Infor LN Service User Guide for Service Quotations

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About this document

This guide provides information about the various concepts such as service quotations, quotation status and quotation calculation methods in Service Quotations.

Objectives

This document is designed to meet the following objectives:

Understand the following concepts

- Service Quotations
- Quotation Status
- Quotation Calculation Methods

In this document, you are assumed to already have an understanding of LN Service.

Document summary

This User's Guide describes the various concepts in the Service Quotations module.

How to read this document

This document is assembled from Online Help topics.

For details, refer to the online Help of Service module.

To locate a section referenced in this document, refer to the table of contents.

Underlined terms indicate a link to a glossary definition. If you view this document online, you click on underlined text to jump to the glossary definition at the end of this document.

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Chapter 1
Introduction

1

This chapter provides a brief introduction of the Service Quotations functionality.

Service Quotations

Products today have a higher service component than in previous decades. To help keep the business operating smoothly and efficiently, it is important that products are maintained and serviced periodically.

Customers who approach the service providers for item service/repair require a quotation or a price proposal for the service/repair work before the actual service/repair is performed. Contract Management module allows you to create a price proposal/quotation of the estimated service/repair cost for a customer.

Chapter 2
Service Quotations Concepts

2

This chapter provides a brief description of the concepts in the Service Quotations module.

Quote Status

Customers who approach the service providers for item service/repair require a quote/price proposal of the service activity before the actual service is performed. LN assigns several statuses to a price proposal before a maintenance sales order is created so that the repair work can start.

LN changes the status of a price proposal based on the action performed on the proposal:

Quote Status

- **Free**: When a quote is created, the status is Free.
- **Approved**: When the quote is approved internally, the status is set to Approved. The quote can be printed and sent to the customer.
- **Printed**: When a quote is printed as an external document and sent to a customer for review, the status of the quote is changed to Printed.

  In case the customer wants to negotiate the quote, the status of the quote is again changed to **Free**. After the necessary changes are incorporated in the quote, the quote is again printed and sent to the customer for review. A customer can review the quote many times before the quote is finally accepted.

  Note

  To change the status of the quote from **Printed** to **Free**, use the option **Make Correction** in the appropriate menu of the following sessions:

  - Maintenance Sales Quotations (tsepp1100m000).
  - Maintenance Sales Quotation (tsepp1100m100).
- **Negotiating**: Indicates that the negotiations about the selected quote are in progress. This status must be set manually.
- **Accepted**: After the customer accepts the quote, the status of the quote changes to Accepted.
- **Rejected**: Indicates that the proposed Quote has been rejected by the customer.

- **Processed**: After the customer accepts the proposal, use the option **Process** in the appropriate menu to create a maintenance sales order from the quote data. The status of the quote changes to **Processed**. All the quote lines that are linked to the quote are copied to the maintenance sales order as Part Maintenance Lines.
- **Canceled**: Indicates that the quote is cancelled. Only the quotes with the status **Free**, **Printed** or **Negotiating** can be cancelled.
- **Lost**: Indicates that the customer has selected another supplier. This status must be set manually. This status is applicable only for Quotes that are not generated from another object.

Important!

Only the effective quotes with the **Accepted** status are processed to a maintenance sales order. LN classifies a quote as effective when the current date falls between the effective date and the expiry date of the quote.

Quote Amount Calculation Methods

A customer who is seeking service/repair for an item requests for a quotation or a proposal from the service provider for the estimated cost of the service/repair that needs to be performed as part of preventive maintenance or breakdown repair.

To calculate the price proposal amount, LN considers the following factors:

- Discounts
- Warranty
- Contract
- Repair Warranty

To calculate the price proposal amount, LN retrieves the sales price for all cost lines (a cost line is any type of cost that is incurred in maintenance/repair execution) in case the default values are present.

Proposal Methods

You can create a proposal based on the following methods:

- **Fixed**

  In the **Fixed** proposal method, the quotation sales amount remains fixed even after you specify additional cost lines in maintenance sales order (MSO)/work order.

  Additional cost lines can be added to account for additional resource requirements when a work order is executed. The new cost lines are not invoiced to the customer.

  LN creates a maintenance sales order (MSO) for the quotation after you process the quotation. LN creates a **Coverage Line** of type **Quotation Invoice** with the same amount as the quotation sales amount when a work order that is linked to the created MSO is closed. You can invoice only this Quotation Invoice line in the maintenance sales order to the customer.

After LN creates the maintenance sales order for the quotation, if you add a new cost/coverage line to the work order/maintenance sales order, LN informs you that the quotation from which the MSO originated is a fixed price proposal quotation. The cost line amount, which is not covered by discount, warranty, or contract is added to the quotation. The net invoice amount for the cost line is zero.

