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LCM Integration with Discrete and Process Manufacturing - Key Setups, Functional Flow and Data Diagnostics

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Agenda

- Overview of Landed Cost Management
- Test Case
- LCM integration Key Setup Analyzer script and output
- Functional Flow
- Data flow
- Table Mapping
- LCM Transactional Data Diagnostics script and output
- Common issues & FAQs

Overview of Landed Cost Management

- Cost to “Land” a material on buyers final Location
- Costs Includes:
  - Includes insurance
  - Transportation
  - Handling, storage costs, container fees,
  - Import or Export Charges, Taxes etc…
- Benefits:
  - Maximize Profits
  - Increase Competitiveness
  - Increase Visibility
  - Ensure Compliance

Overview of Landed Cost Management

- Usage of Oracle LCM:
  - LCM as a service:

    Receive goods in Purchasing, calculation of estimated landed costs and generation of LCM Shipment through APIs
  - LCM pre-receiving:

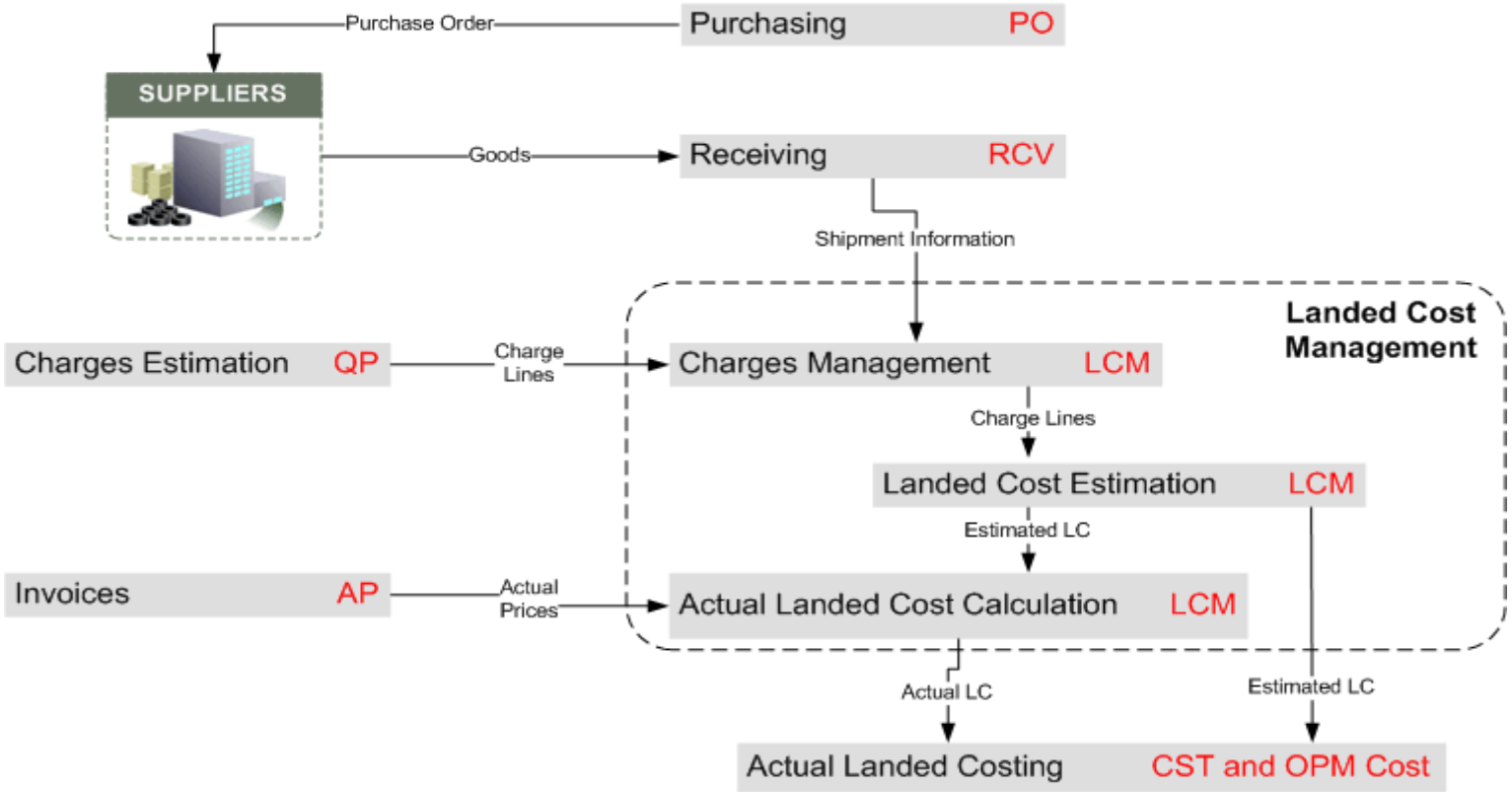
    LCM Shipments created manually, charges can be edited manually before receipt of Goods, integrate to PO receipt
- Types of Landed Cost Adjustments:
  - Estimated Landed Cost (ELC):

    Calculated at the time of receipt based on one or more estimated charges
  - Actual Landed Cost (ALC):

    Calculations based on the actual invoice prices

Overview of Landed Cost Management

Integration with Other Oracle Applications:



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Test Case

Create a PO with Quantity: 100 Each, Unit Price: 100 USD

Setup Cost Factors:

LCM Freight Charges: 10%

LCM Insurance Charges: 200 USD Lumpsum

Estimated Landed Cost (ELC) :

Item Price + Freight + Insurance = 100*100+10000*.1+200 = 11200 USD

Unit ELC = Total Cost/Quantity = 11200/100 = 112 USD/Each

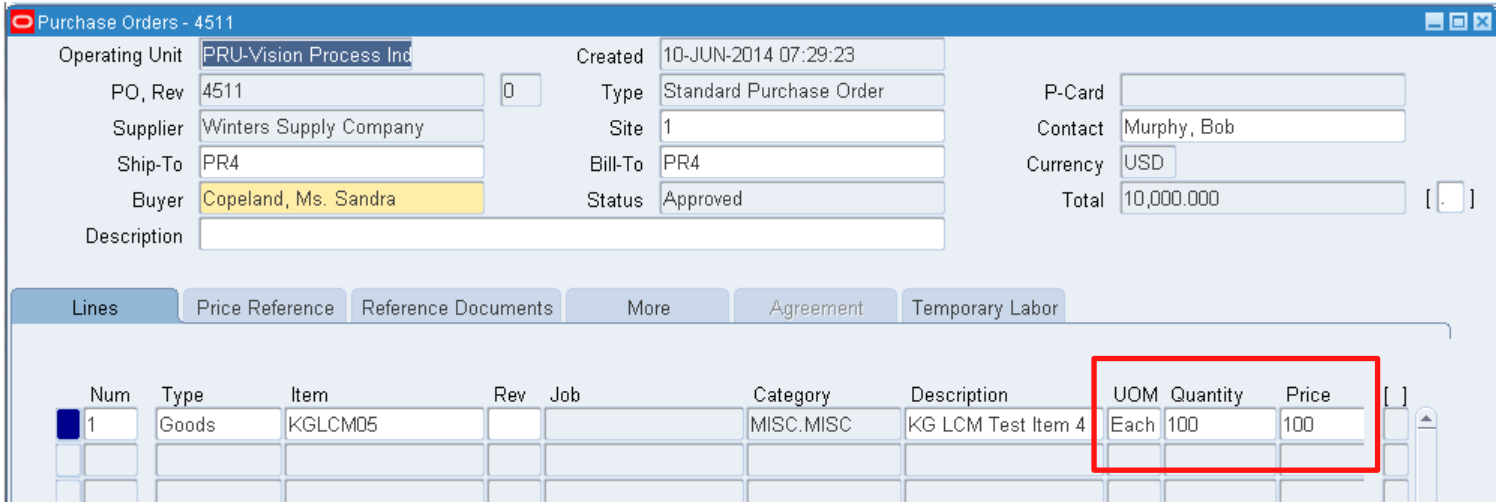
AP Invoices:

Invocie#1: Matched with Item Line Type: 11000 USD (with Item Unit Price: 110)

Invoice#2: Matched with Freight & Miscellaneous: 1400 USD(Freight: 1100, Insurance: 300)

Unit Actual Landed Cost (ALC): (11000+1400)/100 = 124 USD/Each

Test Case – Purchase Order



Test Case – Landed Cost Shipments Workbench

Workbench | Setup

Simulations | Shipments

Landed Cost Details

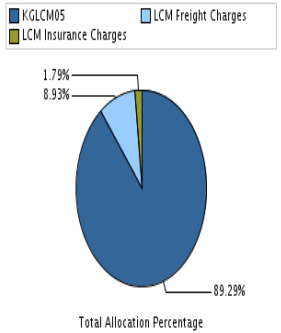
Operating Unit	PRU-Vision Process Industries (US)	Source Type	Purchase Order	Shipment	71	Item	KGLCM05
Organization	PR4	Source Order	4511	Shipment Date	10-Jun-2014	Quantity	100
Receiving Location	PR4	Source Line	1	Shipment Type	All Shipments	UOM	Each
		Source Shipment Line	1	Shipment Status	Completed	Total Amount	11,200.000
				Shipment Line	1	Total Unit Landed Cost	112.00000
						Currency Code	USD

