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General description of business processes and papiNet WoodX-messages

This document gives a general description of the most typical business processes within the trade of wood products and shows how papiNet WoodX messages can be used in the processes. The aim of this document is to give general information and familiarize the reader with use cases of WoodX messages.

Using electronic data interchange (EDI) for the business processes, as described below, should be settled in a Trading Partner Agreement (TPA). It often consists of one legal and one technical part. The legal part can be replaced if conditions e.g. responsibility and integrity for sending electronic documents are covered in the business contract between the parties. The technical part, sometimes called communication agreement, covers all technical and practical matters, e.g. methods for communication and notification, transaction types, error handling and logging.

1 Parties involved in the trade of wood products

The business procedure covers of a number of parties and business transactions. The business parties involved may be:

Seller

The seller is the party commercially responsible for selling merchandises to the buyer.

Supplier

The supplier is the party commercially responsible for supplying merchandises to the buyer. In many cases the supplier is the same party as the seller.

Buyer

The buyer is the party buying and paying for the merchandise. Sometimes the buyer is the end user, such as a construction company or a retailer. In other cases the buyer is a wholesaler who, in turn, will act as a seller towards end users.

Representative

The representative may be a) sellers's agent, b) sellers's sales office, c) buyer's agent, d) third party service provider.

The seller's agent is an intermediate acting on behalf of the seller. The agent finds buyers and closes deals with them. The agent does not take the title to the goods in any phase.

The sellers's sales office closes deals with buyers. The sales office is often physically located in the same market / country as the buyer. The sales office also takes care of many of the information flows involved in the business process.

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The buyers's agent is an intermediate acting on behalf of the buyer. The agent finds suppliers willing to sell merchandise according to the buyers's needs and closes deals with them. The agent does not take title to the goods in any phase.

Third party service provider is involved in the information flows of the business process. Internet market places for sawn goods can be regarded as third party service providers.

Sender

The party who is sending a document/message.

Receiver

The party who is receiving a document/message.

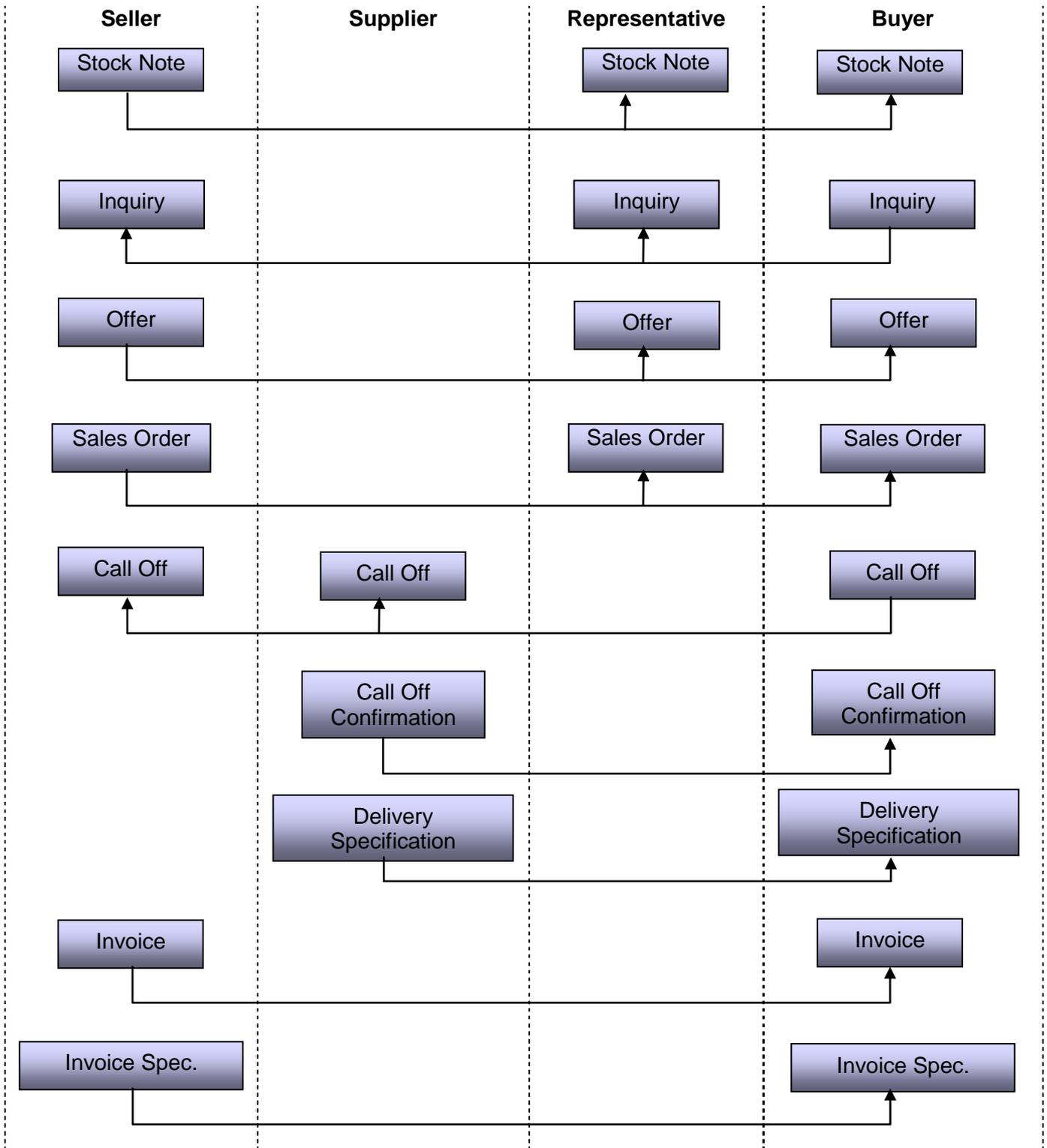
2 Business cases in the trade of wood products

