Modern Purchasing Optimization

LEADING MECHANICAL ENGINEERING COMPANY

MANUFACTURING | SRM, ESOURCING/RFQ, EPROCUREMENT, POM

PROFILE

The mechanical engineering company DIONSA Dierks & Söhne is based in Osnabruck, and is a leading vendor of machinery and systems for the baking and pharmaceutical industries. As a forerunner for mid-sized companies, the company demonstrates how to implement modern purchasing strategies and sourcing goals using an alternative ERP system. The key to success in purchasing is the “All in One Supply Collaboration” platform from JAGGAER, which offers the highest level of ERP integration on the market. DIONSA uses the tool to optimize both their strategic and tactical sourcing.

THE CHALLENGE

In 2012, the company decided to work on a re-engineering project with the goal of setting up purchasing processes professionally along the supply chain, while also streamlining them and making them more efficient. Clear structures and avoiding unnecessary manual administrative procedures would cut costs. This would also allow resources to be used for strategic purposes. When selecting a provider for this project, there was one clear premise: the ERP system proALPHA had to remain the leading system at DIONSA. DIONSA proves that lasting process improvements in purchasing are possible with systems other than SAP, and the company sees itself as a trailblazer by connecting an e-Sourcing platform to an alternative ERP system, which is a

“By connecting an e-Sourcing platform to an ERP system as an alternative to SAP, DIONSA is a sort of trailblazer. This is pressing issue for small to mid-sized companies right now, and JAGGAER is our partner for this project.”

— Christian Voss
Strategic Sourcing,
DIONSNA - Dierks & Söhne GmbH

JAGGAER.com
pressing issue for small and mid-sized companies.

**THE SOLUTION**

JAGGAER offers the highest level of ERP integration on the market, but the interface for proALPHA was not yet available when the project began, so it was developed cooperatively as a pilot project, which resulted in the creation of a completely new interface. Today, information is transferred using an automatic batch that runs in the background. The leading system remains proALPHA.

At DIONSA, purchasing is organized by commodity. To re-structure and modernize their strategic and tactical sourcing at the category level, the company now uses Supplier Relationship Management (SRM), including supplier registration and evaluation, as well as eSourcing/RFQ, eProcurement and POM. As part of their purchasing strategy, DIONSA wanted to strengthen the request processes, which are based on commodities that are saved along with corresponding standard vendors. The leading system proALPHA determines the demand and forwards the request item along with the item master via the specially designed interface. JAGGAER picks out the commodity, and automatically sorts the corresponding standard vendors from Category Management. The parts or components to be requested are automatically added into an RFQ, including the necessary documents and designs, and is then sent to the vendor via JAGGAER. This acceleration of the request process, which is also systematically evaluated, leaves room for other strategic tasks. Potential vendors have the option to systematically apply to DIONSA using the registration function, and are added directly into proALPHA once they have been approved. The accounts payable data is then synced via the interface using the partner number (supplier number). With the help of JAGGAER, DIONSA is also able to simulate cost drivers in award scenarios within an RFQ and can create Cost Break Downs, which are used in the TCO calculations.

DIONSA is able to achieve further optimization by implementing the Purchase Order Management (POM) module, which makes the ordering and confirmation process almost completely automatic. Approximately 80% of ordered items are processed using the POM module, which streamlines the processes significantly. From the ERP system, orders were carried out using an MRP key without any further procedures in JAGGAER. The suppliers defied in the ERP system would receive the order along with all of the necessary documents and specifications via the system, and not manually via e-mail, as had previously been the case.

**TO THE POINT**

In mechanical and systems engineering, the delivery date is a deciding factor. Characterized by project business and special designs, there are many new components, which must be requested, negotiated and procured promptly. The arranged delivery date is not a request, but a requirement. DIONSA is able to keep this under control using an integrated reminder process in JAGGAER. This means that the supplier must also confirm the delivery date after looking at the purchase order in the portal. The information is automatically sent back to the ERP system and is included directly into the production planning. The supplier must open the purchase order within one day, and must confirm it within three days; otherwise they will receive a reminder. This multi-tiered system would not be possible without electronic support.

**GOALS RECHED WITH JAGGAER**

- Complete ERP integration
- Mapping of Category Strategy
- Speed up and systematically evaluate request processes
- Simulate cost drivers in award scenarios within the RFQ using Cost Break Downs
- Reduce manual administrative tasks by automating the POM process
- Integrated reminders

As opposed to the previous system of manually emailing or faxing reminders from ERP, the reminder process is now automatic, systematic and effective thanks to the effective use of JAGGAER functions.

DIONSA has already been able to benefit from the wide range of products that JAGGAER has to offer, and will continue to rely on their partnership in the future to make their supply chain more professional.