How to evaluate EDI providers

10 Questions to ask

LOGIQ

Choosing the right EDI (Electronic Data Interchange) provider can be essential when your business is growing, your business network of customers and suppliers is expanding, or you are simply trying to digitize your trading processes.

You may want to free up time for your employees by streamlining your invoice-, purchasing- and order management processes. Further, you want to avoid manual punching of data, printing of documents, and manual archiving. Maybe you even need better insights into the data flowing between you and your trading partners.

Your needs and business requirements will change over time, and it's never easy to look into the future – or even know what you are looking for today. The choice of EDI provider is thus an important and strategic decision that you make on behalf of your business.

Thus, you need to be able to ask the right and relevant questions before you commit to an EDI provider. By preparing, you can make a decision that serves you and your business best, not only today but also in the future.

Competence

Does the EDI provider have the competence necessary to help your business before, during, and after implementation?

A good collaboration between you and your EDI provider is the basis of a successful EDI project. Can the provider help you with a needs assessment and offer advice throughout the process? And does the provider have the competence and technology to meet the challenges and needs specific to your business?

EDI enables you to communicate digitally with your trading partners, and who you communicate with and how you communicate will change over time. Your EDI provider must be able to maintain the solution and support your business requirements as you evolve, trading partners come and go, systems change, and processes are adjusted.

Breadth, depth, and scalability

Which processes does the EDI provider support, what competences and services does it provide for these processes, and how do the solutions scale?

EDI for your business can be as simple as support for sending or receiving electronic invoices, or as advanced as support for complex purchasing- and order management processes.

The processes EDI will support will largely determine the selection of EDI providers. Furthermore, even though you are currently looking for a solution for electronic invoices, it is reasonable to evaluate whether the provider can also support the digitization of other document flows for your business in the future.

You should ask the EDI provider for referrals or an evaluation meeting to get to know the provider, what it can deliver, and how it supports your needs. In addition, you should ask questions about scalability to ensure that you can expand your use of EDI with the provider through the platform it provides.

Experience with your ERP system

Does the EDI provider have previous experience from integration with your ERP system(s)?

Business systems (ERP systems) have different approaches when it comes to EDI and exchange of business documents. It will reduce the risks in a project if the provider has previous experience with integrating EDI with your specific system.

EDI projects will often involve ERP consultants as well, and the collaboration between the EDI provider and such consultants will be important. Ask questions about the EDI providers experience, their collaboration- and partnerships with ERP consultants, and preferably also customer referrals from other customers with the same ERP.

In-house or outsourced

How much are we willing to do ourselves?

The service level of an EDI provider will span from delivering a technical platform that you can use yourself - to a fully managed EDI service. An important question to ask yourself is how much you are willing and able to do on your own.

A managed service means that much of the responsibility for your EDI is out-sourced to the EDI provider, including development, maintenance, document conversion, supplier onboarding, and more. Evaluate what you will need from the provider and ask the EDI providers which services they can provide to support you.

Onboarding

Can the EDI provider help you reach your ambitions?

If your ambitions are to connect with as many of your suppliers as possible through EDI, it is important to use an EDI provider that can help you reach these goals.

When an EDI provider has an onboarding service, this offering is designed to help you in the dialogue with your suppliers and the configuration of the EDI document flow between you and the supplier. The provider will likely offer a combination of process, expertise, and technology to enable you to digitally connect with your suppliers. Ask the EDI provider how they can help you with supplier onboarding.

Formats and standards

Does the EDI provider support the formats and communication protocols that you need?

The core of EDI is to ensure that you can communicate electronically with your customers and suppliers regardless of the formats and communication protocols they prefer. However, it is not given that the EDI provider has support for the formats required to support the needs of both you, your customers and suppliers, and your industry. A thorough evaluation meeting with the provider should uncover whether they can deliver what is important and necessary for you without major investments in developing support for new formats and protocols.

Cloud or on-premises

Where should the EDI infrastructure be located?

Most EDI providers deliver their services on a cloud-based platform. However, there are still some providers that deliver onpremises EDI software installations. If you consider the latter, it is important that this is a well thought out decision and that you are prepared for the competence, development and infrastructure required to manage your own EDI solution.

By choosing a cloud-based EDI solution, the provider is responsible for the development, SLA (Service Level Agreement), scalability, security, and maintenance of the EDI platform. Ask the provider how they manage their infrastructure for the bestpossible quality of service.

Information security

How does the provider ensure information security in the EDI solution?

The documents exchanged between you and your business partners often contain information that is considered as trade secrets. Information ranging from the prices you have negotiated with your suppliers, to the volume of goods sold by you can be retrieved from these documents. EDI shall secure the transfer of this information through strict security standards and secure protocols. However, how EDI providers approach information security will vary, and you should ask the provider how they will make sure that your information is secured.

Support for automation

How can the provider help simplify your business processes?

The implementation of EDI should simplify the work and reduce the amount of manual labor for employees. To succeed with this, you depend on a reliant information flow and high quality. Does the provider have solutions to control and correct information in the documents you receive, or will you need to find other solutions for such automation? Does the provider support other third-party tools that you already have or plan to implement, and does it understand your ambitions for automation?

Customer support

What will happen the day things go wrong?

Even though an established EDI document flow is supposed to "just work" without deviances, there is always an opportunity for something to go wrong. In such cases it is important, and sometimes critical, that the provider's customer support handles your inquiries in a professional manner. Will you get the help you need within a reasonable time? Will the support staff you reach have the competence required to solve most of your problems? Is support a part of the agreement with the provider?

You should also ask for referrals from other customers to hear how they have experienced the provider's customer support.

Evaluate EDI Providers Checklist

- ☐ COMPETENCE

- ☐ BREADTH, DEPTH, AND SCALABILITY

- ☐ EXPERIENCE WITH YOUR ERP SYSTEM

- ☐ IN-HOUSE OR OUTSOURCED

- ☐ ONBOARDING

- ☐ FORMATS AND STANDARDS

- ☐ CLOUD OR ON-PREMISES

- ☐ INFORMATION SECURITY

- ☐ SUPPORT FOR AUTOMATION

- ☐ CUSTOMER SUPPORT