Ramco Enterprise Series

Product Book

Sales and Distribution
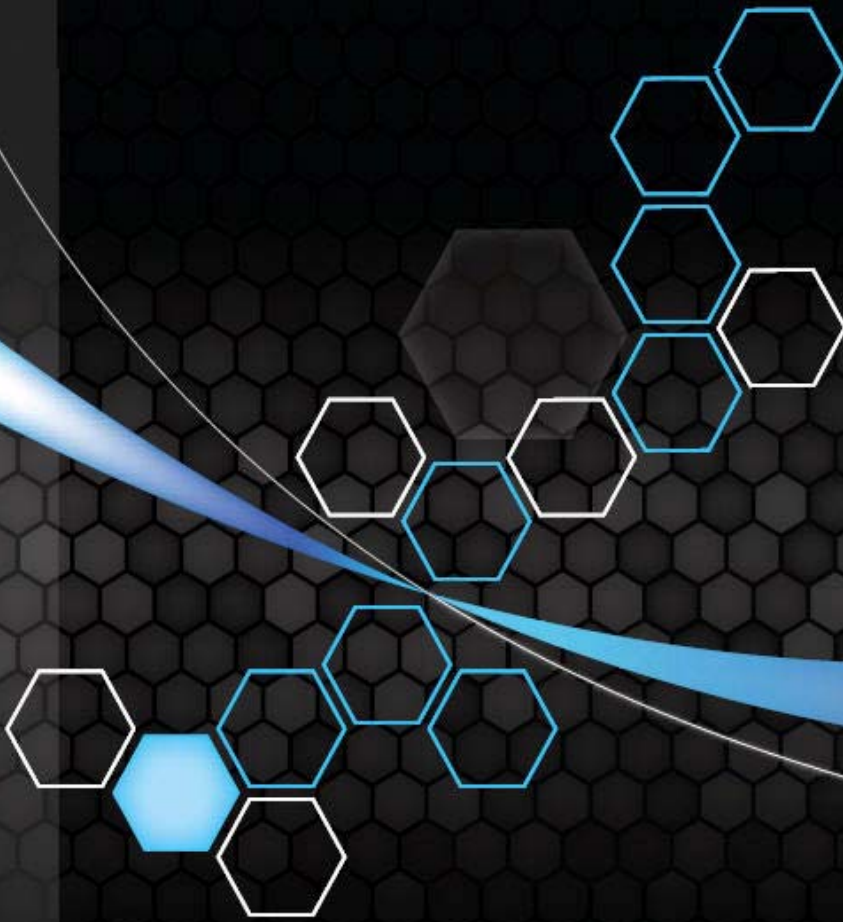
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1. Ramco Sales & Distribution

The role of customer as the *'prime mover'* of any business cannot be overstated. It is because of this that organizations worldwide are constantly thriving to understand the needs and wants of the customer and constantly formulating strategies that will help, meet and exceed customer expectations. Sales organizations have the formidable task of accomplishing this, given the overall organizational goals and the various costs that need to be incurred in fulfilling the customer demand. Ramco Sales & Distribution helps organizations in managing this task, effortlessly. It supports activities that help in streamlining the sales activities, resulting in enhanced customer experience and higher efficiency of the sales cycle.

The sales and distribution functional modules, in conjunction with other Ramco application modules under Materials Management and Financials, cover the complete spectrum of sales processes from prospecting to closure of receivables. This helps improve the bottom line as well as customer satisfaction.

The Ramco solution supports a highly distributed sales functionality. It supports a geographically or functionally spread sales setup in terms of ordering, shipping, invoicing and receiving locations. It provides for complete flexibility in centralized or decentralized processes in various sales functions. True multicurrency support that allows the sales order currency being different from the invoicing currency or receipt currency facilitates global reach.
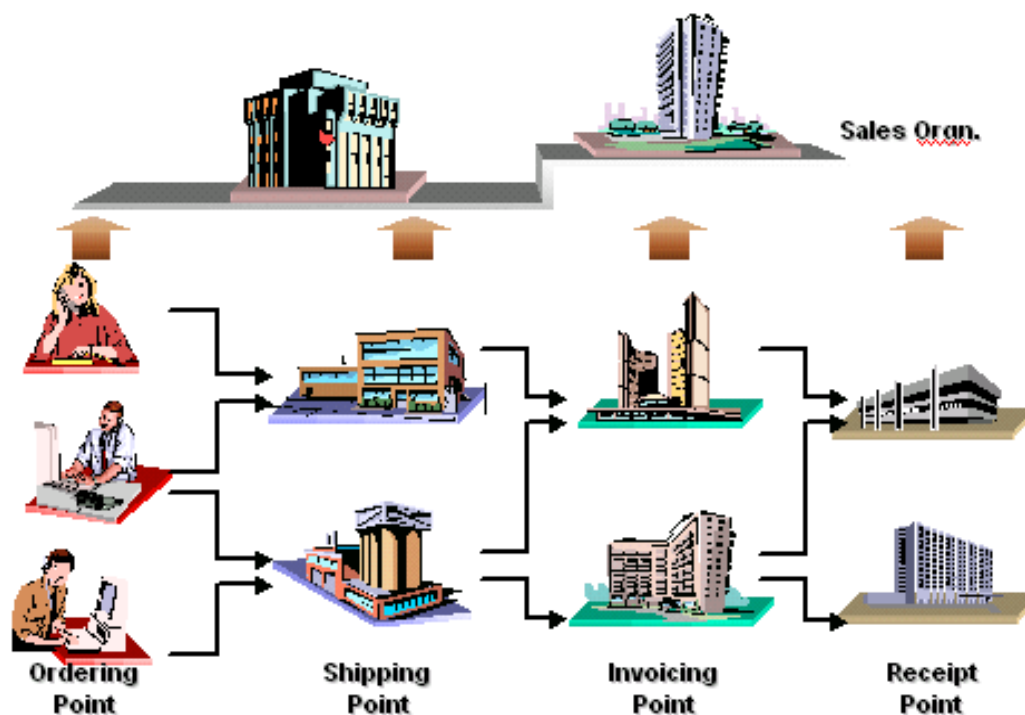
The various functional modules catering to the sales and distribution functionality include:

- Sales Organization
- Advanced Pricing
- Pre-Order Processing
- Demand Planning
- Order Management
- Outbound Logistics
- Distribution Management
- Post-Sale Service
- Product Configuration
- Customer Portal

2. Sales Organization

The core activity of the sales function in any organization is to realize and fulfill customer demand. To help achieve this, the Ramco application allows comprehensive definition of sales organization. The following are the key aspects of the Sales Organization:

2.1. Customer Information System

Considering the centrality of the Customer to the success of business, the sales organization module supports key customer information from various perspectives. There is a centralized definition of customer that can be used by different sales offices. This customer information, in turn, can be updated with the location specific details. Customer information managed by the solution includes, Order from / Bill to / Ship to customers, their addresses, relationships, categorization as internal or external customers, customer item / attribute information, contact person information, selling restrictions, commercial information like credit limits, pay terms, price lists, currency applicable, and bank details. Prospects too can be handled. One can also group customers for various sales usages and subsequent analyses. *Collaboration* with customer is supported through XML document exchanges.

2.2. Sales Force Management

Exhaustive sales person / sales team information can be maintained for sales organizations that rely on their own sales force or channel partners. These sales persons can be either employee or external agents. Details about sales persons, their territory codes, and sales targets can be set up. To motivate and enhance the performance of the individuals, sales person commission is processed for a particular period at two levels: sale order and Invoice

2.3. Pricing

Pricing is one of the most important factors in doing business. Price setting, discounts, customized pricing, promotional offers to boost sales etc., are some of the key exercises executed by a sales organization. It offers a highly flexible and comprehensive pricing system that will help achieve all this and more. Price lists can be defined for various item types in different currencies, and price breaks based on quantity can be defined, thereby informing the sales personnel to induce the customer to buy more at a lower unit sales price. One can also specify prices based on item attributes.

Price rules can be configured based on a variety of sales parameters like customer, customer group, item, item group, delivery area, sales channel to default a specific price list on to sales transactions. Similarly taxes, charges and discounts can be configured to provide absolute flexibility in the commercial aspects of the sale in a variety of sales situations. Freight pricing is another pricing rule to calculate the price of the item

2.4. Shipping Administration

Customer address may be a key factor in determining various commercial terms and also the choice of a carrier and the transportation mode. For easy handling of shipping, the customer addresses are mapped to delivery areas. A delivery area refers to the location at which the goods are delivered to a customer. It is possible to define a hierarchy of delivery areas and this helps in consolidating the records at different levels corresponding to the delivery area entered in the sales order.

Carrier details with all relevant information can be furnished to handle shipments smoothly. Apart from the validity periods, it is possible to map the delivery areas supported by different carriers, the transportation modes supported for these areas and the respective transportation times. This information can be used in estimating the delivery lead-time.

2.5. Sales Management & Analysis

In certain situations or product lines, it may be desirable to approve / prohibit the sale of select items to a customer / customer group or delivery area or a combination of both. Our application helps in achieving this with ease.

One may also need to classify the various sales entities and transactions for better control and analyze the key sales indicators from multiple perspectives. To help in analysis, a classification called 'Category' can be used. There are several pre-defined categories like Agreement type, Sale channel, Customer group, Tax group, Discount group, Freight term, Transportation mode, Target code, Territory code, Inco terms, Complaint type and Order type. For each category, multiple user defined category types are supported, allowing the maximum flexibility for classification and analysis.

3. Advanced Pricing

Our application supports *'promotions'* and *'deals'* as a layer above the normal pricing logic. The promotion definition takes care of special pricing requirements and this takes precedence to the pricing engine. This feature makes it possible to set up multiple deals under a given promotional scheme. One can define *price deals, discount deals* or *free good deals*, with appropriate deal application criteria.

Price deals are typically price-off on a given price list or price-off on select items in a price list.

Discount deals are discounts that may be offered on a document or an item, triggered by the document value or item quantity.

