



10 Reasons Why You Must Modernize Your EDI

Successful participation in your
business ecosystem depends on it

Solution and process shortfalls are magnified as EDI's role in your business ecosystem evolves

Today's enterprise, large or small, must constantly improve and grow its business, because as soon as it gets complacent, a competitor will be there to rip away its market share. One way a company keeps a competitive edge is by modernizing its IT processes, and specifically, modernizing how it handles its electronic data interchange (EDI) workflows.

EDI is a core component of digital business today, and organizations in every industry rely on this standardized data format and its accompanying processes to execute daily business-to-business (B2B) transactions, such as order-to-cash, procure-to-pay, and plan-to-produce. In many regards, EDI is the engine driving companies' revenue-generating processes and the backbone of global commerce today.

But EDI no longer exists in the isolated world it used to, and it's no longer just the tool that IT uses whenever your sales team signs on a new trading partner. The EDI process has evolved, and your business must evolve as well.



Today's EDI processes enable the reliable flow of digital information in support of high-value, revenue-generating business outcomes. EDI modernization is no longer about supporting just EDI. Modernizing is about flexibly enabling your business to evolve with changing data dynamics and to successfully participate in your ecosystem.

What Is EDI Modernization?

Traditionally, “doing EDI” has been a way of moving data between suppliers and customers, into and out of their ERP systems. In the modern business landscape, however, EDI is a means of enabling your larger ecosystem and has grown beyond the simple exchange of standard electronic documents. “Doing EDI” involves an increased need to integrate application-based workflows into traditional EDI processes.

EDI modernization, then, is the process of extending B2B integration and automation capabilities beyond traditional EDI. Legacy EDI toolkits cannot deliver the entire B2B process – the format, transformation, movement, orchestration, and integration – your business requires. And thus, modernization integrates your EDI processes into other workflows for end-to-end processing and visibility into the trading partner relationships that drive your business.

So, let’s not think about EDI modernization as a line item on an IT budget; let’s think about EDI modernization as an investment in your business and in being the best trading partner you can be.

Here are 10 reasons to consider EDI modernization sooner than later.



Modern enterprises are finding that they need to accomplish EDI in new ways, and that “accomplishing EDI” also means accepting business conducted using non-EDI formats, when trading partners want to use XML or get order updates through API calls, for example. Are you one of those enterprises?

1

You Need to Maintain Business Continuity

Is your organization's success actually hurting your ability to do more business?

Congratulations! Your business is growing and experiencing amazing success, but such rapid growth puts added stress on existing systems and processes and will challenge the flow of business if it goes unaddressed. A legacy EDI tool may not be able to scale to bring on new partners or accommodate the new data loads, leading to increased outages and downtime. And in a 99.99% world, 100% business continuity builds more trust with your customers and business partners.



63%

of supply chain organizations say it typically takes 2 to 4 weeks to onboard just one new trading partner, so what happens if you sign 100 new customers tomorrow?

– *The 2019 The State of Ecosystem and Application Integration Report*

2

You Need to Scale

Can your existing IT environment stand up to higher volumes?

As your business grows, it's increasingly difficult to handle the higher transactional volumes associated with more customers and more orders. Further, what happens to your total cost of ownership (TCO) if you try to scale with a traditional EDI managed services provider, where it's an added cost to onboard a new partner, make changes, and gain visibility?



95%

of IT decision-makers maintain ecosystem aspirations, but 38% of those lack the confidence in their capacity to scale to support digital transformation initiatives.

– The 2019 The State of Ecosystem and Application Integration Report

3

The SLA Violations are Piling Up

Are you constantly penalized for missing documents or failed transactions?

When you are unable to hit SLAs or meet deadlines for implementing new trading partner requirements, such as ASN updates, it makes for a high cost of doing business. Additionally, being known as the vendor who consistently fails to fulfill its obligations will negatively affect your reputation, and it's only a matter of time before your customers and trading partners start taking calls from your competition.



55%

of IT decision-makers say deficiencies in integration resources and capabilities contribute to a loss of between 50 and 150 orders annually, resulting in thousands of dollars in SLA fines and lost revenue.

– *The 2019 The State of Ecosystem and Application Integration Report*

4

Your Current Solution is at Its End of Life/Support

How much would it cost to modernize your EDI solution vs. paying out fines for a data exposure or breach?

When an incumbent vendor stops putting resources into a sunseting EDI solution, you risk falling out of compliance as soon as a partner has a new requirement or a new mandate like GDPR drops. Additionally, there's no one to call when something goes wrong. Without ongoing support and product updates, you're faced with software incompatibility, poor performance, and added exposure to increased SLA and security risks. Are you willing to hang your organization's reputation and future on an outdated EDI system?



\$3.86M

The global average cost of a data breach in 2018 was \$3.86 million. Could your business absorb a multi-million-dollar hit like that?

– 2018 Cost of a Data Breach Study: Global Overview from IBM Security and Ponemon Institute

5

Homegrown Environments Are Just Too Cumbersome

How easy is it to determine where and why an EDI file transfer error happened?

A kludge of homegrown, custom-coded solutions makes for a brittle and complex infrastructure, one that only the people who wrote the code truly understand. Additionally, these tools cannot deliver centralized monitoring, reporting, and visibility into your EDI and non-EDI transactions, and you'll waste countless hours digging through logs in an attempt to find where things went wrong.



22%

of IT decision-makers say legacy technologies cause significant delays in generating revenue due to slow onboarding processes of new customers and trading partners.

