

tips and techniques

October 2000

ATLOUAG Initiates Oracle Issue Forum - Pricing and Quality Problems Escalated

From: Lourdes Godfrey - Lourdes.Godfrey@equifax.com

The following issues were discussed at the June '00 meeting of ATLOAUG. These problems were relayed to the national OAUG

Issue 1: Employee / WEB Pricing model

This issue primarily involves the pricing for the BIS modules (Financial Intelligence, Purchasing Intelligence, etc.) that are priced by number of employees. For service companies where payroll costs are the highest costs, and traditionally have higher numbers of employees than manufacturing companies, the price of these products can end up prohibitive. Especially when compared to the pricing of the same products for a similar sized manufacturing company that is more heavily invested in inventory and equipment and have fewer employees. An actual price formula was discussed and a chart showed the cost to a service company with 13,000 employees was over \$1,600,000 while the cost to a manufacturing company of 2,000 employees was only \$250,000.

Since the typical user population of these modules is primarily executives, the user population would be the same and would obtain the same benefits from these modules in both sample companies. It does not follow that the price should be so different for the same module for these two companies of the same size (in revenues).

A similar complaint can be made for the pricing of the Self Service Purchasing and Expenses modules. While theoretically every employee can raise a purchase requisition and/or submit an expense report, in most companies, only a subset of all employees actually do. Especially companies who hire many temporary, hourly, or seasonal employees. It would be better to price these modules based on the employee population that will actually USE the module vs. all those who can *theoretically* use them. Our company decided NOT to purchase the intelligence modules strictly because of the ludicrous pricing, and we are a US\$1.7 billion company.

Recommendations:

1. User-based pricing
2. Tiered pricing, in which the per unit price drops as different price-point thresholds are met.
3. Percent of total list price for core application modules (in the first example above, the Financials Intelligence module alone was 122% of the cost of all the financial applications modules combined!!!, where in the Manufacturing example, it was 19% of the cost of all the financial applications) I think 20% of the core applications price is reasonable.
4. Revenue based pricing with a money-back guarantee based on ROI of module. For example, charge 0.5 to 1.0% of total revenues for initial license fees only if the ROI of the implemented module exceeds its price by 12% or more (based on the Weighted Average Cost of Capital or WACC of the company – right now for most financially stable companies this is 9-15%)
5. Provide escalation process for pricing issues. If a suitable price cannot be negotiated with your sales rep, who can you escalate to? There should be a hierarchy to follow where higher levels on the hierarchy have approval to grant higher levels of discounts at their discretion.

More Issues Continued on Page 3

Next Meeting Friday, November 17th at 9 AM

@
The DBA Group, LLC
400 North Park Town Center
1000 Abernathy Road
Level 3, Suite 335, Conference C or Georgia Room
Reservations: David Wolf, 770.551.8118, dawolfs@bellsouth.net

Agenda

Vendor Spotlight Company: OptioSoftware
"Spotlight Company: National Data Corporation" Eric Stouffer - National Data Corp
"11i Purchasing" Jay Oliphant, BOSS Corporation,
"11i Order Management" Mike Love, Oracle
Breakout Sessions

Editor's Comments

From: Jim Crum
Jim.Crum@bosscorporation.com

Our page one story in this issue showcases a change in focus for the ATLOAUG. Twice a year at the January and June meetings we will actively try to improve the Oracle products and our relationship with Oracle Corporation by raising issues for discussion. At the June '00 meeting we initiated an Issues Forum to allow our membership to raise concerns and problems. If you have important issues with Oracle, you can now voice them at the your local OAUG, and we will forward them so that the national OAUG can present the problem to Oracle. Lets all participate.

Financials

PO

From: Jimmy Bunn
<Jimmy.Bunn@bosscorporation.com>

Mandatory Descriptive Flexfields should seldom be set up in the Enter Purchase Orders and Enter Purchase Agreements Forms.

#

If you choose Automatic document numbering, you can generate only numeric document numbers. However, either numeric or alphanumeric document numbers can be imported.

#

You can change the method of entering document numbers at any time.

#

When using Cash Basis Accounting, the accrual option should be set to Period End with the Receipt Accrual - Period End process not normally being run.

#

AR

From: Jim Crum
<Jim.Crum@bosscorporation.com>

Entering a complete customer record when you create the customer may seem like a lot of work, but it is more efficient than creating the record with minimum information and making several updates.