There are two typical business cases within the trade of wood products;

1. Traditional trade with industrial buyers and on export markets.
In this case a negotiation is done between the seller and the buyer, covering deliveries of agreed products during a specific time period, to agreed prices and terms. The agreement can cover one or many deliveries (See Chapter 2.1).
2. Trade with builder merchants, normally with refined wood product.
In this case there is a general business agreement, covering terms and rebates and a pricelists on the agreed products. The buyer is creating an order for each delivery (See Chapter 2.2).

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2.1 Business transaction overview; traditional trade



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The purpose of this chapter is to explain the business process depicted above. The overall process is typical for traditional trade of wood products in Europe. A representative, acting on behalf of the seller or the buyer, can be involved in the business process. Representative will not be mentioned explicitly in the following text.

The first activity covered by this business processes may be that the seller indicates available inventory by issuing a “stock note”. This action may be preceded by a buyer inquiry or by buyer seeking for information e.g. in the sellers extranet service. So far “stock notes” have been exchanged by mail, fax and e-mail, but now it is possible to send it as an electronic document.

If the buyer finds a suitable lot of goods from the “stock note” or if he has a specific need, he submits a more detailed “inquiry” on the merchandise, to which the seller replies with an “offer”. Many times “stock notes” are not used at all, as the business relationship is established after a traditional inquiry-response process. Today the papiNet WoodX SUG have not made any implementation guidelines for the “inquiry” or “offer”.

If the trading partners reach an agreement a “sales order” (contract) is issued by the seller and sent to involved parties. The “sales order” is valid over a certain time span and contains for example business terms, agreed products to deliver and prices. The process initiated by the “sales order” may vary from case to case. It is also possible that every transaction of information is not sent to all intermediaries in a way that is depicted in Figure 1, for example due to a delivery clause.

The buyer normally notifies the seller/supplier with a “call off” when he wants to have the goods delivered.

In the case that the “sales order” is including a delivery plan, booking of transport may be made instantly after the “sales order” has been signed. In this case a “call off confirmation” might not be sent to the buyer.

The supplier sends a “call off confirmation” to the buyer, or other business partners, to confirm the “call off” and give more detailed information on products, volumes and delivery times. The supplier will also start the actual delivery process.

Depending on the delivery clause, logistics will be taken care off by the seller or the buyer. The implementation guidelines for logistics are described in a specific document.

The buyer can receive a delivery specification for each delivery. The specification includes the detailed package information. This might be the case when the goods are sent directly from the supplier to the buyer. The buyer can create a goods receipt in their ERP-system at arrival of the packages.

Finally, the seller issues an “invoice” on the delivered wood products or services. The invoice is accompanied by an “invoice specification”. Both documents are sent to the buyer.

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2.1.1 Relations between transaction types

The relations between the various transaction types vary. In some business relations several Call Offs may be issued referring to one Sales Order. This is the most common situation. In some cases each Call Off covers goods belonging to several Sales Orders and in other cases no Call Off is issued as the delivery information is included in the Sales Orders.

Invoices are issued when goods are delivered to the ship to party. Therefore an invoice usually refers to goods corresponding to one or many deliveries. All Deliveries corresponding to one Call off confirmation is called a consignment. Each consignment is described by one Invoice Specification, e.g. each Invoice Specification usually corresponds to one Invoice.

