Logistics and Supply Chain Management 2010

PLM 2010
Product Lifecycle Management

Manufacturing 2010

Procurement and Materials Management 2010
In This Session …

- This session offers practical education to help you align and synchronize key logistics activities with their corresponding financial postings.
- In this session, we will talk mainly on Automatic Accounts Assignment (AAA), i.e., how SAP “decides” which FI account will be used per specific transaction.
What We’ll Cover …

- Defining the Material Master (MM) – What is it used for?
  - Accounting data in Material Master
  - Understanding automatic account assignment – Principles
  - Customizing – Automatic account assignment
  - Demo – Group accounting data parameters with valuation class
  - Looking at split valuation – What it is and how to configure it
  - Wrap-up
Control of Material Type: Material Master

- Procurement type (internal / external)
- Views for material maintenance
- External alphanumeric number assignment without check
- Type of inventory management (quantity / value)
- Assignment to an account category reference
- Field selection and screen sequence
- General indicators for price control, special processes, and retail
- Costing control
- Item category group SD
- Authorization group

Source: SAP
Control of Material Type: Material Master (cont.)

• The user departments (maintenance status) defined for a certain material type determine which views can be maintained for a material of this type
  † In turn, this determines which applications can use the material
• Via the entries for external and internal orders, you specify how materials of a certain type can be procured
  † In addition, you can use special procurement keys in the material master record to restrict the procurement type for each material and plant
• The type of inventory management (quantity- or value-based) can be defined for a material type on a valuation area-dependent basis
• The material type can only be subsequently changed for a material subject to certain restrictions
  † Either the old and new material types must be assigned to the same account category reference or there must be no stocks, purchase orders, or reservations for this material
The material master record is a central data object in the SAP System. It serves to represent raw materials, operating supplies, semifinished and finished products...
The Maintenance Statuses for Material Master Records (cont.)

- You can use a material in the individual Logistics functions only if the material has certain maintenance statuses
  - A valued material that you wish to purchase for receipt into stock, for example, must have at least the maintenance statuses E (purchasing) and B (accounting)
- Each user department has its own views of a material master record
Settings for Material Master Records

- Configuring the material master
- Field selection
- Basic settings
- Settings for key fields
- Tools and enhancements
- Retail-specific settings
Settings for Material Master Records (cont.)

- The Customizing activities are subdivided in the Implementation Guide as follows:
  - You can adjust the material master dialog (screen layout, order of screens, etc.) in accordance with the specific requirements of your enterprise under Configuring the Material Master.
  - The IMG node Field Selection covers all activities by means of which you can specify which material master fields are to be ready for input (mandatory or optional entry), displayed only, or suppressed.
  - You can make all settings for the material types and number assignment for material master records under the IMG node Basic Settings.
• Under the IMG node Settings for Key Fields, you specify the following (among other things):
  - Which material groups and divisions you use in your company
  - Which material statuses you wish to use
  - Which storage and temperature conditions are to be adhered to in the case of certain materials

• The IMG node Tools contains activities enabling you to:
  - Define authorizations and authorization profiles for the maintenance of material master records
  - Organize the transfer of data for material master records
  - Specify the start times of background jobs
  - Maintain search helps
  - Reset test data
  - Initialize the periods for the individual company codes
Settings for Material Master Records (cont.)

• Under the IMG node Enhancements, you will find the documentation and options for using enhancements and business add-ins to adapt
  - For example, the number assignment and the default values for the material master maintenance for your company
• A separate IMG node Retail-Specific Settings enables you, for example, to enter retail-specific settings for central fields and for material discontinuation
Display Material Types
What We’ll Cover …

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- Wrap-up
Accounting View

The main field is “Valuation Class” which gives the integration between FI and Logistics.
Accounting View (cont.)

