UNIT – 2 ELECTRONIC DATA INTERCHANGE

PROF. VIJYA TULSANI

ROLE OF INTRANET IN B2B

- Increasingly, businesses are relying on intranets to deliver tools such as collaboration, scheduling, customer relationship management tools, and project management to increase the productivity of the organization.

- An **intranet** is a private network accessible only to an organization's staff.

- Unlike the Internet, an internal intranet provides a wide range of information and services to employees of an organization but these tools and information are unavailable to the public.

- A company-wide intranet is an important focal point of internal communication and collaboration, and can provide a business with a single starting point to access both internal and external resources.

- Larger businesses allow users within their intranet to access the public Internet through firewall servers.

- Because businesses have the ability to screen both incoming and   outgoing traffic, they are able to keep the security of the intranet intact.

- In its simplest form, an intranet is established with the technologies for local area networks (LANs) and wide area networks (WANs).

•Some of the advantages and benefits a company can realize from establishing a robust intranet are as follows.

- **Workforce productivity**. Intranets can help users to locate and view information faster and use applications relevant to their roles and responsibilities.

- **Enhanced collaboration**. Information is easily accessible by all authorized users, which enables teamwork. Being able to communicate in real-time through integrated third party tools promotes the sharing of ideas and helps boost a business' productivity

- **Time Savings**. Intranets allow organizations to distribute information to employees on an *as-needed* basis in real time. Employees may link directly to relevant information as soon as the organization makes it available on the intranet.

- **Reduced Costs**. Users can view information and data via web-browser rather than maintaining physical documents such as procedure manuals, internal phone list and requisition forms. This can potentially save the business money on printing, duplicating documents, and the environment as well as document maintenance overhead.

- **Improved Communication**. Intranets can serve as powerful tools for communication within an organization.
- A great real-world example of where an intranet helped a company communicate is when Nestle had a number of food processing plants in Scandinavia.
- Their central support system had to deal with a large number of requests for information every day. When Nestle decided to invest in an intranet, they quickly realized the savings.

CONCEPTS OF EDI AND LIMITATION

- EDI stands for **Electronic Data Interchange.**

- EDI is an electronic way of transferring business documents in an organization internally, between its various departments or externally with suppliers, customers.

- in EDI, paper documents are replaced with electronic documents such as word documents, spreadsheets, etc.
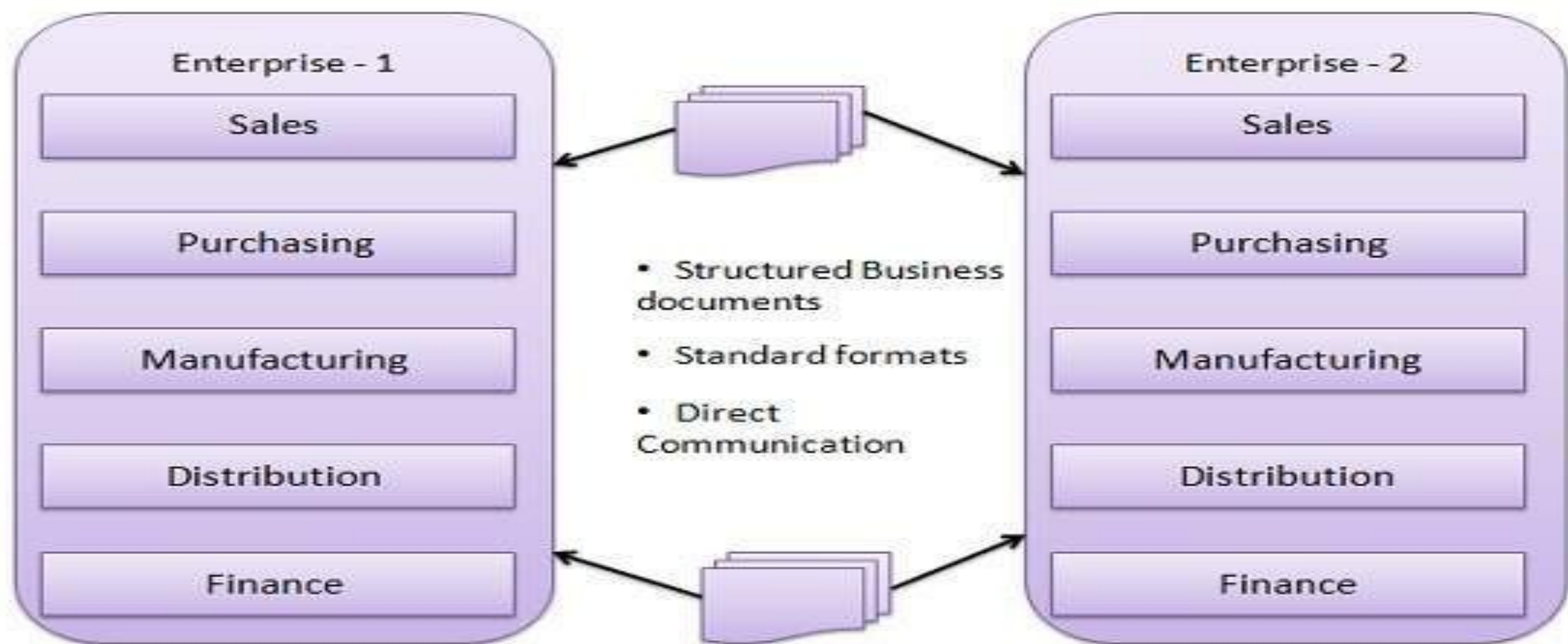
•EDI Documents

Following are the few important documents used in EDI –

-Invoices

-Purchase orders

-Shipping Requests

- Acknowledgement

-Business Correspondence letters

-Financial information letters

•Steps in an EDI System

-A program generates a file that contains the processed document.

