**BP315 Business Sub-Process Design Document**

**Subcontracting Process**

Cross Industry / Sourcing & Procurement

**SAP - MM**

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# Overview

This document describes the detailed Configuration steps required to run the Subcontracting business process. Subcontracting is the-manufacturing of materials used in production process, including the creation of a purchase requisition, ordering, the receipt of items to inventory and the processing of the subcontractor's invoice.

# Document History

## Change History

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Ver.** | **Date** | **Summary of Changes** | **Author** | **Transport Number** |
| V1.0 | 05/15/2019 | Initial Draft | Sabatini Jena | N/A |
| V2.0 | 02/27/2020 | Changes made as per new Template | Guhan Senthil | N/A |

## RASCI

|  |  |  |  |
| --- | --- | --- | --- |
| RASCI | Role | Name | Phone |
| NA | NA | NA | NA |

R: Responsible; A: Accountable; S: Support; C: Contribute; I: Information

## Approval Detail

|  |  |  |  |
| --- | --- | --- | --- |
| **Review #** | **Date** | **Name & Position of Approver** | **Signature** |
| 1.0 | 05/15/2019 | Venkat Nadimpalli | Venkat N |
| 2.0 | 02/28/2020 | Venkat Nadimpalli | Venkat N |
|  |  |  |  |

## Other Related Documents

|  |  |
| --- | --- |
| Related Document | Comment |
| BP310 | Business Process Flow |
| TE586 | Test Script |
| AP322 | Configuration Details |

# Business Process Overview

In a subcontracting process, the organisation supplies materials to subcontractor for doing value addition into it as a need arise to perform certain operations at vendor’s premises. The subcontractor (vendor) receives material from the organisation and performs value addition. After doing the value addition, vendor supplies material back to the organisation and invoices for the rendered services or value addition which is settled during invoice verification.

Subcontracting is possible in case of make to stock and make to order scenarios and also sales order or projects stocks.

Subcontracting in SAP handles all the transactions involving creation of purchase requisition, creation of purchase order, goods transfer to subcontractor, goods receipt from subcontractor and subsequent settlement for components provided.

Subcontracting is often done to reduce costs, as subcontractors can utilize specialized knowledge or resources and achieve cost advantages by producing in large numbers.

## High level requirements

In subcontract order processing, the following are mainly involved:

1. The end product is ordered using a subcontract purchase order. The components that the vendor needs to manufacture the end product are specified in the subcontract purchase order.
2. In Inventory Management, the components are posted to the stock of material provided to vendor. The components are then supplied to the vendor.
3. The vendor performs its service and delivers the ordered material (the end product). The consumption of the components is posted.
4. The vendor charges for his or her service. This invoice is posted in Invoice Verification

The master data needed to be maintained for the process are listed below,

|  |  |  |
| --- | --- | --- |
| Finished Goods - FERT | SBSP01 | Finished Goods Material |
| Component | Raw1 | Component Raw Material |
| Component | Raw2 | Component Raw Material |
| Vendor | 900013 | Subcontracting Vendor |
| Info record | 5300003193 | Subcontracting Info Record |

## Key Value Drivers for the Business Process

The key performance indicators for this process is as shown below:

|  |  |
| --- | --- |
| Performance Indicator/Metric | Owner of Measurement |
| Purchase order cycle time - Efficiency | Purchasing department |
| Reducing stock and cost | Purchasing department |

## Leading Practice Inputs

The key benefits of subcontracting purchase order process is as shown below:

|  |  |
| --- | --- |
| Associated Process/ Vision Objectives | Anticipated Benefits |
| Entire Process/Create subcontracting purchase order | Shorter turn-around time/shorter processing time – Purchase orders will be largely auto-created with or without approvals, this will mean less manual intervention by purchasing and quicker turn around for the business. |
| Entire Process/ subcontracting purchase order output to vendor | Shorter turn-around time. Purchase order output will be automatic based on pre-populated vendor contact information and output conditions. |

# Business Sub-Process Description

Subcontracting process will be addressed in SAP as follows:

1. Purchase requisition generated via MRP run for subcontracting item or manually created.
2. Release manually created purchase requisition using purchase requisition release strategy.
3. Create subcontract purchase order by entering the material and the item category for subcontracting (L) in the order item. Or convert the subcontracting purchase requisition to purchase order.

