**Benefits of EDI:**

• **Reduced paperwork:** Even when paper documents are maintained in parallel with EDI exchange, e.g. printed shipping manifests, electronic exchange and the use of data from that exchange reduces the handling costs of sorting, distributing, organizing, and searching paper documents.

• **Cost cutting:** The use of EDI can cut costs. These include the costs of stationary & postage but these will probably be fully matched by the costs of running the EDI service.EDI and similar technologies allow a company to take advantage of the benefits of storing and manipulating data electronically without the cost of manual entry.

• **Reduced Errors:** Another advantage of EDI is reduced errors, such as shipping and billing errors, because EDI eliminates the need to rekey documents on the destination side. Keying an information into the computer system is a source of errors & keying paper orders into order processing system is no exception.EDI eliminates this source of errors. On the down side, there is no order entry clerk who might have spotted errors made by the customer- the customer will get what the customer asked for.

• **Faster Response**: With paper orders it would be several days before the customer was informed of any supply difficulty, such as the product is out of stock. With EDI the customer can be informed straight way giving time for an alternative product to be ordered or an alternative supplier to be used.

• **Improved funds transmission**: Due to this increased efficiency of non-paper accounts, cash flow will improve as electric fund transmission is able to begin much earlier than previously.

• **Improved Shipping Service**: Shipping is also improved as EDI provides quick and efficient information as it relies on barcode information to communicate. It is able to track inventory and eliminates the incidence of lost packages due to their isolation from the larger shipping order. EDI greatly improves accuracy of data as it is all automated.

• **EDI payment**: Payment can also be made by EDI. The EDI payment system can also generate an EDI payment advice that can be electronically matched against the relevant invoices, again avoiding query & delay.