



AI for PO Automation

How Wholesale Distributors Use AI to
Automate Purchase Order Management



The Case for PO Confirmation AI Agent

A distributor's and wholesaler's supply chain runs on two communication channels:

Outbound: placing POs with suppliers, managing confirmations and exceptions.

Inbound: receiving customer orders, validating them, managing changes.

Both run predominantly by email, and in both cases critical information sits in unstructured messages, invisible to the people who need to act on it. Unlike a manufacturer, a distributor absorbs risk from both ends. The service level failure belongs to the distributor, not the supplier. Most cover the uncertainty with extra safety stock, and in distribution those carrying costs come straight out of margin.

Despite modern ERP and replenishment systems, most distributors and wholesalers hit the same wall when collaborating with suppliers. The most common industry options 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 only work when the buyer has enough leverage to mandate adoption.

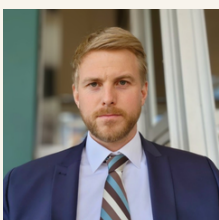
In practice, **Email** remains the channel for PO confirmations, promised dates, and escalations that arrive as text bodies, PDFs, Excel attachments, and everything in between. The **downstream** cost shows up in three places:

1. **Human capital expense.** Teams spend their days communicating with suppliers, validating information, and manually transferring confirmation data into the ERP.
2. **Missed signals for replenishment planners.** Critical updates and exceptions sit in unstructured emails. The delivery dates in the ERP no longer reflect reality, and replenishment planners make stocking decisions based on what suppliers committed to, not what they will actually deliver.
3. **Costs from reactive firefighting.** A missed confirmation or slipped date triggers a familiar sequence: a spot buy at higher cost, expedites to protect customer commitments, and a service level failure that, repeated often enough, moves the customer to a competitor. The real cost is the margin on every reorder that does not come back.

Companies now have a new option: Agentic AI can solve this without requiring suppliers or internal teams to change anything they do today, without a new portal, a new workflow, or a large IT project to push EDI across the supplier base.

AI Agents work inside the email channels that purchasing teams already use to communicate with suppliers. They read unstructured confirmations in any format, validate against master data and the original PO, follow up with suppliers autonomously, and keep the ERP current in real time. Replenishment planners work from accurate data, and exceptions surface before they become stockouts.

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



Philipp Gutheim

Founder & CEO

Glacis



Use Cases and Impact for PO Automation

Leading distributors and wholesalers are automating PO confirmation processing, connecting supplier communication directly to the ERP in real time. The results are consistent: fewer manual touchpoints, faster confirmation cycles, measurable improvements in fill rate and supplier OTIF, and fewer exceptions driving high spot-buy costs and excess safety stock.

Company	Industry	Use Case	Impact
Ferguson PLC	Plumbing, HVAC & Industrial Wholesale	Eliminate manual-entry error as a source of supplier OTIF misses: AI validates supplier confirmations against the original PO and master data before they enter the ERP, removing a major cause of inbound exceptions.	26% lift in OTIF fulfillment 50% fewer order errors
Congebec Inc	Food Wholesale & Cold-chain Distributor	Document verification and exception flagging: AI processes incoming supplier confirmations, packing slips, and shipping documents against the original PO, flagging weight, date, and quantity inconsistencies before they cause spoilage.	94% reduction in manual document entry time; inconsistencies flagged pre-arrival, preserving perishable margins
Wolseley Utilities	Plumbing, HVAC & Waterworks Distribution	Shift procurement from a chase-and-confirm model to manage-by-exception. AI handles routine acknowledgments end-to-end without buyer touch and escalates only true exceptions.	92% of POs confirmed within 48 hours; purchasing team redirected to category management and strategic sourcing
Package One Industries	Industrial Packaging Distribution	Replace reactive backorder management with proactive supplier alerting: AI extracts supplier acknowledgments and ship-date changes from email and PDF, alerting buyers in real time.	90% reduction in PO confirmation time; downstream commitments protected through earlier intervention
Source Atlantic	Industrial Wholesale & MRO Distribution	Automate PO confirmation and change management across ~15,000 SKUs and 100+ suppliers, replacing manual tracking through spreadsheets and email.	94% PO acknowledgment rate and supplier OTIF lifted to 90%

