Business Process Document		
Customer	1001	CapFrance BAT
Project Name	10-110	le SAP
Module	MM	Materials Management
Business Process	10-010	Source Determination - RFQ & Quotation
Issue Date	11-Jun-11	
Revision	1.0	

Contents

About Document

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Document	Project Role	Name	Date
Prepared by	Application Consultant		11-Jun-11
Reviewed by	Project Manager		Click here to enter a date.
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	Customer Project Manager		Click here to enter a date.

Document Approval

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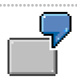
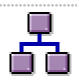
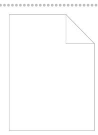
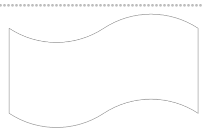
Use the following symbols selectively where you need highlight a particular portion of the document and to draw the attention of the user

Icon	Meaning
	**Caution**
	**Example**
	**Note**
	**Recommendation**
	**Syntax**
	**External Process**
	**Business Process Alternative/Decision Choice**
	**Manual Entry**
	**SAP Form generated. Choose Print option**
	**SAP Report generated. Choose Print option**

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[CompanyName]	CapFrance Bat
[ProcessGroup}	Purchasing
[ProcessName]	RFQ & Quotation
[Module]	MM
To add more	

How to do it

1. Press **Ctrl-F**
2. Select "**Replace**"
3. Enter the '**Replacement text type'** in "**Find What**"
4. Enter the **'Replacement text'** in "**Replace with**"
5. Ensure "**Match Case**" is ticked
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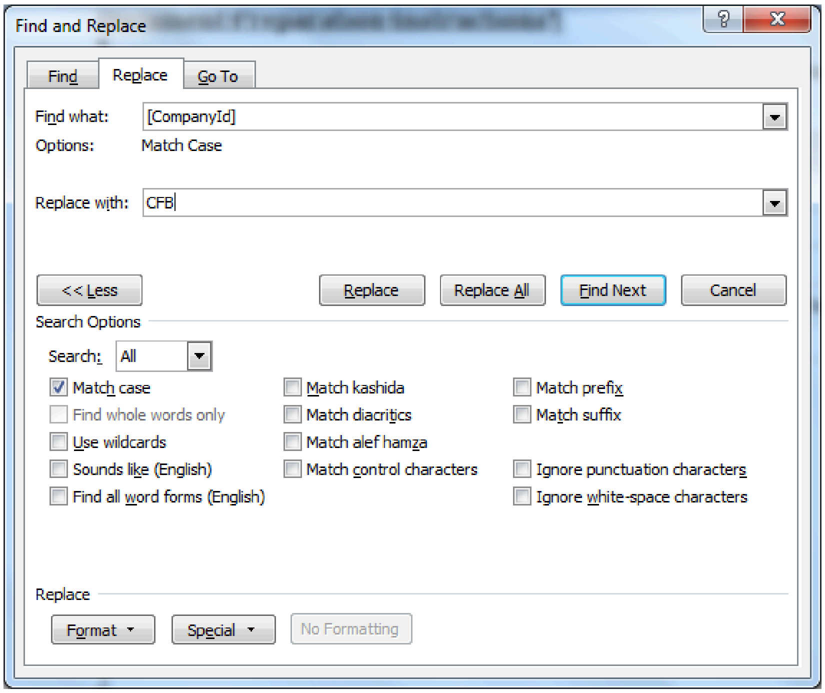


Example for use of Icons

	• Please ensure you have been assigned a user name (Check with System Administrator) • Ensure that the role specific to you has been assigned in your User Profile (Check with System Administrator)

1. Introduction

1.1 Purpose

This scenario describes the typical processes used in the construction industry to generate and process the Request for Quotation (RFQ's) and Quotations.

To quote the customer, the details of the prices and dates are required for materials, external services, manpower and Tools or Equipments are required.
For this, you must carry out internal planning for the activities, resources and costs known of at this time.

Request for Quotations are placed and Quotations are collected from vendors for parts that have to be procured externally such as materials, accessories, tools or equipment.
Furthermore, project-specific RFQs can be made to subcontractors in order to collect and compare dates and prices for services. This must be done so that the quotation price can be created in detail.

Request for Quotation (RFQ)

Definition:
A request for quotation (RFQ) is an invitation extended to a vendor by a purchasing organization to submit a quotation (bid) for the supply of materials or performance of services.

Structure:
An RFQ consists of the RFQ header and the items.

- RFQ header

  Contains general information on the RFQ, such as the vendor's address.

- Items

  Contain the total quantities and delivery dates for the materials or services specified in the RFQ.

Quotation

Definition:

- A quotation is an offer by a vendor to a purchasing organization regarding the supply of materials or performance of services subject to specified conditions.

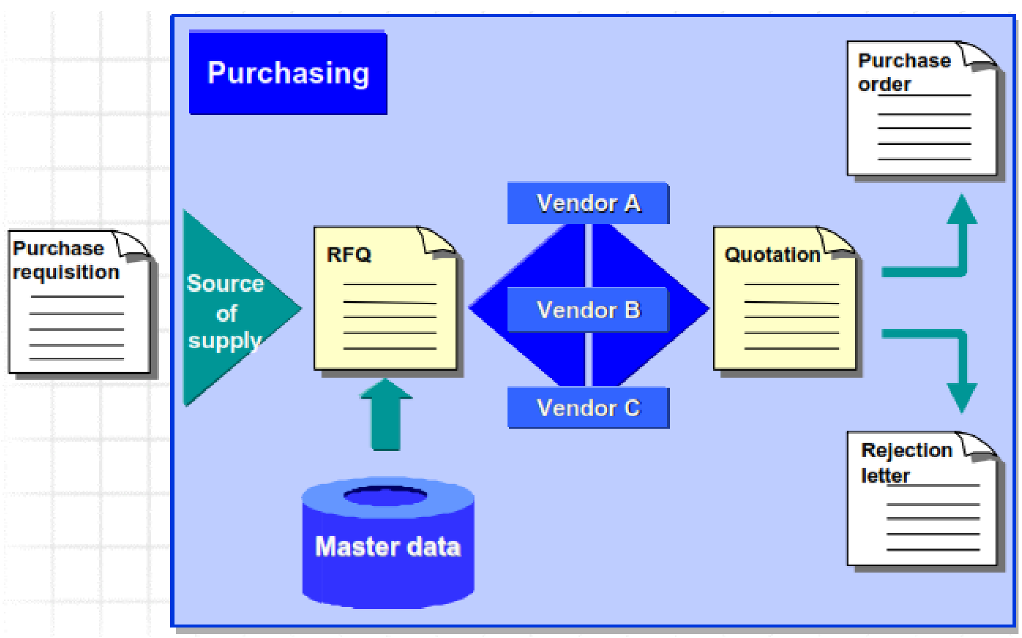
Structure:

- A quotation is legally binding on the vendor for a certain period. The quotation is the vendor's response to a request for quotation issued by a purchasing organization.
- A quotation consists of items in which the total quantity and delivery date of an offered material or service are specified.

In Purchasing, the RFQ and the quotation form a single document. Prices and conditions quoted by vendors are entered in the original RFQ.
If you have issued an RFQ to several vendors, you can have the system determine the most favorable quotation submitted and automatically generate letters of rejection to the unsuccessful bidders.
You can also store the prices and terms of delivery from certain quotations in an info record for future accessing.
RFQs can be subject to a release procedure.

RFQs can create in any of the following ways:

1. **Manually**
   Enter all the data for the material or materials or services for which you wish prices to be quoted.
2. **Copying**
   Copy an existing RFQ.
3. **Using the referencing technique**
   With reference requisitions or an outline purchase agreement.



1.2 Definitions

PR	Purchase Requisition
RFQ	Request for Quotation
PO	Purchase Order

1.3 Pre-Requisites

The following pre-requisites must be completed prior to initiating this process

Activity	Description
Current Period	Roll MM Period to Current Period,
User id and Role	Suitable Roles needs to assign to the user id
MM Configuration	Required Configurations of MM will be completed.

In addition to the above pre-requisites, User should have the following the information to create RFQ.

- **Vendors:** Do you have a list of suitable vendors for the RFQ? The vendor numbers must be available.
- **Deadlines:** What are the important deadlines for bidding, if any (for example, the deadline for submission of quotations)?
- **Number assignment:** If your company uses external number assignment, then you need an RFQ number that falls within the valid number range.
- **Collective number:** We recommend that you assign the RFQ a collective number. You enter this number once, and the system copies it for each RFQ you create within a competitive bidding process.
  The collective number enables you to track all RFQs for a given competitive bidding process. The number can be alphanumeric and up to 10 characters long. You enter it in the header data of the RFQ.

1.4 Master Data

Essential master and organizational data was created in your SAP system in the implementation phase, such as the data that reflects the organizational structure of your company and master data that suits its operational focus, for example, master data for materials, vendors, and customers.

The business process is enabled with this organization-specific master data, examples which are provided below

Org. Structure	Value	Comment
Company Code	1000	Company Code 1000
Plant	1000	Plant Code 1000
Storage Location	1000	Storage Location 1000
Purchasing Organization	1000	Purchasing Organization 1000

1.5 Business Conditions

List one or more business conditions that must have been completed before the user starts this scenario:

Business Condition	Scenario
You have completed all steps described in the Business Process Documentation *Prerequisite Process Steps*. These process steps include the step *Roll MM Period to Current Period*. Perform this activity if the MM period in the system is not set to the current period. Usually, this activity has to be done once a month.	Prerequisite Process Steps
Create RFQ with reference to Purchase Requisition	Purchase Requisition

1.6 User Roles

The following roles have been defined for this Process – RFQ & Quotation.

