



What is Pricing?





 Pricing is the manual or automatic process of applying prices to sales orders, based on factors such as: a fixed amount, quantity break, promotion or sales campaign, price prevailing on entry, shipment or invoice date, combination of multiple orders or lines, and many others



Pricing Process

Purpose



- The business is faced with many alternatives to base the price of a product depending upon the specific conditions prevailing at the time of the sale
- The effective price is the price the company sells its products after accounting for discounts, promotions, and other surcharges
- The business needs to take into account many factors based on its products, customers, volume of sales, validity, competition, etc while deciding the pricing elements which altogether makes the task most crucial and complex





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Use



- Pricing primarily helps in profit maximization and sustenance of competitive advantage in the market
- Pricing helps the users in assigning right value to the products being sold
- Pricing enables the users to fix prices dynamically for any changes in the quantities, time and place of payments, time and place of transfer of ownerships, etc.





Pricing Proces

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Challenges





- At what prices the products should be sold?
- Is pricing the same for all the customers?
- Is pricing the same for all the materials?
- Is pricing the same for single and bulk quantities?
- Does price vary with geographical location?
- What are the taxes applicable for the sale?
- How much freight should be charged?
- What discounts are available?
- Which promotional offers are available?
- How long are these prices valid?
- When and for which products the prices have to be revaluated?



Pricing Process

Pricing in SAP



- During pricing, the system calculates amounts based on a combination of automatic procedures & manually entered data.
- The system uses Pricing Condition Technique to determine pricing. The condition technique refers to the method by which the system determines prices from information stored in condition records.
- Condition technique consists of:
- Pricing Procedure which consists of sequentially arranged condition types
- Pricing Condition Types determines the behavior of the pricing conditions and has access sequence assigned to it
- Access Sequence in turn decides the strategy, the system uses to search valid data among the condition tables assigned to it
- Condition table defines key fields of the condition records
- Condition record holds the actual data for the condition type

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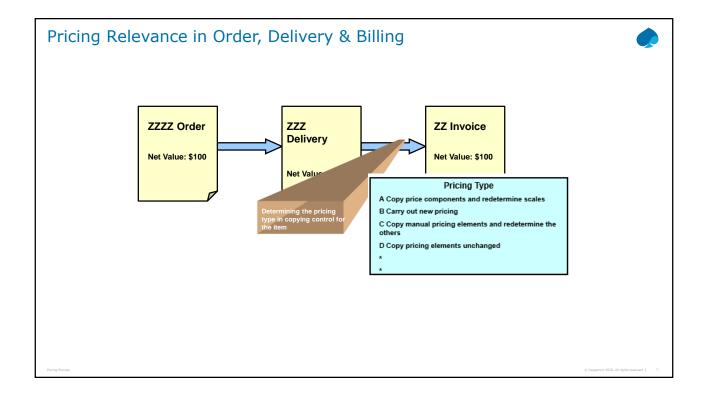
Pricing in SAP Determination Procedure Condition Type Access Sequence Condition Tables Condition Records

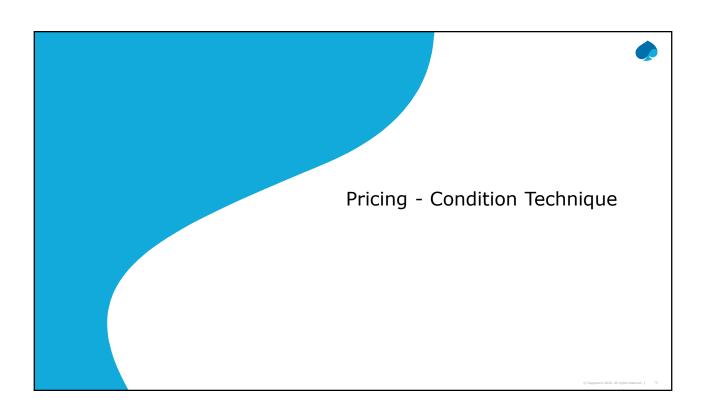
Pricing Relevance in Order, Delivery & Billing



- The pricing is automatically copied from sales document to delivery document and billing document
- Pricing Behavior in the documents can be controlled by configuring Pricing Type function
 which specifies how the system treats data when copying from documents. These functions
 are supported for both the sales and billing documents
- However the prices can be re-determined in the billing document by configuring pricing type in the copy control function