Free good deals are free goods offered based on document value or item quantity.
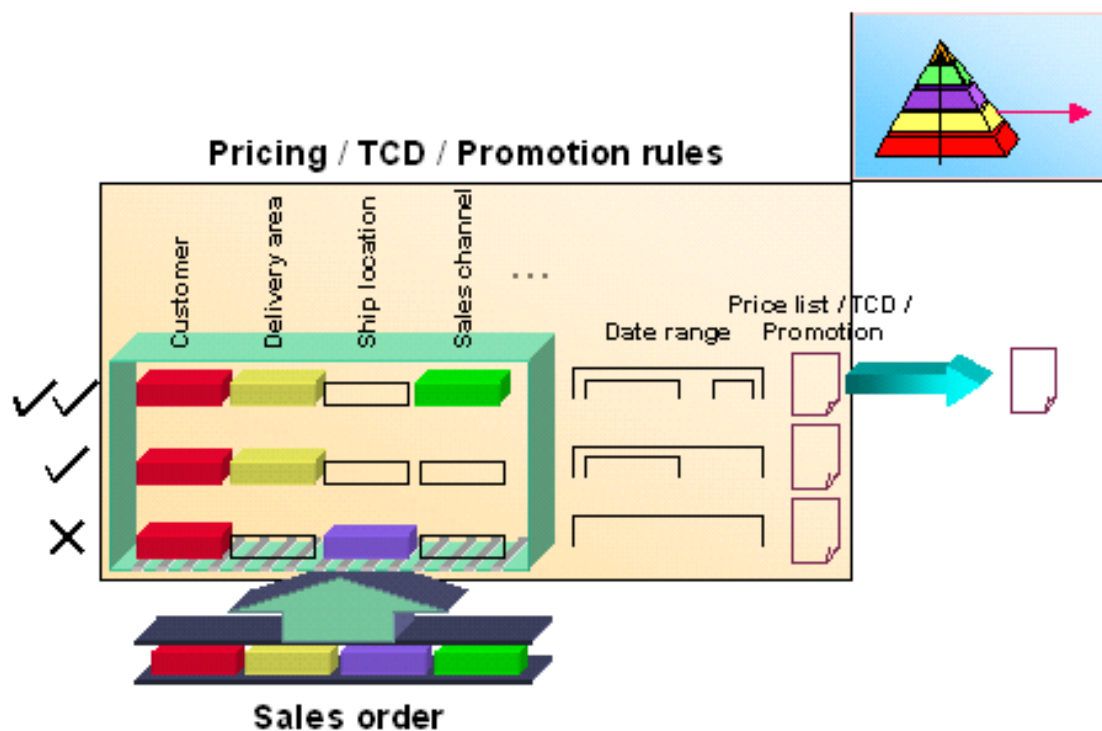
Pricing / Taxes, Charges & Discounts (TCDs) / Promotions can be 'business rule' driven and configured based on several key sales parameters providing flexibility in definition and in the usage in a sales transaction.

Promotional rebates are given to customers to encourage sale of goods when the markets are dull. Rebates are processed based on total volume of sales in terms of value or quantity for a specified period. Here the rebates accrued against the invoices are clubbed. The rebates IDs will have effective date and expiration date. The rebate processing will be invoked from a separate screen.

4. Pre-order processing

A typical sales cycle begins with a customer's *Request for quotation* (RFQ). The sales office responds to this RFQ by submitting a quotation, which forms the basis for order management system. Apart from responding to queries of existing customers, our product is designed to handle the pre-order process even for prospects.

It is possible to generate *quotations* either directly or for RFQs registered for a prospect or customer. Extensive automatic default (application of standard values) of commercial terms and conditions based on the customer or customer group helps in faster preparation of the quotation. Each quotation can be defined for a given validity period to provide better control over the price and conditions.

The customer's preferred schedules, if known can be incorporated in the quotation. To speed up the order entry process, this information can also be applied directly into the sales order transaction. *Availability to promise* (ATP) check can be done along with the quotation preparation. Automatic ATP checks for substitute items can also be done where the primary item is not available. All conversions of Request for Quotation (RFQ) to Quotation, and Quotation to Sales Order are tracked.

To cater to situations where it may not be able to commit a *'Promised date'* to the customer without a confirmed Purchase order from him, there is a provision for defining delivery lead-time, from the date of receipt of order. Also, if in case, customer requests for an item that is not a *'standard'* or required to be *'made to his specifications'*, quotation can be generated based on the product cost estimate. Any special instructions can also be recorded using the "Notes" facility. Any queries on quotation can be recorded. These queries can be at an individual item level or at document level. For each query, a unique query reference number is generated. The status of queries can also be entered in the document for better information tracking.

5. Demand Planning

In order to fulfill customer demands on time, it is essential to have the right quantity of stock at hand. Maintaining finished goods inventory is always a trade-off between encountering 'stock out' situations and incurring huge costs due to high inventory carrying costs. It is important to maintain the right level of inventory. Forecasts are used for advance planning of an item before actual demands are known, i.e. supplies are created based on forecast information. The Ramco Demand Planning module helps in accomplishing this.

Through this module, the sales force can enter the likely demand of various products at an individual item level or at an item group level for any future period. Our application has in-built sophisticated forecasting algorithms that can be used for a variety of data patterns including seasonal fluctuations. Alternatively, the module can also be used to accept sales forecast from any standard forecasting software.

6. Lead Management

Lead management comprise of Opportunity creation, Marketing Activity creation and follow up and Opportunity Review.

Opportunity creation is the first point of entering the prospect's / customer's requirement into the system. Against this Opportunity, Sales Person's Activities for follow up will be created & tracked. This component also has a provision to record Opportunity Review.

As an additional feature Data Security is enabled, such that only selected person can access data permitted to each one of them.

