

# OUTSOURCED VS. ON-PREMISE EDI

YOUR OPTIONS TO STAY BETTER CONNECTED WITH YOUR CUSTOMERS, TRADING PARTNERS AND SUPPLIERS



## The value of being connected

The commercial advantages of gaining control over the supply chain are widely recognised: Increased data accuracy, improved customer service, supplier compliance, lower inventory holdings, and reduced costs to name a few.

These are attained by having clear and instant visibility of all transactional activities between trading partners, something that can be achieved using Electronic Data Interchange (EDI) technology.

However, a significant barrier to companies taking advantage of these benefits has been a technical one – the thorny issue of systems integration. Complexity surrounding the various formats and protocols involved in linking multiple suppliers using a diverse range of ERP systems is a daunting prospect for even the most proficient chief information officer (CIO).

Furthermore, organisations have to conform to various system requirements to meet the demands of their customers, which leads them to make a significant investment to hire additional IT staff. An alternative solution would be to consider outsourcing the management of your EDI technology.

## On-premise EDI solutions

### Limitations: Costly, Timely, Hard to Implement

The problem with on-premise EDI solutions is that they can be notoriously difficult, expensive and time-consuming for in-house IT staff, with a vast array of different technologies presently in use for exchanging data and trading partners frequently making changes to their requirements. Multiple connectivity protocols such as AS2, FTP and SFTP, as well as 'legacy' protocols such as X25 and X400 create complexity and keeping up with this great variety of formats is a daunting prospect for any organisation.

Complexity exists too in selecting from the plethora of EDI VANs or web-based portals available, and the multiplicity of data formats that are commonly used only serve to confound – standards such as Tradacoms, EDIFACT, EANCOM, XML, along with all the proprietary formats.

To further intensify the issue, these formats vary by customer and change occurs with irritating regularity. Even if a given customer uses a well-established standard, such as Tradacoms or EANCOM, these may well be interpreted or implemented in slightly different ways, which all adds to the anguish of the IT department.

Add to this the rate at which VANs are acquired or retired, connectivity preferences change (many retailers in the US, UK and Europe are moving from VANs to AS2), new document types are introduced (ASNs, proof of delivery), and even minor tweaks to documents, such as adding a new mandatory field, all present challenges on an ongoing basis that makes maintaining links with customers or suppliers a hardship.

Managing all of this variety and change is expensive and time-consuming for the IT function and can hardly be described as value-added work. The same is true for the on-boarding of suppliers, which needs to be managed, both in terms of supplier adoption and supplier enablement. Poor supplier on-boarding is the single biggest reason for failure of electronic trading and EDI initiatives.

The main reason for such failure is that customers with on-premise EDI solutions underestimate the time and resources required. Many companies fail to consider, prior to launching into a new B2B trading initiative, whether they have a dedicated team of people who can manage the on-boarding process.

## The Alternative: Outsourced EDI

### Faster onboarding, Customer focused, Market educated

TrueCommerce helps businesses transform EDI from a potentially expensive but unavoidable overhead into a business opportunity by providing the necessary experience, skills and infrastructure, to allow companies to concentrate on their core competences. As a fully managed service, those outsourcing to TrueCommerce are free from the burden and risks associated with technical issues, maintenance costs and the need to keep abreast of advancing technology. TrueCommerce customers benefit from being more connected, more supported and more prepared for what's next.

The TrueCommerce managed service is for companies who want to improve profitability by challenging the cost, complexity and limitations of trading with customers and suppliers using traditional methods. Through a fixed annual fee, with no hidden or variable costs, we have consistently helped companies secure tangible operational cost savings and improved customer service.

### Key considerations

When moving your electronic trading to an outsourced model there are important considerations as to which EDI provider to choose. Firstly, a secure, reliable infrastructure has to be the foundation for mission-critical B2B processes. The infrastructure required must include:

- Guaranteed continuity of utilities and physical infrastructure (electricity, buildings, secure access etc.)
- Fully redundant hardware, software and networking components that span the full critical lifecycle of the data involved; in other words, it's no use the core software application being up and running if network access to the data is unavailable
- An alternative disaster recovery (DR) site that is regularly tested with full fallover simulation and with all of the necessary switchover processes documented and associated staff available 24x7x365.

Secondly, many EDI providers take on responsibility for running the technical platform (hardware and software) and have teams of people that perform routine tasks as requested by the client. However, a genuinely outsourced B2B EDI service is one where the vendor is able to take full responsibility for the project, which involves:

- Project management and on-boarding of all trading partners to the network
- An understanding of the client's business processes that are supported by the B2B programme
- An understanding of the market in which the client is operating and of the relationships the client has with its major players
- An organisational structure and the supporting processes designed to provide customer support rather than product focused support

### Conclusion

On-premise solutions can often cause EDI to be complex, time consuming and costly. However, outsourced EDI is a viable alternative for companies, both large and small. Companies who choose the outsourced route are free from the burden and risks associated with technical issues, maintenance costs and the need to keep abreast of advancing technology, and can instead, take advantage of the extensive business benefits that are possible through EDI.

TrueCommerce is the most complete way to integrate your business across the supply chain, integrating everything from EDI to inventory management, to fulfillment, to digital storefronts and marketplaces, to your business system and to whatever comes next. Thousands of companies across various industries rely on us.

TrueCommerce: Do business in every direction



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