BIGCOMMERCE

EDI Integration

As the world of B2B business continues to move into the digital age, more and more companies are beginning to change the way they store data and information — an event that has led to a surge in EDI B2B integrations.

Electronic data interchange (EDI) is a cloud-based communications technology used by companies to exchange business documents between them and business partners — all through digital means and maintained through strict EDI standards.

As an unforeseen reaction to the COVID-19 pandemic, many businesses have started incorporating advanced technology into their data interchange processes, leading to growth in the market.

The global software market for EDI was sized at $1.7 billion in 2021 and is projected to grow to more than $4 billion by 2029. The advanced information technology offered by EDI systems has triggered a new path of data interchange for small and large businesses.

Finding the right EDI integration technology partner can give companies the ability to facilitate seamless B2B communications and maintain a technological edge in a rapidly changing atmosphere.

The Process to Make EDI Integration Work Effectively

The process of a successful EDI integration requires businesses undertake the following three steps:

Prepare the documents.

Before anything else can occur, you must first collect and organize all of your data. Where the data originates and which methods can be used to generate the documents can include:

- Human data entry via screens.

- Exporting PC-based data from spreadsheets or databases.

- Reformatted electronic reports, shipping notices or purchase orders into data files.

- Enhancing existing applications to automatically create output files ready for translation into EDI transaction standards such as eb XML, EDIFACT and ANSI x12.

- Purchasing application software that has built-in interfaces for EDI files.

Translate the documents.

Once you have prepared all of your documentation, you will need to feed your electronic data through a translator solution to convert whichever data format you are using into the standardized EDI format.

An EDI translation software solution can purchased either as an on-premise, in-house system — which requires specialized mapping expertise — or you can use the translation services of a dedicated EDI service provider.

Connect and transmit your documents.

As soon as your EDI documents are translated into the correct format, they are ready to be transmitted to your business partners.

There are three ways to accomplish this:

- Direct EDI integration.

- Indirect EDI integration.

- Hybrid EDI integration.

Types of EDI Integration to Add to Your Online Store

Direct EDI integration.

A direct EDI integration — sometimes referred to as point-to-point EDI — is a direct connection over the internet between your ERP systems and business partners through an agreed-upon protocol such as AS2, FTP and SFTP.

An ideal solution for larger corporations with a high volume of data exchange like Oracle and SAP, direct EDI integrations can help you manage thousands of connections individually. However, it is a process that can become difficult if there isn't a standard format or protocol in place.

Indirect EDI integration.

An indirect EDI integration is the exchange of communication between your ERP and your business partner through an EDI broker or a value-added network (VAN).

VANs act as middlemen, translating EDI messages between protocols, ERPs and partners.

Hybrid EDI integration.

A hybrid EDI integration is a combination of direct and indirect EDI integration and is used by companies preferring certain advantages of each offering.

To successfully use a hybrid EDI integration, businesses must be flexible and knowledgeable within the integration process and have the right tools available.

Perks of an Efficient EDI Integration

By using an efficient EDI integration platform that automates B2B messaging with EDI trading partners and eliminates strenuous manual processes, companies can expect to:

Save time and money.

EDI integration solutions can reduce the time needed for things like partner onboarding and shorten error resolution time through the use of external project management, intelligent tooling and exceptional ERP integration capabilities.

Additionally, EDI software offers the ability to reduce the total cost of ownership (TCO) of B2B processing through pay-per-use options. Companies can save on a significant amount of resources by lowering the TCO and reducing the time needed for manual processes.

Reduce risk.

Quality EDI solutions can offer a full range, 24/7 monitoring of technical infrastructure that ensures any potential errors are detected and prevented as soon as possible.

They can also offer preventive measures to safeguard your business systems from catastrophic data loss through the use of proactive updates and redundant infrastructure.

Gain a competitive advantage.

With much of the hassle of day-to-day operations undertaken by automated processes or external experts, companies will be freed up to focus on different aspects of their core business. The more time you have available, the more you will be able to gain a competitive advantage.

Furthermore, the automated benefits of EDI solutions can help businesses stay more flexible in the long term if expansion is on the table, as items such as country or region-specific invoicing requirements can be met without any potential issues.

The Final Word

As the age of digital exchange continues unabated, EDI integrations will likely continue as one of the industry leaders in communications technology — an excellent sign for companies looking to take advantage of a reputable solution and participate in an increasingly necessary business function.

By implementing EDI workflows, organizations can free themselves from the hassle of dealing with complex regulations and standards, overly complicated IT infrastructures and wasted hours of manpower to streamline business processes that can truly make a difference.

FAQs About EDI Integration

Where are EDIs widely used?

EDIs and EDI data integrations are used across many industries and supply networks, from automotive and retail to financial services and healthcare. As businesses grow more technical — and as integrating EDI continues to grow across the world — the industries that use EDI will only continue to expand.

Should I use EDI or API?

It depends on what you are looking for. Unlike EDI, APIs enable real-time data exchange. However, their integration may not be as suitable to your business as EDI if it adheres to compliance regulations, including sensitive financial data. Additionally, while API implementation may be less expensive than an EDI implementation, adding new trading partners and dealing with disparate communication standards may require increased complexity. At the end of the day, it doesn't necessarily have to be one or the other. While EDI may handle more B2B interactions, businesses are beginning to combine the two systems.

What's involved in setting up EDI integration?

An EDI integration project typically involves five stages: 1. Assessing requirements: You will need to review several things, including which processes you need to automate, what your system can handle, who your current business partners are and what volume of messages you expect to send/receive. 2. Selecting an EDI provider: Research potential EDI providers to decide which provides the best features and offerings for your business. 3. Planning implementation: Draw up a project plan with defined milestones, priorities and timelines. 4. Technical implementation: Next, you will need to organize the actual transfer channels and EDI processes. Once that is complete, you can go live with the solution. 5. Ongoing operations: After the system is live, you will need to monitor it consistently to ensure issues don't arise and that errors don't escalate.