



SAP Ariba 

Feature at a Glance

Price-adjustment debits and credits

Johan Holm, Solution Manager, SAP Ariba
Avinash Moodabidri, Product Manager, SAP Ariba
Target GA: August, 2019

CONFIDENTIAL

Feature at a Glance

Introducing: Price-adjustment debits and credits

Ease of implementation



Some complexity

Geographic relevance



Global

Customer challenge

Suppliers correct invoices they have sent to the buyer for 2 main reasons:

- a. The quantities invoiced are not the same as the quantity received/confirmed, e.g. items had to be discarded or returned
- b. The prices for the items on the invoice were not accurate, or were disputed by the customer

SAP Ariba Buying and Invoicing, and SAP Ariba Invoice Management, already support the first scenario, with line-item credit memos which can reduce the quantity invoiced. However, the solutions did not support the second scenario, with price adjustment debits and credits which can increase or decrease the prices that were invoiced.

Solution area

- SAP Ariba Buying and Invoicing
- SAP Ariba Invoice Management

Meet that challenge with SAP Ariba

With this feature, buyers can reconcile line-item price adjustments from suppliers. A price adjustment results from a line-level debit memo or line-item credit memo against the original invoice. The line-item quantity on a price adjustment is the same as the line-item quantity on the original invoice. In SAP ERP, price adjustments are represented as subsequent debits and subsequent credits.

Implementation information

This feature is automatically on for all customers with the applicable solutions but requires **customer configuration**.

In Ariba Network, General Invoice Rules, configure following rules;

- Allow suppliers to send line-item credit memo - Price Adjustment
- Allow suppliers to send line-item debit memo - Price Adjustment

Additional invoice exceptions will need to be configured.

Experience key benefits

Buyers no longer need to reject invoices where prices for the items invoiced are not accurate, or manually key in subsequent debits and subsequent credits in their ERP. Buyers can instead reconcile price adjustment debits and credits they receive from their suppliers, or that were keyed in manually in SAP Ariba Buying and Invoicing, and SAP Ariba Invoice Management.

