User's Guide for Pricing Control

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Publication Information

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About this document

Objectives

This reference guide aims to explain the Pricing Control module's functionality and the processes that relate to Pricing Control.

Intended audience

This reference guide is especially written for key users and users that want to be familiar with the overall Infor ERP LN pricing functionality.

Assumed knowledge

You need no detailed knowledge of the Infor ERP LN software to read this document. However, you are more likely to understand the contents if you are familiar with:

- The overall structure of packages, modules and sessions in Infor ERP LN.
- The general business procedures used in every day business practice.
- The basic concepts of enterprise resource planning.

Document summary

This document contains the following chapters:

- **Pricing Control**
  Provides an introduction to the Pricing Control module.
- **Pricing Control - Overview**
  Provides information on the main processes that a user can carry out in Pricing Control.
- **Prices**
  Provides information on the set up and retrieval of prices.
- **Discounts**
  Provides information on the set up and retrieval of discounts.
- **Promotions**
  Provides information on the set up and retrieval of promotions.
- **Freight rates**
  Provides information on the set up and retrieval of freight rates.
- **Pricing Control - Additional Processes**
  Provides information on the additional processes that a user can carry out in Pricing Control.
- **Glossary**
  Provides definitions of the terms and concepts used in this document, in alphabetical order.

How to read this document

This document was assembled from online Help topics. As a result, references to other sections in the manual are presented as shown in the following example:

For details, refer to *Pricing Control (PCG)*. To locate the referred section, please refer to the Table of Contents or use the Index at the end of the document.

Underlined terms indicate a link to a glossary definition. If you view this document online, you can click the underlined term to go to the glossary definition at the end of the document .

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Chapter 1
Pricing Control

1

Pricing Control (PCG)

Use the Pricing Control module to store and retrieve <u>pricing information</u>.

In the Pricing Control module, you can define and maintain:

- <u>Pricing Control (PCG) matrices</u>
- <u>Price books</u>
- <u>Discount schedules</u>
- <u>Promotions</u>
- <u>Freight rate books</u>

Chapter 2
Pricing Control - Overview

Overview of Pricing Control

You can store and retrieve <u>pricing information</u> in the Pricing Control module.

Pricing Control matrices

To retrieve the correct pricing information to calculate the price, discount, or transportation costs of an order, a load, or a shipment, you can define <u>Pricing Control (PCG) matrices</u>. A matrix is a structure in which <u>pricing information</u> is grouped according to particular criteria.

For more information, refer to *Matrix structure (p. 2-2)* .

Retrieval of pricing information

Retrieval and calculation of prices, discounts, and promotions takes place in one run when an order or contract is saved. Freight costs are calculated when <u>load building</u> is carried out, or when the user launches the freight cost calculation process from sales orders, purchase orders, freight orders or shipments.

For more information, refer to *An outline of the pricing information retrieval processes (p. 2-4)* .

Pricing Control - additional processes

A number of processes can be used optionally in the Pricing Control module.

For more information, refer to *Pricing Control - additional processes (p. 7-1)* .

Matrix structure

A matrix structure is a structure in which <u>pricing information</u> is grouped according to particular criteria. These criteria refer to item, business partner, and order information.

The purpose of a matrix structure is to enable ERP LN to retrieve the correct pricing information to calculate the price, discount, or transportation costs of an order, a load, or a shipment.

Pricing Control matrices

Pricing information is grouped by criteria in <u>Pricing Control (PCG) matrices</u>. A Pricing Control matrix is an entity in which prices, discounts, <u>promotions</u>, or <u>freight rates</u> are maintained for customers, suppliers and/or items.

In the Pricing Control module, the following types of matrices are available:

- **Price matrix**
  In the Price Matrices (tdpcg0130m000) session, you can maintain matrix attribute values and links to sales, purchase, and transfer prices.
- **Discount matrix**
  In the Discount Matrices (tdpcg0130m100) session, you can maintain matrix attribute values and links to the following types of discounts:
  - **SOL Discount**.
  - **SO Total Discount**.
  - **POL Discount**.
  - **PO Total Discount**.
- **Promotion matrix**
  In the Promotion Matrices (tdpcg0130m200) session, you can maintain matrix attribute values and links to promotion discounts for sales orders and sales order lines.
- **Freight rate matrix**
  In the Freight Rate Matrices (tdpcg0130m300) session, you can maintain matrix attribute values and links to <u>carrier rate</u> and <u>client rate</u> agreements.

Elements for Pricing Control matrices

Each Pricing Control matrix includes the following elements:

- **Matrix type**
  A <u>matrix type</u> is used to define the type of matrix definition and the type of Pricing Control matrix. The matrix type is linked to a set of matrix attributes. Each type of Pricing Control matrix has its own matrix attributes.
- **Matrix definition**
  A <u>matrix definition</u> includes a group of matrix attributes and a matrix type.

- **Matrix attributes**
  <u>Matrix attributes</u> are the elements for which you want to set up a price, discount, promotion, or freight rate.
  Matrix attributes are table fields from the following sessions:
  - Business Partners (tccom4500m000)
  - Sales Orders (tdsls4100m000)
  - Purchase Orders (tdpur4100m000)
  - Items - General (tcibd0501m000)
- **Matrix sequence**
  A <u>matrix sequence</u> is used to define the order in which ERP LN searches a matrix definition. If a matrix definition is not listed in the matrix sequence, ERP LN does not search the Pricing Control matrices that use that definition.
- **Pricing information**
  Pricing information, such as <u>price books</u>, <u>discount schedules</u>, <u>promotions</u>, or <u>freight rate books</u> must be defined for sets of matrix attributes and values.

Note

You can define:

- A matrix type, a matrix definition, and matrix attributes in the Matrix Definitions (tdpcg0110m000) session.
- A matrix sequence in the Matrix Sequences (tdpcg0120m000) session.
- Price books in the Price Books (tdpcg0131m000) session.
- Discount schedules in the following sessions:
  - Discount Schedules (tdpcg0121m000)
  - Discount Schedules for Promotions (tdpcg0121m300)
- Promotions in the Promotions (tdpcg0140m000) session.
- Freight rate books in the Freight Rate Books (tdpcg0150m000) session.

To set up Pricing Control matrices

- To set up a price matrix, refer to *To set up a price matrix (p. 3-1)* .
- To set up a discount matrix, refer to *To set up a discount matrix (p. 4-1)* .
- To set up a promotion matrix, refer to *To set up a promotion matrix (p. 5-1)* .
- To set up a freight rate matrix, refer to *To set up a freight rate matrix (p. 6-1)* .

An outline of the pricing information retrieval processes

The search for valid pricing information includes more than just the Pricing Control (PCG) matrices that are defined in Pricing Control. As a rule, special and normal contracts have priority over Pricing Control matrices. The supplier price book, in which you can store *purchase* prices, can also have priority over Pricing Control matrices. This depends on the value of the **High Priority** check box in the Price Books (tdpcg0131m000) session.

■ For more information on defining a supplier price book, refer to *To set up a supplier price book (p. 3-4)* .

■ For more information on defining pricing matrices, refer to *Matrix structure (p. 2-2)* .

General searching logic for retrieving pricing information

The search sequence applied for each type of pricing information is as follows:

1. From valid special contracts.

2. From valid normal contracts.

3. From the supplier price book, for combinations that have the **High Priority** check box selected in the Price Books (tdpcg0131m000) session. This search step is only applicable when retrieving purchase prices and discounts, not sales prices/discounts.

4. From valid matrices for which a matrix sequence is defined. If a matrix definition is not listed in the matrix sequence, ERP LN does not search the Pricing Control matrices that use that definition. ERP LN only searches Pricing Control matrices whose matrix definitions are part of the matrix sequence, as defined in the Matrix Sequences (tdpcg0120m000) session.

5. For sales prices and discounts, from the default sales price book. For purchase prices and discounts, from the supplier price book, for combinations that have the **High Priority** check box cleared in the Price Books (tdpcg0131m000) session.

6. From Item Sales Data, or from Item Purchase Data.

> **Note**
>
> ■ As soon as a price is found in one of the levels, ERP LN stops the searching process in lower levels.
>
> ■ Retrieval and calculation of prices, discounts, and promotions takes place in one run when an order or contract is saved. Freight costs are calculated when load building is carried out, or when the user launches the freight cost calculation process from sales orders, purchase orders, freight orders or shipments.

To retrieve pricing information

- For more information on the retrieval of prices, refer to *Price retrieval (p. 3-5)* .

- For more information on the retrieval of discounts, refer to *Discount retrieval (p. 4-11)* .

- For more information on the retrieval of promotions, refer to *Promotion retrieval (p. 5-5)* .

- For more information on the retrieval of freight rates, refer to *Freight rate retrieval (p. 6-10)* .

Chapter 3
Prices

3

To set up a price matrix

In the Pricing Control module, a price matrix is a pricing structure that offers flexible criteria to define and retrieve prices and discounts.

Essentially, a price matrix consists of the following elements:

- A <u>matrix definition</u>.
- A set of <u>matrix attributes</u>.
- A <u>price book</u>.

If the properties of, for example, the sales order match the properties of the price matrix, the price from the price book that is linked to the price matrix is applied to the sales order.