Note

If required, you can change a quotation with the **Fixed** price proposal method to a quotation with the **Fixed Plus** price proposal method. To do this, complete the following steps:

- From the appropriate menu, select **Convert to FixedPlus Quotation** in one of the following sessions:
  - Maintenance Sales Quotations (tsepp1100m000).
  - Part Lines (tsmsc1110m000).
- In the Coverage Lines (tsmsc1120m000) session, clear the **Quotation** check box.

- **Fixed Plus**

  The **Fixed Plus** price proposal method is similar to the **Fixed** price proposal method, with the only difference being that the additional cost lines are invoiced separately.

  When you cost the maintenance sales order, you can invoice the new cost/coverage line and the quotation invoice line.

- **Budget Indicator**

  You can invoice all the coverage lines to the customer. LN updates the quotation sales amount whenever a quotation cost line is added, modified, or deleted. The quotation sales amount in the price proposal is an approximate amount. The actual amount can vary.

  LN does not create a **Quotation Invoice** line in the MSO in the **Budget Indicator** method of the price proposal. All the coverage lines are independently invoiced to the customer.

Search path for labor rates (Service contract)

For service contracts and service quotations, LN allows you to specify the search criteria to retrieve labor rate code when you define labor cost terms. Based on this defaulted labor rate code the cost and sales rates are used to calculate the cost and sales amount of the labor cost term.

The **Search Path** field in the Contract Management Parameters (tsctm0100m000) session allows you to define three attributes that the LN uses to retrieve labor rate codes.

LN retrieves the labor rate in the following order:

- Level 1
- Level 2
- Level 3

LN uses this search criterion to determine the labor rate for a service contract or a service quotation. If the labor rate is not specified at Level 1, the labor rate specified at level 2 is considered. If the labor rate is not specified at Level 2, the labor rate specified at level 3 is considered.

The labor rate can be defaulted from the following possible values defined for each level:

- Department
- Service Area
- Serialized Item Group
- Installation Group
- Reference Activity
- Task
- Skill
- Not Applicable

Example

Default labor rate code is retrieved from the Task associated with the labor cost term defined in the Contract Labor Terms (tsctm1132m300) session. If no Task is specified, it is retrieved from the Reference Activity defined in the Contract Configuration Lines (tsctm1110m300) session. If no labor rate code is defined for the Reference Activity, the labor rate code is retrieved from the Service Department of the Reference Activity.

Note

ERP Enterprise does not allow you to select the same option at any two levels. For example, if level 1 is set to Department, the second and third level cannot be set to Department.

The second level can only be set when the value in first level is not set to ‘Not Applicable’. The third level can only be set when the value in second level is not set to ‘Not Applicable’.

Contract Terms for Service Contract and Service Contract Quotation

For a contract, you can specify whether a contract line is a coverage line, a pricing line, or a combination of two.

Coverage terms

A coverage term stores agreements on the duration, the cost covering method, and the costs of the agreements. This can be created for (a combination of) a service contract (quotation), installation group, coverage type, term type, or sequence number. The cost and sales amounts of the term are also stored. The defined coverage terms are valid for the duration of the service contract. It is also possible to phase these terms, depending on time or on the value of the main counter of a counter model. The coverage terms can be specified in the cost terms.

The contract quotation **Coverage Term** and the contract **Coverage Line** are defined in Contract Quotation Coverage Terms (tsctm1120m200) and Contract Terms (tsctm1120m300) sessions.

Pricing terms

You can configure the pricing terms for the configuration line in the service contract or service contract quotation. This configuration pricing term can also be used as a pricing template. For a configuration line, you can select a price term of the type time and material (with detailed pricing data) or the fixed repair price. The time & material is used to define a sales price for the material, labor, or other costs. The fixed price is used as a fixed repair price for the maintenance and/or service performed for the item. To set up the pricing term, you must set the **Contract Price Type** field to **Time and Material** or **Fixed Repair Price** in the Contract Configuration Lines (tsctm1110m300) session.

Note

- The **Contract Price Type** field is enabled only if the **Prices** checkbox is selected in the Contract Configuration Lines (tsctm1110m300) session.
- The pricing terms can be used only when the **Use Prices in Service Contracts** checkbox is selected in Contract Management Parameters (tsctm0100m000) session.

Contract coverage and contract pricing terms

For a service order, you can configure the coverage terms as well as the pricing terms (of the type time and material only) for the same configuration line. The sales prices for the transactions are first defined by LN and then the coverage terms are defined. The sales price on the cost terms is the agreed price, however, the covered sales amount and covered cost amount is the coverage.

Note

- The **Contract Price Type** field is enabled only if the **Prices** checkbox is selected in the Contract Configuration Lines (tsctm1110m300) session.
- The pricing terms can be used only when the **Use Prices in Service Contracts** checkbox is selected in Contract Management Parameters (tsctm0100m000) session.

