Oracle® Contracts for Service

Concepts and Procedures

Release 11*i*

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

Part No. A96101-01

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Preface

Welcome to the **Oracle Contracts for Service, Release 11*i***. This Concepts and Procedures provides information and instructions to help you work effectively with Oracle Contracts for Service.

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

Intended Audience

This guide is aimed at the following users:

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

This guide assumes you have the following pre-requisites:

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

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Structure

This document contains the following chapters:

Chapter 1 "Understanding Oracle Contracts for Service" provides overviews of the application and its components, explanations of key concepts, features, and functions, as well as the application's relationships to other Oracle applications.

Chapter 2 "Using Oracle Contracts for Service" provides process-oriented, task-based procedures for using the application to perform essential business tasks.

Chapter 3 "Implementing Oracle Contracts for Service" provides general descriptions of the setup and configuration tasks required to implement the application successfully.

Related Documents

For more information, see *Oracle Contracts Core Concepts and Procedures Release 11i.*

Conventions

The following conventions are used in this manual:

Convention	Meaning
. . .	Vertical ellipsis points in an example mean that information not directly related to the example has been omitted.
...	Horizontal ellipsis points in statements or commands mean that parts of the statement or command not directly related to the example have been omitted
boldface text	Boldface type in text indicates a term defined in the text, the glossary, or in both locations.

Convention	Meaning
< >	Angle brackets enclose user-supplied names.
[ ]	Brackets enclose optional clauses from which you can choose one or none.

1

Understanding Oracle Contracts for Service

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

1.1 Overview of Contracts for Service

Oracle Contracts for Service is a functionally rich and flexible application that enables users to design, manage, and bill for service offerings tailored to their customers' needs. All service contracts are held centrally; warranties, extended warranties or complex service agreements, thus providing the service provider visibility to all service entitlement information.

Oracle Contracts for Service automates the contract process and provides seamless access to information contained in Oracle CRM and ERP applications.

In addition to defining service line items in a contract, Oracle Contracts for Service helps you define usage line items. For example, if a customer is renting a photocopier, the business can charge either on a per-copy basis or a fixed price. The business may set a minimum charge, and vary the price depending on volume

Oracle Contracts for Service leverages functionality provided in Oracle Contracts Core to support common contract management activities such as contract renewal, versioning, article management, and change management. As well as providing a foundation for modules within the Contracts suite, Contracts Core is a fully functional authoring and management application for a wide variety of contracts, such as professional services, license management, and government contracts. Contracts Core is designed for any company in any business that requires contracts to support buying and selling activities.

Contracts for Service builds upon the foundation and adds functionality to meet the specific needs of the Service industry, such as coverage terms, entitlement checking.

This modularized approach allows the Contracts suite to scale while leveraging common functionality in the foundation component.

Oracle Contracts for Service supports multiple organizations, multiple currency and is Euro compliant.

The following list describes key features for Oracle Contracts for Service:

Parties to a Contract

The primary focus in a service contract is the customer. In addition to focusing on customers, Contracts for Service allows the user to define additional parties. For each party on the contract, any number of contacts can be defined on the contract. Users can assign a role to each party for example, contract administrator by selecting from the roles supplied with Oracle Contracts and can then further modify roles to suit specific business requirements.

Installed Base Integration

To simplify selecting the products covered by a contract, Contracts for Service accommodates an expandable/collapsible set of data from the installed base. Users can select any node or data item for inclusion in or exclusion from coverage. Once the products to be covered have been identified and included in a contract, any changes to them in the installed base (transfer of ownership, replacement, upgrade) will be reflected in the contract, ensuring that the information contained in the contract is in line with that in the installed base.

Selling Usage

Contracts for Service can contain definitions and selections of usage items—consumable items (paper for printers, cash for ATM machines) that customers may wish to have replaced at regular intervals—in addition to descriptions of service coverage (field service, customer support) to customers. Contracts for Service integrates with a customer's installed base to obtain actual usage information for products covered in a contract.

Billing Usage

Customers can choose to pay for actual quantities of products they use or pay for a fixed quantity each billing period. If a customer chooses to be billed for actual usage but usage numbers are not received in time to issue an invoice, default values can be used in place of actual numbers. Default values can be defined based on an average of historical readings, otherwise known as the Average Monthly Counter Volume.

Contracts for Service can contain price breaks for varying the price applied depending on volume used and can also specify a minimum quantity for example, customers are charged for a minimum of 1,000 items, regardless of the actual quantity they use.

Bill Settlement

Contracts for Service can handle tasks such as complex billing scenarios, calculating invoice amounts based on billing frequency, first-bill date. Billing involves identifying the exact amount to charge customers for services provided in a contract. Users can customize the billing process further by defining bill settlement, invoice averaging, and billing profiles.

Billing Profile

Oracle Receivables allows the setup of billing information at the customer level. However, the billing profile in Contracts for Service allows customization of billing requirements at the contract level. It includes such details as how customers wish to be billed by fax or mail and whether bills should be summarized.

Billing Interface

For both contract and usage billing for agreements authored in Contracts for Service, users can send invoice amounts directly to Oracle Receivables, which then generates invoices from the pricing at the header level and line, based on the invoicing rules. Users can fetch invoice information back from Oracle Receivables for updating contract billing histories.

Events

The Events component is an intelligent combination of actions, conditions, and outcomes that allows users the flexibility of handling a diverse range of event-related scenarios. This component is available not only to Oracle Contracts, but to any Oracle Service application. For example, if an important event happens, the user may want to automatically initiate a task, service request, workflow, or other type of procedure if certain conditions are met.

Using product and service counters, the events component can track product and service usage. Users can define events at periodic intervals or events that depend on a particular counter usage to specify when required actions should occur. Events can initiate workflow processes or any other predefined functions for example, a preventive maintenance visit could be scheduled when a product counter reaches 1,000. Or a support contract may cover a certain number of free calls, which can be tracked by using a service counter. Or when milestones in call volumes are reached,

defined events can trigger a change in billing rate or terminate a customer's contract. Events can be based on actions for example, contract signed, contract terminated, change request initiated, or date-based for such as, contract expiration date.

Entitlement Processing

The contract service line defines to what support or services a customer entitled. Depending on the type of service required when the customer calls, this may include maintenance, repair or replacement. In addition to the basic functionality of checking entitlements such as finding out if customers are calling during covered hours or finding agreed reaction times, a separate component of Contracts for Service allows other applications to view the coverage for particular contracts. Entitlement information is available to any Oracle application such as, Customer Support, Field Service and Depot Repair.

Contract Management

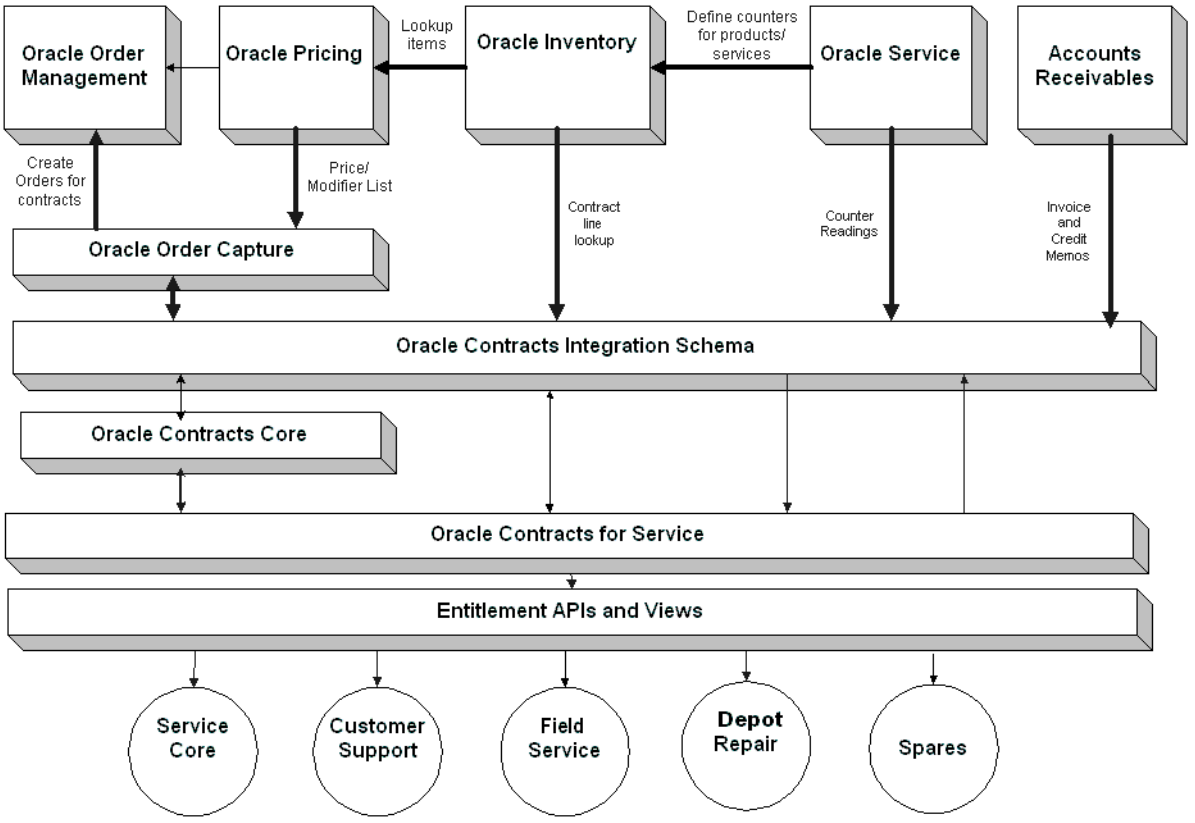
Contracts for Service provides contract-management features for streamlining and proactively controlling contract renewals and terminations.

The auto renewal feature lets users specify a period of time prior to expiration for renewing a contract. For example, the renewal process will automatically pick up a contract 30 days prior to its expiration date.

Once a contract has been terminated, certain actions need to be taken. Contracts for Service lets users enter the reasons for termination and any other notes that need to be tracked regarding the circumstances of the termination. It calculates the final credit or debit and automatically sends it to Oracle Receivables for issue to the customer.

1.2 Integration with Oracle Applications

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



1.2.1 Product Dependencies

Oracle Contracts Core provides the foundation for Contracts for Service and is therefore a required product. Oracle Order Management is required for warranty and extended warranty management as it provides information from the sales order on associated services that have been purchased. Oracle Order Capture is included as part of the CRM Foundation and is necessary to interface product and service information from Oracle Order Management to the Installed Base and to Contracts for Service. It also provides this detail on an ongoing basis. Oracle Pricing is required to retrieve pricing information for services or usage purchased on the contract. Oracle Bill of Materials provides information on any warranties that are to be included as contracts. Oracle Inventory is required to define service and usage items. Oracle Service Core provides installed base information for the covered

products of the contract. Oracle Contracts also integrates directly with Oracle Accounts Receivable for contract billing.

1.3 Overview of Authoring Contracts

Contract authoring involves the creation of a contract from defining an offering to obtaining customer approval on the pricing, coverage, and other terms and conditions set up in the contract.

See Creating Contracts for the procedure to author a contract.

1.3.1 Contract Definition

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

1. Select customer information, including bill-to and ship-to addresses.
2. Define the duration of the contract and the price list used for pricing services in the contract. The total price of the contract is the sum of the prices of individual service lines. The amounts are automatically applied to services rolled up in the total contract price.
3. You also need to assign billing information such as the frequency the customer wants to be billed and the date the first bill needs to be sent to the customer. The date the customer is to be billed each month or every quarter is based on the frequency that Oracle Contracts supports for receiving billing. The billing engine then calculates billing amounts every period such as a month and sends this information to Oracle Accounts Receivable to execute prices. If a contract line is terminated, then the billing engine automatically adjusts the amount that needs to be sent to Oracle Accounts Receivable.
4. Select service and usage lines to be provided as part of the contract and identify the products covered.
5. Assign coverage times, response and resolution times and customer entitlements for service lines. For example, a time of coverage could be 9 to 5, five days a week with a two hour response and 8 hours to resolve the issue. The discounts are defined on transactions that can be handled through a service that the customer has purchased, for example, a 9 to 5, 10 percent discount on material. The service includes a replacement transaction which includes labor and material being used. The customer would then get a 10 percent discount,

defined in the coverages, for the material used in the replacement transaction and no discounts on labor charges.

6. Approve the contract.

2

Using Oracle Contracts for Service

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

2.1 Defining Offering Management

Your customers are unique. To define and craft an individual contract from scratch for every customer is not practical. To balance efficient contract creation with the unique needs of your customer, Oracle Contracts for Service provides “Offering management”. This permits standard service offerings to be defined in advance, while allowing them to be tailored to a customer’s needs in the actual contract. For example, you can offer gold, silver, and bronze support options, each of which represents a set of available offerings.

Offering selection involves determining which offering most closely matches the customer’s needs from all the current offerings, then configuring it for the customer’s needs.

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

This section includes the following information:

- Service Coverage
- Coverage Templates
- Defining Warranty Inheritance for Coverage
- Coverage Process Flow

2.1.1 Service Coverage

Service coverage describes the situation under which the customer is covered for service. Services are broken down into business processes that can apply to the service (such as customer support, depot repair, and field service). Coverage terms are then defined for these business processes.

Coverage reflects the service request reporting time stated in days or hours, and the repair expenses. By setting effective start and end dates, you can phase in or phase out a particular coverage. You can specifically define covered monetary amounts for each service.

2.1.2 Coverage Templates

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

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

See Coverage Process Flow for flow diagrams.

See Defining Coverage Templates for setting up coverages.

2.1.2.1 Defining Warranty Inheritance for Coverage

In the Service Contracts Coverage Template window you can set inheritance criteria which determines how warranty coverage should behave when a product has been replaced. This is applicable only to Warranty lines so Warranty must be checked before you can enter this field. Inheritance type R (Replacement) means the warranty on the replacement part is good for the remainder of the original warranty duration. Type F (Full) means the replacement part receives a new warranty for the full duration of the covered period.

Example Warranty Line:

Desktop Warranty 1/1/2001 - 12/31/2001

CUSTOMER PRODUCT ID - 100

1/1/2001 - 12/31/2001

Scenario 1: Warranty inheritance type is R

Customer Product ID 100 was returned for a replacement with Customer Product ID 894 on 3/3/2001.

Then the above warranty line is updated as follows:

Desktop Warranty 1/1/2001 - 3/2/2001 (Expired)

CUSTOMER PRODUCT ID - 100

1/1/2001- 3/2/2001 (Expired)

Desktop Warranty 3/3/2001 - 12/31/2001

CUSTOMER PRODUCT ID - 894

3/3/2001 - 12/31/2001

Scenario 2: Warranty inheritance type is F

Customer Product ID 100 was returned for a replacement with Customer Product ID 894 on 3/3/2001.

Then the above warranty line is updated as follows:

Desktop Warranty 1/1/2001 - 3/2/2001 (Expired)

CUSTOMER PRODUCT ID - 100

1/1/2001 - 3/2/2001(Expired)

