

UNIT4

**Product Guide**  
**ERP Procurement**



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# 1. Introduction

The Unit4 ERP Procurement solution is developed for organizations that need to regulate costs and streamline their procurement practices without sacrificing control. The solution is equally suited for centralized and decentralized procurement processes and gives organizations the ability to decentralize their administrative tasks from the procurement department, giving all potential buyers the ability to purchase without needing to install a complex solution. Unit4 ERP is therefore a simple and straightforward solution equally suitable for the remote and occasional user.

Simple as it may sound, the very act of decentralizing the numerous administrative tasks of the procurement department and placing them in the hands of the buyers themselves is of enormous benefit to the whole organization:

- From a **management perspective**, this means that all purchases can be handled through one system, giving managers total flexibility to control and monitor the entire process. It provides full transparency of the procurement system – what was bought and from whom, where the order came from, and which individual authorized it – thus enabling the organization to focus more effectively on identifying exceptions.
- The **procurement professionals** can dedicate their efforts to the strategic side of procurement, which in turn can lead to better contracts/agreements, higher quality of goods/suppliers, and more reliable delivery times due to better sourcing opportunities. Furthermore, organizations can gain a better understanding of aggregate spend across the business – leading to, for instance, higher volume- discounts. The combination of these factors means that the procurement department can develop to become a profit centre rather than a cost centre.
- For the **financial department**, the Unit4 ERP solution contributes to reducing the effort needed in the control/ matching of invoices, as well as minimizing administrative workload and increasing the efficiency of payment settlement and auditing.
- Lastly, for **the buyer** this means a more convenient way of doing his/her job, as well as the ability to feel more in control and better informed.

## Procurement cycle

The Unit4 ERP Procurement solution allows organizations to stay ahead of the competition, by embracing better purchasing methods and, ultimately, change – simply, quickly and cost-effectively.

Unit4 ERP provides a fully integrated solution for procurement that supports, automates and standardizes all phases of the purchasing cycle – from requisitioning to paying vendors. These phases are:

- a. Contract management: the management of contracts, against which purchase orders and requisitions can be raised and purchase invoices can be validated.
- b. Purchasing: the initial identification of a need for products and services, expenditure approval and electronic data and information exchange with suppliers.
- c. Order fulfilment: the dispatch and delivery of ordered goods, as well as the inspection of goods.
- d. Invoice reconciliation and payment: the matching of purchase order and invoice as well as the payment settlement.

# Purchase requests/requisitions

The purchasing process is typically initiated by a requisition/purchase request and in Unit4 ERP creating one is a simple and straightforward task, which enables a more effective and efficient purchasing cycle. The solution allows users to place purchase requests for any item or service, without needing to know the details of the product/service they require.

Before initiating a purchase request, you can search for what you need via Purchasing – Find products. There you can also browse your search result by category and filter and then compare product details before raising a requisition. The system administrator can define what product details are available to the user, define any customized categories and filters and setup specific columns for free text search. It's also possible to create forms (felxi-fields) and link them to specific products that needs additional information when ordering, e.g. adding fields for size and colour to uniforms.

You can register new purchase requests and create purchase lists with for your specific purchasing scenarios, allowing you to automatically add your most common products to your requests. The system administrator can create and distribute global purchase lists to help the users in specific areas.

If a requisition is part of a workflow process, it may be defined to require approval before the requisition is transferred to a purchase order. In Unit4 ERP, the rules for setting up a workflow for the authorization of a requisition are sophisticated. These rules can be based on GL-analysis and amount limits and will enforce the authorization process in a way that prevents user override. The automation from requisition to purchase in Unit4 ERP workflow engine removes all manual intervention, which in turn reduces cost and time. Additionally, this can contribute to the elimination of over-spending.

When requisitions are raised and approved in Unit4 ERP expenditure control (Funds checking) can be automatically performed. You can also initiate a manual funds check at any time during the requisition entry process. The funds check result is indicated on the screen by use of icons. You have the option to zoom in to the results of the funds check to view more details. Please note that funds checking requires additional setup in the system.

