

# In-house DIY vs. outsourced EDI services

Which B2B integration option is best for your business?



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## Introduction

Every CIO around the world is looking for ways to digitally transform their supply chains for greater efficiency, flexibility, and agility, as according to Gartner, only 29 percent of strategic planning leaders agree their organizations are able to change plans fast enough to respond to disruption.<sup>1</sup> One key challenge of digital transformation is ensuring that resources are available to manage the current B2B integration platform and network of trading partners, while trying to embrace new digital technologies.

At what point should companies consider outsourcing their EDI to a third-party vendor instead of managing it all in-house? Often, this involves updating legacy infrastructure and moving from behind-the-firewall B2B environments to more modern, cloud-based infrastructures, since cloud-based platforms provide the scalability to support business operations anywhere in the world. They also offer the flexibility to adapt to changing consumer demand and market conditions. However, these platforms may need to support new transaction types and communication protocols and a migration to the cloud can take 18 to 36 months, or longer depending on the complexity.<sup>2</sup> Does your company have the necessary resources and personnel to support this?

This paper looks at outsourcing EDI B2B integration and management of that infrastructure versus a “do-it-yourself” (DIY) approach, the advantages and disadvantages of each, lessons learned from real-world use cases, and triggers to look for that will help you determine when it’s the right time to make the switch.

<sup>1</sup> Gartner, *9 Steps to Successful Functional Strategic Planning*, 2024

<sup>2</sup> NPI, *Important Advice for Customers Making the Switch from ECC to S/4HANA*, 2023



## A brief history of EDI and B2B

Electronic data interchange (EDI) was first used by the Transportation Data Coordination Committee all the way back in 1968 to allow shipping companies, railroads, airlines, and trucking companies to exchange electronic messages using standard formats. Early EDI-based B2B systems focused on replacing manual business documents with automated alternatives that improved response times and reduced data errors.

New generations of exchange standards and communications protocols made communication between B2B systems more complicated. Early EDI solutions were augmented with new communication protocols and languages, such as FTP, AS2, and XML, and more recently, API. Large trading partners and customers developed their own customized B2B systems, while finding ways to onboard smaller trading partners with web form capabilities. In addition, new B2B exchanges were developed to serve the needs of specific industry sectors.

Despite being an older technology, the electronic data interchange market is growing and is projected to reach US\$65.99 billion by 2031, with a CAGR of 10.3 percent.<sup>3</sup> Since the first commercial use years ago, EDI and B2B integration environments have gone well beyond document exchange. They now include areas such as business process improvement, trading partner community management, and customer experience management. Despite this growth, managing B2B operations with an ever-increasing number of documents, formats, regulations, standards, and protocols, has become a struggle—in terms of time, cost, resources, and skills.

## In-house EDI B2B integration

Many organizations adopted a “do-it-yourself” (DIY) approach to EDI and B2B integration. This was often driven by a desire for greater control over their data and integration processes, as well as a focus on building internal expertise. In the early days of modern EDI, specialized third-party services were less common, making in-house development a strategic option to gain a competitive edge.

However, as EDI and digital supply chains have grown more complex, the risk of misconfigurations, inefficiencies, and missed opportunities has increased significantly. It’s estimated that as much as 70 percent of digital transformations fall short of their objectives.<sup>4</sup> A DIY approach, relying heavily on internal IT teams for development and maintenance, hinges on the availability and expertise of in-house resources across numerous departments and systems. Does your IT team possess the necessary skills and bandwidth to navigate the complexities of digital transformation?

