IPM Instructions for IA/EPR Questionnaire / Responses

Implementation Consultant Instructions:

1. Document Preparation of IA/EPR Questionnaire Form:
    a. Page 1 – Update Company Name (include logo if you desire); PM Name, and Date.
    b. Page 2 – Update Header Company Name
    c. Page 3 – Update questions if you can based on sales evaluations
    d. Page 4 – Populate any cells here for the customer which you may already have knowledge for (such as Sponsor/PM).
    e. Page 4 – Populate Epicor Contacts
    f. Page 6 – Update questions if you can based on sales evaluation
    g. Page 7 – If PMA remove comment above question 3 and questions 3-6. If KNA just remove comment above question 3.
    h. Upon completion – send to customer and allow two weeks to complete.
2. Review of Document upon customer return:
    a. Review that each section was filled out. Note customer signature is not required on initial questionnaire.
    b. If a customer refuses to fill out any section – notate such stating “Customer did not complete”
    c. Review Inventory Question 4 – Ensure MAC / FIFO is chosen otherwise note this as a discussion point – Note this is also on the system setup questionnaire.
    d. Review General Ledger Question 6, 7, 8 – make sure they align to system setup questionnaire / GL Setup guide.
    e. Review AR Question 11 and AP question 18 – For Prophet21: If they chose Yes for either then a custom project request may need to be submitted (AR Installment is Free; AP Installment has a fee)
    f. Paste in the “Issue/Gap List” to Page 3
    g. Insert each additional section in this document below the corresponding section (Ensure you paste in the proper Data Conversion section).
    h. Send to AC
3. Review of Document upon AC return:
    a. Review list of issues/gaps – add to implementation tracker and/or your next status call notes as needed
    b. Review each other sections observations/recommendations for other issues or talking points.
    c. Clean up formatting as needed
    d. Refresh table of contents
    e. Save as PDF
    f. Send to the customer to review and sign.

Issue/Gap List

This section details possible issues or gaps observed by the consultant. They will be addressed on a future status call and/or via a future consulting engagement.

- **ATTENTION AC – PLEASE LIST ANY ISSUE OR GAP IN THIS SECTION BASED ON YOUR OBSERVATIONS.**

Project Scope

Implementation Response

Triple Constraints is a tool to identify factors of an implementation project that can be controlled by the company conducting the project - Time, Scope, and Cost.

- Time is the length of time allowed for the project. An attempt to minimize Time is a constraint on the project.
- Cost encompasses the resources, services, products and equipment applied to the project – employees, consultants, applications and hardware. Minimizing Cost is a project constraint.
- Scope should be managed to the mission, goals, and objectives (compelling business reason) of the project. Scope should be clearly defined, managed, and prioritized. Increasing scope is a project constraint.
- Quality of a the implementation/end product can also be a constraint and/or by-product of the other three constraints, as increasing scope, yet not increasing time or cost will jeopardize quality.

Project management theory holds that in order for a project to succeed the company undertaking that project may place project constraints no more than two of these factors. Therefore, for example, if a company wishes to maximize Scope and minimize Time, in order for the project to be successful Cost must be allowed to be variable. In essence, efforts to minimize the time to the project delivery while maximizing Quality drive project costs up because more resources must be applied to the project.

While the technical side of change can be complex, it is usually the people side of change that is actually more difficult. Building support for change and managing resistance are challenging, but they can be done if change management is applied effectively. Bridging the gap between a well-designed solutions and delivering value to the organization takes one thing: people adopting the change - the ultimate goal of change management.

System Administration

Implementation Response

System Administration Overview:

Deleting Records – A Delete field is available to make the record inactive. Some records can only be deleted if there are no open transactions using the record. Records that have been deleted can be retrieved and un-deleted. Once records have been deleted they will not show up in search windows throughout the system. This is commonly called a "soft delete."

Data Storage - Data is not purged from the database automatically. There are purge processes for transactions you may run using cut-off dates.

Printers – Prophet 21 requires that you use laser printers that are fully PCL6 compliant. The key is that the printer driver should be compatible with the operating system that is running the P21 application and connected to your network directly.

Check Printing:

The check printer will require a DIMM switch to print checks with magnetic toner. Ask your bank if they use a magnetic scanner to scan incoming checks. More and more banks are not requiring magnetic toner. If they do, then you'll have to use a printer that uses magnetic ink (one with a magnetic toner cartridge). If they use an optical scanner, you won't need a magnetic toner cartridge.

You also need check stock in order to print checks. Prophet21 views the form as 2 parts, the top 1/3 for the check and the bottom 2/3's for the remittance, or invoice detail. You can buy check stock that has only one perforation instead of two, but there's no way to set Prophet 21 to print more than one check on a page.

Check Stock can be purchased through:

- Precision Forms and Labels, or Office Max or Staples.
- Really, you can use any check stock on 8 1/2 X 11" paper where the top third is the check and the bottom third the remittance.

If your bank uses a laser scanner instead of a magnetic toner one, you can use any laser printer to print checks, as long as it meets the minimum requirement

Monitors – Computer monitors must accommodate a minimum of 800 x 600 resolution. However, it is recommended that customers utilize wide screen monitors that support 1024 x 768 resolution, as some screens within Prophet 21 will have a scroll bar when using 800 x 600 resolution.

Backups – Epicor requires that customers have the ability to make a network server backup and a SQL backup. This means that Epicor may request a copy of your database for support reasons. Prophet 21 supports the following media for receiving a backup: CD, DVD, FTP, USB hard drive. Epicor Solutions accepts SQL backups only, and we only accept ZIP files as a means of archiving the file (archiving is strongly recommended as it shrinks the file size).

Security – DynaChange™ Screen Designer is an application developed by Epicor and included with Prophet 21 that allows you to customize your Prophet 21 user interface while you are working in the system. You can rename, protect and move fields as well as make fields invisible in any window without damaging the programming code or functionality of the system. You can alter the interface on a user-by-user basis, user-role basis or for the entire system. The DynaChange Screen Designer allows you to change field sizes, column headings, font sizes, and field and font colors as well as the locations of fields. You can also grant permissions to individual users to customize their own interface based on their specific needs.

Throughout the system, Prophet 21 has a number of fields that are grayed out and closed to editing. Using DynaChange, you may protect or "gray out" normally open fields, denying users access to fields and checkboxes. Another option DynaChange offers is the ability to completely remove a field or checkbox from a user's screen. Where the protection checkbox prevents someone from entering information, the visible checkbox gives you the option of taking it away completely. Do not 'make invisible' a required field from the screen, this will cause issues with the transaction. You may mark fields as required even if Prophet 21 does not require them.

The Field Chooser option allows you to move fields from one tab to another within screens. This feature is not available in every screen but this will be expanded in future releases of Prophet 21.

The Extensibility feature may also be used to require users to enter data that normally resides in customer maintenance or item maintenance. This feature allows you to display information from customers and items in the order entry screen. This feature will be expanded in future releases of P21.

Using DynaChange Menu Designer, you may customize menus to the specific needs of various users throughout your company; trimming away unneeded options and making essential choices stand out more. This may also be used as a security feature, as you may remove options entirely from the available menus, thus denying certain roles access to specific windows or even entire modules such as General Ledger, Accounts Payable or Accounts Receivable.

Financial Statement Prep:

Prophet 21's built-in mechanism for financial reporting is OLE export of data to Microsoft Excel. This is supported in both fat and thin client approaches. This means Excel is required to be installed on the server for a thin client environment or on your local PC for a FAT client environment. Microsoft supports only Volume License version of Excel for installation on thin client servers. The minimum purchase of Volume License is priced by Microsoft at the equivalent of 6-7 individual licenses. If you do not own a volume license and have no other need for one, best ROI may result from installation of Excel only on those PCs at which financial statements will be prepared (FAT client setup). For the FAT client setup, you will need P21 installed locally on a pc that has excel 2003, 2007 or 2010 on it. If you want to purchase an Excel volume license for your server, please contact your IPM to have it quoted.

Data Conversion – KNA – With Data Conversion

Implementation Response

There are three types of Data:

- Core – System Settings, Terms, Salesreps, Buyers, Bins, Etc.
- Static – Customers, Ship-tos, Vendors, Suppliers, Items
- Dynamic – Item Quantities, Open Invoices (AR), Closed Invoices, General Ledger, Open AP

To handle Data Conversion and being able to play in P21, Three databases are established:

- P21 = Your Live Database
- P21Import = Data Conversion Testing Database
- P21Play = Your Play environment

P21 and P21Import will be used by the Data Conversion Consultant for the data conversion imports/testing. All static and core setting updates will need to be done in the P21 database. Note settings that you change in Play for testing purposes will need to be also set in P21 if you want that setting there when you Go-Live (this includes dynachanges). Static data will be imported into P21 and then restored to P21Import for testing of the dynamic

data. No transactions should be done in the P21 or P21Import Database.

P21Play will be used for all testing and end to end processing. Throughout the implementation, the P21Play database will contain various iterations of data. It is recommended that you back up the P21Play database prior to restoring another database over it. At any time you can restore P21 or P21Import to P21Play. Please also note it is your organization's responsibility to document and validate your processes using P21Play prior to Go-Live.

Data Extraction:

- You are responsible for extracting data from your legacy system and populating map sheets for P21 data conversion to load into P21.
- Data Conversion kick off will occur a minimum of 12 weeks prior to Go-Live.

Data Changes\Addition Notes:

- After you extract your static data, changes and additions to that data will need to be tracked and updated in P21. Changes include, address, names, phone, fax, email, item descriptions… Additions include new vendors, items, customers, etc.
- Once your static data is loaded in Live, and you have verified the data, you may make changes to that data in Live as changes occur in your legacy data.
- Do not delete any data though in P21 Live as deleting items/customers/etc. may pose issue with importing in dynamic data.

Data Verification Process:

Data verification is an important part of the implementation process. Please take the time to verify that your data has imported correctly. Please look at addresses, customer names, phone numbers, vendor and supplier names, ship tos, item details.

If you find any open issues with the data, please report them to your IPM and Data Conversion Consultant ASAP. Please provide examples of the issues as you find them.

Go-Live Process:

Thursday Night before Go-Live:

- Run Day End / Month End in legacy system.
- Run reconciliation Reports.
- Extract Dynamic Data and put into proper format
- Notify IPM and Data Conversion Rep once completed.

Friday before Go-Live:

- Data Conversion Imports in Dynamic Data
- Customer signs off and verifies data
- After the data is verified, you can enter the following into the P21Live Database (note depending on time-frame for data conversion completion – this may occur on Saturday prior to Go-Live:
    - Open Orders
    - Open Quotes (if applicable)
    - Open Inventory Returns

- Open POs
- Open RMAs (if applicable)

Data Conversion – KNA – With NO Data Conversion

Implementation Response

There are three types of Data:

- Core – System Settings, Terms, Salesreps, Buyers, Bins, Etc.
- Static – Customers, Ship-tos, Vendors, Suppliers, Items
- Dynamic – Item Quantities, Open Invoices (AR), Closed Invoices, General Ledger, Open AP

To handle Data Conversion and being able to play in P21, Three databases are established:

- P21 = Your Live Database
- P21Import = Data Conversion Testing Database
- P21Play = Your Play environment

P21 and P21Import will be used primarily for data conversion imports/testing. All static and core setting updates will need to be done in the P21 database. Note settings that you change in Play for testing purposes will need to be also set in P21 if you want that setting there when you Go-Live (this includes dynachanges). Static data must be imported into P21 and then restored to P21Import for testing of the dynamic data. No transactions should be done in the P21 or P21Import Database.

P21Play will be used for all testing and end to end processing. Throughout the implementation, the P21Play database will contain various iterations of data. It is recommended that you back up the P21Play database prior to restoring another database over it. At any time you can restore P21 or P21Import to P21Play. Please also note it is your organization's responsibility to document and validate your processes using P21Play prior to Go-Live.

Data Extraction:

- You are responsible for extracting data from your legacy system and populating map sheets that align to P21 import specifications and/or hand entering the applicable data into P21.
- This process should start a minimum of 12 weeks prior to Go-Live with the expectation of having static data loaded into the Live database prior to End User Training.