Prerequisites and Restrictions

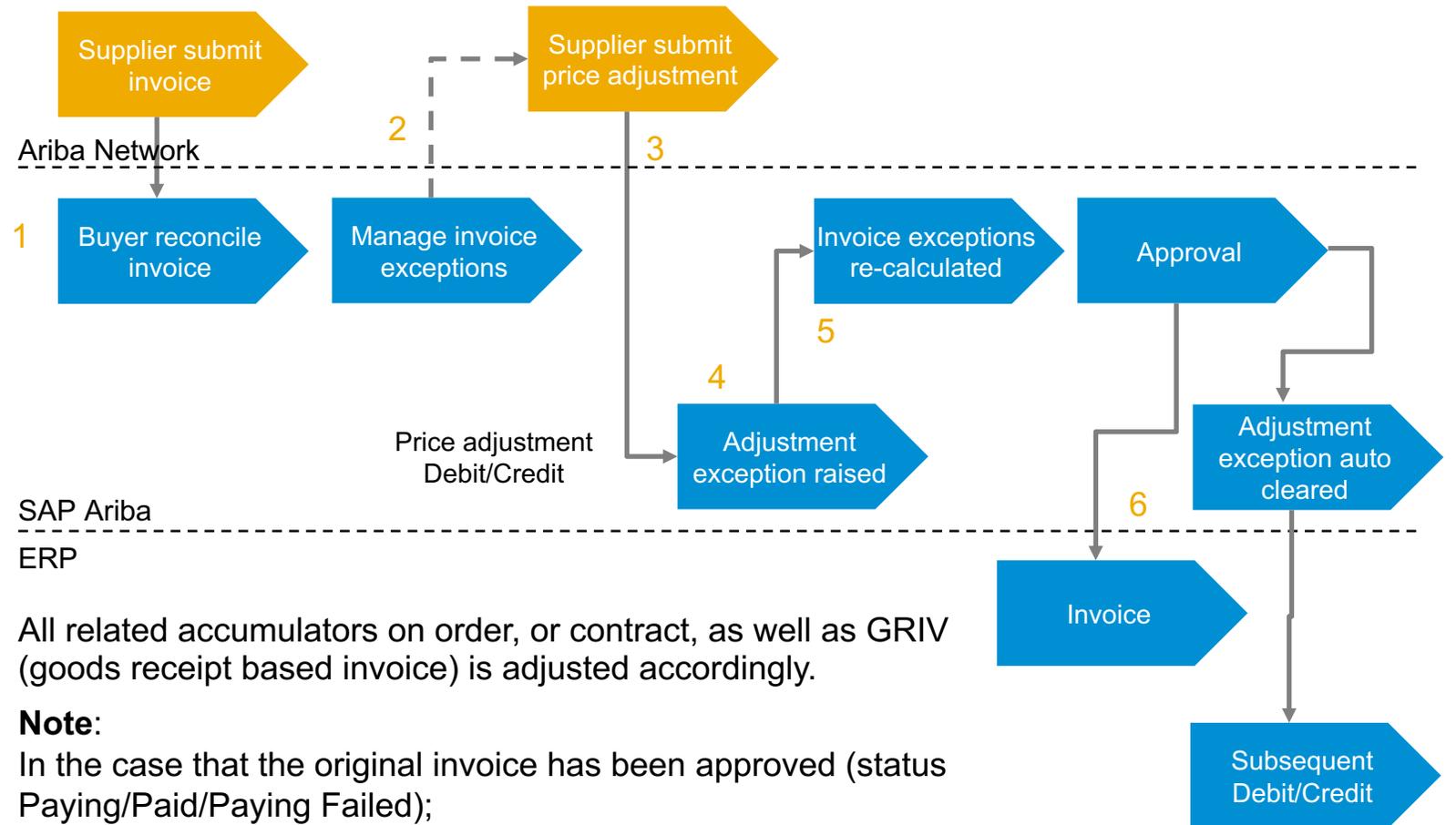
- A line item credit and debit is either a Quantity or Price adjustment – not both.
- Integrated suppliers should conform to the cXML 1.2.034 or later to access additional attributes.
- Price adjustments are not included in FinancialExtractExport.csv
- Price adjustments for non-PO invoices is not supported if the ERP is SAP ERP (due to ERP limitations)

Feature at a Glance

Overview: Price-adjustment debits and credits

With this feature, buyers can reconcile line-item price adjustments from suppliers. A price adjustment results from a line-level debit memo or line-item credit memo against the original invoice;

1. Supplier create and submits invoice.
2. Buyer manage exceptions and identify price discrepancy.
3. Supplier submit price adjustment credit (or debit) against invoice.
4. The debit/credit is held until related invoice is approved (new exception – see Configuration).
5. Price adjustment automatically trigger recalculation of exceptions of original invoice taking adjusted price into consideration (new field path).
6. Once Invoice is fully approve, both invoice and (in case of SAP ERP) Subsequent Credit (or Debit) is sent to ERP.



All related accumulators on order, or contract, as well as GRIV (goods receipt based invoice) is adjusted accordingly.

Note:

In the case that the original invoice has been approved (status Paying/Paid/Paying Failed);

- A Credit Price Adjustment is automatically approved without any exceptions raised.
- A Debit Price Adjustment may raise price exceptions to be managed before being sent to the ERP.

Feature at a Glance

Process 1(2): Creating a Price Adjustment

When the supplier create a Line Item Credit, or Line Item Debit against an order, the user have to select the invoice being credited. Optionally, the supplier can select the invoice directly.

When creating the credit or debit memo, a new option is available that allow the supplier to select from;

- a. Quantity Adjustment
- b. Price Adjustment

A Quantity Adjustment behave like previously, and allow the supplier to credit the quantity. This is typically the scenario used when items are damaged or returned.

