

Overcoming B2B Connection Complexity with EDI VAN Optimization



Although decades old, the use of electronic data interchange value-added networks, or EDI VANs, remains one of the most common methods of exchanging electronic business documents, such as purchase orders, advance ship notices, and invoices. VANs simplify what would otherwise be a time-intensive task of handling scores of direct connections, while providing value-added capabilities that improve business process efficiency.

However, the vast majority of businesses — 77% — manage multiple VANs, and it is not uncommon for businesses to maintain as many as 10 or more. Managing multiple VANs represents significant IT overhead, mainly in the form of person-hours, erasing much of the benefit of consolidating direct connections. The average business maintains two or three VANs to connect with other organizations. The number is often much higher — as many as 10 or more.

These eye-opening stats come from a survey from Foundry on behalf of OpenText. Respondents also

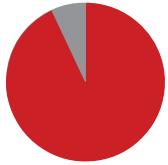
said they struggle to maintain their B2B infrastructure and are experiencing IT resource overload, lengthy onboarding processes for new partners, and missed market opportunities, to name just a few problems.

But there's light at the end of the tunnel. Modern VAN technology has become better at optimizing outdated B2B infrastructure by migrating away from legacy technologies, consolidating multiple VAN solutions, and digitizing manual procedures.

At the same time, companies must look beyond their current needs. "They need to make sure that whatever system they migrate to will cover where they want to go in the future, including potential new markets and mergers and acquisitions," says Naomi Skinner, senior product marketing manager for EDI and VAN at OpenText.

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93% of the respondents know they need to optimize their B2B integration solutions.

A Menagerie of Data Connections

Foundry surveyed IT and business leaders at companies with at least 100 employees to discover the state of their EDI VAN deployments. Industries surveyed included financial services (25%); manufacturing, industrial, and automotive (26% total); high tech, excluding computer-related (19%); and retail (17%).

On average, companies use two or three EDI VAN solutions to accomplish data exchange with trading partners. But the number is often higher, Skinner confirms. “We recently worked with a company that had over 30 VANs,” she says.

Skinner cites two main reasons for this complexity. “One of the reasons is that not all VANs are built the same. An older VAN may not translate every type of EDI to every other type of EDI. So, some companies — particularly smaller ones — do a Band-Aid fix.”

For example, a company in North America with a new partner in Asia using standards not compatible with an existing VAN might just deploy another VAN on top of the existing one. The quick fix has long-term consequences. “They say, ‘We’ll fix it later,’” says Skinner, “and then they never really do.”

Mergers and acquisitions also add EDI complexity, Skinner explains. “What we hear most often from the larger companies is that they end up inheriting these patchwork fixes when they do mergers and acquisitions. Here again, they never get around to solving this increasingly complicated infrastructure until it gets urgent.”

Data Exchange Challenges

Nearly nine in 10 of the participating businesses (89%) rated their B2B transactions as at least somewhat complex. Of those, 19% called them “very complex” or “extremely complex.”

In line with those numbers, 35% of the respondents reported that their biggest headache in managing B2B integrations is the hit on their IT resources. That represents IT support and expertise needed for B2B processes, aligning technology standards, data translation, and analytics — and the net effect pulls IT resources from other initiatives.

“In their minds, it’s just this complex infrastructure that they have a hard time managing,” Skinner says of business leaders’ perception of B2B connections. That makes it all the harder even to contemplate making improvements. “Many are intimidated by the whole consolidation effort on top of the already full workloads,” Skinner says.

In addition to difficulties with managing IT priorities, survey respondents pointed to three other challenges in equal numbers: inability to quickly onboard new trading partners, too many manual procedures, and difficulty finding and retaining skilled staff (all cited by 25% of the respondents).

Despite the challenges, the pressure is on businesses to get a handle on their EDI VAN solutions.

Motivation to Optimize EDI VAN Solutions

The vast majority (93%) of the respondents know they need to optimize their B2B integration solutions. Skinner explains why: “What businesses are looking into more and more — and especially since the pandemic started — is this need to simplify their infrastructure. So they’re looking at how much manual work they’re doing and how they can automate more.”

Optimizing B2B integration solutions can yield improvements in various areas. Respondents listed the following associated benefits surrounding EDI VAN optimization:

- **51% – Improved data quality and accuracy**
- **41% – Increased automation for error reductions**
- **37% – Improved customer experience**
- **36% – Future-proofing through access to continuous improvement**

Skinner also points out that many trading partners don’t use EDI, making it difficult for businesses to figure out how to optimize data exchange with them. “Some

smaller trading partners are just not EDI-capable or may have too low transaction volumes to want to even learn how to use EDI” [see Figure 1].

Consolidated VAN to the Rescue

So what can business leaders do to optimize their B2B connections? According to Skinner, the first step should be to consolidate multiple VANs into a single, integrated VAN solution from a trusted provider.

VAN consolidation offers many benefits. “By consolidating your VAN, you’re reducing complexity, which frees up in-house IT resources,” Skinner says. In addition, she says, a consolidated VAN can improve customer service, thanks to enhanced visibility into transaction data. The improved reporting on transactions with other businesses that a single VAN provides also delivers insights into the health of the company using it. And increased automation reduces workloads throughout the entire organization, freeing up time for staff to do other, more valuable work. Automation also aids sustainability efforts, by reducing paper use and improving operational efficiency, Skinner says.

Optimization Challenges and Solutions

Security is the foremost hurdle to optimizing EDI VAN and B2B integration programs (cited by 37% of the respondents), according to the survey, followed by internal factors such as budgets (31%) and staffing challenges (29%).

