

APAC Procurement Business Model

Source List Procedure Training Document



Local Group Companies

Submit Date, 17-Nov-04
<Confidential>



Table of Contents

SOURCE DETERMINATION: OVERVIEW	4
FUNCTIONS OF THE SOURCE LIST	4
CREATION OF SOURCE LIST RECORDS	5
USE.....	5
SOURCE LIST RECORDS FOR MATERIAL GROUP CONTRACT	6
EXAMPLE:	6
BUSINESS PROCESS PROCEDURE.....	7
1. ANALYZE SOURCE LIST.....	7
2. CREATION OF SOURCE LIST RECORDS MANUALLY	10
3. CREATION OF SOURCE LIST RECORD FROM WITHIN AN OUTLINE AGREEMENT	17
4. CREATION OF SOURCE LIST RECORD FROM PURCHASING INFORMATION RECORD	22
5. CREATE SOURCE LIST AUTOMATICALLY IN MASS MAINTENANCE	27

Source Determination: Overview

The purpose of the source determination process is to automatically assign a source of supply to a purchase requisition. If the requester has set the Source Determination indicator in the requisition header, the system searches for possible source of supply for all the items of the requisition. If the system finds several valid sources for an item, the decision process can be supported by a price simulation or by reference to data from the vendor evaluation facility.

To have the system assign a single unique source during the automatic source determination process, a source list and/or a quota arrangement can be made use of.

In the **source list**, it is required to specify which source of supply is valid for a certain period of time. It is also possible to specify a preferred source as fixed for a certain period in the source list. In automatic source determination, the system will then suggest just this source, even if other potential sources exists.

With the aid of a **quota arrangement**, it is feasible to have material requirements arising over a certain period divided up among different sources on the basis of quotas. Quota arrangements determine which source of supply (maybe from among several possible ones) is automatically assigned to a purchase requisition.

Functions of the Source List

The source list is used to administer the source of supply. The source list contains the allowed and prohibited source of a material in a certain plant over a certain period. Each source is defined by a source list record. The source list has the following purposes:

- Restriction of the selection of sources during the automatic source determination process
- Determination of a source as fixed, meaning that the relevant source counts as preferred for a stipulated period during automatic source determination (For example, the preferred vendor for material 1 is Miller Corp. in the first quarter and Myers & Co. in the second quarter)
- Definition of a source as blocked (This means, for example, that no release orders can be issued against, say, contract 4712 for a certain period)

Each source list record consists of the following data:

- **Validity period**
Period within which the settings made in the source list are valid ie the period during which orders for the material may be placed with the source (or may not be placed if the source list record is blocked).
- **Key source data**
Number of the vendor and the responsible purchasing organization (info records) or number and item of the outline agreement (scheduling agreement or contract) representing the source of supply for the material.
- **Fixed source**
Select the *Fixed* field to define a source as preferred for the purposes of automatic source determination. The vendor or outline agreement is then always preferred over other sources of supply during the relevant validity period. Within a validity period, not more than one source should be flagged as *Fixed*, since otherwise the automatic source determination would not produce a unique result.
- **Procurement Plant (supplying plant)**

If the material can be procured from a plant or another point within the enterprise, enter the plant number in the *PPI* field and leave the field for the vendor number and/or contract number empty.

- **Blocked source**

Select the *Blocked* field to define a source of supply as blocked. The info record or outline agreement is not suggested in the course of the source determination process and no purchase order can be created for the source in question.

Noted that if the *Blocked* indicator is set and only one validity period is entered, the material is excluded from external procurement; that is, it cannot be ordered during this period.

- **MRP**

The MRP indicator is used to determine whether an automatic source determination process is carried out during the requirements planning run. The appropriate source is then automatically assigned to a purchase requisition, or scheduling agreement delivery schedule lines can be generated directly via the planning run. Enter '1' in the *MRP* field if requisitions generated by the materials planning/inventory control system are to be assigned to the source automatically. Enter '2' if a scheduling agreement is entered as the source of supply and the requisitions are created by the materials planning run and control system to be automatically converted into delivery schedule lines.

If it is expected that a material is required to be prevented from being ordered from a vendor for whom no corresponding source has been entered in the source list, then define the material as subject to a source list requirement in the material master record (by flagging on to the 'Source List' indicator on the Purchasing view of the material master data).

Noted that if an attempt is made to order a material subject to a source list requirement from a source that is not included in the source list, the standard system issues an error message with the text: "Source not included in list despite source list requirement".

In Customizing, it is possible to specify all materials for a certain plant are to be subject to a source list requirement. If a source list requirement has been defined for a plant, it is mandatory to maintain the source list for every material in the plant before a material can be procured for the plant.

With the **source list analysis**, it is feasible to find out whether source list records exist for materials of a plant within a certain period. In this way, the material for which source list records are missing for a plant with a source list requirement can be identified.

Creation of Source List Records

Use

Source list records can be created for individual sources of a material as follows:

- **Manual maintenance**

This method is recommended if it is required to make numerous changes to, or new entries in, a source list.

- **Creation from within an outline agreement**

With this procedure, it is possible to adopt an item from an outline agreement in a source list when creating or changing the agreement.

- **Creation from within an info record**

With this procedure, it is possible to enter a vendor in the source list when creating or changing a purchasing info record.

- **Automatically**

It is possible to have source list records generated automatically by the system. The source list records can be generated for several materials (collective procedure) or for a single material (individual procedure). The system thus enables to create and update all the records for a certain source list very quickly. With this procedure, a source list record can be generated for every info record and/or every outline agreement item for a material or several materials.

Noted, however, that this functionality is not suitable for updating the source lists because source list records cannot be automatically generated just for the new sources. Before generating source list records, the following questions should be answered:

- For which materials or plants are source list records to be generated?
- Are only outline agreement items, only info records, or both to be taken into account?
- For which period are the source list records that are to be generated to be valid?
- Do source list records already exist for the materials for which source list records are required to be generated? If so, it is mandatory to determine/decide how the system is to treat the old records (for example, delete or leave unchanged?).

Source List Records for Material Group Contract

There might be outline agreement items relating to a material group rather than a single specific material – for example, an outline agreement item with item category M (material unknown) or W (material group). However, it is possible to create material-specific source list records for this material group contract item. In doing so, it is possible to decide whether to exclude or include certain materials of the relevant material group by means of the source list.

- **Exclude**

Generally, all materials belonging to the material group in question can be ordered with reference to this contract item except those entered in the source list for the material group item.

- **Include**

Only materials belonging to the material group in question can be ordered with reference to this contract item provided that those materials appear in the source list for the material group item.

Example:

There is a contract for components of personal computers. It is not necessary for every possible material to be included in the Contract as a separate item. The contract must merely have a single item covering all materials (for example, the material group PCEQUIP). Suppose that disk drives (belonging to material group PCEQUIP) are to be excluded from release orders issued against this contract because they are covered by a separate contract. Therefore, it is decisive to use the source list for the material group item as an exclusion list.

Business Process Procedure

1. Analyze Source List

1.1 Access transaction by

Via Menu	Logistics → Materials Management → Purchasing → Master Data → Source List → Follow-on Functions → Analyze
Via Transaction Code	ME06

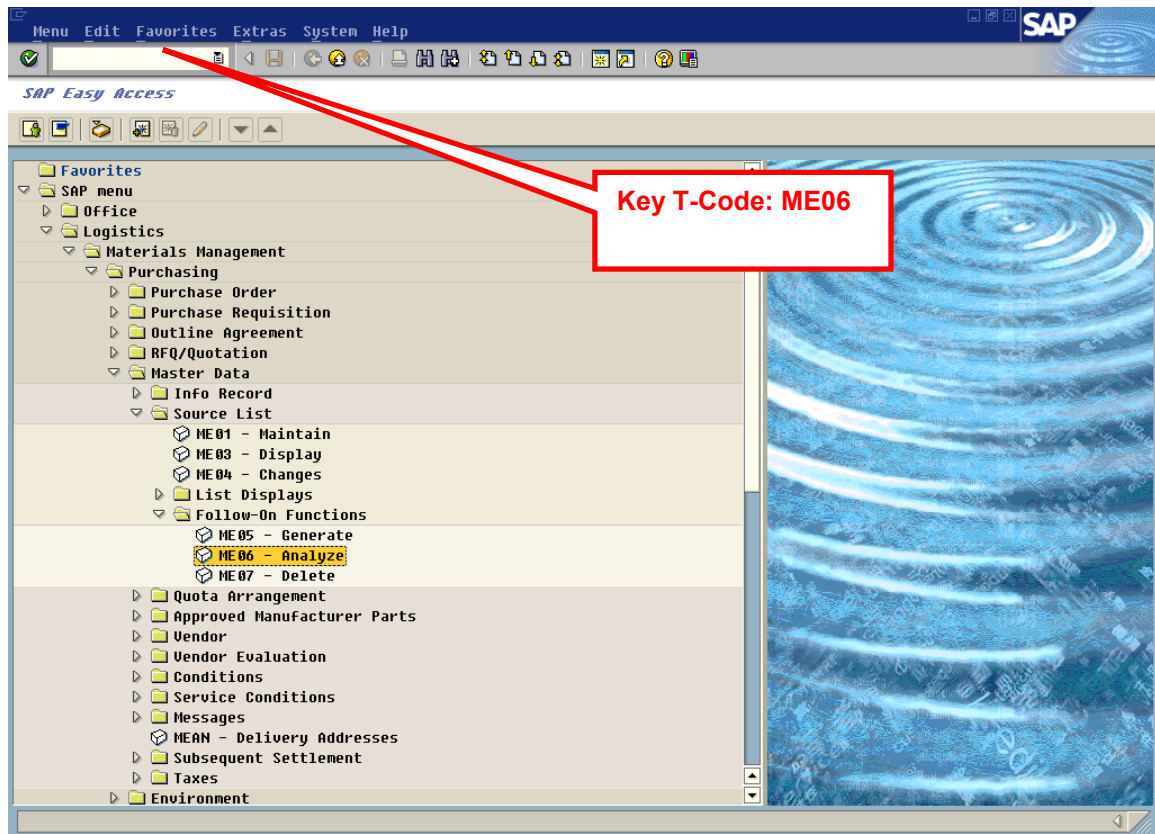


Fig-01

1.2. On “Analyze Source List” screen, maintain related material numbers and plant for which the source list analysis is required, as below:

