

Proposal for an Extended Procurement Process for UBL 2.0

Version	Author	Date	Change
0.1	Peter L. Borresen, Danish National IT and Telecom agency. (plb@itst.dk)	2005.05.27	Initial version
0.2	Peter L. Borresen	2005.06.07	Diagram updated according to input from OGC and Stephen Green.
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0.6	Tim McGrath (tmcgrath@portcomm.com.au)	2005-06-25	Editorial fixes, incorporated TBG1 terminology and definitions.
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0.8	Tim McGrath	2005-06-30	Amended Billing diagrams to show incorrect invoice handling. Split Fulfilment into two.
0.9	Tim McGrath	2005-07-01	Amended Use Case Added Catalogue Managing Party Combined Fulfilment diagrams Modified Billing diagrams.
1.0	Tim McGrath	2005-07-11	Corrected use case model Corrected "receives" in table 2.1 Removed Buyer from sourcing model Clarified 3.2 model Enlarged 3.3 model Corrected 3.5 swimlanes Added Submit/Receive to 3.6 table.

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1 Background

This document describes the proposed extended procurement process model for UBL 2.0.

The document is the result of discussions between various European Government e-procurement groups:

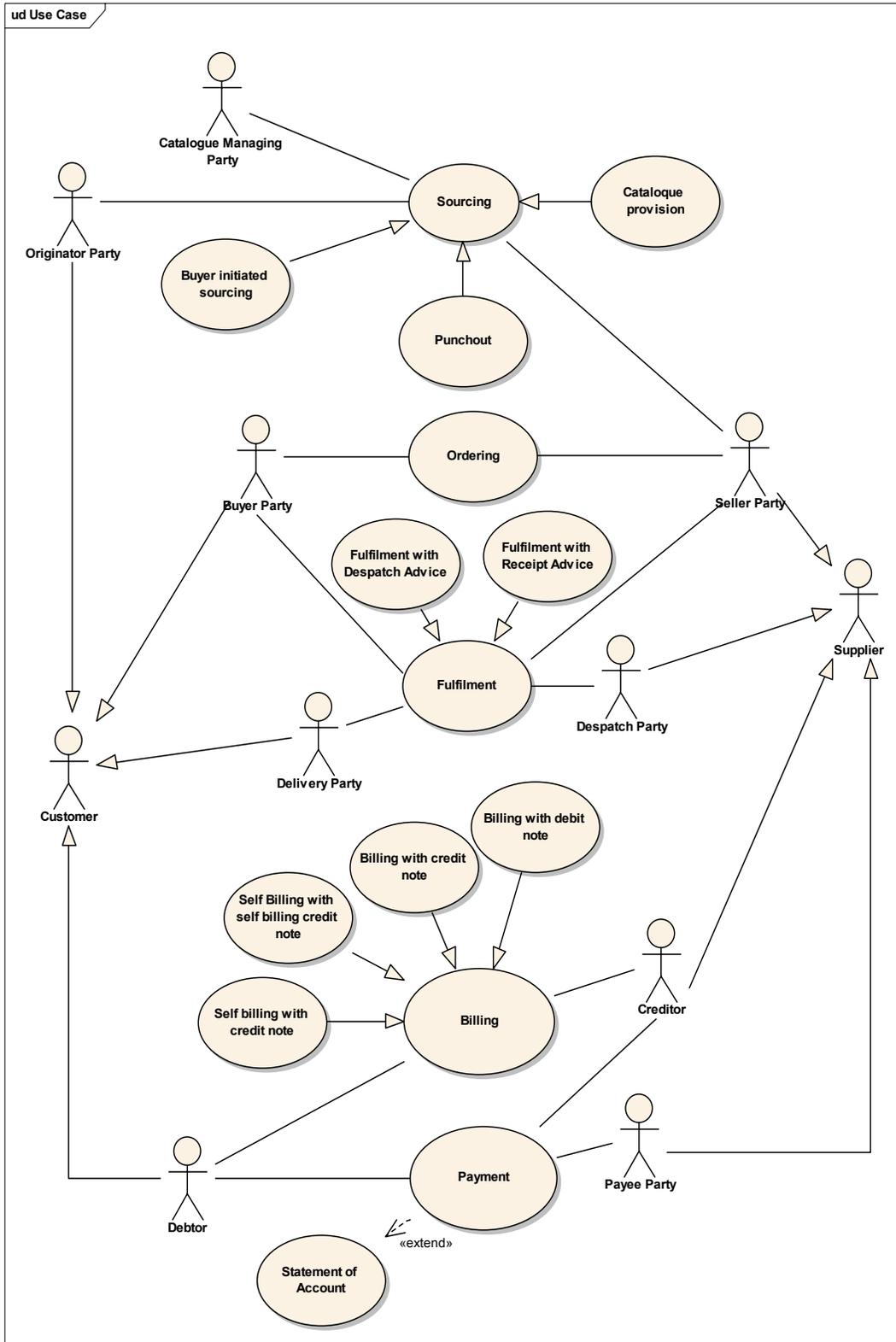
- UK Government (Office of Government Commerce),
- Danish Government (National IT and Telecom Agency),
- Norwegian Government (to be completed as appropriate),
- Swedish Government (Svefaktura project),
- European Commission (DG Enterprise).

It also incorporates ideas and comments from:

- The OASIS Tax XML technical committee (http://www.oasis-open.org/committees/tc_home.php?wg_abbrev=tax)

- The UN/CEFACT International Trade and Business Processes Group: TBG1 (http://www.disa.org/cefact-groups/tbg/wg/tbg1_main.cfm).

2 Use Case Model



2.1 Party definitions

In UBL a party is defined as “an individual, a group or a body having a role in a business function”.

In the procurement process model there will always be two business functions, that of Customer and Supplier. Both involve roles which may be provided by different parties.

The following table contains a description of the proposed roles for parties.

