



# Enterprise Structure in Cloud ERP

Structures in Cloud ERP that allow transaction individuality and challenges!

OATUG Cost Management SIG Webinar  
October 18, 2022, 9 AM Pacific / Noon Eastern

Doug Volz  
Mohan Iyer  
Hans Kolbe

*PEOPLE POWERING PROGRESS*

## Agenda

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Introduction

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Overview

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Finance

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Supply Chain

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Related data elements

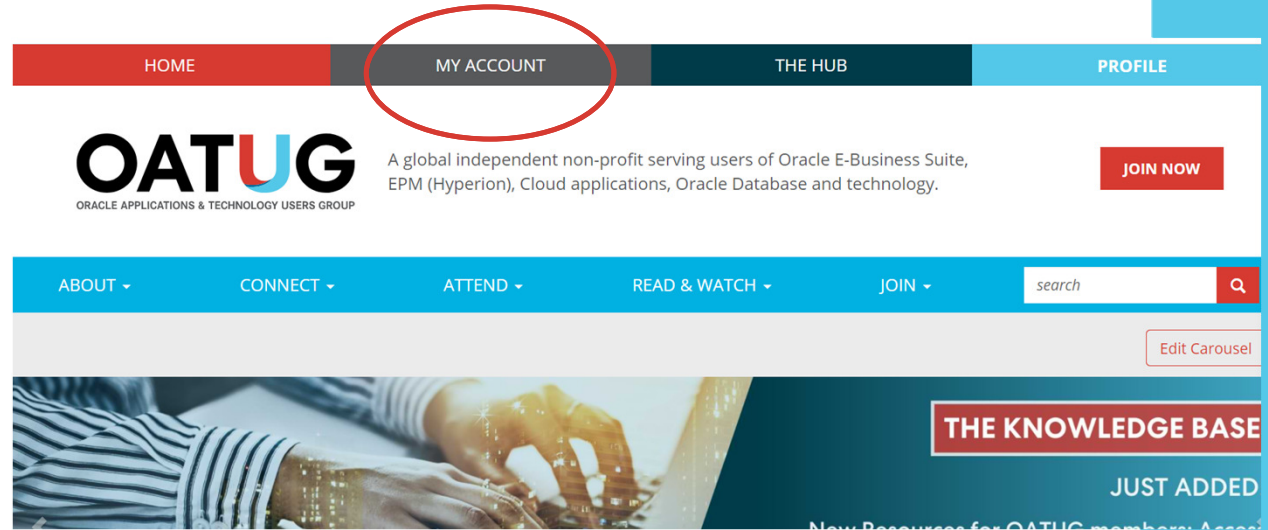
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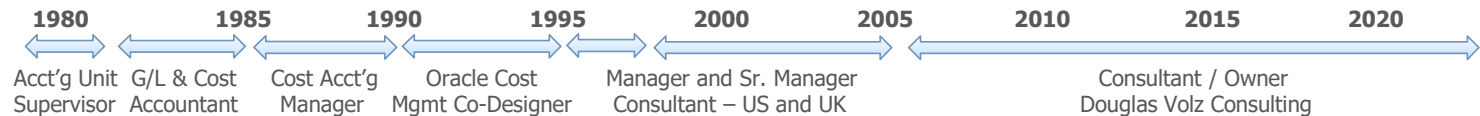


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# Introduction

# Doug Volz - Douglas Volz Consulting

OATUG  
2018 Presenter of the Year  
2014 Member of the Year



## CONTACT



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www.volzconsulting.com

## Business Solutions for Cost Accounting

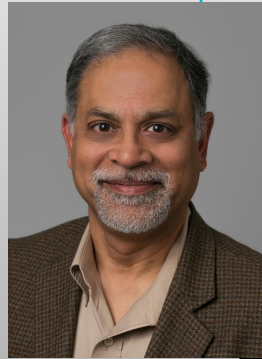
- Change cost methods
- Inventory reconciliation
- Profit in inventory
- Intercompany
- A/P accrual reconciliation
- Fix system account setups
- Multi-org cost accounting reports
- Product line & margin analysis
- Item costing, cost rollup and update
- Oracle Cost Accounting training

## Some Satisfied Clients



TUG

# Mohan Iyer - Principal Consultant, FSCP Solutions Inc.



## BADGES



**OATUG**  
Star Presenter - 2010



Coordinator  
OATUG GL-SIG



## Education & Papers

- Accounting and Finance, University of Mumbai
- R12 and Oracle-Cloud-Financials
- IC: Intercompany Orders: A Walk Through the Details
- InterCompany in Cloud – An Overview

1996

Consultant



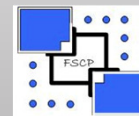
2002

Business Analyst



2004

Principal Consultant



2014

Practice Director



2018

Principal Consultant



FSCP Solutions Inc.

