



A STUDY ON SAP MM MODULE - OPINIONS AND REVIEW

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ABSTRACT

Material Management function as an important SAP-Module which handles material/external service procurement process, inventory management, and vendors' invoice verification in the entire organization. SAP-MM begins with determination of organization's requirements, and then follows by determination of source of supply, material procurement from external vendor or internal procurement, goods receipt in storage location and issue to production lines or costs objects including project; cost center; asset; order, and finally is finished through invoice verification. The SAP-MM implementation makes sure the inventory is enough. The SAP-MM facilitates procurement processes and business flow of material management results cost-effective inventory processes. In business environment, organization requires to complete business flow through proving material or service from external vendors or internal procurement. The SAP-MM represents basic procurement and special procurement in such cases.

KEYWORDS :**Introduction of SAP MM module**

SAP stands for Systems Applications and Products in Data Processing.

SAP by definition is also named of the ERP (Enterprise Resource Planning) software as well the name of the company.

SAP Software was founded in 1972 by Wellenreuther, Hopp, Hector, Plattner and Tschira.

SAP system consists of a number of fully integrated modules, which covers virtually every aspect of the business management.

SAP is #1 in the ERP market. As of 2010, SAP has more than 140,000 installations worldwide, over 25 industry-specific business solutions and more than 75,000 customers in 120 countries. Other Competitive products of SAP Software in the market are Oracle, Microsoft Dynamics etc.

All of these components have their subcomponents that are essential in specific business processes, and all of the processes are executed by using transactions.

Transaction (in SAP) means processing of certain information in order to complete business process requirement. For example, if you have purchased 10 pieces of litter buckets, you can perform particular transaction code (t-code) that will reflect those changes in SAP. Most of the business processes involve multiple SAP transactions to be accomplished and are spread over one, two or more modules.

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SAP ERP and its requirement

The very basic question to any beginners is why Enterprise Resource Planning also called ERP is required.

Suppose a client approaches sales team asking for a particular product. The sales team contacts to inventory department to check the availability of the product. To their surprise, sales team found out

that the product is out of stock. So next time this don't happen, they have to introduce a SAP ERP tool.

Before we actually see in detail, what ERP is and how ERP can help in your business process, we will understand how different departments are involved in the whole business process, right from the ordering of the raw material – to manufacturing goods – to delivering final goods to the customer.

Importance of SAP**Importance of SAP Training for Organizations**

SAP is one of the number one providers of business software solutions towards better work and data management in organizations across industries. When Systems, Applications & Products in Data Processing (SAP) was founded in June, 1972, it was centered to only a type or big businesses. However over a period of time, small and medium size companies adopted SAP towards achieving organizational goals and today SAP is the leader in enterprise applications. Various SAP modules have been developed over time focused on different areas. Professionals can become SAP Network Specialists, SAP FI/CO course for finance and accounting control, SAP Database Administrators, SAP Security consultants etc. On the other hand, management professionals can opt for SAP customer relationship management, SAP business intelligence, SAP sales and distribution, SAP business information warehouse and more. SAP implementation is a very complex process and requires adequate knowledge and training on the subject to attain the maxim benefits. It takes years for professionals to gain expertise in handling SAP. SAP training helps one to gain expertise in software and programs that run them along with SAP modules. SAP builds a strong technical support for organization.

Features of SAP MM

The features of SAP MM system are as follows:

- SAP MM is one of the modules of SAP that deals with material management and inventory management.
- Material Management process ensures that there is never a shortage of materials or any gaps in the supply chain process of the organization. SAP MM speeds up the procurement and material management activities making the business run smoother with complete time and cost efficiency.
- It deals with managing the materials (products and or services) resources of an organization with the aim of accelerating productivity, reducing costs and increase improvement and at a

similar time be versatile to accommodate changes in day to day life.

- It deals with the Procurement Process, Master Data (Material & Vendor Master), Account Determination & Valuation of Material, Inventory Management, Invoice Verification, Material Requirement Planning etc.

SAP-MM Purchase Requisition (PR)

Procurement in every organization starts with gathering requirements. Once requirements are gathered we need to inform the purchasing organization. Purchase Requisition is a document that will contain list of requirements. The key points about purchase requisition are as follows:

- Purchase requisition is a request that is made to purchasing organization to procure certain list of material.
- Purchase requisition is an internal document; specifically it remains within the organization.
- Purchase requisition needs approval from purchasing organization.
- If purchase requisition is approved then changes are possible only to limited extent.

SAP-MM Request for Quotation (RFQ)

Vendor selection is an important process in procurement cycle. Once requirements are gathered we will look for possible suppliers who can fulfill the requirements at the best possible price. So a request is made to vendors to submit their quotations indicating the price of material along with their terms and conditions. This request is known as request for quotation. The key points about request for quotation are as follows:

- Request for quotation is a form of invitation that is sent to vendors to submit quotation indicating pricing and their terms and conditions.
- RFQ contains details about goods or services, quantity, date of delivery and date of bid on which it is to be submitted.
- Quotation is a reply by a vendor in response to request for quotation.

RFQ can be created by following two ways:

- Manually
- Automatically from Purchase Requisition

SAP MM - Outline Agreement (OLA)

Vendor selection is an important process in procurement cycle. Vendors can be selected by quotation process. Once vendors are short-listed by organization, it enters into agreement with a certain vendor to supply certain items with certain conditions and typically when agreement is reached a formal contract is signed with the vendor. So, outline agreement is a long term purchasing agreement with vendor. The key points about outline agreement are as follows:

- Outline agreement is a long term purchasing agreement with vendor containing terms and conditions regarding the material that is supplied by vendor.
- Outline agreement are valid up to certain period of time and cover a certain predefined quantity or value.

Outline agreement is of following two types.

- Contract
- Scheduling Agreement

SAP MM - Purchase Order Types (PO)

SAP ERP was introduced so that procurement can be done efficiently in terms of time and cost. Procurement can be done for various types of goods and services. Procurement starts with creating purchase order that is a formal document given to vendors and it include list of goods and materials that are to be procured. So, accordingly purchase order can be created for different types of procurement. The type of procurement can be maintained in a field that is known as item category as shown below.

For different procurement types, there are four types of purchase order which are as follows:

- Subcontracting Purchase Order
- Consignment Purchase Order
- Stock Transfer Purchase Order
- Service Purchase Order

Conclusion

In Conclusion, SAP materials management is part of a fully integrate suite that allows for a seamless integrate of the major business functions related to finance, supply chain, project management, production controls, customer relations management and service after the sale.

Its cross-function integration continues to make SAP a major player in a field where many other providers such as Oracle and Microsoft are looking to make inroads. From e procurement to strategic cost management, SAP offers the tools necessary to bring procurement in line with organizational goals.

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