

apper



Your Guide to EDI

INTEGRATION MADE EASY

Let us be your partner in EDI and e-commerce



We help
each
other to
improve

Success is based on collaboration. We create digital opportunities and long-term value for your business. With strategic capabilities, creativity and a passion for technology, we are building the solutions of the future today.



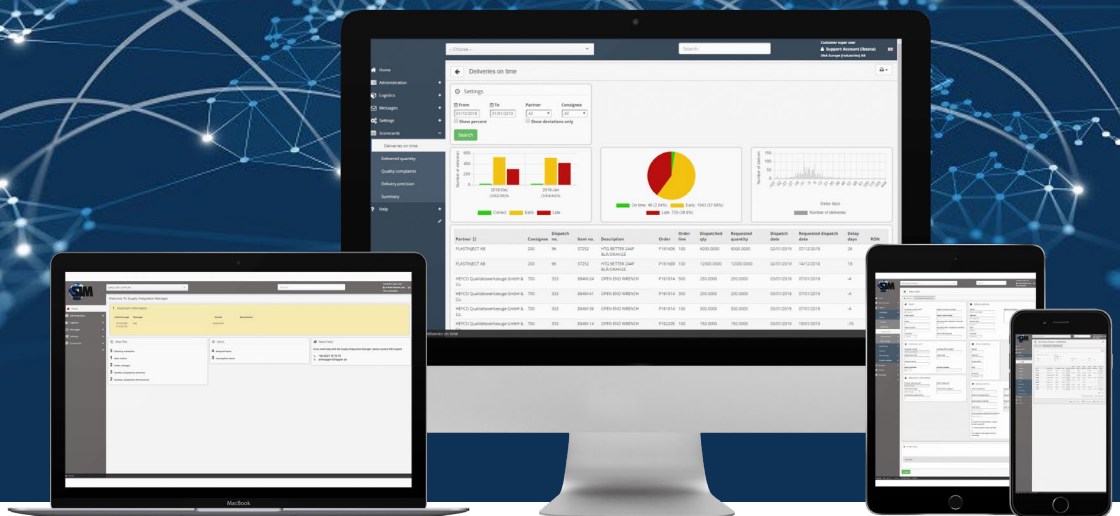
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Contents

Introduction Guide to EDI	4
What is an EDI solution?	5
What are EDI standards?	6
How does an EDI solution work?	7
EDI terminology	10
Let's guide you through initiating your EDI journey	11



Guide to EDI

EDI (Electronic Data Interchange) involves two parties or systems exchanging structured information electronically. This can, for example, be business documents such as orders, delivery notifications or invoices, and can be done with the help of a system supplier. Instead of calling or emailing and then manually registering the information and updating the systems, this is done automatically.

This saves both time and money and creates room and system support for new business opportunities.

Long before the modern business systems you know today and other business technologies, companies exchanged communication via email and physical documentation.

Today, most companies use some form of EDI solution to replace traditional forms of communication such as paper transactions. There is no added value to having someone sitting and typing things into a system that someone else has already typed into theirs.

New technology enables a simpler and more secure way of exchanging data. EDI streamlines communication between companies and acts as a common interface that can read and understand different data files, so that they can be sent between different business systems without being handled manually.

Advantages of EDI

- **Internal efficiency:** Less manual handling of invoices, orders and more. Less paperwork. Shorter lead times. Less risk of errors.
- **Service och support:** Faster and easier. Easy troubleshooting. Creates opportunities for future and more frequent business instead.
- **Legal requirements:** Meets the legal requirements for receiving and sending business documents between parties. Can be a strategy factor and a competitive advantage.



What is an EDI solution?

EDI is the digital exchange of business communication and business documents between different parties or systems.

With an EDI solution, companies can digitise, structure and automate routine work. It makes it possible to send and receive information electronically, making communication paperless, which saves time and money.

Digital communication also makes it possible to create standardised formats and facilitate e-commerce by connecting directly to new trading partners.

Web EDI through a supplier portal is a cost-effective alternative to a traditional EDI solution and can handle all conceivable formats, standards and processes.

