Oracle EBS R12 Implementation For Inventory Management In *T3* Company

The T3 Company Team successfully implemented Oracle EBS R12 Inventory, streamlining supply chain operations through enhanced visibility, availability, and efficiency.

The project involved key configuration tasks, a dedicated implementation team, and a well-defined timeline, ultimately leading to improved stock management and accurate valuation tracking.

Implementation Team

Instructor

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Team Leader

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Key Members

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Course/Track: Oracle E-business Suite R12 Supply Chain Management

Training Group Code: NXT11_ONL2_ERP3_G1

Business Overview

- B2B Distributor specializing in high-quality PCs, laptops, and accessories.

- Key Clients: Corporates, resellers, and retailers in Egypt.

- Core Focus: Bulk procurement and wholesale distribution

Operational...

Centralized Inventory: Single warehouse in Cairo. Strategic Partnerships: Suppliers include HP, Dell, and leading tech...

Challenges Addressed by This Project

Manual Inventory Tracking: Increased error risk due to inaccurate stock counts. Difficulty generating timely, accurate...

Operational Model

- **Centralized Inventory:** Single warehouse in Cairo.

- **Strategic Partnerships:** Suppliers include HP, Dell, and leading tech brands.

- **Value Proposition:** Authentic products, competitive pricing, and reliable supply chain.

Challenges Addressed by This Project

- **Manual Inventory Tracking:**

  - Increased error risk due to inaccurate stock counts.

  - Difficulty generating timely, accurate reports, hindering analysis and decision-making.

- **Lack of Real-Time Stock Visibility:**

  - Frequent stock-outs resulting in lost sales and customer dissatisfaction.

  - Overstocking tying up capital, increasing storage costs, and potential obsolescence.

- **Inefficient Warehouse Management (no automated location tracking):**

  - Order fulfillment delays and difficulty locating items.

  - Increased labor costs due to time spent searching for items.

Multi-org structure

Business Group: T3 Company, Global

Legal Entity: T3 Company, Egypt

Handles legal/fiscal compliance for Egypt operations

Operating Unit: T3 Company

Inventory Organization: T3 Company

6 Sub-Inventories

└── **Main Warehouse (MW)**

   │   └── Locator: Aisle - Rack - Bin (A01 - R01 - B01)

   │ ├── Staging Area (SA)

   │ ├── Receiving Area (RA)

   │ └── 3 *Transport Vehicles* (MV1) Vehicle (MV2) Vehicle (MV3)

Key Inventory Flows

Receiving Area → Main Warehouse → Staging Area → Vehicles → Clients

Expected Outcomes

Real-Time Inventory Visibility

Track stock levels across sub-inventories.

Reduced Stock outs/Overstocking

Accurate demand planning.

Faster Item Retrieval

Organized locator structure.

Eliminated Manual Errors

Automated data entry and reporting.

Resources Needed - Hardware/Software Requirements :

○ **Oracle EBS R12 Server and Licenses**

○ **Workstations** for end-user access and training sessions

○ **IT Infrastructure** to support system deployment and configuration

Key Configuration Tasks

Global Setup

Locations, Calendars, Organizations

Flexfields

Items, Categories, Locators

Costing & Accounting

Valuation Accounts, Costing Method

Sub inventories & Locators

Storage structure design

Transaction Types

Custom validations, Material Statuses

Global & Foundational Setup

Locations

○ Established physical site: T3 Company Location (Egypt, 101 Tiaran Street, Nasr City, Cairo).

Workday Calendar

○ Defined Workday Calendar (Standard: 5 Days On, 2 Days Off - Fri/Sat).

Inventory Organization

○ Created logical entity: T3 Company (Org Code: T3).

○ Linked to Location (T3 Company Location).

○ Assigned Operating Unit in Oracle EBS R12 Demo Server (Vision Operations).

○ Assigned Accounting Info (Primary Ledger: Vision Operations, Legal Entity: Vision Operations).

Key Accounts for Bulk PC/Laptop Distribution

Segment Breakdown

Company (01) - Department (000) - Account - Sub-Account (0000) - Product (000)

Account Name	Purpose	Segment Combination
Material	Asset value of bulk stock (PCs/laptops)	01-000-1410-0000-000
Material Overhead	Indirect costs (5% freight, customs)	01-000-1420-0000-000
Outside Processing	External services (e.g., QA inspections)	01-000-1450-0000-000
Overhead	Facility/administrative costs	01-000-1430-0000-000

ⓘ Costing method: Average Costing.

Sub inventory & Locator Design

Main Warehouse (MW): Serves as the primary storage location for stocked items

Dynamic Entry   Aisle - Rack - Bin   A01-01-B01

Staging Area (SA): Temporary holding area for items before they are moved to their final destination.

Receiving Area (RA): Dedicated space for incoming goods, where inventory is initially recorded before being distributed.

Vehicles (MV1, MV2, MV3): vehicles used for distributing items to customers.

Custom Transaction Handling & Validations

○ minimizing discrepancies and optimizing warehouse efficiency.

○ **Average Cost Update** maintains accurate financial records by reflecting real-time cost changes, directly impacting profit margin calculations and pricing strategies.

○ **Automated validations** reduce manual errors, accelerating audit compliance and operational reliability.