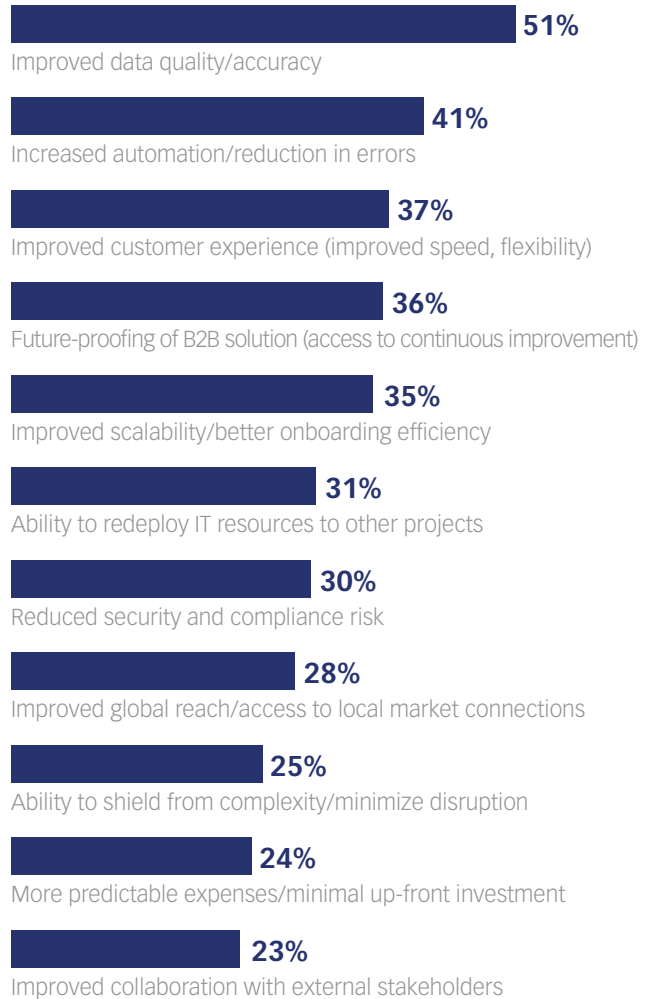
Other challenges include:

- **29% – Complex and daunting integrations**
- **26% – Rapidly changing market conditions, including frequent mergers and acquisitions**
- **25% – Data translation challenges**
- **25% – Fear of disrupting ongoing operations continuous improvement**

Skinner says OpenText can help in all these areas. To consolidate multiple VANs, OpenText combats complexity by first mapping out all the connections a given business needs with other companies. “We have software that can very easily — with a simple



Fig. 1 The Benefits of EDI VAN Optimization



Source: Foundry

data dump from a potential customer — map out all the connections that they are currently using.” The engagement accounts for all the EDI standards the business uses to connect with other organizations. The result is a guide that the business can use to plan VAN consolidations.

The Bottom Line

Businesses are under more pressure than ever to overhaul their B2B infrastructure. Without upgrades, they risk missed opportunities, increased costs, and

misallocated resources if they cannot efficiently handle a growing number of EDI direct connections, manual processes, and VANs.

The good news is that a modern VAN solution and outside help can bring much-needed relief. “We’ve often seen that when customers consolidate connections to a single provider, they end up spending less money, or the same money with greater efficiency,” Skinner says. “The reason for that is they’re using one provider and getting a better contract, because it’s one larger contract versus two or three smaller contracts that add up to more.”

The ideal solution should also prepare the company for the future. “You want to choose a provider that continues to invest in its technology and has flexible options for growth,” she says. This way, future innovations and optional add-ons can help the organization explore how to automate more, digitize non-EDI-compliant partners, and add more efficiencies to daily activities without having to find a replacement VAN that can offer these value-added capabilities. Or perhaps even worse, tack additional technologies that can’t integrate with the current VAN onto the existing technology stack, generating the kinds of complications that may have led to selecting the solution in the first place.

What Companies Seek in a VAN Provider

Nearly nine in 10 companies (88%) with fewer than 1,000 employees deem security very important or critical. These companies also said they’re driven by security mandates from larger trading partners and planned ERP and other internal system upgrades.

These smaller companies look for providers that support a variety of integration options (86% of the respondents), offer visibility tools (82%), and have a highly available infrastructure (80%).

Nearly nine in 10 companies (86%) with more than 1,000 employees are driven mainly by digital transformation efforts, as indicated by their need for a provider that supports a wide variety of protocols. Such support would enable them to retire legacy VANs and other outdated technologies.

Larger companies also reported needing a provider that offers best-of-breed technology, highly available infrastructure, expertise in business process design, and self-service tools (all cited by 80% of the respondents).

Learn more about how EDI VAN optimizations can help your organization streamline operations and free up resources. Visit [opentext.com](https://www.opentext.com).

About the Survey

Foundry fielded a survey of 102 business (37) and IT (65). All responding organizations had at least one EDI VAN solution in place and 500 or more employees.

The financial sector had the highest representation, with 25% of the respondents.

The manufacturing and industrial sector was the next-best-represented sector, with 23% of the respondents.

High-tech (excluding computer-related, 19%) and retail (17%) took third and fourth place. Rounding out the top five was transportation and logistics (9%).

Respondents also came from the pharma/life sciences (4%), automotive (3%), and consumer-packaged-goods (1%) industries.

This survey was fielded in July and August 2021 by Foundry on behalf of OpenText.