

Materials Management Terms in SAP

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Current Terminology:	Not Applicable
SAP Terminology: SAP Definition:	ABC Classification Web Item to classify objects (Customers, Products or Employees) based on a particular measure (Revenue or Profit) using certain classification rules. Three categories: Important, Less Important, and Relatively Important.
Module(s):	MM
SAP Example(s):	An inventory stock warehouse may choose to classify high volume items as A (Important) in order cycle count more often to insure consistent on hand availability.

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Current Terminology:	Blanket Order/Master Order/M-Order
SAP Terminology: SAP Definition:	Framework Order A purchasing document used to procure materials or external services. Instead of stipulating a delivery date, this type of purchase order has an extended validity period. A framework order covers multiple procurement transactions over a longer period.
Module(s):	MM

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Current Terminology:	Receiving
SAP Terminology: SAP Definition:	Goods Receipt A term from inventory management denoting a physical inward movement of goods or materials.
Module(s):	MM
FRS Example(s):	The receiving department posts the receipt of goods purchased into the FRS system (Campus) and the ESI system for the hospital for items purchased on a purchase order.

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Current Terminology:	Not Applicable
SAP Terminology:	<u>Invoice Verification</u>
SAP Definition:	The matching of documents created during the purchase order process, the goods receipt process, and the accounts payable process that is part of the internal controls system within an organization
Module(s):	MM
SAP Example(s):	Accounts payable upon receipt of an invoice from a vendor audits the document and finalizes the three way match process.
FRS Example(s):	Three way match, (PO, Goods Receipt, and Invoice) or two way match (purchase order and invoice) must occur prior to vendor payment.

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Current Terminology:	Not Applicable
SAP Terminology:	<u>Material Group</u>
SAP Definition:	A grouping of materials and services according to their characteristics.
Module(s):	MM
SAP Example(s):	Office Supplies
FRS Example(s):	Office Supplies

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Current Terminology:	N/A
SAP Terminology:	<u>Material Master Record</u>
SAP Definition:	A data record containing all the basic information required to manage a material.
Module(s):	MM
FRS Example(s):	Enterprise Systems Incorporated (ESI in Hospital)

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Current Terminology:	Not Applicable
SAP Terminology:	Material requirement Planning (MRP)
SAP Definition:	A term for procedures in requirements planning that take into account and plan every future requirement during the creation of order proposals such as independent requirements, and dependent requirements
Module(s):	MM
FRS Example(s):	Par level maintenance for hospital warehouse inventories. Dynamic order quantity (DOQ) – in Hospital

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Current Terminology:	Contract Orders
SAP Terminology:	Outline Agreement
SAP Definition:	A longer-term arrangement between a purchasing organization and a vendor for the supply of materials or provision of services over a certain period based on predefined terms and conditions
Module(s):	MM
FRS Example(s):	Boise office supply contract

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Current Terminology:	Not Applicable
SAP Terminology:	Plant
SAP Definition:	In Logistics a plant is an organizational unit for dividing an enterprise according to production, procurement, maintenance, and materials planning.
Module(s):	MM

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Current Terminology:	Purchasing Division
SAP Terminology:	Purchasing Organization
SAP Definition:	An organizational unit in Logistics, subdividing an enterprise according to the requirements of Purchasing. A purchasing organization procures materials and services, negotiates conditions of purchase with vendors, and is responsible for such transactions.
Module(s):	MM
FRS Example(s):	Purchasing Division (Campus and Hospital)

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Current Terminology:	Purchase authorization requirements and/or limits.
SAP Terminology:	Release Strategy
SAP Definition:	A plan defining the release codes with which a purchase requisition item, a complete purchase requisition, or a complete external purchasing document must be released (that is, approved) and the sequence in which release is to be effected using these codes. For example, you can establish a release strategy for all purchase requisitions with a value in excess of a certain figure
Module(s):	MM
SAP Example(s):	You can establish a release strategy for all purchase requisitions with a value in excess of a certain dollar amount.
FRS Example(s):	Large computer equipment needs extra approval by VPIS

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Current Terminology:	Par level management for hospital inventory stock locations.
SAP Terminology:	Replenishment
SAP Definition:	A Method of replenishing stock.
Module(s):	MM
SAP Example(s):	MRP, Reservations
FRS Example(s):	Outside (System) management of par inventory areas with daily inventory counts.

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Current Terminology:	Par level management for hospital inventory stock locations.
SAP Terminology:	Replenishment Element
SAP Definition:	The elements in the system that trigger material replenishment for production.
Module(s):	MM
SAP Example(s):	Planned orders, Purchase Orders
FRS Example(s):	Scheduled inventories for the assigned par inventory areas.

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Current Terminology:	Not Applicable
SAP Terminology:	Stock Reservation
SAP Definition:	The sum of all quantities of a material reserved for withdrawal from stock.
Module(s):	MM
SAP Example(s):	Allocating inventory for a specific task
FRS Example(s):	Batch (Nightly) inventory on hand downloads for defined inventory stock locations.

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Current Terminology:	N/A
SAP Terminology:	Scheduling Agreement
SAP Definition:	An outline agreement against which materials are procured at a series of predefined points in time over a certain period.
Module(s):	MM

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Current Terminology:	Not Applicable
SAP Terminology:	Stock Transfer
SAP Definition:	The removal of materials from storage at one location, and their placement in storage at another.

Module(s): MM

FRS Example(s): Hospital refill process, a goods issue is required after each movement.

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Current Terminology: Warehouse stock location

SAP Terminology: [Storage Location](#)

SAP Definition: One or more storage locations are assigned to a location of this type.

Module(s): MM

FRS Example(s): Hospital warehouse inventory stock locations.

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Current Terminology: Vendor File

SAP Terminology: [Vendor Master](#)

SAP Definition: The collective term for all vendor master records. The vendor master contains the data of all vendors with which a company conducts business.

Module(s): MM

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Current Terminology: Vendor in Vendor File

SAP Terminology: [Vendor Master Record](#)

SAP Definition: A data record containing all the information necessary for any contact with a certain vendor, in particular for conducting business transactions.

Module(s): MM

SAP Example(s): House bank data

FRS Example(s): Vendor address data bank in FRS.

