Introduction to EDI Transactions and EDI Systems

When you launch your business into retail, you'll have to completely alter your infrastructure. Much of this will involve making things work with EDI systems.

Electronic Data Interchange (EDI) is a standardized format for electronically exchanging business documents, such as purchase orders and invoices, between organizations.

EDI transactions are specific types of business documents that can be exchanged using the EDI format.

EDI transactions are important for D2C brands working with retailers because they enable efficient, accurate, and timely communication of business-critical information.

For example, if a D2C brand is working with a retailer to sell its products, the retailer will likely use EDI transactions to place orders with the D2C brand, provide advance ship notices, and receive invoices.

Without EDI transactions, these processes would likely be slower and more prone to errors which is why it's important for D2C brands to effectively communicate with retailers and other business partners, meaning you'll need to understand how to set up and run a reliable and efficient EDI system.

Setting up an EDI System:

The first step in setting up an EDI system is to determine your EDI requirements and determine which EDI transactions you will need to use with retailers.

This may involve consulting with your retail partners to find out which EDI transactions they require and how they prefer to receive and send EDI documents.

Once you have a clear understanding of your EDI requirements, you'll need to choose an [EDI provider or software](#).

Although many businesses prefer to work with providers that their retail partners are working with, it's important to note that not all providers are the same and that your business might have better and more compatible options.

There are many options available, ranging from standalone EDI software to managed EDI services provided by third parties.

Next, you'll need to map your EDI system to ensure that the data being exchanged between your business and your retail partners is formatted correctly.

This typically involves creating a mapping document that outlines the specific data elements that need to be included in each EDI transaction and how they should be formatted.

Finally, you'll need to test your EDI system to ensure that it is functioning properly and that you are able to exchange EDI documents with your retail partners without errors. This may involve sending test EDI transactions back and forth and checking for errors or discrepancies.

Choosing an EDI provider or software

There are several factors to consider when choosing an EDI provider or software for your D2C business. Some of the most important considerations include:

- **Cost**: EDI providers and software can vary significantly in terms of cost, so it's important to carefully consider your budget and choose a solution that fits within your financial constraints.
- **Compatibility**: Make sure that the EDI provider or software you choose is compatible with the systems and processes you have in place at your business.
- **Ease of use**: Look for an EDI provider or software that is easy to use and has a user-friendly interface. This will help ensure that your team is able to quickly get up to speed and start using the system effectively.
- **Customer support**: Good customer support is essential when setting up and using an EDI system. Look for an EDI provider or software that offers responsive and helpful customer support to assist you with any issues or questions you may have.

Mapping and Testing your EDI system

Once you've chosen an EDI provider or software, the next step is to map your EDI system to ensure that the data being exchanged is formatted correctly.

This typically involves creating a mapping document that outlines the specific data elements that need to be included in each EDI transaction and how they should be formatted.

After your EDI system is mapped, it's important to test it to ensure that it is functioning properly. This may involve sending test EDI transactions back and forth and checking for errors or discrepancies.

It's also a good idea to have a plan in place for handling any issues that may arise during testing or after your EDI system goes live.

Common EDI Transactions for D2C Brands Moving into Retail

There are hundreds of different potential EDI transactions out there, most of which won't be relevant to you or your retailers. Here is a list of some of the most common transactions you should be aware of.

1. **Purchase Order (EDI 850):** A purchase order is a document issued by a buyer to a seller, outlining the products or services the buyer intends to purchase, the quantities, and the agreed upon prices. The EDI 850 transaction is used to electronically transmit purchase orders between businesses.

2. **Invoice (EDI 810)**: An invoice is a document issued by a seller to a buyer, detailing the products or services that have been provided, the quantities, and the agreed upon prices. The EDI 810 transaction is used to electronically transmit invoices between businesses.

3. **Advance Ship Notice (EDI 856)**: An advance ship notice (ASN) is a document that provides advance information about a shipment of goods. It typically includes details such as the products being shipped, the quantities, and the expected delivery date. The EDI 856 transaction is used to electronically transmit ASNs between businesses.

4. **Purchase Order Acknowledgment (EDI 855)**: A purchase order acknowledgment (POA) is a document issued by a seller to confirm receipt of a purchase order and to provide the buyer with information about the status of the order. The EDI 855 transaction is used to electronically transmit POAs between businesses.

