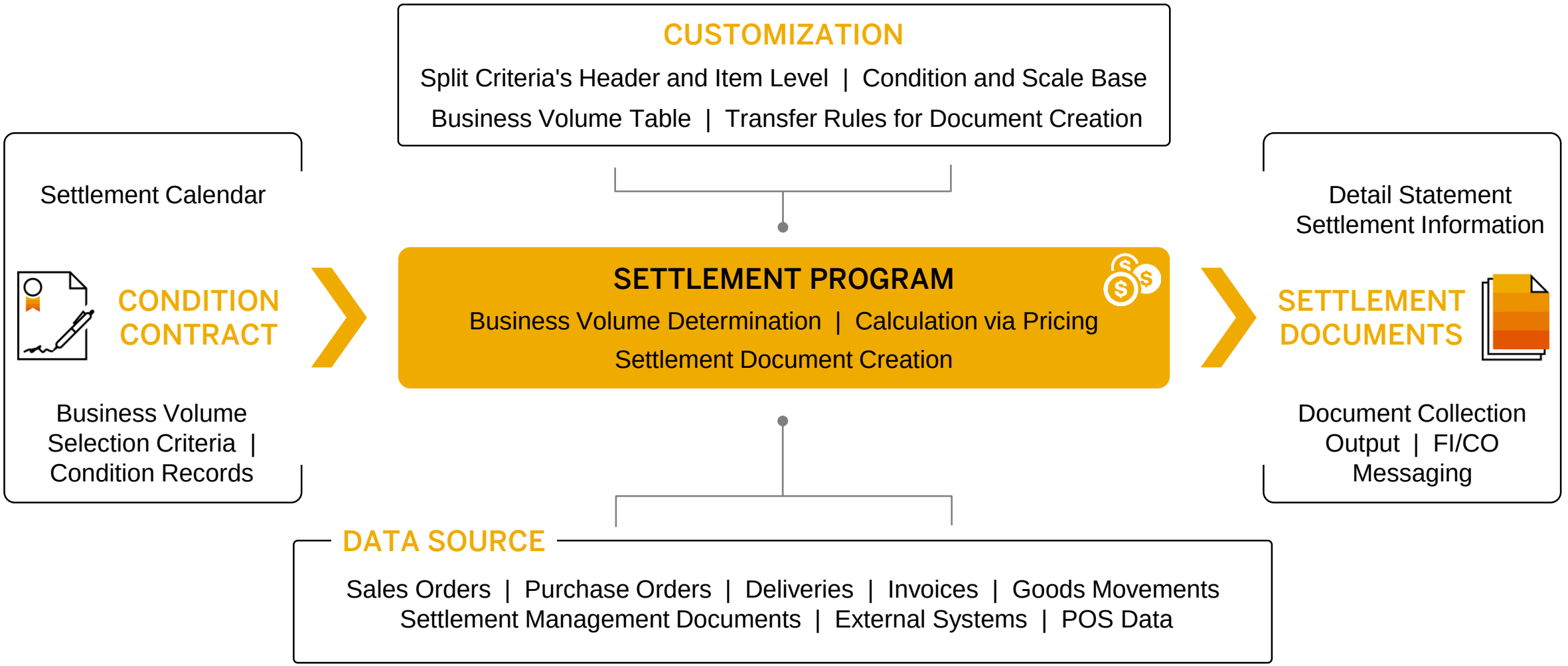
Week 4: Conversion to SAP S/4HANA for Logistics Areas

Unit 1: Settlement Management – Condition Contract

Settlement Management – Condition Contract

Completely new, replacing SD and MM rebate processing



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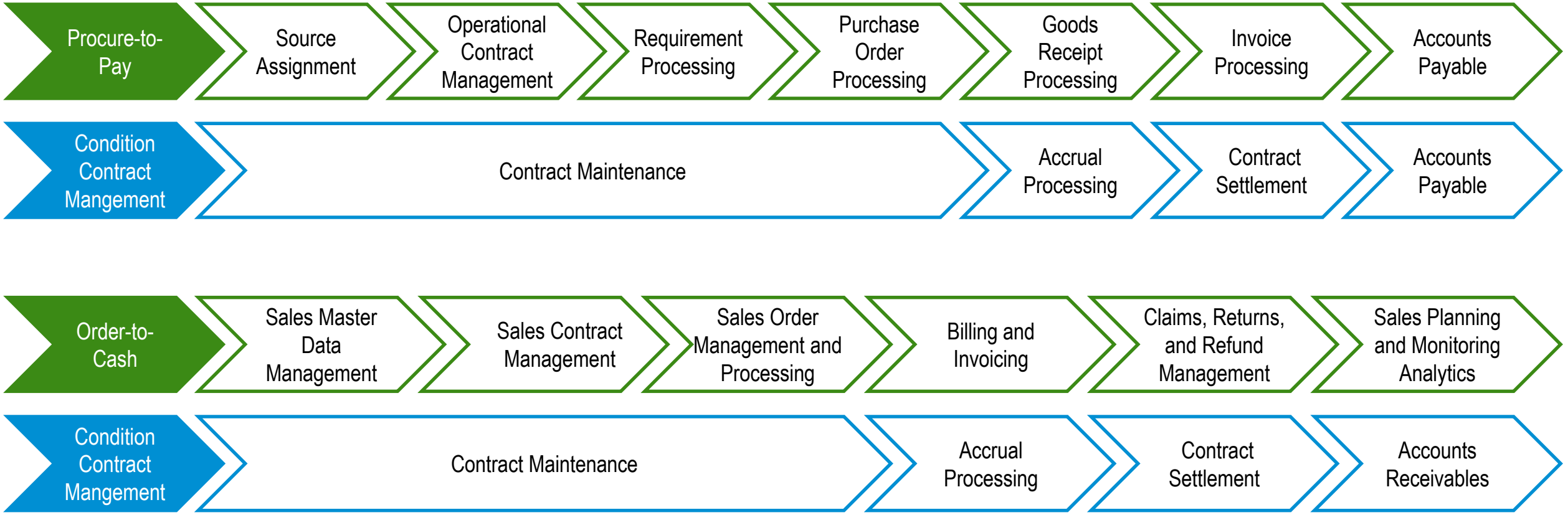
End-to-end business process within Procure-to-Pay and Order-to-Cash



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Detailed example: Order-to-Cash (1/2)

Condition Contract Management | Contract Maintenance | Accrual Processing | Contract Settlement | Accounts Receivables

CONDITION CONTRACT 1000000123

Validity Period	05/20 – 05/22
Settlement Calendar	Daily

RES1: Customer Rebate

2% (05/20 – 05/22)

From	1,000 USD	2.0%
From	2,000 USD	2.5%
From	3,000 USD	3.0%

REA1: Accruals

2% (05/20 – 05/22)

CUSTOMER LIST 1000000121

Validity Period 05/17 – 05/31

USCU-L-25	The Bike Company	
USCU-SET01	Motorcycle Shop Inc.	X
USCU-SET02	Faststream Motorsports	
USCU-SET03	Motor City Autoparts	X
USCU-SET04	Tornado Motorsports	X
USCU-SET05	Tara Motor Company	X
USCU-SET06	Coopersburg Motor	X

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Detailed example: Order-to-Cash (2/2)

Condition Contract Management → Contract Maintenance → Accrual Processing → Contract Settlement → Accounts Receivables

CONDITION CONTRACT 1000000123

Validity Period	05/20 – 05/22
Settlement Calendar	Daily

RES1: Customer Rebate

2% (05/20 – 05/22)

From	1,000 USD	2.0%
From	2,000 USD	2.5%
From	3,000 USD	3.0%

REA1: Accruals

2% (05/20 – 05/22)

	05/20	05/21	05/22	Total
Volume Calculation (in USD)	3,000	4,000	20,000	27,000
Rebate	60	80	400	540

Detail Statement Settlement Information

SETTLEMENT DOCUMENTS

Document Collection Output | FI/CO Messaging

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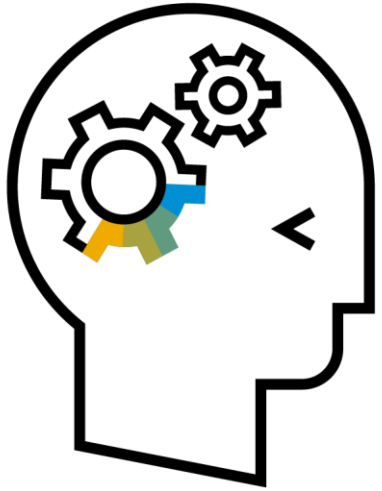
Condition Contract Management – Demo



Demo was prepared during May 2019 on SAP S/4HANA 1809

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Condition contract – Key takeaways

Condition Contract Management provides a central, standardized solution for the administration of supplier and customer conditions.

Condition contracts support single or multiple customers/suppliers.

Condition contracts support different types of settlement defined on the settlement calendar.

Settlement and accrual conditions are created independently on the condition contract.

Accruals can be posted during invoicing or as a single document on a delta accrual.

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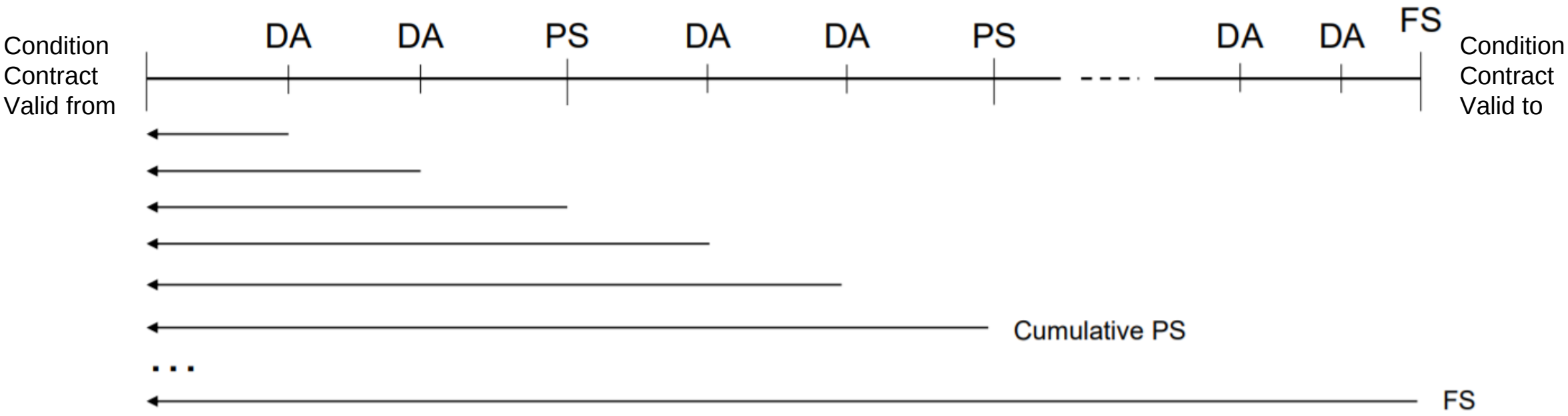
Week 4: Conversion to SAP S/4HANA for Logistics Areas

Unit 2: Settlement Management – Contract Settlement and Reporting

Settlement calculations



DA = Delta Accruals Settlement | PS = Partial Settlement | FS = Final Settlement

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Detailed example: Order-to-Cash

Condition Contract Management → Contract Maintenance → Accrual Processing → Contract Settlement → Accounts Receivables

CONDITION CONTRACT 1000000123

Validity Period 05/20 – 05/22
Settlement Calendar Daily

RES1: Customer Rebate

2% (05/20 – 05/22)

From	1,000 USD	2.0%
From	2,000 USD	2.5%
From	3,000 USD	3.0%

REA1: Accruals

2% (05/20 – 05/22)

	05/20	05/21	05/22	Total
Volume Calculation (in USD)	2,502 USD 2.5% for 2,502	2,502 USD	0 3.0% for 5,004 (minus 62.55 already received)	5,004
Rebate	62.55 USD		87.57 USD	150.12
Accrual		87.57 USD 3.0% for 5,004 (minus 62.55 already paid)		

Detail Statement
Settlement Information

SETTLEMENT DOCUMENTS

Document Collection
Output | FI/CO
Messaging

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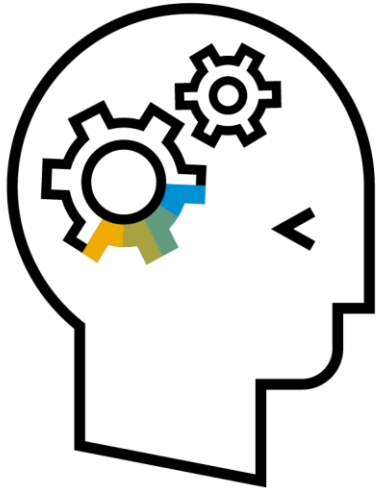
Condition contract settlement and reporting – Demo



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Condition contract settlement and reporting – Key takeaways

Rebate amounts from partial settlements are deducted in the following partial and final settlements.

Accruals from a former delta accrual within the time interval are reversed in a partial or final settlement.

Settlement document items are created and posted according to the split criterion material → CO-PA posting.

Business volume for a condition contract can be displayed at any time in the business process.

Settlement document created in settlement run can be monitored.

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Useful information

System conversion to SAP S/4HANA

2267377 S4TWL – SD Rebate Processing Replaced by Settlement Management

2226380 S/4HANA: Deprecation of SD Rebate Processing

2200691 SD rebate: Simplifications in SAP S/4HANA

General information

2535889 – CCM – Description of delivered configuration

2481672 – Condition Contract Management – Useful Documents

2564353 – Condition Contract Management: Product Overview Documents

Additional functional and technical information

Product Overview

SAP settlement management WIKI

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Week 4: Conversion to SAP S/4HANA for Logistics Areas

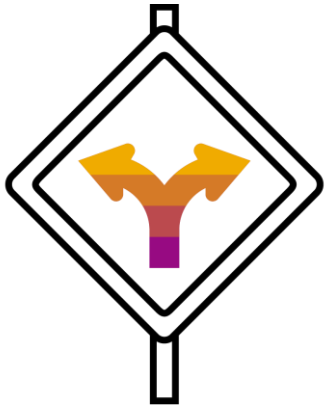
Unit 3: SAP S/4HANA Output Management Deep Dive

Overview

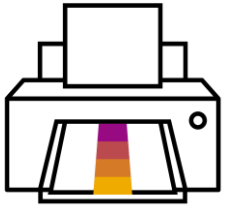
SAP S/4HANA output management is the ***new, unified***, and ***optional*** framework to handle the output management processes.

