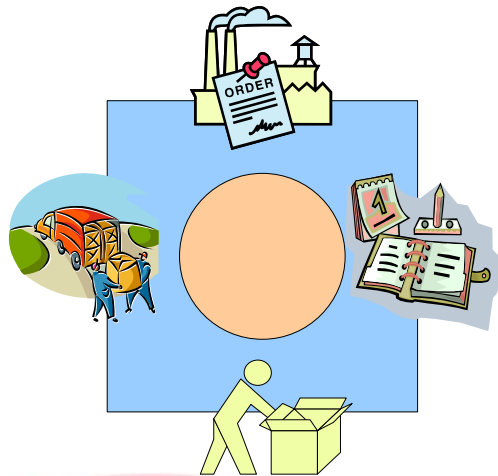


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Best Practice
Business Performance Sustained
eXensys – Order To DN

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Introduction:

Managing the sales order process ensures the delivery of orders on time, quick collection of payment, and meets revenue recognition conditions. For large companies this involves thousands of transactions a day. Last-minute orders, incorrect changes to master data, and inappropriate returns can result in thousands of dollars in lost revenue. . Even small mistakes such as over-extended credit and incorrectly recorded receivables can add up and cause serious concern when financial statements are reviewed.

Identifying and stopping mistakes is the challenge. An effective order-to-delivery process is a strategic priority when it comes to improving the bottom line. Process Value Management provides rules-based order-to-delivery processing which optimizes workflow to reduce costly errors, decrease receivables, increase delivery performance, and enhance customer experience. In addition, automating the order-to-delivery process can create millions of dollars in savings by lowering the number of touch points involved at each step of the process.

Overview:

What is Order to Delivery?

Order-to-Delivery is a generic term used to encompass the business cycle that starts with the receipts of customer's order and ends with the deliver of the final product. There are several sub-processes involved in the order-to-delivery cycle, including the receipt of order confirmation from customer, entering sales orders, approving sales orders, scheduling sales order, picking and delivering of goods. Different processes are occurred at the time of order to delivery execution.

Following are the processes involved in Order to Delivery cycle:

1. Sales Order
2. Sales order scheduling
3. Picking

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4. Delivery

Sales Order: A Sales Order acts as a customer’s confirmation to the organization for the purchase of products/services through Purchase Order. Once it is posted and approved, then all the stake holders of the organization strive to fulfill the order. So, it mobilizes all the resources across the organization to do the necessary activities to fulfill the order. A sales order can be booked on the sold-to party. Sold-to party itself can act as a the ship-to and bill-to party or other customers mapped to the sold-to party in the customer hierarchy can be selected against the ship-to and bill-to parties.

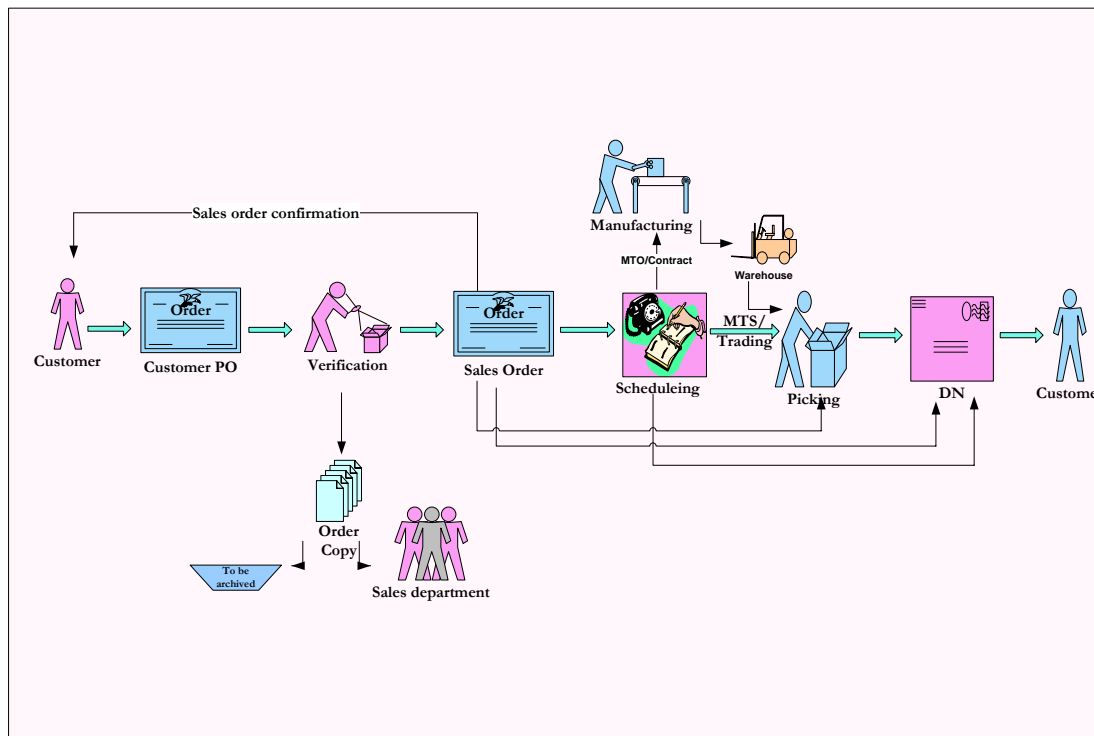
Sales Order scheduling: Sales Order can be scheduled by using Available to Promise tool. For scheduling, the priority for the requisite goods is placed with the inventory department. On scheduling a sales order, the available stock can be locked against a schedule. Picking and delivery with reference to sales order are handled through inventory module.

