



Profile 7
Simple Procurement

Version 1.0



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Simple Procurement

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1 profile ID

urn:www.nesubl.eu:profiles:profile7:ver1.0

2 context

This profile applies to:

- all NES countries
- Customer and Supplier organisations of all sizes
- Customer and Supplier organisations in all sectors, public and private
- all types of goods and services

3 summary

Subject:

- Ordering
- Order acceptance and rejection
- Invoicing and Crediting
- Invoice error notification
- Rectification of Invoice errors by supplementary Invoice and/or Credit Note
- in the profile title 'Simple' indicates that the document content is at NES Library level (see NES Profile Overview, section 2)

Exclusions:

- counter-offer

Requirements:

- Order acceptance and rejection apply to the entire Order
- Invoices must refer to Orders
- Credit Notes must refer to Invoices
- the Invoice and Credit Note must comply with the commercial requirements and the fiscal requirements of the country where the Supplier is registered

Aims:

- systemised Order and Invoice matching
- reduced manual intervention and errors

4 description

This profile describes a process comprising an electronic (purchase) Order, an electronic Order Response Simple, an electronic Invoice, an electronic Application Response and,



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potentially, an electronic Credit Note. Billing anomalies are resolved by the issuing of a Credit Note or a subsequent Invoice.

The Order may refer to a framework agreement for its terms and conditions; otherwise the Customer's terms and conditions apply.

The Order may contain items (goods or services) with item identifiers and items with free text description. Acceptance or rejection of the Order in full is communicated by the Supplier to the Customer in an Order Response Simple.

Following purchase and delivery, the Supplier sends the Customer an Invoice that makes reference to the original Order. Rejection of the Invoice is communicated by the Customer to the Supplier in a business level Application Response.

This profile may cover Invoice factoring arrangements.

Invoice errors may be resolved by way of a Credit Note or a supplementary Invoice.

Documents included in this profile:

- Order (library level)
- Order Response Simple
- Invoice (library level)
- Application Response
- Credit Note (library level)

5 scenarios

1. accepted Order, accepted Invoice
2. rejected Order
3. accepted Order, Invoice overcharge
4. accepted Order, Invoice undercharge
5. accepted Order, Invoice contains wrong information

6 business requirements

1. the Customer sends an electronic Order that can be received and processed by the Supplier
2. the Supplier sends an electronic Order Response Simple, stating whether the Order is accepted or rejected in full. The Order Response Simple can be received and processed automatically by the Customer
3. if the process results in an accepted Order i.e. a contract is



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established, the Supplier is obliged to deliver the goods and/or services and the Customer is obliged to pay for those goods and services under the agreed terms and conditions

4. the Supplier sends an electronic Invoice and, potentially, an electronic Credit Note that can be received and processed by the Customer
5. in the case of an error in the Invoice, the Customer sends an electronic Application Response that can be received and processed by the Supplier
6. by reference to the Order and its Lines, the Invoice enables automated matching by the Customer via a workflow process
7. the Invoice and Credit Note content enables automated matching with the Order. Alternatively, it enables the Customer's system to route the document to a specific person, department or unit within the organisation; this may be required for authorisation etc.
8. the Invoice and Credit Note must comply with the commercial requirements and the fiscal requirements of the country where the Supplier is registered
6. the Invoice and Credit Note content facilitates automatic validation of legal and tax values, tax accounting and payment
9. Credit Notes refer to associated Invoices

