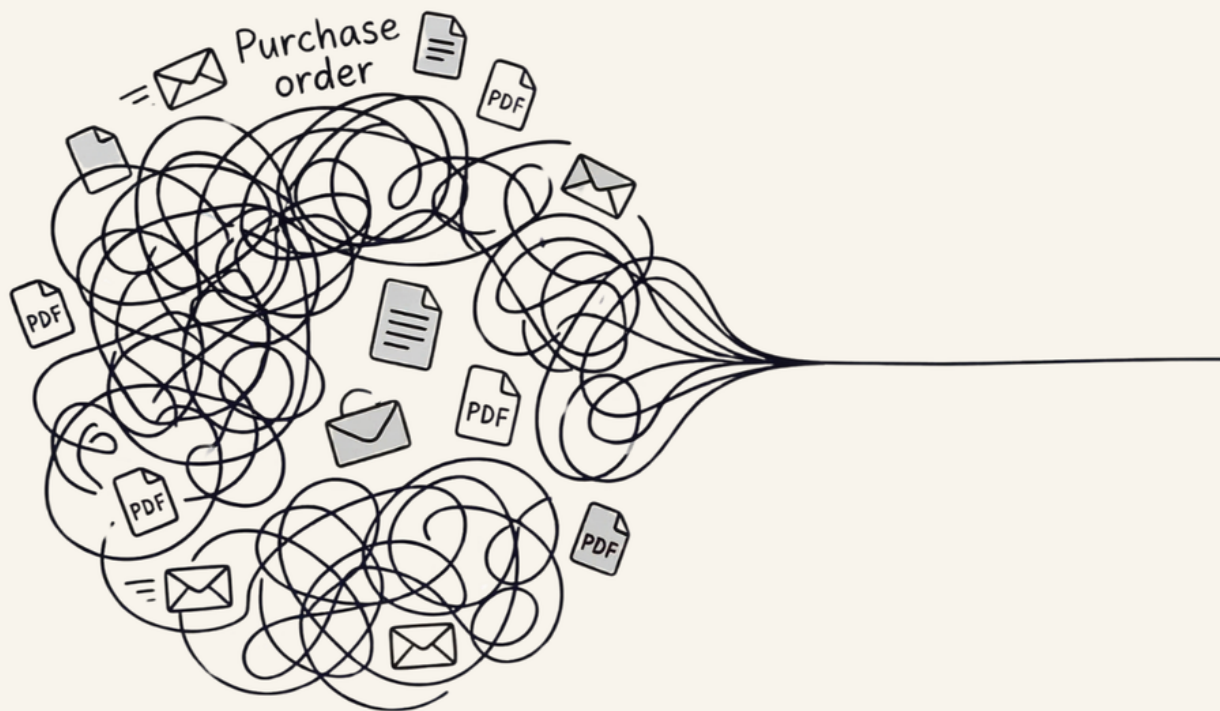




AI For Purchase Order Confirmation

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The Case for PO Confirmation AI Agent

Despite having best-of-breed software systems (ERP, MRP, planning tools), most manufacturers hit the same wall when it comes to the messy reality of communicating and collaborating with suppliers. The most common options in the industry are:

1. **EDI**, which is often reserved for strategic partners because it is costly and time-consuming to implement and maintain.
2. **Supplier portals**, which have historically underperformed and suffer from low adoption.

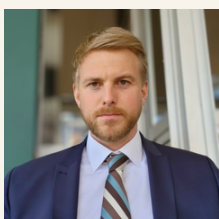
The most frequent channel to manage PO confirmations and collaborate on promised dates and other escalations remains **email**. These come in all shapes and forms, from text bodies to PDFs to Excel attachments and everything in between. The **downstream cost** of this reality shows up in three places:

1. **Significant human capital expense** to manage a manual process. Teams spend their days communicating with suppliers, validating information, and manually transferring information into the ERP.
2. **Missed signals for material planners.** Critical supplier updates and exceptions are trapped in unstructured emails. The MRP shows outdated information and planners may work with wrong promised dates, incorrect quantities and wrong SKUs. Without timely signals, planners cannot take corrective action proactively.
3. **Significant costs from reactive firefighting.** Companies rely on suppliers to confirm orders and commit to the originally requested promised dates. When a supplier does not respond, or when changes to promised dates go undetected, it can get costly quickly. Emergency expedites to cover the shortfall. Inflated safety stock tying up working capital. And "golden screw" scenarios where a single missing part halts an entire production line.

