Agenda

- Logistics, Ground Rules & Introduction
- Workshop Objectives
- Project Overview/Timeline
- Business Process Review
  - SAP terms glossary
  - Process improvement opportunities
  - SAP concepts & functionality
  - Leading practices
  - Enterprise readiness challenges
- Action Items
- Questions
Logistics

Before we get started ...
Ground Rules

- Has everybody signed in?
- Everybody participates – blueprint is not a spectator sport
- Focus is key – please turn off cell phones and close laptops
- Challenge existing processes and mindsets
- Offer suggestions and ideas
- Think Enterprise
- Ask questions at any time
- One person at a time please
- Creativity, cooperation, and compromise
Introductions

- **Roles:**
  - **Process Analyst and Functional Consultant (Team IBM):** Leads and facilitates the discussions; drives design decisions
  - **Documenter (State Employee):** Takes detailed notes to support the formal meeting minutes (to be sent by the Process Analyst to all participants for review and feedback)
  - **Team Members (LaGov):** Provides additional support for process discussions; addresses key integration touch points
  - **Subject Matter Experts:** Advises team members on the detailed business processes and participates in the decisions required to design the future state business processes

**Around the Room Introductions:**
1. Name
2. Position
3. Agency
Blueprint Objectives

1. Review and discuss the current or As-Is Business Processes:
   - Which helps to drive out the *business requirements*
   - As well as the *integration points* with other processes

2. Define Master Data:
   - Address key integration points
   - Support organizational requirements
   - Consistent and appropriate use of data fields

3. Define Future or To-Be Business Processes based on:
   - Best Practices inherent in SAP
   - Intellectual capital from other SAP implementations
   - State business requirements
Blueprint Objectives (continued)

4. Identify Development Requirements:
   - Forms
   - Reports
   - Interfaces
   - Conversions
   - Enhancements
   - Workflow

5. Understand and communicate any Organizational Impact / Enterprise Readiness Challenges

6. Gather system Security Authorizations and State-wide Training Requirements
Today’s Workshop Objectives

- Review State of Louisiana Material Records
- Glossary
- Overview of Material Master Concepts:
  - Usage
  - Number Ranges
  - Other Attributes (UNSPSC codes)
  - Views
- Material Master Record Screens
- Sample Reports
- Live SAP Material Master screen review
- Special Topics:
  - Units of Measure
  - Texts
- Reach agreement on basic usage and key attributes
- Next Steps
Today’s Workshop Key Decisions

- General consensus on:
  - General Use of Material Master Record
  - Numbering of Material Records
  - Use of UNSPSC as Key Material Attribute
  - Use of Units of Measure
  - Format of Text Descriptions
  - Others Key Attributes TBD…
Project Phases

Five Key Phases

- **Project Preparation**
  - Strategy & Approach Defined
  - Project Team Training

- **Business Blueprint**
  - Business Process Definition
  - Development Requirements

- **Realization**
  - Development & Unit Testing
  - Integration Testing
  - End-User Training Materials

- **Final Preparation**
  - User Acceptance
  - Technical Testing
  - End-User Training
  - Conversion

- **Go Live and Support**
  - Go-Live Support
  - Performance Tuning
Tentative Project Timeline

- Tentative implementation dates are planned as follows:

<table>
<thead>
<tr>
<th>Functionality</th>
<th>Tentative Implementation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Prep</td>
<td>October 2009</td>
</tr>
<tr>
<td>DOTD</td>
<td>February 2010</td>
</tr>
<tr>
<td>Core Modules All Agencies</td>
<td>July 2010</td>
</tr>
<tr>
<td>Additional Modules</td>
<td>January 2011</td>
</tr>
</tbody>
</table>

Phased deployment will be confirmed/updated before completion of Blueprint activities!
# Blueprint Schedule - Tentative

### Near Term Workshops…

<table>
<thead>
<tr>
<th>Workshop ID</th>
<th>Process Area</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>LOG-MM-002</td>
<td>Vendor Master Records</td>
<td>9/9 Tues 9/10 Wed</td>
</tr>
<tr>
<td>LOG-SRM-002</td>
<td>Vendor Registration, Qualification, AVL (Approved Vendor List)</td>
<td>9/11 Thur 9/15 Mon 9/16 Tue 9/17 Wed</td>
</tr>
</tbody>
</table>
Project Organization - Functional Teams

