LogiSteps Navigating Third-Party Logistics

LogiSteps: Navigating Third-Party Logistics:

We do not manufacture the product, but we sell it to customers. If the stock is not available, in third-party order processing, the business receives orders from customers and then passes them to a third-party vendor who delivers the goods to the customer and bills the business.
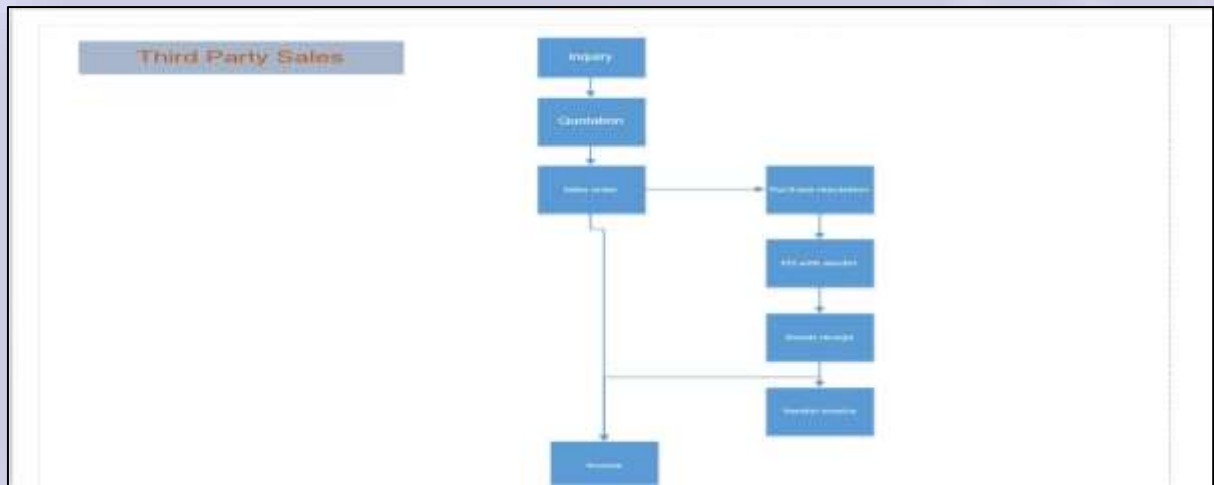
In the process of third-party order management, control is exercised through material types. Material types determine whether a material can be produced exclusively internally, ordered solely from third-party vendors, or allows for both options.

For example, trading goods (HAWA) can only be ordered from third-party vendors. Third-party items can be automatically generated by the system or manually altered by end-users by changing the item category during sales order processing.

For instance:

- MM01: Item category group BANS maps to item category TAS.
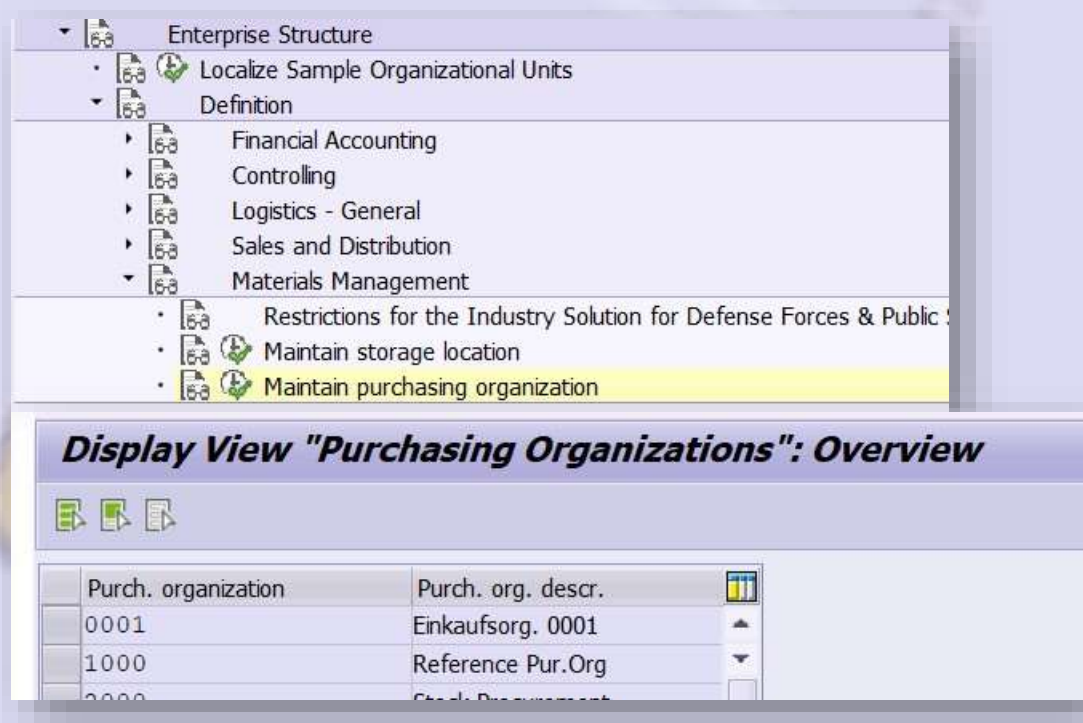- MM01: Item category group NORM maps to item category TAS.