Status Quo: Low Portal Adoption & Expensive EDI

The sentiment from distribution and wholesale leaders is consistent: supplier portals were built for a world where the buyer has enough leverage to force adoption. **In manufacturing, a large OEM can tell its suppliers to use a portal or risk losing the business. Most distributors don't have that leverage. In many cases, they are the ones required to log into supplier portals to retrieve confirmations.**

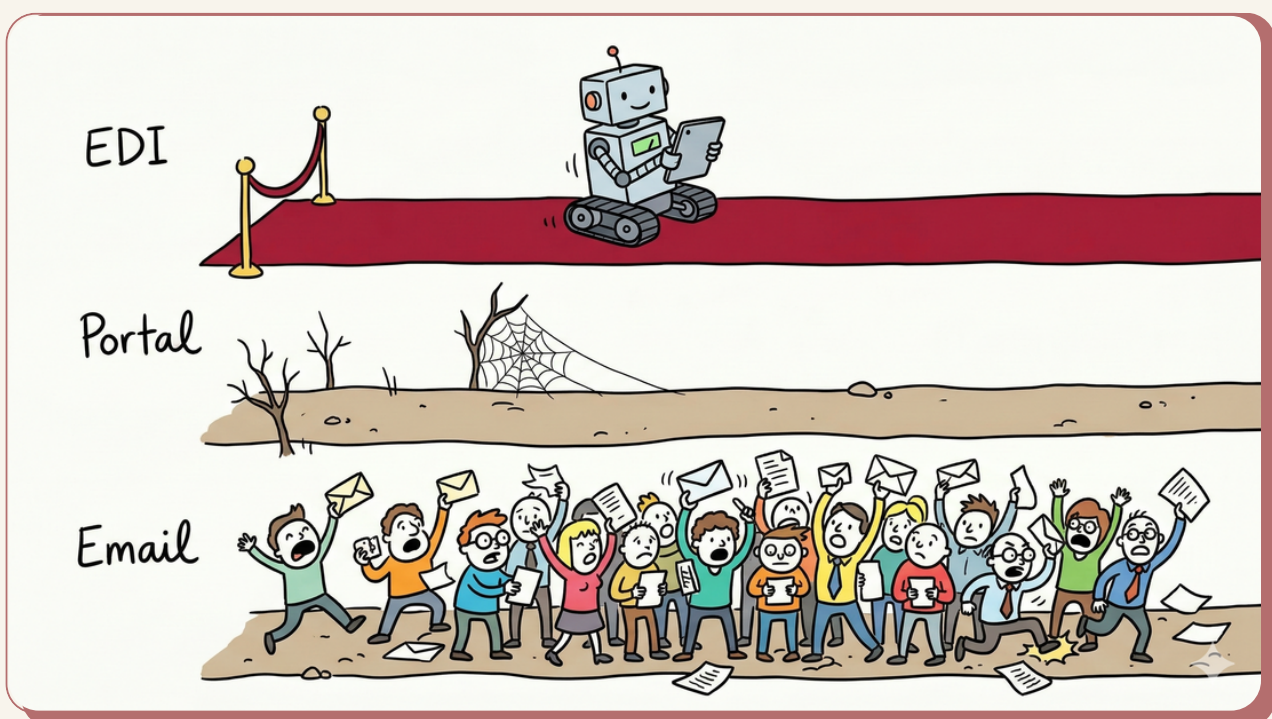
When your supplier is a large manufacturer, be it a major CPG brand, an industrial equipment maker, or a global chemicals company, they serve hundreds of distributors. They are not logging into each distributor's portal to manually update information for one account. The power dynamic runs the other way.

