

WHITE PAPER

DIY CLOUD EDI VS. FULLY MANAGED CLOUD EDI



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Introduction

Electronic Data Interchange (EDI) is a critical technology for businesses seeking to streamline transactions and improve supply chain efficiency. As organizations migrate to cloud-based solutions, two primary approaches have emerged: DIY (do-it-yourself) cloud EDI and fully managed cloud EDI. This whitepaper explores the key differences between these two models, providing insights into their respective advantages, challenges, and suitability for various business needs.

The Rise of Cloud EDI

Cloud EDI solutions are becoming the standard as businesses seek to optimize their operations. The shift from traditional on-premises systems to cloud-based platforms offers numerous benefits, including enhanced accessibility, reduced infrastructure costs, and the ability to easily integrate with various trading partners. With the growing complexity of supply chains and the need for real-time data exchange, the demand for effective EDI solutions has never been higher.



Importance of Choosing the Right Model

Selecting the appropriate EDI model is crucial, as it directly impacts operational efficiency, cost-effectiveness, and the organization's ability to

respond to market changes. DIY cloud EDI provides businesses with greater control and flexibility, appealing to those with specific regulatory requirements or unique business processes. In contrast, fully managed cloud EDI solutions offer a hassle-free approach, allowing organizations to focus on their core competencies while leaving EDI management to experts like GraceBlood.

This whitepaper delves into the fundamental differences between DIY and fully managed cloud EDI solutions, examining their respective advantages and challenges. By understanding these distinctions, organizations can make informed decisions that align with their strategic goals, operational capabilities, and long-term growth plans.



Definitions

DIY Cloud EDI

DIY cloud EDI refers to an EDI solution where the organization retains control over its EDI implementation and processes. In this model, companies leverage cloud-based software while maintaining the responsibility for setup, configuration, map development, monitoring, and exception handling. This approach allows businesses to customize their EDI workflows according to their specific needs, enabling tailored integrations with existing systems, such as ERP (Enterprise Resource Planning) and (WMS) warehouse management software.

Key characteristics of DIY cloud EDI include:

- **Customization:** Organizations can modify the EDI processes to meet unique business requirements, regulatory standards, and industry-specific practices.
- **Control:** Businesses have full oversight of their EDI operations, including data security measures, compliance with industry standards, and system performance.
- **Resource Intensive:** Requires a dedicated internal IT team to manage configuration, onboarding, map development, and address any issues that arise. This necessitates salaries, benefits, ongoing training and potentially significant time and resource investments.

DIY cloud EDI is often favored by larger organizations or those with complex supply chains that require a high degree of customization and control over their EDI processes.

Fully Managed Cloud EDI

Fully managed cloud EDI represents a service-oriented approach where a third-party provider takes responsibility for all aspects of the EDI process. In this model, businesses outsource their EDI management (setup, config, mapping, monitoring, exception-handling) to experts who handle everything from gathering specs to ongoing support. This allows companies to focus on their core business activities without the burden of managing EDI systems.

Key characteristics of fully managed cloud EDI include:

- **Expert Management:** Vendors typically have specialized knowledge and experience in EDI processes, ensuring compliance with standards such as ANSI X12, EDIFACT, and others. They can also stay updated on evolving regulations and technology trends.
- **Ease of Use:** The vendor manages the entire EDI infrastructure, simplifying the process for the organization. Businesses can quickly onboard new trading partners and view activity without needing deep technical expertise.
- **Scalability:** Fully managed solutions can easily scale to accommodate fluctuating transaction volumes and adapt to new business needs without requiring extensive internal adjustments.

This model is particularly beneficial for small to medium-sized businesses or organizations with limited IT resources, allowing them to leverage EDI technology without the complexity of managing it themselves.

Key Differences

Key Differences

1. Control and Customization

- DIY Cloud EDI: Offers high levels of control and customization, enabling organizations to tailor the EDI solution to their specific requirements. This is ideal for businesses with unique processes or regulatory needs.
- Fully Managed Cloud EDI: Provides a hands off solution that is scalable and flexible. It typically includes best practices that have been refined over time, reducing the risk of errors. An exceptional provider will incorporate your business rules during implementation.

2. Implementation and Setup

- DIY Cloud EDI: Requires significant time and resources for implementation. Organizations need to onboard partners, develop maps, and integrate with existing processes, which can lead to longer deployment times.
- Fully Managed Cloud EDI: Vendors usually offer quicker setup, handling the complexities of integration and compliance. Businesses can be operational within a shorter time frame.

3. Maintenance and Support

- DIY Cloud EDI: Ongoing maintenance is the responsibility of the organization. This includes updates, troubleshooting, and managing security. Companies need to allocate resources for IT support.
- Fully Managed Cloud EDI: Maintenance, updates, and support are managed by the service provider, ensuring that systems are up-to-date and secure without burdening internal resources.