- EBS 10.3, 11.03, 11i, R12
- 15 Full Cycle Implementations

- EBS R12, Oracle Cloud Applications
- Certified Cloud General Ledger Specialist
- 12 Full Cycle Implementations

- Oracle ACE, Apps & Apps Tech
- Coordinator OATUG GL Special Interest Group

## CONTACT

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Mohan has decades of experience in system implementations with the last 20+ years implementing Oracle Financials. He has an Accounting degree from the University of Bombay (Mumbai), India. He currently lives with his family in California.

# Overview





# Client Ecosystem Focus

## Scope

- Greenfield OR Upgrade OR Acquisitions
- Geographical scope
- Single System vs Hybrid (driver - Book of Record)
- Functional Drivers : Finance, Supply Chain, Projects, Statutory/Local

## Type of Business

- Industry / Size Revenue / Employees
- HQ Country / Main Business Regions
- Legal Structure

# Structure Focus

## Operational Structure

- Each Entity vs Shared Service (regional, divisional)
- Global Process definitions vs. local variations
- Re-Org and Acquisition / Divestiture
- Cross-LE / Divisional Management

## Management Structure

- Corporate first (GAAP) vs. Local
- Local Statutory within system or Outsourced
- Cross-LE Divisional Reporting
- Functional currency treatment
- Intercompany focus

## Where is the Impact?

### Areas of Impact

- Intercompany Automation
- Access and Security
- Shared Service Support
- Master Data configurations
- Reporting
- Functionality changes

### Diverging Perspectives - Opposing Interests

- Operational – Finance, Manufacturing, Projects, Shared Service
- Corporate Controls – COA, GAAP Rules, Processes, Access, Approvals
- Local Controls, Accounting, Local COA, Taxes, Regulations

## Business Cases to reflect on

### Global Services/Manufacturing

- Hybrid Migration
- World-wide factories
- Multiple Operational Systems
- Financial and Operational systems platforms differ
- Business Division Management
- Conservative Culture

### Global High-Tech/Social

- Start with Cloud ERP
- Low manufacturing activity
- Single operational system
- Custom systems leaning
- Strong centralized management
- “Leading Edge” culture

# Enterprise





## Finance

- Chart of Accounts \*
- Legal Entity \*
- Ledger \*
- Cost Centers \*
- Business Units \*



## HCM

- Legal employer \*
- Departments
- Jobs & Positions
- Divisions
- Employees \*



## Common

- Enterprise \*
- Reference Sets \*
- Location \*
- Geography \*

**Enterprise Structure Ownership**

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### Chart of Accounts

- Segments
- Qualifiers \*
- Values
- Hierarchies \*
- Reporting
- Statutory



### Calendar

- Jan-Dec
- Apr-Mar
- Feb-Jan
- Calendar Month
- Manufacturing
- Other
- Adjusting Period



### Currency

- Global - Corporate
- Local - Statutory
- Reporting



### Accounting Method

- GAAP
- IFRS
- Other Local \*

**Foundational Framework**

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# Thick vs Thin Dilemma

## Thin

- Minimal Ledger dimensions
- Supports Financial and Statutory requirements
- Minimal design to support R2R
- Mission Critical Operational design

**Basic Financial**  
(Legal / Statutory)

- Structure
  - **Entity (Balancing)**
  - **Cost Center (CC)**
  - **Account (Natural Account)**
  - **Intercompany (Intercompany)**
  - **Future**
  - LOB/Product Reporting

## Thick

- Dimensions extended to support analytical needs
- Supports detailed analysis and external reporting
- Used as central data model for all reporting/analysis

**Business Analytics**  
(Management)

- Structure (on left) +++
  - Product/Brand
  - Market
  - Project
  - Location
  - Geography
  - Other





