

Value-Based Sourcing Checklist

Make the Right Sourcing Decisions with Value-Based Sourcing

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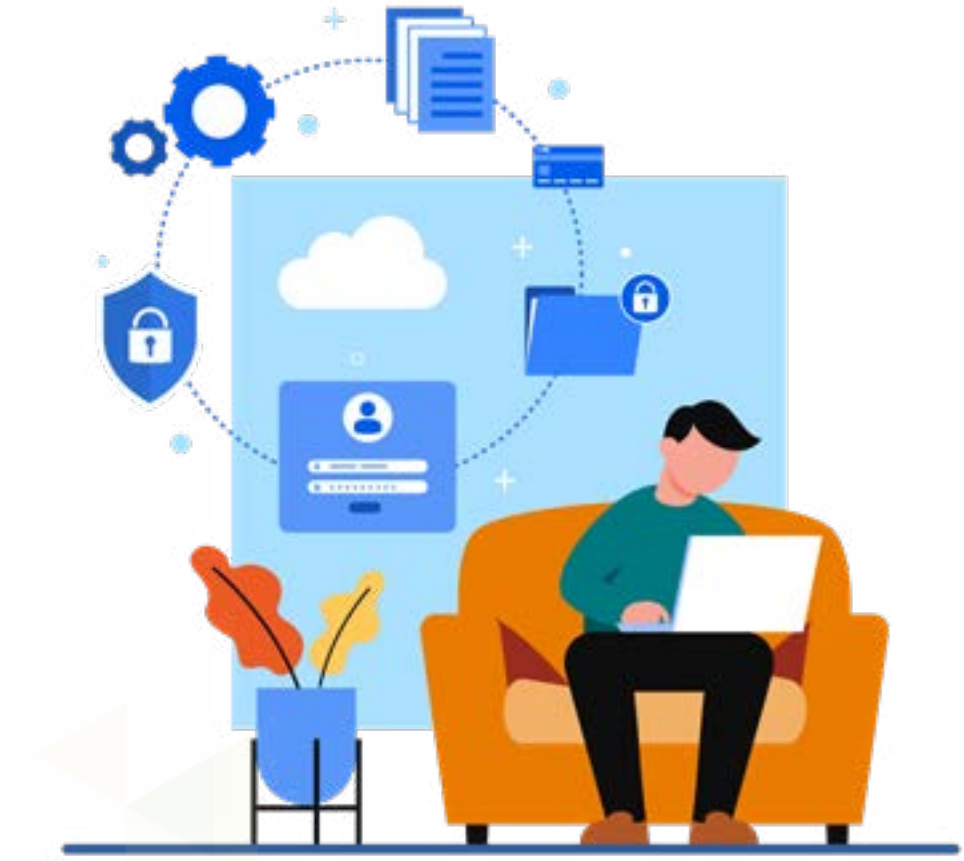
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Introduction

Sourcing has become synonymous with cost management. However, an excessive focus on cost-savings instead of analyzing supplier's net value leads to wrong sourcing decisions.

Aavenir's Value-based Sourcing Checklist enables businesses to make the right sourcing decisions with value-based sourcing for direct and indirect purchasing. It helps you access the value of goods and services, cost, and competitive market for the right sourcing.

DOWNLOAD this r checklist to access all the essential details about how you can set your deadline while driving value for your business.



Value-based Sourcing Checklist

Components of the Selling Price	
☐	The sold goods' price
☐	Material cost
☐	Labor cost
☐	Manufacturing overhead cost
☐	Research and Development Cost
☐	Profit margins
☐	Costs involving selling, general, and administration
Cost for Tools and Equipment	
☐	Cost and Efficiency
☐	Ownership
☐	Maintenance cost
Check Commercial Terms	
☐	Productivity Terms
☐	Payment Terms
☐	Delivery Terms

Total Cost of Ownership (TOC)

