SAP PS

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About the Tutorial

Project System (PS) is one of the key modules of SAP to perform project and portfolio management. It helps you to manage the project life cycle starting from structuring to planning, execution, until the project completion.

Audience

SAP PS helps to manage and support all the SAP projects in a company. Project System is a source to organization for planning, scheduling, collecting, and generating revenue and expenditure over a project period.

Prerequisites

There are no set prerequisites to learning SAP PS, but it will help if the reader has a background in the business area that this module covers.

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1. SAP PS – Overview

Project System is one of the key modules of SAP to perform project and portfolio management. It helps you to manage the project life cycle starting from structuring to planning, execution, until the project completion. Project system is closely integrated with other SAP modules like logistics, material management, Sales and Distribution, Plant Maintenance, and Production planning module.

It enables organizations to manage all SAP projects- large and small-scale projects efficiently. The Project Manager has a task to ensure that these projects are executed within budget and time and to ensure that resources are allocated to the project as per the requirement.

Before a project is initiated, it is required that project goal is clearly defined and the activities be structured.

The integration between SAP Project System PS with SAP ERP R/3 application modules allows you to design, plan, and execute the projects as part of your normal project procedure. Hence, Project System module has the constant data access to all the departments involved in the project.

Classification of Projects

As per budget, projects can be categorized in the following categories-

- **External Financed Projects -** This includes the projects which are sponsored by clients and are executed to meet the client requirements. These projects are called customer projects and project goal is aligned to meet the customer demand.
-
- **Internal Financed Projects -** This includes project related to capital investment or overhead cost projects.

You can also categorize projects according to the list of activities and project structure or on the basis of individual activities-

- Using Work breakdown structure WBS.
- Using individual activities as per work packages.

In Project System, Work Breakdown structure and network diagram can be used to structure the project either in hierarchical order or in using network techniques. You can define key milestones and documents that allow you to monitor the progress of project and helps you to define key interest of individuals.

Project Structure can be defined either manually or based on templates. You can also create the Project structures using sales documents automatically.

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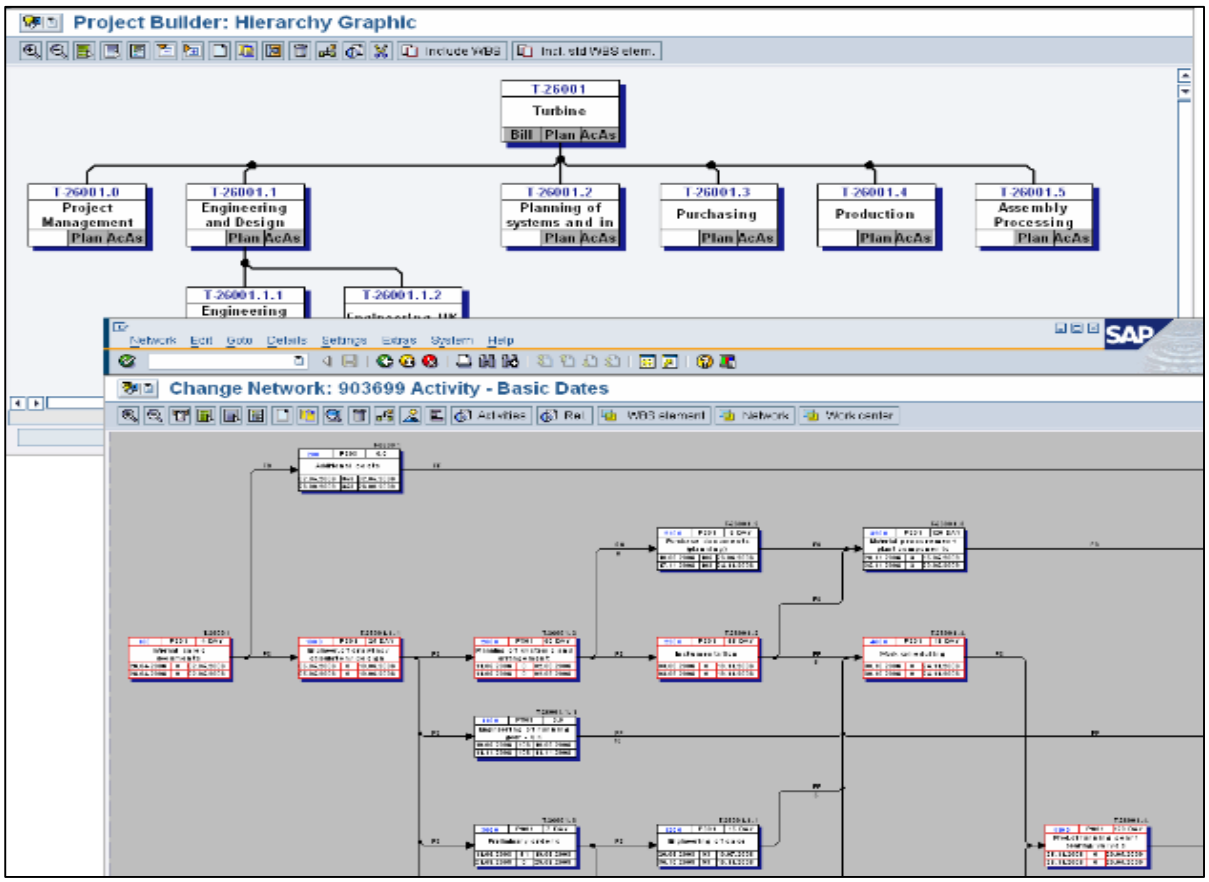
In the following diagram, you can see the sample project structure that is created hierarchically using Work Breakdown structure.



Graphical Display of WBS

Project System – Process Flow

In Project System, each process has a defined set of tasks to be performed. These tasks are known as process flow in Project Lifecycle.

When a project request is received, a project is created and it has to undergo the following steps in project process flow/lifecycle.

