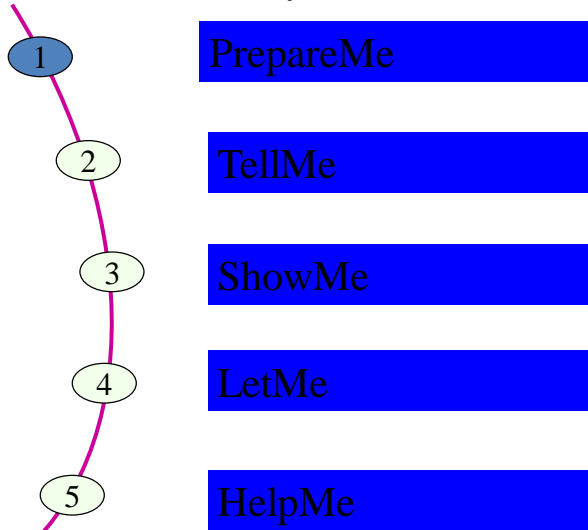


## MM0016 - Optimized Purchasing

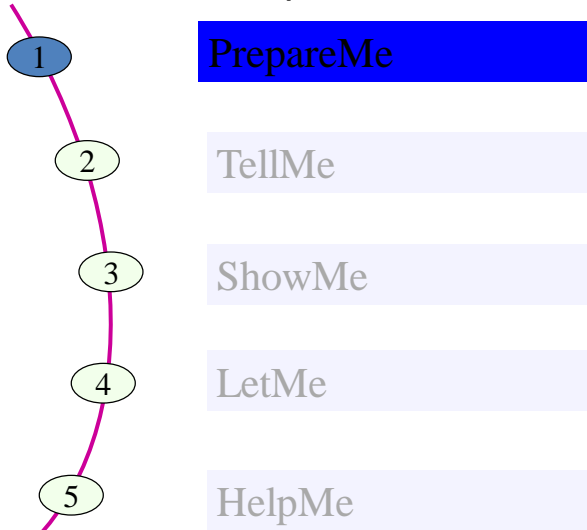
Overview of Optimized Purchasing Process



## MM0016 – Optimized Purchasing



# MM0016 – Optimized Purchasing





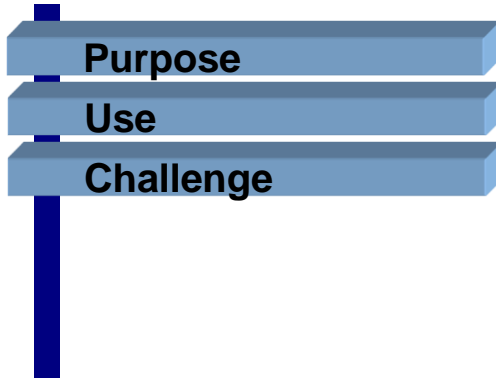
## Course Objective

- Automatically assign non-assigned requisitions using a collective transaction, and convert them into POs.
- Convert requisition items without a source into RFQs
- Convert assigned purchase requisitions into POs items using collective transactions
- Quota arrangement for a material
- How the source determination process can be controlled with the aid of the quota arrangement
- Describe the various ways of creating source list records and its uses.
- Control the source determination process with the aid of the source list
- Tips & Tricks
- Test Your Knowledge & Answers

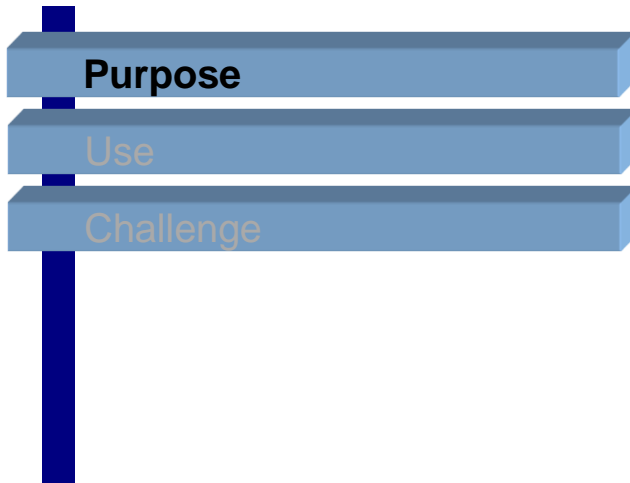
# Optimized Purchasing



## Agenda



# Optimized Purchasing



# Optimized Purchasing



- The process by which Purchase Requisitions are assigned sources automatically
- This helps to create purchasing documents quickly and efficiently
- Organization has requirements for materials for various purposes like Production, maintenance, spare requirements and R&D purposes
- These user departments will create requisitions for the material requirements
- If the purchasing activity has to be carried out independently for each of these, then this will be a huge task
- To convert these requisitions quickly and efficiently, the Optimized Purchasing process is used

# Optimized Purchasing



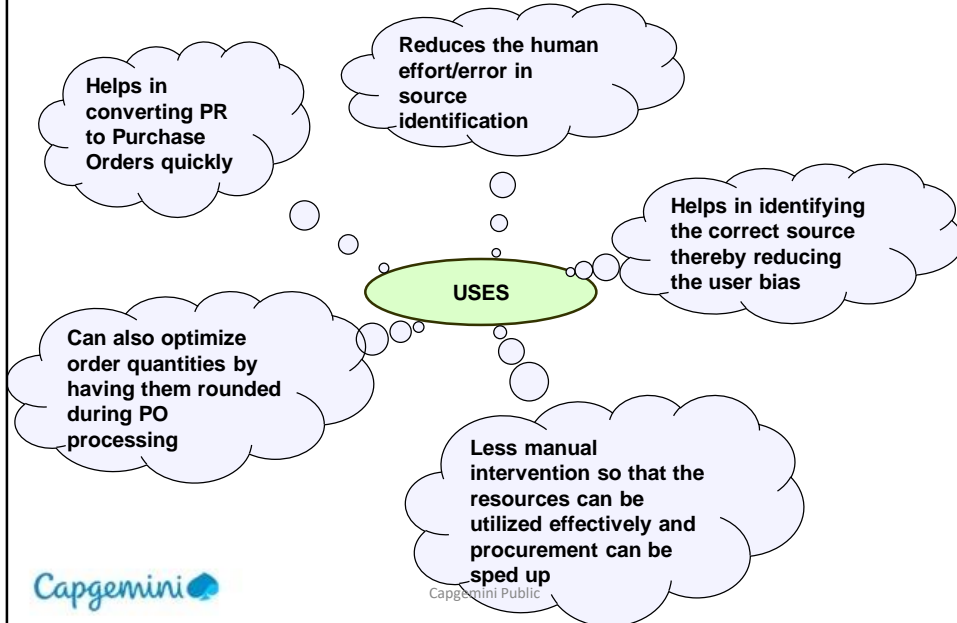
Purpose

Use

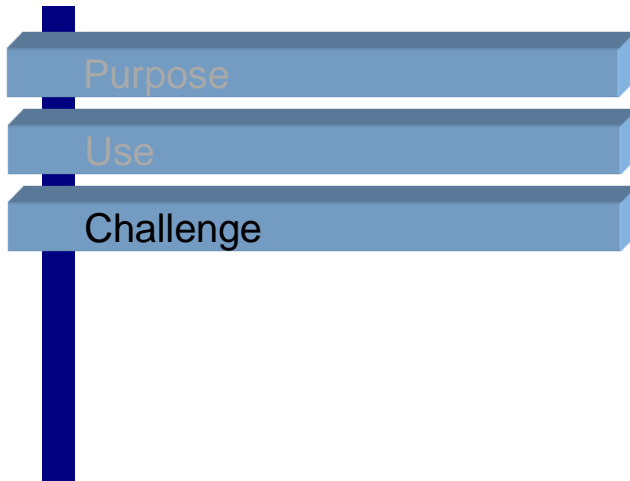
Challenge



# Optimized Purchasing - Uses



# Optimized Purchasing



# Optimized Purchasing - Challenges



**Data inconsistency in the master records will lead to improper results in automatic processing**

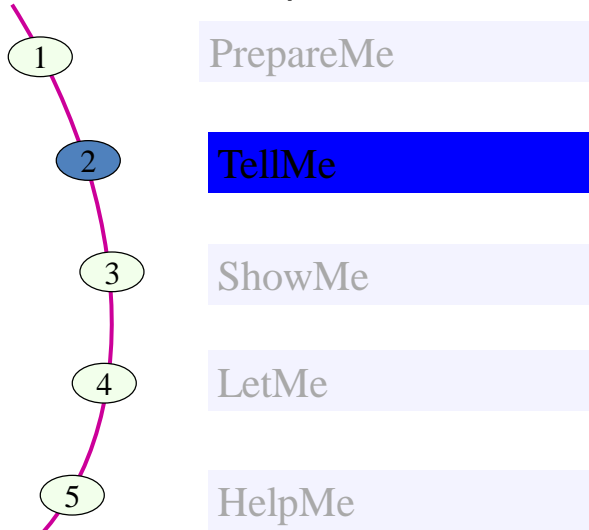


**The consolidation of materials from a single source will be difficult as optimized purchasing process may assign different sources**



