Infor LN User Guide for Pricing

Publication Information

Document code	compcgug (U9179)
Release	10.6 (10.6)
Publication date	March 26, 2018

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About this document

This document describes the process to set up and retrieve prices, discounts, promotions, and freight rates in the application.

Intended audience

(Key) users that want to understand the overall LN pricing functionality.

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.

References

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

- *User Guide for Material Pricing U9865 US*
- *User Guide for Price Stages*

How to read this document

This document is assembled from online Help topics. Text in italics followed by a page number represents a hyperlink to another section in this 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
Overview

Overview of Pricing

You can store and retrieve <u>pricing information</u> in Pricing.

Pricing matrices

To retrieve the correct pricing information to calculate the price, discount, or transportation costs of an order, a load, or a shipment, you can define <u>pricing matrices</u>. A matrix is a structure in which <u>pricing information</u> is grouped according to particular criteria.

For more information, refer to *Matrix structure (p. 10)*.

Retrieval of pricing information

Retrieval and calculation of prices, discounts, and promotions takes place in one run when an order or contract is saved. Freight costs are calculated when <u>load building</u> is carried out, or when the user launches the freight cost calculation process from sales orders, purchase orders, freight orders or shipments.

For more information, refer to *An outline of the pricing information retrieval processes (p. 12)*.

Pricing - additional processes

A number of processes can be used optionally in Pricing.

For more information, refer to *Pricing - additional processes (p. 49)*.

Matrix structure

To retrieve the correct pricing information for calculating the price, discount, or transportation costs of an order, load, or shipment, you can specify <u>pricing matrices</u>. A matrix is a structure in which <u>pricing information</u> is grouped according to particular criteria.

Pricing matrices

In a pricing matrix, you can specify prices, discounts, <u>promotions</u>, or <u>freight rates</u> for customers, suppliers and/or items.

These pricing matrices are available:
- Price matrix
- Discount matrix
- Promotion matrix
- Freight rate matrix

Price matrix

In these sessions, you can maintain matrix attribute values and links to sales prices, purchase prices, or transfer prices:
- Sales Price Matrices (tdpcg0130m010)
- Purchase Price Matrices (tdpcg0130m020)
- Transfer Price Matrices (tdpcg0130m030)

Discount matrix

In these sessions, you can maintain matrix attribute values and links to sales or purchase discounts:
- Sales Line Discount Matrices (tdpcg0130m110)
- Sales Total Discount Matrices (tdpcg0130m120)
- Purchase Line Discount Matrices (tdpcg0130m130)
- Purchase Total Discount Matrices (tdpcg0130m140)

Promotion matrix

In these sessions, you can maintain matrix attribute values and links to promotion discounts for sales orders and sales order lines:
- Line Promotion Matrices (tdpcg0130m210)
- Order Promotion Matrices (tdpcg0130m220)

Freight rate matrix

In these sessions, you can maintain matrix attribute values and links to <u>carrier rate</u> and <u>client rate</u> agreements:

- Client Freight Rate Matrices (tdpcg0130m310)
- Carrier Freight Rate Matrices (tdpcg0130m320)

Elements for Pricing matrices

Each Pricing matrix includes these elements:

- **Matrix type**
  A <u>matrix type</u> is used to define the type of matrix definition and pricing matrix. The matrix type is linked to a set of matrix attributes. Each type of pricing matrix has its own matrix attributes.
- **Matrix definition**
  A <u>matrix definition</u> includes a group of matrix attributes and a matrix type.
- **Matrix attributes**
  <u>Matrix attributes</u> are the elements for which you want to set up a price, discount, promotion, or freight rate.
  Matrix attributes are table fields from the following sessions:
  - Business Partners (tccom4500m000)
  - Sales Orders (tdsls4100m000)
  - Purchase Orders (tdpur4100m000)
  - Items (tcibd0501m000)
- **Matrix priority**
  A <u>matrix priority</u> is used to define the order in which LN searches matrix definitions. If a matrix definition has no matrix priority, LN does not search the Pricing matrices that use that definition.
- **Pricing information**
  Pricing information, such as <u>price books</u>, <u>discount schedules</u>, <u>promotions</u>, or <u>freight rate books</u> must be specified for sets of matrix attributes and values.

The pricing elements can be specified in these sessions:

Pricing element	Session
Matrix type, matrix definition, matrix attributes, matrix priority	Matrix Definition (tdpcg0610m000)
Price book	Price Book (tdpcg0611m000)
Discount schedule	Discount Schedule (tdpcg0612m000)
Promotion	Promotions (tdpcg0140m000)
Freight rate book	Freight Rate Book (tdpcg0616m000)

Setting up Pricing matrices

- To set up a price matrix, refer to *Setting up a price matrix (p. 15)*
- To set up a discount matrix, refer to *Setting up a discount matrix (p. 23)*
- To set up a promotion matrix, refer to *Setting up a promotion matrix (p. 35)*
- To set up a freight rate matrix, refer to *Setting up a freight rate matrix (p. 41)*

An outline of the pricing information retrieval processes

Retrieval and calculation of prices, discounts, and promotions takes place in one run when an order or contract is saved. Freight costs are calculated when load building is carried out, or when the user launches the freight cost calculation process from sales orders, purchase orders, freight orders or shipments. A general searching logic is applicable when retrieving pricing information.

General searching logic for retrieving pricing information

The search for valid pricing information includes more than just the pricing matrices that are defined in Pricing. As a rule, special and normal contracts have priority over pricing matrices. The supplier price book, in which you can store *purchase* prices, can also have priority over pricing matrices. This depends on the value of the **High Priority** check box in the Price Book Lines (tdpcg0131m000) session.

The search sequence to retrieve pricing information is as follows:

1. From valid special contracts.
2. From valid normal contracts.

3. From the supplier price book, for combinations that have the **High Priority** check box selected in the Price Book Lines (tdpcg0131m000) session. This search step is only applicable for retrieving purchase prices and discounts, not sales prices/discounts.

4. From valid matrices for which a matrix priority is specified in the Matrix Priorities (tdpcg0120m000) session. If a matrix definition has no matrix priority, LN does not search the pricing matrices that use that definition.

5. For sales prices and discounts, from the default sales price book. For purchase prices and discounts, from the supplier price book, for combinations that have the **High Priority** check box cleared in the Price Book Lines (tdpcg0131m000) session.

6. From Item Sales Data, or from Item Purchase Data.

Note

When a price is found in one of the levels, LN stops the searching process in lower levels.

To retrieve subcontracting purchase prices, you can specify and link pricing data specific to operation subcontracting, item subcontracting, or service subcontracting at all levels.

Retrieving pricing information

- For more information on the retrieval of prices, refer to *Price retrieval (p. 19)*
- For more information on the retrieval of discounts, refer to *Discount retrieval (p. 32)*
- For more information on the retrieval of promotions, refer to *Promotion retrieval (p. 39)*
- For more information on the retrieval of freight rates, refer to *Freight rate retrieval (p. 46)*

Chapter 2
Prices

Setting up a price matrix

In Pricing, a price matrix is a pricing structure that offers flexible criteria to define and retrieve prices and discounts.

A price matrix includes these elements:

- A <u>matrix definition</u>
- A set of <u>matrix attributes</u>
- A <u>price book</u>

If the properties of, for example, the sales order match the properties of the sales price matrix, the price from the price book that is linked to the sales price matrix is applied to the sales order.

To set up a price matrix:

Step 1: Pricing Parameters (tdpcg0100m000)

Define the following fields in the Pricing Parameters (tdpcg0100m000) session:

General tab	Sales tab	Purchase tab	Transfer tab
Matrix Definition Number Group	Attribute Set for Sales Price	Attribute Set for Purchase Price	Attribute Set for Transfer Price
Price Book Number Group	Price Control	Price Control	Use Derived from Item
-	Default Sales Price Book	Supplier Price Book	-
	Default Service Price Book	Purchase Price Date Type	
-	Sales Price Date Type	Recalculate Prices and Discounts	-
-	Recalculate Prices and Discounts	Use Derived from Item	-
-	Use Derived from Item	-	-

Step 2: Matrix Definition (tdpcg0610m000)

In the Matrix Definition (tdpcg0610m000) session:

1. Define a matrix definition of the following matrix types:
   - **Sales Price**
     To define matrix attributes for sales prices.
   - **Purchase Price**
     To define matrix attributes for purchase prices.
   - **Transfer Price**
     To define matrix attributes for transfer prices.
2. Define the elements, which are matrix attributes, for which you want to set up a price book.
3. Define a matrix priority for the matrix definition, which is used as a search priority to find a price.

