Reliance Industries Limited

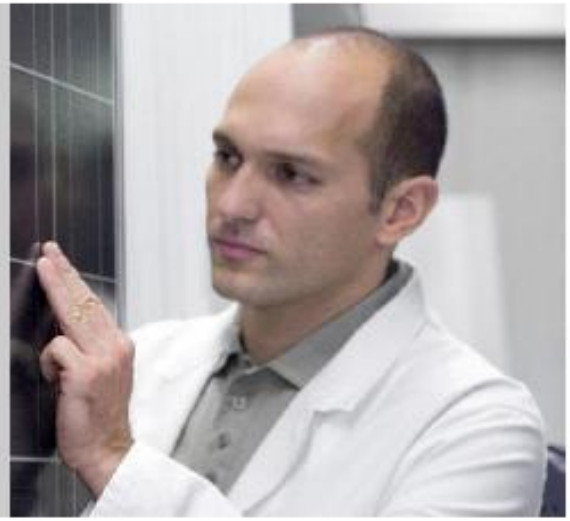
Executive Board Presentation

BEST BUSINESS PRACTICES & MEASURES

SAP INDUSTRY BLUEBOOK : Oil & Gas

APPROACH WHITE PAPER

BUSINESS TRANSFORMATION SERVICES



28th June 2010

Author .

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Reliance Industries Limited

THE BEST-RUN BUSINESSES RUN SAP™

SAP

Agenda

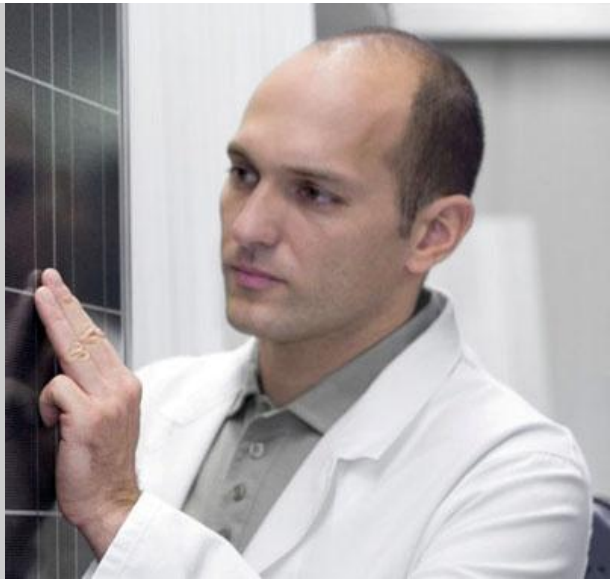
Energy Industry Highlights – & Value Drivers

Oil & Gas – Best Business Practices

Best Business Practice – Baseline Scenarios

SAP INDUSTRY BLUEBOOK : Oil & Gas

Volume – 3
Best Business Practice – Baseline Scenario



APPROACH WHITE PAPER
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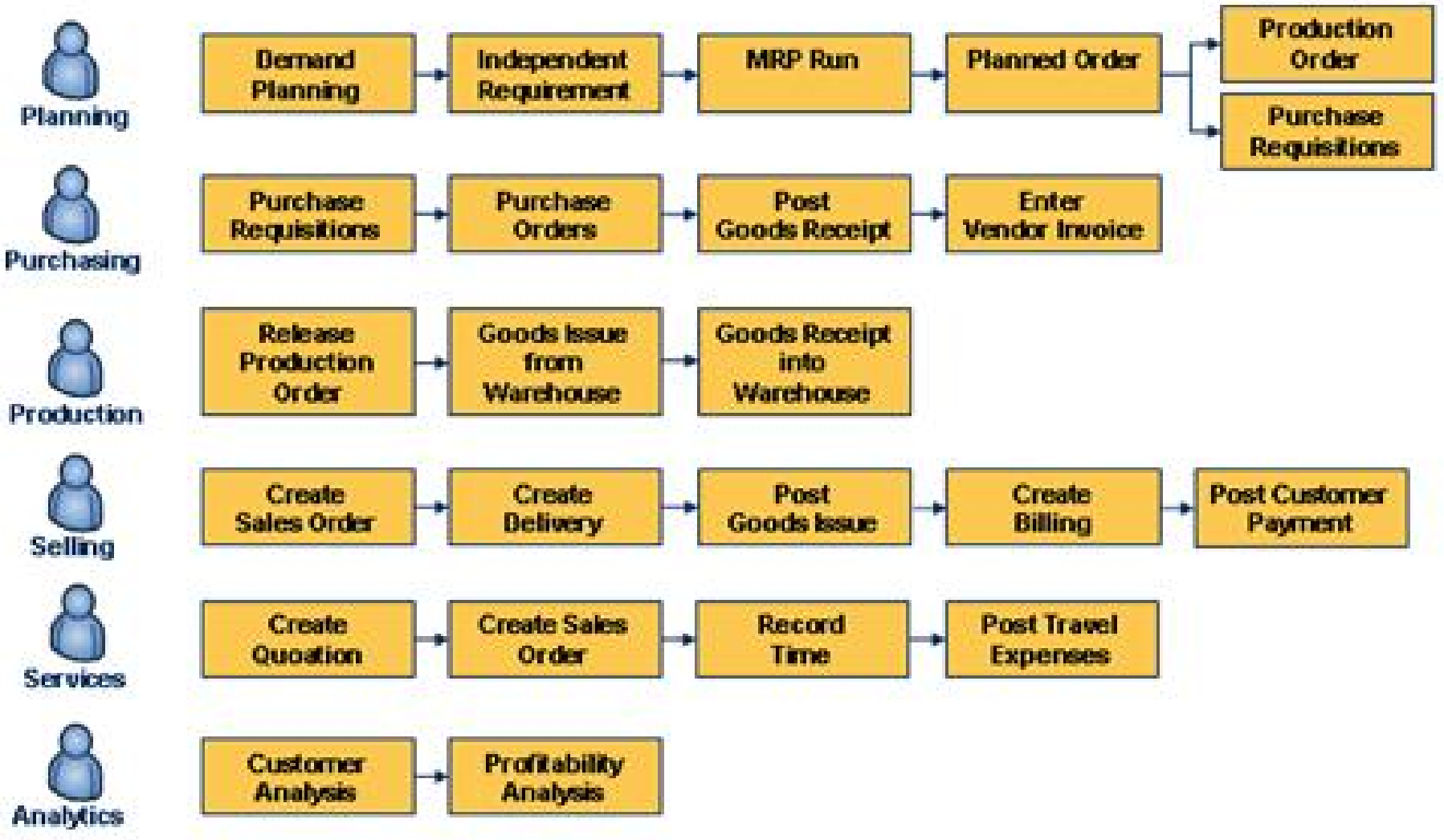
THE BEST-RUN BUSINESSES RUN SAP™

Content – Volume(3)

- Best Practice Baseline - Accounting
- Best Practice Baseline – A O P
- Best Practice Baseline – Forecast to Sales
- Best Practice Baseline – Order to Cash
- Best Practice Baseline – Procure to Pay
- Best Practice Baseline - Services
- Best Practice Baseline – Hire to Retire
- Best Practice Baseline – Time to Market

SAP Best Practice –

BASELINE STORY



SAP Best Practice –

BASELINE STORY

Planning

1. You start the day with reviewing the current stock situation and determining that you do not have enough stock. As a result, you create planned independent requirements and execute material requirements planning.
2. Once you have done your MRP run, you convert the planned orders into production orders, and generate purchase requisitions.

Purchasing

3. Once you have the purchase requisitions, you assign them to vendors and create purchase orders.
4. The vendor has delivered the materials. Your next step is to enter a goods receipt based on the purchase order.
5. Lastly, enter the vendor invoice that will be paid later.

Production

6. You are now ready to manufacture the goods and allow production to start the manufacturing process.
7. After production, the goods are moved to the warehouse.

Selling

8. A customer wants to purchase goods, so the salesperson enters a sales order.
9. A delivery order is created, and the goods are picked and shipped to the customer
10. Once the goods are shipped, you bill the customer
11. The customer sends a payment, which you post to the system.

Services

12. The customer requests a spot consulting engagement.
13. You create a quotation as a formal offer of services to the customer.
14. You create a sales order as a service agreement between the service provider and the customer.
15. If the consultant is back from the customer, he records the time worked on a certain assignment using the cross-application time sheet (CATS).
16. In addition, the consultant can also enter the travel expenses

Analytics

Finally, you analyze the customer figures and the profitability.

Best Practice Scenarios

Scenarios in SAP BP (India):

- Time to Market
- Forecast to Sales
- Order to Cash
- Procure to Pay
- Services
- Accounting
- Annual Operating Plan
- Integration
- Analytics

Best Practice Scenarios

Forecast to Sales

Business Process:

- Logistic Planning
- Make to order production (without variant configuration)
- Make to order production (with variant configuration)
- Make to Stock Discrete Industry
- Make to Stock Process Industry
- Manufacturing cost center planning
- Production sub-contracting (External Processing)
- Repetitive manufacturing
- Rework Processing (Stock manufactured Material)
- Rework Processing (Work-in-process)
- Sales Operations Planning

Best Practice Scenarios

(O2C) Order to Cash

Business Process:

- Batch Management
- Batch Recall
- Credit Management
- Credit Memo Processing
- Cross-company sales order processing
- Customer consignment processing
- Debit memo processing
- Foreign trade export processing
- Free of charge delivery
- Lean warehouse management
- Quarterly plan sales quantity forecast with COPA
- Returnable processing

Best Practice Scenarios

(O2C) Order to Cash

Business Process:

- Returns Complaints
- Sales contract Fixed price and T&M Billing
- Sales of non stock item with order specific procurement
- Sales period end closing operations
- Sales processing with third party (with shipping notification)
- Sales processing with third party (without shipping notification)
- Sales quotations
- SO processing for prospect
- SO processing sale from stock
- SO processing with customer down payment

Best Practice Scenarios

(P2P) Procure to Pay

Business Process:

- Batch management
- Consumable purchasing
- External procurement of services
- External procurement of third party resources
- Internal procurement cross-company stock transfer
- Lean warehouse management
- Physical inventory counts and adjustments
- Procurement contract
- Procurement without QM
- Purchased material price planning
- QM for procurement with vendor evaluation
- Quotation for procurement
- Return to vendor

Best Practice Scenarios

Service Processes

Business Process:

- Depot repair
- External procurement of services
- External procurement of third party resources
- Internal maintenance
- Internal project
- Period end closing service orders
- Project with fixed price and T&M billing
- Sales contract with fixed price and T&M billing
- Sales of planned services
- Service contract with periodic billing
- Service with fixed price billing
- Service with T&M based billing
- Spot consulting with fixed price billing

Best Practice Scenarios

Financial Accounting

Business Process:

- Accounts payable
- Accounts receivable
- Activate document splitting
- Asset accounting
- Asset acquisition constructed assets (investment orders)
- Asset acquisition direct capitalization
- Cash management
- Cost of sales accounting
- Credit management
- General ledger
- Internal order marketing and other overheads - Planning
- Internal order marketing and other overheads - Actual

Best Practice Scenarios

Financial Accounting

Business Process:

- Internal order R&D actual
- Inventory valuation for year and closing
- Overhead cost accounting actual
- Period end closing general plant
- Period end closing in financial accounting
- Period end closing projects
- Period end closing service orders
- Sales period end closing operations
- Segment reporting
- Travel management

Best Practice Scenarios

(AOP) Annual Operating Plan

Business Process:

- General cost center planning
- Internal order marketing and other overhead actual
- Internal order marketing and other overhead planning
- Internal order R&D actual
- Internal order R&D plan
- Inventory valuation for year end closing
- Manufacturing cost center planning
- Overhead cost accounting actual
- Period end closing general plant
- Period end closing projects
- Period end closing service orders
- Purchased material price planning
- Quarterly plan sales quantity forecast with COPA

SAP Best Practice – (O2C) Order 2 Cash

Best Practice Buz. Scenario	Business Process
Order to Receipt (O2R)	Batch Management
	Batch Recall
	Credit Management
	Credit Memo Processing
	Cross-company sales order processing
	Customer consignment processing
	Debit memo processing
	Foreign trade export processing
	Free of charge delivery
	Lean warehouse management
	Quarterly plan sales quantity forecast with COPA
	Returnable processing
	Returns_Complaints
	Sales contract Fixed price and T&M Billing
	Sales of non stock item with order specific procurement
	Sales period end closing operations
	Sales processing with third party (with shipping notification)
	Sales processing with third party (without shipping notification)
	Sales quotations
	SO processing for prospect
	SO processing sale from stock
	SO processing with customer down payment

SAP Best Practice – (P2P) Procure 2 Pay

Best Practice Buz. Scenario	Business Process
Procure to Pay (P2P)	Batch management
	Consumable purchasing
	External procurement of services
	External procurement of third party resources
	Internal procurement cross-company stock transfer
	Lean warehouse management
	Physical inventory counts and adjustments
	Procurement contract
	Procurement without QM
	Purchased material price planning
	QM for procurement with vendor evaluation
	Quotation for procurement
	Return to vendor
	Self service procurement (procure 2 pay)
	Stock handling scrap and blocked stock
	Stock transfer with delivery
	Stock transfer without delivery
	subcontracting

SAP Best Practice – (F2S) Forecast 2 Sales / (H2R) / (T2M)

Best Practice Buz. Scenario	Business Process
Forecast to Sales (F2S)	Logistic Planning
	Make to order production (without variant configuration)
	Make to order production (with variant configuration)
	Make to Stock Discrete Industry
	Make to Stock Process Industry
	Manufacturing cost center planning
	Production sub-contracting (External Processing)
	Repetitive manufacturing
	Rework Processing (Stock manufactured Material)
	Rework Processing (Work-in-process)
	Sales Operations Planning
Hire to Retire (H2R)	OM - PayRoll - Time
Time to Market (T2M)	Internal Product Development

SAP Best Practice – Hire to Retire

Best Practice Buz.Scenario	Business Process
Human Resources	Manpower Planning & Budgeting
	Creation and change of organization structure
	Plan and manage adjustments to workforce capacity
	Manage Recruitment Channels
	Plan and Conduct Recruitment campaigns and Employee Referral Program
	Job requisition proposal and approval
	Job Posting in internal/external channels
	Job Offer and Closure Management
	Manage Unsolicited Application
	Track applicant data and Management of candidate relationships
	First Day Formalities generation of personnel file (Updation of employee master data)
	Probation Management
	Manage employee Movements
	Manage promotions and demotions
	Manage deployment of personnel
	Shift Planning
	Attendance Management
	Leave Management
	Leave Encashment

SAP Best Practice – Hire to Retire

Best Practice Buz.Scenario	Business Process
Human Resources	Manage payroll governance and Process payroll accounting activities
	Produce and distribute payroll statements
	Process end-of-period activities for payroll
	Employee claims management
	Apprentice and Trainee Management
	Plan and execute the employee global assignment
	Prepare global relocation of employees
	Repatriate from global assignment
	Manage voluntary and involuntary separations
	No dues clearance and recoveries, exit interview
	Full and final settlement
	Employee surveys
	Employee Performance management
	Training need identification
	Administration and delivery of training program
	Evaluate the training effectiveness
	Skills inventory management
	Succession planning
	Potential analysis and planning
	Individual development planning

SAP Best Practice – Hire to Retire

Best Practice Buz.Scenario	Business Process
Human Resources	Develop employee compensation plans
	Develop benefit plans and Administration of benefit enrollment
	Plan business trips using travel management
	Reimburse travel expenses to the employees

SAP Best Practice – Financial Accounting

Best Practice Buz. Scenario	Business Process
Accounting	Accounts payable
	Accounts receivable
	Activate document splitting
	Asset accounting
	Asset acquisition constructed assets (investment orders)
	Asset acquisition direct capitalization
	Cash management
	Cost of sales accounting
	Credit management
	General ledger
	Internal order marketing and other overheads - Planning
	Internal order marketing and other overheads - Actual
	Internal order R&D actual
	Inventory valuation for year and closing
	Overhead cost accounting actual
	Period end closing general plant
	Period end closing in financial accounting
	Period end closing projects
	Period end closing service orders
	Sales period end closing operations
	Segment reporting
	Travel management

SAP Best Practice – (AOP) Annual Operating Plan

Best Practice Buz. Scenario	Business Process
Annual Operating Plan (AOP)	General cost center planning
	Internal order marketing and other overhead actual
	Internal order marketing and other overhead planning
	Internal order R&D actual
	Internal order R&D plan
	Inventory valuation for year end closing
	Manufacturing cost center planning
	Overhead cost accounting actual
	Period end closing general plant
	Period end closing projects
	Period end closing service orders
	Purchased material price planning
	Quarterly plan sales quantity forecast with COPA
	Reference and simulation costing
	Revenue planning
	SOP through long term planning transfer to LIS_PIS_Capacity
	Standard cost calculation

Scenario Overview – ACCOUNTS

Accounts Payable

Purpose and Benefits:

Purpose

- This scenario deals with posting accounting data for vendors in Accounts Payable.

Benefits

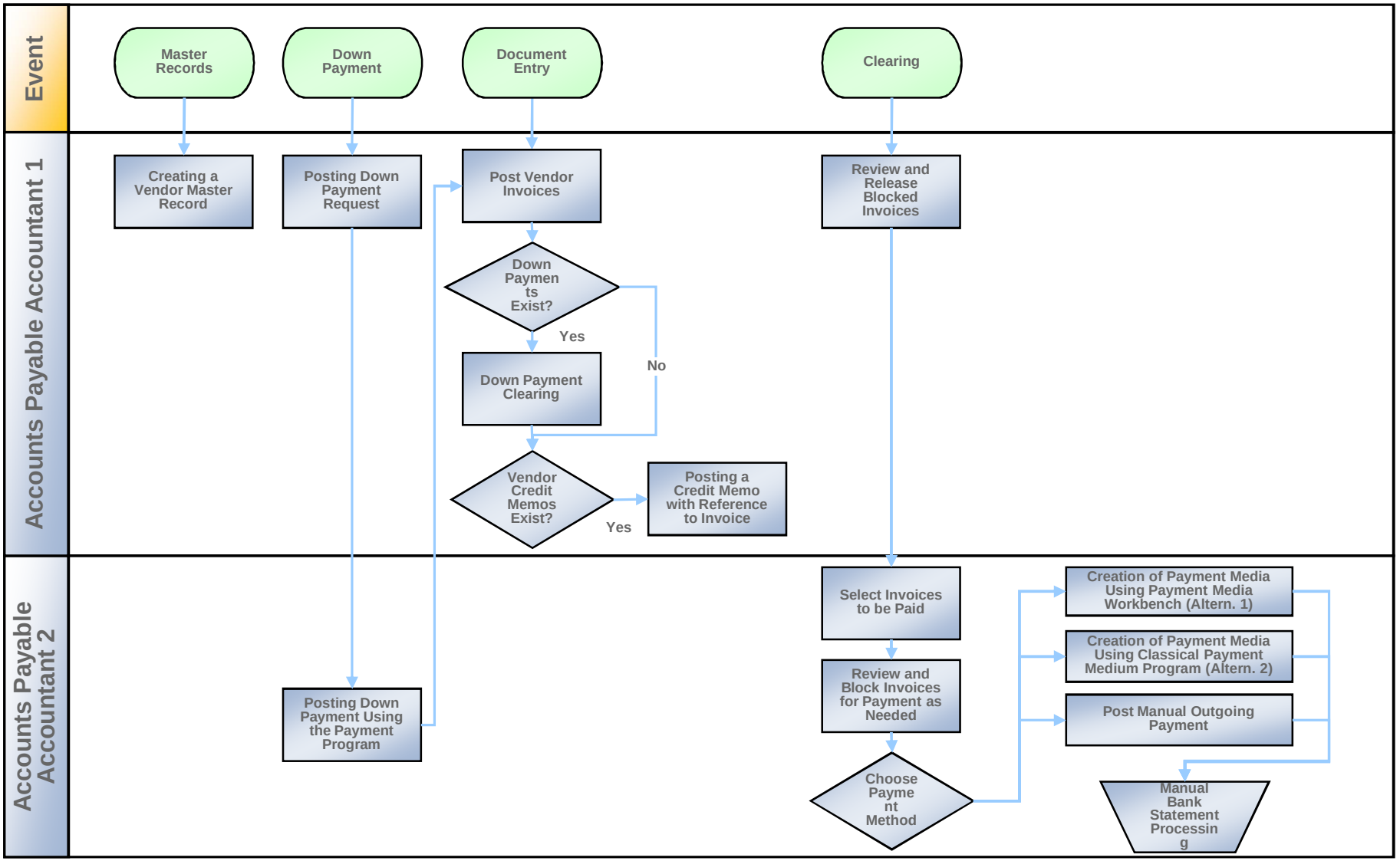
- The Accounts Payable are also an integral part of the purchasing system.
- All postings in Accounts Payable are also recorded directly in the General Ledger.
- The payment program can automatically carry out bank transfers and down payments.

Key process flows covered

- Post Accounts Payable Documents
- Manual and automatic clearing of open items
- Post down payments using the payment program
- Post manual and automatic outgoing payments.

Process Flow Diagram

Accounts Payable



Scenario Overview – ACCOUNTS

Accounts Receivable

Purpose and Benefits:

Purpose

- This scenario deals with posting accounting data for customers in Accounts Receivable.

Benefits

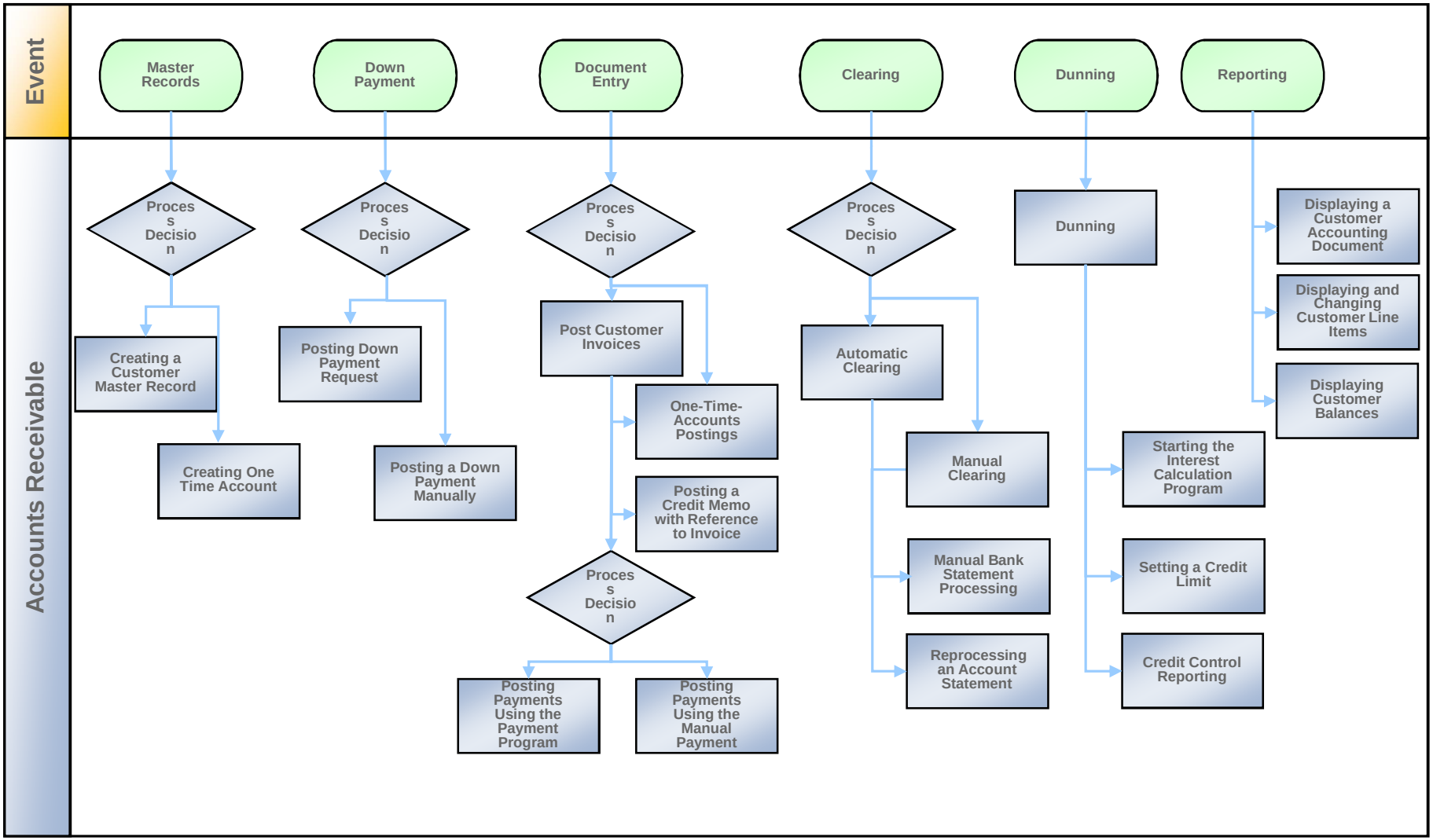
- The Accounts Receivable is also an integral part of sales management.
- All postings in Accounts Receivable are also recorded directly in the General Ledger.
- The payment program can automatically carry out direct debiting and down payments.

Key process flows covered

- Post down payment request
- Post down payment manually
- Post customer invoice
- Post a credit note with invoice reference
- Posting payments using the payment program
- Posting manual payment
- Automatic clearing of open items in customer accounts
- Manual clearing of open items in customer accounts
- Manual bank statement processing
- Reprocessing an account statement
- Dunning
- Account balance interest calculation
- One-Time-Accounts postings
- Setting a credit limit
- Credit control reporting.

Process Flow Diagram

Accounts Receivable



Scenario Overview – ACCOUNTS

Accounts Split

Purpose and Benefits:

Purpose

- The online split is provided with the new General Ledger Accounting.
- Documents are enhanced with additional account assignment objects, or additional postings are done which split the original postings into lines referring to the account assignment objects.
- Account assignment objects can be defined according to selected dimensions. In SAP Best Practices the dimensions are profit centers and segments.

Benefits

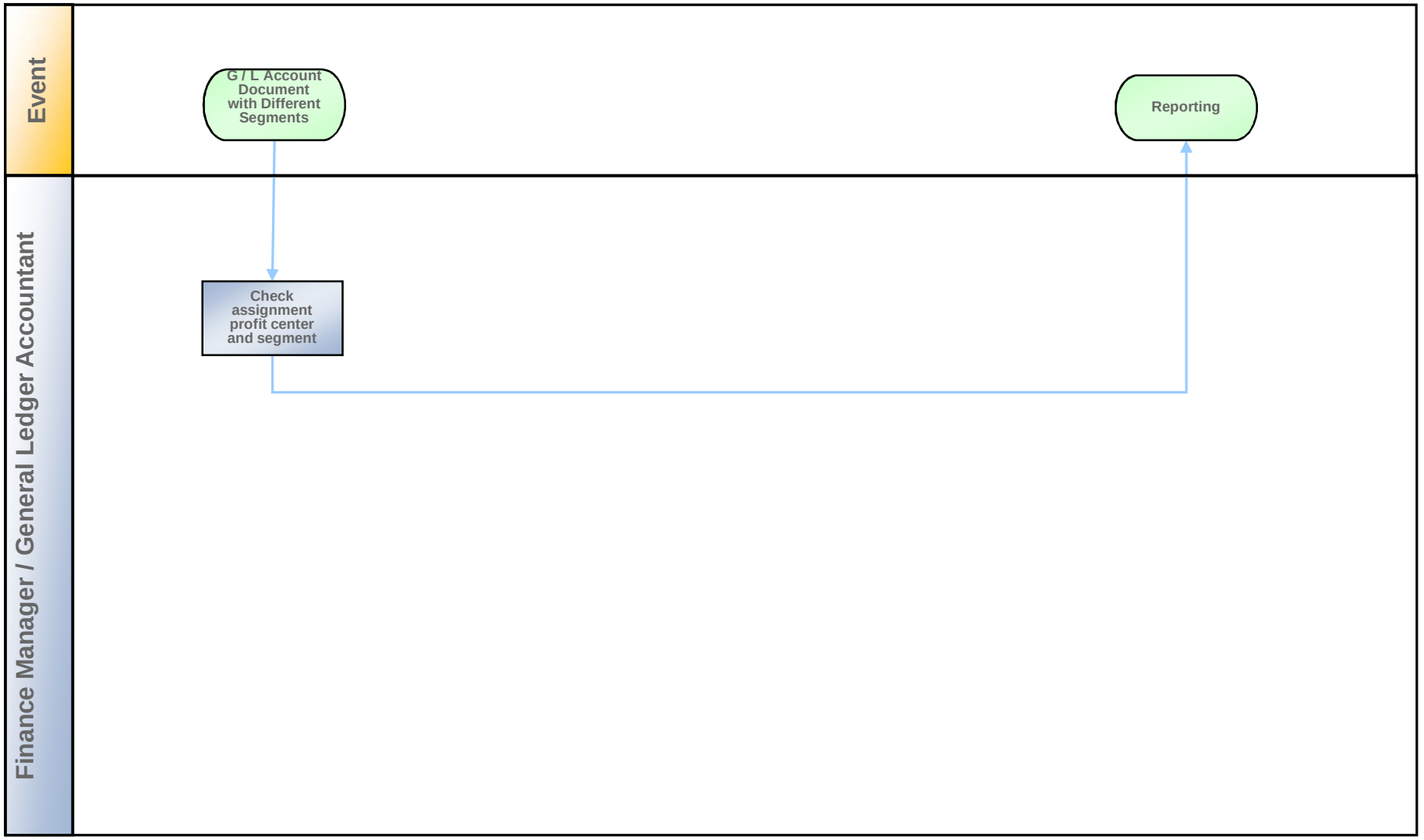
- The postings are done in real time (online).
- It is possible to draw up complete financial statements for the selected dimensions at any time (segment reporting).

Key Points

- The online split is provided with the new General Ledger Accounting.
- The online split is based on segments.
- The online split must be activated before the start of postings in the client. Postings done before can cause subsequent online split errors (see also note 891144).

Process Flow Diagram

Activate Document Splitting



Scenario Overview – ACCOUNTS
Asset Accounting

Purpose and Benefits:

Purpose

- The *Asset Accounting* (FI-AA) component is used for managing and supervising fixed assets with the SAP System. In Financial Accounting, it serves as a subsidiary ledger to the General Ledger, providing detailed information on transactions involving fixed assets.

Benefits

- Entire lifetime of the asset from purchase order or the initial acquisition (possibly managed as an asset under construction) through its retirement.
- Calculate values for depreciation and interest
- Depreciation forecast

Key process flows covered

- Acquisition from purchase with vendor
- Acquisition with Automatic Offsetting Entry
- Retirement with revenue
- Asset Sale without customer
- Post-Capitalization
- Write-Ups
- Settlement Assets Under Construction
- Down Payment Request for Assets under Construction
- Depreciation Posting Run
- Posting Acquisition and Production Costs Values
- Depreciation Simulation/Primary Cost Planning

Scenario Overview – ACCOUNTS
Asset Accounting

Detailed Process Description:

Acquisition from purchase with vendor

- An external asset acquisition is a business transaction resulting from the acquisition of an asset from a business partner. The acquisition can post integrated with Accounts payable or without Accounts payable.

Acquisition with Automatic Offsetting Entry

- The asset can be posted automatically against the Clearing account fixed asset acquisition.

Retirement with revenue

- An asset is sold, resulting in revenue. The sale is posted with a customer.
- An asset is sold, resulting in revenue. The sale is posted against a clearing account.
- An asset had to be scrapped, with no revenue.

Asset Sale without customer

- Asset Sale with partial retirement without customer

Scenario Overview – ACCOUNTS
Asset Accounting

Detailed Process Description:

Post-Capitalization

- Post-capitalization represents subsequent corrections to the acquisition .

Write-Ups

- A *write-up* is generally understood to be a subsequent change to the valuation of an asset.

Settlement Assets Under Construction

- Assets under construction (AuC) are a special form of tangible asset.
- Assets under construction can be managed for summary settlement or by line item.

Down Payment Request for Assets under Construction

- Down payments for assets under construction are fixed asset acquisitions that have to be capitalized and reported as a separate item on the balance sheet.

Scenario Overview – ACCOUNTS
Asset Accounting

Detailed Process Description:

Depreciation Posting Run

- The depreciation posting should be run periodically because the depreciation accounts are not updated immediately.
- The system creates posting documents for each depreciation area and account group in accordance with the posting cycles specified in Customizing

Posting Acquisition and Production Costs Values

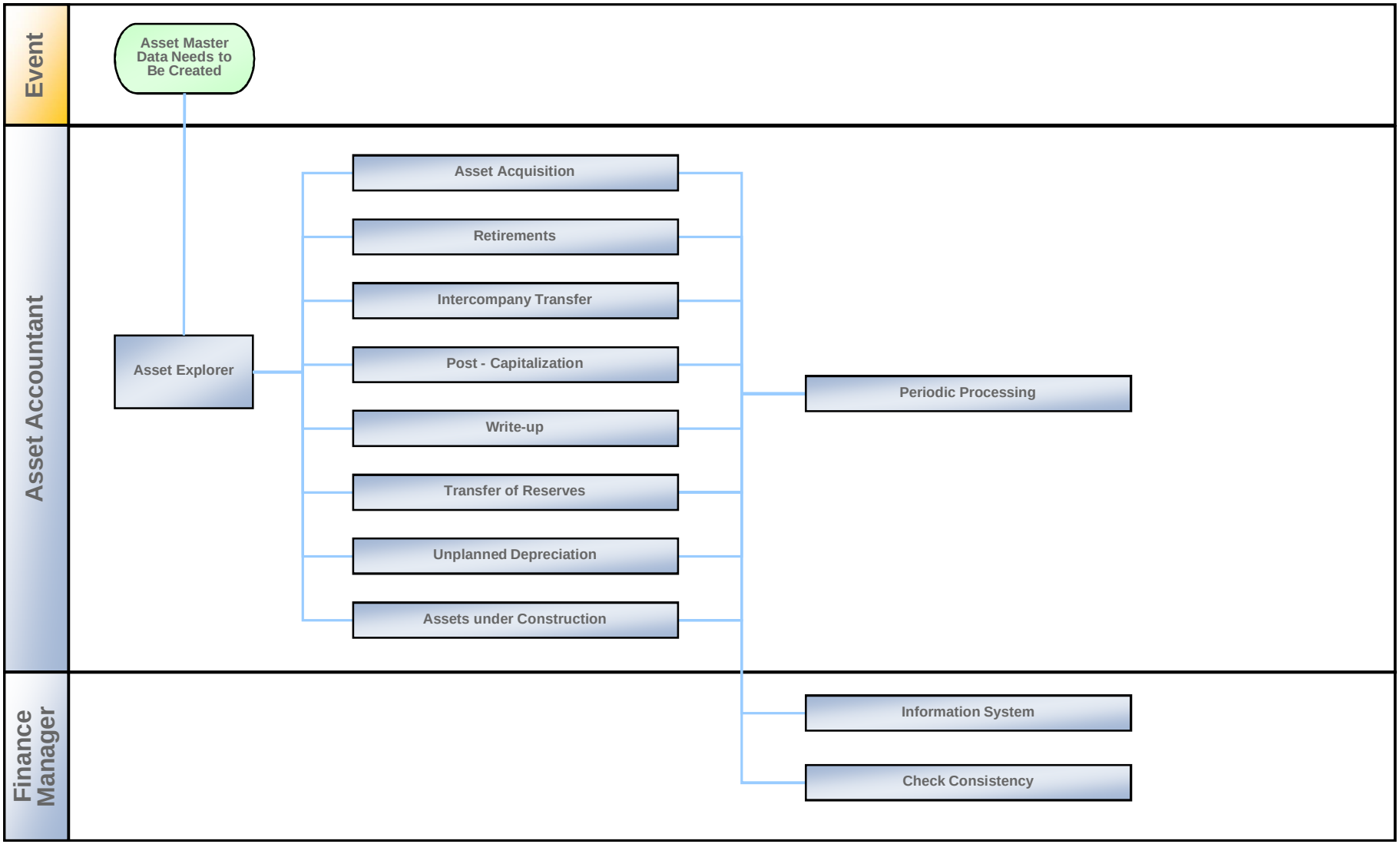
- In addition to the posting of depreciation (using the depreciation posting run), the most important periodic processing you perform is the posting of changes to asset balance sheet values. These changes consist of all postings that affect the APC of the asset, including acquisitions, retirements, and so on.

Depreciation Simulation/Primary Cost Planning

- You can also post the planned depreciation as planned costs to the cost centers or internal orders to which the individual fixed assets are assigned.

