

# ***FGL EDI Operations Manual*** ***June 2010***

## **Chapter 4.** **Direct EDI Overview and Process**

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## ***Introduction to Direct EDI***

Direct Electronic Data Interchange (EDI) is the best communication method for vendors who exchange data this way with other retailers or who expect to do a high volume of transactions with FGL. Vendors choosing this option will need to invest resources up front to ensure a smooth transition to EDI.

Software is required to translate your internal data into the EDI format required by FGL and to translate X12 data received from FGL back into a format your internal systems will accept. There is a number of software options available to you. You can purchase a commercial translation software package and implement it yourself or you can use a turnkey application offering software EDI translations. You could also contract with a company like Sterling Commerce for managed services. Depending on the software solution you choose, you may also get added features like automatic data checking. Choose an option that meets the needs of your company.

You should have done a thorough analysis of your company's processes and how they may conflict with our requirements. Any issues or problems should be dealt with by you in conjunction with our Electronic Trading Coordinator, and if required, our Vendor Standards Group.

Vendors exchanging data with Direct EDI are currently required to implement five electronic documents, the 850 Purchase Order, the 855 Purchase Order Acknowledgement, 856 Advanced Ship Notice and the 810 Invoice. As well, you must be set up to send and receive 997 Functional Acknowledgements.

Once you have decided to move ahead on the Direct EDI path, there are six steps to our "Onboarding" process to get your company to successfully exchange documents.

1. Choose a communication method: VAN or Direct
2. Implement EDI Technical Guidelines
3. Measure readiness
4. Receive SPS Certification
5. Participate in FGL end-to-end testing
6. Move to production

## ***Choosing a Communication Method***

To exchange information successfully, our computers need to be speaking the same language. And this means you will need to choose a communication method. FGL will support two communication methods; either a Value Added Network (VAN) or direct connection. Direct connection may use a range of data types, including Applicability Statement version 2 (AS2) or Secure File Transfer Protocol (FTPS or SFTP). You will connect to our partner, Sterling Commerce.

**Value Added Networks (VAN):** The transfer of information is done via an EDI clearinghouse or post office. The EDI documents are sorted into the appropriate partner's mailbox where they can access and retrieve the documents. A vendor subscribing to a VAN service can have this single point of communication for the delivery and receipt of all EDI transmissions. A VAN simplifies the task of exchanging data since it eliminates the need to interface with each trading partner individually. It will also provide a secure connection between systems, eliminating the risk of intrusion.

Typically VAN service providers charge fees for incoming and outbound documents. These charges are usually per kilo-character (1000 characters) and may include other charges for storage, mailbox maintenance or interconnect requirements. These charges will vary depending on the provider. You may opt to use Sterling Commerce, our preferred VAN service provider. You should confirm any fees charged. These are your responsibility.

**Direct Connection:** A direct connection with our partner Sterling will allow you to send business documents over the Internet, regardless of the data format. This will eliminate character based charges and the expenses associated with being a VAN subscriber. However, you will be responsible for mailbox capability, security, data monitoring, and protocol issues.

The vendor is responsible for all AS2 and Secure FTP related fees which may include application software licensing, certificate fees and your in-house support staff. In addition, if you choose AS2, there will be a onetime \$800 (Canadian) provisioning fee charged to the vendor by FGL. This covers the work required on our end to facilitate this communication method.

## ***Implement EDI Technical Guidelines***

We have compiled a comprehensive set of EDI Technical Guidelines for vendors to ensure they understand our technical requirements. The Technical Guidelines list, in a language familiar to programmers and EDI experts, the way we need to receive this information and what information is required in each X12 Transaction. While similar to other retailers you may be working with, there are some variances with FGL's technical requirements. For example, for a Cross-Dock Order, we required the Mark-For information at the pack level.

Before you start this process, we find it's helpful to do an inventory of your own EDI system, understanding its capabilities and limitations, in light of our requirements.

Your IT department or service provider will use our Technical Guidelines to format the information you send to us electronically. It's called mapping – and it ensures the data that you enter in a specific field arrives at our gateway at the appropriate field. It's also important that the data that we send to you is mapped appropriately.

You can see the Technical Guidelines for each document posted on our [Vendor Portal](#). We have included an introductory document to explain how to read the Technical Guidelines and an overview of technical requirements. As well, in the appendix to this document, we've included a number of sample transactions containing X12 code. You should check to ensure your code looks the same.

As part of your set up process to prepare for testing, you should be unit testing each field. We recognize that you won't be able to test for compatibility and we know from experience that many vendors have mapping issues that won't be caught until the end-to-end testing stage. However, we expect you to do due diligence on your system before starting FGL testing.

