

Microsoft Dynamics AX 2009

Purchase Requisitions: A Better Answer

Are your purchasing costs out of Control? You need to control those costs...

Regardless of your company core business or industry the reality is at some point in time purchasing of goods and services will occur. Without a proper tool to control the purchasing process, your company will eventually suffer cost deviations that were avoidable.

Neustro, Dynamics AX specialists, looks at how this common problem can be resolved.

There are many situations where purchasing costs can get out of control, and allowing employees the freedom to make purchases directly with suppliers can bring problems with establishing and maintaining profitable supplier relationships, controlling the problem of price increases, and ensuring supply quality.

Rogue Spending

Rogue spending can infiltrate even the most disciplined enterprises, and is even more apparent in organizations with remote offices and employees. Supplier lists grow – unchecked – like weeds. There is confusion over who manages what areas. Manual approval procedures for requisitions and invoices are cumbersome. Suppliers remain passive and uninvolved.

The introduction of a robust Purchase Requisition Process can alleviate most, if not all, of these problems.

A typical Purchase Requisition System has three main steps;

1. The requestor creates a Purchase Requisition, either using a Catalogue of Items or selecting a category for non-catalogue Items.
2. A Purchasing Agent checks the Requisition for accuracy; determines the supplier and places the Purchase Order.
3. If purchasing limits are in place, an approval process ensures that an approver must approve or reject the Requisition.

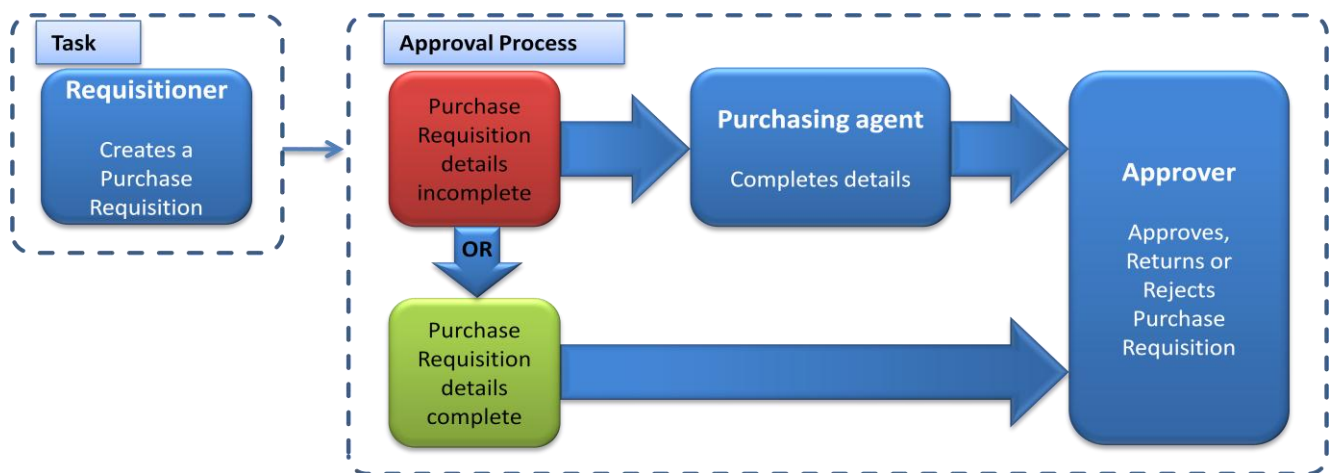
Software Solutions

Requisition Systems are now software based and many offer the ability to create requisitions on-line without the requestor needing to have access to their company’s back-office business system.

The recently released version of Microsoft Dynamics AX 2009 now includes Purchase Requisition functionality in the Trade and Source area of the Supply Chain Management; and in this document we will look at how some of the problems highlighted above can be resolved.

Purchase Requisition functionality in Microsoft Dynamics AX2009 is built upon the recently introduced Workflow functionality allowing for a smooth and efficient Business Process to be introduced.

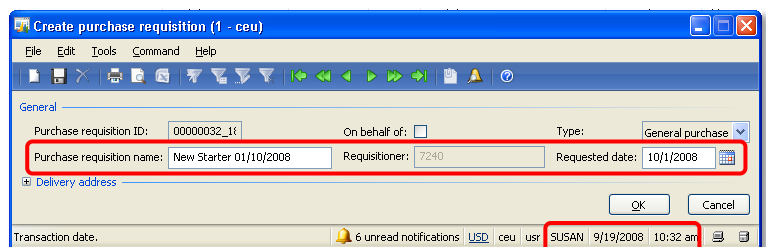
The basic process is illustrated in the diagram below.