**In Quota Arrangement the quota ratings have to be updated consistently according to the vendors' performance. Maintaining this will be a challenge**

# MM2001 – Optimized Purchasing



# Agenda



**Optimized Purchasing**

**Process Flow**

**Automatic Source Determination**

**Quota Arrangement**

**Source List**

**Further Processing**



**Optimized Purchasing**

**Process Flow**

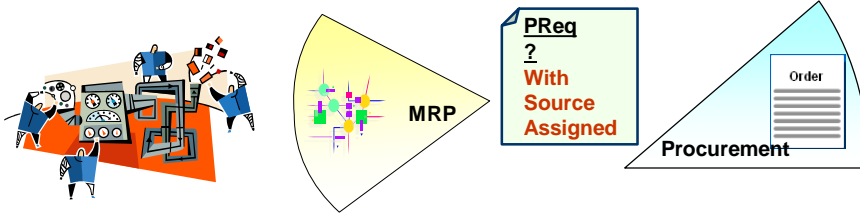
**Automatic Source Determination**

**Quota Arrangement**

**Source List**

**Further Processing**

# Optimized Purchasing



- The process by which Purchase Requisitions are assigned sources automatically
- This helps to create purchasing documents quickly and efficiently
- The Purchase Requisitions created by user departments / MRP may not have source assigned to them
- The sources can be assigned by automatic source determination process
- The source assigned Purchase Requisitions are then converted to Purchase Orders or Outline Agreements by using further processing functionality
- Source list, Quota arrangement, Info record and Outline Agreements are the sources of supply used in Automatic Source Determination



**Optimized Purchasing**

**Process Flow**

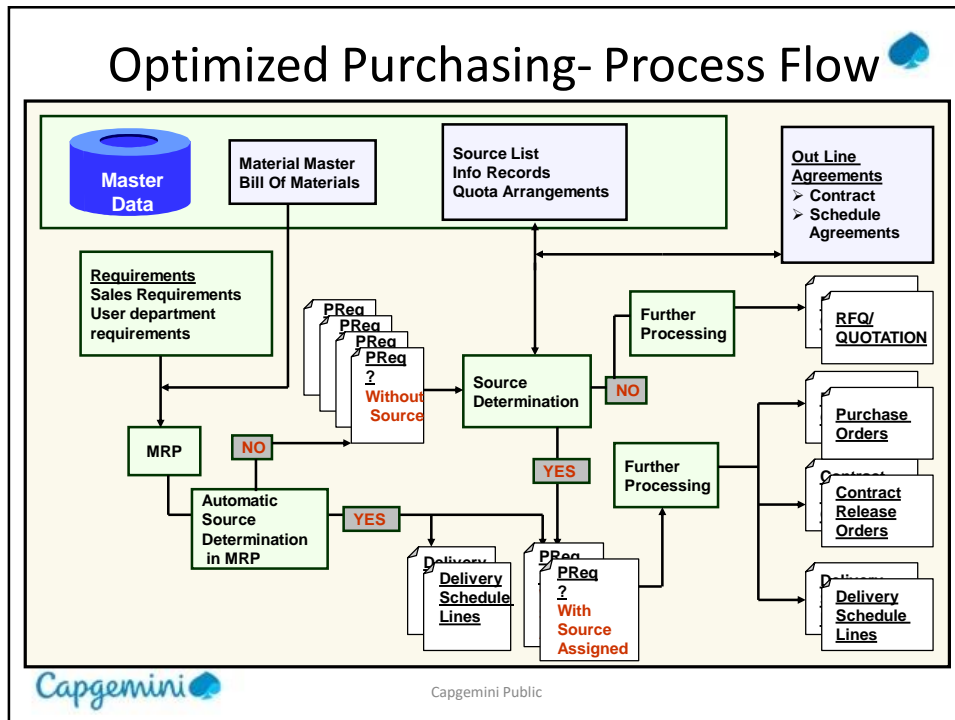
**Automatic Source Determination**

**Quota Arrangement**

**Source List**

**Further Processing**





## Optimized Purchasing Process Flow

- The requirements from the sales order/from the user departments ( Independent requirements) are collected
- From this the materials planning will be effected through MRP
- As a result of MRP the following will be created

### If Automatic source determination happens

1. Purchase Requisitions with Source assigned
2. Delivery schedule lines

### If Automatic source determination not happens

1. Purchase Requisitions without source assigned
- For Automatic source determination in MRP the system will consider only the source list as source
  - If the automatic source determination happens outside MRP the system will consider one of the following
    - Quota Arrangement
    - Source List
    - Outline agreements

- Info Record

- The Source determination can happen manually or automatically
- After the source determination, PR assigned to sources will be converted to PO, Release Orders / Delivery schedule Lines
- In automatic source determination is not possible The PR can be converted to RFQ



**Optimized Purchasing**

**Process Flow**

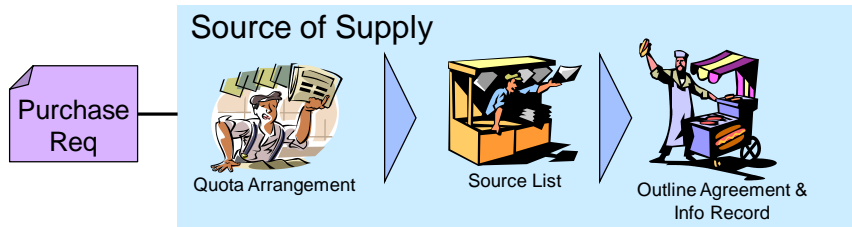
**Automatic Source Determination**

**Quota Arrangement**

**Source List**

**Further Processing**

## Automatic Source Determination



- The use of Source Determination is to assign source to the PR automatically
- The source is determined in the same order as displayed in figure
- Quota Arrangement specifies the share of total requirement over a period to be procured from each source
- Source list defines the preferred or allowed source of supply
- In the absence of Quota Arrangement and Source list, system searches whether any Contract, Scheduling Agreement and Info Record exist for the material to be procured



**Optimized Purchasing**

**Process Flow**

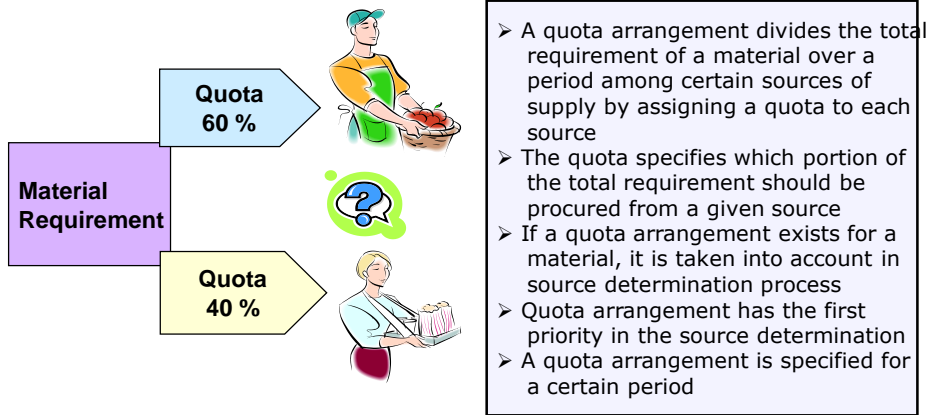
**Automatic Source Determination**

**Quota Arrangement**

**Source List**

**Further Processing**

# Quota Arrangement



## Quota Arrangement - Maintenance



### Prerequisites

To create Quota Arrangement the following is the required information

- Material Code and the plant to which the quota arrangement applies
- Procurement type of the material
- Vendor number(s)
- Quota arrangement validity period
- Quota to be assigned to each source of supply
- Special procurement type
- Before maintaining the quota arrangement item with the procurement type external source of supply must exist
- The business applications for which quota arrangement is to be used, must be specified in the purchasing view of the material master

## Quota Arrangement - Maintenance



### **KEY DATA IN MAINTAINING QUOTA ARRANGEMENT**

#### Procurement type

- A quota arrangement can provide for external procurement or in-house production

#### Special procurement type

- A special procurement has to be entered (if relevant)

#### Vendor Number

- Enter the number of the vendor, if the material is procured externally

#### Procurement plant (supplying plant):

- Enter the key of the procurement plant (supplying plant) in column *PPI*, if the procurement type provides for in-house production

#### Quota

- In the *Quota* column, enter the quota assigned to each item
- The quota determines which portion of a total requirement over a period should be procured from the source in question



## Quota Arrangement in Source Determination



- In automatic source determination which uses quota arrangement as source, the required quantity will not be apportioned according to the quota entered for all the sources maintained in quota arrangement
- The system calculates the next source from which a specific material requirement is to be procured from among the sources that have been assigned a quota in the current validity period
- The system assigns a quota rating to each source of supply
- The quota rating is calculated as follows:  
$$\text{Quota rating} = (\text{Quota allocated qty.} + \text{Quota base qty.}) / \text{Quota}$$
- Quota-allocated quantity  
Total quantity from all purchase requisitions, purchase orders, release orders, and scheduling agreement schedules allocated to a given source of supply.  
(The quantities of quota-allocated planned orders are also taken into account.)
- Quota base quantity  
Quantity used to control the quota arrangement when new sources of supply are included in the Quota Arrangement.
- Quota  
A number specifying which portion of a total requirement should be obtained from a certain source.

