

Application “Purchase requisitions – Reviewing vendors quotation and selecting winning vendors”

Story:

This application is helping organization in their procurement tasks by implementing purchase quotation process – when organization is inviting multiple vendors to provide best price for specific products / services required by organization. Process is starting from creating Purchase Requisition (**PR**) describing items that needed to be ordered. Once PR is properly created and approved, Request for Quotation (**RFQ**) is created and sent to all relevant vendors. After quotes submission deadline procurement department can review quotes, reject inappropriate ones and select winning vendor. Winning quote details are used to create Purchase Order to use in further procurement workflow.

Overall, this is pretty generic process and it could be applied to almost any industry or organization which is buying goods or services from multiple suppliers in large volumes so will benefit from even small price decrease. Best examples are manufacturers who are buying raw materials to be used in production or any companies buying equipment and supplies in bulk. It's also could be adapted to buy services - from research or transportation services to subcontracting some work to external partners.

This particular example is about computer manufacturer company which makes desktop PC and laptops/notebooks of their own brand. Computer components prices are changing very often and there are many distributors with highly competitive prices. So process of getting right price for components is essential for this company and quotation bidding process could save a lot of money.

This application is covering final stage – selection of winning vendors. For this purposes we are only reviewing PRs with quotes submission deadline passed, assuming all quotes were reviewed, all negotiations have happened, worst quotes were rejected and best quotes are shortlisted. Final decision is about to be made and it required to be done very quickly – best quotes are expiring first!!!

Persona:



Roy

Procurement Manager

“The moment you make a mistake in pricing, you’re eating into your reputation or your profits.”

ABOUT

39 years old, married, 3 kids. Working 6 years as procurement manager for computer manufacturer, previously worked 13 years as sales manager in computer components distributor company.

Knows everything about computers, have good relationships with vendors representatives.

WORKS WITH

Risk managers, financial managers, suppliers.

JOB RESPONSIBILITIES

- Sending request for quotes to vendors.
- Negotiating prices and purchase terms.
- Select vendor based on combination of factors – price, purchase terms, vendor information.

NEEDS

- Single interface for sending and receiving quotes
- Ability to compare quotes as a basis for negotiations.
- Have consolidated view for all quotes / vendor information for making a selection.

MAIN GOALS

- Ensure all required materials are ordered and delivered on-time
- Maximizing profits by getting best price possible with minimal risks involved
- Minimizing procurement cycle time – time between requisition submission and purchase order placement

PAIN POINTS

- Different channels of communication with different suppliers
- Hard to consolidate quotations from different suppliers
- Hard to keep timeline of multiple quotes

User Experience Journey

Introduction to Design Thinking

User Experience Journey

Current User Experience Journey

Mindset

What is on the Persona's mind while taking the actions of their journey? How do they feel each step of the journey?

Actions

What actions and activities does the Persona take while going thru the journey to achieve their goal?

Touch points

What touch points does the Persona have? (Tools, channels, devices, conversations, and so on.)

Got a reminder popup about ordering RAM to Plant1. RAM?? What RAM?!?! ●

Ok, here is PR, when quotes submission should finish?

Retrieve PR details ●

Check quotes submission deadline ●

Reminders system ●

SAP Transaction – Purchase requisitions ●

Good, submission is finished, so it's time to check quotes. Let me see what we have here... ●

Well, I remember for this particular vendor we discussed specific terms over the phone. There should be a sticky note on my desk with details... ●

Get records with vendors quotes ●

Retrieve records of quotes clarification/ negotiations ●

Emails / notes collecting system ●

Duration of the Journey:

Well, finally I have 2 vendors to choose from – prices are very good and pretty much the same. Should I choose more reliable? ●

Looks like vendor A has better contract compliance KPI over last 12 months, so choice is done! ●

Let's place purchase order now... ●

Retrieve vendor information ●

Get orders history ●

Create Purchase Order ●

SAP Transactions – Purchase orders, vendor information ●

Purchase Order creation application ●

Point of View

Roy, Procurement Manager needs a way to **see consolidated view for all quotes and vendor information** because **he will have to choose best proposal based on combination or price, terms and supplier reliability.**

Mockups

Project link on Build -

<https://standard.experiencesplash.com:443/api/projects/8dbfb518583f463a0ba9a1f6/prototype/snaps/hot/latest/index.html#/SO>