Statistical prices that can be calculated either manually or through CO-PC (Product Costing)
What We’ll Cover …

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Automatic Postings for GR and IR with Reference to PO

**Business process:**
1. Goods receipt for purchase order in warehouse
2. Invoice receipt for warehouse order

**Accounting document:**

<table>
<thead>
<tr>
<th>Item</th>
<th>PstKy</th>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>89</td>
<td>300 000</td>
<td>100.00</td>
</tr>
<tr>
<td>2</td>
<td>96</td>
<td>191 100</td>
<td>120.00-</td>
</tr>
<tr>
<td>3</td>
<td>83</td>
<td>231 000</td>
<td>20.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>PstKy</th>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>31</td>
<td>Vendor</td>
<td>121.00-</td>
</tr>
<tr>
<td>2</td>
<td>86</td>
<td>191 100</td>
<td>120.00</td>
</tr>
<tr>
<td>3</td>
<td>93</td>
<td>281 000</td>
<td>10.00-</td>
</tr>
<tr>
<td>4</td>
<td>40</td>
<td>154 000</td>
<td>11.00   (*)</td>
</tr>
</tbody>
</table>

Source: SAP
A Goods Receipt (GR) into the warehouse or stores is posted
  - The receipt of 10 pieces at an order price of 12.00 EUR/pc is posted for a material with a standard price of 10.00 EUR/pc

The Invoice Receipt (IR) is posted at the invoice price of 11.00 EUR/pc
  - In the invoice, the tax rate of 10% is used for the input tax (*)
Automatic Account Determination in MM

Operations in MM

- Goods receipt
- Goods issue
- Account maintenance
- Debit / credit Material
- Transfer posting
- Incoming invoice
- Price change

Source: SAP
The Materials Management transactions for which automatic postings can be set up occur in the following areas:
- Inventory management
- Invoice verification
- Material valuation

They include goods movements triggered by transactions or events in Production Planning (PP) or Sales and Distribution (SD)
Valuation and Account Determination Levels in MM

- Chart of accounts
- Company code
  - 001
  - 3000
- Valuation area
  - Plant
    - Plant
    - Plant
  - Plant
  - Plant
- Plant
- Valuation type

Source: SAP
Valuation and Account Determination Levels in MM (cont.)

- The assignment of G/L account numbers (account determination) always depends on the chart of accounts
  - You assign the chart of accounts to a company code in Customizing for FI
- When the MM business processes are entered, the valuation area (plant or company code) is known in each case
  - In Customizing, you can choose whether the valuation area is to be the same as the company code or the same as the plant
    - This setting must be made before materials are created and before the MM inventory management transactions are entered
  - G/L account number assignment can be defined as a function of the valuation area
Overview of the Assignment of G/L Account Numbers for Automatic Account Determination

Depending on the different influencing factors (the assigned chart of accounts, the business transaction, the plant in which the transaction is posted, and possibly the material itself), the program determines which G/L account postings have to be made.

For every possible combination of the factors of influence (chart of accounts, business transaction, plant, and possibly the material itself), a G / L account must be assigned for DEBIT and CREDIT postings.

<table>
<thead>
<tr>
<th>Client</th>
<th>CAcct</th>
<th>Transaction</th>
<th>VG</th>
<th>AG</th>
<th>VClass</th>
<th>G/L acc. DEBIT</th>
<th>G/L acc. CREDIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>400</td>
<td>INT</td>
<td>BSX</td>
<td>0001</td>
<td>---</td>
<td>3000</td>
<td>300 000</td>
<td>300 000</td>
</tr>
<tr>
<td>400</td>
<td>INT</td>
<td>WRX</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td>191 100</td>
<td>191 100</td>
</tr>
<tr>
<td>400</td>
<td>INT</td>
<td>PRD</td>
<td>---</td>
<td>PRA</td>
<td>3000</td>
<td>231 000</td>
<td>281 000</td>
</tr>
<tr>
<td>400</td>
<td>INT</td>
<td>GBB</td>
<td>0001</td>
<td>VBR</td>
<td>3000</td>
<td>400 000</td>
<td>400 000</td>
</tr>
</tbody>
</table>

Source: SAP
Overview of the Assignment of G/L Account Numbers for Automatic Account Determination (cont.)

