

SAP S/4HANA SD

30 Interview Questions & Answers

BEGINNER → INTERMEDIATE → ADVANCED

Master Data & Pricing • O2C • Shipping • Billing • Embedded TM

Sample Copy • Questions and answers reproduced from the five attached SAP SD interview repositories

SAMPLE STRUCTURE

LEVEL	COUNT	COVERAGE
Beginner	15	Core concepts and terminology
Intermediate	5	Configuration and process understanding
Advanced	10	S/4HANA architecture, integration and optimization

Important: The wording of the selected questions, answers and examples is kept as provided in the source repositories. Only the presentation, numbering, sectioning and visual formatting have been changed.

1 • MASTER DATA & PRICING

Q1. How does customer master data creation in SAP S/4HANA differ fundamentally from legacy SAP ECC?

ANSWER

In legacy ECC, customers were created using distinct transaction codes (XD01, VD01, FD01). In S/4HANA, these transactions are completely obsolete and redirect to the Business Partner (BP) transaction. The Business Partner is the centralized master data object that can assume multiple roles (e.g., General, FI Customer, SD Customer) simultaneously.

Example: A user types XD01 into the S/4HANA command field. The system automatically intercepts the command and redirects the user to the BP transaction, forcing them to create a Business Partner and extend it to the SD-specific role FLCU01.

SOURCE • Master Data & Pricing Q1

Q2. What are the core Business Partner (BP) roles required to create a fully functional Sales & Distribution (SD) Customer in S/4HANA?

ANSWER

A fully functional SD customer requires the BP to be created and extended to three distinct roles: 000000 (Business Partner General - for name and address), FLCU00 (FI Customer - for Company Code accounting data like reconciliation accounts), and FLCU01 (SD Customer - for Sales Area data like pricing and shipping rules).

Example: A master data analyst creates BP 1005. They first fill out the address in role 000000. They extend it to role FLCU00 to link it to the AR reconciliation account for Finance. Finally, they extend it to role FLCU01 so the Sales team can assign the pricing procedure and shipping conditions required to create a sales order.

SOURCE • Master Data & Pricing Q2

Q3. What is Customer-Vendor Integration (CVI) in SAP S/4HANA?

ANSWER

CVI is the mandatory architectural framework in S/4HANA that synchronizes the centralized Business Partner (BP) object with the traditional Customer (KNA1) and Vendor (LFA1) tables in the background. It ensures that when a BP is created, the legacy tables are simultaneously updated so older programs and interfaces continue to function.

Example: You create a BP with grouping 'Z001'. The CVI mapping reads this grouping, finds the linked legacy Account Group, and automatically generates a traditional Customer Number in the background, writing the data to table KNA1 without user intervention.

SOURCE • Master Data & Pricing Q3

Q4. What is the purpose of 'Material Determination' (Transaction VB11) in SD Master Data?

ANSWER

Material Determination automatically substitutes one material for another during sales order entry. It is highly useful for managing product phase-outs, promotional packaging swaps, or substituting personalized customer part numbers with standard internal part numbers.

Example: The company phases out IPHONE-13 and replaces it with IPHONE-14. The master data team builds a Material Determination record (Reason: Phase-out) mapping 13 to 14. When a sales rep accidentally types IPHONE-13 on a new order, SAP flashes a message and dynamically swaps the line item to IPHONE-14.

Q5. What is 'Product Selection', and how does it differ from simple Material Determination?

ANSWER

Product Selection is an advanced form of Material Determination. While simple determination is a 1-to-1 swap, Product Selection allows a 1-to-Many substitution based on inventory availability (ATP). If the primary material is out of stock, the system automatically checks a prioritized list of alternative materials and fulfills the order using the available substitutes.

Example: A customer orders 100 units of "Generic Brand A Paper." The rule says: try Brand A first, then Brand B, then Brand C. ATP sees only 40 units of A in stock. SAP confirms 40 units of A, automatically creates a sub-item for 60 units of Brand B, perfectly fulfilling the 100-unit requirement without manual intervention.

SOURCE • Master Data & Pricing Q57

Q6. In Pricing, what is the difference between an 'Inclusive' and 'Exclusive' Condition Exclusion rule?

ANSWER

Condition Exclusion is used when multiple discounts are found, but business policy forbids stacking them. An Exclusive rule means: "If this specific condition is found, ignore all others in the group." An Inclusive rule means: "Evaluate all conditions in the group, and apply either the single best price, or the single worst price, deactivating the rest."