Business function	Role	Description	Example	Synonyms	Sends	Receives
Customer	Catalogue Managing	The party receiving a catalogue. Catalogue items may never be ordered, so the recipient of the catalogue is not an Originator or a Buyer.	An organization has a central office for maintaining catalogues of approved items for purchase.	Central Catalogue Party, Purchasing Manager		Catalogue
Customer	Originator	The party that had the original demand for the goods and/or services and therefore initiated the procurement transaction. The Originator participates in pre-ordering activity either through RFQ and Quotation or by receiving a Quotation as a response to a punchout transaction on a marketplace or Seller's website. If the Originator subsequently places an Order, the Originator adopts the role of Buyer. The Originator is the typically the contact point for queries regarding the original requirement and can be referred to in an Order Change, Order Cancellation or Order Response.	If an employee requests a computer, the employing company may become the Buyer but the employee is the Originator. They need to receive information about the order.		Request for Quotation	Quotation
Customer	Buyer	The party that purchases the goods or services on behalf of the Originator. The Buyer can be referred to in Order Responses, Despatch Advice, Invoice, Self Billed Invoice, Credit Note, and Account Statement.	A company may delegate the task of purchasing to a specialized group to consolidate orders and gain greater discounts.	Order Point	Order, Order Change, and Order Cancellation	Order Response
Customer	Delivery	The party to whom goods should be delivered. The Delivery Party can be the same as the Originator. The Delivery Party	If a municipality buys a wheelchair for a citizen, the wheelchair must be delivered to the citizen (the Delivery Party).	Consignee, Delivery Point, Destination Party, Receiver, Recipient	Receipt Advice	Despatch Advice

Business function	Role	Description	Example	Synonyms	Sends	Receives
		<p>must be referred to at line item level in RFQ, Quotation, Order, Order change, Order Cancellation and Order Response.</p> <p>The Delivery Party may be referred to at line level in Invoice, Self Billed Invoice, Credit Note and Debit Note.</p> <p>The Delivery Party may be stipulated in a transport contract.</p>	<p>In such cases the citizen may be notified before delivering the wheelchair.</p>			
Customer	Debtor	<p>The party responsible for making settlement relating to a purchase and resolving billing issues using a Debit Note.</p> <p>The Debtor must be referred to in an Order and may be referred to in an Order Response.</p> <p>In a Self Billing scenario, the Debtor is responsible for calculating and issuing tax invoices.</p>	<p>If a kindergarten buys some toys they may be the Originator, Buyer and Delivery Party but the municipality may play the role of Debtor - they are going to pay for it.</p>	<p>Invoicee, Accounts Payable</p>	<p>In a traditional Billing scenario: Debit Note, Account Response and Remittance Advice</p> <p>In a Self Billing scenario: Self Billed Invoice, Self Billing Credit Note and Remittance Advice</p>	<p>In a traditional Billing scenario: Invoice, Credit Note and Statement of Account.</p> <p>In a Self Billing scenario: Credit Note, Account Response and Statement of Account</p>
Supplier	Seller	<p>The party responsible for handling Originator and Buyer services.</p> <p>The Seller party is legally responsible for providing the goods to the buyer.</p> <p>The Seller party receives and quotes against RFQs and may provide information to the Buyer's requisitioning process through Catalogues and Quotations.</p>	<p>The organization that sells wheelchairs to municipalities.</p>	<p>Sales Point, Provider, Customer Manager</p>	<p>Catalogue, Quotation, Order Response, Order Response Simple</p>	<p>RFQ, Order, Order Change, and Order Cancellation</p>
Supplier	Despatch	<p>The party where goods are to be collected from.</p> <p>The Despatch Party may be stipulated in a transport contract.</p>	<p>The wheelchair Supplier may store chairs at a local warehouse. The warehouse will actually despatch the chair to the Delivery Party. The local warehouse is then the Despatch Party.</p>	<p>Despatch Point Shipper, Sender, Consignor</p>	<p>Despatch Advice</p>	<p>Receipt Advice</p>
Supplier	Creditor	<p>The party who claims the payment and is responsible for resolving billing issues and arranging settlement.</p>	<p>There are cases where the Creditor is not the Seller party. For example, factoring where the invoicing is outsourced to</p>	<p>Accounts Receivable, Invoice Issuer</p>	<p>In a traditional Billing scenario: Invoice, Credit Note and Statement of Account.</p>	<p>In a traditional Billing scenario: Debit Note, Account Response and Remittance Advice.</p> <p>In a Self Billing</p>

Business function	Role	Description	Example	Synonyms	Sends	Receives
			another company.		In a Self Billing scenario: Credit Note, Account Response and Statement of Account	scenario: Self Billed Invoice, Self Billing Credit Note and Remittance Advice
Supplier	Payee	The party to whom the Invoice is paid.	The Creditor may not be the party to be paid due to changes in the organisation, e.g. company mergers.	Accounts Receivable		Remittance Advice
Transportation	Carrier	The party providing transport services.	Either the Buyer or the Despatch Party may engage a trucking company to deliver the wheelchair. The trucking company is then the Carrier.	Freight Hualier, Shipper, Ships Agent, Shipping Company, Airline, Rail Operator, Road Haulier		
Transportation	Freight Forwarder	The party arranging the carriage of goods including connected services and/or associated formalities on behalf of a consignor or consignee. The Freight Forwarder may also be the Carrier.	The Buyer or the Despatch Party may have a contract with a transport company to arrange all their transport needs. This company may then engage the trucking company to transport the wheelchair. The trucking company is still the Carrier and the transport company is the Freight Forwarder.	Shipping Agent, Broker, Courier		

3 Process model

The following sections describe each business collaboration (use case) in more detail.

Note that these are indicative and demonstrative examples only and are not mandatory processes for the use of these documents.

These processes provide a context for the use of the documents required.