Requisitions can be approved, rejected and altered – with user-definable controls for which fields can be changed, by whom and what happens to the requisition when changes are made.

## 1.1. Business Benefits

- Improves the efficiency and effectiveness of your requisitioning process by enabling any occasional user to place requisitions for any product/service.
- Minimises manual processing which saves time, minimizes frustrations and increases efficiency

- Reduces the circulation time of requisitions, thus optimising the procurement process and ensuring that the organization's needs are fulfilled promptly.

## 1.2. Most important functions

- Flexible configuration options of the internal product catalogue interface Find Products.
- An advanced product search tool allows for free text search for products, browsing of an internal product catalogue, pictures of the product, zoom to full product details and a side by side products comparison.
- Ability create and distribute private and global purchase lists.
- Ability to raise requisitions based on product code or text only.
- Expenditure control (funds check) can be set for requisitions and purchases and run already at the stage of purchase request entry. Q2 2021
- Extensive and advanced enquiry facilities are available.
- Delivery information and cost analysis can be defaulted from user.
- Requisitions can be amended at the approval stage. Thus, you can search for and add products to a requisition you have received for approval.
- A user can be forced (via the use of a system parameter) to enter the GL analysis for every requisition line entered.
- Minimal data entry and information required to raise a requisition.
- On-line, decentralised purchasing.
- Possibility to setup punchouts to different external web shops. Q3 2021
- Possibility to import electronic product catalogues. Q4 2021

### Workflow

- Workflow process and distribution rules are user-definable and flexible.
- Multiple authorisers can be set up for a single requisition.
- Authorisation of requisitions can be set up as simultaneous and/or sequential.
- Approval can be technical as well as financial.
- Possibility for setting up reminders, hyper linked email - and task list notifications as well as notifications of rejections.
- Wrongly distributed requisitions are easily re-directed.
- Ability to set certain authorisers as temporary.
- Undistributed items are easily manageable.
- Graphical workflow enquiry is available.
- Escalation rules are user definable.
- Approval can be set up against single requisition lines.
- Optional validation to enforce segregation of duties and eliminate fraud.

- Auto-approval options for instances where the requisitioner and approver are the same person.

### **Flexi-fields**

- Flexi-fields can be used to enrich the product master file and make the visible in product search.
- Flexi-fields can be used as forms for form based products that requires the requisitioner to enter additional product information to the supplier.

### **Document archive**

- Document archive can be used to attach documents to a purchase request as information to the approver or as an attachment that is sent to the supplier alongside/embedded in the purchase order.

### **Alerts and notifications**

- Based on events that occur in the solution IntellAgent can trigger other actions like sending an e-mail, importing or exporting files, running and sending reports, or start other automated processes in the application.

### **Reporting**

- All analytical fields are available for standard and user-definable enquiries

### **Window options**

- Screens can be tailored by role or client/company.

## 2. Purchasing

Once a requisition is approved and becomes a purchase order, Unit4 ERP will automatically identify and apply the appropriate buying process specified for a particular employee or role. This significantly improves the visibility of the procurement cycle and ensures the optimum use of the organization's financial resources. Furthermore, the Unit4 ERP solution provides all information to support supplier evaluation and selection as well as commitment visibility.

Unit4 ERP's powerful and flexible reporting ensures that procurement professionals and buyers are equipped with valuable information for supplier negotiations, enabling them to achieve the best possible terms while maintaining good supplier relationships.

Unit4 ERP is a single, centralized procurement solution that provides the basis for a complete and accurate analysis of the organization's spending patterns, enabling the user to aggregate spending via preferred or strategic suppliers and negotiate better terms and prices. This contributes to reducing the organization's maverick buying and strengthens relationships with suppliers.

