
Streamlining Supplier EDI Onboarding

How The Home Depot dramatically reduced the cost and time required to integrate suppliers

Introduction

The Home Depot is the world's largest home improvement specialty retailer, operating more than 2,290 stores across North America and employing more than 400,000 associates. In fiscal 2019, the public company reported sales of \$110 billion and earnings of \$11.2 billion.

With more than 35,000 in-store products, 1 million online products, and 6,000 suppliers distributed globally, the retailer needed to find a way to improve operational efficiencies while reducing supplier integration costs. The Home Depot implemented a requirement that all of its suppliers be able to support inbound and outbound electronic documents or face financial penalties. However, verifying this capability meant The Home Depot had to test the accuracy of each new supplier's Electronic Data Interchange (EDI) business documents.

The Challenge of Manual Supplier Onboarding

The Home Depot's existing supplier onboarding process required many hours of manually testing each electronic document and resolving interchange issues before a supplier was allowed to send any electronic documents. This often required multiple phone calls and follow-up meetings to get suppliers to adhere to electronic document submission requirements.

As part of this manual process, The Home Depot would test for basic EDI transaction compliance using their production translator and back-end systems to check for syntax and business edits. This typically spawned extensive activities to identify the causes of each transaction's syntax error. Additional time was spent discussing the identified errors with supplier technical staff. Finally, suppliers would resubmit their corrected transactions — numerous times — until all testing errors were eliminated.

This labor-intensive process limited the number of suppliers that could be tested at a given time, which in turn delayed suppliers' ability to transition from paper to EDI-based transactions. Most importantly, the manual process could not be scaled to integrate and maintain EDI connectivity for thousands of globally distributed suppliers. The slow process of onboarding paper-based suppliers resulted in adverse business impacts to The Home Depot's Finance, Merchandising, and Supply Chain groups.

A Streamlined Approach

To achieve its large-scale supplier EDI onboarding objectives, The Home Depot needed a new approach that would:

- Reduce the time and cost The Home Depot staff needed to spend on each supplier's EDI integration effort.
- Increase the number of supplier EDI implementations that can be achieved each month.
- Ensure supplier EDI implementations were accurate at both a syntax and business content validation level (e.g., testing store numbers).

In addition, The Home Depot wanted to implement a solution that would help maintain or enhance their supplier relationships by being user-friendly, comprehensive and cost-effective.

Solution

The Home Depot selected Edifecs Collaborative Testing to streamline onboarding of suppliers to their production systems. Edifecs Collaborative Testing is a Software as a Service (SaaS) offering that reduces onboarding staffing requirements, speeds onboarding of suppliers and increases supplier transaction integrity during production. As shown in Figure 1, Edifecs Collaborative Testing enables an organization to create a branded self-service portal that allows suppliers to test their own EDI documents. It also includes support tools so that suppliers can access an EDI knowledge base and efficiently communicate with The Home Depot staff as they test their EDI implementations.

Key features of the Edifecs Collaborative Testing that led to its selection by The Home Depot were:

- **Extensive protocols:** Support for testing a wide range of standards and file formats (e.g., X12, EDIFACT, XML and Flat Files, etc.).
- **High availability:** The Web-based portal is available for supplier testing 24 hours a day, 365 days a year so suppliers are not limited to working hours.
- **Scalability:** Hundreds of suppliers can be onboarded each day regardless of staffing levels.
- **Customization:** Testing scenarios were customized to mirror The Home Depot's production processes, such as testing for syntax and business edits, combined with comprehensive testing criteria for different trading partners using different file types.
- **Visibility:** Supplier participation and testing status is managed using automated alerts and dashboards to monitor onboarding progress.
- **Feedback:** Intuitive error reports and scorecards indicate to suppliers which documents passed, which failed, and why.