Following are the key steps involved in Project process flow-

- Create Templates/WBS
- Create Project
- Project Planning
- Budgeting and Release
- Project Implementation
- Project Completion

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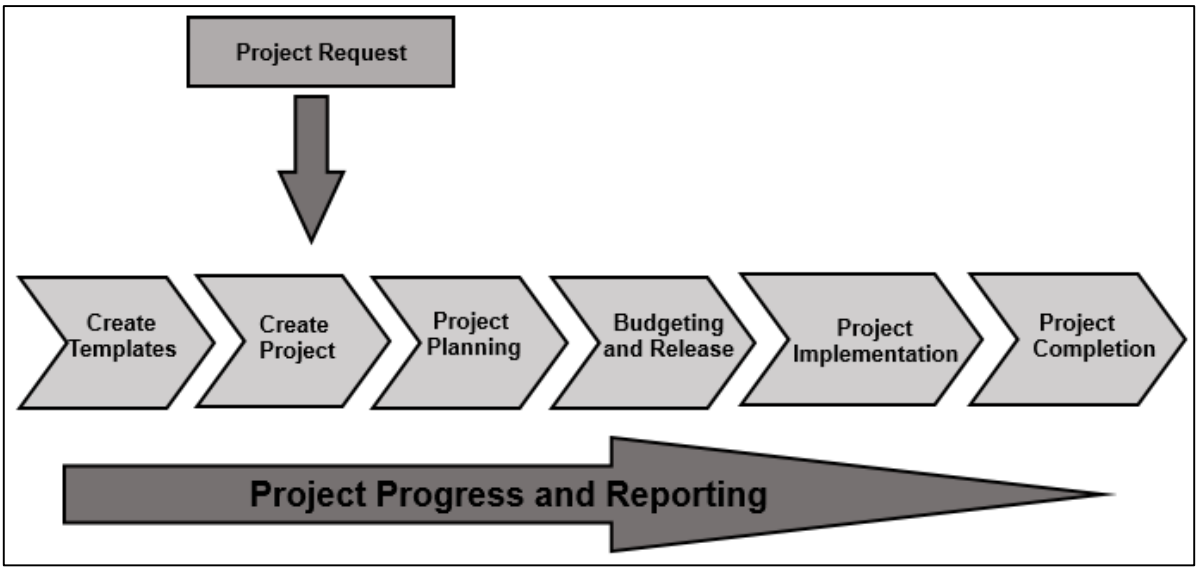
Here is a diagrammatic representation of the process flow of SAP PS:



SAP Project System: Process Flow

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2. SAP PS – Integration with ERP Modules

Project system is closely integrated with other SAP modules like logistics, material management, Sales and Distribution, Plant Maintenance, and Production planning module.

The integration between SAP Project System PS with SAP ERP R/3 application modules allows you to design, plan, and execute the projects as part of your normal project procedure. Hence, Project System module has the constant data access to all the departments involved in the project.

SAP PS system is tightly integrated with the following modules-

- **Finance and Controlling Module:** To plan the costs and revenue in the project system as per the financial planning requirements.
- **Material Management MM:** To manage procurement and inventory functions occurring in project lifecycle.
- **Sales and Distribution Module:** To manage the sales process in project lifecycle- includes quotations for customer projects. This includes billing, selling, and shipping of goods and services required in project lifecycle.
- **Production Planning:** To perform activities like material requirement planning MRP, Bills of material BOM, material requisition as per MRP, capacity planning, and other production planning tasks in project lifecycle.
- **Other R/3 modules:** Other modules like plant maintenance, budget management, investment, etc.

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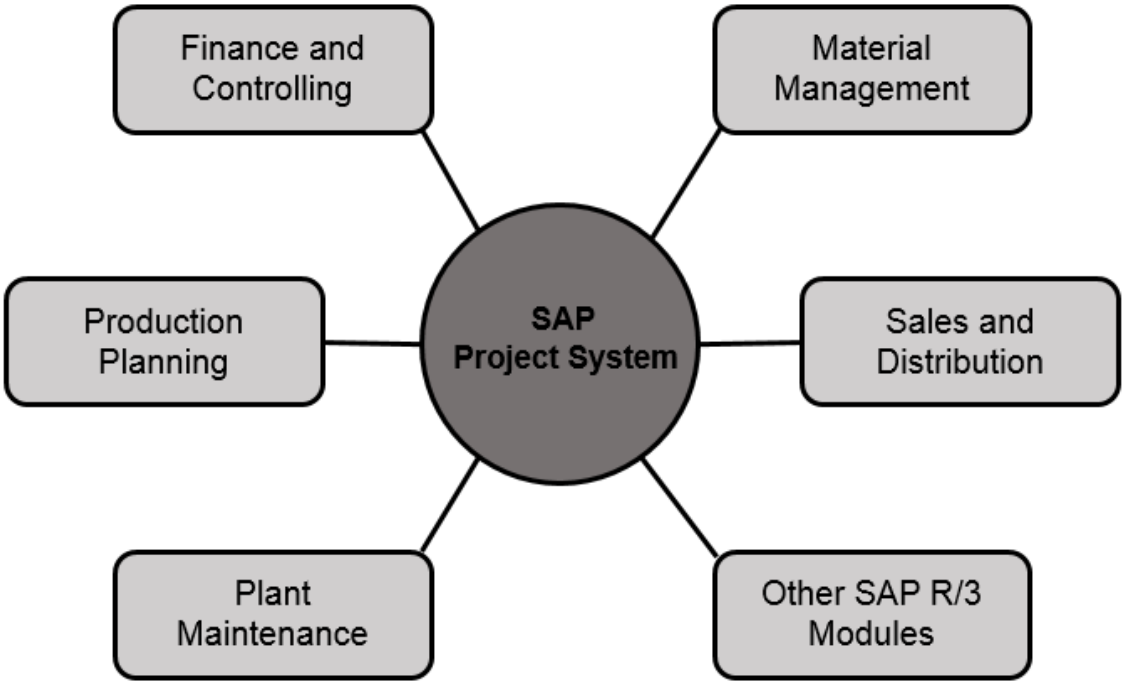
In the following diagram, you can see SAP Project System is integrated with SAP R/3 modules during project lifecycle.



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3. SAP PS – Organization Structure and Elements

When a project is initiated, it starts with the definition and classification of the project structure, which is required to align it with the existing enterprise structure in an organization.

Project System has no organizational structures of its own and we have to incorporate the structure to enterprise structure by assigning organization elements in different ERP R/3 modules. These organization elements allow Project system to maintain and get the data correctly.

