

# **Electronic Data Interchange**

## **EDI**

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# What is EDI?

- An acronym for Electronic Data Interchange.
- Electronic data interchange (EDI) is the computer-to-computer exchange of data in standardized, electronic formats between companies. Computer to computer means “original application program to processing application program.
- EDI is also a business strategy utilizing technology to achieve business objectives and enhance business relationships.
- EDI transactions, that can be exchanged between two companies (commonly referred to as Trading Partners) anywhere in the world within hours or minutes.
- The standardized formats make it possible for a variety of organizations to exchange information easily and without confusion.



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# How Does EDI Work?

- EDI is simple to set up. All the Trading Partner needs to send or receive electronic transactions are the following equipment and software capabilities:
  - A mainframe, mid-tier, or personal computer.
  - Translation software to format their business data into the American National Standards Institute (ANSI) X12 standard format for transmission interpretation.
  - Third party service provider for processing their data if they do not have the hardware or software .



# Mapping Data to EDI Transaction Formats

To exchange information using EDI, data must be translated into a format that complies with an EDI standard. Mapping is the initial process that describes how each piece of the original data, such as an invoice relates to the “EDI transaction” standard being used. The transaction software uses this mapping process to translate the EDI transactions so they can be used by the receiving Trading Partner. Entergy’s currently uses 4010 version.



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# EDI Standards

The sender and receiver must use the same standards so that everyone is speaking the same language. The American National Standards Institute (ANSI) Accredited Standards Committee (ASC) X12 defines EDI Standards. This is a cross-industry standards body with representation from many industries interested in EDI. The X12 standards serve as a common business language allowing all EDI trading partners to communicate electronically with one another. At Entergy we also follow guidelines developed by the Utility Industry Group (UIG), a sub-group of ANSI. It has been a key group in establishing standards for transaction commonly used by utilities. The invoice transaction is referred to as an 810 transaction.



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# How Data is Sent

Data, which is standardized through EDI software on both Entergy's and the Trading Partners' computer, is transmitted directly from one company's computer to the other. Entergy's Trading Partners have three options available for transporting invoice data:

- **Value Added Network (VAN)**

- VAN acts much the same way as a post office except, the data is retrieved on request by the addressee directly into their computer.

- **DMZ Secured FTP (SFTP)**

- DMZ Secured FTP (SFTP) is ideal for Trading Partners that want to control pushing and pulling invoice files from Entergy's server.

- **B2B SFTP**

- B2B is ideal for Trading Partners that want Entergy to push and pull files from the Trading Partners server.



# EDI Process

An EDI bill will contain the same information that is currently being received on a paper invoice and they still have the same amount of time to pay. With EDI the only difference will be how they receive their Invoice. Their Entergy bill will follow the steps listed below during the EDI process:

- The data is generated on Entergy's computer and processed through the translation software Gentrans to EDI standards.
- The data is then transmitted to the receiver's via the transport option they have selected.
- The recipient retrieves the EDI data and converts it for processing by their application computer.



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# Advantages Associated with EDI

Some of the major benefits associated with the use of EDI are:

- Elimination of “Lost” invoices
- Reduction in cycle time
- Elimination of data entry errors
- Reduced clerical workload
- Reduction in form, postage, and handling expenses
- Greater emphasis on process improvements, and automated acknowledgement of data exchanged
- Better market position relative to non-EDI competitors
- Customer remits payments electronically via EDI 820 transaction



# Cost

The cost of using EDI varies from company to company depending on if they choose to process the data themselves, which transport option and software they select or if they choose to use a third party company to process their data.



# Entergy's Program Information

When a Trading Partner is ready to receive and send EDI transactions with Entergy we will provide them with step-by-step assistance.

- We will ask the customer to complete a Contact Profile Information Sheet, this form will establish primary points of contact for EDI within their company. This will help with both the administrative and technical aspects of the partnership. At this time, we will also determine what transport option they will use for both testing and production.
- Entergy will provide set up instruction for EDI file transfer configuration based on transport option they select.
- Entergy will provide the Trading Partner with an Implementation Guide for EDI 810 Outbound Invoice transaction set. This document will provide the 4010 version guidelines for Entergy.



# Cont'd Entergy's Program Information

- A Trading Partner Agreement will be created . This document defines:
  - Fees and Responsibilities
  - Networks to be used for communications
  - X12 transaction set and version of the standard being exchanged
- When both Trading Partners agree on the accounts to be added to EDI, a Parallel Testing period will begin in which they will receive both the paper bill and EDI transmission. (this is generally one complete billing cycle or one month)
- At the end of the parallel testing period and we are both in agreement. Entergy will discontinue the use of the paper bill and begin Full EDI Production.



# Selection Criteria

- Interested in doing EDI with Entergy
- Number of Accounts
- Total \$ value of Accounts
- EDI Experience
- Readiness of Trading Partner
- Timing & Commitment
- Payment Processed Electronically
- Complexity of TP

