White Paper

100 EDI Terms
You Need to Know
Table of contents

**PAGE 3**

Introduction

**PAGE 4**

1. Acknowledgment
2. Advanced Shipping Notice
3. Application Programming Interface (API)
4. ANSI X12
5. AS2
6. AS3
7. AS4
8. Authentication
9. Batch Processing
10. Bill of Lading (BOL)
11. Business to Business (B2B)
12. Cleo Clarify

**PAGE 5**

13. Classifier
14. Conditional
15. Confirmation
16. Data Element
17. Data Element, Composite
18. Data Segment
19. Data Segment Directory
20. Data Synchronization
21. Decryption
22. Digital Certificate
23. EANCOM
24. ebMS
25. ebXML
26. EDIFACT
27. EDI over the Internet
28. Electronic Signature
29. Encryption

**PAGE 6**

30. Enterprise Resource Planning (ERP)
31. Evaluated Receipts Settlement
32. Flat File
33. File Transfer Protocol (FTP)
34. FTPs
35. Functional Acknowledgment
36. Functional Group
37. Gateway
38. Global Location Number (GLN)
39. GLOBAL Registry
40. GPC
41. GS1
42. GRN
43. GSMP
44. GTIN
45. Header
46. Hub
47. IDoc
48. Implementation Guide
49. Interchange

**PAGE 7**

50. Interchange Control Number
51. Invoice
52. Loop Start
53. Load Tender
54. Manifest
55. Mapping
56. Message
57. Message Standards
58. NAK
59. Network Service Provider
60. Notification of Shipment
61. ODETTE
62. OFTP

**PAGE 8**

63. OFTP2
64. OSI
65. Orchestration
66. Payment Terms
67. PIDX
68. PIP
69. Point-to-Point
70. Protocol
71. Purchase Order
72. Qualifier
73. Registry
74. RosettaNet
75. RESTful Web Services
76. Segment
77. Segment Group
78. Self-Billing
79. Shipment Notification
80. Service Level Agreement (SLA)

**PAGE 9**

81. SMTP
82. SOAP
83. Spoke
84. SSH
85. Store and Forward
86. Store and Receive
87. Supply Chain
88. Syntax
89. TDCC
90. Trading Partner
91. Trailer
92. Translation
93. UCC
94. UN/CEFACT
95. Validation
96. VAN

**PAGE 10**

97. Vendor Managed Inventory (VMI)
98. Web EDI
99. Web Services
100. XML
101. EDI

**PAGE 11**

Summary
About the Author
Enterprises today can no longer rely on homegrown or legacy systems to secure, govern, and deliver the important B2B communications required to do business today. By standardizing the format and data communications, EDI technology provides a reliable file transfer mechanism that also standardizes essential B2B transactions, including order-to-cash, procure-to-pay, plan-to-produce, and load-tender-to-invoice. Companies deploying EDI solutions, then, reduce costs, improve operational performance, and achieve a faster time to value.

Maybe your business is making its first leap into EDI, or maybe it’s considering an upgrade to a more modern, single-platform EDI solution. Regardless of whether you’re a bonified newbie or a season EDI vet, it’s easy to get overwhelmed by all the terms, numbers, and acronyms that come with it.

We’re here to help you better understand this proven technology and how it can help your business. By no means is this an exhaustive list of everything EDI (we could spend years debriefing our experts on the topic), but it’s a start to understanding some key terminology regarding the technology driving business-critical processes.

Here are 100 terms about EDI – with a bonus 101st definition – that you should know.
1. Acknowledgment
A response to a command that is sent to the originator to confirm the message was received. There are generally two types of EDI acknowledgments, technical and functional. Technical EDI acknowledgments are generated by the result of a header validation, while functional EDI acknowledgments (more on these later) are generated by the result of a body validation.

2. Advanced Shipping Notice
A common EDI transaction, an ASN is notification of a pending delivery, to provide tracking and packing information ahead of a delivery.

3. Application Programming Interface (API)
A set of programming instructions and standards for accessing a Web-based software application or Web tool. These are generally used for communications between software programs and are critical in extending capabilities of things like EDI platforms.

4. ANSI X12
Standards for the electronic exchange of business transactions, it began by supporting only North American companies but is now worldwide.