• The abbreviations have the following meanings:
  - Client = Client
  - CAcct = Chart of accounts
  - VG = Valuation grouping code
  - AG = Account grouping code (gen. acct. modif. code/modifier)
  - VClass = Valuation class

• The Implementation Guide documentation contains an exact description of the automatic account determination process: IMG → Materials Management → Valuation and Account Assignment → Account Determination → Account Determination Without Wizard → Configure Automatic Postings
What We’ll Cover …

- Defining the Material Master (MM) – What is it used for?
- Accounting data in Material Master
- Understanding automatic account assignment – Principles
  - Customizing – Automatic account assignment
- Demo – Group accounting data parameters with valuation class
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- Wrap-up
### Grouping of Valuation Areas

<table>
<thead>
<tr>
<th>Val. area</th>
<th>CoCode</th>
<th>Company Name</th>
<th>Chrt/Accts</th>
<th>Val.Grgp Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
<td>1000</td>
<td>IDES AG</td>
<td>INT</td>
<td>00001</td>
</tr>
<tr>
<td>1100</td>
<td>1000</td>
<td>IDES AG</td>
<td>INT</td>
<td>00001</td>
</tr>
<tr>
<td>1200</td>
<td>1000</td>
<td>IDES AG</td>
<td>INT</td>
<td>00001</td>
</tr>
<tr>
<td>1300</td>
<td>1000</td>
<td>IDES AG</td>
<td>INT</td>
<td>00001</td>
</tr>
<tr>
<td>1400</td>
<td>1000</td>
<td>IDES AG</td>
<td>INT</td>
<td>00001</td>
</tr>
<tr>
<td>2000</td>
<td>2000</td>
<td>IDES UK</td>
<td>INT</td>
<td>00001</td>
</tr>
<tr>
<td>2010</td>
<td>2000</td>
<td>IDES UK</td>
<td>INT</td>
<td>00001</td>
</tr>
<tr>
<td>2200</td>
<td>2200</td>
<td>IDES France</td>
<td>CAFR</td>
<td>FR01</td>
</tr>
<tr>
<td>3000</td>
<td>3000</td>
<td>IDES US INC</td>
<td>CAUS</td>
<td>US01</td>
</tr>
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<td>3100</td>
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<td>IDES US INC</td>
<td>CAUS</td>
<td>US01</td>
</tr>
<tr>
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<td>CAUS</td>
<td>US01</td>
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<td>3400</td>
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<td>CAUS</td>
<td>US01</td>
</tr>
<tr>
<td>3500</td>
<td>3000</td>
<td>IDES US INC</td>
<td>CAUS</td>
<td>US01</td>
</tr>
</tbody>
</table>

Source: SAP
Grouping of Valuation Areas (cont.)

- Company codes 1000 and 2000 use the same chart of accounts INT.
- Account determination is uniform for plants 1000, 1100, and so on of company code 1000 and for plants 2000 and 2010 of company code 2000
Grouping of Materials

Option 1

ROH
- Mat 1
- Mat 2

HIBE
- Mat 3
- Mat 4

FERT
- Mat 5
- Mat 6

Acct 1

Option 2

ROH
- Mat 1
- Mat 2

HIBE
- Mat 3
- Mat 4

Acct 1

FERT
- Mat 5
- Mat 6

Acct 2

Option 3

ROH
- Mat 1
- Mat 2

Acct 1

Acct 2

Source: SAP
Grouping of Materials (cont.)

- You can define automatic account determination on a material-dependent basis
  - This would enable you to post the receipt of a raw material to a different stock account than that of a trading good, for example
  - However, your company may wish to have different stock accounts for different materials depending only on the procurement type (manufactured in-house or procured externally)
- You can set up uniform G/L account determination for all materials of a certain type or even for several material types
- You can also specify that different G/L accounts are to be determined for different materials of a certain material type
- You can also combine options 2 and 3, that is:
  - Group several material types
  - Define different G/L accounts for different materials within this group
Material Type and Valuation Class

Source: SAP
Material Type and Valuation Class (cont.)

- The account category reference is the grouping term for account determination depending on the material type.
- Several valuation classes can be assigned to an account category reference.
- Each material type for which quantity- and value-based inventory management has been defined is assigned to an account category reference (mandatory).
- When maintaining the accounting data for a material of this material type, you can choose one of the valuation classes that have been defined for the relevant account category reference.
  - G/L account determination for this material is then carried out according to the settings for this valuation class.
Account Determination Process in MM

Inventory Management

Invoice Verification

Transaction

Posting string for values

BSX

300000

Transaction

G / L account number

PRD

281000

Source: SAP
Account Determination Process in MM (cont.)