Example: A customer qualifies for a 5% Summer Discount and a 10% VIP Discount. The business uses an "Inclusive - Best Price" exclusion group. SAP calculates both, realizes 10% is better for the customer, leaves the 10% active, and automatically deactivates the 5% condition in the pricing procedure.

SOURCE • Master Data & Pricing Q60

2 • SALES ORDER TO CASH

Q7. What are the standard steps in the SAP Order-to-Cash (O2C) cycle?

ANSWER

The standard O2C cycle consists of: 1) Pre-sales activities (Inquiry/Quotation), 2) Sales Order Creation, 3) Availability Check (ATP), 4) Outbound Delivery Creation, 5) Picking and Packing, 6) Post Goods Issue (PGI), 7) Billing (Invoice Generation), and 8) Accounts Receivable (Payment Receipt).

Example: A customer calls to buy 100 laptops. The CSR creates a Sales Order (VA01). The warehouse creates a Delivery (VL01N), picks the goods, and posts PGI. Finance generates the Invoice (VF01), and later clears the customer's cash payment in FI (F-28).

SOURCE • O2C Q1

Q8. What is a Sales Organization in SAP SD?

ANSWER

The Sales Organization is the highest organizational unit in Sales & Distribution. It is legally responsible for selling products or services, negotiating terms of sale, and handling customer claims and liability. A Sales Organization must be uniquely assigned to one Company Code.

Example: A global company has operations in the US and Germany. They create Sales Org 1000 assigned to the US Company Code, and Sales Org 2000 assigned to the German Company Code, ensuring regional legal accountability and localized pricing strategies.

SOURCE • O2C Q2

Q9. What is the difference between a Distribution Channel and a Division?

ANSWER

A Distribution Channel represents the strategy or medium through which products reach the customer (e.g., Wholesale, Retail, Direct Sales, E-Commerce). A Division represents a distinct product line or grouping of materials (e.g., Electronics, Software, Services).

Example: An electronics manufacturer sells TVs (Division 01) and Laptops (Division 02). They sell these products to Big Box stores via "Wholesale" (Distribution Channel 10) and directly to consumers via their "Web Store" (Distribution Channel 20).

SOURCE • O2C Q3

Q10. What is the structural hierarchy of a Sales Document in SAP SD?

ANSWER

A Sales Document is divided into three levels: 1) Header Data (table VBAK), which applies to the entire document (e.g., Sold-to Party, Order Date), 2) Item Data (table VBAP), which contains material-specific details (e.g., Material, Quantity, Plant), and 3) Schedule Line Data (table VBEP), which details delivery quantities and confirmed delivery dates.

Example: A customer orders 5 Laptops and 5 Mice. The Header captures the customer's name. Item 10 is the Laptop. Under Item 10, Schedule Line 1 says "Deliver 3 laptops on Monday" and Schedule Line 2 says "Deliver 2 laptops on Wednesday."

SOURCE • O2C Q5

Q11. How does S/4HANA handle 'Down Payment' requests integrated with Sales Orders?

ANSWER

Down Payment processing requires SD-FI integration via a Milestone Billing Plan. A specific milestone line is created for the advance (e.g., 20% due immediately). This generates an FAZ (Down Payment Request) document. Once the customer pays cash, FI posts the advance (F-29). When the final delivery is shipped, the final invoice (F2) generates. A statistical condition type (e.g., AZWR) dynamically pulls the prepaid cash from the FI subledger into the SD invoice as a deduction, demanding only the net remaining balance from the customer.

Example: A \$100k crane requires a \$20k down payment. Order generates a \$20k FAZ request. Customer wires \$20k. Goods ship. Final invoice is cut for \$100k gross. Condition AZWR automatically deducts the \$20k FI advance, outputting a final net invoice demanding \$80k.

SOURCE • O2C Q199

Q12. What is the overarching architectural shift in the S/4HANA Order-to-Cash data model?

ANSWER

S/4HANA aggressively simplified the database footprint to maximize HANA in-memory performance (The Principle of One). It eliminated aggregate tables (like S001 in SIS), eliminating overnight batch updates in favor of real-time CDS view analytics. Crucially, it eliminated the document status tables (VBUK and VBUP). Document statuses are now embedded natively inside the core transactional tables (VBAK, VBAP, LIKP), eliminating massive database JOIN operations and exponentially accelerating order processing and reporting speeds.