5. AS2
AS2, or Applicability Statement 2, is one of the most widely recognized messaging standards for B2B, and helps businesses to establish their trading partner relationships to make it easier to exchange business data, such as EDI, XML, documents, and PDFs, over the internet. AS2 offers distinct advantages over HTTP and other less advanced protocols to ensure the secure transmission of data, including increased verification and security achieved through receipts, digital certificates, and file encryption.

6. AS3
A specification protocol that securely implements messaging across FTP. It allows software applications, such as EDI, to be communicated over the Internet and enable B2B connectivity.

7. AS4
A specification protocol that standardizes B2B documents via Web services. It is based on SOAP and XML, and is compatible with standard environments to transport data, including EDI.

8. Authentication
Allows the receiver of a message or transmission to confirm that the sender of the message or transmission is acceptable.

9. Batch Processing
The execution of a group of jobs in a software program that can run without the need to intervene.

10. Bill of Lading (BOL)
Vendors use these legally binding documents to move freight shipments. They are essentially a receipt between a freight carrier and the shipper.

11. Business to Business (B2B)
B2B is any type of transaction that occurs between businesses, rather than between a consumer and a merchant. EDI data exchange is an example of a B2B transaction.

12. Clarify
Cleo Clarify™ is an any-to-any data transformation and orchestration platform that enables companies to scale to support a wide variety of business integration requirements without additional coding. The software solution helps organizations easily transform EDI, XML, spreadsheets, flat files, and other non-EDI data into any other format for ingestion by on-premise and cloud applications.
13. **Classifier**
Describes how terms that are grouped together should be properly labeled, such as products.

14. **Conditional**
When a piece of data is contingent on another piece of data in order to successfully process. This data element requirement designator must be stated and must be able to be processed by a computer.

15. **Confirmation**
Notification that a message has been received successfully. A confirmation is similar to an acknowledgment.

16. **Data Element**
A group of data items that are labeled together to define an EDI standard by the type of data it represents. For example, a data element could be labeled as a city or state.

17. **Data Element, Composite**
A group of data items that consist of smaller sub-units underneath the umbrella of the original data items.

18. **Data Segment**
A pre-defined group of related data elements that are identified together to describe its function.

19. **Data Segment Directory**
Lists all of the data segments that are used in the data set as well as the data elements.

20. **Data Synchronization**
Establishing consistency among data sources over time. Works hand-and-hand with EDI to ensure that data is transmitted accurately and cohesively.

21. **Decryption**
Takes coded data and filters through it to convert it into text so you can understand its meaning.

22. **Digital Certificate**
An electronic credential used to securely exchange information. Digital certificates are used to verify the authenticity of a website, piece of data, or the sender of that data.

23. **EANCOM**
Contains message element standards that integrate information that is sent electronically with the physical delivery of goods or products to complete a transaction. EANCOM messages are used worldwide and across industries.

24. **ebMS**
The messaging layer of the ebXML framework that specifies how messages are sent and received over the Internet, including features for security and digital signatures.

25. **ebXML**
Electronic Business Extensible Markup Language offers an advanced level of security and reliability required for organizations that deal with sensitive information. The XML-based communication method was designed to standardize business data securely via a set of specifications inside of a framework.

26. **EDIFACT**
The Electronic Data Interchange for Administration, Commerce, and Transport, developed through the United Nations, is an international standard for the exchange of data. EDIFACT provides a set of syntax rules that are designed to structure data, an interactive exchange protocol, and standard messages that can exchange between various countries and industries. EDIFACT is used throughout Europe because many companies there adopted it very early on. The rules are approved and published by UNECE in the UNTIDID (United Nations Trade Data Interchange Directory).

27. **EDI over the Internet**
EDDIINT is a protocol that was designed by the Internet Engineering Task Force and builds a gateway from the sender to the recipient of data in a secured framework.

28. **Electronic Signature**
A digital way to sign contracts, agreements, or other documents that adds a layer of security to the way data is exchanged.

29. **Encryption**
The process of transforming easy-to-understand text into ciphered text to preserve security and privacy. Companies encrypt EDI and other data transported outside the company firewall to meet industry and government mandates and to protect sensitive information. Encryption also is used for securing data at rest (in storage).
30. Enterprise Resource Planning (ERP)
ERP is a process companies use to manage and connect varying parts of its business. A packaged ERP system, often a critical component in the EDI workflow, integrates everything within an enterprise, including customers, products (inventory and purchasing), finance, and human resources.

