



Infor LN Sales User Guide for Sales Contracts

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Publication Information

Document code salesscug (U9844)

Release 10.6 (10.6)

Publication date March 26, 2018

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About this document

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

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

- *User Guide for Sales Master Data U9839 US*
- *User Guide for Terms and Conditions U9499 US*
- *User Guide for Sales Orders U9845 US*
- *User Guide for Purchase and Sales Schedules U9541 US*
- *User Guide for Pricing U9179 US*
- *User Guide for Material Pricing U9865 US*
- *User Guide for Retrobilling U9840 US*

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Sales contracts - overview

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

These agreements can be registered at the following levels:

- **Sales contract lines**

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

- **Terms and conditions agreements**

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

You can create the following contract types:

- Normal contracts
- Special contracts

Special contracts are used to record agreements that relate to specific projects. A special contract can also be a promotional contract. For each sold-to business partner, you can close multiple special contracts in one period. In a specific period, you cannot specify more than one normal contract per item or price group for a sold-to business-partner.

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

Specifying sales contracts

Before you can specify sales contracts:

1. Select the **Contracts** check box in the Sales Parameters (tdsIs0100s000) session.
2. Specify the sales contract parameters in the Sales Contract Parameters (tdsIs0100s300) session.

For more information, refer to *Specifying sales contracts (p. 9)*.

Retrieving sales contracts

For more information, refer to *Retrieving sales contracts (p. 11)*.

Additional processes

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

For more information, refer to *Sales contracts - additional processes (p. 19)*.

Specifying sales contracts

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

Step 1: Sales Contracts (tdsIs3500m000)

Specify the general data for a sales contract header in the Sales Contracts (tdsIs3500m000) session. This session includes mainly sold-to business partner-related information. On the contract header, you can also link a terms and conditions agreement.

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

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

The following can be linked to a contract:

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

Step 2: Sales Contract Lines (tdsIs3501m000)

Specify sales contract lines in the Sales Contract Lines (tdsIs3501m000) session, which include the item's agreements with a sold-to business partner. If you do not use sales contract price revisions, sales contract lines also contain prices and discounts. Contract line data refers to the Sales Contract Lines (tdsIs3501m000) session.

Step 3: Sales Contract Prices (tdsIs3103m000)

If the **Contract Prices in Use** check box is selected in the Sales Contract Lines (tdsIs3501m000) session, specify sales contract price revisions for the contract line. Sales contract price revision data refers to the Sales Contract Prices (tdsIs3103m000) session.

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

Step 4: Sales Contract Line Logistic Data (tdsIs3102m000)

If the **Use Contracts for Schedules** check box is selected in the Sales Schedule Parameters (tdsIs0100s500) session, specify logistic agreements for the contract line. Contract line logistic data refers to the Sales Contract Line Logistic Data (tdsIs3102m000) session.

Step 5: Scheduled requirements for a sales contract

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

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

Note

You can also complete the previous steps using the Sales Contract (tdsIs3600m000) or Sales Contracts (tdsIs8330m000) sessions.

Retrieving sales contracts

The following origins are used to search for sales contracts:

- Sales order line
- Sales schedule header
- Sales schedule line
- Manufacturing, when searching for prices for BOM components
- Project, when searching for prices

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

- **BP Prices/Discounts or Sold-to Business Partner**
- **Ship-to Business Partner**
- **Item**
- **Price Group**
- **Sales Office**
- **Effectivity Unit**
- **Effective Date**
- **Expiry Date**

Sales contracts and sales schedules

By default, a normal contract line can be linked to a sales schedule when:

- Processing a sales release to a sales schedule
- Inserting a sales schedule line
- Approving a sales schedule line

When searching for a sales contract line for a sales schedule header, LN:

- Considers the customer order number if the **Use Customer Order for Schedules** check box is selected in the Sales Schedule Parameters (tdsIs0100s500) session.

