

# I'm Paying HOW Much?

Identifying and Taking Advantage of  
Inventory Item Cost Savings Opportunities in  
Oracle® E-Business Suite

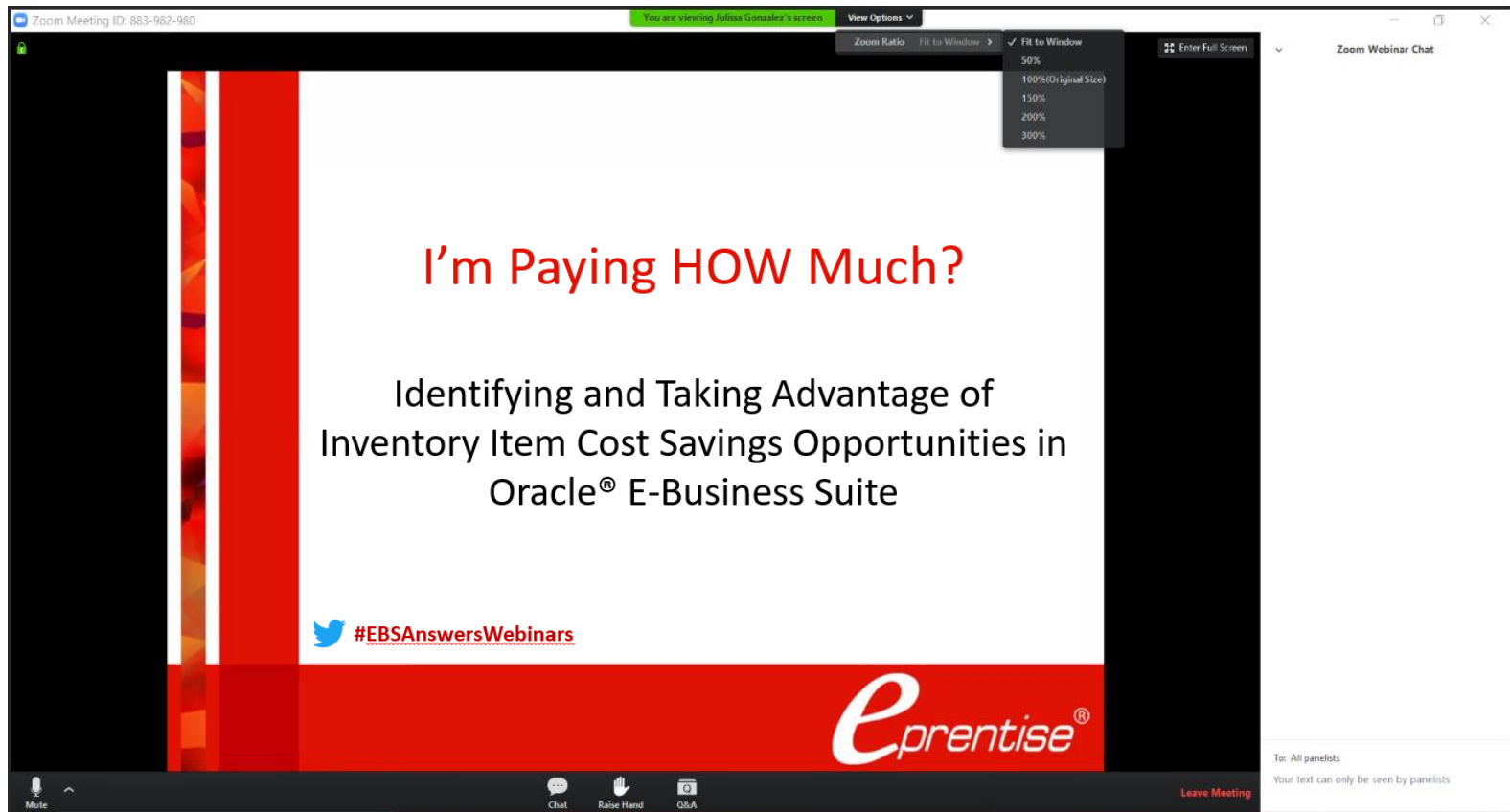


#EBSAnswersWebinars



# Webinar Mechanics

- Submit text questions.
- Q&A addressed at the end of the session and posted on LinkedIn.
- Everyone will receive an email with a link to view a recorded version of today's session.
- Polling questions will be presented during the session. If you want CPE credit for this webinar, you must answer all of the polling questions.



