

DRAFT
Work in Process

Manage your Outside Assembly Processes with "**Chargeable Subcontracting**" in Oracle EBS R12

Robert Sigrist
Principal Consultant
Colibri LC





About the Presenter

- Robert Sigrist
 - Oracle Applications Principal Consultant
 - 13 Years Oracle Applications Experience
 - Oracle Manufacturing and Supply Chain since R10.6.2
 - Colibri LC
 - OAUG Star Partner / Oracle Partner
 - Expertise in Oracle EBS Implementation, Optimization, Training and Support
 - Expertise in Oracle Apps and Database Installation, Performance Tuning, Support
 - Focus on Manufacturing including Medical Devices
 - Average experience level of 9 years





Program

- Key Oracle Definitions
- Background Process Definitions
- Business Process and System Process
- Features and Benefits of the Solution
- Setups
- Production Planning and Execution
- Production Tracking and Reporting
- Counting the Beans (Financial Impact)
- Q & A





Key Oracle Definitions

- **Chargeable Subcontracting** – Oracle Business Process introduced in EBS R12, whereby an Inventory Organization purchases and ships components to an assembly contractor, receives completed assemblies in return, and pays contractor only for value added (assembly labor).
- **SHIKYU** – Japanese term for the Chargeable Subcontracting process, as referred to and adopted in Japan, and Korea as well as Taiwan.
- **Original Equipment Manufacturer (OEM)** – Manufacturer who purchases necessary components for, but outsources the actual assembly of a Subassembly or Final Assembly to a third party. Usually owns the design of the outsourced assembly.
- **Manufacturing Partner (MP)** – Term for the third-party contractor to whom the assembly process has been outsourced by the OEM. Setup as a virtual org. for tracking (component visibility) and transactional purposes.
- **Raw Material Supplier (RMS)** – Supplier of Subcontracted Components shipped to the MP for use in outsourced manufacture of Outsourced Assembly.
- **Outsourced Assembly** – Assembly produced by the MP using components supplied and paid for by the OEM.





Key Oracle Definitions

- **Subcontracted Components** – Components paid for and supplied to the MP for use in outsourced manufacture of outsourced assembly
- **Subcontracting Order** – Purchase Order or Blanket Release issued by OEM to MP for purchase of Outsourced Assemblies from MP.
- **Replenishment PO** – Purchase Order created during the Subcontracting Process for the MP virtual org. to order receive Subcontracting Components from the OEM.
- **Replenishment SO** – Sales Order created during the Subcontracting Process for the OEM org. to ship against and produce shipping documents.
- **Replenishment Order** – Term representing Replenishment SO in the user interface (UI).
- **Allocations** – Subcontracting Components in the OEM “Hard Pegged” to, and shipped against the Replenishment SO, to the MP for manufacturing assemblies at the MP site.





