

# Automotive EDI Buyer's Guide

## Introduction

As automotive supply chains become more complex, it is critical that auto industry brands are agile and resilient. EDI offers the technology you need to connect your systems, trading partners, demand channels, and customers. Finding the right provider, however, is essential to scaling your business and achieving your goals. In this guide, we'll cover what you need to know about EDI, how different EDI offerings work, and what to look for in a provider. There are also links to additional educational resources and a printable checklist you can use when evaluating different automotive EDI vendors!

## What is EDI?

EDI is an acronym for Electronic Data Interchange, which is a standard protocol that allows disparate business systems & revenue channels to communicate end-to-end, automatically. Essentially, EDI creates a bridge between your internal systems, your partners' systems, and a variety of sales platforms, such as online marketplaces or eCommerce storefronts. By automating the transfer of data between these systems, EDI can quickly process large order volumes, eliminate errors and delays, and streamline communications across your supply and demand channels.

## EDI FOR THE AUTOMOTIVE SUPPLY CHAIN

EDI has been around since the 1980s, but as the push for digital and agile supply chains increases, EDI has become an integral part of the business landscape. In 2019 alone, Today, EDI transactions account for more than 75% of all B2B electronic sales.

For the automotive industry, many original equipment manufacturers (OEMs) and vehicle manufacturers require the EDI to transfer data related to orders and shipments. Even if it is not required, the use of an automated EDI solution helps accelerate materials procurement and modernize the manufacturing process.



**[TrueCommerce] eased the process as it streamlined our tracking, and made the whole process paperless. The portal was up and ready for use almost instantly and has proven incredibly cost-efficient."**

**Pankaj Gupta**

IT infrastructure and operations manager

Woco Group

[Read the case study](#)

Wondering if EDI is right for your automotive business? If any of these conditions apply to you, you're in the right place:

- My OEM requires an MMOG/LE-compliant EDI solution
- Time-consuming manual processes are stopping my business from growing
- I'm frustrated by having to retype every order from one system into another
- I need to be able to manage my orders remotely
- I'm overwhelmed by emails, PDFs and faxes
- I want to make my business more efficient and productive

### **EDI Network types**

#### **Value Added Network (VAN)**

VANs are a more traditional connectivity method through which a business sends transactions between multiple trading partners. VANs use a virtual mailbox to manage incoming documents, which must be manually checked and processed by the receiving party. These networks are becoming less popular as new connectivity methods are adopted by trading partners, such as AS2, AS3, FTP, SFTP and others.

#### **Single Channel Networks (One-to-One)**

This type of network generally supports EDI only, with few exceptions, and provides all the components required for EDI, such as mapping, translation, and connectivity to trading partners. As companies expand to sell via multiple channels, such as digital commerce marketplaces and drop ship programs, they may find that single-channel networks restrict their omnichannel growth.

#### **Multi-Enterprise Commerce Networks (One-to-Many)**

These networks emerged most recently, in the last decade. They provide a modern, unified approach to support omnichannel and the growing need of enterprises to connect with many supply and demand channels, including EDI, eCommerce, online marketplaces, suppliers, retailers, and more.

**Free up internal resources and focus on your core business with TrueCommerce's game-changing fully managed EDI service**

[Read our EDI Datasheet](#)



## EDI System Types

### On-premises EDI

On-premises solutions use physical, on-site servers to deploy EDI software, offering businesses complete control over their solution, including security and data access. Businesses can choose to house their servers on-location or use a “hosted” solution, where the servers reside in a third-party data center. Businesses choosing to maintain their own servers will need to invest heavily in IT, while those using a third party may split maintenance and security responsibilities.

On-premises EDI is generally deployed by companies with significantly high transaction volumes, up to millions per month, which justifies investment in internal IT and mapping resources instead of outsourcing EDI needs. However, this option is becoming less popular as alternative fully managed service EDI solutions are now available.

### End-to-End Integrated EDI

This type of EDI solution enables streamlined communications between trading partners by eliminating the need for multi-vendor solutions. End-to-end EDI combines a value-added network with trading partner maps and an EDI system that directly connects to demand channels and business systems such as ERPs.

### EDI in the Cloud (Web EDI)

Web-based EDI uses the cloud instead of physical on-premises servers. In addition to reducing IT needs and hardware and software costs, web-based EDI lets users manage their EDI from anywhere with wi-fi. Because the software is continually updated and backed up in the cloud, there's also no need for costly new software installations.

