**Making the most of your EDI System when it is not business as usual**

During these tumultuous times, it is often easy to overlook some safeguards you may have in place to ensure your business continues to run smoothly. With much if the country in some form of self-quarantine, being able to move goods through the supply chain is of paramount concern for the majority of companies.

Rest assured if you have an EDI solution in place, you may already have some opportunities to minimize the impact of operating in a modified business model. Let's look at three common EDI transactions and how they can be useful in keeping your supply chain optimized:

1) The EDI Purchase order (EDI 850) with Drop-ship routine enabled – Most companies use the EDI PO transaction for stock and flow business as it's perfect for that type of repetitive ordering. For the most part, the EDI PO allows for an autonomous movement of goods as the distributor's Order Management system electronically sends the order to the manufacturer's Enterprise Resource Planning system who then fills the order with very little human interaction.

   With changing processes required in your supply chain, you can enable drop-ships through your EDI system and this will ship product directly to the job site. Drop shipments eliminate the need for freight carriers to visit the distributors receiving dock and distributors' own private trucks to deliver to the job site. This accomplishes the delivery while reducing touch points and labor requirements.

   To utilize the drop-ship feature of the EDI 850, you would populate the BEG02 element with a "DS" (Drop-Ship) or "DR" (Direct Ship) qualifier, then fill in the drop-ship location address in the N1 segment with an ST qualifier. As long the supplier supports the Drop-ship routine, the order will ship to the job site, not the distributors warehouse.

2) The EDI Advance Ship Notice or ASN (EDI 856) – Advance ship notices optimize workflows for those who work in receiving docks. The advance ship notice contains the product detail information of what was tendered to the freight carrier or the supplier that fulfilled your order. The details include product

shipped quantity, freight carrier name, tracking numbers, ship/deliver dates and product packaging information.

This complex and valuable EDI document enables your receiving department to effectively schedule inbound deliveries during the day. This prevents gridlock situations when all the delivery trucks show up at the same time. By enabling only one truck at a time per dock door, you can eliminate the need for many people interacting on the dock to just those who need to be there.

The Advance ship notice (ASN) can also reduce the time to receive inventory from hours to seconds via the integration of the GS1-128 shipping container barcode and or the GTIN product package barcode. When linking the ASN to the barcodes, the receiver of the shipment can scan the barcode label which then ties back to the information received from the ASN. When you link the scanned barcode information to the data sent via the ASN, the entire shipment can be received into the inventory system in seconds versus spending hours manually key entering the products into your inventory management system. This quick turnaround of receiving in the shipment reduces the time spent between your dock workers and the truck drivers and gets inventory on the road.

3) The EDI Remittance Advice (EDI 820) - The EDI remittance advice is an electronic transaction that can be used to initiate payments and send remittance information between trading partners. A trading partner will send an EDI Payment Order/Remittance Advice to a supplier when payment is made via ACH or electronic funds transfer. The document provides the supplier with the information needed to reconcile the payment against invoices as well as if the invoice was made in full or if any credits or deductions were taken.

   Reconciling invoices against payments using the EDI 820 can save a lot of time and reduce the need for Accounts Receivable and Account Payable to be physically in the office to manually match the invoice statements against the invoices listed on the remittance. You will be able to reconcile much faster, and the entire process is usually completed in a fraction of the time.

We are aware of a manufacturer who implemented the EDI 820 and was able to reduce the time to reconcile a large trading partner's payment from 4 days a month to 2 hours a month. Not only is it a considerable time saver, but a practical way to practice social distancing.

As many of our working environments have changed, please take advantage your EDI system. It can help your company operate as close to normal while we wait for things return to status quo.

If your current EDI system isn't capable of handling the EDI PO, ASN and Remittance advice, consider adding these transactions. The automation of manual processes with EDI can prepare your company for any other business modifications that may come our way.

Please reach out to IDEA at 703.562.4600 or idea4industry.com to learn more.

Tom Guzik



Director, Digital Integration Services, IDEA

*Tom Guzik is director of Digital Integration Services at IDEA. He has extensive experience in supply chain automation processes and Electronic Data Interchange ANSI X.12 (EDI), especially as it applies in electrical distribution and manufacturing.*