The contract lines are linked based on the value of the **Action on Deviating Customer Order** and **Action on Deviating Empty Customer Order** fields in the Sales Contract Lines (tds1s3501m000) session:

- **Block**
Contract lines for which the value of the **Customer Order** field in the Sales Contract Lines (tds1s3501m000) matches the **Customer Order** in the Sales Schedules (tds1s3111m000) session, are linked.
- **Continue with Sales Release**
Contract lines can be linked to a different **Customer Order** instead of the sales schedule. In this case, the sales release's **Customer Order** is used for the sales schedule.
- **Continue with Sales Contract**
Contract lines can be linked to a different **Customer Order** instead of the sales schedule. In this case, the sales contract's **Customer Order** is used for the sales schedule.
- **Verifies if the customer contract reference is identical** in the Sales Contract Lines (tds1s3501m000) and Sales Schedules (tds1s3111m000) sessions.

Note

- For sales schedules, LN uses the current date to search for effective and **Active** sales contracts.
- If the **Use Terms and Conditions for Schedules** check box is selected in the Sales Schedule Parameters (tds1s0100s500) session, the sales contract must be linked to the terms and conditions agreement for the sales schedule.

Sales contracts and sales orders

The sales contracts are linked to sales orders based on the value of these parameters in the Sales Contract Parameters (tds1s0100s300) session:

- **Interactive Contract Linking**
- **Link Special Contract Automatically**

For sales orders, LN uses the date specified in the **Sales Price Date Type** field of the Pricing Parameters (tdpcg0100m000) session (which can be **Order Date**, **System Date**, or **Delivery Date**) to search for effective and **Active** sales contracts.

Note

If the **Use Customer Order for Schedules** and **Use Customer Contract Reference for Schedules** check boxes are selected in the Sales Schedule Parameters (tds1s0100s500) session, for sales orders, LN only retrieves contract lines for which the **Customer Order** and **Customer Contract Reference** fields are not specified in the Sales Contract Lines (tds1s3501m000) session. Consequently, sales orders cannot be linked to sales contract lines that are set up for sales schedules.

To retrieve terms and conditions, for an order line, from an active contract, the link to the order line is not required. Consequently, the contract number is only defaulted for the order line if an active contract line is linked to the order line. For more information, refer to Retrieval of terms and conditions.

If the item specified for the sales contract is unit effective, the sales order price includes upgrade prices. If the item specified for the sales order is unit effective, and the contract item is not, the sales order price, which includes the upgrade prices, is used as the contract price.

Note

In the Sales Contract Lines (tds1s3501m000) session:

- The **Maximum Quantity Tolerance** and **Action on Exceeding Maximum Quantity** fields are used to determine if a contract line can be linked to a sales order line or schedule line when the quantity tolerance is exceeded.
- The **Expiry Date Tolerance** and **Action on Exceeding Expiry Date** fields are used to determine if a contract line can be linked to a sales order line or schedule line when the date tolerance is exceeded.

Chapter 4

Scheduled contract deliveries

4

Scheduled requirements for a sales contract

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

You can specify scheduled requirements for a sales contract using delivery schemes.

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

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

Contract deliveries using delivery schemes

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

Example

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

To specify contract deliveries using a delivery scheme:

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

Create a sales contract in the Sales Contracts (tdsIs3500m000) session and a sales contract line in the Sales Contract Lines (tdsIs3501m000) session.

Step 2: Create a delivery scheme

Click **Delivery Scheme** on the appropriate menu of the Sales Contract Lines (tdsIs3501m000) session. As a result, the Sales Contract Delivery Lines (tdsIs3104m000) session starts, in which you can specify the dates on which delivery must take place and the quantities to be delivered on the specified dates.

Step 3: Activate the contract line

Activate the contract line in the Sales Contract Lines (tdsIs3501m000) session.

You cannot activate a contract line if:

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

If the contract line cannot be activated, you can click **Check Delivery Scheme** in the Sales Contract Delivery Lines (tdsIs3104m000) session to check the delivery scheme and adapt it. Alternatively, you can also change the contract line.

Step 4: Generate sales orders for the planned deliveries

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

If you do not select a specific sales contract delivery line and you click **Generate Sales Order**, the Generate Sales Orders from Delivery Schemes (tdsIs3204m000) session is started in which you can generate sales order (lines) for a range of sales contract delivery lines.

