

Multiple Organizations in Oracle® Applications

Release 11

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Multiple Organizations in Oracle Applications Release 11

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Preface

Welcome to Release 11 of *Multiple Organizations in Oracle Applications*.

This user's guide includes the information you need to work with Multiple Organizations in Oracle Applications effectively. It contains detailed information about the following:

- Overview and reference information
- System setup for Multiple Organizations in Oracle Applications
- A description of intercompany accounting in Oracle Applications
- A technical overview of Multiple Organizations in Oracle Applications

This preface explains how this user's guide is organized and introduces other sources of information that can help you.

About This User's Guide

This guide is the primary source of information about Multiple Organizations in Oracle Applications. It contains overviews as well as task and reference information. This guide includes the following chapters:

- Chapter 1 provides a brief introduction to Multiple Organizations in Oracle Applications.
- Chapter 2 describes how to set up Multiple Organizations in Oracle Applications.
- Chapter 3 describes how intercompany accounting works in a multiple organization installation.
- Chapter 4 provides an overview of the technical architecture of Multiple Organizations in Oracle Applications.
- The appendices include the following information:
 - Default navigation paths for windows described in this guide
 - Instructions for using the Account Generator to generate the intercompany Cost of Goods Sold account

Assumptions

This guide assumes you have a working knowledge of the principles and customary practices of your business area. It also assumes you are familiar with Multiple Organizations in Oracle Applications. If you have never used Oracle Applications in a multiple organization implementation, we suggest you attend one or more of the related training classes available through Oracle Education. (See Other Information Sources for more information about Multiple Organizations in Oracle Applications and Oracle training.)

This guide also assumes that you are familiar with the Oracle Applications graphical user interface. To learn more about the Oracle Applications graphical user interface, read the *Oracle Applications User's Guide*.

Do Not Use Database Tools to Modify Oracle Applications Data

Oracle provides powerful tools you can use to create, store, change, retrieve and maintain information in an Oracle database. But if you use Oracle tools like SQL*Plus to modify Oracle Applications data, you risk destroying the integrity of your data and you lose the ability to audit changes to your data.

Because Oracle Applications tables are interrelated, any change you make using an Oracle Applications form can update many tables at once. But when you modify Oracle Applications data using anything other than Oracle Applications forms, you may change a row in one table without making corresponding changes in related tables. If your tables get out of synchronization with each other, you risk retrieving erroneous information and you risk unpredictable results throughout Oracle Applications.

When you use Oracle Applications forms to modify your data, Oracle Applications automatically checks that your changes are valid. Oracle Applications also keeps track of who changes information. But, if you enter information into database tables using database tools, you may store invalid information. You also lose the ability to track who has changed your information because SQL*Plus and other database tools do not keep a record of changes.

Consequently, we STRONGLY RECOMMEND that you never use SQL*Plus, Oracle Data Browser, database triggers, or any other tool to modify Oracle Applications tables, unless we tell you to do so in our manuals.

Other Information Sources

You can choose from many sources of information, including documentation, training, and support services, to increase your knowledge and understanding of Multiple Organizations in Oracle Applications.

Most Oracle Applications documentation is available in Adobe Acrobat format on the *Oracle Applications Documentation Library* CD. We supply this CD with every software shipment.

If this manual refers you to other Oracle Applications documentation, use only the Release 11 versions of those manuals unless we specify otherwise.

Oracle Applications User's Guide

This guide explains how to navigate, enter data, query, and run reports, and introduces other basic features of the graphical user interface (GUI) available with this release of Multiple Organizations in Oracle Applications (and any other Oracle Applications product). This guide also includes information on setting user profiles, as well as running and reviewing reports and concurrent requests.

You can also access this user's guide online by choosing "Getting Started with Oracle Applications" from any Oracle Applications help file.

Related User's Guides

Multiple Organizations in Oracle Applications involves enhanced installation and use of other Oracle Applications products. Therefore, you may want to refer to other user's guides when you set up and use Multiple Organizations in Oracle Applications.

If you do not have the hardcopy versions of these manuals, you can read them by choosing Library from the Help menu, by reading from the Oracle Applications Document Library CD, or by using a web browser with a URL that your system administrator provides.

User's Guides for Other Oracle Financial Applications Products

When you install and use Multiple Organizations in Oracle Applications, you will probably want to refer to the user's guides for each of the financial applications you have installed, such as Oracle General Ledger, Oracle Payables, Oracle Receivables, Oracle HRMS, Oracle Assets, and Oracle Projects.

Oracle Applications Flexfields Guide

This manual provides flexfields planning, setup, and reference information for your implementation team, as well as for users responsible for the ongoing maintenance of Oracle Applications product data. This manual also provides information on creating custom reports on flexfields data.

Oracle Workflow Guide

This manual explains how to define new workflow business processes as well as customize existing Oracle Applications–embedded workflow processes. You also use this guide to complete the setup steps

necessary for any Oracle Applications product that includes workflow-enabled processes.

Oracle Alert User's Guide

This manual explains how to define periodic and event alerts to monitor the status of your Oracle Applications data.

Oracle Applications Character Mode to GUI Menu Path Changes

This is a quick reference guide for experienced Oracle Applications end users migrating from character mode to a graphical user interface (GUI). This guide lists each character mode form and describes which GUI windows or functions replace it.

Oracle Financials Open Interfaces Guide

This guide contains a brief summary of each Oracle Financial Applications open interface. You can also find detailed information about open interfaces in the user's guide for each Oracle Financial Applications product.

Multiple Reporting Currencies in Oracle Applications

If you use Multiple Reporting Currencies feature to report and maintain accounting records in more than one currency, use this manual to learn about additional steps and setup considerations for implementing Oracle Applications with this feature.

Oracle Applications Implementation Wizard User's Guide

If you are implementing more than one Oracle product, you can use the Oracle Applications Implementation Wizard to coordinate your setup activities. This guide describes how to use the wizard.

Oracle Applications Developer's Guide

This guide contains the coding standards followed by the Oracle Applications development staff. It describes the Oracle Application Object Library components needed to implement the Oracle Applications user interface described in the *Oracle Applications User Interface Standards*. It also provides information to help you build your custom Developer/2000 forms so that they integrate with Oracle Applications.

Oracle Applications User Interface Standards

This manual contains the user interface (UI) standards followed by the Oracle Applications development staff. It describes the UI for the Oracle Applications products and how to apply this UI to the design of an application built by using Oracle Forms 4.5.

Installation and System Administration

Oracle Applications Installation Manual

This manual and the accompanying release notes provide information you need to successfully install Oracle Financials, Oracle Public Sector Financials, Oracle Manufacturing, or Oracle Human Resources in your specific hardware and operating system software environment.

Oracle Applications Upgrade Manual

This manual explains how to prepare your Oracle Applications products for an upgrade. It also contains information on finishing the upgrade procedure for each product. Refer to this manual and the *Oracle Applications Installation Manual* when you plan to upgrade your products.

Oracle Applications System Administrator's Guide

This manual provides planning and reference information for the Oracle Applications System Administrator. It contains information on how to define security, customize menus and online help, and manage processing.

Oracle Applications Product Update Notes

This book contains a summary of each new feature we added since Release 10.7, as well as information about database changes and seed data changes that may affect your operations or any custom reports you have written. If you are upgrading from Release 10.6 or earlier, you also need to read Oracle Applications Product Update Notes Release 10.7.

Other Information

Training

Oracle Education offers a complete set of training courses to help you and your staff master Oracle Applications. We can help you develop a training plan that provides thorough training for both your project team and your end users. We will work with you to organize courses appropriate to your job or area of responsibility.

Training professionals can show you how to plan your training throughout the implementation process so that the right amount of information is delivered to key people when they need it the most. You can attend courses at any one of our many Educational Centers, or you can arrange for our trainers to teach at your facility. In addition, we can tailor standard courses or develop custom courses to meet your needs.

Support

From on-site support to central support, our team of experienced professionals provides the help and information you need to keep Multiple Organizations in Oracle Applications working for you. This team includes your Technical Representative, Account Manager, and Oracle's large staff of consultants and support specialists with expertise in your business area, managing an Oracle server, and your hardware and software environment.

About Oracle

Oracle Corporation develops and markets an integrated line of software products for database management, applications development, decision support, and office automation, as well as Oracle Applications, an integrated suite of more than 45 software modules for financial management, supply chain management, manufacturing, project systems, human resources, and sales and service management.

Oracle products are available for mainframes, minicomputers, personal computers, network computers, and personal digital assistants, allowing organizations to integrate different computers, different operating systems, different networks, and even different database management systems, into a single, unified computing and information resource.

Oracle is the world's leading supplier of software for information management, and the world's second largest software company. Oracle offers its database, tools, and application products, along with related consulting, education, and support services, in over 140 countries around the world.

Thank You

Thank you for using Multiple Organizations in Oracle Applications and this user's guide.

We value your comments and feedback. At the end of this manual is a Reader's Comment Form you can use to explain what you like or dislike about Multiple Organizations in Oracle Applications or this user's guide. Mail your comments to the following address or call us directly at (650) 506-7000.

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Or, send electronic mail to appsdoc@us.oracle.com.

Overview

This chapter introduces you to the basic concepts of Multiple Organizations in Oracle Applications and describes how to model your complex enterprise with multiple organizations. It includes discussions of:

- Types of organizations
- Controlling access
- Selling, shipping, purchasing, and receiving
- Intercompany accounting

Overview

The Oracle Applications organization model defines organizations and the relationships among them in an arbitrarily complex enterprise. This organization model serves as the cornerstone for all of the Oracle Applications products. It dictates how transactions flow through different organizations and how those organizations interact with each other.

Basic Business Needs

Oracle Applications provides you with the features you need to satisfy the following basic business needs:

- Use a single installation of any Oracle Applications product to support any number of organizations, even if those organizations use different sets of books.
- Support any number of legal entities within a single installation of Oracle Applications.
- Secure access to data so that users can access only the information that is relevant to them.
- Sell products from a legal entity that uses one set of books and ship them from another legal entity using a different set of books, and automatically record the appropriate intercompany sales by posting intercompany accounts payable and accounts receivable invoices.
- Purchase products through one legal entity and receive them in another legal entity.

Major Features

Multiple Organizations in a Single Installation

You can define multiple organizations and the relationships among them in a single installation of Oracle Applications. These organizations can be sets of books, business groups, legal entities, operating units, or inventory organizations.

Secure Access

You can assign users to particular organizations. This ensures accurate data transactions in the correct operating unit.

Sell And Ship Products From Different Legal Entities

You can sell from one legal entity and ship from another, posting to each organization's set of books.

Purchase And Receive Products Between Organizations

You can enter purchase orders and assign for receipt any inventory organization that uses the same set of books.

Automatic Accounting for Internal Requisitions

You can create an internal requisition (sales order) in one organization, then ship from another organization, with correct intercompany invoicing.

Multiple Organizations in a Single Installation

You can support multiple organizations running any Oracle Applications product with a single installation. When you run any Oracle Applications product, you first choose an organization—either implicitly by choosing a responsibility, or explicitly in a Choose Organization window. Each window and report then displays information for your organization only.

Organizations that share the same functional currency, Accounting Flexfield structure, and calendar can post to the same set of books.

Six Types of Organizations

You can define six types of organizations and the relationships among them.

Set of Books

A financial reporting entity that uses a particular chart of accounts, functional currency, and accounting calendar. Oracle General Ledger

secures transaction information (such as journal entries and balances) by set of books. When you use Oracle General Ledger, you choose a responsibility that specifies a set of books. You then see information for that set of books only.

Business Group

The consolidated enterprise, a major division, or an operation company. Human resources information is secured by business group. For example, when you request a list of employees, you see all employees assigned to the business group of which your organization is a part.

Note: This is true in all applications except the HR applications, which support more granular security by a lower-level organization unit.

Multiple sets of books can share the same business group if they share the same business group attributes, including HR flexfield structures.

Legal Entity

A legal company for which you prepare fiscal or tax reports. You assign tax identifiers and other legal entity information to this type of organization.

Note: There are currently only a few features provided for legal entities, such as intrastat movement reports and intercompany invoice generation. Future releases will include enhanced reporting by legal entity.

Balancing Entity

An entity for which you prepare a balance sheet, represented as a balancing segment value in your accounting flexfield. Each legal entity can have one or more balancing entities. You can use Flexfield Value Security rules to restrict data entry of balancing segment values by legal entity or operating unit.

Operating Unit

An organization that uses Accounts Receivable, Order Entry/Shipping, Oracle Payables, Oracle Purchasing, or Oracle Receivables. It may be a sales office, a division, or a department. An operating unit is associated with a legal entity. Information is secured by operating unit for these applications. Each user sees information only for their operating unit. To run any of these applications, you choose a

responsibility associated with an organization classified as an operating unit.

Inventory Organization

An organization for which you track inventory transactions and balances, and/or an organization that manufactures or distributes products. Examples include (but are not limited to) manufacturing plants, warehouses, distribution centers, and sales offices. The following applications secure information by inventory organization: Oracle Inventory, Bills of Material, Engineering, Work in Process, Master Scheduling/MRP, Capacity, and Purchasing receiving functions. To run any of these applications, you must choose an organization that has been classified as an inventory organization.

You create sets of books using the Define Set of Books window in Oracle General Ledger. You define all other types of organizations using the Define Organization window.