7. Order Management

The Order Management module is designed to record and fill orders of various types and acts as the driving force behind customer demand fulfillment. It provides extensive functionality to address different types of sales situations.
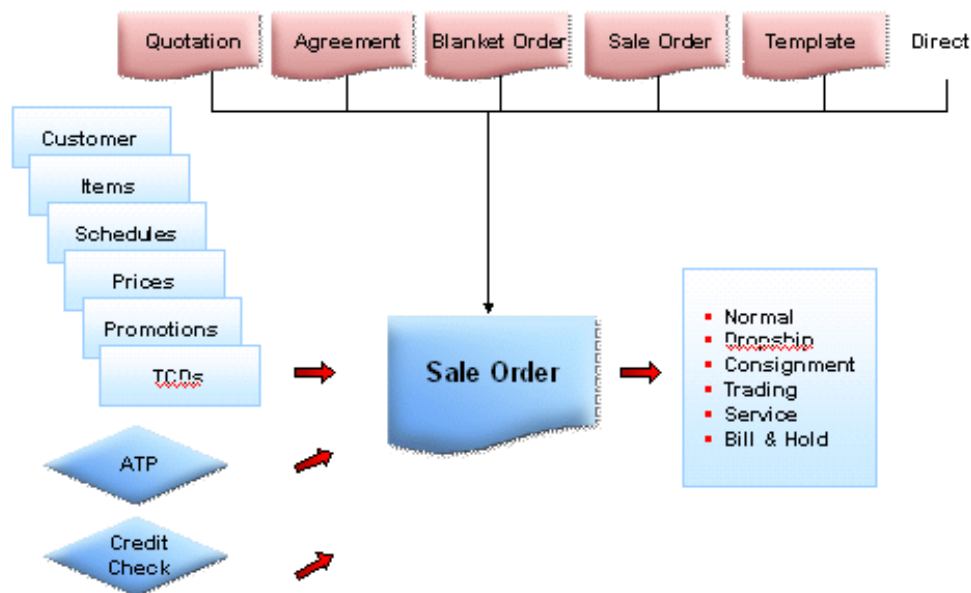
Sale order management comprises the following building blocks:

7.1. Contracts

Two types of sales contracts that bind the business relationship with the customers are supported.

1. The ***Pricing agreement*** manages and records commercial information like price lists and pay - terms governing a set of sale orders of a specific customer.

2. The ***Blanket Sale Order*** *(Call off and Blanket Orders)* is applicable in situations where the order is specified primarily in terms of 'item information' with delivery schedules spread over a time period. The Blanket Sale is generally valid for long-term, with shipments required as per the specified schedule dates.

7.2. Order Capture & Order Promising

To cater to a wide range of industries, this module is designed to handle the complete spectrum of sales scenarios ranging from Normal sales (Simple Order from present or future stock) to Dropship (similar to back-to-back but the goods are delivered directly to the customer), Consignment, Bill and Hold, Trading (Back to Back sales order), Service and Counter sales (order from stock collected directly by the customer). In a single sale order, it is possible to combine multiple processing modes, viz.

- Items that are manufactured, stocked and sold
- Items that are dropshipped
- Items that are traded. (Bought and sold)

The sale order can be generated with reference to other documents, for e.g. *Quotation*, or from a template (Used for customers who normally buy a standard set of items and only minor changes are needed each time the customer places the order) or can be entered directly. Different 'item types' like normal item, kit, model and service can be used in a single order.

If GTS (Global Tax Solutions) is not configured, sale order cannot be created for Kit and model items. The sale order records details like items, quantities, delivery schedules, ship-to-addresses, customer details, attribute values for items, shipping points, warehouses, pay terms, price list applicable etc. Based on these details, decisions are taken about prices, discounts, taxes and charges, promotions and are applied automatically based on business rules defined by the organization. If necessary, one can override these values at time of transaction.

Letter of Credit (LC) method of payment is supported for sale order of type 'Normal'

Another key feature is the capability to ship different items of the sale order from multiple warehouses across multiple shipment points. The sale orders, once authorized are available for further processing at different shipment points.

Milestones can be set for the sale order at document level or line level and the customer can be billed when milestones are completed.

During order creation, information about stock availability is available, across different warehouses across shipment points. This is a key to reservation of stock or to commit delivery schedules to the customers.

7.3. Dropshipment

Drop ship sale order is a variant of a normal sale order and is used for traded items where the organization wishes to move the items directly from the vendor to the customer.

This feature allows the order entry and fulfillment without moving the goods into the enterprise's warehouse. The sale order triggers a purchase order instructing the vendor to ship the goods directly to the customer.

7.4. Trading

To support trading requirements, the sale order supports triggering of the purchase process at the *'item'* level. This feature allows for picking and choosing items from the items listed in a sale order, buys them from a vendor and then ship them to the customer from the firm's warehouse. Automation of essential software links enables one to run this process easily.

7.5. Consignment Sale

In consignment sale, shipment of items happens without inventory reduction. When customer reports 'actual consumption' at his site, the inventory gets reduced for this 'reported' quantity.

In this case, invoicing occurs in two stages:

- Invoicing for any taxes, charges and duties that may be encountered during shipment when the consignment gets shipped from the firm's warehouse to the customer

- Invoicing for the items, with associated taxes, charges and discounts that have been actually consumed by the customer, based on the consumption report

A consignment sale order is generated through a Blanket sale order / Normal sale order / Quick sale order. Consignment sales returns are also handled.

7.6. Bill and Hold

In the case of *Bill and Hold,* the customer pays for the reservation of items required by him. A material request from the customer indicates when and where these items have to be shipped. This feature takes care of order management situations in industries where there is a shortage in item supply or storage space or to cater to JIT requirements.

