



## Outsourcing EDI for Retailers

### THE EDI SOFTWARE ALTERNATIVE

Retailers and distributors of all sizes are looking for an alternative to investing the time, resources and personnel into an internal EDI system. EDI is a necessity to maintain their automated supply chain, but not a component of their business plan. Therefore, retailers are questioning the need to allocate significant time, resources and to implement, maintain and monitor an internal EDI system.

EDI has become one of the first software-as-a-service applications that has gained wide acceptance. Given the high overall cost of internal EDI applications, it isn't surprising that it is a good candidate to be outsourced. As a hosted EDI service, a provider effectively delivers EDI capabilities to customer, while satisfying the application's demanding operational requirements.

Implementing and maintaining an EDI application is a bit more involved (and costly) than just buying a packaged EDI application and paying VAN fees to move data to your trading partners. That's why considering SPS' hosted EDI service as an alternative makes sense for many companies.

### EDI REQUIRES EXPERTISE

Your choice of EDI software or service providers is important. EDI is the vehicle for taking and fulfilling orders for key customers. Without it the business can be hurt. EDI systems must be always on and available. Orders can come in at any time of the day or night, and responding to these orders must always be handled in a timely fashion.

By outsourcing your EDI to SPS Commerce, you are assured of operational excellence. After all, SPS Commerce's service, its team of experts and a world-class data center already provide more than 12,000 organizations the most reliable system available — 99.9% uptime.

## LOWERING YOUR COSTS

In addition to leveraging specialized expertise, outsourcing EDI operations provides a significant cost benefit initially, and even more importantly on an on-going basis. The best way to understand the difference between internal software implementation and a hosted EDI service is to examine a real-world example. Consider a company that has the following characteristics:

- No existing EDI system
- Windows NT server environment
- 5 trading partners
- 300 orders/ month or 900 transaction/month
- 1 trading partner that requires AS2
- Staff resource for application integration with its internal accounting systems
- Contractor needed for setting up and developing the application integration code and ongoing resources related to mapping and staff
- 1/3 of a full-time employee (FTE) dedicated to maintaining the EDI application

After calculating the numbers, and ensuring that all of the so-called hidden costs (i.e., staffing costs associated with development, implementation, support and maintenance of an EDI application) were factored into the equation, the following results were modeled:

- Total Upfront Costs for In-house EDI System: \$34,150
- Total Upfront Costs for a Hosted EDI Service: \$16,100 (**a savings of \$18,050**).
- Total Ongoing Costs for In-House EDI System: \$3,488/month or \$3.87/transaction.
- Total Ongoing Costs for Hosted EDI Service: \$1,585/month or \$1.76/transaction (**a savings of \$1,903/month**)

The hosted EDI service model was substantially initially and over time.



## INDUSTRY LEADING EDI SERVICES

Since 1997, SPS Commerce has offered a hosted EDI service, and is approximately three times larger than its next competitor. Due to this, it has a significant bank of experience on which to draw, having served 70,000 different companies with its hosted services. In addition, the company is sound financially. It has grown more than 300% in the past four years and has posted strong earnings.

We offer two hosted EDI service options. The first is a browser-based Web forms service, and the second is an integrated EDI offering. Both benefit from SPS Commerce's excellent operational support and its leadership in pioneering the hosted model.

SPS Commerce has also made significant investments in its customer support infrastructure. It currently has a world-class call center that its customers and their trading partners can access to speak with live support representatives. Our customer support teams are measured on customer satisfaction and average over 96% satisfied, an impressive metric for any industry.

## FEATURES AND BENEFITS

- **OUTSOURCED.** Allows you to focus on your core competencies while SPS Commerce takes responsibility for your EDI resources.
- **AVAILABLE ANYTIME.** As members of SPSCommerce.net, you have a self-service environment available 24 hours a day, 7 days a week.
- **SUPPORT.** If you have any problems, SPS Commerce's customer representatives provide one-on-one support via phone, web chat, or email.
- **AFFORDABLE.** Leverages your existing investment and is available for a low, one-time fee.
- **PRE-BUILT ERP AND ACCOUNTING ADAPTERS.** This option eliminates manual data entry between web-based transaction documents and back-office applications of small and medium-sized suppliers.