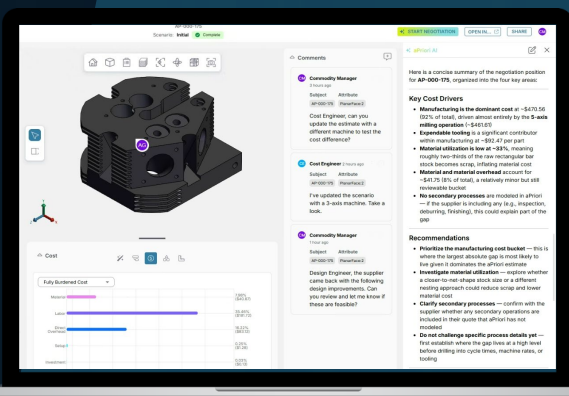


aiSource™

AI Negotiation Assistant



Make every buyer negotiate like your best one



Less time spent preparing negotiation strategies



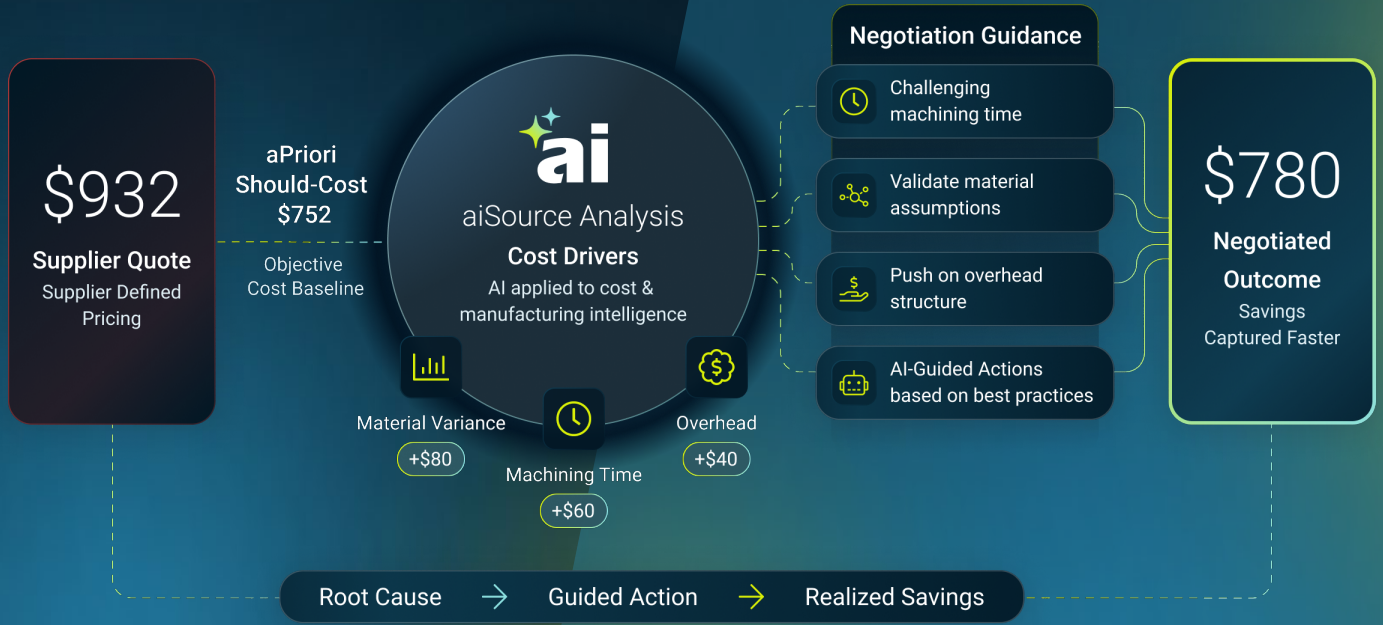
Less time spent negotiating with suppliers



More in realized savings

Overview

The AI sourcing assistant for procurement teams transforms aPriori intelligence into structured, guided negotiation decisions—so teams move faster and capture more savings



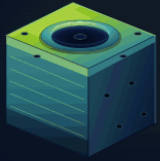
From Complex Data to Structured Negotiation Action

AI applied to manufacturing intelligence

INPUT
Engineering Insight

aiSource

OUTPUT
Guided Action



From Insight to Action – Built Into Your Workflow

With aiSource, you don't just see the data—you know how to use it.

aiSource helps teams quickly identify the root cause of cost gaps and provides guidance on how to reconcile them—so negotiations are focused, fact-based, and faster to close.

SEE IT IN ACTION

Fully Burdened Cost

Category	Percentage	Amount
Material	7.93%	(\$40,87)
Labor	35.46%	(\$181,72)
Direct Overhead	16.52%	(\$83,12)
Setup	0.25%	(\$1,18)

Comments

Commodity Manager 3 hours ago
Subject: AP-000-175, Attribute: PlanarFace2
Cost Engineer, can you update the estimate with a different machine to test the cost difference?

Cost Engineer 2 hours ago
Subject: AP-000-175, Attribute: PlanarFace2
I've updated the scenario with a 3-axis machine. Take a look.

Commodity Manager 1 hour ago
Subject: AP-000-175, Attribute: PlanarFace2
Design Engineer, the supplier came back with the following design improvements. Can you review and let me know if these are feasible?