3.1 Sourcing

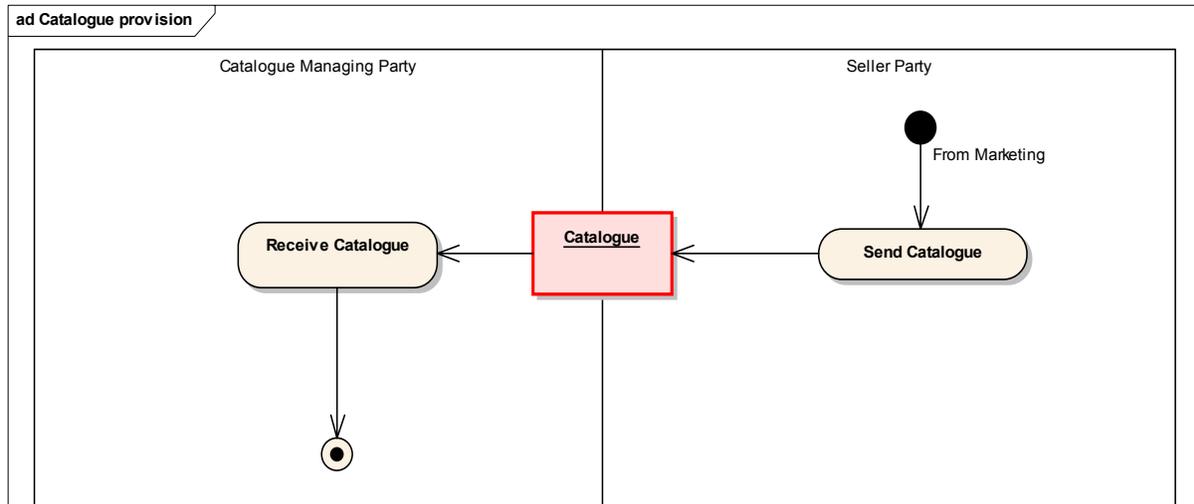
There are three kinds of sourcing:

- Catalogue provision.
- Buyer initiated sourcing.
- Punchout

The Seller, the Originator or the Buyer can initiate sourcing.

3.1.1 Catalogue provision

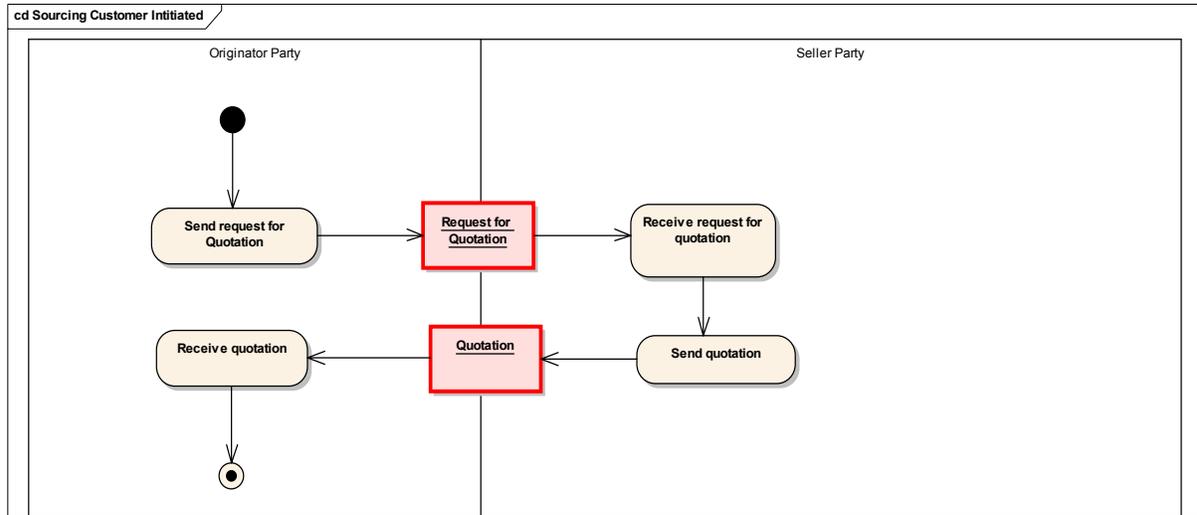
Catalogue provision is the case where a Seller sends information regarding items available for purchase to a potential customer. Because it is only a potential customer, the role that receives this is always the Catalogue Managing Party.



Note that Objects in pink are documents that are new to UBL.

3.1.2 Customer initiated sourcing

Customer initiated sourcing is the case where the Originator asks for a quotation.

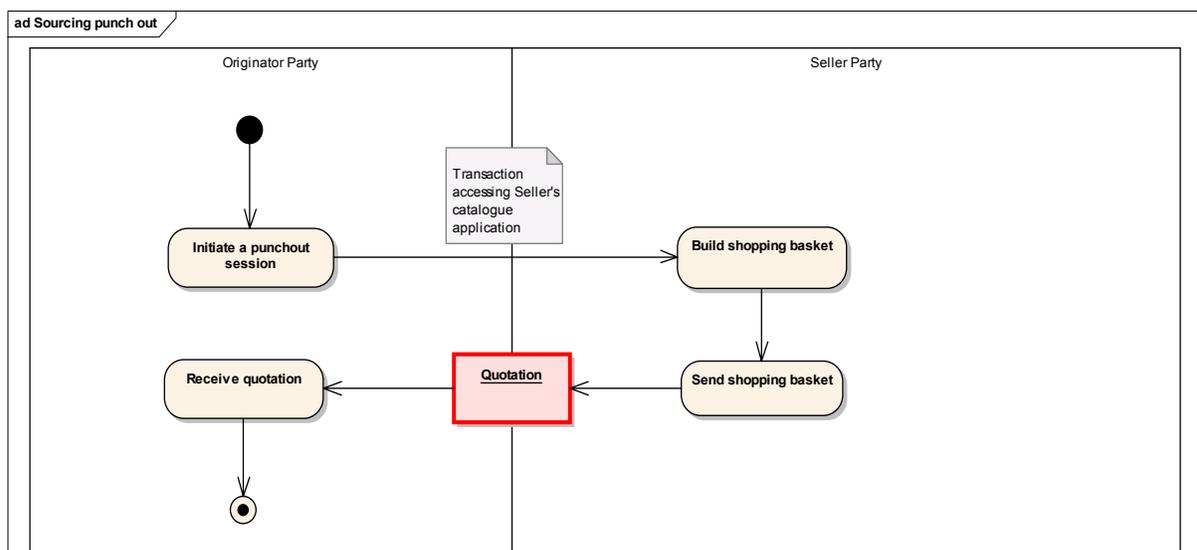


3.1.3 Punchout

Punchout applications are a technological innovation whereby an Originator is able to directly access a Seller's application from within their own procurement application.