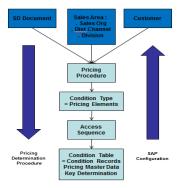








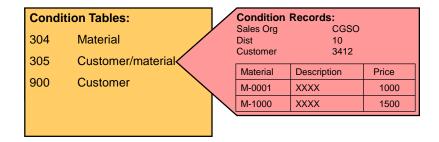
- Condition Technique is a technique used by the system to choice among alternatives
- Conditions represent a set of circumstances that apply when a price is to be calculated
- SAP makes the choice based on conditions thereby determining which value to use under which circumstances or conditions
- The primary elements of pricing condition technique are:
 - Pricing Condition Records
 - Pricing Condition Table
 - Access Sequence
 - Pricing Condition Type
 - Pricing Procedure Determination



Pricing Process

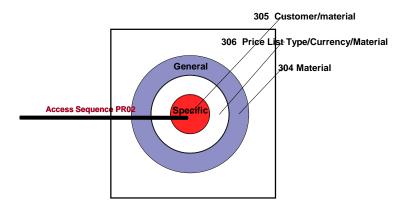


- Condition Tables Condition table is set of fields and condition records
- Condition Records Condition records are the actual value for the condition types



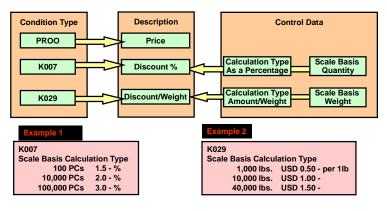


- Access Sequence is a sequential search strategy to find a valid condition record for a valid condition type
- Access Sequence is assigned to each condition type and enables the SAP system to search the data from the most specific condition record to the most general condition record. It establishes which condition records have priority over others



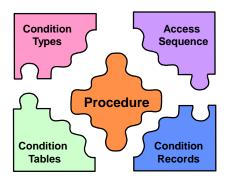


- Condition Type All relevant Conditions are grouped together as Condition Types and determined as to how they are to function while pricing the products
- All of the pricing elements that are used in the day-to-day pricing procedures the prices, surcharges, discounts, freight charges, and taxes - are defined in the R/3 system as condition types

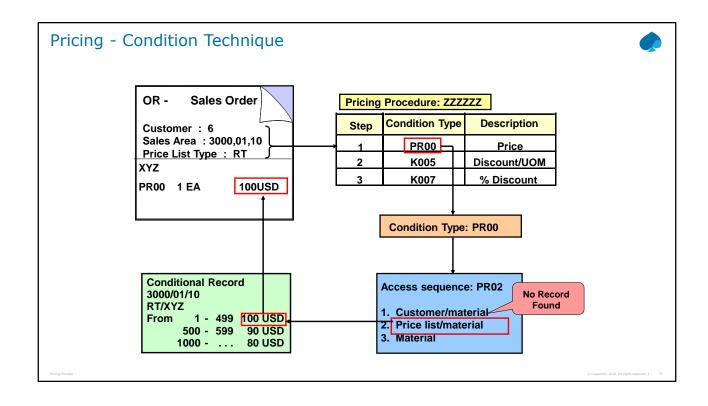




- Price Procedure Determination A Pricing procedure consists of a list of condition types in a defined order, such as price, less discount, plus tax
- Ex: SAP must find a price for a product, but a number of price conditions can exist for the product. There could be the list price that applies to that group of products, a special price for that customer, or a specific price for that product



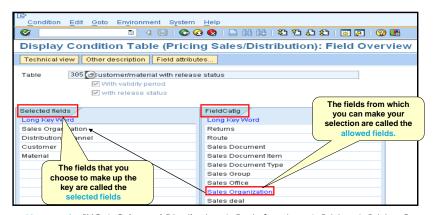
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Condition Table



 Condition table is a set of conditions/fields (key fields) and condition records. The condition table is created by selecting the fields from the field catalog



- Menu path: IMG → Sales and Distribution → Basic functions → Pricing → Pricing Control → Define Condition table.
- T-code: V/03