The order fulfilment is a critical part of the procurement process. Unit4 ERP workflow, enquiry and reporting tools allow you to maintain full visibility at this stage. You can use workflow to match the requirements of your organization and design the workflow process to be as simple or as multi-layered as you need it. When managing order fulfilment in Unit4 ERP, you can, for example, define your workflow process in such a way that your order is not fully received until it has been through a quality inspection. Thus, if you have ordered a specific amount of very delicate equipment that needs to be inspected for quality before the receipt of goods can be registered, you can define one person as the receiver while another person is assigned the role of quality inspector. Consequently, the person responsible for receiving the goods would register the goods' receipt and workflow would then send a task to the quality inspector, to approve the quality of the ordered goods. When that person has approved the quality of the order, the system would register it as fully received.

Unit4 ERP delivers powerful tools to keep you updated about the delivery status of ordered goods and allowing you to return or cancel goods that were mis-ordered. The remaining items on an order can also be cancelled should that be needed.

Furthermore, workflow can be set up in such a way that a reminder/ task is sent to you should you receive an invoice for goods you are yet to receive.

This contributes to reducing the organization's maverick buying and strengthens relationships with suppliers.



## 2.1. Business Benefits

- Contributes to optimum use of the organization's financial resources, improved cost control and profitability
- Reduces clerical time via speedy keyboard entry of transactions, full integration and external transaction import routines.
- Optimal control over supplier relationships.
- Enables purchasing officers to achieve the best possible terms while maintaining good supplier relationships
- Facilitates the stream- lining of the goods-receiving process through reflection of all exceptions and quality/ performance measurements.
- Boost of self-sufficiency due to relevant insight for everyone that's part of the procurement process.
- Maximised spending power and reduces administration time and cost due to purchase order / requisition consolidation (optional).

## 2.2. Most important functions

- Ability to split GL-rows when entering/amending a purchase order and at its approval stage.
- Ability to enter the external order reference (i.e. the supplier order number).
- Ability to change the price of a product unit upon receiving goods.
- Ability to add additional products upon receiving good as well as send added rows for approval.
- Configurable approval process for order confirmations with easy overview of changes made to the original order.
- Support of order acknowledgement data from suppliers.
- Possibility to fully redistribute or modify distribution of any active item within an approval process.
- Multiple product groups can be defined to have one common, default treatment.
- Multiple units of measure per item, e.g., stocking, pricing, selling, buying.
- Definition of 'Amount set' items, i.e. where quantities are not relevant, such as in-service contracts.
- Ability to set default tax (VAT) treatment.
- Reordering parameters, including min/max stock, order quantity, preferred supplier, and preferred method of selecting supplier.
- Unlimited text, organised by text type, such as internal text, order text/specification, etc. may be output in multiple languages.

- A variety of order 'treatments' enables the users to by-pass various stages in the order cycle. E.g. full cycle of order entry, print, goods receipt, invoice match, may be shortened to eliminate the print stage where orders are telephoned.
- Default of order delivery address with override.
- User can specify columns to be displayed during order entry, giving straightforward entry screen or displaying additional order-line information.
- Ability to enter and select header and footer text on the order.
- Tracking of order amendments.
- General Ledger analysis defaults from supplier and item details and need only be overridden in exceptional circumstances which simplifies order entry.
- Capture of shipping details, such as Incoterms and shipping marks.
- Orders may be printed, trial printed, and copy orders can be printed if required. Orders may also be emailed directly to the supplier.
- Control over which individuals can perform the various roles in the purchasing cycle, e.g. enter orders, approve orders etc.
- Automated conversion of requisitions to orders, based on pre-defined parameters and consolidation, and subject to override.
- All documents may be produced in multiple languages.
- All transactions can be multi-currency.
- Flexible tax (VAT) treatment of purchases, including gross and net pricing, full/partial exemption, different treatment according to the source of the goods/services
- Integration with General Ledger, Accounts Payable, Inventory Management, Sales Ordering, (and Contract Accounting). Allocation of purchase orders to projects ensures that all project commitments are reflected in the cost base.
- Each user can track his/her individual purchases.
- Ability to import products from external systems.
- Ability to import product data from a file to the logistics system with all the attached image sources, documents, etc.
- Orders may be entered manually, imported from external systems, or generated from back-to-back sales orders.
- Multiple supplier groups give common treatment rules, defaulting accounting information, currencies, payment and discount terms.
- Treatment rules can be overridden per supplier and order.
- Unlimited supplier addresses for delivery, invoice, payments, mail shots etc.
- Suppliers may be flagged as e-procurement partners.
- Electronic receipt of order confirmation with automatic update of the order with expected delivery date, etc.
- Goods receiving may be by-passed for service items if required, using the appropriate 'treatment'.
- Lead time functionality gives means to agree on lead time with suppliers.