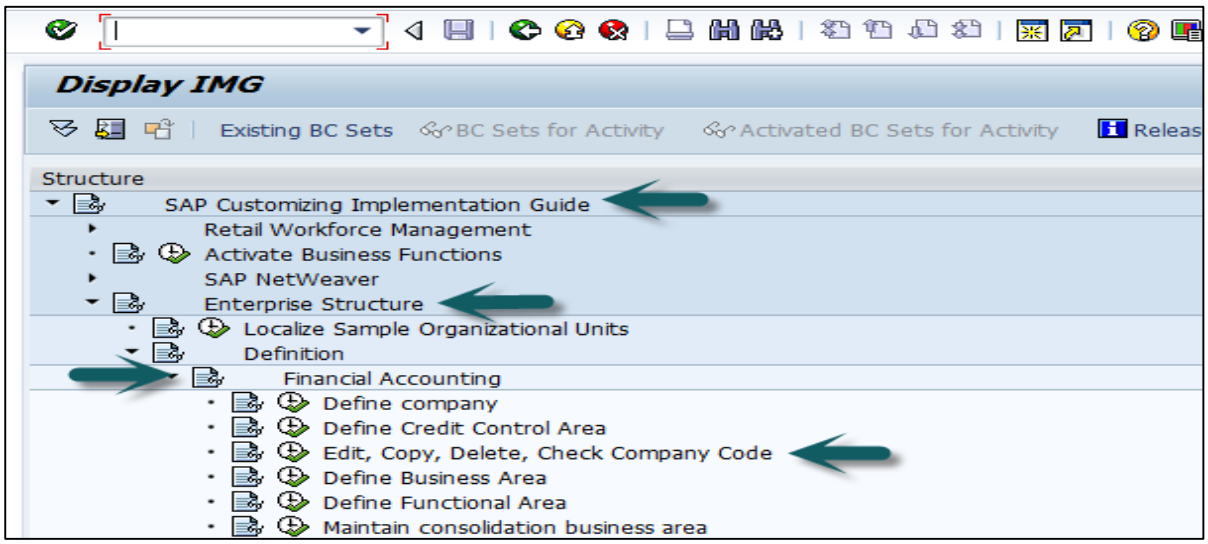
An Organization structure consists of various elements that have to be created as part of structuring of project. Following are the organization elements-

Company Code

In SAP FI, a company can comprise of multiple codes, however it acts as a single unit for which financial statements are available. Company code is smallest unit in an organization for which financial statements (profit-loss statement, etc.) can be generated.

To create, edit and delete a company code, follow the steps given below-

Step 1: Expand Enterprise Structure ->Definition-> Financial Accounting -> Edit, Copy, Delete, check company code.



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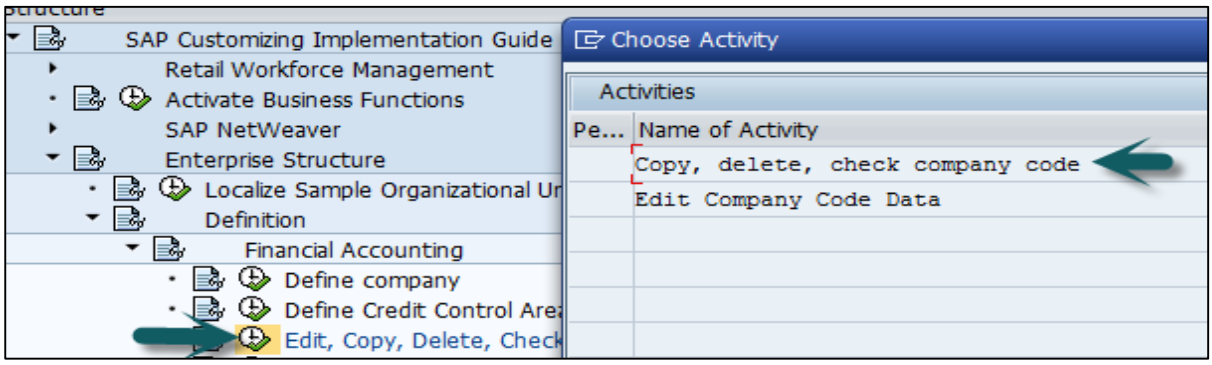
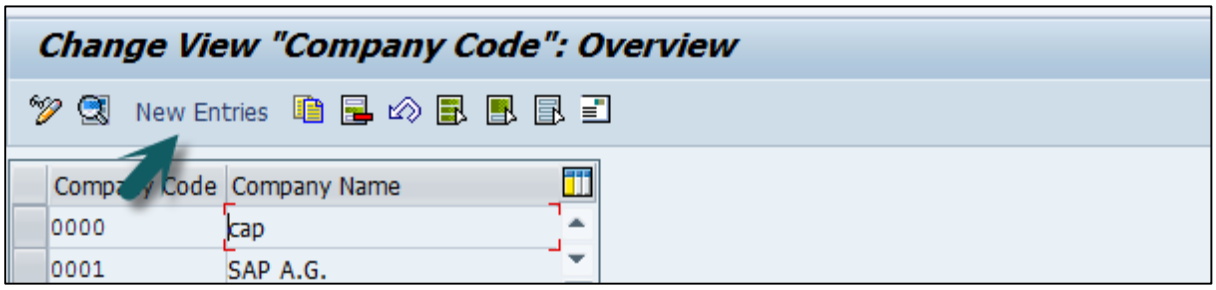
Step 2: A new window will open. You can create new company code by selecting both the options.

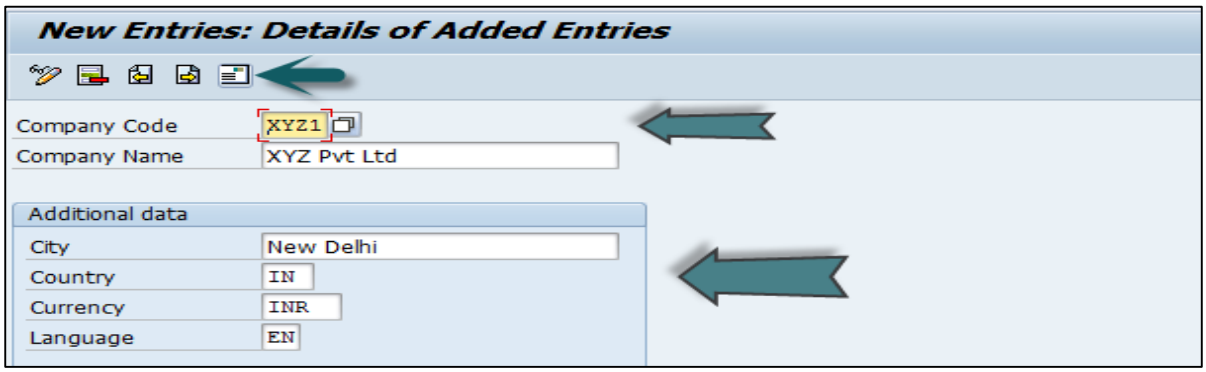


The option **Copy, delete, and check company code** allows you to copy all configuration and tables automatically.