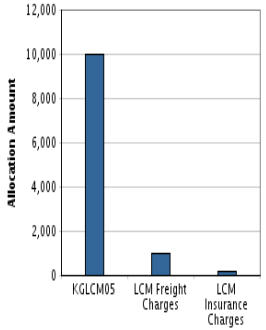
Personalize Flow Layout: (AdjHistFlowLayout)

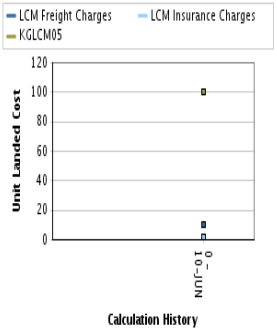
Personalize Table: (AllocationDataTable)

Component Reference	Type	Analysis Code	Component Class	Amount	Unit Landed Cost
KGLCM05	Item Price			10,000.000	100.00000
LCM Freight Charges	Charge	FRT	1-FREIGHT	1,000.000	10.00000
LCM Insurance Charges	Charge	INS	1-INSURANCE	200.000	2.00000

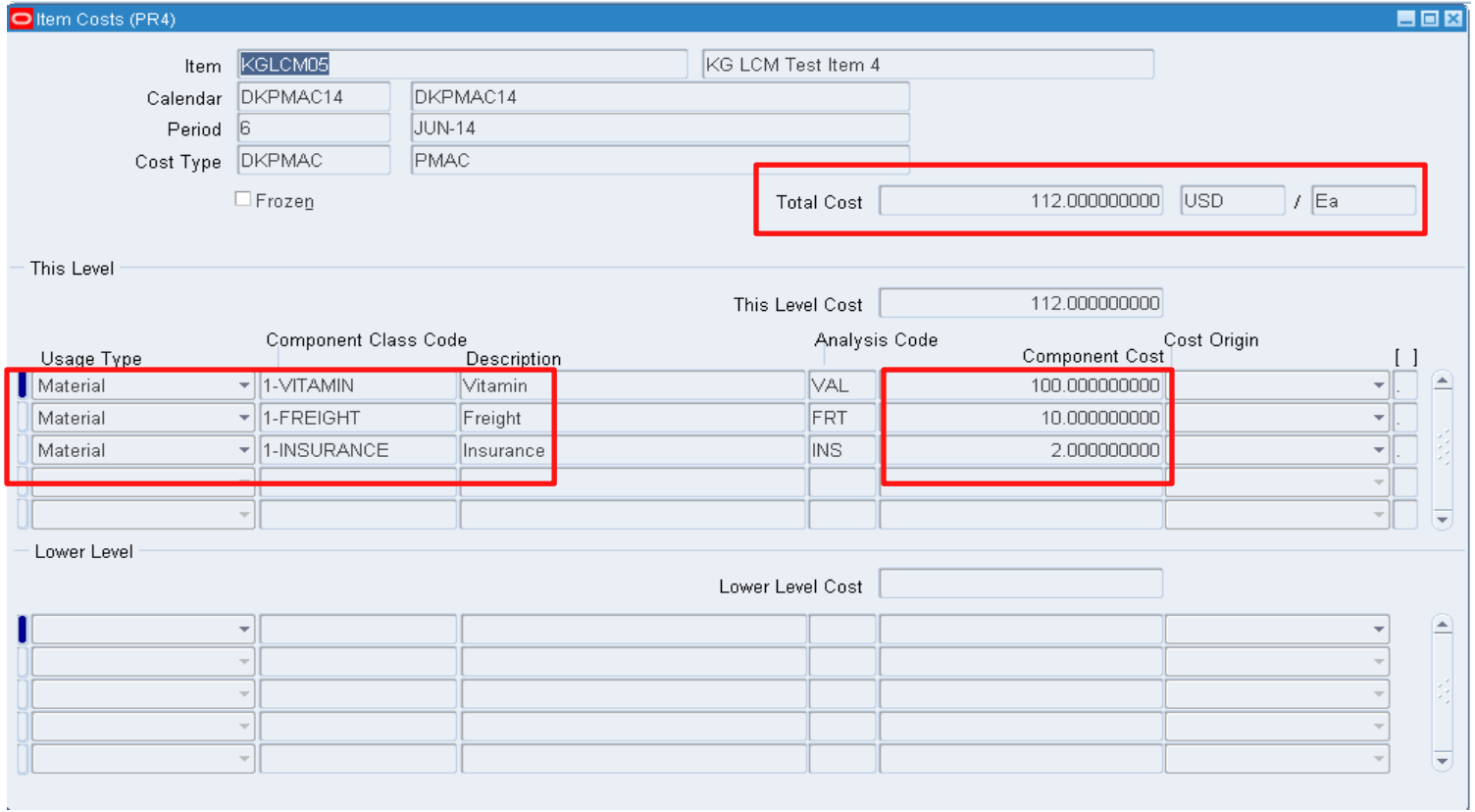
Personalize Stack Layout: (StackGraphRN)



