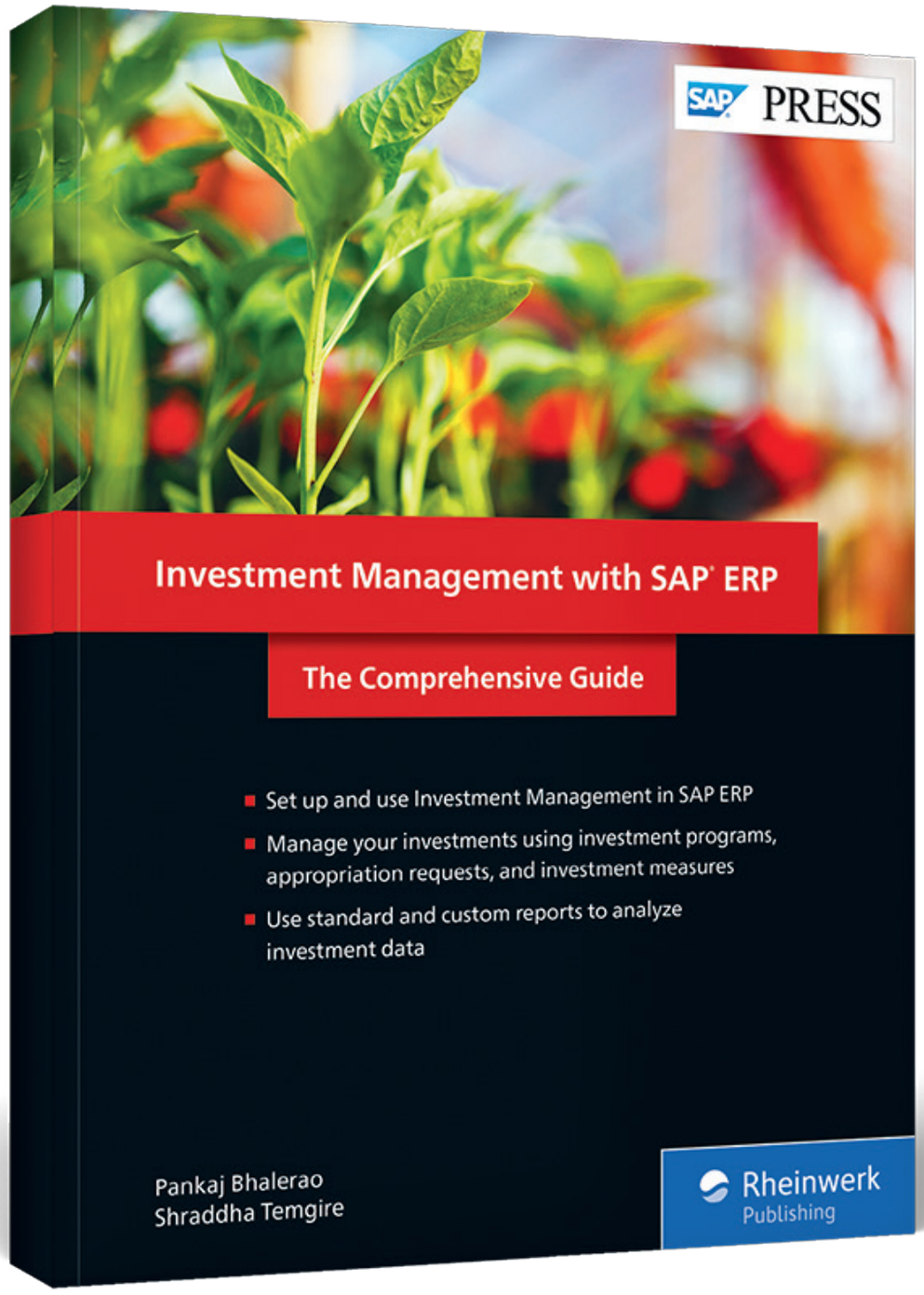

Reading Sample

This sample chapter discusses the essential settings required to use a work breakdown structure (WBS) as an investment measure in SAP ERP Investment Management (IM). It also covers SAP ERP Project System (PS)-specific configurations like project profiles, how to assign an investment profile to a project profile, and more.

"Projects as Investment Measures"

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Chapter 5
Projects as Investment Measures

Work breakdown structures (WBSs), which use data from SAP ERP Project System (PS), can serve as essential investment measures when handling long-term projects. WBSs are widely used because of their flexibility in determining the scope of any project from commission to closure. This chapter will also provide in-depth knowledge of how SAP ERP Investment Management (IM) is integrated with PS.

In any organization, almost all activities can be reflected in projects, which start with design, plan, build, and assign phases. Some ancillary activities like administration and day-to-day business expenses are usually not covered under planning and budgeting.

Whether you use a WBS as an investment measure depends on how complex the functionality of the project is and how many stages it has. You can sometimes handle simple assignments via different cost objects or an investment measure, such as an internal order, but for projects with complex structures and that are executed at multiple levels, you'll need to monitor all the modules with a robust solution like SAP ERP Project System (PS).

In this chapter, we'll cover the essential settings required for using a WBS as an investment measure in SAP ERP Investment Management (IM). We covered common configurations like settlement profiles, allocation structures, etc., in Chapter 4. In this chapter, we'll cover PS-specific configurations like project profiles, how to assign an investment profile to a project profile, etc.

5.1 Master Data

Before we can post actual transactions using WBS elements in the system, we'll need some basic master data-related settings already in place. These settings include

settings for investment profiles, AuC assets within the AuC asset class, and project profiles for WBS elements. Along with the baseline master data configuration, we'll discuss maintaining fields in the investment profile as well.

5.1.1 WBS Elements

A WBS element is an important part of the master data required to capture costs from both capital expenditures and non-capital expenditures like administration expenses. WBS elements can be multilevel and hierarchical depending on the project structure. A WBS element includes information about its settlement receiver and organization-level assignments, like profit centers, business areas, functional areas, and investment programs/position IDs, and whether the WBS is real or statistical.

Defining Field Selection

Field selection is one of the most important settings in project definition and WBS creation. Field maintenance can be controlled from this configuration, and you can decide whether a field should be mandatory when a project or WBS is created. To configure field selection for creating projects and WBSs, follow the menu path **SPRO • Investment Management • Project as Investment Measures • Master Data • WBS Element • Define Field Selection** or use Transaction OPUJ. You will be presented with the screen in Figure 5.1.

The following are the fields on the **Field Selection: Modifiable Fields** screen:

- **Modifiable field**
  This column shows fields that are available for changing the status to input, required, display, or hide.
- **Field name**
  This column shows the technical names of available fields so that you can easily identify the ones you need to change.
- **Input**
  This radio button specifies whether this field is ready for input or not. When a field is not ready for input, the field is optional.
- **Req.**
  Select this radio button to signify whether a particular field is mandatory.

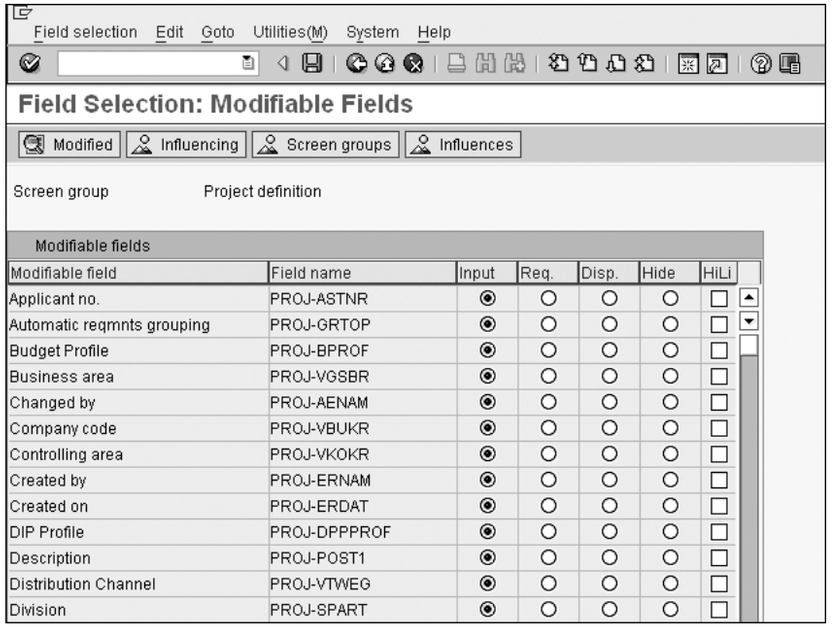

Figure 5.1 Field Selection for WBS and Project

- **Disp.**
  Selecting this radio button will gray out a field in the master data record of the project and the WBS, indicating that no value can be maintained in this field.
- **Hide**
  Selecting this radio button will hide this field in master data; the field will not be visible when creating a project or a WBS.
- **HiLi**
  Selecting this checkbox will vividly highlight the field when creating a project or a WBS.

