

APAC Procurement Business Module

Pricing Conditions Procedure Training Document



Local Group Companies

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<Confidential>



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Conditions and Price Determination

Purpose

The term *pricing* is used broadly to describe the calculation of prices (for external use by vendors) and costs (for internal purposes, such as cost accounting). *Conditions* represent a set of circumstances that apply when a price is calculated. For example, a certain quantity of a particular product is ordered on a certain day from a certain vendor.. The variable factors here – the vendor, the product, the order quantity, and the date – determine the final price the company will pay. The information about each of these factors can be stored in the system as master data. This master data is stored in the form of *condition records*.

This component enables the company to store pricing stipulations agreed with the vendor (such as applicable discounts or surcharges, or stipulations regarding the payment of freight costs) in the system. It can be possible to enter these conditions in quotations, outline purchase agreements, and info records. There is also the option of entering general conditions at vendor level, for example. The system then applies the conditions in determining the price in purchase orders (POs). In addition, further conditions can be maintained directly in the PO itself.

There are three kinds of price in Purchasing:

- *Gross price*
Price without taking any possible discounts and surcharges into account
- *Net price*
Price taking any applicable discounts and surcharges into account
- *Effective price*
Net price after deduction of cash discount, with allowance for any miscellaneous provisions, delivery costs, and non-deductible taxes.

It is possible to enter conditions for items in respect of which an invoice is not expected to be received in purchase orders and outline agreements.

Time-Dependent and Time-Independent Conditions

A distinction is made between conditions that are valid for a certain period and conditions for which no special validity period can be specified. In the latter case, the validity period corresponds to that of the purchasing document. Whether time-dependent or time-independent conditions are created is determined via the document type.

Noted that if a percentage vendor discount is entered in a PO, this is a time-independent condition. However, if this discount condition is maintained in a contract, this is regarded as time-dependent.

Conditions Requiring Subsequent (End-of-Period) Settlement

It is also possible to store conditions that do not take effect immediately, but only at the end of a certain period. Settlement with regard to such conditions takes place subsequent to the settlement of vendor invoices relating to individual purchase orders.

Time-Dependent Conditions

Use

(Note: up to Release 3.1H, "time-dependent conditions" were termed "master conditions".) Validity periods and scales can be specified for these conditions. It can also be possible to define a price range (upper and lower limits). If the system adopts such a condition in a purchase order and the condition is then changed manually in the PO so that the price range is not adhered to, the system issues an error message.

Noted that no subtotals (net price, effective price) are created in case of time-dependent conditions.

Conditions in Info Record and Purchasing Documents

Conditions in info records and contracts are always time-dependent. Whether time-dependent or time-independent conditions can be maintained in quotations and scheduling agreements are determined via the document type in Customizing. In the standard system, quotations and scheduling agreements are provided with time-dependent conditions.

For instance, the purchasing department concludes a contract with the vendor Meyer Co. regarding the purchase of 10,000 office desks. The agreement has a validity period of two years. In the first year, Meyer Co. grants a discount of 2% on each release order issued against the contract. For the second year, a quantity scale has been agreed. If the Purchasing orders up to 50 desks, Meyer Co. grants a discount of 1%. If between 50 and 100 desks are ordered, the discount is 2%, and if 101 or more are ordered, the applicable discount is 3%.

SAP recommends working with time-dependent conditions for quotations and scheduling agreements, since these provide a wider range of processing options.

General Conditions

In addition to time-dependent conditions applicable to individual quotations, outline agreements, and info records, it is also possible to store time-dependent conditions representing more general pricing stipulations in the system.

These general conditions can be specified at the following levels:

- **Vendor**
The purchasing department negotiates a 2% discount with the vendor Hubbard & Co., which the latter agrees to grant on all purchase orders placed with that company during the next half-year.
- **Vendor sub-range**
The conditions apply to all materials from a vendor's sub-range. This enables the saving of considerable time and effort with regard to data entry, since it is not necessary to maintain conditions for individual materials.

The purchasing department negotiates a 3% discount with vendor Meyer Co., payable by the latter with respect to all POs placed with that company in which more than 15 kg of materials are ordered from the sub-range "adhesives". The purchasing department orders 10 kg of component adhesive and 20 kg of liquid glue from this sub-range. Vendor Meyer Co. grants the 3% discount on this order.
- **Condition Group**
The conditions apply to all materials offered by a vendor that belong to the same condition group (according to assignment in the relevant info records). This reduces your data-entry effort
- **Material group, material type, Incoterms, invoicing party.**

Time-Independent Conditions

Use

(Note: up to Release 3.1H "time-independent conditions" were termed "document conditions"). No validity periods and scales can be defined for these conditions. The conditions in purchase orders are always time-independent. It is possible to determine whether time-dependent or time-independent conditions can be maintained in quotations and scheduling agreements via the document type in Customizing. (<Document> → Define document types.).

Noted that subtotals (net price, effective price) are created in the case of time-independent conditions.

SAP recommends working with time-dependent conditions for quotations and scheduling agreements, since these provide a wider range of processing options.

Conditions for Several Purchasing Organizations

Use

As a rule, conditions are negotiated and maintained individually by each purchasing organization. If the company's system has been set up accordingly, however, it can also be possible to access and utilize the conditions that another purchasing organization (the reference purchasing organization) has negotiated, or make available the conditions negotiated by your purchasing organization to other such organizations.

The goal is for advantageous terms negotiated by the reference purchasing organization and stored in the system in the form of conditions and contracts to be made generally available to other predefined purchasing organizations. Expressed in another way, we are talking about working with conditions and contracts on a cross-purchasing-organization basis.

Prerequisites

The following settings can be made available in Customizing for the enterprise structure:

- The general conditions of a reference purchasing organization can also be used for price determination purposes by other purchasing organizations.
- Several purchasing organizations can access the contracts of a certain reference purchasing organization.

Condition Technique

Use

The condition technique is used to determine the purchase price by systematic consideration of all the relevant pricing elements. A feature of the technique is the formulation of rules and requirements. By applying conditions defined by means of the condition technique, the system arrives at a suggested price for purchase transactions.

Prerequisites

The price determination process is set up in Customizing for Purchasing.

Features

The most important elements in price determination are the following:

- Condition type
- Condition table
- Access sequence
- Calculation schema

Condition Type

Condition types represent price factors in the system. There are condition types for absolute and percentage discounts, freight costs, customs duties, or taxes, for example. Via the condition type, you specify how the price factor is calculated (e.g. percentage or absolute amount).

Group Condition

A condition type can be defined as a group condition. If the same condition occurs in different document items, the item values are added up and the result used as the basis for determining the

scale level. If the condition type is entered at header level, the value is apportioned among the items.

Supplementary Condition

Supplementary conditions are time-dependent conditions that are usually maintained for a certain condition type (main condition). Supplementary conditions are stored with their associated main condition in **one** data record in a condition table (=condition record).

No access sequence (see below) is assigned to condition types for supplementary conditions because no separate condition record has to be found for them. All supplementary conditions that the system is to suggest for a certain condition type must be grouped together in a separate calculation schema (see below). This calculation schema must be stored for this condition type (main condition)

Noted that discounts/surcharges and freight costs are frequently maintained in relation to the gross price (PB00). They are therefore entered as supplementary conditions belonging to the gross price.

The supplementary conditions are grouped together in calculation schema RM0002. This schema is assigned to condition type PB00.

Condition Category

A condition category can be assigned to a condition type. The condition category has various control functions. For example, condition category U (for precious metal discounts and surcharges) causes a new price determination process to be carried out at the time of goods receipt, and condition category E (for cash discount) causes the discount to be derived from the payment terms.

The following condition categories are relevant to Purchasing:

Cat.	Description	Assigned to the following condition type in the standard system:	Further information
H	Base price	PB00	A condition type with the condition category H must always exist in the calculation schema. Exception: Stock transfers. If an access sequence is assigned to the condition type, you must assign a supplementary calculation schema to the condition type. Otherwise, the system is not able to calculate a net or effective price. If you manually enter a price in the purchasing document, it is inserted into the condition type.
B	Delivery costs	FRA1	If you use this condition category, you can enter separate invoices for material costs and delivery costs (e.g. freight charges). You must flag the condition type as "provision-relevant". You must assign a transaction/event key in the schema (for account determination purposes).
N	Non-deductible input tax	NAVS	Depending on the tax code in the PO item and the tax calculation schema, the system calculates the non-deductible tax portion and inserts it in the condition type

			with the category N. The condition type has the calculation rule "absolute amount". Normally, the access sequence that regulates tax code determination is assigned to the condition type.
d	Vendor's confirmed price	EDI1, EDI2	If the vendor confirms a price via EDI, the system inserts the price in the condition type with category d.
E	Cash discount	SKTO	The system derives a percentage from the terms of payment and inserts it in the condition type with the category E. The condition type is included in the calculation on a statistical basis only.
U	Precious metal discount/surcharge	GAU1, GAU2	See Daily Ruling Prices for Precious Metals
G	Moving average price	P101	The system inserts the moving average price/valuation price of the material in the condition type with category G. This makes sense if no purchase price exists (e.g. in the case of stock transfers).
J	Sales price excl. taxes (only for Retail)	MVK2 (prior to Release 4.5A, MVK1)	The system inserts the currently valid sales price (excluding tax) for the ordering store in the condition type with category J. If sales price valuation is active in the valuation area of the store, the condition type should exist in the calculation schema used for determining the purchase price.
W	Sales price incl. taxes (only for Retail)	MVK0	The system inserts the currently valid sales price (including tax) for the ordering store in the condition type with category W. If sales price valuation is active in the valuation area of the store, the condition type should exist in the calculation schema used for determining the purchase price.

Condition Types in the Standard System

The condition types supplied include the following:

Condition type	Condition class	Description
PB00	Price	Gross price: Price without taking any possible discounts and surcharges into account
RB00	Discount/surcharge	Absolute discount
ZB00	Discount/surcharge	Absolute surcharge
FRB1	Discount/surcharge	Absolute freight amount
ZOA1	Discount/surcharge	Percentage duty amount
SKTO	Discount/surcharge	Cash discount
NAVS	Taxes	Non-deductible input tax

The purchasing department has agreed with vendor Miller Co. that the latter will grant a discount of \$10 on the normal price of \$250 for each office chair purchased. An info record with the following conditions is created for this purpose:

PB00: 250
RB00: 10 (supplementary condition)

The system writes this information to a condition record and stores the latter in a condition table.

Condition Table

A condition table consists of one or more condition keys and a data part. The data part contains a number that references a record in another table. The latter table contains the condition records.

In the standard system, table 017 is available for the condition record created by Purchasing. This has the condition keys *Vendor*, *Material*, *Purchasing organization* and *Purchasing info record category*.

Access Sequence

An access sequence is a search strategy by means of which the system searches for valid records in various condition tables. It consists of one or more accesses. The sequence of accesses controls the priority of the individual condition records among each other. Through the accesses, the system is told where to look first and where to look next for a valid condition record in each case.

Condition type PB00 has the access sequence 0002. The following accesses are defined within this access sequence (among others):

- Accessing of condition table 068 (Does a plant-specific agreement item exist?)
- Accessing of condition table 016 (Does a contract item exist?)
- Accessing of condition table 017 (Does a purchasing info record exist?)
With this access, the condition record created in the example for the condition type is found and the search ended.

Noted that there are some condition types for which no condition tables are created (for example, header discounts, which are only entered manually, or supplementary conditions). No access sequence need be specified for these condition types

Calculation Schema

A calculation schema groups together all condition types that play a part in calculating the price. It sets out the order in which the condition types are taken into account in the calculation. In addition, the calculation schema specifies the following:

- Which subtotals are arrived at
- To what extent the price determination process can be carried out manually
- The basis upon which the system calculates percentage discounts and surcharges
- Which requirements must be satisfied in order for a certain condition type to be taken into account

It can be possible to define a variety of calculation schemas (for individual purchasing organizations and/or vendors, for example).

In the standard system, calculation schema RM0000 is defined for determining the purchase price in purchasing documents.

Price Determination

Use

When a purchase order or scheduling agreement with time-independent conditions is created, the system searches for valid conditions and inserts them into the new document (this is the process of price determination).

- In the case of purchase orders, the system searches for conditions in info records and contracts (for contract release orders), and for general conditions.
- In the case of scheduling agreements with time-independent conditions, the system searches for conditions in info records and for general conditions.

If no conditions are found, but the last PO is noted in the info record, the system can adopt the conditions from this PO. It can be possible to specify how the system treats the conditions from the last PO in Customizing for Purchasing (default values for buyers).

The system can proceed in similar fashion in the event that a scheduling agreement with time-independent conditions is noted in the info record.

Noted that price determination involves the process of determining already existing conditions only. Thus, if the buyer enters further conditions in the purchase order - over and above those inserted by the system - and a new effective price results, the latter is not calculated via the price determination process

If the conditions were adopted from the last document and the buyer performs the *New price determination* function, these conditions will not be inserted again

Date of Price Determination

In the automatic price determination process, the price can be calculated as at the document date of the PO, or as at another date (such as the current day's date, the delivery date, or the goods receipt date). You can specify the date to which the price that is determined relates at the following points:

- In the vendor master record, in the *Pricing date control* field, if you wish to use the same price determination date for all a vendor's materials
- In the purchasing info record, in the *Pricing date category* field, if you wish to use a different pricing date for a certain material supplied by a particular vendor.

