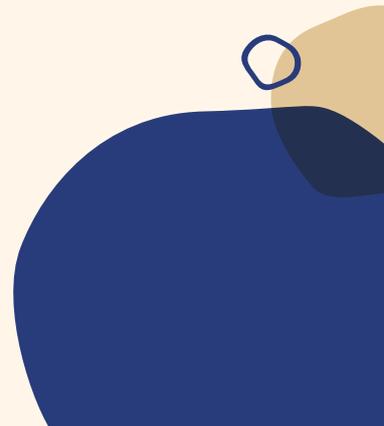


10

FAQs on

**Automated  
Packaging  
Procurement**

Answered



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## Overview

## FAQs on automated packaging procurement

### INVENTORY MANAGEMENT

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**Need to add a question? Go ahead.**

# Why automate your packaging supply chain?

Supply chain inefficiencies cost organizations huge revenue losses. Packaging being one of the most important pillars of the supply chain, **high-speed and high-throughput packaging procurement solutions** are the need of the hour. In order to accommodate these surging expectations, the packaging industry is rapidly turning to technology. Spreadsheets and emails are now passé. Modern procurement tools can transform a painfully slow procurement strategy at lightning speed.

A robust automation platform can streamline the cluttered procurement process to

- Shorten the procurement life cycle while injecting accuracy at every stage
- Reduce human intervention and hence reduce errors
- Lessen the workload of all stakeholders, thereby increasing their productivity
- Introduce transparency into the process flow

But how does all of this happen? Got questions?

Well, we've got you covered. After working with **more than 400 clients**, we came across these **10 most commonly asked questions** on packaging supply chain automation

We've addressed all of them here.

## How can I manage inventory space for a large number of SKUs?



Inventory space can be utilized better if it stores more of your product and less of your packaging. This means you need to keep the 'minimum' amount of packaging inventory at your warehouse.

So, irrespective of the number of SKUs you deal with, this can be easily executed by doing three things-



**Identifying inventory levels to be stocked**



**Keeping track of live inventory through digitalization**



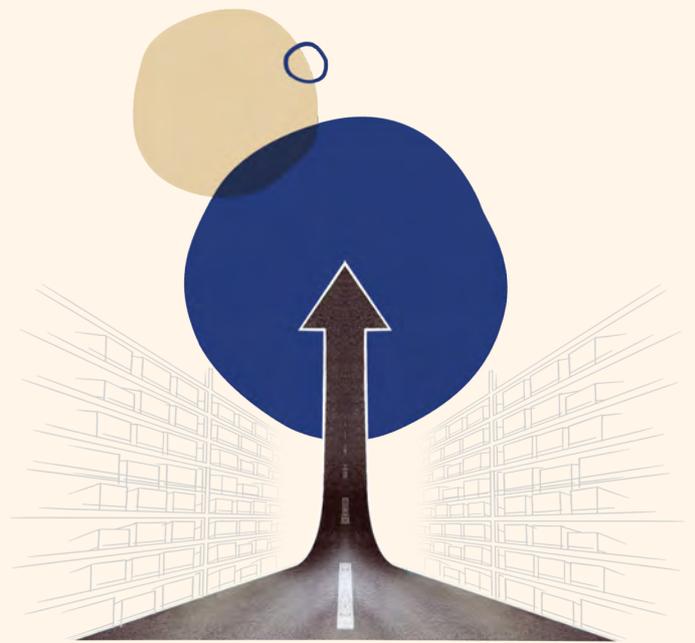
**Setting up an auto-replenishment system**

At Bizongo, we manage this for our customers through our proprietary platform Procure Live. Procure Live along with our vast operational network can help you store less & yet deliver more.