Defining Project Profiles

Most parameters are controlled via a project profile. A project's definition and its default functions depend on the values maintained in the project profile, for example, the planning profile set as default on the **Controlling** tab. Most elements in a project profile influence a project's subsequent operation and behavior; as a result, any changes in the project file will affect WBS or project behavior.

A project profile contains default values like controlling area, company code, profit center, costing sheet, overhead key, and much more. You can change some of these values when creating a WBS but not all of them. You should create a new project profile if your new project requires new parameters.

Changes made in the project profile will always have a future effect. Thus, your changes will only be effective when you create a new project or WBS.

To configure a project profile, follow the menu path **SPRO • SAP Investment Management • Project as investment measures • Master Data • WBS element • Define Project Profile** or use Transaction OPSA.

Let's look at the major parts of a project profile. From the list shown in Figure 5.2, double-click on any profile. As shown in Figure 5.3, the project profile screen has four tabs: **Control**, **Organization**, **Plg board/dates,** and **Controlling**.

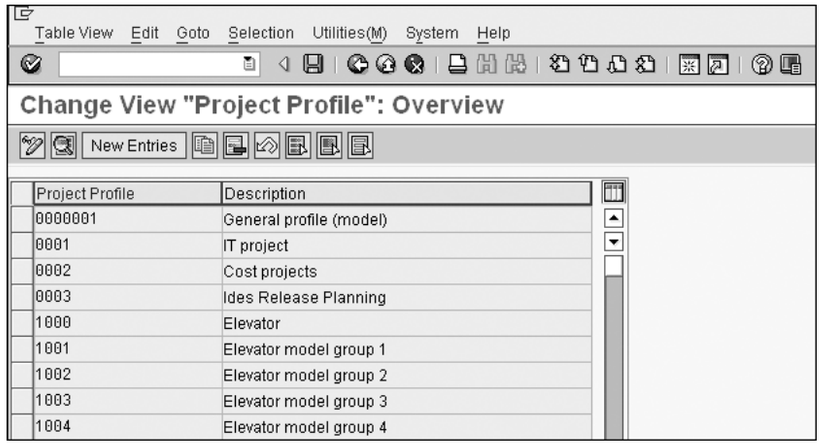

Figure 5.2 Project Profile for Project Creation

Click on the **New Entries** button, and the system will ask you to maintain the project profile name in the **Proj.Prof.** field as well as enter a description. The **Proj.Prof.** number is the unique key used to define the project profile and can be any alphanumeric value up to 7 characters in length.

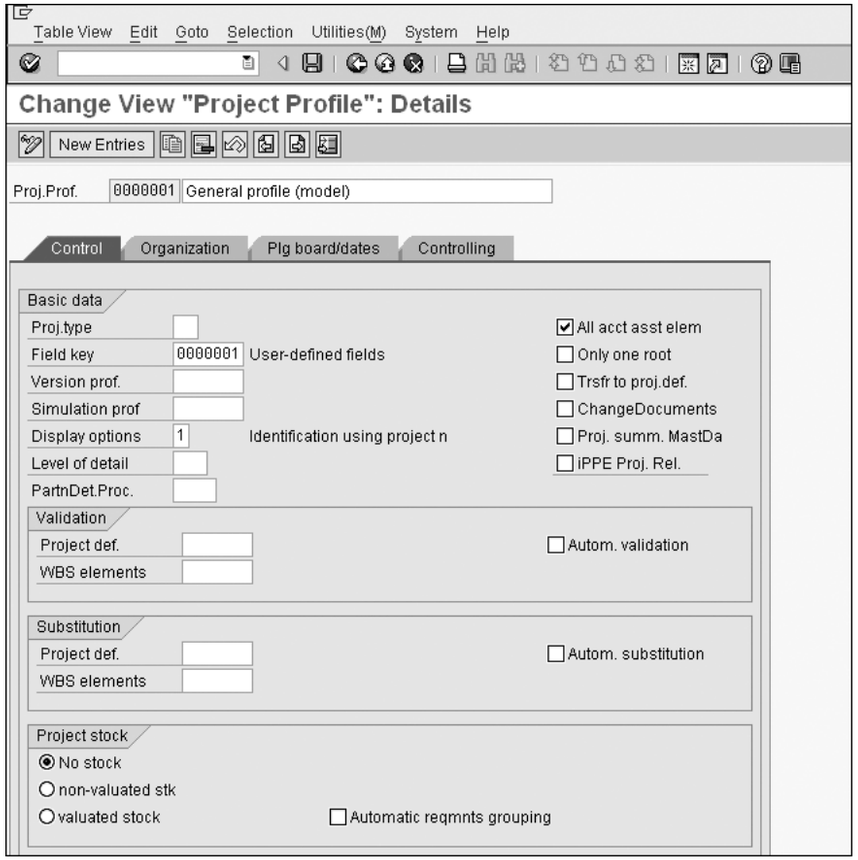

Figure 5.3 Project Profile: Control Tab

On the **Control** tab shown in Figure 5.3, you'll find the following fields:

- **Proj.type**
  Project type is used to classify the project based on its nature/type. This optional field can be used as a selection parameter in a dynamic report.
- **Simulation prof**
  A simulation profile is used to simulate a project before its actual execution in real life. Simulation projects are exactly the same as real projects so that you can plan costs and perform other functions for testing purposes; however, simulation projects don't involve any real costs.

- **Display options**
  This option determines how the project will be displayed (via project number, short description, or text) in the project builder (see Figure 5.4).

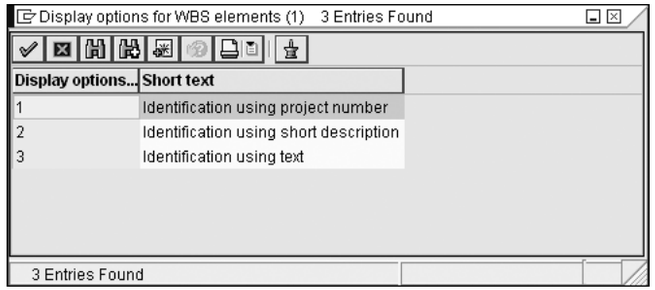

Figure 5.4 WBS Element Display Options

- **Level of detail**
  Level of detail states how many levels will be displayed when the user maintains a project in the project builder, which is useful when a project has many layers.

On the **Organization** tab, you'll find the following settings:

- **Controlling Area**
  Enter a controlling area to be defaulted while creating a project profile; when creating projects, WBS elements, or other elements, the system will use the default controlling area and its currency.
- **Company Code**
  The value maintained in this field will default as the company code when a new project is created. The company code maintained in this field must be compatible with the default controlling area.
- **Business Area**
  The business area maintained in this field will be the default.
- **Plant**
  The plant maintained in this field will be the default.
- **Functional Area**
  Functional areas are used in the cost-of-sales accounting approach. In most cases, a functional area is required to create profit-and-loss statements in SAP ERP Financials (FI).

- **Profit Center**
  The profit center maintained must belong to the controlling area maintained earlier.
- **Project Currency**
  Currency can be determined based on the combination of company code and controlling area or based on the transaction itself. Currency will be determined based on the **Company Code** field mentioned earlier, but you can change the currency as well.

On the **Controlling** tab, as shown in Figure 5.5, you'll find the following settings:

- **Object Class**
  The object class classifies CO objects based on their nature and permits you to analyze costs based on different business perspectives. For example, depending on the type of projects, we can choose different object classes; say, for an investment project we use the investment object class or for a revenue project we can choose the profit analysis object class.
- **Statistical**
  Selecting this checkbox means all WBSs created with this project profile will be statistical and will neither use real costs nor settle.
- **Planning profile**
  The planning profile maintained in this field will be used for WBS planning and will act as the default planning profile.
- **Budget Profile**
  The budget profile maintained in this field will be used for WBS planning and will act as the default budget profile.
- **Settlement profile**
  A settlement profile determines the receiving objects in settlement processes and will determine which object will receive its costs while settling the WBS. The settlement profile maintained in this field will be used to determine the default settlement object.

