

# IS IT TIME FOR A CHANGE?

EDI PRE-EVALUATION GUIDE AND SURVEY



## OVERVIEW

This paper identifies critical business issues that may require you to seek alternative EDI solutions to run your business and achieve your growth goals. If you are new to EDI or just doing research on what EDI could mean to your business, this whitepaper will provide you with detailed information. In this paper, we approach the evaluation by exploring detailed supply chain processes and how your EDI requirements directly drive departmental workflow. Selecting a new EDI system is often arbitrary because EDI is considered a way to simply receive sales orders. In fact, not reviewing your internal workflows *along with* customer requirements *and the way your business system manages workflow* can ultimately drive up costs and have a debilitating impact on your company's ability to grow. Using this guide, you should be able to easily evaluate the impact your current EDI system is having (or could be having) on your operations and growth. In addition, you'll be able to identify ways in which a new EDI system would provide you with increased capacity, streamlined operations, fewer charge-backs, and the ability to accommodate your changing business requirements into the foreseeable future.

## INTRODUCTION

As a Microsoft Dynamics customer, you have invested in a robust platform and foundation from which to run your business. You can leverage your investment in this system and improve your operations *significantly* by choosing the right EDI model for your business.

The critical question most companies struggle with is when to begin looking for a new EDI system. Most companies wait until they encounter an EDI customer whose needs can't be met. With a looming deadline to "go live," these companies make rash decisions and often choose the wrong EDI model for their business.

This whitepaper addresses the unique needs of distributors and manufacturers that sell to customers with very specific EDI and business requirements. These business requirements impact every part of your company and can mean the difference between achieving high growth and stagnating. The following guidelines illustrate typical high-level pain points experienced by companies that may require a new EDI system.

Score your current system against these pain points. Scoring is based on a range of 1 through 5. A score of "1" indicates that it is not a significant problem at all; a score of "5" indicates a highly significant problem.

Your employees spend more than one hour each day manually entering EDI documents (sales orders, purchase orders, Advance Ship Notices, invoices) into a web browser or Microsoft Dynamics GP.	① ② ③ ④ ⑤
Your EDI volume continues to escalate, which has become very expensive to support.	① ② ③ ④ ⑤
EDI system users have expressed concerns about system capabilities, performance, and workload.	① ② ③ ④ ⑤
You avoid taking on EDI customers because it's too difficult, expensive, or taxing for your people.	① ② ③ ④ ⑤

You are not satisfied with your vendor ranking or scorecard from your customers.	① ② ③ ④ ⑤
You're experiencing shipping delays because you can't get orders into your system fast enough.	① ② ③ ④ ⑤
You have an EDI customer that sends you one order with many line items for many different addresses, which requires a significant amount of manual intervention.	① ② ③ ④ ⑤
You're relying on Excel or verbally communicating fulfillment and shipping instructions to the warehouse.	① ② ③ ④ ⑤
Any changes that occur during fulfillment (i.e. not enough product) must be manually documented and communicated so changes can be entered into Microsoft Dynamics GP.	① ② ③ ④ ⑤
You often reprint packing slips due to shortages, which cause disruption to the fulfillment process and shipping delays.	① ② ③ ④ ⑤
Your Advance Ship Notices often arrive after your shipments have reached your customer.	① ② ③ ④ ⑤
You utilize a remote warehouse and are having problems syncing inventory, which results in stock-outs, short-ships, or other errors.	① ② ③ ④ ⑤
Your customer service staff have difficulty accessing order data when EDI customers call in with questions (phone calls must be placed to the warehouse, with order entry staff, or with carriers regarding the customer's order).	① ② ③ ④ ⑤
Your cash flow would improve if you could get EDI invoices out faster.	① ② ③ ④ ⑤
Invoice to payment reconciliations require manual processing.	① ② ③ ④ ⑤
You have EDI customers that require you to consolidate multiple orders to a single shipment, which makes Advance Ship Notice (ASN) processing lengthy and increases the risk that the ASN will arrive before the shipment.	① ② ③ ④ ⑤
Managing your customers' planned and unplanned deductions is time consuming and difficult.	① ② ③ ④ ⑤
You are not sure what impact deductions are having on your revenue.	① ② ③ ④ ⑤