**Finance Leads**
- Beverly Hodges – Finance Lead
- Drew Thigpen – Finance Lead
- Mary Ramsrud – Consulting Lead

**Logistics Leads**
- Belinda Rogers – Logistics Lead
- Jack Ladhdr – Logistics Lead
- Brad Denham – Consulting Lead

**Linear Assets Leads**
- Mark Suarez – Agile Assets Lead
- Charles Pilson – Consulting Lead

**Diagram**
- Procurement
  - Facilities Maintenance
  - Materials / Inventory Warehousing
- Contracting
  - Fleet Maintenance
  - Mobile Solutions

**Project Organization - Functional Teams - Staff**
- Belinda Rogers
- Karen Pierce
- Sterrie Elliott
- Adam LaTour
- Sudhir Deshmukh
As-Is Overview
As-Is Discussion of Material Data

- **Procurement / Commodity Contract overview:**
  - Overview of contract items
  - Types of contract items
  - Contract item attributes

- **Stock overview:**
  - Overview of current stock
  - Location and types of stored materials
  - Item master records
  - DPS and DOTD overview
### As-Is: Current System Alignment

<table>
<thead>
<tr>
<th>Legacy System</th>
<th>Material Master Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGPS</td>
<td>Commodity Tables – Description, Unit of Measure, Last Unit Price, Commodity Type, Usage</td>
</tr>
<tr>
<td>Venice</td>
<td>Stock Nos., Description, Min / Max, Aisle / Bin, Re-order Points, Status, Unit of Measure, On-hand Quantities, Price</td>
</tr>
<tr>
<td>Faster</td>
<td>Fleet Work Order System - Part Nos., Description, Min / Max, Aisle / Bin, Re-order Points, Status, Unit of Measure, On-hand Quantities, Price</td>
</tr>
</tbody>
</table>
### As-Is: Current System Alignment (continued)

<table>
<thead>
<tr>
<th>Legacy System</th>
<th>Material Master Information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PIMS</strong></td>
<td>Stock Nos., Material Nos., Unit of Measure, Material Group, Unit Price, Min / Max, Descriptions, Specification No., Vendor</td>
</tr>
<tr>
<td><strong>Paradox</strong></td>
<td>Stock Nos., Material Nos., Unit of Measure, Min / Max</td>
</tr>
<tr>
<td><strong>QuickBooks</strong></td>
<td>Stock Nos., Material Nos.</td>
</tr>
</tbody>
</table>
Current Master Data

- Below is a screen caption from the Department of Public Safety’s Venice Inventory System. In SAP Stock Item A0-01-59-012 will be replaced by a material number, which will link the item to the UNSPSC code.

A material number allows for quicker contract lookup, easier reporting, tracking of inventory items, storage of item specific data, etc.
Below is a screen caption from the Department of Transportation and Development’s PIMS Inventory System.

<table>
<thead>
<tr>
<th>Vol. #</th>
<th>Stock Number Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume #1</td>
<td>01-09-0010       Group 1            Fire Righting, Medical and Safety Supplies</td>
</tr>
<tr>
<td></td>
<td>03-50-5020       Books, Publications and Printed Forms</td>
</tr>
<tr>
<td></td>
<td>04-18-0485       Group 4            Engineering Supplies</td>
</tr>
<tr>
<td></td>
<td>10-94-2300       Group 10           Agricultural, Landscaping and Erosion Control Supplies</td>
</tr>
<tr>
<td></td>
<td>Group 5          Reproduction and Photographic Supplies</td>
</tr>
<tr>
<td></td>
<td>Group 6          Computer, Copying Machine and Microfilm Supplies</td>
</tr>
<tr>
<td></td>
<td>Group 8          Janitorial and Sanitary Supplies</td>
</tr>
</tbody>
</table>
**Current Master Data (continued)**

- In PIMS, the Header and Stock # will be replaced by an SAP Material Number and Material Group.

