

**SAP Product Brief
SAP Business One**



PURCHASING MANAGEMENT WITH SAP® BUSINESS ONE

**Manage POs, Goods Receipts, and Vendors,
and Integrate Warehouse and Accounting**

Modern supply chain concepts such as lean manufacturing, just-in-time, and kanban place high demands on purchasing organizations. With an ever-increasing number of items, pricing models, and supply chains available, managing the growing complexity of purchasing processes requires integrated business information technology. Discover how the SAP® Business One application provides comprehensive purchasing management functionality, helping you optimize and streamline your business's entire purchasing process.

Purchasing management is a core functionality of the SAP® Business One application that enables you to use its integration features to manage your entire procurement process from purchase order creation to vendor invoice payment.

You can create purchase orders in easy-to-understand screens and use the stored data as a basis for subsequent goods receipts. Follow-on vendor invoice documents can be created simply by referencing purchase orders or goods receipts and thereby transferring relevant data. Return unsatisfactory shipments to your vendor using the goods return function, and post credit memos upon receipt. The document trail in SAP Business One captures and links every document created during a purchasing process.

SAP Business One enables you to manage item and vendor master data with detailed, multilevel information. Apply price lists and costing models to purchase items, and get an up-to-date view of purchase order values and inventory valuations. Use the vendor master record to view detailed vendor data as well as a current account balance in order to better select vendors for a particular order.

SAP Business One provides you with powerful integration functionality, seamlessly connecting your purchasing with warehouse management and accounting in one system. Item levels in your warehouses are automatically adjusted upon purchase order and goods receipt creation. Once the accounts payable invoice is posted, the new item value is calculated and stored.

Comprehensive purchasing reports, such as purchase analysis, give you an up-to-date picture of your purchasing organization and enable you to make effective management decisions.

Purchasing Management in SAP Business One		
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 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	View account balance and purchase analysis in vendor master record	Process accounts payable invoices and credit memos with purchase order reference
Manage additional 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 comprehensive purchasing reports	Seamlessly integrate master data into all SAP Business One purchasing transactions	Generate sophisticated valuation and accounting reports

Figure 1: Features of SAP® Business One Purchasing Management

Procurement

SAP Business One offers best-practice functionality to support your procurement, integrating the entire purchasing process from order creation through goods receipt to invoice payment. Special processes such as returns and special charges are fully supported. Purchase orders are created in a few easy steps and fully integrate vendor and item master data. Purchase orders in SAP Business One support multiple currencies and item categories, such as raw materials, trading goods, and services.

You can define price lists for different vendor and item categories, such as distributor and retail prices, and implement various discount models, such as volume and special discounts. Price lists are automatically selected and discounts are applied when a purchase order item is entered. Special one-time discounts can manually be added to the document.

Shipping and billing information, including delivery date and address, shipping type, payment terms, and buyer contacts, can be entered into the document, giving your vendor all necessary data to process your order in a timely manner. Depending on shipping location, taxes are calculated and applied at both the header and the item level, eliminating the need for manual tax computations.

Inbound shipments are recorded with goods receipts and are immediately recognized by the corresponding warehouse. Goods receipt documents can be stand-alone (that is, replacing a purchase order in a cash purchase) or based on purchase orders or other procurement documents.

Accounts payable (AP) plays a key role in SAP Business One purchasing management. Upon receipt of a vendor invoice, you can make all necessary entries in SAP Business One to recognize the liability on your books. AP invoices can be created both with and without reference to purchase orders. Enter all information manually, or reference a purchase order or goods receipt to automatically insert vendor and item information into the invoice. In addition to basic accounting information, SAP Business One supports multiple payment methods, such as check, credit card, cash, and bank transfer. By adding payment terms from the vendor or item master, you can automatically calculate a due date in SAP Business One. This allows you to effectively manage your cash on hand using liability SAP Business One aging reports.

Items or services that have been delivered in an unsatisfactory condition can be returned to the vendor using the goods return function. When you link the goods return to a goods receipt, 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 at the header and item level so you can give your vendor detailed information about why items are being returned. Once your supplier receives the return and recognizes its validity, you can create an AP credit memo in SAP Business One to correct your outstanding balance with the vendor.

