

Oracle[®] Contracts for Service

Concepts and Procedures

Release 11*i*

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Contents

Send Us Your Comments	vii
Preface	ix
Intended Audience	ix
Structure.....	ix
Related Documents.....	x
Understanding Oracle Contracts for Service	
Overview of Oracle Contracts for Service.....	11
Integration with Oracle Applications.....	11
Automation.....	12
Entitlement Processing.....	13
Detailed Contract Information	13
Overview of Offering Management.....	14
Contract Templates	15
Coverage Templates.....	15
Contract Authoring and Pricing.....	16
Entitlement Processing	17
Contract Billing	17
Overview of Authoring Contracts	17
Offering Selection	17
Contract Definition	17
Service Pricing.....	18
Usage Pricing.....	19

Coverage	20
Coverage Process Flow	20
Overview of Support Services	23
Flexible Service Programs	23
Warranties	24
Activating Service	25
Service Coverage.....	25
Controlled Service Availability.....	25
Service Program Pricing.....	25
Ordering Service Programs	26
Automatic Service Program Billing	26
Cotermination.....	26
Warranties and Extended Warranties.....	27
Warranty and Extended Warranty Process Flow	28
Billing Functions.....	30
Bill Settlement	31
Bill Termination.....	33
Service Settlement	34
Overview of Entitlements Processing.....	36

Implementing Oracle Contracts for Service

Setup Flowchart	40
Setup Checklist	41
Setup Steps.....	41
Setting Up Lookup Codes.....	50
Order Capture Integration Registration	51
Maintaining Time Units of Measure.....	52
Setting Up Status and Operations	53
Defining Quality Assurance Checklist	54
Defining a Category.....	54
Setting Up the Approval Process	56
Defining Coverage Templates	56
Defining Contract Groups.....	60
Defining a Billing Profile	61
Defining Service Availability	62

Defining Service Cotermination	63
Setting Up Service Pricing and Billing	64
Service Pricing	64
Billing.....	65
Transaction Type Setup	65
Setting Up Batch Transaction Sources.....	68
Setting Up Transaction FlexField Segments.....	71
Setting up System Profile Options.....	72
Setup for Service Key Flexfields.....	74
Renewal Rule Defaults	76

Using Oracle Contracts for Service

Defining Serviceable Products	79
Contract Details at Order Management	79
Warranty Inheritance Example	81
Coverage Template Fields	82
Creating Contracts	84
Using the Summary Tab	85
Using the Lines Tab	87
Renewal Procedures.....	88
Selecting Party for Renewal.....	89
Repricing a Contract	90
Reviewing Renewal and Administration Rules	91
Defining Security Attributes	91
Determining Line Duration.....	92
Reviewing Pricing Attributes.....	93
Reviewing Billing	93
Using Action Menu Functions.....	93
Cascade Service Price	94
Sales Credits.....	94
Pricing Attributes	95
Terminating a Contract.....	95
Contract Header Fields	96
Parties Tab Fields	96
Pricing and Billing Tab Fields.....	97

Example of Billing	99
Administration Tab Fields	101
Parties Fields for Lines	102
Effectivities Tab.....	103
Pricing and Products Tab.....	104
Defining Warranty Items	106
Running the Billing Program	107
Running the Fetch AR Program.....	108
Running Usage Averaging and Settlement Program	108

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Oracle Contracts for Service Concepts and Procedures, Release 11*i*

Part No. A83650-03

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Preface

Welcome to the **Oracle Contracts for Service, Release 11i** suite of applications.

This Concepts and Procedures provides information and instructions to help you work effectively with Oracle iStore.

This preface explains how Concepts and Procedures is organized and introduces other sources of information that can help you.

Intended Audience

This guide is aimed at the following users:

- Technical Service Representatives (TSR)
- Customer Service Representatives (CSR)
- System Administrators (SA), Database Administrators (DBA), and others with similar responsibility.

This guide assumes you have the following pre-requisites:

1. Understanding of the company business processes.
2. Knowledge of products and services as defined by your marketing policies.
3. Basic understanding of Oracle and Developer/2000.
4. Background in SQL, PL/SQL, SQL* Plus programming.

Structure

This manual contains the following chapters:

“Understanding Oracle Contracts for Service” provides overviews of the application and its components, explanations of key concepts, features, and functions, as well as the application’s relationships to other Oracle or third-party applications.

“Using Oracle Contracts for Service” provides process-oriented, task-based procedures for using the application to perform essential business tasks.

“Implementing Oracle Contracts for Service” provides general descriptions of the setup and configuration tasks required to implement the application successfully.

Related Documents

For more information, see the following manuals:

- *Oracle Contracts Core Release 11i Concepts and Procedures*

Understanding Oracle Contracts for Service

This topic group provides overviews of the application and its components, explanations of key concepts, features, and functions, as well as the application's relationships to other Oracle or third-party applications.

Overview of Oracle Contracts for Service

Oracle Contracts assists with the increasingly complex aspects of contract management in a diverse range of businesses and industries.

Use Oracle Contracts Core to record, group, organize, query, and use contract data for strategic, tactical and operational decision-making. An automated approval process provides a workflow-based approval and redirection capability for certain actions performed against a contract.

Oracle Contracts for Service works closely with Oracle Contracts Core to support the full contract management functionality required to create and manage service contracts. Oracle Contracts for Service integrates with other Oracle modules such as Oracle Order Capture, Oracle Service suite of products (Oracle Service Core, Oracle Support, Oracle iSupport, Oracle Field Service), Oracle Order Management, Oracle Pricing, Oracle Inventory, and Oracle Accounts Receivable.

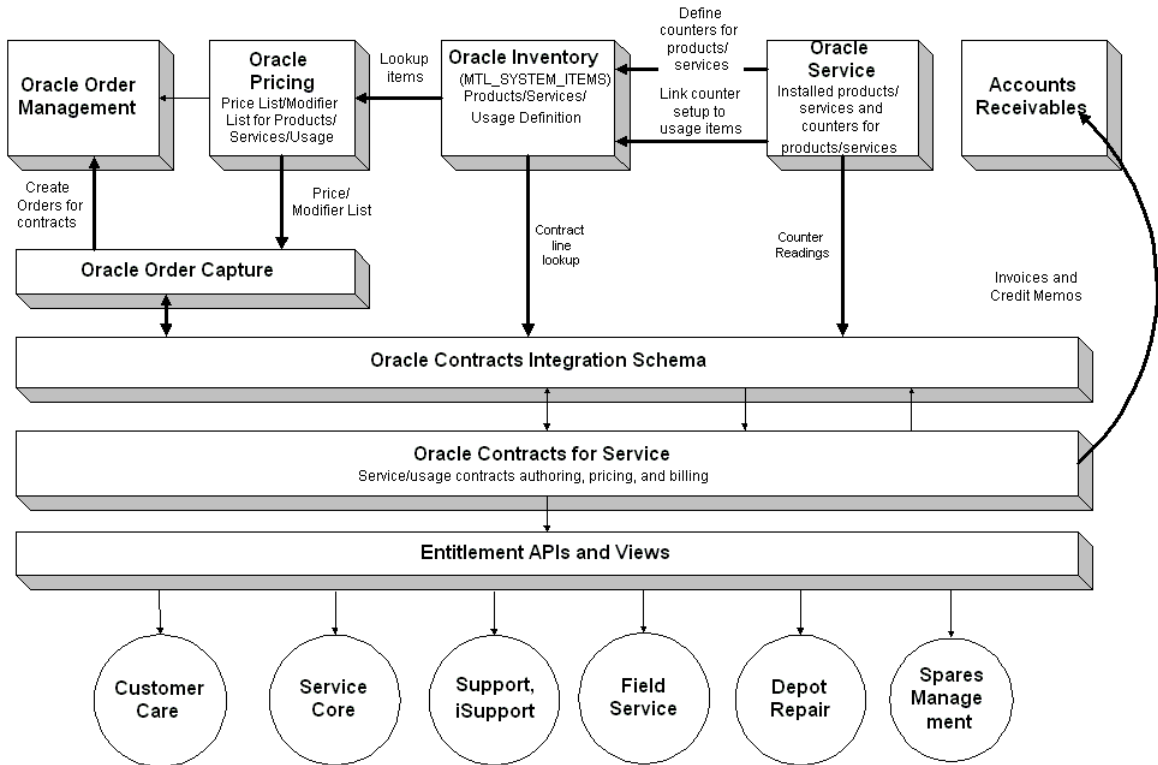
Oracle Contracts for Service is an enterprise solution for creating and managing service contracts, warranties and extended warranties; providing visibility to contract entitlements and proactively acting upon contractual commitments within the contract. Oracle Contracts for Service is part of the Oracle Service Suite, an integrated set of applications to effectively manage your service business.

Integration with Oracle Applications

This section covers the following information:

- n [Automation](#)
- n [Entitlement Processing](#)
- n [Detailed Contract Information](#)

The following diagram illustrates the integration of Oracle Contracts for Service with other Oracle applications.



Automation

Warranties and extended warranties are automatically created and updated with the act of selling goods or services. Integration with Oracle Order Capture facilitates this process. When a product is ordered, if it has an associated warranty in the bill of materials, then the warranty contract is automatically created. Likewise, if a customer chooses to buy extended service on their products, then the information regarding the service to be supplied is passed to Oracle Contracts for Service.

All your contractual commitments, whether from warranties, extended warranties, or detailed service contracts are gathered together in one central place. By including warranties and extended warranties within Oracle Contracts, all the flexibility, automation and entitlement processing functionality is available to be fully leveraged, including automated renewals or termination of the contract.

Entitlement Processing

In addition to the usual functionality of checking entitlements, for example, finding out if a customer is calling during his coverage hours, or to find the agreed reaction time, a separate component of Oracle Contracts for Service allows other applications to view the coverage for a particular contract.

Entitlement information is made available to any application that requests it such as, Oracle Support, Oracle Field Service, and Oracle iSupport.

Detailed Contract Information

Oracle Contracts for Service provides detailed contract information through other Oracle modules:

- Customer Support
 - Contract details for a given customer such as account, end date, status, contract type, and contract number
 - Retrieval of all active, terminated, and expired contracts for a given customer
 - Preferred engineers for a service
 - Coverage time for a service request or customer call
 - Coverage levels associated with a service
 - Reaction times for coverage
 - Billing rate for a specified coverage
 - Billing types
 - Retrieval of contract status for a specific contract or for all contracts
- iSupport
 - Customer has access to service contracts
 - Customer views entitlements, service tech assigned, and response commitments

- Field Service
 - Preferred engineers for a service
- Service Core
 - Contract details for a given customer such as account, end date, status, contract type, contract number, and so on
 - Usage items may be tracked by one or more counters
 - Billing rate for a specified coverage
 - Billing types
- Depot Repair
 - Details for repairs, exchanges, replacements, and loaners
- Charges
 - Details for billing types and billing rates (when applicable, billing rates apply to labor)

Overview of Offering Management

Your customers are unique. To define and craft an individual contract from scratch for every customer is not practical. To balance efficient contract creation with the unique needs of your customer, Oracle Contracts for Service provides offering management. This allows standard service offerings to be defined in advance, while allowing them to be tailored to a customer's needs in the actual contract.

For example, you can offer gold, silver, and bronze support options, each of which represents a set of available offerings. After you define a contract template, you can update it when necessary.

Offering Update

You can add or update offerings any time. The offering updates affect only new contracts authored from the offerings; they do not affect existing contracts.

This section includes the following information:

- [Contract Templates](#)
- [Coverage Templates](#)

Contract Templates

You can define an offering definition using contract authoring and then saving the contract as a template for later use. Define the general terms and conditions of the contract using the following attributes:

- **Services:** This attribute refers to user defined services that are to be provided in the contract. For example, you can define a 9-to-5 service coverage, with a 10 percent discount for materials, which could include field service transactions and hotline support transactions.
- **Times of coverage:** This attribute defines days of the week, hours, and the start and end dates for coverage. For example, you can set up 9-to-5 coverage as in the above example. You have flexibility in defining times based on the service coverage's needs.
- **Response times:** The response time refers to the time in which the service provider must respond to a service request such as, a two-hour response time. The response times are automatically enforced through Oracle Service.
- **Discounts:** This attribute refers to discounts that can be given based on the type of transaction performed. Using the example above, you could set up a discount of 10 percent for material when a service is performed.
- **Levels of coverage:** These can be for a customer, customer site, system, item, or customer product.
- **Counters associated with the contract:** These apply to counters tied to the service. You can also have events tied to counters. For example, you can have a preventative maintenance scheduled for a copier if its counter reading reaches 10,000 copies, or you can track the number of calls a customer has made to a customer support center.

Coverage Templates

Service coverage describes the situation under which the customer is covered for service. Services are broken down into transaction groups, which identify a form of business process that can apply to the service (such as customer support or depot repair). Coverage terms are then defined for these transaction groups.

Coverage reflects the service request reporting time stated in days or hours, and the repair expenses. By setting effective start and end dates, you can phase in or phase out a particular coverage. You can specifically define covered monetary amounts for each service. Use this procedure to define the terms and conditions for specific services, for warranties, and for extended warranties.

Contract Authoring and Pricing

After you define the appropriate template, you can use it as a basis to create a contract from an offering, deliver the contract to the customer, and obtain customer approval on the pricing, coverage, and other terms and conditions defined in the contract, or you can create a contract from scratch. In general, contract authoring and pricing entails the following steps:

1. Select the contract template that best matches the customer's needs.

If you are using a template, define customer information.

2. Define the contract's terms and coverages.

If you have created a contract using a template, you can either use the existing terms and conditions, or modify them as necessary. For a new contract, you need to define the following:

- Customer information: This covers the customer's name, bill-to address, and ship-to address.
- Billing information: Billing frequency, first bill date, and so on.
- Pricing: Price list for calculating the price of the contract. This value comes from Oracle Order Management.
- Services to be provided: Either you can use the default services if you are using a contract template, to create a contract, or you can define and update services. You can set start and end dates for each service, including having different start and end dates from the contract's start and end dates, so long as the service's start and end dates do not exceed the contract's dates.
- Level of coverage: This can be for a customer, customer site, system, item or customer product.
- Coverage details: You can update the coverage details of a service, which can default from the offering. Coverage details include information such as times and terms of coverage, and response times.
- Oracle Contracts for Service lets you define counters in the contract for tracking. For example, you can measure the number of calls made by a customer or the number of copies from a photocopier. You can include *events* in your contracts, which are automatically generated actions that occur based on conditions you define in the contract. For example, an event could be set up for a preventative maintenance service to be performed on a photocopier after every 10,000 copies.

3. Approve the contract.

You can use Oracle Workflow for contract approval and signing. After the contract has been signed it becomes active.

Entitlement Processing

Once a contract is in effect, Oracle Contracts for Service, with its integration with Oracle Service, shares the entitlement information for a customer automatically, based on the customer's contract, and shows the amount to be billed after the service has been delivered.

Contract Billing

Contract billing involves determining the exact amount to be charged for services provided against a contract. Oracle Contracts for Service lets you set up flexible billing cycles. For example, you can set up a monthly billing cycle for a contract and bill the customer when they want to be billed. Oracle Contracts for Service would calculate the amounts each month and execute them through an invoicing system, such as Oracle Receivables.

Overview of Authoring Contracts

Contract authoring involves the creation of a contract from an offering, delivering the contract to the customer, and obtaining customer approval on the pricing, coverage, and other terms and conditions defined in the contract. Contract authoring involves the following tasks:

See [Creating Contracts](#) for the procedure to author a contract.

Offering Selection

Offering selection involves the selection of an offering that most closely matches the customer's needs from all the current offerings. Once selected, the offering may then be configured for the customer's needs.

Contract Definition

Contract definition involves the authoring of the contract using an existing contract as a starting template, or creating the contract from scratch. Defining a contract requires the following steps:

1. Input customer information, including bill-to and ship-to addresses.
2. Define the duration of the contract and the price list used for pricing services in the contract.

The total price of the contract is the sum of the price of individual service lines. The amounts are automatically applied to services rolled up in the total contract price.

You also need to assign billing information such as the frequency the customer wants to be billed and the date the first bill needs to be sent to the customer. The date the customer is to be billed each month or every quarter is based on the frequency that Oracle Contracts supports for receiving billing. The billing engine then calculates billing amounts every period such as a month and sends this information to Oracle Accounts Receivable to execute prices. If a contract line is terminated, then the billing engine automatically adjusts the amount that needs to be sent to Oracle Accounts Receivable.

3. Select services to be provided as part of the contract, such as hours 9 to 5 and a 10 percent discount on material.
4. Assign coverage times. For example, a time of coverage could be 9 to 5, five days a week, plus response times, and customer entitlements. The discounts are defined on transactions that can be handled through a service that the customer has purchased, for example, a 9 to 5, 10 percent discount on material. The service includes a replacement transaction which includes labor and material being used. The customer would then get a 10 percent discount, defined in the coverages, for the material used in the replacement transaction and no discounts on labor charges.

Service Pricing

The list price of service is defined in Oracle Pricing through price lists. Service can be in multiple price lists (for example, corporate, standard, good customer list, and not so good customer list) with different list prices.

In addition, Covered Levels define the level of product coverage and include the following types:

- Site: Cover all products at a particular customer site
- Item: Cover all products of a particular item type within the installed base for the customer (for example, all Dell PC's, Model: OptiPlex GXa). Items are defined in inventory (mtl_system_items)
- Customer Product: Cover a particular product from the customer's installed base (for example, Dell PC, Model: OptiPlex GXa, Serial #123456789)
- System: Cover a particular system configuration
- Customer: Cover products for that customer account
- Party: Cover products for that party

If the Covered Level is Product, then the price of the product is obtained from the price list. In all other cases you must manually enter the price.

There are two main methods for the pricing of services:

- Amount-Based Pricing: Prices are based on a fee for service
- Percentage-Based Pricing: Prices are based on a percentage of the list price of a product

The pricing information comes from Oracle Pricing. The mechanism works as follows: first, a price list is associated with a contract. Then, when services are entered into a contract, a price can be retrieved from Oracle Pricing either in the form of a list price (for amount-based pricing) or a percentage (for percentage-based pricing). In computing an extended price, a number of factors must be considered whether:

- Price needs to be applied to the number of products covered
- Price needs to be applied to the duration of the contract (or service)
- There are any adjustments to the list price
- Discounts need to be applied

For example, consider a service having a list price of \$100 per month. If the service duration is 12 months, and the coverage is for 50 pieces of equipment, then the extended price is:

$\$100.00 \text{ per month} \times 12 \text{ months} \times 50 \text{ installed base items} = \$60,000.00$

Usage Pricing

Counters which track usage of products and services are defined in Oracle Service. The number of black and white copies or color copies made on copiers are examples of using product counters. The total number of support calls and total number of service requests are examples of service counters. The pricing for usage of products and services (tracked by counters) involve the following:

1. In Oracle Service, counter templates (groups, counters, properties) should be defined and associated with either products or services.
2. Products and services that are priced and tracked by counters should be defined as items in Oracle Inventory.
3. Every usage item must be tracked by only one counter. In 11i, the item master includes a new attribute to support usage pricing, `USAGE_ITEM_FLAG`, which identifies an item as a usage item.