- All events connected to the processing of an item, including subsequent processes, can be viewed in one log. This means that a user can enquire on e.g. the invoice and at a glance see who entered the requisition, etc.
- Prices set by supplier, unit of measure, currency, effective dates and quantity breaks.
- Discount matrix based on supplier and item groupings with effective dates.
- Optional price override on order.
- Order discount.
- Electronic receipt of order confirmation with automatic update of the order with expected delivery date, etc. ensures that a max number of invoices can be matched automatically.

### **Workflow**

Automatic workflow for approval of purchase invoices, based on email or task list notification.

### **Flexi-fields**

- Flexi-fields can be used to enrich the product master file and make the visible in product search.
- Flexi-fields can be used as forms for form based products that requires the requisitioner to enter additional product information to the supplier.

### **Document archive**

- Ability to transfer document attachments between processes. This means that:
  - Documents attached to a requisition can be transferred and linked to the purchase order.
  - Documents linked to a purchase order can be automatically included as attachments to electronic purchase orders (xml) and sent to suppliers.
  - It is configurable which document types are transferred internally and externally
- In workflow approval screens, it is visually indicated if the item due for approval has a document attachment.
- External documents, e.g. scanned location maps, contracts, links to supplier web site etc. can be linked to purchase orders, giving central storage.

### **Alerts and notifications**

- Based on events that occur in the solution IntellAgent can trigger other actions like sending an e-mail, importing or exporting files, running and sending reports, or start other automated processes in the application.

### **Reporting**

- All analytical fields are available for standard and user-definable enquiries
- Supplier statistics enquiry (including graphical) assists monitoring of supplier turnover, aged credit balances and payment history, including whether payments were made late, on time etc.
- Statistics of supplier delivery lead times and delivery precision.
- Straightforward analysis of all purchasing related activity, including invoiced amounts, budgets and commitments; by cost centre, supplier or product group; requisitioner or authoriser; and so on.
- User-defined multi-dimensional analysis, such as region, purchase manager, supplier type etc. is unlimited.
- Various enquiries and maintenance functions support order follow-up, confirmation and expediting.
- Web enquiry of order confirmation.

### **Window options**

- Screens can be tailored by role or client/company.

## 3. Internal orders

In large complex organisations, there are often departments dedicated to providing services to other parts of the same organisation. These often operate on the basis of formal internal orders. Formal orders enable the process to be controlled, in the same way as for external suppliers. However, it is not desirable to set them up as external suppliers as invoices are not required. Instead, cross charging occurs at the time the service is delivered, and do not involve the accounts payable in any postings.

Examples:

- The catering department 'sells' food and beverages to other departments
- Building and estates department charge for an office refurbishment
- IT Services provide and charge for system support and development

### 3.1. Business Benefits

- Enables the process of internal services to be controlled

### 3.2. Most important functions

- May be initiated by the requisitioner or the selling department
- Automatic cross charging between buying and selling department
- Mark-up of product costs to pass on overhead/admin costs to buying department.
- Notification to buyer/requisitioner that an internal order is shipped from the selling department.