Step 3: Price Book (tdpcg0611m000)

Define price books in the Price Book (tdpcg0611m000) session. In price books, you link item prices and you define price ranges by means of break types and break values. You can also link a discount schedule to the price book.

For more information, refer to *Setting up a price book (p. 17)*.

Step 4: Price Matrices

Define sales, purchase, and transfer price matrices in these sessions:

- Sales Price Matrices (tdpcg0130m010)
- Purchase Price Matrices (tdpcg0130m020)
- Transfer Price Matrices (tdpcg0130m030)

In these sessions, you must link a matrix definition to a price book and specify values for the matrix attributes. As a result, matrix attributes are linked to price books.

Example

For matrix type **Sales Price**, specify the matrix definition MD1. Add the attributes sold-to, invoice-to, order origin, delivery terms, currency, and item to the matrix definition.

Specify price book SLS1 for a group of manufactured items with the following characteristics:

- Sold in USD
- A minimum break of 2,500 pieces
- A valid period from 1 September to 1 December
- A price of $25 each
- An additional discount schedule

Specify a **Sales Price** matrix and select matrix definition MD1 and price book SLS1. Enter values for the matrix attributes, such as the following:

- Sold-to: Tradex
- Invoice-to: Tradex
- Order origin: Sales
- Delivery terms: CoD (Cash on Delivery)
- Currency: USD
- Item: Laptop computer A1

Setting up a price book

Price books are used to store base prices, discounts and other information about items.

A price book includes these elements:

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

To set up a price book:

Step 1: Define a price book number group

Define a price book number group in the **Price Book Number Group** field of the Pricing Parameters (tdpcg0100m000) session.

Step 2: Define a price book

Define a price book header in the Price Books (tdpcg0111m000) session. The price book can be used to store prices and discounts for orders, contracts, or RFQs.

Step 3: Define price book lines

In the Price Book Lines (tdpcg0131m000) session, specify the items and their price information.

You can also use the Price Book (tdpcg0611m000) session to specify a price book and price book lines.

Step 4: Define default price book codes

If required, define default price books in the **Default Sales Price Book**, **Default Service Price Book**, and **Supplier Price Book** fields of the Pricing Parameters (tdpcg0100m000) session.

To keep the default price book up to date, you can select the following check boxes in the Pricing Parameters (tdpcg0100m000) session.

- **Update Supplier Price Book**
- **Update Default Price Book**

Note

- If you link a discount schedule to the price book line in the Price Book Lines (tdpcg0131m000) session, additional discounts for items are applied via the discount schedule on the price book line.

- If a matrix structure exists, price books are specified in the Sales Price Matrices (tdpcg0130m010), Purchase Price Matrices (tdpcg0130m020), or Transfer Price Matrices (tdpcg0130m030) sessions.

- If the price origin is set to **Commercial Price** for a **Subcontracting Depot Repair** scenario in the Intercompany Trade Agreement (tcitr1600m000) session, you can store internal fixed repair prices in a repair price book for internal business partners. To retrieve internal repair prices from the price book, the **Repair Price Book** must be linked to a transfer price matrix in the Transfer Price Matrices (tdpcg0130m030) session.

Setting up a supplier price book

The supplier price book allows you to quickly retrieve and maintain prices for a combination of buy-from business partner, ship-from business partner, and item. Consequently, setting up a price matrix is not required.

To set up a supplier price book:

Step 1:

Specify a (supplier) price book header in the Price Books (tdpcg0111m000) session.

Step 2:

In the **Supplier Price Book** field of the Pricing Parameters (tdpcg0100m000) session, select the price book from the Price Books (tdpcg0111m000) session.

Step 3:

In the Price Book Lines (tdpcg0131m000) session, specify the **Item**, **Buy-from Business Partner** and **Ship-from Business Partner** fields. Optionally, select the **High Priority** check box.

Note

- You can only define the **Buy-from Business Partner** and **Ship-from Business Partner** fields and select the **High Priority** check box if you specified the **Supplier Price Book** field in the Pricing Parameters (tdpcg0100m000) session.
- It is not mandatory to define the **Buy-from Business Partner** and **Ship-from Business Partner** fields in the Price Book Lines (tdpcg0131m000) session. However, this affects the search sequence in the supplier price book. For more information, refer to *An outline of the pricing information retrieval processes (p. 12)*.
- If you select the **High Priority** check box in the Price Book Lines (tdpcg0131m000) session, the price of the buy-from business partner/ship-from business partner/item combination has priority over the prices stored under the normal matrix priority structure.

Price retrieval

A priority-based search mechanism is used to retrieve prices in LN.

Step 1: Retrieving prices from a contract

When searching for prices, LN first checks whether a valid special contract and next a valid normal contract exists.

You can specify:

- Sales contract prices in the Sales Contract Lines (tdsls3501m000) or Sales Contract Prices (tdsls3103m000) session.
- Purchase contract prices in the Purchase Contract Prices (tdpur3103m000) session.

Step 2: Retrieving prices from a price book

If LN cannot find a price in a special contract or a normal contract, LN tries to retrieve prices from a price book.

LN uses a specific searching logic:

1. **Supplier price book with high priority**
   LN first searches for a supplier price book as defined in the **Supplier Price Book** field of the Pricing Parameters (tdpcg0100m000) session, for combinations that have the **High Priority** check box selected in the Price Book Lines (tdpcg0131m000) session. This search step is only applicable when retrieving purchase prices, not sales prices.

2. **Price book linked to a price matrix**
   Next, LN searches for price books that are linked to valid price matrices, selected from the price matrices for which a matrix priority is defined. LN looks for price matrices with a matrix definition and matrix attributes that match the properties of the relevant order. Note that all of the matrix attributes must match the properties of the order. When found, the price book of the price matrix, in which the matrix definition and the matrix attributes are stored, is used to calculate the price of the order. If more than one valid price matrix exists, price retrieval is controlled by the **Price Control/ Price Control** parameters in the Pricing Parameters (tdpcg0100m000) session.
   For service items, these conditions apply:

   - **Normal pricing**
     The **Sales Prices Search Method** field in the General Service Parameters (tsmdm0100m000) session determines for what origin prices are searched for. For example, if this parameter is **Price Books Service**, only price books are searched for that are linked to price matrices for which the **Price Origin** is **Service** in the Sales Price Matrices (tdpcg0130m010) session.

   - **Internal pricing**
     If the price origin is set to **Commercial Price** for the **Subcontracting Depot Repair** scenario in the Intercompany Trade Agreement (tcitr1600m000) session, an internal repair price is retrieved from a repair price book, which is linked to a transfer price matrix in the Transfer Price Matrices (tdpcg0130m030) session.

   - If the price origin is set to **Time and Material** for the **Subcontracting Depot Repair** scenario in the Intercompany Trade Agreement (tcitr1600m000) session, a subscenario must be specified in the Intercompany Trade Agreement - Transfer Pricing Rules (tcitr1605m000) session. If the subscenario is of type **Internal Material Delivery** or **Labor** and the **Price Origin** is set to **Commercial Price**, an internal transfer price is retrieved from a price book, which is linked to a transfer price matrix in the Transfer Price Matrices (tdpcg0130m030) session.

3. **Default price book**

Finally, LN searches for:

- A default sales price book, as specified in the **Default Sales Price Book** field of the Pricing Parameters (tdpcg0100m000) session to retrieve sales prices.
- A default service price book, as specified in the **Default Service Price Book** field of the Pricing Parameters (tdpcg0100m000) session to retrieve service prices.
- A supplier price book, for combinations that have the **High Priority** check box cleared in the Price Book Lines (tdpcg0131m000) session to retrieve purchase prices.

Step 3: Retrieving prices from the item files

If prices cannot be found in price books, LN searches for prices in the Items - Purchase (tdipu0101m000) session, the Items - Sales (tdisa0501m000) session, or the Items - Service (tsmdm2100m000) session.