Define Set of Books
(Oracle General Ledger User's Guide)

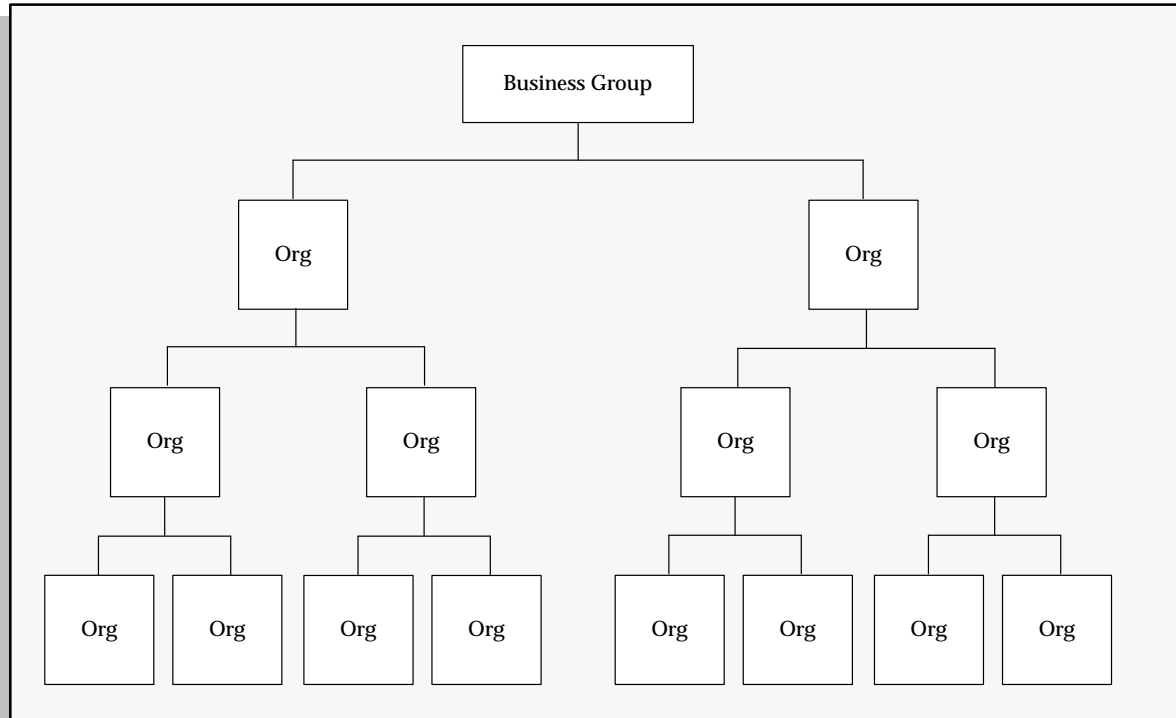


Define Organization
(Oracle Inventory User's Guide)

Human Resources Organization Model

With Oracle Human Resources, you can define multilevel organization hierarchies, with a business group at the top of each hierarchy. When you define new organizations, they are automatically assigned to the business group associated with your current session. Each organization is part of a business group. The business group is usually the top box on an enterprise organization chart, as in Figure 1 - 1.

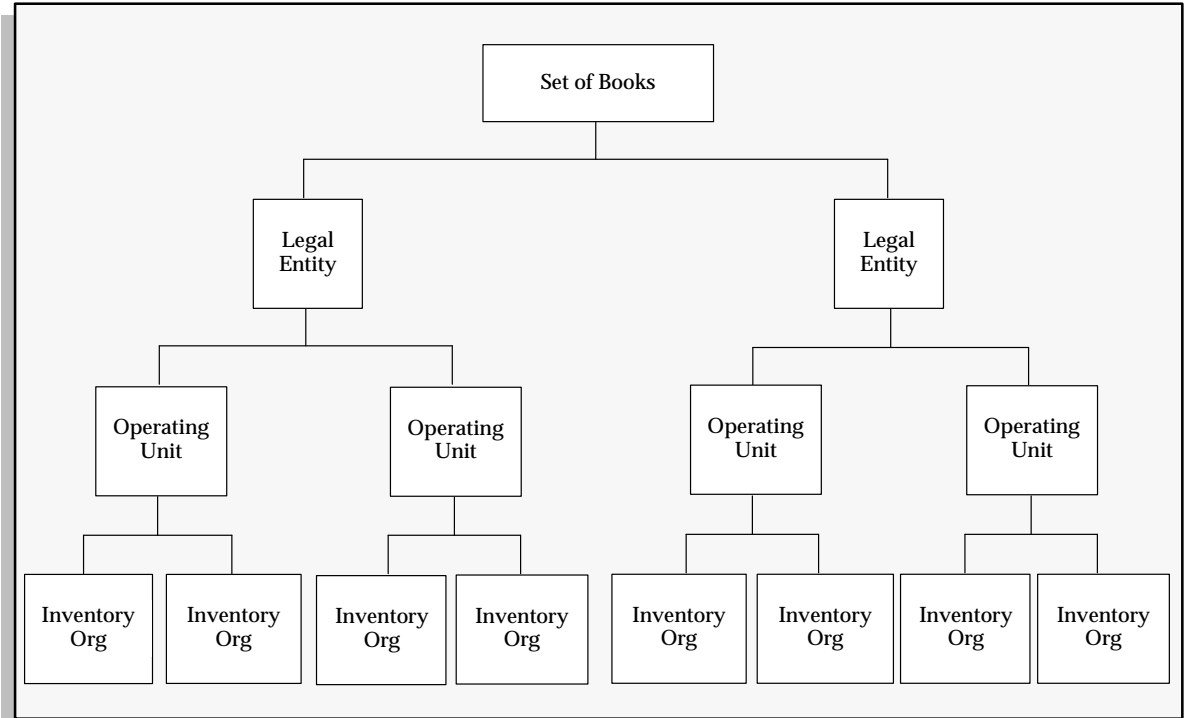
Figure 1 - 1



Accounting / Distribution / Materials Management Organization Model

Using the accounting, distribution, and materials management functions in Oracle Applications, you define the relationships among inventory organizations, operating units, legal entities, and sets of books to create a multilevel company structure, as shown in Figure 1 - 2.

Figure 1 - 2



Legal Entities Post to a Set of Books

Each organization classified as a legal entity is associated with a set of books. Accounting transactions are posted to the set of books.

Operating Units Are Part of a Legal Entity

Each organization classified as an operating unit is associated with a legal entity.

Inventory Organizations Are Part of an Operating Unit

Each organization classified as an inventory organization is associated with an operating unit.



Define Organization
(*Oracle Inventory User's Guide*)

Inventory Organization Determines Items Available to Order Entry

The OE:Item Validation Organization profile option determines the inventory organization that Order Entry uses to validate items. Some inventory item attributes for Receivables and Order Entry, including Tax Code and Sales Account, are specific to an operating unit or an accounting flexfield structure. Therefore, you should use the OE:Item Validation Organization profile option to define an item validation organization for each operating unit.

Inventory Organization Determines Items Available to Purchasing

The inventory organization you specify for each operating unit determines the items available in Purchasing. You can only choose an inventory organization that uses the same set of books as your operating unit.

Controlling Secure Access

Data Security

You can limit users to information relevant to their organization. For example, you can limit access for order administration clerks to sales orders associated exclusively with their sales office.

Inventory Organization Security by Responsibility

You can specify which inventory organizations are available to users in each responsibility. The Choose Inventory Organization window automatically limits available inventory organizations to those authorized for the current responsibility.

Responsibility Determines Operating Unit

Your responsibility determines which operating unit you access when you use Oracle Applications. When you use Oracle Payables, Receivables, Order Entry/Shipping, Purchasing, Projects, and Sales Compensation you see information that is relevant to your operating unit. All transactions you create are automatically assigned to your operating unit.



Define Responsibility

(Oracle Applications System Administrator's Guide)

Sell And Ship Products From Different Legal Entities

Sell from One Legal Entity, Ship from Another Legal Entity

When you enter sales orders, you can choose any inventory organization as the shipping warehouse. The shipping warehouse may be in a different legal entity than the operating unit that enters the sales order, and it may post to a different set of books.

Use the Choose Organization Window to Choose Inventory Organization

After you choose your responsibility to perform materials management functions using Oracle Inventory, Work in Process, Bills of Materials, Master Scheduling/MRP, Capacity, or Purchasing, you must use the Choose Organization window to pick an inventory organization.



Define Intercompany Relations (See page 3 – 16)

Purchase and Receive Products Between Organizations

Your purchase order operating unit and receiving inventory organization must share the same sets of books to receive against a purchase order. In a future release, you will be able to receive to inventory organizations that post to a different set of books from the purchase order creation operating unit.



Define Set of Books

(Oracle General Ledger User's Guide)

Intercompany Accounting

Automatic Intercompany Sales Recognition

Sales orders created and shipped from one legal entity to a different legal entity automatically generate an intercompany invoice to record a sale between the two organizations.



Define Intercompany Relations (See page 3 – 16)

Posting Intercompany Invoices To Different Accounts

You can define different accounts for Trade and Intercompany Cost of Goods Sold and Sales Revenue to eliminate intercompany profit.



Intercompany Invoicing Accounting Details (See page 3 – 3)

Changing Your Organizational Structure

If you need to change your existing structure, you should not try to move an organization to another set of books or another legal entity. (This applies to organizations at any level of your hierarchy.) Instead, disable the old organization and create a new organization under the new set of books or legal entity. Your old data will remain accessible via a separate responsibility.



Organization Hierarchy (See page 4 – 18)

Multiple Organizations in European Implementations

There are some limitations for the Multiple Organizations feature which may affect European implementations. These are described in the Technical Overview chapter of this manual.



Limitations on Multiple Operating Units per Set of Books (See page 4 – 20)

For more detailed information about complying with country-specific statutory requirements and common business practices when using Oracle Financials, please refer to the User's Guide for your country or region.

CHAPTER

2

Multiple Organizations Setup and Implementation

This chapter tells you everything you need to know about setting up multiple organizations, including:

- Developing the organization structure
- Defining organizations and their relationships
- Implementing Applications products

Setting Up a Multi-Organization Enterprise

This essay describes how to implement your organizational structure within the Oracle Applications Multiple Organization model. Before beginning this implementation, be sure you are familiar with the terminology Oracle uses for its business organization model.



Overview (See page 1 – 2)

These are the steps to follow when implementing the Multiple Organization Support feature in Oracle Applications.

1. Develop the Organization Structure
2. Define Sets of Books
3. Define Organizations
4. Define Organization Relationships
5. Define Responsibilities
6. Set the Operating Unit Profile Option for Each Responsibility
7. Convert to Multiple Organization Architecture
8. Define Inventory Organization Security (optional)
9. Change Order Entry Profile Options (optional)
10. Update Profile Options Specific to Operating Units
11. Implement the Applications Products
12. Secure Balancing Segment Values by Legal Entity (optional)
13. Run the Setup Validation Report (recommended)

Implementing Multiple Organization Support

This section uses a sample hierarchy to describe how to implement Oracle Applications Multiple Organization Support.

Step 1 **Develop the Organization Structure**

A successful implementation of Multiple Organization Support in Oracle Applications depends primarily on defining your organizational structure correctly.



Overview (See page 1 – 2)

You should assign organization classifications in the following order: (1) legal entities, (2) operating units, and (3) inventory organizations.

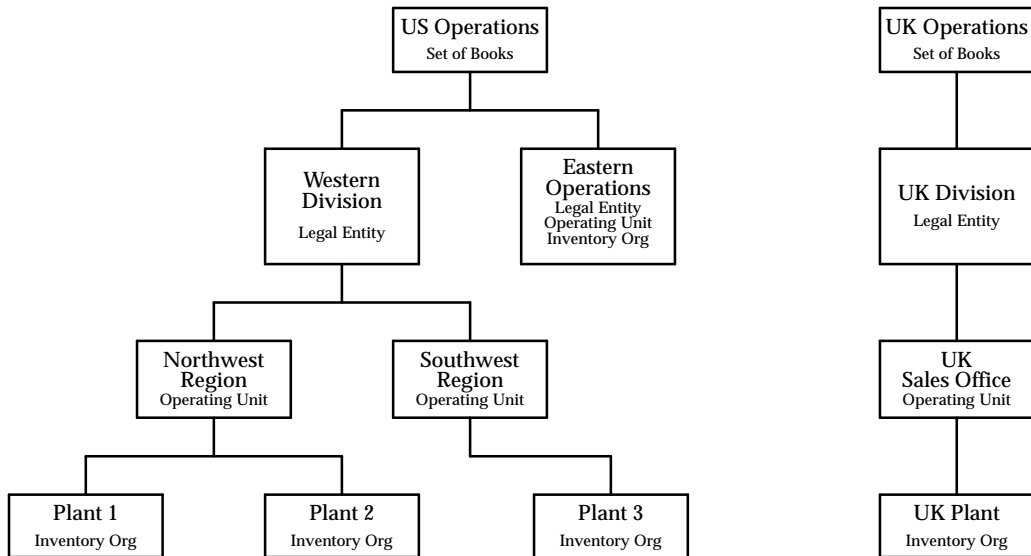


Organization Hierarchy (See page 4 – 18)

Example Organization Structure

Figure 2 – 1 shows a corporation with three legal entities, four operating units, and five inventory organizations. The two U.S. legal entities are assigned to the same set of books because they share the same functional currency, Accounting Flexfield structure, and calendar. The UK legal entity is assigned to a separate set of books because its functional currency is different from that of the U.S. legal entities. This example organization structure is used through most of this chapter.

Figure 2 – 1 Example Organization Structure



Step 2 Define Sets of Books

Use the Define Set of Books window to enter your sets of books.

Note: If your enterprise structure requires that you define a business group, you should define sets of books before business groups.

Set of Books Name	Functional Currency	Accounting Flexfield Structure	Calendar
US Operations	USD	Standard	Standard
UK Operations	GBP	Standard	Standard

Table 2 - 1 Examples of sets of books (Page 1 of 1)



Define Set of Books
(Oracle General Ledger User's Guide)

Step 3 Define Organizations

Use the Define Organization window to define your organizations. You may want to perform this step and the next step (Define Organization Relationships) at the same time. The steps are presented separately here to emphasize the difference between the organizational entity and the role it plays in your organizational structure.

