SAP ERP
Financial Supply Chain Management

SAP Dispute Management 6.0

Application Solution Management
SAP ERP Financials
Agenda

- SAP Dispute Management – Business Requirements
- Financial Process Integration
- Dispute Case Details
- Dispute Resolution Process
- Deployment Options and Availability
- Summary and Roadmap
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SAP Dispute Management – Business Requirements

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SAP Dispute Management is part of SAP Financial Supply Chain Management

SAP Dispute Management provides functions for processing receivables-related dispute cases

It supplements the following process chains in the stage between invoice and payment if there are discrepancies with the customer:

> Sales Order – Delivery – Invoice – Payment
> Contract – Service Provision – Invoice – Payment
Disputed Invoices – Problems

High DSO (Days Sales Outstanding)

Difficulty in predicting cash flow

High cost of solving these disputed invoices

Disputed invoices can indicate issues in the customer relationship due to

- Quality problems
- Logistical problems
- Pricing
- Account relationship
- ...

Disputed invoices can reduce customer profitability
Which Events Lead to Dispute Cases?

Receivables-related dispute cases arise if customers deduct an amount from the invoiced amount that exceeds the difference tolerated by the selling company or hold back a payment.

Reasons for dispute can be justified:
- Trade promotion
- Goods were damaged
- Wrong price
- Late delivery
- ...

Reason for dispute can be unjustified:
- Delivery was on time
- Pricing was right
- ...

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Visibility of Dispute Cases

When do selling companies notice the existence of disputes?

Customer informs them about the deduction
- Call center contact
- Account manager contact
- Letter

Incoming payment is an underpayment
- Cash accountant is postprocessing incoming payments
- Accounts receivable specialist posts incoming payments

SAP Dispute Management 3.0 mainly supports disputes based on payment deductions
What is the Conclusion?

Dispute cases can arise in different organizational units, such as financial department, account management, and so on.

Selling company must be able to enter and process dispute cases across different departments.

Integration in financial and logistical processes is basis for process optimization.

Process management is required for dispute process.
How Does SAP Dispute Management Help?

SAP Dispute Management controls and streamlines the dispute case process

As central component for handling dispute cases, SAP Dispute Management enables cross-department dispute resolution

SAP Dispute Management is integrated in financial but also in logistical processes

SAP Dispute Management organizes and stores all information and documents related to a dispute case

SAP Dispute Management includes sophisticated reporting
  - Detect quality issues
  - Control workload
  - Track dispute process
  - Deductions per customer
  - ...

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What does Process Integration mean?

Offer dispute management functionality in financial processes

- Simplify entry of dispute cases
- Facilitate and accelerate daily work of accountants
- Enter dispute cases where they arise
- No time delay between discovering disputes and opening dispute cases

Automatic update of dispute cases by financial transactions

- Up-to-date information available for disputed item
- No additional manual effort
- Central view of dispute case
SAP Dispute Management is integrated in those financial processes of **SAP Financials Accounts Receivable** where disputed invoices typically become visible:

- Post incoming payments
- Display line item list
- Clear account
- Bank statement postprocessing

Automatic creation of dispute cases for residual items created by lock box file or electronic bank statement

The system automatically copies amounts from FI document into dispute case and links corresponding documents

*This presentation does not contain integration of SAP Dispute Management with SAP Contract Accounts Receivables and Payables (FI-CA)*
Line Item Display and Dispute Case Integration

Create and display dispute case

Integrate dispute information in line item layout

Create dispute case
Updating Dispute Management Information

SAP Dispute Management is automatically informed of financial transactions such as

- Incoming payment for disputed item
- Offset credit memo for disputed amount
- Manual clearing postings

The update is visible in the dispute case

- In corresponding amount fields
- As linked objects in specific folders
Example: Create Dispute Case for Short Payment

1. Process incoming payments
2. Short Payment?
   - yes: Assign invoice and post residual item
   - no: Clear invoice
3. Get information from customer responsible (e.g. account manager)
4. Is dispute reason known?
   - yes: Clear residual item and close dispute case
   - no: Dispute justified?
     - yes: Create credit memo
     - no: Investigate dispute
       - yes: Assign reason and link related documents (fax, letter..)
       - no: Hand over to Collections
5. Write off dispute?
   - yes: Write off and close dispute case
   - no: Hand over to Collections
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SAP Dispute Management – Business Requirements
Financial Process Integration
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Summary and Roadmap
What Is A Dispute Case?

