

Oracle

SCM Cloud

Using Inventory Management

Release 12

This guide also applies to on-premises
implementations

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Preface

This preface introduces information sources that can help you use the application.

Oracle Applications Help

Use the help icon  to access Oracle Applications Help in the application. If you don't see any help icons on your page, click the Show Help icon  in the global header. Not all pages have help icons. You can also access Oracle Applications Help at <https://fusionhelp.oracle.com>.

Using Applications Help

 **Watch:** This video tutorial shows you how to find help and use help features.

Additional Resources

- **Community:** Use [Oracle Applications Customer Connect](#) to get information from experts at Oracle, the partner community, and other users.
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1 Review Inventory Balances

FAQs for Managing Item Quantities

What's the difference between primary quantity and secondary quantity?

Primary quantity is the quantity of items in the primary unit of measure.

Secondary quantity is the quantity of items in the secondary unit of measure.

What's an owning party?

The party with the financial liability of the consigned inventory.

Can I store both consigned and owned material in the same location?

Yes, the application allows you to store both consigned and owned material in the same material location (commingling), but it should be avoided.

2 Manage Inventory Transactions

Create Subinventory Transfer

Subinventory Transfers: Explained

Use a subinventory transfer to transfer material within your current organization between subinventories, or between two locators within the same subinventory. Examples of subinventory transfers are transferring between asset and expense subinventories, and transferring between tracked and non-tracked subinventories.

Availability Types: Explained

Availability types denote quantities of items that are available to transfer, and that are on hand.

You can view quantities in the following availability types:

- Available
- Secondary Available Quantity
- On Hand
- Secondary On-hand Quantity

Available

The quantity that is available to transfer based on the unit of measure you specify, which is the quantity on hand less all reservations for the item. This amount could include the amount that you have reserved if you enter a transaction source that has reservations against it. The available quantity includes reservations against the current transaction source, and is specific to the revision level, lot number, source subinventory, and source locator that you specify for the transfer.

Secondary Available Quantity

The quantity that is available to transfer in the secondary unit of measure. This value displays if the item is under dual unit of measure control.

On Hand

The current on-hand quantity for the item, based on the unit of measure you specify. The on-hand quantity is specific to the revision, lot number, source subinventory, and source locator you specify for the transfer. On-hand includes quantities for pending transactions.

Secondary On-Hand Quantity

The current on-hand quantity of the item in the secondary unit of measure. This value displays if the item is under dual unit of measure control.

FAQs for Subinventory Transfers

How can I immediately transfer material between subinventories?

Create a subinventory transfer. Subinventory transfers occur immediately after you create and submit them.

How can I create a subinventory transfer for consigned inventory transactions?

Enter a value for the owning party on the Create Subinventory Transfer page.

Create Miscellaneous Transaction

Creating Miscellaneous Transactions: Examples

There are many cases in which it is useful to create miscellaneous transactions.

Scenario

In your organization, you can create miscellaneous transactions to:

- Perform manual adjustments to the general ledger by receiving material from one account to inventory, then issuing that material from inventory to a different account
- Load all on-hand items at the beginning of the Oracle Fusion Inventory Management implementation process
- Issue items to individuals, departments, or projects
- Receive items that were acquired without purchase orders
- Enter adjustments and corrections to system quantities outside of performing cycle counting or physical inventory counting, due to theft, vandalism, loss, shelf life expiration, or inaccurate record keeping
- Issue damaged items to expense accounts, such as scrap

FAQs for Creating Miscellaneous Transactions

What's a miscellaneous transaction?

A miscellaneous transaction is a transaction, such as a miscellaneous issue or miscellaneous receipt, that you can use to issue material that does not have or require documentation support. You can create miscellaneous transactions to make ad-hoc adjustments to on-hand quantities, or to issue material to individuals or projects that are not in inventory or receiving, such as a research and development group or an accounting department.

How can I receive material that does not have a purchase order number?

Create a miscellaneous transaction of type miscellaneous receipt.

How can I issue material without creating a movement request?

Create a miscellaneous issue on the Create Miscellaneous Transaction page in Oracle Fusion Inventory Management.

What's Enter Cost Details?

You can click **Enter Cost Details** to specify a cost for the transaction that is other than the default. If you do not specify a cost, the default current cost of the item is used.

How can I create miscellaneous transactions against a specific owning party for consigned inventory items?

Enter a value for the owning party on the Create Miscellaneous Transaction page.

Create Interorganization Transfer

Interorganization Transfers: Explained

Interorganization transfers enable you to transfer material between inventory organizations, which can be necessary if you define multiple inventories, warehouses, and manufacturing facilities as distinct inventory organizations.

In addition to being able to transfer one or more items in a single transaction, you can transfer partial quantities of the same item to different subinventories and locators in a single transaction. The items that you transfer must exist in both the source and destination organizations.

You can create the following types of interorganization transfers:

- Direct interorganization transfers
- In-Transit interorganization transfers

Direct Interorganization Transfers

Direct interorganization transfers move items directly between inventory organizations. The destination organization receives the material immediately when you submit the transaction.

In-Transit Interorganization Transfers

In-transit interorganization transfers move items directly from the source organization to in-transit inventory. You usually transfer material to in-transit inventory when transportation time is significant.

FAQs for Creating Interorganization Transfers

How can I create an interorganization transfer for consigned inventory transactions?

Enter a value for the owning party on the Create Interorganization Transfer page.

Interorganization transfers trigger consumption (ownership change) by default. If you want the material to remain consigned, you must set up a consumption rule to specify that consumption does not occur with interorganization transfers.

How can I prevent my interorganization transfer from triggering an ownership change?

Set up a consumption rule to specify that consumption does not occur with an interorganization transfer. Otherwise, the interorganization transfer triggers consumption (ownership change) by default.

Manage Movement Requests

Movement Requests: Explained

Movement requests are requests for the movement of material within an inventory organization such as a warehouse or facility.

The following types of movement requests exist:

- Requisition movement requests
- Replenishment movement requests

Requisition Movement Requests

Requisition movement requests are manually created, and can be used for subinventory transfers and account issues. Once a movement request has been submitted, the movement request is ready to be sourced and transacted.

A movement request creates instructions to pick or move material for warehouse personnel. You can create a requisition movement request to manually relocate stock within a warehouse. You can also create a requisition movement request to issue material out of a certain location. For example, you might want to issue out stock for damaged goods, or to a certain project.

Replenishment Movement Requests

Replenishment movement requests are requests that are generated by min-max planning to replenish material when a minimum quantity for a specific item is reached. Replenishment movement requests replenish material that is sourced from a different location within the same inventory organization. For example, a requisition movement request can be generated to move material from a bulk locator to a fast pick locator.

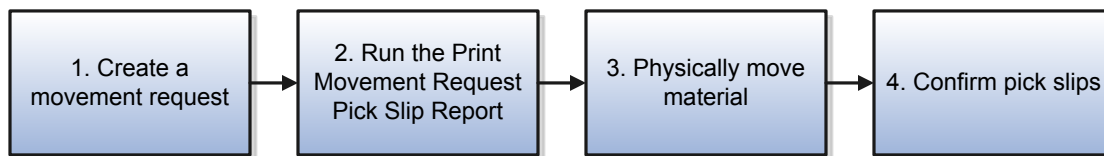
Movement Request Process Flow: Example

When you fully transact a movement request, you perform the complete process required to request movement of material, physically move material, and confirm physical movement of material.

Scenario

You are charged with performing the entire movement request process flow.

The movement request process flow includes creating a movement request, running the Print Movement Request Pick Slip Report, physically picking material, and confirming pick slips, as illustrated in the following diagram:



To perform the movement request process flow:

1. Manually create a requisition movement request on the Manage Movement Requests page.
2. Run the Print Movement Request Pick Slip Report using the Enterprise Scheduler Service.

Give the pick slips to the warehouse operator.
3. Physically move material according to the Movement Request Pick Slip Report's specifications.
4. Confirm pick slips.

To confirm pick slips, verify that you have moved the material according to the Movement Request Pick Slip report, and confirm the items to be shipped on the Confirm Pick Slips page.

If necessary, you also enter discrepancies such as changing the quantity of items that you picked.

Setting Up Replenishment Movement Requests: Example

This example illustrates the prerequisites that you need to perform to set up the generation of replenishment movement requests.

Scenario

You are charged with performing the prerequisites necessary to set up the generation of replenishment movement requests. You perform the following:

1. Set up min-max planning on the subinventory level.

On the Create Subinventory or Edit Subinventory page:

- Select item sourcing options
- (Optional) Specify lead times

2. Set up min-max planning on the item subinventory level.

On the Add Item to Subinventory page or Edit Item Subinventory page:

- Select Min-Max planning.
- Specify minimum and maximum quantities.
- (Optional) Specify the desired fixed lot multiple value or minimum and maximum order quantities.

You only need to specify these values if supplier constraints affect replenishment.

- Select **Subinventory** for the item sourcing option, as well as the source subinventory.
 - (Optional) Specify lead times.
3. In the Print Min-Max Planning Report Enterprise Scheduler Service program, select Subinventory for the planning level.

The Min-Max Planning Report generates movement requests to replenish material for the items and subinventories for which you set up min-max planning.

4. Run the Print Min-Max Planning Report Enterprise Scheduler Service program.

Manage Pending Transactions

Pending Transactions: Explained

A pending transaction is either a transaction that is waiting to be executed, or a transaction that has been executed but has resulted in an error.

FAQs for Managing Pending Transactions

What's the difference between the validated and staged transaction states?

The Validated transaction state denotes an inventory transaction that is created in the Oracle Fusion Inventory Management application.

The Staged transaction state denotes a transaction whose record is in the transaction open interface table. Usually, Staged transactions are created in external applications.

What happens when I add a transaction to the Process Schedule?

The transaction is submitted. The transaction will be executed when the Transaction Manager runs the next time.

Manage Transfer Orders

Transfer Orders: Explained

Transfer orders represent demand and supply in a single document. Transfer orders support interorganization, intraorganization, and intercompany transfers.

You can perform the following actions on transfer orders:

- Pick, ship, receive, put away, and return against a transfer order document
- View shipments and receipts associated with the transfer order
- Update attributes such as source organization, requested delivery date, and requested quantity on the transfer order
- Monitor the transfer order line status, fulfillment status, and interface status

Transfer Types: Explained

Transfer types determine how to transfer material between two inventory organizations. Transfer types apply to both interorganization and intraorganization (intersubinventory) transfers, and are applicable to both inventory and expense destination transfers.

Transfer types apply to:

- Inventory destination transfers
- Expense destination transfers

Inventory Destination Transfers

Inventory destination transfer orders require movement to a destination inventory warehouse location. With inventory destination transfers, you have a shipment in the source organization that decrements the source location's inventory, and a put away transaction in the destination organization that increments the destination location's inventory.

Transfer types include:

- Direct transfer type

- In-transit transfer type

Direct interorganization transfers move items directly between inventory organizations. The destination organization receives the material immediately when you submit the transaction. Direct intersubinventory transfers move inventory directly from the shipping subinventory to the destination subinventory within an organization. In both cases, the transfer of material is immediate and no receipt is required by the requesting organization.

In-transit interorganization transfers move items directly from the source organization to in-transit inventory. In-transit intersubinventory transfers move inventory from the shipping subinventory to the in-transit inventory. Receipts are required for in-transit transfer types and you must specify the receipt routing.

Receipt routing options include:

- **Standard:** Receive the item first, and then deliver without inspection.
- **Direct:** At receipt, deliver this item directly to its location.
- **Inspection:** Receive the item first, inspect it, and then deliver the item.

With in-transit transfer types, you can track the inventory until it arrives at the destination organization. You usually transfer material to in-transit inventory when transportation time is significant.

Expense Destination Transfers

Expense destination transfer orders transfer material from an inventory warehouse location directly to the buyer's location for immediate usage. With expense destination transfers, there is no put away transaction in Inventory since the item is expensed, and the destination inventory is not incremented.

You must indicate whether or not a receipt is required in the destination inventory organization for expense destination transfers going to that destination location. If you select this option, a receipt is required on interorganization expense destination transfer orders between the from and to organizations. If you do not select this option, then the transfer order is considered received and delivered at the time of shipment. This field is available for Expense destination types only.