Owens Bank  
Account



Statutory Tax  
Reporting  
Owner



Intercompany  
Relationship



Records Profit  
on Sale



**Legal Entity - required**

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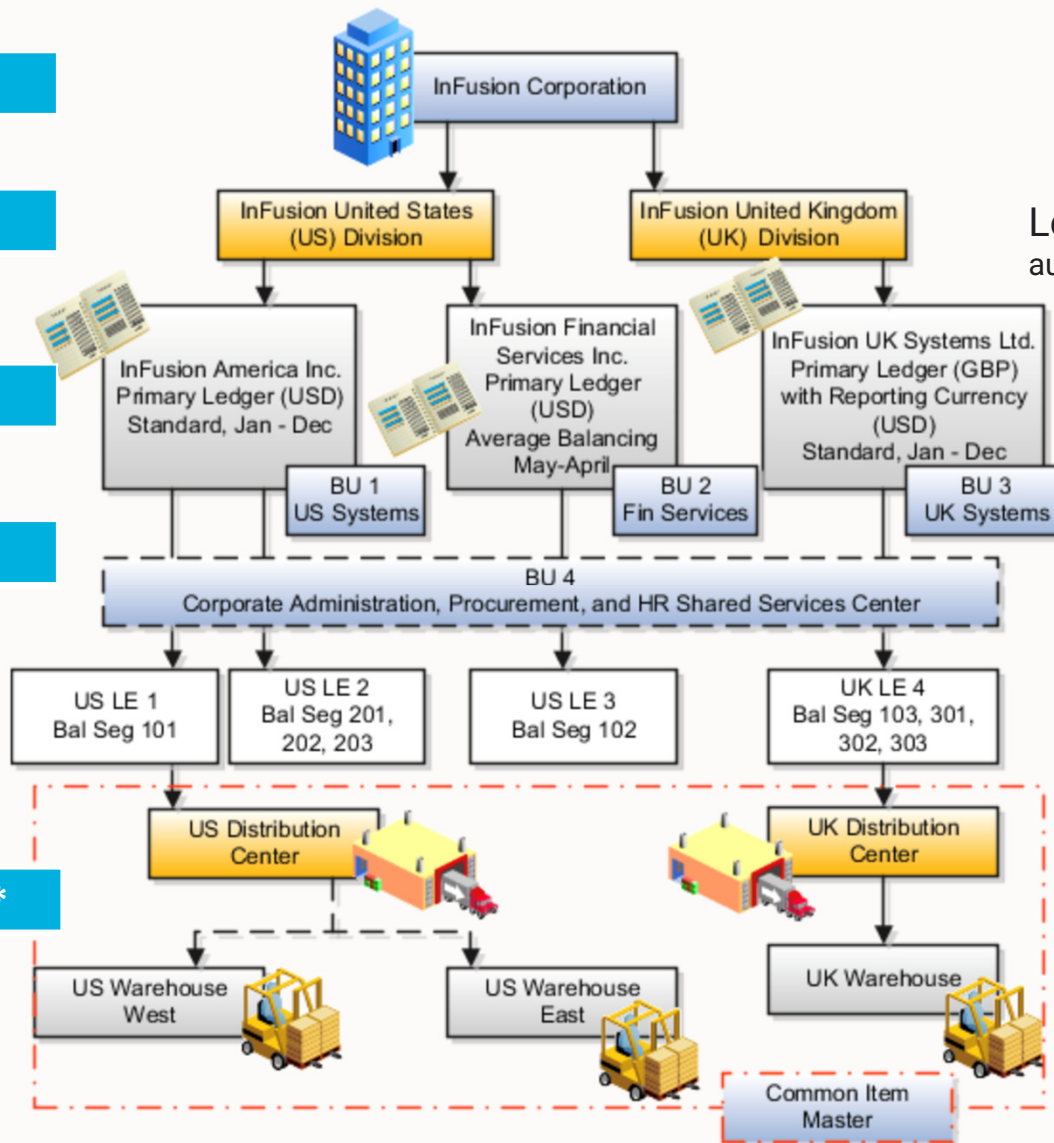
Enterprise