Data Changes\Addition Notes:

- After you extract your static data, changes and additions to that data will need to be tracked and updated in P21. Changes include, address, names, phone, fax, email, item descriptions… Additions include new vendors, items, customers, etc.
- Once your static data is loaded in Live, and you have verified the data, you may make changes to that data in Live as changes occur in your legacy data.

- Do not delete any data though in P21 Live as deleting items/customers/etc. may pose issue with importing in dynamic data.

Data Verification Process:

Data verification is an important part of the implementation process. Please take the time to verify that your data has imported correctly. Please look at addresses, customer names, phone numbers, vendor and supplier names, ship tos, item details.

If you find any open issues with the data, please either restore and re-import or update appropriately via pricing services/fast edits/etc.

Go-Live Process:

Thursday Night before Go-Live:

- Run Day End / Month End in legacy system.
- Run reconciliation Reports.
- Extract Dynamic Data and put into proper format

Friday before Go-Live:

- Customer Imports in Dynamic Data
- Customer signs off and verifies data
- After the data is verified, you can enter the following into the P21Live Database (note depending on time-frame for data conversion completion – this may occur on Saturday prior to Go-Live:
    - Open Orders
    - Open Quotes (if applicable)
    - Open Inventory Returns
    - Open POs
    - Open RMAs (if applicable)

Data Conversion - PMA

Implementation Response

There are three types of Data:

- Core – System Settings, Terms, Salesreps, Buyers, Bins, Etc.
- Static – Customers, Ship-tos, Vendors, Suppliers, Items
- Dynamic – Item Quantities, Open Invoices (AR), Closed Invoices, General Ledger, Open AP

To handle Data Conversion and being able to play in P21, Three databases are established:

- P21 = Your Live Database
- P21Import = Data Conversion Testing Database
- P21Play = Your Play environment

P21 and P21Import will be used primarily for data conversion imports/testing. All static and core setting updates will need to be done in the P21 database. Note settings that you change in Play for testing purposes will need to be also set in P21 if you want that setting there when you Go-Live (this includes dynachanges). Static data must be imported into P21 and then restored to P21Import for testing of the dynamic data. No transactions should be done in the P21 or P21Import Database.

P21Play will be used for all testing and end to end processing. Throughout the implementation, the P21Play database will contain various iterations of data. It is recommended that you back up the P21Play database prior to restoring another database over it. At any time you can restore P21 or P21Import to P21Play. Please also note it is your organization's responsibility to document and validate your processes using P21Play prior to Go-Live.

Data Conversion Process:

- Data Conversion will kick-off about 12 weeks prior to Go-Live
- At that time an initial snapshot of your data in your legacy system will be taken. From that your static data and dynamic test data will be pulled from.
- At that time a lookup editor will also be created for the customer to complete lookups of legacy data vs. P21 data (example salerep 102 in the legacy system equals 1203 in P21). The customer is required to complete this lookup in a timely manner.
- Upon completion of the lookup files, Data Conversion will proceed with loading Static data into Live and Dynamic test data into P21 Import.

Data Changes\Addition Notes:

- After the initial snapshot is taken, changes to static data will need to be tracked and updated in P21. Changes include, address, names, phone, fax, email, item descriptions…
- Additions include new vendors, items, customers, will be captured at Go-Live time.
- Note: Check with your IPM to get a full list based on your legacy system of what items need changes tracked on.
- Once your static data is loaded in Live, and you have verified the data, you may make changes to that data in Live as changes occur in your legacy data.
- Do not delete any data though in P21 Live as deleting items/customers/etc. may pose issue with importing in dynamic data.

Data Verification Process:

Data verification is an important part of the implementation process. Please take the time to verify that your data has imported correctly. Please look at addresses, customer names, phone numbers, vendor and supplier names, ship tos, item details.

If you find any open issues with the data, please report them to your IPM and Data Conversion Consultant ASAP. Please provide examples of the issues as you find them.

Go-Live Process:

Thursday Night before Go-Live:

- Run Day End / Month End in legacy system.
- Run reconciliation Reports.
- Notify IPM and Data Conversion Rep once completed.

Friday before Go-Live:

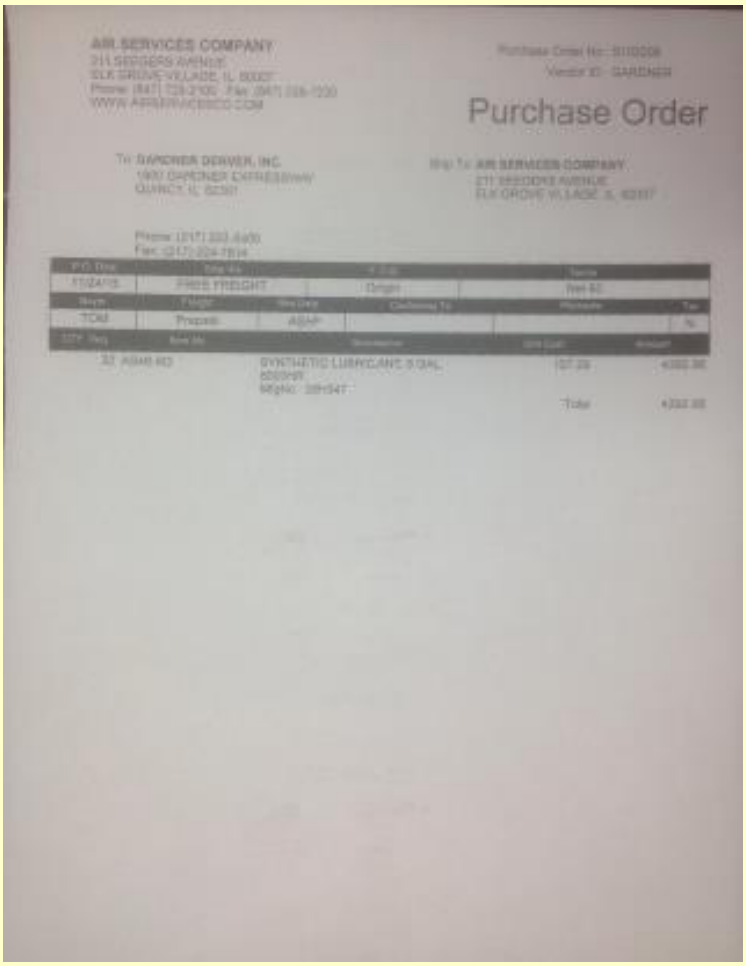
- Data Conversion Imports new Static and Dynamic Data
- Customer signs off and verifies data
- After the data is verified, you can enter the following into the P21Live Database (note depending on time-frame for data conversion completion – this may occur on Saturday prior to Go-Live:
    - Open Orders
    - Open Quotes (if applicable)
    - Open Inventory Returns
    - Open POs
    - Open RMAs (if applicable)

Purchasing

Implementation Response

Observed Workflow:

Review is undertaken of back orders and on hand quantities to determine required purchase order quantities. Purchase SKU's and quantities are entered into the purchasing system. A purchase order is generated.



Service and inventory parts can be placed on the same purchase order. Serial Numbers use is required for warranty and service work. All inventoried items are bin tracked.

Inventory returns can be prepared for warranty, overstock, and wrong items received. Some suppliers have annual returns for over stocked inventory items. Restock fees are commonly imposed by suppliers. It is common that the client pays the freight on inventory returns. Warranty issues can be customer sent, field scrapped or returned to the manufacturer. RMA's are issued to customers before customer return.

PO's can also be created within order entry. This functionality is usually utilized for direct shipments, special orders, and job site orders. The client does not require functionality for foreign exchange, containers or vessels. Order acknowledgements are used to update records, pricing and record expected receipt dates.

Process Recommendations:

Prophet 21 uses the Purchase Order Requirements Generation (PORG) application to generate Purchase Orders, Transfers and Production Orders. Quantities to order are based on disposition Status (e.g. Drop Shipment, Special Order item, Back Order) or inventory level compared to the SKU Minimum stock level or Order Point. This process eliminates the need to sort and maintain customer purchase orders and perform manual comparisons with ordering criteria, Min / Max functionality should be used for purchasing replenishment The use of Purchase Order Requirements Generation (PORG) will be used to create purchase orders. The company should implement the UPTO feature for replenishment over time. This process can start early because the company will be importing usage history for 5 years.

PO acknowledgements, expected ship dates and related notes can be recorded in the vendor / supplier inquiry function. This inquiry will display open PO lines so that a single phone call or e-mail can efficiently solicit the required information regarding all open PO lines for a specified supplier. Recording the information on the application will populate the information in the purchase order and related sales orders.

Purchase Orders can also be generated in order entry. The company will limit this functionality to specified users, specified suppliers and in specified transaction types. Process development should review the safeguards that are available to ensure the proper application and use of this functionality.

We discussed the need for bulk buys. This process should be explored during process development. Will use blanket orders with scheduled releases. Blankets purchase orders are required to be generated using 12 month purchase periods.

P21 FUNCTIONALITY:

Prophet 21 will provide enhanced functionality, flexibility and accuracy in purchasing and inventory control. Prophet 21 allows a choice from 4 methods of inventory control: Min/Max, OPOQ, UPTO and EOQ.

Both Min/Max and OPOQ are static methods of inventory control where the user specifies the order points and order quantities. These methods are typically used for items with erratic demand or items with little usage history. UPTO and EOQ are variable methods of inventory control where the system calculates the order point and order quantity based on usage, lead-time, safety-stock and other factors.

The Prophet 21 inventory and purchase modules are fully integrated with the rest of the system. If a backorder is generated by order entry, purchasing will automatically see the purchase requirement. The purchasing process and inventory control methods should greatly increase productivity as well as help to insure you are stocking the right material at the proper levels.

The purchase order requirements/generation window will allow the buyers to monitor their purchasing needs on a daily basis. This window is used to automatically create purchase orders based on what is needed to fill backorders, order direct shipments and special order items, or to replenish stock quantities.

Purchasing can generate purchase requirements for non-stocks, direct ships, rushes, and backorders to generate the purchase orders throughout the day. Specifying parameters on the PO Criteria tab can control the types of requirements examined. The criteria include the location or purchase group, the supplier, and the type of items to buy (by ABC class and product group). You may also choose what type of requirements to consider: direct ships, stock, backorders, non-stocks, or special orders. A look-ahead number of days can be used to find date-sensitive requirements (such as scheduled order requirements) to include in the purchase order generation.

Prophet 21 also offers location based purchasing or RDC (Regional Distribution Center) purchasing. Location based purchasing is driven by the requirements at the individual locations. Each location of the

purchasing group generates its purchase requirements. These requirements are then added together to determine the requirements of the group. RDC purchasing utilizes the demand history and net stock at the spoke locations but completes the purchase calculation based on the hub location.

Once you enter the criteria, the system retrieves the items with requirements that fall within the set restrictions. Among other information, you can view each item, the supplier from whom it will be purchased, the price, and the recommended quantity to order. This recommendation is based on the replenishment method the item uses and the net stock calculation. The replenishment calculation is displayed for each item on the Item Calculation tab.

An Item History tab is available in the PO Requirements Generation window, which will allow the buyer to review usage history on each item prior to placing a purchase order.

Prior to sending the PO you may edit the quantity to order if necessary. You may also edit various calculation factors, such as the Usage Factor, to adjust the order points of items to reach a supplier's target value just as you do now. On the Suppliers tab, the buyer can determine whether or not the target value has been met. A message will appear when the target value has not been exceeded. Once you have checked over the items and quantities to order and have selected to purchase, you can print, fax, or email the purchase orders. You can save sets of criteria or parameters. During a new purchasing session, you can recall that set of criteria.

Within Prophet 21, there are three separate levels associated with a purchase order: a supplier, a vendor, and a division. A supplier is a company or business that provides the inventory you purchase and re-sell to your customers. A vendor is a company or business you pay for goods or services rendered. In many cases the supplier and vendor may represent the same company, but in others, these two fields may be different. A division identifies a separate department or group, within a supplier. 3M Corporation is an example of an organization with several divisions, i.e., adhesives, abrasives, etc.

