

EDI:

EDI – It's about money- and environmental consciousness !!

During the last years we have finally gotten an understanding of what EDP/IT stands for only to realize that a new abbreviation has emerged into the everyday language and computer science – EDI (**E**lectronic **D**ata **I**nterchange). However, what does EDI stand for? EDI is also EDP. Very much so as a matter of fact. However, it is also a lot more than that. It is a new way of doing business in the big league.

When you contact your local travel agent to book a trip to Oslo you will often be told straight away if there are available tickets. That is EDI.

When the cash register at the supermarket register your daily purchases the terminal immediately forwards the information to a centrally placed mainframe computer in order to registrate how many new items the supermarket will have to order. That is also EDI.

From an economic point of view a company's turnover and level of expenses are variable and hence the profit is also variable. Thus it is the people in charge who determine the size of the profit. So why are there not more people in charge who want to generate a larger profit? Perhaps the reason is that people are not aware of how uncomplicated these proceedings in fact are. Here EDI can be a big help, because EDI is a business that helps the organization to control the level of costs. Or at the very least it helps the organization to determine the amount of resources that it spend on ordering of goods, control of invoices, delivery notes, typing of data for book-keeping systems, as well as transmission of information such as price and amount. In addition to that EDI opens up for the possibility to release qualified resources to handle essential functions within the company, i.e. production and sales.

As you have perhaps already realized it is of course an advantage for the large corporations to utilize a tool such a EDI where the gains in terms of increased efficiency is directly linked to the numbers of transactions that the company are engaged in on a daily or monthly basis – more transactions means increased savings.

EDI Figures:

Please note that our calculations show at even minor companies with a limited EDP/IT capacity clearly have the possibility for large savings using EDI. As an example a company will usually use an amount between 3.000 – 15.000 \$ a year on work related costs. This includes drawing up and controlling offers, orders, order confirmations and invoicing in the amount of between 10 and 99 pieces a month. In addition to that one have to add transmission costs as well as expenses for printed documents which easily mounts up to around 9.000 – 55.000 \$. In total this amounts to a expense level of 12.000 – 70.000 \$. This is quite a substantial amount for a smaller company. Comparing this to the cost of investing in EDI our calculations show yearly savings between 3.500 and 65.000 \$ by using EDI.

So how is it that not all people are using EDI? The reason could be that large suppliers of EDI services have solely focused on large corporations and forgotten that minor companies will benefit from EDI as well. In addition to that models that can calculate data like the above mentioned have until now not been utilized. The focus has been on scale.

For further information on how to get on top of costs please contact us.