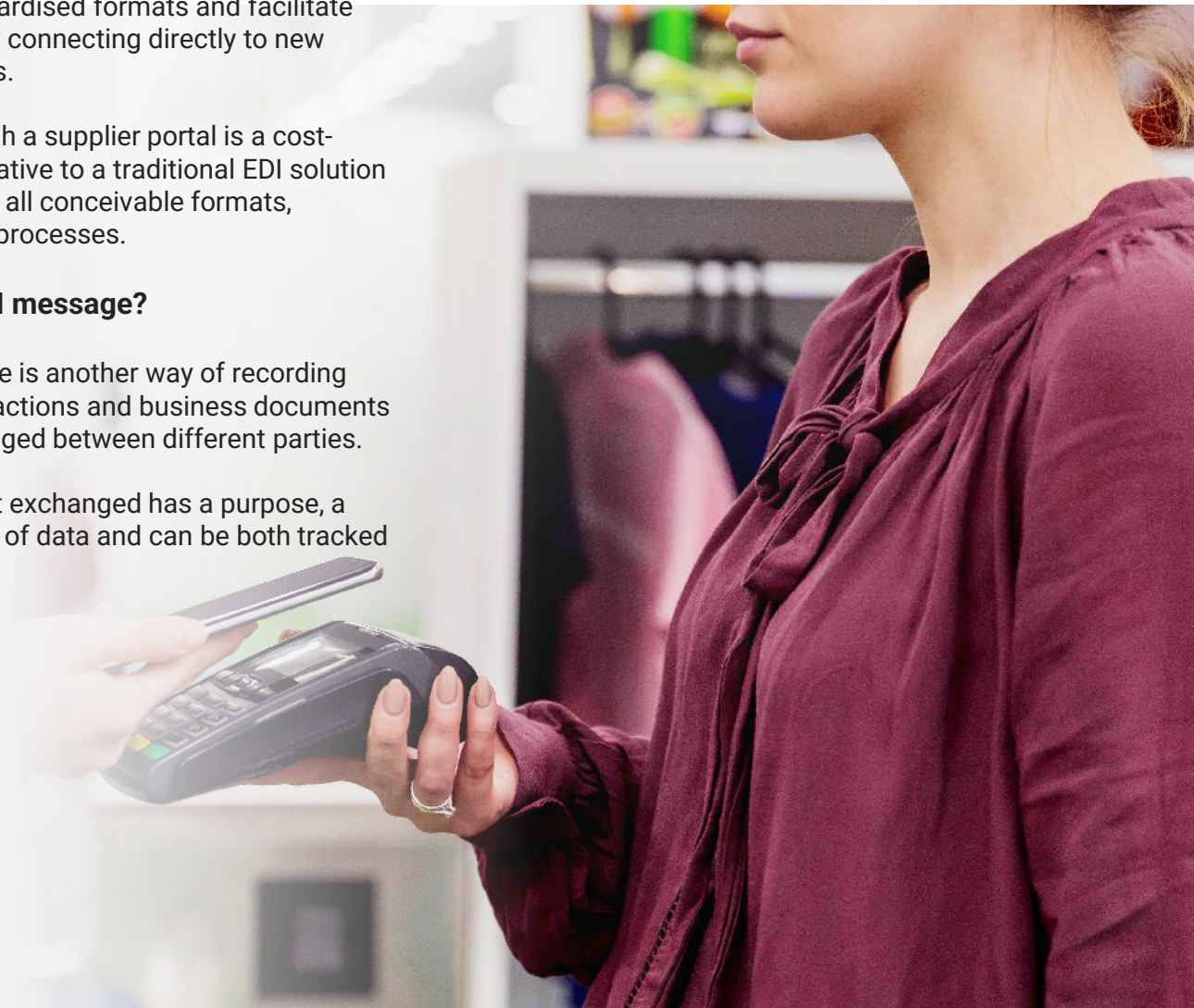
What is an EDI message?

An EDI message is another way of recording business transactions and business documents that are exchanged between different parties.

Each document exchanged has a purpose, a certain amount of data and can be both tracked and validated.

Examples of EDI message types

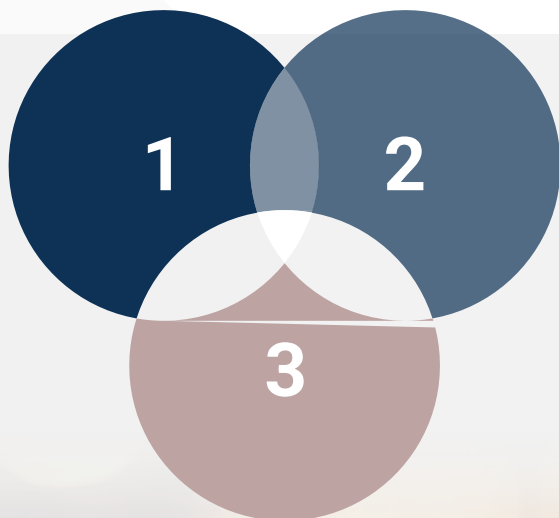
- Invoices
- Purchase orders
- Order confirmations
- Pricing details
- Payments
- Tracking information
- Delivery schedules
- Reports



What are EDI standards?

EDI standards governs how the exchange of information should be structured.

EDI standards defines the format of business documents for seamless sending and receiving between parties. It's essential that both sender and recipient have compatible systems to process and exchange this information effectively.



