Enterprise Structure

SAP S/4HANA Sourcing and Procurement
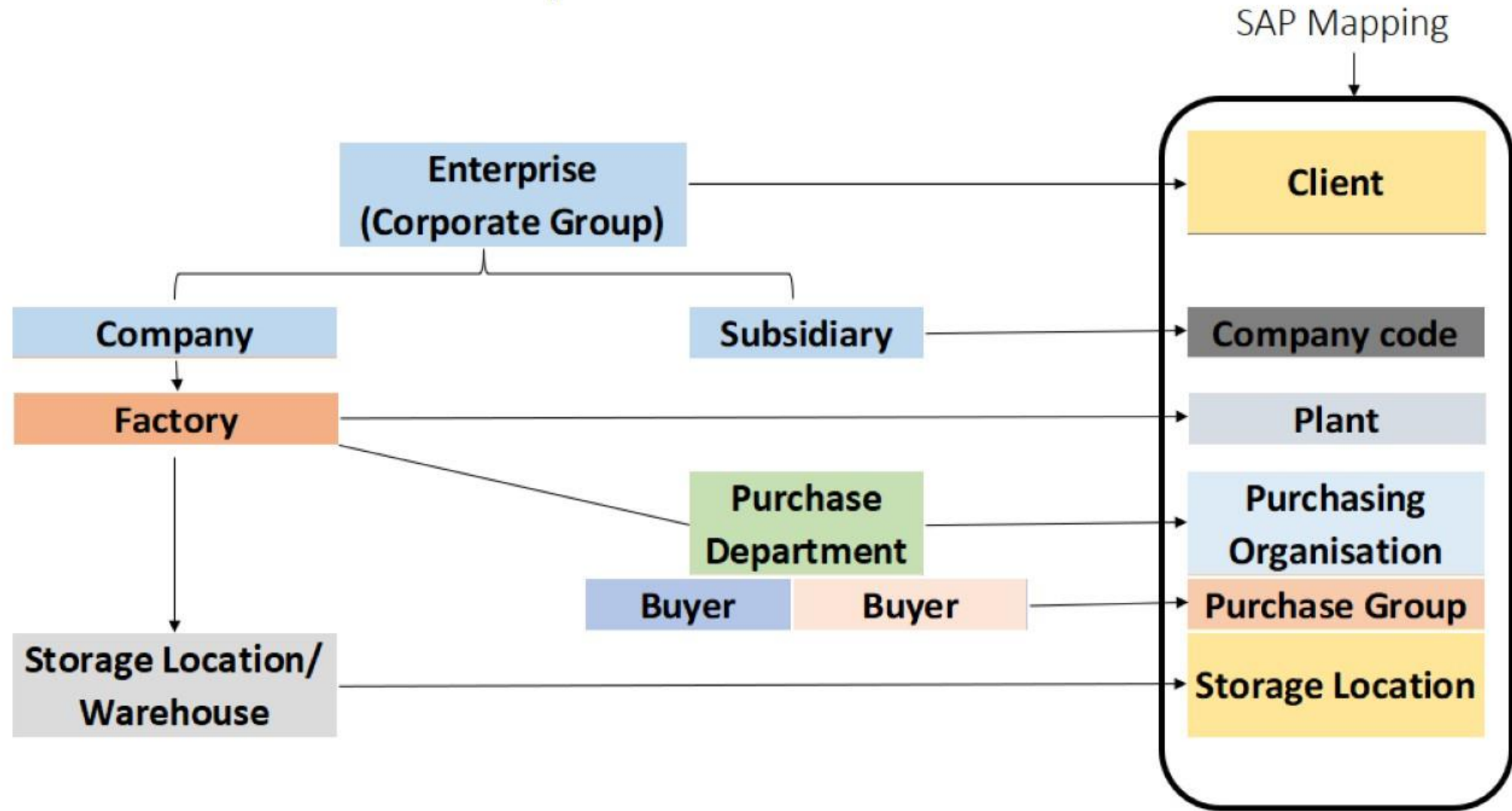
Business Scenario for Sourcing and Procurement

- We are implementing SAP S/4HANA Sourcing and Procurement for a UK company **"Tools ABC"** whose head office is in United States

- It is a **US-based company**, but it also operates factories in **UK, Germany and China**

- Its industry or domain is **Manufacturing**

- It manufactures **Power Tools or DIY Tools** for the construction and woodworking industries

- Its products include **drill machines, hammers, saws and angle grinder**

- The company wants to understand how their existing business processes will be mapped into SAP S/4HANA Business Suite

Business Scenario for Sourcing and Procurement

- For **Sourcing and Procurement**, it should have two different **Factories** for UK company