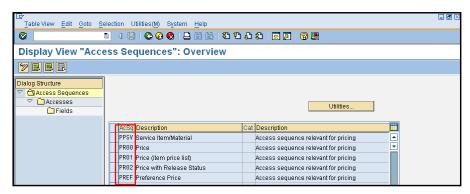
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Condition Table - Configuration Condition Edit Goto Environment System Help Display Conditon Table (Pricing Sales/Distribution): Technical View Dictionary elements Other description Field attributes... 305 (a):ustomer/material with release status **Header Line Fields** ✓ With validity period contain information with release status general to all item Selected fields line fields Short Text Text field Field Name Key Footerfld Data element Doma Sales Organization VKORG VKORG VKORE 📥 Distribution Channel VTWEG VTWE6 ▼ V KUNNR KUNNR_V KUNNE Customer Material **Y** V • MATNR MATNR MATNE Footer/ Item Line Field for which the actual value is maintained

Access Sequence



 Access sequence- The access sequence enables the system to access the condition data records in a particular sequence until it finds a valid data



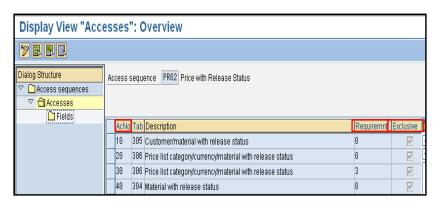
- Menu Path: IMG → Sales and Distribution → Basic functions → Pricing → Pricing Control → Define Access Sequence.
- T-code: V/07

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Access Sequence - Configuration



Access Sequence consists of accesses which specifies the access number or the sequence in which the
system searches the condition tables for the required data. Requirement can be specified for each
condition table thereby ensuring system access that condition record only on fulfillment of certain
conditions. Activation of exclusive indicator limits the access to the first match.

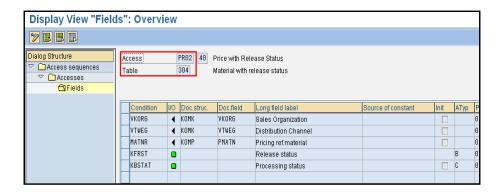


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Access Sequence - Configuration



 The access sequence refers to the fields which are relevant for pricing using the condition tables contained in the access sequence

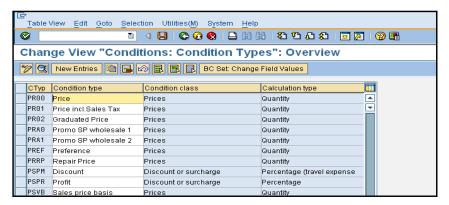


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Condition Type



Condition type is a group of relevant conditions. It tells the behavior of a record



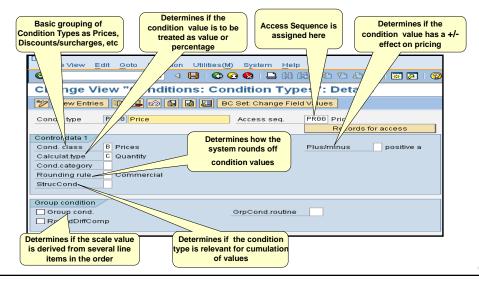
- Menu Path: IMG → Sales and Distribution → Basic functions → Pricing → Pricing Control → Define Condition type.
- T-code: V/06

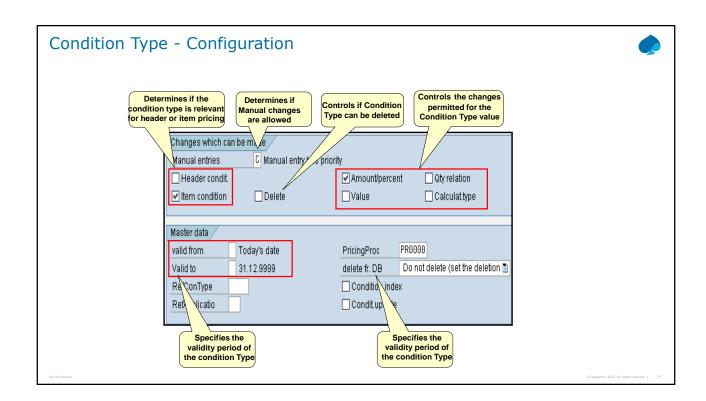
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Condition Type - Configuration

