



# Feature at a Glance Applying contract and ad hoc limits in service sheets

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## Introducing: Applying contract and ad hoc limits in service sheets

#### **Customer challenge**

While creating purchase orders in a procurement system like SAP ERP or SAP S/4HANA, buyers may specify different types of limits in the purchase item detail, for instance limit on services covered by contract item(s) or other limit on services not covered by contract item(s).

Previously, Ariba Network could only support control of the overall limit for a purchase order.

#### Meet that challenge with

#### **SAP** Ariba

With this feature, Ariba Network applies and validates the sub-limits specified in the unplanned service lines of purchase orders, either contract limit for services covered by contract item(s) or other limit on services not covered by contract item(s), when suppliers create service sheets or invoices with auto-generation of service sheet.

#### **Experience key benefits**

Buyers may now enforce the limits they set in their purchase orders for unplanned services and ensure that suppliers add only unplanned services with reference to a contract or other services up to the limits they set for these categories.

Suppliers are confident that the limits intended by the Buyers are verified when they enter unplanned services. They are ensured that the service sheets will not be rejected for lack of respect of specific sub-limits.

For both buyer and supplier, the process is more automated, more efficient and faster, saving time and costs.

#### Solution area

Ariba Network services automation

#### Implementation information

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

#### **Prerequisites and Restrictions**

In order to allow suppliers to add unplanned services with reference to a contract and applying contract limits, a prerequisite for Buyers is to have SAP Ariba Buying, SAP Ariba Buying and Invoicing or SAP Ariba Contract Invoicing

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#### Introduction

While creating purchase orders in a procurement system, buyers may specify different types of limits in the purchase item detail.

Previously, Ariba Network could only read and apply validations for *MaxAmount* and *ExpectedUnplanned* limits in the cXML purchase order document. The *MaxAmount* limit refers to the overall limit for a purchase order while the *ExpectedUnplanned* limit refers to an indicative expected value.

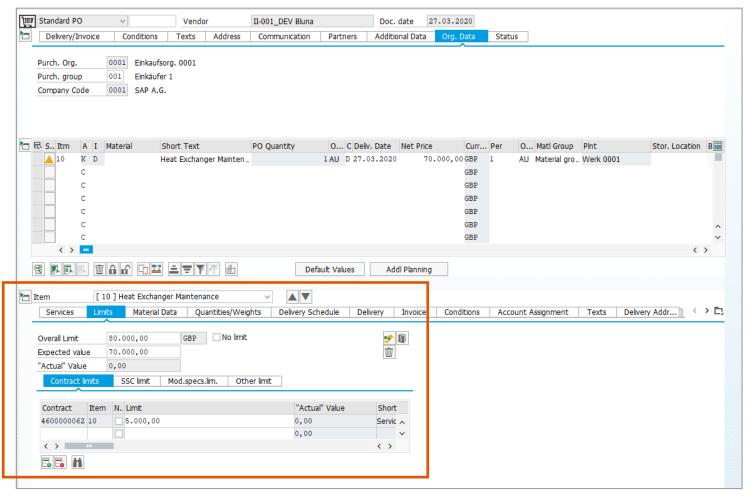
However, in some procurement systems like SAP ERP and SAP S/4HANA, buyers can also specify the following sub-limits:

- Contract: Contract limit refers to the allowed limit for unplanned services with reference to a contract item.
- Ad hoc: Ad hoc limit refers to the allowed limit for unplanned services without reference to a contract item. It is called
  other limit in SAP ERP and SAP S/4HANA ERPs.

When buyers specify these sub-limits in a purchase order line item, suppliers can charge for ad hoc unplanned services and unplanned services from a contract by adding items to service sheets. The total value of unplanned services, whether ad hoc or with reference to a contract, cannot exceed the hidden overall limit (*MaxAmount*) specified in the purchase order.

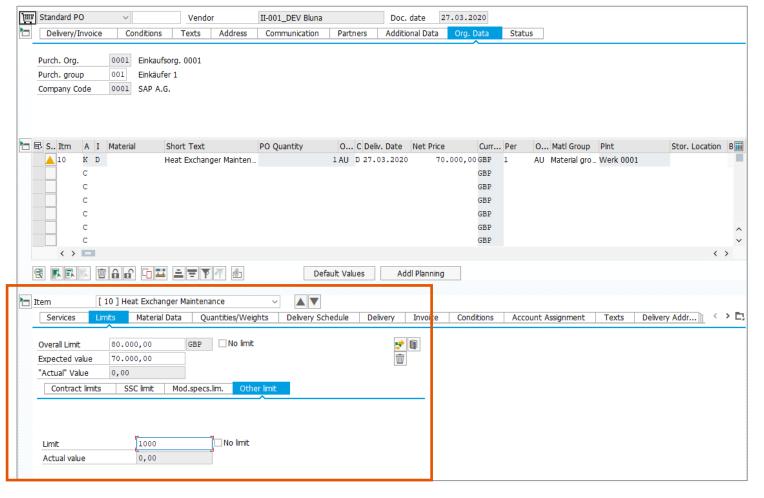
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**Example: Contract limit in SAP ERP** 



