COMARCH



MOVING EDI TO THE CLOUD: WHY AND HOW

A STEP-BY-STEP GUIDE



Introduction

To maintain business continuity is to **be in control when things get out of hand.** Of course, no company has authority over the outside world, thus it cannot prevent events such as economic crises from happening. What any company can do, however, is to prepare itself for such occurrences. By **automating its core business processes, optimizing the work of its employees, and protecting sensitive data effectively,** the company can stay in control of its operations, making sure that it will continue to be profitable - even if the world has gone off the rails.

Fortunately, there are IT solutions that can help various professionals keep their businesses in top condition, more particularly the **EDI (Electronic Data Interchange) systems,** that is **platforms for sending and receiving information stored in a digital form.** Because of their practicality, electronic data interchange has now become a global standard – both in business and technological terms. As a consequence, it is **difficult to imagine a prosperous company NOT using an EDI solution these days,** especially that we, as members of the business environment, are all so interconnected.

The list of benefits resulting from putting an EDI system to work is too long to be incorporated in an E-Book introduction, but it includes **reduced operational costs, higher data accuracy, fewer IT resources needed,** and **easy access to historical records.** We will cover these and other EDI advantages in more detail in the following chapters of this document. But not only that.

Due to the ongoing digital revolution, today's EDI systems are now cloud-driven. Hence they ensure **even lower operating costs, no implementation process, technical support provided by the cloud vendor,** and **instant access from anywhere in the world.**

Over the next few pages, you will learn **why moving your EDI system to the cloud solves many issues** that are the cause of various business inefficiencies, as well as **how a company should approach such a procedure.**



CHAPTER ONE

Why does a company need an EDI system anyway?

There are a lot of business processes requiring data exchange that can be optimized using the right tools. A modern EDI system is one of the solutions that can support a majority of them effectively.

Let's start simple by taking a closer look at the **order-2-cash** and **procure-2-pay** processes. For most companies, placing orders, making deliveries, and exchanging invoices are but essential parts of everyday reality – regardless of their size or industry. Using an EDI system, they can **create a wide range of additional document types around these operations such as order and payment confirmations, shipment instructions, acknowledgments of receipt, and many others** which will allow them to run their businesses more effectively, as well as be certain that the right goods will be delivered to the right parties at the right time.

Plus, with dropshipping becoming increasingly popular in e-commerce these days, **a robust EDI platform enables companies to send and receive dropshipping orders** and extend the order-2-cash flows to both company delivery sites and end customers. It all sounds great, doesn't it? But how does it work, exactly?



WAREHOUSING

When it comes to logistics processes, both within the company or in cooperation with the logistic service providers (LSP), delivery notifications are equally important to all of the procedures concerning warehouse management and storage. **Having quick access to valid information about inventory levels is crucial for developing a rock-solid sales strategy. Fortunately, using an EDI solution as a bridge between one's ERP system and the LSPs WMS platform makes it possible.** And as a result, one can inform other parties about:

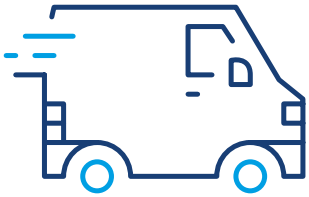
- their inventory status and registered events
- when the goods will arrive
- the status of the delivered goods
- whether inventory status needs to be changed
- changes being made to the status
- products that need to be shipped from the warehouse
- and the goods that have been delivered

TIP 1: *Using the Comarch EDI platform, there's no need to integrate with your partner's systems or provide information in any specific format to share warehousing data with them.*

PICK AND PACK ORDER FULFILMENT

Business process automation is about reducing the number of possible errors and speeding up the delivery processes. Thus, **we can use this concept to improve packaging and prepare-for-delivery operations.** The most crucial part is **product labeling.** Doing this correctly means less time will be spent at terminals, warehouses, and depots during the delivery. Why? Because it provides all parties involved with the shipment information (for example, the SSCC code) that they need in order to do their job efficiently. **But the logistics label is not enough. If it is preceded by a dispatch advice message, we will get even better results.** All of this can be done using a modern EDI system.