<sup>3</sup> The Insight Partners, *Electronic Data Interchange (EDI) Market Worth \$65.99 Billion, Globally, by 2031, 2024*

<sup>4</sup> BCG, *Flipping the Odds of Digital Transformation Success, 2020*

## Responsibilities of an in-house EDI team

The DIY approach typically entails an internal IT team that is responsible for all aspects of EDI integration, including:

- **Software development:** Designing, coding, and testing custom EDI software to meet specific business requirements.
- **Infrastructure setup:** Setting up and maintaining servers, networks, and other necessary hardware and software.
- **Integration with internal systems:** Connecting EDI software with existing ERP, CRM, and other enterprise systems.
- **Trading partner onboarding:** Managing the onboarding process for new trading partners, including mapping data and testing connections.
- **Ongoing maintenance and support:** Providing ongoing support, troubleshooting issues, and implementing updates and upgrades.

## Advantages of the DIY EDI approach

The primary advantage of the DIY approach is **greater control over the integration process**. An in-house team possesses an intimate **understanding of the company's unique needs** and business processes, surpassing the level of knowledge typically held by a third-party EDI vendor. This deep understanding of the business and level of control allows for **increased flexibility in developing business-specific customization options**, enabling businesses to tailor their EDI solutions to specific needs and integrate them seamlessly with existing systems. A successful in-house solution can potentially lead to **significant cost savings** compared to ongoing subscription fees for outsourced services.



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## Challenges of the DIY EDI approach

However, the DIY approach also presents several significant challenges. The **high upfront investment** in hardware, software, and personnel can be a major barrier to entry. Furthermore, **significant ongoing maintenance costs** are incurred for software licenses and system updates (e.g. testing and deployment), security patches, and ongoing support, which frequently leads to the accumulation of numerous customized EDI implementations and B2B integrations, resulting in an increasingly complex and intricate system. This also increases the **risk of delays and project overruns** due to the complexity of EDI integration and the potential for unforeseen challenges.

The in-house approach requires **in-house expertise in EDI and related technologies**, which can be difficult to hire and retain. Ensuring effective knowledge transfer to future staff members through proper documentation and knowledge sharing is crucial for the continued success of this approach, particularly in the face of staff turnover. Finally, **limited scalability and flexibility** compared to outsourced solutions can hinder businesses from adapting to changing business needs and growing their trading partner networks.

### Use case

Moving Beyond the Myth of Repatriation: How to Handle Cloud Project Failures<sup>5</sup>

Gartner observes that companies attempting a cloud migration, often chose a simple “lift and shift” due to a lack of in-house cloud expertise and a desire for a quick transition, and therefore frequently have higher costs and limited benefits compared to their original on-premises setup.

However, by partnering with a third-party service provider and implementing a “lift-and-optimize” strategy, these companies realized their true potential in the cloud, such as improved cost efficiency and scalability. While initial results were disappointing, the fault often isn’t with the cloud provider or solution, but rather with the lack of understanding how to optimize for the cloud, including handling current and new customizations, automating manual or hybrid processes to be digital go-forward, and training IT resources on how to use and manage the new solution.

<sup>5</sup> Gartner, *Moving Beyond the Myth of Repatriation: How to Handle Cloud Project Failures*, 2020

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## EDI B2B outsourcing

As EDI technology matured and became increasingly complex, the challenges associated with maintaining and scaling in-house solutions became more pronounced, prompting many organizations to reassess their approach and explore the benefits of outsourcing their B2B and EDI services functions or by employing a more comprehensive EDI as a Service approach.

Recognizing this need, specialized companies emerged, offering a range of B2B and EDI services, enabling businesses of all sizes to leverage the benefits of EDI. These services range from providing the basic necessary technology for businesses to send and receive EDI documents, assisting businesses in implementing and integrating EDI with other internal enterprise applications, to acting as intermediaries to securely transmit EDI documents between trading partners and other comprehensive EDI as a Service options that address the complex needs of modern businesses.

### Use case

The Consortium Clemenger releases new capabilities 95% faster with OpenText<sup>6</sup>

The Consortium Clemenger, a fulfillment services provider for leading brands, experienced significant growth in its direct-to-consumer (D2C) business following the COVID-19 pandemic. To support this growth, the company needed to enhance its B2B integration capabilities to connect with 65 trading partners.