Organization Name
Western Division
Eastern Operations
UK Division
Northwest Region
Southwest Region
UK Sales Office
Plant 1
Plant 2

Table 2 - 2 Examples of organization names (Page 1 of 2)

Organization Name
Plant 3
UK Plant

Table 2 – 2 Examples of organization names (Page 2 of 2)



Define Organization
(Oracle Inventory User's Guide)

Multiple Business Groups

Oracle Applications secures human resources information, including organization definition, by business group. *This section applies to you only if you have multiple business groups, or if you do not choose to use the default business group provided by Oracle Applications.*

You must have at least one business group. For a fresh installation, Oracle Applications provides a default business group, Setup Business Group. You can define additional business groups as required for your enterprise. If you are upgrading to a multiple organization installation, you will already have your first business group defined.

Define all of your business groups at this step, but do not define any new organizations or organization hierarchies until you have associated each business group with a responsibility. See: Define Responsibilities: page 2 – 7.

After you have associated business groups with responsibilities, you can enter business group setup information such as additional organization information and business group classifications.

If you have multiple business groups, verify the HR:Business Group profile option before you define organizations in each business group .

Step 4 Define Organization Relationships

Use the Define Organization window to define organization relationships by assigning classifications to each organization. Attributes of certain classifications relate organizations and the roles they play. You can classify an organization as any combination of legal entity, operating unit, and inventory organization. Specify your organization classifications in the following order:

1. legal entities
2. operating units

3. inventory organizations

Table 2 – 3 shows the information you must enter for each organization classification.

Classification	Information Type	Required Attributes
GRE/Legal Entity	Legal Entity Accounting	Set of Books
Operating Unit	Operating Unit	Legal Entity
Inventory Organization	Accounting	Set of Books, Legal Entity, Operating Unit

Table 2 – 3 Required information for organization classifications (Page 1 of 1)

For an organization that is a legal entity, you must specify a location in the Define Organization window. You can zoom to the Define Location window to define locations for legal entities.

Defining business groups is optional. Oracle Applications provides a default business group named Setup Business Group. Your organizations are automatically assigned to the default business group.

Note: If you have multiple business groups, you should set up all legal entities and operating units for the current business group before proceeding to the next business group. To set up legal entities and operating units for the next business group, first select a responsibility associated with the desired business group. See: Define Responsibilities: page 2 – 7.

Organization Name	Legal Entity?	Operating Unit?	Inventory Organization?	Set of Books	Legal Entity	Operating Unit
Western Division	Yes			US Operations		
Eastern Operations	Yes	Yes	Yes	US Operations	Eastern Operations	Eastern Operations
UK Division	Yes			UK Operations		
Northwest Region		Yes			Western Division	
Southwest Region		Yes			Western Division	

Table 2 – 4 Example organizations (Page 1 of 2)

Organization Name	Legal Entity?	Operating Unit?	Inventory Organization?	Set of Books	Legal Entity	Operating Unit
UK Sales Office		Yes			UK Division	
Plant 1			Yes	US Operations	Western Division	Northwest Region
Plant 2			Yes	US Operations	Western Division	Northwest Region
Plant 3			Yes	US Operations	Western Division	Southwest Region
UK Plant			Yes	UK Operations	UK Division	UK Sales Office

Table 2 – 4 Example organizations (Page 2 of 2)

Note: Each time you create a new organization in the Define Organization window, a concurrent program automatically replicates the seed data for the new organization.



Define Organization
(Oracle Inventory User's Guide)

Step 5 Define Responsibilities

Use the Define Responsibility window to define responsibilities for each operating unit. When you sign on to Oracle Applications, the responsibility you choose determines the data, windows, menus, reports, and concurrent programs you can access.



Define Responsibility
(Oracle Applications System Administrator's Guide)

Multiple Business Groups

This section applies to you only if you have multiple business groups, or if you do not choose to use the default business group provided by Oracle Applications.

If you have multiple business groups, you must associate each responsibility with one and only one business group. You associate a responsibility with a business group via the HR:Business Group system profile option. If you are upgrading to Multi-Org, you must also associate each existing responsibility with a business group.

Step 6 **Set Profile Option for Each Responsibility**

You must set the MO:Operating Unit profile option for each responsibility. Set this profile option to the appropriate operating unit id (ORG_ID) for each responsibility. The operating unit context for each responsibility is set via this profile option.

This profile option must be set for Oracle Training Administration (OTA) responsibilities when OTA is used in a Multi-Org environment. This is to ensure that the OTA customer and supplier functions work correctly in a Multi-Org environment.

You must also define the default operating unit by setting the MO:Operating Unit profile at the site level. If this is a fresh installation, the default operating unit can be any operating unit you have defined. If this is an existing installation, you should assign as the default operating unit the operating unit to which all existing data should belong.

Step 7 **Convert to Multiple Organization Architecture**

Ask your database administrator to run the AutoInstall utility *adadmin*. This utility must be run for a standard installation as well as for a Multi-Org installation. One of the options in *adadmin* is to convert to Multiple Organization architecture. Choosing this option will enable the Multiple Organization Support feature and add operating unit context to all existing data. This process will also replicate seed data to all operating units that have been defined.



Oracle Applications Installation Manual

Step 8 **Define Inventory Organization Security (optional)**

With inventory organization security you can restrict inventory organization access to specific responsibilities. You may want to restrict your manufacturing users to certain organizations according to your organizational hierarchy.

Step 9 **Change Order Entry Profile Options (optional)**

If you have different item validation organizations for your operating units, use the Define User Profile Option window to change the level characteristics of your OE:Item Validation Organization profile option so that they are visible and updatable at the responsibility level.

If you have different sets of books for your operating units, change the level characteristics of the OE:Set of Books profile option to be visible and updatable at the responsibility level.

If you have different sequential numbering requirements (Always Used, Not Used, Partially Used) for different sets of books, change the Sequential Numbering profile option to be visible and updatable at the responsibility level.

Step 10 **Update Profile Options Specific to Operating Units**

Use the Update System Profile Options window to set profile options that are specific to each operating unit. You must set these profile option values for all relevant responsibilities that connect to each operating unit.

Some profile options, including AR:Receipt Batch Source and AR:Transaction Batch Source, reference data that is secured by operating unit. You must set these profile options at the responsibility level.

For profile options that need to differ at the operating unit level, including OE:Item Validation Organization, OE:Set of Books, and GL Set of Books, you must set the values at the responsibility level. Oracle General Ledger windows use the GL Set of Books profile option to determine your current set of books. If you have different sets of books for your operating units, you should set the GL Set of Books profile option for each responsibility that includes Oracle General Ledger windows.

For profile options that need to differ at the set of books level, including Sequential Numbering, set the values at the responsibility level.

Profile options specify default values that affect system processes, system controls, and data entry. In a multiple organization environment you may want to confine the effect to a specific operating unit. Therefore, you may want to change your profile options to be visible and updatable at the responsibility level.

Step 11 **Implement the Applications Products**

After the steps above are complete, go into each operating unit and set up the Oracle Applications products. The following products must be set up for each operating unit in which you intend to perform the functions: Oracle Order Entry/Shipping, Oracle Payables, Oracle Purchasing, Oracle Projects, Oracle Receivables, and Oracle Sales

Compensation. Oracle Assets, Oracle General Ledger, Oracle Inventory and the rest of the Oracle Manufacturing products only need to be set up once for the installation, not once for each operating unit. To perform this setup procedure, follow the instructions in the Oracle Applications Installation Manual.

The following setup information needs to be entered once only for the enterprise:

- Flexfield definitions
- Customer Header (customer address is at the operating unit level)
- Supplier Header (vendor site is at the operating unit level)
- All other information that is not listed below

The following information must be entered for each operating unit:

- Order Entry
- Hold sources
- Order types
- Holds
- Receivables
- Transaction types
- Remit to address
- Salesrep
- Tax exemptions
- Batch sources
- VAT taxes
- System parameters distributions
- Memo lines
- AutoAccounting
- Invoice sources
- Receipt sources
- Tax codes
- Tax rates
- Purchasing

- Control functions/groups
- System parameters
- Position controls
- Autosource documents
- Account distributions
- Payables
- Distribution sets
- Bank accounts
- Tax names and groups
- Expense report types
- System options

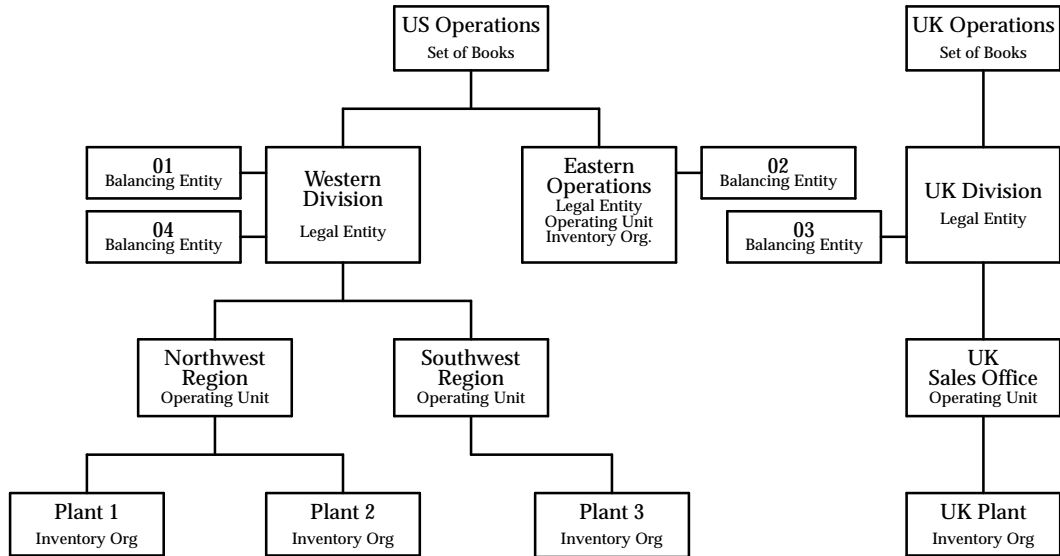


Oracle Applications Installation Manual

Step 12 **Secure Balancing Segment Values by Legal Entity (optional)**

Use the Define Security Rule window to create rules that secure data entry of balancing segment values for each legal entity. Each security rule is composed of one or more security rule elements that specify a range of values to include or exclude.

Figure 2 – 2 Example Organization Structure with Balancing Entities



Value Set	Security Rule	Security Rule Elements		
		Type	Low	High
Division	US Western	Include	01	01
		Include	04	04
Division	US Eastern	Include	02	02
Division	UK	Include	03	03

Table 2 – 5 Security Rules for the Division Value Set (Page 1 of 1)

Use the Assign Security Rules window to assign the same rule(s) to all responsibilities associated with the legal entity’s operating units.

Responsibilities	Value Set	Security Rule
All responsibilities for Northwest Region and Southwest Region operating units	Division	US Western
All responsibilities for Eastern Operations operating unit	Division	US Eastern
All responsibilities for UK Sales Office operating unit	Division	UK

Table 2 – 6 (Page 1 of 1)

If you need further to secure balancing segment values for each operating unit of a legal entity, you can define additional rules and assign them to all responsibilities associated with the relevant operating units. If, for example, you need to restrict the Northwest Region operating unit to balancing segment value 01 and the Southwest Region to balancing segment value 04, you can add the following rules.

Value Set	Security Rule	Security Rule Elements		
		Type	Low	High
Division	Northwest	Include	01	01
Division	Southwest	Include	04	04

Table 2 – 7 (Page 1 of 1)

In addition to the previous rule assignments, you can assign the new rules to all responsibilities associated with the two operating units. When you assign multiple rules to the same responsibility, only the overlapping values of the rules are available to users of the responsibility.

Responsibilities	Value Set	Security Rule
All responsibilities for Northwest Region operating unit	Division	Northwest
All responsibilities for Southwest Region operating unit	Division	Southwest

Table 2 – 8 (Page 1 of 1)

Step 13 **Run the Setup Validation Report (recommended)**

After you have implemented Multi-Org, run the Setup Validation Report to identify any setup problems. Some of the errors that the report finds may be deleted optionally via the report window, while others require that you change your setup. All suggested changes can be confirmed optionally so that you may retain your implementation even if it fails validation.

Disabled Fields on Enter Customer and Enter Supplier Windows

The Validation Report warns you that data exists in the database for the following fields on the Enter Customer window:

- Primary Salesrep
- Order Type
- Dunning Site
- Statement Site
- Tax Code
- Ship Via

The Validation Report also warns you that data exists in the database for the following fields on the Enter Supplier window:

- Liability Account
- Prepayment Account
- Distribution Set
- Invoice Tax Name
- Offset Tax Name

The data for these fields is partitioned by operating unit. Because header information is shared across operating units, the data for these fields must be deleted from the database. If you do not choose to have the report delete the data, you must edit your database manually. It is essential that the data for the disabled fields be deleted.

Consistent Profile Option Values

All responsibilities in one operating unit must share the same profile option values and the same sequence numbering option. The Validation Report indicates an error if this is not the case, and notes when profile options should be set at the responsibility level.



