

Priority for Purchasing

WHY CHOOSE PRIORITY?

WORLD'S MOST CONFIGURABLE ERP

- ✓ tailor fields, screens, menus, reports, stationery
- ✓ drag and drop workflows
- ✓ business rules, automated data entry, automated repetitive tasks

CHOICE OF HOSTING

- ✓ on-premise or cloud hosted

MIXED PLATFORM

- ✓ any mix of PCs, Macs, tablets and smartphones

MOBILE

- ✓ fast enough to run over cellphone networks

INTEGRATED CRM

- ✓ built-in CRM provides full interaction with ERP
- ✓ full interaction with MS Office and Gmail suites

BREADTH OF MODULES

- ✓ functionality to support many industries in the same system

DEPTH OF FUNCTIONALITY

- ✓ detailed features for the most demanding of users

INTEGRATION/TRACEABILITY

- ✓ interaction between each part of the system
- ✓ drilldown to all related records

EASY TO INTERFACE

- ✓ strong API to connect to other software

EXPERIENCE

- ✓ 30 years of development
- ✓ 7,000 implementations



Vendor Price Lists offer flexible purchase costs

Subcontractor services are seamlessly integrated with purchasing, inventory and production

Several algorithms available to optimize purchasing against your preferred parameters

Full requisition features to track what you need before you order

Blanket ordering for better pricing that meets vendor time-based criteria

The **Priority** system supports the entire purchasing process — from the creation of purchase requisitions (recommendations), to the opening of requests for quotes from vendors, to the recording of received quotations, to the opening of purchase orders, and finally to the receipt of goods and their billing.

The **Purchasing** module enables the purchasing manager to receive online updates regarding the ramifications of his/her decisions upon the projected balances of materials in inventory. That is, the purchasing manager decides, together with the vendor, on quantities to order and due dates based on demands to acquire a specific part (including several demands for different dates) and a variety of related factors (e.g., lead time). In light of existing orders, unmet demands and the like, the system displays projected balances for the item. In addition, the dates of various milestones along the supply path are displayed — for example, the part's due date (ship date), receipt date (arrival date), and on-hand date (the date that it is available for production, after all laboratory tests have been completed).

Priority's Purchasing module is linked to the **Financials, Marketing and Sales, Project Management, Inventory** and **Production** modules. This linkage allows the purchasing manager to view the sales order and/or demand for finished goods that serves as the basis for the purchase requisition. Later on in the process, you can record the receipt of materials into inventory against purchase orders (reducing the order balance) and, finally, check that the itemized quantities in the vendor's invoice match received quantities.

Vendors

Basic data is maintained for each vendor, including: number, name, address, telephone numbers; list of key personnel (with positions and phone numbers); specific contacts for RFQs (request for quotes), purchase orders and invoices; overall quality level; shipping mode; business sector classification; and the like.

In addition, billing information is maintained for vendors in the **Financials** module, including payment terms, account number in the **Chart of Accounts Payable**, bank account details, and a remit-to address to which check payments are sent, and which appears on printed checks. Vendors that are no longer in business, or with whom you have ceased working, can be made inactive, thus ensuring that no new purchase orders will be opened for them.

Maintenance of vendor data is managed via statuses using the graphic **BPM Flow Chart Vendors**. After defining the necessary statuses (and the paths that connect them), you can view their attributes in the **Statuses for Vendors** form.

To distinguish a given vendor as a subcontractor, you simply open a work cell for him/her and assign the subcontractor a warehouse (defined as a plant-floor warehouse).

Information recorded for vendors and subcontractors is used by **Priority** as default values in various documents and processes throughout the system.

The system supports purchases from one-time vendors, enabling you to change the vendor's name and address on the purchasing document without the need to

open a new vendor with a separate A/P account.

Vendor Parts

Priority allows you to create and maintain a list of parts supplied by each vendor. This list includes the vendor's catalogue number and description of the part, which appear on printouts of purchasing documents (e.g., purchase order, request for price quotation). You can maintain a history of vendor parts by making old parts inactive. This feature is particularly useful if the vendor changes the VPN (vendor part number). The list of vendor parts can be created automatically or manually.

You can also maintain parts by their manufacturer part number. This number is identical for all vendors of the part, yet distinguishes between manufacturers.

Whenever a purchasing document is recorded, a check is carried out as to whether the specified item appears in the vendor's list of parts. If it does not, a warning is posted.

In addition to the maintenance of overall quality levels for vendors, you can also record *quality levels* for each item sold by the vendor. In addition, vendors can be assigned a ranking per item, relative to other vendors who supply the same part (where the vendor with the highest ranking is considered the *preferred vendor*). This is mainly used in the production of requests for price quotations, as well as during the selection of the vendor from whom the part will be purchased.