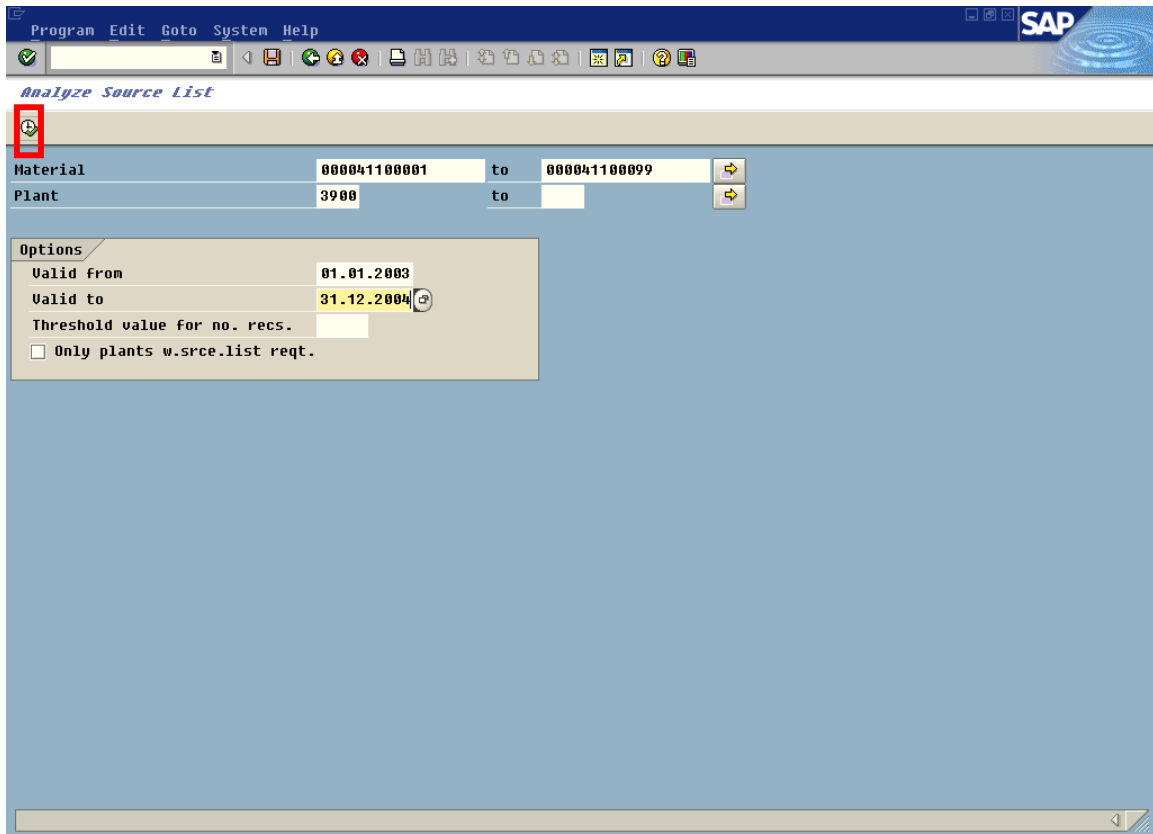



Fig-02

Field Name	Description	R/O/C/D	User Action and Values
Material	Alphanumeric key uniquely identifying the material	R	Enter the material number range
Plant	Specifies the key for a production facility or branch office within the company (that is, the company code)	R	Enter the plant location
Valid from	Date from which the source list record is valid	R	Enter the validity period
Valid to	Date until which the source list record is valid	R	Enter the validity period
			Click on  icon to start source list analysis. Then the “Analyze Source List” screen appears as shown.

Legend: R = Required, O = Optional, C = Conditional, D = Display

SAP

Analyze Source List

Material

Material	Short tx	
Plant	Number	Explanation
Gap	From	to
<input type="checkbox"/> 000041100001	BRICK MS-80 623	
<input type="checkbox"/> 3900		01.01.2003 31.12.2003 Source list incompl. maintained
<input type="checkbox"/> 000041100002	Test Conversion	
<input type="checkbox"/> 3900		No source lists exist
<input type="checkbox"/> 000041100003	Test Conversion	
<input type="checkbox"/> 3900		No source lists exist
<input type="checkbox"/> 000041100004	Test Conversion	
<input type="checkbox"/> 3900		No source lists exist
<input type="checkbox"/> 000041100005	Test Conversion	
<input type="checkbox"/> 3900		No source lists exist
<input type="checkbox"/> 000041100006	Test Conversion	
<input type="checkbox"/> 3900		No source lists exist
<input type="checkbox"/> 000041100097	tset rebate	
<input type="checkbox"/> 3900		No source lists exist
<input type="checkbox"/> 000041100098	tset quota	
<input type="checkbox"/> 3900		No source lists exist
<input type="checkbox"/> 000041100099	Test Conversion	
<input type="checkbox"/> 3900		No source lists exist

DEV (1) (210) | dvttemp | OVR

Fig-03

2. Creation of Source List records manually

2.1. Access transaction by

Via Menu	Logistics → Materials Management → Purchasing → Master Data → Source List → Maintain
Via Transaction Code	ME01

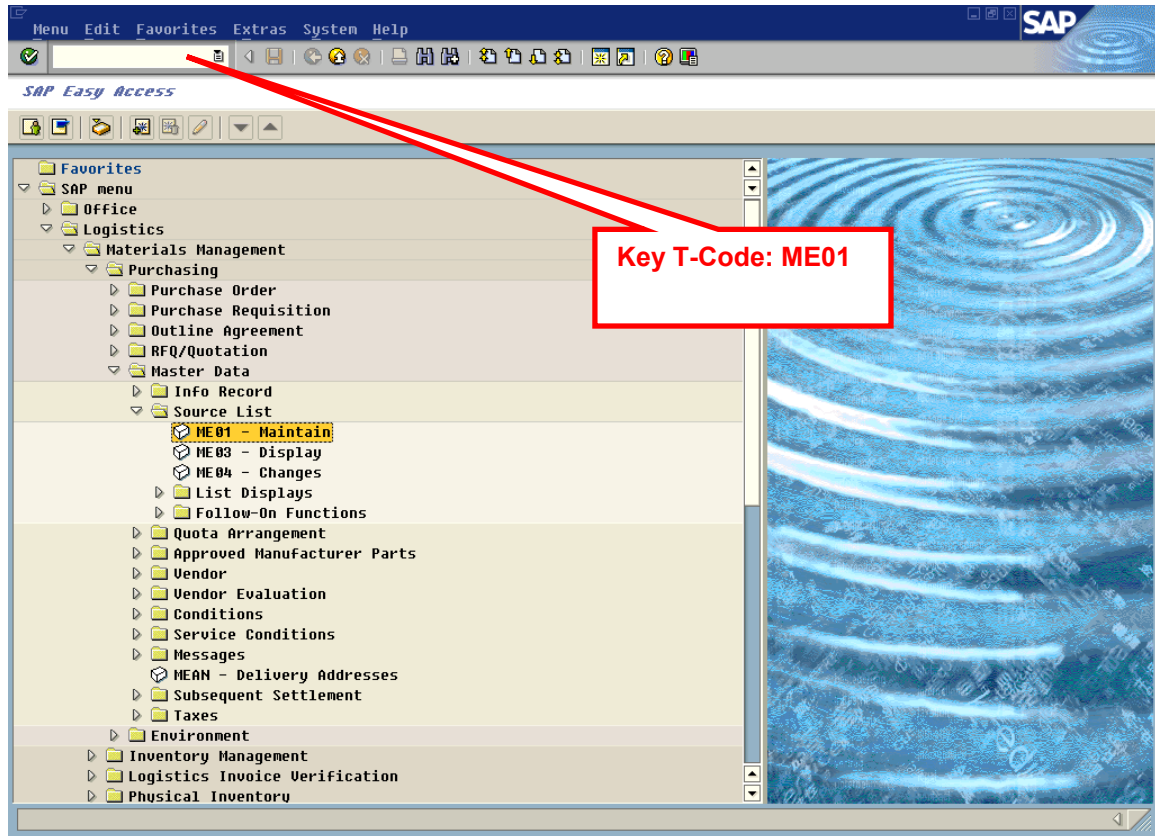


Fig-04

2.2. On “Maintain Source List: Initial Screen” screen, fill in the data as below:

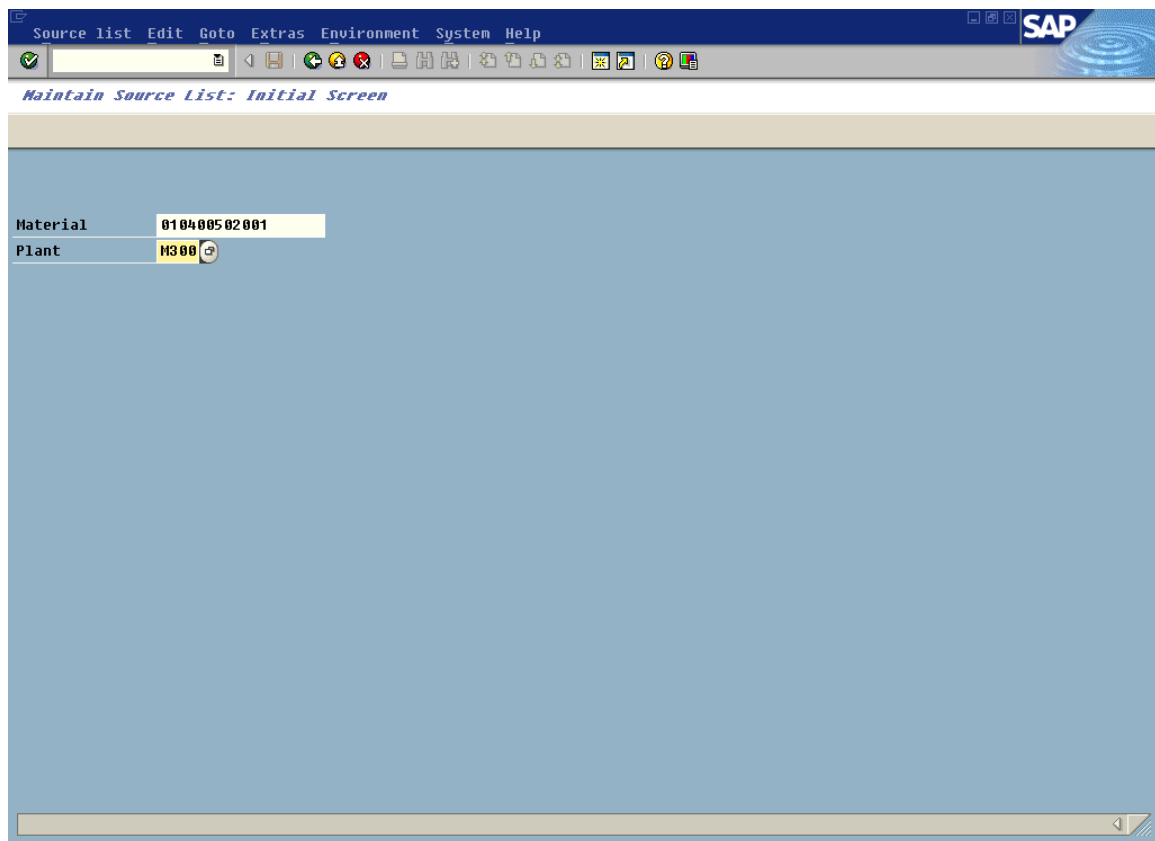


Fig-05

Field Name	Description	R/O/C/D	User Action and Values
Material	Alphanumeric key uniquely identifying the material	R	Enter the material number
Plant	Specifies the key for a production facility or branch office within the company (that is, the company code)	R	Enter the plant number
			Press “ENTER”

