

## CTO PROCESS

(Configure To Order)

Monday, November 3, 2008

As of PIMS-X version 10.0.7.5, there are new processes and controls available to facilitate CTO (Configure To Order) situations.

CTOs involve selling “Base” products with additional Vendor additions and/or modifications. These “Add-Ons” come from the Vendor when ordered, and not necessarily from your Inventory.

The “Bundles” section of the Order line-item expanded entry screen has been modified to allow for this, along with modifications to Purchasing and Receiving.

CTO processing can be used by any business that must order “Custom Configured” products from their Vendor. However, this Tech Note is geared more towards our “Apple Reseller” Users as they are the primary beneficiaries of this process. If you manufacture and custom configure your own products, CTO is not for you...

### SETTING UP INVENTORY:

The first step is to set-up the “Base Shell” of the custom configured product. This is an Inventory record with no Cost/Price information on it. It is the Base product loaded onto an Order line-item. From there, “Add-Ons” are added to it from the Order. The “Component” section of the Inventory record is left blank. Once again, these items are added at time of Order.

There is nothing special about this Base product, except that all dollar figures are left blank. These are calculated when the Add-Ons are added on the Order. This includes Costs and Pricing. This item will be used on the Purchase Order and Receiving records, so make sure your “Codes” are such that they match what is needed by the Vendor.

The following is an example of a Base Product:

INVENTORY LISTING

Home
Promo-Pricing   Activity   Components   Loc On-Hands   Auto-Loads   Tax Overrides   Cross-Ref   Alt. Vendors   More Info

**IDENTIFICATION:**

PART CODE:     NAME:

MODEL#:     DESCRIPTION:

DISTRIBUTOR#:      Load With Name     Alert Entry Person

BARCODE:     PRODUCT URL:

REVISION NUMBER:

**CATEGORIZATION:**

MAIN CATEGORY CODE:     Hardware

SUB-CATEGORY CODE:     Configured To Order

PRODUCT FAMILY CODE:

**DEFAULT PRICE/COSTING:**

BOOK-COST:     WEIGHTED COST: \$1,500.0000    ORDER LINE-ITEM COST:     Orders Only

PRICE:     MSRP/RETAIL:     MARGIN:    MARK-UP:    PROFIT: \$0.00

**VENDOR/MANUFACTURER INFORMATION:**

VENDOR CODE:        

MANUFACTURER CODE:    

**GENERAL INFORMATION:**

SHP. WEIGHT:     SIZE:     COLOR:     UNIT:

PHY. LOCATION:     SUB PHY LOC1:     SUB PHY LOC2:

LEAD TIME:     MIN. LINE QTY:     MINIMUM PURCHASE:

**STOCKING INFORMATION:**

LOCAL ON-HAND:	None	TOTAL ON-HAND:	None	LOCAL HELD:	None	TOTAL HELD:	None
LOCAL ON ORDER:	None	TOTAL ON ORDER:	None	LOCAL SAFETY STOCK:	None	IN TRANSIT:	None

**CONTROLS/PARAMETERS:**

- Bundle Product
- Kit Product
- Non-Taxable
- Serial Number Required
- Lot Number Required
- This Item Not For Sale
- Discontinued
- Exclude From Reorder
- Don't Adjust On-Hands
- Net Item (No Discount)
- This Is A "Bulk" Item
- Send To Workorder
- Single Component
- Sub-Assembly
- Cost-Assembly
- Non-Commissionable
- UPC Sticker Supplied
- Don't Show On "Margin Report"
- Subscription Product

**ADDITIONAL KEYWORDS:**

Separate With A Return

CREATED ON: 10/31/08    LOCATION CODE: MAIN

LAST MODIFIED ON: 11/03/08

This is the product you sell, purchase, and receive. It is considered part of your Inventory, even though it is generally never “stocked” and is usually custom ordered when needed. PIMS-X does not treat it any different than other Inventory.

The “Add-Ons” never come from your Inventory, even though they should exist as Inventory records in PIMS-X. Their “On-Hands” will never change, and will always be zero (when sold as part of a CTO). This is because they arrive as part of the product ordered, and never as separate purchases. They are sold this way as well, as part of the main product and never as individual items. However, they can exist like any other item in your Inventory and can be sold like any other item as well. Their “rules” only change when they are sold as CTO Add-Ons.

