



Infor LN Procurement User Guide for Purchase Contracts

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About this document

This document provides an introduction to purchase contracts and explains the steps and functions in the purchase contract procedure. The process to manage corporate purchase contracts, and contract retrieval are also detailed.

Objectives

This document describes the purchase contract procedure in Procurement.

Assumed knowledge

Although you need no detailed knowledge of the LN software to read this guide, general knowledge of the Infor LN functionality will help you understand this guide.

Document summary

This table shows the chapters of this guide:

Chapter number	Chapter title	Content
Chapter 1	Introduction	Introduction to purchase contracts
Chapter 2	Procedure	Steps in the purchase contract procedure
Chapter 3	Corporate contracts	Definition and setup of corporate purchase contracts
Chapter 4	Contract retrieval	Purchase contract retrieval for purchase orders and schedules
Chapter 5	Additional processes	Additional functionality in the purchase contract procedure

References

Use this guide as the primary reference for purchase contracts. Use the current editions of these related references to research information that is not covered in this guide:

- **User Guide for Purchase Master Data U9817 US**
Use this guide to understand the setup of purchase master data.
- **User Guide for Terms and Conditions U9499 US**
Use this guide to understand the setup and use of terms and condition agreements.

- ***User Guide for Requests for Quotation (RFQs) U9821 US***
Use this guide to understand the requests for quotation procedure.
- ***User Guide for Purchase Orders U9824 US***
Use this guide to understand the purchase order procedure.
- ***User Guide for Purchase and Sales Schedules U9541 US***
Use this guide to understand the purchase and sales schedule procedures.
- ***User Guide for Pricing U9179 US***
Use this guide to understand the pricing functionality.
- ***User Guide for Material Pricing U9865 US***
Use this guide to understand the material pricing functionality.

How to read this document

This document was assembled from online Help topics. As a result, references to other sections in the manual are presented as shown in the following example:

For details, refer to *Introduction*. To locate the referred section, please refer to the Table of Contents or use the Index at the end of the document.

Underlined terms indicate a link to a glossary definition. If you view this document online, clicking the underlined term takes you to the glossary definition at the end of the document.

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Purchase contracts are used to register agreements with a buy-from business partner for the delivery of specific goods.

These agreements can be registered at the following levels:

- **Purchase contract lines**
In contract lines, the agreements with a business partner about the delivery of a particular item or group of items for a specified period of time are registered. These agreements are focused on total quantities, prices, and discounts. You can specify an effective period and indicate whether the minimum quantity to purchase is binding.
- **Terms and conditions agreements**
In terms and conditions agreements, detailed terms and conditions regarding orders, planning, logistics, invoicing, and demand pegging regarding the sale, purchase, or transfer of goods, are registered. A purchase terms and conditions agreement must be linked to a normal purchase contract before you can use it.

Contract types

You can specify these contract types:

- Normal contracts
- Special contracts

For each purchase business partner, you can close multiple special contracts in one period. In a specific period, you cannot specify more than one normal contract per item or price group for a buy-from business partner.

Purchase contracts are used as the basis of purchase orders or purchase schedules. The data specified in the purchase contract serves as a parent of the data that you specify in the linked purchase order or purchase schedule.

When creating planned purchase orders or purchase schedules from Enterprise Planning, during the supplier selection process, purchase business partners are searched for who can supply the required item. Based on the priority search levels specified on the **Buy-from BP Search Schedules** and **Buy-from BP Search Orders** tabs of the Purchase Contract Parameters (tdpur0100m300) session, purchase contracts can be used to search for these purchase business partners. If valid business partners are found, they are sent to and selected by Enterprise Planning.

Contracts in a multisite structure

Corporate purchase contracts

In a multicompany structure, you can also specify a corporate purchase contract. Such a contract is used to centrally specify price agreements (by purchase contract line), and to decentrally specify logistic agreements (by purchase contract line detail).

Corporate purchase contracts allow you to make keen price agreements on a corporate level and to use these prices on site level. You can use corporate purchase contracts only for push schedules.