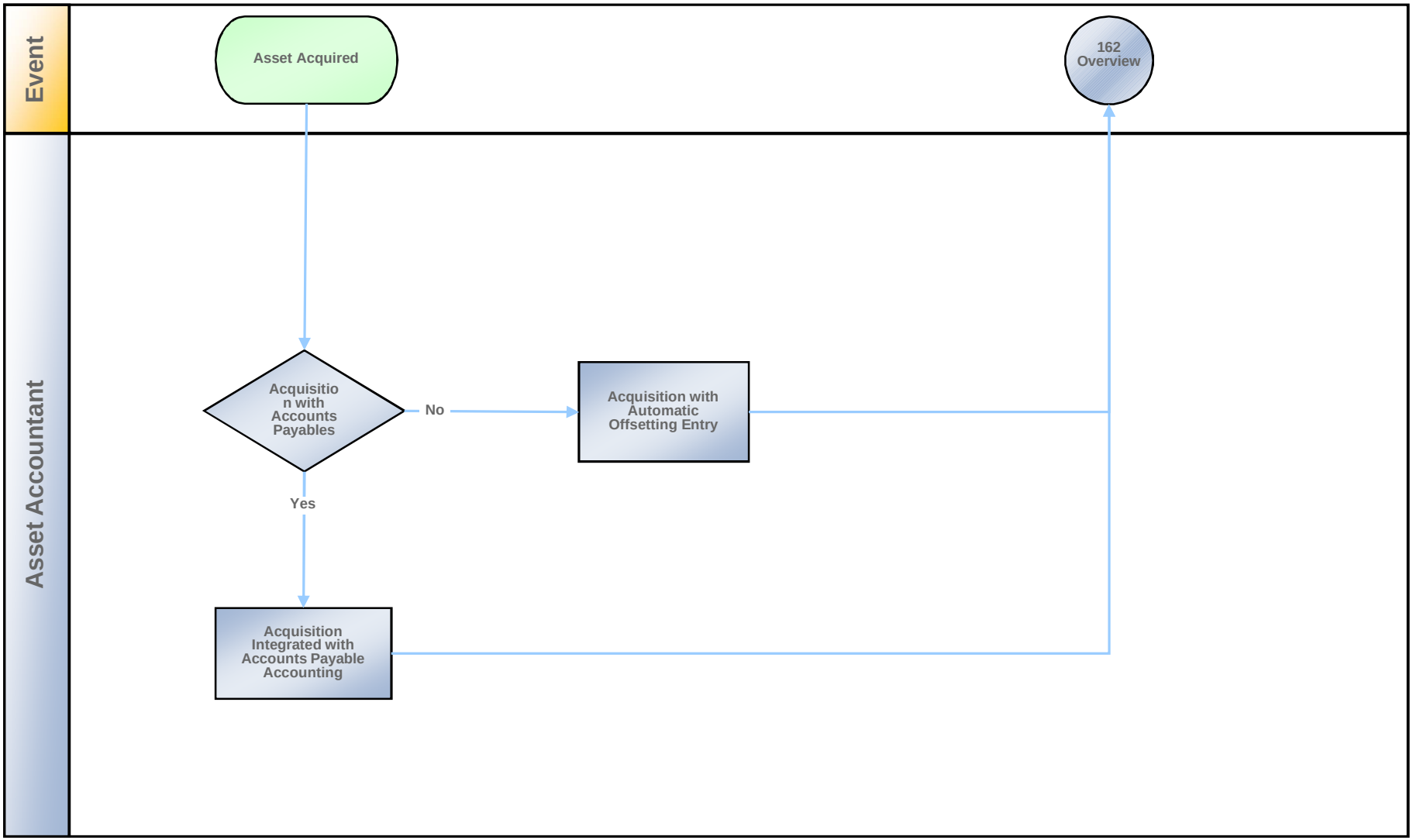
Process Flow Diagram

Asset Accounting - Overview



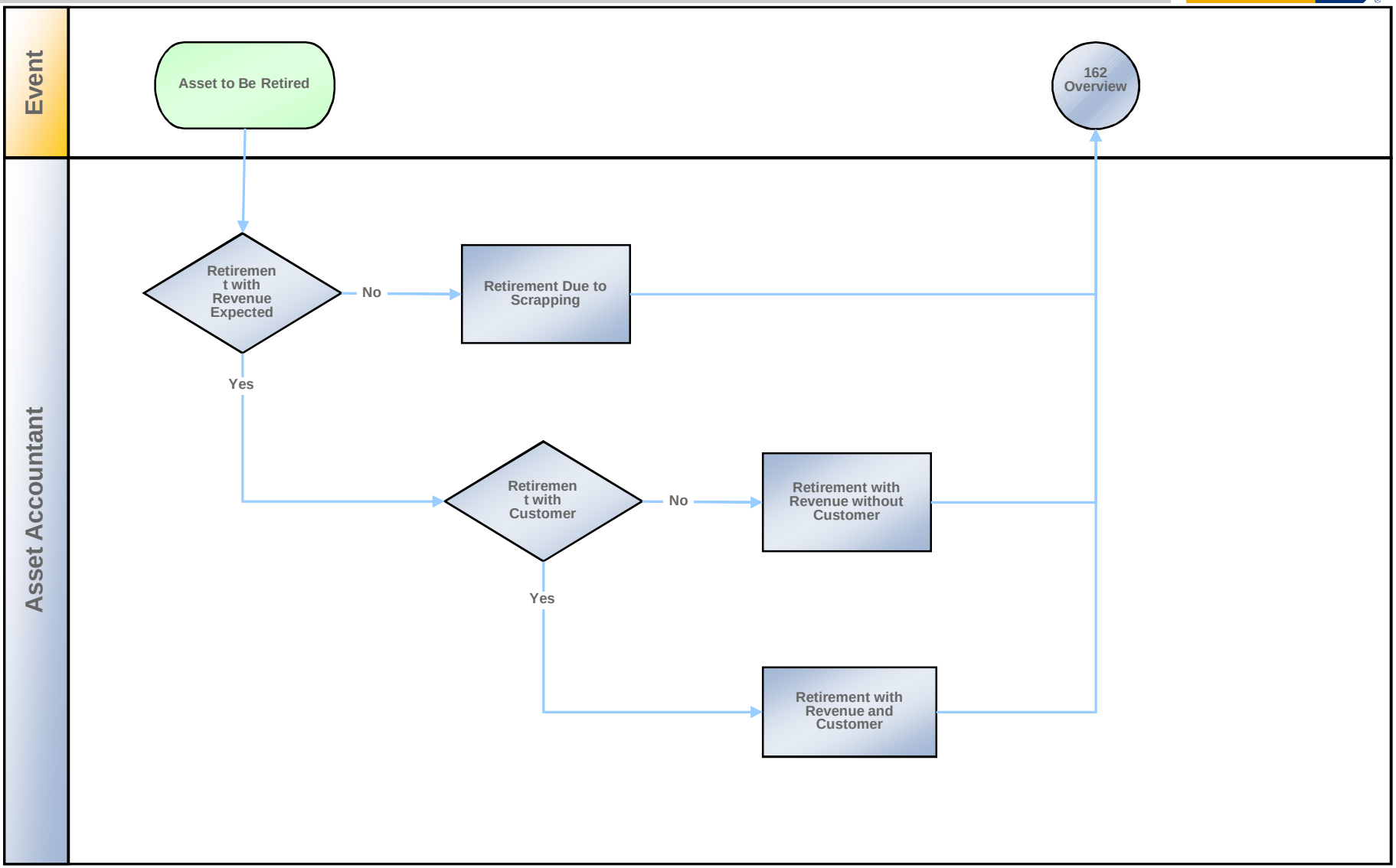
Process Flow Diagram

Asset Accounting – Asset Acquisition



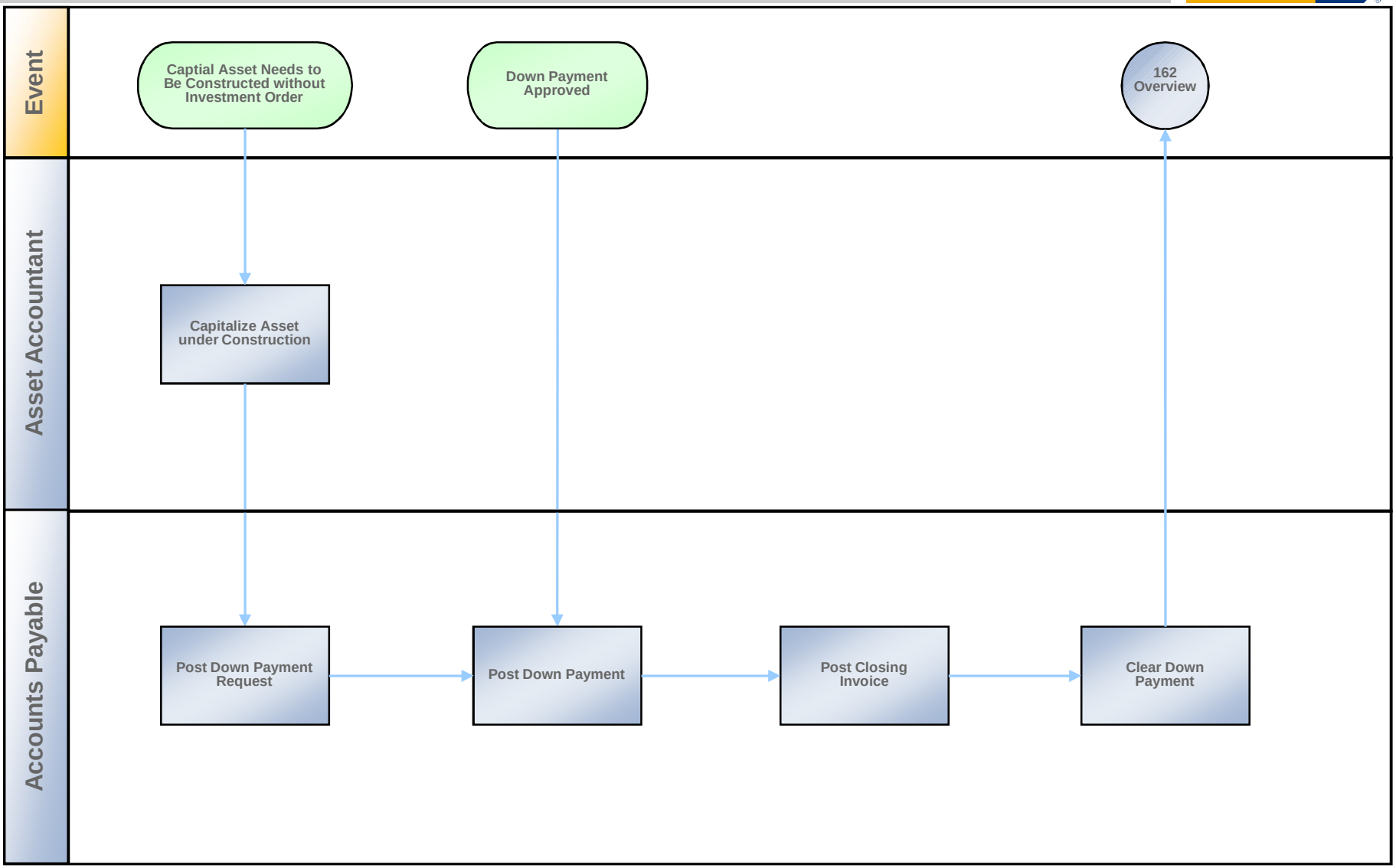
Process Flow Diagram

Asset Accounting – Retirements



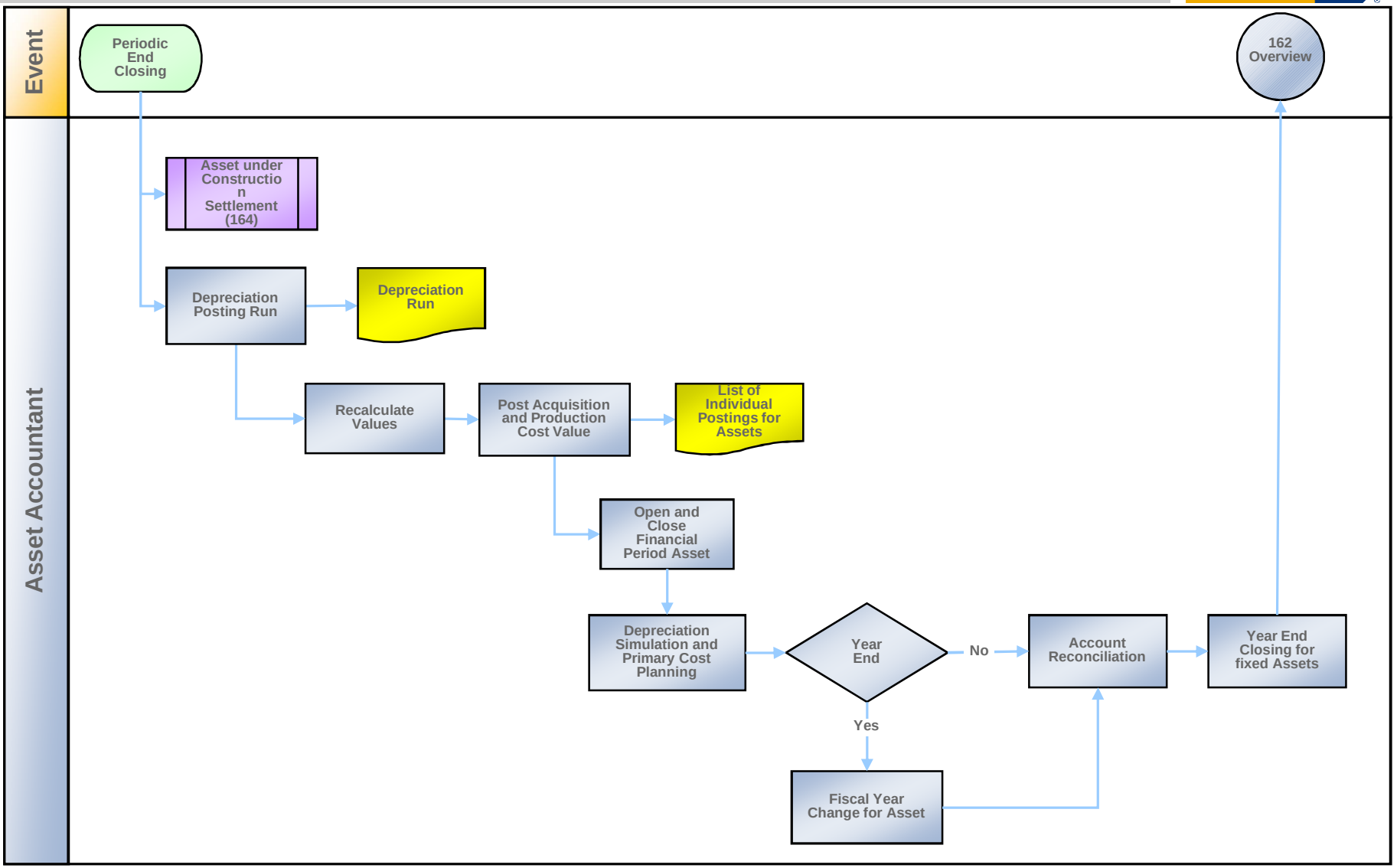
Process Flow Diagram

Asset Accounting – Asset under Construction



Process Flow Diagram

Asset Accounting – Periodic Processing



Scenario Overview – ACCOUNTS
Cash Accounting & Management

Purpose and Benefits:

Purpose

- The cash position overview provides information on the current financial state of the bank accounts.
- It is the starting point for cash concentration in which the balances from various bank accounts are concentrated in one target account, taking minimum balances and payment optimization into consideration.
- The example in this document shows a posting process that affects liquidity (customer invoice and incoming payment).
- It presents the main functions for retrieving information about the liquidity status.

Benefits

Cash Management in SAP ERP Financials provides three basic functions:

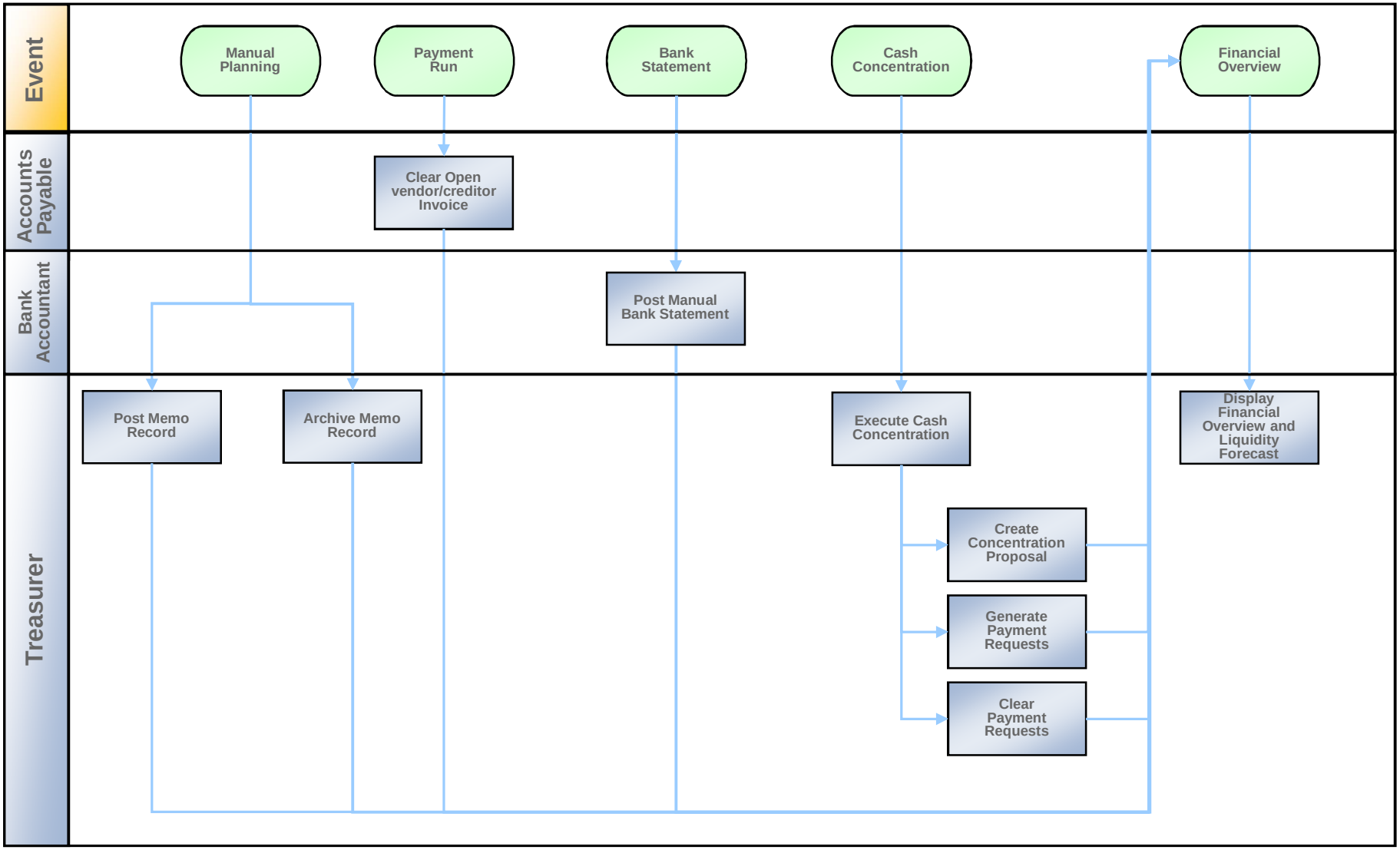
- Quickly and reliably transfers all cash-relevant information from internal and external sources into the cash management system (inbound data)
- Performs analysis and reporting of current and future cash flows to help you make cash management decisions (analysis and decision)
- Communicates with banks and other business partners based on the results of the decision process (outbound data).

Key process flows covered

- Cash Management Status Analysis and
- Cash Concentration.

Process Flow Diagram

Process Cash Management Status Analysis and Cash Concentration



Scenario Overview – ACCOUNTS
Cost of Sales Accounting

Purpose and Benefits:

Purpose

- You can create a profit and loss statement with cost of sales accounting. The profit and loss statement is organized according to the functional areas.

Benefits

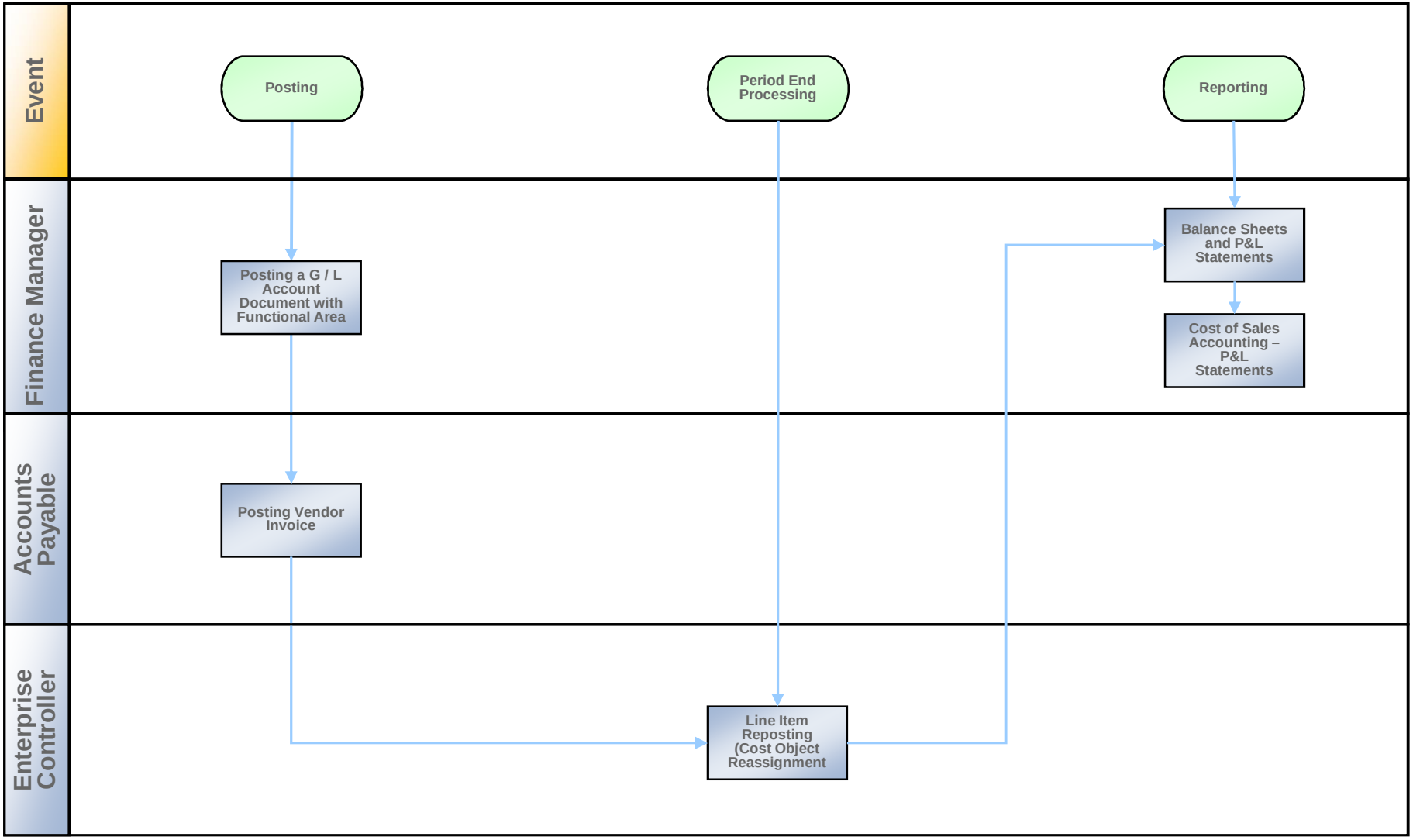
- Operating expenses are often allocated differently in financial accounting than Cost of Sales Accounting.
- This is a flexible way to control the functional area by a hierarchic model.
- With this type of grouping, cost of sales accounting identifies where costs originate in a company.

Key process flows covered

- Functional area in chart of accounts
- Functional area in posting key
- Cost center categories
- Line item reporting (Cost object re-assignment)
- Balance Sheets and P&L Statements
- Cost of Sales Accounting - P&L Statements.

Process Flow Diagram

Cost of Sales Accounting



Scenario Overview – ACCOUNTS
Credit Management

Purpose and Benefits:

Purpose

- A credit limit check can be carried out when sales documents are created or changed.

Benefits

- Reduce risk of bad debt
- Focus on reliable and profitable customers
- Faster credit-worthiness check
- Fasten the process of checking a customer credit limit
- Identify the overall credit risk of your company

Key process flows covered

- Enter Sales Order
- Check Credit Limit
- Block Sales Order
- Release Sales Order
- Delivery Sales Order

Scenario Overview – ACCOUNTS
Credit Management

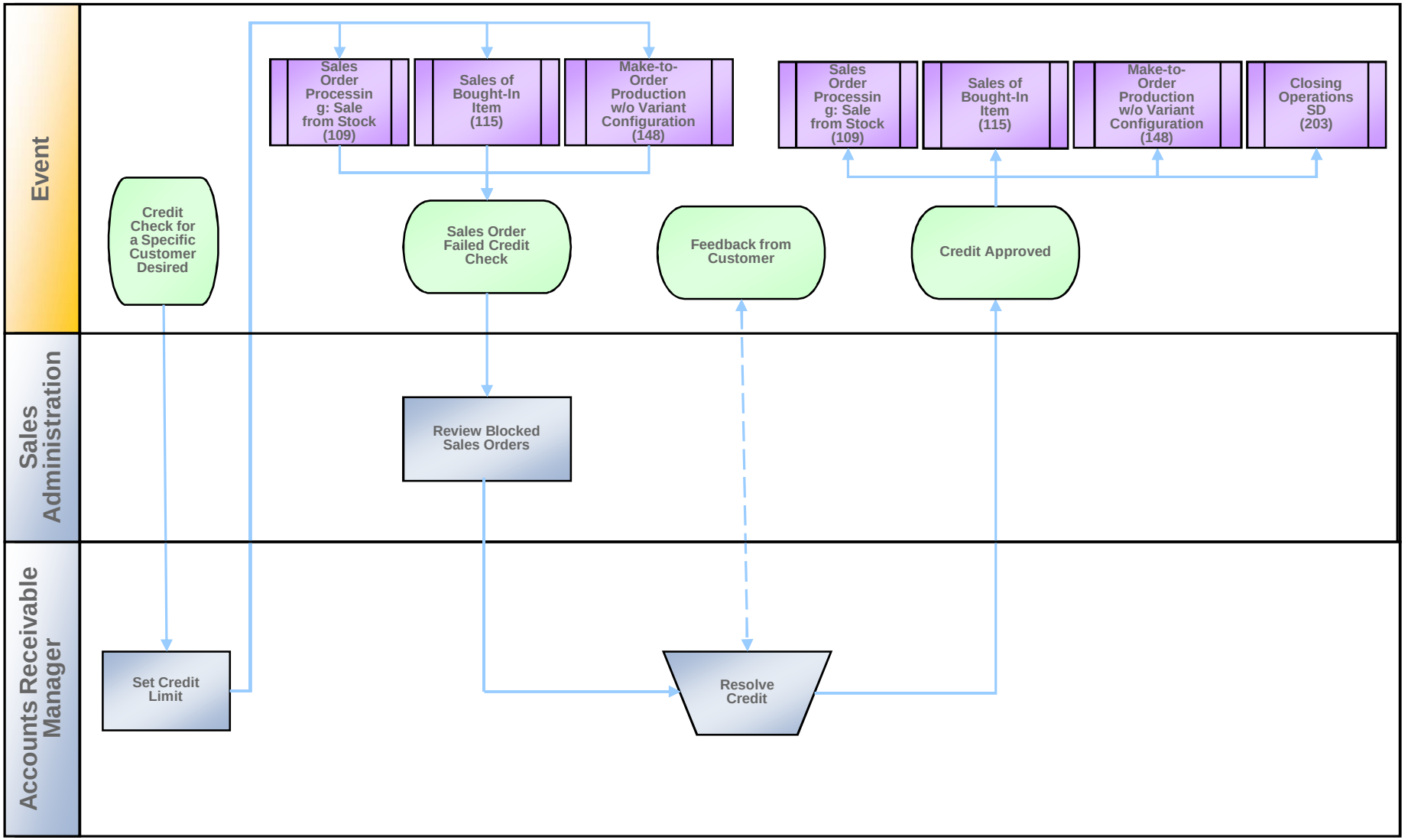
Detailed Process Description:

Sales Credit Management / Set Credit Limit

- The credit limit check is carried out within one credit control area. When changing a document, the check is repeated, if changes regarding quantity or value are made. A credit control area consists of one or more company codes. A sales document belongs to one credit control area depending on the allocation of the sales organization to a company code. The SAP System checks the credit limit which was granted to the customer in this credit control area. The credit control areas and the credit limit of a customer are defined in financial accounting and entered in the customer master record. During the check, the SAP System totals the receivables, the open items and the net value of the sales order for every item of a sales document. The open items take into account obligations bound by contract which are not recorded for accounting purposes but which involve expenses through diverse business transactions. The total is compared with the credit limit. If the limit is exceeded, the system responds in the way defined by you in the configuration menu.
- We are using 'simple' credit limit check in this solution. During the simple credit limit check, you can only configure one system reaction ('A' warning, 'B' error, 'C' delivery block) when the credit limit is exceeded, we have chosen to use option 'C' (delivery block).
- The system provides a transaction to list all of the sales documents that have been blocked for delivery, with information about what has caused the block. The Customer's current credit situation is manually reviewed by credit department, and when the sales order is approved, the delivery block is removed from the sales order. You go directly from the list to an individual sales document by placing the cursor on the relevant document and choosing Edit sales doc.

Process Flow Diagram

Credit Management



Scenario Overview – ACCOUNTS
General Ledger

Purpose and Benefits:

Purpose

- This scenario provides a comprehensive picture of external accounting and accounts.

Benefits

- Recording all business transaction ensures complete and accurate accounting data.

Key process flows covered

- Posting General Ledger Account Documents
- Displaying the Document Journal
- Displaying G/L Balances (List)
- Carrying Out Recurring Entries
- Account Maintainance: Automatic and Manual Clearing

Scenario Overview – ACCOUNTS
General Ledger

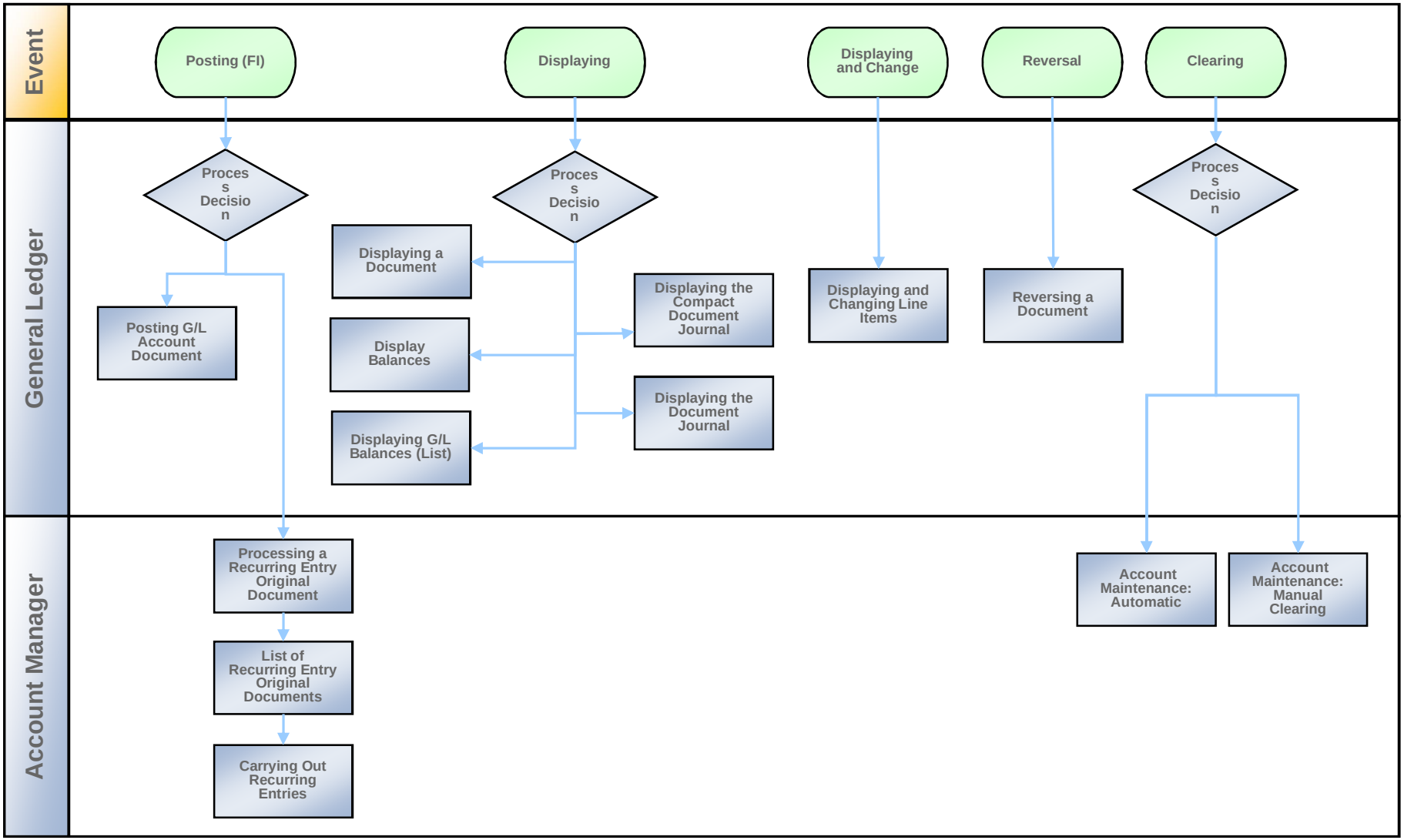
Detailed Process Description:

General Ledger

- The central task of G/L accounting is to provide a comprehensive picture of external accounting and accounts. Recording all business transactions (primary postings as well as settlements from internal accounting) in a software system that is fully integrated with all the other operational areas of a company ensures that the accounting data is always complete and accurate.
- The SAP FI General Ledger has the following features:
  - Free choice of level: corporate group or company
  - Automatic and simultaneous posting of all sub-ledger items in the appropriate general ledger accounts (reconciliation accounts)
  - Simultaneous updating of general ledger and cost accounting areas
  - Real-time evaluation of and reporting on current accounting data, in the form of account displays, financial statements with different financial statement versions and additional analyses.
- Essentially, the general ledger serves as a complete record of all business transactions. It is the centralized, up-to-date reference for the rendering of accounts. Actual individual transactions can be checked at any time in realtime processing by displaying the original documents, line items, and transaction figures at various levels such as:
  - Account information
  - Journals
  - Totals/transaction figures
  - Balance sheet/profit and loss evaluations

Process Flow Diagram

General Ledger



G/L = General Ledger

Scenario Overview – ACCOUNTS
Overhead Cost Planning

Purpose and Benefits:

Purpose

- Internal orders are used to plan, collect and settle costs for projects like marketing campaigns or other internal projects. The SAP system enables you to monitor your internal orders throughout their entire life-cycle; from initial creation, through the planning and posting of all the actual costs, to the final settlement and archiving.

Benefits

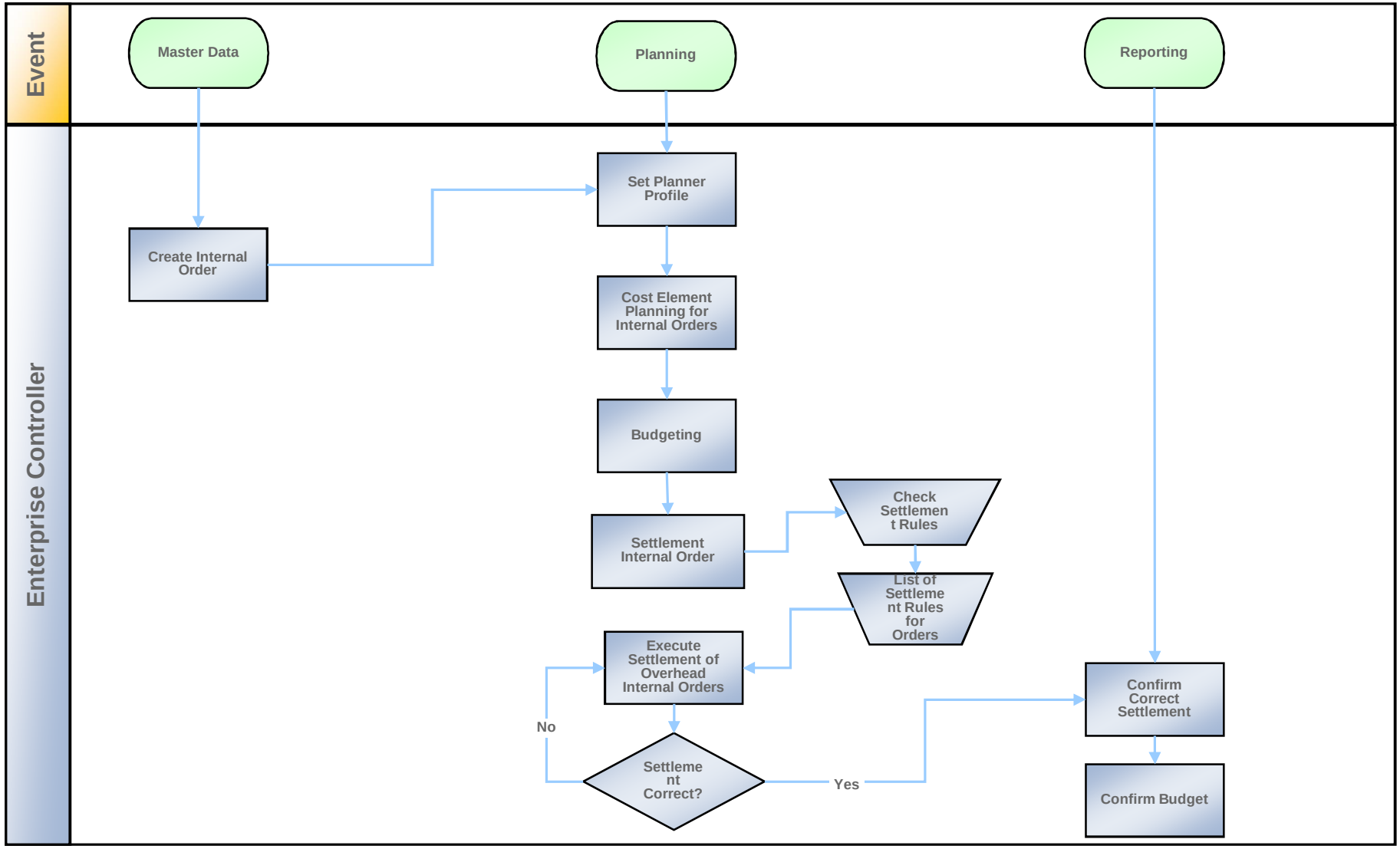
- The planned and actual costs of these projects can be tracked for various purposes such as cost control, return on investment calculations, tax reporting and so on.

Key process flows covered

- Creation of internal orders.
- Cost element planning on internal orders.
- Settlement of internal orders (planned costs).

Process Flow Diagram

Internal Order for Marketing and Other Overhead Planning



Scenario Overview – ACCOUNTS
Overhead Cost Control

Purpose and Benefits:

Purpose

- Entering and posting a G/L document

Benefits

- Transparent view for an account of a cost center

Key process flows covered

- Process a G/L document for various purposes
- Necessary steps for preparation of periodic and year end activities

Scenario Overview – ACCOUNTS
Overhead Cost Control

Detailed Process Description:

Actual posting for a cost center

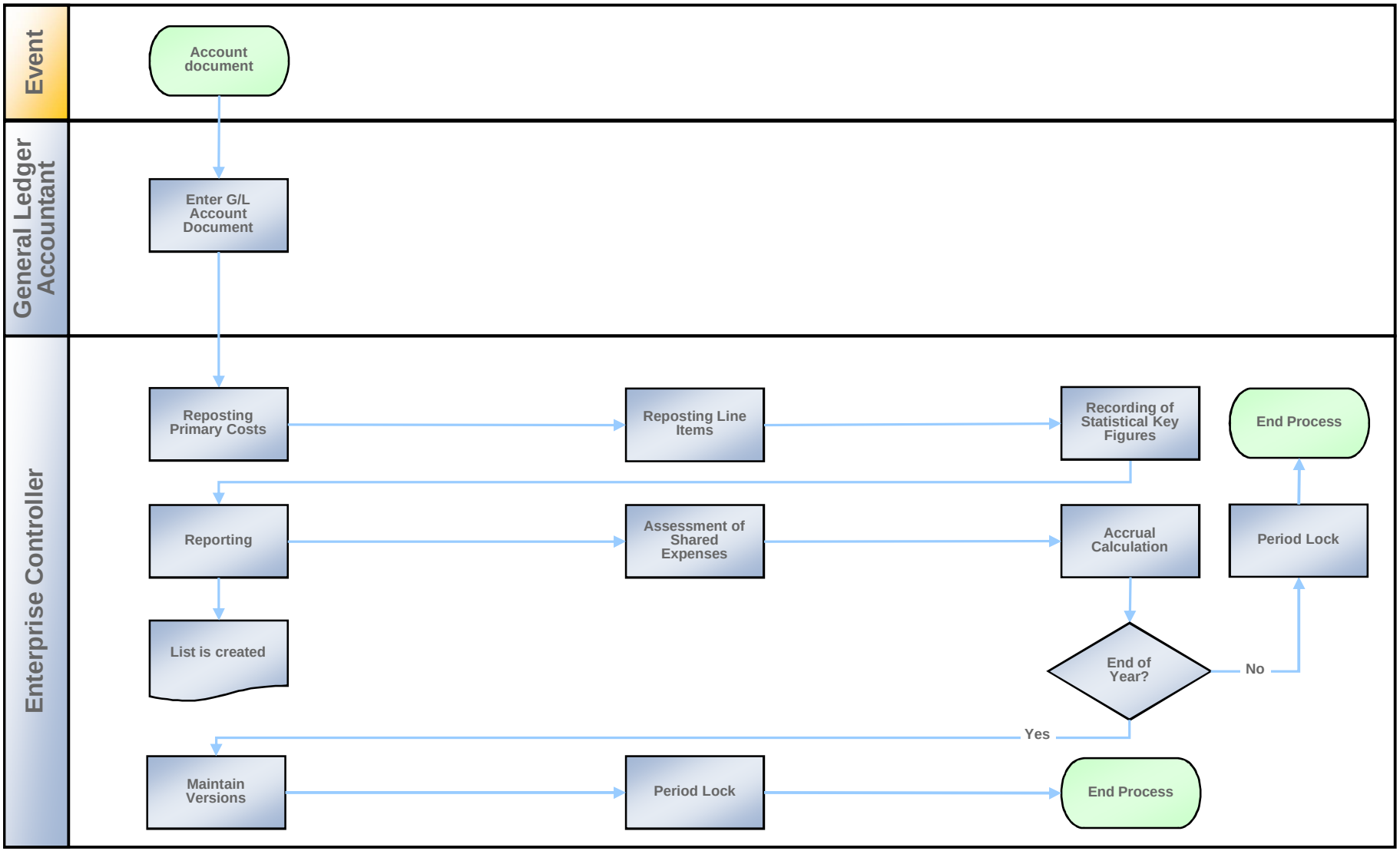
- For primary costs the related cost center is posted
- Cost center update with the correct values
- Posting of statistical key figures

Periodic and year end activities

- Comparison between the actual and the planned costs for the cost center
- Allocation of primary and secondary costs using an assessment cost element
- Posting of accruals for payroll fringe costs on a monthly basis
- Maintaining the controlling version
- Lock period

Process Flow Diagram

Overhead Cost Controlling – Actual



Scenario Overview – ACCOUNTS
Inventory Valuation

Purpose and Benefits:

Purpose

- Within the inventory valuation at the year end, the valuation of the material has to be reviewed considering several valuation approaches. The single-level materials could be determined by lowest value on base of the market price. The produced materials should also be valuated with the lowest value by using the inventory costing with own setting for the valuation variant.

Benefits

- Valuation can consider the valuation request on the basis of local requirements for valuation approaches.

Key process flows covered

- Stock valuation for raw materials, packaging materials and trading goods on base of lowest possible value
- Inventory valuation for semi-finished and finished materials on base of local requirements for valuation approaches
- Stock value adjustment

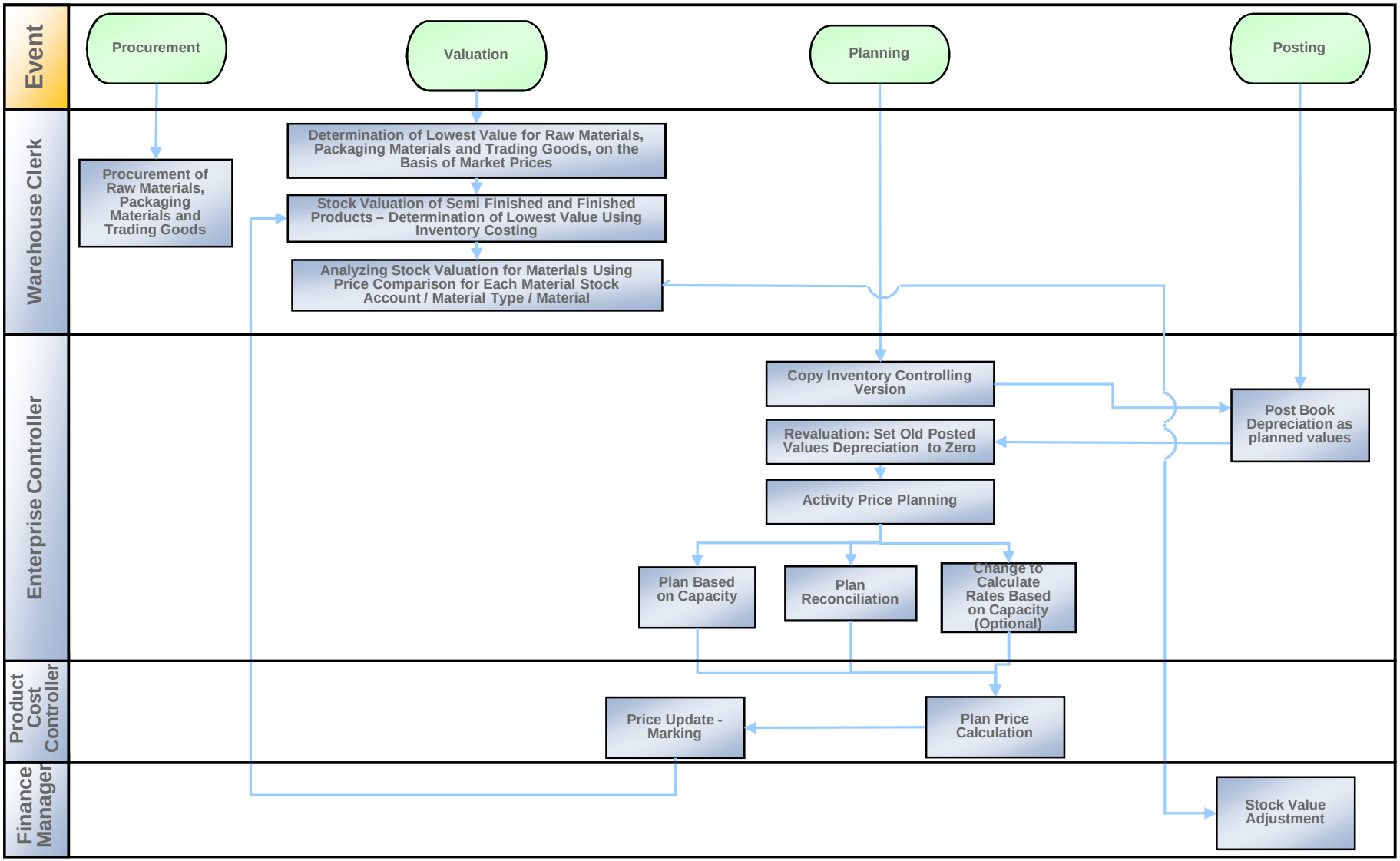
Scenario Overview – ACCOUNTS
Inventory Valuation

Detailed Process Description:

- Stock valuation, using lowest value principle for raw materials, packaging materials and trading goods.
- Additional devaluations by movement rate.
- Inventory costing for finished and semi-finished products, in accordance with the lowest possible value principle.
- Stock value reporting in form of a comparison analysis.
- Manual stock value adjustment posting in the Financial Accounting component.
- and transfer them from one account to another.

