

PROCUREMENT MANAGEMENT WITH SAP® BUSINESS ONE

OPTIMIZE PROCUREMENT, INTEGRATE WAREHOUSE AND ACCOUNTING

Procurement management is a core functionality of the SAP® Business One application that enables you to automate and standardize your core procurement activities. It provides support for purchasing planning, vendor selection, purchase order management, and vendor invoice payment. And it lets you do all these rapidly, with the necessary integration across business functions in accounting and warehouse management to drive success.

With SAP Business One, you gain a detailed view of your vendors and support for an integrated, centralized vendor data repository so you can make more effective purchasing decisions, identify opportunities for cost savings, and better manage supplier relationships.

Automating Procurement Processes

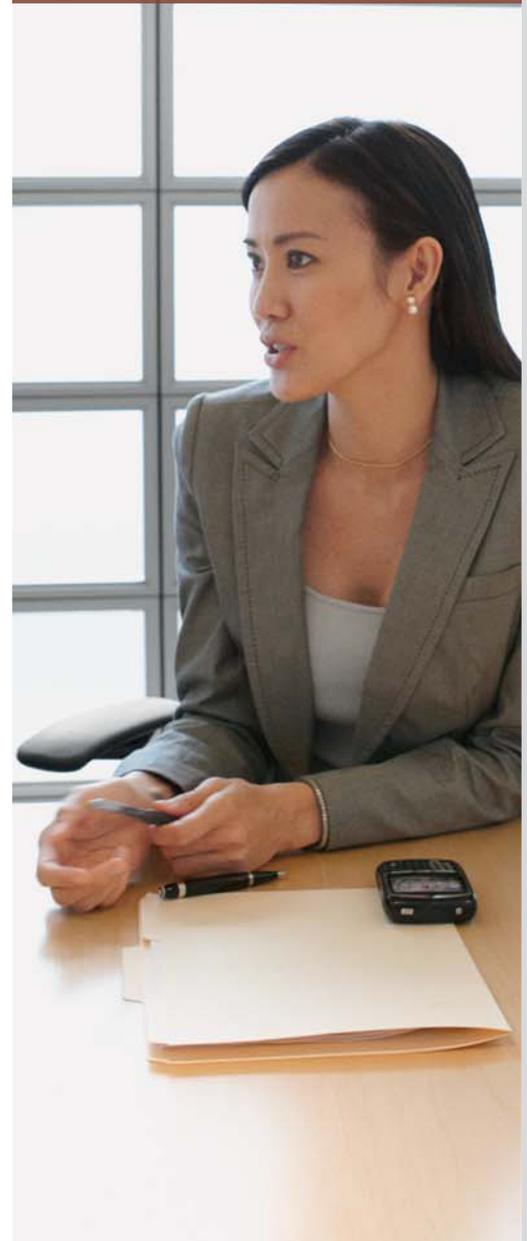
SAP Business One offers best-practice functionality to support your core procurement activities, integrating the entire purchasing process from order creation through inventory updates to invoice payment.

Using the master data that is maintained centrally in the system, purchase orders can be created in a few straightforward steps and mailed, faxed, or e-mailed directly to the vendor from within the application. To help ensure that the appropriate levels of goods are in the warehouse for timely order delivery, SAP Business One also allows you to create purchase orders from sales orders.

Managing procurement processes effectively requires integration across business functions and centralized data with real-time visibility. Discover how the SAP® Business One application provides integrated procurement management functionality, helping you optimize and streamline purchasing practices and control costs.

Features of SAP Business One Purchasing Management

Procurement	Item and Vendor Master Data	Warehouse and Accounting Integration
Create single or multiple purchase orders and goods receipts in easy-to-follow steps	Manage detailed item and vendor data centrally in user-friendly interface	Benefit from real-time synchronization of goods receipts and inventory levels in warehouse
Link purchasing documents and view document trails for audit and research purposes	Manage vendor information with payment terms and methods, and perform graphical purchase analysis in vendor master record	Perform purchase planning using the material requirement planning wizard
Manage returns, special expenses, and multiple currencies	Maintain detailed item purchasing information with price lists and tax information	Calculate inventory book values and last purchase price automatically
Generate detailed purchasing and pricing reports	Integrate master data into all purchasing transactions in the SAP® Business One application	Generate sophisticated valuation and accounting reports



Purchase orders support multiple currencies and item categories, such as raw materials, trading goods, and services. When a purchase order item is entered, predefined price lists and vendor discounts can automatically be selected and applied. Shipping and billing information can be entered into the document, giving your vendor all the necessary data to process your order in a timely manner. Depending on shipping location, taxes are automatically calculated and applied, eliminating the need for manual computations. A special "landed cost" feature allows you to manage charges from an international transaction involving customs and other import- and export-related expenditures.

“The flow of information between purchasing, sales, and accounting is much smoother now. . . . With SAP Business One, we have achieved major savings in terms of time and money.”

Sunday Odubote, Financial Accountant,
City Business Computers Limited

Subsequent goods receipts and vendor invoice documents can be created simply by transferring relevant data from purchase orders. Upon receipt of a vendor invoice, SAP Business One allows you to automatically create an accounts payable (AP) invoice by referencing a purchase order or goods receipt.

