



Why Use Purchasing Software?

For most businesses, purchasing is something that's done often and regularly, and so it's a potential source of inefficiency. Primarily due to the scale and monotony of the task. If the wrong things are ordered, or an excess of time and energy is devoted to placing the order, then the business will suffer as a result. In order to guard against that possibility, the modern business might make use of cutting-edge purchasing software, which will ensure that purchasing is done in a more streamlined and logical fashion. It will also automate many of those key decisions.

In this PDF, we'll examine some of the merits of this sort of purchasing software.

Recommended re-ordering

When a stock level dwindles below a given level, a good purchasing software will be able to provide its operators with notice of this. Perhaps they're experiencing an unanticipated rush on a certain item – or perhaps a miscalculation has been made in ordering. A good system will make note of this, and allow the business to take corrective action.

Of course, with this technology, it's possible to avoid this situation altogether by automating the order-placement.

Efficient and effective communication

Part of the process which keeps the whole supply chain moving is placing purchase orders to your suppliers. This task is one that's mundane, mechanistic, and vulnerable to human error. With the help of automation, however, these problems can be dispensed with, leaving your human workers to concentrate on things that demand the creativity and problem-solving skills of the human brain – namely the management of the process, rather than its actual execution.

Thus, when levels of a particular item of stock begin to run low, an order will automatically be placed to the relevant supplier. Existing orders, too, will be amended in order to reflect the ever-changing circumstances of your business. If your suppliers are equipped with compatible systems, then they'll be able to make this communication all the more seamless.

Integration

A good purchasing system will be able to integrate seamlessly with the other components that make up your business – most notably the back-order management system. This allows for orders to be released for picking the moment that they arrive, which means that you'll be able to save time. Or, with more sophisticated systems, it means that you'll be able to exercise more stringent quality control, as your team will be able to inspect newly-arrived goods before making them available for purchase. Thus, you'll be able to have the perfect blend of thoroughness and speed – and a minimum of wasted time.

Drop-shipping

The supply chain can often be a long one, as raw materials are torn from their natural habitat, and then forced to take new and useful shapes via a stream of intermediary manufacturers on their way to a retailer, who then sells it to the final customer.

When we consider it, the retailer's role in this chain is actually a rather superfluous one. The only reason that they keep a stockpile of items handy is to ensure that customers are able to get the items they want at the time that they want it. But purchasing software, happily, means that this isn't necessarily the case, because it allows for up-to-the-second communication between the various parties along the chain. Thus, the retailer will be able to see how many of a given item are left in a given warehouse – even if that warehouse happens to be thousands of miles away.

This advantage allows us to ship an item directly from its manufacturer to the finale customer without the retailer having any contact with it at all. A retailer, here, acts as a mere facilitator. This process is called drop-shipping.

Drop-shipping saves the retailer money in two different ways. First, it eliminates the cost of storage. If goods are being shipped directly from supplier to customer, then there is no need to have an enormous and costly warehouse devoted to storing them en-route. Secondly, it eliminates the cost of shipping. If both manufacturer and customer are based in Fife, and the retailer is based in Brighton, then shipping products the length of the country is incredibly wasteful. While most circumstances won't be as extreme as that, they'll all represent some form of unnecessary travel – the cost of which, over time, adds up.