

 [®]
Best Practice
eXensys – Customer Hierarchies
Business Performance Sustained

Exensys Software Solutions Ltd.		AA/B/CCDD V x.y
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Table of Contents

Introduction:3

Overview:3

Benefits:.....6

Conclusion:.....7



Exensys Software Solutions Ltd.		AA/B/CCDD V x.y
White Paper		W. E. F. dd/mm/yy

Introduction:

This white paper provides the information about how Exensys handle the customer hierarchies, importance of hierarchies and roles of customer classifications in the sales process. Customer information is important for automation of the entire sales cycle. The term customer is used to define all the contacts of the organization. In every organization, the entire sales depend on the customers. With out customers, the organization cannot sell their products or services. Customer information is to track payments, and other terms and conditions. Customer can be classified as sold-to, bill-to, ship-to party.

The company or individual who places an order can be the same company or individual who receives the goods and receives the invoice. As the customer acts as a receiver and biller, only one master record can be created for the sold-to party customer.

A customer master record is created for the sold-to party, in which you can enter the required data for the other customer classifications. Based on the customer hierarchies, it is easy to execute the sales processing from quotation to invoice. Customer can be categorized as different functions. Each category has a different function based on which the sales process will be executed.

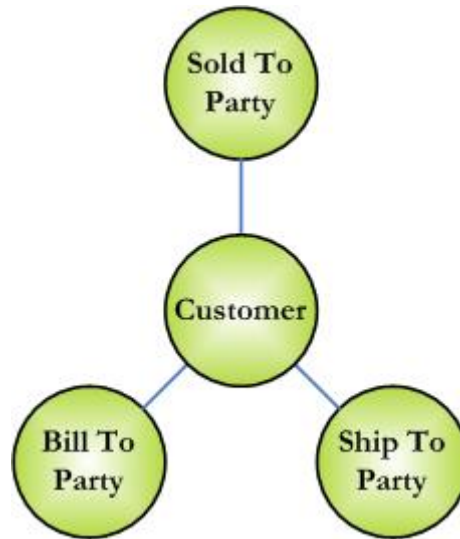
Overview:

Classification of customers is to define the rights and responsibilities of each customer in a business process. Exensys provides classification of customers at the time of customer definition. In eXensys, the customers can be classified into three different categories as follows:

1. Sold To Party
2. Ship To party
3. Bill To Party

By categorizing a customer into different classifications, the organization can determine the classification to which customer belongs to and fulfills the business process. A customer can have more than one category.

Exensys Software Solutions Ltd.		AA/B/CCDD V x.y
White Paper		W. E. F. dd/mm/yy



The diagram shows customer categories which are typical for sales and distribution process. Customers can be categorized in customer master and all the information is maintained in the customer masters. While processing a sales order, when selecting a customer, the sold to party, and the remaining ship to and bill to party details are displayed automatically. Sold to party, ship to party or bill to party functions are required for the sales processes of required customers. Customers play various roles in the business processes. The organization can maintain customer master record for each category.

Importance of Customer Hierarchies:

Customer hierarchies help the users to create flexible hierarchies to reflect the structure of customers in the organizations. We can use customer categories in RFQ, Quotation, Order, DN and in Invoices processing of customer categories. Also, it is used in pricing, credit check and rebates. Customer hierarchies help to assign price list and quotas to one of the parent customers. Sold to party is responsible to place the orders while ship to party is responsible for receiving goods, and bill to party is responsible to for receiving the bill. Customer hierarchies are used to define the pricing list, quotas in sales order and invoice documents.

eXensys provides a brief information about customer categories and their functionalities in sales and distribution process.

Sold To Party:

Sold to party can be defined as an individual or organization that places an order for products. The sold to party can perform the functions of ship to party and bill to party. It contains the sales data such as assigned sub organizations, valid price list, and credit limit. Any sales transaction starting from RFQ to invoicing can be executed by the sold-to party. While bill-to party, ship-to party are always linked to a parent sold-to customer against whom the sales order can be booked. The good receipts and invoice receipts will be done against ship-to party and bill-to party.

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White Paper		W. E. F. dd/mm/yy

If there is only one ship to customer and bill to customer mapped to sold to party, then the details are displayed automatically in sales transaction when it is selected. If multiple ship to and bill to parties are mapped to sold to party, then user has to select the required parties. In sales transaction, the user can select the same sold to party at ship to and bill to parties. Sold to party is responsible for shipping and billing the document.

Sold to party is responsible for special pricing and credit check. Sold-to party is authorized to release a contract. The entire sales cycle is executed through the sold to party.

Ship To Party:

Ship to party can be defined as an individual or organization that receives goods. Sold to party places an order and against that order ship to party receives the goods. The ship to party should not be a bill to party. Ship to party contains the information about shipping address details, which are automatically displayed based on the selection of ship to address in the transaction. While executing the sales process, all the ship to party information is maintained in the master data as ship to party can be in a different place of sold to party. The delivery address information is taken from ship to party master data.

Exensys sales and distribution supports single ship to party, which can ship the entire goods or ship the item wise goods to different ship to parties. Also, eXensys supports item wise schedule based on which multiple ship to parties can receive the partial quantities against a single item. Ship to party is not responsible for payments, credit check and rebates.