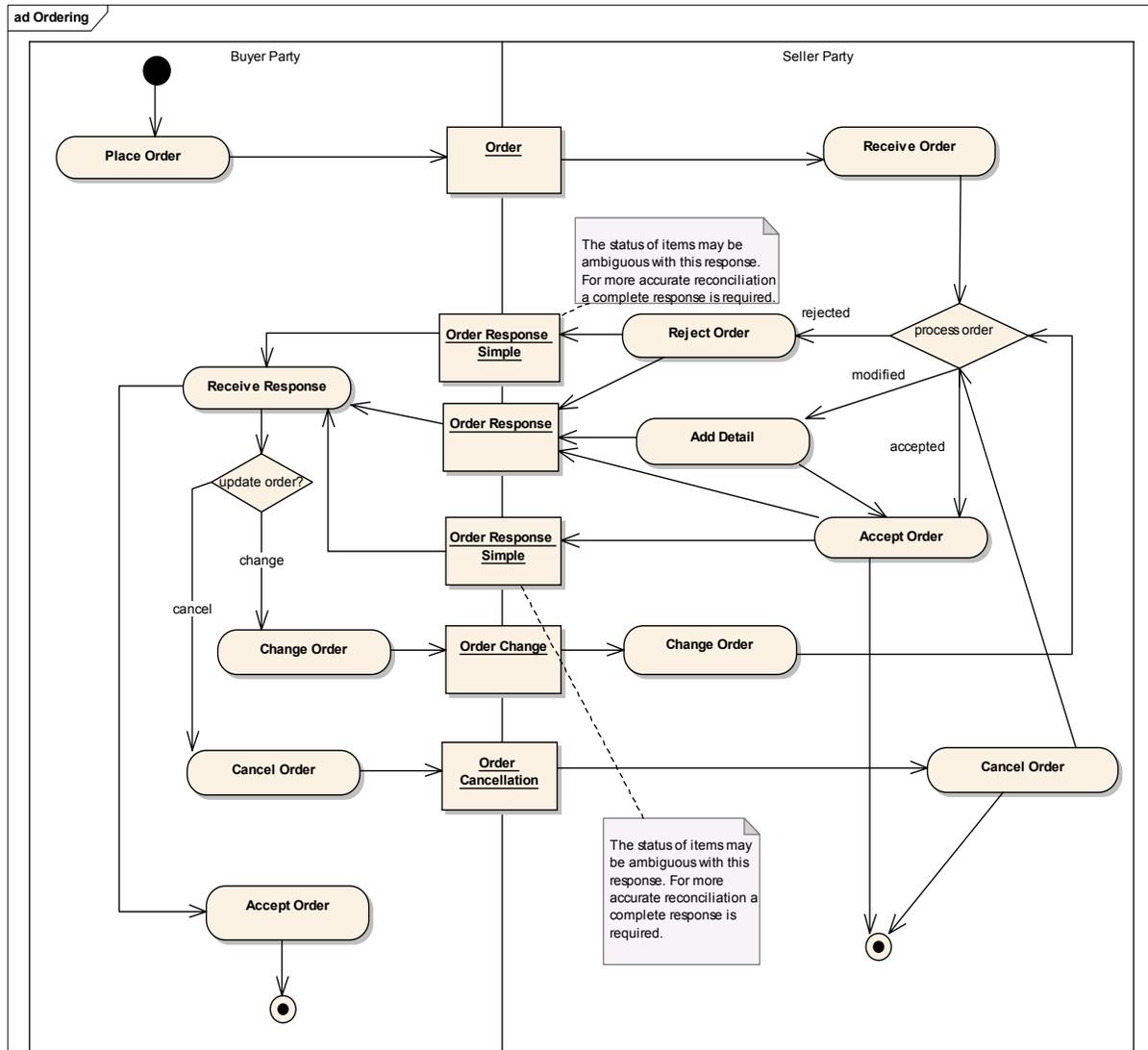
They leave ("punch out" from) their system and interact with the Seller's catalogue to locate and order products, while their application transparently gathers pertinent information.

Whilst conceptually the punchout request is a form of Request for Quote, the exchange transaction is tightly coupled to the specific catalogue application and considered outside the scope of UBL 2.0.



3.2 Ordering

Ordering is the collaboration that creates a contractual obligation between the Seller and the Buyer.



Note that Objects in cream colour are documents that are defined in UBL 1.0.

