Buying and Managing Services in Oracle Procurement R12

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Agenda

- Who's on or upgrading to R12?
- Problem Statement
- What's New in R12 for Procurement Services?
- Walk through the basic steps of a complex work procurement transaction
- Set up requirements

Release 12

- Already running R12?
- In-process of upgrading?
- Thinking about it?

Problem Statement

- Many companies struggle with managing complex service transactions such as construction or highly engineered items. The complexity is in managing those items outside of price and delivery:
  - Retainage
  - Financing
  - Progress Payments
- Previous versions of Oracle left these pieces of the transaction to be managed manually and typically at the payment end of the process

Complex Work Procurement in R12

- What's new?
  - Introduction of Complex Work within the procurement suite
- How?
  - Negotiate contracts with financing and progress payments embedded
  - Progress schedules are defaulted or defined on the purchase order
  - Collaborate with the supplier by tracking work progress
  - Process payment requests with less effort because retainage, financing, and approvals are calculated automatically.
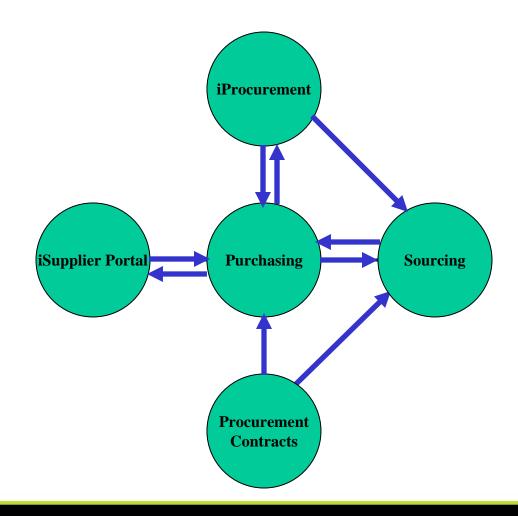
Which applications are involved?

Sourcing

- Source, negotiate, and author contract terms

- Purchasing

- Manage agreements and schedules

- iSupplier Portal

- Confirm work and progress prior to payment request
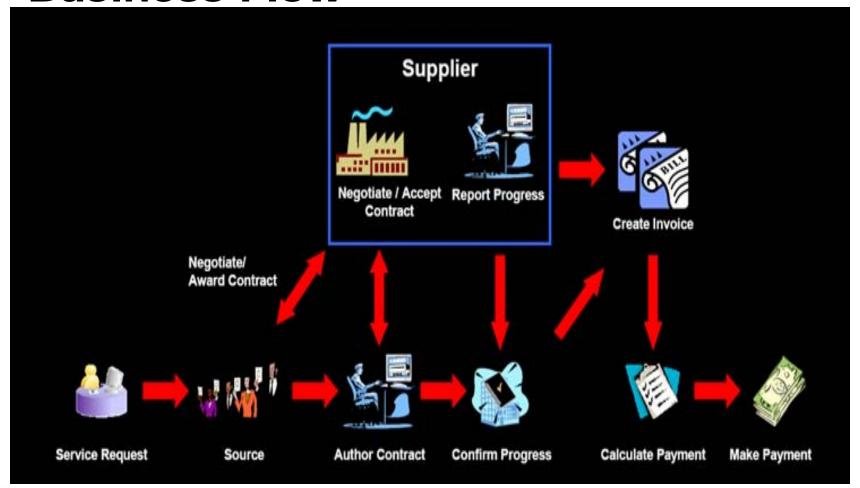
- iProcurement

