The order-to-cash process is critical to all businesses. Electronic Data Interchange (EDI) and GS1 eCom standards help you automate the process:

- Reduce order, delivery and invoice queries
- Spend less money on administration
- Deliver and receive goods faster
- Make payments quicker and improve cash-flow
- Develop closer trading partnerships
About GS1 UK

Our mission is to make it faster, cheaper and safer for our members to serve their customers. This is achieved by the industry wide adoption of global GS1 standards and locally delivered services.

Life is simpler when we all have the same information. GS1 UK licenses unique numbers to identify everything from products to patients in a standard way. These numbers are used to automate the flow of goods and information and are integrated into one or more GS1 UK Solutions to increase supply chain efficiency.

GS1 UK adds value

GS1 UK Solutions improve business processes by cutting cost and time and increasing revenue and efficiency.

We have teams of industry experts with multiple disciplines to tackle the most complex problems businesses face today. We work with companies and their trading partners to increase efficiency in their business. Organisations approach us when they want:

- **innovative and sustainable efficiency**: we deliver solutions to improve efficiency, sustainability and traceability in areas such as asset tracking, data quality management and retail point of sale
- **a responsive approach**: we listen, and deliver positively and effectively to their needs
- **delivery of real results**: we produce tangible benefits to their business

We are independent, profit-neutral and part of a global organisation of over one million member companies world wide, operating in 108 countries.
What is order-to-cash?

Order-to-cash is the business process where goods are:

- Ordered
- Delivered and received
- Invoiced and paid for

Whether you’re receiving or delivering goods, this process is critical for most businesses. When orders are improperly received, fulfilled, delivered or invoiced, payments may be delayed or refused and customers may cancel and even choose not to return.

It’s critical that the process works as efficiently and accurately as possible. Many businesses have automated the entire process through Electronic Data Interchange (EDI).

GS1 UK helps you automate your order-to-cash process by using GS1 eCom standards – industry standard EDI messages that handle each stage of the process.

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**The order-to-cash business process model**

[Diagram showing the order-to-cash process with stages such as Create order, Receive goods, Process invoice, etc.]
**Electronic Data Interchange (EDI)**

Large numbers of documents are required for the order-to-cash process to function effectively, including purchase orders, Advanced Shipping Notices (ASNs) and invoices.

In a competitive economy, you cannot operate efficiently if you use manual, paper based processes for handling these documents. Many leading retailers will not even purchase products from suppliers if they cannot communicate electronically with them.

There’s a crucial need for a fast, accurate, efficient and cost-effective solution, no matter what size you are or what sector you operate in. EDI provides that solution.

EDI is essentially the computer-to-computer exchange of standard electronic business documents between two companies. It replaces paper based documents with electronic documents. The sending company creates the electronic message and the receiving company interprets it, without the need for any human involvement.

The two key concepts of EDI are:

- Electronic documents replace paper-based ones
- The exchange of documents takes place in a standardised format

Using these two basic concepts, any business can implement EDI and take advantage of its speed, accuracy, efficiency and cost savings.

**Types of EDI**

There are several ways to implement EDI in your business. Your chosen approach should be based on the needs of your business, instead of a preference for a type of technology or implementation.

**Web-based EDI:** Web-based EDI allows you to interact with your trading partners without developing a complex infrastructure. It enables you to create, receive and manage electronic documents using only a web browser and Internet access. The service seamlessly turns data into the required EDI format and transmits it securely to your trading partners.

**Value Added Networks (VANs):** VANs are private networks where data is exchanged between companies securely. To use a VAN you need to open an account with a VAN provider. This gives you an electronic mailbox for sending and receiving electronic documents. When you wish to send a document, the VAN sends it to a recipient’s mailbox where it is stored. The recipient then connects to the network and receives the documents from their mailbox.

**AS2:** AS2 is one of the most popular methods for transporting data securely and reliably over the Internet. An EDI implementation using AS2 essentially involves two computers (a client and server) communicating with each other over the Internet. AS2 creates an envelope for a message which is then sent securely via the use of digital certificates and encryption.
The benefits of EDI

EDI is a tool that enables you to exchange business documents faster and at a lower cost. It means you can be more efficient, cut costs and improve data accuracy.

It’s faster
- Electronic messages are sent around the world almost instantaneously
- Received data can be used immediately by internal computer applications
- Rapid transfer of data enables real-time, event-driven processes
- Faster receipt of documents provides you with a competitive edge

Data is more accurate
- Data is not copied between paper-based documents
- Errors caused by manual keying-in of data are eliminated

It’s more efficient
- Planning is improved due to the faster receipt of accurate and complete business transactions
- Goods are received faster and manufacturing tasks scheduled accordingly
- Orders are processed faster and shipments scheduled accordingly
- Payments are received sooner and cash flow improved
- Trading partner relationships are improved due to closer co-operation
- Electronic audit trails provide a greater ability to track status and measure performance
- Automatic acknowledgement if orders cannot be completely fulfilled, giving the buyer time to plan alternatives

It will help you to cut costs
- Fewer manual processes require less resources and lower overheads
- Costly and labour-intensive reconciliation of invoices and orders is reduced
- Inventory levels are reduced through shortened order processing and delivery cycles
- Faster turnaround of documents allows you to take advantage of better discount terms
A typical example of the benefits of EDI