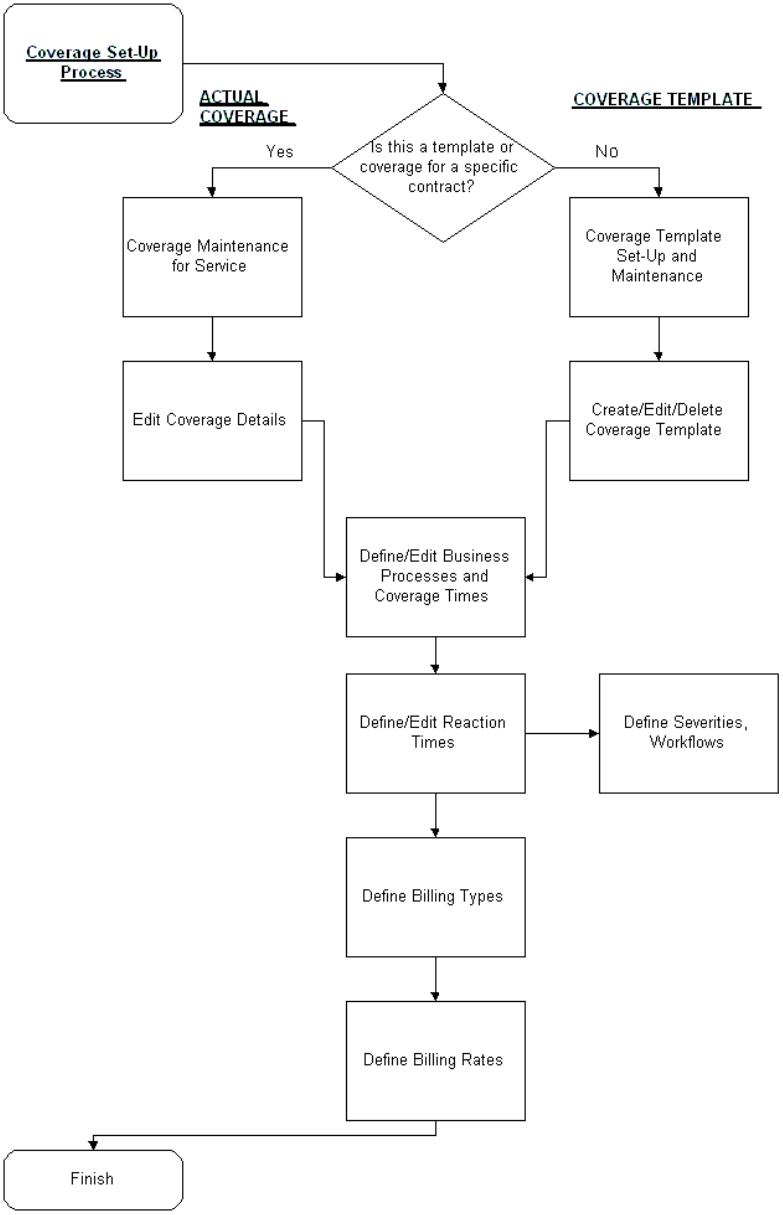
Desktop Warranty 3/3/2001 - 3/2/2002

CUSTOMER PRODUCT ID - 894

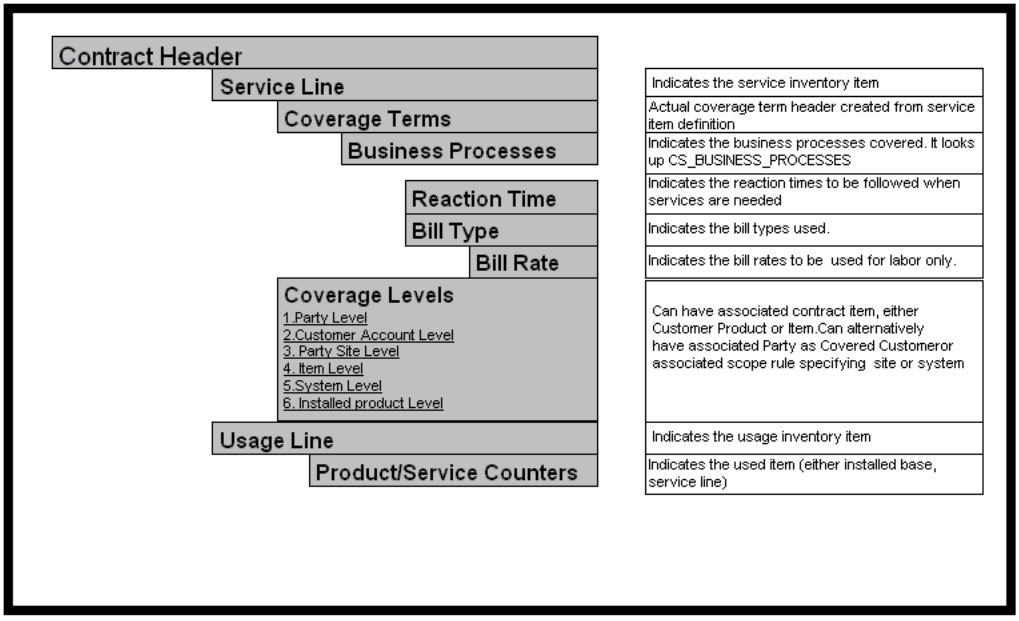
3/3/2001 - 3/2/2002

2.1.3 Coverage Process Flow

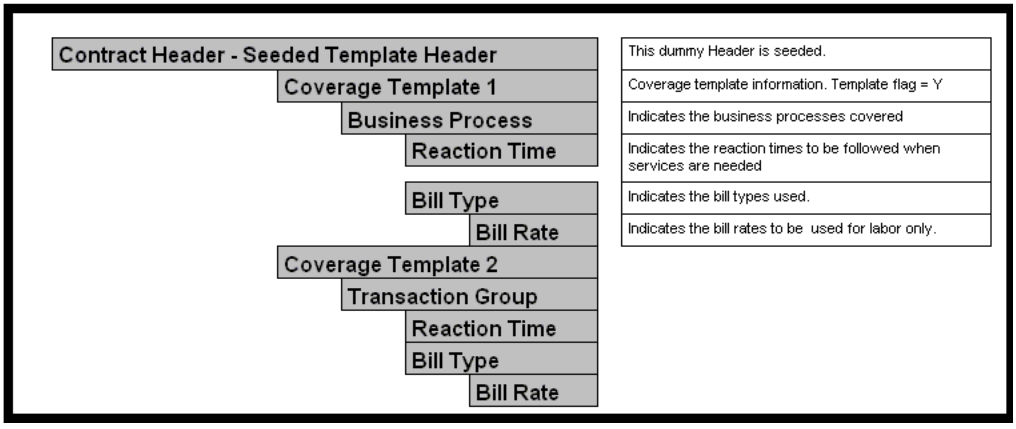
The following diagrams highlight the difference between a coverage template and an actual instance of coverage. The first diagram highlights the different process steps involved in both. And the second diagram highlights the structural differences between both.


Coverage Set-Up Process
ACTUAL COVERAGE
COVERAGE TEMPLATE
Is this a template or coverage for a specific contract?
Yes
No
Coverage Maintenance for Service
Coverage Template Set-Up and Maintenance
Edit Coverage Details
Create/Edit/Delete Coverage Template
Define/Edit Business Processes and Coverage Times
Define/Edit Reaction Times
Define Severities, Workflows
Define Billing Types
Define Billing Rates
Finish

Structure for Instance of service contracts



Structure for Coverage Templates



2.2 Defining Services and Usage

Services are items defined in the item master that determine the coverage terms that are given or sold to a customer. Coverage Templates must be defined before you can define services. Services that are given to the customer free of charge, since the price is assumed to be included in the price of the associated product, are called Warranties. All other services may have a price associated with them and can be sold on a sales order or via the contract authoring form. If a service item is sold via the sales order process, the resulting contract is termed an Extended Warranty. If a service item is sold via the contract authoring process, the contract is termed a Service Agreement.

A service that can be provided as a warranty is distinguished from other services by the attributes that are set on the item master.

2.2.1 Warranties

After a warranty has been defined, it must be associated with a serviceable product in the Bill of Materials for a warranty contract to be automatically created (refer to the Oracle Bill of Materials Concepts and Procedures Guide for further information). When that product is shipped or is otherwise created in the installed base (manually), the warranty is automatically created in Oracle Contracts for Service. Warranties allow a support service to be automatically associated with a product. The warranty record is automatically associated with the customer product in the installed base upon ordering and shipment of the product to the customer.

Each serviceable product can be shipped with one or more base warranties defined as components in the product's bill of material. The table below highlights the main differences between warranties and extended warranties.

Warranties	Extended Warranties
Non-orderable and managed automatically	Can be ordered as an immediate or delayed service
Do not have a cost	Have unit or percentage based pricing
Associated with serviceable items in Bill of Materials (BOM)	Are not included in a BOM
Have warranty inheritance rules	Do not have warranty inheritance rules

2.2.2 Defining Serviceable Products

For a product to be covered on a service agreement, warranty or extended warranty, the product item has to be classified as a serviceable product.

Prerequisites

Product items must be created using Oracle Inventory.

Steps

1. From the Responsibilities menu select, Inventory > Items > Master Items (T) Service.
2. Select the Serviceable Product check box to identify this product as being serviceable.
3. Optionally, enter the number of days after shipping that the service goes into effect in Service Starting Delay.
4. Identify whether the customer will be charged for material, labor, or expenses by selecting the billing type.
5. If defects for this item are to be tracked, then select Defect Tracking Enabled.
6. Select the speed in which an item is returned for Recovered Part Disposition.
7. Save your changes. The product item is now a serviceable product.

2.2.3 Master Item Field Definitions

The table below displays the field descriptions for master service items.

Field	Description
Main Tab	
Unit of Measure	The unit of measure must be time based, since a service is to cover a set period of time.
Service Tab	
Support Service	Select this check box to indicate item is a support service.
Warranty	Select this check box to indicate item is a warranty.

Field	Description
Coverage	Select the coverage template to be associated with the service from the list of values. Coverage becomes a mandatory field as soon as you check the Support Service check box. This creates a one to one relationship between the service item and the coverage so that the service can be priced appropriately. For example, you may wish to charge more for a 24X7 type of coverage than you would for a 9X5 coverage.
Duration	Enter the default duration of the service. This may be overridden when selling the service on a sales order or on the contract.
Period	Enter the period of the service (e.g. 1 year, 3 months)
BOM Tab	
BOM Allowed	Ensure the BOM allowed check box is selected if the service is a warranty.
Invoicing Tab	
Invoicing Enabled	Select this check box if the service is to be sold to customers (not a warranty) such as, an extended warranty contract or a service agreement.
Order Management Tab	
Customer Orders Enabled	Select this check box if the service can be ordered externally.
Internal Orders Enabled	Select the check box if the service can be ordered internally.

2.2.4 Defining Usage

As well as selling services on a service agreement, usage can be sold, such as copies on a printer or supports calls made. Usage must be defined as an item in the item master to be priced and sold on a contract.

Steps

1. From the responsibilities menu, select Inventory > Items > Master Items (T) Service

2. Check the usage item check box to identify this item as a usage item.
3. Save your changes.

2.3 Pricing Service and Usage

This topic group includes the following:

Service Pricing

Usage Pricing

Usage Item Price Breaks

Defining Usage Price Breaks

2.3.1 Service Pricing

The list price of a service is defined in Oracle Pricing through price lists. Fixed or variable values can be assigned to each service program. Fixed prices are expressed as actual prices on the price list. Variable prices are expressed as a percentage of the list price of the serviceable product. When sales orders are entered in Oracle Order Management for ordered service programs, Oracle Order Management references the appropriate price list to find or dynamically calculate the price of the ordered service program. Service can be in multiple price lists for example, corporate, standard, seasonal list with different list prices. However, only one price list can be associated with a contract at any given time. There are two main methods for the pricing of services:

- Unit-Based Pricing: Prices are based on a fee per period for service
- Percentage-Based Pricing: Prices are based on a percentage of the list price of the product(s) that is being covered

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

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

For example, consider a service priced using unit-based pricing at $100 per month. If the service duration is 12 months, and the coverage is for 50 pieces of equipment, then the extended price is:

- $100.00 per month x 12 months x 50 installed base items = $60,000.00

In the same example, priced using percentage-based pricing at 10% per month where the list price is $1200. For the same duration of 12 months and coverage for 50 pieces of equipment, then the extended prices is:

($1200 x 10%) x 12 months x 50 installed base items = $72,000.00.

2.3.1.1 Discounting and Applying Surcharges

Prices on a contract may also be discounted or increased using Oracle Pricing by applying modifier lists either automatically or manually. Qualifier lists may be used by Contracts for Service to determine when to automatically apply certain modifier lists. Modifiers can uplift as well as discount pricing. Please refer to Oracle Pricing User Guide for information on setting up and using Modifiers and Qualifiers. Also refer to the Oracle Contracts for Service Concepts and Procedures Guide for information on Pricing Adjustments.

2.3.1.2 Covered Levels and Pricing

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

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

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

2.3.2 Usage Pricing

Usage is an item in the item master and is priced on a price list defined in Oracle Pricing. Usage tracks the customer's use of a product or service. You can define counters to monitor the usage of customer products and services and execute business processes based upon the usage information. Common everyday objects that have counters are automobiles (the odometer), gas meters, and photo copy machines. Examples of service counters include the number of calls made to a help desk or visits to a health club. Counters provide a mechanism for tracking new product warranties, service contracts, support agreements and similar business needs.

Counter group templates are defined for groups of counters and are associated with products or services. A product or service can only have one Counter Group association. Once the Counter Group is instantiated it can be modified for an instance or for all instances. Counters are automatically instantiated when a customer product is created in the installed based or when service item that is associated with a counter group template in the item master is placed on a contract line. Counters cannot be manually instantiated.

Counters may be defined in any of four types:

- **Regular:** These represent the physical counters found in tangible objects like automobiles, gas meters, photo copy machine, etc. But counters can also track events that take place but they are not associated with a piece of equipment. For example, if the number of service calls per customer is tracked manually you would setup a counter of type Regular and have the agents increment the counter after each call.
- **Group function:** This type allows you to derive counters using SUM and COUNT. Group Function counters can be used in Formula Counters.
- **Formula:** Formula type counters allow you to use simple math to derive the counter value. For example you may have a photocopy machine that provides black & white copies and color copies. You may wish to track the total number copies. You would create a Counter Group with three Counters:
  - A Regular counter for total black & white copies
  - A Regular counter for the total color copies
  - A Formula counter for the total black & white + the total color copies.
- **Time Based:** Time based counters are updated by a concurrent program, Time Based Counters Engine, based upon the unit of measured assigned. For

example, you may wish to count the number of months since the product or service was purchased, the number of weeks since the last maintenance, etc.

A product counter is created when a customer product instance is created in the installed base. A counter may be created in a number of ways:

- Order Management
- Manually

Product counters may be created by instantiating products through the Customer Support "Create Customer Product" form or from the iSupport feature "Add a Product". In the same manner service counters may be created upon the creation of a service contract, such as warranty, extended warranty, service agreement.

The Counters readings can be captured manually from the Capture Counters User Interface (UI). The Capture Counter reading UI is available from the Service Request UI, Field Service UI, or the Service Contracts Authoring UI.

The pricing for usage of products and services (tracked by counters) involve the following:

- Products and services that are priced and tracked by counters should be defined as items in Oracle Inventory.
- The pricing of usage is defined in Oracle Pricing using price lists via price breaks. Usage can be in multiple price lists (i.e. corporate, standard) with different list prices.
- In Oracle Service, counter templates (groups, counters, properties) should be defined and associated with either products or services.
- While authoring contracts, it is necessary to select the price list at the contract header level. This price list is used to price usage and service lines. If selected from the price list Oracle Contracts for Service creates a pricing rule and stores the price for a service line. However, this is not the case for usage lines. While billing, the amount to be billed is calculated through Oracle Pricing. Oracle Contracts for Service also supports overriding the price break by entering a negotiated amount which supersedes the calculated amount based on price breaks.

2.3.2.1 Usage Item Price Breaks

Similar to any items defined in the item master, usage items are set up in the price list. Price breaks are set up by defining the line as "Price Break Header" which allows the entry of price breaks. In addition, the Price Break Type is defined as either "Point" or "Range" method. Point method designates that pricing is based on

a specific range in the price break. Range designates that pricing is based on all the price break ranges up to the level corresponding to the counter reading.

The following example distinguishes the difference between Point and Range price break types for a net counter reading of 3500 copies:

Break	Price
0-1000	$.05
1001-3000	$.04
3001-5000	$.03
5001-10000	$.02

Point	Amount
3500 Xs $.03	$105.00
Total Invoice	$105.00

Range	Amount
1000 Xs $.05	$50.00
2000 Xs $.04	$80.00
500 Xs $.03	$15.00
Total Invoice	$145.00

2.3.3 Defining Usage Price Breaks

After setting up the usage item, price breaks are set up in a price list that is going to be used for contract pricing.

Prerequisites

The usage item must be created using Oracle Inventory. The price list must be defined using Oracle Pricing.

Steps

1. From the Responsibility menu select Pricing > Price Lists and Discounts > Price Lists > Price List Set Up.
2. Query the applicable price list. Navigate to the List Lines tab to enter the usage price breaks.
3. Enter Item for Product Context.
4. Enter Item Number for Product Attribute.
5. Enter the item name, i.e. QP-LPTR-U, for Product Value.
6. Enter Ea. as the Unit of Measure (UOM).
7. Enter Price Break Header for Line Type.
8. Enter Point or Range for Price Break Type.
9. Click Price Break to enter the price breaks.
10. Enter the break ranges as required in the Value From and Value To.
11. Enter the price for each range.
12. Click Save to commit and close the window.

References

- Refer to the Oracle Service Concepts and Procedures for instructions on how to create the a counter group template and the different types of counters.
- Refer to the Oracle Service Concepts and Procedures for instructions on how to manually create a customer product.
- Refer to the Oracle iSupport Concepts and Procedures for instructions on how to manually create a customer product.

2.4 Selling Products and Services in Order Management

When ordering a serviceable product in Oracle Order Management, if it has an associated warranty it will be automatically created as a contract when the product has been shipped. At the same time a serviceable product is placed on a sales order, associated services may also be sold.

2.4.1 Automated Warranty Creation

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

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

2.4.2 Overview of Support Services

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

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

This section covers the following information:

- Flexible Service Programs
- Activating Service
- Service Coverage
- Controlled Service Availability
- Ordering Service Programs
- Cotermination
- Warranties and Extended Warranties
- Warranty and Extended Warranty Process Flow
- Contract Details at Order Management

- Order Cycle

Flexible Service Programs

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

Provide targeted support based on product characteristics.

To support a low-priced, high-volume product you can define a service program for hotline support. To support a more complex, higher-priced product you can define a service program for onsite support.

Provide multiple service programs to support the same product.

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

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

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

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

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

Oracle Contracts for Service enables status tracking of each service program purchased by a customer regardless of the time of its purchase. Customers can order service programs at the same time as a product order, or later when the customer requires support. Expiring service programs can also be identified and

customers notified, in order to prevent any breaks in the support services they receive by using Events.

Activating Service

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

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

Service Coverage

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

Controlled Service Availability

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

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

Ordering Service Programs

As sales orders are entered for serviceable products, one or more service programs can be selected to cover each serviceable product. Ordering service at the same time as ordering the serviceable product is termed Immediate Service. For immediate

service the reference type on the sales order line for the service is “ORDER”. The service is associated with the appropriate serviceable product by selecting the order number and the line number where the product is sold. The product may be on a different order than the service. The serviceable product and its service programs will then be on the same sales order and the same invoice.

Service programs can also be sold after the sale of the serviceable product. This is termed delayed service. For delayed service the reference type on the sales order line for the service is “CUSTOMER PRODUCT”. The service is associated with the appropriate serviceable product by selecting the product from the installed base. For example, you sell a telephone with a warranty that expires after 90 days. After 90 days, the customer decides to purchase extended service coverage for the telephone. You can then sell the extended coverage as a service program three months after the original sale.

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

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

Cotermination

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

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

As an example, suppose you set a cotermination date at the system level for October 31, and a customer cotermination date for December 1. Service programs first check for the system cotermination date and set the end dates to October 31. If no date had been set at the system level when the system was defined, then the customer level cotermination date is used. Another customer has five systems, each with a different cotermination date. For each system, the individual cotermination date becomes the cotermination date for that system only. In turn, if the system had not

been assigned a cotermination date, the customer cotermination date would be used.

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

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

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

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

2.4.3 Warranties and Extended Warranties

Warranties and extended warranties are service contracts. When a customer orders a product that has an associated warranty or the customer orders an extended

warranty with the product, Oracle Contracts for Service automatically creates the warranty contracts based on the information from the sales order. When products are returned, replaced, upgraded, or transferred, the warranty and extended warranty are updated appropriately.