If the **Receipt Required at Expense Destination** option is set, you must specify the receipt routing.

Receipt routing options include:

- **Standard:** Receive the item first, and then deliver without inspection.
- **Direct:** At receipt, deliver this item directly to its location.
- **Inspection:** Receive the item first, inspect it, and then deliver the item.

Transfer Order Statuses: Explained

Transfer order statuses represent the current state of the internal material transfer.

Statuses for transfer orders include:

- Transfer order status
- Transfer order line status
- Transfer order fulfillment status
- Transfer order interface status

Transfer Order Status

Transfer order statuses include:

Transfer Order Status	Description
Open	Transfer order open for shipping and receiving.
Closed	Transfer order when all lines are fully received or canceled.

Transfer Order Line Status

Transfer order line statuses include:

Transfer Order Line Status	Description
Open	Transfer order line open for shipping and receiving.
Closed	Transfer order line when all lines are fully received.
Canceled	Transfer order line canceled for shipping and receiving operations.

Transfer Order Fulfillment Status

Transfer order fulfillment statuses include:

Transfer Order Fulfillment Status	Description
Partially shipped	Transfer order line is shipped partially from the source organization. For this status, less than 100 percent of the requested quantity is shipped.
Shipped	Transfer order line is shipped completely from the source organization. For this status, 100 percent of the requested quantity is shipped.
Shipped and partially received	Transfer order line is shipped completely from the source organization, but received partially in the destination organization. For this status, 100 percent of the requested quantity is shipped, but less than 100 percent of the quantity is received.
Partially shipped and partially received	Transfer order line is shipped partially from the source organization and received partially in the destination organization.
Shipped and received	Transfer order line is shipped completely from the source organization and received completely in the destination organization.
Awaiting fulfillment	Transfer order line awaiting fulfillment from the source organization. In this status, the line is created, but shipping has not yet begun.

Transfer Order Interface Status

Transfer order interface statuses include:

Transfer Order Interface Status	Description
Awaiting interface to Order Management	Transfer order is awaiting interface to Oracle Fusion Order Management.
Awaiting interface to Shipping	Transfer order is awaiting interface to Oracle Fusion Shipping.
Interfaced to Order Management	Transfer order is communicated to Oracle Fusion Order Management.
Interfaced to Shipping	Transfer order is communicated to Oracle Fusion Shipping.
Order Management interface error	Transfer order encountered an error during the interface to Oracle Fusion Order Management.
Shipping interface error	Transfer order encountered an error during the interface to Oracle Fusion Shipping.

Transfer Orders: How They Are Processed

Transfer orders transfer inventory for interorganization, intraorganization, and intercompany flows. You can transfer material to inventory destinations or expense destinations.

Settings That Affect Transfer Order Processing

The settings that affect transfer order processing include:

- Inventory destination transfer type
- Receipt routing
- Transfer order required
- Receipt required at expense destination

This table describes the parameters for transfer order processing.

Parameter	Description
Inventory Destination Transfer Type	Determine how material should be transferred between two inventory organizations. Specify either direct or in-transit transfer types.
Receipt Routing	Specify the receipt routing for in-transit transfer types. Receipt routing options include Standard, Direct, and Inspection.
Transfer Order Required	Indicate whether a transfer order is required for each transfer.
Receipt Required at Expense Destination	Indicate whether or not a receipt is required in the destination inventory organization for expense destination transfers going to that destination location. If you select this option, a receipt is required on interorganization expense destination transfer orders between the from and to organizations. If

Parameter	Description
	you do not select this option, then the transfer order is considered received and delivered at the time of shipment. This field is available for Expense destination types only.

How Transfer Orders Are Processed for Inventory Destination Transfers

Use the Manage Intersubinventory Parameters setup task to configure parameters for transferring material between two subinventories within an organization. When material is transferred between subinventories, intersubinventory parameters determine the transfer type and receipt routing.

For an in-transit transfer type, intersubinventory transfers move material to in-transit inventory before reaching the destination subinventory. Receipts are required for in-transit transfer types. For the direct transfer type, intersubinventory transfers move your material directly from the shipping subinventory to the destination subinventory.

Use the Manage Interorganization Parameters setup task to specify how material should be transferred between two inventory organizations. Also, indicate whether a transfer order is required for each transfer.


If you create a transfer order from min-max planning, the transfer order always has an inventory destination. If you create a transfer order from Self-Service Procurement, the transfer order can have an expense destination or an inventory destination.

Transfer orders with an inventory destination must be delivered to a subinventory and locator.

How Transfer Orders Are Processed for Expense Destination Transfers

For expense destination transfers, when selecting the **Expense Destination** type on the Manage Intersubinventory Parameters page, you must set the **Receipt Required at Expense Destination** option. If a receipt is required, you must also choose the receipt routing. You can optionally enter the source subinventory.

If you enter a source subinventory for an Expense destination type, then the parameters on this row apply to all intraorganization expense destination transfer orders sourced from the entered subinventory. If a subinventory is not entered, then the parameters on this row become the default parameters for the organization, and the parameters are applied to any intraorganization expense destination transfer order that is sourced from a subinventory that does not have a specific intersubinventory parameter row defined.

 **Note:** If the source subinventory for an intraorganization expense destination transfer order is not found on an intersubinventory parameter row at shipping time, and a default parameter row has not been setup, then the **Receipt Required at Expense Destination** option defaults automatically to not selected, and the transfer order is considered received and delivered at the time of shipment.

Transfer orders with an expense destination must be delivered to a location.

Related Topics

- [Intersubinventory Parameters: Explained](#)

Oracle Social Network for Transfer Orders: Explained

Social objects are records within a business application that are mapped into the Oracle Social Network. With social networking, you can share an aspect of your application, such as transfer orders, with everyone who plays a part in getting the job done. Oracle Social Network uses conversations, or online discussions, as the central point of collaboration.

Conversations can include messages, replies, documents, and links. You can also flag messages to initiate a discussion among members.

Important aspects for transfer order social objects include:

- Transfer order attributes
- Transfer order conversations
- Requirements
- Authorized users

The Oracle Social Network is common to most Oracle applications. For details about the social network, see the Social Network chapter of the Oracle SCM Cloud: Using Common Features for Applications Cloud guide. Also, see the Oracle SCM Cloud: Using Oracle Social Network guide.


Transfer Order Attributes

A social object exists for transfer orders. You can share the transfer order social object and create conversations for transfer orders on the Edit Transfer Order page.

Anyone on the Oracle Social Network can reference a transfer order that has been shared on the Oracle Social Network. However, you can only access the transfer order user interface from the Oracle Social Network, and take further actions on a transfer order, if you have the authorized privileges for the Edit Transfer Order page.

Here are the transfer order attributes available on the Oracle Social Network conversation:

- Transfer Order
- Transaction Origin Type
- Description
- Status
- Interface Status
- Creation Date
- Transfer Price
- Total Tax
- Total Transfer Price

 **Note:** You can only view attributes for which you have authorized access.

You can enable or disable the display of individual attributes in the Setup and Maintenance work area.

Transfer Order Conversations

Select the Social button on the Edit Transfer Order page to share the transfer order social object for the social network conversation. If the transfer order social object has already been shared, clicking this button enables you to access the related social discussion.

 **Note:** You can only access the Edit Transfer Order page if you have the authorized permissions.

Requirements

The following requirements must have already been met to use the transfer order social object:

- Configure Oracle Social Network for Fusion Applications

- Enable the transfer order for Oracle Social Network tracking as a social object
- Set up the transfer order for manual sharing

Authorized Users

Authorized users include:

- Warehouse manager
- Inventory manager
- Receiving agent

Related Topics

- [Social Networking: Highlights](#)

FAQs for Managing Transfer Orders

What's an internal material transfer?

An automated or manual transfer request of materials within or between organizations. Transfer orders transfer inventory for interorganization, intraorganization, and intercompany flows. The transfer order serves as the orchestration document representing demand and supply for an internal material transfer.

What's the difference between inventory and expense destination transfer orders?

Inventory destination transfer orders require movement to a destination inventory warehouse location. With inventory destination transfers, you have a shipment in the source organization that decrements the source location's inventory, and a put away transaction in the destination organization that increments the destination location's inventory.

Expense destination transfer orders transfer material from an inventory warehouse location directly to the buyer's location for immediate usage. With expense destination transfers, there is no put away transaction in Inventory since the item is expensed, and the destination inventory is not incremented.

Process Discrete Manufacturing Sourced Inventory Transactions

Discrete Manufacturing Sourced Inventory Transactions: Explained

Oracle Fusion Inventory Management interfaces with the Oracle Fusion Discrete Manufacturing system to process work in process (WIP) inventory transactions.

Here are the process flow steps for WIP inventory transactions:

1. Discrete Manufacturing initiates the processing of WIP transactions.
2. Discrete Manufacturing generates inventory transactions in the Inventory Interface tables.
3. Discrete Manufacturing calls the Inventory Transaction Manager to process the WIP inventory transactions.
4. Inventory Transaction Manager process returns a response to the Discrete Manufacturing application.
5. Handling of WIP inventory transactions errors.
6. Review completed inventory transactions.

Discrete Manufacturing Initiates the Processing of WIP Transactions

Discrete Manufacturing processes transactions within the WIP system. You can enter WIP transactions through user interfaces, or you can batch them in transaction tables and process them in a background mode.

Discrete Manufacturing Generates Inventory Transactions in the Inventory Interface Tables

Discrete Manufacturing determines which inventory transactions to pass to the inventory system, and then generates these transactions in the Inventory Transaction Interface tables. The transferred information includes core transaction details such as transaction type, inventory item, quantity, UOM, subinventory, locator, and so forth.

The interface supports the following Fusion WIP transactions:

- Work in Process Material Issue
- Work in Process Material Return
- Work in Process Product Completion
- Work in Process Return

Discrete Manufacturing Calls the Inventory Transaction Manager to Process WIP Transactions

Discrete Manufacturing initiates the processing of the Inventory Transaction Manager. This process validates WIP transactions, applies necessary defaults, and updates inventory tables. The process deletes transactions that pass validation from the inventory transaction interface tables and updates on-hand balances and lot and serial details in the core inventory tables.

Inventory Transaction Manager Returns a Response to Discrete Manufacturing

Once processing of designated transactions is complete, the Inventory Transactions Manager process returns either a success or failure status to the calling Discrete Manufacturing application.

Handling of WIP Inventory Transaction Errors

If an error is found, the calling application in the Discrete Manufacturing system makes the appropriate error message available to the user for resolution. Note that the transaction is cleared out of the inventory interface table and must be resolved in the Discrete Manufacturing application that originated the WIP inventory transaction. Once the error is resolved, the originating application can resubmit the transaction for processing.

Review Completed Inventory Transactions

You can view successfully processed inventory transactions using the Review Completed Inventory Transactions user interface.

Manage Lots and Serial Numbers

Selecting Lot Number Uniqueness Control: Critical Choices

Select one of the following lot number uniqueness control options to apply to the items in your inventory organization:

- No uniqueness control
- Across items

No Uniqueness Control

You can assign the same lot number to multiple items in the same inventory organization and across inventory organizations. The following table provides an example of how lot numbers are generated when uniqueness control is not applied, both within and across inventory organizations.

Within Inventory Organization	Across Inventory Organizations
Item AS100 (printer) / Lot LN100	Item AS100 (printer) / Lot LN100
Item AS101 (laptop computer) / Lot LN100	Item AS101 (laptop computer) / Lot LN100

Across Items

You can only assign a unique lot number to a single item in one inventory organization. If the same item is also in a different inventory organization, you must assign that item a unique lot number. The following table provides an example of how lot numbers are generated when uniqueness control is applied across items, both within and across inventory organizations.

Within Inventory Organization	Across Inventory Organizations
Item AS100 (printer) / Lot LN100	Item AS100 (printer) / Lot LN300
Item AS101 (laptop computer) / Lot LN200	Item AS101 (laptop computer) / Lot LN400

Selecting Serial Number Uniqueness Control: Critical Choices

Select one of the following serial number uniqueness control options to apply to the items in your inventory organization:

- Unique within items
- Unique within organization
- Unique across organizations

Unique Within Items

You cannot assign the same serial number to the same item, regardless of whether that item exists in the same or a different inventory organization.

