Configuration notes on IS-Retail

SAP for Retail Community Page - Setting Up SAP ECC as SAP Retail

Use

The requirements that retail companies place on software solutions, in particular in the areas of planning and distribution, are different from the requirements of industrial companies, with their production-oriented objectives. For this reason, SAP developed a special retail solution, which you can use by setting up the SAP ECC component as SAP Retail. You do this by activating the SAP Retail business function set.

Integration

Have you seen the SAP for Retail Business Process Expert wiki hom epage on SCN? It is the central entry point to an elaborate knowledge repository for SAP for Retail. It contains not only a wealthy resource of information provided by business experts at SAP, but also contributions from community members, such as this page, as well!

Activating the SAP Retail business function set enables you to use functions developed specifically for the retail sector. These functions are described in this documentation. A significant difference between the retail system and a manufacturing system is the use of the article master as opposed to the material master. The majority of the retail-specific functions can only be used with articles and not with materials. In all other functions that are also relevant for retail, it is possible to use articles. However, it is often not possible to use articles in production-oriented functions. Note that most of these functions have not yet been tested with articles. There are no restrictions for using materials in an ECC system set up as SAP Retail, however, apart from in the Material Ledger and MRP Area functions.

- If you want to use articles in functions with a production focus, make sure that this has been thoroughly tested in your project.
- If you activate the SAP Retail business function set, you cannot use any other industry solutions. Once you have configured your system as an SAP Retail system, it cannot be reversed.

In the case of the terms ‘material’ and ‘article’, we differentiate between the master data and their designation on the system user interface. Whereas either ‘material’ or ‘article’ is used consistently for both master data records in the system, this part of the documentation uses ‘material’ for master data records that were created using the maintenance transactions in the standard system (manufacturing system), and ‘article’ for master data records created using the maintenance transactions in SAP Retail.

Prerequisites

You should only configure SAP ECC as SAP Retail if you are in possession of a valid license for SAP Retail.

Activities

If you activate the business function set SAP Retail, the core functions Material Ledger and MRP Area are no longer available. If you already use these functions and want to configure your system as an SAP Retail system, you must first deactivate these functions. The applications contain functions for reorganizing the data associated with this.

Vendor master processing represents another anomaly. If you make the relevant setting in Customizing in SAP Retail, changes made to master data can be automatically passed on to associated material master data and purchasing info records. While the standard system ignores these settings in Customizing in the account groups for vendors, any settings that have been made will become active when the SAP Retail business function set is activated, therefore potentially changing the system behavior. Before you switch on the business function set, you should therefore check the settings for transferring changes to master data in Customizing for Logistics - General under Business Partner® Vendors® Control® Define Account Groups and Field Selection (Vendor) and, if necessary, adjust these settings.

Finally, activate the SAP Retail business function set. For more information, see the Implementation Guide under Activating SAP ECC Extensions.

Organizational Structure: Company Code
A company code is an independent accounting unit that represents an independent company in the legal sense. It is the central organizational element in Financial Accounting.

Use

In the retail sector, company codes can be used at distribution chain level or even at the level of individual stores. For this reason, goods movements (such as stock transfers) between different company codes are common in SAP Retail.

Integration

Various assignments between a company code and other organizational units are possible:

- **A purchasing organization** can be assigned to a company code. In this case, the purchasing organization can only order for sites within this company code.
- **A valuation area** is the organizational unit subject to inventory management on a value basis in the SAP system. In SAP Retail, the valuation area must always correspond to a site.

You assign a company code as an attribute to the valuation area that is already allocated to a site either in the site maintenance or in Customizing. Each **sales organization** must be assigned to a company code in Customizing. This assignment forms the link between Sales and Distribution and Accounts Receivable Accounting.

Organizational Structure: Site

A site is a store, a distribution center or a production location. In SAP Retail, the site is the organizational level at which merchandise replenishment is planned and stocks are managed.

Integration

A store is assigned one **purchasing organization** and one **sales area** (sales organization, distribution channel and division) and thereby also a **distribution chain**, to which the store belongs and which is used primarily for intercompany billing purposes. The store must be authorized to receive goods from the sales area to which the supplying distribution center belongs. If it is to be possible for merchandise to be transferred from one store to another, then the recipient store must also be authorized to receive goods from the sales area to which the supplying store belongs.

Each distribution center is assigned a purchasing organization (and, if required, a sales area) for determining warehouse transfer prices and units of measure.

A distribution center can also be assigned to a site (normally to itself) and a **distribution chain** (for determining sales prices). These assignments enable merchandise in the distribution center to be valued at retail prices. This sort of valuation is most common in the apparel industry.

Each site belongs to exactly one **company code**.

Sites

This section describes the relationship between merchandise categories, departments, receiving points and goods recipients.

Departments

A store can be divided into **departments** and **receiving points**. Stores are divided into departments for the purposes of retail management. Departments play an important role in store-internal logistics. A department can be assigned to one receiving point.

Merchandise Categories

Information can be stored at **site/merchandise category** level. This is important for the listing of articles and Inventory Management on a merchandise category level. A merchandise category can be assigned to a department at site level. Depending on the profile for value-based inventory management, you can define how inventory management is to be carried out per merchandise category.

