

PROS AND CONS OF 823 EDI PROCESSING AND THE CCP

The **C/LECT Cash Preprocessor (CCP)** is being continuously enhanced. The latest option is EDI 823 processing. The 823 transaction is created by your lockbox bank and contains your daily lockbox deposit records. It can either be sent directly to you like your current lockbox file or through your VAN (Value Added Network).

Until this summer, all of our clients have been receiving their lockbox data in BAI format. Although BAI has a basic format, some of the specific fields vary in length such as check number, routing and transit number, demand deposit account number and check amount. The data received is limited to 68 characters which limits the keying of additional data at the item level.

One new client is using our Enhanced Bank Data Keying Option of the **CCP**. The bank keys the invoice number and net and discount amounts for each item. The bank also keys post-mark date at the check level. They decided to have the bank send the lockbox data in 823 format so that the data could be expanded if needed. This proved to be an excellent decision because keying of an

additional location field has been included for selected accounts to identify deductions to the correct bill-to account. This can now be done without a major revamp of the format.

Your EDI group can receive the bank's 823 data and using a single map, format the data to our specifications. The **CCP** then brings in the data as a standard input file along with EDI 820, OCR scanner data, powerkeyed items and proprietary formatted files for automated application.

Using the 823 bank input, the **CCP**:

- ✓ Identifies the cash using MICR or invoice numbers.
- ✓ Matches the items to invoices, credit memos and adjustments using customized lookup routines.
- ✓ Creates specific reason code adjustments based on a Customer Level Adjustment.
- ✓ Directs open debit memos to the correct bill-to account by cross-referencing the location fields.

There are two short comings with this format. Except for the bank transmission variations and expanded data keying options the 823 offers, there is no advantage to using this format. The banks are pushing it, probably more for their own portfolio (i.e., "Yes we can handle 823 formats!"). We have also experienced an unusual result - the bank occasionally passes lower case alpha characters in the invoice number field, which is then passed to the A/R system, causing various problems. This has never happened with the BAI feeds. It appears that the BAI format has more stringent internal edits than the more flexible 823 format.

We at **C/LECT** advise, "If it works, don't fix it." However, if you need expanded bank data keying, or if you are starting up a new lockbox feed and you are EDI capable, consider using the 823 format.

For more information, please call 312-444-2978 or visit our web site at www.clect.net

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