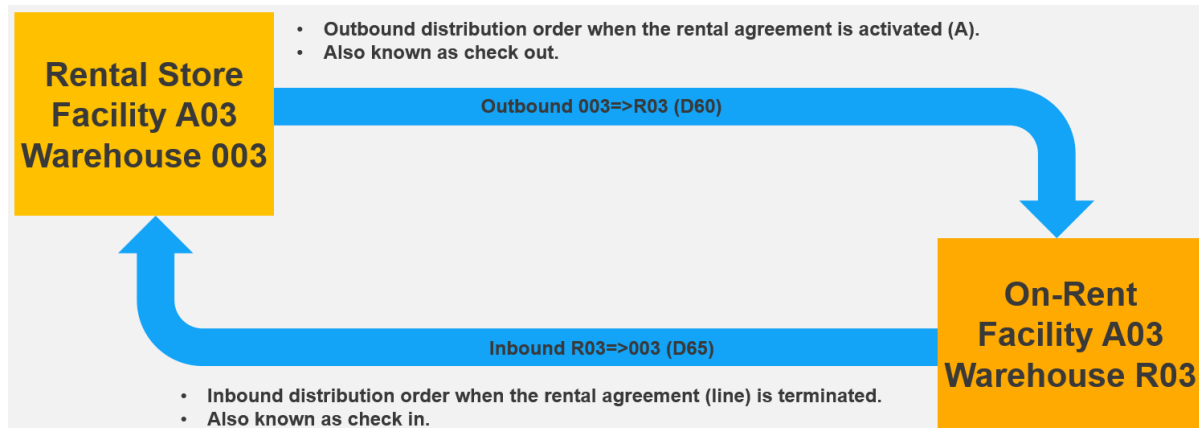


Rental Agreement to Invoice

Rental is a supplementary revenue stream for distribution companies. Customers can be professionals with an existing customer number, or they can be walk-in customers. A daily rate will be charged for the number of days the items were at the customer's site. The agreements tend to have a short validity period, often only a few days.

A rental agreement is a combination of two distribution orders:



Customers can either pay directly (cash) via the cash desk, or they can pay against a rental invoice (credit). Two rental agreement order types are defined for that purpose:

- **CO1** – Cash via the cash desk: immediate payment of the rental deposit or the entire rental invoice as an advance invoice. The customer's payment terms must be CSH (Cash), combined with payment method CSD (Cash Desk).
- **CO2** – Credit against an invoice, applying the normal payment terms, such as 30 days end-of-month.

Deposits can be used persuading the customer to return the rental items on time at the end of the rental agreement. Upon return, the deposit is reconciliated against the advance payment at the beginning of the agreement.

The order to cash for rental process is simplified through a reduced scope:

- The rental store is existing warehouse 003, which is part of facility A03 in division AAA.
- The on-rent warehouse is R03, also part of facility A03.
- The Rental Counter is used to minimize the number of clicks within the end-to-end process.
- Rental rates are expressed in weekdays. Seven-day weeks are used. Days rented out invoiced. Metered serial numbers will be invoiced for over usage hours, based on a meter-specific rental price list.
- Charges can be added for rental lines.
- Discounts can be added to rental lines.
- Active rental agreements will automatically generate a maintenance agreement with the same number. This maintenance agreement is automatically connected to the serial number and will facilitate the process when the customers report equipment break downs. This is covered in the service process.
- Up rent and down rent are possible in case the wanted rental item is not in stock.
- The checkout is simplified from the rental store 003. Once the rental contract is activated, the rental items go on-rent automatically. No extra clicks are required. For metered serial numbers, the checkout meter value is recorded.
- A rental item can have a serial number, but that is not required. Serial numbers can be subject to an off-hire inspection. Serial numbers also have a replacement value defined.
- Consumables (spare parts) can be sold via the rental agreement. These items do not return to the rental store 003.
- A rental line can be converted into an involuntary sale when the rental item is damaged beyond repair. The principle is "you break it, you buy it".