Legal Entity

Ledger

Business Unit

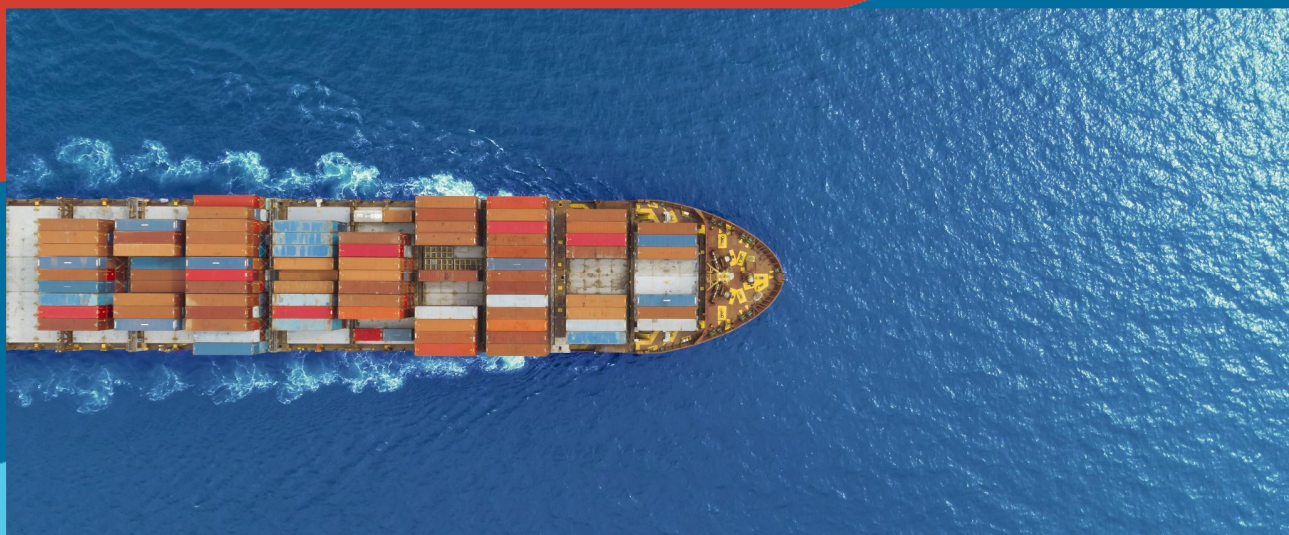
Inventory Org \*



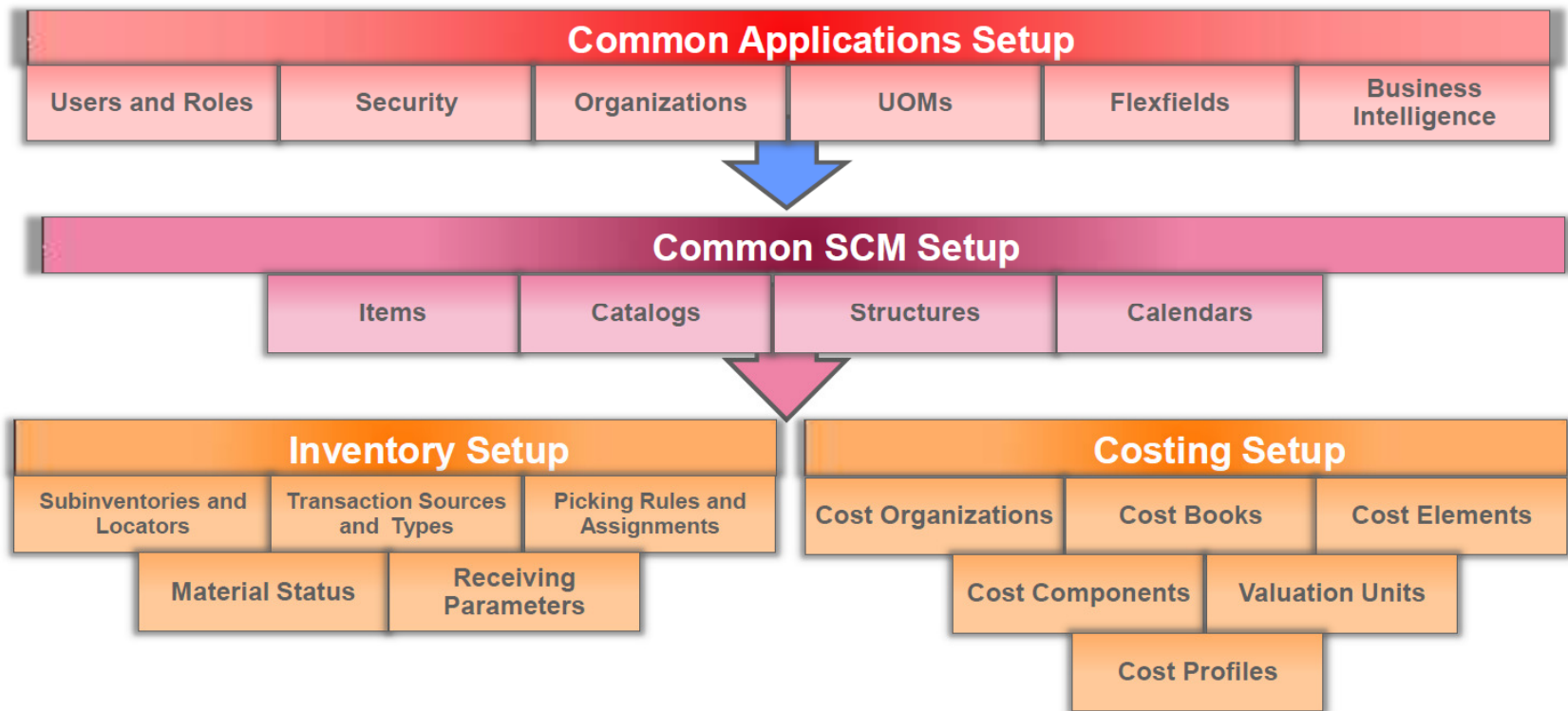
Legal Entity (LE) – a registered entity with a legal authority and employs workers and pays taxes

