

The Advantages of

# Parking Every Supplier Invoice Upon Receipt

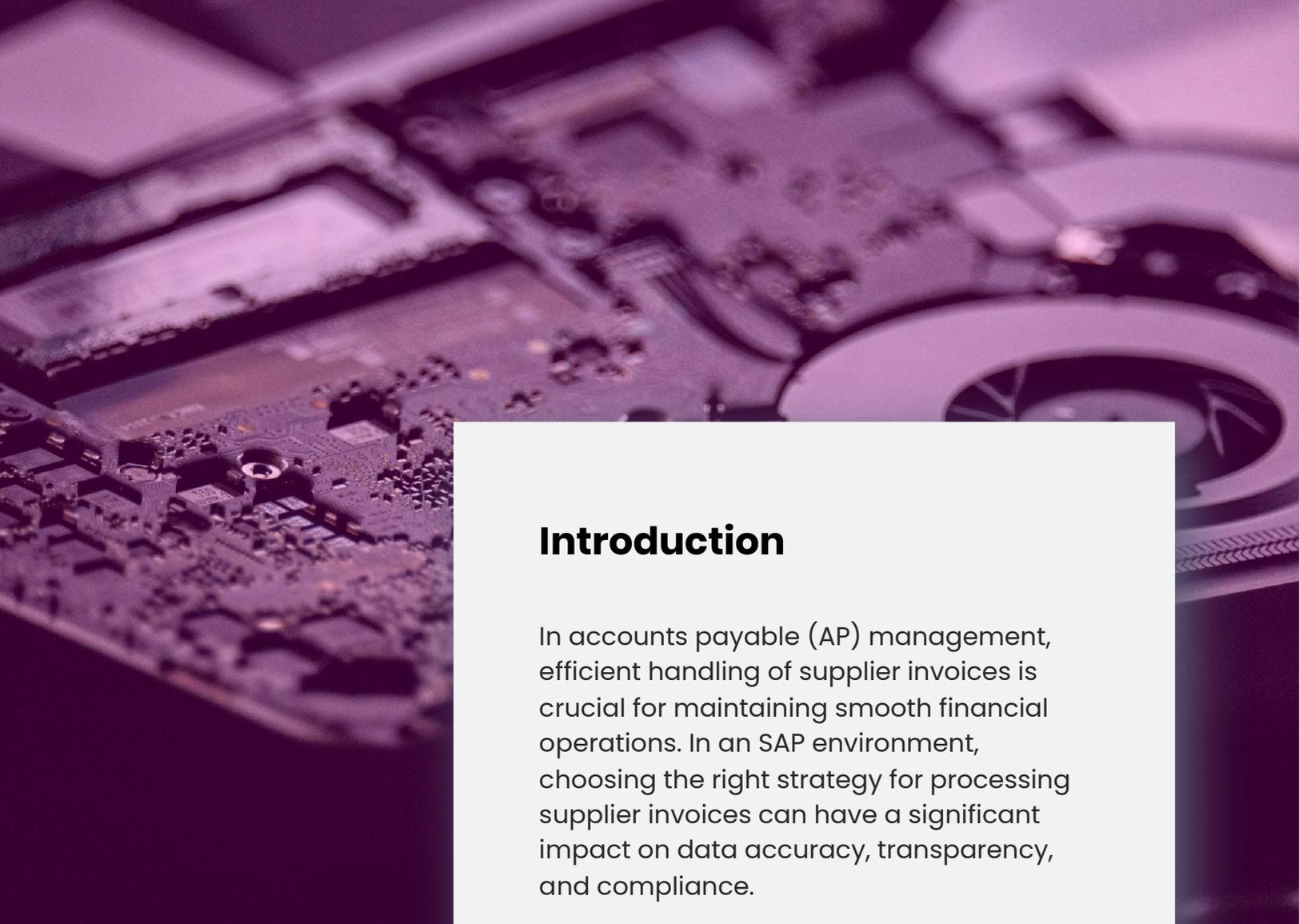
CONTACT

Volkmar Ahrens

+65 88704960

[volkmar@nxt4sap.com](mailto:volkmar@nxt4sap.com)

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## Introduction

In accounts payable (AP) management, efficient handling of supplier invoices is crucial for maintaining smooth financial operations. In an SAP environment, choosing the right strategy for processing supplier invoices can have a significant impact on data accuracy, transparency, and compliance.

One such strategy involves parking every supplier invoice upon receipt before posting.

This white paper explores the advantages of this approach, detailing the differences between parking and posting in SAP MM/FI, the limitations of legacy AP automation solutions, and how parking invoices can improve overall financial processes.