Step 3: If you select Edit company code, you will get the following window.



Step 4: Click **New Entries** and update the code details.



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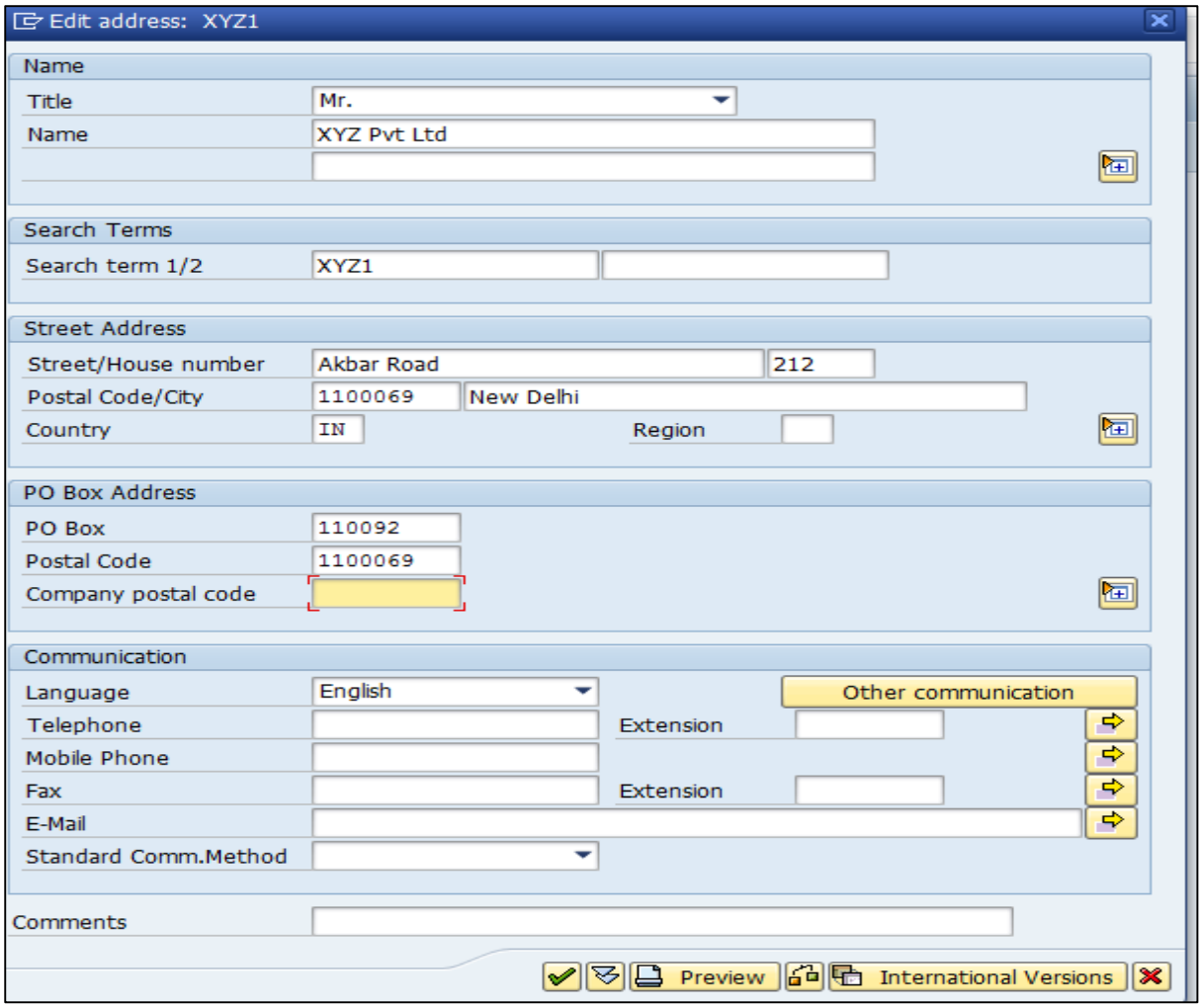
Step 5: You can click the Address button and update the fields as shown below. Once Address field is updated, click the Save button.



Creating a Business Area

Business Areas are used to differentiate transactions that comes from different line of business in a company.

Example

There is a big company XYZ, which runs multiple business. Let us say it has three different domains like manufacturing, marketing and sales.

Now you have two options-

- First is to create different company codes
- The other option is to create each of these business lines into business areas.

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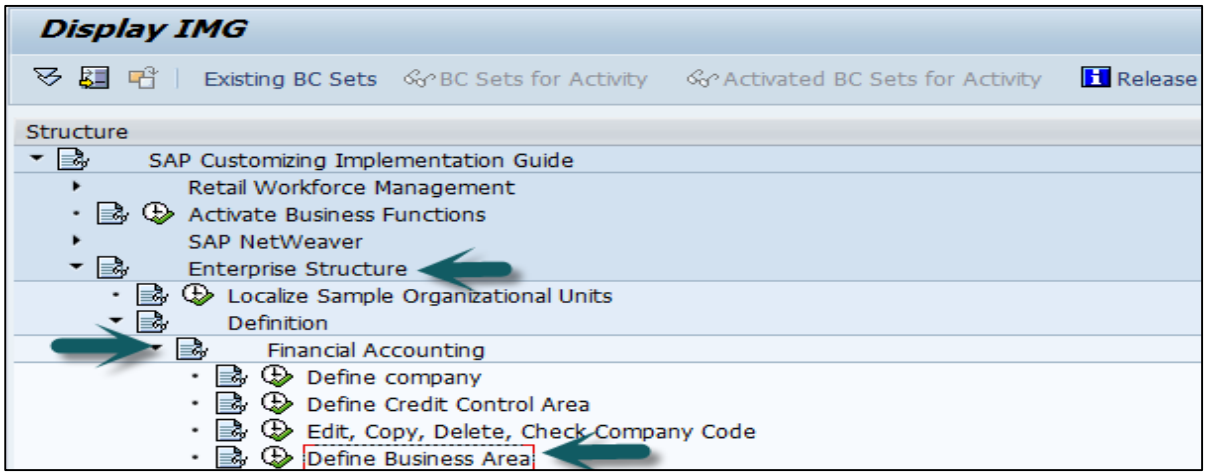
Benefits of using Business Areas in this case-

- You can use these business areas if other the company codes require the same areas.
-
- It is easy to configure if you use Business Area because you just need to attach to the company code and the other details in business area will get attach itself.
-
- By using Business areas in controlling, you can create profit and loss statements, balance sheets, etc. for business areas. Therefore, this is used for management accounting in few companies.