Noted the value in the purchasing info record takes precedence over the value in the vendor master record.

- In the purchase order, in the *Pricing date category* field (found via *Item* → *More functions* → *Additional data*)

The value from the info or vendor master record is preset when a purchase order is created. However, this is only used if you change it in the purchase order and carry out a new price determination process

Noted the pricing date category in the PO takes precedence

Example:

In the info record, it has been specified that the price determination process is to be carried out with the conditions that are valid on the delivery date (pricing date category 2). Furthermore, two validity periods (from 04. 01.1997 until 04. 31.1997 and from 05. 01.1997 until 12. 31.1997) have been created, each with different conditions.

A purchase order item is created with the delivery date 05.05.1997. The pricing date category from the info record is adopted. In the course of the price determination process, the info record conditions from the validity period 05. 01.1997 until 12. 31.1997 are then adopted.

If it is required to adopt the info record conditions from the first validity period in the purchase order, it is mandatory to change the pricing date category in the PO to blank and carry out a new price determination process.

Determination of Purchase Price (Example)

Purchasing creates a PO for 100 swivel chairs at \$250 each, to be supplied by vendor Miller Co. No outline purchase agreement exists with this vendor. The agreed condition (discount of \$10 granted on each chair purchased) is stored in an info record. No general price stipulations apply.

The system carries out the following price determination process:

1. Assignment of price calculation schema:
RM0000
2. Search for condition records belonging to the condition types listed in the calculation schema
The system searches only for condition records belonging to condition types that are marked in the schema as *non-manual*.

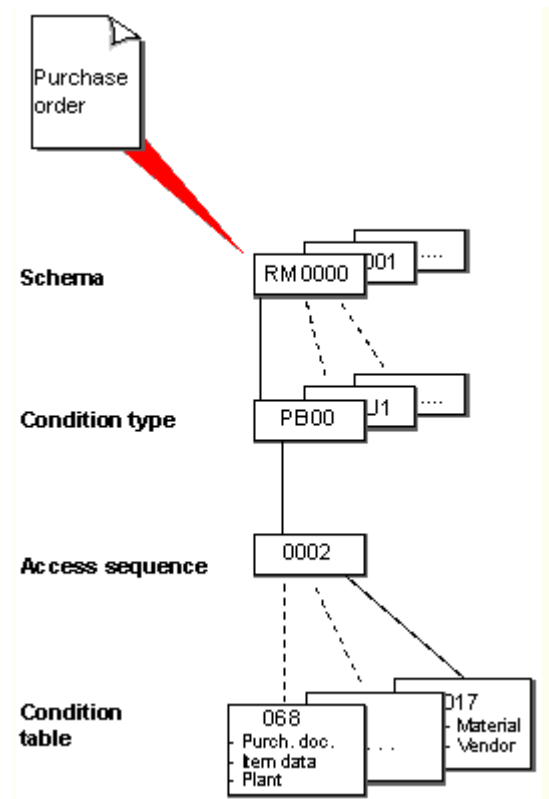
Condition Type PB00
 - Determination of access sequence.
0002
 - Accesses within access sequence 0002
Accessing of condition table 068 (plant-specific agreement item) is not carried out
Accessing of 016 (contract item) is not carried out
Table 017 (info record) is accessed and the condition record is found.

Condition records belonging to the other condition types are then sought.

In the example, no further condition records are found because condition type RB00 (discount) is a supplementary condition belonging to condition type PB00 and thus has no access sequence of its own.

The system then suggests a price of \$240 per chair in the purchase order. The buyer can then enter further conditions (covering delivery costs, for example).

The following graphic illustrates the steps in the process:



Some Selected Conditions

Taxes

Use

The relevant tax rate is taken into consideration in the PO automatically. The tax rate is derived from the key in the *Taxes* field in the relevant PO item.

The tax code is suggested at the time of invoice verification. It can thus be possible to check the vendor's net price when the invoice is received.

Non-deductible tax portions are displayed in the conditions and taken into account in material valuation.

During the price determination process, it is possible to have the system find the relevant tax code via the conditions. This is useful, for example, if different tax rates apply, depending on whether a material is taken into stock or consumed directly.

It can be determined how the tax amount was calculated in the item conditions from within a PO, a quotation, or an outline agreement.

Activities

To display the calculation of the tax amount, proceed as follows: (This function can only be performed in the case of items having a valid tax key.)

1. Select an item on the item overview screen.
2. Choose *Item* → *More functions* → *Taxes*.

The system lists all amounts and condition types included in the calculation of the tax amount. The condition types and their amounts are determined from the tax calculation schema defined for your country in Customizing.

The base amount, from which the individual tax amounts are deducted, represents the net value of the item.

Planned Delivery Costs

Use

Planned delivery costs are delivery costs (incidental procurement costs) agreed with or stipulated by the vendor, a forwarder or carrier, or a customs office before the purchase order is placed, which are entered in the PO when the latter is created. Planned delivery costs can be subdivided according to the following criteria:

- Source of the costs
 - Freight charges
 - Duty
- Calculation of costs
 - Fixed amount, independent of quantity
 - Quantity-dependent amount
 - Percentage of value of goods delivered.

Planned freight and duty costs are linked to a vendor. If they are not to be invoiced by the vendor who receives the PO, a different vendor must be entered at the time the delivery costs are planned in the PO. (This so-called "freight vendor" may be a forwarder/carrier or a customs office, for example.)

At the time of goods receipt, the vendor can be changed. In contrast, at the time of invoice receipt, only the "freight vendor" can invoice you in respect of the delivery costs. Planned delivery costs are entered in the purchase order for each order item. Such costs can only be posted in an invoice if there has been a goods receipt for the relevant order item, that is to say, the delivery costs have actually been incurred.)

Activities

You can store planned delivery costs in the purchase order on the *Item conditions* screen.

To enter a different vendor (i.e. a "freight vendor" or a customs office), select the desired condition on the condition screen and choose *Goto* → *Details*. Overwrite the content of the *Vendor (creditor)* field.

Foreign Currency

Use

If the PO is issued in a foreign currency, the system calculates the net value of the order based on the ruling exchange rate defined in your system. The rate can be changed when the invoice is entered if it differs from the rate specified when the purchase order was created.

However, if the rate in the purchase order is to be the basis for the invoice amount, you can specify a fixed exchange rate in the purchase order. This way, the invoice amount has to be based on the exchange rate specified in the purchase order.

Activities

To specify a fixed exchange rate for a foreign currency, branch to the PO header data, enter the exchange rate, and select the *Fix rate* field.

Different Currency

Use

If it is required to create a PO in a currency that differs from the default currency taken from the vendor master record, it is mandatory to change the currency before creating the PO items.

Activities

To maintain a different currency in the purchase order, branch to the PO header data before entering the relevant item and change the content of the *Currency* field.

Price Variance

Use

A price variance occurs when the net price of the PO item differs from the standard or moving average price defined in the material master record. If the price being entered does not equal the price in the master record for the material, the system issues a warning message.

Weight- or Volume-Dependent Conditions

Use

There has been the option of maintaining weight- or volume-dependent conditions. The condition types for weights and volumes are then taken into account during the purchase price determination process

Activities

It can be possible to maintain the *Gross weight* and *Volume* fields in the additional data for the item.

Conditions Dependent on the Order Unit

Use

It can be feasible to enter separate conditions for individual order units. During the source determination process, the system offers the order units for which prices have been maintained. If, for example, prices have been maintained in an info record for the order units *pallet* and *crate*, it can only be possible to order these units from the relevant vendor. If no order-unit-dependent conditions have been maintained, you can order in the units that have been maintained in the info record or the material master record

Prerequisites

In order to work with conditions for each order unit, you must set the *Variable OUn* indicator on the general data screen in the info record.

Daily Ruling Prices for Precious Metals

Use

There is a separate condition category for pricing components that vary according to daily fluctuations in ruling rates. It causes the price for the material to be re-determined according to the day's ruling price at the time a purchase order is created or a goods receipt posted. In the case of the PO, the date chosen by the buyer is taken. In the case of a GR, the key date is the posting date

Prerequisites

The following settings must be made for each precious metal in Customizing:

- Define a non-dimensional unit of measurement (*Global settings* → *Check units of measurement*)

- Set up two new condition types (*Purchasing → Conditions → Define price determination process → Define condition types*)
- Make new entries in the calculation schemas *Purchasing → Condition → Define price determination process → Define calculation schema*)

The settings for **one** precious metal are supplied in the standard system. If further precious metals are to be taken into account in the price determination process, they must be set up beforehand in Customizing. It can be possible to use the settings supplied in the standard system as a reference for copying purposes.

Maintaining Conditions

Use

The following options are available:

- Time-dependent conditions have been maintained for info records, RFQs, scheduling agreements, and contracts directly in the info record or purchasing document.
- It can also be possible to enter document conditions for contracts and info records via the master data menu. SAP recommends maintaining such conditions via the relevant document
- Time-dependent general conditions are always maintained via the master data menu.
- Time-independent conditions are always maintained directly within the relevant document.
- In addition, you can do the following via the master data menu
 - Define the market price for a material. The Vendor Evaluation component uses this figure to compute a vendor's price level.
 - Maintain condition records for condition types you have created yourself.
 - Change the prices in info records, contracts, or scheduling agreements on a collective basis.

How conditions are maintained depends on whether they are time-dependent or time-independent.

The following table shows which conditions can be maintained for which documents

	Time-dependent conditions	Time-independent conditions
Info record	Yes	No
Quotation	Depends on document type	Depends on document type
Scheduling agreement	Depends on document type	Depends on document type
Contract	Yes	No
Purchase order	No	Yes

It can be possible to specify both time-dependent and time-independent conditions at header and item level. The conditions in the info record are an exception: these are stored at info record level

In the case of time-dependent conditions, it can be permitted as an additionally enter:

- Supplementary conditions
- Validity Period
- Scales
- Upper and Lower limits.

Business Process Procedure

1. Update of Vendor Master Record

1.1. Access transaction by

Via Menu	Logistics → Materials Management → Purchasing → Master Data → Vendor → Central → Change
Via Transaction Code	XK02