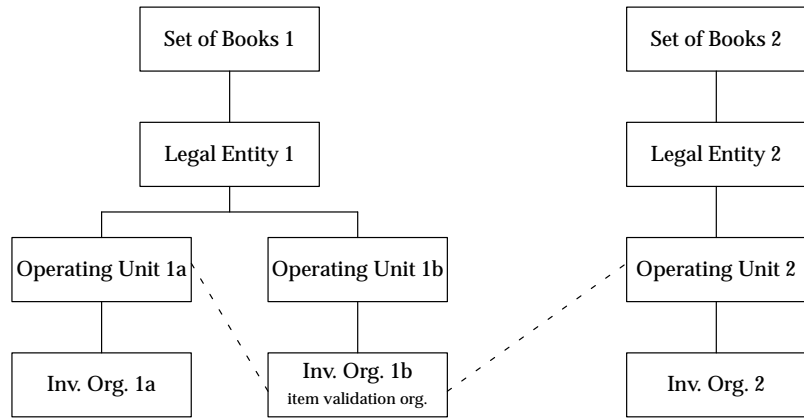
Profile Options (See page 4 – 18)

Item Validation Organizations

For accounting purposes, you should ensure that an operating unit and the item validation organization that you choose for it share the same set of books. The Validation Report examines your implementation to verify this and checks that an operating unit's item validation organization is an inventory organization linked to that operating unit. The two checks are performed separately.

For the sample hierarchy in Figure 2 – 3, the Validation Report will offer a warning if inventory organization 1b is assigned as an item validation organization to operating unit 1a (different operating unit) or operating unit 2 (different set of books). The preferred operating unit for inventory organization 1b is 1b.

Figure 2 – 3 Sample Hierarchy



CHAPTER

3

Intercompany Accounting

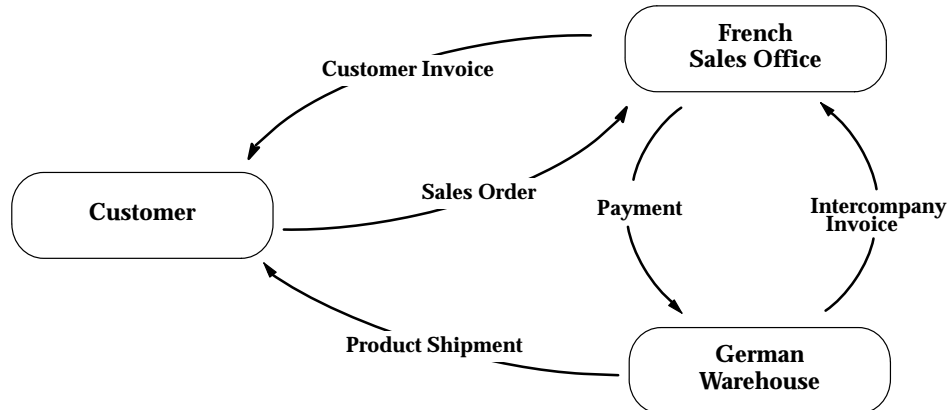
This chapter tells you everything you need to know about intercompany accounting, including:

- Selling from one organization and shipping from another
- Automatic creation of intercompany invoices

Intercompany Invoicing

When a sales order is entered in an operating unit, the shipping warehouse is often part of a separate operating unit belonging to a separate set of books. After the sales order is shipped to the customer, the inventory asset account for the shipping organization is credited and the cost of goods sold account is debited. At the same time, sales revenue must be recognized in the order entry organization. Since the cost of goods sold account is derived from the shipping organization, if the two organizations belong to two different operating units, the system must perform certain accounting distributions to record the intercompany revenue, receivable, and payable entries.

Figure 3 - 1



Basic Business Needs

Oracle Applications provides you with the features you need to satisfy the following basic business needs.

- Enter sales orders from one operating unit and assign a shipping warehouse under a different operating unit.
- Automatically create intercompany payable and receivable invoices to record intercompany revenue, payables and receivables.
- Eliminate intercompany profit in the general ledger.

Major Features

Automatic Intercompany Sales Recognition

You can assign a shipping warehouse under a different operating unit to a sales order. The system automatically records an intercompany sale between the shipping organization and the selling organization by generating intercompany invoices.

Segregating Trade and Intercompany COGS and Revenue

You can define different accounts for Trade and Intercompany COGS and Sales Revenue to eliminate intercompany profits' Transfer Pricing. You can establish your transfer pricing in intercompany invoices through Oracle Order Entry/Shipping's price lists.



Overview of Pricing
(Oracle Order Entry/Shipping User's Guide)

Extensible Architecture

At key event points in the programs, stored procedure callbacks have been installed, including invoice and invoice line creations, and the transfer pricing algorithm. You can insert PL/SQL code to append or replace existing program logic to fulfill your specific business requirements.

Intercompany Invoicing Accounting Details

A sales office in the French operating unit sells products to a customer. The products are then shipped from a shipping organization under the German operating unit. When the shipments of the order are confirmed, inventory transactions record the material movements. These inventory transactions generate the following accounting distributions, which are recorded in the Oracle Inventory's accounting distribution table MTL_TRANSACTION_ACCOUNTS:

Operating Unit	Account	Debit	Credit
German	Cost of Goods Sold (via Account Generator)	German Unit Cost x Qty	
German	Inventory Valuation		German Unit Cost x Qty

Table 3 – 1 Accounting distributions from ship confirm (Page 1 of 1)

The Receivables Interface process in Oracle Order Entry/Shipping creates the following invoice distributions in Oracle Receivables (applicable taxes excluded):

Operating Unit	Account	Debit	Credit
French	Trade Receivables	(Selling Price x Qty) + Freight Amount	
French	Trade Revenue		(Selling Price x Qty)
French	Freight		Freight Amount

Table 3 – 2 Invoice distributions from Receivables Interface (Page 1 of 1)

The Create Intercompany AR Invoices process generates an intercompany receivable invoice from the German legal entity to the French legal entity using the AutoInvoice mechanism. The transaction date stamp on the inventory shipment transaction is the transaction date in the invoice lines. The transfer price of the product is extracted from the price list associated with the two legal entities.

Operating Unit	Account	Debit	Credit
<i>Inventory Transaction in Shipping Organization</i>			
German	Intercompany COGS	German Unit Cost x Qty	
German	Inventory Valuation		German Unit Cost x Qty
<i>Customer Invoice from Selling Organization</i>			
French	Trade Receivables	Selling Price x Qty	

Table 3 – 3 Results of Create Intercompany AR Invoices process (Page 1 of 2)

Operating Unit	Account	Debit	Credit
French	Trade Revenue		Selling Price x Qty
<i>Intercompany AR Invoice from Shipping Organization to Selling Organization</i>			
German	Intercompany Receivables	Transfer Price x Qty	
German	Intercompany Revenue		Transfer Price x Qty

Table 3 – 3 Results of Create Intercompany AR Invoices process (Page 2 of 2)

The currency defined in the price list is the transaction currency for the new accounting distributions. The applicable exchange rates are applied by AutoInvoice if the currency of the price list is different from functional currencies of the two legal entities. After AutoInvoice is invoked to process the intercompany AR invoices, a second concurrent program, Create Intercompany AP Invoices, creates intercompany payable invoices from the intercompany receivable invoices and the corresponding accounting distributions.

Operating Unit	Account	Debit	Credit
<i>Inventory Transaction in Shipping Organization</i>			
German	Cost of Goods Sold (via Account Generator)	German Unit Cost x Qty	
German	Inventory Valuation		German Unit Cost x Qty
<i>Customer Invoice from Selling Organization</i>			
French	Trade Receivables	(Selling Price x Qty) + Freight Amount	
French	Trade Revenue		Selling Price x Qty
French	Freight		Freight Amount
<i>Intercompany AR Invoice from Shipping Organization to Selling Organization</i>			
German	Intercompany Receivables	(Transfer Price x Qty) + Freight Amount	

Table 3 – 4 Results of Create Intercompany AP Invoices process (Page 1 of 2)

Operating Unit	Account	Debit	Credit
German	Intercompany Revenue		Transfer Price x Qty
German	Freight		Freight Amount
<i>Intercompany AP Invoice from Selling Organization</i>			
French	Trade COGS (via Account Generator)	Transfer Price x Qty	
French	Freight (AP)	Freight Amount	
French	Intercompany Payable		(Transfer Price x Qty) + Freight Amount

Table 3 – 4 Results of Create Intercompany AP Invoices process (Page 2 of 2)

Prerequisites

Before using the Intercompany Invoicing processes, you must complete the following steps:

- Define your intercompany relations.
- Define your Oracle Receivables system options.
- Define your Oracle Payables system options.
- Define your tax structures in Oracle Payables and Oracle Receivables.
- Set up the Account Generator for the Cost of Goods Sold accounts.

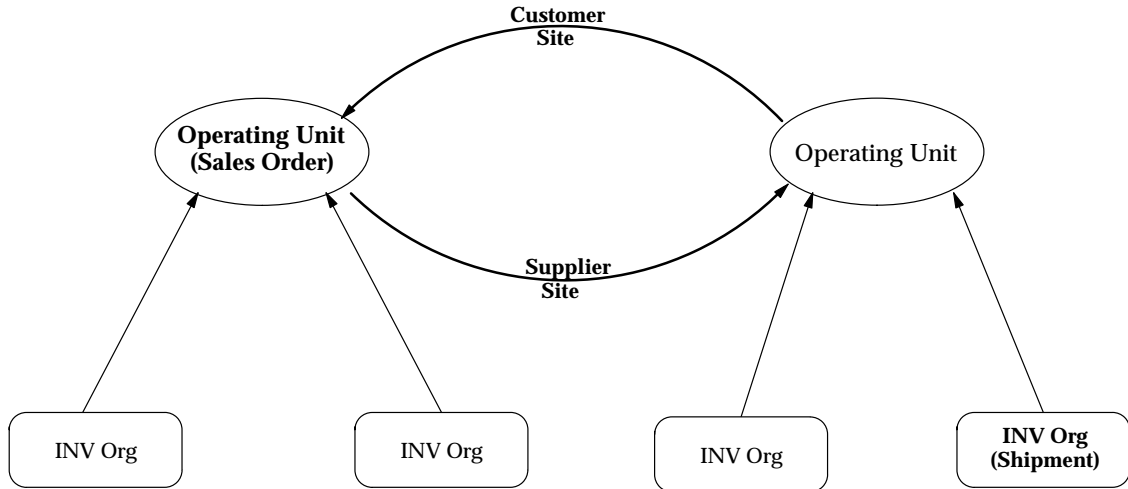
Define Intercompany Relations

For each pair of selling and shipping operating units, you must define:

- a customer/customer site combination, defined in the shipping organization's operating unit, to represent each selling entity. This customer/customer site combination is used in intercompany receivable invoices
- an invoice transaction type defined in the shipping organization's operating unit

- a supplier/supplier site combination, defined under the selling organization, to represent each shipping entity. This supplier/supplier site combination is used in intercompany payable invoices
- an operating unit to each inventory organization for creating an intercompany AR invoice

Figure 3 - 2



The customer site of the intercompany receivable invoice is determined from the selling operating unit, and the supplier site of the intercompany payable invoice is determined from the shipping operating unit. The currency of the price list associated with the customer site is the currency in the intercompany invoices.



Define Intercompany Relations (See page 3 - 16)

Oracle Receivables System Options

Since the Create Intercompany AR Invoices process does not always generate sales credit information to Oracle Receivables, the Require Salesrep flag must be set to No.



Define System Options
(Oracle Receivables User's Guide)

Receivables Invoice Batch Source

An invoice batch source indicates the source of an invoice that you transfer to Oracle Receivables. It also determines how AutoInvoice processes an invoice. All intercompany invoices generated by the Create Intercompany AR Invoices process use the predefined batch source *Intercompany*. Modifying this invoice batch source may cause unexpected failures during AutoInvoice.



Attention: AutoAccounting uses sales credit records to construct distribution accounts based on salesreps. If you use salesreps in one or more account segment assignments for a particular operating unit, set the Allow Sales Credit Flag to Yes for the Intercompany batch source in that operating unit.

Tax Structure in Oracle Payables and Oracle Receivables

If you need to apply tax to the intercompany invoices, you must set up identical tax structures (tax codes and rates) in Oracle Payables and Oracle Receivables so intercompany AR invoices can be mirrored correctly into intercompany AP invoices.



Taxes
(*Oracle Payables User's Guide*)



Tax Overview
(*Oracle Receivables User's Guide*)

Account Generator

The Create Intercompany AP Invoices process uses the Account Generator process named *Inventory Cost of Goods Sold Account* to construct the expense account for regular invoice lines. You must set up this process before you can use the Create Intercompany AP Invoices process.