- [ ] Buying (cost of goods) includes
  - [ ] Cost of switching
  - [ ] Insurance and warranty cost
  - [ ] Installation costs
- [ ] Operation Cost (use of goods) includes
  - [ ] Insurance and extended warranty
  - [ ] Consumable and spare part
  - [ ] Maintenance and servicing
- [ ] Disposal Cost includes
  - [ ] Clean-up of site
  - [ ] Decommissioning
  - [ ] Interim arrangement costs among providers
  - [ ] Addition of money back for the resale of any equipment

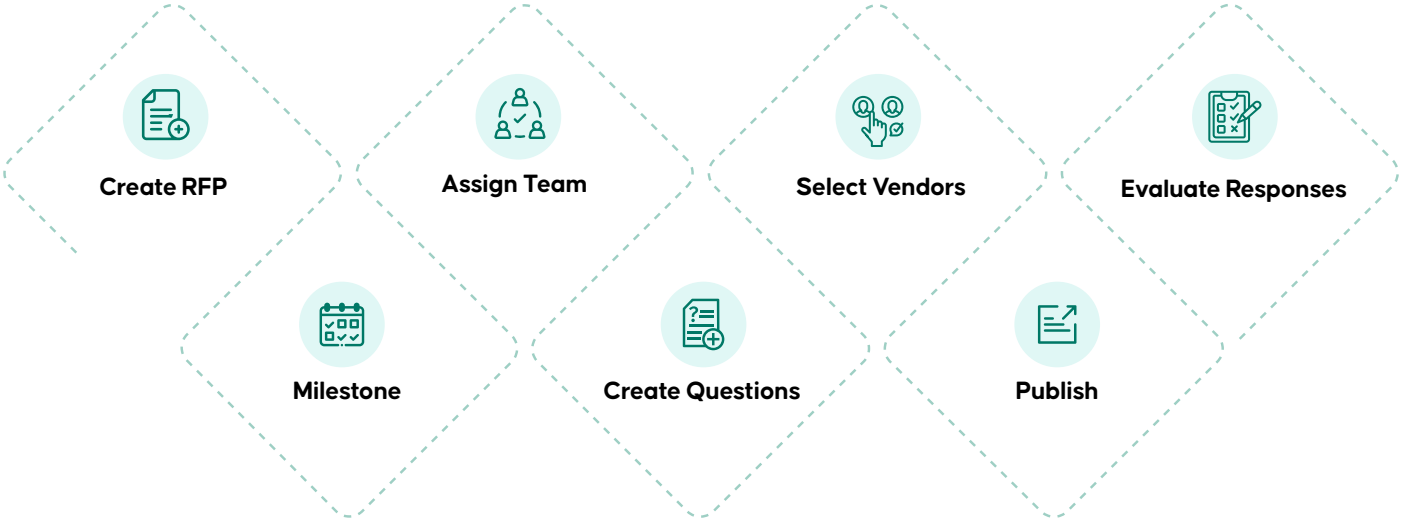
Calculate the Total Value of Ownership (TVO)

- [ ] The TVO estimates the right time when a business needs to source a particular product from a supplier.
  - [ ] Corporate Social Responsibility with ethical sourcing deliveries
  - [ ] Expertise in technical and project management for improved quality
  - [ ] Innovative supplier's value addition
  - [ ] Risk based on the supply chain disruption

Elements for the Strategy	
☐	Not every category is the same. Therefore, it is crucial to implement the category structure. One specific criterion will be higher than the other.
☐	Weighing the criteria for scoring
☐	Capability of supplier
☐	Previous performance
☐	Penalty and bonus assignment

Aavenir's All-in-One Sourcing Software

streamlines your procurement processes over a unified and integrated system by



Aavenir RFPflow

AI-enabled Aavenir RFPflow - The integrated Source to Pay cycle over the ServiceNow platform.

Source the right supplier for a long-term relationship with automated workflow collaboration

Book a demo



About Aavenir

Aavenir revolutionizes age-old procurement processes with AI-enabled Source-to-Pay solutions, including RFPflow, Onboardingflow, Contractflow, Obligationflow, and Invoiceflow. Built on ServiceNow, Aavenir solutions streamline procurement, legal, and accounts payable work processes using the latest technologies such as AI, ML, and NLP to

Explore Aavenir Source-to-Pay Solutions on ServiceNow



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