

## MATERIALS MANAGEMENT MADE EASY



## HOW TO DECIDE WHERE TO BUY!

When you need to buy material the Inquiry process aims to compile information relevant to a purchasing decision. It typically deals with a wide set of information of different natures, either technical or commercial, which involve several stakeholders from both the buying and the bidding organizations.

Intergraph Smart® Materials supports the entire Inquiry process and plays a key role in making the execution smoother and the decision easier and faster by:

- Facilitating collaboration and cooperation among all stakeholders
- Enabling extensive reuse of data gathered during any work step in the process
- Delivering tools and KPIs that make the most complex decisions simple

The Inquiry process starts with a Buyer taking ownership of the Engineering Requisitions released by the technical department. Requisitions typically contain full descriptions of goods or services to buy, relevant quantities, technical specifications, additional deliverables to be provided in the context of the

supply, expected dates when goods should be available for construction purpose, etc.

Engineering Requisitions may also include reference to activity in the project plan, budgeting and accounting data, and materials or services categorization.

Categorization is important information for the Inquiry process. It simplifies the thousands of references coming from Bidders and Vendors. It allows a Buyer to procure the requested goods or services from a list of qualified and approved Vendors, Suppliers, or Bidder databases.

Hexagon PPM's Smart Materials Portal fully supports the registration process for Vendors willing to qualify their products and services to a given Buyer. The standard functionality in Smart Materials enables Buyers to deal with either the whole database of Vendors, or with a project specific subset of it – Project Vendors / Suppliers List – that have agreed with or been provided by the Client.

Defining a complete Request for Quotation implies that further details have specifications, like establishing bid due date, defining criteria for evaluating bidders' proposals, setting payments and other costs, establishing a given currency exchange rate, and more.



After a Buyer sends a Request for Quotation to Bidders, the process can be managed digitally in Smart Materials. Bidders and Buyers can interact and clarify processes, eventually providing attachments and sharing documents. Scenarios of collaboration include Bidders making a Request for Clarification with in the Smart Materials Supplier Portal, and the Buyer replying directly to it from within the respective Smart Materials screen. Nothing is left behind or outside the system; this helps to deliver a fully transparent and auditable purchasing process.

After both commercial and technical evaluations are executed and bid due date have expired, the Buyer has expected to have all information in the system to fully evaluate available Bidders' quotations.

Smart Materials provides Buyers with specific features to conducting an effective and efficient evaluation process, including two configurable Awarding Screens – the first focusing on prices, the second including different evaluations parameters like delivery dates payments, etc.

Among others evaluation criteria, Prices Index and Virtual Bidders help Buyers make the most appropriate purchasing decision: Price Index is a percent amount that provides a quick comparison of each Bidder's total price; the cheapest becomes the benchmark, so the Buyer immediately understands how much percent other Bidders deviate from the benchmark.

In the case of large inquiries including several line items – maybe even hundreds – Virtual Bidders and cherry-picking help Buyers to realize how much would be the cheapest cost across Bidders. In this case Inquiries would ideally be split across all Bidders who are offering the cheapest cost for each line item, which is the benchmark.

Of course, splitting a requisition into different purchase orders/ agreements implies additional internal costs during follow up, inspection and shipment, which might drive an overall more expensive solution than selecting the cheapest Bidder's quotation, even if materials are more expensive than the benchmark.

Similarly, for the same reasons, Buyers might decide to merge requisitions that might differ in origin into one purchase order/ agreement. Buyers know how to do this in Smart Materials.

In summary, purchasing is among the most important decisions made in executing a project.

It must be the most effective, it must be as tight as possible to both business and technical requirements, and the most efficient as well as costs effective.

Smart Materials and the Supplier Portal can guarantee all these benefits and more to Buyers who adopted the Hexagon PPM procurement system.

## ABOUT HEXAGON

Hexagon is a global leader in digital solutions that create Autonomous Connected Ecosystems (ACE). Our industry-specific solutions create smart digital realities that improve productivity and quality across manufacturing, infrastructure, safety and mobility applications.

Hexagon's PPM division empowers its clients to transform unstructured information into a smart digital asset to visualize, build and manage structures and facilities of all complexities, ensuring safe and efficient operation throughout the entire lifecycle.

Hexagon (Nasdaq Stockholm: HEXA B) has approximately 20,000 employees in 50 countries and net sales of approximately 3.8bn EUR. Learn more at [hexagon.com](https://hexagon.com) and follow us @HexagonAB.