## Quota Arrangement – Allocation Quota



$$\text{Quota rating} = \frac{\text{Allocated Qty} + \text{Quota base Qty}}{\text{Quota}}$$

Material: A  
Req: 1000

Source	Quota	Allocated Quantity	Base Quantity	Quota Rating
Vendor – A	25	500	100	24
Vendor – B	75	3000		40

- The source with the lowest Quota Rating represents the effective source
- In case of a tie, a source with the highest Quota is the effective source
- The Quota base quantity can be used when a new source is included in an existing Quota arrangement. The Quota base quantity enables to prevent a situation in which the new source is assigned all requirement until its Quota allocated quantity exceeds the quota allocated quantity of one of the old sources

## Quota Arrangement in MRP



- For the Quota arrangement to be taken into account source determination in MRP
  1. The quota usage indicator has to be set in Material master
  2. All the sources in quota arrangements (excluding info record) must be entered in source list with relevant MRP indicator
- Normally in MRP the requirement is simply distributed among Vendors based on the pre defined ratio (quota)
- Quota also has feature of controlling
  - a. Min & Max Qty
  - b. Lot Size
  - c. Blocking of Vendor

## Quota Arrangement – Split Quota



$$\text{Quota rating} = \frac{\text{Quota Source of Supply} \times \text{Required Quantity}}{\text{Total of all Quota}}$$

Material: A  
Req: 1000



Source	Quota	Quantity
Vendor – A	5	500
Vendor – B	3	300
Vendor – C	2	200

Min Splitting Qty: 200

Material: A  
Req: 1000



Source	Quota	Quantity
Vendor – A	5	200
Vendor – B	3	
Vendor – C	2	

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- In Split Quota, the requirements are split according to the sequence that is defined by the Quota, i.e. the Vendor with the highest quota is selected first. The sequence defined by the quotas can be overruled by priorities.
- The minimum quantity for the splitting quota determines that the lot has to amount to the minimum quantity (at least) before it can be split. If a requirement is smaller than the minimum quantity, the system only selects the vendor whose turn it is according to the quota arrangement calculation, that is, it is processed on the basis of the allocation quota arrangement procedure and is not split.
- If a requirement quantity has already been split and the remaining quantity causes a lot that is smaller than the minimum quantity, the system does not further split this quantity. The remaining quantity is assigned to the source of supply with the lowest quota rating.

## Quota Arrangement – Other Control



- Maximum limit can be maintained for a Source for a specified period of time. If the max limit is reached or exceeded within the period, then the source is no longer suggested for the Quota arrangement
- Minimum & Maximum Lot Size can also be maintained for a Source
- Maximum Lot size refers to the greatest possible order proposal quantity. If a requirement exceeds the maximum lot size quantity, several order proposals are suggested with quantities equal to maximum lot size, until the total quantity required is covered
- Minimum Lot size refers to the minimum quantity of order proposal. If a source is determined by Quota arrangement for which minimum lot size is maintained, and if the quantity required is less than the minimum lot size, then the order proposal is generated for a quantity equal to minimum lot size
- The minimum & maximum lot size maintained in the Quota overrides the lot size maintained for the material master, but only for the sources maintained in the quota

# Analyzing Quota Arrangement



## Quota Arrangement Analysis

- Use the quota arrangement analysis option to list the materials of a plant for which no quota arrangement exists within a certain period
- In this way, we can find out which materials have quota arrangements that are incompletely maintained

## Revision of Quota Arrangement Use

- If any changes are made to the validity period of an already existing quota arrangement, the quota arrangement has to be subsequently revised
- Subsequently the quota-allocated quantities of the individual sources of supply are adjusted
- This means that the total quantity from all purchasing documents and planned orders assigned to a source of supply is updated in the quota-allocated quantity of the quota arrangement items (The document types to be included in the calculation of the total quantity are determined via the *Quota arrangement usage* field in the material master record)
- The revision of quota arrangements is carried out in the background because revising them online can slow down system response times



# Simulating Quota Arrangement

## Simulating Source Determination Under Quota Arrangements

- The process of source determination for a material subject to a quota arrangement can be simulated
- (i.e.) which source would be suggested in a purchase requisition for the material on a certain date can be determined
- We can check whether the quota arrangement items on which the process of automatic determination of source of supply is based have been correctly maintained

## Simulation can be done for

- Which sources of supply would be determined if the quota arrangement were the only source identification option (that is, source determination is carried out without taking outline agreements, info records, or source lists into account)
- Which sources of supply would be determined by the system (that is, taking outline agreements, info records, quota arrangements, and source lists into account)



**Optimized Purchasing**

**Process Flow**

**Automatic Source Determination**

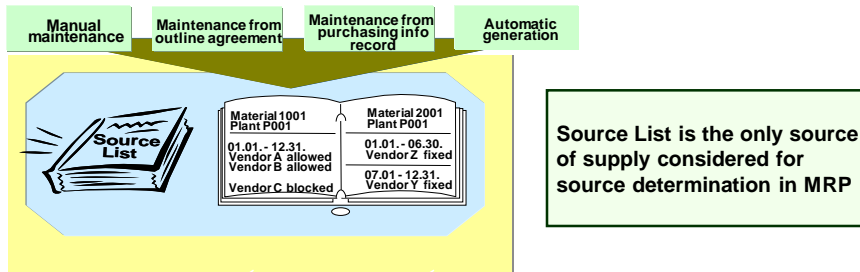
**Quota Arrangement**

**Source List**

**Further Processing**



# Optimized Purchasing-Source List



- Source List is a purchasing master record which contains the list of sources from which a material can be procured / can not be procured etc
- It is defined for a material for a Plant
- All the sources are maintained for a validity period
- We can define a source as fixed (the source is preferred for the stipulated period during automatic source determination)
- A source can be blocked in the source list for procuring the material during a period
- The restrictions on the selection of sources in automatic source determination process during MRP run can be achieved by selecting appropriate MRP indicator



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Source list display for a material all the allowed and disallowed vendors within a plant for a specified period

can define a vendor as fixed for a certain period of time. Fixed vendors are vendors only from whom the material would be procured.

# Optimized Purchasing-Source List



## **KEY DATA IN SOURCE LIST**

### **Validity Period**

The period within which the source is valid

### **Fixed Source**

- The selected Source is the preferred source within the validity period defined
- Just flag the fixed indicator

### **Blocked Source**

- The selected Source is the blocked for the validity period defined
- Just flag the blocked indicator

### **Key Source Data**

No of the Vendor/  
No and item of  
Outline agreement

### **Procurement Plant**

A plant can be defined as a source in the procurement plant field if a material can be procured from another plant

### **MRP Indicator**

The relevance of the source in the automatic source determination process in the MRP run

## Source List - Creation



### Source List can be created by Manual Maintenance

- This method is useful when numerous changes have to be made, or new entries have to be entered in the source list

### Creation from within an Outline Agreement

- An item can be adopted from an outline agreement in a source list when creating or changing the agreement
- Select item in the agreement for which source list record has to be created and choose **Item → Maintain Source List** Give the plant if the plant is not entered in the agreement

### Creation from within an Info Record

- A vendor can be entered in a source list when creating or changing the purchasing info record
- In the Info record choose **Extras → Source List**
- If the info record is valid for the entire purchasing organization the source list can be created for all the plants assigned in the Purchasing organization. If source list record has to be maintained for particular plant only select **Goto → Plant**

### Automatic

- Source list records can be created automatically
- Can be created for several materials together or individual material (collective/ individual procedure)
- Source list records are created for all the info records and every outline agreement item



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## Prerequisites

Before creating a source list, the following points must be considered

**Material and plant:** In each source list, the material number and the relevant plant key for each source must be entered.

**Validity period:** Consider for which period the source list is to be valid. several validity periods can be defined .

**Source list requirement for plant:** If a source list requirement has been defined for a plant, the source list must be maintained for each material in the plant before a material can be procured for the plant.

