Department Wise ERP Role:

Procurement

ERP helps procurement department largely. A successful ERP implementation is capable of the **automating the entire procurement process**. You can set reorder levels, minimum order and maximum order level in your organization. Maintaining optimum level is the key to just in time or optimum inventory.

Advantage ERP

- As high as 80% of the capital can be required just for inventory 10% reduction in working capital requirements due to inventory control can be a huge cost saver for the company.   The same capital can be deployed for expanding the business. Its compounded profitability is very high.

- The chances of failure to accomplish an assignment, due to material shortage is minimized as system proactively gets you the correct inventory status.

- Get control on purchases as you are well informed of your requirements assessments.

The procurement process is handled in following stages.

- **Stage I**   : Set location specific re-order levels, minimum order and maximum order levels.

- **Stage II**   : Also define location specific list of approved Vendors along with Vendor information and the credit limits information.

- **Stage III**   : Generate goods below re-order levels statement or short quantity report through production planning module. The system has facility the convert the report into material requests on your demand.

- **Stage IV**   : Material request can be raised manually also depending on the needs. The material request is raised, it can be send for approval and purchase order can be generated from the system. The rates, terms and conditions, and delivery terms can be entered while creating a purchase orders which can also form a verification platform while receiving goods or invoice. Data entered in Indent or Material request can be linked to Purchase order which further is linked with Purchase transaction.

- **Stage V**   : Immediate reflection and updating of stock statements across locations which would give you status of pending purchase orders and show as goods expected. This is to help you avoided reordering same material again since there are pending purchase orders already placed in system.

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┌─────────────────────┐
│  Start Procurement  │
│      Process        │
└─────────────────────┘
           │
           ▼                              ╱──────────────────────╱
┌──┬──────────────────────┬──┐          ╱  Location specific     ╱
│  │ Set Re-order levels, │  │─────────▶╱  stock statement       ╱
│  │ maximum order        │  │         ╱   data                 ╱
│  │ levels, etc          │  │        ╱──────────────────────╱
└──┴──────────────────────┴──┘
           │
           ▼
┌──┬──────────────────────┬──┐                        ╱──────────────────╱
│  │ Auto Indent (material│  │◀──────────────        ╱  Approve          ╱
│  │ requests based on    │  │                      ╱   Vendor List      ╱
│  │ short quantity report)│ │                     ╱    and other       ╱
└──┴──────────────────────┴──┘                    ╱     Vendor List    ╱
           │                                     ╱──────────────────╱
           ▼
┌──┬──────────────────────┬──┐◀──────────────────
│  │ Purchase Ordering    │  │
│  │ Module with          │  │
│  │ Approved Vendor      │  │
│  │ analytical report    │  │──────────────────┐
└──┴──────────────────────┴──┘                  │
           │                                     ▼
           │                        ┌──┬──────────────────────────┐
           ▼                        │  │ Update Purchase Order    │
┌──────────────────┐  ┌──┬────────────────────────┬──┐ │ Register and Amendment │
│ Update Financials│  │  │ Good Receipt Data,     │  │ │ report                 │
│ accounts Payable │  │  │ Pending Purchase       │  │ └────────────────────────┘
│ reports          │  │  │ orders report. And QC  │  │
└──────────────────┘  │  │ approval of Goods      │  │
         ▲            └──┴────────────────────────┴──┘
         │                       │
         │                       ▼
         │          ┌──┬────────────────────────┬──┐
         └──────────│  │ Purchase Invoice which │  │
                    │  │ is verified with       │  │
                    │  │ Purchase Order and     │  │
                    │  │ Goods Receipt.         │  │
                    └──┴────────────────────────┴──┘
                               │
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                    ╭──────────────────────╮
                    │ End Procurement      │
                    │ Process              │
                    ╰──────────────────────╯
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