New: More capabilities like flexibility, templates, and so on

Unified: Across all the modules such as SD, MM, FI, and so on



Optional: Other frameworks like NAST are still available



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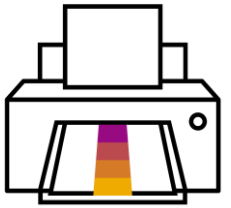
Functional configuration

Customizing Path: Cross-Application Components → Output Control:

Activity	Example
Activate Output Management for Object	Sales document
Define Output Types by Object	Sales order, credit memo request, debit memo request
Assign Output Channels	Print, email
Define Rules for Determination of Master Form Template	Master form template by country
Assign Form Templates	Form template for sales order
Assign Email Templates	Email template for sales order



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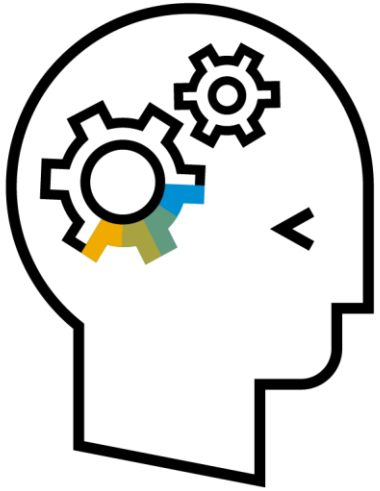
Functional configuration – Demo



Demo was prepared beginning of June 2019

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Output parameter determination

Customizing Path: Cross-Application Components → Output Control → Define Business Rules for Output Determination (or transaction OPD)

Determination step	Example
Output Type	
Channel	
Printing Settings	
Email Settings	
Form Template	

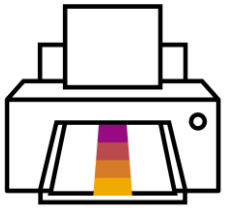
#	Documen...	Output Type	Dispatch Time
1	=NB (Purchase	PURCHASE_ORDER (Purchase Order)	1 (Immediately)

Role	Output Type	Recipient	Channel	Exclusive Indicator
=LF	=PURCHASE_ORDER (Purc	=0017300001 (DOMESTIC US SUF	EMAIL (Email)	X (true)
=LF	=PURCHASE_ORDER (Purc	...	PRINT (Printout)	- (false)

Output Type	Recipient	Purchasing Org.	Print Queue	Number of Copies
=PURCHASE_ORDER (Purchase Order)			ZPDF	1

Output Type	Role	Recipi...	E-Mail Address	Email Template
=PURCHASE_ORDER (Purchase Order)	=LF			MM_PUR_PO_DEFAULT_TEMPLATE

#	Output Type	Role	Recipient	Form Template
1	=PURCHASE_ORDER (Purchase Order)			MM_PUR_PURCHASE_ORDER



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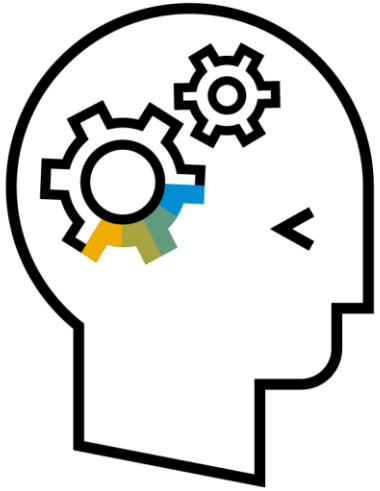
Output management determination – Demo



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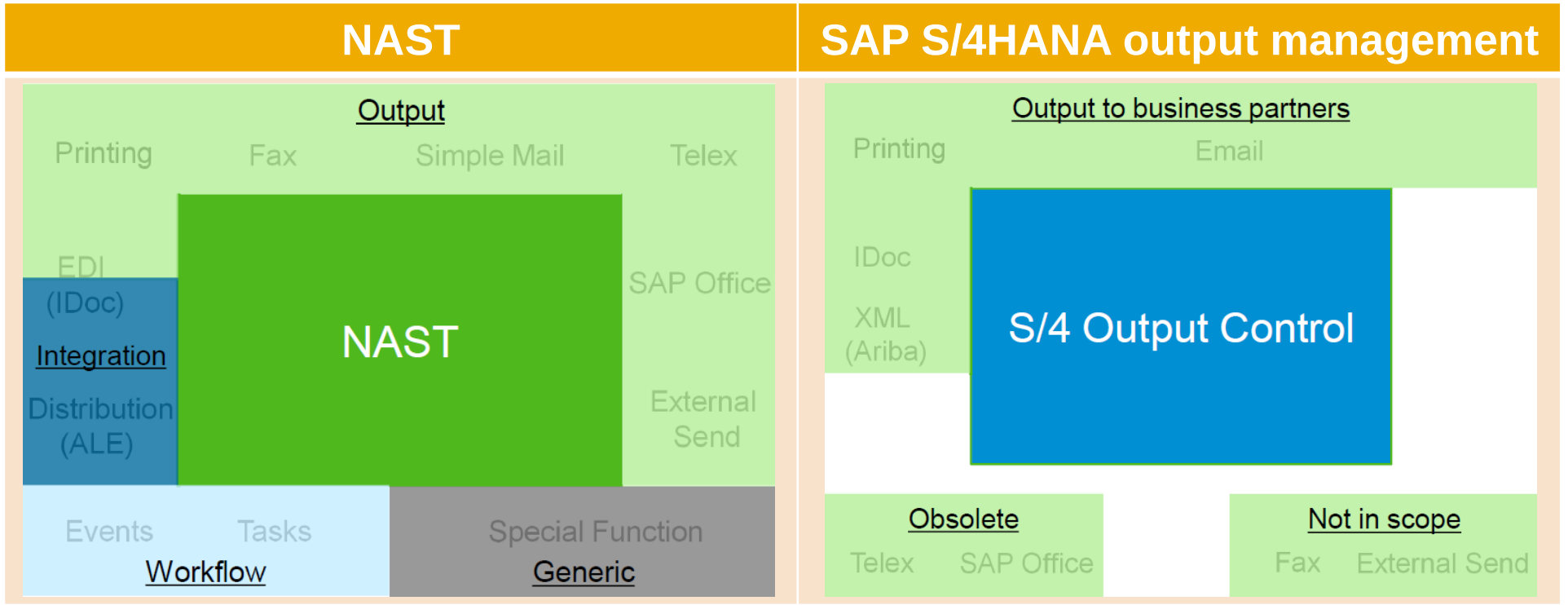
SAP S/4HANA output management and NAST comparison

SAP S/4HANA output management is ***not*** going to rebuild NAST



Frameworks covering functionalities out of the SAP S/4HANA output management scope:

- **Workflow** → SAP S/4HANA workflow
- **Special function** → SAP S/4HANA business event handling
- **Communication that uses objects other than business partner** continue using NAST

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Key takeaways

SAP S/4HANA output management is ***recommended*** but ***not mandatory***

The scope of SAP S/4HANA output management is not comparable with the scope of NAST

Innovations will only be made in the new framework (SAP S/4HANA output management)

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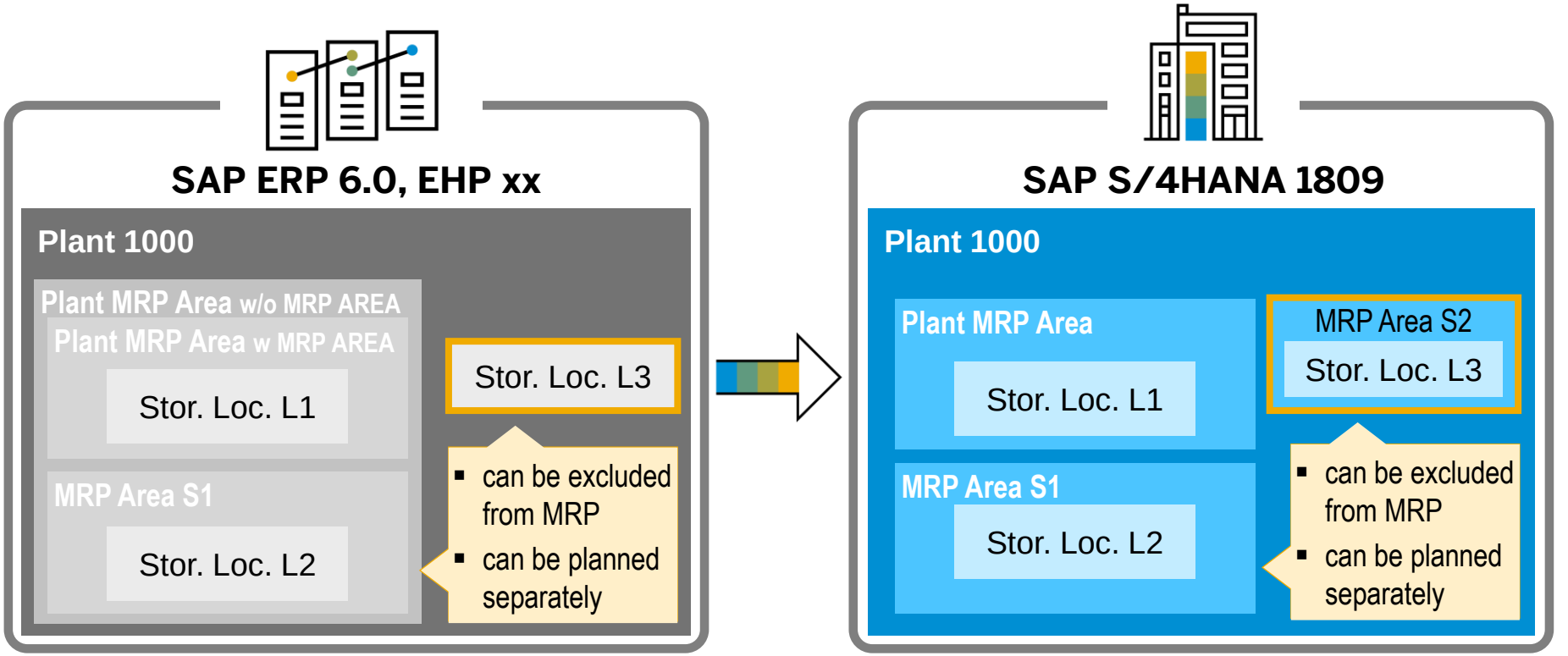
Week 4: Conversion to SAP S/4HANA for Logistics Areas

Unit 4: Storage Location MRP Area

Storage Location MRP Area

Overview



SAP S/4HANA target architecture principles

Simplification and reduction of the digital core based on the “Principle of One”

SAP S/4HANA MRP only plans on plant and MRP area level

- Planning on storage location level is no longer supported in SAP S/4HANA.
- The MRP area logic is more advanced than the logic for planning on storage location level.
- All MRP types and lot-sizing procedures are possible on MRP area level.
- The MRP logic and master data maintenance has been simplified.

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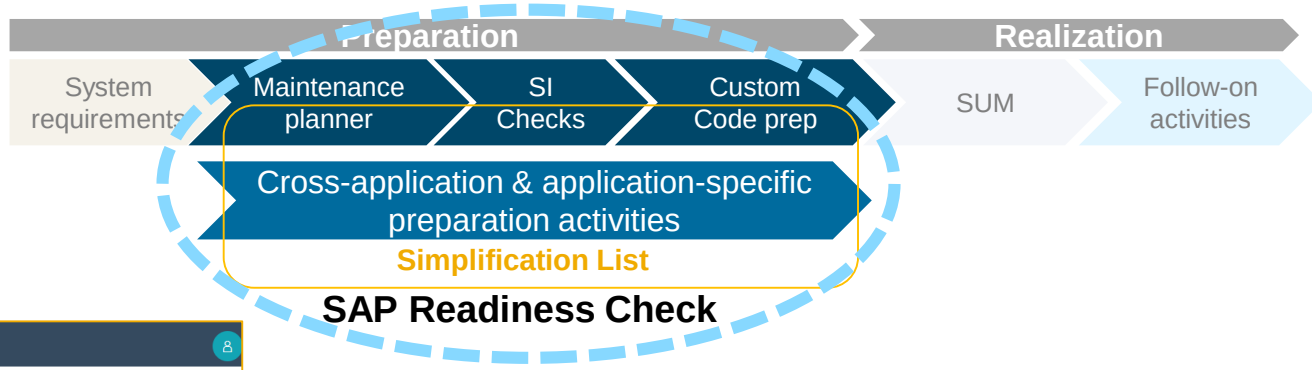
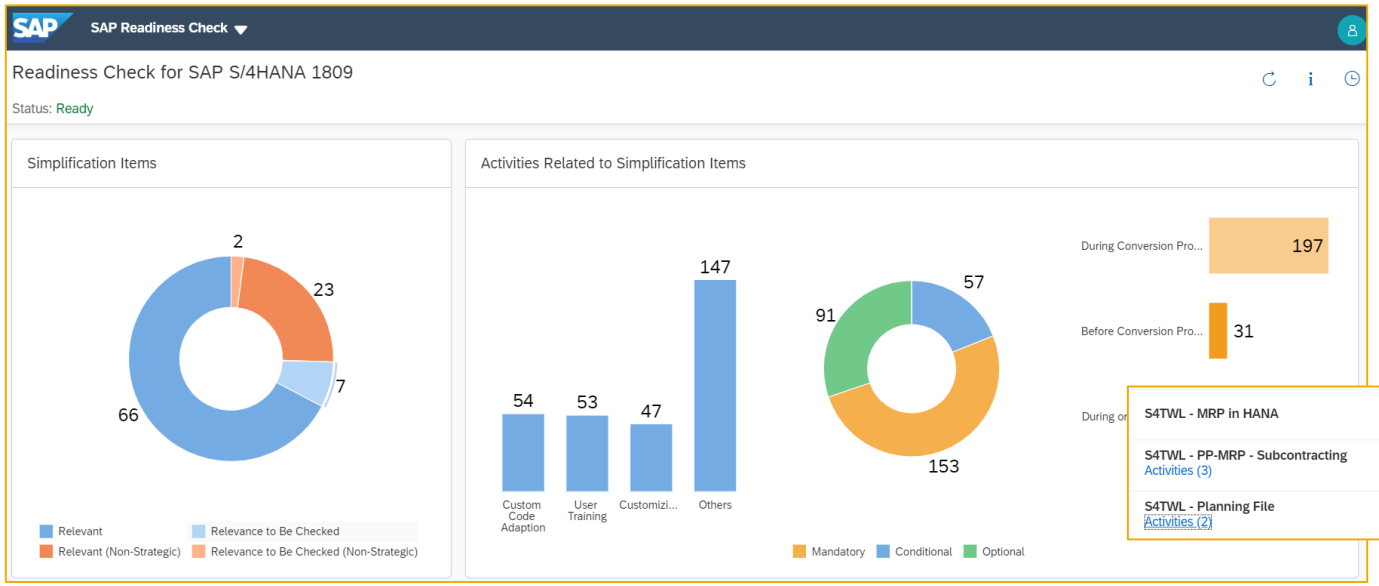
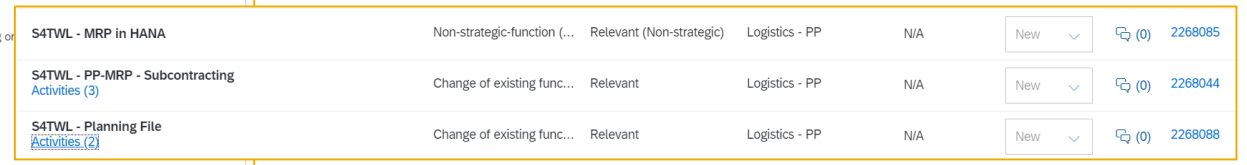
Storage Location MRP Area