Walk the floor and the evidence is there: buyers are still manually copying and pasting updates from Outlook into the ERP. Suppliers continue to confirm POs and communicate exceptions by email. Replenishment systems remain unaware of critical signals buried in those emails, signals that the ERP never sees.

At one large distributor we spoke with, fewer than 5% of their suppliers actively used the portal. Another integrated SAP Ariba to standardize confirmations for key categories, then scaled it back after teams reverted to email the moment exceptions arose.

So the status quo is this: **EDI handles the strategic partners, portals handle a fraction of the rest, and email handles everyone else.** It's the one channel that works for every customer, handles routine confirmations and complex exceptions equally well, and requires nothing from either side. In practice, that is more than half of the confirmation volume and over 90% of all suppliers.

Every distribution leader we speak with recognizes this. Email is the dominant channel. The real 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 and 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.

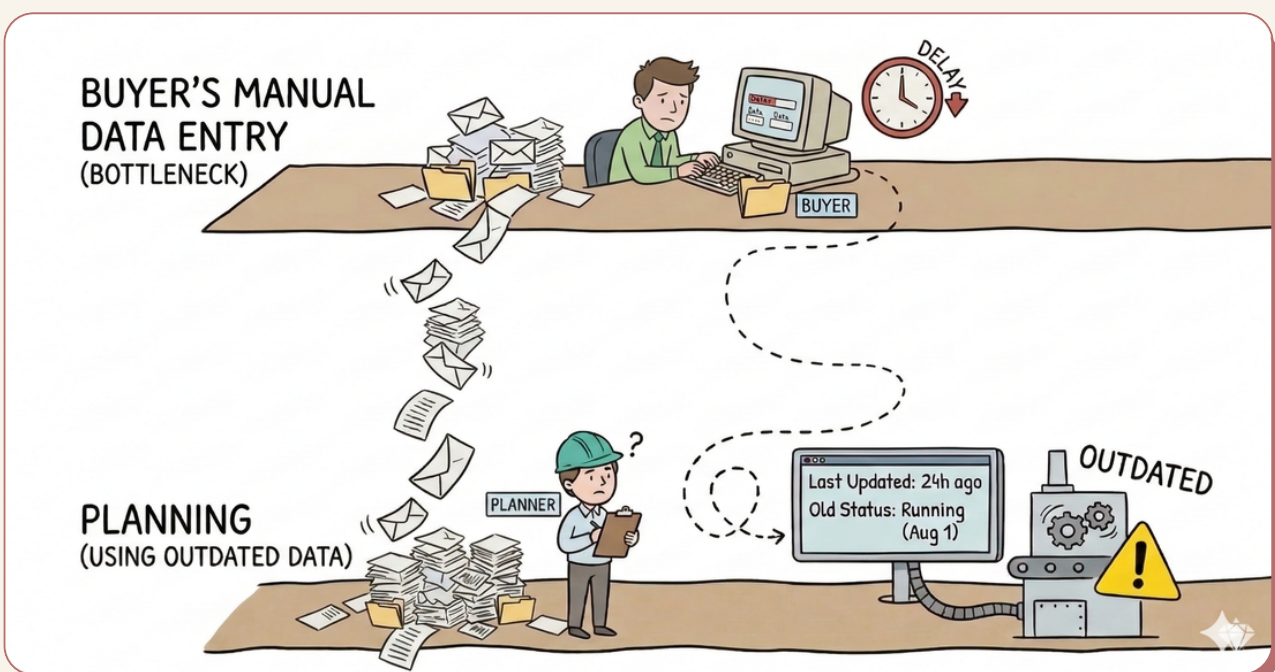
1. Human Capital Expense

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 \$1.4B specialty distributor processing roughly 44,000 POs per year, the purchasing team managing confirmations required 26 FTEs, costing close to \$1.7M in fully loaded salaries. A best-in-class organization of similar size would operate with about 8, with buyers handling roughly 460 POs per month versus 140 in the example above, according to APQC. This would decrease the human capital expense alone by roughly 49%.

