

# Handbook cc|supplier evaluation Microsoft Dynamics 365 for Finance and Operations

English

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## 1 Introduction

cc|supplier evaluation fuctionality enables calculation of objective perfomance indicators, based on weighting of different factors retrieved from manual data entry, existing master or transaction data.

Performance evaluation process requieres initial setup of the parameters, which enables elaboration of the data in the next step.

The elaborated data about vendor perfomance evaluation can be archived and retrieved later for trend analysis using BI tools.



## 2 Core Features

The core features of cc|supplier evaluation for Microsoft Dynamics 365 for Finance and Operations are:

- In Microsoft Dynamics 365 for Finance and Operations integrated solution to periodically rate vendor's performance
- Calculation of objective perfomance indicators, based on weighting of different factors retrieved from manual data entry, existing master or transaction data from the procurement processes
- Allows conjuction of Microsoft Dynamics 365 for Finance and Operations standard rating values with a points system
- Flexible setup of weighted criteria to rate you vendor's performance according company's requirements
- Result of the cc|supplier evaluation can be viewed directly in Microsoft Dynamics 365 for Finance and Operations
- Prepared replicable trend analysis of vendor's performance (for example using PowerBI)
- Integrated solution to support selection of suppliers



# **3** Supported Business Processes

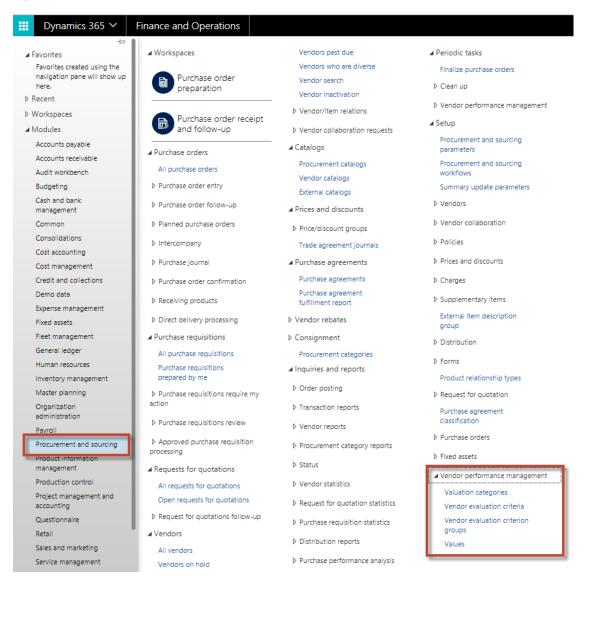
- Vendor performance valuation
- Supplier selection and administration
- Produre materials and services
- Run supplier performance
- Continuous quality control
- Product receipt and invoice
- Price negoation process



# 4 Setup parameters for cc|supplier evaluation

The setup parameters for cc|supplier evaluation were consolidated in one section in Procurement and Sourcing.

For a better understanding the sequence of the forms in this section was set according to necessary input order.





#### 4.1 Values

Microsoft Dynamics 365 for Finance and Operations standard offers following rating values for performance valuation:

Rating	
0 - Unknown	$\sim$
0 - Unknown	
1 - Very poor	
2 - Poor	
3 - Fair	
4 - Good	
5 - Excellent	
6 - N/A	

In practice, supplier evaluation often requieres a 100 points system.

Consequently, cc|supplier evaluation offers an extention, which allows conjuction of Microsoft Dynamics 365 for Finance and Operations standard rating values with a points system. The input of the points is done in the values form.

In standard Microsoft Dynamics 365 for Finance and Operations, as for instance in Human Resources Module, the valuation is based on "the higher the value, the better the grade" principle. This enables listing values in form of a network diagramm. The same is applied in cc|supplier evaluation. For details please see the example below.

#### Example of a point system

This example demonstrates a 100 points system for school grades (1 - the best grade, 6 – the worst), where grades are linked to points, which have assigned values.