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# Difference Between Parking and Posting in SAP MM/FI

In SAP's Material Management (MM) and Financial Accounting (FI) modules, there is an important distinction between parking and posting a document:

- **Parking a Document:** A parked document is an incomplete record that can be changed or adjusted before it is finalized. Parking allows AP staff to store invoice data in the system even if some information is missing or needs to be verified. This flexibility makes it easier to identify and address potential errors before the invoice is fully processed.
- **Posting a Document:** A posted document is a finalized record that cannot be changed. Once an invoice is posted, it is fully integrated into the financial records, and any changes require adjustment postings. This ensures that posted documents are accurate, complete, and comply with regulatory requirements.

The advantage of parking documents lies in the flexibility it offers during the initial stages of invoice processing. Key standard SAP reports that consider parked and posted documents include:

- **FBLIN (Vendor Line Item Display):** Displays all vendor transactions, including parked and posted documents.
- **ME2N (Purchase Orders by PO Number):** Displays the status of purchase orders and related invoice documents, including parked items.
- **FB03 (Display Document):** Allows viewing of both parked and posted documents to verify invoice details.
- **MRBR (Release Blocked Invoices):** Displays invoices that are blocked for payment, which can include parked documents pending verification.

# Comparative Analysis of Business Requirements

The following table provides a comparative analysis of key business requirements, highlighting the differences between using parked documents and relying on legacy AP automation solutions that directly post invoices.

| <b>Business Requirements</b>                 | <b>Legacy AP Automation (Direct Posting)</b>  | <b>Parking Supplier Invoices (using NXT AP)</b>  |
|--|---|--|
| <b>Standard Validations</b>                  | External systems must replicate SAP's validations, which can be challenging and error-prone.        | SAP's native validations ensure data accuracy, leveraging complete master data such as payment terms, tax codes, and other critical elements. This includes handling complex scenarios like service POs with multi-account assignments, and adhering to market-specific regulatory requirements that external systems often struggle to accommodate. |
| <b>Integration with 3rd-Party Add-ons</b>    | Limited flexibility in integrating external systems with tax engines and other 3rd-party solutions. | NXT AP integrates seamlessly with SAP, enabling smooth interaction with 3rd-party add-ons like tax engines.  |
| <b>Straight-Through Processing</b>           | External solutions aim for straight-through processing but may lack real-time integration with SAP. | Invoices are parked upon receipt, ensuring that incomplete or incorrect data can be corrected before final posting.  |
| <b>Benefit from Aggressive Payment Terms</b> | Requires complex interfaces and third-party systems.  | Early visibility through parking enables finance teams to act on aggressive payment terms and secure early payment discounts.  |
| <b>End-to-End Transparency</b>               | Risk of data exposure during external processing.   | Parking allows full transparency from receipt to posting, including visibility in SAP standard reports.  |
| <b>Early Visibility of Supplier Invoices</b> | Supplier invoices are only visible once validated and posted, creating potential latency.           | Invoices are visible from the moment they are parked, allowing for early review and planning, even if GR is pending.   |

# Early Parking Ensures Compliance with SAP Customizing

One of the key advantages of early parking is that it ensures all SAP customizing settings are applied without exception. Using parked documents allows NXT AP to align fully with SAP standard processes and data models.

For example, the 'GR-based IV flag' (Goods Receipt-based Invoice Verification) is a highly beneficial feature that ensures reliable three-way matching between the purchase order, goods receipt, and supplier invoice.

This feature is **critical for ensuring that only goods received are invoiced**, and it cannot be effectively used if three-way matching is performed outside of SAP. By parking invoices within SAP, NXT AP can leverage this and other powerful SAP validations, resulting in more reliable and compliant invoice processing.

Additionally, **NXT EDGE** (the global supplier invoice ledger) displays all parked and posted documents, providing comprehensive visibility for all stakeholders. This is true even if new validations or customizations are introduced after NXT AP has been implemented. This is true even if new validations or customizations are introduced after NXT AP has been implemented. By parking invoices upon receipt, companies can leverage all SAP-specific configurations, including validations, workflow approvals, and master data usage, ensuring consistency and compliance across all accounts payable processes.

By parking invoices upon receipt, companies can leverage all SAP-specific configurations, including validations, workflow approvals, and master data usage, without relying on external systems that may overlook important customizations. This ensures consistency and compliance across all accounts payable processes.

# Legacy AP Automation Solutions and Their Limitations

Legacy AP automation solutions typically ensure that supplier invoice data is complete and validated before creating posted documents directly in SAP. These solutions may operate entirely outside of SAP or use custom tables to manage invoice data, but either way, they often bypass the flexibility that SAP's native parking functionality provides.