Facing limitations with their on-premises solution, The Consortium Clemenger migrated to OpenText™ Business Network Cloud Enterprise. This move eliminated the need for internal infrastructure management, reduced operational costs, and enabled rapid scalability to accommodate increasing direct-to-consumer order volumes.

By leveraging the cloud solution, the company achieved significant improvements, including reduced latency, accelerated service delivery and enhanced visibility that improved efficiency, significantly reduced support requests and increased customer satisfaction.

6 OpenText, *Customer Story - The Consortium Clemenger*, retrieved 2025



## Responsibilities of outsourcing to a third-party EDI provider

EDI provider responsibilities vary significantly between vendors. To ensure a successful partnership, it is critical to evaluate and compare the scope and obligations of each potential provider during the vendor selection process. Before signing any contract with a new vendor, the responsibilities of all stakeholders must be clearly defined and documented. This includes a comprehensive internal assessment to determine if your organization possesses the necessary internal resources and capacity to effectively fulfill the responsibilities expected of your business within the EDI framework.

Here are some of the most common responsibilities of a third-party EDI provider:

- **System management:** Setup, configuration, maintenance, and security of the EDI system.
- **Trading partner management:** Onboarding, managing relationships, and data mapping for trading partners.
- **Data handling:** Data mapping, transformation, and processing of EDI transactions.
- **Transaction monitoring:** Monitoring, identifying, and resolving errors, and generating reports.
- **Compliance and support:** Ensuring compliance with EDI standards, providing technical support, and staying updated on industry trends.

## Advantages of EDI B2B outsourcing with EDI as a Service

Outsourcing EDI offers numerous advantages. First, it **enhances efficiency by enabling faster implementation** with an EDI vendor with the experience and know-how to deliver agreed upon goals on time and on budget.

Third-party providers leverage economies of scale to offer competitive pricing and potentially lower costs per transaction. Secondly, if an EDI as a Service approach is chosen that emphasizes cloud-based delivery, it significantly **reduces costs by removing the need for upfront investments** in hardware, software, and dedicated IT personnel. Furthermore, EDI as a Service **improves reliability and security** through robust cloud infrastructure and ongoing support, while also providing the **scalability and flexibility** needed to adapt to changing business needs, new country mandates or trading partner requirements. And given that 37 percent of digital supply chain leaders prioritize traditional AI and/or generative AI (GenAI),<sup>7</sup> ensuring that a business's infrastructure can support these types of emerging technologies is crucial. By entrusting EDI and B2B management to a specialized provider, businesses can insulate themselves from ongoing technical and process complexity and turn internal resources to focus on core competencies.

<sup>7</sup> Gartner, *Gartner Survey Shows AI and Generative AI Top Digital Supply Chain Investment Priorities, 2024*

## Challenges of employing a third-party EDI provider

While EDI and B2B outsourcing offer significant benefits, several challenges can hinder universal adoption. One significant concern is the fear of business disruption by making significant changes to processes, which can deter some businesses from embracing outsourcing. This fear can stem from concerns about potential system downtime, integration issues, and the impact on existing workflows. Data security and privacy are also paramount concerns, as sensitive business information is entrusted to a third party—the EDI services provider, potentially leading to a perceived loss of control over their own data.

The cost of employing a third-party cloud provider, while potentially lowering costs for the business in the long run, may not always be immediately apparent or easily justifiable as it may be perceived as an additional cost burden for a single department, often IT. These factors, combined with the general preference to maintain the status quo until necessary, can deter some businesses from embracing outsourcing solutions.



## Factors to consider when making a decision

Determining the optimal timing for transitioning from a DIY B2B integration approach to a third-party provider can be challenging. If current operations are functioning smoothly, the inclination might be to maintain the status quo and avoid potential disruptions. However, delaying this decision can have significant consequences. Prolonged reliance on in-house solutions may leave businesses vulnerable to competitive disadvantages as rivals leverage the agility and scalability of outsourced models. Moreover, delaying the decision to outsource can force businesses to make hasty and ill-considered choices later. This reactive approach often leads to suboptimal outcomes, as businesses are forced to make critical decisions under pressure. A more proactive approach involves anticipating common business drivers that would trigger a need to outsource.