To set up a price matrix

To set up a price matrix, complete the following steps:

Step 1: Pricing Parameters (tdpcg0100m000)

Define the following fields in the Pricing Parameters (tdpcg0100m000) session:

- **On the General tab:**
  Matrix Definition Number Group
- **Price Book Number Group**
- **On the Sales tab:**
  Price Control
- **Default Sales Price Book**, if you only want to use one price book for sales prices.
- **Price Date Type**
- **Recalculate Prices and Discounts**
- **Use Derived from Item**
- **On the Purchase tab:**
  Price Control

- **Supplier Price Book**, if you only want to use one price book for purchase prices.
- **Price Date Type**
- **Recalculate Prices and Discounts**
- **Use Derived from Item**

Step 2: Matrix Definitions (tdpcg0110m000)

Define a <u>matrix definition</u> of the following matrix types:

- **Sales Price**
  To define matrix attributes for sales prices.
- **Purchase Price**
  To define matrix attributes for purchase prices.
- **Transfer Price**
  To define matrix attributes for transfer prices.

In the Matrix Definitions (tdpcg0110m000) session, you must define the elements, which are matrix attributes, for which you want to set up a price book.

Step 3: Matrix Sequences (tdpcg0120m000)

Define a <u>matrix sequence</u> for the matrix definition in the Matrix Sequences (tdpcg0120m000) session. In this session, you set the order for the matrix sequence and you classify the matrix definitions.

Step 4: Price Book Codes (tdpcg0111m000)

Define price book codes in the Price Book Codes (tdpcg0111m000) session. Price book codes are used to identify price books and determine whether the price books are used in the Sales Control module or the Purchase Control module.

A price book can have different origins, but if you want to use it in a price matrix, the origin must be **Standard**.

For more information, refer to *To set up a price book (p. 3-3)* .

Step 5: Price Books (tdpcg0131m000)

In the Price Books (tdpcg0131m000) session, you can define price books. In price books, you link item prices to a price book. You can define price ranges by means of break types and break values. You can also link a discount schedule to the price book. The discount schedule must have the same origin as the price book.

Step 6: Price Matrices (tdpcg0130m000)

Price matrices are defined in the Price Matrices (tdpcg0130m000) session. In this session, you must link a matrix definition to a price book code and enter values for the matrix attributes. As a result, matrix attributes are linked to price books.

Example

For matrix type **Sales Price**, define the matrix definition MD1 (matrix definition one). Add the attributes sold-to, invoice-to, order origin, terms of delivery, currency, and item to the matrix definition.

Specify the price book SLS1 for a group of manufactured items with the following characteristics:

- Sold in USD.
- A minimum break of 2,500 pieces.
- A valid period from 1 September to 1 December.
- A price of $25 each.
- An additional discount schedule.

Define a price matrix for matrix type **Sales Price**, and select matrix definition MD1 and price book SLS1. Enter values for the matrix attributes, such as the following:

- Sold-to: Tradex, Inc.
- Invoice-to: Tradex, Inc.
- Order origin: Sales.
- Terms of delivery: CoD (Cash on Delivery).
- Currency: USD.
- Item: Laptop computer A1.

Price books

To set up a price book

Price books are used to store base prices, discounts and other information about items. The price book origin and the price book code serve as the identifiers of the price book. From a hierarchical perspective, a price book origin can have more than one price book code. In other words, more than one price book can have the same origin.

A price book includes the following elements:

- A price book origin.
- A price book code.
- One or more items.

To set up a price book

Step 1: Define a price book number group

Define a price group number group in the **Price Book Number Group** field of the Pricing Parameters (tdpcg0100m000) session.

Step 2: Define a price book code

Define a price book code for the sales price book or purchase price book in the Price Book Codes (tdpcg0111m000) session. A price book can be used to store prices and discounts for standard orders, sales contracts, purchase contracts, or RFQs.

Step 3: Define default price book codes

If required, define default price book codes in the **Default Sales Price Book**, **Default Service Price Book**, and **Supplier Price Book** fields of the Pricing Parameters (tdpcg0100m000) session. You can only select standard price book codes.

To keep the default price book up to date, you can select the following check boxes in the Pricing Parameters (tdpcg0100m000) session.

- **Update Supplier Price Book**
- **Update Default Price Book**

Step 4: Define price books

In the Price Books (tdpcg0131m000) session, you can maintain the price books.

Note

- If you link a discount schedule to the price book in the Price Books (tdpcg0131m000) session, additional discounts for items are applied via the discount schedule on the price book.
- If a matrix structure exists, price books are specified in the Price Matrices (tdpcg0130m000) session.

To set up a supplier price book

To set up a supplier price book, you must take the following steps:

1. Define the **Price Book Number Group** field and the **Supplier Price Book** field in the Pricing Parameters (tdpcg0100m000) session. The **Supplier Price Book** must be selected from the Price Book Codes (tdpcg0111m000) session.

2. In the Price Books (tdpcg0131m000) session, fill the **Price Book** field with the **Supplier Price Book**, which you have defined in the Price Book Codes (tdpcg0111m000) session and which is entered in the **Supplier Price Book** field of the Pricing Parameters (tdpcg0100m000) session.

3. In the Price Books (tdpcg0131m000) session, define the fields **Buy-from Business Partner** and **Ship-from Business Partner** and (optionally) select the **High Priority** check box in the Price Books (tdpcg0131m000) session.

Note

- You can only define the **Buy-from Business Partner** and **Ship-from Business Partner** fields and select the **High Priority** check box if you specified the **Supplier Price Book** field in the Pricing Parameters (tdpcg0100m000) session.

- It is not mandatory to define the **Buy-from Business Partner** and **Ship-from Business Partner** fields in the Price Books (tdpcg0131m000) session. However, this has an influence on the search sequence in the supplier price book. For details, refer to *An outline of the pricing information retrieval processes (p. 2-4)* .

- If you select the **High Priority** check box in the Price Books (tdpcg0131m000) session, the price of the buy-from business partner/ ship-from business partner/ item combination has priority over the prices stored under the normal matrix sequence structure.

- If you define a supplier price book, you can avoid the concept of setting up matrix definitions, linking them to price books, giving them a search priority, and so on. It enables you to quickly retrieve and maintain prices for a buy-from business partner/ ship-from business partner/ item combination.

Price retrieval

Step 1: To retrieve prices from a contract

When searching for prices, ERP LN first checks whether a valid special contract and next a valid normal contract exists.

You can define:

- Sales contract prices in the Sales Contract Lines (tdsls3501m000) session.
- Purchase contract prices in the Purchase Contract Price Revisions (tdpur3103m000) session.

Step 2: To retrieve prices from a price book

If ERP LN cannot find a price in a special contract or a normal contract, ERP LN tries to retrieve prices from a price book.

ERP LN uses a specific searching logic:

1. **Supplier price book with high priority**
   ERP LN first searches for a supplier price book as defined in the **Supplier Price Book** field of the Pricing Parameters (tdpcg0100m000) session, for combinations that have the **High Priority** check box selected in the Price Books (tdpcg0131m000) session. This search step is only applicable when retrieving purchase prices, not sales prices.

2. **Price book linked to a price matrix**
   Next, ERP LN searches for price books that are linked to valid price matrices, selected from the price matrices for which a matrix sequence is defined. ERP LN looks for price matrices with a matrix definition and matrix attributes that match the properties of the relevant order. Note that all of the matrix attributes must match the properties of the order. When found, the price book of the price matrix, in which the matrix definition and the matrix attributes are stored, is used to calculate the price of the order. If more than one valid price matrix exists, price retrieval is controlled by the **Price Control/ Price Control** parameters in the Pricing Parameters (tdpcg0100m000) session.

3. **Default price book**
   Finally, ERP LN searches for:

   - A default sales price book, as entered in the **Default Service Price Book** field of the Pricing Parameters (tdpcg0100m000) session to retrieve sales prices.

   - A supplier price book, for combinations that have the **High Priority** check box cleared in the Price Books (tdpcg0131m000) session to retrieve purchase prices.

Searching logic for retrieving prices from a price book entry in a price book

Once a price book is found, the following factors (in the following sequence) determine the retrieval of prices from the correct price book entry in a price book:

1. **Business partners**
   ERP LN checks whether business partners are entered. This step only applies to supplier price books.
   ERP LN checks whether:

   a. Both the buy-from business partner and the ship-from business partner are filled.

   b. Only the buy-from business partner is filled.

   c. The buy-from business partner, nor the ship-from business partner are filled.

2. **Currency**
   ERP LN checks the currency.

ERP LN checks whether:

a. The order currency is used.

b. The reference currency is used.

c. Another currency is used.

3. **Unit**
ERP LN checks the unit.
ERP LN checks whether:

a. The quantity unit of the order line is used.

b. The item's inventory unit is used.

c. The item's price unit is used.

Notes

- The item's price unit is retrieved from the Items - Purchase (tdipu0101m000), Items - Sales (tdisa0501m000), or Items - Service (tsmdm2100m000) sessions.

- If prices must be retrieved from a contract price book, or an RFQ price book, the price unit is not the item's price unit, but the price unit of the RFQ line, the sales contract line, or the purchase contract price revision.