Background Process Definitions

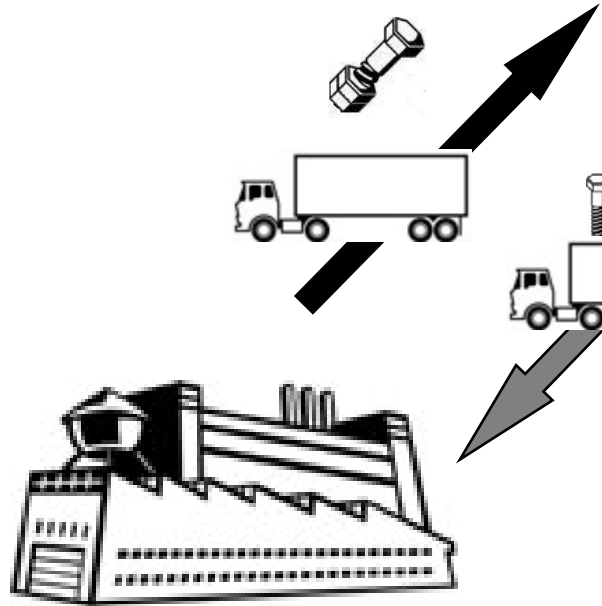
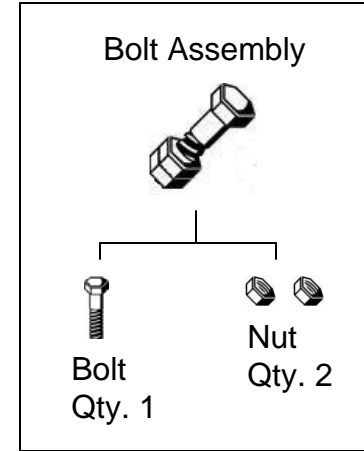
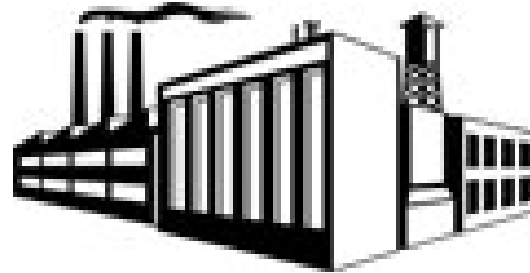
- **Interlock** – Background process that automatically creates the demand at the MP (Purchase Order) and supply at the OEM (Sales Order) for the Subcontracted Components to be sent by the OEM to the MP. This process also creates the component Allocation (hard pegging) to the Replenishment Sales Order.
- **Auto Receive Components** - Background process that automatically receives components at the MP against the Replenishment PO, based on in-transit lead times.
- **Process Receiving Transactions** - Background process that, at Outsourced Assembly receipt in the OEM, completes a simulated WIP job at the MP and issues out assembly to adjust the on hand quantity at MP



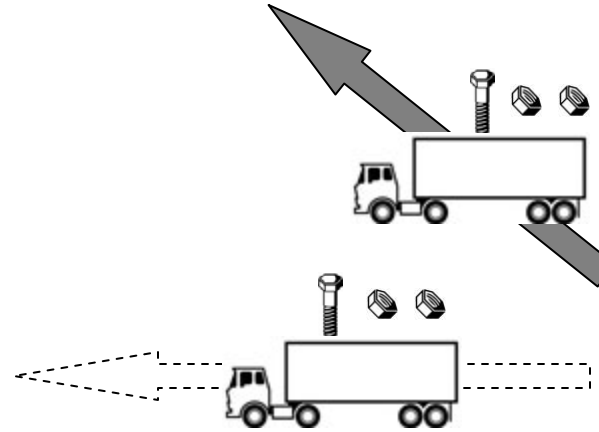
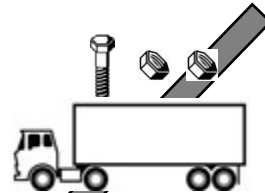