Note

Corporate purchase contracts are not specified on contract header level, but on line level. Therefore, a purchase contract can include both lines of the **Total** type and lines of the **Contract Line** type. Total lines have linked contract line details, which can apply only to corporate purchase contracts. Contract lines apply to regular purchase contracts.

Central contracts

In a multicompany structure, you can define a central contract that can be used by various purchase offices from different logistic companies. The following are applicable to these contracts:

- The central purchase office maintains the purchase contract and purchase pricing.
- Price and logistic agreements are specified on a central level, by purchase contract line.
- Each separate logistic company (site) purchases goods directly from suppliers, handles receipts, and pays invoices.
- The local purchase orders are based on the conditions, prices, and discounts laid down in the central contract.
- The local companies' purchased quantities are aggregated to the central contract.
- In the company that maintains the central contract, you cannot use delivery schedules to update planned inventory transactions, because the inventory is present in other companies. You can only use the delivery schedules to display information.
- LN records the supplier performance information in the local companies that issue the purchase orders.

Note

Before you can use central contracts, the companies must share the contract tables by means of logical table linking or by replication.

If you share the contract lines table, the **Use Corporate Purchase Contracts** check box in the Purchase Contract Parameters (tdpur0100m300) session must have the same value for all companies.

For more information, refer to:

- *User's Guide for Multicompany Structures (U9504 US)*

- *User's Guide for Multicompany Table Sharing (U9505 US)*

Specifying purchase contracts

To record the agreements that you made with a buy-from business partner:

Step 1: Purchase Contracts (tdpur3100m000)

Specify the general data for a purchase contract header in the Purchase Contracts (tdpur3100m000) session. This session includes mainly purchase business partner-related information. On the contract header, you can also link a [terms and conditions agreement](#).

The terms and conditions agreement can be linked as follows in this session:

- Manually, by selecting an agreement from the Terms and Conditions (tctrm1100m000) session.
- By generating an agreement from a template, which is automatically linked to the contract header. Select **Generate Terms and Conditions from Template** from the [appropriate](#) menu to start the Generate Terms and Conditions from Template (tctrm2200m000) session.

The following can be linked to a contract:

- Both a terms and conditions agreement and contract lines
- Only a terms and conditions agreement and no contract lines
- Only contract lines and no terms and conditions agreement

Step 2: Purchase Contract Lines (tdpur3101m000)

Specify [purchase contract lines](#) in the Purchase Contract Lines (tdpur3101m000) session, which include the agreements with a purchase business partner about a certain item during a period of time.

Step 3: Purchase Contract Prices (tdpur3103m000)

In the Purchase Contract Prices (tdpur3103m000) session, record prices and discounts for the purchase contract line in a [purchase contract price revision](#).

If the contract line item is a configurable item, and the **Option Based Pricing** check box is selected in the Purchase Contract Lines (tdpur3101m000) session, item prices are retrieved from the generic price list in Manufacturing and not from the Purchase Contract Prices (tdpur3103m000) session.

If no valid price and discount can be retrieved from the purchase contract, LN will continue searching for a price and discounts in other sources.

For more information, refer to *Setting up purchase contract price revisions* (p. 12).

Step 4: Purchase Contract Line Logistic Data (tdpur3102m000)

In the Purchase Contract Line Logistic Data (tdpur3102m000) session, specify purchase contract line logistic data if you want purchase schedules with external business partners to be linked to the contract line. If you only use purchase schedules with internal business partners, you need not define a contract. Therefore, the Purchase Contract Line Logistic Data (tdpur3102m000) session is not a mandatory session in the purchase contract procedure.

The purchase contract line logistic data provides default values to the purchase schedule that is linked to the purchase contract line. If you do not specify logistic data, you cannot create a purchase schedule for an external business partner.

For more information, refer to *Setting up contract line logistic data* (p. 13).

Step 5: Delivery Contract (tdpur3104m000)

In the Delivery Contract (tdpur3104m000) session, you can create a delivery contract instead of a purchase schedule if you already know the time-phased delivery details. A delivery contract is not a real schedule, but a schedule solution to generate purchase orders in time.

