

<div>Module 3</div> <div>Section A: Aligning Sourcing to Demand</div> <div>Term</div> <div>Insourcing</div> <div>APICS CSCP Learning System© 2025</div>	<div>Using the firm’s internal resources to provide goods and services. See: make-or-buy decision.</div>
<div>Module 3</div> <div>Section A: Aligning Sourcing to Demand</div> <div>Term</div> <div>Landed cost</div> <div>APICS CSCP Learning System© 2025</div>	<div>This cost includes the product cost plus the costs of logistics, such as warehousing, transportation, and handling fees.</div>
<div>Module 3</div> <div>Section A: Aligning Sourcing to Demand</div> <div>Term</div> <div>Make-or-buy cost analysis</div> <div>APICS CSCP Learning System© 2025</div>	<div>A comparison of all the costs associated with making an item versus the cost of buying the item.</div>
<div>Module 3</div> <div>Section A: Aligning Sourcing to Demand</div> <div>Term</div> <div>Make-or-buy decision</div> <div>APICS CSCP Learning System© 2025</div>	<div>The act of deciding whether to produce an item internally or buy it from an outside supplier. Factors to consider in the decision include costs, capacity availability, proprietary and/or specialized knowledge, quality considerations, skill requirements, volume, and timing.</div>

Module 3

Section A: Aligning Sourcing to Demand

Term Offshore

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Outsourcing a business function to another company in a different country than the original company's country.

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Section A: Aligning Sourcing to Demand

Term Outsourcing

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The process of having suppliers provide goods and services that were previously provided internally. [This] involves substitution—the replacement of internal capacity and production by that of the supplier. See: subcontracting.

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Section A: Aligning Sourcing to Demand

Term Subcontracting

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Sending production work outside to another manufacturer. See: outsourcing.

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Section A: Aligning Sourcing to Demand

Term Total cost of ownership (TCO)

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The sum of all the costs associated with every activity of the supply stream.