Get real-time visibility of your inventory  
**KNOW MORE ABOUT PROCURE LIVE**



# How should I improve sales/revenue impact via packaging inventory management?

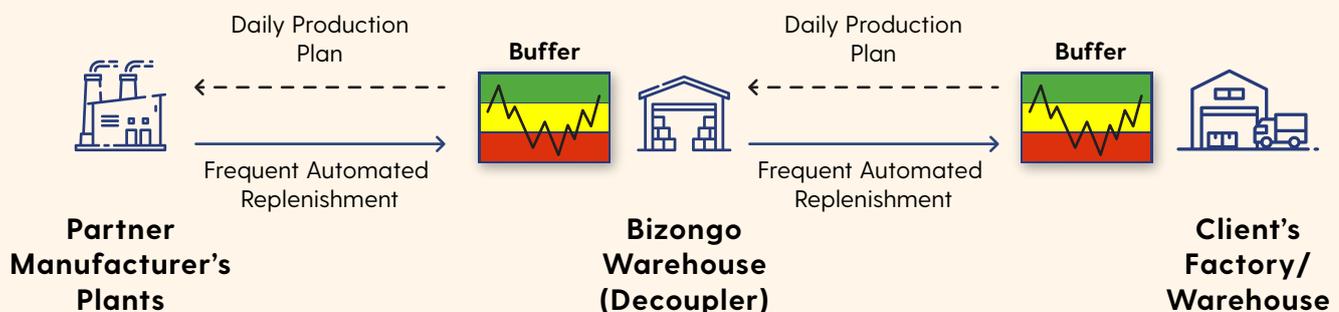


Improving sales essentially means improving revenue.

When it comes to packaging inventory management, the biggest mistake that we have seen across organizations is holding on to inventory for long durations ranging from a week to a month. This basically blocks your working capital which then negatively affects your revenue.

The easiest method to eliminate this issue is to implement a system that helps you prevent both overstocking as well as understocking. Our tech-enabled system seamlessly introduces automation in the process. With full visibility on the inventory through our packaging supply-chain platform, Procure Live, along with a buffer inventory at our warehouse, we ensure **100% packaging availability at lower inventory.**

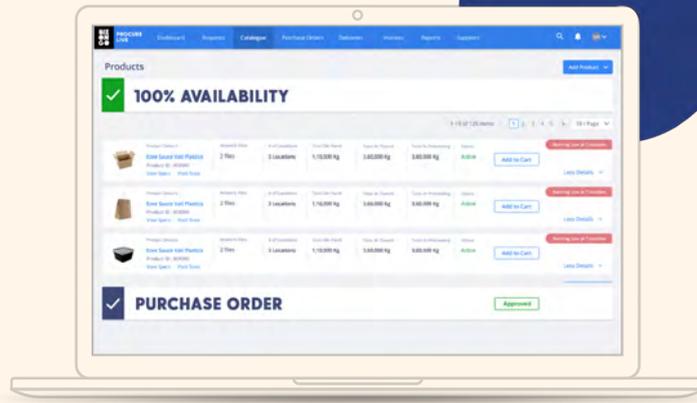
In a gist, the process looks something like this-



Reduce your inventory carrying costs  
**GET A FREE CONSULTATION**



# How has Bizongo automated its warehouses?

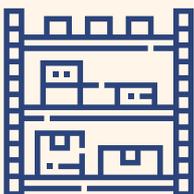


We identified that there are majorly two areas where automation is extremely necessary:



**Purchase Orders:** While working with multiple brands, we noticed how raising a purchase order is time-consuming. You will need to determine the requirements based on demand, create a purchase order & get it approved from concerned stakeholders. When the seller receives the purchase order, the production will begin right from sourcing raw materials. Finally, it is delivered to your warehouse. All of this takes anywhere between 25-30 days.

Open POs can drastically reduce the hassle from this lengthy process. Here, you give the vendor a PO with no upper cap on the value for a particular duration, say a month. During that duration, required packaging will be manufactured and supplied as per consumption. You will now be addressing one consolidated invoice at the end of the month instead of multiple POs.



**Inventory Replenishment:** The fear of losing sales or revenue makes companies over-stock packaging inventory resulting in needless consumption of working capital and warehouse space.

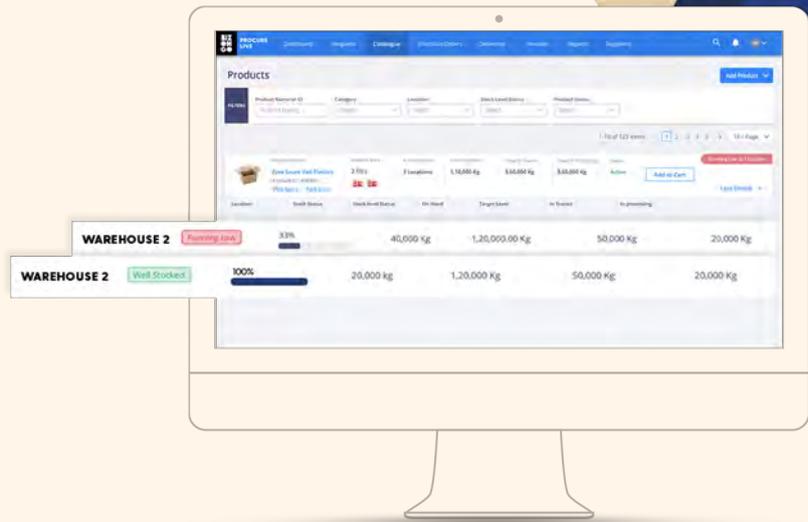
That's why consumption is a better metric to track. Packaging stock will be replenished based on its consumption, saving cost and eliminating the possibility of obsolete inventory.