In this too, there is a two stage invoicing process:
- Invoicing for the items, which are to be *'held'* reserved for the customer, with the associated taxes, charges and discounts
- Invoicing for any taxes, charges and duties that may be encountered during shipment of items, triggered by the customer's material request.

A *'Bill & Hold'* order is generated out of normal sale orders that have been authorized.

7.7. Sale of Services

There are many examples of manufactured or traded items requiring associated services such as installation and commissioning. These services can be included as service items with the physical item being sold in the same sale order. For fulfillment of service items, a *Service Order* is generated. This contains information about the activities to be carried out for a service item. The software offers the facility to record the estimated amount of work in a different unit of measure. After completion of the services, this work order can be *'closed'*, which triggers billing for these services.

7.8. Order Rescheduling

In certain situations, rescheduling of orders may be necessary due to non-availability of items. The product allows users to prioritization and rescheduling of customer orders by the sales personnel.

8. Outbound Logistics

Outbound logistics starts with planning for shipments and ends in the delivery of goods at the customer's premises.
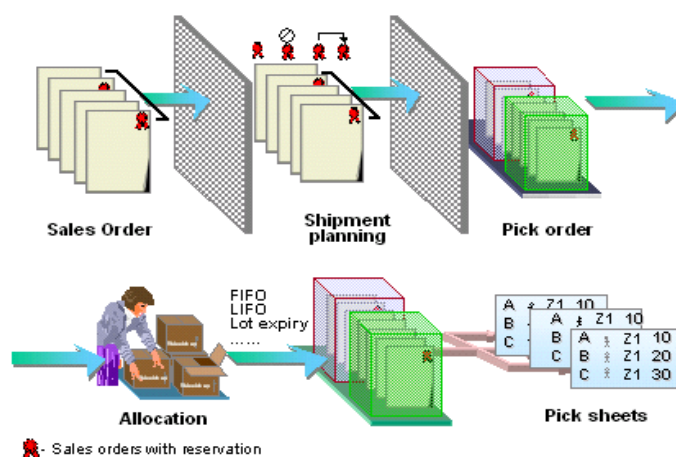
Sale order to Pick Sheet Generation

The building blocks available in the module include:

8.1. Shipment Planning

This allows centralized control of shipping operations at a given shipment point. The shipping user can see the progress of different order schedules through the shipment process and based on that, can decide to reschedule or remove schedules from the orders.

8.2. Picking Process

The actual shipment process begins with *pick order generation* – a process where the order delivery schedules are used for picking of items from the warehouse. The pricking can be done based on user specified criteria and the physical stock allocated. One can combine normal sale orders, consignment sale orders and stock transfer orders in a single pick order.

The pick order can be split into *pick sheets*, based on several criteria such as customer, item, warehouse and sale order. The pick sheets contain information about the storage area (inventory warehouse-zones-bins) from where the items are to be picked, along with the lot numbers if applicable. They aid the pickers in picking the items from inventory, recording of item quantities and issue out of inventory.

8.3. Pack Slip Generation

Once picking is complete, items can be packed and assigned to carriers. All the order schedules that have been 'issued' will be available for creating the pack slip. Pack slip is sent

to the customer along with the goods indicating the shipment information like customer details, item details, carrier, vehicle, freight bill no, insurance no and packing information. Multiple order schedules from multiple sale orders can be combined in a single pack slip.

Pack slips can be generated for various documents such as Normal Sale order, Consignment sale order, Sale order with Certificate of Delivery, Sales Return, Material Lost in Transit, Customer Material Request and Stock Transfer Order. A feature to support shipping of goods before invoicing is also possible. In addition to this, one can generate a pack slip for use in a direct sale scenario. This document does not have any reference document and the items packed for this will be billed through direct invoice. Bulk shipment of pack slips is possible through the shipping document. This document serves as a document for "*Bill of Lading*". Shipment of Constituent items of the Kit is supported.

Pack Slip that is in Shipped Status can be reversed through Pack Slip Reversal. On reversal of Shipped Pack Slip, its status will get updated to "Open" status. Reversal of Pack Slip for item type Kit is supported.

8.4. Staging & Packing

The Ramco solution supports *staging* of partially issued pack slips, and tracking of issued items that can be taken up at a later point in time for processing. *Multilevel packing* for palletization and containerization is facilitated. This ensures safe handling and transportation of the items with optimization of space in the container or transporting vehicle. Also, for a given pack, it is possible to track information like pack slip details, item information and lot / serial number details.

Pack Slip that is in Staged/ Issued Status can be reversed through Pack Slip Reversal. After reversal Pack Slip will get updated to "Open" status.On reversal the disposition table is updated and the financial accounts are affected

8.5 Dropship Receipt Acknowledgment

The *Dropship receipt* document is used as a basis to bill for dropship orders where the items are bought from a vendor and supplied directly to the customer. This document captures the item receipt information at the customer's premises, which can be the trigger for raising invoice on the customer, as well as to make payments to the vendor.

9. Exports

Exports deals with preshipment and postshipment documentation. This functionality commences upon the finalization of the sale order. Preshipment documentation records documentary credit details and proforma invoice details. Postshipment records details such as commercial invoice details, shipping details and certificate details.

