Oracle EBS Training
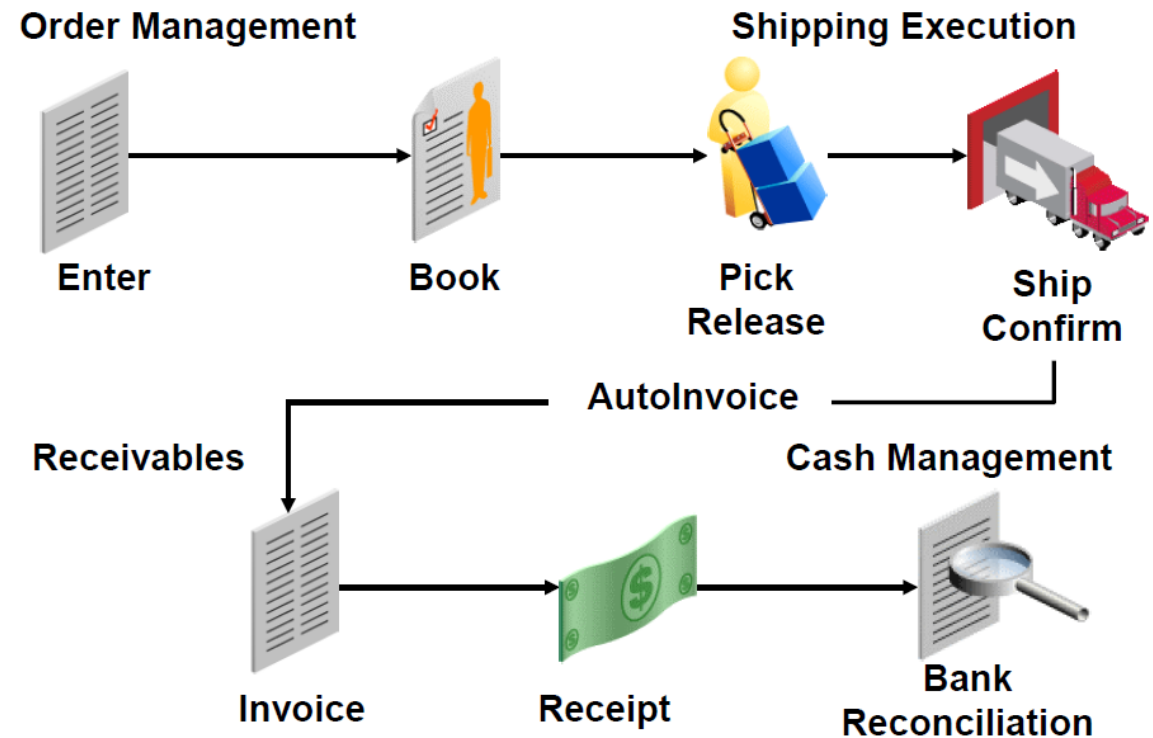# Order to Cash(O2C) cycle

Training Agenda

Areas Covered:

– O2C Cycle Overview

– Process Flow

– Step-by-Step Process

– Use Case in Oracle ERP

– Q&A

Order to Cash(O2C) Cycle Overview:

➢Order to Cash Lifecycle is one of the important Process in Oracle Applications.

➢"Order to cash" (O2C or OTC) normally refers to the business process for receiving and processing customer sales.

➢Covers the period from when the customer order is received to the time the product or service is paid for.

Order to Cash Lifecycle

Order Management · Enter · Book

Shipping Execution · Pick Release · Ship Confirm

AutoInvoice

Receivables · Invoice · Receipt

Cash Management · Bank Reconciliation

Order to Cash(O2C) Cycle Overview:

➤ Order to Cash, referred to as O2C or OTC, is the end-to-end business process for receiving and processing customer orders (sales). The Order to Cash process is initiated with the establishment of a new customer.

➤ The customer enters an agreement with your company, a sales contract is created and a credit rating is established. Orders are then received from your customer, allowing your business to begin fulfilling the orders, invoicing and collecting cash. Many businesses also save the data from this process and use it to develop analytics to better understand and plan for future fulfillment of their customer's needs and expectations.

➤ The fulfillment portion of the Order to Cash process is particularly important – this is where order taking meets supply chain delivery.

Order to Cash(O2C) Cycle Overview:

➢Products ordered by the customer must be physically removed from stock or manufactured, prepared for shipment, and delivered to the customer. Your inventory management, production/operations and logistics functions are key to ensuring that the order can be fulfilled and meet customer needs for on time delivery.