Page – Purchase requisition detail, with list of quotes

Purchase Requisitions		Purchase Requisition Details																													
<input type="text" value="Search"/>		4500010002																													
4500010002 Intel Core i7-6700K 4.0GHz Quad-Core Processor 400 piece(s) Quotes: 3		Intel Core i7-6700K 4.0GHz Quad-Core Processor Deliver To: 51 Astor Pl, New York, NY 10003, United States Maximum Price Per Unit: 300 USD Maximum Total Price: 120000 USD Quotation Deadline: 3/15/16, 12:00 AM Selection Deadline: 3/20/16, 12:00 AM Status: VendorSelection				400 piece(s)																									
4500010004 Samsung 950 PRO 256GB M.2-2280 Solid State Drive 500 piece(s) Quotes: 0		Quotes																													
4500010001 Kingston 4GB 1600MHZ DDR3L NON-ECC CL11... 1200 each Quotes: 0		<table border="1"> <thead> <tr> <th>Company</th> <th>PPU</th> <th>Quantity</th> <th>Total</th> <th>Payment terms</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Best Digital Computer Ltd 94.13% from last 256 orders</td> <td>275 USD</td> <td>400 piece(s)</td> <td>110000 USD</td> <td>14 days 1.5%, 30 Net</td> <td>Open ></td> </tr> <tr> <td>North Computer Exchange 87.85% from last 112 orders</td> <td>280 USD</td> <td>400 piece(s)</td> <td>112000 USD</td> <td>PIA</td> <td>Open ></td> </tr> <tr> <td>Chaos Products Corp 100% from last 15 orders</td> <td>302.5 USD</td> <td>400 piece(s)</td> <td>121000 USD</td> <td>14 days 3%, 30/2%, 45 net</td> <td>Rejected ></td> </tr> </tbody> </table>						Company	PPU	Quantity	Total	Payment terms	Status	Best Digital Computer Ltd 94.13% from last 256 orders	275 USD	400 piece(s)	110000 USD	14 days 1.5%, 30 Net	Open >	North Computer Exchange 87.85% from last 112 orders	280 USD	400 piece(s)	112000 USD	PIA	Open >	Chaos Products Corp 100% from last 15 orders	302.5 USD	400 piece(s)	121000 USD	14 days 3%, 30/2%, 45 net	Rejected >
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4500010003 Right Angle SATA Cable 45cm 50000 piece(s) Quotes: 0																															
						Amend PR	Reject PR																								

Page – quote details, company info tab

Purchase Requisitions	Quote Details
<input type="text" value="Search"/>	Best Digital Computer Ltd
4500010002 Intel Core i7-6700K 4.0GHz Quad-Core Processor 400 piece(s) Quotes: 3	Quote Details Product: Intel Core i7-6700K 4.0GHz Quad-Core Processor Quantity: 400 Units: piece(s) Price Per Unit: 275 Total Price: 110000 Currency: USD Payment Terms: 14 days 1.5%, 30 Net Delivery Date: April 01, 2016 Plant: New York Address: 51 Astor Pl, New York, NY 10003, United States Quote received on: 4/3/16, 12:00 AM
4500010004 Samsung 950 PRO 256GB M.2-2280 Solid State Drive 500 piece(s) Quotes: 0	
4500010001 Kingston 4GB 1600MHZ DDR3L NON-ECC CL11... 1200 each Quotes: 0	
4500010003 Right Angle SATA Cable 45cm 50000 piece(s) Quotes: 0	
	<div style="display: flex; justify-content: space-around;"> Company Info Attachments 2 Comments 7 </div> Company information Company name: Best Digital Computer Ltd Address: 701 7th Ave, New York, NY 10017 Contract Compliance: 94.13% from last 256 orders Orders: 256
	<input type="button" value="Accept quote"/> <input type="button" value="Reject quote"/>

Page quote details – comments tab

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	From: System To: Procurement Mar 02 2016 15:21 RFQ sent From: System To: Procurement Mar 03 2016 11:17 Quotation received From: Roy (Procurement) To: Finance Mar 03 2016 14:17 Can we do payment on 14 days? From: Jerry (Finance) To: Procurement Mar 03 2016 14:23 Sure, why not, if PO created before 20 March will be paid to 1 Apr From: Roy (Procurement) To: Vendor Hi Tom, I know the price is right and we have our agreed discount here, but can you offer us

Vendor selection dialog

The screenshot displays a procurement system interface. On the left, a list of purchase requisitions is visible, including items like Intel Core i7-6700K 4.0GHz Quad-Core Processor, Samsung 950 PRO 256GB M.2-2280 Solid State Drive, Kingston 4GB 1600MHZ DDR3L NON-ECC CL11..., and Right Angle SATA Cable 45cm. The main area shows 'Quote Details' for 'Best Digital Computer Ltd'. A modal dialog is open, asking 'Do you want to accept quote?'. The modal contains three checkboxes: 'Create Purchase Order based on quotation terms' (checked), 'Reject other quotes', and 'Send out rejection letters'. Below these is a 'Comments (optional)' text area and two buttons: 'Accept' (green) and 'Cancel' (red). The background quote details table lists product information, quantity (400), price per unit (276), total price (110000), currency (USD), payment terms (14 days 1.5%, 30 Net), delivery date (April 01, 2016), plant (New York), and address (51 Astor Pl, New York, NY 10003, United States).

Study link

<https://standard.experiencesplash.com/home/projects/8dbfb518583f463a0ba9a1f6/research/participa nt/50b8105b6a011b3d0bb1dd88>

Development challenge components:

Link to Youtube video: <https://youtu.be/TAUP8ZzuieA>

Screenshots (if youtube video is not available) : <https://goo.gl/photos/Pd1ActYQmyovsk9R9>