Searching logic	Buy-from BP	Ship-from BP	Currency	Unit
1.	from order line	from order line	order currency	quantity unit of order line
2.	from order line	from order line	order currency	inventory unit
3.	from order line	from order line	order currency	price unit of item
4.	from order line	from order line	reference currency	quantity unit of order line
5.	from order line	from order line	reference currency	inventory unit
6.	from order line	from order line	reference currency	price unit of item
7.	from order line	from order line	each currency	quantity unit of order line
8.	from order line	from order line	each currency	inventory unit
9.	from order line	from order line	each currency	price unit of item
10.	from order line	empty	order currency	quantity unit of order line
11.	from order	empty	order currency	inventory unit

	line			
12.	from order line	empty	order currency	price unit of item
13.	from order line	empty	reference currency	quantity unit of order line
14.	from order line	empty	reference currency	inventory unit
15.	from order line	empty	reference currency	price unit of item
16.	from order line	empty	each currency	quantity unit of order line
17.	from order line	empty	each currency	inventory unit
18.	from order line	empty	each currency	price unit of item
19.	empty	empty	order currency	quantity unit of order line
20.	empty	empty	order currency	inventory unit
21.	empty	empty	order currency	price unit of item
22.	empty	empty	reference currency	quantity unit of order line
23.	empty	empty	reference currency	inventory unit
24.	empty	empty	reference currency	price unit of item
25.	empty	empty	each currency	quantity unit of order line

26.	empty	empty	each currency	inventory unit
27.	empty	empty	each currency	price unit of item

Searching logic when a supplier price book is found

Searching logic	Buy-from BP	Ship-from BP	Currency	Unit
1.	empty	empty	order currency	quantity unit of order line
2.	empty	empty	order currency	inventory unit
3.	empty	empty	order currency	price unit of item
4.	empty	empty	reference currency	quantity unit of order line
5.	empty	empty	reference currency	inventory unit
6.	empty	empty	reference currency	price unit of item
7.	empty	empty	each currency	quantity unit of order line
8.	empty	empty	each currency	inventory unit
9.	empty	empty	each currency	price unit of item

Searching logic when a price book other than a supplier price book is found

Step 3: To retrieve prices from the item files

If ERP LN cannot find prices in price books, it searches for prices in the Item - Purchase (tdipu0101m000) session, or the Item - Sales (tdisa0501m000) session.

Note

- If the **Use Upgrade Prices** check box is selected in the Unit Effectivity Parameters (tcuef0100s000) session and the order line contains an effectivity unit, upgrade prices, which are defined in the Unit Effectivity module of Common Data, are added to the price.

- You can always enter, or overwrite prices manually. As a result, the following origins can exist for prices:

  - **Item Purchase Data or Item Sales Data**
    The price originates from the Item Purchase Data or Item Sales Data module.

  - **Supplier Price Book**
    The price originates from the supplier price book, which is entered in the **Supplier Price Book** field of the Pricing Parameters (tdpcg0100m000) session.

  - **Default Price Book**
    The price originates from the default sales price book, which is entered in the **Default Sales Price Book** field of the Pricing Parameters (tdpcg0100m000) session.

  - **Price Structure**
    The price originates from a price book that is linked to a Pricing Control (PCG) matrix of the price matrix type.

  - **External**
    The price originates from an external package.

  - **Manual**
    The price is entered manually.

  - **Contract**
    The price originates from a contract.

  - **Variant**
    The price originates from the Product Configuration module.

Chapter 4
Discounts

4

To set up a discount matrix

In the Pricing Control module, a discount matrix is a discount structure that offers flexible criteria to define and retrieve discounts.

Essentially, a discount matrix consists of the following elements:

- A <u>matrix definition</u>.
- A set of <u>matrix attributes</u>.
- Discount information.
  The discount information can be:
  - A <u>discount amount</u>.
  - A <u>discount percentage</u>.
  - A <u>discount schedule</u>.

If the properties of, for example, the sales order match the properties of the discount matrix, the discount amount/percentage from the discount matrix, or from the discount schedule that is linked to the discount matrix, is applied to the sales order.

To set up a discount matrix

To set up a discount matrix, complete the following steps:

Step 1: Pricing Parameters (tdpcg0100m000)

Define the following fields in the Pricing Parameters (tdpcg0100m000) session:

- **On the General tab:**
  Number of Discount Levels
- **Matrix Definition Number Group**
- **Discount Schedule Number Group**
- **On the Sales tab:**
  Level 1 Discount Control
- **Level 2 Discount Control**

- **Level 3 Discount Control**
- **Level 4 Discount Control**
- **Level 5 Discount Control**
- **Price Date Type**
- **Recalculate Prices and Discounts**
- **Add/Overwrite Total Discounts**
- **Use Derived from Item**
- **On the Purchase tab:**
  Level 1 Discount Control
- **Level 2 Discount Control**
- **Level 3 Discount Control**
- **Level 4 Discount Control**
- **Level 5 Discount Control**
- **Price Date Type**
- **Recalculate Prices and Discounts**
- **Add/Overwrite Total Discounts**
- **Use Derived from Item**

Step 2: Matrix Definitions (tdpcg0110m000)

Define a matrix definition of the following matrix types:

- **SOL Discount**
  To define matrix attributes for sales order line discounts.
- **SO Total Discount**
  To define matrix attributes for sales order total discounts.
- **POL Discount**
  To define matrix attributes for purchase order line discounts.
- **PO Total Discount**
  To define matrix attributes for purchase order total discounts.

In the Matrix Definitions (tdpcg0110m000) session, you define the elements, which are matrix attributes, for which you want to set up a discount amount, discount percentage, or discount schedule.

Step 3: Matrix Sequences (tdpcg0120m000)

Define a matrix sequence for the matrix definition in the Matrix Sequences (tdpcg0120m000) session. In this session, you define your own search sequence to find a discount.

Step 4: Discount Schedule Codes (tdpcg0112m000)

If you want ERP LN to retrieve discounts from a discount schedule, define discount schedule codes in the Discount Schedule Codes

(tdpcg0112m000) session. Discount schedule codes are used to identify discount schedules.

A discount schedule can have different origins, but if you want to use it in a discount matrix, the origin must be **Standard**. A **Standard** discount schedule is allocated to a standard sales order or purchase order.

In this session, you must also define the **Discount Schedule Type** field, which can be set to:

- **Quantity Break**
  If discount agreements in your company are made on the basis of the ordered quantity.
- **Value Break**
  If discount agreements in your company are made on the basis of the order value.

Step 5: Discount Schedules (tdpcg0121m000)

In the Discount Schedules (tdpcg0121m000) session, you can define discount schedules with the **Standard** origin. In a discount schedule, you link a discount schedule code to a discount amount or percentage, and you determine the order quantity or amount to which the discount applies. You can also specify the <u>break type</u> for the schedule type.

Step 6: Discount Matrices (tdpcg0130m100)

Discount matrices are defined in the Discount Matrices (tdpcg0130m100) session. In this session, you must link a matrix definition to a discount amount, discount percentage, or discount schedule, and you must enter values for the matrix attributes. As a result, matrix attributes are linked to a discount amount, a discount percentage, or a discount schedule.

Example

For matrix type **SOL Discount**, define the matrix definition MD1 (matrix definition one). Add the attributes terms of delivery, currency and item to the matrix definition.

Specify the discount schedule SLS1 for items with the following characteristics:
- Currency USD.
- A minimum break of 10 pieces.
- A valid period from September 1 to December 1 2004.
- A discount of $50 each.

Define a discount matrix for matrix type **SOL Discount**, and select matrix definition MD1 and discount schedule SLS1. Enter values for the matrix attributes, such as the following:

- Terms of delivery: CoD (Cash on Delivery).
- Currency: USD.
- Item: Laptop computer A1.

Discount schedules

To set up a discount schedule

A discount schedule is used to calculate discounts for an item. The discounts defined in a discount schedule are expressed as a percentage or an amount and are subject to a minimum or maximum quantity or value.

A discount schedule includes the following elements:

- A discount schedule origin.
- A discount schedule code.
- A discount schedule type.
- A break type and break values.

To set up a discount schedule

Step 1: Define a discount schedule number group

Define a discount schedule number group in the **Discount Schedule Number Group** field of the Pricing Parameters (tdpcg0100m000) session.

Step 2: Define a discount schedule code

Define a discount schedule code for the discount schedule in the Discount Schedule Codes (tdpcg0112m000) session.

The discount schedule origin can be one of the following:

- **Standard**
  The discount schedule is allocated to a standard order.
- **Sales Contracts**
  The discount schedule is allocated to a sales contract. In this case, the discount schedule must be linked to a sales contract line in the Sales Contract Lines (tdsls3501m000) session.

- **Purchase Contracts**
  The discount schedule is allocated to a purchase contract. In this case, the discount schedule must be linked to a purchase contract price revision in the Purchase Contract Price Revisions (tdpur3103m000) session.

- **RFQs**
  The discount schedule is allocated to a request for quotation (RFQ).

- **Promotion**
  The discount schedule is allocated to a promotion.

In the Discount Schedule Codes (tdpcg0112m000) session, you must also define the **Discount Schedule Type** field, which can be set to:

- **Quantity Break**
  If discount agreements in your company are made on the basis of the ordered quantity.

- **Value Break**
  If discount agreements in your company are made on the basis of the order value.

- **Multiplier**
  This schedule type is used for promotions. It is used to calculate the number of premiums based on the **Quantity Break**. One premium is given per number of items specified as the **Quantity Break** of the order. For example, if the **Quantity Break** is 10 and the total ordered quantity is 30, the number of premiums for that order is 3.

Step 3: Define discount schedules

You can enter and maintain:

- Standard discount schedules in the Discount Schedules (tdpcg0121m000) session.

- Discount schedules for sales contracts, purchase contracts, or RFQs in the Discount Schedule - by Origin (tdpcg0121m100) session.

- Discount schedules for promotions in the Discount Schedules for Promotions (tdpcg0121m300) session.

In each of these sessions, you must define the following break fields:

- **Break Type**
  Specifies how breaks between ranges of entities such as distances, amounts, or ordered quantities of items are defined. A break is the first or the last number of a range.
  A break type can be set to one of the following:
  - **Minimum**
    The break is the lowest number of a range.
  - **Up To**
    The break is the highest number of a range.

- **Break Quantity/Value**
  The minimum or maximum quantity or amount for this discount schedule. Whether it is a minimum or maximum quantity, depends on the break type.

Example

Quantity break schedule type

Minimum break type

Ordered quantity	Discount
10	3%
50	5%

In this case, the breaks are 10 and 50. Ordered quantities >= 10 and < 50 get a 3% discount. Ordered quantities of 50 and more get a 5% discount.

