

Manufacturers **ALLIANCE**

EDI for Manufacturers in the
Modern Age

Meet the Presenters

Today's presenters



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Agenda

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Introductions

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What is EDI

3

Current EDI Methodologies

4

Modernization of EDI

5

Q&A



WHAT IS EDI?

What is EDI?

Electronic Data Interchange - A method of electronically exchanging business documents between two or more parties

- Originally developed 1960s to facilitate the exchange of business documents between Buyers and Suppliers
- Intended to Automate the **Purchase-to-Pay** and **Order-to-Cash** Process.
- Documents traditionally exchanged are Purchase Order, Purchase Order Acknowledgements, Advance Ship Notices (ASN), and Invoices
- **EDI as a technology has not evolved in many years and can inhibit manufacturers from truly automating their Purchase-to-Pay processes with their supplier**



POLL QUESTION #1

4 components of EDI:

SYSTEM CONNECTIVITY

SFTP, HTTP, HTTPS, API, AS2

MAPPING

Directs data to corresponding record and field in ERP

TRANSLATION

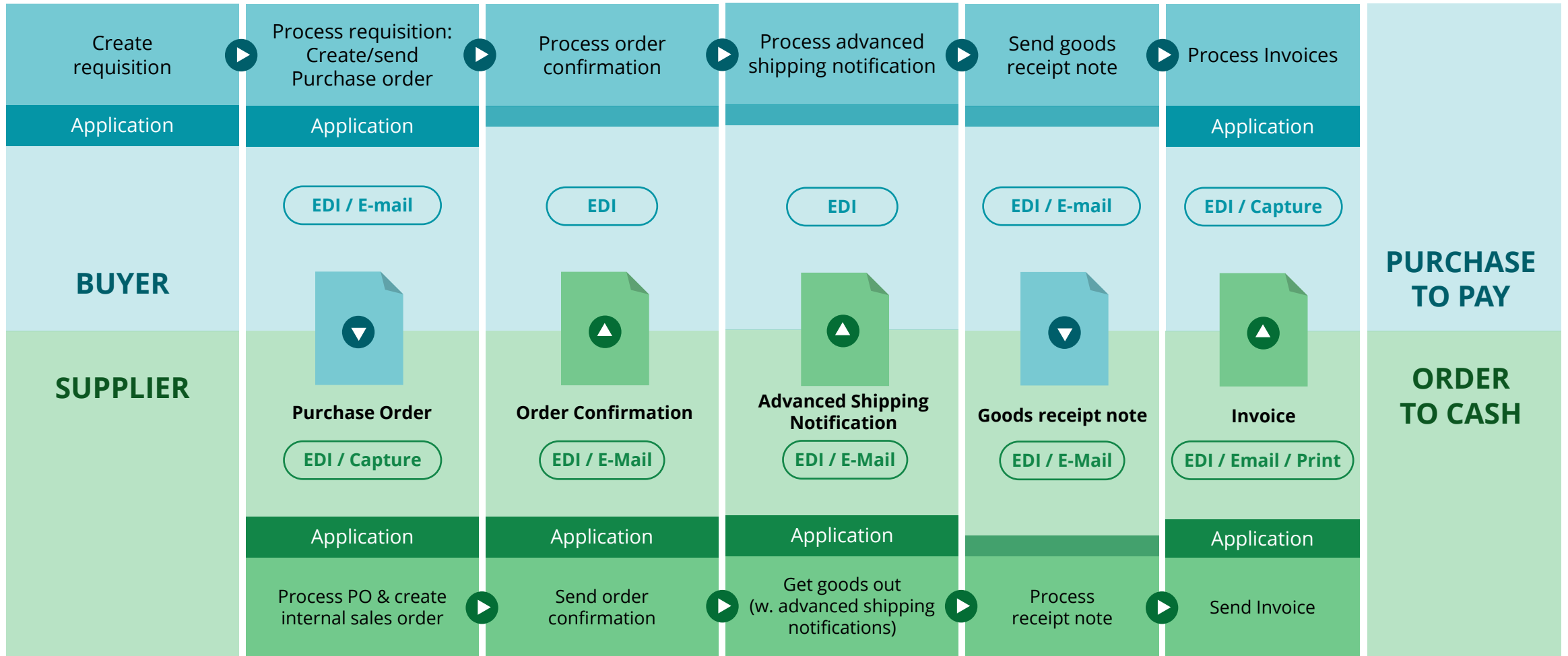
Converts EDI language to system specific format
(X12, cXML, EDIFACT, ect.)