## BENEFITS OF AN INTEGRATED AUTOMOTIVE SUPPLY CHAIN SOLUTION

- **Eliminate Manual Effort and Errors** - Integrated EDI facilitates the translation and transmission of order data, so you don't waste time retyping. In addition to accelerating order processing and fulfillment, integrated EDI also speeds up invoice and payment processes, so you can quickly recognize revenue.
- **Improve End-to-End Visibility** - EDI allows you to expand supply chain visibility across your production line and optimize supply chain management for increased efficiency. Plus, EDI documents like Advance Shipping Notices (ASNs) help you stay informed of incoming deliveries to avoid stock shortages.

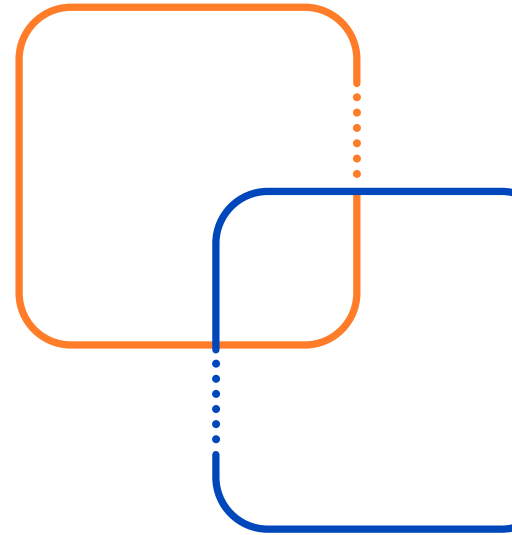


# \$60K

The cost of stopping an automotive assembly line is estimated at **\$60,000 per minute**



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- **Keep the Production Line in Motion** - Integrated solutions protect your volume outputs by ensuring supplier compliance and alerting you to potential deviations. Real-time insights keep you informed of demand changes to prevent stoppage fines and support just-in-time delivery. On-demand visibility into supplier fulfillment schedules and in-transit audits ensure smooth operations and cost savings.
- **Mitigate Risk & Cut Costs** - EDI enables your business to scale while simultaneously reducing overhead, personnel requirements, and time spent managing orders. With electronic document processing, you won't need to spend on paper, document storage, or postage. Plus, with advanced reporting, you can identify and alleviate data anomalies on receipt to proactively reduce unplanned costs.
- **Position Yourself for Success** - Many OEMs and automotive suppliers require EDI documents from their vendors. By using automated, compliant EDI, you'll be able to offer better service at lower prices, making you more attractive to new trading partners.



**TrueAuto is a scalable and bidirectional cloud-based iPaaS B2B solution designed for the digital transformation of manufacturers in the automotive industry, from the largest OEM to the smallest tier supplier.**

[Read our Datasheet](#)



## Common EDI Codes

There are hundreds of EDI codes used for a range of order-processing communications, but most businesses will use only a small subset of them regularly. The codes listed here are some of the most used EDI transaction sets across the automotive industry.

- **EDI 810** – Invoice
- **EDI 820** – Payment Order/Remittance Advice
- **EDI 824** – Application Advice
- **EDI 830** – Planning Schedule with Release Capability
- **EDI 850** – Purchase Order
- **EDI 855** – Purchase Order Acknowledgement
- **EDI 856** – Ship Notice/Manifest
- **EDI 860** – Purchase Order Change
- **EDI 861** – Receiving Advice/Acceptance Certificate
- **EDI 862** – Shipping Schedule
- **EDI 864** – Text Message
- **EDI 940** – Warehouse Shipping Order
- **EDI 945** – Warehouse Shipping Advice
- **APERAK** – Application Error and Acknowledgment Message
- **DELFOR** – Delivery Schedule Message
- **RECADV** – Receiving Advice Message
- **DESADV** – Despatch Advice Message

## What to Look for in an EDI Provider

You now understand what EDI is and how it can help your business. You're thinking about the types of EDI solutions that will work best for your business and exploring your options. So, how can you tell which EDI provider is right for you? Use the key elements below when judging different vendors, so that you can feel confident in your final choice. You can also use this list to re-evaluate a current provider who may not be providing exactly what you need!

**EDI transactions, documents and files refer to the EDI messages that are exchanged between trading partners. They help to streamline business processes and remove manual tasks from the supply chain**

[Discover More](#)





### 1. Experience

How long has your provider been offering an automotive EDI solution? Have they worked with companies of your size in the automotive industry? If you're choosing EDI to meet a trading partner mandate, have they worked with that partner before? Can they show proven success for a business like yours? Make sure the providers you're considering understand how to address the specific needs of your business.