#

Make sure you coordinate with the owners of the GL accounting calendar to open the accounting periods you need for data conversion. Once the first GL period is opened, it is not possible to open earlier periods.

#

Sort the list of open receivable items to match the customer remittance details. Many customer AP systems will print the remittance advice in document number order or date order.

#

Evaluate your cash application process carefully before implementing AutoLockbox. If your customers make lots of deductions or if manual cash applications only takes an hour a day (2000 – 3000 invoices per month), you might not save enough work to make this process worth automating.

#

It is a good idea to record customer contacts and phone numbers in the customer master record. This information will assist you when contacting the customer during collection calls.

#

Many Oracle users are using print output format programs to laser print or fax statements and avoid the need for preprinted forms.

#

Make sure the AR reports you use to reconcile to the General Ledger are all run for the correct accounting period dates. Use the Detail By Account option to conveniently group amounts for reconciliation purposes.

#

You may choose to run journal import as part of the transfer of AR data to the gl_interface table. The journal entry name will contain the word "Receivables" and the concurrent process request id number for the transfer job.

Once you have defined the system items Flexfield, several profile options should be configured. These include the OE: Item Flexfield and the AR: Item Flexfield Mode profile options.

#

The AR responsibilities cannot create new countries. To create a new country you must use the SYSADMIN responsibility.

#

Oracle support has a performance patch available to help if you are importing transactions from Oracle OE.

#

If Oracle OE is the transaction source, use the Manufacturing, Distribution, Sales, and Service Open Interfaces Manual to determine how to set up the transaction flexfield. The documentation is found in the Order Entry / Shipping section of the manual. This manual is also found in the file mfgopen.pdf on the Release 11 documentation disk. There is no documentation in the AR manuals.

#

If you base some of the segment values on salesrep definitions, consider making the salesrep mandatory when you set up miscellaneous AR system options. Also, please realize that if multiple salesreps are assigned to a transaction, multiple account distributions will be generated for the transaction.

#

Before setting up a complex transaction type naming convention, consider how the transaction source system will generate the transaction type names. If the transaction source is Oracle OE, you may make the order entry process more complex.

#

If you define a transaction type of VOID with the open receivables and post to GL fields set to "No", you can easily cancel a transaction with no activity against it by changing the transaction type to VOID.

#

Much of the AutoInvoice validation logic is defined in the "Other Information" window. When you choose "ID" your import program must supply the internal AR identifiers for the validation item. If you specify "VALUE", AR will use the common values or names to look up the validation. Oracle OE generally uses ID's and non-Oracle transaction sources generally use values.

#

While defining a distribution set the total of the distribution lines must equal 100% before you can save your work.

#

To control the tax calculation, many users set up tax codes of Exempt, Intercompany, or International with a tax rate of 0%. Assign these tax codes to customers with no tax liability.

#

Make sure to declare a default remit-to address by selecting "DEFAULT" from the list of values in the state field. If you do this, when you set up new customers in the future, you won't have to check if the bill-to address fits an already defined state, country, and postal code combination.

#

You should complete the set up tasks for the AR application before loading the customers. The open interface program uses the set up data to validate incoming customer data.

GL

From: Satyakanth Abbaraju
Satyakanth@bosscorporation.com

Changes cannot be made in a frozen flexfield definition. Uncheck the frozen box, make changes as necessary, and freeze it again.

#

Encumbrance journals need not be balanced like actual accounting journals.

#

The status field displays "Adding" while GL is generating summary accounts by running a concurrent process. The field displays "Current" when the process is complete and the account is active. Similarly, the status field displays "Deleting" while GL is running a concurrent process to delete summary accounts.

#

Delete and recreate summary accounts, when modifying the contents of a rollup group or moving existing child segment values between parent values.

#

Summary accounts are updated immediately on posting an entry to the corresponding detail accounts. Therefore, querying is possible with summary accounts and also saves time.

AP

From: Chuck Steedley
Cstedley@worldnet.att.net

Plan your descriptive flexfield structures carefully, including all your segment information such as segment order and field lengths, before you set up your segments. You can define your descriptive Flexfields any way you want but once you acquire flexfield data, changing your structures may create data inconsistencies that could have a significant impact on the performance of your application or require a complex conversion program.

#

You cannot use the Define Employee form if Oracle Human Resources is installed at your site. You must use the HR Person form, which maintains a date-tracked history of any changes you make to employee records.