Fixed prices

To define the contract pricing term of the type **Fixed Repair Price**, you can set the **Contract Price Type** field to **Fixed Repair Price** in the Contract Configuration Lines (tsctm1110m300) session. A fixed price is a commitment based on an agreed price. When more or less time, material, etc., is spent, only the gross margin is affected and the customer pays only the agreed price. If a fixed price is configured per order, each transaction (field service activity or maintenance sales order part maintenance line) is invoiced for the specified service contract price; irrespective of the cost booked against that order.

Using price terms and coverage terms

You can use coverage terms and/or price terms for a service contract applicable for service orders/maintenance sales orders.

Using price terms of the type Time and Material for service orders

- For service orders, LN retrieves the sales price from service contract price terms. This sales price is used for the service cost lines. The **Price Origin** is set to **Service Contract**
- If service contract price terms are not defined, the sales price is defaulted from the price books, labour rates (regular pricing data); the **Price Origin** is set to **Other**.
- If the sales price is not applicable because the service cost line is covered by a fixed price, the **Price Origin** is set to **Not Applicable**.

For service order actual costs:

- The sales price defined for the price term is retrieved from the service contract price terms. The **Price Origin** is set to **Service Contract**.
- If the sales price is not found, the sales price on the material cost lines is based on the regular pricing data, the sales price on the labor cost lines is based on applicable labor rates, and the sales price on the other cost line is based on applicable regular pricing data. The **Price Origin** is set to **Other**.
- If the sales price is changed manually then the **Price Origin** is set to **Manual**
- If the sales price is not applicable because costs are covered by a quotation or a fixed price, the **Price Origin** is set to **Not Applicable**.

Note

If a price term for labor is defined for the pricing contract, the labor rate is defaulted with the sales price defined for the price term. If the sales price is not defined for the price terms, the labor rate is defaulted based on the search path defined in the Service Order Parameters (tssoc0100m000) session. The contract is not included in the search path because the contract is always leading.

Using price terms of the type Time and Material for maintenance sales orders

- For maintenance sales orders, LN retrieves the sales price defined for the price term related to the cost type. The **Price Origin** is set to **Service Contract**.
- If the sales price is not found, the sales price is based on the regular pricing data. The **Price Origin** is set to **Other**.
- If the sales price is changed manually, the **Price Origin** is set to **Manual**.
- If the sales price is not applicable because costs are covered by a quotation or a fixed price, the **Price Origin** is set to **Not Applicable**.

Using contract coverage and price terms of the type Time and Material

When coverage cost terms as well as the pricing terms are applicable for every transaction, LN first applies the price term (time and material) for the transactions and then the coverage terms. Since a

service contract can be used for price terms (for time & material) as well as coverage terms, LN uses an indicator to determine if price terms are applicable or coverage terms are applicable.

Using price term of the type Fixed Price for service orders

For service orders, LN retrieves the sales price from service contract price terms. The service order, service order activity is invoiced for the agreed sales price defined in the service contract, irrespective of cost booked against that order. The service order invoice line is created in Service Order Fixed Prices (tssoc2115m000) session, that includes the sales price and the invoice data. The sales price on the service order invoice line is the agreed sales price defaulted from the agreed fixed price in the service contracts. The **Price Origin** is set to **Service Contract**.

Using price term of the type Fixed Price for maintenance sales orders

For maintenance sales order part lines, if the pricing method is set to **Fixed Order Price**, the sales price in the maintenance sales order part line is the agreed sales price. The sales price is defaulted only if the item is defined in the Part Lines (tsmsc1110m000) session.

For part maintenance lines with pricing method set to **Fixed Order Price**:

- The sales price is retrieved from the service configuration lines. The **Price Origin** is set to **Service Contract**
- If the sales price is not defined for the service configuration line, the sales price is based on the **Sales Price** defined in the Items - Service (tsmdm2100m000) session. The **Price Origin** is set to **Other** in Part Lines (tsmsc1110m000) session.
- If the sales price is added manually, the **Price Origin** is set to **Manual**.
- If the sales price is not defined, the sales price is based on the regular pricing data.

The coverage line is created with the price term set to Fixed Repair Price method, to save the sales price and invoice data. The sales price on the service order invoice line is the agreed sales price, which is defaulted by the agreed fixed price in service contracts. The price origin on this line is populated with the price origin of the maintenance part lines. For all other coverage lines linked to the maintenance part lines, the **Price Origin** is set to **Not Applicable** in the Part Lines (tsmsc1110m000) session.

Search path for applicable pricing terms and/or coverage terms

To determine the applicable pricing terms and/or coverage terms, LN uses the following search path:

- Based on installation group and item without a serial number. LN searches for:
  - **a.** The terms defined for the installation group and the item.
  - **b.** The terms defined for the installation group only.
  - **c.** The terms defined for the item.
- Based on installation group. LN searches for the terms defined for the installation group.
- Based on serialized item. LN searches for:

a. The terms defined for the serialized item
b. The terms defined for the parent item of the serialized item (if a parent item exists)
c. The terms defined for the installation group and the item.
d. The terms defined for the installation group only.
e. The terms defined for the item.

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.

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