For more information, refer to *Setting up a delivery contract* (p. 13).

Note

You can also complete all of these steps in the Purchase Contract (tdpur3600m000) session.

For information on specifying corporate purchase contracts, refer to *Corporate purchase contracts* (p. 15).

Setting up purchase contract price revisions

To set up a purchase contract price revision:

1. Create a purchase contract in the Purchase Contracts (tdpur3100m000) session.
2. Create a purchase contract line in the Purchase Contract Lines (tdpur3101m000) session.
3. From the appropriate menu in the Purchase Contract Lines (tdpur3101m000) session, select **Contract Prices**. The Purchase Contract Prices (tdpur3103m000) session starts.
4. In the Purchase Contract Prices (tdpur3103m000) session, specify the purchase contract price revisions.

Setting up contract line logistic data

To set up logistic agreements for a purchase contract line:

1. Create a purchase contract in the Purchase Contracts (tdpur3100m000) session.
2. Create a purchase contract line in the Purchase Contract Lines (tdpur3101m000) session, with:
 - The **Purchase Schedule in use** check box selected.
 - The **Delivery Contract Available** check box cleared.
3. From the appropriate menu in the Purchase Contract Lines (tdpur3101m000) session, select **Logistic Data**. The Purchase Contract Line Logistic Data (tdpur3102m000) session starts.
4. In the Purchase Contract Line Logistic Data (tdpur3102m000) session, specify the purchase contract logistic data.

Note

If the purchase contract is a corporate purchase contract and purchase contract line details are specified for a purchase contract line in the Purchase Contract Line Details (tdpur3101m100) session, you must also specify logistic agreements for the purchase contract line detail in the Purchase Contract Line Logistic Detail Line (tdpur3102m100) session. In the Purchase Contract Line Details (tdpur3101m100) session, choose **Logistic Detail Line**.

Setting up a delivery contract

When you specify a contract and you know the time-phased delivery details, you can create a delivery contract instead of a purchase schedule. A delivery contract is not a real schedule, but a schedule solution to generate purchase orders on time.

To set up a delivery contract:

1. Create a purchase contract in the Purchase Contracts (tdpur3100m000) session.
2. Create a purchase contract line in the Purchase Contract Lines (tdpur3101m000) session, with:
 - The **Apply Contract for All Items in Price Group** check box cleared.
 - The **Purchase Schedule in use** check box cleared.
 - The **Delivery Contract Available** check box selected.
3. From the appropriate menu in Purchase Contract Lines (tdpur3101m000) session, select **Delivery Contract**. The Delivery Contract (tdpur3104m000) session starts.
4. Specify the delivery dates and the quantities to be delivered on the specified dates in the Delivery Contract (tdpur3104m000) session.
5. From the appropriate menu in the Delivery Contract (tdpur3104m000) session, select **Generate Purchase Orders** to generate purchase orders for the planned deliveries in the Generate Purchase Orders (tdpur3204m000) session. You can generate purchase orders for the planned deliveries only if the status of the purchase contract and the purchase contract line are **Active**.

Corporate purchase contracts

Corporate purchase contracts are used by multisite companies to negotiate contractual agreements with a buy-from business partner, after which price agreements are centrally specified by purchase contract line, and logistic agreements are decentrally specified by purchase contract line detail. Corporate purchase contracts allow you to make kept price agreements on a corporate level and to use these prices on site level.

With corporate purchase contracts, you can:

- Have a purchase contract per buy-from business partner and item for multiple sites
- Track the total quantity by purchase contract line and break down the requested quantity by site
- Track actual consumptions against the total quantity by contract line (representing the corporation), and contract line detail (representing a site) for performance analytics

Restrictions

Before you can specify corporate purchase contracts:

- The **Use Corporate Purchase Contracts** check box must be selected in the Purchase Contract Parameters (tdpur0100m300) session.
- The **Purchase Schedule in Use** check box must be selected and the **Schedule Type** field must be **Push Schedule** for the contract item in the Items - General (tcibd0501m000) session. Therefore, you can use corporate purchase contracts only for push schedules.
- The **Release to Warehouse** check box must be selected for the contract item in the Items - Purchase (tdipu0101m000) session.
- And specify purchase contract line details for a purchase contract line, its status must be **Free** and the **Advised Quantity**, **Called Quantity**, and **Invoiced Quantity** must be zero.