For example, if you assign serial number SN100 to item A, you cannot assign serial number SN100 to any other instance of that item in any inventory organization. You could, however, receive a different item with serial number SN100 in any inventory organization.

The following table provides an example of the serial numbers that are generated for two separate items when serial number uniqueness is set to be within items.

Organization	Item	Serial Number
M1	AS100 (Printer)	SN100
M1	AS101 (Laptop Computer)	SN100

Unique Within Organization

The same serial number uniqueness rules apply as when you set serial number uniqueness control to be within items. Additionally, setting serial number uniqueness control to be within an organization prevents the same serial number from existing multiple times within the same inventory organization.

For example, if you assign SN100 to item A in a particular inventory organization, you cannot receive item B with serial number SN100 in the same inventory organization. You can, however, receive item B with serial number SN100 in any other inventory organization.

The following table provides an example of the serial numbers that are generated for two separate items when serial number uniqueness is set to be within an organization.

Organization	Item	Serial Number
M1	AS100 (Printer)	SN100
M1	AS101 (Laptop Computer)	SN101

Unique Across Organizations

The same serial number uniqueness rules apply as when you set serial number uniqueness rules to be within an organization. Additionally, setting serial number uniqueness control to be across organizations prevents the same serial number from being assigned to more than one item, regardless of the inventory organization.

For example, if you assign SN100 to item A, you cannot receive item B with the serial number SN100 in any inventory organization. In this example, SN101 and SN100 belong to different inventory organizations.

When you assign a particular inventory organization's serial number uniqueness control to be across organizations, serial number uniqueness is similarly restricted for all inventory organizations.

The following table provides an example of the serial numbers that are generated for two separate items when serial number uniqueness is set to be across organizations.

Organization	Item	Serial Number
M1	AS100 (Printer)	SN100
M2	AS101 (Laptop Computer)	SN101

FAQs for Managing Lots and Serial Numbers

What happens to an inactive lot?

When a lot's status becomes inactive, the lot is still included in available-to-transact, available-to-promise, and available-to-reserve calculations.

Additionally, the lot:

- Is included as on-hand supply when you are performing min-max or reorder point planning calculations.
- Is included as on-hand inventory in all inquiries and reports, including the inventory valuation report.
- Can be transacted.
- Can be reserved.

What happens when a lot expires?

When a lot expires, the lot is not considered on-hand supply when the user is performing min-max or reorder point planning calculations.

Additionally, an expired lot:

- Cannot be reserved for a date beyond the expiration date.
- Is included in on-hand quantities, and can be transacted.
- Is included in a cycle count; cycle count entry and adjustments are allowed.

What happens if I allow different lot statuses in an organization?

Select **Yes** to allow new lot quantities to inherit the status of the existing lot. Select **No** to disallow transacting of new lot quantities into existing lots. Select **With Exception** to allow transacting of lot quantities if the on-hand balance of the destination organization is zero.

What happens if I select different lot generation options for lot control?

Select **At item level** to generate lot numbers using the starting lot number prefix and the lot number of the predefined item. Select **At organization level** to generate lot numbers using the lot name generation options for prefix, zero pad suffix, and total length. Select **User defined** for users to define lot numbers at item receipt.

What's the difference between creating lot UOM conversions automatically and creating lot UOM conversions as a result of user confirmation?

When lot UOM conversions are created automatically, lot-specific UOM conversions are created using the parameters of the lot quantities received.

When lot UOM conversions are created as a result of user confirmation, lot-specific UOM conversions are created using the lot quantities received.

Can I record lot and serial numbers for consigned transactions?

Yes, select lot and serialized items for a specific owning party when executing consigned inventory transactions.

FAQs for Reservations and Picks

What's a reservation?

A reservation links a supply source (such as on-hand inventory or a purchase order) to a demand source (such as an account, cycle count, or user-defined demand source), and guarantees allotment of material to the demand source. You can reserve material at the subinventory, locator, and if applicable, lot and serial number level.

What's a pick?

A pick is a manually- or automatically-created suggestion to honor a reservation when on-hand inventory is available. Picks can be created for material at the subinventory, locator, lot and serial number levels.

What's a cycle count reservation?

A cycle count reservation is a reservation with the demand document type of cycle count.

You can create a cycle count reservation if, during picking or shipping, you have determined missing material and you want to ensure that no one else tries to use or pick the missing material. Cycle count reservations are deleted when you perform a cycle count of the item in the specified location.

What happens to reservations when I make changes to supply sources?

Reservations against the following supply sources are changed accordingly:

- On hand: After on-hand supply has been issued against a specified demand, the same material cannot be issued against another demand.
- Purchase order: If you reduce the quantity of material in or cancel a purchase order that is reserved against a demand, the corresponding reservation is modified or canceled.

Any other changes to the purchase order that affect the expected quantity also trigger changes to the associated reservation.

- Requisition: If you reduce the quantity of material in or cancel a requisition that is reserved against a demand, the corresponding reservation is modified or canceled.

Any other changes to the purchase order that affect the expected quantity also trigger changes to the associated reservation.

- Transfer order: If you reduce the quantity of material in or cancel a transfer order that is reserved against a demand, the corresponding reservation is modified or canceled.

Any other changes to the purchase order that affect the expected quantity also trigger changes to the associated reservation.

- Transfer order return: If you cancel a transfer order return that is reserved against a demand, the corresponding reservation is canceled.
- Work order: If you reduce the quantity of material in or cancel a work order that is reserved against a demand, the corresponding reservation is modified or canceled.

Any other changes to the purchase order that affect the expected quantity also trigger changes to the associated reservation.

Confirm Pick Slips

Overview

You use the Confirm Pick Slips page to enter details of picked material and confirm a pick slip.

You can do the following as part of confirming a pick slip:

- Enter details of picked material
- View and modify details of picks on a pick slip
- Enter multiple lot and serial number for picked material, if required
- Enter the transaction date for each pick
- Evaluate pick slip discrepancies

To confirm a pick slip, select **Navigator - Pick Slips**, and then click **Confirm Pick Slips**.

FAQs for Confirming Pick Slips

What happens if I confirm a pick slip and navigate to ship confirm?

You can continue with processing the shipment and then ship confirming it as an integrated flow.

3 Manage Consigned Inventory From Supplier

Consumption Advice: Explained

A consumption advice is a periodic summary report of consumption transactions that reports the usage of consigned inventory to the supplier based upon a consumption advice frequency. The consumption advice stores the details needed to communicate information to the supplier such as item quantity and value of the inventory consumed in the warehouse. The consumption advice also serves as the document to initiate financial settlement for the consumed material.

Create Consumption Advice Process: Explained

The Create Consumption Advice process consolidates consumption transactions over a period of time and groups them together to create the consumption advice.

The consumption advice is a report to the supplier that indicates that the consigned inventory has been consumed and that ownership has transferred from the supplier to the buyer. The consumption advice is created on a periodic basis agreed upon between the supplier and buyer and is used for billing purposes.

Important factors regarding consumption advices include:

- Process parameters
- Communication methods
- Consumption advice summary
- Consumption advice generation frequency

Process Parameters

You can define the following parameters when setting up the Create Consumption Advice process:

- **Supplier** (optional): used to filter transactions for generating advices. If you do not specify a supplier, the application generates consumption advices for all suppliers in the organizations that have ownership changes.
- **Supplier Site** (optional): used to further filter transactions for generating consumption advices. If you specify a supplier site, you must also select a supplier.
- **Include Transaction Type**: you can group consumption advices by transaction type.
- **Display Lot and Serial Number**: specify whether or not to include lot and serial number details on the consumption advice.

Communication Methods

There are several different methods to communicate the consumption advice to the supplier. Communication methods include:

- Print
- Fax
- Email

- Publish to Supplier Portal

Consumption Advice Summary

You can produce consumption advices at different summary levels. For example, you may want to produce a single consumption advice for each organization and item. The consumption advice summary option is carried on the consignment agreement. The Create Consumption Advice process uses this value to determine how to generate the consumption advices. The consumption advice summary options include:

- A single consumption advice for inventory organization, item, and transaction date.
- A single consumption advice for inventory organization and item.
- A single consumption advice for inventory organization.
- A single consumption advice for all inventory organizations.

Consumption Advice Generation Frequency

For consigned inventory, the buyer and supplier agree upon a consumption advice generation frequency.

The consumption advice generation frequency indicates the frequency at which the Create Consumption Advice process runs to consolidate consumption transactions for a defined period of time. When the Create Consumption Advice process is run, the application generates a consumption advice which sends consigned inventory transaction information from the buyer to the supplier.

The consumption advice generation frequency is determined by adding the consumption advice frequency (Daily, Weekly, or Monthly) to the closing date of the billing cycle.

Consumption Advice Generation Frequency: How It's Calculated

The consumption advice generation frequency indicates the frequency at which the Create Consumption Advice process runs to consolidate consumption transactions for a defined period of time.

Conditions That Affect the Consumption Advice Generation Frequency

Two factors affect the consumption advice generation frequency:

- Consumption advice frequency: **Daily, Weekly, or Monthly**
- Billing cycle closing date

How Consumption Advice Generation Frequency Is Calculated

The consumption advice generation frequency is determined by adding the consumption advice frequency (**Daily**, **Weekly**, or **Monthly**) to the closing date of the billing cycle.

In addition, consumption advices for item consumption are generated only after the billing cycle has ended (the closing date has passed). Each consumption advice reports transactions that were created in that billing period only.

Each time the consumption advice is generated, the billing cycle closing date resets (moves forward) for the next billing cycle.

Example

If you set the consumption advice frequency to **Weekly** and the billing cycle closing date to **November 7, 2014**, then you produce the following billing periods:

- November 1, 2014 - November 7, 2014
- November 8, 2014 - November 14, 2014
- November 15, 2014 - November 21 - 2104

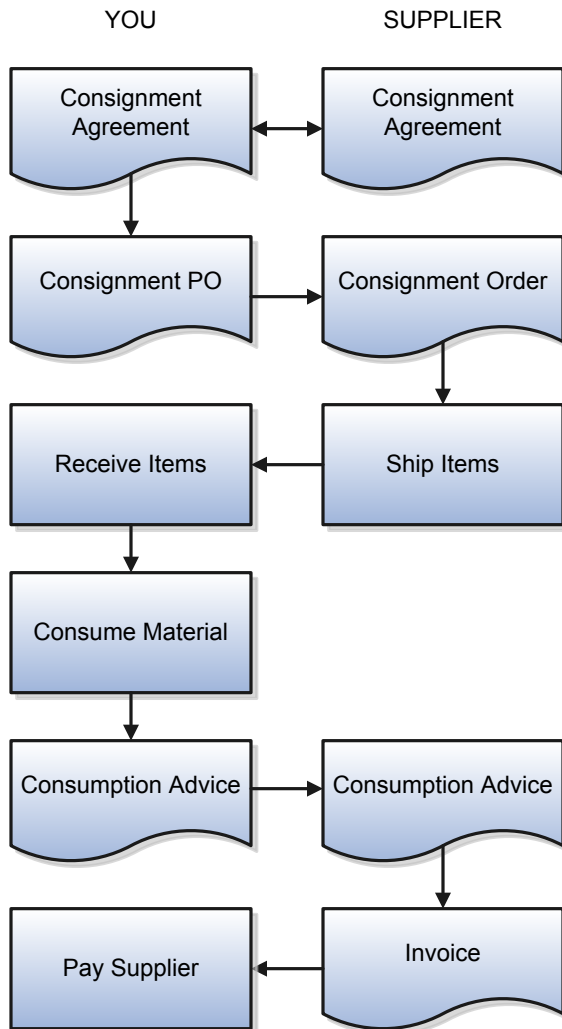
Here's how the Create Consumption Advice process runs on the following dates:

- November 2, 2014: no consumption advice is generated.
- November 7, 2014: consumption advice is generated and next closing date is set to November 14, 2014.
- November 10, 2014: no consumption advice is generated.
- November 14, 2014: consumption advice is generated and next closing date is set to November 21, 2014.