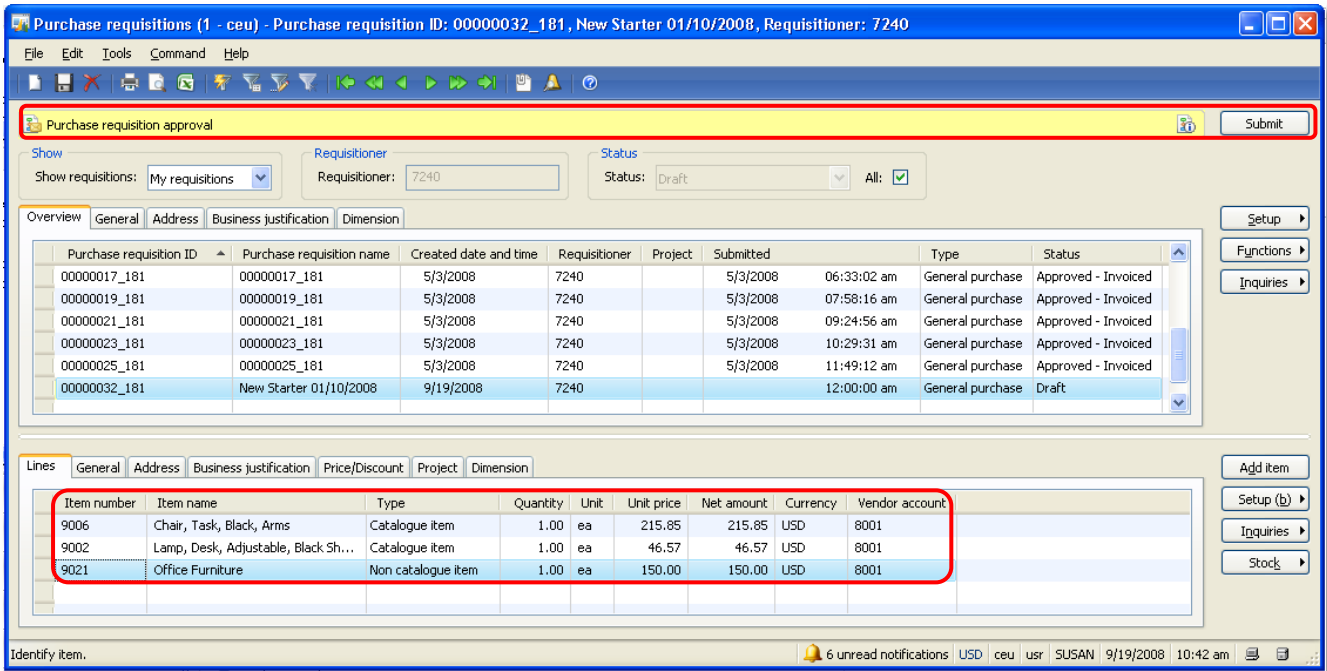


We will now follow this flow from the Creation of the Purchase Requisition, the Approval of the Purchase Requisition and the creation of the Purchase Order.

Creating a Purchase Requisition

Susan, who works in the Sales office has to purchase new office equipment for a new employee starting on the 1st October. Susan is authorised to create requisitions and has created a Purchase Requisition.

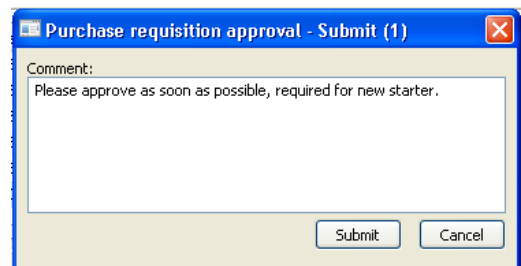




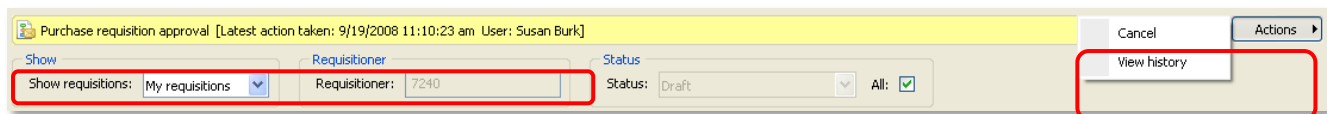
Susan has ordered two Catalogue items and one Non-catalogue Item (a desk in this example). The price of the Catalogue items and the Vendor has been completed from the Item Master data and the price and Vendor for the Non-catalogue Items has been entered by Susan.