Note

Corporate purchase contracts are not specified on contract header level, but on line level. Therefore, a purchase contract can include both lines of the **Total** type and lines of the **Contract Line** type. Total

lines have linked contract line details, which can apply only to corporate purchase contracts. Contract lines apply to regular purchase contracts.

Specifying corporate purchase contracts

To record the corporate agreements you made with a buy-from business partner:

Step 1: Purchase Contracts (tdpur3100m000)

Specify a purchase contract header in the Purchase Contracts (tdpur3100m000) session.

Step 2: Purchase Contract Lines (tdpur3101m000)

Specify a purchase contract line in the Purchase Contract (tdpur3600m000) session.

Step 3: Purchase Contract Line Logistic Data (tdpur3102m000)

Specify logistic agreements for the purchase contract line in the Purchase Contract Line Logistic Data (tdpur3102m000) session.

For more information, refer to *Setting up contract line logistic data* (p. 13).

Step 4: Purchase Contract Prices (tdpur3103m000)

Specify a contract price revision for the purchase contract line in the Purchase Contract Prices (tdpur3103m000) session.

These prices are also used by the purchase contract line details that are linked to the purchase contract (total) line.

If the **Cumulative Price Break** check box is selected in the Purchase Contract Prices (tdpur3103m000) session, a schedule line's price is calculated based on the aggregated CUM values of all schedules that share this contract total line.

Step 5: Purchase Contract Line Details (tdpur3101m100)

Specify purchase contract line details in the Purchase Contract Line Details (tdpur3101m100) session.

Step 6: Purchase Contract Line Logistic Detail Line (tdpur3102m100)

Specify logistic agreements for a purchase contract line detail in the Purchase Contract Line Logistic Detail Line (tdpur3102m100) session. This session retrieves its defaults from the Purchase Contract Line Logistic Data (tdpur3102m000) session, which is linked to the parent purchase contract (total) line.

For more information, refer to *Setting up contract line logistic data* (p. 13).

Step 7: Split Line (tdpur3101m200)

Optionally, in the Split Line (tdpur3101m200) session, you can split a purchase contract line detail into two line details. The information for the new contract line detail is retrieved from the Purchase Contract Line Details (tdpur3101m100) session from which the split is initiated. Logistic agreements are also automatically retrieved for the new purchase contract line detail.

Note

You can complete all of these steps also in the Purchase Contract (tdpur3600m000) and Purchase Contract Line (tdpur3601m000) sessions.

Specifics

The following are specific to corporate purchase contracts:

- During the supplier selection process, when Enterprise Planning searches for a contract line detail that can be linked to a push schedule, the warehouse for the plan item in the Items - Planning (cprpd1100m000) session is used. This warehouse must be part of the same cluster as the purchase contract line detail's warehouse in the Purchase Contract Line Details (tdpur3101m100) session.
- A purchase contract **Total** line has linked purchase contract line details and includes the totaled quantities and amounts of these contract line details.
- Schedule cumulatives are reset by purchase contract **Total** line in the Reset Cumulatives by Contract Total Line (tdpur3230m100) session. This session is required to simultaneously reset the cumulatives for schedules that share the same contract total line, so the price breaks from the Purchase Contract Prices (tdpur3103m000) session make sense.

Purchase contracts and purchase schedules

LN automatically links purchase schedules to contracts with the **Active** status.

LN automatically links a normal contract to the purchase schedule, but you can decide to link a special contract instead. To unlink the normal contract and link a special contract to the purchase schedule, from the appropriate menu in the Purchase Schedules (tdpur3110m000) session, select **Change Contract**. The Selected Purchase Contract Lines (tdpur3512s000) session is started from which you can select a special contract. You can replace the normal contract by a special contract only if no receipts are booked yet for the purchase schedule. If receipts are already booked, you must terminate the existing purchase schedule and create a new purchase schedule in the Terminate Purchase Schedule (tdpur3210m100) session. Now, you can link a special contract to the newly created purchase schedule.