7 business benefits

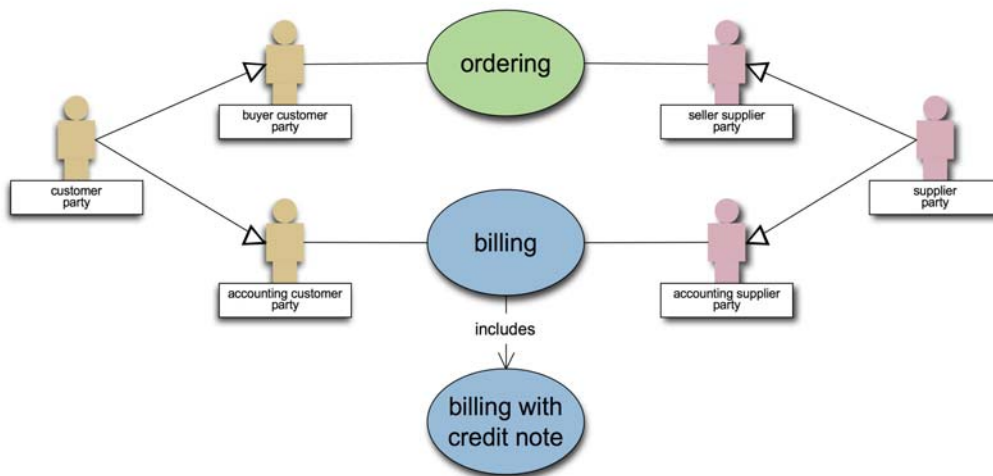
aspect	beneficiary	benefit
process automation	Customer	<ul style="list-style-type: none">• systematic acquisition process
automated Invoice processing	Customer	<ul style="list-style-type: none">• automated matching of the Invoice with the Order human keying errors and facilitates redeployment of resources• reduced requirement for manual intervention leads to fewer human keying errors• automatic Invoice validation• potential for systematic application of Invoice control• resource redeployment
automated Order	Supplier	<ul style="list-style-type: none">• electronic delivery of the Order allows automated Order processing and facilitates

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processing		redeployment of resources
automated Invoice transfer	Supplier	<ul style="list-style-type: none"> • faster Invoice transfers • electronic notification of Invoice errors • potential for shortened payment cycle and improved cash flow • reduced bad debt
Customer relations	Supplier	<ul style="list-style-type: none"> • closer Customer relations • increased trust in received Orders

8 use case diagram



9 actors involved in the process

party	role	comments
Customer	Buyer	<p>The Party that purchases the goods or services. The Party that sends the Order and receives the Order Response Simple.</p> <p>A company may delegate the task of purchasing to a specialized group to consolidate orders and gain greater discounts.</p> <p>Also known as Order Point.</p>
Supplier	Seller	<p>The Party responsible for handling Buyer services. The Party that receives the Order and sends the</p>



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9 actors involved in the process

party	role	comments
		Order Response Simple. The Seller Party is legally responsible for providing the goods and services to the Buyer. Also known as Sales Point, Provider, Customer Manager.
Supplier	Accounting	The Party that claims the payment and is responsible for resolving billing issues and arranging settlement. The Party that sends the Invoice and the Credit Note and receives the Application Response. Also known as Invoice Issuer, Accounts Receivable, Creditor.
Customer	Accounting	The Party responsible for making settlement relating to a purchase. The Party that receives the Invoice and the Credit Note and sends the Application Response. Also known as Invoicee, Accounts Payable, Debtor.

10 process parameters

business rules

- document level
- reference to a contract or framework agreement may only be made at document level
 - Delivery details stated at document level must apply to all Order Lines
 - Order Payment Means and Terms stated at document level must apply to all Order Lines
 - accounting details stated at document level must apply to all Order Lines
 - Order Response Simple is a response, positive or negative, to the entire content of the Order, including all terms and conditions
 - an Invoice must make reference to an Order
 - a Credit Note must refer to an Invoice



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8. Invoice Payment Means and Terms stated at document level must apply to all Invoice or Credit Note Lines
 9. tax information stated at document level must apply to all Invoice or Credit Note Lines
 10. stated pre-payments must apply to the Invoice as a whole
- line level
1. an Order Line may contain an identified item or an item with a free text description
 2. Order Line quantities and amounts must be positive
 3. Invoice and Credit Note Line level tax coding is mandatory in some countries