Consigned Inventory: Explained

Consigned inventory refers to items that are in the possession of one party, but remain the property of another party by mutual agreement.

The process of consigned inventory follows the steps depicted by the figure below.



Consignment Agreement

The consigned inventory process starts with a buyer entering into a consignment agreement with a supplier. The consignment agreement carries the terms related to the consignment arrangement between the trading partners, items to be purchased on consignment, and the price associated with the items.


Consignment Order

The buyer periodically generates consignment orders requesting the supplier to ship goods.

The consignment order uses the terms and conditions of the consignment agreement and specifies the delivery details, quantities, locations, and dates for the consigned goods to be delivered.

Ship and Receive Items

Once the supplier ships goods, and the inventory has been received, the inventory is held as consigned stock. The inventory is in the possession of the buyer. However, the ownership of the inventory remains with the supplier.

 **Note:** For regular (nonconsigned) inventory, once goods are received, the ownership changes to the buying party.

Consumption Advice

When the inventory is consumed, a consumption advice is generated based upon a frequency agreed upon between the buyer and supplier. The consumption advice communicates to the supplier the consumption transactions that occurred within a given period of time.

Invoice and Pay Supplier

The consumption advice serves as the document to initiate financial settlement for the consumed inventory. You also have the option to pay-on-use to pay your supplier immediately upon usage of the consigned inventory.

Consigned Inventory Aging: Explained

Consigned inventory aging is an agreed upon period of time where at the end of the aging period the ownership of the inventory transfers from the supplier to the buyer.

The following aspects are important regarding consigned inventory aging:

- Aging process
- Aging period
- Aging onset point
- Transfer to Owned transaction


Aging Process

When a buyer and supplier enter into a consignment agreement, they agree to a specified aging period and aging onset point. When the aging period expires, the buyer takes ownership of the consigned inventory. The inventory manager performs a manual Transfer to Owned transaction (ownership change) that transfers the material from supplier owned to buyer owned.

Now that the consigned inventory has been consumed, a consumption advice is generated based upon the frequency agreed upon between the buyer and supplier. The consumption advice communicates to the supplier the consumption transactions that occurred within a given period of time and it also serves as the document to initiate financial settlement for the consumed goods.

Aging Period

The aging period indicates the maximum number of days the material may be on consignment. You specify the aging period on the consignment agreement. Oracle Fusion Inventory uses this value to determine if consigned inventory has aged and what appropriate action should be taken. Once the buyer takes ownership of the consigned material, the aging period is no longer tracked since the material is no longer consigned.

 **Note:** The aging period is not reset when inventory transactions for the item do not involve an ownership transfer.

Aging Onset Point

The aging onset point indicates the mutually agreed event point at which consigned material begins to age. Values can be **Receipt** or **Shipment**. You specify the aging onset point on the consignment agreement. Oracle Fusion Inventory uses this term to determine whether to begin aging when the consigned goods are shipped by the supplier or when they are received at the buying organization.

If the aging onset point value is **Receipt**, then the date of receipt is used to start the aging period calculation. If the aging onset point is defined as **Shipment**, then the application uses the ship date specified on the advance shipment notice (ASN) to start the aging period calculation.

Transfer to Owned Transactions

The change in ownership (Transfer to Owned transaction) typically occurs when the buyer uses the product or when the aging period has expired.

Consigned Inventory Consumption: Explained

Ownership changes from the supplier to the buyer when the buying organization consumes the consigned inventory. This process is referred to as consumption.

These factors are important regarding the consumption of consigned inventory:

- Ownership change
- Explicit or implicit transaction
- Lot and serial
- Consumption transaction pricing

Ownership change

You can define consumption rules to specify whether the transfer of consigned inventory between two inventory locations triggers an ownership change (consumption). When you execute a transfer between organizations, your previously defined consumption rules determine whether or not the transfer results in an ownership change.

There are two types of consigned inventory transactions:

- **Transfer to Owned:** Transfers consigned inventory to owned inventory. This transaction transfers the ownership of the inventory from the supplier to the internal organization.
- **Transfer to Consigned:** Transfers ownership of the inventory from the internal organization to the supplier.

Explicit or Implicit Transaction

You can choose to perform consumption transactions both explicitly and implicitly.

With explicit consumption, you specify the external owning party whose goods will be transferred to the internal organization.

With implicit consumption, consumption is a result of an inventory transaction such as a sales order issue. Most transactions occur through implicit consumption. You can configure the transaction types that trigger consumption through the setup of consumption rules.

For implicit consumption, the application generates two separate inventory transactions. The first transaction represents the consumption (change in ownership). The table below shows a Transfer to Owned transaction. This transaction records the change in ownership between the original owning party (Allied Supplier) and the new owning party (Organization M1).

Transaction Type	Item	Quantity	Owning Party	Owning Party
Transfer to Owned	100C	10	Allied Supplier	Organization M1

The second transaction represents the movement of inventory. The table below shows the transaction to record the movement of inventory. The consumption rules indicate that ownership changes when Item 100C transfers from source subinventory FGI to destination subinventory Stores.

Transaction Type	Item	Quantity	Source Subinventory	Destination Subinventory
Subinventory Transfer	100C	10	FGI	Stores

The two, separate transactions allow the segregation of transactions involving the change in ownership and the movement of material.

Lot and Serial

You can select lot and serial controlled items for a specific owning party when executing consigned inventory transactions.

Consumption Transaction Pricing

When the consumption transaction takes place, the application uses the terms of the associated consignment agreement to calculate the price that is in effect at the time of consumption. The calculated price is based on the date of consumption since this represents the point when ownership transfers from the supplier to the internal organization. Oracle Fusion Inventory Management interfaces with Oracle Fusion Purchasing to determine the current price from the consignment agreement.

Related Topics

- [Consumption Rules: Explained](#)

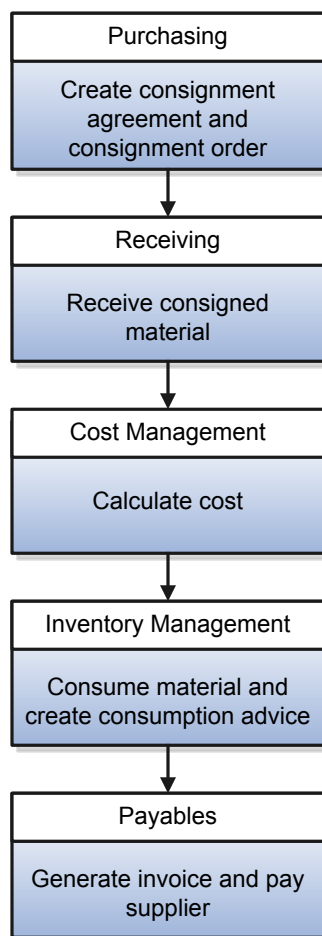
Consigned Inventory Lifecycle: Explained

The lifecycle of consigned inventory spans several tasks and products from creating the consignment agreement in Oracle Fusion Purchasing through the final step of paying the supplier in Oracle Fusion Payables.

The consigned inventory lifecycle includes these tasks and products:

- Creating consignment agreement and consignment order (Oracle Fusion Purchasing)
- Receiving consigned material (Oracle Fusion Receiving)
- Calculating cost (Oracle Fusion Cost Management)
- Consuming material and creating consumption advice (Oracle Fusion Inventory Management)
- Generating invoice and paying supplier (Oracle Fusion Payables)

The following figure shows the lifecycle of consigned inventory and the products responsible for each task.



Creating Consignment Agreement and Consignment Order

Purchasing enables the creation of the consignment agreement and consignment order. The buyer and supplier negotiate the terms of the consignment arrangement and these details are captured on the consignment agreement.

Demand often originates from an inventory system. Purchase orders are created by the system in response to requisitions originating from sources such as min-max planning. For example, a min-max threshold can be set so that when the on-hand quantity dips below 100, a requisition is automatically created, followed by a purchase order. The consigned inventory process then follows.

Receiving Consigned Material

The Receiving application allows receiving personnel to receive and put away goods into inventory. Once consigned inventory is received, the goods are in the physical possession of the buying organization, but the supplier still retains ownership of the goods.

Calculating Cost

The Cost Management application allows you to generate the necessary cost accounting to take ownership of the material. Cost Management does not accrue payable liability or record consigned inventory received as an asset owned by the company. Instead, it allows the value of consigned inventory to be tracked in a separate account so that it is not considered as owned goods for financial reporting.

Consuming Material and Creating Consumption Advice

Consumption takes place in Inventory Management. Consumption represents the event point where ownership of the inventory is transferred from the supplier to the buyer. The buyer periodically generates a consumption advice to inform the supplier about the quantity of inventory consumed.

Generating Invoice and Paying Supplier

Oracle Payables processes invoices for the consignment order and makes payments to suppliers. Before making the payment, the invoice must be matched to the consumption advice lines. Every invoice has a one-to-one relationship with a consumption advice number. Also, if you set up the pay on use option on the consignment agreement, you can pay your supplier immediately upon usage of the consigned inventory.

Consumption Advice Errors and Exceptions: Explained

Consigned inventory transactions can result in errors during the processing of ownership transfers. For example, if the consignment agreement associated with the consumption transaction is no longer valid, the process results in an error. When errors occur, the consumption transactions aren't included on the consumption advice. You must correct the transactions and resubmit them for processing.

Here are the steps to find and resolve errors and exceptions for consigned inventory transactions:

- Resolve error
- Resubmit transaction for processing

Resolve Error

You can search for consigned inventory related transactions that resulted in errors during processing on the Review Consumption Advice Exceptions page. You can also search for pending transactions that resulted in an ownership transfer error. Once you identify the pending transactions, you can review and resubmit the transaction for processing. Access the Review Consumption Advice Exceptions page from the Inventory work area.

Resubmit Transaction for Processing

Once you correct the consigned inventory transaction, the Create Consumption Advice process automatically processes the corrected transaction in the next run of the consumption advice. The process gives the corrected transaction a different consumption advice number. This number is for internal reference only, and is not exposed to the supplier.

Returning Consigned Inventory: Examples

You can return consigned material in various statuses such as Put Away and Consumed. Use the Transfer to Consigned transaction type to transfer consigned material that has been consumed implicitly or explicitly back to a Consigned status.

The following examples illustrate return scenarios based on material status:

- Material received and not yet put away to inventory
- Material received and put away to inventory
- Material consumed and consumption advice not yet generated
- Material consumed and consumption advice generated

Material Received and Not Yet Put Away to Inventory

You can search for and return consigned material in this status. If the material is lot or serial controlled, you can provide the lot and serial numbers while initiating the return. You cannot create a debit memo for this type of return transaction.

Material Received and Put Away to Inventory

You can search for and return consigned material in this status. If the material is lot or serial controlled, you can provide the lot and serial numbers while initiating the return. You can perform either a single or two-step return. With the single step return, you return directly to the supplier. With the two-step return, you first return to receiving, and then return to supplier. You cannot create a debit memo for this type of return transaction.

Material Consumed and Consumption Advice Not Yet Generated

The material ownership has changed from supplier to buyer, but the consumption advice has not yet been created. Since the consumption advice has not communicated the detail of ownership change to the supplier, you may prefer to return the

material to the supplier as consigned rather than as owned inventory. In order to do this, you must first perform a Transfer to Consigned transaction for the item and quantity.

The Transfer to Consigned transaction changes the status of the material back to Consigned. If the item is not lot or serial controlled, the system uses FIFO logic to determine the exact transaction line or lines whose status must be changed from regular to consigned. If the item is lot or serial controlled, you can narrow down the specific transaction line.

Once the material changes status from Owned to consigned, the material is available for return to supplier. Since the ownership has passed back to the supplier, debit memos are not needed.

Material Consumed and Consumption Advice Generated

The material ownership has changed from supplier to buyer, and the consumption advice has been created. Since, the consumption advice has communicated the detail of ownership change to the supplier, you need to return the material to supplier as owned rather than consigned inventory.

Since the ownership is with the buyer, when the return to supplier transaction is created, a debit memo is generated if the invoice has been created based on the consumption advice.

If the material is lot or serial controlled, you can provide the lot and serial numbers while returning. Once the supplier receives the material, they process a credit note against the invoice for the consignment order line.

