

# CONTENTS

1. Enterprise Structure .....	2
1.1 Plant .....	2
1.2 Storage Location .....	3
1.3 Purchase Organization .....	3
1.4 Purchase Group .....	3
2. Master Data .....	3
2.1 Material Master .....	4
2.2 Vendor Master .....	5
2.3 Purchase Information Record .....	5
2.4 Source List .....	6
2.5 Quota Arrangement .....	6
3. Procurement .....	6
3.1 Purchase Requisition .....	7
3.2 Request for Quotation .....	7
3.3 Contract .....	7
3.4 Purchase Order .....	7
3.5 Release of Purchase Order .....	8
3.6 Pricing Procedure .....	8
3.7 Valuation .....	8
4. Inventory Management & Physical Inventory .....	9
5. Logistics Invoice Verification .....	10
6. External Services management .....	10
7. Reports .....	11

# Business Blue Print

The Business Blueprint is a detailed description of business processes and system requirements. In a Business Blueprint for Projects, you create a project structure in which relevant business scenarios, business processes and process steps are organized in a hierarchical structure. You can also create project documentation and assign it to individual scenarios, processes or process steps. You then assign transactions to each process step, to specify how your business processes should run in your SAP systems.

## 1. Enterprise Structure

An important step during the implementation of SAP is the mapping of enterprise-specific structures and requirements using R/3 organizational units. Decisions on the use of specific organizational units are influenced by various factors relevant to the organization itself and the implementation goals it is pursuing.

The selection, usage specification and linking of the SAP organizational units should be carried out at an early point in the project, and involves management as well as user departments. Usually there are several different possibilities of mapping enterprise-specific organizational units. You can define alternative organizational structure scenarios in order to compare them and decide on the most suitable one. Mapping the enterprise onto SAP organizational units becomes transparent, and the simple, systematic display supports the interpretation of differences between alternative structure scenarios. organization structure includes:

1. Plant
2. Storage Location
3. Purchasing Organizational
4. Purchasing Group

### 1.1 Plant

Plant is the organizational unit within logistics. It is a place where the material is produced or goods & services produced. And besides, it also can be a branch plant or warehouse of collected goods & services to be delivered to the customer.

For company code, it is defined by SAP-FI, then after plant can be defined from MM.

Company code	Plant Description	SAP Code	Location
CS01	Plant (domestic)	PL01	Bangalore

## 1.2 Storage Location

A storage location is the place where stock is physically kept within a plant.

SNO	Plant	Storage Location	SAP Code
1	PL01	Raw Materials	RW01
2		Semi Finished	SF01
3		Finished Products	FP01
4		Consumables	CN01

## 1.3 Purchasing Organization

Purchasing Organization is an organization of logistics units. This unit functions as procurement needs. Purchasing organization will make the purchase of materials and services (services) as needed, to negotiate a purchase with vendors, and responsible for this purchase transaction.

Company code	Plant	Pursh Org
CS01	PL01	PR01

## 1.4 Purchasing Group

The purchasing organization is further subdivided into purchasing groups (buyer groups), which are responsible for day-to-day buying activities. A purchasing group is an entity, which communicates with the vendor. Used to determine the department which makes a request materials or services on the Purchase Requisition.

Company code	Pursh Org	Pursh Group
CS01	PR01	PG1

## 2. Master Data

Master data is related to data that will be used in the SAP system. In Material Management, there are some master data that must be met are:

1. Material Master
2. Vendor Master
3. Info Records
4. Source list
5. Quota Arrangement

## 2.1 Material Master

It is a Master file which contains information of a particular material, depending upon the views selected from the user departments. It is the company's central source for retrieving material specific data.

### 2.1.1 Material Type:

Material Type	Description
ROH	Raw Material
FERT	Finished Product
HALB	Semi finished product
PIPE	Pipeline
DIEN	Services
ERSA	Spare parts

### 2.1.2 Number Range for Material Type:

Material Type	Number range	Number Range
ROH	0000000001	9999999999
FERT	0000000001	9999999999
HALB	0000000001	9999999999
PIPE	0000000001	9999999999
DIEN	0000000001	9999999999
ERSA	0000000001	9999999999

### 2.1.3 Material Valuation:

Material Type	Mvg Avg price	Standard price
ROH	X	-
FERT	-	X
HALB	X	-
PIPE	X	-
DIEN	X	-
ERSA	X	-

#### 2.1.4 Material views:

Material Type	Basic data	sales	MRP	Purchase	store	A/c	Forecast
ROH	X	-	X	X	X	X	X
FERT	X	-	X	X	X	X	X
HALB	X	X	X	X	X	X	X
PIPE	X	-	-	X	X	-	-
DIEN	X	-	-	X	X	-	-
ERSA	X	-	-	X	-	X	-

#### 2.1.5 Material Group:

Company code	Pursh Org	Pursh Group	Mat Group
CS01	PR01	PG1	MG01

## 2.2 Vendor Master

The collective term for all vendor master records. The vendor master contains the data of all vendors with which a company Conducts business. Data in vendor master record control how transaction data is posted and processed for a vendor.