Process Flow Diagram

Inventory Valuation for Year End Closing



Scenario Overview – ACCOUNTS
R&D Cost Planning

Purpose and Benefits:

Purpose

- **In manufacturing companies, various Research and Development projects are undertaken that consume resources and incur costs or expenses. These projects are usually undertaken for future development of products. The product lines are generally determinable for such projects. The costs of these projects need to be tracked for various purposes such as cost control, return on investment calculations, tax reporting and so on.**

Benefits

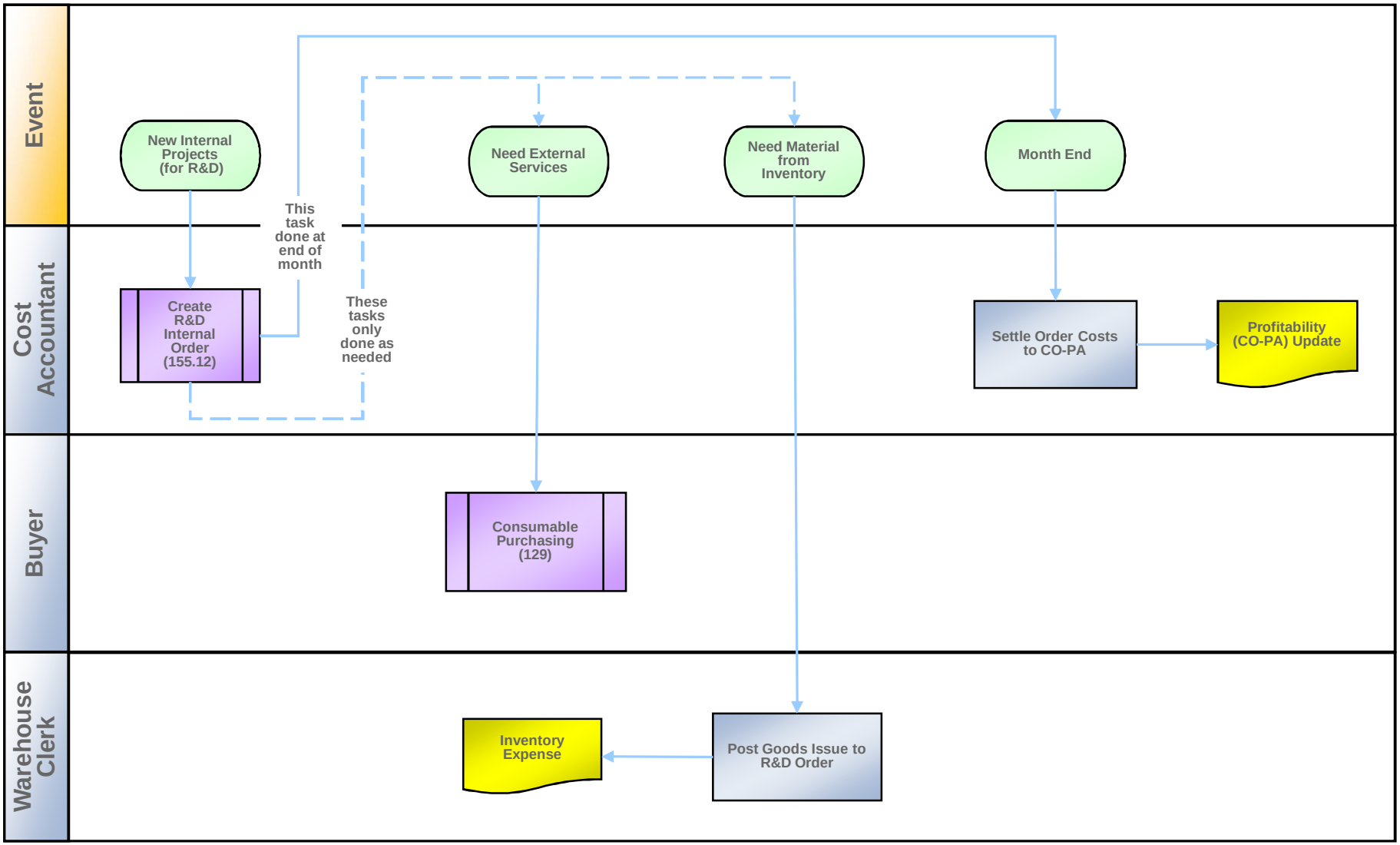
- Transparent view of outstanding orders, shipments and inventory
- Automated efficient processing

Key process flows covered

- Create R&D internal order
- Consumable purchasing
- Post goods issues to R&D internal order
- Settle internal order

Process Flow Diagram

Internal Order R&D Actual



CO-PA = Profitability Analysis

Scenario Overview – ACCOUNTS
Period End Closing

Purpose and Benefits:

Purpose

- The closing operations component helps you prepare and carry out the activities required for day-end, month-end and year-end closing.
- For this purpose, the system provides a series of standard reports that can be used to generate evaluations and analyses of the posted account balances directly.

Benefits

- The system helps you to carry out the following:
  - create the balance sheets and P&L statements and
  - document the posting data.

Key process flows covered

- day-end closing,
- month-end closing and
- year-end closing.

Scenario Overview – ACCOUNTS
Period End Closing

Detailed Process Description:

Month-end closing in Financial Accounting (I)

- Update Exchange Rates
- Gaps in Document Number Assignment
- Invoice Numbers Allocated Twice
- Open and Close Posting Periods
- Enter Recurring Entries
- Post Recurring Entries
- Run Batch Input Session
- Automatic Clearing of GR/ IR Account special process
- Analyze GR/ IR Clearing Accounts
- Automatic Clearing of GR/ IR Account
- Post Adjustment Entries

Scenario Overview – ACCOUNTS
Period End Closing

Detailed Process Description:

Month-end closing in Financial Accounting (II)

- Foreign Currency Revaluation
- Post Tax Payable
- Advance Return for Tax on Sales/ Purchases
- EC Sales List
- Foreign Trade Regulation Reports Z4
- Foreign Trade Regulation Reports Z5A
- Comparison Documents/ Transaction Figures
- Close Previous Accounting Period
- Balance Interest Calculation
- Display Document Journal
- Financial Statement.

Scenario Overview – ACCOUNTS
Period End Closing

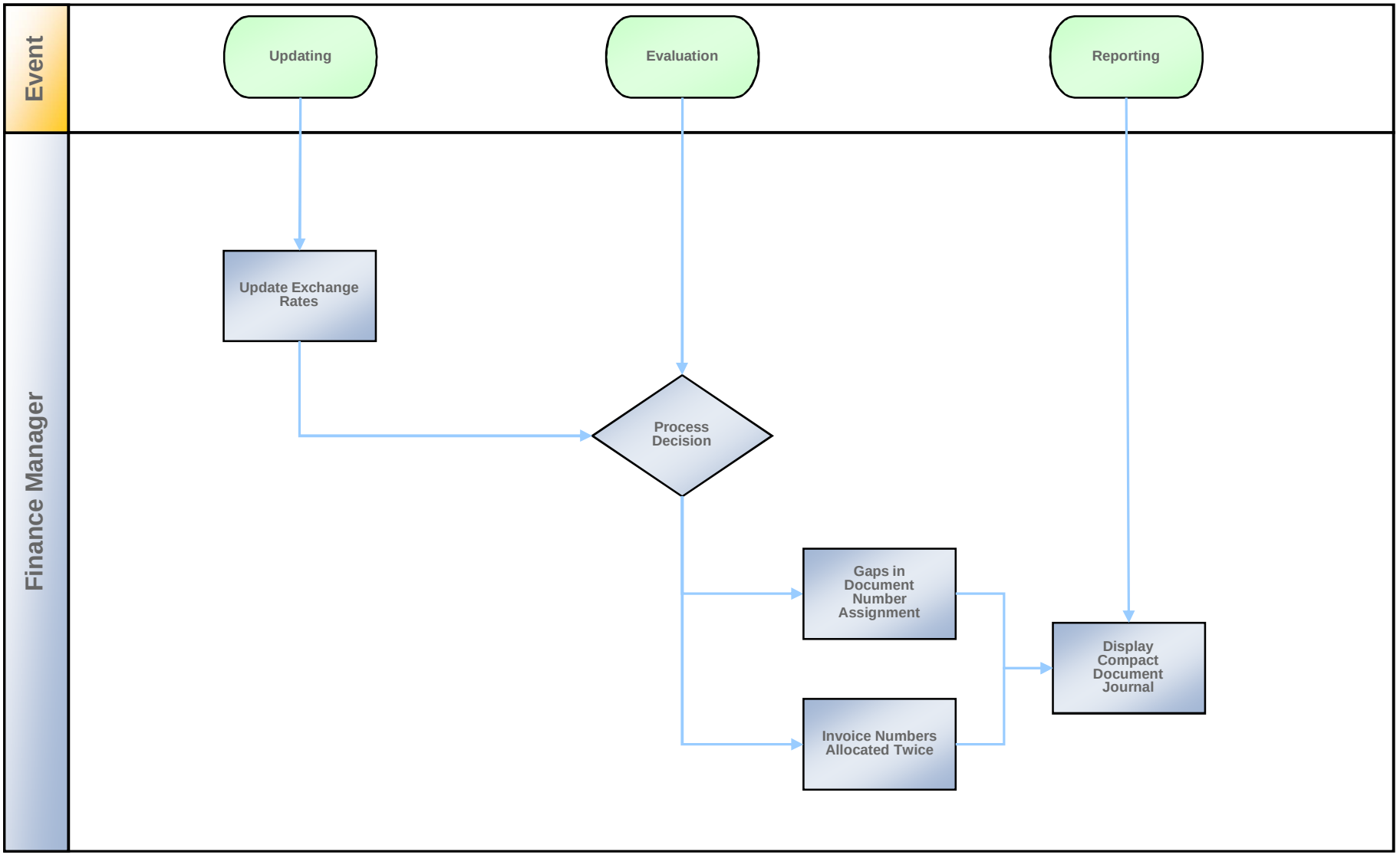
Detailed Process Description:

Year-end closing in Financial Accounting

- Create Factory Calendar for New Year
- Carry Forward AP/ AR Balances
- Carry Forward GL Balances
- Re-grouping Receivables/ Payables
- Balance Confirmation Receivable
- Balance Confirmation Payable
- Final Close and Release Financial Reporting
- Close Previous Accounting Period
- Display Document Journal.

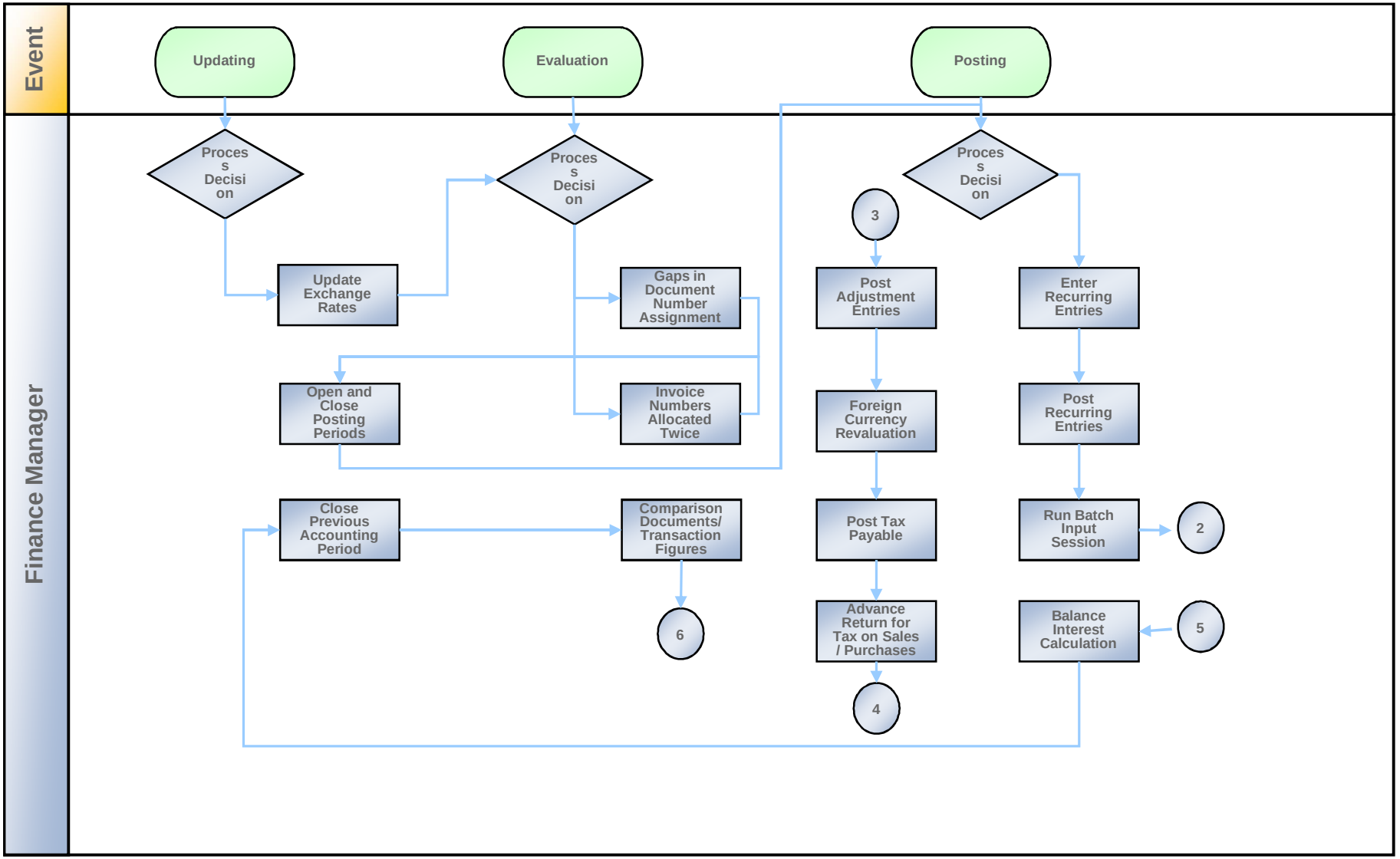
Process Flow Diagram

Process 1, Day-End Closing



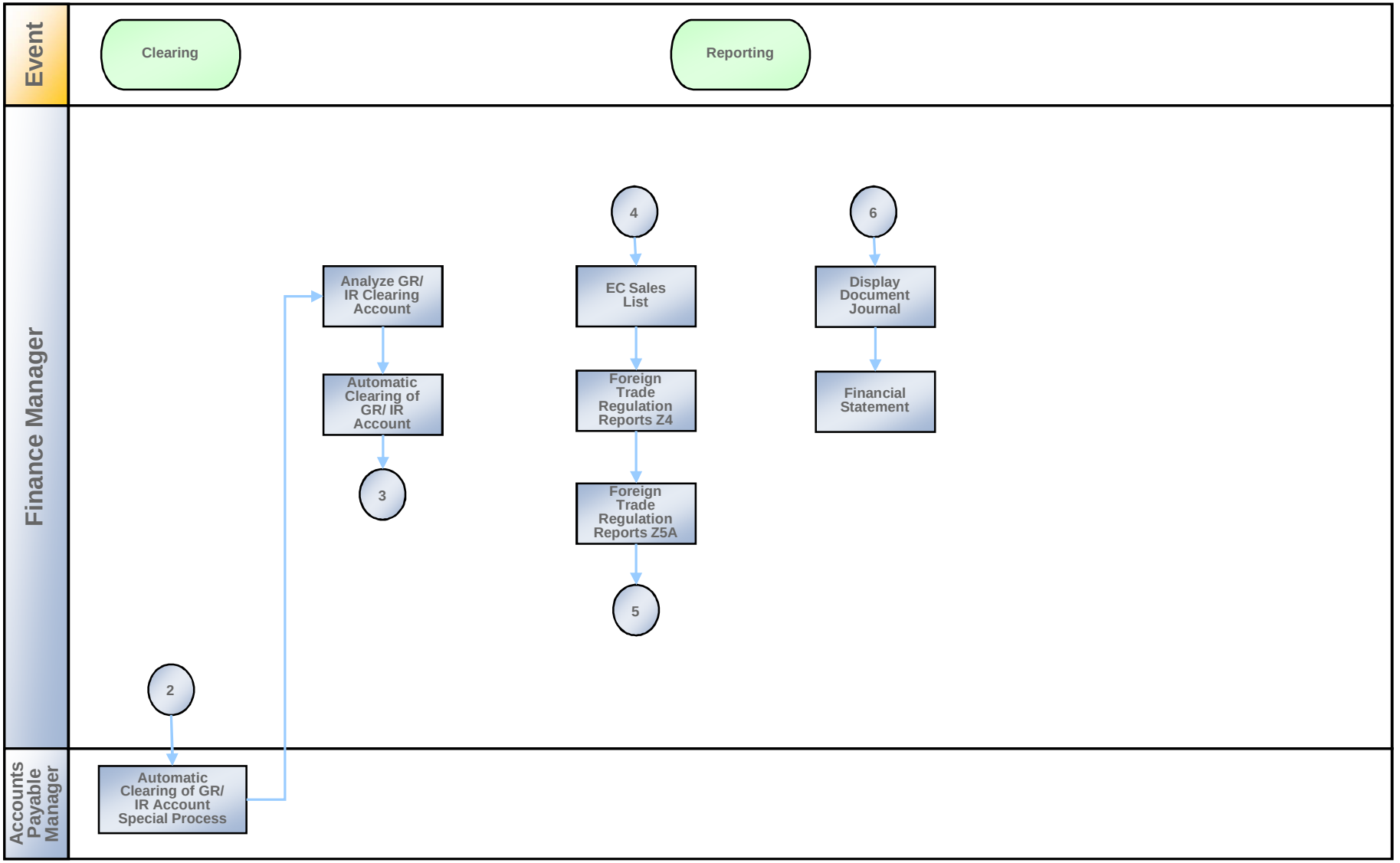
Process Flow Diagram

Process 2, Month-End-Closing (I)



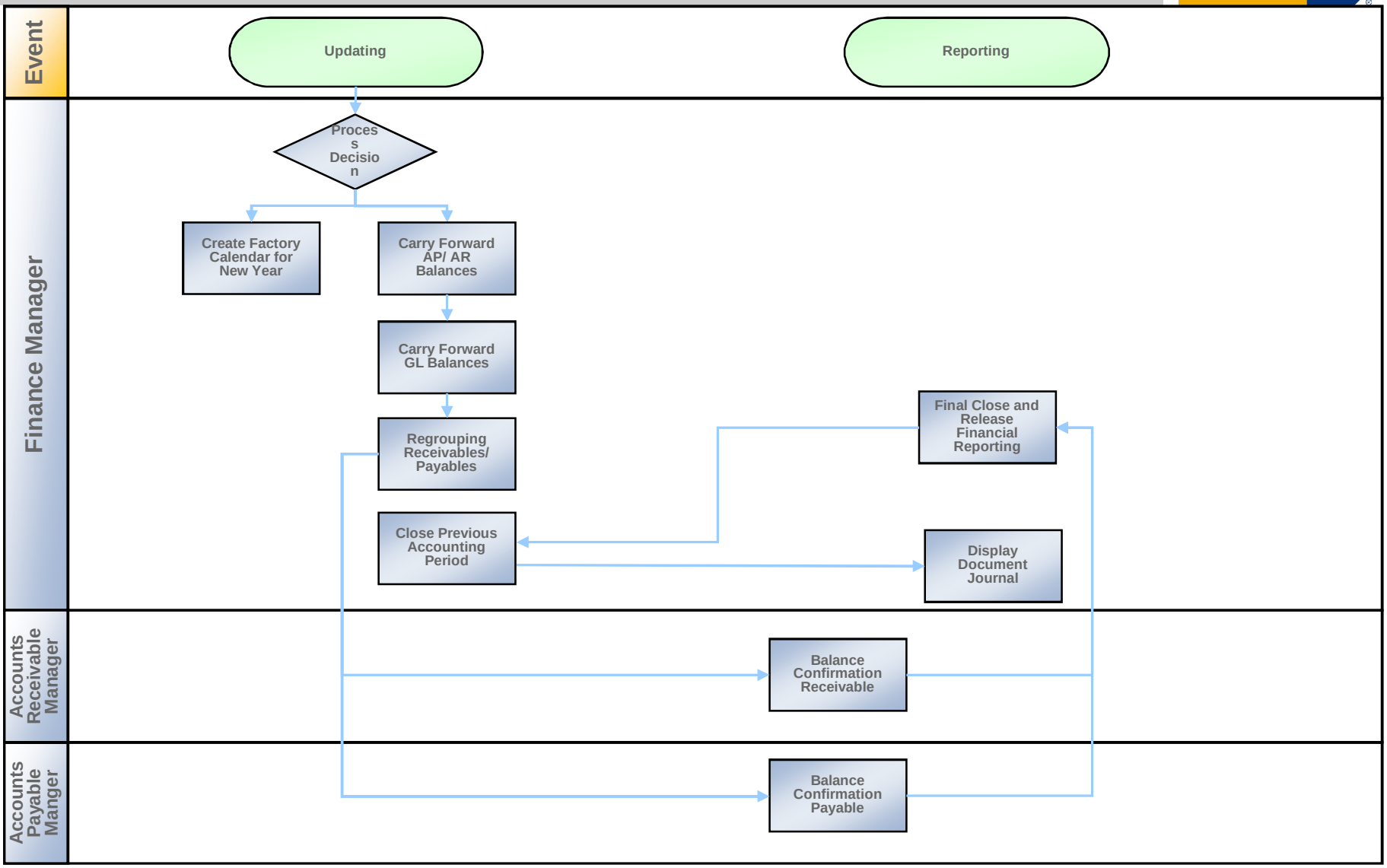
Process Flow Diagram

Process 2, Month-End-Closing (II)



Process Flow Diagram

Process 3, Year-End-Closing



GL = General Ledger

Scenario Overview – ACCOUNTS
Travel Management

Purpose and Benefits:

Purpose

- To provide fully integrated management of all incurred travel expenses

Benefits

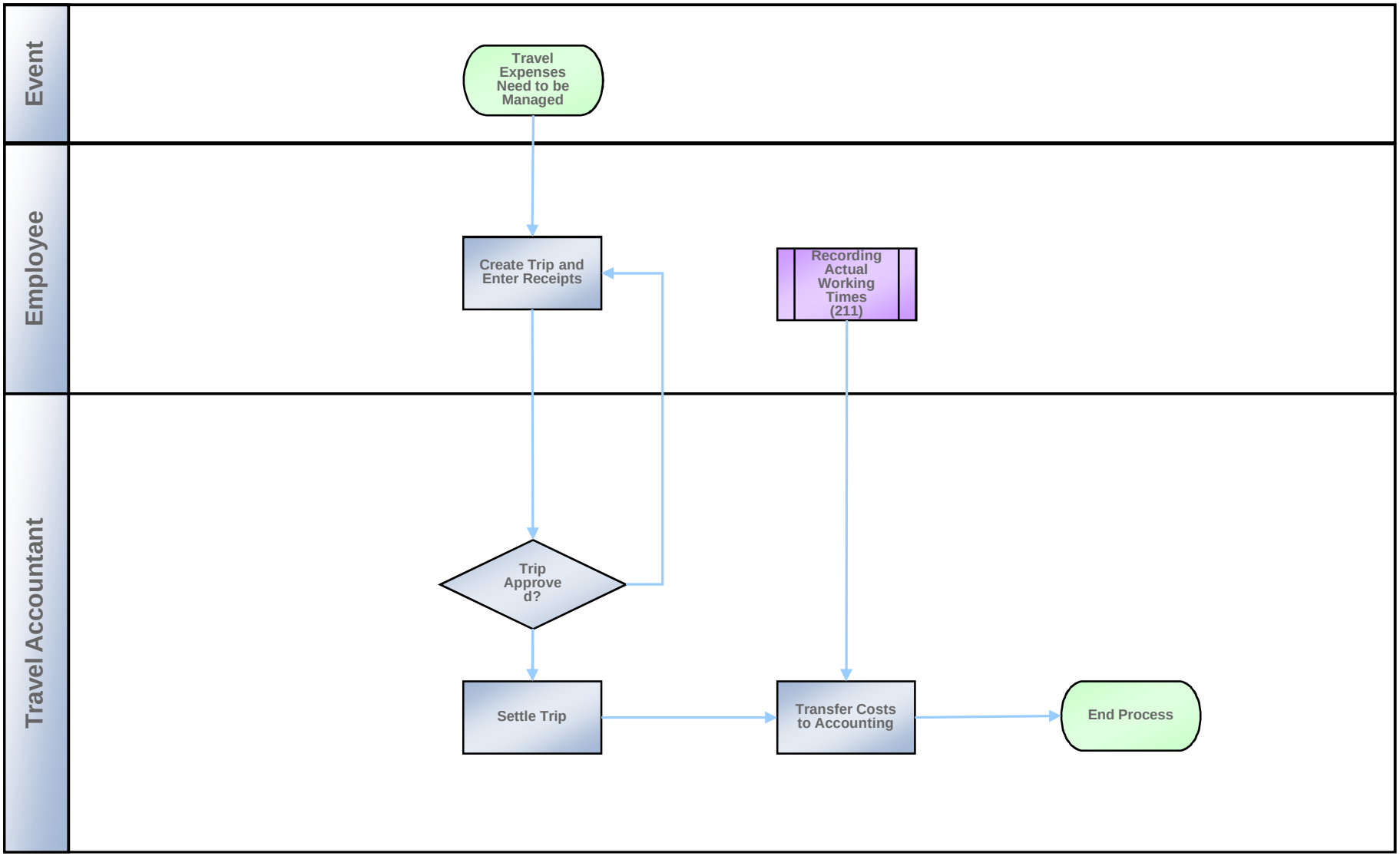
- Record Travel Expenses

Key process flows covered

- Create Trip and Enter Receipts
- Approve and Settle Trip
- Transfer Costs to Accounting

Process Flow Diagram

Travel Management



Scenario Overview – ACCOUNTS
Segment Reporting

Purpose and Benefits:

Purpose

- The purpose of segment reporting is to make the profit and risk situation of individual enterprise areas (segments) transparent.
- Since segment reporting must be configured in accordance with specific customer requirements, this BPP describes the creation of an example report in that enables a balance sheet and profit and loss account to be drawn up for each segment.

Benefits

- The results from individual segments of the company are present.

Key process flows covered

- Posting G/L Account Documents with different segments
- Allocation of un-allocable segment at the period end
- Balance Sheets and P&L Statements
- Cost of Sales Accounting - P&L Statements
- Receivables and Payables by segment.

Scenario Overview – ACCOUNTS
Segment Reporting

Detailed Process Description:

Segment Reporting

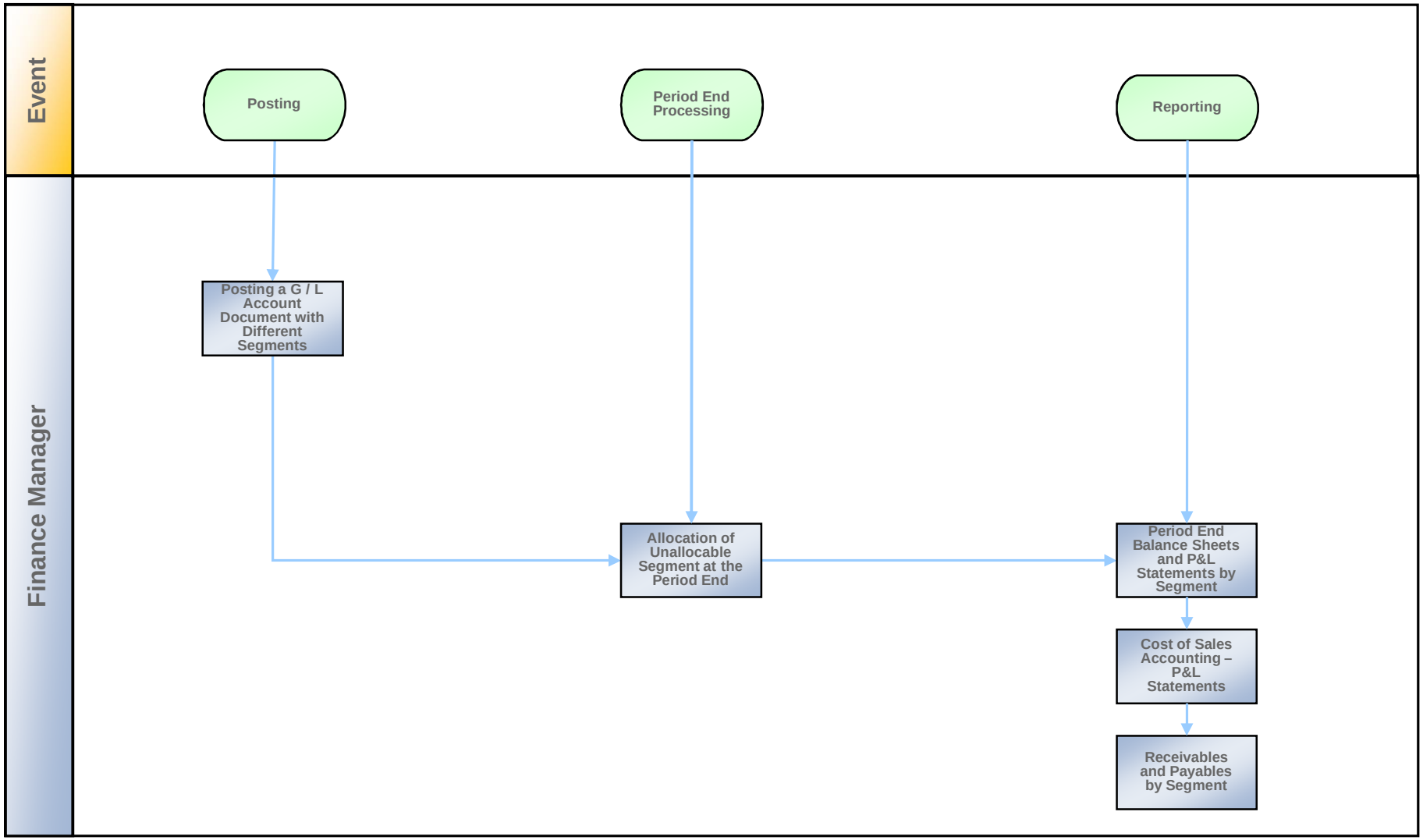
In accordance with special accounting principles e.g. IAS/ IFRS, segment reporting is required for product-related enterprise areas.

The purpose of segment reporting is to make the profit and risk situation of individual enterprise areas (segments) transparent.

Since segment reporting must be configured in accordance with specific customer requirements, this BPP describes the creation of an example report in that enables a balance sheet and profit and loss account to be drawn up for each segment.

Process Flow Diagram

Segment Reporting



Scenario Overview – AOP
Cost Center Planning

Purpose and Benefits:

Purpose

- During the annual budgeting process, the managers of non-operational cost centers such as sales, marketing, administrative, research and development etc. plan the costs for various cost types/elements on their respective cost centers.

Benefits

- Possibility to compare planned and actual costs, monitoring of costs on cost centers.

Key process flows covered

- Check cost center masters
- Check version validity for current budget period
- Copy previous year's actual or budget as a basis for planning
- Transfer planned depreciation from assets
- Set planner profile
- Download cost elements to spreadsheet for income/expense budget
- Update budget values for income and expense excluding operations
- Upload cost elements for income and expense excluding operations
- Plan accrual costs, statistical key figures, assessments
- Confirm non-operating cost center budget
- Copy AOP version to actual version 0 and lock both versions for planning

Scenario Overview – AOP
Cost Center Planning

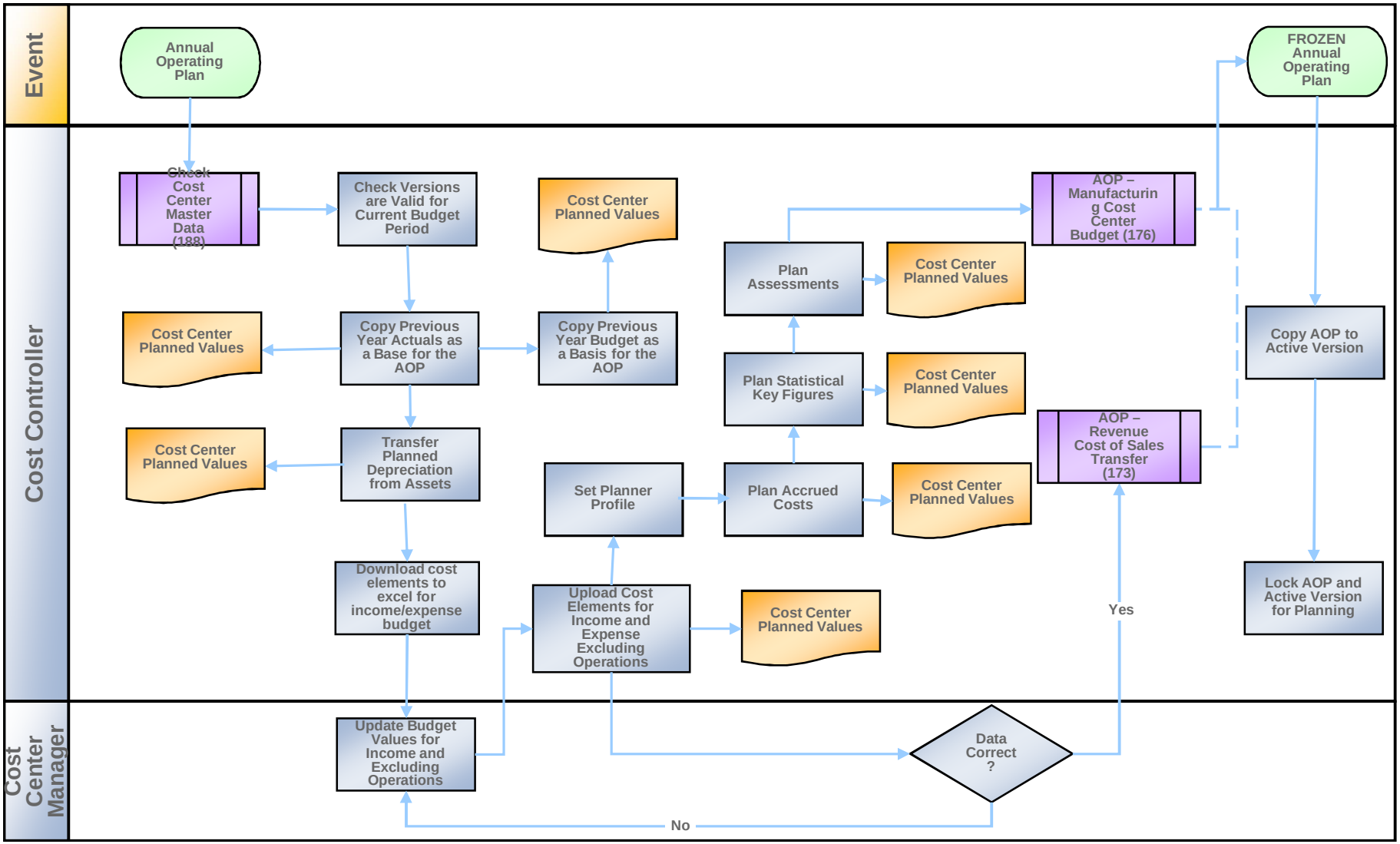
Detailed Process Description:

General Cost Center Planning

- After checking cost center master data and versions, you can copy the previous year's actual expenses for the cost centers into an AOP (annual operative planning) budget version in cost center accounting. As an alternative the previous year's budget data can also be used as a basis for planning.
- The planned fixed or variable depreciation per cost center is transferred to the AOP version separately.
- The data in this version is downloaded into spreadsheets by each cost element and cost center. The respective cost center managers review and update the budget values according to their requirements and plans. The revised figures are uploaded back into SAP.
- The cost center planning in SAP is reviewed and finalized (accrued costs, statistical key figures, assessments).
- The planned data of the AOP version is copied into active version 0. Planning is locked in both versions.

Process Flow Diagram

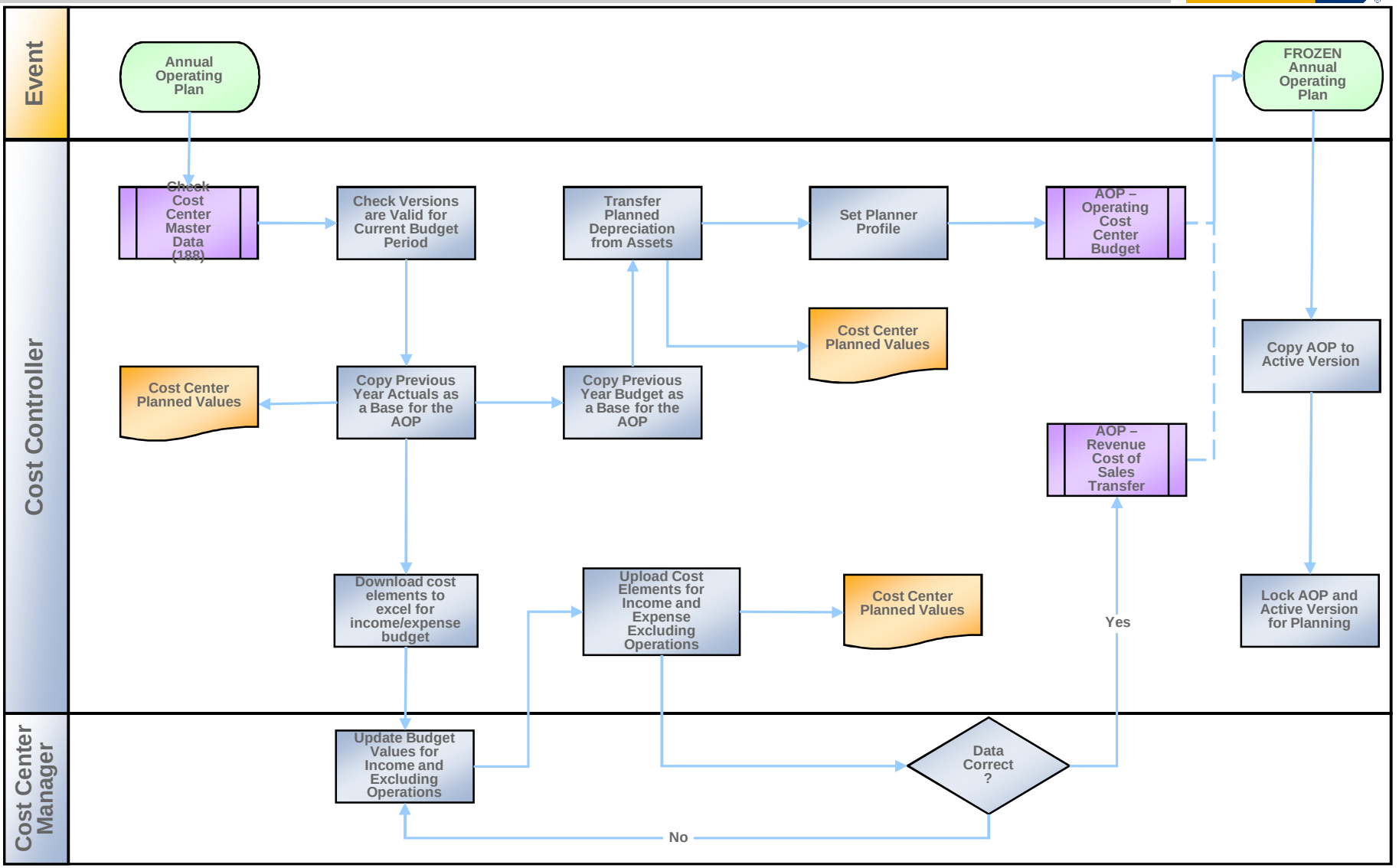
General Cost Center Planning



AOP= Annual Operating Planning

Process Flow Diagram

General Cost Center Planning



AOP= Annual Operating Planning

Scenario Overview – AOP
Sales Q Forecast with COPA

Purpose and Benefits:

Purpose

- Review the Sales forecast on a quarterly basis

Benefits

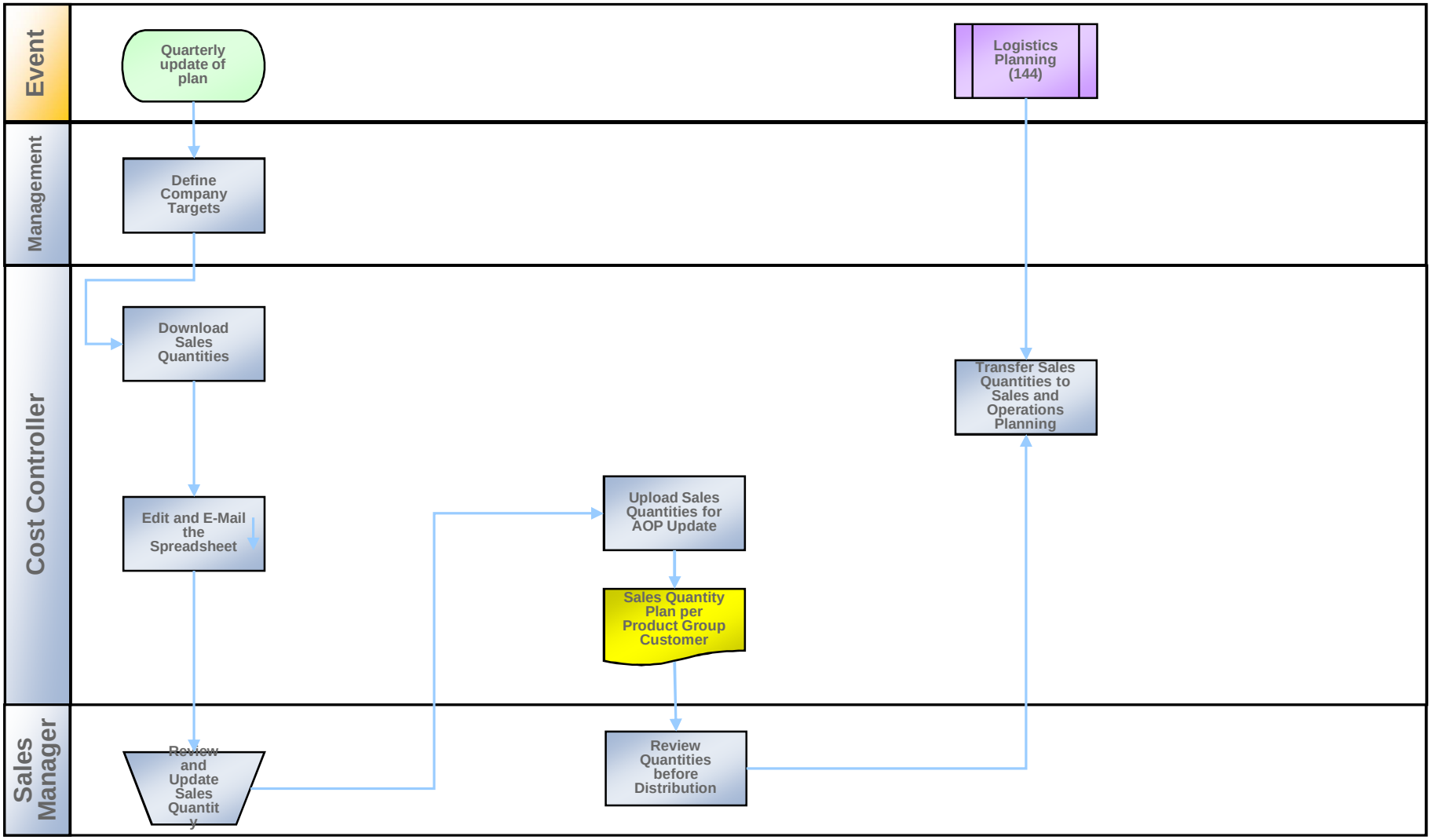
- Integration to Sales and Production
- Data could be planned in Spreadsheet

Key process flows covered

- Sales quantity planning on basis of actual data
- Transfer to SOP

Process Flow Diagram

Revenue Planning



Scenario Overview – AOP
Simulation Costing

Purpose and Benefits:

Purpose

- Reference and simulation costing is a tool for planning costs and setting prices for future products which do not have a material master in the system. Instead, you create a base planning object which is costed manually by entering the costing items in a spreadsheet form (unit cost estimate).