The screenshot shows a Zoom meeting window displaying a webinar slide. The slide has a white background with a red vertical bar on the left and a red footer. The main text on the slide reads: "I'm Paying HOW Much?" in large red font, followed by "Identifying and Taking Advantage of Inventory Item Cost Savings Opportunities in Oracle® E-Business Suite" in black font. At the bottom left of the slide is a Twitter icon and the hashtag "#EBSAnswersWebinars". At the bottom right is the "ePrentise®" logo. The Zoom interface includes a top bar with "Zoom Meeting ID: 863-962-980", a green notification "You are viewing Julissa Gonzalez's screen", and a "View Options" dropdown menu that is open, showing "Zoom Ratio" and "Fit to Window" options (50%, 100% (Original Size), 150%, 200%, 300%). The bottom of the Zoom window shows a control bar with "Mute", "Chat", "Raise Hand", "QA", and "Leave Meeting" buttons. On the right side, there is a "Zoom Webinar Chat" panel with the text "To: All panelists" and "Your text can only be seen by panelists".

# About eprentise

## Getting the most out of your Oracle® E-Business Suite with Software that *Transforms* and *Optimizes* EBS



### ❑ TRANSFORM With Proven Out-of-the-Box Solutions That Align EBS With Your Business

- **Consolidation** merges and harmonizes one or more disparate, differently-configured, database instances into a single, fully-functional application
- **Divestiture** filters data when a company is carving out or selling off part of their business, to create a stand-alone fully functional environment for the divested entity with a limited data set
- **FlexField** changes the financial chart of accounts to support standardization and increase reporting reliability retaining all transactional history
- **Reorganization** changes or moves any configurations or set-ups and all related transactions. Reorganization is a broad category and includes software solutions for merging or separating organization units, ledgers, inventory organizations, or legal entities, calendar changes, currency changes, etc. Reorganization Software is used to comply with new regulatory or statutory changes, new organization structures, entry into new markets, and to support mergers, acquisitions, or divestitures.

### ❑ OPTIMIZE With Software That Gives You Visibility Into Your Operations

- **C Collection** analytics will identify potential problem areas with transactional data. The software increases the accuracy of the underlying data, provides data transparency, and allows EBS users to reduce costs, leverage opportunities across the enterprise, improve business processes and increase the confidence level of the users in their data, processes, and operations.
- **Automated Audit** is audit and assurance software for internal and external financial auditors and allows for drill-down from a balance sheet report into the transaction-level detail. The software covers hundreds of substantive procedures across all EBS modules for the entire enterprise domain and builds in consistent audit processes and workflows across the organization.

### ❑ Does not violate Oracle Support Agreement

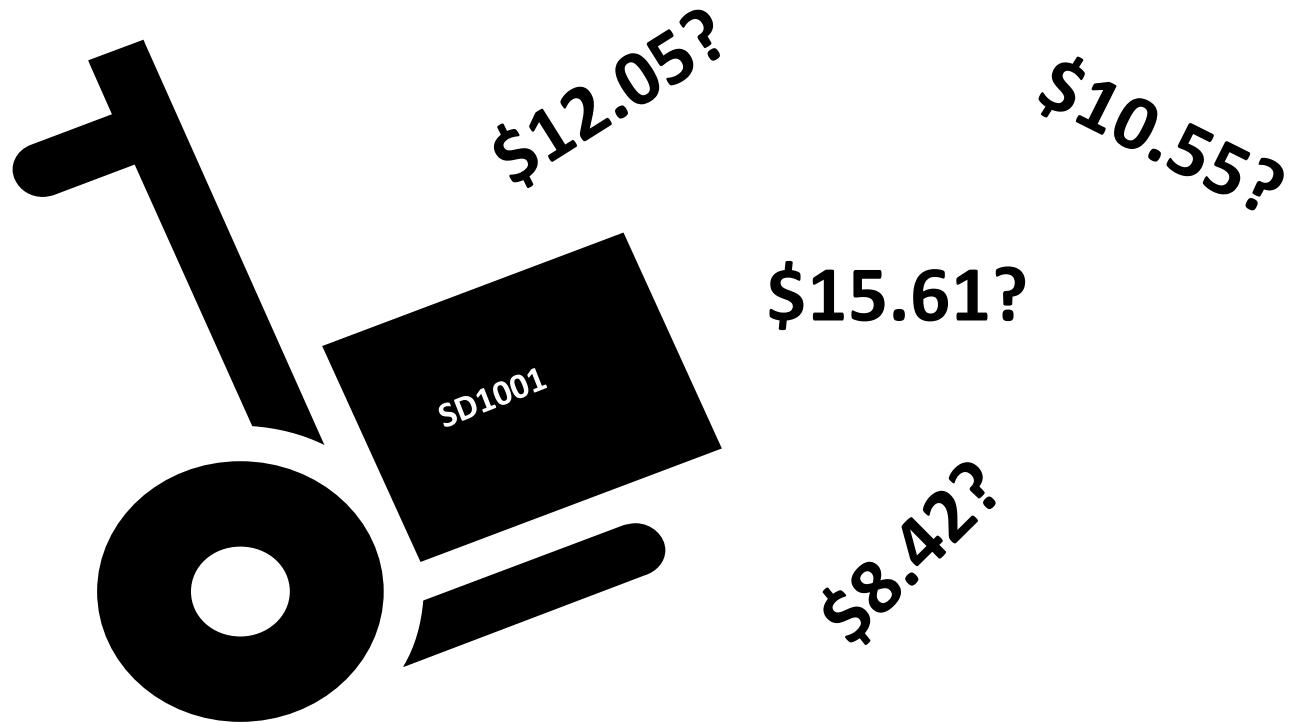
# Learning Objectives:

- Objective 1:** Discover how unintended purchased item cost variances can occur in EBS.
- Objective 2:** Learn to use key Oracle reports and functionality to identify item cost savings opportunities.
- Objective 3:** Explore the best practices to manage inventory purchased item costs.
- Objective 4:** Recognize how to gain visibility into overall procurement, volume of items purchased, and unit prices at the operating unit level.

# Agenda

- ❑ The problem of unintended purchased item cost variances.
- ❑ Reasons for item purchase price variance types of differences.
  - Despite the built-in controls-unexpected price variances occur.
- ❑ Types of unintentional purchase price variances and how to identify when they occur.
- ❑ Best practices to manage inventory purchased items.
- ❑ Conclusion

# The Problem of Unintentional Purchase Price Variances



# Types of Unintentional Purchase Price Variances

- Same item, same supplier, different price(s)
- Same item, different suppliers, different price(s)
- Same item, same supplier, same price(s)

# Tables with the Underlying Data

The purpose of this presentation is to show how, with data available from the application front end, a normal business user can perform an analysis of purchases by items. The data we will be using can also be obtained directly from the underlying EBS tables. The two main tables are:

- PO\_HEADERS\_ALL
- PO\_LINES\_ALL

Working directly with the table data is outside of the scope of this presentation, but the analysis performed is equally applicable.



# Types of Unintentional Purchase Price Variances

- Same item, same supplier, different price(s)
- Same item, different suppliers, different price(s)
- Same item, same supplier, same price(s)

# Same Item, Same Supplier, Different Price(s)

Item Number	Supplier Number	Item Description	Unit Of Measure	Currency Code	Price Per Unit	Supplier Number	Supplier Name	INV Org Name	OU Name
DVD-B100	2005	DVD Burner 8X	Each	USD	411.00	2005	Industrial Dressler	V1-Vision Operations	Vision Operations
DVD-B100	2005	DVD Burner 8X	Each	USD	500.00	2005	Industrial Dressler	V1-Vision Operations	Vision Operations
CM40220	2007	CD-ROM - B series	Each	USD	42.00	2007	Allied Manufacturing	V1-Vision Operations	Vision Operations
CM40220	2005	CD-ROM - B series	Each	USD	44.00	2005	Industrial Dressler	V1-Vision Operations	Vision Operations
AS55888	2005	Sentinel Standard Desktop - Select Series	Each	USD	1107.86	2005	Industrial Dressler	M1-Seattle Manufacturing	Vision Operations
AS55888	1013	Sentinel Standard Desktop - Select Series	Each	USD	1107.86	1013	Advanced Network Devices	M1-Seattle Manufacturing	Vision Operations

# Analyze Vendor Pricing by Item - Supplier item catalog by specific item #

Search Supplier Item Catalog

Operating Unit

Commodity  ...

Requisition Template

Item

Category Set

Category

Item, Rev

Description

Job

Line description contains the words in sequence only:

Supplier

Supplier

Site

Sourced Suppliers Only

Supplier Item

Due Date

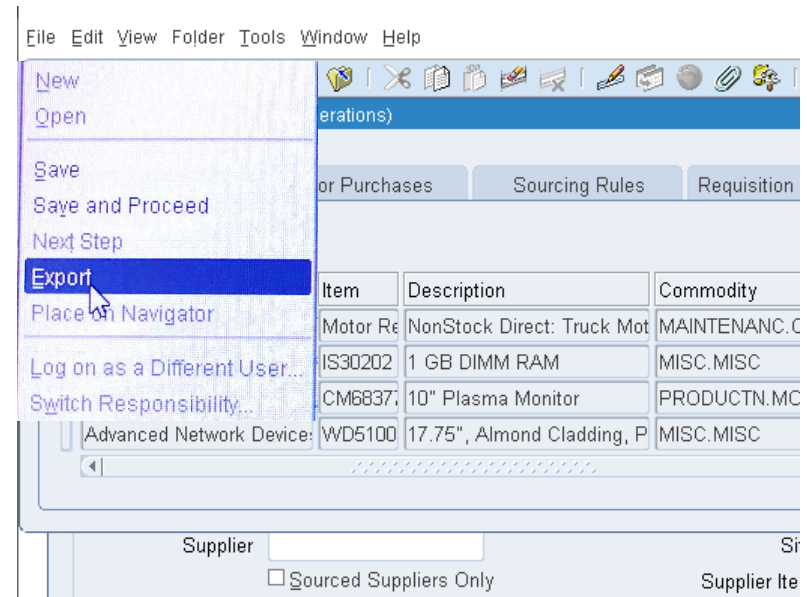
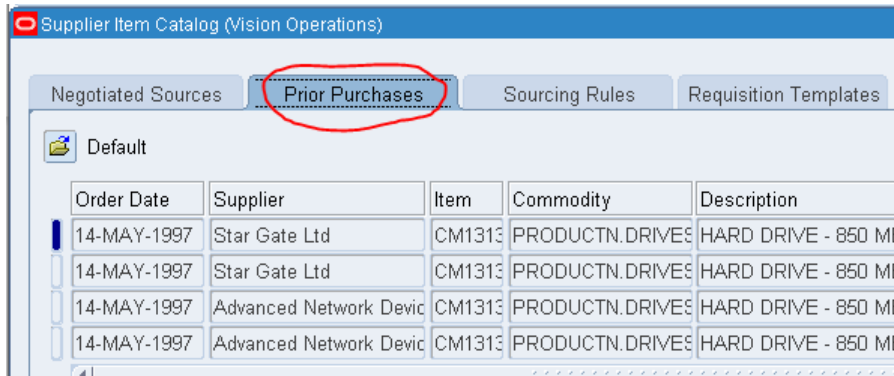
Deliver-To Organization

Line Type

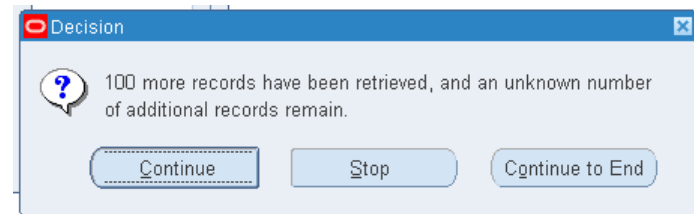
Show External Locations

# Analyze Item Purchases with Same Supplier

## - Prior purchases



- Export transactions to an Excel workbook



# Analyze Vendor Pricing by Item- Exported Data

Order Date	Supplier	Item	Commodity	Description	UOM	Price	Quantity	Total
23-Feb-05	Advanced Network Devices	AS54888	PRODUCTN.FINGOODS	Sentinel Standard Desktop TPD	Each	1107.86	100	\$
8-May-06	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	20	10	\$
1-May-06	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	20	10	\$
10-Apr-06	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	26	10	\$
10-Apr-06	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	26	10	\$
10-Mar-06	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	24.78	10	\$
10-Mar-06	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	24.78	10	\$
22-Feb-06	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	26.25	10	\$
22-Feb-06	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	26.25	10	\$
20-Dec-05	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	24.63	10	\$
20-Dec-05	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	24.63	10	\$
10-Jan-06	Advanced Network Devices	CM22680	MISC.MISC	Envoy Upgrade Board (Raw)	Each	25.55	10	\$

# Analyze Vendor Pricing by Item, Analysis Worksheet

	A	B	C	D	E	F
1	Concatenated Supplier_Item	Total Purchases	Average Price	Minimum Price	Maximum Price	Min_Max Difference
2	Advanced Network Devices-CM49674	\$ 776,250.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ -
3	Office Supplies, Inc.-f20000	\$ 2,000.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ -
4	Johnson & Johnson Medical-GL11047	\$ -		\$ -	\$ -	\$ -
5	Anderson Fabric Company-Wheel Assembly - Michelin	\$ -		\$ -	\$ -	\$ -
6	Anderson Fabric Company-Wheel Assembly - Goodyear	\$ -		\$ -	\$ -	\$ -
7	Office Supplies, Inc.-CM51563	\$ -		\$ -	\$ -	\$ -
8	Advantage Corp-CM14374	\$ 595,245.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ -
9	Advanced Network Devices-CM22684	\$ 5,190.80	\$ 10.38	\$ 7.50	\$ 12.50	\$ 5.00
10	Advanced Network Devices-CM22683	\$ 15,753.20	\$ 10.35	\$ 7.50	\$ 12.50	\$ 5.00
11	Advanced Network Devices-CM22682	\$ 7,825.00	\$ 5.22	\$ 3.98	\$ 7.50	\$ 3.52
12	Advanced Network Devices-CM22680	\$ 7,182.20	\$ 24.93	\$ 20.00	\$ 27.00	\$ 7.00
13	Consolidated Supplies-f20000	\$ 197,690.12	\$ 48.17	\$ 20.77	\$ 50.00	\$ 29.23

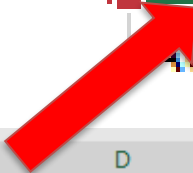
# Analyze Vendor Pricing by Item- Exported Data