# Optimized Purchasing-Source List



## Simulating The Source List

- The source list is used to determine which source of supply is suggested for a purchase requisition item
- In the source list for a material, a simulation can be carried out showing which source would be suggested in a purchase requisition for the material on a certain date
- In this way the correct determination of source in automatic source determination can be checked

## Analyzing the Source List

- Used to list the materials for a plant for which no source list records exist within a certain period
- From the analysis output list of the materials for which source list is missing, source list records can be maintained



**Optimized Purchasing**

**Process Flow**

**Automatic Source Determination**

**Quota Arrangement**

**Source List**

**Further Processing**

## Assigning & Further Processing



- The process of assigning sources to the purchase requisitions and converting the requisitions into Purchasing documents (purchase orders, contract release orders, scheduling agreement delivery schedules, RFQ)
- Assigning means defining the desired source for each purchase requisition item
- Further processing involves generating lists of requisitions that have been assigned or flagged as outlined above, and the subsequent creation of RFQ, purchase orders, or delivery schedule lines under scheduling agreements

### SAP System offers the following functionalities in optimized purchasing

1. Assign purchase requisitions
2. Further processing of purchase requisitions via the assignment list
3. Assign + process purchase requisitions
4. Create purchase orders from requisitions automatically

### Assignment & further processing can be done by either

In single step

1. Assign+ Process

Or In two separate steps

1. Assigning Purchase Requisitions to Sources
2. Creating POs, Delivery Schedule Lines, and RFQ from Requisitions



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### Assign purchase requisitions

- This involves assigning sources of supply to individual requisition items

### Further processing of purchase requisitions via the assignment list

- This involves the manual creation of purchase orders or delivery schedule lines from a

list of requisitions with assigned sources

### Assign + process purchase requisitions

- This involves assigning sources to listed purchase requisitions and creating RFQ,

PO, and delivery schedule lines

- This function is a combination of "Assign Purchase Requisitions" and "Further Processing of Purchase Requisitions via the Assignment List"

- Order quantities and delivery dates can also be changed

### Create purchase orders from requisitions automatically

- This involves having the system generate POs automatically from a list of purchase requisitions with assigned sources

## Assigning & Further Processing



### Further processing for the Purchase requisitions with source of supply assigned Fully Automatic Conversion into PO

- Manual intervention is not possible
- Only purchase orders will be created by this process not the Scheduling agreement delivery schedule lines

### Semi Automatic Conversion into PO

- Manual intervention is possible
- Scheduling agreement delivery schedule lines can also be generated

### Automatic Generation of Purchase orders from source assigned purchase Requisitions

- Purchase Requisitions that have been assigned to sources can be converted into purchase orders automatically
- This can be done either online or in the background
- During conversion, the system attempts to consolidate as many requisition items as possible to form one purchase order. User may select appropriate check box for this.
- Usually, one PO whose contents can be regarded as belonging together is created for each purchasing organization, vendor, and contract
- Items from different requisitions can be consolidated to a single PO by making settings In the background processing
- When Source determination is not possible, it generates a list of unprocessed items that can be processed manually

## Optimizing the Order Quantity

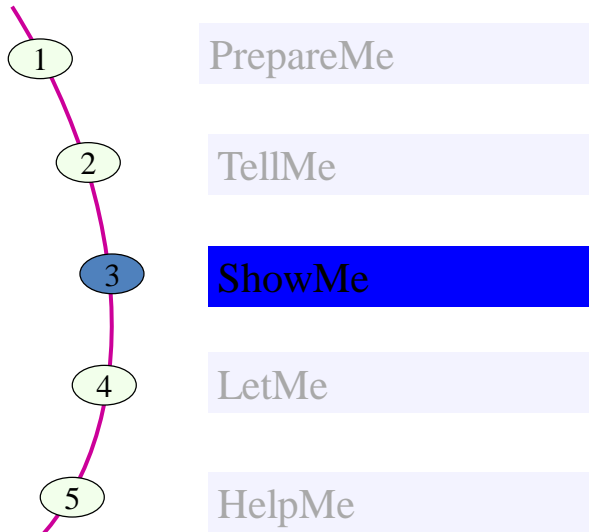


- To achieve optimal utilization of existing transportation capacities, ordering in full package quantities or to get the price scales rounding off the quantity in the purchasing documents have to be carried out
- In order quantity optimizing, the PO quantity is rounded up or down according to rules defined in Customizing
- Different units of measure can be taken into account during this rounding process
- Order quantity optimizing provides the following rounding options

Rounding profile	Effect
Static rounding profile	Rounding up without adjustment of unit of measure
Quantity addition/subtraction	Percentage additions and subtractions without adjustment of unit of measure
Dynamic rounding profile	Rounding up or down, taking other units of measure into account where necessary (e.g. "carton" instead of "piece" or "each").



## MM2001 – Optimized Purchasing



# Agenda



**Quota Arrangement**

**Source List**

**Further Processing**



**Quota Arrangement**

**Source List**

**Further Processing**

# Quota Arrangement Quota usage



## Quota Usage setting in Material Master

TCODE MM01/MM02

## Quota Usage setting In Customization

Menu: SPRO → IMG → Materials Management  
→ purchasing → Quota Arrangement → Define  
→ Quota Arrangement Usage

The screenshot displays two SAP screens. The left screen, 'Change Material AS-200 (Semi-finished product)', shows the 'Purchasing' tab with a 'Quota arrangement usage' dialog box open. This dialog box contains a table for selecting business processes. The right screen, 'Change View "Quota Arrangement Usage": Overview', shows the 'Quota Arr Usage' table. Below it, the 'Change View "Quota Arrangement Usage": Details' screen shows the 'Detailed information' section with various checkboxes.

**Quota arrangement usage**

	PO	SLr	PlOr	PRs	MRP	Ord
1	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**Change View "Quota Arrangement Usage": Overview**

Quota Arr Usage
1
2
3
4

**Change View "Quota Arrangement Usage": Details**

**Detailed information**

- ☒ Purchase order
- ☒ SA Schedule Line
- ☒ Planned order
- ☒ Purchase requisition
- ☒ MRP
- ☒ Production order

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# Quota Arrangement - Maintenance



### Maintain Quota Arrangement: Initial Screen

Header

Material:

Plant:

### Maintain Quota Arrangement: Overview of Quota Arr. Periods

Material:  Aluminium-Iid

Plant:  Hamburg Plant

Valid from	Valid to	Minimum qty split	Quota Arr.
17.08.2015	13.08.2016		

### Maintain Quota Arrangement: Overview of Quota Arr. Items

New Entries Header Next Overview

Material:  Aluminium-Iid

Plant:  Hamburg Plant

Base Unit:

Valid from:  Valid to:

Minimum Qty:

QAI	P	S	Vendor	PPI	PVer	Qu...	in %	Allocated Qty	Maximum Quantity	Quota Base Qty

Validity Period

Special Procurement key

Supplying Plant

Quota Allocated Qty.

Quota Base Qty.

Procurement Type

Vendor

Quota

TCODE: MEQ1

## Quota Base Quantity calculation



QAI	P	S	Vendor	PPI	PVer	Qu	In %	Allocated Qty	Maximum Quantity	Quota Base Qty
1	F		5210			3	50,0	0,000		
2	F		100223			2	33,3	0,000		
3	F		100233			1	16,7	0,000		

**TCODE  
MEQ1**

### Individual calculation

Calculation of the quota base quantity of the selected quota arrangement items

### Collective calculation

Calculation of the quota base quantity of all quota arrangement items



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## Determining the Quota Base Quantity

- The quota base quantity is used only when a new source is included in an existing

quota arrangement

- The quota base quantity enables to prevent the new source from being assigned

all requirements (in the form of requisitions or Pos, for example) until its

quota-allocated quantity exceeds the quota-allocated quantity of one of the

existing sources

- This is achieved as a result of the fact that the quota base quantity acts as an

additional quota-allocated quantity in the calculation of the quota rating

- As a result of the calculation of the quota basis quantity, the quota rating of a new source exceeds the quota rating of the source representing the valid source

## Quota Arrangement

### Analyze Quota Arrangement

Material: AS-200

Plant: to

Valid from: 17.08.2015

Valid to: 17.08.2020

### Define Background Job

General data

Job name: RM96Q003

Job class: C

Status: Scheduled

Exec. Target: Spool list recipient

Job start: Job frequency:

Job steps: 1 Step(s) successfully defined

### Analyze Quota Arrangement

Material: AS-200

Material	Short Tx	Plant	Explanation
AS-200	ALuminium-lid		
1000			Quota arr. maintained but not applied
		14.08.2016	17.08.2020 Quota arr. incompl. maintained

**Revision of Quota Arrangement**  
TCODE MEQ8

**Quota Arrangement Analysis**  
TCODE MEQ6

### Quota Arrangement Analysis

- Use the quota arrangement analysis option to list the materials of a plant for which no quota arrangements exist within a certain period.
- In this way, which materials have quota arrangements that are incompletely maintained can be found

### Revision of Quota Arrangement Use

- If any changes made to the validity period of an already existing quota arrangement the quota arrangement has to be subsequently revised
- Subsequently the quota-allocated quantities of the individual sources of supply are adjusted
- This means that the total quantity from all purchasing documents and planned orders assigned to a source of supply is updated in the quota-allocated quantity of the quota arrangement items. (The document types to be included in the calculation of the total quantity are determined via the *Quota arrangement usage* field in the material master record.)
- The revision of quota arrangements is carried out in the background because revising them online can slow down system response times.

## Quota Arrangement - Simulation



	QA	P	S	Vendor	PPI	PVer	Qu...	in %	Allocated Qty	Maximum Quantity
1	F			100223			100	10.0	0.000	
2	F			100224			900	90.0	0.000	

TCODE  
MEQ1

### Simulation Can be done for

- With Quota arrangement only  
(Click **Extras** → **Quota arrangement**)
- With all the sources of supply  
(Click **Extras** → **Source of supply**)

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### Simulating Source Determination Under Quota Arrangements

- The process of source determination for a material subject to a quota arrangement can be simulated
- (i.e.) which source would be suggested in a purchase requisition for the material on a certain date can be determined
- Whether the quota arrangement items on which the process of automatic determination of the source of supply is based have been correctly maintained can be checked.