Benefits

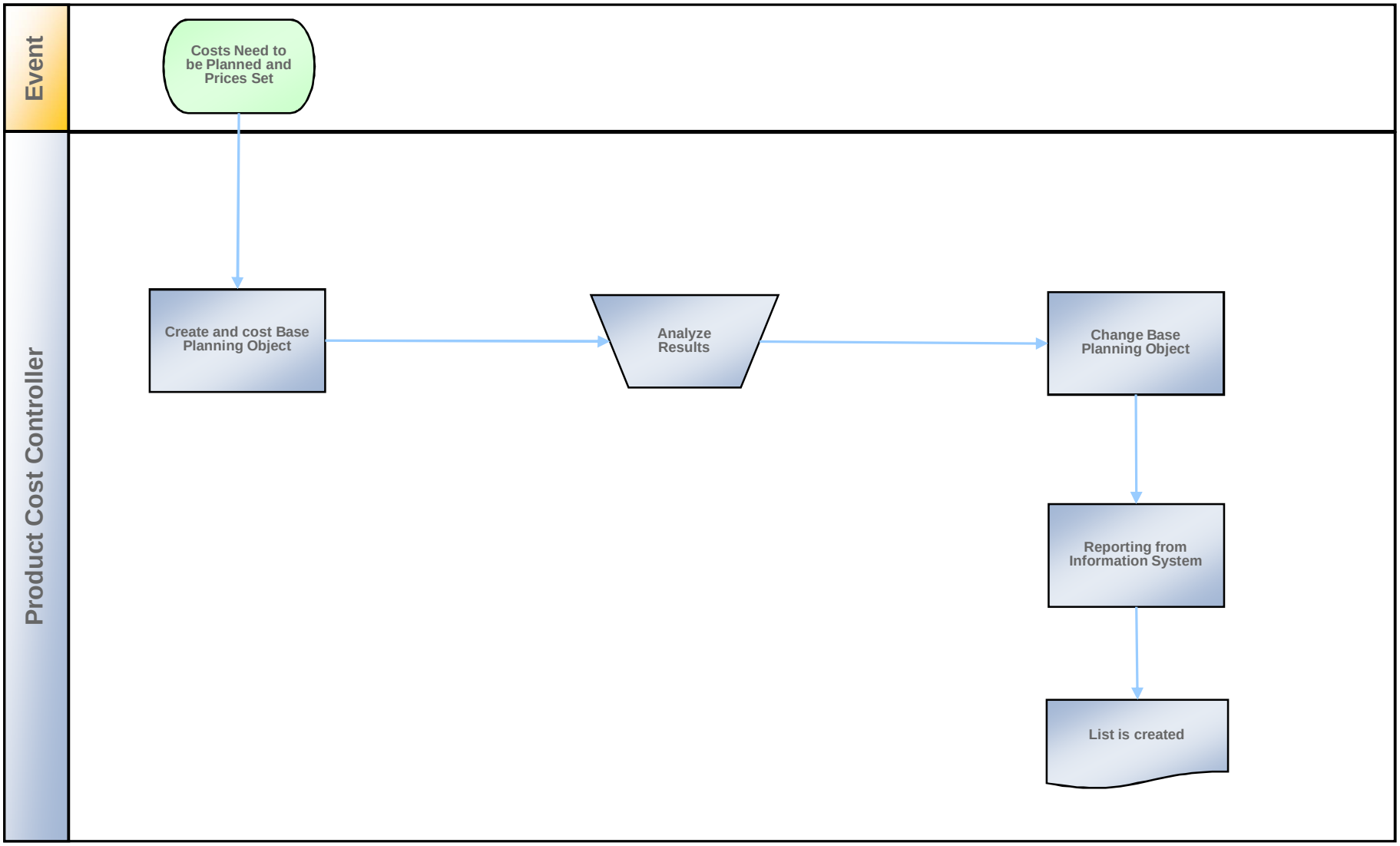
- Transparent view of a base planning object

Key process flows covered

- Create and cost Base Planning Object
- Analyze Results
- Change Base Planning Object
- Report from Information System

Process Flow Diagram

Reference and Simulation Costing



Scenario Overview – AOP

Revenue Planning

Purpose and Benefits:

Purpose

- Plan the revenue and the costs on Product and customer level

Benefits

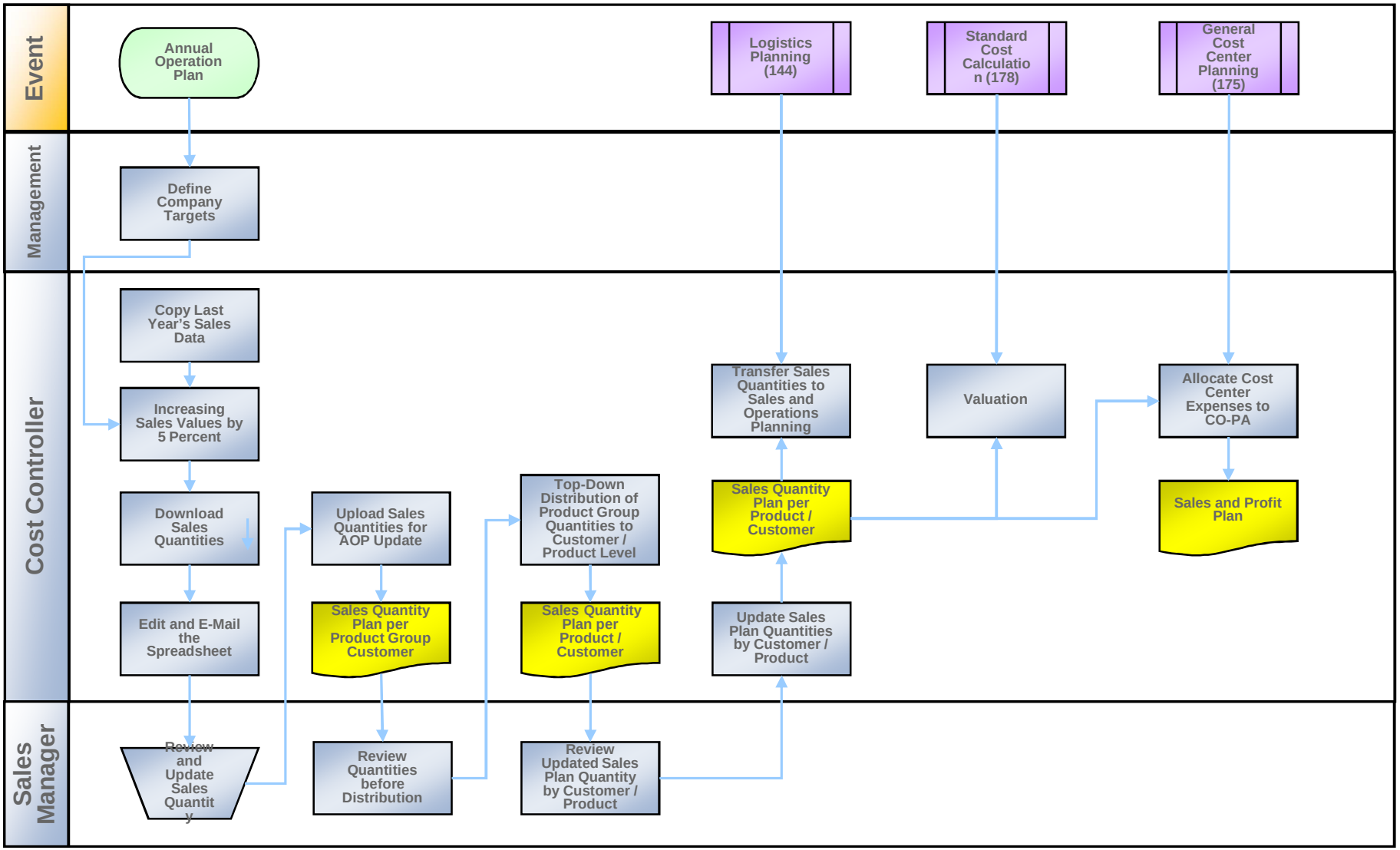
- Integration to Sales, Financials, Controlling and Production
- Use of automized functionality for planning
- Data could be planned in Spreadsheet

Key process flows covered

- Revenue planning on basis of historical data
- Cost calculation
- Transfer to SOP

Process Flow Diagram

Sales Qty Budget and Transfer to SOP (with CO-PA)



Scenario Overview – AOP
SOP & Long Term Planning

Purpose and Benefits:

Purpose

- Check if the budgeted sales quantities can be produced, assess material requirements and utilization of the manufacturing cost centers.

Benefits

- Avoid bottlenecks, over- and under-absorption in production. Material requirements planning as a basis for purchasing contracts.

Key process flows covered

- Create sales plan and transfer to SOP (Sales and Operations Planning).
- Rough matching of budgeted sales quantities and production resources in SOP.
- Create planning scenario in “Long Term Planning” to simulate production planning for the budgeted sales quantities.
- Based on simulated production and operative production data (bills of material, routings), work center capacity and material requirements are calculated.
- Use material requirements for AOP – purchase material price planning.
- Use work centers capacity in AOP – general cost center planning.

Scenario Overview – AOP
SOP & Long Term Planning

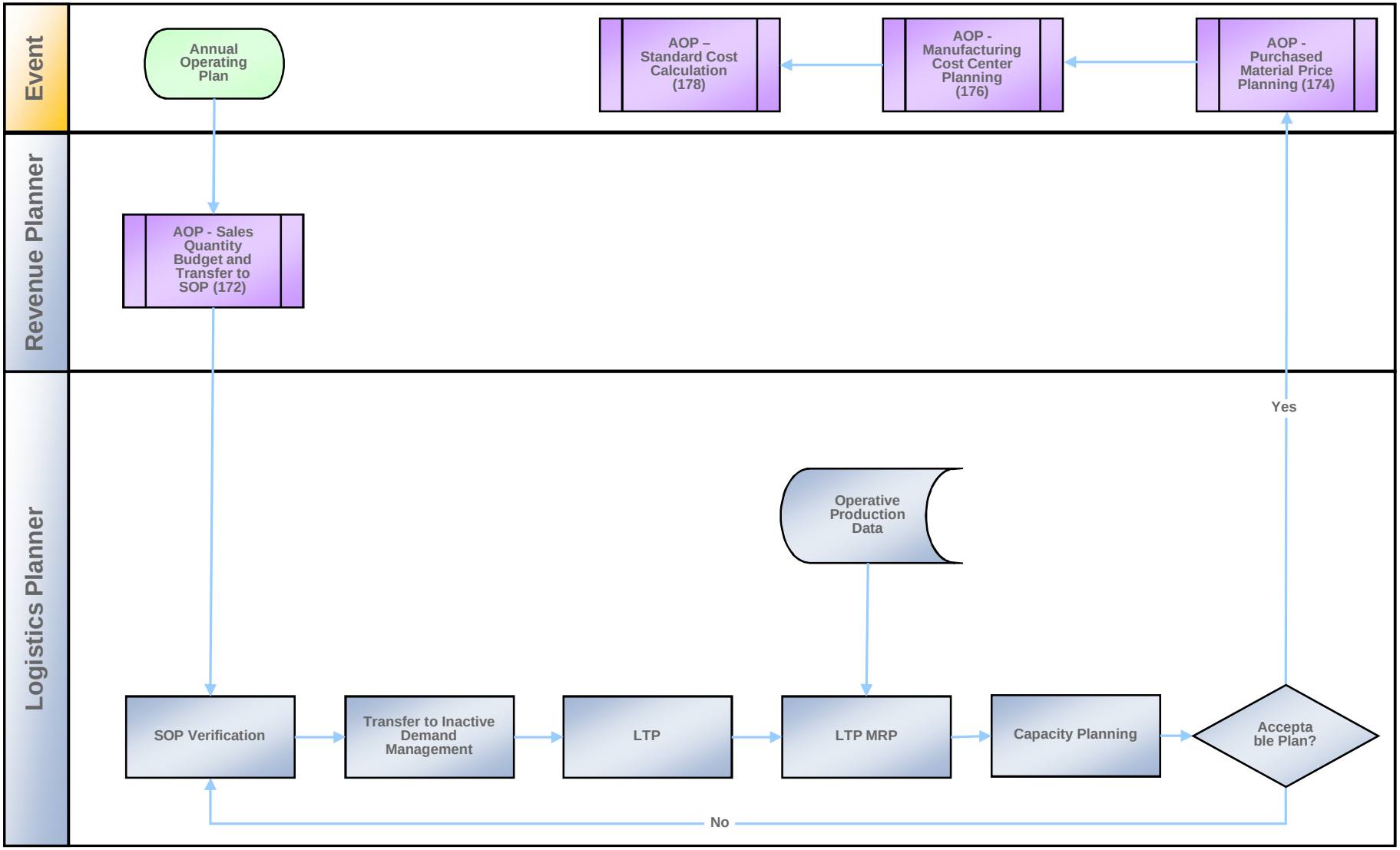
Detailed Process Description:

AOP – SOP through Long Term Planning Transfer to LIS/PIS/Capacity

- Please refer to specification *172 – AOP - Sales Quantity Budget and Transfer to SOP* for all steps concerning the planning of sales quantities.
- The current specification starts with the transfer of confirmed sales quantities to Sales and Operations Planning (SOP). In SOP rough cut capacity planning is carried out in order to verify whether the goods planned to be sold can run through the company's bottleneck resources needed for production.
- After the production plan has been proven feasible by SOP, it is passed on to a planning scenario in Long Term Planning module (LTP). In LTP, planned independent requirements (PIR) are created.
- Based on these PIRs, Materials Requirements Planning (MRP) is simulated to create and review planned requirements for all the materials (components, raw materials) and resources. Simulation of MRP also allows review of capacities of the plants. Capacity leveling can then be carried out to smooth out the bottlenecks.
- After having run MRP as described above, one of the key objectives of the logistics part of AOP is achieved: calculate the total utilization of the activity types assigned to the manufacturing work centers needed to produce the budgeted sales quantities. The utilization is based on the consumption of activity types indicated in the routings of the (semi finished and finished) products of the production plan.

Process Flow Diagram

SOP through Long Term Planning Transfer to LIS/PIS/Capacity



AOP= Annual Operating Planning LTP= Long Term Planning

SOP= Sales and Operations Planning MRP= Materials Requirements Planning

Scenario Overview – AOP
Standard Cost Calculation

Purpose and Benefits:

Purpose

- Reflect the changes in the prices of purchased parts, change in labor and overhead costs and change in bills of materials and operations needed to manufacture the semi-finished and finished goods.

Benefits

- Prices are updated as future planned costs in the respective material master records
- Revaluation of existing inventory to the new standard prices

Key process flows covered

- Create costing run
- Execute costing run
- Review errors
- Analyze proposed standard prices
- Repeat annual operating plan scenarios
- Edit cost run and execute
- AOP – revenue cost of sales transfer
- Create frozen costing run
- Execute costing run
- Mark as future planned price
- Release standard cost estimate and revalue stock at start of new fiscal year

Scenario Overview – AOP
Standard Cost Calculation

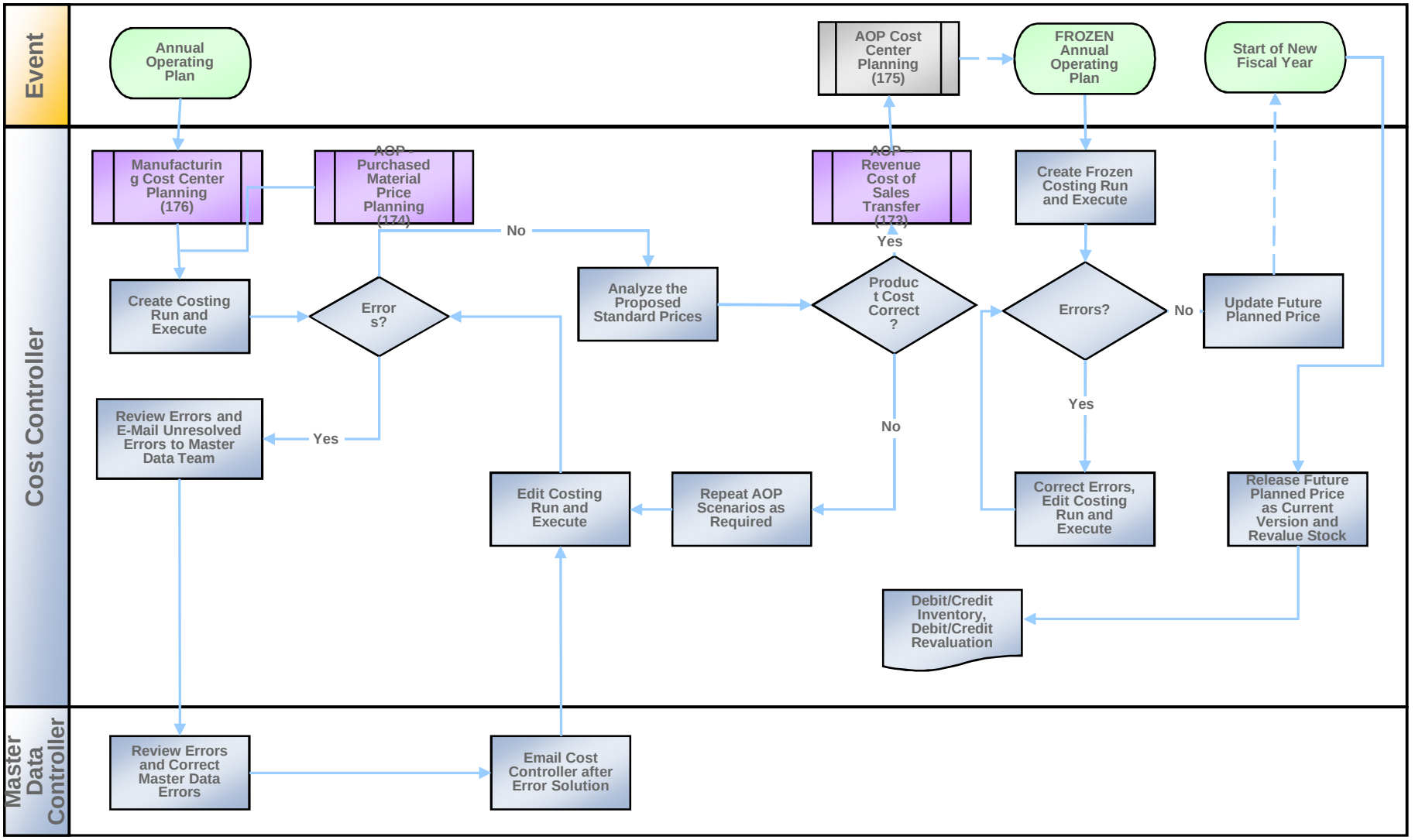
Detailed Process Description:

Standard Cost Calculation

- Annually, the standard costs for products are updated as part of the annual operations planning (AOP). This is necessary to reflect the changes in the prices of purchased parts, change in labor and overhead costs and change in bills of materials and operations needed to manufacture the semi-finished and finished goods.
- Once the planned prices for purchased parts are updated and planned activity prices are calculated, a costing run is done to calculate the new standard planned prices of the materials. The calculated standards are checked. The responsible persons are asked to make necessary corrections, e.g. in master data. Once the calculations are considered to be correct, the prices are updated as future planned costs in the respective material master records.
- When the current year is closed, the marked cost estimates are released. This results in a revaluation of existing inventory to the new standard prices.

Process Flow Diagram

Standard Cost Calculation



AOP= Annual Operating Planning

Scenario Overview – Forecast to Sales
Forecast to LTP

Purpose and Benefits:

Purpose

- Check if the budgeted sales quantities can be produced, assess material requirements and utilization of the manufacturing cost centers.

Benefits

- Avoid bottlenecks, over- and under-absorption in production. Material requirements planning as a basis for purchasing contracts.

Key process flows covered

- Create sales plan and transfer to SOP (Sales and Operations Planning).
- Rough matching of budgeted sales quantities and production resources in SOP.
- Create planning scenario in “Long Term Planning” to simulate production planning for the budgeted sales quantities.
- Based on simulated production and operative production data (bills of material, routings), work center capacity and material requirements are calculated.
- Use material requirements for AOP – purchase material price planning.
- Use work centers capacity in AOP – general cost center planning.

Scenario Overview – Forecast to Sales Forecast to LTP

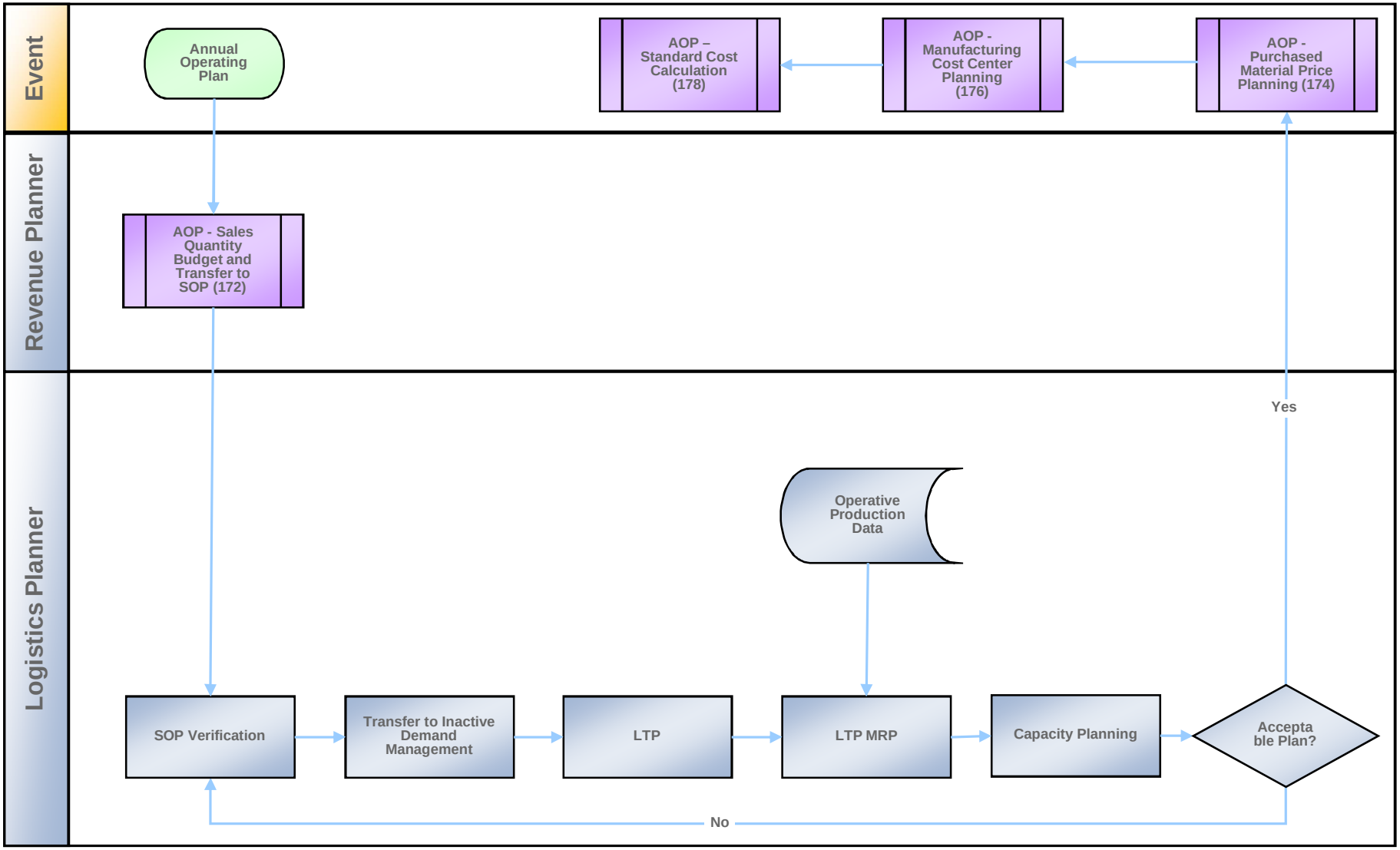
Detailed Process Description:

AOP – SOP through Long Term Planning Transfer to LIS/PIS/Capacity

- Please refer to specification *172 – AOP - Sales Quantity Budget and Transfer to SOP* for all steps concerning the planning of sales quantities.
- The current specification starts with the transfer of confirmed sales quantities to Sales and Operations Planning (SOP). In SOP rough cut capacity planning is carried out in order to verify whether the goods planned to be sold can run through the company's bottleneck resources needed for production.
- After the production plan has been proven feasible by SOP, it is passed on to a planning scenario in Long Term Planning module (LTP). In LTP, planned independent requirements (PIR) are created.
- Based on these PIRs, Materials Requirements Planning (MRP) is simulated to create and review planned requirements for all the materials (components, raw materials) and resources. Simulation of MRP also allows review of capacities of the plants. Capacity leveling can then be carried out to smooth out the bottlenecks.
- After having run MRP as described above, one of the key objectives of the logistics part of AOP is achieved: calculate the total utilization of the activity types assigned to the manufacturing work centers needed to produce the budgeted sales quantities. The utilization is based on the consumption of activity types indicated in the routings of the (semi finished and finished) products of the production plan.

Process Flow Diagram

SOP through Long Term Planning Transfer to LIS/PIS/Capacity



AOP= Annual Operating Planning
SOP= Sales and Operations Planning
LTP= Long Term Planning
MRP= Materials Requirements Planning

Scenario Overview – Forecast to Sales Manufacturing Cost center Plng

Purpose and Benefits:

Purpose

- During the annual budgeting process, the managers of manufacturing cost centers plan the costs for various cost types/elements for their respective cost centers. In addition, the quantities of activity types needed for production and their prices are determined.

Benefits

- Possibility to compare planned and actual costs, monitoring of costs on cost centers. Allocation of production and overhead costs to products (via activity types).

Key process flows covered

- Download of cost center budget into spreadsheets, revision by cost center managers, upload of revised data
- Transfer of planned activity requirements from production (SOP)
- Manual completion of planned data
- Calculation of planned activity prices (input for AOP Standard Cost Calculation)

Scenario Overview – Forecast to Sales Manufacturing Cost center Plng

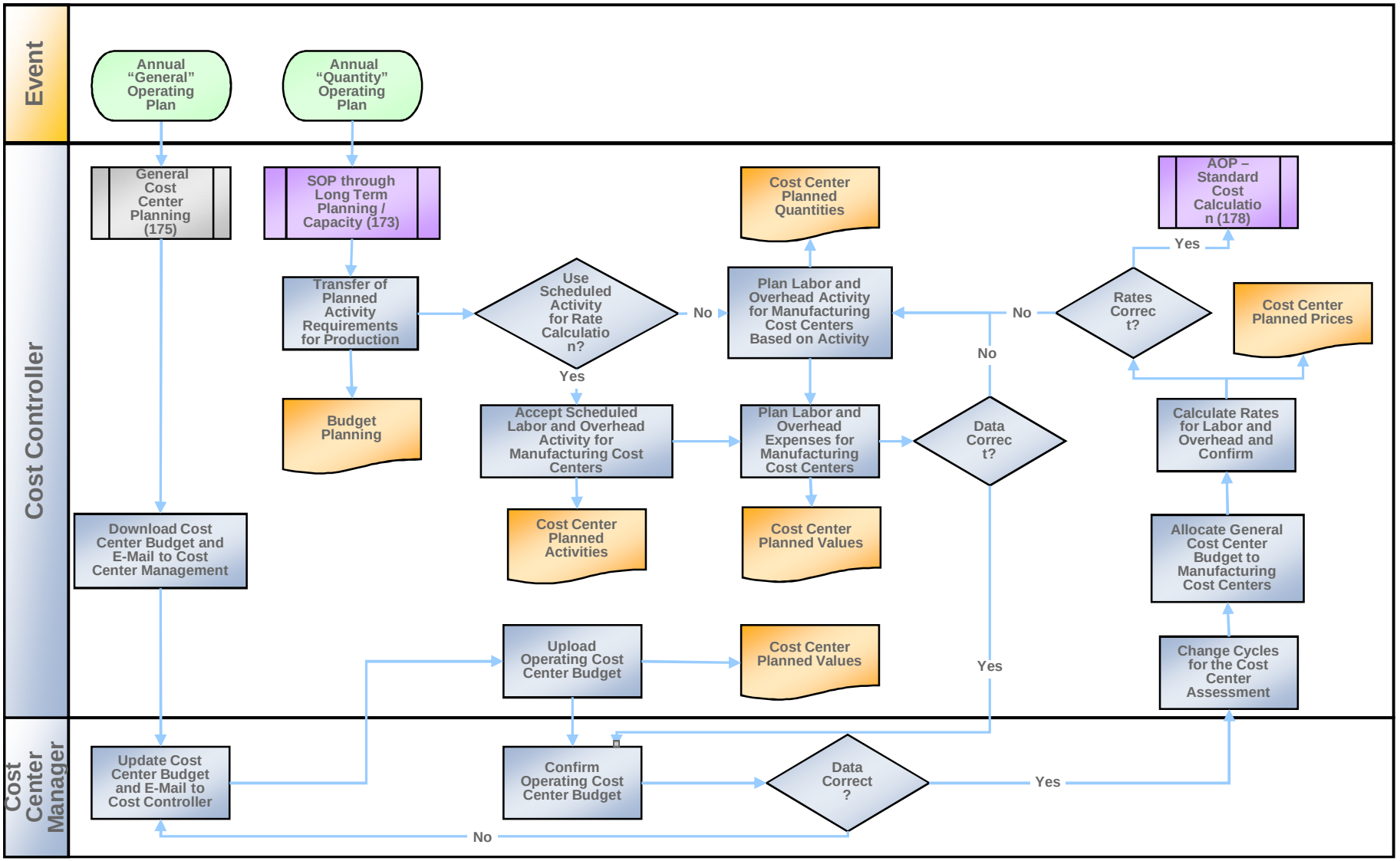
Detailed Process Description:

Manufacturing Cost Center Planning

- The following steps are described in Scenario *175 – General Cost Center Planning:* copy the previous year's actual expenses or budget data for the cost centers into an AOP (annual operative planning) budget version in cost center accounting, posting of planned depreciation, download of data into spreadsheets, review by cost center managers and upload back into SAP.
- The resource requirements in the form of planned activity quantities are transferred from Sales and Operations planning to the cost centers as planned activity consumption. Plan reconciliation between the SOP activity requirements and manually planned requirements on the operational cost centers is carried out. Once the activity quantities and budget amounts are finalized, planned activity prices are calculated in the system.
- The planned activity prices are used for the Standard Cost Calculation.

Process Flow Diagram

Manufacturing Cost Center Planning



AOP= Annual Operating Planning

SOP= Sales and Operations Planning

Scenario Overview – Forecast to Sales
Production Subcontracting

Purpose and Benefits:

Purpose

- During the Manufacturing process, when a "Planned Order" for Production is converted to a "Production Order", the system will check to see if there are any routing/work-center operations which require external processing. External processing is when you have individual production steps, that are operations or sub-operations, which are performed outside of your company by a vendor. This type of processing is particularly important for subcontracting. It can also provide a company with a feasible alternative to in-house processing, if capacity bottlenecks occur.

Benefits

- An outline agreement can specify that a certain operation of the production order is executed by an external subcontractor on a regular basis
- In the case of capacity bottlenecks, the assembly procedure of the finished product can be assigned to a subcontractor

Key process flows covered

- Creating Purchase Order for External Processing
- Goods Receipt for “subcontracting” Purchase Order
- Enter Invoice
- Periodic Payment

Scenario Overview – Forecast to Sales
Production Subcontracting

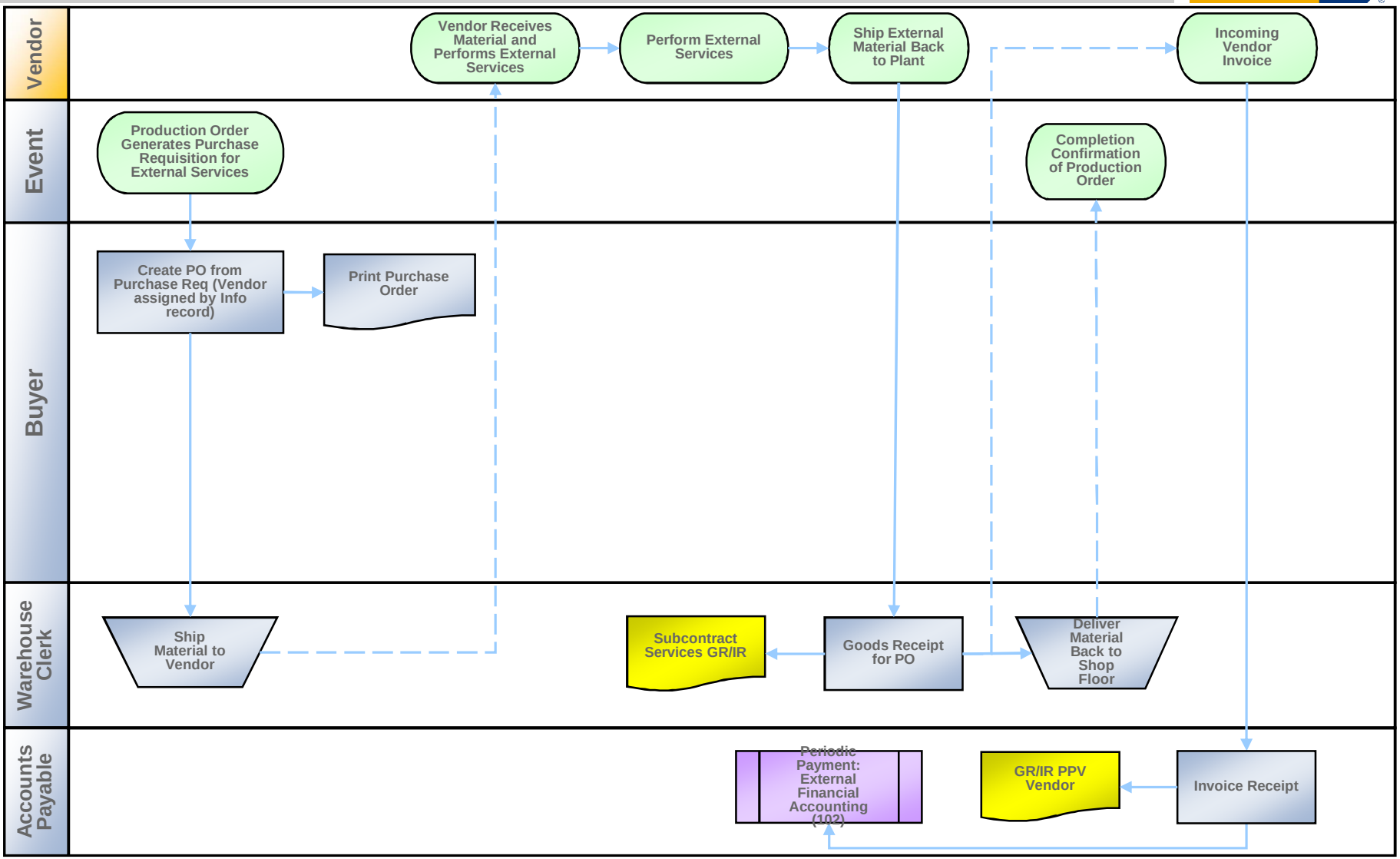
Detailed Process Description:

Production Subcontracting (External Processing)

- When a Production Order is scheduled, external operations need to be taken into account. The duration of an external operation is calculated either by using the planned delivery time or using the standard values. The system automatically creates a purchase requisition for the operation or sub-operation that requires external processing. The Production scheduler should inform the buyer they need to check the workload for requisitions that require external processing.
- When data is maintained for an external activity, a cost element is specified. The cost element determines how the external activity is to be valuated. A decision needs to be made as to whether an operation or sub-operation is processed externally via its control key. In the control key, it is determined whether externally processed operations are scheduled on the basis of their standard values or the planned delivery time. This information is needed to settle externally processed operations and sub-operations that have been marked as relevant for costing in their control keys.
- Purchasing should not convert the purchase requisition until the external processing is required. The reason for this is that any quantity changes on the production order will automatically update the requisition.
- Once the purchase order is created it is printed and sent to the vendor. The purchase order informs the vendor which service is required. The buyer/planner/scheduler creates a manual shipping document and provides the information to the shipping department on what components need to be gathered for the external processing and ships the components to the vendor.
- When the vendor has completed the external processing, the material is shipped back. The warehouse clerk receives the externally processed goods back into the warehouse. The vendor service is reflected on the production order via an operation confirmation. The purchase order and the production order show the quantity received.
- The goods receipt of an externally processed material causes the status of the operation to be updated: For a partial delivery of an external process operation, the status is: EOPD (External operation - partial delivery) and for final delivery of a external process operation the status is: EOFD (External operation - final delivery).

Process Flow Diagram

Production Subcontracting (External Processing)



PP = Production Planning, RFQ = Request for Quotation, PO = Purchase Order, GR/IR = Goods Receipt/Invoice Receipt, PPV = Purchase Price Variance

Scenario Overview – Forecast to Sales Logistics Planning

Purpose and Benefits:

Purpose

- The purpose of logistics planning is to make sure that future demand can be satisfied by your company's available resources and to point out situations where demand cannot be met in time or in the desired quantities.

Benefits

- Seamless Integration in complete planning cycle
  - CO-PA → SOP → LTP → Demand Planning

Key process flows covered

- Sales and Operation Planning
- Long Term Planning

Scenario Overview – Forecast to Sales
Logistics Planning

Detailed Process Description:

Logistics Planning

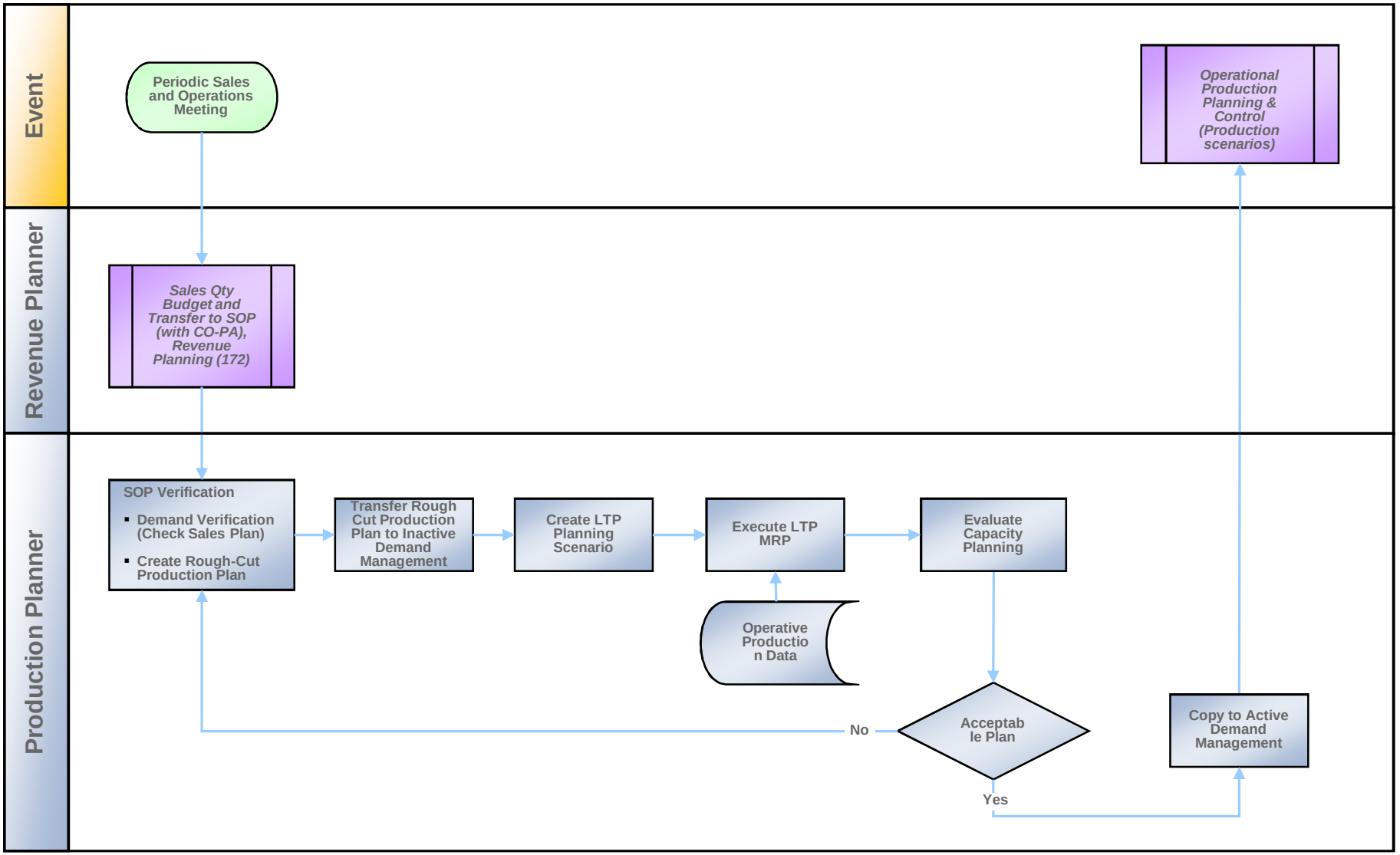
This process sometimes is called ‘Sales and Operations Planning’. The process usually takes place in a simulative mode and at an aggregated (usually product group rather than end-item) level. Once a feasible production plan is found that satisfies demand it can be used as the basis for operational production planning (MRP and Detailed Capacity Scheduling).