- A rental contract can be paused (stand down) if needs be. During the stand down period, the customer is not paying the rental rate.
- The check-in into rental store 003 is controlled via the picking list printout. This enables the rental coordinator to visually inspect the returned rental items. For metered serial numbers, the check-in meter value is recorded.
- An off-hire inspection is activated for selected serialized items.
- Once the rental agreement (line) is invoiced, the maintenance agreement with the same number is automatically deactivated and removed from the serial number.

A second and parallel rental depot is setup in facility A04 with the rental yard being branch warehouse A10. This list outlines the differences:

Purpose	Program	Facility A03 Data	Facility A04 Data
Facility	CRS008	A03	A04
Warehouse (rental yard)	MMS005	003	A10
On-hire warehouse	MMS005	R03	R10
Mobile warehouse	MMS005	M01	M10
Department	CRS080	A03REN	A04REN
Work center	PDS010	A03CHECK	A04CHECK
Cash desk	OIS210	ZRCD	A04RC
Default locations	STS595	003	R10
Rental depot	STS030	003	R10

The Rental Agreement to On-rent process starts from the steps to create a walk-in customer and identifying the request and stop with processing the advance payment. The process includes the following sub-processes:

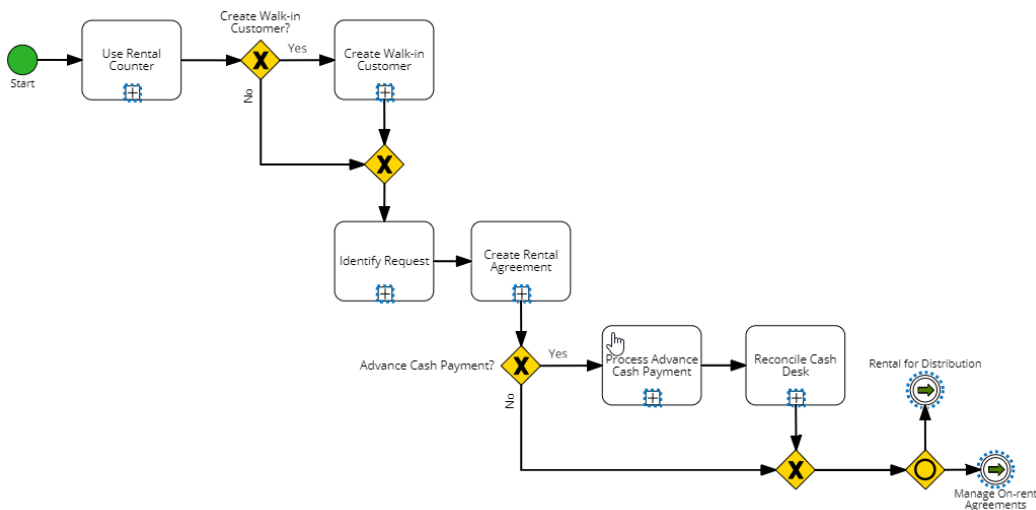
The order to cash process for rental includes the following sub processes:

1. Rental Agreement to On-Rent.
2. Manage On-Rent Agreements.
3. Terminate Rental Agreement to Payment.

Rental Agreement to On-rent

The Rental Agreement to On-rent process starts from the steps to create a walk-in customer and identifying the request and stop with processing the advance payment. The process includes the following sub-processes:

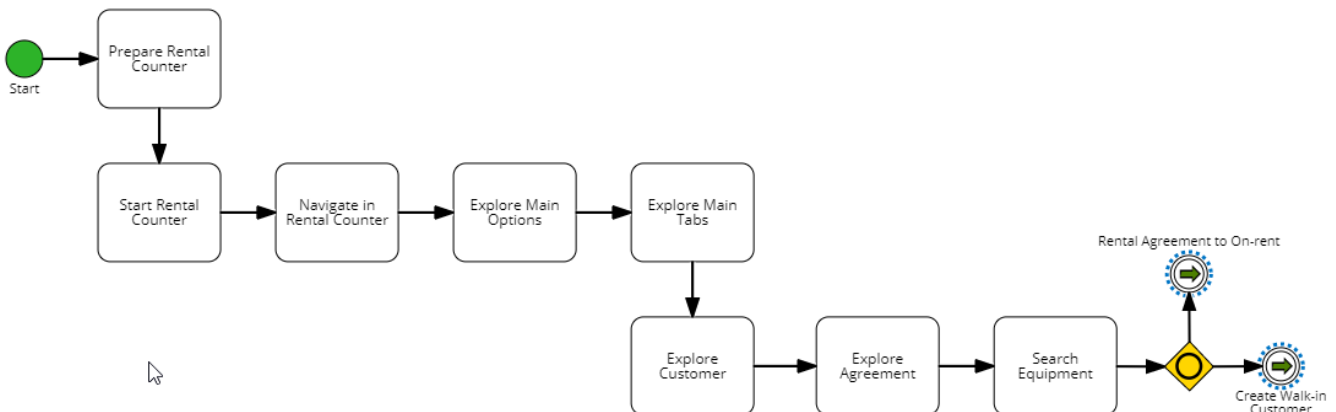
- Use Rental Counter
- Create Walk-in Customer
- Identify Request
- Create Rental Agreement
- Rental Payments



