Infor LN Sales User Guide for Sales Contracts

Publication Information

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About this document

This document provides an introduction to <u>sales contracts</u> and explains the sales contract procedure and functions. The process to manage scheduled deliveries based on a contract and contract retrieval, is also described.

Objectives

This document describes the <u>sales contract</u> procedure in Sales.

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 sales contracts
Chapter 2	Procedure	Steps in the sales contract procedure
Chapter 3	Contract retrieval	Explanation of sales contract retrieval
Chapter 4	Scheduled contract deliveries	Setup and use of scheduled deliveries based on a contract
Chapter 5	Additional processes	Additional functionality in the sales 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 Sales Master Data U9839 US***
  Use this guide to understand the setup of sales 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 Sales Orders U9845 US***
  Use this guide to understand the sales 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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Chapter 1
Introduction

1

Sales contracts are used to register agreements about the delivery of specific goods to a sold-to business partner.

These agreements can be registered at the following levels:

- **Sales contract lines**
  In contract lines, the delivery agreements for an item or group of items for a specified period of time are registered. These agreements include the total quantities, prices, and discounts. You can specify an <u>effective period</u> and indicate whether the minimum quantity to be sold is binding.

- **Terms and conditions agreements**
  In terms and conditions agreements, detailed terms and conditions regarding orders, schedules, planning, logistics, invoicing, and demand pegging are registered for the sale, purchase, or transfer of goods. To use a sales terms and conditions agreement, you must link it to a sales contract before you can use it.

You can create the following contract types:

- <u>Normal contracts</u>
- <u>Special contracts</u>

Special contracts are used to record agreements that relate to specific projects. A special contract can also be a <u>promotional contract</u>. For each sold-to 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 sold-to business-partner.

Sales contracts are used as the basis of sales orders or sales schedules. The data specified in the sales contract serves as a parent of the data that you specify in the linked sales order or sales schedule. Sales schedules and terms and conditions agreements can be linked only to normal contracts and not to special contracts.

Chapter 2
Procedure

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Specifying sales contracts

To record the agreements that you made with a sold-to business partner:

Step 1: Sales Contracts (tdsls3500m000)

Specify the general data for a sales contract header in the Sales Contracts (tdsls3500m000) session. This session includes mainly sold-to business partner-related information. On the contract header, you can also link a terms and conditions agreement

A 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. Click **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: Sales Contract Lines (tdsls3501m000)

Specify sales contract lines in the Sales Contract Lines (tdsls3501m000) session, which include the item's agreements with a sold-to business partner. If you do not use sales contract price revisions, sales contract lines also contain prices and discounts. Contract line data refers to the Sales Contract Lines (tdsls3501m000) session.

Step 3: Sales Contract Prices (tdsls3103m000)

If the **Contract Prices in Use** check box is selected in the Sales Contract Lines (tdsls3501m000) session, specify sales contract price revisions for the contract line. Sales contract price revision data refers to the Sales Contract Prices (tdsls3103m000) session.

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

Step 4: Sales Contract Line Logistic Data (tdsls3102m000)

If the **Use Contracts for Schedules** check box is selected in the Sales Contract Parameters (tdsls0100s300) session, specify <u>logistic agreements</u> for the contract line. Contract line logistic data refers to the Sales Contract Line Logistic Data (tdsls3102m000) session.

Step 5: Scheduled requirements for a sales contract

If you do not receive schedules from your sold-to business partners but you do want to set up a list of time-phased deliveries based on a sales contract, you can define scheduled requirements for a sales contract.

For more information, refer to *Scheduled requirements for a sales contract (p. 15)*.

Note
You can also complete all of these steps in the Sales Contract (tdsls3600m000) session.

Chapter 3
Contract retrieval

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Retrieving sales contracts

The following origins search for sales contracts:

- Sales order line
- Sales schedule header
- Sales schedule line

- Manufacturing, when searching for prices for BOM components
- Project, when searching for prices
- Price Simulator (tdpcg0200m300)

When searching for an **Active** sales contract for these origins, only contracts are found for which the following fields match the original values:

- **Sold-to Business Partner**
- **Ship-to Business Partner**
- **Item**
- **Price Group**
- **Sales Office**
- **Effectivity Unit**
- **Effective Date**
- **Expiry Date**

Note

Contract validity is rechecked when entering or modifying contract *lines*.

