Direct Material Procurement Budgeting

Procurement budgeting involves planning financial resources for all procurement activities efficiently and cost-effectively. When effectively done, procurement budgeting can help with cost control, strategic planning, resource allocation, performance evaluation, and risk management. The goal is to strike a balance between fulfilling needs and optimizing costs while having the desired level of quality and service.
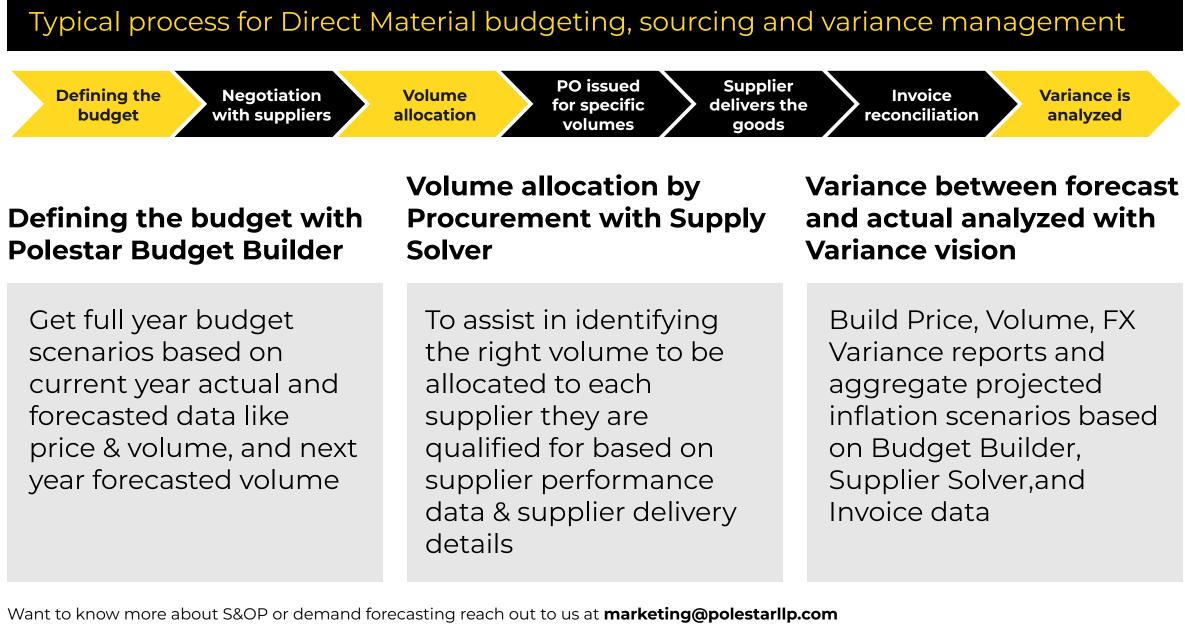
Challenges in using traditional tools

While using tools like excel for direct material procurement budgeting solutions, you are faced with challenges like:

Time Consuming	Requires multiple rounds of offline file sharing over emails	Frequently incurs data loss when done using shared files
No workflow capability		
No collaboration with suppliers	Excel formulae based complex calculations prone to errors	Difficult to assess completeness at any given point in time
Dependency across teams		
Limited formal approval	Data management and comparison across multiple years is challenging	Information security is a challenge with no restrictions
All data accessible to everyone		

Where can connected solutions help?

With the data integration, connection, and security challenges in using traditional methods, leveraging connected solutions is the best way to have a single source of truth combined with deep integrations across functions. Where can it help?

Typical process for Direct Material budgeting, sourcing and variance management

Defining the budget → Negotiation with suppliers → Volume allocation → PO issued for specific volumes → Supplier delivers the goods → Invoice reconciliation → Variance is analyzed

Defining the budget with Polestar Budget Builder

Get full year budget scenarios based on current year actual and forecasted data like price & volume, and next year forecasted volume

Volume allocation by Procurement with Supply Solver

To assist in identifying the right volume to be allocated to each supplier they are qualified for based on supplier performance data & supplier delivery details

Variance between forecast and actual analyzed with Variance vision

Build Price, Volume, FX Variance reports and aggregate projected inflation scenarios based on Budget Builder, Supplier Solver, and Invoice data

Want to know more about S&OP or demand forecasting reach out to us at **marketing@polestarllp.com**

Learn more at **www.polestarllp.com**

POLESTAR

Direct Material Procurement Budgeting

With advanced capabilities like data integration, forecasting, scenario analysis, automated workflows, variance analysis, integration with ERP, and reporting having a connected planning platform for procurement budgeting you can ensure information cross-flow between functions seamlessly and enable procurement alignment with other functions.

Advantages of using Anaplan

Accessibility
SaaS based solution is accessible from anywhere with Internet

Collaboration
Ability to collaborate in real-time with suppliers & internal teams

Scenario Management
Scenario review, approval and rejection capability available for management and team leads

Data Security
Role/Level based access to update only data assigned

Consistency
All computations are pre-configured and apply consistently to all numbers across months

KEY CONTACT

Siddharth Poddar
Senior Vice President
Head- Procurement, Supply Chain & Network Operations
siddharth.poddar@polestarllp.com

Synergy between functions

Procurement Budgeting is interdependent on finance - procurement - supply chain to provide inputs and data across. With Anaplan-based procurement budgeting you can leverage all three for maximum synergy

Supply Chain
To review and finalize volumes, build scenarios for capabilities, and update projections

Finance
Build scenarios for multiple market conditions and review actual vs forecasted FX rates

Procurement
For allocation of TAM with supplier performance data, available capacity, and communication

Effective Collaboration

About Polestar

Polestar Solutions is a trusted partner in the procurement space, providing valuable support to businesses looking to optimize their procurement processes through data analytics. By leveraging our expertise as an AI and Data Analytics powerhouse, Polestar Solutions helps organizations unlock the full potential of their procurement data.

Want to know more about S&OP or demand forecasting reach out to us at **marketing@polestarllp.com**
Learn more at **www.polestarllp.com**

POLESTAR