- Make service requests

Increased Integration
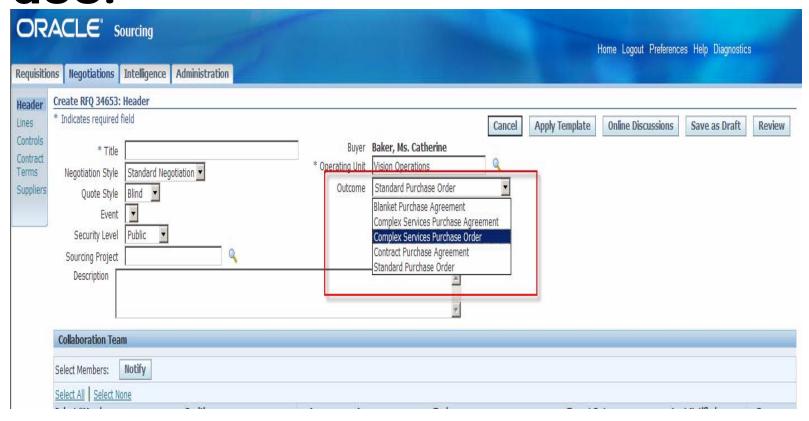
Complex Work Procurement: Business Flow

Sourcing

- Sourcing now includes the ability to negotiate and output a complex procurement document.

- Complex documents can include additional items such as financing, pay items, and retainage.
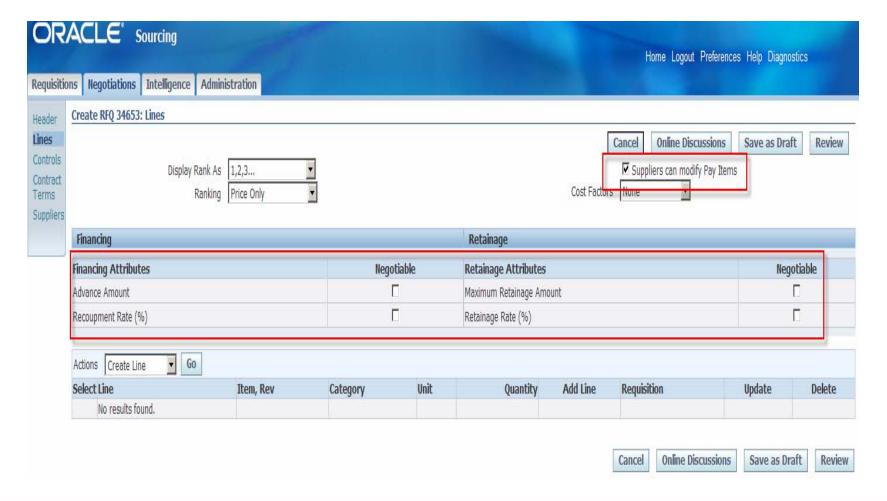
- Bonus: It is really flexible!

Sourcing – create a complex doc.

Sourcing – manage financing

Sourcing

- Create "Pay Items" during the RFQ process – A schedule of service delivery

  - Milestone: Needs to be fully completed before payment is release (recurring and non-recurring)

  - Rate of work: payment on units completed (install x number of items)

  - Lumpsum: partial payments against a particular item (construction task)

Sourcing – Create pay items
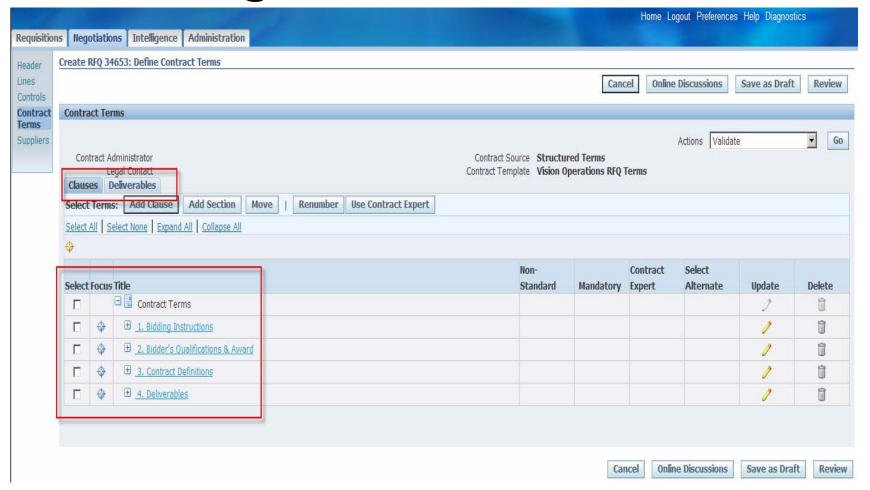
Sourcing – Contracts

- Sourcing is fully integrated with Procurement Contracts
  - Pick a standard template to utilize
  - Use contract expert for detailed additional clauses
  - Manage contract deliverables
- Get the supplier to give you a bid based on your terms and conditions first!
- Manage negotiations on-line

Sourcing – Add contract terms

Sourcing – Manage Contract Deliverables

Sourcing

- During the quote submission process the Supplier may have the ability to update, change, or add pay items and finance information.