Legend: R = Required, O = Optional, C = Conditional, D = Display

2.3. On “Maintain Source List: Overview Screen”, fill in the data as below:

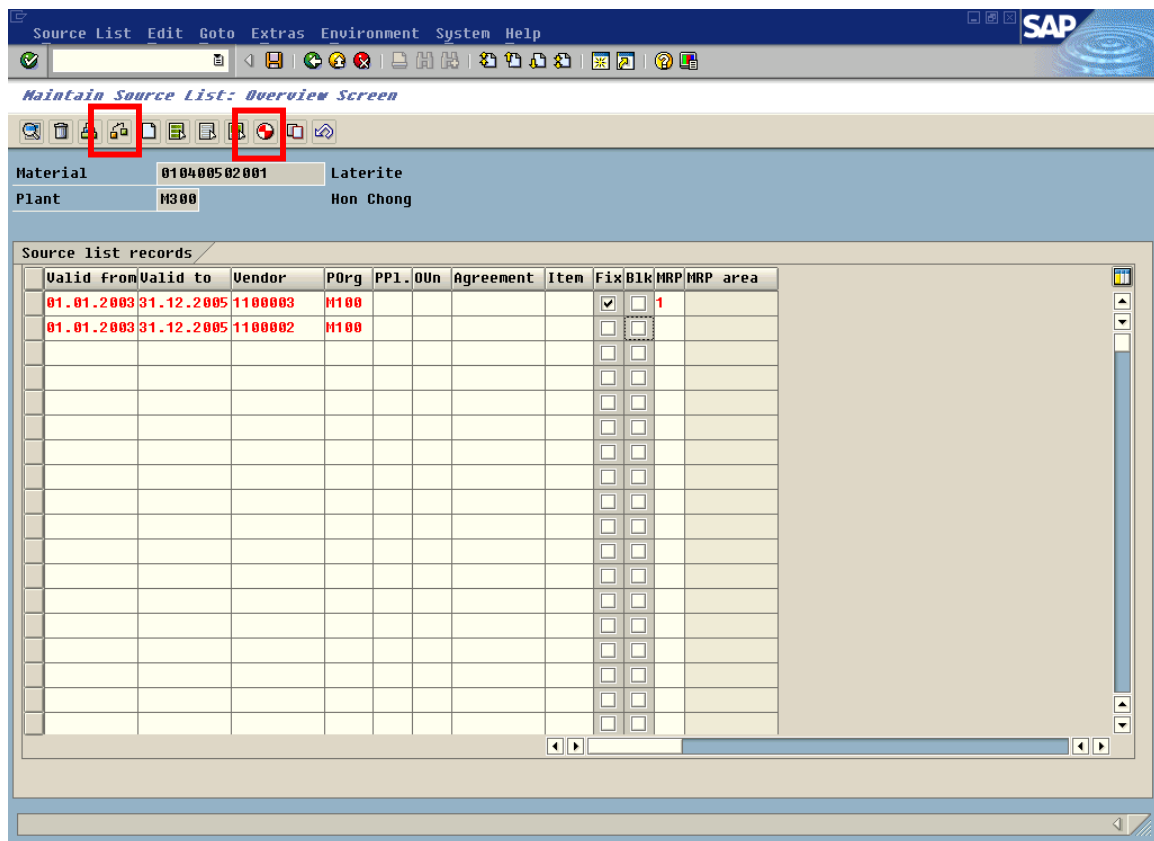





Fig-06

Field Name	Description	R/O/C/D	User Action and Values
Valid from	Date from which the source list record is valid	R	Enter the validity period
Valid to	Date until which the source list record is valid	R	Enter the validity period
Vendor	Alphanumeric key uniquely identifying a vendor	R	Enter the vendor number
POrg	Denotes the purchasing organization being responsible for purchasing activities for this material number and plant location	R	Select the purchasing organization
PPI.	Key for the factory or the branch of a company from which the material is to be procured	O	This is purely for the case of stock transport order between plants of the same company code. Specify the unit of measure in which the material is ordered.
Oun	Specify the unit of measure in which the material is ordered	O	Select the order unit
Agreement	Specify the reference number of the long-term arrangement between a purchasing organization and a vendor relating to the supply of materials or	O	Enter the agreement number

Field Name	Description	R/O/C/D	User Action and Values
	performance of services over a certain timeframe on the basis of predefined terms and conditions		
Item	Specifies the number that uniquely identifies an item an outgoing agreement	O	Enter the agreement item
Fix	Specifies that the source of supply is preferred procurement option within the specified period	O	Select the Fix.
Blk	Specifies whether the source of supply is blocked for ordering purpose	O	A blocked source of supply will not be suggested in the course of the source determination process that takes place in the purchase requisition or purchase order. Furthermore, the issue of purchase orders to blocked sources will not be allowed.
MRP	Key that determines how the source of supply defined in the source list record is used in material requirements planning (MRP)	O	Enter "1" or "2" or " ". The followings are valid entries for this field: "1" Purchase requisitions generated within the framework of the material requirements planning are automatically assigned to this source. "2" If the source of supply is a scheduling agreement, MRP will create the delivery schedule line with regard to a requirement. " " The source of supply is not taken into consideration during material requirements planning (MRP).
MRP area	Number of the MRP area for which material requirements planning should be carried out separately	O	Enter the MRP area
			Click on  icon to verify if the source list record satisfies all preconditions.
			The  icon can be used to purposely simplify the maintenance of source list record. This is particularly useful when you would like to adopt another source list record to create the new one for your material number. In this case, when clicking on this icon, the next screen will pop up which requires you to enter both material number and plant location to enable SAP to locate the appropriate source list record.

Field Name	Description	R/O/C/D	User Action and Values
			If you want to maintain the source list record, click on  icon. When clicking on this icon, SAP will recommend all possible sources of your material item. In this case, when you first click on this icon, the next screen will appear which requires you to maintain the validity period for your source list record.

Legend: R = Required, O = Optional, C = Conditional, D = Display

2.4. On the pop up screen, fill in the data as below:

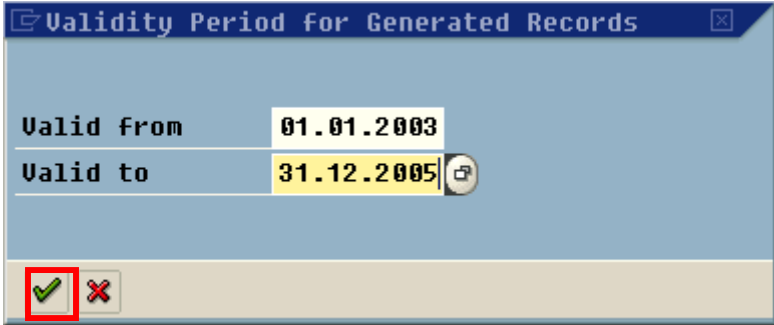



Fig-07

Field Name	Description	R/O/C/D	User Action and Values
Valid from	Date from which the source list record is valid	R	Enter the validity period
Valid to	Date until which the source list record is valid	R	Enter the validity period
			After maintaining the respective validity period, click on  icon, the related sources of supply are automatically generated

Legend: R = Required, O = Optional, C = Conditional, D = Display

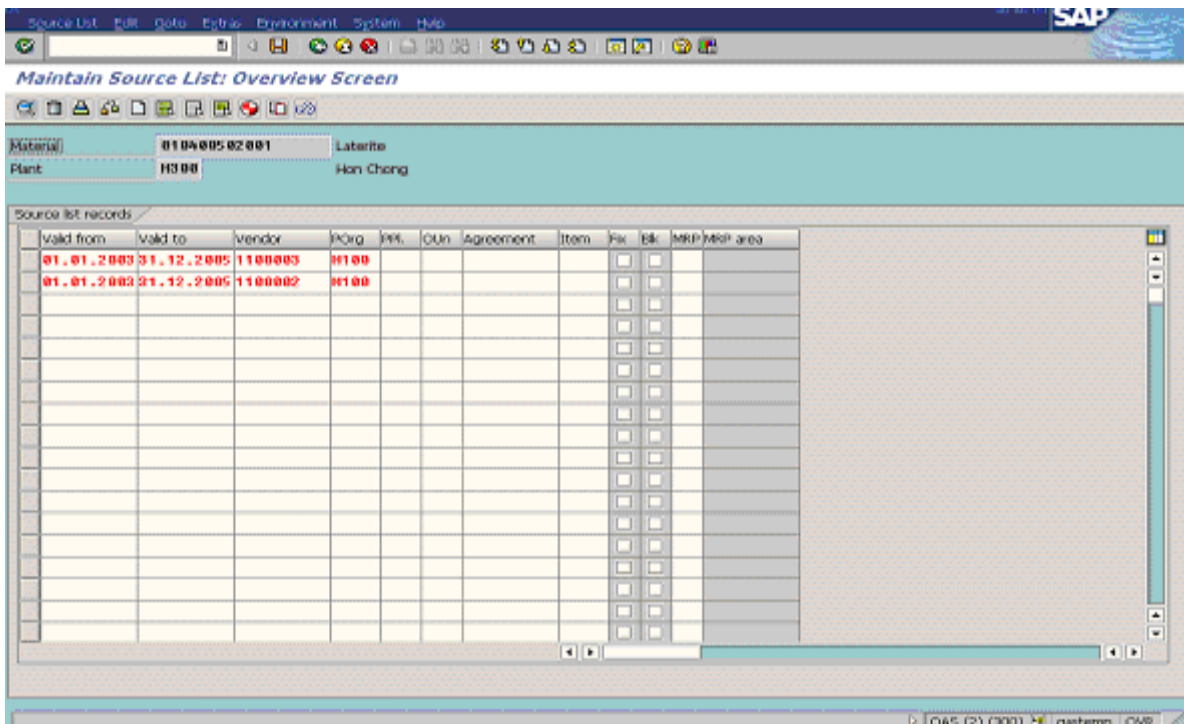


Fig-08

2.5. If the existing source records have been available in your source list, when you use this 'Generate records' functionality, after entering the validity period, the pop up screen will appear. On the pop up screen, fill in the data as below:

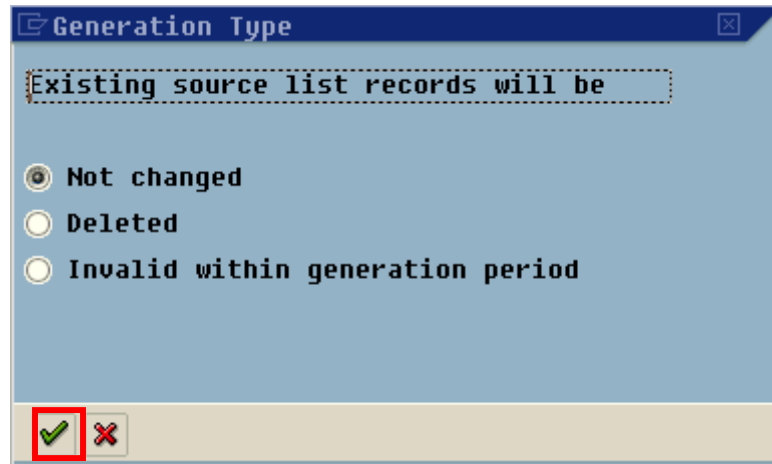



Fig-09

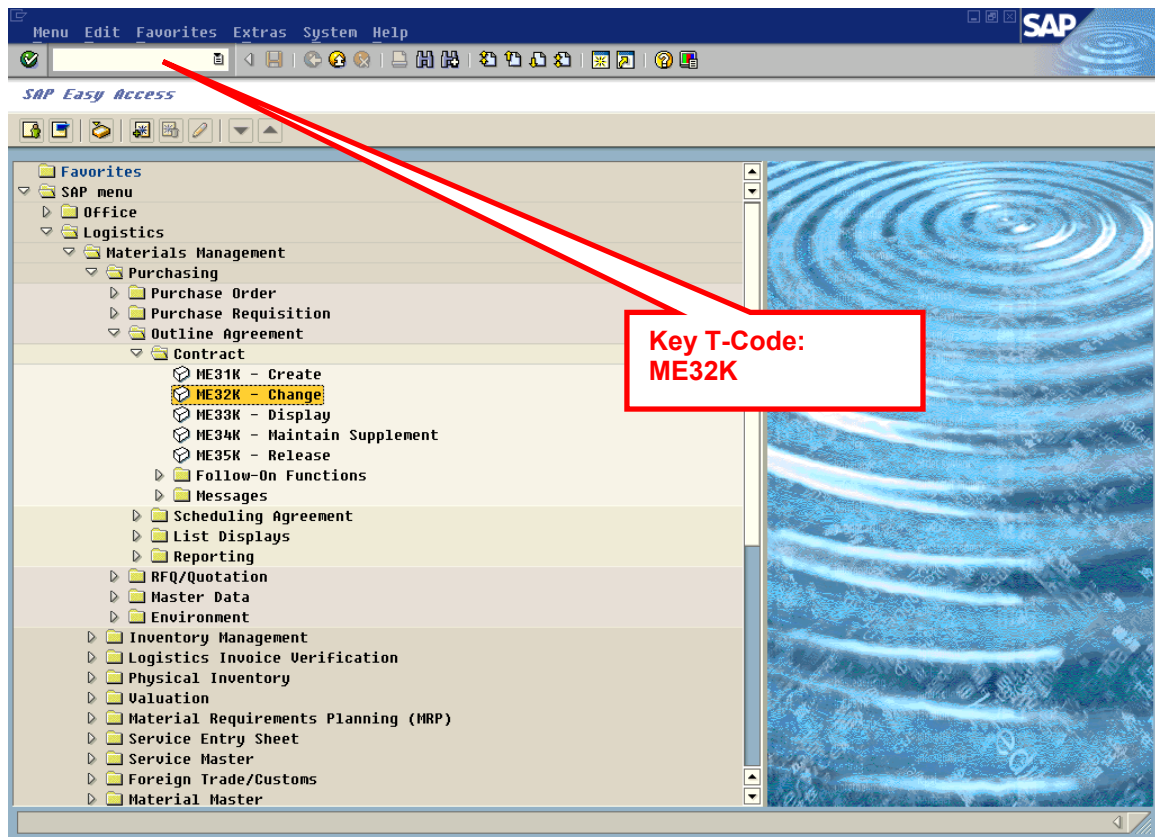
Field Name	Description	R/O/C/D	User Action and Values
Not changed	Indicates whether old source list records are to be adjusted by the system	O	Select the "Not changed" button
Deleted	Indicates that the source list records of an already existing source list are to be replaced by the newly generated source list	O	Select the "Deleted" button
Invalid within generation period	Indicates that the validity periods of already existing source list records are to be changed if they overlap with those of newly generated source list records	O	Select the "Invalid within generation period" button
			Click on  icon

Legend: R = Required, O = Optional, C = Conditional, D = Display

3. Creation of Source List Record from within an Outline Agreement

3.1. Access transaction by

Via Menu	Logistics → Materials Management → Purchasing → Outline Agreement → Contract → Change
Via Transaction Code	ME32K



**Key T-Code:
ME32K**

Fig-10

3.2. On “Change Contract : Initial Screen” screen, fill in the data as below:

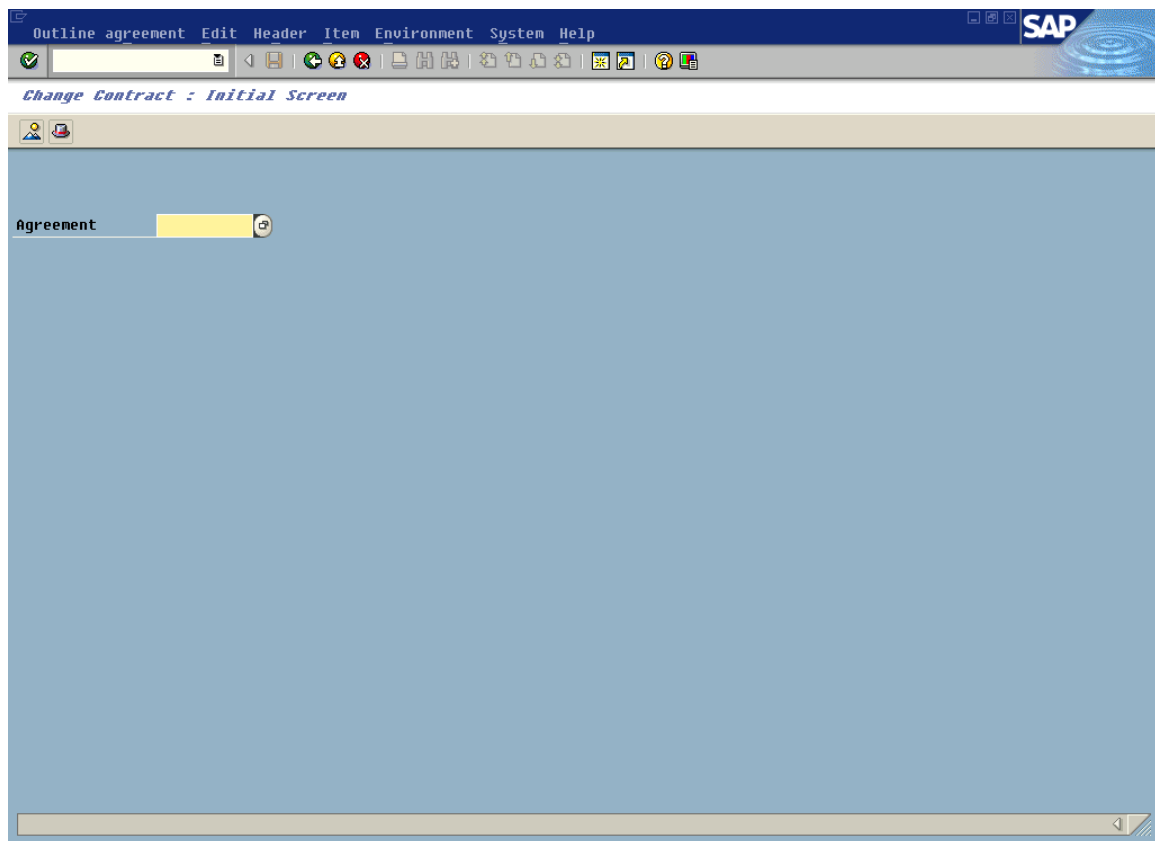



Fig-11

Field Name	Description	R/O/C/D	User Action and Values
Agreement	Number of the outline agreement	R	Enter the reference number of the Contract
			Click on  icon or press “ENTER”

Legend: R = Required, O = Optional, C = Conditional, D = Display

3.3. On “Change Contract : Item Overview” screen, maintain information as specified in the table below:

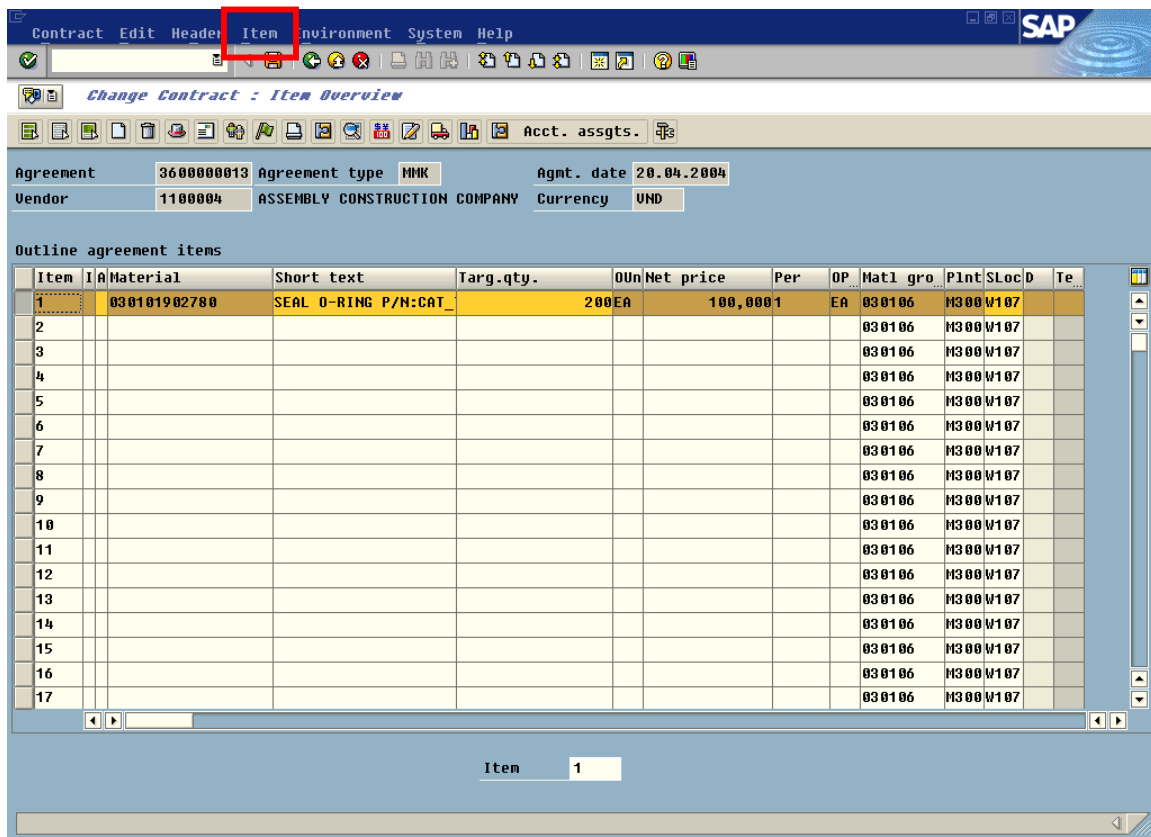


Fig-12

Field Name	Description	R/O/C/D	User Action and Values
			Select the Contract Line Item and then select Item and Maintain source list