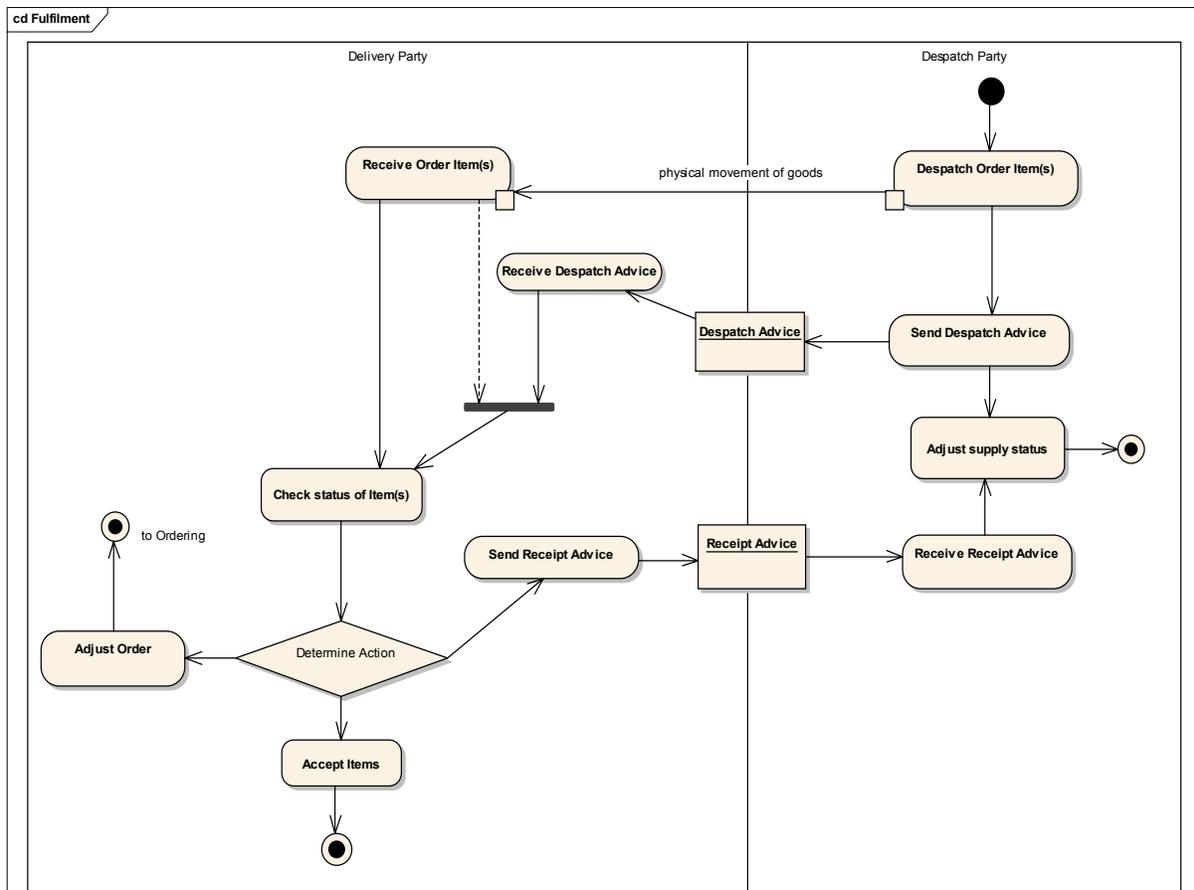
3.3 Fulfilment

Fulfilment is the collaboration in which the goods or services are transferred from the Despatch Party to the Delivery Party.

In common practice, fulfilment is either supported by a proactive Despatch Advice from the Despatch Party or by a reactive Receipt Advice from the Delivery Party.

If the Customer is not satisfied with the goods or services, they may then cancel or change the order (see section 3.2 Ordering).

The Seller may have a fulfilment (or customer) service dealing with anomalies.



3.4 Billing

In the Billing collaboration a request is made for payment for goods or services that have been ordered, received or consumed. In practice, there are several ways in which goods or services can be billed.

For UBL 2.0 we propose the following methods:

- Traditional Billing
 - Using credit note
 - Using debit note
- Self Billing (also known as billing on receipt)
 - Using credit note
 - Using self billing credit note

3.4.1 Traditional Billing

Traditional billing is where the supplier invoices the customer when the goods are delivered or the services provided.

In this case, the invoice can be created at the time of despatch or when the Delivery Party acknowledges that the goods have been received (using a Receipt Advice).

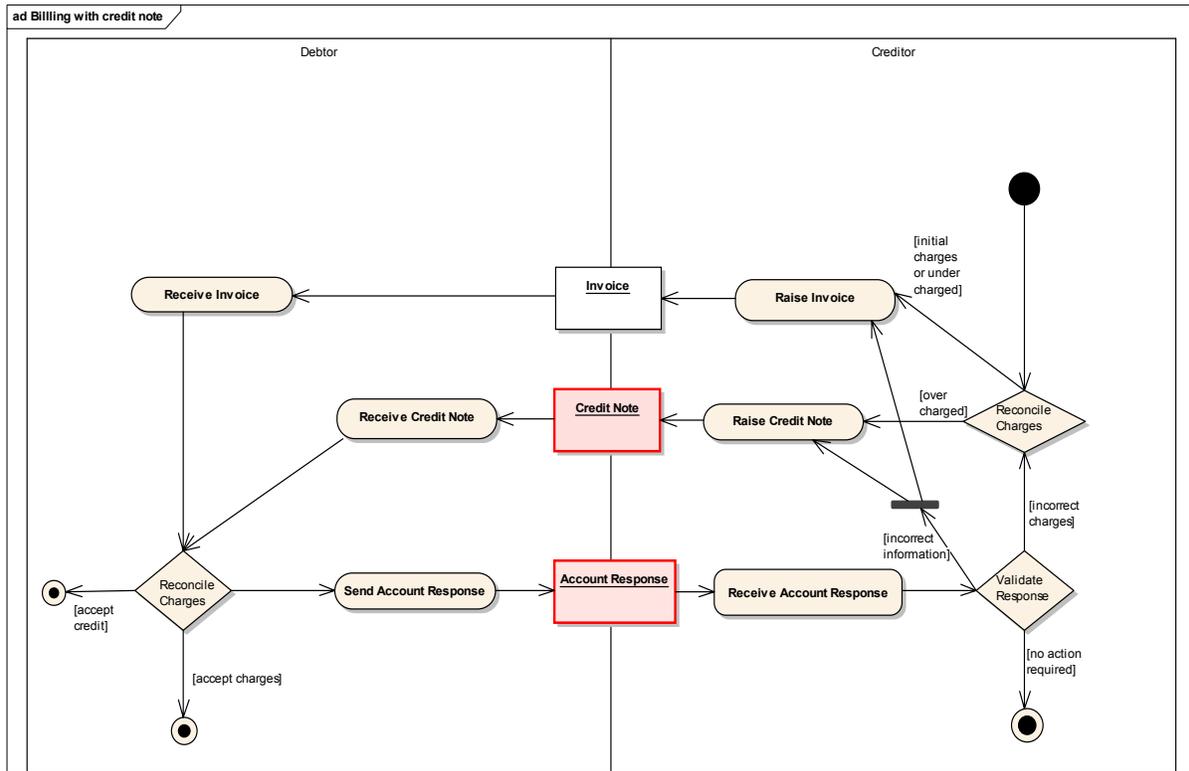
When there are discrepancies between the Despatch Advice, Receipt Advice and/or the Invoice and the goods actually received, or the goods are rejected for quality reasons, the customer may send an Account Response or a Debit Note to the supplier. The supplier may then issue a Credit Note or another Invoice as required.

A Credit Note or Debit Note may also be issued in the case of retrospective price change.

Credit Notes or Debit Notes may be also issued after the Billing collaboration (as part of the Payment collaboration).