Susan has completed the Purchase Requisition and now needs to send it for Approval; she clicks the Submit button on the Workflow bar.

Susan has the opportunity to add a comment before submitting the Purchase Requisition.



The Workflow bar indicates that the Workflow activity has been started; Susan can also Cancel the Workflow and view the history



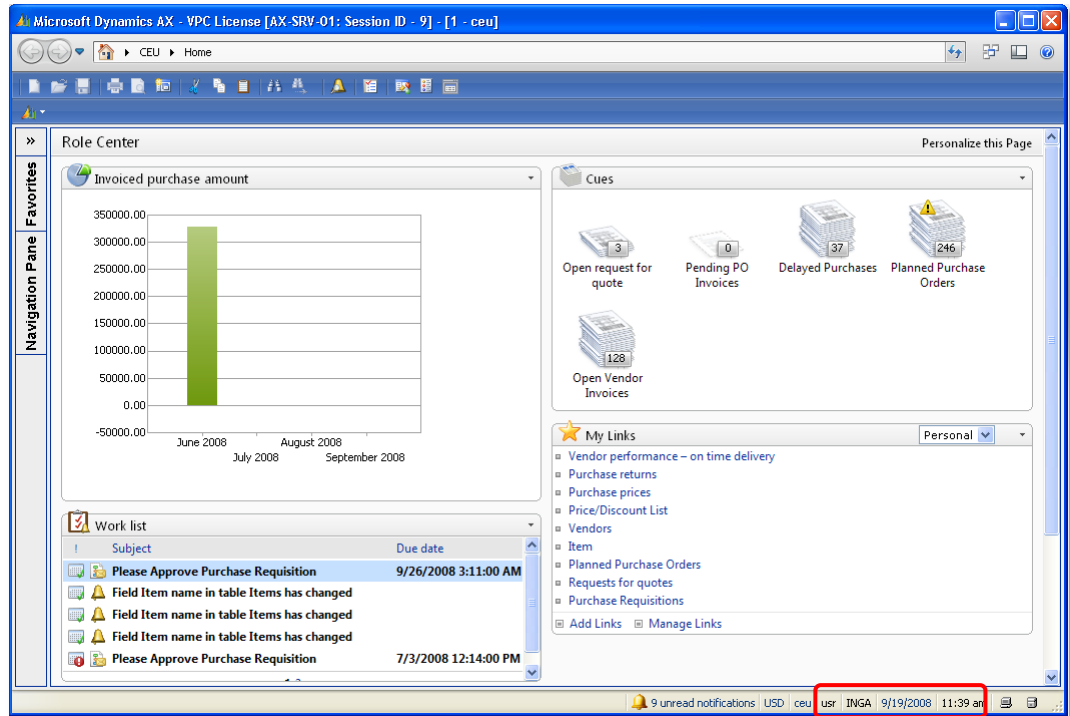
Since Susan completed the created Purchase Requisition fully, the Approval process goes straight to the Approver, if any information such as the item price or Vendor was not completed, the Purchase Requisition would have been sent to the Purchasing Agent for completion and then sent to the Approver.

Approving the Purchase Requisition

In Microsoft Dynamics AX2009, Inga, Susan’s Manager, has been set-up as the Approver for all Susan’s Purchase Requisitions.

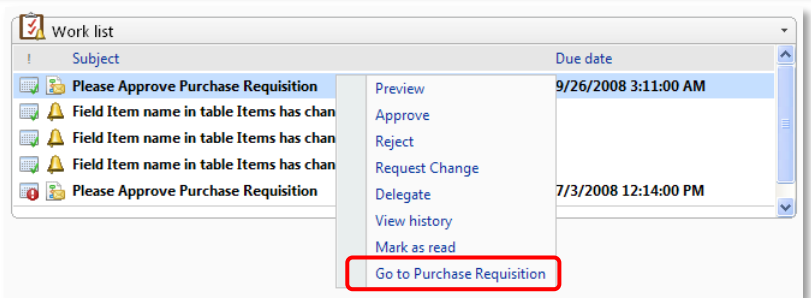
The next time Inga logs on to Microsoft Dynamics AX 2009 she notices on her Home Page that there is notification in her Work List for a Purchase Requisition Approval.