When LN links a contract to the purchase schedule, the schedule header is loaded with the default values of the linked contract. Specific addresses, contract terms, and prices and discounts, are copied to the schedule. For nonreferenced schedules, LN uses the **Generation Date** in the Purchase Schedules (tdpur3110m000) session to determine which purchase contract price revision must be used from the Purchase Contract Prices (tdpur3103m000) session to retrieve prices and discounts. For referenced schedules, LN uses the **Purchase Price Date Type** field in the Pricing Parameters (tdpcg0100m000) session, which can be **Order Date**, **System Date**, or **Delivery Date** to determine which purchase contract price revision must be used.

Note

For schedules lines with a configured item, the **Option Based Pricing** check box is automatically selected in the Purchase Contract Lines (tdpur3101m000) session. For more information, refer to Configured items on purchase schedules.

Purchase contracts and purchase orders

LN automatically links purchase orders to contracts with the **Active** status. When a purchase order is created, LN first searches for special contracts and then for normal contracts. If more special contracts

are valid for the buy-from business partner/item(group)/date, a selection screen is displayed from which you must select a contract.

To retrieve terms and conditions from an active contract for an order line, the contract need not be linked to the order line. Therefore, the contract number is filled on the order line only if an active contract line is linked to the order line. For more information, refer to Retrieval of terms and conditions.

Purchase contract additional processes

A number of processes do not always occur in the purchase contract procedure, but can be applicable in specific situations.

You can:

- Use material prices on purchase contract lines. If the **Material Pricing in Procurement** check box is selected in the Material Price Parameters (tcmpr0100m000) session, after setting up the material pricing master data, LN can retrieve material price information for a contract line.
- Activate or deactivate a range of purchase contracts in the Activate/Deactivate Contracts (tdpur3205m000) session.
- Print contract acknowledgements to send to the buy-from business partner in the Print Purchase Contract Acknowledgments (tdpur3405m000) session.
- Copy one purchase contract to another in the Copy Purchase Contracts (tdpur3801m000) session.
- Copy quotations to a purchase contract in the Convert RFQs (tdpur1202m000) session.
- Create requests for quotation based on purchase contracts in the Generate RFQs from Contracts (tdpur3201m000) session.
- Check whether the agreed quantities are met at the end of a contract's effective period in the Evaluate Purchase Contracts (tdpur3420m000) session. You can also monitor, by extrapolating, the contract's progress during the effective period. A report is printed that contains the deviations. An evaluation for the complete contract can be executed by not printing the separate contract lines. Small deviations are tolerated and are not printed.
- Send a letter to inform the purchase business partner about the closure or expiration of the contract in the Print Purchase Contract Termination Letters (tdpur3406m000) session.
- Terminate or delete purchase contracts that are no longer valid, or that have ended early in the Delete/Terminate Purchase Contracts (tdpur3203m000) session.

Copying purchase contracts

You can copy purchase contracts in the Copy Purchase Contracts (tdpur3801m000) session.

You can always copy a normal contract to a normal contract or a special contract to a special contract. Whether or not you can copy a normal contract to a special contract, and a special contract to a normal contract, depends on the settings of these check boxes in the Purchase Contract Parameters (tdpur0100m300) session:

- **Copy Special Contract to Normal Contract**
- **Copy Normal Contract to Special Contract**

When you copy to a new normal contract, LN verifies whether a normal contract already exists:

- In the same period
- With the same price group or item
- For the same buy-from business partner

If such a contract already exists and the contract status is **Active**, copying is not allowed.

If no such contract exists, when you copy to a new normal contract:

- The new contract's effective date will be just after the expiry date of the old contract
- The contract period will be one year

Contracts are copied with a new contract number, which is determined in the same way as when you specify a new contract in the Purchase Contracts (tdpur3100m000) session, but with different effective and expiry dates. The purchase contract price revisions that are linked to the old contract with effective dates that are in the effectivity period of the new contract, are copied to the new contract. If no valid price revision exists, and the **Copy Prices** check box is selected in the Copy Purchase Contracts (tdpur3801m000) session, the last price revision of the old contract is copied to the new contract's price revision with an effective date that is equal to the contract line's effective date.