#### Vendor Account Group:

Vendor Account group is classifying features in vendor master that determines

- the type of number assignment
- A number range for assigning account numbers
- which field are displayed and whether their entry is required when you enter or change vendor master data.

## 2.3 Purchase Info Record

Vendor and material information is stored in SAP in the form of purchase info record. Info record will have the following key data:

- Info Record Number
- Vendor code
- Material code
- Purchasing Organization
- Info category( standard, Sub-contracting, Pipeline)

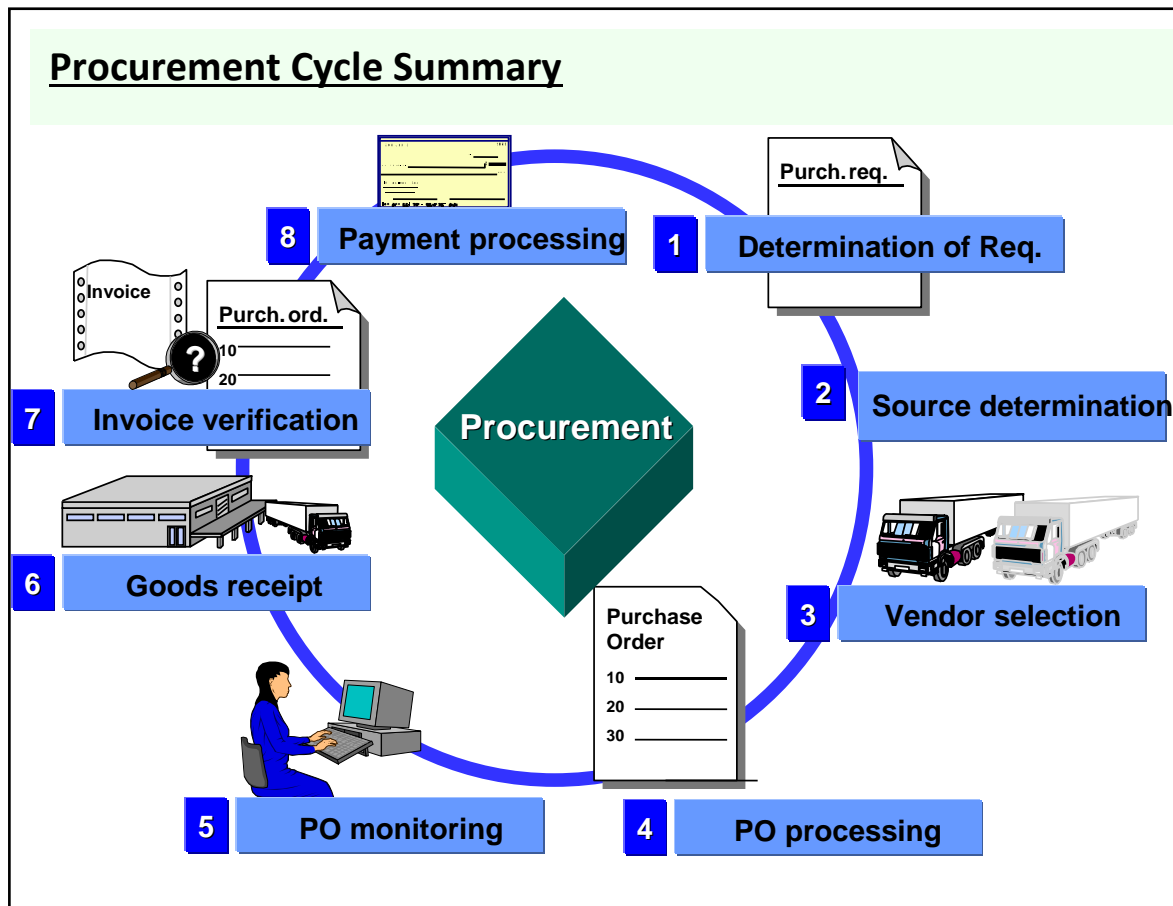
## 2.4 Source List

To define a source of supply as fixed. Such sources count as preferred sources over a certain period of time. As an aid in selecting the preferred source during the source determination process. To block the external procurement of a material with respect to a particular vendor for a specified period of time.

