



Feature at a Glance

Commodity Price Escalation Management

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CONFIDENTIAL

Feature at a Glance

Ease of implementation
Geographic relevance

● High touch
● Global

Introducing: Commodity Price Escalation Management

Customer challenge

Price volatility of underlying materials presents a risk to commodity buyers as it impacts the selling price of the end product and causes exposure resulting in a potential loss on the future prices due to a mismatch of the buy price versus the sell price. Reflecting the changes in underlying commodity prices in to the affected contracts helps customer and suppliers gain transparency and help mitigate the risks accordingly. Currently such updates need to be managed manually and this is an effort intensive process when dealing with a large number of contracts.

Solution area

SAP Ariba Contracts

Meet that challenge with SAP Ariba

This feature will introduce the capability for users to create and maintain escalation clauses in SAP Ariba Contracts that helps the periodic adjustment of purchased components pricing to reflect market changes to the price of specified base materials. SAP Ariba Contracts will provide the capability for users to create and apply escalation clauses, synchronize escalation terms with related contracts, and reporting on escalation clauses and related price components.

Implementation information

This feature is automatically on for all customers with the applicable solutions and is ready for immediate use.

Experience key benefits

Enables customers to effectively manage the impact that price fluctuations of commodities have on the corresponding contracts.

Prerequisites and Limitations

Contracts Line Items Documents must be enabled.

Feature at a Glance

Introducing: **Commodity Price Escalation Management**

Detailed feature information

Commodity escalation management process deals with mitigating the risk of a part/item price being escalated/deescalated in the market after the contract has been signed between the buyer and a supplier. This helps to keep both the parties on the same page so that both of them are transparent to the market risks. This functionality is intended to implement the commodity price escalation management process within the SAP Ariba Contracts module.

Commodity Price Escalation Management

Accessing the commodity price escalation manager

1

Administration

Approvable Role Assignments	Purchase Orders
Approval Processes	Queues
Asset Workbench	Receive
Clause Library	Reconcile Invoice
Contracts	Report Search Filters
Core Administration	SM Admin
Forms and Extensions	SM Administration
My Tasks	SM Modular Questionnaire
My To Do	Sourcing Library
Non Disclosure Agreement	Spot Buy Administration
Personal Workspace	Templates
Print Templates	More...

2

Integration Manager

Depending upon your configuration: Import and export data. Configure events. Configure external system connection information. Configure the integration shared secret.

Supplier and Customer Manager

Manage suppliers, customers, and their users. Supplier and customer users are members of external organizations who log in to the Ariba system with restricted access.

Customization Manager

Depending upon your configuration: Work with brands and customize user interface text. View, add, modify, and delete partitioned commodity codes and partitioned commodity code maps. Import and export data.

Spend Visibility Manager

Perform administrative tasks for Spend Visibility.

Event Manager

Customize system emails for sourcing events and set up exchange rates for multi-currency auctions.

Commodity Code Manager

Work with hierarchical commodity codes, including creating mappings between commodity code domains.

Enrichment Manager

Perform administrative tasks for Enrichment

Commodity Escalation Manager

Perform administrative tasks for Commodity Escalation

3

Commodity Escalation Manager

Perform administrative tasks for Commodity Escalation

Escalation Clause Configuration

Configure and search Escalation Clauses

Note: User needs to be a part of group 'Commodity Escalation Administrator' to access the Commodity Escalation Manager link in the Administrator page

Commodity Price Escalation Management

Administrator view of the commodity escalation clauses

Commodity Escalation Clause Management

Configure / Search Escalation Clause and Add / View Commodity Price.

Search Filters :

Commodity Term:

Active: ☐ Yes ☐ No ☐ Either

Search List All

TITLE	COMMODITY_TERM	FREQUENCY	MARKET	PRICE	CURRENCY	UOM	
Chocolate and Chocolate St	Chocolate or chocolate subs	Monthly	ICCO	4	EUR	gram	<div>Actions ▾ Edit Deactivate Delete Add Price View Price Actions ▾</div>
Aluminium Daily	Aluminum	Daily	LME	100	USD	gram	<div>Actions ▾</div>
Sugar and sugar substitute	Sugar or sugar substitute ca	Daily	ISO	12	EUR	gram	<div>Actions ▾</div>
Silica Sand Weekly	Silica sand	Weekly	LME	2	USD	gram	<div>Actions ▾</div>
Silver Quarterly	Silver Ag	Quarterly	LME	100	USD	gram	<div>Actions ▾</div>
Copper wire daily	Copper wire	Daily	LME	8	USD	kilogram	<div>Actions ▾</div>
Platinum Qarterly	Platinum	Quarterly	SME	500	USD	kilogram	<div>Actions ▾</div>
Paper materials monthly	Paper materials	Monthly	LME:GLD	23	USD	pound per thousand square	<div>Actions ▾</div>
Steel Monthly	Steel	Monthly	LME	120	USD	actual ton	<div>Actions ▾</div>
Copper Monthly	Copper Cu	Monthly	LME	200	USD	gram	<div>Actions ▾</div>