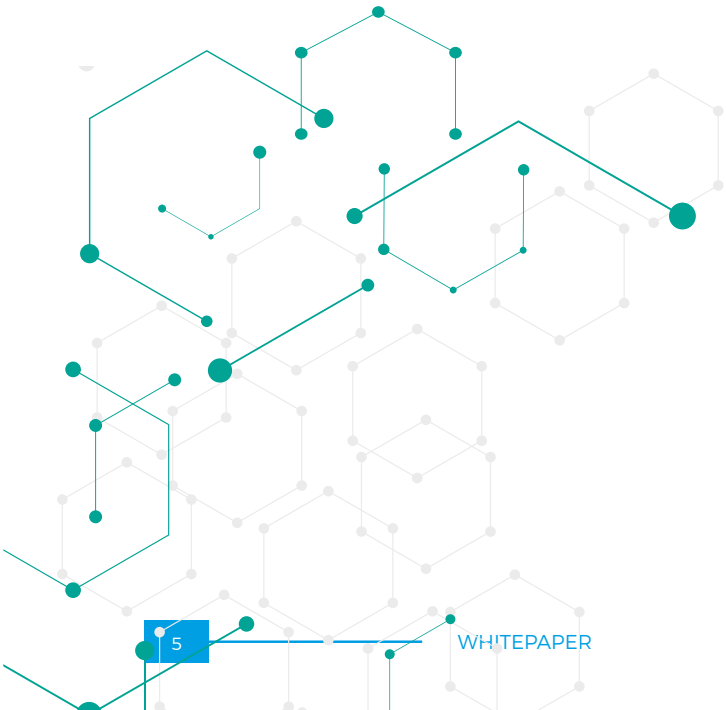
TIP 2: *Comarch EDI platform allows you to generate dispatch advice automatically from the received purchase order, as well as create appropriate logistic units, and "pack" the goods by making just one click with your mouse. Once the document is sent, the supplier can print the logistic label and waybill and add them to the transport.*



DELIVERY

Shipments are all about **time, quality, and consistency.** A carrier must be informed on **how to proceed with the goods, where to collect them, and where they should be delivered.** Those pieces of information can be covered by a proper message flow provided by the EDI system. But that's not all. One can easily **instruct their business partners on how to store the goods and move them in and out of the warehouse.** Plus, one can **book and confirm transport services** or **handle returns** if necessary. Imagine doing all of this manually – the argument speaks for itself, doesn't it?

TIP 3: *With the use of a mobile application, processing information about deliveries can be even faster and more consistent. For example, Comarch EDI's Proof of Delivery app can shorten the billing cycles by transferring logistic data automatically (which then can be used for creating e-invoices).*





INVOICING

To complete an order-2-cash and procure-2-pay process, one needs to settle their payments. **Depending on the nature of its business, a company can issue and receive from a few dozens to a couple thousands of invoices over a short period of time.** This is where EDI comes up in the conversation. Processing these documents by hand would mean higher operational costs, work overload, and a much greater incidence of error. **Fortunately, thanks to EDI and e-invoicing, these operations can be fully automated,** meaning one doesn't need to worry about the hassle of manual processing. **Plus, think of all the paper that can be saved this way – and money, of course.**



REPORTING

To stay competitive, all parties involved must make decisions based on complete, reliable data. The same rule applies to reporting. **Not only does generating valid sales and inventory reports and sharing them with the suppliers can help with carrying out product deliveries, but it also allows one to improve their sales strategy significantly.** Not to mention more reliable data means better cooperation between all partners. With the use of a modern EDI system, **those reports can be created and shared automatically.** Also, being collected from the system itself, **the data will be much more accurate than if it was done manually.**



CHAPTER TWO

So, what is it about a cloud-driven EDI?

Not too long ago, a Gartner analyst named Benoit Lheureux made a remark on his blog that "EDI remains- and will remain for years to come – a high impact, valuable asset to the business." And he was right. **Every year, we are seeing massive developments being made to various EDI solutions around the world, including our own.** Plus, it is not too bold of a statement to say that it is the EDI systems that have **helped redefine the way business transactions are carried out these days and made them much more efficient.**

For many years, an on-premises EDI system was the only available option, meaning the platform had to be run on the company's servers. **But now, with cloud computing leading the digital revolution, the two technologies are being merged into a new, comprehensive solution. The result? An EDI system that is much more scalable, cost-effective, and easily accessible.**

But that does not mean that on-premise EDI solutions are ancient history. **There are still many companies running their operations using outdated EDI technologies, not realizing that holding onto the old ways is more like taking chances.** But the main reason some enterprises stick to their old-time favorites is that the distinction between on-premises systems and the cloud is not clear enough.



SO, WHAT'S THE DIFFERENCE?