10. Distribution Management

Distribution management enables manufacturers, traders, procurement companies, wholesale distributors, retailers and international distribution departments or divisions to support transfer of stocks across warehouses, raise Purchase Orders, Stock Transfer Orders, Sub-Contract Orders and Production work orders based on the settings made for each item-warehouse combination.
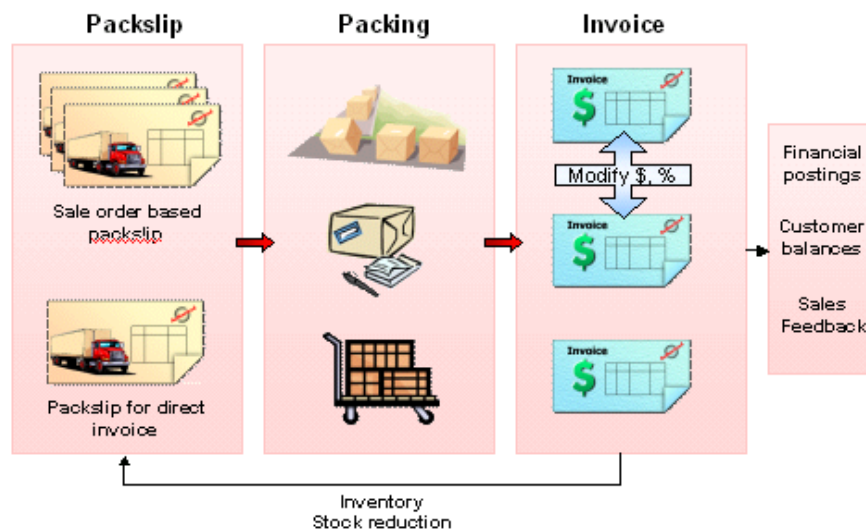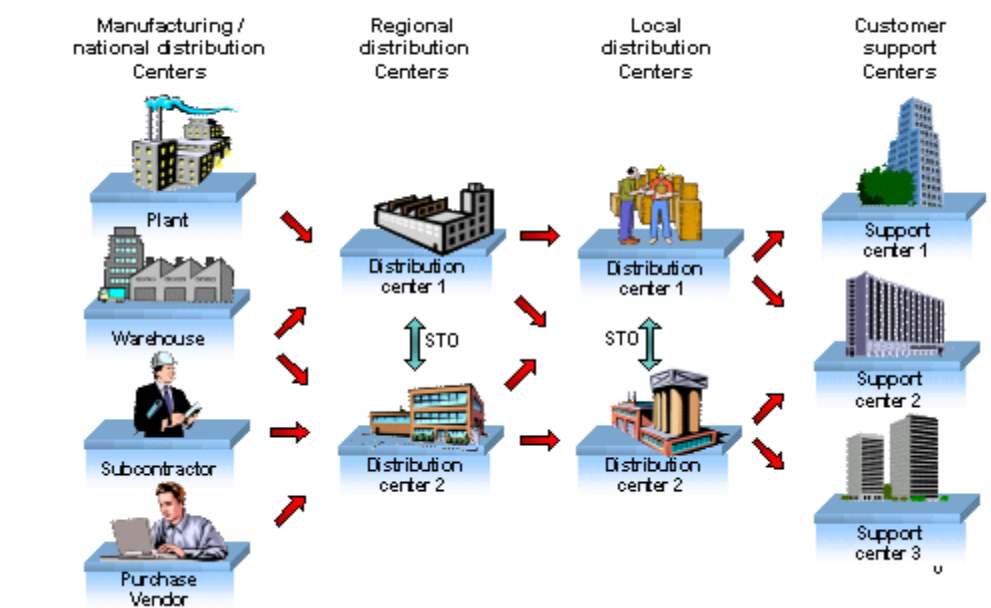
The Distribution Network can be modeled over multiple levels as Local Distribution Center, Regional Distribution Center, Source, etc. It is a network of warehouses that are logically connected for the purpose of distribution, catering to Manufacturing, Central Procurement and pure trading environments.

The Ramco application provides for definition of *Bill of Distribution* where Shipping Warehouse, In-transit time, transportation lot size, mode of transport and priority are specified. *Sourcing Rule* for a Shipping Warehouse and Item combination can used to specify the source (Purchase, Sub-Contract, Manufactured, Stock Transfer), warehouse, allocation % and supplier code / plant.

In manufacturing environments, the MRP (Materials Requirements Planning) and the DRP (Distribution Requirements Planning) can be run together or separately. In other business environments, DRP is run separately. The system ensures replenishment order management by generating Purchase Orders, Stock Transfer Orders, Sub-contract orders or Production orders based on the sourcing rule defined.

Stock Transfer Orders / Notes (invoices) / Receipts can be made across warehouses. A single stock transfer order can be used to ship items to multiple receiving warehouses. The *Stock Transfer Order* raising location can be different from the shipping location or the receiving location. A *Stock Transfer Note* is generated to provide information regarding the value of items being transferred and the taxes, charges and freight that are incurred whose value can be either 'Added to Stock' or 'Expensed off'.

The generation of the stock transfer receipt is the last stage in the stock transfer process. *Stock Transfer Receipt* is used to receive the stock at receiving point, inspection and move it

into warehouse. Any taxes or charges incurred at the receiving point can be specified and categorized similar to what was done at the shipping point. The entire process supports item attribute, lot, sub-lot and serial number recording and tracking.