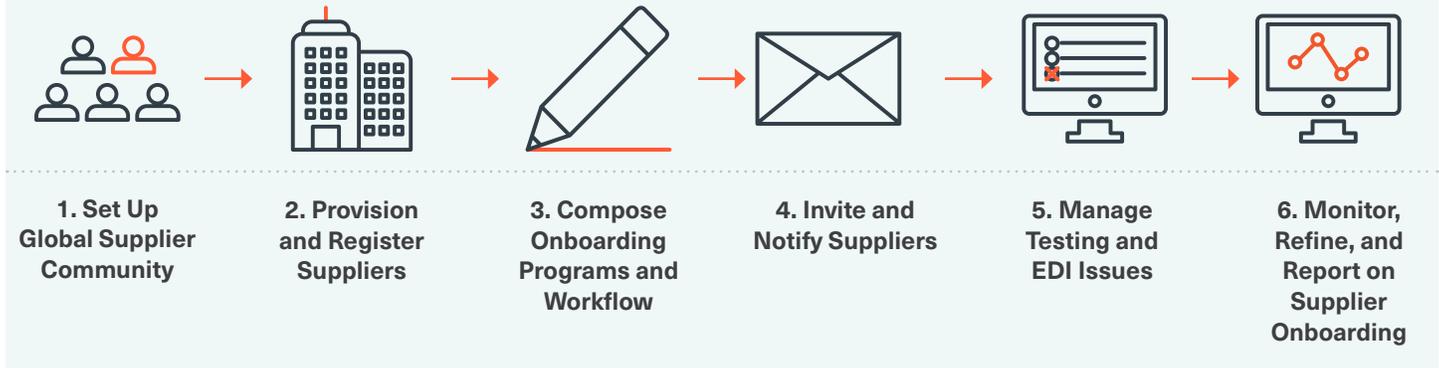
Edifecs SpecBuilder

- Creates supplier specifications
- Format includes: X12, EDIFACT, XML, and Flat File
- Create syntax and business content rules for compliance

Edifecs Collaborative Testing

- Hosted Web Service
- Branded to company's requirements
- Leverage specifications created by SpecBuilder
- Ensures compliance for both syntax and business edits
- Fast, easy-to-read transaction error reports
- Validates X12, EDIFACT, XML, Flat Files

Figure 1: Edifecs Collaborative Testing Workflow



Results and ROI

Edifecs Collaborative Testing fundamentally changed the approach The Home Depot took to onboarding its suppliers. In their original manual process, The Home Depot staff worked with each supplier on a one-on-one basis to test EDI interfaces and to resolve errors or other integration issues. Using Edifecs Collaborative Testing, The Home Depot enabled their suppliers to perform these online tasks themselves and communicate directly with The Home Depot staff in a structured portal environment.

The operational and financial results from using Edifecs Collaborative Testing were significant:

- Elimination of all manual reviews of supplier EDI translator error logs to find and fix errors
- 60% reduction in FTE's required for onboarding activity
- 75% reduction in the overall manual steps involved in supporting the onboarding efforts
- 75% increase in the number of suppliers on-boarded per month

According to Charles McPherson, The Home Depot's Sr. Manager of Supplier Services, "With Edifecs Collaborative Testing, we replaced a complex, labor-intensive process for onboarding EDI-enabled suppliers with a self-service portal that has reduced the cost to integrate suppliers and dramatically increased the number of suppliers we can onboard each month. Replacing paper-based transactions with an EDI approach provided a much more efficient process for managing our supply chain. In addition, we have maintained a consistently high level of transaction integrity in our production environment."

Following the success of using Edifecs Collaborative Testing for supplier integration, The Home Depot plans to use the solution to customize business validations edits with internal business processes. Additionally, The Home Depot will continue to eliminate supplier paper transactions by adding additional X12 and EDIFACT electronic transactions.



An information management leader since 1996, Edifecs business was founded on the desire to enhance the performance of global enterprises by streamlining the exchange of B2B and EDI information and automating core business processes. Today, more than 500 organizations across multiple industries – including manufacturing, retail, online services, and healthcare use Edifecs' breakthrough solutions to solve difficult, transaction integration and exchange problems, helping our customers move past barriers to achieve new levels of success and profitability. Edifecs provides a complete solution for value-driven collaboration between enterprises by facilitating information exchange in a trusted, transparent and compliant manner in order to drive down operational costs and boost efficiencies. Edifecs has received multiple honors including Best Place to Work by Best in Biz, and Comparably's Best Company Culture, Top Benefits, Top CEO, Best Place to Work, Best Diversity and a Great Company for Women. Edifecs has also been honored locally by the Puget Sound Business Journal for being one of the Largest Private Businesses in Washington and for being one of Washington's Fastest Growing Private Companies. Edifecs is headquartered in Bellevue, WA. For more information, please visit <https://www.edifecs.com/vertical-industries>.