Use Rental Counter

The Rental Counter enables the rental coordinator to run the entire end-to-end process from one single application. Information from different programs and different screens is gathered on one single application. The Rental Counter is a web-mashup, deployed in the Infor H5 client. It is supported by Infor Product Development, and because of that, it must be considered an application rather than a mashup. You can still use “classic” navigation in Infor M3 to run the end-to-end process for rental, but then you use a range of different individual programs, which is normal practice in Infor M3. See the tips section for more information.

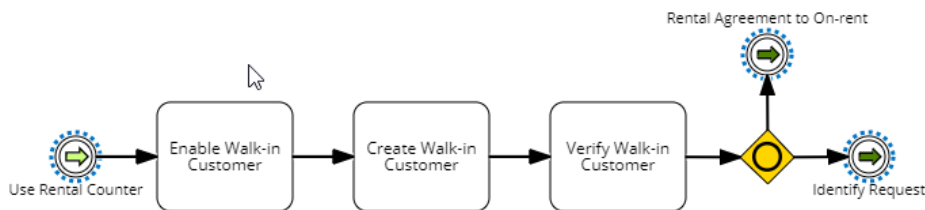
For Cloud Suite Distribution Enterprise, a light version of the rental process was added to the solution. The rental coordinator does everything over the counter, facing the customer directly. The limited complexity of the rental items allows the customer a high level of self-service. The rental coordinator needs to convert the customer's choices into a rental agreement. Integration with the Cash Desk makes the processes smoother and lighter.



Create Walk-in Customer

Rental is an additional revenue stream in the distribution industry. Most often, the customer is unknown when they walk up to the rental counter. A true walk-in customer, also known as a sundry customer. Yet, when renting out to the customer, a minimum of information must be known. Some form of traceability is necessary. A rental agreement is a binding contract, after all. A temporary customer is perfect for that purpose. A new walk-in customer can be created on the fly via the Rental Counter, prior to registering the rental agreement. A category 8 temporary customer is created in Customer. Open (CRS610).

Normal European Union (EU) General Data Protection Regulation (GDPR) is valid for walk-in customers.

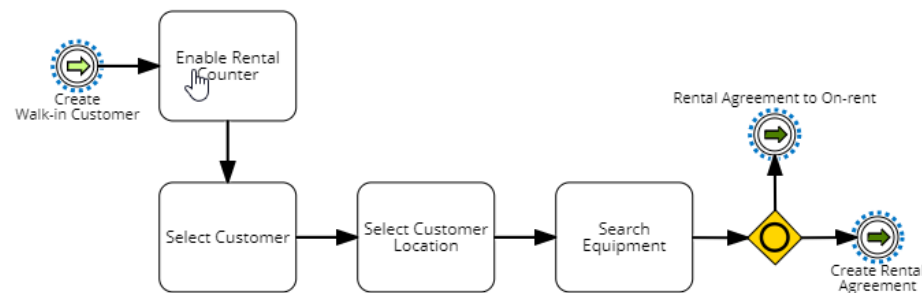


Identify Request

A known customer, or a walk-in customer wants to rent items from the warehouse (rental store). In the rental process, the customer location address is a central key value. It determines who is renting and where exactly the rental item is going to be used.

Once it established who will rent, the next part is to select the rental items. Rental can have a serial number, but that is not mandatory. When an item is not in stock, the Rental Counter will inform the rental coordinator about it. Some items are consumables and can be sold, rather than rented.

