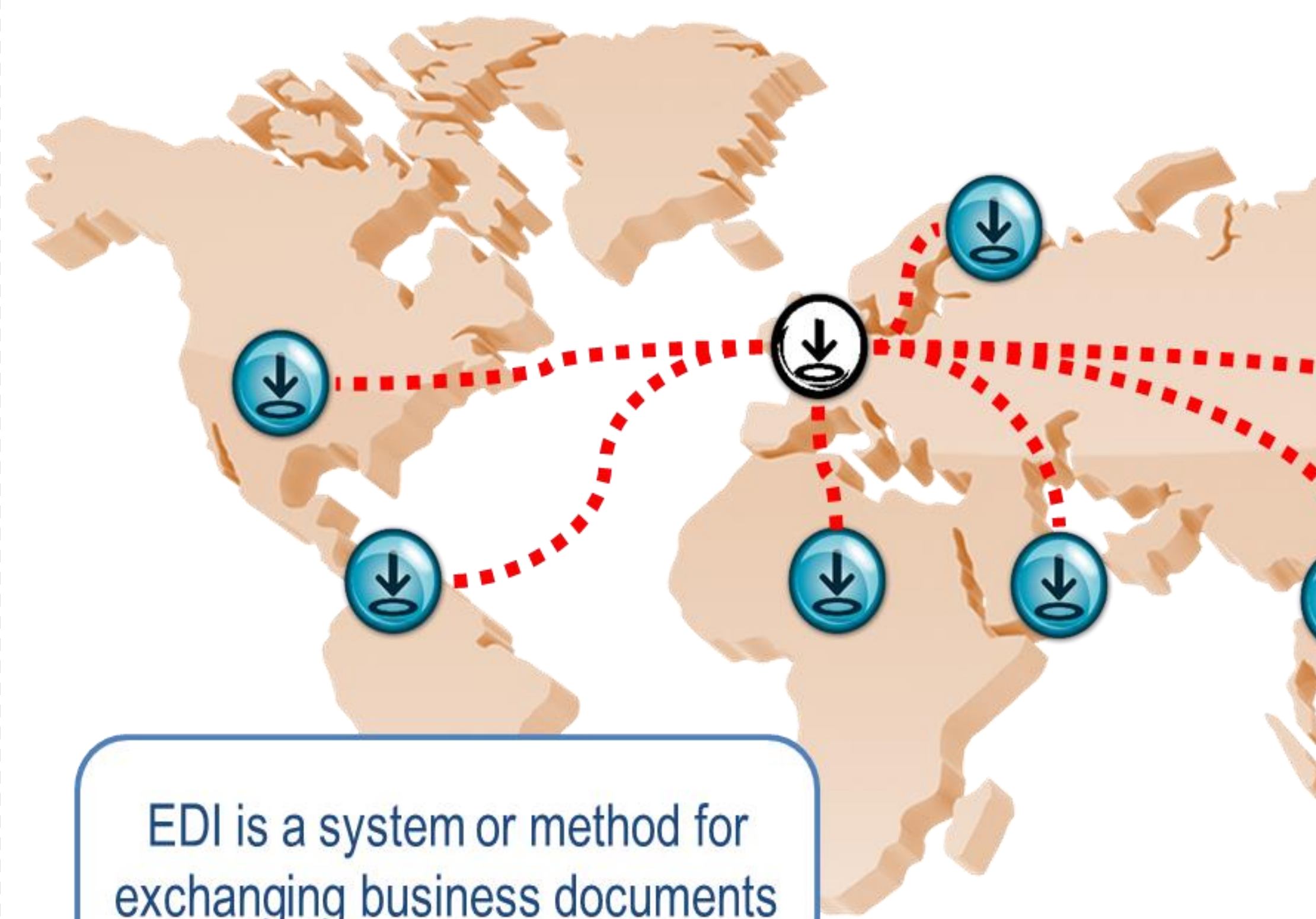


# Implementation of EDI by Suppliers for better Traceability

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## Context



EDI is a system or method for exchanging business documents with external entities<sup>[2]</sup>

Visibility and traceability are vital to build an effective upstream supply chain management. As the volume of companies' purchases increase, process automation has been seen as a mean to provide accurate traceable information and a more efficient coordination, thus contributes to various long term competitive advantages.

