HDexchange

The Industry's E-Commerce Solution

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HDX/ICC EasyEDI: Frequently Asked Questions

Including:

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What is EDI?

Electronic Data Interchange (EDI) is the computer-to-computer exchange of business documents between companies, using a public standard format. Rather than preparing paper and sending it through the mail, or using other communications methods such as telex, EDI users exchange business data directly between their respective computer systems.

What Are The Benefits Of EDI?

The most tangible benefit of EDI is it saves you money. HDX estimates that manually processing a purchase order and its corresponding invoices costs both trading partners over $32 in paper, postage, personnel and other costs. TransNet, a popular electronic ordering system costs nearly $26. Using HDX, that full transaction would cost $6.57. A different source (RJR Nabisco) reported that EDI cut the costs of processing an order from $70 to less than a dollar.

Users report improvements in the following major areas due to EDI:

Transaction Handling/Processing Accuracy
- Less time spent in reconciling differences/errors
- Fewer credit/debit adjustments
- Reduced back order situations
- Fewer product returns

Administrative and Clerical Costs
- Reduced document matching, filing
- Reduced manual document preparation
- Decreased key entry for computer input
- Reduced clerical time requirements for buyers
- Direct savings in paper, mailing, telex, and other physical costs

Intangible Benefits
- Increased accuracy
- Improved cycle times (order-shipping-invoice cycle from 10 days to 2 days)
- Allows your company to accommodate greater volumes without added costs
- Closer relationship with trading partners
- Improved service to customers, increasing business

How Does EDI Work?

EDI transmission typically begins with the sender's business system assembles the data needed for the transaction (i.e. order, invoice, etc.) This data is then given to a software module that generates the transaction into the EDI message standard format. The resulting data file is then transmitted to the receiver, over a Value-Added Network, or VAN. The VAN is like an electronic clearinghouse that ensures information is securely sent and received. At the receiving end, this data file is input to a software module that translates the data from EDI format into a different file, which can be automatically processed by the receiver's computer application systems.

What is an EDI Network or VAN?

Many businesses choose to use a third-party EDI network or VAN (value-added network) in the trading partner relationship-because a network can make EDI easier and more convenient for both sender and receiver.

A network service makes it possible to complete all of your company's communications in a single transmission. In this sense, the network acts as a clearinghouse to free you from transmitting documents one-by-one to each of your trading partners – a process that could prove far too costly if done in-house. For the receiver, a network can post documents to an EDI mailbox for retrieval at convenient times.

For both sender and receiver, an EDI network can also bridge time zones, connect incompatible computers, safeguard data integrity, and act as a buffer to protect systems security.

Some VANs also offer programs designed to assist companies as they implement new EDI transactions and add trading partners. Programs may include in-network translation between EDI standards; envelope or segment conversion, and media conversion of EDI data to human-readable format and the subsequent mailing or facsimile transmission to a non-EDI trading partner, and much more.

Is HDX a VAN?

HDeXchange, Inc. (HDX) is actually a trade association that was created to promote electronic commerce in the industry. HDX offers some e-commerce services through its subsidiary – HDX Services, Inc. – which essentially serves as a volume-based re-seller of these services. One of the products HDX Services offers members is EASY EDI, which can be considered a VAN.

Does My Business System Support HDX Services' EASY EDI?

Several major business system providers played a major role in creating HDeXchange, Inc. Because their customers benefit from the work of HDX, they have been very supportive of the EASY EDI product and have e-commerce modules that communicate through the EASY EDI network. The following business system providers currently work with EASY EDI:

- Autopower
- DST
- Karmak
- NxTrend

Some companies use customized business systems, thus requiring special programming to accommodate the EASY EDI product. Naturally, programming depends on the skill level and flexibility of your system, but HDX Services estimates programming time to range from 20-60 hours to write an e-commerce module compliant to EASY EDI.

Do my trading partners support it?

HDX's standards and services are currently supported by nearly 100 leading companies – both distributors and parts manufacturers – in the heavy truck parts industry. This community of participants grows every month as most companies beginning EDI realize the benefit of plugging directly into this established community, instead of trying to create a community of their own.

Even if your trading partners is on a different network, all of the networks support interconnections with each other. It is possible, therefore, to be a part of HDX and communicate with trading partners on any of the networks via these interconnections.

What is a Translation Program?

Many large EDI users have their own translation programs based in-house. These programs convert files from a standard X-12 formats into files that are usable for the company's specific business system. However, because of the cost of purchasing or creating in-house translation programs can be high, VAN services like HDX Services' EASY EDI offer mapping and translation services as part of their optional value-added services.

What are Mapping and Translation Services?

