March 13, 1987

NO ITEM TO INSERT

NO ITEM TO INSERT

Dear
NO ITEM TO INSERT
:

Thank you for subscribing to INPUT's Electronic Data Interchange Planning Service
(EDIPS).

Enclosed is the first and second edition of the EDI Reporter, a monthly newsletter
provided as part of the service, and a study titled Electronic Data Interchange
European Market Opportunities, prepared by INPUT's European Software and
Services Planning Service Program.

The report concludes that while European EDI is currently early in development, it is
one of the key VAN and software opportunity areas. European EDI perspectives are
not only interesting to U.S. users and vendors, but there are important factors to
consider as U.S., and particularly international EDI, develops.

The study projects that the European market will grow with a 125% average annual
growth rate, although several factors will influence this rate--the success of specific
EDI projects, PTT liberalization, easing of legal constraints, increased levels of
computerization, the acceptance of micros, and the development of acceptable
message standards.

Electronic Data Interchange European Market Opportunities profiles network and
software vendors and describes EDI initiatives in several industries. The study
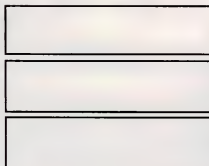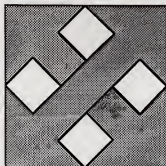concludes with detailed recommendations.

Your comments and questions are welcome.

Sincerely yours,

Victor S. Wheatman
Manager, EDI Planning Service

VSW:ml

Enclosures

EDI Reporter

VOL. 1, NO. 1

PREMIER ISSUE!

WELCOME TO THE FIRST EDITION of this new monthly newsletter produced by INPUT's Electronic Data Interchange Service (EDIS).

This publication will focus on what is fast becoming a major computer/communications market opportunity which offers new efficiencies to user organizations in their buying and selling relationships and, through integration, in cash, manufacturing, inventory, and transportation management.

Through monthly newsletters and timely news flashes, subscribers will be informed, and stay informed, on the news, events, and issues impacting this burgeoning market.

This first edition is being sent to you because we know you are interested and actively involved in EDI. In order to continue receiving THE EDI REPORTER, you must become a subscriber. An order form is included in this issue or you may call any of our offices to enter your subscription.

THE EDI REPORTER will provide you with monthly analyses and news flashes on major events on EDI for users and vendors, falling into one of several categories: key issues, strategic planning, speculative scenarios, case studies, user/vendor perspectives, market intelligence, new products, and new technologies.

A sampling of topics we plan to cover:
- Issue--Restraint of Trade and EDI Mandates
- Issue--EDI Standards: X.12 and X.400
- Issue--EDI and Internal Auditors
- Events--First Chicago's Accelerated Trade Payments Program and EDI
- Events--Report from the ANSI X.12 Committee Meeting
- Events--Report from Compat '86, Paris, France
- Case Study--Caterpillar's Private EDI System
- Case Study--Abandoning an EDI Development Project
- Scenario--Electronic Auctions and EDI
- Scenario--A Global Electronic Trading Economy
- Perspectives--Internetworking: It's Happening
- Perspectives--Selling the EDI Data Base
- Intelligence--Competitors View the Blues at EDINet
- Intelligence--What's IBM's Information Network Up To?

In addition, you will learn of INPUT's ongoing research and upcoming EDI seminar. We will include summaries of our Strategic Analysis Reports (SARS)--in-depth comprehensive studies on significant topics in the EDI arena. The reports provide detailed analyses of market sectors, key issues, major events, and corporate strategies. They analyze the opportunities and present recommendations for action by both users and vendors relative to EDI. As a subscriber to THE EDI REPORTER you will have an opportunity to order these reports at a discount.

INPUT

Reports planned this year are:

- **Update on EDI Services**

  An update of INPUT's well received 1985 report examining the benefits and risks of electronic data exchanges for both users and vendors. Market participant profiles and directions will be described, market inhibitors and activators analyzed, and the forecast revisited. (Available fourth quarter, 1986.)

- **EDI in Western Europe**

  Produced by INPUT's London research staff, this report examines the activities of participants such as EDINET, Ltd. (a joint venture between British Telecom and McDonnell Douglas) and Istel with its EDICT system. The report looks at the involvement of industry organization such as Odette and the Article Numbering Association, and analyzes the market with forecasts provided. (Available fourth quarter, 1986.)

- **EDI Software Markets**

  Examining the products and strategies of EDI software developers and the directions of major software vendors to integrate EDI functionality within traditional accounting, manufacturing, and other packages. Distribution channels and delivery modes (timesharing, licensing, processor size, etc.) will be discussed, the role of turnkey systems evaluated, with an analysis of the features users want most from EDI software. (Available first quarter, 1987.)

