

18.07. Analysing supplier responses and creating purchase orders

Review

At this stage you should already have performed the following:

1. Created a new tender
2. Quantified how much you need to order and added these lines and quantities to the tender
3. Decided which suppliers should be invited to tender, and added them to the tender
4. Sent out the tender and invitation to take part to the suppliers you selected
5. Entered responses to your tender (quotations) from suppliers

Having performed these steps, your tender should be set to confirmed status and you are ready to compare the prices quoted, and decide upon a preferred supplier for each item.

Benchmark supplier

Before analysing the various responses to your tender, you may wish to set one of the suppliers to be a benchmark (or maybe you had specifically added a dummy benchmark supplier to the tender and added benchmark prices in their quote). If you do this, mSupply will indicate how much higher or lower than the benchmark supplier's quote, all the other suppliers' quotes are. It can be a handy indicator to help the analysis process.

To set a benchmark supplier, open the tender (choose **Supplier > Show Tenders...** from the menus and double-click on the tender in the list) and on the *Tender preferences* tab, in the *Benchmark supplier* section select the desired benchmark supplier in the Benchmark supplier drop down list:



For more details on using benchmark price see [Using benchmark prices](#).

Analysing the responses

Once you have the tender open (choose **Supplier > Show Tenders...** from the menus and double-click on the tender in the list), select the **Items and compare prices** tab:

Edit Tender...

Description: Tender 2010 -- Tender 7(26/08/09 15:17:10)

Creation Date: 26/08/09 Issue Date: 01/09/09 Response By Date: 15/10/09 Status: sg Locked

Our ref:

Comments: Tender 2010 -- Auto generated tender created on 26/08/09 at 15:17:10 by loana with 251 items.

Items and Compare Prices

Notes

Choose Suppliers and Enter responses

Standard conditions

Purchase order

Reference documents

Tender preferences

Synchronize

New line

Delete line

Print internal report

Search items

Show: All

Li...	Code	Item name	Pack	Pack Size	Total quan...	Currency	Original	PO local	Unit	Preferred Supplier	Item Con...
1	Acetaz	Acetazolamide 250mg tab	30	100	3000		59.24	36.94	each	International Disper	
2	Acyclo	Aciclovir 3% eye oint	5	1	5	EUR	4.84	18.13	each	International Disper	
3	Aciraw	Acriflavin powder BP powder (g)	2	5000	10000		0.00	0.00	grams	Not chosen	
4	Alli	Allopurinol 100mg tab	130	100	13000	AUD	288.47	0.00	each	BOUCHER & MUIR P	
5	Amosyr	Amoxycillin 125mg/5ml susp (100mL)	67000	1	67000	AUD	38,190.00	33,060.00	each	BOUCHER & MUIR P	
6	Amo250	Amoxycillin 250mg cap	1534	1000	1534000	AUD	24,988.86	31,276.80	each	BOUCHER & MUIR P	
7	Amo500	Amoxycillin 500mg cap	1270	1000	1270000	EUR	38,045.07	33,090.40	each	International Disper	
8	Amclav	Amoxycillin + Clavulanate 500mg+125m	160	100	16000	EUR	2,774.70	883.99	each	International Disper	
9	Amp5	Ampicillin 500mg vial	85700	1	85700	AUD	10,284.00	12,372.72	each	BOUCHER & MUIR P	
10	Haemoint	Antihæmorrhoid 30g oint	1200	1	1200	AUD	36.00	2,997.00	each	Anspec Pty Ltd	
11	Asp3	Aspirin 300mg tab	652	1000	652000	EUR	2,060.86	1,797.47	each	International Disper	
12	nAut19m	Autoclaving tape 18mmx50m	50	1	50	EUR	207.16	255.76	each	International Disper	
13		Bandage Adhesive Elastic 10cm x (1m -	100	1	100		0.00	0.00	each	Not chosen	
14	nBcrp84	Bandage crepe 8cm x 4m	200	1	200		0.00	156.84	each	Not chosen	
15	nBcrp755	Bandage crepe elastic 7.5cm x (1m - 5m	3000	1	3000	AUD	1,475.00	1,180.00	each	Anspec Pty Ltd	
16	nBcrp105	Bandage crepe elastic 10cm x (1m - 5m)	5000	1	5000		0.00	0.00	each	Not chosen	
17	nBgz755	Bandage gauze 7.5cm x (1m - 5m)	300	1	300		0.00	0.00	each	Not chosen	