This consumption tracking will be done in real-time through the **buffer inventories at the client's & Bizongo's warehouses**. The buffer inventories will be divided into green (safe stock level), yellow (medium-priority stock level) and red (emergency level). If this buffer inventory at the client's end falls below the green mark, an automatic order will be generated & sent to Bizongo, who will then send out the shipment at the earliest. If the stock level dips to red, Bizongo will expedite shipment the very same day. Once Bizongo dispatches material the manufacturer gets notified of the consumption and is required to start production as per the urgency of the requirement.

**AUTO-REPLENISH INVENTORY**  
for a few of your packaging SKUs



# In how much time can Bizongo help me optimize my packaging supply chain with automation?

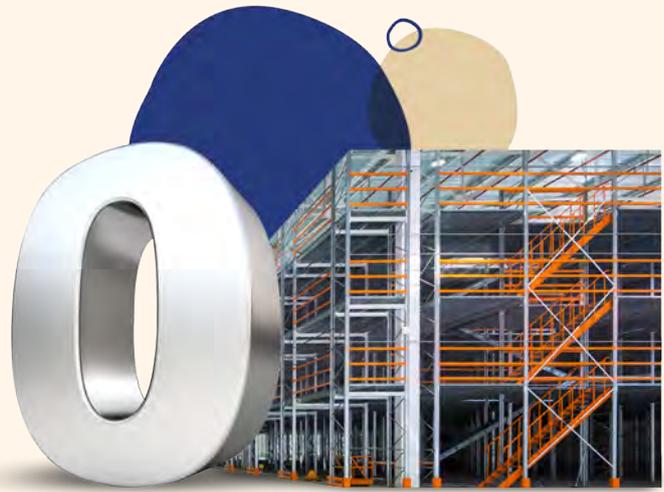


While time is a subjective element, we can assure that once our first-time engagement between the client is complete, **auto-replenishment gets quicker with every passing order.**

This first-time engagement will involve everything from understanding the clients packaging demand, their working ecosystem and client expectations. With that clarified, the flow of data in real-time becomes seamless so as to ensure optimum inventory at all times.

That said, there is **no limit to the number of SKUs** that can be accommodated by our inventory system. Our capabilities of building catalogues & in-house industry-wise product categorization have helped us to easily manage more than 1 lakh SKUs so far.

# How do I ensure zero packaging stock-outs?



Here are **4 steps** that can ensure that you never go out of stock-

## 1. Audit your inventory



### QUESTIONS TO ASK WHILE AUDITING YOUR PACKAGING INVENTORY

- At what rate is the packaging material inventory ageing and by how much?
- What's the cost of storing packaging material inventory?
- What's the cost of maintaining packaging and labelling inventory?
- How much inventory carrying cost is adding up to the product cost?
- Is your inventory count system (stock-taking) fairly accurate?
- What is your packaging material inventory turnover?
- How much packaging material in your inventory is going to waste?

It is very necessary to know which metric to track in order to make better stock replenishment decisions. To help you figure that out, you will need to generate reports according to the above questions for a certain period to keep tabs on what's working and what's not.

## 2. Calculate safety stock

There are many reasons a product's demand can fluctuate. Therefore, it's difficult to accurately forecast demands and market trends. Safety stock cushions the rise and fall of demands. We've mentioned the formula in the [next answer](#) to help you to calculate the safety stock level.

### 3. Identify the right vendor

Here, it's necessary to research and discover local packaging material vendors. You need to fix a routine test for the packaging material across locations to gauge quality, quantity, and price.