Grade	Points	Value/Rating	Grade	Points	Value/Rating
1,0	100		3,5	66	
1,1	98		3,6	64	
1,2	96	Excellent	3,7	62	
1,3	94		3,8	61	
1,4	92		3,9	59	Poor
1,5	91		4,0	57	1001
1,6	90		4,1	55	
1,7	89		4,2	54	
1,8	88		4,3	52	
1,9	87	Good	4,4	50	
2,0	85		4,5	49	
2,1	84		4,6	47	
2,2	83		4,7	45	
2,3	82		4,8	43	
2,4	81		4,9	41	Very poor
2,5	80		5,0	38	Verypoor
2,6	79		5,1	36	
2,7	77		5,2	34	
2,8	76		5,3	32	
2,9	74	Fair	5,4	30	
3,0	73		5,5	29	
3,1	71		5,6	23	
3,2	70		5,7	17	Insufficient
3,3	68		5,8	12	
3,4	67		5,9		
			6,0	0	



In Microsoft Dynamics 365 for Finance and Operations the 100 point system may look as follows:

Z <sup>2</sup> Est ↓ New @ Dode: opriors	
Values	
,> Filter	
,> Filter	
Points J Rating	
100.00 5 - Excellent	
99.00 5 - Excellent	
96.00 5 - Excellent	
97.00 5 - Excellent	
96.00 5 - Excellent	
95.00 5 - Excellent	
94.00 4 - Good	
93.00 4 - Good	
92.00 4 - Good	
91.00 4 - Good	
90.00 4 - Good	
89.00 4 - Good	
88.00 4 - Good	
87.00 4 - Good	
86.00 4 - Good	
85.00 4 - Good	
84.00 4 - Good	
83.00 4 - Good	
82.00 4 - Good	
81.00 4 - Good	
80.00 4 - Good	
79:00 4 - Good	
78.00 4 - Good 77.00 4 - Good	
77.00 4 - Good 76.00 4 - Good	
75.00 4 - Good 75.00 4 - Good	
75.00 4 - Good 74.00 3 - Fair	
74.00 3 - Fair	

The application consultant has to elaborate proper points system together with the customer and set the values up in the values form.

### 4.2 Vendor evaluation criterion groups

In this step vendor evaluation criterion groups are created. This is a standard Microsoft Dynamics 365 for Finance and Operations form without any changes.

In the actions tab any necessary translations for the text in description filed can be added.

	Dynamics 365 🗸 Ope	erations	Procurement and sourcin	ig > Setup > Vendo	or performance management	Vendor evaluation criterion groups
	🔚 Save 🕂 New 🗊 Delete	ACTIONS	OPTIONS ,			
7			Vendor evalua	tion criterion	groups	
	Delivery Delivery	*	General <sub>Name</sub> Delivery	Descrip		
	Invoice Invoice					
	Order <sup>Order</sup>					



#### 4.3 Valuation categories

In this form vendors can be assigned to valuation categories. This form is available in standard Microsoft Dynamics 365 for Finance and Operations.

However, a significant difference to standard Microsoft Dynamics 365 for Finance and Operations lies in the fact that valuation does not need to be entered manually.

	Dynamics 365 ∨ Finance a	nd Operations	Procurement and sourcing > Set	up > Vendor perfe	ormance management > Valuation cat	egories
≡	CEdit + New 🗊 Delete OPTIONS					
	Click the edit button to make changes.					
7	,∽ Filter	Valuation cate	0			
=	AVend A Vendor	Valuation group Descr AVend A Ve	ription Ac endor Ye	s 🛑	Created date and time 6/21/2018 11:17:45 A	Modified date and time 6/21/2018 11:17:45 AM
	BVend B Vendor	Vendors				
	Cvend C Vendor	+ Add 🗊 Remov	Name			
		FWI_30000 FWI_30010	Schweiger GmbH Wegerer OHG			
		FWI_30030	Amatock AG			
		Vendor evaluation	criterion groups			
			e Vendor evaluation criteria	Weighting		
		✓ Name	Description		Weighting	
		Delivery	Delivery		30.00	
		Invoice	Invoice		70.00	

In the following example the legal entity assigned is COSMO CONSULT SI GmbH, Steyr.

The Vendors are assigned to a category in the "vendors" fast-tab.

In cc|supplier evaluation, in order to enable automatic valuation job, the assignment of vendors to a category was restricted so that a vendor can be assigned to a single group.

The "evaluation" button retrieves detailed information about valuation of the selected vendor.

In the fast-tab **"vendor evaluation criterion groups**" the valuation criterion groups are assigned to a selected category group. Each criterion group can have only one weighting value. The sum of all weighting values has to add up to 100%.

