

Buy-Sell Management

Economies of Scale When Procuring Raw Materials

When brand owners outsource the production of finished goods, they often lose visibility into the actual costs of the raw materials, making it much more difficult to optimize margins or strategically price goods. E2open Buy-Sell Management restores visibility and control over these costs by enabling brand owners to capture savings from economies of scale and improve supply assurance by directly procuring raw materials on behalf of contract manufacturers.

Using contract manufacturers can reduce a brand owner's unit costs and improve their agility to adapt to market changes. However, one challenging side effect is that contract manufacturers typically buy raw materials directly from suppliers, leaving brand owners unable to see — or control — the costs of individual materials. Without visibility, brand owners can't negotiate bulk discounts from suppliers to achieve economies of scale. Yet, bringing raw materials procurement back in-house to restore the needed visibility and control — without automation for scalability — is too complex for most brand owners.

Buy-Sell Management enables brand-owners to regain centralized visibility and control by procuring large volumes of raw materials directly from suppliers at negotiated wholesale prices. They can then arrange for suppliers

to drop-ship the raw materials directly to contract manufacturers. These capabilities not only enable brand owners to improve margins but also ensure a consistent supply of raw materials to meet demand.

Key Features

- Centralized purchase order management for all tiers of internal production, outsourced manufacturing and raw material supply
- Price masking to protect confidential financial information from being disclosed
- Drop-ship ordering processes to ensure efficient fulfillment
- Flexible support for all procurement methods, including discrete orders, blanket orders and scheduling agreements
- Collective spot buys on behalf of contract manufacturers to capture tactical pricing opportunities and for strategic stockpiling of scarce materials

Key Benefits

- Improves customer service and supply reliability by pooling orders under a single high-profile buying entity
- Typically achieves 3%-7% lower negotiated costs for strategic materials to improve margins or offer more competitive pricing of finished goods
- Mitigates material shortages and stock-outs by streamlining procurement process with end-to-end visibility and control of multiple tiers
- Improves operational efficiency and productivity by standardizing sourcing processes
- Further enhances margins by providing the flexibility to take advantage of raw materials spot markets

Higher Margins Through Centralized Purchasing

Buy-Sell Management enables brand owners — instead of their individual contract manufacturers — to negotiate for and purchase raw materials. By doing this, they secure better prices and terms, maintain control of the flow of strategic raw materials and ensure more consistent costs from outsourced manufacturers.

Orchestration of Multi-Tier Purchase Order Management

Brand owners use the application to orchestrate the purchase order and fulfillment of many different types of orders — such as standard, contract, blanket and planned — across multiple tiers of their supply network. The application combines raw material requirements from all contract manufacturers and applies any negotiated volume discounts or rebates directly to the purchase orders before sending them to the suppliers.

Drop-Shipment Management for Cost Efficiencies

Raw materials, components and assemblies can be drop-shipped directly to contract manufacturers without involving brand-owners. With integration to drop ship capabilities, brand owners can ensure a steady flow of materials to manufacturers while keeping raw materials costs — and by extension, unit costs — more consistent. This also minimizes the need to adjust contracts they negotiate with their manufacturers.

Improved Supply Assurance

Brand owners can ensure raw materials come only from qualified suppliers based on approved vendor lists. When supply is constrained, they can also prioritize drop-shippments to manufacturers that need them first. This helps brand owners meet their production schedules and provide uninterrupted service to their customers.

Strategic Advantage Through Price Masking

Buy-Sell Management is highly configurable, giving brand owners broad discretion about what information to share with contract manufacturers. They can safeguard sensitive data — such as materials specifications — by controlling permissions at the field level within the application. The shipment documents also mask any information the brand owner deems too sensitive to share, allowing them to keep proprietary information such as price data internal and strategic.

Agility in Changing Market Conditions

Dynamic competitive and economic environments favor companies that quickly adapt to take advantage of new opportunities and mitigate threats. Brand owners can leverage spot buys on behalf of contract manufacturers to reduce the cost of general materials and build reserve stock when materials are scarce. This not only improves margins and strengthens relationships with customer, suppliers and manufacturers, but also helps companies maintain competitive advantage.





Brand owners can harness their full purchasing power to gain economies of scale and avoid markups from contract manufacturers. By buying strategic raw materials directly, they can prevent supply disruptions and ensure better service to their customers.

About e2open

E2open is the connected supply chain software platform that enables the world's largest companies to transform the way they make, move, and sell goods and services. With the broadest cloud-native global platform purpose-built for modern supply chains, e2open connects more than 400,000 manufacturing, logistics, channel, and distribution partners as one multi-enterprise network tracking over 12 billion transactions annually. Our SaaS platform anticipates disruptions and opportunities to help companies improve efficiency, reduce waste, and operate sustainably. Moving as one.™ Learn More: www.e2open.com.

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