Create Intercompany AP Invoices (See page 3 – 14)



Using the Account Generator to Generate the Intercompany COGS Account (See page B – 2)

User Procedures

Period Close Procedures

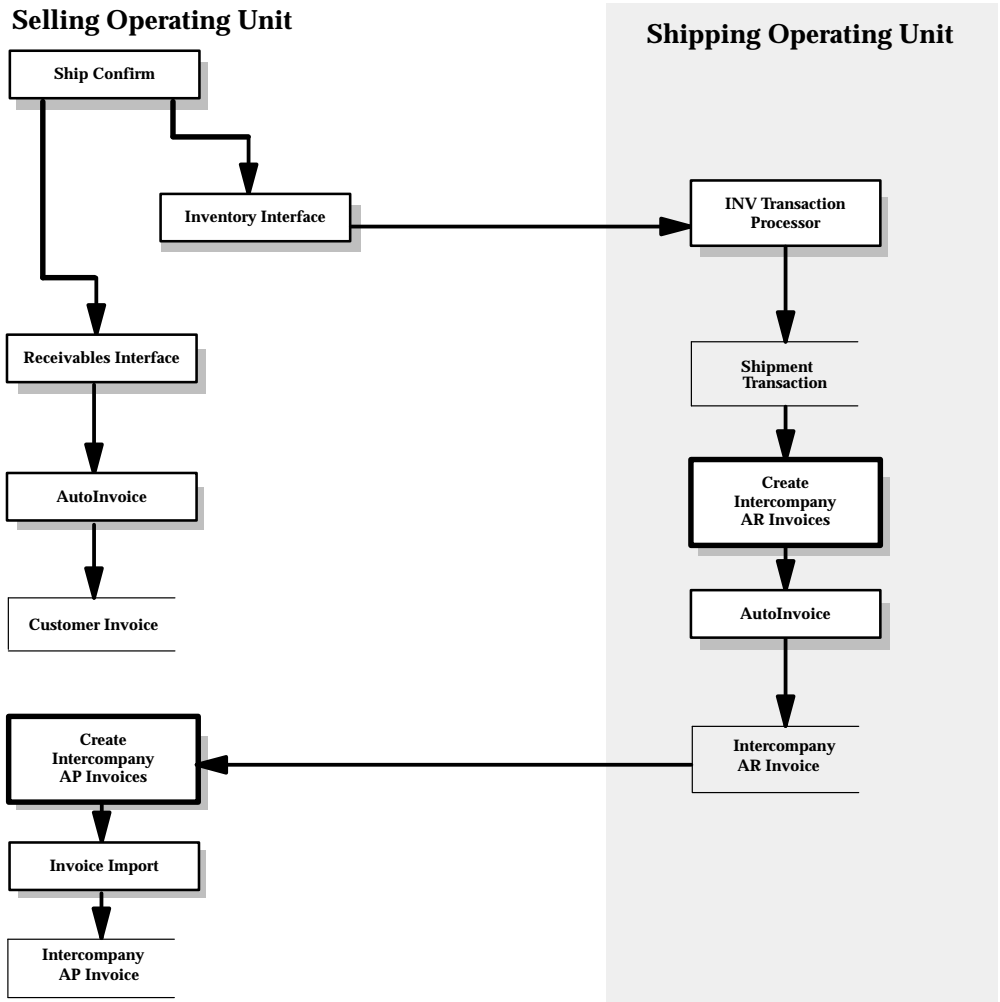
Before closing accounting periods in Oracle Inventory, Oracle Receivables and Oracle Payables, it is recommended that you execute this program and process all outstanding intercompany shipment transactions before performing other period close procedures, including but not limited to posting to Oracle General Ledger, in the respective applications.

Foreign Currency Exchange Rates

The intercompany invoice creation programs do not prompt you to enter an exchange rate when the intercompany invoice is a foreign currency invoice. You should ensure that all the required exchange rates are available in Oracle General Ledger.

Process Flow for Intercompany Invoicing

Figure 3 - 3



Create Intercompany AR Invoices

Use this process to create intercompany receivable invoices for product shipments and freight charges that are initiated from sales orders belonging to a different operating unit.

Each intercompany invoice line you create is inserted into the Oracle Receivables invoice interface tables and is processed by Oracle Receivables' AutoInvoice process. The Create Intercompany AR Invoices process uses its own batch source, *Intercompany*, and its own Transaction Line Flexfield definition. Other information required to create an invoice, such as customer, customer site, and transaction type, is retrieved from the intercompany relations.



Attention: To insert rows for multiple operating units, use the ALL views and populate the org_id column explicitly. You can determine an operating unit's org_id by querying the HR_OPERATING_UNITS view:

```
SELECT name, organization_id
FROM HR_OPERATING_UNITS;
```

When you import rows *from* open interface tables, only rows for your current operating unit are processed.

Profile Options

The following profile options affect the Create Intercompany AR Invoices process:

Profile Option	Effect on Process
INV: Intercompany Currency Conversion	Determines the conversion type for foreign currency invoices
Tax: Allow Override of Tax Code	Determines whether tax code information should be passed to AR for freight
Tax: Invoice Freight as Revenue	Indicates whether freight lines should be invoiced as revenue lines

Table 3 – 5 Create Intercompany AR Invoices: Profile Options (Page 1 of 2)

Profile Option	Effect on Process
Tax: Inventory Item for Freight	Use this inventory item when freight lines are invoiced as revenue lines
OE: Item Validation Organization	Inventory organization in which the freight item specified in the profile Tax: Inventory Item for Freight is defined

Table 3 – 5 Create Intercompany AR Invoices: Profile Options (Page 2 of 2)



Attention: The Create Intercompany AR Invoices program examines the profile option values of all the responsibilities for an operating unit. If only one responsibility has a particular profile option set, that value is used. If values exist for two or more responsibilities, and the values are identical, the value is used. If profile option values differ between responsibilities, the Create Intercompany AR Invoices program produces an error. Finally, if a profile option is not set for any responsibility, the site value is used.

Invoicing Shipment Transactions

The Create Intercompany AR Invoices process creates invoice lines for order shipment transactions in Oracle Inventory where the shipping warehouse does not belong to the order entry operating unit.

Invoicing Freight Charges

The Create Intercompany AR Invoices process creates invoice lines for freight charges in Oracle Order Entry/Shipping when the shipment transactions from the corresponding picking slips are being invoiced.

AutoInvoice

The Oracle Receivables AutoInvoice program processes the records inserted into the interface tables by the Create Intercompany AR Invoices process. The AutoInvoice program validates the records and creates invoices, invoice lines, distributions and payment schedules for both shipment transactions and freight charges.



Using AutoInvoice
(Oracle Receivables User's Guide)

Intrastat Movement Statistics

When movement statistics records are kept for the shipment transactions, the Create Intercompany AR Invoices program delinks the customer invoice from the movement record and creates a new link to the intercompany invoice.

Process Submission

From an Oracle Inventory responsibility, use the Submit Request window and enter Create Intercompany AR Invoices in the Request Name field. Then enter the parameters shown below.

Process Parameters

Shipping Operating Unit

Enter the shipping operating unit for which you want to generate intercompany AR invoices. Leave this field blank to generate invoices for all shipping operating units.

Line Description

Enter the description you wish to appear on the invoice lines. Leave this field blank if you want to use the item description as the invoice line description.

Create Intercompany AP Invoices

Use this process to copy intercompany receivable invoices created by the Create Intercompany AR Invoices into Oracle Payables. This process creates invoices in the XpenseXpress tables with its own import source name and is processed by Oracle Payables' Invoice Import process. Other information required to create an invoice, such as supplier and supplier site, is retrieved from the intercompany relations.

Profile Option

The following profile option affects the operation of the Create Intercompany AP Invoices process:

Profile Option	Effect on Process
INV: Intercompany Currency Conversion	Determines the conversion type for foreign currency invoices

Table 3 - 6 Create Intercompany AP Invoices: Profile Option (Page 1 of 1)

Payables Invoice Import

The Oracle Payables Invoice Import program processes the records inserted into the interface tables by the Create Intercompany AP Invoices process. The Invoice Import program validates the records and creates invoices, invoice distributions and payment schedules. All invoices created by the Create Intercompany AP Invoices program have Intercompany as their source.



Invoice Import
(Oracle Payables User's Guide)



Attention: To insert rows for multiple operating units, use the ALL views and explicitly populate the org_id column. You can determine an operating unit's org_id by querying the HR_OPERATING_UNITS view:

```
SELECT name, organization_id
FROM HR_OPERATING_UNITS;
```

When you import rows *from* open interface tables, only rows for your current operating unit are processed.

Intercompany Cost of Goods Sold Account

The Create Intercompany AP Invoices process uses the Account Generator to construct a Cost of Goods Sold Accounting Flexfield combination (Intercompany COGS account) for each regular invoice line in the intercompany payables invoices.



Using the Account Generator to Generate the Intercompany COGS Account (See page B – 2)

Process Submission

From an Oracle Inventory responsibility, use the Submit Request window and enter Create Intercompany AP Invoices in the Request Name field. Then enter the parameters shown below.

Process Parameters

Selling Operating Unit

Enter the selling operating unit for which you want to copy intercompany AR invoices and generate intercompany AP invoices. Leave this field blank to generate invoices for all selling operating units.

Header Description

Enter the description you want to appear on the invoices. Leave this field blank if you do not want to have a description for the invoices.

Line Description

Enter the description you want to appear on the invoice line. Leave this field blank if you want to copy the invoice line description from the Intercompany AR invoices.

Define Intercompany Relations

The screenshot shows a window titled "Intercompany Relations" with the following fields:

- Operating Unit**
 - Shipping: [Text Box]
 - Selling: [Text Box]
- AR Invoicing for Shipping**
 - Customer: [Text Box]
 - Number: [Text Box]
 - Location: [Text Box]
 - Transaction Type: [Text Box]
- AP Invoicing for Selling**
 - Supplier: [Text Box]
 - Site: [Text Box]
 - Freight Account: [Text Box]
 - Revalue Average

Use this window to define intercompany relations used for creating intercompany invoices from cross-operating unit sales order shipments.

Prerequisites

Before you can use this window you must do the following:

- Define a customer and customer site in the inventory organization's operating unit that corresponds to the order entry operating unit.
- Define a supplier and supplier site in the order entry operating unit that corresponds to the shipping organization.
- Define the invoice transaction type.

Intercompany Relations Window Reference

Selling Operating Unit

Enter the selling operating unit for which to define an intercompany relationship. The list of values displays only the organizations defined as operating units for which no intercompany relationship has been defined.

Shipping Operating Unit

Enter the Shipping Operating Unit for which to define an intercompany relationship. The list of values displays only the organizations defined as operating units. If the window is called from an Oracle Manufacturing responsibility, it automatically displays the operating unit associated with the current inventory organization and this field becomes non-updatable.

Customer

Enter the customer associated with the shipping organization that corresponds to the selling organization. You may enter either the customer name or customer number.



Enter Customer Information
(*Oracle Receivables User's Guide*)

Customer Location

Enter the customer location, if the customer has multiple locations. This customer location must be a "Bill To" site.

Transaction Type

Enter the invoice transaction type to be used on the intercompany AR invoices.



Define Transaction Types
(*Oracle Receivables User's Guide*)

Supplier

Enter the supplier associated with the selling organization that corresponds to the shipping organization.



About Suppliers
(Oracle Payables User's Guide)

Supplier Site

If it is available, enter the supplier site associated with the selling organization that corresponds to the shipping organization. This supplier site must be a purchasing site.

Freight Account

Enter the freight account used as the expense account in the intercompany AP invoices in the line type 'FREIGHT'. The list of values is restricted to the Chart of Accounts of the selling organization.

Revalue Average

Enable this check box if you want to revalue the average cost in the selling operating unit when creating the intercompany AP invoices.

Technical Overview

This chapter gives you an overview of the technical architecture of multiple organizations, including:

- Oracle schemas
- Data partitioning via database views
- Case study of a multiple organization implementation
- Seed data replication
- Limitations

Multiple Organization Support Technical Overview

The multiple organization support feature uses native database features introduced in Oracle 7.3 to build a security layer on top of a single installation of Oracle Applications. This layer of security provides the necessary data partitioning, while at the same time minimizes the number of potentially destabilizing changes to the application code itself. The security layer is provided using database views which allow access to the partitioned data without any changes to the applications code.

The APPS Schema

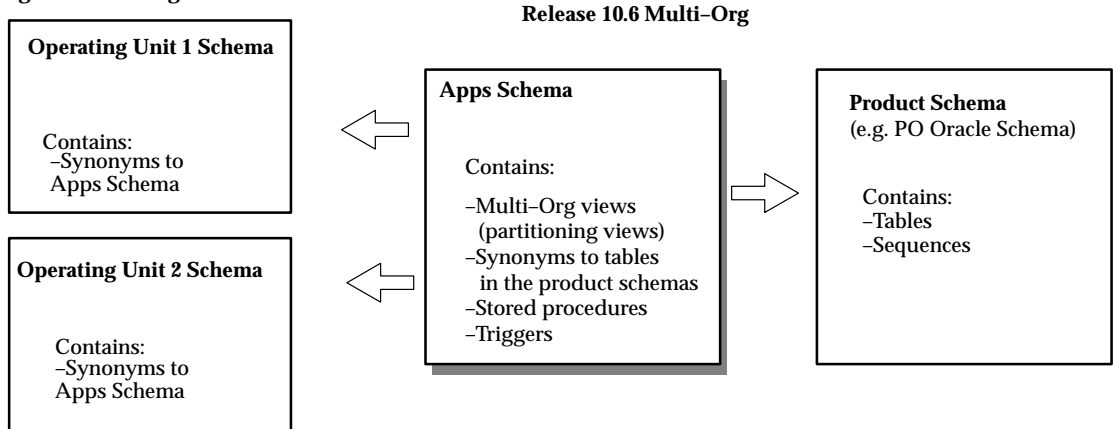
There is one Applications All Objects Oracle schema, referred to as the APPS schema. This schema is maintained by AutoInstall. The schema contains synonyms to all tables and sequences as well as all server-side code (stored procedures, views, and database triggers).

Data partitioning is performed by database views. These views reside in the APPS Oracle schema and derive the appropriate operating unit context from an RDBMS variable introduced in Release 10.7. See: RDBMS Variable: page 4 – 6.

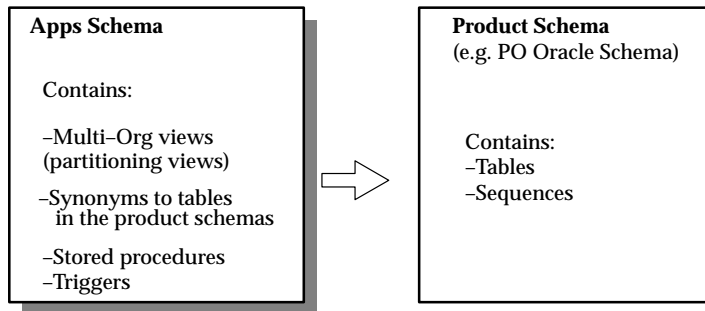
In Release 10.6, the Multiple Organization Support feature added operating unit schemas to the standard APPS schema. These operating unit schemas contained synonyms to all of the objects in the APPS schema, and all application code was executed out of these operating unit schemas.