Save Sort Order

Total for Tender quantities .00

Total for Purchase Order 521,051.91

OK



Note that mSupply will remember any changes you make to the widths of the columns on this tab. This can be very useful if you want to minimise columns you are not interested in to make room for other, more important columns over several sessions to select the winning bids. This also applies to the *Compare supplier responses* tab shown below.

Then double-click the first item in the list, which in our example is Acetazolamide 250mg tablets, to bring up the *Edit tender item window*, which opens at the *Compare supplier responses* tab:

Edit Tender Item

Item Name: Acetazolamide 250mg tab

Description: acet250tt

Specifications sent out: 30 packs of 100 = a total quantity of 3000

Set tender item criteria: Compare supplier responses

Supplier	Manufacturer	Price	Currency	Pack Size	Number of packs	Total quantity	Volume	Tot. re...	Price wit...	Net cost	Total Cost	Adj Cost	+/- %	Expiry date	Delivery time	Delivery method	Pref	Disq	Supplier comment
International Dis. sary Association		13.87	EUR	1000	3	3000	0	0.00	13.87	15.0132	45.0197	0.0150	0						
Anspec Pty Ltd.		12.00	AUD	100	30	3000	0	0.00	12.00	7.8398	235.1952	0.0783	0						
Multichem Exports Ltd		16.28	NZD	100	30	3000	0	0.00	16.28	9.6808	290.4246	0.0968	0						
Boucher & Muir Pty Ltd		21.55	AUD	112	30	3360	0	0.00	21.55	14.0790	422.3713	0.1257	0						
Boucher & Muir Pty Ltd		220.00	AUD	1000	3	3000	0	0.00	220.00	143.7304	431.1912	0.1437	0						

Note

Bench mark

Bench mark supplier Not chosen

Adjusted cost 0.0000

Min price 0.0000

Max price 0.0000

Cancel

OK

OK & Next

In our example, 5 suppliers have been invited to tender, and 4 have submitted tenders, one supplier having submitted prices for two different pack sizes. One supplier has not submitted a quotation, so

all the entries for that supplier are zero.

The important column is the *Adj Cost* column, this allows you to compare prices which have been evened out to cater for differences in pack sizes, currencies and freight costs. mSupply makes it easy to identify the lowest price quoted because it appears in blue type. Clicking the *Adj Cost* column header will sort the entries so that the cheapest one appears at the top of the list.

If a benchmark supplier had been selected then the +/-% column would display what percentage above or below the benchmark supplier's quote that particular quote was. A negative value indicates that the quote is below the benchmark quote, a positive value that it is above. e.g. a figure of -2.78% would mean that the quote was 2.78% less than the benchmark quote.

If you want to highlight any particular line for any reason, you can change its colour by clicking on it in the list to select it then selecting the desired colour from the **colour** drop down list (currently showing "Black" in the screenshot) in the top right hand corner.

Note that if you want historical data of all previous stored quotes for an item, including those from previous tenders, this is available by choosing **Items > Show items...** from the menus, locating the item, then viewing the *Quotes* tab.

Before marking the supplier of the cheapest item as the preferred supplier, there are other factors to be considered, including:

1. Has the supplier met all the tender conditions?
2. Is the proposed delivery schedule acceptable?
3. Is the product being supplied by a reputable manufacturer?

The **Disqualified** column allows you to disqualify the quotation from a particular supplier if required by checking the box in the relevant row.

