

INTRODUCTION

Efficiency, responsiveness, cost-effectiveness -- fundamental business principles that are as important today as they always have been. Business operators who ignore them, and who fail to invest in them, can't expect to continue operating profitably. Experience has taught us that a common sense approach to achieving new efficiencies, improved responsiveness and greater cost-effectiveness is very important, otherwise we spend time and money on systems we don't understand and from which we never realize the benefits. This publication, which has resulted from a collaboration between the Canadian International Freight Forwarders Association and the Department of External Affairs, is aimed precisely at this problem. It seeks to help you, the business manager, who is willing to make the investment in technology to improve his or her businesses but who needs to have a better understanding before spending decisions are made.

Electronic Data Interchange (EDI) is a simple concept. Instead of sending paper documents to your trading partners, the information is converted to electronic form by computer and sent over the telephone lines. But before EDI can be properly implemented, it is necessary to put a system in place. This system includes a number of components that are new to most managers. In the following pages, we will explain what these components are and how they work together. In particular, we will focus on the transport mechanism used for EDI transactions, the so-called Value-Added Network or VAN. After reading this document, you should be able to make a more informed decision about which VAN you would want to subscribe to for your EDI exchanges.

There is more to EDI than choosing a VAN wisely: you will need software, too. Moreover, you must look at the implications of EDI. It would not be an overstatement to say that EDI will require you to re-engineer your business processes, nor that it will, ultimately, have a profound affect on your competitiveness and profitability. You should have high expectations that EDI will deliver on its promise. But you should also prepare yourself for the substantial changes it will require your business to make.