- A single **Purchasing department** is responsible for procurement activities for both factories

- The **Company Buyers** are responsible to carry out all the purchasing activities

- Each **Factory** should have two different **Storage locations/warehouses**; one near the Airport and one near the Company's location

- In all other Companies especially in **US company**, it should have one **Factory** and one **Purchasing department**

- The **UK company transfers its stock to US company**, so the configuration in SAP should also be made for **Inter-company purchases** and **Stock transfer**
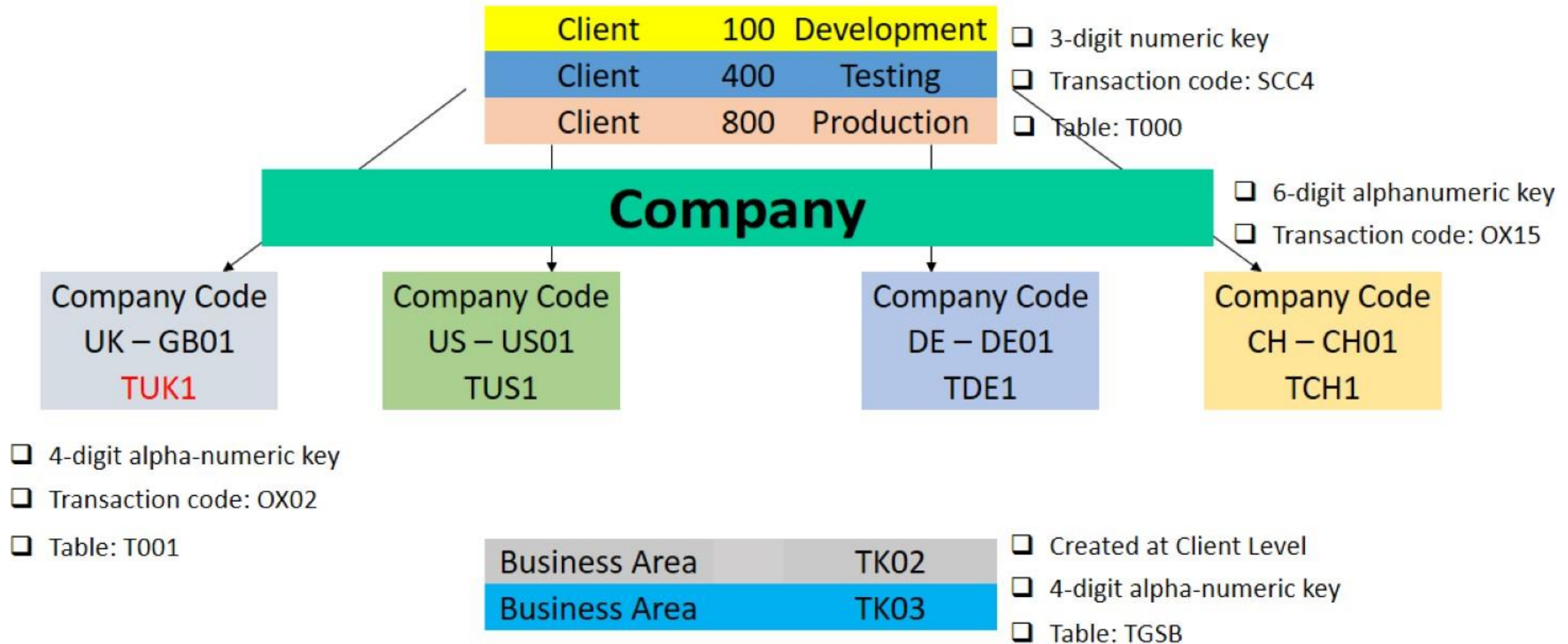
Enterprise Structure

SAP Mapping for Sourcing and Procurement

- For Sourcing and Procurement in our **UK company**, it should have two different **Plants**

- A single **Purchasing organization** is responsible for procurement activities for both plants or in other words, it should have the **Cross-Plant Purchasing scenario**

- Several Purchasing groups need to be created representing individual Buyers or a single Team responsible to carry out purchasing activities for the company

- Each Plant should have two different **Storage locations**; one near the Airport and one near the Company's location

- In all other Company codes especially in **US company**, it should have one **Plant** and one **Purchasing organization**

- The UK company transfers its stock to US company, so the configuration in SAP should also be made for Inter-company purchases and Stock transfer

SAP Mapping

- Create the Client if it is not already created
- Create a UK company code by copying the SAP standard template for GB company code
- Create a business area for each product line
- Create a company for internal trading operations
- Assign the company code to the company
- See the relevant table information through the T-code: SE16N