Note: If you want to quickly add an Evaluator comment, click in the appropriate cell of the *Evaluator comment* column and type the comment directly into the cell. This saves you double-clicking on the line and entering it in the **Evaluator comment** field on the line detail window that opens.



If you want to see more information about a particular quote line, double-click its row to open the *Edit quote line* window to view all the details of the quotation (and edit it too - useful if you discover a data entry error, for example). You may want to fill out the Quote Comment to record any decisions you made e.g. reason for disqualification.

When you have decided on a supplier for an item, check the box in the **Preferred** column in the row for that supplier. Proceed to the next item by clicking the **OK & next** button and repeat the process. When you have finished, click the **OK** button to return to the *Edit Tender* window.

It is, of course, not necessary to complete the selection of preferred suppliers at one session on the computer; it can be done in stages. Actually, you don't have to select preferred suppliers for all items before you complete the tender; you may want to wait for more favourable market conditions before purchasing some items, for example.

Please also note that all changes to tender lines are [logged](#) by mSupply.

Here is an example of a tender that has been partially processed, looking at the *Items and Compare prices* tab:

Li...	Code	Item name	# of Packs	Pack Size	Total quan...	Currency	Original	Original...	PO local	Unit	Preferred Supplier	Item Con..
1	alb400tc	Albendazole 400mg, tabs, chewable	500	100	50000	USD	1,570.00	1,570.00	0.00	Tablet	ACME Pharma	
2	GHSC...0101	Amoxicillin 500mg	600	1000	600000		0.00	0.00	0.00	C...le	No bids	
3	GHSC...0104	Ciprofloxacin 500mg	1000	100	100000		0.00	0.00	0.00	Tablet	Not selected	
4	GHSC...0355	Darunavir 600mg	5000	10	50000		0.00	0.00	0.00	Tablet	No bids	
5	GHSC...80103	Ethambutol 100mg tablet	500	100	50000		0.00	0.00	0.00	Tablet	Not selected	

Two of the lines have been changed to a green colour. The *Preferred supplier* column can contain the following values:

- **No bids:** no bids from any supplier have been entered for this item.
- **Not selected:** bids have been entered for the item but none has been selected as preferred yet.
- **A supplier name:** bids have been entered for the item and one, from the displayed supplier, has been selected as preferred.

The **Show** drop down list just above the list of items is currently showing all lines but it has these options:

- **All:** show all tender lines, no filtering.
- **Filled:** show only those lines that have had bids entered for them, whether a preferred one has been selected or not (helpful for showing what still needs to be processed).
- **No bids:** show only those lines that have had no bids entered for them.
- **Lowest cost not chosen:** show only those lines where a bid has been selected as preferred and it did not have the lowest cost.
- **0 number of packs:** show only those lines that have zero packs entered for them. This is not possible for manually created tenders but could, in certain circumstances, be possible with auto-generated tenders or tenders downloaded from the [Health Supply Hub](#).

Back to the Items and compare prices tab

Once you have finished editing, click **OK** (or **Cancel** if you want to close the window without saving changes to the current tender line).

The column **Preferred Supplier** will now display either the name of the supplier you have chosen or **Not chosen** where you have not yet processed the item.

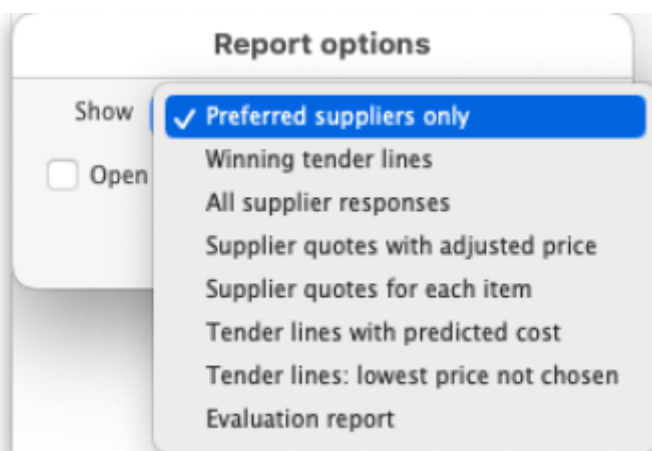
The **Original** column will display the cost of that line if you purchase the tender quantity of that item from the preferred supplier in the currency quoted (The **Original Local** column displays the cost in the local (default or home) currency you are using in mSupply). Note that you might end up editing the quantity on the purchase order to a different value, and then the **PO local** column will have a different value.