The concept of traceability was based on ISO 9001:2008<sup>[1]</sup>:

1. Process traceability
2. Product traceability

To improve both, two EDI solutions were implemented within Supply Chain Department and among global suppliers:

1. Supplier Web Portal to facilitate purchasing process traceability
2. Supplier Barcode labels to facilitate product identification in the warehouse.

## Methodology

Methods <sup>[4]</sup>	Period of project	Difficulty of adoption	Project cost	Risk impact
<i>Big Bang</i>	Short	High	Low	High
<i>Phased rollout</i>	Extended	Medium	Medium	Low
<i>Parallel adoption</i>	Medium	Low	High	Low

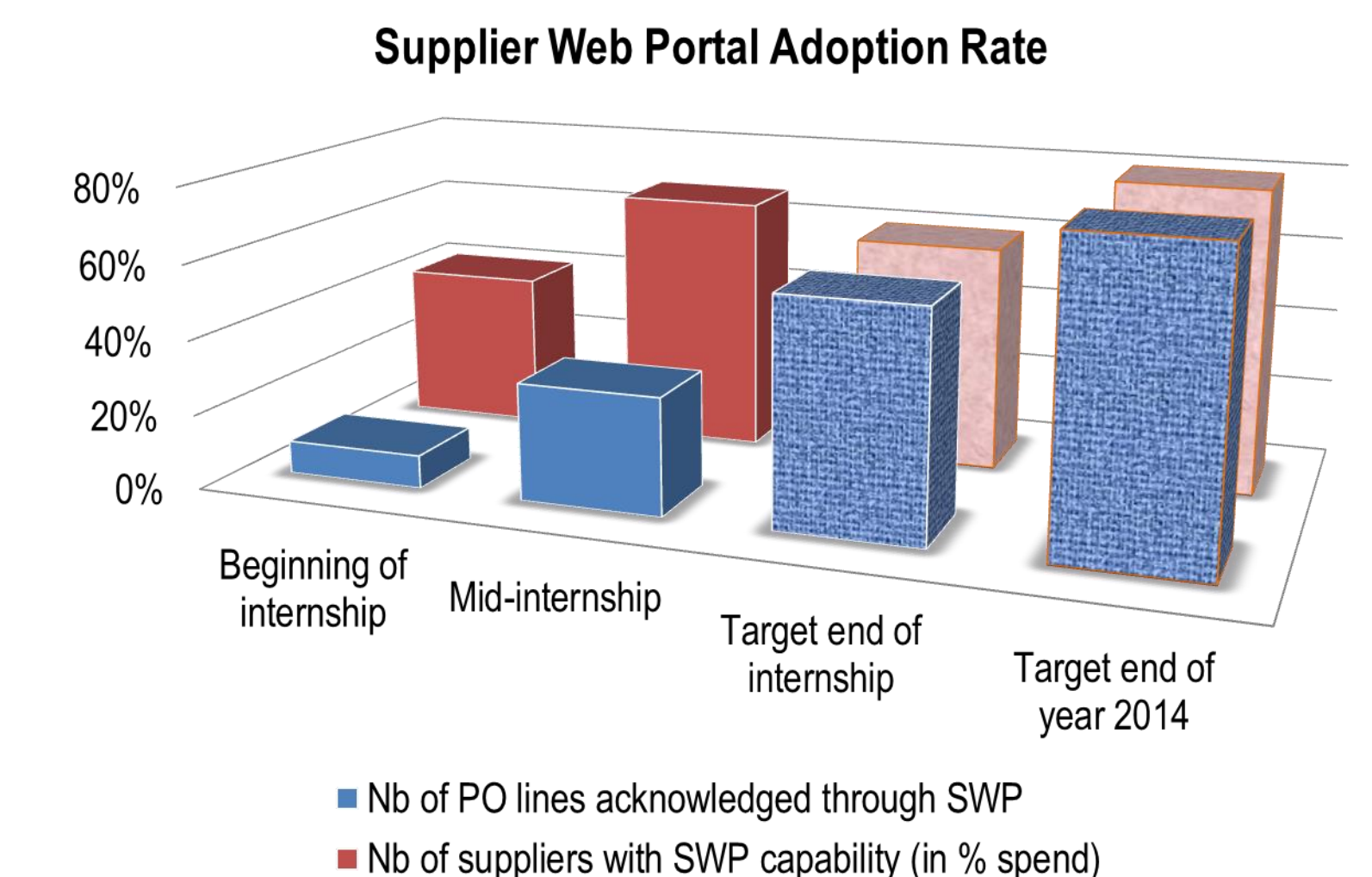
A combination of phased rollout and parallel adoption methods was taken to avoid disrupting center C's production activity and the other main business transactions.

