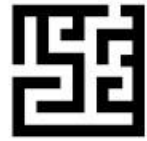# Material Master Data
in
SAP S/4HANA Sourcing & Procurement

Configuration and End-User

Business Scenario

- The Procurement department initially wants to set up the following Materials into SAP system:
  - Raw Materials
  - Semi-Finished Goods
  - Finished Goods
  - Trading Goods
  - Service Items
  - Returnable Packaging

Material Master Data - Configuration and End-User

- **Transaction data:** MM01

- **Menu path:** SAP Easy Access -> Logistics -> Materials Management -> Material Master -> Material -> Create (General) -> Immediately

Basic Settings for Material Master

- Define Output Format of Material Numbers

- Material Types

Configuration and End-User

Material Types (Configuration)

- Materials with the same basic attributes are grouped together and assigned to a material type

- This allows you to manage different materials in a uniform manner in accordance with your company's requirements

- **Define Attributes of Material Types:**
  - **Transaction data:** OMS2
  - **Menu path:** Display IMG -> Logistics – General -> Materials Master -> Basic Settings -> Material Types -> Define Attributes of Material Types

Material Types (Configuration)

- **Raw Materials (ROH)**
  - Raw materials are always procured externally and then processed
  - A material master record of this type contains purchasing data, but not sales data since they cannot be sold

- **Trading Goods (HAWA)**
  - Trading goods are always procured externally and then sold
  - A material master record of this material type may contain only Accounting data and no costing data
  - It can contain both purchasing data and sales data

- **Finished products (FERT)**
  - Finished products are produced in-house
  - They have got both Accounting and Costing data

Material Types (Configuration)

- **Semifinished products (HALB)**
  - Semifinished products can be procured externally and manufactured in-house. They are then processed by the company
  - A material master record of this material type can contain both purchasing and work scheduling data

- **Services (DIEN)**
  - Services can be performed internally or procured externally (outsourced). They cannot be stored or transported.
    - Construction work
    - Janitorial/cleaning services
    - Legal services

- **Packaging materials (VERP) / Returnable Packaging (LEIH)**
  - Packaging materials are used to transport goods and come with the goods free of charge
  - A material master record of this material type is managed on both a quantity basis and value basis

Business Scenario

- The Procurement department wants to classify the materials into the following groups:
  - Raw Materials
  - Semi-Finished Goods
  - Finished Goods
  - Trading Goods
  - Service Items
  - Returnable Packaging
  - Expenses
  - Assets

Define Material Groups (Configuration)

- Material Groups are defined at Client level and are available to be used for any Company code

- By defining material groups, you can classify or group materials with the same attributes or purpose

- You can use material groups to:
  - Limit the scope of analyses
  - Systematically search for material master records via matchcodes or search helps

- Define Units of Measure Groups

- Check Units of Measurement

SAP S/4HANA Sourcing and Procurement (Configuration and End-User)

Units of Measure Groups

- In this step, you can group together existing units of measure.

- You can store units of measure groups in a material master record.

- If you specify a units of measure group on the units of measure screen when maintaining material master records, all the units in this group will be copied to the material using the conversion factor assigned. The conversion factors relate to the material's base unit of measure.

- **Actions**

- If you want to access units of measure groups when maintaining material master records, group together the required units with the relevant conversion factors.

Purchasing Value Keys

SAP S/4HANA Sourcing and Procurement (Configuration and End-User)
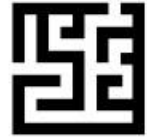
Business Scenario

- Your Purchasing department wants to monitor overdue purchase orders. They want to issue delivery reminders to the Vendor for a purchase order

Purchasing Value Key

- Purchasing Value Key is useful for setting reminder for the material you can find in material master in Purchasing view

- Purchasing value key determines the following things:
  - Reminders keys- There are 3 keys which determine in how many days before or after the vendor has to be reminded or urging letters for the material procurement
  - Over and under deliveries tolerances
  - Order acknowledgement requirements in PO

Material Master Data

in

SAP S/4HANA Sourcing & Procurement

End-User

Business Scenario

- The Procurement department initially wants to set up the following Materials into SAP system:
  - Trading Goods
  - Raw Materials
  - Semi-Finished Goods
  - Finished Goods
  - Service Items
  - Returnable Packaging

Material Master Data (End-User)

- **Transaction data:** MM01

- **Menu path:** SAP Easy Access -> Logistics -> Materials Management -> Material Master -> Material -> Create (General) -> Immediately

Moving Average Price and Standard Price for Material Valuation (End-User)

SAP S/4HANA Sourcing and Procurement

Moving Average Price and Standard Price for Material Valuation

- **Moving Average Price (V):**
  - Moving Average Price is the weighted average price of a material and will be updated if the Purchase Order price for that material is different
  - This price is calculated based on total stock and total value using the following formula:
    - **Moving average price = total stock value / total stock quantity**
  - For example, an **existing moving average price** of a material is **£40** while its current quantity and total stock value is 0
  - And then we purchase 10 pieces of this material at the price of £50
  - So, when its Goods Receipt is created, an accounting document is created and the material **stock quantity** is updated as **10 pieces** while the **inventory stock value** becomes (10 x £50) = **£500**
  - Then the **current moving average price** is updated as = £500/10 = **£50**

Moving Average Price and Standard Price for Material Valuation

- **Standard Price (S):**
    - A standard price is a fixed price defined in the material master record. It is used for Finished products, in general.
    - For example, an **existing standard price** of a material is **£40** while its current quantity and total stock value is 0
    - And then we purchase 10 pieces of this material at the price of £50
    - So, when its Goods Receipt is created, an accounting document is created and the material **stock quantity** is updated as **10 pieces** while the **inventory stock value** remains as **(10 x £40) = £400** and **not (10 x £50) = £500** because the difference of **£100** is posted in the **price difference account**

Define Product Hierarchies (Configuration)

- Product hierarchies can be used for statistical analysis or pricing, for example, or you can change their structure

- The product hierarchy groups materials by combining different characteristics. Each characteristic is represented by a specific product hierarchy level

- In the standard system, the product hierarchy consists of up to 3 levels. The first and second levels have 5 digits and the third level has 8. The maximum number of digits is 18 and the maximum number of levels is 9

- **For Example, a product hierarchy can be structured as follows:**
    - TUK01 Hand Tools
    - TUK01TUK02 Hammers & Mallets
    - TUK01TUK02TUK03 Claw Hammers

- In this example, a hammer belongs to product hierarchy TUK01TUK02TUK03