- **Prospects for Paperless Government Procurement**

  Produced by INPUT's Washington D.C. staff, this report describes the General Services Administration's testing of an automated procurement system through ITT's Dialcom for soliciting and awarding goods contracts. The report examines the results and analyzes the impact of ITT Dialcom's purchase by British Telecom, evaluates the prospects for other vendors to participate, and describes the requirements for businesses selling to the government. (Available second quarter, 1987.)

- **International EDI**

  With international trading strangled by paperwork, various initiatives to streamline operations have been suggested. This report examines the special requirements of international trading, profiling EDI services with international orientations. The role of GEISCO's Trade*Express, IBM's newly announced Intercontinental Information Services, and Computer Sciences Corporation's INFONET are described, the market is sized, and user requirements are discussed. (Available third quarter, 1987.)

- **A Guide to EDI Implementation**

  Oriented to users evaluating their EDI options, this report is also useful as a vendor training document. Internal versus third-party service decisions, software and hardware requirements, personnel and "political" issues are explored with detailed case studies presenting user organization experiences in approaching EDI solutions. (Available fourth quarter, 1987.)

Later reports in the series:

- The Canadian EDI Experience
- E-Mail Markets for EDI-like Services
- Graphics Applications within EDI Services

And coming in Summer 1987 will be INPUT's Joint Vendor/User Retreat--Presentations and interactive workshops in an informal setting at which INPUT's senior analysts and invited guest speakers facilitate direct discussion of timely topics in EDI. Users share needs, vendors present options, and both will come to a better mutual understanding of EDI issues and concerns.

INPUT

Who is Behind All This?

INPUT is a service company. Since 1974, INPUT has supported client management in making informed technology decisions. Through market research, technology forecasting, and competitive analysis, users and vendors receive research-based studies, presentations, access to the data on which analyses are based, informative meetings, and continuous client support.

- **Victor S. Wheatman**, Principal Consultant, Director of the EDI Service

    - EDI and telecommunications consulting engagements with several major U.S. corporations.

    - Conducted over 10 major information services industry research studies.

    - Award-winning journalist with M.S. in communications from Boston University and Graduate Certificate in telecommunications management from Golden Gate University.

- **Peter A. Cunningham**, President and founder of INPUT

    - Twenty-five year computer services industry veteran; founded INPUT in 1974.

    - Frequent guest speaker; participates directly in major research projects.

    - B.Sc. degree from Imperial College, London and M.P.A. from American University, Washington D.C.

- **Donald W. Fostle**, Vice President, INPUT

    - Twenty-year computer industry veteran, responsible for Eastern Region custom consulting and research.

    - Director of Information Services for ADP prior to joining INPUT.

    - Author of numerous planning and research studies and several articles on the history of technology.

- **John E. Frank**, Vice President, INPUT

    - Manager of the Federal Information Systems and Services Program.

    - Thirty-eight year career veteran in senior management, marketing, engineering, technology, and forecasting.

    - Specialist in telecommunications and U.S. Federal Government markets.

    - Formerly Director of Planning and Administration for Computer Sciences Corporation.

    - Registered professional engineer; degrees in industrial engineering and management.

- **Peter Lines**, Principal Consultant, Manager Research Programs, INPUT, Ltd., London

    - Twenty years experience in the information industry.

    - Formerly held market research, system analysis, and planning management positions with Sperry Univac, International Computers, Ltd., and English Electric Computers.

    - Graduate of the London School of Economics.

INPUT

BUT ENOUGH PROMOTION! How about a taste of the types of news and information you will find in THE EDI REPORTER???

EDI MARKET GROWTH SUBSTANTIAL, BUT IS IT 100%?

In our 1985 report, we analyzed the then current status of EDI and determined that the upside potential was very great indeed. From a virtually non-existant market we saw a growth pattern equal to--or better than--100% per year. Were we right or wrong?

Based on what vendors tell us overall, we were right. One is experiencing a monthly 10% increase in revenue. Another is signing nearly 80% of their prospects and says growth far exceeds 100%. Yet another is not doing as well--"only" a 45% annual growth rate, but that soon may change with a new orientation.

In short, EDI is happening, and while there are some market inhibitors, they will be overcome.

WHAT IS INHIBITING THE MARKET?

Last year, we found that the information services (IS) managers of corporations we interviewed had low awareness of what EDI was about. This year, awareness ratings have increased substantially with the importance rating of EDI projected to improve over 50% in the next two years.

But IS awareness is not really a significant market inhibitor. IS usually does not drive the implementation of new systems, it is the end user department...isn't it? Well, yes and no. Corporate management has ultimate responsibility for organizational innovations and the "top guns" are getting more informed about EDI and are starting to sign off on requests for proposals. To be most effective, EDI should be implemented with a top down, systems wide approach. And that means overcoming resistance to change, computerphobia, and the IS backlog in order to start seeing EDI's benefits. It also means not getting stuck in pilot projects, moving ahead to put the system into place.