Back to the Choose suppliers and enter responses tab

Just before you create purchase orders for the winning suppliers you might like to see the value that each supplier has won. To do this, click on the *Choose Suppliers and Enter responses* tab and the total value that each supplier has won (i.e. the total value of all the lines where they were selected as the preferred supplier) will be shown in the *Tender value* column. The total amount that each supplier bid will be displayed in the *Total bid* column.

Reports

You might need to provide reports to a tender board, or for internal records. The tender module has several reports built in, accessed by clicking on the **Print internal report** button on the *Items and compare prices* tab of the tender details window. Clicking on the button displays this window with a drop down list of reports to choose from:



Winning tender lines: Shows all the items in the tender which have been allocated a preferred supplier and the costs of those lines. This is an example:

Winning item prices for tender id :14 - last interim order for 2013								
Tendered item	Num of Packs	Packsize Name	Quoted packsize	Supplier currency	Quoted price	Total fc	Total local currency	
ALLOPURINOL 100MG TAB	40	100 Multichem Export NZ	100	NZD	2.89	115.8	9321.9	
AMIODARONE 50mg/1ml INJ	2	5 Multichem Export NZ	5	NZD	41.55	83.1	6689.55	
FRUSEMIDE 40mg TABLET	80	1000 Multichem Export NZ	1000	NZD	18.68	1494.4	120299.2	
GLYCERYL TRINITRATE 5mg PATCH	15	20 Multichem Export NZ	20	NZD	20.11	301.65	24282.83	
SCALPEL BLADE 20	20	100 Multichem Export NZ	100	USD	5.00	100	10114	
SCALPEL BLADE 22	12	100 Multichem Export NZ	100	AUD	5.00	60	5502	
TUBE ENDOTRACHEAL 3.5mm	60	1 Multichem Export NZ	1	USD	1.63	97.8	9891.49	
TUBE ENDOTRACHEAL 4.0mm	60	1 Multichem Export NZ	1	USD	1.63	97.8	9891.49	
TUBE ENDOTRACHEAL 7.0mm	100	1 Multichem Export NZ	1	USD	1.63	163	16485.82	
TUBE ENDOTRACHEAL 7.5mm	200	1 Multichem Export NZ	1	USD	1.63	326	32971.64	
X-RAYS GAUZE ROLL	7000	1 Multichem Export NZ	1	USD	0.57	3990	403548.6	
						Total Local	646998.52	

Supplier quotes for each item: Shows quotes from all suppliers for all items, grouped by item. Handy for a summary of all received quotes.

Tender lines with predicted cost: Can be used to give an approximate cost of the tender before choosing preferred suppliers for all items has been completed. Where items have not been allocated a preferred supplier, mSupply will use previous purchase costs as an estimate of what the cost will be in this tender.

Tender lines: lowest price not chosen: Shows all tender lines which have been chosen as the winning bod when their price was not the lowest. Summary detail shows how much more you will pay than choosing the cheapest lines.