Enterprise Structure

Client	100	Development
Client	400	Testing
Client	800	Production

- ❑ 3-digit numeric key
- ❑ Transaction code: SCC4
- ❑ Table: T000

Company

- ❑ 6-digit alphanumeric key
- ❑ Transaction code: OX15

Company Code
UK – GB01
TUK1

Company Code
US – US01
TUS1

Company Code
DE – DE01
TDE1

Company Code
CH – CH01
TCH1

- ❑ 4-digit alpha-numeric key
- ❑ Transaction code: OX02
- ❑ Table: T001

Business Area	TK02
Business Area	TK03

- ❑ Created at Client Level
- ❑ 4-digit alpha-numeric key
- ❑ Table: TGSB

Company Code

- Represents an independent balancing / legal accounting entity and is used for external purposes e.g., a company with independent accounts within a corporate group

- Financial Statements required by law can be created at company code level

- A separate company code is usually created per country in order to fulfill the legal requirements such as taxation etc.

- To create a company code, copy an existing company code template. This copies the Definition, Global parameters, Customizing tables, GL accounts and Account determination

- Its Table: T001 can be viewed through T-code: SE16N to display the list of information

- **Transaction code:** OX02

- **Menu path:** Display IMG -> Enterprise Structure -> Definition -> Financial Accounting -> Edit, Copy, Delete, Check Company Code

Business Area

- Represent separate areas of operation within an organization and can be used across company codes

- Balancing entities that can create their own set of financial statements for internal purposes

- Possible to save and evaluate transaction figures for each business area

- The use of business area is optional

- A Business area is not assigned to a company code directly. It can be a picked up as a combination in the master data or transactional data

- Table: TGSB can be viewed through T-code: SE16N to display the list of information

- **Transaction code:** OX03

- **Menu path:** Display IMG -> Enterprise Structure -> Definition -> Financial Accounting -> Define Business Area

Define Company

- A company consists of one or more company codes

- It is also considered for consolidated reporting

- It represents a Business Organization for which individual financial statements can be created according to the relevant commercial law

- It is necessary to maintain for internal trading or intercompany transactions

- **Transaction code:** OX15

- **Menu path:** Display IMG -> Enterprise Structure -> Definition -> Financial Accounting -> Define company

Types of Projects

- **Greenfield Implementation Project**
  - SAP S/4HANA is implemented as a new ERP system for an Organization replacing the old one
- **Roll-out Implementation Project**
  - SAP implementation is done for an Organization in one country and that the same implementation template is rolled out globally to other companies for the same organization located in different countries and then country specific changes are made such as local taxation rules etc.
- **Brownfield Implementation Project**
  - SAP ERP is migrated to SAP S/4HANA without re-implementation and without disruption to existing business processes
- **Support Project**
  - SAP system is already implemented, and now the support is provided in case of any errors / issues or any change requests are made by the Business Users
- **Upgrade SAP Version**
  - An Organization wants to upgrade its SAP S/4HANA from 1809 to 1909

Blueprint Documentation and GAP Analysis

- **Blueprint Documentation:**

PDD	Process Definition Document		
COE	Configuration Object Element (Global)	**Fit**	
CSD	Configuration Specification Document (Regional / Local)	**Fit with Process**	
		Gap	**FS** Functional Specification
			TS Technical Specification

- GAP

  - If any Organization's business requirement cannot be met with the standard functionality of SAP system

  - GAP analysis is usually documented with the reference of WRICEF which stands for Workflow, Report, Interface, Conversion, Enhancement and Forms

Customizing Requests Transport organizer – T-code: SE09

Enterprise Structure - Logistics General

Configuration

Valuation Area

- You define the valuation level by specifying the level at which material stocks are valuated. You can valuate material stocks at the following levels:

- **Plant level:**
  - Valuation must be at this level in the following cases:
    - If you want to use the application component *Production Planning* (PP) or *Costing*
    - If your system is a **SAP Retail** system

- **Company code level:**
  - The decision you make is valid for the whole client. You are recommended setting material valuation at plant level

Plant

- **Definition:**
  - It is an independent, physical and highest organizational unit in MM module
  - It can be operational unit or manufacturing unit or a sales branch of an organization. From material management view, it can be defined as a location that holds valued stock
  - It is an organizational unit serving to subdivide an enterprise according to production, procurement, maintenance, and materials planning aspects
  - It is a place where either materials are produced or goods and services provided
  - It is unique in a client and can only belong to one company code
- **Use:**
  - For the placement of materials in storage (stock put-away), a storage location is assigned to a plant. The storage location depends on the storage condition and the placement situation
  - The business area that is responsible for a plant is determined as a function of the division. As a rule, a valuation area corresponds to a plant