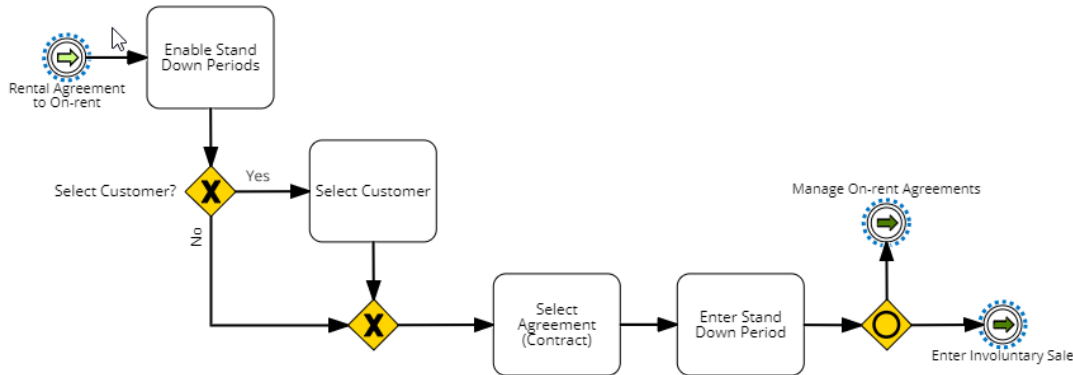
The normal end-to-end business processes, such as procure to pay, are used to bring rental items into rental store warehouse 003.



Manage Stand-down Periods

There are valid reasons why the customer should not be paying for the on-rent items. A classic example is a public (bank) holiday, such as Christmas day or New Year's Day.

One or several intervals of dates can be defined for the rental agreement line where the agreement stands down. During this interval, the customer is not invoiced.

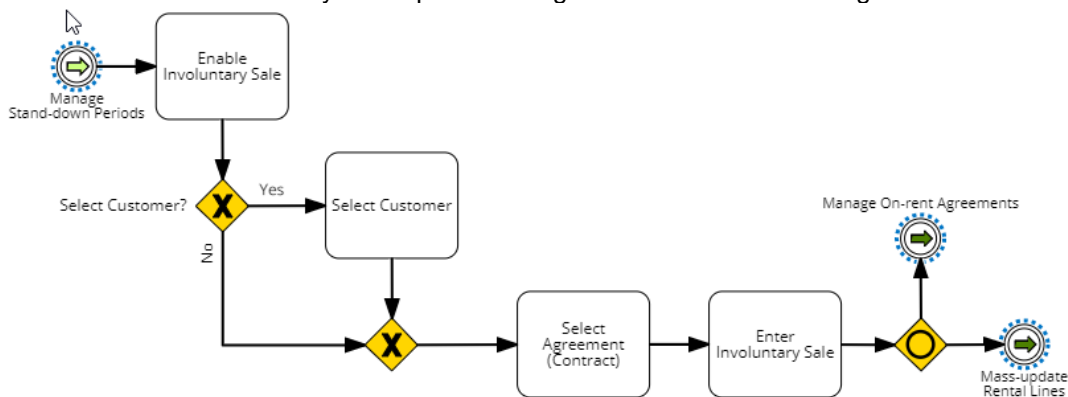


Enter Involuntary Sales

It happens that the customer damages or breaks the rental item(s). The principle here is “you break it, you buy it”. The rental agreement line can be converted into a sales line, albeit involuntary on the customer's perspective. That means that the customer owns the damaged rental item. There is no need any more to return it to the rental warehouse 003.