4. The list price of usage will be defined in Oracle Pricing using price lists by means of price breaks. Usage can be in multiple price lists (for example, corporate, standard, good customer list, and not so good customer list) with different list prices.
5. While authoring contracts, it is necessary to select the price list at the contract header level. This price list is used to price usage and service lines. If selected from the price list Oracle Contracts for Service creates a pricing rule and stores the price list information. While billing, the amount to be billed is calculated through Oracle Advanced Pricing. Oracle Contracts for Service also supports overriding the price break by entering a negotiated amount which supersedes the calculated amount based on price.

Coverage

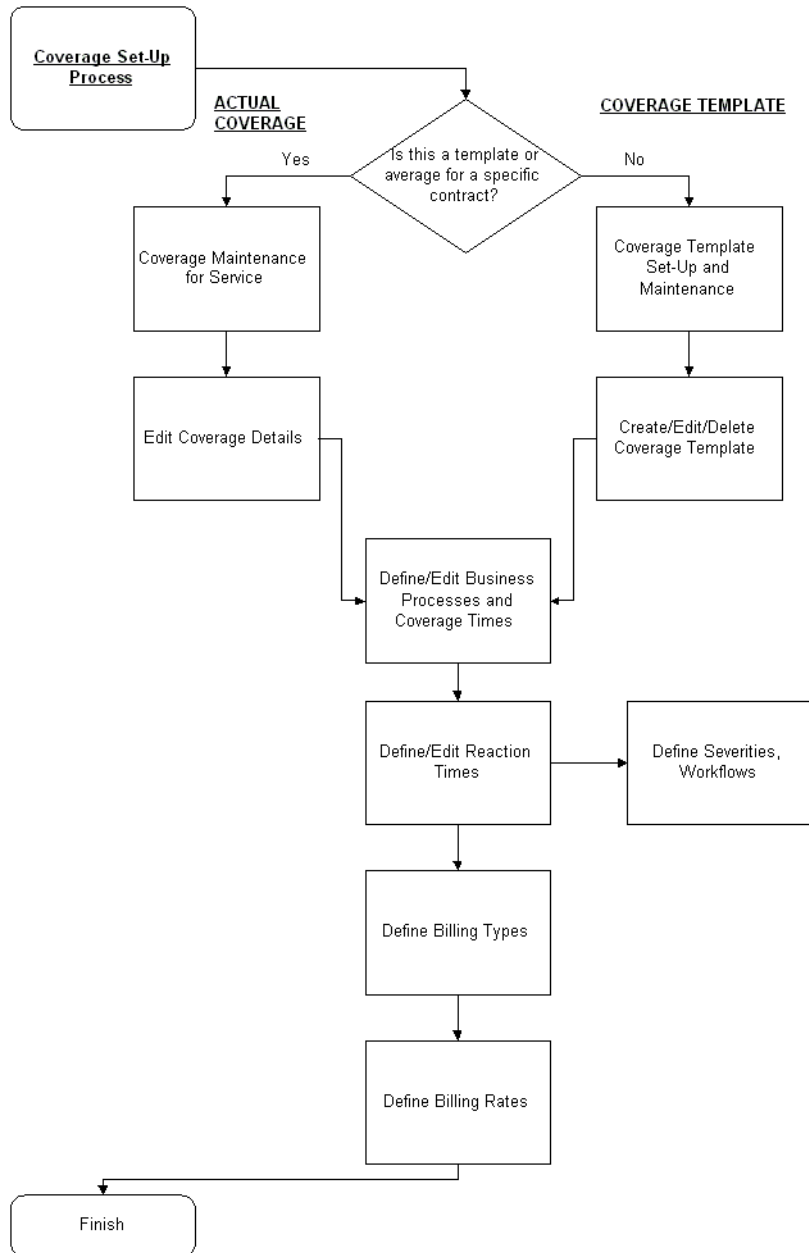
Using the Offering Management feature, you can define a standard set of templates to easily create contracts for a common set of agreements used by your organization, or create new and modified types of contracts to meet your customers' requirements. The coverage template defines the times of coverage, days of coverage, response times for a service request, and the bill types and bill rates that are covered.

For example, you can have a Gold coverage template which covers hotline support and on-site support transactions. The hotline support includes 24 hours, 7 days a week support with 2-hour response time for high priority requests and the on-site support includes 9-to-5 coverage, 5 days a week. As part of defining coverages, you also define the coverage for entitlements. For example, the on-site coverage covers a transaction type of replacement and for a replacement transaction, the customer is charged for material and labor. You define coverage that you want to give to a customer, such as a 10 percent discount on material, and a 5 percent discount on labor up to \$500.

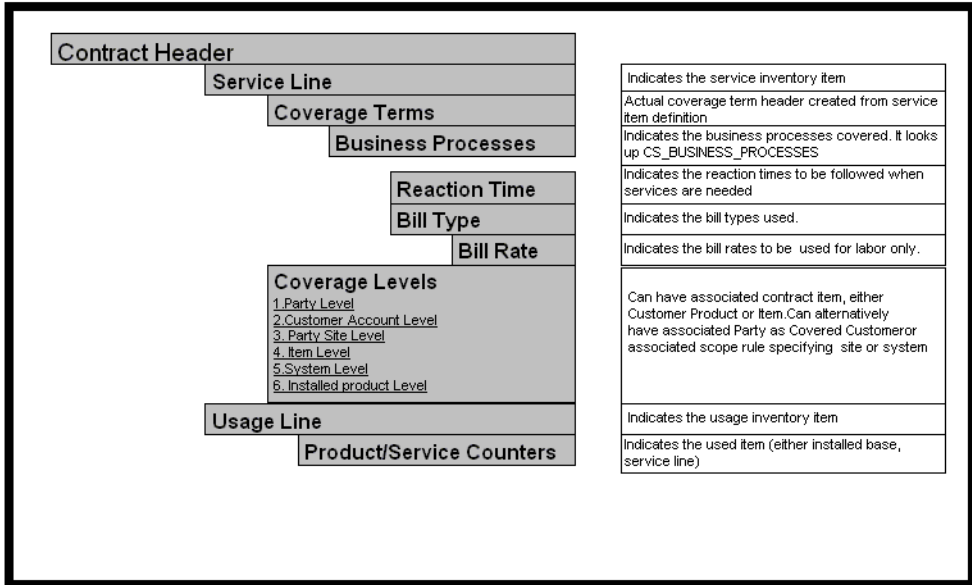
See [Coverage Process Flow](#) for flow diagrams.

Coverage Process Flow

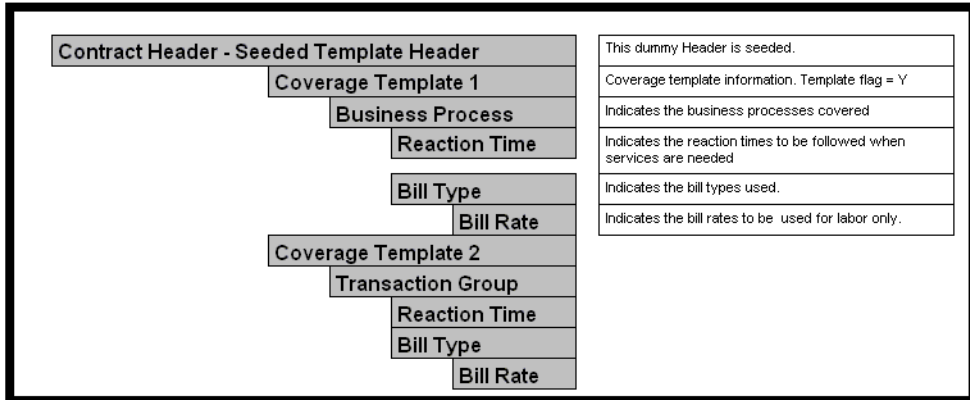
The following diagrams highlights the difference between a coverage template and an actual instance of coverage. The first diagram highlights the different process steps involved in both. And the second diagram highlights the structural differences between both.



Structure for Instance of service contracts



Structure for Coverage Templates



Overview of Support Services

Use Oracle Contracts for Service to automatically create service contracts for service programs and warranties that represent the various support services provided to your customers. This automatic creation is done through an interface between Oracle Order Management and Oracle Contracts for Service.

Service programs are billable support services that help meet customers' diverse support needs. For example, service programs can represent extended warranties or agreements to provide telephone support. When purchased by customers, these service programs can be attached to serviceable products, which lets you define the customer's service entitlement for that product.

A warranty that is attached to a serviceable product is applied automatically when that product is sold. The price of the warranty is assumed to be incorporated in the product price.

This section covers the following information:

- [Flexible Service Programs](#)
- [Warranties](#)
- [Activating Service](#)
- [Service Coverage](#)
- [Controlled Service Availability](#)
- [Service Program Pricing](#)
- [Ordering Service Programs](#)
- [Automatic Service Program Billing](#)
- [Cotermination](#)

Flexible Service Programs

Oracle Contracts for Service can be used to create, maintain, and administer as many service programs as are necessary to meet the service needs and price expectations of each market segment. The following scenarios describe how service programs can be used to provide customer support:

- Provide targeted support based on product characteristics

For example: to support a low-priced, high-volume product you can define a service program for hotline support. To support a more complex, higher-priced product you can define a service program for on-site support.

- Provide multiple service programs to support the same product

For example, a customer who uses your product for critical applications can purchase a service program that ensures support 24 hours a day, seven days a week, while a customer who uses the product for less critical applications can purchase a service program that limits support to weekdays.

- Allow customers to purchase multiple service programs for the same product

For example: one service program may not satisfy all of a customer's needs, so a customer can purchase multiple service programs for the same product. Should your customer want both hotline support and regular preventive maintenance, you can define two different service programs that can be attached to the same customer product.

Defining service programs that support the unique needs of each market segment allows you to meet all customer expectations. For example, using Oracle Order Management, each service program can be priced to achieve the market penetration and volume that needed to sustain the growth of your organization.

Service programs also let you design mass customizing solutions. You can provide service solutions that not only satisfy customers but also help to retain and generate additional business. To ensure better administration, the availability of service programs can be controlled by product, by customer, or a combination of both. To simplify the management of service programs, a group of service programs can be coterminated at the same time, so that they can also be renewed at the same time.

Oracle Contracts for Service enables status tracking of each service program purchased by a customer regardless of the time of its purchase. Customers can order service programs at the same time as a product order, or later when the customer requires support. Expiring service programs can also be identified and customers notified, in order to prevent any breaks in the support services they receive by using Events.

Warranties

Warranties allow a support service to be automatically associated with a product. A warranty can be defined as a component in the bill of material for a serviceable product. The warranty record is automatically associated with the customer product in the installed base upon ordering and shipment of the product to the customer. Just like service programs, warranties are defined by the hours of coverage provided and the scope of the service coverage in terms of material, labor, and expense.

Each serviceable product can be shipped with one or more base warranties defined as components in the product's bill of material.

Activating Service

Oracle Contracts for Service offers several ways to activate or start the support services customers receive. During order entry, start and end dates can be specified for service programs, or only the start dates can be specified, with Oracle Order Management determining the end dates from service program duration information.

The Service Starting Delay can be defined as serviceable products are defined in Oracle Inventory. The Service Starting Delay represents the time in days a service program or warranty is offset to commence after the shipment date. For example, a radio has a service starting delay of five days. If the radio ships on January 15, five days are added to the shipment date and the service program starts on January 20. The start date of the warranty is the ship date plus the starting delay. The end date is calculated by adding the duration to the start date of the support service.

Service Coverage

Service coverages list the actual days during the week and hours during the day when customers may request service. The definition of a service coverage also determines what percentages of labor, material, and expenses are covered, and whether a maximum limit exists for each. As many coverages as necessary can be defined, then each associated with a service program or warranty. Because service personnel have online access to all customer service information, they can easily verify whether customers are contacting them at authorized times, or whether material, labor, and expenses are covered by a support service.

Controlled Service Availability

By default, a service program is eligible to service any serviceable product. The availability of a service program can be limited by product, customer, or both.

By default, a serviceable product does not include a warranty unless the warranty is specified as a component in the product's bill of material.

Service Program Pricing

Service programs can be flexibly priced using price lists in Oracle Order Management. Fixed or variable amounts can be assigned to each of service program. Fixed prices are expressed as actual prices on the price list, whereas variable prices are expressed as percentage to be applied to the price of the serviceable product. When sales orders are entered in Oracle Order Management for ordered service programs, Oracle Order Management references the appropriate price list to find or dynamically calculate the price of the ordered service program. The determined price can then be adjusted by applying discounts.

Ordering Service Programs

As sales orders are entered for serviceable products, one or more service programs can be selected to cover each serviceable product. The serviceable product and its service programs will then be on the same sales order and the same invoice. In the authoring window, multiple services and usages can be sold.

Service programs can also be sold after the sale of the serviceable product. For example, you sell a telephone with a warranty that expires after 90 days. After 90 days, the customer decides to purchase extended service coverage for the telephone. You can then sell the extended coverage as a service program three months after the original sale.

Note: Service programs must always apply to a serviceable product and cannot be sold without referencing a serviceable product.

Regardless of how a service order is started, there is a variety of order processing options from which to choose, including dynamically calculated service program prices, price adjustments, sales credits, and approval cycles that can be applied to the entire order or specific order lines.

Automatic Service Program Billing

Customers can automatically be billed for service programs they purchase, renew, or terminate. Oracle Contracts for Service uses Oracle Receivables, via the Receivables Interface, to create invoices for service programs on sales orders. Billing can be done either in advance or in arrears using Oracle Receivables invoicing rules.

Cotermination

Oracle Contracts for Service enables common expiry date (cotermination date) to be specified for all service programs for a specific customer or system. This date can be set at the customer level so that all service programs for products ordered by a particular customer end simultaneously, or at the system level so that all service programs for products associated with a particular system end simultaneously.

Cotermination is used to determine the end date for service programs that are ordered for new products in Oracle Order Management or for existing products in Oracle Contracts for Service. The system cotermination date is checked first; if none is found, then Oracle Contracts for Service checks the customer cotermination date.

As an example, suppose you set a cotermination date at the system level for October 31, and a customer cotermination date for December 1. Service programs first check for the system cotermination date and set the end dates to October 31. If no date had been set at the system level when the system was defined, then the customer level cotermination date is used.

Another customer has five systems, each with a different cotermination date. For each system, the individual cotermination date becomes the cotermination date for that system only. In turn, if the system had not been assigned a cotermination date, the customer cotermination date would be used.

A customer is notified late in December that the current service programs covering their power generators will be replaced on December 1 of the following year with a more comprehensive service program, and the current service program will not longer be valid. A cotermination date is set at the customer level of November 30. The same customer renews a current service program in January for an existing power generator. In March, the customer orders three more power generators and service programs for other sites. All service programs are checked for cotermination. All four service programs will coterminate on November 30, so the new service programs can start on December 1.

If a service program is ordered, if there is no cotermination date set at either the customer or system level, and if the Coterminate check box has been selected when ordering the service program, then the cotermination date is the end date of the service program and the duration is one year. For example, if a service start date is June 26, 2000, then the cotermination date is June 25, 2001.

Any service programs applied to customer products use the cotermination date that is current at either the system level or the customer level. If the cotermination date is changed at either the customer or system level, then services ordered *after the change* use the new cotermination date. For example, if a customer level cotermination date is August 31, and five service programs are ordered for customer products in February, the cotermination date is August 31. If the date is then changed to July 31, and new service programs are ordered, then the cotermination date for the existing five service programs remains August 31, but the cotermination date for the new service programs is July 31. All subsequent new service programs have the July 31 cotermination date until the date is changed.

A minimum service duration (in days) (with the OKS: Minimum Service Duration profile option) can be applied. For example, you have a cotermination day and month of December 31, and a minimum service duration of 30 days. All services ending on or before December 1 coterminate on December 31 of the current year, and services ending after December 1 coterminate on December 31 of the following year. If coterminating a service program sets its duration to less than the minimum duration, then the service program will be set to coterminate during the following year.

Warranties and Extended Warranties

Warranties and extended warranties are service contracts. When a customer orders a product that has an associated warranty or the customer orders an extended warranty with the product, Oracle Contracts for Service automatically creates the warranty contracts based on

the information from the sales order. When products are returned, replaced, upgraded, or transferred, the warranty and extended warranty are updated appropriately.

Manage your warranties and extended warranties with the following activities:

- Define serviceable products in the item master.
- Define warranties and extended warranties in the item master with a corresponding coverage template.
- Associate or link warranties to the serviceable product in the bill of materials.
- Create warranties as service contracts when serviceable products are ordered.
- Create extended warranties as service contracts when serviceable products are ordered or added to an existing order line or serviceable product that has already been sold.
- Update warranties and extended warranties when customer products are upgraded, replaced, transferred, returned or split.
- View warranties and extended warranties in the service request window.
- Terminate or renew warranties and extended warranties using the Oracle Contracts Core Summary window.