Dispute Case is a new business object that

- Has descriptive attributes
- Is like a folder that links all relevant documents and objects
- Can be processed across multiple departments
- Supports different communication channels
Dispute Case – Central Unit for all Activities

Summarizes and structures all dispute-related data
- Attributes (status, reason, current processor, and so on)
- Notes
- Action log
- Linked objects (customer, invoice, residual items, proof of delivery)
- Created correspondence

Is the control object of the disputed item
- Assign different roles (processor, person responsible)
- Status concept
- Processing deadlines for next processors and planned end date
- Escalation

Can be accessed and processed by all authorized employees
- Accountant
- Collection Agent
- Dispute Manager
- others
Dispute Case Details

- Status
- Notes
- Action Log
- Amount fields
- Customer contact
- Customer
- Referenced objects
- Escalation
- Reason
- Priority

Notes
Status
Priority
Reason
Escalation
Customer
Referenced objects
Amount
Action Log
Reason and Status of Dispute Cases

**Reason** specifies cause of disputed item:
- Damaged goods
- Trade promotion
- Incorrect invoice

**Status** specifies current state of processing:
- Open
- In process
- Resolved

Status concept for status control

Status and reason can be freely defined in Customizing
Amount Fields of Dispute Case

**Original disputed amount**
- Amount disputed when the dispute case was created

**Disputed amount**
- Amount that is currently disputed (different to original disputed amount because of payments, credit memos, write-offs)

**Paid**
- Amount of the original disputed amount that has been paid

**Credited**
- Amount of the original disputed amount that has been credited

**Cleared manually**
- Amount that has been cleared manually

**Automatically written off**
- Amount that has been written off automatically
Notes and Action Log

Notes can be created to document the dispute case

Different note types can be freely defined in Customizing:
- Comments
- Replies
- Activity instruction
- Others

Notes are saved together with name of processor and time

External notes can be used for correspondence with Customer

Action log shows
- All transactions per dispute case
- All changes of attributes (fields of dispute case)
- Selected view on changes (example, filter changes by user, by field)
Customer Contact Data

Customer contact data can be stored in the dispute case.

There are **two options** how to maintain customer contact data:
- Select contact data from customer master data
- Enter contact data directly in the dispute case

Customer contact data comprises:
- Name
- e-mail
- Fax
- Telephone
- Postal address (only stored in customer master data)

Customer contact person is used as receiver of customer correspondence.
Referenced Objects

- Business Partner
- Disputed Objects
- Resolved Objects
- Items Assigned during Clearing
- Other Objects
- Miscellaneous
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One Dispute Case – Several Roles

Up to three roles can be linked per dispute case

**Coordinator** monitors and coordinates dispute case processing. He or she is the central company internal contact of a dispute case

- Example: Dispute Manager of a business unit

**Processor** is the person who is assigned to the next activity

- Example: Delivery Manager to confirm wrong delivery

**Person Responsible** is the person accountable if the dispute case cannot be resolved and who receives escalation

- Example: Account Manager
Cross-department Dispute Case Processing

Employees in Accounts Receivable control the dispute resolution process

- Coordinators and professional processors work directly in the SAP Dispute Case Organizer
- ‘My Dispute Cases’ used as work list
- Initiate escalation, automatic write-off, mass changes and so on

Other employees (occasional processors) get involved via SAP Workflow

- Occasional processors gets e-mail notification about new dispute case
- Workflow inbox used as (universal) work list
- Process the work item (no need to access Dispute Management)
  - All main dispute case information available
  - Navigation to dispute case and billing document possible
  - Upload and download of documents (attachments) possible
  - Creation of notes
  - Re-direct dispute case to coordinator or forward to next processor
**Workflow Example**

1. Assign John Miller as next processor
   - Asks John Miller to confirm late delivery
   - Work item is created and e-mail is sent

2. John Miller
   - Read e-mail
   - Access workflow inbox and execute work item
   - Confirm late delivery
   - Return dispute case to Sally

3. Assign Tom Busy as next processor
   - Ask Tom to decide about dispute
   - Work item is created and e-mail is sent

4. Tom Busy
   - Read e-mail
   - Access workflow inbox and execute work item
   - Decide that credit memo should be granted
   - Return dispute case to Sally

5. Assign Hans Doe as next processor
   - Ask Hans to post credit memo
   - Work item is created and e-mail sent out

6. Hans Doe
   - Read e-mail
   - Access workflow inbox and execute work item
   - Post credit memo
   - Return dispute case to Sally

Sally Smith
- Dispute Manager (coordinator)
## Work Item (Example)

### Process Dispute Case

**Upload**

- **Case ID:** 000000000023
- **Dispute Amount:** 3450.30 EUR
- **Reason:** Trade Promotion
- **Customer Name:** Smith & Co. Corp.
- **Contact Person:** Ms. Helen Back
- **Telephone Number:** 06227 7-4444

**Link to dispute case**

**Billing Document:** 0000035020

**Link to billing document**

### Attachments

- **Documents:**
  - Proof of Delivery.doc
- **Transfer**
- **Internal Note**

**Hi Tin,**

Deduction was justified (compare attachments).