## HOW TO DETERMINE WAREHOUSE LOGISTICS REQUIREMENTS?

- Do you have too many vendors?
- Are the vendors locally sourced? Is it difficult to discover vendors?
- How much is the cost of transportation?
- Can you get better pricing and stock replenishment services from other vendors?
- How can you determine the quality of packaging material from across vendors?
- Can the vendor-managed inventory for packaging material help?
- How quick to respond are the vendors during demand fluctuations/emergencies?
- How smooth is the vendor payment management process?

### 4. Automate your reordering system

After establishing your safety stock number, it's easy to determine the reordering point. Although inventory stock replenishment is a given, often the process is manual. You can improve your stock replenishment process by automating the reordering system. Therefore, based on the rate of consumption, packaging material can be stocked with ease.

When you automate your packaging material supply, you can deliver products in a timely manner. You'll be able to offer better customer service and win some loyalty. Plus, you'll save cost.

**CLAIM YOUR FREE CONSULTATION**  
to ensure zero packaging stock-outs



How should I provide min-max inventory value to vendors for regular item movements?



Min-max inventory value depends on various factors such as perishability of goods, available warehouse space, consumer behaviour, lead time etc. However, there are formulas to help you calculate these numbers for yourself.

**Maximum stock level** is the number beyond which you should never stock your inventory.

$$\text{Maximum Stock Level} = \left. \begin{array}{c} \text{Reorder Level} \\ + \\ \text{Reorder Quantity} \end{array} \right\} - \begin{array}{c} \text{Minimum Consumption} \\ \times \\ \text{Minimum Reordering Period} \end{array}$$

where,

Reorder level= Quantity at which you need to place the next order

Reorder Quantity= Quantity to be ordered when your inventory is at reorder level

Minimum Consumption= Daily minimum consumption

Minimum Reordering Period= Minimum time taken by the vendor to send you your packaging

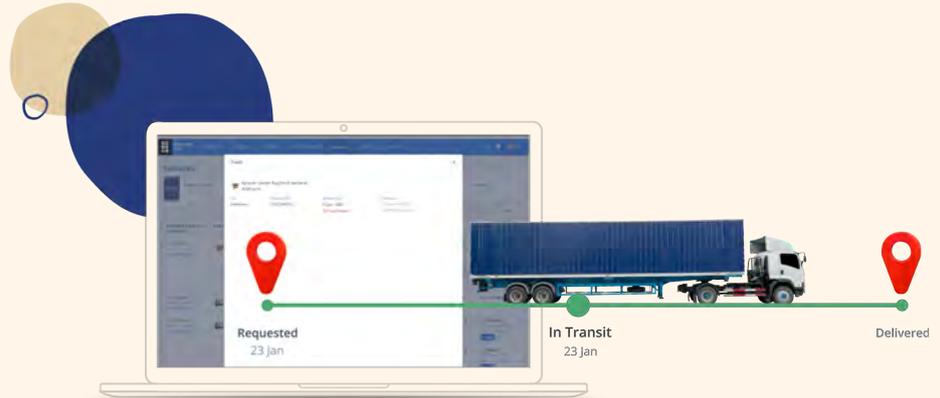
**Minimum stock level/Safety Stock Level** is the absolute minimum number of products you need to have in order to fulfil market demand.

Safety stock cushions companies against seasonal fluctuations and poor visibility on supply schedule. Additionally, it provides a buffer time to replenish packaging material stock, meet unpredictable consumption and eliminate stock-out cost.

**Based on consumption, here's how you can calculate safety stock-**

$$\text{Safety Stock} = \text{Daily Consumption} \times \text{Lead Time} \times \text{Safety Factor (for demand fluctuation)}$$

## How can I increase OTIF by optimizing distribution?

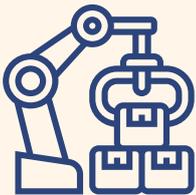


On-time In-full (OTIF) has been an age-old metric to track the supply chain health. These are the **3 steps** that can help you improve your OTIF:



### **Localize packaging procurement**

Source packaging material from within a 400-500 km radius. You need to identify the vendors in the vicinity in order to ensure this.



### **Maintain the right stock levels**

Avoid out-of-stock situations. Build a system efficient enough to adhere to your demand-supply cycle even when there are fluctuations. Best way to do this is to automate your ordering & replenishment process.