Transaction Type	Description	Source Type	Action
T3@Return to Vendor	For returns to vendors from stores	Purchase order	Issue from stores
T3@PO Receipt	For receiving purchase orders into stores	Purchase order	Receipt into stores ▾
T3@Account issue	For issuing material against an account	Account	Issue from stores
T3@Account receipt	For receiving material against an account	Account	Receipt into stores
T3@Sales order issue	For ship confirming sales orders	Sales order	Issue from stores
T3@Move Order Issue	For transacting issue move orders	Move order	Issue from stores
T3@Move Order Transfer	For transacting subinventory transfer move orders	Move order	Subinventory transfer
T3@Sub-Inventory Transfer	For general subinventory transfers	Inventory	Subinventory transfer
T3@Average cost update	For updating average cost information	Inventory	Cost update

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Day-to-Day Operations

Item Definition

Navigate to Items > Master Items

Apply Core Attributes Template

Receiving

Process against Purchase Orders

Validate via Material Workbench

Transfers

Move between subinventories

Track via Material Transactions

Returns & Counts

Process supplier returns

Conduct physical inventory

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Key Oracle EBS Inventory **Reports** for Business Success

Inventory Valuation Report

Purpose: Calculate total inventory value by sub-inventory (e.g., Main Warehouse, Staging Area).

Business Impact:

- Supports financial reporting and cost control.
- Tracks high-value items (e.g., laptops in "SA" sub inventory worth $2.2M).

Key Parameter: *Cost Type = Average, Category Set = T3*.

Stock Movement Report

Purpose: Track item receipts, transfers, and issues (e.g., Laptop 001 movements between RA/SA).

Business Impact:

- Enhances operational visibility and audit compliance.
- Identifies transaction trends

Physical Inventory Accuracy Report

Purpose: Compare physical counts to system records (e.g., discrepancies for audit resolution).

Business Impact:

- Reduces stock mismatches and improves audit reliability.
- Requires frozen transactions and approved adjustments.

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Project Timeline

Go-Live

Month 6

Testing

Month 4

Setup

Months 1-3

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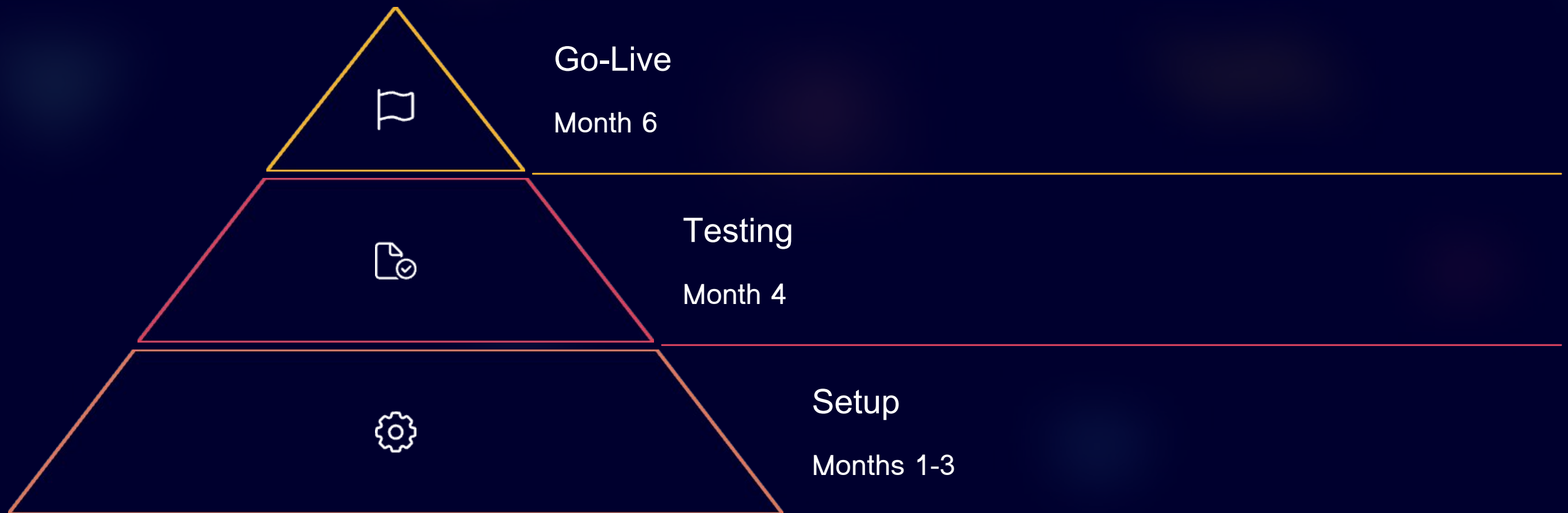
Conclusion

● Oracle R12 Inventory module configured covering foundational setup, organization specifics, master data, costing, and transactions.

● Key user processes defined and documented (Item Management, Receiving, Transfers, Counting, Planning).

● Customizations implemented for transaction control and validation (Material Status, Planners).

● System ready for user training reinforcement and operational use based on User Guide procedures.

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Thank You!

We Appreciate Your Time and Attention

- **Questions?**

- **Feedback?**

Your insights are valuable to us!