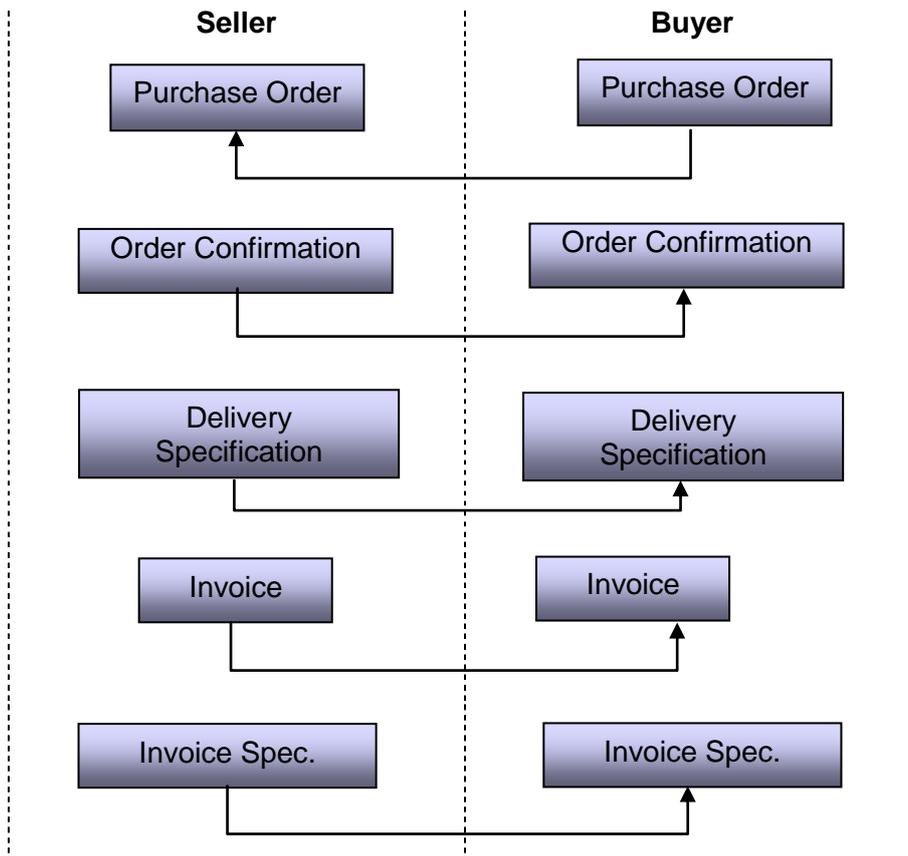
Since the way the various business transaction types relate to one another vary, the business transactions are designed to fit in different situations. To avoid misunderstandings it is necessary to have these issues specified in an Interchange Agreement.

Possible relations between the business transactions:

- One or several "call offs" per "sales order"
- "Call offs" may cover order lines from one or several "sales orders"
- One "call off" may generate one or several "call off confirmations"
- Each "call off confirmation" may generate one or several "delivery specifications", due to one or several deliveries
- Each "invoice" pertains to one or several "call off/ call off confirmations" and may cover one or several "delivery specifications"
- Each "invoice specification" belongs to one "invoice" and covers one or several "delivery specifications"

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2.2 Business transaction overview; builder merchants trade



The purpose of this chapter is to explain the business process between seller/supplier and builder merchants.

In most cases the partners have interchanged “article lists” and corresponding “price lists” according to the business agreements. This might be done via electronic messages direct between the parties or via a third party service provider.

The first activity covered by this business processes is that the buyer issues a “purchase order” which is sent to the seller. Purchase orders always correspond to the agreed “article- and price list” and normally comprise only one delivery. The buyer expects that the seller normally can deliver the goods according to agreed delivery conditions.

The seller immediately confirms the possibility to deliver the demanded goods in the “purchase order” via an “order confirmation”. The supplier will also start the actual delivery process.

Depending on the delivery clause, logistics will be taken care off by the seller or the buyer. The implementation guidelines for logistics are described in a specific document.

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The buyer can also receive a “delivery specification” for each delivery. The specification includes the detailed package information. This might be the case when the goods are sent directly from the supplier to the buyer. The buyer can create a goods receipt in their ERP-system at arrival of the packages.

Finally, the seller issues an “invoice” on the delivered wood products or services. The invoice is accompanied by an “invoice specification”. Both documents are sent to the buyer.