exceptions

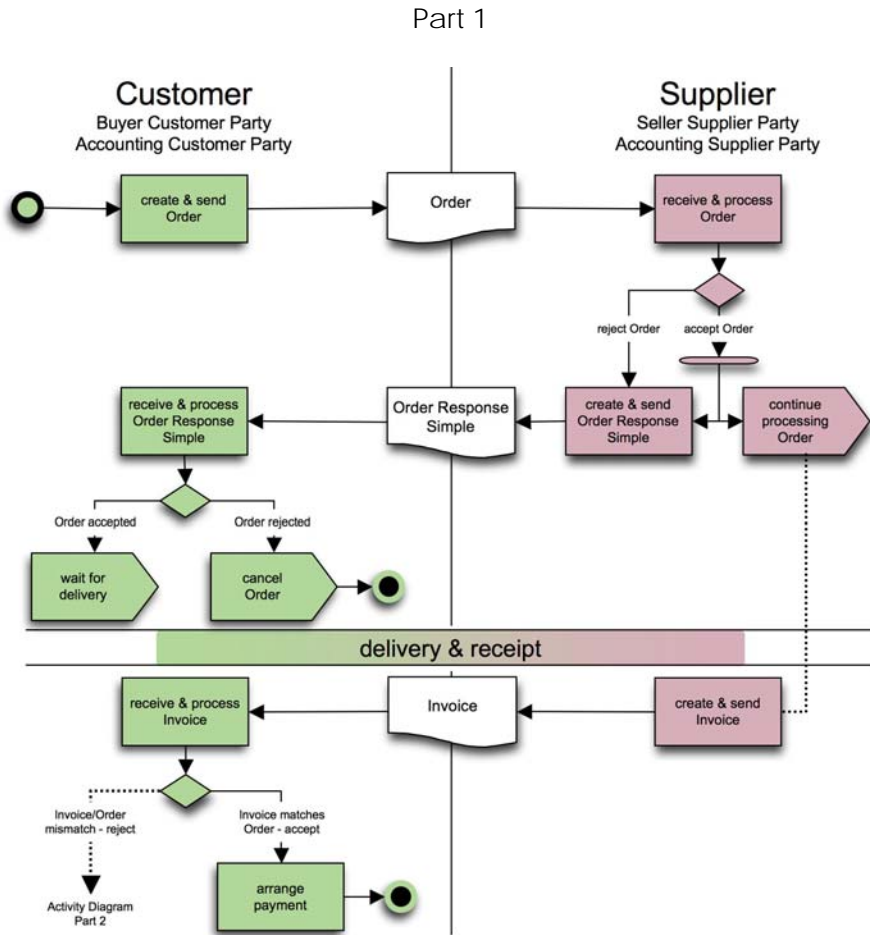
1. none

pre-conditions

1. the Customer and the Supplier have identified each other
2. the Supplier has agreed to accept electronic Orders and Application Responses that use the profile
3. the Customer has agreed to accept electronic Order Response Simple, electronic Invoices and electronic Credit Notes that use the profile