31. Evaluated Receipts Settlement
Used by companies to eliminate paper invoices between companies and their suppliers, it automatically settles goods receipts.

32. Flat File
Date stored in plain text, each of which holds a fixed-length record or a variable-length record separated by commas or tabs, in single or multiple formats. Data stored in flat files have no associated paths or folders. They are popular due to the ease with which they can carry data from a server into a flat file database.

33. File Transfer Protocol (FTP)
A network protocol that businesses use to transfer files between servers. It’s one of the oldest protocols in use today, and is a convenient but insecure way to move files.

34. FTPs
A more secure version of FTP, FTPs is a protocol for transferring files using Secure Sockets Layer (SSL) to protect the commands and data that are being transferred between the client and the server.

35. Functional Acknowledgment
A message sent from the receiver of a transmission to the sender to indicate that the message was accepted.

36. Functional Group
A group of related transaction sets that are organized into a collective unit.

37. Gateway
A connection between public and private networks that allows EDI documents to transfer across multiple networks.

38. Global Location Number (GLN)
A unique number used by companies to identify locations.

39. GLOBAL Registry
An index for companies to sort through local data pools and ensure they are GS1 compliant.

40. GPC
Global Product Classification categorizes products in a standard way to link different classification systems together.

41. GS1
Global standards organization for electronic business messaging that automate transactions throughout the entire supply chain.

42. GRN
A Goods Received Note is document that a customer uses to confirm goods have been received so an invoice can then be created to provide payment.

43. GSMP
The Global Standards Management Process is a governing body to develop data synchronization standards across the GS1 framework.

44. GTIN
Global Trade Item Number is a unique number developed by GS1 that is used by a company to identify all of its trade items.

45. Header
This is the segment that instructs a receiving computer where an individual EDI message starts.

46. Hub
A central link between a customer and its trading partners within a B2B program, often used to describe a “hub-and-spoke” distribution or communication scenario.

47. iDoc
An acronym for Intermediate Document, an iDoc is used to transfer EDI information between application programs using the SAP language.

48. Implementation Guide
A document that features a set of parameters for EDI files and explains how they should be featured and established.

49. Interchange
When business data between companies is exchanged in a standard electronic format.
50. **Interchange Control Number**
A unique identifier for a data segment in numerical form.

51. **Invoice**
An electronic version of a document that a vendor sends to a buyer indicating how much is owed for goods and/or services. Utilizing EDI software allows invoices to be automatically generated, which saves organizations time and effort from manually building an invoice to send to a customer or vendor.

52. **Loop Start**
A segment that differentiates between two or more loops of the same kind.

53. **Load Tender**
Used by shippers to submit an offer for a shipment.

54. **Manifest**
A document sent from a vendor who ships goods to a customer that states when the goods will arrive.

55. **Mapping**
Sorting through information within a company’s database and deciding where it should be placed within a data element is called mapping. EDI mapping was designed to save companies time and money. Instead of wasting valuable resources on manual entry on EDI, mapping allows companies to automate ingestion and processing. Because there are so many different types of standards that companies must adhere to, mapping enables companies to stay compliant.

With proper mapping, outbound EDI data gets converted into a format that is easier to use throughout the document lifecycle and with more modern technology. It also works with inbound EDI processes, where documents automatically map to a company’s database or ERP.

Mapping software can work with most types of environment a company might use, whether that means a large enterprise with thousands of users and systems, or a smaller business that features just a handful of users and legacy systems.

56. **Message**
Information that makes up a transaction, or a portion of a transaction. An EDI message is validated to ensure it’s in the proper format, then it is mapped to the correct format so your trading partners’ systems can receive and ingest it.

57. **Message Standards**
These are achieved when EDI is defined by agreed-upon structured data, between computer systems and automated.

58. **NAK**
A negative acknowledgement is sent to reject a received message, a notification that some type of an error has occurred.

59. **Network Service Provider**
A vendor that hosts a network and charges businesses a fee to maintain their services.

60. **Notification of Shipment**
A message that details the timeframe of the delivery of goods and services.

61. **ODETTE**
Organization for Data Exchange Through Tele Transmission in Europe is a group which is responsible for maintaining the interests of the European automotive industry.