Key Cost Drivers

- Manufacturing is the dominant cost** at ~\$470.56 (92% of total), driven almost entirely by the **5-axis milling operation** (~\$461.61)
- Expendable tooling** is a significant contributor within manufacturing at ~\$92.47 per part
- Material utilization is low at ~33%**, meaning roughly two-thirds of the raw rectangular bar stock becomes scrap, inflating material cost
- Material and material overhead** account for ~\$41.75 (8% of total), a relatively minor but still reviewable bucket
- No secondary processes** are modeled in aPiori — if the supplier is including any (e.g., inspection, deburring, finishing), this could explain part of the gap

Recommendations

- Prioritize the manufacturing cost bucket** — this is where the largest absolute gap is most likely to live given it dominates the aPiori estimate
- Investigate material utilization** — explore whether a closer-to-net-shape stock size or a different nesting approach could reduce scrap and lower material cost
- Clarify secondary processes** — confirm with the supplier whether any secondary operations are included in their quote that aPiori has not modeled
- Do not challenge specific process details yet** — first establish where the gap lives at a high level before drilling into cycle times, machine rates, or

Built to Make Every Sourcing Decision Smarter



Internal Collaboration

Align faster. Validate in real time.

- Comment on data & CAD model
- Validate supplier feedback internally
- Reduce back-and-forth across meetings and email

AP-000-175
Scenario: Initial Complete

Subject: AP-000-175
Attribute: PlanarFace:2

@Manufacturing Engineer, if we explored a casting or forging exercise, would this part be feasible? Some questions like Are there internal features that would require cores? Are the tolerances achievable in a near-net

COMMENT CANCEL

Fully Burdened Cost

Category	Value	Percentage
Material	\$443.97	92%
Labor	\$91.72	18.6%
Direct Overhead	\$48.10	9.9%
Setup	\$1.39	0.3%

2. Scrap Buy-Back Credit — How to Address It
The Opportunity
With 14.9 kg of steel scrap per part and 5,500 units per year, the supplier is generating approximately 82 metric tons of AISI 1010 steel scrap annually just from your parts. Steel scrap has real market value, and if the supplier is retaining 100% of that value without passing any credit back to you, that is a legitimate and quantifiable negotiation point.
How to Approach the Conversation
Start by asking a straightforward, non-confrontational question:
"Is a scrap material credit factored into your material pricing for this part? If so, how is it applied — as a reduction in the unit material rate, or as a periodic buy-back?"
There are two common ways suppliers handle this:
• Embedded in the unit material rate — The

Ask anything

AI Negotiation Guide

Structured strategies in minutes

- Identify cost drivers
- Highlight risks
- Generate negotiation approach

Conversational AI Chat

Ask . Understand . Act.

- Get answers on cost breakdowns
- Understand “why”
- Get recommended responses

Ask anything

Provide a counter-argument for when they claim their 'Proprietary Process' justifies the 15% price delta.

Ask anything

The supplier says our material utilization is unrealistic for their equipment; how should I respond?

Ask anything

If I push on overhead, what evidence supports our baseline?



AP-000-175 — Negotiation Summary

Key Cost Drivers

- Manufacturing cost is the dominant driver at **~\$470.56 (92% of total)**, primarily driven by 5-axis milling
- Expendable tooling is a notable sub-driver within manufacturing at **~\$92.47 per part**
- Material (AISI 1010 steel rectangular bar) is a relatively minor driver at **~\$41.75 (8%)**
- No secondary processes are captured in aP priori's estimate — worth confirming with the supplier

Recommendations

- Focus negotiation energy on manufacturing cost, as it represents the overwhelming majority of the aP priori estimate and is the most likely source of the gap
- Confirm whether the supplier is including any secondary processes (e.g., inspection, finishing) not reflected in aP priori's model, as this could account for part of the difference
- Do not yet challenge specific process details — first establish a shared cost structure before diving deeper

How to Respond to the Supplier

- Open with a collaborative, non-confrontational ask for a high-level cost breakdown across three categories: material, manufacturing, and secondary processes
- Suggested framing: *"Could you help us understand how the \$600.00 per-part price is allocated at a high level — specifically across material, manufacturing, and any secondary processes?"*
- Avoid requesting process details, cycle times, tooling, or SG&A at this stage — keep the initial ask simple and numeric

Potential Savings Opportunity

- aP priori estimate vs. supplier quote gap: **~\$87.69 per part (~17%)**
- Annualized savings opportunity: **~\$482,000/year**
- Over the 5-year production life: **~\$2.4M total**

Where aiSource Delivers Value

AI-powered intelligence that helps sourcing teams make smarter decisions, accelerate actions, and realize more savings



RFQ STRATEGY

Make smarter sourcing decisions before the RFQ is sent.

Surface cost drivers and manufacturability considerations early to target the right suppliers.

Reduce iteration cycles and improve supplier alignment from the start.



SUPPLIER NEGOTIATION

Turn cost insight into structured, fact-based negotiation strategies.

Identify key cost drivers, challenge supplier assumptions, and respond with confidence.

Drive more consistent outcomes and close cost gaps faster.



CROSS-TEAM COLLABORATION

Align sourcing, engineering, and cost experts around a shared view of data.

Validate supplier feedback and update assumptions in real time –without delays.

Reduce back-and-forth and move decisions forward faster.



ACCELERATED REALIZED SAVINGS

Bridge the gap between identified savings and actual results.

aiSource guides teams on how to act on insights during negotiations.

Capture more of the savings you've already found.



aiSource turns intelligence into action – so you can realize more of what matters



FASTER DECISIONS



STRONGER COLLABORATION



GREATER PRECISION



MORE SAVINGS

WANT TO LEARN MORE?

CLICK HERE to learn more about aiSource, a role-based cloud application for Commodity Managers.

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