<table>
<thead>
<tr>
<th>Header</th>
<th>Stock #</th>
<th>Description</th>
<th>UOM</th>
</tr>
</thead>
<tbody>
<tr>
<td>025</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>01-15-4950</td>
<td>CAP, BASEBALL STYLE, HIGH VISIBILITY, FLUORESCENT, DOTD SPEC. 045-004, REV. 8/04/2008</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>01-15-4960</td>
<td>CAP, SAFETY, FULL BRIM, OUTBACK STYLE, HIGH VISIBILITY, SIZE REGULAR 7 1/8 IN. – 7 5/8 IN., (DELETE WHEN BALANCE REACHES ZERO)</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>01-15-4965</td>
<td>CAP, SAFETY, FULL BRIM, OUTBACK STYLE, HIGH VISIBILITY, SIZE REGULAR 7 3/8 IN. – 7 7/8 IN., (DELETE WHEN BALANCE REACHES ZERO)</td>
<td>38</td>
<td></td>
</tr>
</tbody>
</table>
SAP Concepts
SAP Glossary

- **Attribute** – A property or value that describes and defines an object or an entity in detail (blonde hair, blue eyes, 5’2” tall, 120 lbs…are all attributes of a human)
- **Basic Data Text** – A field in the Material Master record used to store longer text description for the item
- **Client** – A grouping or combination of legal, organizational, business and/or administrative units with a common purpose; a self-contained unit in an SAP system with separate master records and its own set of tables (“The State of Louisiana”)
- **Company Code** – This level represents an independent accounting unit within a client. Each company code has its own balance sheet and its own profit and loss statement. Example: a subsidiary company, member of a corporate group (“The State”)
- **ECC** – Enterprise Central Component (the core SAP system where financials and most logistics transactions are processed
- **Matchcode** – A search technique which enables a user to locate a particular database record (such as an account number or material master record) by entering information contained in the record (Key word Search)
- **Material Group** – Key that you use to group together several materials with the same attributes, and to assign them to a particular material group
- **Material Number** – An 18-character alphanumeric attribute that uniquely identifies a material
SAP Glossary (continued)

- **Material Type** – Key that assigns the material to a group of materials such as raw materials, operating supplies or trading goods.
- **Moving Average Price** – A price that changes in consequence of goods movements and the entry of invoices, and which is used to valuate a material.
- **MRP** – Materials Requirements Planning. MRP will generate requisitions to rectify the deficit in the stock levels.
- **Plant** – Operational unit within a company code; an organizational unit for dividing an enterprise according to production, procurement, maintenance, and materials planning (“DOTD Engineering & Operations”).
- **Price Unit** – The unit of measure to which the price refers.
- **SRM** – Supplier Relationship Management; a special procurement module of SAP.
- **Standard Price** – A constant price at which a material is valuated without taking goods movements and invoices into account.
- **Storage Location** – A division of plants into physical (or logical) locations where the functions are performed (“Materials Laboratory”).
- **UoM** – Unit of Measure (a primary field in the Material Master Record).
- **Valuation Class** – A code that assigns material to a group of G/L accounts.
“Going In” Logistics Structure

Guiding Principle: If a given organization maintains inventory AND it wants to track the financial costs of that inventory at a given level, then that organizational level = SAP Plant

Note: Physical inventory taking (conducting an inventory and cycle counting) takes place at the Storage Location level!
Material Master Record

- …is a data record containing all the basic information required to manage a material in SAP
- “Material Master” can often be related to other terminology used in an organization, such as:
  - Goods
  - SKUs
  - Items
  - Components
  - Spare Parts
  - Assemblies
Material Master (continued)

- The Material master holds important data to support system activities such as
  - Procurement
  - Inventory
  - Planning
- Data/Attributes stored in the Material Master include:
  - Descriptive texts
  - Units of measure
  - Reorder points
  - Accounting information
- Material Master Records only exist once in the system (no duplicates)
Material Master (continued)

- Material Master Records are represented at different organization levels (Purchasing Organization, Plant, Storage Location)
- This is accomplished by the way SAP structures the data and how it is saved in tables in the database. For example:
  - **Global Data (Company Code):**
    - Material Number
    - Descriptive Texts
    - Material Group
    - Units of Measure
  - **Data Valid for one Plant:**
    - Purchasing Data
    - MRP parameters
    - Forecasting Data
    - Valuation
  - **Data Valid for a Storage Location:**
    - Storage Bin
    - Picking area
Material Master (continued)

- **Numbering and Number Ranges:**
  - A material number can have a maximum of 18 characters
  - Output to screen with or without leading zeros
  - A different number range can be assigned to different Material Types (e.g. 000001 to 009999 for office supplies, 010000 to 019999 for spares etc).