Use button weighting to calculate the sum of all weighting values in this fast-tab.



#### 4.4 Vendor evaluation criteria

Setting up cc|supplier evaluation criteria is an essential step in vendor evaluation management. For this reason, comparing to standard Microsoft Dynamics 365 for Finance and Operations, the functionality of this form was extended significantly.

	Dynamics 365 ∨ Operations	Procurement and sour	rcing > Setup > Vendor perfo	rmance management	Vendor evaluation crite	ria		
=		OPTIONS ,P						
	Click the edit button to make changes.							
7		Vendor evalu	lation criteria					
=	Amount Invoice/purchase o	Name	Description		aluation criterion group:	Criterion type	Unit	Weighting
	Amount invoice/purchase o	Amount Invoice/purcha	ise order	Invoice		Price Invoice/Order		100.00
	Invoice Price Invoice/Order 100.00							
	Delivery quantity variance Delivery quantity variance Delivery Quantity variances 25.00	Evaluation matrix						
	Delivery schedule variance	✓ from	Until Absolute/percent	Unit	Points	Rating		
	Delivery schedule variance	0.00	1.00 Absolute		100.00	5 - Excellent		
	Delivery Schedule variance	2.00	10.00 Absolute		80.00	4 - Good		
	25.00	10.00	50.00 Absolute		50.00	2 - Poor		
	Return shipment	50.00	100.00 Absolute		40.00	2 - Poor		
	Delivery Redelivery number 50.00	100.00	9,999.00 Absolute		10.00	1 - Very poor		

Two main elements in this form are "vendor evaluation criterion group" (for example, Invoice) and "criterion type" (calculation method).

For each criteria (= field ",name") the evaluation matrix can be defined.

Field/Function	Description
Name	Unique criterion name
Description	Extended descriptoin of the criterion
Vendor evaluation criterion group	Criterion group, to which the single criterions are assigned by the user
Criterion type	Criterion type can be chosen from a fixed list
Unit	For a better understanding a unit can be defined for each criterion
Wighting	Within one criterion group the weightig of each criterion can be defined. The sum of weighting of all criteria within a criterion group has to add up to 100%. The weighting is considered during valuation process.



	If 100% of tota	I weightig is not re	ached, the user will rea	ceive a warning
	message:			
	Upramics 365 V Operation	S Procurement and sourcing > Setup > Vendor perform	nance management > Vendor evaluation criteria	
	😑 🖬 Save 🕂 New 🔋 Delete ACTIO			
	Total rating ratio "invoice" are '90.00% and n			
		Vendor evaluation criteria	Vendor evaluation criterion group: Criterion type	Unit Weighting
	Amount Invoice/purchase o Invoice Price Invoice/Order 90.00	Amount Invoice/purchase order	Invoice V Price Invoice/Order	
	Delivery quantity variance Delivery quantity variance Delivery Quantity variances	Evaluation matrix + New 🔋 Deiete		
	25.00 Delivery schedule variance	✓ from Until Absolute/percent     0.00 1.00 Absolute	Unit         Points         Rating           V         100.00         5 - Excellent	
	Delivery schedule variance Delivery Schedule variance	2.00 10.00 Absolute	80.00 4 - Good	
	25.00 Return shioment	10.00 50.00 Absolute 50.00 100.00 Absolute	50.00 2 - Poor 40.00 2 - Poor	_
	Delivery	100.00 9,999.00 Absolute	10.00 1 - Very poor	
	Redelivery number 50.00			
Evaluation	For each criterio	on guide values are ne	cessary. For example, for	schedule
matrix	variance the val	uation for time in days	s can be defined:	
	Evaluation matrix			
	+ New 🗊 Delete			
	✓ from	Until Absolute/percent Un	nit Points	Rating
	-999.00	-4.00 Absolute	10.00	V 1 - Very poor
	-3.00	-2.00 Absolute	30.00	2 - Poor
	-1.00	1.00 Absolute	90.00	4 - Good
	2.00	3.00 Absolute	30.00	2 - Poor
	4.00	999.00 Absolute	10.00	1 - Very poor
	The value in the	"Absolute/Percent" c	olumn plays an essential	role.
	"Absolute is ap	propriate value for sci	hedule variances, if the d	eviation is
	calculated in day	ys. At the same time, o	quantity variances or dev	iation may be
	calculated in per	rcent.		
	Example: A vend	lor supplies product A	with 2000 meters/pallet	and product B
	with 10 pcs/pall	et. In case of a deviati	on of "-2" ( -2 m für Prod	uct A or -2 pcs
	für product B) t	he deviation calculate	ed in "percent" would var	v Accordingly
	the deviation ca	Iculated wih "absolute	e" parameter would resu	lt same

valuation result, 80 points / 3 – Fair.