Release 10.7 introduced a new database design. Operating unit schemas were removed, and all applications code is now run out of the APPS schema. The Oracle database architecture is now the same for a Multi-Org and non Multi-Org implementation. Figure 4 – 1 illustrates the difference between Release 10.6 database architecture and the new database architecture.

Figure 4 - 1 Changes in Database Architecture



New Schema (Multi-Org and non Multi-Org)



Multiple Organization Tables

In order to accomplish Multiple Organizations in Oracle Applications, some database tables have been partitioned by operating unit. An `ORG_ID` column was added to partition these tables. Other tables are shared across operating units (and thus across sets of books).

In general, the following criteria determine if a table needs to be partitioned:

- The table contains a GL Account Code (code combination ID).
- There is a business reason for the table to be partitioned (for example, the entity should not be shared).
- The table contains transaction data.
- The table is an interface table where data being loaded is partitioned.
- The table includes a foreign key to a partitioned table and is accessed independently (in other words, not just as a child of a partitioned table).

Applications with Partitioned Tables

The following Oracle Applications products contain database tables that are secured by operating unit:

- Oracle Cash Management
- Oracle Order Entry/Shipping
- Oracle Payables
- Oracle Projects
- Oracle Purchasing
- Oracle Receivables
- Oracle Sales Compensation
- Oracle Sales and Marketing
- Oracle Service

For detailed information about tables in each of these products, refer to the Technical Reference Manual for each product. The Technical Reference Manuals contain a list of Single Organization Views, each of which corresponds to a partitioned table. The name of each corresponding partitioned table is the view name appended by "_ALL".

Note: Some of the partitioned tables were created by abbreviating the view names, then adding "_ALL". This was done when the resulting length would have otherwise exceeded the allowable length for table names.

Tables Partitioned by Business Group

All of the tables in these products that do not end in _ALL are shared across all operating units, with the exception of the following tables, which are partitioned by Business Group:

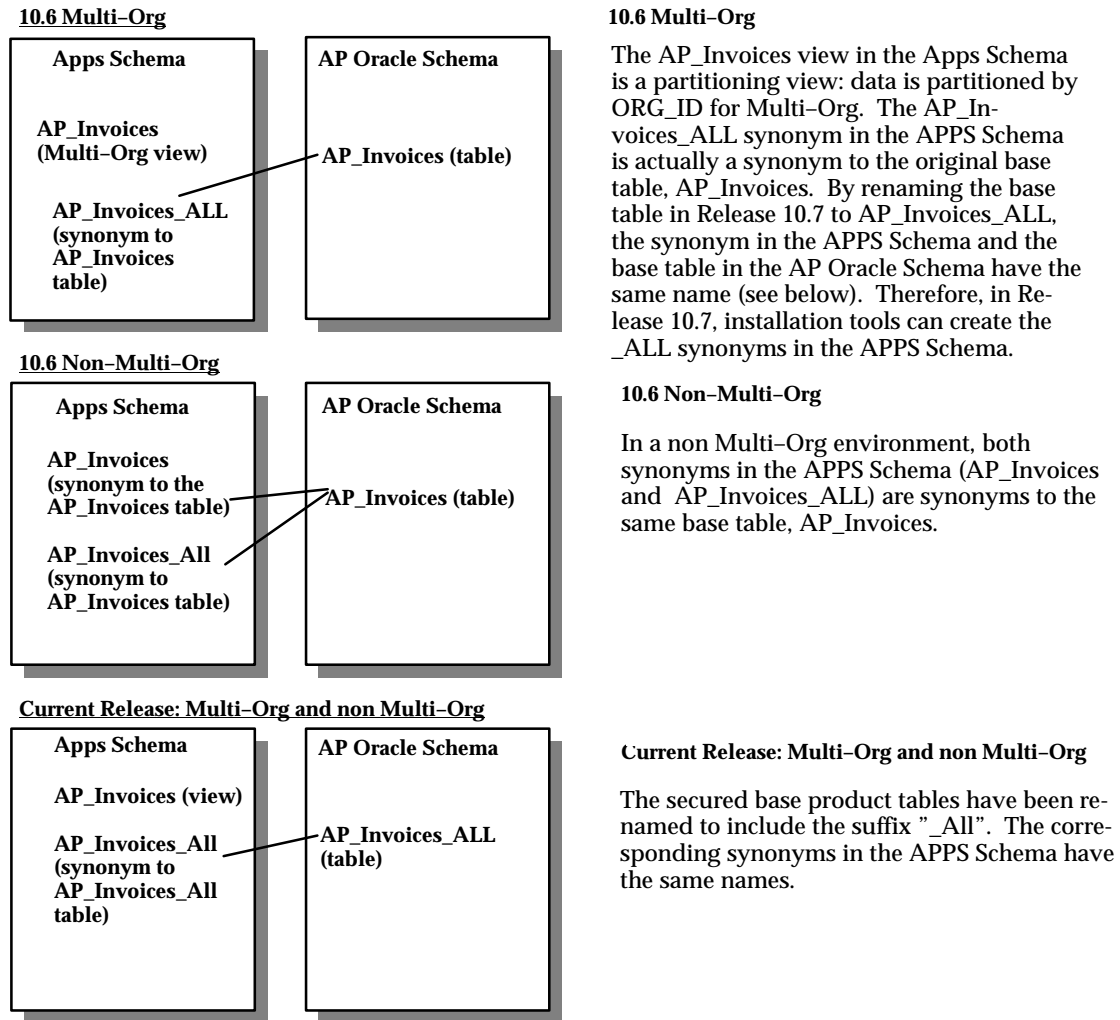
- PA_IND_RATE_SCHEDULES (Burden Schedules)
- PA_RESOURCE_LISTS (Resource Lists)

Matching Synonyms in the APPS Schema

In Release 10.7, the secured base product tables were renamed as <Release 10.6 table name>_ALL. This change ensures that the database architecture is now the same for a Multi-Org and non Multi-Org installation, and uses the standard install tools feature that automatically creates synonyms in the APPS schema for each base product table and creates these synonyms with the same name as the base product tables. For example, the PO Oracle schema has a table named PO_HEADERS_ALL (previously named PO_HEADERS in Release 10.6), and the APPS schema has a corresponding synonym of the same name, PO_HEADERS_ALL.

In Release 10.6, the _ALL synonyms in the APPS schema may have been views. Beginning in Release 10.7, the APPS schema does not contain _ALL views, but rather _ALL synonyms to the _ALL tables in the base product schemas. These _ALL synonyms can be used to access unpartitioned data. Figure 4-2 illustrates the changes in naming conventions using the AP_Invoices table as an example.

Figure 4 – 2 Naming Convention Changes from 10.6 to Current Release: AP_INVOICES



10.6 Multi-Org

The AP_Invoices view in the Apps Schema is a partitioning view: data is partitioned by ORG_ID for Multi-Org. The AP_Invoices_ALL synonym in the APPS Schema is actually a synonym to the original base table, AP_Invoices. By renaming the base table in Release 10.7 to AP_Invoices_ALL, the synonym in the APPS Schema and the base table in the AP Oracle Schema have the same name (see below). Therefore, in Release 10.7, installation tools can create the _ALL synonyms in the APPS Schema.

10.6 Non-Multi-Org

In a non Multi-Org environment, both synonyms in the APPS Schema (AP_Invoices and AP_Invoices_ALL) are synonyms to the same base table, AP_Invoices.

Current Release: Multi-Org and non Multi-Org

The secured base product tables have been renamed to include the suffix "_All". The corresponding synonyms in the APPS Schema have the same names.

RDBMS Variable

Beginning in Release 10.7, a global variable exists in the Oracle database called CLIENT_INFO, which is 64 bytes long. The first 10 bytes are used to store the operating unit ID (or ORG_ID) for the Multiple Organization Support feature. The CLIENT_INFO context is

derived from a profile option that the user sets for each responsibility as part of the Multi-Org setup steps.

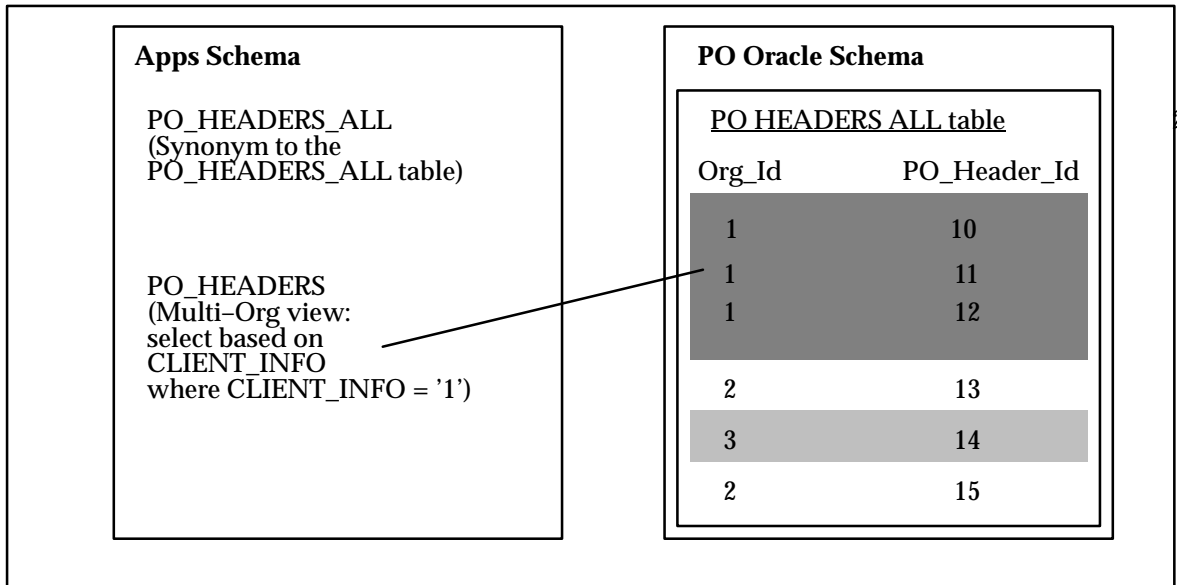


Setting Up a Multi-Organization Enterprise (See page 2 - 2)

In Release 10.6, the operating unit ID was derived from the operating unit schemas using dynamically created views. These operating unit schemas no longer exist beginning in Release 10.7. The pre-existing dynamically created Multi-Org views are replaced with the following static view. This is a partitioned Multi-Org view, partitioned by the ORG_ID that is stored in the CLIENT_INFO variable.

```
select * from <table name>_ALL
where
NVL(ORG_ID,NVL(TO_NUMBER(DECODE(SUBSTR(USERENV('CLIENT_INFO'),1,1,1),
),1,1,1),
',', NULL, SUBSTR(USERENV('CLIENT_INFO'),1,10)),-99)) =
NVL(TO_NUMBER(DECODE(SUBSTR(USERENV('CLIENT_INFO'),1,1),
',',
NULL,
SUBSTR(USERENV('CLIENT_INFO'),1,10)),-99)
```

Figure 4 - 3 APPS Schema



Database Diagram

Figure 4 – 4 shows the relationships between the various database objects.

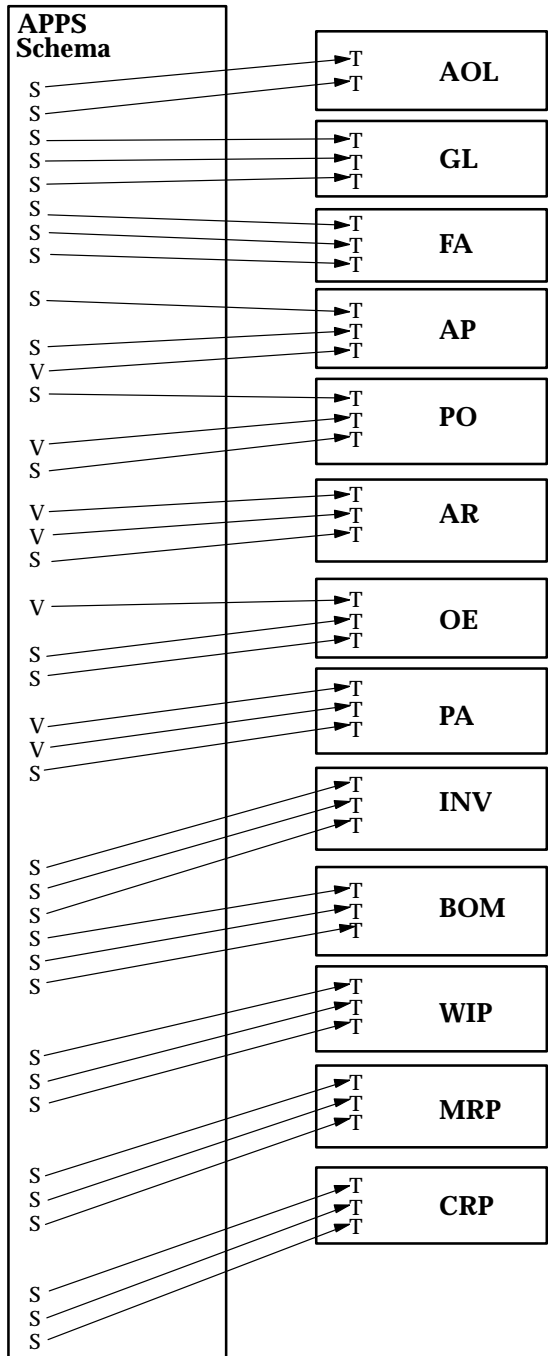


Figure 4 – 4Apps Schema

S = Synonym
V = View
T = Table

Multiple Organizations Implementation: Case Study

Consider the following case study. Note that the database objects mentioned in this example do not describe actual database objects accurately or completely. This is a fictitious example chosen for its simplicity.