FAQs for Manage Consigned Inventory

How can I transfer consigned inventory to owned inventory when the aging period expires?

Select the **Transfer to Owned** button on the Manage Consigned Inventory Aging page.

What's the difference between transfer to owned and transfer to consigned transactions?

A Transfer to Owned transaction transfers consigned inventory to owned inventory. This transaction transfers the ownership of the material from the supplier to the internal organization or buyer.

A Transfer to Consigned transaction transfers consigned material that has been consumed back to a Consigned status. This transfers the ownership of material from the internal organization or buyer back to the supplier.

Can I return material to consigned status after the generation of a consumption advice?

Yes, you can return the material. The application creates an automatic debit memo since the consumption advice was already generated.

How can I resolve consumption advice errors?

Search for consigned inventory transactions that resulted in errors during processing on the Manage Pending Transactions page. Once you identify the pending transactions, you can review and resubmit the transaction for processing.

What's the consumed quantity?

The quantity consumed or returned on consignment. The consumed quantity represents the sum of the inventory transactions (positive if transferred to owned and negative if transferred to consigned) that were converted into purchase order quantity units of measure.

Can I pay on use for consigned inventory?

Yes, you can set up the pay on use option on the consignment agreement. This enables you to pay your supplier immediately upon usage of the consigned inventory.


4 Understand Back-to-Back Processing

Back-to-Back Fulfillment: Explained

In the back-to-back fulfillment process flow, supply is received at a warehouse and then shipped directly to the customer. This flow is best suited for fulfillment of high-cost or slow-moving products where stock is not maintained in inventory. For example, you might want to use back-to-back fulfillment for items that are too expensive to maintain as on-hand inventory. Or, you might want to use back-to-back fulfillment when you don't want to use warehouse space to stock items that rarely sell.

Back-to-back fulfillment is a fully automated order fulfillment process that includes:

- Automated selection of source of supply, internal or external
- Reservation of supply until fulfillment
- Automated response to supply and demand changes

 **Note:** Supply in back-to-back fulfillment is procured and received at a warehouse only after a sales order is entered and scheduled. The sales order demand triggers the supply creation, and a link is established between the sales order and the supply. The supply is reserved against the sales order until shipping.

Related Topics

- [Back-to-Back Fulfillment: Overview](#)
- [Back-to-Back Fulfillment: How It Works](#)

Reservations Handling in Back-to-Back Fulfillment: Explained

The backbone of the back-to-back fulfillment flow is the reservation that ties a sales order with the supply document.

After the supply document is created in the supply execution application, Supply Chain Orchestration initiates the creation of a reservation in inventory to tie both demand and supply together. The reservation is managed dynamically and is updated whenever there are demand-side or supply-side changes. This reservation improves fulfillment accuracy and timeliness by ensuring that demand-specific supplies are reserved and prevents misallocation of supply to other demand sources.

You can search for and view reservations in the Manage Reservations and Picks page, which provides detailed information about both demand and supply documents.

Change Management in Back-to-Back Fulfillment: Explained

The back-to-back fulfillment flow supports change management that handles change initiated from the demand side as well as the supply side. This automatic change management prevents excess inventory buildup by matching supply to demand and circumvents the need for manual intervention, except to address an exception. For any exceptions in the flow, the order fulfillment manager is notified to take appropriate action, and precludes delays that could occur because of human intervention.

For successful demand and supply changes in the back-to-back fulfillment flow, the reservation is updated to reflect the changes. Demand changes that are supported include changes in quantity (both increase and decrease), total cancellations, and changes to the requested date. Such demand-side changes are orchestrated to Supply Chain Orchestration to keep the supply documents updated with the changed demand picture. Similarly, supply-side changes that are supported include quantity decrease, supply delays, and supply document cancellations (for example, transfer order cancellation by the source organization).

FAQs for Back-to-Back Processing

What's a back-to-back transfer order?

An internal material transfer order to transfer supply from the source location to the destination location to fulfill a back-to-back sales order. The back-to-back transfer order is automatically reserved against the associated back-to-back sales order by Supply Chain Orchestration. When the transfer order is received and put away at the destination location, the supply-side of the reservation is automatically moved from the transfer order to the new on-hand inventory. This action maintains the reservation of the supply against the back-to-back sales order until shipping.

What's the difference between a regular transfer order and a back-to-back transfer order?

A back-to-back transfer order is processed in the same manner as a regular transfer order, except for the following points:

- The transfer order supply is automatically reserved to the originating back-to-back sales order by Supply Chain Orchestration when the order is created.
- The back-to-back transfer order is monitored by Supply Chain Orchestration to ensure the original supply required to fulfill the back-to-back sales order is not at risk. As quantities and dates change on the transfer order, Supply Chain Orchestration performs exception handling to fulfill the back-to-back sales order. In addition, Supply Chain Orchestration is notified when the supply is shipped from the source organization as well as when it is put away in the destination organization.

5 Plan Inventory Replenishment

Min-Max Planning: Explained

Use min-max planning to maintain inventory levels for all of your items or for selected items. Min-max planning requires specification of minimum quantity and maximum quantity inventory levels for your items. When you print the Min-Max Planning report, the inventory level for an item, on-hand quantities plus on-order quantities, is considered. If the inventory level is below the minimum quantity defined for the item, min-max planning suggests a new purchase requisition or movement request to bring the inventory level back up to the maximum quantity. You perform min-max planning at the inventory organization level or at the subinventory level.

You perform the following actions for min-max planning:

- Define min-max planning attributes when setting up items, item subinventories, or inventory organizations.
- Print the Min-Max Planning report.

Define Min-Max Planning Attributes

To use min-max planning you set the attributes used by min-max planning. The following attributes are used by min-max planning calculations:

- Min-max minimum quantity
- Min-max maximum quantity
- Fixed lot multiple
- Minimum order quantity
- Maximum order quantity
- Round reorder quantity

To use min-max planning at the organization level, you set the attributes used by min-max planning when you manage items. First, you set the **Inventory Planning Method** attribute to min-max planning. When you define min-max parameters at the organization level, you also have the option to define sourcing rules to generate purchase requisition information for buy items. You can also generate transfer order or work order requests. For work order requests, you must first set the **Build in WIP** attribute for the item.


To use min-max planning at the subinventory level, you set the attributes used by min-max planning when you manage item subinventories. First you enable min-max planning for the item subinventory. When you define min-max parameters at the subinventory level, you also have the option to define sourcing rules to generate purchase requisition information or movement requests for the suggested replenishment quantities. You can also generate transfer order requests.

At the subinventory level, min-max planning generates either a transfer order or movement request based on the following rules:

- If the source type is **Organization**, and you are using the same organization to which the subinventory belongs, then min-max planning generates an intraorganization transfer order (subinventory transfer).
- If the source type is Subinventory, then min-max planning generates a movement request.

Print the Min-Max Planning Report

Print the Min-Max Planning report to show planning information for all min-max planned items in an organization or subinventory or for items with on-hand balances either below or above their assigned minimum or maximum on-hand quantities. When you submit the Min-Max Planning report, the first parameter you specify is the planning level parameter to specify organization level or subinventory level.

 **Note:** Supply order requests for purchase requisitions, transfer orders, and work orders go into the Supply Chain Orchestration Interface table. You must run the Process Supply Chain Orchestration Interface process in Oracle Fusion Supply Chain Orchestration to create the actual supply orders in the destination systems. If you do not have Oracle Fusion Manufacturing and Supply Chain Materials Management installed, you must run the Requisition Import process to create requisitions. A default item source may be defined at the organization, subinventory, or item level. Min-max planning uses the information from the lowest level to determine the source from which to requisition the item. The ascending hierarchy is:

1. Item in a subinventory
2. Source in a subinventory
3. Item in an organization
4. Source in an organization

Min-Max Planning Report Parameters: Points to Consider

When you run the Min-Max Planning report, you set many parameters to specify the results you want for the current submission of the report.

Min-Max Planning Report Parameters

The table below lists the parameters you specify when you run the min-max planning report and explains the options you select for each parameter.

Parameter	Options
Organization	Specify the organization to run the report for.
Sort By	Select one of the following to specify how you want the report output sorted: <ul style="list-style-type: none"> • Item • Category • Buyer
From Item and To Item	Enter a range of items to restrict the report to one or more items.
Planning Level	Specify whether min-max planning will be performed for the entire organization or for a specific subinventory.
Item Selection	Specify whether min-max planning will include only items under minimum quantity, only items over maximum quantity, or all min-max planned items

Parameter	Options
Subinventory	Enter the subinventory for which you want to run the report.
Lot Control	Specify whether min-max planning will include lot controlled items, non-lot controlled items, or both.
Demand Cutoff Date	Enter the demand cutoff date. The report includes demand on or before this date.
Demand Cutoff Date Offset	Enter the demand cutoff date offset
Supply Cutoff Date	Enter the supply cutoff date. The min-max planning calculation includes open supply orders on or before this date.
Supply Cutoff Date Offset	Enter the supply cutoff date offset.
Restock	Enter yes or no to indicate whether to generate purchase requisition information or movement request orders.
Ship-to Location	Enter the ship-to location to be specified on any requisition records created during the Min-Max Planning process.
Net Unreserved Orders	Enter yes or no to specify whether to include unreserved order quantity in min-max planning calculations.
Include Interface Supply	Enter yes or no to indicate whether to include interface supply as supply quantity.
Net Reserved Orders	Enter yes or no to specify whether to include reserved order quantity in min-max planning calculations.
Include Nonnettable Subinventories	Enter yes or no to specify whether to include nonnettable subinventories.
Display Format	<p>Choose one of the following:</p> <ul style="list-style-type: none"> • Display all information. The report displays all columns. • Do not display supply and demand details. The report does not display the Minimum Order Quantity, Maximum Order Quantity, and Multiple Order Quantity columns. • Do not display order constraints. The report does not display the On-Hand Quantity column.
Display Item Description	Enter Yes or No to indicate whether to display item description.
Include Purchase Order Supply	Enter yes or no to indicate whether to include purchase order supply.
From Category and To Category	Enter a range of categories to restrict the report to one or more categories.
From Buyer and To Buyer	Enter a range of buyers to restrict the report to one or more buyers.

Parameter	Options
Purchasing by Revision	Specify whether to issue purchase order by item revision.
Include Movement Request Supply	Specify whether movement request supply will be included in the min-max planning calculations.

Min-Max Planning Replenishment Quantities: How They Are Calculated

Min-max planning calculates whether the total available quantity is less than the minimum quantity to decide whether to suggest a new order. When min-max planning decides to suggest a new order, another calculation is used to determine the order quantity to suggest.

Settings That Affect Min-Max Planning

The settings that affect min-max planning fall into one of the following two categories:

- Attributes you define for items, item subinventories, or inventory organizations.
- Parameters you specify when printing the Min-Max Planning report

The attributes you define include the following min-max planning attributes and order quantity modifier attributes:

- Min-max minimum quantity
- Min-max maximum quantity
- Minimum order quantity
- Maximum order quantity
- Fixed lot multiple

How Min-Max Planning Is Calculated

The definitions of the variables used in the min-max planning calculations depend upon whether you perform min-max planning at the organization level or at the subinventory level. The following table provides the definitions for the variables at each level.

Variable	Organization Level Definition	Subinventory Level Definition
Quantity on Hand	Nettable Quantity on Hand: The sum of quantities on-hand for the item across all the nettable subinventories within your organization. Non-nettable quantities may optionally be included.	The quantity in the subinventory you specify when you submit the Min-Max Planning report.

Variable	Organization Level Definition	Subinventory Level Definition
On Order	The sum of open purchase orders and requisitions.	The sum of open purchase orders, purchase requisitions, and subinventory transfer movement requests scheduled for receipt at the specified subinventory on or before the supply cutoff date. Supply orders referencing a different subinventory, or with no subinventory specified, are not included.
Open Demand	The sum of reserved and unreserved sales orders, inventory reservations, account issue movement requests.	The sum of inventory reservations (including reserved sales orders), account issue movement requests, and subinventory transfer movement requests scheduled to ship from the specified subinventory on or before the demand cutoff date. Inventory reservations referencing a different subinventory, or with no subinventory specified, are not included.
Minimum Quantity	Minimum quantity defined for the applicable item.	Minimum quantity defined for the applicable item subinventory.
Order Quantity Modifiers	Order quantity modifiers defined for the applicable item.	Order quantity modifiers defined for the applicable item subinventory.

