

Purchase Order Process Document

P.O. Supplier Reference Guide

Cognizant's "Procure-to-Pay" (P2P) initiative is designed to make it easier to conduct business for the thousands of Cognizant suppliers whose products and services are needed to support company's mission.

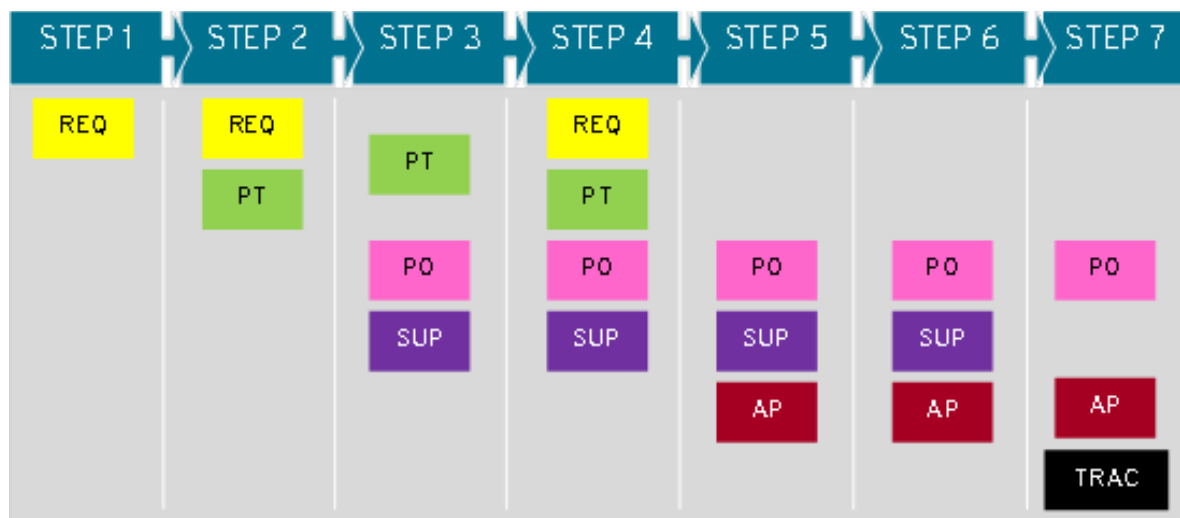
This guide and its companion P2P website (www.cognizant.com/Procure-to-Pay) mark a long-term commitment to providing clear guidance and instructions to its suppliers. Making the company's P2P processes more transparent will result in greater efficiency, payments within terms, and ultimately, stronger business relationships.

80% of all purchases at Cognizant are made by using the Purchase Order (PO) method. The P.O. streamlines the typical transaction by requiring Cognizant purchase requisitioner to be very specific with purchase information, legally committing the company to the purchase, and, once your organization has delivered as requested, allowing the company to simply match your invoice to the P.O. and pay you within terms. Because the majority of purchases are made using a P.O., it has the potential of generating the greatest number of process exceptions and issues.

By following certain simple procedures outlined in this reference guide, you and your organization will be able to take full advantage of the P.O. process..

This chart provides a snapshot of the seven linked steps in the purchase order process and defines the active participants in each step. You are identified as an active participant and your role is further explained in this reference guide.

The P2P team wishes you "good business" at Cognizant, and invites you to explore the process, FAQs, and links to important Cognizant resources in greater detail at (www.cognizant.com/Procure-to-Pay).



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STEP 1: Identify Need

The Procure-to-Pay (P2P) process begins when an associate of Cognizant or an authorized "Requisitioner (REQ)", decides a specific product or service is needed. He or she, the "Requisitioner (REQ)," is expected to make an informed purchasing decision and to use the authorized buying method, in this case the [Purchase Order \(P.O.\)](#), to help ensure that transactions can proceed smoothly, the correct products and services are delivered to the right place at the right time, and you, the supplier, are paid on time.

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STEP 2: Initiate Purchase

A "Requisitioner (REQ)" (usually an associate or an authorized "Procurement BUYER (PT)" at Cognizant) officially initiates the purchase in the Company's P2P system **CAPPS** (*Cognizant automated procure to pay solution*). In **CAPPS** system, the requisitioner creates a request for purchase, necessary to issue a P.O. in Step 3, by confirming and adding details such as sourcing and funding information, special handling instructions, and/or unique requirements for their facilities and projects.

- **No order is "official" until you receive a P.O.**

Regardless of how a Cognizant requisitioner or Procurement BUYER contacts you initially - e.g. via ARIBA/CAPPS, by phone, e-mail, etc. - and whether you have an informal agreement, Cognizant cannot officially recognize or process the transaction in its system CAPPS without a P.O. (or other authorized buying method which is a FORMAL AGREEMENT).

- **P.O.s are issued and then automatically sent from ARIBA either electronically (for [EDI suppliers](#)) or via the Catalyst/CAPPS system (all other suppliers).**

If the Cognizant Requisitioner or Procurement Buyer followed the correct process steps, you will automatically receive a P.O. If you do not receive a P.O. (depending on the transaction amount and purchase complexity), contact your REQ or PT Buyer directly and do not attempt delivery. Check the P2P website for Global Vendor Help Desk (ProcureToPayHelp@cognizant.com) for any further assistance.