- **Number Range Intelligence:**
  - Internally (SAP) Assigned Numbers (no intelligence): In this case, a number within the allowed number range interval is assigned by the SAP system
  - Externally Assigned Numbers (“intelligent” numbers): The user assigns a number within the allowed number range interval
  - Different number ranges for different material types or group of types
  - In standard SAP system one external number range and one internal number range can be defined for each Material Type or a group of Material Types
Material Master (continued)

- SAP recommends using internal number assignment! (since you can use matchcodes to select materials according to any desired criteria, it is not normally necessary to use an intelligent external number)

- Other Material Numbering Attributes:
  - Use of UNSPSC Codes as a material attribute
  - Use of Material Group and/or SAP Classification as an alternative identifier
Material Master Attribute - UNSPSC

What is the UNSPSC?

- The United Nations Standard Products and Services Code is a hierarchical convention that is used to classify all products and services.
- It is the most efficient, accurate and flexible classification system available today for achieving company-wide visibility of spend analysis.
- The UNSPSC was jointly developed by the United Nations Development Program (UNDP) and Dun & Bradstreet Corporation (D & B) in 1998.
Material Master Attribute – UNSPSC (Continued)

- The United Nations Standard Products and Services Code (UNSPSC) provides an open, global standard for efficient, accurate classification of products and services. The UNSPSC was jointly developed by the United Nations Development Program (UNDP) and Dun & Bradstreet Corporation (D & B).

- The UNSPSC offers a single global classification system that can be used for:
  - Statewide visibility of spend analysis
  - Cost-effective procurement optimization
  - Full exploitation of electronic commerce capabilities
What does UNSPSC do for me? By embedding UNSPSC classification standards into your system - purchase orders, invoices, electronic documents, product catalogues, websites - all parties throughout the extended supply chain benefit.

Below is an example:

Procurement can keep an eye on how much is spent buying what. This information is readily available to you to analyze the specifics in the buying process at the level of detail that most suits the business needs in a timely and precise manner. You can cut in half or less the time it takes to find the products needed by searching by commodity code. You can spot buying patterns across departments or business units to leverage better conditions from suppliers and realize overall savings.
How does UNSPSC work? The UNSPSC is a hierarchical classification with four levels. These levels allow analysis by drilling down or rolling up to analyze expenditures. Each level in the hierarchy has its own unique number.

**XX Segment**
The logical aggregation of families for analytical purposes

**XX Family**
A commonly recognized group of inter-related commodity categories

**XX Class**
A group of commodities sharing common characteristics

**XX Commodity**
A group of substitutable products or services
UNSPSC Examples - In the UNSPSC classification, products are placed within logical categories so that you can easily find what you are looking for and evaluate expenditures on commonly grouped items.

For example, the commodity “ball point pen refills” is part of a larger class of products, “Ink and lead refills”, which in turn is part of a family of products, “Office supplies,” which is itself part of a segment of products, “Office equipment, accessories, and supplies.” Each level of the hierarchy has its own unique number.

<table>
<thead>
<tr>
<th>Hierarchy</th>
<th>Category Number and Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segment</td>
<td>44 Office Equipment, Accessories and Supplies</td>
</tr>
<tr>
<td></td>
<td>10 Office Machines and their supplies and accessories</td>
</tr>
<tr>
<td></td>
<td>11 Office and desk accessories</td>
</tr>
<tr>
<td>Family</td>
<td>12 Office supplies</td>
</tr>
<tr>
<td></td>
<td>15 Mailing supplies</td>
</tr>
<tr>
<td></td>
<td>16 Office supplies</td>
</tr>
<tr>
<td>Class</td>
<td>17 Writing instruments</td>
</tr>
<tr>
<td></td>
<td>01 India ink</td>
</tr>
<tr>
<td></td>
<td>02 Lead refills</td>
</tr>
<tr>
<td></td>
<td>03 Fountain Pen refills</td>
</tr>
<tr>
<td>Commodity</td>
<td>04 Ball point pen refills</td>
</tr>
</tbody>
</table>

Using the above Hierarchy, the UNSPSC code for Ball Point Pens would be “44121704”.
### Example of the NIGP Commodity Code used in the Advanced Government Purchasing System (AGPS)

<table>
<thead>
<tr>
<th>Code Structure</th>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3-Digit (Class) Code</td>
<td>620</td>
<td>Office Supplies: Erasers, Inks Leads, Pens, Pencils, etc.</td>
</tr>
<tr>
<td>5-Digit (Class(3)-Subclass(2)) Code</td>
<td>620-81</td>
<td>Pens (General Writing Types): Ball Point, Nylon Tip, etc.</td>
</tr>
<tr>
<td>11-Digit (Class(3) - Subclass (2) - Item (6)) Code</td>
<td>620-81-003935</td>
<td>Refill for ball point pen, fine point</td>
</tr>
</tbody>
</table>
Current System Master Data

Currently in AGPS, for a particular commodity code we track the commodity types, date activities, last unit price, last quantity price, etc. for each commodity code.