Business Unit (BU) - a unit of an enterprise that performs one or many business/financial transactions

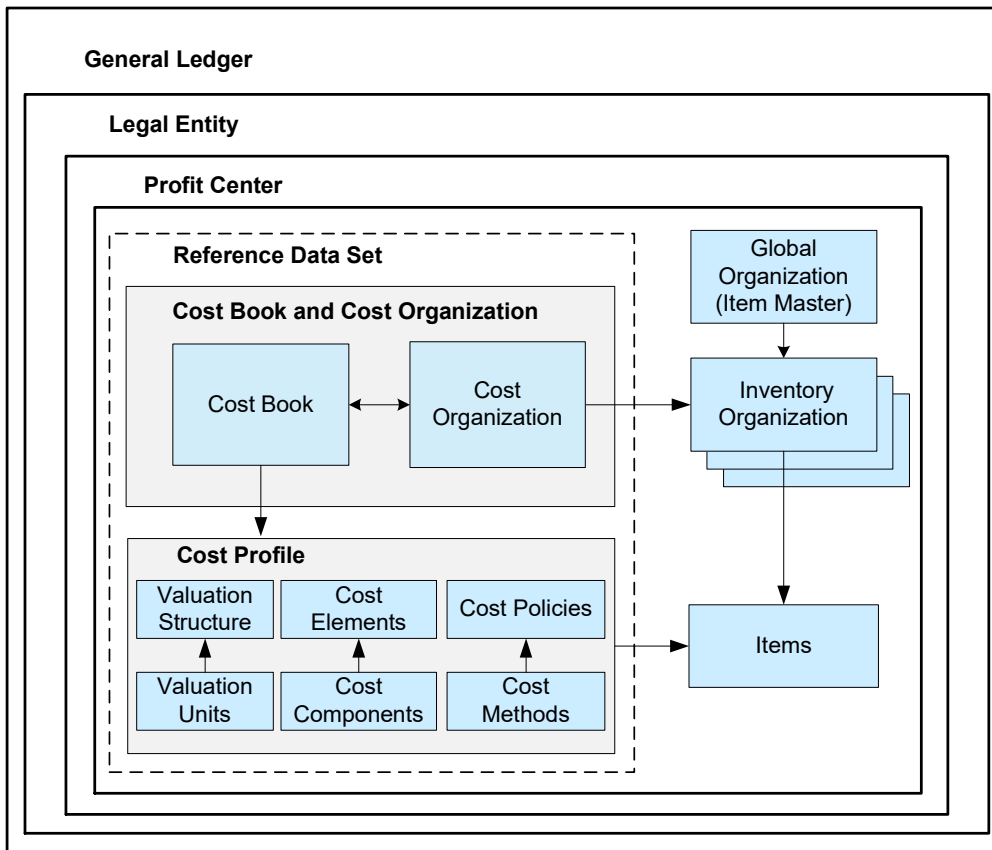
# Supply Chain



# SCM Foundation Setup Flow



# Costing Enterprise Structures Overview



Can have multiple  
Cost Books, each  
representing  
different Costing  
Methods

# Cost Organizations & Cost Books

A Cost Organization belongs to a Legal Entity.