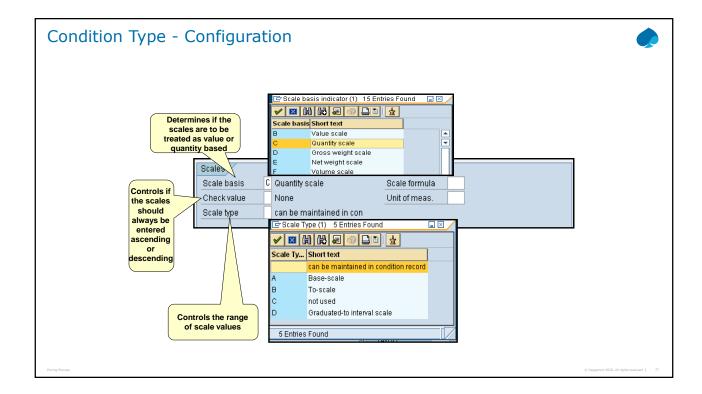


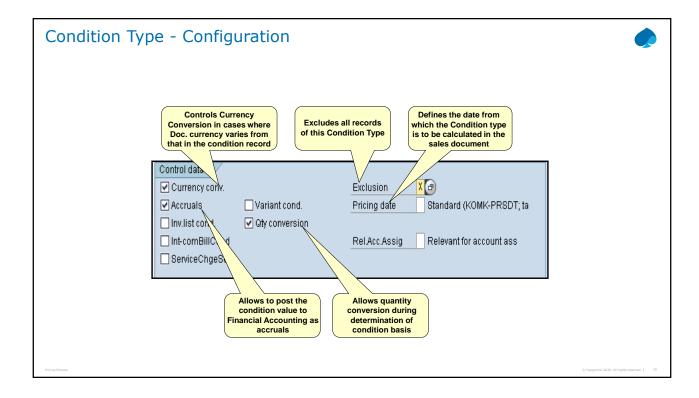
 Various control parameters are defined for each condition type, which determines its behavior while pricing

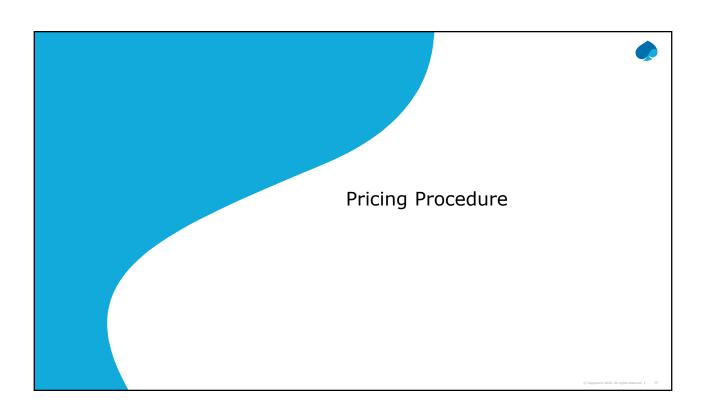




The tab **Changes which can be made** has those parameters which control the changes permitted for the condition type values while processing the sales document.

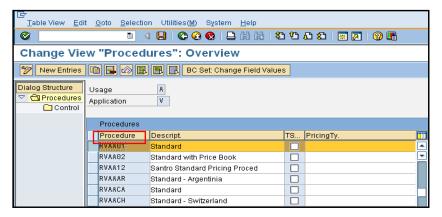






Pricing Procedure





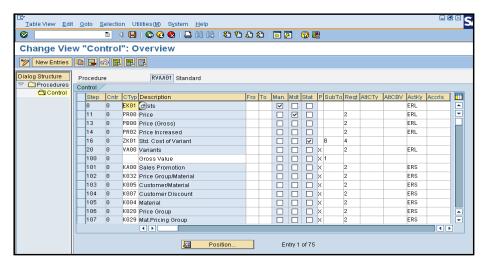
Menu Path: IMG → Sales and Distribution → Basic Functions → Pricing → Pricing Control → Define and assign Pricing Procedure. T-Code: V/08