Min-Max planning uses the following three calculation steps:

1. Calculate Total Available Quantity.

The equation used to calculate total available quantity depends upon a combination of the min-max planning level and what you select for the net demand options. The following table provides the equation used to calculate total available quantity for each combination of min-max planning level and net demand option.

Min-Max Planning Level	Net Demand Options Selected	Total Available Quantity Equation
Organization	No for all of the net demand options	Nettable Quantity On Hand + On Order
Organization	Yes for any of the net demand options	Nettable Quantity On Hand + On Order - Open Demand
Subinventory	No for all of the net demand options	Quantity On Hand + On Order
Subinventory	Yes for any of the net demand options	Quantity On Hand + On Order - Open Demand

2. Suggest a new order if Total Available Quantity < Minimum Quantity.

3. Calculate Order Quantity using the equation Order Quantity = Maximum Quantity - Total Available Quantity, adjusted for order quantity modifiers.

The order quantity modifiers are used to adjust the order quantity as follows:

- If the order quantity is less than the minimum order quantity, the order quantity is revised up to the minimum.
- If the order quantity is greater than the maximum order quantity, the order quantity is revised down to the maximum.
- If revision is necessary for the order quantity to be a multiple of the fixed lot multiple, the order quantity is revised accordingly.

Min-Max Planning Example

The following example shows how Oracle Fusion Inventory Management uses the item attributes and the Min-Max Planning Report parameters to perform min-max planning to determine whether an order should be placed, and how min-max planning calculates the quantity to order. For this example, assume the item has the following quantity values and item attribute settings:

- Nettable quantity on hand = 25
- Open supply quantity = 50 with all supply within the supply cutoff date
- Open reserved sales order quantity = 90 with all demand within the demand cutoff date
- Min-max minimum quantity = 100
- Min-max maximum quantity = 500

Using the above scenario, when you run the Min-Max Planning report for the organization level with No specified for the Net Reserved Orders parameter, the following calculations are performed:

1. Total available quantity: $25 + 50 = 75$
2. Below minimum quantity check: $75 < 100$

The total available quantity is less than the min-max minimum quantity, so an order is suggested.

3. Maximum quantity less total available quantity: $500 - 75 = 425$

To bring the quantity available back to the min-max maximum, min-max planning will suggest an order with the quantity to order = 425.

Using the above scenario, when you run the Min-Max Planning report for the organization level with Yes specified for the Net Reserved Orders parameter, the following calculations are performed:

1. Total available quantity: $25 + 50 - 90 = -15$
2. Below minimum quantity check: $-15 < 100$

The total available quantity is less than the min-max minimum quantity, so an order is suggested.

3. Maximum quantity less total available quantity: $500 - (-15) = 515$

To bring the quantity available back to the min-max maximum, min-max planning will suggest an order with the quantity to order = 515.

Rounding the Reorder Quantity: How It Affects Min-Max Planning Reorder Calculations

When you specify to round reorder quantities, min-max planning reorders for item subinventories are automatically rounded up or down.

Settings That Affect Rounding the Reorder Quantity

Reorder quantities for an item subinventory are calculated based on:

- The setting that you select for the **Round Order Quantity** parameter on the Manage Inventory Organization Parameters page, General tab, of the inventory organization containing the item subinventory
- The value that you specify for the **Fixed Lot Multiple** text box on the Add Item to Subinventory window

How Rounding the Reorder Quantity Affects Min-Max Planning Reorder Quantity Calculations

If you enable rounding the reorder quantity for the inventory organization, and specify the fixed lot multiple for the item subinventory, the reorder quantity is rounded up. If you disable rounding the reorder quantity for the inventory organization, and specify the fixed lot multiple for the item subinventory, the reorder quantity is rounded down.

 **Note:** To round reorder quantities, you must specify a fixed lot multiple.

Example: Rounding the Reorder Quantity

Assume that the reorder quantity is 24. If you enable rounding the reorder quantity and specify 10 for the fixed lot multiple, the reorder quantity is rounded up to 30. If you disable rounding the reorder quantity and keep the fixed lot multiple at 10, the reorder quantity is rounded down to 20.

Specifying the Fixed Lot Multiple: How It Affects Min-Max Planning Reorder Calculations

The fixed lot multiple setting specifies fixed numeric multiples in which items are transacted. Min-max planning uses the fixed lot multiple setting to calculate reorder quantities for item subinventories.

Settings that Affect Fixed Lot Multiple Specifications

Reorder quantities for an item subinventory are calculated using:

- The value that you specify for the **Fixed Lot Multiple** text box on the Add Item to Subinventory window
- The setting that you select for the **Round Order Quantity** parameter on the Manage Inventory Organization Parameters page, General tab, of the inventory organization containing the item subinventory

How Specifying the Fixed Lot Multiple Affects Reorder Quantity Calculations

To round reorder quantities, you must specify a fixed lot multiple. If you specify the fixed lot multiple for the item subinventory and enable rounding the reorder quantity for the inventory organization, the reorder quantity is rounded up. If you specify the fixed lot multiple for the item subinventory and disable rounding the reorder quantity for the inventory organization, the reorder quantity is rounded down.

Example: Specifying the Fixed Lot Multiple

Assume that the reorder quantity is 24. If you specify 10 for the fixed lot multiple and enable rounding the reorder quantity, the reorder quantity is rounded up to 30. If you disable rounding the reorder quantity, the reorder quantity is rounded down to 20.

FAQs for Inventory Replenishment

What's inventory organization-level min-max planning?

Inventory organization-level min-max planning replenishes a particular item in an inventory organization. When you use inventory organization-level min-max planning, inventory balances, purchase requisitions, inbound transfer orders, and work orders are treated as supply; sales orders, outbound transfer orders, and account issue movement requests are treated as demand.

To set up organization-level min-max planning, navigate to the Create Item page, Specifications tab in Oracle Fusion Product Information Management. Select Min-Max Planning for the inventory planning method, then specify minimum and maximum levels.

What's subinventory-level min-max planning?

Subinventory-level min-max planning replenishes items in a subinventory using the minimum and maximum inventory levels and fixed lot multiple value that you specify for a particular item subinventory. When you use subinventory-level min-max planning, inventory balances, inbound transfer orders, purchase requisitions, and movement requests are treated as supply.

What happens if I select the Supplier item sourcing type for replenishment?

Items are replenished from an external supplier.

6 Perform Cycle Counting

Cycle Counting: Explained

Cycle counting is an inventory accuracy analysis technique where inventory is counted on a cyclic schedule rather than once a year to ensure the accuracy of inventory quantities and values.

Cycle counting enables you to keep inventory records accurate by correcting errors between the system on-hand (perpetual) and actual on-hand (physical) quantities. Cycle counting can also be a valuable tool to help identify patterns in the errors found. Analysis of these patterns can suggest and help to prioritize improvements in training, tools, and processes. Over a period of time these improvements may increase the average level of inventory record accuracy.

Accurate system on-hand quantities are essential for managing supply and demand, maintaining high service levels, and planning production. Most effective cycle counting systems require the counting of a certain number of items every workday with each item counted at a prescribed frequency. You can perform cycle counting instead of taking complete physical inventories, or you can use both techniques side-by-side to verify inventory quantities and values.


Create and Manage Cycle Counts

Adding Items to a Cycle Count: Explained

When you add items to a cycle count, you specify the items that you want to include in the cycle count.

You can:

- Manually add items to a cycle count
- Automatically add items to a cycle count

 **Note:** To be able to add an item to a cycle count, you must set the item's **Cycle Count Enabled** attribute to Yes.

Manually Adding Items to a Cycle Count

Manually add items to a cycle count by searching for and selecting the desired individual items on the Define Classes and Items page.

Automatically Adding Items to a Cycle Count

Automatically add items to a cycle count by selecting an ABC assignment group on the Enter Primary Details page. All of the ABC assignment group's items are added to the cycle count. The ABC assignment group's ABC classes are also added to the current cycle count classes, and classifications are maintained for the included items.

You can choose to synchronize class information for existing items in the cycle count based on the new ABC assignments. You can also choose to have any items that are no longer in the ABC group automatically deleted from the cycle count item

list. To be able to change classifications of items in a cycle count independently of ABC classes, choose the **None** option for the synchronization mode.

Cycle Count Approval Tolerances: How They Are Calculated

This topic discusses how cycle count approval tolerances are calculated.

Settings That Affect Approval Tolerances

You specify values for the following settings on the Define Classes and Items and Define Schedules and Approvals pages:

- **Quantity Tolerance Percentage** and **Negative Quantity Tolerance Percentage**: Limits that you define for the positive and negative difference between the actual cycle count quantity and the system tracked on-hand quantity.
- **Positive Adjustment Value Tolerance** and **Negative Adjustment Value Tolerance**: Limits that you define for the total value of a cycle count adjustment.

How Approval Tolerances Are Calculated

Approval tolerances are first calculated using class- and item-level values that you specify on the Define Classes and Items page. If you do not specify values on the class and item level, approval tolerances are calculated using values that you specify on the Define Schedules and Approvals page.

Example: Calculating Approval Tolerances

The following table provides examples of values for quantity variance and adjustment value tolerances for one item in a cycle count:

Item Attributes	Value
Item Standard Cost	\$10.00
Positive Quantity Tolerance Percentage	5%
Negative Quantity Tolerance Percentage	10%
Positive Adjustment Value Tolerance	\$200
Negative Adjustment Value Tolerance	\$250

Using the values from the previous table, the following table provides examples of four different count scenarios for the item, and the tolerances that each different scenario violates:

System On-Hand Quantity	Count Quantity	Quantity Variance	Adjustment Quantity	Adjustment Value	Tolerance Exceeded
100	106	+6%	+6	+\$60	Positive Quantity Percentage

System On-Hand Quantity	Count Quantity	Quantity Variance	Adjustment Quantity	Adjustment Value	Tolerance Exceeded
100	88	-12%	-12	-\$120	Negative Quantity Percentage
100	122	+22%	+22	+\$220	Positive Quantity Percentage and Positive Adjustment Value
100	73	-27%	-27	-\$270	Negative Quantity Percentage and Negative Adjustment Value

Related Topics

- [Specifying Quantity Tolerance Percentages: Explained](#)

FAQs for Cycle Counts

What are positive and negative hit and miss percentages?

Positive and negative hit and miss percentages define the positive and negative tolerances for the percentage difference between the system tracked on-hand quantity and the actual cycle count quantity. A count is considered to be a hit if it is within these tolerances, and a miss if it is outside them. The hit and miss tolerances are used to evaluate the accuracy of cycle counting procedures, rather than the accuracy of inventory.

What happens if I select Adjust if Possible for serial number adjustments?

If a serial number discrepancy exists between the count quantity and system quantity, or if the entered serial numbers do not correspond to the serial numbers already in the specified location, adjustments are attempted if the adjustment variance and value are within tolerances. These adjustments consist of receipts and issues of the appropriate serial numbers to and from the specified location and are applicable only to instances in which new serial numbers or shipped serial numbers are counted.

How does the cycle count handle consigned inventory?

The cycle count includes the consigned current on-hand value and consigned current on-hand quantity.

FAQs for Creating Manual Count Schedules

Why would I create a manual count schedule?

You can create a manual cycle count schedule in addition to or instead of creating an automatic cycle count schedule. You can create a manual schedule to add an additional count for a particular item if you want to count the item more frequently

than the automatically scheduled counts require. Additionally, you can create a manual schedule for specific subinventories, locators, and items, and set the count for any inventory date. For example, you could create a manual schedule to count item A wherever it can be found in subinventory X. You could also create a manual schedule to count all item quantities in subinventory Y, locator B-100.

Generate Count Schedules

Cycle Count Schedules: How They Are Generated

This topic discusses how cycle count schedules are generated.

