

TRADING EDI DOCUMENTS OTHER THAN PO's

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It's really a privilege to address a room of EDI decision makers. I'm glad to be able to speak to you today; because I think publishers and booksellers haven't scratched the surface of the benefits to be gained from Pubnet 2000. Part of what we'll cover this morning is how you can get some of these benefits.

Everyone here is fortunate that Pubnet exists, because Pubnet makes EDI easier. You notice I didn't say easy. I've been in the publishing field for 20 years, and have been involved with EDI since the beginning of Pubnet, and realize that sometimes things can move *very* slowly.

On a good day EDI can be challenging.....on a bad day you might wish EDI would go away. But the overall goal – I'd even say, the *mission* – of EDI is worth the effort.

The goal of EDI is paperless fulfillment, the benefit: lower costs for Publisher *and* Bookseller. Profit margins for the Publishing Industry are not high, and you need to take advantage of every efficiency. A more efficient industry can get books to the reader cheaper and faster. Readers don't want to wait...they want their books when they want them.....in Internet time....which means right away.

If you're only trading the Purchase Order and the Purchase Order Acknowledgement, you're not truly realizing the full benefit from the EDI investment that you've already made. PO and POA are only pieces of a puzzle...only when the other pieces are in place is the puzzle complete, and the goal reached.

I'd like to talk to you about 3 ways to make EDI more valuable to you. We'll review 3 documents that are new to Pubnet 2000. I know they can help you increase your profits by lowering your costs. These documents are the Electronic Invoice, Price Catalog, and Advance Ship notice.

The first document is Electronic Invoice.... EDI transaction set number 810. This replaces the paper invoice form that the publisher sends to the bookseller with an Electronic EDI file. When this file is received, if the numbers match what's on the booksellers' computer, the bookseller can cut a check. If the numbers don't match, they can reconcile differences easier.

Advantages to the Publisher?

- 1) Faster payment
- 2) Lower Labor costs
- 3) Lower postage costs
- 4) Reduced chargebacks

Advantages to the Bookseller?

- 1) Also Lower labor costs
- 2) Better vendor relations

When a publisher gets paid faster, they're happier, and stronger. And a stronger publisher can produce better quality books to sell to the Bookseller. It's really a partnership where everyone benefits.

The Electronic Invoice is no harder than the Purchase Order Acknowledgment to implement, and much easier than the Purchase Order.

Some Publishers trading the Electronic Invoice include:

MIT Press, National Book Network, Butterworth-Heinemann, Harper Collins, ITP, Penguin, Publishers Resources, Thompson, Oxford Univ Press, Zondervan, and University of Chicago Press

The booksellers *accepting* Electronic Invoices are:

Baker & Taylor

Amazon.com

I believe that Electronic Invoices are an opportunity that you really shouldn't miss.

The second document I'd like to talk about is the Price Catalog....EDI transaction set number 832. Among other things, this document tells the bookseller the correct list price of the book before they order it. It can also let them know which category the book falls into so they can figure out the expected discount percent. Initially, a publisher would send a file containing a list of all their books. Following that, updates would be sent with only the changed or new information.

While some booksellers update their computers with the correct price from the Purchase Order Acknowledgment, many don't. In any case that's after the fact, and not as useful as knowing the correct price before the order is placed.

Some booksellers accept custom format files from publishers with this price information. This is very inefficient because custom programming must be done to deal with all of the different formats.

The solution is to use one format, so programming needs to be done only once. While the 832 transaction set can contain a lot of useful information, even if it was rolled out with *just* price and category it would still be very useful.

The advantages to the publisher?

- Fewer chargebacks due to incorrect price.

- Faster payment as invoice and PO should match and not have to be reconciled.

The advantage to the bookseller?

- Labor savings as less time is spent researching and correcting errors.

The Price Catalog is no harder than the Purchase Order Acknowledgement to implement and much easier than the Purchase Order.

This is the same file that some publishers currently send to Pubnet to update the Pubnet Web Ordering system.

Some of these publishers include John Wiley, Harcourt, McGraw-Hill, HarperCollins, ITP, Norton, Pearson, Simon & Shuster, VHPS, West Law, and Zondervan.

In addition to the hundreds of bookstores that use the Pubnet Web Ordering system, bookstores with their own Point of Sale systems can get a weekly export file sent to them. This would include any new prices or other changes so they can update their computer.