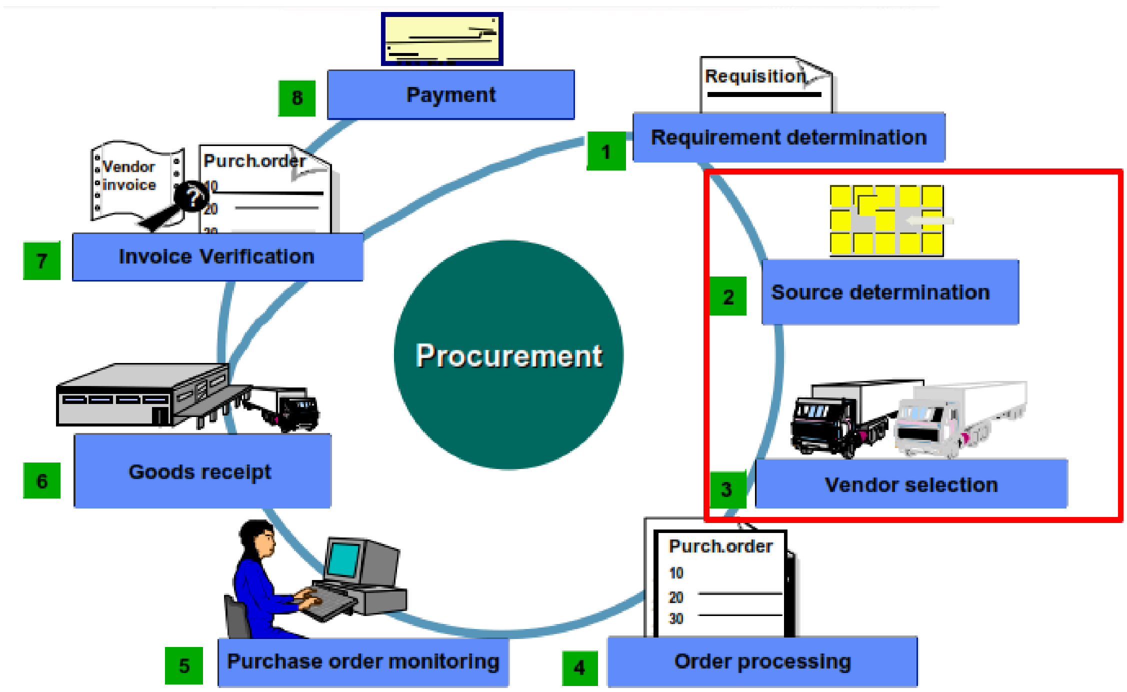
These roles have been designed to fulfill the particular business requirements of the process.

- Please ensure you have been assigned a user name (Check with System Administrator)
- Ensure that the role specific to you has been assigned in your User Profile (Check with System Administrator)

Business Role	Technical Name	Process Step
Requester	SAP_NBPR_PURCHASER-S	• Create Purchase Requisition for Materials with or without material master record • Change Purchase Requisition • Display Purchase Requisition • Create Request for Quotation • Change Request for Quotation • Display Request for Quotation
Department Manager	SAP_NBPR_PURCHASER-M	• Release & approve Request for Quotation

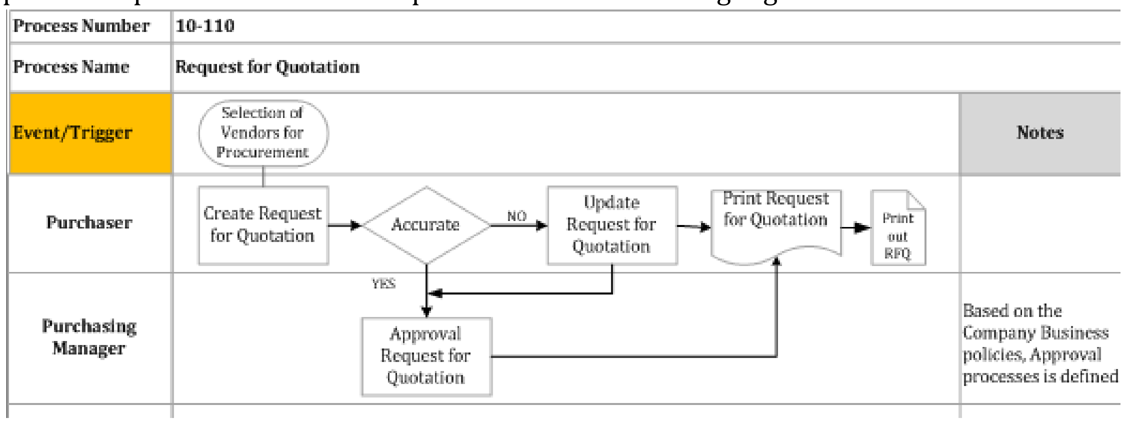
1.7 Process Group Overview

The following diagram depicts the overall process flow for the Process Group [Process Group]. The particular process within the scope of this document is highlighted.



1.8 Process Flow

The following diagram depicts the overall process flow for Request for Quotation. The particular process within the scope of this document is highlighted.



1.9 Process Steps - Summary

The following section describes the process flow diagram in detail

Use	Once you are ready to create the RFQ after having reviewed the pre-requisites and business conditions

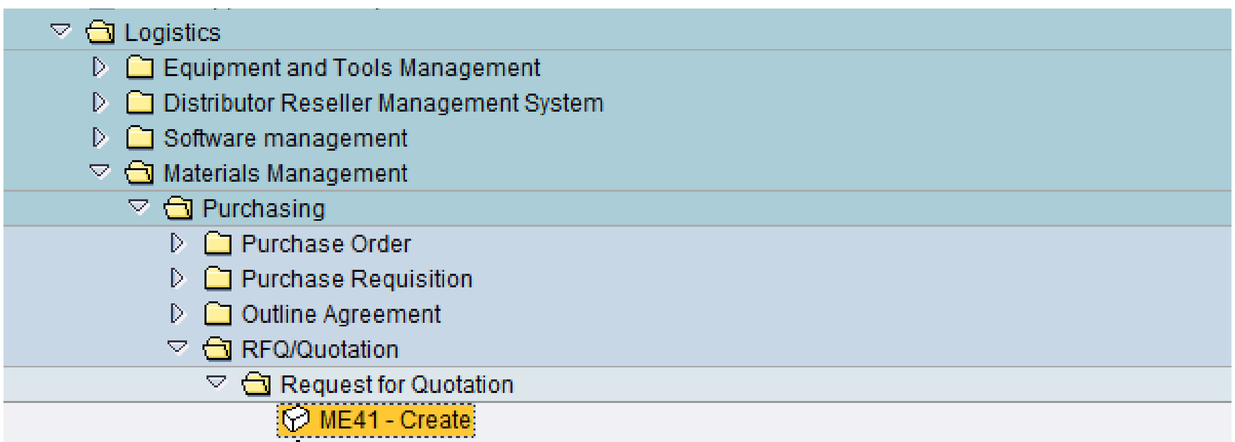
Step	Process Step	Performed by	Description
1	Check for the Purchase requisitions for RFQ's	Purchaser	
2	Create RFQ	Purchaser	
3	Print Draft RFQ (if required)	Purchaser	
4	Submit RFQ for Approval and notify		Submittal of RFQ for approval will be thru workflow
5	Approve RFQ	Purchasing Manager and others as determined by Release Strategy	
6	Reject RFQ	Departmental Manager and others as determined by Release Strategy	Notify via email or verbally for rejection and if requires for changes in RFQ
7	Print Final RFQ	Purchaser	RFQ can be transmitted as a hardcopy or as PDF
8	Follow up		

Result	Approved RFQ created, issued to Vendor and follow-up maintained

1.10 Process Steps – In Detail

1.10.1 Initiate

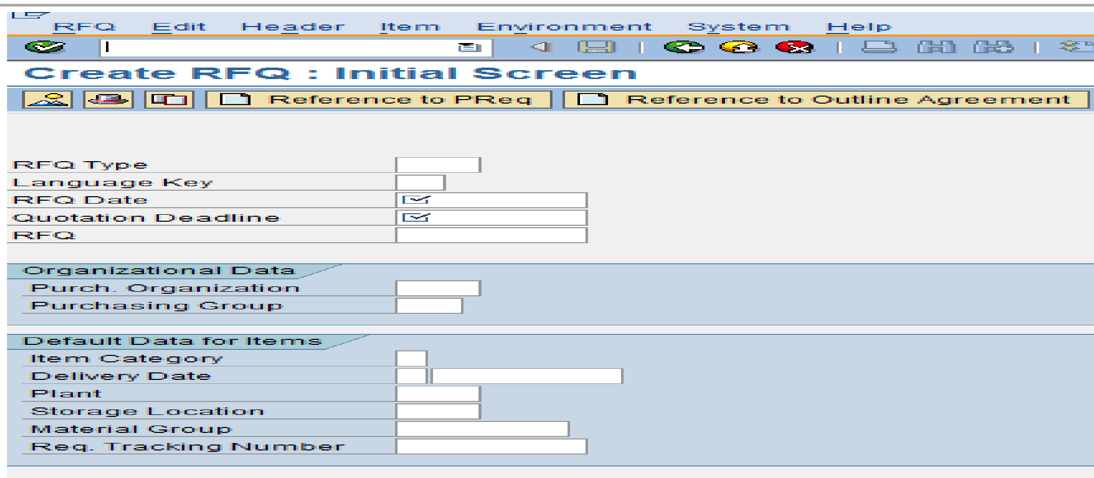
SAP Menu Path	**Logistics Materials Management Purchasing Request for Quotation Create**
SAP T-code	**ME41**
Business Role (NWBC)	
Screen View –	



1.10.2 Process:

1.10.2.1 Create Request for Quotation

Step	Process Step		Description
	Enter data when initiating Request for Quotation		Enter the through Menu path or enter the Transaction code in the command box. The following screen appears