Note

Discounts and discount schedules from the old price revision are not automatically included when you copy prices to the new contract's price revision. To copy discounts to the new contract's price revision as well, select the **Copy Discounts** check box in the Copy Purchase Contracts (tdpur3801m000) session.

If price books or discount schedules of the old contract's price revision are not valid in the run time of the new contract, you can create new price books and new discount schedules for the new contract by selecting the **Create New Price Book** and **Create New Discount Schedule** check boxes in the Copy Purchase Contracts (tdpur3801m000) session.

Delivery contract(s) that are linked to the old contract can be copied to the new contract. To copy the delivery contract(s), select the **Copy Delivery Contract** check box in the Copy Purchase Contracts (tdpur3801m000) session.

When you copy contracts, the copied contract header and the item lines are logged in the contract history files. If the **Copy Terminated Contract Lines** check box is selected in the Copy Purchase Contracts (tdpur3801m000) session, the terminated contract lines are also copied to the new contract.

The currency of the buy-from business partner must be the same as the contract currency. If not, a message is displayed. The buy-from business partner status must be **Active** when a contract is agreed upon. A parent relation must exist between a buy-from business partner and the other business partner roles.

Evaluating purchase contracts

If a purchase contract is used for a purchase order or a purchase schedule, you can evaluate the purchase contract during and after the purchase order or schedule procedure. During the contract's effectivity period, you can check if the deliveries take place as agreed in the contract. At the end of the contract's effectivity period, you can check if the agreed quantities were met.

Note

Evaluating purchase contracts is mandatory if the **Evaluate Contract before Deleting** check box is selected in the Purchase Contract Parameters (tdpur0100m300) session.

You can also view the progress of a contract line in the Purchase Contract Line - Analysis (tdpur3513m000) session.

To evaluate contracts in the Evaluate Purchase Contracts (tdpur3420m000) session:

- The contract status must be **Active**
- Call orders must exist for the contract
- The time elapsed (%) must be more than the specified percentage

How a contract line is evaluated depends on the value of the **Quantity Binding** check box in the Purchase Contract Lines (tdpur3101m000) session. This check box determines whether the **Agreed Quantity** that you agreed upon with your purchase business partner is a mandatory quantity to purchase.

If the **Quantity Binding** check box is selected in the Purchase Contract Lines (tdpur3101m000) session, the Evaluate Purchase Contracts (tdpur3420m000) session prints the differences between:

- The **Called Quantity** and the **Maximum Quantity** fields in the Purchase Contract Lines (tdpur3101m000) session.
- The **Called Quantity** and the **Minimum Quantity** fields in the Purchase Contract Lines (tdpur3101m000) session.

If the **Quantity Binding** check box is cleared in the Purchase Contract Lines (tdpur3101m000) session, the Evaluate Purchase Contracts (tdpur3420m000) session prints the lines that exceed the boundaries that you specified in the Evaluate Purchase Contracts (tdpur3420m000) session.

You can accept small negative or positive deviations regarding the quantities. The deviations are calculated as follows in the Evaluate Purchase Contracts (tdpur3420m000) session:

$$(\text{Called Quantity} + \text{Invoiced Quantity} - (\text{Agreed Quantity} * \text{Elapsed Time Factor})) \div \text{Agreed Quantity} * 100\%$$

Example

- Agreed Quantity = 100
- Called + invoiced = 40
- Contract duration = 10 days
- Time Elapsed = 6 days

Negative Deviation = $40 - 100 * 6/10 \div 100 = -20\%$

If this percentage is greater than the allowed percentage, the contract line is printed.