Picking: Picking of items is done with respect to Sales Order or scheduling. Items of the required quantity and quality are picked and separated in the warehouse.

Delivery: Delivery Note contains the details regarding the ordered items to be delivered to the customers. Delivery can be done against the sales order, schedule or picking transactions.

Process Description of Order to Delivery:

Sales order processing is integrated with the inventory management and finance. The process starts with the creation and approval of the sales order. Once the order is approved, if required the scheduling will be done based on the sales order. Once the sales order is scheduled, if required the picking of the goods can be done against the schedule or else the delivery can be executed. The items will be delivered to the customer based on the delivery note with reference to sales order or schedule or picking.



Step1: Sales order creation and approved

Once a sales order is created, then the user can check the availability of stock. Based on this, the system checks for the credit limit of the customer, assigns and automatically calculates the payment terms. The item-wise price details can be checked through quick reports before approving the sales order. Automatic special and default price functionality in the sales order helps the user to save time. The facility to capture schemes (if applicable) and sales person details in sales order helps the user in providing commissions to sales person with respect to their targets. Sales order can also be partially fired based on the scheduling. If required, the sales order can be revised, cancelled or fore closed. Sales order not only keeps a track of the received documents but also helps to get the information about any pending documents that is still to be received or submitted.

Step2: Scheduling items through Available to Promise method

While scheduling the sales order, the available to promise quantity is checked for the item. Available-to-promise (ATP) is an order scheduling and order fulfillment strategy, which can provide the uncommitted quantity in the inventory to be put into use. It facilitates to

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promise the delivery of quantities and delivery of schedules based on the customer requirements.

User checks for the availability of the stock for delivery on a particular delivery date. The system supports consolidated planning for the forth coming week (ATP Week). The system displays all the sales orders for the ATP week along with all the planned issues and receipts. Any particular sales order can be scheduled and the stock can be reserved if necessary. Considering the priority of other sales orders, planned receipts, and issues, the user can reserve the stock against a Sales Order.

Customer orders are received from multiple locations. They can be confirmed after ensuring the availability of stock at any of the locations and the available stock can be locked for a customer. On the completion of the order scheduling, the stock gets allocated against a customer's order and will not be available for any other issues. This process helps in proper planning of order confirmation and avoids delivery slippages. The ATP quantity is calculated based on the following considerations: On-hand inventory + Scheduled Receipts – Scheduled issue.

On completion of the scheduled order, if any back order quantity is applicable, then this back order quantity information can be sent to manufacturing if type item type is MTO else the same back order information will be sent to purchase department for purchasing of that particular item. Further, back order quantities will be received from manufacturing or purchase departments, and the same will be dispatched to the customer on scheduled date.

Step3: Picking of items.

Picking Strategy involves the selection of items from the storage locations to meet the requirement of customer's order request. This pick list is generated from the sales orders or from the scheduling. It includes details of the reference number, item or part numbers, reference quantities, required dates and so on.

Based on the allocations, the corresponding goods are withdrawn from the storage areas and moved to the staging area for shipping.

Step4: Delivering the items

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This process is involved in checking the availability of item stock for a specified period. It can schedule the item stock for a particular sales order, scheduling or picking. Finished goods that are to be delivered to the customer can be done by raising a Delivery Note.

In a make-to-stock environment, the customer's orders are fulfilled from inventory. But, in make-to-order business strategy, the demand is satisfied through production capacity in case of manufacturing segment and through purchasing capacity in case of trading segment. Since the demand can be satisfied either from inventory, scheduled receipt or MFG/Purchase, the receipt plays a main role in delivery scheduling of the item.