## 4. Invoice management

**Note! Only manual registration of invoices until Q2 2021.**

Managing invoices in Unit4 ERP's procurement cycle Organizations can make significant reductions in the cost of payment via Unit4 ERP automated invoice management system. This is due to the reduced time-to- pay processing, hence allowing you to benefit from prompt payment discounts, from the reduced amount of paperwork and effort to circulate paperwork around the organization, and the time saved from having automatic approvals and being able to concentrate efforts on handling exceptions only.

The handling of invoices in Unit4 ERP is streamlined via various tools such as:

1. Manual registration of invoices.
2. The ability to scan documents and load them individually or in bulk.
3. **The ability to import electronic invoices which allows for automatic matching of purchase order and invoice Q2 2021**
4. Automatic three-way of invoice controls for incoming invoices linked to purchase orders. This means that you can set up workflow controls for invoices that deviates from the purchase order based on:
  - (a) Quantity ordered.
  - (b) Amount ordered: the invoice amount equals the amount the ordered products come to.
  - (c) Amount delivered: the invoice amount equals the amount the delivered products come to.

You can use a combination of two or all three criteria, all according to your needs. You can also set the invoice matching to be performed at any stage of the procurement process, even at the stage of invoice approval and posting.

5. Automatic distribution of invoices to pre-defined authorizers. This ensures that proper controls are maintained. Authorizers receive a new task in their task list when they have an item due for approval. From their task list authorizers can approve, change or reject the invoice, depending on the workflow rules. Once the invoice is approved by the appropriate authorizer(s) and the accounting department, the invoice will be posted into the ledger.
6. Lastly, it is possible to define the Unit4 ERP workflow in such a way that the invoice approval process is fully automated if invoice and purchase order match 'fully' based on your defined criteria.

### 4.1. Business Benefits

- Unit4 ERP helps to lower costs and improve capacity internally as well as decrease circulation and processing time. This helps you steer clear of late

payments, take advantage of early payment discounts and improve business efficiency.

- Simplifies the registration process and reduces errors. Unit4 ERP also eliminates the need to transcribe information that authorisers have written by hand on the documents, thereby saving time and reducing errors.
- Helps monitoring your supplier ability to send correct invoices/prices.
- A central document archive reduces risk of lost/delayed documents and increases efficiency.

## 4.2. Most important functions

- Automatic posting of invoices based on your choice of which invoices to post automatically and which to leave for manual posting on.
  - Supplier group(s).
  - Account exceptions (invoices registered on specified accounts will not be included).
  - An upper/lower amount limit stating that invoices above /below the specified limit should not be included.
  - Exclusion of invoices from outside workflow approval.
  - And lastly, approvers can “flag” an invoice to be posted manually by adding an authorization code (auth code) at time of approval.
- Ability to add extra costs to a purchase invoice at the time of registration.
- Invoices can be flagged as Final both at the stage of registration and approval.
- Ability to post invoices automatically when they match with purchase order.
- Possibility for invoice handling by exception. That is, invoice receipt, invoice matching and posting can be made automatic if the incoming invoices are as expected.
- When importing invoices external archive reference is available from registration and approval windows.
- When invoices are entered manually the system will propose the matching purchase order.
- Possibility to handle all types of invoices in the same registration, posting and approval windows. This is possible due to one common treat code for all invoice types (purchase, supplier and contract).
- Ability to highlight discrepancies between invoice and order using colors and icons in approval pages.
- Possibility to change client/company on a registered invoice even though the invoice is active in an approval process. If the invoice is part of an active workflow process it will be redistributed according the setup and rules.