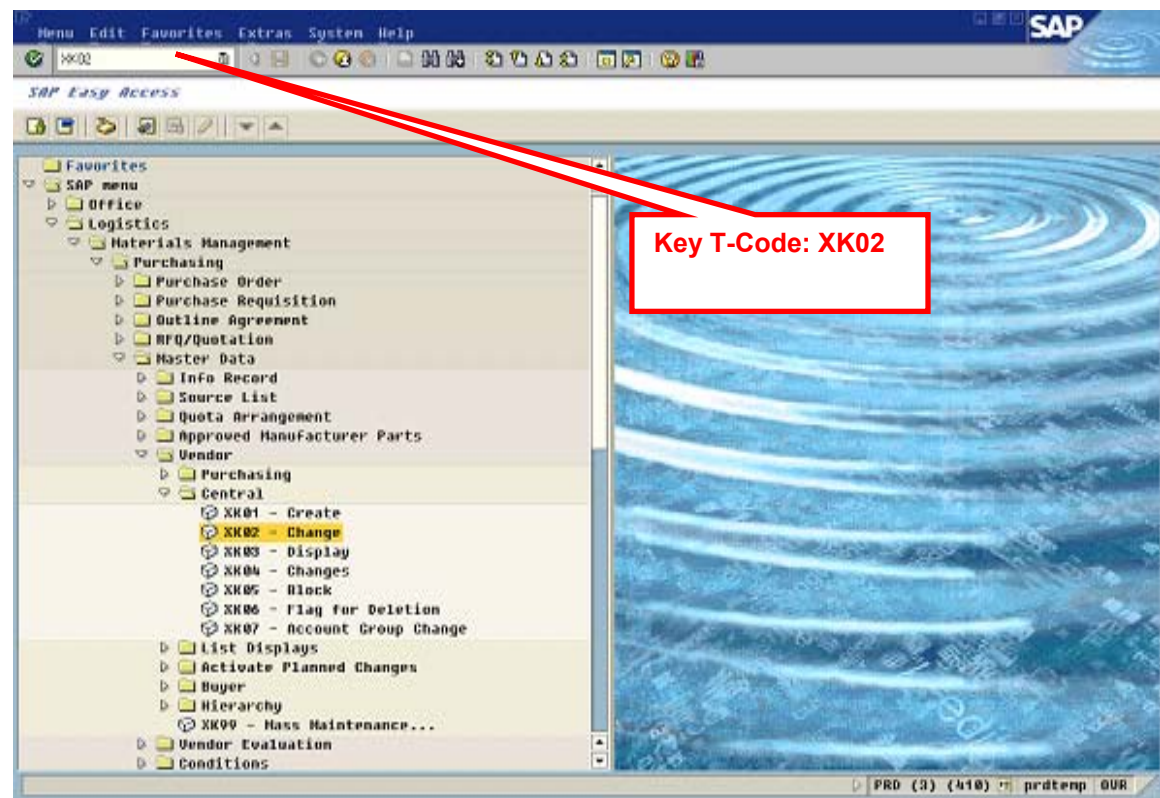
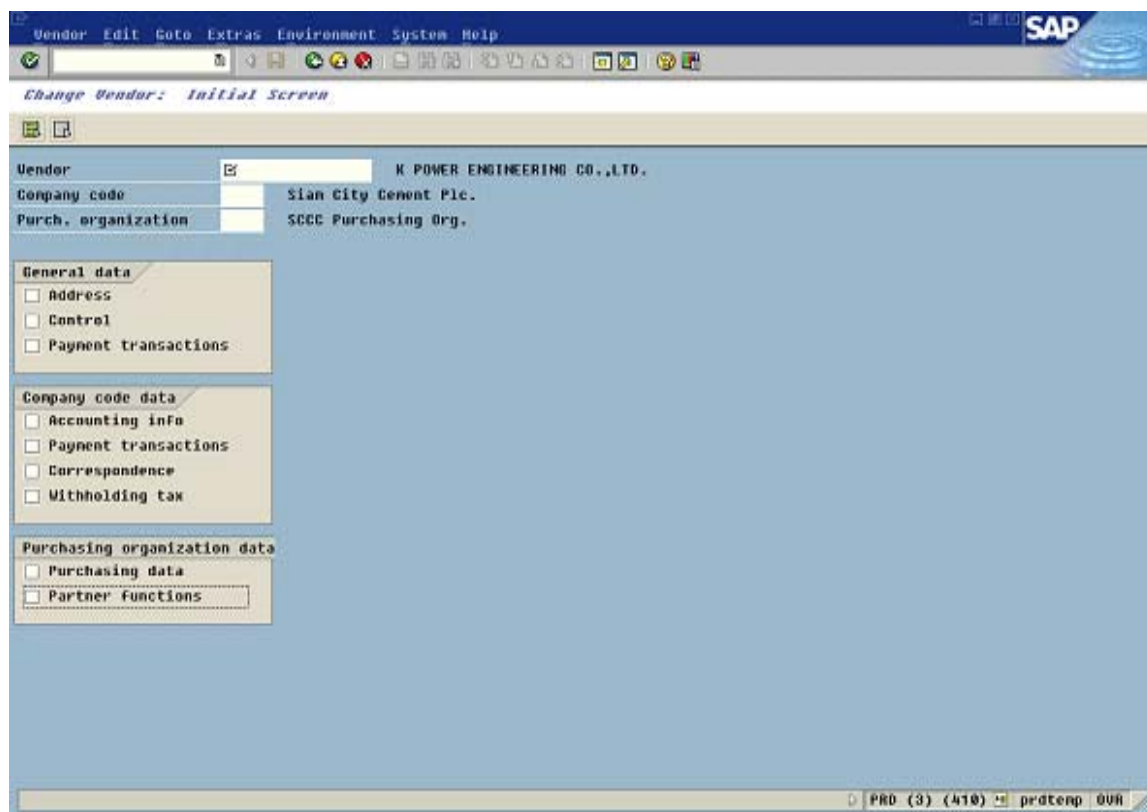


Fig-01

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



The screenshot shows the SAP 'Change Vendor: Initial Screen' interface. The main data fields are:

- Vendor:** K POWER ENGINEERING CO.,LTD.
- Company code:** Sian City Genent Plc.
- Purch. organization:** SCCC Purchasing Org.

Below these fields are three expandable sections:

- General data:**
 - Address
 - Control
 - Payment transactions
- Company code data:**
 - Accounting info
 - Payment transactions
 - Correspondence
 - Withholding tax
- Purchasing organization data:**
 - Purchasing data
 - Partner functions

The status bar at the bottom indicates: PRD (3) (410) | praterp 00R

Fig-02

Field Name	Description	R/O/C/D	User Action and Values
Vendor	Alphanumeric key uniquely identifying a vendor	R	Enter the vendor number
Company code	An organizational unit within financial accounting	R	Enter the company code
Purch. organization	Denotes the purchasing organization	R	Enter the purchase organization
<input type="checkbox"/> Purchasing data	'Purchasing data' indicator	R	Select the indicator
			Press 'ENTER'

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

1.3. On “Change Vendor: Purchasing data” screen, make sure the ‘Document Index Active’ checkbox is flagged and then click on  icon to save the setting:

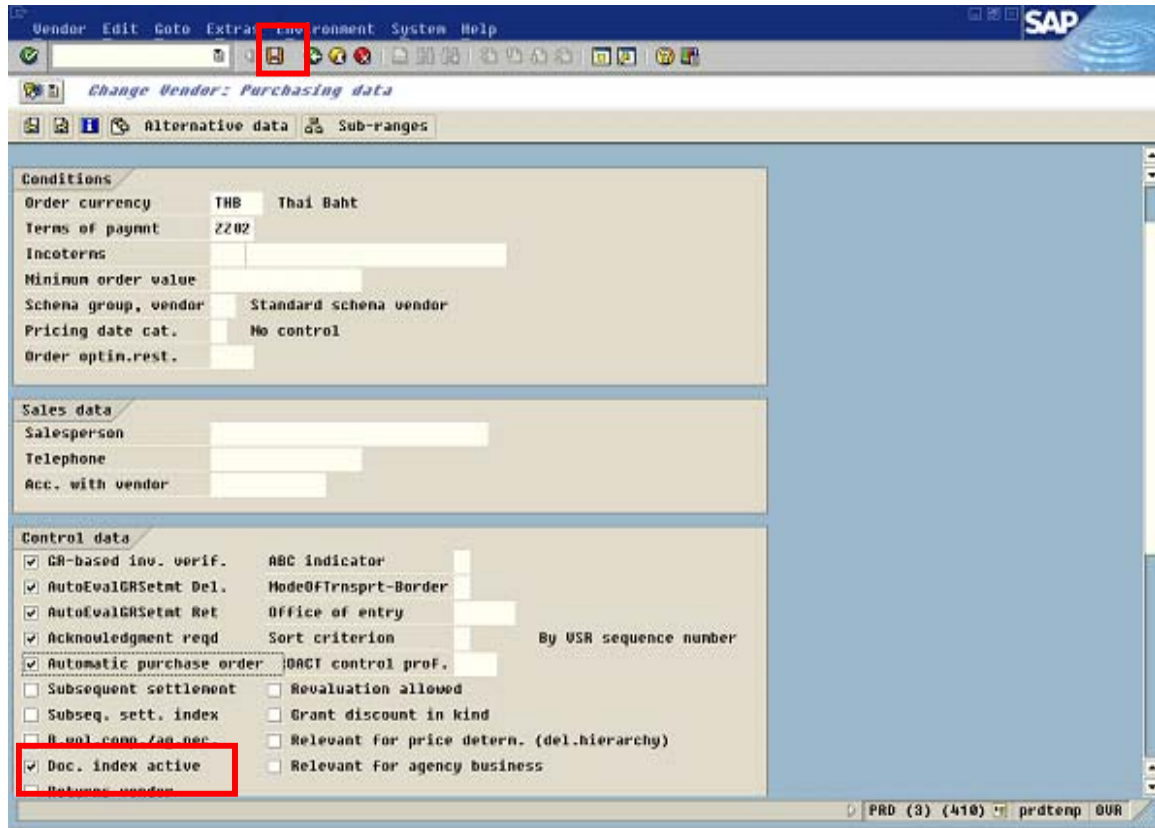


Fig-03

2. Creation of the Outline Agreement

2.1. Access transaction by

Via Menu	Logistics → Materials Management → Purchasing → Outline Agreement → Contract → Create
Via Transaction Code	ME31K

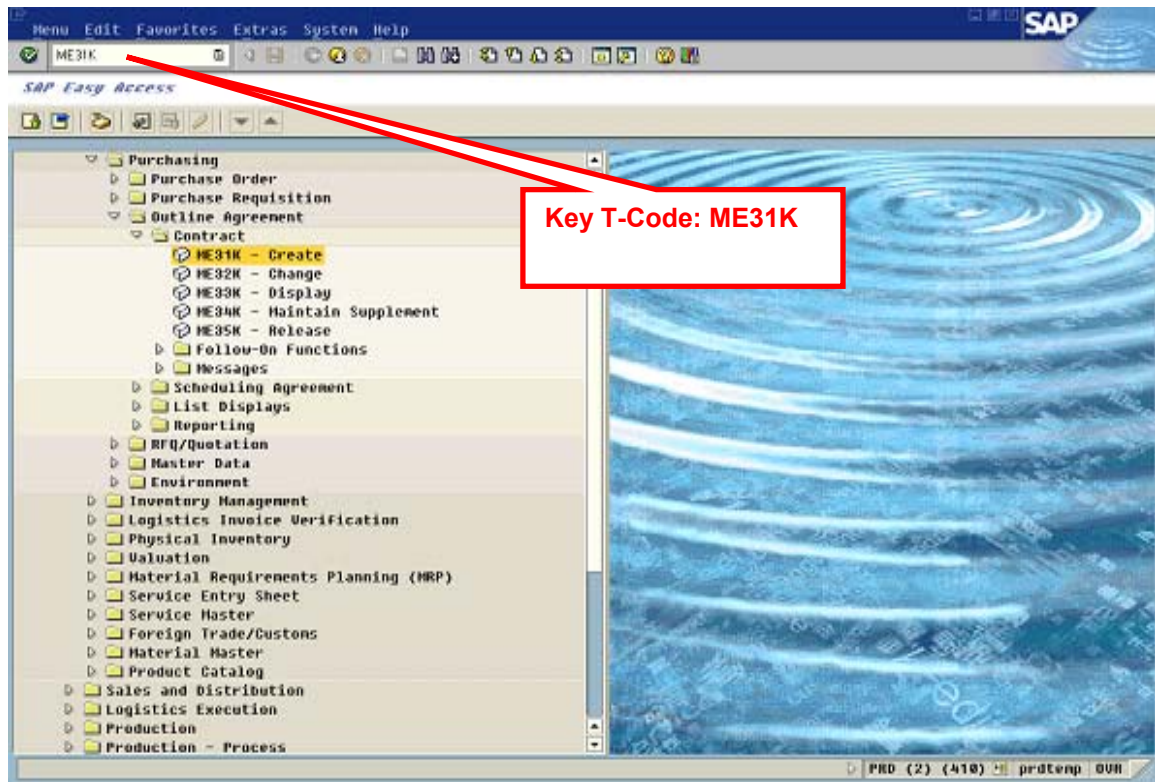


Fig-04

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

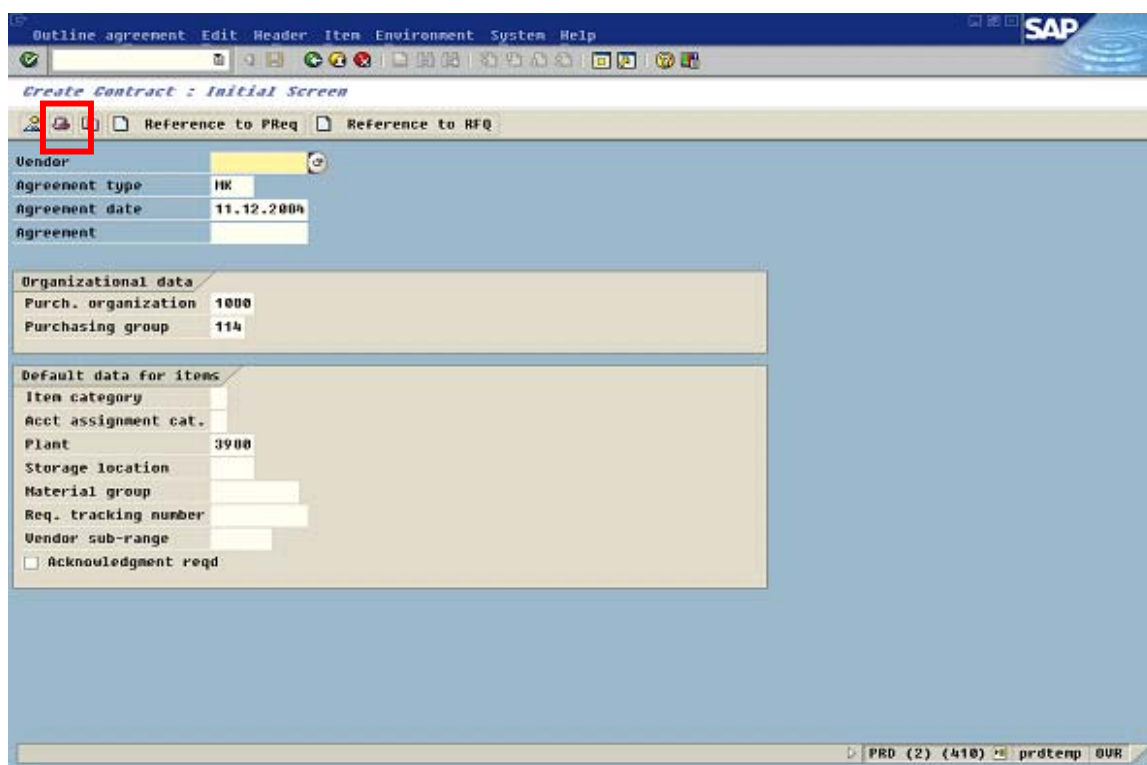



Fig-05

Field Name	Description	R/O/C/D	User Action and Values
Vendor	Alphanumeric key uniquely identifying a vendor	R	Enter the vendor number
Agreement type	Indicator allowing differentiation between the various kinds of outline purchase agreement in the SAP system	R	Enter the agreement type
Agreement date	Date the agreement was created	R	Enter the agreement date
Agreement	Number of the outline agreement	O	Enter the agreement number
Purch. Organization	Denotes the purchasing organization	R	Enter the purch. organization
Purchasing group	Key for a buyer or a group of buyers, who is/are responsible for certain purchasing activities	R	Enter the purchasing group
Item Category	Key defining how the procurement of a material or service item is controlled	O	Enter the item category
Acct assignment cat.	Specifies whether accounting for an item is to be effected via an auxiliary account (such as a cost center)	O	Enter the acct assignment cat.

