



SAVING MONEY THROUGH EDI INTEGRATION

The importance of effectively using EDI and expanding the value proposition to mid-sized businesses is paramount. This white paper discusses how your business can integrate EDI into its ERP software, improving efficiency and reducing operational costs by eliminating mistakes and chargebacks.

EDI to ERP integration is critical

Over 50% of medium businesses will have ERP systems in-house by the end of 2012. With keying errors responsible for thousands of dollars in costs integrating ERP and EDI is mission critical.

The changing needs of mid-market companies

Exchanging transactions electronically has been a given for mid-sized businesses for a number of years. The advantages of using Electronic Data Interchange, or EDI, are proven and easily quantifiable. With over 60% of printed invoices containing errors that can impact the bottom line in the form of chargebacks, mid-sized companies have come to demand the benefits of exchanging information electronically with trading partners. As mid-sized businesses have grown in sophistication, however, so have their needs for new business tools. According to a 2006 AMI Partners study over 23% of small to mid-sized businesses (SMBs) indicated that they already deployed an ERP solution and over 31% indicated that they would deploy one in 2006. Adoption of these new technologies and applications, formerly the exclusive domain of very large enterprises, is creating new problems for the mid-sized business. As ERP systems are being purchased by a growing number of organizations with fewer than 500 employees and less than \$1B in annual revenues, ensuring that EDI data is properly migrated to the ERP system is becoming increasingly mission-critical.

The result of this rapid adoption causes a two-fold problem: first is an increasing set of data silos and repositories – each critical to business needs and each out of sync with the other data repositories in the organization. Manually re-keying data from legacy or web-based EDI systems into newly deployed ERP software increases error rates and associated costs. Second – and equally critical – is an increased strain on limited IT resources during system implementations and data migration; setting up new ERP systems and migrating EDI data from legacy applications into the ERP systems can be challenging, frustrating and a severe strain on limited IT staff and budgets. In fact,

transformation of data from legacy systems into new ones can consume as much as 60% of an integration project budget.

Ensuring that ERP and EDI integration projects are done smoothly and within budget constraints is a key concern for mid-market companies. A 2004 CIO magazine survey found that there are still dramatic differences in what CIOs at mid-market and small business companies find critical to their businesses versus what their enterprise counterparts focus on and are concerned with. In reality, CIOs at SMB organizations listed inadequate budgets as their key concern for the year 2005 while their Enterprise counterparts only ranked inadequate budget as the third major concern in their outlook for the year. Limited budgets can be strained to the breaking point by deployments of ERP and EDI systems and by the financial challenges of integrating those systems. In fact, a 2005 Yankee Group survey of mid-market companies found that the average annual IT budget for a mid-sized company (defined as a company with less than 500 employees) was \$821,000.

Clearly deploying new back-end systems and integrating them with existing technology is a key priority for mid-size companies; a CIO Magazine survey of mid-market and small companies in 2004 found that integrating or enhancing systems and processes were number one on the list of key planned activities for the coming year. Of course unlike CIOs at enterprise organizations, their mid-market counterparts simply do not have the financial or IT resources to invest in large-scale enterprise-class Application Integration products available from vendors like IBM, Webmethods, BEA, and the multitude of other Enterprise Application Integration (EAI) providers now courting the mid-market. With up-front software investments that can easily surpass \$100,000, and deployment costs that can be as high as \$600,000 or more, it could be relatively easy for a mid-market organization to spend 80% of its yearly IT budget on Enterprise Application Integration products and deployments.

Mid-sized IT budgets need low-cost solutions

Traditional business application integration software can take up as much as 50% of the average mid-sized company's annual IT budget

EDI to ERP Integration: The right strategy for rapid ROI

Of course the short-term answer might seem to build a custom application that ties the systems in question together. In fact, a 2002 AMR research study found that nearly 70% of integration projects today are done with in-house programming. While in the short term that may seem like a viable solution, it's fraught with problems and hidden costs:

- Custom-developed code must be maintained and is dependent on the staff that wrote it. As in-house ERP and CRM systems are upgraded, the custom applications that tie them together will require updating as well, risking delays and critical loss of synchronization between systems.
- Developing custom applications requires skills and resources not easily attainable. With most mid-market companies working with severely limited IT budgets and staff, finding the necessary in-house skills and available time to write such custom applications is a costly value proposition.
- Custom applications break. Even the best designed applications can have flaws and require maintenance and support. Troubleshooting custom written applications can cause critical delays in system implementations and utilizations, potentially costing significant financial strains in lost productivity and lost system up-time.