See the following procedures for setting up warranties:

[Defining Serviceable Products](#)

[Defining Coverage for Warranties](#)

[Defining Warranty Items](#)

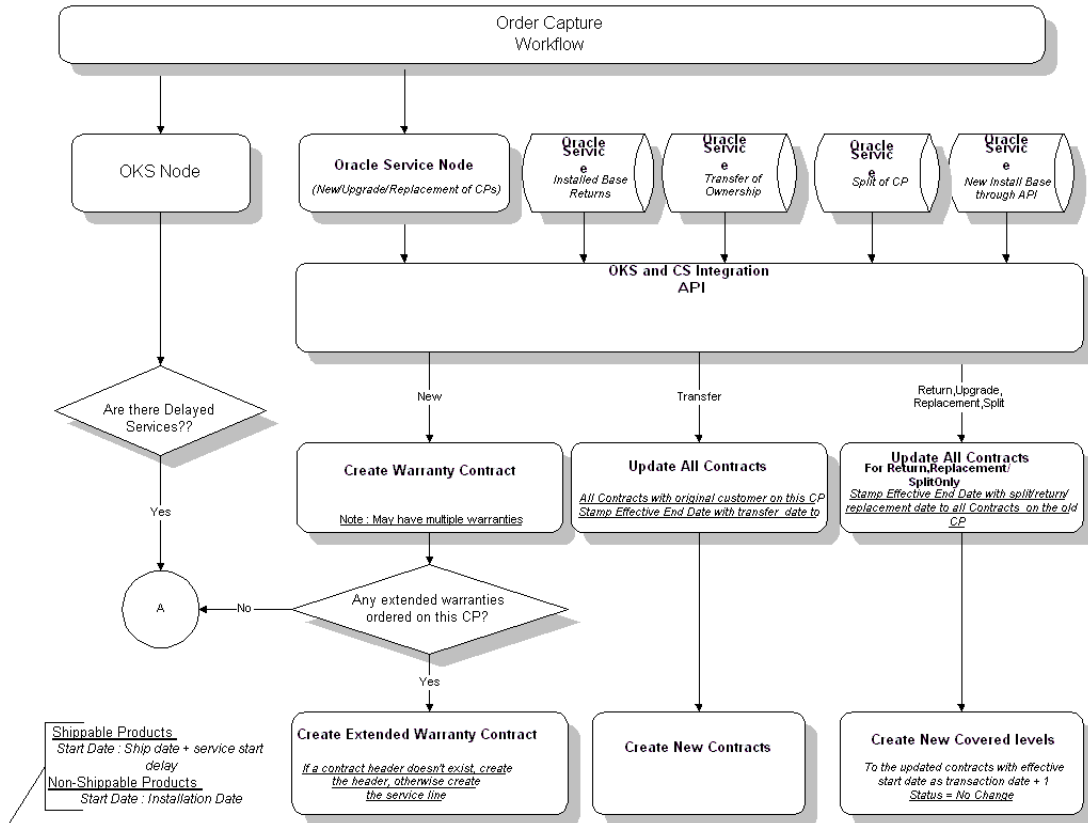
[Warranty Process Flow](#)

Warranty and Extended Warranty Process Flow

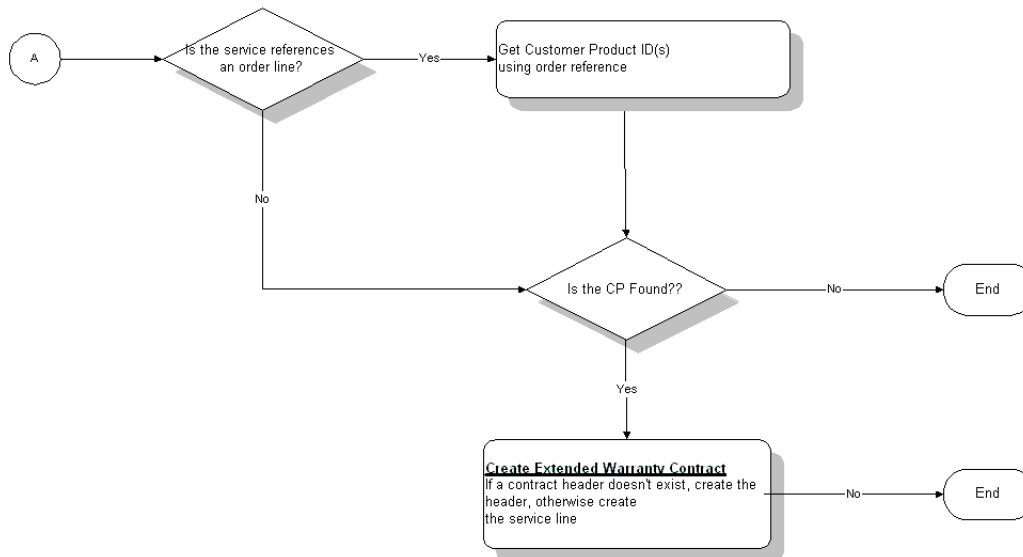
The following diagram illustrates the process flow for the integration between Oracle Order Management and Oracle Contracts for Service and the logic that is involved in creating a warranty and extended warranty. This integration happens behind the scenes. An order creates a service contract that can be viewed in read only mode using the Oracle Contracts for Service authoring window.

Oracle Order Capture is notified by Oracle Order Management through the Process Order API/Update Notice API about any changes occurring in the orders such as headers and line attributes. Oracle Order Capture in turn passes the information on to update the Installed Base and to create or update the extended warranties in Oracle Contracts for Service.

Process Flow - Integration between OC/OM to OKS - Page 1 of 2



Process Flow - Integration between OC/OM to OKS - Page 2 of 2



Billing Functions

Oracle Contracts for Service handles two kinds of billing functions:

- Billing for contract: This function allows users to define billing schedules and the recurring billing amounts are determined in Oracle Contracts for Service and executed through Oracle Receivables.

For example, suppose you create a preventative maintenance service for a customers for \$10,000, starting from April 1, 1999 to March 31, 2000. The customer wants to pay monthly on the first of every month. The billing function will calculate the amount of the first bill at \$1000 for the payment on April 1, 1999, and subsequently calculate the amounts every month. It then sends the calculated amounts to Oracle Accounts Receivables for invoices to be processed. The first bill date does not necessarily need to be the same date as the subsequent dates: you could have a first bill date of April 24, and set the remaining dates at the 10th of the month. The billing program would calculate the billing amount until April 24 and then send this information to Oracle Accounts Receivable for the invoice to be generated. Another invoice would be

generated for the period of April 24 through May 10, and recurring billing would occur the tenth of each month.

You can also define advance billing. For example, suppose the contract effective date is April 1. The first bill date is March 30, and the bill-on date is April 15. The billing program then generates an invoice from April 15, which is sent to March 30. The subsequent billing occurs on the fifteenth of every month.

- Billing for services provided against the contract: The exact amount to be charged to a customer is determined for services provided against a contract.

For example, suppose you have created a 9-to-5, 100 percent material coverage, and you define a 10 percent discount on labor. When a service technician replaces parts for a customer, the customer is charged only for labor with a 10 percent discount. The customer is not charged for parts replaced.

The entitlement engine determines the coverage for each billing line based on the combination of type of billing transaction and the billing type associated with the part on the line. It applies the pricing, discounts, and other parameters defined in the contract for each billing line to derive the actual price to be billed as per the contract.

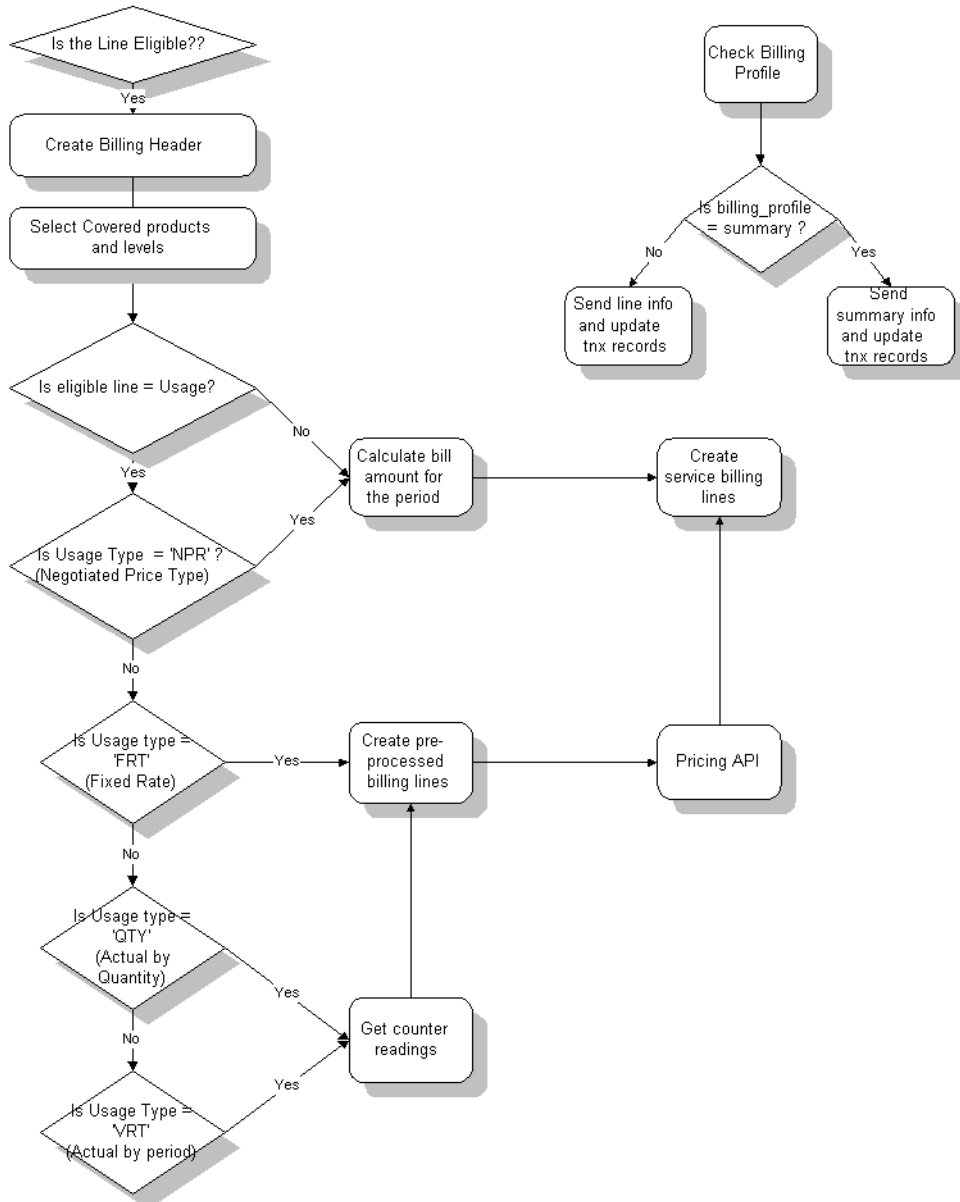
If the contract involves events that require periodic shipping of items (spare parts, magazines, and so on.) then the workflow associated with the event will use the charges API to create a service bill that will ship the product through creating a sales order in Oracle Order Management and invoice the customer through the integration between Oracle Order Management and Oracle Receivables.

Bill Settlement

It may be necessary to settle the billing with customers because of usage limits, fixed usage billing or termination. Settlement billing creates an invoice or credit memo based on the difference between the actual readings and what was billed.

The following diagram illustrates how the service contract billing engine calculates the billing amount. Regardless of the line type, billing details are calculated and stored. When the invoices are ready to be generated and sent to Oracle Accounts Receivable, the customer billing profile is accessed to determine if summarized or detailed billing is to occur.

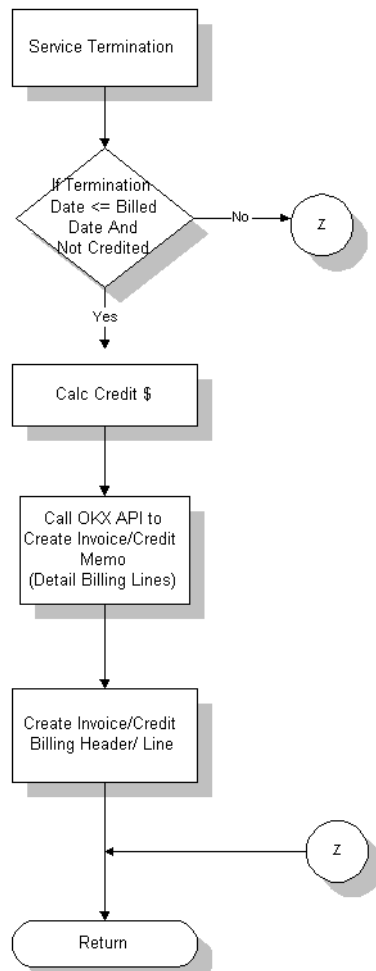
Oracle Service Contracts Billing Engine (Regular)
OKS API



Bill Termination

A service contract can have one or more service and usage lines with different effectivity dates. A customer can choose to terminate the whole contract or individual contract lines (service or usage). The termination of contract lines can be post dated or future dated. When service lines are terminated post dated, the customer is credited for the unbilled portion of the contract. When service lines are terminated future dated, billing is handled by the billing engine.

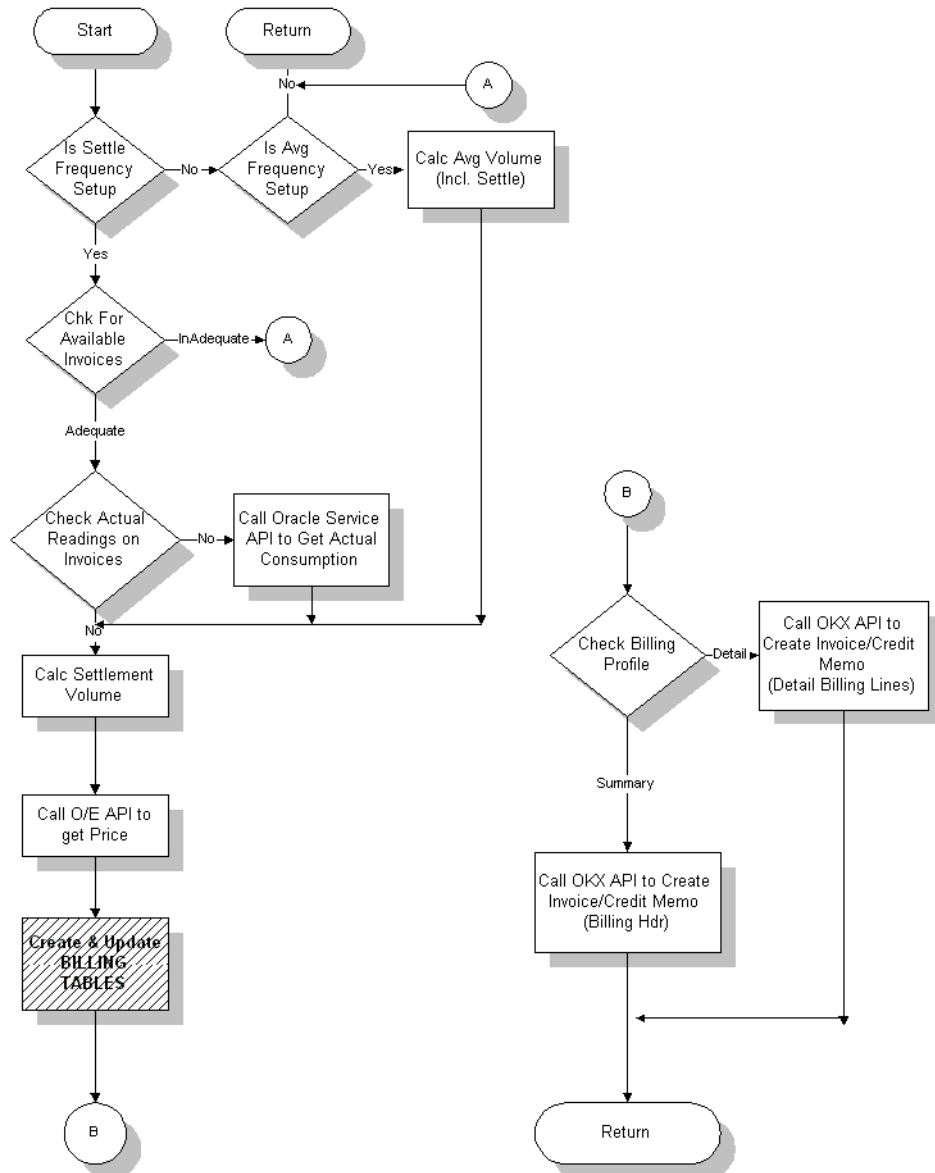
The following diagram is process flow for bill termination:



Service Settlement

Service settlement is based on whether a service or usage line is to be settled and involves the generation of a credit memo or invoice depending on the time frame in which the service is terminated. Settlement of a service line type is straightforward. On the other hand, settlement for a usage line type is based on attributes that are set up for usage lines. The following diagram highlights the logic for determining the amount of the settlement.

Billing Settlement



Overview of Entitlements Processing

Entitlement processing refers to the services that the customer is entitled to once the contract is in effect. The entitlements cover the following:

- Checking for service overlaps
- Performing discount calculations
- Checking for coverage details and reaction times
- Applying requisite billing rates

The entitlements are defined in the contracts window and are automatically enforced through Oracle Support. The discounts and reaction times are defined in the coverage window in Oracle Contracts for Service. For every transaction group that is covered in the contract you can define coverage times and reaction times. For example, an onsite preventative maintenance transaction could be part of 9-to-5 service, with 5 percent material covered in the service. The coverage times for an onsite preventive maintenance service can be 9-to-5, five days a week, with a response time of two hours for a high severity call. If a high priority call comes in at 10:00 A.M., then the service request window would automatically calculate 12:00 P.M. as the time by which the call needs to be resolved.

Similarly, the discounts that are defined in a contract are automatically applied in the service request Charges window which the customer service is delivered. Therefore, the onsite preventative maintenance service includes a replacement of parts transaction type and an upgrade of part transaction type. Once you have the necessary entitlements defined in the service contract, you can associate the contract with the service request and have the charges and discounts applied to the service that is being rendered

Oracle Contracts determines the entitlement of a customer automatically. It accomplishes the following:

- Entitlement processing is integrated with service requests and determines deliverables, time frames, and coverage available for the product and serial number listed on the service request window. The entitlements also determine performance guidelines to be followed such as a 2-hour response time, specified parts included, between specified hours, and so on. More detailed information regarding a contract is available through a drill down on the contract deliverables field of the service request.
- In Oracle Depot Repair, contract entitlements deal with repairs, exchanges, replacements, loaners and returns from customer.
- In service billing, the entitlement engine determines the coverage for each line based on the combination of type of billing transaction and the billing type associated with the

part on the line. It applies the pricing, discounts, and other parameters defined in the contract for each billing line to derive the actual price to be billed as per the contract.