## ***Measure Readiness***

It is your responsibility to acquire and provision the necessary hardware and software enabling you to exchange this information with us. Managed services, such as those provided by Sterling Commerce, are also available eliminating the need for investments in software and infrastructure.

### **Pre-Testing Task List**

- All paperwork pertaining to becoming a FGL vendor, particularly your Vendor Policy Agreement, has been submitted and approved by FGL.
- The FGL Vendor Standards Manual has been downloaded and reviewed.
- The EDI Technical Guidelines have been downloaded and implemented.
- Your data translation maps for all documents have been written and internally unit tested.
- The interface to your backend system is operational (i.e. EDI data to and from your system is auto-

mated).

- A communications method has been selected and is functioning (VAN or direct connection).
- A printer capable of producing production ready carton labels is operational and integrated with your systems.

After all steps in the pre-testing task list are satisfied and you have notified FGL that you are ready to test, SPS Commerce will schedule the testing phase at a time that is mutually convenient. Testing and certification is a two-phased process. First you will be required to pass a certification step with SPS Commerce. The second phase is the FGL end-to-end testing which will find mapping and FGL specific issues.

## ***SPS Certification***

During the SPS certification phases you will exchange documents with SPS using test data and a test platform created and maintained by SPS. Our systems are not involved and our staff are involved only to resolve issues that SPS is unable to address.

SPS will send test purchase orders. These orders will be a combination of cross dock and non-cross docks orders containing a mix of bulk items and pre-pack items. SPS will also test a mix of blanket, release and standalone orders (BEG01 = BK, RL, SA).

This certification process will ensure your systems can receive our information and send information to us. It will ensure your system is set up to meet the Technical Guidelines. It is a very high level check for functionality

SPS will determine when you have met the requirements for Certification.

## ***FGL End-to-End Testing***

Once your company has been certified with SPS, we will send you a note advising that you are ready to move into our End-to-End testing phase. Testing accomplishes a number of things. First of all, it provides an opportunity for us to ensure you have identified all process issues that may cause conflicts with EDI. Ideally, we will be aware of these in advance. We'll be able to identify conflicts with your business systems or processes and our requirements. We can work with you to identify the conflicts and escalate issues to our Vendor Standards Group as required.

Testing also ensures that the data you send to us meets all of our requirements and that our systems can process your data appropriately. Each line and loop will be validated to ensure it is correct. Finally, testing is also an important training ground for your employees to learn about our systems, support channels and FGL processes.

We will assign a dedicated FGL person from our EDI testing team to your company. He or she will be your contact for the duration of the testing process. We encourage you to work closely with this expert. He or she has experience with other vendors and can often troubleshoot problems for you. Your tester will often save you time and frustration with good advice.

The most effective way to manage this work is to treat testing as a project, assigning dedicated resources to it. Generally, we find a combination of IT and business expertise is required to ensure all

### **Pre-Testing Checklist**

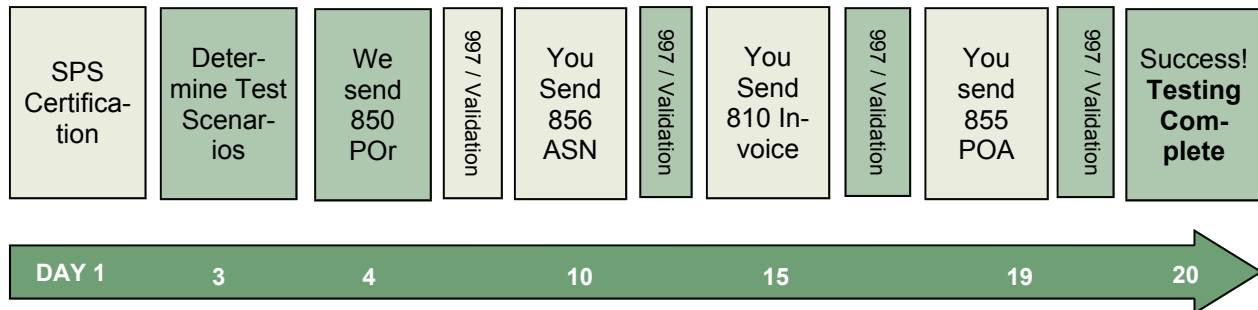
- Create project
- Assign dedicated resources
- Choose appropriate staff for training situation.
- Ensure QA compliance with our Technical Guidelines
- Engagement = Success

steps are done properly. Your IT expert will be able to manage the data interchange. A business specialist will be able to make decisions on the content to ensure it reflects your actual business process. Because this is also a training process, we strongly encourage you to assign the same people to testing that will be doing the work in production. This is the best way to ensure your employees have the knowledge base they'll need to meet all of our EDI requirements down the road.