### Simulation can be done for

- Which sources of supply would be determined if the quota arrangement were the only source identification option (that is, source determination is carried out without taking outline agreements, info records, or source lists into account)
- Which sources of supply would be determined by the system (that is, taking outline agreements, info records, quota arrangements, and source lists into account)





**Quota Arrangement**

**Source List**

**Further Processing**

# Optimized Purchasing – Source List



**Create Material 1516 (Raw material)**

Additional data | Organizational levels | Check screen data

Classification | Purchasing | Foreign trade import | Purchase order list

Material: 1516 test material  
Plant: 1000 Werk Hamburg

Other data / manufacturer data

GR Processing Time: days ☐ Post to insp. stock ☐ Critical Part ☐  
Quota sm: usage ☐ ☒ Source list ☐ JIT Sched. Indicator ☐  
Mfr Part Profile

**Change View "Source List/Plant": Overview**

Plant	Name 1	Source list
0001	Werk 0001	<input type="checkbox"/>
0005	Hamburg	<input checked="" type="checkbox"/>
0006	New York	<input type="checkbox"/>
0007	Werk Hamburg	<input type="checkbox"/>
0008	New York	<input type="checkbox"/>
0099	Werk für Customizing-Kurse SCM	<input type="checkbox"/>
1000	Werk Hamburg	<input type="checkbox"/>
1100	Berlin	<input type="checkbox"/>
1200	Dresden	<input type="checkbox"/>
1300	Frankfurt	<input type="checkbox"/>
1400	Stuttgart	<input type="checkbox"/>
1500	POHH HYDERABAD PLANT	<input type="checkbox"/>
1600	POHP MANDIDEEP PLANT	<input type="checkbox"/>
2000	Heathrow / Hayes	<input type="checkbox"/>
2010	DC London	<input type="checkbox"/>
2100	Porto	<input type="checkbox"/>

## Setting for making source list mandatory for a material

If a material has to be procured only from the sources defined in the source list, the source list indicator in the purchasing view of the material master

Transaction Codes  
MM01/MM02

If all the materials in a plant have to be procured from the sources defined in the source list, settings can be done for the plant in the Customization

Menu:- SPRO → IMG →  
Materials Management → Purchasing  
→ Source List →  
Define Source List at Plant Level

# Source List – Creation - Manual



**Maintain Source List: Initial Screen**

Material: AM2-608  
Plant: 1000

**Few Transaction Codes:**  
ME01: Maintain Source  
ME03: Display Source  
ME04: Change Source

**Procurement Plant**  
A plant can be defined as a source in the procurement plant field if a material can be procured from another plant

**Fixed Source**  
The selected Source is the preferred source within the validity period defined

**Blocked Source**  
The selected Source is the blocked for the validity period define

**MRP Indicator**  
The relevance of the source in the automatic source determination process in the MRP run

**Maintain Source List: Overview Screen**

Material: AS-200 Aluminum-Id  
Plant: 1000 Hamburg Plant

Valid from	Valid to	Vendor	POrg	PPI	OUIn	Agmt	Item	Central Co...	Cent. Cont...	Fix	Blk	MRP Area
15.10.2014	17.08.2015	15	1000		PC	4500017229	10			<input type="checkbox"/>	<input type="checkbox"/>	
15.10.2015	17.08.2016	1000	1000							<input checked="" type="checkbox"/>	<input type="checkbox"/>	
15.10.2016	17.08.2017	1001	1000							<input checked="" type="checkbox"/>	<input type="checkbox"/>	

**Validity Period**  
The period within which the source is valid

**Key Source Data**  
No of the Vendor/ No and item of Outline agreement

## Source List – Creation - Automatic



The image shows two SAP screens. The top screen is 'Generate Source List' with fields for Material, Plant, Valid from (17.08.2015), Valid To (31.12.2999), and MRP Indicator. It has options for 'Generate' (All Records for Material/Plant, Excl. Outline Agreements, Outline Agreements Only), 'Control' (Add Planned Delivery Time), and 'Existing Records' (Do Not Change, Delete, Become Invalid). The bottom screen is 'Source List Maintenance' with a menu showing 'Generate Records' (Ctrl+F7) and 'New Screen'. Below the menu is a table with columns: Valid from, Valid to, Vendor, POrg, PPI, OUn, Agmt, Item, Central Co..., Cent. Con... The first row contains the values: 17.08.2015, 31.12.2999, 1065, 1000, and empty cells for the rest.

### Collective Processing

With this procedure, the source list  
Can be generated for multiple materials  
for multiple plants

**TCODE:- ME05**

Enter the necessary data and execute

This can be executed in the test run also

### Individual Processing

With this procedure, the source list  
Can be generated for a single material

In the Source list Maintenance screen  
Choose Edit→ generate records

**TCODE:- ME01**

## Prerequisites

Before creating source list records, the following have to be considered:

- For which materials/plants are the source list records to be generated?
- Are only outline agreement items, only info records, or both be taken into account? (Decision only in the case of the collective procedure.)
- What is the validity period of the source list records to be generated?
- Do source list records already exist for the materials for which the source list records to be created ? If yes, decide whether the old records:

May not be changed

Are to be deleted

Are to be excluded from the validity period of the generated source list records

# Maintaining Source List



Info Record Edit Goto Extras Environment System Help

Conditions FB

Variant Conditions

Administrative Data

Deletion Flags Shift+F2

Changes...

**Source List**

Taxex

Vendor Evaluation

Statistics

Tag/ff Preference

Info Record

Vendor 100447

Material AB-20

Material Group 00803

Purchasing Org. 1000

Control

Pl. Deliv. Time 1 Days

Purch. Group 002

Standard Qty 20

Minimum Qty

Rem. Shelf Life

Differential Invoicing

Shippg Instr.

Tol. Underl. 5.0 %

Tol. Overdl.

GR-Bsd IV

No MText

Ackn. Rod

Conf. Ctrl

Tax Code

No ERS

## within an Info Record

A vendor can be entered in a source list when creating or changing the purchasing info record

In the Info record choose  
*Extras → Source List*

TCODE:- ME11/ME12

Contract Edit Header Item Environment System Help

Details F2

Account Assignments Ctrl+Shift+F2

Price Simulation

Conditions Shift+F6

Services Shift+F4

**Maintain Source List**

Tests

Statistics

Configuration

More Functions

Agreement 4600000134

Vendor 100437

Outline Agreement Items

Item 1 A Material

Item 20

Assignments

04.09.2014

EUR

O...	Net Price	Per	O...	Mat. Grp	Plnt
EA	100.001	EA	00108		

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## within an Outline Agreement

An item can be adopted from an outline agreement in a source list when creating or changing the agreement

Select item in the agreement for which source list record has to be created and choose  
Item → Maintain Source List

TCODE:- ME31K/ME32K/ME31L/ME32L

# Simulating Source List



Valid from	Valid to	Vendor	POOrg	PPI	OUIn	Agmt	Item	Central Co...	Cent.
15.10.2013	17.08.2017	1000	1000	PC		5500000042	10		

- Which sources of supply would be suggested if the source list were the only source identification option  
Choose  
*Extras → Simulation → Source List*  
if only the source list should be taken into account in the source determination process

TCODE ME01

Valid from	Valid to	Vendor	POOrg	PPI	OUIn	Agmt	Item	Central Co...	Cent.
15.10.2013	17.08.2017	1000	1000	PC		5500000042	10		

- Which sources of supply would be suggested by the system in requisitions or purchase orders  
(that is, taking outline agreements, info records, and quota arrangements into account)  
Choose  
*Extras → Simulation → Source of supply*  
if outline agreements, info records, and quota arrangement should be taken into account in determining the source.

TCODE ME01



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## Analyzing Source List



**Analyze Source List**

Material: AS-20 to:   
 Plant: 1000 to:

Options

Valid from: 17.08.2015  
 Valid to: 17.08.2020  
 Threshold value for no. recs.:   
☐ Only plants w.srce.lst reqt.

List Edit Goto Environment System Help

Source list F2  
 Selections  
 Cancel F12

Material Short Tx  
 Plant Number Explanation  
 Gap from to

AS-20		Basic pallet			
1000		No source lists exist			

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Transaction Code  
ME06

- Used to list the materials of a plant for which no source list records exist within a certain period
- From the output list of materials for which source list is missing, source list records can be maintained

1. Choose *Master data* → *Source list* → *Follow-on functions* → *Analyze*.
2. Enter the interval of material numbers or the plants for which the source list records to be analyzed.
3. Specify the scope of the analysis. Narrow it down according to the following criteria:
  4. – *Validity period*: Enter the start and end dates of a validity period containing source list records for the specified material.
  5. – *Plants with source list requirement only*: If this indicator is set, all materials of those plants that are subject to a source list requirement and which are incompletely maintained are displayed.
  6. – *Threshold value*: All those materials in the chosen plants whose number of source list records is less than this value are displayed. This enables to determine the materials for which few sources exist in the system.
7. Run the analysis.
8. The materials whose source list records are incompletely maintained are displayed (in accordance with the selection criteria).
9. **Maintain source list**: Select the material master record whose source list needed to be maintained. Choose *Edit* → *Source list* to maintain the source list for the material.