Settings That Affect Cycle Count Schedule Generation

Cycle counts are generated using the automatic schedule parameters that you set on the Define Schedules and Approvals page. On this page, you must enable automatic scheduling to generate cycle counts. Additionally, you must set the **Cycle Count Enabled** item attribute to Yes for each item you want to include in a cycle count.

How Cycle Count Schedules Are Generated

Cycle count schedules are generated at the frequency that you define. For example, if the frequency is weekly, cycle counts are scheduled for all items that need to be counted on all of the workdays in the current week. If the frequency is daily, cycle counts are scheduled for items that are due for counting on the current date.

A cycle count request is generated for each item number, revision, lot number, subinventory and locator combination for which on-hand quantities exist. Cycle count requests are ordered first by subinventory and locator, then by item, revision, and lot. A unique sequence number is assigned to each cycle count request, and can be used for reporting, querying, and rapid count entry.

Generate Count Sequences

Cycle Count Sequences: How They Are Generated

This topic discusses how cycle count sequences are generated.

Settings That Affect Count Sequences

Count sequences are generated using the automatic schedule parameters that you define on the Define Schedules and Approvals page, and the manual schedule parameters that you define on the Manage Manual Count Schedules page.

How Count Sequences Are Generated

Count sequences are generated for each item number, revision, lot number, subinventory and locator combination for which on-hand quantities exist. Count sequences are ordered first by subinventory and locator, then by item, revision, and lot. A unique sequence number is assigned to each count sequence. You can use this sequence number for reporting, querying and rapid count entry.

Example 1: Count Sequence Generation

Assume that an inventory organization has the following on-hand quantities:

- Locator B1.1.1: 100 EA
- Locator: B1.1.2: 10 EA
- Locator: B1.1.3: Does not include any on-hand quantities

Assume that the cycle count schedule has the following information:

- Item: PLT100
- Subinventory: BULK
- Count Zero Quantity: No
- No locator is specified at the schedule level

Using the on-hand quantities and cycle count scheduling information described, the count sequences generated are:

- Item: PLT100; Subinventory: BULK; Locator: B1.1.1; Suggested Quantity: 100 EA
- Item: PLT100; Subinventory: BULK; Locator: B1.1.2; Suggested Quantity: 10 EA

Note that cycle count sequence generation would differ if the following changes existed:

- For a lot- or revision-controlled item, generation of cycle count schedules would result in different count sequences for different revisions and lots, depending on whether the item is lot-, revision-, or lot/revision-controlled).
- If the item is serial number-controlled, the serial number options that are defined in the cycle count properties determine that either different cycle count sequences are generated for each serial number, or one cycle count sequence is generated for multiple serial numbers.

Example 2: Count Sequence Generation

Assume that an inventory organization has the following on-hand quantities:

- Locator B1.1.1: 100 EA
- Locator: B1.1.2: 10 EA
- Locator: B1.1.3: Does not include any on-hand quantities

Assume that the cycle count schedule has the following information:

- Item PLT100
- Subinventory: BULK
- Count Zero Quantity: Yes
- No locator is specified at the schedule level
- The Item/locator combination exists between Item PLT100 and all of the locators in the BULK subinventory

The count sequences generated would be the following:

- Item: PLT100; Subinventory: BULK; Locator: B1.1.1; Suggested Quantity: 100 EA
- Item: PLT100; Subinventory: BULK; Locator: B1.1.2; Suggested Quantity: 10 EA
- Item: PLT100; Subinventory: BULK; Locator: B1.1.3; Suggested Quantity: 0 EA

FAQs for Generating Count Sequences

When should I generate count sequences?

Generate count sequences just before you want to count the physical material, since count sequences are generated for balances that are on hand at the moment that you generate count sequences.

Approve Count Sequences

FAQs for Approving Count Sequences

How can I approve count sequences for counts that are associated with consigned inventory?

Change the value in the **Status** field on the Approve Count Sequences page. Enter your comments or reason for approval. The **Owning Party** field is displayed when the count is for a consigned item.

Import Count Sequences

Integrating Cycle Counting With an External Application: Explained

This topic discusses how to integrate cycle counting with an external application.

You can:

- Import count sequences
- Export count sequences
- Review count interface records

Importing Count Sequences

You can import an external application's count sequence records to process them in Oracle Fusion Inventory Management using the Cycle Count Open Interface. You might want to do this if, for example, your company runs Oracle applications, but your company's inventory organizations are managed by a third-party warehouse that uses a different system.

After the records are imported to the Cycle Count Open Interface's tables, cycle count adjustments can be processed using an open API, a concurrent program such as **GenerateCountSchedules** or **GenerateCountSequences**, or the Oracle Fusion Inventory Management cycle counts user interface.

Exporting Count Sequences


You can export count sequences to populate an ADFdi-enabled Excel spreadsheet. You can use this spreadsheet to:

- Review count interface records.
- Serve as the data source for importing count sequence records from Oracle Fusion Inventory Management to an external application's database.

After the records are imported, you can edit count sequence data using the third-party application.

Reviewing Count Interface Records

When you review count interface records, you view and make changes to cycle count sequences in an ADFdi-enabled spreadsheet rather than in the Oracle Fusion Inventory Management cycle counting user interface.

 **Note:** Before you can review count interface records, you must first export count sequences.

7 Perform Physical Inventory Count

Manage Physical Inventories

Specifying Quantity Tolerance Percentages: Explained

When you specify quantity tolerance percentages, you set the positive or negative difference between the physical tag count and system on-hand quantity that, when exceeded, requires an adjustment approval.

You can specify:

- Positive quantity tolerance percentage
- Negative quantity tolerance percentage

Positive Quantity Tolerance Percentage

The value that you enter for the positive quantity tolerance percentage specifies the positive percentage difference between the physical tag count and system on-hand quantity that, when exceeded, requires an adjustment approval.

For example, you enter 10 as the positive quantity tolerance percentage. The physical tag count is 111, and the system on-hand quantity is 100. Because the physical tag count is at least 10% greater than the system on-hand quantity, the adjustment resulting from this count requires approval.

Negative Quantity Tolerance Percentage

The value that you enter for the negative quantity variance tolerance percentage value specifies the negative percentage difference between the physical tag count and system on-hand quantity that, when exceeded, requires an adjustment approval.

For example, you enter 10 as the negative quantity tolerance percentage. The physical tag count is 89, and the system on-hand quantity is 100. Because the physical tag count is at least 10% less than the system on-hand quantity, the adjustment resulting from this count requires approval.

Tag Generation Sequence: How It Is Calculated

The tag generation sequence defines the sequence in which tags are generated.

Settings That Affect Tag Generation Sequence

Define the tag generation sequence using the Tag Generation Sequence choice lists: **Sequence 1**, **Sequence 2**, **Sequence 3**, and **Sequence 4**.

 **Note:** You do not need to select values for all four sequences.

How Tag Generation Sequence Is Calculated

Tags are generated in numerical and alphabetical order using the tag generation sequence that you specify.

Example: Default Tag Generation Sequence

This example lists the sequence of tags that are generated from the default tag generation sequence:

1. Sequence 1: Subinventory
2. Sequence 2: Locator
3. Sequence 3: Item
4. Sequence 4: Revision

The following sequence of tags is generated:

1. Tag 1: Subinventory 1, Locator A, Item AS54888
2. Tag 2: Subinventory 1, Locator B, Item CM11911
3. Tag 3: Subinventory 1, Locator C, Item CM11222
4. Tag 4: Subinventory 1, Locator D, Item MEC_123
5. Tag 5: Subinventory 1, Locator D.1, Item MEC_123-A
6. Tag 6: Subinventory 2, Locator W, Item 100-3456-200
7. Tag 7: Subinventory 2, Locator X, Item Gr2_11234
8. Tag 8: Subinventory 2, Locator Y, Item 346-2210
9. Tag 9: Subinventory 2, Locator Z, Item AS54888
10. Tag 10: Subinventory 2, Locator Z.1, Item AS54888-A
11. Tag 11: Subinventory 3, Locator 1.0, Item VC_103
12. Tag 12: Subinventory 3, Locator 1.0.1, Item VC_102
13. Tag 13: Subinventory 3, Locator 1.0.2, Item VC_101
14. Tag 14: Subinventory 3, Locator 1.1, Item AS54888
15. Tag 15: Subinventory 3, Locator 1.2, Item CM11222
16. Tag 16: Subinventory 3, Locator 1.3, Item AS55888

Example: User-Defined Tag Generation Sequence

This example uses the same subinventories, locators, items, and revisions as the default tag generation sequence example and lists the sequence of tags that are generated from the following user-defined tag generation sequence:

1. Sequence 1: Item
2. Sequence 2: Revision
3. Sequence 3: Subinventory
4. Sequence 4: Locator

The following sequence of tags is generated:

1. Tag 1: Item 100-3456-200, Subinventory 2, Locator W
2. Tag 2: Item 346-2210, Subinventory 2, Locator Y
3. Tag 3: Item AS54888, Subinventory 1, Locator A
4. Tag 4: Item AS54888, Subinventory 2, Locator Z
5. Tag 5: Item AS54888-A, Subinventory 2, Locator Z.1
6. Tag 6: Item AS54888, Subinventory 3, Locator 1.1
7. Tag 7: Item AS55888, Subinventory 3, Locator 1.3
8. Tag 8: Item CM11222, Subinventory 1, Locator C
9. Tag 9: Item CM11222, Subinventory 3, Locator 1.2

- 10. Tag 10: Item CM11911, Subinventory 1, Locator B
- 11. Tag 11: Item Gr2_11234, Subinventory 2, Locator X
- 12. Tag 12: Item MEC_123, Subinventory 1, Locator D
- 13. Tag 13: Item MEC_123-A, Subinventory 1, Locator D.1
- 14. Tag 14: Item VC_101, Subinventory 3, Locator 1.0.2
- 15. Tag 15: Item VC_102, Subinventory 3, Locator 1.0.1
- 16. Tag 16: Item VC_103, Subinventory 3, Locator 1.0

FAQs for Managing Physical Inventories

What happens if I select different approval type options for physical inventories?

Select **Always** to require approval of all physical inventory adjustments. Select **If out of tolerance** to hold for approval those counts that are outside the limits of the positive and negative quantity tolerance percentages or value tolerances. Select **Never** to allow any adjustment to post without approval.

FAQs for Recording Physical Inventory Tags

What should I do with unused tags?

Void unused default and blank tags. Typically, companies are required to track the status of each inventory tag that is generated. For this reason, you should void unused tags to alleviate the chances of unused tags being reported as missing or lost. When you void a default tag (such as a tag that identifies a stock-keeping unit for which there is system on-hand quantity), the quantity in that location is adjusted to zero. Voiding the tag indicates that you did not use the tag in question, presumably because the stock-keeping unit corresponding to the tag did not exist.

When should I create dynamic tags?

Create dynamic tags when you are performing a physical inventory count and find items for which tags have not been generated. Use dynamic tags to record counts for these items.

How can I record physical inventory tags for a consigned inventory item?

Enter a value for the owning party on the Record Physical Inventory Tags page.

How can I create a dynamic or blank tag for a consigned inventory item?

Enter a value for the owning party on the Record Physical Inventory Tags page.

FAQs for Post Physical Inventory Adjustments

What happens when I post physical inventory adjustments?

When you post physical inventory adjustments, a material transaction is created that adjusts the item quantity and debits or credits the adjustment account that you specify for the physical inventory. If the count of an item matches the snapshot system on-hand quantity, there is no adjustment transaction posted. After adjustments are posted, you cannot generate tags, update tag counts, or make any changes to that physical inventory. Physical adjustments are not posted if any are pending approval; you must approve or reject all of your adjustments before you can post them.

8 Analyze Materials Management and Logistics

Monitor Warehouse Operations Dashboard

Warehouse Operations Key Performance Indicators: Explained

Key performance indicators (KPIs) measure how well an organization or individual performs an operational, tactical, or strategic activity that is critical for the current and future success of the organization.

The Warehouse Operations Dashboard contains the following KPIs:

- Inventory Value
- Hit or Miss Accuracy
- Exact Matches Rate

Inventory Value

The Inventory Value KPI shows the total value of inventory owned by your organization. The KPI indicates whether the material is physically available in the warehouse or if the material is in transit. The KPI report enables you to compare the inventory value for a selected time period with the prior year's inventory value for that same time period. You can also compare inventory value by inventory categories.

