

# Advance Ship Notice Requirements Document

January 2005

This document helps Christian-retail industry suppliers better understand the Electronic Data Interchange (EDI) Advance Ship Notice. Its purpose:

- **Reduce supply chain and administrative costs by using electronic processes.**
- **Improve efficiency so all channel trading partners can be more competitive—particularly as other retail channels increasingly sell more Christian products.**
- **Allow automated receiving and electronic invoicing as one of four crucial electronic transaction documents:**
  - Purchase Order
  - Purchase Order Acknowledgement
  - Advance Ship Notice
  - e-Invoice.

Christian-store businesses support the ministry of distributing Christ-honoring resources to people who need and want them. To do that, businesses need to be profitable. EDI and the ASN document contribute to profitability by increasing efficiency and lowering operational costs.

*Information for this document came from responses to a questionnaire sent to industry suppliers already using EDI and the Advance Ship Notice.*

## The Questions:

<b>What is an ASN? Why use it? .....</b>	<b>3</b>
<b>Why is it important to trading partners? .....</b>	<b>3</b>
<b>What technology is required to complete ASNs? .....</b>	<b>4</b>
<b>What operational processes are necessary to provide ASNs? .....</b>	<b>5</b>
<b>What shipping processes are necessary to ensure ASNs are actually shipped in advance? .....</b>	<b>5</b>
<b>What investment is required to implement ASNs? .....</b>	<b>6</b>
<b>Where can I get help? .....</b>	<b>6</b>

# **ADVANCE SHIP NOTICE REQUIREMENTS DOCUMENT**

## **What is an ASN? Why use it?**

The Advance Ship Notice is an electronic document transmitted from a supplier to a retailer via POS or other computer systems to give advance notice of what products are being shipped from a purchase order. The ASN allows cost and time savings through automated receiving and electronic invoicing. It also contributes to broader industry supply chain goals of improved order cycle times, higher in-stock rates, and better inventory turn.

The accepted Electronic Data Interchange document is the 856. The number identifies a specific ASN document approved by the American National Standards Institute (ANSI) Accredited Standards Committee (See [www.x12.org](http://www.x12.org)). The committee has set standards for 315 EDI transaction sets—part of its mission to bring together business and technical e-business professionals to develop and maintain EDI standards based on X12 EDI, XML, and UN/EDIFACT formats. The standards aim to create new and improved forms for data sharing to enhance business processes, reduce costs, and expand any-size organizations' reach anywhere.

The 856 document is a carton-level receiving document, which means the ASN tells retailers exactly what's in each box, how the shipment is configured, and what carrier will bring it.

The value of the 856 is that a recipient can scan a bar code on a box to receive it. With compatible technology systems, that scan could update POS inventory numbers and reconcile the POS purchase order, saving much time and effort.

The Christian Product Standards Group, the Christian-retail channel's standards organization, has determined transactions should use the preferred 856 ASN and a separate electronic invoice document—the 810 EI.

## **Why is it important to trading partners?**

ASNs can eliminate time and labor in the receiving and reconciliation process. A key weakness in using ASNs might be suppliers' fulfillment accuracy. However, suppliers who can provide accurate fulfillment can save significant time not only for trading partners but also in internal accounting systems. Electronic documents mean shipping, purchase order, and invoice processes can be automated.

The ASN also contributes to greater data visibility among trading partners, as electronic systems makes generating and sharing data much easier.

## What technology is required to complete ASNs?

For retailers, technology providers typically offer EDI software. Industry POS systems currently are developing advance EDI documents, such as the ASN and invoice, to complement existing purchase order and purchase order acknowledgement documents. Larger retailers who use specialized systems usually have EDI modules included in their systems that either need to be turned on or purchased separately. Retailers with proprietary software programs without EDI modules can acquire off-the-shelf EDI software.

<b>Industry Standard EDI Documents</b>		
<b>Doc</b>	<b>Description</b>	<b>Version</b>
856	ASN	4010
810	Invoice	3060
852	Product Data Activity	4010
832	Sales Catalog	4010
850	Purchase Order	3060
855	PO Acknowledgement	3060
997	Functional POA	3060

For many suppliers, EDI usually is an available component of corporate software systems. However, EDI software can be purchased separately to integrate into existing systems. Software is available for PC- or server-based systems for less than \$1,000. However, like all software applications, depending on applications and implementation scope, integrated software packages or programs could range much higher.