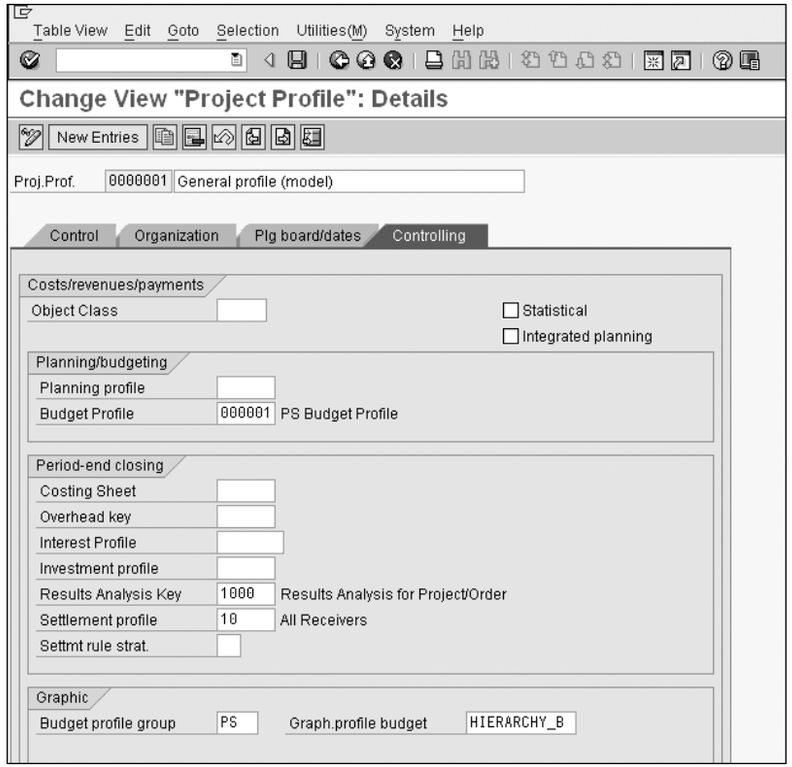

Figure 5.5 Project Profile: Controlling Tab

Allowed Values for Certain Master Data Fields

In this section, we'll configure certain master data fields, like **Reason for Investment**, **Environmental Protection Indicator**, and **Scale**. These fields are used when creating an investment program position or an appropriation request. Once these values are configured, they can be maintained in program positions and appropriation requests.

Defining Reasons for Investment

The next step in our configuration is to define reasons for investment. This feature is used in all master data related to investment management. Reasons for investment are used mainly in measures such as internal orders and WBS elements. Along with measures, reasons for investment can be used in program positions and appropriation requests as well the asset master in Asset Accounting (FI-AA).

To define reasons for investment, answer the questions "What is the purpose of this investment? What is reason behind this?" to determine values for the **Name** field. If this field has been maintained with an appropriate reason, reports based on this field will be easy to generate.

You can define as many as reasons in the system as you require. **Reasons for Investment** in investment management serves the same purpose as the **Sort Key** field in the SAP General Ledger (G/L) master data.

To define reasons for investment, follow the menu path **SPRO • SAP Reference IMG • Investment Management • Investment Programs • Master Data • Allowed Values for Certain Master Data Fields • Define Reasons for Investment** or use Transaction SPRO.

The initial screen for defining reasons for investment is shown in Figure 5.6.

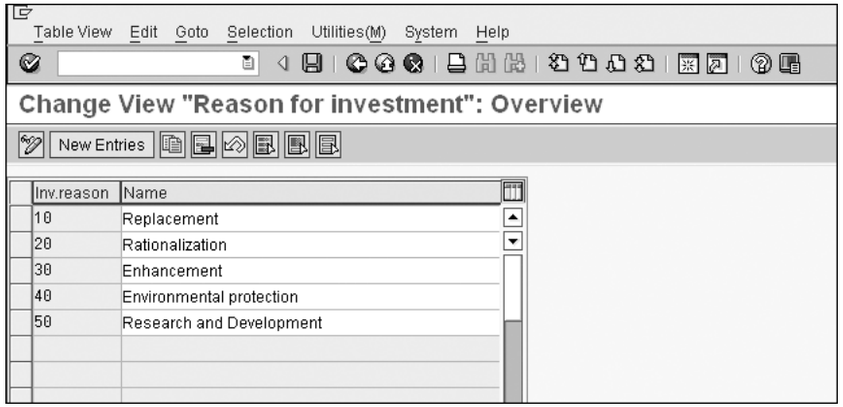

Figure 5.6 Reasons for Investment

Let's look at the fields involved in configuring investment reasons. Click the **New Entries** button, which opens the overview screen with these fields:

- **Inv.reason**
  This field contains the investment reason code. The investment reason code must be an alphanumeric value with exactly two characters.
- **Name**
  This field is used describe the investment reason code.

A completely configured reason for investment is shown in Figure 5.7, which also shows that we have defined several investment reasons.

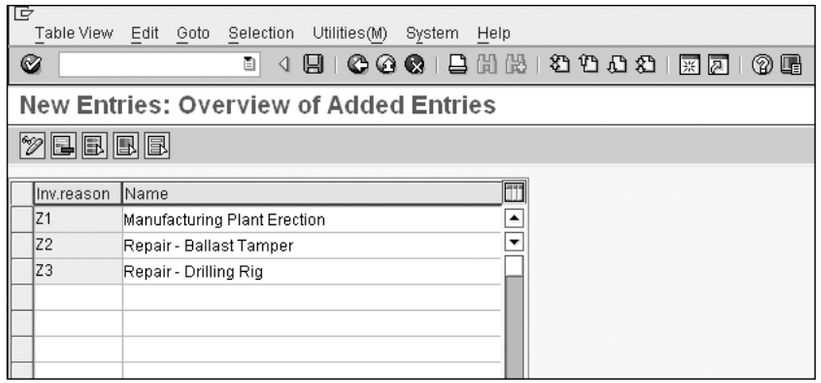

Figure 5.7 Investment Reason Configuration

Defining Environmental Protection Indicators

Environmental protection indicators are maintained in appropriation requests to classify the investments used for environment protection. The reason to maintain the environmental protection indicator is to classify the investment based on environmental legislation. Another reason to use this indicator is as a sort criterion for reporting when responding to inquiries made by government agencies. These indicators are maintained in WBS elements, orders, and fixed assets.

To configure this indicator, follow the menu path **SPRO • SAP Reference IMG • Investment Management • Appropriation Request • Master Data • Allowed Values for Certain Master Data Fields • Define Environmental Protection Indicator** or use Transaction SPRO.

The screen shown in Figure 5.8 contains the following fields:

- **EnInv**
  This 5-character alphanumeric code is used to identify the environmental protection indicator.
- **Name**
  This field describes the environmental protection indicator.

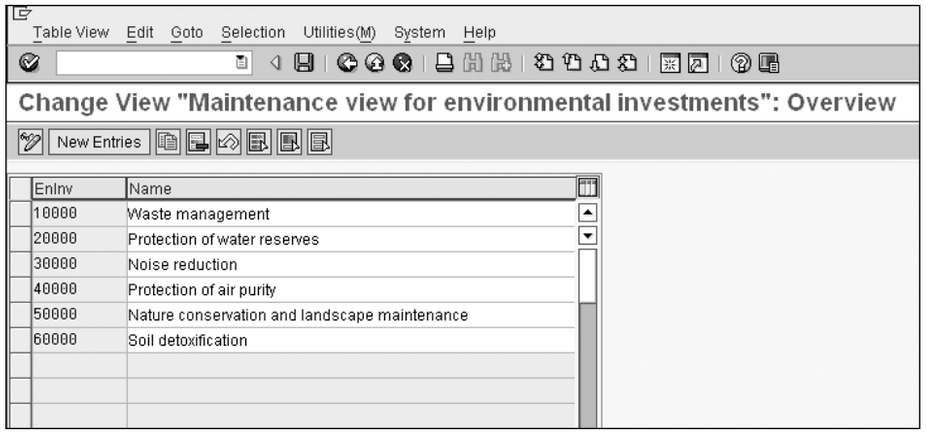

Figure 5.8 Environmental Protection Indicators

Defining Scales

Scales in appropriation requests are used to define the scalability and size of a proposed investment. To configure scales, follow the menu path **SPRO • SAP Reference IMG • Investment Management • Appropriation Request • Master Data • Allowed Values for Certain Master Data Fields • Define Scale** or use Transaction SPRO.

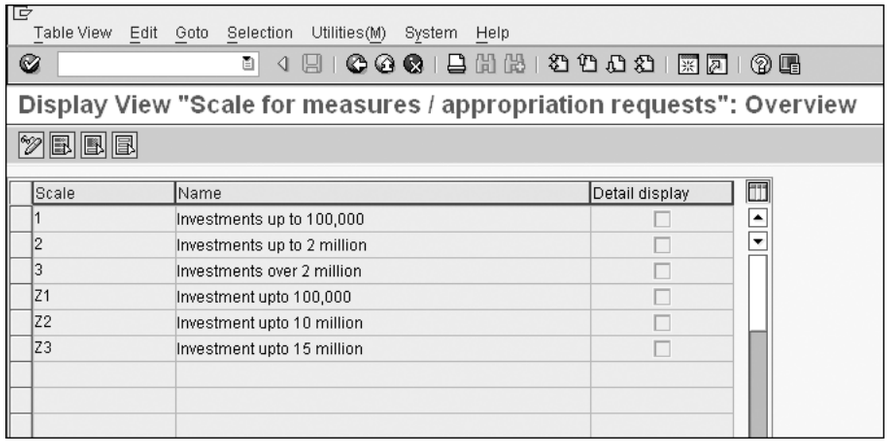

Figure 5.9 Defining a Scale

Click on the **New Entries** button. On the screen shown in Figure 5.9, you'll find the following fields:

- **Scale**
  In this field, you need to enter a key for the scale or an identifiable alphanumeric code up to two characters in length.
- **Name**
  Provide an appropriate description for the scale.
- **Detail display**
  Select this indicator if you want reporting on a summarized level basis, i.e., a report summary for each scale used in the objects.