## 2.5 Quota Arrangement

Quota Arrangement is a mechanism for determining which portion of the total requirement of a material over a period is to be procured from a certain source. If quota arrangements exist in the system, they exert an influence with regard to precisely which source (perhaps from a number of different possibilities) is assigned to a given purchase requisition.

## 3. Procurement



### 3.1 Purchase Requisition(PR)

A Purchase Requisition is an internal document, which is a request or instruction to Purchasing Department to procure a certain quantity of a material or services so that it is available at a certain point in time.

The following shall be the source of Purchase Requisition (PR):

- MRP (Materials requirement planning including reorder /forecast)
- Manual
- Maintenance Order

### 3.2 Request for Quotation (RFQ)

Request for Quotations are the enquiries issued to the identified vendors for receiving the Price quote of required materials. RFQ's will be issued to each of the approved vendors for a particular material. Based on the numbers of vendors the same number of RFQ's will be issued.

RFQ will be created with reference to the Purchase requisition if it exists as per the PR procedure earlier defined e.g. PR created manually or through MRP. RFQ's also will be created without any reference if no PR exists.

### 3.3 Contract

Central purchase organization will create the contract after arrival of the total requirements of individual plants after negotiations with vendors. Referring to the contracts individual purchase organizations will raise the Release order as per the plant requirement.

There are two types of contract.

Description	Doc Type	Number Range
Value Contract	WK	Standard
Quantity Contract	MK	Standard

### 3.4 Purchase Order(PO)

A purchase order is a formal request to a vendor to supply certain goods or services under certain conditions. Purchase Order can be created with reference to the RFQ, PR, Contract or Last Purchase Order, this will help the system to copy all the details in the RFQ on to the purchase order and the relation of the RFQ and the purchase order is set in the system.

If purchase order is created with reference the vendor details e.g. Vendor Address, Payment Terms, Inco terms will be copied from the vendor master. Purchase Order can also be created without any reference, in this case the user will have to enter all the details e.g. Vendor, material, pricing condition etc

Material and Vendor related Excise and Sales tax details shall be identified using the Tax Code at the Item level in PO.

### 3.5 Release of Purchase Order

Release procedures will be defined for the following documents:

- Purchase Requisition
- Purchase Orders

In case of Purchase Requisitions only Engineering Purchase Requisitions will follow a release procedure as the engineering specification are to be vetted out.

In case of Purchase Order the entire PO will follow a Release Procedure. Release procedure will be different for each of the Purchasing Groups as per the person responsible (i.e. Imports, Local, Service, Admin and Plant Purchases). The entire POs will be finally released by the MD. All types of PO will have a release procedure including STO.

### 3.6 Pricing Procedure

We define access sequence and condition types in purchasing conditions and assign these condition types in the pricing procedure. Schema group allow you to group together certain purchase organizations that uses the same calculation schema, we can also use them to group together vendors for whom the same calculation schema is valid.

### 3.7 Valuation

#### Valuation Area:

All materials are evaluated at plant level only. Each material is assigned to valuation class while creation of its master record.

#### Valuation Class:

Grouping of similar accounting requirement materials for automatic determination of G/L accounts is called valuation Class.

#### Account Category Reference:

Grouping of valuation classes for the purpose of automatic account determination is called as account category reference.

Valuation class description	Material Type	Valuation Class	Account Category reference
Raw Material	ROH	3000	0001
Finished Product	FERT	7920	0009
Semi Finished Product	HALB	7900	0008
Services	DIEN	3400	0006
Spare Parts	ERSA	3040	0003



**Valuation grouping Code:**

Valuation Area	Valuation grouping code
PL01	0001

## **4. Inventory management**

### **4.1 Goods Receipt:**

Goods receipt is done using Movement Type 101, Stock is directly posted to unrestricted stock or quality inspection stock and vendor can be paid after invoice verification.

Both rejection and acceptance cannot be done for the material on which quality management is not activated. The system cannot allow posting accepted quantity and rejected quantity simultaneously in single posting and for such condition two step goods receipt procedure is to be followed.

### **4.2 Goods Issue:**

A goods issue is a goods movement with which a material withdrawal or material issue, a material consumption, or a shipment of goods to customer is posted. A goods issue leads to reduction in warehouse stock.

### **4.3 Transfer Posting:**

A transfer posting is a general term for stock transfers and changes in stock type or stock category of a material. It is relevant whether the posting occurs in conjunction with a physical movement or not.

