



Supply Chain Operations & Technologies
 Supply Chain Vendor Compliance
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Since January 1996

The November 28, 2011 edition of *Information Week* magazine made me wax nostalgic a bit.

I learned that John McCarthy, the person who coined the term "artificial intelligence" passed away in October. According to the article by Andrew Binstock, Mr. McCarthy designed the Lisp programming language for artificial intelligence in the late 1950s and Lisp's "functional programming model is at last gaining traction in mainstream programming".

I saw three full-page ads by Perforce (www.perforce.com) that used the tag line "The best ideas evolve" and showed contrasting images of old and new processors, cameras, and video game controllers. Clever.

I read an interesting article by Capers Jones and Olivier Bonsignour about software quality inspection. The authors state that IBM developed formal code inspection processes in the 1970s that are still in use today. The article informs while inspections increase front-end costs they forever decrease downstream costs. The authors say that projects with formal inspections realize lower maintenance costs of approximately 45%. Formal inspections are a "deeper dive" than just software testing.

It seems like what was old is now truly new or at least gaining acceptance and recognition.

My thoughts floated to one of my core consulting specialties in which I have 20 years of experience: Electronic Data Interchange (EDI). For all the talk approximately 10 years ago about XML being the EDI killer, EDI is just as if not more pervasive as ever before. In a May 21, 2008 article titled "EDI and Darwin – Survival Of The Fittest" by Steve Keifer in the *Ecommerce Connexion* newsletter, Mr. Keifer states that EDI's resiliency and growth can be attributed to several characteristics: EDI is mature (20+ years old); EDI is industry-neutral; EDI has been proven to work; EDI is inexpensive these days; EDI is independent of network protocol; and EDI is a standard and was the only e-commerce standard for a 10-year period.

In my experience I've helped clients with EDI and integration to their ERP systems in the following verticals: retail consumer products, pharmaceuticals, marine, electronics, and book publishing. While the EDI standards have evolved to meet new business needs and situations (e.g. Y2K when the year part of dates went from two digits to four digits), the structure of EDI documents and the format of the transaction records has remained consistent to what I remember from my first introduction to EDI.

As technology has lowered an objective barrier to EDI implementation, there still remains a critical element in the subjective integration of EDI to the ERP system. Further, the introduction of EDI will typically require changes to business processes as operational procedures will be affected (and in my experience, improved upon): this is because the necessity of EDI is usually just one of many vendor compliance requirements. EDI equates to closer supply chain relationships – which can lead to sales growth for suppliers – with good operations return-on-investment potential from both up-stream and down-stream supply chain perspectives. Organizations who are not taking full advantage of this tried-and-true technology should really reconsider and take a serious look at the benefits EDI brings.

Thanks.

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