The merchandise category to which an article belongs allows the following information to be determined for the supply of a store with merchandise:

- Departments to which articles are normally assigned. For example, article 4711 is assigned to merchandise category XY.
- Receiving points to which departments are assigned. For example, department E is assigned to receiving point 3.OG.
- Unloading points to which receiving points are assigned. For example, unloading point DOOR1 and goods recipient 1023 are assigned to receiving point 3.OG.

Receiving points
A store can have more than one unloading point. The carrier delivers goods to these unloading points.

A store has several departments. Departments can be determined for every store and merchandise category. When goods are received in a store, the system can automatically determine the department for every item in the delivery.

A store also has several receiving points. Every receiving point can be assigned one of the unloading points. Every department can be assigned a receiving point (for example, in the case of department stores).
The receiving point is located close to the goods recipient. The receiving point can be determined automatically via the merchandise category and the store concerned. This can be changed by the user, however.
The receiving point can be printed on delivery documents. Only items destined for the same receiving point can be contained in the one package.

### Suppling Sites

supplying (delivering) sites can be entered at merchandise category level to facilitate supply source determination. You can define a supplying site at site level as a default value. They can be maintained for different periods of validity.

### Merchant ID

The merchant ID is used for the settlement of payments made with payment cards (for example, credit cards, procurement cards) with the clearing house. The merchant ID is issued to retailers by the clearing house. If a site communicates with different clearing houses, different merchant IDs are possible.

### Site Master Data

#### Purpose

A site is an organizational unit used to document goods stored in distribution centers and stores for the purposes of inventory management, and to model the associated business processes, such as goods receipt, physical inventory and goods issue.

The site master contains information on all the sites, that is all distribution centers and stores, in your company. This information is stored in master records for each individual site. The data contained in a site's master record then appears as suggested values for a wide variety of business processes.

#### Implementation considerations

These functions are part of the business function Retail Enhancements (ISR_RETAILSYSTEM) that you usually activate with the Retail business function set.

Storing the master records centrally and sharing them between applications means that you only have to enter data once. If a site has a change of address, for example, the new address only ever has to be entered once.

#### Integration

A site is an independent unit that has its own Inventory Management and orders its own stock. A site can, however, be considered as a customer, since sales functions, such as delivering and billing, are carried out by head office for the site. This is why a site is always maintained in SAP Retail in its capacity as a customer.

A distribution center is also a vendor (creditor), as it supplies merchandise to other sites.

### Sites: Distribution Chains and Site Categories

Sites are grouped together in distribution chains for marketing purposes. For example:

- Chain of supermarkets with the same logo
- Home improvement centers in a company
- Wholesale chains of a company

In SAP Retail, a distribution chain consists of a sales organization and a distribution channel. You can maintain data relevant to sales (for example, conditions or assortments) for each distribution chain. For organizational reasons (for example, compilation of statistics), a site is assigned to only one distribution chain. However, deliveries can still be made to a distribution chain from a number of distribution centers. In the same way, one distribution center can supply goods to a number of distribution chains.

Each site is part of a company code. It is an independent unit that has its own Inventory Management and orders its own stock. Goods are procured referencing one or more purchasing organizations and are sold referencing one or more distribution chains. In retailing, one distribution chain is defined as the default for store trading.

There are two types of site in SAP Retail:

- Distribution centers / Wholesale warehouses
• Enables other sites and/or customers to be supplied quickly with goods
  A distribution center is assigned to a purchasing organization, and may also be assigned to a distribution chain for the purposes of sales price valuation, stock transfers and statistics. A distribution center can also supply a number of distribution chains. In the same way, a site can also be supplied with goods from different distribution chains.

Store

A store is a location in which goods are put on sale to the consumer. A store is assigned to one purchasing organization and one distribution chain.

Sites: Site Profiles

Use

When you create a site master record, you have to specify a site profile. Site profiles are used to differentiate site categories (distribution center or store) and control maintenance functions.

Features

The following site profiles are available:

- Distribution Center
- Store without internal settlement

All the transactions in the supply chain in this case take place within the same company code. From the point of view of the distribution center, no sales transaction takes place. The system therefore switches off the sales and billing screens in this case.

Store With Internal settlement

From the point of view of the distribution center, sales transactions involve different company codes. The sales and billing screens are available.

Store With External Settlement

Stores that do not belong to the company are supplied by the distribution center.

Wholesale Customer

This is a normal customer that is created as a site so that you can use site functions (for example, allocation tables, promotions, receiving points).

Franchisee

A franchisee is a merchant who operates as an independent company funded by equity capital and offers goods or services using a standardized marketing strategy in stores owned by a franchiser.

Integration

Site profiles are assigned accounts groups (customer/vendor) and site categories (distribution center or store). The account groups mainly control number assignment and screen modification. You define the available site profiles in Customizing.

Once you have created a site you cannot change the site profile or the site category. Changes to the screen modification group in the site profile apply for all sites. However, changes to the site category only apply to sites created after you made the changes.