SAP Readiness Check





SAP Readiness Check



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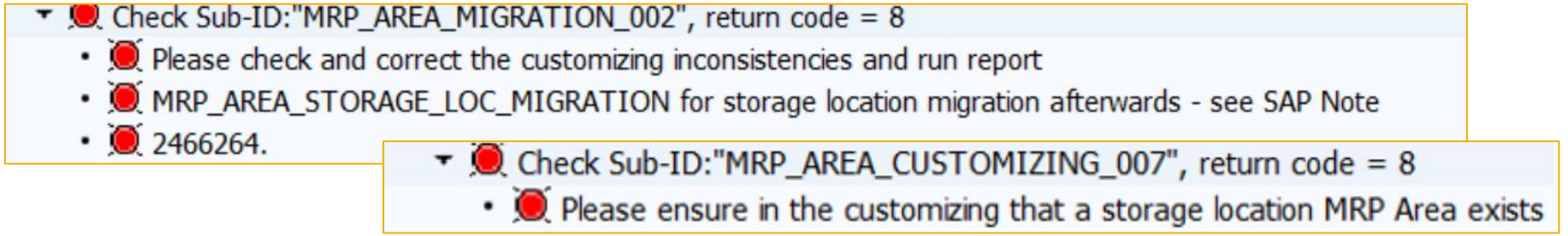
Pre-Checks

(/SDF/RC_START_CHECK)



☞ SAP Note 2290622 describes the setup of SAP Readiness Check

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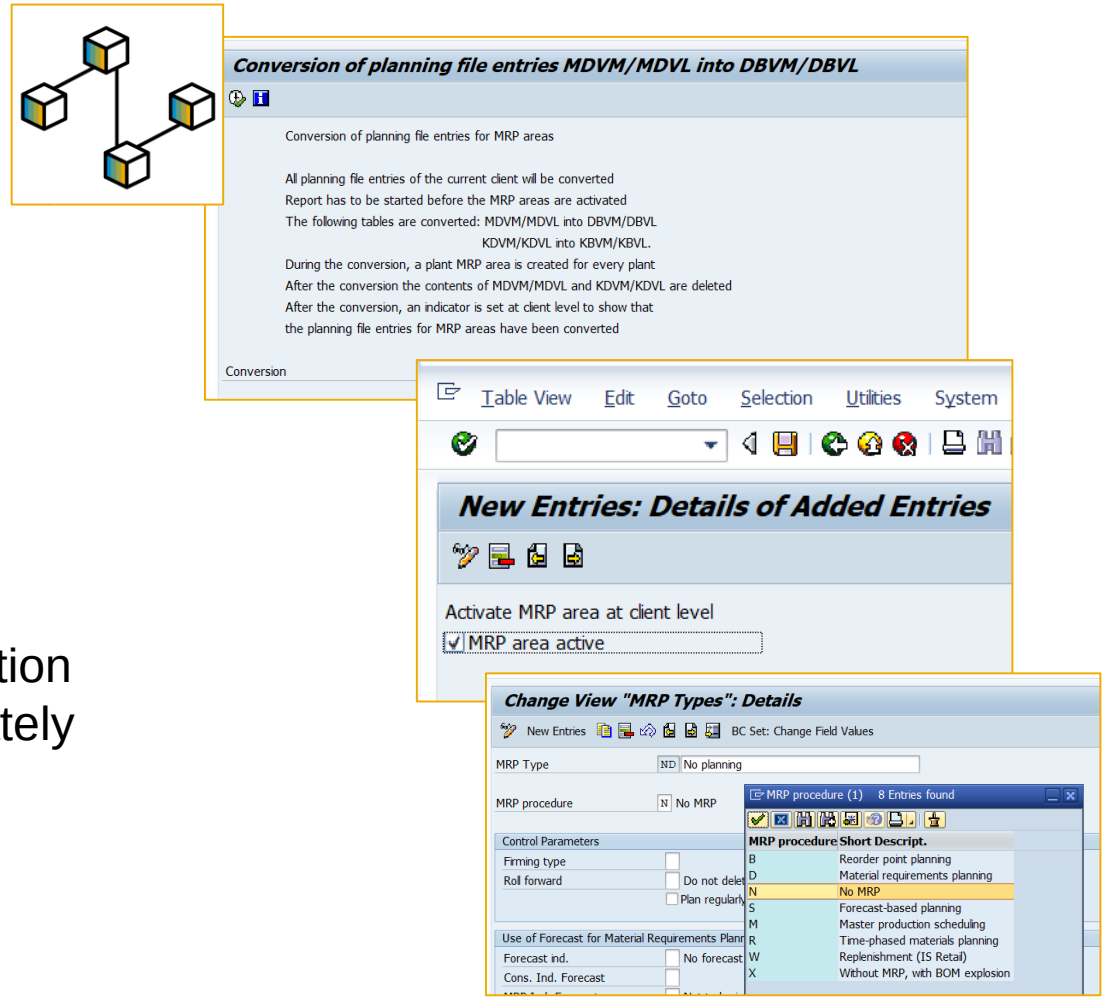
Preparation activities (main impacts)

Functional configuration 1

Convert planning file entries for MRP areas
Customizing planning file entries
for MRP areas for the client

Activate MRP for MRP Areas
Customizing flag MRP for MRP areas

MRP types for MRP
Customizing: MRP types to exclude storage location
MRP areas from planning or to plan them separately



SAP Note 2469139 describes the error messages from the PP-MRP pre-check for storage location in SAP Readiness Check

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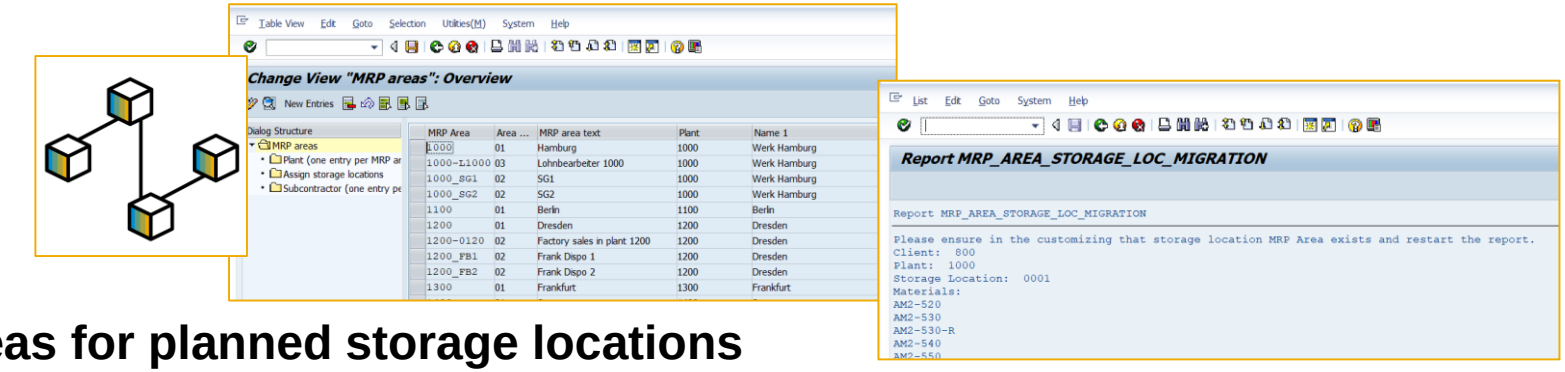
Preparation activities (main impacts)

Functional configuration 2



Storage location MRP areas for planned storage locations

Manually maintain storage location MRP areas for all storage locations planned separately or excluded from planning.
Do not to group several storage locations into a single storage location MRP area.

SAP report provide details about missing storage location MRP areas

Report MRP_AREA_STORAGE_LOC_MIGRATION checks some storage location MRP area prerequisites in Customizing.
Missing Customizing entries must be created manually.
If the prerequisites are fulfilled, the report generates material master records for planning on MRP area level.

SAP Note 2599850 describes the steps of the MRP area implementation.

SAP Note 2216528 delivers report MRP_AREA_STORAGE_LOC_MIGRATION that can give more details about missing storage location MRP areas.

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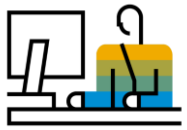
Custom code adaption (main impacts)

Check and adapt SAP objects in custom code

Changes regarding the master data
Storage location indicator (MARD-DISKZ)
Check storage location MRP area for material (table MDMA)

Changes regarding the assignment of applicational data
Check customer coding/programs calling SAP standard coding like
function modules of function group M61X (e.g. MD_STOCK_REQUIREMENTS_LIST_API)



Testing of custom code
Test custom code in detail, even if no adjustments have to be done
Rare combinations of changed master and transaction data may have impact on system behavior

☞ SAP Note 2227579 describes the custom code check for Storage Location in SAP Readiness Check

☞ Find more about Custom Code Adaptation process in the SAP community

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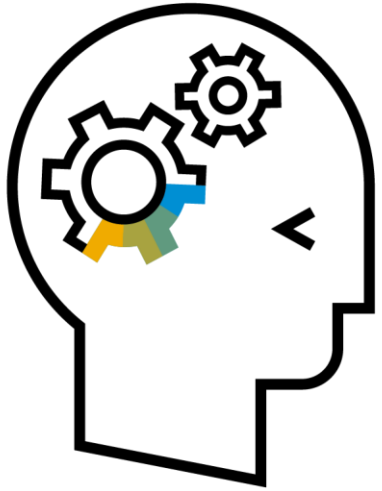
From storage location MRP to MRP on storage location MRP area – Demo



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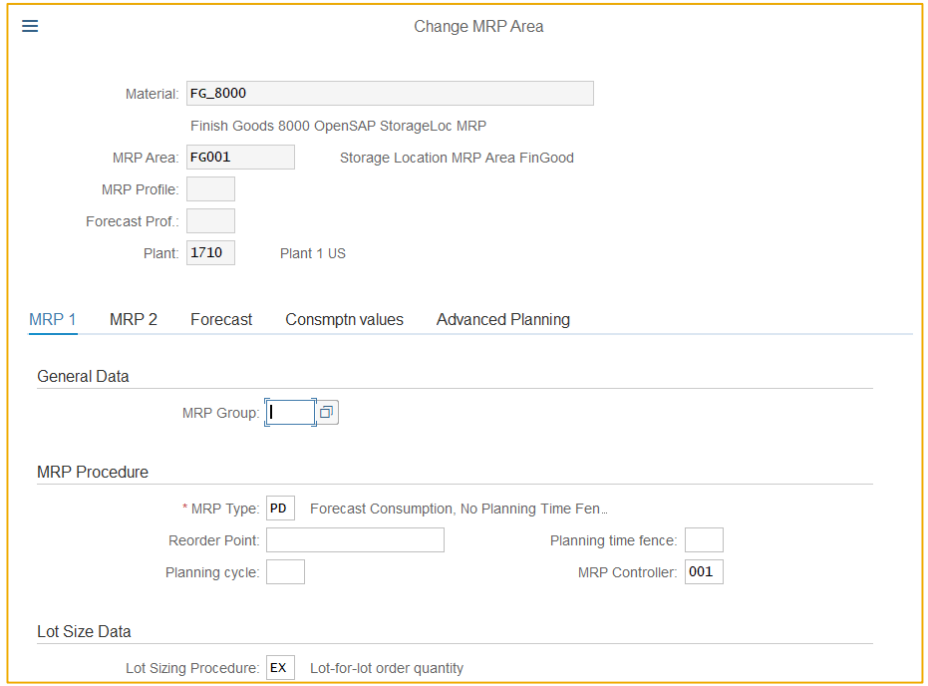
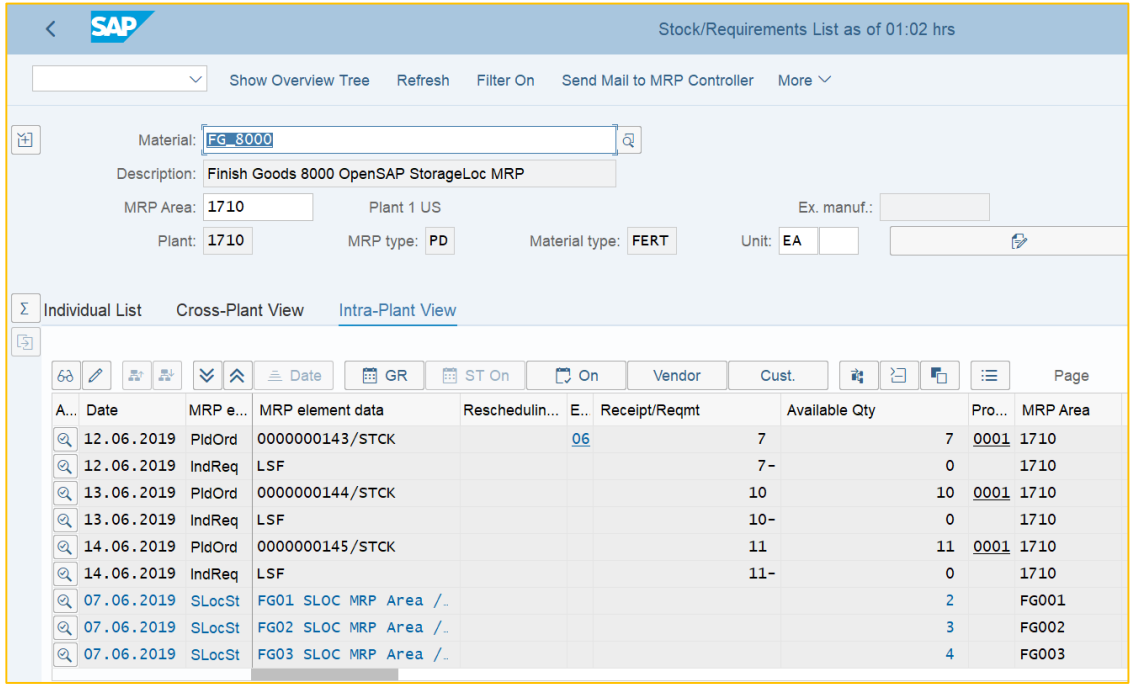
Post-conversion activities



Modify MRP areas for the material (optional)

- Assign new or change the existing storage location MRP areas in the MRP 1 view.
- Define specific values for the material / MRP area combination like MRP type, MRP controller, and lot sizing procedure.