Evaluation report: Useful for showing all evaluation details or for using during a manual evaluation exercise. Shows all quotes for each item and the outcome of the evaluation (or space for you to enter the outcome). It looks like this:

General Pharmacy Supplies																							
Tender Line #	Item Code	Requested Number of Packs	Purchaser Pack Size	Total Requested Quantity	Purchaser Units	Item Name	Item Tender Specifications	Tender Item Conditions	Purchaser comment														
Quote information																							
Evaluation information																							
1	530453	15	500	7500	Tub	Amoxicillin 500mg tabs	Must supply in packs of 500																
						Supplier	Manufacturer	Offered Price Per Pack	Offered Currency	Offered Pack Size	Offered Number of Packs	Price per Pack (Local currency)	Adj Cost	Total Cost - Offered Currency	Total cost - Local Currency	Delivery time	Method of Delivery	Expiry Date	Supplier Comments	Purchaser Comments	Disqualified	Preferred	Evaluation Notes
2	76379	5	30	150		Clotrimazole cream 50 ml																	
						Supplier	Manufacturer	Offered Price Per Pack	Offered Currency	Offered Pack Size	Offered Number of Packs	Price per Pack (Local currency)	Adj Cost	Total Cost - Offered Currency	Total cost - Local Currency	Delivery time	Method of Delivery	Expiry Date	Supplier Comments	Purchaser Comments	Disqualified	Preferred	Evaluation Notes
3	504770	20	10	200	Amp	Vitamin C (Ascorbic Acid) Injection 100mg Amp/2ml																	
						Supplier	Manufacturer	Offered Price Per Pack	Offered Currency	Offered Pack Size	Offered Number of Packs	Price per Pack (Local currency)	Adj Cost	Total Cost - Offered Currency	Total cost - Local Currency	Delivery time	Method of Delivery	Expiry Date	Supplier Comments	Purchaser Comments	Disqualified	Preferred	Evaluation Notes

Note that the *Number of suppliers invited* figure at the bottom of the report actually shows the number of suppliers who responded and submitted bids to the tender.

Setting up purchase order (PO) preferences

Once the choice of preferred supplier has been made for all the items you want to purchase in the tender, the next stage is to generate the Purchase Orders.

Click on the **Tender Preferences** tab on the **Edit Tender** window:

mSupply offers two options for creating Purchase Orders:

1. *Recalculate PO quantity according to usage* should be chosen if you wish mSupply to take into account the usage during the period since the tender was generated; this may be significant depending on the length of that period of time.
2. *Distribute Tender quantity evenly* should be chosen if you wish to make no changes to the quantities calculated at the time the tender was generated.

For our example, we are choosing *Distribute Tender Quantity evenly* because we are content with the quantities which mSupply has calculated and we do not want to make any adjustments. In this case, the **Based on** field should be ignored.

Split deliveries

If you want to receive split deliveries, then mSupply will create multiple purchase orders for you, each with a different requested delivery date.

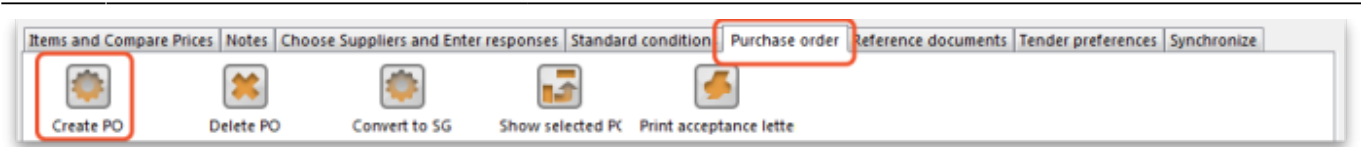


mSupply will behave differently when creating Purchase Orders depending on whether this option is checked or not.