As soon as the user accesses the sales order, scheduling or picking, the confirmation of this reference transaction will be posted to the Inventory, requesting for the item. The item will be picked directly from the inventory and produces the delivery note. With respect to the delivery note, the Inventory stock is automatically updated. When the sales order is created, the quantity to be delivered is marked as allocated/ reserved stock. It is deducted from the total stock when the goods issue is posted.

Following are the different scenarios involved in order to delivery process.

1. Sales Order >> DN
2. Sales Order >> SOS >> DN
3. Sales Order >> Picking >> DN
4. Sales Order >> SOS >> Picking >> DN

Scenario 1 Delivery note raised with reference to approved or partially executed sales order, when ever delivery note executed with complete quantity of sales order then the status of sales order become delivered or else if delivery note executed partially then the status of sales order become partially delivered.

E.g. SO number SO1001 created with item IX and quantity 20 and approved then status of SO should become approved.

The above sales order no SO1001 referred in delivery note number DN1001 and quantity executed partially then status of SO should become partially deliver.

DN1002 created w.r.t above sales order no SO1001 and DN executed with remaining quantity then status of SO1001 should become delivered.

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Scenario 2 Sales order approved and scheduled done against with full quantity of sales order then status of sales order will become scheduled incase of partially scheduled then status of sales order will become partially scheduled. Delivery note can be raised against partially scheduled sales orders or scheduled sales orders, based on that status of sales order will become delivered incase of scheduled sales orders referred in delivery note else status of sales order will become partially delivered.

E.g. Sales Order No SO3001 created with item IX and qty 20 and approved the transaction then status of SO3001 should become approved

The above SO3001 referred in SOS and executed with complete quantity then status of SO3001 should become scheduled.

Delivery note DN3001 creates w.r.t the above SOS then status of sales order number SO3001 should become delivered.

Scenario 3 Approved sales order referred in the picking transaction and the picking executed with partial quantity then status of the sales order becomes partially picked, in case of the picking executed with complete quantity then status of the sales order becomes picked. Delivery note can be created w.r.t partially picked transaction or with picked status transaction. Finally sales order status will become delivered in case of complete quantity execution or else status of sales order will become partially delivered.

E.g. SO2001 created with item ZX qty 10 and partial quantity item ZX with 5 qty SO2001 referred in picking P2001 and approved the picking then status of SO2001 should become partial picked.

The above picking P2001 transaction with item ZX and 5 qty referred in delivery note DN2001 and approved the DN then status of SO2001 should become partial delivered.

Create another DN no DN2002 w.r.t P2001 and execute the same with remaining quantity then status of sales order SO2001 becomes delivered.

Scenario 4 Create sales order and perform the complete schedule, then status of the sales order becomes scheduled. Now create the picking w.r.t scheduled sales order with complete quantity and approve the picking then status of the sales order becomes picked. If picking is executed partially then status of the sales order becomes partially picked. Create delivery w.r.t picking then the status of the sales order becomes delivered incase of complete quantity else status becomes partially delivered.

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E.g. Sales Order No SO3001 created with item IX and qty 20 and approved the transaction then status of SO3001 should be changed to approve.

The above SO3001 referred in SOS and executed completely then status of SO3001 should be scheduled.

Create picking PI3001 w.r.t the above SOS and execute this completely then status of sales order should be changed to Picked.

Create delivery note DN3001 w.r.t to the above P3001 and execute this completely then status of sales order should be changed to deliver.



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Benefits:

Improving order fulfillment, reduces the time from sales order creation to delivery, raising automatic back order requisition.

- Improving accuracy of sales order process.
- Sales order can revise, cancel, hold and force closure.
- Receive and enter customer orders faster.
- Increase data entry accuracy by up to 99%.
- Automatic calculation of due dates, pricing and schemes.
- Delivering of goods on scheduled time.

Work flow and status tracking in order to delivery process

- Quick order processing and efficient delivery scheduling.
- Comprehensive customer order tracking and prioritization.
- Enhanced quality and effectiveness of customer order management.
- Structured data for customer profitability and employee performance analysis.
- Reduced Days Sales Outstanding.
- Avoiding of duplicate ordering.

Conclusion:

Organizations are looking to reduce the time and mistakes in order processing, and automating the order-to-delivery process.

- Order to delivery is very effective because it not only calculates ATP but also gives information on back order quantities automatically.
- Integration with other modules.
- Flexible, automated task routing.
- Sales order can revise, cancel, hold and force closure before the completing of quantity.
- Duplicate order checking.
- Continuous tracking of process data and status for customer service.

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- Reports on order to delivery process.

