



NewEDI

Buyers Guide



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Introduction

EDI is the exchange of “documents” – usually financially related documents such as purchase orders, invoices, etc. – between businesses, in a common format, from one computer to another computer. It has proven to be the best way to exchange business documents quickly and securely with any organization anywhere in the world.

That’s probably why more than 85% of all electronic business transactions take place using EDI; it’s used in almost every industry, and while large companies benefit the most, even small and medium-sized businesses use EDI to speed up accounts payable/receivable, and track orders and materials.

According to a research study from Forrester, EDI continues to prove its worth as an electronic message data format. For buyers that handle numerous transactions, using EDI can result in millions of dollars of annual savings due to early payment discounts. From a financial perspective alone, there are impressive benefits from implementing EDI, but the technology has found even greater importance in industries where data integrity and protection are mission-critical, such as healthcare and financial services.

For example, information from Healthcare Informatics and from the 2015 Second Annual Data Breach Industry Forecast from credit card reporting agency Experian points out how the continued movement toward digital formats in Personal Healthcare Information (PHI) increases the potential for data breaches. The introduction of the Affordable Care Act and the resulting need to share data across healthcare information exchanges compounds the problem. The Experian report points out that for businesses, the risk of experiencing a data breach is higher than ever, with “almost half of organizations suffering at least one security incident in the last 12 months.”

The good news and bad news for potential EDI buyers is that there are a lot of options, from large EDI Value Added Network service providers to web-based EDI solutions (for companies with smaller transaction volumes and don’t need as much automation and integration). Some EDI providers let you sign up right on the Internet and provide all the connectivity software and trading partner interfaces you need to get started. Obviously, more complex setups for large companies with hundreds (or thousands) of trading partners require internal IT assistance and can be much more complicated.

That said, it’s time to take new look at how EDI is priced and delivered. Historically, Tier 1 EDI – the premier-level service - has been available from only a handful of huge providers who focus on large corporations with millions in annual EDI spending, who commit to long-term contracts in return for volume pricing. A new breed of vendors, such as NewEDI, have emerged with different service and pricing models that enable them to offer Tier 1 EDI service to any-sized business, with no contracts, for up to half the cost of what they were paying other providers.

We’ve prepared this buyer’s guide to help you identify your needs and find the right kind of solution provider to take advantage of a technology that has been proven to help businesses succeed and thrive.

Why do companies buy EDI?

Let's face it—nobody likes change. In an environment of ever-accelerating processes, ever-increasing data volumes, and ever-shrinking budgets and internal resources, there has to be a compelling reason to look at implementing a technology solution or upgrade. In our experience, we've found that companies put EDI in place for one of the following reasons (or all three!):

- **They want to** – a potential customer/supplier/vendor uses EDI as their preferred communication method
- **They need to** – internal productivity and efficiency are falling off due to legacy systems or manual processes that just don't work well anymore
- **They have to** – regulations (or customer requirements) demand that they use EDI

While wants and needs might start the conversation, you can't make a solid business case for EDI without putting it terms your CFO, CIO and CEO will understand, so here are the factors you should consider:

Better Cash Flow

One of EDI's biggest selling points is that customer payments will be timelier when quotes, invoicing and payments are handled electronically.

Fewer Errors and Better Data Quality

Processing transactions manually means a greater risk of human error. When bad data makes its way into your internal systems, the results have a negative impact on your business. It has been estimated that data quality problems cost U.S. businesses more than \$600 billion dollars a year.

More Efficient Use of Human Capital

Speaking of manual labor: if your staff isn't spending all its time on high-volume, low-value manual data entry, they can be reallocated to more value-added activities. In addition, many customers require vendors to use their own proprietary portals to handle communications. If you have many customers, logging in and using multiple portals every day is time-consuming and inefficient. A direct EDI connection with trading partners eliminates 'portal overload' and saves staff time.

Happier Customers

If your customers are dealing with inefficient, broken systems or antiquated processes, they won't have much incentive to grow (or even keep) their business with you.