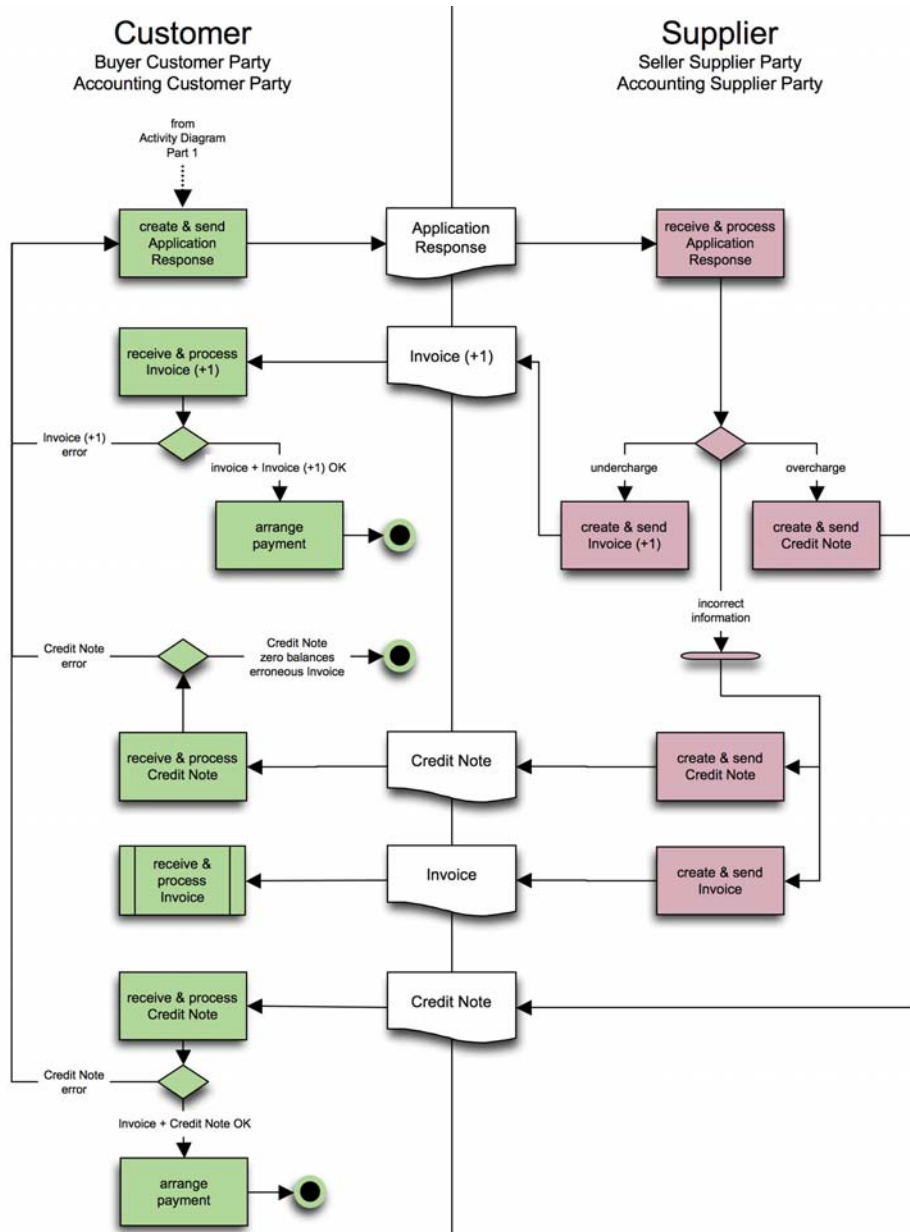
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11 activity diagram



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Part 2





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12 activity description		
role/party	activity	description
Buyer Customer	create and send Order	Buyer Customer creates and sends an Order to Seller Supplier.
Seller Supplier	receive and process Order	Seller Supplier receives and processes the Order.
<i>Seller Supplier</i>	<i>accept Order</i>	<i>In accepting the Order in full, Seller Supplier creates and sends a positive Order Response Simple and initiates a delivery and payment request process.</i>
<i>Seller Supplier</i>	<i>reject Order</i>	<i>In rejecting the Order, Seller Supplier Party creates and sends a negative Order Response Simple.</i>
<i>Buyer Customer</i>	<i>receive and process Order Response Simple - acceptance</i>	<i>In receiving a positive Order Response Simple, Buyer Customer awaits delivery and payment request.</i>
<i>Buyer Customer</i>	<i>receive and process Order Response Simple - rejection</i>	<i>In receiving a negative Order Response Simple, Buyer Customer cancels the Order.</i>
	deliver & receive	Implied, despatch, delivery and receipt are external to this profile.
Accounting Supplier	create and send Invoice	Accounting Supplier creates and sends an Invoice to Accounting Customer.
Accounting Customer	receive and process Invoice	Accounting Customer receives and processes the Invoice – matches against Order.
Accounting Customer	accept or reject Invoice	Accounting Customer accepts or rejects Invoice. Acceptance of the Invoice initiates a payment process. Rejection leads to Accounting Customer's notifying the Accounting Supplier of the discrepancy via a business level Application Response.