An Inventory Organization belongs to a Legal Entity

Inventory organizations assigned to a cost organization **MUST** belong to the same Legal Entity.

A Cost Organization can map to only one Business Unit.

A cost organization can represent a single inventory organization, or a group of inventory organizations

A cost book is the framework where accounting policies for items are defined.

You can have different cost books for your accounting, management, and analysis reporting

Multiple cost books allow you can calculate costs using different rules simultaneously, based on the same transactions.

A cost organization **MUST** have one primary cost book that is associated with the primary ledger of the legal entity to which the cost organization belongs. .

The cost book inherits the currency, conversion rate, cost periods, and period accounting end validations of the ledger assigned.

# Organizations!

Item Organization

- Holds all your items you plan to use in your Enterprise; centralized item management

Inventory Organization

- Record inventory and manufacturing purchases, and track material, labor and cost transactions.

Manufacturing Plant

- Produces goods, including kitting and work in process activities.

Cost Organization

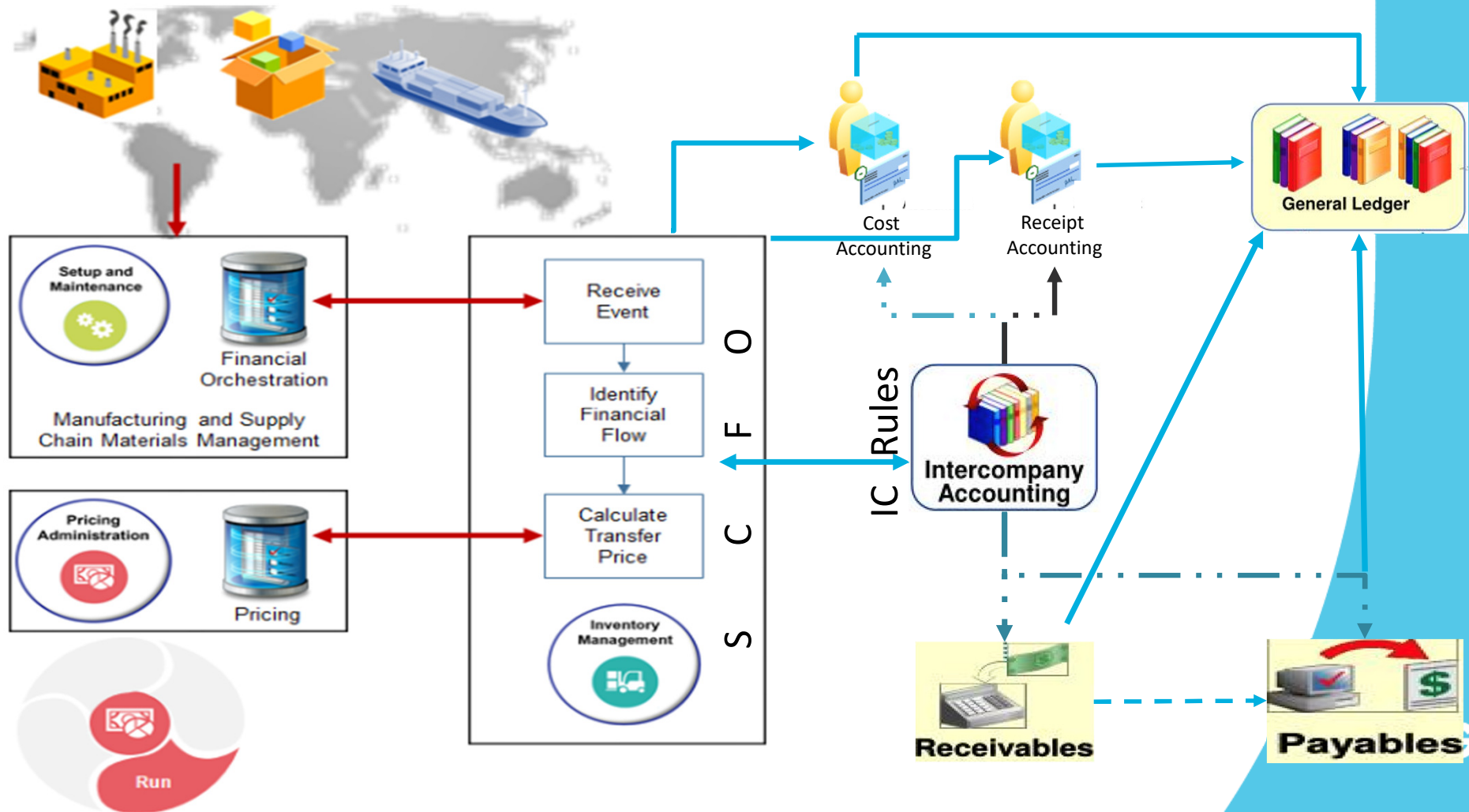
- Transaction aggregation, you open and close periods by Cost Organization.
- Can contain one or more inventory organizations