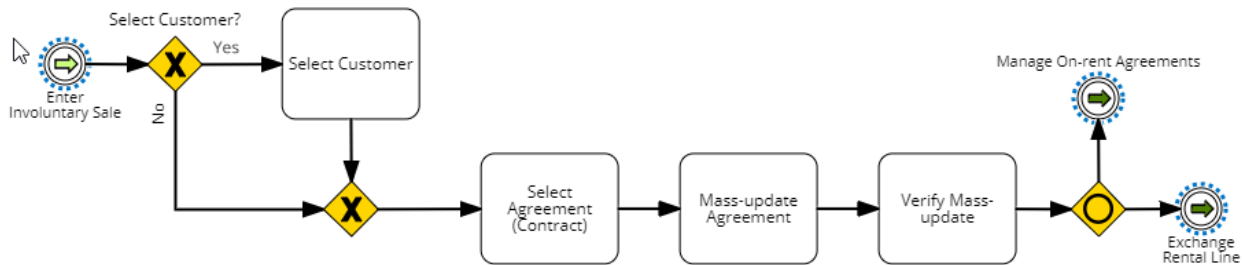
The sales price is determined by the rental coordinator. The replacement value for the rental item in question in Item. Open Service Supplement (SOS001) is a good indication. The customer will pay for the rental days as well as the (involuntary) sales price of the rental item.

Note: The Enter Involuntary Sales process diagram is similar to the Manage Stand-down Periods process.



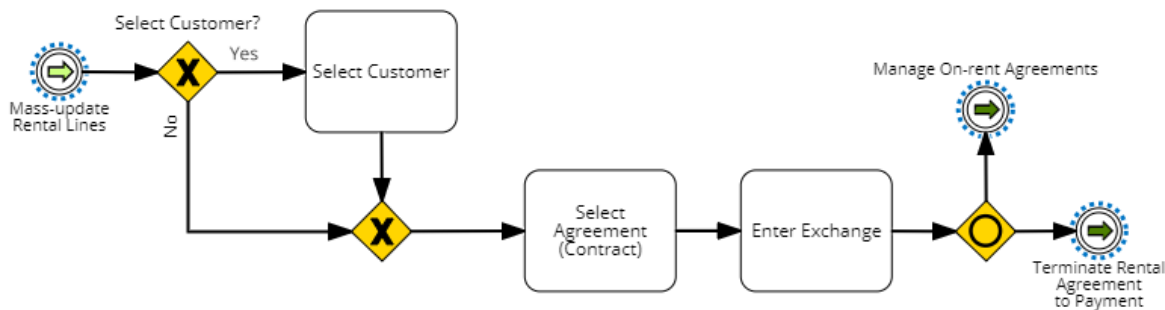
Mass-update Rental Lines

Customers can change their minds. It should be easy to mass update all rental lines based on the customer's wishes. The most common change is the validity period for the rental agreement lines. From the Rental Counter, you can mass change the complete rental agreement. The change(s) will be inherited by all rental lines.



Exchange Rental Line

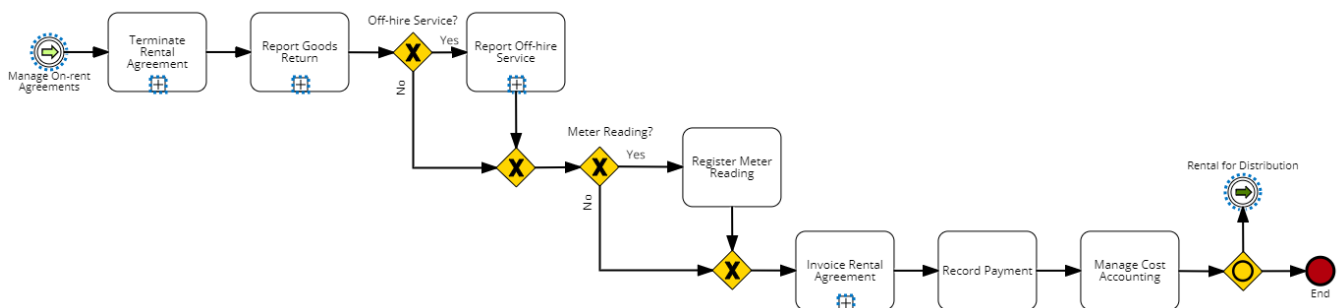
It happens that the rental item breaks down, with the customer not to be blamed. Replacing (exchanging) the rental item is the solution. The broken/damaged rental item returns to the rental depot and the replacement rental item is going on-rent immediately, enabling the customer to carry on until the end of the rental agreement.