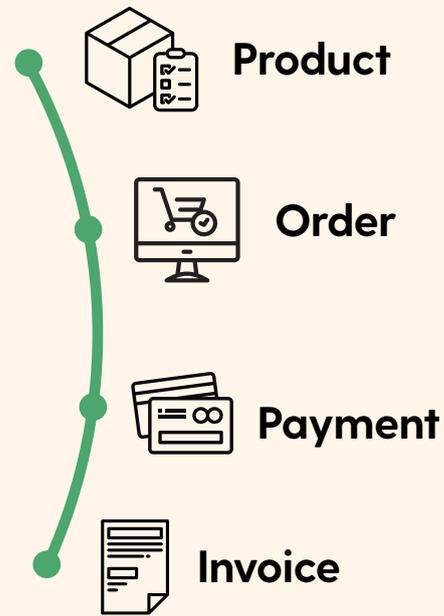


### **Regularly monitor performance**

Analyze regularly to check your OTIF health. Real-time monitoring will help you act faster in any case of disruption.

Procure Live, our proprietary packaging supply chain platform enables you to implement all of these processes in one place.

# How can I confirm the requirement/ material delivery details at the station level?



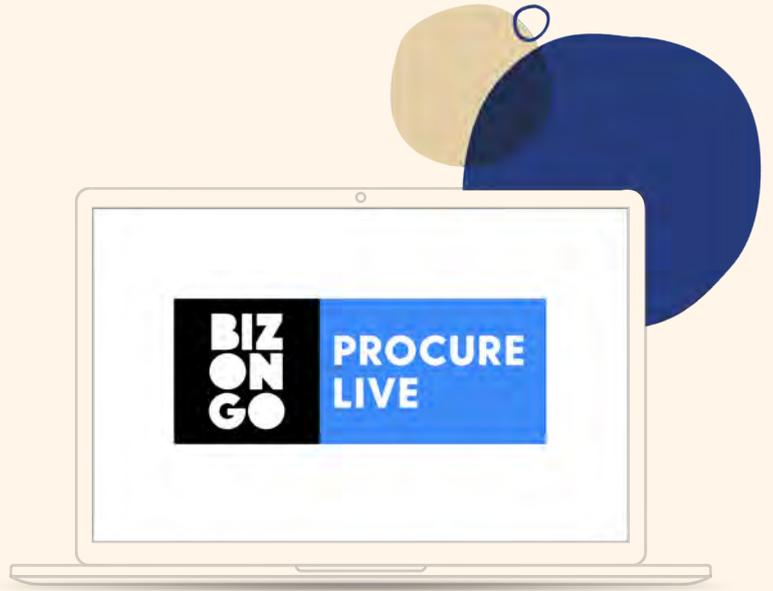
Receiving granular information across your packaging supply chain is not possible manually. Incorporating technology into your procurement process can address this question for you. For example, at Bizongo we use Procure Live, our tech-platform for packaging procurement. This offers **100% visibility right from order placement to distribution.**

All information, be it your orders, invoices, products or payments, can be tracked through the digitized system. All this data is extremely secured & the user has full visibility & complete control over it.

Get real-time visibility on all your orders  
**KNOW MORE ABOUT PROCURE LIVE**



What  
is the best  
software available  
to support  
my packaging  
SCM?



Currently, **Bizongo's Procure Live** is the only software platform in the market that has been developed to manage the packaging supply chain seamlessly.

Most other software available are meant for the overall supply chain and can be used for packaging as well. The implementation of these software packages is intensive both in terms of cost & resources and may not be beneficial if you are looking to automate only your packaging supply chain.

[KNOW MORE ABOUT PROCURE LIVE](#) →

Can  
Bizongo  
integrate  
with systems  
like Microsoft  
ERP & SAP?



Yes. We believe the blending of systems is critical for optimum functioning of any organization. Nonetheless, software integrations need some study in terms of how two software can be merged together while maintaining their separate features.

We currently do have a set of clients whose software is successfully integrated with our tech-based packaging platform, Procure Live. If you have a similar requirement,



please write to us at

**customerresponse@bizongo.com.**

# Crystal Clear OR More to Ask?

If you have more questions beyond what we mentioned,  
Feel free



Drop us an email

[customerresponse@bizongo.com](mailto:customerresponse@bizongo.com)



Whatsapp us



Give us a call

**+91 808-000-4646**

& we'll answer your query immediately!

But if you have all your questions answered, what are you waiting for?

**Embrace the technology & automate your  
manual procurement process**

**Let the transformation begin!**