Implementing Oracle Contracts for Service

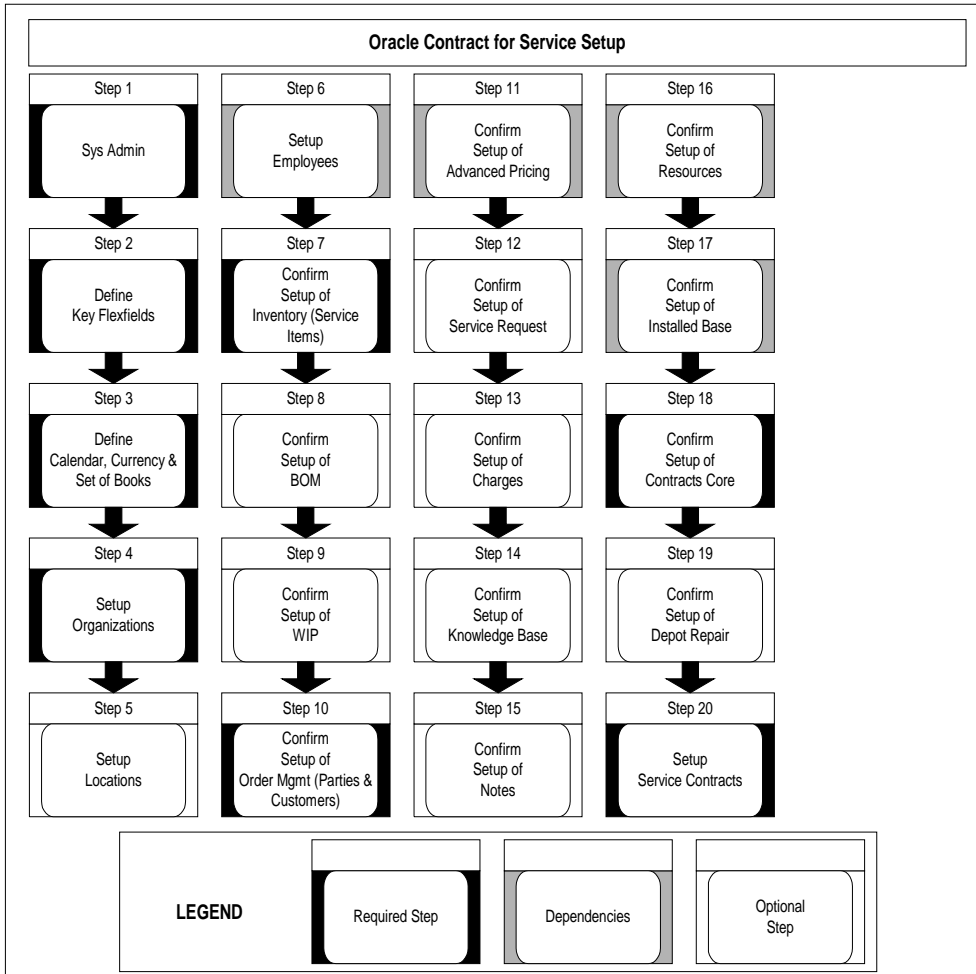
This section describes the setup forms and gives references that help understand the underlying dependencies.

The implementation section consists of the following topics:

- Setup Flowchart and checklist of all required and optional setups
- Lookup Codes
- OC Integration Registration
- Maintaining Time Units of Measure
- Setting up Status and Operations
- Defining Quality Standards
- Defining a Category
- Setting up the Approval Process
- Defining Coverage Templates
- Defining Contract Groups
- Defining a Billing Profile
- Defining Service Availability
- Defining Service Cotermination
- Setting up Service Pricing and Billing
- Setting up System Profile Options
- Key Flexfields
- Renewal Rule Defaults

Setup Flowchart

The following flowchart shows the setup order that is recommended for Oracle Contracts for Service.



Setup Checklist

Complete the following steps in the order shown.

Step	Required	Step Title
1.	Yes	Setup System Administration
2.	Yes	Define Key Flexfields
3.	Yes	Define, Calendar, Currency, and Set of Books
4.	Yes	Setup Organizations
5.	Optional	Setup Locations
6.	Yes	Setup Employees
7.	Yes	Confirm Setup of Inventory
8.	Optional	Confirm Setup of BOM
9.	Optional	Confirm Setup of WIP
10.	Yes	Confirm Setup of Order Management
11.	Yes	Confirm Setup of Advanced Pricing
12.	Optional	Confirm Setup of Service Request
13.	Optional	Confirm Setup of Charges
14.	Optional	Confirm Setup of Knowledge Base
15.	Optional	Confirm Setup of Notes
16.	Yes	Confirm Setup of Resources
17.	Yes	Confirm Setup of Installed Base
18.	Yes	Confirm Setup of Contracts Core
19.	Optional	Confirm Setup of Depot Repair
20.	Yes	Setup Contracts for Service lookups

Setup Steps

Step 1: Setup System Administrator

This step involves the following tasks:

- Define responsibilities. See: *Oracle Applications System Administrator's Guide*.
- Set up printers (optional). See: *Setting Up Your Printers, Oracle Applications System Administrator's Guide*.

Step 2: Define Key Flexfields

When fully installing other applications, such as Oracle Human Resource Management or Oracle Inventory, be sure to coordinate the flexfield setup for these products before defining the key flexfields for this application. It is not recommended to change flexfields frequently. See *Oracle Applications Flexfields Guide*.

For each key flexfield, you perform the following tasks (some are optional):

- Define the flexfield structure
- Define value sets
- Define flexfield segments
- Define flexfield segment values
- Define security rules
- Assign security rules
- Define roll-up groups.
- Define cross-validation rules

Set up the following Accounting flexfield (you may not need to perform this step if you have already installed and set up Oracle General Ledger or performed a common-applications setup. For additional information, see the *Oracle General Ledger User's Guide*.

Set up the following Human Resources key flexfields (you may not need to set up these key flexfields if you have already installed and set up Oracle Human Resource Management Systems or performed a common-applications setup. For additional information see the *Oracle Human Resources User's Guide*.

- Grade
- Job
- Position
- People Group

Step 3: Define Calendars, Currencies, and Set of Books

If you have defined your calendars, currencies, and set of books while setting up a different Oracle Applications product, proceed to the next step. However, if you are performing a Multi-Org implementation, see the note below.

Note: If you are performing a Multi–Org implementation, you may optionally create more than one calendar, currency, or set of books. See: *Multiple Organizations in Oracle Applications*.

This step involves the following tasks:

- Set up calendars:
- Define period types. See: Defining Period Types in the *Oracle General Ledger User's Guide*.
- Define accounting calendar. See: Defining Calendars in the *Oracle General Ledger User's Guide*.
- Define transaction calendar. See: Defining Transaction Calendars in the *Oracle General Ledger User's Guide*. (Optional)
- Define workday calendar. See: Overview of Workday Calendar. See: *Oracle Bills of Materials User's Guide*. (Optional)
- Define exception templates. See: Creating a Workday Exception Template, See: *Oracle Bills of Materials User's Guide*. (Optional)
- Define currencies. See: Defining Currencies in the *Oracle General Ledger User's Guide*.
- Define conversion rate types. See: Defining Conversion Rate Types in the *Oracle General Ledger User's Guide*.
- Assign your set of books to a responsibility. See: Assigning Responsibility to Set of Books in the *Oracle General Ledger User's Guide*.
- Set up currency rates.
- Set up accounting code combinations. See: Setting up Accounting Code Combinations in the *Oracle General Ledger User's Guide*.
- Open and close accounting periods. See: Opening and Closing Accounting Periods in the *Oracle General Ledger User's Guide*.

Step 4: Setup Organizations

You may not need to perform this step if you have already installed and set up Oracle Inventory or performed a common–applications setup. For the following tasks relating to setting up organization. See: *Oracle Human Resources User's Guide*.

Define organization QuickCodes

Define business groups (if you want to define new business groups rather than using the default Setup Business Group, see the section View–all Responsibility in: Setting Up

Security for Applications Using Some HRMS Windows. See: *Oracle Human Resources User's Guide*.

Define organizations

Define human resources organizations

Define legal entities organizations

Define Oracle users for operating-unit organizations

Assign operating units to legal entities

Set up inventory organizations. For the tasks relating to setting up inventory organizations, see: *Oracle Inventory User's Guide*.

Define organization hierarchies. See: *Oracle Human Resources User's Guide*.

Assign business groups and operating units to responsibilities (make sure that the profile option *HR: Business Group* is set at the responsibility level to the business group for that responsibility. See: *Oracle Human Resources User's Guide*.

Step 5: Setup Locations

If you're also setting up other Oracle applications, you may already have defined locations when you set up those applications.

In Oracle Purchasing, define locations for where you ship, deliver internally, or bill the goods and services you order. This is a necessary setup if you plan on importing purchase requisitions from the Planner Workbench into Oracle Purchasing. See: *Setting Up Locations, Oracle Human Resources User's Guide*.

Step 6: Setup Employees

If you do not install Oracle Human Resource Management Systems with Depot Repair, you use the Enter Employee form to define and maintain employees in Oracle Purchasing. Otherwise, the forms in Oracle Human Resource Management Systems are used to enter and maintain employees.

Step 7: Confirm Setup of Inventory

Ensure that all the following setups have been reviewed and completed as necessary. See: *Overview of Setting Up in the Oracle Inventory User's Guide*.

Item flexfield

Category flexfield

Catalog Group flexfield

Stock Locators flexfield

Account Aliases flexfield

Sales Orders flexfield

Change organizations

Intercompany relations

Receiving Options
Picking rules
ATP
Planners
Unit of Measure classes
Unit of Measure
Unit of Measure conversion
Subinventories
Stock locators
Item attribute controls
Categories
Category set
Default Category set
Statuses
Item Catalog Groups
Item Types
Item Templates
Items
Cross-reference Types
Item Delete Constraints
Cost Types
Cost Activities
Material sub-elements
Material overheads
Material overhead rates
Freight Carriers
Organization Shipping Network
Shipping Methods
Movement Statistics parameters
Economic zones
Account Aliases
Transaction source types
Transaction types
Transaction reasons
Purchasing Options
Accounting periods
Interface managers
Profile Options
Container Types
Commodity Codes
Customer Items

- Customer item cross references
- Notification List
- Shortage parameter

Step 8: Confirm Setup of BOM

Ensure that all the following setups have been reviewed and completed as necessary. See: Overview of Setting Up in *Oracle Bills of Materials User's Guide*.

- Profile Options
- Exception Tables
- Workday Calendar
- Workday Calendar for Organization
- Define parameters
- Resources
- Resource Groups
- Simulation Sets
- Locations
- Departments
- Resource and Resource Shifts to Departments
- Overheads
- Overheads with Departments
- Alternates
- Standard BOM comments
- Standard instructions
- Change Order Types
- Delete Constraints

Step 9: Confirm Setup of WIP

Ensure that all the following setups have been reviewed and completed as necessary. See: Overview of Setting Up in the *Oracle Work in Process User's Guide*.

- Profile Options
- WIP parameters
- WIP accounting class
- Schedule Groups
- Labor Rates
- Job and Schedule Documents
- Operation Documents

Step 10: Confirm Setup of Order Management

Ensure that all the following setups have been reviewed and completed as necessary. See: Overview of Setting Up in the *Oracle Order Management User's Guide*.

- Profile Options
- parameters
- Invoicing
- Sales persons
- Tax
- Quick Codes
- Workflow
- Document Sequences
- Order Import Sources
- Customer Classes
- Customers
- Transaction Types
- Cost of Goods Sold
- Processing Constraints
- Defaulting Rules
- Credit Checking
- Holds
- Attachments
- Freight Charges and Carriers
- Pricing
- Shipping

Step 11: Confirm Setup of Pricing

Ensure that all the following setups have been reviewed and completed as necessary. See: Overview of Setting Up in the *Oracle Pricing User's Guide*.

- Profile Options
- Qualifiers
- Pricing Attributes
- Attribute Sourcing
- Pricing Lookup
- OM Lookup
- Shipping Lookup
- Order Types
- Line Types
- Freight Terms
- Freight Cost Types

- Payment Terms
- System Sourcing
- Event Phasing

Step 12: Confirm Setup of Service Request

Ensure that all the following setups have been reviewed and completed as necessary (see the *Oracle Service Request Implementation Guide*):

- Profile Options
- Lookup Codes
- Request Status
- Service Request Types
- Problem and Resolution Codes
- Request Severity and Urgencies
- Business Processes
- Billing Types
- Billing Rates

Step 13: Confirm Setup of Charges

Ensure that all the following setups have been reviewed and completed as necessary (see the *Oracle Charges Implementation Guide*):

- Profile Options
- Lookup Codes
- Billing Types
- Billing Rates

Step 14: Confirm Setup of Knowledge Base

Ensure that all the following setups have been reviewed and completed as necessary (see the *Oracle Knowledge Base Implementation Guide*):

- Profile Options
- Lookups

Step 15: Confirm Setup of Notes

Ensure that all the following setups have been reviewed and completed as necessary (see the *Oracle Notes Implementation Guide*):

- Profile Options
- Source Type And Note Type Mapping
- Note Types

Step 16: Confirm Setup of Resources

Ensure that all the following steps have been reviewed and completed as necessary (see the *Oracle Resources Implementation Guide*):

- Profile Options
- Lookup Codes
- Roles
- Role Types

Step 17: Confirm Setup of Installed Base

Ensure that all the following setups have been reviewed and completed as necessary (see the *Oracle Installed Base Implementation Guide*):

- Profile Options
- Lookup Codes
- Product Status Codes
- Product Types
- Business Processes
- Transaction Billing Types
- System Types
- Split Product Reasons
- Customer Product Configuration

Step 18: Confirm Setup of Contracts Core

Ensure that all the following setups have been reviewed and completed as necessary (see the implementing section of *Oracle Contracts Core Concepts and Procedures*):

- Profile Options
- Lookup Codes
- Standard Articles
- Events
- Status and Operations
- Process Definitions
- Sources
- Quality Standards
- Termination Reasons
- Categories
- Approval Process
- Line Styles
- Party Role, Contact Role
- Managing Change Requests

Rule Groups

Step 19: Confirm Setup of Depot Repair

Ensure that all the following setups have been reviewed and completed as necessary (see the *Oracle Depot Repair Implementation Guide*):

- Profile Options
- Depot Repair Types
- Depot Repair Reason Codes

Step 20: Setup Contracts for Service Lookups

The following section describes the specific Contracts for Service setup. Use this list to identify lookup codes (QuickCodes) you need to define for your implementation. You also setup System Profile Options, see *Setting Up System Profile Options*. You can enter them in any order. Please follow the standard procedure outlined in the *Oracle Applications Users Guide*.

Setting Up Lookup Codes

	Code	Description
1.	OKC_ARTICLE_SET	Defines sets of articles
2.	OKC_BILLING_RATE_CODE_RDF	Billing rate code
3.	OKC_CHANGE_REQUEST_STATUS	Change request status
4.	OKC_CONTACT_ROLE	Defines contact roles
5.	OKC_CONTINGENT_EVENTS	Contingent events
6.	OKC_INHERITANCE_TYPE_RDF	Inheritance type
7.	OKC_LINE_TYPES	Defines top line styles
8.	OKC_PRICE_TYPE	Pricing types
9.	OKC_PROCESS_USAGE_TYPES	Process usage type
10.	OKC_REL_OBJ	Related object types
11.	OKC_ROLE	Party contract roles

	Code	Description
12.	OKC_RULE_DEF	Rule definitions
13.	OKC_RULE_DEF	Rule group definitions
14.	OKC_STATUS_TYPE	Contract status types
15.	OKC_SUBJECT	Standard article subject types
16.	OKC_TERMINATION_REASON	Defines reason for terminating a contract. Users must specify a reason for terminating a contract
17.	OKC_TIME	Seeded time units of measure
18.	OKC_WINDOW_TITLES	Dynamic window titles
19.	OXS_SCVE_TYPE	Coverage type rule
20.	OXS_WHE_TYPE	Warranty inheritance rule type
21.	OXS_BILL_ACTIONS	Billing action rules
22.	OXS_MEDIA_DEF	Invoice media definitions
23.	OXS_SC_DISTRIBUTION	Sales credit definition
24.	OXS_SC_YES_NO	Service Contracts yes/no
25.	OXS_SVC_PERIOD	Service periods
26.	OXS_USAGE_TYPE	Billing types for usage items

Order Capture Integration Registration

Registration to Order Capture advanced queue is required to automatically create service contracts for immediate and delayed services ordered in Oracle Order Management (OM) module. It is also required for creating warranty contracts for products ordered in OM.

Prerequisites

You must define OKS as an application (System Administrator)

Steps

1. From the Navigator, choose **Order Capture Super User >Lookups**
2. Query lookup: AS_ORDER_FEEDBACK_CRM_APPS
3. Enter the code OKS.

4. Enter the code meaning.
5. Optionally, enter the description.
6. Enter the tag.
7. Enter the effective dates (from/to dates).
8. Select the enabled check box (if applicable).
9. Save your work.

Guidelines

It is imperative that OKS be registered. If not, no contracts will be created for any immediate services or delayed services as well as warranties and extended warranties originating from Order Management.

Maintaining Time Units of Measure

Oracle Contracts Core defines unit of measure conversion for time differently from Oracle Applications. This helps ensure that the scheduling is more accurate than a simple conversion such as 1 month = 30 days, which is only correct for 5 out of the 12 months. If you want to define your own time unit conversions for extending a contract or for scheduling, then you must define your own time unit conversions. Use this procedure to map your time units to the six base time units.

Prerequisites

Define your units of measure classes and units of measure using Oracle Inventory. Choose the unit of measure class to be used for contracts and select it for the profile option OKC: Time UOM Class. The units of measure within the chosen class appear in the list of values for User Unit in the Map Time Units window.

Steps

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract > Units of Measure > Time Units of Measure**.
2. Select a user unit of measure from the list of units of measure.
3. Select the base unit of measure that equals the user unit of measure.
4. If needed, enter conversion information.
5. Optionally, enter a description.
6. Save your work.

Guidelines

There are six internal time units: seconds, minutes, hours, days, months, and years. Make sure to map each time unit you want to use in Oracle Contracts Core. An example of a mapping: Day (your definition) = 1 day (base definition).

Setting Up Status and Operations

You can control the operations (such as update on line and delete contract) that can be performed on a contract depending upon the category assigned to the contract when it is created and the status of the contract (such as active or terminated). Use this procedure to add statuses and to define by category and status which operations can be executed against a contract.

Prerequisites

You must define Contract Categories and Operations in Contracts Core.

Steps

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract > Status and Operations**
2. Select a status type.
3. Optionally, enter additional statuses for the status type, enter the text to display in application windows in the Meanings field, and select the default status for the contract when it first reaches the stage of the selected status type.
4. For each status, select every category, operation, and level (header or line level) combination you want to relate to the status.
5. For each line you created in the Allowed Operations by Category section, select Allowed to allow the operation. Clear Allowed to prohibit the operation.
6. Save your work.

Guidelines

If you define a new status for the status type Active, then you have to make sure that you specifically allow operations such as on-line update. If you create a new status without specifying any allowed operations, then you implicitly allow no operations for this contract status. In order for the concurrent program Status Change to automatically update contract status you must define a default status for each status type.

