Outline Agreements

Requirement : We have a PO for quantity 10,000 units and the vendor should be informed about it in multiple releases for quantity 5,000 units each so that the amount will be less. The PO no should be the same.

For the above requirements we have TWO options available in the Outline agreements

1) Contracts
2) Scheduling Agreements

Contracts

Contract is where we have a contract with the vendor,may be a for a predetermined quantity or predefined value with a validity end date. So every time we need the material, we need to make PO ref the contract asking for the delivery of the material.

Process flow:
 We create a Contract using T code ME31K for a given material to a known Vendor say for quantity 10,000 units with the validity end date say 12/31/2012.

Every time a requirement arises using the above contract as reference we can create a PO using ME21N for the desired quantity say 5000 units , but every time the PO will have a new number.

Conclusion: So this option will not satisfy our requirements as every time a new PO no is generated .

Scheduling Agreements

Scheduling agreement is a long term purchase agreement, where we will keep issuing the delivery schedules whenever there is a change in requirement or at predetermined time intervals. The delivery schedule can be on hour/daily/weekly/monthly basis .

 The Vendor has to supply the material as per the delivery date given in the agreement.
 If the material comes before the given date we cannot perform Goods Receipt. If we require the material before the scheduled date , we have to modify the agreement first and then carry on the Goods Inward.

Process flow:

 My Requirement of the material from a particular vendor is 10,000 units.

 Here we have two options

 A) We create a Scheduling Agreements using T code ME31L for the total target quantity of 10,000 units and using ME38 we assign the different delivery schedule for 5000 nos each as per our requirements and the document is released to Vendor using ME84.

Then the Vendor supplies us the material as per the scheduled date given in the document.

B) Firstly we create a Scheduling agreements using T code ME31L for quantity 5,000 units and using ME38 we assign the delivery schedule and we release the document to the Vendor using ME84.

Second time when we have a further requirement of 5,000 units , we change to target quantity of the existing SA document to 10,000 using ME32L and assign the delivery schedules again using ME38 for the additional quantity of 5,000 units. The same is transmitted to Vendor of the new requirements using ME84.

Conclusion: This option will not fully satisfy our requirement but with the same document no we can intimate the vendor of the new additional requirements