-The document is converted into an agreed standard format.

- The file containing the document is sent electronically on the network.

-The trading partner receives the file.

- An acknowledgement document is generated and sent to the originating organization

ADVANTAGES OF AN EDI SYSTEM

• **Reduction in data entry errors.** − Chances of errors are much less while using a computer for data entry.

• **Shorter processing life cycle** − Orders can be processed as soon as they are entered into the system. It reduces the processing time of the transfer documents.

• **Electronic form of data** − It is quite easy to transfer or share the data, as it is present in electronic format.

• **Reduction in paperwork** − As a lot of paper documents are replaced with electronic documents, there is a huge reduction in paperwork.

- **Cost Effective** − As time is saved and orders are processed very effectively, EDI proves to be highly cost effective.

- **Standard Means of communication** − EDI enforces standards on the content of data and its format which leads to clearer communication.

DISADVANTAGES OF TRADITIONAL EDI

- The benefits of traditional EDI were compelling, and it was embraced quickly by large businesses, but it did not fit the needs of small to mid-sized companies. Here are the key reasons why:

- **Expense**

  - Early EDI business applications were complex and expensive.

Primarily serving peripheral functions, they were not fully integrated into all business activities. So although there were substantial savings to be gained from EDI, the cost of re-designing software applications to integrate EDI into existing

•Network complexity

- The need for extensive telecommunications capability posed a second major barrier to widespread EDI implementation for small to mid-sized companies. Beyond the computer itself, a basic requirement of EDI is a means to transmit and receive information to and from a wide variety of customers or suppliers.

- This required a heavy investment in computer networks. Unlike the mail, to send electronic documents there must be a specific

point-to-point electronic path for the document to take. So companies

were either required to develop extensive and expensive

networks, or rely on intermittent point-to-point modem

communication.

APPLICATION OF EDI

- EDI, applied to the different business processes, allows more streamlined and efficient operations of your commercial, purchasing and administrative departments with companies both supplying and receiving goods.

- As a working system, "Electronic Data Interchange" is designed to automatically integrate your business documents into your ERP or Internal Management System.

- The higher the number of trading partners (customers, suppliers, majestic operators, etc.) and EDI transactions interchanged with them, the greater the benefits to be obtained through EDI implantation.

•These benefits translate as important reductions in costs which, depending on the level of rollout, may reach 90% compared with the same process carried out with business documents managed by other means such as post, fax or mail.

-Order Integration

-Despatch Advice Integration

-Integrating Invoices

-e-Air waybill

•Order Integration

- Creating, sending and follow-up of supply orders generated by the purchasing departments involves dedicating important technical and human resources to processing the orders to suppliers in the right time and format.

- For suppliers, the interpretation and typifying of these orders in the internal management system entails a large amount of work to be done by the commercial and administration departments of the vendor companies.

- In any case, we are talking about critical operations both for buyers and suppliers, since at the end of the day they all depend on the provision of an efficient and high quality service to end customers of both parties.

•Despatch Advice Integration

- The despatch advice, as a document accompanying the goods in transit to the customer, is a key business transaction to verify that the goods actually received correspond to the purchase order specifications

- The ability to perform these checks prior to issuing the invoice lets you make adjustments if there are any differences with respect to the initial purchase order, ensuring that your final payment or billing documents are correct, whether you are sending or receiving the goods.

•Integrating Invoices

- Automating the billing process is a strategic element that can achieve savings of up to 90% compared to managing these documents manually.

- Likewise, invoice issuers have to devote costly resources to critical aspects of the commercial process such as checking deliveries and periodic billing for clients, as well as the manual tasks of printing, enveloping, stamping and sending. Other tasks also require regular follow-up to check receipt of the invoice on arrival and its status in the Accounts Payable Department.

•Integration of electronic invoices lets you automate almost all of these steps, providing great competitive advantages for senders and receivers that translate as better management efficiency ratios, and consequently in significant cost savings.

•EDICOM Air: e-Air waybill solution

- An initiative developed by IATA (International Air Transport Association), designed to replace paper in air freight cargo operations with a new system based on electronic data interchange.

- **The e-Air Waybill** provides airlines, freight forwarders and customs authorities with one standard for the automatic electronic exchange of standardized freight documents, at any airport worldwide operating under the new e-freight system.

- A global platform that deploys EDI technology (Electronic Data Interchange) for electronic issuance of all documents involved in the exchange of information in air freight cargo operations.

- he EDICOM e-Air Waybill solution is certified by the IATA as a valid international platform to connect with airlines, forwarding agents and customs at any airport adapted to the new electronic system.

EDI MODEL.

- Businesses have saved millions of dollars by eliminating paper and switching over to Electronic Data Interchange (EDI) to securely exchange invoice payments, company reports, purchase orders and even classified data electronically.

- EDI is the computer-to-computer exchange of information between companies using a standardized message formatting. Many of these transfers require an internet connection and typically occur through serial links or peer-to-peer networks.

- EDI competes with XML and APIs, which allow

- Although similar, more businesses prefer EDI transmission because APIs lack messaging standards and do not suit a wide range of businesses, which can make it difficult for companies to properly share information.
- Before business partners exchange information, they must first agree on the specific EDI standard and version that will be used for EDI transmission.
- Each business has unique requirements and standards suited to their specific industry and region. Therefore, each EDI document that is exchanged will be required to be in a specified format that complies with the needs of all business partners involved in the exchange.

THANKYOU