BUSINESS BLUEPRINT DOCUMENT

Digitalization of Procure to Pay Process
In SAP S/4 HANA

Material Management & Finance

By

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CONTENTS

FocusR Tech.Pvt. Ltd   **Lumax BPD Document**

1.Client / Industry Background

IAC International Automotive India Pvt. Ltd. is a leading global supplier in the automotive industry, specializing in the design and manufacture of innovative interior and exterior systems. IAC is recognized for creating environments that move people through elegant design, bold ideas, and precise execution, supporting some of the world's largest automotive OEMs.

Globally, IAC operates more than 50 manufacturing facilities across 15 countries, demonstrating a strong international footprint and a highly distributed supply chain. In India, IAC operates through 6 legal entities, managing complex procurement, sourcing, and financial operations across multiple plants and locations.

Given the scale and complexity of operations, IAC relies heavily on SAP as its core ERP system to manage procurement, inventory, finance, and vendor collaboration. The organization handles a high volume of Purchase Requisitions (PRs), Purchase Orders (POs), Goods Receipts (GRs), invoices, and payments on a daily basis.

2.Business Blueprint Overview

This Business Blueprint (BBP) document provides a comprehensive definition of the future-state (TO-BE) procurement process for Lumax Industries within SAP.

The document serves as a functional baseline and captures:

- Detailed TO-BE procurement workflows

- Automation touchpoints across PR, PO, GR, Invoice, and Payment

- Control mechanisms such as validations, alerts, and reminders

- Reporting and compliance requirements

This BBP will be used as the reference document for:

- SAP configuration

- Custom developments

- Testing and validation

- Business sign-off

3.AS-IS Business Process Overview

3.1 Purchase Requisition & Approval.

- Purchasing Organization selection depends heavily on user knowledge.

- Incorrect or unauthorized Purchase Group selections may occur.

- PR approvals follow a release strategy but lack automated follow-ups or reminders.

3.2 PR to PO Conversion

- PR-to-PO conversion requires manual intervention.

- Delays occur due to dependency on buyer availability.

- No automatic confirmation to PR creators upon approval.

3.3 Purchase Order Release & Communication

- PO release notifications to vendors are not fully automated.

- Procurement teams often manually communicate PO release details.

3.4 Monitoring & Aging

- No automated tracking of: PRs pending conversion & PRs and POs pending approval beyond a defined timeline

- Follow-ups are manual and reactive.

3.5 Contract Utilization

- Contracts exist but are not always systematically enforced during PR/PO creation.

- Manual checks are required to ensure contract compliance.

3.6 Goods Receipt & Invoice Processing

- GR is posted via MIGO, but invoice value visibility during GR (for MT 103/105) is limited.

- Service PO invoices require manual checks across multiple service lines.

3.7 Payment, Down Payment & Reporting

- Vendors are not automatically notified upon payment release.

- Payment terms for down payments and milestone-based advances are not system-driven and require manual tracking.

- Down payment requests for Capital Purchase Orders are processed manually using F-47 for line item.

- Spend visibility across PR, PO, GR, and Payment requires multiple reports and manual consolidation.

4.TO-BE Business Process Overview

4.1 Automated PO Creation after PR Approval

TO-BE Process

- Purchase Requisitions (PRs) are created by business users in SAP.

- PRs follow a predefined multi-level Release Strategy based on value, plant, material group, and business rules.

- Upon completion of all approval levels:

  - The system automatically converts the approved PR into a Purchase Order (PO).

  - PO creation occurs without manual buyer intervention.

  - The created PO follows the defined PO release strategy before further processing. (Mail Triggering)

Technical Considerations

- PR-to-PO automation is implemented using a hybrid technical approach, allowing flexibility and control:

  - ME59N background job (Program: RM06BB30) for mass and scheduled conversion.

  - Custom ABAP framework using BAPI_PO_CREATE1 for controlled and exception-based PO creation.

- The solution enforces pre-conversion validations, including:

  - Automatic PO indicator availability at material and vendor level

  - Tax code determination via Purchasing Info Records

  - Contract, pricing, and master data consistency checks

- Robust error handling, logging, and reprocessing mechanisms are built to ensure auditability and operational stability.

