**Introduction
to the Harmonized
Order to Cash (HO2C) messages**

Content

Log of changes:

Version	Date	Change
1.0	July 2014	- Making document available
1.1	Aug 2015	- Additions & textual modifications in principles p6
2.0	April 2017	- General rewriting

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1. What is Order to Cash (= O2C)?

Order to Cash (O2C) is an **application of EDI** that **covers** the **business process from purchasing up to paying**. During that process **several EDI message types** can be used to **exchange** the needed business information **between** two trade partners: the **client and** the **supplier**.

Each sector can select its own set of message types. Often the set is at least composed of a message type to exchange information to purchase goods (= ORDERS), deliver goods (= DESADV) and to invoice them (= INVOIC).
Depending on the business requirements, some sectors also need for instance a response to the purchase order (= ORDRSP) that confirms if the ordered goods are in stock, sales reports (= SLSRPT) with details on the number of pieces of those goods that have been sold or other message types.

In the **Belgian Luxembourgish Fast Moving Consumer Goods** (= FMCG) & **Food Service sector** the **set** is currently **composed of ORDERS + DESADV + INVOIC.**

2. What is Harmonized Order to Cash (= HO2C)?

What? The harmonized O2C message guidelines (this documentation) guarantee a **uniform implementation** of the EANCOM® 2002 order, despatch advice and invoice (hereafter ORDERS, DESADV and INVOIC) in the Belgian Luxembourgish FMCG & Food Service sector. The guidelines describe for each message type (ORDERS, DESADV & INVOIC) which information elements to use, and when & how to use them.

Why? The harmonization initiative was launched at the start of 2013 on request of small and medium companies (hereafter SMEs), asking GS1 Belgium & Luxembourg to turn EDI into a profit center rather than a cost center.
One harmonized set of guidelines makes it possible to exchange business information with many business parties using only one setup. This is cheaper and easier than when each party asks its trade partners to use a different guideline which in turn needs a different setup and so additional costs.

When? The HO2C message are officially been supported by several retailers and food service providers since 1-01-2016.

Who (scope)? HO2C is suitable for any company making part of the FMCG or food service sector in Belgium or Luxembourg, irrespective of its role within the supply chain: manufacturer, wholesaler, retailer, food service provider or food service operator.
The more companies using these guidelines, the bigger the economical savings and scale advantages for the users.

3. How are these HO2C guidelines different from other guidelines?

The HO2C message guidelines have been developed together with and for manufacturers, wholesalers, retailers, food service providers and operators from the Belgian Luxembourgish FMCG and Food service sector, which form together the '**GS1 Belgilux EDI Committee**'.[1]

<> GS1 EANCOM® 2002 (based on EDIFACT directory D.01B)
The HO2C messages are a national, sectoral **subset** of the global, intersectoral EANCOM 2002 messages.
The harmonized guidelines are fully **compliant** to the GS1 EANCOM® 2002 recommendations, but they are much more **refined** in terms of when and how to use the segments, data-elements and code values.

<> *GS1 Belgilux IDEAL messages (2004)*
The HO2C guidelines **replace** the former GS1 Belgilux IDEAL messages (issued in 2004). The IDEAL messages were the first attempt towards a harmonized way of working, but these got overruled back then by retailer specific message implementation guidelines (MIGs) requiring separate development efforts.

<> *GS1 Netherlands Levensmiddelen & Drogisterij MIG (and MIGs from neighbouring GS1 MOs)*
Although the GS1 Netherlands Levensmiddelen & Drogisterij MIG is a perfect example of what a harmonized sectorwide implementation looks like, and harmonization attempts were made whenever possible, it was not possible to fully merge with/take over the GS1 Netherlands guidelines (or any other national MIG) for several reasons:
   1) national legal requirements (cf. Belgian requirements in the INVOIC)
   2) recent international GS1 recommendations overruling national initiatives (such as the unique identification of logistic carriers in the DESADV & INVOIC)
   3) or simply because of specific needs of the Belgilux FMCG sector that were not explicitly specified in other MIGs (e.g. transshipment order).

The harmonized O2C messages in summary:
   - **One harmonized message content** to be implemented exactly the same way by every party in Belgium & Luxembourg.
   - **Clear refined guidelines** for every thinkable scenario (e.g. in the invoice for 'payment discount', 'charging returnable pallets and consumer empties', 'invoicing variable weight products', 'correcting price errors' and many more).
   - **Internationally compliant** (International codes and methods have replaced the former national ones e.g. for invoicing RTI. Except of course for the EBL001 code list to refer to Belgian articles for VAT exemption and BelgiLux taxes)
   - **Legally valid invoice documentation** (Validation check together with the Belgian VAT administration).