To make the biggest hit, suppliers were prioritized based on the highest spend and PO (Purchase Order) lines.



## Results

Center C shows rapid growth of SWP adoption rate within 3,5 months.\*\*)



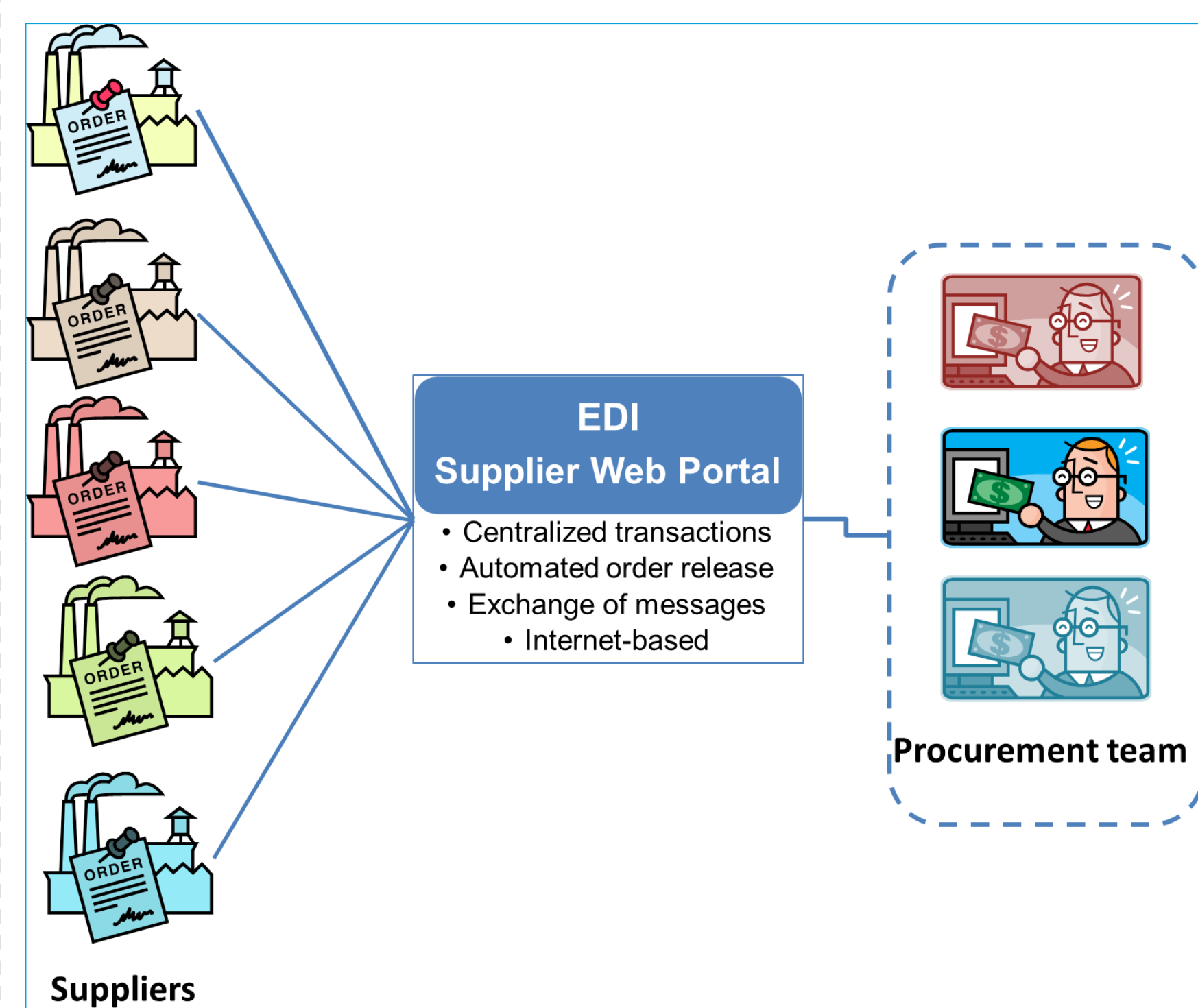
Center C tops the list in terms of Supplier Barcode Labeling KPI, 2nd to center A. (Target end of Year 2014 80%)