Note

- Price retrieval for internal trade transactions between specific entities or enterprise units is based on the pricing data specified in the Intercompany Trade Agreement (tcitr1600m000) session.
- If the **Use Upgrade Prices** check box is selected in the Unit Effectivity Parameters (tcuef0100s000) session and the order line contains an effectivity unit, upgrade prices are added to the price.
- You can always specify or update prices.

Chapter 3
Discounts

3

Setting up a discount matrix

In Pricing, a discount matrix is a discount structure that offers flexible criteria to define and retrieve discounts.

A discount matrix includes these elements:

- A <u>matrix definition</u>
- A set of <u>matrix attributes</u>
- Discount information, which can be:
  - A <u>discount amount</u>
  - A <u>discount percentage</u>
  - A <u>discount schedule</u>

If the properties of, for example, the sales order match the properties of the discount matrix, the discount amount/percentage from the discount matrix or from the discount schedule that is linked to the discount matrix, is applied to the sales order.

You can specify how many discount levels your organization uses and define for each level how it is used. For more information, refer to *Multiple discount levels (p. 30)*.

To set up a discount matrix:

Step 1: Pricing Parameters (tdpcg0100m000)

Define the following fields in the Pricing Parameters (tdpcg0100m000) session:

General tab	Sales tab	Purchase tab
Multiple Discount Levels Implemented	Attribute Set for Sales Line Discount	Attribute Set for Purchase Line Discount
Number of Discount Levels	Attribute Set for Sales Total Discount	Attribute Set for Purchase Total Discount
Matrix Definition Number Group	Level 1 Discount Control	Level 1 Discount Control
Discount Schedule Number Group	Level 2 Discount Control	Level 2 Discount Control
-	Level 3 Discount Control	Level 3 Discount Control
-	Level 4 Discount Control	Level 4 Discount Control
-	Level 5 Discount Control	Level 5 Discount Control
-	Sales Price Date Type	Purchase Price Date Type
-	Recalculate Prices and Discounts	Recalculate Prices and Discounts
-	Add/Overwrite Total Discounts	Add/Overwrite Total Discounts
-	Use Derived from Item	Use Derived from Item

Step 2: Matrix Definition (tdpcg0610m000)

In the Matrix Definition (tdpcg0610m000) session:

1. Define a matrix definition of the following matrix types:
   - **Sales Line Discount**
     To define matrix attributes for sales order line discounts.
   - **Sales Total Discount**
     To define matrix attributes for sales order total discounts.
   - **Purchase Line Discount**
     To define matrix attributes for purchase order line discounts.
   - **Purchase Total Discount**
     To define matrix attributes for purchase order total discounts.

2. Define the elements, which are <u>matrix attributes</u>, for which you want to set up a discount amount, discount percentage, or discount schedule.

3. Define a <u>matrix priority</u> for the matrix definition, which is used as a search priority to find a discount.

Step 3: Discount Schedule (tdpcg0612m000)

Define <u>discount schedules</u> in the Discount Schedule (tdpcg0612m000) session. In a discount schedule, you specify a discount amount or percentage and you determine the order quantity or amount to which the discount applies. You can also specify the <u>break type</u> for the schedule type.

A discount schedule can be allocated to different origins, but if you want to use it in a discount matrix, the discount schedule must be allocated to a standard sales order or purchase order. Therefore, the **Used for Purchase Contracts**, **Used for Sales Contracts**, **Used for RFQs**, and **Used for Promotions** check boxes must be cleared for the discount schedule.

For more information, refer to *Setting up a discount schedule (p. 26)*.

Step 4: Discount matrices

Specify discount matrices in these sessions:
- Sales Line Discount Matrices (tdpcg0130m110)
- Sales Total Discount Matrices (tdpcg0130m120)
- Purchase Line Discount Matrices (tdpcg0130m130)
- Purchase Total Discount Matrices (tdpcg0130m140)

In these sessions, you must link a matrix definition to a discount amount, discount percentage, or discount schedule, and you must specify values for the matrix attributes. As a result, matrix attributes are linked to a discount amount, a discount percentage, or a discount schedule.

Example

For matrix type **Sales Line Discount**, specify the matrix definition MD1. Add the attributes delivery terms, currency and item to the matrix definition.

Specify the discount schedule SLS1 for items with the following characteristics:
- Currency USD
- A minimum break of 10 pieces
- A valid period from September 1 to December 1.
- A discount of $50 each.

Define a discount matrix for matrix type **Sales Line Discount** and select matrix definition MD1 and discount schedule SLS1. Enter values for the matrix attributes, such as the following:
- Delivery terms: CoD (Cash on Delivery)
- Currency: USD
- Item: Laptop computer A1

Setting up a discount schedule

Discount schedules are used to calculate discounts for an item. 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 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

To set up a discount schedule:

Step 1: Specify a discount schedule number group

Specify a discount schedule number group in the **Discount Schedule Number Group** field of the Pricing Parameters (tdpcg0100m000) session.

Step 2: Specify a discount schedule header

Specify a discount schedule header in the Discount Schedules (tdpcg0112m000) session. The discount schedule can be used to store discounts for orders, contracts, RFQs, or promotions.

In the Discount Schedules (tdpcg0112m000) session, you must also specify the **Discount Schedule Type** field, which can have these values:

- **Quantity Break**
  Discount agreements in your company are made on the basis of the ordered quantity.
- **Value Break**
  Discount agreements in your company are made on the basis of the order value.

Step 3: Specify discount schedule lines

Specify the discounts in the Discount Schedules (tdpcg0121m000) session.

You must specify these break fields:

- **Break Type**
  Specifies how breaks between ranges of entities such as distances, amounts, or ordered quantities of items are defined. A break is the first or the last number of a range.
  A break type can be one of the following:
  - **Minimum**
    The break is the lowest number of a range.
  - **Up To**
    The break is the highest number of a range.
- **Break Quantity/Value**
  The minimum or maximum quantity or amount for this discount schedule line. Whether it is a minimum or maximum quantity, depends on the break type.

Example

Quantity Break schedule type

Minimum break type

Ordered quantity	Discount
10	3%
50	5%

In this case, the breaks are 10 and 50. Ordered quantities >= 10 and < 50 get a 3% discount. Ordered quantities of 50 and more get a 5% discount.

Value Break schedule type

Up To break type

Ordered amount	Discount
100	0%
1000	5%

In this case, the breaks are 100 and 1000. For amounts <= 100, the discount is 0%. For amounts > 100 and <= 1000, the discount is 5%.

Note

- You can also use the Discount Schedule (tdpcg0612m000) session to specify a discount schedule header and discount schedule lines.
- When you link a discount schedule to a price book in the Price Book Lines (tdpcg0131m000) session, additional discounts for items are applied via the discount schedule on the price book.
- If a matrix structure exists, discount schedules are specified in the Sales Line Discount Matrices (tdpcg0130m110), Sales Total Discount Matrices (tdpcg0130m120), Purchase Line Discount Matrices (tdpcg0130m130), or Purchase Total Discount Matrices (tdpcg0130m140) sessions.
- You can link one or more discount schedules to a contract. For more information, refer to *Discount schedules on contracts (p. 28)*.

Discount schedules on contracts

In the **Discount Schedule** field of these sessions, you can link one or more discount schedules:

- Purchase Contract Prices (tdpur3103m000)
- Sales Contract Lines (tdsls3501m000)
- Sales Contract Prices (tdsls3103m000)

Linking one discount schedule to a contract

- **Purchase Contract Prices (tdpur3103m000) and Sales Contract Lines (tdsls3501m000)**
  To specify a **Discount Schedule** in the Purchase Contract Prices (tdpur3103m000) session or the Sales Contract Lines (tdsls3501m000) session, zoom to the Line Discount Schedules (tdpcg0521m100) session. To link one discount schedule, you must specify only one discount schedule in the Line Discount Schedules (tdpcg0521m100) session. Dependent on the ordered quantity and effectivity period of the discount schedule line and the price revision's or sales contract line's effectivity period, one line is selected from the discount schedule.