To create subcontracting purchase order, proceed as follows:

Enter material with item category ‘L’.

Enter the components that the vendor requires to manufacture the ordered material (end product). Note the following:

You do not need to enter the date required for the components. This date is proposed by the system with reference to material master data.

If you do not want the quantity of the components to be changed if the order quantity of the end product is altered, set the indicator Fixed quantity.

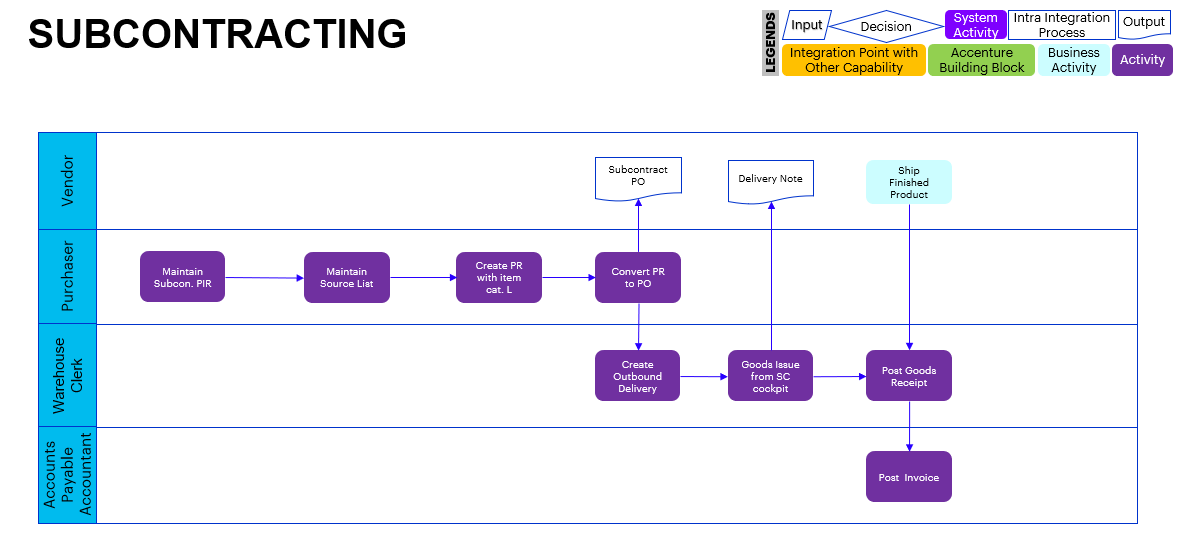
If you want to assign a particular batch of the component to the vendor for the manufacture of the ordered material, enter the desired batch.

You can determine whether the components are available on the date required by selecting Component List Component Availability.

If a bill of material is entered as the material in subcontract order, the components are created automatically.

1. Release subcontracting purchase order using purchase order release strategy.
2. Provide components to vendor using transfer posting with reference to purchase order (Movement type: 541).
3. Post goods receipt for subcontract order, when the vendor delivers the ordered material (the end product). The goods receipt is valuated at the subcontract price plus the value of the components consumed.
4. Invoice verification with reference to goods receipt.