- It depends on how the buyer set up the RFQ.

Sourcing – Supplier responds

Sourcing – Negotiate finance/pay items

Purchasing

- After an award is made, the information from the RFQ defaults onto the PO that is generated.

- Purchasing can be used to manage the pay items (author and update), but hopefully that is not necessary.

Purchasing – Pay items default on PO

iSupplier Portal

- When the PO has been approved, iSupplier Portal becomes a major source of communication and collaboration for the supplier.
  - View the PO
  - Submit progress status
  - View approved work so that invoicing can occur
  - See what's left

iSupplier Portal

iSupplier Portal – View available info

iSupplier Portal – Communicate work progress

iSupplier Portal – Work confirmation status

iProcurement

- Buyer side approval of work
  - Receive notifications
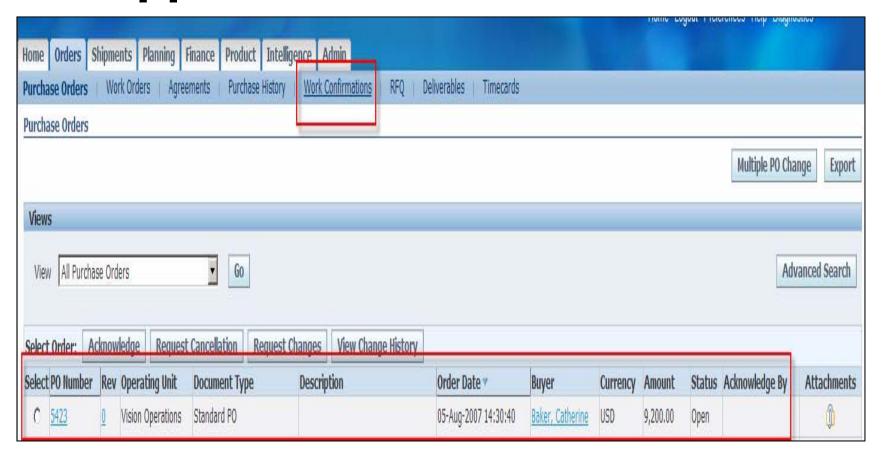 - Utilize approval management engine to send to the appropriate approver
  - Much like a receipt, except you are being notified that the work has occurred rather than searching for the information to perform the receipt
  - If needed work confirmations can be entered from Purchasing on behalf of the supplier

iProcurement – Approve work

iProcurement – Approve work

iSupplier Portal / iProcurement – View approved work

iSupplier Portal – View details

iSupplier Portal - invoicing

- Reduce the workload of the accounts payable team by:
  - Automatically calculating retainage and finance information.
  - Pay on receipt of work confirmation instead of invoicing
- This allows the AP group to manage exceptions instead of bulk transactions

iSupplier Portal – Create invoice with auto retainage info

Summary Tax Lines

Calculate

Summary Tax Line Number	Tax Regime Code	Tax	Tax Status Code	Tax Jurisdiction Code	Tax Rate Code	Tax Rate	Tax Amount	Line Status
No results found.								