Company XYZ has Oracle Applications (AOL, GL, PO) installed for two different divisions. Each division requires a different chart of accounts and, therefore, a different set of books. This is implemented in the Multiple Organization Support feature in the following manner:

Customer XYZ installs one installation of the products in their default Oracle schemas (APPLSYS, GL, PO).

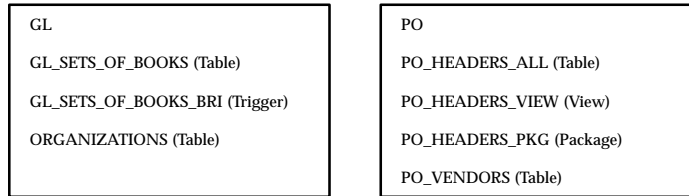
For simplicity, the products have the following database objects only:

Product	Object Name	Object Type
GL	GL_SETS_OF_BOOKS	Table
GL	GL_SETS_OF_BOOKS_BRI	Trigger
GL	ORGANIZATIONS	Table
PO	PO_HEADERS_ALL	Table
PO	PO_HEADERS_VIEW	View
PO	PO_HEADERS_PKG	Package
PO	PO_VENDORS	Table

Table 4 - 1 Products and Database Objects (Page 1 of 1)

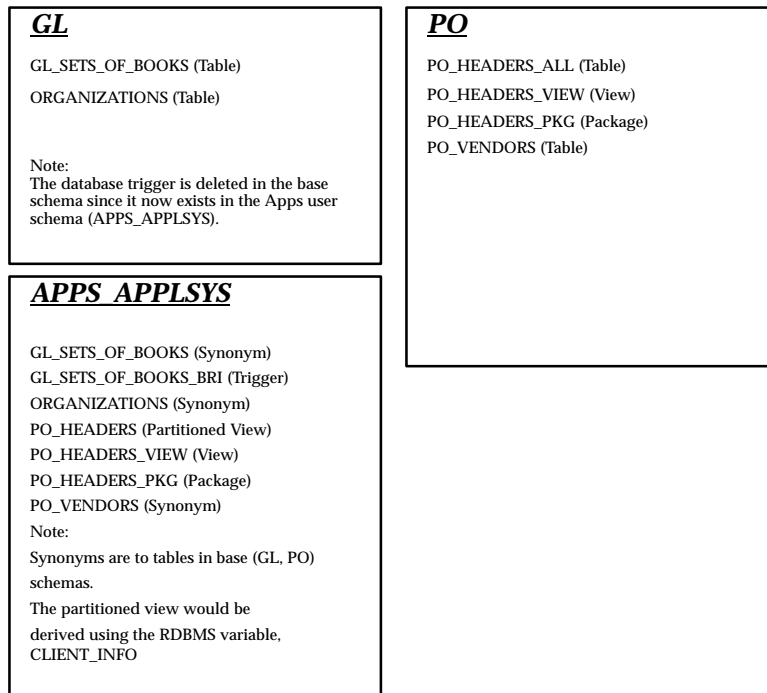
The base install is illustrated in Figure 4 – 5.

Figure 4 – 5 Case Study: Base Install



In this base install, first define the two sets of books. Then define two organizations as operating units. Figure 4 – 6 illustrates the final database structure.

Figure 4 – 6 Case Study: Final Database Structure



Seed Data Replication

An enterprise structure consisting of multiple organization requires the ability to replicate seed data to multiple operating units. The Multiple Organization Support feature provides a program that performs this function.

Beginning in Release 10.7, seed data is replicated under the following circumstances:

1. When an installation or upgrade is performed
2. When a new operating unit is created
3. When the AutoInstall adadmin option, Convert to Multiple Organization architecture, is selected

Installation or Upgrade

The seed data replication program is executed during AutoInstall, which is executed during installation or upgrade.

Creation of a New Operating Unit

When a new operating unit is defined, the seed data replication program is automatically triggered as a concurrent program to replicate seed data to the new operating unit. This concurrent program is triggered from the Additional Organization Information zone in the Define Organization window. You can also manually submit this concurrent request, Replicate Seed Data, via the System Administrator responsibility.

Adadmin: Convert to Multiple Organization Architecture

When the adadmin option, Convert to Multiple Organization architecture is selected, the Multi-Org switch is automatically turned on. This takes the form of a flag, named `multi_org_flag`, set to Y. The seed data replication program is then executed and processes differently depending upon the value of the `multi_org_flag`.

How Does the Seed Data Replication Program Work?

The seed data replication program operates in two modes:

1. single organization

This mode applies when the seed data replication program is executed within the context of a particular operating unit (or `ORG_ID`),

2. all organizations

This mode applies when the seed data replication program is executed without an operating unit context.

The seed data replication program performs different functions depending upon 1) the mode in which it is operating, 2) the value of the multi_org_flag, and 3) the value of the ORG_ID for each operating unit. An ORG_ID of -3113 identifies a table row of seed data that should be replicated to each operating unit. An ORG_ID of -3114 identifies a table row of seed data that should be replicated as null, and shared across all operating units.

The following matrix illustrates the seed data replication program functionality when the multi_org_flag is Y and when it is not Y. Each condition is numbered for reference.

multi_org_flag	Single Organization	All Organizations
=Y	Replicates seed data for the one organization (condition 1)	Replicates seed data for all organizations (condition 2)
<>Y	No action (condition 3)	Replicates seed data for NULL ORG_ID (condition 4)

Table 4 - 2 (Page 1 of 1)

Example of Seed Data Replication

This example examines the processes of the seed data replication program when an upgrade is performed from Release 10.6 non Multi-Org to Release 10.7 Multi-Org.

Step 0: Before upgrade (Release 10.6 non Multi-Org)

Consider a partitioned table in Release 10.6 non Multi-Org:

ORG_ID	ID (Primary Key)
NULL	1

Table 4 - 3 Release 10.6: non Multi-Org (Page 1 of 1)

At this point, AutoInstall has not yet been executed. Therefore, the option to convert to Multiple Organization architecture has not yet been selected, and the multi_org_flag is *not* set to Y.

Step 1: AutoInstall is Executed

When AutoInstall is executed to upgrade to the current release, the null table row is replicated, and the ORG_ID column is populated with '3113' to indicate that the row is seed data that should later be replicated to each operating unit. At this point, the adadmin option to convert to Multiple Organization architecture has not yet been selected. This is condition 4 in Table 4 – 2. The following table shows the results after AutoInstall is run.

ORG_ID	ID (Primary Key)
NULL	1
-3313	1

Table 4 – 4 Current Release: multi_org_flag <> Y (Page 1 of 1)

Step 2: Define Operating Units

In this example, three operating units are defined with the following values for ORG_ID:

100, 101, 102

When an operating unit is defined, the seed data replication program is automatically triggered to replicate seed data to the new operating unit. But, whether or not the program actually does replicate the seed data depends upon the value of the multi_org_flag. At this point in the example, the multi_org_flag is not Y. Therefore, the seed data replication program does *not* replicate the seed data to the new operating units. This is condition 3 in Table 4 – 2.

Step 3: Run Adadmin to Convert to Multiple Organization Architecture

As described in the Multi–Org setup steps, you must define your organization structure before selecting the Convert to Multiple Organization architecture option in adadmin.

When the adadmin option, Convert to Multiple Organization architecture is selected, the multi_org_flag is set to Y, and the ORG_ID column is automatically populated for the new operating units. In this example, the ORG_ID column is populated for three operating units as follows: 100, 101, and 102.

As part of the process of converting your existing installation to a multiple organization environment, you can choose an operating unit context for existing data. This "default operating unit" is established by setting the MO:Operating Unit profile at the site level. Suppose that in this example the null ORG_ID is replaced with the ORG_ID '100'.

At the last phase of the Convert to Multiple Organization architecture process, the seed data replication program is executed. Seed data is then replicated to each operating unit: 100, 101, 102. This is condition 2 in Table 4 – 2. Following is the resulting table:

ORG_ID	ID (Primary Key)
100 (formerly NULL)	1
-3313	1
101	1
102	1

Table 4 – 5 Current Release: multi_org_flag = Y (Page 1 of 1)

Limitations of Multiple Organization Support

General Limitations

This section describes general limitations in the Multiple Organization Support feature.

Data Security

Only the following products secure tables by operating unit: Oracle Cash Management, Oracle Order Entry/Shipping, Oracle Payables, Oracle Projects, Oracle Purchasing, Oracle Receivables, Oracle Sales Compensation, Oracle Sales and Marketing, and Oracle Service. Some tables must be secured by operating unit, while others are shared.

Standard single-set-of-books product features do not support viewing secured data across operating units. However, you can create custom reports or windows to view secured data across operating units by using the full-table views.

Centralization / Decentralization

The single-set-of-books products process transactions within an operating unit. There is no additional support for centralization/decentralization of business functions. For example, the following combinations are not supported: centralized payables with decentralized purchasing, centralized purchasing with decentralized

payables, centralized receivables with decentralized order entry, and centralized disbursement with decentralized vouchering.

Intercompany Support

With the Automatic Intercompany Invoicing module, you can sell products through one legal entity and ship them from another. Except for this module, there is no additional support for automatic intercompany financial transactions.

Global Supplier and Customer Registries

Supplier and customer tables are shared across operating units. However, you must define supplier sites and customer addresses for each operating unit. For example, if multiple operating units buy from the same supplier site, the supplier site must be defined once for each operating unit.

You continue to enter the Taxpayer ID and Federal/State Reportable options at the supplier and customer levels. If a global customer or supplier has subsidiaries in multiple countries, define a separate customer or supplier for each country.

If your Accounting Flexfield structures differ across operating units, you should not specify the default liability and prepayment Accounting Flexfields at the system option and supplier levels. Instead, you should specify the default Accounting Flexfields at the supplier site level. You should specify any distribution set at the supplier site level because distribution sets are specific to each operating unit. You can specify the invoice and offset tax names at the supplier level only if you have identical tax names across operating units. You can specify tax names at the supplier site level.

You should not specify any centralized statements site, centralized dunning site, customer-level order type, or customer-level salesperson because customer addresses, order types, and salespeople are not shared across operating units. Therefore, centralized statements and centralized dunning letters are not supported. You should specify the tax code at the customer level only if you have identical tax codes across operating units. You should specify the carrier at the customer level only if you use the same item validation organization for all operating units, because carriers are secured by inventory organizations. You can specify order type, tax code, and carrier at the customer site level.

The Customer Merge process allows you to merge only addresses and sites within the same operating unit, since transactions are secured by

operating unit. If a customer has active addresses in other operating units, the Customer Merge process does not make the customer inactive. In addition, the Customer Merge window does not allow deletion of the old customer/site if the old customer has addresses (active or inactive) in other operating units.

Standard product features show supplier and customer transactions for a given operating unit. The Supplier Customer Netting report, for example, calculates the net balance of receivable and payable transactions for the current operating unit. However, multi-organization provides a structure for simpler custom reports or windows to view global supplier and customer activities.

Receiving

You can receive against purchase orders only in the operating unit to which your responsibility is connected. As before, a purchase order's ship-to organization must be in the purchase order's set of books.

Shipping

You must run pick release once for each operating unit.

In the Confirm Shipments window, you can view orders across operating units. However, you cannot use the "Process Online" option, which processes the shipping confirmation and updates inventory on-line. You must run the Update Shipping Information and Inventory Interface programs in batch mode for each operating unit.

Internal Requisitions

Internal sales orders are created in the same operating unit as the corresponding internal requisitions. The receiving organization and the source organization must belong to the same set of books. Intercompany payable and receivable invoices are not automatically generated for internal requisitions.

Inventory Transfer between Organizations

In-transit shipments across organizations in different sets of books are not supported.

XpenseXpress

Multiple operating units for different sets of books can share the same business group. XpenseXpress defaults the Accounting Flexfield on the

expense report header from the employee's primary assignment, provided that the primary assignment is for the same set of books as the current operating unit's set of books. If you are entering expense reports for an employee whose primary assignment is for another set of books, enter them in the appropriate Accounting Flexfield.

Organization Hierarchy

You should specify your organization classifications in the following order:

1. legal entities
2. operating units
3. inventory organizations

In other words, you should create all of your legal entities first, then all of your operating units, and finally all of your inventory organizations.

When you enable or disable an organization classification, the Define Organization window does not re-validate the relationships among legal entities, operating units, and inventory organizations.

When your organization hierarchy changes, you should not try to move an organization from one set of books or legal entity to another because your data may not be valid for the new set of books or legal entity. Instead, you should disable the old organization and create a new one for the appropriate set of books or legal entity. The new organization will contain your new data, and the disabled organization will act as an "old" or "history" entity that stores past transactions.

To access your historical transactions, you can log into the responsibility tied to the disabled organization. To enter new transactions, you must log into the responsibility tied to the new organization. The data for each of the two organizations are kept separate from one another, and must be accessed separately.

Profile Options

In a multi-organization environment, certain profile options, such as OE: Item Validation Organization and OE: Set of Books, are applicable at the operating unit level. Since each responsibility is associated with an operating unit, define such profile options at the responsibility level, rather than the site or application levels.

In Release 10.6.0, the QuickPick on profile option value in the Update System Profile Options and Update Personal Profile Options windows shows valid values for all operating units. When you are setting a

responsibility-level profile option for a specific operating unit, you should choose a valid value in that operating unit. Starting with Release 10.6.1, the QuickPick on profile option value only shows values for the current operating unit.