SAP Mapping for Sourcing and Procurement

- For Sourcing and Procurement in our **UK company**, it should have two different **Plants**

- A single **Purchasing organization** is responsible for procurement activities for both plants or in other words, it should have the **Cross-Plant Purchasing scenario**

- Several Purchasing groups need to be created representing individual Buyers or a single Team responsible to carry out purchasing activities for the company

- Each Plant should have two different **Storage locations**; one near the Airport and one near the Company's location

- In all other Company codes especially in **US company**, it should have one **Plant** and one **Purchasing organization**

- The UK company transfers its stock to US company, so the configuration in SAP should also be made for Inter-company purchases and Stock transfer

Enterprise Structure with Plant
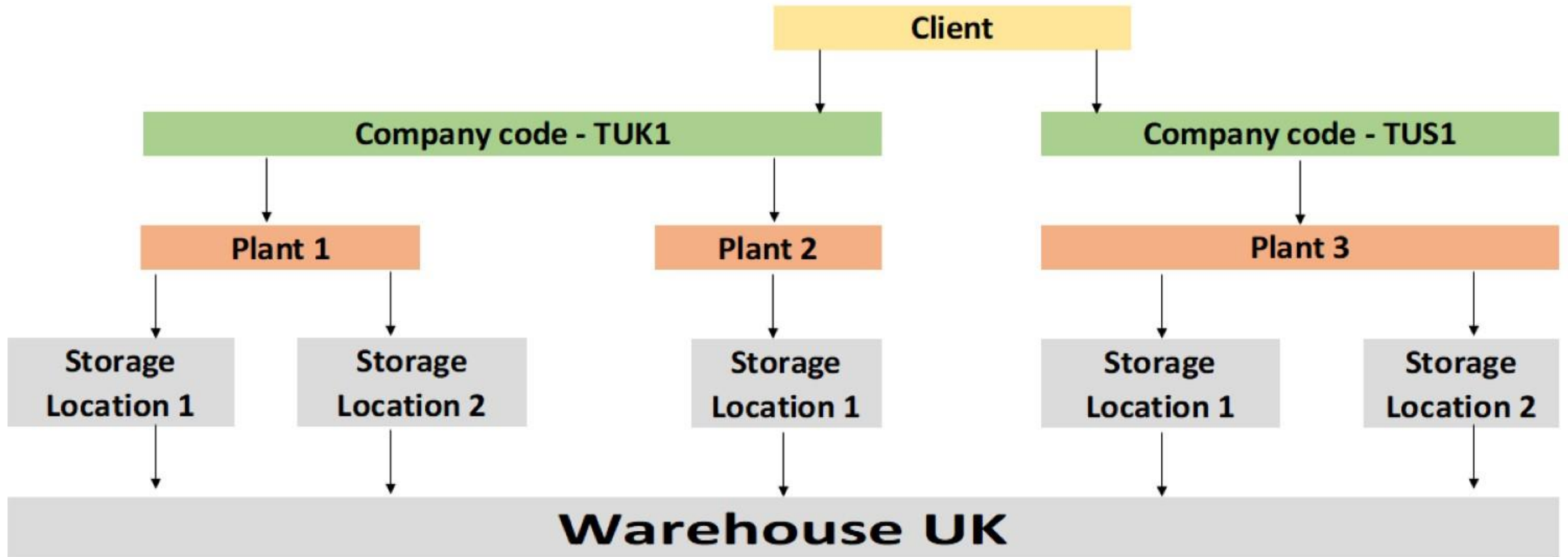
Division

- The division is one of the organizational units in Sales & Distribution and is also required for business area account assignment for logistics transactions in Financial Accounting

- The business area for the material is determined via the plant and the division defined in the material master record.