Maintenance Organization

- An organization type just for maintenance operations



# Supply Chain Financial Orchestration (SCFO) - Overview





# SLA and Accounting



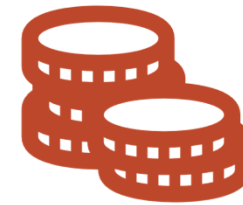
## Receipt Accounting (for PO Receipts)

Transfer Transactions from Receiving to Costing

Create Receipt Accounting Distributions

Create Accounting (Receipt Accounting)

**No Period Close for PO/Receiving**



## Cost Accounting

Import Revenue Lines

Transfer Transactions from Inventory to Costing

Transfer Transactions from Production to Costing

Transfer Expense (from AP) to Cost Management

Create Cost Accounting Distributions

Create Accounting (Cost Accounting)

# Security Data Elements



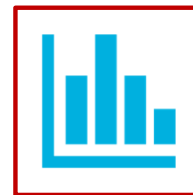
# Configuration & Security



FSM



Reference Data Sets



Data Access Sets



Ledger Sets

# Functional Setup Manager (FSM)



Standardized application configuration and setup experience



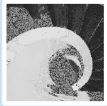
Feature opt-in for a best fit configuration



Guided task list for end-to-end setup requirements



Export and import services for setup data migration between environments



Comprehensive reporting on setup data



Project Management style tracker and task list

# Sample screen from Fusion FSM

Implementation Project: Oracle Fusion Cloud Implementation Project Done

Basic Information Edit

Task Lists and Tasks

Actions View Format + X Freeze Detach Assign Tasks Edit Status Show Business Objects

Task

| Task  | Help | Go to Task | Selected Scope | Status | Predecessor Tasks | Assigned To | Due Date | Assignment Permission | Authorized Roles | Notes | View Reports |
|---|------|------------|----------------|--------|-------------------|-------------|----------|-----------------------|------------------|-------|--------------|
| Financials  |      |            |                |        | 0                 |             |          |                       |                  | 0     |              |
| Define Common Applications Configuration for Financials | ?    |            |                |        | 0                 |             |          |                       |                  | 0     |              |
| Define Common Financials Configuration                  |      |            |                |        | 0                 |             |          |                       |                  | 0     |              |
| Define Invoicing and Payments Configuration             | ?    |            |                |        | 0                 |             |          |                       |                  | 0     |              |
| Define Expenses Configuration                           | ?    |            |                |        | 0                 |             |          |                       |                  | 0     |              |
| Define Fixed Assets Configuration                       | ?    |            |                |        | 0                 |             |          |                       |                  | 0     |              |
| Define Receivables Configuration                        | ?    |            |                |        | 0                 |             |          |                       |                  | 0     |              |
| Define Revenue Management                               |      |            |                |        | 0                 |             |          |                       |                  | 0     |              |
| Define Cash Management and Banking Configuration        | ?    |            |                |        | 0                 |             |          |                       |                  | 0     |              |
| Define Collections                                      | ?    |            |                |        | 0                 |             |          |                       |                  | 0     |              |

Columns Hidden 2 Columns Frozen 1

# Data Partitioning



Ledger – secures balances data by ledger and associated segment values



Asset Book – secures asset information by book to manage acquisition, retirements



Business Unit – secures payables , procurement, sales orders and receivables data



Cost Organization – grouping if inventory transactions; receipt and cost accounting