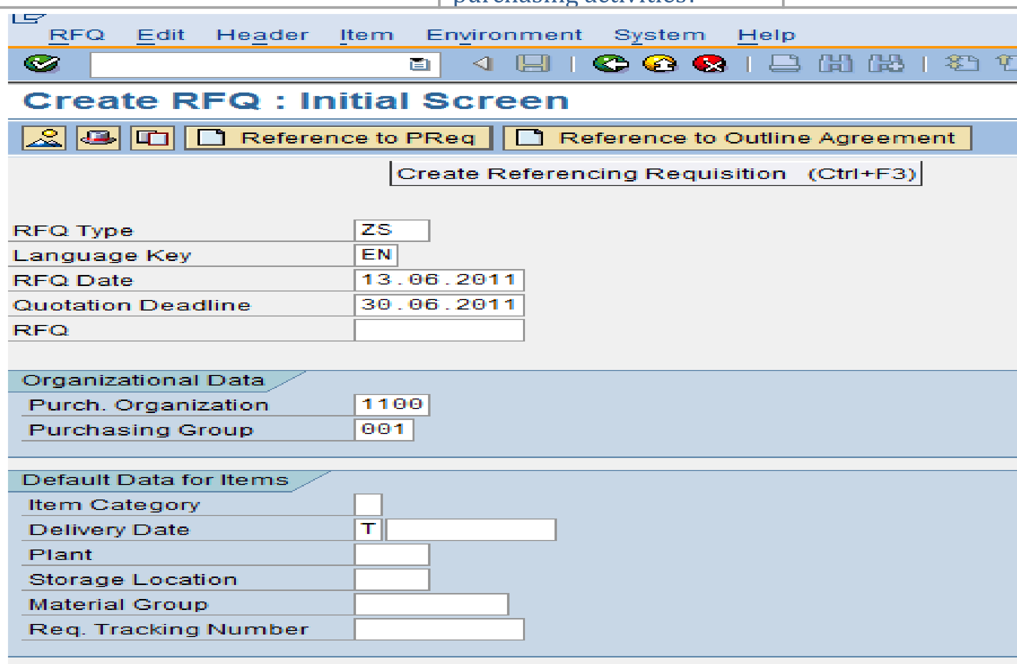
3
2
1
Enter the following field values in the required fields as mentioned below

And choose enter 

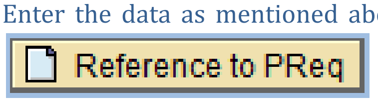
Enter the Following values in relevant fields (User action and Values) as show mention below

Field name	Description	User action and values (Example)
RFQ Type (1)	Identifier allowing differentiation between the various kinds of request for quotation (RFQ) in the SAP system. The RFQ type is proposed by the system. However, you can choose a different RFQ type if one has been defined for your system.	AN – Material RFQ ZS – Service RFQ AT – Tendering RFQ As per requirement choose RFQ Type
Language Key(2)	The language key designates the language in which you: ● Display texts ● Enter texts ● Print documents.	EN – English AR – Arabic As per requirement choose language key
RFQ Date (3)	Date, RFQ was created	11.06.2011
Quotation Dead Line	Date by which the vendor is to submit the quotation.	30.06.2011

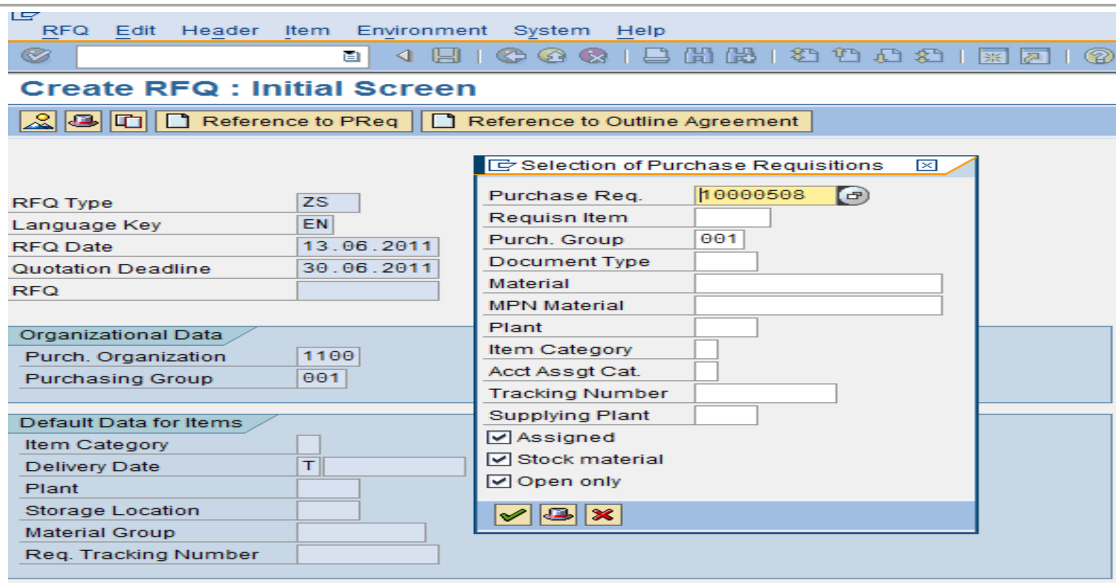
	RFQ	RFQ number	This field is used while creating RFQ, with reference to any other RFQ
	Purchase Organization	Purchase Organization, A request for quotation must be assigned to a purchasing organization.	1100
	Purchasing Group	Key for a buyer or a group of buyers, who is/are responsible for certain purchasing activities?	001



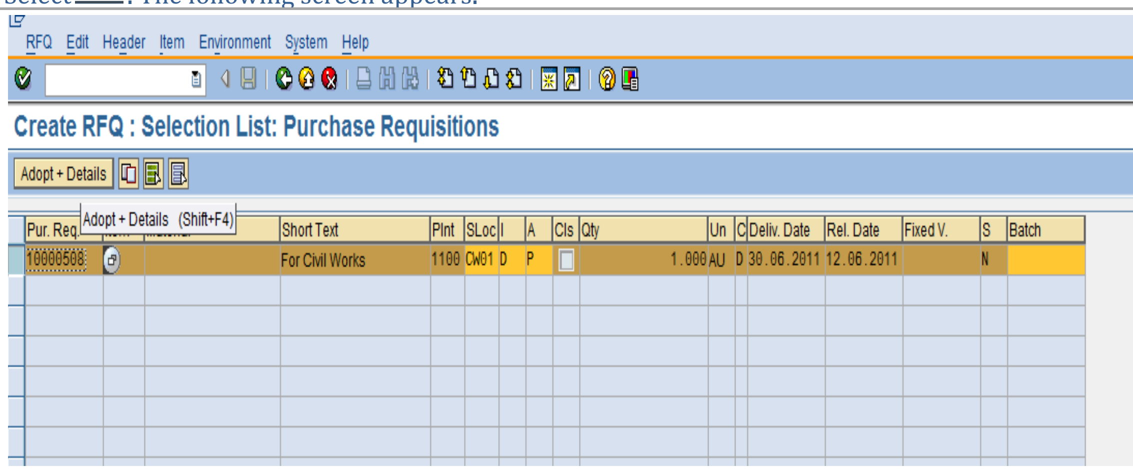
Enter the data as mentioned above and Choose "Reference to Purchase Requisition"



	Purchase Requisition	Reference Purchase Requisition Number	10000508



Select . The following screen appears.



Choose the Line item and select "Adopt+ Details".
Enter the following values in respective fields in the next screen

	Tracking Number	Number that facilitates the monitoring of the procurement of required materials or services. The requirement tracking number from the purchase requisition is copied to the purchasing documents (for example: RFQ or purchase order) created with reference to a purchase requisition. The requirement tracking number thus enables you to group together the purchasing documents that exist for a certain material requirement.	121001
	Delivery Date	Date on which the goods are to be delivered or the service is to be performed.	02.07.2011
	Deadline monitoring 1st Remainder/Expediter	Number of Days for First Reminder/Expediter Example: In the event of a delay in delivery, you can send messages urging the vendor to deliver ordered materials a total of three times, at intervals of 10 days: • Reminder 1: 10 days (after delivery date) • Reminder 2: 20 days (" " ") • Reminder 3: 30 days (" " ").	