A primary supplier will be entered during item entry. However, will have the ability to override this information at the time of Purchase Order Generation and change it to any supplier you wish to buy from at that time.

A feature is available relating to lead time calculations. There are options to exclude lead-time in every PO transaction screen. If the Purchase Order Line Item has been marked to exclude from lead-time, then average lead-time at both the Inventory/Location and Location/Supplier levels will not be recalculated based on receipt of the PO line. This only applies to Stock, Non-stock, and Backorders.

Inventory

Implementation Response

Observed Workflow:

Vendor's information is used by both purchasing and payables. Maintenance of this information is performed in both departments. Items are created in the database in order entry and item maintenance. The legacy system is not used to electronically created items in the database.

The First-In-First-Out (FIFO) inventory valuation is currently used. The initial import will likely be a single FIFO layer. New layers will be created as inventory is received. Physical inventory counts are used to adjust inventory. Year-end counts are required in the legacy system.

Company trucks contain inventory and are set up as locations. There are minimums and maximums on trucks. One picking location bin is used for a single SKU today. The legacy

system does not accommodate reserve or overstock bins. Unit of Measure issues (only some) usually each and foot.

Suppliers have targets for minimum orders and free freight. The target functionality for purchase orders is manually tracked and processed. Freight costs are frequently billed by the vendor and costs are included in the inventory value. Third party freight costs and import fees and duties cannot easily be included in item cost.

Process Recommendations:

Item information is stored in the item maintenance function in Prophet 21l. Supplier information is stored separately from vendor payables information in the supplier record. This separation allows for payables and purchasing maintaining separate contact, addresses and detailed information while having suppliers and vendors linked to allow a three way match of all received purchases.

The First-In-First-Out (FIFO) inventory valuation will be used within Prophet 21. The initial import of legacy data will likely be a single FIFO layer. New layers will be created as inventory is received.

Prophet 21 allows warehouses to be organized with specific bin locations. The bins can be typed as primary reserve and quarantine. Primary bins are bin locations where SKU's are picked and inventory is put into. Reserve locations can be used as overstock for primary locations. Quarantine bins can be used for customer RMA's. The bin will allow inventory to be entered but will not allow shipment from the location.

The catalogs feature was reviewed with the client and will be very useful. This functionality will allow the company to maintain catalog items for multiple suppliers separate from the item database. Items can be added to the item database from the catalog during the sales process. This feature will be especially beneficial for Gardner / Denver products.

A cycle count process in Prophet 21 can allow systematic counts to be scheduled. Items can be classified using put away rank or inventory class. The schedule counts can be applied based on the classification. This process can assure that the inventory with the highest picking velocity or has the highest dollar sales rate can be counted more often than other inventory items. Cycle counting procedure should be explored in process development.

The legacy system does not have ability to generate aged or slow moving item reporting. Prophet 21 has several reports that can fill this requirement. Processes will be created to implement the use of this reporting to enable efficient reduction of inventory levels for the specified items.

The company has a need to include freight and import costs in the FIFO layers of items. Prophet 21 supports this functionality. Landed Cost to be reviewed in process development.

P21 FUNCTIONALITY:

Each item should be stocked in Prophet 21 in terms of the smallest unit of measure (SKU), i.e. each. A Unit Info tab is available in Item Maintenance, which will allow you to specify the default sales unit, sales pricing unit, purchase unit and purchase-pricing unit for each item.

Prophet 21 allows for the creation of customer part numbers, which can be linked to your item ID. The customer-related forms, such as pick tickets and invoices, will print out with your item ID followed by Ordered As – “Customer Part Number” even if that code was not specifically used to enter the item onto the sales order. The customer part number will also be stored in the Order Entry window for reference purposes as well.

Go-together items will be handled in Prophet 21 using the accessory item feature. Once an accessory item is linked to a “parent” item in Item Maintenance, the system will recommend that the order taker sell the accessory item when the parent item is placed onto a sales order.

A Document Links feature is available throughout the application, including Item Maintenance and Order Entry. You will be able to establish links to technical information on either your internal network or an outside website. When generating the link, the user will be prompted for which areas of the system the information should be made available.

Bins are used in P21 to help you keep track of inventory and increase put-away and picking efficiency.

Bin ID – maximum of 10 characters allowed in the Bin ID. You should implement using bins with Prophet 21 immediately. The items must be bin tracked in order to use the wireless warehouse feature later.

Bin Types – Used to group bins together that have similar purposes. Common bin types are Inventory, Shipping, Receiving, and Quarantine. Bin types should be set up as putable and pickable except for the Bin type Quarantine (putable and quarantine, but not pickable). Items in Quarantine Bins are not considered available to sell until they are the only items left in inventory. Be careful in your selection of these bins and how you plan to use them.

Pick Zones, Put-away Zones, and Sequences in zones

Pick Zones can be based on the layout of the warehouse in relation to the shipping and receiving areas. Shelves closer to the shipping area can be grouped in Zone A, whereas shelves further away would be grouped in Zone B. The same is true about Putaway Zones in relation to the receiving area.
Zones could be defined by ease of reach, A being easiest to reach:

Zone C = the upper rack, where you would need a ladder to reach
Zone B = the bottom of the rack, where you would need to bend down to reach
Zone A = the "eye level" racks, easiest to get to because you don't need to reach up or bend down

Pick zones can also be used to have specific pickers only pick from their area (zone) if you use the picking by zone feature. Pick Zone sequences should be incremented by 10's (10, 20, 30, etc.) to allow for the insertion of plenty of new bins in the future.

Warehouse Sequences

Every bin needs to have its own sequence number. The bins should be sequenced in the most efficient way if someone was walking through the entire warehouse. With the warehouse sequence, the system doesn't care where the zones are, because it is looking at the entire warehouse. This sequence is used for picking when zone picking is not used. Sequences should be incremented by 10's.

Converting from one unit of measure to another can be accomplished in Prophet 21. There are options to automatically convert at Order Entry or Purchase Order Entry. For example, if you setup an item to round up from EA to CS automatically during PO Entry, you will be forced to purchase in the full case quantity. This type of maintenance will save staff extra time when reviewing purchasing requirements to see if the items are in full case quantities. This can be accomplished through the Conversion tab in Item Maintenance.

Dead stock - The Inactive Items report will help you identify which items have not been sold or purchased since a specific date. Prophet 21 allows you to mark an item "discontinued". This prevents the item from being backordered or showing up in PORG while letting you sell out the remaining quantities. You may still purchase discontinued items, but you must enter the purchase order manually. When you create the PO, the system will notify you that the item has been discontinued and ask you to confirm you wish to proceed. This is also true of manually entered transfer requests. You may, however, receive discontinued items through RMAs normally and return them to stock.

Purchase Pricing/Costing

Implementation Response

Observed Workflow:

Individual SKU costs are maintained at the item level. Costs are often updated at receipt. Quantity price breaks are calculated manually. Gardner Denver is a large supplier for the company and does make extensive use of price breaks.

Process Recommendations:

Pricing is maintained at the item level within Prophet 21. Several tools should be used to maintain prices:

- Price service allows for the import of pricing from a supplier supplied file.
- Pricing libraries will allow for automatic recognition of quantity breaks during the creation of a purchase order.
- Vendor supplier management will allow for the recognition of price changes at order acknowledgement.

P21 FUNCTIONALITY:

The purchase price (net cost) should be stored in the Cost field on the Supplier Detail tab in Item Maintenance. Purchase pricing can be based upon multiplier or library and it follows the same premise as sales pricing (described on the Sales Pricing section). The difference is that purchase pricing can only be sourced by the supplier 'list price' or supplier 'cost' fields. Pricing is defined in the Supplier Pricing Maintenance screen.

Future cost functionality allows you to record cost changes from your suppliers before they happen, as well as the date on which they become effective. A window grants you the ability to transfer new costs into use on the day they should become effective. Enter supplier cost changes when you receive the information, even if they don't go into effect right away. You may automatically apply supplier cost changes to your item records in batches using Pricing Service too. There is a report listing anticipated customer price increases because of supplier cost changes, allowing you to notify customers ahead of time if beneficial.

Prophet 21 also provides the ability to update prices via pricing service. An external file can be created and imported via pricing service to perform a price update. The pricing service feature can also update many other fields on the item master records, not just pricing.

Receiving

Implementation Response

Observed Workflow:

Client describes the receiving process as "cumbersome". The process involves check in off packing list. Office personnel then compare revised packing list and PO. Accounting enters receipt amount. Packing list and PO are maintained in separate file so accounting can pull them. Variations are left on PO. The vendor is called on discrepancies. Backorders are indicated on the PO copy. Inventory returns are posted as inventory adjustments or sales order to the vendor. .

Vendor consignment inventory is stocked at zero dollar value. Prophet 21 does have methodologies for managing this function. We will need to review and chose the proper methodology during process

development.

Process Recommendations:

The material receiving function in Prophet 21 will allow the user to receive product and allocate to customer backorders in one automated step. An option is available to receive all items on the PO assuming that all quantities are correct or the user can manually receive each item line by line. The user can go in and specifically receive certain items on the PO whose received quantities do not match the PO quantity.

If a receipt variance exists, Prophet 21 will allow the user to receive in the item, but it will provide a warning message. If an under-shipment is received, the user will have the ability to mark the line item complete or leave it open for future receipt. *Receipt numbers do not identify the purchase order* and multiple receipts do not use the same numbering convention (as in the legacy system). Training for data lookup and process modifications should be emphasized.

Inventory returns to supplier can be initiated by over receipt on a purchase order, in purchasing or from a customer return. This change in process will be very different than the current process.

Inventory Return transactions are required to be "shipped" in much the same manner as a sales order pick ticket is shipped, offering the user the option to print a packing list to eliminate handwritten notes to be included with the shipment to the supplier. The Inventory Return document looks similar to a Pick Ticket, but is labeled as an Inventory Return. This should make it easier for the employee to pick the material and it should make it more obvious to the supplier that this is a return and not a PO.

Once the material is physically shipped back to the supplier, the return must be confirmed in the Inventory Return Shipping window. The material will be relieved from inventory during the "inventory return shipping" process. The user can add restocking fees, freight, or any other charges at this point. Changes can also be made to the quantity returned.

The final step is to convert the return to a credit voucher when the credit arrives from the vendor. The user will have the ability to reconcile variances between the returned value of inventory and the credit received. Variances between the value of the returned goods and the vendor's credit will be posted to the inventory cost variance account.

P21 FUNCTIONALITY:

The material receiving function in Prophet 21 will allows receiving product and allocating to customer backorders in one automated step. An option is available to receive all items on the PO assuming that all quantities are correct or the user can manually receive each item line by line. The user can go in and specifically receive certain items on the PO whose received quantities do not match the PO quantity. The user can then access the "Receive all items" checkbox and the system will automatically receive the remainder of the items and will not affect those manually received.

If a receipt variance exists, Prophet 21 will allow the user to receive in the item, but it will provide a warning message. If an under-shipment is received, the user will have the ability to mark the line item complete or leave it open for future receipt.

There are three allocation options available: Allocate Automatically, Allocate Manually, and Receive Only. The Receive Only option receives the items against the purchase order and updates inventory quantities accordingly, but no allocation takes place at this time. The Allocate Manually option allows the user to allocate items received against a purchase order to specific backorders, based on personal criteria. The Allocate Automatically option allocates the items received against a purchase order to the oldest existing backorder first working its way through until all stock is allocated.

There are three primary receiving reports, which may assist you with the material receipt function. They are the Purchase Order "Put Away" report, the Purchase Order Receiving report, and the Supplier Pre-

Receiving report.

The Put Away report will assist the warehouse employee with putting material on the shelf. The report will be location specific and can be limited by start and end purchase order and supplier. Each detailed section of the report will list the Item ID, description, each bin available, and the current quantity in each bin. Next to the current quantity will be a line that the user can write in the quantity he or she "put away."

