ORACLE®

Landed Cost Management Update

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Safe Harbor Statement

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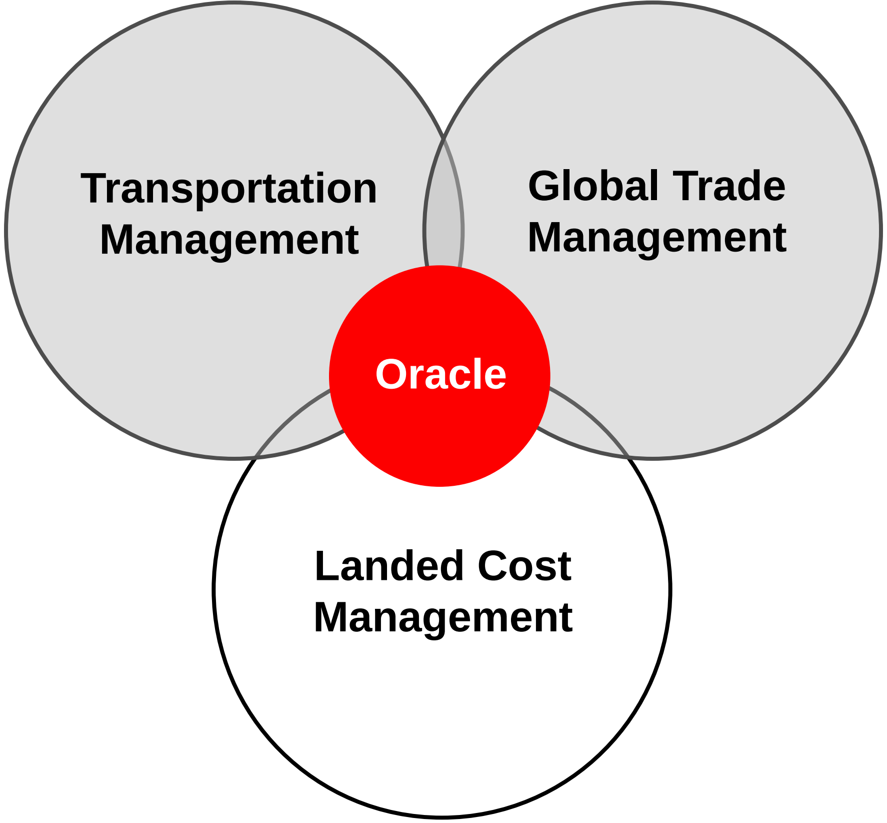
The development, release, and timing of any features or functionality described for Oracle's products remains at the sole discretion of Oracle.

Agenda

- Landed Cost Management Overview
- 12.1.1 Solution Demo (Discrete)
- 12.1.2 Highlights (OPM)
- Roadmap

Oracle's Landed Cost Management Solution


Transportation Management
Global Trade Management
Oracle
Landed Cost Management

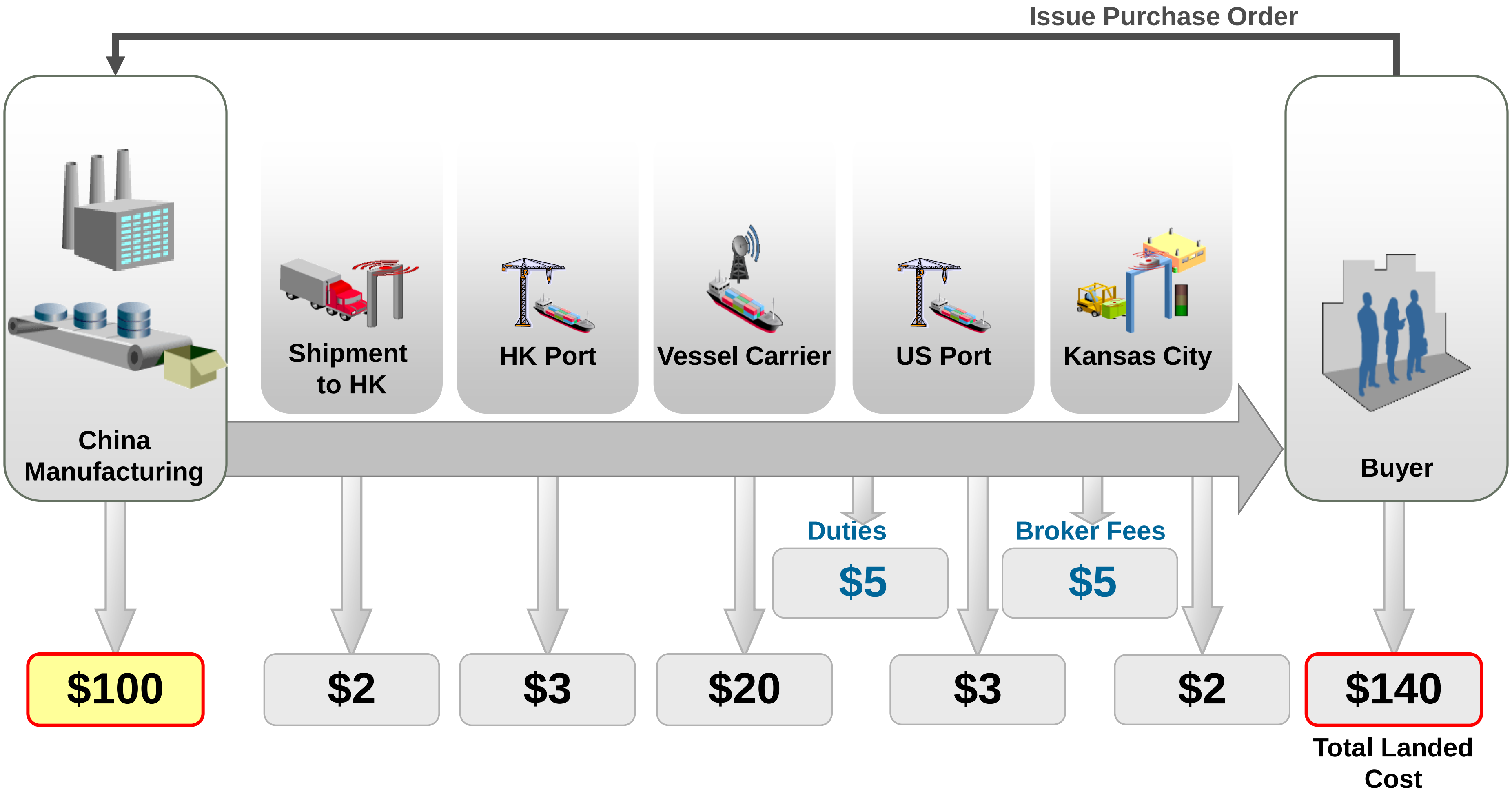
Planning and Tracking Transportation Spend Related Components of Landed Costs

Coming Soon – Duties and Tax estimation and calculation as well as preferential trade schema analysis

Total Landed Cost tracking and accounting application

Landed Cost Calculations

Inbound Shipment Transaction



Issue Purchase Order

China Manufacturing

Shipment to HK

HK Port

Vessel Carrier

US Port

Kansas City

Buyer

Duties

$5

Broker Fees

$5

$100

$2

$3

$20

$3

$2

$140

Total Landed Cost

An additional 40% is added on to the purchase price

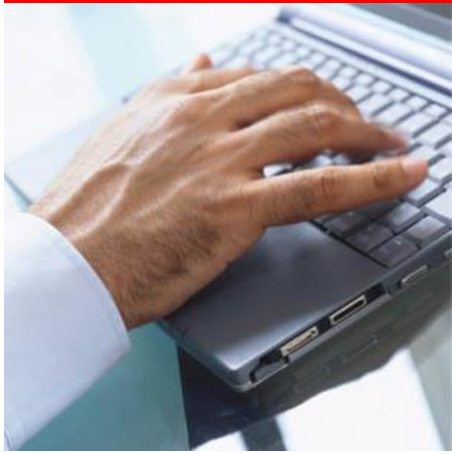
Oracle Landed Cost Management

- Oracle's **Landed Cost Management** application is a new product released on E-Business Suite r.12.1.
- Oracle Landed Cost Management captures extended supply chain costs (freight, insurance, duties, taxes, etc.) and attributes them back to the products which incurred them
  - Costs can be **estimated** during receiving
  - **Actual costs** calculated when invoices arrive to identify variances
  - Receiving estimates and any variances automatically update **inventory valuation** and **accounting**

Value Proposition

Pain Points ➔ Features ➔ Benefits

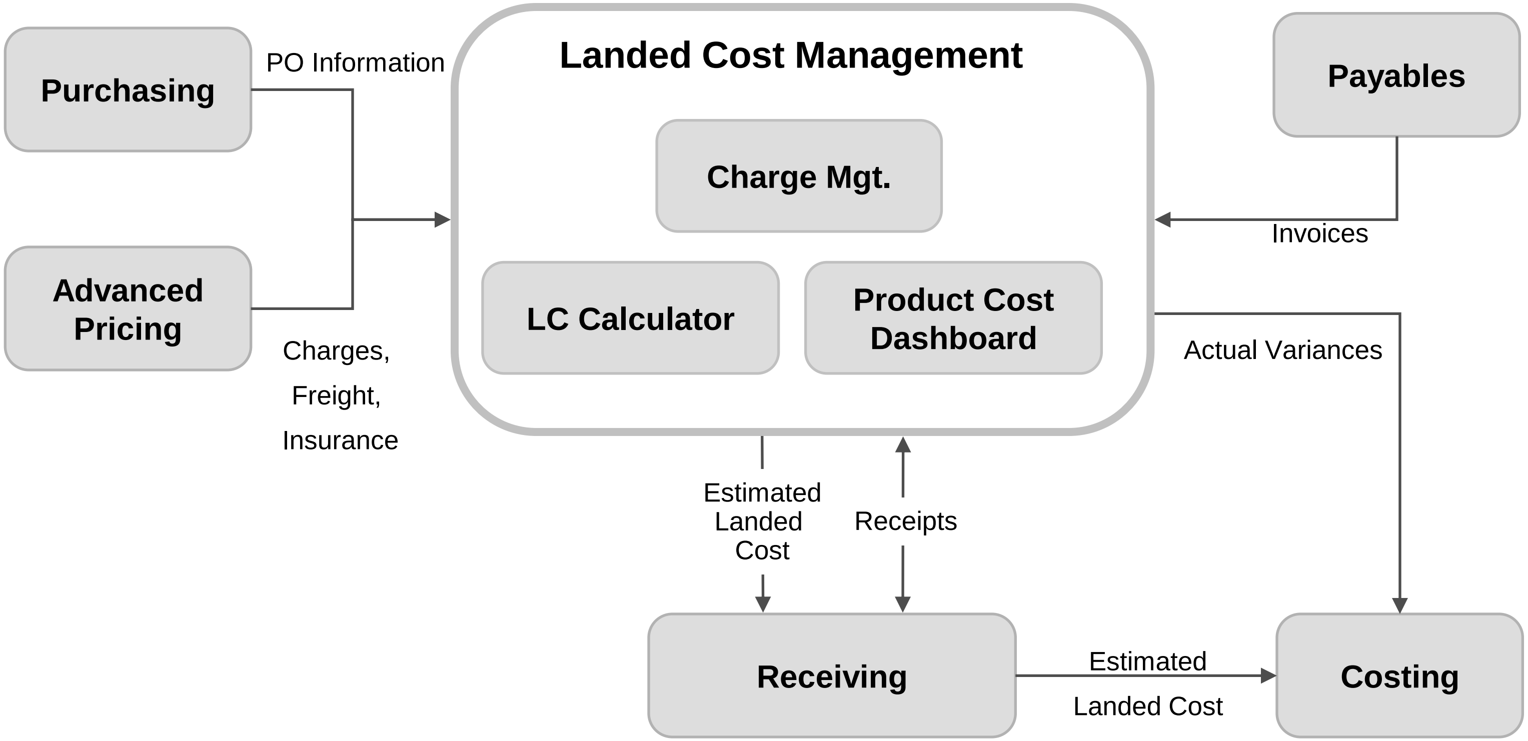
Pain Points	LCM Provides	Benefits
× **Financial visibility into supply chain costs**	Captures **all** acquisition costs	✓ Maximize Profits ✓ More accurate product profitability reporting ✓ Known costs reduces exposure
× **Strict Regulatory Requirements / Accounting Accuracy**	Updates **financial systems** with costs as soon as they are incurred for the most accurate picture of outstanding liabilities	✓ Ensure Compliance ✓ Understand taxes & recovery ✓ Confidence in financial reports and cost declarations
× **Global Sourcing**	Calculates **extended cost** for use in sourcing and procurement decisions	✓ Increase Competitiveness ✓ More accurate total cost comparisons ✓ Better contract negotiations



Solution Demo (12.1.1)

