

The World Group Outlook



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Will The Web Usurp Traditional EDI?

The benefits of traditional Electronic Data Interchange are well documented in the warehousing industry. More and more warehouses, however, are finding cost-effective alternatives — leveraging the web to offer EDI benefits without the costs of middleware, such as Value Added Networks (VANs). Flat file transmission, structured emails, and web-based EDIINT AS2 are chipping away at the status-quo and delivering value to companies with smaller order transmission requirements. World Group members share their thoughts on what's happening and why.

Leveraging Global Standards

Ian Miller, who heads up Trenton Cold Storage information systems and also serves as Chairman of the IARW Technology Committee, points to the standardization that makes EDI attractive from a customer stand point.



“One of the biggest issues concerning EDI is that it's standardized, which means a customer process works the same for us as it does for other warehouse companies in other parts of the world. Other means of electronic transmission are more ad hoc,” says Ian.

Ian Miller, Trenton Cold Storage, has helped customers develop alternatives to EDI, such as structured email.

“Our orders come under the 80/20 rule; 80% of our orders come from 20% of clients; clients who are using EDI. EDI has allowed us to improve our efficiency in terms of timeliness of document/information processing, and to reduce the chance for error. Every company is different and seems to apply a different level of importance to the information technology aspect of their business. Companies that are using strict systems, such as SAP, are most rigid in their processes and are most compliant in following EDI requirements stipulated by their systems.”



EDI allows corporations to use standard transaction sets when transmitting data to multiple vendors and across international borders.

Not The Perfect Solution

“We’re continuing syncing our inventory records against those of our customers,” continues Ian, “because the one antiquated aspect of EDI is that orders transmitted to us are not based on available inventory. Unlike a web-based WMS, clients are unable to see that the inventory is available before they place the order.

“Many of the ad hoc solutions we’ve developed have been fairly successful. We’ve been able to structure our customers’ emails in a consistent order format that allows us to bring that data directly into our system. It’s not perfect but it’s a step in the right direction. And we certainly appreciate the opportunities that we have been given to interface with progressive companies, as it pushes us to always be on the leading edge of technology. Through our creative and skilled IT team, we have been able to come up with Internet solutions for order entry and confirmation. This has also eliminated time-consuming data entry and the potential errors that go along with it.”

Adds Tony Lucarelli, Henningsen Cold Storage, “Typically our larger, national customers use EDI to electronically send and receive shipping, receiving, adjustment transactions, as well as electronic inventory stock status files. These EDI transactions are integrated into their host systems; it’s one more way we strive to partner with our customers.”

A Brief History of EDI

- 1968** — Transportation Data Coordinating Committee (TDCC) was incorporated with investor, user, freight forwarder, highway carrier, railroad, and water carrier directors to coordinate: (1) standardization of transportation data descriptions and codes; (2) reconstruction of tariff formats; and; (3) systems design to facilitate exchange of appropriate data among shippers, carriers, and others concerned.
- 1978** — American Standards Institute (ANSI) forms a committee to develop inter-industry electronic interchange of business transactions, known as the ASC (accredited Standard Committee (X12).
- 1981** — A.D. Little publishes “Electronic Data Interchange Grocery Feasibility Report,” resulting in the formation of the Uniform Communication Standards Program (USC), specifying purchase order and invoices transaction sets.
- 1982** — Public warehousing industry creates the Warehousing Industry Network Standards (WINS).
- 1983** — ANSI publishes first 5 of 400 American National Standards.
- 1988** — United Nations steps in with the UN/EDIFACT, developing international standards that will play a role in removing trade barriers.
- 1996** — Uniform Code Council initiates a program call EDI over the Internet (EDIINT), designed to standardize this new non-VAN (Value Added Network) means of communicating.
- 2000** — EDIINT AS1 is the first over the Internet standard, setting rules for communicating EDI documents via email.
- 2001** — EDIINT AS2 becomes the second standard, using HTTP for EDI Internet support.
- 2002** — Major retailers, such as Wal Mart, launch EDIINT AS2 initiatives as their mandated communications protocol.

Staying The Course, But Preferring The Web

“As you might expect, customers that are already entrenched in EDI have too much invested in it to look at other options, including the Internet,” says Kevin T. Gorbett, Director of Operations, Great Lakes Cold Storage. “On the other hand, customers that don’t use EDI are delighted with our Internet access to their inventory. Some customers have short shelf life products, and they’ve found that being able to view their real time inventory and submit orders via the Internet is invaluable.”

On the west coast, U.S. Growers is completely EDI functional and up-to-date on industry standards, but the company still has few takers on the technology front. Among those who do use EDI, primarily larger companies, few use the tool for more than advance notices (POs) and outbound shipment information.



Despite all its efficiencies, EDI is a batch process that does not automatically reconcile orders placed against available inventory.

“We’ve tried to move some customers in the direction of EDI, even offering to assist them in getting set up,” said Ralph Newton, General Manager. “We just haven’t had much luck. It’s amazing in this day and age, with the technology being relatively inexpensive, and with the amount of information being exchanged, that many companies still don’t take advantage of EDI’s capabilities and efficiencies.

U.S. Growers has bridged the gap between EDI and fax/phone communications by using the Internet as a middle ground. Customers have access to all account information and can enter orders, on a real-time basis, 24hrs a day, 7 days a week using our interactive website. “By offering incentives we’ve been able to persuade a large and still growing group of customers to enter their own orders directly on our website,” adds Ralph. “Additionally, scanned receiving and shipping documents are automatically emailed or faxed to customers as they are completed. Soon those documents will be available on the site as well.”