Faster and Seamless Trading Partner Onboarding

Legacy EDI systems can take weeks (or months) to onboard a new trading partner while modern EDI solutions can cut that time to mere hours or days. A quick, easy onboarding process allows you to be nimble and respond quickly to opportunities.

Searchable Database vs. Overflowing Filing Cabinet

In addition to automating manual processes, EDI solutions provide a searchable database that enables you to find and track documents from origination to destination and all points in between, by their EDI control numbers. No more overflowing filing cabinets and lost productivity.

Better Data Security and Audit Trails

With fully integrated EDI, data can be exchanged in a highly secure environment. Corporate auditing is made easier and faster since the EDI process eliminates many of the discrepancies inherent with paper-based systems. EDI transaction reports can be generated automatically, saving time and improving accuracy during audit activities.

Be More 'Green'

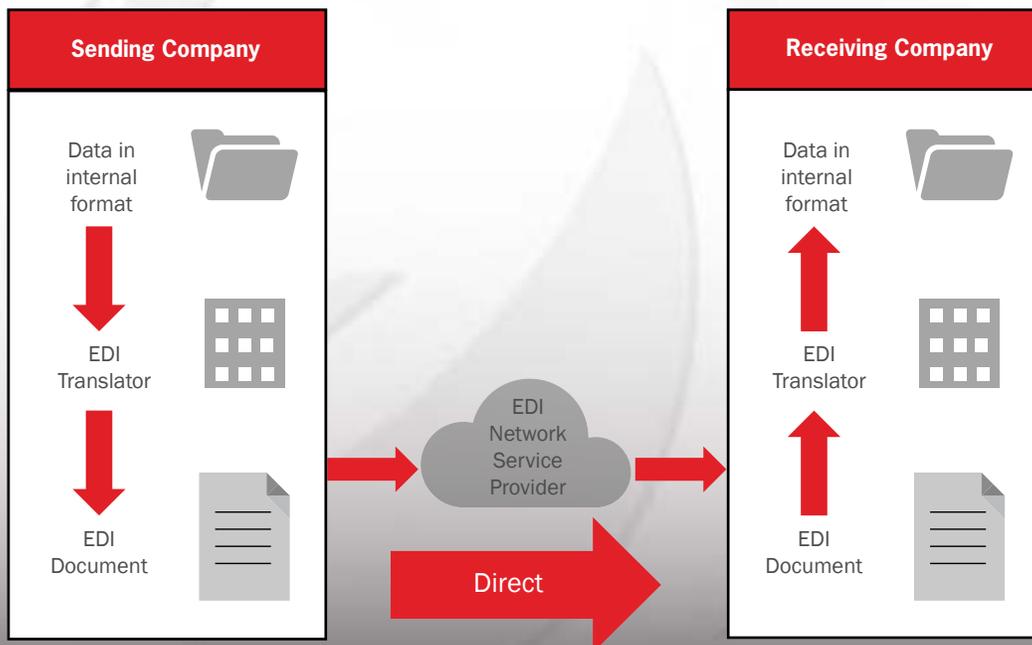
Many large corporations are now requiring their vendors to demonstrate corporate social responsibility and sustainability. EDI eliminates paper from the supply chain and replaces it with "green" electronic alternatives.

NewEDI Process Overview

With a fully integrated EDI system, the process can look like this—no paper, no people, and almost no time:

To Send an EDI Document:

1. Identify the data to be sent;
2. Convert data into EDI format;
3. Send



EDI – The Basic Components

Regardless of which provider or EDI solution you choose, there are four basic components you'll need to consider:

Service Level	Communication	Translation	Management/Analytics	Integration
<p>EDI service is usually referred to in 'tiers,' with Tier 1 being the top-level service. Data Centers-fastest speed, highest level of availability (99.99% uptime). There are only about four Tier 1 providers – the biggest players in the market – and they typically sell to the largest users with the highest volume. Most small and medium sized businesses have been forced out of the Tier 1 market but recently, a few EDI vendors, such as NewEDI, have been buying excess Tier 1 capacity in bulk and reselling it to customers who have lower volumes and/ or who don't want to sign long-term contracts. No matter how large or small your business, you should buy Tier 1 services from a consolidator or reseller who can give you a good price.</p>	<p>Communications protocols are rules that govern the transmission of data between computers. It should be part of the overall EDI implementation rather than separate parts. The direct connection model (AS2, FTPs, etc.) is most often used by large corporations that exchange high volumes of EDI documents. An alternative to the direct connection model is to work exclusively through an EDI Network Services Provider, also known as a Value Added Network, or VAN.</p>	<p>Data is "translated" into EDI documents. While the process of EDI translation can be considered a prerequisite, it's important to look for translation capabilities that are highly automated.</p>	<p>Analytics are often overlooked and yet they're critical to a good EDI solution. From tracking, to a searchable database, to real-time data updates, and a 365-day view of historical data, you need to have complete visibility into data flows and the data itself. Full visibility helps you mitigate risk, reduce management cost, and improve performance. NewEDI uses a cloud-based, end-to-end monitoring system called LENS (Liaison Enterprise Navigation System). LENS provides a self-service, personalized dashboard for summary views, as well as the ability to search and drill down into transactions. Timeline trending and transaction comparisons are also included, with the ability to restrict sensitive documents and share results in different formats with colleagues as needed.</p>	<p>Integration moves data from one system to another— basically bridging the gap between the disparate business practices of different organizations with minimal impact on internal business processes. Since many ERP, warehouse and transportation management systems do not automatically accept formatted EDI transactions, it's important to integrate EDI solutions with back office systems.</p>

Solution Provider Scorecard

Category	Factors to Consider	NewEDI	Vendor #2	Vendor #3
Service Level	Are you getting Tier 1, 2, or 3 EDI services? If the provider is a reseller, does it partner with established Tier 1 providers?	✓		
Availability/Uptime	Do they provide a minimum 99.99% uptime?	✓		
Ease of Migration/ Onboarding	Can they onboard in less than 3 weeks?	✓		
Trading Partner Onboarding	How quickly, easily and seamlessly can you add trading partners? *It should take hours or days, not weeks or months.	✓		
Data Management and Analytics	<ul style="list-style-type: none"> • Can you drill into data quickly? • Can you create tailored views by individual users? • How long does it take you to research an error? • Can you quickly find related transactions? • Do you have document- and item-level visibility? • Do you have web-based dashboard & reporting? • Do you have online, immediate access to transaction history for 365 days? 	✓		
Security	<ul style="list-style-type: none"> • Can user access be restricted by individual user level or through role-based security? • Is the database encrypted? • Does the application support multiple levels of EDI security? 	✓		
Integration	What integration options does the EDI provider offer and how much experience do they have completing similar projects?	✓		
Customer Support and Training	Does your EDI provider offer 24/7 customer support after implementation? *Ensure that you have access to technical experts who can provide help whenever needed.	✓		
Cost Structure	<ul style="list-style-type: none"> • Is the price based on kilo characters, the number of trading partners, or both? • Are you paying for Tier 1, 2, or 3 service? • Is the price based on a tiered service level agreement? *There's no reason to settle for anything less than 99.99%, no matter what you're paying. • Does the price include data cleansing, translation software, a management fee, or a limit on the number of trading partners? 	✓		
Contract Requirements	Do you have to sign a contract or can you pay-as-you-go?	✓		



About NewEDI

NewEDI is a consolidator of world-class EDI VAN (Electronic Data Interchange Value-Added Network) services. We partner with established providers to offer easy-to-purchase, affordable, high-quality Tier 1 solutions:

- Industry-standard or higher
- Secure and reliable communication protocols and infrastructure – 99.99% up-time
- Secure AS2 connectivity and others (ASA, STPs, SFTP)
- Can manage all trading partner connectivity

From entry level to a full e-commerce solution, if you need to connect with trading partners, let us show you how to do it seamlessly and cost-effectively. Visit www.newedi.com for more information or to contact a NewEDI representative for a free bill analysis.

Contact NewEDI Today



www.NewEDI.com



info@newedi.com



1.866.830.3600