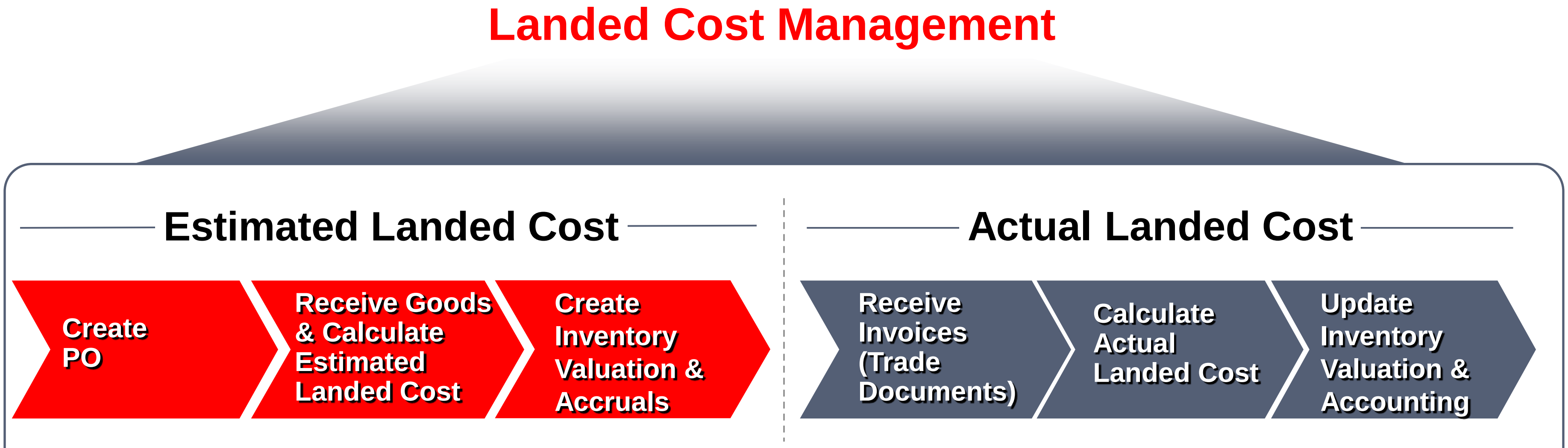
Oracle Landed Cost Management

Product Map & Information Flow


Purchasing
PO Information
Advanced Pricing
Charges,
Freight,
Insurance
Landed Cost Management
Charge Mgt.
LC Calculator
Product Cost Dashboard
Payables
Invoices
Actual Variances
Estimated Landed Cost
Receipts
Receiving
Estimated Landed Cost
Costing

Landed Cost Management

Version 12.1 Flow



Landed Cost Management

Estimated Landed Cost

- Create PO
- Receive Goods & Calculate Estimated Landed Cost
- Create Inventory Valuation & Accruals

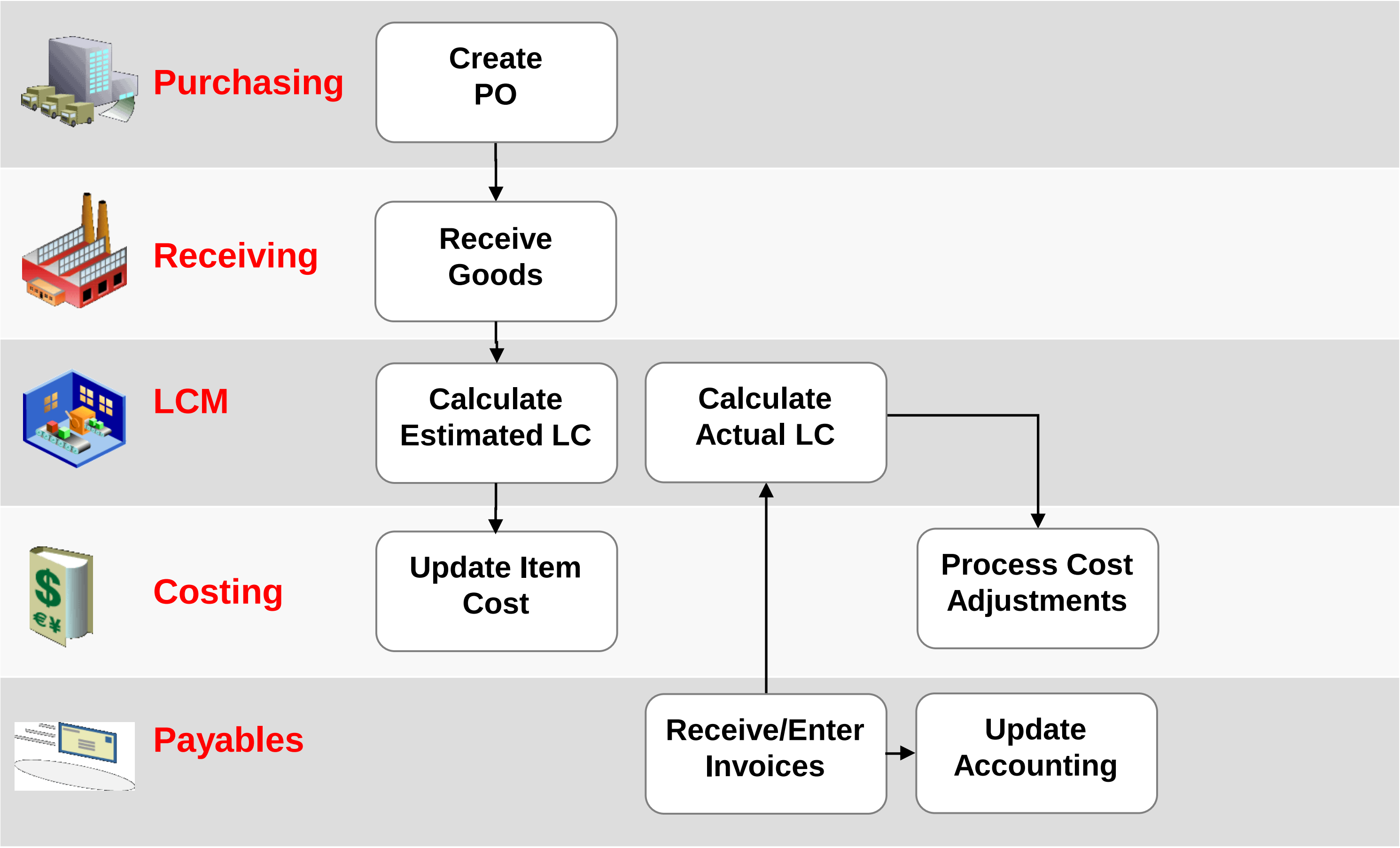
Actual Landed Cost

- Receive Invoices (Trade Documents)
- Calculate Actual Landed Cost
- Update Inventory Valuation & Accounting

- Landed costs can be initially estimated, either manually or through Oracle Advanced Pricing
- Costs are updated when actual invoices are received
- Support for costing at the time of goods receipt as well as within a “pre-receiving” process

Receipts - Estimated Landed Cost

Advanced Shipping Notice or Receipt



Purchasing

Create PO

Receiving

Receive Goods

LCM

Calculate Estimated LC

Calculate Actual LC

Costing

Update Item Cost

Process Cost Adjustments

Payables

Receive/Enter Invoices

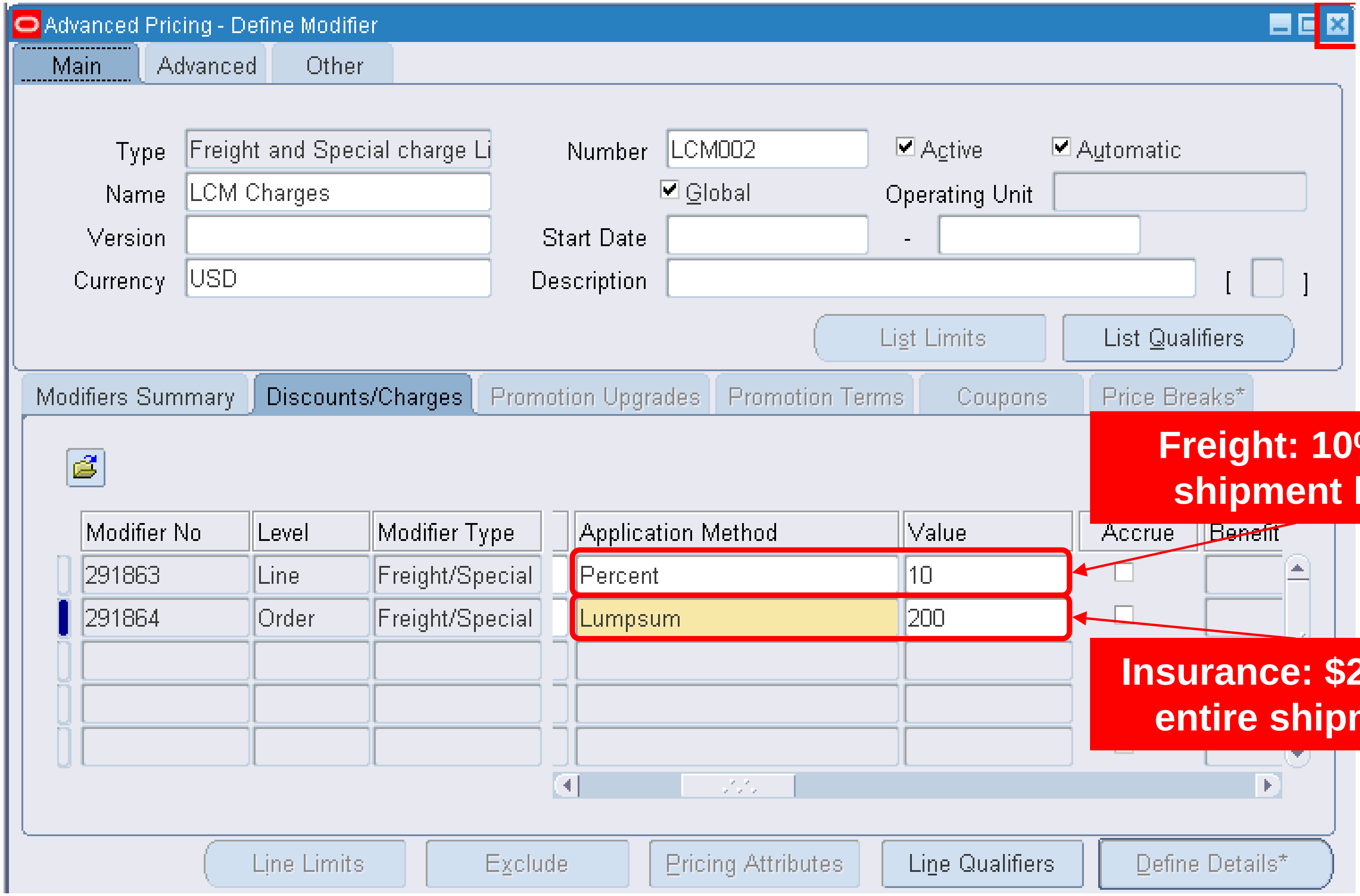
Update Accounting

Demonstration

What You Are About to See

- Review Charge Setup
- Create PO for Two Toys
- Receive Items
- Review Estimated Landed Cost
- Enter Item and Charge Invoices
- Review Actual Landed Cost

Automated Charge Setup



Advanced Pricing - Define Modifier
Main
Advanced
Other
List Limits
List Qualifiers
Modifiers Summary
Discounts/Charges
Promotion Upgrades
Promotion Terms
Coupons
Price Breaks*
Line Limits
Exclude
Pricing Attributes
Line Qualifiers
Define Details*