If the Ship-to-Party address is modified in the sales order, these changes are propagated to the purchase requisition and purchase order that have already been created. You can find the Ship-to-Party address in the purchase order attributes. When you save the sales order containing the third-party item, the system automatically generates a purchase requisition in the purchasing module (you can

find the purchase requisition number in VA02 within the sales order's schedule lines).

During the creation of the purchase requisition, the system automatically determines the vendor. Purchase orders are typically generated from purchase requisitions. When creating a purchase order, the system automatically copies the delivery orders from the corresponding sales order. The purchase order number appears in the document flow of the sales order. Any changes made in the purchase order automatically affect the sales order. However, changes made in the sales order do not reflect in the purchase order.

Configuration steps:

Maintain Purchase Organization: To create a purchase order, a purchase organization is required, which is managed in MM. Access SPRO > Enterprise Structure Definition > MM > Maintain Purchase Organization > New Entry.

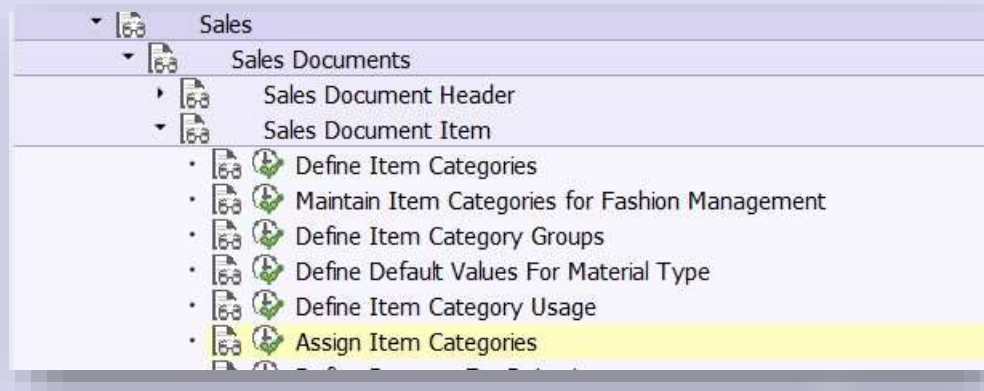2 Assign purchase organisation to company code: -
SPRO enterprises structure assignment MM assign purchase organisation to company code
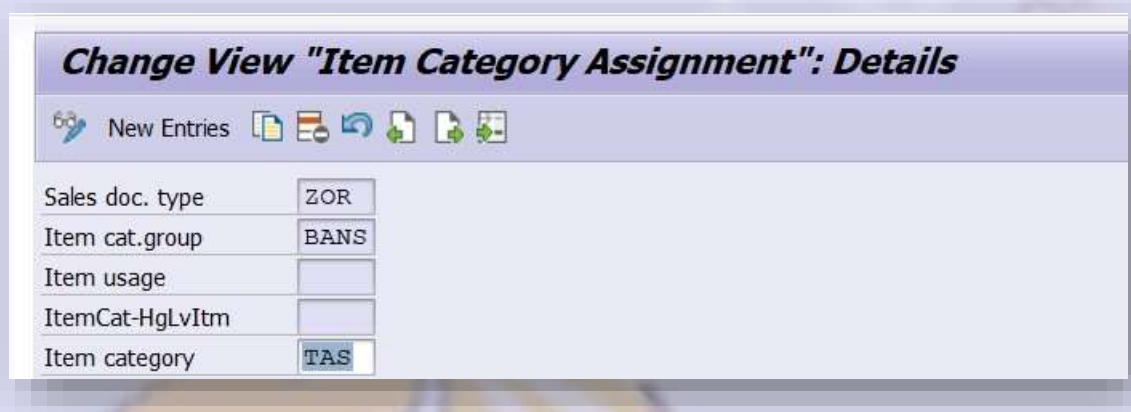
Enterprise Structure
Localize Sample Organizational Units
Definition
Assignment
Financial Accounting
Controlling
Logistics - General
Sales and Distribution
Materials Management
Assign purchasing organization to company code