5.1.2 Defining Investment Profiles

The investment profile is the key to connecting key cost objects, such as internal orders or WBS elements, with assets under construction (AuCs). Generally, investment profiles govern which asset classes can be used when creating assets.

A common prerequisite is that the AuC class should be available in the SAP system so that it can be easily assigned to an investment profile.

In Figure 5.10, profile **000001** is the standard investment profile provided by SAP. To create a new investment profile for your custom requirements, follow the menu path **SPRO • SAP Reference IMG • Investment Management • Internal Order as Investment Measure • Master Data • Define Investment Profile** or use Transaction OITA. Then, click on the **New Entries** button.

The screen shown in Figure 5.10 will open. The following fields are used to determine the behavior of the investment profile, including whether an AuC asset class is maintained, whether settlement will be on a summary or line item basis, and whether any AuC class should act as the default, and the distribution rule to follow.

- **Investment profile**
  Enter an alphanumeric identifier up to 6 characters long for the investment profile and enter a description in the field to the right.
- **Manage AuC**
  If this indicator is selected, the system will create one AuC per investment measure/cost object, i.e., an internal order or a WBS element. Also, the system will ensure that the settlement rule will be created during the first settlement transaction.

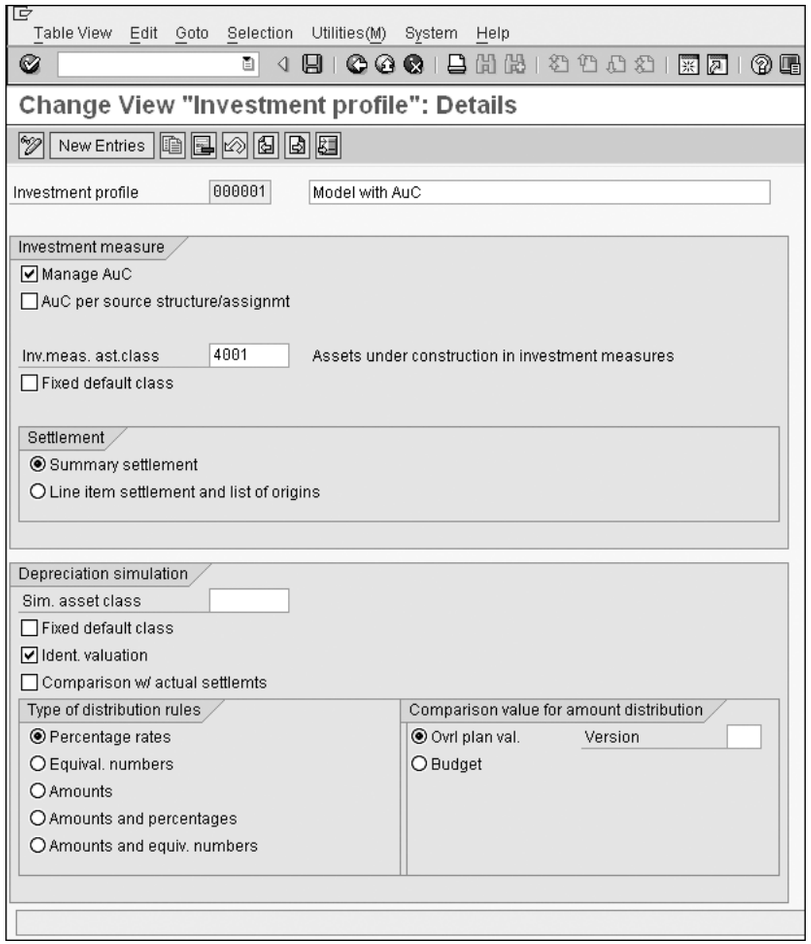

Figure 5.10 Investment Profile

- **AuC per source structure/assignment**
  If you select this field, the system will decide which AuC is to be used for settlement of each origin of the cost element.
- **Inv.meas. ast.class**
  Enter the AuC in this field if you want the system to create the AuC automatically.
- **Summary settlement**
  Selecting this indicator means the order balance will be treated as a cumulative figure for settlement against a single receiver or against multiple receivers.

- **Line item settlement and list of origins**
  If this option is selected, every line item within the posted transaction will be available for settlement, with the ability to settle each line item at a different receiver.
- **Sim. asset class**
  Enter the asset class used for depreciation simulation in this field.
- **Fixed default class**
  Selecting this indicator means the default asset class will be used, and users will not be able to change this class when creating an investment measure. The system uses the default value of the asset class from the **Sim. asset class** field; if no value is maintained in that field, the user can specify an asset class when creating an investment measure.
- **Ident. valuation**
  If this checkbox is selected, SAP allows you to distribute planned depreciation from the depreciation simulation to the following objects:
  - Cost centers
  - Asset classes
  - Startup dates

  You can execute a depreciation simulation by following the menu path **Accounting • Investment Management • Programs • Master Data • Investment Program Position Change.**
- **Comparison w/ actual settlemts**
  If this indicator is selected, the system will show you the actual settlements that have already taken place.
- **Type of distribution rules**
  The five options in this section control distribution parameters: **Percentage rates**, **Equival. numbers**, **Amounts**, **Amounts and percentage**, and **Amounts and equiv. numbers**. Select the appropriate one per your business requirements.
- **Comparison value for amount distribution**
  This option determines how the depreciation simulation information is authenticated. Select the indictor if you want to perform validation on the planned value or budget.

5.2 Planning and Budgeting

Planning and budgeting is necessary for tracking capital expenditures and non-capital expenses. Availability control is the decisive factor between planning and budgeting and what differentiates them from each other as functionalities. However, an organization can have both at the same time. Planning and budget profiles can be assigned to an order in order type configuration. In general, for planning and budgeting, the planned amount is distributed to the budget, which controls and monitors the funds on an investment measure.

In the following sections, we'll look at configuring planning profiles, budget profiles, and tolerance limits for availability control in detail.

5.2.1 Maintaining Planning Profiles

A planning profile is used to define time-related settings, currency-related settings, and much more. Planning determines the length of any project and its various factors. To configure the planning profile, follow the menu path **SPRO • SAP Reference IMG • Investment Management • Planning in Program • Cost Planning • Maintain Planning Profiles** or use Transaction OIP1.

Figure 5.11 shows the planning profile definition screen.

Let's walk through the significance of each field on this screen:

- **Profile**
  Enter a unique alphanumeric key/ID for the planning profile, up to 6 characters long.
- **Text**
  Enter a planning profile description to easily identify the profile.
- **Total values**
  If you select this option, the system will plan for the overall values of an object at the highest level. A project can be planned for total cost regardless of the year/period before, during, or after the project.

  For example, if a project has total plan cost of $700,000, this number will be considered its total value, irrespective of the year.

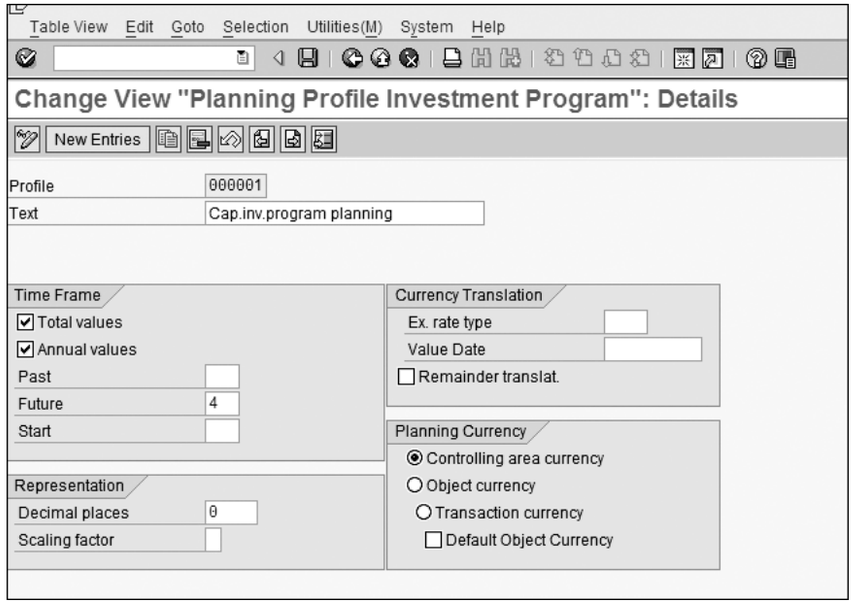

Figure 5.11 Planning Profile

- **Annual values**
  Select this field if you want to plan yearly values in a project.

  For example, suppose a project has total plan cost of $700,000. This setting will allow you to distribute this plan cost across specific year, for example, distributing $200,000 to 2014; $300,000 to 2015; and $200,000 for 2016.
- **Past**
  This field refers to the number of years before the actual start year the user can plan.