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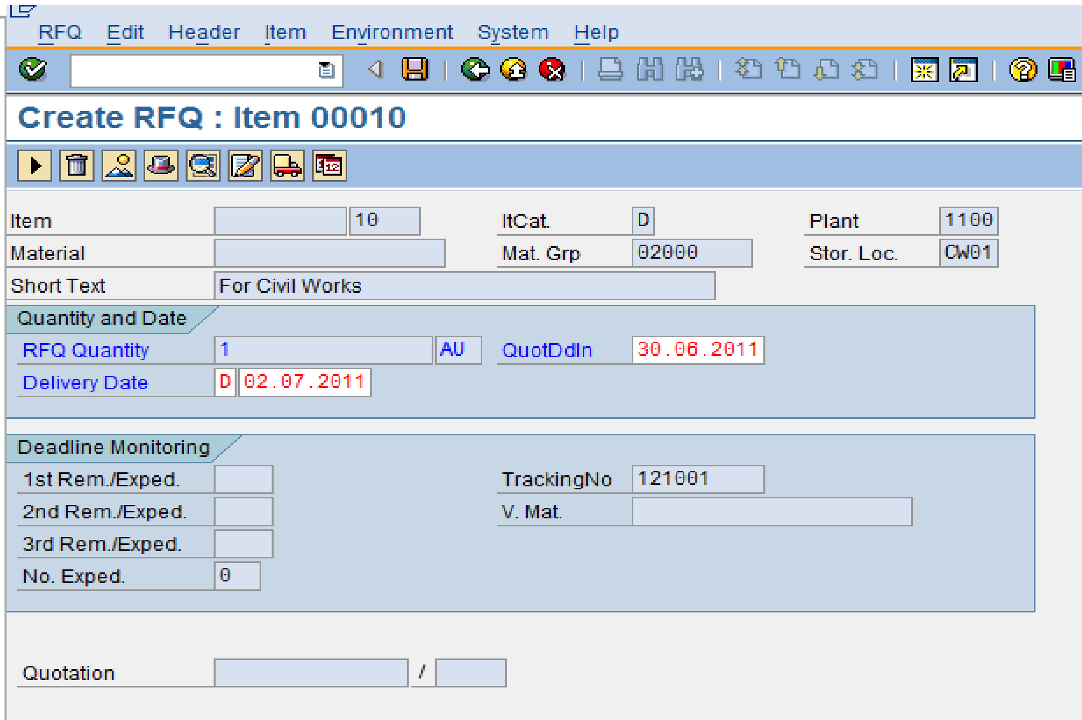
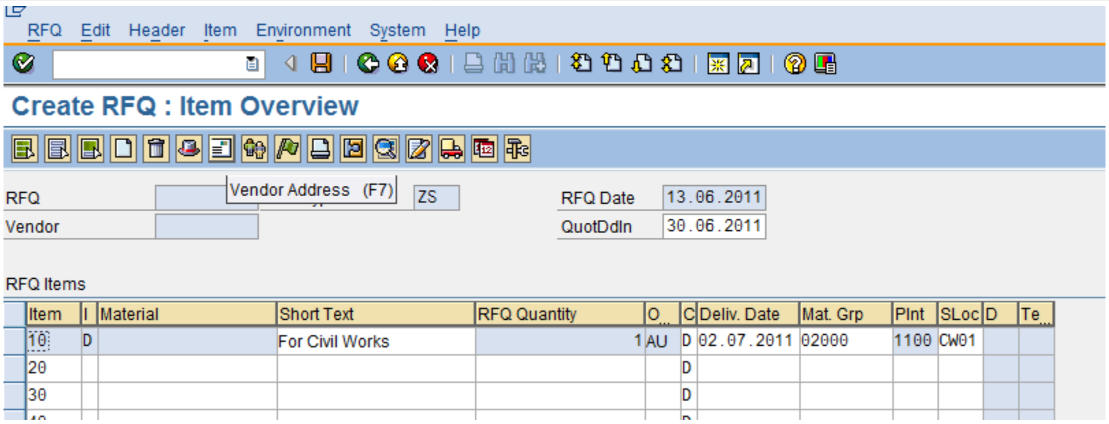


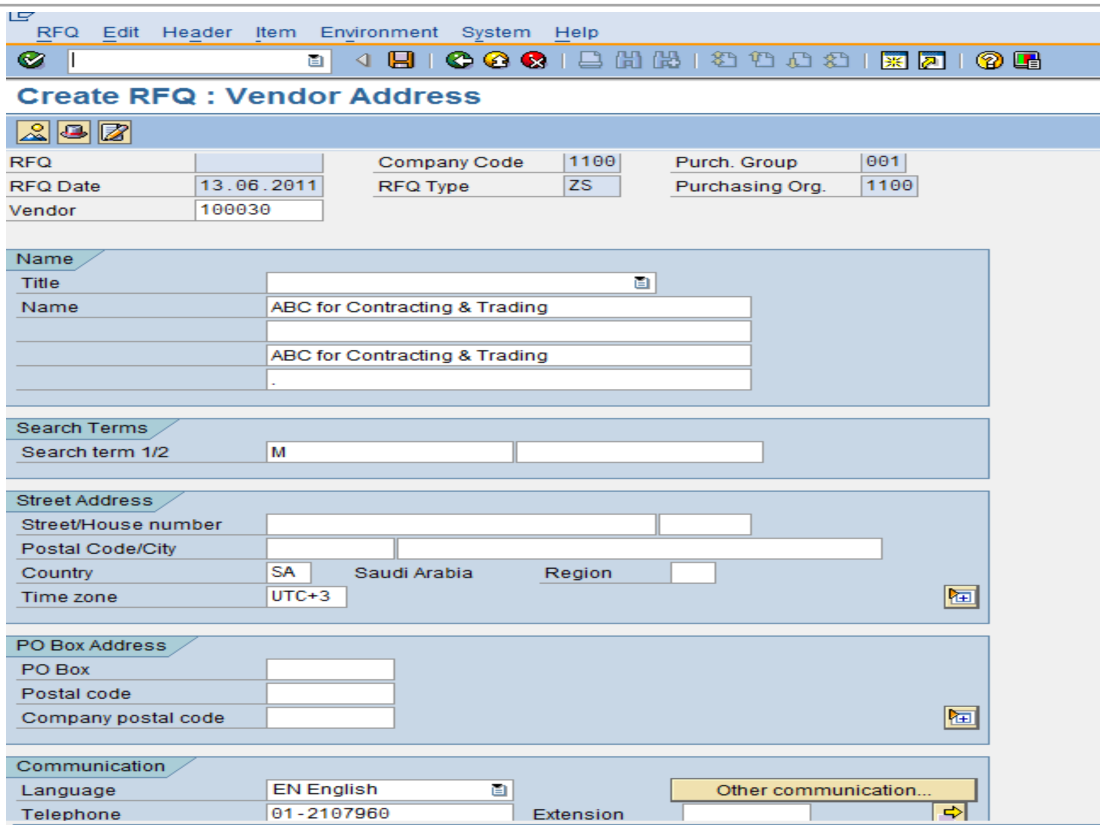
Requirement Tracking Number	Number that facilitates the monitoring of the procurement of required materials or services. This number can relate to a requisition note or requirement notice/slip	121001
Collective number	Number or code facilitating the collective management of a number of individual RFQs (or inquiries) or purchase orders. If the RFQs of a particular procurement process have been assigned to a collective number, it is then possible to list and process all the individual RFQs/inquiries that are grouped under this number.	1111
Validity Start	Start of the period in which the quotation is to be submitted.	

	Validity End	End of the period in which the quotation is to be submitted	
	Apply By.	Closing Date for Application Date by which the bidder must have indicated his willingness to submit a quotation (bid).	
	Target value	Displays the target value that is entered for each distribution at header level for a central contract You specify this value manually for each distribution at header level of the central contract. If the specified value is exceeded, the user sees a message when creating the contract release order.	
	Reference Data		
	Your Reference	The internal reference number of the customer or vendor. The reference number usually identifies the individual who is responsible for the document at the customer or vendor site. It can, for example, be the person's initials.	
	Our Reference	Your company's internal reference number or code This usually identifies the person responsible for the purchasing document in your company. The reference number/code often consists of the relevant person's initials.	
	Sales Person	Sales Person at Vendors Office	

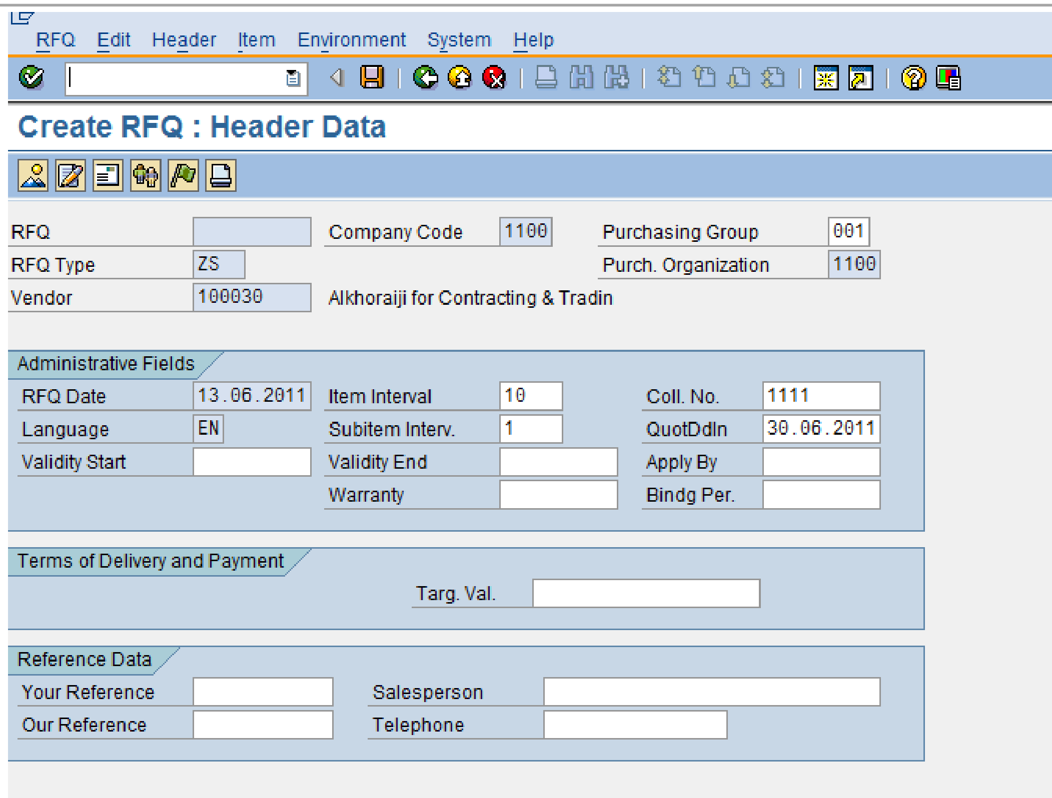
	Telephone number	Vendor's Telephone Number	
	Save	Save the Document	
	Result	PR created and follow-up maintained	