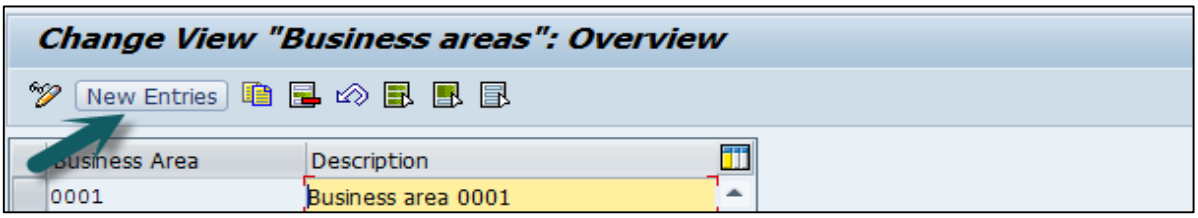
Note: Business areas are used in Controlling as compared to Finance Accounting.

Create new Business Area in SAP FI

Step 1: Expand Enterprise Structure as Definition-> Financial Accounting -> Define Business Area.



Step 2: A new window will open. Click **New Entries.**



Step 3: Enter the 4-digit Business Area code and save the configuration.

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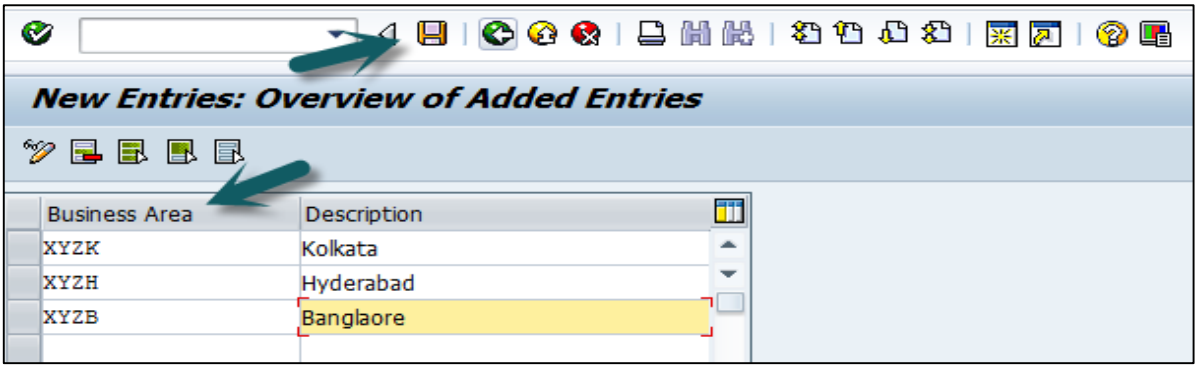
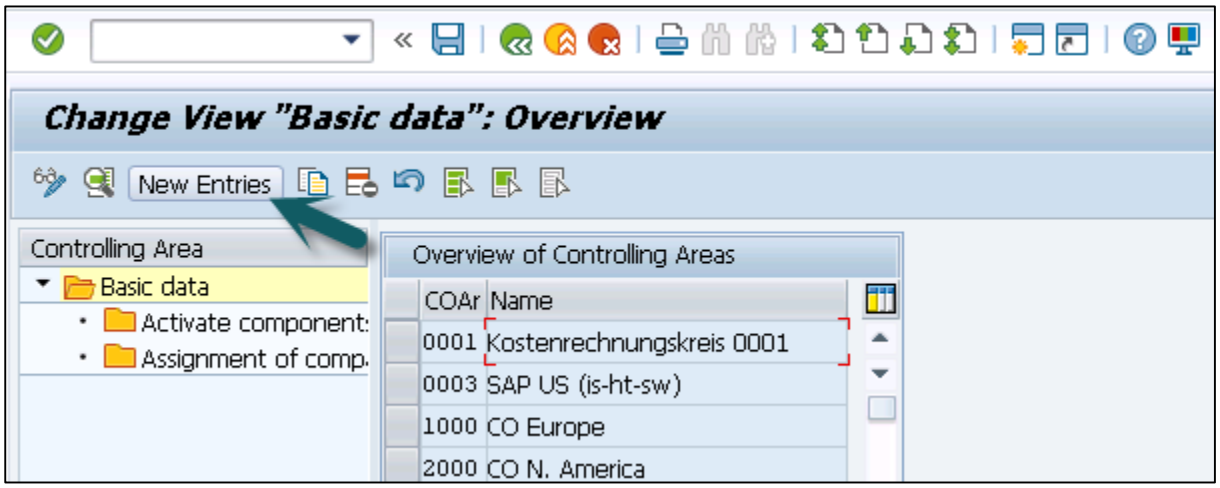


Creating a Controlling Area

Controlling Area in an organization is defined as an organizational structure and is cost accounting, Cost centers, profit centers are used to define the Controlling area.

Step 1: To maintain a Controlling area, use **T-Code: OKKP** or go to Controlling -> General Controlling -> Maintain Controlling Area -> Maintain Controlling Area.