We encourage you to take this testing very seriously. We find the vendors that commit to testing and dedicate employees who engage in the process have fewer issues and are able to move into production much more quickly.

Ideally, we expect this process to take about 21 days from approval to completion of all documents. This timeline is tight and is dependent on issue-free testing. Our support staff are often managing dozens of testing situations. They will validate data and respond to you as soon as possible.

This is what the process looks like – with an approximate timeline included. FGL roles are in green. Your roles are in grey.



## Approval for Testing

We will send you a confirmation email indicating that you are ready to move into end-to-end testing with FGL. On our side, our testing department will work to configure your company in our testing environment. This means your data and communication method will be recognized by our systems and our “test” buyers are set up to send you an order.

To start the process, we will send you test Purchase Orders. You will be expected to return the corresponding 855-PO Acks, 856-ASNs, 810 –Invoices and UCC-128 labels.

We suggest that these test documents be routed to an appropriate test system and not to your production systems. To be clear, the POs that we will send you are for testing only. While we strive to be accurate, with real UPCs and product information, FGL is not buying these products. The Purchase Order is for EDI testing only.

## Understanding Vendor Capabilities

The first step in the testing process is for us to understand any limitations imposed by your systems and processes. As part of your confirmation email, you will receive a questionnaire that must be returned as soon as possible. You should have already discussed these questions and be able to provide answers quickly and easily.

These questions will help us understand how your business processes may impact your ability to meet our EDI requirements.

### Introductory questionnaire

1. Franchise Vendors: Are you able to send an 810 invoice for orders without an 850 PO? (Y/N)
2. Are you able to send the EDI 856 ASN prior to shipment? (Y/N)
3. Are you able to accept and process Cross Dock Orders? (Y/N)
4. Are you able to accept and process orders containing Pre-Packs (also called case-packs)? (Y/N)
  - On Bulk (DC) Order PO? (Y/N)
  - On Cross Dock Order PO? (Y/N)
5. Can you accept and process orders that have Pre-Pack items and Bulk items together (Y/N)
  - On a Bulk (DC) order PO? (Y/N)
  - On Cross Dock Order PO? (Y/N)
6. Can you accept multiple styles on a single PO? (Y/N)
  - On a Bulk (DC) order PO? (Y/N)
  - On Cross Dock Order PO? (Y/N)
7. Can you produce a single 810 invoice per shipment (ASN)? (Y/N)
8. Can you produce retail price tickets? (Y/N)
9. Will you have invoices for FGL that contain charges and allowances? (Y/N)
10. Can orders that have been sent on paper be resent to you as an EDI 850 PO when you are online with EDI? (Y/N)

It is often helpful to schedule a conference call with our EDI testing resource person at this point to ensure you're answering questions correctly and to discuss the various scenarios. For more detail on these order and merchandise types, please see Chapter 2—FGL Processes.

Any issues that can't be dealt with by your EDI Electronic Trading coordinator will be escalated to our Vendor Standards Group. However, please be aware that exemptions to FGL requirements are not granted often.

## Determine Test Scenarios

Your answers to these questions will help determine what specific scenarios we will test with you. If you can't meet our requirements in specific areas, you must work with our Vendor Standards Group to receive an exemption.

Vendors who sell to our Franchise Division will be required to test 810-Invoices produced without an EDI Purchase Order.

Generally, the types of orders and the types of merchandise we order will not change when you transition to EDI. You can expect orders similar to those you have received in the past. We try to ensure we use actual UPC codes and product identifiers in the testing process to best reflect the actual data that will be exchanged. For testing, each PO will require a single ASN and a single Invoice.

With most vendors, we'll test two different POs in the testing process. These will be basic scenarios. We are testing for usual or standard transactions, not ones with exceptions. However, with some of our larger trading partners, we may test up to 10 scenarios to capture the range and scope of transactions types.

You will receive an email documenting the full scope of testing process we will implement with you. We'll follow it with a set of Purchase Orders. Generally, we find that vendors will deal with all Purchase Orders together, returning a group of 856-ASNs for example. This doubling up of documents is fine. In fact, it can help streamline our validation process.

## Exchange and Validate Documents 850,855,856, 810

Next, we move into the document exchange phase. Ideally, we would do this work in the proper “chronological” order or the typical way the processes would work in production. However, we find that it is more efficient for us to look at the documents that have the most issues first. So, generally, we’ll ask you to send us the 856-Advanced Ship Notice, followed by the 810-Invoice. Finally, we’ll validate the 855-Purchase Order Acknowledgement.

***Avoid Common Errors: Check mapping against Technical Guidelines***

By far the biggest issue that our FGL Electronic Trading Coordinators see deals with the mapping of data. If the data in your forms is not mapped accurately to our fields, your data will fail at the gateway. The segments must be in the proper order and all mandatory fields must be populated. Our challenge is to determine exactly where the data you send is going to help you solve issues. We can work with you to decode the data – but this takes time and resources. We can’t stress enough the importance of implementing the Technical Guidelines as outlined.