  For example, if the number "3" is entered in the **Past** field and the current start year 2008, the user will be able to plan values back to 2005.
- **Future**
  Similar to the **Past** field, this field refers to the number of years after the start year the user will be able to plan.

  For example, if the number "2" is entered in the **Future** field and the current start year 2008, the user will be able to plan the values up to the year 2010.
- **Start**
  This field refers to the first year of the planning that will be accessible to a user

when performing a planning activity. The number maintained in this field will be added to current fiscal year to determine the start year.

For example, the current fiscal year is 2009. If the number entered in the **Start** field is "3," then the first year allowed for planning will be 2011. The value entered in this field will be basis for complete planning in the future.

Note

If you want to make the current fiscal year the default start year for planning, leave the **Start** field blank.

- **Decimal places**
  Enter the required number of decimal places for which you want to plan.
- **Scaling factor**
  If scaling is required, then enter a scaling factor in this field.

  For example, if you want to plan in the thousands, enter "3" in the **Scaling Factor** field. When you enter your scaling factor, the plan amount scaled figure will be displayed. Thus, with a scale of 3 in a plan, $9,000,000 is entered as $9,000 on the planning screen.
- **Ex. rate type**
  Enter the exchange rate type for the currency, if needed.
- **Value Date**
  The date entered in this field will determine the exchange rate for all periods based on that date.
- **Remainder translat.**
  When this indicator is set, the system only translates the remainder value, not the overall value.
- **Controlling area currency**
  Set this indicator if planning should be updated in the currency of the controlling area.
- **Object currency**
  Set this indicator if planning should be in the currency maintained in the object.
- **Transaction currency**
  Set this indicator if planning should be updated in the currency of the transaction.

- **Default Object Currency**
  This indicator is applicable when the transaction currency is allowed in the planning profile. Transaction currency is determined based on object that is being used.

5.2.2 Defining Budget Profiles

Budget profiles are configured for investment programs usually when budgeting is carried out and controlled at the program level.

Let's start configuring a budget profile by following the menu path **SPRO • SAP Reference IMG • Investment Management • Investment Programs • Budgeting in Program • Define Budget Profile for Investment Programs** or using Transaction OIB1.

The overview screen for budget profiles for an investment program will look like Figure 5.12.

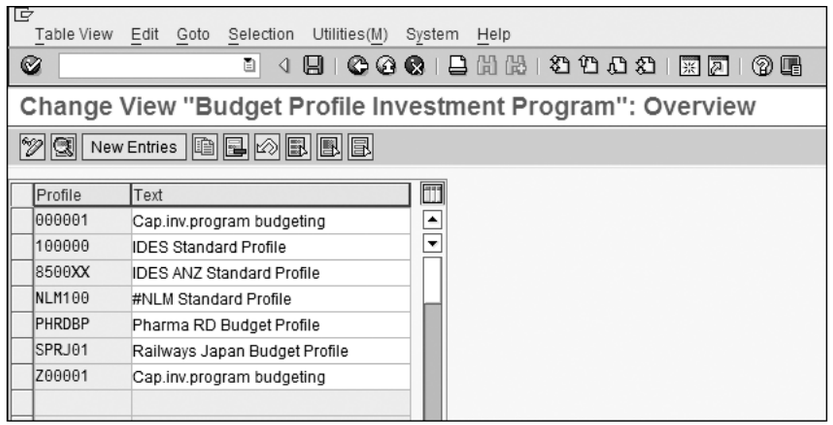

Figure 5.12 Budget Profile: Investment Program

Click on the **New Entries** button to maintain a new budget profile per your requirements. To check customization, double-click on any part of the profile. Let's look at the details of the budget profile shown in Figure 5.13.

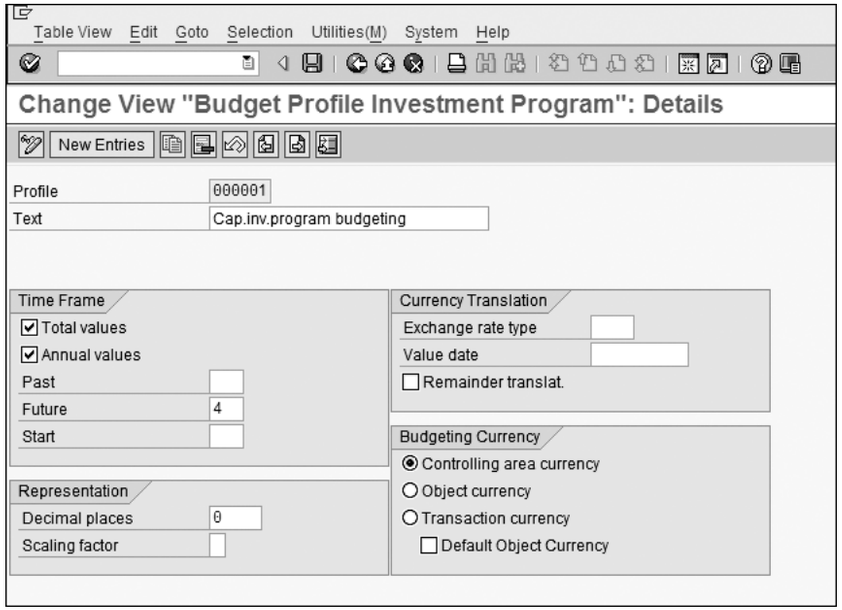

Figure 5.13 Budget Profile: Details

The following settings will help us configure the budget profile. These fields determine whether the budgeting should be allowed from past years, for the current year, or for future years; whether the budget should consider total values or annual values; and so on. A budget profile also considers the currency in which budgeting should be carried out.

The important fields on this screen are as follows:

- **Profile**
  Enter a unique alphanumeric key/ID for the budget profile, up to 6 characters long.
- **Text**
  Enter a planning profile description to easily identify the profile.
- **Total values**
  If you select this option, the system will plan for the overall values of an object at the highest level. A project can be planned for total cost regardless of the year/period before, during, or after the project.

  For example, a project has a total plan cost of $700,000. This number will be considered its total value, irrespective of the year.

- **Annual values**
  Select this field if you want to plan yearly values in a project.

  For example, suppose a project has a project has total plan cost of $700,000. This setting will allow you to distribute this plan cost across specific year, for example, distributing $200,000 to 2014; $300,000 to 2015; and $200,000 for 2016.
- **Past**
  This field refers to the number of years before the actual start year the user can plan.

  For example, if the number "3" is entered in the **Past** field and the current start year 2008, the user will be able to plan values back to 2005.
- **Future**
  Similar to the **Past** field, this field refers to the number of years after the start year the user will be able to plan.

  For example, if the number "2" is entered in the **Future** field and the current start year 2008, the user will be able to plan values up to the year 2010.
- **Start**
  This field refers to the first year of the planning that will be accessible to a user when performing a planning activity. The number maintained in this field will be added to current fiscal year to determine the start year.

  For example, the current fiscal year is 2009. If the number entered in the **Start** field is "3," then the first year allowed for planning will be 2011. The value entered in this field will be basis for complete planning in the future.

Note

Keep the **Start** field blank if you want the system to consider the current year as the default start year for budgeting.

- **Decimal places**
  Enter the required number of decimal places for which you want to plan.
- **Scaling factor**
  If the scaling is required, then enter a scaling factor in this field.

  Examples if you want to plan in the thousands, enter "3" in the **Scaling Factor** field. When the user enters a plan amount, the scaled figure will be displayed.

When you enter your scaling factor, the plan amount scaled figure will be displayed. Thus, with a scale of 3 in a plan, $9,000,000 is entered as $9,000 on the planning screen.

- **Exchange rate type**
  Enter the exchange rate type for the currency, if needed.
- **Value date**
  The date entered in this field will determine the exchange rate for all periods based on that date.
- **Remainder translat.**
  When this indicator is set, the system only translates the remainder value, not the overall value.
- **Controlling area currency**
  Set this indicator if planning should be updated in the currency of the controlling area.
- **Object currency**
  Set this indicator if planning should be in the currency maintained in the object.
- **Transaction currency**
  Set this indicator if planning should be updated in the currency of the transaction
- **Default Object Currency**
  This indicator is applicable when the transaction currency is allowed in the planning profile. Transaction currency is determined based on object that is being used.

5.2.3 Defining Tolerance Limits for Availability Control

The intention behind using availability control in budgeting is that SAP should alert the user on the amount of spending. If spending exceeds or closely approaches the budgeted amount, then a hard stop error message must restrict or notify the user about the available budget. This functionality is a rather intelligent mechanism based on a tolerance limits defined as percentages.

You can configure tolerance limits to fit your business requirements; for example, you can have hard stop error in a budget overrun scenario and a warning when budget reaches a threshold limit defined by some percentage. In this section, we'll show you how to use this great feature with a simple configuration.

To define tolerance limits for availability control, follow the menu path **SPRO • SAP Reference IMG • Investment Management • Internal Order as Investment Measure • Planning and Budgeting • Define Tolerance Limits for Availability Control** or use Transaction SPRO. You will be directed to the screen in Figure 5.14.