Step 2: To create a Controlling area, click **New Entries**. Enter the following details-

- Name of Controlling Area
- Company Code
- Currency settings
- Cost Center standard hierarchy

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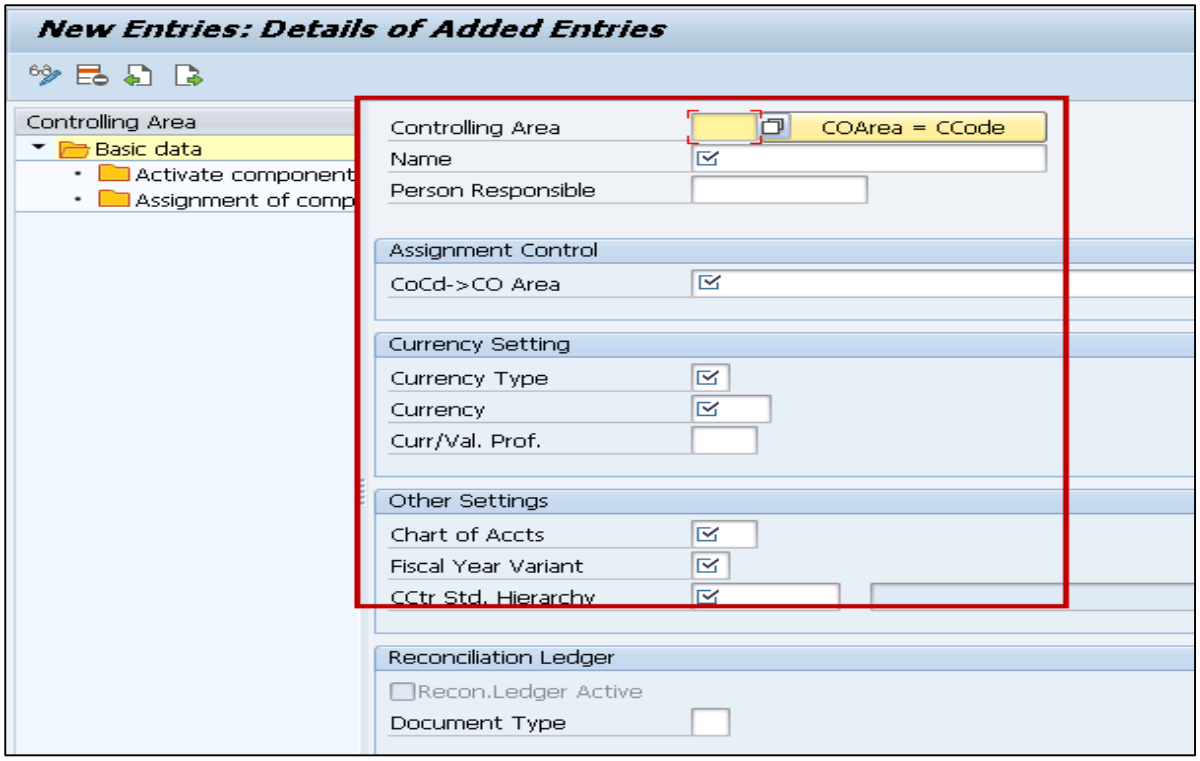
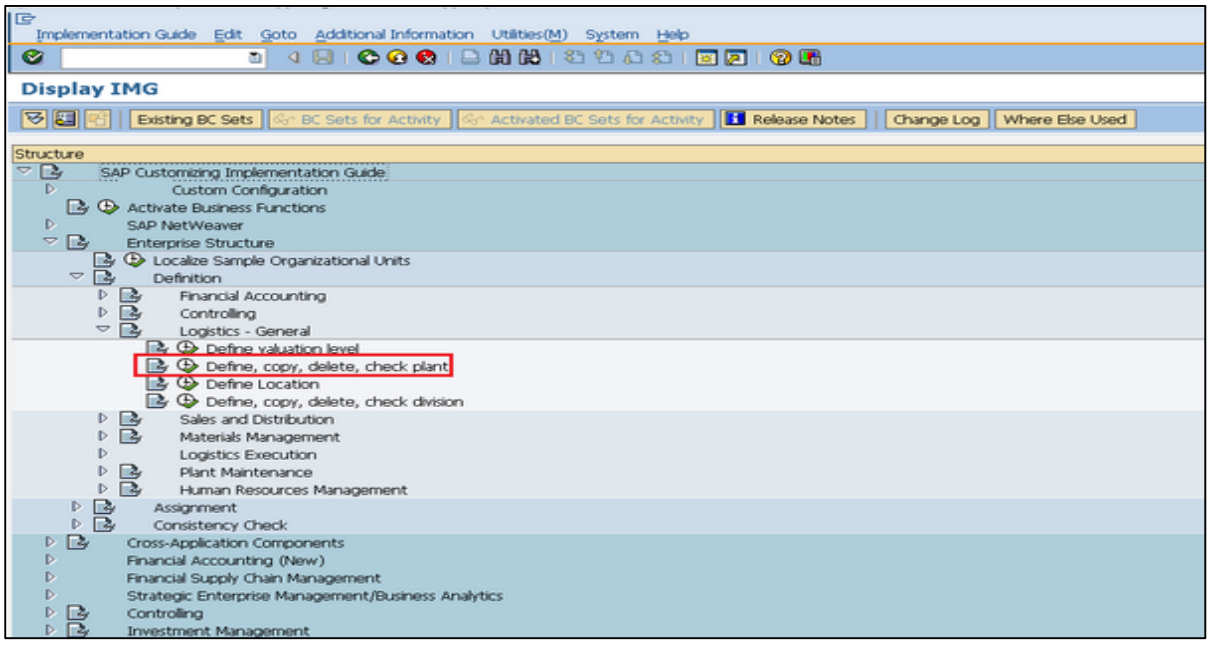


Defining Plant

Plant is an organizational unit within a company where activities take place. A plant will produce goods and makes goods available for the company.

The following steps will take you through the procedure of creating Plant-

Step 1: Go to IMG -> Enterprise Structure -> Definition -> Logistic General. Click the **Define, Copy, Delete check plant** icon or use **T-Code: OX10.**