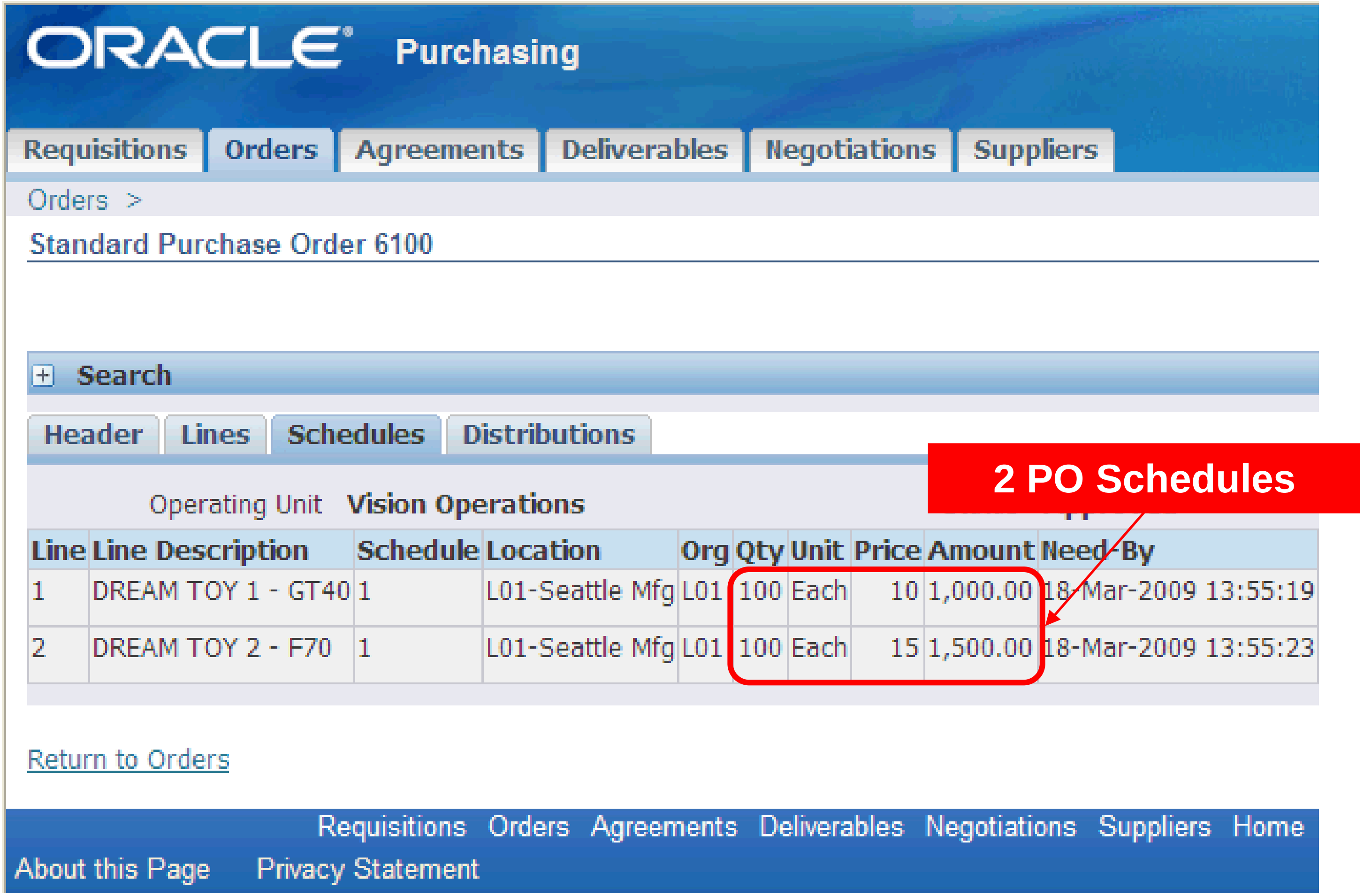
Type	Freight and Special charge Li
Name	LCM Charges
Version	
Currency	USD
Number	LCM002
☑ Active	☑ Automatic
☑ Global	
Operating Unit	
Start Date	-
Description	

Modifier No	Level	Modifier Type	Application Method	Value	Accrue	Benefit
291863	Line	Freight/Special	Percent	10	☐	
291864	Order	Freight/Special	Lumpsum	200	☐	

Freight: 10% of shipment line

Insurance: $200 for entire shipment

Review Purchase Order


ORACLE Purchasing
Requisitions
Orders
Agreements
Deliverables
Negotiations
Suppliers
Orders >
Search
Header
Lines
Schedules
Distributions
Return to Orders
Requisitions Orders Agreements Deliverables Negotiations Suppliers Home
About this Page
Privacy Statement

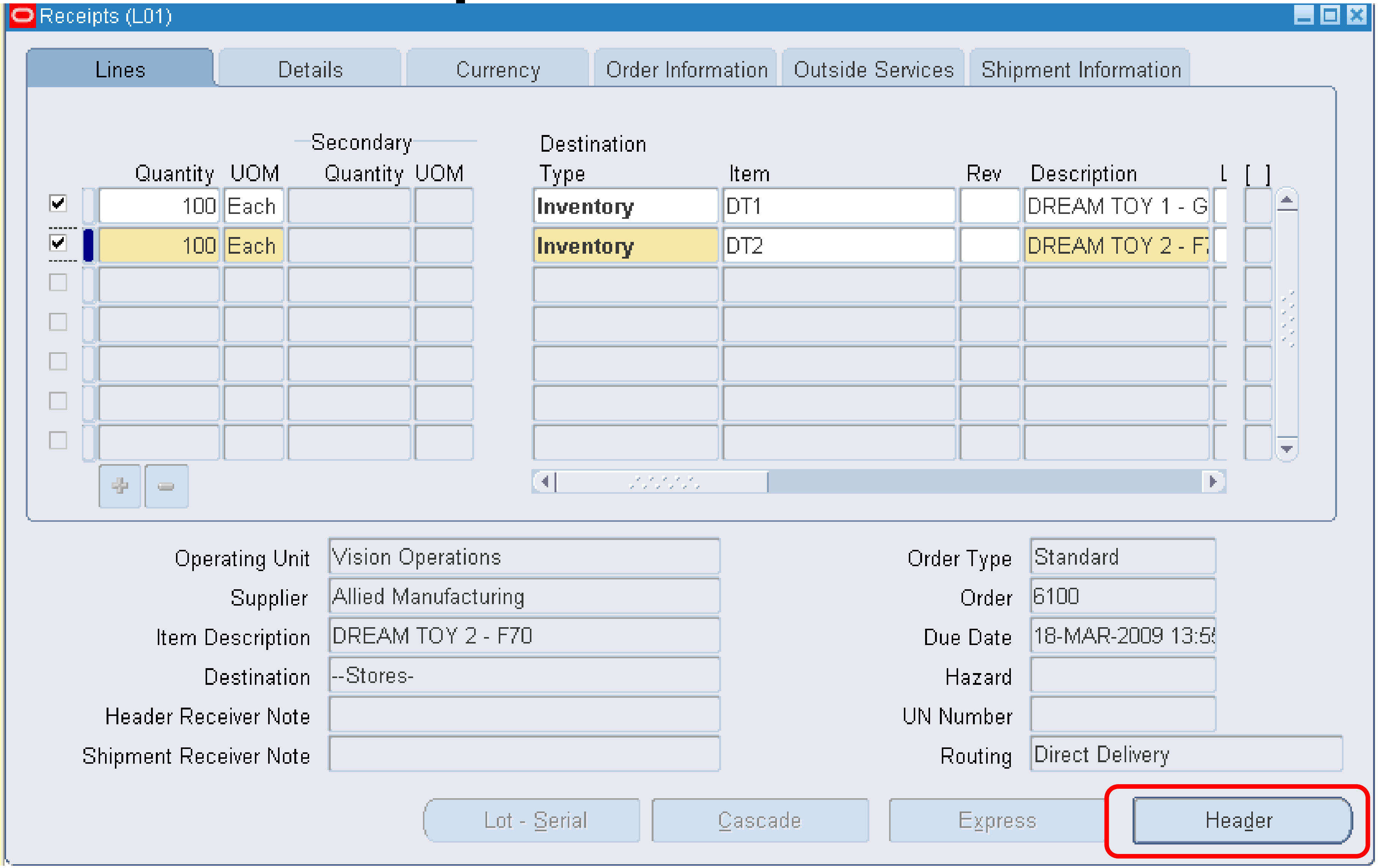
Standard Purchase Order 6100

Operating Unit **Vision Operations**

Line	Line Description	Schedule	Location	Org	Qty	Unit	Price	Amount	Need-By
1	DREAM TOY 1 - GT40	1	L01-Seattle Mfg	L01	100	Each	10	1,000.00	18-Mar-2009 13:55:19
2	DREAM TOY 2 - F70	1	L01-Seattle Mfg	L01	100	Each	15	1,500.00	18-Mar-2009 13:55:23

2 PO Schedules

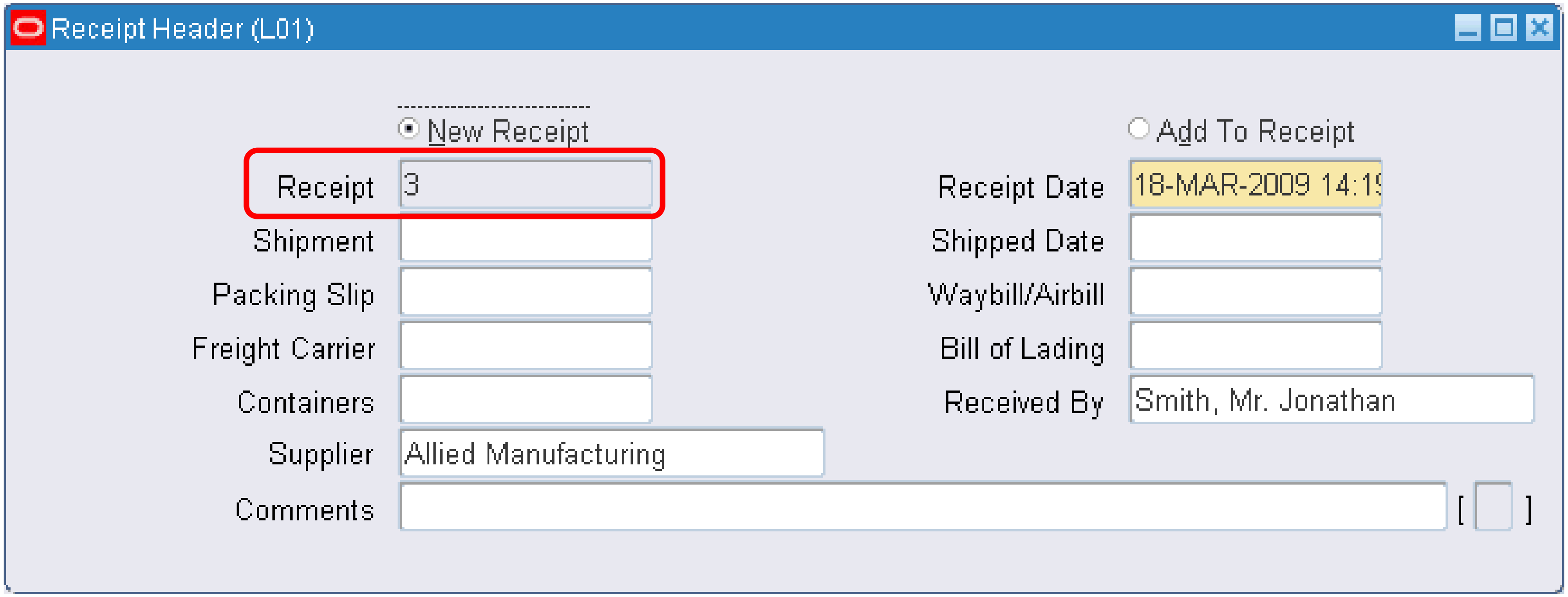
Enter Receipt


Receipts (L01)
Lines
Details
Currency
Order Information
Outside Services
Shipment Information
Lot - Serial
Cascade
Express
Header

	Quantity	UOM	Secondary Quantity	Secondary UOM	Destination Type	Item	Rev	Description
☑	100	Each			**Inventory**	DT1		DREAM TOY 1 - G
☑	100	Each			**Inventory**	DT2		DREAM TOY 2 - F

Operating Unit	Vision Operations	Order Type	Standard
Supplier	Allied Manufacturing	Order	6100
Item Description	DREAM TOY 2 - F70	Due Date	18-MAR-2009 13:5
Destination	--Stores-	Hazard	
Header Receiver Note		UN Number	
Shipment Receiver Note		Routing	Direct Delivery