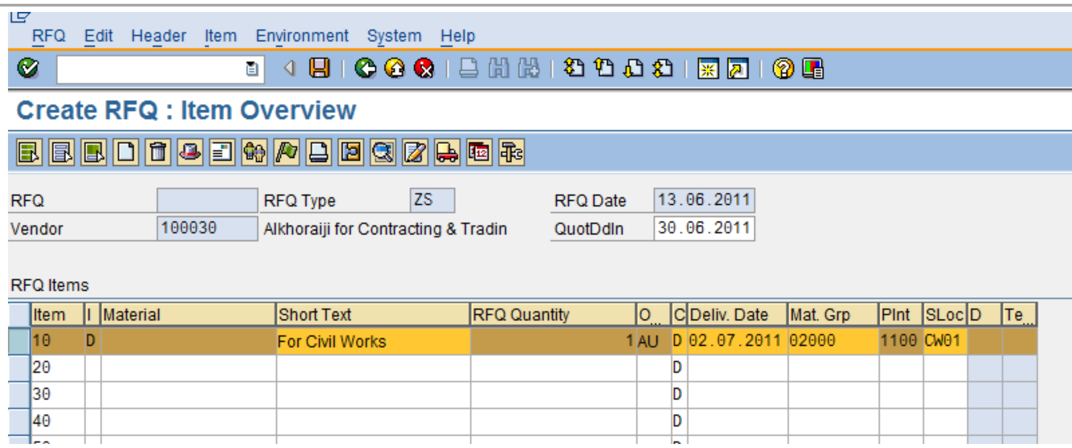
Select Vendor address



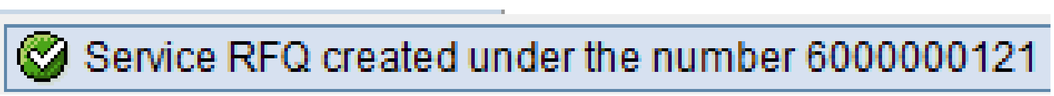
Select Header button and enter required data.



Enter the required data in the respective fields and save



Save



Result	Request for Quotation(RFQ) is created

1.10.2.2 Approval (Release) Procedure

- This process of approving (clearing, or giving the "green light" to) a created Request for Quotation.
- The purchasing Manager will release as per approval procedures defined.

For Approval of Request for Quotations, proceed as follows.

Use	Once you are ready to Release the RFQ after having reviewed the pre-requisites and business conditions

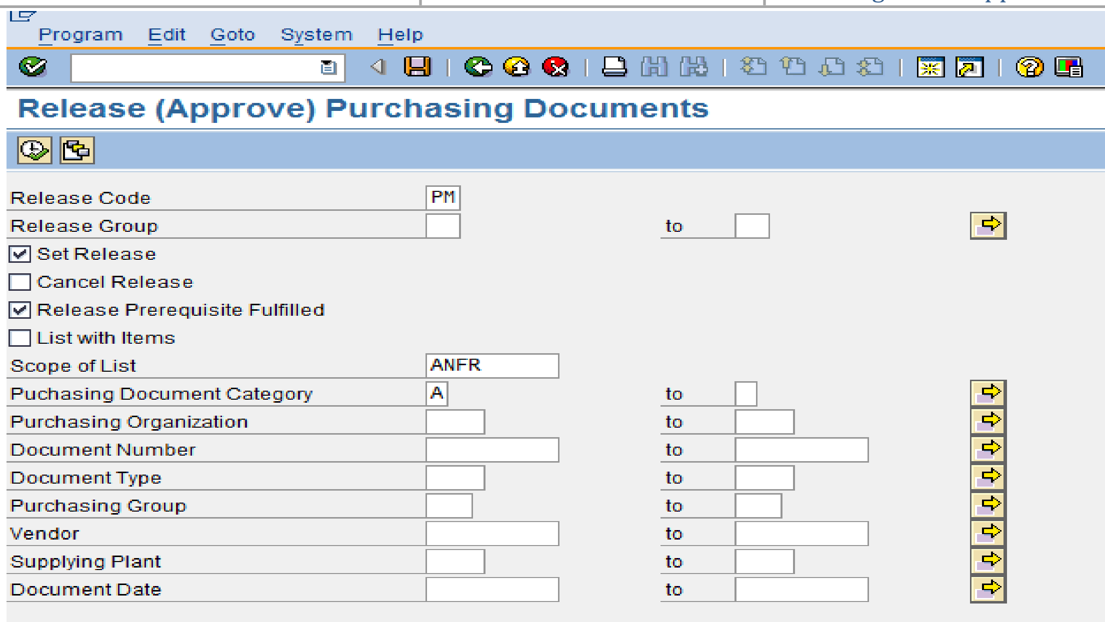
	Process Step	Performed by	Description
1	Check for any Request for Quotations for Approval	Purchase Manager	Check for any Request for Quotations for Approval.
2	Check for Vendors	Purchase Manager	Check the assigned vendors
3	Check for Dates	Purchase Manager	Check for Quotation dead line dates
4	Check for Terms of Delivery and payments	Purchase Manager	Check for the Terms of Delivery and Terms of payments
5	Accept Request for Quotation	Purchase Manager	If the above conditions are satisfied, then release the RFQ for further process.
Result		Approved Request for Quotation. It is issued to Vendor and follow-up maintained	

SAP Menu Path	**Logistics Materials Management Purchasing Request for Quotation Release**
SAP T-code	**ME45**
Business Role (NWBC)	
Screen View –	

1.10.3 Process:

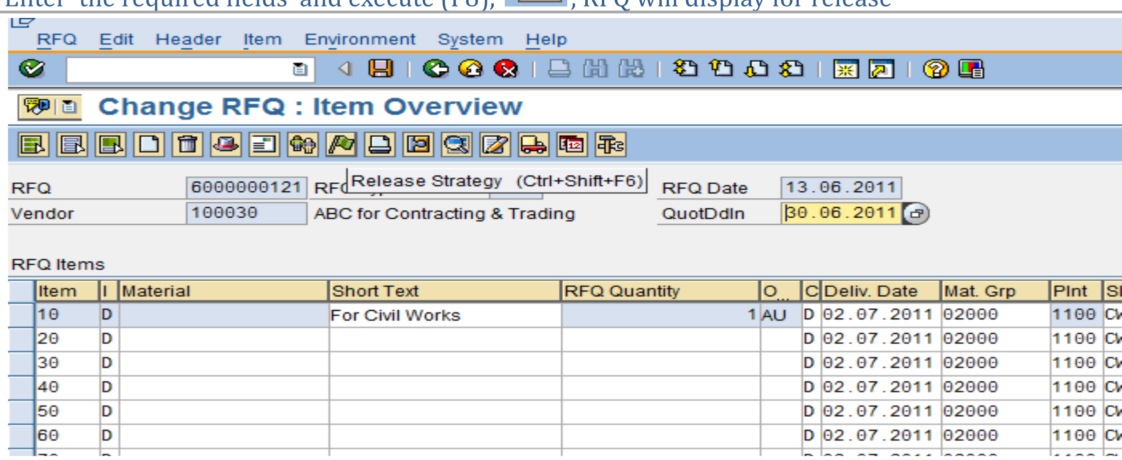
1.10.3.1 Release Request for Quotation

Step	Process Step		Description
	Enter data when initiating Release Request for Quotation		Enter the through Menu path or enter the Transaction code in the command box. The following screen appears



Enter Release Code

Enter the required fields and execute (F8), , RFQ will display for release



Select release indicator,

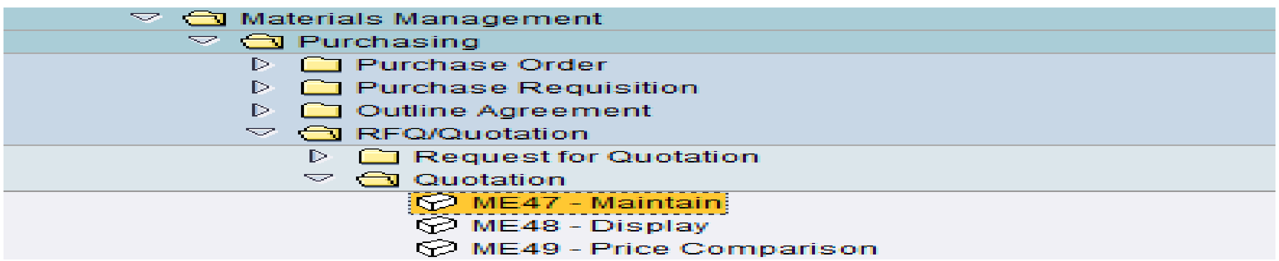
	Result	Request for Quotation (RFQ)is released

1.10.3.2 Maintain Quotation

After a while, the quotations arrive from the vendors. You enter the quotations in the system and use the collective number to help you do this.