– *The 2019 The State of Ecosystem and Application Integration Report*

6

You Want to Increase the Quality of Service

How can you improve vendor response times?

Service is one of the great differentiators in today's business landscape, especially when it's so easy to overpromise and underdeliver. But unique business requirements challenge your service levels and require a highly skilled and experienced team. A modern EDI vendor backed by expansive industry knowledge helps you navigate those challenges, gain enhanced control and visibility over your business ecosystem, and improve issue resolution times. And by extending that transparency to your customers and partners, they'll have more trust in your business.



57%

of IT decision-makers say lost orders lead to an annual loss of revenue between \$250,000 and \$500,000.

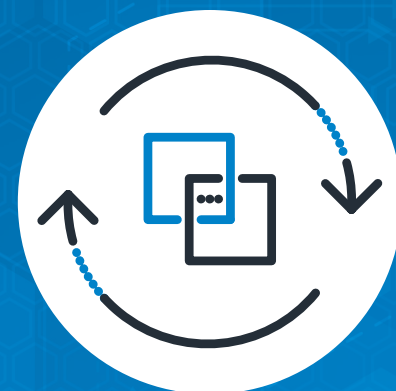
– *The 2019 The State of Ecosystem and Application Integration Report*

7

You're Undergoing an ERP Migration

Can a new ERP system support outdated, custom-coded EDI workflows?

An ERP upgrade is IT modernization at its peak, but such projects have a high failure rate. It's important to think about EDI integration as a crucial part of a postmodern ERP strategy, which blends on-premise and cloud ERP solutions to give businesses the flexibility to use the best applications and vendors for their specific needs. Implementing EDI and ERP together adds significant business value because the integration improves onboarding, reduces manual data entry and lead time, and expedites order processing.



75%

Up to 75% of all ERP projects fail, according to industry analysts, often because businesses are unprepared for the complexity of the process and the application integration, which usually isn't part of the ERP deal.

8

The Skills to Manage Your EDI Are Becoming Scarce

Do you have the resources to effectively support EDI integration, and do you even want to?

Staffing on-premise resources is often competitive and expensive. And the truly homegrown EDI solutions often are so complex that there's often only a single in-house expert that really understands how it all works. EDI modernization could mean outsourcing your EDI workflows to experts as an integration center of excellence, which enables you to focus more on business goals and less on the minutiae of managing integrations.



29%

of businesses say they lack the skilled resources to build and manage integrations between systems, applications, and partner ecosystems.

– *The 2019 The State of Ecosystem and Application Integration Report*

9

You Have to Improve Partner Onboarding

How easy is it to bring on new business or deploy a new SaaS application?

As your ecosystem grows and you need to onboard new trading partners, customers, and cloud services and applications, it's imperative to have a flexible solution that enables you to quickly connect. In fact, nearly two-thirds (63%) of IT decision-makers say new-business onboarding takes too long because of customized partner requirements. It's never been more important to support all manner of protocols, formats, and APIs to onboard new trading partners and applications.



47%

of IT decision-makers say that difficulty integrating new applications and slow partner onboarding are currently keeping their businesses from capturing new revenue opportunities.

– *The 2019 The State of Ecosystem and Application Integration Report*

10

Your Fulfillment Supply Chain is Evolving

Are you EDI-compliant with Amazon?

Selling through Amazon Vendor Central can expand your customer reach, but it can be extremely costly if you make mistakes. Additionally, evolving consumer expectations mean your business is held to Amazon-like standards for things like expedited shipping and easy returns. EDI data reliability and accuracy promote healthy inventory management, but they require tighter integrations between systems and logistics partners. A modernized EDI platform automates purchase order and ASN transactions between the Amazon Marketplace and back-end systems to ensure accurate order-to-cash and fulfillment processes.



**Amazon chargebacks
for non-compliant EDI:**

1%

**of product cost for late
POAs or POA changes**

\$5-\$150

for a late ASN

2%-6%

**of the product cost for
non-compliant ASNs**

BONUS REASON



To Enable Your Ecosystem (and Not Get Left Behind)

You need a modernized EDI system to support the EDI evolution that's already happening in your business ecosystem.

As organizations continue to navigate the forces unleashed by digital transformation, it will be extremely important to support end-to-end business processes that extend beyond the four walls of an enterprise, connecting external partners – customers, suppliers, and service providers – with internal applications (on-premise and cloud) and data stores. Thus, EDI workflows will evolve to include those that don't use traditional EDI formats and protocols.



While the workflow is still EDI and may still be a standard business process (such as order to cash and procure to pay), your system must be ready to say “yes” when that new big customer wants to use APIs and JSON to submit orders, rather than using AS2 to send an X12 standard 850 document.

Make the Leap from Tactical to Strategic EDI

EDI is the technological foundation for most supply chain activities, and it's a critical component for an organization's critical B2B transactions. For these reasons, EDI is a key consideration in any IT modernization effort and plays a central role in modern ecosystem participation and value-creation.

A modernized EDI platform that works better and is more flexible, more scalable, and more complete, bridges the gap from traditional EDI models and provides any-to-any connectivity, end-to-end integration, near real-time response, support for multiple, non-standard document syntaxes, on-demand visibility, and other value-adding capabilities. The fate of your business demands it.

And it doesn't take all 10 reasons to compel an EDI modernization initiative; it only takes one.



Contact Cleo today to transform the tactical “get business done” EDI approach into a value-generating business strategy that will help take your business to the next horizon.

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