Manage your warranties and extended warranties with the following activities:

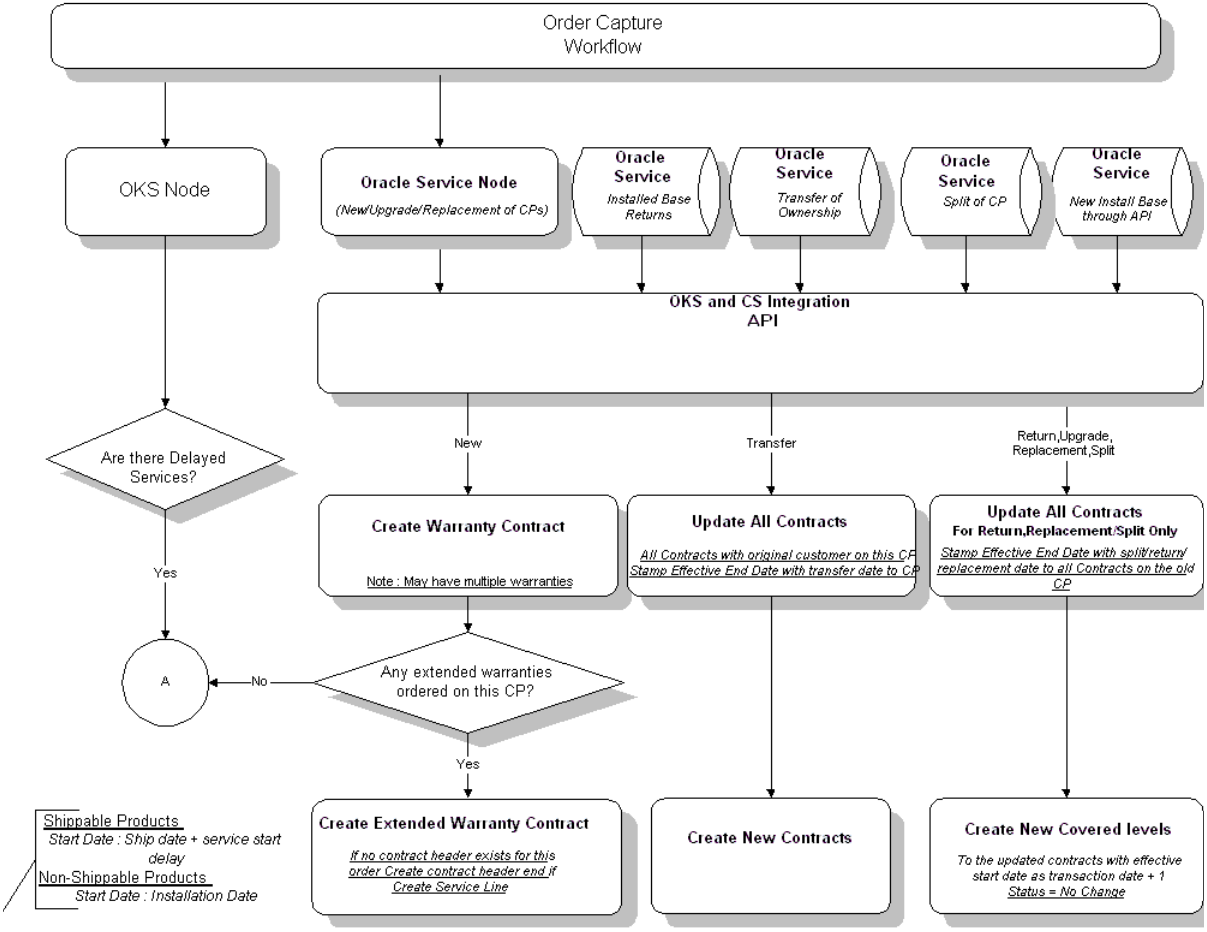
- Define serviceable products in the item master.
- Define warranties and extended warranties in the item master with a corresponding coverage template.
- Associate or link warranties to the serviceable product in the bill of materials.
- Create warranties as service contracts when serviceable products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

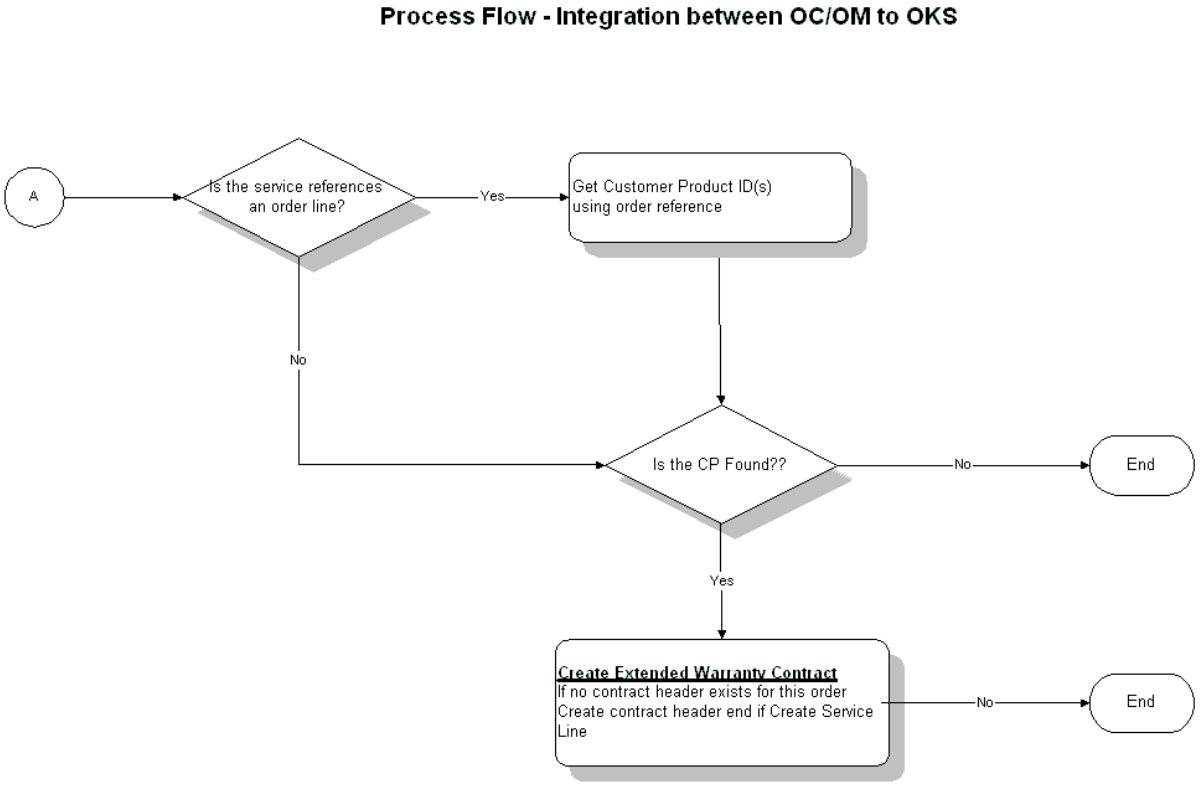
2.4.4 Warranty and Extended Warranty Process Flow

An order creates a service contract that can be viewed in read only mode using the Oracle Contracts for Service authoring window. Oracle Order Capture is notified by Oracle Order Management through the Process Order API/Update Notice API about any changes occurring in the orders such as headers and line attributes. Oracle Order Capture in turn passes the information on to update the Installed Base and to create or update the extended warranties in Oracle Contracts for Service. This integration happens behind the scenes.

The following diagram illustrates the process flow for the integration between Oracle Order Management and Oracle Contracts for Service and the logic that is involved in creating a warranty and extended warranty.

Process Flow - Integration between OC/OM to OKS





2.4.5 Contract Details at Order Management

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

Steps

1. Navigate to the Order Management Responsibility > Orders, Returns > Sales Orders > Line Items

2. Click the Actions button. The Contract Details window is displayed. The upper region of the form displays the order details.
3. If applicable, select the Apply All check box. If an order has multiple service lines, subsequent lines may inherit the same renewal and merging attributes as specified in the initial order line.
4. Select a Line Renewal Type. If an order line is merged to an existing contract, its duration may be less than the target contract. In order to facilitate renewals, the order line will coterminate with the target contract header. The Duration Inheritance attribute determines the desired duration of the service line. The valid values are:
   - Full: The service contract line inherits the duration of the renewed contract.
   - Remaining: The service contract line retains its original duration and coterminates with the renewed contract.
   - Do Not Renew: The service contract line is allowed to terminate and will not be processed by the renewal event.
5. If the order line is to be merged with the current order, click the New option button. The Existing option button is disabled.
6. Select a Renew Type from the list of values. The Renewal Type determines how the renewal is to be processed and whether the sales rep is to be notified to select the renewal type. The valid values are:
   - Notify Sales Rep: The renewal event sends a notification to the sales rep, based on the territory in which he/she resides, to facilitate the renewal, i.e. the sales rep negotiates the pricing with the customer prior to send the contract for approval.
   - Submit for Approval: This will create a renewed contract in an entered state awaiting review and approval before it can become active. If the autorenewal process has been implemented, a contract with an Active Contract renewal type will either become signed or active, depending on whether the start date has passed. If the contract has not passed QA however, it will remain in an entered state.
   - Evergreen: The renewal event automatically approves and activates the contract.
   - Do Not Renew: The contract is allowed to expire.
7. If applicable, select the PO Required check box if a PO is required for contract renewal.

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

2.4.6 Order Cycle

After the sales order has been booked, it should progress through the order cycle that has been defined (please refer to Oracle Order Management Concepts and Procedures for further information).

For orders that include shippable items, the order cycle will typically involve a pick release process and ship confirm. At the end of the order cycle, the Installed Base

Interface concurrent program should be run to update the installed base with the details of the newly shipped product. This program will also initiate the transfer of contract information from Order Management to Oracle Contracts for Service where the product had associated services or warranties.

For orders that do not include shippable items, like delayed service orders, the ship cycle does not apply. In this case, the order should be progressed from Order Management. To initiate the transfer of contract information, the Service Contracts Order Capture Integration concurrent program should be run.

2.5 Authoring

Contracts for Service provides an authoring feature for recording and tracking each contract, the end goal being enhanced customer service and responsiveness. In addition, the following features are available in the authoring form:

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

This topic group consists of the following topics:

2.5.1 Contract Templates

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

- **Services:** This attribute refers to user defined services that are to be provided in the contract. For example, you can define a 9-to-5 service coverage, with a 10 percent discount for materials, which could include field service transactions and hotline support transactions.
- **Times of coverage:** This attribute defines days of the week, hours, and the start and end dates for coverage. For example, you can set up 9-to-5 coverage as in the above example. You have flexibility in defining times based on the service coverage's needs.
- **Reaction times:** The reaction time refers to the time in which the service provider must respond to a service request such as, a two-hour reaction time. Reaction times may be defined differently for each user-defined severity level. The reaction times are automatically enforced through Oracle Service.
- **Resolution times:** In addition to indicating how long the service organization has to respond to a request, you may wish to define the maximum amount of time available to bring the open issue to a resolution. For example, the customer may wish to have any issues for a critical system completely resolved within four hours
- **Discounts:** This attribute refers to discounts that can be given based on the type of transaction performed. Using the example above, you could set up a discount of 10 percent for material when a service is performed.
- **Levels of coverage:** These can be for a customer, customer site, party, system, item, or customer product.
- **Counters associated with the contract**: These apply to counters tied to the service. You can also have events tied to counters. For example, you can have a preventative maintenance scheduled for a copier if its counter reading reaches 10,000 copies, or you can track the number of calls a customer has made to a customer support center.

2.5.2 Contract Authoring and Pricing

After you define the appropriate template, you can use it as a basis to create a contract from an offering and obtain customer approval on the pricing, coverage,

and other terms and conditions defined in the contract, or you can create a contract from scratch. In general, contract authoring and pricing entails the following steps:

1. Select the contract template that best matches the customer's needs. If you are using a template, define customer information.
2. Define the contract's terms and coverages.

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

   - **Parties:** This covers the customer's name, bill-to address, and ship-to address. Also identifies additional parties to the contract and contacts for any party.
   - **Billing information:** Billing dates, frequencies and amounts.
   - **Pricing**: Price list for calculating the price of the contract. Also remember any modifier lists from Advanced Pricing that have been set up to take effect automatically as well as use Pricing Adjustments to include any manual discounts or surcharges.
   - **Services to be provided:** You can use either the default services, if you are using a contract template, or you can define and update services. Set start and end dates for each service which can be different from the contract's dates, so long as the service's start and end dates do not exceed the contract's.
   - **Level of coverage:** This can be for a customer, customer site, system, item or customer product.
   - **Coverage details:** You can update the coverage details of a service, which can default from the offering. Coverage details include information such as times and terms of coverage, reaction and resolution times.
   - **Counters:** Oracle Contracts for Service lets you reference counters in the contract for tracking. For example, you can measure the number of calls made by a customer or the number of copies from a photocopier. You can include events in your contracts, which are automatically generated actions that occur based on conditions you define in the contract. For example, an event could be set up for a preventative maintenance service to be performed on a photocopier after every 10,000 copies.
3. **Approve the contract.**

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

2.5.3 Creating Contracts

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

Prerequisites

None

Steps

1. From the **Navigator**, choose **Launch Contracts**. The Oracle Contracts window appears.
2. In the **Contract Navigator** tab, right-click anywhere and choose **New**. The Create New Contract window appears.
3. Select Create a new Contract Manually.
4. Select a category.
5. Enter the header information for the contract.
6. In the Summary tab, enter summary information that will act as default information throughout the contract unless overridden at the line level.
7. In the Lines tab, choose Usage or Service for the line type, and enter line information for each.
8. Save your work.

Guidelines

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

References

See Contract Header for field descriptions for the header section of the window.

See Using the Summary Tab for the procedure to enter summary information.

See Using the Lines Tab for the procedure to enter line information.

2.5.3.1 Contract Header

While authoring a contract, the top portion of the Service Contracts Authoring window includes the following fields as listed in the table below:

Field	Description
Contract Number	The contract number may be entered manually or is system generated the moment the contract is saved.
Order Number	The Order Number is populated when a contract is automatically created from the Installed Base Interface, such as for warranty and extended warranty contracts.
Version	Displays the contract version number. You can choose to create a new version by using the version option from the popup menu within the Navigator or applying a change request. The history of versions can be reviewed by double clicking on a contract within the Navigator to open the contract summary.
Short Description	Enter a short description of the contract.
Start Date	Enter the contract start date.
End Date	Enter the contract end date. The end date is automatically calculated when either the period or the duration is changed.
Category	Select Service Agreements from the list of values presented.
Known As	Provides an alternative, free format reference for the contract. Can be used to enable an easy search for the contract at a later date.
Duration	Enter the duration in whole numbers. The duration is automatically calculated if the start and end dates are entered.
Period	Enter the period from the list of values (e.g. month, year)
Status	The status is always defaulted to Entered or the status that you select as your default entered status.
Amount	The currency and amount of the contract are updated after the contract has been saved. This represents the total for all the service lines of the contract.

2.5.4 Using the Summary Tab

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

Prerequisites

None

Steps

1. Navigate to **Summary > Parties** tab.
2. Select the persons or business entities who have a business relationship to the contract. You can only enter one customer but can select any additional parties which have been defined in setup.
3. Select any contacts that relate to a selected party.
4. Select the correct bill and ship addresses for the customer.
5. Select the **Pricing/Billing** tab.
6. Select the **Renewals** tab. Enter renewal rules to be used for the contract.
7. Enter the default pricing and billing rules for the contract.
8. Select the **Administration** tab.
9. Enter control information association with the contract.
10. Select the **Articles** tab.
11. Reference standard articles or create nonstandard articles.
12. Select the **Sections** tab.
13. If desired, change the article formatting.
14. Select the **Security/Text** tab.
15. Optionally enter free form text for description or comments.
16. Save your work.

Guidelines

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

Workflow processes can be launched from the Administration tab. Highlight the desired process and click Launch. Click Monitor to view the progress of workflows in process. Click Stop to stop the workflow process.

References

See Summary Parties Tab for field explanations.

See Summary Pricing / Billing Tab for field explanations.

See Summary Renewals Tab for field explanations.

See Summary Articles Tab for how to explanations.

See Sections Tab for how to explanations.

See Summary Administration Tab for field explanations.

See Summary Security / Text Tab for field explanations.

2.5.4.1 Summary Parties Tab

The following table displays the fields and field descriptions for the Parties tab:

Field	Description
Party region	
Role	The valid values for role that are supplied with Oracle Contracts for Service are vendor, customer, or third party. User defined roles can also be used. The vendor role will default to your company name. You must also enter a role of Customer. A role of Third Party can optionally be entered. You can only have one occurrence of each role for a contract.
Name	Select the party name from the list of values. Your company name automatically defaults as the vendor.
Party No	The party number is automatically displayed when the party name is entered.
Billing Profile	The billing profile identifies the specific billing requirements for the party such as the responsible party, billing media, and summarized billing. Enter the billing profile from the list of values.
GSA	This designates the contract as a government supply agency contract. This flag is set up in the party and is automatically set as soon as the party is identified.
Contacts region	
Role	Enter the role that the contact is expected to play from the list of values. Individuals can be assigned to the contract along with the specific role each person has for the contract, depending on their legal relationship to the contract parties.

Field	Description
Name	Enter the contact name from the list of values.
Email	Enter an email address in this free form text field.
Start Date	Effective start date for a party contact
End Date	Effective end date for a party contact
Bill To Address and Ship To Address region	
Bill to Address	This includes the Account/Party and Location fields.This is defaulted from the customer bill to address if it is flagged as Primary. Optionally, select another bill to address from the list of values.
Ship to Address	This includes the Account/Party and Location fields. This is defaulted from the customer ship to address if it is flagged as Primary. Optionally, select another ship to address from the list of values.

2.5.4.2 Summary Pricing/Billing Tab

The following table displays the fields and field descriptions for the Pricing/Billing tab. Many of these fields are also found on the Billing tab for lines.

Field	Description
Agreement	Optionally, select an agreement. Information from the agreement will appear in price list, accounting rule, invoicing rule, and payment terms.
Price List	Specify the price list to be used from the list of values.
Reprice Button	Enables the repricing of service items in a contract when a new price list is selected. Repricing can be done at any time not just during Renewal. Done at Contracts level or Covered Product Level.
Currency	This is defaulted from the currency defined for the price list.
Accounting Rule	If an agreement was not selected, then specify a rule from the list of values. The accounting rule determines when revenue is recognized for service performed.
Payment Terms	Enter the payment terms from the list of values. This field is used by AR to determine when the payment is due on the invoice.

Field	Description
Invoicing Rule	Choose the invoicing rule from the list of values for the contract header.
Service Charges region	
Pre-Payment Required	Select if prepayment is required before a service can be provided.
Purchase Order Required	Select if a purchase order is required for service.
Purchase Order Number	Enter the purchase order number if a purchase order is required in order to perform service.
Currency Conversion region:	(This region is read only for Euro countries)
From Currency	Enter the currency that the currency is to be converted from.
To Currency	Enter the currency that the currency is to be converted to.
Type	Enter the conversion type from the list of values.
Date	Enter the date for the entered conversion rate.
Rate	Enter the conversion rate.
Tax Exemption region	
Status	Specify the tax status such as exempt when applicable.
Number	Enter the tax exempt certificate number.
Reason	Enter the reason for tax exemption.
Contract Billing region	
Transaction Type	Select the Transaction Type from the list of values to be associated with billing for the contract.
Hold Billing	Holds billing until the next regular billing cycle. The default setting is unchecked but if checked will hold creation of invoice until next billing period.
Summary Invoice	Can be used by a customized invoice print program to control printing the invoice. If check box is selected, it will print at summary level or brief invoice. If check box is cleared, it will print a detailed invoice.
AR Interface	Controls which contracts are eligible to be interfaced to AR. The default setting is checked.