5. **Remittance Advice (EDI 835)**: A remittance advice is a document that provides payment information for a specific invoice or group of invoices. It typically includes details such as the amount paid, the payment method, and any credits or adjustments applied. The EDI 835 transaction is used to electronically transmit remittance advice documents between businesses.

6. **Order Status Inquiry (EDI 846):** An order status inquiry is a request from a buyer to a seller for information about the status of a specific order. The EDI 846 transaction is used to electronically transmit order status inquiries between businesses.

7. **Order Status Report (EDI 845):** An order status report is a document issued by a seller in response to an order status inquiry, providing information about the status of a specific order. The EDI 845 transaction is used to electronically transmit order status reports between businesses.

8. **Application Advice (EDI 824):** An application advice is a document that provides notification of the acceptance or rejection of an application for a product or service. The EDI 824 transaction is used to electronically transmit application advice documents between businesses.

9. **Warehouse Shipping Order (EDI 856):** A warehouse shipping order is a document issued by a warehouse to specify the products that should be shipped to a particular customer or location. The EDI 856 transaction is used to electronically transmit warehouse shipping orders between businesses.

10. **Warehouse Stock Transfer Shipment Advice (EDI 846)**: A warehouse stock transfer shipment advice is a document issued by a warehouse to provide information about the transfer of stock between warehouses. The EDI 846 transaction is used to electronically transmit warehouse stock transfer shipment advice documents between businesses.

11. **Price/Sales Catalog (EDI 832):** A price/sales catalog is a document that lists the products or services offered by a company, along with their prices and descriptions. The EDI 832 transaction is used to electronically transmit price/sales catalogs between businesses.

12. **Purchase Order Change (EDI 860):** A purchase order change is a document that modifies an existing purchase order. It may be used to add or delete items, change quantities or prices, or make other changes to the original order. The EDI 860 transaction is used to electronically transmit purchase order changes between businesses.

13. **Functional Acknowledgment (EDI 997):** A functional acknowledgment is a document that confirms the receipt and successful processing of an EDI transaction. It is used to provide confirmation that an EDI document has been received and processed without errors. The EDI 997 transaction is used to electronically transmit functional acknowledgments between businesses.

14. **Application Error (EDI 993):** An application error is a document that is issued when there is a problem with an EDI transaction. It may be used to indicate that an EDI document has not been received or has not been processed correctly. The EDI 993 transaction is used to electronically transmit application errors between businesses.

15. **Delivery/Installation (EDI 861):** A delivery/installation document is used to provide information about the delivery and installation of products or services. It may include details such as the delivery date, the delivery location, and any special instructions for installation. The EDI 861 transaction is used to electronically transmit delivery/installation documents between businesses.

16. **Request for Quotation (EDI 840):** A request for quotation (RFQ) is a document that is used to solicit bids from potential suppliers for products or services. It typically includes details such as the products or services being requested, the quantities needed, and the desired delivery date. The EDI 840 transaction is used to electronically transmit RFQs between businesses.

17. **Quotation (EDI 841):** A quotation is a document that provides a price quote for products or services in response to a request for quotation. It typically includes details such as the products or services being offered, the quantities available, and the prices being quoted.

The EDI 841 transaction is used to electronically transmit quotations between businesses.

18. **Request for Information (EDI 843):** A request for information (RFI) is a document that is used to request additional information from a supplier about a product or service. It may include details such as the specific information being requested, the reason for the request, and any relevant deadlines. The EDI 843 transaction is used to electronically transmit RFIs between businesses.

19. **Response to Request for Information (EDI 844)**: A response to request for information (RFI response) is a document that provides the requested information in response to a request for information. It may include details such as the specific information being provided, any relevant supporting documentation, and any necessary disclaimers. The EDI 844 transaction is used to electronically transmit RFI responses between businesses.

20. **Shipment and Billing Notice (EDI 812):** A shipment and billing notice (SBN) is a document that provides advance notice of a shipment of goods and the associated billing details. It may include details such as the products being shipped, the quantities, the expected delivery date, and the billing information. The EDI 812 transaction is used to electronically transmit SBNs between businesses.