Concurrent Program Incompatibilities

Concurrent program incompatibility rules are enforced for each logical database. Since all operating unit schema belong to one logical database, concurrent program incompatibilities apply to all operating units.

Location Flexfield Structure

Only operating units with the same Accounting Flexfield structure can share a Location Flexfield structure. If two operating units with the same tax structure cannot share the same Accounting Flexfield structure, each operating unit needs to have its own Location Flexfield structure. Location values then need to be defined for each Location Flexfield structure.

Tax Name for Locations

Tax names are defined for each operating unit, while locations are shared across operating units. If you assign a default tax name to a location, the tax name is a valid default only in operating units in which that tax name is defined.

Kits on Intercompany Invoices

When the Automatic Intercompany Invoices program generates receivable invoices for kits, individual item descriptions (rather than kit descriptions) are displayed.

Window and Report Titles

Report and window titles continue to show the set of books name, rather than the operating unit or legal entity name.

User Primary Keys

Most user primary keys only need to be unique within an operating unit. Order type name and picking batch name are exceptions; they are unique across operating units.

Limitations on Multiple Operating Units per Set of Books

The following limitations apply only when you have multiple operating units per set of books. They do not apply if you have one operating unit per set of books. You can implement an enterprise structure that represents multiple operating units per set of books, as long as it is understood that these limitations apply.

Tax/Fiscal Reporting

Legal entities are used in two modules, Automatic Intercompany Invoicing and Movement Statistics. Tax and fiscal reporting at the legal entity level will be supported in a future release.

In the products which previously required multiple installations, tax or fiscal reporting reflects transactions in one operating unit. Legal entity reporting (such as tax reporting) that involves subledger products is done at the operating unit level. If all the operating units for a given set of books belong to the same tax reporting entity, you must sum the tax data manually. You must be aware of this limitation if Oracle Financials for your country provides subledger VAT reports.

Document Sequencing

Document sequencing is available at the set of books level. Legal entities for the same set of books must share document sequences. If each legal entity requires its own numbering sequence, you must set up a separate set of books for each legal entity.

Period Statuses

All of the operating units that share a set of books also share the same Payables, Receivables, and Purchasing period statuses. You must coordinate period status control between operating units that share the same set of books. When you update the period status to Open in one operating unit, that period is open for all operating units in the same set of books.

When you update the period status to Closed in one operating unit, you need to resolve any unposted transactions in that operating unit. Then, reopen the period, so that the next operating unit for the same set of books can try to close. Continue this cycle until the last operating unit for the set of books actually closes the period for all operating units.

Posting to Oracle General Ledger

When the single-set-of-books products post to Oracle General Ledger, you create journal entries from each operating unit, not each set of books.

Drilldown

When you drill down from Oracle General Ledger to Oracle Payables and Oracle Receivables, you can view only the subledger details in the current operating unit.

This limitation affects the subledger reporting feature available with Oracle Financials for Europe because this report provides supplier and customer transaction information based on your operating unit, but displays account balances for the set of books. If you intend to use subledger reporting, you should set up only one operating unit per set of books.

APPENDIX

A

Navigation Paths

Multiple Organization Navigation Paths

This section shows the default navigation paths for most of the windows used for Multiple Organizations in Oracle Applications as they are supplied. In addition, the table below provides a page number reference for the description of each window in this manual.

The responsibility that you use determines which of these windows you can use and how you access them. Your system administrator sets up navigation menus and task flows for your responsibility. The system administrator may also create customized versions of some of these windows using different window titles.

Text in brackets ([]) indicates a button.

Window Title	Reference
Standard Path	
Assign Security Rules	2 – 11
Oracle General Ledger: Setup > Financials > Flexfields > Descriptive > Security > Assign	
or	
Setup > Financials > Flexfields > Key > Security > Assign	
or	
Setup > Financials > Flexfields > Validation > Security > Assign	
Create Intercompany AP Invoices	3 – 14
Oracle Inventory: Requests > [Submit a New Request] > [OK] > Select <i>Create Intercompany AP Invoices</i>	
Create Intercompany AR Invoices	3 – 11
Oracle Inventory: Requests > [Submit a New Request] > [OK] > Select <i>Create Intercompany AR Invoices</i>	
Define Intercompany Relations	3 – 16
Oracle Inventory: Setup > Organizations > Intercompany Relations	
Define Inventory Organization Security	2 – 8
Oracle Inventory: Setup > Org > Access	
Define Organizations	2 – 4
Oracle Purchasing: Setup > Organizations > Organizations	
Define Responsibilities	2 – 7
System Administrator: Security > Responsibility > Define	
Define Security Rules	2 – 11
Oracle General Ledger: Setup > Financials > Flexfields > Descriptive > Security > Define	
or	
Setup > Financials > Flexfields > Key > Security > Define	

or

Setup > Financials > Flexfields > Validation > Security > Define

Define Set of Books 2 – 3
Oracle General Ledger: Setup > Financials > Books

Update Profile Options 2 – 8
System Administrator: Profile > System

APPENDIX

B

Account Generator

Using the Account Generator to Generate the Intercompany COGS Account

This essay describes how to use the Account Generator to generate the Intercompany Cost of Goods Sold account.

The Account Generator uses Oracle Workflow to derive Accounting Flexfield combinations. The Create Intercompany AP Invoices process uses the Account Generator to construct an Intercompany Cost of Goods Sold Accounting Flexfield combination (Intercompany COGS account) for each regular invoice line in the intercompany payables invoices.

The default process builds the COGS Account using the Cost of Sales Account for the item and organization for each inventory transaction line. You can optionally define functions and processes to customize the default process for each set of books that you have defined.

You can view and customize Account Generator processes through the Oracle Workflow Builder. See: *Oracle Workflow Guide*.



Create Intercompany AP Invoices (See page 3 – 14)



Overview of the Account Generator
(*Oracle Applications Flexfields Guide*)

Decide How to Use the Account Generator

In Release 10, several Oracle Applications products used FlexBuilder to derive account code combinations for certain account transactions. In Release 11, FlexBuilder is replaced by the Account Generator to provide implementation teams with even greater flexibility and a better user interface with Oracle Workflow.

If you are upgrading from Release 10 and used FlexBuilder, then you should perform the equivalent of this setup step as part of your upgrade. See the FlexBuilder chapter of the *Oracle Applications Upgrade Preparation Manual* for more information.

If you are implementing Inventory for the first time, you need to consider whether the default Account Generator process is appropriate for each set of books that uses a unique Accounting Flexfield structure. For each structure and set of books, you can choose one of the following:

- Use the default Account Generator process, *Generate Default Account*
- Customize the default Account Generator process

This decision determines which setup steps your implementation team needs to perform.

Prerequisites to Using the Account Generator

Before using the Account Generator on a production database to create a COGS Account, you must:

- Define your Accounting Flexfield structure for each set of books.
- Define flexfield segment values and validation rules.
- Choose whether you want to use the default Account Generator process, or if you need to customize it to meet your accounting needs.
- Then do one of the following for each set of books:
 - Choose to use the default Account Generator process, or
 - Customize the default Account Generator process, test your customizations, and choose the process for a flexfield structure, if necessary.



Customizing the Account Generator (See page B – 5)

The Default Account Generator Process

Evaluate whether the default Account Generator process meets your accounting requirements. No setup steps are required to use the default. The default process can also be updated later as your needs change. You can make minor changes to the default process without changing the name.

Note: If you used FlexBuilder in Release 10 but did not customize the default configuration, you can use the default Account Generator process in Release 11, which gives you the same result as the default assignments in FlexBuilder.

Each Account Generator workflow is called an *item type*. Oracle Inventory comes with the following Account Generator item type:

- Inventory Cost of Goods Sold Account

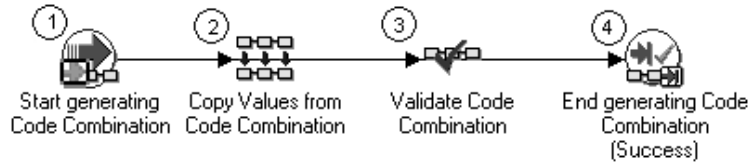
The Inventory Cost of Goods Sold Account contains the following workflow processes:

- Generate Default Account

- Generate Account Using FlexBuilder Rules

Generate Default Account Process

The Generate Default Account Process consists of four unique activities to comprise the four activity nodes. In the workflow diagram shown below, the process activity nodes are numbered for reference in the descriptions that follow. (The numbers are not part of the process diagram.)



Start Generating Code Combination (Node 1)

This is a standard activity that marks the start of the process.

Copy Values from Code Combinations (Node 2)

This is a standard function that copies all the segment values from a given code combination to the combination that is being generated. This function has two attributes:

- **Code Combination ID:** The COGS account derived from the order type.
- **Replace Existing Value:** Set to 'True' to always copy the segment values.

Validate Code Combination (Node 3)

This is a standard function that executes after node 2. This function validates the code combination that has been generated and has two attributes:

- **Validation Type:** Set to 'Generate Code Combination ID' to do a full validation and generate a code combination ID.
- **New Code Combinations are Allowed:** Set to 'True' so that if the key flexfield structure has dynamic insert allowed, then the

validation will not generate an error if the combination does not exist in the code combination table.

End Generating Code Combination (Node 4)

This standard function is called to end the Generate Default Account process. This function is marked as the End activity.

Generate Account Using FlexBuilder Rules Process

If you used FlexBuilder in a previous release to generate account combinations, you can use the Generate Account Using FlexBuilder Rules process to replicate your FlexBuilder setup automatically, without changing any of your predefined FlexBuilder Rules, and without customizing the Account Generator. The Generate Account Using FlexBuilder Rules process includes a function generated during your upgrade from Release 10 to Release 11.

If you are upgrading from Release 10, follow the guidelines in the FlexBuilder chapter of the *Oracle Applications Upgrade Preparation Manual*.



Customizing the Account Generator (See page B – 5)

Customizing the Account Generator

Oracle Inventory provides a default Account Generator process, *Generate Default Account*. If the default process does not satisfy your accounting requirements, you can use the Oracle Workflow Builder to customize the default process or create a new one.

If you want to create a new process to meet your company's needs, use the Oracle Workflow Builder to create a new process, or copy the default process and change its name before making extensive changes to it.

For more information on the generic features and functions of the Account Generator, see the Customizing the Account Generator section of the *Oracle Applications Flexfields Guide*.

For more information on how to use the Oracle Workflow Builder, see the *Oracle Workflow Guide*.

The Account Generator process used to construct the Intercompany COGS account is very similar to the Account Generator process Oracle Order Entry/Shipping uses to construct the COGS account. To see a customization example for the Generate COGS Account process in

Oracle Order Entry/Shipping, see: Using the Account Generator in Oracle Order Entry/Shipping (*Oracle Order Entry/Shipping User's Guide*).

Attributes for the Inventory COGS Account Process

The following table shows the attributes that are defined for the Inventory Cost of Goods Sold Account item type to fully identify the invoice for which the Account Generator generates a COGS account. The attributes are listed by display name in Table 4 – 6.

Attribute Name	Description	Internal Name
Chart of Accounts ID	Chart of Accounts ID	CHART_OF_ACCOUNTS_ID
COGS Account from item (derived)	COGS account derived from item	IC_ITEM_COGS
COGS Account from order type (derived)	COGS account derived from order type	IC_ORDER_TYPE_COGS
COGS Account from organization (derived)	COGS account derived from organization	IC_ORGANIZATION_COGS
Customer ID (raw)	Customer ID	IC_CUSTOMER_ID
Error Message	Error Message	ERROR_MESSAGE
Inventory Item ID (raw)	Inventory Item ID	IC_ITEM_ID
Order Header ID (raw)	Order Header ID	IC_ORDER_HEADER_ID
Order Line ID (raw)	Order Line ID	IC_ORDER_LINE_ID
Order Type ID (raw)	Order Type ID	IC_ORDER_TYPE_ID
Organization ID (raw)	Organization ID	IC_ORG_ID
Selling Operating Unit (raw)	Selling Operating Unit	IC_SELL_OPER_UNIT

Table 4 – 6 Inventory COGS Account Process Attributes (Page 1 of 1)

Glossary

balancing entity An organization for which you prepare a balance sheet, represented as a balancing segment value in your accounting flexfield. This is the equivalent of a fund in government organizations. Examples include companies, strategic business units, and divisions.

business group An organization which represents the consolidated enterprise, a major division, or an operation company. This entity partitions Human Resources information.

data group Specifies an ORACLE ID (user) and determines to which schema a responsibility's forms connect.

intercompany invoice An automatically generated statement that eliminates intercompany profit. This transaction may occur between organizations in the same or different legal entities.

inventory organization An organization that tracks inventory transactions and balances, and/or that manufactures or distributes products.

legal entity An organization that represents a legal company for which you prepare fiscal or tax reports. You assign tax identifiers and other relevant information to this entity.

multiple installations Refers to installing subledger products (AP, AR, PO, OE) multiple times. This is no longer necessary under a Multi-Org implementation.

multiple sets of books A General Ledger concept for having separate entities for which chart of accounts, calendar, or functional currency differs.

operating unit An organization that partitions data for subledger products (AP, AR, PO, OE). It is roughly equivalent to a single pre-Multi-Org installation.

organization A business unit such as a plant, warehouse, division, department, and so on. Order Entry refers to organizations as warehouses on all Order Entry windows and reports.

responsibility Determines the data, forms, menus, reports, and concurrent programs you can access in Oracle Applications. It is linked directly to a data group. Several users can share the same responsibility, and a single user can have multiple responsibilities.

set of books A financial reporting entity that partitions General Ledger information and uses a particular chart of accounts, functional currency, and accounting calendar. This concept is the same whether or not the Multi-organization support feature is implemented.

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