Terminate Rental Agreement to Payment

The Terminate Rental Agreement to Payment process starts with the termination of the rental agreement and stops with the invoicing and payment. The process includes the following sub-processes:

- Terminate Rental Agreement
- Report Goods Return
- Report Off-hire Service
- Invoice Rental Agreement

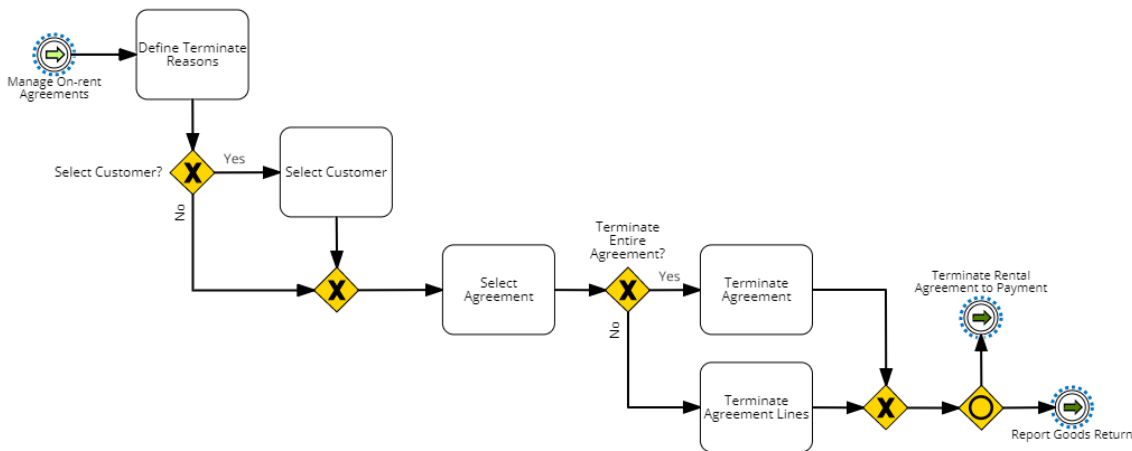


Terminate Rental Agreement

An active (A) agreement will end when:

- The customer returns the rental items to warehouse 003. This can be before the end of the rental agreement end date.
- The rental agreement reaches its end date. The customer is expected to return the rental goods to warehouse 003 at the correct date.

You can terminate either the complete rental agreement, including all its rental lines, or you can terminate individual rental lines separately. Off-hire and terminate rental agreement mean the same thing. Knowing the start and the end date of the rental contract is good information to determine when to terminate the agreement.



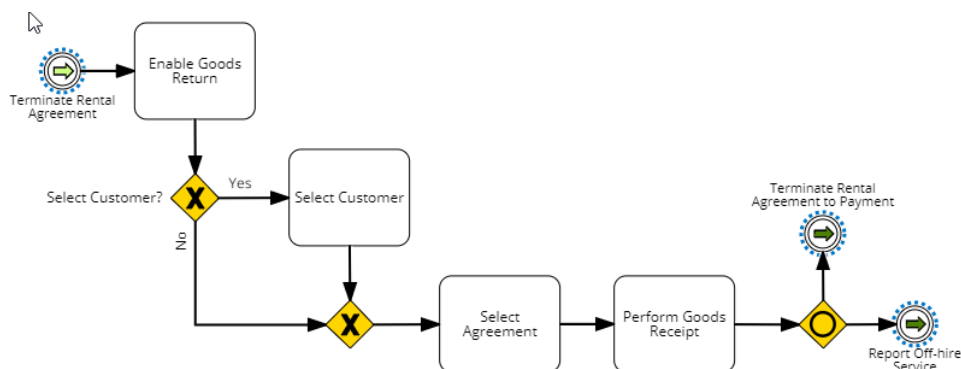
Report Goods Return

The rental agreement was terminated. The rental coordinator now has to check-in the rental items. Check-in is the same as receiving the rental items back into warehouse 003. When the rental item is metered, the check-in meter will be recorded. Consumption meters such as fuel tanks are out of scope. That said, the dispatch policy for the inbound distribution order (R03=>003) is configured to stop this subprocess after automatic allocation (status 33). If not stopped, the system would automatically receive the distribution order (to status 99) and the rental coordinator has no control over the check-in process.