Activate intra-plant view (recommended)

- Choose the best way to visualize the multiple MRP areas and quickly switch between different views.
- See multiple storage location MRP areas assigned to the same material.

Find more in the SAP blog Improvements for MRP areas in S/4HANA 1809

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Useful information

System Conversion to SAP S/4HANA

2268045 S4TWL – Storage Location MRP

2227579 SAP S/4HANA Simplification Item: Logistics_PP-MRP

2216528 Pre-upgrade check for storage location migration report

2469139 Resolve findings of core ERP PP-MRP S/4HANA pre checks for Storage Location Migration

2719213 Message no. MD06030 while maintaining a MRP Area for the Material Master

General information

2567573 Storage location excluded from MRP on S/4HANA

2599850 How to create MRP area

2638465 MRP differences between S/4HANA and ERP systems

Additional information

SAP Help Portal Material Requirements Planning with MRP Areas

SAP Blog Improvements for MRP areas in S/4HANA 1809

SAP Blog MRP Areas Tips and Tricks in a S/4HANA System Conversion Scenario

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Week 4: Conversion to SAP S/4HANA for Logistics Areas

Unit 5: Subcontracting MRP Area

Subcontracting overview

SAP ERP 6.0, EHP xx

SAP S/4HANA 1809

SAP ERP 6.0, EHP xx		SAP S/4HANA 1809
Planning of subcontracting stocks and requirements in the make-to-stock planning section (no separate MRP area or stock segment for subcontractor)		Planning of subcontracting stocks and requirements in the make-to-stock planning section (no separate MRP area or stock segment for subcontractor)
MRP areas for subcontracting		MRP areas for subcontracting Simplified material master maintenance Intra-plant view of stock/requirements list
Separate planning sections for subcontracting stocks and requirements		Not available in SAP S/4HANA

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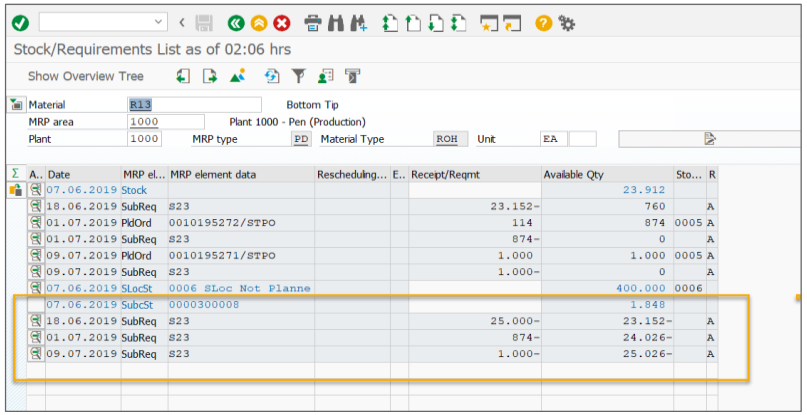
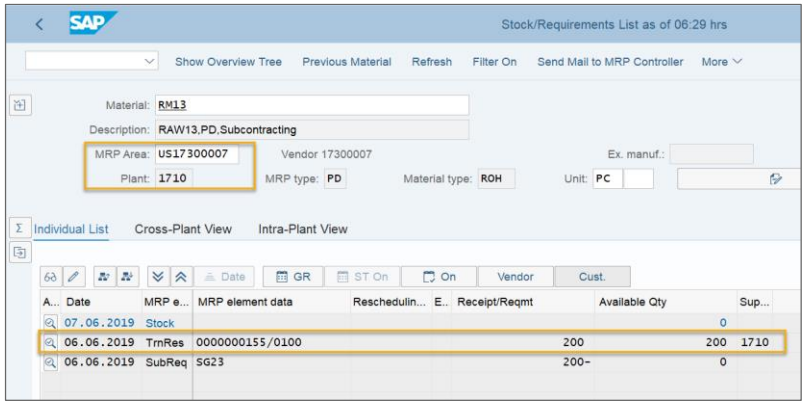
Subcontracting overview

SAP ERP 6.0, EHP xx

Separate planning sections for subcontracting



MRP areas for subcontracting



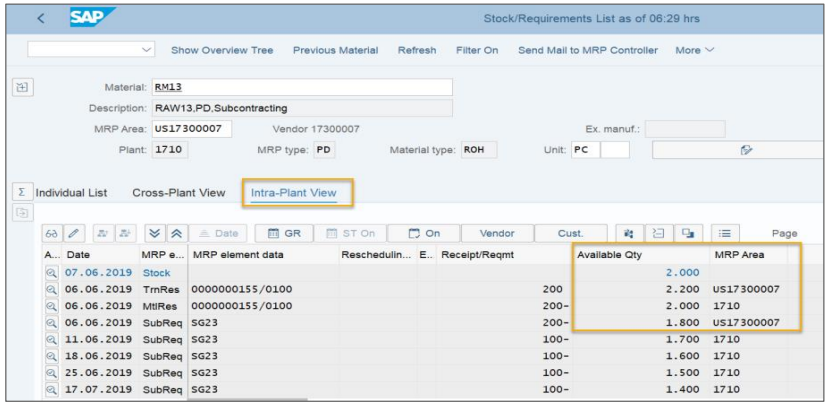
- Stock Transfer Reservations
- More Planning Possibilities
- Simplified Material Master
- Intra Plant-View

SAP S/4HANA 1809

Separate planning sections for subcontracting

SAP Note 2227532 describes the simplification and custom code check for subcontracting

MRP areas for subcontracting



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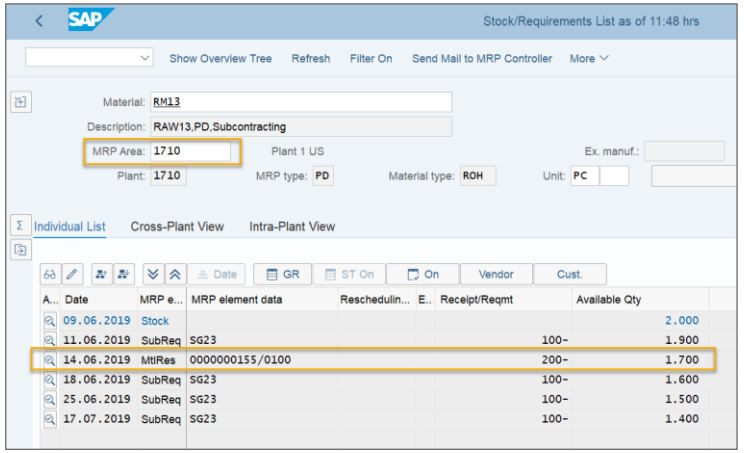
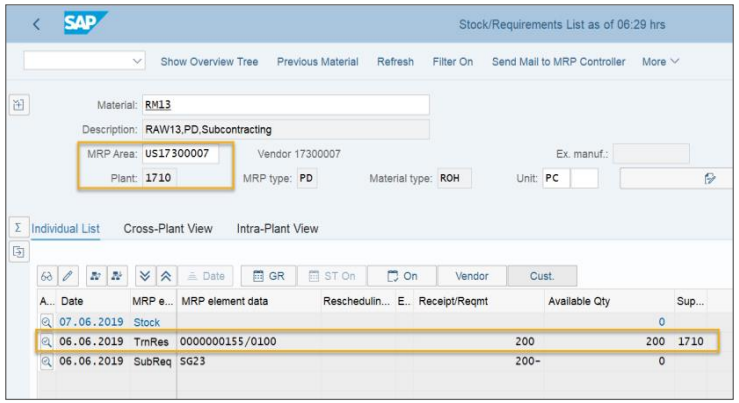
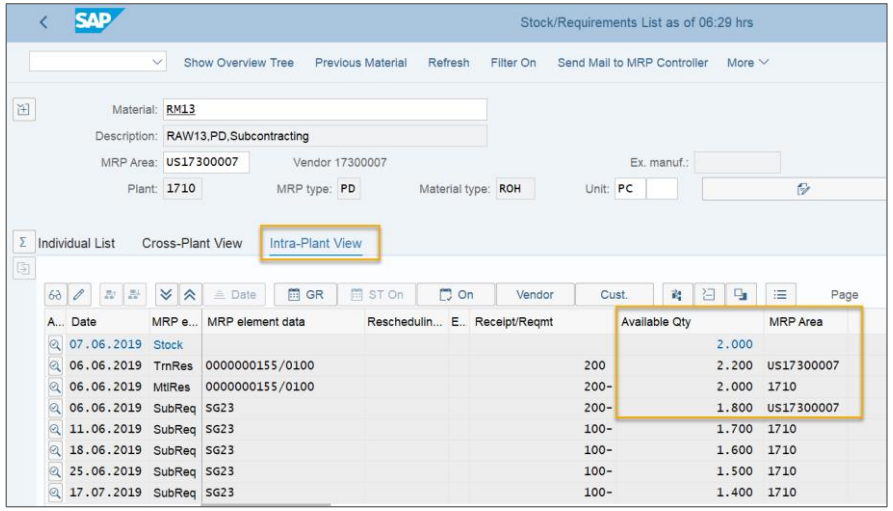
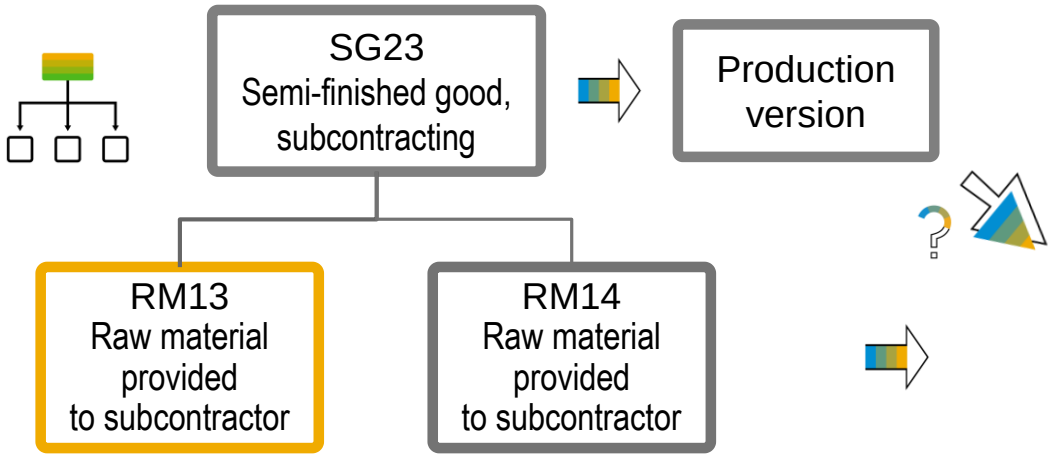
Subcontracting MRP Area

MRP area and Intra-Plant view









Demo was prepared in June 2019

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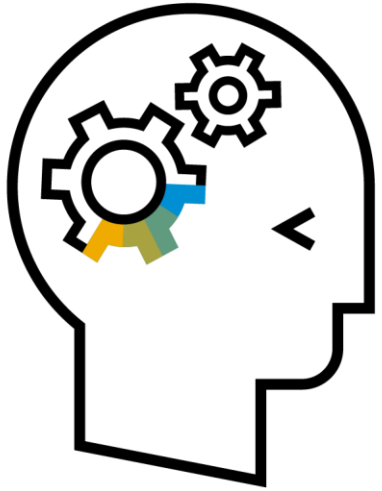
MRP area and Intra-Plant view – Demo



Demo was prepared in June 2019

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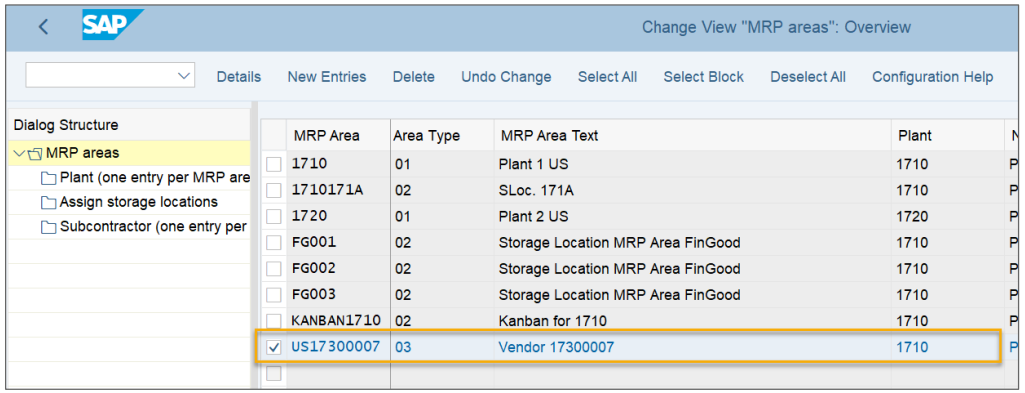
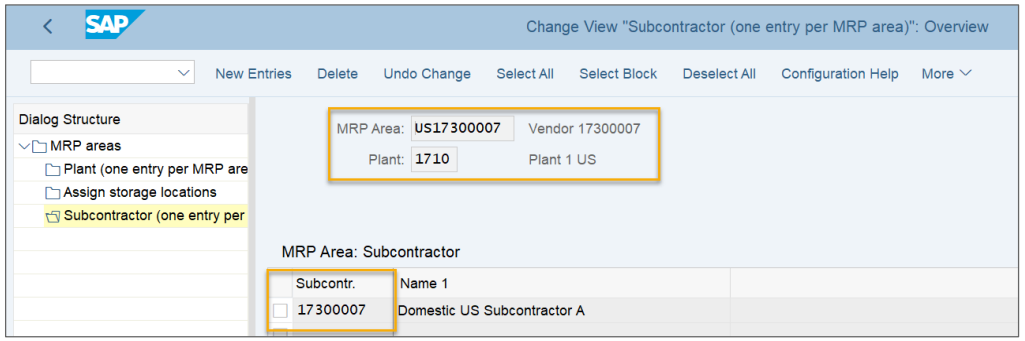
Customizing: MRP area and Intra-Plant view

- Create MRP area with type “Subcontracting” for a certain plant
- Only one subcontractor can be assigned to a subcontracting MRP area





- Activate the flag “Display Intra-Plant View” in the Customizing transaction “Display Material Groupings”
- The Intra-Plant view is available for the stock/ requirements list for both SAP GUI and SAP Fiori launchpad

SAP Note 317650 provides some information about transporting MRP areas between systems

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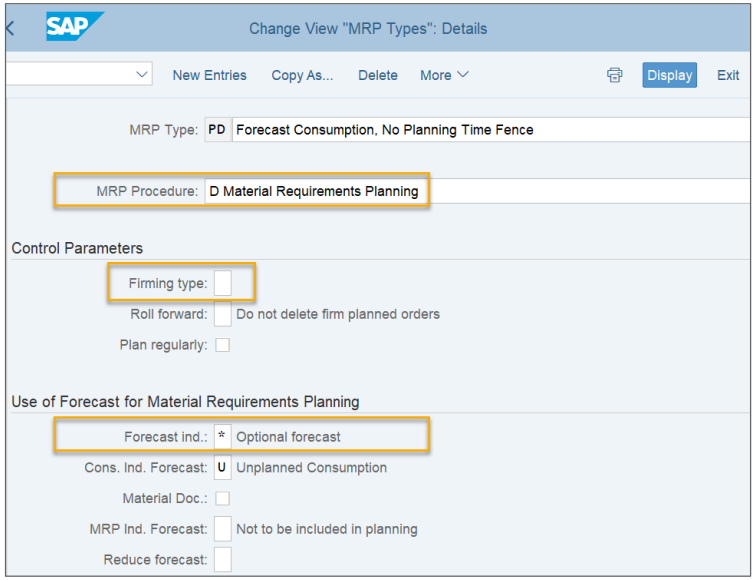
Material master data

Creating explicit MRP-area-specific material master record for parts to be provided to the subcontractor is optional.