2.5.4.3 Summary Renewals Tab

The renewal rules defined on this tab will be applied during manual or automatic renewal of the contract. If rules are not defined at the contract level, the rules will be retrieved from the Global Contract Defaults. The following table displays the fields and field descriptions for the Renewals tab:

Field	Description
Renewal region	
Type	The type of renewal process such as sending for approval, notifying sales representative to facilitate renewal, etc.
Renew Up To	Only available for contracts with renewal type of Active Contract (Evergreen). This records the date when the automatic renewal process should stop renewing the contract. This will be the end date of the final renewed contract.
Notification	If a renewal event has been setup, this field identifies who was notified of an impending renewal.This field will not be populated until after the renewal event has picked up the contract and has sent the notification.
Pricing Method	This determines how pricing is to take place during contract renewal, such as list price or last year's negotiated price.
Price List	Shows the price list to be used to compare and cap the price change during renewal.
Markup	If a pricing method of markup was selected, enter the percentage (positive or negative) that should be used to adjust the price of the renewed contract. The new price will be compared to the cap price list to ensure the customer will not be charged more for the renewal than for a new contract.
PO Required check box	This specifies that a purchase order is required during renewal process. If selected, the renewal cannot be sent for approvals without a purchase order.
PO Number	During contract renewal, the user enters the PO number, if the PO Required check box is selected in the Renewal Rules Used region.
Estimated Percent	This is used to give some measure of the percentage revenue that will be closed for the renewal within the specified time before the contract expires.
Duration	The duration before the contract expires for which the estimated percentage revenue is planned to be achieved.
Period	Enter the period from the list of values.

Field	Description
Renewal Rules Used region	
The Renewal Rules Used region is display only and is updated when the contract is renewed.	

2.5.4.4 Summary Administration Tab

The following table displays the fields and field descriptions for the Administration tab:

Field	Description
Quality Assurance Checklist	Enter the QA checklist that is to be used for this contract.
Effective region	This area is read-only information
Date Approved	The date that the contract was approved appears.
Date Signed	The date that the contract was signed appears.
Date Canceled	The date that the contract was canceled appears.
Date Terminated	The date that the contract was terminated appears.
Date Renewed	The date that the contract was last renewed appears.
Payment Details region	
Credit Card Number	Enter the credit card number if the customer chooses to pay for the service agreement by this method. The level of validation to be applied to the number can be controlled by Contracts profile options. The card details are passed to AR during the billing process.
Expiry	Enter the credit card expiration date.
Estimation region	
Percent	Enter the percentage revenue that is estimated to be achieved for this contract. This can be used by a salesperson to give some measure of the revenue that may be generated for a new contract.
Date	Enter the date by which the estimated revenue is predicted to close.

Field	Description
Contract Groups region	
Group Name	Select one or more contract groups to which this contract belongs. A contract is visible in the Launchpad only if a contract group has been specified here.
Description	The group description appears when the group name is selected.
Process region	
Type	Enter the type of process to run.
Workflow Name	Enter the workflow process name from the list of values.
Workflow Process	This is the workflow process system name and appears when the workflow name is specified.

2.5.4.5 Summary Security/Text Tab

Contract access is a combination of security granted both by the responsibility and at the individual contract level. You do not restrict access at the contract, you can only grant additional access. For example, if a user logs in with a responsibility that grants modify access to contracts they will not be restricted on a particular contract by a Read Only security level for a particular contract. However, someone logging in with a responsibility of Read Only may be granted Modify access for a particular contract.

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

Field	Description
Security region	
Type	Identifies Group or User access.
Group or User Name	Enables you to choose either a group or user name.
Level	Enables you to select either modify or read only access level.
Text region	
Description	This is free formatted text. Enter contract details, if applicable.
Comments	This is free formatted text. Enter additional contract comments, if applicable.

2.5.4.6 Summary Articles Tab

Contracts for Service supports article management in the same manner as Contracts Core. For guidance on how to do the following:

Referencing a standard article

Modifying an existing article

Creating an article

See **Oracle Contracts Core Concepts and Procedures**.

2.5.4.7 Summary Sections Tab

You can use the Sections Tab to format the way you display Articles that were selected on the Articles Tab. For each Section, you may enter subsections and place the Articles in the correct sequence. For guidance on how to use the Sections tab see, Oracle Contracts Core Concepts and Procedures.

2.5.5 Using the Lines Tab

Contracts that are authored (versus those that are automatically created) may contain service or usage type lines. Service and usage are both items in the item master (see Defining Service Programs, Usage and Serviceable Products).

When a service line is added to a contract, the coverage terms associated with that service are defaulted onto the contract line. The default coverage terms can be customized as necessary on the contract, but the price is unaffected. For example, you could choose a service for 9x5 (nine hours a day for five days a week), and increase the coverage to 24x7, but the price will not increase because it was a 9x5 service that was selected on the contract.

Prerequisites

None

Steps

1. Navigate to the **Lines > Parties** tab**.**
2. Enter a service or usage line, customer contact, and address information.
3. Select the **Effectivities** tab.
4. Select the services covered by the contract and their effective dates.
5. Select the **Pricing/Products** tab.

6. Enter the covered levels and pricing information.
7. If you want to review details about the product from Installed Base, then click Product Details button.
8. If you want to view the components of the price calculation, then click Price Calculation button.
9. Select the **Billing** button.
10. Enter billing information for the line item.
11. Select the **Counters** tab.
12. Review counter information.
13. If you want to review the counter, then right-click the counter line and choose Counter Setup. The Setup Counters window appears.
14. If you want to edit counter values, then right-click the counter line and choose Counter Capture. The Capture Counter Reading window appears.
15. Select the Events tab.
16. Review event information.
17. Save your work.

Guidelines

There is no limit to the number of services or usage contract lines that can be defined for a contract. However, only one set of coverage terms can be defined for a service, although it may include several business processes. For each business process (e.g. Depot Repair) a unique set of terms can be defined (e.g. coverage times, reaction times, bill rates.)

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

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

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

flagged as a Usage Item serviceable product. Usage information is entered on the Effectivities tab.

References

See Lines Parties Tab for field explanations for the Parties.

See Lines Effectivities Tab for field and button explanations.

See Lines Pricing / Products Tab for field and button explanations.

See Lines Billing Button for field explanations for Billing.

See Lines Counter Tab for field explanations for Counters.

See Lines Events Tab for field explanations for Events.

2.5.5.1 Lines Parties Tab

The following table displays the fields and field descriptions for the Parties tab:

Field	Description
Line Number	The line number is automatically generated.This number is unique to the contract and will not be reused even if the line is deleted and new lines are added.
Line Type	Select either Service or Usage.
Name	Enter the name of the service from the list of values.
Line References	Allow entry of free format line reference for each contract line. This may be used to represent the customer's reference, e.g. a PO line number or a CLIN reference. This field is not system generated.
Order/Line Number	If service contract has been interfaced with Order Management, this shows the order number. If a service contract is created manually, this field is disabled.
Account	Enter the customer account from the list of values. The Customer account is defaulted from the bill to address of the contract header. Since the bill to address at this point is known, the customer account can be defaulted. However, you can override the customer account.
Account Name	The account name appears after the customer account is selected.

Field	Description
Bill To	If different from the Summary tab, enter the bill to name from the list of values. If there is no bill to at the line level, you can use the Actions menu option Cascade Attributes to copy the bill to address from the header.
Ship To	If different from the Summary tab, enter the ship to name from the list of values. If there is no ship to at the line level, you can use the Actions menu option Cascade Attributes to copy the ship to address from the header.
Customer Contacts region	For each line entered on the contract, the following information can be entered:
Role	Enter the role from the list of values. Similar to the header contacts, customer contacts can be created for the party which the customer account is associated with.
Name	Enter the party name from the list of values. The address will populate automatically.
Start Date and End Date	For each contact, enter the start and end dates to indicate the effectivity of that contact, if applicable.
Bill To and Ship To Address	The bill to and ship to addresses in this portion of the tab are those addresses that belong to the customer account as entered or defaulted above.

2.5.5.2 Lines Effectivities Tab

The following table displays the fields and field descriptions for the Effectivities tab:

Field	Description
Status	Defaulted from the header status.
Start Date	Enter the service line start date.
End Date	Enter the service line end date. If a duration and period are entered, then the end date is calculated.
Duration	Enter the duration in whole numbers.
Period	Enter the period from the list of values such as month or year.
Renewal Type	This determines line duration for renewal such as full duration, and remaining, This value would normally be automatically initialized from OM, however, it may be manually changed during the renewal review.

Field	Description
Description	This displays the service description (Service or Usage).
Invoice Text	This text is defaulted based on the item description and effective dates, but can be overridden. The text is sent to AR during the billing process.
Coverage region for service line	Every service item defined in inventory is associated with a coverage template. When you select a service item in authoring and save it, the associated coverage template is used. The coverage name and description appear. Click Edit Coverage to view or edit the coverage.
Name	Displays the coverage name
Description	Displays a description of the coverage.
Exception Coverage	If a coverage has an exception coverage defined, then the exception coverage name and description appear.
Usage Type region	
Fixed Per Period	Select if billing is based on a fixed usage. This is the negotiated fixed usage for a defined period. Regardless of what the counter reading may be, the billing is based on this fixed amount.
Actual Per Period	Select if billing is based on an actual usage by period.This is the actual usage quantity for a defined period. However, this usage type allows the set up of default and minimum counter values. In addition, usage averaging is enabled where an average billing is allowed if no counter readings are captured for a given period.
Period	Enter the period in which billing is to take place.
Actual by Quantity	Select if billing is based on an actual usage by quantity.This is actual quantity for an agreed upon billing frequency. In order to bill this usage type, regular counter readings updates are mandatory.
Negotiated Price	Select if billing is based on a negotiated amount.This is the negotiated price for an agreed upon billing frequency.
Average and Settlement	(Actual per Period Usage Type)
Averaging Allowed	Select if averaging is allowed on a specified number of usage products. If the Averaging check box is checked, the averaging interval is mandatory entry.
Averaging Interval (Bills)	The averaging interval is a whole number and is based on the period defined in the Usage Type region.

Field	Description
Settlement against actual usage allowed	Select if settlement against actual usage is allowed.If checked, the Settlement against Actual Usage concurrent request compensates or settles billing against actual usage. If a minimum or default invoice amount is generated, this may be executed after the counter reading is taken. If the counter reading is greater than the previously billed amount, an invoice is generated to compensate for the under billing. If the counter reading is less than the previously billed amount, a negative invoice is generated to make up for the over billing. In addition, this generates an additional billing history line in the Lines / Billing tab.

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

- **Cascade**: This sets the start and end dates of the currently selected contract line to be between the effectivities of the previous and next contract lines.
- **Cascade All:** This cascades the start and end dates of all the contract lines so that each represents an equal period of time, evenly partitioning the effectivity of the entire contract across al entered lines.
- **Coterminate:** This sets the end date of the currently selected contract line to be the same as the customer and system cotermination dates if they have been set up.
- **Coterminate All:** This sets the end date of all the contract lines to be the same as the customer and system cotermination dates if they have been set up.
- **Same Date:** This sets the start and end dates of the currently selected contract line to be the same as the start and end date of the contract. It also copies the header billing information from the header to the lines.
- **Same Date** All: This sets the start and end dates of all the contract lines to be the same as the start and end date of the contract. It also copies the header billing information from the header to the lines.

2.5.5.3 Lines Pricing/Products Tab

The following table displays the fields and field descriptions for the Pricing / Products tab:

Field	Description
Line Number	Line number was automatically generated when the line was created on the Lines Parties tab
Line Type	Defaulted from the Lines Parties tab
Name	Defaulted from the Lines Parties tab
Line Ref	Defaults from the Lines Parties tab but can be changed
Duration	Defaulted from the Effectivities tab.
Period	Defaulted from the Effectivities tab.
Price (Last Contract)	Displays the price of the contract line on the previous contract, prior to renewal.
Currency (Last Contract)	Displays currency type.
Final Price	Displays the sum of the final prices of the covered levels.
Invoice Print Flag	The Invoice Print Flag check box is available for each contract line to indicate whether the line item should be printed on an invoice. There may be practices which require that an invoice is not printed. The default setting for this check box is set to print the invoice. Deselect the check box when you don't want to print the invoice for the corresponding line item.
Billing (Button)	This button enables creation of a line level billing schedule
Effectivity Subtab	(Service Line)
Level	This identifies the level at which the service line is covered. The covered levels are: ■ Site: Covers all products at a particular customer site (references install base) ■ Item: Covers all products of a particular item type (references inventory items) ■ Product: Covers a particular product from install base ■ System: Covers a particular system configuration (references install base) ■ Customer: Covers products for a given customer account (references install base). ■ Party: covers products for a given party (references install base)

Field	Description
Name	For Covered Item level this is the product name For Covered Party level this is the list of customer names For Covered Product level this is the list of installed base items. If the desired product is not in the installed base, select the New button from the Covered Product Selection window to add it. For Covered Site level this is the list of available sites for the customer For Covered System this is the list of systems in the installed base For Covered Customer this is the list of customers names
Line Ref	Allow entry of free format line reference for each contract line. This may be used to represent the customer's reference, e.g. a PO line number or a CLIN reference. This field is not system generated.
Start Date	Covered Level start date
End Date	Covered Level end date
Duration	Defaulted from the Effectivities tab
Period	Defaulted from the Effectivities tab
Date Terminated	The date at which the covered level was terminated.
Renewal Type	Identifies contract renewal type such as Full duration or do not renew.
Invoice Print Flag	The Invoice Print Flag check box is available for each covered level to indicate whether the item should be printed on an invoice. The default setting for this check box is set to print the invoice. Deselect the check box when you don't want to print the invoice for the corresponding covered level.
Description	Displays product description
Invoice Text	Free format invoice text. Defaults based on the name of the covered level but can be overridden. This text is sent to AR during the billing process.
Product Details (Button)	Access to the Customer Products window showing details such as product name and quantity.
Pricing Subtab	(Service Line)
Line Number	The line number is automatically generated.
Level	Defaulted from the Effectivities tab

Field	Description
Name	Defaulted from the Effectivities tab
Line Reference	Allow entry of free format line reference for each contract line. This may be used to represent the customer's reference, e.g. a PO line number or a CLIN reference. This field is not system generated.
Quantity	Enter the quantity.
UOM	Enter the unit of measure from the list of values.
Unit Price	If the covered level is Product then Oracle Pricing is called to get the price of the product. In all other cases you must manually enter the price for servicing the product.
Extended Price	The extended price is the unit price times quantity.
Price (Last Contract)	Displays the price of the covered level on the previous contract, prior to renewal.
Currency (Last Contract)	Default from contract line
Final Price	The final price is normally equal to the extended price. For covered levels of Covered Product, the extended price is obtained from Oracle Pricing, including any discounts and surcharges. The price retrieved is the price as of the date determined by the profile option 'Pricing Default Date'. The price is defaulted into the final price field. You can manually override the final price if desired. The final price field is also used to enter prices manually for contract lines that are not priced automatically (see Pricing Service and Usage).
Description	Displays product description
Billing (Button)	This button enables creation of a product-level billing schedule
Reprice (Button)	Enables the repricing of service items in a contract when a new price list is selected. Repricing can be done at any level not just while Renewal, at Contracts level or Covered Product Level.
Price Calculation (Button)	Enables you to review the how the price derived.
Products region	(Usage Line)
Name	Select the name of the product for a usage line. Source Details is automatically displayed.

Field	Description
Source Details	Identifies counter: ■ CP: Product counter ■ Service: Service counter
Line Ref	Allows entry of free format line reference for each contract line.
Fixed	If the usage type is Fixed, enter the fixed amount to be billed every month.
Minimum	If the usage type is Actual per Period, enter the minimum counter value. If a counter reading is taken and is less than the minimum, a minimum invoice will be generated, i.e. the minimum counter value defined on the contract would be used to determine the invoice amount.
Default	If the usage type is Actual per Period, enter the default counter value. If a counter reading is not taken for a given period, a default invoice will be generated, i.e. the default counter value defined on the contract would be used to determine the invoice amount.
UOM	Regardless of the usage type, the UOM is automatically defaulted to the counter UOM
Period	Regardless of the usage type, the period is defaulted from the usage type period.
AMCV	AMCV (average monthly counter volume) is applicable to the Actual by Period usage type only and determines if averaging is to be used for billing when a counter reading is not taken. If checked, based on the averaging period defined in the contract, the Service Contracts Main Billing calculates an average invoice amount which is used for billing the current period. If the number or previously billed period is less than the averaging interval, a default billing is generated.
Level	If multiple counters are defined on a contract and one or more counter readings are significantly higher than the others, usage leveling can be used to equalize or distribute the readings across all the counters for a given billing period. This simplifies the customer's invoice by showing an even billing distribution across all the counters. If applicable, check Level for each applicable counter.
Reading	Enter the initial base reading of the counter. The monthly net counter reading will be based on this base reading.
Net Reading	This is a calculated field that tracks all historical activity for the counter such as roll overs.

Field	Description
Final Price	If the billing type is Negotiated Price, enter the final price which would be used for each billing period.

2.5.5.4 Lines Billing Button

Lines Billing Button gives you the flexibility to determine a flexible billing amount and schedule. This billing schedule gives the liberty to bill whatever amount you want to bill for a given period of time. For example, you can choose not to bill in the first month and adjust that amount in the billing for the subsequent months. The billing schedule can be set up for individual covered level on the contract as well as for contract lines on the contract.

You have an option of conveniently billing for different billing periods. This can be decided by choosing the Billing Type from the Schedule header. The three choices are:

- Equal Amount
- Top Level
- Covered Level.

For Equal Amounts the user can bill for equal amounts over the billing period and has full control over the amount to be billed and the billing periods. The start and end dates of all top lines and their sublines must be the same. The schedule form, once generated, cannot be modified for the covered product line.

For Top Level users can define the billing periods and the billing engine calculates the bill amounts (therefore the amount fields will be disabled). Line level start and end dates can differ from the sublines. The prorate button will be disabled.

For Covered Level the user can define the billing periods and the amount to be charged. Top line effectivities may differ from the sublines. Amounts can be entered for every period or the prorate button may be used. For sublines where start and end dates match their top line, the billing schedule is created by the billing engine. When the dates differ from the top line. the user goes to the schedule form and creates the byline schedule manually. For the Covered Product line the schedule form is not read only so changes can made there directly.

