Infor LN Procurement User Guide for Purchase Contracts

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About this document

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

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 Purchase Master Data U9817 US*.
- *User Guide for Terms and Conditions U9499 US*
- *User Guide for Requests for Quotation (RFQs) U9821 US*
- *User Guide for Purchase Orders U9824 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 Price Stages*
- *User Guide for Retrobilling U9840 US*

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

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Chapter 1
Introduction

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Overview of purchase contract handling

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

The agreements can be registered at these levels:

- **Purchase contract lines**
  In contract lines, the agreements with a business partner about the delivery of a particular item or group of items for a specified period of time are registered. These agreements are focused on total quantities, prices, and discounts. You can specify an effective period and indicate whether the minimum quantity to purchase is binding.

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

Contract types

You can specify these contract types:

- Normal contracts
- Special contracts

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

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

When creating planned purchase orders or purchase schedules from Enterprise Planning, during the supplier selection process, purchase business partners are searched for who can supply the required item. Based on the priority search levels specified on the **Buy-from BP Search** tab in the Purchase Schedule Parameters (tdpur0100m500) session and on the **Buy-from BP Search Orders** tab in the

Purchase Order Parameters (tdpur0100m400) session, purchase contracts can be used to search for these purchase business partners. If valid business partners are found, they are sent to and selected by Enterprise Planning.

Contracts in a multicompany structure

In a multicompany structure, you can specify <u>central contracts</u> and <u>corporate purchase contracts</u>. For more information, refer to *Purchase contracts in a multicompany structure (p. 9)*.

Specifying purchase contracts

Before you can specify purchase contracts:

1. Select the **Contracts** check box in the Procurement Parameters (tdpur0100m000) session.
2. Specify the purchase contract parameters in the Purchase Contract Parameters (tdpur0100m300) session.

For more information, refer to *Specifying purchase contracts (p. 11)*.

Retrieving purchase contracts

For more information, refer to *Retrieving purchase contracts (p. 19)*.

Additional processes

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

For more information, refer to *Purchase contracts - additional processes (p. 21)*.

Chapter 2
Multicompany structure

2

Purchase contracts in a multicompany structure

In a multicompany structure, you can specify <u>central contracts</u> and <u>corporate purchase contracts</u>.

Central contracts

<u>Central contracts</u> can be used by various purchase offices from different logistic companies.

Central contracts include these features:

■ The central purchase office maintains the purchase contract and purchase pricing.

■ Price and logistic agreements are specified on a central level, by <u>purchase contract line</u>.

■ Each separate logistic company purchases goods directly from suppliers, handles receipts, and pays invoices.

■ The local purchase orders are based on the conditions, prices, and discounts laid down in the central contract.

■ The local companies' purchased quantities are aggregated to the central contract.

■ In the company that maintains the central contract, you cannot use delivery schedules to update planned inventory transactions, because the inventory is available in other companies. You can only use the delivery schedules to display information.

■ LN records the supplier performance information in the local companies that issue the purchase orders.

Note

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

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

For more information, refer to:

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

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

Corporate purchase contracts

Corporate purchase contracts can be used to centrally specify price agreements (by purchase contract line) and to decentrally specify logistic agreements (by purchase contract line detail).

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

Note

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

Chapter 3
Procedure

<div style="text-align: right">3</div>

Specifying purchase contracts

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

Step 1: Purchase Contracts (tdpur3100m000)

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

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

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

The following can be linked to a contract:

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

Step 2: Purchase Contract Lines (tdpur3101m000)

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

Step 3: Purchase Contract Prices (tdpur3103m000)

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

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

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

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

Step 4: Purchase Contract Line Logistic Data (tdpur3102m000)

In the Purchase Contract Line Logistic Data (tdpur3102m000) session, specify purchase contract line logistic data if you want to link purchase schedules with external business partners to the contract line. If you only use purchase schedules with internal business partners, a contract is not required.

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

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

Step 5: Delivery Contract (tdpur3104m000)

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

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

Note

- You can also complete the previous steps using the Purchase Contract (tdpur3600m000) or Purchase Contracts (tdpur8330m000) sessions.
- You must set the status of the purchase contract to **Active** before you can use the contract.
- If the <u>change request</u> functionality is implemented for <u>purchase contracts</u>, a change request is required to update the purchase contract and its related data. With change requests, you request for changes to **Active** contracts. If you do not use change requests, an **Active** contract must be deactivated, and set to **Free**, to update it.

