How to Increase Agility and Reduce Cost by Digitizing More Trading Partners

MANY LARGER ENTERPRISES STRUGGLE with small and medium-size businesses (SMBs) unable or unwilling to use electronic data interchange (EDI) or other digital standards and protocols to exchange business-critical documents such as purchase orders, advance shipping notices, invoices, and payment documents. Manually processing documents from trading partners and corporates that are not EDI-compliant costs enterprises in the form of lost worker productivity, longer turnaround time, and an increased likelihood of human error.

Conversely, using an electronic standard such as EDI increases efficiency and saves money. An IDC global study of how B2B integration improves supply chain performance reports 156% shorter invoice processing time, 35% faster inventory turn, and a 3% improvement in perfect orders over paper-based transactions. And a Stanford University study on B2B integration business value and adoption trends estimated that most companies save at least 40% in processing costs with electronic documents.

There also are strategic advantages to digitization via a standard protocol such as EDI. "EDI can provide organizations data and visibility into things such as inventory location, demand forecasts, supply availability, and status of payments," says J. Naomi Skinner, senior manager, product marketing for OpenText Business

Network. "All of these things are items that companies need to make decisions about on a day-to-day basis, and they could provide a competitive advantage."

Given the clear benefits of digitization (and the obvious disadvantages of noncompliance), what are the obstacles preventing SMBs from embracing EDI, Extensible Markup Language (XML), Applicability Statement 2 (AS2), or another digital standard? And how can they be persuaded to become digitally compliant? To answer these questions, IDG conducted a QuickPulse survey of SMB decision-makers to understand the

- Reasons for incomplete EDI compliance among small and midsize business trading partners and corporates
- Top challenges with the exchange of transaction documents
- Factors that might motivate EDI adoption
- Likelihood of respondents' using an EDI solution provided by an EDI-enabled business partner or customer

All respondents to the QuickPulse survey are managers in organizations with fewer than 1,000 employees, with slightly more than half (52%) from enterprises with fewer than 100 workers. Industries represented include retail (24%), banking/financial services (16%), business/professional services (14%), manufacturing (12%), transportation and logistics (12%), and insurance (8%). Qualified respondents also use email/fax to exchange documents, and their organization works with partners that prefer to receive EDI documents.

88%

Nearly nine in ten said they would be at least somewhat likely to use a solution provided by an EDI-enabled business partner or customer at low or no cost.

Old habits die hard

The QuickPulse survey shows that even SMBs with some EDI capability still rely heavily on email, which was cited by 82% of the respondents as the most common method for exchanging business transaction documents on a day-to-day basis. EDI was a distant runner-up, at 36%, tied with file-sharing software and the telephone.

Despite the known benefits of EDI and other digital standards, survey respondents showed little urgency to become fully EDI-compliant:

- Nearly half (44%) said they plan to be fully EDI-enabled but haven't begun the transition.
- 24% said they lack the funding and/or in-house skills to run an EDI program.
- 22% said they don't want to change internal business processes.
- 18% said they lack the time to train staff and migrate processes.
- 14% said employees are resisting use of EDI.

Yet QuickPulse survey respondents identified persistent concerns and problems regarding the exchange of business transaction documents. Among the respondents, 40% said they have been worried over the past year about the security and compliance risks of exchanging transaction documents.

Another 38% of the respondents reported data entry errors over the previous 12 months, and 28% said paper-based processes impaired productivity in their organizations. Additional costs of EDI noncompliance included increased overhead (26%), missed opportunities due to transaction failures (20%), difficulty resolving order-related problems (18%), and lack of visibility into shipping/payment status (12%).

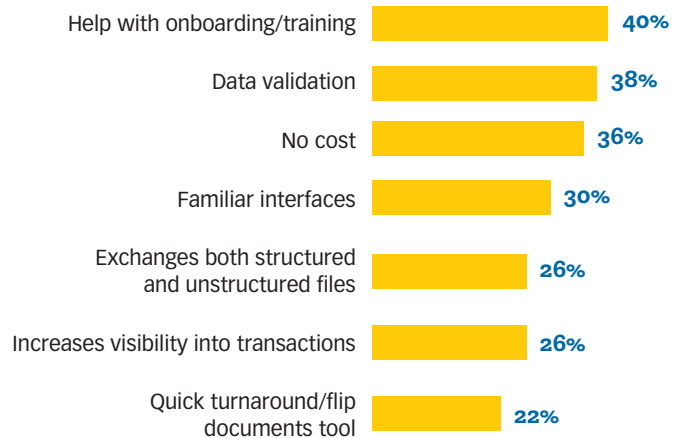## Convincing your partner community to adopt an EDI solution

Survey respondents indicated strong interest in adopting an EDI solution provided by a business partner. Nearly nine in 10 (88%) said they would be at least somewhat likely to use a solution provided by an EDI-enabled business partner or customer at low or no cost.

But cost was not the only consideration. Among the QuickPulse survey respondents, 40% said their SMB would be more inclined to use an EDI solution provided by a partner or customer if it received help with onboarding. Nearly as many (38%) said the ability to reduce data entry error was another motivator to use an EDI solution provided by a business partner.

For large businesses looking at how they can get their smaller trading partners and corporates EDI-enabled, the QuickPulse survey results reveal opportunities. Skinner from OpenText recommends that these larger enterprises make an effort to "understand their trading partners and the different, specific challenges they may have."

"There's no one solution that fits all of those challenges," Skinner says. "Ask yourself, 'What will motivate my unique set of business partners? Is it visibility with an analytics dashboard or some other capabilities that will optimize processes?' Then provide them with what they need."

FEATURES THAT WOULD HELP TO DRIVE INTEREST IN USING A PARTNER-SUPPLIED EDI SOLUTION

Feature	%
Help with onboarding/training	40%
Data validation	38%
No cost	36%
Familiar interfaces	30%
Exchanges both structured and unstructured files	26%
Increases visibility into transactions	26%
Quick turnaround/flip documents tool	22%

Source: IDG Research 2019

Trading partner digitization solutions from OpenText

OpenText offers a broad portfolio of digital solutions that overcome many of the barriers to digital trading uncovered in this survey, such as lack of funding, time, or skills.

OpenText™ Freeway Cloud is made for SMBs looking for an affordable solution that doesn't require prior EDI knowledge.

OpenText™ B2B Managed Services is designed for large enterprises, and provides the people, processes, and technology to help companies digitize their end-to-end supply chain operations, including community onboarding capabilities.

Additional optional solutions are available that are tailored for different business scenarios:

OpenText™ Active Community — provides a centralized approach to managing all contact details.

OpenText™ Active Orders — provides visibility and automation for buy-side "procure-to-pay" initiatives.

OpenText™ Intelligent Web Forms — customize a web form based on any manual document to ease electronic trading.

OpenText™ Core for Trading Grid — securely transmit documents via a familiar drag and drop folder based application.

OpenText™ Email2EDI and OpenText™ Fax2EDI — overcome resistance by transforming emails and faxes into machine-readable data with optical character recognition (OCR).

Click here for more information about OpenText B2B products and services.