

Replenishment Programs Need Auditable and Traceable Event Management

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Replenishment programs like Just in Time (JIT) can reduce inventories and cycle times in the supply chain, but if not managed properly they can also overload back-end processes such as invoicing and payment reconciliation. In fact, all the efficiencies gained through speedier material movement could be easily lost in the back-office process loads if not synchronized smoothly.

That's exactly what a large high-tech Original Equipment Manufacturer (OEM) found out when its JIT program and supplier triggers fell out of sync with the Purchase Order (PO) releases, forcing manual reconciliation of hundreds of deliveries every week. The result: chaos in the downstream Accounts Payable (A/P) function. It not only slowed down A/P cycle times, affecting supplier satisfaction, but it also led to poor delivery performance and inventory buildup due to misaligned PO releases and material flow. On top of that, the company couldn't audit the payments accurately and lost trust in the supplier community. The company had to add 20% labor overhead just to support the reconciliation process and expedite the material on a weekly basis.

The company needed a streamlined, closed-loop process from PO release to remittance with auditable events along the way with automatic, real-time validation at each stage. It turned to **ClearOrbit's** *Endeavour* application for help. With *Endeavour PO Collaborator*, the company created a closed-loop process from PO release to invoice payment with events such as PO acceptance, shipping label, ship trigger, and ship confirm to track the execution throughout the cycle. By tracking and validating the events at each stage, the company now avoids any confusion caused by demand fluctuations and supply exceptions, virtually eliminating any discrepancies in the PO cycle through the supply chain.

As a result, its inventory has reduced, supplier delivery performance has improved, it is slowly gaining the trust back, and there is no need for dedicated staff just for reconciliation of the PO cycle.

ClearOrbit's tight integration with **Oracle** was an advantage since it allowed it to perform realtime validation on the events as they occurred. The suppliers are now slowly migrating to automating their interaction with *Endeavour*, and the company is looking to build a supplier performance platform.