



ERP



WHITEPAPER

MAXIMISING COST SAVINGS ACROSS PROCUREMENT WITH PROCURE TO PAY IN AXOLT ERP

SYNOPSIS

Having effective procurement processes can save companies huge amounts of cash, from increased productivity and reduced idle time to efficiency gains along the value chain (logistics, inventory management, order fulfilment and delivery optimisation, etc.)

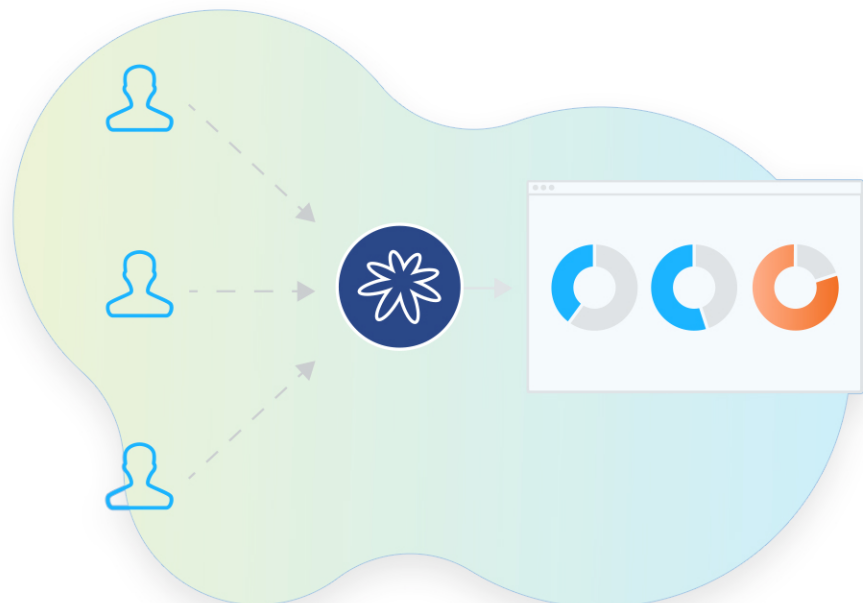
In a global marketplace marked by increased competitiveness and cross-border order fulfilment, businesses need tools to serve a diverse clientele on multiple projects – anytime, every time.

Purchase orders are integral components of the corporate chain, enabling organisations to optimise order-to-delivery processes while safeguarding critical operational data for work streams as varied as sales, finance, legal and human resources management.

An effective procure-to-pay (P2P) approach helps companies to combine technological sophistication and operations management in order to formulate purchase orders that:

1. Prevent duplicate orders
2. Support the financial audit process
3. Help avoid surprise price increases
4. Provide visibility into incoming orders
5. Help keep invoices in check
6. Foster clear communication
7. Serve as legal evidential documentation

Enterprise resource planning applications such as AXOLT ERP can help organisations manage their purchase orders and develop strategic visibility into their procurement processes, empowering corporate personnel across the value chain as they negotiate and interact with suppliers, customers, logistics providers and other stakeholders.



7 REASONS PURCHASE ORDERS ARE IMPORTANT

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01

Prevent duplicate orders

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Support the financial audit process

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Help avoid surprise price increases

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Provide visibility into incoming orders

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Help keep invoices in check

06

Faster clear communication

07

Serve as legal evidential documentation

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1. PURCHASE ORDERS PREVENT DUPLICATE ORDERS

Purchase orders provide unique metrics associated with a specific procurement process. Elements like PO number, materials ordered, delivery date, SKU number and other specific variables help an organisation establish a unique data point for an order.

Procurement personnel can easily encode the PO data in an ERP, which stores and archives the data for future use. When an employee attempts to input variables that are similar to an existing order, the system will raise a 'duplicate order' flag.

According to the New York Times(1), the lack of proper procurement management system causes U.S. businesses and the federal government to lose tens of billions of dollars annually, mostly stemming from duplicate orders, idle time and logistical inefficiency.

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"The lack of proper procurement management system causes billions of dollars of losses annually, owing to duplicate orders and logistical inefficiency."

TIMES OF INDIA

2. PURCHASE ORDERS SUPPORT THE FINANCIAL AUDIT PROCESS

In a business environment where transparency is the order of the day, organisations need effective internal controls and adequate processes to ensure complete and accurate financial statements.

Auditors—external and internal—rely on purchase orders, among other documents, to verify operational data that corporate personnel report.

An ERP helps an organisation to be operationally nimble, so that it can track, store and archive procurement information necessary to comply with regulatory guidelines and accounting standard

3. PURCHASE ORDERS HELP AVOID SURPRISE PRICE INCREASES

Many organisations plan their operations based on long-term contracts, some of which rely on stable commodity and service prices, along with master services agreements pertaining to specific projects.

Purchase orders provide an effective operational framework whereby procurement managers can track price trends over the contract's validity period.

Managers can verify prices on each PO and compare costs on similar or related orders to identify differences.

