



## EDI Pros & Cons

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### **Overview**

A lot was done and said about EDI, EDI implementations and ec. However there are other alternative to EDI and I will try to high-light the plus and minus of EDI file format while I'm going to focus on the X12 standard, but pretty much goes to EDIFACT as well.

### **EDI Pros**

The EDI file format contain both data and data structure organize in a way where it contains both mandatory and optional segments and elements enabling the user to use any type of information and style he used to by his ERP system and the type of company he runs.

All type of companies can find that the document they use will feet them in one way or another when they first wants to implement the EDI and integrate it with their ERP software package. AT the early stage of EDI, when the engineers from X12 sat down and planned how EDI is going to work they thought about only two industries, the Food and Car industries, however over the years when almost all businesses started to use computer systems with different types of software packages to manage their business, a new need was born. The need for a common denominator for all types of businesses to use electronic document and since that's what EDI does, then X12 engineers started to add more and more documents to many other industries like the medical industry.

When starting implementing EDI to other industries, they notice that there are major differences between each industry and that each industry works a little bit or a lot different than other industries, so they started to develop new documents for each industry based on that specific industry needs. So today when a company needs to start having a business relationship with other businesses, they can go to the X12 directory and look for a specific document that will fit their needs.

The good thing about EDI is that by agreeing on an EDI document, both parties understand exactly how the file format looks like, yet they still have the option do some custom work and send some information in the file to their trading partners upon agreement with the other side. EDI files as open enough to hold mandatory fields and optional fields, so a company can set the optional fields to what ever they want to, with preference to something that reminds the field description.

This flexibility to send information between computer systems is vital because most businesses who have relationships with other businesses use different ERP systems so when they finally wants to start using EDI they can do that without a problem even though, both ERP systems use different database structure and file format for their import and export routines.

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### **EDI Cons**

The EDI file format is complex, have many elements, segments and documents, so when a business wants to achieve a simple talk of sending and receiving an order and he already has a computer system inside but that computer system doesn't "talk" EDI, then it usually needs to contact some other software vendor who specialize in EDI to do the integration with EDI, that cost more money on the software package, implementation and integration of the EDI software and then having to pay a monthly fee for the EDI Administrator to check out that all EDI transactions went fine and that there are no errors. If there are errors the EDI administrator has to send some type of report to the company, let them know that something went wrong.

All those extra cost and having two software packages, make things expensive and difficult to manage and synchronize.

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