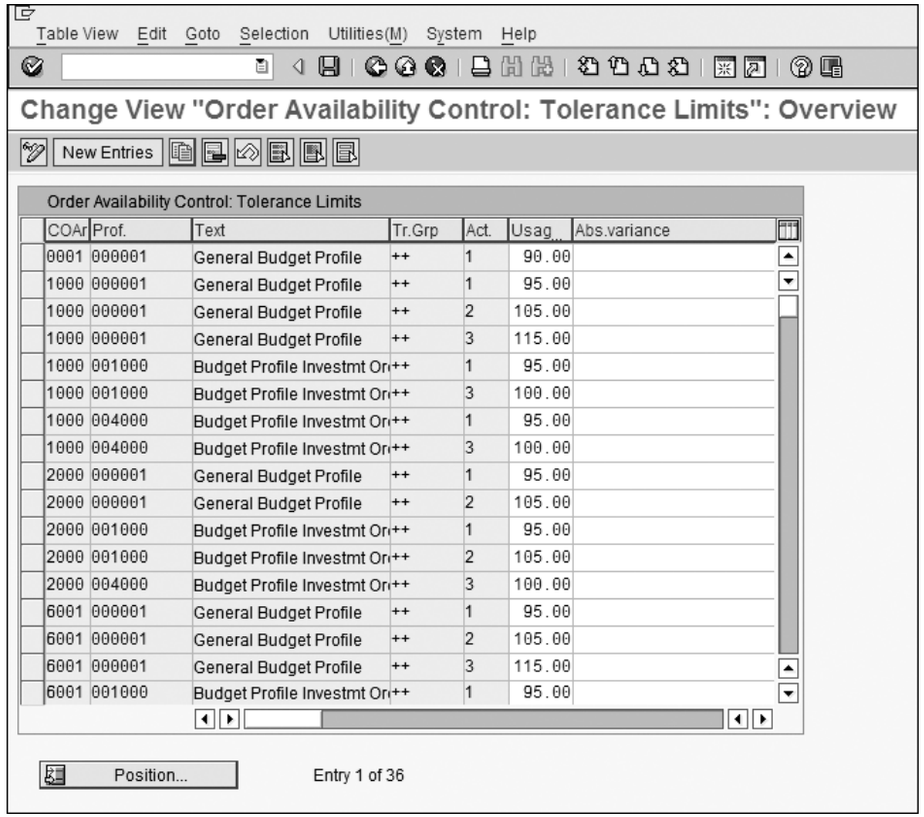

Figure 5.14 Availability Control and Tolerance Limits

Availability control and tolerance limits can manage budget overruns. Availability control is based on each combination of controlling area and budget profile. In other words, within the same controlling area, different budget profiles can have different settings based on your requirements. Action, target group, and percentage criteria regulate how availability control will work.

Let's discuss the significance of each field in detail:

- **COAr**
  Enter the controlling area for which settings need to be maintained.
- **Prof.**
  Enter the desired budget profile.
- **Text**
  The text displayed in this column is automatically determined based on the description found in the budget profile. You cannot maintain an entry here.
- **Tr.Grp**
  The options provided in this column govern availability control, as follows:
  - **++: All Activity Group**: If this option is selected, the system will check all relevant activities against the tolerance limits for the order.
  - **00: Purchase Requisition**: With this option, only the purchase requisition is checked against tolerance limits for the order.
  - **01: Purchase Order**: With this option, only the purchase order is checked against the tolerance limits for the order.
  - **02: Orders for Project**: Choose this option when SAP ERP Project System (PS) is present in the environment. The system will check whether the planned order exceeds the tolerance limits.
  - **03: Good Issue**: With this option, only the goods issue is checked against the tolerance limits for the order.
  - **04: Financial Accounting Document**: With this option, only the transactions posted in financial accounting are checked against the tolerance limits for the order.
  - **05: CO Document**: This option will validate the transactions posted in CO. Transactions like settlement, internal CO activity, etc. will be validated.
  - **06: Budgeting**: This setting will check budgeting; the system will throw an error if the project exceeds the budget.
  - **07: Fund Reservation**: With this option, activities from manually reserved funds will be considered in tolerance limits.
  - **08: Fixed Price in the Project**: With this option, activity will only be considered for PS. Fixed cost-based projects will be considered for tolerance limits here.
  - **09: Payroll**: This entry will impact payroll accounting for budgeting purposes.

- **Act.**
  The entry defined in this field will determine the action taken by SAP in respect to tolerance limit behaviors, as follows:
  - **1: Warning**: SAP will throw a warning message when tolerance limits are reached; however, users will still be able to perform transactions.
  - **2: Warning with Mail**: SAP will display a warning message but also send an email to the budget manager.
  - **3: Error Message**: SAP will throw a hard stop error if the tolerance limit is exceeded. This error will happen during updates, and the user will not be able to perform the desired action.
- **Usage**
  The percentage marked here represents the threshold of funds committed by the transaction.
- **Abs.variance**
  The value maintained in this field denotes the absolute amount allowed for a budget overrun.

5.3 Settlement

Settlement is the process of moving incurred costs from one cost object (the sender) to another cost object (the receiver). In IM, the sender cost object or investment measure will be an internal order or a WBS, and the receiver can be an asset. The accounts or cost elements used in the settlement process depend on the settlement structure, also called an *allocation structure*.

In the following sections, we'll learn about allocation structures and settlement profiles and how to assign settlement profiles to project profiles.

5.3.1 Maintaining Allocation Structures

Allocation structures are the most important components of the settlement process and determine what to settle and how to settle it.

In an allocation structure, the settings for source and settlement cost elements are the most important.

SAP provides a few standard allocation structures that can be copied and changed as per requirement or you can define your new one as per business process.

To configure an allocation structure, follow the menu path **SPRO • SAP Reference IMG • Investment Management • Project as an Investment Measure • Settlement • Maintain Allocation Structure** or use Transaction OKO6.

On the initial screen, you'll see the allocation structure and its description, as seen in Figure 5.15. Let's look at the fields and segments in an already configured allocation structure.

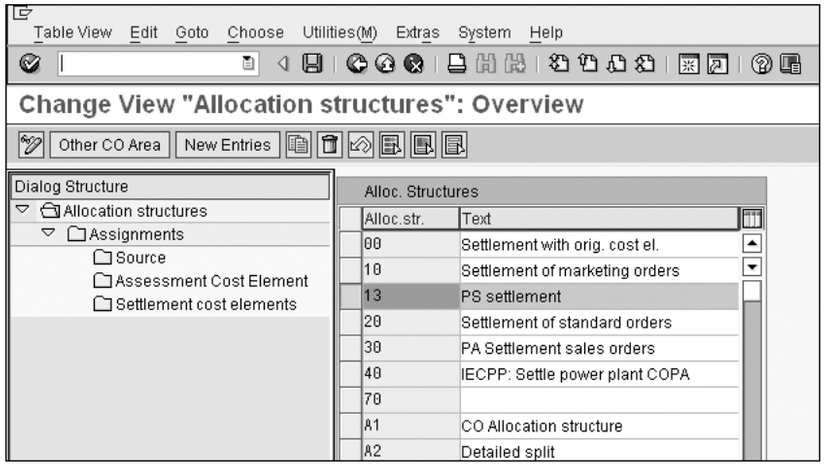

Figure 5.15 Allocation Structure

Select the allocation structure **A1** and double-click on the **Assignments** folder in the **Dialogue Structure** pane on the left. You'll see different number assignments and their descriptions. The fields on this screen are as follows:

- **Assignment**
  This field contains a unique number to identify the settlement assignment, up to 3 characters long.
- **Description**
  This field contains a description of the settlement assignment.

Select the assignment **001 All costs** (see Figure 5.16) and double-click on the **Source** folder in the **Dialog Structure** pane.

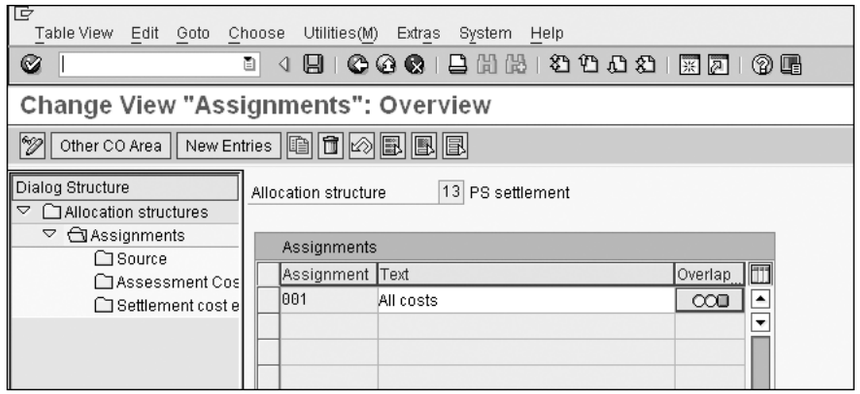

Figure 5.16 Allocation Structure: Assignment

Source settings determine which costs can be settled by the assigned allocation structure. This source can be combination of both primary and secondary cost elements. You can either maintain a range in the **From cost el.** and **To cost elem.** fields or specify a **Cost Elem.Group**, as can be seen in Figure 5.17.