Setting up purchase contract price revisions

To set up a <u>purchase contract price revision</u>:

1. Create a purchase contract in the Purchase Contracts (tdpur3100m000) session.
2. Create a purchase contract line in the Purchase Contract Lines (tdpur3101m000) session.
3. From the <u>appropriate</u> menu in the Purchase Contract Lines (tdpur3101m000) session, select **Contract Prices**. The Purchase Contract Prices (tdpur3103m000) session starts.

4. In the Purchase Contract Prices (tdpur3103m000) session, specify the purchase contract price revisions.

Setting up contract line logistic data

To set up logistic agreements for a purchase contract line:

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

Note

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

Setting up a delivery contract

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

To set up a delivery contract:

1. Create a purchase contract in the Purchase Contracts (tdpur3100m000) session.
2. Create a purchase contract line in the Purchase Contract Lines (tdpur3101m000) session, with:
   - The **Apply Contract for All Items in Price Group** check box cleared.
   - The **Purchase Schedule in use** check box cleared.
   - The **Delivery Contract Available** check box selected.
3. From the appropriate menu in Purchase Contract Lines (tdpur3101m000) session, select **Delivery Contract**. The Delivery Contract (tdpur3104m000) session starts.

4.   Specify the delivery dates and the quantities to be delivered on the specified dates in the Delivery Contract (tdpur3104m000) session.

5.   From the appropriate menu in the Delivery Contract (tdpur3104m000) session, select **Generate Purchase Orders** to generate purchase orders for the planned deliveries in the Generate Purchase Orders (tdpur3204m000) session. You can generate purchase orders for the planned deliveries only if the status of the purchase contract and the purchase contract line are **Active**.

Chapter 4
Corporate contracts

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Corporate purchase contracts

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

With corporate purchase contracts, you can:

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

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

Step 1: Master Data

- Select the **Use Corporate Purchase Contracts** check box in the Purchase Contract Parameters (tdpur0100m300) session.
- Select the **Purchase Schedule in use** check box and set the **Purchase Schedule Type** field to **Push Schedule** for the contract item in the Items - Purchase (tdipu0101m000) session. As a result, you can use corporate purchase contracts only for push schedules.
- Select the **Release to Warehousing** check box for the contract item in the Items - Purchase (tdipu0101m000) session.

Step 2: Purchase Contracts (tdpur3100m000)

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

Step 3: Purchase Contract Lines (tdpur3101m000)

Specify a <u>purchase contract line</u> in the Purchase Contract (tdpur3600m000) session.

Step 4: Purchase Contract Line Logistic Data (tdpur3102m000)

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

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

Step 5: Purchase Contract Prices (tdpur3103m000)

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

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

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

Step 6: Purchase Contract Line Details (tdpur3101m100)

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

To specify <u>purchase contract line details</u> for a <u>purchase contract line</u>, the **Advised Quantity**, **Called Quantity**, and **Invoiced Quantity** must be zero for the contract line.

Step 7: Purchase Contract Line Logistic Detail Line (tdpur3102m100)

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

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

Step 8: Split Line (tdpur3101m200)

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

Note

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

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

- A purchase contract **Total** line has linked purchase contract line details and includes the totaled quantities and amounts of these contract line details.

- During the supplier selection process, when Enterprise Planning searches for a contract line detail that can be linked to a push schedule, the warehouse for the plan item in the Items - Planning (cprpd1100m000) session is used. This warehouse must be part of the same cluster as the purchase contract line detail's warehouse in the Purchase Contract Line Details (tdpur3101m100) session.

- Schedule cumulatives are reset by purchase contract **Total** line in the Reset Cumulatives by Contract Total Line (tdpur3230m100) session. This session is required to simultaneously reset the cumulatives for schedules that share the same contract total line, so the price breaks from the Purchase Contract Prices (tdpur3103m000) session make sense.

- You can also use the Purchase Contract (tdpur3600m000), Purchase Contract Line (tdpur3601m000) and Purchase Contracts (tdpur8330m000) sessions to specify and handle corporate purchase contracts.