## Business Sub-Process diagram



# Sub Process Activities

## Activity List

Activity definition document if applicable for the project & also has references in the process/sub process diagram.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name | Description | Fiori App | Roles involved | Regulatory /Other Controls |
| Maintain PIR | Create subcontracting PIR. | Create Purchase Info Record | Purchaser | NA |
| Create Purchase Requisition | Create Purchase Requisition in SAP for the identified purchasing need. Purchase Requisition are created in SAP using transaction Fiori App ME51N or MRP run. The item category should be ‘L’ | Create Purchase Requisition | Requisitioner or Planner | N/A |
| Create subcontracting purchase order | Create subcontracting purchase order using the subcontracting purchase requisition. | Create Purchase Order (Advanced) | Purchaser | N/A |
| Send components | Provide components to vendor | Subcontracting Cockpit | Purchaser | N/A |
| Receive end product | Post goods receipt for subcontract order | Post Goods Movement | Warehouse Clerk | N/A |
| Invoice verification | Invoice verification with reference to goods receipt | Create Supplier Invoice | Accounts payable Accountant | N/A |

## Inbound Communication

The Inbound Communication needs to be specifically documented for the client specific situation, like interfacing with external systems, workflow, form & Medium of communication.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Activity | Type (email, form, handoff, etc) | Automatic/Manual | Source | Description |
| Subcontracting PR | Internal document | Automatic/Manual | SAP | Purchase Requistion Inbound  *Technical name: API\_PURCHASEREQ\_PROCESS\_SRV* |
| Purchase Order | Print, fax, email, EDI | Automatic/Manual | Vendor | Purchase Order Inbound.  *Technical name: API\_PURCHASEORDER\_PROCESS\_SRV*  *SOAP call: PurchaseOrderRequest\_In* |
| PO  Acknowledgment | Print, fax, email, EDI | Automatic/Manual | Vendor | Acknowledgment of PO received. Best Practice. |
| Shipping  Notification | Print, fax, email, EDI | Automatic/Manual | Vendor | Shipping Notification. Best Practice |
| Invoice  (FICO Process) | Print, fax, email, EDI | Automatic/Manual | Vendor | Invoice Received from Vendor network-*API\_SUPPLIERINVOICE\_PROCESS* |

## Outbound Communication

The Outbound Communication needs to be specifically documented for the client specific situation, like interfacing with external systems, workflow, form & Medium of communication.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Activity | Type (email, form, handoff, etc) | Automatic/Manual | Source | Description |
| Vendor Invoice Verification Document | E-mail /Form | Automatic/Manual | SAP | Vendor Invoice Verification Document;  *InvoiceStatusUpdateNotification\_Out*  *This will send notification about the status of an Invoice to suppliers* |
| Output PO | Print,Fax, Email,EDI | Automatic/Manual | SAP | PO sent to Vendor network-*Technical name: PurchaseOrderStatusNotification\_Out* |

## Test Conditions

This section captures Test conditions for this sub process for the any specific client requirements. Generic test conditions for this sub process will be within the test scripts.

|  |  |  |
| --- | --- | --- |
| Number | Test Condition – Action | Expected Result |
| 1 | Create PR | Purchase Requisition should be created |
| 2 | Convert PR to PO | Purchase Order created |
| 3 | Outbound Delivery for subcontract PO | Delivery doc should be created |
| 4 | Goods issue - Components | Goods issue - Material document with 541 Movement type |
| 5 | Goods receipt for subcontract PO | Receipt of finished goods, from vendor, with reference to subcontract PO |
| 6 | Invoice verification | Invoice document Created |

# Sub-Process Variation

## Business Unit Led

N/A

## Geography/Entity Led

N/A

# Role Definition & Organizational Impact

The content in this section will serve as input for the training and performance support team’s deliverables

## Role/Skill Class Inventory

|  |  |  |
| --- | --- | --- |
| Role | Skills | Knowledge |
| Production | Responsible for Maintianing BOM | Production related activities |
| Purchaser | Responsible for Creating PO | Purchase related activities |
| Purchaser | Responsible for sending components to subcontracting vendor | Purchase related activities |
| Warehouse Clerk | Responsible for posting GR | Goods movement related activities |
| AP- Accountant | Responsible for posting Invoice | Invoice related activities |