Figure 5.17 Allocation Structure: Sources

Further in allocation structure configuration, double-click on the **Settlement cost elements** folder in the **Dialog Structure** pane. The settlement cost element settings screen will appear as shown in Figure 5.18.

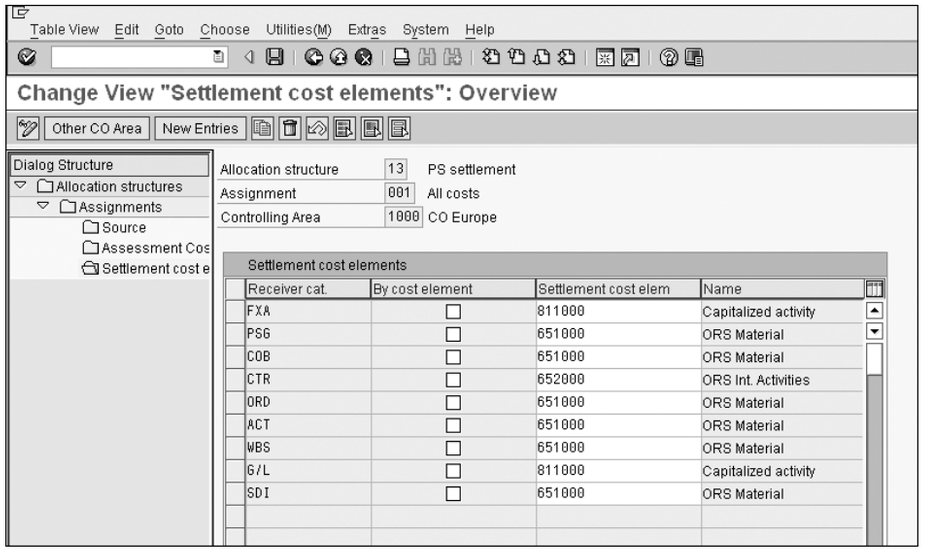

Figure 5.18 Allocation Structure: Settlement Cost Element

The settlement cost element assignment determines to which cost element a transaction is posted during settlement, i.e., what are the sender and the receiver cost elements. The fields are as follows:

- **Receiver cat.**
  Press F4 to see a complete list of valid receivers available for the settlement process. A few of the available options are **FXA** (fixed assets), **PSG** (profitability segment), **CTR** (cost center), **ORD** (order), etc.
- **By cost element**
  If the **By cost element** checkbox is selected and the assigned cost element is a primary cost element, SAP will always use this same cost element as the settlement cost element. The settlement mechanism changes when the cost element is a secondary cost element.
- **Settlement cost elem**
  Maintain the **Settlement cost elem** field if you want to settle a cost down into different cost elements than the original cost element. You cannot have both the **By cost element** option and **Settlement cost elem** option active at the same time. If you deselect the **By cost element** checkbox, the system will throw an error and force you to maintain the **Settlement cost elem**.

- **Name**
  This field is a description of the cost element.

Next, the **Assessment Cost Element** folder (see Figure 5.19) in the **Dialog Structure** pane is used to determine the same sender and receiver values in the settlement process. The **Assessment Cost Element** section is used especially when you want to use the allocation structure for assessment purposes.

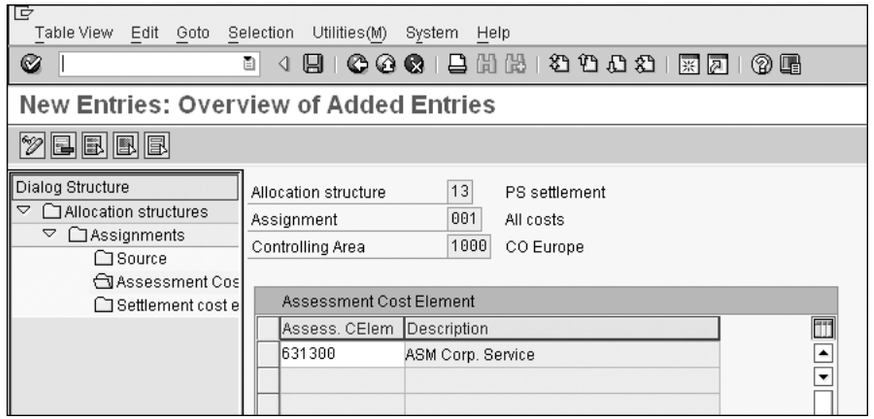

Figure 5.19 Assessment Cost Element

5.3.2 Maintaining Settlement Profiles

A settlement profile determines how costs will be settled to a specified object. Settlement profiles work in close conjunction with settlement rules, or rather, settlement rules derive information from settlement profiles.

To configure a settlement profile, follow the menu path **SPRO • SAP Reference IMG • Investment Management • Projects as Investment Measure • Settlement • Maintain Settlement Profile** or use Transaction OKO7. The system will open the screen shown in Figure 5.20.

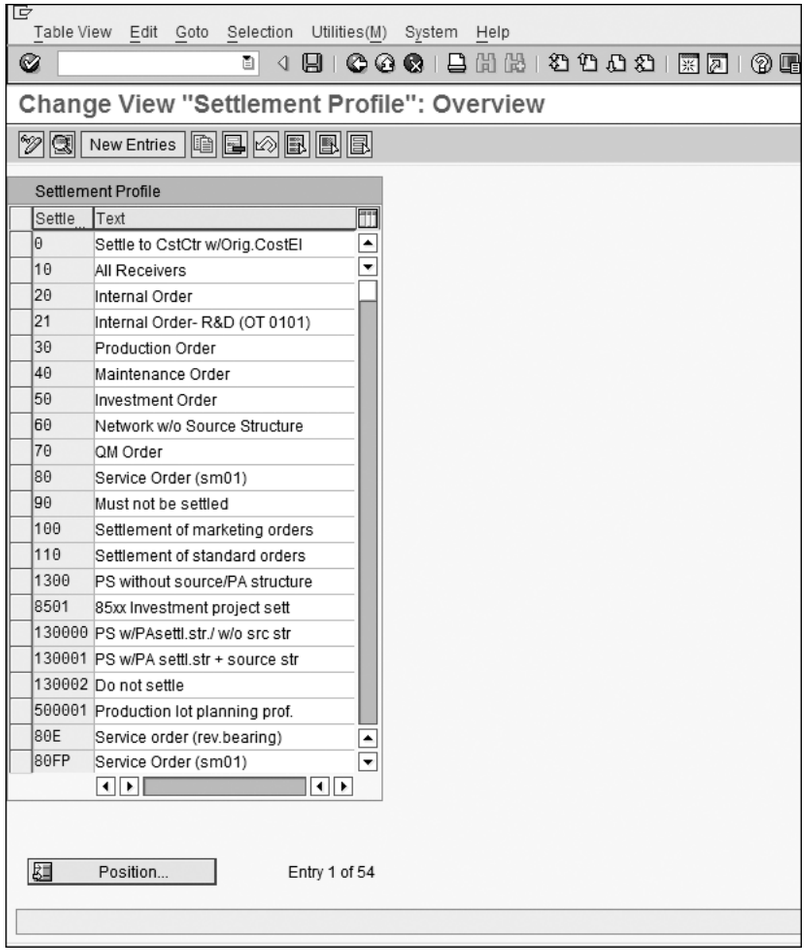

Figure 5.20 Settlement Profile

SAP offers many standard, preconfigured profiles, as shown in Figure 5.20. You can see the configuration details for any settlement profile by double-clicking on the profile. Let's use the settlement profile **20: Internal Order** as an example to look at configuring settlement profiles.

As can be seen in Figure 5.21, the settlement profile determines whether an object should be settled in full or in part, which allocation structure and profitability structure should be used, the valid receiver object(s), etc. These fields can be explained as follows:

- **Settlement profile**
  Enter the settlement profile ID and its description.
- **To Be Settled in Full**
  If this option is selected, the system will force you to balance out the order. Unless the balance of an order is 0, you cannot close the order.
- **Can Be Settled**
  If this radio button is selected, the system allows you to close an order even if the order has a balance.