Value break schedule type

Up to break type

Ordered amount	Discount
100	0%
1000	5%

In this case, the breaks are 100 and 1000. For amounts <= 100, the discount is 0%. For amounts > 100 and <= 1000, the discount is 5%.

Note

- If you link a discount schedule to a price book in the Price Books (tdpcg0131m000) session, additional discounts for items are applied via the discount schedule on the price book.
- If a matrix structure exists, discount schedules are specified in the Discount Matrices (tdpcg0130m100) session.

To link discount schedule(s) to purchase contract price revision

In the **Discount Schedule** field of the Purchase Contract Price Revisions (tdpur3103m000) session, you can link one or more <u>discount schedules</u> to a <u>purchase contract price revision</u>.

To link one discount schedule to the price revision

If you want to define the **Discount Schedule** field in the Purchase Contract Price Revisions (tdpur3103m000) session, ERP LN automatically zooms to the Line Discount Schedules (tdpcg0521m100) session. In this session, you can enter one or more discount schedules, with a maximum quantity of five. If you only enter one discount schedule, depending on the ordered quantity and effectivity period of both the discount schedule record and the price revision's effectivity period, one record is selected from the discount schedule.

Example

- Discount Schedule Origin : Purchase Contracts
- Discount Schedule Code : PUR000001
- Schedule Type : Quantity Break
- Currency : Euro

Break type	Break (pcs)	Effective date	Expiry date	Per-cent	Amount (Euro)	Method	Dis-count code
Upto	100	01/05/99	-	-	10	Net	RHT
Upto	200	01/01/99	-	1	-	Gross	-
Upto	300	01/01/99	04/06/99	4	-	Net	MAQ
Upto	300	05/04/99	-	5	-	Gross	APC

If the ordered quantity is 100 pieces, the price is 50 Euro, and the effectivity period of the contract line's price revision runs from 01/04/99 to 30/04/99, the discount is 1% Gross. The net amount then arrives at 49,500 Euro.

To link multiple discount schedules to the price revision

If you link more than one discount schedule to the price revision, depending on the ordered quantity and effectivity period of both the discount schedule records

and the effectivity period of the contract line's price revision, one record is selected from each discount schedule.

Example

If two discount schedules are linked to the price revision, the net amount is retrieved as follows:

- Discount Schedule Origin : Purchase Contracts
- Discount Schedule Code : PUR000002
- Schedule Type : Quantity Break
- Currency : Euro

Break type	Break (pcs)	Effective date	Expiry date	Per-cent	Amount (Euro)	Method	Dis-count code
Upto	100	01/03/99	-	4	-	Gross	MHT
Upto	200	01/01/99	04/06/99	-	10	Net	-
Upto	300	01/01/99	-	4	-	Gross	LAQ
Upto	300	05/04/99	-	5	-	Gross	ZPC

- Discount Schedule Origin : Purchase Contracts
- Discount Schedule Code : PUR000003
- Schedule Type : Value Break
- Currency : Euro

Break type	Break (Euro)	Effective date	Expiry date	Per-cent	Amount (Euro)	Method	Dis-count code
Min.	10000	01/05/99	-	-1	-	Gross	LHT
Min.	20000	01/01/99	04/06/99	-	-10	Net	-
Min.	30000	01/01/99	-	-1	-	Gross	NAQ
Min.	40000	05/04/99	-	-5	-	Net	BPC

If the ordered quantity is 100 pieces, the price is 50 Euro, and the effectivity period of the contract line's price revision runs from 01/05/99 to 01/06/99, the discount applied from PUR000002 is 4% Gross. The net amount now arrives at 48,000 Euro. The discount (read surcharge) from PUR000003 is HFL -5. The total net amount that results from the two linked discount schedules, is 48,500 Euro.

Multiple discount levels

Many organizations offer or receive more than one discount at a time. This is a common business practice that is supported by the multiple discount level functionality of the Pricing Control module. Discount levels are used to set up flexible criteria to allocate discounts to, for example, sales orders and lines or purchase orders and lines.

In ERP LN, you can define up to five levels of discounts. The number of discounts that you can allocate to, for example, a sales order or a purchase order depends on the number of discount levels entered in the **Number of Discount Levels** field of the Pricing Parameters (tdpcg0100m000) session. In this session, you can specify how many discount levels your organization uses and define for each level how it is used. For example, you can define that for level one the first discount found is used, and that subsequent levels are used cumulatively.

For each level, you can define an order line discount and an order discount. You must define a matrix definition and a discount matrix for both the line discount and the total discount. For further information on discount matrices, refer to *To set up a discount matrix (p. 4-1)* .

A discount can be expressed by a discount percentage or a discount amount. Amounts are calculated by unit and are deducted from the gross amount.

Percentages can be calculated over the gross amount or the remaining <u>net amount</u> at the previous level.

Example

A supplier of chairs defined three levels of discounts:

- Level 1: A discount is given to all customers located in a certain area.
- Level 2: A discount is given on the basis of the ordered quantity.
- Level 3: A discount is given for specific items.

The supplier discounts 100 dollars to all customers from New York who place an order (level 1 discount). In addition, a 5% discount is given to each customer who buys more than 500 chairs at 100 dollars each (level 2 discount).

The invoice calculation for a customer from New York who buys 600 chairs is as follows:

Level	Dis-count %	Amount	Method	Discount	Net
1	-	1	Gross	$ 100 (1*100)	$ 59,900
2	5%	-	Net	$ 2,995 (5%*59,900)	$ 56,905

Determining/eligible

If an order line is eligible for total order discounts, the total discounts will be distributed among the order lines.

If an order line is determining, the quantity and value from the order line will be included when calculating total order discounts.

Total order discounts are usually additional to other discounts.

Default value

If you select the **Eligible** and **Determining** check boxes in the Price Matrices (tdpcg0130m000) or the Discount Matrices (tdpcg0130m100) session, the same check boxes are by default selected in the following sessions:

- Buy-from BP - Quotations (tdpur1506m000)
- Purchase Contract Price Revisions (tdpur3103m000)
- Purchase Order Lines (tdpur4101m000)

- Sales Quotation Lines (tdsls1501m000)
- Sales Contract Lines (tdsls3501m000)
- Sales Order Lines (tdsls4101m000)

You can manually change the default settings in the previous sessions.

Example

A total discount of 10% is given if the total order amount for a customer is more than $500.

A customer ordered amounts of $100, $200, and $500, and all order lines are determining for the total discount amount. As a result, a discount can be distributed to the order lines because the total order amount is $800.

If one of the amounts on the order line is eligible for the total discount, a 10% discount is applied to this order line. A 10% discount is given to the eligible order lines of $500 and $100. The amount of $200 is not eligible, so a total discount is not applied.

Order lines are excluded for total order discounts if another (large) discount amount is already applied to them. For example, a $50 discount (for the ordered quantity) is given on an order line amount of $125. The additional total discount that applies to the order line is $40. The total discount amount is $90. The total discount is not given because then the total discount amount is too large on an ordered amount of $125.

Discount retrieval

The functionality to determine discounts is similar to the functionality that is used to retrieve prices. The main differences are as follows:

- Discounts can be stored in discount matrices and <u>discount schedules</u>.
- More than one discount can be applicable. For details, refer to *Multiple discount levels (p. 4-9)* .

To retrieve discounts from a contract

When searching for discounts, ERP LN first checks whether a valid <u>special contract</u> and next a valid <u>normal contract</u> exists. If the order/line is linked to a contract, ERP LN bases the discount of the order/line on the contract discount, if available.

You can define:

- Sales contract discounts in the Sales Contract Lines (tdsls3501m000) session.

- Purchase contract discounts in the Purchase Contract Price Revisions (tdpur3103m000) session. If required, you can link one or more discount schedules to a purchase contract price revision. For details, refer to *To link discount schedule(s) to purchase contract price revision (p. 4-7)* .

Note

If the order/line is linked to a contract, and the contract does not have a valid discount, ERP LN can stop or continue the search based on the setting of the **Apply Discounts if No Contract Discounts** check box in the Pricing Parameters (tdpcg0100m000) session. If this check box is selected, the search continues.

To retrieve discounts from a price book or a discount matrix

If ERP LN cannot find a discount in a special contract or a normal contract, and if the search for discounts continues, ERP LN tries to retrieve discounts from a discount schedule that is linked to a price book, or from a discount matrix. To retrieve discount information from a discount schedule that is linked to a price book, ERP LN must find the correct price book first. To find the correct price book, the retrieval process as described in *Price retrieval (p. 3-5)* takes place.

To retrieve discounts from a discount matrix, ERP LN looks for discount matrices with a matrix definition and matrix attributes that match the properties of the relevant order. Note that all of the matrix attributes must match the properties of the order. When found, the discount schedule of the discount matrix, in which the matrix definition and the matrix attributes are stored, is used to calculate the discount of the order. The discount information of the discount matrix includes a discount amount, a discount percentage or a discount schedule.

The retrieval of discount matrices is controlled by the following settings in the Pricing Parameters (tdpcg0100m000) session for the relevant discount level:

- **First Discount**
  ERP LN picks up the first valid discount found in the level and ignores any other valid discounts. The first valid discount is the one with the lowest matrix sequence number. When more than one discount has the lowest sequence number, the first discount is the one with the latest **Effective Date**. When the first discount is found, the search for discounts stops.
- **Best Discount**
  ERP LN picks up the best discount found for the level and disregards the matrix sequence priorities.
- **Accumulate**
  All valid discounts are retrieved and returned as one aggregated percentage. The maximum aggregated discount percentage is 100.
- **Not Applicable**
  No discounts are retrieved for the pertaining discount level.

