

## Outsource Your EDI?

Thinking of moving from your in-house proprietary EDI solution to an outsourced Internet-based or even Web-based infrastructure?

Your company has two strategic implementation options:

- Establish and maintain an in-house EDI solution
- Engage a hosted EDI service provider

Think! Why did your company adopt EDI for B2B commerce in the first place? To reduce costs! Your financial analyst is certainly interested in your ROI and your decision!

Let's talk about the EDI system you have now compared to a hosted solution:

### 1. Communication/Connectivity Services:

Currently you are linked directly to your ERP and linked to your trading partners via AS2, VAN or otherwise. Outsource and all this is provided by the Hosting Service except for the single connection to your ERP environment. Note: your ERP might also be migrating to an outsourced Cloud environment too. Plus your provider, if a leading edge outfit, will probably use an Electronic Commerce Messaging System (sometimes referred to as an ECCP or an Electronic Commerce Communications Provider) rather than a traditional VAN and expensive AS2. (Since I tickled your interest, we will follow up with an entire article on these).

### 2. EDI Translator:

Now you own it. You have to keep upgrading it and paying maintenance contracts on it and putting up with "bugs". Outsource and all these headaches belong to the Hosting Service.

### 3. Mapping:

Now this is your baby. Outsource and it is developed and maintained by the Hosting Service.

### 4. EDI Integration Software:

Now you probably integrate to your ERP with I Docs, mid-ware, COBOL or Voodoo. Outsource and a single standard document interface is required on-site (or on mid-ware in a Cloud environment) to integrate transactions with your ERP system in a native format. This is typically provided and integrated by a consultant specializing in your specific ERP platform.

### 5. IT Technical Staff:

Outsource and all these costs belong to your provider.

### 6. EDI Coordinator:

The one resource required on-site providing operational liaison with your trading partners and in-house supply chain stakeholders.

I hesitate to cost this out based on my own experiences, because there may be no relationship to YOUR model. However, we all know the bottom line: to move, hosting must be more cost-effective than in-house. Your challenge is to include all the hidden costs. On your in-house side, part time labor is the biggest. Do not, for example, forget a programmer you utilize just a few hours a month.

Building a good story on your current system will let you win at the bargaining table with your new hosted supplier.