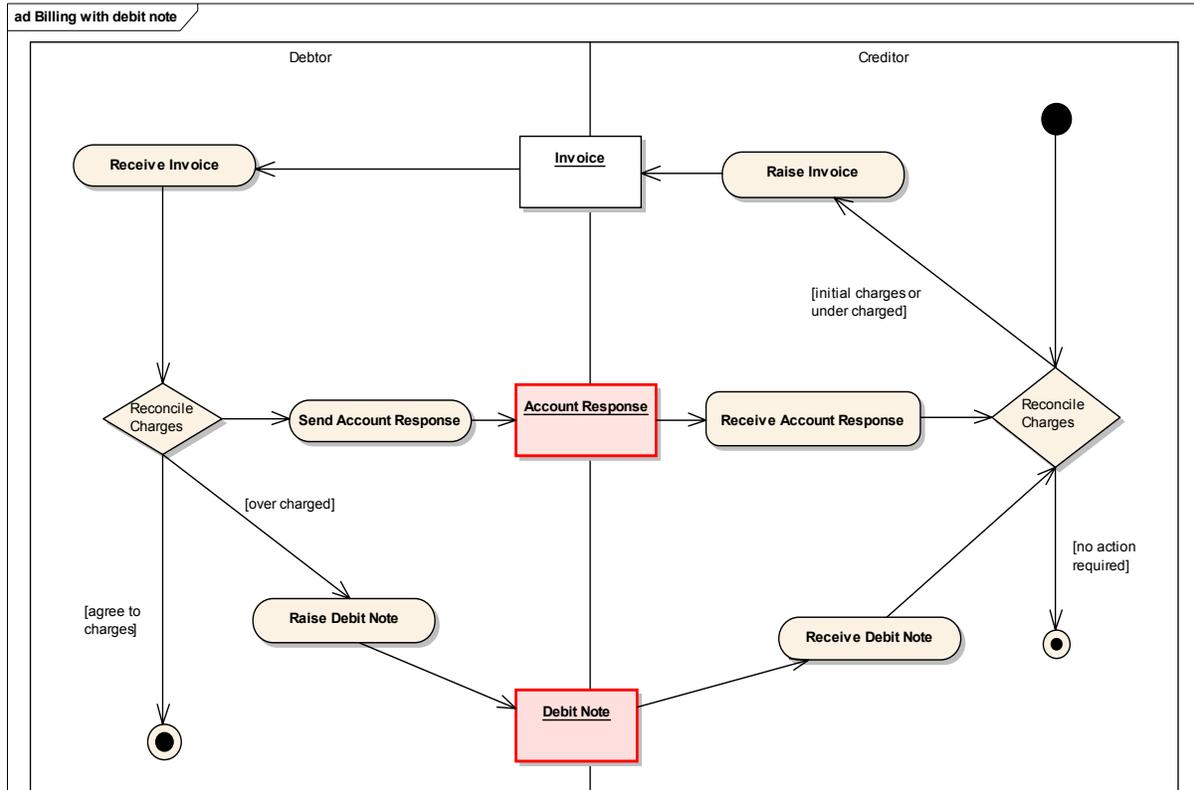
3.4.1.1 Billing using Credit Notes

When using Credit Notes the supplier (in their role as Creditor) is responsible for specifying the tax requirements.



3.4.1.2 Billing using Debit Notes

When using Debit Notes, both the supplier (as Creditor) and the customer (as Debtor) are responsible for providing taxation information.

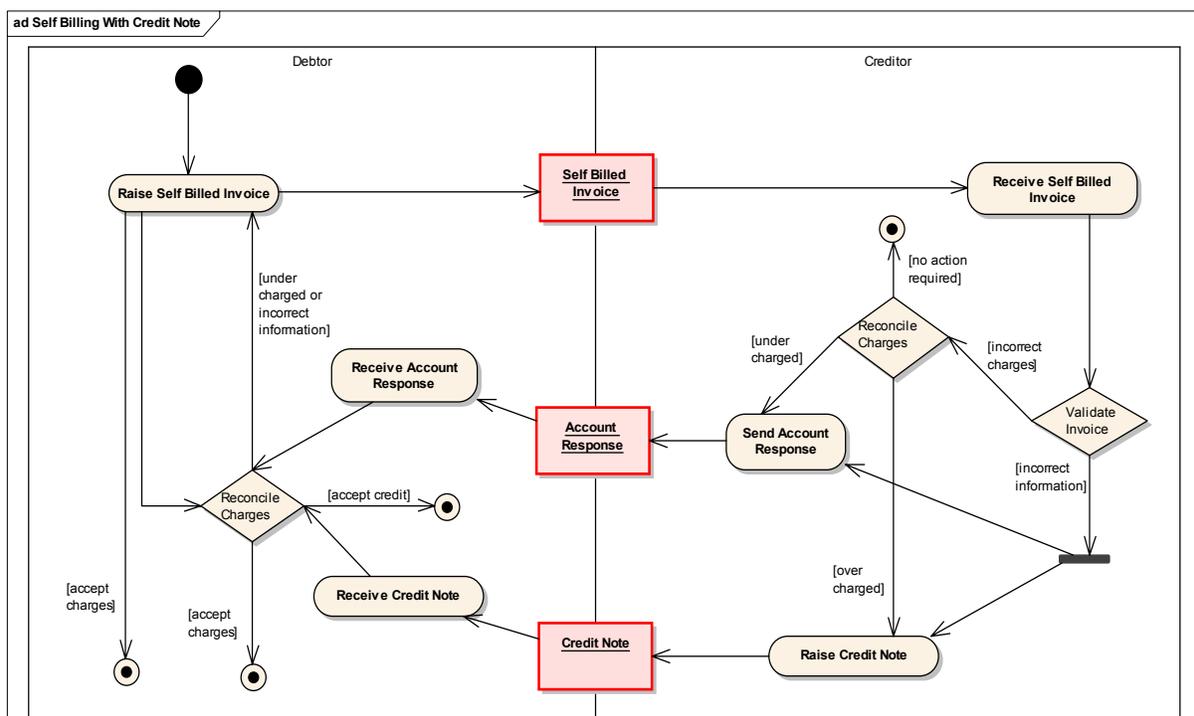


3.4.2 Self Billing

A self billing process is where a customer “invoices” themselves, *in the name and on behalf of the supplier*, and provides the supplier with a copy of the self billed invoice¹. Therefore the supplier still has the role of Creditor and the Debtor is still the customer.

3.4.2.1 Self Billing using Credit Notes

If the supplier finds that the self billed invoice is incorrect, e.g. wrong quantities, wrong prices, or if the goods have not been invoiced at all, they may send an Account Response or a Credit Note to the customer. The customer may then verify whether the adjustment is acceptable or not and consequently issue another self billed invoice or a self billing credit note.