The PO Receiving report will display items that were received against Purchase Orders along with the transaction numbers that were allocated to and the quantity that was put into stock for the item.

The Supplier Pre-Receiving report will list purchase order items that are allocated to specific customer orders. The report can be printed prior to receiving material from a particular supplier so that the user does not place the material in stock only to pull the material again for a customer order. This applies to Special Order and Non-Stock PO items only. Stock items on backorder will not be reported since no direct link exists between the sales order and the purchase order.

Prophet 21 also tracks material receipts through the application using its inventory drill down by item function, or by running an item ledger report that can be Print Previewed on the screen.

In the same manner that a PO can be selectively generated, the user will have the ability to selectively return any available inventory. The user has an option to select whether or not a Return Material Authorization is required for each supplier. An item can be pulled from PO History onto an Inventory Return.

A Return Notes tab is available at both the header and line item levels. The notes can be viewed in the Inventory Return Entry and Shipping windows as well as on the printed return and when converting a return to a credit voucher.

Inventory Return transactions are required to be "shipped" in much the same manner as a sales order pick ticket is shipped, offering the user the option to print a packing list to eliminate handwritten notes to be included with the shipment to the supplier. The Inventory Return document looks similar to a Pick Ticket, but is labeled as an Inventory Return. This should make it easier for the employee to pick the material and it should make it more obvious to the supplier that this is a return and not a PO.

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Bar Codes/Labeling

Implementation Response

Observed Workflow:

The client is not using barcodes today. Labels are prepared as handwritten labels containing part

numbers and item description.

Process Recommendations:

Shipping label process can be automated. The labels can be machine generated at shipping. The creation and assignment of labels should be reviewed during process development.

P21 FUNCTIONALITY:

Inventory Labeling

- Inventory labeling in Prophet 21 gives end-users the ability to print labels for items, item tags, bins, pre-printed tags, and shipping. Labels can be defined at the system, customer, and ship-to level, and print during receiving, shipping, and on demand. These labels contain inventory information such as item code, lot and serial numbers, tag numbers, bin locations, etc. The labels will contain both human- and bar code scanner-readable data.
- For all wireless printing, Epicor suggests the Zebra QL420 Mobile Printer (Part# - Q3A-LUNBV000-00) with the following details: 203dpi, 2.9in print width, 4in. ips print speed, 1MB SRAM, 1MB Flash, LCD, 802.11b and Linered/Linerless Platen). Please note that this printer comes in a 1mb and 2mb version. You must use the 2mb version to load the proper software.

Labels

- The baseline labels are 4” (wide) x 6” (high) for all label forms except the bin labels and system tag labels, which are 4” (wide) x 1.5” (high).

Contact Management

Implementation Response

Observed Workflow:

Contact management for use of CRM within the current ERP is not utilized.

P21 FUNCTIONALITY:

You will have the ability to associate Contacts with Customer, Ship-to, Supplier, and Prospect records. Prospect records are stored in Prophet 21 along with Customer records, but have limited transaction capability. The Customer Type determines if the customer record is a prospect or a full customer. You can enter a quote for a prospect, but not orders or accounts receivable transactions.

Users will have the ability to create Tasks. A “task” is simply a record in the system associated with a contact and type of activity that allows you to set up a due date, reminders, and a number of other features. You have the ability to link tasks to specific transactions. For example, if you want to create a task associated with an order, open the order in Order Entry (or create a new order), and right-click in one of the tabs. Select Tasks and then Add New Task. The Schedule Task window will open and the transaction type and transaction number will automatically be populated. If you have tasks that are set up to remind you prior to their complete by date and time, the Task Reminder window will pop up at the pre-set time so you can complete the task.

In the User Maintenance record on the Task Options tab, you can set Prophet 21 to automatically present a new task when the user saves a particular type of transaction. For example, you could have a reminder task automatically pop up when a user saves an RMA, so that they can set the reminder out one week to check that the goods have been returned and call the customer if the goods have not yet been received.

For most of the advanced integration features like credit history and order history to be available, Contacts must be linked to specific records (in this case, order records). These links also create the

differentiation between types of contacts. You set up your Contact in Order Entry on the Contact tab.

There are several ways to access your new contact information. One is via Contact Inquiry or Maintenance, another is Contact Fast Edit, and another is the Contacts Report. Contact Fast Edit functions identically to other existing fast edit windows: you can apply a query on a given set of criteria that you set up, and then often edit the results.

Additional CRM features:

Sales Cycle Setup - This window defines the process of your sales cycle, based on your own business practices. Information from this window is necessary for the Opportunity Maintenance window.

Competitor Maintenance - This window allows you to store information about possible competitors for opportunities.

Contact Role Maintenance - Contact Role Maintenance allows you to customize the roles that you give contacts, especially within the context of sales opportunities, by creating many different sales roles that you can assign to contacts in Contact Maintenance and Opportunity Maintenance.

Opportunity Maintenance - Use this window to define each of your sales opportunities. Opportunities can be linked to tasks, products, competitors, quotes, orders and other opportunities.

Sales Management Inquiry - This inquiry allows a sales manager or salesrep to quickly and easily view information relating to opportunities, quotes, and invoices. You can view the pipeline of opportunities, based on the stage of the opportunities for all the salesreps that you supervise. You can break down by territory, location, or salesrep, and drill down into Opportunity Maintenance to view detail about selected sales opportunities. The inquiry also allows comparison information and statistical information for further analysis.

Order Processing/Shipping

Implementation Response

Observed Workflow:

- Sales Orders are entered and contain data elements including customer, ,sales order number, dates, items and prices. Shipto's and items can be created on the fly within an order.
- Carriers may be chosen in shipping or at order entry (mostly at order entry). Today selection is in shipping.
- The company uses pick and hold functionality to reserve stock for individual customers.
- Manufacturer Rep orders do create commissions. The company receives a commission report. Accounting creates rebate entry when the report is received. The company desires functionality to record the transaction and recognize commission income that is allocated to the order.
- Allow source location to be truck location.
- RMA process: Customer is given accounting credit with inventory adjustment. Standard RMA process.
- Service transaction types:

  Internal Equipment

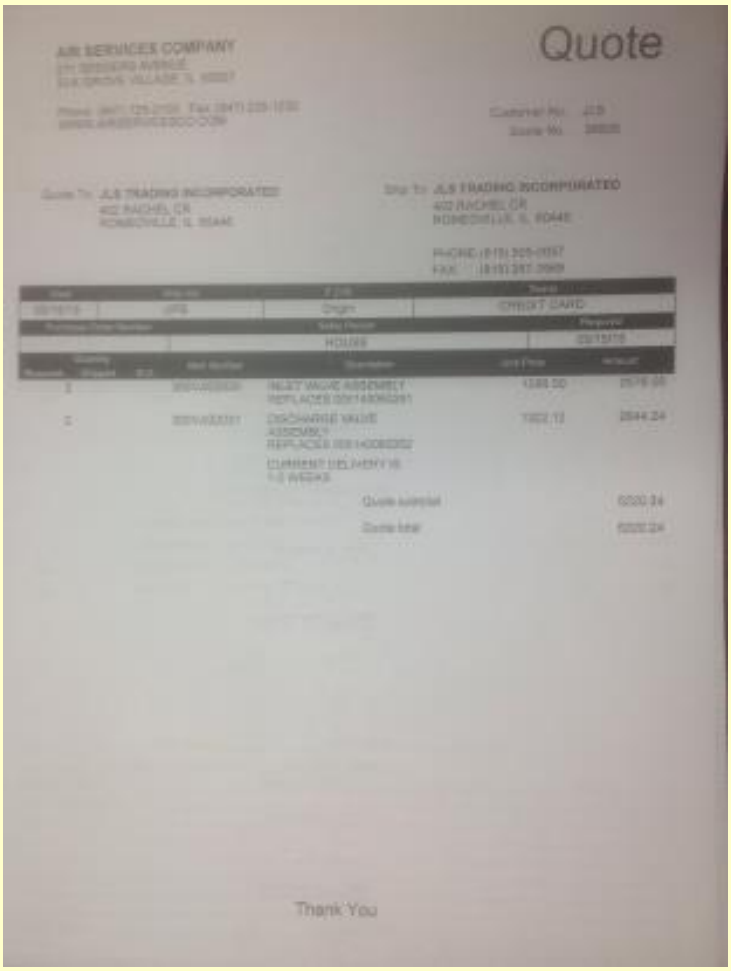
  Install

  Warrantee

Rentals

Quotes

Approximately 10% of orders are originally entered as a Quote. The company would like to formally enter more quotes and process the quotes into an order.



Sales Orders

Quotes can be converted to an order or the sales order can be entered directly

Orders are faxed or e-mailed from customers. Orders are pulled in the warehouse. The warehouse creates sales order in the system. Confirmation is sent to customer prior to shipment with back orders noted. All orders are sent with partial disposition. Order materials are verified by second person. Check includes items and payment options. Pacling slip and invoice are created. Items are then shipped to customer.

Flat freight rates are charged. Discount issues because freight is reduced by discount in legacy system.

RMA's

A form is generated (manual *processing return*). Id approved RGA number is assigned and logged on a spreadsheet. Restocking Fees can be charged. Return freight is NOT charged. Credits are

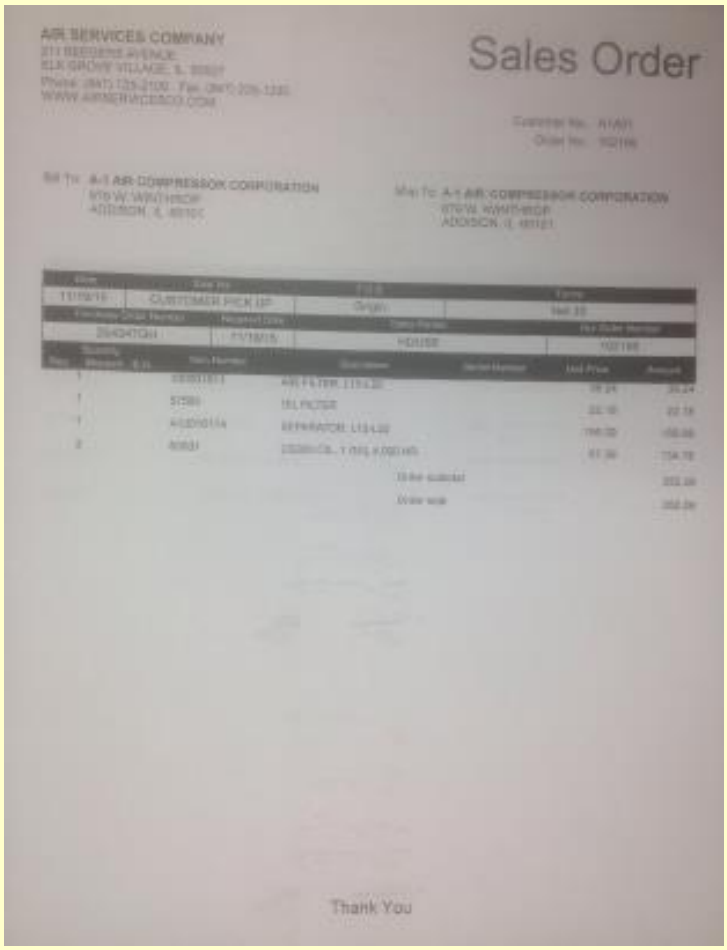
processed once a month. Negative sales invoice is created. If necessary a separate inventory write off is prepared in the legacy system.