Display View "Assign Purchasing Organization -> Company Code": Overvi

Assign Purchasing Organization -> Company Code

POrg	Description	CoCd	Company Name	Status	
0001	Einkaufsorg. 0001	0001	SAP A.G.		

3Assign purchase organisation to plant: -
SPRO   enterprises structure   assignment MM   assign purchase organisation to Plant

Enterprise Structure
Localize Sample Organizational Units
Definition
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Assign purchasing organization to company code
Assign purchasing organization to plant

Assign Purchasing Organization to Plant

POrg	Description	Plnt	Name 1	Status	
0001	Einkaufsorg. 0001	0001	Plant 0001		

4. assign item categories

new entries

Change View "Item Category Assignment": Details

New Entries

Sales doc. type	ZOR
Item cat.group	BANS
Item usage	
ItemCat-HgLvItm	
Item category	TAS

5 . customer crated (xd01 or bp)
1 .mainatain general data , sales area data , company codes

genear data -name ,adress , postal code maintain

003193, role Customer

Business Partner   1003193   RAMESHAWAR TC5 / 123456 pune
Display in BP role   Customer

Address | Address Overview | Identification | Control | Payment Transactions | Status | Legal Data | Customer: General Data | Customer: Tax Data | Customer: Additio

Name

| Title | Company |
| Name | RAMESHAWAR TC5 |

| Salutation | |
| Salutation | 00 |

Search Terms

| Search Term 1/2 | TCAS | |

Special Customer

☐ VIP
☐ Undesirable Customer   Reason Undes.
Comment

Standard Address

Print Preview

Street Address

Street/House number	pune	
Postal Code/City	123456	pune
Country	IN	India	Region	27	Maharashtra
Time zone	INDIA	

003193, role Customer

Business Partner: 1003193   RAMESHAWAR TCS / 123456 pune
Display in BP role: Customer

Sales Area

Sales Org.	4000	Sales Areas
Distr. Channel	RT	Switch Area
Division	00	

Tabs: Orders | Shipping | Billing | Partner Functions | Additional Data | Status | Customer: Texts | Additional Data

Order

Sales District	
Customer Group	
Sales Office	
Sales Group	
Authorization Group	
Account at customer	
Order Probability	100 %
Item proposal	
ABC Class	
Rounding off	
Unit of Measure Grp	
PP customer proced.	
Currency	INR Indian Rupee
Exchange Rate Type	

Pricing/Statistics

Price Group	01	Bulk buyer
Cust.Pric.Procedure	1	Standard
Price List		

sales area data - sales area , customer pricing procedure maintain

company data- reconciliation data maintain

003193, role Cust. Bill-To Party

General Data   Company Code   ETM Data   Relationships

Business Partner   1003193   RAMESHAWAR TC5 / 123456 pune

Display in BP role   Cust. Bill-To Party

Company Code

Company Code   2000   JBF Industries Limited   Company Codes

Customer   1003193   Switch Company Code

Vendor

Customer: Account Management   Customer: Payment Transactions   Customer: Correspondence   Customer: Insurance   Customer: Status   Customer: Withholding Tax   Cust

Account Management

Reconciliation acct   1080000   Domestic Customer

Head office

Sort key

Subsidy Indicator

Authorization Group

Planning Group

Release Group

Value Adjustment

Interest Calculation

Interest indicator

Interest Cycle   Months

Last Key Date

Last Interest Run

Reference Data

Previous Account No.