Stream Level Window

A billing schedule may have many billing streams. Each stream level being a set of billing periods. For example: A contract starts on 17 December 2001 and runs till 31 December 2002, duration of 380 days. Due to this irregular duration, the billing

period would have been calculated at a daily rate and would have given varying billing amounts, depending on the length of each calendar month. Billing stream levels allows the user to set up a separate stream for the irregular period of 15 days, followed by a second stream of 12 months. The stream level in this case would be “bill for 1 period of 15 days at $500 followed by 12 periods of 1 month at $1,000”.

Schedule Tab

It provides the ability to define billing schedules for individual covered levels on the contract, as well as contract lines on the contract. Schedule tab window opens once the billing button is clicked from **Lines > Pricing/Products**.

Field	Description
Invoicing Rule.	Choose the invoicing rule from the list of values for the contract line. The invoicing rule is defaulted from the contract header invoicing rule
Accounting Rule	Defaults from the contract header accounting rule. The accounting rule determines when revenue is recognized for service performed.
Level	Select a level from the list of values: Equal Amount, Top Level or Covered Level. (Covered Level will not be available for usage lines).
Start Date	This field is display only and shows the start date of the contract line.
Amount	Displays contract price.
End Date	Enter the end date of the contract.
Stream Level Region	
Seq No	Enter the sequence in which you wish to have the billing stream levels billed.
Periods	Enter the number of billing periods to be included in this stream level. E.g. to set up a stream level of “bill for 1 period of 15 days at $500”, the value in this field should be “1”.
UOM / period	Enter the number of periods to be included in this stream level, e.g. in the above example, the value in this field should be “15”.

Field	Description
UOM	Enter the unit of measure for the billing period, e.g. in the above example, the value in this field should be “Days”.
Amount	Enter the amount to be billed for each period in the stream level. For a level of Equal Amount, you must enter a value in this field. For a level of Top Level, leave this field blank as Oracle Contracts can calculate a value automatically based on the price of the contract line.
Invoice Offset	For an invoicing rule of Advance, the invoice date can be determined by Oracle Contracts. Enter the number of days (plus or minus) from which the invoice date should be set from the bill from date. The invoice date must be on a later date than the current date.
Interface Offset	Enter the number of days from which the interface date should be set from the bill from date. This will be used by the billing program to determine when the billing records should be sent to Oracle AR. Oracle Contracts will ensure that the interface date is the earliest date of the invoice date and bill from date, which means only offsets less than 0 will have any affect on the interface date.
Refresh Schedule	Use the refresh schedule button to refresh the information displayed after making any changes to the billing schedule. It creates schedules for sublines (where applicable) and must be clicked to save the schedule.
Cascade Dates	After making a change in the start or end dates of the billing sequences, click this button to automatically set the dates to cascade from one to the next, so that the billing schedule does not have any gaps or overlapping dates.
Prorate	Use this button for Equal Amount billing to have Oracle Contracts automatically calculate the invoice amounts based on the billing sequences that have been defined.
Schedule Region	All fields in this region are display only and show the result of the values that have been entered in the previous region.
Seq No	This field shows the sequence number of the billing schedule from the previous region.

Field	Description
Level Seq	This field shows the sequence number of each stream level.
Invoice Date	For billing schedules with an invoicing rule of ADVANCE, this field shows the invoice date that is sent to AR. This date can be changed by using the Invoice Offset field in the previous region. If the invoicing rule is ARREARS, this field is left blank and the invoice date is calculated by AR.
Bill From	This field shows the start date of the billing period. This date is used to derive the accounting period for which revenue is to be recognized for the contract line.
Bill To	This field shows the end date of the billing period.
Interface Date	This field shows the date when Oracle Contracts Billing program will pick up the record to send to AR. This date can be changed by using the Interface Offset field in the previous region.
Amount	This field shows the amount that will be billed in the billing period.
History Tab	This tab displays the billing history. Information is brought in from AR to display actual amounts billed.

2.5.5.5 Lines Exemption Tab

The following table displays the fields and field descriptions for the Exemptions tab:

Field	Description
Line Type	Indicates Service or Usage line
Name	Identifies the Service or Usage item
Status	Select the tax status for the item selected (e.g. Exempt)
Number	Enter the tax exemption certificate number from the list of values (if applicable). Not available if Status is other than Exempt.

Field	Description
Reason	Indicates the reason this item is tax exempt (e.g. Reseller). Not available if Status is other than Exempt.
Tax Code	If Status referenced above is other than Exempt, this field provides a list of values from which to select the appropriate tax code for this item.

2.5.5.6 Lines Counter Tab

The following table displays the fields and field descriptions for the Counters tab:

Field	Description
Name	Review counter name
Type	Review counter type
UOM Code	Review unit of measure
Net Reading	The difference between the current counter reading and the last reading that was billed.
Timestamp	The date the net reading was recorded.

2.5.5.7 Lines Events Tab

Events are normally linked to a counter, whether it be a unit based or time based counter. Events are defined in the Condition Template form. The Events tab shows the anticipated outcome which is a PL/SQL procedure that executes some business logic. For example XYZ Company wants to schedule a preventive maintenance service request after a time based counter has elapsed 3 months. In this case, the outcome is a custom PL/SQL procedure that uses the Create/Update SR API to call a Service Request template.

The following table displays the fields and field descriptions for the Events tab:

Field	Description
Name	Event name such as counter update.
Description	Event description
Date Active	Date event becomes active.
Date Inactive	When event has become inactive.

Field	Description
One Time	Identifies whether the event will be evaluated once only, rather than potentially being triggered on a recurring basis.

2.5.6 Using the Tools Menu Functions

The following functions can be accessed from the Tools menu

- Revenue Distribution
- Create New Version
- Change Status
- Pricing Qualifier
- Price Adjustment

2.5.6.1 Revenue Distribution

This provides the ability of distributing revenue for a contract line into specific accounts. You can optionally enter the revenue information for each contract line. During contract authoring, the required revenue account can be selected from the list of values.

Steps

1. Navigate to **Service Contracts Authoring > Tools > Revenue Distribution**.
2. Review the account defaulted in the **GL Account** field.
3. Select the Override account field. A list of values is displayed with the different account aliases.
4. You can choose the overriding account by selecting the segment values, or by choosing from the list of combinations.
5. Enter the percentage to be allocated to the account in the Percent field. The Total Percentage should equal 100%.
6. Save your work.

2.5.6.2 Create New Version

Provides the ability to create a new version of an existing contract.

Steps

1. From the **Contract Navigator**, click on the contract to be versioned.
2. Navigate to **Contracts Authoring >Tools > Create New Version**.
3. The new version of that contract is created.
4. In order to view the new version or different versions, from **Contract Navigator** go to **Launch Contracts > Contract Navigator > Service**. Double click on a contract. A window will open. On the bottom of the window click on the History tab. The different versions of the contract would be listed there and you can pick the latest version depending on the numbering.

2.5.6.3 Change Status

Provides the ability to change the current status of the contract to another status.

Steps

1. Navigate to **Service Contracts Authoring > Tools > Change Sta**tus.
2. The **Change Status** window will open.
3. Select the new status from the list of values. The status of the contract will be changed.

2.5.6.4 Pricing Qualifier

This provides the ability to define the pricing qualifiers that are eligible for the contract. This information is passed to Oracle Pricing to calculate the appropriate discounts or surcharges. For more information about Qualifiers and Modifiers, please refer to the *Oracle Pricing User Guide*.

Steps

1. Navigate to **Service Contracts Authoring > Tools > Pricing Qualifier.**
2. A **Pricing Qualifier** window will open.
3. Select segments from the list of values. This window works in two ways. From Header Level and from Line Level, depending on where the cursor is placed on the Authoring form when the Pricing Qualifier is clicked from the Tools menu.
4. If the cursor is at the Header Level, information about the contract number will be in the Pricing Qualifier window. If the cursor is on Line Level, information about the line level, for example, line number will be displayed.

5. This will qualify if the contract is eligible for any discounts or surcharges.

2.5.6.5 Pricing Adjustment

Price adjustments that have been applied automatically can be reviewed using this feature, and also additional adjustments can be applied manually. If done manually, make changes and save them. Then apply the changes and reprice the contract for the changes to appear.

Steps

1. Navigate to **Service Contracts Authoring > Tools > Pricing Adjustments**.
2. The Pricing Adjustment window will open.
3. Select segments from the list of values. This window works two ways. From Header Level and from Line Level, depending on where the cursor is placed on the Authoring form when the Pricing Adjustment is clicked from the Tools menu.
4. If the cursor is at the Header Level, information about the contract number will be in the Pricing Adjustment window. If the cursor is on Line Level, information about the line level, for example, line number will be displayed.
5. Apply the changes. For more information refer to the Pricing section in Using Contracts for Service

2.5.7 Using the Action Menu Functions

The following functions can be accessed from the Actions menu:

- Sales Credits
- Maintaining Pricing Attributes
- Event Details
- Cascade Attributes

2.5.7.1 Allocating Sales Credits

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

Steps

1. Navigate to **Service Contracts Authoring > Actions > Sales Credit**

2. Review the Contract Number, Service Name, Party Name, Modifier and Start and End dates. These are display only.
3. Select the Salesperson from the list of values.
4. Select the Credit Type from the list of values. The valid values are:
   - Quota Sales Credit
   - Non Quota Sales Credit
5. Enter the percent allocated to the given salesperson.
6. Review the Revenue Total which is a running total of revenue credits. This is "display only" and may exceed 100%.
7. Review the Non Revenue Total which is the running total of non revenue credit. This is "display only" should not exceed 100%.
8. Select **OK** to save.

2.5.7.2 Maintaining Pricing Attributes

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

Steps

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

2.5.7.3 Cascade Attributes

Provides the ability to cascade contract attributes from each level, header to lines and lines to sublines. For example, changes to the start and end dates can be rolled down to the next level in the contract.

Steps

1. From the authoring window navigate to **Action > Cascade Attributes**
2. Select Cascade type '**Header to Lines**' or **'Lines to Sublines'** from the Cascade field.

3. Select the attributes to be cascaded by selecting the appropriate check box.
4. Review the lines or the sublines to be changed and identify any that you wish to be excluded from the change by clearing the check box.
5. Click on the submit button.
6. Review the transaction log to check for errors.
7. Apply the changes.

2.5.7.4 Entering Event Details

When you are on a contract line, you can go to the Actions menu and select Event Details. The Condition Template form appears where you can enter either action (e.g. counter updated) or date based (e.g. contract signed) conditions. Events (conditions) that are already associated with the contract can be viewed on the Events tab. See Defining Condition Templates in the Oracle Contracts Core Concepts and Procedures.

2.6 Billing

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

In addition to billing for services, contract billing is also able to support flexible usage or meter billing based upon minimum usage, defaults, AMCV.

This topic group consists of the following:

Billing for Contract

Billing for Services

Automatic Service Program Billing

Bill Settlement

Bill Termination

Service Settlement

Executing Main Billing

2.6.1 Billing for Contract

Billing for Contract allows users to define billing schedules and the recurring billing amounts are determined in Oracle Contracts for Service and executed through Oracle Receivables.

For example, suppose you create a $10,000 service agreement for a customer starting from April 1, 2001 to March 31, 2002. The customer wants to pay monthly on the first of every month. The billing schedule can be set up so the amount of the first bill is $1000 for the payment on April 1, 2001, and subsequently calculate the amounts every month. It then sends the calculated amounts to Oracle Accounts Receivables for invoices to be processed. The bill dates do not necessarily need to be the same every month or even on regular intervals. You can offer the customer no payments the first month (or any point in the contract) and schedule the subsequent billing dates and amounts for anytime you choose. Using Advance and Arrears Billing Schedules

The Interface date allows you to determine the date that the billing information is interfaced to AR. The Interface and Invoice dates in the schedule can be adjusted using the “Offsets”. The “Invoicing Rule and the “Payment Terms” on a contract are interfaced to AR when the contract is billed.

For the “Advance” Invoicing Rule, the invoice date can be set and interfaced to AR. In a situation where the billing program is run later than the scheduled Invoice date, the invoice date will be set to the current date. When the invoice date is in the future, this date will remain unchanged when interfaced to AR.

The following table shows an example of a billing schedule when the billing program is run after the start of a contract and has to catch up billing for the first few billing periods. The contract effective dates are 01/01/01 to 12/31/01 and is to be billed monthly.

Today is 03/15/01 and the default date that is entered when running the billing program is 04/01/01. The first 3 months that should have already been billed would have their bill on (invoice) date set to 03/15/01 since their original bill on date is in the past. The fourth month has a bill on date of 04/01/01 which is later than today's date, but since the default date when running the billing program is 04/01/01, then the invoice for April would also be sent to Accounts Receivable, with a bill on (invoice) date of 04/01/01.

Invoicing Rule - Advance Invoice		
Invoice Date	**Bill From**	**Bill To**
03/15/01	01/01/01	01/31/01

Invoicing Rule - Advance Invoice		
Invoice Date	**Bill From**	**Bill To**
03/15/01	02/01/01	02/28/01
03/15/01	03/01/01	03/31/01
04/01/01	04/01/01	04/30/01
05/01/01	05/01/01	05/31/01
06/01/01	06/01/01	06/30/01
07/01/01	07/01/01	07/31/01
08/01/01	08/01/01	08/31/01
09/01/01	09/01/01	09/30/01
10/01/01	10/01/01	10/31/01
11/01/01	11/01/01	11/30/01
12/01/01	12/01/01	12/31/01

For the "Arrears" Invoicing Rule, the invoice date (Invoice Date) should not be determined in contracts. AR will calculate the date in this case. The "Invoice Date" date is not populated in the billing schedule. Only the "Bill From" and Bill To" information will be displayed.

The following table shows an example of a billing schedule for arrears.

Invoicing Rule - Arrears Invoice		
Invoice Date	**Bill From**	**Bill To**
NULL	01/01/01	01/31/01
NULL	02/01/01	02/28/01
NULL	03/01/01	03/31/01
NULL	04/01/01	04/30/01
NULL	05/01/01	05/31/01
NULL	06/01/01	06/30/01
NULL	07/01/01	07/31/01
NULL	08/01/01	08/31/01

Invoicing Rule - Arrears Invoice		
NULL	09/01/01	09/30/01
NULL	10/01/01	10/31/01
NULL	11/01/01	11/30/01
NULL	12/01/01	12/31/01

2.6.1.1 Revenue Tracking in AR

In order for all unearned, unbilled revenue for the contract to be recognized in AR, all billing transactions for the contract should be interfaced to AR. Postings need to be made into the correct period.

To meet this requirement, the "Bill From" date on the contract billing schedule will become the invoice rule start date which will take the accounting rule into consideration and will determine the date for the transaction. If it is required that all bills are interfaced at the start of the contract, when running the Service Contracts Main Billing program, the default date parameter should be set far enough in advance to pick up all bills for the contract.

2.6.2 Billing for Services

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

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

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

2.6.3 Automatic Service Program Billing

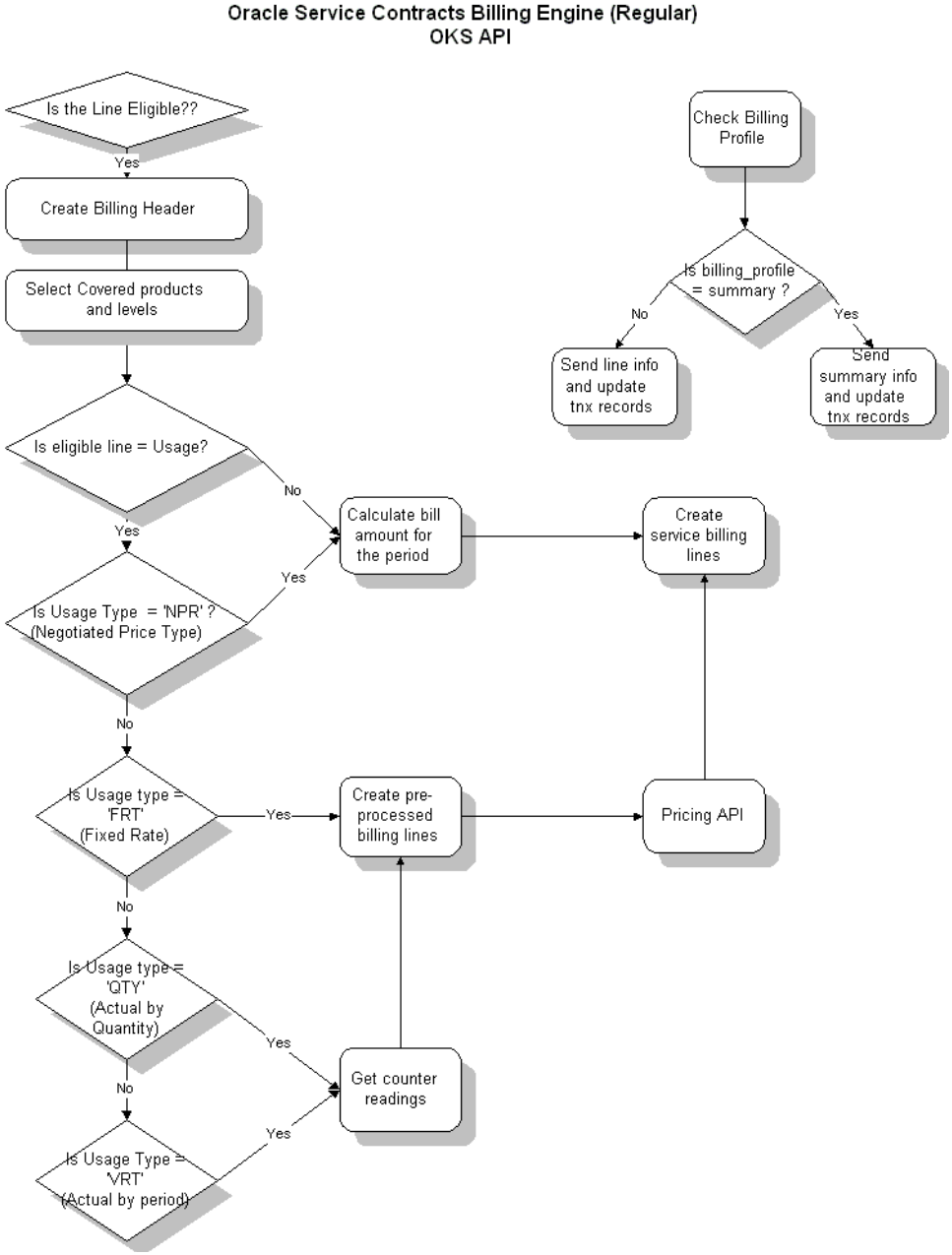
Customers can automatically be billed for service programs they purchase. Oracle Order Management uses Oracle Receivables, via the Receivables Interface, to create invoices for service programs on sales orders. In this case, the service programs are

extended warranties. Billing can be done either in advance or in arrears using Oracle Receivables invoicing rules.