- **Sales Contract Prices (tdsls3103m000)**
  To specify a **Discount Schedule** in this session, zoom to the Discount Schedules (tdpcg0112m000) session. Depending on the ordered quantity and effectivity period of the discount schedule line and the price revision's effectivity period, one line is selected from the discount schedule.

Example

- Discount schedule: **Used for Purchase Contracts**
- **Discount Schedule Type**: Quantity Break
- Effectivity period of the contract line's price revision: 01/04 - 30/04

Break type	Break (pcs)	Effective date	Expiry date	Percent	Amount (euro)	Method	Discount code
Up to	100	01/05	-	-	10	Net	RHT
Up to	200	01/01	-	1	-	Gross	-
Up to	300	01/01	04/06	4	-	Net	MAQ
Up to	300	05/04	-	5	-	Gross	APC

If the ordered quantity is 100 pieces, the discount is 1% Gross. With a price of 50 euro, the net amount will be 49,500 euro.

Linking multiple discount schedules to a contract

Depending on the value that is specified in the **Number of Discount Levels** field of the Pricing Parameters (tdpcg0100m000) session, you can link a maximum of five discount schedules to a price revision.

When you link more than one discount schedule to a price revision, depending on the ordered quantity and effectivity period of the discount schedule lines and the effectivity period of the price revision or contract line, one discount schedule line is selected from each linked discount schedule.

- **Purchase Contract Prices (tdpur3103m000) and Sales Contract Lines (tdsls3501m000)**
  To link multiple discount schedules to a contract, when you zoom to the Line Discount Schedules (tdpcg0521m100) session from the **Discount Schedule** field of the Purchase Contract Prices (tdpur3103m000) session or the Sales Contract Lines (tdsls3501m000) session, specify more than one discount schedule in the Line Discount Schedules (tdpcg0521m100) session.
- **Sales Contract Prices (tdsls3103m000)**
  You can link more levels of discount schedules to the sales contract price revision in the Price and Discounts (tdpcg1600m000) session. To start this session, on the appropriate menu of the Sales Contract Prices (tdsls3103m000) session, click **Price and Discounts**. On the Discounts tab, specify more than one discount schedule for the price revision.

Example

Two discount schedules are linked to a purchase contract price revision with an effectivity period of 01/05 - 01/06.

- Discount Schedule: PUR000002
- **Discount Schedule Type**: Quantity Break

Break type	Break (pcs)	Effective date	Expiry date	Percent	Amount (euro)	Method	Discount code
Upto	100	01/03/00	-	4	-	Gross	MHT
Upto	200	01/01/00	04/06	-	10	Net	-
Upto	300	01/01/00	-	4	-	Gross	LAQ
Upto	300	05/04/00	-	5	-	Gross	ZPC

- Discount Schedule Code : PUR000003
- **Discount Schedule Type**: Value Break

Break type	Break (eu-ro)	Effective date	Expiry date	Percent	Amount (euro)	Method	Discount code
Min.	10000	01/05/00	-	-1	-	Gross	LHT
Min.	20000	01/01/00	04/06	-	-10	Net	-
Min.	30000	01/01/00	-	-1	-	Gross	NAQ
Min.	40000	05/04/00	-	-5	-	Net	BPC

If the ordered quantity is 100 pieces and the price is 50 euro, the net amount is retrieved as follows:

- The discount that is applied from PUR000002 is 4% Gross
- The net amount is now 48,000 euro
- The discount (read surcharge) from PUR000003 is -5
- The total net amount will be 48,500 euro

Multiple discount levels

Many organizations offer or receive more than one discount at a time. This is a common business practice that is supported if the **Multiple Discount Levels Implemented** check box is selected in the Pricing Parameters (tdpcg0100m000) session. Discount levels are used to set up flexible criteria to allocate discounts to, for example, sales orders and lines or purchase orders and lines.

You can specify up to five levels of discounts. The number of discounts that you can allocate to, for example, a sales order or a purchase order depends on the number of discount levels entered in the **Number of Discount Levels** field of the Pricing Parameters (tdpcg0100m000) session. In this session, you can specify how many discount levels your organization uses and define for each level how it is used. For example, you can define that for level one the first discount found is used, and that subsequent levels are used cumulatively.

For each level, you can define an order line discount and an order discount. You must define a matrix definition and a discount matrix for both the line discount and the total discount. For more information, refer to *Setting up a discount matrix (p. 23)*.

A discount can be expressed as a discount percentage or a discount amount. Amounts are calculated by unit and are deducted from the gross amount. Percentages can be calculated over the gross amount or the remaining net amount at the previous level.

Example

A supplier of chairs defined three levels of discounts:

- Level 1: A discount is given to all customers located in a certain area.
- Level 2: A discount is given on the basis of the ordered quantity.
- Level 3: A discount is given for specific items.

The supplier discounts 100 dollars to all customers from New York who place an order (level 1 discount). In addition, a 5% discount is given to each customer who buys more than 500 chairs at 100 dollars each (level 2 discount).

The invoice calculation for a customer from New York who buys 600 chairs is as follows:

Level	Discount %	Amount	Method	Discount	Net
1	-	1	Gross	$ 100 (1*100)	$ 59,900
2	5%	-	Net	$ 2,995 (5%*59,900)	$ 56,905

Determining/eligible

If an order line is eligible for total order discounts, the total discounts will be distributed across the order lines.

If an order line is determining, the quantity and value from the order line will be included when calculating total order discounts.

Total order discounts are usually additional to other discounts.

Default value

If you select the **Eligible** and **Determining** check boxes in one of the price matrices or discount matrices sessions, the same check boxes are by default selected in these sessions:

- RFQ Responses (tdpur1506m000)
- Purchase Contract Prices (tdpur3103m000)
- Purchase Order Lines (tdpur4101m000)
- Sales Quotation Lines (tdsls1501m000)
- Sales Contract Lines (tdsls3501m000)
- Sales Order Lines (tdsls4101m000)
- Price and Discounts (tdpcg1600m000)

You can manually change the default settings in the previous sessions.

Example

A total discount of 10% is given if the total order amount for a customer is more than $500.

A customer ordered amounts of $100, $200, and $500, and all order lines are determining for the total discount amount. As a result, a discount can be distributed to the order lines because the total order amount is $800.

If one of the amounts on the order line is eligible for the total discount, a 10% discount is applied to this order line. A 10% discount is given to the eligible order lines of $500 and $100. The amount of $200 is not eligible, so a total discount is not applied.

Order lines are excluded for total order discounts if another (large) discount amount is already applied to them. For example, a $50 discount (for the ordered quantity) is given on an order line amount of $125. The additional total discount that applies to the order line is $40. The total discount amount is $90. The total discount is not given because then the total discount amount is too large on an ordered amount of $125.

Discount retrieval

The functionality to retrieve discounts is similar to the functionality that is used to retrieve prices. The main differences are as follows:

- Discounts can be stored in discount matrices and underline discount schedules.
- More than one discount can be applicable. For more information, refer to *Multiple discount levels (p. 30)*.

Retrieving discounts from a contract

When searching for discounts, LN first checks whether a valid special contract and next a valid normal contract exists.

You can define:

- Sales contract discounts in the Sales Contract Lines (tdsls3501m000) or Sales Contract Prices (tdsls3103m000) session.
- Purchase contract discounts in the Purchase Contract Prices (tdpur3103m000) session.

If required, you can link one or more discount schedules to a contract. For more information, refer to *Discount schedules on contracts (p. 28)*.

Note

If the contract does not have a valid discount, LN can stop or continue the search based on the setting of the **Apply Discounts if No Contract Discounts** check box in the Pricing Parameters (tdpcg0100m000) session. If this check box is selected, the search continues.

Retrieving discounts from a price book or a discount matrix

If LN cannot find a discount in a special contract or a normal contract, and if the search for discounts continues, LN tries to retrieve discounts from a discount schedule that is linked to a price book, or from a discount matrix. To retrieve discount information from a discount schedule that is linked to a price book, LN must find the correct price book first. To find the correct price book, the retrieval process as described in *Price retrieval (p. 19)* takes place.