Commodity Price Escalation Management

Creating a new commodity escalation clause

TITLE	COMMODITY_TERM	FREQUENCY	MARKET	PRICE	CURRENCY	UOM	
Chocolate and Chocolate S	Chocolate or chocolate subs	Monthly	ICCO	4	EUR	gram	Actions ▼
Aluminium Daily	Aluminum	Daily	LME	100	USD	gram	Actions ▼
Sugar and sugar substitute	Sugar or sugar substitute ca	Daily	ISO	12	EUR	gram	Actions ▼
Silica Sand Weekly	Silica sand	Weekly	LME	2	USD	gram	Actions ▼
Silver Quarterly	Silver Ag	Quarterly	LME	100	USD	gram	Actions ▼
Copper wire daily	Copper wire	Daily	LME	8	USD	kilogram	Actions ▼
Platinum Qarterly	Platinum	Quarterly	SME	500	USD	kilogram	Actions ▼
Paper materials monthly	Paper materials	Monthly	LME:GLD	23	USD	pound per thousand square	Actions ▼
Steel Monthly	Steel	Monthly	LME	120	USD	actual ton	Actions ▼
Copper Monthly	Copper Cu	Monthly	LME	200	USD	gram	Actions ▼

↳ Create New

Commodity Price Escalation Management

Creating a new commodity escalation clause

Commodity Escalation Clause Management

Configure / Search Escalation Clause and Add / View Commodity Price.

Commodity: *	<input type="text" value="Copper wire"/>
Frequency: *	<input type="text" value="Weekly"/>
Exchange Rate:	<input type="text" value="System Currency Conversion Rates"/>
Market:	<input type="text" value="LME"/>
Internal Comment:	<div></div>
Calculation Description:	<div>Average price in the period</div>
Currency: *	<input type="text" value="USD"/>
UoM: *	<input type="text" value="kilogram"/>
Tolerance: *	<input type="text" value="5"/>
Tolerance By:	<input checked="" type="radio"/> Percentage <input type="radio"/> Value

Commodity Price Escalation Management

Adding/updating prices on a commodity price clause

Title	Commodity Term	Frequency	Market	Price	Currency	UoM	
Chocolate and Chocolate St	Chocolate or chocolate subs	Monthly	ICCO	4	EUR	gram	Actions ▾
Aluminium Daily	Aluminum	Daily	LME	100	USD	gram	Actions ▾
Sugar and sugar substitute	Sugar or sugar substitute ca	Daily	ISO	12	EUR	gram	Actions ▾
Silica Sand Weekly	Silica sand	Weekly	LME	2	USD	gram	Actions ▾
Silver Quarterly	Silver Ag	Quarterly	LME	100	USD	gram	Actions ▾
Copper wire daily	Copper wire	Daily	LME	8	USD	kilogram	Actions ▾
Platinum Qarterly	Platinum	Quarterly	SME	500	USD	kilogram	<div>Edit Deactivate Delete Add Price View Price</div>
Paper materials monthly	Paper materials	Monthly	LME:GLD	23	USD	pound per thousand square	
Steel Monthly	Steel	Monthly	LME	120	USD	actual ton	
Copper Monthly	Copper Cu	Monthly	LME	200	USD	gram	

[↪ Create New](#)

Commodity Price Escalation Management



Adding/updating prices on a commodity price clause

Commodity Escalation Clause Management

Configure / Search Escalation Clause and Add / View Commodity Price.

Commodity Term	Frequency	Exchange Rate	Market	Internal Comment	Calculation Description	Currency	UoM
Copper wire	Weekly	System Currency Conversion Rates	LME		Average price in the period	USD	kilogram

Commodity Price

Valid From: *	<input type="text" value="07/01/2018"/>	
Valid To: *	<input type="text" value="07/07/2018"/>	
Price: *	<input type="text" value="6"/>	

<input type="button" value="Save"/>	<input type="button" value="Cancel"/>
-------------------------------------	---------------------------------------

Commodity Price Escalation Management

Adding commodity escalation clause to a contract workspace

[← Back](#)

Customize

Q

Help ▾

Keertan Rai ▾

Electrical Equipment Management

ID CW2229150
Tasks: Incomplete Tasks: 0

Contract Workspace (Procurement)

OverviewDocumentsTasksTeamMessage BoardHistory

Overview

Actions ▾Process

All Tasks

Contract ID: CW2229150

Contract Status: Draft Amendment

Version: v1 (editing)

Owner: Keertan Rai ⓘ

Test Project: No ⓘ

Combined Spend: No ⓘ

Base Language: English

Access Control: (no value) ⓘ

Allow Ad hoc Spend: No ⓘ

Description: ⓘ
Power Grid

Quick Links

All Documents

A Quick Link is a path to an important document in this project. To add a Quick Link to this area, navigate to the document you want to link to and choose **Add to Quick Links** from its menu.

Announcements

NewDetails

Welcome to the project!