## Role Summary

|  |  |  |
| --- | --- | --- |
| Role | List of Steps | SAP T Code/Fiori App |
| Purchaser | Create subcontracting purchase order | Create Purchase Order Advanced |
| Purchaser | Provide components to vendor | Purchase order processing-> Display subcontracting stocks by supplier |
| Warehouse Clerk | Post goods receipt for subcontract order | warehouse processing -> Post goods receipt |
|  |  |  |
| AP-Acccountant | Invoice verification with reference to goods receipt | supplier invoice processing -> Create supplier invoice advanced |

## Organizational Impact

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Reference # | Impact Description | Impact (H/M/L) | Impact Type | Impacted Groups |
| N/A | N/A | N/A | N/A | N/A |

# Process Fitness & Gap Analysis

## Process Fitness

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Req ID | Short Description | Long Description | Req. Type | Accenture Reusable Assets |
| 1 | Configuration for Subcontracting setup | Standarad settings for Subcontracting process, Settings in Business Partner, Material master, Subconracting Info record, Settlment, Number ranges | Configuration | From myConcerto |

## Gap Analysis

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Country/ Region/ Business Impacted | Gap Description | Legal Req. (Y/N) | Magnitude of Impact  (L/M/H) | Solution Type | RICEFW No. | Ref. to Req. id. |
| N/A | N/A | N/A | N/A | N/A | N/A | N/A |

# RICEFW

## Reports – Fiori Analytical Apps

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client XYZ  RICEFW # | Report Description | Complexity  (H/M/L) | Comments | Use from /(New/Rework/ Rep) | Ref # from RICEFW inventory |
| myConcerto 1 | Monitor Subcontracting Documents | M | SAP GUI enabled Fiori App | New | 1 |
| myConcerto 2 | Subcontracting Cockpit | M | SAP GUI enabled Fiori App | New | 2 |

## Interfaces (Inbound / Outbound)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client XYZ  RICEFW # | Interface Description | Complexity  (H/M/L) | Comments | Use from /  (New / Rework/ Rep) | Ref # from RICEFW inventory |
| NA | NA | NA | NA | NA | NA |

## Conversions

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client XYZ  RICEFW # | Conversion Description | Complexity  (H/M/L) | Comments | Use from /  (New / Rework/ Rep) | Ref # from RICEFW inventory |
| N/A | N/A | N/A | N/A | N/A | N/A |

## Enhancements

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client XYZ  RICEFW # | Enhancement Description | Complexity  (H/M/L) | Comments | Use from / (New / Rework/ Rep) | Ref # from RICEFW inventory |
| N/A | N/A | N/A | N/A | N/A | N/A |

## Forms

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client XYZ  RICEFW # | Form Description | Complexity  (H/M/L) | Comments | Use from / (New / Rework/ Rep) | Ref # from RICEFW inventory |
| N/A | N/A | N/A | N/A | N/A | N/A |

## Workflows

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Client XYZ  RICEFW # | Workflow Description | Complexity  (H/M/L) | Comments | Use from  (New / Rework/ Rep) | Ref # from RICEFW inventory |
| N/A | N/A | N/A | N/A | N/A | N/A |

# Integration Points

Generic Integration touch points have been highlighted in this section. It covers dependencies or prerequisites arising from other processes or sub processes. This information should lead to cross functional discussions between different work streams to sort out the interdependencies.

## Integration Issues

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Issue # | Issue Description | Impact | Status | Resolution |
| Production | Creation BOM creation | Low | Closed | From PP to MM  For Mainting BOM creation. |
| Inventory Management | Goods Receipt and Goods Issue | Low | Closed | From MM to IM  Goods receipt,Goods Issue, Transfer posting settings |
| Finance Process | Invoice & Document Processing | Low | Closed | From MM to FICO  Invoice Processing settings |

## Other issues

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Issue # | Issue Description | Impact | Status | Resolution |
| N/A | N/A | N/A | N/A | N/A |

## Revision History

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Version | Description | Author |
| 02/18/2020 | 1 | Review on UI changes | Venkat Nadimpalli |
| 03/03/2020 | 2 | Content review | Nagesh Srinivasappa |