Why should retailers embrace EDI

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The main reason retailers implement EDI is to improve their supply chain, inventory management and to automate their workflow.

EDI for retailers is different than EDI for other commercial groups such as manufacturers, shipping and packaging companies. The unique requirement applying specially to retailers is that their EDI implementation will be their standard for working with all vendors, suppliers and other business entities.

Retailers who want to start using EDI in their organization should first consider the following questions:

1. What type of documents will they send to their vendors?
2. What type of documents will they receive back from their vendors?
3. How to create EDI guidelines and standards for every type of document?
4. How will they enforce all vendors to use the implementation guidelines?

They will also need to be aware of the following EDI processes:

1. Building EDI maps to process all types of EDI transactions.
2. Monitoring all incoming and outgoing transactions.
3. Sending alerts (notifications) on certain business rules.

One of the biggest challenges for a retailer when adopting an EDI solution is to get to use one map for all vendors. However, large vendors, who already use their own EDI spec for specific documents, may not be willing to modify their EDI map whenever a new retailer starts working with them.

This necessitates the implementers of the retailer's EDI solution to go and build separate EDI maps for some vendors due to the lack of flexibility from the vendor side. That obviously slows down project implementation and increases the cost of the project due to longer development time.

Large retailers such as Wal-Mart have used their power to force their vendors to adopt their standards but smaller retailers are likely to find their requests do not work. This is why when implementing an EDI integration solution for a retailer, the EDI maps should be kept as simple as possible. That will both allow building the EDI maps quicker and deliver the EDI solution to the retailer faster. The EDI implementation for retailers is different for every retailer. It's complexity is dependent on the supply chain they use, the ERP system they have in place and the processes they have implemented internally.

Retailers work with some vendors in one way and with other vendors another. All those business processes need to be taken into an account when developing the business solution. This can be critical when working against large vendors because they are the least flexible.

Retailers should also think about who will create EDI guidelines for their documents, as building EDI guidelines is a task that most EDI implementation companies just don't do. Usually the retailer would have to turn to a third party to write the EDI guidelines for them and only then distribute those guidelines among their vendors. To sum up, retailer EDI involves a greater degree of complexity and integration than other implementations. It needs expert knowledge in the supply chain industry and retailers would be wise to consider EDI companies with proven experience in implementing EDI solutions in the retail industry.