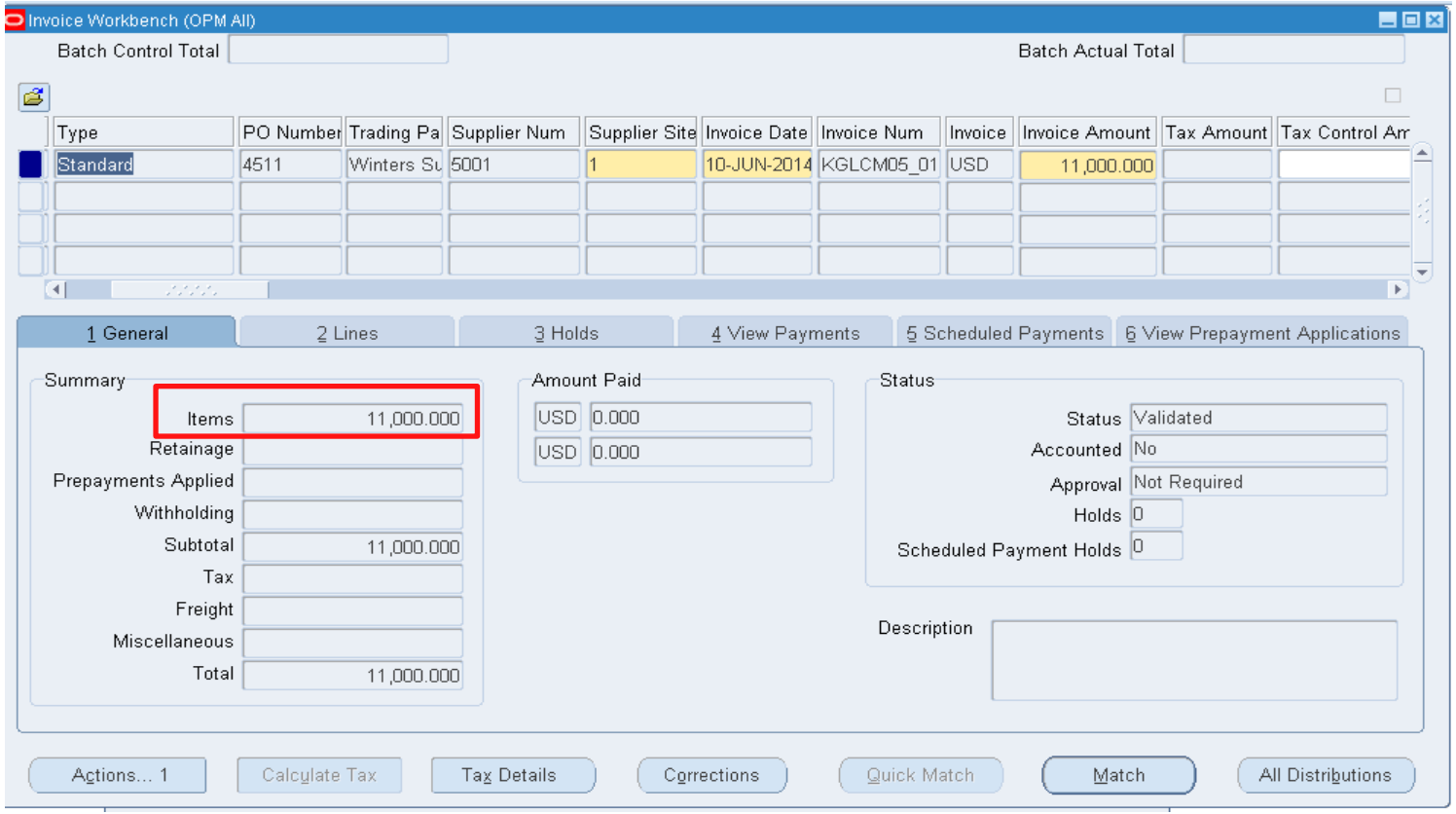




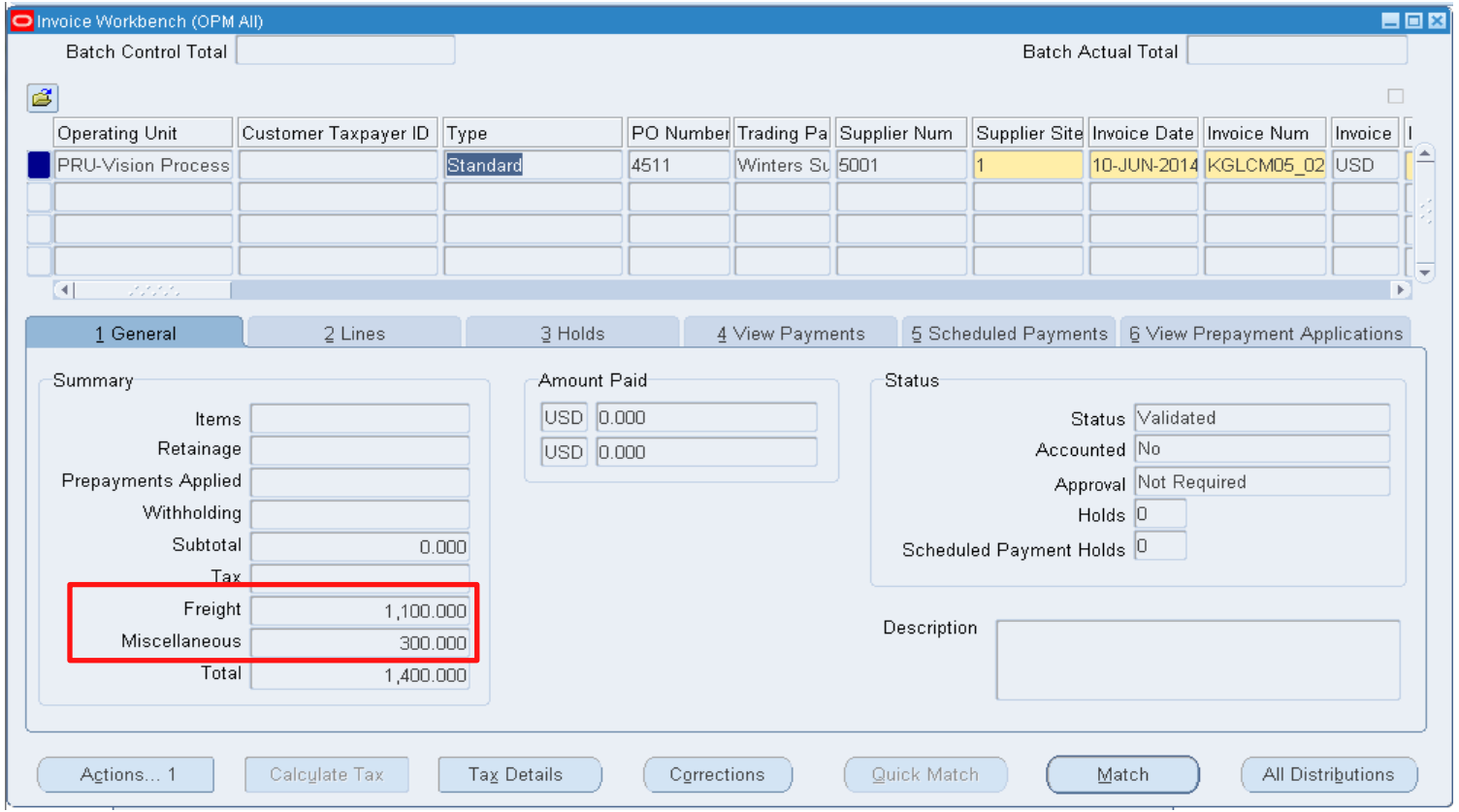
Test Case – Item Cost



Test Case - Invoices



Test Case - Invoices



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Landed Cost Details

Operating Unit	PRU-Vision Process Industries (US)	Source Type	Purchase Order	Shipment	71	Item	KGLCM05
Organization	PR4	Source Order	4511	Shipment Date	10-Jun-2014	Quantity	100
Receiving Location	PR4	Source Line	1	Shipment Type	All Shipments	UOM	Each
		Source Shipment Line	1	Shipment Status	Completed	Total Amount	12,400.000
				Shipment Line	1	Total Unit Landed Cost	124.00000
						Currency Code	USD

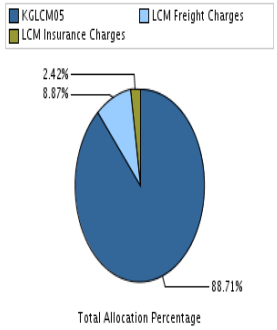
Personalize Flow Layout: (AdjHistFlowLayout)

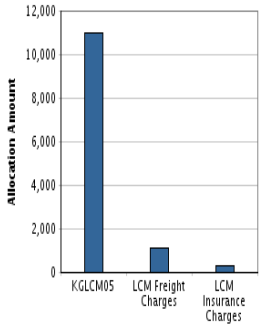
Unit Landed Cost History 1 - 10-JUN-2014 Go

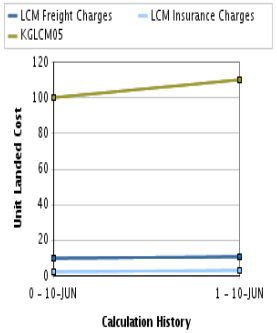
Personalize Table: (AllocationDataTable)

Component Reference	Type	Analysis Code	Component Class	Amount	Unit Landed Cost
KGLCM05	Item Price			11,000.000	110.00000
LCM Freight Charges	Charge	FRT	1-FREIGHT	1,100.000	11.00000
LCM Insurance Charges	Charge	INS	1-INSURANCE	300.000	3.00000

Personalize Stack Layout: (StackGraphRN)







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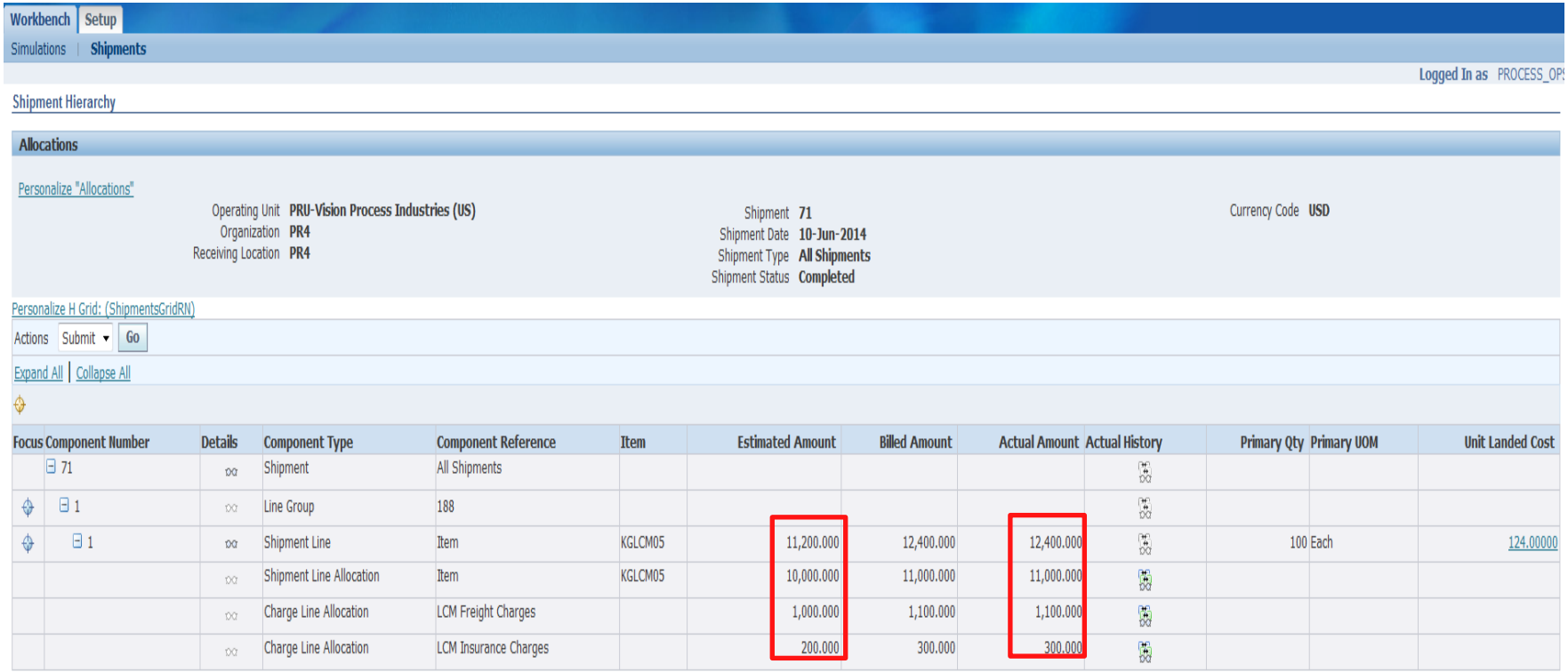