### Workflow

- Standard off the shelf workflow support for automating and optimizing the business flow for purchase invoices.
- User definable, flexible and sophisticated workflow distribution rules based on the GL-analysis, and amount limits. These rules enforce the authorization process in a way that prevents user override.
- Flexible setup possibilities for invoice deviation control against purchase orders.
- Ability to define invoice control values for contracts, suppliers, products and product groups as well as an invoice control hierarchy. This allows for e.g. stricter invoice controls for expensive purchases.
- Multiple authorizers can be required for a single invoice.
- Optional manual distribution of the invoice or manual distribution if no rule is found.
- Ability to present authorizers with all the necessary information for approving/rejecting an invoice or re- routing it back to the sender with queries.
- Ability to add comments during the approval process.
- Optional forced entry of login password for additional control of authorization.
- Temporary authorizers may be defined to cover periods when permanent authorizers are on holiday or otherwise unable to perform these duties.
- Management of undistributed items.
- Escalation rules are user-defineable.
- Possibility set up a combined discrepancy check against several criteria and set an individual overrun % acceptance per criterion.

#### **Document archive**

- Easy to setup and use specific document types for invoice images and invoice attachments

#### **Alerts and notifications**

- Automatic reminders according to user-definable parameters.
- Notification of rejected invoices.

#### **Reporting**

- Various enquiries and maintenance functions support workflow follow-up on invoices.

#### **Window options**

- Screens can be tailored by role or client/company.



## 5. Contract management

### In risk of Q2 delay

Managing contracts – the user is given the ability to create a framework of contracts, against which purchase orders and requisitions can be raised and purchase invoices can be validated. Contracts may be for the purchase of products or the purchase of time from contractors and consultants. Once a contract has been defined, all relevant costs should be derived from it, for use in other parts of Unit4 ERP.

### 5.1. Business Benefits

- Ensures that purchases are made according to pre-agreed rules, thus reducing costs
- Ensures that all resources used in the organisation are properly managed, while automating business processes to save time and associated cost.

### 5.2. Most important functions

- Unlimited contracts, contract types and contract groups.
- Support for standard contracts, framework agreements, call-off contracts and open contracts.
- User-definable contract analysis.
- Effective dates for the contract.
- Visibility of contract commitment, including purchase orders.
- Ability to define the contract to cover products from the product master file; resources from the resource database in HR or Project; projects, thereby covering all resources working on that project.
- Links to external documents such as the contract terms etc.
- Contract invoices are validated against the contract.
- Invoice status codes enable the tracking of whether contract invoices are approved or not.

## 6. Commitment Accounting

The process of commitment accounting involves recording obligations to make future payments, at the time they are incurred. Obligations may represent contractual liabilities of a department, as is the case when purchase orders or contracts for goods or services are issued. Or, they may represent conditional liabilities, such as when arrangements are made that may require the spending of funds if conditions specified in the arrangements are met.

Commitment Accounting thus provides your organisations with an accurate overview of funds available to spend, before they are spent, and consequently the necessary financial information and tools to hinder potential budgetary overruns and maverick spending.

Commitment Accounting is designed on a very flexible engine, which enables organizations to define their commitment accounting procedure according to their specific and unique needs. Thus, funds checks can be run on different levels and on more than one dimension at a time. For instance, one department within an organization might do funds checks on departmental level, while another might run its funds checking on a project basis or even on resource level with each employee having a budget.

When set up, funds checking can be carried out automatically by the system, upon saving of relevant transactions such as requisitions and purchase orders. However, the user can also initiate a manual funds check at any time during the entry process. The result is indicated directly on the screen by use of icons with the options to zoom in, to view more details about the funds check result.

### 6.1. Business Benefits

- It prevents users from wasting valuable time
- It supports faster and more accurate decision-making
- It prevents budget overruns early in the process

### 6.2. Most important functions

- You can distinguish between four types of commitments:
  - Soft – commitments that may lead to a future payment
  - Hard – commitments that are obligations to future payments
  - Accrual – a hard commitment where a delivery has been carried out
  - Reservation – reservation of a certain part of the budget
- Funds check, you can certify that funds are available at a specific point in time. The transaction value is compared with the funds available. You run your funds check against Budgets, Commitments, Income/Rights, Actuals and Available funds/budget
- Flexible Funds check definition; time pans and tolerance levels
- Commitments follow up – tracking commitments through a number of enquiries

## Workflow

- You can set specific approval routes for requisitions and purchase orders before they become commitments