- If the change request functionality is implemented for purchase contracts, a change request is required to update the purchase contract and its related data. With change requests, you request for changes to **Active** contracts. If you do not use change requests, an **Active** contract must be deactivated, and set to **Free**, to update it.

Chapter 5
Contract retrieval

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Retrieving purchase contracts

The following origins are used to search for purchase contracts:

- Purchase order line
- Purchase schedule
- Planned PRP purchase order in Project
- Planned purchase order in Enterprise Planning

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

- **BP Prices/Discounts** or **Buy-from Business Partner**
- **Ship-from BP**
- **Item**
- **Purchase Price Group**
- **Purchase Office**
- **Effectivity Unit**
- **Effective Date**
- **Expiry Date**

Purchase contracts and purchase schedules

When a purchase schedule is generated, LN links a normal contract to the purchase schedule. To link a special contract, you must remove the link to the normal contract. From the appropriate menu in the Purchase Schedules (tdpur3110m000) session, click **Change Contract** to select a special contract from the Selected Purchase Contract Lines (tdpur3512s000) session.

You can replace the normal contract with a special contract, only if receipts are not booked for the purchase schedule. If receipts are booked, you must terminate the existing purchase schedule and create a new purchase schedule in the Terminate Purchase Schedule (tdpur3210m100) session. This allows you to link a special contract to the newly created purchase schedule.

When LN links a contract to the purchase schedule, the schedule header is updated with the default values of the linked contract. Specific addresses, contract terms, and prices and discounts are copied to the schedule.

> **Note**
>
> - For purchase schedules, LN uses the current date to search for effective and **Active** purchase contracts.
> - For schedules lines with a configured item, by default the **Option Based Pricing** check box is selected in the Purchase Contract Lines (tdpur3101m000) session. For more information, refer to Configured items on purchase schedules.

Purchase contracts and purchase orders

The process used to link purchase contracts to purchase orders, is based on the setting of these parameters in the Purchase Contract Parameters (tdpur0100m300) session:

- **Interactive Contract Linking**
- **Link Special Contract automatically**
- **Select Special Contract at Transfer from Planning**
- **Consider Purchase Contracts when generating Purchase Orders**

For purchase orders, LN uses the date specified in the **Purchase Price Date Type** field (such as the **Order Date**, **System Date**, or **Delivery Date**) of the Pricing Parameters (tdpcg0100m000) session, to search for effective and **Active** purchase contracts.

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

> **Note**
>
> If the maximum contract quantity is exceeded, the **Maximum Quantity Tolerance** and **Action on Exceeding Maximum Quantity** fields on the purchase contract line are used to determine if the contract line can be linked to a purchase order or schedule.

Chapter 6
Additional processes

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Purchase contracts - additional processes

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

Activating/deactivating purchase contracts

You can activate or deactivate a range of purchase contracts in the Activate/Deactivate Contracts (tdpur3205m000) session.

Copying purchase contracts

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

Copying quotations to purchase contracts

You can copy quotations to purchase contracts in the Convert RFQs (tdpur1202m000) session.

Evaluating purchase contracts

You can verify whether the agreed quantities are met at the end of a contract's effective period using the Evaluate Purchase Contracts (tdpur3420m000) session. You can also monitor, by extrapolating, the contract's progress during the effective period. A report is printed that contains the deviations. An evaluation for the complete contract can be executed by not printing the separate contract lines. Small deviations are tolerated and are not printed.

Generating RFQs based on purchase contracts

You can generate a request for quotation (RFQ) based on a purchase contract using the Generate RFQs from Contracts (tdpur3201m000) session.

Linking price stages

You can link a price stage to a purchase contract price revision. Purchase order lines can be blocked because of the price stage of the linked contract.

Printing contract acknowledgements

You can print contract acknowledgements to send to the buy-from business partner in the Print Purchase Contract Acknowledgments (tdpur3405m000) session.

Retrieving material prices

If the **Material Pricing in Procurement** 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 purchase contract line.

Retrobilling

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

Sending termination letters

You can send a letter to inform the purchase business partner about the closure or expiration of the contract in the Print Purchase Contract Termination Letters (tdpur3406m000) session.

Terminating and deleting purchase contracts

You can terminate or delete purchase contracts that are no longer valid, or that have ended early in the Archive and Delete/Terminate Purchase Contracts (tdpur3203m000) session.