Enter Receipt

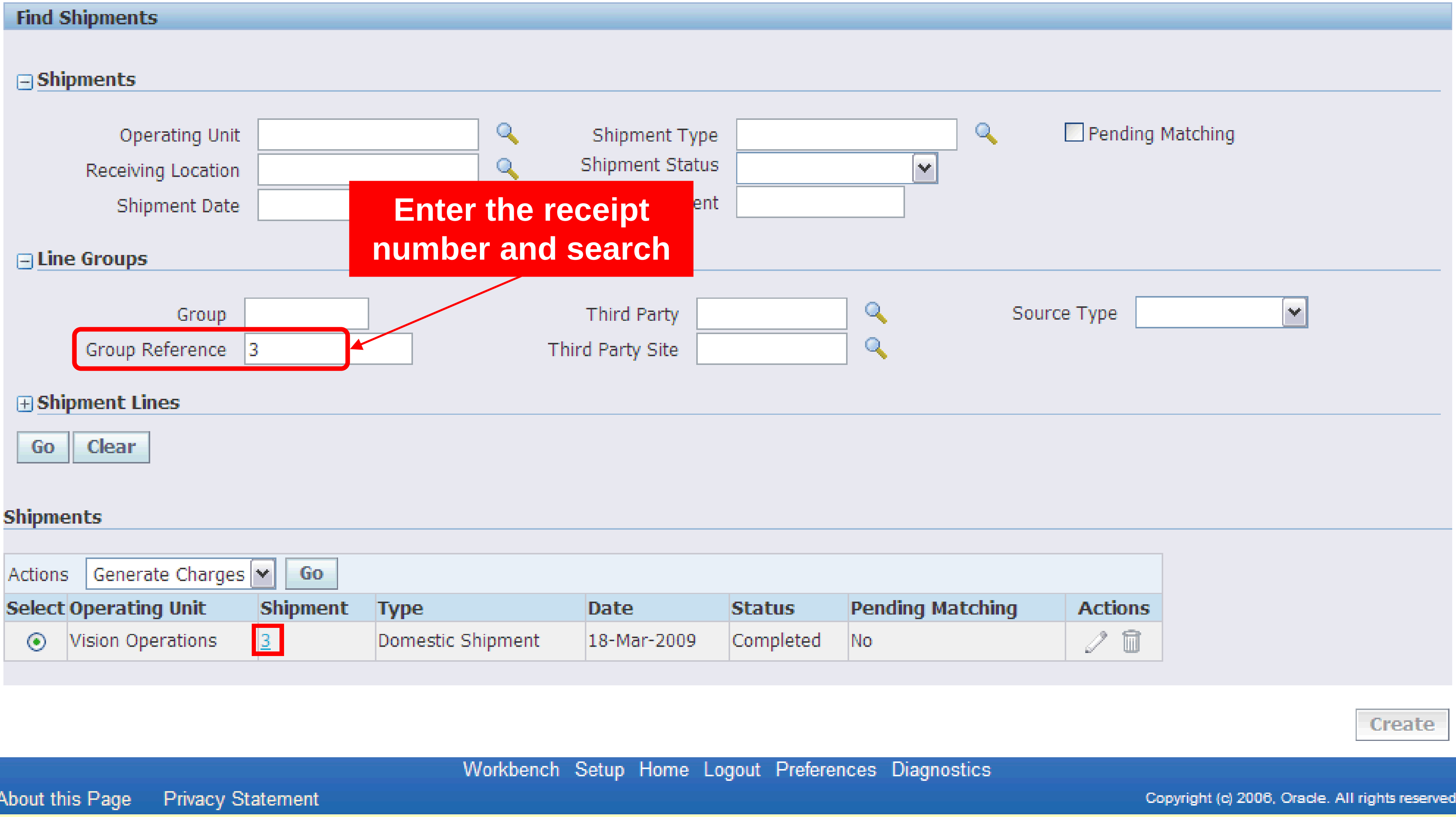


● New Receipt

○ Add To Receipt

Receipt	3	Receipt Date	18-MAR-2009 14:1
Shipment		Shipped Date	
Packing Slip		Waybill/Airbill	
Freight Carrier		Bill of Lading	
Containers		Received By	Smith, Mr. Jonathan
Supplier	Allied Manufacturing		
Comments			

Landed Cost Management



Find Shipments
Shipments
Operating Unit
Receiving Location
Shipment Date
Shipment Type
Shipment Status
ent
☐ Pending Matching
Line Groups
Group
Third Party
Third Party Site
Source Type
Shipment Lines
Go
Clear
Create
Workbench Setup Home Logout Preferences Diagnostics
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Enter the receipt number and search

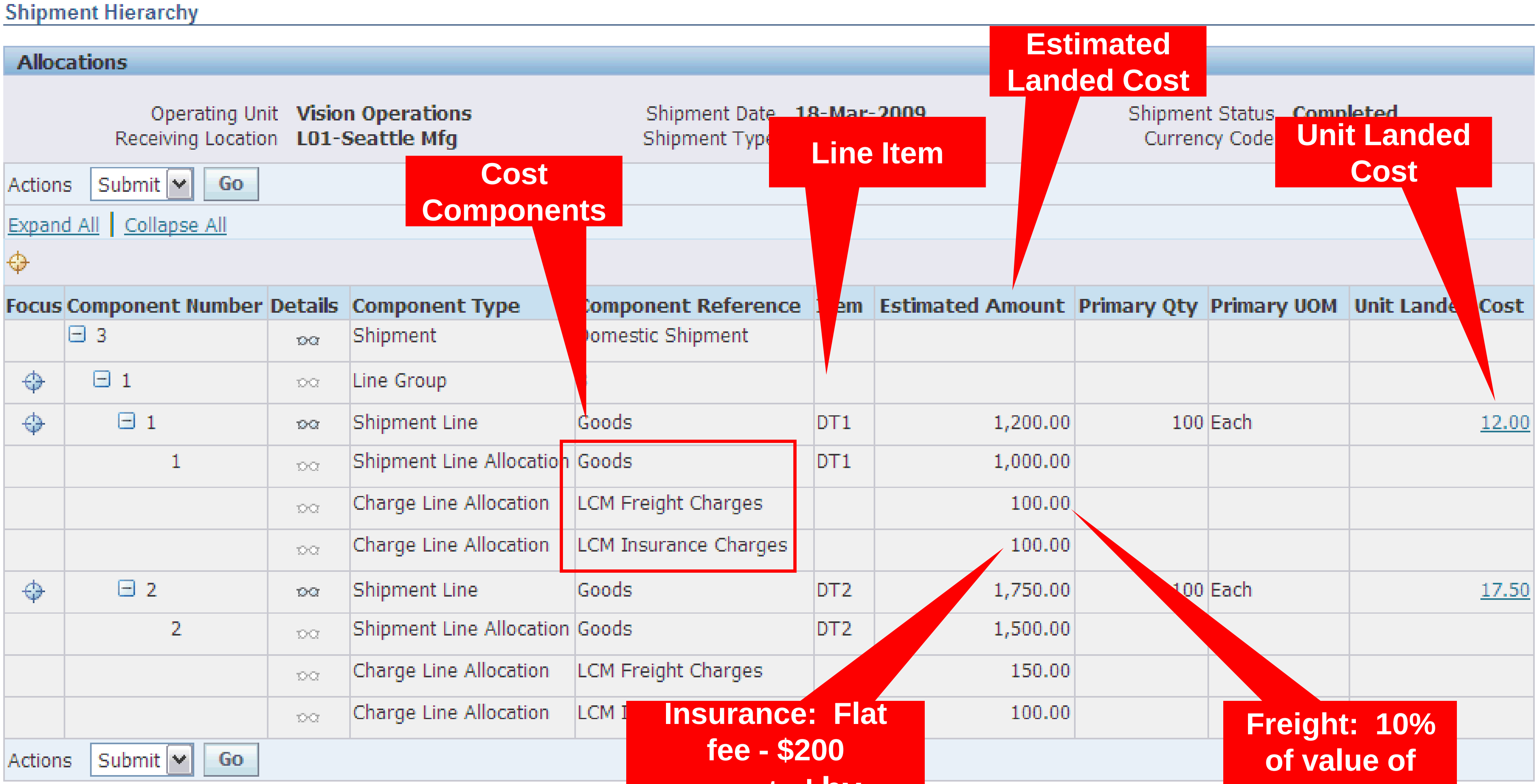
Group Reference: 3

Shipments

Actions: Generate Charges — Go

Select	Operating Unit	Shipment	Type	Date	Status	Pending Matching	Actions
●	Vision Operations	3	Domestic Shipment	18-Mar-2009	Completed	No	

Review Estimated Landed Cost



Shipment Hierarchy

Allocations

Operating Unit	**Vision Operations**	Shipment Date	**18-Mar-2009**
Receiving Location	**L01-Seattle Mfg**	Shipment Typ	
Shipment Status	**Completed**	Currency Code	

Focus	Component Number	Details	Component Type	omponent Reference	em	Estimated Amount	Primary Qty	Primary UOM	Unit Lande Cost
	⊟ 3		Shipment	omestic Shipment					
⌖	⊟ 1		Line Group						
⌖	⊟ 1		Shipment Line	Goods	DT1	1,200.00	100	Each	12.00
	1		Shipment Line Allocation	Goods	DT1	1,000.00			
			Charge Line Allocation	LCM Freight Charges		100.00			
			Charge Line Allocation	LCM Insurance Charges		100.00			
⌖	⊟ 2		Shipment Line	Goods	DT2	1,750.00	00	Each	17.50
	2		Shipment Line Allocation	Goods	DT2	1,500.00			
			Charge Line Allocation	LCM Freight Charges		150.00			
			Charge Line Allocation	LCM I		100.00			