Field Name	Description	R/O/C/D	User Action and Values
Plant	Specifies the key for a production facility or branch office within the company	R	Enter the plant number
Storage location	Number of the storage location at which the material is stored.	O	Enter the storage location number
Material group	Key that you use to group together several materials or services with the same attributes, and to assign them to a particular material group.	O	Enter the material group
Reg. tracking number	Number that facilitates the monitoring of the procurement of required materials or services.	O	Enter the reg. tracking number
Vendor sub-range	Subdivision of a vendor's overall product range according to various criteria	O	Enter the vendor sub-range
Acknowledgement reqd	Determines whether the purchasing document is to be acknowledge by the vendor	O	Select the acknowledgement reqd
			Press 'ENTER' or click on  icon

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

2.3. On “Create Contract: Header Data” screen, fill in the data as below:

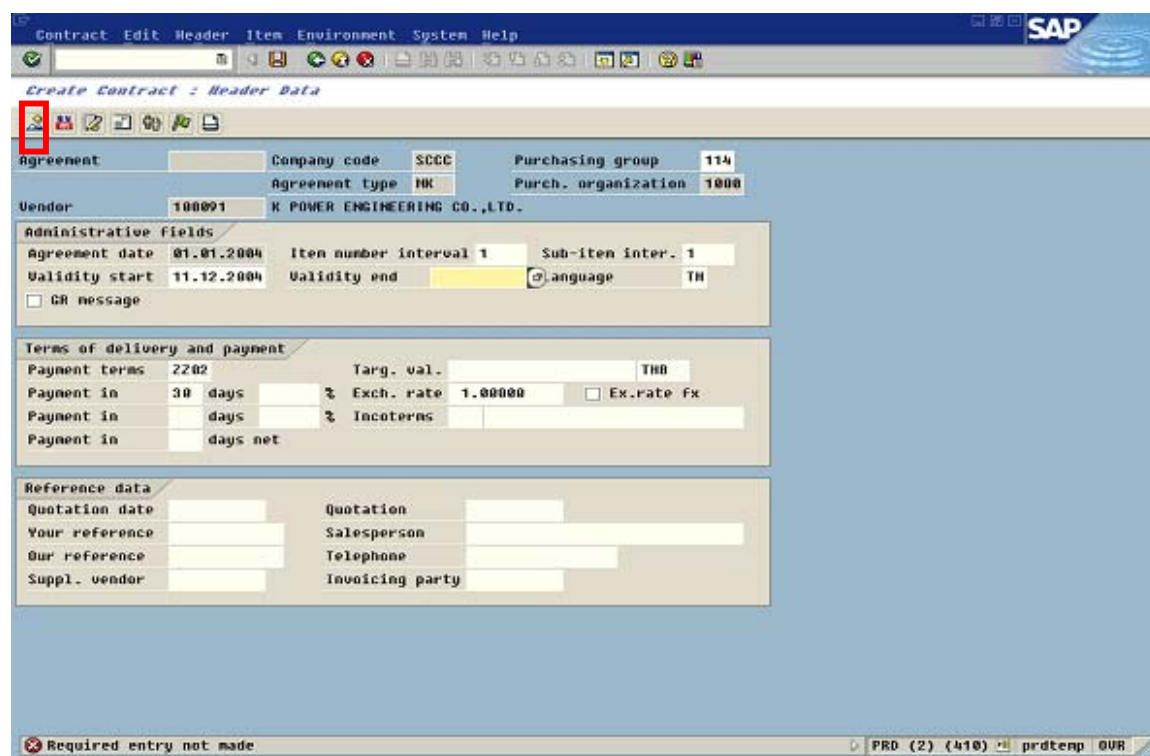



Fig-06

Field Name	Description	R/O/C/D	User Action and Values
Validity start	Date as of which services can be performed or materials delivered	R	Enter the validity start date
Validity end	Date up to which services can be performed or materials delivered	R	Enter the validity end date
Incoterms (part1)	Commonly-used trading terms that comply with the standards established by the International Chamber of Commerce	R	Enter the incoterms (part1)
Incoterms (part2)	Additional information for the primary incoterms	R	Enter the incoterms (part2)
			Click on  icon where item overview screen will appear

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

2.4. On “Create Contract: Item Overview” screen, fill in the data as below:

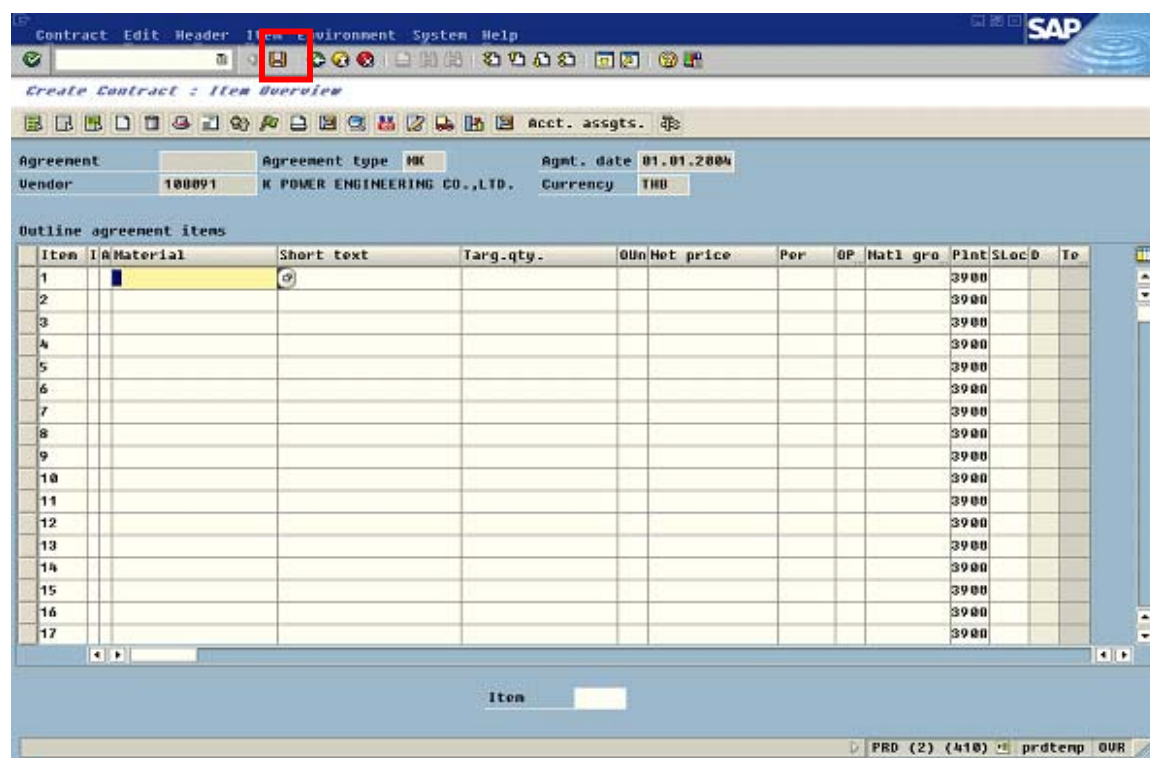



Fig-07

Field Name	Description	R/O/C/D	User Action and Values
I (Item category in purchasing document)	Key defining how the procurement of a material or service item is controlled	O	Enter the item category
A (Account assignment category)	Specifies whether accounting for an item is to be effected via an auxiliary account	O	Enter the account assignment category
Material	Uniquely identifies a material	O	Enter the material number
Short text	Short description of the material	O	Enter the short text
Targ. qty. (Target quantity)	Total quantity that can be released or scheduled against the relevant agreement	O	Enter the target quantity
Oun (Order Unit)	Specifies the unit of measure in which the material is ordered	O	Enter the order unit
Net price	Net price per price unit	O	Enter the net price
Per	Specifies how many units of the purchase order price unit the price is valid for	O	Enter the price unit
OPUn (Order price unit)	Indicates the unit of measurement to which the purchase order price	O	Enter the order price unit

Field Name	Description	R/O/C/D	User Action and Values
	relates		
Matl group (Material group)	Key that you use to group together several materials or services with the same attributes, and to assign them to a particular material group	O	Enter the material group
Sloc (Storage location)	Number of the storage location at which the material is stored	O	Enter the storage location number
Item	Item starting from which the document is to be displayed	O	Enter the item number
			Click  icon to post the saving of this Outline Agreement

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

3. Creation of Purchase Order/Release Order with reference to this Outline Agreement

3.1. Access transaction by

Via Menu	Logistics → Materials Management → Purchasing → Purchase Order → Create → Vendor/Supplying Plant Known
Via Transaction Code	ME21N