One of the most common business drivers that necessitate the shift to an outsourced B2B program are **mergers and acquisitions (M&A)**. M&A activity significantly increases the number of trading partners, as well as a patchwork of additional acquired systems and EDI vendors to manage. Similarly, **global expansion into new markets** necessitates navigating diverse regulatory landscapes and integrating with trading partners in different countries, presenting substantial challenges for in-house teams.

Furthermore, staff turnover and the **loss of critical in-house expertise** within the IT department can jeopardize the long-term viability of maintaining aging in-house systems. **Right-sizing staffing** to optimize costs may also inadvertently lead to the reduction of in-house EDI expertise and resources.

Lastly, **evolving trends in B2B and EDI integration** must also be considered. The **adoption of cloud computing** and the end of support of on-premises systems, are often catalysts to wider discussions on overhauling a companies' B2B network. The **rise of AI and machine learning** in supply chain management, and the growing importance of **data security and compliance** with regulations like GDPR and country-specific e-invoicing will require businesses to adapt their EDI strategies. Outsourcing can provide access to the latest technologies, expertise, and resources to navigate these ever-changing trends.

The future of EDI and B2B integration is poised for significant evolution, driven by technological advancements and evolving business needs. Here are some key trends to watch:

Key trends	
<b>Cloud-based EDI</b>	The shift towards cloud-based EDI solutions continues to accelerate, offering scalability, flexibility, and reduced infrastructure costs for businesses of all sizes.
<b>Artificial intelligence (AI) and machine learning (ML)</b>	AI and ML will play an increasingly important role in EDI, enabling intelligent automation, predictive analytics, and improved data quality.
<b>Internet of Things (IoT) integration</b>	EDI will need to adapt to integrate data from IoT devices to enable real-time visibility into supply chains and improve decision-making.
<b>Blockchain technology</b>	Blockchain can enhance the security, transparency, and efficiency by creating an immutable and trusted record of transactions between trading partners.
<b>API-based integration</b>	API-based integration in conjunction with EDI enables real-time data exchange with a wider range of business processes and systems.
<b>Focus on data security and compliance</b>	Data security and compliance will remain critical concerns while ensuring compliance with ever-changing regulations.
<b>Enhanced collaboration and ecosystem</b>	The future of EDI will likely involve innovative EDI solutions to improve collaboration, supply chain visibility and ecosystem development.



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## Conclusion

Managing EDI effectively requires significant expertise, encompassing data integration, API development, partner onboarding, data quality assurance, and ongoing maintenance. Given the high overall failure rate of most digital transformation initiatives, businesses who do not see EDI and B2B integration as their core competence should seriously consider outsourcing this aspect to a third-party EDI services provider, especially as EDI and B2B continue to grow more complex and the expertise available continues to become scarcer.

There are numerous vendors to choose from, each with their own scope of responsibility, set of capabilities and pricing. Choosing the right vendor should not be rushed, as it will take time to compare what they offer with what you need. Ideally, a vendor should have a flexible offering that lets you start small and allows you to expand your scope and capabilities as your business needs arise and markets adapt. Use this extensive checklist as a support [tool for choosing a third-party EDI as a service provider](#).

### Grow your business with OpenText EDI as a Service

[OpenText Business Network Cloud](#) operates the world's largest EDI network, offering a comprehensive suite of B2B EDI integration solutions, tools, and services. Whether you are a growing mid-market company or a large enterprise, we provide a flexible approach that allows you to choose the right mix of outsourced EDI and self-service tools, ensuring optimal resource allocation and budget utilization.

Our EDI as a Service solutions leverage advanced integration technology, expert support, and powerful self-service features, all seamlessly integrated into a single platform. This empowers you with easy operation, comprehensive visibility into key service metrics, and efficient collaboration with your managed services provider.