Note

- The discount retrieval process takes place for each level of discounts defined, starting with level 1. ERP LN first searches for a line discount, then for an order discount. If no valid discount is found, ERP LN enters a value of 0.00 (zero), which can be maintained or modified by the user.
- The value of the **Determining** and **Eligible** check boxes in the Price Matrices (tdpcg0130m000) and Discount Matrices (tdpcg0130m100) session, also affects the calculation of discounts. For details, refer to *Determining/eligible (p. 4-10)* .
- From the applicable discount schedules or price books that ERP LN finds for a particular order or contract, ERP LN picks up the discounts listed in the currency of the order or contract. If no applicable discount is found in the order currency, ERP LN selects discounts listed in the home currency.
- You can always enter, or overwrite discounts manually. As a result, the following origins can exist for discounts:
    - **Price Book Discount Structure**
    The discount originates from the price book to which a discount schedule is linked.
    - **External**
    The discount originates from an external package.
    - **Manual**
    The discount is entered manually.
    - **Contract**
    The discount originates from a contract.
    - **Discount Structure**
    The discount originates from a Pricing Control (PCG) matrix of the type discount matrix.

Chapter 5
Promotions

5

To set up a promotion matrix

In the Pricing Control module, a promotion matrix is a structure that offers flexible criteria to define and retrieve promotions.

Essentially, a promotion matrix consists of the following elements:

- A matrix definition.
- A set of matrix attributes.
- A promotion or a promotion group.

If the properties of, for example, the sales order match the properties of the promotion matrix, the promotion that is linked to the promotion matrix is applied to the sales order.

To set up a promotion matrix

To set up a promotion matrix, complete the following steps:

Step 1: Pricing Parameters (tdpcg0100m000)

Define the following fields in the Pricing Parameters (tdpcg0100m000) session:

- **On the General tab:**
  Matrix Definition Number Group
- **Discount Schedule Number Group**
- **On the Promotions tab:**
  Promotions Implemented
- **Promotion Number Group**
- **Line Promotion Control**
- **Order Promotion Control**
- **Apply Order Promotions**
- **Promotion Date Type**

Step 2: Matrix Definitions (tdpcg0110m000)

Define a matrix definition of the following matrix types:

- **Line Promotion**
  To define matrix attributes for sales order line promotions. A line promotion is a special offer on a sales order line that reduces the price of the original item by a percentage or monetary amount, or that offers premiums with the purchase of the original item.
- **Order Promotion**
  To define matrix attributes for sales order header promotions. An order promotion is a special offer on a sales order that reduces the total order price by a percentage, or that offers a premium.

In the Matrix Definitions (tdpcg0110m000) session, you must define the elements, which are matrix attributes, for which you want to set up a promotion.

Step 3: Matrix Sequences (tdpcg0120m000)

Define a matrix sequence for the matrix definition in the Matrix Sequences (tdpcg0120m000) session. In this session, you define your own search sequence to find a promotion.

Step 4: Discount Schedule Codes (tdpcg0112m000)

Define a discount schedule with origin **Promotion** in the Discount Schedule Codes (tdpcg0112m000) session. In this session, you can also specify the **Discount Schedule Type** of a specific schedule code.

The schedule type can be one of the following:

- **Quantity Break**
  If promotion agreements in your company are made based on the ordered quantity.
- **Value Break**
  If promotion agreements are made based on the order value.
- **Multiplier**
  If you want to offer premiums based on a **Quantity Break**.

Step 5: Discount Schedules for Promotions (tdpcg0121m300)

Define the promotion details for the discount schedule in the Discount Schedules for Promotions (tdpcg0121m300) session.

Step 6: Promotion Groups (tdpcg0115m000)

If required, maintain promotion groups in the Promotion Groups (tdpcg0115m000) session. Promotion groups enable you to link more than one promotion to a promotion matrix. You must select a **Group Type** and maintain

the group type's promotion group in the relevant session, which you can start from the **Specific** menu.

For an overview of promotion groups, refer to the Promotion Groups - Overview (tdpcg0515m000) session.

Step 7: Promotions (tdpcg0140m000)

Maintain promotions in the Promotions (tdpcg0140m000) session. In this session, you must link the discount schedule to the promotion.

Step 8: Promotion Matrices (tdpcg0130m200)

Promotion matrices are defined in the Promotion Matrices (tdpcg0130m200) session. In this session, you must link a matrix definition to a promotion or a promotion group and you must enter values for the matrix attributes. As a result, matrix attributes are linked to a promotion or a promotion group.

You need not create a promotion matrix for default promotions, which you can define in the **Default Promotion** field of the Promotions (tdpcg0140m000) session, as ERP LN automatically searches for these promotions.

Example

For matrix type **Line Promotion**, define the matrix definition MD1 (matrix definition one). Add the attributes terms of delivery, and currency to the matrix definition.

Specify a promotion discount schedule SLS1 for items with the following characteristics:

- Currency USD.
- A minimum break of 10 pieces.
- A valid period from September 1 to December 1 2004.
- A keyboard as a premium.

Specify a promotion PRO1 with the following characteristics:

- Sales item: Laptop computer A1.
- Link the promotion discount schedule SLS1 to the promotion.

Define a promotion matrix for matrix type **Line Promotion**, and select matrix definition MD1 and promotion PRO1. Enter values for the matrix attributes, such as the following:

- Terms of delivery: CoD (Cash on Delivery).
- Currency: USD.

Promotion scenarios in ERP

The following scenarios represent ways in which users in the consumer packaged goods industry can use the pricing and promotions sessions to set up various types of promotions.

Promotions on line level
- Line item promotion with a percentage off.
- Line item promotion with a value off.
- Buy a quantity or value of an item and get the same item for free.
- Buy a quantity or value of an item and get some other item for free.
- Buy a quantity or value of an item and get a group of items for free.

Promotions on order level
- Order promotion with a percentage off based on the value of the total order.
- Order promotion with a free item based on the value of the total order.

Promotions on line level

Line item promotion with a percentage off

For this promotion, a percentage off is offered on each sales order line. The percentage off depends on the quantity or value ordered. The percentage discounts increase when the ordered quantities or values increase.

In this case, you buy a specified quantity of A, and get a percentage off.

Line item promotion with a value off

A value off is offered on a sales order line. The value off depends on the quantity or value ordered. The discount amounts increase when the ordered quantities or values increase.

In this case, you buy a specified quantity of A, and get a monetary value off.

Buy a quantity or value of an item and get the same item for free

One or more free items are offered on a sales order. The number of free items depends on the item quantity or item value that you ordered.

In this case, you buy a specified quantity of A, and get the same item free of charge.

Buy a quantity or value of an item and get some other item for free

One or a specified number of items (other than the ordered item) are offered for free on each sales order line, depending on the quantity or value ordered on that line.

In this case, you buy a specified quantity of A, and get another item free of charge.

Buy a quantity or value of an item and get a group of items for free

This promotion is to offer items in a group for free on each sales order line, depending on the quantity or value ordered on that line.

In this case, you buy a specified quantity of A, and get a group of items free of charge.

Promotions on order level

Order promotion with a percentage off based on the value of the total order

If the total order value exceeds a specified value, you receive a specified percentage off on the total order.

For example, if your order amount exceeds $1000, you get 3% off on the total order value.

Order promotion with a free item based on the value of the total order

If the total order value exceeds a specified value, you get a number of free items.

For example, if your order amount exceeds $1000, you get ten items for free.

Promotion retrieval

In the Pricing Control module, promotions are defined for items and business partners. Promotions are used to offer extra discounts and/or free gifts on sales orders or sales order lines.

With the exception of default promotions, which are automatically searched for, ERP LN uses promotion matrices to check whether a promotion is defined for the item and/or the business partner of a sales order.

ERP LN looks for valid promotions in the promotion matrices for which a matrix sequence number is defined. The retrieval of promotion matrices is controlled by the **Line Promotion Control** and **Order Promotion Control** parameters in the Pricing Parameters (tdpcg0100m000) session.

These parameters can be set to the following:

- **First Eligible**
  The first valid promotion is applicable.
- **All Eligible**
  All valid promotions are applicable.
- **First Eligible plus All Exclusive**
  The first valid promotion is applicable for which the **Exclusive Promotion** check box is selected in the Promotions (tdpcg0140m000) session.
- **All Exclusive**
  All valid promotions are applicable for which the **Exclusive Promotion** check box is selected in the Promotions (tdpcg0140m000) session.

To retrieve promotions from a promotion matrix, ERP LN looks for promotion matrices with a matrix definition and matrix attributes that match the properties of the relevant sales order. Note that all of the matrix attributes must match the properties of the order. When found, the promotion linked to the promotion matrix is applied to the sales order.

Note

If you enter a sales order or a sales order line, you can display and select eligible and/or applied promotions in the Sales Order Promotion Data Link (tdsls4536m000) session.

Chapter 6
Freight Rates

To set up a freight rate matrix

In the Pricing Control module, a freight rate matrix matrix is a structure that offers flexible criteria to define and retrieve freight rates.

Essentially, a freight rate matrix consists of the following elements:

- A <u>matrix definition</u>.
- A set of <u>matrix attributes</u>.
- A <u>freight rate book</u>.

If the properties of, for example, the sales order match the properties of the freight rate matrix, the freight rate from the freight rate book that is linked to the freight rate matrix, is applied to the sales order.

To set up a freight rate matrix

To set up a freight rate matrix, complete the following steps:

Step 1: Pricing Parameters (tdpcg0100m000)

Define the following fields in the Pricing Parameters (tdpcg0100m000) session:

- **Matrix Definition Number Group**
- **Freight Rate Book Number Group**
- **Search by Distance/Zone**
- **Client Freight Rate Control**
- **Carrier Freight Rate Control**
- **Rate Date for Client Freight Rate**
- **Rate Date for Carrier Freight Rate**

Step 2: Matrix Definitions (tdpcg0110m000)

Define a <u>matrix definition</u> of the following matrix types:

- **Client Freight Rate**
  Use this matrix type to define matrix attributes for <u>cient freight rates</u>.
- **Carrier Freight Rate**
  Use this matrix type to define matrix attributes for <u>carrier freight rates</u>.