Every EDI transaction consist of three parts

1. **Elements** refer to the contents of the segments contained in an EDI message. For example, a customer segment in an invoice the data element is the customer code, and in other segments you can find elements such as price and currency. Elements are the smallest components of the content in the EDI message.
2. **Segments** are groups of elements in an EDI message. For example, in an invoice the segments include the supplier's and buyer's grouped information.
3. **EDI transactions** are also referred to as EDI messages and business documents (orders, invoices and payment documents). Once the segments have been collected and put in a standardised or customer-defined format, they make up the final business document.

Examples of EDI standards

PEPPOL BIS 3 / EHF
EDIFACT D96A
ANSI x12
ODETTE V3
SFTI
Monitor G5 XML

Besides the more general EDI standards, you can also create internal formats that can be read by certain business systems, such as SAP, Infor XA or IFS, as well as API interfaces with web-based business systems, such as Fortnox, Visma.NET and 24SevenOffice.

Your Guide to EDI

How does an EDI solution work?

To send EDI documents, companies must follow three steps

1. Preparing the documents
2. Translating the documents
3. Submitting the documents

Preparing the documents



First, you need to collect, consolidate and organise your data in an appropriate format. For example, a user would enter purchase order information into the software's standardised data fields, rather than printing and filling in physical paperwork.

Companies can use several methods to prepare their EDI documents.

- Entering data manually
- Exporting from databases
- Formatting reports
- Installing software with built-in tools that can handle EDI documents

Translating the documents

After collecting the data, the system must translate and convert the information into the standard EDI format.

The EDI solution can be integrated with existing systems to streamline conversion, eliminating the use of manual methods.

There are different translators available to match the needs of both small and large companies. Therefore, you should investigate which suppliers of EDI solutions would be most suitable.

Some EDI service providers offer their own translation options at competitive prices. Companies then send their data to the supplier, who then handles the translation and formatting.

However, this can be difficult for some companies as it means that there must be personnel who can set up the procedures for both collecting and sending the data. This is also more difficult in some business systems than others.

It is also important that you ask for help from your supplier in understanding your trade flows, and that your supplier has the experience and expertise for both your current potential with EDI and future opportunities you may have, so that you are not tied into a restrictive solution.



Submitting the documents

Finally, companies must send their completed EDI documents to the relevant partners. Regardless of the transmission method, companies can streamline data exchange by creating a direct path between partners.



EDI connections

There are several ways organisations can connect to each other.

- Connect each new partner via a direct link
- Link via different EDI networks
- Connect all traffic through a VAN partner
- Or a combination of the above methods

EDI terminology

By learning some EDI terms and concepts, you can improve your day-to-day work with EDI.

Business communication and business process

Methods used in electronic commerce according to established methods and standards.

Receipt

A delivery receipt refers to the response that the receiving system sends back to the sender to confirm that the information was received correctly. There are different receipts depending on which type of receipt is supported and the software used. The smallest thing you can request is a receipt that the EDI message was received correctly, but you can also request to receive a complete error message if something goes wrong when entered by the receiving party.

e-commerce

A term for the digital support used for the e-commerce process.

EDI (Electronic Data Interchange)

In simple terms, EDI is the best way to exchange business documents quickly and securely anywhere in the world. This stands for a standardised, electronic and largely automated exchange of information between business systems, regardless of which standard is used or which protocol the message is sent over.

EDIFACT

A common standard for EDI, where a new version is released every year. One of the biggest versions still supported by many companies is D96, a version that were released in 1996.

e-invoice

An EDI invoice is just like a traditional invoice, except that it is digital and standardised. If you are unable to send e-invoices from your system, the number of parties you can do business with will reduce more and more every year. Within the EU the PEPPOL standard is replacing many previous initiatives, such as SveFaktura in Sweden, EHF 2.0 in Norway and ZUGFeRD in Germany.

Translation/Mapping

Translation refers to the conversion of data during the transfer between the parties exchanging the information. The recipient can only handle the content correctly after the message has been translated.

Communication options for EDI

There are several EDI communication options that can be adapted to companies' specific needs. Common options for a direct and secure connection are AS2, OFTP2 and SFTP. Most modern companies prefer AS2 because of its easy and secure integration with both internal and external business solutions.

When it comes to the PEPPOL standard this also includes AS4 as a required communication protocol for proper certification. Both variants are secure means of communication that support all types of data formats over the Internet.

VAN (Value Added Network)

Uses a single connection to facilitate EDI transactions. This enables parties to communicate securely without having to focus on monitoring and setting up new communication themselves.

Let's guide you through initiating your EDI journey

At Apper, we have extensive experience of digital business communication, and our customers include both large and small manufacturing companies as well as many of their customers and suppliers. Our EDI integration solution SIM gives you reliability, visibility and the ability to integrate all your business transactions with multiple business systems to your customers and suppliers.

Experience the difference firsthand – contact us today for a personalized demo

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