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

Chapter 5

Additional processes

5

Sales contracts - additional processes

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

Activating/deactivating sales contracts

You can activate or deactivate a range of sales contracts in the Activate/Deactivate Contracts (tds1s3205m000) session.

Copying sales contracts

You can copy sales contracts in the Copy Sales Contracts (tds1s3801m000) session.

Evaluating sales contracts

You can verify whether the agreed quantities are met at the end of a contract's effective period using the Evaluate Sales Contracts (tds1s3420m000) session. You can also monitor, by extrapolating, the contract's progress during the effective period. A report is printed that contains the deviations. An evaluation for the complete contract can be executed by not printing the separate contract lines. Small deviations are tolerated and are not printed.

Printing contract acknowledgements

You can print contract acknowledgements to send to the sold-to business partner in the Print Sales Contract Acknowledgements (tds1s3405m000) session.

Retrieving material prices

If the **Material Pricing in Sales** check box is selected in the Material Price Parameters (tcmpr0100m000) session and the material pricing master data is specified, LN can retrieve material price information and calculate material prices for a sales contract line.

Retrobilling

You can use the retrobilling functionality to re-invoice previously shipped items for sales orders and schedules after a price change is made to a sales contract because of price renegotiations.

Sending reminders

If certain sold-to business partners do not meet their commitments as stated in the contract, you can print and send out reminders in the Print Sales Contract Reminders (tds1s3406m000) session to prevent a breach of contract. LN prints reminders for contracts that exceed the allowed **Negative Deviation**.

Terminating and deleting sales contracts

You can terminate or delete sales contracts that are no longer valid, or that have ended early in the Archive and Delete / Terminate Sales Contracts (tds1s3203m000) session.

Copying sales contracts

You can copy sales contracts in the Copy Sales Contracts (tds1s3801m000) session.

You can always copy a normal contract to a normal contract or a special contract to a special contract. Whether or not you can copy a normal contract to a special contract, and a special contract to a normal contract, depends on the settings of these check boxes in the Sales Contract Parameters (tds1s0100s300) session:

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

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

- In the same period
- With the same price group or item
- For the same sold-to business partner

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

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

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

Contracts are copied with a new contract number, which is determined in the same way as when you specify a new contract in the Sales Contract (tdsIs3600m000) session, but with different effective and expiry dates.

If the **Contract Prices in Use** check box is selected on the source contract line, the sales contract price revisions that are linked to the source contract with effective dates that are in the effectivity period of the new contract, are copied to the new contract. If no valid price revision exists, and the **Copy Prices** check box is selected in the Copy Sales Contracts (tdsIs3801m000) session, the last price revision of the old contract is copied to the new contract's price revision with the same effective date as the contract line's effective date.

Note

Discounts and discount schedules from the old contract are not automatically included if you copy prices to the new contract. To also copy discounts to the new contract, select the **Copy Discounts** check box in the Copy Sales Contracts (tdsIs3801m000) session.

If price books or discount schedules are not valid within the run time of the contract, you can create new price books and new discount schedules for the new contract by selecting the **Create New Price Book** and **Create New Discount Schedule** check boxes in the Copy Sales Contracts (tdsIs3801m000) session. You can also add new price/discount lines to existing price books/discount schedules.

Delivery schemes that are linked to the old contract can be copied to the new contract. To copy the delivery scheme, select the **Copy Delivery Contract** check box in the Copy Sales Contracts (tdsIs3801m000) session.

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

Evaluating sales contracts

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

The Evaluate Sales Contracts (tdsIs3420m000) session is mandatory if the **Evaluate Contract before Deleting** check box is selected in the Sales Contract Parameters (tdsIs0100s300) session.

To evaluate contracts in the Evaluate Sales Contracts (tdsIs3420m000) session:

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

How a contract line is evaluated depends on the value of the **Quantity Binding** check box in the Sales Contract Lines (tdsIs3501m000) session. This check box determines whether the **Agreed Quantity** that you agreed with your sold-to business partner is a mandatory quantity to sell.