Hit or Miss Accuracy

The Hit or Miss Accuracy KPI shows the percentage of the cycle count that falls within the hit and miss tolerances of a total cycle count. This KPI provides the rate of hits during the cycle counting process. The KPI report enables you to compare the hit or miss accuracy for a selected time period with the prior year's hit or miss accuracy for that same time period.

Exact Matches Rate

The Exact Matches Rate KPI shows the exact match entries as a percentage of the total cycle count entries. An exact match entry is an entry where the counted quantity entered is the same as the system quantity. The rate of exact match entries obtained during the cycle count is called Exact Matches Rate. The KPI report enables you to compare the exact matches rate for a selected time period with the prior year's exact matches rate for that same time period.

Warehouse Activity Dashboard Calculations: Explained

The Warehouse Activity Dashboard provides a summary of the most critical operations within the warehouse. You can launch into specific work areas to further drill down to get a better understanding of the issues and take corrective actions.

The dashboard shows completed and not completed values for:

- Outbound shipments
- Pick slips
- Inbound shipments

- Cycle count sequences to record

Outbound Shipments

Outbound shipment totals include:

- Past Due, Not Completed: Includes all shipments that were due to ship prior to today, and still haven't shipped.

For example, this includes all shipments with initial ship dates of yesterday and prior, but that aren't in a Closed status. Shipments that are in a Confirmed status are counted towards the completed total.

- Past Due, Completed Today: Includes all shipments that were due to ship prior to today, and that have shipped today.

For example, this includes all shipments that were set to a Confirmed or Closed status today and had an initial ship date prior to today.

- Due Today, Not Completed: Includes all shipments that are due to ship today, and that haven't yet closed.
- Completed Today: Includes all shipments that have shipped today.

For example, this includes all shipments that were set to Confirmed or Closed status today. This doesn't include past due shipments that were completed today.

Pick Slips

Pick slip totals include:

- Due Today, Not Completed: Includes all pick slips due to be confirmed today, and that aren't yet confirmed.

For example, all the pick slips that are open today and whose activities are due today (pick slip status equals Open and the activities due date equals **Today**).

For example, for a given date of X, this column reflects all pick slips with a due date of X and a status of Open.

The count in the column equals the sum of all open pick slips (outbound + replenishment + requisition) for the due date value of **Today** in the Pick Slips work area.

- Completed Today: Includes all pick slips confirmed today.

Inbound Shipments

Inbound shipment totals include:

- Past Due, Not Completed: Includes all expected shipment lines due to be received prior to today, and that aren't yet received.

This is the sum of all expected shipment lines for the due date value of **All Past Due** in the Receipts work area.

- Past Due, Completed Today: Includes all expected shipment lines due to be received prior to today, and that were received today.
- Due Today, Not Completed: Includes all expected shipment lines due to be received today, and that weren't yet received.

These lines reflect the sum of all expected shipment lines for the due date value of **Today** in the Receipts work area.

- Completed Today: Includes all expected shipment lines received today.

This doesn't include past due shipments that were completed today.

Cycle Count Sequences to Record

Cycle count sequences to record include:

- Due Today, Not Completed: Includes all pending count sequences with a status of Open.

This is the sum of all unique items pending for count (both serialized and nonserialized) in the Counts work area.

- Completed Today: Includes all count sequences that are counted and have a count date of today.

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Inventory Value KPI: How It Is Calculated

The Inventory Value key performance indicator (KPI) displays the total value of inventory owned by your organization. The KPI report presents an hierarchical view of sequential and year ago inventory value comparisons. The application calculates inventory value as a product of item quantity and cost. You can filter the report by year, organization, and inventory category.

You can access the Inventory Value KPI from the Warehouse Operations Dashboard.

Settings That Affect the Inventory Value KPI

You can filter the Inventory Value KPI using the criteria described in the following table:

Filter Criteria	Description
Year	Select a year value for comparison.
Currency	Select a currency for the KPI report.
Inventory Category	Select a specific inventory category or select .
Organization	Select the organization for the KPI report.
Period	Select the time period that you want to appear in the KPI figure for year ago comparison. For example, 2010 Q1.

For the selected time period, the Inventory Value KPI figure shows the total inventory value compared to the same time period for the prior year. For example, if you select 2011 Q1 for the **Period** field, the KPI figure displays the bars described in the following table:

Figure Bar	Description
Current Total Inventory Value	Displays inventory value for the current period (for this example, Q1 2011).
Total Inventory Value One Year Ago	Displays results for Q1 2010.

The figure shows the values for each of your selected inventory categories.

How the Inventory Value KPI Is Calculated

The Inventory Value KPI supports the calculations described in the following table.

Table Heading	Calculation
On-Hand Value	Material that is physically available in the warehouse. The application calculates the on-hand value by multiplying the on-hand item quantity and the cost.
In-Transit Value	Material that is in transit. The application calculates the in-transit value by multiplying the in-transit item quantity and the cost.
Total Value	Sum of the on-hand value and in-transit value.
Percentage Change in Total Value from One Year Ago	Percent of total value change between the selected year and the prior year.
Percentage of Total Value	Total inventory value for a category as a percentage of the total inventory across all categories.

Example 1

Scenario: Your organization has 3300 notebook computers at a cost of 600 USD each in 2011. For the year 2010, your organization has 2970 notebook computers at a cost of 700 USD.

Year	Notebook Computers	Cost per Computer USD	Total Inventory Value USD
2011	3300	600	1,980,000
2010	2970	700	2,079,000

Calculation: Percentage Change in Total Value from One Year Ago: $[(2079000-1980000)/2079000]*100=4.76$ percent.

Result: The total change from one year ago is 4.76 percent.

Example 2

Scenario: The value of desktop computers, notebook computers, handheld devices, and monitors in your organization is 12100 USD, 3300 USD, 720 USD, and 88 USD respectively.

Item	Value USD
Desktop Computers	12100
Notebook Computers	3300
Handheld Devices	720
Monitors	88

Item	Value USD
Total Inventory Value	16208

Calculation: Percent of total value for desktop computers: $(12100/16208)*100=75$ percent.

Result: The percent of total value for desktop computers is 75 percent.

Hit or Miss Accuracy KPI: How It Is Calculated

The Hit or Miss Accuracy key performance indicator (KPI) displays the percentage of the cycle count that falls within the hit and miss tolerances of a total cycle count. This KPI provides the rate of hits during the cycle counting process. An entry is termed as a hit if the discrepancy between the entered and system quantities falls within the specified tolerance limits.


Settings That Affect the Hit or Miss Accuracy KPI

You can filter the Hit or Miss Accuracy KPI on the following criteria:

- **Year:** Select a year value for comparison.
- **Organization:** Select the organization for the KPI report.
- **Period:** Select the time period that you want to appear in the KPI figure for year ago comparison. For example, **2011 Q1**.

How the Hit or Miss Accuracy KPI Is Calculated

There are several calculations involved with the Hit or Miss Accuracy KPI table.

Table Heading	Calculation
Total Entries	The total count of cycle count entries in the specified period.
Total Hit Entries	An entry is termed as a hit if the discrepancy between the entered and system quantities falls within the specified tolerance limits.
 Note: The total number of hit entries is not shown in the KPI table.	
Hit or Miss Accuracy Percentage	<p>Accuracy level of an organization's inventory. The value is calculated as a percentage of the total hit entries to the total number of entries $(\text{Total Hit Entries}/\text{Total Number of Entries}) * 100$. For example, if you have 110 hit entries and 112 total entries, the Hit or Miss Accuracy is 98%.</p> <p>Hit or Miss Accuracy Percentage: $(110/112)*100=98\%$</p>
Percentage Change from One Year Ago	<p>Percent of hit or miss accuracy change between the selected year and the prior year. For example, if your organization had a hit or miss accuracy of 99.9% in 2011 and 98.9% in 2010, the total change from a year ago is 1%.</p> <p>Percentage Change from One Year Ago: $[(99.9-98.9)/99.9]*100 = 1\%$.</p>

For the selected time period, the Hit or Miss KPI figure shows the hit or miss accuracy percent compared with the same time period for the prior year. For example, if you select **2011 Q1** for the **Period** field, the figure displays the following bars:

- **Hit or Miss Accuracy:** Displays results for Q1 2011.
- **Hit or Miss Accuracy One Year Ago:** Displays results for Q1 2010.

Exact Matches Rate KPI: How It Is Calculated

The Exact Matches Rate key performance indicator (KPI) shows the exact match entries as a percentage of the total cycle count entries. An exact match entry is an entry where the counted quantity entered is the same as the system quantity. The rate of exact match entries obtained during the cycle count is called Exact Matches Rate.


Settings That Affect the Exact Matches KPI

You can filter the Exact Matches Rate KPI on the following criteria:

- **Year:** Select a year value for comparison.
- **Organization:** Select the organization for the KPI report.
- **Period:** Select the time period that you want to appear in the KPI figure for year ago comparison. For example, **2011 Q1**.

How the Exact Matches KPI Is Calculated

There are several calculations involved with the Exact Matches Rate KPI table.

Table Headings	Calculations
Total Entries	The total count of cycle count entries in the specified period.
Total Match Entries	The total count of exact match entries in the specified period. An exact match entry is an entry where the counted quantity entered is the same as the system quantity.
	 Note: This value does not appear in the KPI table.
Exact Matches Rate Percentage	Accuracy level of an organization's inventory. The value is calculated as a percentage of the total match entries to the total number of entries (Total Match Entries/Total Number of Entries)*100). For example, if you have 110 match entries and 112 total entries, the exact matches rate is 98%. Exact Matches Rate: $(110/112)*100=98\%$
Percentage Change from One Year Ago	Percent of exact match rate change between the selected year and the prior year. For example, if your organization had an exact matches rate of 99.9% in 2011 and 98.9% in 2010, the total change from a year ago is 1%. Percentage Change from One Year Ago: $[(99.9-98.9)/99.9]*100=1\%$.

For the selected time period, the Exact Matches KPI figure shows the exact matches rate percent compared with that same time period for the prior year. For example, if you select **2011 Q1** for the **Period** field, the figure displays the following bars:

- **Exact Matches Rate:** Displays results for Q1 2011.
- **Exact Matches Rate One Year Ago:** Displays results for Q1 2010.

FAQs for Warehouse Operation Dashboard

What's the difference between inbound shipments and outbound shipments?

Inbound shipments are items that you receive into the warehouse. Oracle Fusion Receiving supports the receipt of purchase orders, purchase requisitions, return material authorizations, and interorganization shipments.

Outbound shipments are items that you ship out of the warehouse. Oracle Fusion Shipping automates and helps manage outbound shipments.

Glossary

ASN

Abbreviation for advance shipment notice. Electronic data interchange (EDI) or Extensible Markup Language (XML) from a supplier that informs the receiving organization that a shipment is in transit. ASNs speed the receiving process by enabling the receiver to check in entire shipments without entering individual line information. The ASN may contain details including shipment date, time, and identification number; packing slip data; freight information; item detail including cumulative received quantities; country of origin; purchase order number; and returnable packing unit information.

consigned inventory

Items that are in the possession of one party (such as customers or contract manufacturers), but remain the property of another party (such as the manufacturer), by mutual agreement.

consignment agreement

Agreement that carries the terms related to a consignment arrangement between a buyer and seller, items to be purchased on consignment, and the price associated with the items.

consumption advice

A periodic report of consumed consigned inventory generated by buyer and sent to seller.

FIFO

Abbreviation for first in, first out. A material control technique of rotating inventory stock so that the earliest inventory units received or produced are the first units used or shipped. The ending inventory therefore consists of the most recently acquired goods.

item subinventory

An association of an item with a subinventory that is created when you add an item to a subinventory.

maximum quantity

The suggested maximum quantity to maintain as on-hand inventory. This maximum displays on the Min-Max Planning report, indicating that any order placed should not force the on-hand quantity of the item to exceed this quantity.

minimum quantity

The minimum on-hand quantity at which to place an order.

subinventory

A physical or logical grouping of inventory such as raw material, finished goods, defective material, or a freezer compartment.