➢The final steps in the process include invoicing, collections and cash application. Once your customer receives the products ordered and is provided with an invoice or bill, they must then pay for the products they have received.

➢The billing and collections process involves monitoring all inbound invoice payments and working with your customers to collect any payments in arrears.

Process Flow :

➢If we consider the ERP system flow, this is typically categorized into the following eight sub-processes:

- ❑ Customer Entry

- ❑ Order entry (creation of order / booking of order)

- ❑ Order fulfillment (physical & digital fulfillment)

- ❑ Distribution

- ❑ Invoicing

- ❑ Customer payments / collection

- ❑ Cash Application

- ❑ Deductions (If invoice Short Paid by Customer).

- ❑ Collection

Step-by-Step Process:

➤ **Order to Cash in Oracle ERP:**

➤ This cycle starts with the Order Management Module where an order is created with 5 lines. This order is then booked and passed to Pick Release.

➤ Pick Release.

➤ Ship confirm.
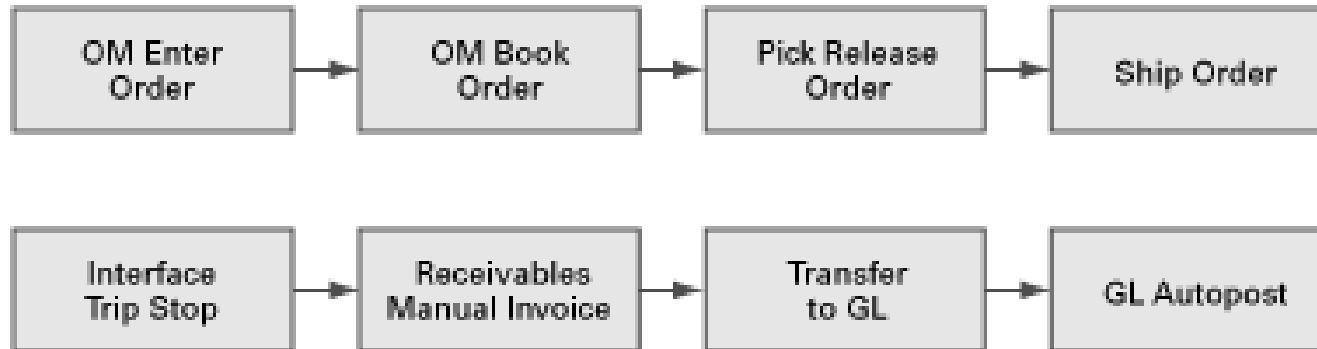
Step-by-Step Process:

➢Interface Trip Stop process.

➢A manual Invoice is created based on the Customer and the items, which are ordered previously.

Order Entry

Enter a (Quick)Sales Order,
Blanket Sales Agreement,
Drop Shipment,
Internal Order or Copy an Order

EDI / XML

Import
from
CRM (Quoting /
iStore)

Order

Order
Import
Interface
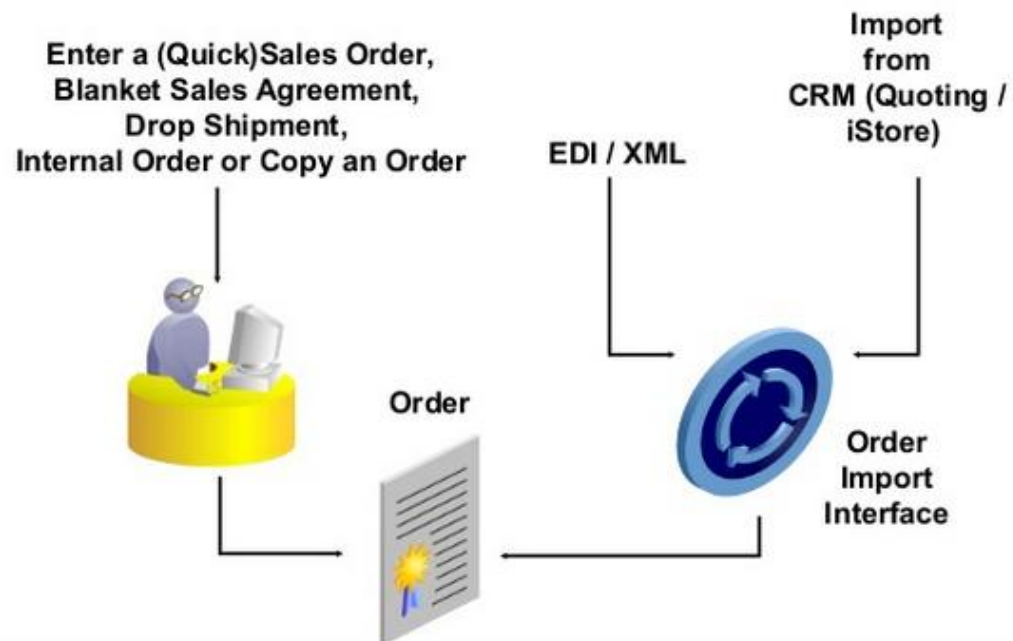
➢In order to complete the business cycle, these manually created invoices are then moved to the General Ledger Module by way of a Concurrent Program, and finally after a review of these Journal Entries in the General Ledger they are Auto-Posted in the respective accounts, thus ending the complete cycle.