- **Once you have received a P.O., post order confirmation, the P.O. cannot be changed, amended and re-used post delivery**

Once the supplier accepts the P.O. sent by Cognizant, it cannot change a P.O. after it has been sent nor does the company accept "change orders" or "re-used" P.O. numbers. Instead, work directly with your Procurement buyer on certain circumstances such as recurring requests like maintenance/service agreements. These require a "service line type" P.O. which expires after agreed term. A P.O. is issued in ARIBA/CAPPS only once for a specific purchase; if your invoice varies in quantity or cost from the original P.O., it automatically is placed on "hold" and cannot be processed or paid within terms.



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**STEP 3:
Issue Purchase
Order**

www.cognizant.com/p2p/Step3

Cognizant formalizes its purchase of your products or services by creating and issuing a purchase order (P.O.). You should, therefore, never fulfill an order until you receive a P.O. (or other authorized buying Method (which is a Formal Agreement)). Your invoice cannot be processed and paid in a timely manner without matching to a P.O. in Cognizant's CAPPs/Catalyst system.

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**STEP 4:
Take Delivery/
Create Receipt**

www.cognizant.com/p2p/Step4

The delivery of your products or services marks a transition in the P2P process from purchasing activity to Accounts Payable activity. In Step 4, you deliver the products or services as specified on the P.O. the Cognizant Requisitioner signs for or otherwise accepts delivery of the order, or initiates any claims or returns directly with your organization. This will also be formalized in the receipt system. Once your products or services have been received in good order, the Requisitioner will receipt the order in Cognizant's CAPPs/ARIBA system or notify their department business POC to receipt the order in the system so that your invoice can be processed and paid in Steps 5 and 6 respectively.

- **Double-check that the product or service you deliver matches all descriptions and specifications on the P.O.**

To avoid returns, claims, or delays in processing your invoice, check to make sure that your delivery and accompanying packing lists or completion documents match the descriptions and specifications on the P.O. If your delivery is somehow incomplete or requires attention, notify Cognizant or its Procurement buyer directly to make appropriate arrangements, changes or amendments to the P.O. before you raise an invoice.

- **If Cognizant receives an incomplete or wrong delivery, you should work with the Requisitioner or Procurement Buyer directly to initiate a return or other claim.**

Cognizant's **Global Vendor Help Desk** (ProcureToPayHelp@cognizant.com) will alert you upon delivery if the order does not match the description and specifications on the P.O., and will work with you directly to resolve any issues. A Cognizant designated recipient is responsible for the inspection and verification of your delivery or for initiating possible claims and/or returns.

- **If Cognizant changes the order or you can't deliver as specified, ask the Procurement Buyer/Requisitioner to cancel the old P.O. and, if needed, issue a new P.O.**

If a change is made to the order either by you (e.g. out-of-stock, production issues, etc.) or by Cognizant (e.g. partial cancellations, changes in specification, etc.), ask the Procurement Buyer to issue you a new P.O. Relying on an old P.O. will cause your invoice to be placed on hold and will delay payment.

In case of any **supplier name change**, it is important that the supplier notifies the Procurement buyer team with details of all the existing contracts / P.O.s and requests for a new P.O./agreement/contract with the revised name.

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STEP 5: Process Invoice

www.cognizant.com/p2p/Step5

The supplier organization should generate an invoice referencing the P.O. number, specifications and information matching to the P.O, and "*Bill to & Ship to*" address on the P.O., and send it directly to [Accounts Payable \(A/P\)](#).

When your invoice is received by A/P, it is entered into the Cognizant financial CAPPs system, matched to the corresponding P.O., and placed in a queue for payment within negotiated terms.

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STEP 6: Pay

www.cognizant.com/p2p/Step6

Once an *EDI* and *physical invoices* are in the queue for payment, payment activities completely happen in CAPPs/Catalyst. A/P personnel physically do the 2-way/3-way match for invoices. Each day, CAPPs selects invoices eligible for payment (invoices not on rejects/hold) based on the invoice date and approved supplier payment terms.

For invoices related to check payments or advance payments via check, the procurement Buyer or requisitioner should raise a check request in the Cognizant CAPPs/Catalyst system and the check is produced for those invoices and is sent to the bank for further steps.

- **Prepare your invoice carefully to facilitate processing.**

As a matter of practice, your invoice should include the following: an invoice number, date, and a valid Cognizant P.O. number; a description, including quantity of products delivered or services rendered; unit prices and extensions; and other taxes information if applicable.

For more information, click: [Information that must be contained on an invoice](#)

- **Send your invoice directly to A/P, never to "Bill to or Ship to" address.**

Your invoice must be sent directly to [Accounts Payable \(A/P\)](#) to be considered submitted and received by A/P personnel for processing:

Cognizant Technology Solutions India Pvt Ltd

Accounts Payable Department
Block B, CARR Tower, Floor 6,
Ramanujan IT City,
Rajiv Gandhi Salai (OMR)
Taramani, Chennai 600113
INDIA

- **Credit memos or invoices should also reference the P.O. number and be submitted directly to A/P.**



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**STEP 7:
Track & Improve**

www.cognizant.com/p2p/Step7

To continually improve and to ensure that the

Procure-to-Pay process is functioning according to design; we have developed meaningful metrics such as compliance with requisitioning requirements, reduction of invoice holds, use of preferred suppliers, and percentage of payments made within terms.

By monitoring and resolving unnecessary process exceptions, we will be able to reduce the supplier payment issues and administrative burden on their organization as well as on Cognizant.