3 Business documents used in the business and corresponding papiNet e-messages

3.1 General Rules

The WoodX Segment User Group (SUG) has decided that all e-business documents/messages between supplier/seller and buyer should be according to the papiNet Wood V2.31 standard. If there is not available papiNet Wood message, than common papiNet messages should be used (eg.Availability). All logistic documents/messages between logistic partners should be according to the common papiNet V2.31 standard messages.

3.2. Business transactions and used papiNet messages between supplier, seller and buyer

The table below describes all the papiNet WoodX messages and their connection to different business transactions.

Table1. papiNet WoodX message matrix

Business Transactions	Message	Message_type
Traditional trade		
– Stock note	Availability	
– Sales contract	OrderConfirmationWood	Agreement
– Call off	CallOffWood	CallOff
– Call off confirmation	CallOffWood	CallOffConfirmation
Builder merchants		
– Purchase order	PurchaseOrderWood	PurchaseOrder
– Order confirmation	OrderConfirmationWood	StandardOrder
Common		
– Delivery specification	DeliveryMessageWood	DeliveryMessage
– Invoice	InvoiceWood	Invoice/Credit Note
– Invoice specification	DeliveryMessageWood	PackageSpecification

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Stock note

A stock note is a document for informing the buyer about the availability of goods.

The papiNet message used for EDI-transactions is the AvailabilityMessage, type StockNote.

Sales Order (Contract)

A Sales Order is set up between a buyer and a seller. In some cases an agent acts on behalf of the seller or the buyer when setting up the Sales Order. However, the Sales Order is not valid until signed by the buyer and the seller. A Sales Order may cover one delivery of merchandise on one occasion or cover a time period with several deliveries and contains detailed information concerning all aspects of the deal.

An EDI based Sales Order refers to a standardised contract form containing all legal details.

The papiNet message used for EDI-transactions is the OrderConfirmationWood, type Agreement.

Call off

A Call Off is a business transaction instructing the consignor (seller/supplier) to despatch goods belonging to one or several Sales Orders. A Call Off contains information about how the goods are to be loaded, quantities, marking instructions etc. It may also contain information about where borders are to be crossed and information concerning transport, such as name of ship and shipping agent.

In cases where Call Offs are not used, delivery information is included in the Sales Order.

The papiNet message used for EDI-transactions is the CallOffWood, type CallOff .

Call Off Confirmation

Call Off Confirmation is corresponding to a previously issued Call Off and is the answer from the seller to the buyer on the possibilities to deliver. If the buyer does not correspond with a withdrawal of the Call Off the Seller can start the delivery process.

The papiNet message used for EDI-transactions is the CallOffWood, type CallOffConfirmation .

Purchase Order

A Purchase Order is set up between a buyer and a seller and usually the buyer sends it to the seller. It normally covers one delivery of goods on one occasion, but can cover a time period with several deliveries. A Purchase Order contains detailed information concerning all aspects of the deal.

The papiNet message used for EDI-transactions is the PurchaseOrderWood, type PurchaseOrder.

Order Confirmation

An Order Confirmation is corresponding to a previously issued Purchase Order and is the answer from the seller to the buyer on the possibilities to deliver. If the buyer does not correspond with a withdrawal of the Purchase Order the Seller can start the delivery process.

The papiNet message used for EDI-transactions is the OrderConfirmationWood, type StandardOrder.

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Delivery Specification

A Delivery Specification is a transaction specifying each single delivery that is being shipped from a supplier to a ship to party. The trigger for this transaction is each delivery from the supplier.

The Delivery Specification describes in detail what is being shipped and how it is packed and marked.

The papiNet message used for EDI-transactions is the DeliveryMessageWood, type DeliveryMessage.

Invoice

An Invoice is sent from a seller to a buyer specifying a request for payment for goods being shipped from a supplier to a ship to party. An Invoice covers merchandise in one or more consignments being described in one or more specifications. Therefore an Invoice may contain items belonging to one or several orders and one or several call offs. An Invoice is usually issued together with a Package Specification. If an invoice is to be changed the whole invoice is cancelled (or credited) and a new invoice is issued.

The papiNet message used for EDI-transactions is the InvoiceMessageWood, type Invoice.

Invoice Specification

An Invoice Specification is a business transaction specifying the complete consignment being shipped from a supplier to a ship to party. The trigger for this transaction is the Invoice for the complete consignment.

The Invoice Specification describes in detail what is being shipped and how it is packed and marked.

The buyer normally uses this to check the delivery against the invoice but it can in some cases also be used for inventory transactions.

The papiNet message used for EDI-transactions is the DeliveryMessageWood, type PackageSpecification

4 REVISION HISTORY OF THIS DOCUMENT

Date	Change
30.9.2008	Document for V2.31
10.12.2009	Updated/ PPesonen