Pricing Process

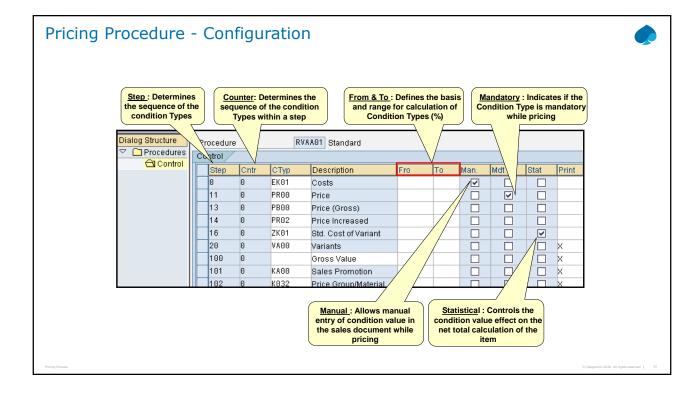
Pricing Procedure - Configuration

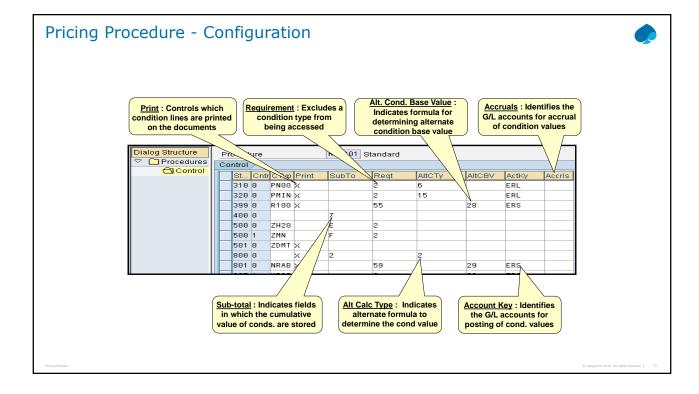


 Pricing Procedure consists of a group of allowed condition types placed in the sequence of their execution



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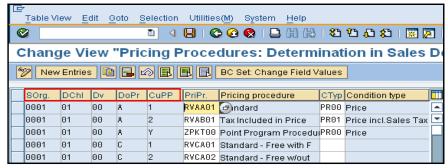




Pricing Procedure - Determination

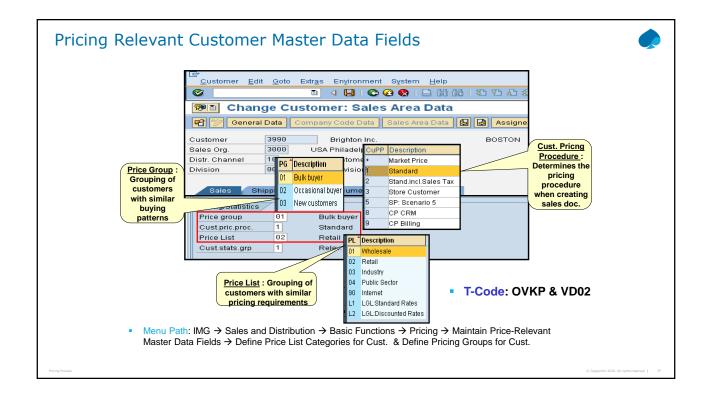


- Pricing Procedure is determined using:
 - The Sales Area (sales organization, distribution channel, and division)
 - The Document Pricing Procedure (DoPr) code from the document type
 - The Customer Pricing Procedure (CuPP) code from the customer master record

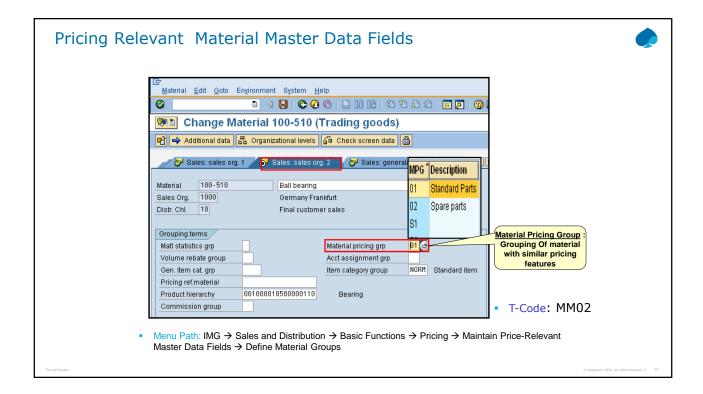


- Menu path: IMG → Sales and Distribution → Basic functions → Pricing → Pricing Control → Define and Assign Pricing Procedures → Define Pricing Procedure Determination
- T-code: OVKK

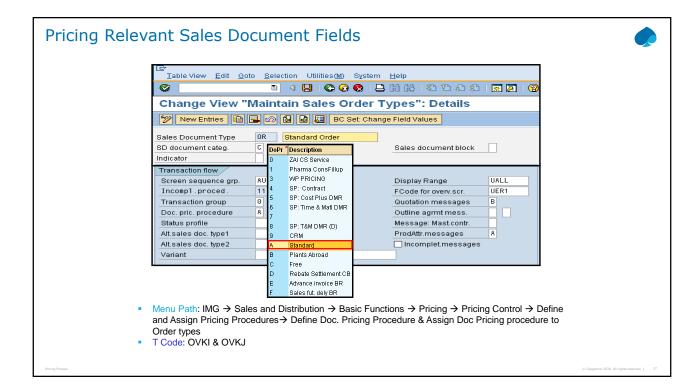
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Customer Master Data Fields are defined and then assigned to the Customer Master in the Sales Tab of Sales Area Data View.