The Best Practice scenarios in this section cover the following planning workflow:

- Planning/forecasting of future demand
- Aggregated production planning including capacity check in order to check at product group level if demand can be satisfied (using the SOP functionality)
- Transfer of results to Long Term Planning (using the LTP module) to enable simulation of material requirements, based on the production plan (s)
- Planning takes place in separate (simulative) planning versions within LTP
- Review and adjustments of planned requirements as needed
- Once the simulated requirements are accepted, the demand (independent requirements) is then transferred to active demand management for detailed MRP and Production Planning / Scheduling in the active version.

Process Flow Diagram

Logistics Planning



CO-PA = Profitability Analysis, SOP = Sales and Operations Planning, LTP = Long Term Planning, MRP = Material Requirements Planning

Scenario Overview – (O2C) Order 2 Cash Batch Management

Purpose and Benefits:

Purpose

- To explain the business process in detail; target groups are all logistics people

Benefits

- To change batch master data
- To find out where a batch was used, e.g. to perform a batch recall or government report
- To find out where a batch is used, e.g. in which stocks or inspection lots or material documents
- To have a single point of batch maintenance

Key process flows covered

- Maintain batch master record
- Batch information cockpit

Scenario Overview – (O2C) Order 2 Cash
Batch Management

Detailed Process Description:

Batch Management

Maintain Batch Master Record

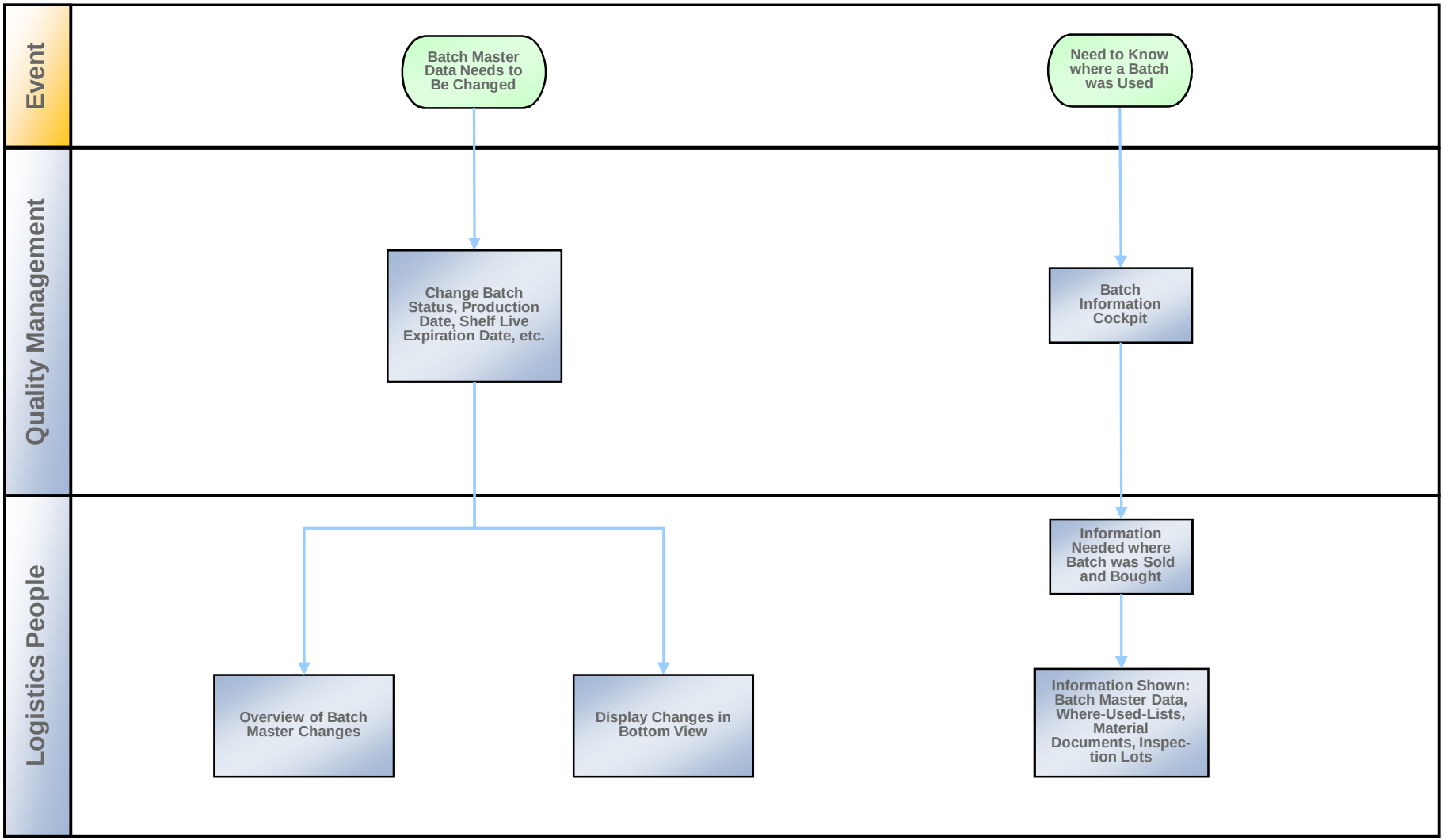
- Change batch master data, e.g. batch status, production date, shelf live expiration date or batch characteristics

Batch Information Cockpit

- Top-down batch where-used list from selected batch, i.e. where did the batch come from
- Bottom-up batch where-used list from selected batch, i.e. where did the batch go
- Material documents linked to selected batch
- Inspection lots linked to selected batch

Process Flow Diagram

Batch Management



Scenario Overview – (O2C) Order 2 Cash Batch ReCall

Purpose and Benefits:

Purpose

- A defect batch is identified and must be recalled from customers and prospects who have received the batch.

Benefits

- Integrated follow-up process to the former delivered batch
- return stock managed separately from the rest of your stock

Key process flows covered

- Creation of direct mailing to customer
- Preparing follow-up process for the return of the batch
- Receiving of returned batch into return stock
- Decision of further usage of the returned stock
- Creation of credit memo for customer

Scenario Overview – (O2C) Order 2 Cash Batch ReCall

Detailed Process Description:

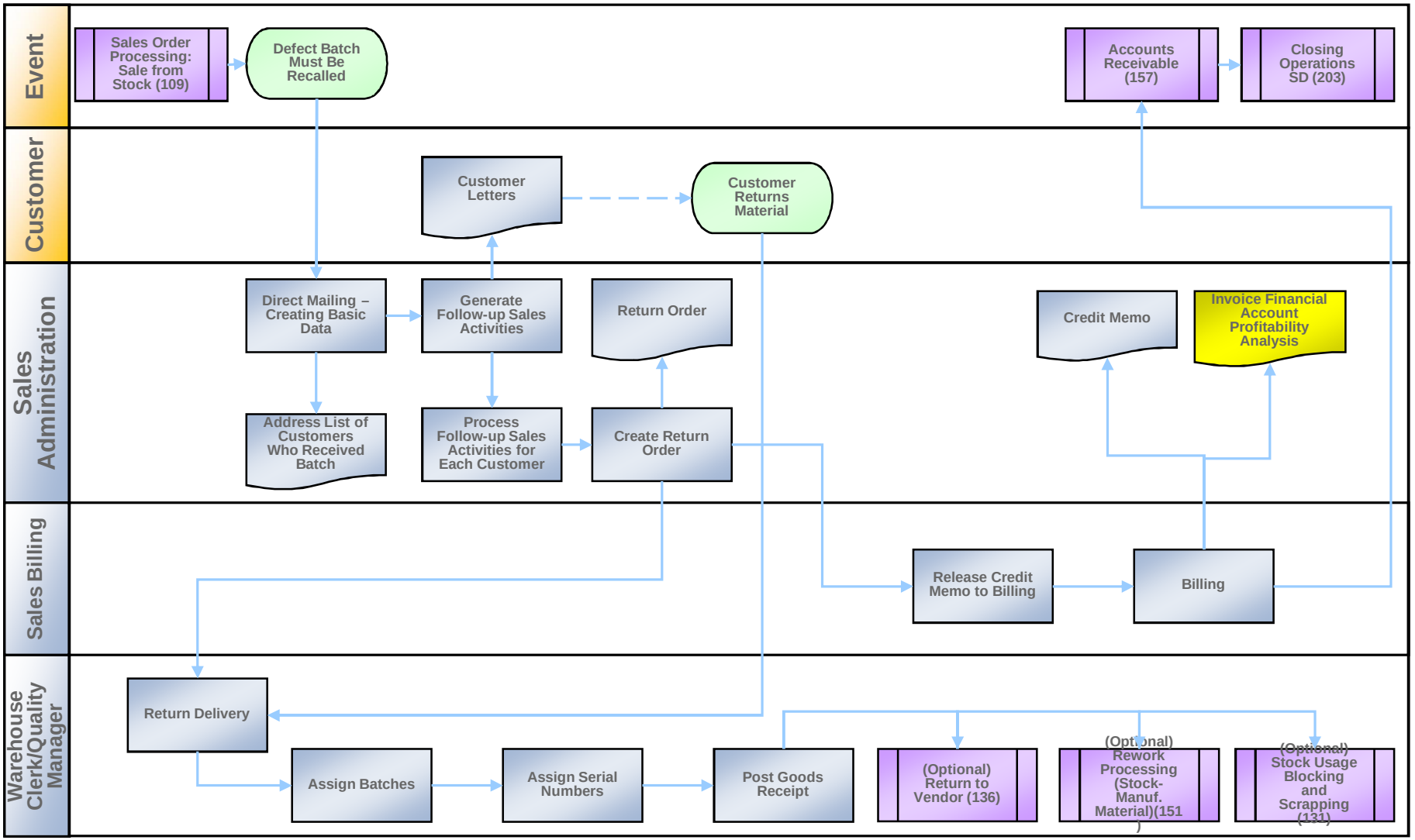
Batch Recall

A program is executed to identify all customers who received a defect batch. The user then chooses the addresses of the appropriate contact persons, and the system prints a standard letter to each customer to inform them of the recall. The subsequent activities for each customer are stored in the system. Return deliveries are also entered and documented, if necessary.

To ensure that you contact all customers affected by a defect batch, you must identify if subsequent batches are affected by the defect batch. For this purpose, you can use the standard system function *"batch where-used list"* that is described in detail in the standard SAP ERP documentation. This scenario recalls a batch from a finished product or wholesale product. Therefore you can simply find all customers who received these products. However, a vendor could report that a raw, semi-finished, trading, or other material used in your production, does not meet quality standards. In this case, you must determine which finished or trading materials were produced with these defect batches.

Process Flow Diagram

Batch Recall



Scenario Overview – (O2C) Order 2 Cash Credit Management

Purpose and Benefits:

Purpose

- A credit limit check can be carried out when sales documents are created or changed.

Benefits

- Reduce risk of bad debt
- Focus on reliable and profitable customers
- Faster credit-worthiness check
- Fasten the process of checking a customer credit limit
- Identify the overall credit risk of your company

Key process flows covered

- Enter Sales Order
- Check Credit Limit
- Block Sales Order
- Release Sales Order
- Delivery Sales Order

Scenario Overview – (O2C) Order 2 Cash Credit Management

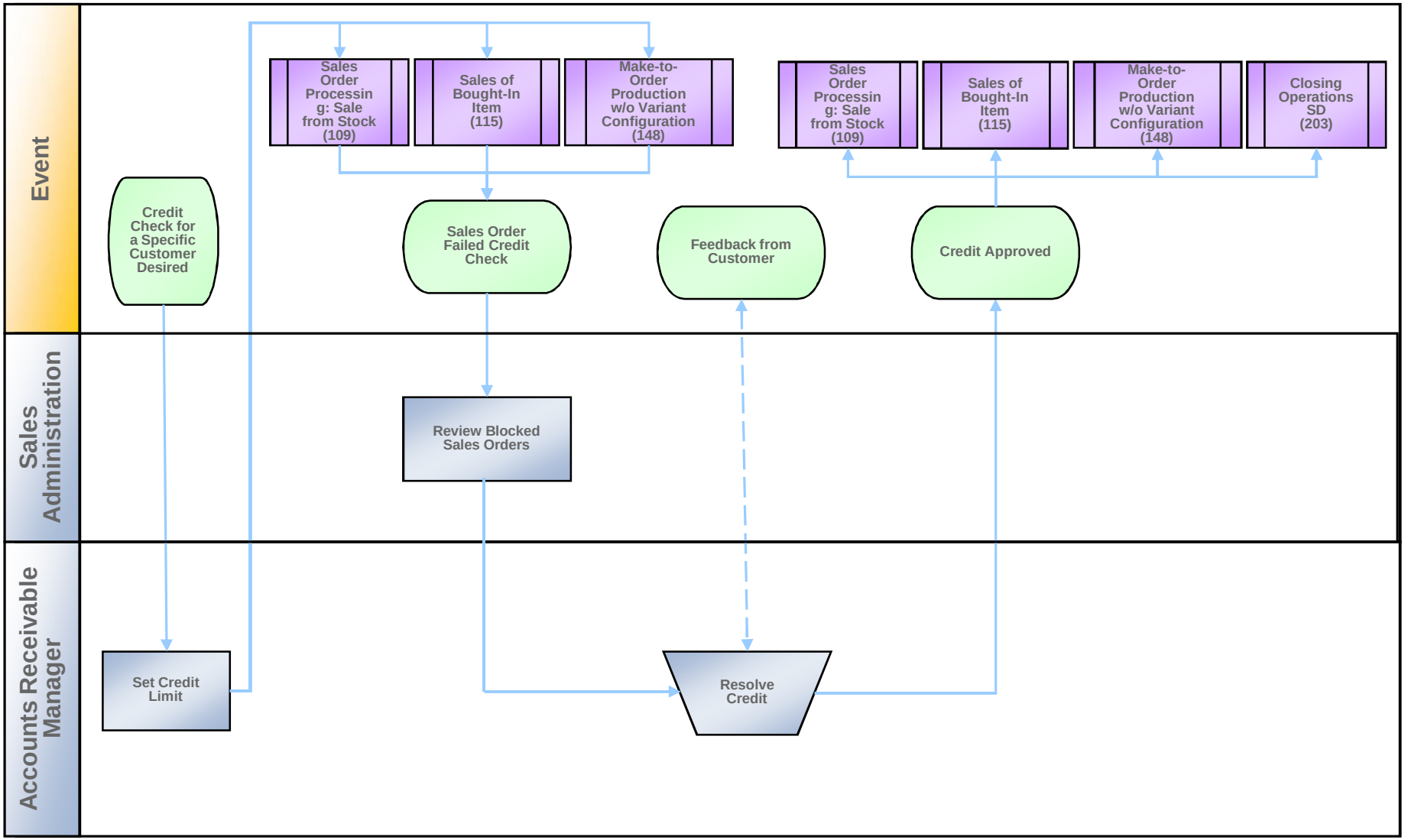
Detailed Process Description:

Sales Credit Management / Set Credit Limit

- The credit limit check is carried out within one credit control area. When changing a document, the check is repeated, if changes regarding quantity or value are made. A credit control area consists of one or more company codes. A sales document belongs to one credit control area depending on the allocation of the sales organization to a company code. The SAP System checks the credit limit which was granted to the customer in this credit control area. The credit control areas and the credit limit of a customer are defined in financial accounting and entered in the customer master record. During the check, the SAP System totals the receivables, the open items and the net value of the sales order for every item of a sales document. The open items take into account obligations bound by contract which are not recorded for accounting purposes but which involve expenses through diverse business transactions. The total is compared with the credit limit. If the limit is exceeded, the system responds in the way defined by you in the configuration menu.
- We are using 'simple' credit limit check in this solution. During the simple credit limit check, you can only configure one system reaction ('A' warning, 'B' error, 'C' delivery block) when the credit limit is exceeded, we have chosen to use option 'C' (delivery block).
- The system provides a transaction to list all of the sales documents that have been blocked for delivery, with information about what has caused the block. The Customer's current credit situation is manually reviewed by credit department, and when the sales order is approved, the delivery block is removed from the sales order. You go directly from the list to an individual sales document by placing the cursor on the relevant document and choosing Edit sales doc.

Process Flow Diagram

Credit Management



Scenario Overview – (O2C) Order 2 Cash
Credit Memo Processing

Purpose and Benefits:

Purpose

- The Credit Memo process is used for applying a credit to a customer account once a determination has been made that a customer has been overcharged as a result of a pricing or sales tax rate error.

Benefits

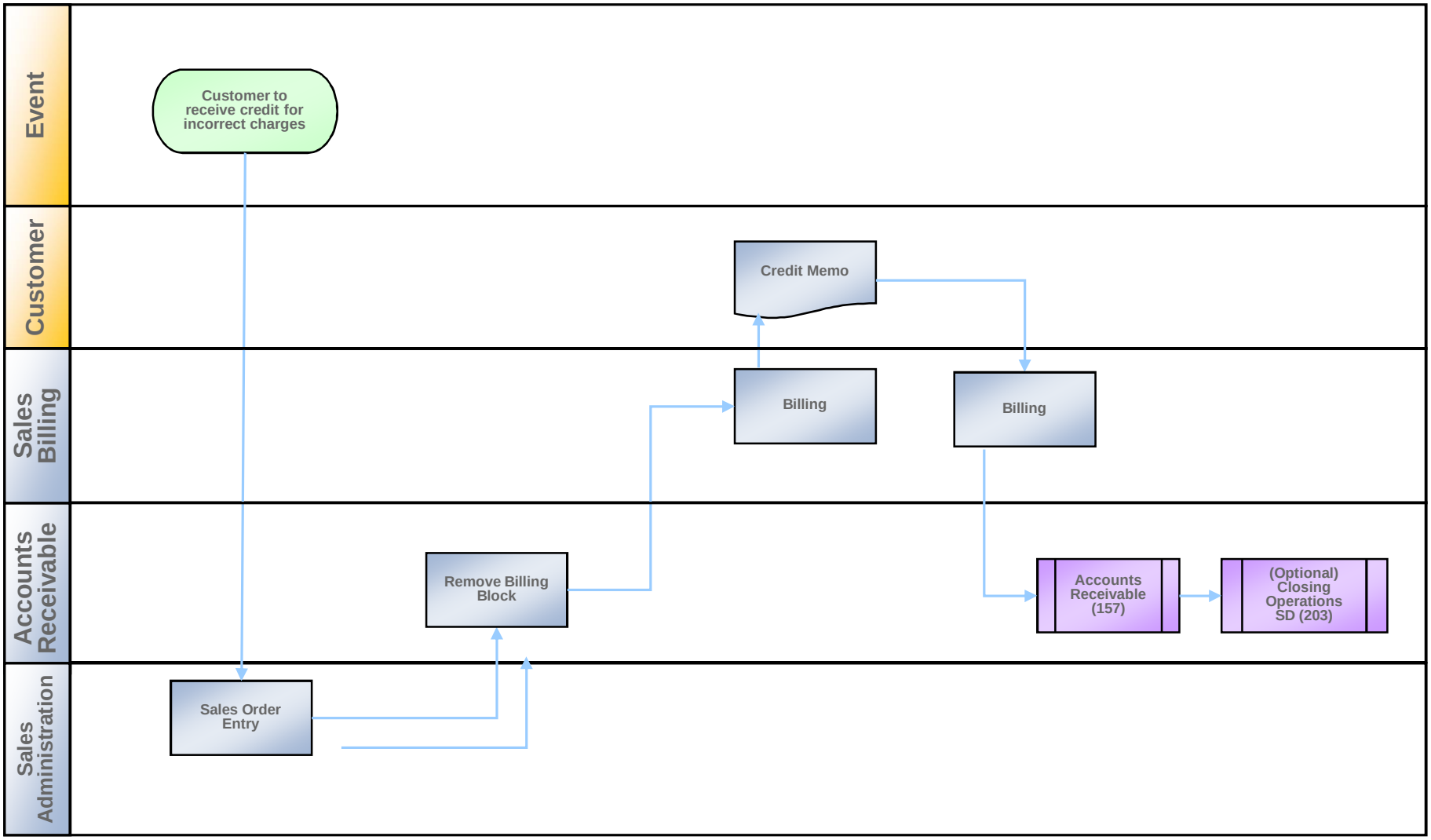
- System integrated credit memo processing

Key process flows covered

- Create credit memo request
- Remove billing block (review credit memo request)
- Billing

Process Flow Diagram

Credit Memo Processing



AR = Accounts Receivable

Scenario Overview – (O2C) Order 2 Cash

Cross Company Sales Order Processing

Purpose and Benefits:

Purpose

- This scenario shows how sales are processed across company codes.

Benefits

- Sales organization and supplying plant can be in different company codes

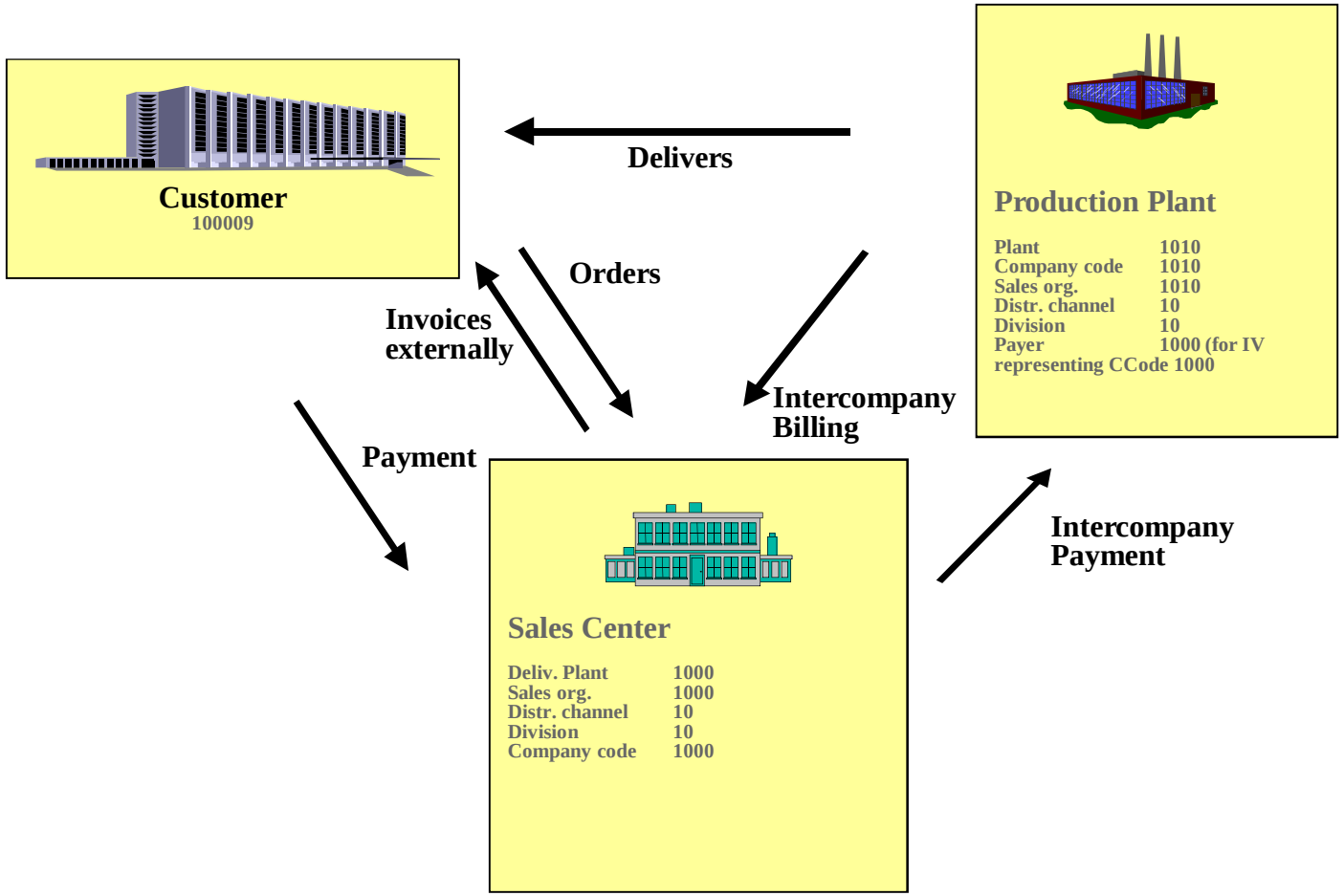
Key process flows covered

- Create sales order with supplying plant from different company code than the sales organization
- Delivery from supplying plant
- Invoicing customer from sales organization
- Inter-company invoicing sales organization from the supplying plant

Scenario Overview – (O2C) Order 2 Cash

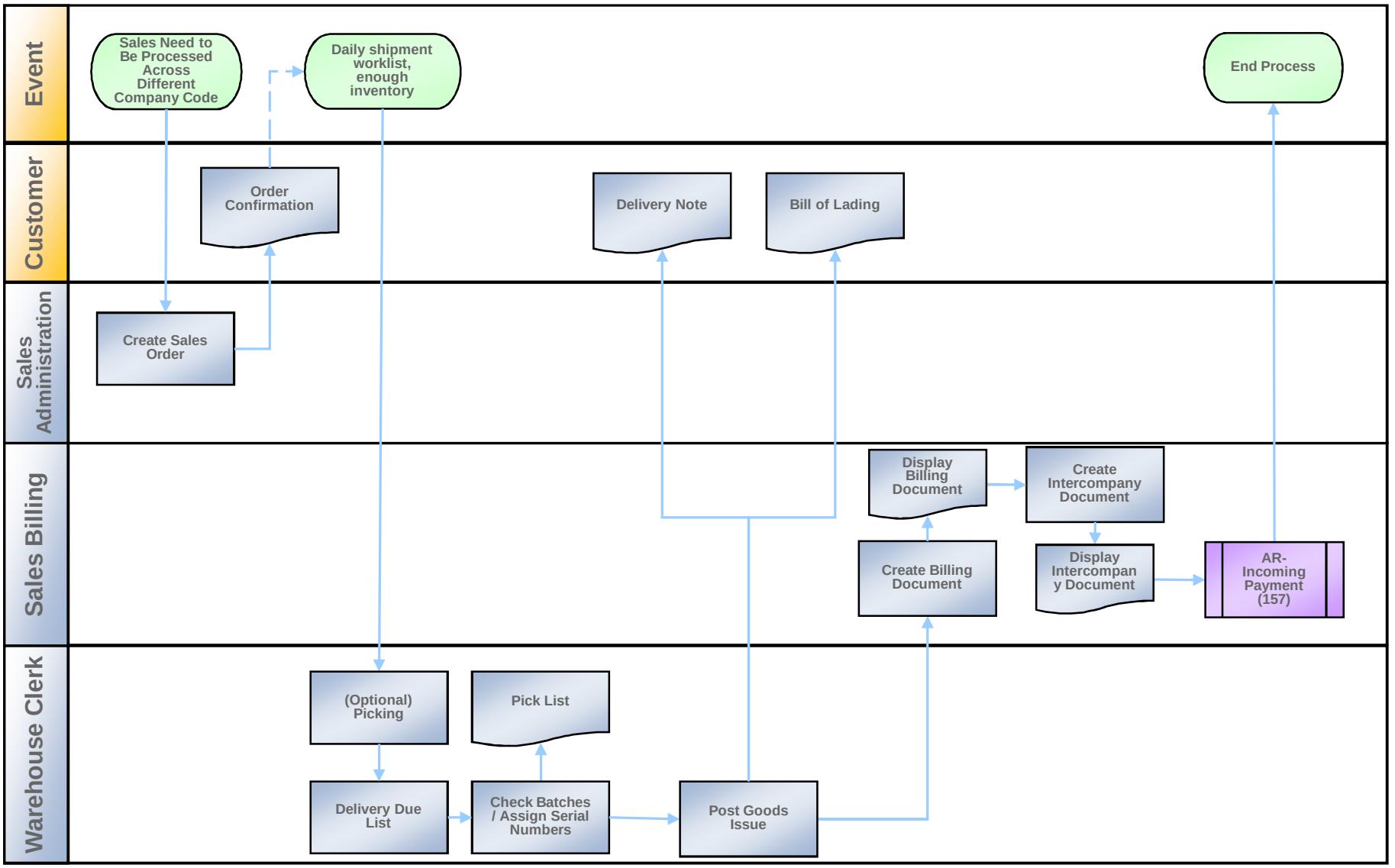
Cross Company Sales Order Processing

Cross-Company Sales Order Processing



Process Flow Diagram

Cross-Company Sales Order Processing



AR = Accounts Receivable

Scenario Overview – (O2C) Order 2 Cash

Consignment Processing

Purpose and Benefits:

Purpose

- Consignment goods are goods which are stored at the customer location but which are owned by your company. The customer is not obliged to pay for these goods until they remove them from consignment stock. Otherwise, the customer can usually return consignment goods which are not required.

Benefits

- Consignment stock managed separately for each customer
- Consignment stock managed separately from the rest of your stock

Key process flows covered

- Consignment Fill-Up
- Consignment Issue
- Consignment Pick-Up
- Consignment Return
- Pick and Ship
- Billing

Scenario Overview – (O2C) Order 2 Cash

Consignment Processing

Detailed Process Description:

Customer Consignment Processing

There are four main transactions for processing consignment stock in the SAP ERP System, all of which support separate management of stock:

- Consignment Fill-up

Consignment fill up is used to supplement the customer's consignment stock. Goods issue of the appropriate stock is posted from the unrestricted-use stock to consignment stock (special stock). The goods remain in the possession of the vendor.

- Consignment Pick-Up

Any consignment goods stored at the customer's warehouse that haven't been used can be reposted to your company's warehouse with a consignment pick-up.

If the customer returns consignment stock to you, you record the transaction in the system by creating a consignment pick-up order (order type KA). As a result, the system carries out the following actions:

When goods issue is posted, the relevant quantity is deducted from the customer's special stock and is added back into your regular stock at the plant where the goods are returned. Your total valuated stock remains the same since the returned stock was regarded as part of your own inventory even while it was at the customer's premises.

This transaction is not relevant for billing.

Scenario Overview – (O2C) Order 2 Cash

Consignment Processing

Detailed Process Description:

Customer Consignment Processing

- Consignment Issue

Consignment issue enables the customer to take consignment goods from the special stock for their use or to sell.

Consignment issue involves removing the goods from the special stock and making it the property of the customer.

When the customer removes consignment stock to use or sell, you record the transaction in the system by creating a consignment issue order.

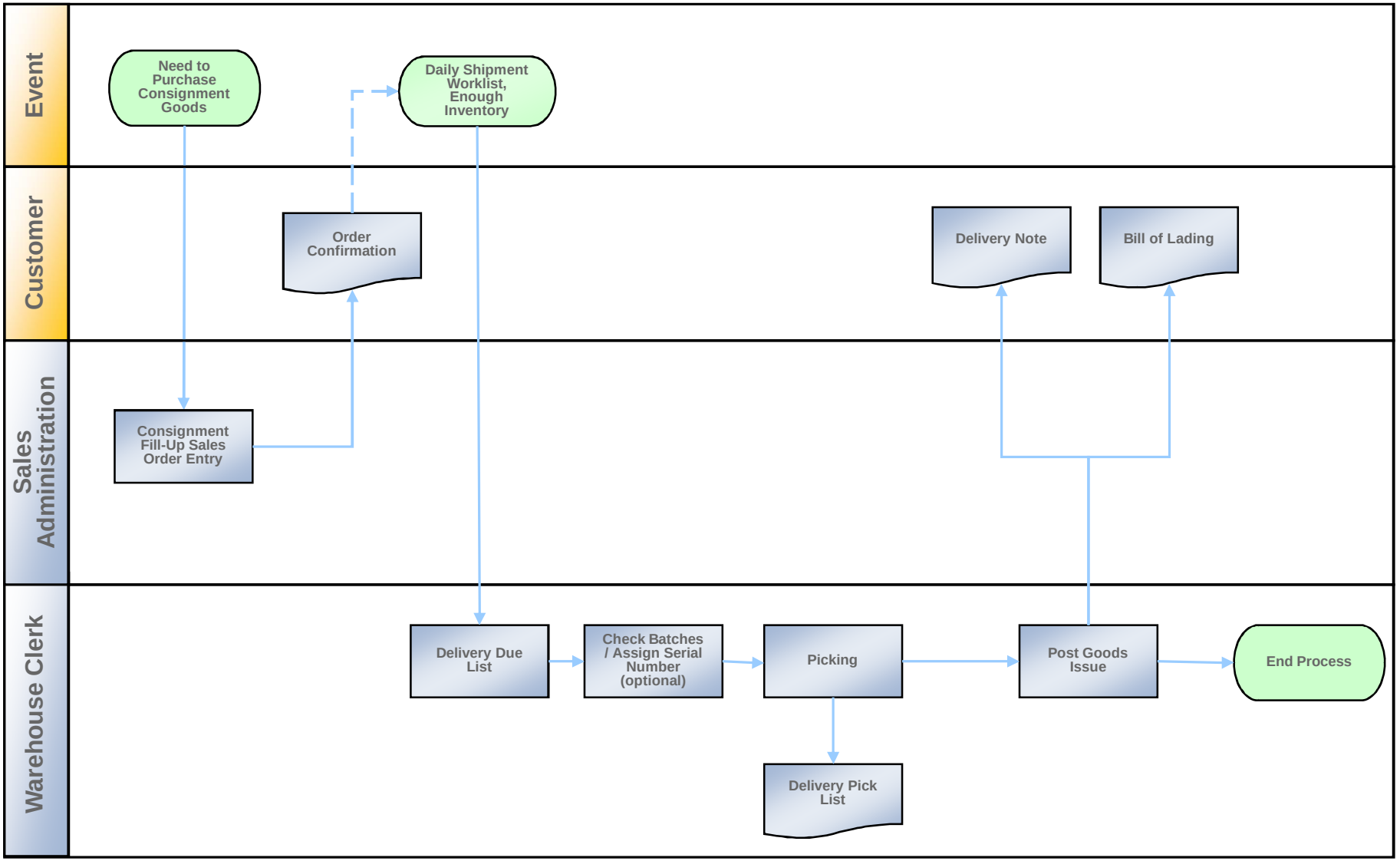
- Consignment Return

Consignment returns are used for when your customer wants to return goods to the consignment stock.

If the customer wishes to claim on consignment goods which have already been issued, you can record this transaction by creating a consignment return order.

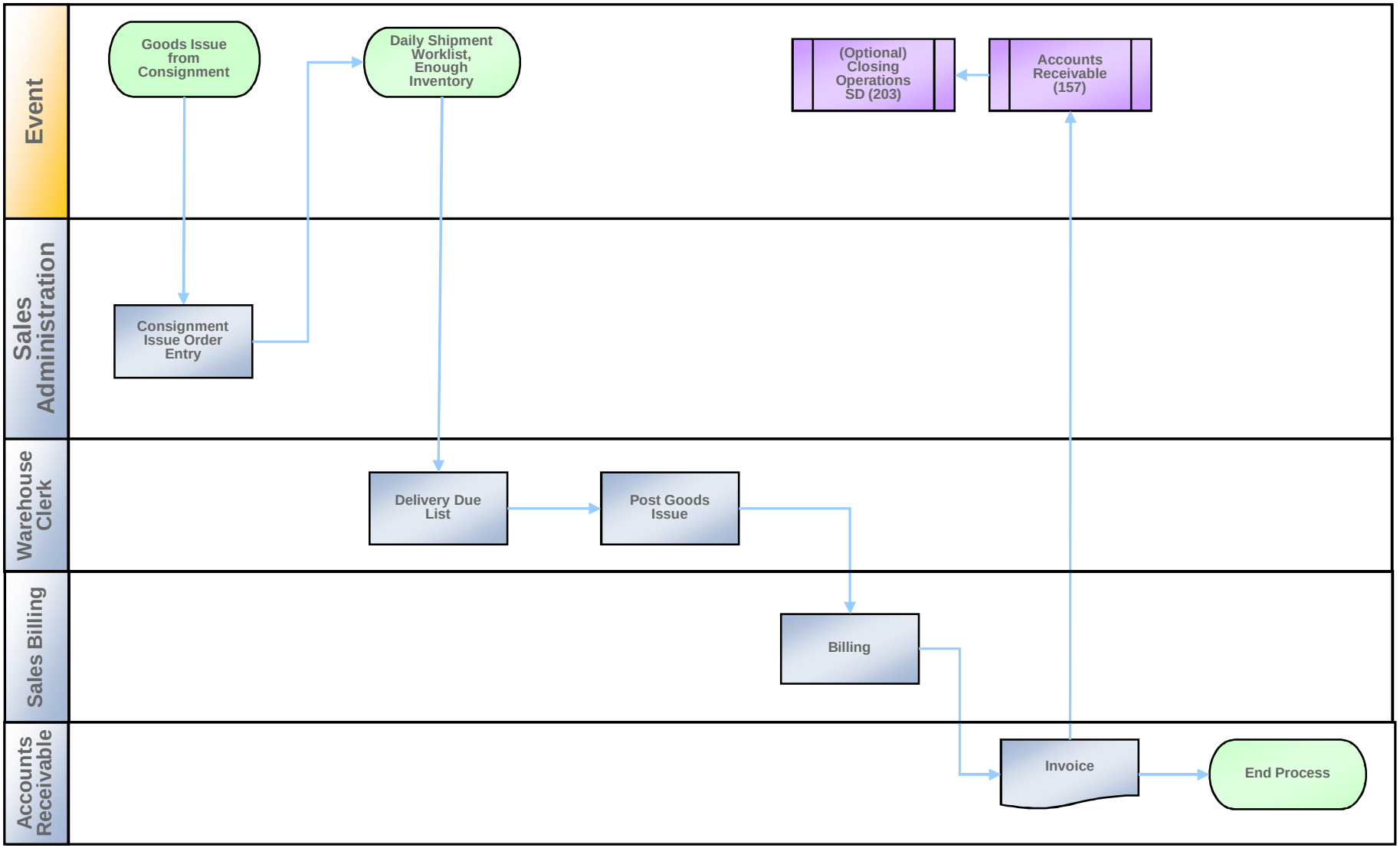
Process Flow Diagram

Customer Consignment Processing – Consignment Fill-Up



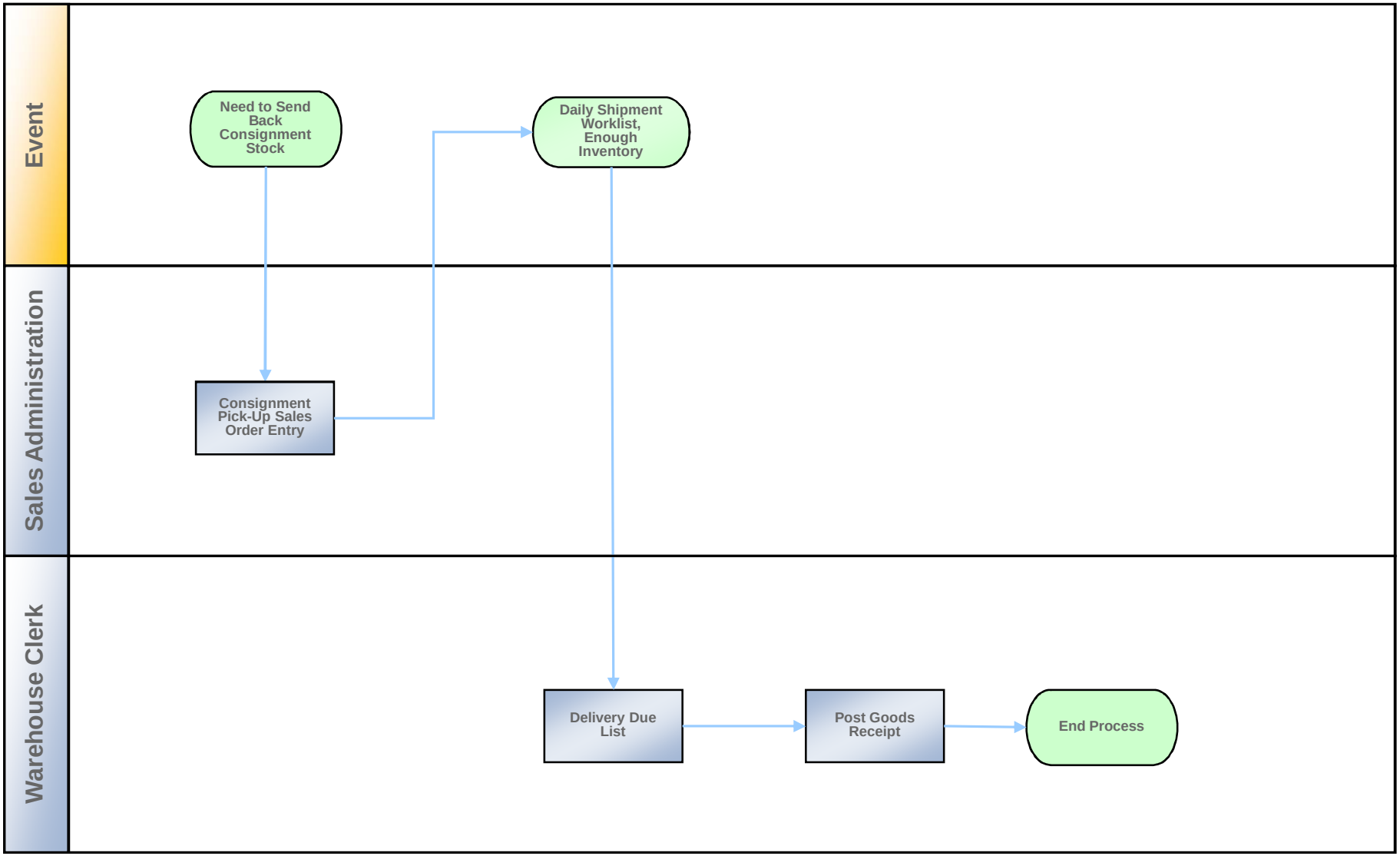
Process Flow Diagram

Customer Consignment Processing – Consignment Issue



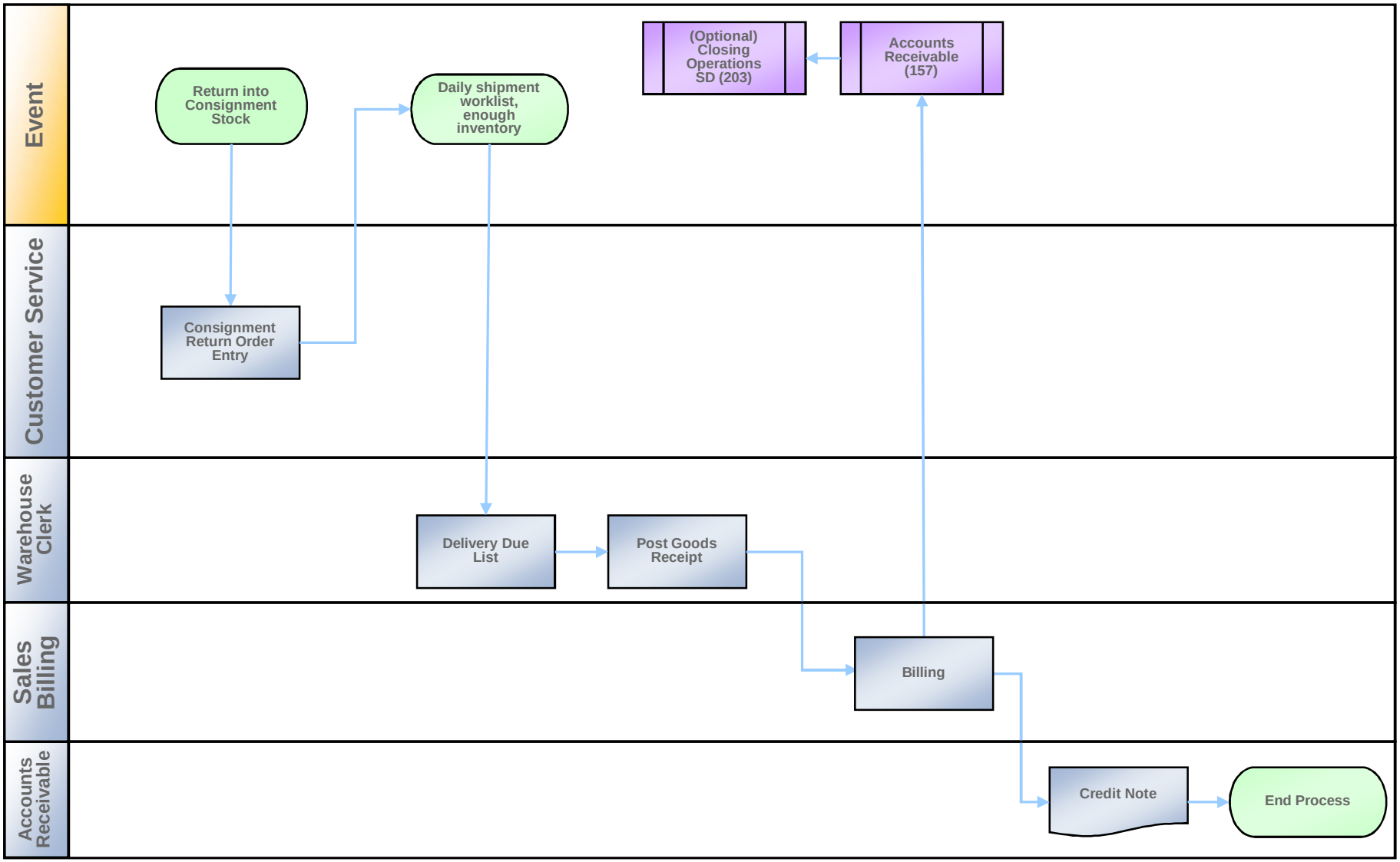
Process Flow Diagram

Customer Consignment Processing – Consignment Pick-Up



Process Flow Diagram

Customer Consignment Processing – Consignment Return



Scenario Overview – (O2C) Order 2 Cash

Foreign Trade Export Processing

Purpose and Benefits:

Purpose

- SAP's Foreign Trade/Customs application (FT) provides the tools that you need to compete effectively in today's fast-paced market. It is designed to help you meet the rapidly changing foreign trade requirements of your business.