Personnel No.

then after saved

4 MM01 create material (THIRD1) l view should be selected maintain BANS - item categories maintain purchasing view – purchasing group [001] save it.

Create Material (Initial Screen)

Select View(s)   Org. Levels   Data

Material	
Industry Sector	Mechanical engineering ▼
Material type	Trading Goods ▼
Change Number	

Copy from...
Material

Select View(s)

View
Basic Data 1
Basic Data 2
Classification
Sales: Sales Org. Data 1
Sales: Sales Org. Data 2
Sales: General/Plant Data
Foreign Trade: Export Data
Sales Text
Purchasing
Foreign Trade: Import Data
Purchase Order Text
MRP 1
MRP 2
MRP 3
MRP 4
Advanced Planning
General Plant Data / Storage 1

☐ View selection only on request

[✔] | Org. Levels | Data | 📋 📋 💾 Default Setting | ✖

Change Material 213 (Raw materials)
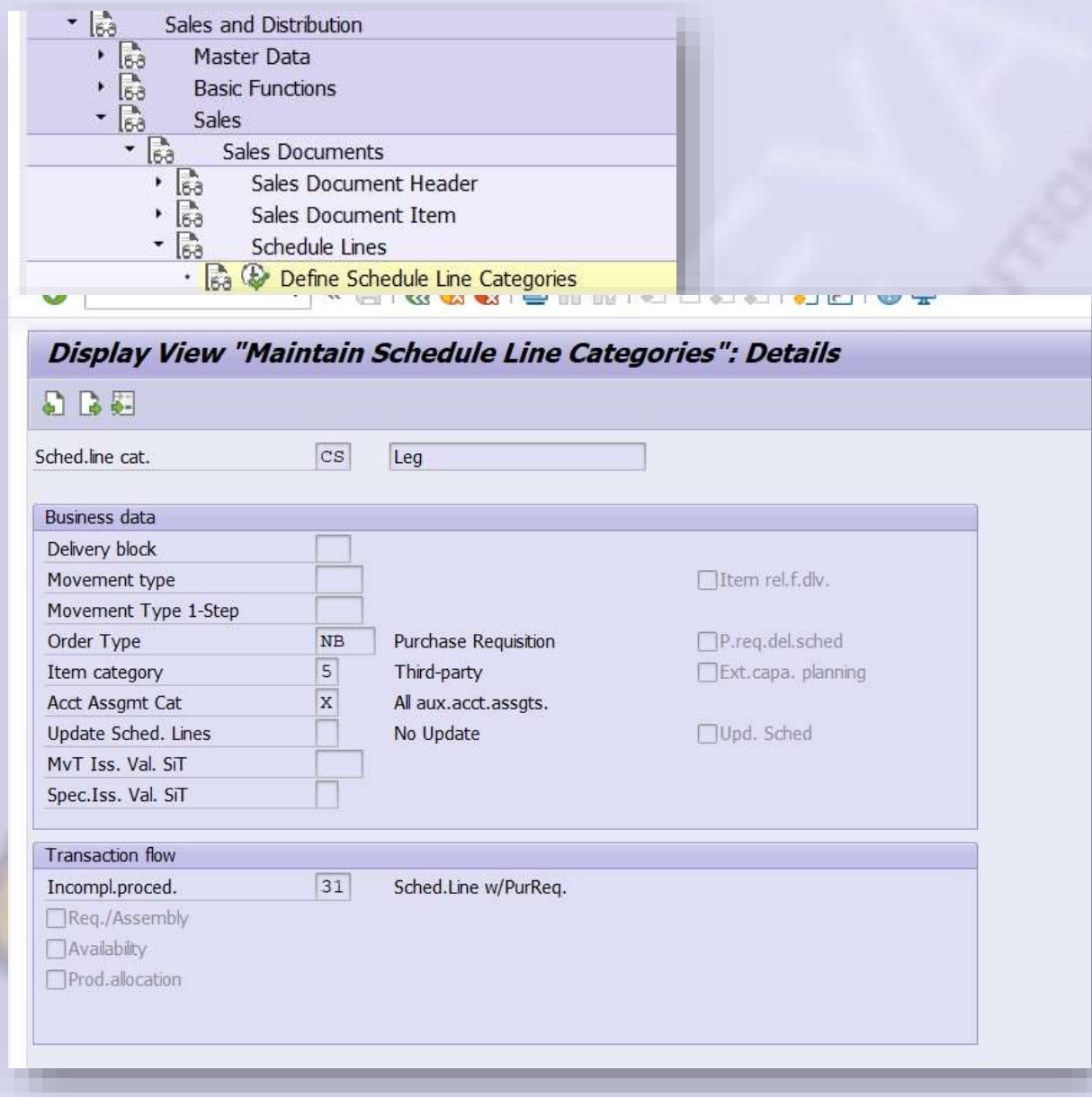
⇨ Additional Data | 🔩 Org. Levels | Check Screen Data | 🔒