Archival and search features in an ERP provide the technological sophistication necessary to track multiple variables (price, quantity, discount, etc.) across multiple orders

4. PURCHASE ORDERS PROVIDE VISIBILITY INTO INCOMING ORDERS

By sifting through the list of purchase orders, suppliers have strategic visibility into incoming orders and can plan work streams and manufacturing processes accordingly.

The result is a better procurement process, quicker delivery on orders, lower idle time and higher returns on logistical investments.

In a recent study(2), Procurement Leaders magazine indicated that effective purchase orders help both suppliers and clients to streamline workstreams along the value chain, from raw material identification and tracking to finished product delivery.

5. PURCHASE ORDERS HELP KEEP INVOICES IN CHECK

Sales managers and accounting personnel can use purchase orders to ascertain amounts owed on orders, the accuracy of data on each order, and the variability of cost on specific procurement processes over a specific period.

An ERP can help accounting staff not only review present data but also retrieve historical data, an operational benefit that enables personnel to abide by governmental guidelines while tracking costs.

By introducing full transparency into the procurement process, purchase orders provide a win-win scenario for vendors and customer

6. PURCHASE ORDERS FOSTER CLEAR COMMUNICATION

In a recent panel discussion organised by Purchasing B2B Magazine(3), top procurement experts indicated that clear purchase orders are a key element in advancing buyer-client relations in the long term.

Transparent purchase orders are the number one operational tool to avoid misunderstandings, which can generate everything from business frictions to losses.

Clear purchase orders foster clear communication, which in turn fosters quicker delivery and better client service.

Besides buyer-client communication, an effective procure-to-pay process introduces transparency in the value chain offering all stakeholders a clear understanding at every step of the way.

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"Clear purchase orders foster clear communication, which in turn fosters quicker delivery and better client service."

PURCHASING B2B MAGAZINE

7. PURCHASE ORDERS SERVE AS LEGAL EVIDENTIAL DOCUMENTATION

Business relations often veer into unfavourable territory, and partners may need to settle disputes in court. Whether it is mandated by arbitration officers or required by judiciary authorities, a purchase order provides the legal evidence necessary to clarify the

terms of a procurement process. Transparent purchase orders protect both parties, as they provide visibility into everything from price and shipping conditions to materials ordered.

According to The Law Society Gazette(4), a premier U.K. legal magazine, cutting-edge technology and evidential matter such as purchase orders and shipping slips provide effective shields to business partners, not only in the judicial process but also in normal day-to-day dealings.

AXOLT ERP : A FULL-FEATURED SOLUTION FOR YOUR P2P PROCESS

With AXOLT ERP you can find new ways to save and administer your purchase orders effectively. This centralised application combines procurement visibility and operational flexibility to help you negotiate better contracts and tap your full purchasing power. To gain a competitive edge, you need to cut costs, foster compliance and accelerate and automate your procurement all of which are possible with AXOLT ERP .

Through its streamlined interface and flexible portals, AXOLT ERP helps you:

- ✓ Simplify basic procure-to-pay processes – from requisitioning to e-invoicing
- ✓ Optimise inventory levels and aggregating shipments
- ✓ Improve vendor management and keep high levels of vendor and client satisfaction
- ✓ Streamline sourcing and contract management in a manner that can adapt to your needs and that can keep up with change
- Manage the contract lifecycle effectively and show opportunities for savings
- Formulate a standardised contract-authoring approach that meets your company's needs
- Combine and optimise sourcing and contract management processes.
- ✓ Improve operational procurement across your value chain
- Gain 360-degree visibility into supplier relationships, performance and risks
- Optimise your P2P, source-to-contract and spend analysis processes
- Identify opportunities for savings and improve spending tracking
- ✓ Optimise inventory and warehouse management
- Accelerate the procurement process with intuitive user interfaces
- Speed up material flow by increasing transparency across end-to-end outbound logistics
- Improve catalogue administration and simplify the purchase of goods/services

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Through its streamlined interface and flexible portals, AXOLT ERP helps you:

- ✓ Streamline invoice and payables management
 - Speed up invoice processing .
 - Streamline your payables options.
 - Improve your invoice management and accounts payable processes.
 - Embed all accounts payable data within your purchasing system.

REFERENCES

- (1) Clay Johnson, Harper Reed, "Why the Government Never Gets Tech Right," The New York Times, October 24, 2013
- (2) "How procurement can become master of business data," Procurement Leaders, Issue 58 - September/October 2015
- (3) Michael Power, "The ties that bind," Purchasing B2B, January 19, 2016
- (4) Joanna Goodman, "Roundtable: Legal IT," The Law Society Gazette, August 3, 2015

ABOUT AXOLT:

Axolt is the supplier of enterprise applications and services, helping business by aligning and improving Manufacturing, Servicing, Supply, Shipping, Inventory, Finance and Human Resource operations and drive growth across numerous industry sectors.

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