### 2. Total Cost of Ownership

To ensure you're getting the best value, you'll want to find an EDI provider with flexible options that can meet your current and future needs. Keep in mind that while some vendors might have higher up-front costs, others will require more long-term spending. We recommend calculating the total cost of ownership based on three to five years of use to get the best understanding of different solution prices.

While most EDI providers will allow (and encourage) upgrading, many will not allow downgrades during slow periods; a provider who offers both can help you manage costs through market shifts. Additionally, many EDI customers are surprised by hidden fees, so it's essential to review the fine print of your SOWs and contracts to see what services are or are not included. Make sure to have an in-depth discussion with your chosen provider so you have clarity on pricing and the value of the solution.

**TrueCommerce fully automates the flow of information between your customers, suppliers, channels and ERP system enabling you to streamline your processes, improve visibility and shorten the order-to-cash/purchase-to-pay cycle**

[Read our ERP Guide](#)

### 3. Integrations & Connectivity

If you use an accounting or ERP business system, make sure the EDI provider you choose has a proven history and understanding of your ERP technology. You should also ask potential vendors about their support system. The best vendors handle all their integrations in-house, but others rely on third-party consulting firms, which can be a hindrance when dealing with technical questions and concerns.

Your ERP needs may change as your business evolves, so you should ask about the process if you want to switch or upgrade other systems. You want a solution that can fit into your existing model but can also transfer to other systems with minimal disruption.

### 4. Solution Features

Your business needs may be very different from someone else's, so it's imperative to know what kind of features each EDI solution has. Here are a few examples of automotive EDI solution features you might find important:

- Release accounting of forecasts and firm orders for complete orchestration of customer demand
- Cumulative management provides full tracking of what has been shipped, in-transit, and received
- Honda approved OEM business rules management and compliance
- Reconciliation of all data to ensure real-time data integrity across the board
- Historical analysis and replacement processing, guaranteeing the most recent document version with historical lookup available
- Automated in-transit calculations, providing true customer demand numbers
- On-receipt demand exception alerts, providing instant notifications on demand changes that require action
- User-friendly notification of customer messaging at the demand/shipment level
- Inbound & outbound data communication and mapping
- Any-to-any integration – integrates with any internal and external system



## 5. Security

Whether you choose a hosted or cloud-based EDI vendor, security is key to protecting your business transaction documents and sensitive information. Features such as at-rest encryption, SOC certifications, GDPR compliance, and data retention/disaster recovery help keep your data safe.

## 6. Scalability

Maybe you're just starting with EDI, or maybe you have a host of demand channels and supply chain processes on your mind. Choosing a provider with multiple supply chain solutions enables you to easily expand your integrations without needing to juggle multiple providers. Common products/services that automotive EDI providers offer include:

- Supplier Enablement and Management
- eCommerce Integrations
- Drop Shipping
- Vendor Managed Inventory

## 7. Customer Support

When something goes wrong, you need an EDI partner who will answer the phone, ready to help. Some vendors outsource their support. Limited hours, hold times, transfers between operators, and a lack of specific technical knowledge make it difficult and frustrating to resolve issues. Instead, we recommend finding a provider with in-house customer support, where the employees are directly experienced with your systems and can answer your questions and concerns quickly.

Ask prospective vendors about their support systems, including availability and contact methods. You'll also want to inquire about proactive monitoring and updates that can sniff out and solve problems before you even see them.

## 8. Reputation & Recognition

Unfortunately, you can't rely on a business's website or sales representatives to give you a holistic view of their business. To understand how a company measures up against the competition, you'll want to look at accredited third-party, independent websites and research organizations for more details. These can range from in-depth reports to product comparisons and verified customer reviews.

**What is EDI and how can it help my company? Find out everything you need to know in order to take advantage of EDI.**

[Read our Whitepaper](#)





**EDI PROVIDER EVALUATION CHECKLIST**

Finding the right EDI provider is a complex process—in addition to price, you’ll need to consider service models, software deployment, integrations and more. This checklist is designed to help you compare different providers in key product and service areas. Make sure to add your own business-specific questions in the blank spaces at the bottom for a personalized checklist.