The other issues we encounter as we work to validate your data are often related to common business errors. This include issues like mixing SKUs in a carton for a Bulk Order, which we can’t process in our DC, or trying to invoice multiple shipments on one invoice. We encourage you to read our Operations Manual chapter on FGL processes carefully to ensure you can avoid these errors that can drag out the testing process.

### **We Send Purchase Orders (850-PO)**

Test purchase orders will be sent to you by FGL. You will see at least two test POs, usually one Cross Dock and and one Bulk (DC) Order containing a mix of Bulk items and Pre-Pack items as agreed to when we outlined our testing process.

The Cross Dock PO will have two stages to reflect our business processes. You will receive the first PO as BK or blanket PO, that has all of the merchandise totals without store allocations. Once you receive that PO, we will follow it up with an updated PO (sent as an RL or release order) with the store allocations on the Order. You will need to send your 856-ASN and 810-Invoice from the RL Purchase Order.

### **Exchange of 997-Functional Acknowledgment**

- Your system should send a 997 within 24 hours of receipt of the Purchase Orders. We will reply with an email indicating receipt of 997. If there are issues, we will outline them and expect a corrected 997-Acknowledgement.

### **Advanced Ship Notice (856-ASN) and UCC-128 Labels**

- You build Advanced Ship Notices from information provided in the test Purchase Orders.
- Your ASNs will be analyzed and an e-mail will be sent indicating receipt of each ASN and noting the successful exchange with the FGL system or a failure.
- Errors will be outlined in the email. We will expect a corrected version to be sent.

As well, you’ll be expected to send an appropriate number of sample labels for the size of the order. They must meet the standards outlined for labels in our Vendor Standards Manual. Please make sure you are familiar with requirements before you send test labels. Electronic file formats (PDF) emailed to us are sufficient for verification and testing.

#### **Common Testing Scenarios**

- Cross Dock Order
- Bulk Order
- Bulk Item and Pre-Pack Items in same order
- Updated BK PO to RL with store allocations
- Franchise Invoice Sample carton labels to match ASN-856
- 810-Invoice from all POs

### **Invoice (810-Invoice)**

- You will be required to send invoices to FGL. Test invoices should include data from the original PO test PO and correspond to the test ASN.
- Your invoice will be analyzed and an email will be sent within three days indicating receipt of each invoice and either the successful exchange with the FGL system or a failure. If errors are noted, the email will indicate which corrections are required. FGL will expect additional invoices from the vendor reflecting the changes requested.

### **Purchase Order Acknowledgement (855-POA)**

- You send a 855-POA for each test Purchase Order.
- Your POA will be analyzed and an email will be sent indicating receipt of each POA and noting either a successful exchange with the FGL system or a failure. Errors will be outlined in the email. We will expect a corrected 855-POA to be sent.

## ***Move to Production***

Once you have successfully sent us all four documents, we will confirm your completion of our end-to-end testing phase with an email from your FGL Electronic Trading Coordinator.

Once you complete your end-to-end testing, your Electronic Trading Coordinator will check all items on the testing checklist. It will go to our Vendor Standards Group, Merchandising Systems manager, as well as managers in our franchise division accounts payable departments for sign off. Then, we'll initiate the process to enable your company in our EDI environment.

Your company will have to be enabled in different FGL systems and each process will need to be validated. This process can take between 48 hours and two weeks, depending on the urgency and our workflow.

You will receive a confirmation email with a suggested launch date. With some vendors, a meeting will be arranged before this time to double check systems and processes. This date will be the earliest that we can accommodate EDI transactions. You will have time to get your systems in order and we will agree on a first transaction date.

### **First Transactions**

Our merchandising department will be in touch to identify any outstanding Purchase Orders that may be retransmitted via EDI. Resending these outstanding purchase orders will allow you, the vendor, to generate the corresponding 856 ASN and 810 Invoice documents to be transmitted to FGL.

Your EDI coordinator will work closely with you to monitor the first few transactions to ensure a smooth transition. We'd appreciate an email to [etsupport@forzani.com](mailto:etsupport@forzani.com) when you send us your first few documents so we can track them easily.

Our Accounts Payable department requires matching paper invoices to accompany your first few 810-Invoices to ensure accurate data is being transmitted. After a few transactions, you will receive confirmation that you no longer need to send the duplicate paper invoices.

#### **Post-Launch**

- Continue with paper invoices for Corporate Division until you hear from accounts payable it is no longer required
- Contact [etsupport@forzani.com](mailto:etsupport@forzani.com) for help and support