Companies now have a new option: Agentic AI can close this gap without requiring suppliers or internal teams to change anything they do today. No new portal. No new workflow. No large IT projects to push EDI across the entire supplier base.

AI Agents work inside the email channels that buyer teams already use to communicate with suppliers. It understands the unstructured information stuck in emails, can run validations against master data, and can hold a natural conversation with a supplier to confirm a promised date or request an update, all while keeping ERPs up to date.

This report covers why EDI and portal adoption stalls in practice, what running this process manually actually costs, and how an AI Agent turns unstructured supplier communication into structured ERP data.



Philipp Gutheim

Founder & CEO

Glacis



Use Cases & Impact for PO Automation

Leading enterprises are shifting from reactive responses to proactive risk resolution by automating PO confirmation processing. By connecting supplier communication directly to ERP in real time, they turn what was a reactive, manual process into a proactive, automated one. Accuracy matters, but so does speed. The results are consistent: fewer manual touchpoints, faster confirmation cycles, measurable improvements in OTIF, and fewer exceptions causing high costs and excess safety stock.

Company	Industry	Use Case	Impact
Schneider Electric	Energy Management & Industrial Automation	GenAI unifies data across 100+ ERPs to flag supply disruptions. AI predicts if a late supplier will impact a plant and suggests re-routing orders. Deployed across global procurement operations.	Helped avoid stockouts during crises and freed teams from reactive firefighting.
Knorr-Bremse	Rail & Commercial Vehicles	AI agents extract PO confirmation data from any format: PDFs, Excel, SAP screenshots, handwritten notes, short emails. Validated against original POs and pushed to ERP. Multilingual support across global suppliers.	>99% accuracy in confirmation processing; eliminated manual cross-checking; global multilingual document support.
WITTENSTEIN SE	Electromechanical Drive Technology	PO confirmations from email and PDF are automatically captured, AI extracts and matches against SAP purchase orders. The system flags deviations in price, quantity, and delivery dates. Matched confirmations are auto-posted to SAP.	~11 hours of processing time saved per day; high employee adoption.
IDEX Corporation	Diversified Industrial	Auto-reminders to suppliers if POs remain unconfirmed after 24 hours. Escalation notifications to the team if needed.	92% of supplier orders confirmed within 48 hours; All confirmed data auto-synced to ERP.
BraunAbility	Automotive & Mobility	Automated PO confirmation and change management across ~15,000 SKUs and 100+ suppliers, replacing manual tracking through spreadsheets and email.	94% PO acknowledgment rate and 30% boost in supplier OTIF to 90%.

Status Quo: Low Portal Adoption & Expensive EDI

The sentiment from supply chain leaders is consistent: **Supplier portals have not delivered on their promise and EDI is costly and requires IT support on both sides to roll out.**

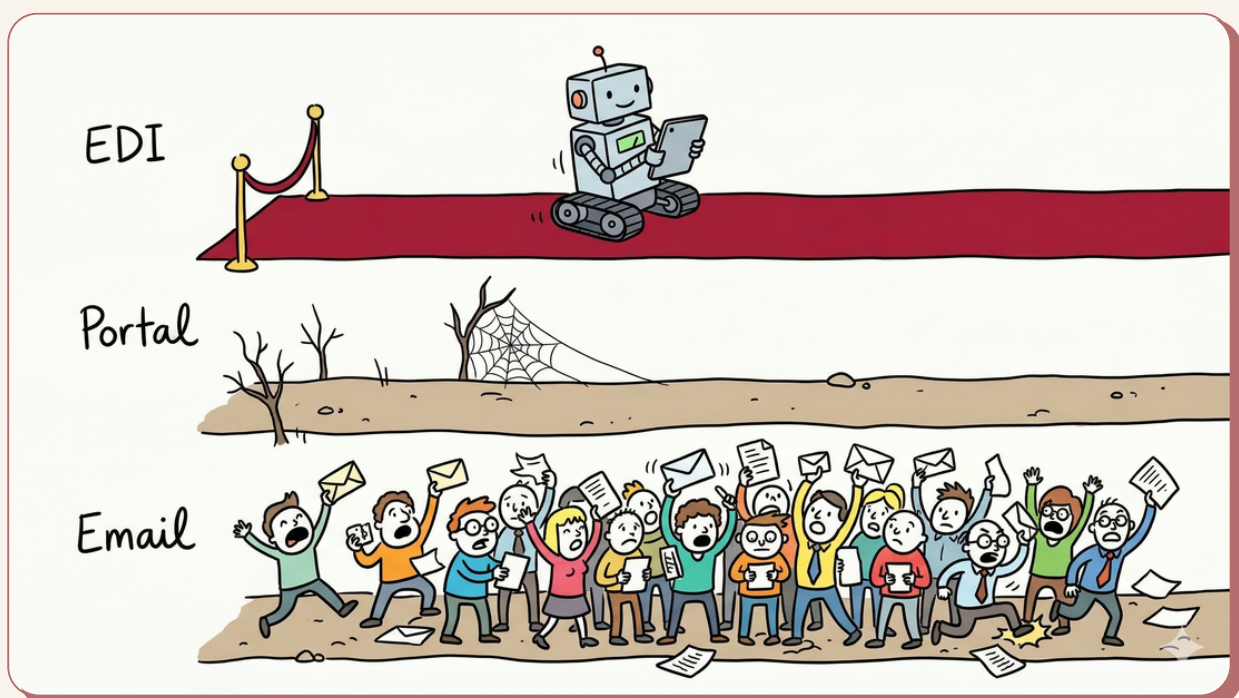
When you walk the floor, buyers are still manually copying and pasting updates from MS Outlook to ERP. Suppliers continue to confirm POs and communicate exceptions by email. Material planning systems remain unaware of critical signals buried in these emails that were never processed and added into ERP, preventing planners from taking corrective action proactively.