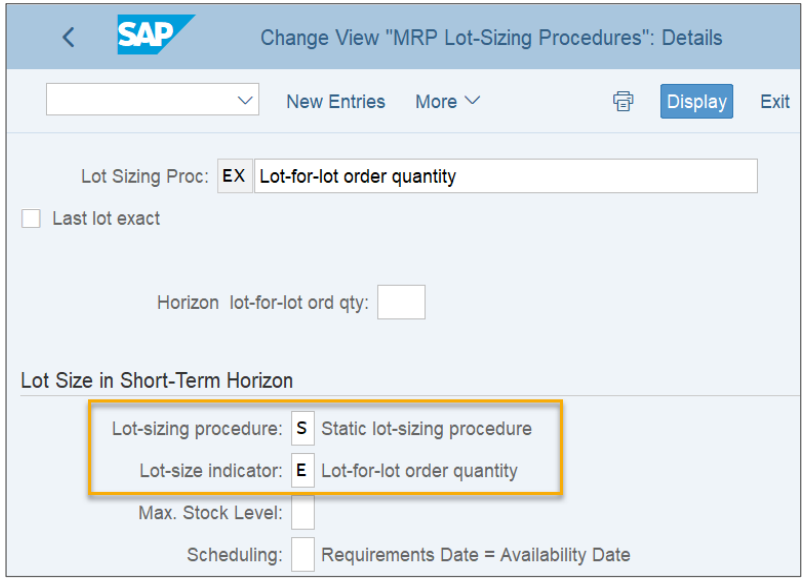
MRP generates generic material assignments if certain Customizing settings are maintained.

MRP Type



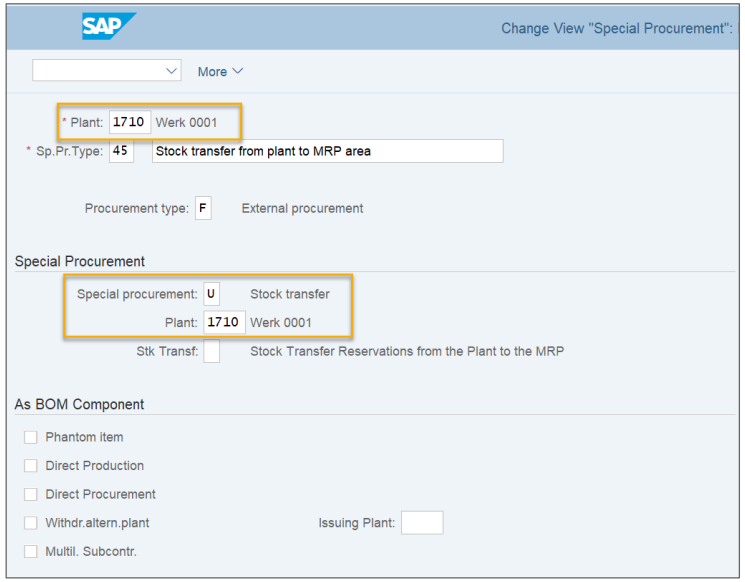
- MRP Procedure = D or M
- Firming type = No firming
- Forecast indicator <> Obligatory forecast

Lot Sizing Procedure



- Lot-sizing procedure = S (Static)
- Lot-size indicator = E (Lot-for-Lot)

Special Procurement Type



- Entries for the plant of the procurements key and the plant for the special procurement are identical
- Procurement type = F (external prod.)
- Special procurement = U (Stock Transfer)

SAP Note 2516504 describes the preconditions for generic material assignment.

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MRP areas: key takeaways / advantages

MRP considers shortages at the subcontractor and schedules stock transfers to the subcontractor from the plant or directly from the supplier (third-party scenario is supported by subcontracting MRP areas as well as multi-level subcontracting).

Generic material master assignment using default values or explicit maintenance of a material master for a subcontracting MRP area is supported.

Production version is required for subcontracting.

The Cross-Plant view and the new Intra-Plant view allows the MRP controller

- to monitor multiple MRP areas,
- to have a complete overview of the stock/requirements situation on one screen,
- to switch easily between different views of the stock/requirement situation.

It is available for the stock/requirements list accessed by both SAP GUI and SAP Fiori launchpad.

Check custom code considering Note 2227532.

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Useful information

System Conversion to S/4HANA

2227532 SAP S/4HANA Simplification Item: Logistics_PP-MRP – Subcontracting
2268044 S4TWL – PP-MRP – Subcontracting
2516504 Material not defined in (generic) Subcontracting MRP Area
2586059 Collective notes about Subcontracting MRP on S/4HANA systems

General information

2227579 SAP S/4HANA Simplification Item: Logistics_PP-MRP
2599850 How to create MRP area
2638465 MRP differences between S/4HANA and ERP systems

SAP Help and Blogs

SAP Help Portal Subcontracting
SAP Blog 5 reasons to use subcontracting MRP areas in S/4HANA
SAP Blog Improvements for MRP areas in S/4HANA 1809
SAP Blog MRP Areas Tips and Tricks in a S/4HANA System Conversion Scenario

Wiki and Test Cases

Subcontracting MRP in S/4HANA
Test Case Stock transfer of components to be provided
Test Case Multi-level subcontracting
Test Case Subcontracting/Third-Party Order Processing

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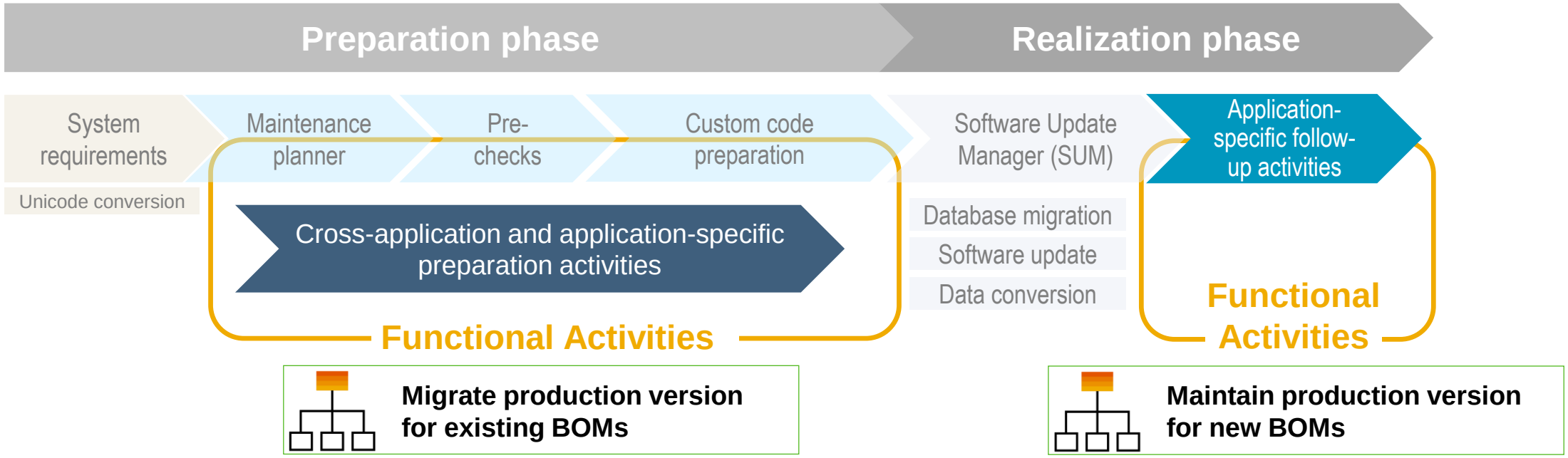
Week 4: Conversion to SAP S/4HANA for Logistics Areas

Unit 6: Production Versions and Usage of MRP List

Production versions – General context



Production versions are mandatory in SAP S/4HANA: MRP, planned order creation, and production order creation only find a BOM and routing alternative if a production version is maintained for them.

Recommendation: Create production versions for all the materials in use **before you run the SUM** using report CS_BOM_PRODVER_MIGRATION02.

Note 2463759: Brings the report in your SAP ERP system if you have at least SAP_APPL 617 or 618.

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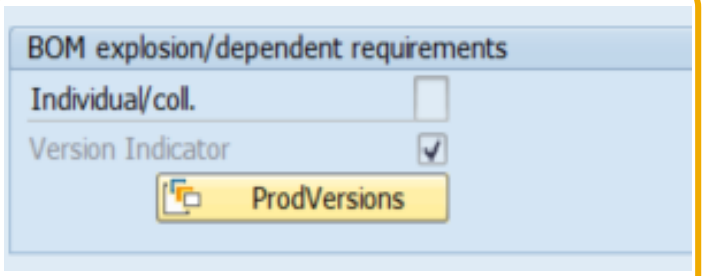
Production versions – Functionality changes

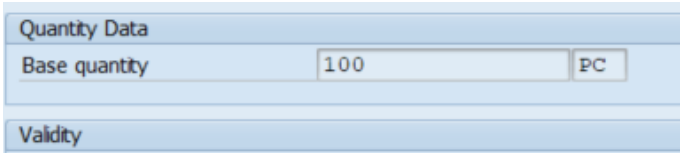
SAP S/4HANA

Simplifications in the BOM selection



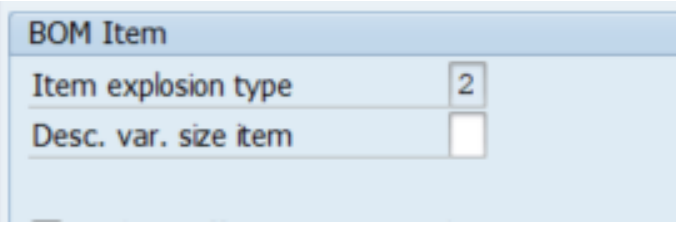
Selection Method

The selection method field in MRP4 view of material master is now deprecated.



Lot Size

Lot size entries in BOM header and items no longer exist in SAP S/4HANA.



Customizing

The Customizing that determines the items valid for BOM explosion now has the default value ‘2’.

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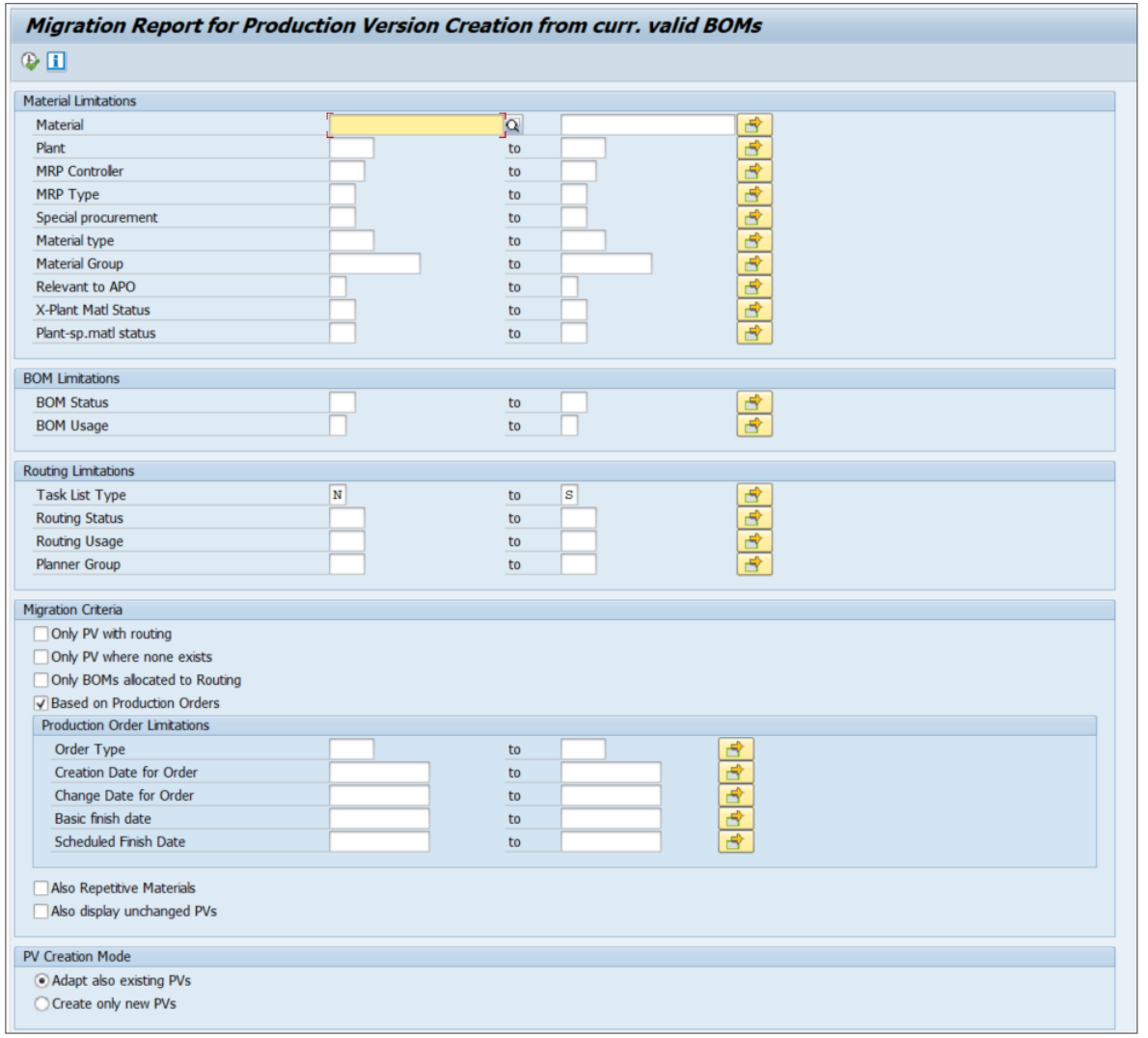
Production versions – Migration report

Scope Limitation

- Material
- BOM
- Routing
- Migration Criteria

Recommendation

Create the production versions based on production orders.



