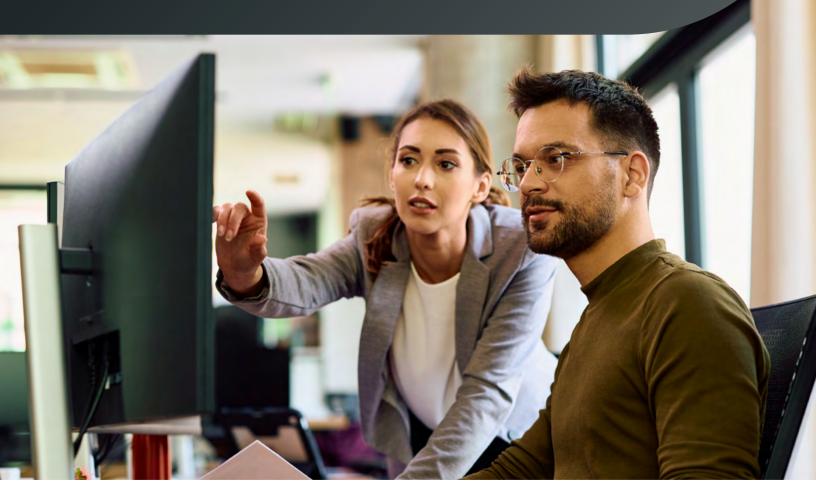# EDI 101

Breaking into EDI as a supplier can be daunting, especially if you're an emerging brand that's been focused on direct-to-consumer (D2C) channels.

Once a buyer is interested in your product, however, you may encounter a specific question in the vendor agreement: **"Are you EDI-compliant?"**
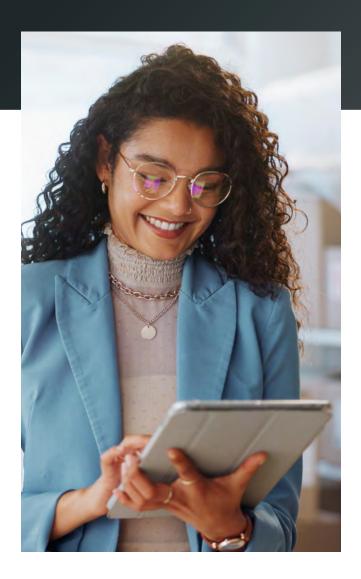
Don't let this question intimidate you. We'll cover what EDI is, when you need it, how much it costs and other questions you may have. Plus, we're here to debunk the myth that EDI is only for large, enterprise businesses. Even if your volume with a retailer is small, EDI is warranted to help you grow your business.

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What is EDI?

EDI, or electronic data interchange, is the electronic way of sending and receiving order documents, managing inventory, communicating with partners and processing invoices. It replaces manual methods like mailing paper documents and keeping track of information in spreadsheets. One of the biggest benefits of adopting an EDI solution into your business is the increased speed at which you'll be able to get products on shelves and fulfill orders.

How is EDI formatted?

EDI has several different standards for formatting documents to facilitate the exchange of information between trading partners. It's almost like a version of its own language. These standards vary across the globe, but in North America, the most used standard is the ANSI X12 standard. Retailers need the information in an EDI document to be sent in a very specific way, which ensures that you're meeting those requirements for a better trading partner relationship. This helps boost compliance from the beginning and makes for less confusion at later points in the supply chain.

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Examples of EDI documents

Digital purchase orders (EDI 850) and order confirmations (EDI 855) provide buyers more insight into what can and will be fulfilled, which leads to better planning and inventory practices. Advanced shipping notices (EDI 856) inform retailers when and how products will arrive, giving distribution centers a heads-up on incoming shipments and removing the need for manual sorting. An electronic invoice (EDI 810) makes it easier and faster for your trading partner to remit payment to you.

Benefits of adopting an EDI solution

Total data integration from an EDI solution ensures efficient operations, timely replenishments and maximized sales opportunities. When you leverage an EDI solution, your brand can streamline supply chain operations, ensuring your products are always available when retailers and consumers need them.

- ✓ Streamlined communication helps boost collaboration and accuracy.

- ✓ Accelerated payment processing allows you to get paid faster.

- ✓ Maximized sales opportunities increase your ability to seize new trading partner relationships.

- ✓ Truly efficient operations lower overall expenses.

- ✓ Better communication results in better trading partner relationships.

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When do I need to be EDI-compliant?

While it does vary from business to business, best practice dictates that you are EDI-capable before you start fulfilling orders. Due to the benefits that EDI brings your supply chain, communicating with trading partners will be much more efficient. Some trading partners may require that you have an EDI solution, and others may not; though they'll be happy to see that your documents are sent with full accuracy and timeliness.

Not to mention—with an EDI solution, your information is shared comprehensively and on time, which makes your brand more reliable in a competitive market. EDI boosts profitability by ensuring that nothing falls through the cracks, which is why it's always better to get started with an automated solution as early in the process as possible.

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How much does EDI cost?

The price of an EDI solution can vary based on the scale of your business, but the key factor that you should consider is how it meets your specific business needs. One of the major benefits of the right EDI solution is that it can be scalable to your business. That means it's specifically tailored to fit your needs, not the needs of your competitor.

When you choose a reputable, full-service EDI provider like SPS Commerce, we prescribe the plan you need, configure the solution, validate and test it and manage any ongoing changes. Then, you can sit back and focus on building your brand without worrying about any of the smaller details. You'll pay for exactly what your business needs.

How do I get started with EDI?

Thanks to cloud technology and full-service providers, EDI solutions are increasingly more accessible than ever, especially for smaller or emerging brands. Discover the people, processes and technology that you need to adopt an EDI solution without the headache of hiring additional staff or learning how to code. Share your business goals with us, and we'll handle the complexities for you.

SAY
"YES"
TO EDI
TODAY

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