Defining Quality Assurance Checklist

Use this procedure to define a new Quality Assurance (QA) checklist. Oracle Contracts Core validates a contract before you can submit it for approval using a QA checklist. Each checklist consists of one or more Oracle Workflow processes.

Prerequisites

You must define the Oracle Workflow processes in Contracts Core before adding them to the checklist.

Steps

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract > Quality Assurance**.
2. Enter a name and a description.
3. In the Processes region, select the process that will become a part of the QA checklist.
4. Select Active.
5. From the Severity list, select one of the following levels:
 - n **Ignore**: The contract passes Approval, same as Warning
 - n **Warning**: The contract passes Approval, same as Ignore
 - n **Stop**: The contract does not pass quality assurance if this process fails
6. Optionally, override the default values for the parameters.
7. Save your work.

Guidelines

The default Quality Assurance (QA) checklist is executed automatically for any contract, even if you create another checklist for the contract. You cannot modify or update the default checklist.

Defining a Category

A category is a type of contract, such as a license agreement or warranty contract. Use this procedure to define a category and the components of that category to be available to a user authoring a contract within that category.

Prerequisites

You must define the following:

- Party Roles, Rules, Rule Groups, and Line Styles in Contracts Core
- Responsibilities in System Administrator

Steps

1. From the Navigator, choose **Corporate Contracts Manager > Setup > Contract > Categories > Define Categories**.
2. Enter the category name and other information. The class you select determines what authoring window is used, contract or service contract.
3. In the Party Roles tab, select roles that can be included in the contract and enter effective dates.
4. In the Rules tab, select rule groups you want to have access to on any of the three levels: contract, line, or articles.
5. Select a rule party role and qualify the role as object or subject to restrict the use of the role in the rule in a contract. This is needed because there could be multiple vendors or customers in a contract, but you only want to pay or invoice one of them. Enter the role, even if your contract has only one vendor or customer.
6. In the Line Styles tab, select top line styles. The tree structure of the entire selected line style is displayed. For every line of a line style, the roles entered in the Party Roles tab are shown in the Party Roles subtab and the rule groups entered in the Rules tab of the category are shown in the Rules subtab of the Line Style tab.
7. If you want a party role to be selectable on the contract line level, then in the Party Roles subtab of the Line Style tab, choose Select.
8. If you want a rule group to be selectable on the contract line level, then in the Rules subtab of the Line Style tab, choose Select.
9. In the Responsibilities tab, select at least one responsibility and assign access level rights to the responsibility along with effective dates.
10. Save your work.

Guidelines

You cannot delete a component from a category. To remove a component from the category, you have to expire it. Adding components to a category do not make the components

mandatory during contract authoring. Roles for rules is used for service contracts. The following scenario is an example of qualifying a role for a rule:

Qualify the customer role in the billing rule as the object of the billing role, that is, as the party to which the bill is sent. Or, you can determine that your billing rules identify the seller as the subject, in other words, the seller would send the invoice. The rule edit would then choose the right list of values when you enter rule information. In the Rule tab, the optional flag determines if the qualified role may be omitted for a rule to pass quality assurance.

A responsibility not selected on the Responsibilities tab is prohibited access to the contract.

To access a rule from the authoring window, you must include the rule group in the category definition. You can include more than one rule group to a category.

Setting Up the Approval Process

Use this procedure to define the approver for both change requests and contracts if you do not have an Oracle Workflow process defined to handle approvals.

Prerequisites

You must define the appropriate Oracle application user IDs in System Administrator.

Steps

1. From the Navigator, choose **Corporate Contracts Manager > Control > Profile Option**.
2. To set up an approver for change requests, enter the names in the system profile option: OKC: Change Request Approver. This profile option overrides a workflow setup and uses the approver, if the workflow is not yet defined.
3. To set up contract approvers, enter the names in the system profile option: OKC: Contract Approver. This profile options overrides a workflow setup and uses the approver, if the workflow is not yet defined.

Guidelines

If these profile options are not set up, the workflow approvers are sent notifications.

Defining Coverage Templates

Service Coverage describes the situations under which the Customer is covered for Service. Services are broken down into Transaction Groups, which identify a form of Business

Process that can apply to the Service (such as Customer Support or Depot Repair). Coverage Terms are then defined for these Transaction Groups. The information comprising Coverage Terms are:

- Coverage Times: The days of the week and hours during the day that the customer can request service.
- Reaction Times: The amount of time allowed by which action must be initiated for a particular process being requested.
- Preferred Resources: This is the list of preferred resources that are eligible to work on a specific task when a service request is created.
- Billing Types and Rates: For each Transaction Group, define what types of billing are allowed, with limits, as well as labor rates.

Prerequisites

The following must be defined:

- Coverage type lookup code (Contracts for Service)
- Business processes (Customer Support)
- Price List (Order Management)
- Time zone
- Service Request Severity (Customer Support)
- Resource types (Customer Support)
- Resources (Customer Support)
- Billing types (Customer Support)
- Billing rates (Customer Support)

Steps

1. From the Navigator, choose **Service Contracts Manager > Coverage Templates**. The user is free to change Coverage Name, Description, Suitable as Exception flag and Exception Cover. Duplicate Coverage Names are not allowed. In the case of an actual Service Coverage, the user will not be able to change Coverage dates, Suitable as Exception, and Warranty fields.
2. Enter the name of the coverage template you want to create. A duplicate coverage name is not allowed.
3. Enter the type of coverage from the list of values.
4. Enter a date range for the effective dates if you want the coverage template to expire after a certain time frame. The effective Start Date is mandatory and the End date is optional.

5. Enter a brief description of the template.
6. Exception Coverage is always chosen from the list of Service Coverage Templates that are marked as “Suitable as Exception”. Select this check box if this coverage is suitable as an exception for another coverage.
7. If applicable, select the Warranty check box. If selected, warranty inheritance may be entered. In the case of a coverage template, the Warranty check box may be updated, as required. However, if an Inheritance has been entered in conjunction with the Warranty check box, the Inheritance must be set to NULL before the Warranty check box can be unchecked. In addition, the Warranty check box is mutually exclusive with Billing Types. If the Warranty check box has been selected, then Billing Types are not allowed. Conversely, if Billing Types have been entered, then selecting the Warranty check box is not allowed.
8. Enter the inheritance criteria if the product has replaced. This is applicable only to Warranty lines. This rule is used whenever a customer product is replaced. The replaced customer product will be determined by the inheritance type: "R" is the remaining period duration, and "F" is the full new period duration. If the inheritance type is "R", then the replacement product's warranty is the remaining duration of the original warranty. If the inheritance type is "F", then the replacement product's warranty is a brand new warranty duration.
9. Enter the transaction group name from the list of values, for example, “Hotline Support” or “On-Site Support.”
10. Enter the offset duration or amount of time you would like the service to be offset from the service start date. For example, if you want on-site support to start one month after the service goes into effect and you may want Hotline support to be available immediately.
11. Specify the offset period for the Offset Duration, for example, “hour”. For a coverage template, these values are automatically inserted when you specify an offset period. The transaction group dates must be within the service dates. For an actual instance (access from the Service Contract Authoring form), these dates may be changed. If the Offset Duration is modified, the Start and End dates are automatically adjusted as long as they're within the range of the service coverage dates. And conversely, if the Start and End dates are modified, the Offset Duration is automatically adjusted.
12. Enter a default price list to be used to perform a service from the list of values.
13. Enter the percentage of discount allowed for the transaction group, for example, “10%” from the list of values.

Entering Coverage Times

1. Select the Coverage Times subtab.
2. For specific times, enter the desired coverage times. Valid time values range from 00:00 to 23:59. Leaving blanks indicates that there is no coverage for a given day. For a given business process, the coverage time for, at least, one day must be entered.
3. Enter the time zone from the list of values. This is a mandatory field.
4. If applicable, select the Populate All button to set the Start Time and End Time for all days as 00:00 and 23:59 respectively.
5. If applicable, select Clear All button to set the Start Time and End Time to blanks for all weekdays.
6. If applicable, select the day and select Populate Day button to set the Start Time and End Time of the selected weekday to 00:00 and 23:59.

Entering Reaction Times

1. Select the Reaction Times subtab.
2. Enter a name for the severity definition, for example, “Level 1” or “Important”.
3. Specify the level of severity, for example, “High” from a list of values.
4. Select the Work Through to override the normal coverage times for that transaction. For example, suppose you have 9-to-5 support, five days a week, with a 2-hour response time. If a customer calls for support at 4:45 P.M., the Work Through feature will allow the customer to receive support by 6:45 that evening. If Work Through is deselected the customer will receive support by 11:45 the next morning.
5. Select the Active check box to allow the entitlements feature to be used for the current service’s response time.
6. Enter specific reaction times for each applicable day.
7. Enter the applicable workflow for each reaction time name specified from a list of values.

Entering Preferred Resources

1. Select the Preferred Resources subtab.
2. Select the resource Type from the LOV.
3. Enter a resource name.

Entering Billing Types and Billing Rates

1. Select the Billing Types subtab.
2. Select the billing type from the LOV. Duplicates are not allowed. If the Billing Type is labor, the Billing Rates region is enabled.
3. Enter the maximum allowed amount.
4. Enter the percentage covered or discount.
5. Select the Billing Rate Name from the LOV, for example, normal, overtime, and so on.
6. Select the UOM from the LOV.
7. Enter the flat rate.
8. Enter the allowed percentage over list price.

Guidelines

In order to instantiate a coverage when creating service contract lines, at least one coverage template must be created and linked to the service items defined in Inventory. The number of coverage templates should reflect the number of coverages that are applicable to the types of coverages offered.

Defining Contract Groups

Contract groups are used to logically group contracts into folders for easy access and may be defined as private or public. For example, a set of contracts may be grouped by customer or by persons administering the contracts. In addition, a contract may exist in multiple groups.

Prerequisites

None

Steps

1. From the Navigator, choose **Service Contracts Manager > Contract Groups > Define Contract Groups**.
2. Enter a name for your group. You can prefix the name with your initials.
3. Enter a short description.
4. Save your work.

Guidelines

The system requirement is that, at least, one group must be defined and that this contract group must be set up in the profile option “OKS: Contract group for warranties”. All contracts for services ordered in Order Management are placed in this contract group. On the other hand, when manually creating contracts, it is recommended to create a contract group to encompass these contracts

Defining a Billing Profile

All customer account information is set up in Oracle Account Receivables, which includes a single billing profile that is applicable to all customer billing. However, if a need arises to set up multiple billing profiles or ad hoc billing profiles, this becomes problematic because Account Receivables doesn't have a flexible means of meeting this requirement.

Service Contracts addresses this requirement and has a feature that allows the creation of billing profiles as the need arises. Billing profiles may include all or part of the following information:

- Customer
- Bill-to customer and address
- Summarized billing frequency, i.e. daily, weekly, monthly, and so on (if required).
- Summary or detailed bill

Invoices are generated according to the billing profile attributes, for example, whether the customer wants a summarized or a detailed invoice. The billing engine accesses the billing profile and bills accordingly.

Prerequisites

You must define the parties and customer accounts, including the bill-to addresses. In addition, you must define media quick code, and Interval (Inventory).

Steps

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract > Billing Profile**.
2. Enter an alphanumeric profile number.
3. Enter the profile description.
4. Select the party from the list of values.
5. Select the customer account for the given party from the list of values.

6. Select the bill to address for the given customer account from the list of values.
7. Select check box if summarized bill is required. If unselected, detailed billing takes place.
8. Enter the media from the list of values that is used to support billing.
9. Enter the billing interval from the list of values, for example, month.
10. If billing is to occur in “arrears” of the billing interval, select the Arrears check box.
11. If billing is to occur in “advance” of the billing interval, select the Advance check box .
12. Enter the interval that billing is to be offset.
13. Enter the standard message that is to be included on all invoices.
14. Save your work.

Guidelines

A billing profile should be defined according to the billing requirements for a given customer account. If multiple customer accounts have different billing requirements, the number of billing profiles should be defined accordingly. There is no restriction on the number of billing profiles per customer account. As required, ad hoc billing profiles may be created.

Defining Service Availability

Service availability is used to define the available services for service programs, warranties and extended warranties. For party and for product, it lists exclusions. When a contract is authored with either that party or that covered product, the system will either not present the exclusions in the LOV or will prevent the contract from being saved.

Prerequisites

You must define Service items as well as Serviceable Products in Inventory and define Parties in AR.

Steps

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract > Service Availability**.
2. Select a service item from the LOV.
3. Access the Party tab and select the Generally Available check box (if applicable).

4. Enter the effective dates.
5. Select a Party from the LOV (which is to be excluded).
6. Enter the start and end dates.
7. Access the Product tab and select the Generally Available check box (if applicable).
8. Enter the effective dates.
9. Select a Product from the LOV (which is to be excluded).
10. Enter the low and high revision numbers (if applicable).
11. Enter the start and end dates.
12. Save your changes.

Guidelines

These options should be used to exclude a party and/or product when defining a service contract for a service item.

Defining Service Cotermination

Service cotermination is a way of automatically coterminating all the service lines for a given party's customer accounts. In other words, a service on any contract authored for that party will end on that date within that year (MMDD). Any order entered for that party, e.g. a warranty or extended warranty would also take this date into account and should prorate the price of the service accordingly.

Prerequisites

You must define the parties and their customer accounts in advance.

Steps

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract >Service Cotermination**.
2. Select a Party from the LOV. The corresponding customer account is displayed.
3. Enter the cotermination day.
4. Enter cotermination month.
5. Save your work.

Guidelines

This feature allows you to coterminate service lines as required.

Setting Up Service Pricing and Billing

This topic covers the following set up processes for service pricing and billing:

[Service Pricing](#)

[Billing](#)

[Transaction Type Setup](#)

[Setting Up Batch Transaction Sources](#)

[Setting Up Transaction Flexfield Segments](#)

Service Pricing

The list price of service is defined in OM using price lists. Since service is an item, OM pricing functionality can be fully leveraged. Service can be in multiple price lists (e.g. corporate, standard, good customer list and not so good customer list etc.) with different list prices. In addition, Covered Levels define the level of product coverage and includes the following types:

- n Site: Covers all products at a particular customer site.
- n Item: Covers all products of a particular item type (e.g. All Dell PC's, Model: OptiPlex GXa). Items are defined in inventory (mtl_system_items).
- n Customer Product: Covers a particular product from the Customer's Installed Base (e.g. Dell PC, Model: OptiPlex GXa, Serial #123456789).
- n System: Covers a particular system configuration.
- n Customer: Covers products for that Customer Account.
- n Party: Covers products for that Party.

If the Covered Level is "Product" then QP is called to get the price of the product. In all other cases the user has to manually enter the price. There are two main methods for the pricing of Services:

- n Amount-Based Pricing: Prices are based on a fee for service.
- n Percentage-Based Pricing: Prices are based on a percentage of the list price of a product.

The pricing information comes from QP (Oracle Pricing). The mechanism works as follows: first, a Price List is associated with a Contract. Then, when Services are entered into a contract, a “price” can be retrieved from QP either in the form of a List Price (for Amount-Based pricing) or a Percentage (for Percentage-Based Pricing). In computing an Extended Price, a number of factors must be considered whether:

- Price needs to be applied to the number of products covered
- Price needs to be applied to the duration of the contract (or service)
- Discounts need to be applied

Billing

The procedures for executing service contract billing involves the following concurrent requests:

- Service Contracts Main Billing: According to pricing attributes set up in the contract and billing schedule, detailed transactions are generated in OKS billing interface table regardless of how the billing profile is set up, i.e. summarized or detailed billing,
- Autoinvoice Import Program: The billing transactions are then imported into AR. If the billing profile is set up as “summarized” billing, only summarized transactions are imported into AR.

Prerequisites

You must define the following:

- Transaction Types (AR)
- Credit Memo Batch Sources (optional) (AR)
- Grouping Rules (optional) (AR)
- Service items Inventory (Inventory)
- Applicable service items must be included on one or more price lists (Order Management)
- Party and customer accounts must be defined (AR)
- Billing profiles must be defined, i.e. specifically bill to address, summarized billing, billing frequency, advanced or arrears billing. (Contracts for Service)

Transaction Type Setup

Transaction types are used to define the accounting for the debit memos, charge backs, commitments, and invoices you create in Receivables. Transaction types also determine whether your transaction entries update your customer’s balances and whether Receivables

posts these transactions to your general ledger. In order to bill from OKS, invoices from OKS must be defined.

Steps

1. From the Responsibilities menu, choose **Receivables Manager > Setup > Transactions > Transaction Types**.
2. Enter a transaction name, i.e. Invoice-OKS (this OKS transaction type is case sensitive and must be entered as "Invoice-OKS"). Optionally enter a description.
3. Select "Invoice" as transaction class for this transaction type.
4. Select Open Receivable check box. This updates your customer balances each time you create a complete debit memo, credit memo, chargeback, or on-account credit with this transaction type. Receivables also includes these transactions in the standard aging and collection processes.
5. Select the Post To GL check box to be able to post transactions with this type to your general ledger.
6. Choose a default Printing Option for transactions with this transaction type. Select Print or Do Not Print. You can override this value when entering transactions.
7. Choose a Transaction Status of Open, Closed, Pending, or Void. Use these statuses to implement your own invoice approval system.
8. Select the Allow Freight check box to allow freight to be entered for transactions with this transaction type.
9. Select the Tax Calculation check box to let Receivables calculate tax for transactions with this transaction type.
10. Choose a Creation Sign. The default is Positive Sign for transaction types with a class of either Guarantee or Deposit. If you are using the Cash Basis accounting method, your transaction's creation sign must be either Positive or Negative. You cannot update this field after you enter transactions with this type.
11. If this transaction type's class is not Deposit or Guarantee and you want to restrict the direction in which items with this transaction type can be updated by applications entered against them select the Natural Application Only check box. If you select this box, Receivables sets Allow Overapplication to No. You cannot update this option after you save this transaction type.
12. Enter an Application Rule Set for this transaction type or select one from the list of values (optional). An Application Rule Set determines the default payment steps when you use the Applications window or AutoLockbox to apply receipts to transactions

using this type. If you do not enter a rule set, Receivables uses the rule set in the System Options window as the default.