At one manufacturer we talked to, only 5% of their suppliers actively used the portal. While portal adoption varies by company, the long-tail suppliers **still send confirmations manually via email**. Another company we work with integrated SAP Ariba to standardize confirmations for direct materials but soon after realized that teams moved back into emails the moment exceptions arose. They eventually scrapped the implementation.

The reason is straightforward: Unless a customer is a strategic partner, a **supplier doesn't have the bandwidth to log into hundreds of customer portals** to manually update information and upload files. Email is the single tool that works for every customer, handles routine confirmations and complex exceptions equally well, and requires zero training.

So the status quo is this: **EDI handles the strategic partners, portals handle a fraction of the rest**, and email handles everyone else. In practice, that is more than half of the confirmation volume and over 90% of all suppliers.

Every supply chain leader we speak with recognizes this. The question is not whether email is the dominant channel. The question is what to do about it.



The Cost of Managing Confirmations by Email

If EDI is reserved for strategic partners and portals have minimal adoption, email is the de facto standard to issue POs to suppliers and collaborate with them on promised dates and exceptions. Critical information arrives unstructured in mail bodies, or deeply embedded inside PDFs & Excel attachments. Every confirmation requires a buyer to read the email, interpret the response, cross-reference it against the original PO, and manually key the data into the ERP. Until that happens, planners are working with outdated information. Most organizations accept this as operational reality. Few have quantified what it actually costs.

