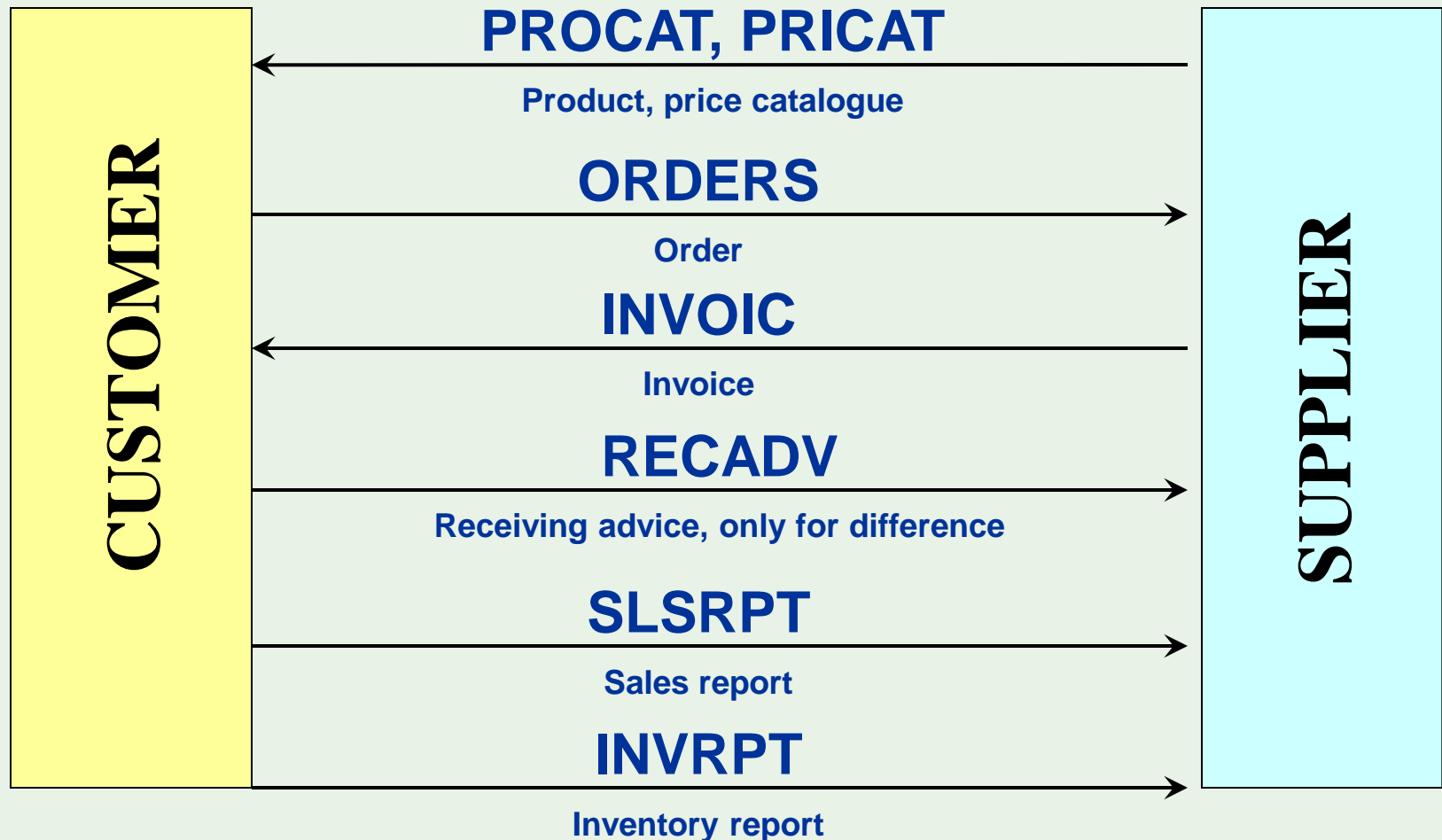
# 3. Messaging. Full documents cycle



# 3. Messaging. Document types

- **PROCAT, PRICAT (Product/Price Catalogue):**  
Includes all main product attributes, including EAN, supplier's code, buyer's code. Product details can get transferred automatically to company's ERP system.
- **ORDER:**  
Order is a request to deliver the planned amount of products. As result there is no need for faxes, filling in specialized forms for each supplier, e-mails and manual data input.
- **DESADV (Dispatch Advice):**  
Is sent by a supplier at the moment of loading the goods and indicates to the buyer that the goods are on their way. Makes the procedure of goods acceptance easier.
- **RECADV (Receiving advice):**  
Is sent after the goods have been received and accepted. Serves as a base for supplier to issue invoices. Or is sent as a difference between the invoice and accepted goods. In this case serves as a base to issue the credit invoice.
- **INVOIC (Invoice):**  
Invoice may automatically be checked against the order and the real acceptance of goods.
- **INVRPT (Inventory report), SLSRPT (Sales report):**  
Every day buyer sends sales report that contains information on each store, product (by EAN code). This information is required for suppliers to optimize assortment, plan deliveries and perform sales analysis in regard to each customer.

### 3. Messaging. Documents' flow example



# Edisoft – Contacts

## Contact details

Edisoft Baltic OÜ

Reg. address: 10151, Jõe 9, floor 4

+372 611 6750

[info@edisoft.ee](mailto:info@edisoft.ee)

[www.edisoft.ee](http://www.edisoft.ee)

Next: EDI GS1 Business Case Analysis



Enjoy the day!