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<i>Accounting Customer</i>	<i>accept Invoice – arrange payment</i>	<i>In accepting the Invoice, Accounting Customer Party initiates a payment process (external).</i>
<i>Accounting Customer</i>	<i>reject Invoice – send Application Response</i>	<i>In rejecting the Invoice, Accounting Customer Party sends an Application Response to Accounting Supplier.</i>
<i>Accounting Supplier</i>	<i>receive and process Application Response</i>	<i>Accounting Supplier receives and processes the Application Response from Accounting Customer.</i>
<i>Accounting Supplier</i>	<i>create and send Invoice (+1)</i>	<i>If the notification has (correctly) identified an undercharge, Accounting Supplier creates and sends a second Invoice to Accounting Customer.</i>
<i>Accounting Supplier</i>	<i>create and send Credit Note</i>	<i>If the notification has (correctly) identified an overcharge, Accounting Supplier creates and sends a Credit Note to the Accounting Customer.</i>
<i>Accounting Supplier</i>	<i>create and send Credit Note and 'replacement' Invoice</i>	<i>If the notification has (correctly) identified an Invoice containing wrong information (other than monetary amounts), Accounting Supplier creates and sends a Credit Note (zero balancing the Invoice) and a replacement Invoice to Accounting Customer.</i>
<i>Accounting Customer</i>	<i>receive and process Invoice (+1)</i>	<i>Accounting Customer receives and processes Invoice (+1). If Invoice + Invoice (+1) equals the correct amount, payment is initiated.</i>
<i>Accounting Customer</i>	<i>receive and process Credit Note</i>	<i>Accounting Customer receives and processes the Credit Note. If Invoice + Credit Note equals the correct amount, payment is initiated.</i>
<i>Accounting Customer</i>	<i>receive and process Credit Note and 'replacement' Invoice</i>	<i>Accounting Customer receives and processes the Credit Note and the 'replacement' Invoice (new process). If the Credit Note zero balances the Invoice, the Credit Note processing ends; if not, the Customer notifies the Supplier via an Application Response.</i>

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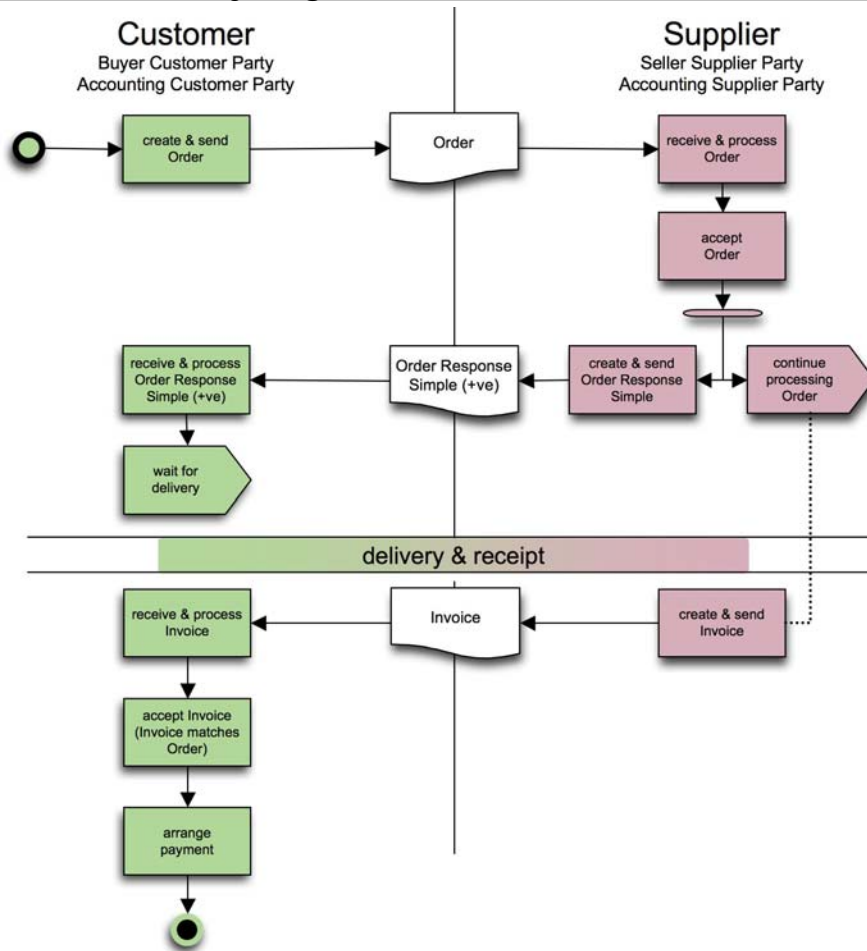
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13 scenario 1