## 4.4.1 Criterion type

The criterion type defines the data source used for valuation calculation.

	Dynamics 365 ∨ Finance ar	id Oper	ations Pr	ocurement and s	ourcing > Setup > Ve	endor performance manage	ment > Vendo	or evaluatio	n criteria		
=	Save + New 🗊 Delete VENDOR	EVALUAT	ION CRITERIA	OPTIONS 🔎							
7	V Filter Vendor evaluation criteria										
-	Amount Invoice/purchase or	Name Delive	ery quantity varia		ription ivery quantity variance	Vendor evaluation of Delivery		Criterion t Quantity		Unit	Weighting 25.00
	Invoice Price Invoice/Order 100.00							Schedule Quantity			
	Delivery quantity variance								Price Invoice/Order Price Invoice/Default		
	Delivery quantity variance Delivery Quantity variances 25.00		uation matrix New 🔋 Delete					Redeliver Redeliver	y number y quantity		
	Delivery schedule variance	~	from	Until	Absolute/percent	Unit	Points		Rating	ī	
	Delivery schedule variance Delivery		0.00	2.00	Percent ~		100.00	~	5 - Excellent		
	Schedule variance		3.00	10.00	Percent		80.00		4 - Good		
	25.00		11.00	20.00	Percent		60.00		3 - Fair		
	Return shipment		21.00	100.00	Percent		1.00		1 - Very poor		
	Delivery Redelivery number 50.00										

Criterion type	Description	Data source	Prerequisite
Quantity variances	Absolute or percentage values definition of the deviation between total quantity of all partial deliveries of the purchase line and a total quantity of a purchase order line.	Purchase order line	Purchase order
Price invoice/order	Deviation between incoming vendor invoice line price and purchase order line price.	Invoice line for a purchase order line	Purchase order/Incoming vendor invoice
Price invoice/default	Deviation between line price in the incoming vendor invoice and standard price of the product.	Invoice line and standard price of the product.	Incoming vendor invoice
Redelivery number	Number of purchase order lines with negative quantity per item	Purchase order line	Purchase order
Redelivery quantity	Total quantity of products in purchase order line, defined as "returned products".	Purchase order line	Purchase order
Schedule variance	Deviation between Posting date of the item arrival and the confirmed delivery date in the purchase order line. If delivery date is not filled, standard delivery time will be considered for calculation.	Purchase order line	Purchase order

The criterion types refer in the most cases to posted journals for the purchase order.



## 4.5 Extended functionality of the vendors form

Accounts payable > vendors > all vendors > general tab > vendor performance management

Dy			ce and Operations			Vendors > All vend	lors				
АСТ	IVITIES ivities 🗠	SET UP Business classification: Responsibilities Intercompany		NEW Create case	ACCOUNTS Cases	Transaction log Knowledge articles	MARKET Campaign Call list Mailings	STATISTICS Period statistics Prospect Vendor performance	e management		
	Click the ec ALL VENDO 오 Filter	lit button to make chang DRS	es.								
		′endor account ↑	Name	Ver	dor hold	Phone		Extension	Primary contact	Group	Currency
	F	WI_30000	Schweiger GmbH	No		0662-3333-	01			40	EUR
	🗸 - F	WI_30010	Wegerer OHG	No		01-4444-25				40	EUR
	F	WI_30020	Ebner GmbH	No		0732-5555-	99			40	EUR
	F	WI_30030	Amatock AG	No		0316-85636	-00			40	EUR
	F	WI_30040	Lindner	No		089-157606	03			40	EUR

On the left you can find vendor evaluation criterion groups (1).

On the right in the fast-tab "rating on vendor evaluation criteria" you can find detailed information on each criterion type (2).

