ESPRESSO TUTORIALS

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Settlement Management in SAP S/4HANA®

Condition Contract Settlement

- Customer rebates, supplier rebates, commission settlement
- All settlement scenarios in one module
- Example process—Sales Commissions for External Agents
- 2nd edition with new functionalities in Release 1909

Table of Contents

2 Example of contract settlement using customer rebate

Contract settlement can be used for both customers and suppliers for numerous applications, which are described in the following chapters. However, it is important to first understand the general way contract settlement works. To do this, we will first explain it using a simple example.

> **Use case**
>
> A customer purchases merchandise from our sample company using S/4HANA contract settlement. They receive a rebate from this sale. This is calculated and paid monthly. Retroactive corrections must be taken into account here. The rebate agreement is mapped in a condition contract.

2.1 Condition contract for customer-side settlement

At the core of every settlement is the *condition contract*. This is where you define the rules for determining the rebate base, settlement dates, the amount to be rebated and the rebate recipient.

Using the following Fiori tile, you can create, view or modify contracts:

A CONDITION CONTRACT has already been created for our sample customer *10100004 – Fahrradhandel Rad&Tat GmbH*, which we will go into more detail below (see Figure 2.1).

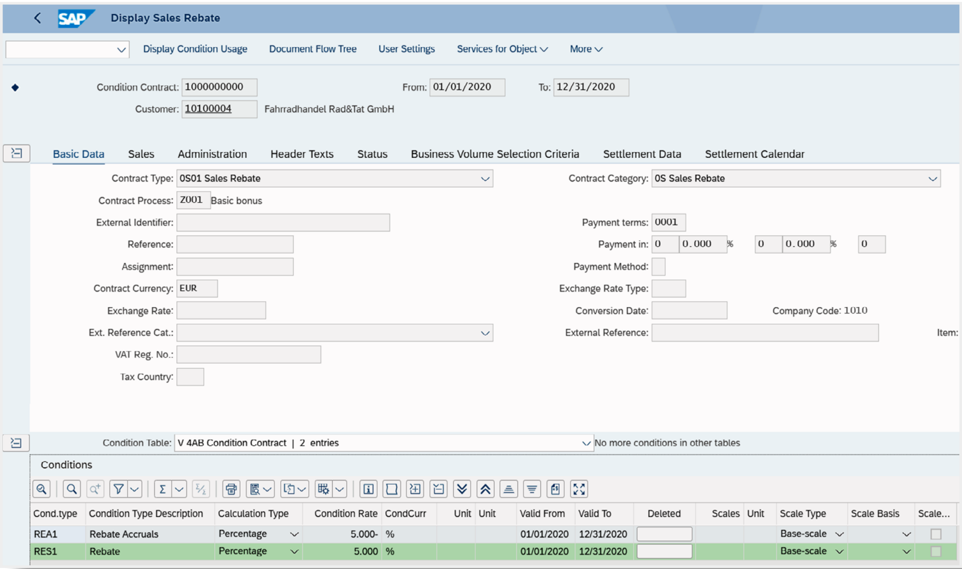


Figure 2.1: Condition contract—initial screen

The contract's header information, shown in Figure 2.2, contains the contract number, the validity period and the contract owner (our sample customer), who is to receive a sales bonus for 2020. As a rule, contracts are created for contract settlement for one fiscal year.

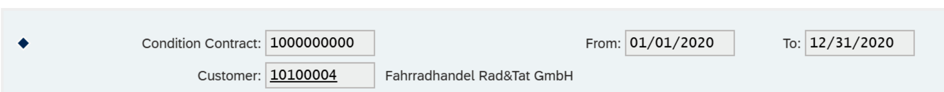


Figure 2.2: Header information

Further detailed information on the contract can be called up or maintained via the tab structure below the header data (Figure 2.3). In the following, we will show you what is behind the individual tabs.

Figure 2.3: Tab structure in condition contract

The BASIC DATA tab takes you to the CONTRACT TYPE (see Figure 2.4). This controls things such as the contract number range, the assigned tables for determining business volume, and which condition types can be stored in the contract. You can also define the CONTRACT CURRENCY and PAYMENT TERMS for the settlement documents. There are also several fields available for reference specifications. For example, these can be used to store an external contract number. Our example contract has a *Sales Rebate* in *EUR*. In our example, the CONTRACT CATEGORY of *0S Sales Rebate* is another grouping criterion for contracts and can be used in report selections or included when determining account / price. It is stored in the system settings of the contract type and cannot be changed within contract maintenance. Different process variants can be assigned to the contract types so that various rebate types can be distinguished within a contract type. For more information on process variants see Section 5.3.

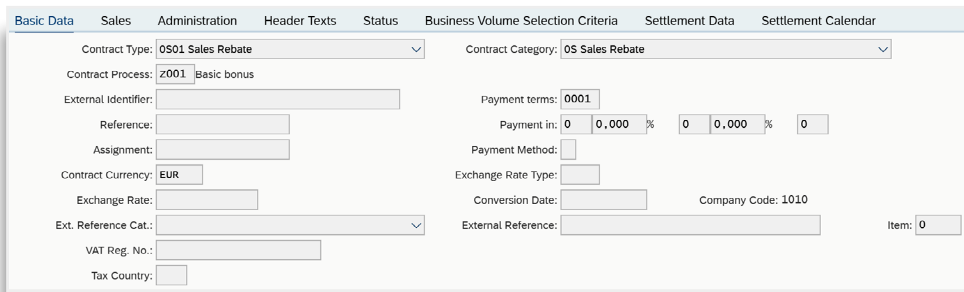


Figure 2.4: Basic Data tab

Allocation to SAP organizational units is done via the SALES tab (see Figure 2.5). For a customer contract, this is the *sales area* (consisting of a combination of a Sales Organization, Distribution Channel and Division).