Example: An ABAP developer migrating an open-order report to S/4HANA finds their code crashes. They rewrite their SQL queries. Instead of executing a heavy, slow JOIN between the VBAK order header and the VBUK status table, they query the GBSTK overall status field directly from the VBAK table in milliseconds.

SOURCE • O2C Q200

3 • SHIPPING & DELIVERIES

Q13. What are the standard steps in the SAP SD Shipping process?

ANSWER

The standard shipping process (Logistics Execution) consists of four primary steps: 1) Outbound Delivery Creation (VL01N or background jobs), 2) Picking (creating Transfer Orders or Warehouse Tasks to gather goods), 3) Packing (placing goods into Handling Units/boxes), and 4) Post Goods Issue (PGI), which legally transfers ownership, updates inventory, and hits the financial ledger.

Example: A customer orders 50 laptops. The warehouse creates the delivery document, workers pick the 50 laptops from the shelves, pack them onto a wooden pallet (Handling Unit), and load them on a truck. Executing PGI deducts the 50 laptops from SAP inventory and debits the Cost of Goods Sold (COGS).

SOURCE • Shipping Q1

Q14. What is the fundamental structure of an Outbound Delivery Document in SAP?

ANSWER

A Delivery Document is divided into two primary levels: 1) Header Data (table LIKP), which contains information applicable to the entire shipment such as the Ship-to Party, Shipping Point, Planned Goods Issue Date, and Gross Weight. 2) Item Data (table LIPS), which contains material-specific details such as the Material Number, Delivery Quantity, Plant, Storage Location, and Item Category.

Example: An outbound delivery for a PC bundle has Header data defining the truck route to New York. The Item data contains Line 10 (Monitor, 1 unit, picking from Aisle A) and Line 20 (Keyboard, 1 unit, picking from Aisle B).

SOURCE • Shipping Q2

Q15. How does SAP automatically determine the 'Shipping Point' in a Sales Order?

ANSWER

Shipping Point Determination (Transaction OVL2) executes automatically at the line-item level based on the intersection of three master data elements: 1) Shipping Condition (from the Sold-to/Ship-to Customer Master), 2) Loading Group (from the Material Master's Sales: General/Plant view), and 3) Delivering Plant (from the sales order line item).

Example: The customer requests "Express" shipping (Condition 02). The material is a heavy machine requiring a "Crane" (Loading Group 0003). It ships from Plant 1000. SAP reads the OVL2 matrix (02 + 0003 + 1000) and dynamically assigns Shipping Point EX10 (Express Crane Dock) to the line item.

SOURCE • Shipping Q3

Q16. What is 'Backward Scheduling' in Delivery Scheduling?

ANSWER

Backward Scheduling is the default mathematical calculation SAP uses to determine when logistical activities must begin. It takes the Customer's Requested Delivery Date, and subtracts the Transit Time, Loading Time, and Pick/Pack Time to calculate the Material Availability Date—the exact day the warehouse must start working to ensure the goods arrive on time.

Example: The customer requests delivery on Friday. Transit takes 2 days. Loading takes 1 day. Picking takes 1 day. SAP backward schedules: Friday - 2 - 1 - 1 = Monday. The system calculates that picking must start on Monday.

SOURCE • Shipping Q9

Q17. What is the logistical difference between Document Type 'NL' (Standard STO Delivery) and 'NLCC' (Cross-Company STO Delivery)?

ANSWER

Both are replenishment deliveries for Stock Transport Orders (STOs), but their financial and logistical impacts differ vastly. An NL delivery is used for intra-company transfers (between plants in the same company code) and triggers movement type 641 (Stock in Transit), posting no FI revenue. An NLCC delivery is used for cross-company transfers (between different company codes), triggers movement type 643 (or 645), and generates a formal SD Intercompany Billing Document (IV) to charge the receiving company code.

Example: Plant A (NY) sends parts to Plant B (Boston). Since both are US CoCd 1000, SAP generates an NL delivery. Plant A (NY) sends parts to Plant C (Toronto). Since Toronto is CA CoCd 2000, SAP generates an NLCC delivery, which triggers an intercompany invoice to legally charge the Canadian entity for the goods.

SOURCE • Shipping Q101

Q18. What dictates the movement type executed during the Post Goods Issue (PGI) of a delivery?

ANSWER

The movement type is derived from the Schedule Line Category assigned to the underlying sales or purchasing document, which determines the Delivery Item Category. The Delivery Item Category configuration (OVLP) explicitly links to a movement type for the goods issue.