7/5/2018
Keertan Rai

External System Integration

External System: SAP ⓘ

Company Code: 1 SAP A.G. ⓘ

Purchasing Organization: (no value) ⓘ

Purchasing Group: (no value) ⓘ

Payment Terms: (no value) ⓘ

Commodity Price Escalation Management

Linking commodity price escalation clause in an CLID

1 Electrical Equipment Management

Contract Workspace (Procurement)

Overview

Documents



Tasks

Team

Message Board

History

Electrical Equipment Management

Name		Overview
 Line Item Details ▾		Key
 Main Agreement (4) ▾		Print

3 - Electrical Cables


2

Name: *

Electrical Cables

Translations

Description:



For grid laying

Translations

Commodity: Electrical Systems and Lighting and Co... ▾

Category:

Region: APAC Asia Pacific ▾

Team Access Control: (no value) ▾

Commodity Escalation Clause: (no value) ▾ ⓘ

Currency:

Aluminum LME Daily

Copper Cu LME Monthly

Silver Ag LME Quarterly

Item Terms ⓘ

Commodity Price Escalation Management

Linking commodity price escalation clause in an CLID

1

Add to Currently Selected

Commodity

<input type="checkbox"/>	Commodity ↑	Frequency	Market	Price	UoM
<input type="checkbox"/>	Aluminum	Daily	LME	\$100.00 USD	gram
<input type="checkbox"/>	Aluminum	Quarterly	LME	\$9.00 USD	gram
<input type="checkbox"/>	Chocolate or chocolate substitute	Monthly	ICCO	€4.00 EUR	gram
<input type="checkbox"/>	Copper clad aluminum wire	Monthly	LME	\$10.00 USD	gram
<input type="checkbox"/>	Copper Cu	Monthly	LME	\$200.00 USD	gram
<input type="checkbox"/>	Copper pipe	Quarterly	LME	\$3.26 USD	pound
<input checked="" type="checkbox"/>	Copper wire	Weekly	LME	\$6.00 USD	kilogram
<input type="checkbox"/>	Gold	Quarterly	LME	\$100.00 USD	gram
<input type="checkbox"/>	Milk and Cream Processing	Daily	NASDAQ	€5.00 EUR	litre

☐ Copper wire Price ▾

☐ Copper wire Composition ▾

2

(*) indicates a required field

Commodity Price Escalation Management

Calculating the total price of the line item based on the price of the commodities

Item Terms ⓘ

Actions ▾

⌵

<input type="checkbox"/> Term	Ceiling/Initial
<input type="checkbox"/> Price ▾	<input type="text" value="\$1,000.00"/> USD
<input type="checkbox"/> Quantity ▾	* <input type="text" value="15"/> each
<input type="checkbox"/> Extended Price ▾	\$15,000.00 USD <i>Fx</i> ▾
<input type="checkbox"/> Material Group ▾	<input type="text" value="1 Metal processing"/> ▾
<input type="checkbox"/> Material Number ▾	<input type="text"/>

⌵

Add ▾

Edit

Delete

Specify ▾

Set Decimal Places

Term

Requirement

Lookup Table Term

Attachment

Formula

(*) indicates a required field

Done

Cancel

Add ▾

Commodity Price Escalation Management

Calculating the total price of the line item based on the price of the commodities

Add Formula

OKCancel

Create a formula to use in the event. After you specify the name and other relevant details, create and validate the formula. Select attributes and formulas from the Content area to add to the formula. When required, map values for formula attributes before you add the attributes [More](#)

3 - Electrical Cables

Name: *

Total Escalated Price

Translations

Formula:

'Price'+Copper_wire_Price**Copper_wire_Composition|

Lookup Formula: ☐

+

-

*

/

(

)

,

'

Validate

Commodity Price Escalation Management

Total price calculated based on the commodity price and composition

Item Terms ⓘ

Actions ▾

<input type="checkbox"/> Term	Ceiling/Initial
<input type="checkbox"/> Plant ▾	<input type="text" value="(no value)"/>
<input type="checkbox"/> Item Category ▾	<input type="text" value="Standard"/>
<input type="checkbox"/> Copper wire Price ▾	<input type="text" value="\$6.00"/> USD
<input type="checkbox"/> Copper wire Composition ▾	<input type="text" value="30"/> kilogram
<input type="checkbox"/> Total Escalated Price ▾	\$1,180.00 USD <i>Fx</i> ▾

Feature at a Glance

Introducing: **Commodity Price Escalation Management**

Detailed feature information

The application of the latest prices will happen when the user opens a contract or exports through excel or webservice etc..

Commodity Price Escalation Management

Viewing Contracts Associated with a clause

Contract Items

Sequence number	Title	
1	Gold Handle	
2	Gold Plating	

These are the two items in
a contract which uses this
escalation clause

Close

Feature at a Glance

Introducing: **Commodity Price Escalation Management**

Reporting on Escalation Clauses

A new dimension called Commodity Escalation Clause is introduced as part of the analytical reports. This can be used to report on Escalation Clauses.