Step-by-Step Process:

Shipping Execution Overview

- Trip and Delivery Planning
- Picking Release
- Ship Confirm

Pick Release   Ship Confirm
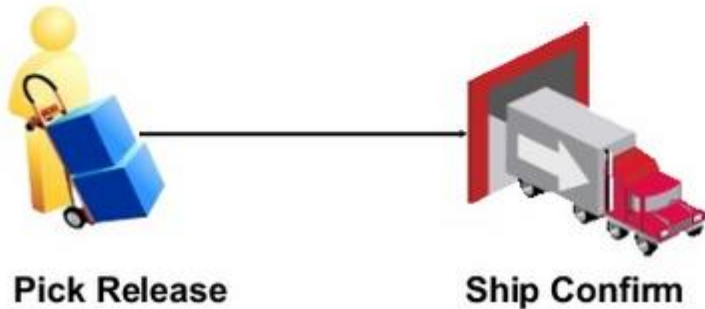
➤Pick Release finds and releases the order and creates a move order request. The process of transacting move orders creates a reservation against the source sub-inventory.

➤Ship confirm is the process of confirming that items have shipped. Shipping Execution confirms that the delivery lines associated with the delivery have shipped.

➤ITS creates a trip and related stops for all eligible deliveries that has not been assigned to a trip.

Step-by-Step Process:

➢**Demonstration – Eton Technologies:**

Eton Technologies:

➢Manufactures industrial and personal computer equipment.

➢Have two manufacturing and distribution facilities

➢MU1 – Columbus

➢MD2 – Chicago
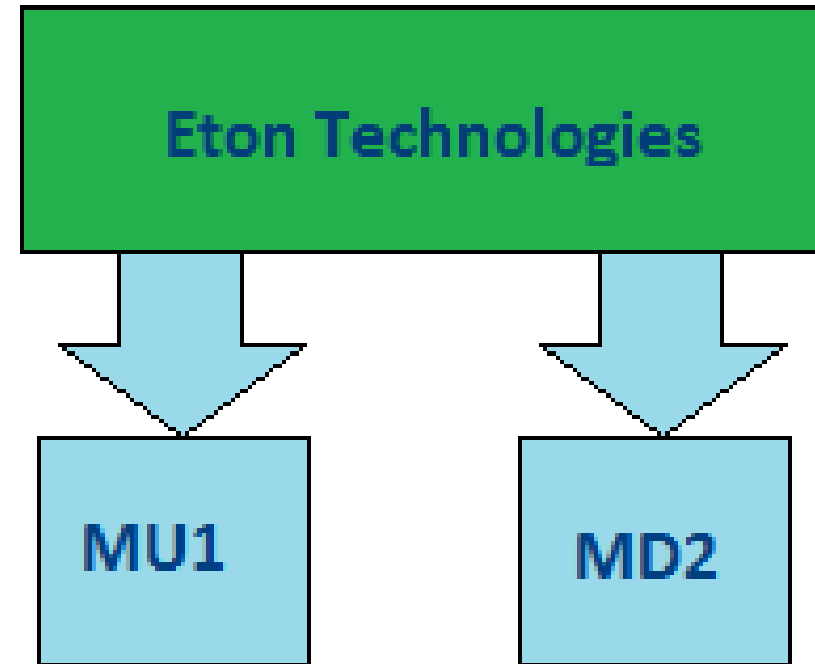
Step-by-Step Process:

➢ **Eton Technologies Needs to Place Orders for:**

❑ Inventory in Stock

❑ Inventory Provided by Outside Suppliers

o Ship to customer directly from the supplier

o Ship product to Eton Technologies for preparation, then shipment to customer

❑ Internally

Step-by-Step Process:

➢ **How does Oracle fulfill these requirements?**

❑ Inventory in Stock – Ship From Stock
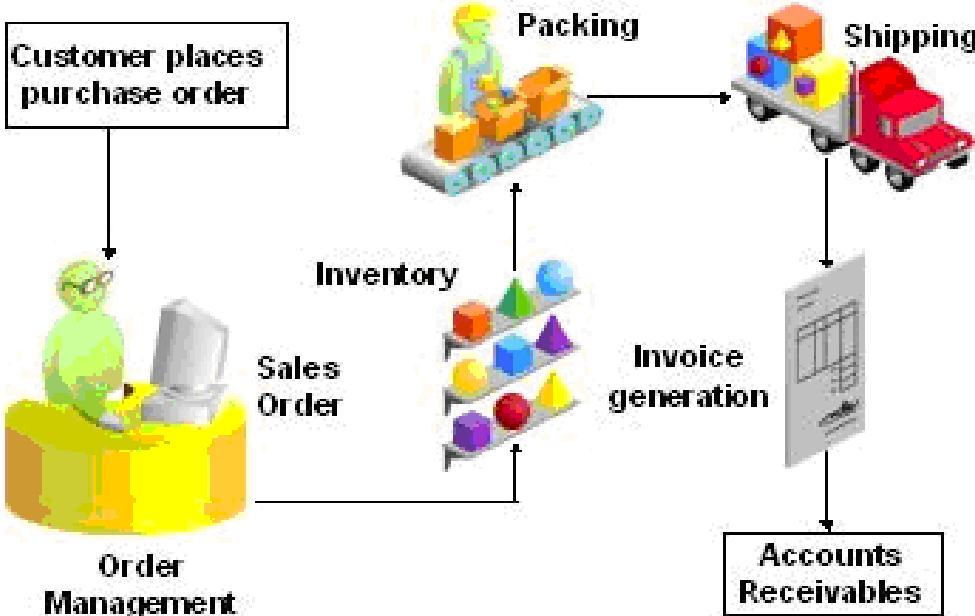
Step-by-Step Process:

➤**How does Oracle fulfill these requirements?**

❑Inventory Provided by Outside Suppliers

○Ship to customer directly from the supplier – **Drop Ship**
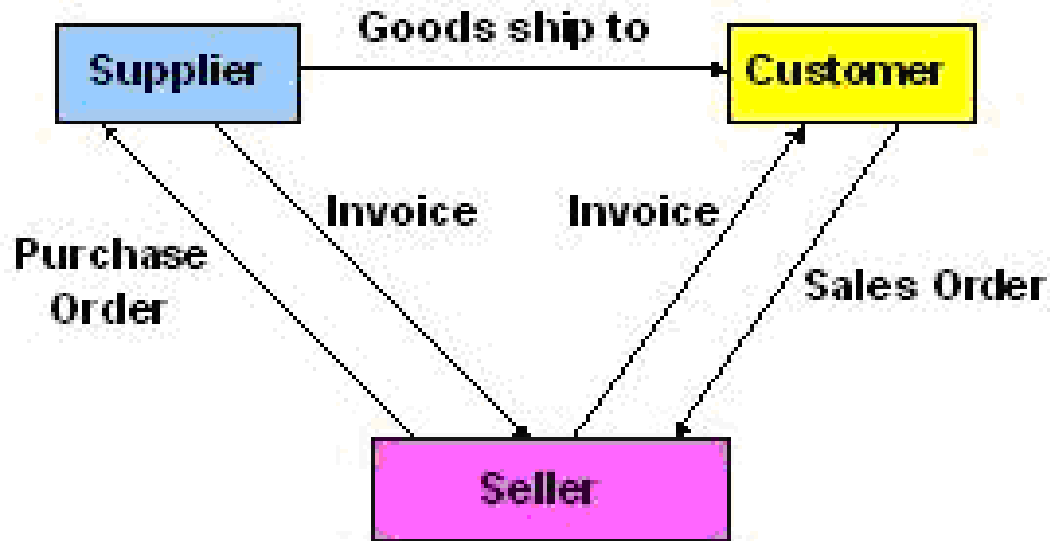
Step-by-Step Process:

➢**How does Oracle fulfill these requirements?**

❑Inventory Provided by Outside Suppliers

o Ship product to Eton Technologies for preparation, then shipment to customer – **Back to Back**
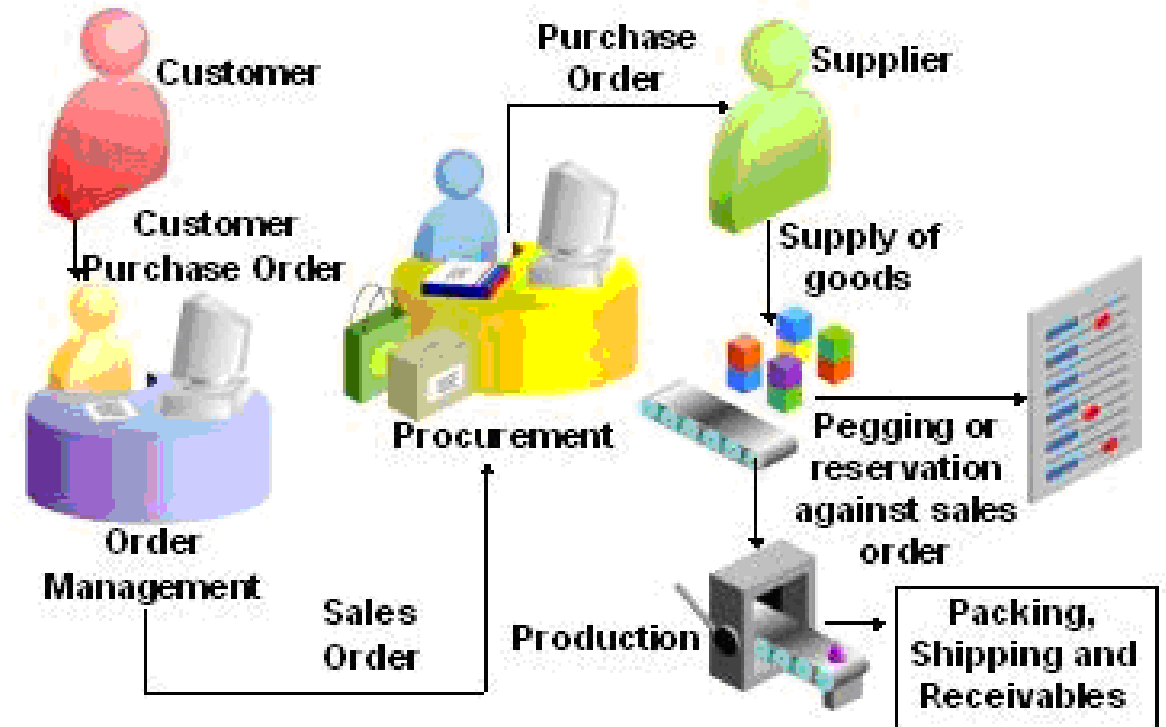
Step-by-Step Process:

➢**How does Oracle fulfill these requirements?**

❑Internally – Internal Requisition/Internal Sales Order (IR/ISO)
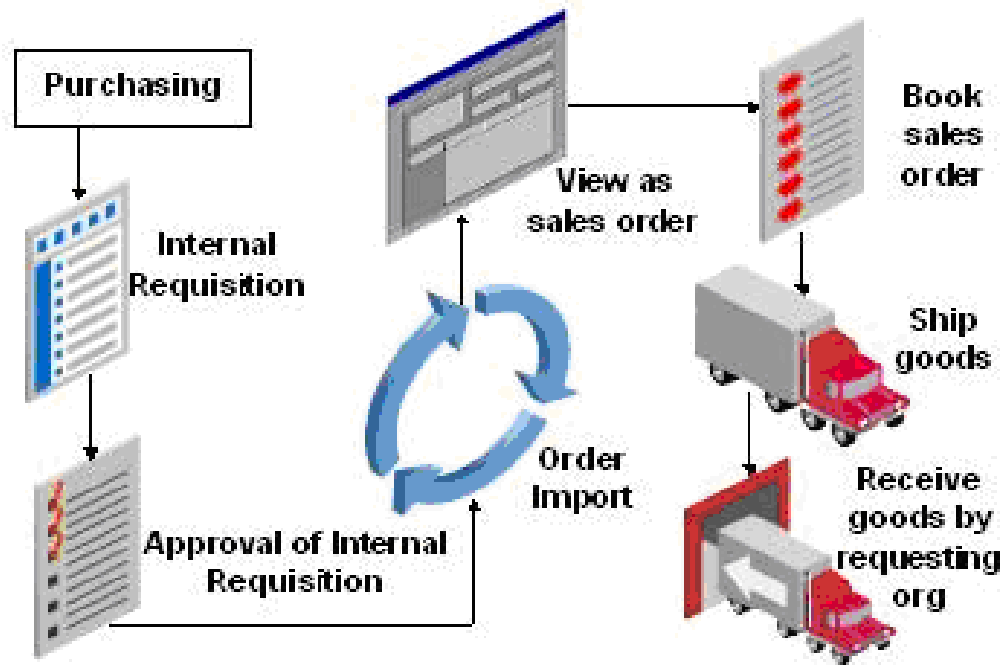
Use Case in Oracle ERP :