Workbench | Setup

Simulations | Shipments

Logged In as PROCESS_OPS

Shipment Hierarchy

Allocations

Personalize "Allocations"

Operating Unit **PRU-Vision Process Industries (US)**
Organization **PR4**
Receiving Location **PR4**

Shipment **71**
Shipment Date **10-Jun-2014**
Shipment Type **All Shipments**
Shipment Status **Completed**

Currency Code **USD**

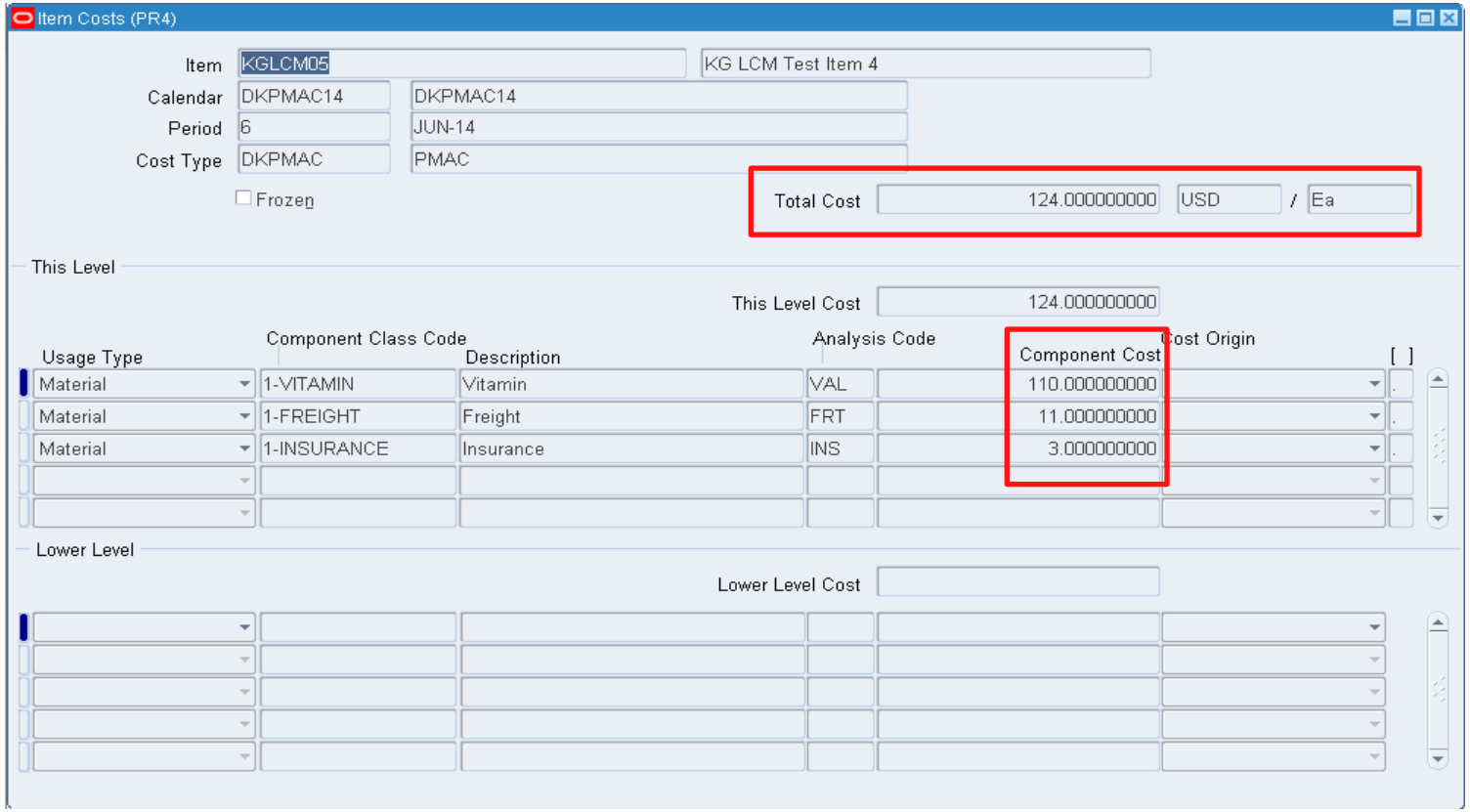
Personalize H Grid: (ShipmentsGridRN)

Actions Submit Go

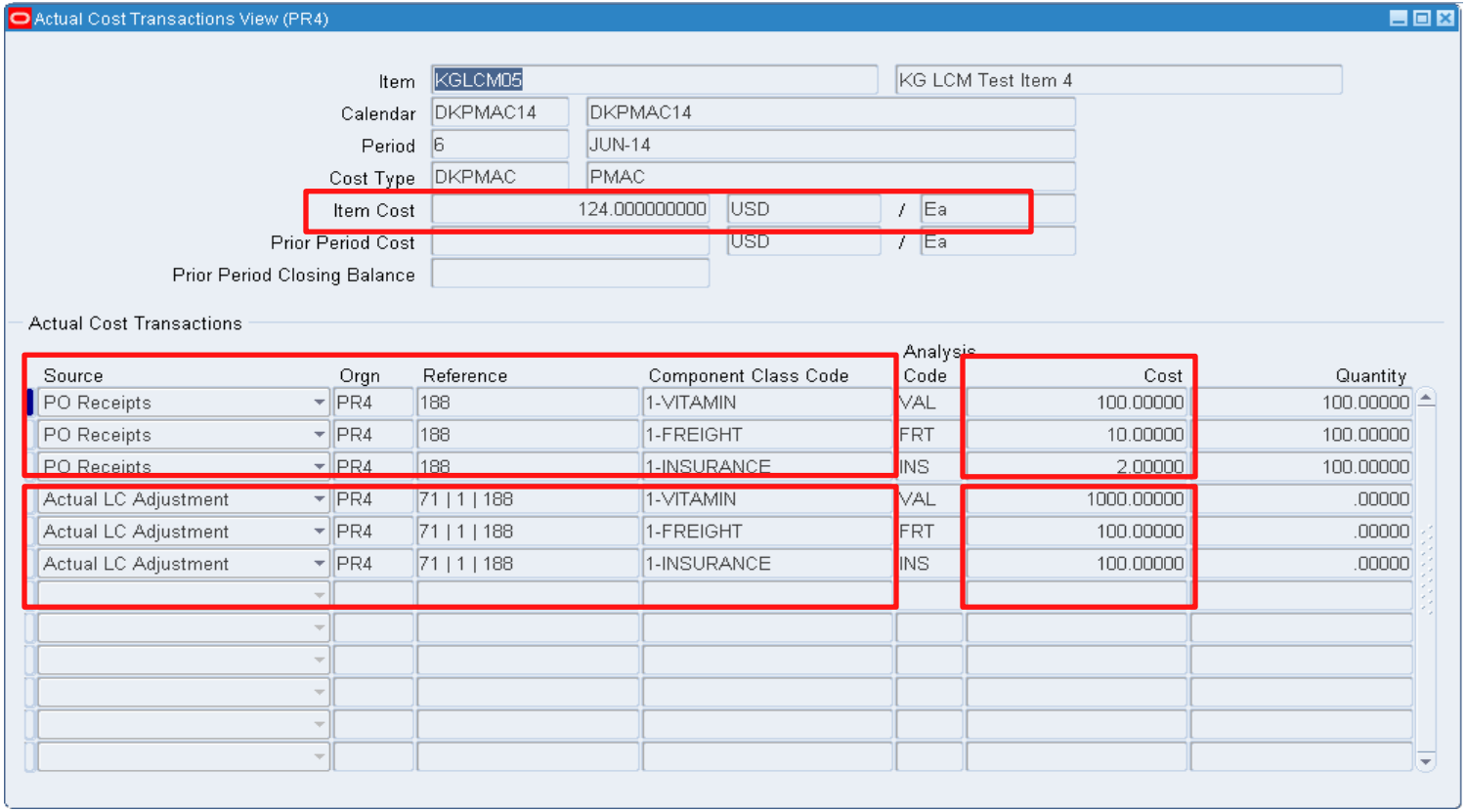
Expand All | Collapse All

Focus	Component Number	Details	Component Type	Component Reference	Item	Estimated Amount	Billed Amount	Actual Amount	Actual History	Primary Qty	Primary UOM	Unit Landed Cost
	71		Shipment	All Shipments								
	1		Line Group	188								
	1		Shipment Line	Item	KGLCM05	11,200.000	12,400.000	12,400.000		100	Each	124.00000
			Shipment Line Allocation	Item	KGLCM05	10,000.000	11,000.000	11,000.000				
			Charge Line Allocation	LCM Freight Charges		1,000.000	1,100.000	1,100.000				
			Charge Line Allocation	LCM Insurance Charges		200.000	300.000	300.000				