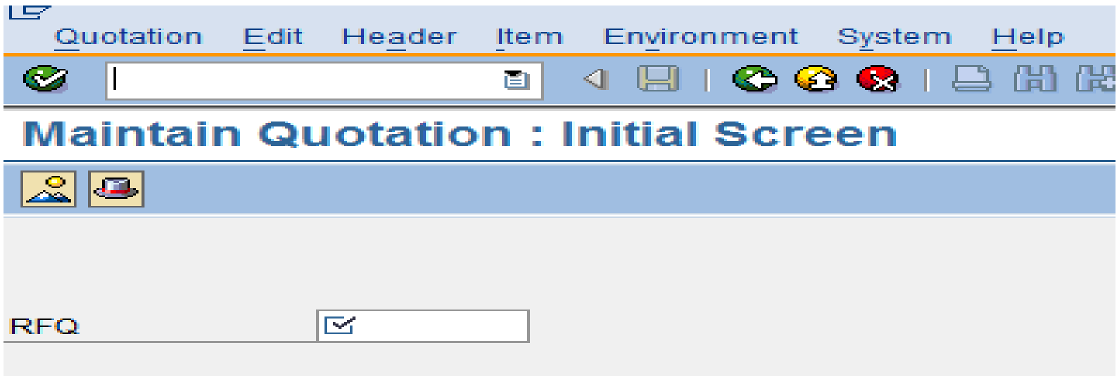
SAP Menu Path	**Logistics Materials Management Purchasing Request for Quotation Maintain**
SAP T-code	**ME47**
Business Role (NWBC)	

Screen View –

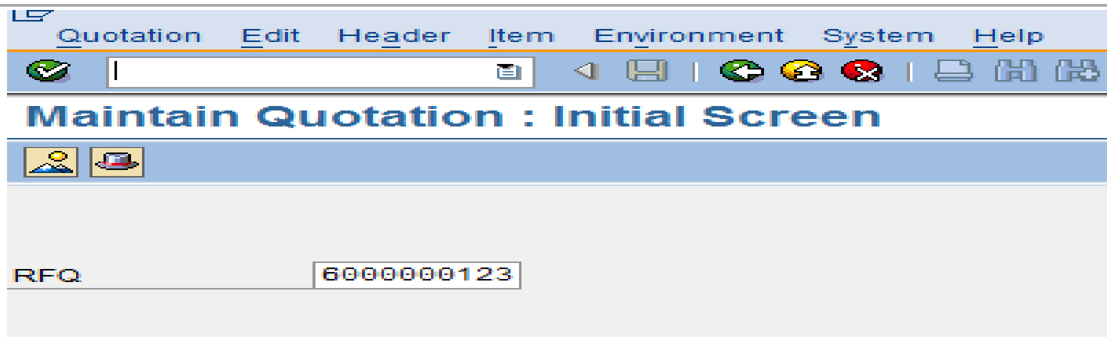


1.10.3.3 Maintain Quotation

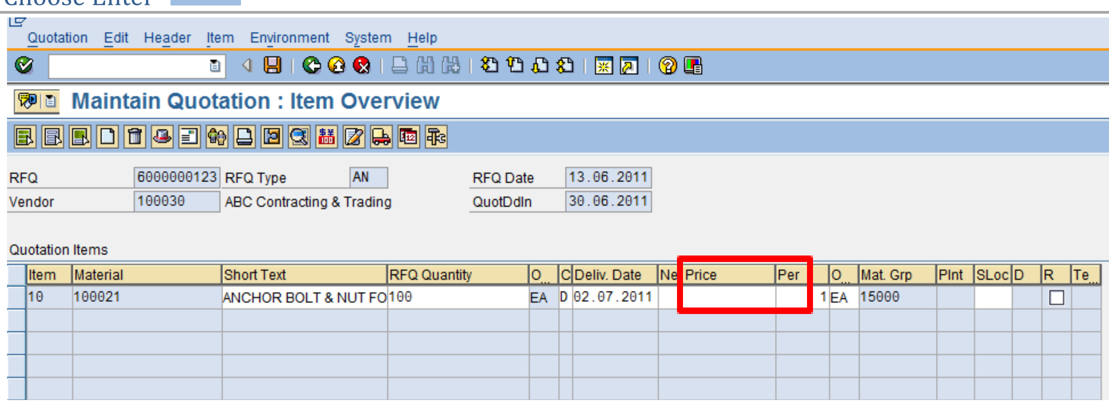
Step	Process Step		Description
	Enter data when Maintain Quotation		Enter the through Menu path or enter the Transaction code in the command box. The following screen appears



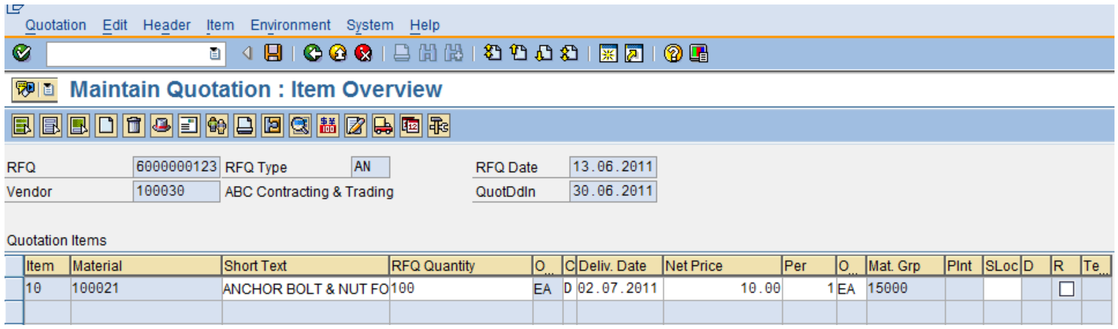
Enter RFQ Number



Choose Enter 



Enter the Net Price, given in Vendor Quotation



Save.
Repeat the procedure for all other Quotations.
Other RFQ's are 6000000124, 6000000125

Result	Quotaions Maintained

1.10.3.4 Comparing Quotations

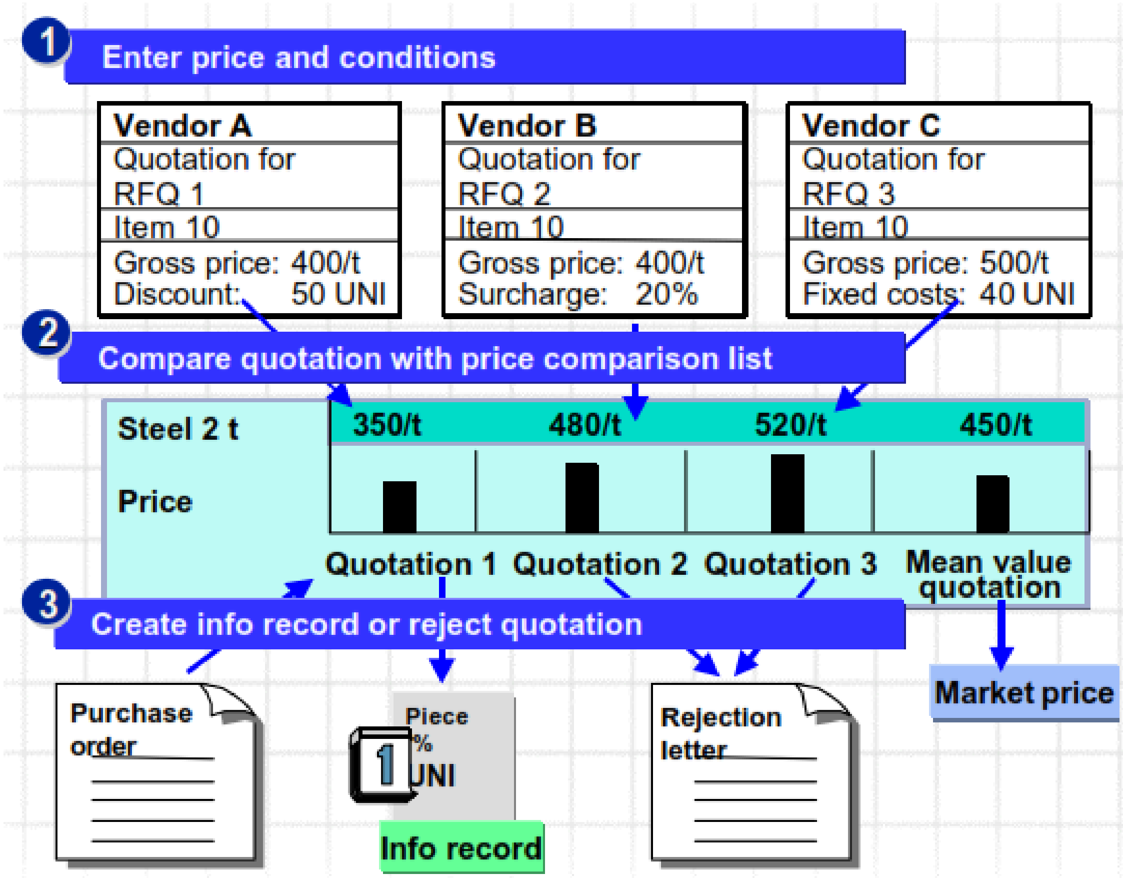
You can compare the prices from all quotations received as a result of a competitive bidding process using the price comparison list. The comparison list ranks the quotations by item from lowest to highest price.

Pre-requisites:

Before you generate the price comparison list, you need to consider the following:

- If possible, each quotation should have pricing data for the same item. Only then is the correct interpretation of the mean and total values possible.
- If a quotation is submitted in a foreign currency, the price is automatically translated into the currency of the company code, which is determined by your purchasing organization.

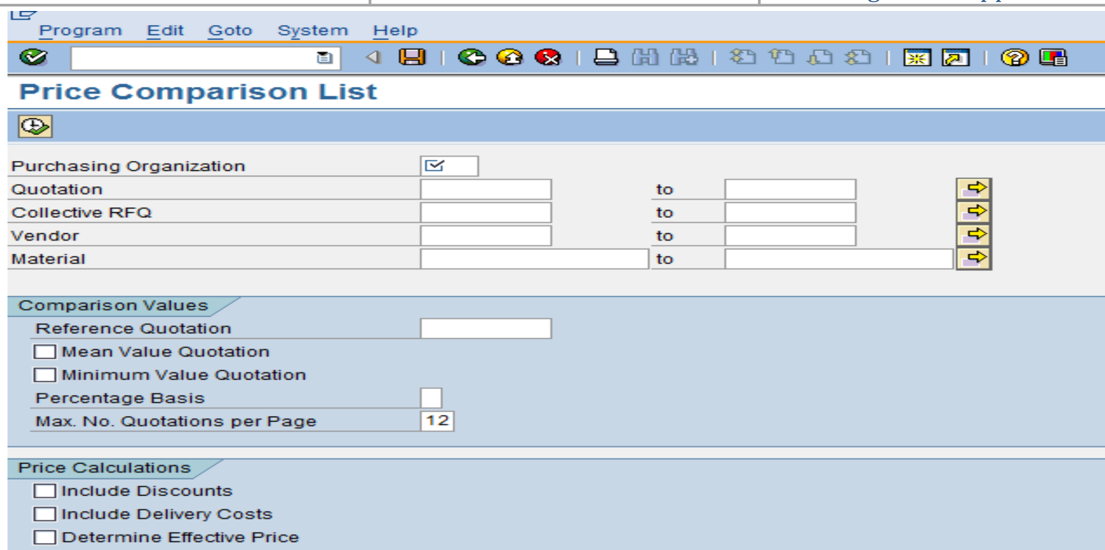
You should therefore make certain that up-to-date exchange rates are defined in your system.



