

Sage ERP X3 | White Paper

Inventory in Transit: Do you know where it is?

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With the upsurge in offshoring and global outsourcing, many companies are extending their supply chain by purchasing goods from overseas. While this change in business philosophy enables goods to be purchased at significantly reduced costs, it introduces additional challenges into the management of the supply chain.

Not only has the cost basis for materials changed. Added expenses associated with importing must be taken into consideration. Additionally, delivery terms for conducting international business vary from the traditional domestic model. Title transfer can, and often does, occur long before the goods arrive at the warehouse or facility.

The shift in the supply chain makes tracking imports essential to providing an accurate view of material availability. Unpredictable activities, such as a storm at sea, can delay the arrival of goods by a week or more. The ability to easily update information at the shipment/vessel level and quickly update all affected purchase orders and dates is a key factor in managing this process.

Being able to track import activities and account for the cost is becoming a very important function in the supply chain process. It enables companies to confidently commit orders to customers, sufficiently analyze stock to determine future purchase requirements and accurately value the goods for financial reporting purposes.

Additionally, companies importing chemicals or food and beverage products must comply with strict government regulations. For food processors, some of these products may be perishable so it is extremely important to ensure the proper processing of shipments to avoid any delays in transit.

Many companies use manual methods to manage inventory tracking, yielding to poor visibility into what inventory is in which containers and where the container is in transit. Ineffective container management can lead to costly demurrage and per-diem charges.

The Sage ERP X3 Import Tracking functionality provides several tools to support this increasingly complex and important aspect of your business. Key functional aspects include:

Shipment Management allows shipments to be received by container versus individual purchase orders. Increased visibility enables advanced planning for labor, time and space required for receiving. Companies importing food products or hazardous chemicals can require shipments to go through a series of internal controls for the necessary documentation required to meet country-specific regulatory demands.

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Cost Management contains a flexible landed cost structure, which accounts for all the expenses associated with receiving the product from overseas. It handles multiple title transfer points and provides the ability to calculate charges at the shipment or line level. By linking all costs connected with a specific container and associating them with the items delivered, companies can positively impact margin analysis and provide for accurate margin based commissions.

Material Visibility enables sophisticated lead-time management and provides for a mass update of receipt dates based on changes in travel time. The import inquiry feature gives details of the product's status (ordered, shipped, in port, released or dispatched). Customer service, purchasing and sales departments can obtain shipping and promise dates. Additionally, accurate status dates are available for financial reporting purposes (date of ownership).

Cost Reconciliation provides a check and balance for materials purchased and third party charges. It also provides a transaction history of all landed cost postings.

The Sage ERP X3 Import Tracking functionality eliminates the need to manually track overseas shipments. By linking to the Sage ERP X3 system, all business functions tie together into a single database, enabling real-time access to mission-critical information and improving productivity and collaboration. By increasing the visibility of your inbound goods and their associated costs, you can better control your transportation expenses and inventory levels while increasing your order fulfillment rate.

Please contact us for a free assessment of how your company can benefit from Sage ERP X3.