You can maintain a separate purchase unit per part for each vendor. This unit is utilized in all communications with the vendor but need not be connected to or dependent on the unit used to maintain its inventory in your

own organization. It can also serve as the basis for the unit price recorded in the vendor's price list.

Vendor Price Lists and Purchase Prices

Priority allows you to maintain an unlimited number of price lists for each vendor. Each price list is assigned a currency and an effect date. You can thereby maintain price lists in different currencies for the same vendor, as well as update price lists that will go into effect at some future date while saving the prices currently in effect.

The itemized price list contains the prices and discounts of all the parts included in that price list, which can be defined or revised in batches.

Price list maintenance is easy and convenient, including, for instance, the option of creating price lists based on lists of vendor parts, copying entire price lists, copying discounts from one list to another, and updating prices by a percentage or set value.

When a purchase document is recorded, the system identifies the appropriate price list according to the effect date and part number. As the same vendor can have several price lists, **Priority** looks for the list with the most recent effect date to see if it contains the ordered part. As long as the effect date precedes the order date (i.e., the list is in effect), the unit price for the part is taken from there. If not, the next most recent list containing the part is offered as the default. The source of the price appears in the line item.

Any given list can designate prices for regular purchases or for commission sales. For vendors with whom you have

- It opens a purchase demand document comprised of separate purchase requisitions (quantities and dates), taking into account lead times and other purchase planning parameters for each part.
- It generates recommendations to expedite existing purchase orders when necessary and possible.

Purchase Planning Parameters

One important parameter that affects a given part's purchase planning is its replenishment type. This is determined by the manner in which demands for that part are calculated. A part's usage can be planned in one of two ways:

- It can be planned dynamically, on the basis of sales orders — both for raw materials needed to produce a finished product and for parts that are bought and resold.
- Or it may be required on a fixed, user-designated basis, every given number of days (e.g., supplies, machine oil, parts produced for stock).

Lead time is another important factor that is taken into account. It is designated per part and broken down into three separate, cumulative periods of time:

- **Purchase lead time** — from the day the part is ordered until it leaves the vendor's premises
- **Shipping days** — the average number of days it takes to move from the vendor to your own site
- **Testing days** — the time it takes, once the part arrives in the warehouse, to undergo any laboratory tests and be considered available for production or sale.

Additional purchase planning parameters specified for the part include: safety stock, demand range, minimum order quantity, increment for order, and scrap.

Purchase Planning According to MRP/Production Planning

Purchase planning can be run on the basis of one of three possible planning processes:

- **Production Planning with Finite or Infinite Capacity** — planned production which takes into consideration production constraints, the capacity of all required resources, part parameters, bill of materials, and factory modeling.
- **Material Requirements Planning (MRP)** — planned production based on part parameters, bill of materials and factory modeling (disregarding resource capacity).
- **Material Requirements Planning for Distributors** — issues planning on the basis of demands generated by sales orders and forecast orders (with no reference to bills of materials, production activity or assemblies). Before running any of these planning programs, the orders to be taken into account and planned must be flagged. In the case of production planning, the **Priority** of each order relative to the others must be specified. The three programs supply an issues plan that represents the basis for calculating projected balances and purchase recommendations.

Projected Balances and Purchase Recommendations

The calculation of projected balances is performed in the following manner:

- The system takes into account existing balances in the warehouse (differentiating between inventory that is available for production and that which is not), adds anticipated receipts of goods from vendors as well as any inventory in the middle of its routing (work in progress), and then subtracts expected issues (both for production and customer shipments).

- Demands are created with the aim of guaranteeing that inventory levels do not fall below designated safety stock levels. The calculation of demands takes into account various purchase planning parameters, including: demand range, minimum order quantity, and increment for order.
- Any existing purchase order whose expected on-hand date does not meet the demand date for the part generates a recommendation to expedite, in which a more suitable due date is suggested by the system.
- Projected balances begin with the part's opening balance on the day purchase planning was run, and reflect any future inventory developments. They also display recommended dates and quantities of orders and purchase requisitions. This provides the purchase manager with a complete picture, facilitating decisions as to whether to accept the recommendations or to make certain adjustments.