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[1] Companies who want to join the EDI Committee, can contact edi@gs1belu.org.

4. Which principles to take into account?

Preparation
EDI messages/transactions can only be processed optimally by both business partners if certain preparations have been taken care of before starting EDI.

- **Uniquely identify** trade items (through GTIN), locations (GLN), logistic units (SSCC) and logistic carriers (GRAI).
- Ensure that all trade items within their **product hierarchy** are uniquely identified by GTIN. **Keep out internal** company attributes; the GTIN (Global Trade Item Number) is the main line identifier.
- **Synchronize your master data** with your business partners; It is up to the supplier/manufacturer, who is the party in charge of the product hierarchy, to clearly inform his/her customer which occurrences (units, formats) of a product can be ordered.

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1 ORDERS <> 1 DESADV <> 1 INVOIC

- An ORDERS message is placed for **1 delivery in 1 location at 1 time**.

- 1 ORDERS message should generate 1 DESADV message, which in turn generates 1 INVOIC. The only exception to the **1-1-1** recommendation are voluminous ORDERS that require 'n' trucks, and thus 'n' DESADV and 'n' INVOIC.

Order to Cash principles to ensure the matching of messages

- **Refer to the preceding EDI message**. (E.g. a DESADV is to refer to the EDI order message).
- Take over the **same GTIN** in the DESADV & INVOIC to allow the matching of article lines.
- Ideally take over the **same GLN** for the parties (E.g. the same GLN in NAD+SU for the ORDERS, DESADV and INVOIC).

Order standard and variable (weight) products

- It is recommended to order in '**trade units**' (rather than consumer units).

- When a product's quantity can **only be expressed in kg/l/m** (via the MEA segment) OR **its exact amount is not known in advance** because its true weight is to be invoiced, the product will always be identified with a **GTIN-14 starting with 9**. (It cannot be identified with a GTIN-13).

Example: cheese wheels ordered in different formats and invoiced in **its true weight** (e.g. ½ wheel, ¼ wheel).

- Any other product (or a product for which a **fixed weight is commercially agreed**) is considered a standard product and can be defined by a **GTIN-8** (for smaller items only), a **GTIN-13**, or a **GTIN-14** (for outer packaging only).
Note: GS1 recommends to allocate the same GTIN to the product expressed in pieces, as to the product expressed in kg/l/m.

Example 1: a cheese wheel for which it was agreed to order and deliver in pieces but to invoice based on an **agreed fixed weight**, should be identified with a GTIN-13.
Example 2: a crate of tomatoes for which a fixed weight is commercially agreed.

- For more GTIN related issues, check the O2C ORDERS examples 'what if'.

5. How to use this documentation?

The harmonized O2C message guidelines consist of the following documents:

1. The "**Introduction to the harmonized O2C messages**" (this document) provides background information on the why, what and who is concerned.

2. The "**HO2C ORDERS**" consists of:
   - Message Implementation Guideline (explaining the syntax rules and the use of the information elements)
   - message examples for different scenarios. (for illustrative purposes).

3. The "**HO2C DESADV**" consists of:
   - Message Implementation Guideline
   - message examples for different scenarios.

4. The "**HO2C INVOIC**" consists of:
   - introduction explaining the (VAT) calculation rules that apply in the invoice,
   - Message Implementation Guideline,
   - mapping between rules Royal Decree 1 Art.5 explaining the legal requirements and EANCOM segments, data-elements and codes.
   - EBL001 code list providing the national codes for exemptions of VAT as well as the codes for environmental related taxes,
   - message examples for different scenarios.

5. The "**O2C Retailer addendum**" provides additional information about the use of the messages. It explains e.g. the reasons why a message may be rejected by some retailers, or how certain information shall be processed by the retailers.

About the 'GS1 BeNeLux RTI list'

https://www.gs1.nl/sites/default/files/so_emballagecodes_gs1beneluxrtilist.pdf

What? The harmonized O2C message guidelines allow companies to specify in e.g. the DESADV which logistic carriers are used for delivery (e.g. CHEP block pallet 1200x1000 cm) by mentioning their identification code (the so-called 'nGRAI', non-serialized Global Returnable Asset Identifier).
The GS1 BeNeLux RTI list identifies the most used logistic carriers in the BENELUX with a nGRAI.

Why? Before, companies sometimes had several identification codes to manage for one single logistic carrier (meaning a different code per customer). With the 'GS1 BeNeLux RTI list' data management is simplified and harmonized.

Who (scope)? The use of the list is acknowledged in the BeNeLux retail and food service sectors, but in fact every company worldwide can use the GS1 BeNeLux RTI list because the nGRAI of each logistic carrier is the official globally unique identification code that was allocated by the owner of the asset type.