Sales contracts and sales schedules

For <u>sales schedules</u>, the **Generation Date** from the Sales Releases (tdsls3512m000) session is used to search for valid sales contracts.

A sales contract can be linked to a sales schedule when:

- Processing a sales release into a sales schedule

- Entering a sales schedule line
- Approving a sales schedule line

Note

- If the **Use Terms and Conditions for Schedules** check box is selected in the Sales Contract Parameters (tdsls0100s300) session, the sales contract must have a linked terms and conditions agreement for the sales schedule.

- If the **Use Customer Order for Schedules** check box is selected in the Sales Contract Parameters (tdsls0100s300) session, when searching for a sales contract for a sales schedule header, LN also takes into account the customer order number.

  How contracts are linked, depends on the setting of the **Action on Deviating Customer Order** and **Action on Deviating Empty Customer Order** fields in the Sales Contracts (tdsls3500m000) session.

  - **Block**
    Only contracts are linked for which the **Customer Order** in the Sales Contracts (tdsls3500m000) session exactly matches the **Customer Order** in the Sales Schedules (tdsls3111m000) session.

  - **Continue with Sales Release**
    Contracts can be linked with a different **Customer Order** than the sales schedule. In this case, the sales release's **Customer Order** is used on the sales schedule.

  - **Continue with Sales Contract**
    Contracts can be linked with a different **Customer Order** than the sales schedule. In this case, the sales contract's **Customer Order** is used on the sales schedule.

Sales contracts and sales orders

For sales orders, the date as specified in the **Sales Price Date Type** field of the Pricing Parameters (tdpcg0100m000) session is used to search for valid sales contracts.

When a sales order is created, LN searches for the price and/or discounts on special contracts and then on normal contracts. If more special contracts are valid, a screen pops up from which you must make your selection. LN links the selected sales contract to the sales order and uses the sales contract prices and discounts for the sales order. If the item on the sales contract is unit effective, the sales order price is inclusive upgrade prices. If the item on the sales order is unit effective, but the contract item is not, the sales order price is the contract price increased by the upgrade prices.

Note

- If the **Use Customer Order for Schedules** check box is selected in the Sales Contract Parameters (tdsls0100s300) session, for sales orders (and other origins), LN only retrieves contracts for which the **Customer Order** field is empty in the Sales Contracts (tdsls3500m000) session. In this way, sales orders cannot be linked to sales contracts that are set up for sales schedules.

- To retrieve terms and conditions from an active contract for an order line, the contract need not be linked to the order line. As a result, the contract number is only filled on the order line

if an active contract line is linked to the order line. For more information, refer to Retrieval of terms and conditions.

Note

The **Maximum Quantity Tolerance**, **Expiry Date Tolerance**, **Action on Exceeding Maximum Quantity**, and **Action on Exceeding Expiry Date** fields on the sales contract line determine if a sales order/schedule line can still be linked to the contract line when the maximum contract quantity or expiry date is exceeded.

Chapter 4
Scheduled contract deliveries

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Scheduled requirements for a sales contract

To use a simplified <u>sales schedule</u>, you can specify scheduled deliveries based on a <u>sales contract</u>. You can use this process if you do not receive schedules from your sold-to business partners, but you want to set up a list of time-phased deliveries using a sales contract.

You can specify scheduled requirements for a <u>sales contract</u> using delivery schemes.

To define scheduled requirements for a sales contract using delivery schemes, you must specify sales contract delivery lines that contain delivery dates and quantities. You can automatically generate sales orders from a delivery scheme.

For more information, refer to *Contract deliveries using delivery schemes (p. 15)*.

Contract deliveries using delivery schemes

A delivery scheme is a list of time-phased deliveries based on a sales contract. To specify the time-phased deliveries, you need sales contract delivery lines that are converted to sales orders. A delivery scheme is a simplified schedule that is used to generate sales orders in time.

Example

Contract line	Sales contract delivery line	Quantity	Sales order line	Quantity
100 pieces (pcs)	01/12	20 pcs	SOL1 01/12	20 pcs
	08/12	25 pcs	SOL2 08/02	25 pcs
	15/12	40 pcs	SOL3 15/12	40 pcs
	22/12	15 pcs	SOL4 22/12	15 pcs

To specify contract deliveries using a delivery scheme:

Step 1: Create a sales contract and a sales contract line

Create a sales contract in the Sales Contracts (tdsls3500m000) session and a sales contract line in the Sales Contract Lines (tdsls3501m000) session.