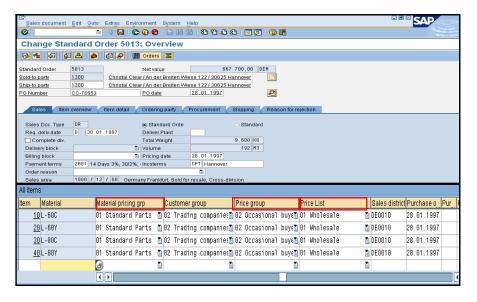
Material Master Data Fields are defined and then assigned to the Material Master in the Sales: sales org. 2 view.



Material Master Data Fields are defined and then assigned to the Material Master in the Sales: sales org. 2 view.

Pricing Relevant Data Fields - In Order



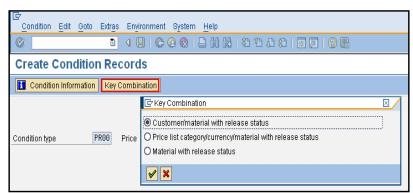


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Condition Record - Create



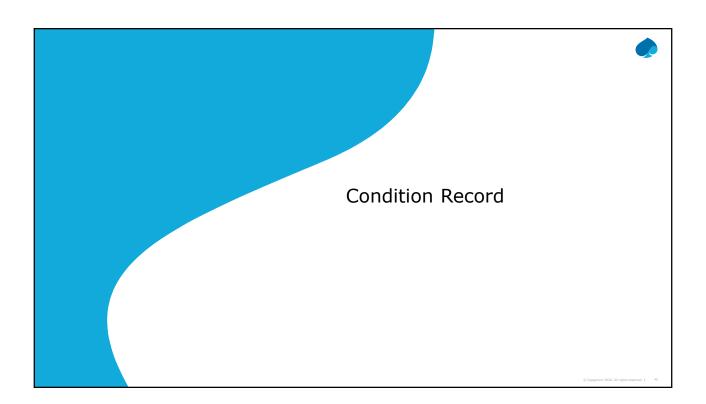
They store the actual value for all the pricing elements



- Menu Path: Easy Access → Logistics → Sales and Distribution → Master Data → Conditions → Select using Condition Type → Create (T-Code: VK11)
- Condition Maintenance Menu Path: Easy Access → Logistics → Sales and Distribution → Master Data → Conditions → Create (T-Code: VK31)

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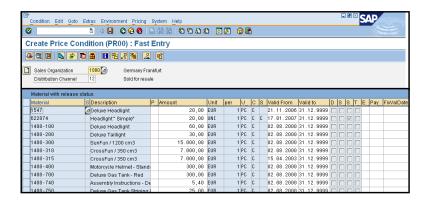
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Condition Record - Create



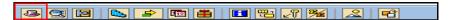
Condition records can also be created with reference to those already having similar data but vary on
accounts like validity period, etc. During the process, changes can be made to the rate, validity period,
and additional sales data, etc



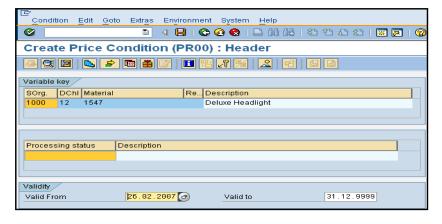
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Condition Record - Create: Header Details



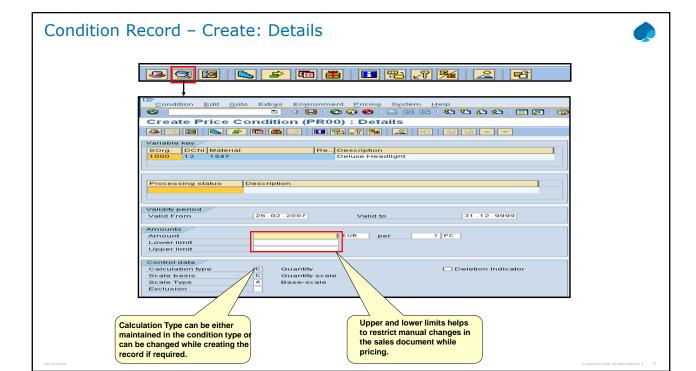


 The header details of the condition record stores the validity period of that particular condition record and can be maintained only while creating the record