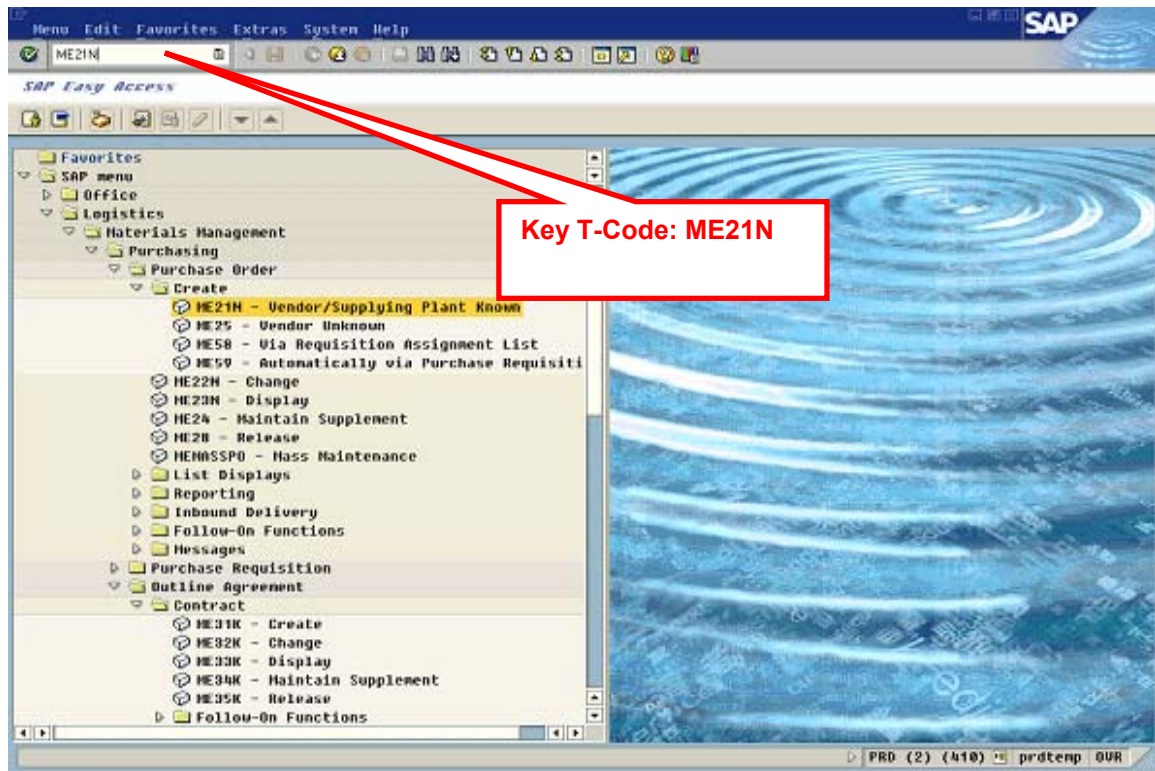


Fig-08

3.2. On “Create Purchase Order” screen, fill in the data as below:

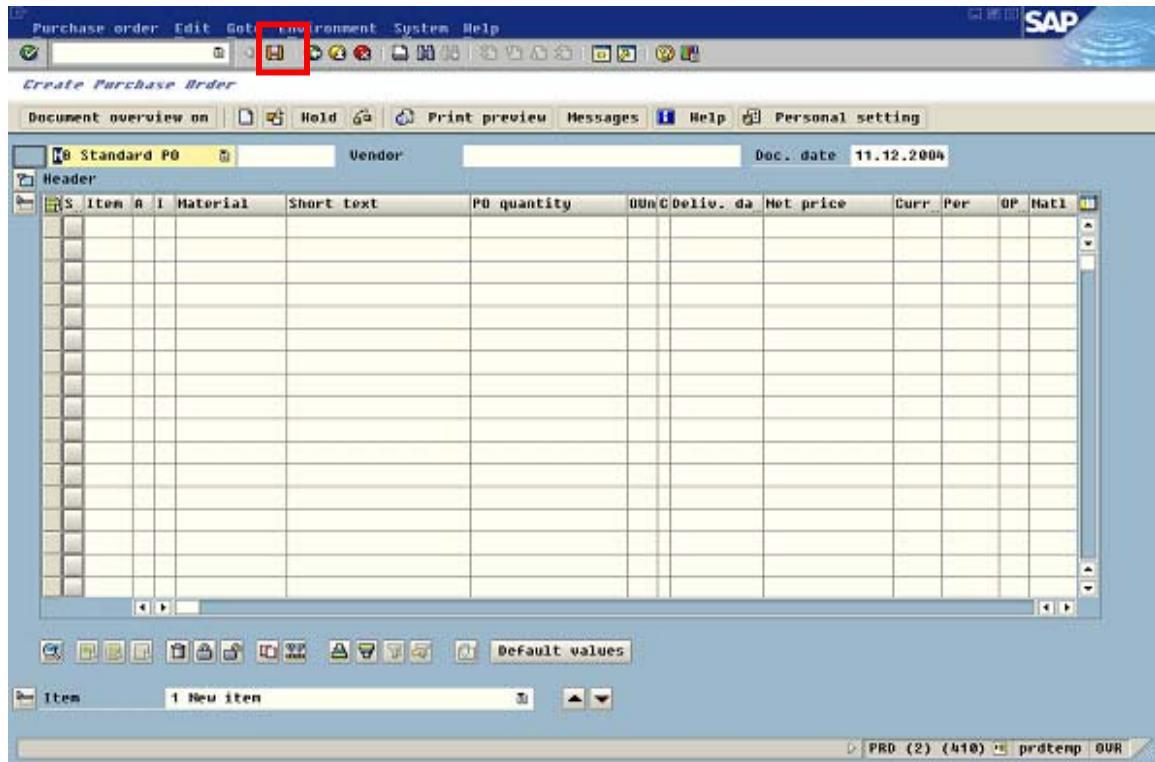



Fig-09

Field Name	Description	R/O/C/D	User Action and Values
Vendor	Alphanumeric key uniquely identifying the Vendor	R	Enter vendor number
Material	Alphanumeric key uniquely identifying the material	R	Enter the material number
PO quantity	Quantity ordered by the buyer, to be supplied by the vendor	R	Enter the PO quantity
Purchasing org	It is an organization unit. It uniquely recognizes the purchasing area in the company	R	Enter Purchasing organization
Purch.group	It is a purchasing group authorized to create purchasing document	R	Enter purchasing group
OUn (Order unit)	Specifies the unit of measure in which the material is ordered	D	It is defaulted as per system
Deliv. date	Date on which the goods are to be delivered or the service is to be performed	R	Enter the delivery date
Net price	Net price per price unit	R	Enter the net price
Currency	Currency key for amounts in the system	R	Enter the currency
Per (Price unit)	Specifies how many units of the purchase order price unit the price is valid for	R	Enter the price unit

Field Name	Description	R/O/C/D	User Action and Values
Matl group (Material group)	Number and description of the material group	O	Enter the material group
Plnt (Plant)	Plant in which you produce or for which you wish to procure materials or services	R	Enter the plant
Stor. loc (Storage location)	Name of the storage location at which materials are stored	O	Enter the storage location
			More importantly, the Contract Number shall be made as referential document for the PO line item.
			Press 'ENTER' to copy all data from Outline Agreement into PO Line Item (including the PO net price). Click on  icon to save this Purchase Order.
			Use the similar steps to create another purchase order

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

4. Update of Outline Agreement's Price

4.1. Access transaction by

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

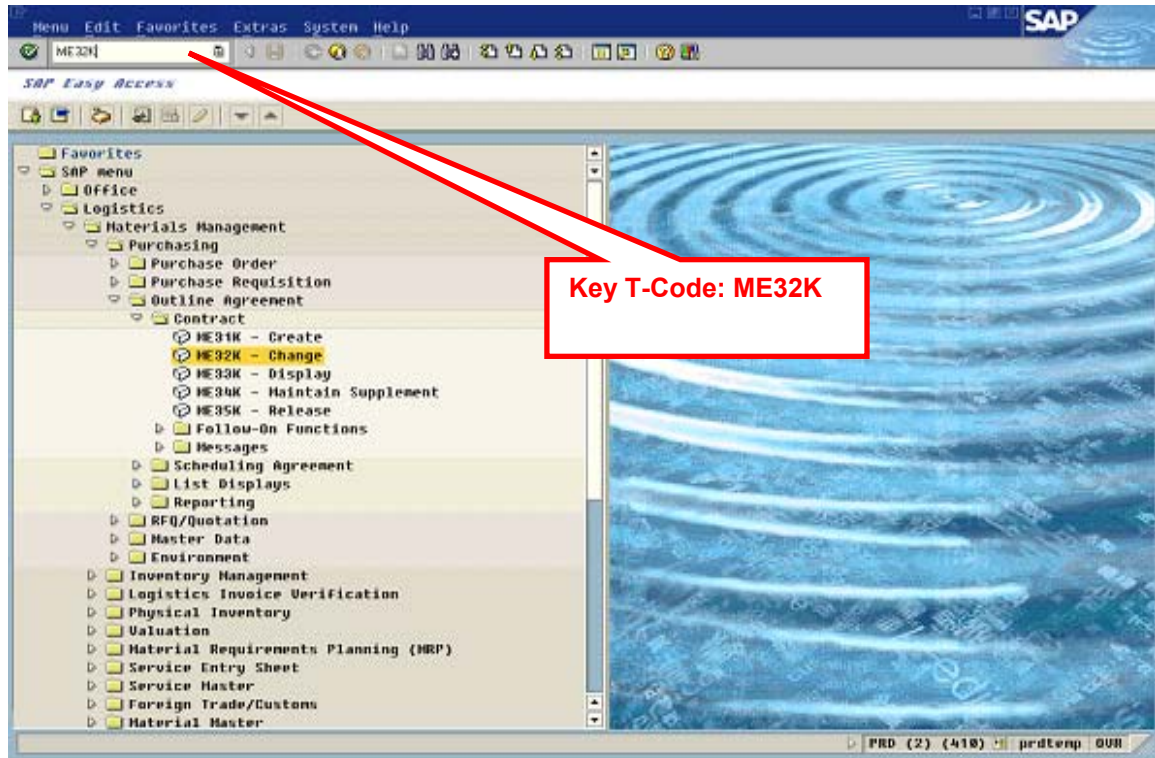



Fig-10

4.2. On “Change Contract: Initial Screen” screen, enter the ‘Contract number’ in the ‘Agreement’ field and click on  icon:

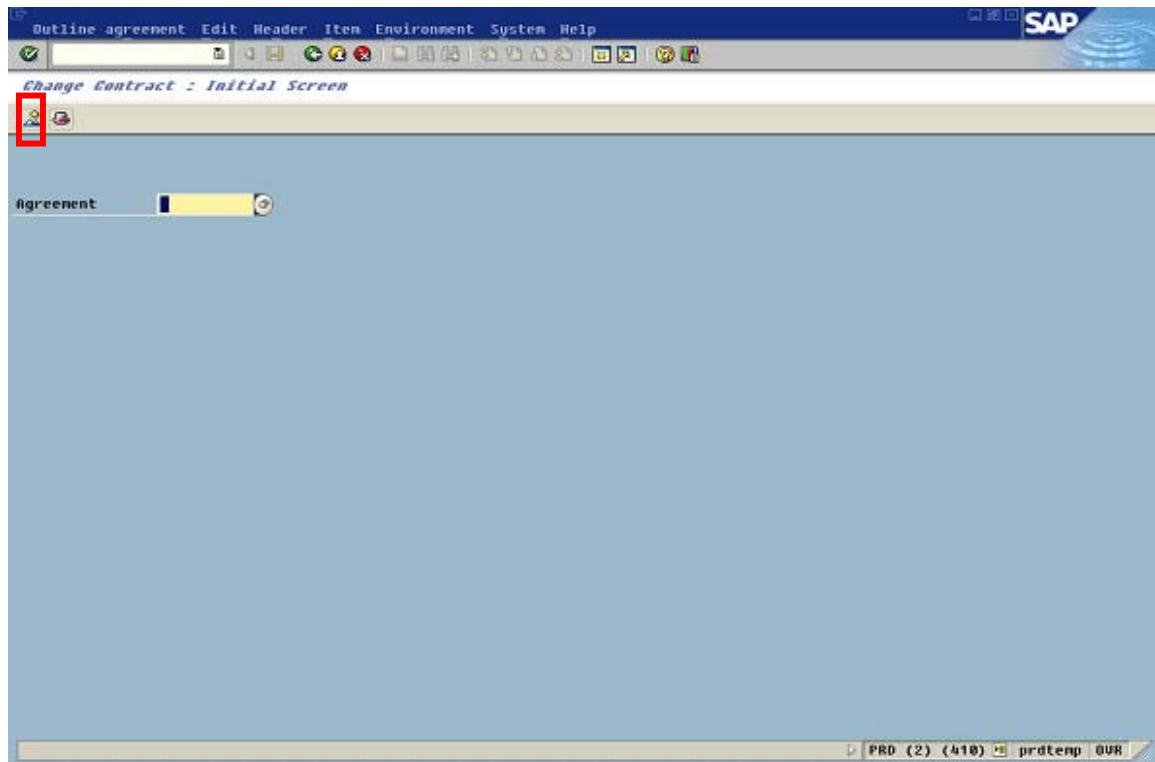



Fig-11

4.3. On “Change Contract: Item Overview” screen, select the Contract Line Item and then click on  icon:

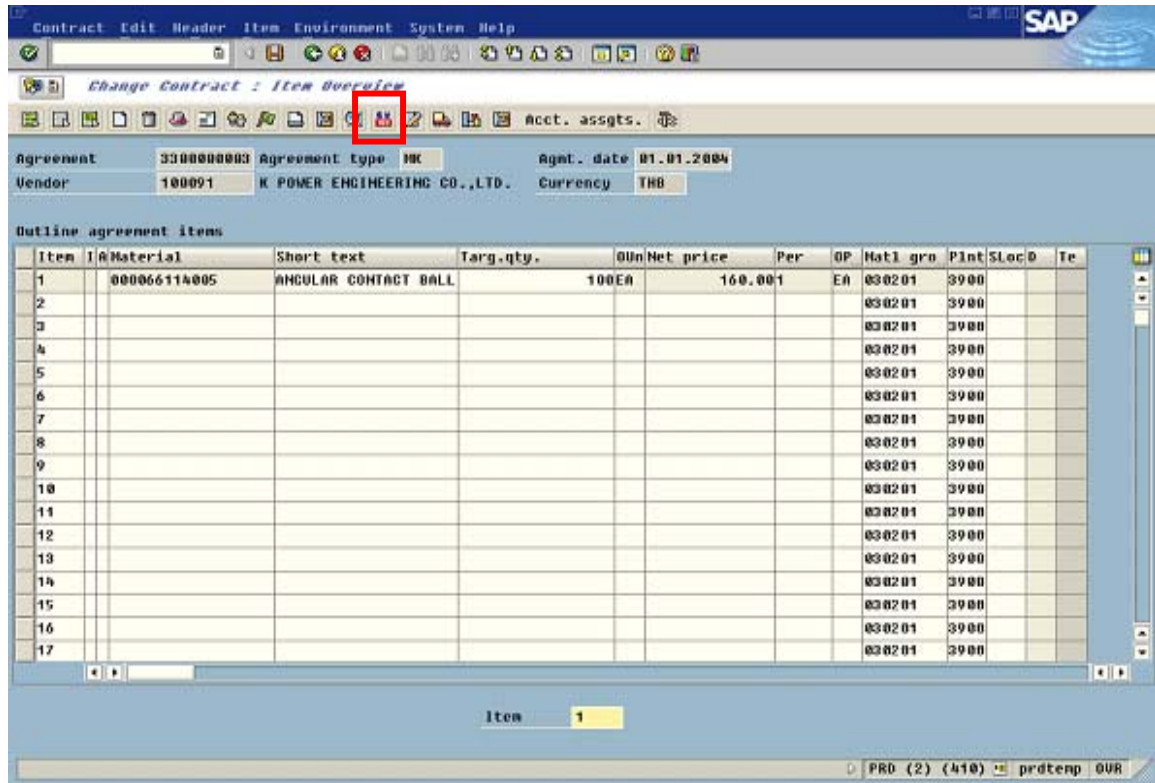


Fig-12

4.4. On the pop up screen, double click on the proper 'Validity period':

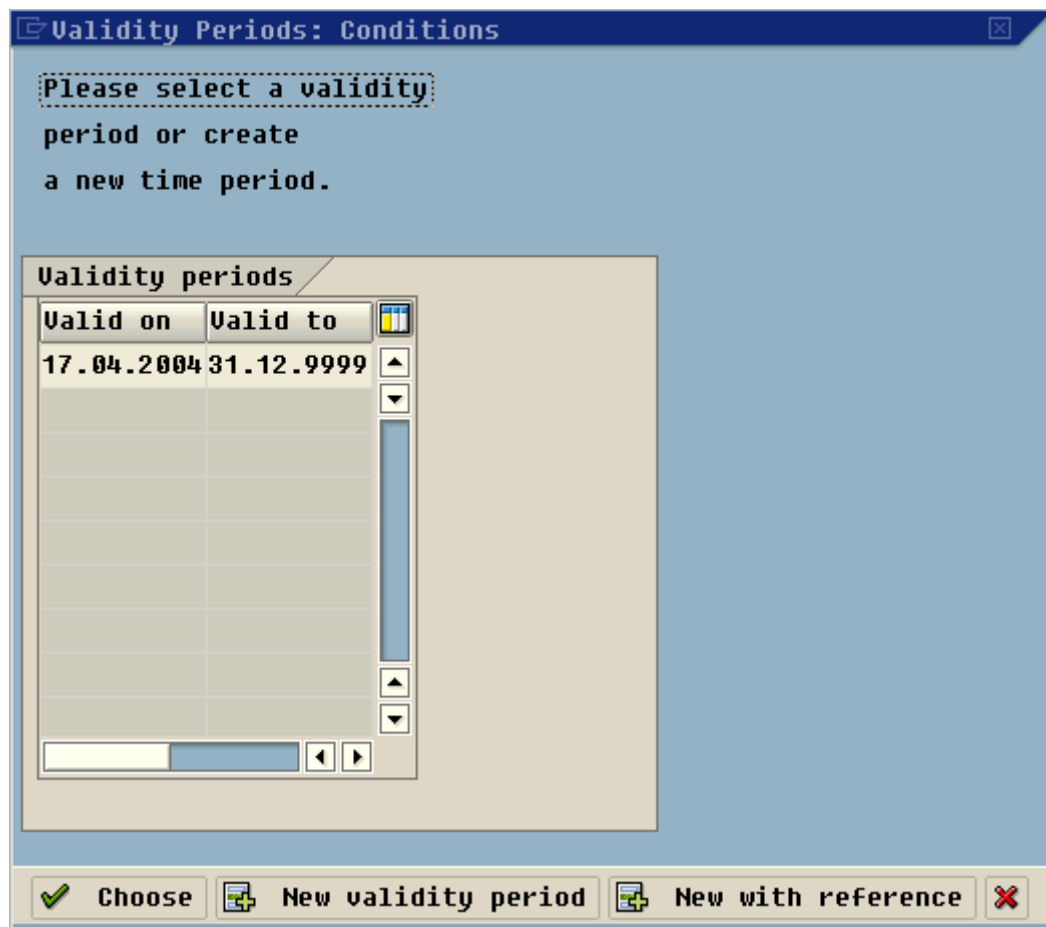



Fig-13

4.5. On “Change Gross Price Condition (PB00): Condition Supplements” screen, make the proper change in the Base Condition PB00 then click on  icon to save this purchasing master record:

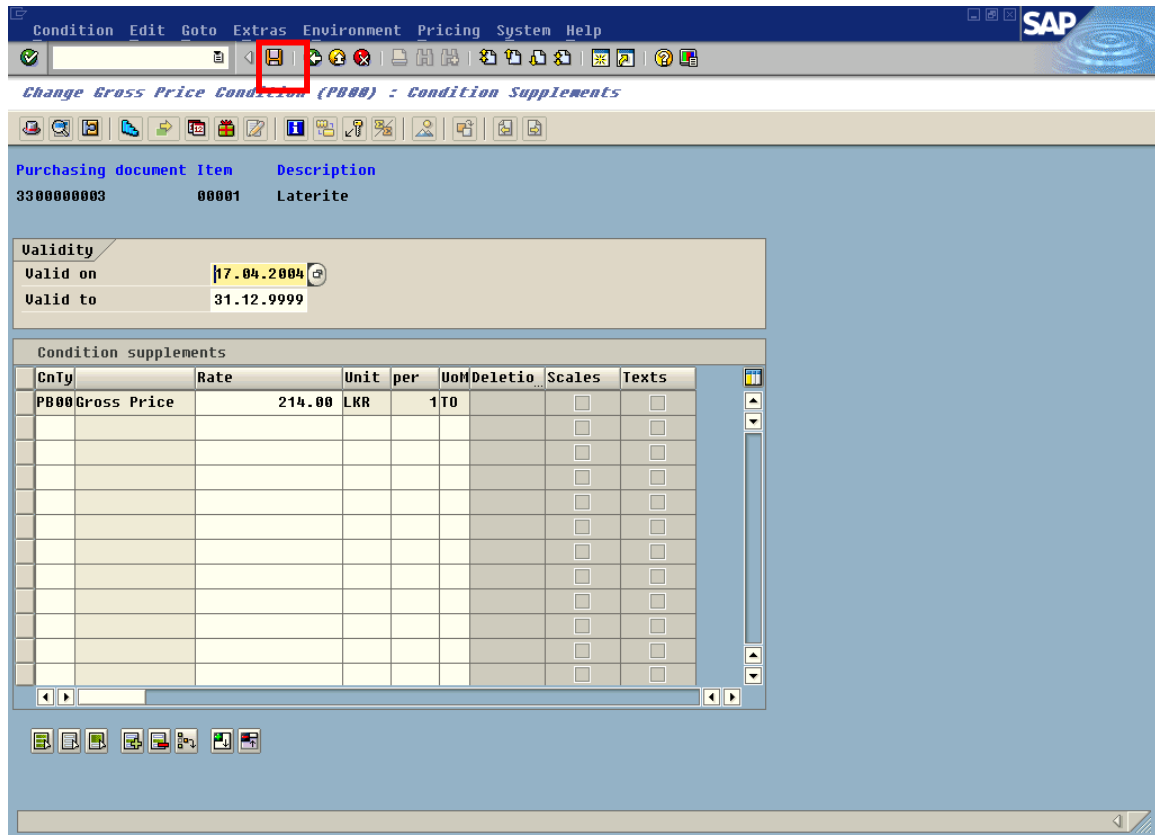


Fig-14

5. Creation of Worklist for Automatic Document Adjustment

5.1. Access transaction by

Via Menu	Logistics → Materials Management → Purchasing → Purchase Order → Follow-On Functions → Automatic Document Adjustment → Create Worklist
Via Transaction Code	MEI4

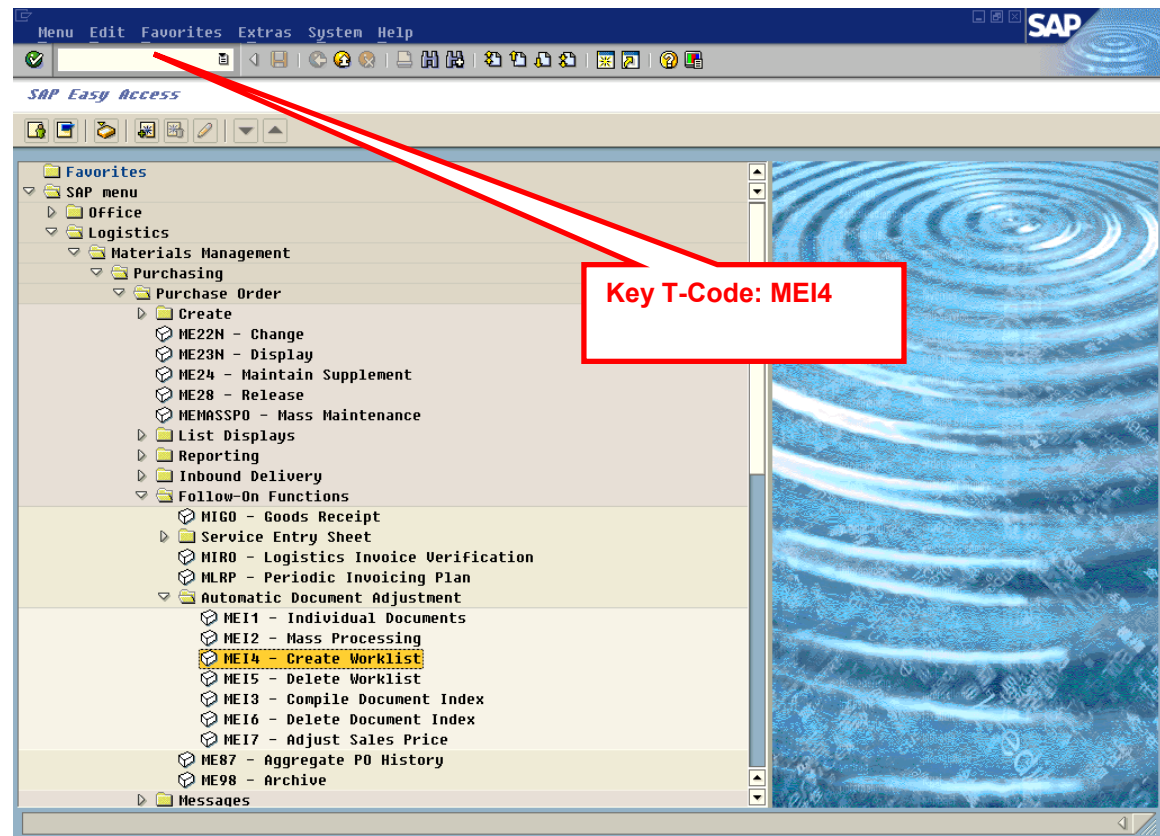


Fig-15

5.2. On “Automatic Document Adjustment: Create Worklist” screen, maintain information as specified in the table below:

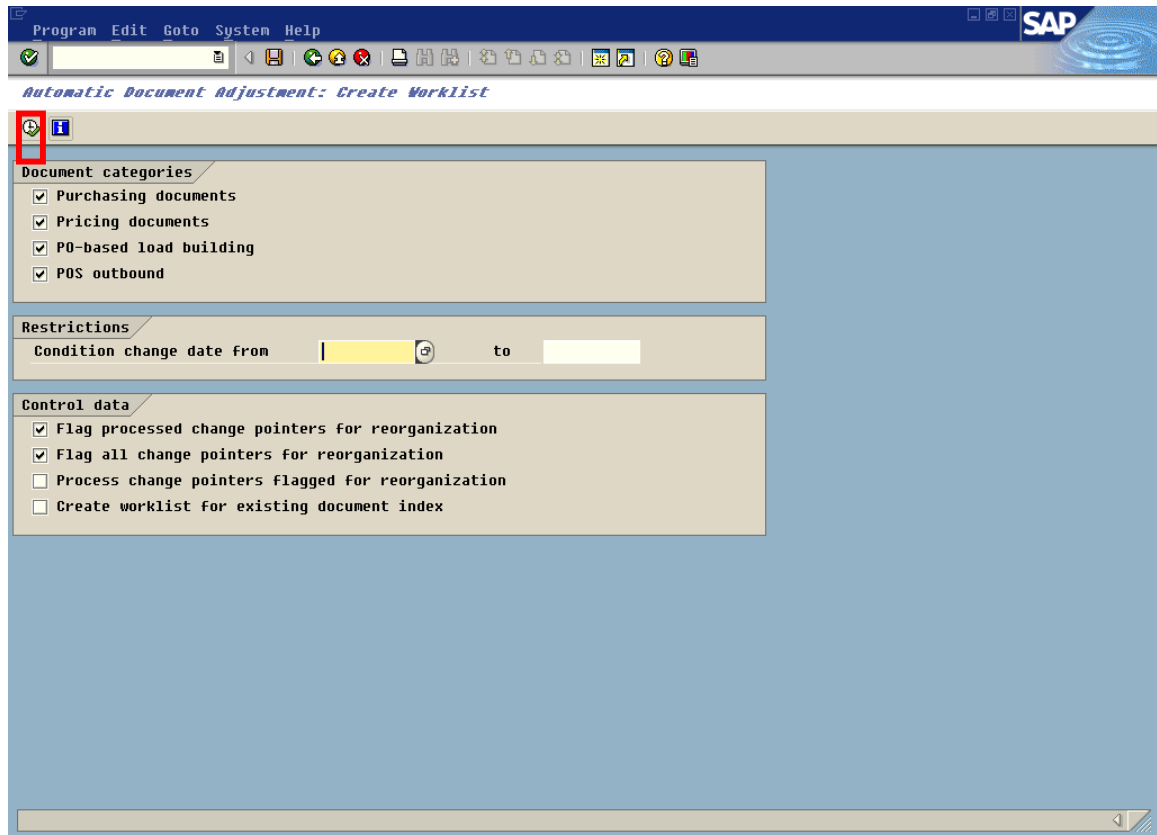



Fig-16

Field Name	Description	R/O/C/D	User Action and Values
			Select 'Purchasing documents', 'Flag processed change pointers for reorganization' and 'Flag all change pointers for reorganization' indicator
			Click on  icon