“We want our customers to communicate information with us in the manner they feel most comfortable. If they want to use EDI we’re ready, and willing to assist them. If they want to use the Internet, we’ll set them up, give them a tour and turn them loose. If they feel that faxing is the best method, no problem, we have plenty of fax machines. If they want to place their orders by phone, and say hello to us, we’d love to say hello and would be even happier to take their orders.”

Not Just For The Fortune 500

Brian Davis, Imperial Freezer Services, notes that “We’ve seen quite a bit of activity during the past 12 to 18 months of customers exploring EDI implementation. I don’t know what’s driving it, maybe because with the new AS2 standards the costs have come down or it could simply be the next step across the board of improvement efficiency in the warehousing and cold supply chain industry. We’ve talked EDI for years, but the usage has been limited more to large food processors and retailers. Now we’re seeing mid-tier and smaller companies begin to lay the groundwork.

“On the web site, more and more of our customers are using our web-based WMS to get as close to real time inventory and shipment information as possible. It’s really a great tool because it makes our business more transparent to our customers, and allows our staff to focus more on operations instead of reporting.”

Web Browser and Flat File Alternatives

Technology has become more and more affordable with large flat panel TVs and “super” computers costing mere hundreds of dollars instead of thousands just a few years ago. Similarly, Merchants Terminal is hard at work making EDI a cost effective solution for all companies. The company’s web-visibility solution MVision™ offers customers the ability to place orders through the web browser function. What began in 2004 as two customers and fewer than 100 orders per month quickly gained acceptance, and within six months, the number of customers grew to 10 and over 800 orders per month.



Dave Eden, MTC, leverages the web to provide EDI-like solutions for clients at a much lower cost.

Dave Eden, VP of Administration, looked to offer customers a more effective EDI that mimicked the traditional format. Dave developed a solution that was able to offer flexible and simple EDI to customers where they could transmit data from their enterprise system or simply via email. The simple flat file transfer has now grown transmission of orders to more than 30 customers and up to 2,300 orders per month. One of Merchants’ three distribution centers now receives 80% to 90% of all orders either by flat file transfer or web-browser entry.

“Through MVision™ we have been able to provide EDI benefits to customers that never could have justified the expense of traditional EDI,” said Eden. “While we handle traditional EDI with a number of customers, the flat file transfer of data is so simple and cost effective it allows our smaller customers to reap the benefits of EDI that only a few years ago was impossible.”

American Cold Storage Ramps Up For EDIINT AS2

Most World Group Members have seen many of their EDI customers migrate to the EDIINT technology, which offers easier implementation, modification and significantly lower operating expenses with the elimination of VAN transaction costs.

American Cold Storage has taken a proactive position. Staff



Patty Bronaugh (standing) and Sherry Wathen, American Cold Storage, are spearheading the company’s EDIINT initiative.

members recently completed training on a new software package that will allow them to transition to an AS2 connection for EDI transmissions. With the new software, ACS will be able to create its own communication mapping, reducing outside costs while also making it more feasible for smaller seasonal accounts to be set up for EDI.

“We’re still early in our implementation, so it’s difficult to say how many of our trading partners will continue to use their VANS, but our research indicates that the trend is toward AS2,” said Patricia Bronaugh. “The first customer we are setting up is planning on using their VAN, but we will use an AS2 connection for our end. We’ll be able to handle ‘any to any’ so if a customer wants to use XML, we can accommodate them.

“One of the great benefits is that we’ll be able to respond quickly and cost effectively to changes in a customer’s product mix, including new or discontinued SKUs, plus handle their request for additional reporting,” continues Patricia. “The efficiency of using EDI goes without saying in eliminating the data entry errors and bogging down the CSRs with data entry. But that efficiency has often come at a price; with a very active pick account, the VAN costs can be in the tens of thousands of dollars per year which obviously has a negative impact on the profitability of the account.”

EDIINT, traditional EDI, file transfer or structured email... World Group members offer a host of solutions to help you — and them — provide more efficient, high quality warehousing. Why not call your World Group representative today and ask, “How we can make this happen?” You just might be pleasantly surprised at the World of opportunities.

Henningsen Adds New Member to its Board of Directors



M. James Mark, Chief Executive Officer of the Melvin Mark Companies, a prominent commercial real estate services company, has been named to the Henningsen Cold Storage Co. Board of Directors.

“Jim is an excellent addition to our board,” says Michael E. Henningsen, Jr., Chairman and President of Henningsen Cold Storage. “His real estate expertise will be critical as we continue to grow and evaluate our operations across the country.”

Mr. Mark is a third generation leader of the 60 year old, privately-held real estate company, which owns, manages or represents properties located in cities throughout the region including Vancouver, WA, Portland, OR, Hillsboro, OR, and Tualatin, OR.

Continuing a family tradition of community service, Mr. Mark has served on the boards of both corporations and nonprofit organizations. In addition to the Henningsen board, Mr. Mark is on the board of Carrera Motors, the US Bank Advisory Board, Portland Arena Management and the CORE Network, an international real estate organization. He also serves on the Leadership Council of the Oregon Community Foundation and is Chair of the Four County Economic Development Commission.

Henningsen Hires Poharski as East Coast Transportation Manager



Ron Poharski has been named Transportation Manager for Henningsen Cold Storage Co. Mr. Poharski will be based at the company's Scranton, Pennsylvania operation.

In his new role, Mr. Poharski will be involved in managing the company's transportation operation and developing business for the 3-year-old division.

Mr. Poharski was formerly Manager of Warehousing and Distribution for Gertrude Hawk Chocolates. Prior to joining Gertrude Hawk, Mr. Poharski held positions in Warehouse and Transportation management with Preferred Meal Systems and the Dollar Tree.

Mr. Poharski brings more than 15 years of transportation management experience to Henningsen Cold Storage.