

#### Vendor-managed Inventories

This variation on Quick Response, sees the responsibility for maintaining retail shelf stock levels shifted from the retailer to the manufacturer. With this changed business relationship, point-of-sale information is transmitted directly to the manufacturer throughout the day for next-day replenishment.

#### Evaluated Receipts Settlement

An example of a re-engineered business practice, this method eliminates the need and cost for the invoice. Payment is automatically made based on the actual goods received.

In each of these examples, the application of EDI to repetitive transactions significantly reduces errors, improves quality, speeds up document processing, and improves customer service. Over time, EDI also reduces administrative costs.

In most cases, the financial benefits of EDI are realized over the long term. Initially, expenditures are required to fully integrate EDI into a company's business processes and computer applications. Only when a sufficient volume of business is transacted via EDI will the cost saving aspects of EDI be delivered. However, many EDI subscribers have gained significant advantage even in the early stages. EDI can provide an important point of differentiation in a competitive environment. It can make a company more responsive, thus improving its ability to contribute to the prompt flow of goods and services. New business won by marketing EDI capabilities can help recoup investments.

When EDI is implemented solely as an accommodation to a customer, there is a danger that it will add costs without bringing any perceived benefits. Even in this case, retention of valued customers by accommodating a specific business request can be beneficial. Add to this the opportunity to extend the use of EDI beyond customer satisfaction, and a company can reap greater rewards from EDI by its wider application.

The costs of utilizing EDI vary considerably in the short run. For many companies, the question is: Can they afford **not** to? In many industries, EDI has become a required business practice. This is certainly the case for Canadian automotive, grocery and retail suppliers who can suffer tangible penalties, including having customers turn their backs on them, for failing to use EDI. Even without such arm-twisting, EDI has many positive contributions to make and ought to be embraced widely by Canadian businesses.