As we already mentioned, on-premises solutions are implemented within the company's IT infrastructure. Therefore, **it is the company's responsibility to manage and keep its environment in top condition.** If not, it risks having to deal with office downtimes, costly repairs, and data chaos. In other words, **a licensed solution built purposefully to meet the company's requirements may be inefficient if its maintenance is not covered.** Not to mention the cost of running the hardware and the implementation process, which requires the company to achieve full interoperability of all its software-defined solutions within the infrastructure.

A cloud-driven EDI, on the other hand, is a hosted service whose maintenance is left on the technology provider's shoulders. By bypassing the implementation process, the cloud enables its users to gain instant access to their data and systems and **pay only for the services in use.** However, in the cloud, a given set of functionalities is the same for each client, meaning – no customization. But knowing that **a cloud-based EDI solution can be quickly enhanced with plenty of practical features using free updates or paid extensions** (compared to how long it takes to perform an update on an on-premises solution), makes it just as good of a platform for running data exchange and document management operations as any.

And then there is data security. **In the case of on-premise EDI systems, it is the client itself that is responsible for storing business information and keeping it safe and sound.** Also, bear in mind that some of the older on-prem solutions are more prone to being targeted by cybercriminals as they were not developed with security as one of the priorities. Back then, it was more about functionality. Having to enhance the security of an on-premise EDI system and the data it involves is an expensive and challenging task. **Plus, as technology gets better, so do the cybercriminals.** Therefore, modernizing an on-prem solution and making it more secure is not a one-off job.

When it comes to the cloud, the security of the company's data is the technology provider's responsibility. That is why it is typically kept in a **data center,** which, in basic terms, is like a virtual vault. Not only does this help provide instant access to data from anywhere in the world, but it also allows companies to have a backup in case their own IT infrastructure is damaged somehow.

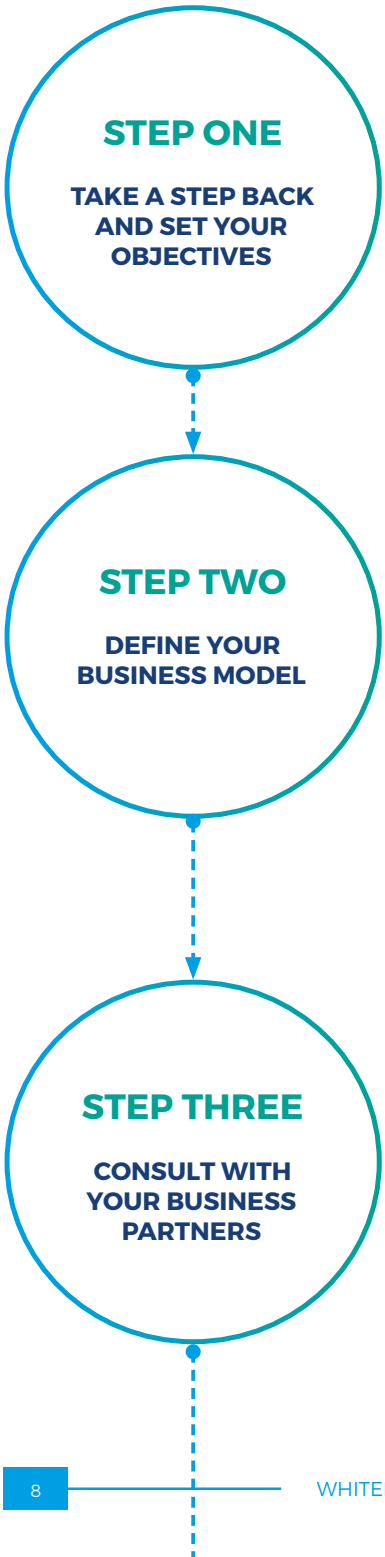
Last but not least – the flexibility. **Using a cloud-driven EDI system means more automatization, support for all major types of document formats, and easy integration with any ERP system** – no matter if it is an on-prem or cloud solution. And thanks to its **reasonable subscription business model** (usually a monthly or yearly subscription), such a platform can help any company cut costs significantly, thus gain a competitive advantage in no time.



CHAPTER THREE

Modernizing an EDI System in 5 simple steps

All right, enough theory. Let us now explain how you can move your EDI to the cloud with minimal effort and at a low cost.



Take a closer look at your previous collaborations with technology providers and **determine what it is you would like to improve.** By doing thorough market research, you will be able to compare your expectations with the functionalities offered by a given cloud EDI provider.