To retrieve discounts from a discount matrix, LN looks for discount matrices with a matrix definition and matrix attributes that match the properties of the relevant order. Note that all of the matrix attributes must match the properties of the order. When found, the discount schedule of the discount matrix, in which the matrix definition and the matrix attributes are stored, is used to calculate the discount of the order. The discount information of the discount matrix includes a discount amount, a discount percentage or a discount schedule.

The retrieval of discount matrices is controlled by the following settings in the Pricing Parameters (tdpcg0100m000) session for the relevant discount level:

- **First Discount**
  LN picks up the first valid discount found in the level and ignores any other valid discounts. The first valid discount is the one with the lowest matrix priority number. When more than one discount has the lowest priority number, the first discount is the one with the latest effective date. When the first discount is found, the search for discounts stops.
- **Best Discount**
  LN picks up the best discount found for the level and disregards the matrix priorities.
- **Accumulate**
  All valid discounts are retrieved and returned as one aggregated percentage. The maximum aggregated discount percentage is 100.
- **Not Applicable**
  No discounts are retrieved for the pertaining discount level.

Note

- The discount retrieval process takes place for each level of discounts defined, starting with level 1. LN first searches for a line discount, then for an order discount. If no valid discount is found, LN enters a value of 0.00 (zero), which can be maintained or modified by the user.
- The values of the **Determining** and **Eligible** check boxes in the price matrices and discount matrices sessions, also affect the calculation of discounts. For more information, refer to *Determining/eligible (p. 31)*.
- From the applicable discount schedules or price books that LN finds for a particular order or contract, LN picks up the discounts listed in the currency of the order or contract. If no applicable discount is found in the order currency, LN selects discounts listed in the home currency.

- You can always manually enter or overwrite discounts.

Chapter 4
Promotions

4

Setting up a promotion matrix

In Pricing, a promotion matrix is a structure that offers flexible criteria to define and retrieve promotions.

A promotion matrix includes these elements:

- A matrix definition
- A set of matrix attributes
- A promotion or a promotion group

If the properties of, for example, the sales order match the properties of the promotion matrix, the promotion that is linked to the promotion matrix is applied to the sales order.

To set up a promotion matrix:

Step 1: Pricing Parameters (tdpcg0100m000)

Define the following fields in the Pricing Parameters (tdpcg0100m000) session:

General tab	Promotions tab
Matrix Definition Number Group	**Attribute Set for Line Promotions**
Discount Schedule Number Group	**Attribute Set for Order Promotions**
-	**Promotions Implemented**
-	**Promotion Number Group**
-	**Line Promotion Control**

-	Order Promotion Control
-	Promotion Date Type

Step 2: Matrix Definition (tdpcg0610m000)

In the Matrix Definition (tdpcg0610m000) session:

1. Define a matrix definition of the following matrix types:
   - **Line Promotions**
     To define matrix attributes for sales order line promotions. A line promotion is a special offer on a sales order line that reduces the price of the original item by a percentage or monetary amount, or that offers premiums with the purchase of the original item.
   - **Order Promotions**
     To define matrix attributes for sales order header promotions. An order promotion is a special offer on a sales order that reduces the total order price by a percentage, or that offers a premium.
2. Define the elements, which are matrix attributes, for which you want to set up a promotion.
3. Define a matrix priority for the matrix definition, which is used as a search priority to find a promotion.

Step 3: Discount Schedule (tdpcg0612m000)

In the Discount Schedule (tdpcg0612m000) session, define a discount schedule that is allocated to a promotion, which means it has the **Used for Promotions** check box selected. In the discount schedule, you specify the promotion details, which include the discount amount, percentage, or premium, and the order quantity or amount to which the promotion applies. You can also specify the break type for the schedule type.

For more information, refer to *Setting up a discount schedule (p. 26)*.

Step 4: Promotion Groups (tdpcg0115m000)

If required, maintain promotion groups in the Promotion Groups (tdpcg0115m000) session. Promotion groups enable you to link more than one promotion to a promotion matrix. You must select a **Group Type** and maintain the group type's promotion group in the relevant session, which you can start from the appropriate menu.

For an overview of promotion groups, refer to the Promotion Groups - Overview (tdpcg0515m000) session.

Step 5: Promotions (tdpcg0140m000)

Maintain promotions in the Promotions (tdpcg0140m000) session. In this session, you must link the discount schedule to the promotion.

Step 6: Promotion matrices

Specify order and line promotion matrices in these sessions:

- Line Promotion Matrices (tdpcg0130m210)
- Order Promotion Matrices (tdpcg0130m220)

In these sessions, you must link a matrix definition to a promotion or promotion group and you must enter values for the matrix attributes. As a result, matrix attributes are linked to a promotion or promotion group.

You need not create a promotion matrix for default promotions, which you can define in the **DefaultPromotion** field of the Promotions (tdpcg0140m000) session. LN automatically searches for these promotions.

Example

For matrix type **Line Promotions**, specify the matrix definition MD1. Add the attributes delivery terms, and currency to the matrix definition.

Specify a promotion discount schedule SLS1 for items with the following characteristics:

- Currency USD
- A minimum break of 10 pieces
- A valid period from September 1 to December 1
- A keyboard as a premium

Specify a promotion PRO1 with the following characteristics:

- Sales item: Laptop computer A1
- Link the promotion discount schedule SLS1 to the promotion

Define a promotion matrix for matrix type **Line Promotions** and select matrix definition MD1 and promotion PRO1. Enter values for the matrix attributes, such as the following:

- Delivery terms: CoD (Cash on Delivery)
- Currency: USD

Promotion scenarios

The following scenarios represent ways in which users in the consumer packaged goods industry can use the pricing and promotions sessions to set up various types of promotions.

Promotions on line level

- Line item promotion with a percentage off
- Line item promotion with a value off
- Buy a quantity or value of an item and get the same item for free

- Buy a quantity or value of an item and get some other item for free
- Buy a quantity or value of an item and get a group of items for free

Promotions on order level

- Order promotion with a percentage off based on the value of the total order
- Order promotion with a free item based on the value of the total order

Promotions on line level

- **Line item promotion with a percentage off**
  For this promotion, a percentage off is offered on each sales order line. The percentage off depends on the quantity or value ordered. The percentage discounts increase when the ordered quantities or values increase.

  In this case, you buy a specified quantity of A, and get a percentage off.

- **Line item promotion with a value off**
  A value off is offered on a sales order line. The value off depends on the quantity or value ordered. The discount amounts increase when the ordered quantities or values increase.

  In this case, you buy a specified quantity of A, and get a monetary value off.

- **Buy a quantity or value of an item and get the same item for free**
  One or more free items are offered on a sales order. The number of free items depends on the item quantity or item value that you ordered.

  In this case, you buy a specified quantity of A, and get the same item free of charge.

- **Buy a quantity or value of an item and get some other item for free**
  One or a specified number of items (other than the ordered item) are offered for free on each sales order line, depending on the quantity or value ordered on that line.

  In this case, you buy a specified quantity of A, and get another item free of charge.

- **Buy a quantity or value of an item and get a group of items for free**
  This promotion is to offer items in a group for free on each sales order line, depending on the quantity or value ordered on that line.

  In this case, you buy a specified quantity of A, and get a group of items free of charge.

Promotions on order level

- **Order promotion with a percentage off based on the value of the total order**
  If the total order value exceeds a specified value, you receive a specified percentage off on the total order.

  For example, if your order amount exceeds $1000, you get 3% off on the total order value.

- **Order promotion with a free item based on the value of the total order**
  If the total order value exceeds a specified value, you get a number of free items.

  For example, if your order amount exceeds $1000, you get ten items for free.

Promotion retrieval

In Pricing, <u>promotions</u> are defined for items and business partners. Promotions are used to offer extra discounts and/or free gifts on sales orders or sales order lines.

With the exception of default promotions, which are automatically searched for, LN uses promotion matrices to check whether a promotion is defined for the item and/or the business partner of a sales order.

LN searches for valid promotions in the promotion matrices for which a <u>matrix priority</u> is defined. The retrieval of promotion matrices is controlled by the **Line Promotion Control** and **Order Promotion Control** parameters in the Pricing Parameters (tdpcg0100m000) session.