4. Cost Structure

- DIY Cloud EDI: Generally involves costs for subscription to the cloud instance, and potential hiring or training of IT staff. Long-term costs may vary based on internal resource allocation.
- Fully Managed Cloud EDI: Typically follows a subscription model with predictable monthly costs. While initial expenses may be lower, ongoing fees can accumulate, depending on usage and services provided.

5. Scalability and Flexibility

- DIY Cloud EDI: Offers flexibility to scale based on the organization's specific needs. However, scaling may require additional internal resources and time.
- Fully Managed Cloud EDI: Scales more easily, as providers can adjust resources to accommodate changes in transaction volume or new trading partners without requiring internal adjustments.



Advantages and Challenges

DIY Cloud EDI

Advantages:

1. Greater Control and Customization:
 - Organizations can tailor the EDI system to fit their specific workflows, integrating unique processes and accommodating specific industry regulations. This level of customization can enhance operational efficiency and ensure compliance with various trading partner requirements.
2. Potential Cost Savings:
 - While initial investments may be higher, businesses can save money over time by hiring highly experienced EDI professionals to limit training costs. If the organization effectively manages its EDI processes, it may achieve long-term cost efficiency.
3. Data Security and Compliance:
 - By managing their own EDI framework, companies can implement tailored security measures that align with their corporate policies and compliance mandates. This can be particularly advantageous for organizations in heavily regulated industries.
4. Flexibility in Scaling:
 - Businesses can scale their EDI solutions according to changing demands and internal processes, allowing for a more adaptive approach to growth and resource allocation.

Challenges:

1. Resource Intensive:

- Implementing and managing a DIY cloud EDI solution requires significant time and resources. Companies need a skilled IT team capable of handling software updates, maintenance, and troubleshooting issues, which may divert focus from core business functions.

2. Complexity in Integration:

- Integrating DIY EDI systems with existing applications, such as ERP or WMS platforms, can be complex and time-consuming, often requiring extensive testing and validation to ensure seamless data exchange.

3. Risk of Downtime:

- If internal teams lack the expertise or resources to effectively manage the EDI environment, it can lead to system outages or failures, resulting in delays and potential disruption of business operations.

4. Continuous Compliance Monitoring:

- Organizations must remain vigilant about regulatory compliance, ensuring their systems are updated to reflect any changes in industry standards, which can add to the ongoing management burden.



Fully Managed Cloud EDI

Advantages:

1. Low Initial Setup and Effort:
 - Fully managed EDI solutions typically offer faster setup and deployment, allowing businesses to quickly onboard and start exchanging documents without the complexities associated with installation and configuration.
2. Comprehensive Support and Maintenance:
 - Vendors handle all maintenance, updates, and troubleshooting, providing businesses with peace of mind and allowing them to focus on strategic initiatives rather than day-to-day EDI operations.
3. Expertise and Best Practices:
 - Managed service providers bring specialized knowledge and best practices to the table, ensuring that the EDI processes are efficient, secure, and compliant with industry standards.
4. Scalability and Adaptability:
 - These solutions can scale easily to accommodate changes in transaction volumes, allowing organizations to adapt quickly to market demands or new trading partner requirements without significant internal adjustments.

Challenges:

1. Less Control Over Customization:
 - Organizations may find themselves constrained by the vendor's offerings, which can limit their ability to customize the EDI processes to fit specific needs or preferences.
2. Ongoing Costs:
 - While initial setup costs may be lower, the subscription-based pricing model can lead to higher long-term costs, especially as transaction volumes increase or additional services are needed.

3. Vendor Dependency:

- Relying on a third-party provider can create vulnerabilities, especially if the vendor experiences service disruptions or fails to meet performance expectations. Organizations must carefully vet vendors to ensure reliability and support quality.

4. Data Security Concerns:

- Outsourcing EDI management may raise concerns about data security and privacy, as sensitive business information is transmitted and stored outside the organization. Businesses need to ensure that their vendor has robust security measures in place.



Conclusion

Both DIY and fully managed cloud EDI solutions offer distinct advantages and cater to different organizational needs.

Understanding these definitions helps businesses assess their operational capabilities, resource availability, and long-term strategic goals when choosing the most suitable EDI solution.

Choosing between DIY cloud EDI and fully managed cloud EDI depends on an organization's specific needs, resources, and strategic goals. Businesses with robust IT capabilities and unique requirements may benefit from DIY solutions, while those seeking ease of use, rapid deployment, and expert support may prefer fully managed services.

If you have any questions about our fully managed [VelociLink™ EDI platform](#), or would like more information, please contact us.



www.graceblood.com



877.867.8120



sales@graceblood.com

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