In the Matrix Definitions (tdpcg0110m000) session, you define the elements, which are matrix attributes, for which you want to set up a freight rate book.

Step 3: Matrix Sequences (tdpcg0120m000)

Define a <u>matrix sequence</u> for the matrix definition in the Matrix Sequences (tdpcg0120m000) session. In this session, you define your own search sequence to find a freight rate book.

Step 4: Freight Rate Book Codes (tdpcg0116m000)

Define freight rate book codes in the Freight Rate Book Codes (tdpcg0116m000) session. Freight rate book codes are used to identify freight rate books and to provide some general information and settings for freight rate books.

For more information, refer to *Freight rate book codes (p. 6-3)* .

Step 5: Freight Rate Books (tdpcg0150m000)

Define freight rate books in the Freight Rate Books (tdpcg0150m000) session. For further information on freight rate books, refer to *To define freight rate books (p. 6-3)* .

Step 6: Freight Rate Matrices (tdpcg0130m300)

Freight rate matrices are defined in the Freight Rate Matrices (tdpcg0130m300) session. In the Freight Rate Matrices (tdpcg0130m300) session, you must link freight rate book codes to matrix definitions and enter values for the matrix attributes. As a result, freight rate books are linked to matrix attributes.

Example

For matrix type **Client Freight Rate**, define the matrix definition MD1 (matrix definition one). Add the attributes item and ship-from business partner to the matrix definition.

Specify the freight rate book FRB1 for items with the following characteristics:

- Rating method: **Distance**.
- An **Up To** break type.

- For a weight <100:
  - Amount by weight $15.
- For a distance <500:
  - Amount by distance $25.
- A valid period from September 1 to December 1 2004.

Define a freight rate matrix for matrix type **Client Freight Rate**, and select matrix definition MD1 and freight rate book FRB1. Enter values for the matrix attributes, such as the following:

- Item: Laptop computer A1.
- Ship-from business partner: Tradex, Inc.

Freight rate books

Freight rate book codes

A **Freight Rate Book**, which you can define in the Freight Rate Book Codes (tdpcg0116m000) session, provides some settings and general information about freight rate books. A **Freight Rate Book** can be linked to more than one freight rate book in the Freight Rate Books (tdpcg0150m000) session. The settings and information defined in the **Freight Rate Book** apply to all the freight rate books to which the **Freight Rate Book** is linked.

A **Freight Rate Book** does not uniquely identify a freight rate book, but the **Freight Rate Book** serves as a general identifier for the freight rate books to which it is linked. A freight rate book is uniquely identified by the combination of **Freight Rate Book** and header data of the freight rate book.

A **Freight Rate Book** includes the following elements:

- **Freight Rate Book** identification code.
- **Rating Method**. The method by which freight rates are categorized. The options are **Distance** and zone.
- **Distance Unit**. The unit by which the distance is expressed, such as miles, kilometers, or any other distances defined in Common Data.
- **Free Distance**. The distance for which there is no charge.

To define freight rate books

A freight rate book is a list of freight rates. A freight rate includes an amount per distance or zone and a few other attributes, such as weight, service level, or carrier.

A freight rate can be of the following types:

- Client rate

- <u>Carrier rate</u>

A freight rate book consists of the following elements:
- Freight rate book code.
- Freight rate book header data.
- Freight rate book instances.

Freight rate book code

The **Freight Rate Book** identifies a freight rate book and provides some general information about the freight rate book. For details, refer to *Freight rate book codes (p. 6-3)* .

Freight rate book header data

Freight rate book header data includes some general attributes that apply to all the distances/zones per amount(s) of the freight rate book, such as:

- **Carrier/LSP**
  The **Carrier/LSP** that carries out transportation against the rates defined in the current freight rate book.
- **Weight**
  The basic weight to which the rates per distance/zone of the current freight rate book apply.
- **Service Level**
  The <u>service level</u> to which the rates per distance/zone of the current freight rate book apply.

Freight rate book instances

The list of amounts per distance or zone that apply to the header data.

To set up a freight rate book

Step 1: Freight rate book number group

Define a freight rate book number group in the **Freight Rate Book Number Group** field of the Pricing Parameters (tdpcg0100m000) session.

Step 2: Freight Rate Book

Define a **Freight Rate Book** in the Freight Rate Book Codes (tdpcg0116m000) session.

Step 3: Freight rate book header data

Define the freight rate book header data in the Freight Rate Books (tdpcg0150m000) session.

Step 4: Freight rate book instances

Define the distances or zones, and the freight rates against the distances or zones in the Freight Rate Books (tdpcg0150m000) session.

Distance descriptions are defined in the Distance Descriptions by Freight Rate Books (tdpcg0117m000) session.

Zones are defined in Freight Management. For more information, refer to *Zones (p. 6-6)* .

Example

Freight rate book header data

Carrier/LSP	Speedex, Inc.
Weight	100 kg
Break Type	Minimum
Service Level	Speedy delivery
Rating Method	Distance

Freight rate book entries

Distance	Amount per distance	Amount per weight	Minimum amount
0	10	15	2,000
500	25	25	3,000

For the distances and weights displayed below, these rates would result in the following freight costs:

Instance	Dis-tance	Weight	Freight costs
A	100	200	100*10 + 200*15 = 4,000
B	1000	50	1000*25 = 25,000
C	30	100	2000

For B, there is no weight charge, since the weight is < 100 kg. For C, the calculated amount (30 * 10 + 100 * 15 = 1800) is < than the minimum amount, so the minimum amount is charged.

Zones

Freight rates are based on distances and zones, and a few other optional elements, such as weight, service level, or carrier. The distances are defined by the distances entered in the Freight Rate Books (tdpcg0150m000) session of the Pricing Control module and by the zones defined in Freight Management. A zone consists of the following elements:

- **Zone** identification
- **Zone Type**
- A carrier
- Zone information

Zone identification

A **Zone** identification consists of a code and a description.

Zone Type

A **Zone Type** determines the type of zone information that makes up a zone. In Freight Management, the following zone types are defined:

- **ZIP**
- **City**
- **Distance**

Carrier

Some carriers use their own zone system, on which these carriers base their rates. You can specify a carrier to indicate that a given zone is only used by that particular carrier.

Zone information

Zone information includes the details, such as the origin and destination countries, zip code ranges, cities, or distances, that make up the zone. The **Zone Type** of a **Zone** determines the type of zone information of which a zone consists.

- Zones by zip
- Zones by city
- Zones by distance

How to define zones

To define a zone, proceed as follows:

1. In the Zones by Zone Type and Carrier/LSP (fmfrc1110m000) session, define the following data:
   a. The **Zone Type**. To select a **Zone Type**, click the **New Group** button on the toolbar.
   b. The **Carrier/LSP**, if required.
   c. The code and the description of the **Zone**. To add a code and a description, click the **New Record** button on the toolbar.
2. Start the Zones by ZIP (fmfrc1120m000) session, the Zones by City (fmfrc1130m000) session, or the Zones by Distance (fmfrc1140m000) session to enter the relevant zone information.

The use of zones

Zones by **ZIP**, zones by **City**, and zones by **Distance** are used to define freight rates. In the Freight Rate Books (tdpcg0150m000) session, the code of a zone is linked to a freight amount. As a result, all goods transports that take place in regions falling within the zip code ranges, the city ranges, or the distance defined for the zone, have the same basic rate, as long as the other factors that make up the freight rate, such as basic weight or carrier, apply.

Note

You cannot select zone codes of the **Distance** type in the Freight Rate Books (tdpcg0150m000) session. To define a freight rate by **Distance** in the Freight Rate Books (tdpcg0150m000) session, you manually enter a distance and the pertaining freight amount. In the background, the distance entered manually is linked to the corresponding zone by **Distance** defined in Freight Management.

The zone functionality of the Freight Rates and Cost module is very flexible and enables you to set up zones in various ways.

Example

You can define zones by **ZIP** code in the following way:

Zone	ZC1		
Origin Country	The Netherlands		
Origin Zip Code from	1000 AA		
Origin Zip Code to	1050 ZZ		
Destination country	**Destination Zip Code from**	**Destination Zip Code to**	**Zone**
The Netherlands	2500 AA	2550 ZZ	ZC1

This is an example of a zone that covers two delivery areas, or one collect and one delivery area. The origin ZIP code From and the origin ZIP code To mark the origin area. ZIP code range 1000 AA to 1050 ZZ covers Amsterdam and surrounding area. The destination ZIP code from and the destination ZIP code to mark the destination area. ZIP code range 2500 AA to 2550 ZZ covers The Hague and surrounding area. If this zone is linked to a freight rate in the Freight Rate Books (tdpcg0150m000) session, transport from addresses in the origin range to addresses in the destination range are charged with the freight rate.

Zone	ZC2		
Origin Country	Belgium		
Origin Zip Code from	2000		
Origin Zip Code to	2099		
Destination country	**Destination Zip Code from**	**Destination Zip Code to**	**Zone**
The Netherlands	2500 AA	2550 ZZ	ZC2

This zone is similar to the previous zone, ZC1. The difference is that this zone crosses national borders. The origin range covers Antwerp and its immediate surroundings. Transports from addresses in the origin range to addresses in the destination range are rated according to the freight rate linked to Zone ZC2.