COMMUNICATION

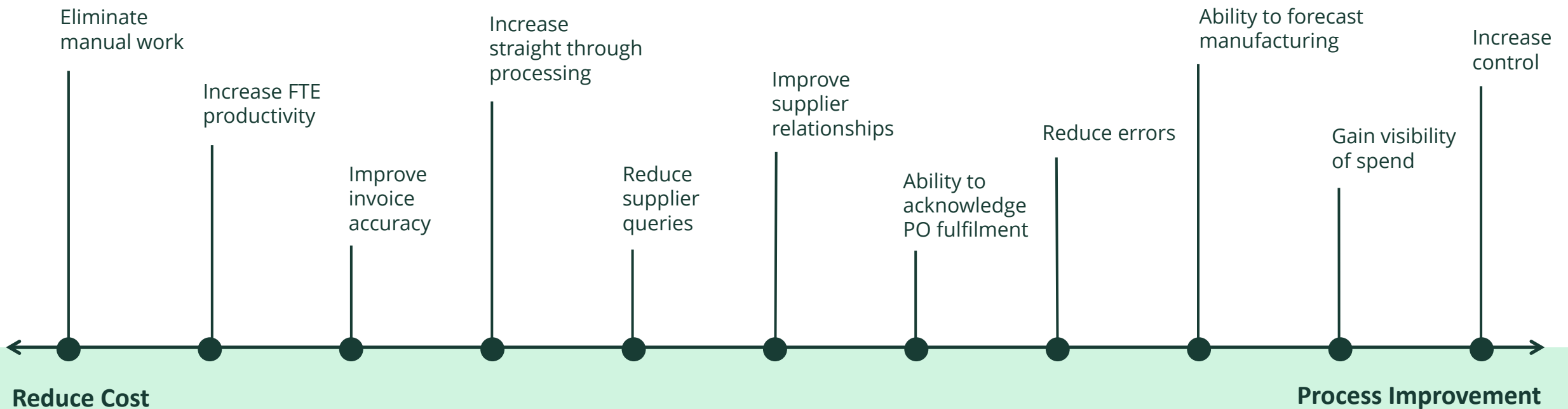
Value Added Network (VAN)