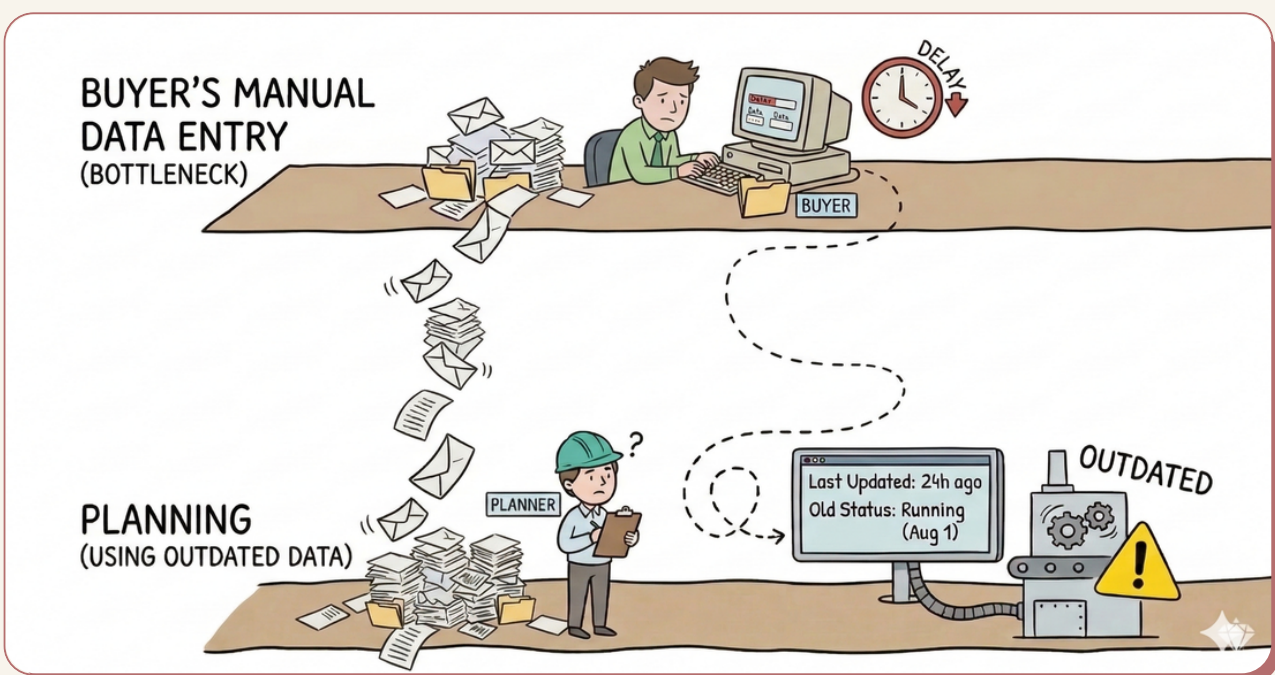
1. Human Capital Expense

PO confirmation-related activities frequently account for 60 to 70% of a buyer's workload: managing incoming confirmations (30%), updating the ERP (20%), and resolving exceptions and escalations (20%), according to a recent report published by APQC*.

At a \$1.5B CPG manufacturer processing roughly 35,000 POs per year, the buyer team managing confirmations required 30 FTEs, costing close to \$1.9M in fully loaded salaries. A best-in-class organization of similar size would operate with about 6, according to a recent report (APQC*). The difference in productivity between these organizations is stark: 100 vs 400 POs per buyer per month. This would decrease the human capital expense alone by roughly 80%.

2. Downstream errors and expensive corrections

When critical data regarding confirmation or delays live in unstructured emails, it takes buyers hours of efforts to to context switch, parse the information, and keep the ERP system up to date.. The delay between supplier communication and updated information in the ERP frequently is two to five days. During that window, the organization loses valuable time to react, respond and adjust flexibly to new signals and instead works off bad data.



*APQC Open Standards Benchmarking - <https://www.apqc.org/resource-library/resource/procurement-key-benchmarks-cross-industry>

To address this, organizations typically choose one of two ways.

1. **Increase safety stocks** to protect against supply disruptions over which they lack visibility or sufficient control. With inventory carrying costs around 20% of inventory value annually (interest + operational expenses), this buffer can easily run into the millions in tied-up working capital.
2. Ad hoc adjustments using **expedites, production rescheduling, and rework**. These are not one-off events. At scale, expedite costs alone can represent 1-2% of annual procurement spend, and every production reschedule carries its own cascading cost in labor, capacity, and missed customer commitments.

3. The impact on customer OTIF

While many organizations track OTIF as a key KPI, the cost of seeing it drop is less frequently quantified. When an unprocessed confirmation delays production or triggers last-minute rescheduling, the company pays for the expedites and excess inventory internally. But the customer receives the late delivery.

The consequences vary by industry, but the pattern is the same:

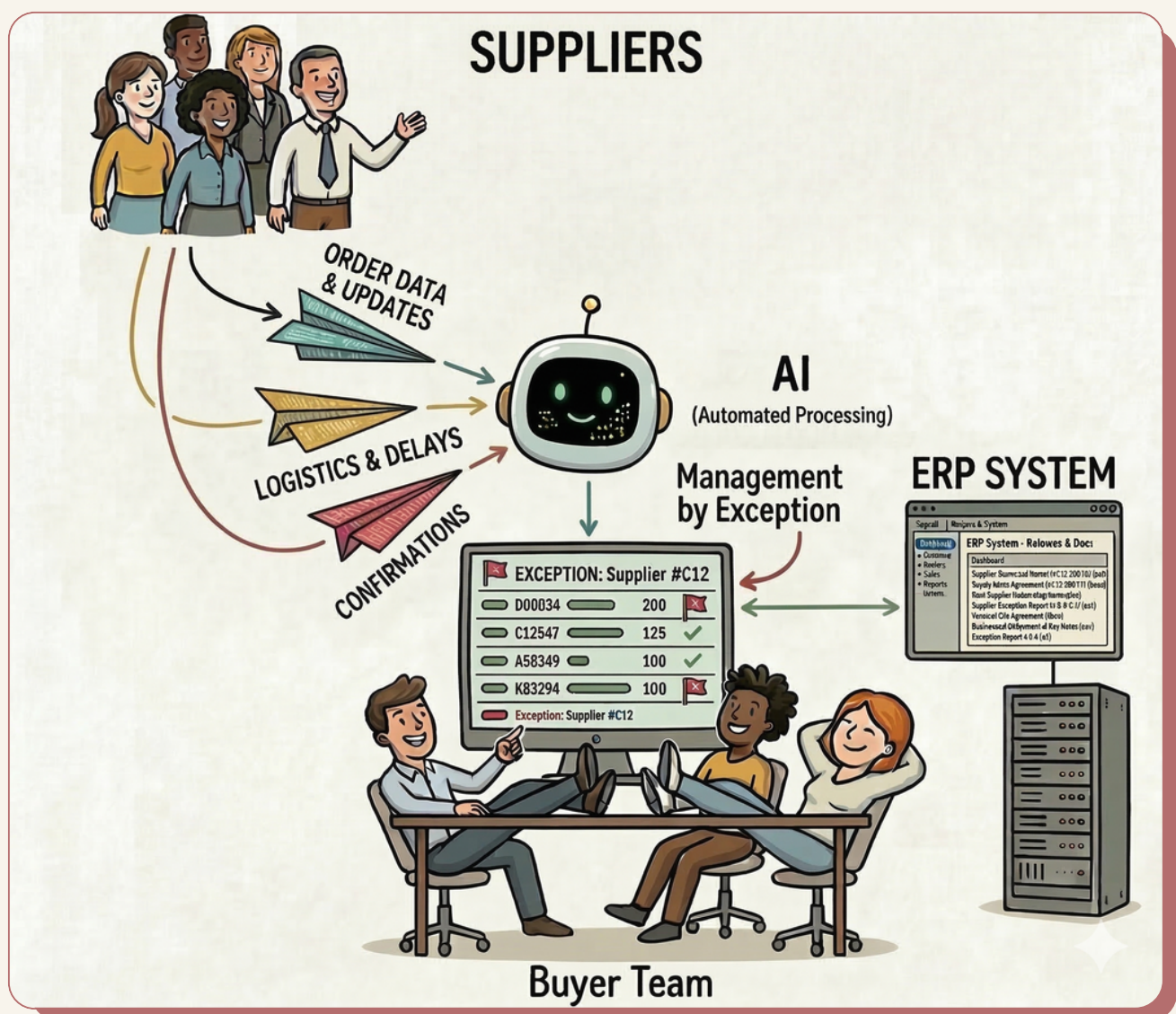
- In CPG, missed deliveries translate to empty shelf space, retailer penalties, and chargebacks.
- In build-to-order, a single late component can hold up an entire assembly, idle downstream resources, and trigger penalties that compound with every week of delay.
- Across other industries, even without direct penalties, repeated delays erode customer confidence and put long-term relationships at risk.



The Solution: AI as the “Anti-Portal”

Portals failed because they asked suppliers to change how they work. An AI Agent works because it meets them where they already are while delivering even greater value to the manufacturer. The supplier keeps doing exactly what they do today: replying by email. No adoption or training required.