Large enterprise companies that have the considerable resources required for in-house development determined long ago that there are significant advantages to integrating in-house systems using third-party products. In a 2005 Baseline Magazine article, Con-Way, a \$2.6B logistics company, identified the savings achieved with an application integration product with a reduction of as much

as 75% in the time required to deploy and integrate new applications. Any return on investment for an integrated EDI and ERP system can be easily measured in increased productivity and reduced costs due to error rates. In fact, studies have shown that integrating EDI into an ERP system can reduce keying errors from 1 in 300 characters to as few as 1 in 1,000,000. The challenge for most mid-tier companies remains the same: arriving at an ROI that is "significant enough" to justify the expense of traditional EDI integration packages can be, at best, a challenging exercise. What mid-market companies require is a new tool that is low in up-front investment cost and is intuitive to implement and easy to use, thereby achieving higher ROI in a shorter period of time.

EDI Integration for mid-sized businesses

In order for any EDI integration product to achieve a fast ROI for a mid-market organization it must meet a defined set of requirements focused on needs that are critical to the mid-market.

- Intuitive to Implement: Mid-sized organizations require a tool that is easy to implement – ensuring that implementation times can be measured in days or weeks rather than months or years.
- Architected for growth: An EDI tool for the mid-market must be easy to expand with expansion kits that allow you to add support for new trading partners rapidly and with little hassle.
- Well supported: Support is critical to the needs of the mid-market; how much support is your vendor willing to give you? Are you a vital customer to their organization?
- Deploy and forget: Any integrated EDI solution is useless if it requires constant supervision and monitoring. Integrating EDI and ERP must be seamless and be able to run unattended.

Custom applications don't work

A company recently saw a reduction in costs of as much as 75% by integrating in-house applications with an off the shelf software package

Until today, finding an EDI Integration product that could satisfy the needs of the large enterprise while also fulfilling the requirements of the mid-market organization for ease of use, ease of deployment, and power was a challenging proposition. With the introduction of DiTranslator, DiCentral has brought the power and advantages of enterprise-class EDI Integration to the mid-market. Mid-market companies now can fulfill the promise of EDI integration with a set of applications designed to fit the needs, budgets, and requirements of mid-market companies.

The DiTranslator solution

DiCentral DiTranslator was developed from the ground up with the needs of small and mid-sized business in mind. DiCentral has years of experience writing software for small and mid-sized businesses. Our DiTranslator solution has been installed in thousands of locations world-wide and is a favorite among small businesses that need to easily and quickly adopt EDI with their customers and vendors. DiTranslator's modular architecture allows the product to easily and quickly gain functionality while the easy-to-use interface allows for minimal training time and rapid adoption. Among some of DiTranslator's key features are:

- A drag-and-drop user interface designed from the beginning to allow ease of map development without having to write a single line of code.
- DiTranslator can be expanded with pre-defined kits that reduce the amount of time spent adding support for new trading partners.
- DiCentral's DiTranslator support team will work with you to install, define maps, train, and support the product to ensure 100% satisfaction.
- DiTranslator allows the use of a number of communication protocols including dial-up, AS2, and FTP.
- DiTranslator includes ODBC drivers – providing the ability to tie directly into ERP or CRM database architecture and giving mid-market companies the ability to visually map one system to another easily and with speed.
- The ability of the product to run unattended or manually gives IT staff the opportunity to have as little or as much control over the data exchange process as they desire.

DiTranslator is based on our enterprise-class DiUnite application Integration product. Rated at over 17,000 transactions per second, DiUnite provides extended capabilities that larger mid-sized organizations require to integrate EDI along with other business data. DiUnite can provide a significant return on investment to mid-sized organizations looking to integrate data, analyze data, and improve their business by acting on that data. Call one of our sales representatives today at (877) 878-3334 to learn about DiTranslator and DiUnite, and our full suite of business integration products.

Learn more today

Check out our free white papers and learn key strategies for data integration including:

- The stages of EDI adoption for small business
- How to minimize data entry costs
- The causes of data proliferation and available solutions
- How to select the right data integration alternative
- How data integration costs compare to manual data entry
- Key mistakes to avoid when planning data