62. **OFTP**
ODETTE File Transfer Protocol is the most common protocol used in Europe and was originally formed by ODETTE International, a company created by the European automotive industry. OFTP exchanges EDI data. Historically, OFTP worked over ISDN networks, since they were especially popular in Europe, but with the release of OFTP2, it has migrated to communications over the Internet.
63. OFTP2
The updated version of OFTP built for use over the internet. OFTP2 also features better security via encryption methods and digital certificates. Auto giants like Volkswagen and Volvo require trading partners to use OFTP2.

64. OSI
Open Systems Interconnection is designed to standardize computer networking, a way for computers to communicate with one another.

65. Orchestration
Allows users to maintain and control more complex documents, often with several steps to fulfill a process.

66. Payment Terms
An agreement between a buyer and a seller detailing the purchase price, as well as the date it will be satisfied.

67. PIDX
The Petroleum Industry Data Exchange is the energy industry’s network to maintain best practices.

68. PIP
Partner Interface Process is a defined business process between trading partners, fits into seven clusters of the trading partners network.

69. Point-to-Point
When messages are sent between one business partner to another without the use of a VAN.

70. Protocol
The communication mechanism that allows two computers to interact include FTP, AS2, and SFTP.

71. Purchase Order
The purchase order is used to control the buying of products and services from external suppliers. The document is something a buyer sends to a seller, explaining the ins and outs of a sale, including product, quantity, and pricing.

72. Qualifier
Describes the content of an EDI element. It is a description used within an EDI transaction set, which can identify a sender and receiver uniquely.

73. Registry
A registered repository with relevant information about different items that can be searched for via simple queries.

74. RosettaNet
A consortium of major computer, telecommunications, and electronic companies to sustain open e-business standards.

75. RESTful Web Services
Representational State Transfer specifies constraints that when applied to a Web Service improve performance. RESTful Web Services are lightweight and highly scalable, and are commonly used to create APIs for web-based applications. REST can identify and transfer EDI documents over HTTP.

76. Segment
Part of an EDI transaction set, a segment is a single piece of a group of related data elements.

77. Segment Group
EDI transaction sets placed together.

78. Self-Billing
When customers generate their own invoice and make a payment electronically, it is also processed automatically.

79. Shipment Notification
A message by the shipper to the receiver that goods and/or services have been sent.

80. Service Level Agreement (SLA)
SLAs are a defined commitment between a service provider and a customer, detailing the terms of the service and what is guaranteed. For instance, a cloud provider will sign a contract with a customer and guarantee a certain amount of uptime throughout the term of the deal. The SLA also details penalties should certain elements of the contract not be met, if that cloud company does not live up to its uptime guarantee. SLAs are valuable because there can be no misunderstandings on what is expected from vendor and customer. Companies can plan to receive EDI files at an expected time and keep business processes moving.
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<tr>
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<th>Definition</th>
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<tbody>
<tr>
<td><strong>81. SMTP</strong></td>
<td>Simple Mail Transfer Protocol is an Internet standard for email transmission.</td>
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<td><strong>82. SOAP</strong></td>
<td>Simple Object Access Protocol is a messaging protocol designed for programs that run on different systems to communicate via HTTP and XML.</td>
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<td><strong>83. Spoke</strong></td>
<td>A business partner that is typically a supplier to a buyer. It’s generally used in describing a hub-and-spoke B2B network.</td>
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<td><strong>84. SSH</strong></td>
<td>Secure Socket Shell is a network protocol used to establish secure connections between computers and enable secure file transfers over insecure networks. FTP that runs over SSH (SFTP) has mostly replaced FTP in secure business data exchanges.</td>
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<td><strong>85. Store and Forward</strong></td>
<td>An EDI message that is forwarded to the sender and then sent directly to the receiver.</td>
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<tr>
<td><strong>86. Store and Receive</strong></td>
<td>An EDI message that is stored temporarily for a period of time before the receiver chooses to access the message.</td>
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<td><strong>87. Supply Chain</strong></td>
<td>A group of processes, organizations, and activities working in conjunction to move goods and services from manufacturers and suppliers to end customers. EDI is critical in the supply chain to coordinate standardized communications across multiple parties and ensure fulfillment of goods and services.</td>
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<td><strong>88. Syntax</strong></td>
<td>The order and placement in which EDI messages are arranged.</td>
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<td><strong>89. TDCC</strong></td>
<td>The Transportation Data Coordinating Committee was formed in 1968 and developed the very first standards for EDI in the United States.</td>
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<td><strong>90. Trading Partner</strong></td>
<td>A company enterprises do business with and exchange goods and/or services. It can be a supplier, manufacturer, distributor, or other entity that plays a role in your organization’s success.</td>
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<td><strong>91. Trailer</strong></td>
<td>A segment of an EDI message that explains to the receiver where the particular message ends.</td>
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<td><strong>92. Translation</strong></td>
<td>Converting information into different EDI formats. Receiving computers feature translators that know where to find the buyer’s company name, order number, purchase items, price, etc., and then the information is sent to the receiver’s order entry system in the proper configuration. Translation technology eliminates the need for manual order entry.</td>
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<td><strong>93. UCC</strong></td>
<td>The Uniform Code Council is a group that oversees the standards for product identification and electronic communications.</td>
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<td><strong>94. UN/CEFACT</strong></td>
<td>United Nations Center for Trade Facilitation and Electronic Business is the focal point for trade facilitation recommendations and electronic business standards.</td>
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<td><strong>95. Validation</strong></td>
<td>This is an important step in processing EDI files and in determining whether a document meets company guidelines and compliance standards.</td>
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<td><strong>96. VAN</strong></td>
<td>A value-added network is a private network provider that handles the exchange of data, commonly EDI data, between organizations. VANs are popular with organizations that don’t have advanced B2B data exchange capabilities. Organizations are given a mailbox, where documents are exchanged (sent to and from) other businesses. VANs also carefully inspect each piece of EDI data to verify its identity and ensure that it is safe to open. VANs remain one of the most common ways to transfer data for companies that don’t do direct EDI, but they tend to be costly (charging by each kilo-character of data passing through) and limit companies’ visibility into their data interactions. Many organizations are moving away from VANs as more cost-effective and reliable communication solutions become available.</td>
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97. **Vendor Managed Inventory (VMI)**  
Inventory management that the supplier is responsible for maintaining.