Zone	ZC3	**City**	
Origin Country	Belgium		
Origin Zip Code from	2000		
Origin Zip Code to	2099		
Destination country	**Destination Zip Code from**	**Destination Zip Code to**	**Zone**
The Netherlands	2500 AA	2550 ZZ	ZC3
The Netherlands	1000 AA	1099 ZZ	ZC3

This zone is similar to the previous zone, ZC2. The difference is that this zone has more than one destination area. You can add any number of destination areas.

Origin Country	The Netherlands		**City**		
Origin Zip Code from	3100 AA		Rotterdam		
Origin Zip Code to	3145 ZZ		Rotterdam		
Carrier	Speedex International Ltd				
Destination country	**Destination Zip Code from**		**Destination Zip Code to**		**Zone**
The Netherlands	3500 AA	Utrecht	3599 ZZ	Utrecht	ZC4
The Netherlands	4800 AA	Breda	4850 ZZ	Breda	ZC4
The Netherlands	6200 AA	Maastricht	6228 ZZ	Maastricht	*ZC5*

This table actually displays two zones: ZC4 and ZC5. ZC4 has ZIP code range 3100 AA-3145 ZZ as origin area; and 3500 AA-3599 ZZ and 4800 AA-4850 ZZ as destination areas. ZC5 has ZIP code range 3100 AA-3145 ZZ as origin area;

and 6200AA-6228 ZZ as destination area. If these zones are linked to a freight rate in the Freight Rate Books (tdpcg0150m000) session, transport from addresses in the origin ZIP ranges to addresses in the destination ranges are charged with the freight rate.

Caution!

The Zones by ZIP (fmfrc1120m000) session and the Zones by City (fmfrc1130m000) session enable you to enter an unlimited number of ZIP code or city ranges for a single zone. Very large zones can be difficult to maintain.

Freight rate retrieval

In the Pricing Control module, freight rates are stored to calculate the transportation costs of items listed on:

- Freight order lines.
- Freight order clusters.
- Sales order lines.
- Sales quotation lines.
- Loads.
- Shipments.

To determine the transportation costs of, for example, a sales order line, ERP LN retrieves the freight rate from freight rate books defined in the Pricing Control module. To find the correct freight rate book, ERP LN uses freight rate matrices.

The retrieval of the correct freight rate matrix is controlled by the following:

- The invoicing method selected on the order header or in the Invoice-to Business Partners (tccom4112s000) session. If the invoicing method is **Client Rates**, **Client Rates** are searched for. If the invoicing method is **Freight Costs** or **Freight Costs (Update Allowed)**, carrier rates are searched for. If the invoicing method is set to **Not Applicable**, no freight rates are searched for.

- The **Carrier Freight Rate Control** and **Client Freight Rate Control** parameters in the Pricing Parameters (tdpcg0100m000) session, which can be set to **First Rate** or **Lowest Rate**.

To retrieve freight rates from a freight rate matrix, ERP LN looks for valid freight rate books in the freight rate matrices for which a matrix sequence number is defined. ERP LN searches the freight rate matrices for a matrix definition and matrix attributes that match the properties of the sales order line, shipment, freight order cluster, and so on. Note that all of the matrix attributes must match the properties of the sales order line, freight order cluster, shipment, and so on. When found, the freight rate book of the freight rate matrix, in which the matrix

definition and the matrix attributes are stored, is used to calculate the transportation costs of the sales order line.

Note

For loads and shipments, freight rates from more than one freight rate book can be used to calculate the freight costs. This depends on the properties of the loads or shipments involved.

Chapter 7
Pricing Control - Additional Processes

7

Pricing Control - additional processes

A number of processes can be used optionally in the Pricing Control module depending on specific situations.

These are the following processes:

- *To copy price books (p. 7-1)*
- *To copy quotations to a supplier price book (p. 7-1)*
- *To delete pricing information (p. 7-2)*
- *To display pricing information for a specific line (p. 7-2)*
- *To equate balance of receipts with inventory level (p. 7-2)*
- *To globally update prices and discounts (p. 7-2)*
- *To import prices from item data to a price book (p. 7-3)*
- *To rebuild the generic key (p. 7-3)*
- *To recalculate prices and discounts (p. 7-3)*
- *To simulate prices (p. 7-3)*
- *To view and maintain line discounts (p. 7-4)*

To copy price books

You can use the Copy Price Book (tdpcg0231m100) session to copy existing price book data to a new price book or to an existing price book. Data is copied to and existing price book to update the price in this price book.

To copy quotations to a supplier price book

Because quotations are usually the input for price book maintenance, you can copy the quotation to the supplier price book in the Convert Quotations to Contracts/Orders/Price Books (tdpur1202m000) session.

To delete pricing information

You can delete pricing information in the Delete Price Information (tdpcg0200m000) session.

You can delete pricing information from (a selection of) the following sessions:

- Matrix Sequences (tdpcg0120m000)
- Price Matrices (tdpcg0130m000)
- Discount Matrices (tdpcg0130m100)
- Promotion Matrices (tdpcg0130m200)
- Freight Rate Matrices (tdpcg0130m300)
- Price Books (tdpcg0131m000)
- Discount Schedules (tdpcg0121m000)
- Discount Schedule - by Origin (tdpcg0121m100)
- Discount Schedules for Promotions (tdpcg0121m300)
- Freight Rate Books (tdpcg0150m000)

To display pricing information for a specific line

From various lines sessions in the Sales Control and Purchase Control modules, you can zoom to the Price Inquiry (tdpcg0250m000) session to view pricing information for a specific line.

You can display pricing information for:

- A request for quotation (RFQ) line.
- A purchase contract price revision, which is always linked to a purchase contract line.
- A purchase order line.
- A sales quotation line.
- A sales contract line.
- A sales order line.

To equate balance of receipts with inventory level

You can use the Equate Balance of Receipts with Inventory Level (tdipu0201m000) session to decrease the value of the cumulative receipts. You must run this session periodically to ensure that realistic average purchase prices for the items are calculated.

To globally update prices and discounts

A number of sessions are available that enable you to globally update prices and discounts.

- **Base prices on item level**
  You can update base prices in the purchase item data with the Global Update of Prices in Item Purchase Data (tdpcg0232m000) session.

- You can update base prices in the sales item data with the Global Update of Prices in Item Sales Data (tdpcg0233m000) session.

- **Discounts in discount matrices**
  You can update discounts in discount matrices with the Global Update of Discounts (tdpcg0230m100) session.

- **Prices and freight rates in matrices**
  You can update prices in price matrices, or freight rates in freight rate matrices with the Global Update of Prices via Price Matrices (tdpcg0230m300) session.

- **Prices in price books**
  You can update prices in price books with the Global Update of Prices via Price Books (tdpcg0231m000) session.

To import prices from item data to a price book

You can use the Import Prices from Item Data to Price Book (tdpcg0231m200) session to import prices from one of the following sessions into a price book:

- Items - Sales (tdisa0501m000)
- Items - Purchase (tdipu0101m000)
- Items - Costing (ticpr0107m000)
- Items - Service (tsmdm2100m000)

To rebuild the generic key

If the database is corrupt, you can run the Rebuild Generic Key (tdpcg0230m200) session to restore the data in the Pricing Control matrices.

To recalculate prices and discounts

You can use the Recalculate Price and Discount (tdpcg0240s000) session to recalculate prices and discounts for quotations and quotation lines, and for orders and order lines.

For what entity you perform recalculation, depends on the session from which you start the Price and Discount Recalculation Parameters (tdpcg0240s000) session.

To simulate prices

You can simulate prices for a particular item (either sales or purchase) based on a business partner and date in the Price Simulator (tdpcg0200m300) session.

If you click the **Calculate** button, the Price Calculator (tdpcg0200m100) session starts in which you can enter the data for the simulated new prices.

To view and maintain line discounts

From various lines sessions in the Sales Control and Purchase Control modules, you can zoom to the Pricing Control module to view and enter line discounts.

The following line discount sessions are available:

- Line Discounts (tdpcg0200m200)
- Line Discount Schedules (tdpcg0521m100)

Appendix A
Glossary

<div style="text-align: right;">A</div>

break type

An entity used to specify how breaks between ranges of entities such as distances, amounts, or ordered quantities of items are defined. A break, in this case, is the first or the last number of a range. A break type has either of the following values:

Minimum The break is the lowest number of a range.

Example

Break type minimum

Ordered quantity	Discount
10	3%
50	5%

In this case, the breaks are 10 and 50. Ordered quantities >= 10 and < 50 get a 3% discount. Ordered quantities of 50 and more get a 5% discount.

Up To The break is the highest number of a range.

Example

Break type up to

Distance	Freight rate
100	10
1000	50

In this case, the breaks are 100 and 1000. For distances <= 100, the rate is 10. For distances > 100 and <= 1000, the rate is 50.

carrier

An organization that provides transport services. To use a carrier for load building, freight order clustering, transport cost calculation, and invoicing, you must define the carrier both as a carrier and a buy-from business partner in Common Data. A carrier is also referred to as a forwarding agent.

Synonym: Logistics Service Provider (LSP)

carrier rate

A freight rate used by a carrier to calculate the transportation costs of a given number of goods.

carrier rate book

A freight rate book where you can maintain freight agreements with carriers.

client rate

A freight rate agreed upon by a customer and a supplier.

client rate book

A freight rate book where you can maintain freight agreements with business partners.