SAP Business One incorporates additional expenses, such as shipping and handling fees, insurance, and service charges, occurring at both the header and item level of a purchasing document. Header-level expenses can be distributed to items based on predefined criteria, such as quantity, weight, or order amount.

Taxes are automatically applied depending on the shipping location. A special “landed cost” feature allows you to manage charges from an international transaction involving customs and other import/export–related expenditures.

The print layout designer allows you to create layouts for outbound purchasing documents and provides you with layout templates.

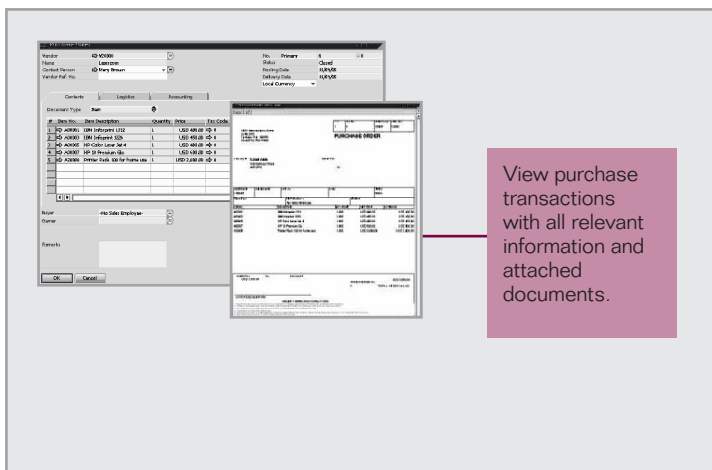


Figure 2: Purchase Order with Outbound Document

Document drafts in SAP Business One allow you to customize and store templates, which you can later use as a basis for documents containing the same or similar data. Drafts can also be used to temporarily store incomplete documents in order to add needed information at a later point without losing data already entered.

Item and Vendor Master Data

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 seamlessly 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 be classified based on configurable item groups and properties. Item master data contains 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.

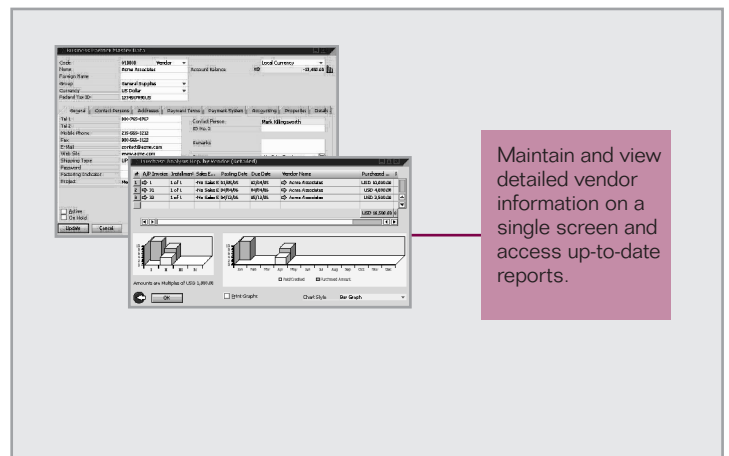


Figure 3: Vendor Master Data with Purchase Analysis

Vendor master data is maintained as part of the business partner functionality in SAP Business One. Vendors are stored with all relevant contact information. Payment details are administered with terms and payment methods to allow for accurate, on-time payment of your vendor invoices. A graphical purchase analysis gives you an overview of vendor activities directly from the master data screen.

Warehouse and Accounting Integration

Integrating purchasing into other core business processes is one of the key features of SAP Business One. Integration happens seamlessly, transparently, and in real time. It incorporates data writes – for example, posting a goods receipt automatically updates inventory in warehouse – as well as data reads – for example, vendor master data populates payment terms when an AP invoice is created. In addition, documents can be used as the basis for subsequent transactions. For example, all relevant data is copied when creating an AP invoice based on a purchase order, while a document trail is stored linking all documents of a purchasing process for audit and analysis purposes.

Powerful Reporting with XL Reporter

The XL Reporter tool in SAP Business One enables you to create powerful purchasing reports using Microsoft Excel templates. Using the report designer and report composer, you can create dashboards such as top vendor and order overviews, year-to-date purchases, open orders, deliveries, and payables. The same tools let you create detailed procurement reports, such as aging and purchasing analyses. SAP provides a large number of templates to 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 their easy 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.