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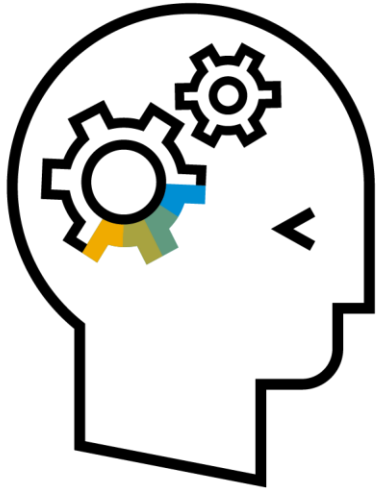
Production versions – Migration report – Demo



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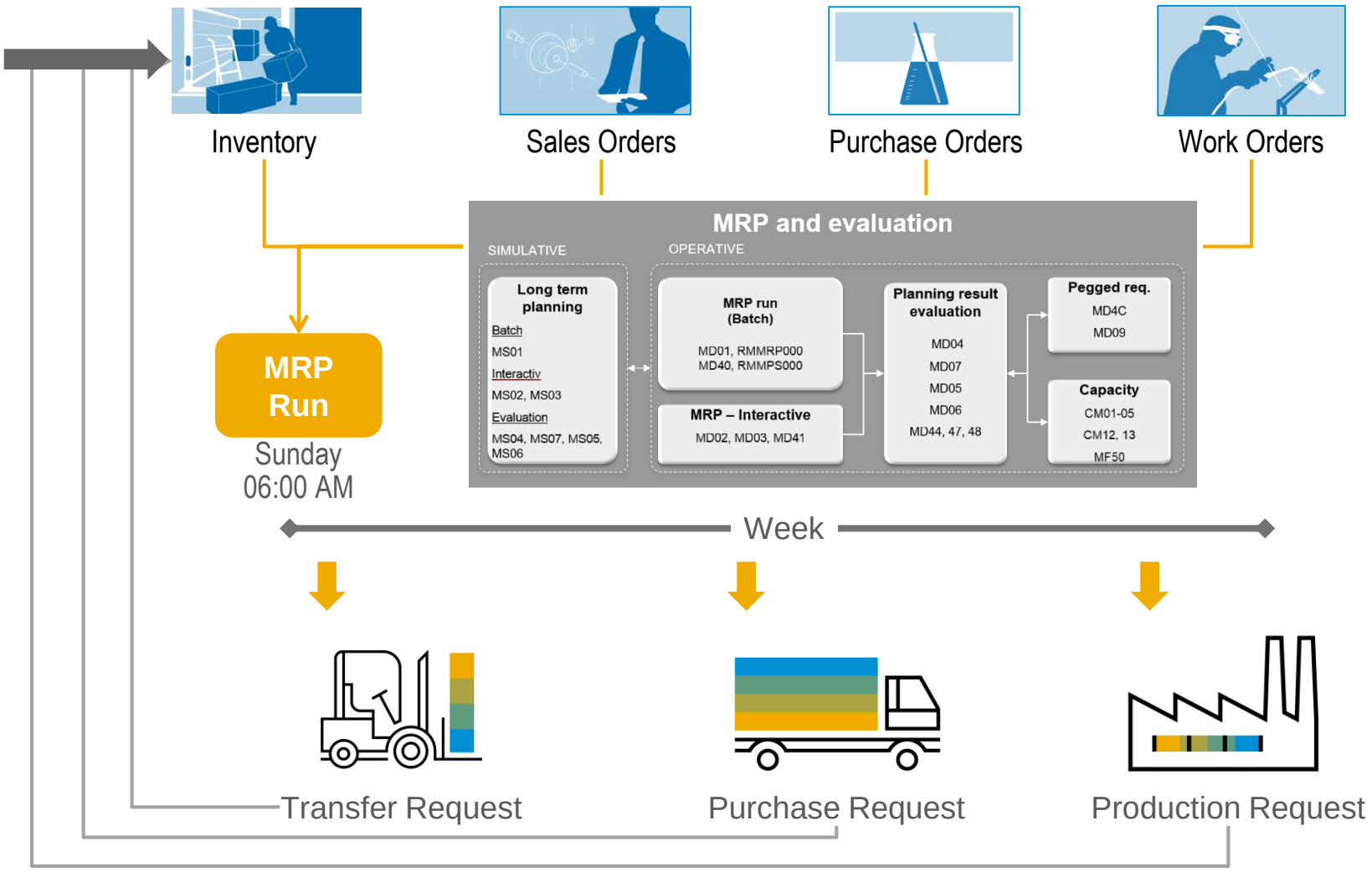
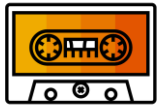
Usage of MRP list – Classic production planning in SAP ERP



MRP run ran multiple hours overnight/weekends

MRP controller worked on the same MRP list during the week



Any change meant that planning results were immediately outdated

Old stock positions led to incorrect purchases or productions

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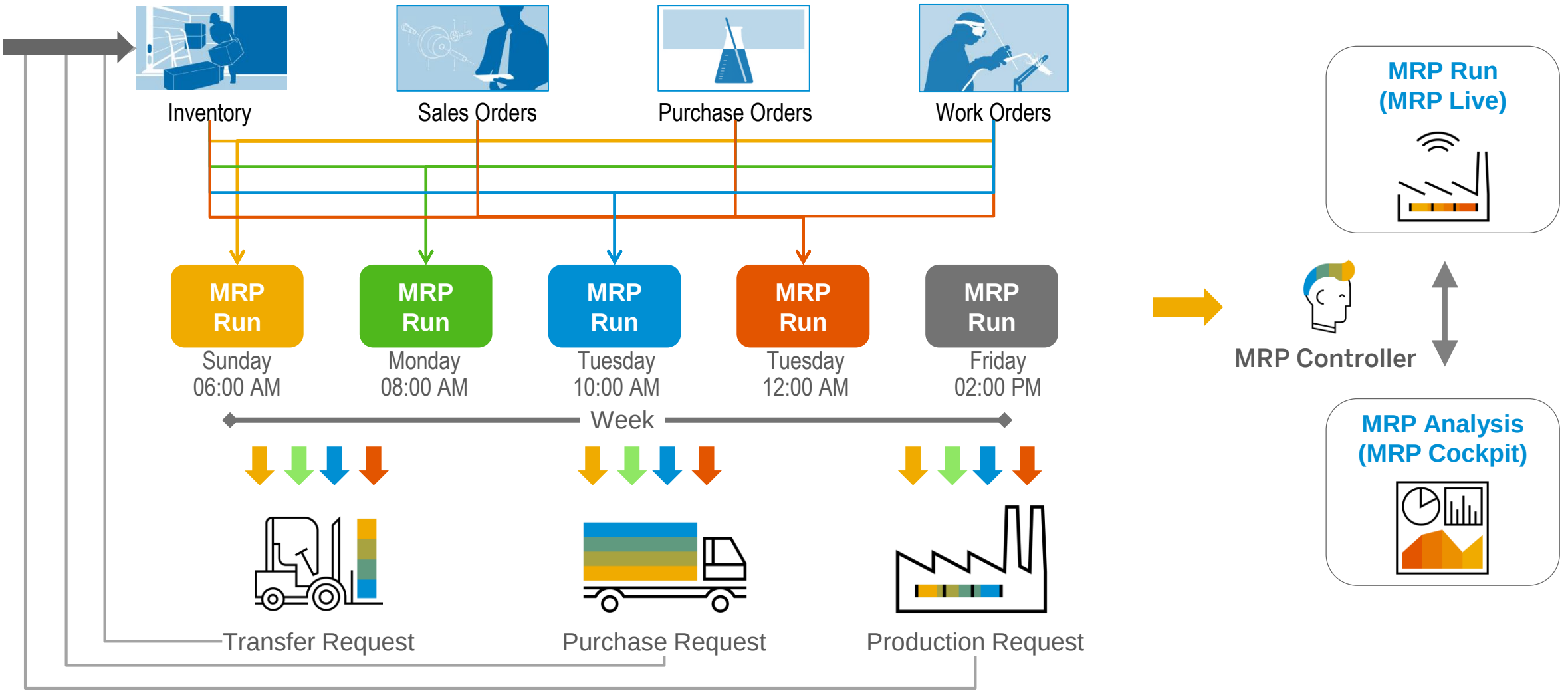
Usage of MRP list – Real-time manufacturing planning with MRP Live



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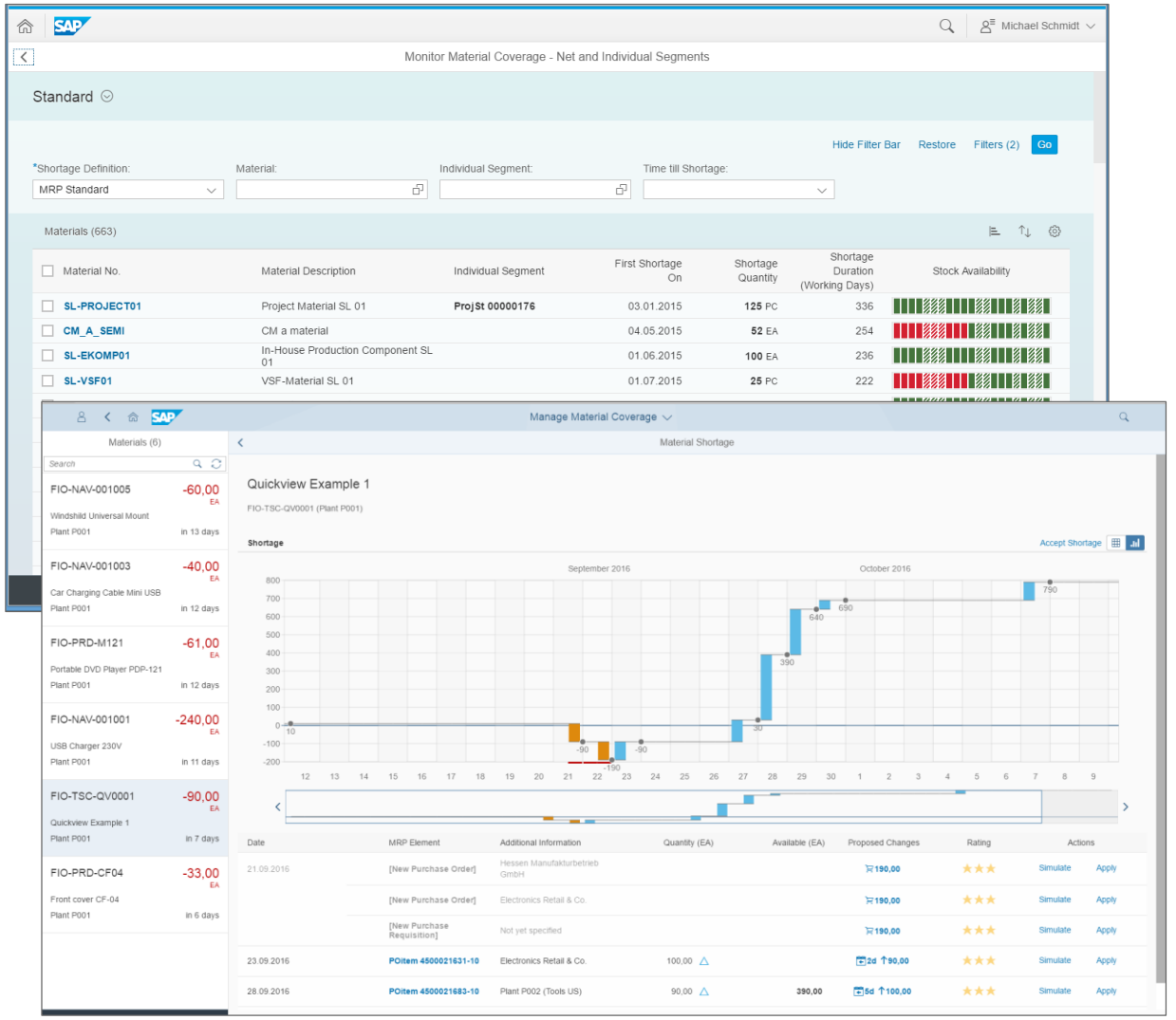
Usage of MRP list – MRP cockpit

Move to SAP Fiori and real-time evaluation

- Move to a real-time evaluation of the planning situation
- Instant detection of critical situations in the material flow based on real-time data
- User-oriented visual content for the planner, which provides the relevant information at a glance
- Comprehensive impact analysis



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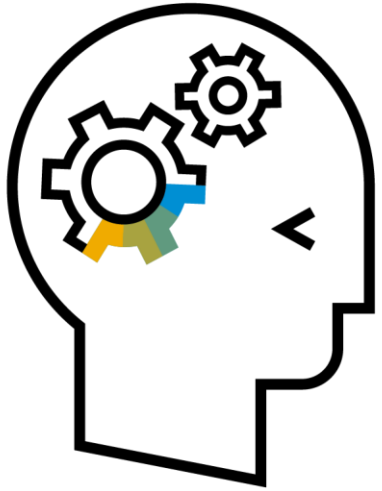
Usage of MRP list – MRP cockpit – Demo



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Useful information

Production Versions

2267880 S4TWL – BOM, Routing, Production Version

2638465 MRP differences between SAP S/4HANA and ERP systems

2655077 Migration Report CS_BOM_PRODVER_MIGRATION02: Automatic Creation of Production Versions from valid BOMs and Routings

2268069 S4TWL – Simplified Sourcing

MRP List

2268085 S4TWL – MRP live on SAP HANA – MD01N

2554382 MRP List (MD05) can't be found after MRP Live run

SAP Fiori Library Monitor Material Coverage – Net and Individual Segments

SAP Help Portal Fiori Apps in PP-MRP

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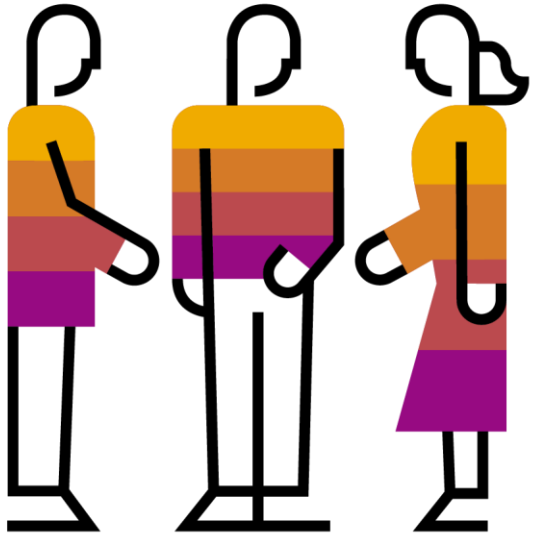
Week 4: Conversion to SAP S/4HANA for Logistics Areas

Unit 7: Moving Processes from Compatibility Scope to Strategic Solutions

Agenda

- Deprecated transactions (sample)
- Warehouse Management and Transportation road map
- Vendor evaluation based on LIS
- Other relevant considerations:
  - Material ledger
  - Request for quotation (RFQ) simplified process
  - CO-deployment of Supplier Relationship Management (SRM)



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Deprecated transactions (Procurement sample)

The following transaction codes are no longer available in SAP S/4HANA:

- ME21, ME22, ME23, ME24, ME25, etc.

