





2nd Generation EDI: A Business Perspective

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Introduction

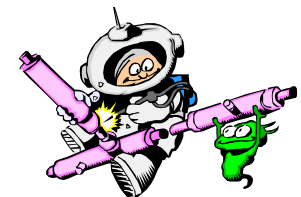
Topics for discussion

-  Historical perspective
-  Current State of EDI
-  The future
-  Security





Assumptions

-  Audience has an understanding of emerging technologies such as XML, HTML, Java
-  Audience has a basic understanding of the internet
-  Products or services will not be evaluated or discussed




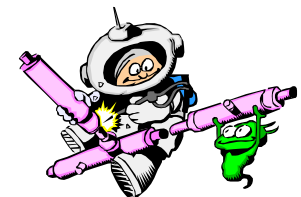
Definition of EDI

Qualified definition

-  The electronic movement of business documents, application to application in a standardized format
-  Best suited for those transactions that are repetitive and / or high volume

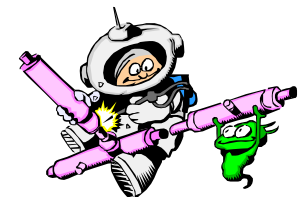
Why the qualification in definition?

-  There is a realization that Web based applications are not the be all / end all for all transaction processing ills







Realization

- 🤖 The realization: EDI will merge with re-engineered business processes
 - 🚀 Traditional translation over Internet transaction
 - 🚀 Other structured documents over the Internet
- 🤖 3Com surveyed their top 10 customers regarding web-based application usage. Our customers do not want to order products on-line
- 🤖 Rather, they want access to inventory levels and individual shipment information
- 🤖 Large enterprises have invested heavily in traditional EDI environments and realize that the business must change to extract the biggest benefit

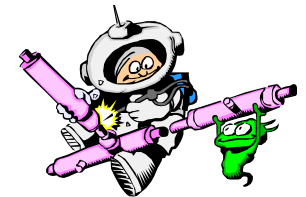


Historical Perspective

Cumulative Investment

 Hub	\$1,107,400.00
 Spoke	\$ 45,566.00
 Average	\$ 204,544.00
 Ideal	1% of a company's annual revenue

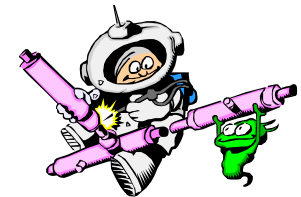
The EDI Group - 1994




Historical Perspective (cont.)

- 👤 Total number of companies doing traditional EDI -
Approximately 190,000
- 👤 This does not include companies that are doing EDI at
multiple locations
- 👤 Time and cost to implement
 - 👤 Average time to implement a trading partner with established
transaction set - 9 days
 - 👤 Average cost to implement a trading partner (development and testing)
- \$2,287.00

The EDI Group - 1994



Current State

 EDI considered a mature technology

 Not cost effective for SME's

 World wide install base - 190,000

Utilizing the Internet: EDI, XML, XML/EDI - May, 1999

 Perceptions

 EDI is Dead

 EDI is expensive to implement

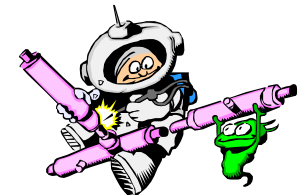
 EDI is too difficult to understand

 EDI is much more widely used than anybody thought

 1997 EDI transactions value \$2.7 billion

 2002 EDI value estimate \$3.8 billion

InternetWeek February 16, 2000



Current State (cont.)

 VANs are handling less traffic

 1997 VANs handled 95% of all EDI traffic

 2002 Estimate will be less than 50%

InternetWeek February 16, 2000

 Total integration of EDI is expensive

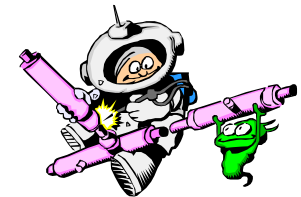
 Repetitive transactions increase ROI

 High volume reduces other costs


 Perception is that EDI is difficult to understand

 SME lack resources to understand and implement

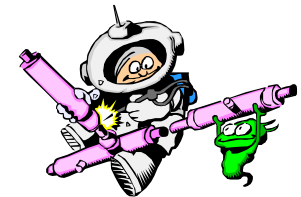
 Rip and read solutions



Current State (cont.)