- Posting records generalized in a value string (posting rule) are assigned to each relevant movement type in inventory management and each transaction in invoice verification
  - Instead of specific G/L account numbers, this value string contains keys for the relevant posting transactions (for example, BSX for a stock posting and PRD for a price difference posting)
- You do not have to define these transaction/event keys
  - They are determined automatically in the SAP system from the specific transaction in invoice verification or from the transaction and movement type in inventory management
  - You need only to assign the G/L account to which postings are to be made to each posting transaction (taking into account the other influencing factors)
Assignment of G/L Account Number

Transaction

Chart of accounts

Rules: influencing factor relevant?

Valuation grouping code + Account grouping + Valuation class

G / L account (debit / credit)

Source: SAP
• Using rules, you can specify whether the assignment of the G/L accounts for a transaction involving automatic account determination depends on:
  - The valuation grouping code
  - The account grouping code (not possible for every posting key)
  - The valuation class

• By means of a further indicator, you specify for each posting transaction whether different G/L accounts are to be assigned for the debit posting and the credit posting (not possible for stock accounts)
Transaction/Event Key and Account Grouping Code

**Principle**

Transaction from inventory management or invoice verification

Transaction 1

... transaction n

Account grouping code

**Example**

Value string

Goods issue for cost center

WA01

BSX

GBB

PRD

VBR

PRA
The value strings contain keys for the posting transactions that can lead to G/L account updates in the case of an FI-relevant posting:

- These value strings are predefined by SAP
- You cannot change value strings or the transactions they comprise in Customizing

For each of these posting transactions, you can set up automatic postings dependent on the other influencing factors:

- Certain posting transactions can be differentiated on a transaction-specific basis by the use of an account grouping code

In the case of inventory management transactions, the account grouping (or modification) code can be changed dependent on the movement type and other indicators (such as the special stock indicator):

- The account grouping code cannot be changed in the case of invoice verification transactions
Summary of Influencing Factors

Organizational structure
- Plant
- Valuation area

Company code
- Chart of accounts
- Valuation grouping code

Material
- Material number
- Material type
- Value update
- Accounting data for the valuation area
- Valuation class

Goods movement/invoice verification
- Value string

Transaction / event key
- Account grouping code

Source: SAP
Summary of Influencing Factors (cont.)

- The system parameters (influencing factors) you have to take into account when setting up automatic account determination are as follows:
  - Chart of accounts of the company code
  - Valuation grouping code of the plant or company code
  - Valuation class of the material
  - Transaction/event key from the value string, possibly with account grouping code
- You can assign the G/L accounts for your business processes in dependence on these parameters
### Determination of Accounts for Delivery Costs

#### Calculation Schema

<table>
<thead>
<tr>
<th>CType</th>
<th>Description</th>
<th>...</th>
<th>Acct. key</th>
<th>Accruals</th>
</tr>
</thead>
<tbody>
<tr>
<td>PB00</td>
<td>Gross price</td>
<td>...</td>
<td></td>
<td></td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td></td>
<td>...</td>
<td></td>
</tr>
<tr>
<td>FRA1</td>
<td>Freight%</td>
<td>...</td>
<td>FRE</td>
<td>FR1</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
<td></td>
<td>FRE</td>
<td>FR2</td>
</tr>
<tr>
<td>FRA2</td>
<td>Freight%</td>
<td>...</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Condition type:** FRA1 2%
- **Transaction / event key for freight purchase account**
- **Transaction / event key for account determination for delivery costs**

**Source:** SAP
The transaction/event keys (account keys) for delivery cost postings come not from the value string but from the calculation schema for purchasing.

- If required, you can define further account keys for new condition types in Customizing for price determination and use them for additional clearing or provision accounts.

