

Electronic Data Interchange

The intercompany communication of business documents from one computer system to another in a standard format without the need for human intervention. Electronic Data Interchange (EDI) aims to replace the traditional paper methods of data exchange. By automating the paper-based procedures EDI helps the organization save time & minimize costly errors caused by manual processing.



Benefits

- ◆ Lower operating costs
- ◆ Improve business cycle speeds
- ◆ Reduce human error and improve record accuracy through rigid standardization
- ◆ Increase business efficiency
- ◆ Enhance transaction security
- ◆ Paperless and environmental friendly
- ◆ Increase customer satisfaction
- ◆ Increase return on investment (ROI)
- ◆ Lower inventory cost

Limitations

- ◆ Perceived high upfront costs
- ◆ Initial setup is time consuming
- ◆ Too many standards to maintain
- ◆ Heavy investment in computer networks & system protection
- ◆ Robust data backups of systems
- ◆ Require implementation of EDI program
- ◆ Requirement of special hardware and software
- ◆ Limits your trading partners
- ◆ Staff training cost
- ◆ Frequent revisions in standards

Trends

- ◆ According to The Insight Partners, the electronic data interchange (EDI) market was valued at \$24.64 billion in 2019 and is projected to reach \$49.21 billion by 2027, growing at a CAGR of 9.5%
- ◆ According to data and analysis in the 2022 B2B Ecommerce Market Report, EDI accounted for more than three-fourth of B2B digital commerce in 2021 but had the slowest growth rate among B2B digital channels at 8.3%