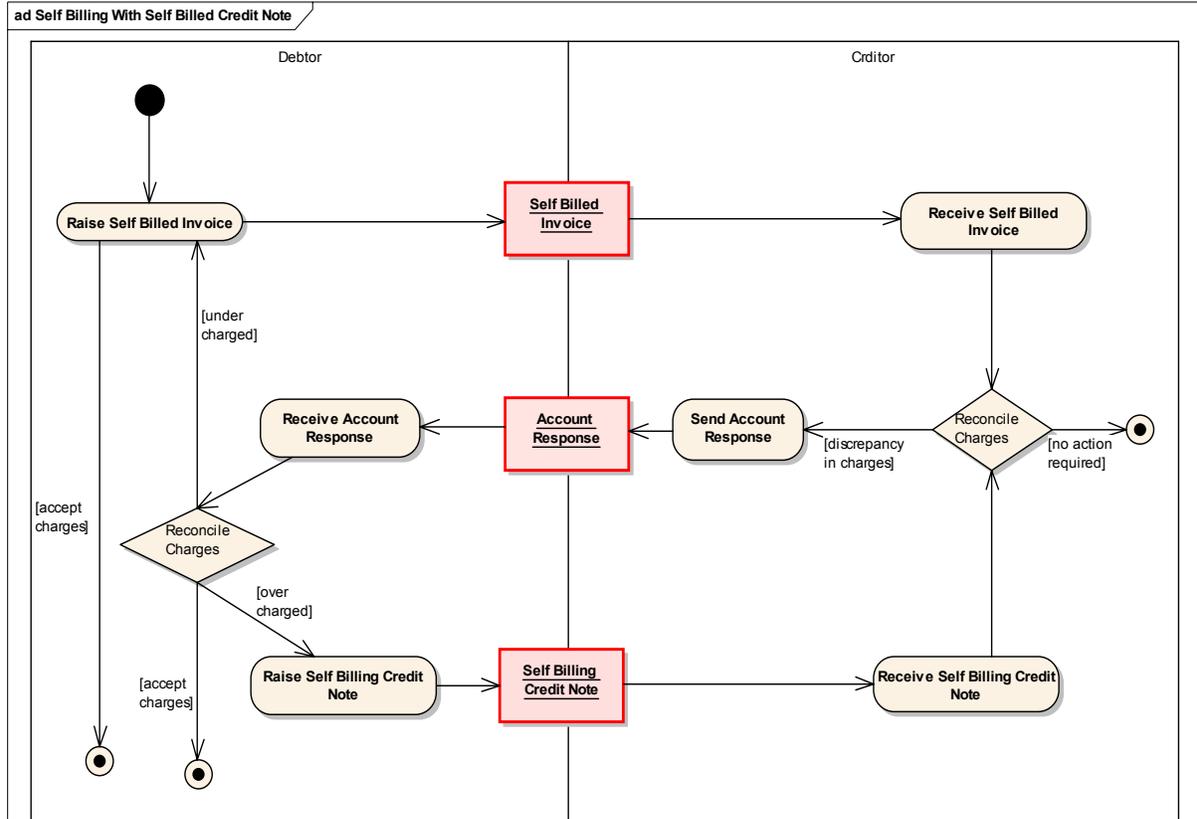


¹ Where a customer knows what was ordered from a specific supplier, what prices were agreed and what was actually delivered, there is no real business need for an invoice to be issued by the supplier, before paying what is due. There are, however, some very basic recommendations which need to be fulfilled before self billing can be implemented, since the legal provisions for this method of invoicing do vary from country to country. Some countries are very flexible and encourage self billing. In other countries, self billing is only allowed with specific restrictions and in other countries, self billing is not allowed at all.

Under self billing arrangements, it is mandatory that the customer receives a Despatch Advice to identify the goods being despatched. Only goods accepted by the customer are invoiced.

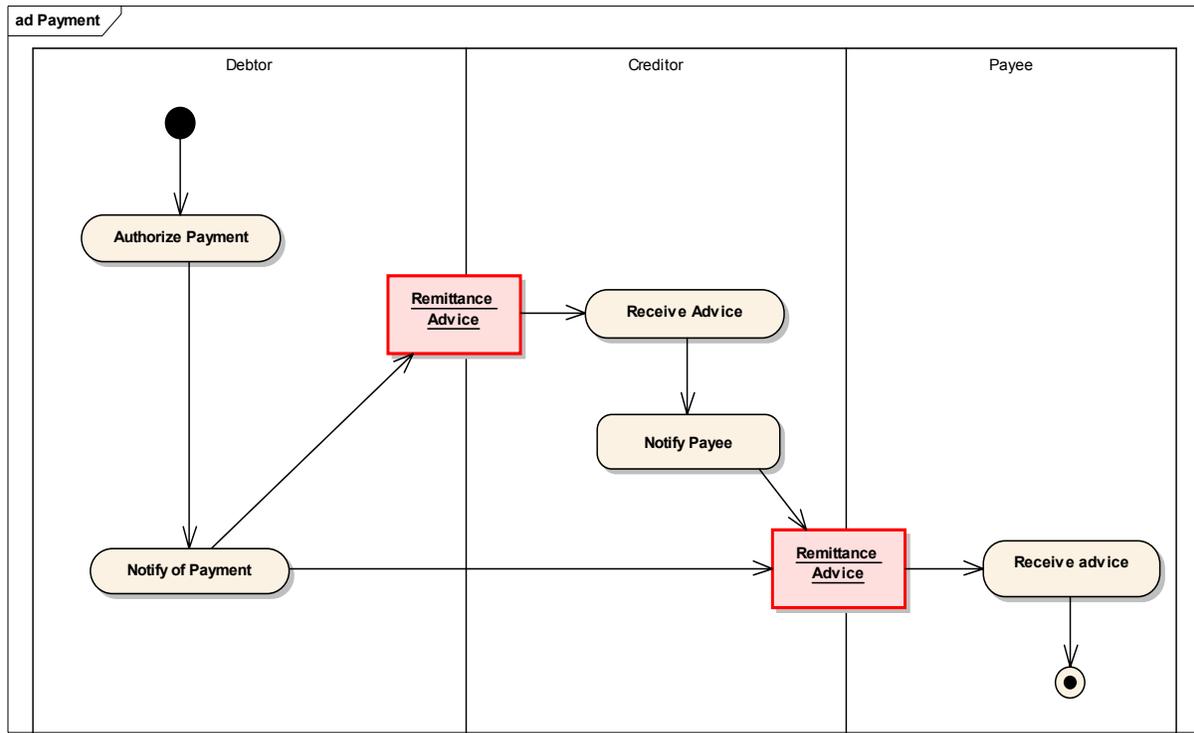
3.4.2.2 Self Billing using Self Billing Credit Notes

When using Self Billing Credit Notes, the customer is raising the Self Billing Credit Note *in the name and on behalf of* the supplier. Therefore the supplier (as Creditor) and the customer (as Debtor) are still both responsible for providing taxation information.