- The following excerpt from the SAP system Customizing shows you details of the calculation schema for purchasing.
# Account Key in Purchasing

## Change View "Control data": Overview of Selected Set

<table>
<thead>
<tr>
<th>Step</th>
<th>Cntr</th>
<th>CTyp</th>
<th>Description</th>
<th>Fro</th>
<th>To</th>
<th>Man</th>
<th>Mdt</th>
<th>Stat</th>
<th>P</th>
<th>SubTo</th>
<th>Reqt</th>
<th>AltCTy</th>
<th>AltCBV</th>
<th>ActKy</th>
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<td>PB00</td>
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<td>VA00</td>
<td>Variants/Quantity</td>
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<td></td>
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</tr>
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<td>3</td>
<td>0</td>
<td>VA01</td>
<td>Variants %</td>
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<td>X</td>
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<td>RB00</td>
<td>Discount (Value)</td>
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<td></td>
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<td></td>
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<td></td>
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<td></td>
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<td></td>
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<tr>
<td>10</td>
<td>2</td>
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<td>Discount/Quantity</td>
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<td>X</td>
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<td>3</td>
<td>RA00</td>
<td>Discount % on Net</td>
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<td></td>
<td></td>
<td></td>
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<td>10</td>
<td>5</td>
<td>HB00</td>
<td>Header Surch. (Value)</td>
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<td>6</td>
<td>ZB00</td>
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<td>7</td>
<td>ZC00</td>
<td>Surcharge/Quantity</td>
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<td></td>
<td></td>
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<td></td>
</tr>
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<td>10</td>
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<td></td>
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<td>Group Discount %</td>
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<td>Net incl. disc.</td>
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<tr>
<td>31</td>
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<td>Freight %</td>
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<td></td>
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<td>10</td>
<td>FRA2</td>
<td>Freight %</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>FRE</td>
<td>FR2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>0</td>
<td></td>
<td>Actual Price</td>
<td>22</td>
<td>39</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Account Key in Purchasing (cont.)

- The previous illustration only contains a few selected condition types of the standard calculation schema
  - Before you can assign new provision keys for posting the planned delivery costs, you first have to define them in a separate Customizing activity
Default Account in Purchasing

An account can be suggested depending on the account assignment category.
This account is determined via the account grouping code of the account assignment category.

Source: SAP
• In the case of items with account assignment with a material master record, the valuation class from the accounting view is used.

• In the case of items with account assignment without a material master record, the valuation class of the material group or the valuation class ' ' is used.
What We’ll Cover …

- Defining the Material Master (MM) – What is it used for?
- Accounting data in Material Master
- Understanding automatic account assignment – Principles
- Customizing – Automatic account assignment
- Demo – Group accounting data parameters with valuation class
- Looking at split valuation – What it is and how to configure it
- Wrap-up
Demo — Group Accounting Data Parameters with Valuation Class
What We’ll Cover …

• Defining the Material Master (MM) – What is it used for?
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Split Valuation

Source: SAP
Split Valuation (cont.)

- Only if split valuation is active can different stocks of the same material be valuated separately
  - If you wish to have split valuation for a material, you enter a valuation category in the accounting data for the material
  - This stipulates which valuation types can be specified
  - A valuation type characterizes one of the possible partial stocks for a certain valuation category
- You can specify default valuation types for every valuation category for the transactions in Purchasing and PP
  - These have an influence on the valuation type to be entered in a purchase order, for example
Settings for Split Valuation

Global types

- External orders permitted?
- Internal orders permitted?
- Define account category reference

Global categories

- (Binding) default MTy for internal and external procurement
- “Determine movement type automatically” indicator
- Assign types to categories (activate)

Local definitions

- Assign categories to the organizational units
- Change categories and types locally

Source: SAP
What We’ll Cover …

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Resources

  - SAP Best Practices on Consumables Purchasing
- SAP Standard Course SCM550 — Cross Functional Customizing in Materials Management"
  - www.sap.com/services/education/catalog/globaltabbedcourse.exp?context=%5B%5B%7CSCM550%7C%7C033%7CG%7C%5D%5D%7C
- Material Master (LO-MD-MM)
7 Key Points to Take Home

• Automatic account determination is a key integration between FI and the Logistics modules
• The customizing options are enormous – You can configure almost everything you desire
• The main parameter is the “valuation class”
• Valuation class may be inserted in the Material Master (master data) and in the Material Group (Customizing)
• Freight costs parameters must be inserted in the Pricing calculation schema of the Purchase Order
• Split valuation may allow more than a single price for the same material (e.g., by country of origin)
• Do not forget testing and more testing
Questions?

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