Business Outcome

- Faster PR-to-PO conversion

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- Reduced dependency on buyers

- Improved procurement efficiency and compliance

4.2 PR Approval Email Notification to Requestor

TO-BE Process

- Upon final PR approval, an automatic email notification is triggered to the PR creator/requestor.

- Email includes PR number, approval status, and confirmation of approval.

Technical Considerations (Enhanced)

- Event-based ABAP enhancement is triggered post final release update in PR lifecycle.

- Email framework supports:

  - Dynamic recipient determination

  - Configurable mail templates

  - Future extensibility for escalation or reporting triggers

- SAP connect (SCOT) configuration leveraged for centralized mail handling.

- User master data validation ensures reliable message delivery.

Business Outcome

- Improved requester visibility

- Reduced follow-up communication

4.3 Purchasing Organization (POrg) Validation during PR Creation

TO-BE Process

- During PR creation, the system validates the selected Purchasing Organization.

- Unauthorized or invalid Purchase Organization selections are blocked with an error message**.**

Technical Considerations

- Role-based authorization design using standard SAP authorization objects.

- Purchase Organizations are maintained at role level to enforce organizational boundaries.

- Additional enhancement layer allows:
  - Context-based validations (plant, company code, procurement type)
  - Centralized control over procurement access governance
- Error messaging is standardized to guide users toward corrective action.

Business Outcome

- Improved data accuracy
- Prevention of incorrect procurement routing

4.4 PO Release Notification to Vendor & Procurement (Indirect PO)

TO-BE Process

- Upon PO release, automated email notifications are sent to:
  - Vendor (PO details)
  - Procurement team (confirmation)
- Applicable primarily to Indirect Purchase Orders.

Technical Considerations

- SAP Output Determination framework used for vendor communication.
- Custom logic differentiates indirect POs and controls notification triggers.
- Flexible recipient determination supports:

  - Individual users
  - Procurement distribution lists

- Output processing includes document generation, attachment handling, and delivery status tracking.

Business Outcome

- Faster vendor communication
- Improved PO acknowledgment timelines

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4.5 Pending PR Aging Alerts (Unconverted PRs > 30 Days)

TO-BE Process

- System monitors PRs that remain unconverted to PO's.

- PRs exceeding the defined aging threshold trigger alert notifications to procurement teams.

Technical Considerations

- Custom ABAP monitoring logic built on PR lifecycle data (EBAN).

- Scheduled background jobs perform periodic aging analysis.

- Alert framework supports:

  - Configurable aging thresholds

  - Dynamic recipient determination

  - Consolidated PR aging summaries

- Designed to support future expansion into dashboards or KPI reporting.

Business Outcome

- Reduced procurement backlog

- Improved accountability

4.6 PR & PO Approval Reminder Alerts (> 30 Days)

TO-BE Process

- PRs and POs pending approval beyond defined timelines are identified.

- Automated reminder emails are sent to pending approvers and escalation recipients.

Technical Considerations

- Approval status tracking based on release strategy indicators.

- ABAP-based reminder engine evaluates pending approvals at scheduled intervals.

- Supports:

  - Multi-level reminder cycles

  - Escalation logic for prolonged delays

  - Consolidated approval workload notifications

- Framework designed for reuse across PR and PO approval processes.

Business Outcome

- Faster approvals

- Reduced approval delays

4.7 Custom Spend Analysis Report (PR–PO–GR–Payment)

TO-BE Process

- A custom report provides a single consolidated view of PR, PO, GR, Invoice, and Payment data.

- Enables drill-down analysis across the procurement lifecycle.

Technical Considerations

- Custom ABAP reporting solution integrating MM and FICO transactional data.

- Optimized data retrieval logic ensures performance for large data volumes.

- Report design supports:

  - Multiple selection criteria

  - Drill-down navigation

  - Export and analytical views

- Architecture allows future integration with BI or analytics platforms.