name accepted Order, accepted Invoice

description In this scenario both the Order and the Invoice are accepted.

13.1 scenario 1 activity diagram



13.2 scenario 1 runtime business rules

1. the Supplier accepts the Order in full
2. the Customer accepts the Invoice in full

13.3 scenario 1 post-conditions

1. Invoice/Order match (including delivery) initiates payment

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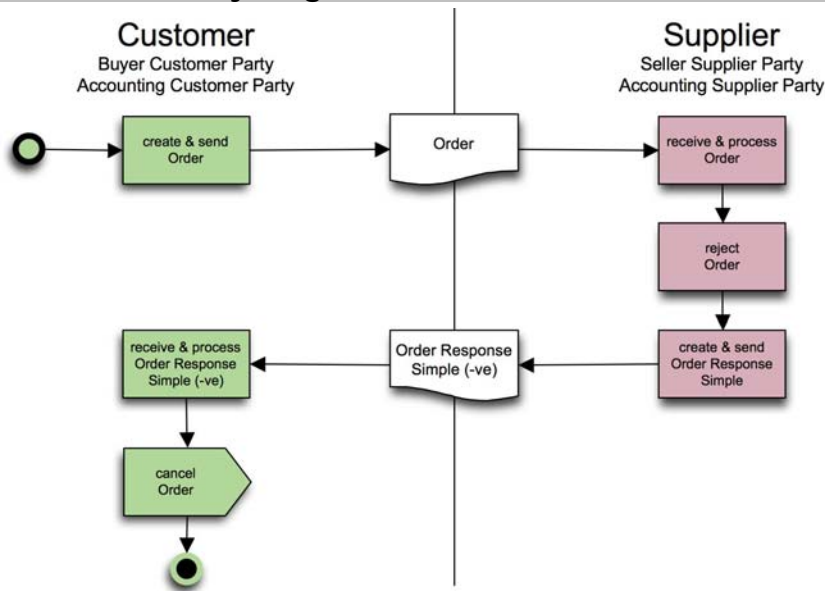
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14 scenario 2

name rejected Order

description In this scenario the Supplier rejects the Order, therefore there is no Invoice.

14.1 scenario 2 activity diagram



14.2 scenario 2 runtime business rules

1. the Supplier rejects the Order in full and responds to the Customer via a negative Order Response Simple

14.3 scenario 2 post-conditions

1. the Customer cancels the Order. This ends the process; further resolution requires a further process e.g. the Customer may issue a new Order