Regards, S.
Correspondence can be created

- **Automatically** by events like
  - Create dispute cases
  - Close dispute cases
  - Events that can be defined on project level

- **Manually** by the user when processing the dispute case

SAP delivers standard customer correspondence for

- Fax, e-Mail, and letter
  - Notification that a dispute case has been created
  - Notification that dispute case has been closed
  - Query regarding dispute case
  - Information about dispute case

Customers can create their own correspondence

- Use Smart forms
- Data available for correspondence
  - All attributes
  - External notes
  - Object keys of objects stored in the dispute case folders (case record)
  - ...
Dear Mr. Heinz Miller,

For dispute case 1742 with the reason "Underdelivery", we have a query:

Dear Mr. Miller,  
Could you please send us a proof of delivery. 
Kind regards, 
Dispute Management Team

Your account with us is managed under 8001. 
The clerk responsible for processing your dispute case is: you can call him/her on .

We would be grateful for any information that you could provide us with that would help to resolve the dispute case. Thank you very much for your cooperation.

Yours sincerely,

Your Dispute Team
Escalation

Escalation is an *automatically created internal correspondence* used to inform employees within the company about a critical status of the dispute case

- Escalation is initiated by setting an escalation reason
- Standard communication type is e-mail

Set up escalation process in implementation project

- Business Add In to define rules who should receive escalation e-mail
- Define other conditions that should initiate an escalation
Functions in Dispute Management

Create dispute cases in Dispute Case Organizer
- Create dispute case in Organizer due to a customer contact
- Open items can be added at a later point of time

Search functionality
- Flexible search of dispute cases based on attributes
- Filter and sort functionality
- Pre-defined searches available (per role, self defined with variants)

Mass activities
- Changes of attributes including setting escalation reason
- Automatic write-off an closing of dispute cases
- Charge cost center of person responsible with amount written-off

Usability
- History of viewed objects
- Resubmission of dispute cases
- Add dispute cases to favorites
Reporting

**Ad hoc reporting** in Dispute Management

- List-based reporting
  - Flexible layout
  - Search, filter functionality
- Data available for reporting
  - All attributes of dispute case
- Editing of dispute cases from list possible

Integration with **Business Information Warehouse**

- Online Analytical Processing (OLAP) reporting
  - Drilldown
  - Slice and dice
- Available data for reporting
  - All attributes
  - Linked business partner
  - Disputed and resolved items (history)
  - Cross-component data, for example, master data of business partner
Integration with **SAP Biller Direct***

- Create dispute cases directly from SAP Biller Direct
  - For invoices
  - For payment deductions
- View status of dispute cases
- Upload of documents to dispute cases
- Download of documents from dispute cases
- View documents attached to dispute cases in SAP Biller Direct

**Benefits:**

- Improve customer interaction
- Speed up dispute resolution process

*Not available for integration with Accounts Receivable in SAP R/3 4.6C*
Integration with SAP Collections Management

Integration with **SAP Collections Management**

- Create dispute cases directly from Collections Management
  - For invoices
  - Or existing residual amounts to invoices
- View status of dispute cases from Collections Management
- Dispute cases that are to be collected can be used in collection rules to bring customers on collection worklists

**Benefits**

- Improve cash collection by speeding up dispute resolution and better overview of customer account
- Seamless integration of the processes dispute resolution and cash collection

*Not available for integration with Accounts Receivable in SAP R/3 4.6C*
Flexible Customer Enhancements

Control screen layout of dispute case (attributes)
- Field control (mandatory, hidden, modifiable)
- Field grouping
- Customer specific attributes can be added in customer include

Enhance dispute folder model
- Add new folders
- Control document types per folder

Business Add Ins (BAdIs)
- Within Dispute Management
- Within FI-AR, for example
  - Default values for dispute case (e.g. processor, coordinator, reason)
  - Customer-defined subscreen
  - Customer enhancement for automatic write-off
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Deployment Scenarios