## - Adding the Concatenated Supplier\_Item Row

Concatenated Supplier\_Item

=B2&"-"&C2

Advanced Network Devices-C



	A	B	C	D	
1	Order Date	Supplier	Item	Concatenated Supplier_Item	C
2	23-Feb-05	Advanced Network Devices	AS54888	=B2&"-"&C2	P
3	8-May-06	Advanced Network Devices	CM22680	Advanced Network Devices-CM22680	M
4	1-May-06	Advanced Network Devices	CM22680	Advanced Network Devices-CM22680	M
5	10-Apr-06	Advanced Network Devices	CM22680	Advanced Network Devices-CM22680	M
6	10-Apr-06	Advanced Network Devices	CM22680	Advanced Network Devices-CM22680	M
7	10-Mar-06	Advanced Network Devices	CM22680	Advanced Network Devices-CM22680	M
8	10-Mar-06	Advanced Network Devices	CM22680	Advanced Network Devices-CM22680	M

# Analyze Vendor Pricing by Item- Analysis

## - Adding the Items Analysis worksheet

	A	B	C	D	E	F
1	Concatenated Supplier_Item	Total Purchases	Average Price	Minimum Price	Maximum Price	Min_Max Difference
2	Advanced Network Devices-CM49674	\$ 776,250.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ -
3	Office Supplies, Inc.-f20000	\$ 2,000.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ -
4	Johnson & Johnson Medical-GL11047	\$ -		\$ -	\$ -	\$ -
5	Anderson Fabric Company-Wheel Assembly - Michelin	\$ -		\$ -	\$ -	\$ -
6	Anderson Fabric Company-Wheel Assembly - Goodyear	\$ -		\$ -	\$ -	\$ -
7	Office Supplies, Inc.-CM51563	\$ -		\$ -	\$ -	\$ -
8	Advantage Corp-CM14374	\$ 595,245.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ -
9	Advanced Network Devices-CM22684	\$ 5,190.80	\$ 10.38	\$ 7.50	\$ 12.50	\$ 5.00

Insert a worksheet and name it “Item Analysis”

Label the columns

- Concatenated Supplier\_Item
- Total Purchases
- Average Price
- Minimum Price
- Maximum Price
- Min\_Max Difference

Copy the list of Concatenated Supplier\_Item(s) from the exported worksheet to column A on the Items Analysis Worksheet and Deduplicate



# Analyze Vendor Pricing by Item - Analysis

## - Adding the Items Analysis Worksheet Formulas (Total Purchases)

	A	B	C	D	E	F
1	Concatenated Supplier_Item	Total Purchases	Average Price	Minimum Price	Maximum Price	Min_Max Difference
2	Advanced Network Devices-CM49674	\$ 776,250.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ -
3	Office Supplies, Inc.-f20000	\$ 2,000.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ -
4	Johnson & Johnson Medical-GL11047	\$ -		\$ -	\$ -	\$ -
5	Anderson Fabric Company-Wheel Assembly - Michelin	\$ -		\$ -	\$ -	\$ -
6	Anderson Fabric Company-Wheel Assembly - Goodyear	\$ -		\$ -	\$ -	\$ -
7	Office Supplies, Inc.-CM51563	\$ -		\$ -	\$ -	\$ -
8	Advantage Corp-CM14374	\$ 595,245.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ -
9	Advanced Network Devices-CM22684	\$ 5,190.80	\$ 10.38	\$ 7.50	\$ 12.50	\$ 5.00

- Total Purchases =SUMIF('Supplier Catalogue Export'!\$D\$2:\$D\$1605,'Item Analysis'!A2,'Supplier Catalogue Export'!\$J\$2:\$J\$1605)
- Average Price =AVERAGEIF('Supplier Catalogue Export'!\$D\$2:\$D\$1605,'Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605)
- Minimum Price {=MIN(IF('Supplier Catalogue Export'!\$D\$2:\$D\$1605='Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605,""))} (Must hit Shift-Control-Enter because this is an array formula)
- Maximum Price {=MAX(IF('Supplier Catalogue Export'!\$D\$2:\$D\$1605='Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605,""))} (Must hit Shift-Control-Enter because this is an array formula)
- Min\_Max Difference =E2-D2

# Analyze Vendor Pricing by Item- Analysis

## - Adding the Items Analysis Worksheet Formulas (Average Price)

	A	B	C	D	E	F
1	Concatenated Supplier_Item	Total Purchases	Average Price	Minimum Price	Maximum Price	Min_Max Difference
2	Advanced Network Devices-CM49674	\$ 776,250.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ -
3	Office Supplies, Inc.-f20000	\$ 2,000.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ -
4	Johnson & Johnson Medical-GL11047	\$ -		\$ -	\$ -	\$ -
5	Anderson Fabric Company-Wheel Assembly - Michelin	\$ -		\$ -	\$ -	\$ -
6	Anderson Fabric Company-Wheel Assembly - Goodyear	\$ -		\$ -	\$ -	\$ -
7	Office Supplies, Inc.-CM51563	\$ -		\$ -	\$ -	\$ -
8	Advantage Corp-CM14374	\$ 595,245.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ -
9	Advanced Network Devices-CM22684	\$ 5,190.80	\$ 10.38	\$ 7.50	\$ 12.50	\$ 5.00