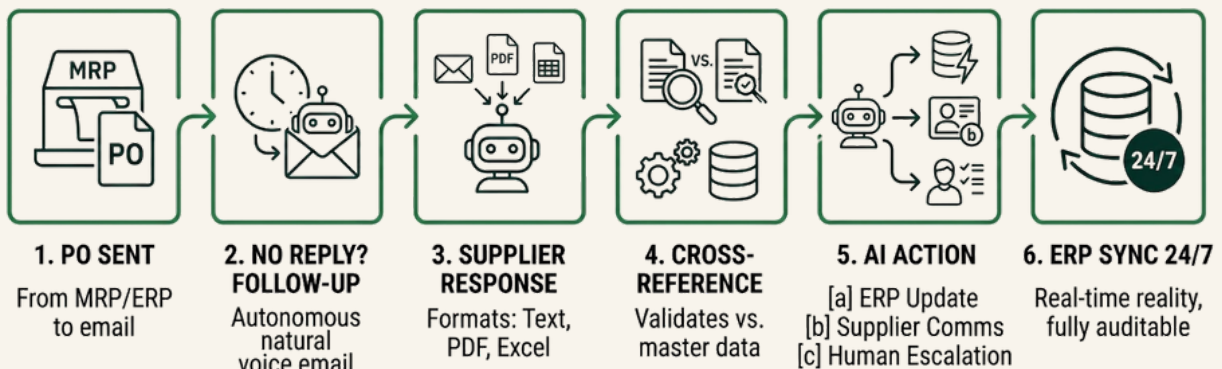
The AI Agent operates inside the same email inbox buyers already use to communicate with suppliers. It reads the conversation, validates information against the organization's master data, clarifies open questions with suppliers, and updates ERP in real time, so planners can take action proactively as it happens.



How AI Works

Step	What Happens
1. PO sent from MRP	The PO is sent from the MRP or ERP. The AI Agent receives emails from the procurement group mailbox or integrates with the organization's email system via forwarding rules
2. No reply? AI follows up	If the supplier hasn't responded within the agreed SLA, the AI follows up autonomously in a natural and professional human voice via email.
3. Supplier replies by email	Suppliers confirm via text, Excel, PDF or other means, ask questions, or propose changes to the PO. No changes for them
4. AI reads, validates, and cross-references	The AI Agent cross-references the supplier's response against the original PO from the ERP. It flags mismatches and validates against the master data.
5. AI takes action	The buyer team now only manages by exception: (a) If there are no issues, the AI automatically updates the ERP; (b) If the AI spots inconsistencies, it reaches out to the supplier to clarify, verify, and confirm. (c) Only exceptions that the company requires human intervention are escalated to the buyer for one-click approval.
6. ERP stays in sync, 24/7	The ERP now reflects reality. Planners can make decisions based on actual supplier commitments instead of old promised dates. Every update is fully auditable: the original email, what action the AI took, and who approved it.

Automated PO Confirmation Process



Security & Guardrails

The AI Agent is configured around the organization's SOPs and business rules. No data leaves the environment. Every action is logged with a full audit trail, and the procurement team controls what the AI Agent can and cannot do.

AI Escalation / Management By Exception

When a discrepancy cannot be resolved with the supplier directly, the AI Agent recommends solutions and next steps to the buyer. The buyer can either approve the recommendation or work with the AI Agent to explore alternatives. Once a path is confirmed, the AI Agent executes based on the organization's SOPs. **The buyer stays in control, the AI handles the execution.**

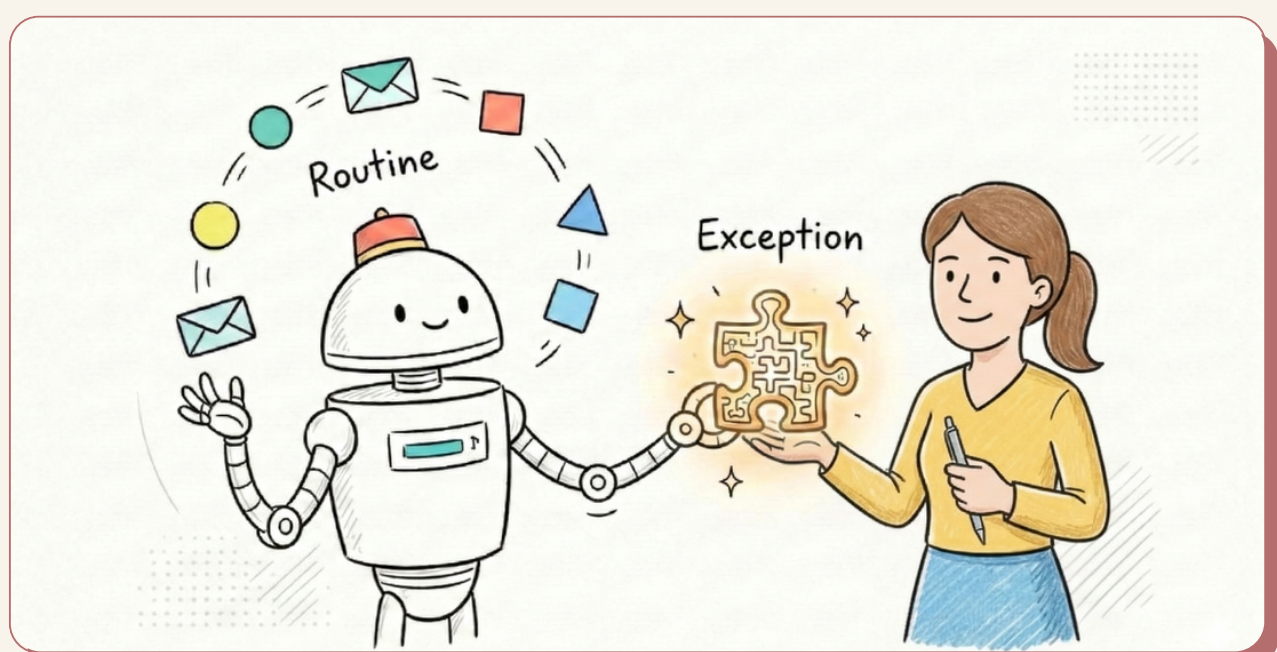
Beyond forecasts and reports, the organization's supply chain becomes proactive. New information triggers immediate action, not a queue of emails waiting for a buyer to process.