	Dynamics 365 🗸	Finance and	Operations Pr	ocurement and	sourcing > Setup	> Vendor p	erformance man	nagement >	Valuation catego	ries		
=	₽ Edit OPTIONS											
	Click the edit button to m	nake changes.										
⊽ =	4.50 Delivery 1.00 Invoice		avend : fwi_30010 Vendor evaluat <sup>Total</sup> 2.05	tion								
			Total rating Vendor evaluation crite Delivery	erion group								
			Rating on vendor e	valuation crit	eria							
			Effective	E	xpiration		Rating	(	Criterion type		Name	
			6/22/2018 08:48:46	AM N	Vever		4 - Good	(	Quantity variances	5	Delivery quantity variance	
			6/22/2018 08:48:46	1 MA	Vever	2)	5 - Excellent	:	Schedule variance		Delivery schedule variance	
			Values Journal lines									
			✓ Table name	Identi	fication		Rating	Current valu	e Estimated val	Current date	Expected date	
			Purchase order	lines BE00	0001 - 1		80.00	90.0				
						3)						

In the fast-tab "values" you find the data source for each criterion and the calculated values. The "journal lines" button open the lines of the related journal (3).



## 5 Run vendor valuation job

For the automatic update of the cc|supplier evaluation a new form was implemented:

Procurement and sourcing > periodic taks > vendor performance management > review running.

Filter function helps to select a certain vendor.

Additionally, time frame and purchase order state can be selected (open order, received, invoiced, canceled; empty = select all)

Purchase orders from state   To state   To state   To state   Purchase orders   Records to include   Purchase order   Received   Invoiced   Purchase order   Purchase order   Purchase order   No   Purchase order   Purchase orde	Parameters		
To date        12/31/2154     Open order       Records to include     Invoiced       Canceled     Invoiced       Vendor account     Canceled         Recurrence     Alerts   Batch processing No	From date	Purchase orders from state	
12/31/2154     Open order       Records to include     Received       Invoiced     Canceled       Vendor account     Canceled   Recurrence Alerts Batch processing No		Open order 🗸 🗸	
It/31/2194     Received       Records to include     Invoiced       Invoiced     Canceled         Vendor account         Run in the background         Recurrence     Alerts         Batch processing         No     Vendor valuation run         Batch processing         No     Vendor valuation run         Batch group           Ortical Job   No       Monitoring category	To date		
Records to include ✓ Fiter VENDORS Vendor account Run in the background Recurrence Alerts Batch processing No ✓ Vendor valuation run Batch group Private No Critical Job No Monitoring category ↓	12/31/2154		
✓ Filter     Canceled       Vendora account         Run in the background   Recurrence Alerts Batch processing No	Records to include		,
Vendor account Vendor account Rucurrence Alerts Batch processing No Vendor valuation run Batch group Vivue No Critical Job No Monitoring category	√ Filter		
Vendor account	VENDORS	Concerco	
Recurrence Alerts Batch processing No Task description Vendor valuation run Batch group Vivute No Critical Job No Monitoring category Vivute			
Recurrence Alerts Batch processing No Task description Vendor valuation run Batch group Vivute No Critical Job No Monitoring category Vivute			
Recurrence Alerts Batch processing No Task description Vendor valuation run Batch group Vivute No Critical Job No Monitoring category Vivute	Run in the background		,
No Vendor valuation run Batch group  Private No Critical Job No Monitoring category			
No Vendor valuation run Batch group  Private No Critical Job No Monitoring category	Ratch processing	Tack description	
Private No Critical Job No Monitoring category			
Private No Critical Job No Monitoring category		Batch group	
No Critical Job No Monitoring category		×	
Critical Job No and Antoning Category		Private	
No Monitoring category		No	
Monitoring category		Critical Job	
		No	
Start date: 11/10/2016 (01:39:34 pm) (GMT) Coordinated Universal Time		Monitoring category	
Start date: 11/10/2016 (01:39:34 pm) (GMT) Coordinated Universal Time		~	
	Start date: 11/10/2016 (01:39:34 pm	) (GMT) Coordinated Universal Time	

#### 5.1 Reporting for vendor performance valuation

No standard reports were implemented for this purpose. Excel reports can be used for analysis, or BI cubes can be used in a later version.