 “We're using EDI because this is what's most commonly found. On the other hand, we know that EDI is not the long term technology. Long term technology will be Internet transactions...”

Eric Benhamou 3Com CEO, January 6, 1998



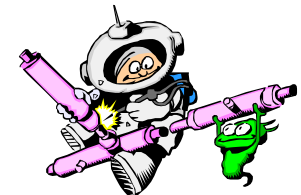
EDI Future

- 👤 U.S. business-to-business Internet commerce is expected to grow from \$43 million in 1998 to over \$3.2 trillion by 2003. A portion (\$1.3 trillion) will be via EDI.

Utilizing the Internet: EDI, XML, XML/EDI - May, 1999

- 👤 Move from traditional to hybrid
 - 👤 From VAN to Internet Protocol
 - 👤 From traditional EDI to other structured document

- 👤 What role will EDI play?
 - 👤 EDI will be a complementary technology, supporting the business, rather than one that competes with other applications / technologies, including the WEB.



EDI Future (cont.)

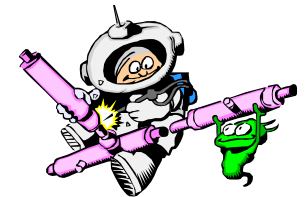
Today's technology

 Event driven

 Schedule driven

 Real time


 FTP of formatted files



EDI Future (cont.)

Tomorrow's technology

 XML (developed but not pervasive)

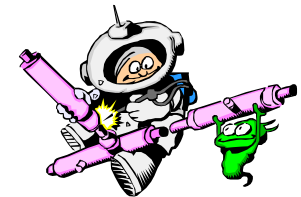
 Mini-macros (software applets, downloaded from an Internet site, that allow files to be created in a proprietary format and transmitted)

 EDI over the Internet

 Internet as a transport (standard documents)



 VPN's

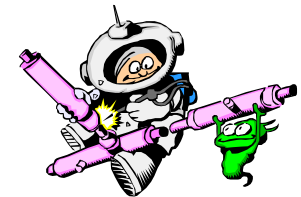
 Web Applications



EDI Future (cont.)

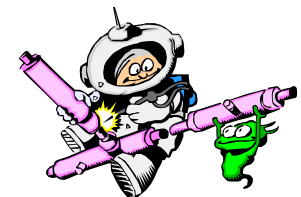
RosettaNet

-  Clearly defined business transactions utilizing XML and the internet
-  Seven business documents defined