You are concerned about the risk of having only one employee who knows the details of your business requirements with your EDI customer (or customers).	① ② ③ ④ ⑤
Maintenance and upgrades to your EDI system are difficult or have significantly increased in the year.	① ② ③ ④ ⑤
You are about to take on a large retailer (i.e. Wal-Mart, Lowe's, Albertsons, or Target) that requires EDI.	① ② ③ ④ ⑤
You plan to grow your business by selling products to more retailers or by expanding the business you do with one or more retailers.	① ② ③ ④ ⑤
Your EDI expenses are high because you must keep a consultant on retainer to assist you with EDI changes or issues.	① ② ③ ④ ⑤
Total Score	

## INDEX RECOMMENDATIONS

Score	Recommendations
85--115	<p>Your competition, with better systems in place, has a significant advantage over you as they penetrate your existing customer base. They may be able to fill customer orders faster and more accurately, and they receive higher rankings from EDI customers. Customers don't complain; they just take their business elsewhere. You may not realize the impact customer satisfaction is having on your ability to grow. Your profitability is significantly reduced, and you may be experiencing cash flow issues, a longer accounts receivable cycle, inventory issues, and customer deductions for noncompliance errors. You may also have experienced a fair amount of employee turnover. Your employees may not be empowered to do their jobs effectively and may be leaving you for a better environment.</p> <p>Use this guide to assist you in targeting your immediate needs and to help you assess the strength of a new EDI solution. Your EDI business requirements have changed since your EDI installation and better technology is available to you. You are at the point where EDI will now provide value to your company and not just to your customer. You may receive a significant return from investing in a new system in the form of better productivity, increased cashflow, better customer service, better customer and employee retention, and overall profitability. The first thing you need to do, however, is to try to quantify where you're losing money and where you'd save money with a new solution. Consider the competitive advantage or new opportunities you'd have with the ability to consistently receive high rankings and scorecards from your customers. You will need to make some realistic assumptions about what a new system will provide for you in terms of revenue or opportunity, and then use those goals as metrics during the evaluation and after implementation is completed.</p>
65-84	<p>You're nearing the end of your investment. There are areas in your process that could be automated, which could have a significant impact on your business, but you won't know what those impacts are until you explore other solutions. You'll need to assess your future business plans and review areas that are costing you time and money to see if a new solution would provide you with an immediate return on investment or the opportunity to capture more customers. You are at risk, however, if you land a new EDI customer that quickly becomes difficult to manage. If you have plans to bring on new EDI trading partners or you will be launching new products or other growth strategies, it would be wise to take a look at other EDI solution models available to you. You have the luxury of having time to formulate your strategy and assess the point in time when you'll be ready to replace your EDI solution. Use this paper to help identify your requirements.</p>

35-64	<p>You have not yet outgrown your system. You probably have less than 5 EDI customers and the current volume of EDI transactions can usually be managed manually. There may be times during the year that produce more sales order volume (and more workload or errors) than usual, and you may not be sure what impact those times are having on your business. Review the areas where you scored your system the highest, and consider the impact your system is having on your business from a financial standpoint, as well as from the standpoints of employee retention, risk, growth, and cost. You should keep an ear to the market and take advantage of webcasts and seminars to keep you in the know about the types of solutions available to you when you require a change.</p>
23-34	<p>Congratulations are in order. You appear to have selected the right solution for your business and to date are not experiencing any of the issues associated with high volume EDI customers. Consider reading the following whitepapers on how operational changes may impact and add value to your organization.</p> <p>Please visit our website, <a href="http://www.vsync.com/solutions">www.vsync.com/solutions</a>, for additional information that may assist you in achieving integrated fulfillment and shipping or in building out your EDI program.</p>

*Interested in learning more?*

Please visit our Resource Center at [www.vsync.com/resources](http://www.vsync.com/resources) to access additional guides to assist you in your EDI evaluation.

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*About the Author:*

*vSync is the leading provider of supply-chain compliance and execution solutions for Microsoft Dynamics™ GP. Our solutions enable suppliers to meet and manage customer-mandated EDI and fulfillment requirements. Using vSync solutions, companies can automate the order-to-cash process through rules processing, automated transfers to remote warehouses, automated ASN generation, automated pack verification, shipping, and label automation. vSync integrates with several other complementary ISVs such as Maximum Data, Accellos, Rocky Soft, and Blue Moon Industries. For complete details on our EDI, Shipping, Warehouse and Chargeback solutions, talk with your Microsoft Dynamics GP Value Added Reseller or visit <http://www.vsync.com/solutions>*

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