2.6.4 Bill Settlement

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

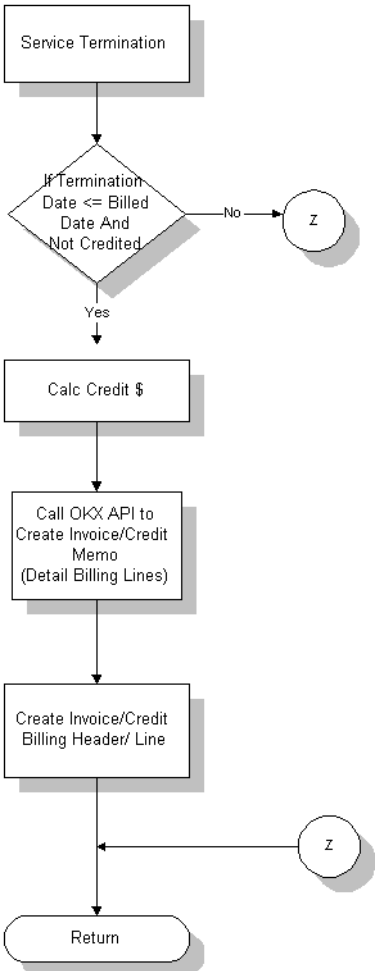
The following diagram illustrates how the service contract billing engine calculates the billing amount. Regardless of the line type, billing details are calculated and stored. When the invoices are ready to be generated and sent to Oracle Accounts Receivable, the customer billing profile is accessed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


Oracle Service Contracts Billing Engine (Regular)
OKS API
Is the Line Eligible??
Yes
Create Billing Header
Select Covered products and levels
Is eligible line = Usage?
No
Yes
Is Usage Type = 'NPR' ? (Negotiated Price Type)
Yes
No
Calculate bill amount for the period
Create service billing lines
Is Usage type = 'FRT' (Fixed Rate)
Yes
Create pre-processed billing lines
Pricing API
No
Is Usage type = 'QTY' (Actual by Quantity)
Yes
No
Get counter readings
Is Usage Type = 'VRT' (Actual by period)
Yes
Check Billing Profile
Is billing_profile = summary ?
No
Yes
Send line info and update tnx records
Send summary info and update tnx records

2.6.5 Bill Termination

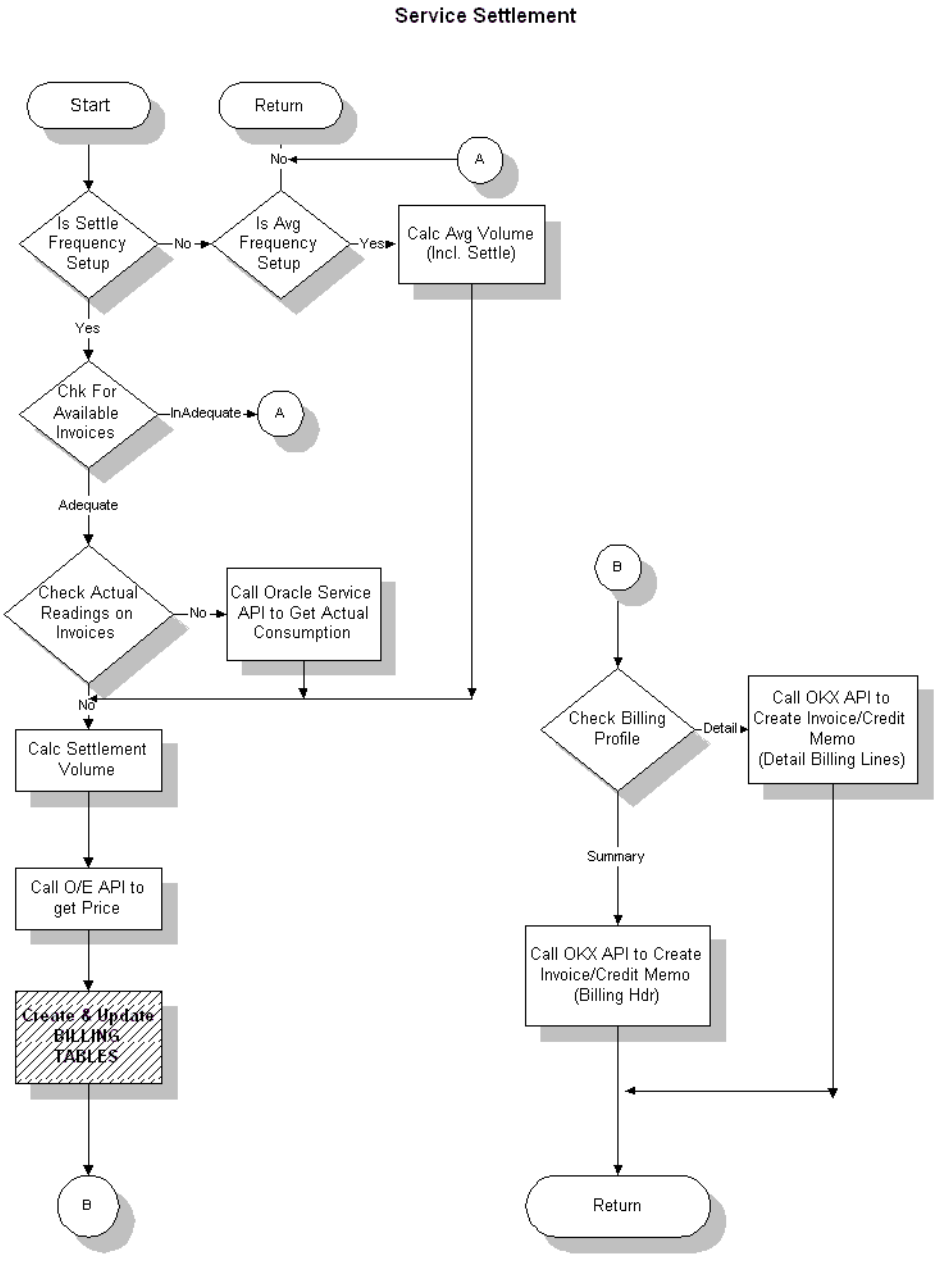
A service contract can have one or more service and usage lines with different effectivity dates. A customer can choose to terminate the whole contract or individual contract lines (service or usage). The termination of contract lines can be post dated (Services only) or future dated. When service lines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

The following diagram is process flow for bill termination:



2.6.6 Service Settlement

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


Service Settlement
Start
Return
No
A
Is Settle Frequency Setup
No
Is Avg Frequency Setup
Yes
Calc Avg Volume (Incl. Settle)
Yes
Chk For Available Invoices
InAdequate
A
Adequate
Check Actual Readings on Invoices
No
Call Oracle Service API to Get Actual Consumption
No
Calc Settlement Volume
Call O/E API to get Price
Create & Update BILLING TABLES
B
B
Check Billing Profile
Detail
Call OKX API to Create Invoice/Credit Memo (Detail Billing Lines)
Summary
Call OKX API to Create Invoice/Credit Memo (Billing Hdr)
Return

2.6.7 Executing Main Billing

Billing Execution procedures consist of the following topics:

2.6.7.1 Overview

The Contract billing engine uses a system of Invoice Level Loading to assign groups of invoices to different concurrent programs in order to optimize the use of the concurrent manager. Therefore, when running the Main Billing program, users may notice that the process creates more than one concurrent request. The procedures for executing service contract billing involves the following concurrent requests:

- Service Contracts Main Billing: According to pricing attributes set up in the contract and billing schedule, detailed transactions are generated in OKS billing interface table.

Depending on the usage type, the following occurs when Service Contracts Main Billing is executed:

- For Fixed and Negotiated Price usage types, billing may be submitted without any counter updates. The actual invoice amount is based on the fixed counter value or the negotiated price defined on the contract.
- For Actual by Quantity, the counter reading must be updated prior to any billing using price breaks.
- For Actual by Period
  - If a counter reading hasn't been taken, Service Contracts Main Billing uses a default counter value defined on the contract to determine the invoice amount. If AMCV is set and the prerequisite billing periods have passed, the invoice amount is the average over the defined interval, otherwise it is the default.
  - If the counter is updated and it is less than the minimum, the invoice amount is the minimum counter value, otherwise it is the actual counter reading using price breaks.

  - If one or more billing periods have passed without any counter updates, the Settlement concurrent request should be run after the counter is updated. Settlement compensates or makes up for the estimated invoice value for each period after the counter readings have been taken for each period. This is displayed as another line in the billing history.
- Autoinvoice Import Program: The billing transactions are then imported into AR.
- Service Contracts Fetch Receivables Info for Billing. This concurrent request fetches the invoice number and tax from AR and accordingly updates the contract billing history. This information is displayed in the contract's billing history.

Prerequisites

You must define the following:

- Transaction Types (AR) - Invoice and Credit memo
- Batch Source (AR)
- Grouping Rules (optional) (AR)
- Service and Usage items Inventory (Inventory)
- Applicable service and usage items must be included on one or more price lists (Order Management)
- Party and customer accounts must be defined (AR)
- If Billing profiles are to be used they must be defined, i.e. bill to address, summarized billing, billing frequency, advanced or arrears billing.

2.6.7.2 Main Billing Reports

Contracts for Service has two reports that can be run:

- **Service Contracts Summary Report:** This report displays all the contracts by sales rep, customer for a given date range and status.
- **Service Contracts Quote Printing Program for US:** This will generate a printed quote for a selection of contracts by country, party, or organization for a given x number of days before expiration.

2.6.7.3 Running the Billing Program

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

Prerequisites

None

Steps

1. In the **Navigator**, choose **Control > Requests > Run**. The Submit New Request window appears.
2. Choose **Single Request** and click **OK**. The **Submit Request** window appears.
3. In the Request region, select **Service Contracts Main Billing**.
4. In the Parameters window, specify the following:
   - **Contract Number:** Enter the numbers of the contracts to be billed.
   - **Contract Modifier**: Enter the contract modifiers to uniquely identify the contracts to be billed.
   - **Default Date:** Enter the date you want as the default. (The default offered is the system date on your computer.)
   - **Organization Id.:** Enter the organization id for which all the contracts are to be billed.
   - **Customer Name:** Enter the name of the customer for which all the contracts are to be billed.
   - **Category:** Enter the category for which all the contracts are to be billed.
   - **Group:** Enter the name of the group for which all the contracts are to be billed.
5. Click **OK**.
6. In the Submit Request window, click **Submit Request**.

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

References

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

2.6.7.4 Running the Fetch AR Program

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

Prerequisites

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

Steps

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

2.6.7.5 Running Usage Averaging and Settlement Program

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

Prerequisites

None

Steps

1. In the **Navigator**, choose **Other > Submit Requests**. The Submit New Request window appears.
2. Choose **Single Request** and click **OK**. The **Submit Request** window appears.
3. In the In this Request area, select **Usage Averaging** and **Settlement for Billing**.

4. In the Parameters window, enter the number of the contract. If you leave this field blank, all contracts will be used.
5. Click **OK**.
6. In the Submit Request window, click **Submit Request**.

2.7 Reviewing Entitlements

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

Entitlement information is made available to any application that requests it such as, Oracle Customer Support, Field Service, Service Core, Depot Repair, and Charges.

2.7.1 Sharing Contract Information

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

- Customer Support
  - Contract details for a given customer such as account, end date, status, contract type, and contract number
  - Retrieval of all active, terminated, and expired contracts for a given customer
  - Preferred engineers for a service
  - Coverage time for a service request or customer call
  - Coverage levels associated with a service
  - Reaction and resolution times for coverage
  - Billing rate for a specified coverage
  - Billing types
  - Retrieval of contract status for a specific contract or for all contracts
- Field Service
  - Preferred engineers for a service

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

2.7.2 Overview of Entitlements Processing

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

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

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

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

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

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

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

2.8 Managing Contracts

After the contract authoring process is complete, the contract will need to be managed during it's life-style. Changes may have to be made to the coverage, duration etc. This section describes some of the Contract Management features that can be used to help streamline and control this administrative process.

Contract Management consists of the following tasks:

Editing a Contract

Finding a Contract

Cascade Service Price

Contract Renewal

Termination Procedures

2.8.1 Editing a Contract

2.8.1.1 Handling Change Requests

A contract may be set to a status that does not allow changes to be made on-line through the authoring form, but does allow changes through a change request. This provides more control over tracking the changes made to a contract through it's life-style. See Oracle Contracts Core Concepts and Procedures for the steps describing entering, approving, and closing change requests.

2.8.1.2 Open for Update Button

This button is used to allow updates to a given contract and is applicable to contracts having the status "Active." If this status allows "on-line updates", the Open for Update button is enabled. If other users try to access the same contract, they will be able to display the contract, but unable to do any updates the Open for Update button is disabled. For the selected contract, clicking the Open for Update button will set the contract status to "QA Hold." After the updates are completed, for example, pricing, billing attributes or adding a new service line, select Check QA from the Actions menu to run the quality assurance check If it passes, use the Applied field to enter the date the change was made which resets the status back to Active. Since the contract has already been approved and signed, it is not necessary to Submit for Approval a second time.

If the Active status does not allow "on-line updates" then any changes to the contract would have to go through the change request process. Once a change request has been approved, a notification is sent to the Contract Administrator. From the Inbox, the contract may then be opened for update. (Note that in this instance the Open for Update button is not visible in the contract itself.) After the contract updates have been completed, Check QA would set the contract status back to "Active".

2.8.1.3 Cascade Attributes

Provides the ability to cascade contract attributes from each level, header to lines and lines to sublines. For example, changes to the start and end dates could be rolled down to an appropriate level in a contract. The coverage date should be

adjusted automatically to reflect the changes (previously known as manual option 'Effectivity Adjustment' in the Action menu). When making changes to the date in a contract, start date or end date range for any level must be within the start date or end date range for the parent level (e.g. the covered level date range must be within the contract line date range).

When cascading a date change to the next level, the dates will be checked to see if the lower level is eligible for change. If the start date is pushed back retroactively, then only the lines or covered lines with start date later than the original start date of the header will be changed. When multiple contracts or contract lines are to be affected by a cascade action, the option to cascade will be defaulted to 'Yes'. You should be able to execute lower levels from the cascade.

2.8.1.4 Revert Update

After a contract has been approved, the contract may be opened for update through the Open for Update button. A series of updates (on multiple occasions) may be performed on this contract. At any point, Revert Update will "undo" all the updates. However, once the contract is approved, it is not possible to "undo" changes that were made prior to the approval. In other words, the Revert Update feature is available between contract approvals.

2.8.2 Finding a Contract

2.8.2.1 Using the More Button

The More button provides an enhanced search criteria for finding contracts. It is placed on the search window and is activated when a Service Contract category is entered. When the More button is clicked, a separate window will come up that provides the ability to search on specific attributes for service contracts. Searchable fields include agreement name, date signed, organization, contact email address, order number, and bill to name. Select an entry from the list of values for any of these

2.8.3 Cascading Service Price

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

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

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

Steps

1. From the authoring form navigate to **Actions > Cascade Service Price**
2. Review Service, Start Date, End Date, and Current Price fields. These are display only.
3. Enter the **New Price** that is to be applied to all line products.
4. Click the Apply button to save. The new price is cascaded in the appropriate proportions to the final price of each covered level.

2.8.4 Renewing Contract

2.8.4.1 Contract Renewal

The process of renewing a contract involves making a copy of an existing, active contract as of a point in time and changing the new contract dates to reflect a period of time similar to the existing contract beginning on the first day after the existing contract expires. Other attributes of the new contract may also be changed such as pricing. Because there may be an overlap between the time the existing contract creates the renewal contract and the time the renewal contract goes into effect, be aware that changes to the existing contract will not update the renewal contract. For example, if a contract is renewed 90 days prior to expiration and the customer requests changes to their existing contract 15 days after the renewal process has begun, the changes made to the existing contract will not be reflected on the renewed agreement.

The renewal and pricing attributes are optionally maintained in the individual contracts and apply to both contract categories “Warranties and Extended Warranties” and “Service Agreements”. If not specified in contract, the renewal and pricing attributes are retrieved from the renewal event or from the global defaults in the following order of precedence:

- Event
- Party

- Organization
- Global

Contract renewal consists of the following topics:

- Renewal Types
- Renewal Procedures
- Renewal Consolidation

2.8.4.2 Renewal Types

Renewal types have been added so that the renewed contract isn't defaulted to the Entered status, requiring it to go through approval again. You can now set the renewal type on the Administration tab at the header to be one of four options:

- Do Not Renew
- Active Contract
- Notify Salesrep
- Submit for Approval

"Active Contract" allows the contract to be renewed automatically and put straight to Active, no approval required, no human intervention, this is called "Evergreen".

"Submit for Approval", as in earlier releases this renews the contract, places it in Entered status and requires approval.

Independent Conditions can be used to set the contract to auto renew a certain number of days prior to contract expiration. This period of time can be used to negotiate the terms of the contract and administer any required changes prior to the start date of the new contract. For setting up an Independent Condition, see Defining Condition Templates in Oracle Contracts Core Concepts and Procedures.

2.8.5 Using Renewal Procedures

When renewing a contract the following processes may be utilized:

- Selecting Party for Renewal
- Repricing a Contract
- Reviewing Renewal and Administration Rules
- Defining Security Attributes

- Determining Line Duration
- Reviewing Pricing Attributes

2.8.5.1 Selecting Party for Renewal

Steps

1. Navigate to the **Summary tab** and select the **Parties subtab**.
2. Select the **Role** from the list of values. The valid values are Vendor, Customer And Third Party.
3. Select the **Name** from the list of values. The **Party No**. is automatically displayed.
4. Optionally, select the **Billing Profile** for either the customer or third party.
5. Optionally, enter the party contact Role within the Contracts region.
6. Select the party contact **Name** from the list of values. The contact address is automatically displayed.
7. Select the bill to Account / Party from the list of values within the Bill To region. If specified, both customer and third party accounts are listed.
8. Select the Location from the list of values.
9. Select the ship to Account / Party from the list of values within the Ship To region. If specified, both customer and third party accounts are listed.
10. Select the Location from the list of values.

2.8.5.2 Repricing a Contract

Repricing normally occurs at renewal but it is also possible to reprice a contract at contract level and at covered product level at any time. It would be based on a new price list or on a price list in another currency. In the case of repricing in another currency, this can be done on condition that no previous billing has been executed for the current duration of the contract.