Here is an example listing of CTO Add-Ons:

PRODUCT CODE ▲	PRODUCT NAME ▲	CATEGORY ▲	VENDOR/MFG	ON-HAND	PRICE
CTO-CPU	Macintosh G5 Base Unit			0	\$1,500.00
CTO-HD	500GB Harddrive			0	\$500.00
CTO-RAM	8 GB RAM			0	\$600.00
CTO-APC	Air Port Extream Card			0	\$100.00

Again these items can be sold like any other item separately, but are handled differently when added to a CTO product. They will have standard Costs/Pricing on their records. These figures should represent the same figures used by your Vendor when pricing-out a Custom configured product. If the Cost/Price used to configure a CTO product differs from what you would normally sell/purchase this item for, then create another Inventory record just for this CTO Add-On item. On that record, put the necessary Cost/Price information and flag the record as “Not For Sale”. This will keep it from being sold on an Order by itself. This way it can only be used as an Add-On to a CTO product.

### SELLING A CTO PRODUCT:

To sell a CTO product, enter the “Base” product onto an Order line-item:

PART#	PRODUCT DESCRIPTION	QTY	SHP'D	DISC%	NT	PRICE	EXTENDED
001	CTO-Base Custom Macintosh System	1	0		<input type="checkbox"/>	No Charge No Cost	
	HW MARGIN: ---, MARK-UP: ---, PROFIT: N/A	None	1	0	PC: <input type="checkbox"/>		

Initially, there will be no Cost or Price for this item. Now double-click on the green dot (on left of line) to display the Order line-item expanded entry screen. Once there, click on the “Bundle Items/CTO” TAB:



Once you have everything entered the way you want, you can click the “Save” button. At that point, all Costs are set equal to that of the total Add-Ons as well as the Price. If the “Add Configuration Text To Description” button is checked (default), then the Base Product “Description” on the Order line-item will contain a listing of the associated Add-Ons:

PART#	PRODUCT DESCRIPTION	QTY	SHP'D	DISC% NT	PRICE	EXTENDED
001	CTO-Base Custom Macintosh System Configuration: MARGIN: 33.3%, MARK-UP: 50.0%, PROFIT: N/A	1	0		\$3,300.00	
	HW	None	1	PC: [ ]	\$2,200.0000 <i>Overridden</i>	

**001** Custom  
 13221583  
 Expanded

**LINE-ITEM DESCRIPTION:**  
 Custom Macintosh System  
 Configuration:  
 -Macintosh G5 Base Unit  
 -500GB Harddrive  
 -8 GB RAM  
 -Air Port Extream Card

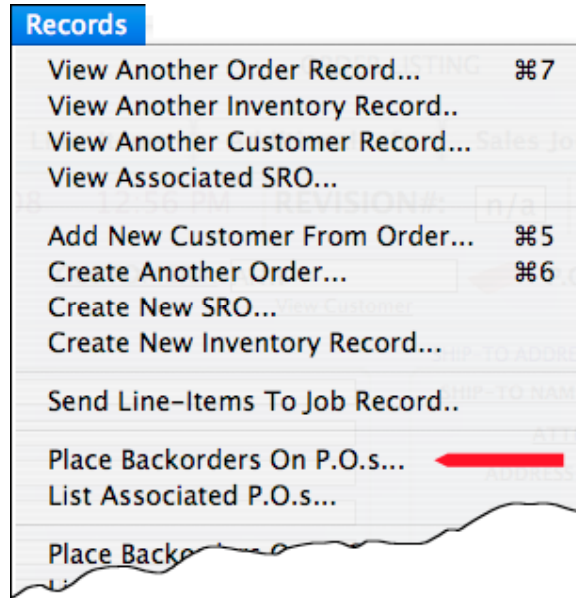
The Price of this item can be modified if desired. However, if you open up the line-item again and save it, the Price will revert back to the sum of the Add-Ons listed. Because of this, it might be better to modify the Prices of the Add-Ons themselves...