13. If this transaction type's class is not Deposit or Guarantee, and you did not select the Natural Application Only check box, choose whether to Allow Overapplication against items with this transaction type by selecting or deselecting this box. If you select this check box, Receivables sets Natural Application to No and you cannot update it after you save this transaction type. If you use the Cash Basis accounting method, the default value is No and you cannot change it.
14. Enter the Receivable Account for transactions with this transaction type. Receivables uses this information, along with your AutoAccounting definition, to determine the receivable accounts for transactions with these types. Receivables creates a transaction record using this account so you can transfer to your general ledger and create a journal entry if the Post To GL check box is selected for this transaction type.
15. Enter a Freight Account for transactions with this transaction type. Receivables uses this information, along with your AutoAccounting definition to determine the freight account for transactions with this transaction type. Receivables skips this field if this transaction type's class is Deposit or Guarantee or if the Allow Freight check box is not selected.
16. Enter a Revenue Account for transactions with this transaction type. Receivables skips this field if the Allow Freight is not selected. Receivables uses this information, along with your AutoAccounting definition, to determine the revenue account for transactions with this transaction type.
17. If this transaction type's class is Invoice or Debit Memo, enter a Clearing Account for transactions with this transaction type. Receivables uses this account to hold any difference between the revenue amount specified for the Revenue Account and the selling price times the quantity for imported invoice lines. Receivables only uses the Clearing Account if you have enabled this feature for transaction sources that you use for your imported transactions.
18. If this transaction type's class is Invoice or Credit Memo, enter an Unbilled Receivable Account. When you use the Bill In Arrears invoicing rule, Receivables uses this information, along with your AutoAccounting definition, to determine the Unbilled Receivable account for transactions with this transaction type.
19. If this transaction type's class is Invoice or Credit Memo, enter an Unearned Revenue Account. Receivables uses this information, along with your AutoAccounting definition, to determine the unearned revenue account for transactions with this transaction type. Receivables only uses this account when your transaction's invoicing rule is Bill In Advance.

20. If this transaction type's class is Invoice, Credit Memo, or Debit Memo, enter a Tax Account. Receivables uses this information along with your AutoAccounting definition to determine the tax account for transactions with this transaction type.
21. If this transaction type's class is either Deposit or Guarantee, enter the Invoice Type to use for invoices entered against commitments or deposits with this transaction type. When you enter an invoice against either a deposit or a guarantee with this transaction type, the value you enter here is the default invoice transaction type.
22. If this transaction type's class is Deposit, Guarantee, Debit Memo, or Invoice, enter the Credit Memo Type to use when crediting items with this transaction type (optional). When you enter a credit memo against an invoice with this transaction type, the value you enter here is the default credit memo transaction type.
23. Enter the range of dates that this transaction type will be active. The default Start Date is today's date, but you can change it. If you do not enter an End Date, this transaction type will be active indefinitely.
24. Save your work.

Setting Up Batch Transaction Sources

Batch sources control the standard transaction type assigned to a transaction and determine whether Receivables automatically numbers your transactions and transaction batches. Active transaction batch sources appear as list of values choices in the Transactions, Transactions Summary, and Credit Transactions windows.

You can define two types of transaction batch sources:

Manual: Use manual batch sources with transactions that you enter manually in the Transaction and Transactions Summary windows.

Imported: Use imported batch sources to import transactions into Receivables using AutoInvoice.

You can make a batch source inactive by deselecting the Active check box and saving your work. Receivables does not display inactive transaction batch sources as list of values choices or let you assign them to your transactions.

Suggestion: If you have installed multiple organization support (multi-org), define an imported batch source with the same name in each organization (these sources can have the same or different settings). This enables you to import order lines that belong to different organizations in Oracle Order Management into Receivables.

Steps

1. From the Responsibilities menu, choose **Receivables Manager > Setup > Transactions > Sources**.
2. Select the Batch Source tab.
3. Enter OKS_CONTRACTS as the name.
4. Select Imported as the type.
5. Enter a description.
6. Enter the range of Effective Dates for this source. The Start date is the current date, but you can change it. If you do not enter an end date, this transaction batch source will be active indefinitely.
7. If this is a Manual source, and you want to automatically number new batches you create using this source, select the Automatic Batch Numbering check box and enter a Last Number. For example, to start numbering your batches with 1000, enter 999 in the Last Number field. If you are defining an Imported transaction batch source, Receivables automatically numbers the batch with the batch source name – request ID.
8. Select the Automatic Transaction Numbering check box and enter a Last Number to automatically number new transactions you create using this source, . You can use automatic transaction numbering with both Imported and Manual sources.
9. Select the Copy Document Number to Transaction Number check box (optional) to use the same value for both the document number and the transaction number for transactions assigned to this source.
10. Enter Invoice-OKS as the Standard Transaction Type for this batch source. When you choose a batch source during transaction entry, this is the default transaction type. You can define new transaction types in the Transaction Types window.
11. Select the AutoInvoice Options tab.
12. Specify how you want AutoInvoice to handle imported transactions that have Invalid Tax Rates. An invalid tax rate is one in which the imported transaction's tax rate does not match its tax code. Enter "Correct" if you want AutoInvoice to automatically update the tax rate that you supplied to the one that you defined previously for the tax code. Enter "Reject" if you want AutoInvoice to reject the transaction.
13. Specify how you want AutoInvoice to handle imported transactions with Invalid Lines by entering either "Reject Invoice" or "Create Invoice".
14. Specify how you want AutoInvoice to handle imported transactions that have lines in the Interface Lines table that are in a closed period. To have AutoInvoice automatically

adjust the GL dates to the first GL date of the next open or future enterable period, enter "Adjust" in the GL Date in a Closed Period field. Enter "Reject" to reject these transactions.

15. Enter a Grouping Rule to use for a transaction line (optional). If you do not enter a grouping rule, AutoInvoice uses the following hierarchy to determine which rule to use:
 - The grouping rule specified in the Transaction Sources window for the batch source of the transaction line.
 - The grouping rule specified in the Customer Profile Classes window for the bill-to customer and bill-to site of the transaction line.
 - The grouping rule specified in the Customer Profile Classes window for the bill-to customer of the transaction line.
 - The default grouping rule specified in the System Options window.
16. If you want AutoInvoice to require that the revenue amount for each transaction line is equal to the selling price times the quantity specified for that line, select the Create Clearing check box. Use this option to distribute revenue on an transaction in an amount that is not equal to the transaction line amount. If you select this check box, AutoInvoice puts any difference between the revenue amount and the selling price times the quantity for a transaction into the AutoInvoice Clearing account that you have defined. Otherwise, AutoInvoice requires that the revenue amount be equal to the selling price times the quantity for all of the transactions it is processing. Define your clearing account in the Automatic Accounting window.
17. Indicate whether sales credits can be entered for transactions using this source by selecting or deselecting the Allow Sales Credit check box. This option and the Require Salesreps option in the System Options window determine whether sales credits are optional or required.
18. Select the Customer Information tab.
19. Select "Id" for each option to indicate that AutoInvoice validates your customer information for this batch source using an identifier. Choose Value if you use this source to import data from a non-Oracle system.
20. Select the Accounting Information tab.
21. Select "Id" to indicate how AutoInvoice validates your Invoice and Accounting Rule data for this batch source.
22. Select "Id" to indicate whether you want AutoInvoice to validate the identifier for this batch source.

23. Select the Derive Date check box to derive the default rule start date and default GL date from the ship date, rule start date, order date and the default date that you supply when you submit AutoInvoice. If Oracle Inventory is installed, this must be selected.
24. Select "Id" to indicate that AutoInvoice validates your Payment Terms for this batch source using identifiers.
25. Select "Percent" to indicate that AutoInvoice validates your Revenue Account Allocation data for this batch source.
26. Select the Other Information tab.
27. Select "Id" to validate other data except for Agreement, Sales Territory, and Related Document.
28. Select the Sales Credit Validation tab.
29. Select "Id" for first two options to validate information using identifiers for this batch source.
30. Select Percent to validate sales credits based on percent.
31. Save your work.

Setting Up Transaction FlexField Segments

Transaction flexfields are descriptive flexfields that AutoInvoice uses to uniquely identify transaction lines. Receivables lets you determine how to build your transaction flexfield structure and what information you want to capture. To define the line-level Transaction Flexfield, query "Line transaction Flexfield" in the title field of the Descriptive Flexfield Segments window and enter the text and segments associated with this transaction flexfield.

Column Name	Segment Name
INTERFACE_LINE_ATTRIBUTE1	INSTANCE_NO
INTERFACE_LINE_ATTRIBUTE2	BILLED_FROM
INTERFACE_LINE_ATTRIBUTE3	BILLED_TO
INTERFACE_LINE_ATTRIBUTE4	AMOUNT

Steps

1. From the Responsibilities menu, choose **System Administrator > Application > FlexField > Descriptive > Segments**.

2. Select Oracle Receivables as the Application.
3. Select Line Transaction Flexfield for the title.
4. De-select the Freeze Flexfield Definition check box.
5. Select the OKS Contracts descriptive flexfield.
6. Select the Segments button to edit the definition.
7. Enter the values listed in the above table.
8. Compile the flexfield by selecting the Compile button.
9. Select the Freeze Flexfield Definition check box to freeze the definition.

Guidelines

These steps are absolutely necessary for billing to function properly.

Setting up System Profile Options

Use this list to identify profile options you need to change for your implementation. You can set these profile options in any order you like. To change profile options, please follow the standard procedure outlined in the *Oracle Applications Users Guide*.

	Option	Required	Description
1.	OKC_STATUS_CHANGE_BATCH_SIZE	N	Determines the number of records to be updated before they are saved in the database (this parameter should be fine-tuned by the database administrator).
2.	OKC: Change Request Approver	N	Default change request approver and overrides the workflow approver
3.	OKC: Contract Approver	N	Default contract approver and overrides workflow approver
4.	OKC: Public Group Creator	N	Privilege to create a public group in Oracle Contracts
5.	OKC: Renewal Contract Identifier	N	This identifier will be attached to the renewed contract number
6.	OKC: Schedule Rule Alert Window	N	The number of days before a due task, the user is notified of upcoming task
7.	OKC: Schedule Rule Escalate	N	Escalate number of days after task has missed due date when escalation begins

	Option	Required	Description
8.	OKC: Time UOM Class	Y	Limits the units in the Map Time Units window
9.	OKS: Default Time Zone	N	Defines default time zone for a given coverage (not required, but recommended).
10.	OKS: Default QA Checklist	Y	Defines default QA checklist for service contracts.
11.	OKS: Day UOM Code	Y	Defines the day unit of measure
12.	OKS: Default Line Type	Y	Defines default line style for service contracts
13.	OKS: Month UOM Code	Y	Defines the month unit of measure
14.	OKS: Quarter UOM Code	Y	Defines the quarter unit of measure
15.	OKS: Week UOM Code	Y	Defines the week unit of measure.
16.	OKS: Year UOM Code	Y	Defines the year unit of measure.
17.	OKS: Enable Sales Credit	N	Defines whether sales credit distribution is enabled
18.	OKS: Contract Group for Warranties	Y	Defines default contract group for warranties and extended warranties.
19.	OKS: Enable install base integration messages	N	Determines if notifications is enabled when a warranty or extended warranty has been created or updated
20.	OKS: User name to send Install base integration messages	N	Identifies the e-mail address of the person to be notified whenever a warranty or extended warranty has been created or updated.
21.	OKS: Tolerance allowed for counter base reading	N	Defines the tolerance for counter base readings when using the QA checklist
22.	OKS: Minimum service duration	N	Defines the minimum duration of a service for Order Management
23.	OKS: Minimum service period	N	Defines the minimum period of a service for Order Management
24.	OKS: Summary Transactions	Y	If not specified at the billing profile level, this determines if the summary or detailed transactions are sent to AR.

	Option	Required	Description
25.	OKS: Revenue type dist	Y	This is used for setting the credit percentage for a salesrep. Required only if OKS Enable Sales Credit = "Y"
26.	OKS: Revenue Type	Y	This Profile Option is for setting the Sales Credit type for creating the sales credits during renewal. Required only if OKS Enable Sales Credit = "Y"
27.	OKS: Use JTF	Y	This Profile Option determines whether to use JTF Resources to get the salesrep.
28.	OKS: Vendor contact role	Y	This Profile Option sets the contact role for For creating contacts during Renewal. Required only if OKS Enable Sales Credit = "Y"
29.	OKS: Sales Person Id	Y	This Profile Option sets the Sales Person. This Salesperson Id is used if "Use JTF" profile is set to "N".

Setup for Service Key Flexfields

This key flexfield allows the storage of pricing attributes at the covered product level in the contract authoring form. This function is available from the Actions menu.

Key Flexfield Registration

Steps

1. Log on to Application Developer.
2. Navigate to **Flexfields > Key > Register**.
3. Double Click Register to open Key Flexfields form.
4. Enter Oracle Inventory as the Application.
5. Enter the code: SERV.
6. Enter the title: ORACLE_SERVICE_ITEM_FLEXFIELD.
7. Enter a description: Item Flex Field that displays segments in different sequence.
8. Enter the Table Application: Oracle Inventory.
9. Enter the Table Name: MTL_SYSTEM_ITEMS_B .
10. Enter the Unique ID Column: INVENTORY_ITEM_ID.

11. Enter the Structure Column: ORGANIZATION_ID.
12. Deselect the Dynamic Inserts Feasible check box.
13. Select the Check Allow ID Value Sets check box.
14. Save your work.

Default Segment Structure

Steps

1. Navigate to **Flexfields > Key > Segments** and select **View > Query by Example > Enter**.
2. Enter the Application: Oracle Inventory.
3. Enter the Title: ORACLE_SERVICE_ITEM_FLEXFIELD.
4. Select **View > Query by Example > Run**.
5. Deselect the Freeze Flexfield Definition check box.
6. Click the Segments button.
7. Enter Name: Service Name.
8. Enter Column: Segment1.
9. Save your work.
10. Close Segment Summary window.
11. Select the Freeze Flexfield Definition check box.
12. Click the Compile button.

Bug #1408962

Follow this procedure to avoid Bug #1408962

Steps

1. Navigate to **Flexfields > Key > Segments** and select **View > Query by Example > Enter**.
2. Enter the Application: Oracle Inventory.
3. Enter the Title: System Items.
4. Select **View > Query by Example > Run**.

5. Deselect the Freeze Flexfield Definition check box.
6. Select the Freeze Flexfield Definition check box.
7. Select the Compile button.

Renewal Rule Defaults

If renewal rules are not specified in Order Management, a contract will be created without any renewal criteria. In order to renew a contract, renewal criteria should be retrieved from the defaults defined at the contract, event, party, organization and global levels. The Renewal Event evaluates the renewal criteria in the following precedence and applies it to a renewed contract:

- Contract
- Event
- Party
- Organization
- Global or system

The Renewal Rule Defaults form is used to set up renewal defaults at the system, party and organization levels. The defaults at the system level are mandatory and set up in the Global region of the form. The defaults at the organization and party levels are optional and are set up in the Parties and Organization tabs respectively. The Administration tab is the same for both.

Steps

1. Access the Renewal Rule Defaults form by Navigating to the **Service Contracts Manager Responsibility > Setup > Contract > Global Contract Defaults**.
2. Select the Renewal Type from the drop down list. The valid values are:
 - Notify Sales Rep: Notify sales rep to facilitate the renewal.
 - Send for Approval: Send contract for approval without notifying the sales rep.
 - Evergreen: Auto renew contract, i.e. approve and activate without any approval process.
 - Do Not Renew: Allow the contract to expire.
3. Select the Party Role from the list of values. The valid values include:
 - Customer

- n Licensee
 - n Licensor
 - n Third party
4. Select the QA Checklist from the list of values. This QA Checklist will be used to QA the renewed contract.
 5. Select the approval workflow. This workflow will be used to approve the renewed contract.
 6. Select New Order from the list of values. This is the contract group where all new contracts originating from Order Management are placed.
 7. Select Renewal from the list of values. This is the contract group where all renewed contracts are placed.
 8. The PO Required check box specifies that a purchase order is required during the renewal process. If selected, the renewal cannot be sent for approval without a purchase order.
 - n Select the pricing method from the drop down list. This determines how pricing is to take place in contracts during renewals. The valid values are:
 - n Price Book: Renewal pricing is based on the current price list.
 - n Index: Renewal pricing is based on a markup percentage (%) and a cap price list. For example last year's negotiated markup % is subject to cap list price.
 - n Manual: Renewal pricing uses last year's negotiated price.
 9. If the Index Pricing Method is selected, then the Markup% field is enabled. This represents the percentage that is to be used to markup or markdown the contract lines during contract renewal. The value may be entered as a positive or negative percent.
 10. If either the Price Book or Index Pricing methods are selected, then the Price List field is enabled. Select the Price List from the list of values.
 11. Navigate to the **Organization > Renewal Rules** tab. This tab is used to specify the renewal and pricing attributes at the organization level.
 12. Select the organization number from the list of values. The organization name is automatically displayed.
 13. Enter the effective start and end dates for the organization. These fields are mandatory. The end date must be greater than the start date.
 14. Select the renewal rules per Global defaults. In this tab, the renewal and pricing rules are optional.

15. **Navigate to the Organizations > Admin tab.** The organization name and effective start and end dates are displayed as "display only".
16. Select the QA Checklist, Approval Workflow Role. These values are optional.
17. Navigate to the **Parties > Renewal Rules** tab. This tab is used to specify the renewal and pricing attributes at the party level.
18. Select the Party Number from the list of values. The party name is automatically displayed.
19. Enter the effective start and end dates. These dates are mandatory. The end date must be greater than the start date.
20. Select the Renewal Type and Pricing Method. These values are optional.
21. Navigate to the **Parties > Admin** tab. This tab has the same administration attributes as the Organization > Admin tab. The party name and effective start and end dates are "display only".
22. Select the QA checklist, Approval Workflow and Role. These values are optional.

Using Oracle Contracts for Service

This topic group provides process-oriented, task-based procedures for using the application to perform essential business tasks.

Defining Serviceable Products

An inventory item can be designated as serviceable, and a warranty then added to the bill of materials for the serviceable product. Use this procedure to set up an inventory item as a serviceable product.

Prerequisites

Product items must be created using Oracle Inventory.

Steps

1. From the Responsibilities menu select, **Oracle Inventory > Item Master > Service**.
2. If this is a serviceable product, then select Serviceable Product.
3. Optionally, enter the number of days after shipping that the service is in effect in Service Starting Delay.
4. Identify whether the customer will be charged for material, labor, or expenses by selecting the billing type.
5. If this is a usage item, then select Usage Item.
6. If defects for this item are tracked, then select Defect Tracking Enabled.
7. Select the speed in which an item is returned for Recovered Part Disposition.
8. Save your changes. The inventory item is now a serviceable product.

Contract Details at Order Management

From the Order Management Actions button on the Line tab, contracts details may be defined which specify the renewal rules, PO required, pricing method, cap price list, markup/markdown and customer contact. In addition, merging rules may be specified to determine to which contract an order line is to be merged. An order line may be merged to

an existing contract or to a contract on the current order. This window is available to the service line only.