Business Outcome

- Enhanced spend visibility

- Better management decision-making

4.8 Contract-Based PR & PO Automation (Value & Quantity Contracts)

TO-BE Process

- Procurement activities are governed through predefined purchasing contracts (value-based or quantity-based).
- During PR creation:
  - The system automatically determines the applicable contract based on vendor, material/service, purchasing organization, and validity.
- Upon PR approval:
  - POs are automatically created with reference to the identified contract.

- System ensures:

  - For value contracts → PO creation continues until the contract value limit is exhausted.

  - For quantity contracts → PO creation continues until the contracted quantity is fully consumed.

- Any attempt to exceed contract limits is system-controlled and restricted.

Technical Consideration

- Integration with SAP contract management and source determination framework.

- Automated validation of contract validity, value/quantity consumption, and pricing.

- Source list & info record logic

Business Outcome

- Strict contract compliance

- Elimination of manual contract tracking

4.9 MIGO Automation – Invoice Value Visibility (MT 103 / 105)

TO-BE Process

- During Goods Receipt posting using movement types 103 and 105: The system derives and displays the expected invoice value and tax information at the time of GR.

- The GR posting is validated against:

  - PO value

  - Expected invoice amount

  - Quantity and pricing conditions

- Any mismatch beyond permissible tolerance is flagged for review before further processing.

Technical Touchpoints

- Movement-type–based enhancement framework within MIGO.

- Enhancement for invoice value display

Business Outcome

- Reduced GR-invoice mismatches

- Improved financial accuracy

4.10 Service PO – Line-Item Level Invoice Automation

TO-BE Process

- Service Purchase Orders may contain multiple service line items.
- Each service line item is treated as an independent billing milestone.
- Upon completion and confirmation of a service line: The system automatically enables invoice processing for that specific line item.
- Invoice posting is controlled to ensure:

    ▪ Only completed service lines are invoiced.

    ▪ Partial or premature invoicing is prevented.

Technical Touchpoints

- Integration between Service Entry Sheets, MIGO confirmation, and MIRO invoice processing.
- Line-item level validation framework for service completion and billing eligibility.
- Automated checks to ensure consistency between service quantity, value, and invoice amount.

Business Outcome

- Accurate service invoicing
- Reduced manual intervention

4.11 Payment Advice & Notification

TO-BE Process

- • User executes vendor payment using F-53 (Manual Outgoing Payment).
- • Post-Payment output trigger is invoked automatically.
- • System identifies: Payment document Linked vendor & Associated PO(s)
- • System determines recipient type: Vendor (external) & Procurement team (internal)
- • Email notifications are generated using predefined templates.
- • Emails are dispatched via SAP standard mail framework.

Technical Touchpoints

- • F-53 Manual Payment Posting
- • Post-Document Trigger (Enhancement / Event-based output)
- • Custom Email Templates (Vendor & Procurement)

Email Design & Control: Separate email templates maintained for: Vendor (External communication - payment confirmation) & Procurement (Internal visibility and tracking)

Business Outcome

- Improved payment transparency for vendors.

- Reduced vendor follow-ups and payment status inquiries.

- Better procurement visibility on PO utilization and outstanding balances.

- Reduced manual communication effort for finance teams.

- Audit-friendly, traceable, and standardized payment communication process.

4.12 Down Payment Automation for Capital Purchase Orders

TO-BE Process

- **To club multiple PO line in a single Down Payment Request:**

1. Down payment percentage need to be added in Payment processing tab in the Purchase order on the header level which will be triggering the Down payment based on the Purchase order.

2. The percentage need to be decided by the user depending on the amount for the vendor.

3. User should use the ME2DP T Code to raise the Down payment request and posting of the Down payment amount.

4. Here we can post the Down payment document on the header level of PO

- **Objective:**

1. Technical Feasibility for full Process is under evaluation.

Technical Touchpoints

- Prerequisites and configurations

- BAPI

- Depends Workflow-based triggers

Business Outcome

- It will reduce the Work efficiency for the users when it depends on the Header level

- Cannot post the down payment amount more than the percentage which is defined in the Purchase order level.