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

5.3. On the pop up screen, click on  icon:

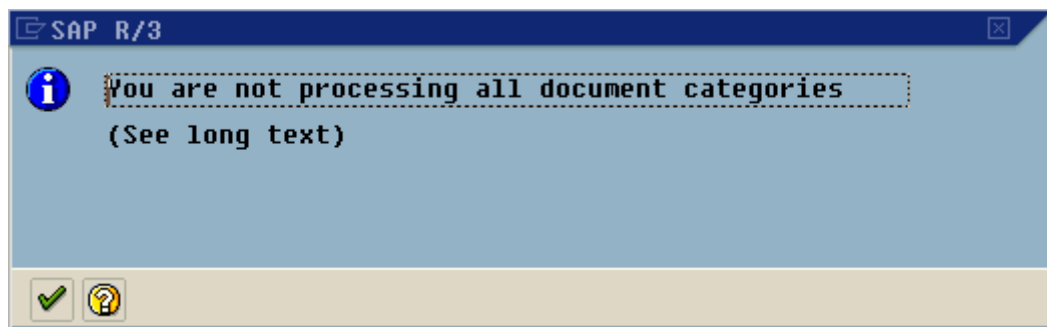


Fig-17

5.4. On the pop up screen, click on 

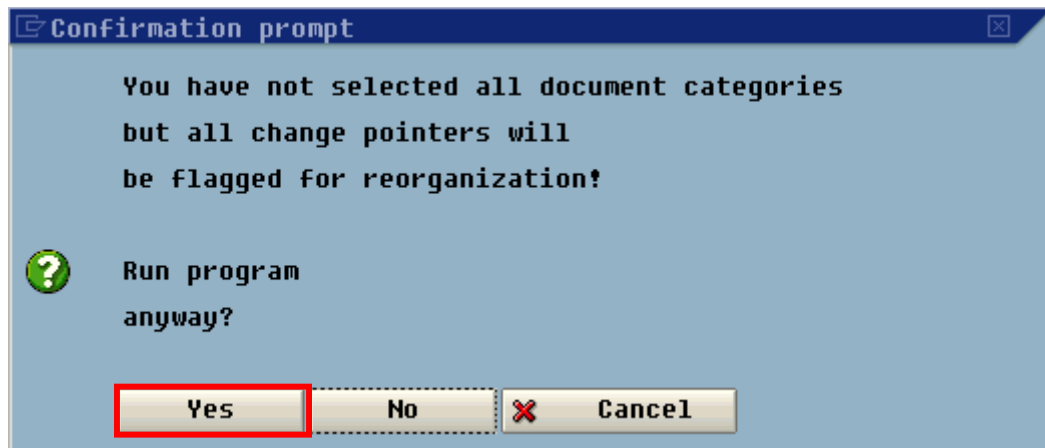


Fig-18

5.5. On the pop up screen, click on  icon:

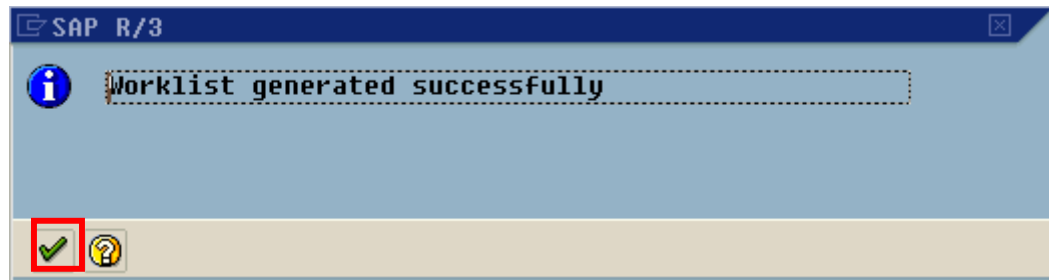



Fig-19

5.6. On “Automatic Document Adjustment: Create Worklist” screen, click on  icon to return to the main menu:

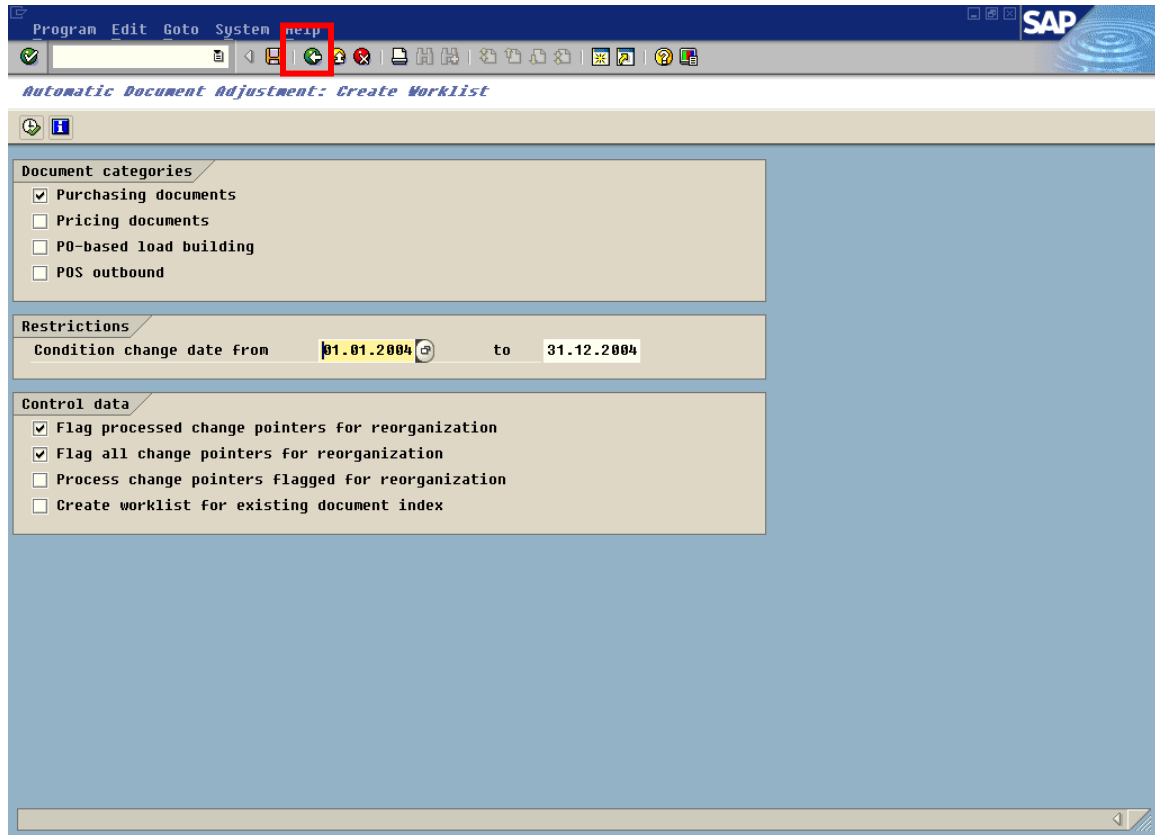


Fig-20

6. Execute Mass Processing of Worklist

6.1. Access transaction by

Via Menu	Logistics → Materials Management → Purchasing → Purchase Order → Follow-On Functions → Automatic Document Adjustment → Mass Processing
Via Transaction Code	MEI2

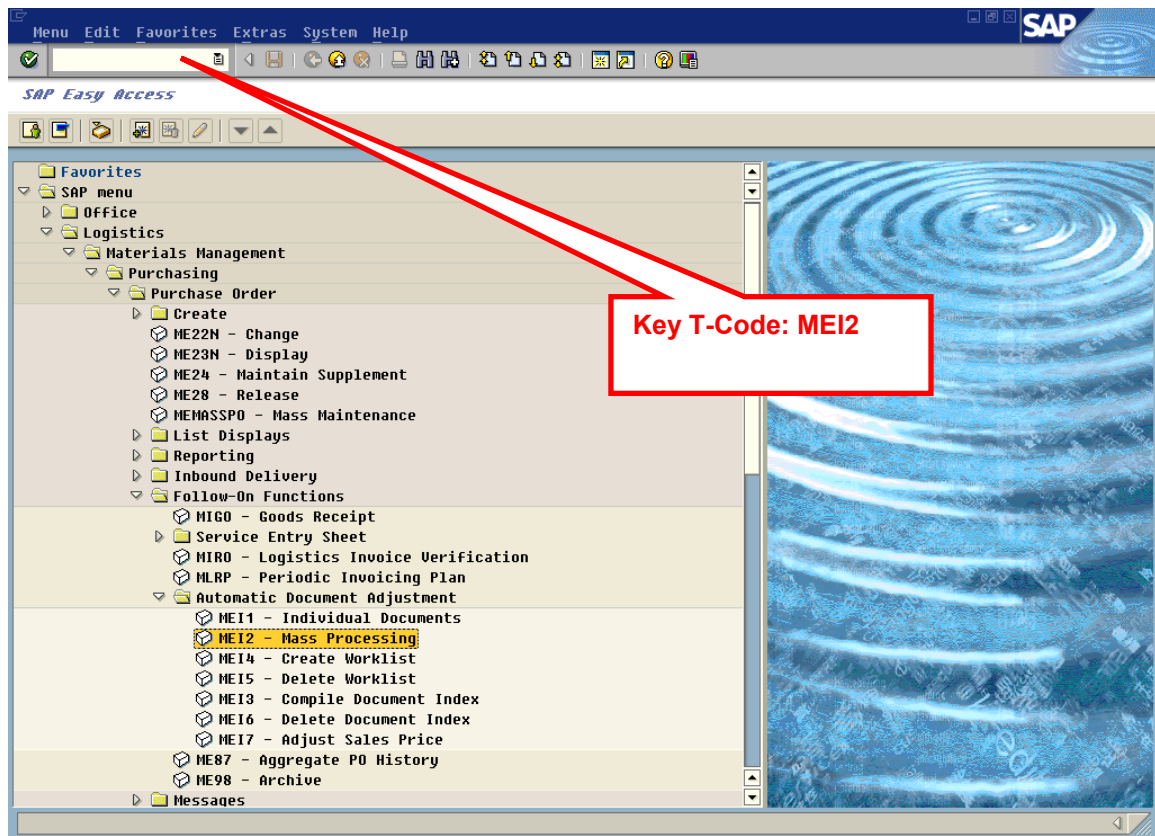


Fig-21

6.2. On “Mass Adjustment of Documents Due to Changes in Conditions” screen, maintain information as specified in the table below:

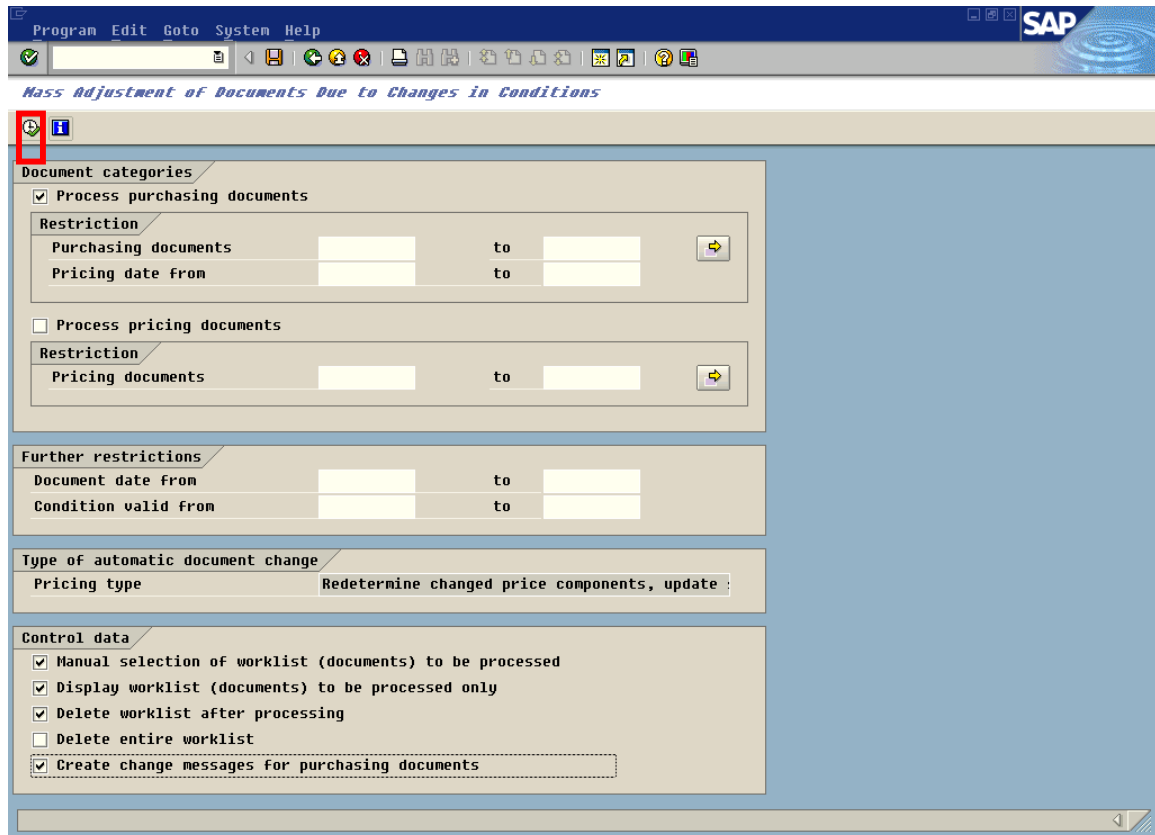



Fig-22

Field Name	Description	R/O/C/D	User Action and Values
			Select 'Process purchasing documents' indicator, 'Manual selection of worklist (documents) to be processed' indicator, 'Display worklist (documents) to be processed only' indicator, 'Delete worklist after processing' indicator, and 'Create change messages for purchasing documents' indicator
			Click on  icon