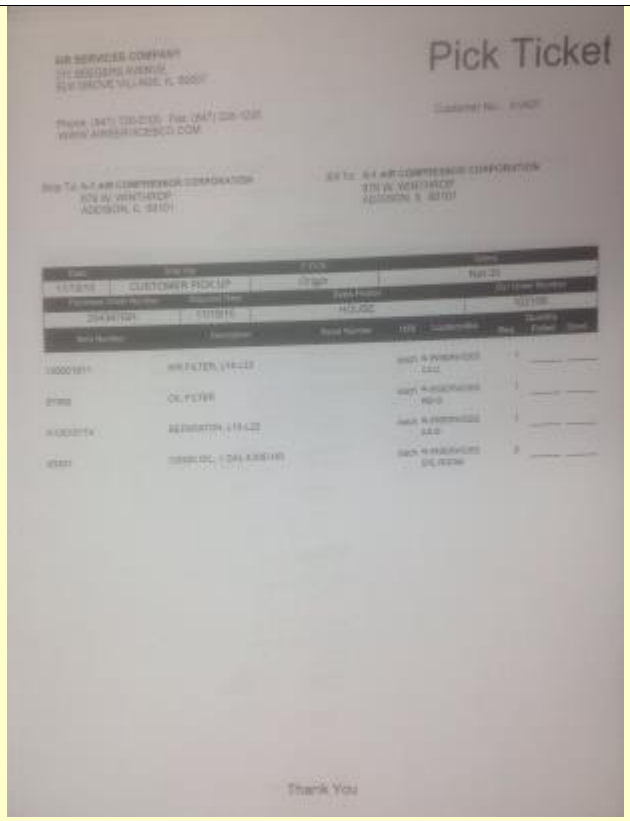
Multi Currency Transactions

None

Invoicing

Sales order is pulled up in legacy system. Quantities are entered and the packing slip and invoice is created.





Pick Ticket

Thank You

Process Recommendations:

Prophet 21 provides a vast array of information to sales order entry personnel in the order entry application. Training should focus on the information that can be accessed and the manner it can be used in the ordering process. The main areas of training focus should include:

- Quotations are created in order entry by checking a quotation check box. Quotes can also be converted into an order using two separate methods. The order approval check box can be used to limit processing on orders. Dyna change can also enhance this functionality. Process development for use of quotation, order holds and order approvals should be undertaken.
- Drop shipments can be initiated within order entry. Additionally, purchase orders can be created from order entry.
- Contacts can be attached to sales orders. Contacts, shipto's and customer tables allow for order acknowledgements, quotations and invoices to be e-mailed as a PDF file or fax to be initiated to the customer directly from the Prophet 21 system. This feature can substantially reduce costs and increase efficiency. Customer acceptance of documents processed in this manner should be developed by encouraging customer use of the function.
- Requirement for PO on all sales orders.
- The capability of defining how a shipment will be sent to a customer. The Packing Basis field is defined in the system and attached to customers and orders to determine how the customer wants

to receive their shipments. Order complete, partial release, items shipped complete and maximum number of shipments are some of the options. Packing basis need to be assigned to shipto's as a default. Training on entering default exceptions in order entry is required.

- Stock availability is readily accessible during order entry on Prophet 21. The CSR is able to determine whether or not the item is in stock or if it is on backorder. If the item is out of stock, the user can access the Commitment Schedule tab, which will show the net stock of an item and the transactions that caused it to arrive at this quantity from either Order Entry or Purchase Order Entry. Stock availability in other The company locations is also available on the stock status tab. Functionality for use of transfers and purchase orders created within order entry need to be developed. Rules regarding minimum order levels for each supplier and transfer schedules need to be communicated to order entry personnel.
- Order notes can be entered at the header level or on a specific order line. These notes can be displayed in various applications in the Prophet 21 system or printed on documents such as pick ticket, invoice, packing list or order acknowledgement. Determination of when notes should be used and use of the mandatory functionality need to be defined.
- Use of the orders and quotes portals to review open orders and quotes. Follow up methodologies should be determined and taught during end user training.
- Use of document links to "file" purchase orders electronically has been identified as a useful feature. Document network drive space requirements should be determined and mapping of network space for this function should be performed prior to training.
- Ability to create shipto's and contacts on the fly. Items can also be created on the fly or created from an electronic catalog.
- Review of pick ticket processes. When pick tickets are generated in scan or produced directly in orders will need to be understood by CSRs. Additionally, pick tickets will have a numbering scheme that is unrelated to the sales order. Finding pick ticket and invoice numbers will be a necessary training step.
- Use lost sales reason codes to record the reasons that customers cancel orders or quotes, reduce order quantities, or return material. Use of reason codes for cancelation and quantity changes will require set-up and training. The company personnel will need to understand reason for code entry and understand the need to use order entry error.
- Sales can be increased by displaying accessory items in order entry. The key to a successful deployment of this function is the creation of a listing of accessory items for each SKU. Using the Import Accessory Items window, The company can import accessory item records that were created outside the system, rather than manually entering them into the database. The import process takes accessory item records in a specially formatted text file and converts it into data the program can use.
- Packing lists are currently copies of pick tickets. Prophet 21 uses separate documents for these functions. The documents can be printed with or without pricing. Determination by customer of the default for this function should be determined prior to static data import.
- Use of RMA linking to the original sales order is automated. Sales history imports may not be linked.
- Cash Drawers are an integral part of counter sales in Prophet 21. This functionality eliminates the need to apply receipts against invoiced orders but does require opening and closing of a cash drawer. Users are assigned to the cash drawer. Bank deposits are made when the cash drawer is closed. This change in function should be explored in process development.

P21 FUNCTIONALITY:

Prophet 21's order entry process has a customer centric design and integration. This means that your order takers can access information for both order entry and order expediting without leaving the order

entry window. Regardless of whether they are placing an order, checking on a shipment, or requesting a quote, the order taker will be able to handle the request straight from the order entry window. This will reduce the need for added keystrokes to switch between different areas of the system, which will in turn increase productivity. Prophet 21 also links sales orders to the purchasing and inventory functions, allowing allocation of material received to open orders.

Items assigned to a sales order can be allocated based upon quantity available (in stock), or based on a disposition. Dispositions allow order takers to indicate how customer requests for material will be acquired when the request cannot be filled, i.e. backorder, direct ship, special (rush order). The use of dispositions is linked to the purchasing function within Prophet 21, and allows buyers to account for order requirements by disposition.

Orders can include stock and non-stock items, as well as items that require backorder, direct ship or special dispositions. In addition, the order entry module can facilitate multiple release orders, known as scheduled release orders in Prophet 21. The material allocation on release schedule orders can be immediate or can be based on a Pick Date field that is set when the order is entered.

Stock availability is readily accessible during order entry in Prophet 21. The order taker will know up front whether or not the item is in stock or if it is on backorder. If the item is out of stock, you can access the Commitment Schedule tab, which will show the net stock of an item and the transactions that caused it to arrive at this quantity from either Order Entry or Purchase Order Entry. A PO's/Transfers tab is also available to display each open purchase order for the item. The purchase order number, line number, type of PO, quantity remaining, unit of measure, and due date are available for the order taker to review.

All future or scheduled release orders should be entered using the Release Schedule functionality. Estimated future ship dates can be entered, if definite dates are not known, under the Schedules tab on the order line item. A release date is entered to indicate when the scheduled order should be shipped to the customer. A pick date field can be set to determine the length of time prior to shipping that the items on the release schedule should be picked. The Expedite Date field indicates when the stock should be allocated to the release schedule item. When generating purchase order requirements, the system uses this date to determine if additional stock is needed to fill the release. Therefore, the material can be allocated closer to the time that the order is due to ship and prevent premature item allocation. If the release dates for the material are known they may be entered at order entry, or if the release is unknown it can be added to the order with an open ended release being updated to process the shipment when it is learned.

Backordered items can be printed on the first pick ticket or on all subsequent pick tickets for the order in Prophet 21 and will print with a "B" disposition or they don't print on the pick ticket at all (preferred method).

You define whether orders will be fulfilled with multiple shipments by assigning a Packing Basis to customers. The most common packing basis is Partial, where the customer will accept a shipment whenever you have material to send them.

The Order Complete packing basis dictates that a pick ticket will not print until all material is allocated to the order. You have the option to print "pick and hold" tickets as material is allocated to an order with the Order Complete packing basis, to pick and stage the material until the order is complete. By setting Maximum Shipments Per Order in Customer Maintenance to "2", you could, for example, ship everything that you have on hand on the first pick ticket and not ship again until the order was complete, resulting in two shipments.

The Item Complete packing basis allows you to ship only when at least one line item can be shipped complete, after which partials may be shipped. With each of the non-partial packing bases you may choose to print "pick and hold" tickets to pick and stage material until the order is complete. During the pick ticket print process, these packing bases can be overridden as necessary.

Pick tickets can be printed in non-interrupted mode allowing you to run a continuous "scan" for orders to be picked as orders are being placed and material is being allocated. The system will pause after the initial

run of pick tickets and then run the same parameters again. You can print pick tickets all day without re-entering the parameters. However, users will also have the option of printing individual pick tickets if desired and the ability to print the pick ticket right at order entry for counter orders. The pick ticket can be used to pull the material from the warehouse and quantity changes, etc. can be written on this document. A clean priced or un-priced packing slip can then be printed and sent to the customer along with the shipment.

The Cash Drawer Summary report is available to show the payments and deposits taken for the day to balance the counter cash drawer. There is also an Unapplied Payments Report to track the deposits taken for orders that have not yet been invoiced.

In Prophet 21, the order number, pick ticket number, and invoice are unique system-generated numbers.

Items can be entered on an order and edited to display a zero unit price, for no-charge samples as an example. In Prophet 21, an item can also be invoiced at zero cost. You have control over whether users can edit these fields, and access to the Audit Trail and Alerts to keep abreast of when these changes are made.

In addition to placing zero dollar price and cost items on orders, you may define and place Other Charge items on orders. Other charge items are a way to add billable or non-billable items such as catalogs or services that you perform, like the documentation that you provide to the customer that you do not stock. The Other Charge items can be used to handle any miscellaneous charges, such as handling fees, if you did not want to incorporate these into the outgoing freight amount. These non-inventory items can be added as separate lines on the sales order and will be displayed in the totals section of the invoice.

Sales tax will be calculated for orders based upon whether the customer is flagged as taxable and the tax groups and jurisdictions that have been set up in the system. Orders created in the Order Entry window will have tax calculated based upon the ship to location's tax group id. In the Front Counter window tax is calculated based upon the sales location's tax group id. The Sales Tax Report will outline for each jurisdiction the value of the taxable and non-taxable sales.

Because Prophet 21 is a real-time application, users cannot override the inventory cost of an item during order entry, but alternate costs can be system-calculated and/or overridden. As soon as an inventory item is invoiced to a customer, the application books cost of goods sold at the cost basis specified in system settings in the Order Cost field. On each invoice line, Prophet 21 stores up to three alternate cost values:

- Other Cost - commonly used for tracking the difference between an inventory value cost and a negotiated rebated cost provided by the supplier
- Commission Cost - used as the basis for any sales rep commissions calculated based on gross profit
- Purchase Order Cost - allows you to record the PO price, if it is known, for items with an S (Special Order) or D (Direct Ship) disposition. The cost entered here will be used on the purchase order when it is generated (this should not be confused with Last Received PO Cost and Next Due In PO Cost which are maintained by Prophet 21 in Item Maintenance).

Sales History is captured for all items at invoicing time, not just for stock items. It includes within the history non-stock and special items invoiced. Invoiced sales history may also be viewed at order entry, during RMA entry, and during purchase requirement generation.

Quotations are easily converted to orders through a simple conversion process and the prices and costs on the quote may be brought over to the order or updated. Quotations may be converted to orders multiple times, which is useful in setting up an order template for a customer with special pricing for items they buy frequently. Quotations may also easily be copied from one customer to another. Stock, non-stock and assembly items may be entered on quotes. Assembly quantities and component pricing may easily be edited on the quote or after the quote is converted to an order.

Prophet 21 provides users with the ability to create Return Material Authorizations in the Order Processing Module. RMAs can be a one-step or two-step process. The one step process allows entering and receiving/issuance of credit for the return in the RMAs window. The two-step process utilizes the RMAs window to enter the return and the RMA Receipts window to receive/issue credit the RMA at a later time.

An option is available that will allow users to immediately generate a vendor return when performing a customer RMA Receipt. To wait until you receive credit from your supplier to issue credit to your customer, simply leave the customer RMA receipt unconfirmed until you receive credit from your supplier.