Release for picking for the inbound distribution order's delivery number will:

- Receive the rental items (both serialized and non-serialized) back in warehouse 003. See the result in Stock Transaction. Display History (MWS070).
- Trigger the RENTAL OFF-HIRE service via a work order request. That request will automatically convert itself into a work order. See more details on the RENTAL OFF-HIRE service, also known as the turn-around service in the Report Off-Hire Service document.

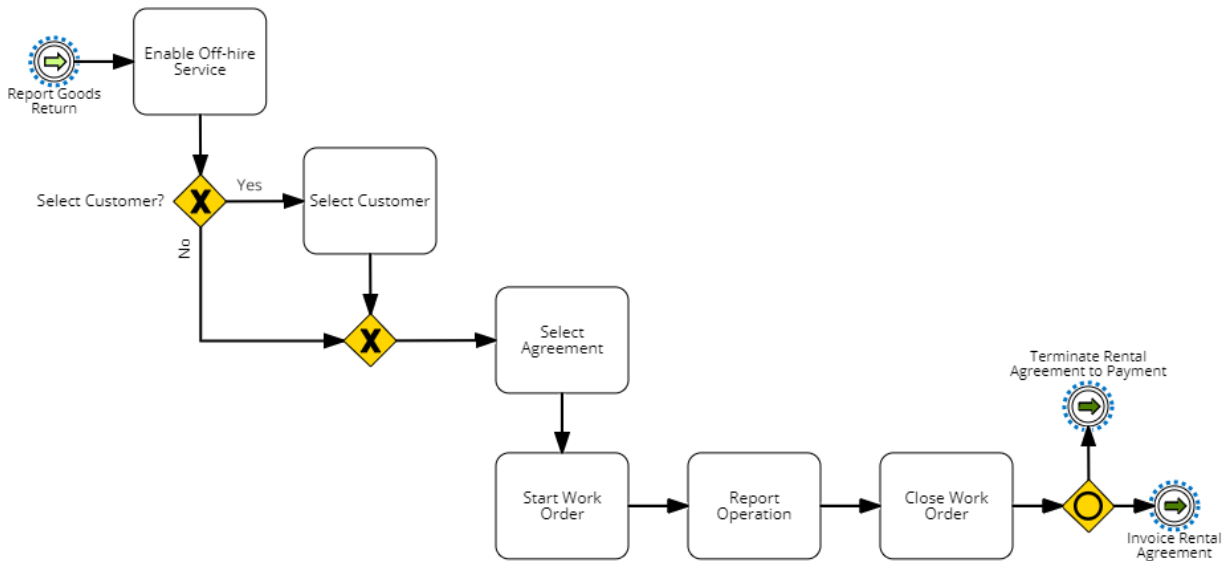
The rental lines can now be invoiced.



Report Off-hire Service

The rental agreement was terminated, and the rental items have been received back into warehouse 003. A visual inspection is done by the rental coordinator, making sure that the received rental equipment is complete, clean and in working order. The invoicing of the rental agreement can take place before this off-hire inspection is done. The RENTAL OFF-HIRE service is defined with just one operation line: visually checking the rental item. In case the rental item is damaged, it can be quarantined.