Some of the booksellers subscribing to this service include:

MBS

Nebraska Books

Follets

If publishers can send this information, and bookseller's computers can receive it and use it, everyone will be better off. To me, an important benefit of EDI is that it lets you *reuse* rather than *redo*. It's crazy for a bookseller to have to retype all the information that already exists on a publisher's computer. EDI lets you reuse it. It lets you share it, without having to redo it.

Last and certainly not least is Advance Ship Notice, transaction set number 857. Certainly the most difficult document, but also the most useful.

Advance Ship notice lets the publisher tell the bookseller exactly what's inside each carton shipped. All the receiver needs to do is scan the bar coded label on the carton, and the carton contents pop up on their computer screen. If that matches what the computer says is on the PO, the carton is on its way.

I've spent some time at the Ingram Distribution Centers in Tennessee and in Connecticut and I've watched an ASN receiving line and a non-ASN receiving line in action. The difference is amazing.

With the non-ASN line, the receiver needs to open the carton, match up each title with the paper pack list and with what was on the original PO, and make entries into the computer.

With the ASN line, the receiver scans the bar coded label and, if the computer says that everything matches, the carton continues on its way to being stocked, unopened.

I've been grappling with ASN for over 2 years now, and I'd like to share a secret with you. 90% of the time it takes to implement Advance Ship Notice is spent dealing with *Mixed Title cartons*. If a large percentage of your shipments are *full cartons of a single title* there's something you can do to get the benefits of ASN quickly.

That's rolling out the implementation of ASN in phases. Phase I would be *only* full cartons of a single title. Mixed Title cartons would not be processed. Once that was up and running for a while, you can move to Phase II, where Mixed Title cartons would also be processed.

I've seen some situations where publishers have spent over a year testing ASN. Nobody benefits from a long testing period. The publisher incurs the costs, and the result is pain with no gain.

For EDI to lower your total costs, you must also pay attention to the cost of EDI. It must be cost effective and efficient. You can't allow an inefficient ASN system to grind your warehouse operation to a halt.

The advantages of ASN to the Publisher are:

- 1) Better quality control
- 2) It gets books onto the store shelves and to the reader faster

The advantage of ASN to the Bookseller are:

- 1) Huge labor savings in receiving
- 2) More accurate receiving to avoid claims and chargebacks.

If you're interested in a detailed account of how the entire process works, you can read the article reprint from ID Systems magazine. It focuses on the ASN rollout for Harvard University Press and MIT Press with Ingram Book Company and Barnes & Noble.

There's probably less than 30 publishers that are now ASN capable:

These include Harvard, MIT, NBN, Butterworth-Heinemann, Tyndale, John Wiley, Harper Collins, and Harcourt.

The ability to trade ASN over Pubnet is new with Pubnet 2000. No one is doing it yet, but it's a great opportunity. Amazon.com is just rolling out their ASN program, and they'll accept ASN files over Pubnet.

I've talked about the Electronic Invoice, Price Catalog, and Advance Ship Notice....three EDI documents that can lower your costs and make you more efficient

Pubnet provides a framework for many publishers to trade these EDI documents with many booksellers.

If Pubnet didn't exist, *I'd* want to create it, because Pubnet makes EDI easier. You test once, then roll out production files to many. If hundreds of publishers needed to test each document with thousands of booksellers, it would be years before everything was in place. We can't wait that long.

I gave a talk awhile ago at AAUP, where I told small publishers that EDI was inevitable. I'd like to take that a step further and say that its inevitable that EDI will expand.

The promise of EDI is paperless fulfillment at a lower cost. We have a way to go to achieve that, but it can be done. The solution is more trading partners and more documents, and Pubnet provides a framework to accomplish this.

It really needs to be a partnership. Publishers and Booksellers need to work together to communicate so information is shared and the needs of both are met.

Pubnet not only provides a technical framework to share EDI files, it also provides a personal communication forum where people can share ideas. That's an opportunity that you need to take advantage of. We need to bring together the motivated EDI decision makers here with the Pubnet users who are not here.

Before next year's Pubnet meeting, If everyone here could just roll out a single new EDI document and start trading with some new trading partners, paperless fulfillment would be that much closer.

We can't lose track of the goal. We can't afford not to expand EDI. It's worth the effort.