

Demand confirmation: feedback from the requirement owner as the basis of requirements planning

The demand confirmation is the binding feedback from a requirement owner – for example from engineering, production or maintenance – regarding the type, quantity, required date and purpose of a required material or service. It forms the basis for further requirements planning and the subsequent ordering process in procurement. Without a clear demand confirmation, there is a risk of incorrect orders, unnecessary stock build-up or delivery delays. In practice, the term is also often referred to as requirement request, purchase requisition or material request.

Key facts

- The demand confirmation documents in binding form who requires which material, in what quantity and by what date.
- It is the interface between internal functional departments and operational purchasing.
- In ERP systems it typically takes place via the purchase requisition with subsequent release.
- The quality of the demand confirmation has a direct impact on inventory levels, delivery reliability and purchasing volume.
- Clear release limits for purchasing and a defined procurement policy prevent unauthorised or unnecessary requisitions.
- Digital processes and ERP integration reduce media discontinuities and significantly accelerate the procurement lead time.

Definition: demand confirmation

The demand confirmation is the formal, and often also system-based, definition of a specific requirement by the consuming or processing area of a company. It usually contains the material number or service description, quantity, requested date, plant or cost centre and, where applicable, a project reference.

Distinction from the purchase requisition

In many system landscapes, the terms demand confirmation and purchase requisition are used synonymously. Strictly speaking, the purchase requisition describes the document in the ERP system, while the demand confirmation covers the functional process of clarifying and confirming the requirement. What matters in practice above all is that the requirement is documented, released and traceable.

- Documentation of type, quantity, required date and cost centre
- Binding effect through release by the line manager or budget owner
- Systematic recording via purchase requisition, intranet form or catalogue ordering

Legal and organisational significance

The demand confirmation is not a legal act towards the supplier but an internal process. It only becomes legally binding with the purchase order or a Binding Offer. From an organisational point of view, however, it serves as evidence for compliance audits, budget control and subsequent invoice verification.

Procedure and methods of the demand confirmation

The process begins with the identified requirement and ends with the release to purchasing. Depending on material type, frequency of recurrence and value, the effort and the form of the confirmation vary considerably.

Manual versus system-supported recording

For C-parts or recurring consumption, the demand confirmation is often made via Catalog Buying with defined release limits for purchasing. For complex capital goods or new parts, a manual, project-oriented requisition with a technical specification is usual. In both cases, the entry should be made directly in the ERP system in order to avoid media discontinuities.

- Catalog Buying for standard materials of low value
- Structured requisition with specification for new parts and investments
- ERP integration as a prerequisite for consistent data

Review by purchasing

The reviewing purchasing department checks the requisition for plausibility, budget coverage, the existence of framework agreements and compliance with the procurement policy. The order history can often be used to check whether the requirement is already covered or whether an identical material was last procured at a lower price. In the event of discrepancies, the requirement owner is consulted before the requisition is converted into a purchase order.

- Reconciliation with framework agreements and annual call-offs
- Review of the order history for duplicate requirements
- Clarification of alternative materials with the requirement owner

Planning for recurring demand

For serial material, the requirement is not confirmed individually but generated automatically via planning parameters such as lot size, planning strategy and safety stock. Here, careful maintenance of the planning parameters replaces individual demand confirmation. The parameters must be reviewed regularly, as outdated values lead to excess stock or shortages.

Key KPIs relating to the demand confirmation

The quality of the demand confirmation process can be measured using several KPIs. They show how quickly, completely and fit for procurement internal requisitions are processed.

Lead time from requisition to purchase order

This KPI measures the time between the release of the demand confirmation and the dispatch of the purchase order. In practice, values of a few days are usual for standardised processes, and considerably longer for complex requisitions. Long lead times indicate unclear requirements, missing releases or

manual media discontinuities.

Returns rate and amendment rate

A high proportion of subsequent quantity or date amendments after the demand confirmation indicates insufficient requirement clarification. The rate of cancelled or amended requisitions is equally revealing. Both figures should be evaluated regularly and discussed with the requirement owners.

Soundness of the planning data

For automatically planned material, the inventory situation reflects the quality of the planning parameters. High stock levels combined with shortages are a typical warning sign of incorrect parameters or unconfirmed phantom requirements.

Risks and controls

Incorrect or uncontrolled demand confirmations lead to excess stock, costly emergency purchases triggered by shortages, and compliance risks. Clear controls and defined responsibilities are therefore essential.

Typical sources of error

Common problems are incomplete specifications, missing releases, duplicate requirements from different departments and requested dates that are set without regard to procurement lead times. In just-in-time production, a late requirement immediately leads to line stoppage and the need for escalation with the supplier.