| Sales: sales org. 1 | Sales: sales org. 2 | Sales: General/Plant | Foreign trade export | Sales text | ◄ ► |

Material	213	
Descr.	MASTER BATCH RAINBOW	
Sales Org.	4000	JBF Sales Org.
Distr. Chl	RT	Retail

Grouping terms

Matl statistics grp		Material Price Grp		
Volume Rebate Group		Acct Assmt Grp Mat.	01	FG Goods
Gen. item cat. grp	BANS	Third-party item	Item category group	BANS	Third-party item
Pricing Ref. Matl				

7 schedule line

Controls in CS (Schedule line category)

5.   Order type "NB" – it will help to generate purchases requisition automatically in the

background while creating sales order in third party process.

6.   Item category – purpose of item category in schedule line category :- like sales
documents, MM documents

also require item category information while creating PR manually. User will assign item category manually but in third party process we are generating PR automatically in the background so we are passing item category information from schedule line category to PR.

7. Item category [5]: - item category [5] controls that even we do MIGO in third party with shipping notification system will treat it as dummy MIGO and stock will not be update.

8. Account assignment category [1]: - It controls that whether to generate inventory accounting document or not while doing MIGO and PGI (this field controls the cost should be assigned to any special cost object or not).This also helps to pass on customer information from order to PR....

9. In copy control between order to invoice (OR – F2) TAS has billing quantity „F" and it will help to copy the quantity from MIRO to invoice while creating invoice to customer in third party process. If we want third party process with shipping notification then we maintain billing quantity "E" which helps to copy the quantity from MIGO to invoice while creating invoice to customer in third party process.

Billing relevance „F" standard. F means order related billing status according to MIRO. If we want 3rdparty with shipping notification then we maintain billing relevance as „G" and G means order related billing status according to MIGO. Billing relevance „F" controls that in 3rd party w/o shipping notification if MIRO is not created then system will not allow to create invoice to customer.
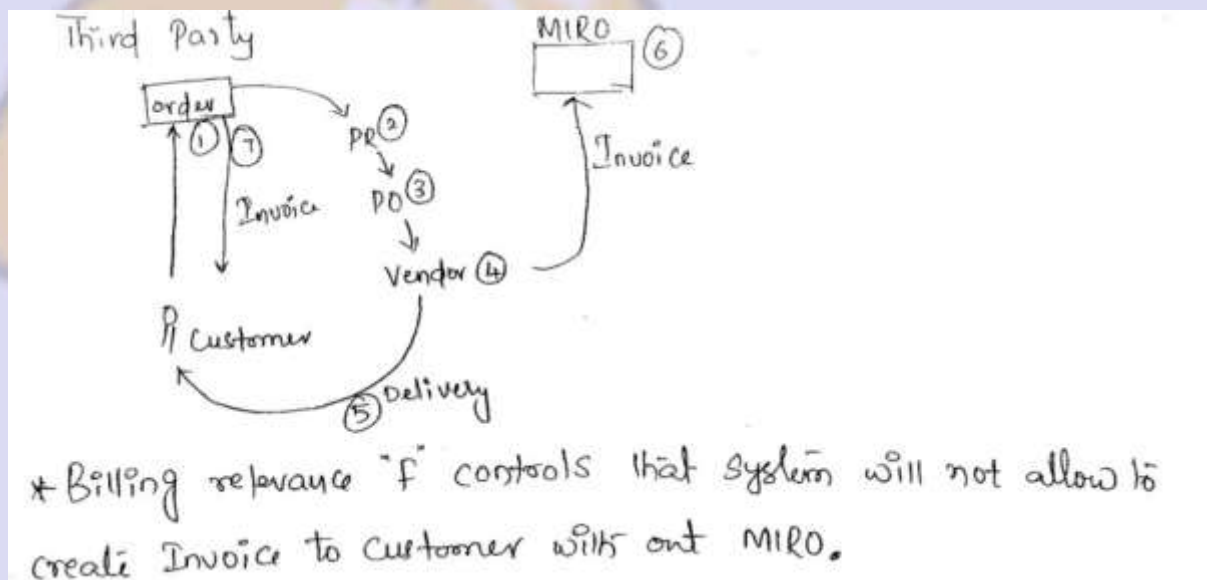
then after cycles va01 -me51n