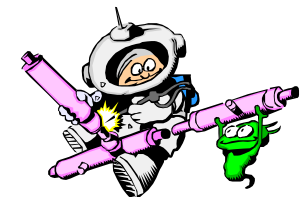
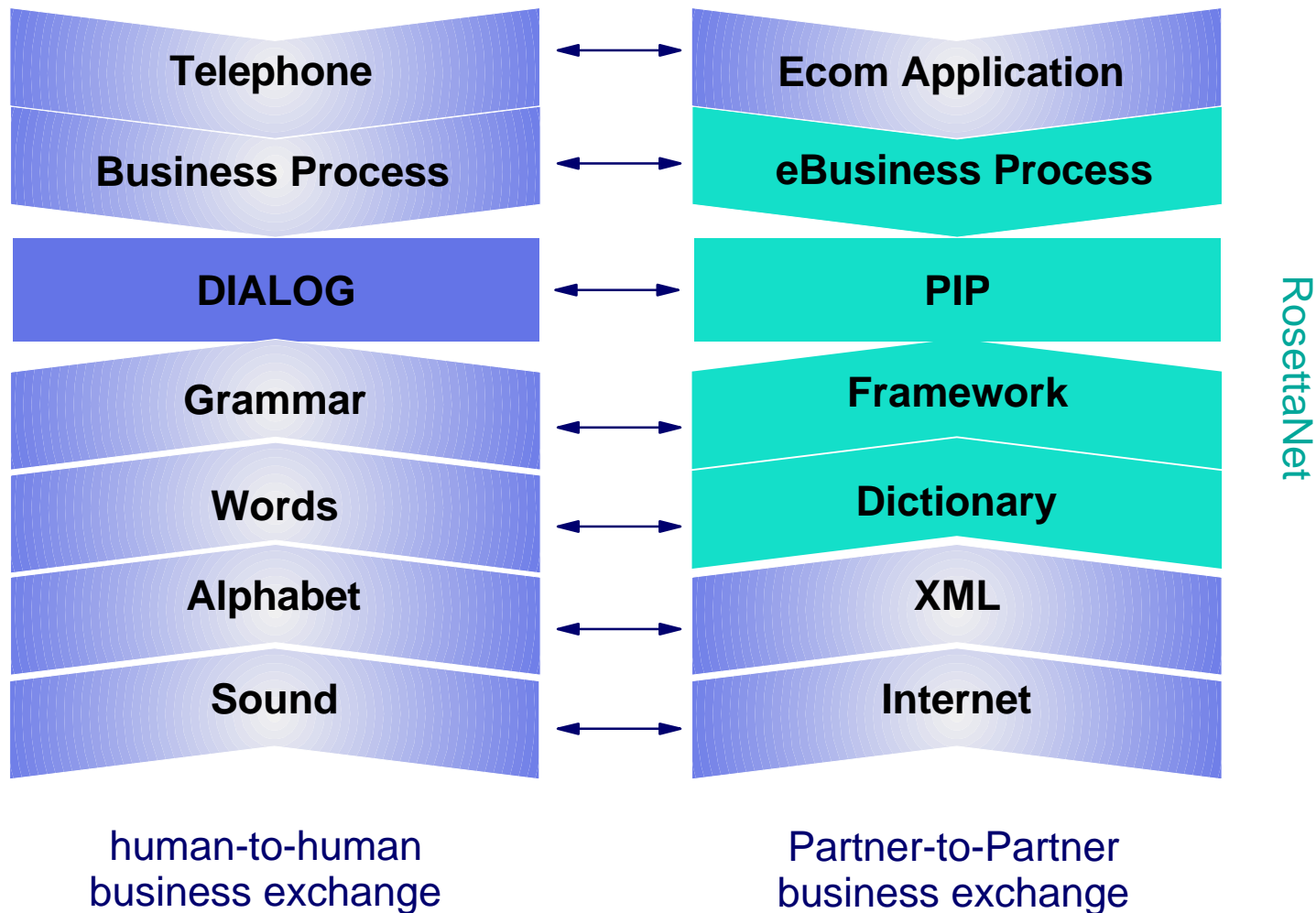


RosettaNet

- 🐜 RosettaNet will harness the global and pervasive reach of the internet by defining - and leading the implementation of - open and common processes designed to align the electronic business interfaces between IT supply chain partners, ultimately resulting in measurable benefits for IT buyers and supply chain partners.

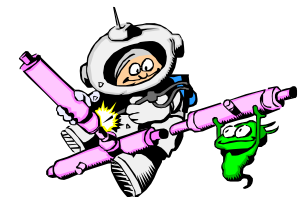


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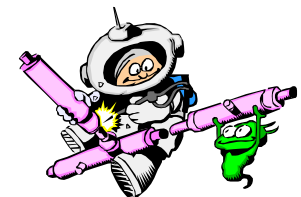
Security

- 👤 The internet, a global network, was not designed to support confidential corporate and / or financial transactions
- 👤 Private gateways (VPN's) must be established to resist intruders
- 👤 Data Encryption
- 👤 Private registration vs. auto-registration





Enterprise Direction

- 🤖 Web Based applications
- 🤖 Traditional EDI
- 🤖 Traditional business flow
- 🤖 Web based applications
 - 🚀 Transactional
 - 👉 Order status
 - 👉 Inventory availability
 - 👉 Price catalog
 - 👉 Purchasing
 - 👉 Direct - shopping cart
 - 👉 Indirect - referral





Enterprise Direction (cont.)

