



EDI OVERVIEW

Electronic Data Interchange, or EDI, is efficient, accurate and cost effective. It is rapidly becoming a condition of doing business in dozens of industries, including the furniture industry, with more and more stores and manufacturers realizing the value that implementing EDI can bring to their business.

EDI: What is it?

Very simply, EDI is the sending and receiving of information using computer technology. The use of EDI is not limited by the different ways that companies communicate. In fact, EDI closes the information gap that exists between companies using different computer systems.



Any standard business document that one company exchanges with another company, such as a purchase order, acknowledgement, advance ship notice, or invoice, can be exchanged via EDI, as long as both companies have made the proper preparations. EDI can't be activated with a flip of the switch or at a moments notice. There are many steps in the set up process that must be completed before you 'go live' and exchange EDI data with a manufacturer.

Can't I just use email?

Electronic mail is faster than standard mail and also eliminates paper. However, it differs greatly from EDI because the data sent in your email is in an unstructured format. A purchase order sent by email would have to be printed out at the manufacturer's end and then hand keyed into their system, making it possible for mistakes to be made from miskeying or from misunderstanding your order.

EDI transactions are transmitted in a structured format that is based on a set of accepted standards that uses a language that is understood by all computer systems. When your order reaches your manufacturer, it is imported directly into their system, eliminating any human intervention in the processing of your order. Fewer mistakes in the ordering process save you money, shorten order turn around time and increases customer satisfaction.



PROFITsystems' and EDI

PROFITsystems first introduced EDI in our PROFITsystems' software version 9.3. Our initial pilot phase of EDI was very limited in scope, but it provided us with the basic infrastructure and partner relationships to help us succeed as we moved forward. With each new version of PROFITsystems' software, we have enhanced and improved our EDI process. As the industry adopts new standards for transaction sets, the number of EDI-ready manufacturers increases and the technology itself improves, our EDI capabilities will continue to grow and improve.



Getting Started: What to Expect

One of the most important aspects of EDI is selecting how your transactions are going to get from one place to another. While it is possible to work with some manufacturers directly, in most cases, you will need to work with a VAN, a Value Added Network. A VAN is a third party service provider, separate from PROFITsystems, who helps facilitate the EDI process.

The VAN actually has two purposes. First, the VAN acts as a translator. It is important that your store and the manufacturer speak the same language. The VAN creates the mapping, or translation, to ensure that your data is formatted correctly to your manufacturer's specifications. Since each manufacturer has their own specifications and criteria for EDI transactions, each map is unique to the manufacturer and cannot be copied and used for another company. Each manufacturer that you will be working with will require separate mapping.

The VAN also acts as a "traffic cop" to ensure that your transactions are transmitted from your store to the correct manufacturer. Part of the set up process includes installing the VAN's specific communication software at your store. The communication software allows you to send documents to the VAN for transmission to the manufacturer.



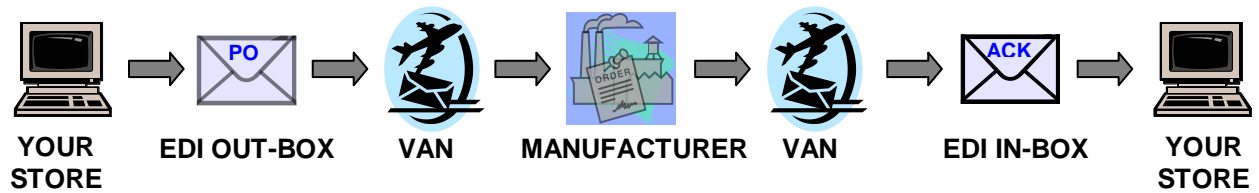
PROFITsystems has partnered with two VANs, Exim Commerce at MicroD Incorporated and FurnishNet, to provide this service to our clients. Representatives from both companies will be able to provide you with more details on their processes and any associated costs for their services. Once you have contacted each VAN, it will be up to you to decide which VAN will best meet the needs of your business.

Once you have signed a contract with your VAN and they have installed and tested their communication software, you will be ready to do your EDI setup within your PROFITsystems' software. The setup process will take a few hours and will include setting up your "EDI In-box Folder" and "EDI Out-box Folder;" making sure that your



manufacturer's SKUs are correctly populated; and creating a dummy purchase order for testing. Once your dummy purchase order has been transmitted to your manufacturer successfully, you will be ready to go live!

The EDI Process—From Your Store to Your Manufacturer



If you have any questions about EDI or would just like to get more information, contact our EDI Coordinator at (800) 888-5565.



For a self-guided tour of the EDI process thru FurnishNet and to view a list of the vendors that they currently work with, please visit the FurnishNet website at www.furnishnet.com.

Additional contact info for FurnishNet is as follows:



9890 Towne Centre Drive, Suite 100
San Diego, CA 92121
Phone: 800-854-2263, Press 1 then ext. 2525
Fax: 858.457.2145
Email: info@furnishnet.com

The Exim Commerce website allows you to view a demo and access of list of vendors that currently work with Exim Commerce. Their website is:
http://www.microdinc.com/products_exim_commerce.php.

Additional contact info for Exim Commerce at MicroD Incorporated is as follows:



MicroD Incorporated
8000 Corporate Center Drive, Ste 212
Charlotte, NC 28226
800-964-3876
info@microdinc.com
sales@microdinc.com



Glossary of Commonly Used EDI Terms

“850”

Purchase Order Transaction Set used with Electronic Data Interchange (EDI).

“855”

Purchase Order Acknowledgment Transaction Set used with Electronic Data Interchange (EDI).

“856”

Advance Ship Notice Transaction Set used with Electronic Data Interchange (EDI).

“810”

Invoice Transaction Set used with Electronic Data Interchange (EDI).

ANSI

American National Standards Institute. This organization is the coordinator for national standards in the United States.

ANSI X12

A set of standards published by the American National Standards Institute for use in formatting and handling purchasing-related documents transmitted by electronic data interchange (EDI).

Communications Software

Software necessary to transmit EDI documents.

Document

Structured file that is sent to a manufacturer. With ASC X12 usage, a document is a transaction set.

DUNS Number

A nine-digit number assigned and maintained by Dun and Bradstreet to identify unique business establishments. DUNS numbers are assigned worldwide and include US, Canadian, and international organizations.

EDI

Electronic Data Interchange (EDI) is commonly defined as computer-to-computer electronic exchange of business documents in a standard format.

Electronic Envelope

An electronic envelope consists of codes that mark the boundaries of electronic



documents. The electronic envelope contains EDI documents, sender and receiver information.

Electronic Mailbox

A term used to refer to the place where an EDI transmission is stored for pick-up or delivery within a third-party service system. Trading partners can also maintain mailboxes within their own domains.

Functional Acknowledgment

A transaction set that acts as a certified mail receipt to confirm that the intended recipient actually received the EDI documents that have been sent.

Mapping

This is a process of identifying the relationship of standard EDI data elements to application data elements. A map is the link between a trading partner's proprietary data format and the related EDI transaction set.

Sender/Receiver ID

A unique number or series of characters that identifies a trading partner on all EDI networks.

Trading Partner

A term sometimes used by customers and vendors to indicate they are in an EDI relationship.

Translation

The act of accepting documents in other than standard format and translating them to the standard.

Universal Retailer ID

A unique number assigned to the originator of the EDI data to identify them to the manufacturer.

VAN (Value Added Network)

A third party service that acts as an electronic postal system for EDI transactions. VANs are equipped to accept a variety of telecommunications protocols, thus enabling connectivity between organizations with different telecommunications protocols.