➢ **Enter the Sales Order:**

▪ Order Management Super User Operations (USA)>Orders Returns >Sales Orders

▪ Enter the Customer details (Ship to and Bill to address), Order type

Use Case in Oracle ERP :

Click on Lines Tab. Enter the Item to be ordered and the quantity required.

Use Case in Oracle ERP :

➢Line is scheduled automatically when the Line Item is saved.

➢Scheduling/unscheduling can be done manually by selecting Schedule/Un schedule from the Actions Menu.

➢You can check if the item to be ordered is available in the Inventory by clicking on Availability Button.

Use Case in Oracle ERP :

Book the Order:

Use Case in Oracle ERP :

➢**Launch Pick Release:**

▪Shipping > Release Sales Order > Release Sales Orders

▪Give the Sales Order and Rule details as required

▪Key in the details in Shipping Tab, Autocreate Delivery: Yes, Auto Pick Confirm: Yes, Autopack Delivery: Yes

▪Similarly key in the Subinventory, location and org details in Inventory tab as required

▪Then select Execute Now button.

Use Case in Oracle ERP :

➢ On completion this will show below window.

➢ Pick Release process will in turn run few more concurrent requests like

➢ Auto Pack Report, Pick Slip Report, Shipping Exceptions Report (These are what we have chosen in the shipping tab during Pick Release)

Pick Confirm the Order:
If Auto Pick Confirm is set to Yes during Pick Release, then this process will happen systematically.
In other cases, need to do this by doing a move order transaction
Inventory Super User > Move Order> Transact Move Order
Take the Move Order Number form the Shipping Transaction Form and find that and transact.

Use Case in Oracle ERP :

<u>Ship Confirm the Order:</u>

Order Management Super User>Shipping
>Transactions
Find by Order Number

➢Here you can find all the details
If the line status is Staged/Pick Confirmed,
we can go for a shipment
Then Click on the Delivery tab

Use Case in Oracle ERP :

➢Then Click Ship Confirm
Note: If Ship Confirm button is inactive, then please check to the user id you are logged in, whether Shipping Grant given or not. If not they add a shipping grant to the user id and try again.

➢Then OK.
➢The Status in Shipping Transaction form in Delivery tab should be closed

➢This will kick off concurrent programs like, INTERFACE TRIP Stop, Commercial Invoice, Packing Slip Report, Bill of Lading

Use Case in Oracle ERP :

➢Once all background process completes,
the Shipping Transaction Status in
Lines/LPNs tab becomes Interfaced.

Use Case in Oracle ERP :

Create Invoice:
Run workflow background Process
Order Management >view >Requests

➢Workflow Background Process inserts the records

➢And spawns Auto invoice Master Program and Auto invoice import program which creates Invoice for that particular Order

Use Case in Oracle ERP :

Check the Invoice:
The Invoice created can be seen using the Receivables responsibility
Receivables Super User> Transactions> Transactions
Query with the Order Number as Reference.

Use Case in Oracle ERP :

Create receipt:

➢Receivables> Receipts> Receipts

➢Click Apply to apply this to an invoice and then select the invoice in next screen and then apply.

Use Case in Oracle ERP :

Transfer to General Ledger:

To transfer the Receivables accounting information to general ledger, run
General Ledger Transfer Program
Receivables> View Requests
Parameters:

▪Give in the Start date and Post through date to specify the date range of the transactions to be transferred.

▪Specify the GL Posted Date, defaults to SYSDATE.

▪Post in summary: This controls how Receivables creates journal entries for your transactions in the interface table. If you select 'No', then the General Ledger Interface program creates at least one journal entry in the interface table for each transaction in your posting submission. If you select 'Yes', then the program creates one journal entry for each general ledger account.

▪If the Parameter Run Journal Import is set to 'Yes', the journal import program is kicked off automatically which transfers journal entries from the interface table to General Ledger, otherwise follow the topic **Journal Import** to import the journals to General Ledger manually.

Q&A:

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