Test Case – Item Cost



Test Case – Item Cost



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- Common issues & FAQs

LCM integration Key Setup Analyzer script and output

Doc ID 1664410.1 - OPM LCM integration Key Setup Analyzer
Doc ID 1677693.1 - Discrete LCM integration Key Setup Analyzer

- Mandatory Profile Options and Recommended Values.
- Organization Parameters
- Receiving Options
- Cost Factors
- Price Modifiers
- Landed Cost Management Options, LCM Shipment and Shipment Line Types
- Recommended and High Priority Patches
- Important PL/SQL Package Versions

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Functional Flow– LCM As a Service

A. ***Receipt Process:***

B. ***Import Into Inventory/Costing – Estimated LC:***

C. ***Actual Invoice and Matching:***

D. ***Import into Inventory/Costing – Actual LC:***

Functional Flow – LCM As a Service

A. Receipt Process:

Responsibility: Purchasing

- Create and approve a Purchase order.
- Receive PO.
- Run “Landed cost Integration Manager” to interface the Shipments to LCM.

Responsibility: Landed Cost Management

- Run “Shipments Interface Import” to create a LCM shipment and to calculate the charges.
- Run "Receiving Transaction Processor" (to deliver the LCM shipment) and to update the RCV shipments with ELC
- Verify the shipment created, charges and estimated landed Cost (ELC) calculated

Functional Flow - LCM As a Service

B. Import Into Inventory/OPM Finacials – Estimated LC:

Responsibility: Inventory

Material Transaction Manager

Responsibility: OPM Financials

Run ”Landed Cost Adjustments Import Process” into OPM Financials
Run Actual cost Process and verify the item cost details along with the ELC adjustments

Functional Flow - LCM As a Service

B. Import Into Inventory/Costing – Estimated LC:

Responsibility: Inventory

- Material Transaction Manager

Responsibility: Cost Management

- Cost Manager

Functional Flow– LCM As a Service

C. Actual Invoice and Matching:

Responsibility: Account Payables

- Create AP Invoices and match for Item price and other charges.
- Validate Invoice for Item and other charges.

Responsibility: Landed Cost Management

- Run “Matches Interface Import” to import the actual invoice amounts from INL Interface tables.
- Run “Submit Pending Shipments” to populate actual Landed cost and the Actual landed cost adjustments

Functional Flow– LCM As a Service

D. *Import into Inventory/OPM Financials – Actual LC:*

Responsibility: OPM Financials

- Run ”Landed Cost Adjustments Import Process” into OPM Financials
- Run Actual cost Process and verify the Item cost details with Actual LC adjustments.
- Run cost update
- Run OPM Accounting Pre-processor
- Run "Detailed Sub-ledger Report" to verify the accounting events
- Run the Create Accounting process in order to generate the accounting transactions

Functional Flow– LCM As a Service

D. Import into Inventory/Costing – Actual LC:

Responsibility: Inventory

- Material Transaction Manager

Responsibility: Cost Management

- Cost Manager

Functional Flow – LCM Pre-receiving

A. Receipt Process:

Responsibility: Purchasing - Create and Approve Purchase Order

Responsibility: Landed Cost Management

- Create LCM shipments in LCM workbench
- Generate charges by choosing "Generate Charges" so that the QP will be called to calculate the estimated landed cost. If Advanced Pricing is not used, charges has to be manually entered by choosing the 'Manage Shipments' option.
- Submit the LCM shipments (Generates Unit LC and populates RTI)
- RTP Submitted On-line mode (Populates RCV shipments with ULC and SLS as Expected.
- Query LCM shipment Number with Source as LCM in Receipts form and save the Receipt (Populate RTI).
- RTP submitted (RSH gets updated with Receipt number and SLS as Fully Received)

Subsequent processes which are B. Import Into Inventory/Costing – Estimated LC, C. Actual Invoice and Matching D. Import into Inventory/Costing – Actual LC same for OPM and Discrete costing.

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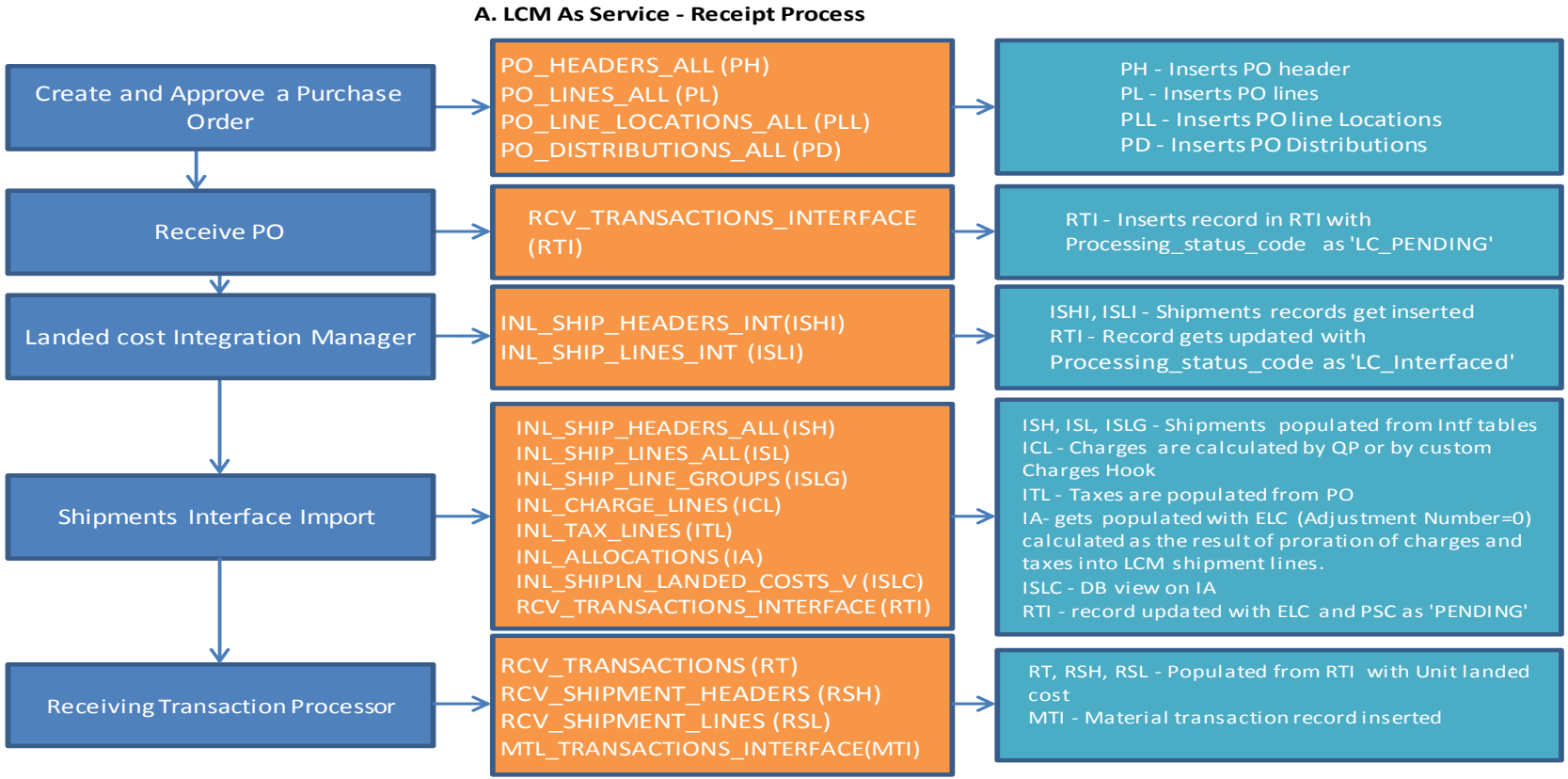
Data Flow – LCM As Service