SAP Menu Path	**Logistics Materials Management Purchasing RFQ/Quotation Price Comparison**
SAP T-code	**ME49**
Business Role (NWBC)	

Screen View –

Step	Process Step		Description
	Enter data when initiating Quotation comparison Process		Enter the through Menu path or enter the Transaction code in the command box. The following screen appears



Enter Quotations

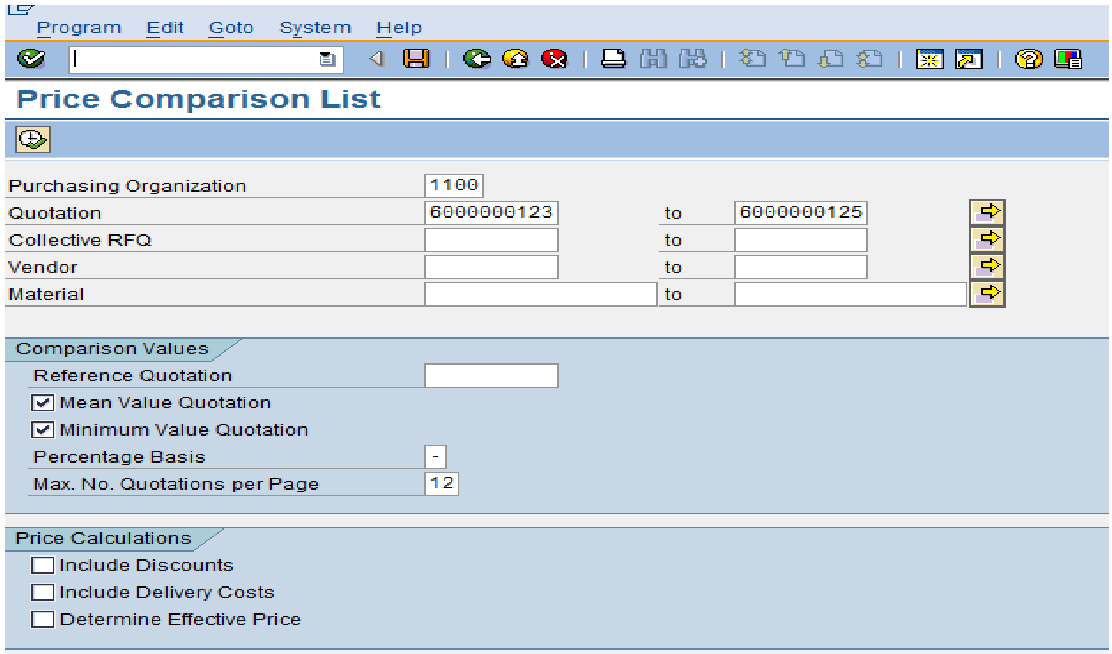
Enter Purchase organization

Enter the required values in the relevant fields, as mentioned in the below table

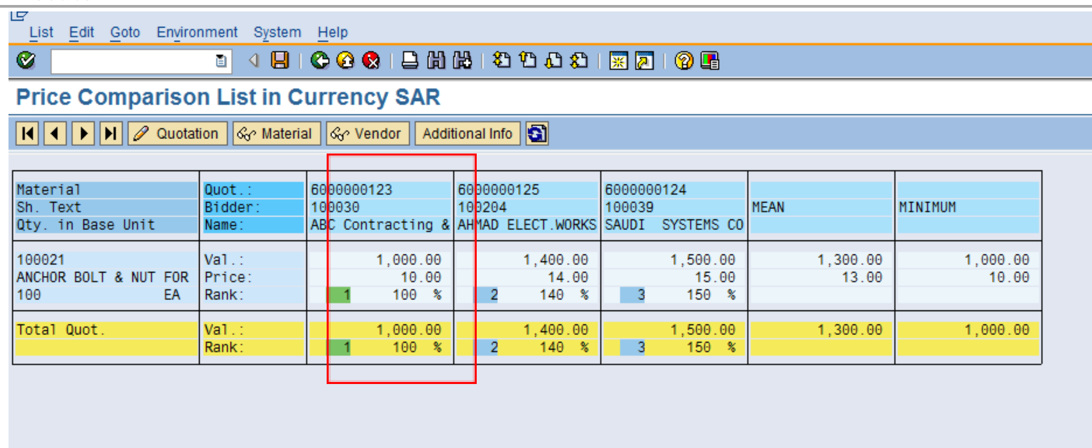
	Field name	Description	User action and values For Example,
	Purchase Organization	Purchase Organization, A request for quotation must be assigned to a purchasing organization.	1100
	Quotation From and To	Alphanumeric key uniquely identifying the document.	6000000123-6000000125
	Collective RFQ	Number or code facilitating the collective management of a number of individual RFQs (or inquiries). If the RFQs of a particular procurement process have been assigned to a collective number, it is then possible to list and process all the	

		individual RFQs/inquiries that are grouped under this number.	
	Vendor	Vendor Account Number	
	Material	Material Number	
	Mean Value Quotation	Compute Mean-value Quotation	Select this indicator if the basis for comparison is to be the average price from all quotations.
	Minimum Value Quotation	Compute Minimum-value Quotation	Select this indicator if the basis for comparison is to be the lowest price from all quotations.
	Percentage Basis	The price comparison list displays the percentage of each item in relation to the maximum, minimum, or average price. To determine the display type, enter one of the following: – **+** Highest value for each item is the 100% value – **-** Lowest value for each item is the 100% value – "_" Mean value for each item is the 100% value	
	Price Computations	Select the appropriate field to specify which of the following should be taken into account in determining the comparison price: – Cash discount – Delivery costs – Effective price	
	Execute	Execute the transaction	

Customer	**1001 CapFrance BAT**	Effective Date	<11-Jun-11>
Project Name	**10-110 – le SAP**	Revision No	**1.0**
Business Proc	**10-010 Source Determination - RFQ & Quotation**	Module	<MM>

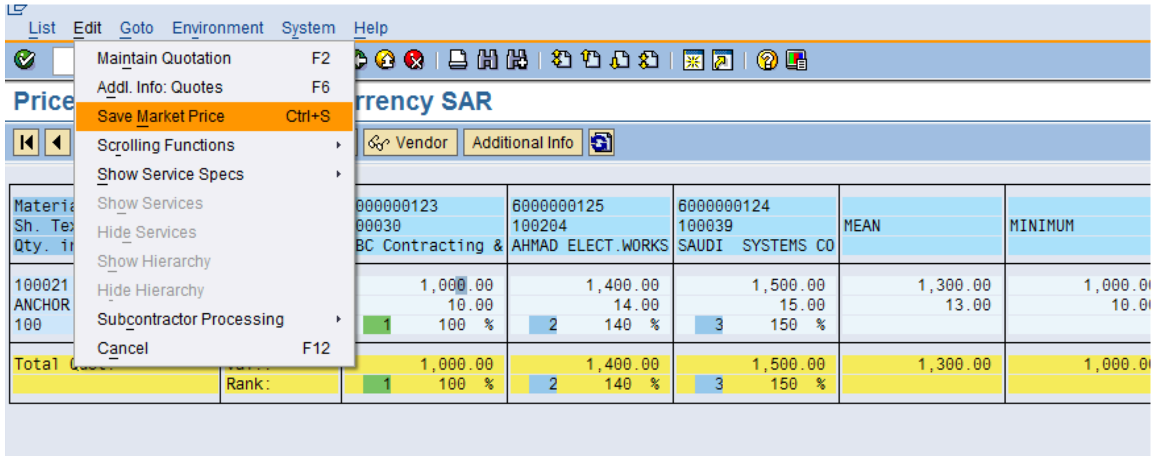


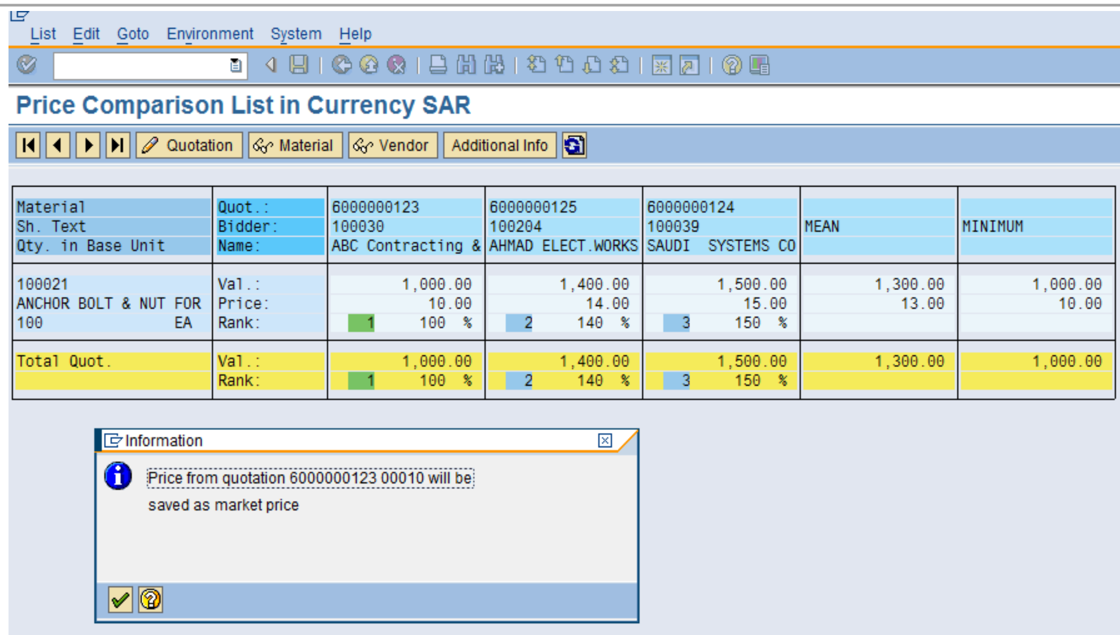
Execute



From the above,
The value of Quotation no: 6000000123 is lower than the other Quotations, it is raked as 1.