Infrastructure that provides a direct link between trading partners

Process Flows

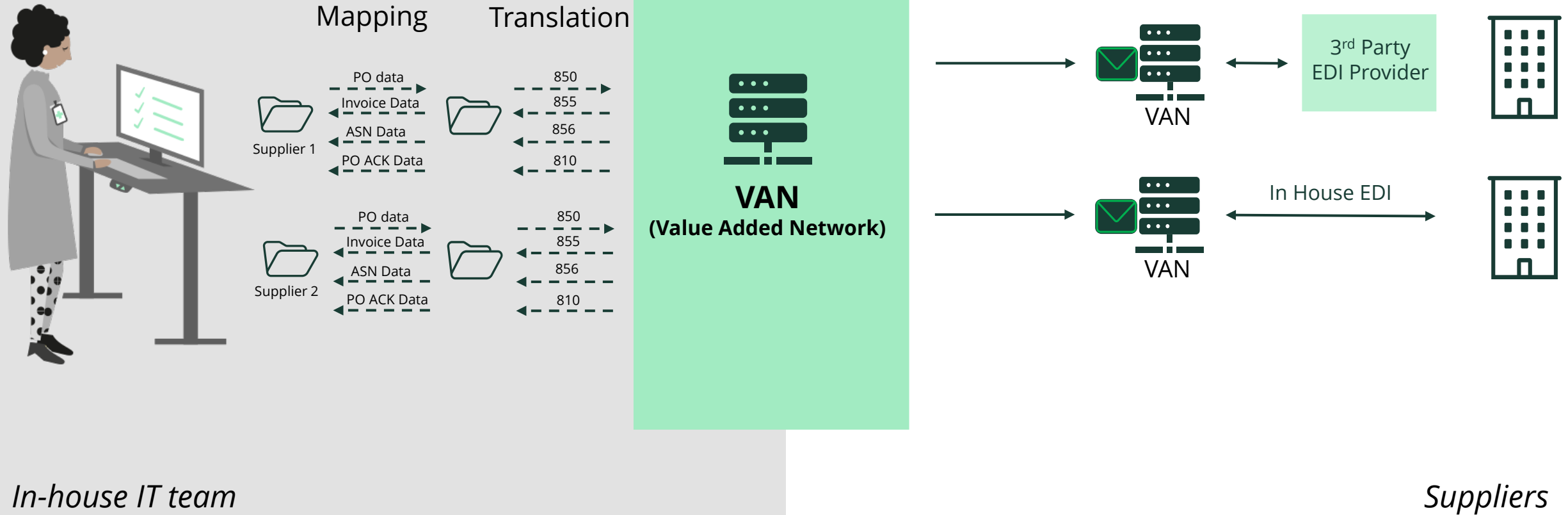


Why organizations choose EDI?

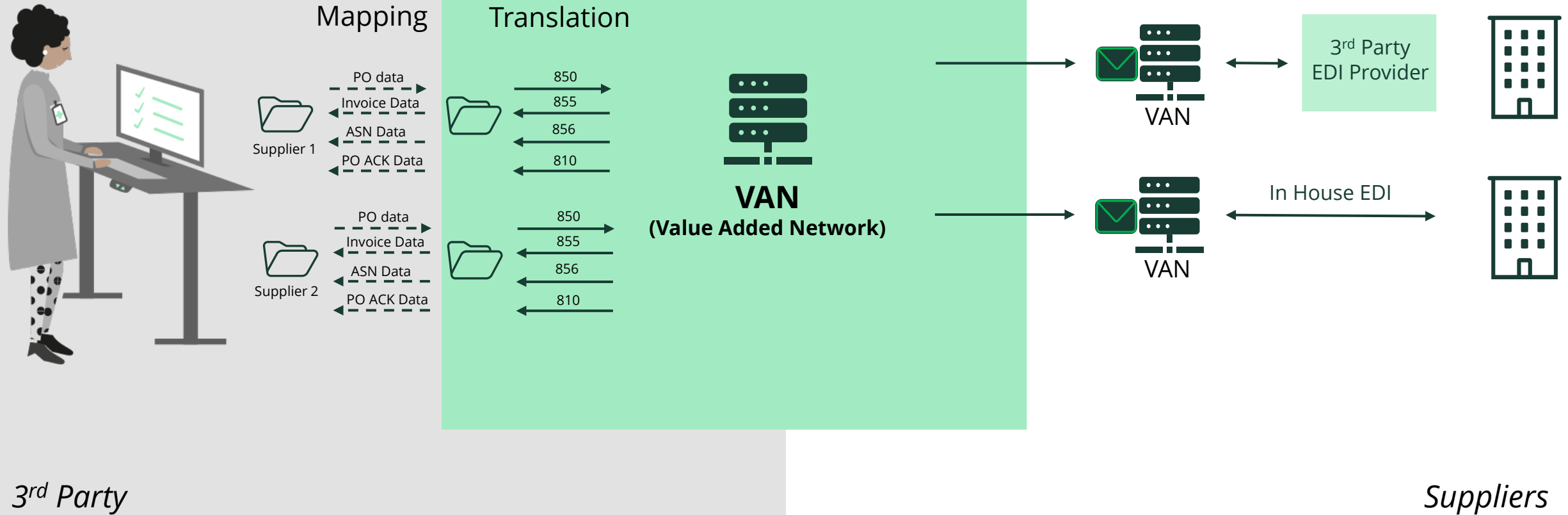


CURRENT EDI METHODOLOGIES

Process Flow: In House



Process Flow: EDI Service Provider



Challenges

Challenges faced by businesses to adopt EDI

- ✓ Gaps in the Industry
- ✓ Lack of knowledge
- ✓ Size of suppliers
- ✓ Internal resources
- ✓ Scalability
- ✓ Cost

