

# Order History: The Data Basis for Transparent Procurement Decisions

The order history comprises the documented sequence of all orders placed by a company over a defined period. It forms the central memory of procurement and provides data on suppliers, prices, quantities, delivery times and quality incidents. Those who systematically evaluate order histories identify savings potential, award repeat business more objectively and strengthen their negotiating position. For technical buyers in DACH industry, it is therefore one of the most important internal information sources.

## Key facts

- The order history documents all orders with supplier, item, quantity, price and delivery date – typically over several years.
- It serves as the data basis for demand forecasts, supplier selection and price analyses.
- In practice, historical data is often captured in ERP systems and evaluated via business intelligence.
- Frequently analysed KPIs include order volume, price development, on-time delivery and complaint rate.
- Evaluations also support preventive measures such as factual invoice verification for price differences.
- Data protection and confidentiality aspects require controlled internal and external disclosure.

## Definition: Order History

The order history is the complete, chronological record of all ordering transactions of a company. In addition to item and supplier data, it typically contains price, date and status information as well as change histories. It is an internal data extraction product from the ERP system and not a publicly accessible source.

## Content and Structure

A complete data record typically includes purchase order number, order date, supplier, material or service number, ordered and delivered quantity, unit price, payment terms, delivery date and the actual goods receipt. In addition, many systems document framework agreement numbers, reasons for deviations and approval paths. The more structurally these fields are maintained, the more meaningful the subsequent evaluation. Especially in technical procurement, where line items are often identified via drawing numbers and material master data, clean data maintenance pays off immediately.

- Purchase order number and line item with price and quantity
- Supplier, delivery date, goods receipt date
- Approval path and change notes

## Distinction from Supplier History and Demand Forecast

The order history can be attributed to suppliers, but is not identical to supplier rating, which systematises performance evaluations such as on-time delivery and quality. It also differs from a consensus forecast: the history describes the past, the forecast the expected future. In practice, both sources converge when collaboratively coordinated demand forecasts are derived from historical consumption figures.

## Methods and Approach for Evaluating the Order History

The evaluation usually follows a multi-stage approach: cleanse the data, aggregate, interpret and translate into decisions. Methodologically, spend analysis, ABC analyses and time series comparisons are used.

### Data Cleansing, Spend Analysis and ABC Analysis

First, duplicates, cancelled orders and inconsistencies are removed. A spend analysis then sorts procurement volume by category, supplier and cost centre. An ABC analysis ranks line items by value: A-items typically account for the majority of procurement volume across few line items and justify strategic management, while C-items can be automated via framework arrangements or catalogue procurement. This turns the history into a prioritised action list.

- Data cleansing before every evaluation
- ABC classification by volume and value
- Category-specific recommendations for action

### Price and Schedule Analyses

Time series comparisons show how unit prices for identical material numbers have developed over several years. Noticeable fluctuations are grounds for a price deviation workflow review or for renegotiations. Date data also provides insights: the difference between the confirmed and actual goods receipt reveals systematic delivery delays by individual suppliers or material groups.

### Combination with RFX and Bid Data

When awarding new business, buyers compare the order history with the results of RFX in procurement. The history provides reference prices and volume profiles that serve as target values in tenders and at bid opening. This makes it possible to assess whether an offer is genuinely better than the status quo – a key safeguard against illusory savings.

## Key KPIs from the Order History

Reliable key figures can be derived from the historical data, making procurement manageable. The following KPIs have proven themselves in practice; specific target values depend on industry and material group.

### Volume and Price KPIs

Core metrics are order volume per category and supplier, price development per material number, and the share of framework agreement procurement versus individual purchase orders. A high share of individual purchase orders for recurring items indicates unused bundling potential. The early payment discount (Skonto) calculation also benefits from the history: payment habits and discounts can be used to determine whether early payment is economically viable.

## Supplier and Process KPIs

Comparing order, confirmation and goods receipt yields on-time delivery metrics that feed directly into supplier rating. Complaint and rework data from goods receipt complete the picture. When onboarding new suppliers as creditors, historical comparison values provide realistic expectations regarding volumes and invoice flows. Aggregated order trajectories also provide relevant signals for the supplier's capacity planning.

- On-time delivery (OTD) per supplier and material group
- Price deviation per line item versus prior period
- Share of open or cancelled orders

## Risks and Controls Surrounding the Order History

Order histories contain sensitive business data and are subject to increasing compliance requirements. At the same time, they carry operational risks if data is incomplete or manipulable.

### Compliance, Audit Rights and Data Quality

Contracts with suppliers frequently contain a right to audit, granting the customer access to relevant business records – conversely, suppliers sometimes demand a step-in right or defined exit mechanisms for critical orders, as with supplier RTO. Internally, procurement compliance ensures adherence to approval paths, split rules and documentation obligations. Factual invoice verification uses the history to compare invoice prices against order and contract prices and to identify price differences early.

- Four-eyes principle and approval logic in the system
- Regular checks for duplicate and fictitious orders
- Documentation of price differences and approvals

### Data Protection, Confidentiality and Contract Clauses

Order histories contain personal data of buyers and possibly trade-secret volume and price information. Disclosure to third parties – e.g. for benchmarking – requires non-disclosure agreements and a clear legal basis. For international contracts, the jurisdiction clause should specify which law and place of jurisdiction apply in disputes over contractual information obligations. As always: legal details must be reviewed on a case-by-case basis with legal counsel.