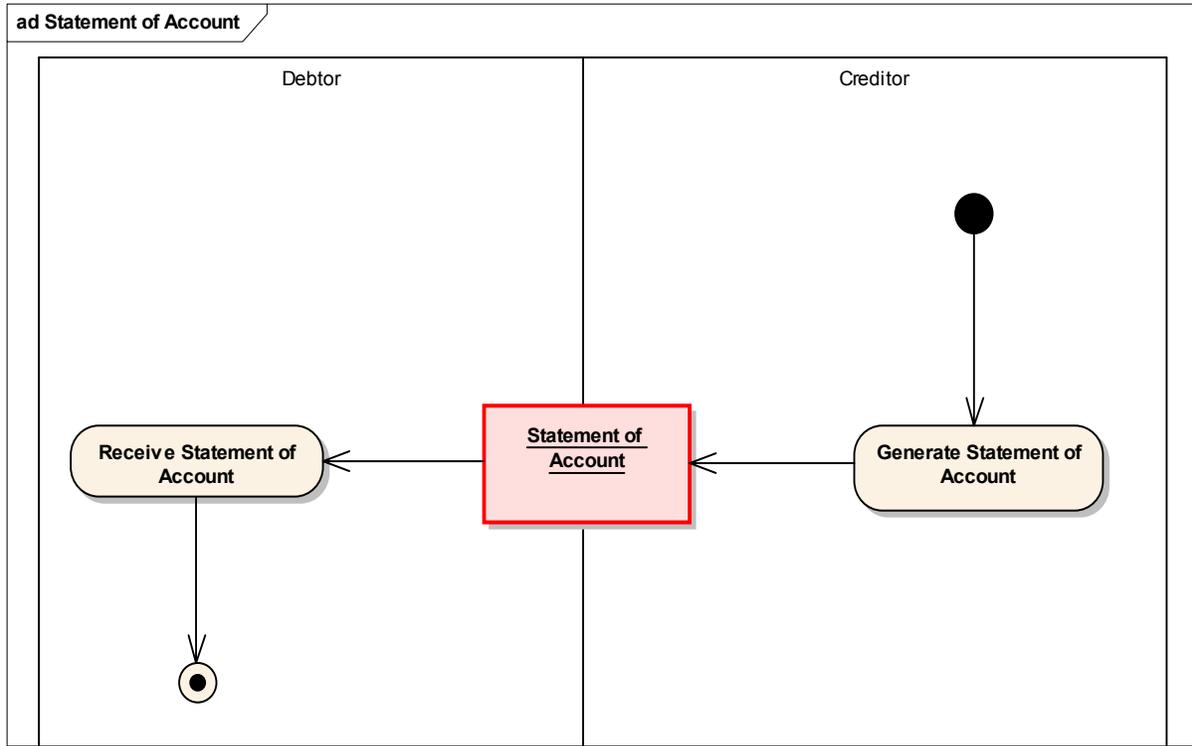
3.5 Payment

The payment collaboration is where the Payee (who is most often the Creditor) is notified of any funds transferred against the account of the Debtor using a Remittance Advice.



3.5.1 Statement of Account

A Statement of Account can be used to notify the Debtor of the status of the billing.



3.6 Document overview

The following table describes the documents used in each collaboration.

Document	Purpose	Use case(s) involved.	Submitter Role	Receiver Role
Catalogue	A document that contains a list of goods or services that can be purchased. Note: this is not a full electronic catalogue document. It contains only the details necessary for populating an order.	Sourcing	Seller	Catalogue Managing
Request for Quotation	A document to request pricing and availability information about goods or services.	Sourcing	Originator	Seller
Quotation	A document to specify pricing and availability information about goods or services	Sourcing	Seller	Originator
Order	A document that contains information directly relating to the economic event of ordering products.	Ordering	Buyer	Seller
Order Response	A document responding to the customer to indicate detailed responses against a single Order.	Ordering	Seller	Buyer
Order Response Simple	A document responding to the customer to indicate simple acceptance or rejection of the entire Order.	Ordering	Seller	Buyer
Order Change	A document that contains information directly relating to	Ordering, Fulfilment.	Buyer	Seller

	the economic event of changing an Order.			
Order Cancellation	A document that advises either party of the cancellation of an Order.	Ordering, Fulfilment.	Buyer	Seller
Despatch Advice	A document that describes the content of goods shipped.	Fulfilment	Despatch	Delivery
Receipt Advice	A document that advises the goods received and accepted by the buyer.	Fulfilment	Delivery	Despatch
Invoice	A document claiming payment for goods or services supplied under conditions agreed between the supplier and the customer. In most cases this document describes the actual financial commitment of goods or services ordered from the supplier.	Billing	Creditor	Debtor
Self Billed Invoice	A document provided by a customer, in the name and on behalf of the supplier, describing the claim for payment for goods or services supplied under conditions agreed between the supplier and the customer.	Billing	Debtor	Creditor
Credit Note	A document for a supplier to specify a reduced payment.	Billing	Creditor	Debtor
Debit Note	A document for a customer to specify a reduced payment.	Billing	Debtor	Creditor
Self Billing Credit Note	A document for a customer to specify a reduced payment in a Self Billing environment.	Billing	Debtor	Creditor

Account Response	A document to notify of discrepancies in charges.	Billing	In a traditional Billing scenario: Debtor In a Self Billing scenario: Creditor	In a traditional Billing scenario: Creditor In a Self Billing scenario: Debtor
Statement of Account	To list the financial transactions between customer and supplier and notify of their status.	Billing	Creditor	Debtor
Remittance Advice	A document to specify that funds have been transferred from the customer to the supplier.	Payment	Debtor	Creditor and/or Payee