**Supplier Barcode Label Adoption Rate (in % PO lines)**

Center	Feb-14	Mar-14	Apr-14	May-14	Jun-14
A	86.6%	86.4%	88.8%	89.9%	89.7%
B	75.5%	72.4%	80.0%	77.6%	71.0%
C	73.1%	74.7%	74.8%	77.2%	85.1%
D	57.0%	46.7%	55.4%	48.9%	58.6%
E	0.0%	50.0%	72.1%	73.3%	61.0%
F	59.5%	63.7%	62.5%	62.7%	71.1%
G	67.9%	66.1%	69.6%	67.7%	70.6%
Total	74.1%	73.8%	76.5%	75.3%	78.2%

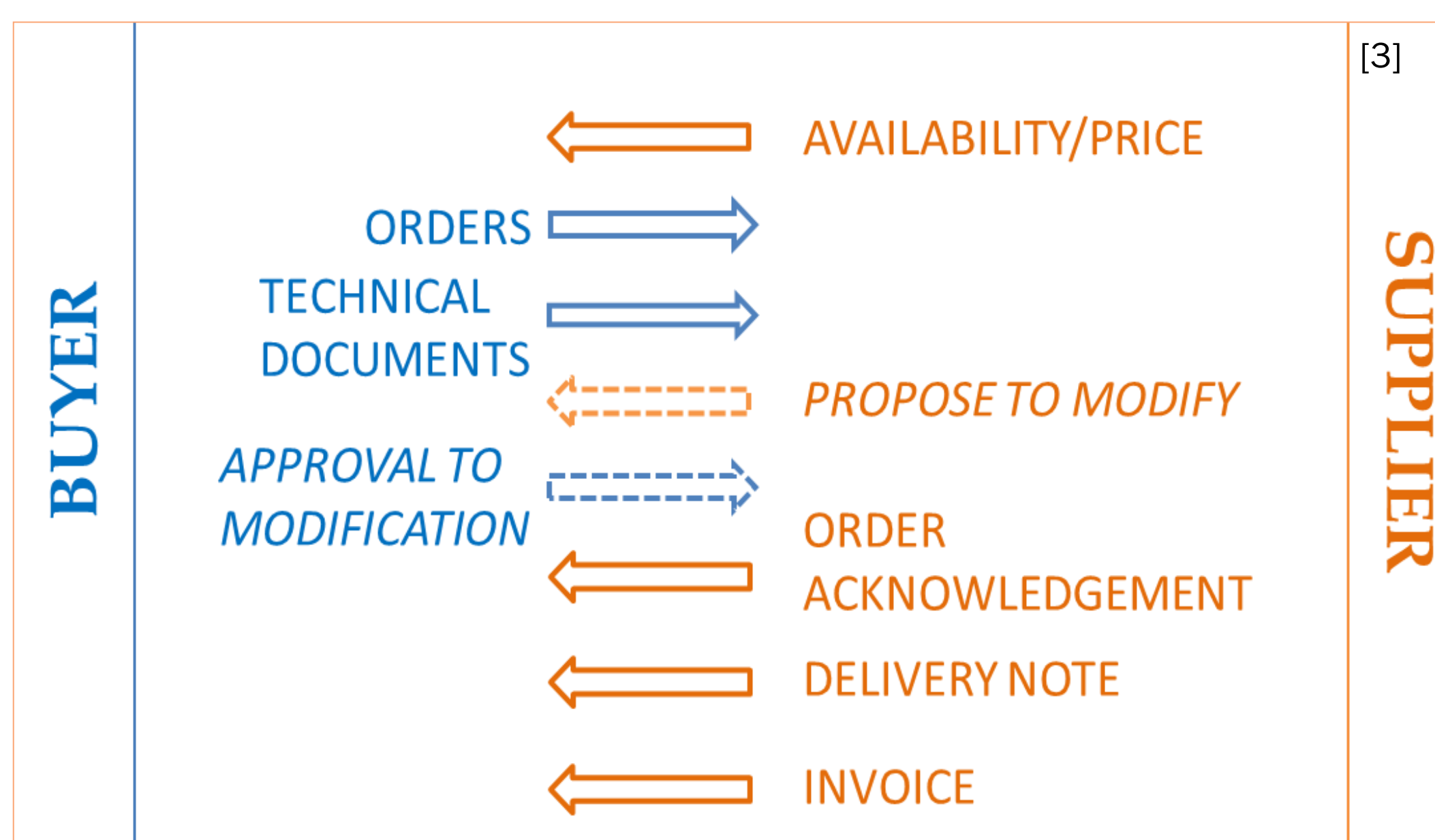
## Tool #1

Supplier Web Portal



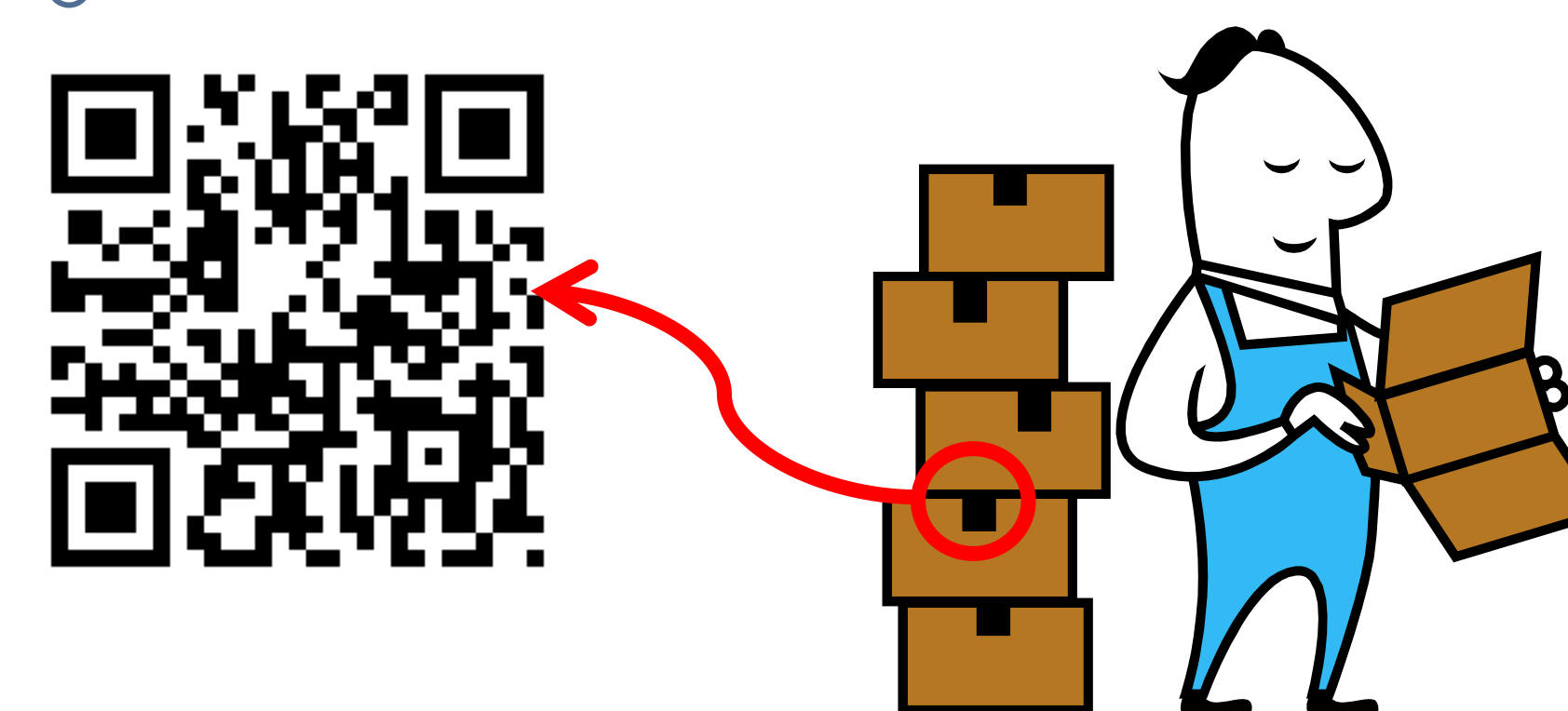
## The Collaborative Tools

SWP is a web-based portal that enables buyer and its suppliers to automate manual transactions in a **consistent and traceable** manner—regardless of size, time zone, language or geographic location. Requiring only a web browser and Internet connection, it also improves responsiveness (lead time) thanks to minute alerts.