### Typical Pitfalls in Practice

Common sources of error are inconsistent material master data, missing category assignments and incomplete filing dates, which distort evaluations. Historical prices can also be misleading if specifications, volumes or the market situation have changed. Buyers should therefore always validate historical references – e.g. with regard to certificate of conformity requirements or changed quality standards – before drawing conclusions from them.

## Current Developments: Digitalisation and Sustainability

Order histories are transforming from passive archives into active decision-making instruments. AI-supported analysis tools, automated reports and networked systems are opening up new fields of use.

## Automation and AI-Supported Evaluation

Modern ERP and BI systems automatically generate spend reports, deviation analyses and supplier cockpits. Machine learning approaches use historical data for price forecasts and anomaly detection – e.g. for suspicious price jumps or unusual ordering patterns. Clean data remains a prerequisite; 'garbage in, garbage out' applies here in particular. Those using digital procurement platforms benefit from the fact that bid, order and delivery data is captured there in structured form.

## Sustainability and Supplier Management

Order histories provide volume and supplier data relevant for Scope 3 emissions accounting, as procurement volume is a significant emissions driver. Category governance also benefits: responsibilities and sourcing strategies per category can be derived from the history. Innovative suppliers can be identified by combining historical order trajectories with quality and innovation indicators – an approach that specifically fosters supplier innovation.

## Integration into Finance and Factoring Processes

Historical order and invoice data increasingly form the basis for supply chain financing. Under reverse factoring, suppliers leverage the buyer's credit rating to obtain liquidity earlier; the expected payment history serves as a basis of trust there. Validity periods and safety capacity in delivery schedule contracts are also typically derived from historical consumption patterns – thus the order history connects directly with operational delivery schedules.

## Typical metrics

### **On-time delivery (OTD): typically > 95 %**

Share of punctual deliveries, derived from order and goods receipt data

### **Price deviation per line item: typically < 3 %**

Deviation compared with contract or prior-period price

### **Framework agreement rate: typically > 70 % for A-items**

Share of volume running via framework agreements instead of individual purchase orders

### **Duplicate order rate: typically < 1 %**

Share of inadvertently duplicated orders

### **Early payment discount (Skonto) utilisation: typically > 80 % of discount-eligible invoices**

Share of invoices where the early payment discount is taken – derived from discount calculation

## Practical Example

A mid-sized mechanical engineering company with around 150 suppliers discovered during a spend analysis of its three-year order history that a single sheet metal cutting supplier was delivering more than 40 individual orders per quarter without a framework agreement. Prices fluctuated by typically 8–12 % between orders, with no change in specifications. Procurement used the aggregated volume profiles as the basis for a structured RFX tender to three suppliers. The result was a framework agreement with fixed tiered prices; subsequent evaluation showed in practice a noticeably more stable price basis and significantly reduced processing effort in procurement.

- ABC analysis over three years of order history to identify bundling potential
- Volume and price data as reference for the RFX request and bid opening

- Conclusion of a framework agreement with tiered prices and defined validity periods
- Quarterly monitoring of price deviations via a defined price deviation workflow

## Conclusion

The order history is far more than an archive of past orders: it is the empirical basis for strategic procurement decisions, supplier evaluations and process improvements. Those who systematically cleanse, evaluate and reconcile historical data with current market data negotiate on a factual basis and reduce cost risks. Clean master data, clear responsibilities and an awareness of data protection and confidentiality are essential. Combined with tools such as supplier rating, RFX in procurement and factual invoice verification, the order history becomes a controllable steering instrument of procurement. Technical buyers are well advised to maintain this data basis regularly and to integrate it into their category strategies.

## Frequently asked questions

### What is an order history?

The order history is the chronological record of all orders placed by a company, typically from the ERP system. It contains supplier, item, quantity, price, dates and status information. It serves as the data basis for analyses, negotiations and forecasts in procurement.

### What does procurement use the order history for?

Typical applications include spend analyses, price comparisons, supplier evaluations and the derivation of demand forecasts. It provides reference prices for RFX tenders and supports invoice verification on a factual basis. Historical delivery and quality data also provide important key figures for supplier rating.

### How many years of order history should be retained?

In practice, order histories are typically retained for analytical purposes for three to five years. Statutory retention periods for business records may be longer and must be reviewed on a case-by-case basis – e.g. with tax advisors. For trend analyses, a period of at least three years has proven effective.

### Can order histories be shared with suppliers?

Yes, but in a controlled manner: suppliers benefit from aggregated volume and demand data, e.g. for their capacity planning. Disclosure should take place under non-disclosure agreements and be limited to those data necessary for the collaboration. Raw data containing other suppliers' prices or personal data does not belong in such handovers.

### How do you identify price differences in the order history?

Through systematic comparisons of identical material numbers over time and against contract prices. Modern systems flag deviations automatically and route them into a defined price deviation workflow. Clean material master data maintenance is essential so that identical items are actually comparable.

### What role does the order history play in sustainability reporting?

Procurement volumes from the order history are an essential data basis for determining Scope 3 emissions. Emissions-intensive categories and suppliers can be identified from it. The specific calculation methodology should be coordinated with sustainability consultants and, if necessary, auditors.