# Monitoring the Source List



## Displaying Changes to a Source List

Each change to a source list is logged. This provides an audit trail of changes. The log shows:

1. When the relevant source list record was changed
2. Who changed it
3. What was changed (with the old and new values)

TCODE : ME04

Changes to Source List		Changes to Source List										
Material	AM2-600	Material	PInt	TCODE	User	Date	Time	Doc. no.	No.	Action	Field	Short text
Plant	1000	2021	3021	ME01	P2P1TR07	27.05.2014	14:32:19	841512	1	Entry		
Changed by		2192	3005		P2P1TR05	26.05.2014	15:35:09	841071	1	Entry		
From change date		2194	3004		P2P1TR04	27.05.2014	16:44:44	841631	1	Entry		
		2195	3001		P2P1TR01	26.05.2014	15:35:39	841072	1	Entry		
		2237	3000		P2P1TR07		17:39:34	841145	1	Entry		
		2250	3022		P2P1TR01	27.05.2014	15:44:19	841570	1	Entry		
		2260	3000		P2P1TR04	30.05.2014	15:25:35	842483	1	Entry		

## Source List for Material

Material	AM2-600		
Plant		to	

## Displaying the Source List for Several Materials

TCODE : ME0M

Select the intervals of materials and execute



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# Deleting Source List Records



The screenshot shows the SAP 'Source List' menu. The 'Edit' menu is open, and the 'Delete' option (Shift+F2) is highlighted. Other options include 'New Records' (F7), 'Generate Records' (Ctrl+F7), 'Copy Reference' (Ctrl+F8), 'Sort' (Shift+F4), 'Reset' (Ctrl+F9), 'Selections', 'Position Cursor...', and 'Cancel' (F12).

A source list record can become inactive for the following reasons:

- The validity period has expired
- The outline agreement item has been deleted
- The info record has been deleted
- The vendor master record has been deleted

## TCODE ME01

For deleting the source list record for material/plant  
Choose *Edit* → *Delete*

The screenshot shows the 'Reorganize Source List' dialog box. It includes fields for 'Material' (AM2-600) and 'Plant'. There is a checkbox for 'Delete All Records Valid Until' which is checked. At the bottom, there are checkboxes for 'Test Run' (checked) and 'Create Change Documents'.

## TCODE ME07

For deleting the source list record for several materials/plants  
Specify the parameters and execute

## Source List – For Material Group Contracts



TCODE ME31K/ME32K

**Change Contract : Item Overview**

Account Assignments

Agreement: 4600000134 Agreement Type: WK Agmt Date: 17.08.2015  
Vendor: 100437 Casing Vendor Currency: EUR

Outline Agreement Items

Item	I	A	Material	Short Text	I...	Targ. Qty	O...	Net Price	Per	O...	Mat. Grp	PInt	SLo
10			2395	CASING - ENGINE	<input type="checkbox"/>		EA	100.00	1	EA	00108		
20					<input type="checkbox"/>						00108		

- Material specific Source list records for material group contract can be created
- Can decide which material in the material group can be included or excluded in the source list
- This means that only the materials which are included can be ordered through the contract / materials which are excluded can not be ordered with the contract
- Material can be excluded by making an entry and checking exclude flag



**Quota Arrangement**

**Source List**

**Further Processing**

## Assigning & Processing Purchase Requisitions

- The process of assigning sources to the purchase requisitions and converting the requisitions into Purchasing documents (purchase orders, contract release orders, scheduling agreement delivery schedules, RFQ)
- Assigning means defining the desired source for each purchase requisition item
- Further processing involves generating lists of requisitions that have been assigned or flagged as outlined above, and the subsequent creation of RFQ, purchase orders, or delivery schedule lines under scheduling agreements

### In Single Step

- For the purchase requisition items with no source assigned at the time of creation, the process of assigning sources and converting to purchasing documents collectively using single transaction

### In Two Step process

- Alternatively the sources can be assigned in the first step then converted into purchasing documents in the second step



**Assign and Process Purchase Requisitions**

Assign Automatically Assignments Assignment Without Vendor Assign Man

Material	Requisition	Item	Short Text	Requested Qty	Un	Deliv. Date	Requester	PGP	Mat. Grp	SLOC
WOOD	10016022	00010	Wood	10	PC	22.04.2014	10.04.2014	001	0.200	1000
N B	NB									000
1328	10016063	00010	Electric motor	100	PC	07.07.2015	DISPONENT 00	100	00104	1000
N B	NB					06.07.2015				001
1328	10016064	00010	Electric motor	200	PC	07.07.2015	DISPONENT 00	100	00104	1000
N B	NB					06.07.2015				001
1328	10016065	00010	Electric motor	200	PC	07.07.2015	DISPONENT 00	100	00104	1000
N B	NB					06.07.2015				001
1328	10016066	00010	Electric motor	800	PC	07.07.2015	DISPONENT 00	100	00104	1000
N B	NB					06.07.2015				001
1328	10016068	00010	Electric motor	20	PC	07.07.2015	DISPONENT 00	100	00104	1000
N B	NB					06.07.2015				001

**Assign and Process Purchase Requisitions**

Assign Automatically Assignments Assignment Without Vendor Assign Man

Material	Requisition	Item	Short Text	Requested Qty	Un	Deliv. Date	Requester	PGP	Mat. Grp	SLOC
WOOD	10016022	00010	Wood	10	PC	22.04.2014	10.04.2014	001	0.200	1000
N B	NB									000
1328	10016063	00010	Electric motor	100	PC	07.07.2015	DISPONENT 00	100	00104	1000
N B	NB					06.07.2015				001
1328	10016064	00010	Electric motor	200	PC	07.07.2015	DISPONENT 00	100	00104	1000
N B	NB					06.07.2015				001
1328	10016065	00010	Electric motor	200	PC	07.07.2015	DISPONENT 00	100	00104	1000
N B	NB					06.07.2015				001
1328	10016066	00010	Electric motor	800	PC	07.07.2015	DISPONENT 00	100	00104	1000
N B	NB					06.07.2015				001
1328	10016068	00010	Electric motor	20	PC	07.07.2015	DISPONENT 00	100	00104	1000
N B	NB					06.07.2015				001

**Source of Supply**

Flag for RFQ Without Vendor Shift+F7

Cancel Assignment Shift+F4 With Vendor

Process Assignment Ctrl+S

Change Requisitions Ctrl+S

**The automatic assignment can be triggered for the selected requisitions by selecting**

**Manual assignments are possible by selecting**

**The source assigned purchase requisitions are then converted to purchasing documents**

**Convert the requisitions for which source can not be assigned to RFQ**

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## In Single step process

•The purchase requisitions for which the sources to be assigned will be listed

•The automatic assignment can be triggered for the selected requisitions by selecting

*Edit → Source of supply → Assign Automatically*

•Or manual assignments are possible by selecting

*Edit → Source of supply → Assign Manually*

•The source assigned purchase requisitions then converted to purchasing documents

*Go to → Assignment Overview*

Then selecting the assignment listed convert to Purchasing documents

•For the requisitions for which source can not be assigned convert them to RFQ

by selecting *Edit → Flag for RFQ → without Vendor/ With Vendor*



# Creating Purchase Orders for the source assigned requisition items

- The Purchase requisitions for which the sources have been assigned have to be converted to Purchase Orders

## Prerequisite

- For converting to PO the requisition items must have a source assigned to it

## Semi automatic Process

- In this process of conversion manual intervention is possible
- Also creation of Scheduling agreement delivery schedule lines is possible
- But SAP recommends not to use this transaction (ME58) for the creation of Scheduling Agreement delivery schedule lines. They have to be generated directly from MRP to reduce the Purchasing department's processing time





**Ordering: Assigned Purchase Requisitions**

Purchasing Group  to

Purchasing Organization  to

Vendor  to

Outline Agreement  to

Framework Order  to

Item Category  to

Plant  1000 to

Supplying Plant  to

Delivery Date  to

Release Date  to

Scope of List  A to

☒ Contracts

☒ Scheduling Agreements

☒ Entry Sheets

Cost Center  to

WBS Element  to

Order  to

Asset  to

Asset Subnumber  to

Network  to

Operation Number  to

Sales Order  to

Sales Order Item  to

Menu:-

Logistics→ Materials  
Management→ Purchasing  
→ Purchase Requisition→  
Follow On Functions→  
Create Purchase Order →  
Via Assignment List (ME58)  
Or

Logistics→ Materials  
Management→ Purchasing  
→Purchase Order → Create  
→Via Assignment List  
(ME58)

Enter the selection criteria  
for processing

Select the listed requisitions  
and convert to Purchase  
orders

**Ordering for Assigned Requisitions: Overview of Assignments**

Process Assignment   Update Worklist   PReqs Per Assgt   All Requisitions

P	Org	Oty.	CoCd	Outl.	Agmt.	ATy.	Valid	from ..	to	PReqs	Processing Note
Vendor	100						C.E.B. BERLIN				
1000	NB	1000		W/o	Outl.	Agmt					
Vendor	100437						Casing Vendor				
1000	NB	1000		W/o	Outl.	Agmt					
Vendor	100438						Telf Co				
1000	NB	1000		W/o	Outl.	Agmt					
Vendor	100447						Test Vendor for MR				
1000	NB	1000		W/o	Outl.	Agmt					
Vendor	DIT-VN-21						TM-DIT: Vendor 2 /				
1000	NB	1000		W/o	Outl.	Agmt					
Vendor	WOODVEN						woodven				
1000	NB	1000		W/o	Outl.	Agmt				4	

P	Org	Oty.	CoCd	Sched.	Agmt	ATy.	Valid	from ..	to	PReqs	Processing Note
Suppl.Plant	1000						Hamburg Plant				
1000	NB	1000		W/o	Outl.	Agmt				1	

**Process Assignment: Create PO**

Order Type:

Purchase Order Date:

Purchase Order:

Purchasing Group:

Purch. Organization:

Instead of creating PO via assignment list, PO can be generated by using the Document Overview of the Create Purchase Order transaction in such a way that conversion of all requisition items assigned to the same vendor can be carried out in a single step.