If the **Quantity Binding** check box is selected in the Sales Contract Lines (tdsIs3501m000) session, the Evaluate Sales Contracts (tdsIs3420m000) session prints the differences between:

- The **Called Quantity** and the **Maximum Quantity** fields in the Sales Contract Lines (tdsIs3501m000) session.
- The **Called Quantity** and the **Minimum Quantity** fields in the Sales Contract Lines (tdsIs3501m000) session.

If the **Quantity Binding** check box is cleared in the Sales Contract Lines (tdsIs3501m000) session, the Evaluate Sales Contracts (tdsIs3420m000) session prints the lines that exceed the boundaries that you specified in the Evaluate Sales Contracts (tdsIs3420m000) session.

You can accept small negative or positive deviations regarding the quantities. The deviations are calculated as follows in the Evaluate Sales Contracts (tdsIs3420m000) session:

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

Example

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

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

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

Note

- After a sales contract is evaluated, the **Evaluation [y/n/repeat]** field is updated in the Sales Contract Lines (tdsIs3501m000) session.
- Extrapolating can produce a distorted picture if, for instance, the largest quantities are delivered at the end of the contract period. As a result, an interim evaluation will show a backlog that does not correspond with reality.

Appendix A Graphs

A

Contract line graph

The utilization of the contract quantity is compared with the duration of the contract line and is displayed in a graph using the Sales Contracts (tds1s8330m000) or Purchase Contracts (tdpur8330m000) sessions.

When you select a contract line in these sessions, a graph is displayed in the **Usage versus Duration** group.

Example

Contract line effective date 1/1/2015

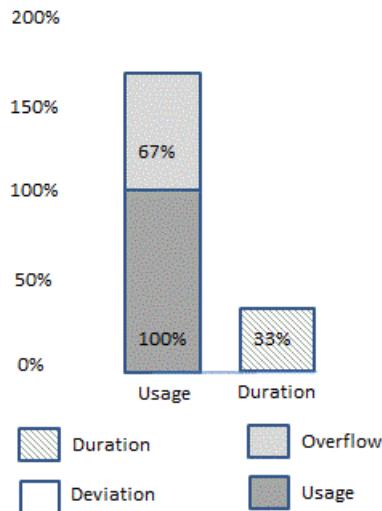
Contract line expiry date 31/12/2015

Current date 1/5/2015

Agreed quantity 300

Delivered quantity 500

The graph shows these columns:



- **Duration**

The contract line is active and only 33% (4 months) of this contract line has passed. Duration = (current date - effective date (120 days) / expiry date – effective date (365 days) * 100 = 33% (rounded).

- **Usage**

With an agreed quantity of 300 and a delivered quantity of 500, the agreed quantity is delivered. So, the usage is $(100*300/300) = 100\%$.

- **Overflow**

With an agreed quantity of 300 and a delivered quantity of 500, an additional quantity of 200 is delivered. So, the overflow is $(100*200/300) = 67\%$.

- **Deviation**

Because of the overflow, the deviation is zero. However, if only a quantity of 50 is delivered (usage of $(100*50/300) = 17\%$), the deviation is 16%. Consequently, the delivery of the agreed quantity would be behind schedule.

Appendix B

Glossary

B

appropriate menu

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

contract price revision

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

customer contract reference

The identifier of the item's model, part, or year with the sold-to business partner. This reference is used to identify a sales contract line.

customer order number

The number assigned to the order or contract by the sold-to business partner (for example, the sold-to business partner's purchase contract number). The customer order number can be used to identify a sales contract line.

discount schedule

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

A discount schedule includes the following elements:

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

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

A discount schedule can be linked to a price book.

effectivity period

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

effectivity unit

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

invoice-to business partner

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

logistic agreements

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

material price

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

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

normal contract

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

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

price book

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

A price book includes the following elements:

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

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

promotional contract

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

retroactive billing

See: *retrobilling* (p. 27)

retrobilling

The process of issuing credit or debit invoices, based on price renegotiations, for previously invoiced items. Retrobilling can be performed on orders or schedules that are linked to a contract or on individual orders or schedules.

Synonym: retroactive billing

sales contract

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

A contract is comprised of the following:

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

sales order

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

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

sales schedule

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

special contract

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

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

terms and conditions agreement

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

The agreement includes the following:

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

upgrade price

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

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