SAP Note **2267449**

These have been replaced by:

- ME21N, ME22N, ME23N, ME29N, etc.
- SAP Fiori apps

Impact after transition to SAP S/4HANA

Most of the deprecated transaction codes still work. However, they are no longer supported.

It is highly recommended to shift either to successor transactions or **SAP Fiori apps**.

For other workstream deprecated transactions, refer to the **simplification list** document.

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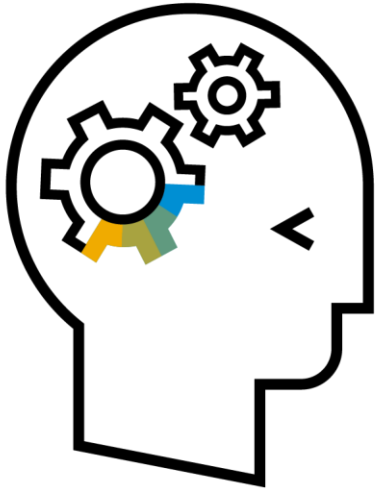
Manage purchase orders – Demo



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Deprecated transactions (Inventory Management sample)

The following transaction codes are no longer available in SAP S/4HANA:

- MB01, MB02, MB03, MB04, MB05, etc.

SAP Note **2210569**

These have been replaced by:

- The single-screen generalized transaction MIGO
- SAP Fiori apps
- The BAPIs available are:
  - BAPI_GOODSMVT_CREATE
  - BAPI_GOODSMVT_CANCEL

Impact after transition to SAP S/4HANA

Most of the deprecated transaction codes still work. However, they are no longer supported.

It is highly recommended to shift either to successor transactions or **SAP Fiori apps**.

For other workstream deprecated transactions, refer to the **simplification list** document.

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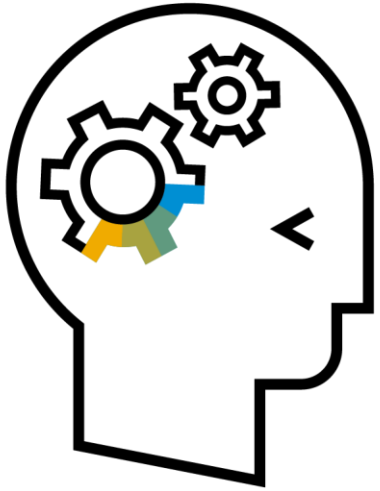
Post goods receipt for purchase order – Demo



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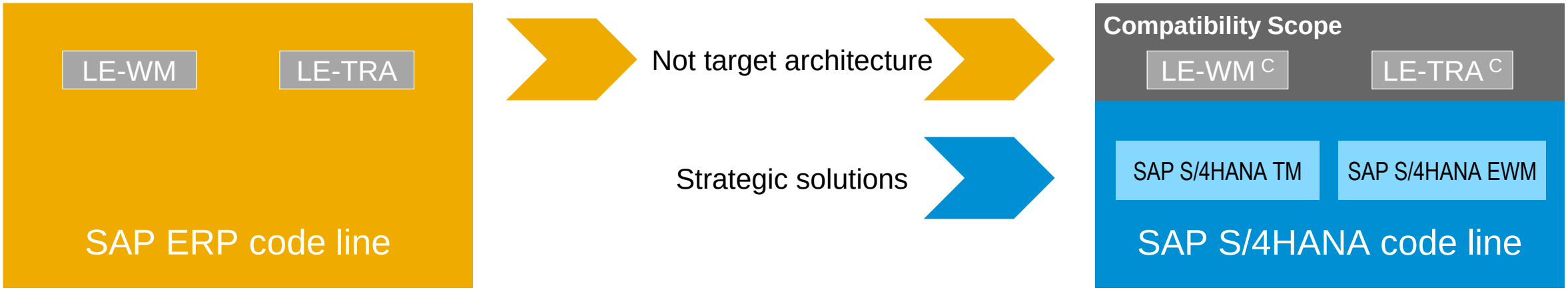
Moving Processes from Compatibility Scope to Strategic Solutions

LE-WM and LE-TRA not the target architecture



Detailed information available in these SAP Notes

- ✓ LE WM related SAP Notes **2269324** and **2270211**
- ✓ LE TRA related SAP Note **2270199**
- ✓ Roadmap link https://www.sap.com/products/roadmaps.html

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Vendor evaluation options

SAP ERP

SAP SLC/SRM

AS-IS Vendor Evaluation Solution

Still supported, but not strategic anymore and is therefore deprecated

SAP S/4HANA

SAP S/4HANA (OP/CE) Supplier Evaluation

SAP transitioned functionality from SAP SLC to SAP S/4HANA to cover some supplier evaluation processes

Vendor Evaluation [C]

SAP ERP code line

SAP Ariba

SAP Ariba Supplier Lifecycle and Performance (SLP)

SAP Ariba is the future platform for supplier collaboration and supplier-initiated management tasks

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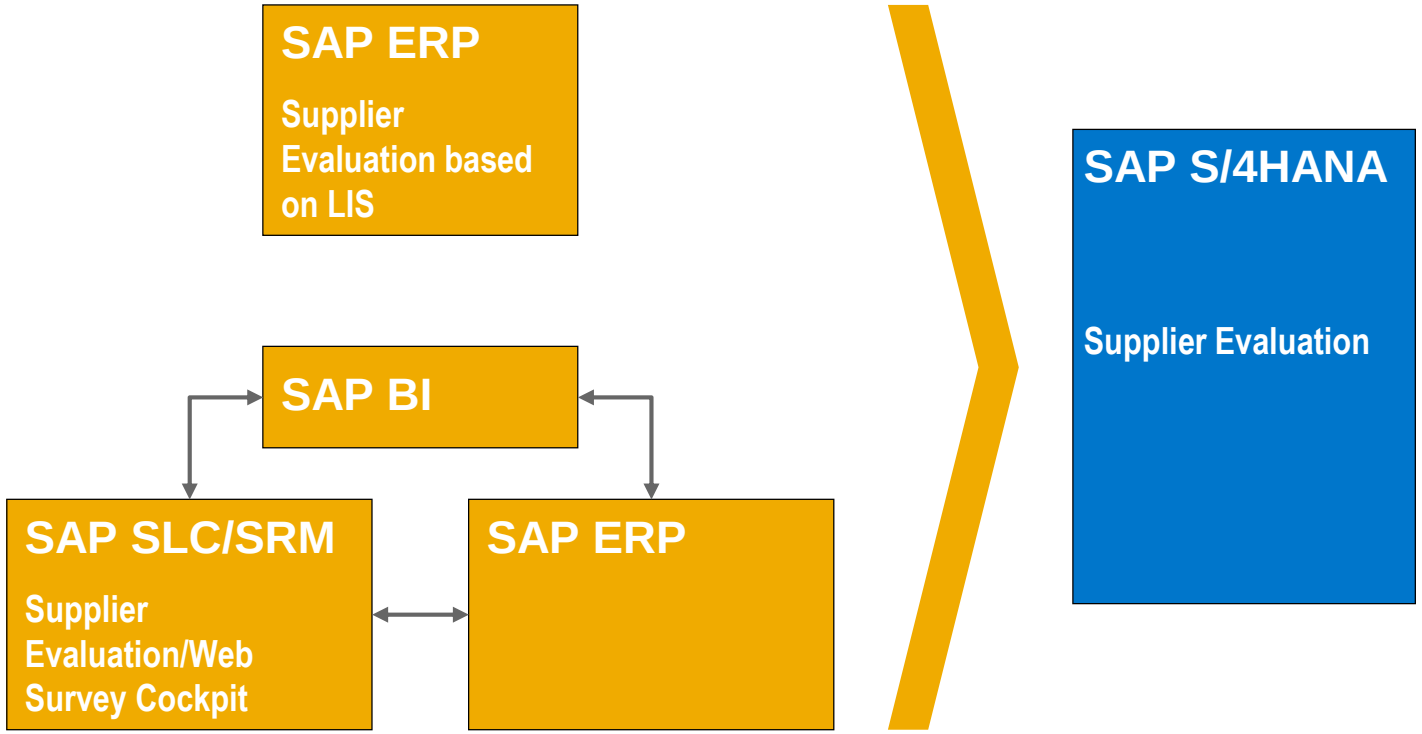
Moving Processes from Compatibility Scope to Strategic Solutions

SAP S/4HANA sourcing and procurement supplier evaluation



Detailed information available in these SAP Notes

- ✓ **2267414** – S4TWL – Vendor evaluation based on LIS
- ✓ **2228247** – SAP S/4HANA Simplification: Deprecation of Vendor evaluation based on LIS
- ✓ **2200411** – MM-Transition to S/4: Vendor Evaluation in MM-PUR
- ✓ **2271188** – S4TWL – Dedicated SAP Supplier Lifecycle Management (SAP SLC) business processes

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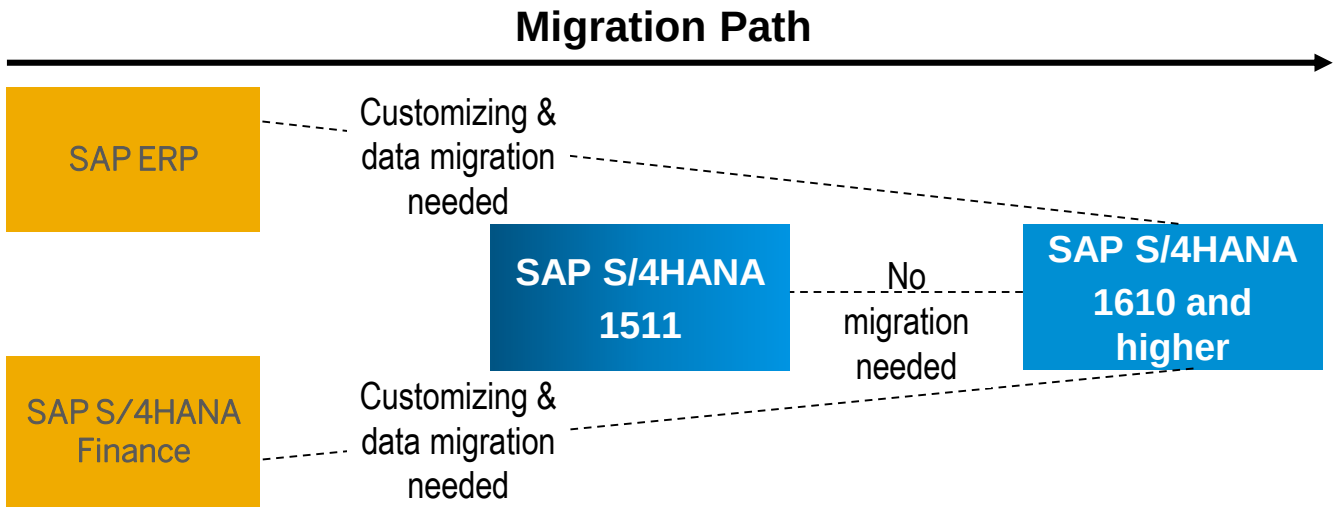
Other relevant considerations

- Material ledger for material valuation

  It is mandatory

  Activated during the conversion process



- Request for quotation simplified process

SAP Note **2267836** S4TWL – Material Ledger Obligatory for Material Valuation

The following transaction codes are not considered as the target architecture:

- ME41, ME42, ME43, ME44, etc.

These have been replaced by SAP Fiori apps:

- Manage Request for Quotations
- Manage Supplier Quotations
- Compare Supplier Quotations

SAP Note **2332710** S4TWL-RFQ Simplified Transaction

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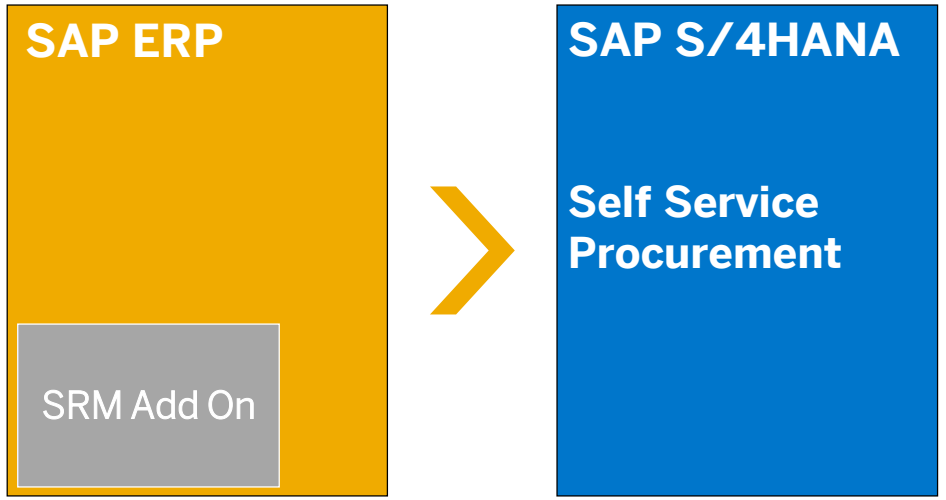
SRM co-deployment not supported

Key considerations

- SRM add-on is not supported in SAP S/4HANA; therefore deinstallation is required before system conversion
- Some capabilities are provided in SAP S/4HANA and others in SAP ARIBA
- Some migration reports are available



Business value

- Enhanced user experience
- Single source of truth

Detailed information available in these SAP Notes

- ✓ **2271166** – S4TWL – Co-Deployment of SAP SRM
- ✓ **2251946** – Informational note about migration of SAP SRM shopping carts to SAP S/4HANA SSP

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Key takeaways from Week 4

MRP areas are mandatory and they could be created and used in ERP before your system is converted to SAP S/4HANA.

Settlement Management is the new and strategic tool to handle rebates and commissions. The old solution is no longer available.

SAP S/4HANA output management is recommended but not mandatory. Other frameworks like NAST still can be used.

Although several ERP functionalities are still available in SAP S/4HANA, you have to plan when you will move to the strategic solutions.