Legend: R = Required, O = Optional, C = Conditional, D = Display

3.4. On “Maintain Source List: Overview Screen” screen, fill in the data as below:

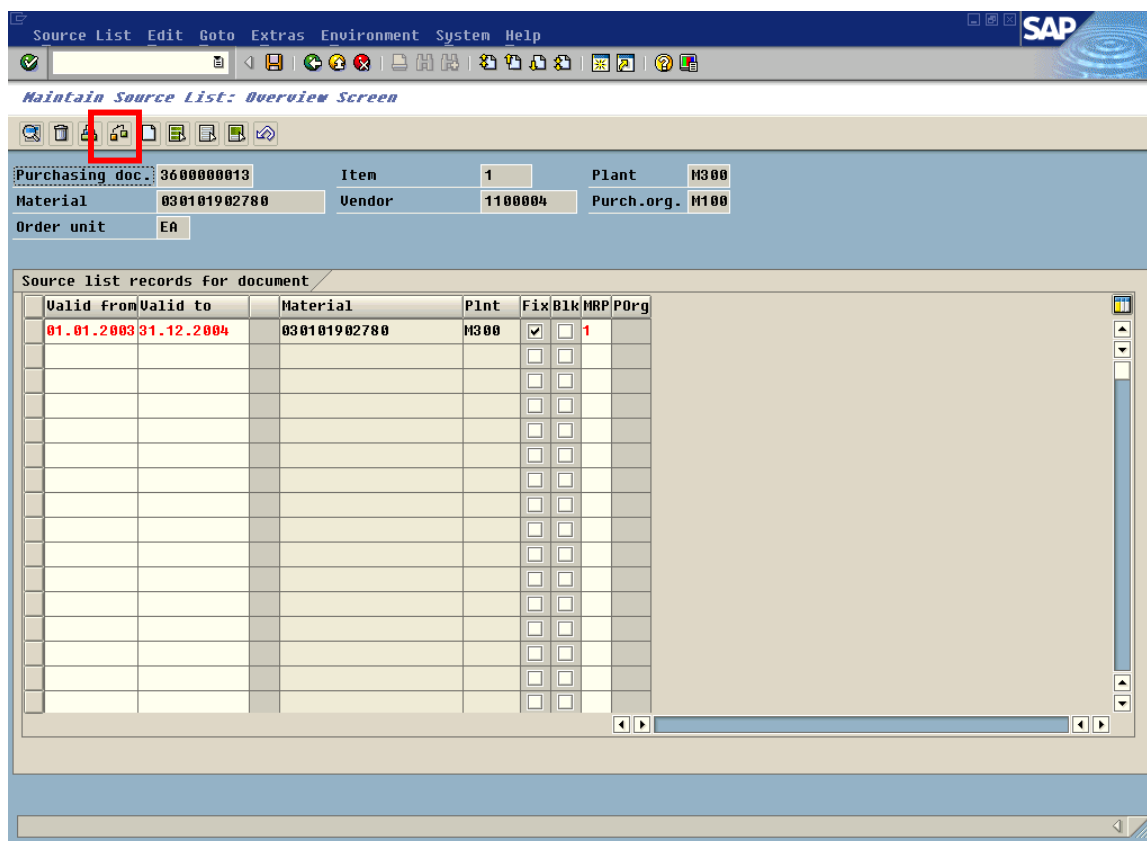




Fig-13

Field Name	Description	R/O/C/D	User Action and Values
Valid from	Date from which the source list record is valid	R	Enter the validity period
Valid to	Date until which the source list record is valid	R	Enter the validity period
Material	Alphanumeric key uniquely identifying the material	R	Enter the material number
PInt	Specifies the key for a production facility of the branch office within the company	R	Enter the plant number
Fix	Specifies that an outline agreement items is to be considered as a fixed source of supply during the validity period of the source list record	O	If you flag the Fix, it will be determined in the course of the source determination process and the material entered can only be procured under this outline agreement when a purchase order is created.
Blk	Specifies whether the source of supply is blocked for ordering purpose	O	A blocked source of supply will not be suggested in the course of the source determination process that takes place in the purchase requisition or purchase order. Furthermore, the issue of purchase orders to blocked sources will not be allowed.
MRP	Key that determines how the source of supply	R	Enter “1” or “2” or “.”. The followings are valid entries for

Field Name	Description	R/O/C/D	User Action and Values
	defined in the source list record is used in material requirements planning (MRP)		<p>this field:</p> <p>“1” Purchase requisitions generated within the framework of the material requirements planning are automatically assigned to this source.</p> <p>“2” If the source of supply is a scheduling agreement, MRP will create the delivery schedule line with regard to a requirement.</p> <p>“ ” The source of supply is not taken into consideration during material requirements planning</p>
			<p>Click on  icon to validate the correctness of data being entered.</p> <p>Then click on  icon to save this source list record being generated directly from contract.</p>

Legend: R = Required, O = Optional, C = Conditional, D = Display

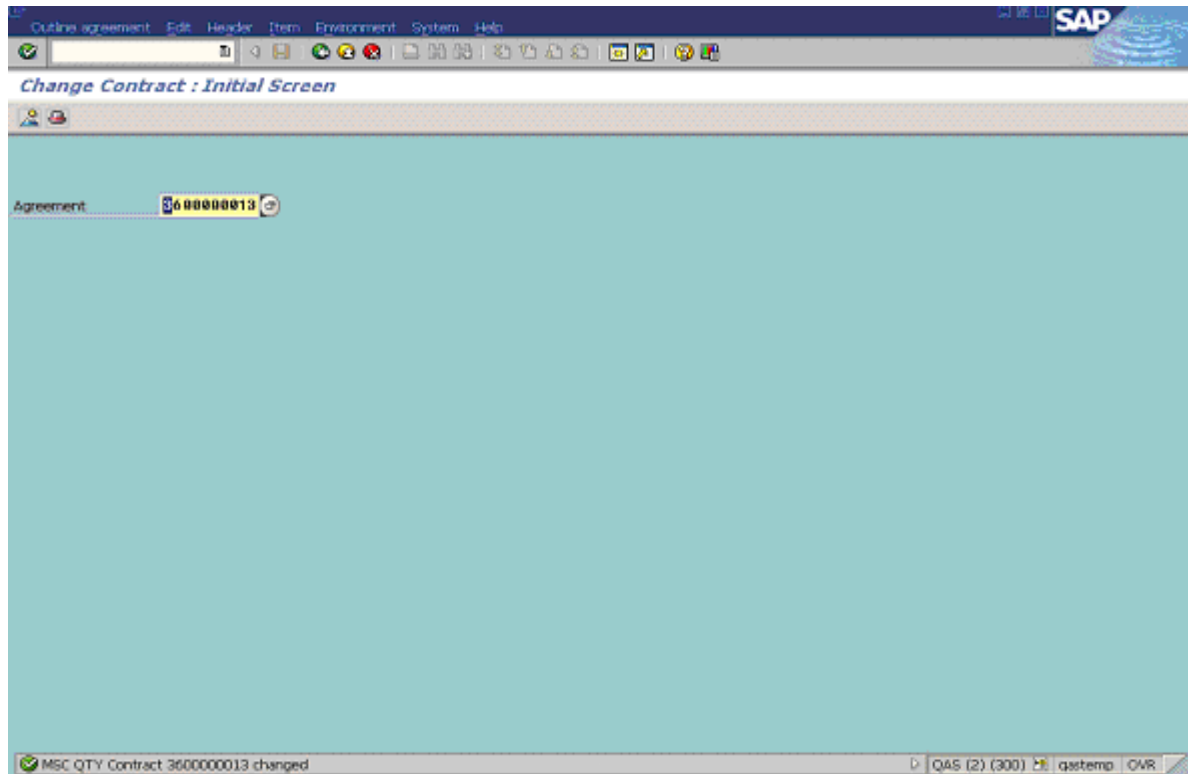


Fig-14

4. Creation of Source List Record from Purchasing Information Record

4.1. Access transaction by

Via Menu	Logistics → Materials Management → Purchasing → Master Data → Info Record → Change
Via Transaction Code	ME12