-me21n-miro -vf01

sales order -va01

Create Sales Document

Create with Reference   Sales   Item Overview   Ordering Party   Characteristics

Order Type   ZOR   Standard Order-JBF

Organizational Data

sales order saved purchase requested created

me52n -purchase requested

then after -me21n po crated

miro check then after posted

va02- go then after crated vf01
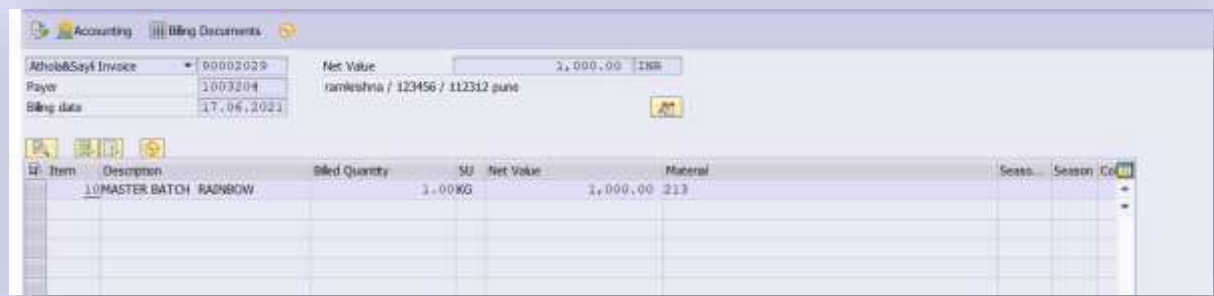
Individual Purchase Order

Individual Purchase Order is like Third Party Sales but with a difference. … **IPO** is similer but the difference is vendor will send the stock to the company instead of direclty sending to the customer. And the actual compnay will take the stock and do the delivery / shipping/ invoice to the customer.

vendor is not sending the invoice immediately with delivering the goods to customer. Without vendor invoice we cannot raise invoice to our customer, so in this scenario we ask vendor to send shipping notification after delivering the goods to customer. When we receive the shipping notification then we do MIGO and basing on MIGO quantity we raise invoice to Customer.

The vendor ships/delivers the materials to the business and business in turn sends the

goods to the customer. The stock considers as a part of inventory and we manage them as

a sales order stock.