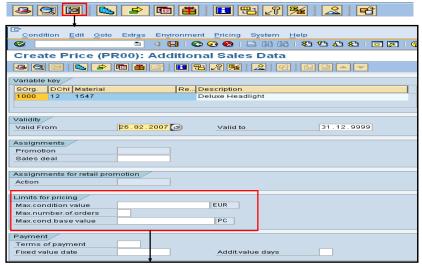
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Condition Record - Create: Additional Sales Data





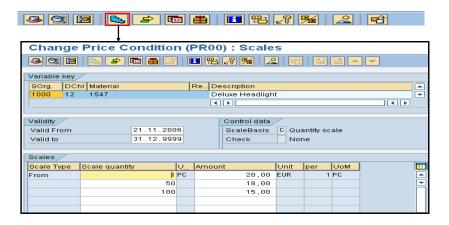
These fields enable to further limit the validity of the condition record until either the maximum condition value or maximum number of orders or the maximum condition base value is reached

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Condition Record - Create: Scales





Pricing can be varied for the pricing elements based on the scales.
 The scale type, scale basis are defined while customizing the condition type

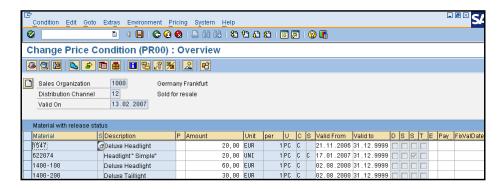
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Condition Record - Change

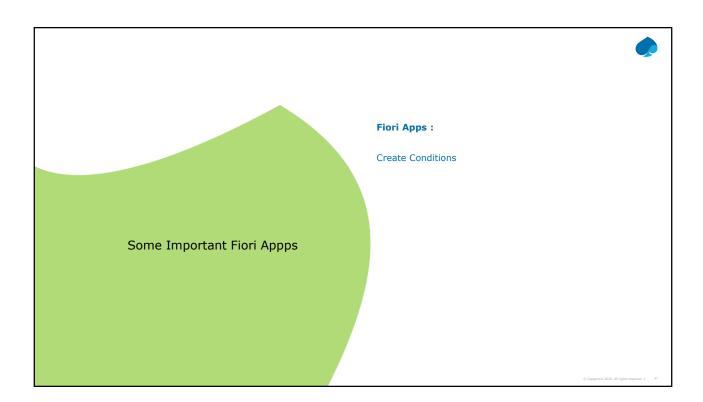


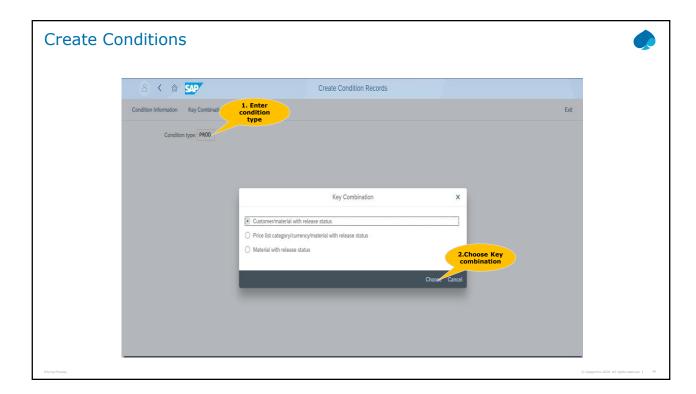
 On any changes in the price, individual condition records can be changed manually or automatically, in case of several records