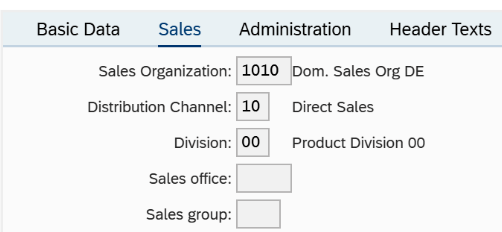


Figure 2.5: Sales tab

The ADMINISTRATION tab (see Figure 2.6) shows who created or changed the contract and when.

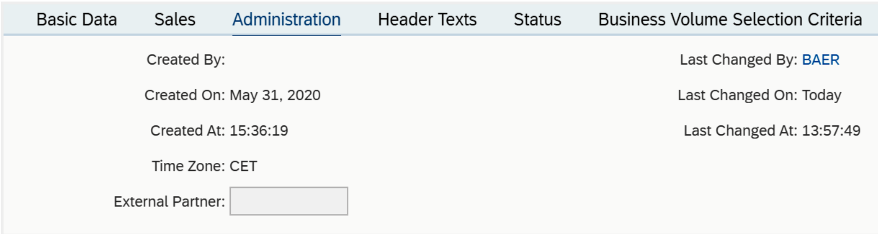


Figure 2.6: Administration tab

Figure 2.7 shows a partial screenshot of the HEADER TEXTS tab, where you can enter editing notes or texts to be output in forms.

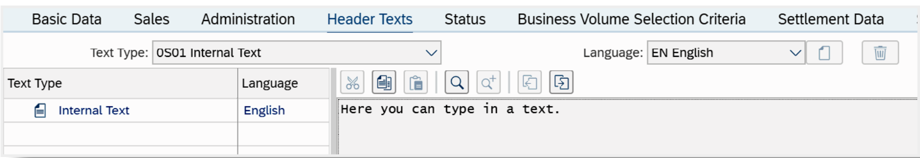


Figure 2.7: Header Texts tab

Texts stored here can be printed on the settlement form, for example.

The STATUS tab tells you whether the contract is new, released, locked or logically deleted (see Figure 2.8). A contract with the status "new" cannot yet be settled. It must first be released. If a contract has been locked or deleted, settlement is also no longer possible. Our sample contract has already been released and is therefore ready for settlement.

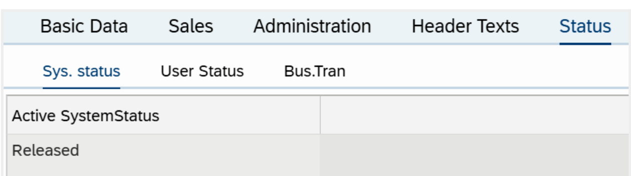
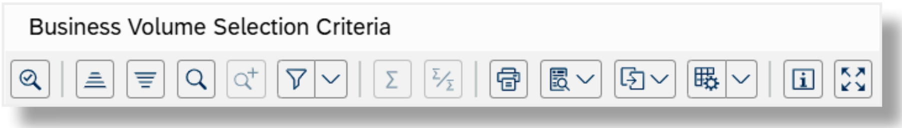


Figure 2.8: Status tab

On the BUSINESS VOLUME SELECTION CRITERIA tab, you define which business volume is to be used as the base for rebates. Various functions are available on the icon bar for this purpose:



In addition to the usual SAP functions for filtering, sorting, layout design, etc., you will work a lot with the icons for inserting a single or multiple rows, deleting or copying rows.

In the example, all of the customer's business volume in sales organization *1010* is to be selected (see Figure 2.9). On this tab you can also make restrictions (see column INCL EXCL for inclusive / exclusive) to certain product groups and / or items.

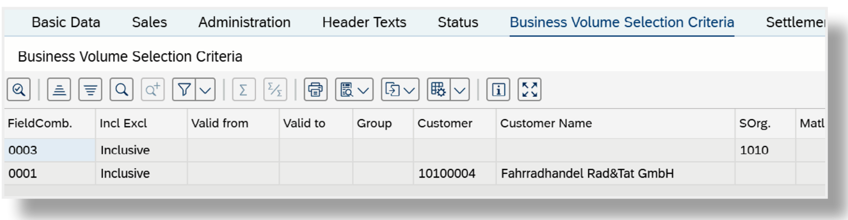


Figure 2.9: Business Volume Selection Criteria tab

Business volume selection

Whereas the customer is defined in the header data and the settlement sales area in the basic data, you define the sales area and customers from which business volume is relevant for settlement on the BUSINESS VOLUME SELECTION CRITERIA tab. You define which criteria can actually be used for business volume selection when you implement contract settlement.

The SETTLEMENT DATA tab is used to determine which material is used for contract settlement if this cannot or should not be determined from the business volume data (see Figure 2.10). SETTLEMENT TYPE CUSTOMER controls how settlement is carried out; for example, *Accounts Receivable* or

B Index

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