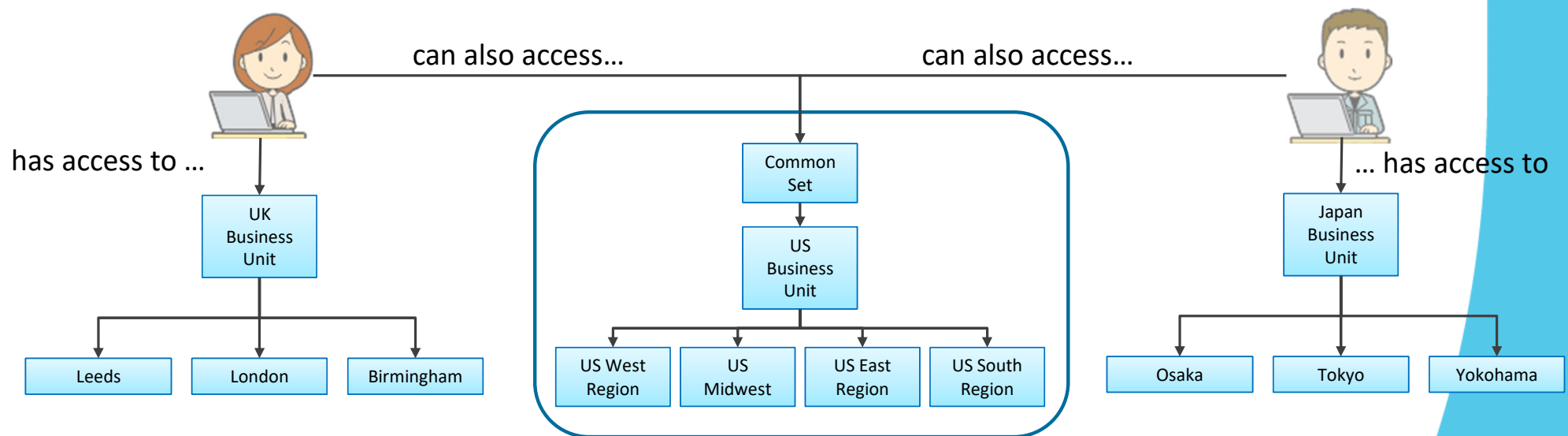


Project Unit - a logical organization enforcing consistent project management practices



Reference Data Set – other data elements; Common (shared) and BU, Cost Org specific

# Reference Data Sets



# Data Access Sets



**Data Access set is a construct that allows grants to a specific ledger/ledger set**

Automatically created when ledger configuration is completed

Can create additional ones as needed



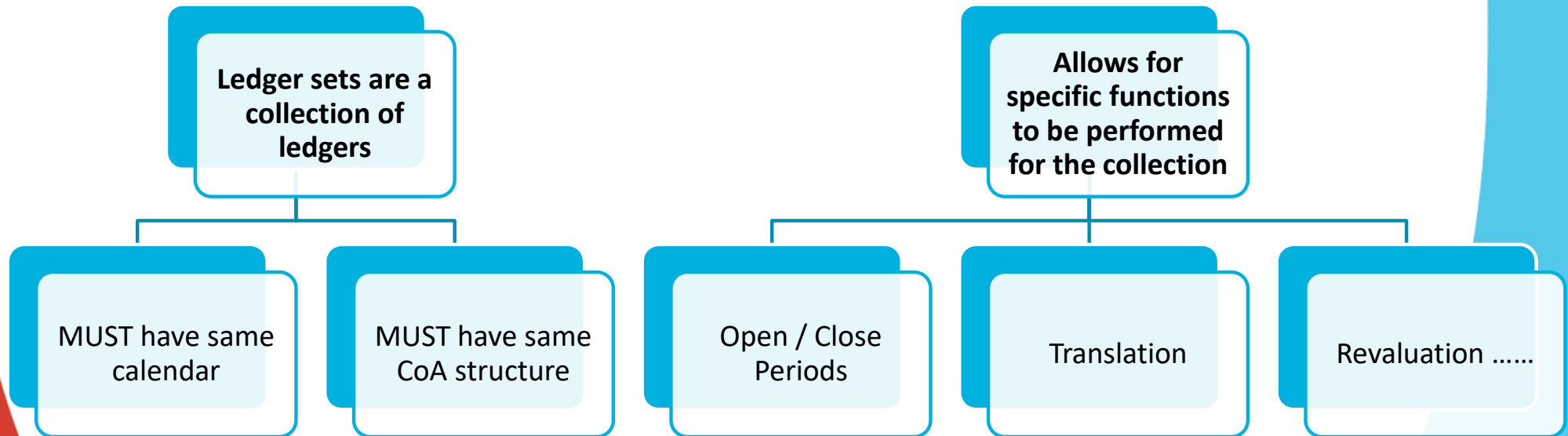
**Allows for specific access to ledgers**



**A Data Access set is created and associated when you create a ledger set**



# Ledger Sets



## Wrap Up



# Questions?

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