Items

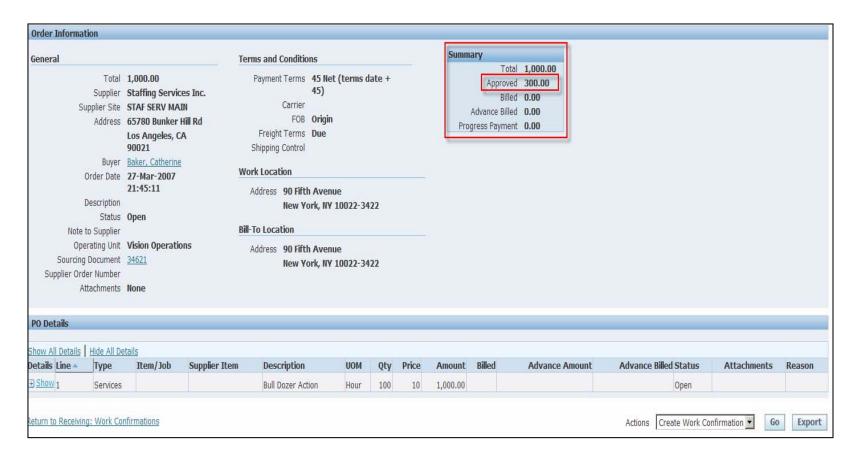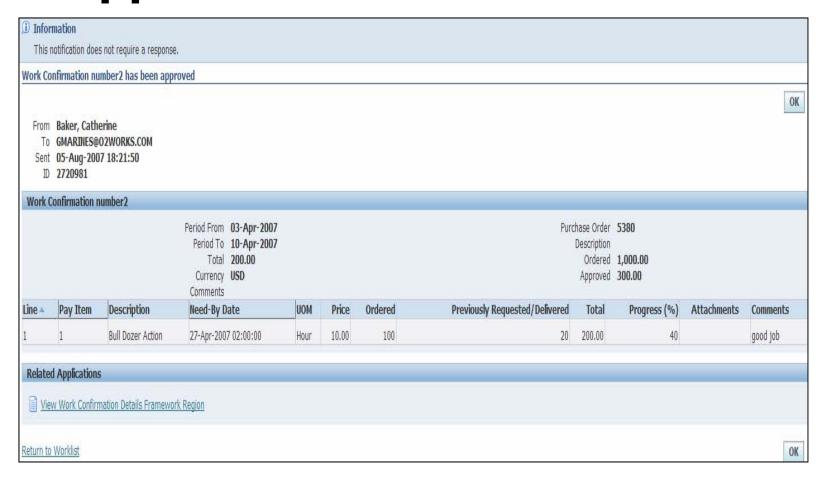| PO Number	Line	Shipment	Item Description	Supplier Item Number	Ship To	Available Qty	Quantity To Invoice	UOM	Unit Price	Amount
110	1	2	Pole Foundations		Headquarters	0				1250.00
110	1	1	Pole Foundations		Headquarters	0				3750.00

Shipping and Handling

Charge Type
Freight

Invoice Summary

Items	5000.00
Less Retainage	-500.00
Freight	200.00
Miscellaneous	0.00
Tax	0.00
Total (USD)	4700.00

Items	5000.00
Less Retainage	-500.00
Freight	200.00
Miscellaneous	0.00
Tax	0.00
Total (USD)	4700.00

Cancel | Save | Back | Step 3 of 4 | Next | Submit

iSupplier Portal – Auto financing also manages advances/financing

Quantity To Invoice	UOM	Unit Price	Amount
30.00	Hour	10.00	300.00

Items	300.00
Less Retainage	0.00
Freight	0.00
Miscellaneous	0.00
Tax	0.00
Subtotal	300.00
Less Advances and Financing	0.00
Total (USD)	300.00

Printable Page   **Create Another**

Key Set Up

- Set the Enable Services Procurement Profile Option to "yes"

- Work confirmations require receiving transaction processor to run

  - Set a schedule. Typically once or twice a day, but can be more.

Key Set Up

- Document Styles – enable the features needed to manage complex document output.

Summary

- Oracle has introduced a truly integrated set of functionality that allows organizations to:
  - Negotiate needs up front and by doing so will free up the sourcing team to control more of the company's spend.
  - Significantly automate down stream transactions and allow the associated departments to focus on strategic transaction needs rather than bulk.
  - Increase collaboration with suppliers by giving both parties a 360 degree view and communication path.

THANK YOU

Questions and Answers