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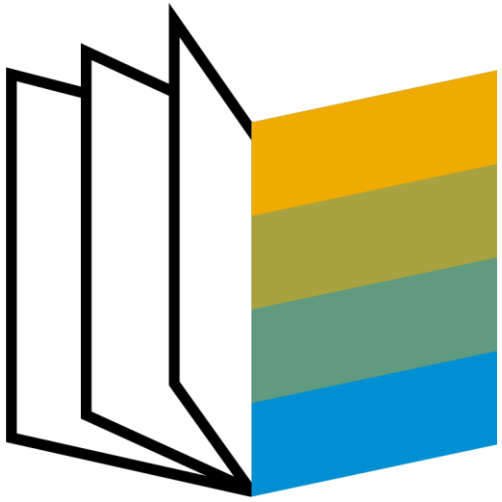
Additional material



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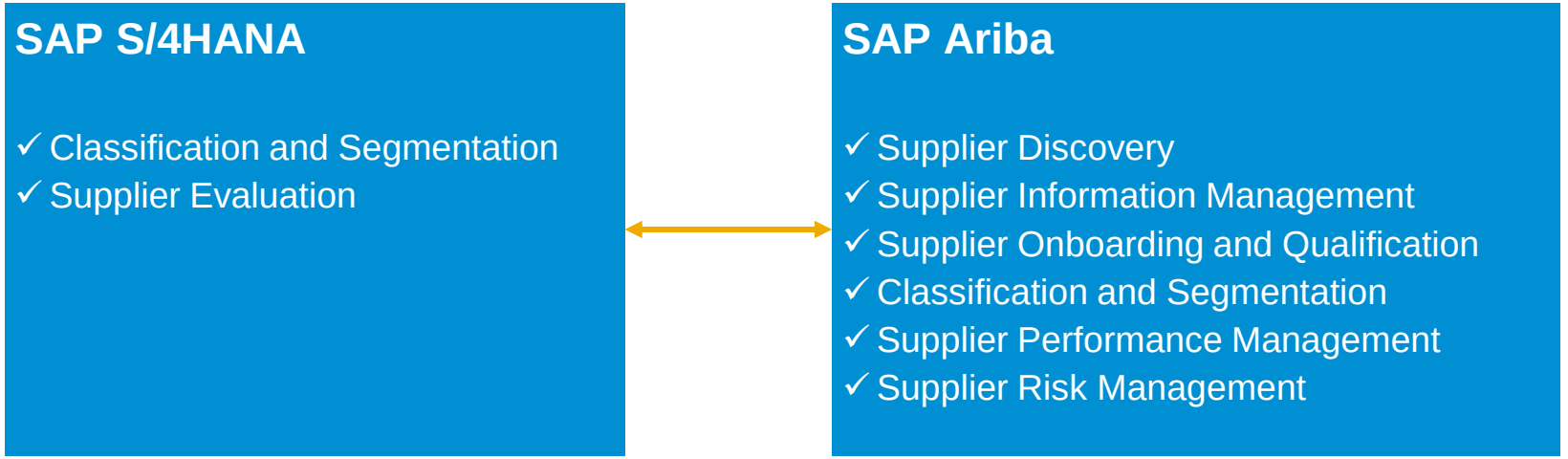
SAP S/4HANA Sourcing and Procurement supplier management overview and road map



- Supplier Evaluation is part of the supplier management functionalities
- SAP S/4HANA Sourcing and Procurement doesn’t plan to encompass self-registration or self-service supplier data maintenance by suppliers directly, but focuses only on supplier classification and evaluation
- SAP Ariba is the recommended product for supplier leading sell-side functionalities such onboarding and qualification etc.

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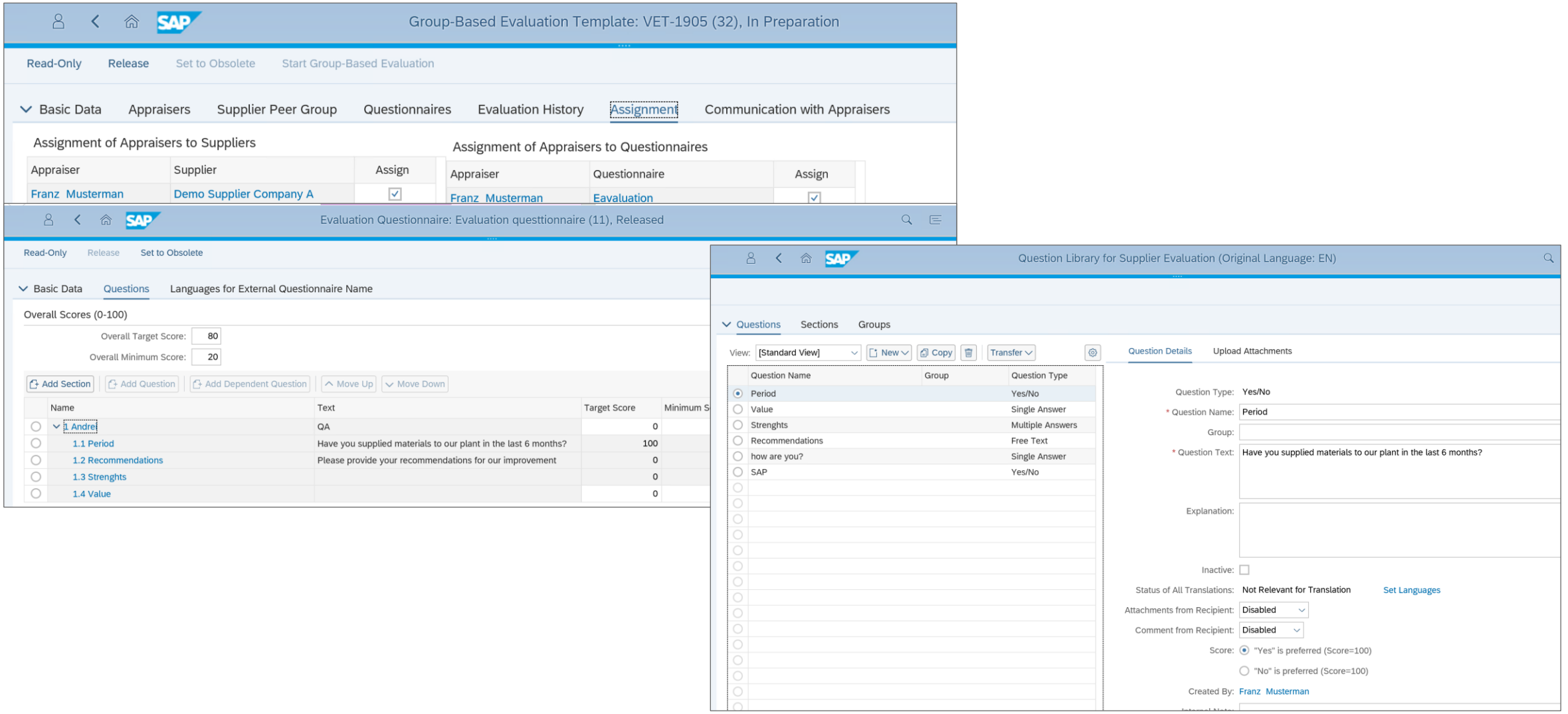
SAP S/4HANA Sourcing and Procurement supplier evaluation



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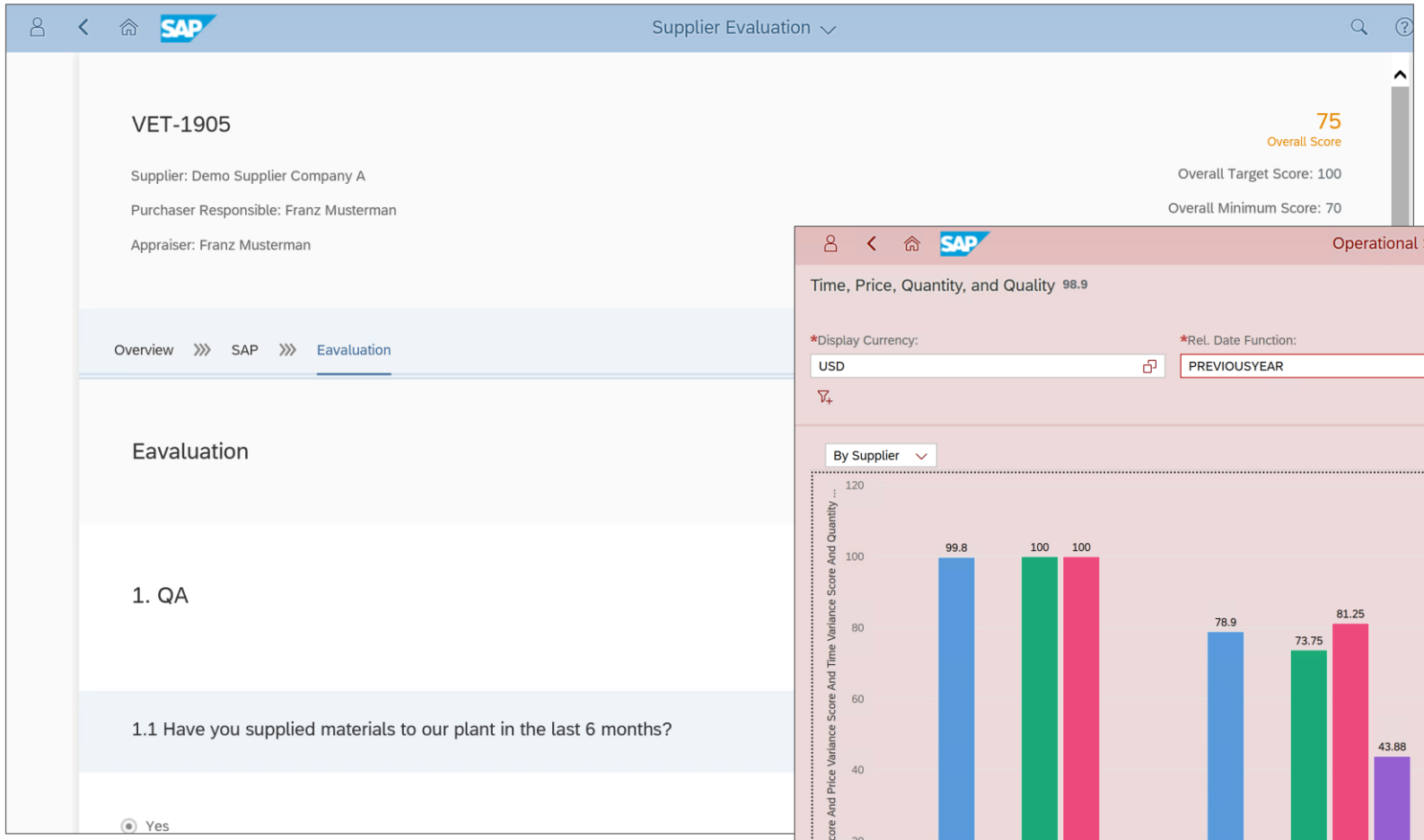
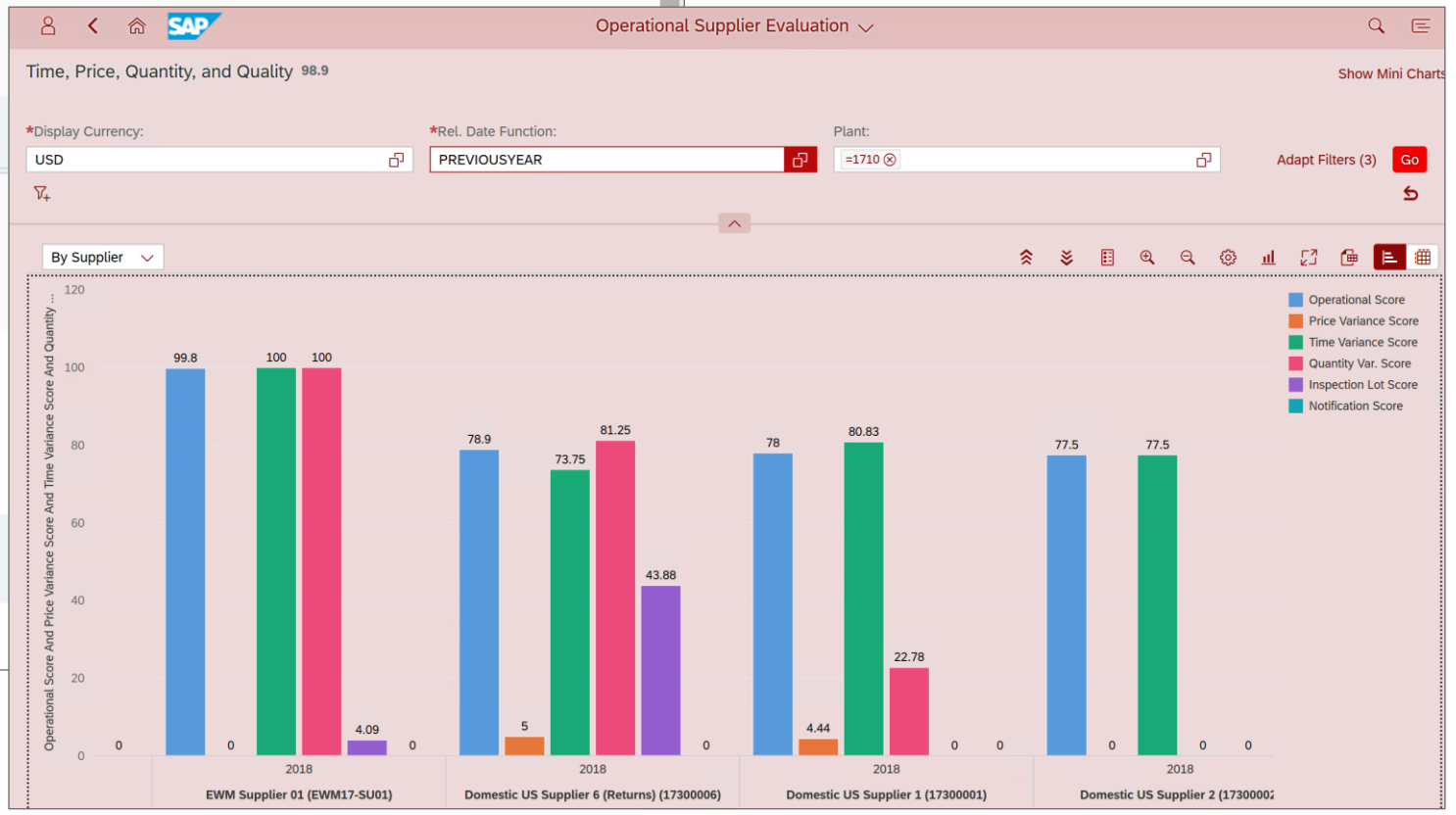
Moving Processes from Compatibility Scope to Strategic Solutions

SAP S/4HANA Sourcing and Procurement supplier evaluation





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Contact information:

open@sap.com

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