- Total Purchases =SUMIF('Supplier Catalogue Export'!\$D\$2:\$D\$1605,'Item Analysis'!A2,'Supplier Catalogue Export'!\$J\$2:\$J\$1605)
- Average Price =AVERAGEIF('Supplier Catalogue Export'!\$D\$2:\$D\$1605,'Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605)
- Minimum Price {=MIN(IF('Supplier Catalogue Export'!\$D\$2:\$D\$1605='Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605,''))} (Must hit Shift-Control-Enter because this is an array formula)
- Maximum Price {=MAX(IF('Supplier Catalogue Export'!\$D\$2:\$D\$1605='Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605,''))} (Must hit Shift-Control-Enter because this is an array formula)
- Min\_Max Difference =E2-D2

# Analyze Vendor Pricing by Item- Analysis

## - Adding the Items Analysis Worksheet Formulas (Minimum & Maximum Price)

	A	B	C	D	E	F
1	Concatenated Supplier_Item	Total Purchases	Average Price	Minimum Price	Maximum Price	Min_Max Difference
2	Advanced Network Devices-CM49674	\$ 776,250.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ -
3	Office Supplies, Inc.-f20000	\$ 2,000.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ -
4	Johnson & Johnson Medical-GL11047	\$ -		\$ -	\$ -	\$ -
5	Anderson Fabric Company-Wheel Assembly - Michelin	\$ -		\$ -	\$ -	\$ -
6	Anderson Fabric Company-Wheel Assembly - Goodyear	\$ -		\$ -	\$ -	\$ -
7	Office Supplies, Inc.-CM51563	\$ -		\$ -	\$ -	\$ -
8	Advantage Corp-CM14374	\$ 595,245.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ -
9	Advanced Network Devices-CM22684	\$ 5,190.80	\$ 10.38	\$ 7.50	\$ 12.50	\$ 5.00

- Total Purchases =SUMIF('Supplier Catalogue Export'!\$D\$2:\$D\$1605,'Item Analysis'!A2,'Supplier Catalogue Export'!\$J\$2:\$J\$1605)
- Average Price =AVERAGEIF('Supplier Catalogue Export'!\$D\$2:\$D\$1605,'Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605)
- Minimum Price {=MIN(IF('Supplier Catalogue Export'!\$D\$2:\$D\$1605='Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605,""))} (Must hit Shift-Control-Enter because this is an array formula)
- Maximum Price {=MAX(IF('Supplier Catalogue Export'!\$D\$2:\$D\$1605='Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605,""))} (Must hit Shift-Control-Enter because this is an array formula)
- Min\_Max Difference =E2-D2

# Analyze Vendor Pricing by Item- Analysis

## - Adding the Items Analysis Worksheet Formulas (Min\_Max Difference)

	A	B	C	D	E	F
1	Concatenated Supplier_Item	Total Purchases	Average Price	Minimum Price	Maximum Price	Min_Max Difference
2	Advanced Network Devices-CM49674	\$ 776,250.00	\$ 150.00	\$ 150.00	\$ 150.00	\$ -
3	Office Supplies, Inc.-f20000	\$ 2,000.00	\$ 25.00	\$ 25.00	\$ 25.00	\$ -
4	Johnson & Johnson Medical-GL11047	\$ -		\$ -	\$ -	\$ -
5	Anderson Fabric Company-Wheel Assembly - Michelin	\$ -		\$ -	\$ -	\$ -
6	Anderson Fabric Company-Wheel Assembly - Goodyear	\$ -		\$ -	\$ -	\$ -
7	Office Supplies, Inc.-CM51563	\$ -		\$ -	\$ -	\$ -
8	Advantage Corp-CM14374	\$ 595,245.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ -
9	Advanced Network Devices-CM22684	\$ 5,190.80	\$ 10.38	\$ 7.50	\$ 12.50	\$ 5.00

- Total Purchases =SUMIF('Supplier Catalogue Export'!\$D\$2:\$D\$1605,'Item Analysis'!A2,'Supplier Catalogue Export'!\$J\$2:\$J\$1605)
- Average Price =AVERAGEIF('Supplier Catalogue Export'!\$D\$2:\$D\$1605,'Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605)
- Minimum Price {=MIN(IF('Supplier Catalogue Export'!\$D\$2:\$D\$1605='Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605,""))} (Must hit Shift-Control-Enter because this is an array formula)
- Maximum Price {=MAX(IF('Supplier Catalogue Export'!\$D\$2:\$D\$1605='Item Analysis'!A2,'Supplier Catalogue Export'!\$H\$2:\$H\$1605,""))} (Must hit Shift-Control-Enter because this is an array formula)
- Min\_Max Difference =E2-D2