Steps

1. Navigate to the **Order Management Responsibility > Orders, Returns > Sales Orders > Line Items**
2. Click the Actions button. The Contract Details window is displayed. The upper region of the form displays the order details.
3. If applicable, select the Apply All check box. If an order has multiple service lines, subsequent lines may inherit the same renewal and merging attributes as specified in the initial order line.
4. Select a Line Renewal Type. If an order line is merged to an existing contract, its duration may be less than the target contract. In order to facilitate renewals, the order line will coterminate with the target contract header. The Duration Inheritance attribute determines the desired duration of the service line. The valid values are:
 - Full: The service contract line inherits the duration of the renewed contract.
 - Remaining: The service contract line retains its original duration and coterminates with the renewed contract.
 - Do Not Renew: The service contract line is allowed to terminate and will not be processed by the renewal event.
5. If the order line is to be merged with the current order, click the New option button. The Existing option button is disabled.
6. Select a Renew Type from the list of values. The Renewal Type determines how the renewal is to be processed and whether the sales rep is to be notified to select the renewal type. The valid values are:
 - Notify Sales Rep: The renewal event sends a notification to the sales rep, based on the territory in which he/she resides, to facilitate the renewal, i.e. the sales rep negotiates the pricing with the customer prior to send the contract for approval.
 - Send for Approval: The renewal event sends the contract for approval without any intervention from the sales rep.
 - Evergreen: The renewal event automatically approves and activates the contract.
 - Do Not Renew: The contract is allowed to expire.
7. If applicable, select the PO Required check box if a PO is required for contract renewal.

8. Select a Renewal Pricing Type from the list of values within the Repricing Details region. These attributes determine how the renewed contract is going to be priced. The valid values are:
 - Price Book: Renewal pricing is based on the current price list.
 - Index: Renewal pricing is based on a markup percentage (%) and a cap price list. For example last year's negotiated markup % is subject to cap list price. The fields Markup% and Price List are enabled. Enter the markup percent. This may be a positive or negative percent. Select the price list from the list of values.
 - Manual: Renewal pricing uses last year's negotiated price.
9. Select a Role from the list of values within the Customer Contacts region. One or more customer contacts may be associated with the new contract.
10. Select the Contact Name from the list of values. The customer address is automatically displayed.
11. If the order line is to be merged to an existing contract, select the Existing option button. The New option button is disabled along with all the renewal and pricing attributes. This specifies the type of merging to take place and the valid values are:
 - Order: Merge the current order line to the contract to be created for the current order. The list of values displays the applicable contracts for the current order.
 - Contract: Merge the current line to a contract with the same customer, service line and end date.
12. If type is "Order", select the contracts from the current order from the list of values.
13. If type is "Contract", select the contract from the list of values. The Contract Number, Contract Line No, Service, Start Date and End Date entries are displayed.

Warranty Inheritance Example

In the Service Contracts Coverage Template window you can set inheritance criteria for warranty coverage when a product has been replaced. Warranty must be checked before you can enter this field. This is applicable only to Warranty lines. Inheritance type R means remaining period, and F means full new period.

If the inheritance type is R, then the replacement product warranty is the remaining duration of the original warranty. If the inheritance type is F, then the replacement product warranty is a brand new warranty duration.

Example Warranty Line:

Desktop Warranty 1/1/1999 - 12/31/1999

CUSTOMER PRODUCT ID - 100

1/1/1999 - 12/31/1999

Scenario 1: Warranty inheritance type is R

Customer Product ID 100 was returned for a replacement with Customer Product ID 894 on 3/3/1999.

Then the above warranty line is updated as follows:

Desktop Warranty 1/1/1999 - 3/2/1999 (Expired)

CUSTOMER PRODUCT ID - 100

1/1/1999 - 3/2/1999 (Expired)

Desktop Warranty 3/3/1999 - 12/31/1999

CUSTOMER PRODUCT ID - 894

3/3/1999 - 12/31/1999

Scenario 2: Warranty inheritance type is F

Customer Product ID 100 was returned for a replacement with Customer Product ID 894 on 3/3/1999.

Then the above warranty line will be updated as follows:

Desktop Warranty 1/1/1999 - 3/2/1999 (Expired)

CUSTOMER PRODUCT ID - 100

1/1/1999 - 3/2/1999 (Expired)

Desktop Warranty 3/3/1999 - 3/2/2000

CUSTOMER PRODUCT ID - 894

3/3/1999 - 3/2/2000

Coverage Template Fields

The following table provides definitions for fields in the Coverage Template window.

Field	Description
Warranty	Select if this is a warranty. Warranty is mutually exclusive with Billing Types. If Warranty is selected, then Billing Types are not allowed. Conversely, if Billing Types have been entered, then selecting Warranty is not allowed. Warranty can be updated, as required. However, if an inheritance has been entered in conjunction with Warranty, then the inheritance must be set to NULL before Warranty can be cleared.
Inheritance	If the inheritance type is R, then the replacement product warranty is the remaining duration of the original warranty. If the inheritance type is F, then the replacement product warranty is a brand new warranty duration.
Free Upgrade	Select the check box if a free upgrade is allowed.
Transfer Allowed	If the coverage is to be transferred when the product is transferred to another customer, then select the check box.
Business Process Section	
Offset Duration	Enter the offset duration or amount of time you would like the service to be offset from the authored contract's start date. For example, set on-site support to start one month after the contract comes into effect and set hotline support to be available immediately.
Offset Period	The unit of measure for the offset duration, such as hour or day.
Start and End Dates	These values are automatically inserted when you specify an offset period. The transaction group dates may not be outside of the service dates. For an actual instance (access from the Service Contract Authoring window), these dates may be changed. If the Offset Duration is modified, then the start and end dates are automatically adjusted as long as they're within the range of the service coverage dates. And conversely, if the start and end dates are modified, the offset duration is automatically adjusted.
Price List	Enter a default price list to be used to perform a service.
Discount	Enter the percentage of discount allowed for the transaction group, for example, 10%.
Coverage Times Section	
Start and End	For specific times, enter the desired coverage times. Valid time values range from 00:00 to 23:59. Leaving blanks indicates that there is no coverage for a given day. For a given business process, the coverage time for at least one day must be entered.

Field	Description
Reaction Times Tab	
Name	Enter a name for the severity definition, for example, Level 1 or Important.
Severity	Specify the level of severity, for example High, from a list of values.
Work Through	Select Work Through to override the normal coverage times for that transaction. For example, suppose you have 9-to-5 support, five days a week, with a 2-hour reaction time. If a customer calls midweek for support at 4:45 P.M., the Work Through feature requires the customer to receive support by 6:45 that evening. If Work Through is disabled, then the support representative must react to the call by 11:45 the next morning.
Active	Select Active to allow the entitlements feature to be used for the current service response time.
Reaction Times	Enter specific reaction times for each applicable day.
Workflow	Enter the applicable workflow for each reaction time name specified.
Billing Types Tab	
Billing Type	Enter the billing type from the list of values. Duplicates are not allowed. If the billing type is Labor, then the Billing Rates region is enabled.
Up To Amount	Enter the maximum allowed amount. The discount specified applies up to the maximum amount.
% Covered	Enter the percentage covered or discount.
% Over List Price	Enter the allowed percentage over the list price.

Creating Contracts

To create a new contract, you need to provide general information regarding the customer (such as the customer's identification, shipping, and billing addresses), define the services you are providing for the customer, and define the coverage terms associated with each service. Use this procedure to create a contract.

Prerequisites

None

Steps

1. Start authoring a contract in one of the following ways within the Service Contracts Manager Responsibility:
 - a. From Contract Summary, choose **New** from the menu.
 - b. Select components from a template, a contract copy, or a subcontract and choose **New** from the menu.

The Service Contracts Authoring window appears.

2. Enter the header information for the contract.
3. In the Summary tab, enter summary information that will act as default information throughout the contract unless overridden at the line level.
4. In the Lines tab, click **New** for a new record, choose Usage or Service for the line type, and enter line information for each deliverable or item of interest on the contract, such as products, services, projects, or tasks.
5. Save your work.

Guidelines

You can save your contract at any time as a template.

References

See [Contract Header Fields](#) for field descriptions for the header section of the window.

See [Using the Summary Tab](#) for the procedure to enter summary information.

See [Using the Lines Tab](#) for the procedure to enter line information.

Using the Summary Tab

The Summary tab in the Service Contracts Authoring window provides a summary of the contract data. The summary information sets defaults used throughout the contract that can be overridden at the line level. Use this procedure to enter your contract summary information.

Prerequisites

None

Steps

1. Navigate to **Summary > Parties** tab.
2. Select the persons or business entities who have a business relationship to the contract. You can only enter one customer.
3. Select any contacts that relate to a selected party.
4. Select the correct bill and ship addresses for the customer.
5. Select the **Pricing/Billing** tab.
6. Enter the default pricing and billing rules for the contract.
7. Select the **Administration** tab.
8. Enter control information association with the contract.
9. Select the **Security/Text** tab.
10. Optionally enter free form text that is attached to the contract as non-standard articles.
11. Save your work.

Guidelines

The billing schedule is automatically generated based on the Contract Billing parameters set in the Pricing and Billing tab. Click Refresh Schedule to refresh the billing schedule if any billing parameters have changed.

In the Administration tab, highlight the desired process and click Launch to launch the workflow. Click Monitor to view the progress of the workflow process. Click Stop to stop the workflow process.

References

See [Parties Tab Fields](#) for field explanations.

See [Pricing and Billing Tab Fields](#) for field explanations.

See [Administration Tab Fields](#) for field explanations.

See [Example of Billing](#) for billing examples.

The following table provides descriptions of the fields on the Text tab:

Field	Description
Description	This is free formatted text. Enter contract details, if applicable.

Field	Description
Comments	This is free formatted text. Enter additional contract comments, if applicable.
Renewal Text	This is a non-standard article and designates the renewal information (as free formatted text) to be applied when the contract is renewed. Enter the renewal text, if applicable.
Termination Text	This is a non-standard article and designates the termination information (as free formatted text) to be applied when the contract is terminated. Enter the termination text, if applicable.

Using the Lines Tab

Use the Lines tab in the Service Contracts Authoring window to define contract lines in detail. Use this procedure to enter your contract line information.

Prerequisites

None

Steps

1. Navigate to the **Lines > Parties** tab.
2. Enter line, contact, and customer information.
3. Select the **Effectivities** tab.
4. Define the items covered by the contract and their effective dates.
5. Select the **Pricing/Products** tab.
6. Enter the covered levels and service or usage pricing information.
7. If you want to review details about the product from Installed Base, then click **Product Details** button.
8. If you want to view the components of the price calculation, then click **Price Calculation** button.
9. Select the **Billing** tab.
10. Enter billing information for the line item, if different from the billing set in the summary.
11. Select the **Counters** tab.
12. Enter counter information.

13. If you want to set up the counter, then right-click the counter line and choose **Counter Setup**. The Setup Counters window appears.
14. If you want to edit counter values, then right-click the counter line and choose **Counter Capture**. The Capture Counter Reading window appears.
15. Select the **Events** tab.
16. Enter event information.
17. Save your work.

Guidelines

There is no limit to the number of services or usage contract lines that can be defined for a contract. However, only one coverage terms can be defined for a service contract line.

There is no limit to the number of transaction groups (billing processes) that can be defined for a coverage terms contract line. Nor is there a limit on the number of billing types that can be defined for a transaction group (billing process).

The contract values defined in the Summary tab (header) govern the terms and conditions of the entire contract. However, these may be overridden by explicitly entering alternative values in the Lines tab.

Counters which track usage of products and services are defined in Oracle Service. For example black and white copies and color copies made on copy machines are examples of product counters. Total number of support calls and total number of service requests are examples of service counters. In order to enter a usage type of product and service line, it must be defined as an item in the Item Master and flagged as a Usage Item serviceable product. Usage information is entered on the Effectivities tab.

References

See [Parties Fields for Lines](#) for field explanations for the Parties tab.

See [Effectivities Tab](#) for field and button explanations.

See [Pricing and Products Tab](#) for field and button explanations.

See [Pricing and Billing Tab Fields](#) for field explanations for billing.

See [Example of Billing](#) for billing examples.

Renewal Procedures

The renewal and pricing attributes are optionally maintained in the individual contracts and apply to both contract categories "Warranties and Extended Warranties" and "Service

Agreements". If not specified in contract, the renewal and pricing attributes are retrieved from the renewal event or from the global defaults in the following order of precedence:

- n Event
- n Party
- n Organization
- n Global

In addition, the following features are available in the authoring form:

- n Specifying third party contacts and bill to and ship to addresses
- n Recording sales credits at the service line level
- n Cascading the total of a service line amount to product level
- n Interfacing sales credits to Oracle Sales Compensation
- n Supporting contract multi-currency repricing
- n Maintaining pricing attributes for a covered product

When renewing a contract the following processes may be utilized:

- n [Selecting Party for Renewal](#)
- n [Repricing a Contract](#)
- n [Reviewing Renewal and Administration Rules](#)
- n [Defining Security Attributes](#)
- n [Determining Line Duration](#)
- n [Reviewing Pricing Attributes](#)
- n [Reviewing Billing](#)

Selecting Party for Renewal

Steps

1. Navigate to the Summary tab and select the Parties subtab.
2. Select the Role from the list of values. The valid values are Vendor, Customer And Third Party.
3. Select the Name from the list of values. The Party No. is automatically displayed.

4. Optionally, select the Billing Profile for either the customer or third party.
5. Optionally, enter the party contact Role within the Contracts region.
6. Select the party contact Name from the list of values. The contact address is automatically displayed.
7. Select the bill to Account/Party from the list of values within the Bill To region. If specified, both customer and third party accounts are listed.
8. Select the Location from the list of values.
9. Select the ship to Account/Party from the list of values within the Ship To region. If specified, both customer and third party accounts are listed.
10. Select the Location from the list of values.

Repricing a Contract

At the time of renewal, it is possible to reprice the contract based on a new price list or based on a price list in another currency. In the case of repricing in another currency, this can be done on condition that no previous billing has been executed for the current duration of the contract.

Steps

1. Navigate to the **Summary > Pricing/Billing**.
2. Select a new Price List from the list and values and click the Reprice button. If the service line coverage level is "Covered Product", the price of the service sub lines are also repriced. Any service lines that have a coverage level other than "Covered Product" are not repriced. The price for these lines need to be revalidated. The contract amount in the context header region reflects the result of the repricing.
3. If multi-currency repricing is desired, enter the currency code of the price list in the header context region.
4. Navigate to the **Summary > Pricing/Billing**.
5. Enter the new price list and click the Reprice button. All service lines are repriced in the new currency and the contract total is displayed in the header context region.
6. If required, select the Summary Invoice check box within the Contract Billing region. When specified, a summary invoice is generated for the entire contract. This attribute is also available at the line level.
7. Save your work.

Reviewing Renewal and Administration Rules

The repricing rules are optionally specified at the time the order is created in Order Management. However, if this isn't the case, the renewal event may specify renewal and/or administration rules or they may be retrieved from the Renewal Rule Defaults. These rules are retrieved in the following order of precedence: party, organization and global. If a specific rule is not found at a given level, it is retrieved at the subsequent level and ultimately at the global level if they do not exist in the other levels. In any case, the renewed contract would have all the elements required for renewal and repricing and submit the contract for approval.

Steps

1. Navigate to the **Summary > Administration**.
2. Select or validate the appropriate Quality Assurance Checklist from the list of values.
3. Select or validate the appropriate Type (within the Renewal region) from the list of values.
4. Select or validate the appropriate Pricing Method from the list of values.
5. If the Pricing Method is Price Book or Markup Percent, validate the Price List by selecting the appropriate Price List from the list of values.
6. If the pricing method is Markup Percent, validate the Markup by entering the appropriate percent.
7. The PO Required check box may selected from the renewal event or party, organization or global levels. If selected, the PO Number field is mandatory. Enter the corresponding PO number.
8. Select or validate the appropriate Contract Groups.
9. Select or validate the Process Type Workflow Name, and Workflow Process.
10. Save your work.

Defining Security Attributes

Contract access is restricted by the use of contract groups, which may be public or private. However, if a contract group created as "public", then all the contracts placed in this group may be displayed or updated.

Steps

1. Navigate to the **Summary > Security/Text**.

2. Select the security type from the drop down list. The valid values are:
 - Group: This specifies contract group security
 - User: This specifies user security
3. Select the Group or User Name from the list of values, depending on the security type.
4. Select the security level appropriate to the security type. The valid values are:
 - Modify: This allows update access to given contract.
 - Read Only: This allows on display or read access to the given contract.
5. Save your changes.

Determining Line Duration

Previously, a single order translated into a single service contract. However, with the ability to enter contract details in OM, it is possible to merge any order line to an existing contract or to the contract on the current order. If a service contract has been interfaced via OM, the field Order / Line number is populated at the service line level on Lines/Parties tab. If the service contract is created manually, this field is disabled.

If customer contacts are entered for the given service line, the address is automatically displayed for the corresponding customer contact.

With the ability to merge an order line to an existing contract, the order line duration in most cases would be shorter than the contract duration. In order to facilitate contract renewal, all the service lines coterminate. In addition, a new line attribute has been added to determine the line duration at the time of renewal. This attribute would normally be automatically initialized from OM in the contract details window, however, it may be manually changed during the renewal review.

Steps

1. Navigate to **Lines > Effectivities**
2. If the line duration requires changing, select a duration from the list of values. The valid values are:
 - Full Duration: At renewal time, the service line would inherit the duration of the contract.
 - Remaining: At renewal time, the service line duration would remain the same but would coterminate with the contract header.
 - Do Not Renew: The service line is allowed to expire.

3. Enter Invoice Text. Invoice text may be entered for the invoice imported to AR. By default, the invoice text is the same as the product description. However, any free text may be entered in this field where there is no validation.

Both attributes are also found at the sub-line level.

Reviewing Pricing Attributes

The upper portion of the Pricing and Products tab includes the pricing attributes for the previous contract. If this is the initial contract, the last contract price and currency would be null. If this is a renewed contract, the renewal event would have populated last contract price and currency. The Final Price is the sum of all the sub lines. All three fields are "display only".

Steps

1. Navigate to the **Lines > Pricing/Products > Effectivities**
2. Review the Renewal Type and Invoice Text.
3. Navigate to Pricing tab.
4. Review the last contract price and currency. Similarly to the upper half of this tab, the The renewal event would populate these fields but they are null if this is the initial contract.

Reviewing Billing

If required, summarized billing is available. If specified at the line level, a summary invoice is generated for the given contract service line.