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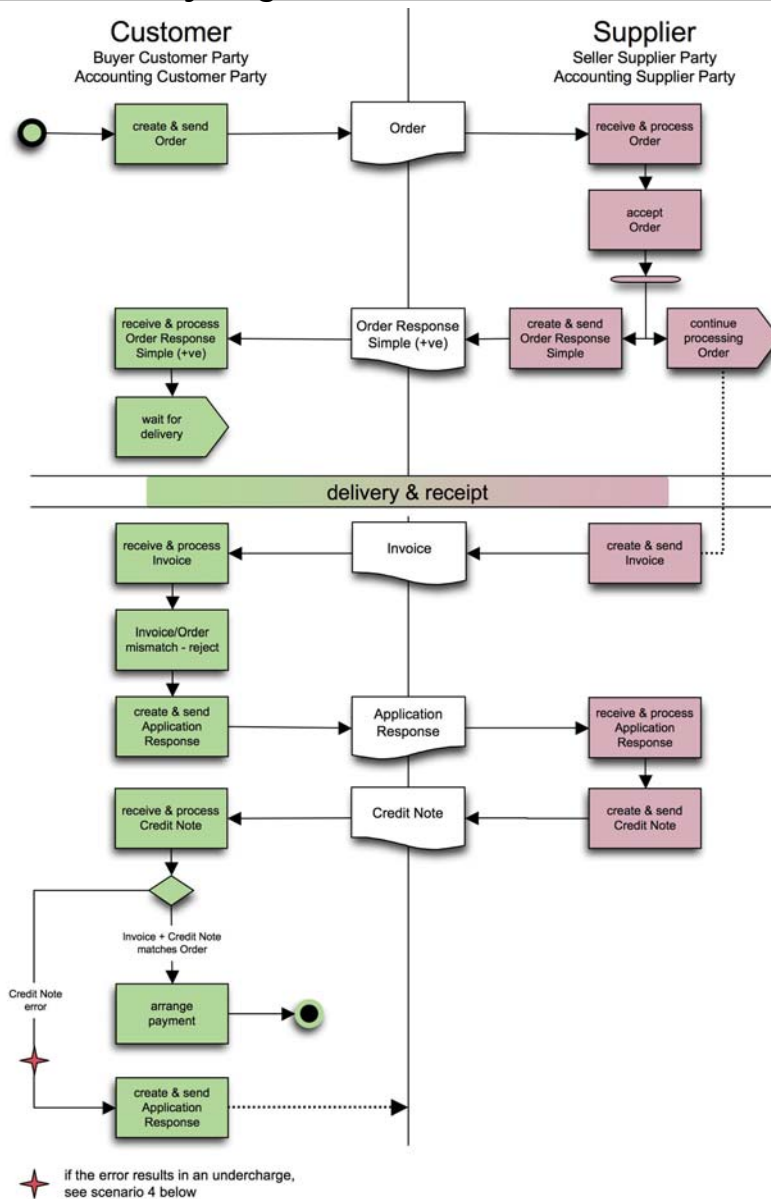
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15 scenario 3

name accepted Order, Invoice overcharge

description In this scenario the Supplier accepts the Order. The Customer then rejects the Invoice because its value exceeds than that of the Order.

15.1 scenario 3 activity diagram





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15.2 scenario 3 runtime business rules

1. the Supplier accepts the Order in full
2. the Customer processes the Invoice and identifies an overcharge
3. the Customer notifies the Supplier via an Application Response
4. the Supplier (in agreement) sends a Credit Note to the Customer
5. the Customer processes the Credit Note. If correct i.e. Invoice + Credit Note equals the correct (Order) amount, payment is initiated
6. if incorrect, the Customer notifies the Supplier via an Application Response. The Supplier may issue another document (Invoice or Credit Note) depending on agreement and on the nature of the error

15.3 scenario 3 post-conditions

1. the Invoice plus the Credit Note and the Order are matched
2. Invoice/CreditNote/Order match (including delivery) initiates payment