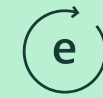
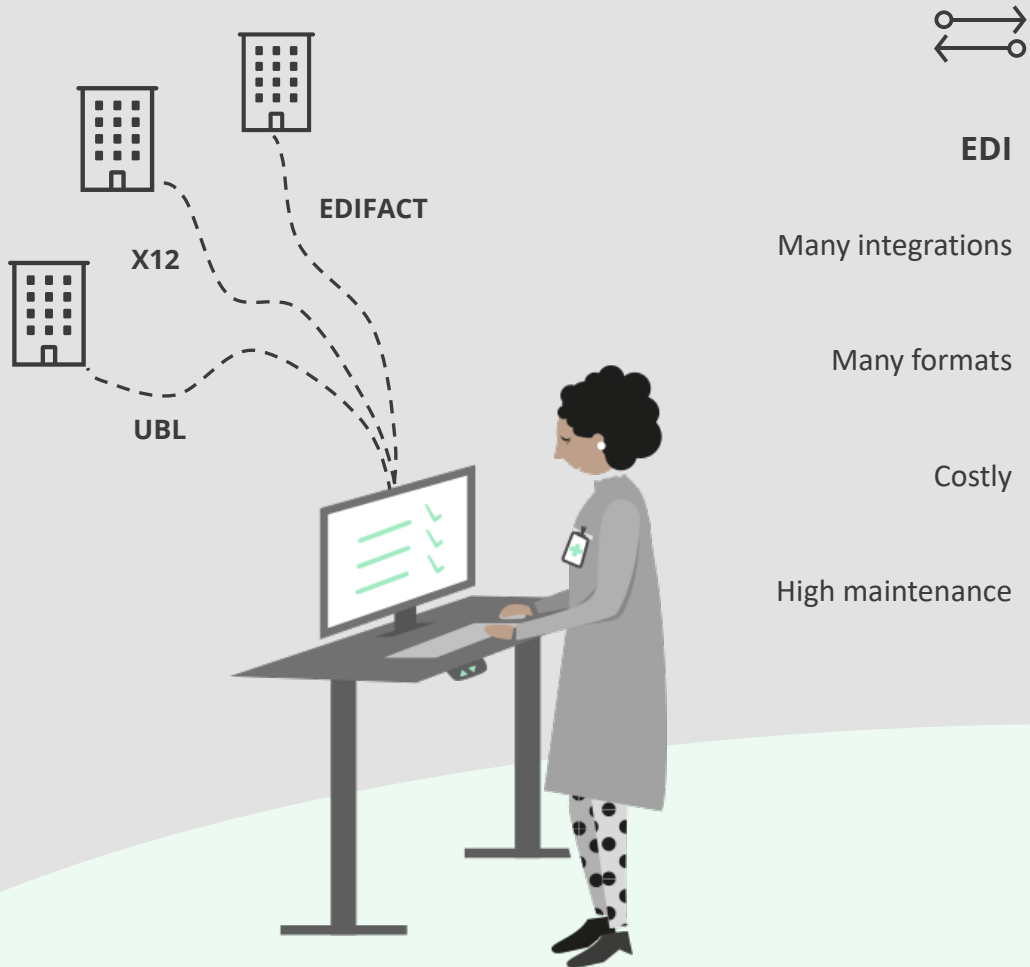
Reality of EDI

- No true standard
- Antiquated technology
- Rigid
- Time consuming
- Can be expensive
- Inhibit Growth

POLL QUESTION #2

MODERNIZATION OF EDI

What is a **network**?