By right-clicking on the Work list notification, Inga can carry out a number of actions, she can preview a short description of the Requisition, Approve,

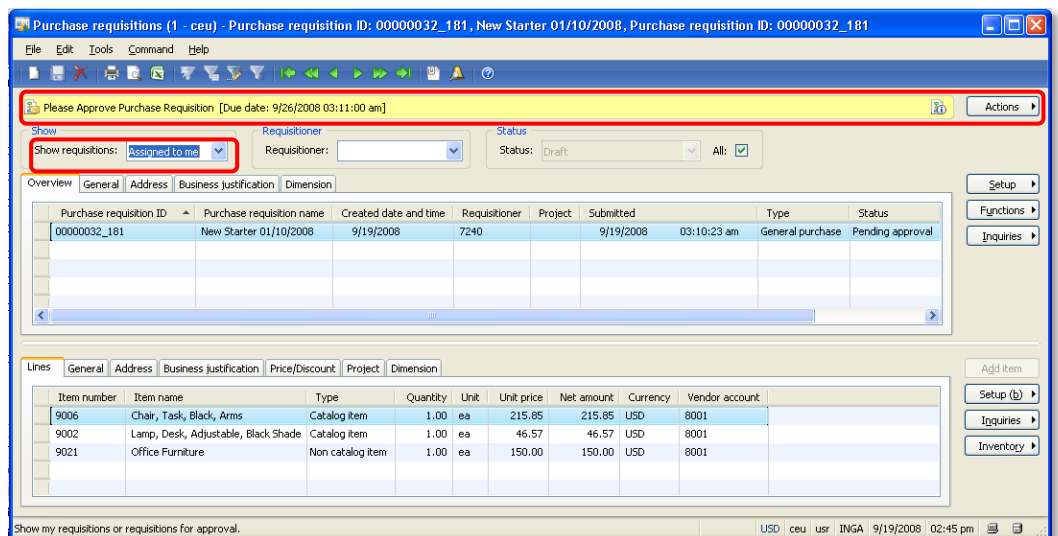


Reject, Request change, Delegate (to another user to Approve), View history (of all steps in the Workflow), Mark as read and Go to the Purchase Requisition form.

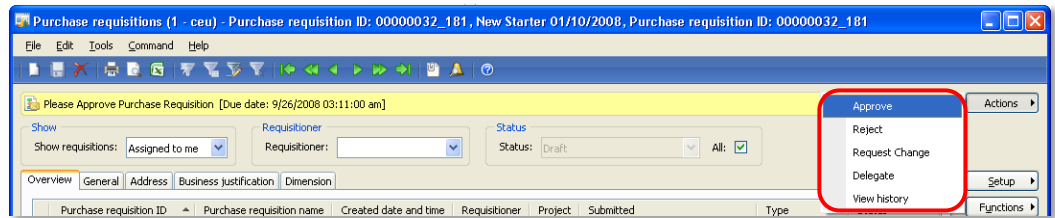
Inga chooses to *Go to Purchase Requisition* to have a closer look at what Susan has ordered.



Inga’s view of the Workflow bar indicates that she is being asked to Approve the Purchase Requisition Assigned to her.

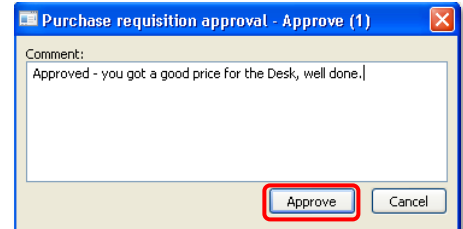


By clicking on the Actions Button Inga can Approve, Reject, Request change, Delegate and View history in the same way that she could from the Work list.



Inga is satisfied that the Items on the Purchase Requisition are correct and she therefore decides to Approve it.

