



## An Overview of Basic EDI Transactions

### What is EDI?

EDI, a form of e-commerce, is an acronym for Electronic Data Interchange. It is a standard format for exchanging business data between different companies using networks, such as VANs (Value Added Networks) or the Internet. EDI has become increasingly important and widespread as an easy way for companies to buy, sell, and trade information.

The two most common EDI standards are ANSI X12 and UN/EDIFACT. The majority of EDI users in the United States issue their transactions in ANSI X12 while UN/EDIFACT is commonly used outside the United States. An EDI document is called a *transaction set* in ANSI X.12, and is called a *message* in UN/EDIFACT.

EDI is used for routine business documents such as purchase orders and invoices. An EDI message contains a string of data elements, each of which represents a single fact, such as a price, product model number, and quantity, separated by a delimiter. The entire string is called a *data segment*. One or more data segments within a header and trailer form a transaction set, which is the EDI unit of transmission (equivalent to a message).

A transaction set usually consists of what would be included in a typical business document or form. When an EDI document is sent, it is contained within what is known as the *envelope*, which specifies who the sender and recipient of the document are. The sender and recipient are called *trading partners* because they "trade" electronic documents. Both buyers and suppliers have EDI systems to process EDI documents.

### Common EDI Transactions

#### 850 – Purchase Order

An 850 Purchase Order, commonly referred to as a PO, is simply an electronic version of a Purchase Order. POs are used as a method of providing suppliers with specific information about what they are buying, such as item name, price, quantity of each item to be delivered, shipping and billing information, payment terms and contact information.

#### 997 – Functional Acknowledgement

Most trading partners require a 997 Functional Acknowledgment (FA) back after the supplier receives the 850 Purchase Order or other transactions. The supplier sends a 997 Functional Acknowledgment, an electronic version of a receipt, back to the buyer indicating that they successfully received the Purchase Order.

#### 856 – Advance Ship Notice (ASN)

An EDI 856 Advanced Ship Notice (ASN) tells the buyer that the order has been shipped. It also acts as an electronic packing slip – information such as which products were shipped, which carrier was used, the number of items that were shipped, and how they were packed is provided in the ASN.

#### UCC-128 Label

Often, trading partners requiring an ASN will also have a UCC-128 labeling mandate. A UCC-128 bar code label contains the supplier's vendor number, ASN number, and carton number. UCC-128 labels are crucial to EDI trading because they bridge the gap between the electronic ASN document and the actual cartons containing the order. Receivers of a shipment scan the barcode label, and using an ASN software receiving system, pull up the ASN previously sent to route these cartons without opening them.

#### 810 – Invoice

The 810 Invoice transaction is an invoice that is sent electronically from a seller to a buyer rather than being sent on paper. The 810 invoice includes (but is not limited to) information such as Remit to name and address, Bill to information, and item details (such as quantity, costs and taxes).