The parameters can have these values:

- **First Eligible**
  The first valid promotion is applicable.
- **All Eligible**
  All valid promotions are applicable.
- **First Eligible plus All Exclusive**
  The first valid promotion is applicable for which the **Exclusive Promotion** check box is selected in the Promotions (tdpcg0140m000) session.
- **All Exclusive**
  All valid promotions are applicable for which the **Exclusive Promotion** check box is selected in the Promotions (tdpcg0140m000) session.

To retrieve promotions from a promotion matrix, LN searches for promotion matrices with a <u>matrix definition</u> and <u>matrix attributes</u> that match the properties of the relevant sales order. Note that all of the matrix attributes must match the properties of the order. When found, the promotion linked to the promotion matrix is applied to the sales order.

Note

When you enter a sales order or a sales order line, you can display and select eligible and/or applied promotions in the Sales Order Promotion Data Link (tdsls4536m000) session.

Chapter 5
Freight rates

5

Setting up a freight rate matrix

In Pricing, a freight rate matrix is a structure that offers flexible criteria to define and retrieve freight rates.

A freight rate matrix includes these elements:

- A <u>matrix definition</u>
- A set of <u>matrix attributes</u>
- A <u>freight rate book</u>

If the properties of, for example, the sales order match the properties of the freight rate matrix, the freight rate from the freight rate book that is linked to the freight rate matrix, is applied to the sales order.

To set up a freight rate matrix:

Step 1: Pricing Parameters (tdpcg0100m000)

Define the following fields in the Pricing Parameters (tdpcg0100m000) session:

- **Matrix Definition Number Group**
- **Freight Rate Book Number Group**
- **Attribute Set for Client Freight Rate**
- **Attribute Set for Carrier Freight Rate**
- **Search by Distance/Zone**
- **Client Freight Rate Control**
- **Carrier Freight Rate Control**
- **Rate Date for Client Freight Rate**
- **Rate Date for Carrier Freight Rate**

Step 2: Matrix Definition (tdpcg0610m000)

In the Matrix Definition (tdpcg0610m000) session:

1. Define a <u>matrix definition</u> of the following matrix types:

   - **Client Freight Rate**
     Use this matrix type to define matrix attributes for <u>cient freight rates</u>.

- **Carrier Freight Rate**
Use this matrix type to define matrix attributes for <u>carrier freight rates</u>.

2. Define the elements, which are <u>matrix attributes</u>, for which you want to set up a freight rate book.

3. Define a <u>matrix priority</u> for the matrix definition, which is used as a search priority to find a freight rate book.

Step 3: Freight Rate Book (tdpcg0616m000)

Define <u>freight rate books</u> in the Freight Rate Book (tdpcg0616m000) session. In freight rate books, you specify distances or zones and the freight rates against the distances or zones. You can also specify <u>break types</u>.

For more information, refer to *Defining freight rate books (p. 43)*.

Step 4: Freight rate matrices

Specify freight rate matrices in these sessions:
- Client Freight Rate Matrices (tdpcg0130m310)
- Carrier Freight Rate Matrices (tdpcg0130m320)

In these sessions, you must link freight rate books to matrix definitions and enter values for the matrix attributes. As a result, freight rate books are linked to matrix attributes.

Example

For matrix type **Client Freight Rate**, specify the matrix definition MD1. Add the attributes item and ship-from business partner to the matrix definition.

Specify the freight rate book FRB1 for items with the following characteristics:
- Rating method: **Distance**
- An **Up To** break type
- For a weight <100:
  - Amount by weight $15
- For a distance <500:
  - Amount by distance $25
- A valid period from September 1 to December 1

Define a freight rate matrix for matrix type **Client Freight Rate**, and select matrix definition MD1 and freight rate book FRB1. Enter values for the matrix attributes, such as the following:
- Item: Laptop computer A1
- Ship-from business partner: Tradex

Defining freight rate books

A freight rate book is a list of <u>freight rates</u>. A freight rate includes an amount per distance or <u>zone</u> and a few other attributes, such as weight, <u>service level</u>, or <u>carrier</u>.

A <u>freight rate</u> can be of the following types:

- <u>Client rate</u>
- <u>Carrier rate</u>

A freight rate book includes these elements:

- A freight rate book header, which contains the code, rating method, distance unit, and free distance.
- One or more freight rate book lines, which contain the freight rates for a combination of attributes such as carrier and service level.

The freight rates specified in a freight rate book are subject to a minimum or maximum weight, distance, or additional rate value.

To set up a freight rate book:

Step 1: Freight rate book number group

Specify a freight rate book number group in the **Freight Rate Book Number Group** field of the Pricing Parameters (tdpcg0100m000) session.

Step 2: Freight rate book header

Specify a freight rate book header in the Freight Rate Books (tdpcg0116m000) session.

In the Freight Rate Books (tdpcg0116m000) session, you must also specify the **Rating Method** field, which categorizes the freight rates. This field can be set to **Distance** or **Zone**.

Step 3: Freight rate book lines

Specify the freight rate book lines in the Freight Rate Books (tdpcg0150m000) session, which include the distances or zones and the freight rates against the distances or zones.

You must specify these break fields:

- **Break Type**
  Specifies how breaks between ranges of entities such as distances, weights or additional rate units are defined.
  A break type can be one of the following:
  - **Minimum**
    The break is the lowest number of a range.
  - **Up To**
    The break is the highest number of a range.

- ■ **Freight rates**
  For the break ranges, specify the amounts by distance, weight, and additional rate unit. You can also specify a minimum or fixed amount.

You can also use the Freight Rate Book (tdpcg0616m000) session to specify a freight rate book header and freight rate book lines.

Example

Freight rate book data

Carrier/LSP	Speedex, Inc.
Weight	100 kg
Service Level	Speedy delivery
Rating Method	Distance
Break Type	Minimum

Distance	Amount per distance	Amount per weight	Minimum amount
0	10	15	2,000
500	25	25	3,000

For the distances and weights displayed below, these rates would result in the following freight costs:

In-stance	Dis-tance	Weight	Freight costs
A	100	200	100*10 + 200*15 = 4,000
B	1000	50	1000*25 = 25,000
C	30	100	2000

For B, there is no weight charge, since the weight is < 100 kg. For C, the calculated amount (30 * 10 + 100 * 15 = 1800) is < than the minimum amount, so the minimum amount is charged.

Zones

Freight rates are based on distances and zones, and a few other optional elements, such as weight, service level, or carrier. The distances are defined by the distances entered in the Freight Rate Books (tdpcg0150m000) session of Pricing and by the zones defined in Freight.

Zones

A zone includes these elements:

- **Zone identification**
  The code and description of the zone.
- **Zone type**
  The type of zone, which can be set to **ZIP**, **City**, or **Distance**.
- **Carrier**
  Carriers can use their own zone system, on which they base their rates. You can specify a carrier to indicate that a zone is only used by that particular carrier.
- **Zone information**
  The details, such as the origin and destination countries, zip code ranges, cities, or distances, that make up the zone. The **Zone Type** of a **Zone** determines the type of zone information of which a zone consists.
    - Zones by zip
    - Zones by city
    - Zones by distance

How to define zones

1. In the Zones by Zone Type and Carrier/LSP (fmfrc1110m000) session, define the following data:

   a. The **Zone Type**. To select a **Zone Type**, click the New Group button on the toolbar.

   b. The **Carrier/LSP**, if required.

   c. The code and the description of the **Zone**. To add a code and a description, click the New Record button on the toolbar.

2. Start the Zones by ZIP (fmfrc1120m000) session, the Zones by City (fmfrc1130m000) session, or the Zones by Distance (fmfrc1140m000) session to enter the relevant zone information.

The use of zones

Zones by **ZIP**, by **City**, and by **Distance** are used to define freight rates. In the Freight Rate Books (tdpcg0150m000) session, the code of a zone is linked to a freight amount. As a result, all goods transports that take place in regions that are within the zip code ranges, the city ranges, or the distance defined for the zone, have the same basic rate. The other factors that make up the freight rate, such as basic weight or carrier must also apply.

Note

You cannot select zone codes of the **Distance** type in the Freight Rate Books (tdpcg0150m000) session. To define a freight rate by **Distance** in the Freight Rate Books (tdpcg0150m000) session, you must manually enter a distance and the pertaining freight amount. LN links the manually specified distance to the corresponding zone by **Distance** defined in Common.