Client rates

Client rates are freight rates agreed on with an organization's business partners. These rates are maintained in the client freight rate books in the Pricing Control of Order Management. Client rates is also one of the invoicing methods used to calculate the invoice amount for freight costs.

discount amount

The discount given to a business partner, calculated by unit and expressed as a value. For instance, 3 euro.

discount percentage

The percentage that you can subtract from the gross sales price or purchase price.

discount schedule

A schedule used to calculate discounts for an item. The discounts defined in a discount schedule are expressed as a percentage or an amount and are subject to a minimum or maximum quantity or value.

effectivity unit

A reference number on a sales order line or a sales quotation line that is used to model deviations for a unit effective item, or to peg purchase orders or production orders to a specific sales order line.

freight rate

A rate that is used to calculate transportation costs for items listed on loads, shipments, and the following types of orders:

- Freight orders
- Sales orders
- Sales quotations

Freight rates are defined in freight rate books in the Pricing Control module of ERP LN. A freight rate is defined by distance, weight, and various other attributes.

Example

Weight	Rating method	Service level	Amount	Distance
100 kg	Distance	Express delivery	USD 150	50 km

freight rate book

An entity in the Pricing Control module, where the freight rates are maintained. Freight rates are maintained for a combination of attributes such as rate basis number, weight, service level, and so on.

gross amount

The total amount from which taxes, rebates, discounts, and so on are deducted to reach the net amount. The gross amount is calculated by multiplying the order quantity with the book price.

load building

The freight planning engine of Freight Management. The load building engine groups goods that require transportation into shipments and loads.

Logistics Service Provider (LSP)

See: *carrier (p. A-2)*

matrix attributes

A list of elements used to define a price, discount, promotion, or freight rate. The group of matrix attributes is identified by a matrix definition and type.

For example, imagine you are a furniture vendor and you decide to maintain your sales prices based on two elements:

- The specific item you sell.
- The way to handle payments.

In this case, the matrix type is Sales Price, the matrix definition is Furni (this name is user-definable), and the matrix attributes are Item and Payment Method.

matrix definition

The matrix definition code defines the group of elements (matrix attributes) that a Pricing Control matrix uses to determine a price, discount, promotion, or freight rate.

For example, imagine you are a furniture vendor and you decide to maintain your sales prices based on two elements:

- The specific item you sell.
- The way to handle payments.

In this case, the matrix type is Sales Price, the matrix definition is Furni (this name is user-definable), and the matrix attributes are Item and Payment Method.

matrix sequence

The order in which a matrix definition is searched for.

matrix type

An entity used to define the type of a **Matrix Definition** and to classify the matrix attributes.

The following matrix types are available in the Pricing Control module:

- **Sales Price**.
- **SOL Discount**.
- **SO Total Discount**.
- **Purchase Price**.
- **POL Discount**.
- **PO Total Discount**.
- **Transfer Price**.
- **Line Promotion**.
- **Order Promotion**.
- **Client Freight Rate**.
- **Carrier Freight Rate**.

For each type, ERP LN generates a selection of attributes. In a matrix type, the combination of a maximum of six attributes identifies the matrix definition.

net amount

The gross amount minus discounts. The net value is always stated in the transactional currency.

If multiple discount levels are used, the net amount is calculated from the gross amount minus discounts at previous levels.

normal contract

A customer-oriented contract, agreed upon by suppliers and customers, that is used to record specific agreements. A normal contract is usually valid for approximately one year.

A normal contract cannot be activated if another active contract exists for the same business partner in a specific period.

order discount

A discount percentage or amount to be subtracted from the total order amount.

Synonym: Synonym: total discount.

order line discount

A percentage or amount subtracted from the amount of an order line.

premium

A free item that is offered to the customer as part of a promotion.

price book

An entity in which you can store price information.

You can store the following in a price book:
- The base sales price.
- The base purchase price.
- The price unit for items.

Prices are defined by currency and are valid for a given period of time.

A quantity or value break discount schedule can be tied to a price book.

price matrix

A pricing structure that offers flexible criteria to define prices and discounts. You can set up additional prices for items in a price matrix.

Pricing Control (PCG) matrices

A Pricing Control matrix is an entity in which prices, discounts, freight rates, or promotions are maintained for customers, suppliers and/or items. In the Pricing Control module, the following types of matrices are available:

- Price matrices.
- Discount matrices.
- Promotion matrices.
- Freight Rate matrices.

Essentially, a Pricing Control matrix includes the following elements:

- A **Matrix Type**.
- A **Matrix Definition**.
- A set of matrix attributes.
- Pricing information, such as price books, discount schedules, promotions, or freight rate books.

The matrix type and the matrix definition determine the available matrix attributes. The pricing information is determined by the type of Pricing Control matrix.

Example

In a price matrix, you can define a price for the following attributes and values:

Attribute	Value
Sold-to business partner	Apex Wholesellers, Inc.
Terms of Delivery	CoD (cash on delivery)
Item	Can opener aw10

When an order is entered for Apex Wholesellers, Inc. for item Can opener aw10, and the terms of delivery are CoD, the price maintained in the price matrix is used to calculate the price for the order.

pricing information

Pricing information includes prices, discounts, promotions, and freight rates. If Pricing Control (PCG) matrices are used, pricing information is maintained for sets of attributes and values. The attributes are defined in matrix definitions and the values in the relevant Pricing Control (PCG) matrix.

Example

You can define a price for the following attributes and values:

Attribute	Value
Sold-to business partner	Apex Wholesellers, Inc.
Terms of Delivery	CoD (cash on delivery)
Item	Can opener aw10

promotion

The application of an additional discount, value off, or premium to a sales order based on predefined order levels of selected items. Two basic types of promotions exist: order level and line level.

promotion group

An entity in which items, sold-to business partners, or promotions that share the same promotion attribute values are maintained.

purchase contract price revision

A date-controlled agreement for price and discount elements on the purchase contract line. Price revisions enable you to have several prices over time. An active revision is valid from its effective date up to the effective date of the next revision, or the expiry date of the purchase contract line.

purchase order lines

The lines on purchase orders that record detailed information about, for example:
- The ordered items.
- The price agreements.
- The delivery dates.
- Shipping.
- Invoicing.

You can have one or more lines on a purchase order.

quotation lines

The lines used to record the items offered, as well as the associated price agreements and quantities. A sales quotation is comprised of one or more quotation lines.

request-for-quotation (RFQ) line

The lines that contain the item details in a request-for-quotation (RFQ), such as required quantity, time to be delivered, delivery warehouse and so on.

The item lines are sent to the buy-from business partner. As a result, the buy-from business partner can quote for each item individually. The buy-from business partner can also give alternatives for the required item.

sales contract

Sales contracts are used to register specific agreements with a sold-to business partner about the delivery of certain goods.

A contract is comprised of:

- A sales contract header with general business partner data, and optionally, a linked terms and conditions agreement.
- One or more sales contract lines with price/discount agreements and quantity information that apply to an item or price group.

sales order lines

A sales order contains items that are delivered to a customer, according to certain terms and conditions. The lines of a sale order are used to record the items ordered, as well as the associated price agreements and delivery dates.

service level

The level of service offered by a carrier in connection with goods transports, such as speedy delivery, delivery within twelve hours, and so on. Usually, a service level is related to the freight rates that a carrier uses to calculate prices for transportation services.

special contract

A customer-oriented contract, agreed upon by buy-from business partners and sold-to business partners that is used to record specific agreements for specific projects. A special contract can also be a promotional contract.

For special contracts, an overlap in effectivity periods is allowed for the same item/business partner combination.

supplier price book

A standard purchase price book that is used to store:

- The default purchase price of an item by buy-from business partner, ship-from business partner, or both.
- The prices copied from supplier quotations.
- The default prices of items.

Synonym: total discount.

See: *order discount (p. A-5)*

upgrade price

A price that is defined for a requirement in Unit Effectivity (UEF). If the requirement is used in an effectivity unit's configuration, the upgrade price is added to the effectivity unit's sales price.

zone

A distance or a geographical area. Zones are used to define freight rates. To define a freight rate, the geographical area defined by the zone is linked to a freight amount in the Pricing Control module. Thus the freight rate is used to calculate the transportation costs of goods transports that take place in the area defined by the zone. In other words, all goods transports within the area go for the same rate, provided that the other factors that make up the rate, such as basic weight or carrier, apply.

In ERP LN, the following types of zones are available:

- **ZIP**.
- **City**.
- **Distance**. Note At present, the **Distance**. **Zone Type** is not used to define freight rates in the Pricing Control of Order Management.

zone by city

A zone of the **City** type. Zones of this type are defined by an origin city in an origin country and a destination city in a destination country. For each zone, you can define several origin country/city and destination country/city combinations.

Example

Zone ZC1 Origin country: The Netherlands. Origin city: Amsterdam. Destination country: The Netherlands. Destination city: Rotterdam.

Zone ZC2 Origin country: United Kingdom. Origin city: London. Destination country: Belgium. Destination city: Antwerp.

Zone ZC3 Origin country: The Netherlands. Origin city: Amsterdam. Destination country: The Netherlands. Destination city: The Hague. Origin country: The Netherlands. Origin city: Amsterdam. Destination country: The Netherlands. Destination city: Utrecht.

zone by distance

A zone of the **Distance** type. A **Zone** of this type consists of a distance.

Example

ZD1 100 Kilometres

ZD2 500 Kilometres

ZD3 1000 Kilometres

zone by zip

A zone of the **ZIP** type. A zone of this type consists of a geographical area that is defined by one or more origin areas and one or more destination areas. The origin area consists of an origin country and an origin area. The destination area consists of a destination country and a destination area. Both the origin and the destination areas (which bear no relation to the areas defined in Common Data) are defined by ranges of **ZIP** codes. The places in between the origin and destination areas are included in the zone.

Example

Zone ZC1: Origin country: The Netherlands. Origin area: zip codes 1000 AA to 1050 ZZ (Amsterdam and surrounding area). Destination country: The Netherlands. Destination area: 3100 AA to 3145 ZZ (Rotterdam and surrounding area).

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