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#### **Example: Other limit in SAP ERP**



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#### Rules applied with contract limits and ad hoc limits

Now, when suppliers create service sheets with unplanned items, Ariba Network applies and validates the sub-limit specified in the purchase orders unplanned service line. Ariba Network applies and validates the following rules:

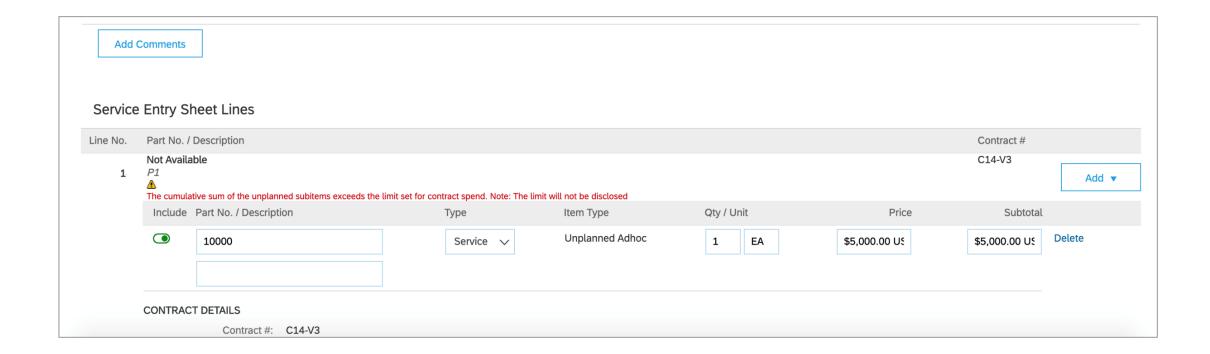
- If the contract limit is specified in a purchase order unplanned service line, then the total value of unplanned services
  added to this service line with reference to a contract must not exceed the contract limit.
- When the Allow suppliers to add ad hoc line items to service sheets default transaction rule is enabled, and the ad hoc
  limit is set in the purchase order unplanned service line, then the total value of unplanned services added to this service
  line without reference to a contract must not exceed the ad hoc limit.
- In all cases, the total value of all unplanned services, whether ad hoc or with reference to a contract, cannot exceed the overall limit (*MaxAmount*) specified in the purchase order.

The same applies when suppliers create invoices with auto-generation of service sheet.

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#### **Example: Contract limit exceeded in service sheet creation**

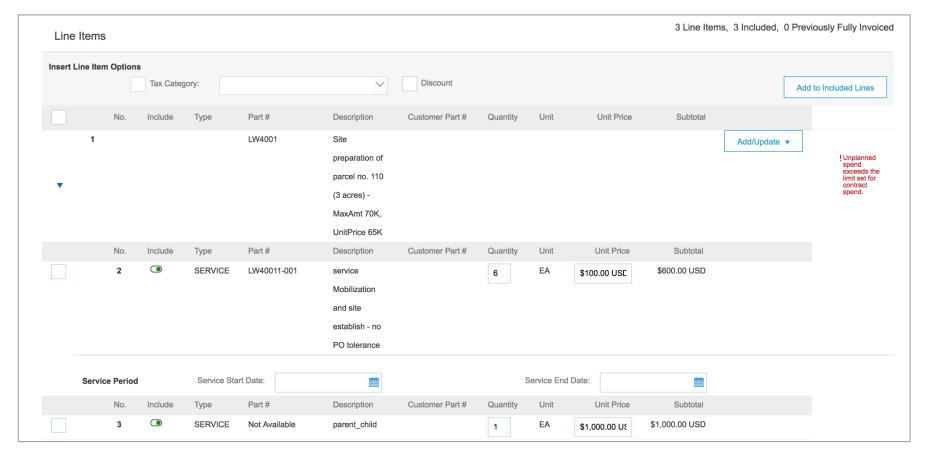
In this example, an error message tells the user that the contract limit is exceeded. The limit is not disclosed.