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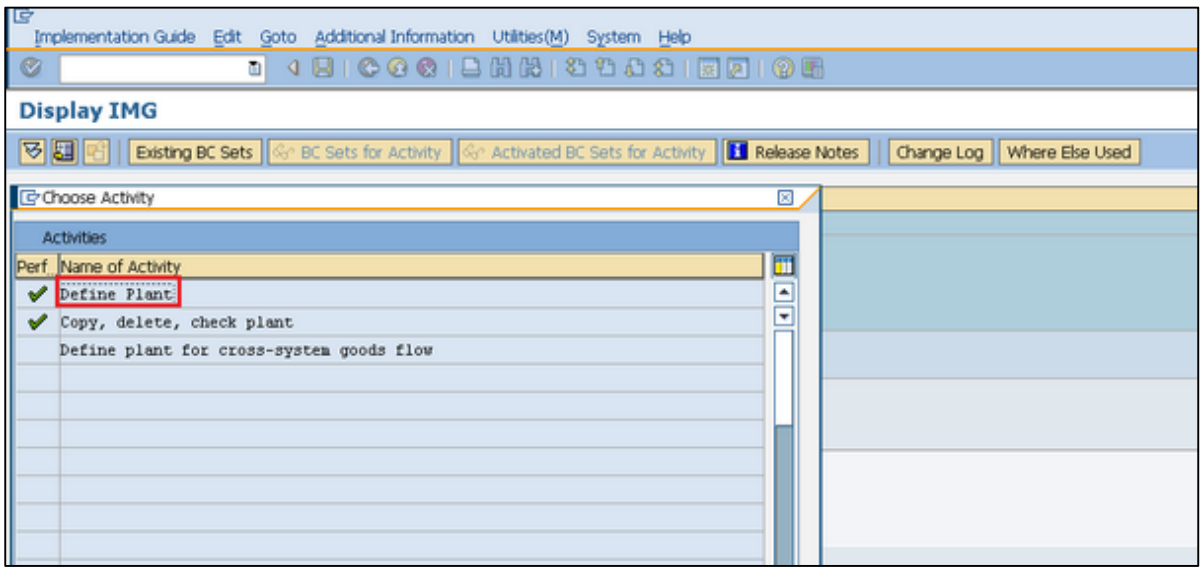
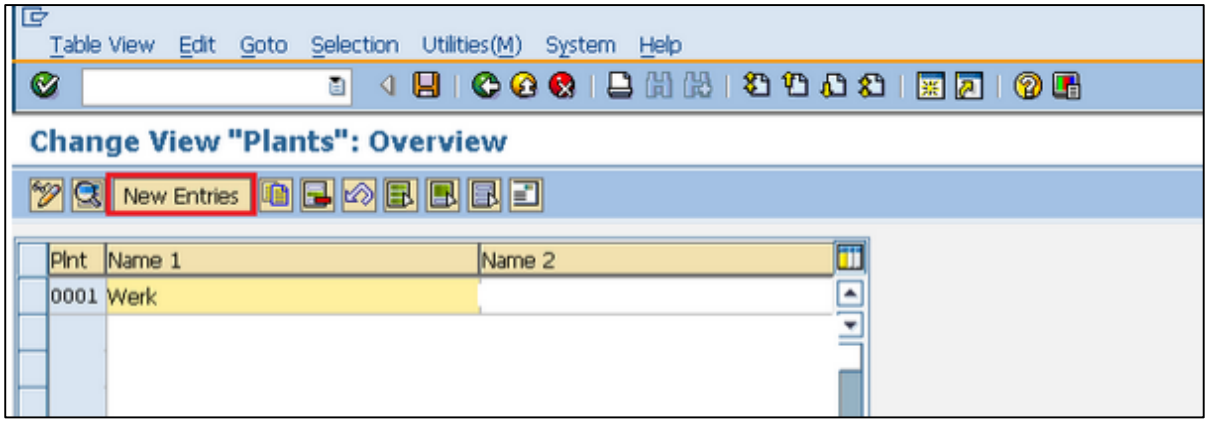
Step 2: Select **Define Plant** to create a new plant.



Step 3: Click **New Entries.**



Step 4: Fill in all necessary details like plant name, along with detailed information like Language, House no., city, country, region, postal code.

Step 5: Click the save icon. A new plant will be created.

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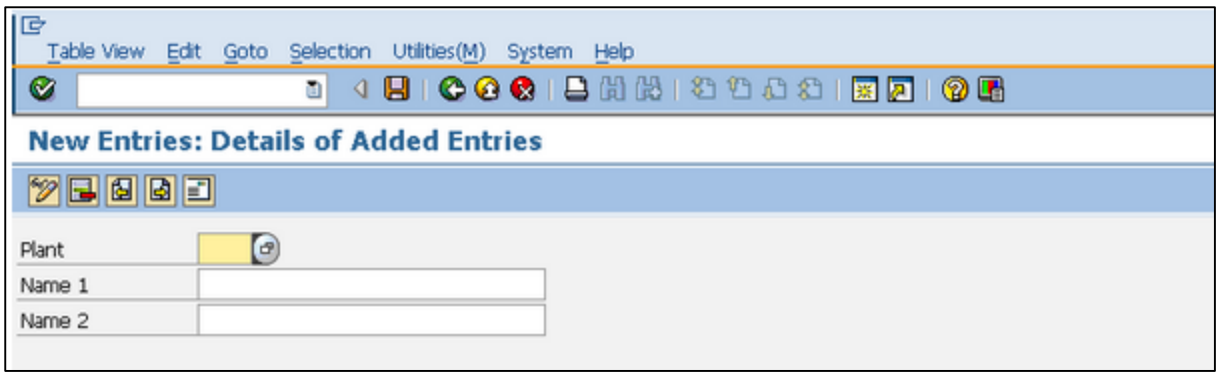
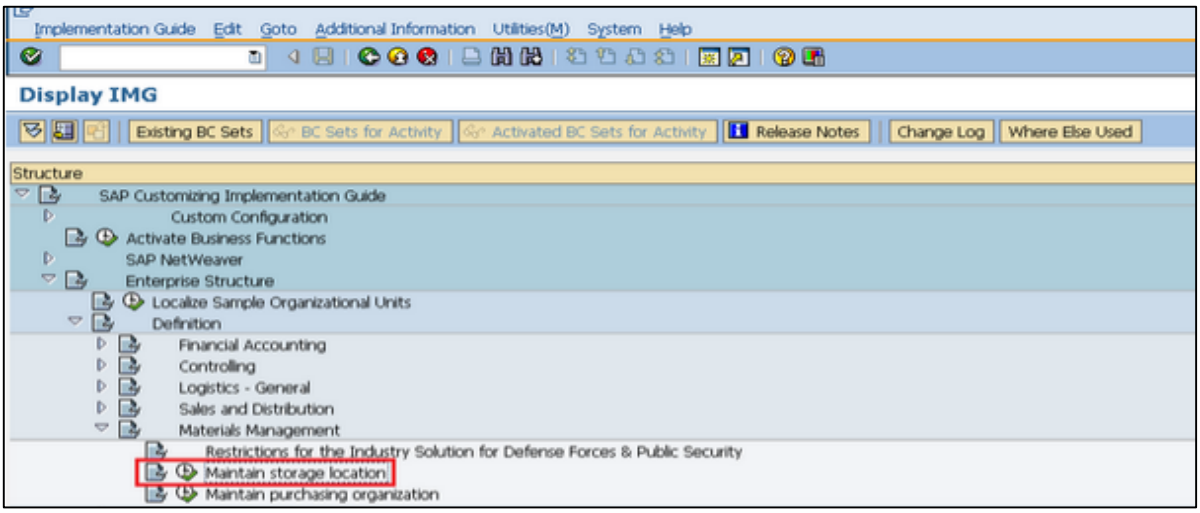


Creating a Storage Location

Storage location is an organizational unit, which actually differentiates between different material stocks in a Plant. Storage location is a place where stock is kept physically. Plant can be consisting of multiple storage location. All data is stored at storage location level for a particular storage location.