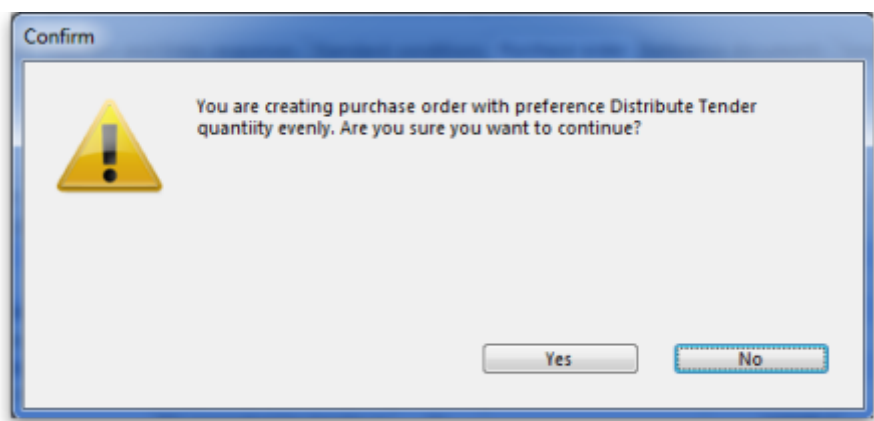
Note that the creation of purchase orders from tenders will be [logged](#) by mSupply.

Creating purchase orders with split deliveries

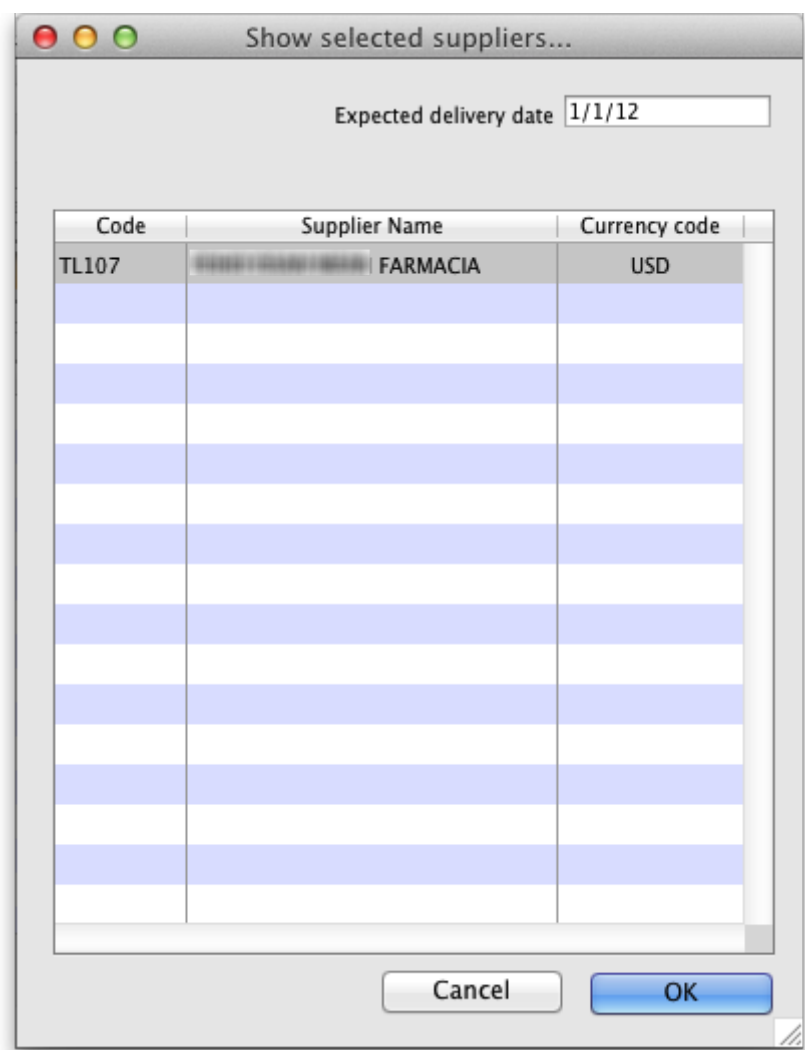
1. Go to the **Purchase Orders** tab
2. If you have checked the “Split deliveries” checkbox in the preferences for this tender, the first button on the toolbar will be **Create blank POs**.