# Types of Unintentional Purchase Price Variances

- Same item, same supplier, different price(s)
- Same item, different suppliers, different price(s)
- Same item, same supplier, same price(s)

# Same Item, Different Suppliers, Different Price(s)

Item Number	Supplier Number	Item Description	Unit Of Measure	Currency Code	Price Per Unit	Supplier Number	Supplier Name	INV Org Name	OU Name
DVD-B100	2005	DVD Burner 8X	Each	USD	411.00	2005	Industrial Dressler	V1-Vision Operations	Vision Operations
DVD-B100	5028	DVD Burner 8X	Each	USD	500.00	5028	Corporate Express Office Supply	V1-Vision Operations	Vision Operations
CM40220	2007	CD-ROM - B series	Each	USD	42.00	2007	Allied Manufacturing	V1-Vision Operations	Vision Operations
CM40220	2005	CD-ROM - B series	Each	USD	44.00	2005	Industrial Dressler	V1-Vision Operations	Vision Operations
AS55888	2005	Sentinel Standard Desktop - Select Series	Each	USD	1107.86	2005	Industrial Dressler	M1-Seattle Manufacturing	Vision Operations
AS55888	1013	Sentinel Standard Desktop - Select Series	Each	USD	1107.86	1013	Advanced Network Devices	M1-Seattle Manufacturing	Vision Operations

# Analyze Pricing by Item for Same Item/Different Suppliers, Analysis Worksheet

	A	B	C	D	E	F	G	H
1	Item	Item from More Than 1 Supplier?	Concatenated Supplier_Item	Total Purchases	Average Price	Minimum Price	Maximum Price	Min_Max Difference
2	10-40W Oil	Yes	Winters Supply Company-10-40W Oil	\$ 30.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ -
3	10-40W Oil	Yes	Mustang Vehicle Repair & Service-10-40W Oil	\$ 197,690.12	\$ 48.17	\$ 20.77	\$ 50.00	\$ 29.23
4	f20000	Yes	Office Supplies, Inc.-f20000	\$ 89.00	\$ 0.89	\$ 0.89	\$ 0.89	\$ -
5	f20000	Yes	Consolidated Supplies-f20000	\$ 7.50	\$ 0.25	\$ 0.25	\$ 0.25	\$ -
6	f20000	Yes	Corporate Express Office Supply-f20000	\$ 2,675.00	\$ 5.35	\$ 5.35	\$ 5.35	\$ -
7	f20000	Yes	Star Gate Ltd-f20000	\$ 5.00	\$ 0.05	\$ 0.05	\$ 0.05	\$ -
8	f20000	Yes	United Parcel Service-f20000	\$ 25.00	\$ 0.05	\$ 0.05	\$ 0.05	\$ -
9	f20000	Yes	GE Capital-f20000	\$ 240.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ -
10	f20000	Yes	American Telephone and Telegraph-f20000	\$ 3,400.00	\$ 34.00	\$ 34.00	\$ 34.00	\$ -
11	f20000	Yes	Advantage Corp-f20000	\$ 3,480.00	\$ 116.00	\$ 116.00	\$ 116.00	\$ -
12	f20000	Yes	General Electric-f20000	\$ 3.80	\$ 0.19	\$ 0.19	\$ 0.19	\$ -
13	f20000	Yes	Advanced Network Devices-f20000	\$ 11,366.80	\$ 1,623.27	\$ 3.90	\$ 5,000.00	\$ 4,996.10
14	Fluorescent Lamp Tube, 48 Inch	Yes	Winters Supply Company-Fluorescent Lamp Tube, 48 Inch	\$ 2,300.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ -
15	Fluorescent Lamp Tube, 48 Inch	Yes	Grainger-Fluorescent Lamp Tube, 48 Inch	\$ 3,310.00	\$ 3.31	\$ 3.31	\$ 3.31	\$ -

# Analyze Pricing by Item for Same Item/Different Suppliers, Analysis Worksheet (Item from More than One Supplier Formula)

	A	B	C	D	E	F	G	H
1	Item	Item from More Than 1 Supplier?	Concatenated Supplier_Item	Total Purchases	Average Price	Minimum Price	Maximum Price	Min_Max Difference
2	10-40W Oil	Yes	Winters Supply Company-10-40W Oil	\$ 30.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ -
3	10-40W Oil	Yes	Mustang Vehicle Repair & Service-10-40W Oil	\$ 197,690.12	\$ 48.17	\$ 20.77	\$ 50.00	\$ 29.23
4	f20000	Yes	Office Supplies, Inc.-f20000	\$ 89.00	\$ 0.89	\$ 0.89	\$ 0.89	\$ -
5	f20000	Yes	Consolidated Supplies-f20000	\$ 7.50	\$ 0.25	\$ 0.25	\$ 0.25	\$ -
			Corporate Express Office Supply-					

=IF(COUNTIF(\$A\$2:\$A\$284,A3)>1,"Yes","No")

Then it is simply a matter of filtering by “Yes.”