Benefits

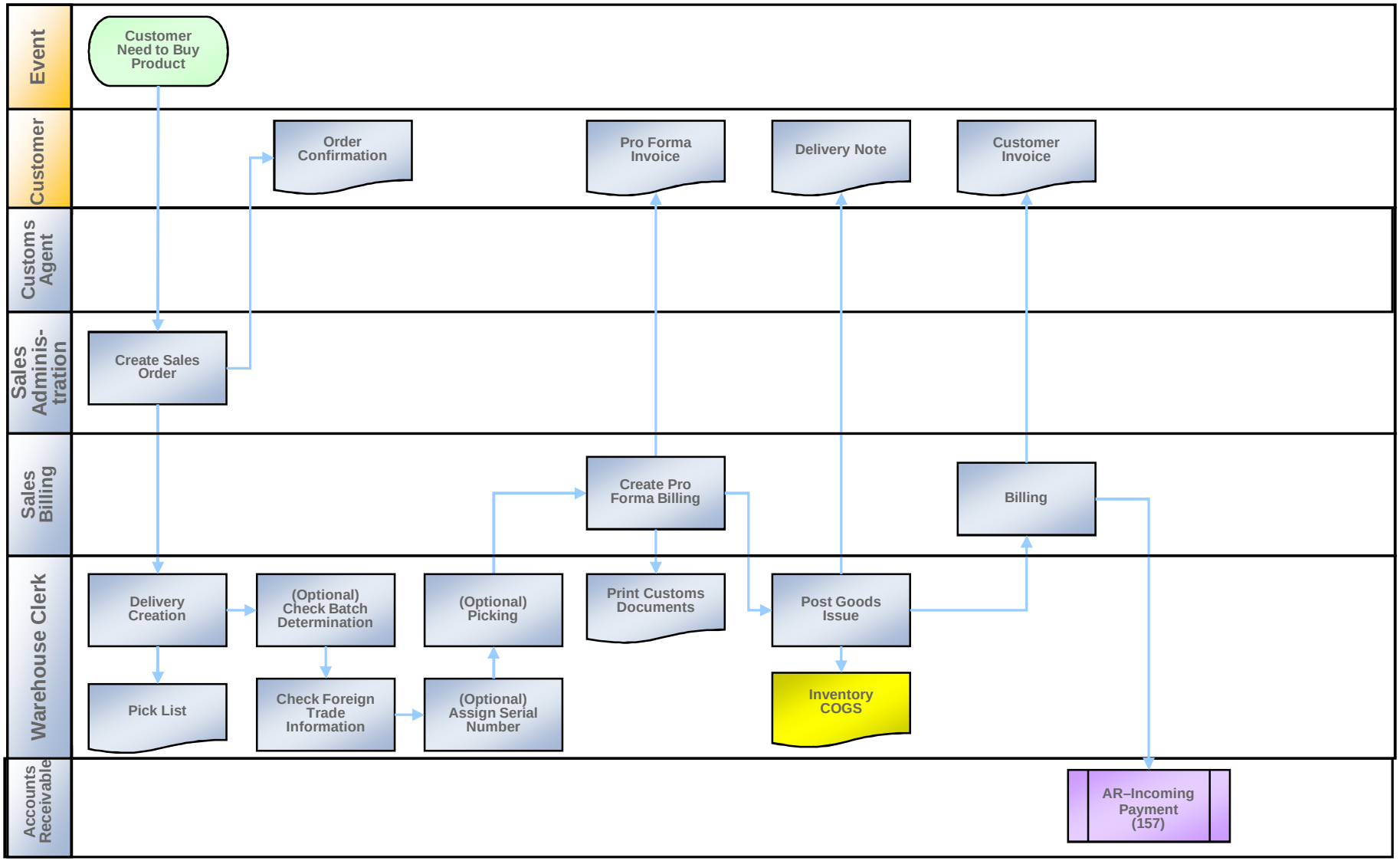
- Lower import duties
- Comply with authorities demands
- Fulfill complex documentation requirements
- Drive Process efficiently

Key process flows covered

- Sales Order Entry
- Delivery Creation
- Create Pro Forma Invoice
- Print Customs Document
- Post Goods Issue
- Billing

Process Flow Diagram

Foreign Trade Export Processing



AR= Accounts Receivable, COGS = Cost of Goods Sold

Scenario Overview – (O2C) Order 2 Cash

F O C Processing

Purpose and Benefits:

Purpose

- This scenario describes the process of providing goods to a customer at no cost (Free of Charge Sales Order)

Benefits

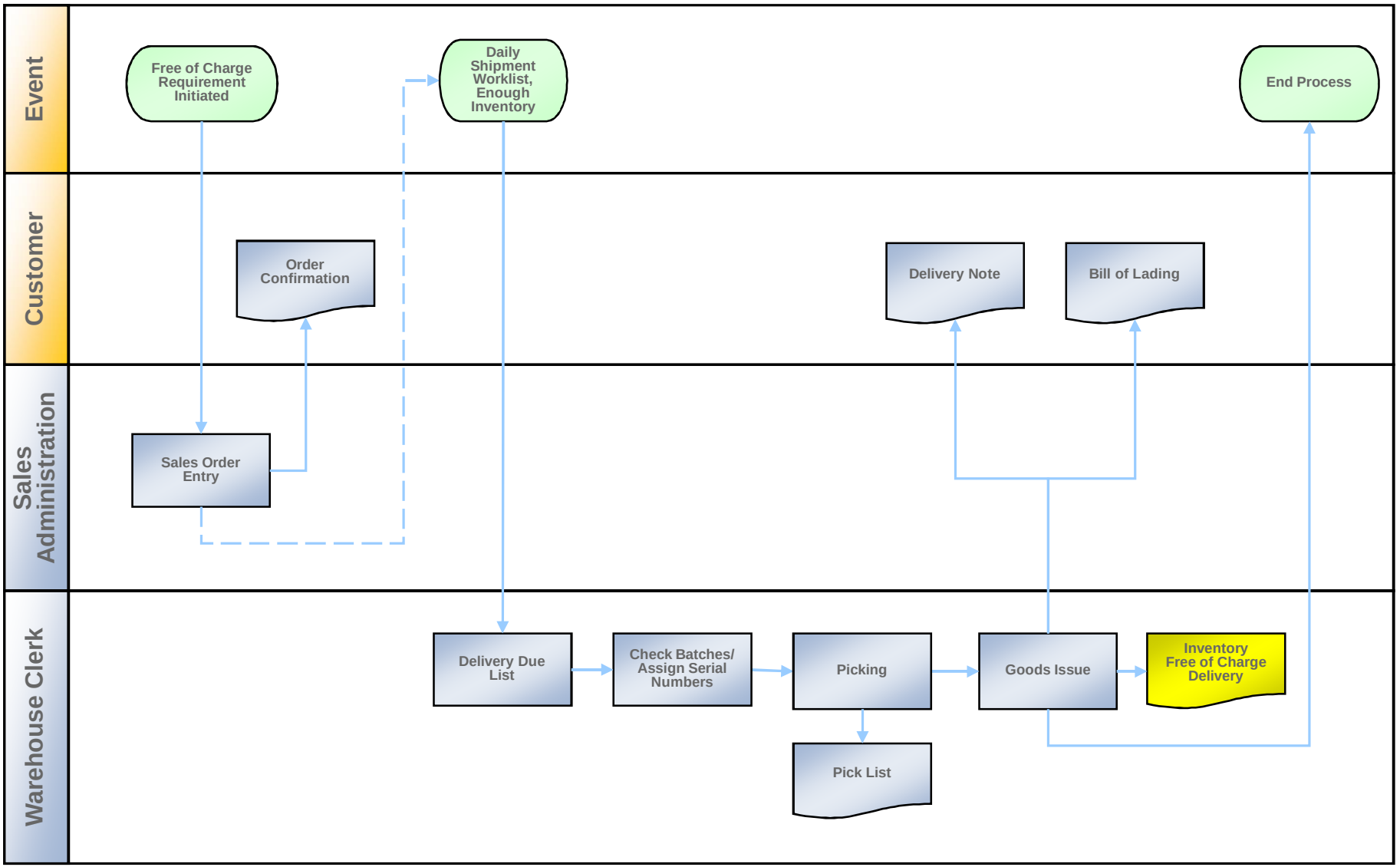
- System integrated Free of Charge sales order processing

Key process flows covered

- Create sales order with free of charge items
- Pick and ship items
- Post goods issue

Process Flow Diagram

Free of Charge Delivery



Scenario Overview – (O2C) Order 2 Cash

Lean Ware House Processing

Purpose and Benefits:

Purpose

- Lean Warehouse Management is used to have a picking document in the shipping process.
- A picking document is printed when a delivery is created for a storage location which is assigned to a warehouse. This is done automatically. There is no need for a user to deal with transport orders from the warehouse management.

Key process flows covered

- Print a picking document automatically when a delivery for a Warehouse Management relevant storage location is created.

Scenario Overview – (O2C) Order 2 Cash

Lean Ware House Processing

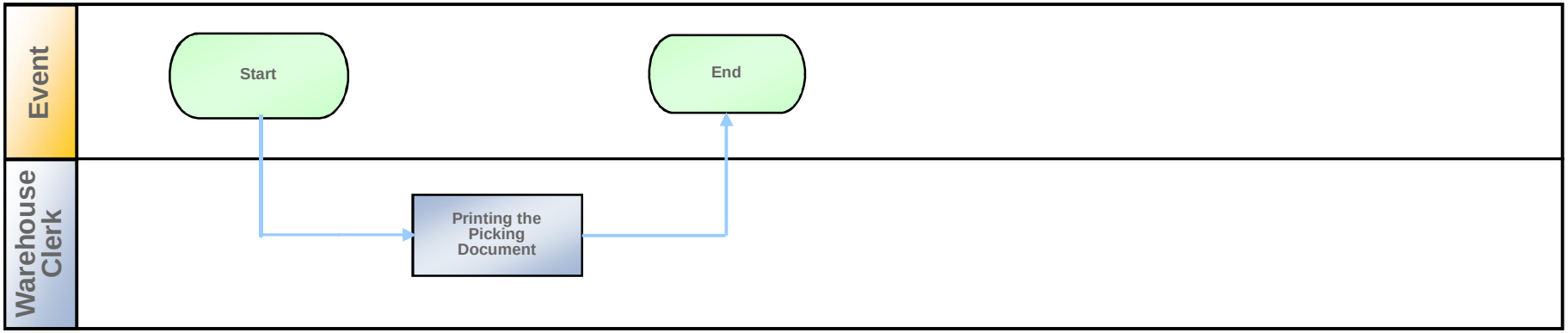
Detailed Information: Lean Warehouse Management

Function list of the lean WM configuration delivered with the SAP Best Practices Baseline package:

- **Create and Assign Warehouse**
- **Define Control Parameters for Warehouse Number**
- **Spool Parameters for Transfer Order Printing**
- **Profile for Sorting during Transfer Order Print Processing**
- **Transfer Order Print Indicators**
- **Print Program per Warehouse Number**
- **Define Number Ranges**
- **Define Number Ranges for WM**
- **Define Storage**
- **Define Difference Indicators**
- **Define Transfer Types**
- **Define Movement Types**
- **Assign Picking Locations Lean-WM**
- **Create Output - Condition Records: Shipping**

Process Flow Diagram

Lean Warehouse Management



Scenario Overview – (O2C) Order 2 Cash

Returns Processing

Purpose and Benefits:

Purpose

- Standard pallets belong to the manufacturer and are handled either as returnable goods or as packaging material. This scenario shows the shipment of standard pallets and their returns.

Benefits

- The process comprises the management of returnables using the ERP returnable packaging logistics functions
- Tracking of returnables

Key process flows covered

- Sales order
- Pick and ship items and add returnable packaging
- Add returnable packaging to deliveries
- Returnable packaging return order
- Debit unreturned packaging
- Goods issue for unreturned packaging

Scenario Overview – (O2C) Order 2 Cash

Returns Processing

Detailed Process Description:

Returnables Processing

The initial activity is to create a standard sales order. A delivery will be created based on the initial sales order. A pallet (returnable packaging) will be added to the delivery during the pick and ship steps of the process. The last step within this sub process is billing.

Two options exits to return the pallets:

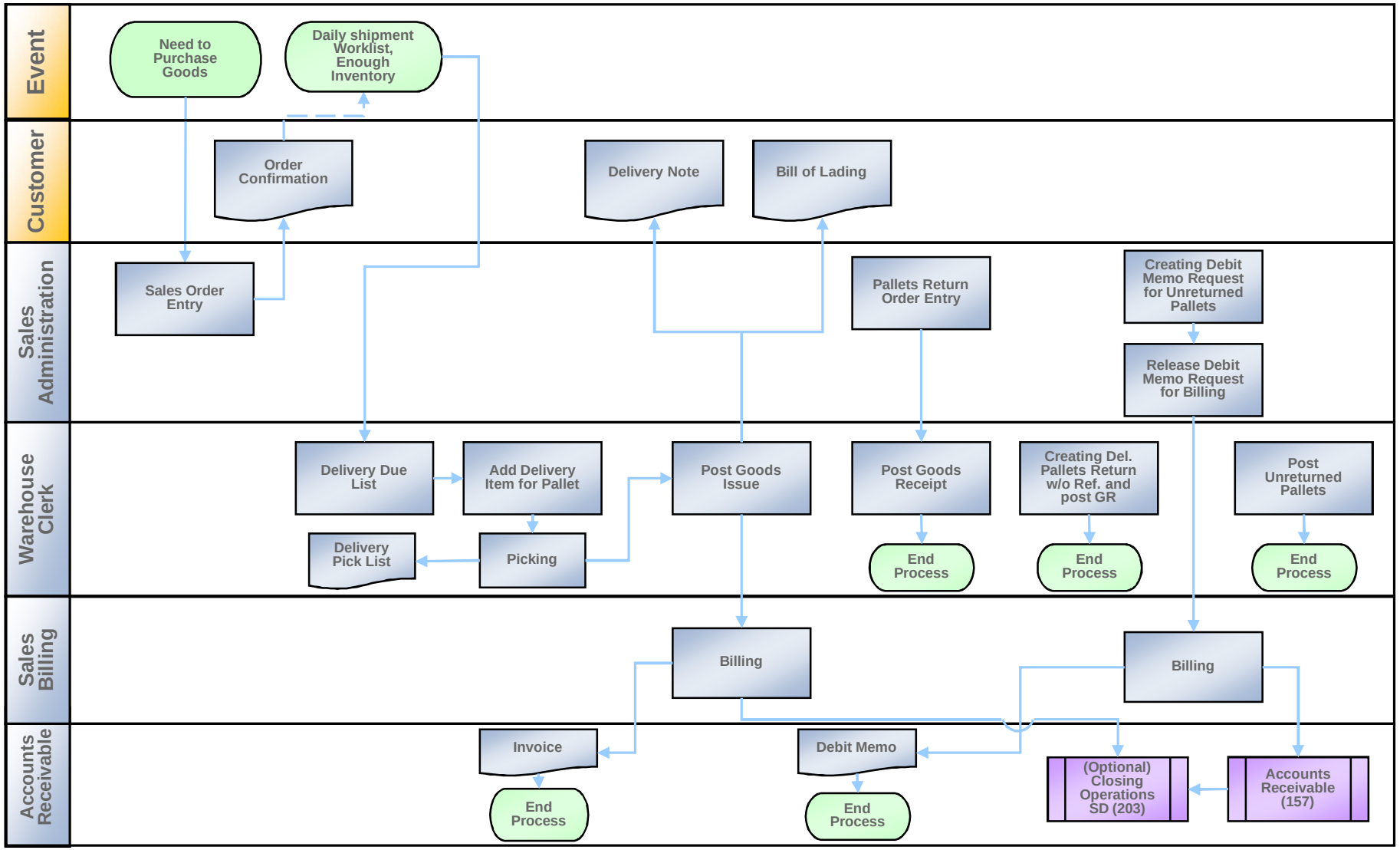
- Pallet return order with pallet return delivery and goods receipt
- Pallet return delivery w/o reference and goods receipt

A debit note request can be raised in case the customer does not return the pallets. Triggered by billing, the system will issue the debit note based on the debit note request.

The last step is to synchronize the consignment stock quantity and value. Therefore a manual goods issue must be posted for the unreturned pallets.

Process Flow Diagram

Returnables Processing



GR = Goods Receipt

Scenario Overview – (O2C) Order 2 Cash

3rd Party Sales Order Processing

Purpose and Benefits:

Purpose

- In third-party order processing, your company does not deliver the items requested by a customer. Instead, you pass the order along to a third-party vendor who then ships the goods directly to the customer and bills you. The standard sales order automatically creates a purchase requisition for the materials to be delivered by the third-party vendor.

Benefits

- Reducing stock and cost, increasing efficiency
- Handover of customer's requirements directly to external supplier
- Invoice from trader to customer bases on quantities from supplier invoice
- Fulfillment of customer's requirements despite material shortage

Key process flows covered

- Third Party Sales Order
- Convert Purchase Requisitions to Purchase Order
- Approval of Purchase Orders
- Post Statistical Goods Receipt
- Invoice verification
- Billing

Scenario Overview – (O2C) Order 2 Cash

3rd Party Sales Order Processing

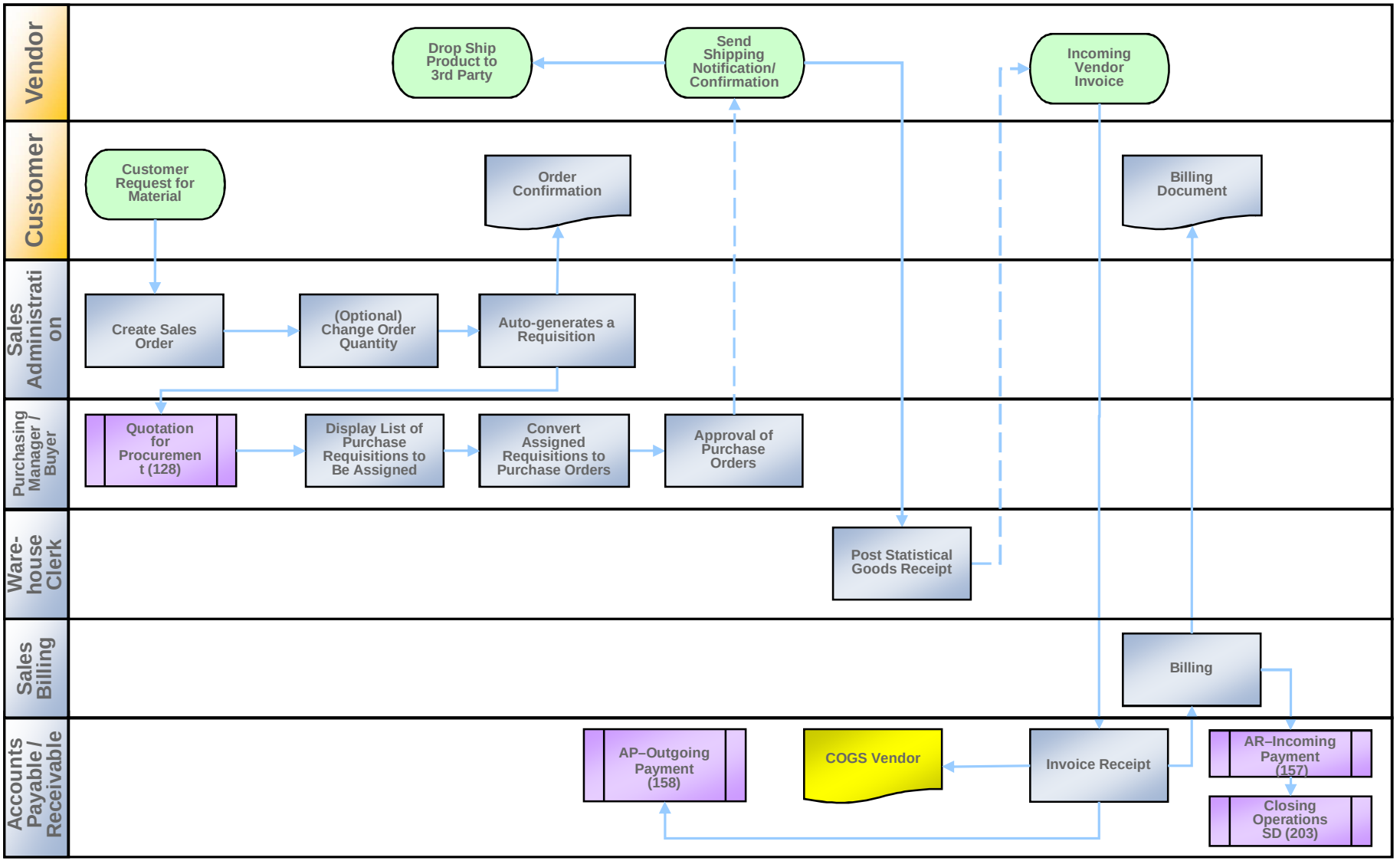
Detailed Process Description:

Sales Processing Using Third Party (w. Shipping Notification)

- In this scenario, the vendor sends a shipping notification. The incoming invoice from the vendor updates the billing quantity, so that the customer-billing document is only possible after entering the invoice from the vendor.
- In this scenario, the vendor sends a shipping notification. After that a statistical goods receipt is posted. The incoming invoice from the vendor updates the billing quantity, so that the customer-billing document can only be created after entering the invoice from the vendor.

Process Flow Diagram

Sales Processing Using Third Party (w. Shipping Notification)



AP = Accounts Payable, COGS = Cost of Goods Sold, GR = Goods Receipt

Scenario Overview – (O2C) Order 2 Cash

Sales Order Processing for Prospects

Purpose and Benefits:

Purpose

- This scenario describes the process of creating a sales order without first looking up the customer details (create sales order with dummy customer)

Benefits

- Sales order processing without the customer's account number
- Sales Order entry with customer specific material

Key process flows covered

- Create sales order w/o having the customer's account number
- Assign customer account number (e.g. via incomplete sales order due list)
- Pick and ship items
- Post goods issue
- Billing

Scenario Overview – (O2C) Order 2 Cash

Sales Order Processing for Prospects

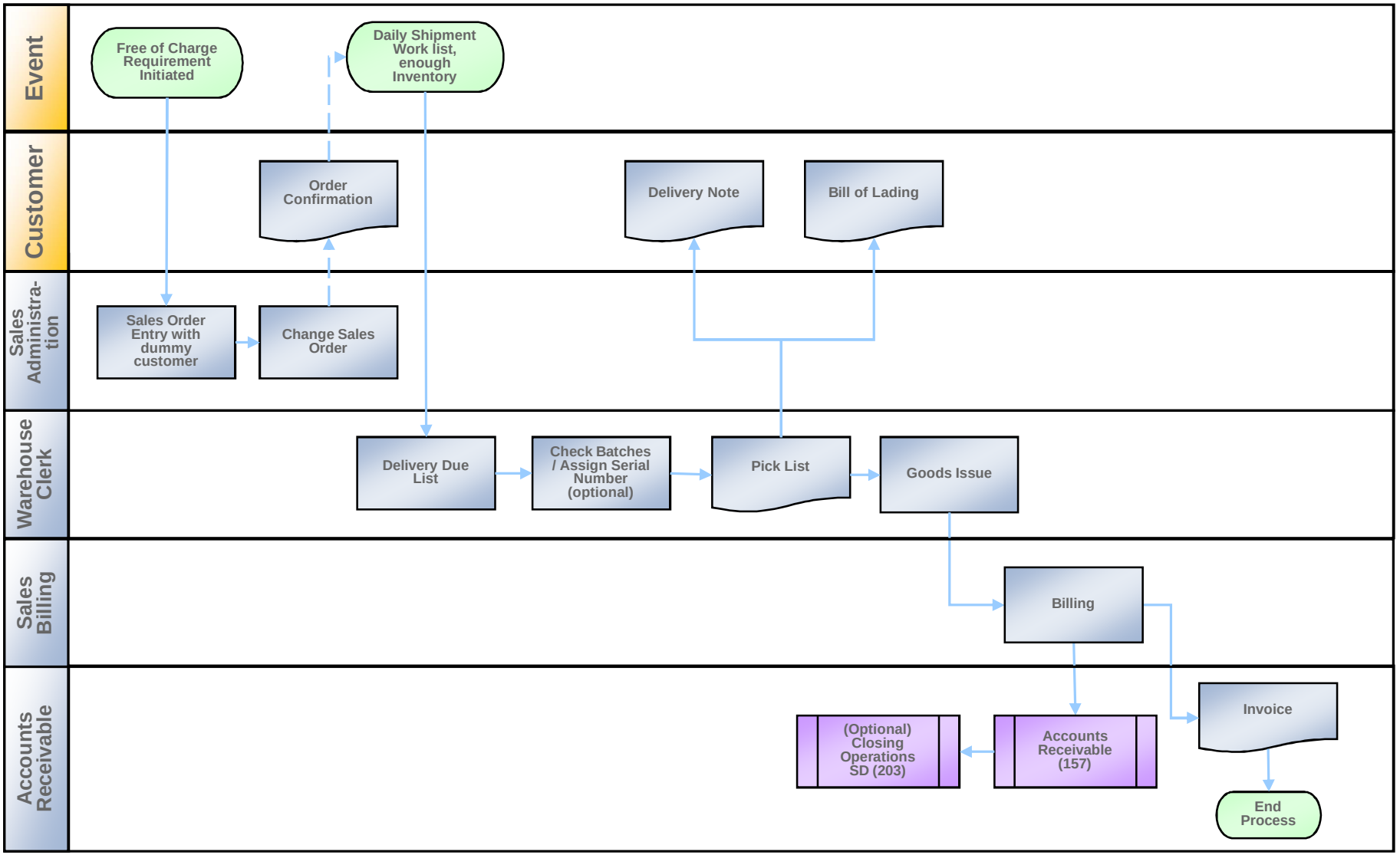
Detailed Process Description:

Sales Order Processing for Prospect

- A “dummy” customer is used when your sales order processors need to investigate an order without first looking up the customer’s account number. The sales order can be saved but remains incomplete until a valid customer account number has been entered in the sales order.
- This function is particularly useful for companies who accept orders by phone. A customer, for example, calls and requests pricing and information about a catalog item. The order processor can execute the entire order without needing the customer’s account number until the end. Once the customer’s account number has been entered, all of the customer-specific information is transferred from the customer master and other customer-specific records.

Process Flow Diagram

Sales order Processing for Prospect



Scenario Overview – (O2C) Order 2 Cash

Sales Order Processing with Customer Down payment

Purpose and Benefits:

Purpose

- Often in business, especially in a make-to-order environment, customers may be required to pay some amount in advance before delivery of goods.

Benefits

- System integrated sales order processing with Customer down payment

Key process flows covered

- Sales Order Entry
- Remove Billing Block
- Billing
- Post Down Payment
- Delivery Processing
- Post Goods Issue
- Billing
- Down Payment Clearing

Scenario Overview – (O2C) Order 2 Cash

Sales Order Processing with Customer Down payment

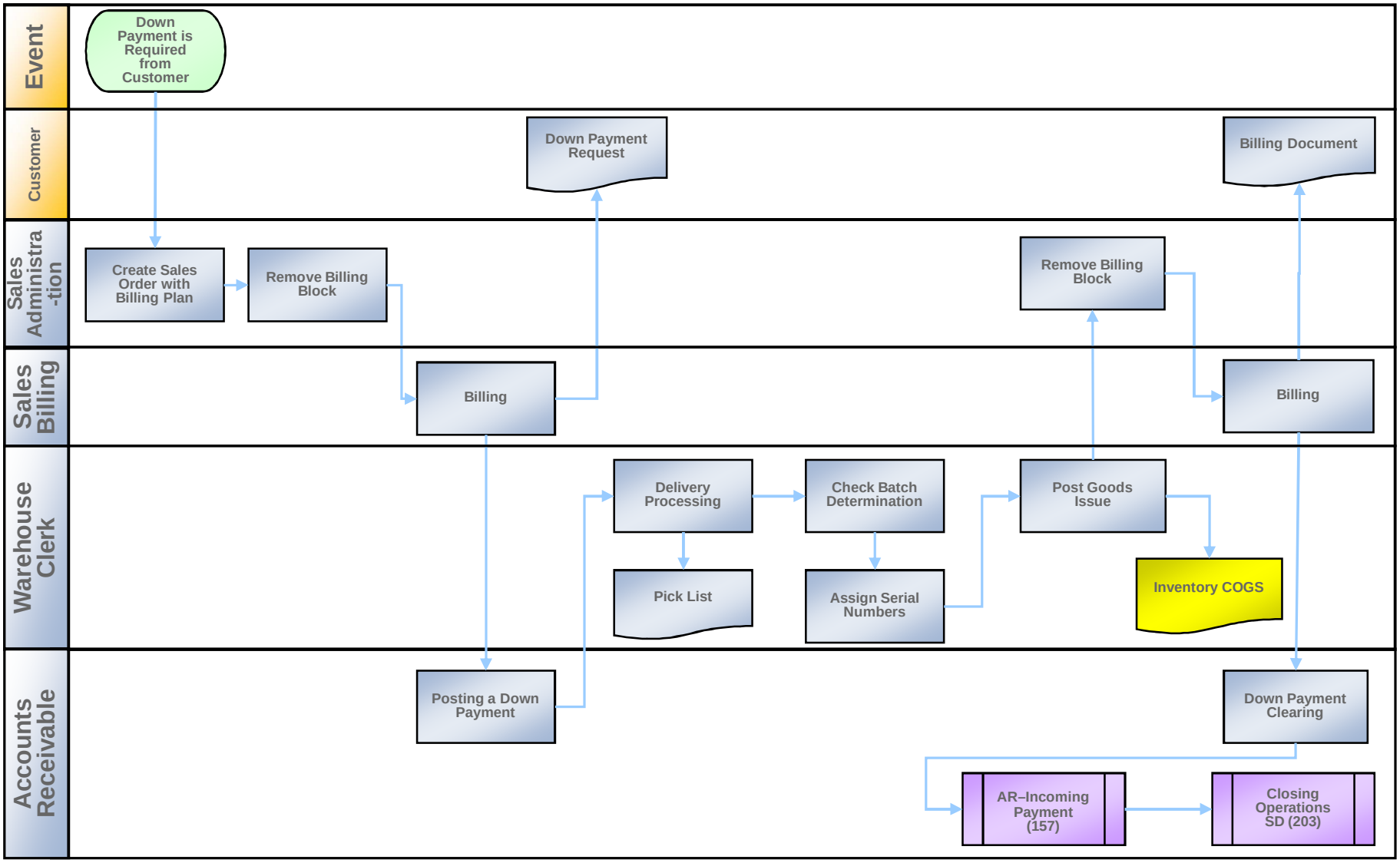
Detailed Process Description:

Sales Order Processing with Customer Down Payment

- This process is used to create requests for down payment, record the receipt of the down payment, create a final invoice after the deduction of the down payment received and a receipt of the final amount due on the invoice.
- The process makes use of the billing plan functionality in the Sales and Distribution module of SAP. The integrated process allows for a proper document flow to be maintained between the sales and financial transactions.

Process Flow Diagram

Sales Order Processing with Customer Down Payment



AR= Accounts Receivable

Scenario Overview – (P2P) Procure 2 Pay

External Procurement of Services

Purpose and Benefits:

Purpose

- The service provider is in need of a service from a 3rd party

Benefits

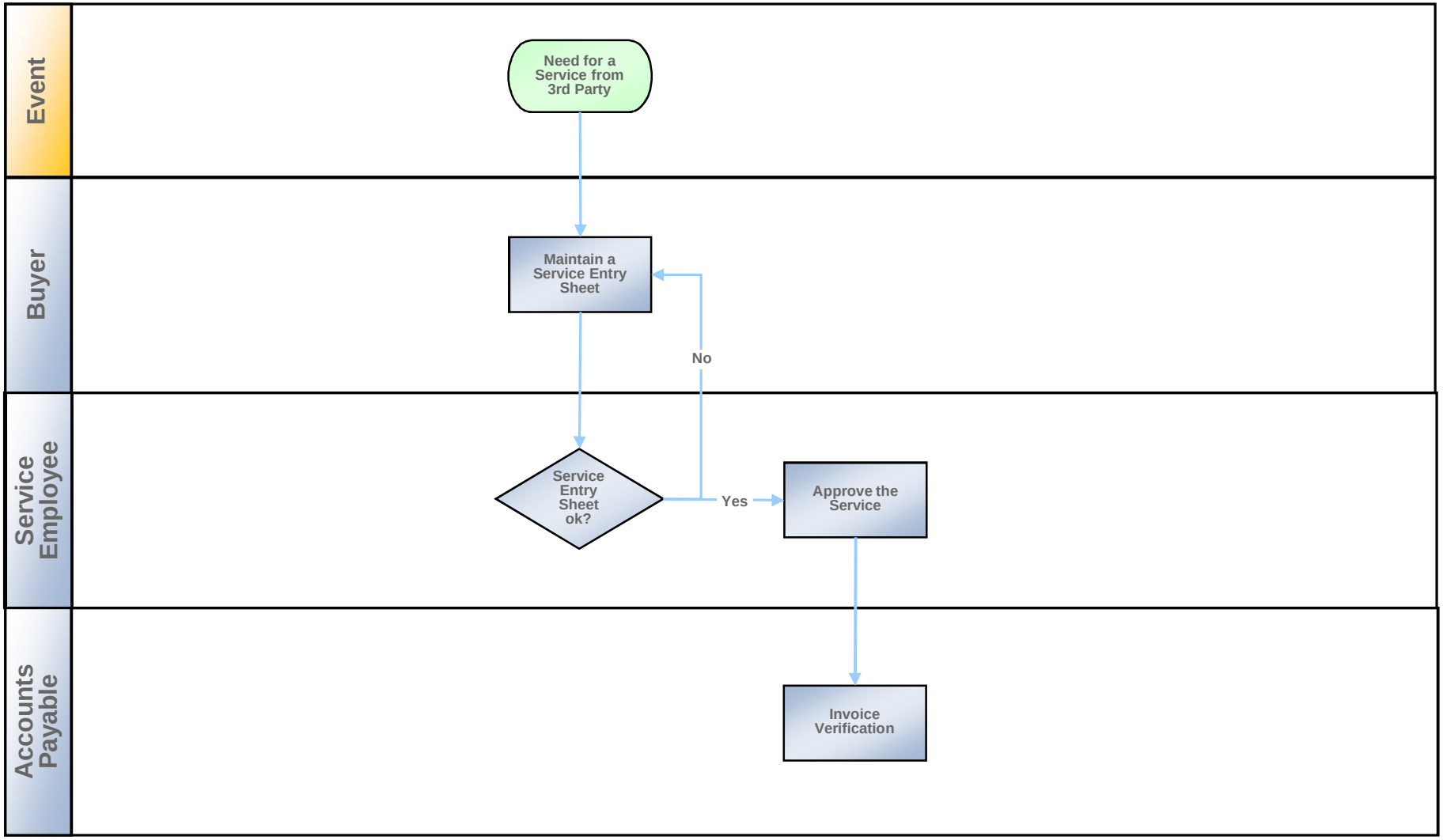
- Transparent view of outstanding orders, shipments and inventory
- Automated efficient processing

Key process flows covered

- Creating a purchase order
- Maintain a Service Entry Sheet
- Approve the Service Entry Sheet
- Invoice Verification

Process Flow Diagram

External Procurement of Services



Scenario Overview – (P2P) Procure 2 Pay

External Procurement of Third-Party Resources

Purpose and Benefits:

Purpose

- The service provider is in need of a service from a 3rd party

Benefits

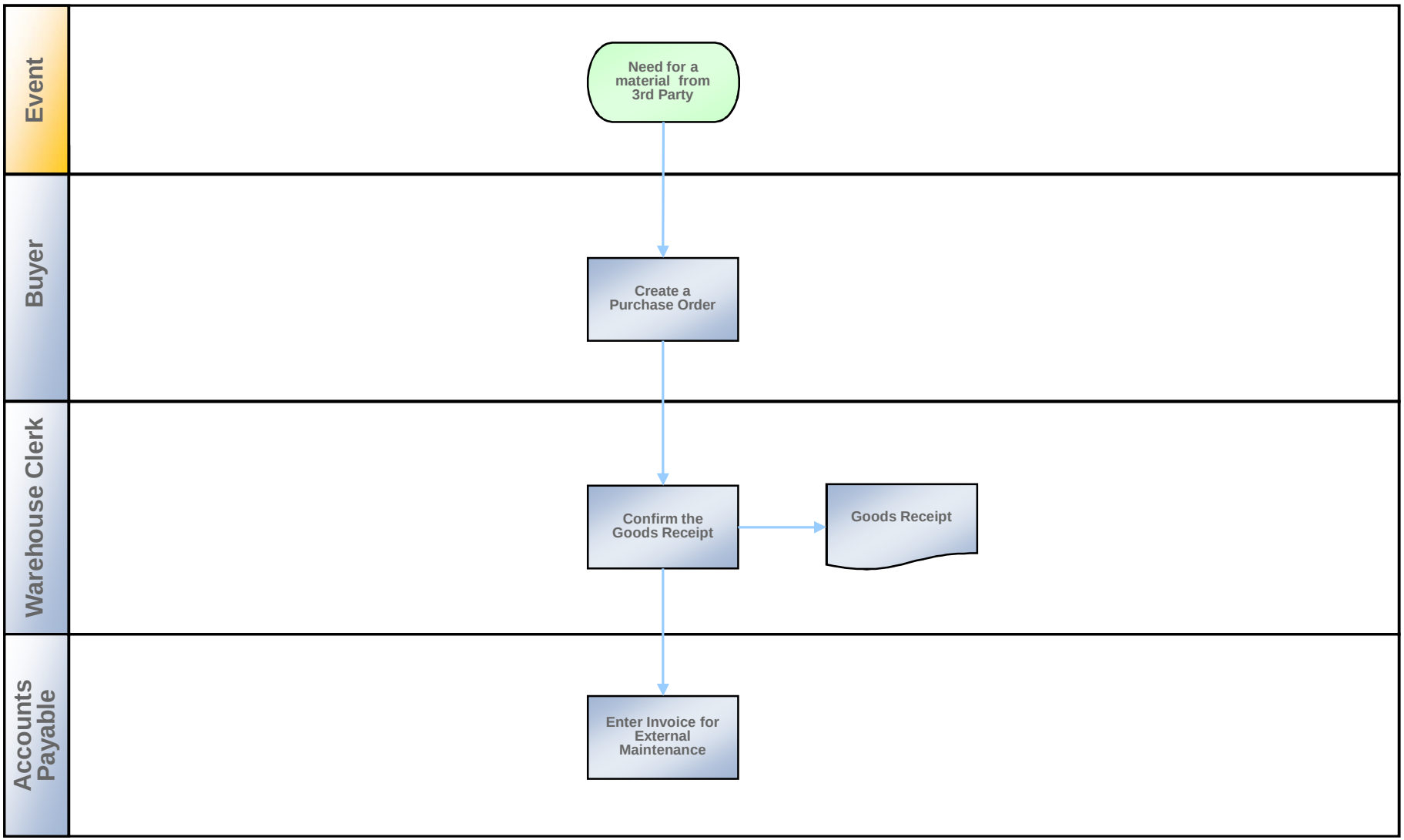
- Purchase Order Management

Key process flows covered

- Creating a Purchase Order
- Confirming the Goods Receipt
- Entering the Invoice for External Maintenance

Process Flow Diagram

External Procurement of Third-Party Resources



Scenario Overview – (P2P) Procure 2 Pay

Batch Management

Purpose and Benefits:

Purpose

- To explain the business process in detail; target groups are all logistics people

Benefits

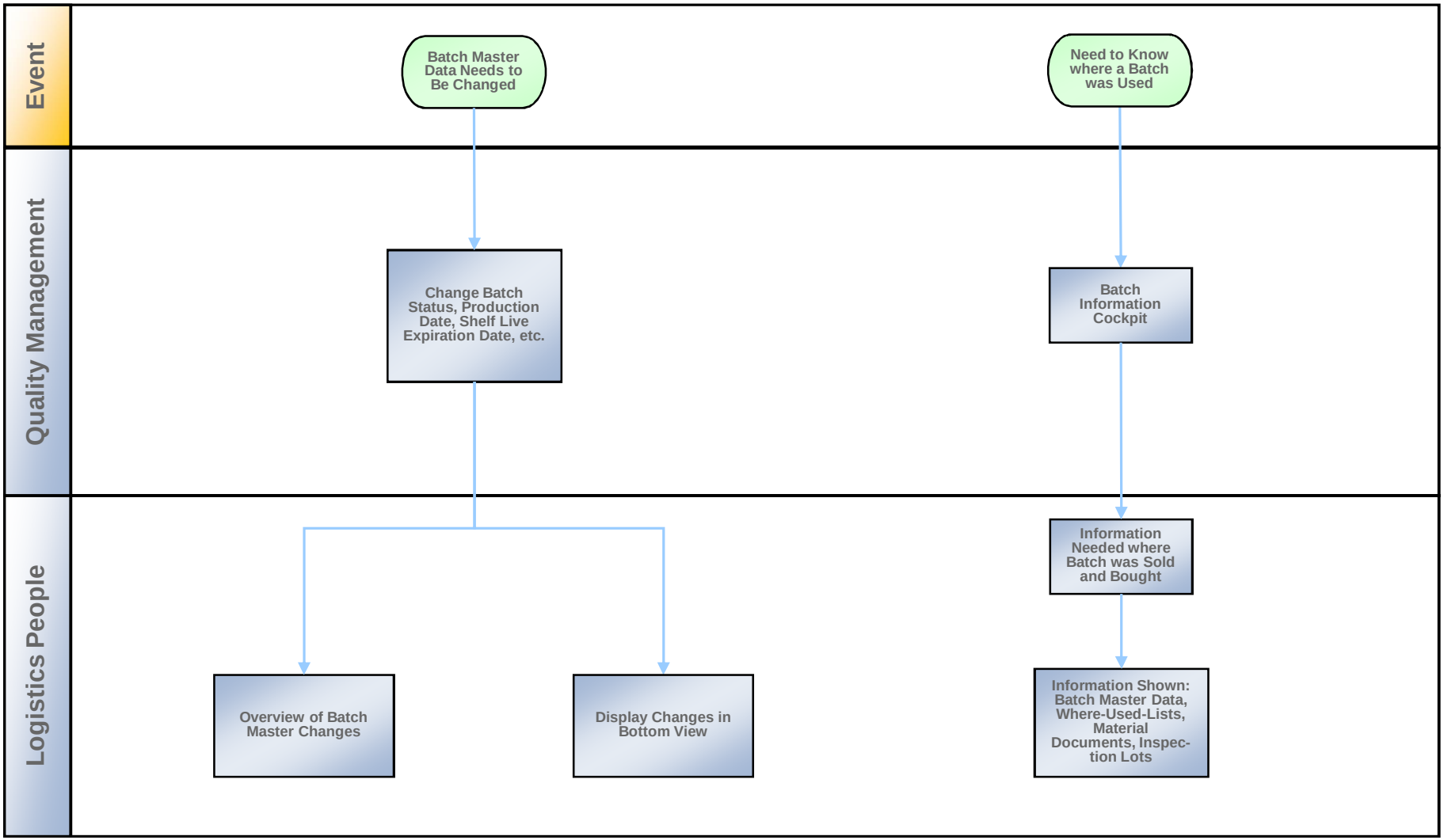
- To change batch master data
- To find out where a batch was used, e.g. to perform a batch recall or government report
- To find out where a batch is used, e.g. in which stocks or inspection lots or material documents
- To have a single point of batch maintenance

Key process flows covered

- Maintain batch master record
- Batch information cockpit

Process Flow Diagram

Batch Management



Scenario Overview – (P2P) Procure 2 Pay Consumable Purchasing

Purpose and Benefits:

Purpose

- Purchasing of consumable goods or services

Benefits

- Possibility of quick one-time-purchases: Material consumption is directly posted, no posting into storage
- Use of service entry sheets as inspection report of performed services

Key process flows covered

- Purchase order creation for consumable goods
- Approval of purchase orders for consumables
- Goods receipt of consumables
- Purchase order creation for services
- Service entry sheet creation
- Service entry sheet approval
- Invoice receipt by line item
- Period-end plant

Scenario Overview – (P2P) Procure 2 Pay

Consumable Purchasing

Detailed Process Description:

Consumable Purchasing

This scenario deals with purchase order creation activities during the procurement process. Furthermore, it describes the additional process steps of a purchase order approval, goods receipt of consumables, approval of service entry sheets and invoice receipts by line item. The process also covers the related processing of outgoing payments and period-end plant and period-end closing.