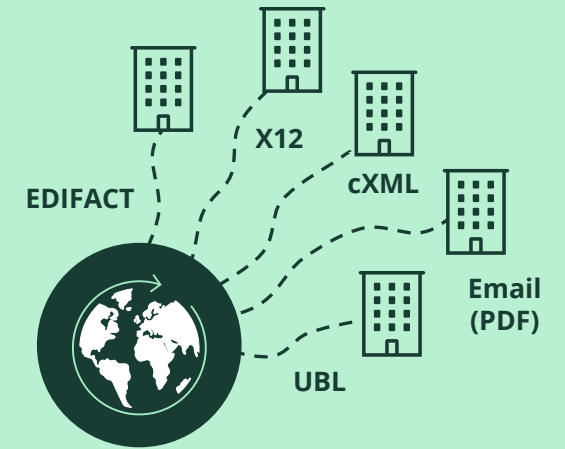
NETWORK

One integration

One format

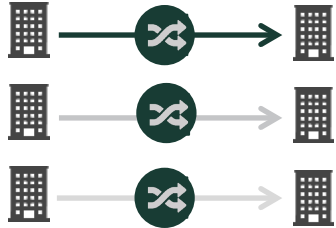
Scalable

Flexible



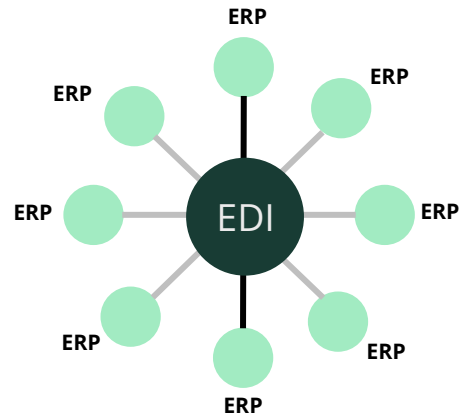
The evolution of connectivity

POINT-TO-POINT ONE-OFF



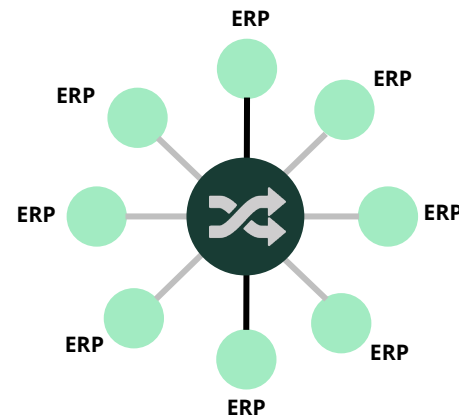
- Individual Connections
- Costly maintenance
- Poor scalability
- No Interoperability
- Not future proof

ELECTRONIC DATA INTERCHANGE EDI OPERATOR



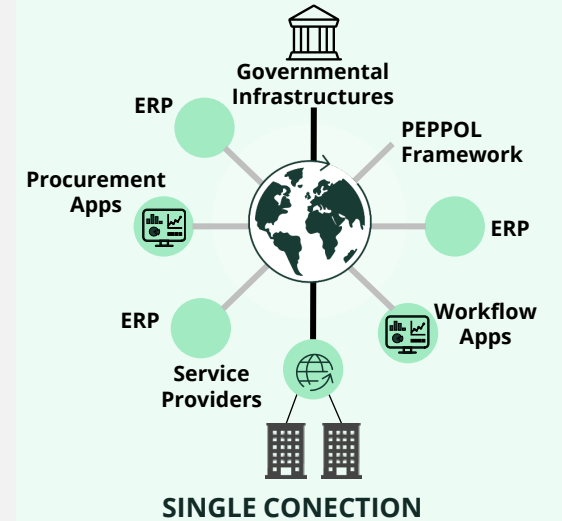
- Bespoke Supplier/Buyer connection
- Manual Routing
- Limited Scalability
- Basic to none Interoperability
- Limited automation

E-DOCUMENT BUSINESS NETWORK SERVICE PROVIDER



- Single Connection
- Automated Routing
- Scalability
- Decent Interoperability
- Automated format conversion