The Alert Maintenance window in the System Administration module is used to set up e-mail information in advance. You may set up alerts for a variety of conditions within the system. Alerts are triggered when values in a specified field match a relationship that you establish. You may define an alert to automatically send an emailed order acknowledgement to the email address on the contact associated with a sales order or a specific email address defined on either the customer or the ship to record.

An option is available in Prophet 21 to record lost sales reason codes for transactions that are entered and cancelled, for quantities that are reduced and for material processed on a customer return. Using lost sales reason codes, you can:

- Keep track of orders that were cancelled and line item quantities that were reduced
- Categorize why each sale was lost when it happens
- Determine what demand went unfulfilled and include these numbers in forecast usage calculations, so that you will have a greater likelihood of having the inventory on the shelf the next time the customer needs it
- Weed out those "lost sales" that are not actual examples of true demand (for example mistakes in entry) and should not affect usage calculations
- Set up alerts and reports on cancelled lines and orders

The Previous Requests feature should be utilized to handle the customer that calls and says, “I want the same thing that I ordered last month”. It also is very helpful when you have accidentally entered an order for the wrong customer or if you have customers that repeat their orders.

Sales Pricing

Implementation Response

Observed Workflow:

General pricing is performed by using a list price and using a multiplier off the list price. The multipliers are determined by customer type and size.

Process Recommendations:

The use of price service imports and libraries with multiplier amounts will streamline sales pricing. Although prices may be adjusted during order entry, the price generated will allow for a more consistant price strategy and increased margins.

P21 FUNCTIONALITY:

Prophet 21 will allow you to setup pricing by customer based on the types of products the customer buys. Pricing can be established by supplier, by product group, by discount group, by item, by supplier/product

group or by supplier/ discount group.

Sales pricing can be based upon one of three options: manual, multiplier or library. Manual pricing means the user will enter the price each time an item is ordered and no default price will be populated in Order Entry. Multiplier means that a source, such as List Price, will be multiplied against a standard discount multiplier for *all* items the customer buys. Library refers to the pricing matrix and is the most flexible option because it allows users to group like customers into the same pricing scheme. With this model, items from the same supplier or sales discount group that are priced the same can be linked to one page. This allows users to address sales pricing for many items with minimal price pages.

The matrix is made up of libraries, books and pages. Libraries are assigned to customers, while books are assigned to libraries. Books contain pages. It is important to note the importance of books. Books cannot share pages; therefore, if pricing is based upon different customer price levels, a user might follow this scenario:

- Library = this can represent the type of customer or contract
- Book = supplier
- Page = supplier, product group, discount group, item, etc.

The fact that the books are different allows a pricing page to be set up for the same item, discount group, supplier, etc. in each of these books. This provides users the ability to set different prices for the same supplier, discount group or item because the book makes the pages unique.

A customer can be assigned one or several Pricing Libraries. Each pricing library has a type assigned to it that determines how the system searches for pricing pages within the library. The options are listed as follows:

- First Of - will search the page type, which is checked first on the Sales Pricing Page Type Search Order tab in Company Maintenance. The search order options are by item, supplier, product group, discount group, supplier/product group, supplier/ discount group, and customer part number.
- Lowest Of - will search all the checked page types on the Sales Pricing Page Type Search Order tab in Company Maintenance for the lowest price.
- Highest Of - will search all the checked page types on the Sales Pricing Page Type Search Order tab in Company Maintenance for the highest price.
- Newest Of - will search all the checked page types on the Sales Pricing Page Type Search Order tab in Company Maintenance for the newest price by Effective Date.
- Oldest Of - will search all the checked page types on the Sales Pricing Page Type Search Order tab in Company Maintenance for the oldest price by Effective Date.
- Multiplier - This option will not search any pages. It will simply tell the program to use the price and multiplier defined on the Pricing Library tab.

The selling price can be defined as a set price or can be calculated using a source price. A multiplier, a markup, a percentage, or a difference can be applied against the source price to determine the net price. Source Price/Cost choices include the Price 1 through Price 10 fields, supplier list price, primary supplier cost, standard cost, moving average cost, last received PO cost, next due in PO cost or other cost.

Additional special discounts can be established in a separate Sales Pricing Library that is customer specific and should be placed first in the list of pricing libraries. This setup is best if the special pricing is for a group of items (using the sales discount group, product group, price family or combinations of these groups with specific suppliers). If the special pricing is specific to a single item, Contract pricing might be a better alternative.

Job Based/Contract pricing is another pricing option in Prophet 21. It is useful for contract pricing and

negotiated job pricing. The job pricing is maintained within job/contract maintenance, where you assign a customer contract number, customer, ship-to, customer purchase order number, and expiration dates to the pricing structure. An expiration date for the special job pricing and maximum purchase quantities per item can be specified. A source price and multiplier may be used or a specific price for the item on the job, in addition to specific costing information to update the other cost for rebates and the commission cost. The contracts may have their own terms, and the items on the contract can be listed at order entry to build an order based upon the items on the contract.

Purchase Order costs may also be assigned in contracts and in sales pricing pages to accurately purchase products for specific customers.

Prophet 21 also provides the ability to update prices via pricing service using pricing files provided by suppliers or files that you create.

General Ledger

Implementation Response

Observed Workflow:

General ledger postings are recorded by user entry and system postings. Financial statements are currently prepared by the outside accountant. The client is working toward internal closes and financial statement preparation.

Process Recommendations:

Budgeting

Budgeting for financial statement review is a feature available in Prophet 21. A phase II implementation for budgets should be undertaken. This will require a budgeting procedure be developed.

Bank Reconciliation

Prophet 21 offers an automated bank reconciliation application. This application allows tracking of outstanding checks and deposits in transit. Postings to the g/l can be made in bulk at month end or individually in a journal entry. Duty assignments and process decisions will be required to implement the tool.

Vessel Tracking

Vessel tracking allows for the receipt of containers onto a vessel. General ledger transactions occur and tracking is available when these processes are entered into the application. Processes should be developed for a phase II implementation.

P21 FUNCTIONALITY:

Prophet 21 will provide you with up-to-the-minute financial data because Prophet 21 operates in a “real time” posting environment. You will have the capability to design and produce your own up-to-the minute financial reports on demand.

Prophet 21 also provides the ability to drill down into account balances (using the GL Drill Down) to the actual transaction detail. This allows easy access to the detail of any transactional posting as it is made. You will no longer need to wait to batch the transactional data to post it to the ledger. Real time posting and the ability to drill into accounts will allow you to view accounts directly, and see the current balance as well as the detail that makes up that balance. Even if you have a great deal of detail in the general ledger, for example if you had a separate GL account for cell phone expense for each sales rep, you can roll up those detail accounts into one “cell phone expense” line on your income statement – or roll up

Even further to just “telephone expense”. This would be accomplished most easily when your telephone-related accounts are all grouped together numerically, though grouping them together would not be

mandatory – it would just create more work when you build your financial statement layouts.

Financial reports will be produced by setting up the financial statement formats in Prophet 21. The Financial Line Express window, found on the Reports menu in the General Ledger module, is used to export data from Prophet 21 to an Excel spreadsheet. In this window, you specify the year and a range of periods for which data should be transferred. This information, combined with the setup information entered in the Financial Statement Setup window, is used to update the spreadsheet. ODBC can also be used to export account balances and map them into a spreadsheet to create financial reports. Prior year and budget comparisons can be tracked by designing the financial statements accordingly.

Prophet 21 also provides for the ability to establish recurring posting entries as well as automated entry reversal.

Cost of goods are automatically calculated and posted in Prophet 21 as inventory is sold. Manual journal entries such as payroll and depreciation can be imported into the system using the Journal Entry import, or they can be posted using the recurring journal entry functionality. All transactions, with the exception of order and purchase order entry, update the general ledger. A thorough understanding of how those transactions post to the general ledger will be absolutely necessary to develop workflows and procedures. A list of the postings that are made as transactions are processed can be found in the General Ledger training module found on the customer website.

Budget Maintenance allows you to input your company's allocated expenditures for all accounts in the system. A separate budget for each period in the year can be established. Up to three different budgets for each GL account can also be maintained. There are two different ways to see budget information through the Budget Maintenance option: by account, or by period. The Budget Maintenance by Account window allows you to enter and edit budget information for a specified account. The Budget Maintenance by Period window allows you to enter and edit budget information for a range of accounts in a specified period and year.

An option is available to copy budget information that has already been entered for an account to another period, year, or budget column for the same account. You can copy a budget column from one period to another, i.e. copy the budgets entered for account 10001-01 for Period 1 to Period 2 or from one column to another, i.e. copy the Budget 1 column entered for account 10001-01 to the Budget 2 column. The copy can be performed for a range of accounts simultaneously.

You may wish to implement the Budget feature in Prophet 21 with the migration to Prophet 21. That way, you can run financial statements that compare actual to budget figures

Use Microsoft Excel to generate financial statements. Excel must be installed on your PC (but if you use Terminal Services server for thin clients, it must be installed on the terminal server) in order to extract the data from Prophet 21. Templates are available for use when defining your balance sheet and profit/loss statements. Please plan to participate in the Financial Statements LMS course to learn more about this setup.

A Cash and Bank Reconciliation feature is available, which allows you to use a “worksheet” to reconcile checks that have cleared the bank and deposits that have been recorded by the bank. The outstanding checks and deposits are shown on the bank reconciliation worksheet where you will enter the bank balance and any adjustments that need to be made to the cash account within the system. Upon reconciling the bank statement balance to the balance in the cash account assigned to the bank, you will save the transactions on the worksheet and the system will post journal entries. After the balance is reconciled, you may print the bank reconciliation form for use at a later time if necessary.

Accounts Receivable/Invoicing

Implementation Response

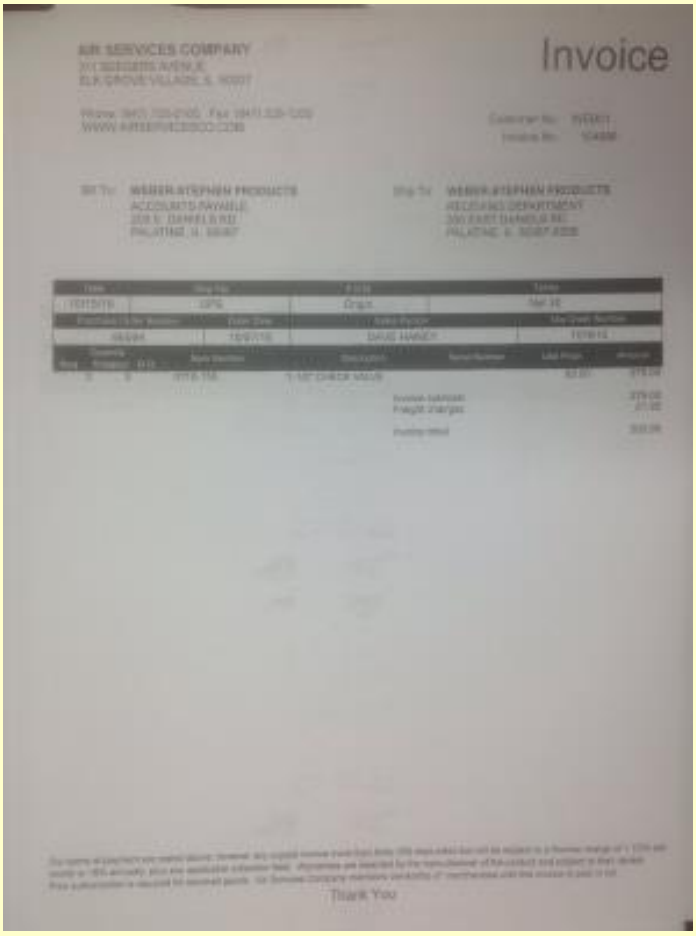
Observed Workflow:

Creating Customers / Shipto's

Customers are assigned IDs and all information is updated. Normally shipto's are created on the fly. Shipto's can be created in OE. Sales pricing is assigned by code. Territory is assigned (salesreps). E-mails, web site and fax number is assigned. Add payment terms. Add credit limit.