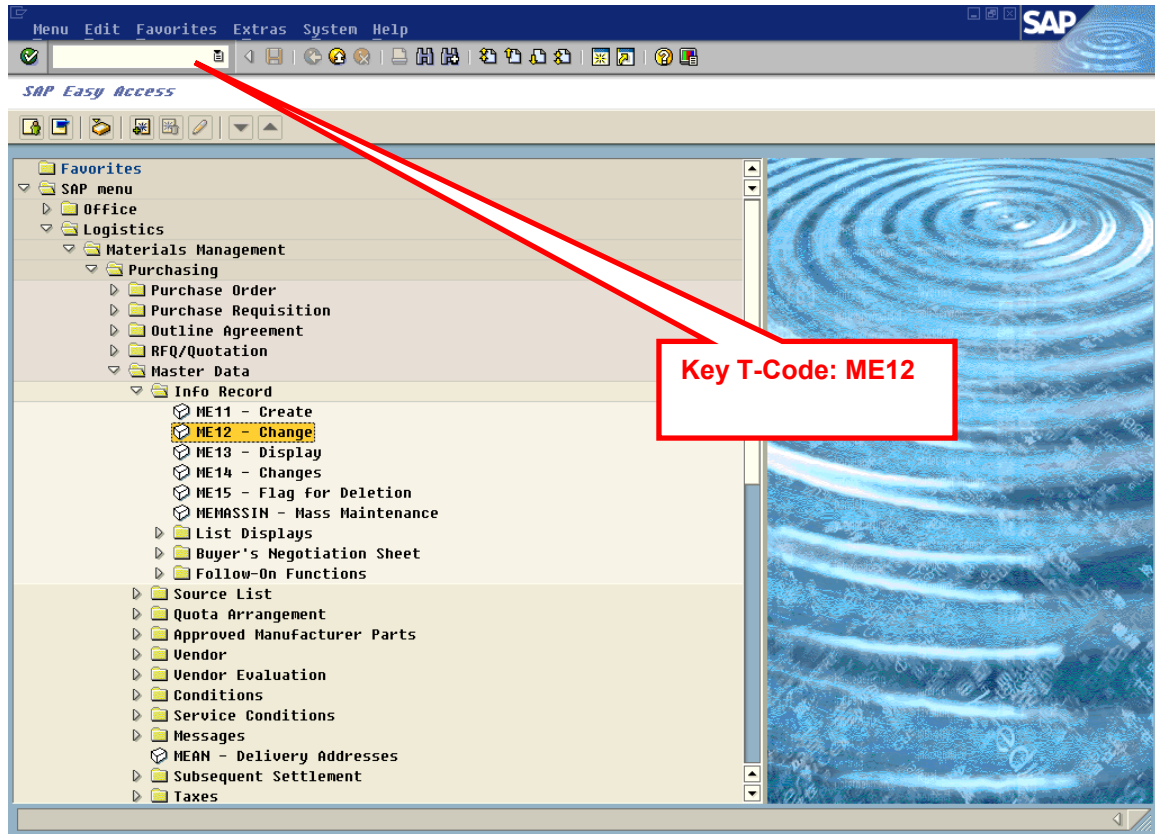


Fig-15

4.2. On “Change Info Record: Initial Screen” screen, fill in the data as below:

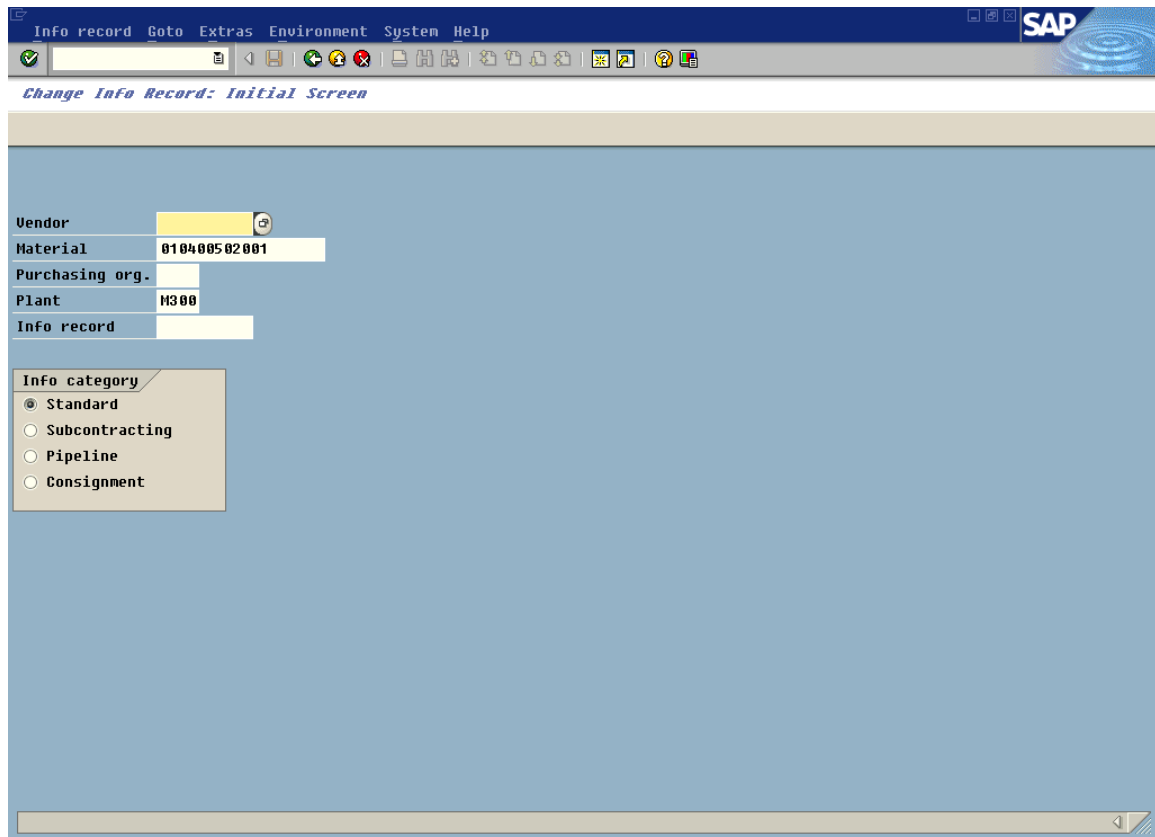
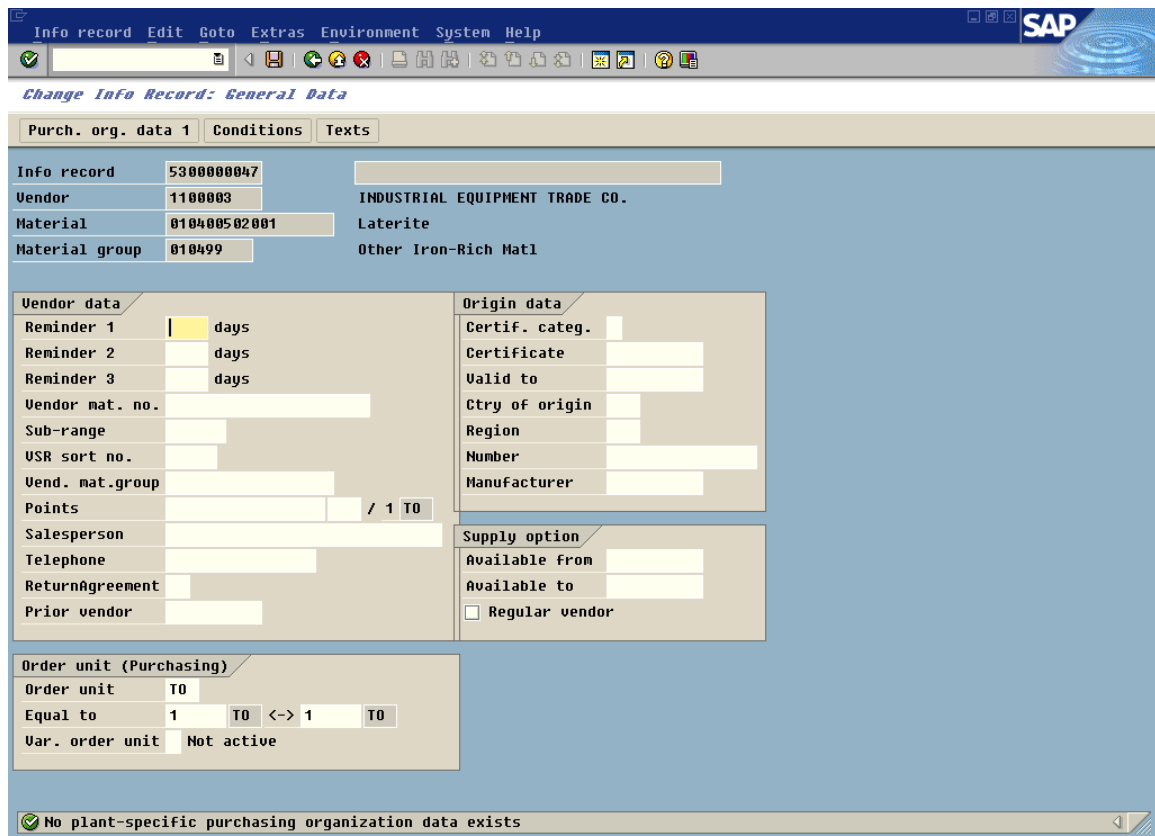


Fig-16

Field Name	Description	R/O/C/D	User Action and Values
Vendor	Alphanumeric key uniquely identifying a vendor	R	Enter the vendor number
Material	Alphanumeric key uniquely identifying the material	R	Enter the material number
Purchasing org.	Denotes the purchasing organization	R	Enter the purchasing org.
Plant	Specifies the key for a production facility or branch office within the company	O	Enter the plant number
Info Record	Specifies the number that uniquely identifies a purchasing info record	O	Enter the Info Record number
			Press “ENTER”

Legend: R = Required, O = Optional, C = Conditional, D = Display

4.3. On “Change Info Record: General Data” screen, maintain information as specified in the table below:



The screenshot shows the SAP 'Change Info Record: General Data' screen. The interface includes a menu bar (Info record, Edit, Goto, Extras, Environment, System, Help) and a toolbar. The main area is divided into several sections:

- Purch. org. data 1**: Contains fields for Info record (5300000047), Vendor (1100003), Material (010400502001), and Material group (010499).
- Vendor data**: Includes Reminder 1, 2, and 3 (days), Vendor mat. no., Sub-range, USR sort no., Vend. mat.group, Points, Salesperson, Telephone, Return Agreement, and Prior vendor.
- Origin data**: Includes Certif. categ., Certificate, Valid to, Ctry of origin, Region, Number, and Manufacturer.
- Supply option**: Includes Available from, Available to, and a checkbox for Regular vendor.
- Order unit (Purchasing)**: Includes Order unit (TO), Equal to (1 TO <-> 1 TO), and Var. order unit (Not active).

A status bar at the bottom indicates: "No plant-specific purchasing organization data exists".

Fig-17

Field Name	Description	R/O/C/D	User Action and Values
			Select Extras and Source list