- Division is products or range of products or a group of products

- Divisions assign to the Sales Organization and multiple divisions can be assigned to Sales Organization. Materials or products always belong to one division
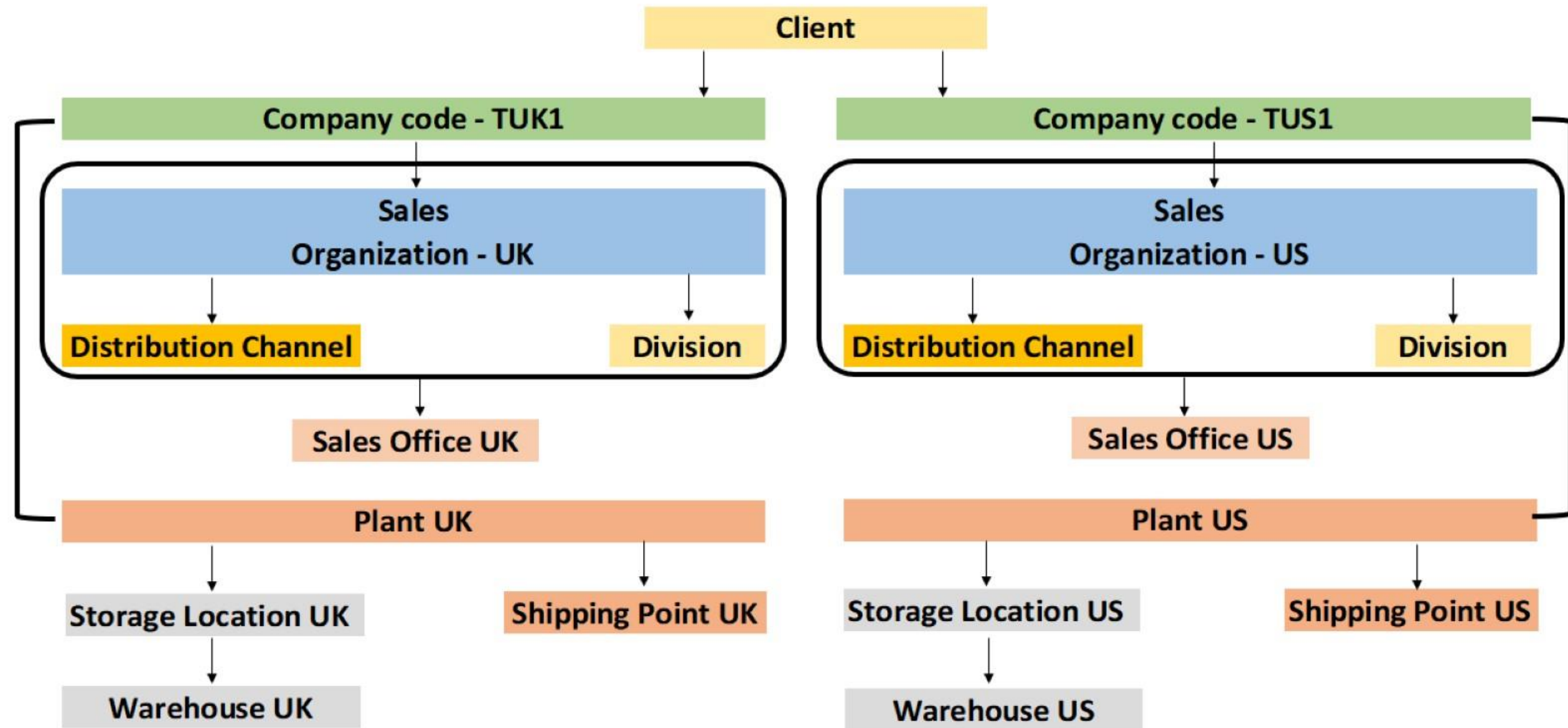
Enterprise Structure - Sales and Distribution

Configuration

Business Scenario for Sales and Distribution

- For Sales and Distribution in our UK company, there should be one Sales Organization, 2 Distribution Channels – Wholesale and Retail

- In all other Company codes especially in US company, it should have a separate Sales Organization

- The UK company sometimes transports its stock to US company with Delivery and Billing options, so the configuration in SAP should also be made for Inter-company purchases and Stock transfer
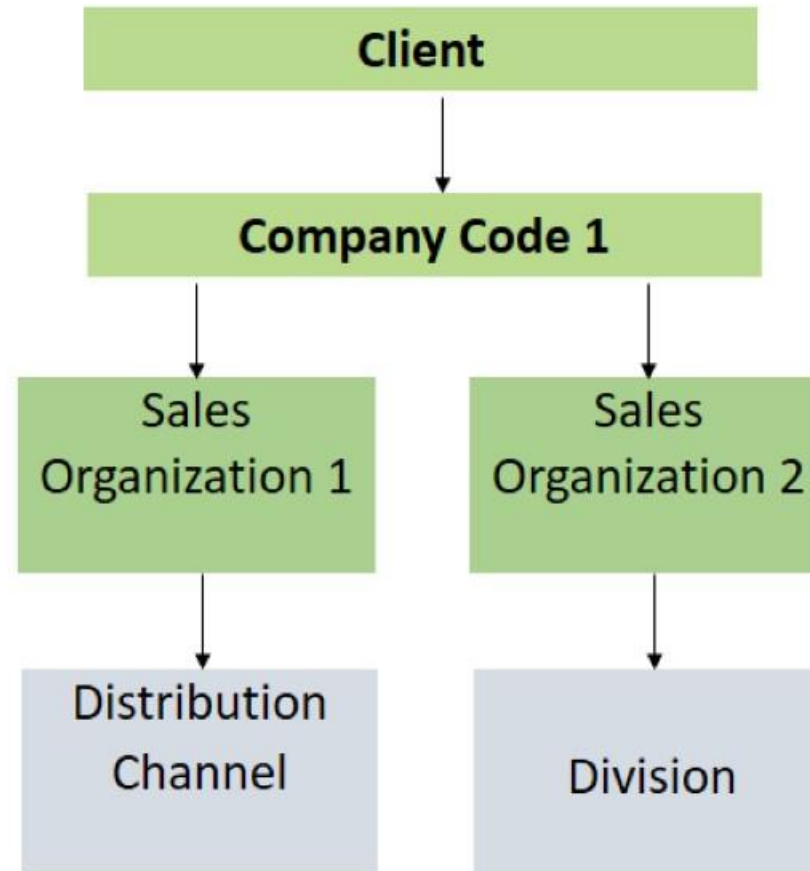
Enterprise Structure – SAP S/4HANA Sales