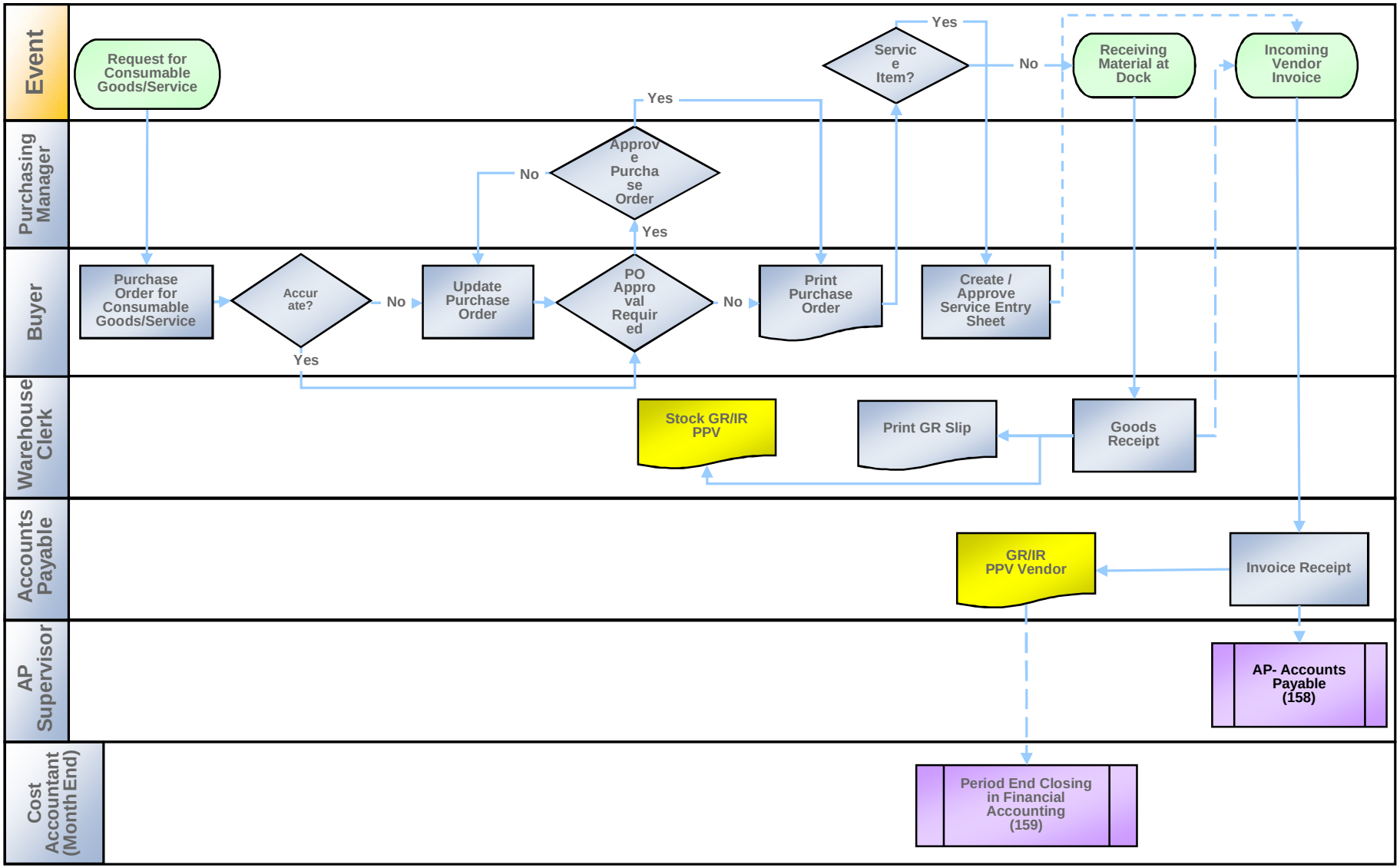
Consumable items (goods or services) are entered without material number but rather a short text description as the main identifiable characteristic. The purchase order is subject to approval based on predefined parameters prior to being issued to a vendor.

For consumable goods, there is no inventory in the system. By posting a goods receipt the value of the goods is expensed to a cost center or another cost element.

Procurement of a consumable service follows the same general process. The difference is that the consumable service is not posted by means of a goods receipt, but with a service entry sheet. The invoice follows the same rules in both cases.

Process Flow Diagram

Consumable Purchasing



GR/IR Goods Receipt/Invoice Receipt, PPV = Purchase Price Variance

Scenario Overview – (P2P) Procure 2 Pay

External Procurement of Third-Party Resources

Purpose and Benefits:

Purpose

- The service provider is in need of a service from a 3rd party

Benefits

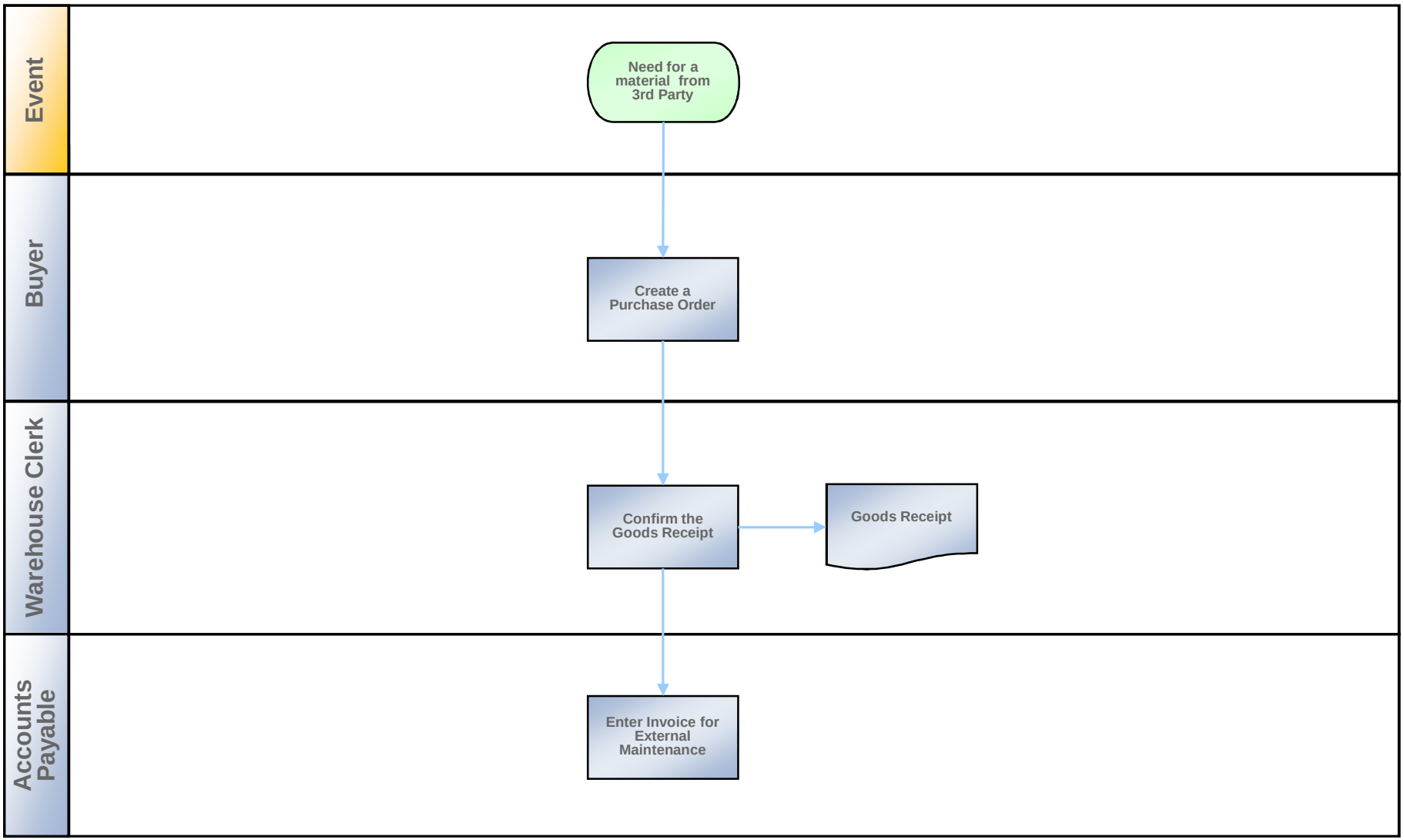
- Purchase Order Management

Key process flows covered

- Creating a Purchase Order
- Confirming the Goods Receipt
- Entering the Invoice for External Maintenance

Process Flow Diagram

External Procurement of Third-Party Resources



Scenario Overview – (P2P) Procure 2 Pay
Stock Transfer with Delivery

Purpose and Benefits:

Purpose

- Transfer material requested automatically by MRP or manually by a buyer from one plant to another plant. Both plants belong to the same organization but different company codes.

Benefits

- Transparent view of outstanding stock transfers, stock-in-transit
- Efficient Processing of internal stock transfers

Key process flows covered

- Stock transport requisition (with MRP)
- Changing stock transport purchase order (with MRP)
- Stock transport order (without MRP)
- Delivery for stock transport order
- Delivery due list
- Picking confirmation
- Goods Issue
- Receiving transferred material
- Inter-company billing
- Creation of excise invoice
- Invoices for delivery and purchase order

Scenario Overview – (P2P) Procure 2 Pay

Stock Transfer with Delivery

Detailed Process Description:

Internal Procurement Cross-Company Stock Transfer

The stock transfer process begins with a requirement to transfer material from one plant to another Plant. Both plants belong to the same organization but different company codes. This request, in the form of a stock transfer requisition, may be created in the procuring plant automatically by MRP or manually by a buyer.

The material master must exist in both the procuring (receiving) plant and the providing (shipping) plant. Also, stock transfer purchase orders are not subject to approval like other purchase orders. A buyer validates the accuracy of the stock transfer purchase requisition and converts it into a stock transfer purchase order.

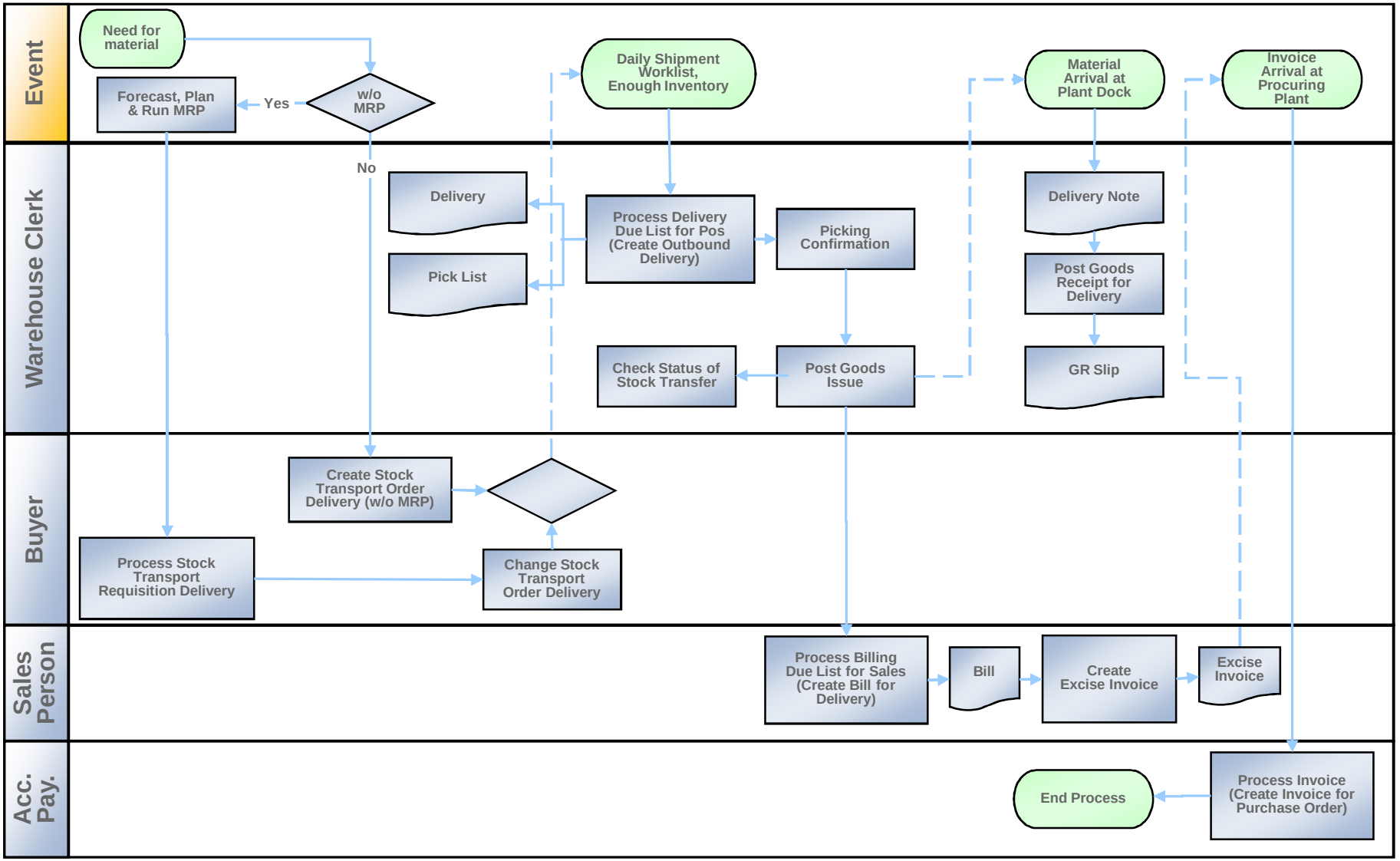
A warehouse clerk at the shipping plant monitors the materials due to be shipped and creates deliveries as required. Once a delivery is created, a pick list is generated, a warehouse clerk gathers the materials and confirms the picked quantities. Once the delivery is complete, the delivery quantities are issued, appropriate documentation is generated, and the goods are shipped.

Goods are received at the receiving plant referencing the delivery number on the shipping documents.

At the shipping plant the accounts receivable clerk creates an invoice and sends it to the procuring plant. At the procuring plant the accounts payable clerk receives this invoice with reference to the purchase order.

Process Flow Diagram

Stock Transfer with Delivery



MRP = Material Requirements Planning, GR = Goods Receipt, Acc. Pay. = Accounts Payable Clerk

Scenario Overview – (P2P) Procure 2 Pay

Physical Inventory

Purpose and Benefits:

Purpose

- This scenario covers the periodic process of making necessary adjustments to stock on hand after a physical count

Benefits

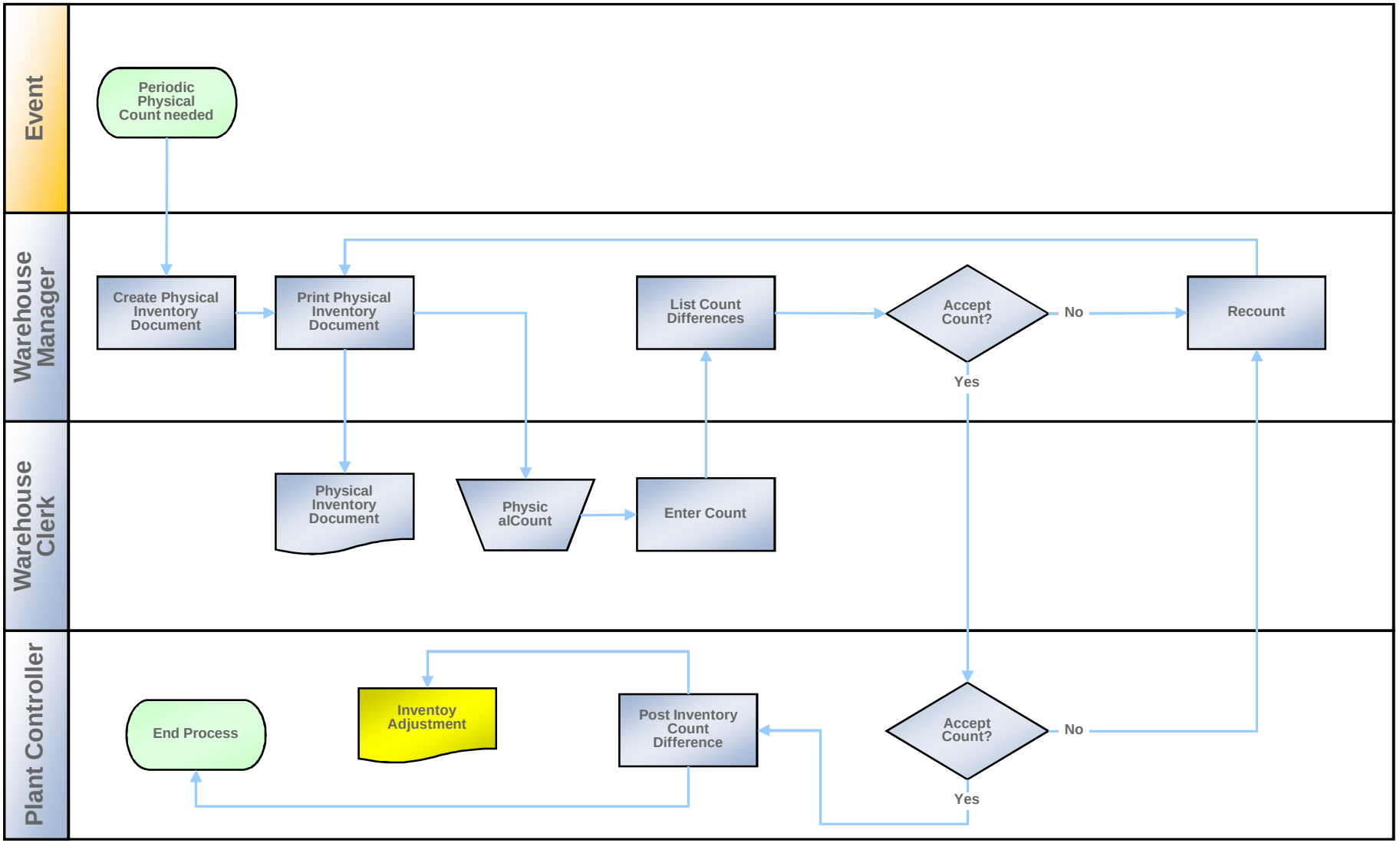
- Transparent and actual stock on hand levels
- Efficient processing of inventory adjustments

Key process flows covered

- Create physical inventory documents
- Print physical inventory documents
- Execute physical count / recount
- Enter physical count
- List and post physical count differences

Process Flow Diagram

Physical Inventory



Scenario Overview – (P2P) Procure 2 Pay

Procurement & Consumption of Consigned Inventory

Purpose and Benefits:

Purpose

- The scenario shows the characteristics of consignment processing

Benefits

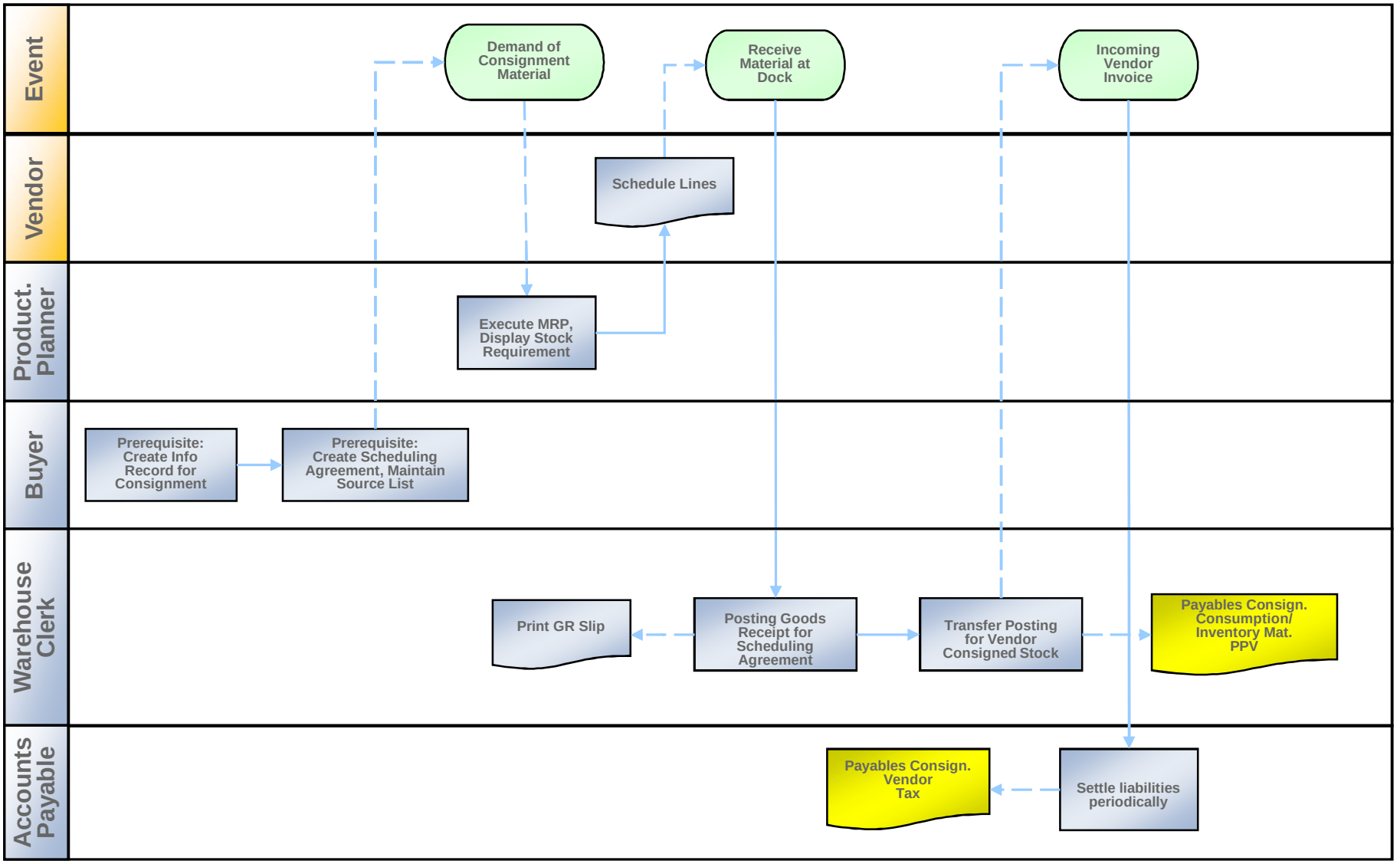
- Automatic posting of goods into vendor consignment stock
- Less manual FI postings required: Upon goods issue from consignment storage the relevant invoice data is transferred to FI. Periodic invoicing generates and releases the vendor invoices

Key process flows covered

- Goods receipt to vendor consignment stock
- Transfer posting of vendor consigned stock to own stock
- Invoice Verification
- Outgoing payment
- G/L: Period-end plant

Process Flow Diagram

Procurement & Consumption of Consigned Inventory



MRP = Material Requirements Planning, PPV = Purchase Price Variance

Scenario Overview – (P2P) Procure 2 Pay
Procurement Contract

Purpose and Benefits:

Purpose

This scenario deals with the use of contracts in procurement activities

Benefits

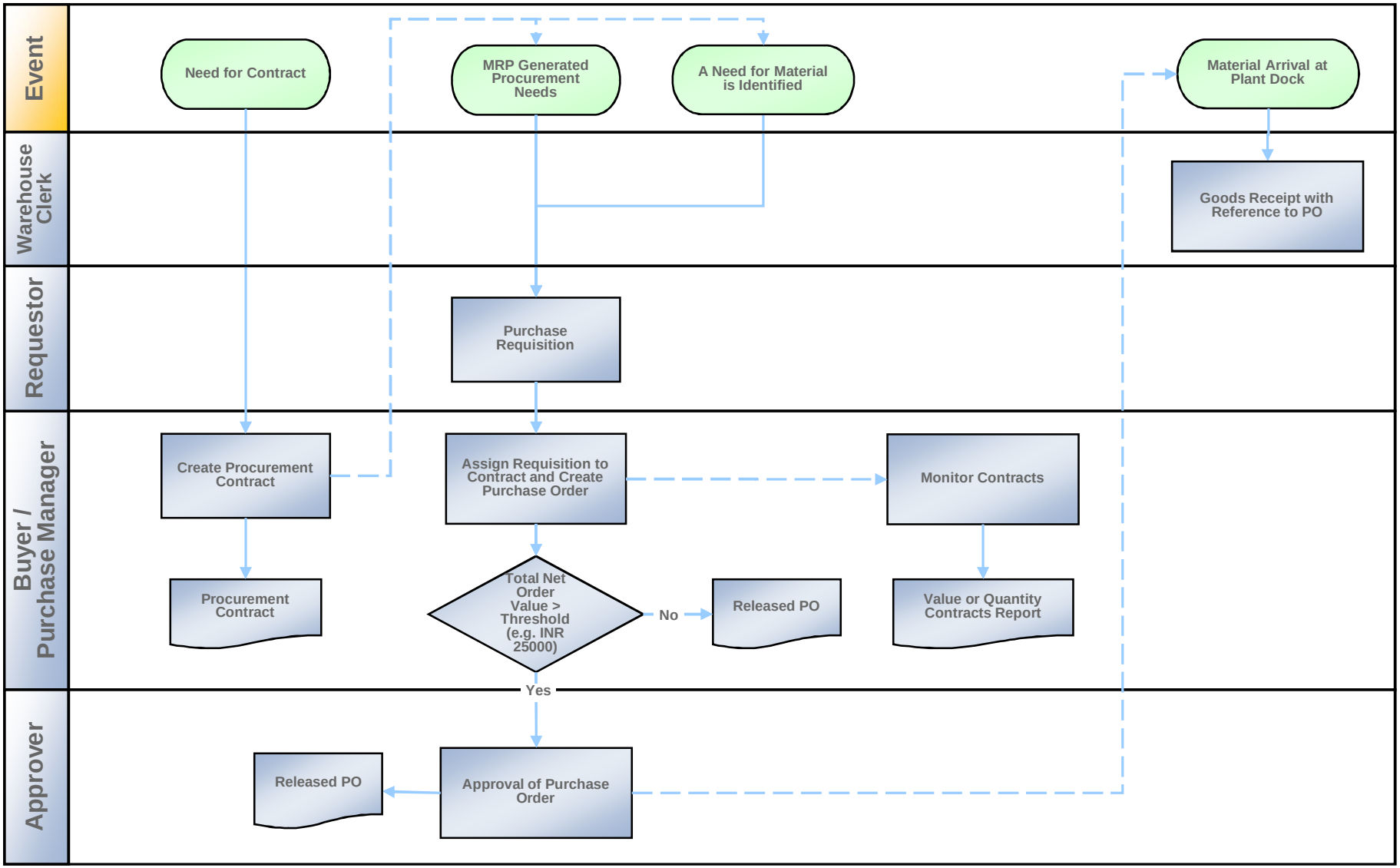
- Reduced procurement costs
- Securing of supplies
- Transparency of supplier agreements

Key process flows covered

- Creating a basic agreement (quantity contract)
- Creating a purchase requisition
- Assigning requisition and creating purchase order
- Approval of purchase orders
- Contract monitoring
- Goods receipt
- Invoice receipt by line item
- Outgoing payment

Process Flow Diagram

Procurement Contract



MRP = Material Requirements Planning, PO = Purchase Order

Scenario Overview – (P2P) Procure 2 Pay

AOP – Purchased Material Price Planning

Purpose and Benefits:

Purpose

- Standard costs for purchased materials need to be periodically reviewed and updated, if necessary, to match the current market conditions and negotiated prices.

Benefits

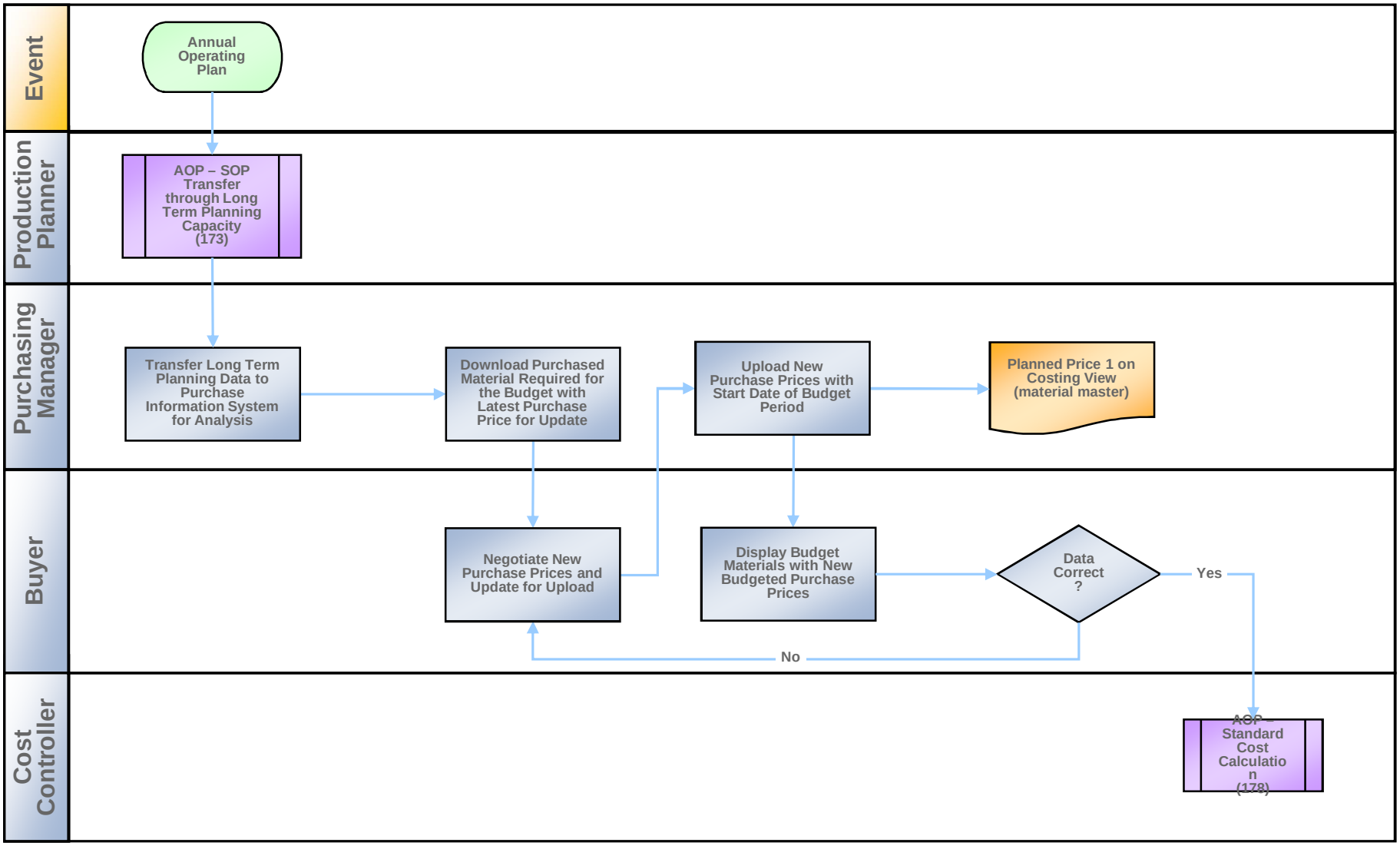
- Updated standard costs for purchased materials which can be used to update the standard prices for semi-finished and finished products.

Key process flows covered

- Transfer long term planning scenario to purchase information system
- Download purchased materials for budget purchase price update
- Review data and negotiate with vendors
- Change materials planned price1 (material master)

Process Flow Diagram

AOP – Purchased Material Price Planning



AOP= Annual Operating Planning

SOP= Sales and Operations Planning

Scenario Overview – (P2P) Procure 2 Pay

Quality Management for Procurement with Vendor Evaluation

Purpose and Benefits:

Purpose

- This scenario deals with quality inspection activities during the procurement process. A customer orders goods from a specified vendor. On goods receipt, an inspection lot is generated according to the defined material specification. A usage decision is then made as to whether to accept or reject the material, based on the inspection result (in this scenario, the rejection is made). Subsequent processes such as quality notification and vendor evaluation then follow.

Benefits

- Inspection lot creation at goods receipt

Key points

- Quality inspection
- Results recording / Usage decision
- Defects and returns
- Vendor evaluation

Scenario Overview – (P2P) Procure 2 Pay

Quality Management for Procurement with Vendor Evaluation

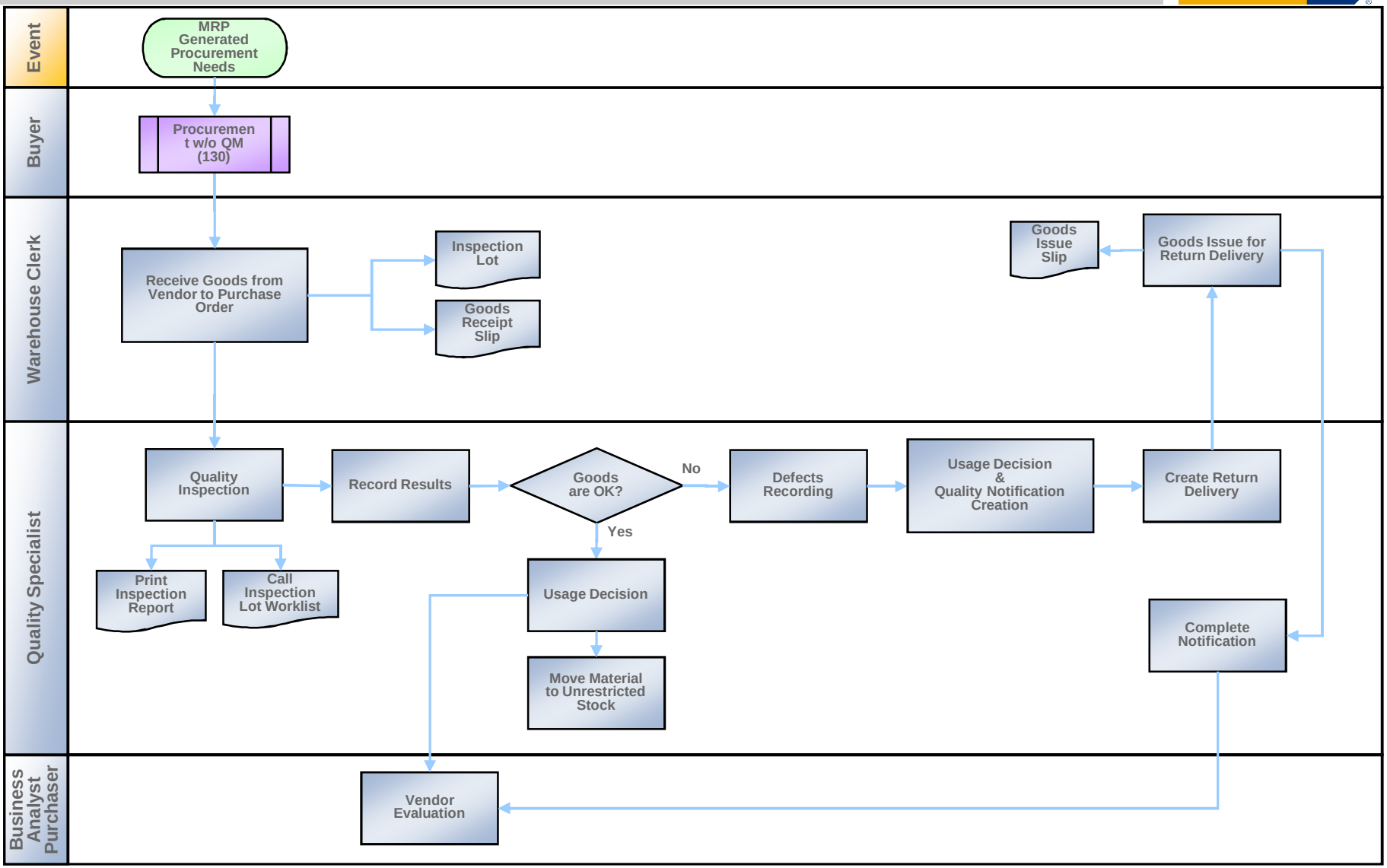
Detailed Process Description:

Quality Management for Procurement with Vendor Evaluation

- **Receive goods from vendor based on purchase order**
- **Inspection report / Inspection lot worklist**
- **Quality inspection at goods receipt / Defects recording**
- **Usage decision after inspection**
- **Quality Notification creation and completion**
- **Move of the amount of material to the appropriate stock - unrestricted or blocked quality stock**
- **Goods return to vendor and return delivery creation**
- **Vendor evaluation process**

Process Flow Diagram

Quality Management for Procurement with Vendor Evaluation



Scenario Overview – (P2P) Procure 2 Pay
Self Service Procurement

Purpose and Benefits:

Purpose

- In procurement departments, the purchasing of basic supplies and services is a routine activity.
- Self-Service Procurement enables purchasing employees to manage their own requisitions, freeing up purchasing department staff, increasing efficiency, and speeding up the procurement process.

Key process flows covered

- A web-based user interface allows employees to select items from supplier's catalogs and create shopping carts that correspond to a purchase requisition.
- The shopping carts are automatically routed for manager approval.
- Approved shopping carts create purchase orders (or reservations in case of available stock).