SMART OPEN E-BUSINESS NETWORK EXTENDED SERVICE PROVIDER



- Self service trading directory with routing capabilities
- Enhanced scalability with multi business document support
- Extended Interoperability for P2P/O2C
- End-to-end technical and business resp.
- Regulatory five corner integration

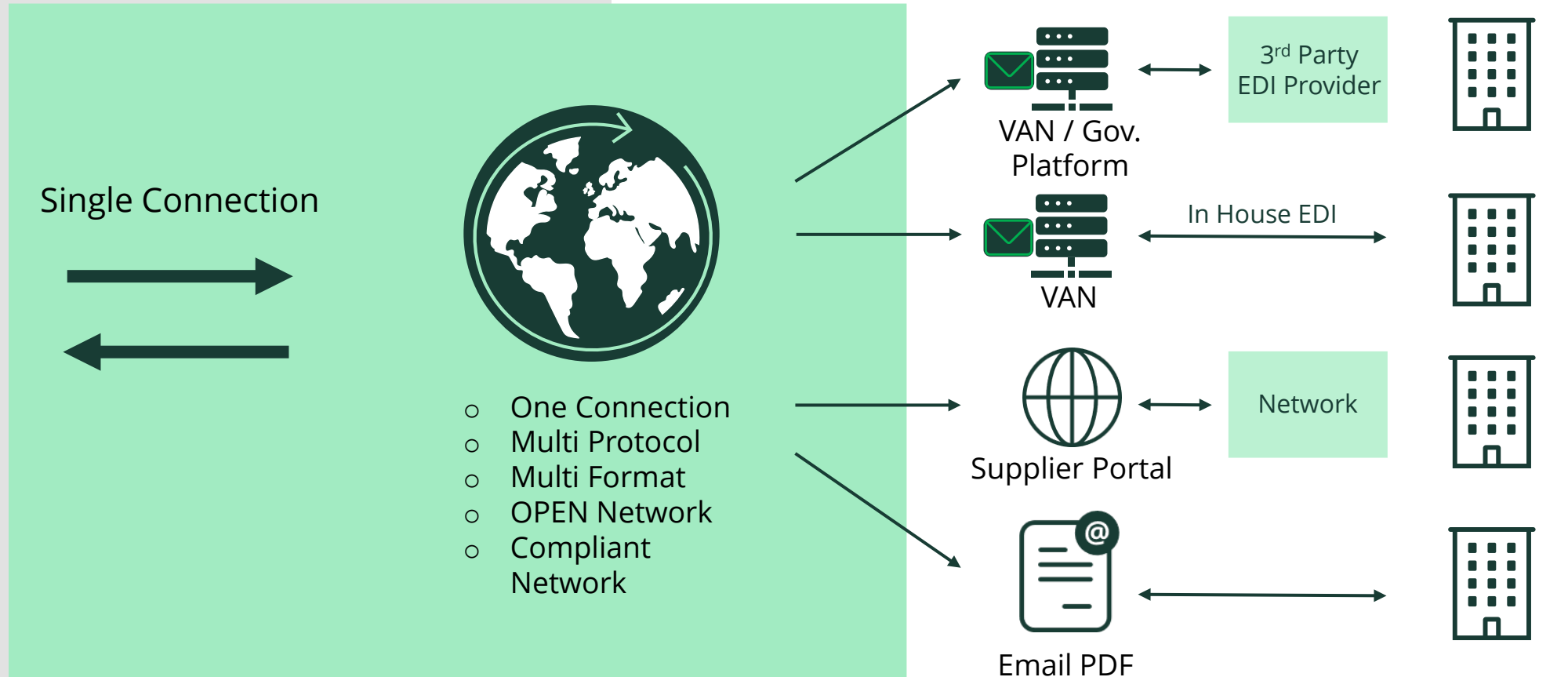
1970s

1980s & 1990s

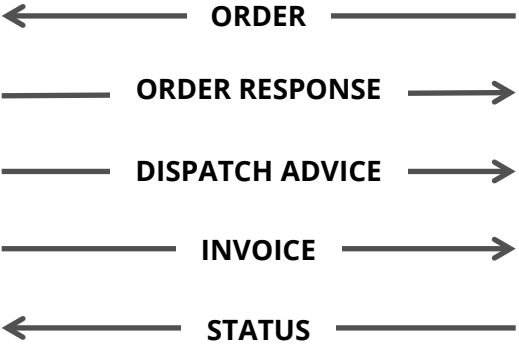
2000s & 2010s

Future