ENTER FUNCTION: _ TRANS: COM2

DATE: 08/15/08
TIME: 14:28:56
TERM: $D43

COMMODITY HEADER TABLE #2

COMMODITY NUMBER....: 620 81 003935 ADDING ITEM (Y OR N)?
DESCRIPTION.........: REFILL FOR BALL POINT PEN, FINE POINT

; STATUS CODE.........: 1 : ACTIVE
STATUS CHANGE DATE..: 02/16/95 STATUS CHANGE ID: SYMSYMS
COMMODITY TYPE.....: 1 : CONSUMABLE SUPPLY
BUYER CODE.........: Z : CONNIE SPANN
BUYER PHONE........: 225 - 342 - 8043 - PC:
MAINTAINING AGENCY.: 107001 : OFFICE OF STATE PURCHASING
INSPECTION TYPE....: 
FROM TEXT REFERENCE: STATE USE ITEM......: N AGENCY/COMM DPA: A
TO TEXT REFERENCE.: PRISON ENT IND......: N DPA AMT: 0.00
SETUP DATE.........: 02/16/95 MOVABLE PROPERTY...: N CRO AMT: 0.00
PAY APR REQ.........: N RECYCLE IND............: N ON-HAND:
INVENTORY ITEM.....: N : PRODUCT #: PAY APR REQ: N
OBJECT CONTROL.....: SPEC HANDLING ITEM.: N APR AMT: 0.00
NO OF VENDORS......: D NO OF QUAL VENDORS.: D SPEC TYPE: C
APPROVAL CATEGORY.: USERID LST CHG: BR8Z DATE LST CHG: 07/31/08
Current System Master Data (continued)

- In SAP these and other details will be captured in the material master record.

```
ENTER FUNCTION: _  TRANS: COM3  DATE: 08/15/08
COMMODITY HEADER TABLE #3  TIME: 14:36:54
KEY IS COMMODITY NUMBER  TERM: $D43

COMMODITY NUMBER...: 620 01 003935
DESCRIPTION.........: REFILL FOR BALL POINT PEN, FINE POINT

; DATE LAST PURCHASED: 09/25/98  LAST UNIT PRICE.......: 1.1800
MOST RECENT VENDOR.: 721179669 01  LAST QUANTITY........: 1.000
PREVIOUS VENDOR....: 7294036004 00  LAST UNIT OF MEASURE.: EACH
LAST AWARD NUMBER.: 3133917  LAST AWARD LINE NO.: 00010
MOST RECENT AGENCY.: 649000 00 : BD OF SUPRS-COMM & TECH COLLEG
DATE 1ST PURCHASED.: 04/25/00  FYTD NO OF AWARDS...: 00000
CUM NO OF PURCHASES.: 00030  PRIOR FY NO OF AWDS.: 00015
JAN: .00  JUL: .00  MTD.: .00
FEB: .00  AUG: .00  QTD.: .00
MAR: .00  SEP: .00  YTD.: 371.98
APR: .00  OCT: .00  FYTD: .00
MAY: .00  NOV: .00  FYTD DELEG AWD: .00
JUN: .00  DEC: .00
```
Currently, the NIGP code is tied to each line on a contract. In the future, the UNSPSC codes tied to the material will default from the material master to the purchasing documents.