4.13 Payment Terms for Down payment requests

TO-BE Process

- Payment terms are need to be configured for the down payment

- Payment terms will be created as per the requirement of client.

Technical Touchpoints

- Payment term configuration

- Assignment of payment terms

Business Outcome

- The payment terms in automation of due date which will help the users to allow the payment clearing notification about the due date.

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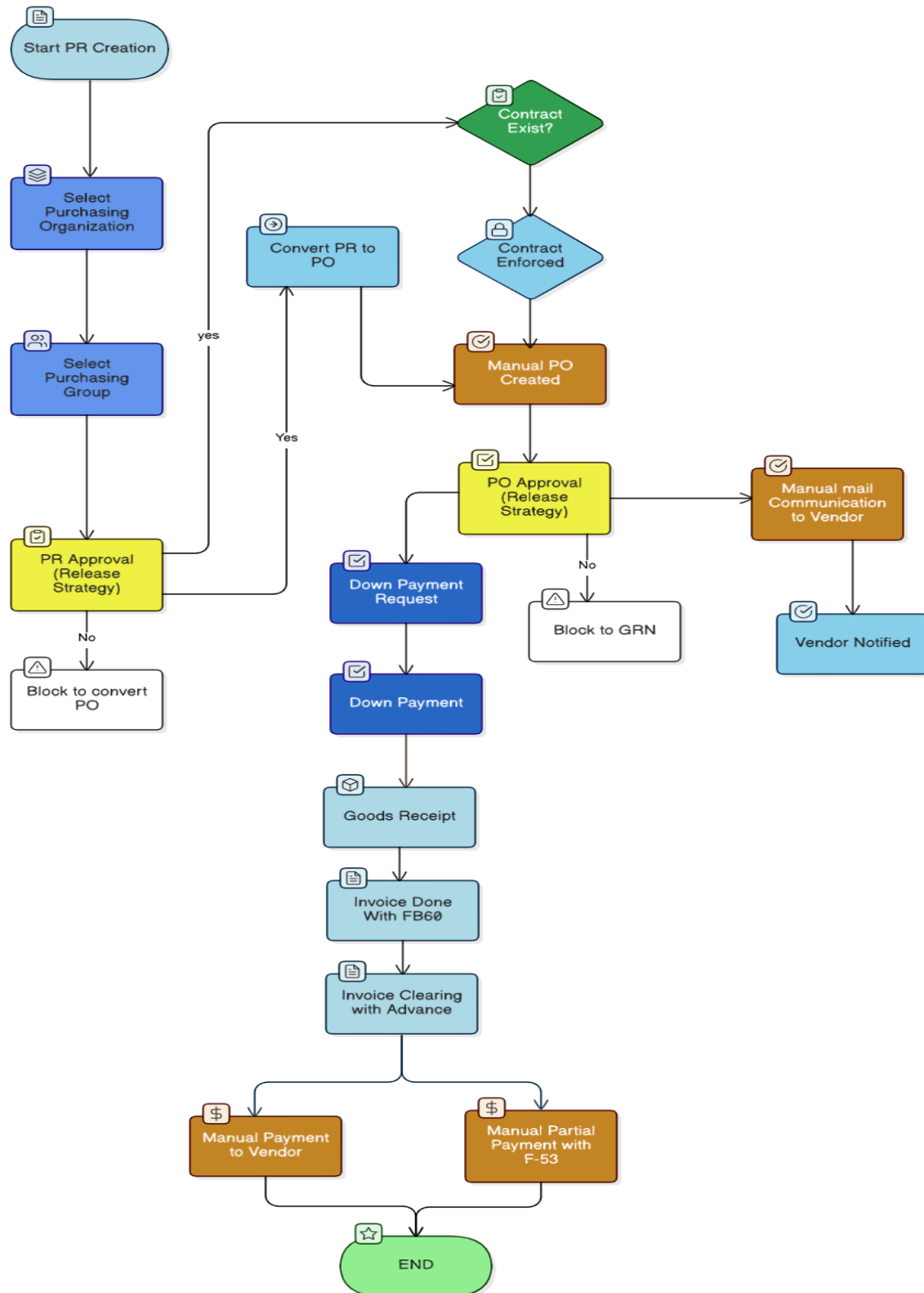
5.GAP Analysis Summary

This section identifies gaps between the current (AS-IS) procurement process and the proposed (TO-BE) automated solution, along with the resolution approach.