Example: A standard sales order uses schedule line CP, pointing to item category TAN. PGI executes movement 601. A return order uses schedule line DN, pointing to item category REN. Post Goods Receipt (PGR) executes movement 651 into returns blocked stock.

SOURCE • Shipping Q104

4 • BILLING & INVOICING

Q19. What is the fundamental difference between Order-related billing and Delivery-related billing in SAP SD?

ANSWER

Order-related billing creates an invoice directly referencing the Sales Order (VBAK/VBAP), typically used for services or non-stock items where physical shipping doesn't occur. Delivery-related billing creates an invoice referencing the Outbound Delivery (LIKP/LIPS), used for physical goods that must be picked, packed, and have Post Goods Issue (PGI) completed before revenue can be recognized.

Example: A company sells a physical server (Delivery-related) and an annual maintenance contract (Order-related). The server is billed only after it leaves the warehouse. The maintenance contract is billed immediately upon order confirmation without a delivery document.

SOURCE • Billing Q1

Q20. Where is "Billing Relevance" configured in the SD module, and what is its purpose?

ANSWER

Billing Relevance is configured in the Item Category (Transaction VOV7). It tells the system whether an item should be billed, and if so, how. For example, 'A' means delivery-related, 'B' means order-related, and blank means not relevant for billing.

Example: A company ships a free promotional t-shirt with every laptop order. The laptop item category (TAN) has relevance 'A' and gets billed. The t-shirt uses a custom item category (e.g., ZFRE) with a blank billing relevance. The system ships both but only puts the laptop on the customer's invoice.

SOURCE • Billing Q2

Q21. What are the primary transactions and Fiori Apps used to create billing documents in S/4HANA?

ANSWER

The traditional GUI transactions are VF01 (Create Billing Document - single) and VF04 (Maintain Billing Due List - collective). In S/4HANA, the standard Fiori apps are "Create Billing Documents" (App ID F0680) for processing the due list interactively, and "Schedule Billing Creation" (App ID F0705) for background batch processing.

Example: At the end of the day, an AR clerk opens the "Create Billing Documents" Fiori app, selects all deliveries completed that day, and clicks "Create" to generate 50 separate F2 invoices in one click.

SOURCE • Billing Q3

Q22. How do you cancel an existing billing document, and what happens in the system when you do?

ANSWER

A billing document is canceled using transaction VF11 or the "Manage Billing Documents" Fiori app. This creates a Cancellation Document (Type S1 for F2 invoices). The S1 document reverses the FI postings (crediting AR, debiting revenue). Crucially, it changes the billing status of the preceding document (e.g., the delivery) back to "Open" or "Not Billed", allowing it to be billed again.

Example: An invoice is created with the wrong price. The AR clerk cancels it via VF11. The system creates an S1 document to wipe out the incorrect financial posting. The outbound delivery returns to the billing due list, allowing the clerk to correct the sales order price and generate a new, accurate invoice.

SOURCE • Billing Q5

Q23. What is the primary difference between classic ECC Output Management (NAST) and S/4HANA Output Management?

ANSWER

Classic ECC uses the NAST table, condition technique (Transaction VV31), and ABAP print programs to determine outputs. S/4HANA Output Management uses the Business Rule Framework Plus (BRF+). BRF+ uses Fiori-based Decision Tables to determine outputs without ABAP coding. S/4HANA defaults to Adobe Forms (over SapScript/SmartForms) and prioritizes Email/XML over physical printing.

Example: In ECC, an analyst asks a developer to write a VOFM routine to only print invoices for a specific customer group. In S/4HANA, the analyst simply opens a Fiori app, adds "Customer Group" as a column in a decision table, and sets the rule themselves.

SOURCE • Billing Q101

Q24. Which Fiori application is used to configure billing outputs in S/4HANA?

ANSWER

The Fiori app is "Output Parameter Determination." It provides a centralized interface to maintain business rules (decision tables) for various business objects, including the "Billing Document." Users configure rules for Output Type, Receiver, Channel (Print/Email), Printer Settings, Email Settings, and Form Template.

Example: A new printer is installed in the warehouse. The admin opens "Output Parameter Determination," selects "Billing Document" -> "Printer Settings," and updates the decision table to route all pro forma invoices (F8) to the new printer ID.

SOURCE • Billing Q102

5 • TRANSPORTATION (EMBEDDED TM)

Q25. What is the fundamental difference between the legacy LE-TRA module and SAP S/4HANA Embedded TM?

