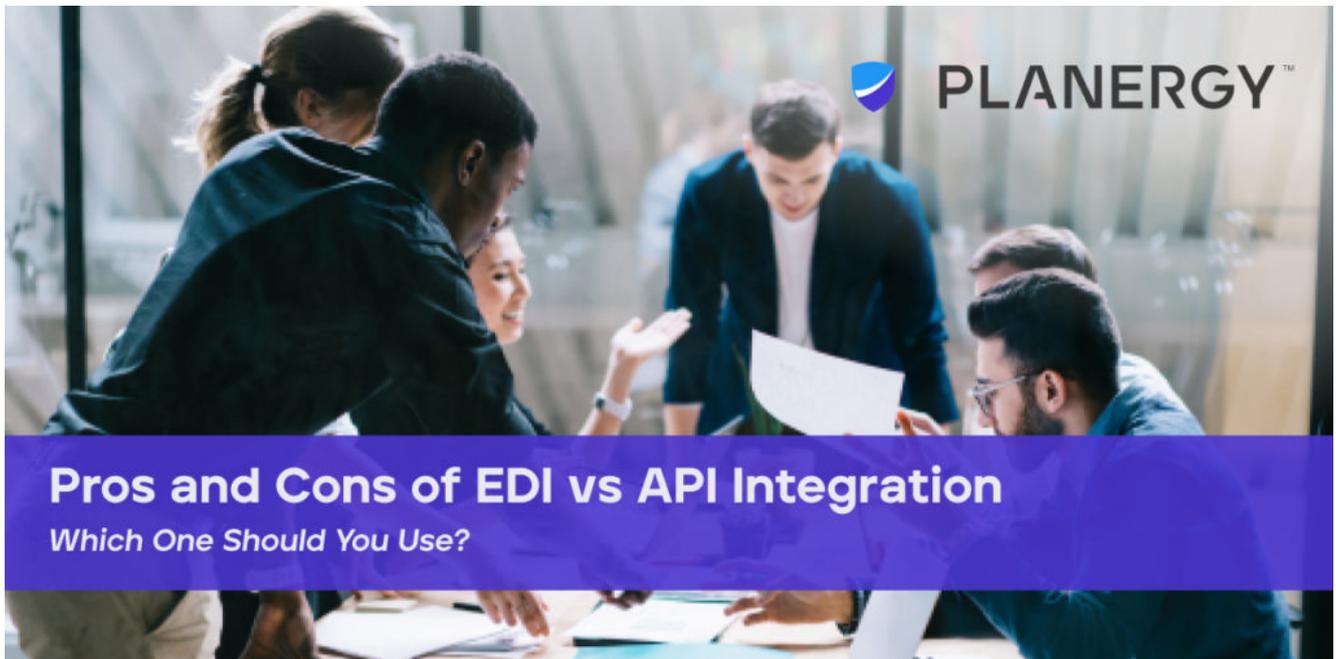# Pros and Cons of EDI vs API Integration

Pros and Cons of EDI vs. API Integration

In today's business climate, supply chain operations must move faster than ever before. Because of the individual consumer orders that need to be processed from online shoppers, operational and order processing speed can provide your organization with a competitive advantage while also improving customer satisfaction levels when it comes to the customer experience. An effective supply chain management solution likely relies on either EDI or API. Both technologies allow you to quickly and securely exchange data from one system to another, which is a large part of the supply chain management process.

Even though both EDI and API are widely used across multiple business software solutions, they are different. Understanding the differences is necessary when it

comes to making an educated decision about which software solution you should use for your business.

Of the two, EDI has been around for longer and is more widely used. API has a growing number of users and is becoming a strong choice for data transfer tasks. So that we can really understand which one is better for supply chain management, it is important to analyze each of them.

What is EDI?

EDI, or electronic data interchange, remains the most popular communication technology used to transfer data from one system to another. With it, businesses have an easy and secure way to send data to other businesses without relying on paper. It uses standardized electronic formats that make it easy for computer systems to process the information, which greatly reduces or even removes the need for manual labor.

Using EDI, there are a variety of ways to exchange the data. Some options include peer-to-peer networks, and serial links though most options are internet-based. However, EDI Solutions are set up to provide access only to predefined authorized users and to use audit trails and archives to track use, so there's no need to worry about security. EDI offers one of the safest ways to transfer data, which is a significant reason for its popularity.

Companies can send large amounts of data with EDI. It also provides the capability to transfer massive quantities of documents and a single transfer for convenience and efficiency. This approach also minimizes potential inaccuracies. The increased efficiency can make a big difference in the supply chain management system. Data reveals that implementing various EDI documents improves supply chain performance for more than half of the survey respondents.