Steps

1. Navigate to the **Lines > Billing**
2. Select the Summary Invoice check box within the Contract Billing region.
3. Save your work.

Using Action Menu Functions

The following functions can be accessed from the Actions menu:

- [Cascade Service Price](#)
- [Sales Credits](#)

- Pricing Attributes

Cascade Service Price

The Cascade Service Line window is accessed from the Actions menu and is used to cascade the service line price to all the product level prices at the same proportions.

For example, the current service line price is \$2000 and in this case, the percentage of the service price applied to lines L1 & L2 is 75% and 25% respectively. The same proportions are cascaded to the lines if \$4000 is applied.

Current	New
S1 \$2000	\$4000
L1 \$1500	\$3000
L2 \$500	\$1000

Steps

1. Navigate to > **Service Contracts Authoring** > **Actions** > **Cascade Service Price**
2. Review Service, Start Date, End Date, and Current Price fields. These are display only.
3. Enter the New Price that is to be applied to all line products.
4. Click the Apply button to save. The service line price is cascaded in the appropriate proportions to the applicable product lines.

Sales Credits

Per service line, contract authoring allows the allocation sales credits to multiple sales reps.

Steps

1. Navigate to > **Service Contracts Authoring** > **Actions** > **Sales Credit**
2. Review the Contract Number, Service Name, Party Name, Modifier and Start and End dates. These are display only.
3. Select the Salesperson from the list of values.
4. Select the Credit Type from the list of values. The valid values are:
 - Quota Sales Credit
 - Non Quota Sales Credit

5. Enter the percent allocated to the given salesperson.
6. Review the Revenue Total which is a running total of revenue credits. This is "display only" and may exceed 100%.
7. Review the Non Revenue Total which is the running total of non revenue credit. This is "display only" should not exceed 100%.
8. Select OK to save.

Pricing Attributes

The pricing attributes may be maintained for any of the covered products. In order to access these attributes, the covered product should be highlighted and select Pricing Attributes from the Action menu.

Steps

1. Navigate to > **Service Contracts Authoring** > **Actions** > **Pricing Attributes**
2. Select the Pricing Context from the list of values. For each Pricing Context, the pricing attributes may be entered in the corresponding descriptive flexfield.
3. Click the Apply button to save the pricing attributes.

Terminating a Contract

Use this procedure to terminate a contract.

Prerequisites

A contract must exist.

Steps

1. In the Contract Navigator, right-click to select the contract.
2. Choose **Terminate** from the menu.
The Terminate Contracts window appears.
3. Enter the date the contract terminates.
4. Select a termination reason.
The termination reason description appears.
5. Click **Terminate**.

The contract is terminated.

Contract Header Fields

While authoring a contract, the top portion of the Service Contracts Authoring window includes the following fields:

Field	Description
Contract Number	The contract number is system generated the moment the contract is saved.
Modifier	This is the field adjacent to the contract number (without a prompt) and is updated with the system date as soon as the contract is renewed. The modifier is null when the initial contract is created.
Order Number	If applicable, enter the order number associated with this contract. If this is a warranty contract, then the order number is populated by Oracle Order Capture.
Short Description	Enter a short description of the contract.
Start Date	Enter the contract start date.
End Date	Enter the contract end date. The end date is automatically calculated when either the period or the duration is changed.
Category	The category is always defaulted to Service Agreements if a service contract is being created using the Authoring window.
Duration	Enter the duration in whole numbers. The duration is automatically calculated if the start and end dates are entered.
Period	Enter the period from the list of values.
Status	The status is always defaulted to Entered or the status that you select as your default entered status.
Amount	The currency and amount of the contract are updated after the contract has been saved and validated. This represents the total for all the service lines of the contract.

Parties Tab Fields

While authoring a contract, the Parties tab within the Summary information tab includes the following fields:

Field	Description
Party Section	
Role	Enter the role from the list of values.
Name	Enter the party name from the list of values. Your company name automatically defaults as the vendor.
Number	The party number is automatically displayed when the party name is entered.
Billing Profile	The billing profile identifies the specific billing requirements for the party such as the responsible party, billing media, and summarized billing. Enter the billing profile from the list of values.
GSA	This designates the contract as a government contract. This flag is set up in the party and is automatically set as soon as the party is identified.
Contacts Section	
Role	Enter the role that the contact is expected to play from the list of values. Individuals can be assigned to the contract along with the specific role each person has for the contract, depending on their legal relationship to the contract parties.
Name	Enter the party name from the list of values.
Bill To Address and Ship To Address Section	
Bill to Address	This includes the Account/Party and Location fields. This is defaulted from the customer bill to address if it is flagged as Primary. Optionally, select another bill to address from the list of values.
Ship to Address	This includes the Account/Party and Location fields. This is defaulted from the customer ship to address if it is flagged as Primary. Optionally, select another ship to address from the list of values.

Pricing and Billing Tab Fields

While authoring a contract, the Pricing and Billing tab within the Summary information tab includes the following fields. Many of these fields are also found on the Billing tab for lines.

Field	Description
Agreement	Optionally, select an agreement. Information from the agreement will appear in price list, accounting rule, invoicing rule, and payment terms.

Field	Description
Price List	Specify the type of price list to be used.
Currency	This is defaulted from the currency defined for the price list.
Modifier List	This list identifies any price adjustments applicable to the service contract.
Accounting Rule	If an agreement was not selected, then specify a rule such as Immediate. The accounting rule determines when revenue is recognized for service performed.
Invoicing Rule	Enter the invoicing rule from the list of values. The valid values are Arrears and Advance. This field is used to determine when to bill the customer.
Payment Terms	Enter the payment terms such as 60 days. This field is used to determine when to bill the customer.
Service Charges Section	
Pre-Payment Required	Select if prepayment is required for service.
Purchase Order Required	Select if a purchase order is required for service.
Purchase Order Number	Enter the purchase order number if a purchase order is required for service.
Currency Conversion Section: This section is read only for Euro countries	
From Currency	Enter the currency that the currency is to be converted from.
To Currency	Enter the currency that the currency is to be converted to.
Type	Enter the conversion type from the list of values.
Rate	Enter the conversion rate.
Date	Enter the date for the entered conversion rate.
Tax Exemption Section	
Status	Specify the tax status such as exempt.
Certificate	Enter the certification number.
Reason	Enter the reason for tax exemption.
Contract Billing Section	
Advance	Select Advance billing to send out an invoice prior to the billing period.
Arrears	Select Arrears billing to send out an invoice for a past billing period.

Field	Description
Interval	Enter the billing interval from the list of values.
Offset Day	Enter the number of days that billing is to be offset.
One Time	Select one time billing to issue a summarized bill.
Installment	Select installment billing to bill in the specified interval.
Bill On	Enter the first bill date.
Bill Up To	Enter the bill to date that the first bill is to include.
Billing Schedule Section	
Serial	The sequence number of the billing schedule.
Bill On	The day of the month to bill.
Bill From and To	The billing period

Example of Billing

The following examples illustrate how billing works.

Example 1

Start Date = June 1, 1999

End Date = May 31, 2000

Interval = Month

Offset = 1 Month + 3 days

Bill On = NULL

Bill Upto = NULL

In this scenario, the first invoice is sent not before $\text{June 1} + 1 \text{ Month} + 3 \text{ days} = \text{July 4, 1999}$. The billing period is determined by the interval which in this case is a Month or June 1 to Jun 30.

If offset is greater than one unit of the interval, then it is equivalent to billing in arrears else billing is in advance. In this case we are billing in arrears.

Invoice 1

Billed From June 1, 1999

Invoice 1	
Billed Upto	June 30, 1999
Bill Sent on	July 4, 1999

Invoice 2	
Billed From	July 1, 1999
Billed Upto	July 31, 1999
Bill Sent on	August 4, 1999

Example 2

Start Date = June 7, 1999

End Date = June 6, 2000

Interval = Month

Offset = 0

Bill On = June 10, 1999

Bill Upto = June 10, 1999

Since the first invoice calculation is based on the bill on date, the first billing period is June 7 to June 10. The bill upto date determines when the first bill should be sent (June 10, 1999). However, Offset = 0 which is equivalent to advance billing. Thus the advance billing cycle will start from the bill on date which is June 10. The billing period will be June 11 to July 10 and the next bill date will be July 10. Note on June 10, 1999 we are sending an arrears invoice and an advance invoice. The next invoice will be on July 10, 1999 and the billing period will be from July 11 to August 10.

Invoice 1 (arrears)	
Billed From	June 7, 1999
Billed Upto	June 10, 1999
Bill Sent on	June 10, 1999

Invoice 2 (advance)	
Billed From	June 11, 1999
Billed Upto	July 10, 1999
Bill Sent on	June 10, 1999

Administration Tab Fields

While authoring a contract, the Administration tab within the Summary information tab includes the following fields:

Field	Description
Quality Assurance Checklist	Enter the QA checklist that is to be used for this contract.
Date Approved	The date that the contract was approved appears.
Date Signed	The date that the contract was signed appears.
Date Canceled	The date that the contract was canceled appears.
Date Terminated	The date that the contract was terminated appears.
Date Renewed	The date that the contract was last renewed appears.
Type	The type of renewal process such as sending for approval, notifying sales representative to facilitate renewal, and so on.
Pricing Method	This determines how pricing is to take place during contract renewal, such as list price, last year's negotiated price, and so on.
Price List	This shows the price list used.
Markup	This represents the percentage that is used to makeup or markdown the contract lines during renewal. This value may be entered as a positive or negative percent.
PO Required check box	This specifies that a purchase order is required during renewal process. If selected, the renewal cannot be sent for approvals without a purchase order.
PO Number	This shows the purchase order number.
Contract Groups Region	
Group Name	Select the contract group to whom this contract belongs. A contract is visible in the Launchpad only if a contract group has been specified here.

Field	Description
Description	The group description appears when the group name is selected.
Process Region	This section identifies the contract milestones and their corresponding processes.
Type	Enter the type of process to run.
Workflow Name	Enter the workflow process name from the list of values.
Workflow Process	This is the workflow process system name and appears when the workflow name is specified.

Parties Fields for Lines

While authoring a contract, the Parties tab within the Lines tab includes the following fields:

Field	Description
Line Type	Select either Service or Usage.
Name	Enter the name of the service from the list of values.
Order/Line Number	If service contract has been interfaced with Order Management, this shows the order number. If a service contract is created manually, this field is disabled.
Account	Enter the customer account from the list of values. The Customer account is defaulted from the bill to address of the contract header. Since the bill to address at this point is known, the customer account can be defaulted. However, you can override the customer account.
Account Name	The account name appears after the customer account is selected.
Bill To	If different from the Summary tab, enter the bill to name from the list of values.
Ship To	If different from the Summary tab, enter the ship to name from the list of values.
Role	Enter the role from the list of values. Similar to the header contacts, customer contacts can be created for the party which the customer account is associated with.
Name	Enter the party name from the list of values.
Bill To and Ship To Address	The bill to and ship to addresses in this tab are those addresses that belong to the customer account.

Effectivities Tab

While authoring a contract, the Effectivities tab within the Lines tab includes the following fields:

Field	Description
Status	Defaulted from the header status.
Start Date	Enter the service line start date.
End Date	Enter the service line end date. If a duration and period are entered, then the end date is calculated.
Duration	Enter the duration in whole numbers.
Period	Enter the period from the list of values such as month or year.
Renewal Type	This determines line duration for renewal such as full duration, and remaining. This value would normally be automatically initialized from OM, however, it may be manually changed during the renewal review.
Description	This is the service description.
Invoice Text	This is the Description text default. Free text can be entered in this field as well. This is imported to AR.
Coverage	Every service item defined in inventory is associated with a coverage template. When you select a service item in authoring and save it, the associated coverage template is used. The coverage name and description appear. Click Edit Coverage to view or edit the coverage.
Exception Coverage	If a coverage has an exception coverage defined, then the exception coverage name and description appear.
Usage Type Section: for usage type serviceable products	
Fixed Per Period	Select if billing is based on a fixed usage.
Actual Per Period	Select if billing is based on an actual usage by period.
Period	Enter the period in which billing is to take place.
Actual by Quantity	Select if billing is based on an actual usage by quantity.
Negotiated Price	Select if billing is based on a negotiated amount.
Average and Settlement Section	
Averaging Allowed	Select if averaging is allowed on a specified number of usage products.

Field	Description
Averaging Interval (Bills)	If averaging is allowed, then enter the time interval averaging is to take place.
Settlement against actual usage allowed	Select if settlement against actual usage is allowed.

There are six buttons that provide a quick way to set the start and end dates of one or all contract lines to support common situations.

- Cascade: This sets the start and end dates of the currently selected contract line to be between the effectivities of the previous and next contract lines.
- Cascade All: This cascades the start and end dates of all the contract lines so that each represents an equal period of time, evenly partitioning the effectivity of the contract.
- Cotermminate: This sets the end date of the currently selected contract line to be the same as the end date of the contract.
- Cotermminate All: This sets the end date of all the contract lines to be the same as the end date of the contract.
- Same Date: This sets the start and end dates of the currently selected contract line to be the same as the start and end date of the contract. It also copies the header billing information from the header to the lines.
- Same Date All: This sets the start and end dates of all the contract lines to be the same as the start and end date of the contract. It also copies the header billing information from the header to the lines.

Pricing and Products Tab

While authoring a contract, the Pricing and Products tab within the Lines tab includes the following fields:

Field	Description
Duration	Defaulted from the Effectivities tab.
Period	Defaulted from the Effectivities tab.
Price List	Defaulted from the header.
Modifier List	Defaulted from the header.
Price	Displays the last contract price.

Field	Description
Currency	Displays currency type.
Final Price	The final price on the line is the sum of the individual final prices defined in the covered levels.
Level	This identifies the level at which the service line is covered. The covered levels are: <ul style="list-style-type: none"> • Site: covers all products at a particular customer site • Item: covers all products of a particular item type within the installed base for the customer • Customer Product: covers a particular product from the customer's installed base • System: covers a particular system configuration • Customer: covers products for a given customer account • Party: covers products for a given party
Name	Enter the level name from the list of values corresponding to the level.
Quantity	Enter the quantity.
UOM	Enter the unit of measure from the list of values.
Unit Price	If the covered level is Product then Oracle Advanced Pricing is called to get the price of the product. In all other cases you must manually enter the price for servicing the product.
Extended Price	The extended price is the unit price times quantity.
Last Contract Price	Covered product price
Currency	Default from contract line
Final Price	The final price is normally equal to the extended price.
Invalid	If pricing could not be done, then the covered level is marked as invalid.
Description	Displays product description
Invoice Text	Default product description
Products Section	
Name	Enter the name of the product.
Fixed	Enter the fixed usage amount.
Minimum	Enter the minimum usage amount.

Field	Description
Default	Enter the default usage amount.
UOM	Enter the unit of measure.
Period	Enter the billing period.
AMCV	Select if average monthly counter volume is to be used when an actual usage amount has not been received in time for billing to take place.
Level	Select if leveling or averaging is allowed.
Base Reading	Enter the base or initial reading of the product.
Final Price	Enter the final negotiated price for this product. This is used if billing is based on a negotiated price.

Defining Warranty Items

A warranty is treated as a component in the serviceable product bill of material. To define a warranty, you first create it as an item in Oracle Inventory, then add it to the bill of material of a particular serviceable product using Oracle Bill of Materials. Use this procedure to make an inventory item a warranty.

Prerequisites

Product items must be created using Oracle Inventory.

Steps

1. In Oracle Inventory, navigate to the Service tab.
2. If this is a serviced item, then select Support Service.
3. If this is a warranty item, then select Warranty.
4. Select the applicable coverage template.
5. Enter the service duration value as a whole number.
6. Select the service duration period.
7. Save your work.

You now have an inventory item for warranty that can be made part of a bill of materials for a serviceable product. Use Oracle Bill of Materials to add the warranty to the bill of materials for a serviceable item.

Guidelines

The following item attributes are not applicable to warranties:

- Inventory Item (Inventory tab)
- Stockable (Inventory tab)
- Transactable (Inventory tab)
- Cycle Count enabled (Inventory tab)
- Build-in_WIP (Work in Process tab)
- Shippable (Order Management tab)
- Returnable (Order Management tab)
- Check ATP item (Order Management tab)
- Serviceable Product (Service tab)

Running the Billing Program

You define the first bill date, the billing frequency, and the bill-on day in the contract authoring form. Based on the billing frequency and bill date, the billing program calculates the invoice amount for the customer. Use this procedure to run the billing program.

Prerequisites

None

Steps

1. In the Navigator, choose **Other > Submit Requests**. The Submit New Request window appears.
2. Choose **Single Request** and click **OK**. The Submit Request window appears.
3. In the In this Request area, select Service Contracts Main Billing.
4. In the Parameters window, specify the following:
 - Contract Number: Enter the number of the contract. If you leave this field blank, all contracts will be used.
 - Default Date: Enter the date you want as the default. (The default offered is the system date on your computer.)

- n Window: Enter an offset value for the billing date you specified in the Default Date field. For example, if you want bills sent out up to two days after the default date, enter 2.
5. Click **OK**.
6. In the Submit Request window, click **Submit Request**.

The billing program sends the invoice amount to Oracle Accounts Receivables, which then generates the invoice.

References

For more information on invoicing, see the *Oracle Accounts Receivables User's Guide*. For more information on billing, see the *Oracle Service User's Guide*.

Running the Fetch AR Program

The Service Contracts Fetch Receivables Info for Billing program retrieves the invoice number and tax amount from AR and updates the contract's billing history accordingly. The tax amount is non-zero if tax is "required" in the contract.

Prerequisites

In Oracle Accounts Receivables, run the AutoInvoice program to generate the invoicing. The user who runs AutoInvoice must have the profile option AR: Define Document Sequences set to Partially Used at either the user level or at the responsibility level.

Steps

1. In the Navigator, choose **Other > Submit Requests**. The Submit New Request window appears.
2. Choose **Single Request** and click **OK**. The Submit Request window appears.
3. In the In this Request area, select Fetch AR Info for Billing.
4. Click **OK**.
5. In the Submit Request window, click **Submit Request**. This updates the invoicing information in the customer's contract.

Running Usage Averaging and Settlement Program

Use this procedure to run the Usage Averaging and Settlement for Billing program.

Prerequisites

None

Steps

1. In the Navigator, choose **Other > Submit Requests**. The Submit New Request window appears.
2. Choose **Single Request** and click **OK**. The Submit Request window appears.
3. In the In this Request area, select Usage Averaging and Settlement for Billing.
4. In the Parameters window, enter the number of the contract. If you leave this field blank, all contracts will be used.
5. Click **OK**.
6. In the Submit Request window, click **Submit Request**.