The screenshot displays the Ariba Network interface for Purchase Order PO3014. The 'Create Invoice' dropdown menu is open, showing options: Standard Invoice, Credit Memo, Line-Item Credit Memo, and Line-Item Debit Memo. The 'Create Line-Item Credit Memo' button is highlighted. Below, the 'Create Line-Item Credit Memo' form is shown with the 'Credit Memo Type' section circled in red, containing radio buttons for 'Quantity Adjustment' (selected) and 'Price Adjustment'. The form includes fields for 'Credit Memo #', 'Credit Memo Date', 'Original Invoice No.', 'Original Invoice Date', 'Supplier Tax ID', and 'Remit To'. A summary table shows financial details:

Summary	
Credit Memo #:	
Credit Memo Date:	29 May 2019
Original Invoice No.:	3014-1
Original Invoice Date:	29 May 2019
Supplier Tax ID:	
Remit To:	123 First Remittance Street
Chicago, IL United States	
Bill To:	New York
NEW YORK, NY United States	
Subtotal:	\$-278.50 USD
Total Tax:	\$-25.07 USD
Total Gross Amount:	\$-303.57 USD
Total Amount without Tax:	\$-278.50 USD
Total Net Amount:	\$-303.57 USD
Amount Due:	\$-303.57 USD

Feature at a Glance

Process 2(2): Creating a Price Adjustment

A Price Adjustment allow the supplier to credit or debit the price of the products delivered. This is typically the case when there's a dispute of the price of goods, or if the price of goods has changed since the order was confirmed.

When a Price Adjustment is created, the price is the *amount to be credited* and not the new price. Credits are always a negative price.

Document	Qty	Price	Adjustment	Line total	Reconciled amount
Invoice	5	\$10		\$50	\$40
Credit	5		-\$2	-\$10	

The screenshot displays the SAP Price Adjustment interface. At the top, a table lists items with columns: No., Include, Type, Part #, Description, Customer Part #, Quantity, Unit, Unit Price, and Subtotal. Item 1 is highlighted, showing a price adjustment of -\$2.00 USD (circled in red) and a subtotal of \$10.00 USD. Below this is a tax configuration section with fields for Category (Sales Tax), Taxable Amount (\$-10.00 USD), Rate (9%), and Tax Amount (\$-0.90 USD). At the bottom, another table shows item 2 with a quantity of 0 and a unit price of \$-45.70 USD. Navigation buttons (Update, Save, Exit, Next) are visible at the bottom right.

Feature at a Glance

Configuring: Price-adjustment debits and credits

Following need to be configured to enable this feature in SAP Ariba Buying and Invoicing and SAP Ariba Invoice Management

- In Ariba Network, General Invoice Rules, configure following rules;
 - ✓ Allow suppliers to send line-send line-item credit memo - Price Adjustment
 - ✓ Allow suppliers to item debit memo - Price Adjustment
- Enable the two exceptions related to holding the adjustment in case the referenced invoice has not been processed:

Name	Description	Header Only	Invoice Source	
Credit Memo References Unapproved Invoice Reconciliation	The invoice reconciliation referenced in the credit memo has not been fully approved.	<input checked="" type="checkbox"/>	Apply to all documents	Actions ▾
Debit Memo References Unapproved Invoice Reconciliation	The invoice reconciliation referenced in the debit memo has not been fully approved.	<input type="checkbox"/>	Apply to all documents	Actions ▾

- Modify existing exceptions to take the adjusted price into account when calculating the value to compare against
 - ✓ Field Path To Validate should be against the field Description.PricetoPriceIncludingReferencedInvoiceAdjustments.
 - ✓ The following standard exceptions should be modified
 - Contract Price Variance, PO Catalog Price Variance, PO Price Variance, Receipt Unit Price Variance (for Goods Receipt Invoice Verification)
- If your configuration has custom exceptions comparing value, please modify those as well