And that is another inhibitor. Vendors tell us users need between six months to one year to integrate EDI with other functions in order processing and accounting. But once that is accomplished, the "cascade effect" will be seen with more and more paperwork becoming electronic, and more and more EDI transactions saving user organizations money (added to profit sharing?) and replacing dead and dying businesses on the service bureau side.

THAT'S ENOUGH FOR NOW. We hope we have piqued your interest enough to count you among our subscribers. Whether you are a user or a vendor, we know you will find THE EDI REPORTER informative, insightful, and valuable to you. You might consider multiple subscriptions for others in your organization, including top management. EDI will be an important technology. Can you afford not to stay abreast of the industry? Let us hear from you!

INPUT HEADQUARTERS (Mountain View, CA) (415) 960-3990, Telex 171407

INPUT NEW JERSEY (Parsippany, NJ) (201) 299-6999, Telex 134630

INPUT WASHINGTON (Rockville, MD) (301) 231-7350

INPUT LONDON (01) 14410493-9335, Telex 27113

INPUT JAPAN (Overseas Data Corporation, Tokyo) (03) 400-7090, Telex 26487

INPUT

EDI
Reporter

IN THIS ISSUE:

- TWO EDI CONFERENCE REPORTS

- EDI IN WESTERN EUROPE FORECAST: 125% AAGR THROUGH 1991

- MSA INKS WITH TRANSETTLEMENTS, GEISCO

- CONTROL DATA AND IBM NEWS

- AN INTERVIEW WITH WESTERN UNION ON EDI

- This edition of the **EDI Reporter** presents a **"Tale of Two Conferences"** with reports from **COMPAT '86,** held in Paris this fall, and the **TDCC/EDIA conference** in Washington, D.C., in December. Also, we interview **Joe Norton, Assistant Vice President of Western Union,** about the company's plan to move into EDI despite (or perhaps because of) its well-publicized financial problems.

THE WORLD OF ELECTRONIC DATA INTERCHANGE

- The Transportation Data Coordinating Committee held its 18th annual conference back in December. Not surprisingly, the organization has a new name tagged onto its old one: the **Electronic Data Interchange Association.** TDCC/EDIA has been the leading advocate and educator on EDI all these years and is only now getting the attention it deserves.

- **Ed Guilbert put on quite a show**: one-half hour of the U.S. Marine Corps Band followed by a Color Guard and a Star Wars laser show. Last year, it was bagpipers. Although some attendees observed that the show was like a religious convocation, there seemed to be faith about EDI among the disciples.

- **Several announcements were made in Washington:**

  - **Control Data** released new software in support of **RediNet.** CDC's new EDI micro software products are **REDI-MICRO** (which translates to X12) and two communications packages: **REDI-COM** (asynch/low speed) and **REDI-3780** (high speed, 3780 protocols). These supplement its existing mainframe software. The intention is to help companies get started quickly, particularly those needing to trade with larger buyers who may be requiring EDI capabilities as a condition of doing business. Control Data's RediNet, which uses AT&T's Accunet for data transport, has approximately 100 customers.

EDI NEWS BITS

CompuServe (Columbus, OH) is expected to make a formal announcement of an EDI service within the next few months. The EDI Reporter has interviewed CompuServe's man-in-charge of EDI, but has delayed publication to allow the company time to get the word out to its field staff.

GE Information Services now reports signing their 1,000th EDI*Express customer. Upon probing, our source acknowledged that as many as 250 of these (or 25%) have yet to put anything across the network. They may be doing integration work in preparation for EDI, or they may have signed with GEIS to satisfy the requirements of a major trading partner (called "the hub"). Add this phrase to your EDI jargon: the inactive companies are called "Wounded Spokes."

EDI EVENTS

July 21-22, Claremont Resort, Oakland, CA, "Electronic Data Interchange - New Competitive Directions", sponsored by INPUT. (415) 960-3990.

July 27-29, Airport Marriott, St. Louis, MO, "Principles of EDI", sponsored by EDI Education, Inc. and hosted by McDonnell Douglas. (312) 848-0135.

July 30-31, Hyatt Regency/Capital Hill, Washington, D.C., "EDI Training Session", sponsored by the Electronic Data Interchange Association. (202) 293-5514.

August 10-14, L'Enfant Plaza Hotel, Washington D.C., ANSI X12 Committee meeting, hosted by GE Information Services.

IN THE NEXT (REGULAR) ISSUE:

√ ORDERNET, EAGLE, AND COMMNET USERS' MEETING

√ ANSI X12 MEETING

√ UCS (GROCERY) MEETING

INPUT