

Introduction

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Basic external processing provides you with the means to instruct a supplier or subcontractor to process individual production steps such as operations or sub-operations. The external processing of production order operations is frequently used for standardized process steps such as galvanizing which you cannot perform in your own factory. In the case of galvanizing, you may have environmental reasons for outsourcing this step to your subcontractor.

Business Example:

In a pump industry there will be multiple operation performed to get the required component as per the customer requirement. Certain resource will not be available inside the company to perform few operations. So Requisition will be raised from Production Que and converted to purchase order. And Subcontract Issue will be done with delivery challan.

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