# Automatic Generation of PO



## Recommendation

- Automatic processing is recommended if a well-maintained system is available in which it is likely that the majority of requisition items can be converted into follow-on documents without manual intervention
- Preconditions for successful automatic processing are
  - a) sources are available for all items and
  - b) the system can identify *just one* source for the requested materials or services out of several possible ones
- If only a few sources are in the system, manual processing is advisable

## Prerequisites

- The system selects only those requisitions for automatic PO generation for which the indicator *Automatic purchase order* has been set for both the material and the vendor
- It can only generate purchase orders from requisitions to which a unique source of supply has already been assigned

## Possible Error Situations

- A requisition item cannot be converted into a purchase order in the following circumstances
  1. If the master data is faulty or incomplete
  2. If input data is missing

# Automatic Generation of PO



## Handling Error Situations

### Omit Faulty Items

- If some items in the list of requisitions is fault, the faulty items will be omitted and the PO will be generated for the remaining items
- The error is logged and the faulty items must be reprocessed

#### Advantage:

Minimal reprocessing effort

#### Disadvantage:

The requisition items, which actually belong together, are not covered by a single PO

### Do Not Omit Faulty Items

- If the faulty items are not to be omitted, the system will not create a purchase order

#### Advantages:

Requisition items that logically belong together remain together in the PO

#### Disadvantage:

Greater reprocessing effort.

You have to reprocess all items once again

- The automatic generation of PO can initially be set to run in the Test run mode and then actually run the automatic generation program



## Optimizing the Order Quantity



For Maintaining rounding profile Create a rounding profile in Customizing

Menu :- SPRO → IMG → Materials Management → Purchasing → Order optimization → Quantity Optimizing and Allowed Logistics Units of Measure → Maintain Rounding Profile

SAP

Maintain Rounding Profile: Initial Screen

Rounding Profile 0001

Plant 1000

Static Dynamic Qty t/b added/subtracted

Display Static Rounding Profile

Simulation

Rounding Profile 0001

Plant 1000 Werk Hamburg

Thresh. Value	Round. value
1,000	20,000
60,000	100,000
900,000	1,000,000
8,000,000	10,000,000
90,000,000	100,000,000

Enter this rounding profile either in the purchasing info record (Purchasing Organization Data view) or in the material master record (MRP view)

For Dynamic rounding off profile create a rounding profile in Customizing for Purchasing and also maintain unit of measure groups and unit of measure rounding rules Order Optimizing → Units of Measure and Allowed Logistics Units of Measure

## Creating Purchase Orders with Source Determination



- For certain requirements the procurement can start directly with Purchase order without a purchase requisition (Ex. the requirement was notified to Purchasing by 'phone' and the buyer wishes to create a PO immediately, but does not know on which vendor to place the PO)
- For this cases also source determination is possible
- As in requisition processing, the system suggests possible sources of supply for the material on the basis of existing quota arrangements, source list records, outline agreements, and/or info records
- Create Purchase order, Vendor Unknown function is useful in this scenario
- In this functionality the PO can be generated by source determination process. If more than one source is found the source can be selected by running price simulation also (determine a certain source's net or effective price by running a price simulation for one of the suggested sources)
- If none of the sources is selected the items can be saved as Purchase Requisitions
- If the source is selected it can be converted into a Purchase Order

Menu:- Logistics → Materials Management → Purchasing → Purchase Order  
→ Create → Vendor Unknown (ME25)

The screenshot displays two SAP screens for creating a purchase order. The left screen, 'Create Purchase Order: Initial Screen', contains fields for 'Order Type', 'Purchase Order Date' (17.08.2015), 'Purchasing Group', and 'Source Determination'. The right screen, 'Create Purchase Order: Overview of Requisition Items', shows a table of requisition items with columns for Item, Material, Short Text, Qty Requested, Unit, and Delivery Date. Below this, a 'Source Overview for Item 00010' is shown with columns for Vendor, Name, Info/sgmt, Item, Central Co..., Cent. Con..., Net price, and Cr... The bottom of the right screen features buttons for 'Source of supply', 'Vendor', 'Price simulation', 'Price simulation/all', and 'Vendor eval...'. Arrows from the text boxes below point to specific elements: the 'Purchasing Group' field, the 'Source Determination' checkbox, the 'Assign Source of Supply' button, and the 'Generate purchase order' button.

Enter the key of  
purchasing group

Select the Source  
determination field  
if the source is to be  
determined  
automatically

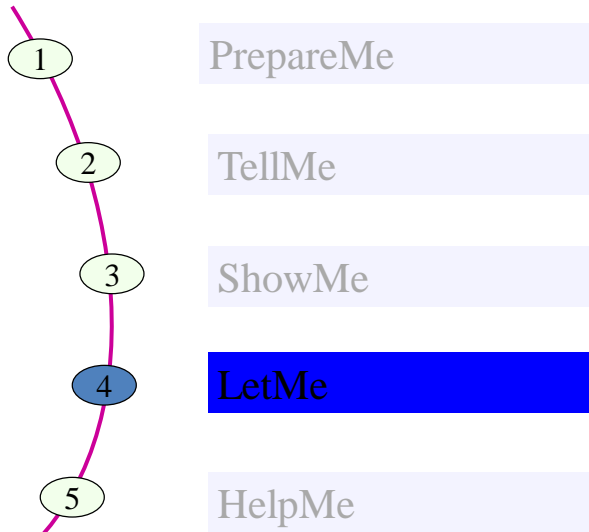
If automatic source determination  
field in the initial screen is not  
selected, select the items to  
which a source is to be assigned then  
click or choose  
Edit → Assign supply source

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When Source is selected Click  
Generate purchase order  
If No source is selected this  
can be saved as requisition



## MM2001 – Optimized Purchasing



## Quota Arrangement



### Calculating the Quota Rating

- Add the new vendor C in an existing quota arrangement that has been in effect for a year and previously only included vendors A and B.
- Each vendor has the quota set out in the following table:  
Quota arrangement for vendors A, B, and C

Vendor	Quota	Quota-allocated quantity	Quota base quantity
A	3	780	0
B	2	380	0
C	1	0	260

Calculate the quota rating and find who is the vendor that gets the next allocation?

## Quota Arrangement Monitoring



Activity	Transaction	INPUT	Output
Displaying a Quota Arrangement	MEQ3	Material, Plant	Quota arrangement Records
Displaying Changes to a Quota Arrangement	MEQ4	Check the Input Parameters (Mandatory and optional)	What was changed (old and new values)? When the quota arrangement item in question was changed ? Who changed it?
Displaying Quota Arrangements for Several Materials	MEQM	Interval Of Material Numbers	List of quota arrangement records

- Please execute the above quota arrangement monitoring transactions and observe the output as per the above table
- Please narrow down the results specific to material and vendor etc.

## Processing Non-Assigned PRs



### Case:

You wish to convert non-assigned purchase requisition items into POs, contract release orders, and scheduling agreement delivery schedule lines with minimum manual effort. To do this, you must first assign a suitable source of supply, or, if no source exists in the system, create a request for quotation (RFQ).

- ❖ Select all purchase requisitions for your purchasing group for plant 1000. Set the *Released Requisitions Only* indicator.
- ❖ As far as possible, assign a source to every requisition item and then convert the assigned items into POs, contract release orders, or RFQs.
- ❖ If it was not possible to assign a source to a requisition item, flag the item for the issue of RFQs to vendors of your choice in the system.

Transaction Code to be used is : ME57

## Source List Uses



### Task:

❖ Create a material master record with the following data: Give material description of your choice Material number can be internal or external depending on the material type. Check the setting and do accordingly. Also check for valuation class and material group if it is existing in system.

Material type	Semifinished product (HALB)
Views	Purchasing, MRP 1, MRP 2, Accounting 1
Plant	1000
Description	Halogen lamp 15W
Base unit of measure	pc
Purchasing group	Z##
Material group	SCM520
MRP type	ND
Planned delivery time	10 days
Valuation class	7900
Price control	S
Standard price	20 EUR

❖ 20 pc of material (Created Above) are needed in plant 1000. Create a purchase requisition for this requirement. Ensure that the Source Determination indicator is set. Has a source of supply been assigned to the purchase requisition item?