Purchase Planning Reports

The following reports are available in the **Purchase Planning** module:

Projected Balances Reports

- Projected Mat. Bal. – std units
- Projected Mat. Bal. – fact. units
- Minimum Material Balances

Purchase Recommendations Reports

- Purchase Recommendations
- Projected balances (with PRs)
- PO Recommendations (Materials)
- Purchasing Shortages
- Exceptions
- Purchase Recommends (Businesses)

Purchase Follow-up Reports

- Purchasing Overview of Parts
- Open P Order Status-Foreign Lang
- Part Price Options
- Required Materials Reports
- Req. Maters. per Top-level Part
- Req. Materials per Sub-assembly

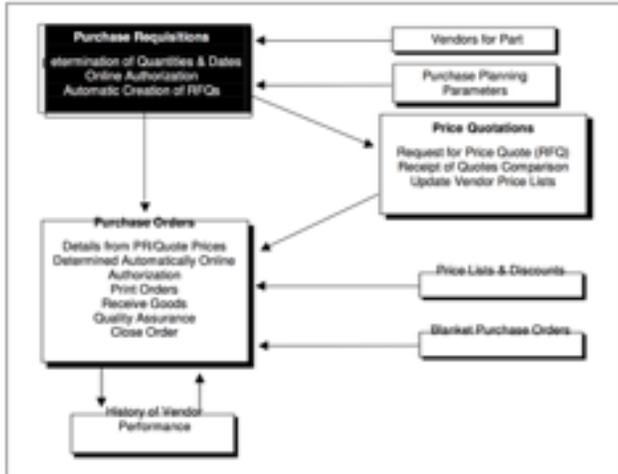
Purchase Requisition Reports

- Purch. Requisitions for Period
- Parts Needed from Vendors
- Projected Balances (with PRs)
- Print Purchase Demand
- Print Purch Demand-Foreign lang.

Purchase Orders

Purchase orders are generated from the results of purchase planning once a decision has been reached as to what quantities are to be purchased, when, and from which vendor. The purchasing manager receives from **Priority** a wealth of information on which to base decisions and plan the execution of the necessary purchases, including the performance history of each vendor (e.g., supply and delivery, past prices, proven quality), price quotation comparisons, current inventory levels and projected balances.

Prices and discounts are filled in automatically, taken from a blanket order, a price quote, a price list, purchase costs manually entered in a sales order, the part's purchase price, or the part price in the previous order. The source of the price is displayed in the line item.



Purchase Requisitions (Recommendations)

Purchase requisitions are created automatically when the purchase planning program is run. The following data are maintained per requisitioned item:

- The required quantity
- The date the order should be placed
- The date the goods should be ready to leave the vendor's premises
- The date the item is needed for production or shipment to a customer
- Information about the preferred vendor
- The buyer responsible for purchasing this item.

Any purchase requisition that was created automatically may be revised. You can also open PRs manually.

When a new PR is generated automatically, any old (automatically created) PRs for the same part, which have not yet been processed, are deleted, thereby avoiding double orders for the same part.

Priority's PR facility provides the purchasing manager with a wealth of information, including projected balances for each item and part price options (based on price lists, quotes, previous orders, etc.). This

information enables the purchasing manager to arrive at optimal decisions.

You can use a purchase requisition (even when it is still in the authorization stages) to generate requests for price quotations from vendors (see below). A fully authorized PR can be used to create a purchase order.

A flag in the **Purchase Requisitions** form allows you to copy prices directly from PRs to purchase orders that are based on them. This flag is marked automatically when the PR price has been updated on the basis of a vendor price quote.

Price Quotations from Vendors

Requests for price quotations (RFQs) can be created automatically on the basis of purchase requisitions and vendor criteria. You have the option of generating RFQs only for the part's preferred vendor, for all vendors ranked up to a certain level, or for all vendors who supply the part.

The printout of the request includes the vendor's catalogue number and description of the part, as well as the vendor unit (as defined in the vendor's list of parts).

Quotes received in response to requests can be recorded in the system and compared. When recording a purchase order, you can base prices on a specific vendor quote or first view all quotes from all vendors who supply the part and then choose the one you prefer.

The comparison between quotes from different vendors is facilitated by the system's automatic conversion of units of measure and prices in foreign currencies into the same unit and currency for all quotes.

A vendor quotation can include different prices for the same part, with different minimum quantities. When a quote of this type is linked to an order, the appropriate price is taken, according to the quantity being ordered. Each price quote has a designated expiration date.

Recording Purchase Orders

Priority offers the option of itemizing purchase orders automatically. The parts ordered, together with their quantities and due dates, can be taken from a variety of sources: a purchase requisition, a price quotation, one or more sales orders (in a buy-resell situation). The due date in the original document will be used to calculate the order's receipt date and on-hand date (taking into account the part's purchasing parameters, such as shipping and testing days). You can record different due dates for the same part in a single order. If the vendor in question does not supply all the items that are filled in automatically, any superfluous lines can simply be deleted.

If the purchase order is based on one or more sales orders, each line in the purchase order contains a reference to the corresponding line in the sales order.