11. Post-Sale Service

11.1. Receipt Acknowledgment

One can record the receipt of goods at customer's site that are sent on consignment or COD basis through the '*Receipt Acknowledgment'* document. Details about the received quantity of the items, the lot / sub-lot / serial numbers, where applicable, are recorded. Based on the order type, the invoice quantity or consignment quantity is updated in the pack slip, which can be the basis for invoicing.

11.2. Material Loss in Transit

One can handle customer complaints specifically on materials lost in transit and effectively take remedial measures, thereby delighting the customer. When the received quantity is less than the shipped quantity for any item, the 'Material Lost in Transit' document gets triggered. It is possible to adjust for transit loss. For Normal Sale Order and Bill and Hold order, adjustments can be done through item replacement and credit note. In the case of Stock Transfer Order, Consignment Sale Order and Certificate on Delivery, either no adjustment or adjustment through item replacement is supported.

Our solution also provides for reserving the reshipment of lost quantity from any of the shipping points or warehouses. Pick order and Pack slip can be raised against the '*Material Lost in Transit*' document for shipping the items back to the customer or the receiving warehouse, as the case may be.

11.3. Customer Complaints Resolution

Customer care and service are key to customer delight. Every organization focuses a lot of energy and effort in streamlining the operations of this vital function. *Customer complaints* may range from invoice mismatches to product quality to irregular product delivery to lack of prompt response to their queries. These complaints can be against an invoice or pack slip or could be generic.

The pack slip based complaint enables customers to register their complaint even if they receive shipment well before invoice. Generic complaints are those that are not related to any specific order or shipment. Our solution helps in keeping a tab on this by allowing for recording of the smallest details and taking suitable corrective action thereafter. Resolution of customer complaints can be by way of monetary compensation through Credit Note or accepting return of material through the Return Material Requests.

11.4. Return Material Requests & Authorization

Customer complaints have to be acted upon swiftly. Very often, faced with non-usability of the items delivered for various reasons, the customer may return those items. For such scenarios, one can generate a *Return Material Request (RMR)*. In this document the items returned, the return quantity and the return price can be recorded. The receiving point also can be recorded. The RMR amount is what is due to the customer. The RMR once authorized can be used for accepting sales returns against items mentioned in the RMR.

11.5. Sales Return Handling

Sales returns can be accepted from authorized RMRs. Alternatively, returns can also be accepted against invoices or without any reference document. The customer has to be compensated for the goods returned. Compensation could either be by way of replacement of goods or by monetary means.

Replacement of goods can either be through direct re-shipment using pack slip or through a sale order. Monetary compensation is facilitated through a credit note.

Items that are returned can be inspected and moved to inventory in the appropriate stock status. Sale return can be done to any warehouse irrespective of the warehouse from where the items were originally shipped. In a single sale return, different items can have different replacement types. It is possible to capture the lot / sub-lot and serial number information, if applicable, of the items returned.

Consignment returns too are handled. Returnable packaging is handled as a special case of return. For items that require special packing as per customer instructions, this feature helps to accept packing material returned by the customer, after the goods have been delivered at the customer premises.

12. Product Configuration

Globalization has opened up vast opportunities for manufacturers and service providers to serve diverse markets. While it would be exceedingly difficult to tailor one's product to suit a particular geography and yet utilize the benefits of mass production, the Ramco Product Configuration provides the much-desired window to the customer to select Products and Services 'tailor made' to their satisfaction. When used with the Order Management System, the customer can get accurate information including delivery schedules and order status.

The Ramco *Product Configuration* has been built with a view to aid customers get the product of their choice. Customers who are keen on configuration solutions using actual items descriptions, could use the Bill based configurations. Otherwise, Customers could use the Feature based configuration route to generate solutions using general product characteristics.

Real time Pricing and Available to Promise features allow a manufacturer to implement different pricing strategies based on different demographic needs, to deliver a customer-specific bundle of goods and services to the right place, at the right time, at the right price. The Ramco Product Configuration is a highly interactive tool that provides enormous flexibility to the Seller to remotely deliver 'Assisted Selling Solutions'. Used in conjunction with the Order Management System, a seller can provide excellent reach to the customer to access their entire range of products and exercise a choice.

13. Customer Portal

For enterprises that encourage their customers to participate in the sales process in a collaborative mode, our product has a portal offering to facilitate this interaction. This self-service offering reduces the expensive human interactions required to answer the most basic queries such as product price and availability, product features and order status that usually need to be responded with speed in real time.

Ramco supports complete transaction cycles that allow customers to have a full order life cycle experience with order management functions.

Some of the key functionality supported by the customer portal includes:

13.1. Registration Request
- Customer can log on to the enterprise's web site and register. Details such as name, order and shipping address, currency, terms and contact information are recorded before the enterprise user (user) can confirm the customer's registration and access to other parts of the portal.

13.2. Product Offering Display
- Customer can view standard price and product related information by logging on to the enterprise's web site

13.3. Request for Quotation
- Customer can request for a quotation online in the specified format for a desired set of products.
- A 'Request for Quotation' (RFQ) number is provided for future inquiry.

13.4. Quotation Information
- Customer can view quotations submitted by the user based on the RFQ.
- Customer can view item wise scheduled quantity, date and other related details.

13.5. Order Registration
- Sale Order can be created based on the quote offered. Item and quantity details are specified after an availability check.
- Delivery details like date and location can be added to complete the Sale Order before submitting it to the enterprise user.
- A Sale Order number gets generated which can be used as reference for any query.