Many VANs have the ability to take a file from your trading partner's mailbox and before delivering the file to your mailbox, creating a different formatted file with the essential bits of information. Essentially, the VAN writes a mapping/translation program for you using programming specialists and seamlessly delivers your preferred file to your mailbox.

So, instead of purchasing your own translation program, HDX Services' EASY EDI can do this mapping and translation for you. In fact, HDX Services has already created some of the maps needed for EDI using the leading business systems, and makes these maps available for to all EASY EDI users.

Will EASY EDI save me time and money?

If you choose to bring EDI into your company, HDX Service's EASY EDI product will save you both time and money. The major business systems already have programs connecting you into the EASY EDI network. These programs give you instant access to the entire HDX community, thus saving you the effort of trying to connect to your trading partners on a one-to-one basis.

Even if you need to write your own module to accommodate your custom system, being part of the HDX community allows you to write a single program for all of your trading partners in the HDX community, thus saving you a significant amount of programming expenses.

How much will it cost me to implement EDI through HDX Services?

Membership to HDX and access to HDX Services' EASY EDI product costs $1,000 for startup and $100 a month afterwards. After that, your additional costs depend on how much traffic your company produces. Currently, HDX Services estimates this amount to be about $5-10 per trading partner. Other costs that you might incur include setup and monthly costs from your business system provider or programmer. Overall, the total expense to get started on EDI is under $4,000.

What is a Kilo-character?

Technically, a kilo-character is a way to measure the size of a file and is equivalent to 1,024 electronic characters. In practical terms, average purchase orders will equal about two kilocharacters. Almost all VANs charge their customers based on kilocharacters, ranging from $0.15/kc to $0.60/kc depending on volume. HDX Services charges customers a base rate of $0.08/kc and also offers volume discounts.

Will my investment be protected by stable technical standards?

HDeXchange, Inc. is very focused on maintaining stable technical guidelines for EDI – based on the ANSI X-12 standards. Every several years, the standards change to accommodate new business requirements, but those changes tend to affect the business system providers more because the changes must take place on the business system.

How do I implement EDI with my trading partners?

After getting set up with HDX Services and your business system, most trading partner implementations will require a short lead time for the preliminary exchange and entry of linking numbers between partner systems. Specifics on how to set up a system for a particular transaction come from both the suppliers and the systems vendors. Once testing is complete and both parties are ready, then you are ready to go live with EDI.

Is EDI Secure?

The EDI process includes a number of control and security procedures. Data security is maintained through the use of user identification numbers and passwords. The EDI generation/translation software that is available from HDX Services includes extensive data editing and error-checking routines. This facility ensures that the data is valid at the time of transmission, and that it is also valid when it is received. EDI standards also allow the receiver to acknowledge successful receipt of the transmission by sending an acknowledgment message back to the sender. EDI, then, is at least as secure and accurate as your present method of exchanging paper documents.

Why Use a VAN over Direct Internet Communications?

Some companies have adopted a direct Internet communications link for transmission of documents. While in some cases, this may offer a reasonable and affordable solution, there are several reasons why a VAN should be used instead.

- **Single Connection** – One of the major benefits of using a VAN is that when you join a VAN you need only be concerned about your link to the network. What your customers or suppliers use to connect to the network need not concern you at all, as the VAN will take care of all these individual connections to their services.
     If you set up a direct Internet link, a significant amount of internal management of these connections must take place. This includes managing your own ISP changes, trading partner ISP changes and all firewall security programs.
- **Mailbox Services** – At its core, the VAN is essentially an electronic post office. It receives electronic messages which may be orders, invoices etc., reads the addressing information contained in the EDI envelope surrounding these messages and posts them into the mailbox of the recipient. This makes it easy to manage the individual documents you send and receive.
- **Security** – Because of the commercial sensitivity of some of the documents transmitted (like invoices), the VAN suppliers have ensured that high levels of security are maintained. Access to VANs services are password controlled and most VANs offer Trading Relationship validation as a means of ensuring that only authorized messages or documents may be transmitted.
     In addition to password and trading relationship control, some networks check the integrity of each transmission into their service. This level of checking ensures that the transmission conforms to the mandatory data elements of the EDI standard being used (see the article on EDI Standards).
     Also if the transmission is incomplete, perhaps due to failure of the communications link, it is usually possible either to re-send the missing data or to re-send the whole transmission. The networks do not allow duplicate transmissions and will therefore automatically discard any of the data which has previously been delivered to the recipients' mailbox.
- **Audit Control** – It is essential for the VANs to provide the end user with a full audit trail, so that users have information at their disposal with which to manage their use of such services. These facilities are available as a function both of the networks themselves and the software packages that are available for connection to the networks.

In general there can be no doubt that the overall levels of security maintained by the VAN operators is very high and that sending important business documents electronically is extremely secure.