Prices and discounts recorded in purchase orders may come from one of the following sources:

- Automatic entry based on purchase requisitions (when purchase orders are opened by Direct Activation from the **Purchase Demands** form).
- Automatic entry based on a blanket purchase order or a price quotation (provided minimum quantity is ordered);
- Automatic entry based on the vendor's price list or the part's purchase price

(whichever is maintained), if there is no blanket order or price quotation;

- Automatic entry based on purchase costs recorded manually in a sales order (when the purchase order is based on one or more sales orders);
- Automatic entry based on the last purchase order for this part, if no price exists in the above-mentioned sources;
- Manual entry or revision of prices when the order is placed.

The source of the price is displayed alongside the unit price. If the currency of the order differs from that of the price source, prices are converted according to designated exchange rates. Order prices can be linked to a price index or foreign currency.

The purchasing manager is assisted in decision-making by a broad variety of pertinent information related to the ordered item, such as: inventory balances, recent inventory transactions and price options (from price lists, quotations, previous orders, etc.).

When a goods receiving voucher is recorded for a given purchase order, order balances are updated automatically. The item is closed automatically whenever its balance reaches zero or falls within the part's defined tolerance range. Orders and order items can also be closed manually.

The cost of any item in a purchase order (e.g., consulting services, legal aid, other non-inventory items) may be attached to any other part and work order; these are added as non-standard costs to the part or work order. Every order item may be linked to a

cost or profit center, as well as to a budget item.

The system allows you to order non-inventoried parts without having to open a separate catalogue number each time this occurs, by using a single part number and changing the part description. This revised part description is carried over to all related documents (goods receiving voucher, vendor invoice).

When recording an order to a subcontractor, you can specify the work orders for which the work in question is being performed. The price in the order is then calculated as a subcontracting cost (which is added to the costs of the materials sent to the subcontractor, in order to arrive at the work order cost).

The printed purchase order includes the vendor's catalogue number and description of the part, as well as the vendor unit (as defined in the vendor's list of parts). The shipping address can be inherited from earlier related documents (RFQ, vendor quote), or from the company warehouse for which the order is placed.

Authorization

Priority offers two mechanisms for authorizing purchase requisitions and purchase orders:

- **Authorizer lists**—You can designate a sole authorizer or a list of authorizers, indicating the monetary amount for which each must sign. An alternate can be designated for each authorizer. The user whose turn it is to sign the order is displayed, which allows all documents awaiting the authorization of a specific user to be retrieved at once. No changes can be made in the document once there is even a single signature.

- Multiple lists can be created, distinguished by code. The appropriate list is designated when the order (or PR document) is recorded. With each signature, an e-mail is automatically sent to the next authorizer on the list, facilitating the rapid completion of the process.
- **BPM statuses**—Use the BPM flowcharts to define statuses that correspond with the various stages of authorization required in your organization. Automatic messaging and workflow restrictions can be defined in the rules that govern the statuses and the paths connecting them.

Blanket Purchase Orders

Blanket purchase orders offer special pricing terms in return for a commitment to order a specified quantity over a designated period of time. By definition, a blanket order generates several different purchase orders. **Priority** provides a means of tracking how much of the blanket order remains to be ordered, as well as the financial value of this balance. The order balance, which is originally identical to the quantity of the order, decreases as orders linked to the blanket order are placed for this part. Once the balance reaches zero, the blanket order item is closed automatically. Nonetheless, you can still open orders for the part and base them on the blanket order; in this case, the date on which the blanket order balance first dropped below zero is displayed. Every blanket order is assigned an expiration date, after which you cannot open purchase orders for it.

Purchase Order Tracing

You can view all open purchase orders and order items, according to a variety of criteria. For instance, you can view due dates, anticipated on-hand dates and projected payment dates, thus identifying any supply

delays. In addition, a log displays changes made to purchase orders items.

All prices in the list of open order items are displayed in the local currency. This facilitates comparisons and aids in the projection of cash flow outlays.

A number of reports provide information on supply delays and vendor performance over time (actual versus planned supply of goods).

Purchasing Reports

The following purchasing reports are available:

Vendor Reports

- List of Vendors
- Vendor Prices per Part
- Vendors per Part
- Parts per Vendor
- Vendor Performance
- Vendors per Business Classific.
- Vendor Data Report Generator

Price Quotation Reports

- Print RFQ
- Print RFQ in Foreign Language
- Print Vendor Quote
- Comparison of Vendor Quotes

Purchase Order Reports

- Purchasing Overview of Parts
- Purchase Orders
- Open Purchase Orders
- Supply Delays
- Advance Paymt Balances per Order
- Adjusted Purchase Order
- Price Deviations in Purch Orders
- Purchase Order Supplies
- Purchase Order Balance per Style

Purchase Order Analysis

- Purchase Order Report Generator
- Purchase Order Analysis (OLAP)

FOR MORE INFORMATION, CONTACT:

4438 West 10th Avenue, Suite 532
Vancouver BC V6R 4R8

sales@topprioritysystems.com
Tel: 604.700.6970

top
priority
systems