#

ATLOUAG Issues Forum (continued from Page 1)

Issue 2: Inconsistency between data sheets and price lists on Web-site:

This issue involves consistency of product information available through the WEB site. Data sheets available often describe product groups or product families such as Internet Procurement. However, there is no module called Internet Procurement. Instead, there are modules called Purchasing, Self-Service Suppliers, Purchasing Intelligence, Exchange, and Self-Service Requisitioning; all or some of which used together are referred to as Internet Procurement. Another example within the CRM suite is Unified Agent, which is made up of 4 modules.

Recommendation:

1. Clearly map the relationships between the product groups and the individual modules on the WEB site – i.e. Internet Procurement is made up of the following x modules (list the modules). Provide a data sheet on each module and identify if any other module(s) are required in addition to it. For example, is the Purchasing module required for Purchasing Intelligence to work? Is Self-service Suppliers required for Exchange? Is Purchasing module required for Exchange?
2. Provide phone numbers for product specialists on the WEB site for potential customers to call if they have questions regarding specific modules or product groups.
3. Ensure that any "product" listed on the WEB site is linked to a data sheet that then clearly links to data sheets for all component product modules (if applicable) and to a price list.

Issue 3: Inconsistency between global release strategy and actual support responses (Specifically Spain):

This issue relates to a standard business practice in Spain regarding Electronic payments made by customers to suppliers via their banks. Invoices must be presented to the customer's bank on the days they are scheduled to make payments (not usually the same day the invoice is due – may be several days later). The AR module does not handle this functionality, and sends electronic payment request information to our customer's banks on the day the invoice is due. These payment requests are rejected and the banks charge us a fee for every rejection. This issue was raised with local Oracle Support in Spain, and we were told that because this was strictly a Spanish requirement (i.e. not a global requirement), Oracle was not contemplating fixing this "bug". We checked with 2-3 other Spanish Oracle users, and they all had this same requirement and were given the same message from Oracle. Each has had to make modifications to address this. ***This is contrary to the primary reason we selected Oracle as our GLOBAL financial software platform.*** If individual country-specific regulatory and common business practices will not be met by Oracle, then we should re-consider our standard platform before we roll-out to any more countries (Spain was first).

Issue 4: Quality of Patches

Continue move to mega-patches: Loading patches for our Oracle Apps is a never-ending cycle. I would encourage Oracle to make their patch sets truly cumulative. Prerequisite patches make our goal to keep our application code current very difficult to attain. The more time my staff spends testing the application the less time we have using the app to solve business problems.

Better patch testing: Patches ported from HP and Sun often fail. We use the DEC-Unix OS that means we wait a little longer to get a code fix. When we finally get the patch and it bombs out because of a syntax error I know this patch was never tested for my operating system.

Patches for production environments: We have spent hours trying to debug a patch because the patch used a SQL command with default values to rebuild an index in our production environment. Patches developed for a production release that has been out more than a year should be written to handle large data files.

Issue 5: Quality of Release Architecture

Speed: We were pleased by the performance increase after upgrading from 10.7 SC to 10.7 NCA. Our hopes are that future application releases will get even faster. We would like to see the application very thin at the workstation level. Our hope is that future releases of Oracle Apps will cause us to increase performance if needed, at the middle tier...NOT upgrade end user workstations.

WAN Connectivity/Error Messages: We would like to see more descriptive error messages. An FRM-99999 error is not friendly. We have found that this error will often occur if there is a drop in the quality of our WAN link or a break in the WAN link. If the app could detect this and give an error message that describes this break in connectivity then it would improve our ability to distinguish hardware problems from application problems.

Simple upgrade path: Oracle should simplify the steps for installing and upgrading the Apps. We are a 10.7 NCA customer looking at upgrading to 11i. When and if we do this will depend on the time, testing and dollars needed to make this a smooth transition. If you minimize the patches and simplify the install of the release upgrade then it allows us to spend more time testing and documenting the procedures that change due to new features. For small and mid-sized companies to justify the cost of using Oracle Apps it is important to be able to upgrade without spending enormous amounts of money on consulting fees just to get the upgrade in place.

Issue 6: Oracle World Wide Support

Although significant changes are in process at OWWS, no issues we raised by this sub-committee. If you have issues, please bring them to the January 2001 meeting or send them to jim.crum@bosscorporation.com.

Manufacturing

INV

From: **Bob McLean**
<Rmclean03@sprynet.com>

The standard Oracle Purchasing Purchase Order print program, prints the Bill-To and Ship-To location you have defined for your organization in the bill-to and ship-to lines on your purchase order. It does not however, print a company or organization name in the first line of this location address print. Therefore, you probably want to include your company name as the first line of the location definition that you will be associating with your inventory organization.