2. Downstream Errors and Expensive Corrections

When critical data about confirmations or delays sits in unstructured emails, it takes buyers hours of effort 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 is typically two to five days. During that window, the organization loses valuable time to react, respond, and adjust 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 take one of two approaches.

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 **spot buys, expedites, and substitutions**. At scale, emergency sourcing costs alone can represent 1–2% of annual procurement spend, and every spot buy carries its own margin cost. Every substitution risks a service level conversation with a downstream customer.

3. The Impact on Customer Fill Rate and OTIF

Wholesale distributors track customer fill rate and OTIF as top-line KPIs, but the cost of seeing them drop is less frequently quantified. When an unprocessed confirmation delays a replenishment cycle, the distributor pays for spot buys and expedites internally. The customer receives the backorder notification.

- In wholesale food and beverage, a missed delivery on date-sensitive inventory means spoilage, compliance exposure, and a customer considering alternatives.
- In industrial and MRO, a backordered part delays a maintenance window or project schedule, and they call your competitor the next time.
- In building materials and electrical distribution, a late delivery triggers a site delay and a chargeback conversation.

A stockout costs more than the expedite. It costs the margin on every reorder that no longer comes back.

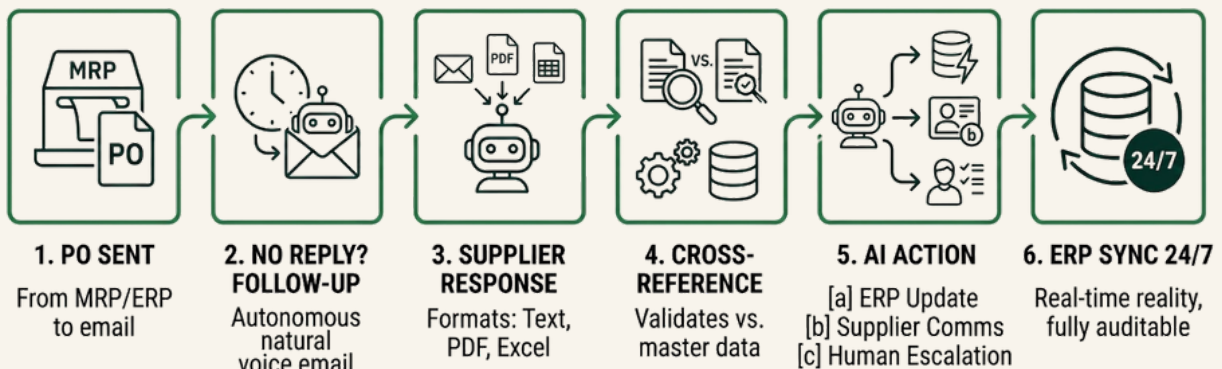


Supplier confirmations have always lived in email: delivery dates, exceptions, price changes, all in mail bodies and PDF attachments.

How AI Works

Step	What Happens
1. PO sent from replenishment or purchasing system	The PO is sent from the ERP or replenishment system. The AI Agent receives emails from the purchasing 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 process change required of 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 purchasing 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 require human intervention are escalated to the buyer for one-click approval.
6. ERP stays in sync, 24/7	The ERP now reflects reality. Replenishment planners can make decisions based on actual supplier commitments instead of old promised dates. Every update is fully auditable.