Item Category Group Item Category
BANC   TAB
NORM   TAB

configurations

1Maintain purchase organisation: - To create PO we require purchase organisation, which is in MM.
SPRO enterprises structure definition MM maintain purchase organisation new entry

2 Assign purchase organisation to company code: -
SPRO enterprises structure assignment MM assign purchase organisation to company code

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Business Partner 1003193   RAMESHAWAR TCS / 123456 pune

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Division	00

Sales Areas
Switch Area

Orders | Shipping | Billing | Partner Functions | Additional Data | Status | Customer: Texts | Additional Data

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Select View(s)

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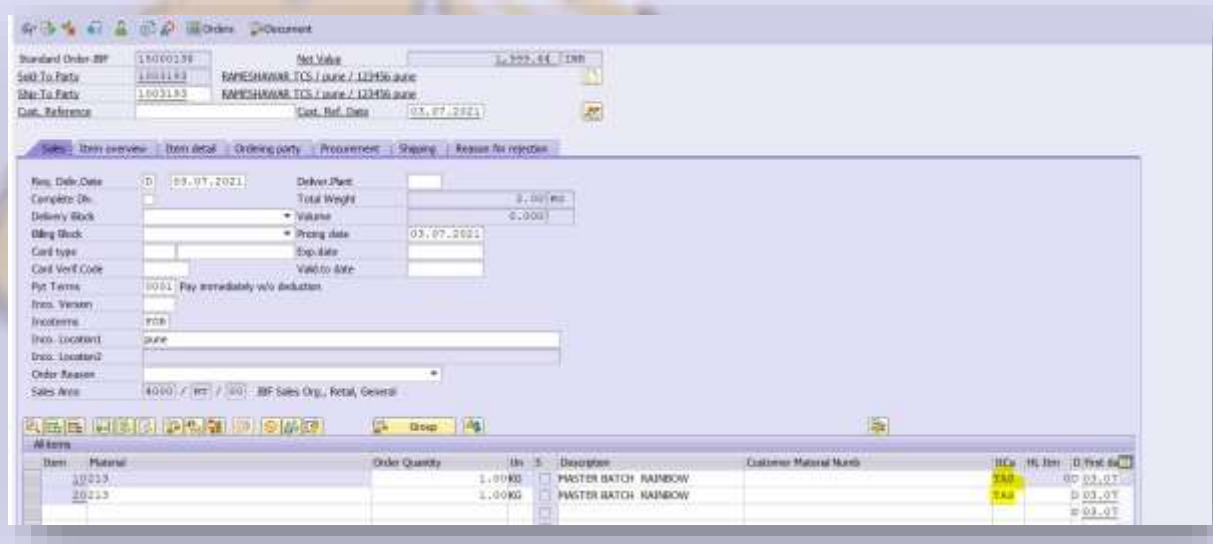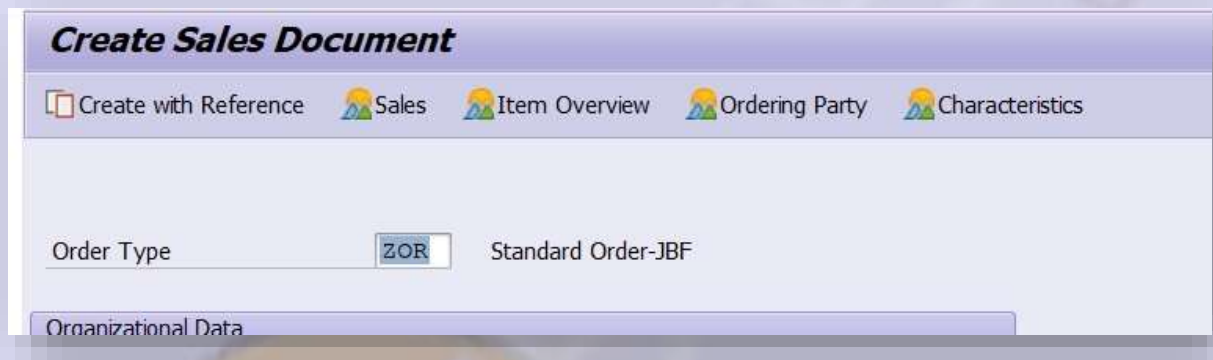Org. Levels | Data | Default Setting

SCHEDULE LINE

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background while creating sales order .