## Downsides of the Legacy Approach

- **Latency:** One of the primary downsides of legacy AP automation solutions is the latency they introduce. Standard SAP reports will not reflect supplier invoice data until the invoices are posted. If the external system only creates posted documents once the invoice is fully validated, there is a delay in making the information available in SAP. This latency can lead to discrepancies in reporting and hinder real-time decision-making.
- **Validations:** SAP has a robust system of data validations for all posting scenarios, leveraging master data that may not be available for external systems. Legacy solutions must attempt to replicate SAP's validation rules, which can be challenging and prone to errors. For example, SAP uses detailed master data such as payment terms, tax codes, and vendor information to ensure that invoices comply with company policies and legal requirements. By relying on external validation processes, companies risk data discrepancies and compliance issues.

# Complex Posting Scenarios Benefiting from SAP's Automatic Validations

SAP's automatic validations are particularly advantageous for several complex posting scenarios that are difficult or even impossible to replicate outside of the standard SAP processes:

## Downsides of the Legacy Approach

- **Service POs with Multi-Account Assignments:** Service purchase orders often involve multiple account assignments, such as different cost centers or projects. SAP's native validation ensures that all these assignments are properly accounted for, distributing costs accurately according to predefined rules. Attempting to replicate this validation outside of SAP is prone to errors and inconsistencies, especially when dealing with a large number of line items.
- **Market-Specific Regulatory Requirements:** Different countries have specific regulations regarding invoice posting, such as unique tax requirements, legal documentation, or mandatory data fields. SAP's validation processes are configured to comply with these local requirements, ensuring invoices are posted correctly in each market. External solutions may struggle to keep up with the constantly evolving regulations, leading to compliance risks.
- **Cross-Company Code Transactions:** Invoices that need to be posted across multiple company codes can be particularly complex. SAP's validations ensure that intercompany transactions are accurately reflected, balancing entries in each company code involved. This level of complexity is difficult to handle with external systems, which may not have access to all relevant financial data.

**Payment Terms and Cash Discounts:** SAP's validations ensure that the correct payment terms are applied, including any cash discounts available for early payments. These terms are often linked to vendor master data and specific contract conditions, which are not always accessible to external systems. SAP automatically calculates applicable discounts and due dates, reducing errors and ensuring accurate postings. Legacy solutions must attempt to replicate SAP's validation rules, which can be challenging and prone to errors. For example, SAP uses detailed master data such as payment terms, tax codes, and vendor information to ensure that invoices comply with company policies and legal requirements. By relying on external validation processes, companies risk data discrepancies and compliance issues.



## Addressing Subsequential Number Range

A common issue with parked documents is the occurrence of gaps in number ranges when documents are deleted. In standard SAP environments, parked documents can be deleted, leading to gaps that can be problematic in regions where regulations require consecutive numbering for supplier invoices.

NXT AP addresses this issue by keeping track of all created documents, even if they have been deleted. Each document, whether it is parked or deleted, is logged, and a complete history is maintained. This approach ensures that there is a clear audit trail for all invoice activities, providing transparency and traceability. Additionally, SAP allows for the creation of a secondary number range for posted documents, which can be used to maintain consecutive numbering in compliance with local legal requirements.

# Benefits in View of Future SAP Updates

The advantages of parking supplier invoices are further amplified when considering future SAP updates, particularly with the transition to SAP S/4 HANA and S/4 HANA Public Cloud. These newer SAP environments bring enhanced functionalities and tighter integration, which makes relying on SAP's native processes even more beneficial:

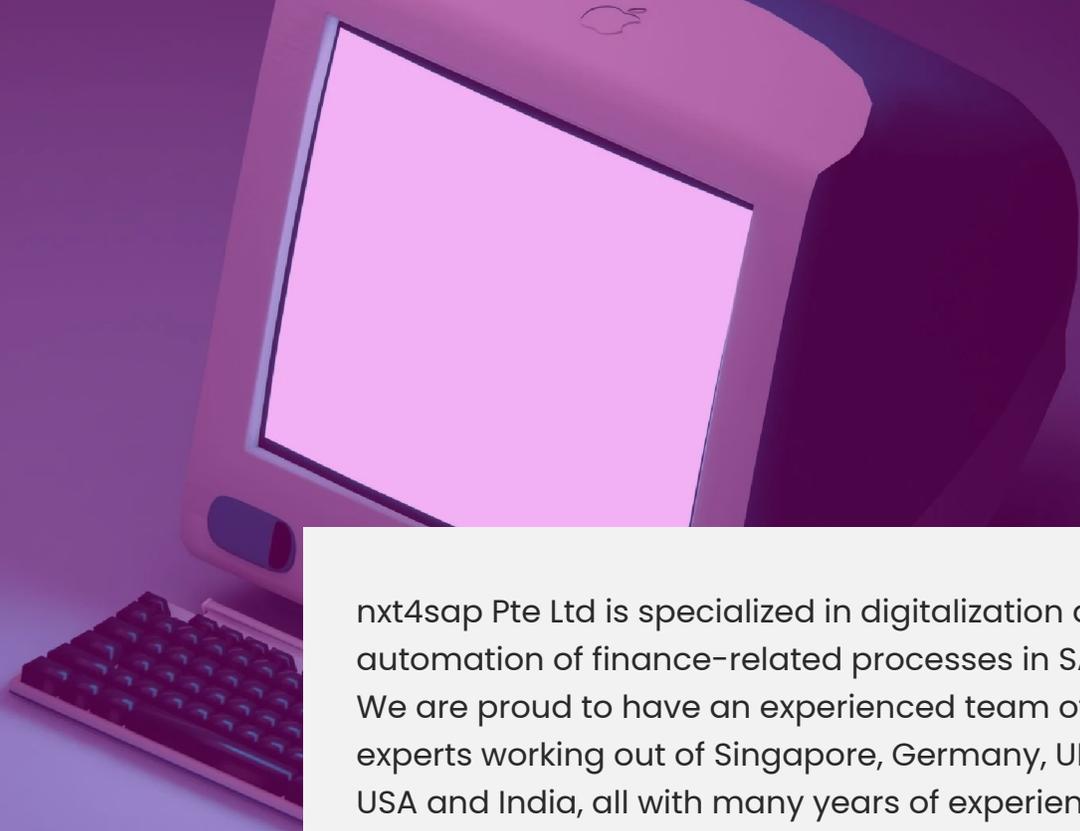
- **S/4 HANA Compatibility:** As businesses transition to SAP S/4 HANA, leveraging parking ensures compatibility with SAP's evolving data models and processes. S/4 HANA introduces simplified data structures and advanced analytics, and by relying on parking, companies ensure that their processes are future-proof and aligned with SAP's long-term vision.
- **S/4 HANA Public Cloud Adaptability:** The S/4 HANA Public Cloud is designed with built-in best practices and regulatory compliance. By using parking as the initial step in invoice processing, companies can adapt more easily to the cloud environment, where changes are frequent, and validations are updated continuously to meet regulatory requirements. Parking invoices guarantees that any SAP-driven updates or new regulations are automatically applied, without the need for extensive reconfiguration of external systems.
- **Reduced Need for Custom Developments:** S/4 HANA and S/4 HANA Public Cloud focus on minimizing the need for custom developments by providing extensive built-in functionalities. Parking invoices takes full advantage of these built-in capabilities, reducing the dependency on custom code that would otherwise need to be continuously updated to stay compatible with new SAP releases.
- **Streamlined Integration:** With SAP's continued push towards cloud-based solutions, parking supplier invoices enables seamless integration across various SAP modules and third-party solutions. This approach ensures that all future SAP updates—whether related to financial accounting, procurement, or compliance—are inherently supported without the risk of integration failures that external solutions may face.

- **Compliance with Continuous Updates:** SAP S/4 HANA and S/4 HANA Public Cloud are continuously updated by SAP to include the latest features, validations, and compliance measures. Parking invoices ensures that these updates are automatically reflected in the AP process, keeping the company aligned with the latest standards and reducing the risk of non-compliance.

## Conclusion

Parking every supplier invoice upon receipt offers numerous advantages over directly posting invoices, especially when considering the limitations of legacy AP automation solutions. The flexibility of parked documents allows for data correction, validation, and verification without impacting financial records. By using SAP's proven validation processes and maintaining a detailed audit trail with NXT AP, companies can ensure accuracy, compliance, and real-time visibility into their financial operations.

Embracing parking as an initial step in the invoice process helps mitigate risks, reduce latency, and improve the quality of financial data, ultimately leading to more efficient and reliable AP management.



nxt4sap Pte Ltd is specialized in digitalization and automation of finance-related processes in SAP. We are proud to have an experienced team of experts working out of Singapore, Germany, UK, USA and India, all with many years of experience in consulting, implementing, and supporting solutions automating finance functions.

nxt4sap solutions are built on proven SAP-processes and Azure AI-services, which are seamlessly integrated in our SAP-certified add-ons. Find more information about nxt4sap and solutions online **[www.nxt4sap.com](http://www.nxt4sap.com)**.

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