Freight rate retrieval

In Pricing, freight rates are stored to calculate the transportation costs of items listed on:

- Freight order lines
- Freight order clusters
- Sales order lines
- Sales quotation lines
- Loads
- Shipments

To determine the transportation costs of, for example, a sales order line, LN retrieves the freight rate from freight rate books. To find the correct freight rate book, LN uses freight rate matrices.

Retrieval of the freight rate matrix is based on these fields:

- The **Invoicing Method** selected on the order header or in the Invoice-to Business Partner (tccom4112s000) session. If the invoicing method is **Client Rates**, client rates are searched for. If the invoicing method is **Freight Costs** or **Freight Costs (Update Allowed)**, carrier rates

are searched for. If the invoicing method is set to **Not Applicable**, no freight rates are searched for.

■ The **Carrier Freight Rate Control** and **Client Freight Rate Control** parameters in the Pricing Parameters (tdpcg0100m000) session, which can be set to **First Rate** or **Lowest Rate**.

To retrieve freight rates from a freight rate matrix, LN searches for valid freight rate books in the freight rate matrices for which a <u>matrix priority</u> is defined. LN searches the freight rate matrices for a <u>matrix definition</u> and <u>matrix attributes</u> that match the properties of the sales order line, shipment, freight order cluster, etc. Note that all of the matrix attributes must match the properties of the sales order line, freight order cluster, shipment, etc. When found, the freight rate book of the freight rate matrix, in which the matrix definition and the matrix attributes are stored, is used to calculate the transportation costs of the sales order line.

Note

For loads and shipments, freight rates from more than one freight rate book can be used to calculate the freight costs. This depends on the properties of the loads or shipments involved.

Chapter 6
Additional processes

6

Pricing - additional processes

A number of processes can be used optionally in Pricing depending on specific situations.

These are the following processes:

- Copying price books
- Copying quotations to a supplier price book
- Deleting pricing information
- Displaying pricing information for a specific line
- Equating balance of receipts with inventory level
- Globally updating prices and discounts
- Importing prices from item data to a price book
- Rebuilding the generic key
- Recalculating prices and discounts
- Simulating prices
- Viewing and maintaining line discounts

Copying price books

You can use the Copy Price Book (tdpcg0231m100) session to copy existing price book data to a new price book or to an existing price book. Data is copied to and existing price book to update the price in this price book.

Copying quotations to a supplier price book

Because quotations are usually the input for price book maintenance, you can copy the quotation to the supplier price book in the Convert RFQs (tdpur1202m000) session.

Deleting pricing information

You can delete pricing information in the Global Delete of Price Information (tdpcg0200m000) session.

You can delete pricing information from (a selection of) the following sessions:

- Matrix Priorities (tdpcg0120m000)
- Sales Price Matrices (tdpcg0130m010)
- Purchase Price Matrices (tdpcg0130m020)
- Transfer Price Matrices (tdpcg0130m030)
- Sales Line Discount Matrices (tdpcg0130m110)
- Sales Total Discount Matrices (tdpcg0130m120)
- Purchase Line Discount Matrices (tdpcg0130m130)
- Purchase Total Discount Matrices (tdpcg0130m140)
- Line Promotion Matrices (tdpcg0130m210)
- Order Promotion Matrices (tdpcg0130m220)
- Client Freight Rate Matrices (tdpcg0130m310)
- Carrier Freight Rate Matrices (tdpcg0130m320)
- Price Book Lines (tdpcg0131m000)
- Discount Schedules (tdpcg0121m000)
- Freight Rate Books (tdpcg0150m000)

Displaying pricing information for a specific line

From various lines sessions in Sales and Procurement, you can zoom to the Price Inquiry (tdpcg0250m000) session to view pricing information for a specific line.

You can display pricing information for:

- A request for quotation (RFQ) line
- A purchase contract price revision, which is always linked to a purchase contract line
- A purchase order line
- A sales quotation line
- A sales contract line
- A sales order line

Equating balance of receipts with inventory level

You can use the Equate Balance of Receipts with Inventory Level (tdipu0201m000) session to decrease the value of the cumulative receipts. You must run this session periodically to ensure that realistic average purchase prices for the items are calculated.

Globally updating prices and discounts

A number of sessions are available that enable you to globally update prices and discounts.

- **Base prices on item level**
  You can update base prices in the purchase item data with the Global Update of Prices in Item Purchase Data (tdpcg0232m000) session.

- You can update base prices in the sales item data with the Global Update of Prices in Item Sales Data (tdpcg0233m000) session.
- **Discounts in discount matrices**
  You can update discounts in discount matrices with the Global Update of Discounts (tdpcg0230m100) session.
- **Prices in price matrices and freight rate matrices**
  You can update the following prices in price matrices with these sessions:
  - Global Update of Sales Prices via Price Matrices (tdpcg0230m310)
  - Global Update of Purchase Prices via Price Matrices (tdpcg0230m320)
  - Global Update of Transfer Prices via Price Matrices (tdpcg0230m330)
  - Global Update of Freight Prices via Price Matrices (tdpcg0230m340)
- **Prices in price books**
  You can update prices in price books with the Global Update of Prices via Price Books (tdpcg0231m000) session.

Importing prices from item data to a price book

You can use the Import Prices from Item Data to Price Book (tdpcg0231m200) session to import prices from one of the following sessions into a price book:

- Items - Sales (tdisa0501m000)
- Items - Purchase (tdipu0101m000)
- Item - Costing (ticpr0107m000)
- Items - Service (tsmdm2100m000)

Rebuilding the generic key

If the database is corrupt, you can run the Rebuild Generic Key (tdpcg0230m200) session to restore the data in the <u>pricing matrices</u>.

Recalculating prices and discounts

You can use the Price and Discount Recalculation Parameters (tdpcg0240s000) session to recalculate prices and discounts for quotations and quotation lines, and for orders and order lines.

For what entity you perform recalculation, depends on the session from which you start the Price and Discount Recalculation Parameters (tdpcg0240s000) session.

Simulating prices

You can simulate prices for a particular item (either sales or purchase) based on a business partner and date in the Price Simulator (tdpcg0200m300) session. If you click the **Calculate** button, the Price Calculator (tdpcg0200m100) session starts in which you can enter the data for the simulated new prices.

Viewing and maintaining line discounts

From various lines sessions in Sales and Procurement, you can zoom to Pricing to view and enter line discounts.

The following line discount sessions are available:

- Line Discounts (tdpcg0200m200)
- Line Discount Schedules (tdpcg0521m100)

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.

break type

An entity used to specify how breaks between ranges of entities such as distances, amounts, or ordered quantities of items are defined. A break, in this case, is the first or the last number of a range. A break type has either of the following values:

Minimum The break is the lowest number of a range.

Example

Break type minimum

Ordered quantity	Discount
10	3%
50	5%

In this case, the breaks are 10 and 50. Ordered quantities >= 10 and < 50 get a 3% discount. Ordered quantities of 50 and more get a 5% discount.

Up To The break is the highest number of a range.

Example

Break type up to

Distance	Freight rate
100	10
1000	50

In this case, the breaks are 100 and 1000. For distances <= 100, the rate is 10. For distances > 100 and <= 1000, the rate is 50.

carrier

An organization that provides transport services. To use a carrier for load building, freight order clustering, transport cost calculation, and invoicing, you must define the carrier both as a carrier and a buy-from business partner in Common. A carrier is also referred to as a forwarding agent.

Synonym: Logistics Service Provider (LSP)

carrier rate

A freight rate used by a carrier to calculate the transportation costs of a given number of goods.

carrier rate book

A freight rate book where you can maintain freight agreements with carriers.

client rate

A freight rate agreed upon by a customer and a supplier.

client rate book

A freight rate book where you can maintain freight agreements with business partners.

Client rates

Client rates are freight rates agreed on with an organization's business partners. These rates are maintained in the client freight rate books in Pricing. Client rates is also one of the invoicing methods used to calculate the invoice amount for freight costs.

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.

discount amount

The discount given to a business partner, calculated by unit and expressed as a value. For instance, 3 euro.

discount percentage

The percentage that you can subtract from the gross sales price or purchase price.