Note

- The **Called Quantity** is increased when an order or schedule is linked to a contract. The **Called Quantity** is decreased again when an order/schedule line is processed in the Process Delivered Purchase Orders (tdpur4223m000)/ Process Purchase Schedules (tdpur3223m000) session.
- The invoiced quantity is increased when linked purchase order/schedule lines are processed in the Process Delivered Purchase Orders (tdpur4223m000)/ Process Purchase Schedules (tdpur3223m000) session.
- After a purchase contract is evaluated, the **Evaluation [y/n/repeat]** field is updated in the Purchase Contract Lines (tdpur3101m000) session.
- Extrapolating can produce a distorted picture if, for instance, the largest quantities are delivered at the end of the contract period. In this case, an interim evaluation will show a backlog that does not correspond with reality.

Appendix A

Glossary

A

appropriate menu

Commands are distributed across the **Views**, **References**, and **Actions** menus, or displayed as buttons. In previous LN and Web UI releases, these commands are located in the *Specific* menu.

central contract

A contract to which no specific contract office is linked.

cluster

In Enterprise Planning, a grouping of warehouses connected to each other by supplying relationships.

A cluster represents a geographical location that consists of one or more warehouses. Enterprise Planning considers these warehouses as one unit for planning purposes.

company

A working environment in which you can carry out logistic or financial transactions. All the transaction data is stored in the company's database.

Depending on the type of data that the company controls, the company is:

- A logistic company.
- A financial company.
- A logistic and a financial company.

In a multisite structure, some of the database tables can be unique for the company and the company can share other database tables with other companies.

configurable item

An item that has features and options and must be configured before any activities can be performed on it. If the configurable item is generic, a new item is created after configuration. If the item is manufactured or purchased, the configuration is identified by item code and option list ID.

Manufactured items with the default supply source set to **Assembly** and **Generic** items are always configurable. **Purchased** items with a purchase schedule in use can be configurable. Configurable **Purchased** items can be used within Assembly Control only.

configured item

A configurable item that is configured, which means options and features are chosen for the item.

A configured item can have components that are also configured, for example, a bike with a bike light. If a configured item is an end item, it is configured with its configurable components and stored as a product variant.

contract price revision

A date-controlled agreement for price and discount elements on the contract line. Price revisions enable you to have several prices over time. An active revision is valid from its effective date up to the effective date of the next revision, or the expiry date of the contract line.

corporate purchase contract

A purchase contract line, used by multisite corporations, in which the agreements with a business partner about an item are specified by site (warehouse). Contractual agreements that apply to the entire corporation, such as price and quantity conditions, are specified on the contract line. Logistic agreements, which apply only to a specific site, are specified on the contract line details. The contract (total) line holds the aggregated quantity information of the linked contract line details.

Corporate purchase contracts are mainly used to make price agreements on a corporate level and to use these prices on site level.

cumulatives (CUMs)

The year-to-date totals for quantities shipped, received, required, and invoiced.

Cumulatives are used as schedule statistics to track if its status is ahead or behind schedule compared to the demand.

delivery contract

A list of time-phased delivery, derived from a contract and converted to purchase orders. A delivery contract is not a real schedule, but a schedule solution to generate purchase orders in time.

Example

Contract line	Delivery contract	Purchase order (PO)
100 pieces (pcs)	2000/12/01 20 pcs	PO1 2000/12/01 20 pcs
-	2000/02/08 25 pcs	PO2 2000/02/08 25 pcs
-	2000/12/15 40 pcs	PO3 2000/12/15 40 pcs
-	2000/12/22 15 pcs	PO4 2000/12/22 15 pcs

effectivity period

The period of time defined by the effective date and expiry date in which a record is valid.

generic price list

A product variant that is generated from customer specifications can have a detailed sales price based on the selected options. Purchase prices for generic items can also be generated. The purchase price is used to calculate the cost price. Matrices can be defined if options exist for different product features that have mutual relationships that influence the purchase or sales price.

logistic agreements

Conditions that must be formally agreed upon between a supplier and a customer regarding logistic data, such as schedule messages, frozen periods, authorizations, delivery patterns, carrier, and so on.

material price

The price of a material, which can be the following:

- The material base price, if material actual prices are not applicable (yet)
- The sum of these components: material base price + material price surcharge+ material price surcharge costs, if material actual prices are applicable

nonreferenced schedule

A schedule that contains lines without a reference number. Because no specific requirement exists for the schedule line, nonreferenced schedule lines can first be clustered and then ordered, shipped, and received together.

normal contract

A customer-oriented contract, agreed upon by suppliers and customers, that is used to record specific agreements. A normal contract is usually valid for approximately one year.