Go to Edit Save Market Price





Choose ✔

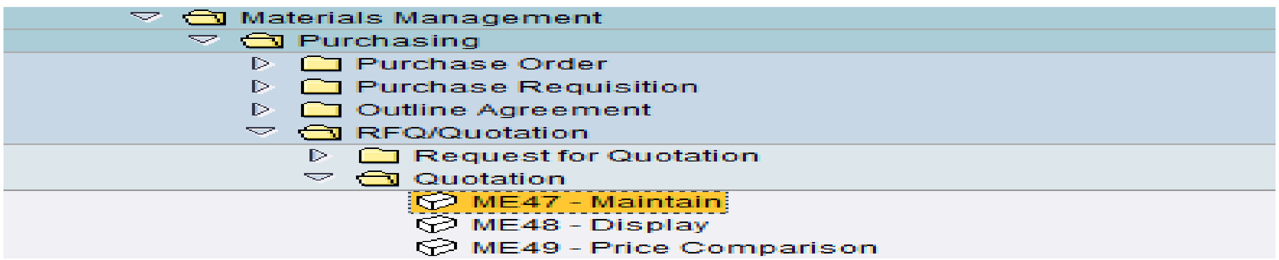
	Result	Display List of Quotations with Ranks

1.10.3.5 Rejection of Quotations

From the Quotation comparisons, rejected vendors will intimate through Rejection notifications.

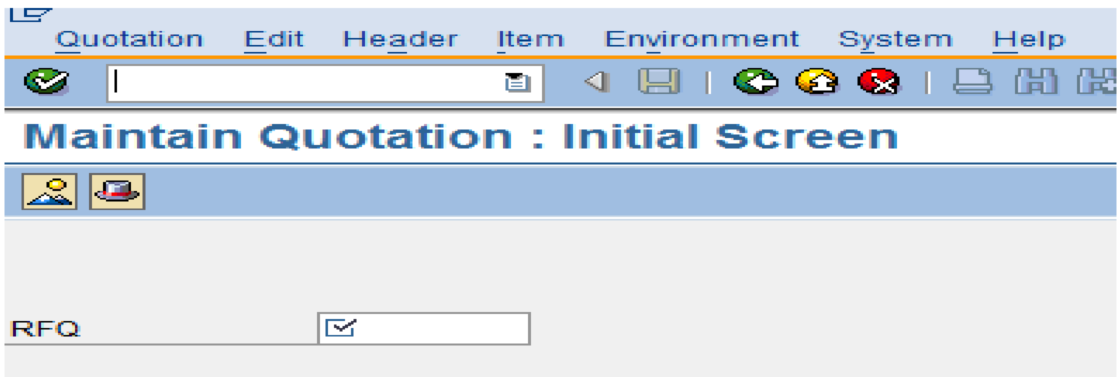
SAP Menu Path	**Logistics Materials Management Purchasing Request for Quotation Maintain**
SAP T-code	**ME47**
Business Role (NWBC)	

Screen View –

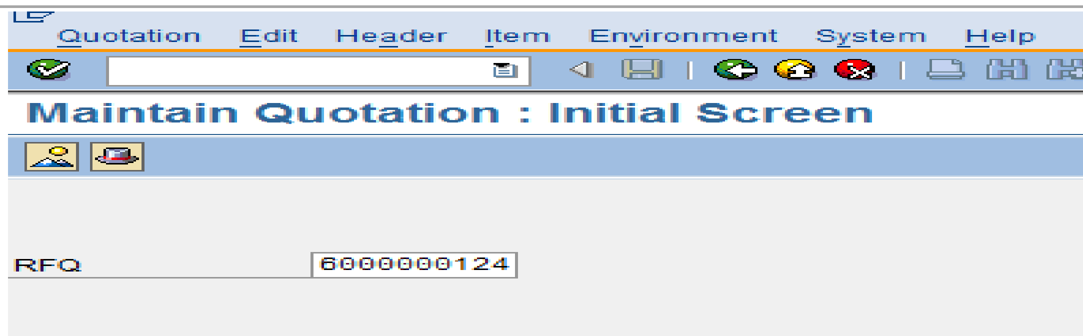


1.10.3.6 Maintain Quotation

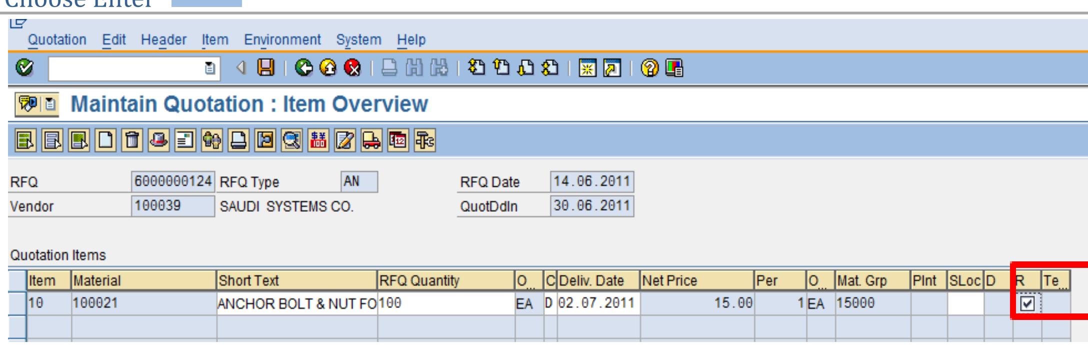
Step	Process Step		Description
	Enter data when Maintain Quotation		Enter the through Menu path or enter the Transaction code in the command box. The following screen appears



Enter RFQ Number



Choose Enter



Select the Check box "R": and Save.

R - Specifies that the vendor is to receive a rejection letter in respect of his quotation.

Result	Quotation rejected and a rejection letter is sent to vendor

2 Supplementary Processes

2.1 List of Supplementary Processes

Process Name	Description
Change Quotation	Amendment of Quotation
Display Quotation	Display of Quotation

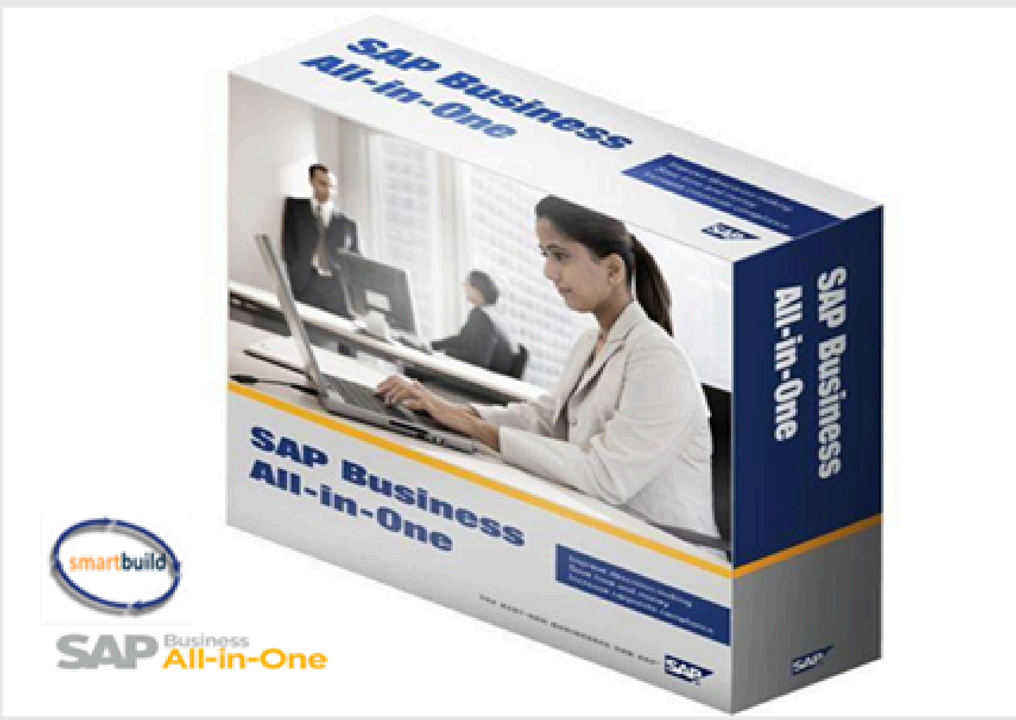
3 Document References

3.1 Record Retention

Outputs	Retention Period/Remarks
Quotations	5 years

3.2 References

Type of Document	Reference
Company Policy	
ISO 9000 Clause	
Quality Manual	
Quality Procedure	



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