Estimated Landed Cost

Line Item

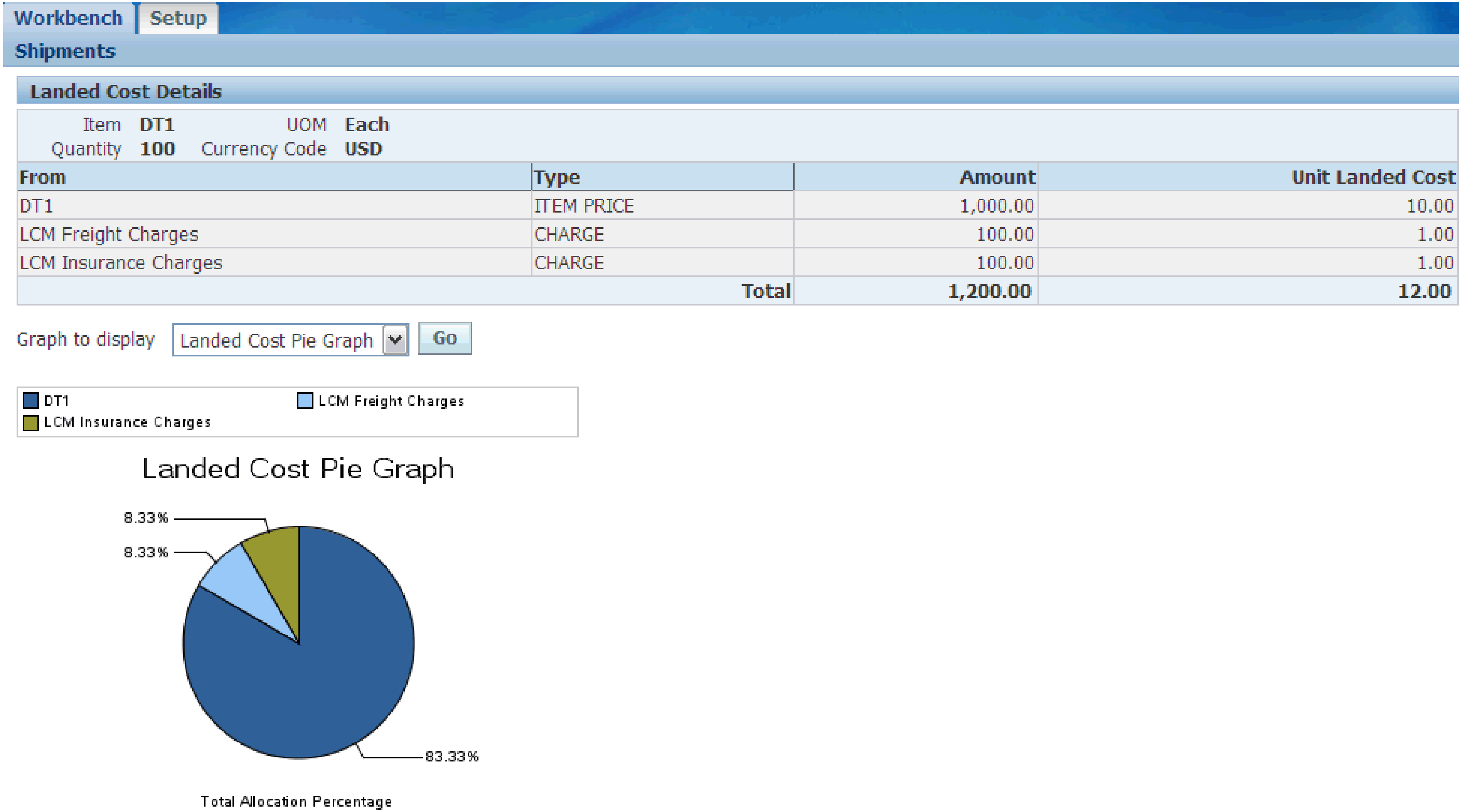
Unit Landed Cost

Cost Components

Insurance: Flat fee - $200 prorated by quantity

Freight: 10% of value of the item

Review Estimated Landed Cost


Workbench
Setup
Shipments

Landed Cost Details

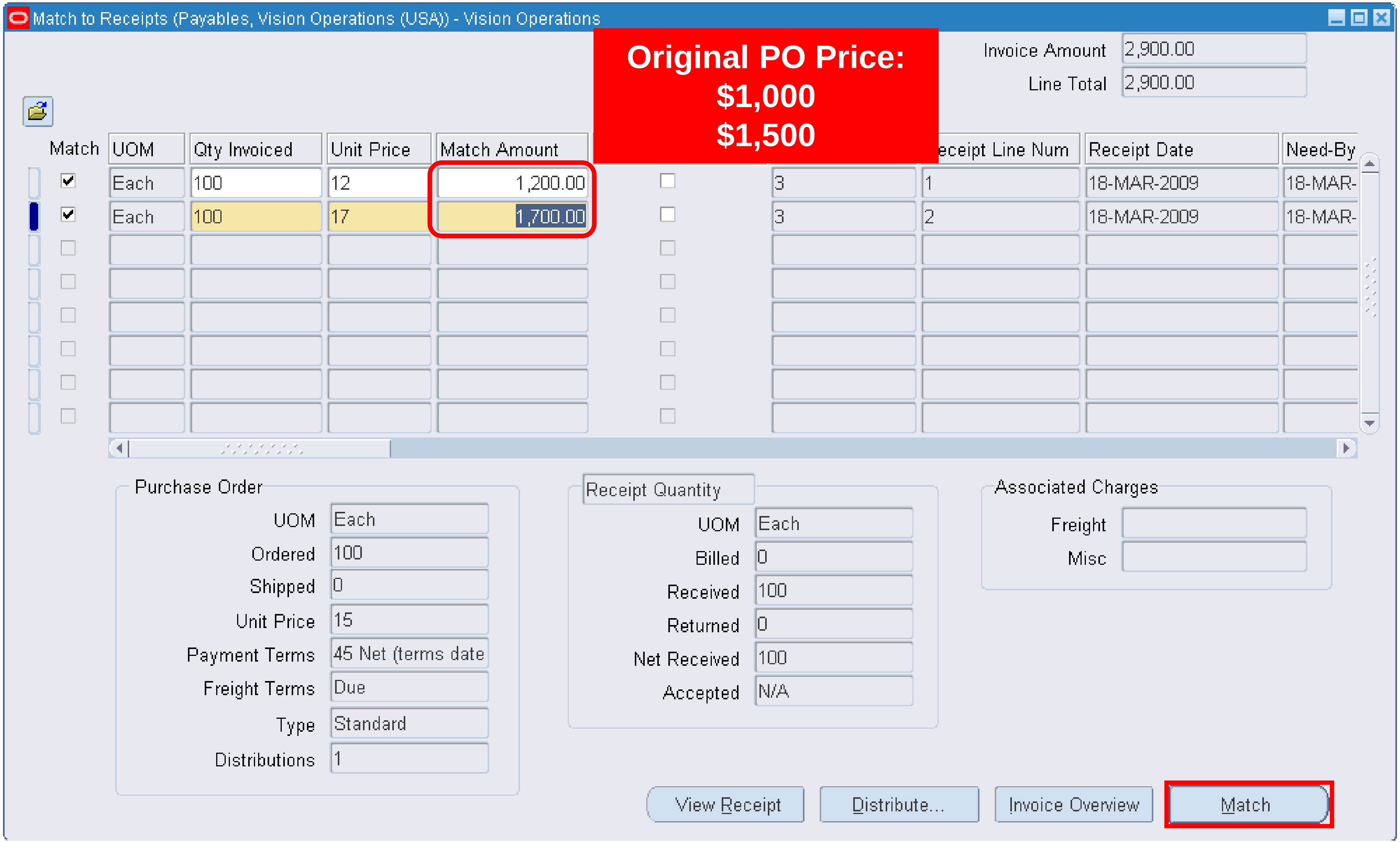
Item **DT1**
UOM **Each**
Quantity **100**
Currency Code **USD**

From	Type	Amount	Unit Landed Cost
DT1	ITEM PRICE	1,000.00	10.00
LCM Freight Charges	CHARGE	100.00	1.00
LCM Insurance Charges	CHARGE	100.00	1.00
	Total	**1,200.00**	**12.00**

Graph to display: Landed Cost Pie Graph

Go
DT1
LCM Freight Charges
LCM Insurance Charges
Landed Cost Pie Graph
8.33%
8.33%
83.33%
Total Allocation Percentage

Enter and Match Product Invoice



Match to Receipts (Payables, Vision Operations (USA)) - Vision Operations

Original PO Price:
$1,000
$1,500

Invoice Amount	2,900.00
Line Total	2,900.00

Match	UOM	Qty Invoiced	Unit Price	Match Amount			eceipt Line Num	Receipt Date	Need-By
☑	Each	100	12	1,200.00	☐	3	1	18-MAR-2009	18-MAR-
☑	Each	100	17	1,700.00	☐	3	2	18-MAR-2009	18-MAR-
☐					☐				
☐					☐				
☐					☐				
☐					☐				
☐					☐				
☐					☐				

Purchase Order

UOM	Each
Ordered	100
Shipped	0
Unit Price	15
Payment Terms	45 Net (terms date
Freight Terms	Due
Type	Standard
Distributions	1

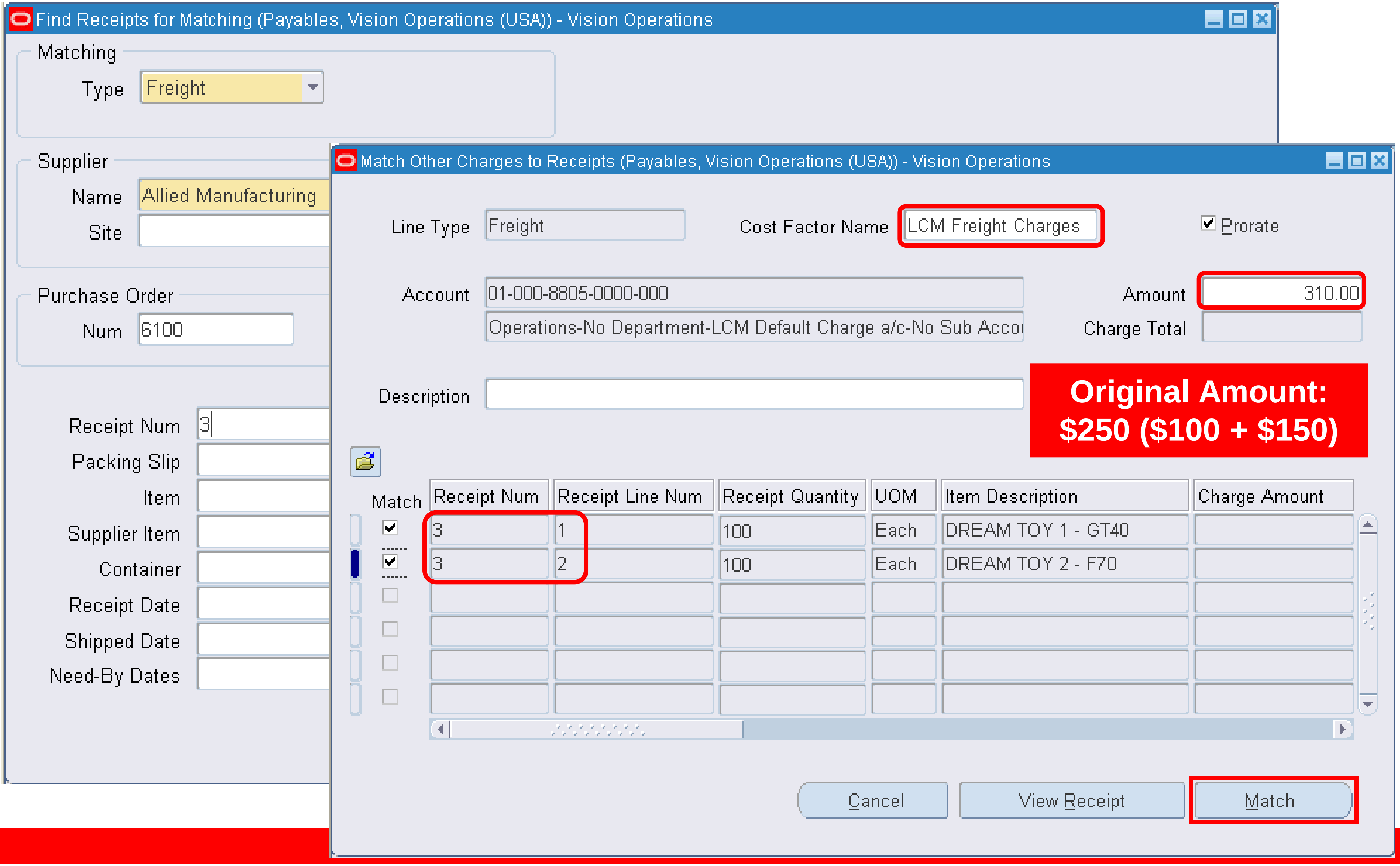
Receipt Quantity

UOM	Each
Billed	0
Received	100
Returned	0
Net Received	100
Accepted	N/A

Associated Charges

Freight	
Misc	

Enter and Match Freight Invoice



Find Receipts for Matching (Payables, Vision Operations (USA)) - Vision Operations

Matching
Type: Freight

Supplier
Name: Allied Manufacturing
Site:

Purchase Order
Num: 6100

Receipt Num: 3
Packing Slip:
Item:
Supplier Item:
Container:
Receipt Date:
Shipped Date:
Need-By Dates:

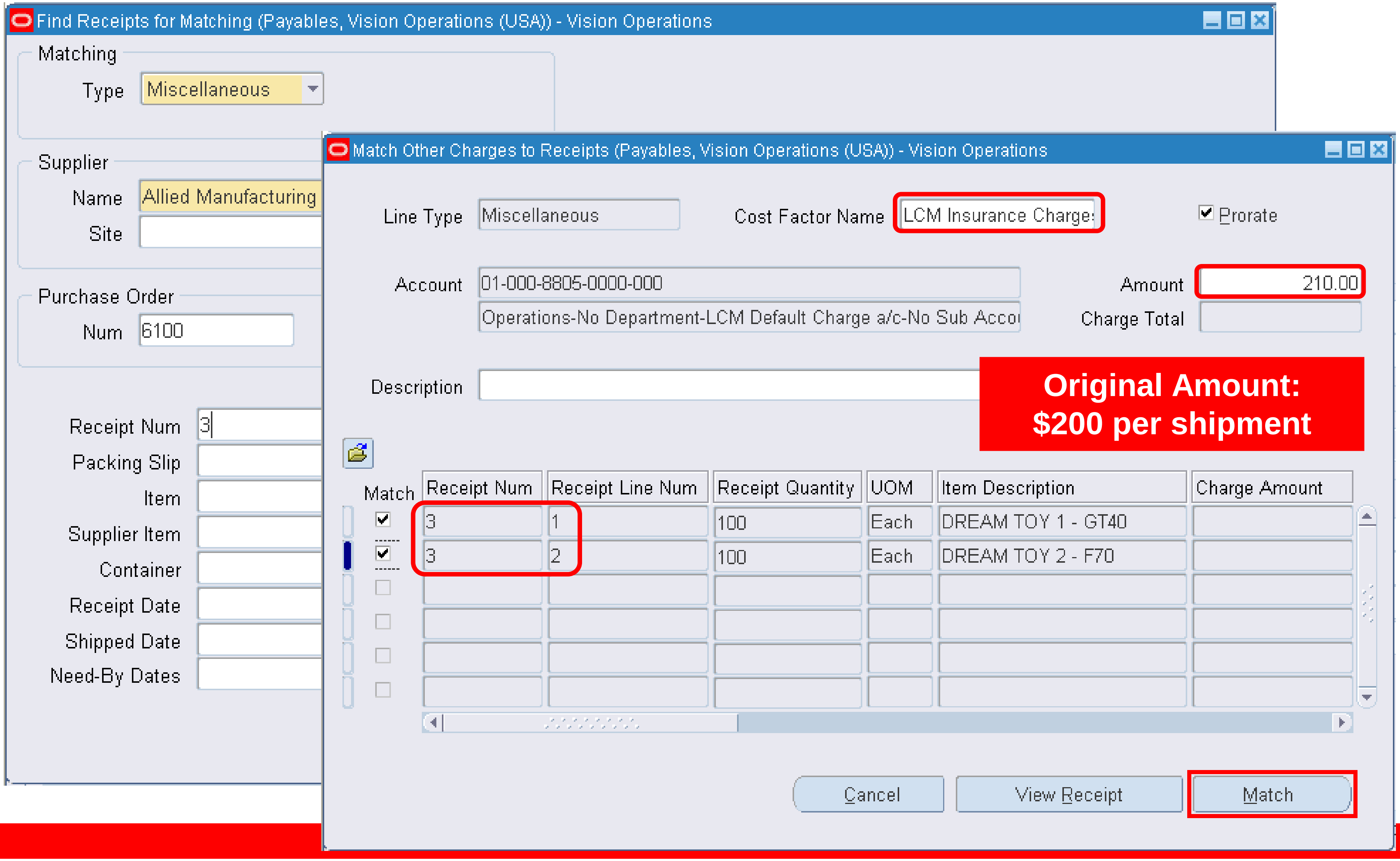
Match Other Charges to Receipts (Payables, Vision Operations (USA)) - Vision Operations

Line Type: Freight
Cost Factor Name: LCM Freight Charges
☑ Prorate
Account: 01-000-8805-0000-000
Operations-No Department-LCM Default Charge a/c-No Sub Accou
Amount: 310.00
Charge Total:
Description:

Match	Receipt Num	Receipt Line Num	Receipt Quantity	UOM	Item Description	Charge Amount
☑	3	1	100	Each	DREAM TOY 1 - GT40	
☑	3	2	100	Each	DREAM TOY 2 - F70	
☐						
☐						
☐						
☐						

Original Amount: $250 ($100 + $150)