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 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.

freight rate

A rate that is used to calculate transportation costs for items listed on loads, shipments, and the following types of orders:

- Freight orders
- Sales orders
- Sales quotations

Freight rates are defined in freight rate books in Pricing. A freight rate is defined by distance, weight, and various other attributes.

Example

Weight	Rating method	Service level	Amount	Distance
100 kg	Distance	Express delivery	USD 150	50 km

freight rate book

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

A freight rate book includes the following elements:

- A freight rate book header, which contains the code, rating method, distance unit, and free distance.
- One or more freight rate book lines, which contain the freight rates for a combination of attributes such as carrier and service level.

The freight rates specified in a freight rate book are subject to a minimum or maximum weight, distance, or additional rate value.

gross amount

The total amount from which taxes, rebates, discounts, and so on are to be deducted to reach the net amount. The gross amount is calculated by multiplying the order quantity with the (book) price.

item subcontracting

The entire production process of an item is outsourced to a subcontractor.

load building

The freight planning engine of Freight. The load building engine groups goods that require transportation into shipments and loads.

Logistics Service Provider (LSP)

See: *carrier (p. 54)*

matrix attributes

A list of elements used to define a price, discount, promotion, or freight rate. The group of matrix attributes is identified by a matrix definition and type.

Imagine you are a furniture vendor and you decide to maintain your sales prices based on two elements:
- The specific item you sell.
- The way to handle payments.

In this case, the matrix type is **Sales Price**, the matrix definition is Furni (this name is user-definable), and the matrix attributes are **Item** and **Payment Method**.

In the Pricing matrix, you specify the values for the matrix attributes.

matrix definition

Defines the group of elements (matrix attributes) that a Pricing matrix uses to determine a price, discount, promotion, or freight rate.

Imagine you are a furniture vendor and you decide to maintain your sales prices based on two elements:
- The specific item you sell.
- The way to handle payments.

In this case, the matrix type is **Sales Price**, the matrix definition is Furni (this name is user-definable), and the matrix attributes are **Item** and **Payment Method**.

matrix priority

For a matrix type, the order in which matrix definitions are searched for.

matrix type

Defines the type of a matrix definition and is linked to a set of matrix attributes.

The following matrix types are available in Pricing:

- **Sales Price**
- **Sales Line Discount**
- **Sales Total Discount**
- **Purchase Price**
- **Purchase Line Discount**
- **Purchase Total Discount**
- **Transfer Price**
- **Line Promotions**
- **Order Promotions**
- **Client Freight Rate**
- **Carrier Freight Rate**

Each type has its own a selection of attributes. For a matrix type, the combination of a maximum of six attributes identifies the matrix definition.

net amount

The gross amount minus discounts. The net value is always stated in the transactional currency.

If multiple discount levels are used, the net amount is calculated from the gross amount minus discounts at previous levels.

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.

operation subcontracting

The work on one or more operations in an item's production process is outsourced to a subcontractor.

order discount

A discount percentage or amount to be subtracted from the total order amount.

Synonym: total discount

order line discount

A percentage or amount subtracted from the amount of an order line.

premium

A free item that is offered to the customer as part of a promotion.

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.

pricing information

Pricing information includes prices, discounts, promotions, and freight rates. If pricing matrices are used, pricing information is maintained for sets of attributes and values. The attributes are defined in matrix definitions and the values in the relevant pricing matrix.

Example

You can define a price for the following attributes and values:

Attribute	Value
Sold-to business partner	Apex Wholesalers, Inc.
Delivery terms	CoD (cash on delivery)
Item	Can opener aw10

pricing matrices

A Pricing matrix is an entity in which prices, discounts, freight rates, or promotions are maintained for customers, suppliers and/or items.

In Pricing, these types of matrices are available:
- Price matrices
- Discount matrices
- Promotion matrices
- Freight Rate matrices

Essentially, a Pricing matrix includes the following elements:
- A matrix type
- A matrix definition
- A set of matrix attributes
- Pricing information, such as price books, discount schedules, promotions, or freight rate books

The matrix type and the matrix definition determine the available matrix attributes. The pricing information is determined by the type of Pricing matrix.

Example

In a price matrix, you can specify a price for the following attributes and values:

Attribute	Value
Sold-to business partner	Apex Wholesalers
Delivery terms	CoD (cash on delivery)
Item	Can opener aw10

When an order is entered for Apex Wholesalers for item Can opener aw10, and the delivery terms are CoD, the price maintained in the price matrix is used to calculate the price for the order.

promotion

The application of an additional discount, value off, or premium to a sales order based on predefined order levels of selected items. Two basic types of promotions exist: order level and line level.

promotion group

An entity in which items, sold-to business partners, or promotions that share the same promotion attribute values are maintained.

purchase order lines

The lines on purchase orders that record detailed information about, for example:

- The ordered items
- The price agreements
- The delivery dates
- Shipping
- Invoicing

You can have one or more lines on a purchase order.

quotation lines

The lines used to record the items offered, as well as the associated price agreements and quantities. A sales quotation includes one or more quotation lines.

repair price book

A price book that is used to store internal fixed repair prices.

You can make a repair price book distinctive by its description.

request for quotation (RFQ) lines

The lines that include the item details in a request for quotation (RFQ), such as required quantity, time to be delivered, delivery warehouse and so on.

The item lines are sent to the bidder. The bidder can respond to each item individually and also offer alternatives for the required item.

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 lines

A sales order contains items that are delivered to a customer, according to certain terms and conditions. The lines of a sale order are used to record the items ordered, as well as the associated price agreements and delivery dates.

service level

The level of service offered by a carrier in connection with goods transports, such as speedy delivery, delivery within twelve hours, and so on. Usually, a service level is related to the freight rates that a carrier uses to calculate prices for transportation services.

service subcontracting

Allot the service related work of an item to another company. The entire maintenance or repair process, or only a part of the same, can be allotted. Service subcontracting can be used with or without material flow support.

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.

supplier price book

A standard purchase price book that is used to store the following:

- The default purchase price of an item by buy-from business partner, ship-from business partner, or both
- The prices copied from RFQ responses
- The default prices of items

total discount

See: *order discount (p. 58)*

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.

zone

A distance or a geographical area. Zones are used to define freight rates. To define a freight rate, the geographical area defined by the zone is linked to a freight amount in Pricing. Thus the freight rate is used to calculate the transportation costs of goods transports that take place in the area defined by the zone. In other words, all goods transports within the area go for the same rate, provided that the other factors that make up the rate, such as basic weight or carrier, apply.

The following types of zones are available:

- **ZIP**
- **City**
- **Distance**
- **Not Applicable**
- **Note**: The **Zone type** is not used to define freight rates in Pricing.

zone by city

A zone of the **City** type. Zones of this type are defined by an origin city in an origin country and a destination city in a destination country. For each zone, you can define several origin country/city and destination country/city combinations.

Example

Zone ZC1 Origin country: The Netherlands. Origin city: Amsterdam. Destination country: The Netherlands. Destination city: Rotterdam.

Zone ZC2 Origin country: United Kingdom. Origin city: London. Destination country: Belgium. Destination city: Antwerp.

Zone ZC3 Origin country: The Netherlands. Origin city: Amsterdam. Destination country: The Netherlands. Destination city: The Hague. Origin country: The Netherlands. Origin city: Amsterdam. Destination country: The Netherlands. Destination city: Utrecht.

zone by distance

A zone of the **Distance** type. A **Zone** of this type consists of a distance.

Example

ZD1 100 Kilometres

ZD2 500 Kilometres

ZD3 1000 Kilometres

zone by zip

A zone of the **ZIP** type. A zone of this type consists of a geographical area that is defined by one or more origin areas and one or more destination areas. The origin area consists of an origin country and an origin area. The destination area consists of a destination country and a destination area. Both the origin and the destination areas (which bear no relation to the areas defined in Common) are defined by ranges of **ZIP** codes. The places in between the origin and destination areas are included in the zone.

Example

Zone ZC1: Origin country: The Netherlands. Origin area: zip codes 1000 AA to 1050 ZZ (Amsterdam and surrounding area). Destination country: The Netherlands. Destination area: 3100 AA to 3145 ZZ (Rotterdam and surrounding area).

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