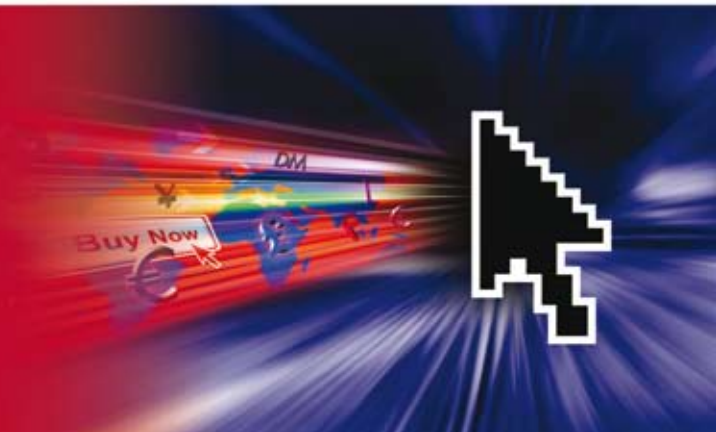


Procurement Optimisation from Intoscape



Meeting the procurement and fulfilment challenge

As product catalogues grow to present customers with greater choice from a single point of sale, retailers face various challenges in effectively fulfilling these orders. When a customer places a single order containing a number of different items with varying quantities, minimising the number of separate deliveries to the customer and arranging the timeliest delivery, while protecting margin are issues of paramount importance.

The answer lies in effective automation, which enables management of very large catalogues with fewer human resources and even greater levels of accuracy and reliability than ever before possible.

The vicious circle - as sales volumes increase, so does the procurement workload

Buyers in all sectors have difficulty in keeping pace with online sales:

- Where is the best available inventory to meet an order request when the goods are not held in physical stock?
- What is the best way to fulfil multi-line orders when products are held in different distribution locations but customers demand single or no more than two separate deliveries?
- How can the order be fulfilled in the timeliest fashion?

These are decisions made by the buying team, and the more orders an organisation receives, the more buyers are needed to keep up with demand, resulting in a vicious circle of growing HR overheads.

Rule-based automated procurement decisions

The difference for Intoscape users is that they are in possession of all the procurement and fulfilment facts from the outset. Using the business algorithms and logic programmed in to its procurement engine, Intoscape will consider all possible sources of product to meet an order request. It will calculate all likely costs associated with direct shipping or consolidation through the business's own warehouse facility, and then make a definitive recommendation to the buying team of how best to fulfil the order whilst optimising margin, considering all logistics costs and the customer experience.

Intoscape provides a solution to automate key procurement challenges:

- Intoscape Procurement optimisation receives sales orders from the ERP system containing one or more lines. It then generates a rudimentary purchase order for each supplier associated with any line in the sales order and determines the optimum manner in which this order can be fulfilled
- The automated procurement process then considers multiple factors including: supplier price; drop ship cost; consolidation at warehouse; weight; quantity; lead time for next delivery; total cost; total number of shipments; total shipping cost and stock availability.
- Fine tuning and control are provided in the form of tolerances such as number of shipments to customer and number of days to delivery, to drive the automation to fulfil orders in the most effective way
- Partial consolidation can be applied where some lines from a supplier will come into the warehouse for consolidation if this makes the order cheaper.
- Controls can be applied to automatically refer orders for approval if total purchase orders exceeds value of sales order, maximum automated order authorisation, order contains a service, or tolerances have been exceeded.
- Intoscape then generates all valid fulfilment options and costs, and ranks these based on information in the Product Database, according to a set of parameterised business rules. The rule parameters can be adjusted by the user easily.
- The fulfilment option providing the best ranking/cost combination is then identified. Optimisation of the fulfilment of each order takes account of the following business criteria:
 - Number of suppliers per order
 - Purchase cost from supplier
 - Delivery charges (allowing for indirect and direct delivery)
 - Current internally-held stock

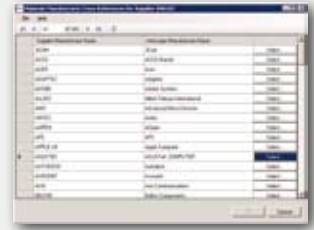
Sales order is placed online.



Received by ERP / CRM system.



Sales order passed to Intoscape Procurement.



Best mix of purchase orders created and recommended back to the business to maximise margins.



Procurement Algorithms based on business rules to determine the best way to fulfil sales orders to satisfy minimum cost, lowest number of deliveries and shortest delivery times.

Intoscape monitors the best supply sources for each line entry on the order. It knows also the delivery charges applied by each supplier, either for direct shipment to customer or direct to your warehouse for consolidation. So by passing the sales order back to Intoscape it can calculate automatically the best combination of purchase orders required to reduce logistics and handling charges, maximising the margins retained and maintaining an acceptable number of deliveries for the customer.

Intoscape will create the recommended purchase orders and pass them back to the procurement team or back office systems – it can even be configured to pass XML orders directly to suppliers where available.

This speeds up the procurement process, allowing more orders to be processed daily by fewer people and at the same time protect businesses from 'leaking' margin due to excessive delivery charges.

Automatically Minimising Logistics and Maximising Margin

Intoscape Procurement can also be used in conjunction with Intoscape EDI capability –using the ERP Connector, Intoscape can collect approved purchase orders from an ERP system and deliver them electronically to approved distribution partners. Without automated procurement, companies will find themselves increasingly restricted in the ability to grow their catalogue and deal with multiple suppliers. They will also find it increasingly difficult to secure the best supply prices and protect margin whilst increasing customer satisfaction by minimising the associated logistics.

With Intoscape, this process takes care of itself through a controlled set of rules which the business can manage and refine without having to increase the human resource overhead.

What does Intoscape Procurement Optimisation mean for the business as catalogues grow?

Using Intoscape's ERP Connector, the procurement system can interrogate the back office systems and retrieve all Sales Orders which currently require fulfilment. Then, using supply chain information, Intoscape will determine the optimal set of Purchase Orders to be raised to suppliers to optimise:

- Timeliness of Delivery
- Customer Experience (number of deliveries)

Intoscape will then deliver the suggested Purchase Orders back to the ERP system for review by the purchasing team.

Learn more about Buying Smarter

- See how Intoscape users can select many thousands of products and automatically publish to a live web site whilst synchronising information with secure back office CRM and ERP systems.
- Book a WebEx demonstration focused on Procurement Optimisation from Intoscape.
- Arrange a site visit from TCM experts to discuss implementation and commercial objectives for an Intoscape licence in your business.
- **Call direct on 0845 460 4500 or visit our website at www.intoscape.com, for case studies, news and further information.**