Many companies implement EDI at the first stage of the order-to-cash process – the exchange of a purchase order (PO). Usually, a buyer follows a fairly standard procedure to create a PO:

- The buyer reviews data from an inventory or procurement system
- Relevant data is keyed into a purchasing system to create a PO
- The buyer prints the PO
- The PO is posted, faxed or emailed to the seller
- The seller receives the PO
- The relevant data is keyed into an order entry system
- The buyer calls the seller periodically to determine if the PO has been received and processed

If you add up the time taken by the buyer and seller to follow this procedure, and the time taken by the post, it can typically take between 3 and 5 days. This also depends on the buyer and seller handling the PO quickly and without any errors when keying in the data. This procedure is considerably simpler and faster when a company creates its POs electronically using EDI:

- The buyer reviews data from an inventory or procurement system
- EDI software creates an electronic PO and transmits it automatically to the seller in almost real-time
- The seller’s order entry system receives the PO and updates the system immediately
- An acknowledgement is sent to the buyer automatically

What previously took up to 5 days now takes a few minutes. And of course, raising the PO is just one step in the complete order-to-cash process; more time and can be saved at every stage of the process.
When people speak in a different language from each other misunderstandings occur and undesirable outcomes can happen. The same issues are experienced by companies who do business: when they can’t understand each other, inefficiency and errors occur.

Standards are needed so that organisations can all refer to the same things in the same way when they do business.

GS1 standards are the global language of business. They provide globally agreed standard definitions for a wide range of electronic business messages, including all the messages used in the order-to-cash process.

GS1 manages two eCom standards: **GS1 EANCOM** and **GS1 XML**. Both are widely used throughout the world by thousands of companies of all sizes in many sectors. Both provide standardised and predictable structures for electronic business messages, enabling you to communicate business data with your trading partners rapidly, efficiently, accurately and cost-effectively, irrespective of your internal hardware or software types.

While GS1 XML is more commonly used with web-based EDI solutions and GS1 EANCOM with more traditional, VAN-based EDI, both standards are often used in parallel. The approach you take will depend on your specific business requirements.

**GS1 eCom standards in the order-to-cash process**

GS1 eCom standards enable you to automate many important business processes, including order-to-cash.

You can choose to automate the entire process or introduce one stage at a time. Many companies first automate orders before progressing to invoices. You will enjoy most benefits when you automate all three stages as orders, deliveries and invoices are then automatically matched. Without automation, this is a time-consuming, error-prone process that requires a lot of human intervention. By automating the process you’ll save considerable administration costs and improve relationships with your trading partners even more.

The order-to-cash process can also be extended to cover different business scenarios, including the use of third-party logistic (3PL) providers and Traditional Order Management (TOM) versus Supplier Managed Inventory (SMI).

GS1 standards support these more complex scenarios and they are used throughout the supply chain, from suppliers of raw materials and parts, through to manufacturers and distributors to retailers.

**GS1 Identification Keys**

The GS1 System provides standard identification numbers for traded items and standard ways to represent these identifiers (for example, as bar codes). In fact, the GS1 System goes further by enabling identification of companies, locations, services, assets, logistics units and customers.

What’s more, the numbers issued by GS1 are completely and globally unique, so no product can be confused with another.

GS1 eCom standards fully incorporate the use of GS1 Keys. The most commonly used are:

- **GTIN** (Global Trade Item Number), which identifies all products and services
- **GLN** (Global Location Number), which identifies all parties and all physical locations
- **SSCC** (Serial Shipping Container Code), which identifies all logistics units

The use of GS1 Keys enables the physical flow of goods to directly relate to the information sent in standard EDI messages.
How GS1 UK can help

GS1 UK can help automate your order-to-cash process by using EDI. We can:
- Identify and prove the business case
- Provide expert advice and guidance on improving all your business process flows connected to the order-to-cash process
- Ensure the correct and consistent use of GS1 standards within your organisation and with all your trading partners
- Define and project manage the implementation of your EDI solution
- Educate and train your staff and your trading partners on all new processes

GS1 UK Professional Services

GS1 UK provides a range of professional services that deliver expert business consultancy, project management and community development capabilities to assist in the implementation and roll-out of all GS1 Solutions and standards. Our experts can provide:
- impartial advice and recommendations
- guidance and support in using GS1 standards
- project management to help you implement GS1 standards

GS1 Discovery
making your business even better

Understand how GS1 standards can improve your business processes and operations with a thorough audit of your current company data, technology and processes.

Firstly we make sure we understand your business completely and its current systems. We then provide recommendations and an easy-to-follow roadmap for GS1 System implementation.

GS1 Implement
a helping hand when you need it

Ready to implement GS1 standards but want a supply chain expert on board to make sure everything goes smoothly?

With GS1 Implement we’ll send an expert to be part of your team – either as a helping hand or to project manage the whole implementation so you can get on with day-to-day business.

Community Development
for getting your suppliers onboard with GS1 standards

Get your business running the way you need it to while saving time and money by helping your suppliers use GS1 standards to your specific requirements.
Contact us

If your organisation is looking to increase supply chain efficiencies and reduce operating costs then the GS1 UK team can provide a strategic and pragmatic approach to delivering you a solution.

Contact GS1 UK for an initial discussion.

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