As it was already mentioned, your business model (or strategy) can always be improved. The model proposed by **your current EDI technology may no longer be applicable to where your company is headed.** Plus, it is best to search an option that not only meets your needs or is compatible with your other solutions but also provides **a foundation that you can build on top of** – especially knowing that there will be new functionalities that you would like to add along the way.

Before you make your final decision, you should **discuss all the available cloud EDI options with your key business partners.**

One of the ways you can achieve that is by going for **a hybrid solution** – a combination of an end-to-end EDI and EDI Web Portal. As a result, those partners who do not have enough IT resources to set up a full EDI will be able to **connect with you via an easily accessible web platform** that provides enough features for you to exchange data with ease.

Choosing your future EDI provider should be based on its ability to **translate EDI messages from one format to another** without any difficulties. If this condition is fulfilled and your partner is able to connect you to many different suppliers, thanks to having mapped **a variety of document formats,** you will be ready to take the next step.

STEP FOUR

DEFINE A GLOBAL OR PHASED APPROACH FOR ONBOARDING YOUR PARTNERS

Once the choosing a solution part is settled, it will be time for you to define how to migrate to your new system and **take your partners on board at the same time.**

There are two basic approaches to how you can do that – **a global (big bang) or phased migration** – global approach to connecting all of your partners simultaneously, while phased approach means you add them in accordance with previously established criteria, for example, the level of collaboration, the amount of data processed while carrying out transactions, location, and demography, etc.

No matter which one you choose, however, it is best to **start with the core business partners** as, most probably, the amount of data exchanged between you and those companies exceeds the others.

STEP FIVE

SET UP YOUR REPORTING TOOLS

Gaining access to both advanced reporting tools and a monitoring platform offered by your new EDI provider will give you **a complete overview of the migration process.** That way, you will be able to be in full control over the whole procedure.

Remember that defining a proper EDI implementation plan will allow you **to establish goals that are achievable.** Having a realistic view of how EDI works and how it can be integrated will help you achieve better performance results once the cloud-driven EDI system is up and running.



CHAPTER FOUR

What's our solution? Simple. Comarch EDI.

Having more than **25 years of experience** in providing advanced systems and services for business automation, Comarch's IT engineers took on the task of creating a cutting-edge electronic data interchange solution.

The result is Comarch EDI - **a cloud-based B2B platform** that enables **dynamic and reliable data exchange** between all trading partners. Designed to help any company improve its business efficiency, our product is **fully compliant with the latest global standards & regulations.**

Allowing users to **send and receive dozens of electronic message types converted to many different formats,** the platform has frequently been acknowledged for being both a highly effective and affordable IT product. Also, **it can be easily integrated with one's internal IT systems or used as a Web-EDI solution.** No matter which form one chooses, it will facilitate the entire trade life cycle - from placing an order, through the shipment, to the actual payment.

Thanks to the implementation of the blockchain, traceability, and machine learning technology, **Comarch EDI guarantees that** one's **supply chain processes will always be perfectly optimized for achieving greater business results.**

Visit our **official website** to learn more.



The companies that are already using Comarch EDI

METRO|NOM

METRO-NOM was looking for a strategic partner who would supply a cutting-edge EDI transaction platform for managing business partners and transferring the business information. The supply goal was to achieve best-in-class service in conjunction with competitive pricing and improved functionality.

The EDI project at METRO covered two areas:

1. The migration of the EDI services from the former provider to Comarch EDI.

2. Continuous Managed EDI Services for METRO-NOM.

The migration phase was successfully accomplished one year after the start of the project, and from that moment, METRO EDI infrastructure for 24 countries and 35 sales lines is managed by the Comarch team.

Learn more about this success story HERE.



UNILEVER is one of the first companies that have decided to use electronic documents to facilitate cooperation with retail chains. The enterprise uses a variety of document types, such as ORDER, ORDRSP, DESADV, INVOIC, INSDES, OSTRPT, RECADV, and PRODAT. As one of the first companies in Russia, it has also implemented an electronic invoice that meets the requirements of the FR legislation.

Since 2007 in Russia and 2009 in Ukraine, Unilever has been working with Comarch to organize electronic document circulation between the company and retail chains. The company joined the Comarch EDI platform via AS2 communication protocol using the optimal system for its document format. In addition to the integrated connection, Unilever employees use the **Comarch Web-EDI application to work with electronic documents on a daily basis.**

As a result of implementing a various type of document, such as Material Master (PRICAT), Instruction to Despatch (INSDES), Inventory Report (INVRPT), a lot of processes was optimized in the company, including synchronization of master data, ordering process and product management in the warehouse.

Click HERE for more information about this project.