You will need to confirm that this is what you want to do by clicking the **Yes** button on the confirmation window which appears:



You are then shown a list of suppliers:



Click on the supplier(s) you want to add, and enter the requested delivery date, then click **OK**.

You will need to add each supplier twice if there are to be 2 deliveries, or 3 times for 3 deliveries (etc)
Make sure you get the delivery date right for each one.

You can double-click an already entered line to change the delivery date.

Use the **Delete PO** button to remove a purchase order (highlight to one(s) to delete before clicking the button).

Creating purchase orders without split deliveries (single delivery)

If you aren't creating split deliveries, the first button will be labelled **Create PO**

[illegible]

Editing purchase order quantities

Once you have created Purchase orders you might want to edit some quantities (for example, you might want the first of two purchase orders for a supplier to have 60% of the total order, and the second purchase order only 40%)

1. Go to the “items and compare prices” tab
2. Double-click a line to edit
3. Go to the **Purchase Order** tab.
4. You will see your purchase orders for that item.
5. To edit the first row, click once on the quantity, wait 2 seconds and click again.
6. You can now change the quantity.
7. Use the tab key to advance to edit the quantity of the second row, etc.

Item Name: Amoxicillin/Clavulanate Potassium 500 mg/125 mg 03/0460 Black

Description: RESTRICTED USE ITEM

Set tender item criteria Compare supplier responses **Purchase order**

Tender quantity 2,000.00000 Won by FOHO OSAN MEAN FARMACIA

Stock

Stock on hand	43,656	Total stock value	10,892.69000
Stock on order	0	Average unit cost	0.24951

Days Cover

Based on 6 months usage:

For stock on hand 22 Generating an order for 0 days stock

Including stock on order 22 will order a quantity of 0

PO No	Status	Description	Delivery date	Target days	Packs	Currency	Pack size	Quantity
100	tn	Supply of Drugs & Medicines	22/11/11	1	1000	USD	1	1000
101	tn	Supply of Drugs & Medicines	1/1/12	1	1000	USD	1	1000

OK & Next Cancel OK

Converting to a "normal" purchase order

While a purchase order is being created and edited inside the tender module, it has the status of "tn" and isn't visible in the same way that purchase orders created outside the tender module are. Purchase orders that are visible in the main mSupply system have a status of "sg" (or "cn" or "fn"). Once you are satisfied with your purchase order in the tender module do this:

1. Go to the purchase orders tab
2. Click on a purchase order to convert (only one at a time at the moment, sorry)
3. Click **Convert to SG**
4. Confirm the warning window, and the purchase order will now:
 1. no longer be editable in the tender module
 2. be available using **Suppliers > Show Purchase orders** from the mSupply menu or navigator.
5. Repeat the process with other purchase orders that are ready to send to a supplier.

You can now view the purchase order, confirm it, and send to a supplier - see [Purchasing: Ordering from Suppliers: Viewing a purchase order](#).

Finalising a tender

This should be done when all processing of the tender is complete and the purchase orders have been created and sent to the suppliers. The tender will not be editable after this so PLEASE make sure you are sure that all processing is complete!



When you finalise a tender you will be warned if there are no Purchase orders associated with it because you won't be able to create them later!

Field Descriptions and Formulae

Column name	Description	Formula
Price	The price per pack offered by the supplier	
Net Cost	The cost in local currency (i.e. datafile default currency) of the offered pack size, multiplied by freight factor	Offered price * currency rate * freight factor
Local Cost	Alternative name for Net Cost	
Total Cost	The Total cost of the offered number of packs in Local Cost	Net Cost * Offered Number of Packs
Adjusted Cost	The cost adjusted by currency, freight factor and item's default pack size for direct comparison between quotes	Net Cost * (Default packsize/Offered packsize)

Previous: [18.06. Benchmark prices for tenders](#) | | Next: [18.09. Supplier instructions for using tender submission web interface](#)

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