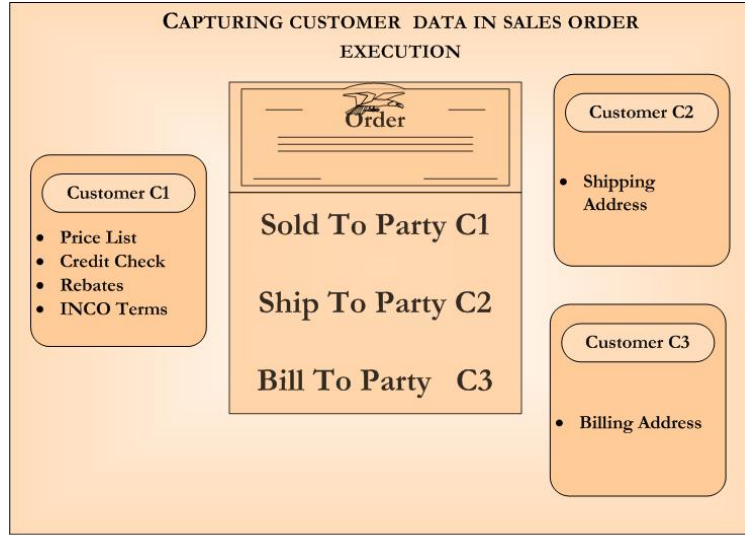
In the sales document, a user can select ship to party as parent customer or as a different ship to customers who are mapped to the selected sold to party. While executing the delivery, whatever the information included in the sales order of ship to party against the shipping will be executed. One sales order can be shipped to multiple shipping points based on the selection of ship to party in an order. Ship to party is not responsible for payments, pricing and rebates.

Bill To Party:

Bill to party can be defined as any individual or organization that receives the invoices for delivery. Bill to party contains the information about the billing address details, which are automatically displayed, based on the selection of bill to address in the transaction. While executing the sales process, all the bill to party information is maintained in the master data as bill to party can be in a different place of sold to party. The billing address information is taken from bill to party master data.

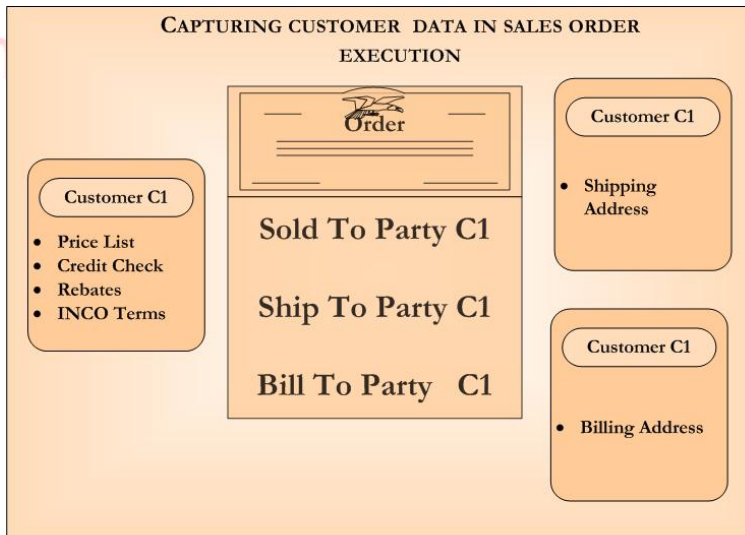
In a sales transaction, the sold to party can act as bill to party or if any bill to party is mapped to the sold to party, then the system provides an option to select a different bill to party other than the sold to party. Sales order is booked for the sold to party. Then, bill to party receives the invoice in the name of the selected bill to party. Bill to party is not responsible for payments, credit check and rebates.

Ex 1:



In the above example, the sales order has different customers as sold to party, ship to party and bill to party. Sold to party customer C1 contains the information about price list, credit check, INCO terms and quotas. Sold to party C1 has placed the sales order while ship to party C2 receives the goods at mentioned shipping address details. And, bill to party C3 receives the invoice in the name of mentioned billing address details. The above sales order is created in the name of sold to party C1. The ship to party C2 receives the goods and bill to party C3 receives the invoice.

Ex 2:



In the above example, the sales order has different customers as sold to party, ship to party and bill to party. Sold to party customer C1 contains the information about price list, credit check, INCO terms and quotas. Sold to party C1 has placed the sales order and

Exensys Software Solutions Ltd.		AA/B/CCDD V x.y
White Paper		W. E. F. dd/mm/yy

same the customer C1 acts as ship to party and receives the goods. Also, the same customer C1 acts as bill to party and receives the invoice.

Benefits:

Exensys provides the streamlined business processes like one customer places an order from head office and another customer will receive the goods at different location. The bill to party customer will receive the invoice against the sales order booked by sold to party.

- Facility to define simple customer hierarchies.
- Facility to update customer master against categories.
- Flexible to define customer categories in customer master.
- Improving accuracy of sales processing by using customer hierarchies.
- Facility to track customer performance.
- Flexibility in sales order processing as per the selected customer categories.

Conclusion:

Exensys customer hierarchies facilitate the companies to easily execute the sales order processing till invoice. Customer can be categorized as different functions. Each category has different functionality which allows for easy sales process.

- Checks duplicate customer masters.
- Continuous tracking of process data and status for customers.
- Reports are provided based on the customer category wise performance.