Client

Company code - TUK1

Company code - TUS1

Sales Organization - UK

Sales Organization - US

Distribution Channel

Division

Distribution Channel

Division

Sales Office UK

Sales Office US

Plant UK

Plant US

Storage Location UK

Shipping Point UK

Storage Location US

Shipping Point US

Warehouse UK

Warehouse US

Enterprise structure/Sales Organization hierarchy

Sales
Organization 1

Distribution
Channel

Division

Enterprise structure/Sales Organization hierarchy

Integration of SAP S/4HANA Finance & Controlling
with Sales & Distribution (SD)
- Enterprise Structure

- **Assign Sales Organization to Company Code**
  - **Transaction code:** OVX3
  - **Menu path:** Display IMG -> Enterprise Structure -> Assignment -> Sales and Distribution -> Assign sales organization to company code
  - This establishes a link between the SD and FI systems. A sales organization belongs to just one company code

- **Business area account assignment**
  - **Transaction code:** OVF2
  - **Menu path:** Display IMG -> Enterprise Structure -> Assignment -> Sales and Distribution -> Business Area Account Assignment -> Define Rules By Sales Area
  - Both revenue accounting in Financial Accounting and value postings for goods movements in Inventory Accounting can be represented separately for each business area

Integration of SAP S/4HANA Finance & Controlling
with Sales & Distribution (SD)
- Business Area Account Assignment

- **Business area account assignment**

  - **Transaction code:** OVF2

  - **Menu path:** Display IMG -> Enterprise Structure -> Assignment -> Sales and Distribution -> Business Area Account Assignment -> Define Rules By Sales Area

  - Both revenue accounting in Financial Accounting and value postings for goods movements in Inventory Accounting can be represented separately for each business area

Enterprise Structure - Materials Management
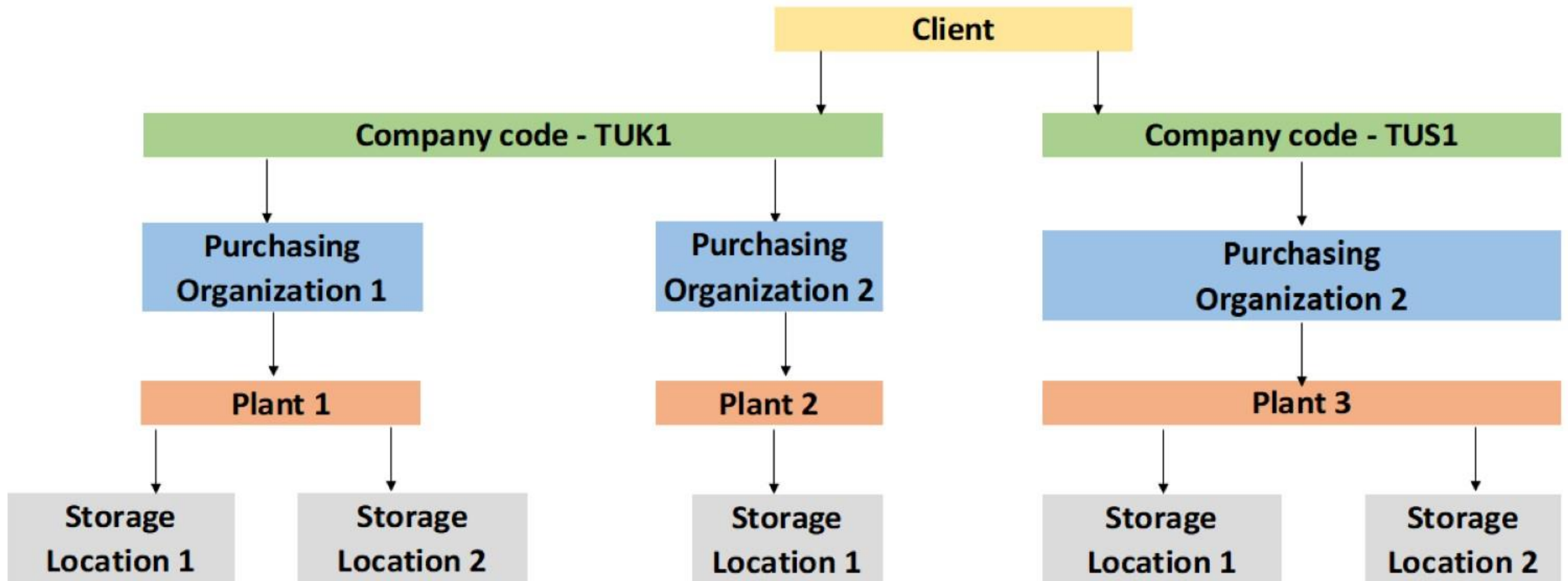
Configuration