Gap ID	Process Area	AS-IS Process	TO-BE Process	Resolution Approach
GAP-01	PR to PO Automation	PR-to-PO conversion is manual and dependent on buyer availability.	PRs are automatically converted into POs once final approval is completed.	Background job–based automation (ME59N / RM06BB30) or controlled BAPI-based conversion (BAPI_PO_CREATE1) with prerequisite validations.
GAP-02	PR Approval Notification	No structured communication to PR requestors after approval.	Automatic email notification is sent to the PR creator upon final approval.	Event-based ABAP enhancement integrated with PR release lifecycle using SAP mail framework.
GAP-03	Purchasing Organization Validation	POrg selection is user-dependent and prone to errors.	System validates Purchasing Organization during PR creation and blocks unauthorized selections.	Role-based authorization control using standard SAP authorization objects with validation logic.
GAP-04	PO Release Communication	Vendor and procurement communication is manual and inconsistent.	Automated email notifications sent to vendor and procurement team upon indirect PO release.	Standard SAP output determination (NACE) with configurable recipient logic.
GAP-05	PR Aging Monitoring	Follow-ups on unconverted PRs are manual and reactive.	Automated monitoring and alerting for PRs exceeding defined aging thresholds (e.g., 30 days).	ABAP-based aging logic using EBAN table with scheduled background job and alert framework.
GAP-06	Approval Delay Management	No automated reminders for pending PR and PO approvals.	Automated reminder and escalation notifications for long-pending PRs and POs.	Workflow / ABAP-based approval monitoring with periodic reminder and escalation execution.

GAP-07	Spend Analysis & Visibility	Spend data is scattered across multiple reports.	Single consolidated spend analysis view across PR, PO, GR, Invoice, and Payment.	Custom ABAP reporting solution integrating MM and FICO transactional data.
GAP-08	Contract-Based PR & PO Processing	Contract utilization checks are manual and inconsistent.	PRs and POs are automatically created and validated against value-based or quantity-based contracts.	Source determination logic and contract validation during PR/PO processing.
GAP-09	GR Invoice Visibility (MIGO)	Invoice value visibility during GR (MT 103/105) is limited.	Invoice value and tax details are visible during GR posting for relevant movement types.	Enhancement in MIGO leveraging movement-type–based logic.
GAP-10	Service PO Invoice Automation	Service PO invoices require manual verification across multiple line items.	Line-item level invoice automation triggered after service completion and MIGO posting.	Service entry–based integration with MIRO and controlled automation logic.
GAP-11	Payment Notification	Payment execution is manual with no automated communication.	Automated payment notifications sent to vendor and procurement after payment execution.	Event-based post-document trigger integrated with F-53 and SAP mail framework.
GAP-12	Down Payment Automation (Capital PO)	Down payment requests are fully manual using F-47 at line-item level.	Header-level down payment processing using defined percentage and ME2DP.	Semi-automated solution using PO payment processing settings, ME2DP execution, and feasibility-based enhancements.
GAP-13	Payment Terms for Down Payments	Down payment due dates are manually managed and inconsistent.	Dedicated payment terms configured for down payment scenarios with automated due date calculation.	Configuration-driven payment term creation and assignment aligned with finance policies.

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6.AS-IS Process Flow

The below diagram represents the current procurement process followed by the business. The process involves multiple manual interventions, limited system-driven validations, and reactive follow-ups across PR approval, PO creation, and payment stages.

7.TO-BE Process Flow

The below diagram illustrates the proposed future-state procurement process. The TO-BE solution introduces system-driven automation, enhanced governance controls, proactive monitoring, and integrated financial visibility across the end-to-end procurement lifecycle.