Automated PO Confirmation Process



Security and 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 purchasing 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.**

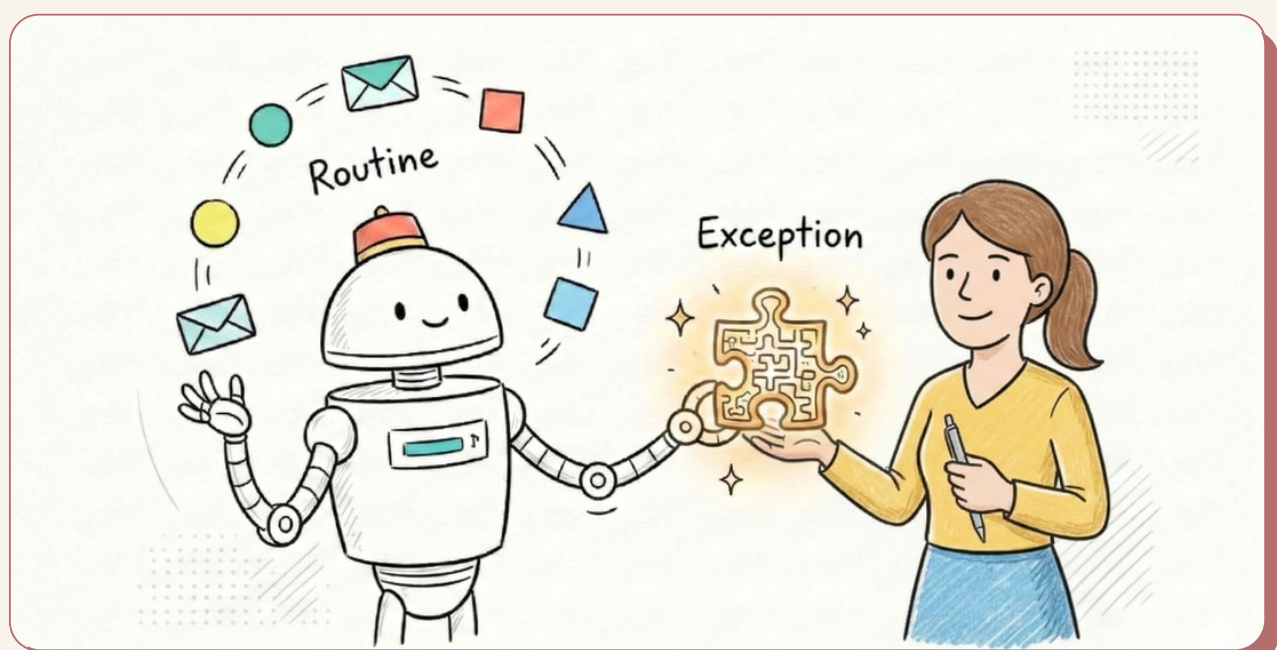
Beyond forecasts and reports, the organization's replenishment process runs on live signals. New information triggers immediate action.

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 the ERP or sent back to the supplier. Second, the AI Agent communicates in clear, professional language that mirrors how the purchasing 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 distributors and wholesale leaders we speak with point to the same three outcomes.

1. Major cost reductions: Lower safety stock, fewer spot buys, fewer stockouts, and fewer service level failures. Every buffer the organization carried to compensate for missing confirmation data becomes recoverable working capital.

2. Significantly higher fill rate and OTIF: Real-time confirmation data in the ERP gives replenishment planners the control and visibility to act before a missed date becomes a stockout. 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 \$1.4B specialty distributor

Cost Area	Before	After	Impact
Procurement Operations Overhead	26 FTEs \$1.7M annual cost	8 FTEs \$870K annual cost	\$830K saved 49% reduction
Spot Buy Premiums and Inventory Carrying Costs	\$3.2M annual cost	\$1.1M annual cost	\$2.1M saved 66% reduction
Customer Fill Rate	93%	97%	+4 points
Total Annual Savings			\$2.9M

A 4-percentage-point lift in Fill Rate directly protects an estimated \$7M to \$14M in annual top-line revenue.

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 purchasing 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 and 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 purchasing 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](#)

Find more about us



March 2026
Designed by Glacis Inc.

Glacis.com