HAMELIN

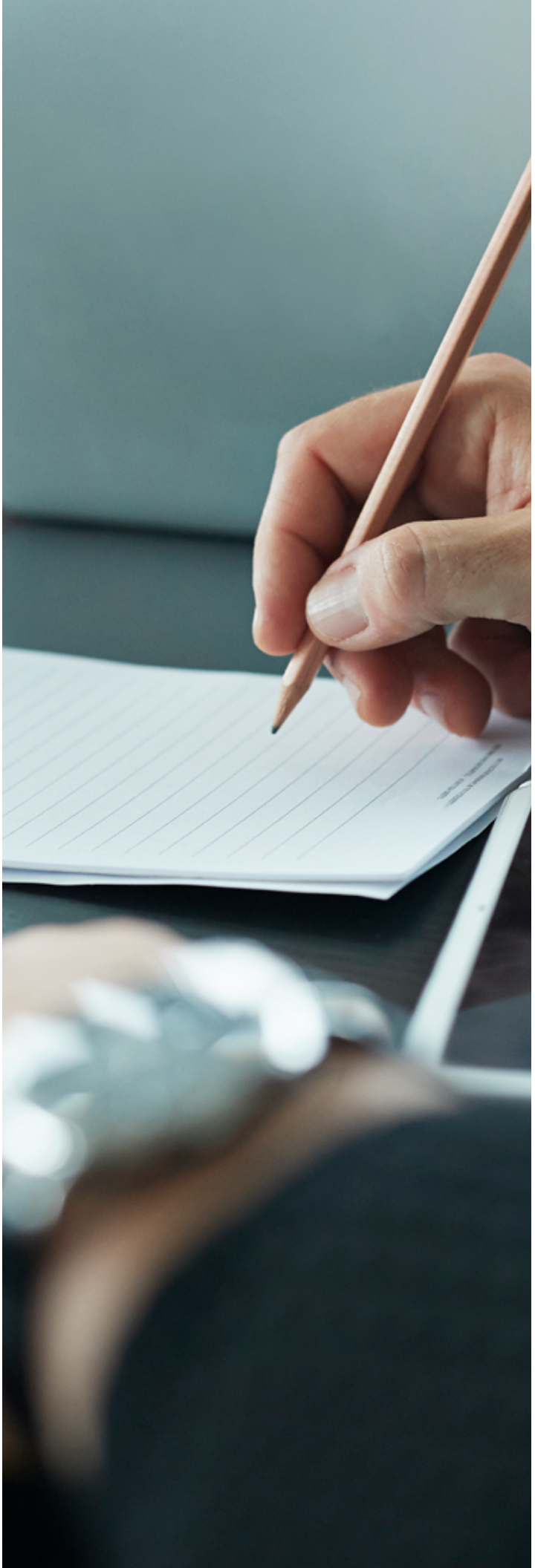
HAMELIN launched a call for tenders in 2016 in order to rethink the architecture of its EDI platform. The project presented major business challenges for Hamelin. The aim was to migrate the existing platform to the Comarch EDI solution. The migration included the connection of the 130 trading partners currently in EDI with the Hamelin Group, representing 500 relations, in 20 countries, for a volume of 40,000 documents exchanged per month. The project plans to add 60 new partners, representing 200 relations, by the end of the year.

In order to increase trade, the following modules have been implemented in addition to the Comarch's EDI platform:

- Comarch e-Invoicing
- Comarch's Tracking module

Comarch's Tracking module allows Hamelin to view all incoming and outgoing EDI flows. The Tracking tool has an intuitive and easy-to-use interface, used by both the Hamelin IT department and the customer service department. Comarch e-Invoicing allows Hamelin to dematerialize invoices and archive them for a minimum period of 10 years.

Find the full case study HERE.



COMARCH

ABOUT COMARCH

For the past 25 years, Comarch has been a global provider of advanced, software-defined technologies that help companies from all industries optimize their key business processes. The company's vast portfolio includes e-Invoicing platform as well as systems and services for efficient data and document exchange such as Master Data Management, Electronic Data Interchange, Online Distribution. Each of the products is fully compliant with the latest local regulations and allows enterprises to improve their business performance, gain a competitive advantage, and reduce operational costs. Comarch's clients include top professionals from various sectors: retail (e.g., METRO-NOM, Tesco, Carrefour) FMCG (e.g., BIC, Johnson & Johnson, L'Oréal, Unilever), pharma (e.g., GlaxoSmithKline, Sanofi) and many more.

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