Handling Returns and Special Charges

Some of the most commonly used returns and special charge or expense processes are supported in SAP Business One. Items or services can be returned to the vendor using the goods return function, and SAP Business One will immediately make the necessary adjustments to your inventory and AP balance with the corresponding vendor. Notes and text fields are available so you can give your vendor detailed information about why items are being returned.

SAP Business One also incorporates additional expenses, such as shipping and handling fees, insurance, and service charges, all of which are important parts of the total purchase expense. To help ensure these charges are reflected in the true cost of the items purchased, SAP Business One allows you to record and associate them with the purchased items. This provides you with a more precise price point when comparing vendors, leading to more accurate profitability data.

Finding the Right Supplier and Getting the Best Price

Detailed purchasing and pricing reports give you a comprehensive overview of your purchasing history, including information about the items you bought, your suppliers, the prices you paid, and transaction dates. This makes it easier to compare suppliers and prices, identify which supplier can meet your business needs, and negotiate to get the best possible price.



With SAP Business One, you gain a detailed view of your vendors and support for an integrated, centralized vendor data repository so you can make more effective purchasing decisions, identify opportunities for cost savings, and better manage supplier relationships.

Centralizing Information with Master Data Management

Master data management is a cornerstone of process integration in SAP Business One. Item and vendor master records are maintained centrally in the system and integrated in all necessary business transactions.

Item master data can be applied to inventory, purchasing, and sales items, as well as fixed assets, and can contain all information necessary for an efficient purchasing process, such as item number, description, purchasing and packaging units of measure, dimensions, weight, prices, and tax types. You can apply price lists and costing models to purchase items and get an up-to-date view of purchase order values and inventory valuations.

Similarly, vendor information is stored with all relevant information in the SAP Business One master data records. Payment details are administered with terms and payment methods to allow for accurate, on-time payment of your vendor invoices. SAP Business One also provides a graphical purchase analysis that gives you an overview of vendor activities directly from the master-data screen. The document trail in SAP Business One captures and links every document created during a specific purchasing process for audit and analysis purposes.

Integrating Warehouse and Accounting

Integrating purchasing into other core business processes is a key feature of SAP Business One. Integration happens smoothly, transparently, and in real time. For example, posting a goods receipt for an ordered item automatically updates inventory in warehouse and informs the warehouse manager of the expected delivery date. Upon receipt of a vendor invoice, SAP Business One allows you to automatically create an AP invoice from a purchase order or goods receipt and updates the related vendor and expense accounts. It also populates payment terms and calculates due dates. Because SAP Business One automatically captures information at every step of the transaction, you always know what's on hand in inventory as well as the up-to-the-minute financial state of your business.

Purchase Planning

SAP Business One provides support for purchasing planning so you can set your reorder points properly and avoid unnecessary purchasing and costly inventory. Using the material requirement planning (MRP) wizard in SAP Business One, you can forecast and plan your material needs and schedule your purchases accordingly. In just four steps, SAP Business One provides you with detailed information about what items are needed and when. The order recommendation then takes into account lead times to determine the optimal purchase date for a timely delivery of the products you order.

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Powerful Reporting for Real-Time Visibility

With the reporting tools in SAP Business One, you can create dashboards such as top vendor and order overviews, year-to-date purchases, open orders, deliveries, and payables. Create detailed procurement reports, such as aging and purchasing analyses. Large numbers of templates give you a head start on your purchasing reporting. The report organizer in SAP Business One helps you manage and execute your reports and allows easier distribution to buyers and business partners.

To learn more about how SAP Business One can empower your procurement organization to grow your business and work effectively with your supply chain, call your SAP representative or visit us on the Web at www.sap.com/smallbusiness.

Summary

Managing complex purchasing processes requires integration across business functions and centralized data with real-time visibility. The SAP® Business One application provides integrated procurement management functionality, helping you optimize and streamline your business's entire purchasing process.

Business Challenges

- Manual, nonintegrated procurement processes that drive up process and purchase costs
- Lack of data integration that limits visibility into procurement activities and vendor performance and impairs decision making
- Difficulty accessing timely and accurate information

Key Features

- **Procurement** – Create single or multiple POs and goods receipts; link purchasing documents, and view document trails for audit purposes; manage returns, additional expenses, and multiple currencies
- **Master data management** – Manage detailed data in a user-friendly interface, view account balance and purchase analyses, and maintain detailed item purchasing information with price lists and tax information
- **Warehouse and accounting integration** – Achieve real-time synchronization of goods receipts and inventory warehouse levels, process accounts payable invoices and credit memos with PO reference, and plan your material needs and schedule your purchases accordingly
- **Easier, up-to-date reporting** – Generate reports with real-time data and display them in various report formats or dashboards

Business Benefits

- **Streamline your entire procurement process** by automating your activities from purchase order creation to vendor invoice payment
- **Gain full transparency into purchasing activities, suppliers, and their performance** through a single, centralized data repository, reports, and dashboards, enabling more-informed buying decisions
- **Achieve cost savings** due to automation, effective purchasing decisions, improved purchasing planning

For More Information

To learn more about how SAP Business One can empower your procurement organization to grow your business and work effectively with your supply chain, call your SAP representative or visit us on the Web at www.sap.com/smallbusiness.

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