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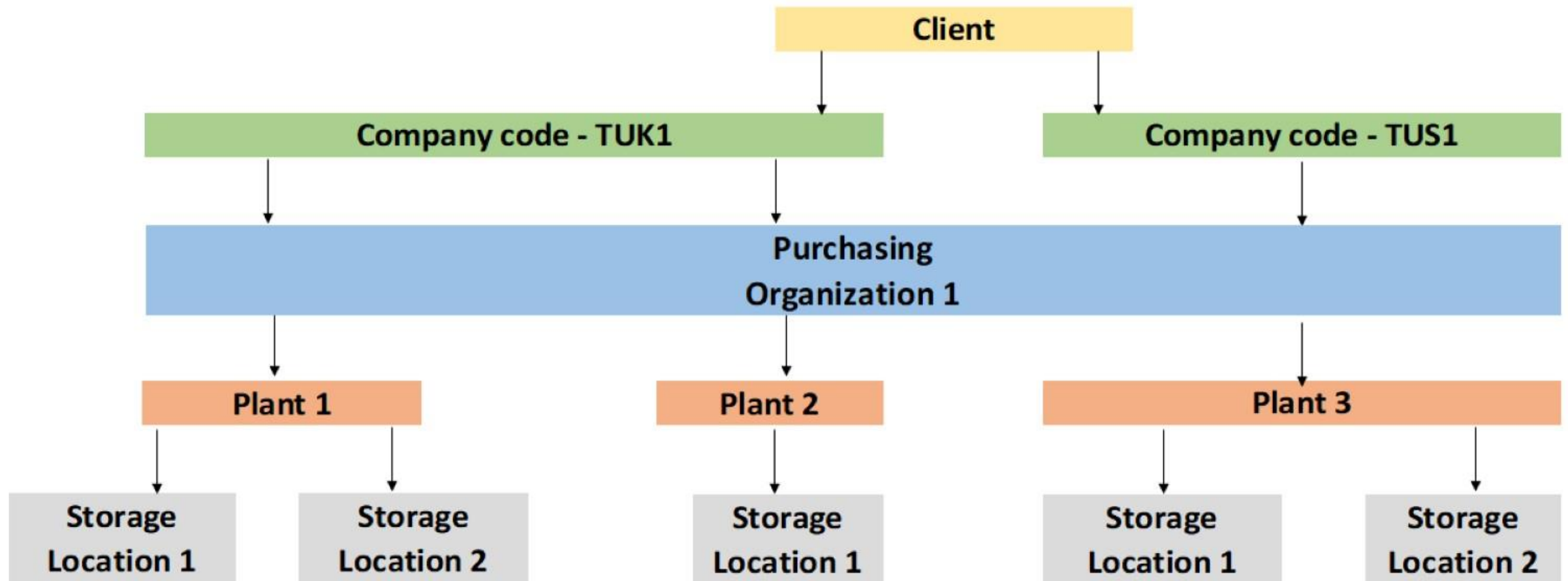
Purchasing Organization

- A purchasing organization is an organizational unit in SAP S/4HANA Sourcing and Procurement, subdividing an enterprise according to the requirements of purchasing

- It procures materials and services, negotiates conditions of purchase with vendors, and is responsible for such transactions