#

Even if you don't ship items against sales orders, you still need to compile and freeze the Sales Orders Flexfield because all the Oracle Inventory transaction inquiries and reports require a frozen flexfield definition. You don't, however, have to configure the flexfield in any specific way.

Even if you decide not to use account aliases, you still need to compile and freeze the Account Aliases Flexfield. This is because all of the Oracle Inventory transaction inquiries and reports require a frozen flexfield definition. However, you don't need to configure the flexfield in any specific way.

#

Even if you will not be using locator control, you still need to compile and freeze the Stock Locators Flexfield because all of the Oracle Inventory transactions and reports require a frozen flexfield definition. You don't, however, have to configure the flexfield in any specific way.

#

The Stock Locators Key Flexfield definition is global across all of the subinventories in an Organization. This means that you cannot have the same locator (E.g. Aisle 1, Row 1, Bin 1) in two different subinventories. If you have the requirement to have the same locator in several subinventories, you can make the locator unique by putting the subinventory identification in the first segment of the locator flexfield definition.

#

Some of the things that Item Categories can be used for are:

- Summarize history of demand and generate forecasts for all items in a selected item category
- Perform min-max and reorder point planning for a range of item categories
- Select items from requisitions to be automatically created into purchase orders by purchasing item category
- Run reports and inquiries for a single item category or range of item categories
- Assign material overhead rates by item category

Continue from Financial Apps...

Distributions created by distribution sets are always exclusive of tax even if you use Automatic Tax Calculation and you have checked the Includes Tax check box at the supplier site.

#

If you update the payment terms on an invoice, Payables recalculates the scheduled payment for the invoice. You must reenter any manual adjustments you made to the previous scheduled payment. For example, if you update the payment priority on a particular scheduled payment and then change the payment terms, Payables will recalculate the scheduled payment using the same payment priority defaults as before and you will need to redo your updates.

Meeting Minutes

Friday, September 15, 2000
Motorola Building

Presentation

"Member Spotlight – Motorola" Bill Strauch & Kim Jarrett

"11i Functionality"

GL	Michael McKinney, Deloitte
AP	Amy Dosen-Black, Deloitte
AR	Tim Cronin, Deloitte

"Vendor Spotlight – Kintana"

During our networking time (9:00 – 9:30) one vendor is invited to display and demo their product offering.

Breakout Sessions

Volunteers are needed to facilitate the breakout sessions. Please send an email to bcarlton@sprynet.com and volunteer in your area of expertise.

e-Travel

Dick King & Shantelle Cox
Oracle Corporation

R11i – GL

Michael McKinney
Deloitte

R11i – AP

Amy Dosen-Black
Deloitte

R11i – AR

Tim Cronin
Deloitte

Technical Issues Richelieu Richardson
Migrating to R11i – Kintana

List Server - OAUGNET

OAUGnet offers you a list server with constant monitoring, prompt communication of any list server problems, an easy-to-use web interface, and an archive updated daily.

To subscribe to OAUGnet, send a blank email to: subscribe-oaugnet@lists.ksinet.com

If you have any questions about this new service, please visit OAUG's Web site for full details: <http://www.oaug.org/public/oaugnet.html>

To SUBSCRIBE – Atlanta OAUG List Server

Send an email message to majordomo@atloaug.org

2) Leave the subject line blank

3) The text of the message should be

SUBSCRIBE atl-apps-l [your email address]

Please send inquiries to Atl-Apps-L-Owner@atloaug.org

Volunteers Needed

Volunteers needed to present a topic, facilitate a breakout session, serve on a panel or present their company as the Member Spotlight Company. Send an email to bcarlton@kpmg.com

Liaison Contacts

One liaison is needed from each company to forward Atl-OAUG notifications and newsletters to the other Oracle users/consultants within your company. Consultants are encouraged to invite their clients to Atl-OAUG.

Thanks!

Thanks to Motorola for providing us with the conference space, refreshments, audiovisual equipment. Thanks also go to Motorola, OAUG, BP Systems, and KPMG for providing door prizes. 100 attendees were present.

Administration

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Tech Session Coordinator/Golf Outings

Eric Shin, Sage Group
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Liaison Member:

Volunteer needed from each company to spread meeting info

Host Companies/Speakers:

Volunteers (How about You?)