<table>
<thead>
<tr>
<th>ENTER FUNCTION:</th>
<th>TRANS: KLI2</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTRACT LINE NUMBER TABLE #2</td>
<td>DATE: 08/15/08</td>
</tr>
<tr>
<td>KEY IS CONTRACT NUMBER AND LINE NUMBER</td>
<td>TIME: 14:44:42</td>
</tr>
<tr>
<td>CONTRACT NUMBER....: 401120</td>
<td>STATE USE PROGRAM, EMPLOYMEN TERM: $D43</td>
</tr>
<tr>
<td>: STATE USE PROGRAM, EMPLOYMEN TERM: $D43</td>
<td>DEVELOPMENT SERVICES (EDS)</td>
</tr>
<tr>
<td>LINE NUMBER........: 00303</td>
<td></td>
</tr>
<tr>
<td>STATUS CODE........: 505</td>
<td></td>
</tr>
<tr>
<td>STATUS CHANGE DATE.: 12/30/04</td>
<td></td>
</tr>
<tr>
<td>COMMODITY NUMBER....: 620 81 003935</td>
<td>PEN, BALLPOINT, FINE, RETRACTABLE, REFILLABLE, RUBBERIZED</td>
</tr>
<tr>
<td>FROM QUANTITY.....: _ 1.000</td>
<td>TO QUANTITY....: 0.000</td>
</tr>
<tr>
<td>UNIT OF MEASURE....: DOZ</td>
<td>DOZEN</td>
</tr>
<tr>
<td>SSU:</td>
<td></td>
</tr>
<tr>
<td>UNIT PRICE.........: 7.30000</td>
<td>EXTENDED AMOUNT: 7.30</td>
</tr>
<tr>
<td>DISCOUNT % OFF CAT.: 0.00</td>
<td>NO COST: N</td>
</tr>
<tr>
<td>TAXABLE ITEM.: N</td>
<td></td>
</tr>
<tr>
<td>BRAND NAME.........: EDS</td>
<td>MODEL....: 5142</td>
</tr>
<tr>
<td>SHIP TO AGENCY.....: R0</td>
<td>STATEWIDE DELIVERY</td>
</tr>
<tr>
<td>SHIP TO SUB-AGENCY.:</td>
<td></td>
</tr>
<tr>
<td>DAYS ARO: 0</td>
<td>WEEKS ARO: 0</td>
</tr>
<tr>
<td>DELIVERY TERMS: 0</td>
<td></td>
</tr>
<tr>
<td>ORDERING STATUS....: 2</td>
<td>INACTIVE - OCHG DEC OR PAY</td>
</tr>
<tr>
<td>BEGIN-DATE.........:</td>
<td>END DATE.......:</td>
</tr>
<tr>
<td>USERID LAST CHANGED: BR8Z</td>
<td>DATE LAST CHANGED: 07/31/08</td>
</tr>
</tbody>
</table>
Review of SAP Concepts
The SAP Material Master Record contains the data and parameters that define each material, broken down into individual screens called “Views”.

The information relevant to a particular organizational unit or group (for a given material) is defined in a separate “view” of that material.

For example, the **Accounting View** for a material (for a particular plant where valuation takes place,) would define how that material is valued at that plant (there would be another accounting view for the same material at a different plant).
Material Master Views

- Basic Data
- Foreign Trade Import
- MRP (Material Requirements Planning)
- Accounting
- Stor. Loc. Stck (Storage Location Stocks)
- Warehouse Management
- Purchasing
- Purchase Order Text
- Plant Data / Stor
- Plant Stock
- Quality Management
- Classification
Material Master – Review of Key Concepts

- The Material Master Record is the central master “record” for logistics
- A Material Master is broken down into views
- Data in the material master is defined at different organizational levels including plant and storage location
- The Material Type attribute controls such things as number assignment and which views are allowed
- Security can be controlled so that Agencies (i.e., Plants) can not view or update data within another plants.
The Base Unit of Measure is the lowest unit in which the stocks of the material are defined.

All quantities which are entered in other units of measure are converted back to the Base Unit (other units of measure include: order unit, unit of issue, sales unit, and delivery unit).

Data in the material master can be changed immediately or the change can be planned and then activated on a future date.

A material can be displayed in its current status or in its status on a key date.
Material Master – Why is This Important?

- **SAP Material Master:**
  - Is a validated and normalized, non-duplicate record
  - Serves as a key integration link by supporting different processes in SAP – It provides critical or default data into various master documents, e.g.:
    - Requisition
    - Purchase Order
    - Work Order
    - Goods Receipts
    - Invoice Payments
  - Allow different agencies to store different data specific to that agency...even if the same material
  - Facilitates diverse reporting needs by agency or process
  - Is fed to the Supplier Relationship Management (SRM) System (i.e. LaPAC, E-CAT) for use there...
SAP Material Master Record Screens
Create Material Master – Basic Menu
Create Material Master – Entry Screen

Material Number: For Internal assignment, leave empty; for External assignment, enter the number.