Process Flow: Smart Open Business Network



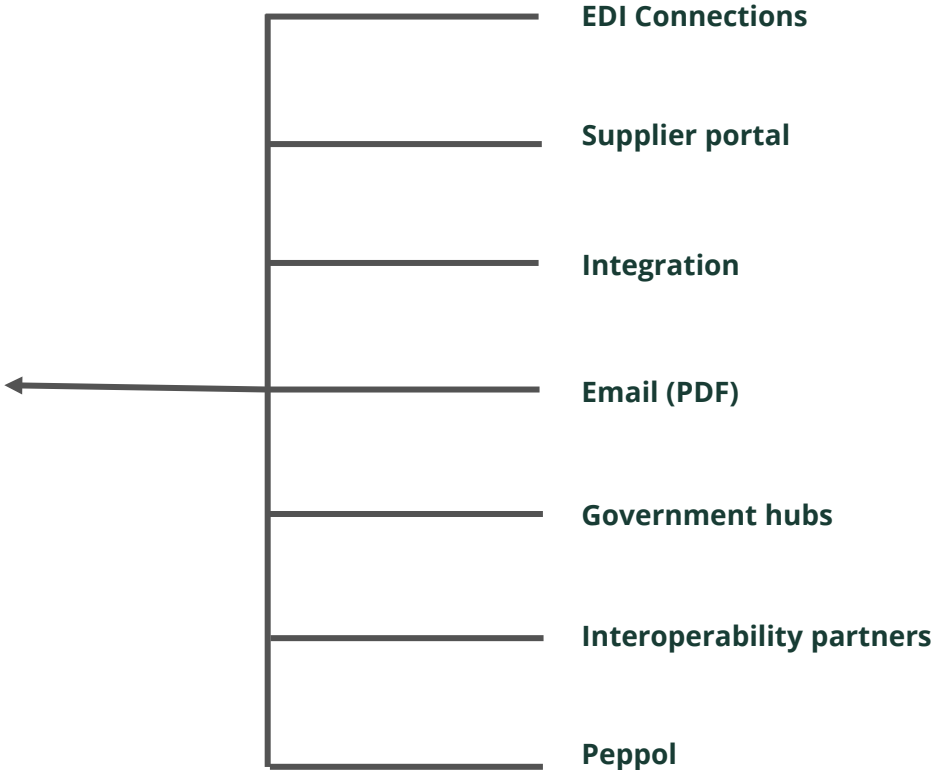
ERP / PtoP WORKFLOW



REACH / DOCUMENT EXCHANGE



Open Business
Network



Benefits of a Smart Open Business Network

Increase FTE
productivity



Increase straight
through processing



Improve invoice
accuracy



Ability to forecast
manufacturing



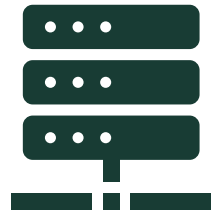
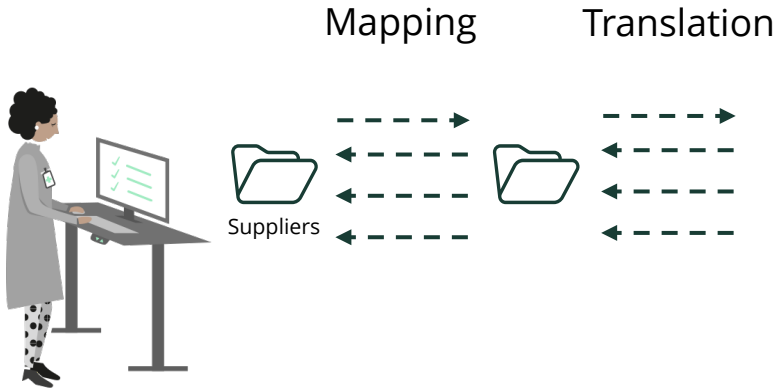
Gain visibility
of spend