Enter and Match Insurance Invoice



Find Receipts for Matching (Payables, Vision Operations (USA)) - Vision Operations

Matching
Type: Miscellaneous

Supplier
Name: Allied Manufacturing
Site:

Purchase Order
Num: 6100

Receipt Num: 3
Packing Slip:
Item:
Supplier Item:
Container:
Receipt Date:
Shipped Date:
Need-By Dates:

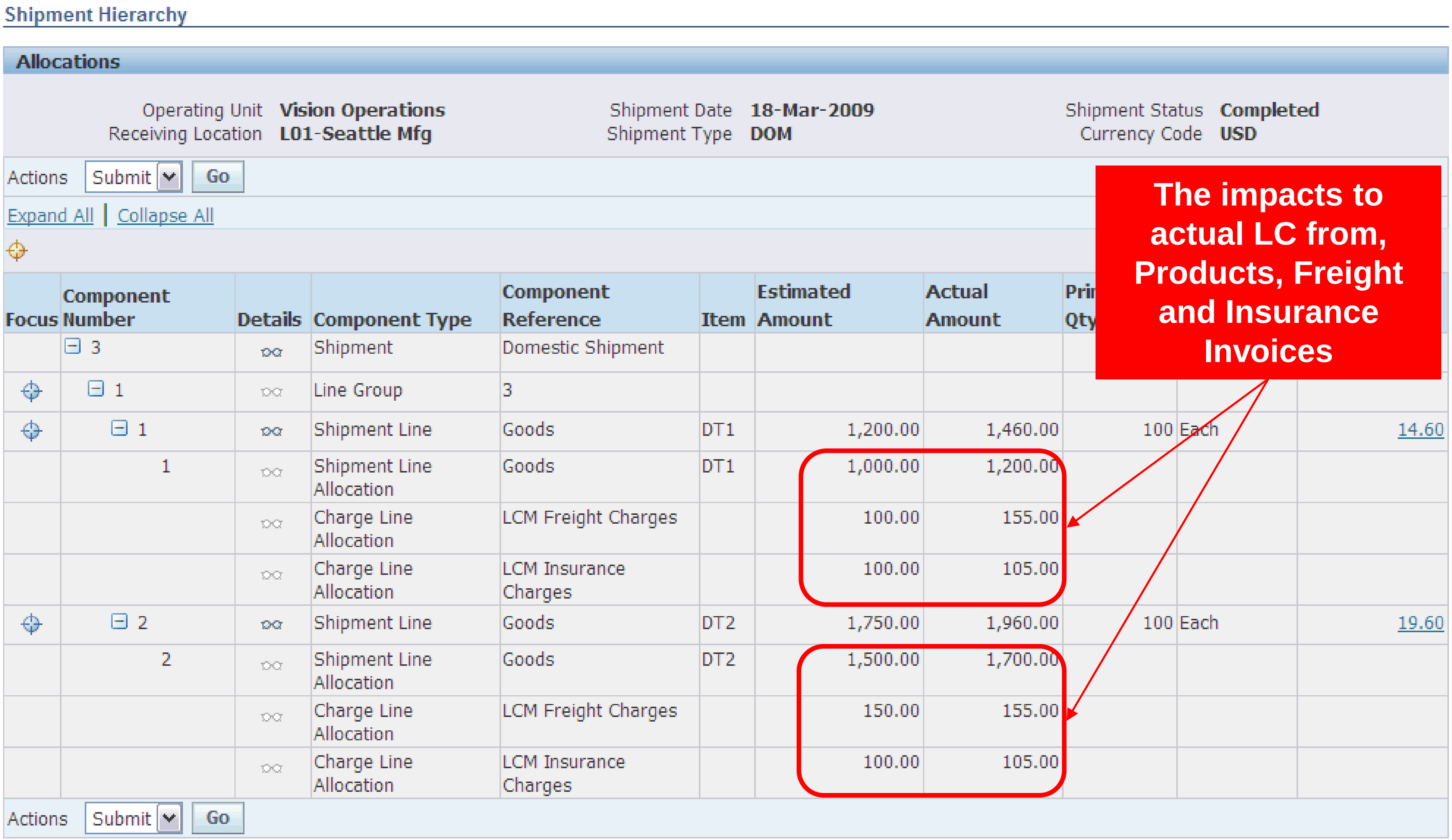
Match Other Charges to Receipts (Payables, Vision Operations (USA)) - Vision Operations

Line Type: Miscellaneous
Cost Factor Name: LCM Insurance Charge
☑ Prorate
Account: 01-000-8805-0000-000
Operations-No Department-LCM Default Charge a/c-No Sub Acco
Amount: 210.00
Charge Total:
Description:

Match	Receipt Num	Receipt Line Num	Receipt Quantity	UOM	Item Description	Charge Amount
☑	3	1	100	Each	DREAM TOY 1 - GT40	
☑	3	2	100	Each	DREAM TOY 2 - F70	
☐						
☐						
☐						
☐						

Original Amount: $200 per shipment

Review Actual Landed Cost



Shipment Hierarchy

Allocations

Operating Unit	**Vision Operations**	Shipment Date	**18-Mar-2009**	Shipment Status	**Completed**
Receiving Location	**L01-Seattle Mfg**	Shipment Type	**DOM**	Currency Code	**USD**

Focus	Component Number	Details	Component Type	Component Reference	Item	Estimated Amount	Actual Amount	Pri Qty		
	⊟ 3		Shipment	Domestic Shipment						
⌖	⊟ 1		Line Group	3						
⌖	⊟ 1		Shipment Line	Goods	DT1	1,200.00	1,460.00	100	Each	14.60
	1		Shipment Line Allocation	Goods	DT1	1,000.00	1,200.00			
			Charge Line Allocation	LCM Freight Charges		100.00	155.00			
			Charge Line Allocation	LCM Insurance Charges		100.00	105.00			
⌖	⊟ 2		Shipment Line	Goods	DT2	1,750.00	1,960.00	100	Each	19.60
	2		Shipment Line Allocation	Goods	DT2	1,500.00	1,700.00			
			Charge Line Allocation	LCM Freight Charges		150.00	155.00			
			Charge Line Allocation	LCM Insurance Charges		100.00	105.00			

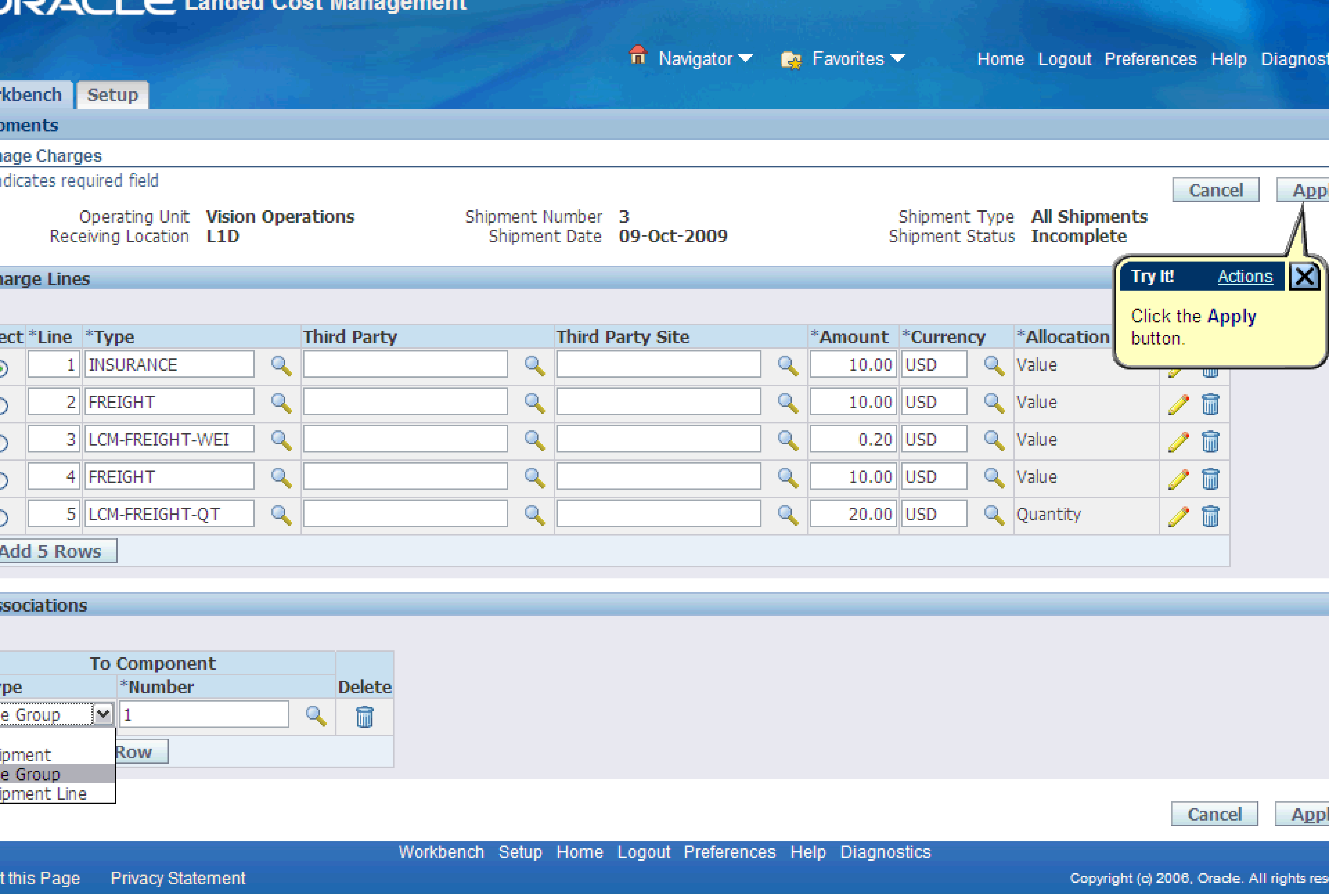
The impacts to actual LC from, Products, Freight and Insurance Invoices

Financial Updates

- Expense charges or track as liability
- LCM program sends variances to Oracle Cost Management to update Inventory Valuation and General Ledger
- Variances applied to portion of receipt quantity still on hand
- Remainder updates Landed Cost Variance account

Summary and Highlights

- **Single Integrated LCM Solution** - Logistics, Financials, Procurement
- **Automatic Update of Variances** - Actual vs. Estimates
- **Flexible Charge Allocation**
  - Shipment line, group of lines, or an entire shipment
  - Prorated based on weight, volume, quantity, or value
- **Advanced Pricing –** rules engine for applying charges
- **Charge Estimates and Variances Update:**
  - Inventory Valuation
  - General Ledger
  - Existing financial reports/statements
- **Consideration of VAT recovery**
- **Multiple currencies and multiple units of measure**
- **Expense charges or accrue as liability**


RACLE Landed Cost Management
Navigator
Favorites
Home
Logout
Preferences
Help
Diagnost
kbench
Setup
pments

age Charges

dicates required field

Cancel
App

Operating Unit	**Vision Operations**	Shipment Number	**3**	Shipment Type	**All Shipments**
Receiving Location	**L1D**	Shipment Date	**09-Oct-2009**	Shipment Status	**Incomplete**

arge Lines

Try It! Actions

Click the **Apply** button.