Selection Criteria	TrueCommerce	Vendor 2	Vendor 3	Comments
Number of employees	1300+			
Headquarters	United States			
Locations	North America, UK & Ireland, Europe, Asia			
Years of Experience	25+			
<b>Customer &amp; Analyst Reviews</b>				
BBB Complaints	None			
G2 Rating	4.5/5			
Capterra Rating	4.5/5			
Gartner Peer Insights Rating	4.6/5			
Gartner Magic Quadrant	✓			
IDC MarketScape	✓			
<b>Software/Platform Features</b>				
Pre-Mapped Trading Partners	180,000+			
Supported Transaction Types	All Transaction Types			
Supported Transaction Standards	Open to all global standards X12, EDIFACT, VDA, API (REST/SOAP) Flat file CSV, IDoc and XML			
Communication Type	As1, AS2, FTP, sFTP, FTPS, HTTPS			
Multi-User Support	✓			
Cloud-Based Architecture	✓			
Advanced Analytics and Reporting	✓			
Asynchronous Processing	✓			
Events Scheduling	✓			
Data Retention	✓			
Mobile Devices Support	✓			
Multi Language support (7 languages)	✓			
ERP / Account Systems (Integrations)	Oracle, Acumatica, Microsoft Dynamics, Sage, QuickBooks, NetSuite, SAP and more			

Selection Criteria	TrueCommerce	Vendor 2	Vendor 3	Comments
<b>Services</b>				
Implementation Provided by Vendor or Third Party	Provided by TrueCommerce			
Remote/On-Site Implementation	✓			
New Partner Mapping	✓			
Trading Partner Testing	✓			
EDI Testing	✓			
Integration Testing	✓			
<b>Integration Capabilities</b>				
<p>EDI solutions come with a variety of integration features that offer data control and efficiency. Consider each vendor's ability to provide these functions, which may be helpful as your business scales.</p>				
ERP/Accounting Systems	✓			
API and Service-Based Integration	✓			
File Integration	✓			
Item Translation	✓			
Purchasing Module	✓			
Inventory Module	✓			
In-House or Third-Party Integration Development	In House			
<b>Automotive - Industrial and Off-Road Specific</b>				
OEM and MMOG/LE Compliance	✓			
Honda Certified	✓			
Line-Side Labeling	✓			
Exception Management	✓			
Track and Traceability Specific to Automotive	✓			
Release Accounting of Forecasts and Firm Orders	✓			
Cumulative Management Tracking What Has Been Shipped, In-Transit and Received	✓			
OEM Business Rules Management and Compliance	✓			
Data Reconciliation	✓			
Historical Analysis and Replacement Processing	✓			

Selection Criteria	TrueCommerce	Vendor 2	Vendor 3	Comments
Automated in-transit calculations	✓			
On-receipt demand exception alerts	✓			
Canonical mapping (one map instead of many standard data into a canonical master format)	✓			
Dedicated Account Management Team	✓			
Dedicated Automotive Implementation Team	✓			
Dedicated Business Unit	✓			
Existing EDI Mapping Integration to Most Tier1 and Tier2 Suppliers	✓			
Enterprise Global OEM and Tier1 and Tier2 Customer base	✓			
Two Way Product Steam (Buy Side / Sell Side)	✓			
Sequencing Native in Process	✓			
<b>Support</b>				
24/7 Support Availability	✓			
Regional and Global Support	✓			
Included Maintenance	✓			
Proactive Mapping Updates	✓			
Proactive Transaction Monitoring	✓			
Chat Support	✓			
Knowledge Base/Self-Training Tools	✓			
Optional On-Site Service	✓			
Defined SLAs	✓			
<b>Additional Products/Services</b>				
Vendor Managed Inventory Software	✓			
Supplier Management Platform	✓			
eCommerce Integrations	✓			

Selection Criteria	TrueCommerce	Vendor 2	Vendor 3	Comments
<b>Security</b>				
Protecting the confidentiality and integrity of both your and your partners' data is essential. Make sure the vendors you consider can both protect your data from outside influences and recover it in the case of an emergency.				
User Activity Log	✓			
SOC Certification	✓			
GDPR Compliant	✓			
SOC-Certified Data Centers	✓			
Disaster Recovery	✓			
<b>Your Questions</b>				
1.				
2.				
3.				
4.				
5.				

TrueCommerce fields updated January 2023



Call us today at **888.430.4489** or visit [www.truecommerce.com](http://www.truecommerce.com)

[Sales@TrueCommerce.com](mailto:Sales@TrueCommerce.com)



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### About TrueCommerce

TrueCommerce is a high-performing global supply chain network that provides fully integrated, end-to-end supply chain visibility and management. We help businesses reach their true supply chain potential. That's why thousands of companies—from SMBs to the global Fortune 100, across various industries—rely on us.