Invoices

Manual for outside labor and install (sub contract). Miscellaneous issues.



Finance Charges and Statements

No finance Charges. Only three customers get a monthly statement.

Manual Invoices

Legacy system has ability to create manual invoice. This function is not used very often.

Corrections

Today credit (RMA) or credit portion of invoice.

Cash Application

Some ACH and some checks in the mail. Credit cards and cash are less frequent. Checks processed through machines. ACH are logged in from bank. 3rd party credit card processing. Receipts are not batched (bad for bank rec).

Bank Reconciliations

Use of excel spreadsheet to prepare the bank rec.

Credit Collections

Once an invoice hits 60 days, the customer is contacted. Information is generated from the aged receivable report.

Process Recommendations:

Customer Master Inquiry will provide additional information about collection efforts to company personnel. For example, sales associates will be able to determine if sales efforts should include collection communication to maintain good relationships with the financially troubled customer. Training of CRM functionality needs to be incorporated with sales order entry and quoting practices. Additionally, collection call training is necessary to provide this information and to improve collection call efficiencies. These efficiencies will include collection improvement benefits as well as reduced time commitments in collection calls.

Credit statuses and credit limits need to be assigned to customers and reviewed to determine they are appropriate prior to go live. Prophet 21 has tools to automate credit status updates. Once open receivable invoices are printed, status's by account should be reviewed using these tools.

Invoices can be generated in fax, EDI and e-mail formats in additional to the current practice of mailing printed invoices. The ability to invoice electronically offers substantial cost savings in postage, form generation, stationary costs and labor. Invoice print batch procedures need to be implement to facilitate these potential benefits.

Statements can be generated in batches allowing for seamless fax, e-mail or printing of statements by customer or corporate identity.

Sales Tax reports were created so that reporting is specific to each tax return. Report codes, tax jurisdictions and tax groups need to be created. Tax groups need to associate to locations, shipto's and items during the static import process Landed cost tax drivers from purchases will need to be developed for sales taxes on purchases in Canada. Process development should include time to determine best practices for landed costs related to taxes.

P21 FUNCTIONALITY:

Invoicing

To confirm an order in Prophet 21, the user will type in the pick ticket number and the system will display the order header information along with the line item detail. If no changes need to be made, the user will simply check the "Confirm Shipment" checkbox and save the transaction.

In the Shipping window, freight can be added, line item quantities can be changed, and additional items can be added to the order. An option is available to print an invoice immediately following the

transaction. Once the Shipping transaction is saved, a real time posting is made to the GL and the invoice is updated in Accounts Receivable.

The next step is to generate a copy of the invoice, if one was not already printed during the confirmation step. Invoices can be printed in a batch within each branch. Current sort options include invoice number, customer, zip code, or shipping route. If a physical copy of the invoice is printed, the invoice form is printed through a laser printer using Crystal Forms. Invoices can also be faxed or e-mailed to the customer.

Customer returns can be handled through the Prophet 21 application in the RMA entry window. When a customer requests to send back material, the information can be entered directly into the system and the order taker can provide the customer with a return authorization number. While entering RMAs, sales history can easily be viewed to determine the original invoice number, the quantity that the customer purchased, and the unit price and extended price of the item on the original invoice. An option is available to link the original invoice to the RMA, which can make the invoice price/cost verification process easier for the RMA taker.

An RMA acknowledgement can be printed and sent to the customer as confirmation of the return. If necessary, you may work with the supplier to generate an inventory return. A credit invoice is generated once the RMA Receipt is confirmed. This can happen at the same time the RMA is received or at a later point when the credit is issued from the vendor.

Prophet 21 has the ability to create invoices without having to enter an order, pick and then confirm what was shipped. Prophet 21 has options for Invoice Entry by Item and Invoice Entry by Amount, which will allow invoices to be entered for things like services that don't have to be processed through regular order entry.

Accounts Receivable

The Cash Receipts by Corporate ID/Customer ID/Ship-To ID windows allow the user to view every outstanding invoice. The user can then either automatically allocate payment or selectively choose which invoices to apply payment.

In an overpay situation, the user will be prompted to create a prepayment invoice. The invoice will have a description of "Prepayment" to identify it as such. These credit invoices can be applied to the original invoice number.

As each cash receipt transaction is saved, the customer's Accounts Receivable balance is immediately updated and a real time posting is made to the General Ledger. Prophet 21 does provide the ability to post receipts into a previous period as long as it is not in a "Closed" status. Even if a prior period has been closed, the user does have the option of temporarily re-opening it as needed.

Credit and Debit Memos are also available in the system to make minor adjustments to A/R balances. These adjustments may be tied to specific invoices for things such as price adjustments or they may be stand-alone and applied to the customer's account.

Customer statements can be generated for customers on a monthly basis or as needed. You can choose to print Open Item or Balance Forward statements for your customers. The Open Item statement will only show those invoices that are open as of the statement date. It will not show invoices that were open during the month, but have been paid in full. The Balance Forward statement includes the beginning balance (the balance as of the last statement issued to the customer) and chronologically lists all activity on the account since the last statement issued. An option to print "charges before credits" is also available when generating statements. A separate remittance form is included to send back with the payment.

Prophet 21 does provide AR drill down capability, which should be helpful when invoices require further investigation. There are options to drill down by Customer Id, Corporate Id, Ship-To Id, Invoice, Payment, or Amount. For example, AR drill down by payment will allow the user to find a particular

check number and see which invoices were paid off on that check. Currently, Receivables payment history is not purged from the system so this data will be readily available at all times.

Customer credit information is available through the Customer Master Inquiry window. On the Credit Status tab, data such as last payment date of the last 3 orders / quotes, date account opened and credit limit used are available. On the Credit History tab, high credit used, amount paid, average fast/slow days and invoiced sales figures are available.

The Cash Collection Call List can be generated at any time using a specific set of parameters. The user can generate a list of customers to call based on a certain number of days past due, a minimum past due balance, or based on a last payment date. Once collection call notes are accumulated and call back dates are established, the user can generate the call list based on a range of call back dates.

The query is initially displayed on the screen in descending order based on the customer's open balance. However, the user can double click on the Customer Name field and resort that way, if desired. The user can also drill down into the invoice detail directly on the screen and sort by invoice date, due date or the amount remaining.

The Cash Collection Call Maintenance window will allow you to record information from phone calls and other correspondence (e-mails, faxes, visits, etc.) regarding customers' payments on accounts. Each call will hold the following information: Company ID, Customer ID, Topic ID, Contact information, Number of times contacted, Promised date, Promised amount, Call back date, Notes on the call, Call status (mandatory, open, closed, deleted) along with the Invoice Number.

You will be able to use this window to update a call or close it once a payment has been delivered. An invoice can be linked to a call so that the call will automatically close when payment is received against the invoice. You can mark a Call back date to remind you to follow up with the customer. You can make call notes appear in cash receipts entry or you can make a Task note appear in Contact Maintenance. Cash collection call notes do not appear in the Order Entry window.

The Cash Collection Call Report allows you to print a hard copy of collection call activity. The report will list collection calls made to customers, contact information, and the total amount past due.

Accounts Payable

Implementation Response

Observed Workflow:

Vendor Maintenance

Purchasing creates Vendors (vendors and suppliers are then same) in the vendor maintenance application. All vendor notes are consolidated into one field due to a system constraint. Vendor records are maintained as paper in files.

EDI

Not Currently utilized

1099"s

1099's are not currently issued. The client may want to start in 2017.

Voucher's

Vouchers are entered invoice is received and invoice info is entered into payables. Matches to PO but not receipt. Credit memo is entered for vendor returns. Freight is entered as a regular voucher as a COGS expense. Receipt / Invoice and voucher prepaid created upon receipt of invoice. Because invoices are processed for receipt, the invoice can be changed. Inventory is affected when the change is made.

Debit / credit memos are created as standalone vouchers..

Disputing Vouchers – warrantee claims can be disputed.

Manufacture credits are issues with commission report. There is an entry at one time. That entry also has the credit attached. No need to accrue the amount of commissions.

Pre pay voucher process – credit card payment normal. Setups up invoice and pays right away.

Credit memos are entered as normal voucher. Debit/ Credit memos are not linked to the original invoice. Payment is applied to invoices and credits as separate line items.

Printing checks

A weekly check run is made after a report is generating for selecting checks to be printed is run and reviewed. A voucher selection screen is used to select invoices for payment. The checks are printed for batch. Voiding checks are performed in system by option.

Warrantee

Warrantee receivables are billed to vendor as a sales order. Credits are applied to invoice and debited to A/P for payment deductions.

Landed cost

Landed cost not used. An accounting entry is mad annually (6%).

Process Recommendations:

The convert PO to voucher option will allow the company to convert a purchase order into a payable. The process includes comparing the purchase order price against the vendor's invoice in an automated fashion. Additionally, a PO receipt is compared to the invoice to compare quantities received. When reviewing this process, The company was unable to determine the best price variation limits. The core team intends to determine these limits while testing payables entry.

Setting up landed cost drivers will be a key component of a successful accounts payable implementation. The landed cost drivers will allow for the accurate capture of costs associated with import, transportation and freight costs. Further, because landed cost drivers can be assigned to associated general ledger numbers, reconciliation for estimate errors is made easy to accomplish.

Disputed voucher functionality will be used to account for transactions that are disputed. Prophet 21 records the payable entry but does not allow the disputed invoice to be prepared. Disputed adjustments can then be entered prior to payment of any amount determined to be due.

Bank accounts can be tracked in multiple currencies in Prophet 21. The process allows for easy accurate reporting of financial position. Further, payables can be entered in foreign currencies. Exchange rate gains are made at several points in the payables process.

Document Links allow for electronic filing of vendor documents such as pricing agreements, contracts, insurance certificates and W-4's.

P21 FUNCTIONALITY:

The Convert PO to Voucher option allows A/P to convert a purchase order into a payable. During this

process, you can compare what the PO was cut for against the vendor's invoice. Variances are accounted for at this time and can be updated into moving average cost if that option is chosen. During the Convert PO to Voucher step, A/P will enter the vendor ID and branch number and will then be provided with a list of open purchase orders for that vendor. Once a purchase order is selected, the PO information is displayed on the bottom half of the screen including line item detail.

A/P can enter the invoice date, invoice amount, invoice number, and freight amount (if applicable). The period and year to post will default based on the current date. A/P has the option of posting to a previous period as long as that period is still open. The invoice date, invoice number, due date, discount date, and discount amount can be edited even after the transaction has been saved. The invoice amount cannot be edited once the transaction is saved because Prophet 21 is a real time posting system and the GL is affected immediately. Instead, a reverse voucher needs to be applied.

The Accounts Payable GL account will default based on the branch the purchase order was entered against and the Purchase GL account will default based on the setting in the Vendor Maintenance screen. These two accounts cannot be edited during the transaction.

The Terms tab will contain the default vendor terms as listed in the Vendor Maintenance screen. These terms can be overridden to reflect a different terms due date, net due date, terms discount percentage or amount. Therefore, various Term types can be accounted for within the Prophet 21 application. These terms can be changed at any time during the transaction. The discount terms are applied against the net amount of the invoice, excluding freight or any other special charges.

If the vendor's invoice is only for a partial amount of the total purchase order, A/P can uncheck the "Vouch Complete" box on the line items for which this applies. By doing so, the system will keep the purchase order receipt open to allow for future invoices to be entered against it.

Discrepancies, such as price or quantity, can be accounted for at the line item level. The variance amount is calculated and displayed for each line item. A Company Maintenance option determines whether the item cost variances are posted to the moving average cost. The purchase order cost updates the moving average cost when material is received. If there is a variance between the item cost entered in Inventory Receipts and the actual item cost entered in Convert PO to Voucher, the difference can be posted to the moving average cost – correcting the value. An Inventory Cost Variance GL account is also defined in the Company Maintenance window. The system will wildcard the posting to the appropriate Inventory Cost Variance account associated with each branch, if multiple accounts are set up for each branch.