ect	*Line	*Type	Third Party	Third Party Site	*Amount	*Currency	*Allocation
●	1	INSURANCE			10.00	USD	Value
○	2	FREIGHT			10.00	USD	Value
○	3	LCM-FREIGHT-WEI			0.20	USD	Value
○	4	FREIGHT			10.00	USD	Value
○	5	LCM-FREIGHT-QT			20.00	USD	Quantity

ssociations

To Component		
pe	*Number	Delete
e Group	1	

ipment
e Group
ipment Line
Row
Cancel
Appl
Workbench
Setup
Home
Logout
Preferences
Help
Diagnostics
t this Page
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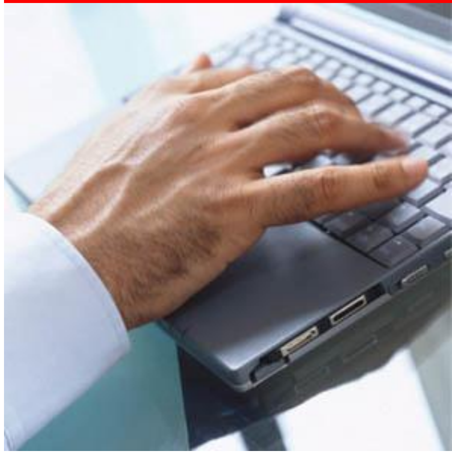
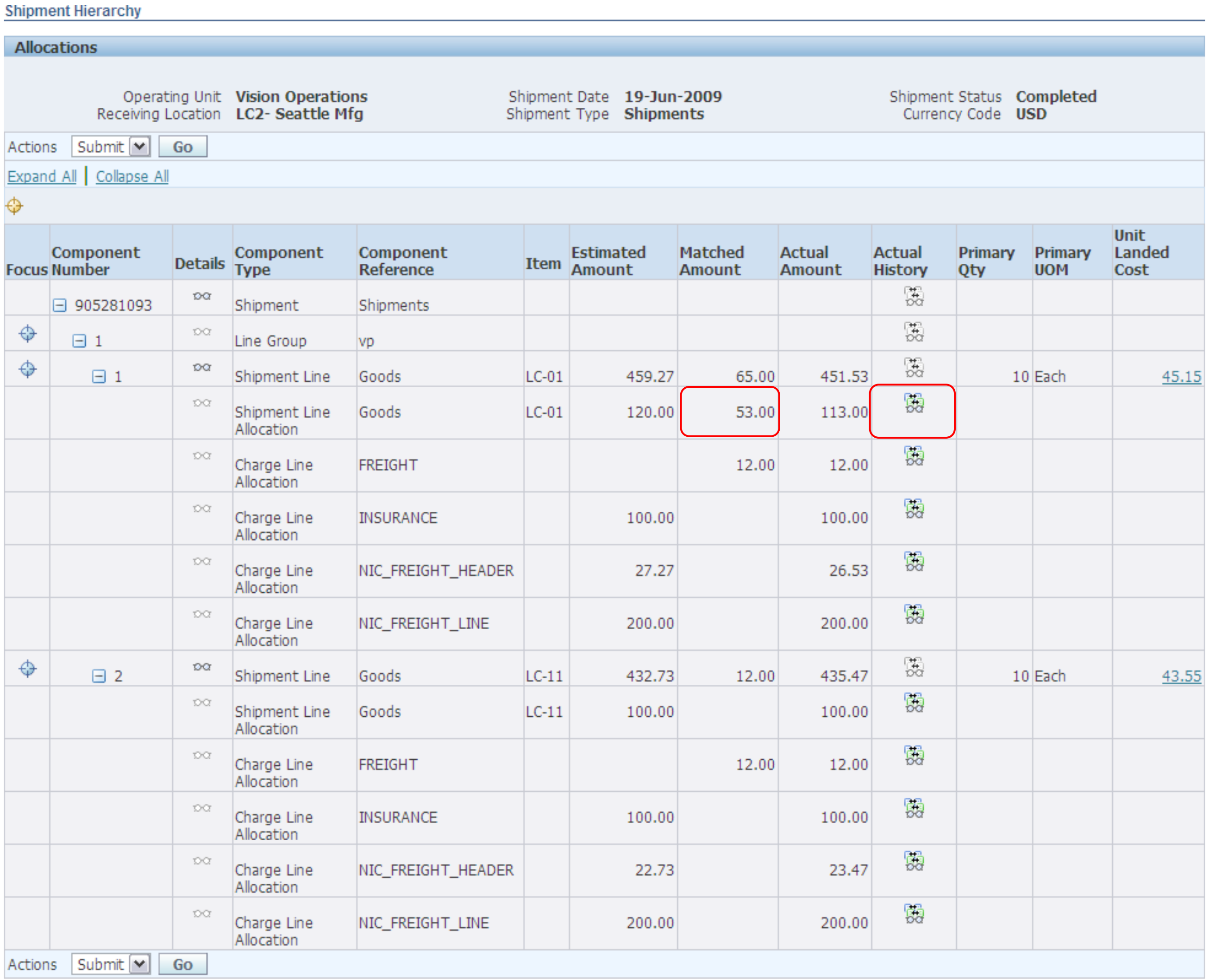


12.1.2 Highlights

Landed Cost Management 12.1.2

- Integrate to OPM Costing
- UI Enhancements
  - Visibility into Matched Invoice Amounts
  - Landed Cost Calculation History
  - Landed Cost Visualization by Purchasing

Visibility into Matched Invoice Amounts



Shipment Hierarchy

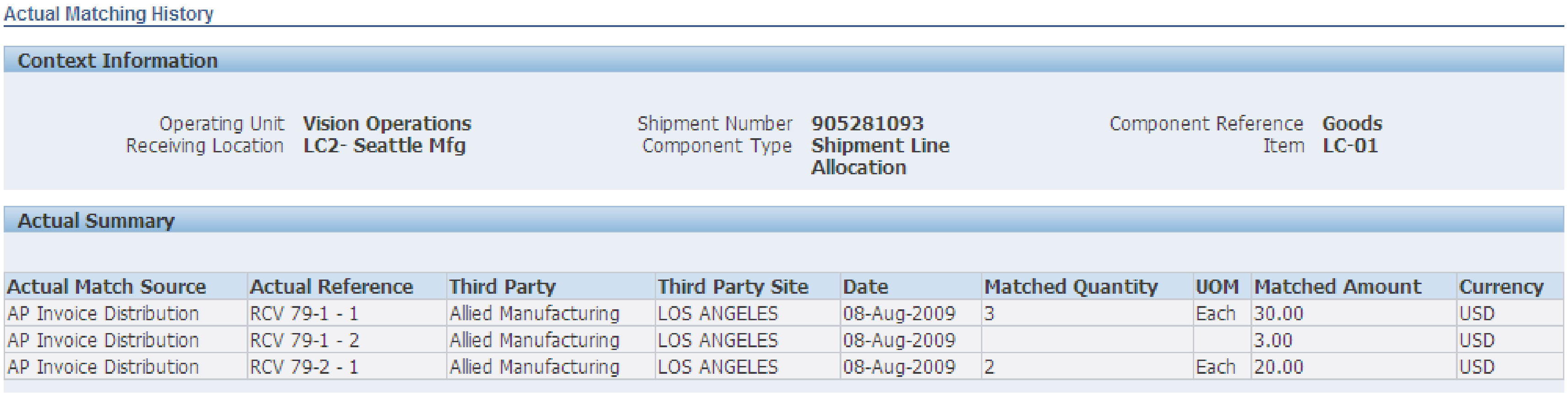
Allocations

Operating Unit **Vision Operations**
Receiving Location **LC2- Seattle Mfg**
Shipment Date **19-Jun-2009**
Shipment Type **Shipments**
Shipment Status **Completed**
Currency Code **USD**

Focus	Component Number	Details	Component Type	Component Reference	Item	Estimated Amount	Matched Amount	Actual Amount	Actual History	Primary Qty	Primary UOM	Unit Landed Cost
	⊟ 905281093		Shipment	Shipments								
	⊟ 1		Line Group	vp								
	⊟ 1		Shipment Line	Goods	LC-01	459.27	65.00	451.53		10	Each	45.15
			Shipment Line Allocation	Goods	LC-01	120.00	53.00	113.00				
			Charge Line Allocation	FREIGHT			12.00	12.00				
			Charge Line Allocation	INSURANCE		100.00		100.00				
			Charge Line Allocation	NIC_FREIGHT_HEADER		27.27		26.53				
			Charge Line Allocation	NIC_FREIGHT_LINE		200.00		200.00				
	⊟ 2		Shipment Line	Goods	LC-11	432.73	12.00	435.47		10	Each	43.55
			Shipment Line Allocation	Goods	LC-11	100.00		100.00				
			Charge Line Allocation	FREIGHT			12.00	12.00				
			Charge Line Allocation	INSURANCE		100.00		100.00				
			Charge Line Allocation	NIC_FREIGHT_HEADER		22.73		23.47				
			Charge Line Allocation	NIC_FREIGHT_LINE		200.00		200.00				

- Included new column Matched Amount to display the total invoiced amount
- Included new Actual History button

Visibility into Matched Invoice Amounts



Actual Matching History

Context Information

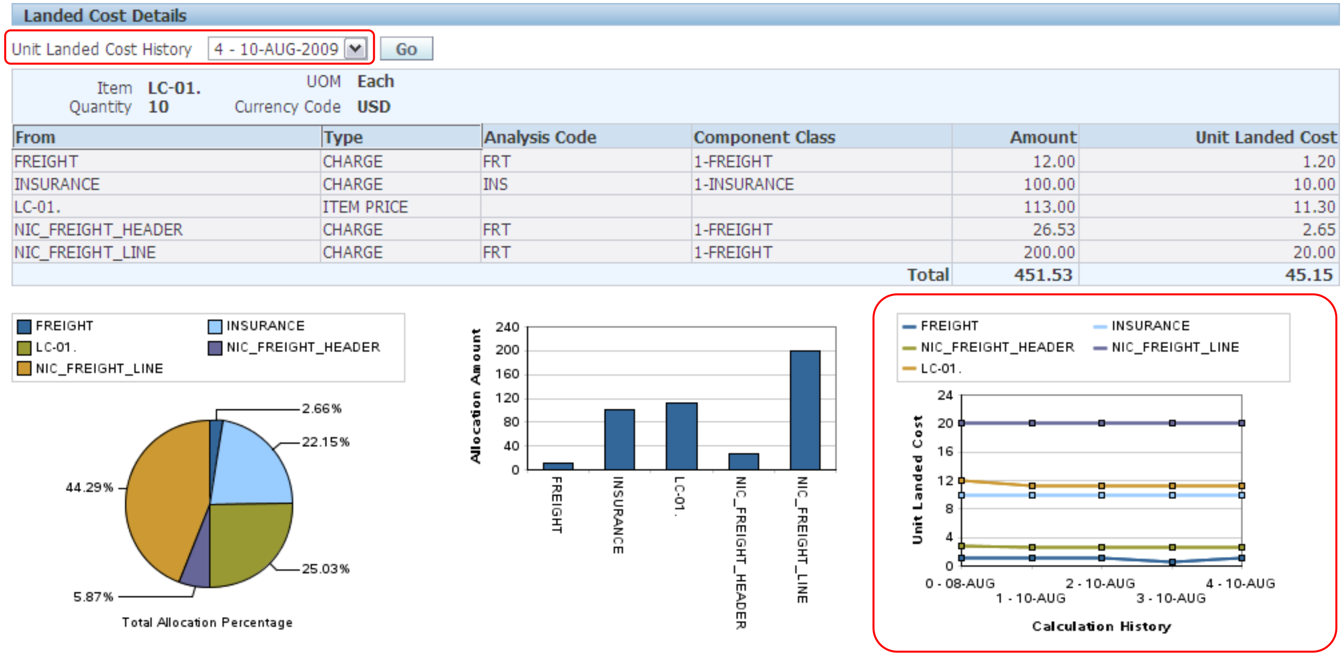
Operating Unit	**Vision Operations**	Shipment Number	**905281093**	Component Reference	**Goods**
Receiving Location	**LC2- Seattle Mfg**	Component Type	**Shipment Line Allocation**	Item	**LC-01**

Actual Summary

Actual Match Source	Actual Reference	Third Party	Third Party Site	Date	Matched Quantity	UOM	Matched Amount	Currency
AP Invoice Distribution	RCV 79-1 - 1	Allied Manufacturing	LOS ANGELES	08-Aug-2009	3	Each	30.00	USD
AP Invoice Distribution	RCV 79-1 - 2	Allied Manufacturing	LOS ANGELES	08-Aug-2009			3.00	USD
AP Invoice Distribution	RCV 79-2 - 1	Allied Manufacturing	LOS ANGELES	08-Aug-2009	2	Each	20.00	USD

- Displays the detailed Invoicing history

Landed Cost Calculation History



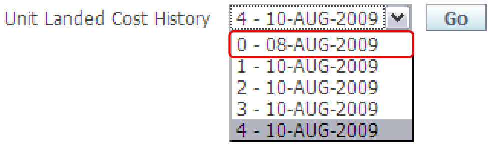
Landed Cost Details

Unit Landed Cost History 4 - 10-AUG-2009 Go

Item **LC-01.** UOM **Each**
Quantity **10** Currency Code **USD**

From	Type	Analysis Code	Component Class	Amount	Unit Landed Cost
FREIGHT	CHARGE	FRT	1-FREIGHT	12.00	1.20
INSURANCE	CHARGE	INS	1-INSURANCE	100.00	10.00
LC-01.	ITEM PRICE			113.00	11.30
NIC_FREIGHT_HEADER	CHARGE	FRT	1-FREIGHT	26.53	2.65
NIC_FREIGHT_LINE	CHARGE	FRT	1-FREIGHT	200.00	20.00
			Total	**451.53**	**45.15**

