The Future of EDI

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EDI has been around for the last 30 years and has been giving all types of companies to exchange information electronically in a reliable way, with fast and easy methods of communicate between two different entities which have not conducted any business relations prior to the EDI system they both implemented.

Since EDI contain both data and data schema in the same file and the EDI schema is known for all and published by the X12 organization every year, it clarify the picture of for programmer who needs to implements those EDI solution and it makes the EDI implementation for each and every company faster which leads to a lower price.

As technology evolved and develop, there are new file formats which let companies exchange data with one another. Technology like XML have not yet successfully implemented both data and data schema in the same file causing the engineers who wants to implement an electronic solution a difficult file structure to work with which leads to a higher price. Also the programmer who wants to process the XML solution, never know what is the specific XML structure until he conduct a business relations with his trading partners which bring each and every solution to be different from each other and makes XML business implementation expensive and not affordable to many of the small businesses. This is where EDI comes up and solve the problem.

When a company needs to implement EDI solution they already know what the EDI Document structure is (it is being determined by the X12 organization) and everyone who wants to use some type of EDI documents follow that EDI document guide lines, which makes it very easy to process, and companies all over the world developed components and software packages to be able to read those EDI document and connect to any major software package.

EDI has proven it self over the years to be reliable, affordable and easy to use among all types of companies and giving companies the freedom to conduct business relations with one another quickly and efficiently.

To transfer those EDI files from one side to another companies had to pay enormous amount of money at the beginning of the ecommerce age while internet was not available and when the only way to transfer those EDI files from one side to another was to use a land line phone line and VAN that charged the companied by the amount of data they transferred. Later on when the internet started to grow and became the lowest method of transferring data all, companies started to realize that they overpaid Van's for transmitting EDI data and started to use the internet as their favorite method
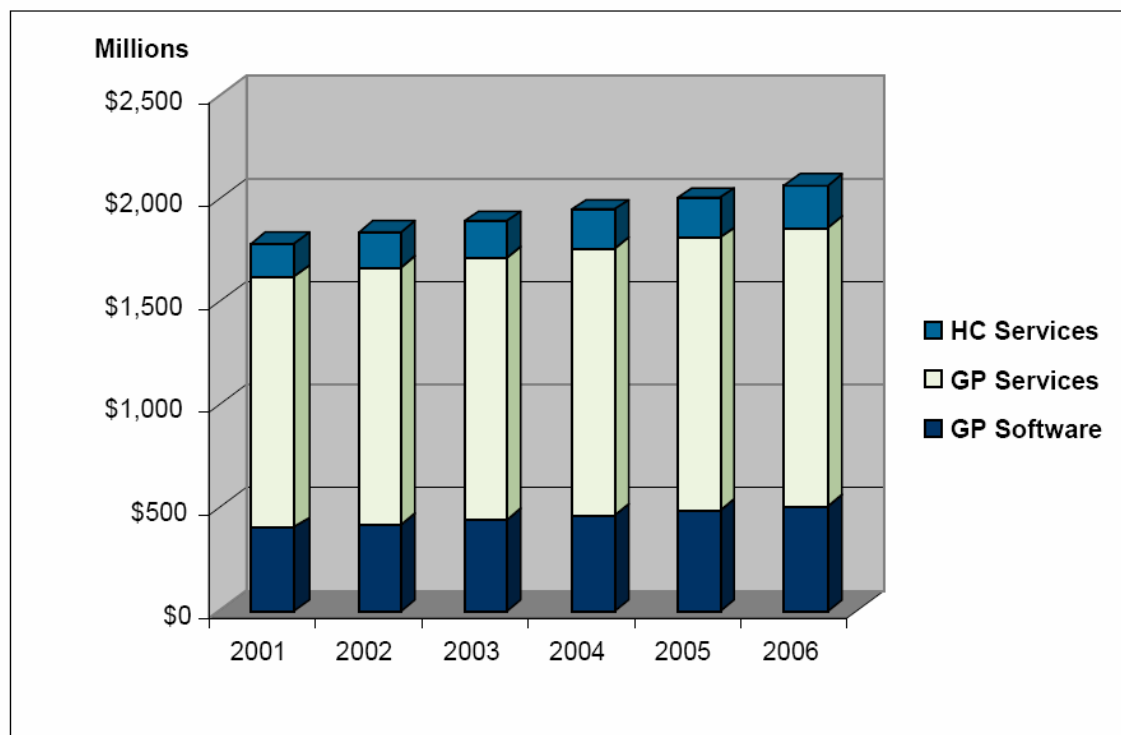
to communication which brought EDI cost to the bottom and took many of the EDI Van's out of business.

Today EDI prices are lower then ever due to the internet technology and the fact that most used EDI Documents already have been mapped and have software packages ready to translate almost any type of EDI Document.

This is why I think that EDI has a future and as long as organization like X12 will keep updating the Document to feet the needs of companies, the EDI business will boost and will not be gone.

When EDI first started only two major industries have used it, the Food and Cars industries. Since it was so successful it evolved to other type of businesses and in 1996 the medical industry, started to use it in order to file claims between hospitals and insurance companied, with the standard of HIPAA which stand for "Health Insurance Portability and Accountability Act", this proves the EDI is the way to go for industries who wants to use eCommerce for their businesses and I belief that in the future we will see more industries using EDI technology.

Figure 1: EDI Market Revenue

Source: Giga Information Group

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EDI SERVICES & SOLUTIONS

Industry	$ Value of US-Based EDI Transactions by Year				
	2001 (billions)	2002 (billions)	2003 (billions)	2004 (billions)	2005 (billions)
Chemicals	$60	$60	$63	$65	$68
Consumer Goods	$289	$291	$302	$314	$327
Electronics	$86	$87	$90	$94	$98
Food and Beverage Processing	$379	$381	$396	$412	$428
Health Care	$347	$349	$432	$477	$527
Manufacturing	$661	$665	$690	$718	$747
Metals and Natural Resources	$414	$417	$433	$450	$468
Pharmaceuticals and Medical	$171	$172	$179	$186	$194
Retail and Distribution	$360	$363	$376	$392	$407
Transportation	$299	$301	$312	$325	$338
Utilities	$161	$162	$168	$175	$182
	$3,227	$3,250	$3,443	$3,608	$3,783
Annual growth estimates*	**1.10%**	**0.07%**	**3.80%**	**4.00%**	**4.00%**

Source: Giga Information Group
* For 2001 – 2003, OECD updated estimates dated December 2001; Giga estimates for 2004 and 2005

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