Business Process

OEM

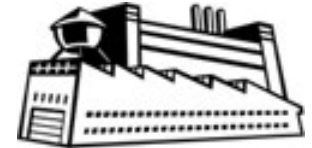


TP



Drop Ship

RMS

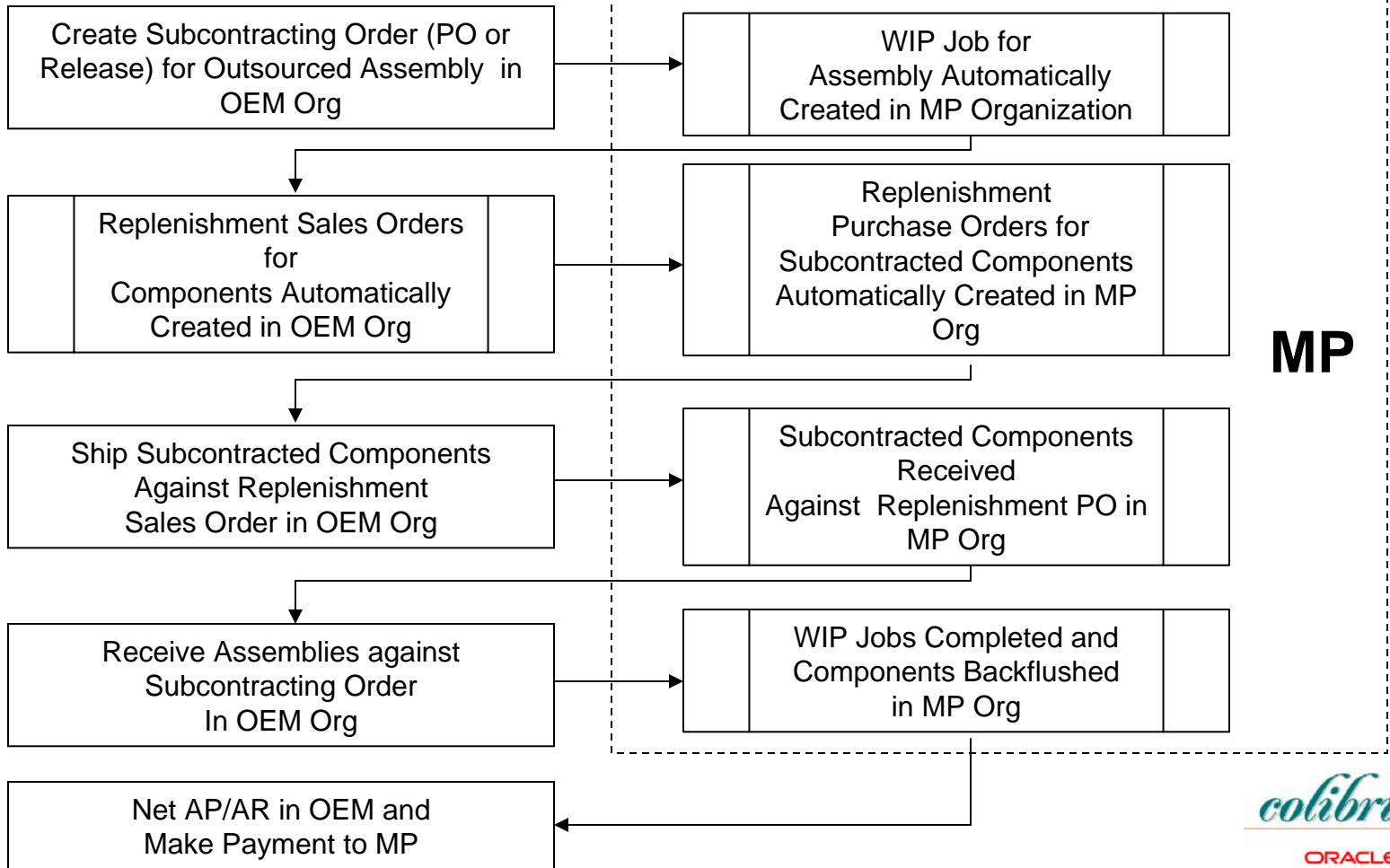




System Process

OEM

MP





Features & Benefits

- The MP Org is virtual, used for Planning and Tracking inventory at Supplier site
- A Discrete job is created in MP for every subcontracting order in OEM for execution, and is completed and closed automatically
- All Subcontracted Components are allocated (hard pegged) and On-Hand and In transit Inventory can be tracked
- Automatic Receipts of Components in MP organization
- Automatic completion of Discrete Jobs in MP organization
- AP/AR Netting to make value added Payments to MP
- Fully Integrated with ASCP