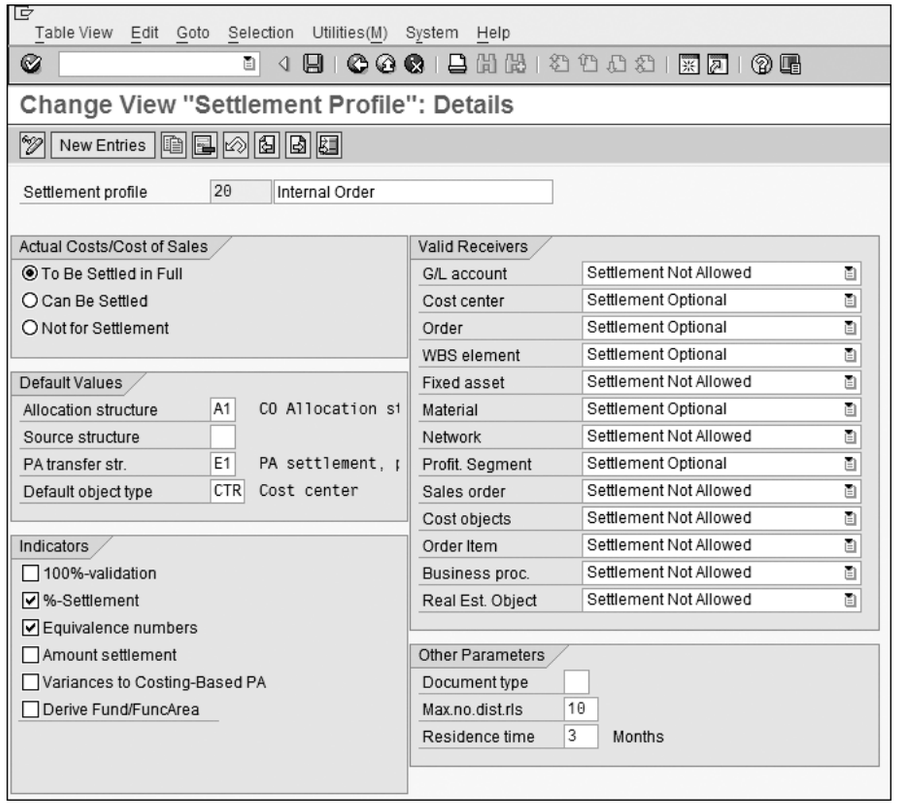

Figure 5.21 Settlement Profile: Configuration

- **Not For Settlement**
  If you select this option, the system will not settle the actual cost from the order.
- **Allocation structure**
  Maintain the allocation structure in this field.
- **Source structure**
  Maintain the source structure, if required. Although not mandatory, this field can help when creating settlement rules.
- **PA transfer str.**
  Maintain a Profitability Analysis (CO-PA) transfer structure if you want to settle the cost to CO-PA.
- **Default object type**
  The entry maintained in this field results in a default receiver object type in the settlement rule. The default receiver object can be changed at the transaction level in production.
- **100%-validation**
  If this checkbox is selected, the system ensures that all the costs from the order are settled to the receiver. This setting is valid for periodic settlement.
- **%-Settlement**
  If this checkbox is selected, the system allows you to maintain values based on percentages as well.
- **Equivalence numbers**
  If this option is selected, the system allows you to create the settlement rule in the form of equivalence number. For example, you could set up an equivalence so that, for example, 2, 5, 6 are understood by the system to represent 2/13, 5/13, and 6/13, respectively.
- **Amount settlement**
  If this option is used, you can maintain the settlement rule based on the exact amount that you wish to settle. For example, if you want to only settle $600 out of a total cost of $1000, you can maintain $600 in the settlement rule.
- **Variances to Costing-Based PA**
  Typically, this option is selected when you want to settle production-related costs to CO-PA. Generally, production variances are settled to CO-PA.

- **Valid Receivers**
  A general ledger account, a cost center, an order, or a WBS are examples of valid receivers. The options associated with them include the following:
  - **Settlement Not Allowed**
    With this option, the user won't be able to create settlement rules with the specified receiver object. If someone tries to create a rule, the system will return an error.
  - **Settlement Optional**
    With this option, the user will be able to create a settlement rule with the specific receiver object.
  - **Settlement Required**
    If this option is selected, the user must create a settlement rule with the stated object. If not, SAP will throw an error.
- **Document type**
  This field identifies that settlement will be performed using the document type maintained in this field. We recommend using a different document type so that the settlement transaction can be easily understandable. For example, a normal business transaction uses document type **SA** (accounting document), **KR** (vendor invoice), **DR** (customer invoice), and so on. Thus, settlement transactions will be differentiated based on the document type.
- **Max.no.dist.rls**
  The value maintained in this field signifies the maximum number of settlement rules a user can create. The maximum possible value is 999.
- **Residence time**
  This field determines how long the settlement document will be retained before it can be archived.

5.3.3 Assigning Settlement Profiles to Project Profiles

Once the settlement profile is created, you need to assign it to a project profile. To assign a settlement profile to a project profile, follow the menu path **SPRO • SAP Reference IMG • Investment Management • Projects as Investment Measure • Settlement • Maintain Settlement Profile • Assign Settlement Profile to Project Profile** or use Transaction OKO7.

Select the settlement profile against the desired project profile via the list of options and save the entry (see Figure 5.22).

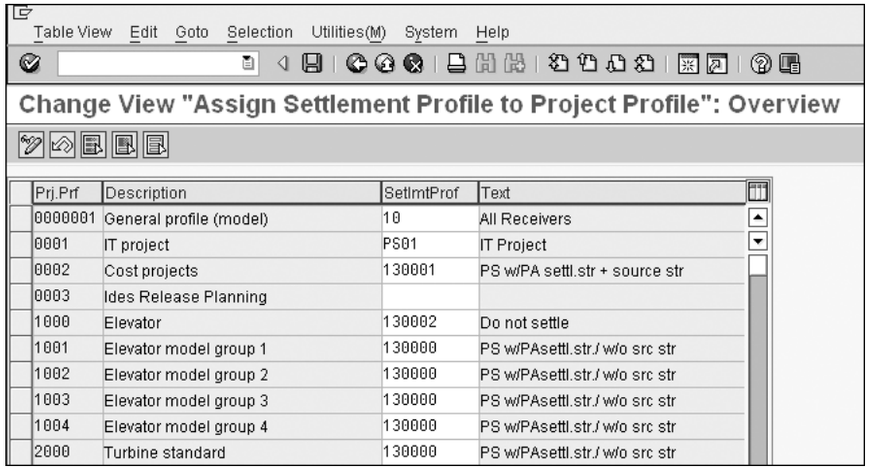

Figure 5.22 Assignment of Settlement Profile to Project Profile

5.4 Summary

This chapter described configuring a WBS as an investment measure. We discussed in detail how to configure a project profile along with the other elements of configuration. Hopefully, this chapter has given you a clear picture how to use projects as investment measures.

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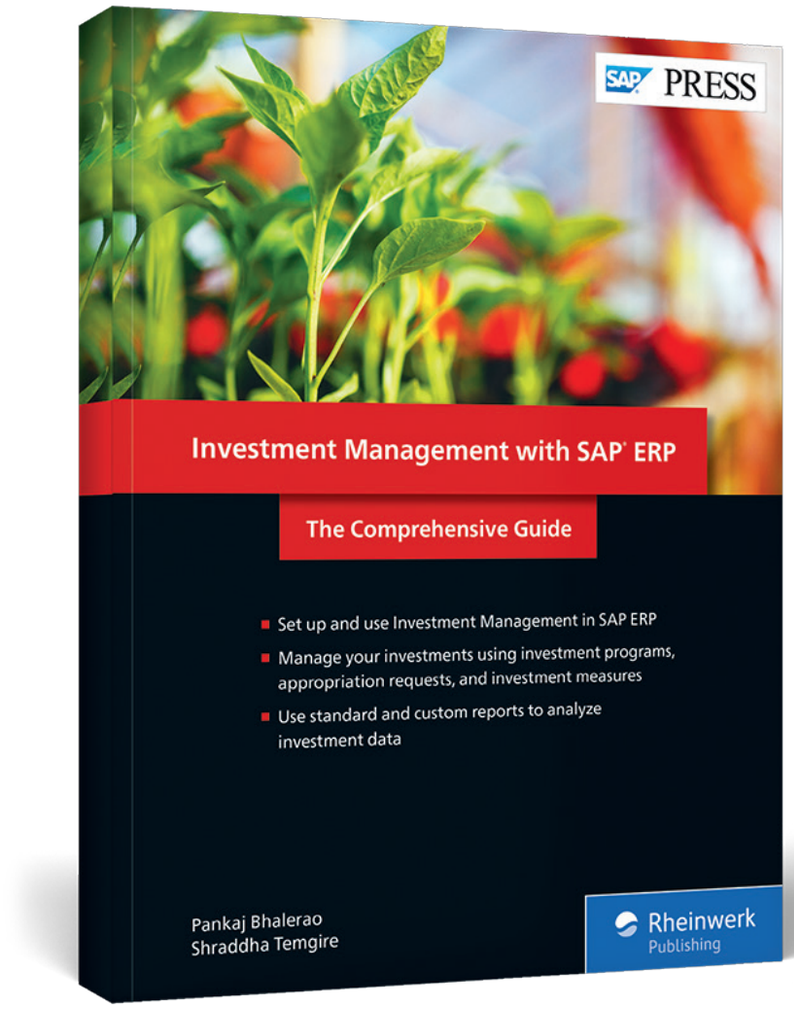

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