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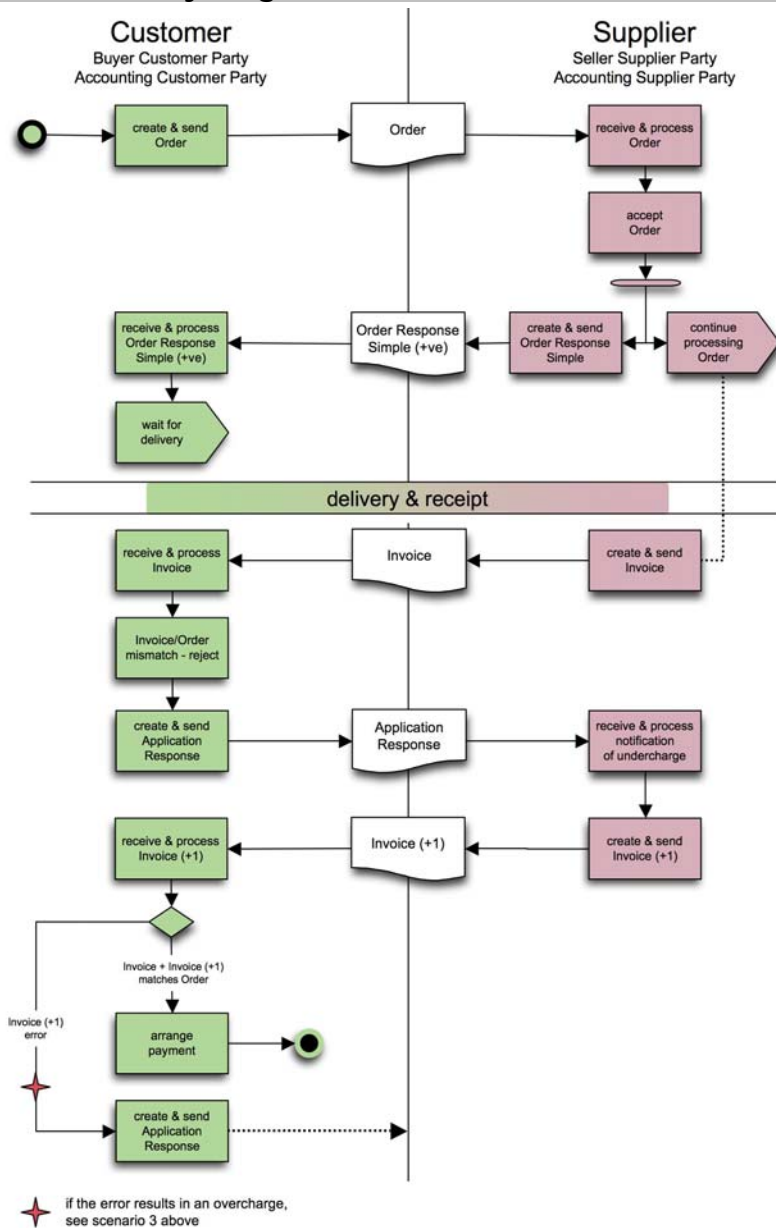
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16 scenario 4

name accepted Order, Invoice undercharge

description In this scenario the Supplier accepts the Order. The Customer then rejects the Invoice because its value is less than that of the Order

16.1 scenario 4 activity diagram





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16.2 scenario 4 runtime business rules

1. the Supplier accepts the Order in full
2. the Customer processes the Invoice and identifies an undercharge
3. the Customer notifies the Supplier via an Application Response
4. the Supplier (in agreement) sends a supplementary Invoice to the Customer
5. the Customer processes the Invoice(+1). If correct i.e. Invoice + Invoice(+1) equals the correct (Order) amount, payment is initiated
6. if incorrect, the Customer notifies the Supplier via an Application Response. The Supplier may issue another document depending on agreement and on the nature of the error

16.3 scenario 4 post-conditions

1. the two Invoices and the Order are matched
2. Invoice/Invoice(+1)/Order match (including delivery) initiates payment



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17.2 scenario 4 runtime business rules

1. the Supplier accepts the Order in full
2. the Customer processes the Invoice and identifies an undercharge
3. the Customer notifies the Supplier via an Application Response
4. the Supplier (in agreement) sends a Credit Note zero balancing the erroneous Invoice to the Customer and a 'replacement' Invoice
5. the Customer processes the Credit Note. If the Credit Note zero balances the Invoice, the Credit Note processing ends; if not, the Customer notifies the Supplier via an Application Response
6. the Customer processes the 'replacement' Invoice (new process)

17.3 scenario 4 post-conditions

1. the Credit Note zero balances the original Invoice and the 'replacement' Invoice is processed
2. the Credit Note does not zero balance the original Invoice, the Supplier is notified and the 'replacement' Invoice is processed