ANSWER

LE-TRA (Logistics Execution - Transportation) is the legacy ECC transportation module focused on creating basic shipment documents (VT01N) and shipment costs (VI01) directly from SD deliveries. S/4HANA Embedded TM is a much more robust, standalone-architected transportation engine built directly into the S/4HANA core. It replaces LE-TRA, utilizing advanced order-based planning, Freight Units, Freight Orders, and the Transportation Cockpit. LE-TRA is in "Compatibility Scope" and is being phased out in favor of TM.

Example: In ECC, a dispatcher waited until deliveries were created to build a Shipment (VT01N). In S/4HANA Embedded TM, the dispatcher can see the freight demand immediately when a Sales Order is saved and can plan the truck (Freight Order) days before the warehouse even creates the delivery.

SOURCE • Transportation Q1

Q26. What is a "Freight Unit" (FU) in SAP TM?

ANSWER

A Freight Unit (FU) is the smallest transportable entity in SAP TM. It represents a transportation requirement (e.g., a pallet, a container, or a specific weight/volume of goods). When an SD Sales Order or Outbound Delivery is integrated with TM, the system converts the order items into FUs. FUs are the core building blocks that transportation planners drag and drop onto trucks.

Example: A customer orders 20,000 lbs of steel. The TM system generates a Freight Unit for 20,000 lbs. The transportation planner takes this FU and assigns it to a Freight Order (Truck) to facilitate the physical move.

SOURCE • Transportation Q3

Q27. What is a "Freight Order" (FO) in SAP TM?

ANSWER

A Freight Order (FO) represents the executable transportation plan. It represents a physical vehicle (like a truck or a train) moving from a source to a destination. Planners assign one or more Freight Units to a Freight Order. The FO is used to subcontract the carrier, print the Bill of Lading, and calculate the freight costs.

Example: You have 3 Freight Units going to 3 different customers in Texas. You create a single Freight Order representing an 18-wheeler truck. You assign all 3 FUs to this FO. The FO now contains a multi-stop route (Milk Run) for the driver to execute.

SOURCE • Transportation Q4

Q28. What is the "Transportation Cockpit"?

ANSWER

The Transportation Cockpit is the central, highly interactive Fiori or NWBC user interface used by transportation planners and dispatchers. It displays unplanned Freight Units (demand) and available trucks/schedules (supply) on one screen. Planners use it to manually drag-and-drop FUs onto trucks, or to trigger the automated VSR Optimizer to plan routes.

Example: A dispatcher opens the Cockpit at 8:00 AM. On the left, they see 50 new orders (FUs) that dropped in overnight. On the right, they see their 10 available fleet trucks. They spend the morning dragging the FUs onto the trucks to build the day's delivery routes.

Q29. What is the VSR Optimizer in S/4HANA TM?**ANSWER**

The VSR (Vehicle Scheduling and Routing) Optimizer is an advanced mathematical engine in SAP TM (requiring an Advanced TM license) used to automate transportation planning. It evaluates massive volumes of Freight Units, available vehicle resources, and transportation lanes to calculate the most cost-effective routes and schedules, replacing the need for manual drag-and-drop planning.

Example: A dispatcher has 200 orders and 15 trucks. Instead of spending 3 hours manually matching them, they run the VSR Optimizer in the background. In 2 minutes, the system creates optimized Multi-Stop Freight Orders, utilizing only 12 trucks and minimizing overall mileage.

SOURCE • Transportation Q51

Q30. What is a "Transportation Charge Calculation Sheet" (TCCS)?**ANSWER**

A TCCS is the TM equivalent of an SD Pricing Procedure. It defines the sequence of Charge Types (e.g., Base Rate, Fuel, Tolls) that apply to a shipment. It links these charge types to specific rate tables or calculation rules, dictating how the total freight bill is built from individual line items.

Example: A TCCS is configured for Trucking. Line 10 is "Line-Haul" (linked to a distance rate table). Line 20 is "Fuel Surcharge" (linked to a 10% calculation rule). Line 30 is "Stop-off Fee." When a Freight Order is priced, TM evaluates this sheet top-to-bottom.

SOURCE • Transportation Q57

INTERVIEW PROGRESSION

BEGINNER	Start with definitions, organizational structure, master data and standard process flow.
INTERMEDIATE	Explain configuration, determination logic and how standard processing behaves.
ADVANCED	Demonstrate S/4HANA architecture, integration, financial impact and optimization knowledge.

End of Sample Copy

Full repositories contain substantially more interview questions.