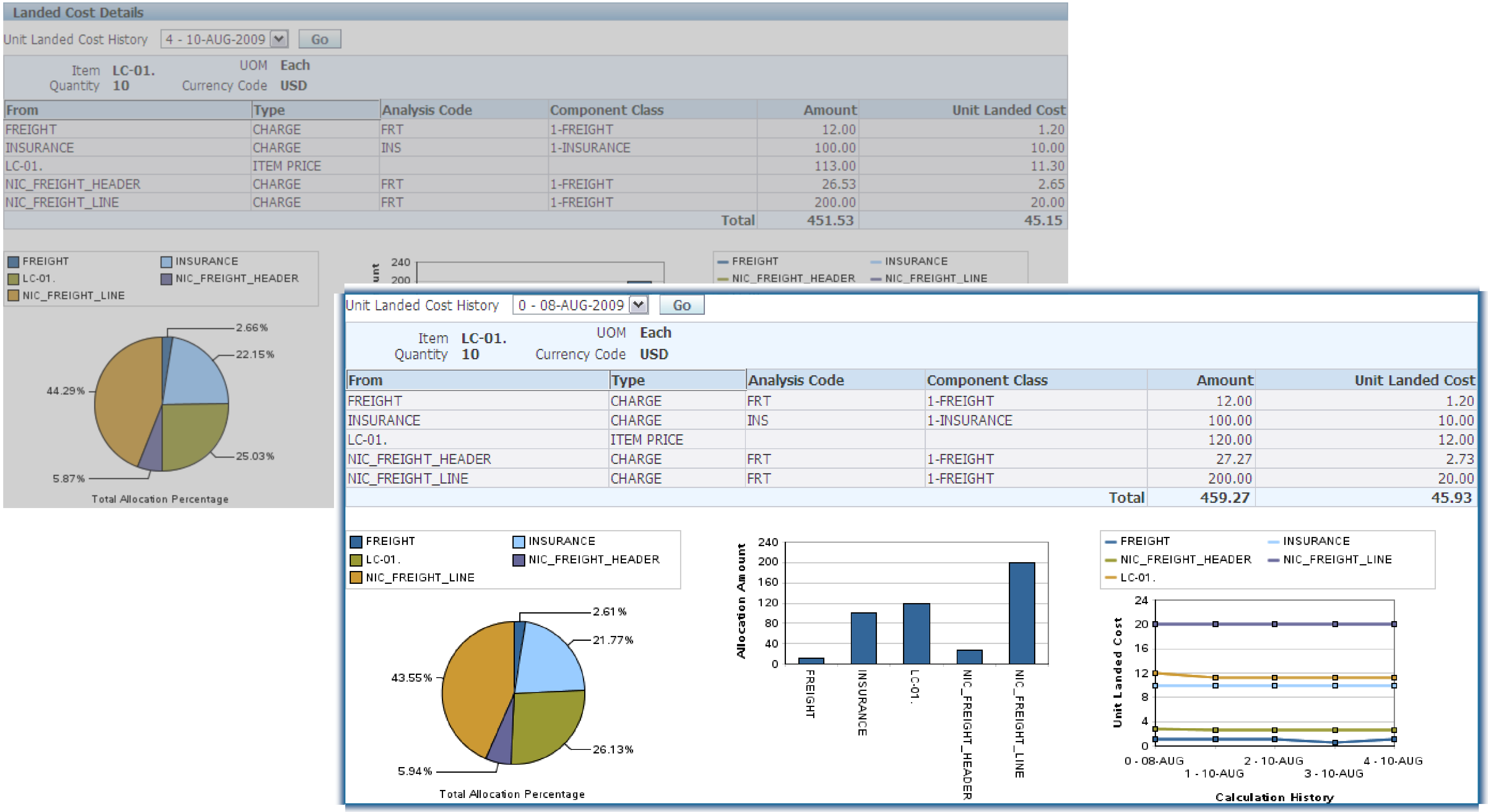
FREIGHT
INSURANCE
LC-01.
NIC_FREIGHT_HEADER
NIC_FREIGHT_LINE
2.66%
22.15%
44.29%
25.03%
5.87%
Total Allocation Percentage
Allocation Amount
240
200
160
120
80
40
0
FREIGHT
INSURANCE
LC-01.
NIC_FREIGHT_HEADER
NIC_FREIGHT_LINE
FREIGHT
INSURANCE
NIC_FREIGHT_HEADER
NIC_FREIGHT_LINE
LC-01.
Unit Landed Cost
24
20
16
12
8
4
0
0 - 08-AUG
1 - 10-AUG
2 - 10-AUG
3 - 10-AUG
4 - 10-AUG
Calculation History



Unit Landed Cost History 4 - 10-AUG-2009 Go

0 - 08-AUG-2009
1 - 10-AUG-2009
2 - 10-AUG-2009
3 - 10-AUG-2009
4 - 10-AUG-2009

Landed Cost Calculation History



Landed Cost Details

Unit Landed Cost History 4 - 10-AUG-2009 Go

Item **LC-01.** UOM **Each**
Quantity **10** Currency Code **USD**

From	Type	Analysis Code	Component Class	Amount	Unit Landed Cost
FREIGHT	CHARGE	FRT	1-FREIGHT	12.00	1.20
INSURANCE	CHARGE	INS	1-INSURANCE	100.00	10.00
LC-01.	ITEM PRICE			113.00	11.30
NIC_FREIGHT_HEADER	CHARGE	FRT	1-FREIGHT	26.53	2.65
NIC_FREIGHT_LINE	CHARGE	FRT	1-FREIGHT	200.00	20.00
			Total	451.53	45.15

FREIGHT
INSURANCE
LC-01.
NIC_FREIGHT_HEADER
NIC_FREIGHT_LINE
2.66%
22.15%
44.29%
25.03%
5.87%
Total Allocation Percentage
unt
240
200
FREIGHT
INSURANCE
NIC_FREIGHT_HEADER
NIC_FREIGHT_LINE

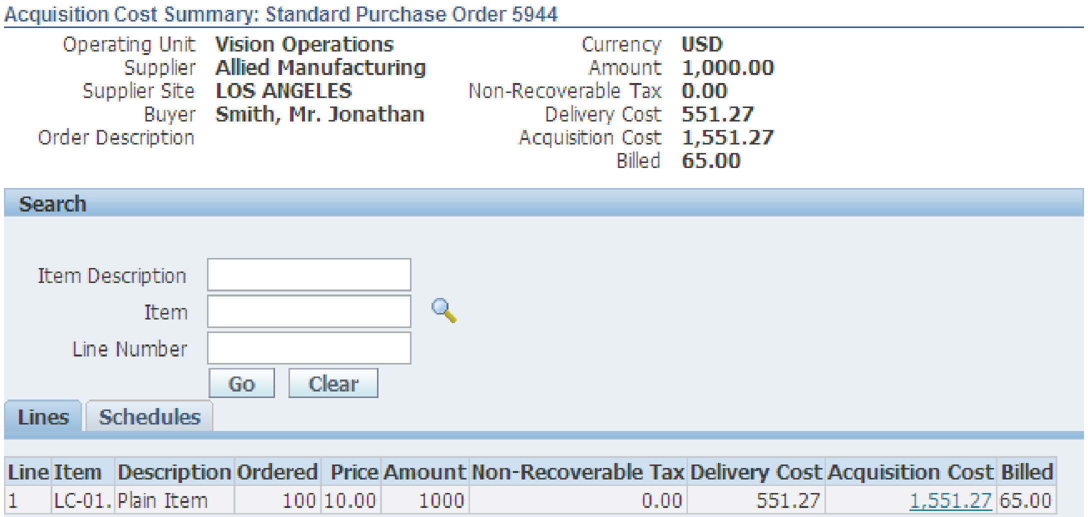
Unit Landed Cost History 0 - 08-AUG-2009 Go

Item **LC-01.** UOM **Each**
Quantity **10** Currency Code **USD**

From	Type	Analysis Code	Component Class	Amount	Unit Landed Cost
FREIGHT	CHARGE	FRT	1-FREIGHT	12.00	1.20
INSURANCE	CHARGE	INS	1-INSURANCE	100.00	10.00
LC-01.	ITEM PRICE			120.00	12.00
NIC_FREIGHT_HEADER	CHARGE	FRT	1-FREIGHT	27.27	2.73
NIC_FREIGHT_LINE	CHARGE	FRT	1-FREIGHT	200.00	20.00
			Total	459.27	45.93

FREIGHT
INSURANCE
LC-01.
NIC_FREIGHT_HEADER
NIC_FREIGHT_LINE
2.61%
21.77%
43.55%
26.13%
5.94%
Total Allocation Percentage
Allocation Amount
240
200
160
120
80
40
0
FREIGHT
INSURANCE
LC-01.
NIC_FREIGHT_HEADER
NIC_FREIGHT_LINE
FREIGHT
INSURANCE
NIC_FREIGHT_HEADER
NIC_FREIGHT_LINE
LC-01.
Unit Landed Cost
24
20
16
12
8
4
0
0 - 08-AUG
1 - 10-AUG
2 - 10-AUG
3 - 10-AUG
4 - 10-AUG
Calculation History

View Acquisition Costs from Purchasing

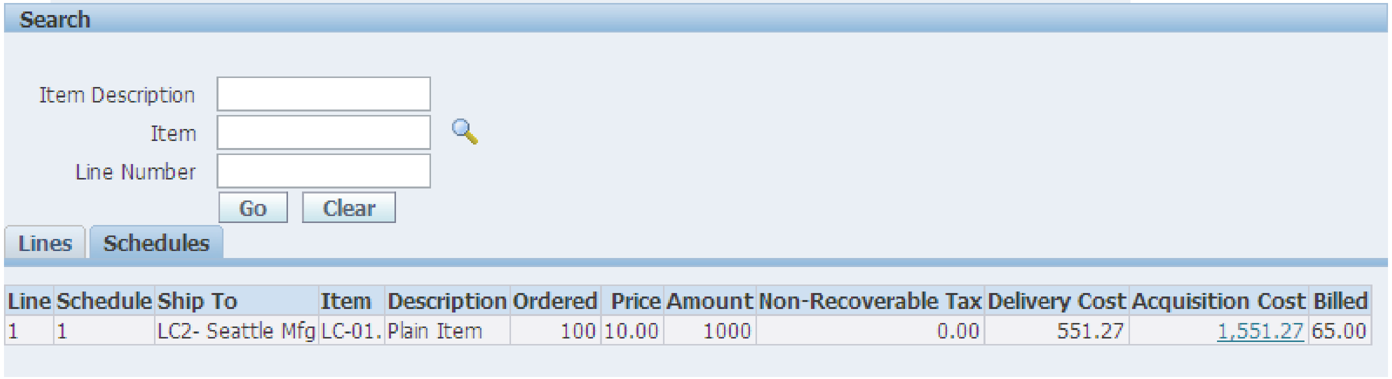


Acquisition Cost Summary: Standard Purchase Order 5944

Operating Unit	**Vision Operations**	Currency	**USD**
Supplier	**Allied Manufacturing**	Amount	**1,000.00**
Supplier Site	**LOS ANGELES**	Non-Recoverable Tax	**0.00**
Buyer	**Smith, Mr. Jonathan**	Delivery Cost	**551.27**
Order Description		Acquisition Cost	**1,551.27**
		Billed	**65.00**

Search
Item Description
Item
Line Number
Go
Clear
Lines
Schedules

Line	Item	Description	Ordered	Price	Amount	Non-Recoverable Tax	Delivery Cost	Acquisition Cost	Billed
1	LC-01.	Plain Item	100	10.00	1000	0.00	551.27	1,551.27	65.00

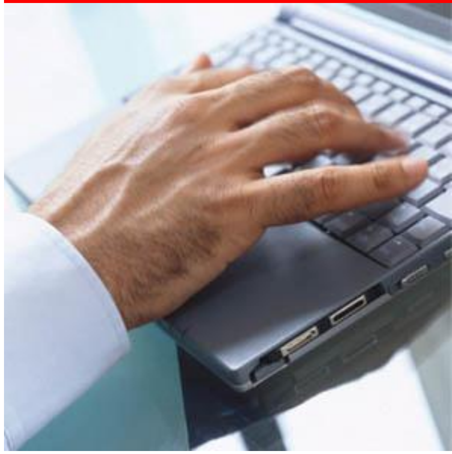


Search
Item Description
Item
Line Number
Go
Clear
Lines
Schedules

Line	Schedule	Ship To	Item	Description	Ordered	Price	Amount	Non-Recoverable Tax	Delivery Cost	Acquisition Cost	Billed
1	1	LC2- Seattle Mfg	LC-01.	Plain Item	100	10.00	1000	0.00	551.27	1,551.27	65.00

- Acquisition Cost view pages shows also data from LCM information

Roadmap



Oracle LCM Roadmap

	v.2	v.3	Future
Functionality/ Features	• Ensure Early Adopter Success • Support for OPM • LC Analysis Enhancements	• EBS PO Estimation • Cookbook or Integration with OTM	• Commodity & Quality Based Pricing • Tolerance & Validation • GTM Import Process • GTM Duties Calculator • Localization Support • Outbound LC Calculation
Theme	**Comprehensive Solution**	**Componentization**	**GTM Import**
Target	• Industries – Broad; Particularly Process	• Industries – Broad; Particularly Retail and Distribution • OTM/EBS Customers	

Additional Resources

- Oracle.com
  - http://www.oracle.com/applications/scm/landed-cost-management.html
  - Datasheet
- Metalink
  - 781061.1 - Landed Cost Management Process Guide
  - Customer Webinar

    https://conference.oracle.com/imtapp/app/arc_pb_hub.uix?mID=145576051&src=app/arc_pub&action=pb

    conference key = **advisor**
- Solution Factory
  - http://launch.oracle.com/?landedcost

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