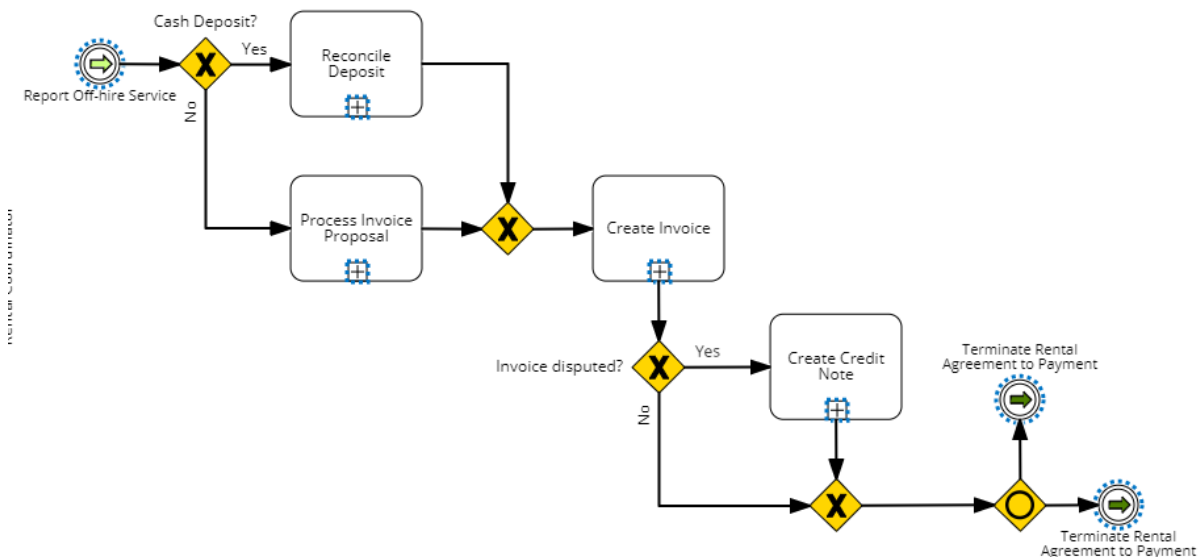
Described in the service process, a separate ADHOC FIELD SERVICE can be created to repair the damage and if needs be, invoice the customer for the used time and material. The repair will also take the rental out of quarantine and back into the rental fleet.



Invoice Rental Agreement

The process includes the following sub-processes:

- Reconcile Deposit
- Process Invoice Proposal
- Create Invoice
- Create Credit Note



Reconcile Deposit

Deposits are used as a security. It will ensure that the rented items are returned. A deposit was paid by the customer when the rental agreement with rental order type CO1 was activated. The cash desk was used to collect this deposit.

At the end of the rental agreement, the customer returns the rental items to the warehouse. Now is the time to compare the deposit paid with the actual rental cost. You reconcile the deposit.

- When the deposit exceeds the actual rental cost, a credit note will be generated to pay this amount back to the customer. This can happen when the customer returns the rental items early.
- When the deposit does not cover the actual rental cost, an invoice will be generated to bill the customer this extra charge. Happens when the customer returns the rental items too late.

When the deposit and the actual rental cost is equal, nothing will be invoiced. Happens when the customer returns the rental goods on-time.

Process Invoice Proposal

Invoicing a rental agreement is a four-step process:

1. Create an invoice proposal.
2. Review the created invoice proposal.
3. Approve the created invoice proposal (optional).
4. Create the rental invoice based on the approved invoice proposal. This is optional in this document. Refer to the Create Invoice document.

The first three steps cover the invoice proposal. Optional instructions are added to continue all the way to a rental invoice, but it is advised to not go beyond the invoice proposal stage.

Create Invoice

This represents the last step in the invoicing process. An invoice proposal can already exist, but that is not mandatory. The four steps covered in the invoice proposal can be condensed into one single step by click the Payment icon in the Rental Counter. When the customer has payment method CSD, the cash desk will be presented showing the grand total of all rental lines and consumable/spare parts sales lines.

Create Credit Note

A customer can contest a rental invoice. Most commonly due to incorrect pricing or forgotten discounts. There are three options to overcome this problem. Each of these three options will have a connection back to the original rental invoice number to maximize traceability.

1. Partial credit – Changes can be made, and the credit note is generated. The total credited amount cannot exceed the original invoice amount.
2. Full credit – Changes cannot be made, and the full amount is credited. The invoice is annulled.
3. Credit and re-invoice – Like option 2, but the system will re-invoice the net difference through a new invoice number. This option is not valid for rental agreement with collected deposit amounts.

Just like rental invoicing, rental crediting has different steps:

1. Create a credit proposal, choosing one of the 3 options described here above.
2. Amend the amounts, but only for partial credit (option 1) and credit/re-invoice (option 3).
3. Approve the amended credit proposal.
4. Create the credit note.

Note: Steps 3 and 4 can be compressed to one click in the Rental Counter: click the Payment icon. When the payment method is cash (CSD), it is possible to pass via the cash desk in Cash Payment. Open (OIS215). The amounts will be negative.

Record Payment

We refer to the Financial Plan to Report processes and, the Accounts Receivable – Customer Payments process (DISXFI.25 and DISXFI.25.05), for the recording of the payment.