A normal contract cannot be activated if another active contract exists for the same business partner in a specific period.

purchase contract

Purchase contracts are used to register specific agreements with a buy-from business partner that concern the delivery of specific goods.

A contract is comprised of:

- A purchase contract header with general business partner data, and optionally, a linked terms and conditions agreement.
- One or more purchase contract lines with (central) price agreements, logistic agreements, and quantity information that apply to an item or price group.
- Purchase contract line details with logistic agreements and quantity information that apply to an item or price group for a specific site (warehouse) of a multisite corporation. Contract line details can exist only for corporate purchase contracts.

purchase contract line

The agreement with a supplier about a certain item. A purchase contract line contains both commercial and logistic conditions related to the supply of one item, during a period of time.

In case of a corporate purchase contract, the purchase contract line is a **Total** line, because it has linked purchase contract line details.

purchase contract line detail

The agreement with a supplier about a certain item for a specific site (warehouse). A purchase contract line detail contains quantity and logistic conditions related to the supply of one item by a specific warehouse, during a period of time.

Contract line details can exist only for corporate purchase contracts.

purchase order

An agreement that indicates which items are delivered by a buy-from business partner according to certain terms and conditions.

A purchase order contains:

- A header with general order data, buy-from business partner data, payment terms, and delivery terms
- One or more order lines with more detailed information about the actual items to be delivered

purchase schedule

A timetable of planned supply of materials. Purchase schedules support long-term purchasing with frequent deliveries and are usually backed by a purchase contract. All requirements for the same item, buy-from business partner, ship-from business partner, purchase office, and warehouse are stored in one schedule.

push schedule

A list of time-phased requirements, generated by a central planning system, such as Enterprise Planning or Project, that are sent to the supplier. Push schedules contain both a forecast for the longer term and actual orders for the short term.

A push schedule can use one of the following release types:

- **Material Release:** only material releases are sent. Shipping is performed based on the **Firm** and **Immediate** requirements in the material release.
- **Shipping Schedule:** both material releases and shipping schedules are sent. Shipping is carried out based on the **Firm** and **Immediate** requirements in the shipping schedule. The material release only sends forecasting data.
- **Shipping Schedule Only:** only shipping schedules are sent. Shipping is carried out based on the **Firm** and **Immediate** requirements in the shipping schedule. No forecasting data is sent to the supplier.

referenced schedule

A schedule that contains lines with reference numbers. When goods are shipped, received, and invoiced, the reference numbers are used to communicate with suppliers and other LN packages.

request for quotation (RFQ)

A purchasing document that is used as a request to bidders to submit their terms, such as price, discount, delivery time, and payment terms for delivering a (quantity of a) product.

You can send the RFQ to several bidders. A bidder can submit an RFQ response for the specified items.

You can record the responses, negotiate, and compare the prices and discounts that are offered by different bidders.

An accepted response can be copied to a contract, an order, or a price book.

special contract

A customer-oriented contract, agreed upon by buy-from business partners and sold-to business partners that is used to record specific agreements for specific projects. A special contract can also be a promotional contract.

For special contracts, an overlap in effectivity periods is allowed for the same item/business partner combination.

terms and conditions agreement

An agreement between business partners about the sale, purchase, or transfer of goods, in which you can define detailed terms and conditions about orders, schedules, planning, logistics, invoicing, and demand pegging, and define the search mechanism to retrieve the correct terms and conditions.

The agreement includes the following:

- A header with the type of agreement and the business partner(s).
- Search levels with a search priority and a selection of search attributes (fields) and linked terms and conditions groups.
- One or more lines with the values for the search levels' search attributes.
- Terms and conditions groups with detailed terms and conditions about orders, schedules, planning, logistics, invoicing, and demand pegging for the lines.

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