## Source List Uses



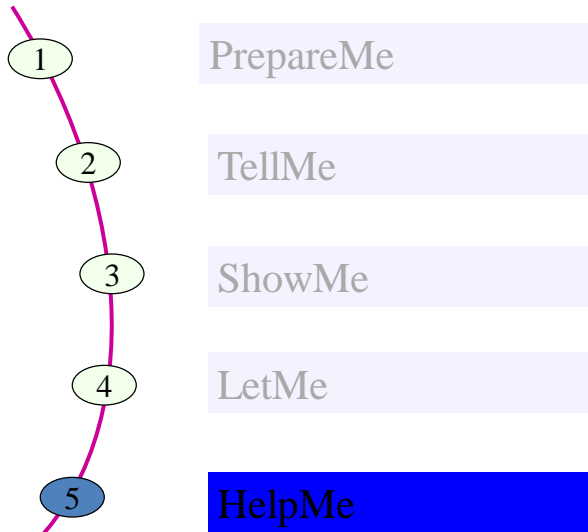
### Task:

- ❖ Create a plant-specific info record with the following data: Take the same material which you have created. Also take one your created vendor.

Purchasing organization	1000
Plant	1000
Planned delivery time	8 days
Purchasing group	Z##
Standard quantity	100
Net price	19 EUR per pc

- ❖ A further 100 pc of material T-M520E## are needed in plant 1000. Create a purchase requisition for this requirement too. Ensure that the *Source Determination indicator is set*. Has a source of supply been assigned to the purchase requisition item?

## MM2001 – Optimized Purchasing





## Regular Vendor

- The "regular vendor" is the supplier that serves as the source of a material for an entire corporate group (i.e. at client level)
- The regular vendor is comparable with the so-called "fixed vendor" that can be specified in the source list for the lower organizational level of the plant
- The regular vendor plays a part in source determination if the functionality has been activated in Customizing for the relevant plant
- If several sources of supply are identified in the course of the source determination process, one of which is flagged as the regular vendor, the latter is suggested as the source for procurement purposes
- A vendor counts as the regular vendor of a material if the *Regular vendor* indicator is set in the general data of the info record
- If a different vendor than the regular vendor been entered in a source list or quota arrangement, the system will issue a warning message



## Source determination for Material without a Master Record

- If a possible source of a material without a master record whose material group is identical with that of the requested material exists in the system, the system can find this source and assign it to the requisition automatically
- If several sources of a material without a master record whose material group is identical with that of the requested material exist in the system, the source can be chosen from a list of possible ones
- If a material-group contract and an info record without a material master record exist for a material without a master record, the system suggests the contract as the preferred source

## Blocking of Sources



- To prevent materials from continuing to be procured from a particular vendor (if the vendor has recently supplied goods of unsatisfactory quality, for example) the vendor can be blocked for procurement purposes by making the appropriate entry in the vendor master record (MK05)
- The block applies to all purchasing organizations or to one selected purchasing organization
- It is possible to impose a block specifically for quality reasons from within Quality Management
- A Vendor can be blocked with respect to a single material in the source list
- The block in the source list is taken into account when purchase requisitions are created manually
- The blocked vendor or outline agreement is not suggested as the source of supply even if it happens to be the effective source according to the quota arrangement
- Issuing purchase orders to blocked sources is not allowed

## Additional Information



- Analyze source list:

SAP Menu → Logistics → Materials Management → Purchasing → Master Data → Source List → Follow-On Functions → Analyze

- Define source list requirement at plant level:

SAP Customizing → Implementation Guide → Materials Management → Purchasing → Source List → Define Source List Requirement at Plant Level

- Create source list manually:

SAP Menu → Logistics → Materials Management → Purchasing → Master Data → Source List → Maintain/Display

- Generate source list automatically:

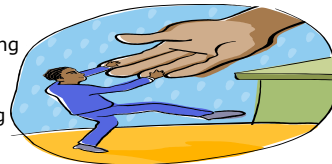
SAP Menu → Logistics → Materials Management → Purchasing → Master Data → Source List → Follow-On Functions → Generate

- Create Info record

SAP Menu → Logistics → Materials Management → Purchasing  
Master Data → Info Record → Create

- Create quota arrangement

SAP Menu → Logistics → Materials Management → Purchasing  
→ Master Data → Quota Arrangement → Maintain



## Additional Information

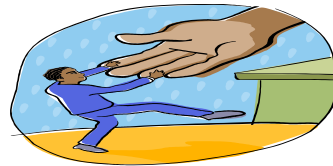


- Specify number ranges for quota arrangement:

SAP Customizing Implementation Guide→Materials Management→Purchasing→  
Quota Arrangement → Define Number Ranges

- Set quota arrangement usage indicator:

SAP Customizing Implementation Guide→Materials Management→Purchasing→  
Quota Arrangement → Define Quota Arrangement Usage





For more information on optimized purchasing please refer the SAP help Documentation

[http://help.sap.com/saphelp\\_erp2004/helpdata/en/75/ee11a555c811d189900000e8322d00/frameset.htm](http://help.sap.com/saphelp_erp2004/helpdata/en/75/ee11a555c811d189900000e8322d00/frameset.htm)



Please refer the file attached for some of the Menu paths in MM

**MM MENU PATHS**

## Test Your Knowledge



- 1 You create a requisition using source determination. When is a source found uniquely?  
*Choose the correct answer(s).*
- A When there is a valid quota arrangement.
  - B When there is no quota arrangement but a single valid info record exists as a source list entry without any other indicators.
  - C When there is no quota arrangement but several valid info records exist as source list entries without any other indicators.
  - D When there is no quota arrangement but multiple valid source list entries, of which both an outline agreement item and an info record are selected as fixed sources.
  - E Only when info records exist of which one is selected in the purchasing organization data as the regular.
2. How do you block sources? *Choose the correct answer(s).*
- A Using a cross-plant vendor status in the vendor master record general data.
  - B Client-wide in the source list for a material.
  - C Plant-dependent in the source list for a material.
  - D Using a blocking indicator in the vendor master record purchasing data.

## Test Your Knowledge



- 3 You want to create a purchase order but do not know the vendor. Which statement is applicable? *Choose the correct answer(s).*
- A You have to first create a requisition.
  - B You create a purchase order without a vendor, hold this and then assign a source to the purchase order using a collective transaction.
  - C Using the "Create PO, vendor unknown" function.
  - D You always have to use a one-time vendor.
4. Which documents can you not generate with the "Automatic Generation of Purchase Orders" transaction (ME59)? *Choose the correct answer(s).*
- A Contract calls
  - B SA delivery schedules
  - C Purchase orders
  - D RFQs

## Test Your Knowledge



5 No source was found in the assignment list during automatic assignment of sources. What can you do? *Choose the correct answer(s).*

- A Assign a source manually.
- B Flag the purchase requisition for RFQ.
- C Convert the purchase requisition directly to an RFQ to a one-time vendor.
- D Block the purchase requisition automatically.

6 You would like to convert assigned purchase requisitions into follow-on documents. Which of the following statements apply? *Choose the correct answer(s).*

- A You can convert several requisition items from the same vendor to a purchase order. In doing so, one requisition item is generated for each PO item.
- B You can convert several requisition items from the same vendor to a purchase order. In doing so, requisition items with the same material are automatically combined for one PO item.
- C If the assigned source was blocked after the assignment was made in the source list, it is not possible to convert the relevant requisition item.
- D You can convert SA delivery schedules and contract calls together.



## Test Your Knowledge



7 What determines whether a requisition item is transferred directly to the document during conversion or displayed initially in the document overview?  
*Choose the correct answer(s).*

- A Personal settings in the PO transaction.
- B Personal settings in the assignment transaction.
- C User parameter EFB
- D User parameter EVO

## Answers



1. You create a requisition using source determination. When is a source found uniquely?

Answer: A, B, D

If both an outline agreement and an info record are selected as fixed source (answer B), the outline agreement has even higher priority and is thus found uniquely. The regular vendor (answer E) is not maintained in the purchasing organization data but in the general data. The use of the regular vendor must also be activated in Customizing for the plant.

2. How do you block sources?

Answer: C, D

3. You want to create a purchase order but do not know the vendor. Which statement is applicable?

Answer: C

4. Which documents can you not generate with the "Automatic Generation of Purchase Orders" transaction (ME59)?

Answer: B, D

## Answers



5. No source was found in the assignment list during automatic assignment of sources. What can you do?

Answer: A, B

During manual assignment, the system checks whether there is a corresponding info record. A warning message is output in the standard system if an info record does not exist (Message 06341). Is this is set up as an error message, a purchasing info record must be available for the fixed vendor being entered. Flagging the RFQ (answer B) is only possible in the "Assign and Process" transaction (ME57).

6. You would like to convert assigned purchase requisitions into follow-on documents. Which of the following statements apply?

Answer: A, C

SA delivery schedules and contract calls (answer D) have to be converted separately as various follow-on documents are required here. If you use automatic PO generation and select the *schedule lines indicator*, answer B also applies and you then receive one item with schedule lines for each requisition item. The indicator is not automatically preset in the standard version however.

## Answers



7. What determines whether a requisition item is transferred directly to the document during conversion or displayed initially in the document overview?

Answer: D

You learn more about user parameter EVO in the unit "Selected Topics in Customizing".



Thanks & Question ?