Because EDI minimizes human intervention, the computer systems have to be

able to understand the information Exchange. EDI accomplishes this with a clearly defined standard format that all parties maintain. This contributes to a significant increase in accuracy and efficiency by reducing human errors that inevitably occur from incorrect Document Handling or illegible handwriting.

EDI implementation is a massive improvement in the quality and reliability of company data, which removes the need to rework orders manually. Using EDI, there's no need to process each order manually, which results in the entire process becoming more accurate and moving faster.

Implementing EDI also improves efficiency because it helps reduce integration cost of document integration since it creates standards for the layouts of common business documents such as EDIFACT< ANSI, and ebXML.

It's worth mentioning that while the standard system provides a lot of benefits, there are some drawbacks to it as well.

Each of the standards has three different versions, meaning the amount of available standards is high. This can make it harder for small businesses that are working with more substantial companies that use updated versions of the same standards.

EDI forces some companies to look for alternatives because they aren't able to keep up with some of the technological software developments, including real-time visibility and responsiveness. Sometimes, it takes these businesses a long time to configure per their business requirements.

EDI integrations no longer requires the installation of an on-premise solution. Companies can now use AS2 for communications over the internet. EDI solution providers can now host cloud-based solutions and transfer EDI messages with file-transfer protocol (FTP) technology.

What is API?

API stands for application programming interface. It refers to a set of programming instructions and standards for accessing web-based software that allows software platforms to communicate with one another. Essentially, API serves as an interface between software programs and helps them interact effectively, similar to the way a user interface makes it easier for humans to interact with computers. This approach allows software systems to communicate with one another without user intervention.

For instance, shopping online uses APIs. When you enter your credit card information to make a purchase, the web-store uses an API to send the information to another application that verifies the accuracy of the information. Once it confirms that your credit card information is valid, the application sends back a confirmation that the order can be processed.

This kind of real-time connection is what makes API useful when compared to EDI. APIs can transfer data in less than a second allowing everything to be updated instantly without needing an intermediary. This brings several benefits to supply chain management.

Using API to transfer supply chain data allows companies to automatically add pickup request into a carrier system. This approach dramatically improves efficiency because it removes the time it would take to make each request manually. The technology provides retailers and third-party logistics (3PLs) with real-time access to Big Data that can make it easy to quickly respond to issues while also making accurate projections about the supply chain.

Which Should You Choose?

APIs definitely have some innovative features that make it an increasingly popular

option. However, EDI remains a popular choice because of its robust reliability and security that has made it the longtime industry standard for data exchange.

There are a variety of supply chain management solutions to choose from that offer numerous benefits to organizations, so the choice between EDI and API will come down to what your company needs.

As the capabilities of the internet have grown, EDI hasn't been modernized. Both EDI and API technology transfer data from one system to another with the difference being and how it is accomplished.

Apis act as Messengers to the other systems that allow data to be transmitted in nanoseconds. To allow for a more seamless flow of integration, companies leave parts of their software open to enable other software applications to integrate with them for a smoother flow of information. API management doesn't have the handshaking qualities used by EDI, and ADI management doesn't have the standardized defined message types found in EDIFACT, for instance. Data security protocols and message types are the hallmarks of EDI.

The EDI format is an older technology, but because it's been used for decades, it remains the most popular standard. This makes it a more convenient option because many businesses have adopted it.

API is not as widespread because it is newer, but it has powerful features for synchronizing web applications that make it worth considering. Even though it isn't ready to completely replace the EDI format as the new standard for information transfer, it is still a good option. In all likelihood, it's only a matter of time before API replaces EDI as the industry standard. Data shows 55% of executives surveyed considered web-based APIs as an alternative to EDI as a result of the overall flexibility and increased efficiency in exchanging electronic documents.

APIs are becoming more popular for data, and it changed because of speed. The

use of APIs and related toolsets help software Developers start and finish their projects more quickly. API is easier to use because simpler interfaces and development environments allow API management to make challenging projects easier to accomplish, saving both time and money.

APIs are also increasing in popularity compared to EDI because of their basic functionality. Generally speaking, EDI doesn't tend to be useful in secondary interactions, and when it comes to secondary calls between business entities, web services are often used. API management is often the preferred technology because of simplicity.

Relying on modern means of electronic data flow such as APIs makes data transfer faster and less expensive, which in turn makes it more efficient for supply chain businesses.

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