EDI FAQS

Getting Started With EDI

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What is EDI?

EDI is short for Electronic Document Interface, and is a standard for computer to computer exchange of standard business documents such as purchase orders, invoices, inventory levels and shipping notices. There are two main standards for EDI.
1. ASC X12 (American National Standards used mainly in the US)
2. UN/EDIFACT (United Nations Standards used worldwide)

EDI files are just text files in a very specific format.

Why is EDI so expensive?
EDI can be very expensive because it is primarily used by huge corporations who then force their suppliers to also use EDI with very high (and high-priced) standards. In fact, many large companies force their suppliers to use certain VANS or certain software virtually guaranteeing excessive pricing.

What is a VAN?
EDI was first conceived of around 1955, and the first EDI messages were sent around 1965. In the beginning, EDI files were loaded onto large disks and flown around the world, so VANS (Value added Network Services) developed secure modems and networks that could be used to transmit the data. VANS developed a very expensive business model, and they have fought to keep it ever since. Most VANS added more services, but they are still very expensive.

However, once the internet came into being, and a few security and encryption methods became available, there has been little need for VANs.

Do I need a VAN?
The good news is you don't need a VAN anymore, although you certainly won't hear the sales reps from the VANS saying that. VANS deliberately make EDI sound very tough to implement, but if you know just a little about EDI, you can find a lot of less expensive options.

What's the difference between X12 and X12N?
Basically nothing. The N just means an X12 transaction set put out by the Insurance Industry subgroup.

What are the steps involved in setting up EDI?
    Receiving EDI Files
        a) Receive files using FTP, SFTP, HTTP or HTTPS or sometimes the other company will ask you to retrieve them from their server.
        b) Parse the files and put the data into memory
        c) Insert the data into your database or create excel or other files to use the data

    Sending EDI Files
        a) Query your database, or read a file you supply to get the data to send
        b) Using your data compose the EDI File.

c) Send the file to the other company.

That's really all there is to it. 3 simple steps to send or receive EDI files.

What software is available for EDI?
There are literally hundreds of EDI software packages available. You can see many of them at
https://sourceforge.net/software/edi/, https://edishack.com and of course there are hundreds of
companies offering many forms of EDI.

Are there Open Source EDI options available?
Sure, like most tech or programming tools today, there are Open Source projects. Bots, EDI Shack

What are the keys to success for implementing EDI?
It's impossible to over stress how important it is to know exactly what you need to accomplish before
starting to implement anything The first key is keep it simple, but keep it robust.

Is EDI just a file format?
Absolutely NOT. You can breakup the process of doing EDI into two main tasks. The first task is
dealing with EDI files, how to move EDI files around, and keep track of the contents. The second task
is either creating EDI files to send to trading partners, or reading EDI files sent to you.

A lot of small companies implement EDI by only doing the second task, creating or reading EDI files,
and when they start to expand their EDI services it falls apart because they do not have a coordinated
EDI system, and eventually they have to completely redo their EDI system while still relying on it to
run their business, and it's painful. Do your homework and implement a simple framework that can be
easily expanded on the first EDI transaction set, and your life will be much easier.

My Trading Partner only implements part of the EDI spec. Is that OK?
It's not only OK, it's normal, and I don't know any company that actually does implement an entire EDI
spec.

I need to send invoices to my trading partner. What do I need to know?
Well, the first thing you need to do is know the transaction set. Normally, your trading partner will
already be using EDI so they will give you their EDI specifications. In EDIFACT you would choose
the INVOIC (no, that's not a typo. EDIFACT transaction set names are always 6 characters). In ANSI
X12 you could choose the 810 (a 210 is the Motor Carrier Invoice).

Once the transaction set is known, there are 3 steps to take; 1. Gather the information (could be by SQL
query to a database, reading a spreadsheet, or extracting the information from xxxx), 2. Using that
information, create the file according to the EDI and trading partners specifications, and 3. Send the file
to the trading partner.

It's fairly simple if you break it down to steps and do it one at a time.

I need to receive invoices to my trading partner. What do I need to know?
This is basically the same as sending a file but in reverse. Find the EDI transaction set, then 1. Setup a
server to accept a file (FTP, FTPS, SFTP, AS2, HTTP, or HTTPS or others). Use a transmission
protocol acceptable to your trading partner. 2. Read the file, and 3. Insert the data into your software in
a usable manner.

What is EDI Mapping?
EDI Mapping is the process of figuring out where each piece of data from an EDI file goes in your data output, or vice versa.

How do you read an EDI Spec?
That's a little more complicated. Unless you're willing to put in many hours of studying, you're probably best to find someone who already knows how to read them.

What are the first steps to deciding how to implement EDI?
First of all, ALWAYS take a long term view of EDI. Literally the first steps to implementing EDI has to be an honest assessment of your future EDI needs. If you're planning on implementing EDI you probably know what you need for this first implementation, your trading partner will have given you specs, but be aware that how you implement the first version of your EDI needs will impact how you do future EDI needs, and the worst and most expensive long term option is to not plan to expand your EDI system. Once you have it, you will want to expand it.