13.6. Order Status Visibility

- Customer can query on the status of the order placed by them by giving the corresponding order reference number.
- Customer can view information related to the shipping of the ordered items. These include status (Item quantity, current status and scheduled shipping date etc.) and dispatch details (mode and carrier of the shipment).

13.7. Invoice Information

- Customer can view the information pertaining to an invoice.

13.8. Account Statement Information

- Summary of financial transactions and account details can be viewed. Document / instrument reference numbers can be used to perform this query.
- Provision to view outstanding amounts to be paid by the customer is available.

13.9. Customer Favorites

- Customer can identify activities that are being regularly accessed and group them under favorites. This simplifies the process and shortens the transaction time.

14. Export Documentation

The procedure for export operation commences with entering in to an export contract with the overseas Buyer. The contract will have the details of the name of the buyer, product, quantity, price, shipment period, pay terms, credit period, quality parameters, port of discharge and the list of certificates from various authorities as required by the buyer.

Preshipment documentation handles the recording of the documentary credit details for the export orders that are covered under Letter of Credit (LC). Other details such as Proforma invoice details, commodity details are also captured.

Postshipment documentation begins once the shipment advice is sent to the buyer showing full details of the shipment.

The authorized person checks whether documents are obtained strictly as per terms and conditions of the credit and their data content before documents are dispatched and then generate the commercial invoice, bills of exchange, packing list, covering letter to bank and any other declarations/certificates to be issued by beneficiary and submit the documents to bank.
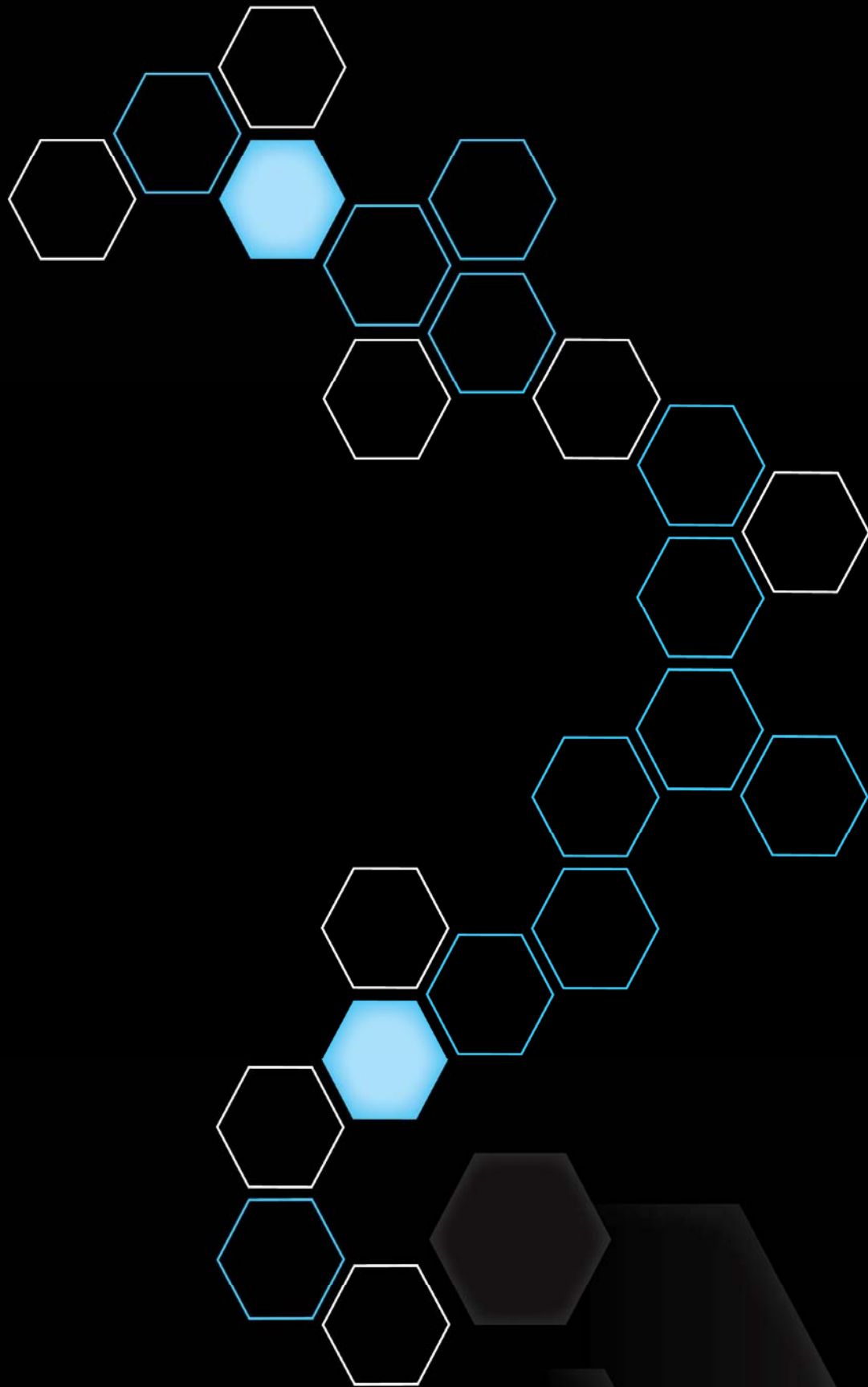
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