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also require item category information while creating PR manually. User will assign item category manually but in third party process we are generating PR automatically in the background so we are passing item category information from schedule line category to PR.
Item category in purchasing document (O) : In the standard system an item in the "normal" category requires goods and invoice receipts.
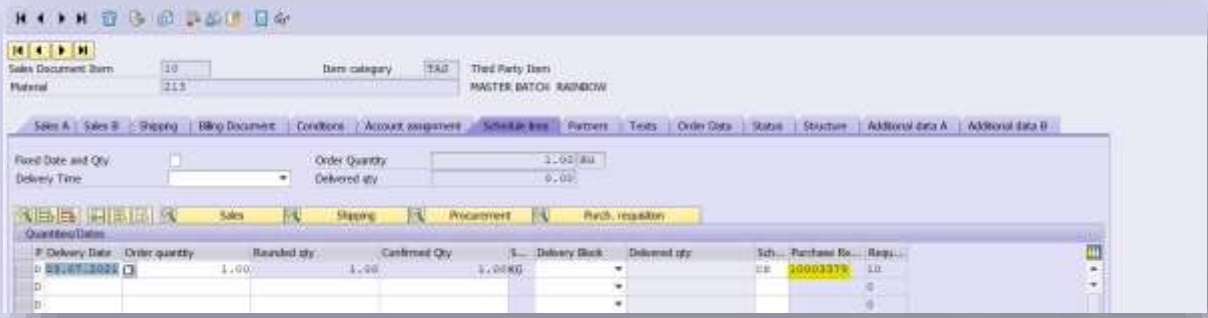
billing relevance as „G" and G means order related billing status according to MIGO

SALES CYCLES -
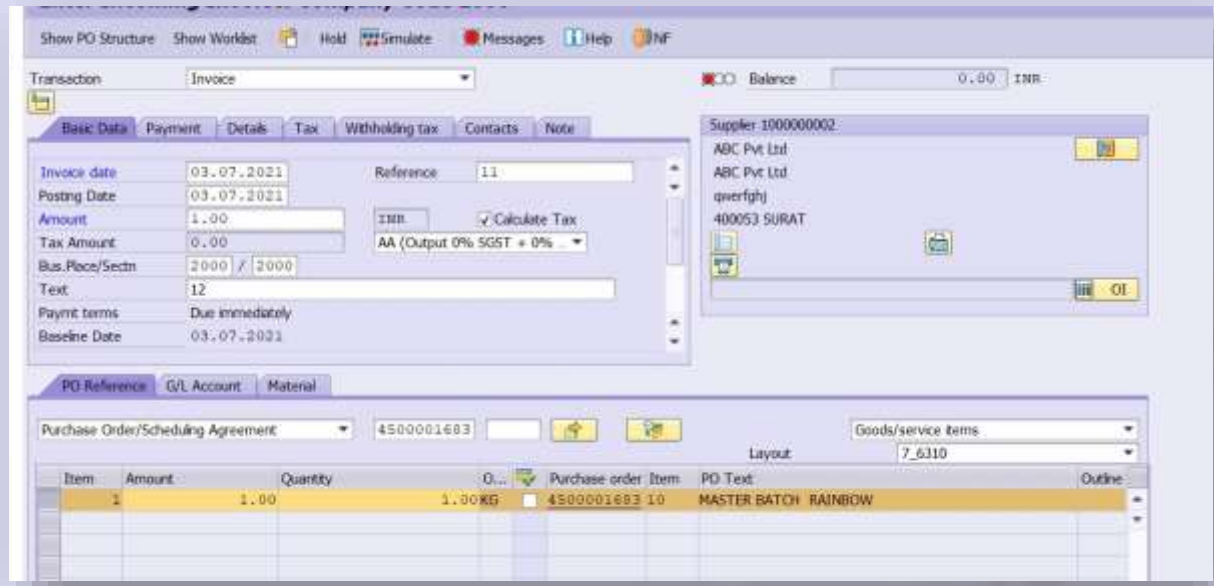VA01 -ME51N -ME21N -MIGO -MIRO -VL01N -VF01

Create Sales Document

| Create with Reference | Sales | Item Overview | Ordering Party | Characteristics |

| Order Type | ZOR | Standard Order-JBF |

Organizational Data

sales order saved purchase requested created

me52n -purchase requested

then after -me21n po crated

THEN AFTER MIGO

THEN CHECK ITEM OK SAVED

MIRO

THEN SAVED

VL01N

PGI IS DONE SAVED IT .

VF01 INVOICES SAVED

SAVED IT