Using change requests

You can use change requests to update purchase contracts (and related data) in a controlled manner after their initial activation and printing. Only one open change request can be applicable at a time for a purchase contract. A new change request can be created only after a previous revision was processed or canceled.
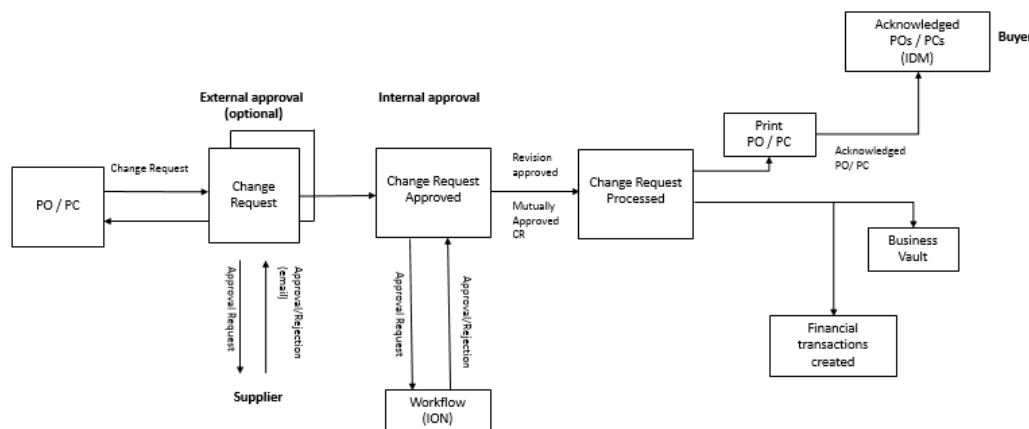
Change requests

Change requests - overview

The modification of purchase documents which are binding, may require that procurement offices and companies include a formal and auditable change process to review, approve, and process the modifications made to the purchase documents. You can use the change request functionality to update documents in a controlled manner after the initial approval, printing, or activation.

You can use change requests for purchase orders and purchase contracts.

Example

An example of the change request process for purchase orders and purchase contracts:

If workflow approval is applicable for the change request, approval in ION Workflow is required before the change request can be approved in LN.

Change requests - purchase contracts

If the change request functionality is implemented for purchase contracts, a change request is required to update the purchase contract and the related data. A change request is a copy of the original and actual purchase contract (including all its related information) that is added to a new document and assigned a new document number.

Change requests are required after the purchase contract is activated. Consequently, change requests are only used to update contracts with the status **Active**. If you use change requests, you cannot de-activate purchase contracts, only terminate them. If you do not use change requests, an **Active** contract must first be de-activated (set to **Free**), before it can be updated.

Only one open change request is applicable at a time for a purchase contract. A new change request can be created only after a previous revision is processed or canceled.

To modify purchase contract data using the change request functionality:

Step 1:

In the Purchase Contract Parameters (tdpur0100m300) session:

- Select the **Change Requests** check box.
- Specify a <u>series</u> for purchase contract change requests in the **Series** field.
- Optionally, you can select the **Process Purchase Contract Change Requests Automatically** check box.

Step 2:

Click **Initiate Change Request** in the Purchase Contract (tdpur3600m000) session, to start the Purchase Contract Change Request (tdpur3600m100) session. The status of the change request is set to **Created**.

Step 3:

Modify the required purchase contract data of the change request. Consequently, the change request status is set to **Modified** and the actual purchase contract (data) is locked.

Step 4:

Submit the change request for approval (if ION Workflow approval is applicable).

Step 5:

- Click **Approve Change Request** to approve the change request in LN, if the data is valid. If the modifications are also approved in ION Workflow, the change request status is set to **Approved** and the revision number of the change request is increased by one.

- If the modifications are rejected in ION Workflow, the workflow approval status of the change request is set to **Not Started** and the change request status is set to **Modified**. Based on the reject reason, you can modify the purchase contract data and resubmit the change request. Optionally, you can use the **Cancel Change Request** option to cancel the change request and unlock the actual purchase contract.

Step 6:

Click **Process Change Request** to process the change request. Consequently, the change request status is set to **Closed**, the modified data is updated on the purchase contract, the revision number is increased, and the purchase contract is unlocked.