Scenario Overview – (P2P) Procure 2 Pay
Self Service Procurement

SAP Applications Required:

Required

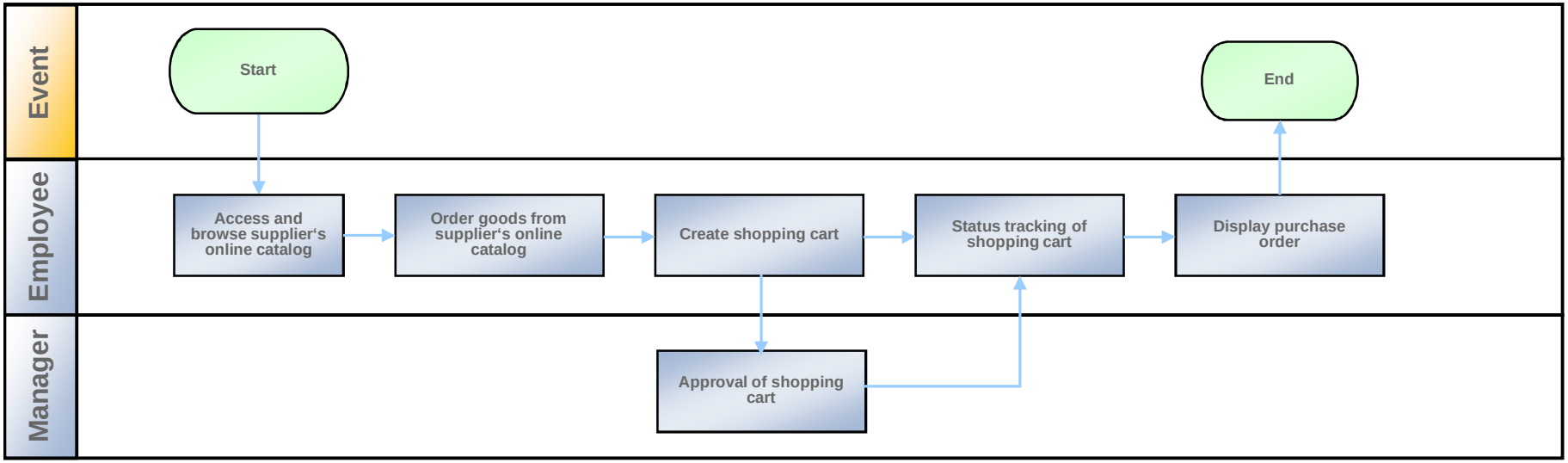
- SAP ECC 6.0 EhP3
- SAP SRM Server 5.5
- SAP NETWEAVER 7.0 (2004S): Application Server Java
- Ensure that the following prerequisites are fulfilled:
  - The SAP Virtual Machine Container (VMC) which is part of SAP NetWeaver 7.0 has to be activated.
  - The system landscape directory (SLD) is up and running.
  - The installation client has to be maintained correctly as business system in connected SLD.
  - The entry in the SLD Cache table has to be updated by running SLDCHECK transaction.

Company roles involved in process flows

- Employee (SRM role)
- Manager (SRM role)
- Buyer (NWBC role)

Process Flow Diagram

Self Service Procurement (Procure 2 Pay)



Scenario Overview – (P2P) Procure 2 Pay
Stock Transfer with Delivery

Purpose and Benefits:

Purpose

- Transfer material requested automatically by MRP or manually by a buyer from one plant to another within the same company code

Benefits

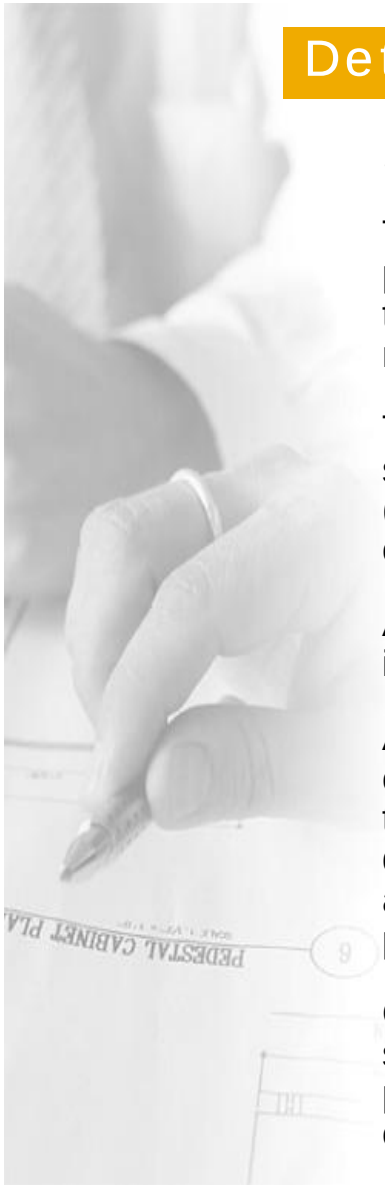
- Transparent view of outstanding stock transfers, stock-in-transit
- Efficient Processing of internal stock transfers

Key process flows covered

- Stock transport requisition (with MRP)
- Changing stock transport purchase order (with MRP)
- Stock transport order (without MRP)
- Delivery for stock transport order
- Delivery due list
- Picking confirmation
- Goods Issue
- Creating Billing
- Creating Excise Invoice
- Receiving transferred material

Scenario Overview – (P2P) Procure 2 Pay

Stock Transfer with Delivery



Detailed Process Description:

Stock Transfer with Delivery

The stock transfer process begins with a requirement to transfer material from one plant to another within the same company code. This request, in the form of a stock transfer requisition, may be created in the procuring plant automatically by MRP or manually by a buyer.

There are no master data requirements beyond the material master to support the stock transfer process. The material master must exist in both the procuring (receiving) plant and the providing (shipping) plant. Also, stock transfer purchase orders are not subject to approval like other purchase orders.

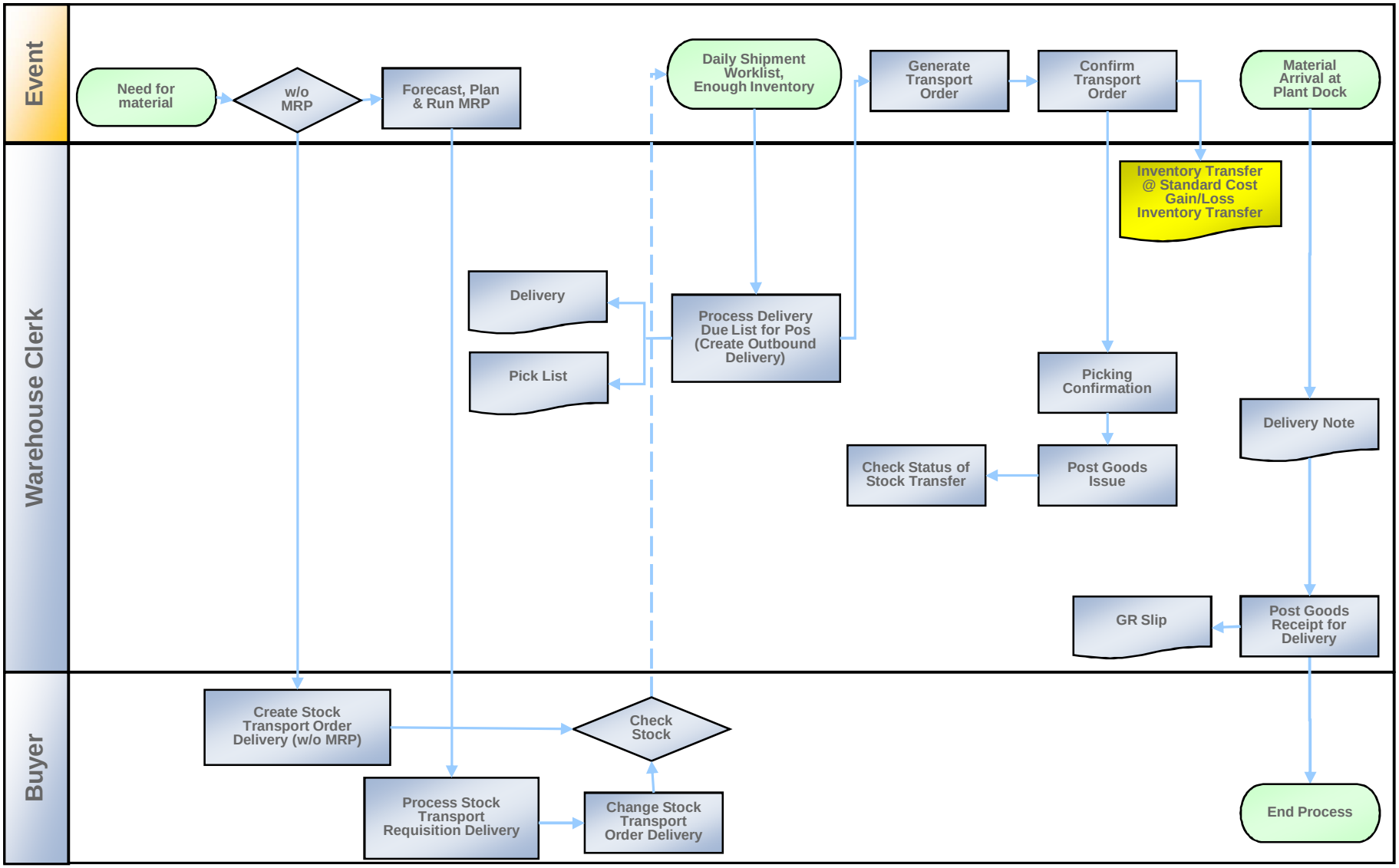
A buyer validates the accuracy of the stock transfer purchase requisition and converts it into a stock transfer purchase order.

A warehouse clerk at the shipping plant monitors the materials due to be shipped and creates deliveries as required. Once a delivery is created, a pick list is generated for the materials. A warehouse clerk gathers the materials and confirms the picked quantities. Once the delivery is complete, the delivery quantities are issued, appropriate documentation is generated, and the goods are shipped, ending the process for the shipping plant.

Goods are received at the receiving plant referencing the delivery number on the shipping documents. Inventory is received into storage based on fixed parameters proposed from the material master which can be changed at time of transactional data capture i.e. purchase order creation or goods receipt.

Process Flow Diagram

Stock Transfer with Delivery



MRP = Material Requirements Planning, GR = Goods Receipt

Scenario Overview – (P2P) Procure 2 Pay Subcontracting

Purpose and Benefits:

Purpose

- The Subcontracting process involves sending raw components to a vendor for specific manufacturing processes and receiving the value-added finished material back into inventory.

Benefits

- BoM explosion triggers follow-on functions like delivery to subcontractor etc.
- Automatic posting of value flow
- Automatic posting of stocks into corresponding stock types

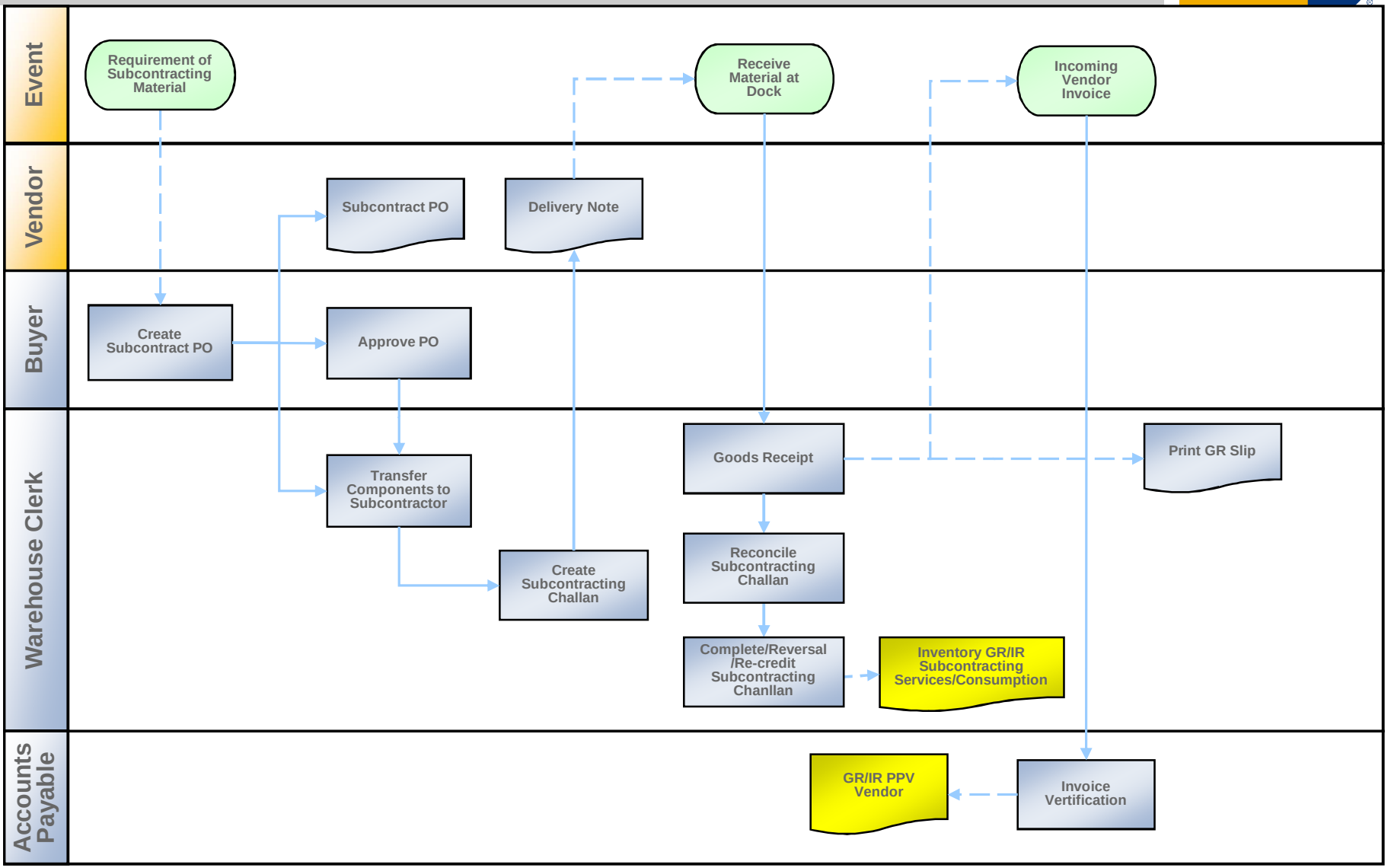
Key process flows covered

On goods delivery, the scenario focuses on the following activities:

- Purchase order creation based on a scheduled purchase requisition created by last MRP run
- Optional: manual purchase order creation
- Purchase order approval (if required)
- Transferring of components to subcontractor
- Creation of subcontracting challan

Process Flow Diagram

Subcontracting



MRP = Material Requirements Planning, PO = Purchase Order, GR/IR = Goods Receipt/Invoice Receipt, PPV = Purchase Price Variance

Scenario Overview – Services

Depo Repair

Purpose and Benefits:

Purpose

- This scenario covers the processing of a service case from the initial reporting of the problem by the customer up to billing the customer, when service activities are carried out at plant.

Benefits

- Customer Contract Management
- Customer Service and Order Management
- Repairs Processing
- Inventory Management
- Cross-Application Time Sheet
- Equipment Handling
- Resource-Related Billing

Key process flows covered

- Create a Customer Contract
- Create a Service Notification
- Change the Service Notification
- Display the Repair Order
- Create a Return Delivery with Reference to Sales Order
- Stock Overview
- Change a Repair Order – Starting Repairs
- Display the Service Order
- Change the Service Order
- Confirm the Materials Used
- Posting Goods Issues
- Displaying Serviceable Materials
- Time Recording (211)
- Check Planned/Actual Costs
- Close the Service Order Technically
- Display Equipment using Equipment List
- Display Status of Repair Order
- Creating a Billing Request
- Create the Billing Document

Scenario Overview – Services

Depo Repair

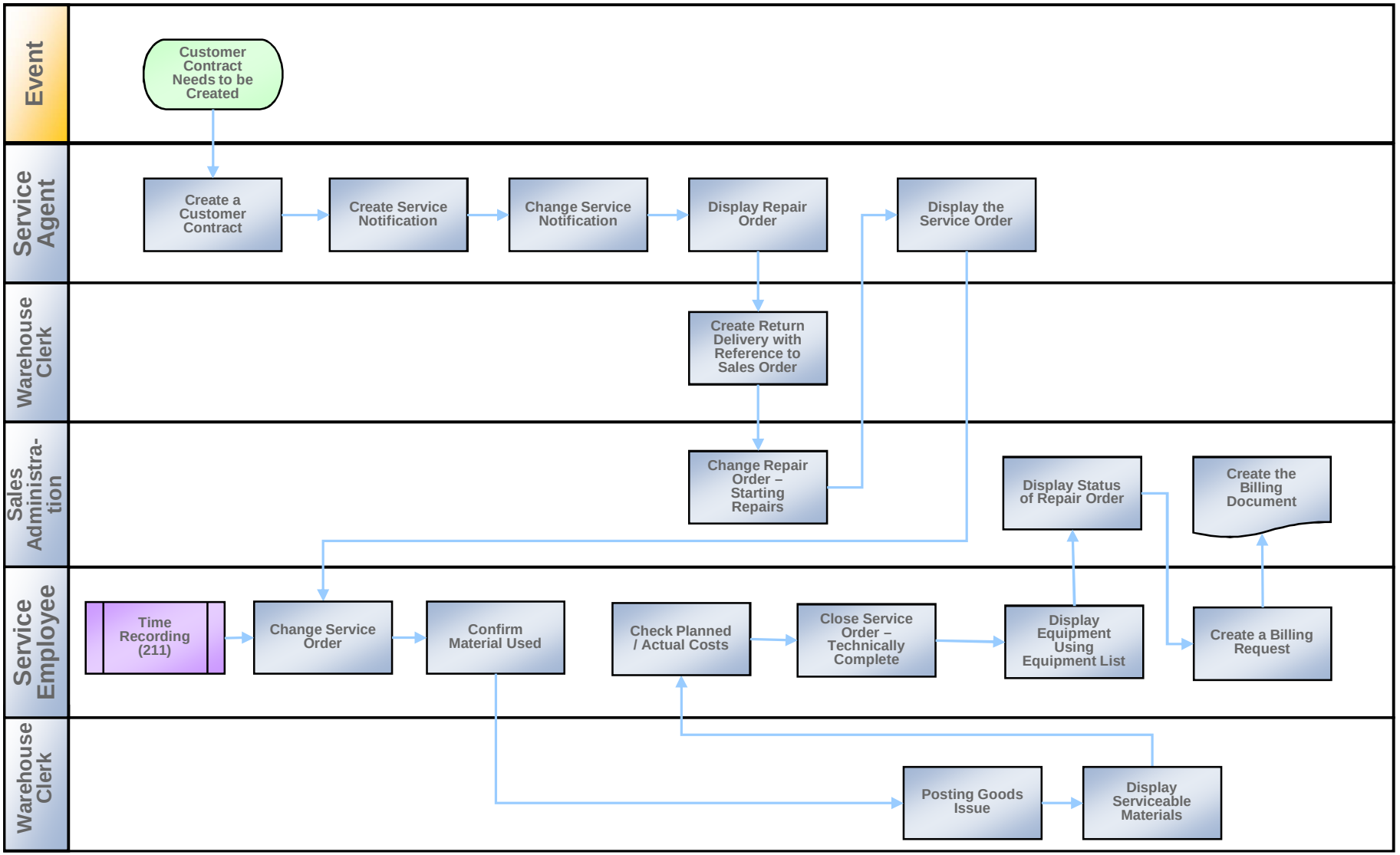
Detailed Process Description:

Repairs at Plant

- A service agent creates a service notification in the system. The service notification number is used as a return material authorization (RMA) number in the remainder of the repair process. The service agent carries out a warranty check on the service notification and then creates a service contract. The service center informs the customer that they must send the notebook to the central service center. The service notification number (RMA) must be specified on the shipping documents; otherwise the notebook is rejected by the service center. If the necessary spare parts are not in stock, they have to be ordered. A repair order is then created from the service notification so that the entire repair process can be controlled and settled. In the repair order, the damaged notebook is automatically assigned by the returns items created. A service order is automatically generated using an item proposal to enable the repairs to be carried out. Once the repairs have been carried out, the costs (for hourly fees and spare parts) are confirmed to the service order. The repaired notebook is delivered to the customer and the final repair status can be displayed. The service center creates a billing request. This appears in the repair order as an additional item and is not a separate document (unlike the billing request in the on-site service process). Subsequently, the repair order is billed. On a periodic basis the costs and revenues incurred on the service order are being settled to the repair order, where they can be evaluated.

Process Flow Diagram

Repairs at Plant



Scenario Overview – Services

Internal Asset Maintenance

Purpose and Benefits:

Purpose

- The business scenario deals with the internal maintenance of a piece of equipment processed by an employee.

Benefits

- Management of technical object
- Procurement of external services and materials
- Cross-Application Time Sheet

Key process flows covered

- Create a technical object, type "machines"
- Create internal repair order
- Create purchase order
- Confirm goods receipt
- Enter invoice for external procurement
- Record actual time worked (CATS)
- Display planned/actual costs
- Settle order to cost center
- Close internal order

Scenario Overview – Services

Internal Asset Maintenance

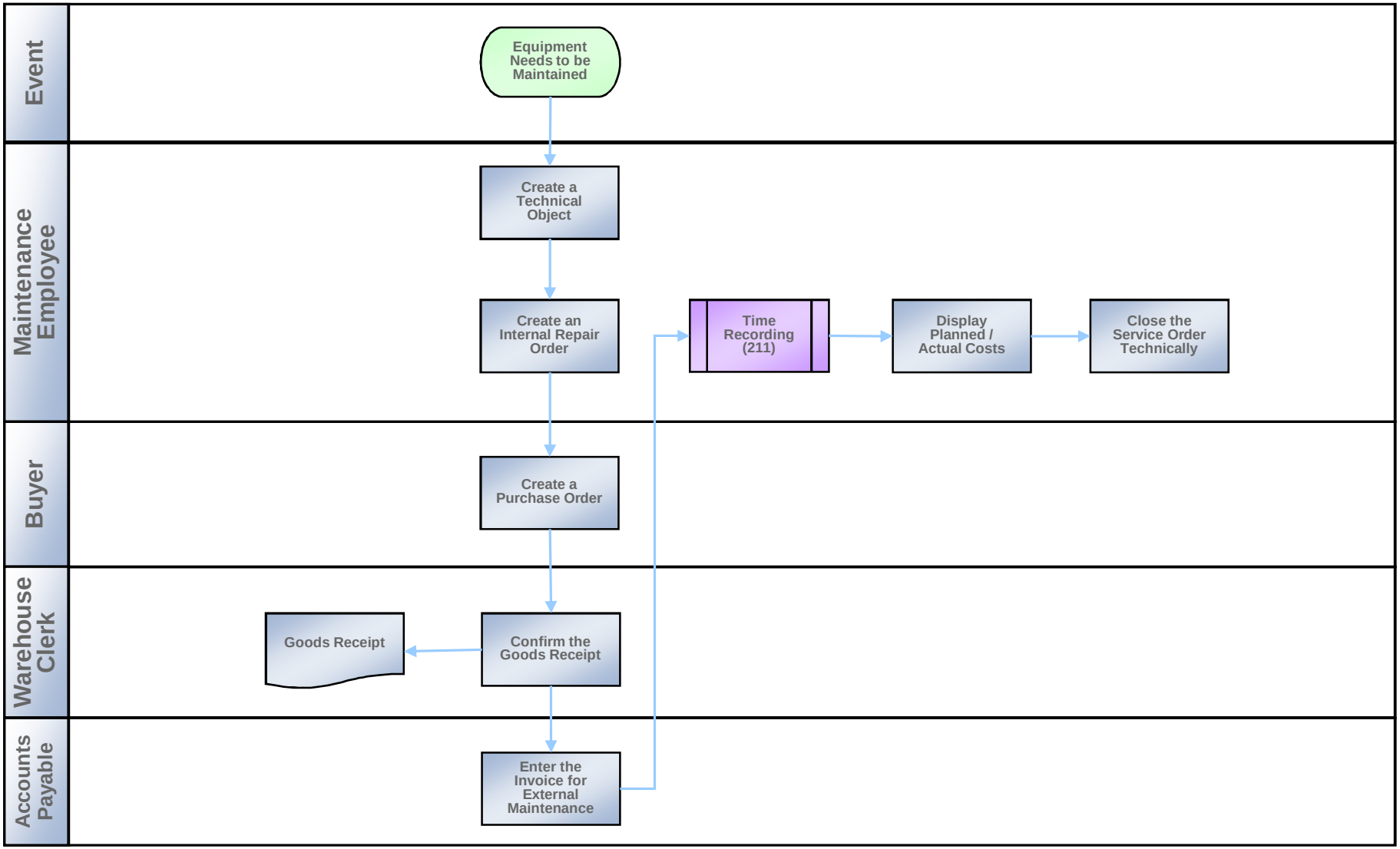
Detailed Process Description:

Internal Maintenance

- Create a technical object, type "machines"
- Create internal repair order
- Create purchase order
- Confirm goods receipt
- Enter invoice for external procurement
- Record actual time worked (CATS)
- Display planned/actual costs
- Settle order to cost center
- Close internal order

Process Flow Diagram

Internal Maintenance



Scenario Overview – Services

Sale of Planned Services

Purpose and Benefits:

Purpose

- A customer has signed a long-term contract with his service provider.

Benefits

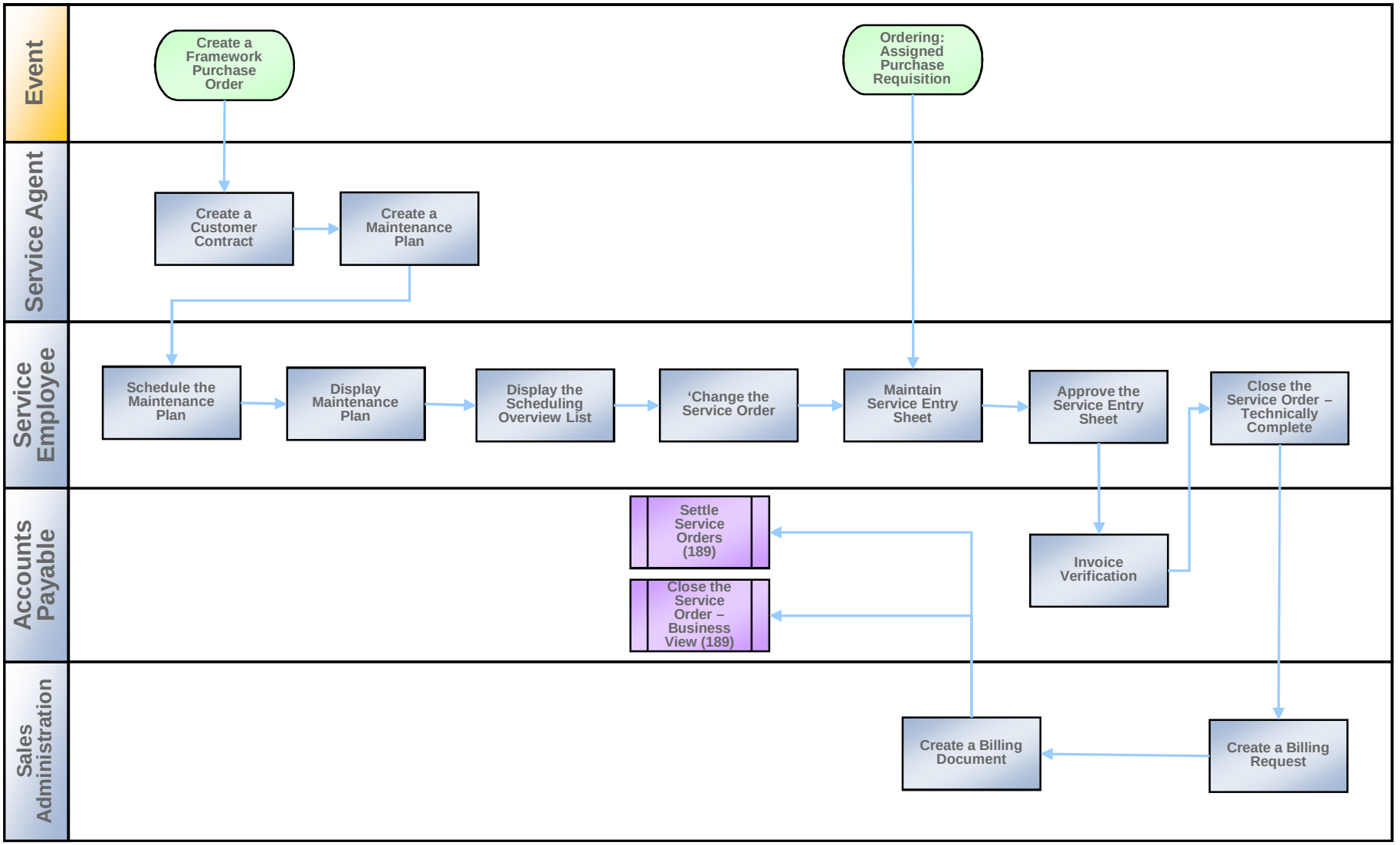
- Customer Contract Management
- Maintenance Scheduling
- Service Order Management
- Purchasing
- Resource-Related Billing

Key process flows covered

- A customer contract is created
- A maintenance plan is created
- A service order is generated automatically
- The necessary material parts are ordered
- The costs are entered to the service order
- A billing document is created

Process Flow Diagram

Sales of Planned Services



Scenario Overview – Services

Services Contract with Periodic Billing

Purpose and Benefits:

Purpose

- A service provider has a service contract with a customer. The business process starts with a notification and a service order.

Benefits

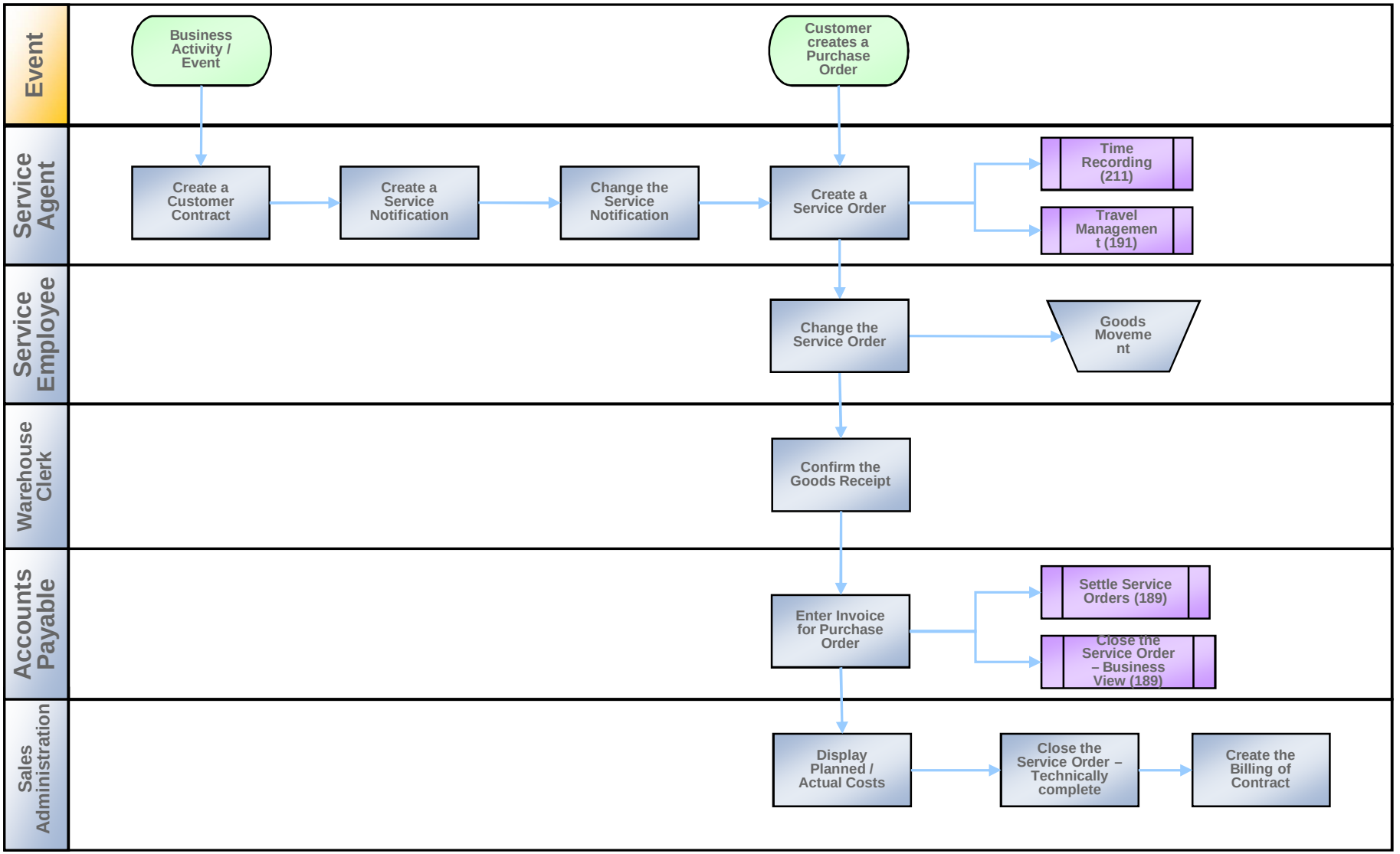
- Customer Contract Management
- Customer Service Management
- Service Order Management
- Purchasing
- Periodic Billing

Key process flows covered

- Creating a Customer Contract
- Creating a Service Notification
- Changing the Service Notification
- Creating a Service Order
- Changing the Service Order
- Time Recording (211)
- Travel Management (191)
- Confirming the Materials Used
- Creating a Purchase Order
- Confirming the Goods Receipt
- Entering the Invoice for Purchase Order
- Displaying Planned/Actual Costs
- Closing the Service Order – Technical complete
- Creating the Billing of Contract

Process Flow Diagram

Service Contract with Periodic Billing



Scenario Overview – Services

Services Contract with Fixed Billing

Purpose and Benefits:

Purpose

- Documenting a customer RFQ for services, a notification is created in the system to document and classify the required work.

Benefits

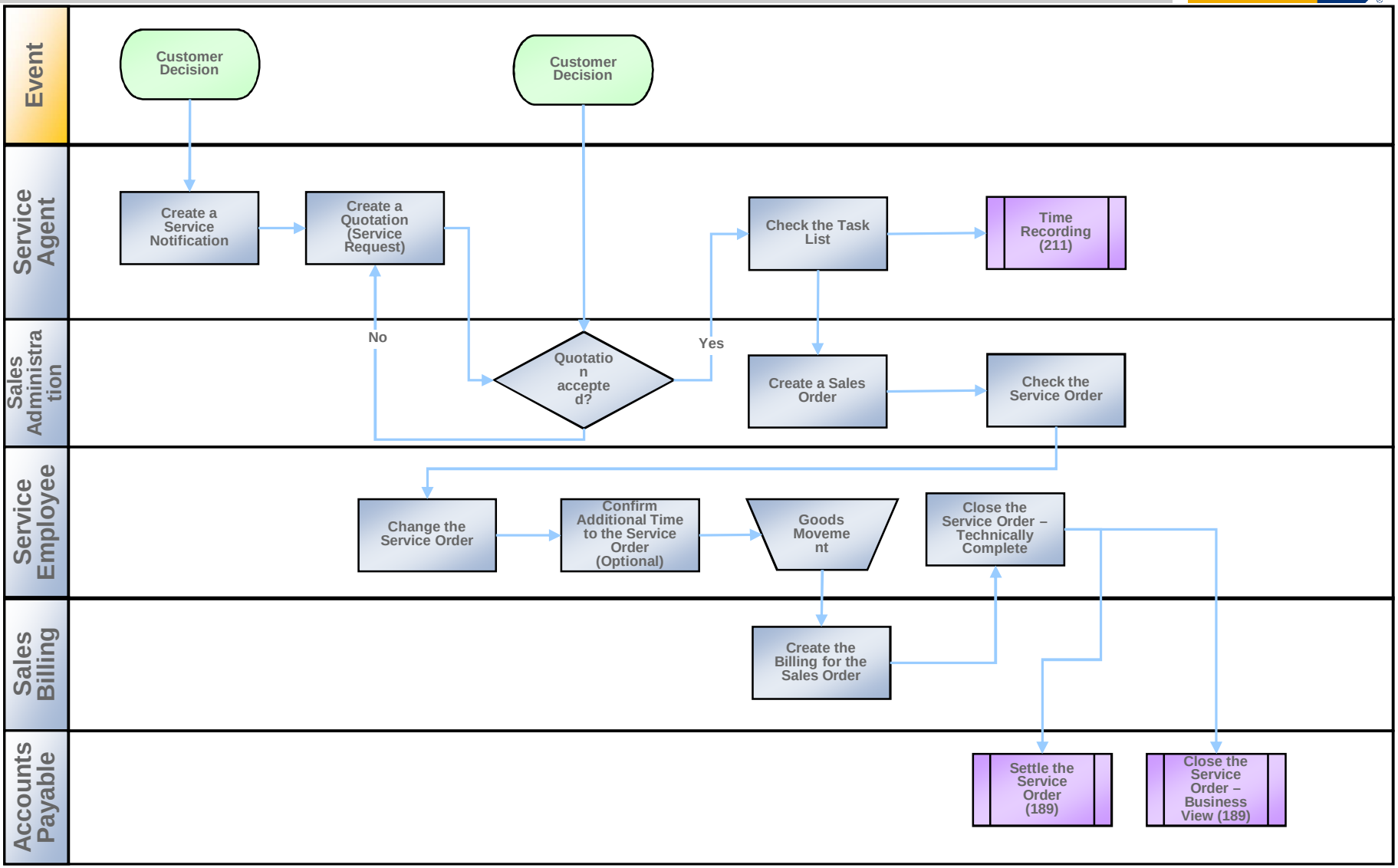
- Customer Service Management
- Sales and Service Order Management
- Cross-Application Time Sheet
- Inventory Management
- Fixed Price Billing

Key process flows covered

- Creating a Service Notification
- Creating a Quotation (Service Request)
- Customer Decision
- Check the Task List
- Creating a Sales Order
- Check the Service Order
- Changing the Service Order
- Time Recording (211)
- Confirming Additional Time to the Service Order (optional)
- Goods Movement
- Creating the Billing for the Sales Order
- Closing the Service Order – Technical complete

Process Flow Diagram

Service with Fixed Price Billing



Scenario Overview – Services

Services Contract with T&M Billing

Purpose and Benefits:

Purpose

- Documenting a customer request for quotation (RFQ) for services, a notification is created in the system to document and classify the required work. An optional activity lets the service responsible call the customer again to complete the information required to prepare the quotation.

Benefits

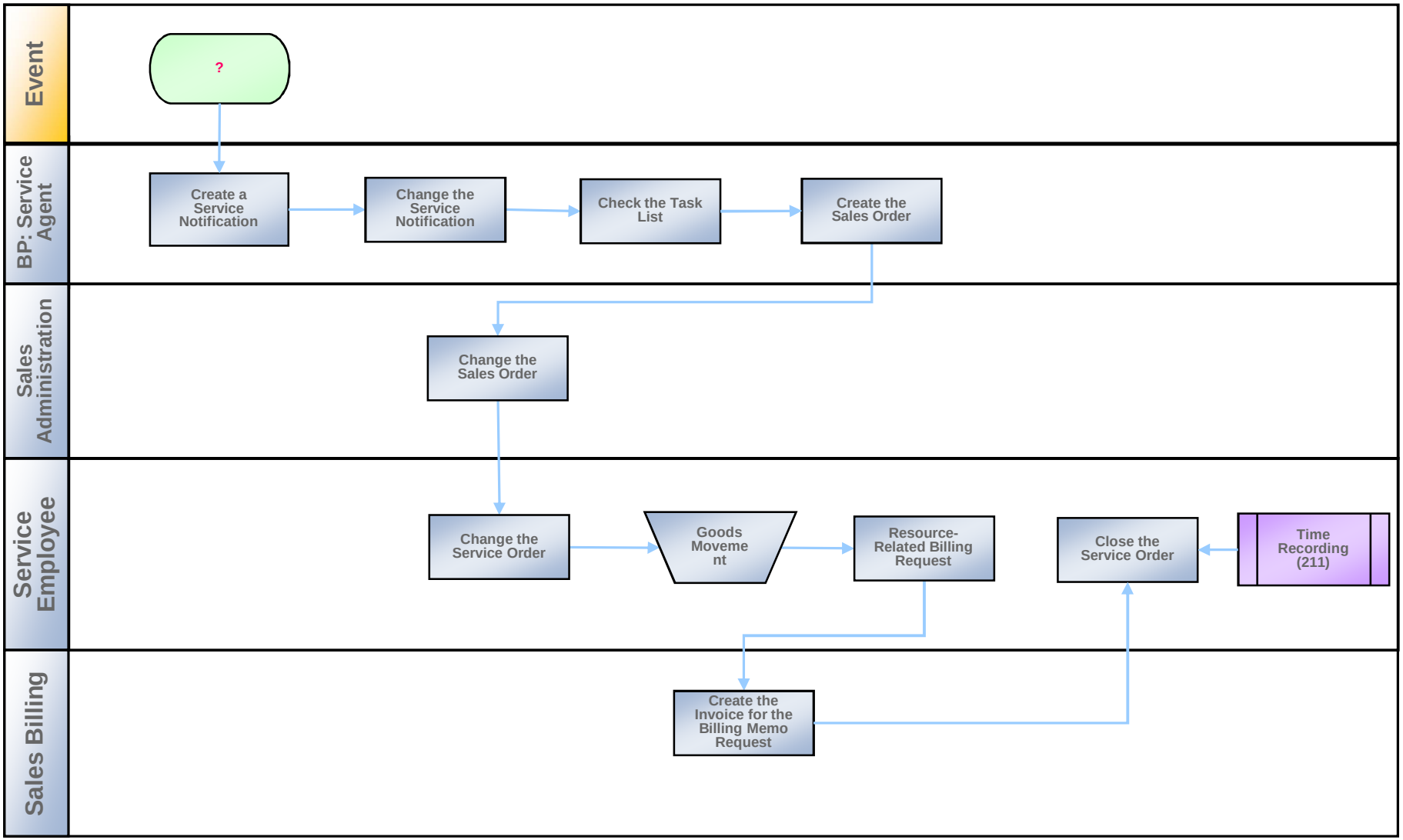
- Customer Service Management
- Sales and Service Order Management
- Cross-Application Time Sheet
- Resource-Related Billing

Key process flows covered

- Creating a Service Notification
- Changing the Service Notification (Optional Step)
- Check the Task List
- Creating a Sales Order
- Change the Sales Order
- Changing the Service Order
- Time Recording (211)
- Confirming Time to the Service Order (Optional Step)
- Confirming the Materials Used
- Creating Resource-Related Billing Request
- Creating the Invoice for the Billing Memo Request
- Closing the Service Order – Technical complete

Process Flow Diagram

Service with Time and Material Based Billing



Thank you !

Q E D : Volume-3