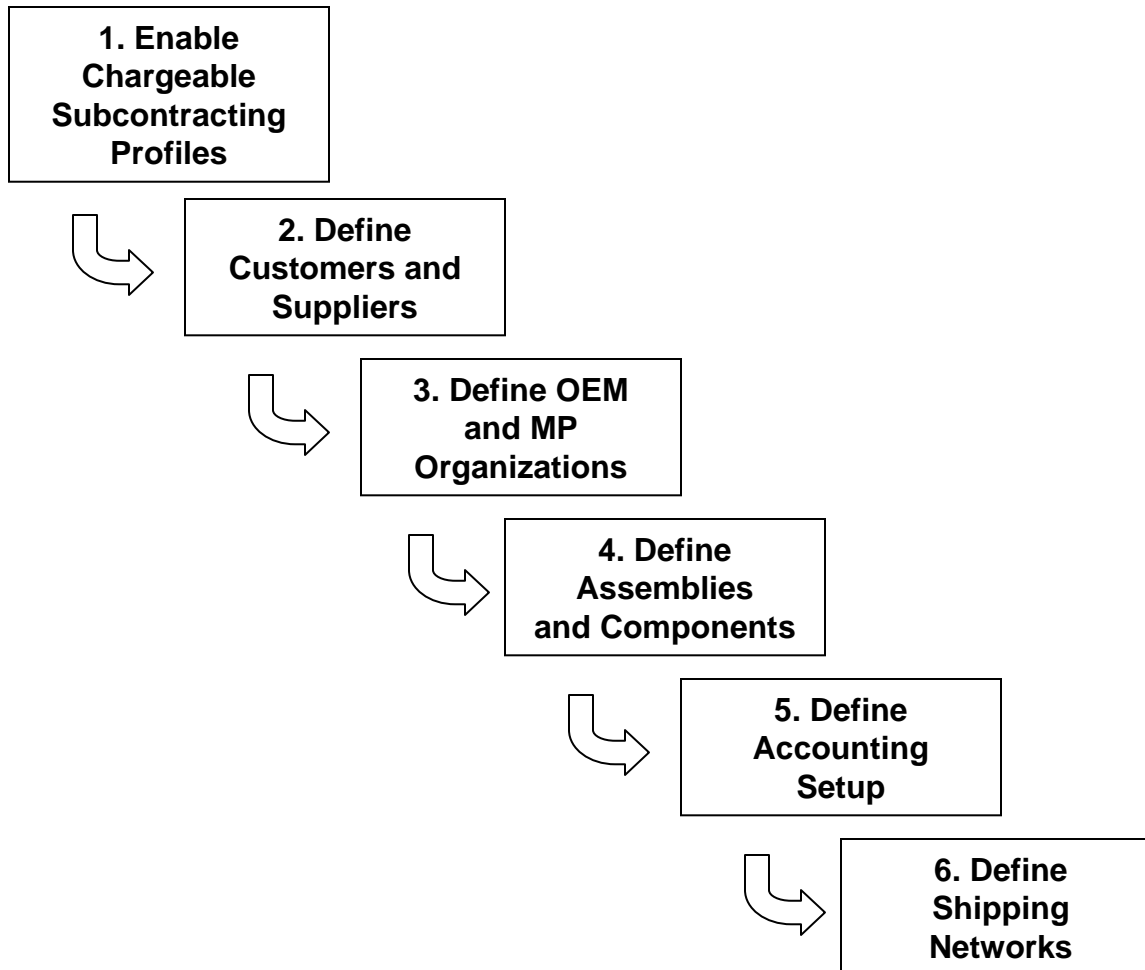
Features & Benefits

- Workbench feature to track the Component shipments and Allocations to the Subcontracting order
- Workbench can track estimated Component consumption by Outsourced Assembly and adjust for over and under consumption at the MP
- Track Component Inventory at MP site
- Ability to Drop-ship Components from RMS to MP
- Subcontracting Order changes can be reconciled
- Buyback excess Components from MP
- Supports Discrete and Project Manufacturing
- Supports Pre-positioned and Synchronized Components





Setups





Setups

- Enable Chargeable Subcontracting Profile Options

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Setups

- Define MP Organization as Customer (Customer Address)

Insert Screen Shots Here





Setups

- Define OEM and MP Organizations as Supplier (Supplier Site)

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Setups

- Create Customer / Supplier Associations

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Setups

- Define OEM Inventory Org.

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Shots Here





Setups

- Define MP Inventory Org

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Setups

- Define Outsourced Assembly in OEM

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Setups

- Define Outsourced Assembly in MP

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Setups

- Define Subcontracted Components in OEM

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Shots Here





Setups

- Define Subcontracted Components in MP

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Setups

- Define OM Transaction Type

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Setups

- Define Shipping Networks

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