- Missing technical specification for new parts
- Uncoordinated parallel requisitions from several departments
- Unrealistic requested dates without regard to replenishment lead time

Control mechanisms and releases

Effective controls rely on multi-stage releases with value limits, mandatory fields in the requisition form and automated checking routines in the ERP system. For safety-critical materials, as in dangerous goods management, additional functional releases are required. The procurement of services should also be preceded by a documented demand confirmation with a statement of work.

Escalation paths for requirement changes

If a confirmed requirement changes after the order has been placed, clear escalation paths must be defined. Purchasing reviews the impact on order value, delivery date and, where applicable, cancellation costs with the supplier and formally agrees the amendment. A supplier escalation only becomes necessary if internal clarification and coordination with the supplier prove unsuccessful.

Current developments

Digitalisation and automated procurement are fundamentally changing the demand confirmation process. The trend is moving away from manual forms towards integrated, rule-based workflows.

Automation and e-sourcing

Modern e-sourcing and e-procurement platforms connect the demand confirmation directly with supplier

search, quotation comparison and ordering. For standardised goods, the classic requisition route is largely dispensed with, as requirement owners order directly from released catalogues. For complex requirements, AI-supported request creation supports purchasing in specification and supplier selection.

Integration into planning and production processes

In integrated planning systems, requirements from engineering and production control flow automatically into procurement. Approaches such as Early Supplier Involvement go one step further and involve suppliers in development even before the final requirement is defined. A supplier capacity reconciliation based on confirmed requirements thus becomes possible earlier and more reliably.

Data transparency and traceability

Complete electronic histories enable analyses of order history, requirement trends and date deviations. This supports both continuous process improvement and auditing and compliance. The prerequisite is clean ERP integration between requisition, purchase order, goods receipt and invoice.

Typical metrics

Lead time from requisition to purchase order: 1–3 days

usual benchmark for standardised, digital processes

Subsequent amendment rate: < 10 %

higher values indicate insufficient requirement clarification

Release rate without queries: > 90 %

measures the completeness and quality of requisitions

Systematic recording via ERP: > 95 %

proportion of digitally recorded requisitions, an indicator of media continuity

Practical example

A medium-sized mechanical engineering company with around 300 employees found that more than half of all purchase requisitions were subsequently amended in terms of quantity or delivery date. The causes were incomplete specifications and uncoordinated requisitions from engineering and production planning. The company introduced a structured requisition form with mandatory fields, defined release limits by value and linked the requisition directly to the order history. Within one year, subsequent amendments fell significantly, and the lead time from requisition to purchase order was reduced by several days.

- Mandatory fields and technical specification as a prerequisite for requisition release
- Multi-stage release limits for purchasing from defined order values
- Automatic reconciliation with framework agreements and order history before forwarding
- Regular evaluation of amendment and cancellation rates with the requirement owners

Conclusion

Although the demand confirmation is an internal element, it is of strategic importance to procurement. It determines whether purchasing procures the right materials in the right quantity and at the right time, and whether purchasing volume is deployed efficiently. A cleanly documented, digitally recorded and reviewed demand confirmation reduces inventory, avoids duplicate procurement and creates the data

basis for reliable requirements planning. Companies should review the process regularly, sharpen release rules and keep the planning parameters up to date. Anyone who ignores weaknesses here pays later through excess stock, emergency procurement and friction losses in the supply chain.

Frequently asked questions

What is a demand confirmation in procurement?

The demand confirmation is the binding feedback from a functional department regarding required materials or services, including quantity, required date and cost centre. It forms the basis for further requirements planning and the purchase order. In the ERP system it is usually recorded and released as a purchase requisition.

What is the difference between a demand confirmation and a purchase requisition?

The purchase requisition is the concrete document in the ERP system, whereas the demand confirmation describes the functional process of clarifying and releasing the requirement. In practice, the two terms are often used synonymously. The process only becomes legally binding with the purchase order placed with the supplier.

Why is a demand confirmation important?

It prevents incorrect orders, duplicate requirements and unnecessary stock build-up, and creates transparency over cost centres and budget responsibility. It also serves as evidence for compliance audits and invoice verification. Without a verified requirement, there is a risk of budgets being tied up without any real benefit.

How does the demand confirmation process work?

The requirement owner records type, quantity, required date and cost centre, typically as a purchase requisition in the ERP system or via Catalog Buying. The reviewing purchasing department checks plausibility, budget coverage and framework agreements and converts the requisition into a purchase order after release. For serial material, automated planning parameters take over requirement generation.

Who is responsible for the demand confirmation?

Responsibility lies primarily with the requirement owner, i.e. the functional department that needs the material or service. Functional release is given by line managers or budget owners within defined release limits. Purchasing reviews and processes the confirmed requirements further.

How can the quality of demand confirmations be measured?

Typical KPIs are the lead time from requisition to purchase order, the rate of subsequent amendments and cancellations, and the inventory and shortage situation for planned material. High amendment rates indicate unclear requirements. Regular evaluations help to continuously improve the process.