Legend: R = Required, O = Optional, C = Conditional, D = Display

4.4. On “Maintain Source List: Overview Screen” screen, fill in the data as below:

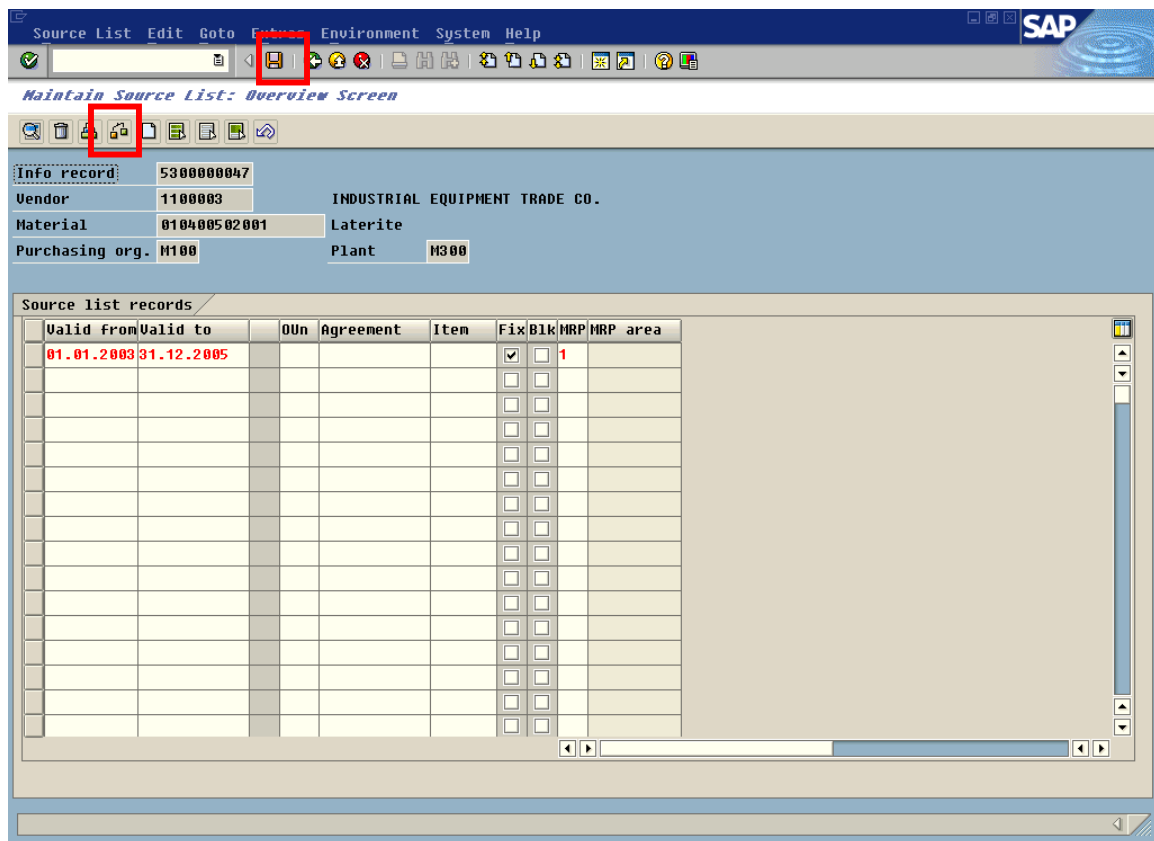




Fig-18

Field Name	Description	R/O/C/D	User Action and Values
Valid from	Date from which the source list record is valid	R	Enter the validity period
Valid to	Date until which the source list record is valid	R	Enter the validity period
OUn	Specify the unit of measure in which the material is ordered	O	Select the order unit
Agreement	Number of the outline agreement	O	Enter the agreement number
Item	Specifies the number that uniquely identifies an item an outline agreement	O	Enter the agreement item
Fix	Specifies that the source of supply is the preferred procurement option within the specified period	O	Select the Fix
Blk	Specifies whether the source of supply is blocked for ordering purpose	O	A blocked source of supply will not be suggested in the course of the source determination process that takes place in the purchase requisition or purchase order. Furthermore, the issue of purchase orders to blocked sources will not be allowed.
MRP	Key that determines how the source of supply defined in the source list	R	Enter “1” or “2” or “.”. The followings are valid entries for this field:

Field Name	Description	R/O/C/D	User Action and Values
	record is used in material requirements planning (MRP)		<p>“1” Purchase requisitions generated within the framework of the material requirements planning are automatically assigned to this source.</p> <p>“2” If the source of supply is a scheduling agreement, MRP will create the delivery schedule line with regard to a requirement.</p> <p>“ ” The source of supply is not taken into consideration during material requirements planning</p>
MRP area	Number of the MRP area for which material requirements planning should be carried out separately	O	Enter the MRP area
			<p>Click on  icon to vilify the correctness of the source list information. Then click on  icon to save this source list record</p>

Legend: R = Required, O = Optional, C = Conditional, D = Display

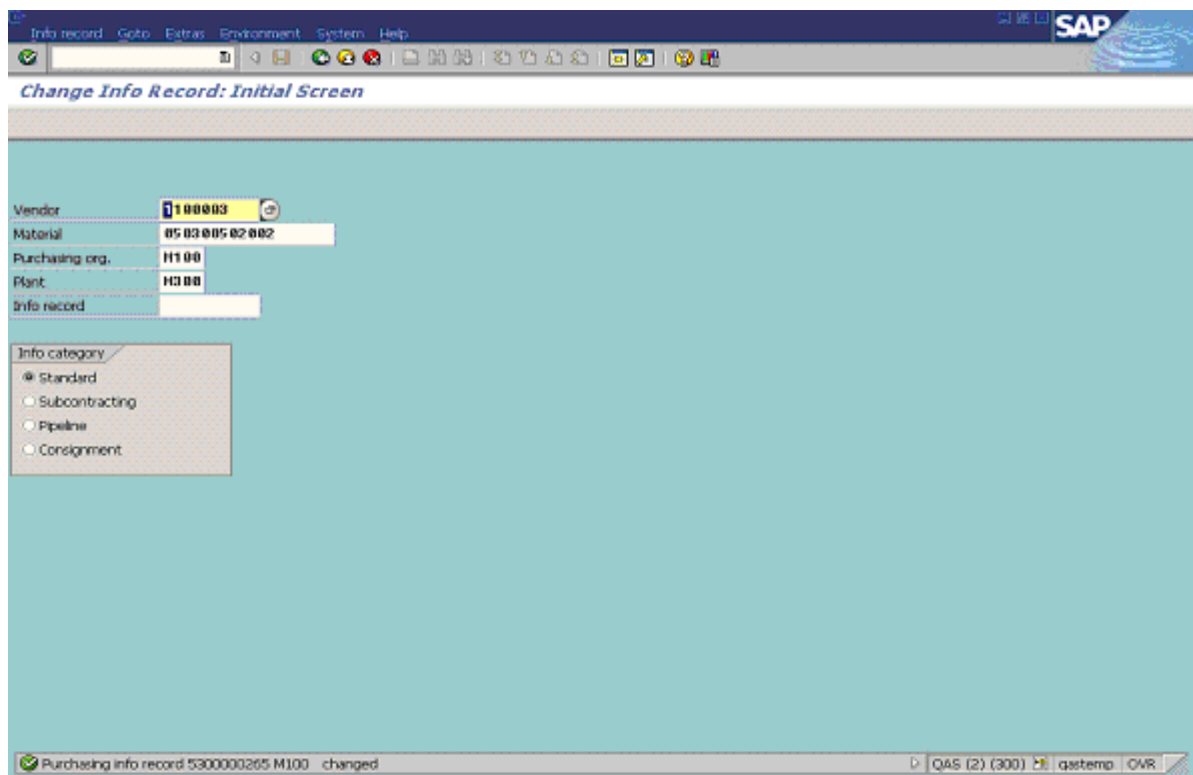


Fig-19

5. Create Source List automatically in mass maintenance

5.1. Access transaction by

Via Menu	Logistics → Materials Management → Purchasing → Master Data → Source List → Follow-On Functions → Generate
Via Transaction Code	ME05