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Example: Contract limit exceeded in invoice creation with auto-generation of service sheet

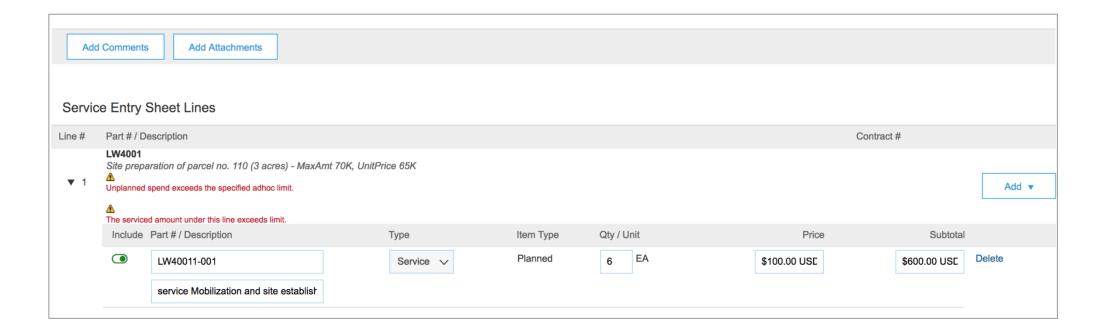
In this example, an error message tells the user that the contract limit is exceeded. The limit is not disclosed.



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#### **Example: Ad hoc limit exceeded in service sheet creation**

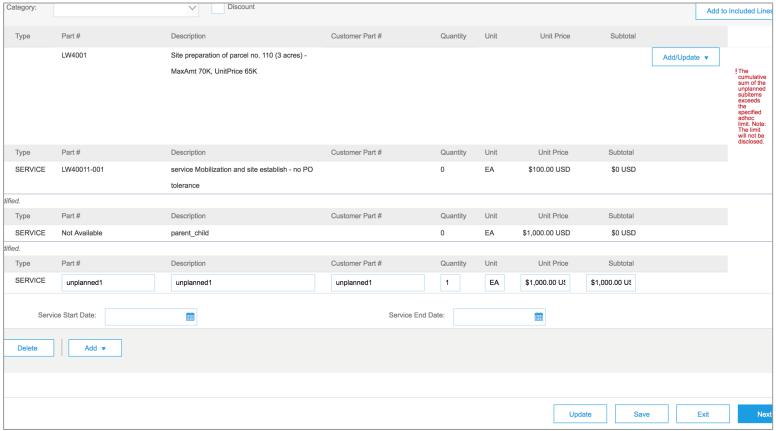
In this example, an error message tells the user that the ad hoc limit is exceeded. The limit is not disclosed.



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Example: Ad hoc limit exceeded in invoice creation with auto-generation of service sheet

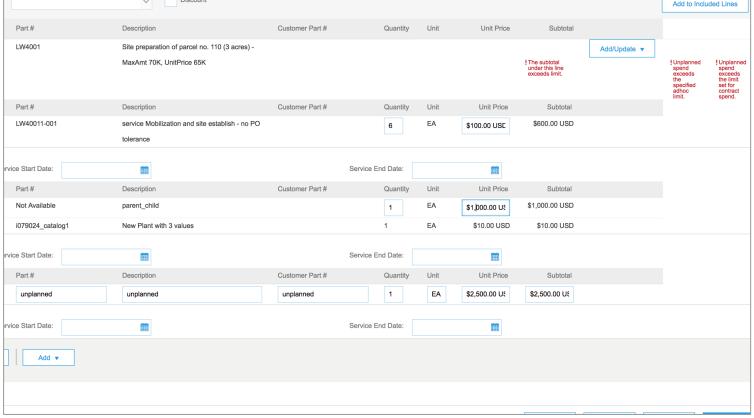
In this example, an error message tells the user that the ad hoc limit is exceeded. The limit is not disclosed.



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Example: Contract and ad hoc limit exceeded in invoice creation with auto-generation of service sheet

In this example, several error messages tell the user that both the contract and ad hoc limits are exceeded. The limits are not disclosed.



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#### cXML changes

Ariba Network added the following two new optional cXML extrinsics to *BlanketItemDetail* to support validation of limits in Ariba Network:

- MaxContractAmount
- MaxAdhocAmount

Sample code:

```
<BlanketItemDetail>
<Description xml:lang="en"> Description goes here!/Description>
<MaxAmount>
       <Money currency="USD">70000</money>
</MaxAmount>
<MaxContractAmount>
       <Money currency="USD">50000</Money>
</MaxContractAmount >
<MaxAdhocAmount>
       <Money currency="USD">20000</Money>
 < /MaxAdhocAmount >
<UnitPrice><Money currency="USD">5000</Money></UnitPrice>
<UnitOfMeasure>EA</UnitOfMeasure>
<Classification domain="ascc">606501</Classification>
<Extrinsic name="Construction"></Extrinsic>
<Extrinsic name="ServicePeriod">
       <Period endDate="2013-09-01T23:59:59-00:00" startDate="2012-07-12T00:00:00-00:00">
</Extrinsic>
 </BlanketItemDetail>
```



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