When a purchase order is converted to a voucher and there is a cost variance, one of three things happens:

- If there is zero on-hand quantity, the system will post the full amount of the variance to the inventory cost variance account.
- If there is enough quantity on hand to cover the cost variance, the system will post the full amount to the moving average cost. For example, if there are 15 on hand and you are converting 15 units with a cost variance, the full amount of the variance will be posted to the moving average cost.
- If there is some quantity on hand, but not enough to cover the cost variance, the system will post some of the cost variance to moving average cost and some of it to the cost variance account.

Freight variances can also be accounted for and posted to the average cost if desired.

A debit memo option is available to handle short pay situations in the CR/DR Memo screen.

Expense invoices can be entered through the "Voucher by Amount" or "Voucher by Item" windows. A description line, a purchase type field and a voucher class field are available to identify why the purchase was made. The Purchase GL Account will default from the vendor record, but can be overridden if necessary. Multiple GL accounts can be posted to during this step. The option is available to cut a quick check immediately after the transaction is saved.

Vendor credits can be handled in one of two ways: through the Convert Inventory Return to Voucher

step or through the debit memo option. The Convert Inventory Return option would be used when you receive a credit invoice for a vendor return. This step is almost identical to the Convert PO to Voucher except the values are negative and there is an option to apply a restocking fee. The debit memo option would be used in the scenario where you receive a credit but no material is being returned to the vendor. An example would be a credit given from a vendor based on purchases as part of a rebate program that may be applied against future purchases.

Checks

You can print checks in Prophet 21 for a range of vendors or for a single vendor. Typically, you will access the Scheduled Check Printing option. Parameters are chosen to determine which invoices are ready to be paid. The current payment date and next payment date fields are entered and any invoices whose terms discount date or due date falls within this range are displayed on the screen. The default field "Pay Invoice" is checked, although this can be overridden on an invoice-by-invoice basis. An option to "Deselect All" and manually choose each invoice to pay is available. Also, the amount to pay can be overridden to reflect a partial payment.

Once all of the invoices have been selected for payment, the checks can be printed/generated. The check will print out with your company address information, the bank name and address, the check number, pay-to name and address, the check date, the vendor ID, and the check amount. One or two signature files can be stored in the system and printed on the check. An Accounts Payable System Setting is available to indicate what dollar amount constitutes the need to have two signatures on the check. An option is also available to print line item detail on the check stub. If all of the detail does not fit on one check stub, another check stub is used and the body of the check displays as VOID – Duplicate Check.

Production Order/Assemblies

Implementation Response

Observed Workflow:

Production order use is limited and the use of kits is also limited.

Process Recommendations:

None

P21 FUNCTIONALITY:

Offered in Prophet 21 is kitting and assembly functionality. Kits do not require a production order process for they are just a collection of items sold as a group. However, assemblies must go through the production order process for they are built. Additionally, Prophet 21 has the ability to build assemblies for stock to replenish inventory for popular assemblies.

There are two different types of assemblies in Prophet 21, predefined and on the fly. Predefined assemblies and kits are preset in the system so that when an order is placed for one the system automatically knows what components and their quantities make it up. On the fly assemblies and kits are created right at order entry. Many users predefine popular assemblies and kits with the components that are always a part of a particular assembly/kit and then add or remove any components to customize the assembly/kit to meet each customer's specific needs.

Kits are processed the same as regular orders on the system. The kit is entered on the order, a pick ticket prints, the shipment is confirmed, and then invoiced. The only difference is that the kit line item is a collection of items not just one item. A bill of materials will be generated along with the pick ticket to pull the components, assuming you do not include this information on the customer related

documentation.

Production assemblies have an extra step in their processing, a production order. Once the order is placed to build the assembly, a production work order is generated and printed. Once built, the production work order is confirmed and the assembly is allocated to the order. The customer order is processed from this point on as any other order, a pick ticket is printed, the shipment is confirmed, and an invoice is printed.

Both kits and production assemblies offer the ability to add labor for the work performed to build/pull the assembly. Labor is added to the assembly as a component and multiple labors may be added for different labor rates charged.

You have the choice as to whether you would like the components to print on pick tickets or invoices. In addition, you have a choice in pricing the assembly, either pricing by the sum of the components prices or setting a single price for the assembly. Usage may be captured for both the components as well as the assembly item.

There is an Ordered Assembly Items report that shows the assembly items entered on customer orders. The report can be run for a specific range of customers, assembly items, or order dates. An Assembly Drill Down by Component feature is also available for the user to inquire about a particular component to see which assemblies this component is contained within.

Secondary Processing

Implementation Response

Observed Workflow:

Secondary Process functionality is not used.

Process Recommendations:

None

P21 FUNCTIONALITY:

Secondary Processing in Prophet 21 accommodates processing items that are altered into a new state. Processes need to be created to identify the various steps involved with each route of converting a raw item to a finished item. A process is any distinct point in a route for which a status, quantity, and cost needs to be tracked.

Purchase orders can be generated to send the raw material out for processing to a third party supplier. The purchase order, just as in-house processes, are used to track the time and cost associated with moving the item through the process. The process purchase order generation step is automated with the default supplier information, raw item, quantity requested, and the process change to be performed. A separate purchase order will be generated for each process in the route that requires specific work to be performed by an outside source. The purchase order is created at the process level and multiple processes cannot be combined onto a single purchase order. In addition, moving through processes is a systematic formula. The next process cannot begin until material is moved from the previous process into the next process.

Once the raw item has moved through each process in the route and the process is complete, the item will be brought into inventory under the finished item code. In addition, the cost of the finished item includes all of the costs added to the raw item as it moved through the processes.

A Secondary Processing item can also be set up as an Auto Start Process. The system will automatically begin a process when the raw inventory item is received into the system. At this point in time, the items

are allocated to the Secondary Process and cannot be allocated to sales orders. This process would work well for items that are purchased as the raw item, but only sold as a finished item. An Auto Start Process will tie the Secondary Process directly to the PO and receipt of the item.

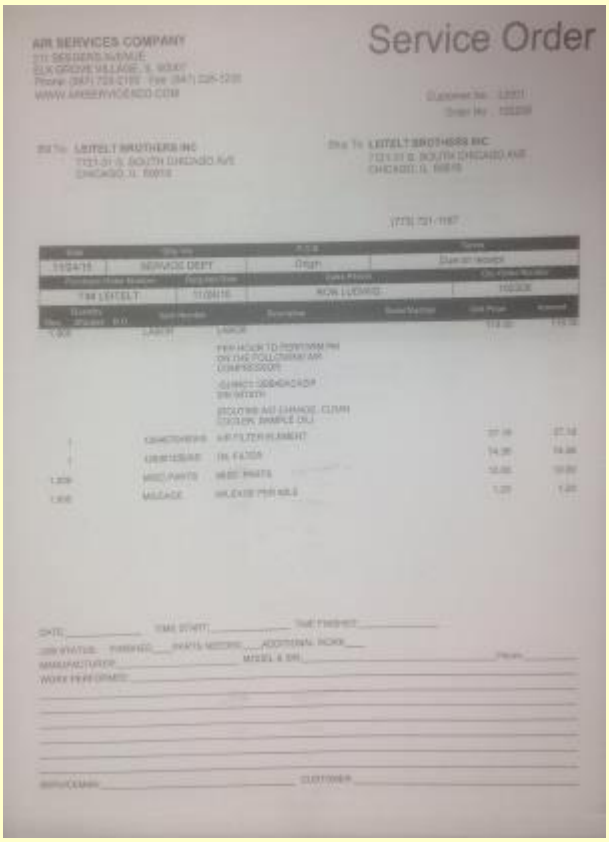
A Work in Process Inventory Valuation Report can be generated to evaluate the raw inventory that is currently involved in a multi-stage process and indicate what process the item is currently in.

Service & Maintenance

Implementation Response

Observed Workflow:

Service work is entered as a service order in the legacy system. The process follows the same constraints as the normal sales order process.



P21 FUNCTIONALITY:

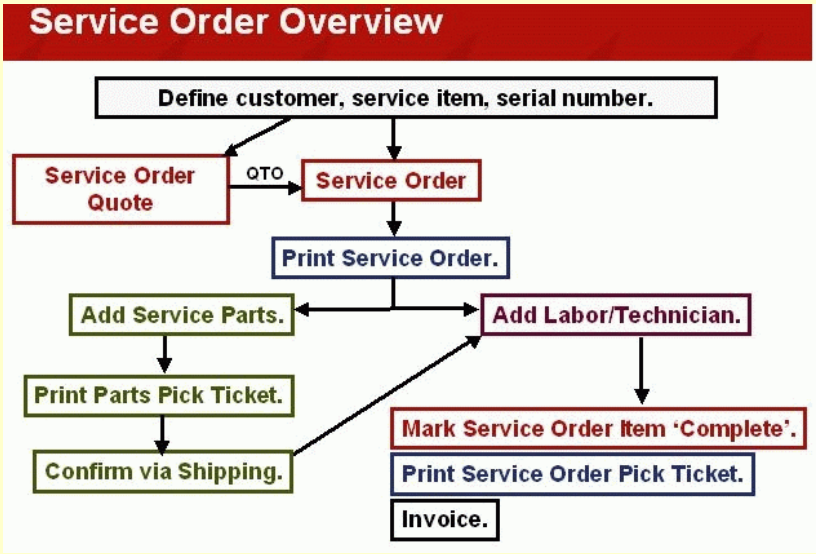
The service and maintenance module in Prophet 21 allows users to set up service contracts as non-inventory items that, when sold on an order, automatically create a service contract record tied to a specific serial number in the solution. The service contract record tracks expiration dates, contract detail, parts and labor covered, billing effects, etc.

Capabilities

- Set up service contracts as accessory items
- Track and maintain warranty information for eligible items
- Set up preventative maintenance schedules and automatically notify customers at specific intervals
- Schedule service by dragging and dropping labor tasks into a technicians' open time slots
- Track serial numbers from point of sale through the life of an item.
- Rental assets are mostly trade value.

Benefits

- Streamlined transactions of serviceable items
- Integrated functionality connects all aspects of service work, from parts and labor to contracts and schedules
- Automated tracking of service information for each, unique serial number as it moves through the solution



In addition, service contracts can be attached to particular item categories so that every time a related serial number is entered on an order, Prophet 21 will automatically suggest the appropriate service contract.

Warranties and Preventative Maintenance

Prophet 21 provides a method to set up warranty information and preventative maintenance schedules at the item level. For example, suppose your supplier offers a one-year warranty on a specific item. You can set up a warranty ID for that item so all related serial numbers have warranty information attached to them at the point of sale. That way, if a customer brings the item in for service while it is under warranty, you can send a claim to your supplier right from the solution and be reimbursed for what the warranty covers.

Similarly, if the manufacturer recommends preventative maintenance, Prophet 21 can automate the reminder process, sending e-mail notifications to customers at specified times to make them aware of maintenance due. And, if there is a certain labor process or technician associated with the service, you can set them as defaults, so whenever a service order is processed from your preventative maintenance

schedule, the solution will automatically suggest them for the job.

When a customer has purchased a serviceable item along with the necessary warranty, contract, and preventative maintenance programs, Prophet 21's service order module helps by tracking labor, technician, warranty, and service information and allowing you to set up everything from labor rates (i.e., regular, overtime, and premium) to technicians' schedules.

Since Prophet 21 attaches all relevant data (i.e., warranties, service contracts, etc.) to the serial numbers of items to be serviced, when they are entered into the system, the solution will automatically populate its fields with all available information. This way, when a customer brings an item in for service, your customer service representatives know whether the item is still under warranty, or if its service contract covers the necessary parts and labor, etc.

If a customer ever brings in a serviceable item that Prophet 21 does not recognize, your employees have the option of entering customer, item, and serial number information on the fly. And since serial numbers can change hands from one party to another, the solution allows you to transfer ownership to another customer.

Rentals of Equipment

Rentals of equipment and automated billing are features that can be used within the application software.