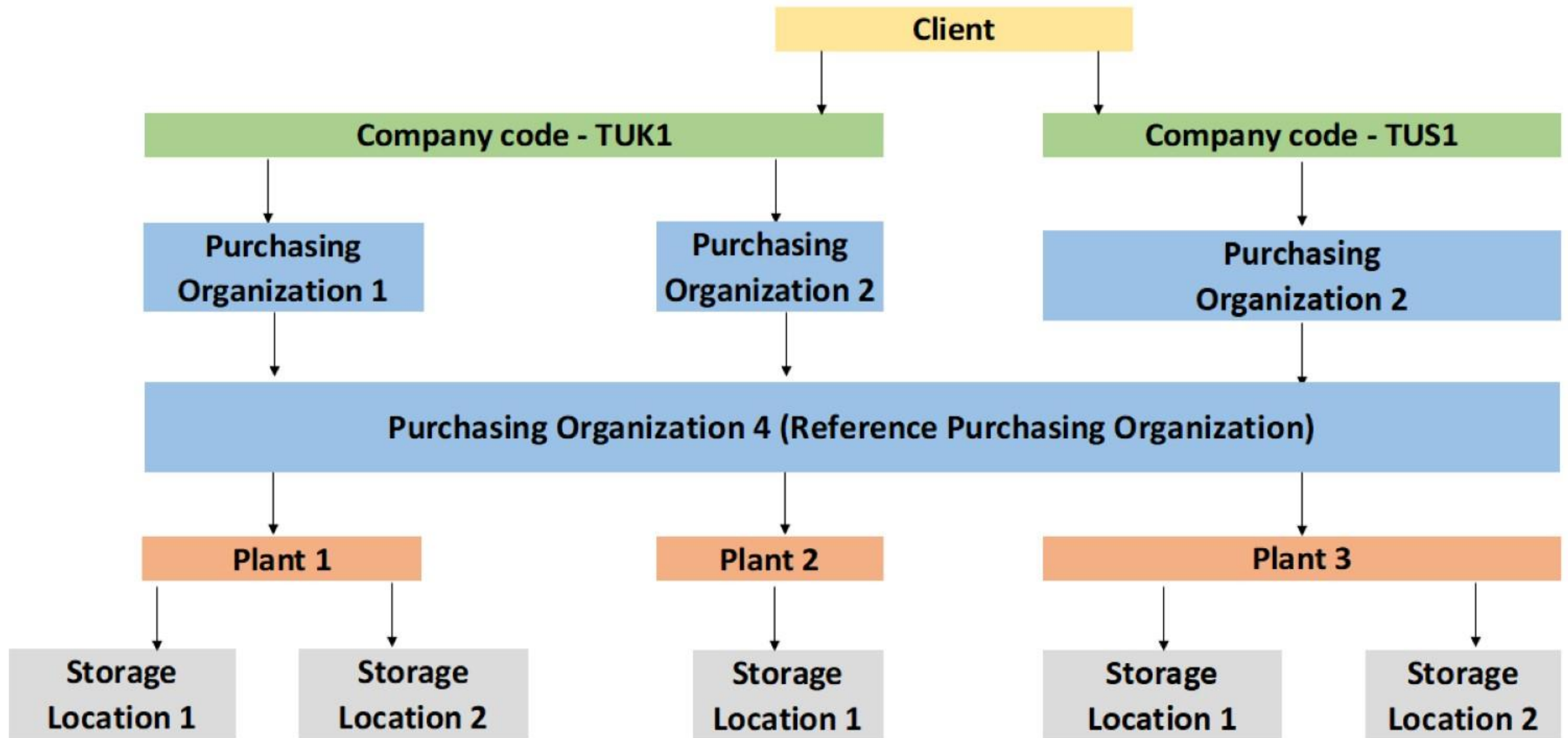- The organizational elements for Plant and Purchasing Organization are mandatory for external procurement

Plant-specific Purchasing Organization

Cross-Company code Purchasing Organization

```
                              ┌─────────────┐
                              │   Client    │
                              └──────┬──────┘
                    ┌────────────────┴────────────────┐
                    ▼                                  ▼
        ┌───────────────────────┐          ┌───────────────────────┐
        │ Company code - TUK1   │          │ Company code - TUS1   │
        └───────────────────────┘          └───────────────────────┘
```

| Company code - TUK1 | | Company code - TUS1 |

Purchasing Organization 1

| Plant 1 | Plant 2 | Plant 3 |

| Storage Location 1 | Storage Location 2 | Storage Location 1 | Storage Location 1 | Storage Location 2 |

Reference Purchasing Organization

Purchasing Groups (Configuration)

SAP S/4HANA Sourcing and Procurement

Purchasing Groups

- A purchasing group is a key for a buyer or group of buyers in SAP S/4HANA Sourcing and Procurement

- It is responsible for the procurement of a material or class of materials, and is the principal channel for a company's dealings with its suppliers

- It is maintained at Plant level in the material master

- **Transaction code:** OME4

- **Menu path:** Display IMG -> Materials Management -> Purchasing -> Create Purchasing Groups