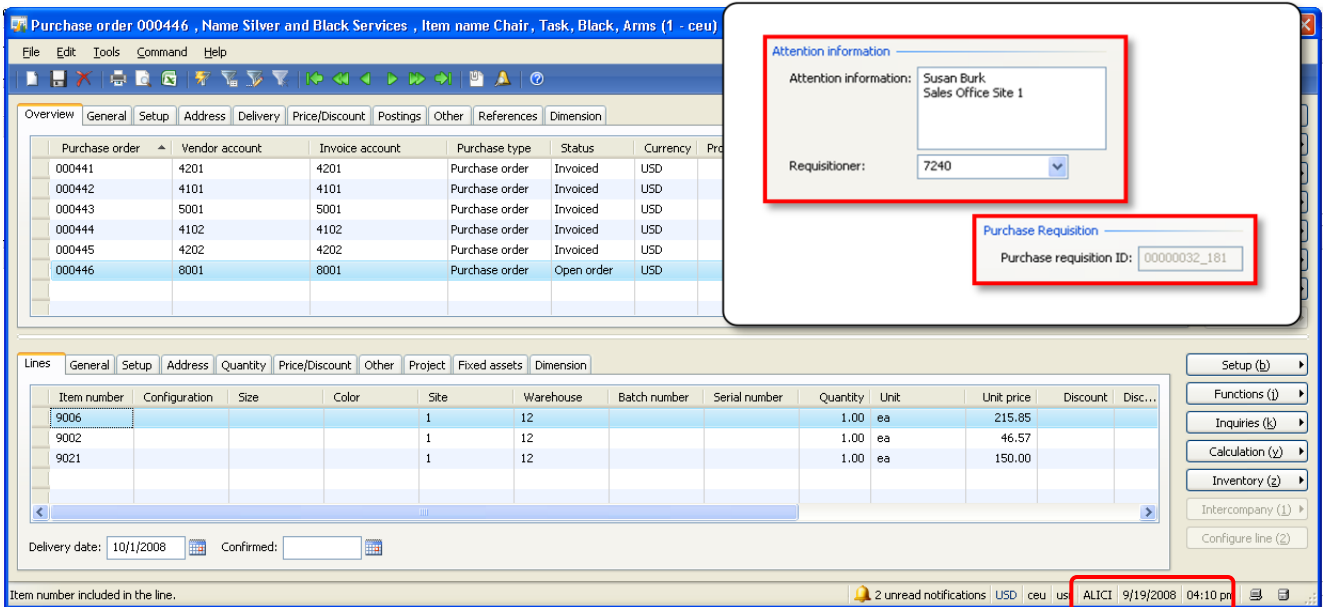
On Approving Inga also gets the opportunity to add a comment, then she Approves the Purchase Requisition.



The Purchase Requisition is removed from Inga’s list of requisitions assigned to her.

Purchasing Agent sends the Purchase Order to the Vendor

On approval of the Purchase Requisition Microsoft Dynamics AX2009 automatically creates a Purchase Order. The Purchasing Agent, Alicia, has her Purchase Order form open constantly and notices that a new Purchase Order has been created. Of course, this is the purchase order created following the Approval of the Purchase Order Requisition.



Information such as the Requestor, the location for delivery of the Purchase Order and the Purchase Requisition number is recorded on the Purchase Order.

Alicia can now continue to place the Purchase Order in the normal Manner.

The ability of users to utilise Purchase Requisition functionality in Microsoft Dynamics AX2009 is fully controlled by **User Security** and **Workflow Security** which allows users access to the Purchase Requisition forms and to create the Workflow necessary to process the Purchase Requisition.

You can create purchase requisitions in both **Enterprise Portal** and the Microsoft Dynamics AX desktop client.

Conclusion

Utilising the new **Purchase Requisition** functionality in Microsoft Dynamics AX2009 will allow the purchasing of non-production items to be handled in a controlled and efficient manner by:-

- preventing "rogue" purchasing - goods can only be purchased from approved suppliers lists
- restricting the growth of the supplier base - fewer invoices and less suppliers to manage - lower cost
- preventing fraudulent purchases etc
- Identifying a real need, rather than a perceived need - questioned by approver - why do you want it?
- the requisitioner may not be aware that stock exists elsewhere in the business - reduce stock levels and costs.

Together with the Workflow functionality Purchase Requisitions in Microsoft Dynamics AX2009 will ensure approval levels are not exceeded thus improving budget control.

Neustro

About Neustro: Neustro are the business systems experts - design, implement, manage and support IT for business – from e-mail to ERP. From one-off projects to a complete outsourced service. Neustro are specialists in Microsoft Dynamics AX and Infor Baan.