98. **Web EDI**  
This is conducting EDI using an internet browser and replaces paper-based documents with web forms.

99. **Web Services**  
The term describes a standardized way of integrating web-based applications over the internet. Web services allow applications from various sources to communicate with each other using XML and are not bound by any one operating system or language. These can be SOAP or REST-based and are what allow APIs to be utilized.

100. **XML**  
Once viewed as a potential replacement of EDI, Extensible Markup Language is a text-based language designed to share information over the Internet. XML is more readable by humans than EDI and is designed to be more flexible, but it doesn’t have the same standards.

101. **EDI**  
EDI itself is a format, but its context in the digital business economy is so much more than that. When organizations talk about the need for EDI in their businesses, they are talking about a broader set of B2B processes that support high-value business outcomes.

Most EDI vendors, for instance, easily support the file transfers associated with traditional purchases orders, acknowledgments, and invoices that drive business. But integrating EDI systems with cloud and SaaS applications and on-premise systems – and providing the security, governance, and visibility into those interactions – is a much more complicated ask.

Modern EDI solutions must integrate in new ways, and enable companies to not only process X12, EDIFACT, Tradacoms, and other standards, but also support the data and partner management capabilities that transform EDI processes into a revenue-driving business differentiator. These include onboarding, SLA management, orchestration, and visibility that enable their partners and customers and increase the value of the goods and services they provide.

EDI isn’t just a format or a standard. It’s a way to execute B2B data exchanges in a way that supports broader business value.
Summary

Whether you’re new to EDI or have dabbled in it for any length of time, it’s important to understand that it’s more than a file transfer mechanism. Every term, acronym, and document code that comprises EDI contributes to the greater business purpose of growth and value. It’s a game-changing technology that, when delivered in an elegant and modern way, provides competitive differentiation for companies across industries.

Visit www.cleo.com/edi to learn more about EDI and how EDI integration can take your business to new heights.

ABOUT THE AUTHOR

Tammy Moyer

Tammy Moyer is a senior product manager at Cleo, responsible for leading the strategic direction for a line of B2B integration products. She ensures alignment between the needs of the market, customers, and Cleo. Tammy has more than 20 years of experience in the software industry, including positions as a network engineer, software engineer, test engineer, and product portfolio manager. Tammy holds an information sciences degree from Penn State University, where she focused on integration and enterprise architecture.