# Types of Unintentional Purchase Price Variances

- Same item, different suppliers, different price(s)
- Same item, same supplier, different price(s)
- Same item, same supplier, same price(s)

# Analyze Pricing by Item for Same Item/Same Supplier/Same Price, Analysis Worksheet

	A	B	C	D	E	F	G	H
1	Item	Item from More Than 1 Supplier?	Concatenated Supplier_Item	Total Purchases	Average Price	Minimum Price	Maximum Price	Min_Max Difference
2	10-40W Oil	Yes	Winters Supply Company-10-40W Oil	\$ 30.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ -
3	10-40W Oil	Yes	Mustang Vehicle Repair & Service-10-40W Oil	\$ 197,690.12	\$ 48.17	\$ 20.77	\$ 50.00	\$ 29.23
4	f20000	Yes	Office Supplies, Inc.-f20000	\$ 89.00	\$ 0.89	\$ 0.89	\$ 0.89	\$ -
5	f20000	Yes	Consolidated Supplies-f20000	\$ 7.50	\$ 0.25	\$ 0.25	\$ 0.25	\$ -
6	f20000	Yes	Corporate Express Office Supply-f20000	\$ 2,675.00	\$ 5.35	\$ 5.35	\$ 5.35	\$ -
7	f20000	Yes	Star Gate Ltd-f20000	\$ 5.00	\$ 0.05	\$ 0.05	\$ 0.05	\$ -
8	f20000	Yes	United Parcel Service-f20000	\$ 25.00	\$ 0.05	\$ 0.05	\$ 0.05	\$ -
9	f20000	Yes	GE Capital-f20000	\$ 240.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ -
10	f20000	Yes	American Telephone and Telegraph-f20000	\$ 3,400.00	\$ 34.00	\$ 34.00	\$ 34.00	\$ -
11	f20000	Yes	Advantage Corp-f20000	\$ 3,480.00	\$ 116.00	\$ 116.00	\$ 116.00	\$ -
12	f20000	Yes	General Electric-f20000	\$ 3.80	\$ 0.19	\$ 0.19	\$ 0.19	\$ -
13	f20000	Yes	Advanced Network Devices-f20000	\$ 11,366.80	\$ 1,623.27	\$ 3.90	\$ 5,000.00	\$ 4,996.10
14	Fluorescent Lamp Tube, 48 Inch	Yes	Winters Supply Company-Fluorescent Lamp Tube, 48 Inch	\$ 2,300.00	\$ 23.00	\$ 23.00	\$ 23.00	\$ -
15	Fluorescent Lamp Tube, 48 Inch	Yes	Grainger-Fluorescent Lamp Tube, 48 Inch	\$ 3,310.00	\$ 3.31	\$ 3.31	\$ 3.31	\$ -

# Reasons for Item Purchase Price Variance

- ❑ Controls around purchasing at the operating unit level
  - Information silos
    - Most purchasing functionality is separate for each OU
  - Separate item masters
    - Best practice is to have a single inventory org set up as the item master, but EBS allows multiple item masters
- ❑ Purchasing is ad hoc and not part of a planned and negotiated process
- ❑ Contracts may have expired
- ❑ Blanket purchase orders may not include pricing information
- ❑ Inventory replenishment needs may not be anticipated precluding purchasing at lower prices is the least expensive supplier needs greater lead time.

# Best Practices for Item Purchase Price Management

- ❑ Maintain a single item master
  - Periodically review the item master to be sure it is updated and correct
  - Use the same items in and among various operating units, as appropriate
- ❑ Periodically review purchase contracts
- ❑ Best practice is to have a single inventory organization configured as the item master
- ❑ When possible, include pricing information on blanket purchase agreements and contract purchase agreements
- ❑ Inventory replenishments needs may not be anticipated precluding purchasing at lower prices is the least expensive supplier needs greater lead time.
- ❑ MOST IMPORTANTLY: Periodically perform analysis of purchases specific to identify unintended purchase price variances.

# Conclusion

Unintended purchase price variances can occur in any organization. For large and complex organizations with many operating units and ledgers, this risk is magnified. As a result, it is very important to periodically analyze purchases on an aggregate level to identify these variances and to take corrective action if needed. The result can be significant cost savings to the organization.

# Questions?

## Contact



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# Thank You!

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