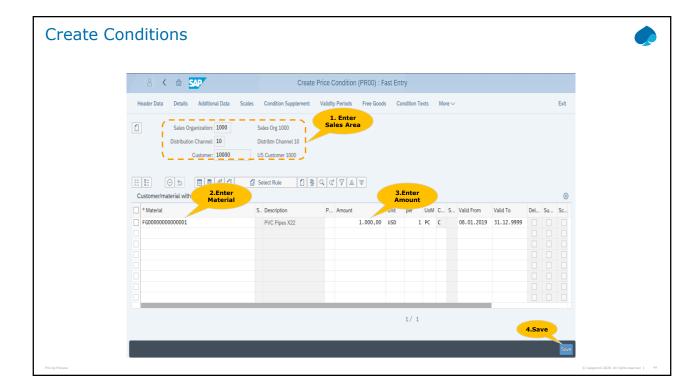


- Menu Path: Easy Access → Logistics → Sales and Distribution → Master Data → Conditions → Select using Condition Type → Change (T-Code: VK12)
- Condition Maintenance Menu Path: Easy Access → Logistics → Sales and Distribution → Master Data → Conditions → Change (T-Code: VK32)

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Transaction Codes



Use the Transaction Codes below to create Pricing Condition Technique

VOK0	Maintain Pricing-Master Transaction	
V/03	Define Condition Tables	
V/07	Define Access Sequence	
V/06	Maintain Condition Type	
V/08	Maintain Pricing Procedure	
OVKP	Define Customer Pricing Procedure	
OVKI	Define Document Pricing Procedure	
OVKJ	Assign Document Pricing Procedures to Order Types	
OVKK	Define Pricing Procedure Determination	
VK11	Create Condition Records (Selection by condition Type)	

Pricing Process

Steps



Ste p	Input	Expected Result
1.	Call Transaction VA01	'Create ZZZZ Sales Order : Initial screen' appears
2.	Enter Order Type, Sales Organization, Distribution Channel & Division	'Create ZZZZ Order: Overview' screen appears
3.	Enter Sold-to party, PO no, Material no. & Quantity	The system accepts the inputs and displays the Net Value of the order on the top.
4.	Navigate to Goto→Header→Conditions	Check prices, discounts, etc
5.	Go back and Navigate to Goto→Item→Conditions	'Create ZZZZ Order : Item Data' screen appears Check prices, discounts, taxes. Also see Pricing Analysis.
6.	Select any condition type and double click	'Item-Condition -details' screen appears displaying the control data and value of that condition type.
7.	Go back after save the order.	System displays the message " ZZZZ Order XXXX has been saved"
8.	Call Transaction V/06	'Change View "Conditions: Condition Types" Overview' screen appears.

ricing Process

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Steps



Step	Input	Expected Result
9.	Select the required condition type and double click.	Change View "Conditions: Condition Types" ' screen appears.
10.	Make required changes like in Calculation Type, Scale Basis, Scale type and other allowed changes for the condition type, etc. Save the Condition Type	System displays message `Data was saved'
11.	Call Transaction VK11 and enter the required condition type and maintain data.	'Create ZZZZ Condition (Fast Entry)' screen appears and the system accepts and saves the data entered.
12.	Repeat the steps from 1 to 6 and note the changes with the previously saved order.	Changes made in the condition type get reflected in the order and the Net Value of the order changes accordingly.

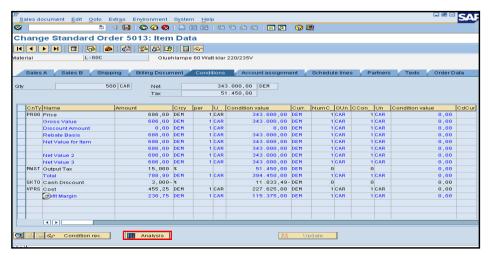
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Tips and Tricks



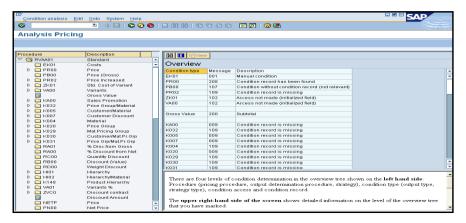
 Pricing in the sales document can be analyzed using Analysis button in the conditions overview screen at the Item level



Tips and Tricks



- With the help of analysis we can try to figure out how pricing has been carried out in the sales document. Analysis provides information on:
 - Condition types accessed and their nature
 - No of Accesses available fro each condition type
 - Condition Record and their values



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Additional Info



- Customized condition tables can be added using table numbers 501 through 999
- •New header conditions can be added and changed by clicking the Activate button in the Header-> Condition overview screen
- •The key fields (specific fields) of a condition table must appear at the start of the table, non-key (general) fields must not appear between any two key fields
- •Use of requirements in accesses, pricing procedure avoids unnecessary accesses

Pricing Process

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