### **4.4 Physical Inventory:**

In SAP system the Physical inventory is done in three steps.

- Creation of physical inventory documents
- Counting of physical stock and entering physical stock into the system
- Simulate and posting the differences, recounting if necessary and re-posting where the difference goes to the Profit and Loss statement i.e. automatic charging of GL a/c and adjustment in the physical inventory.

After user decides to carry out physical count, user will have to create physical inventory document, enter the count and post the difference (excess/shortage). At the time of posting the difference the system will generate the material document. For valuated stocks accounting document will also be generated.

## 5. Logistics Invoice Verification

Incoming invoices are verified in terms of their content, prices, and arithmetic. When an invoice is posted, the invoice data is saved in the system. The system updates the data saved in the invoice documents in Materials Management and Financial Accounting.

- There will be two types of invoice verifications, one for
- the vendor who has supplied the material and the other is for freight/ delivery cost / services.
- Invoice verification will be performed with reference to a Purchase Order or a Delivery Note, based on provision created at the time of Goods receipt. Invoice verification can be done after goods receipt.
- Any cost, which needs to be loaded on the inventory, should be incorporated in the purchase order as a part of price.

## 6. External Service Management:

External Services Management provides a basic process for the procurement of externally performed services. This basic process comprises the following functionality:

Service master records in which descriptions of all services that may need to be procured can be stored. In addition, a standard service catalog (SSC) and model service specifications (MSS) are available.

A separate set of service specifications can be created for each concrete procurement project in the desired document (e.g. PM maintenance plan or maintenance order; PS network; MM purchase requisition, RFQ, contract, purchase order, or service entry sheet).

External Services Management offers two basic ways of specifying services:

### 1. As planned services with description, quantity, and price.

By “planned services” we mean services whose nature and you know scope at the start of a procurement project or transaction.

At the time the services are requested, the individual specifications are entered either with the aid of a service master record or directly as short and long texts. Price and quantity are specified in both cases.

### 2. As unplanned services with the setting of a value limit only.

By unplanned services, we mean services that cannot be specified in detail because their precise nature and scope are not initially known, or services which - for various reasons - you do not wish to plan. Unplanned services therefore have no descriptions.

They are entered in the form of maximum values in the relevant currency. Services may be performed up to a value not exceeding these value limits. This ensures an element of cost control.

## 7. Reports

SNO	Title	Code	Purpose
1	Stock Overview for Material	MMBE	To check the current stock levels
2	Material Document List	MB51	To know details of Material doc.
3	Materials analysis, Purchasing values, Basic List	MCSG	To know Material / Plant / Pur. Org. wise PO Value, GR Value, Invoice Amt.
4	List of GR/IR balances	MB5S	To know GR/IR balances with reference to vendor, Pur. Org., Pur. Group, Material, Pur. Doc. or Item
5	Display of Stock in Transit	MB5T	To know stock in transit with reference to material, sending plant, receiving plant or company code.
6	Materials List	MM60	To know the list of materials available in SAP with reference to material, plant, material type, material group or created by
7	Material analysis Stock selection	MC.9	To know the report on material, valued stock, consignment stock
8	Storage location analysis, Stock selection	MC.5	To know the report on valued stock & consignment stock of storage location
9	Key-figure, Slow Moving Items	MC46	To know the slow moving items (number of days wise) and total stock value
10	Purchasing Doc. Per Vendor	ME2L	List of Purchase Docs. & status of GR, IV
11	Purchasing Doc. Per Material	ME2M	List of Purchase Docs. & status of GR, IV
12	Purchasing Doc Per Account Assignment	ME2K	List of Purchase Docs. & status of GR, IV
13	Purchasing Doc Per Project	ME2J	List of Purchase Docs. & status of GR, IV
14	Purchasing Doc Per Material Group	ME2C	List of Purchase Docs. & status of GR, IV
15	Purchasing Doc Per requirement Tracking Number	ME2B	List of Purchase Docs. & status of GR, IV
16	Purchasing Doc Per Doc. Number	ME2N	List of Purchase Docs. & status of GR, IV
17	Purchasing Doc Per Supplying Plant	ME2W	List of Purchase Docs. & status of GR, IV
18	Stock on Posting Date	MB5B	Stock on Posting Date
19	List of Vendors	MKVZ	List of Vendors
20	List of Inventory Diff.	MI20	List of Diff. between the physical count entered and the book stock.
21	List of Inbound Deliveries	VL06I	List of Inbound Deliveries
22	List of POs Pending Release	ME55	List of POs pending release
23	List of PRs	ME5A	List of PRs