The following steps will take you through the procedure of creating Storage location-

Step 1: To Create Storage Location, IMG -> Enterprise Structure -> Definition -> Materials Management. Click the **Maintain Storage Location** option or use the **T-Code: OX09**



Step 2: Enter the name of plant for which you want to create storage location.

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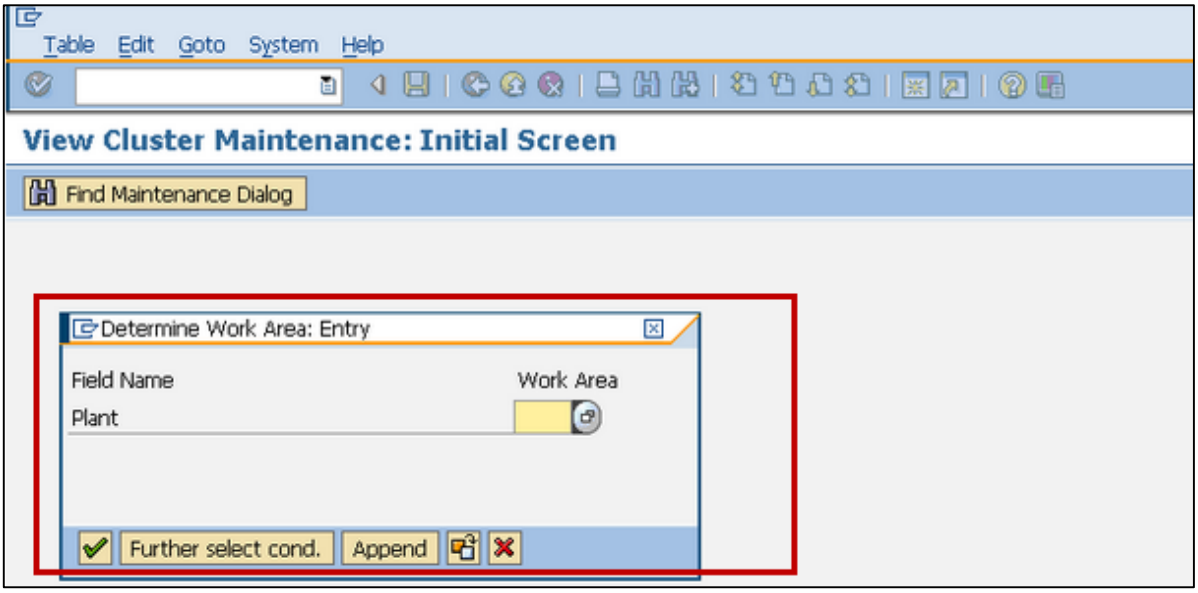
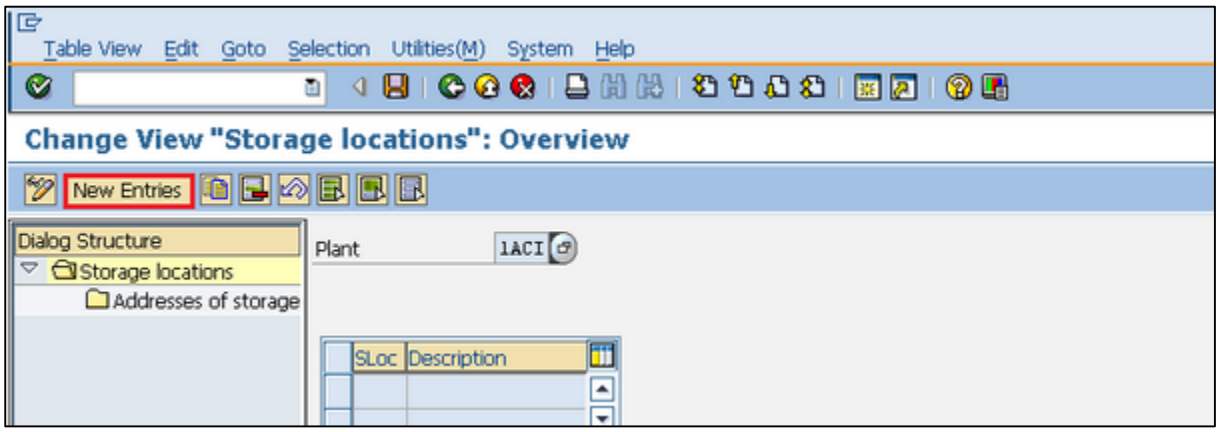


Step 3: Click New Entries.



Enter the name of storage location along with the description of storage location.

Click the save icon after filling required information. A new Storage Location will be created.

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4. SAP PS – Currencies

In SAP PS system, you can manage all the currency dependent data in the Project System using the following different currencies.

Controlling Area Currency

In this currency type, you define work breakdown structure (WBS), networks, activities, and orders in one controlling area. As the same controlling area is used, currency in a project system is also uniform.

Object currency

In Project System, it is possible to assign any object currency to different objects in the system.

- WBS element
- Project definition
- Network header
- Network activity

Note: When a company code is assigned to a controlling area and company code contains multiple currencies, you cannot allocate object currency in PS. In such a case, system automatically takes the local currency of company code.

Transaction currency

In this case, the costs and revenues from different business transactions are recorded as per currency of the business transaction.

Example

You can take the currency of PO in which it is raised in the system. In PS system, each amount is recorded in the database in all three currencies and you use the currency translation rates in the PS implementation.

Note: You can use Information system to view the reports in any currency including the above mentioned currency types and Project System translates the values in report as per the latest conversion values.

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End of ebook preview

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