How does AI handle Supplier Relationships?

The AI Agent is designed around three principles. First, every confirmation is validated against the organization's master data and the original PO before anything is updated in ERP or sent back to the supplier. Second, the AI Agent communicates in clear, professional language that mirrors how the buyer team already writes. Third, buyers retain full control.

The AI Agent does not negotiate, escalate disputes, or make commitments on behalf of the buyer. When something falls outside the standard flow, it escalates with full context so the buyer can engage the supplier directly.

In practice, suppliers often respond faster and more consistently when the follow-up cadence is quick and reliable.



What Success Looks Like

Most supply chain leaders we speak with point to the same three outcomes.

1. Major cost reductions: Lower safety stock, fewer expedites, and fewer production disruptions. Every buffer the organization carried to compensate for missing confirmation data becomes recoverable working capital.

2. Significantly higher OTIF: Real-time confirmation data in ERP gives planners the control and visibility to act before a missed date becomes a missed delivery. The process becomes resilient instead of reactive.

3. Buyers focused on high-value work. When confirmation processing no longer consumes 60 to 70% of a buyer's time, that capacity shifts to supplier development, negotiations, and strategic sourcing decisions.

Example based on the impact at a \$1.5B CPG manufacturer

Cost Area	Before	After	Impact
People Overhead FTEs on confirmation work	30 FTEs \$1.9M annual cost	9 FTEs \$1.0M annual cost	\$900K saved 70% reduction
Expedites & Safety Stock Confirmation-driven delays	\$3.4M annual cost	\$1.2M annual cost	\$2.2M saved 65% reduction
Supplier OTIF On-time, in-full delivery	84% OTIF	91% OTIF	+7 points
Total Annual Savings			\$3.1M

Get Started with AI in 4 Weeks

Unlike traditional software projects, an AI Agent does not require upfront data cleaning, 12-month global rollout, or supplier onboarding. A pilot can start with one buyer team and their highest-volume supplier segment, with minimal IT resources.

The AI Agent connects to the organization's existing email environment and ERP through a lightweight integration. It is like adding a new team member who understands the organization's standard operating procedures and starts working. Suppliers keep doing exactly what they do today. Buyers keep using the same inbox. The manual work in between is handled by the AI Agent.

Organizations can prove ROI within the first eight weeks with a single buyer team and use the results to build the business case for a broader rollout.

Closing Thoughts

If you're running direct procurement at scale, none of this is new. EDI covers the strategic partners. Supplier portals handle a fraction of the rest of the suppliers. Yet critical updates, confirmations, exceptions, and promised dates still arrive first by email and often stay there.

That is not going to change. Suppliers will continue to use email as their primary channel to confirm orders, communicate exceptions, and negotiate delivery dates. The question is not how to eliminate email from procurement. The question is how to make it work as a structured, reliable channel instead of a manual bottleneck.

EDI and portals handle structured, routine transactions well. But email is where the volume, the exceptions, and the urgency all converge. That is where an AI Agent operates. It captures unstructured supplier communication, validates it against master data, and delivers structured, up-to-date information directly into ERP.

Next Steps

If you are addressing this challenge, or simply want to talk it through, I am happy to connect and see if Glacis can help.



Philipp Gutheim

Founder & CEO

Glacis



Schedule a conversation

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