

Dear HTI Industries,

American Hotel Register Co. needs your company, as one of our most valued suppliers, to partner with us in electronic trade. Some background on Electronic Data Interchange (EDI), as well as our process and conditions, are attached. A Trading Partner Agreement will be sent to you as a part of this outlined process.

EDI-related savings could be tremendous. AMR Research estimates that it costs \$175 to process a paper transaction and only \$15 to process the same transaction electronically, meaning EDI transactions cost less than 10% of the cost of paper transactions. Our estimate is that both amounts are very high, but that even if the savings were half what is shown, it is considerable.

American Hotel Register Co. currently is doing business with nearly all of our freight carriers via EDI. We have been doing this for about 10 years. We now receive and process about 530 EDI freight invoices each day. Errors, duplicate bills and typing mistakes are almost non-existent. Payments go out faster. Human intervention is only needed when items, prices or quantities don't agree.

For 10 years, most of what we pay our people to do in Accounts Payable is data entry or editing supplier invoices. EDI will end much of that.

We have partnered with 40 of our top suppliers to have our computers talk to each other and send orders and invoices back and forth.

This is a wonderful opportunity to expand on our mutual efficiency and savings! Our EDI Administrator will be contacting your organization soon, if not already, to begin moving forward on the expansion of our electronic trade.

It was our intention American Hotel Register Co. would fund the whole EDI initiative unfortunately it's taking more time and resources than originally anticipated to bring each supplier to full EDI compliance.

Therefore a supplier participation fee of ~~\$4000~~\$500.00 will be assessed by American Hotel Register Co. We think this is an exceptional value compared to actual costs and realized efficiencies.

Sincerely,

James F. Leahy
President

Frequently Asked Questions

What are the benefits of EDI?

EDI replaces paper transactions with electronic transmissions, saving time and money for businesses who use this standard.

Some of the benefits of implementing EDI include:

- the ability to exchange data at any time
 - significant reductions in business expenses, such as postage, printing, phone calls, and handling
 - facilitation of financial processes, such as electronic payments
 - streamlining the business cycle leading to improved relationships between trading partners
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What are the benefits of EDI integration?

Because EDI facilitates the digital exchange of business documents, most if not all of the associated business processes (such as data entry and verification) can be automated so that they occur with little or no manual intervention. As such, key benefits of integration include the reduction or elimination of data entry errors and transaction processing that is more expeditious and streamlined.

What parts of the business cycle can be supported by EDI?

Most currently exchanged paper business documents can be supported by EDI. American Hotel Register **requires** the exchange of EDI 850, **Purchase Order**, EDI 855, **Purchase Order Acknowledgement**, EDI 856, **Advance Shipment Notice** and EDI 810, **Invoice**. Additional transactions sets will be mutually agreed.

Who can use EDI?

Any company that buys or sells goods or services can use EDI. Commercial translation software is readily available to enable any company to exchange business documents regardless of their business and accounting systems.

What are the EDI standards?

The standards that exist for electronic documents define a wide variety of paper-based communications. Standards, such as the American National Standards Institute (ANSI) X12 and EDIFACT, are developed through a consensus process across a wide spectrum of industries. ANSI X12 is primarily used in North America while EDIFACT is used in Europe and Asia.

What do the EDI standards do?

The EDI standards are like a language, with rules and specific structures providing formats to exchange data.

What versions are there of ANSI X12?

Examples of ANSI X12 versions are 3060, 4010 (the most popular), 4030, and 4050. A standards committee meets regularly to review the current version, and to make any necessary changes based on industry needs. Changes may include formatting and creating specifications for additional transactions.

Which industries are using EDI?

EDI is commonly used in the retail, wholesale distribution, automotive, grocery, electronics, freight, and banking industries. The U.S. government also uses EDI extensively.

Should my company use EDI?

EDI offers many potential benefits. EDI is a productivity tool that can be beneficial to both suppliers and customers. As a service to customers it is often viewed as an indicator of technical ability.

What software and hardware do you need to implement EDI?

The process requires translation software that translates business documents into a standardized format compliant with ANSI X12 and the associated hardware to house the software. Alternatively, suppliers may choose to outsource EDI to a third party provider.

What is the **mandatory process** for implementing EDI with American Hotel Register Company?

You will be invited by INOVIS, our e-commerce representative, to participate in web-based standards and map validation. Once you have successfully passed this initial validation process, you will move on to test with American Hotel Register's internal EDI Administrator to bring test transactions into our primary transaction processor. Passing this final test will allow you, the supplier, and American Hotel Register Company to enter a production EDI trading partner relationship. **It is required that suppliers complete this full-cycle EDI testing within a 15 business day window.** A supplier participation fee of \$500.00 will be assessed by American Hotel Register.