Web Forms

-  Not integrated into ERP
-  On-line, real time transaction



On-line Marketplace

Auctions




-  Passive (traditional)
-  Aggressive (reverse)

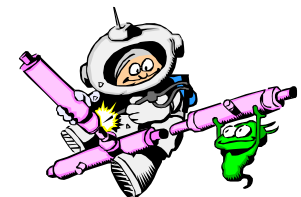
Traditional EDI

Integrated Order Management

-  Channel Inventory transactions
-  Purchasing transactions

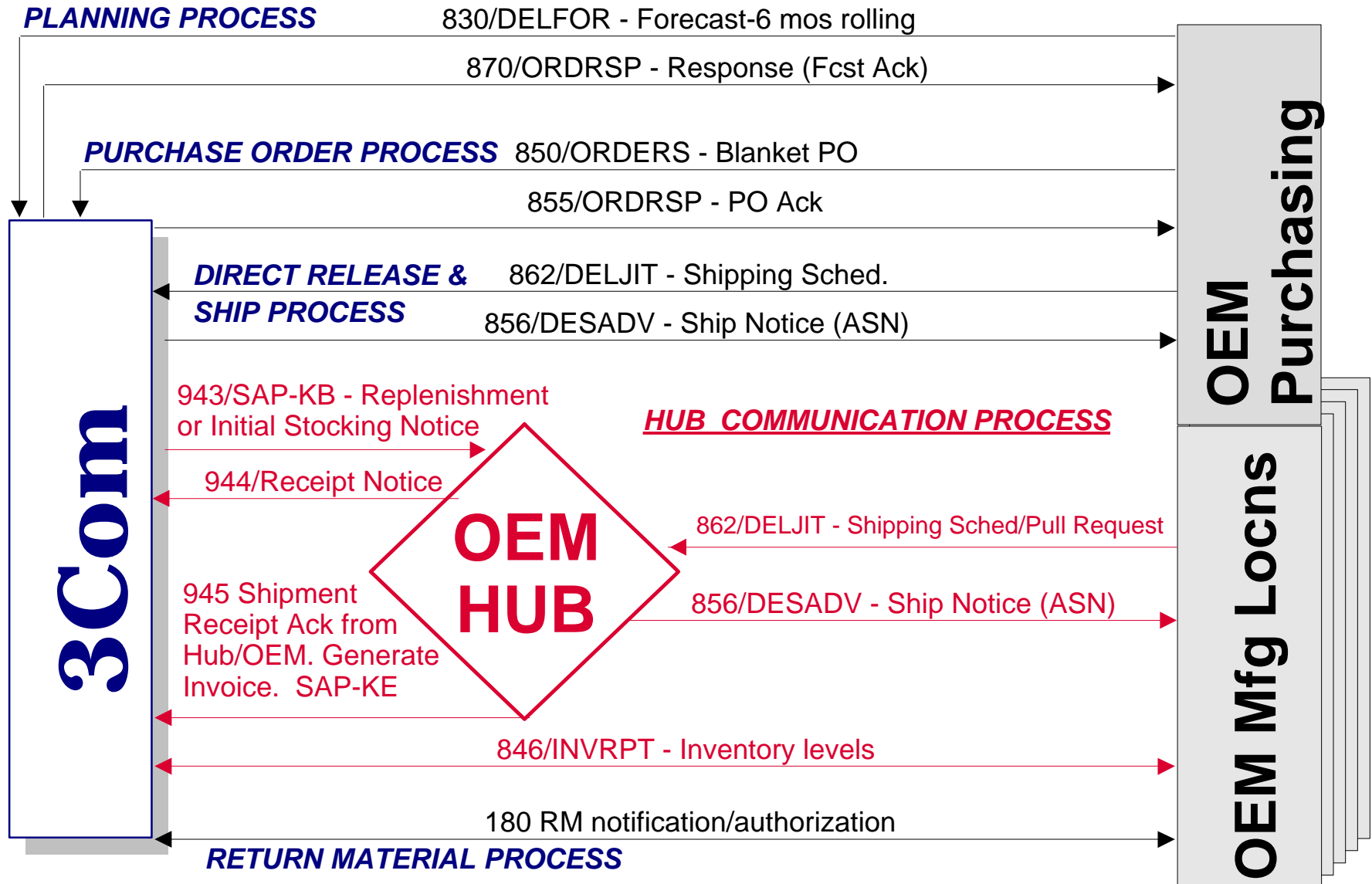
Supply Chain Management

-  Forecast
-  Orders
-  Ship Schedules






OEM & Hub Automation Scope

Generic Process



3Com's Scorecard

Our stated goals

-  80% of all customer's orders electronically by fiscal year end '00.
Currently at 66%. A 22% increase same time 1999
-  Top 25 vendors on consignment by calendar year end '99. Currently 16 enabled
-  EDI is the primary enabler with web applications supporting the business process