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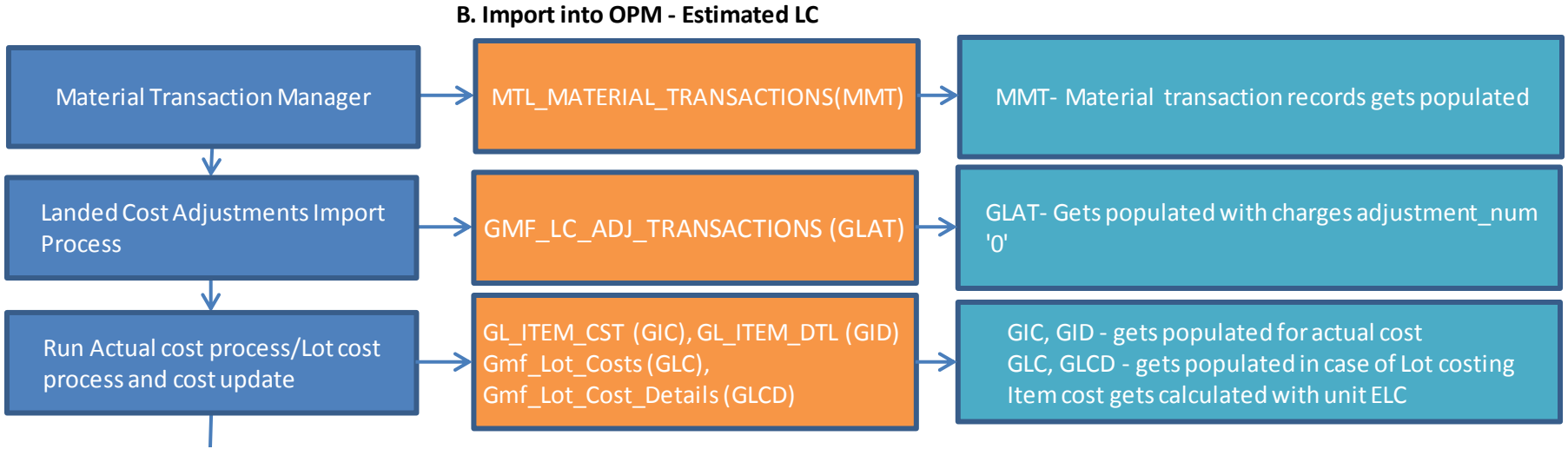
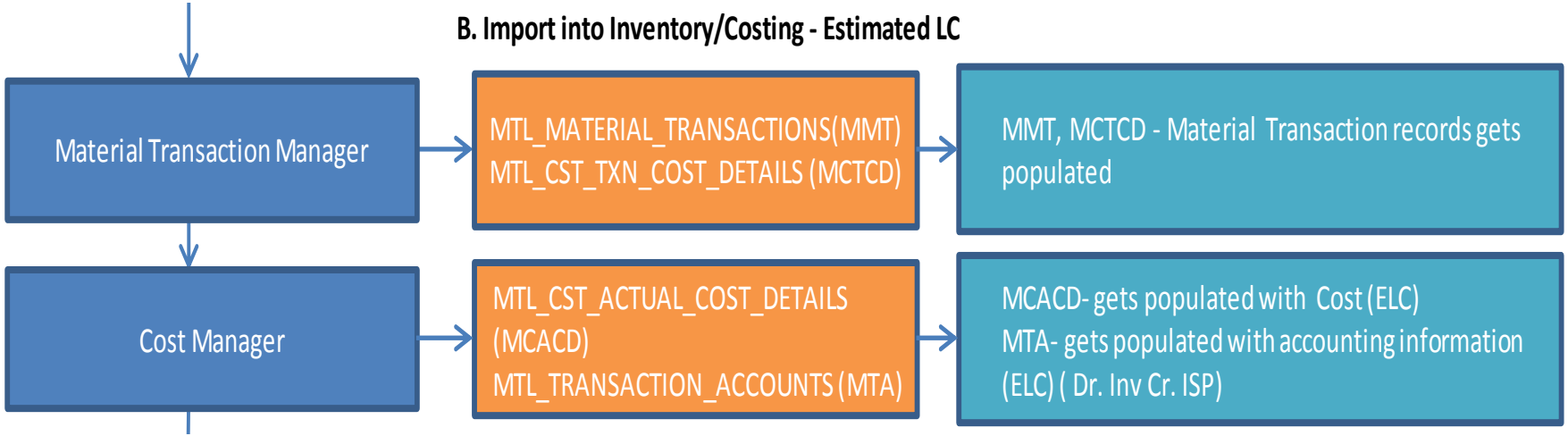


Data Flow – LCM As Service



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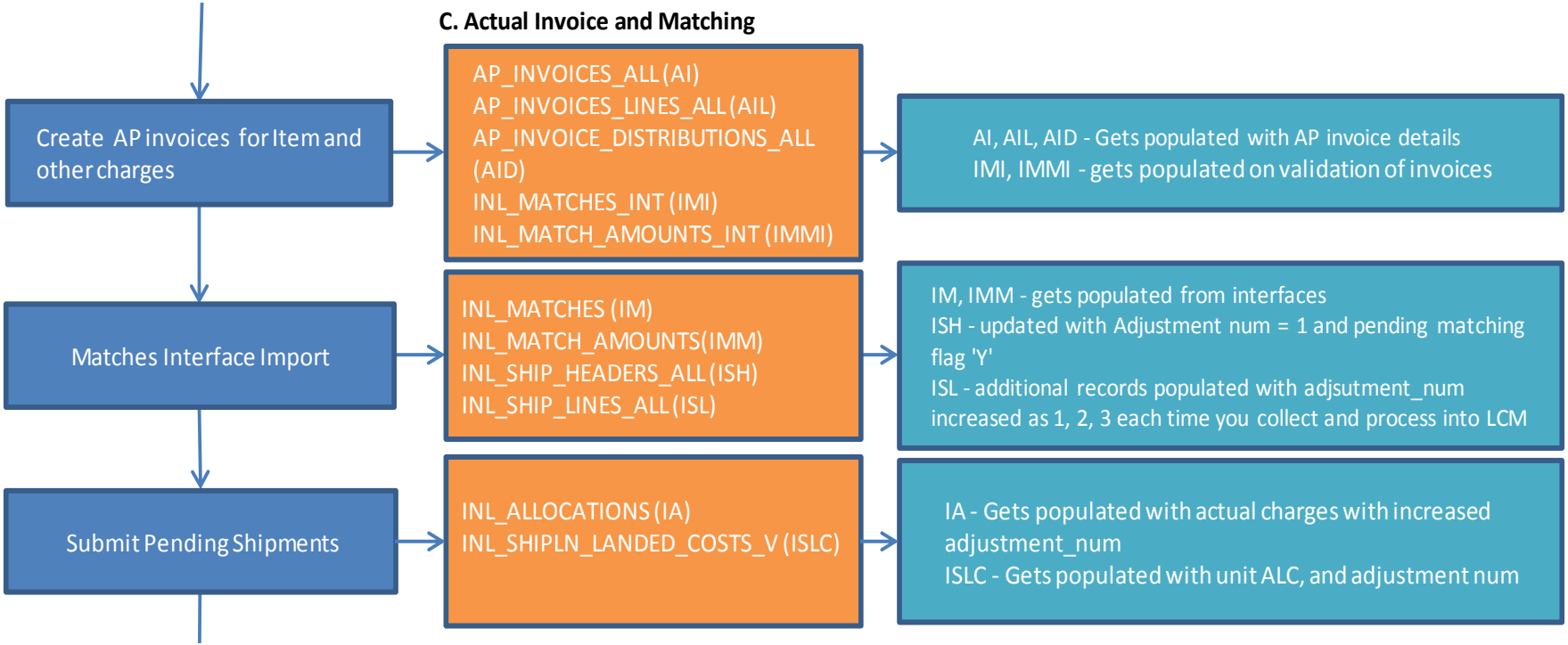
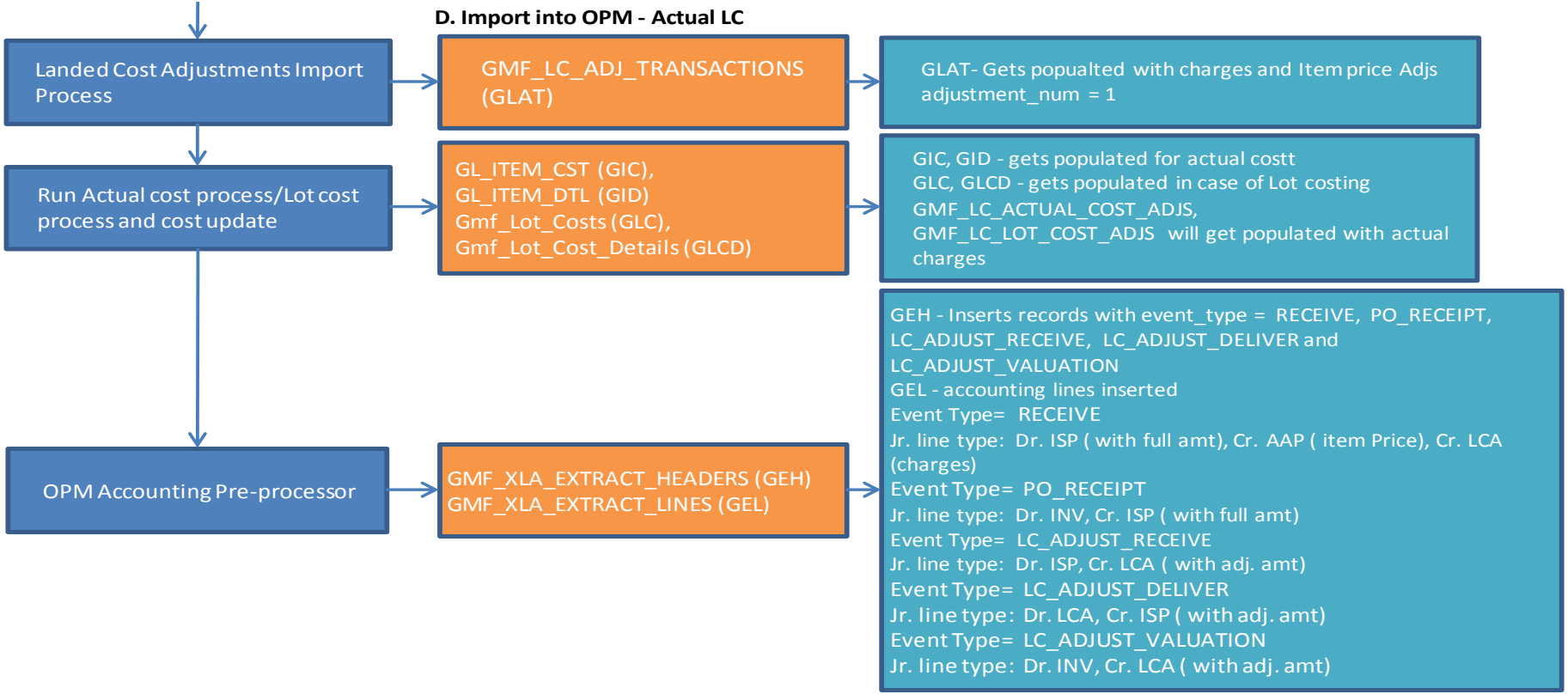
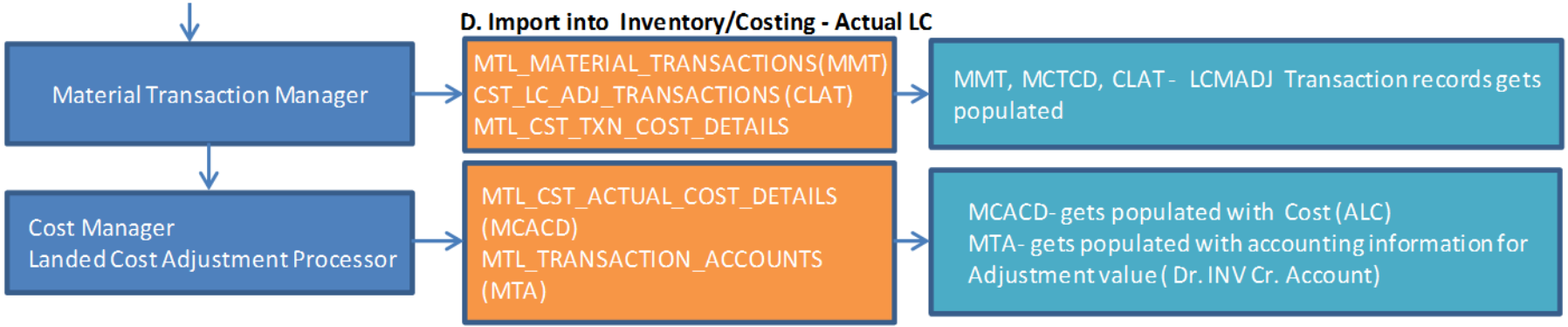