Once entered, this item will look and act just like any other Order line-item. This includes Margin recorting, Sales Journal Accounting, etc.

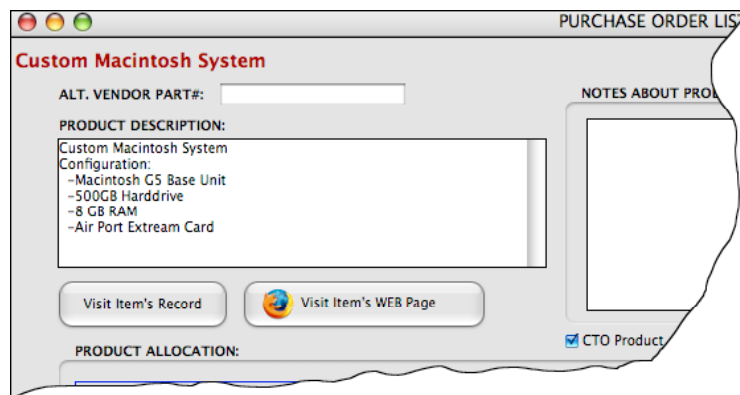
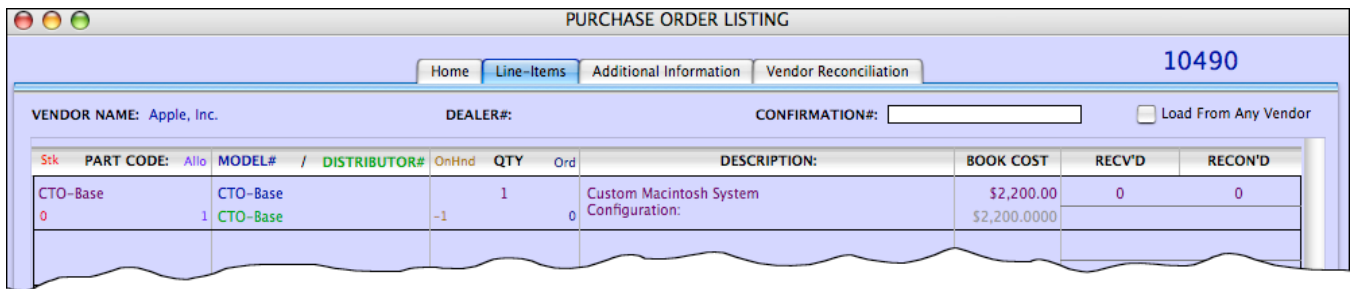
**ORDERING CTO FROM VENDOR:**

All “CTO” designated Order line-items must be Ordered directly from the Order entry screen, as they will never be listed on the Product Purchase Worksheet as a backorder. This is because 99% of the time they should exist on their own “isolated” Purchase Orders.

To send a CTO product to a Purchase Order, select “Place Backorders On P.O.s...” from the “Records” menu:



This will send the CTO product over to it's own Purchase Order:



The “Book Cost” used is the sum of the Add-On Costs. The Product Description on the Purchase Order line-item has the same “Configuration” text added to it as well. There is also a “CTO Product” checkbox that is checked to designate this item as a CTO purchase.

From this point on, this product is Purchased and Received like any other product. However, there are some subtle differences:

- 1) When a CTO product is posted on an Invoice, only the Base product entered on the invoice line-item has its Inventory On-Hand adjusted. This is true for “Holding” as well. The individual “Add-Ons” are never adjusted or Held. This differs from normal “Bundle” processing in PIMS-X.
- 2) If you change the “Book Cost” on the Purchase Order or Receiving Record for a CTO product, the associated Inventory record’s Costs are not updated like other products. This maintains the “Zero” figures on that record.
- 3) When receiving a CTO product, only that product has its On-Hands increased. The Add-Ons are never affected. As with any other product, you can still enter a Serial Number for this item...

**NOTE:**

For Apple GSX Users, you must still go to Apple’s GSX WEB Site to order CTO items manually. This can not currently be done from the Purchase Order entry screen’s GSX functions. This might change in the future (Apple permitting)...

**PASSWORDING:**

In order to use the CTO functions on an Order, the current User must belong to the “**SELL\_CTO\_PRODUCTS**” Password Group.