An approved change request is automatically processed if the **Process Purchase Contract Change Requests Automatically** check box is selected in the Purchase Contract Parameters (tdpur0100m300) session.

Field updates

You can modify specific fields for a change request. The availability of fields on the change request depends on the status of the actual purchase contract. See *Purchase contract change requests - field updates (p. 25)*.

Purchase contract change requests - field updates

If you use change requests to update purchase contracts, you can modify the value of specific fields on the change requests. These fields are enabled based on the status of the actual purchase contract.

Field categories

This table lists the categories of the fields that can be updated:

Category	Fields
Pricing terms	Price Stage, Price, Discount
Delivery terms	Delivery Terms, Ship-from Address, Receiving address (warehouse), Delivery Location, Delivery Date, Ship-to BP, Carrier
Payment terms	Payment Terms, Payment Address, Point of Title Passage
Order reference	BP Order Number, Reference A, Reference B, Buyer, Text
Quantity	Agreed Quantity
Item	Item, Manufacturer Part Number, Unit Effective Number, E-Item Revision
Sourcing	Preferred, Receiving Quantities, Lead Times, Schedule Message Types, Authorizations

Field update requirements

This table lists the status of the purchase contract (PC) and the required criteria to update the purchase contract fields:

Category	Free (inactive) PC	Active PC	Terminated PC
Pricing Terms	PC can be changed	Change request required to update PC	Change request required to update PC
Quantity, Delivery Terms, Item	PC can be changed	Change request required to update PC	Not Allowed
Payment Terms	PC can be changed	Change request required to update PC	Not Allowed
Order References	PC can be changed	Change request required to update PC	Not Allowed
Sourcing	PC can be changed	Change request required to update PC	Not Allowed

Note

If you specify a price or discount change in the Purchase Contract Change Request Prices (tdpur3103m100) session, you can retrobill the invoiced purchase payable receipts of the orders and schedules that are affected by the contract price change. See: Retrobilling price changes using change requests.

Change request sessions

These main sessions are available to update purchase contracts and the related data using change requests:

- Purchase Contract Change Request (tdpur3600m100)
- Purchase Contract Change Request Line (tdpur3601m100)

The Purchase Contract Change Request (tdpur3600m100) session includes these tabs that refer to the related change request sessions:

- Purchase Contract Change Request Lines (tdpur3101m400)
- Purchase Contract Change Request Prices (tdpur3103m100)
- Purchase Contract Change Request Line Logistic Data (tdpur3102m200)
- Terms and Conditions Lines (tctrm1120m000)

The Purchase Contract Change Request Line (tdpur3601m100) session includes these tabs that refer to the related change request sessions:

- Purchase Contract Change Request Line Details (tdpur3101m500)
- Purchase Contract Change Request Line Logistic Detail Line (tdpur3102m300)

From the <u>appropriate menu</u> in the Purchase Contract Change Request (tdpur3600m100) session, you can start the Material Price Information (tcmpr1600m100) session in which you can update the material price information for the change request.

You can use the Print Purchase Contract Change Request Comparison (tdpur3408m000) session to view and compare all the updates between the original contract and the change request.

In the history session that is linked to the relevant change request session, you can view the history of the changes.

Copying purchase contracts

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Evaluating purchase contracts

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

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

To evaluate contracts in the Evaluate Purchase Contracts (tdpur3420m000) session:
- The contract status must be **Active**
- Call orders must exist for the contract
- The time elapsed (%) must be more than the specified percentage

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

If the **Quantity Binding** check box is selected in the Purchase Contract Lines (tdpur3101m000) session, the Evaluate Purchase Contracts (tdpur3420m000) session prints the differences between:
- The **Called Quantity** and the **Maximum Quantity** fields in the Purchase Contract Lines (tdpur3101m000) session.
- The **Called Quantity** and the **Minimum Quantity** fields in the Purchase Contract Lines (tdpur3101m000) session.