POLL QUESTION #3

The Differences in Process Flows

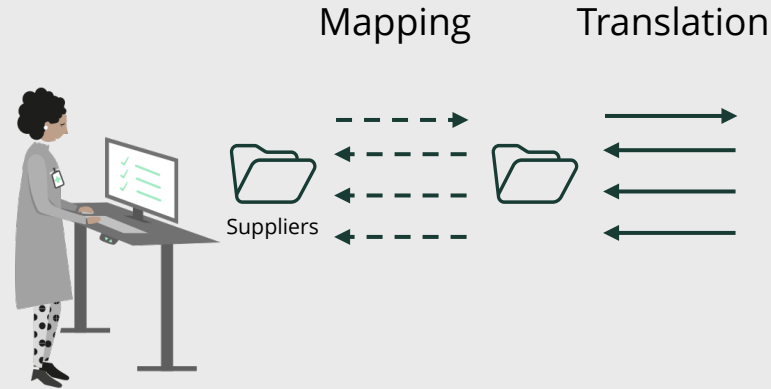
In-House EDI



VAN
(Value Added Network)

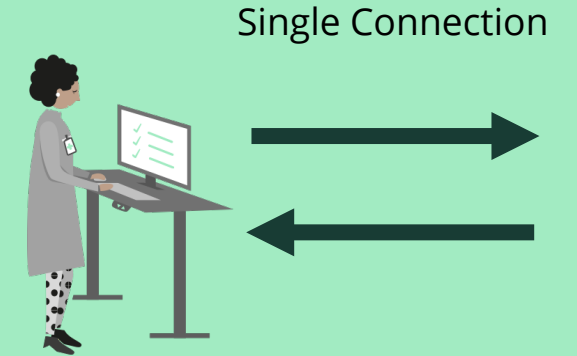
- Many Formats, Many Integrations
- One to One Connection
- Costly

Traditional EDI Provider



VAN
(Value Added Network)

Open Business Network



- One Connection
- Multi Protocol
- Multi Format
- OPEN Network
- Compliant Network

POLL QUESTION #4

NEXT STEPS

EDI Readiness Evaluation

Manual Data Entry & Automation

☐

How much time is spent on manually entering invoices into your system? Are you able to support all methods of P2P processes, communication, and document transactions regardless of supplier capabilities in an automated way?

Order Confirmation

☐

Can suppliers fulfill your order and verify the PO information is correct?

Invoice Accuracy

☐

Do invoices match the PO sent to your suppliers?

Data Quality

☐

Are you able to use internal BI tools to analyze the data to determine how money is spent?

EDI Requests

☐

Are suppliers requesting to transact via EDI?

Format Independence

☐

Are there suppliers you would like to transact with outside of traditional EDI?

End-user Experience

☐

Do you want to simplify your internal processes regardless of how you transact with your supplier base?

Regulatory Compliance

☐

Do you and/or your suppliers operate internationally and in regions with existing or upcoming e-invoice compliance mandates?

Q & A

A stylized world map in a dark teal color, centered on the Atlantic Ocean. A circular arrow with a triangular head is positioned at the top of the map, pointing towards the right.

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Manufacturing Finance Leaders Conference

Session Highlights

- Finance Transformation: Powered by Intelligent Automation
- ESG Reporting is Here: What Corporate Finance Needs to Know
- Navigating AP and AR Automation
- Demonstrate Tangible Value with a Center of Excellence
- Innovating Through Finance: Corporate Venture Capital Best Practices
- The State of the Finance Leader in Today's Yet-to-Be-Defined World

Learn more: manufacturersalliance.org/financeconference2023