Step 2: Create a delivery scheme

Click **Delivery Scheme** on the appropriate menu of the Sales Contract Lines (tdsls3501m000) session. As a result, the Sales Contract Delivery Lines (tdsls3104m000) session starts, in which you can specify the dates on which delivery must take place and the quantities to be delivered on the specified dates.

Step 3: Activate the contract line

Activate the contract line in the Sales Contract Lines (tdsls3501m000) session.

You cannot activate a contract line if:

- The delivery scheme includes planned delivery dates that are outside the contract line's effectivity period
- The total delivery scheme quantity is more than the contract line's agreed quantity

If the contract line cannot be activated, you can click **Check Delivery Scheme** in the Sales Contract Delivery Lines (tdsls3104m000) session to check the delivery scheme and adapt it. Alternatively, you can also change the contract line.

Step 4: Generate sales orders for the planned deliveries

If you select a sales contract delivery line and you click **Generate Sales Order** on the appropriate menu of the Delivery Contract (tdpur3104m000) session, a sales order (line) is generated from the selected delivery line.

If you do not select a specific sales contract delivery line and you click **Generate Sales Order**, the Generate Sales Orders from Delivery Schemes (tdsls3204m000) session is started in which you can generate sales order (lines) for a range of sales contract delivery lines.

You can generate sales orders for the planned deliveries only if the status of the sales contract and the sales contract line are **Active**.

Chapter 5
Additional processes

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Additional processes

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

For example, you can do the following:

- Use material prices on sales contract lines. If the **Material Pricing in Sales** 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 sales contracts in the Activate/Deactivate Contracts (tdsls3205m000) session.
- Print contract acknowledgments to send to the sold-to business partner in the Print Sales Contract Acknowledgements (tdsls3405m000) session.
- Copy one sales contract to another in the Copy Sales Contracts (tdsls3801m000) session.
- Check whether the agreed quantities are met at the end of a contract's effective period in the Evaluate Sales Contracts (tdsls3420m000) 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.
- If certain sold-to business partners do not meet their commitments as stated in the contract, you can print and send out reminders in the Print Sales Contract Reminders (tdsls3406m000) session to prevent a breach of contract. LN prints reminders for contracts that exceed the allowed **Negative Deviation**.
- Terminate or delete sales contracts that are no longer valid, or that have ended early in the Terminate and/or Delete Sales Contracts (tdsls3203m000) session.

Copying sales contracts

You can copy sales contracts in the Copy Sales Contracts (tdsls3801m000) 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 Sales Contract Parameters (tdsls0100s300) 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 sold-to business partner

If such a contract already exists and its 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 Sales Contract (tdsls3600m000) session, but with different effective and expiry dates.

If the **Contract Prices in Use** check box is selected on the source contract line, the sales contract price revisions that are linked to the source 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 Sales Contracts (tdsls3801m000) session, the last price revision of the old contract is copied to the new contract's price revision with the same effective date as the contract line's effective date.

> **Note**
>
> Discounts and discount schedules from the old contract are not automatically included if you copy prices to the new contract. To also copy discounts to the new contract, select the **Copy Discounts** check box in the Copy Sales Contracts (tdsls3801m000) session.

If price books or discount schedules are not valid within the run time of the 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 Sales Contracts (tdsls3801m000) session. You can also add new price/discount lines to existing price books/discount schedules.

Delivery schemes that are linked to the old contract can be copied to the new contract. To copy the delivery scheme, select the **Copy Delivery Contract** check box in the Copy Sales Contracts (tdsls3801m000) session.

The currency of the invoice-to business partner must be the same as the contract currency. When a contract is agreed upon, the status of the business partners must be **Active**. A parent relation must exist between a sold-to business partner and the other business partner roles.

Evaluating sales contracts

If a sales contract is used for a sales order or sales schedule, you can evaluate the sales contract during and after the sales 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

The Evaluate Sales Contracts (tdsls3420m000) session is mandatory if the **Evaluate Contract before Deleting** check box is selected in the Sales Contract Parameters (tdsls0100s300) session.