SAP Dispute Management 6.0 can be set up in two different ways

One-System Scenario
- Accounts Receivables Accounting in SAP ERP 6.0

Multiple-System Scenario
- Accounts Receivable Accounting in SAP ERP 6.0
- Accounts Receivable Accounting in SAP ERP 2004
- Accounts Receivable Accounting in SAP R/3 Enterprise 4.7
- Accounts Receivable Accounting in SAP R/3 4.6c
Deployment for SAP ERP 6.0 (One System)

- SAP ECC 6.0 (FI-AR)*
- SAP Dispute Management 6.0
- SAP Netweaver 2004s

*SAP ECC 6.0 already comprises Financial Basis 6.0
Deployment for SAP ERP 2004

- SAP ECC 5.0
- SAP Netweaver 2004

- SAP ECC 6.0*
- SAP Netweaver 2004s
- SAP Dispute Management 6.0

*If you additionally want to use SAP Collections Management, you need to install SAP ECC 6.0.
SAP ECC 6.0 already comprises Financial Basis 6.0.
Deployment for SAP R/3 Enterprise 4.7

- SAP R/3 Enterprise 4.7
- SAP Web AS 6.20
- SAP Dispute Management 6.0
- SAP ECC 6.0*
- SAP Netweaver 2004s

*If you additionally want to use SAP Collections Management, you need to install SAP ECC 6.0
SAP ECC 6.0 already comprises Financial Basis 6.0
Deployment for SAP R/3 4.6c

*If you plan to also use SAP Collections Management after your Accounts Receivable system has been upgraded, please read installation note 859994 section ‘dependencies with SAP Collections Management’
Availability

SAP Dispute Management 6.0 is part of the ramp-up for SAP ERP 6.0
Ramp-up started October 2005
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Summary and Roadmap
Reduce DSO

Improve liquidity and cash forecast

Optimize, streamline and accelerate cross-department dispute resolution which is today usually a manual and time-consuming process

- Workflow integration
- Automation

Improve customer relationship

- Focused queries
- Quicker resolution of disputes

Gain information about flaws in existing processes that frequently lead to disputes

- Basis for improvement of processes
- Discover potential to avoid disputes
Focus:
• Biller Direct
  Dispute Management integration, collection authorization
• Dispute Management
  Automation & prioritization, workflow integration, correspondence
• Collections Management
  Manual worklists, promises to pay, integration with Dispute Mgmt.
• Credit Management
  Credit Limit Check, Credit Analysis, Credit Eventing, Workflow
• In-House Cash
  Prima Nota, Integration with Cash and Treasury & Risk Mgmt
• Treasury & Risk Mgmt
  New instruments for forex and derivatives, Hedge Accounting, enhancements in Market and Credit Risk Analyzer

Focus:
• Biller Direct
  Improved integration with Dispute Management, super user
• Collections Management
  Automatic worklists, collection rules and strategies, resubmissions, customer contacts
• Credit Management
  Enhanced reporting
• Treasury & Risk Management
  Debt Management, Hedge Management, enhanced reporting
Analyst Quotes (1)

“The new functionality will help streamline finance business processes that for decades have been internal and based entirely in the back office... SAP will break up a monolithic R/3 backbone into a series of components... SAP is serious about developing sell-side and marketplace functionality in financial settlement and billing.

(AMR, 2001)

... a $10bn firm could save approximately $110 million annually by employing a next-generation in-house bank solution with a payment factory module.

(Killen & Associates, 2001)
“This (...) is a large step toward the vision of the automated financial supply chain. It’s the SAP Financials catalyst that will set off a whole series of events that will fundamentally change how companies financially collaborate in the future. (...) It is a fundamental building block necessary for the automation of the financial supply chain, in which money and financial information flow hand-in-hand with goods and services. EBPP/EIPP can be an effective tool to accelerate cash flow and reduce Days Sales Outstanding (DSO) - a metric every CFO wants to improve.

(AMR, 2001)
A simple piece of advice for CFOs considering EIPP: Go with what -- and who -- you already know (...) there's little reason for a B2B buyer or seller to bring in an unproven EIPP vendor when you could just (...) get your supply chain software vendor to do the work.

(Forrester, 2002)

We believe that collectors spend more than 50% of their time on dispute resolution.

(Meta Group, 2002)
Use ALIAS: 'FSCM'

Direct Contact:
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