Pubnet is the industry’s EDI provider, allowing trading partners a web-based interface that can translate incoming electronic orders to EDI formats or send EDI documents directly between trading partners via a hub computer system called a Value Added Network. The VAN systems use mail-boxes to send and receive orders. Trading partners also can send EDI orders directly to each other if one of them has a “translator”—a computer and software that accepts EDI orders and translates them into other computer languages or systems.

Ideally, your EDI system should integrate into your business software to prevent having to manually enter data between systems. Otherwise, you defeat the purpose of eliminating process time and labor.

Suppliers should be able to “pack to box” and have bar-code labels on each shipping carton. That means your warehouse system must allow you to pack a box and label it with its contents, which are identified by a UCC-128 bar code. These labels follow specific formats and must contain accurate information.

The labels are pivotal to establish an electronic relationship between a box, its contents, your customer’s purchase order, and your internal systems. Each carton’s UCC-128 bar code label is contained in the ASN document and details all of the products contained in a carton. ASNs store and organize customers’ purchase-order numbers, shipment-related

information, and products in each carton. When a recipient scans a carton's bar code, the information is electronically matched to the 856 ASN file transmitted previously and downloaded into a POS system or a web-based account.

## **What operational processes are necessary to provide ASNs?**

The point of an ASN is to tell your customers in advance what will be arriving and when, so the customer can be prepared to receive the order and shipment. That means warehouse operations must be precise enough to identify contents by product and quantity in boxes and on pallets down to the SKU or product-code level (ISBN, UPC, EAN.UCC, GTIN).

You must know how many of which products are in each carton of an order, and how many of those cartons are in each shipment of an order. To track pick and pack, you either determine up front what products will be in each carton and then pick accordingly, or be able to scan into each carton as it is picked. Then you must accurately roll-up picking information into a complete carton and ultimately into a complete shipment.

Typically this process includes pick and pack, creating a freight manifest, and a carrier close-out (getting a shipment assigned and loaded on a truck).

If you can identify contents by carton and by shipment to the SKU level, the ASN can easily become the invoice or transfer information to an invoice document (the 810). Depending on software and technology platforms and warehouse and accounting system integration, invoicing can be a totally electronic process for both the supplier and the retailer.

## **What shipping processes are necessary to ensure ASNs are actually shipped in advance?**

ASN data will be useful to customers only if sent in a timely manner and customers can depend on data to be reliable and accurate. This depends on how your warehousing systems interact and link to one another.

Typical equipment needed to accept, collect, and transmit pick-and-pack data includes scanning equipment, label printers, and warehouse software modules that integrate with other company application software. A high degree of software integration is required to be able to gather information, transmit it internally to create invoices and shipping documents, plus send it to customers before shipments arrive.

The Pubnet EDI system can create virtual ASNs and invoices, but to gain optimum efficiencies and time savings, it's imperative to integrate warehousing and accounting systems and use EDI software to send electronic transaction documents. Otherwise, you

will still have to provide a bridge between your systems, which requires added time and labor.

Most trading partners using ASNs develop testing programs to ensure shipment and invoicing accuracy at some predetermined level, such as 98% or better. Compliance or certification programs establish benchmark practices and expectations, then periodic shipment audits provide accountability to maintain accuracy levels. Trading partners usually establish mutually agreed upon systems or processes ahead of time to address shipping and invoicing errors. That way shipment receiving still gains time and cost savings—reducing cycle times and improving in-stock rates—because administrative processes are separate from logistics processes. A “scorecard” typically outlines agreed upon performance levels and helps trading partners evaluate performance and reconciliation processes.

## **What investment is required to implement ASNs?**

The investment to implement ASNs depends on each supplier’s current situation. Challenges and expenses are proportional based upon how much change actually must take place within each supplier system. Some systems may need only minor enhancements, while others may need major modifications not just in technology but also in the logistical way orders flow through facilities.

In some cases, warehouse packing lines may need to be reorganized, and scanning and labeling devices installed. There is an efficiency curve as personnel learn new ways to process orders.

Investments could range from a few thousand dollars to \$100,000 and more, depending on requirements and service scope.

The Pubnet EDI service offers a web-based interface to send and receive ASNs. This allows smaller suppliers to serve retailers requiring ASN documents without significant investment, even though the documents may not integrate into corporate software systems.

## **Where can I get help?**

- Depending on your situation, you may find assistance from your software provider or warehouse systems consultants.
- The Christian Product Standards Group provides free information about EDI documents, shipping and labeling standards, and other related information. (See [www.cpsg.org](http://www.cpsg.org).)

*NOTE: The Christian Product Standards Group is developing a technical paper to help suppliers implement ASNs.*