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

6.3. On “Changeable Documents per Condition: Display Documents” screen, select one and every PO and then click on  **Document** icon:

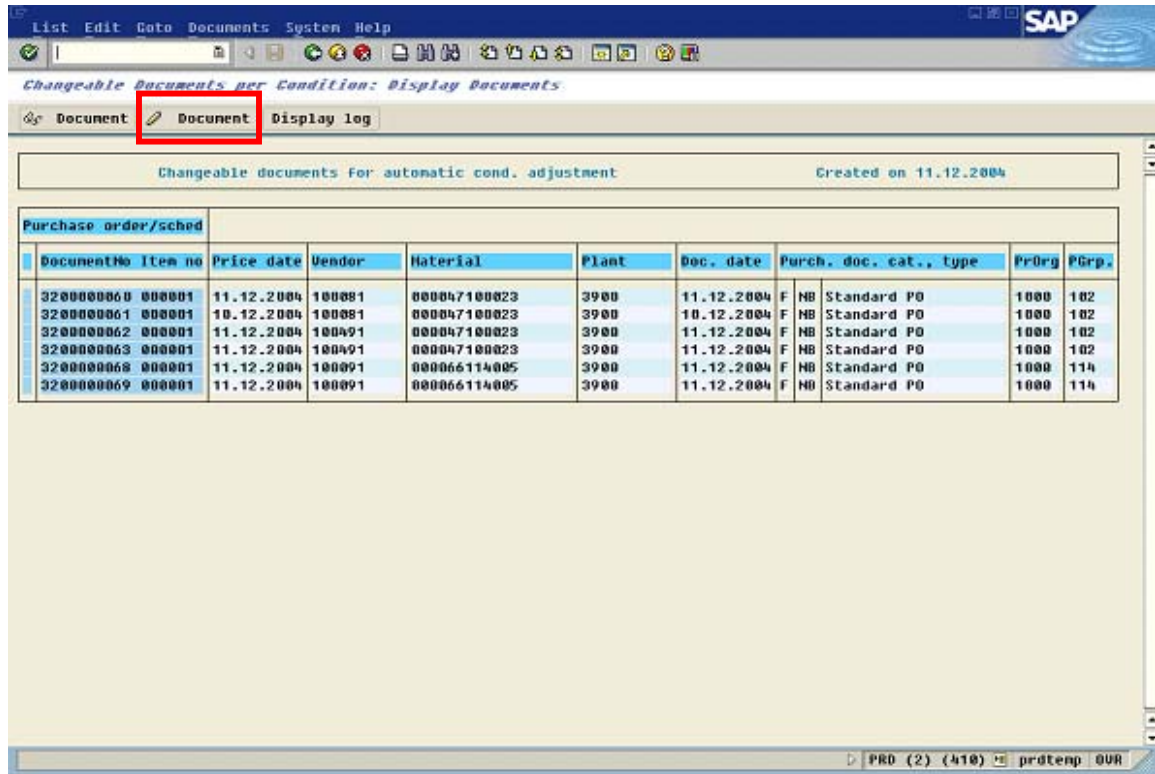


Fig-23

6.4. On “Standard PO XXXXXXXXXXXX Created by XXXXXXXX” screen, click on

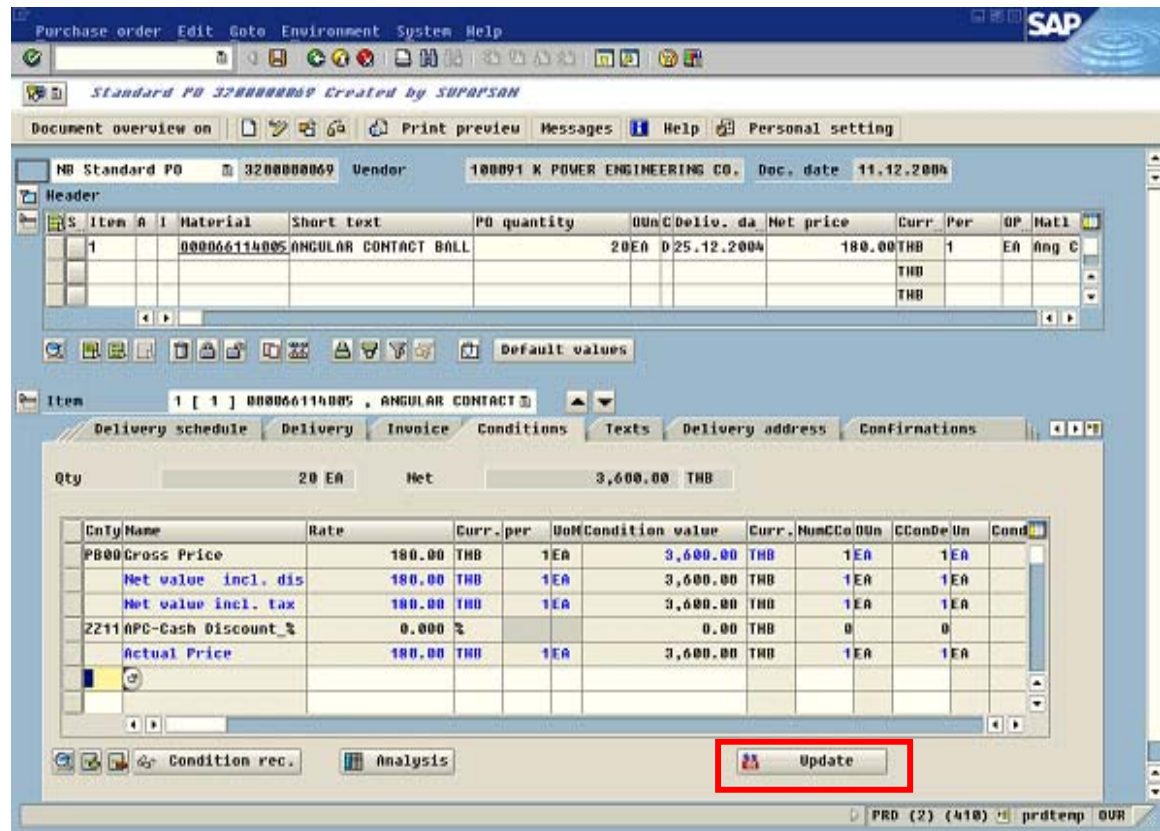


Fig-24

6.5. On the pop up screen, select 'B Carry Out New Pricing' option and then click on  icon:

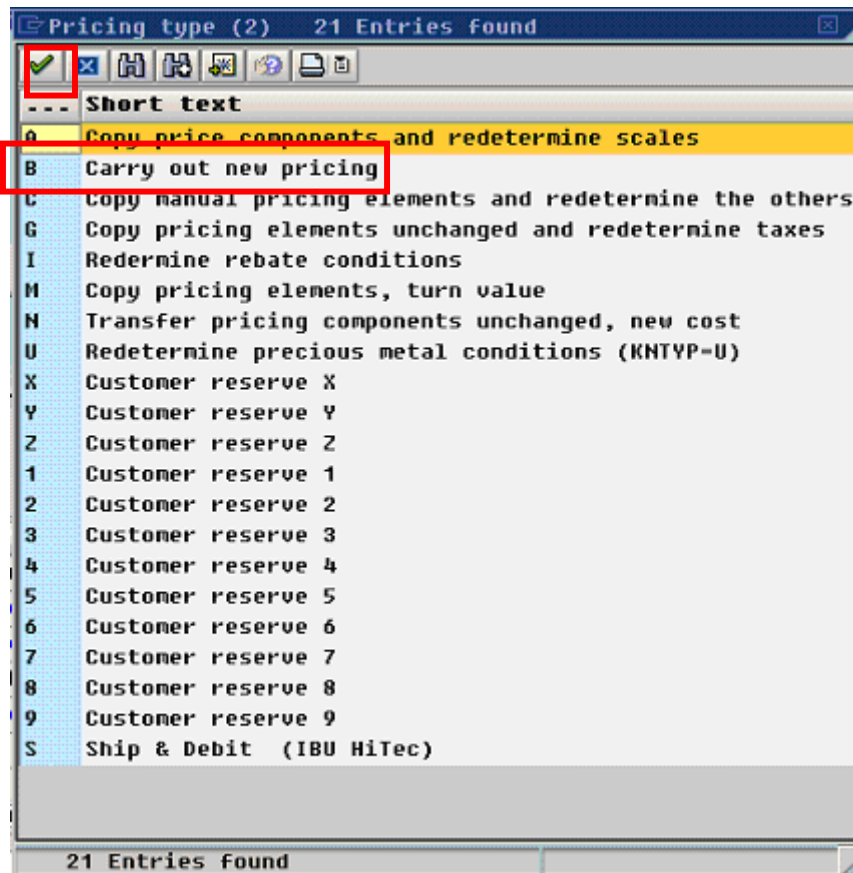



Fig-25

6.6 On “Standard PO XXXXXXXXXX Created by XXXXXXXXX” screen, the price of the PO is updated then click on  to save this update:

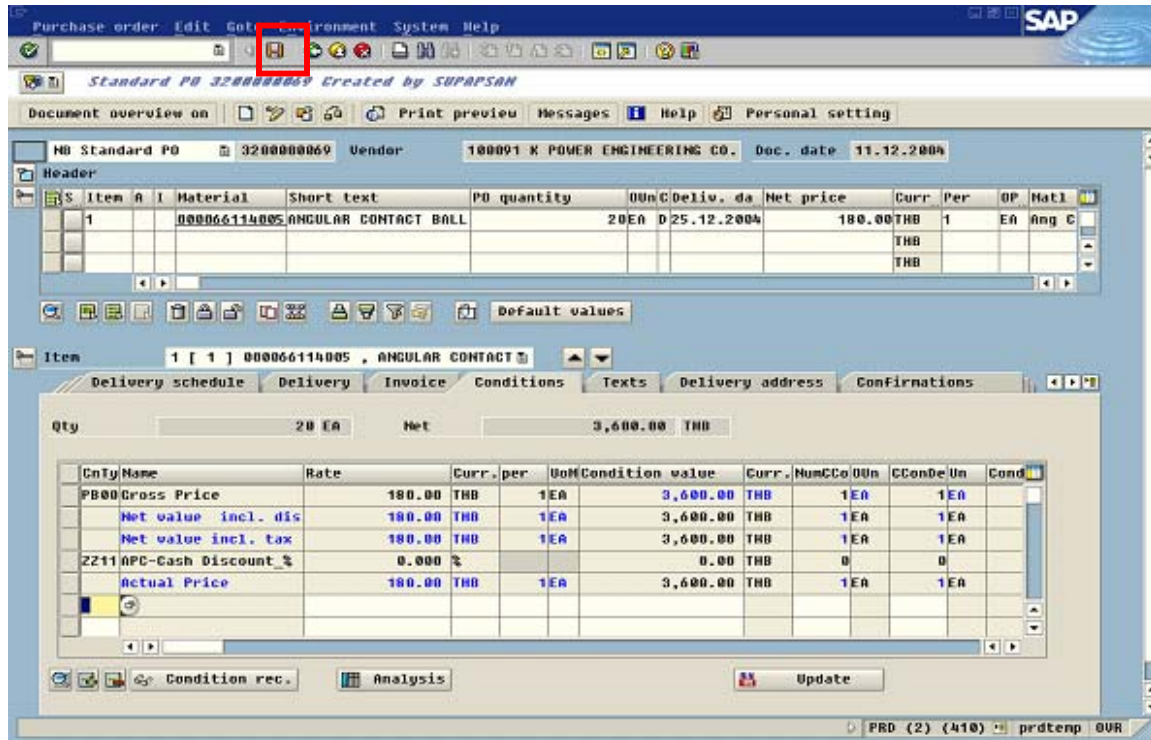


Fig-26