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

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

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

Note

- The **Called Quantity** is increased when an order or schedule is linked to a contract. The **Called Quantity** is decreased again when an order/schedule line is processed in the Process Delivered Purchase Orders (tdpur4223m000)/ Process Purchase Schedules (tdpur3223m000) session.
- The invoiced quantity is increased when linked purchase order/schedule lines are processed in the Process Delivered Purchase Orders (tdpur4223m000)/ Process Purchase Schedules (tdpur3223m000) session.
- After a purchase contract is evaluated, the **Evaluation [y/n/repeat]** field is updated in the Purchase Contract Lines (tdpur3101m000) session.
- Extrapolating can produce a distorted picture if, for instance, the largest quantities are delivered at the end of the contract period. In this case, an interim evaluation will show a backlog that does not correspond with reality.
- You can also view the progress of a contract line in the Purchase Contract Line - Analysis (tdpur3513m000) session.

Example

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

```
Negative Deviation = 40 – (100 * 6/10) ÷ 100 = –20%
```

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

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 (tdsls8330m000) 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:
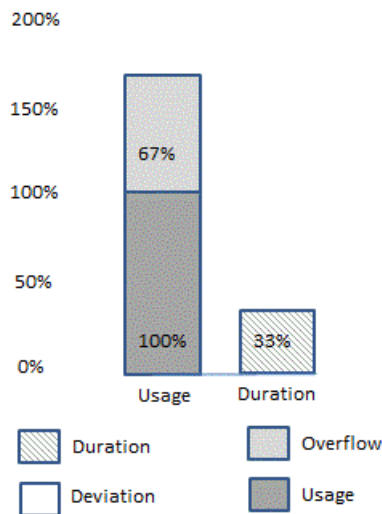
- **Duration**
  The contract line is active and only 33% (4 months) of this contract line has passed. Duration = (current date - effective date (120 days) / expiry date – effective date (365 days) * 100 = 33% (rounded).

- **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.

central contract

A contract to which no specific contract office is linked.

change request

A change document that includes a proposal for the adjustment of an actual document. The change request is copied from and linked to the actual document. Changes are applied to the actual document after the change request is approved and processed.

company

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

Depending on the type of data that the company controls, the company is:
- A logistic company.
- A financial company.
- A logistic and a financial company.

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

configurable item

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

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

configured item

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

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

contract price revision

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

corporate purchase contract

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

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

cumulatives (CUMs)

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

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

delivery contract

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

Example

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

effectivity period

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

generic price list

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

logistic agreements

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

material price

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

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

maximum contract quantity

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

normal contract

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

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

planning cluster

An object used to group warehouses for which the inbound and outbound flow of goods and materials is planned collectively. For this purpose, the demand and supply of the warehouses of the planning cluster is aggregated. Within a planning cluster one supply source is used, such as production, purchasing or distribution.

If multisite is implemented, a planning cluster must include one or more sites. The site or sites include the warehouses for which the planning processes are performed. A site is linked to one planning cluster.

price stage

A categorization of the price based on the phase of the price negotiation process. Using price stages, companies can negotiate the price while continuing the order process with restrictions. The order processing restrictions that apply to the price stage are specified in the linked blocking definition.

Example

Price Stage		Type	Blocking Definition	
PS1	Price stage estimated	Purchase	004	Block on release
PS2	Price stage provisional	Purchase	005	Block on receipt
PS3	Price stage final	Purchase	-	-
PS5	Price stage estimated	Sales	010	Signal on order entry

purchase contract

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

A contract is comprised of:

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

purchase contract

An agreement with a supplier for the supply of goods or services.

purchase contract line

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

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

purchase contract line detail

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

Contract line details can exist only for corporate purchase contracts.

purchase order

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

A purchase order contains:

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

purchase payable receipt

Indicates when billing is applicable for purchased goods and contains the payable and invoicing details for an order or schedule. By means of purchase payable receipts, updates to and from the Accounts Payable module are handled.

If the payment for the purchased goods is set to **Pay on Use**, the payable receipt is generated when inventory related to a purchase order or a purchase schedule is consumed, that is, issued from the warehouse. If the payment is set to **Pay on Receipt**, the payable receipt is generated the moment the purchased goods are received.

purchase schedule

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

push schedule

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

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

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

request for quotation (RFQ)

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

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

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

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

retroactive billing

See: *retrobilling (p. 39)*

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

series

A group of order numbers or document numbers starting with the same series code.

Series identify orders with certain characteristics. For example, all sales orders handled by the large accounts department start with LA (LA0000001, LA0000002, LA0000003, and so on).

special contract

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

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

terms and conditions agreement

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

The agreement includes the following:

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

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