## Tool #2

Supplier Barcode Portal



To facilitate reception of products in the warehouse, a barcode label is used to **automatically identify** the order number, serial, item number, origin of supplier, etc. Suppliers are given access to print barcode from shared portal for each product corresponding to each PO line.

Labeling with barcode before expedition is part of supplier's service obligation. An alignment with the buyer's business systems will give good prospective long term relationship.

the **8**  
keys to adoption  
success

## Take Home Message

- 1- Define goals
- 2- Measure and reward
- 3- Competent project team
- 4- Communication plan
- 5- Training strategy
- 6- Support
- 7- Leadership of upper management
- 8- Continuous improvement

Beyond costs spent to adaptive integration of IT into operational business, there is greater visibility and traceability that leads to better management and measurement of the effectiveness and productivity of the whole supply chain system.

## References

- [1] ISO 9001:2008(en). *Quality management systems – Requirements*. [www.iso.org](http://www.iso.org), 2008
- [2] Porter M.E., Millar V.E. *How Information Gives You Competitive Advantage*. Harvard Business Review, 1985, vol. 63, no.4, p. 149-160
- [3] Duke T. *EDI Best Practice – Management Guide*. Book Industry Communication, 2005.
- [4] Neal H.. *ERP Implementation Strategies – A Guide to ERP Implementation Methodology*. Software Advice, 2010.

\*) Name of company is not revealed for confidential purposes

\*\*) Data as of June 2nd 2014