Industry Sector: Screen sequence and field selection based on industry sector selection.

Material Type: Major category of material (e.g., raw material, spare parts, operating supplies, non stock materials, etc.) Controls screens and order of screens.
Create Material Master – Select Views

Material “Views”: A dialog box appears allowing the user to select the screens (views) desired for the new master record (typically controlled by Material Type…)
Create Material Master – Organizational Levels

**Plant:** Assigns material record to a given plant

**Storage Location:** Assigns material record to a given Storage Location within a given plant

**Organizational Levels:** A dialog box appears allowing the user to select the Plant and Storage Location to which they want to assign the Material Master Record
Create Material Master - Basic Data 1

- **Short Text Description:** 40 characters only
- **Material Group:** This field *may* be used for UNSPSC code
- **Base Unit of Measure:** Required entry
- **Basic Data Texts:** Used to store longer descriptive texts
Create Material Master – Basic Data Text

Basic Data Text: A field where a longer item description can be maintained. Used when required.
Create Material Master – Units of Measure
Create Material Master – Purchasing
**Create Material Master – Accounting View**

- **Valuation Class**: Valuation class for the material setup by finance based on the material type.
- **Price Unit**: Number of units to which the price refers.
- **Standard Price**: Enter standard price.
- **Price Control**: Standard (S) or Moving Average Price (V).
Sample SAP Reports
Using Material Master Record
SAP Report ME3C – Purchasing Docs by Material Group
SAP Report ME3M – Purchasing Docs by Material Master Record
Special Topics
Material Master Discussion Topic: Units of Measure

- Can
- Six Pack
- Case
- Pallet

- Base UOM
- Issue UOM
- Order UOM
- Sales UOM

(x6) Can → (x4) Six Pack → (x12) Case

Drinks

Drinks

Drinks

Drinks
Material Master Discussion Topic: Texts

- “Noun Nomenclature” will be used for Short Text and Long Text Fields
- Noun Nomenclature allows:
  - For the efficient naming of material master records in limited space (Short Text Description is limited to 40 characters)
  - Puts the most important information first (left to right) in the Short and the Long Text fields
  - Format: Noun, OEM Manufacturer, OEM Part Number, etc…
  - Example:
    NOUN, MFG NAME, #PARTNO, ADDITIONAL INFO...
  - Or...
    PAINT, KRYLON, #K01614, GLS BLK, HI-HEAT, CAN
Material Master Discussion Topic: Texts

- Material Master records can be created for both OEM and generic materials:

  SPECTACLES, SAFETY, PLASTIC, LIGHTWEIGHT
  SPECTACLES, NORTH, #09S, SAFETY, LTWT, PLAST.

  LUBRICANT, ANTI-SEIZE, HI-TEMP, 8 OZ CAN
  LUBRICANT, LOCTITE, #34517, ANTI-SEIZE, 8 OZ

  PAPER, TOILET, PREMIUM, 450 SH/RL, 40 RL/PKG
  PAPER, GP, #16640, PREM, 40 RL/PACKAGE, PKG

  FUSE, CLASS J, 5 AMP, Z HOLDER, QUICK-ACTING
  FUSE, BUSSMANN, #JKS-5, 5 AMP, CLASS J, Q/A
Material Master Discussion Topic: Texts

- Long Text Descriptions
  - Are printed to the PO (along with the short text description) only when they exist in the Material Master Record
  - Are not required, and only used when the 40-character short description is not suitable to convey the description to the vendor
  - Length is unlimited
  - Are used to spell out all of the other attributes of the material that are pertinent to the Start…and help the vendor ensure that they ship the right item to consignee
  - The long text is typically written from “general to specific” (left to right)...

DEHUMIDIFIER, WOODS, #GDC124CSS, INDUSTRIAL, 60 PINTS/HR, 115V, HI-CAP, IPX2-RATED, SINGLE SPEED, ROTARY COMPRESSOR, STAINLESS STEEL CABINET WITH 20 FT. HOSE, CSA AND CE CERTIFIED.
Today’s Workshop Key Decisions

- General consensus on:
  - General Use of Material Master Record
  - Numbering of Material Records
  - Use of UNSPSC as Key Material Attribute
  - Use of Units of Measure
  - Format of Text Descriptions
  - Others Key Attributes TBD…
Questions?