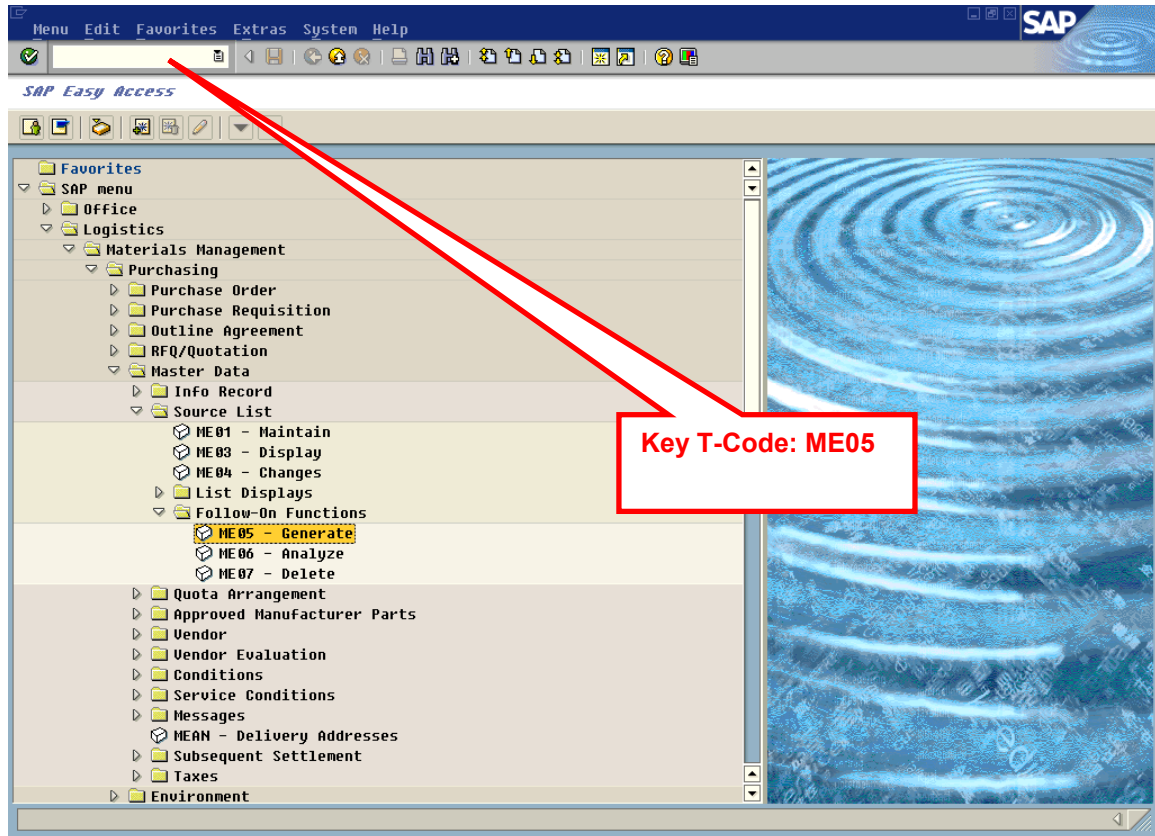


Fig-20

5.2. On “Generate Source List” screen, fill in the data as below:

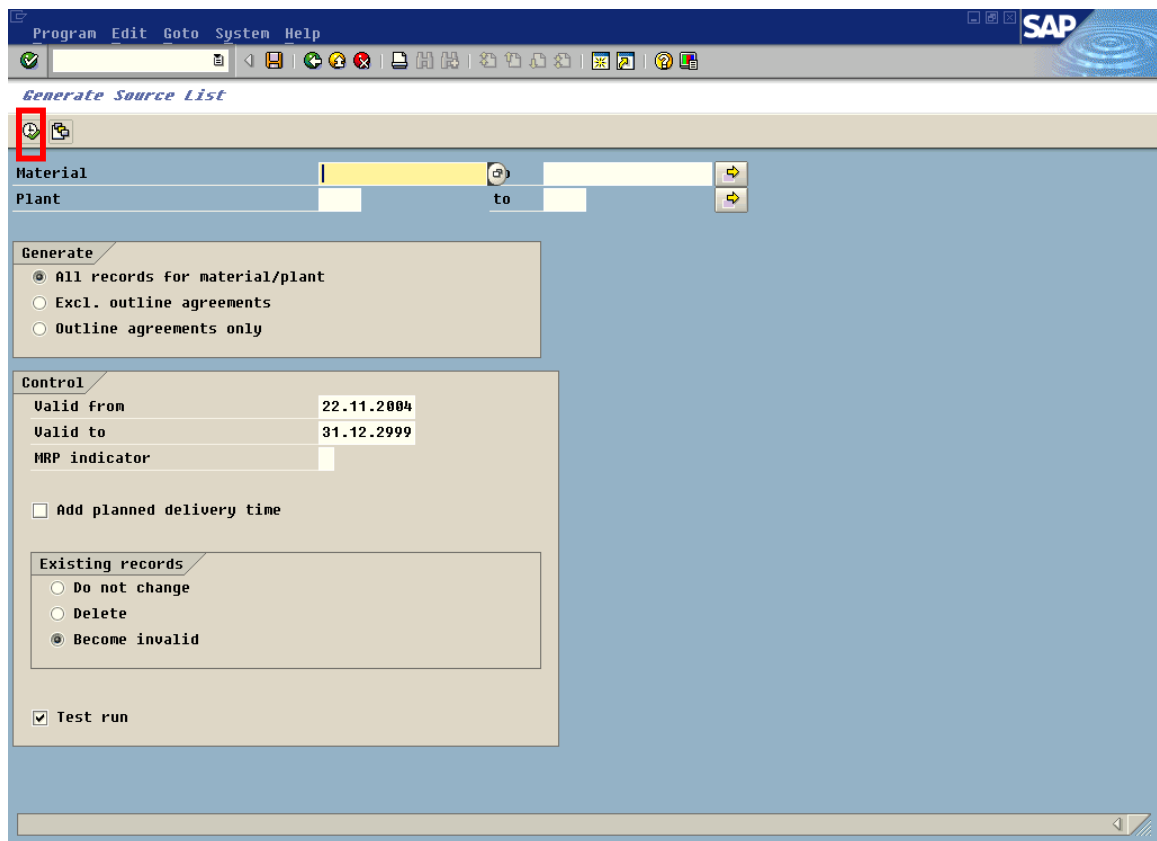




Fig-21

Field Name	Description	R/O/C/D	User Action and Values
Material	Alphanumeric key uniquely identifying the material	R	Enter the material number for which the source list records required to be maintained. In case of necessity, the 'multiple selection' option can be chosen by clicking on  icon
Plant	Specifies the key for a production facility or branch office within the company	O	Enter the plant number
Generate	There are three available options to be alternatively selected	R	Select the indicator: “All records for material/plant” : This option will enable SAP to generate various source list records based upon such purchasing master data as purchasing info record, quota arrangement, scheduling agreement, outline agreement as well as last Purchase Order/Quotation; “Exclude outline agreements” : The selection of this option will enable SAP to generate source list records from various purchasing master data except for outline agreements

Field Name	Description	R/O/C/D	User Action and Values
			“Outline Agreements only” : By using this option, SAP will generate source list records based upon only outline agreement documents
Valid from	Date from which the source list record is valid	R	Enter the validity period
Valid to	Date until which the source list record is valid	R	Enter the validity period
MRP Indicator	Key that determines how the source of supply defined in the source list record is used in material requirements planning (MRP)	R	Enter “1” or “2” or “.”. The followings are valid entries for this field: “1” Purchase requisitions generated within the framework of the material requirements planning are automatically assigned to this source. “2” If the source of supply is a scheduling agreement, MRP will create the delivery schedule line with regard to a requirement. “.” The source of supply is not taken into consideration during material requirements planning
Add Planned Delivery Time	Shift validity period by planned delivery time	O	If you set this indicator, the planned delivery time of the relevant agreement item will be taken into account in the case of source list records relating to outline agreements. The start and end dates of validity period are shifted into the future by a period corresponding to the planned delivery time.
Existing records	There are three available options to be alternatively selected	R	Select the indicator. “Do not change” : This option will help keep existing source list record while the new records are generated automatically in this Transaction. “Delete” : All existing records in the source list for this material number will be deleted when new records are being generated. “Become invalid” : If being chosen, it is indicated the already existing source list records are to be changed if they overlap with those newly generated source list records. This selection option shall be purposely made if existing records are to be excluded from the validity period of the new records.
Test run	Specifies that the program run is only to be simulated.	O	Select the indicator if you wish to carry out a test run.
			Click on  icon

Legend: R = Required, O = Optional, C = Conditional, D = Display

5.3. If a certain source list record is determined to be selected as preferred source, then a 'fixed' indicator can be set (individually or collectively). On "Generate Source List" screen, maintain information as specified in the table below:

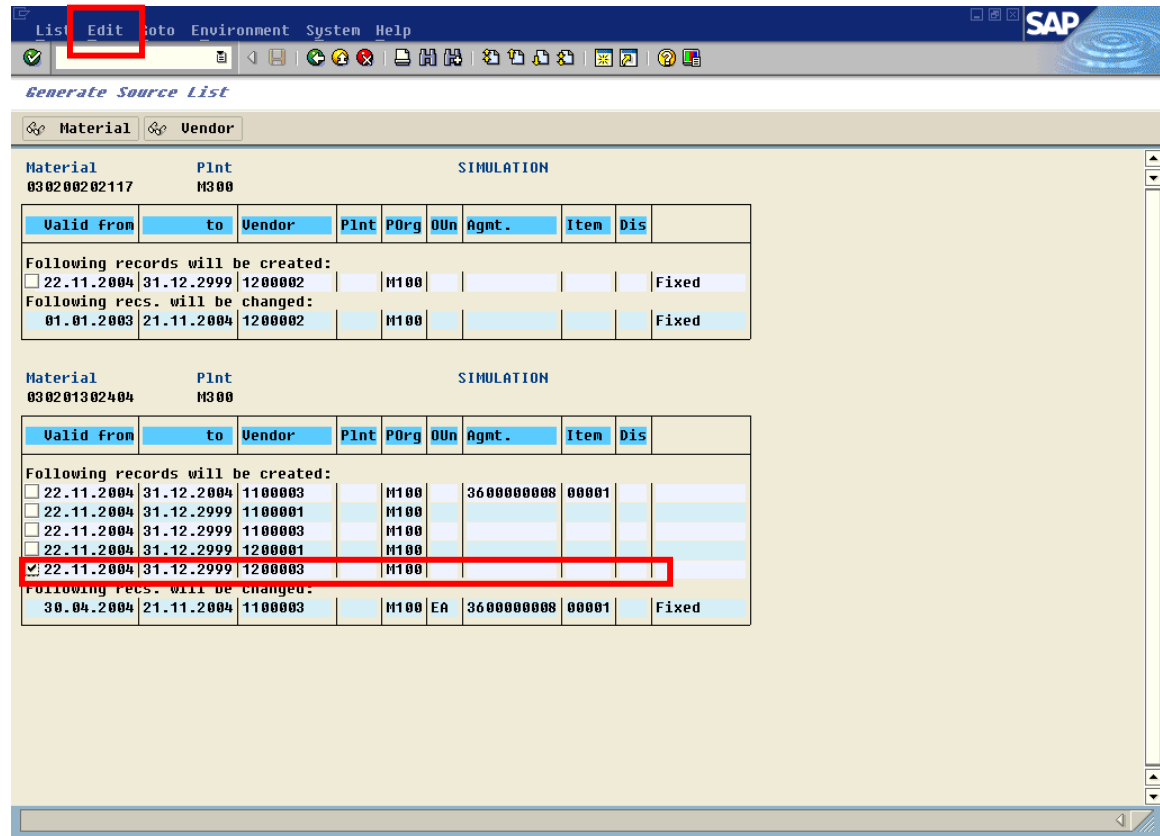


Fig-22

Field Name	Description	R/O/C/D	User Action and Values
			Select the respective source list record(s), then go to Edit →
			Fix

Legend: R = Required, O = Optional, C = Conditional, D = Display

Note: The 'blocking' feature can be done in the similar manner with the 'fixed' functionality.

5.4. On “Generate Source List” screen, maintain information as specified in the table below:

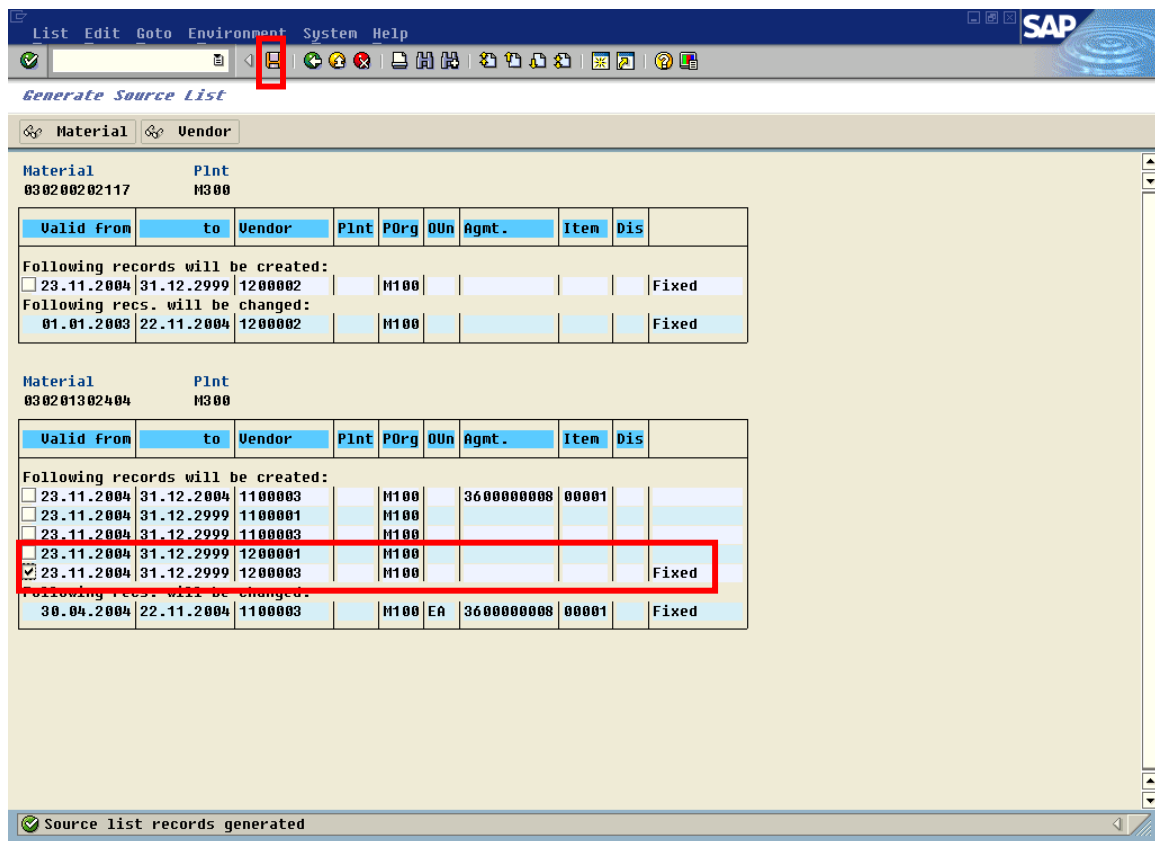



Fig-23

Field Name	Description	R/O/C/D	User Action and Values
			Select the respective records, then click on  icon to post the transaction

Legend: R = Required, O = Optional, C = Conditional, D = Display