Data Flow – LCM As Service



Data Flow – LCM As Service



Data Flow – LCM Pre-receiving

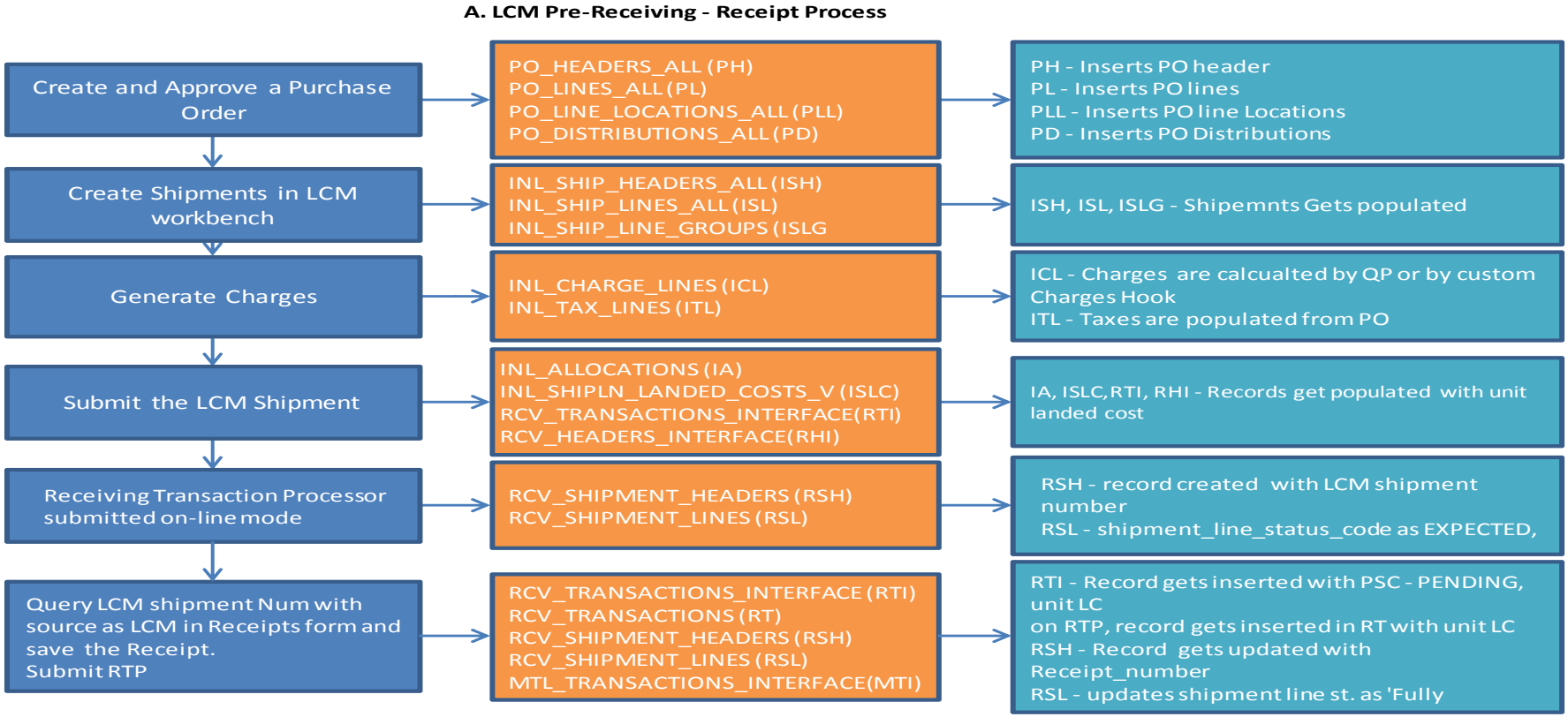


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Table Mapping - OPM

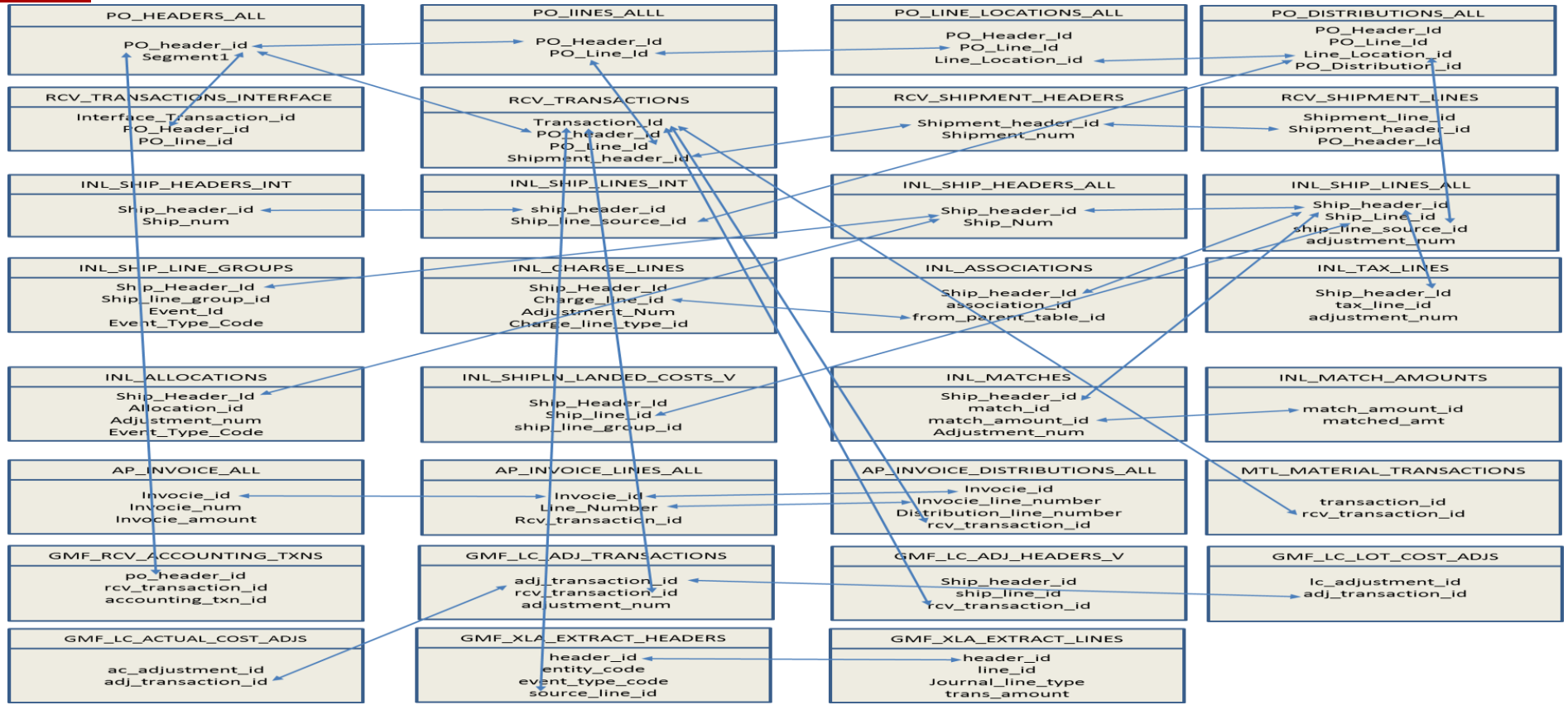
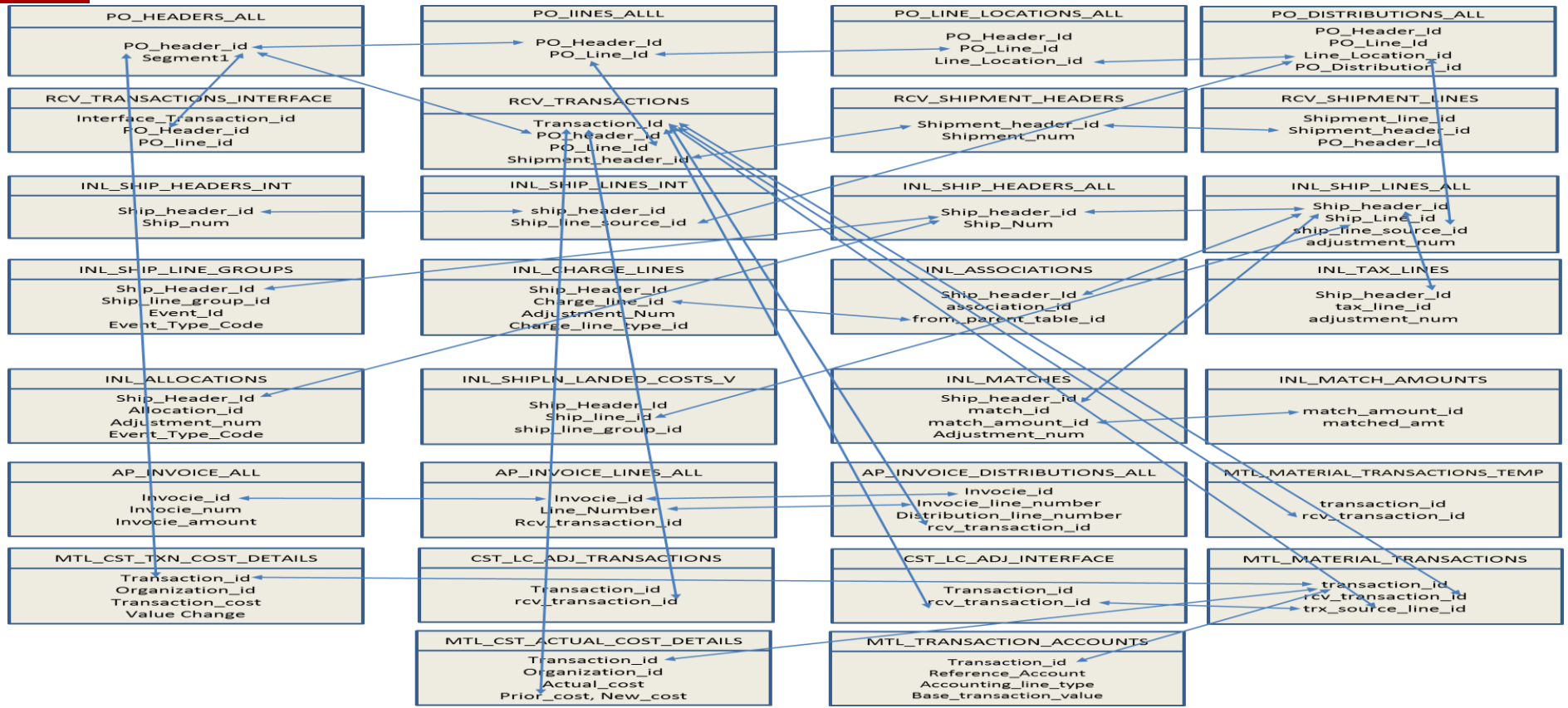


Table Mapping - Discrete



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LCM Transactional Data Diagnostics script and output

Doc ID 1664499.1 - OPM LCM Transactional Data Diagnostics
Doc ID 1677699.1 - Discrete LCM Transactional Data Diagnostics

- Very crucial information across modules (PO, AP, LCM, OPM, Discrete) for respective PO's
- Helpful in terms of interface status across PO/LCM/AP/OPM and Discrete
- Single snapshot, presented in HTML format
- Each segment has been arranged logically along with flow of data, user friendly
- Helpful in identifying data corruptions, conversion issue, stuck transactions etc..

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Common Issues & Frequently Asked Questions

Common issues

- How can we make use of this script output analysis? Say problem is like duplicate or landed cost doubled what to look at in script output.
  - GMF_LC_ADJ_TRANSACTIONS is a key table which holds the LC adjustment transactions into OPM. Verify whether rows are in synch or any abnormal data exist in this table through the script output.
- When charges are in different currency, not converted properly.
  - Check whether GMF_LC_ADJ_TRANSACTIONS has currency conversion rate stamped properly or not.

Common Issues & Frequently Asked Questions

FAQ:

- What is the sequence of execution of the requests “Matches Interface Import” and “Submit Pending Shipments”?
  - Matches Interface import should be executed first to import the ALC adjustments from AP invoices into LCM.
  - Once the program is completed then submit Pending Shipments to include the ALC adjustments in LCM shipments.

Common Issues & Frequently Asked Questions

FAQ:

➢ **How landed cost is integrated with OPM Standard costing, and OPM lot costing?**

- In OPM Standard costing there is no costing impact as such however base Journals may appear (landed cost adjustments). As invoice variance will not effect item cost, posting of Inventory valuation event is not done. This will not have any impact on inventory valuation account and period closing activity for standard costing customers. For lot costing yes it works where differences of item price are captured as landed cost adjustments

- **Can LCM support item invoices and charge invoices in different currencies?**

- Oracle EBS Accounts Payable does not currently support the ability to receive charge invoices in a different currency from the product invoice itself.

  Please refer to the My Oracle Support Document 1383061.1 How to Associate Receipt Lines with an Invoice if the Invoice Currency is Different from the Purchase Order Currency.

Common Issues & Frequently Asked Questions

FAQ:

➢ **Whether landed cost integration with OPM supports multi currency ?**

- LCM integration supports scenario like base currency is AED, PO item is in USD where as charges invoices are in AED, Yes, this is supported.

➢ **Whether Receipt Quantity Correction will get reflected in Landed Cost for LCM As pre receiving ?**

To explain it by example, If the receipt correction is made to Receipt against shipment, original shipment quantity received is 100 & made negative receipt correction of 20 quantity to the LCM shipment in that case the quantity corrected will get reflected in LCM against that shipment and also the LCM charges will get applied proportionately to 80 quantity instead of earlier 100 quantity as 20 qty is corrected.

Summary

What we covered today

- Overview of LCM functionality
- Usage of LCM integration Key Setup Analyzer Script
- Functional Flow, Dataflow and Table Mapping
- Usage of LCM Transactional Data Diagnostics script and output.
- Common Issues and FAQs

Q & A

THANK YOU