To evaluate contracts in the Evaluate Sales Contracts (tdsls3420m000) 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 Sales Contract Lines (tdsls3501m000) session. This check box determines whether the **Agreed Quantity** that you agreed with your sold-to business partner is a mandatory quantity to sell.

If the **Quantity Binding** check box is selected in the Sales Contract Lines (tdsls3501m000) session, the Evaluate Sales Contracts (tdsls3420m000) session prints the differences between:

- The **Called Quantity** and the **Maximum Quantity** fields in the Sales Contract Lines (tdsls3501m000) session.
- The **Called Quantity** and the **Minimum Quantity** fields in the Sales Contract Lines (tdsls3501m000) session.

If the **Quantity Binding** check box is cleared in the Sales Contract Lines (tdsls3501m000) session, the Evaluate Sales Contracts (tdsls3420m000) session prints the lines that exceed the boundaries that you specified in the Evaluate Sales Contracts (tdsls3420m000) session.

You can accept small negative or positive deviations regarding the quantities. The deviations are calculated as follows in the Evaluate Sales Contracts (tdsls3420m000) session:

```
((Called Quantity + Invoiced Quantity) - (Agreed Quantity * Elapsed Time
Factor) ÷ Agreed Quantity) * 100
```

Example

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

```
Negative Deviation = 40 - 100 * 6/10 ÷ 100 = -20%
```

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

> **Note**
>
> - After a sales contract is evaluated, the **Evaluation [y/n/repeat]** field is updated in the Sales Contract Lines (tdsls3501m000) session.
> - Extrapolating can produce a distorted picture if, for instance, the largest quantities are delivered at the end of the contract period. As a result, 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.

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.

customer order number

The number the sold-to business partner assigned to the order. In the automotive industry, it can represent the sold-to business partner's purchase contract number.

discount schedule

An entity in which you can store discount information that is valid for a given period of time and that is used to calculate discounts for an item.

A discount schedule includes the following elements:

- A discount schedule header, which contains the code, type, and use of the discount schedule.
- One or more discount schedule lines, which contain the discounts.

The discounts specified in a discount schedule are expressed as a percentage or an amount and are subject to a minimum or maximum quantity or value.

A discount schedule can be linked to a price book.

effectivity period

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

effectivity unit

A reference number, for example a sales order line or a project deliverable line, that is used to model deviations for a unit effective item.

expiry date

The last day on which a record is valid. If you do not specify an expiry time, the validity expires at the end of the expiry date, at 24:00 hours.

invoice-to business partner

The business partner to which you send invoices. This usually represents a customer's accounts payable department. The definition includes the default currency and exchange rate, invoicing method and frequency, information about the customer's credit limit, the terms and method of payment, and the related pay-by business partner.

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

maximum contract quantity

The agreed maximum total quantity, expressed in the quantity unit. The maximum contract quantity must be greater than or equal to the agreed contract quantity.

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.

price book

An entity in which you can store price information that is valid for a given period of time.

A price book includes the following elements:

- A price book header, which contains the code, type, and use of the price book.
- One or more price book lines, which contain the items.

A quantity or value break discount schedule can be linked to a price book.

promotional contract

A type of special contract that applies to each sold-to business partner. As a result, the sold-to business partner is not entered in the contract.

sales contract

Sales contracts are used to register agreements about the delivery of goods with a sold-to business partner .

A contract is comprised of the following:

- A sales contract header with general business partner data, and optionally, a linked terms and conditions agreement.
- One or more sales contract lines with price/discount agreements and quantity information that apply to an item or price group.

sales order

An agreement that is used to sell items or services to a business partner according to certain terms and conditions. A sales order consists of a header and one or more order lines.

The general order data such as business partner data, payment terms, and delivery terms are stored in the header. The data about the actual items to be supplied, such as price agreements and delivery dates, is entered on the order lines.

sales schedule

A timetable of planned supply of materials. Sales schedules support long-term sales with frequent deliveries. All requirements for the same item, sold-to business partner, ship-to business partner, and delivery parameter are stored in the same sales schedule.

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.

upgrade price

A price that is defined for a requirement in Unit Effectivity (UEF). If the requirement is used in an effectivity unit's configuration, the upgrade price is added to the effectivity unit's sales price.

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