Steps

1. Navigate to the **Summary > Pricing/Billing**.
2. Select a new **Price List** from the list and values and click the **Reprice button**.

3. If multi-currency repricing is desired, enter the currency code of the price list in the header context region.
4. Navigate to the **Summary > Pricing/Billing.**
5. Enter the new price list and click the Reprice button. All service lines are repriced in the new currency and the contract total is displayed in the header context region.
6. Save your work.

2.8.5.3 Reviewing Renewal and Administration Rules

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

Steps

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

10. Save your work.

2.8.5.4 Defining Security Attributes

Steps

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

2.8.5.5 Determining Line Duration

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

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

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

Steps

1. Navigate to **Lines > Effectivities**

2. If the line duration requires changing, select a duration from the list of values. The valid values are:
   - **Full Duration:** At renewal time, the service line would inherit the duration of the contract.
   - **Remaining:** At renewal time, the service line duration would remain the same but would coterminate with the contract header.
   - **Do Not Renew:** The service line is allowed to expire.
3. Enter Invoice Text. Invoice text may be entered for the invoice imported to AR. By default, the invoice text is the same as the product description. However, any free text may be entered in this field where there is no validation.

Both attributes are also found at the subline level.

2.8.5.6 Reviewing Pricing Attributes

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

Steps

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

2.8.6 Renewal Consolidation

Renewing service contracts is an important part of any service business. Each contract up for renewal represents an opportunity for revenue that should be easier to obtain than a new sale.

Renewing service contracts can be complicated because some organizations will always sell a full duration service contract the first time, resulting in a single customer having numerous contracts expiring at different times over the course of a

year. This requires the customer be contacted multiple times per year for renewal confirmation and perhaps renegotiation. This increases the workload for renewal.

Renewal Consolidation addresses the problem of multiple contracts expiring during a year (or other given period) causing multiple renewals. With Renewal Consolidation, all the contracts to be renewed over a given period are consolidated into a single renewal contract.

Renewal Consolidation has several benefits:

- The number of renewal contracts is decreased, reducing workload and the difficulties imposed by large numbers of contracts.
- Customer relationship is improved. All the customer's services may be included in a single contract, or several consolidated contracts based on how the contracts are to be billed.
- It reduces the number of service invoices sent to the customer.

2.8.7 Using Renewal Consolidation

The renewal consolidation process is initiated after a contract has been renewed, which may have been the result of the renewal event where contracts are renewed in mass or manually renewed from the Contract Navigator using the right mouse click. In both cases the contract is in the "entered" status and is considered the "target" contract.

If a contract is not valid for consolidation, you will see the error message "Target contract is invalid". If the target contract is eligible for renewal consolidation, the Renewal Consolidation window is displayed and is used to facilitate the selection of all the "source" contracts for consolidation. The upper half of the window displays all the details of the target contract. The lower half displays all the eligible source contracts in a tree structure. The system will by default, automatically select all the source contracts for consolidation and place a "**" next to the given source lines.

The following lines are displayed:

- Service lines
- Sub lines or covered levels, i.e. Party,. Customer,. Site, Product,. Item, System

A contract is eligible as a source contract if the following are true:

- Customer account is the same as the target

- End date of the contract is within the 90 day window of renewal for the target contract

When submitting the renew consolidation, a concurrent request consolidates all of the selected source lines into the target contract. The start dates of the consolidated lines begin one day after the expiration of the original source line and all the end dates coterminate with the target contract. When the operation instance is reviewed at a later date, i.e. after the concurrent request has terminated normally, all the consolidated source lines are identified with "##".

When the renewal consolidation or operation instance is created, a source line is eligible for consolidation at that point in time. However, between the time it's created and the time it's submitted, a given source line may have been renewed, whether it be by consolidation in another operation instance or renewed manually. Therefore, at the time of submission,. the system verifies that the source is still eligible for consolidation. If not eligible, Oracle Contracts excludes the source line from the consolidation.

If a source contract is deselected and the operation instance is submitted for renewal consolidation, it may be selected at a later time for consolidation in the same target contract as long as the target is still in "entered" status. If the target contract has already been approved and activated, the contract may be consolidated as a source in another target contract.

After consolidation has taken place, the target may be opened to verify that all the source contracts have been consolidated successfully. The new terms and conditions may then be reviewed with the customer. Once the customer agrees with its terms and conditions, the contract may be submitted for approval and billed at the intervals designated in the contract.

Steps

1. **((N) Launch Contracts > Contract Navigator**
2. Select a target contract and perform right mouse click to select **Renewal Consolidation**. The Renewal Consolidation window appears.
3. Click **Query Source.** If there are no contracts eligible as source contracts for the target contract, the lower half of the window will remain empty.
4. To deselect a line, highlight the branch and click **Deselect Line**. If a branch with child branches is deselected, all the child branches are also deselected. A single child branch may be deselected, as required. If deselected, the source line(s) are no longer identified with a "**". Source lines may be reselected by highlighting the line and clicking Select Line.

5. Verify source lines are valid for consolidation.
6. If you want to save and retrieve the consolidation at a later review, click Save (this will create an operation instance).
7. If you want to submit the for Renewal Consolidation, click Submit. A concurrent request id is immediately displayed.
8. Open target contract and verify all source contracts have been consolidated successfully.
9. Submit contract for approval.

2.8.8 Termination

2.8.8.1 Generate Credit on Termination

While terminating a contract, if billing is for a covered level, credit would be generated and sent to AR at that point rather than waiting until the end of the contract date. For example, a customer has paid for one year of service in advance (from January to December) but informs the service provider in March that they wish to end the agreement in October. The customer would like the credit to be issued immediately for the two months of service that will not be used.

If this was to be treated as a termination of the entire contract or entire service, a final billing transaction would be issued if appropriate. However, if the customer requested to remove a specific product from service, the covered product end date would be adjusted. This feature provides the ability to take the product out of coverage by adjusting the coverage dates and generate the appropriate final billing transactions.

2.8.8.2 Contract Termination

Use the following procedures when terminating a contract.

Steps

1. **(N) Launch Contracts > Contract Navigator**
2. Select the contract(s) that you wish to terminate. Multi selects can be made using shift-click, control-click with the mouse.
3. Select **Terminate** from the menu.
4. Enter the date of termination. The date can be in the past.

5. Enter a termination reason from the list of values.
6. A description of the termination reason will be displayed.
7. If terminating multiple contracts, clicking preview allows you to enter additional information regarding the individual contracts being terminated. For each contract, you may enter a different termination date and reason.
8. If customer is due a credit for amounts paid prior to the termination date, the amount is indicated.
9. Optionally, you may override the calculated amount. The amount entered for override cannot be negative and cannot be more than the original credit.
10. Click review to see the information before completing the process.
11. Click **Terminate** to complete the process.

Having terminated the contract(s), you can run the main billing program to generate the necessary billing transactions as a result of the termination.

2.8.8.3 Terminating a Contract Line

Use the following procedures when terminating a contract line

Steps

1. **(N) Launch Contracts >Contract Navigator**
2. Select the contract that contains the line that you wish to terminate.
3. Double click the contract to open the Contract window.
4. Select the **Overview** tab. The lines of the contract are displayed in the lower of this tabbed window.
5. Select the contract line(s) that you wish to terminate.

4. Right mouse click and select **Terminate Line** from the menu.

5. Enter the date of termination. The date can be in the past.

6. Enter a termination reason.

7. Click **Terminate**.

Having terminated the contract line(s), you can run the main billing program to generate the necessary billing transactions as a result of the termination.

2.8.8.4 Terminating a Covered Level

Use the following procedures when terminating a covered level or sub line level.

1. **(N) Launch Contracts >Contract Navigator.**
2. Select the contract in which the covered level needs to be terminated.
3. Navigate to **Service Contract Authoring>Lines>Pricing/Products>Effectivity.**
4. Enter the date to be terminated in Date Terminated field.
5. Save the contract and run billing.

2.8.9 Extending Contract Line

Steps

1. **(N) Launch Contracts >Contract Navigator**
2. Select the contract that contains the line that you wish to extend.
3. Double click on the contract to open the Contract window.
4. Select the Overview tab. The lines of the contract are displayed in the lower of this tabbed window.
5. Right mouse click and select Extend Line from the menu.
6. Save your changes.

2.8.10 Mass Change

The mass change window allows one attribute of multiple contracts to be updated in a single request. The contracts that are eligible for update are based on the scope and criteria of mass change. Mass change is allowed for contracts that are in appropriate status, where the operation “update online” is permitted.

2.8.10.1 Mass Change Scope

Mass Change will support changes to a particular instance selected in the update level. For example, if changes are to be made at `Organization', it will update records only of that Organization.

2.8.10.2 Mass Change Operation Window

This window allows users to enter scope of mass change request and selection criteria. It determines which contracts are to undergo a mass change. The top part of

the window, the Criteria tab, allows the user to enter the scope (update level and update level value), selection criteria (attribute, old value) and the new value to for the attribute that would be changed. The user will enter the name of the mass change to facilitate re-query. Update Level displays the list of values (LOV) to filter the contract. Based on the update level, the user selects the value from the LOV. The update level is seeded and can be one of the following:

- Organization
- Category
- Contracts Group
- Party
- Contract

2.8.10.3 Mass Change Attributes

Mass change permits the following attributes to be changed. Making change on a contract has a subsequent cascading effect and therefore needs to be carefully considered before allowing such a change. Following attributes are permitted for mass change that can be selected from the Attribute's list of values (LOV) in the Mass Change header:

- Contract Group
- Contract Start Date
- Contract End Date
- Price List
- Contract Line Reference
- Product Alias
- Known As
- Coverage Time
- Reaction Time
- Header Bill to Address
- Header Ship to Address
- Sales Person
- Header Billing Contact

- Header Shipping Contact

Field	Description
Criteria Tab	
Name	Name of the mass change.
Operation Status	Status of the mass change request
Mass Change Details Region	
Update Level	Scope of selecting the contracts for a given mass change request.
Value	The actual value of the update level.
Attribute	The attribute that is being changed in the mass change.
Old Value	The actual value of the attribute that has to be updated. It can be a specific value, NULL or ALL.
New Value	The value to which the attribute is to be updated.
Results Region	
Contract Number	The number to identify a contract.
Modifier	To identify a contract. It goes with the contract number.
Description	The description of the contract.
Party	Name of the customer party.
Contract Status	Current status of the contract. For e.g. entered, signed, active etc.
Start Date	Start date of the contract.
End Date	End date of the contract.
Old Value	The actual value of the attribute that has to be updated. It can be a specific value, NULL or ALL.
Process Status	Status of the mass change operation line
Select	To select any particular contracts.
Contract Description	Full description of the contract highlighted.
Buttons	

Field	Description
Deselect All	To deselect the contracts.
Select All	To select the contracts.
Cancel	To cancel the operation
Preview	To preview the request. When the button is clicked the mass change submission window pops up and accordingly you can make selections
View Request	Once previewed, you can view your request through View Request.
Submit	Submit the mass change request. When the button is clicked, the mass change submission window pops up and accordingly you can make selections.

Steps

1. Navigate to **Mass Change** from the **Navigator**. The Mass Change operation window appears with Criteria window on the top.
2. Enter the name of mass change in the Name field.
3. From Mass Change Details select the value Update Level from the LOV.
4. Select Value from the LOV.
5. Select an appropriate Attribute from the LOV. All the attributes supported by mass change are listed in this list.
6. Select Old Value and New Value from the LOV.
7. Click on the Refresh button if all entries are correct. Or else, click the Cancel button and start afresh.
8. If Refresh button is clicked, all the contracts that meet the criteria are displayed in the Result window. By default all the records are selected.
9. To deselect some contracts click on the Select check box.
10. Click on the Preview button.
11. You have two options: OK or Cancel.
12. If you click OK, two options are available: Run the Job As Soon As Possible or On Specific Day.

13. If Run the Job As Soon As Possible is selected you have the option to View request and subsequently View Output. At this stage you can also go back to the mass change operation window and make changes to the mass change request, if any.
14. Accordingly Submit the request. Again two options will be available: Run the Job As Soon As Possible or On Specific Day. If Run the Job As Soon As Possible is selected you have the option to View Request and subsequently View Output.
15. Click OK. Mass change concurrent request will be submitted.
16. If you Cancel it will go back to mass change window.

Note: While submitting the mass change request, if one of the request has an error it will display an error message. In this case you can resubmit the request after making the changes to that request. This can be done till all the contracts in the mass change request are successfully processed.

2.8.11 Reporting

2.8.11.1 Service Contracts Summary Report

This report allows the sales representative to track all contracts by customer. It is sorted by organization, sales representative, customer name, from and to dates.

2.8.11.2 OKS Products Not Renewed Report

This report list products on contracts that have expired and not renewed. It is sorted by sales and line amount.

2.8.11.3 Service Contract Forecast Management Report

This report allows the sales representative and management to track the anticipated close of contract renewals. It can be sorted in two different ways:

- Sales representative, contract value, status type, customer name
- Status type, status code, contract value and customer name

2.8.11.4 Service Contract Bookings Report

This report lists the service contracts booked in a period along with the corresponding invoice details. It is sorted by the sales representative, customer name, date approved, contract number and contract value.

2.8.11.5 Service Contract Forecast Summary Report

This report list the contracts eligible for renewal for a given period along with the recognized revenue date. It is sorted by organization, currency code, start and end dates, minimum contract value, maximum contract value and recognized revenue date.

2.8.11.6 Service Contracts by Status Report

This report allows the sales representative to track contracts by status, for e.g. Work in Progress. This is sorted by organization, sales rep, customer, from / to start date, from / to end date, status code and status type.

2.8.11.7 Unsupported Install Base Items (Installed Base report)

This report lists unsupported products by territory, sales rep, customer, order source and from / to order date. The order source could be order management, renewals, order capture, iStore etc.

2.8.11.8 Contracts QA Report

This report allows the user to select multiple contracts for which to run QA. The user can select a range of contracts based on the following parameters:

- Contract Number range
- Start Date range
- Contract Status

The user can also select a report which details the results of the QA for all contracts selected, or just for contracts which passed or failed. The report includes details of the data checked including whether the checked data had warnings and errors and if so, what results where found.

3

Implementing Oracle Contracts for Service

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

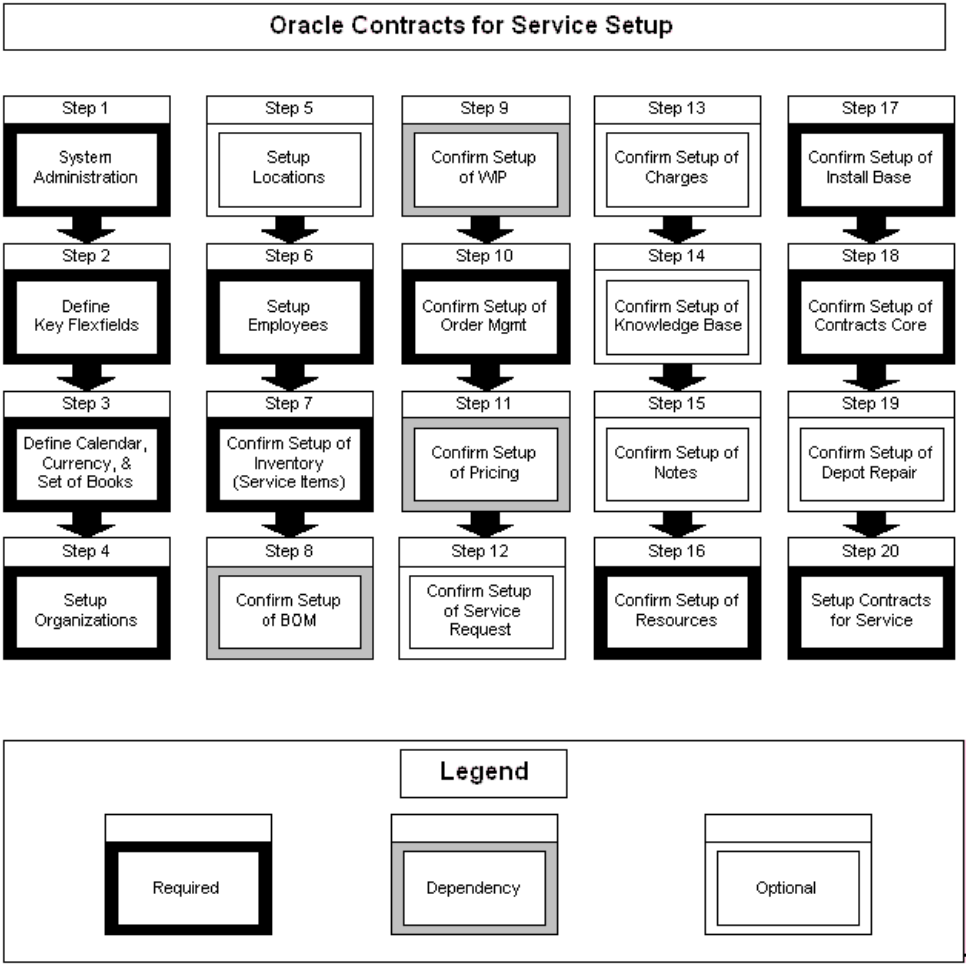
The implementation section consists of the following topics:

- Confirming Setups of Oracle Applications
- Setting up Contracts for Service

3.1 Confirming Setups of Oracle Applications

3.1.0.1 Setup Flowchart

The following flowchart shows the setup process for Contracts for Service:



Complete the following steps in the order shown in this table:

Required	Step Title
Yes	Setup System Administrator
Yes	Define Key Flexfields
Yes	Define, Calendar, Currency, and Set of Books
Yes	Setup Organizations
Optional	Setup Locations
Yes	Setup Employees
Yes	Setup of Inventory
Optional	Setup of BOM
Optional	Setup of WIP
Yes	Setup of Order Management
Yes	Setup of Pricing
Optional	Setup of Service Request
Optional	Setup of Charges
Optional	Setup of Knowledge Base
Optional	Setup of Notes
Yes	Setup of Resources
Yes	Setup of Installed Base
Yes	Setup of Contracts Core
Optional	Setup of Depot Repair

3.1.1 Confirm Setup Steps

Step 1: Setup System Administrator

This step involves the following tasks:

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

Step 2: Define Key Flexfields

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

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

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

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

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

Grade
Job
Position
People Group

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

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

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

This step involves the following tasks:

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

Step 4: Setup Organizations

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

Define organization QuickCodes
Define business groups (if you want to define new business groups rather than using the default Setup Business Group, see the section View–all Responsibility in: Setting Up Security for Applications Using Some HRMS Windows.
Define organizations
Define human resources organizations
Define legal entities organizations
Define Oracle users for operating–unit organizations

Assign operating units to legal entities
Set up inventory organizations. For the tasks relating to setting up inventory organizations, see: *Oracle Inventory User's Guide.*
Define organization hierarchies. See: *Oracle Human Resources User's Guide.*
Assign business groups and operating units to responsibilities (make sure that the profile option *HR: Business Group* is set at the responsibility level to the business group for that responsibility. See: *Oracle Human Resources User's Guide.*
Define profile options:

- MO: Security Profile
- Top Reporting Level

Step 5: Setup Locations

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

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

Step 6: Setup Employees

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

Step 7: Confirm Setup of Inventory

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

Item flexfield	Unit of Measure	Cross-reference types
Account aliases flexfield	Item attribute controls	Material sub-elements
Receiving options	Statuses	Organization shipping network
Unit of Measure classes	Items	Account aliases

Stock locators	Cost activities	Purchasing options
Default category set	Freight carriers	Container types
Item templates	Economic zones	Notification list
Cost types	Transaction reasons	Stock locator flexfield
Material overhead rates	Profile options	Intercompany relations
Movement statistics parameters	Customer items cross reference	Planners
Transaction types	Catalog group flexfield	Subinventories
Interface managers	Change organizations	Category set
Customer items	ATP	Item types
Category	Unit of Measure Conversion	Item delete constraints
Sales orders flexfield	Categories	Material overheads
Picking rules	Item catalog groups	Shipping methods
Transaction source types	Accounting periods	Commodity codes
Shortage parameter		

Step 8: Confirm Setup of BOM

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

Profile options	Exception tables	Workday calendar
Workday calendar for organization	Define parameters	Resources
Resource groups	Simulation sets	Locations
Departments	Resource and resource shifts to departments	Overheads
Overheads with departments	Alternates	Standard BOM comments
Standard instructions	Change order types	Delete constraints

Step 9: Confirm Setup of WIP

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

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

Step 10: Confirm Setup of Order Management

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

Profile options	Parameters	Invoicing
Sales persons	Tax	Quick codes
Workflow	Document sequences	Order import sources
Customer classes	Customers	Transaction types
Cost of goods sold	Processing constraints	Defaulting rules
Credit checking	Holds	Attachments
Freight changes and carriers	Pricing	Shipping

Step 11: Confirm Setup of Pricing

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

Profile options	Qualifiers
Pricing attributes	Attribute sourcing
Pricing lookup	Order Management lookup
Shipping lookup	Order types
Line types	Freight terms

Freight cost types	Payment terms
System sourcing	Event phasing

Step 12: Confirm Setup of Service Request

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

Profile options	Lookup codes	Request status
Service request types	Problem and resolution codes	Request severity and urgencies
Business processes	Billing types	Billing rates

Step 13: Confirm Setup of Charges

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

Profile Options
Lookup Codes
Billing Types
Billing Rates

Step 14: Confirm Setup of Knowledge Base

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

Profile Options
Lookups

Step 15: Confirm Setup of Notes

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

Profile Options
Source Type And Note Type Mapping
Note Types

Step 16: Confirm Setup of Resources

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

Profile Options
Lookup Codes
Roles
Role Types

Step 17: Confirm Setup of Installed Base

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

Profile options	Lookup codes	Product status codes
Product types	Business processes	Transaction billing types
System types	Split product reasons	Customer product configuration

Step 18: Confirm Setup of Contracts Core

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

Profile Options	Lookup Codes
Events	Status and Operations
Process Definitions	Sources
Quality assurance checklist	Termination Reasons
Party Role, Contact Role	Managing Change Requests

Step 19: Confirm Setup of Depot Repair

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

Profile Options
Depot Repair Types
Depot Repair Reason Codes

3.2 Contracts for Service Setups

Follow the guidelines in this table for setting up Contracts for Service.

Step Title
Defining Lookup Codes
Registering Order Capture
Mapping Time Units of Measure
Setting Up Status and Operations
Defining Quality Assurance Checklist
Defining Access to a Category
Defining Coverage Templates
Defining Contract Groups
Setting Up Library of Articles
Defining a Billing Profile
Defining Service Availability
Defining Service Cotermination
Setting Up Service Pricing and Billing
Setting Up System Profile Options
Defining Key Flexfields
Setting Up Renewal Rule Defaults

3.3 Defining Lookup Codes

To locate Lookup Codes from the navigator, choose **Service Contracts Manager > Setup > Others > System > Lookups.**

Use this list displayed in the table below to identify lookup codes (QuickCodes) you need to define for your implementation. You can enter them in any order. Please follow the standard procedure outlined in the *Oracle Applications Users Guide*.

Code	Description
OKC_ARTICLE_SET	Defines sets of articles

Code	Description
OKC_BILLING_RATE_ CODE_RDF	Billing rate code
OKC_CHANGE_REQUEST_ STATUS	Change request status
OKC_CONTACT ROLE	Defines contact roles
OKC_CONTINGENT_ EVENTS	Contingent events
OKC_INHERITANCE_TYPE_ RDF	Inheritance type
OKC_LINE_TYPES	Defines top line styles
OKC_PRICE_TYPE	Pricing types
OKC_PROCESS_USAGE_ TYPES	Process usage type
OKC_REL_OBJ	Related object types
OKC_LINE_RENEWAL_TYPE	Defines renewals for line types
OKC_RENEWAL_PRICING_ TYPE	Defines renewal pricing types
OKC_RENEWAL_TYPE	Defines renewal types
OKC_ROLE	Party contract roles
OKC_RULE_DEF	Rule definitions
OKC_RULE_DEF	Rule group definitions
OKC_STATUS_TYPE	Contract status types
OKC_SUBJECT	Standard article subject types
OKC_TERMINATION_ REASON	Users must specify a reason for terminating a contract
OKC_TIME	Seeded time units of measure
OKC_WINDOW_TITLES	Dynamic window titles
OKS_CVE_TYPE	Coverage type rule
OKS_WHE_TYPE	Warranty inheritance rule type
OKS_BILL_ACTIONS	Billing action rules
OKS_MEDIA_DEF	Invoice media definitions

Code	Description
OKS_SC_DISTRIBUTION	Sales credit definition
OKS_SC_YES_NO	Service Contracts yes / no
OKS_SVC_PERIOD	Service periods
OKS_USAGE_TYPE	Billing types for usage items

3.4 Registering Order Capture

Registration to order capture is required for creating warranty contracts for products ordered through Order Management.

Prerequisites

You must define OKS as an application (System Administrator)

Steps

1. From the Navigator, choose **Order Capture Sales Manager > Quick Codes**
2. Query lookup: ASO_ORDER_FEEDBACK_CRM_APPS
3. Enter the code OKS.
4. Enter the code meaning.
5. Optionally, enter the description.
6. Enter the effective dates (from / to dates).
7. Select the enabled check box (if applicable).
8. Save your work.

Guidelines

OKS must be registered to enable contracts to be created for any immediate services or delayed services as well as warranties and extended warranties originating from Order Management.

3.5 Mapping Time Units of Measure

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

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

Steps

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

For additional information please refer to *Maintaining Time Units of Measure in Oracle Contracts Core Concepts and Procedures.*

3.6 Setting Up Status and Operations

Oracle contracts enables you can control the operations (such as update on line and delete contract) that can be performed on a contract depending upon the category assigned to the contract when it is created and the status of the contract (such as active or terminated). For example if you define a new status for the status type “Active” then you have to make sure that you specifically allow operations such as on-line update. If you create a new status without specifying any allowed operations, then you implicitly allow no operations for this contract status. In order for the concurrent program Status Change to automatically update contract status you must define a default status for each status type.

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract > Status and Operations.**
2. Select a status type.

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

For additional information please refer to *Setting Up Status and Operations in Oracle Contracts Core Concepts and Procedures*.

3.7 Defining Quality Assurance Checklist

Contracts for Service validates a contract before you can submit it for approval using a quality assurance (QA) checklist. Each checklist consists of one or more Oracle Workflow processes.

You can define a new (in addition to the default checklist) quality assurance checklist for Contracts for Service. The default QA checklist is executed automatically for any contract, even if you create another checklist for the contract. You cannot modify or update the default checklist.

Steps

1. A new checklist can be defined by navigating **Service Contracts Manager > Setup > Contract > Quality Assurance.**
2. Enter a name and a description.
3. In the Processes region, select the process that will become a part of the QA checklist.
4. Make sure the Active box is selected.
5. From the Severity list, select one of the following levels:
   - **Warning**: The contract passes Approval.
   - **Stop**: The contract does not pass Quality Assurance if this process fails
6. Optionally, override the default values for the parameters.
7. Save your work.

For additional information, please refer to *Defining Quality Assurance Checklist in Oracle Contracts Core Concepts and Procedures.*

3.8 Defining Access to a Category

A category is a type of contract, such as a service agreement or warranty contract. Contract categories are seeded in Oracle Contracts for Service and do not need to be set up. Responsibilities that have been defined need to be assigned access to a category before they can read or modify service contracts.

Prerequisites

You must define the following:

- Responsibilities in System Administrator

Steps

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract > Category.**
2. Enter the category name.
3. Select Service Agreement for Class. The class you select determines what authoring window is used, contract or service contract.
4. In the Responsibilities tab, select at least one name and assign access level rights to the name along with effective dates.
5. Save your work.

3.9 Defining Coverage Templates

Service Coverage describes the situations under which the Customer is covered for Service. Services are broken down into business processes, that can apply to the Service (such as Customer Support or Depot Repair). Coverage Terms are then defined for these Transaction Groups. The information you enter to define coverage terms include:

- Coverage Name: This includes coverage name, type, effective dates, warranty inheritance, etc.
- Coverage Times: The days of the week and hours during the day that the customer can request service.

- Reaction Times: The amount of time allowed by which action must be initiated for a particular process being requested.
- Resolution Times: A fixed time per contract by which a normal operation should be restored.
- Preferred Resources: This is the list of preferred resources that are eligible to work on a specific task when a service request is created.
- Billing Types and Rates: For each Transaction Group, define what types of billing are allowed, with limits, as well as labor rates.

Prerequisites

The following must be defined:

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

References

For Coverage Templates field descriptions, see Coverage Template Fields.

For using Coverage Templates, see Coverage Templates.

Entering Coverage Name

Steps

1. From the Navigator, choose **Service Contracts Manager > Coverage Templates.** The user is free to change Coverage Name, Description, Suitable as Exception check box and Exception Coverage. Duplicate coverage names are not allowed. In the case of an actual Service Coverage, the user will not be able to change Coverage dates, Suitable as Exception, and Warranty fields.
2. Enter the name of the coverage template. A duplicate coverage name is not allowed.
3. Enter the type of coverage from the list of values.

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

service coverage dates. And conversely, if the Start and End dates are modified, the Offset Duration is automatically adjusted.

13. Enter a default price list to be used to perform a service from the list of values.
14. Enter the percentage of discount allowed for the transaction group, for example, “10%” from the list of values.

Entering Coverage Times

Steps

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

Entering Reaction Times

Steps

1. Select the **Reaction Times** subtab.
2. Enter a name for the severity definition, for example, “Level 1” or “Important”.
3. Specify the level of severity, for example, “High” from a list of values.
4. Select the Work Through to override the normal coverage times for that transaction. For example, suppose you have 9-to-5 support, five days a week, with a 2-hour response time. If a customer calls for support at 4:45 P.M., the Work Through feature will allow the customer to receive support by 6:45 that evening. If Work Through is deselected the customer will receive support by 10:45 the next morning.

5. Select the Active check box to allow the entitlements feature to be used for the current service's reaction time.
6. Enter specific reaction times for each applicable day.

Note: The Workflow field is reserved for future functionality.

Entering Resolution Times

Steps

1. Select the **Resolution Times** subtab.
2. Enter a name for the **severity** definition, for example, "Level 1" or "Important".
3. Specify the **level of severity**, for example, "**High**" or "**Low"** from a list of values.
4. Select the Active check box to allow the entitlements feature to be used for the current service's resolution time.
5. Enter specific resolution times for each applicable day.

Note: The Resolution Times will be made available to other functions (e.g Service Request)

Entering Preferred Resources

A preferred resource can be retrieved when responding to a service request so that the correct resource is assigned when resolving an issue.

Steps

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

Entering Billing Types and Billing Rates

The billing types and rates are used when calculating the amount to charge a customer when work has been performed. For example, if new parts have been installed to fix a problem at a customer site, the bill for the work needs to be calculated, taking the coverage on the service contract into account. If parts are covered 50% up to a maximum of $300, and the charge for parts was $800, after applying the rates agreed on the contract, the charge would be calculated as $500, after the maximum discount of $300 has been applied. For the same contract rates, if

the charge for parts came to $500, the customer would receive the full 50% discount ($250) since the discount is below the $300 maximum.

Steps

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

Guidelines

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

3.9.1 Coverage Template Fields

The following table displays the fields and field descriptions for the Coverage Template window.

Field	Description
Name	Allows you to enter a coverage name.
Type	Enables you to select coverage type such as Gold, Silver, or Bronze.
Effective Dates	Displays effective dates for coverage.
Description	Enables you to enter a description for the coverage.
Exception	Exception coverage is applicable between the time that a coverage expires and the time it is renewed. An exception cover can be selected from an LOV.

Field	Description
Suitable as Exception	When creating a coverage, you can identify the selected coverage "Suitable as Exception" for another coverage. When another coverage template is created, the LOV for Exception would show the coverage template identified as "Suitable as Exception".
Warranty	Select if this is a warranty. Warranty is mutually exclusive with Billing Types. If Warranty is selected, then Billing Types are not allowed. Conversely, if Billing Types have been entered, then selecting Warranty is not allowed. Warranty may be updated, as required. However, if an inheritance has been entered in conjunction with Warranty, then the inheritance must be set to NULL before Warranty can be cleared.
Inheritance	If the inheritance type is R, then the replacement product warranty is the remaining duration of the original warranty. If the inheritance type is F, then the replacement product warranty is a brand new warranty duration.
Free Upgrade	Select the check box if a free upgrade is allowed.
Transfer Allowed	If the coverage is to be transferred when the product is transferred to another customer, then select the check box.
Business Process region	
Offset Duration	Enter the offset duration or amount of time you would like the service to be offset from the authored contract's start date. For example, set onsite support to start one month after the contract comes into effect and set hotline support to be available immediately.
Offset Period	The unit of measure for the offset duration, such as hour or day.
Start and End Dates	These values are automatically inserted when you specify an offset period. The transaction group dates may not be outside of the service dates. For an actual instance (access from the Service Contract Authoring window), these dates may be changed. If the Offset Duration is modified, then the start and end dates are automatically adjusted as long as they're within the range of the service coverage dates. And conversely, if the start and end dates are modified, the offset duration is automatically adjusted.
Price List	Enter a default price list to be used to perform a service.
Discount	Enter the percentage of discount allowed for the transaction group, for example, 10%.

Field	Description
Coverage Times tab	
Start and End	For specific times, enter the desired coverage times. Valid time values range from 00:00 to 23:59. Leaving blanks indicates that there is no coverage for a given day. For a given business process, the coverage time for at least one day must be entered.
Time Zone	Identifies time zone for coverage.
Populate All	Populates coverage times 7 days per week @ 23:59 hours each day.
Clear All	Clears all coverage times.
Populate Day	Populates selected day @ 23:59 hours
Reaction Times tab	
Name	Enter a name for the severity definition, for example, Level 1 or Important.
Severity	Specify the level of severity, for example High, from a list of values.
Work Through	Select Work Through to override the normal coverage times for that transaction. For example, suppose you have 9-to-5 support, five days a week, with a 2-hour reaction time. If a customer calls midweek for support at 4:45 P.M., the Work Through feature requires the customer to receive support by 6:45 that evening. If Work Through is disabled, then the support representative must react to the call by 10:45 the next morning.
Active	Select Active to allow the entitlements feature to be used for the current service reaction time.
Reaction Times	Enter specific reaction times for each applicable day.
Workflow	Enter the applicable workflow for each reaction time name specified.
Resolution Times tab	
Name	Enter a name for the severity definition, for example, Level 1 or Important.
Severity	Specify the level of severity, for example High, from a list of values.
Work Through	Select Work Through to override the normal coverage times for that transaction.

Field	Description
Active	Select Active to allow the entitlements feature to be used for the current service resolution time.
Resolution Times	Enter specific resolution times for each applicable day.
Preferred Resources tab	
Type	Enables you to select a type of resource such as "Engineer".
Name	Identifies preferred resource by name.
Billing Types tab	
Billing Type	Enter the billing type from the list of values. Duplicates are not allowed. If the billing type is Labor, then the Billing Rates region is enabled showing Flat Rate field.
Up To Amount	Enter the maximum allowed amount. The discount specified applies up to the maximum amount.
% Covered	Enter the percentage covered or discount.
% Over List Price	Enter the allowed percentage over the list price.

3.10 Defining Contract Groups

Contract groups are used to logically group contracts into folders for easy access and may be defined as private or public. For example, a set of contracts may be grouped by customer or by persons administering the contracts. In addition, a contract may exist in multiple groups. The system requirement is that, at least, one group must be defined and that this contract group must be set up in the profile option “OKS: Contract group for warranties”. All contracts for services ordered in Order Management are placed in this contract group. When manually creating contracts, it is recommended to create a contract group to encompass these contracts.

From the Navigator, choose **Service Contracts Manager > Contract Groups > Define Contract Groups.**

For more information please refer to *Contract Groups in Oracle Contracts Core Concepts and Procedures.*

3.11 Setting Up Library of Articles.

Contracts for Service supports article management in the same manner as Contracts Core. For guidance on how to setup the library of articles, see *Oracle Contracts Core Concepts and Procedures.*

3.12 Setting Up Automatic or Manual Contract Numbering

Contracts for Service support the same contract numbering processes used by Contracts Core. Ranges of numbers, prefixes and / or suffixes, manual numbering, and number lengths maybe set up for different business groups, operating units, classes or categories. For guidance on how to set up automatic and manual contract number see *Oracle Contracts Core Concepts and Procedures.*

3.13 Defining a Billing Profile

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

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

- Customer
- Bill-to customer and address
- Summarized billing frequency, such as daily, weekly, monthly (if required).
- Summary or detailed bill

Invoices are generated according to the billing profile attributes. The billing engine accesses the billing profile and bills accordingly.

Prerequisites

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

Steps

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract > Billing Profile.**
2. Enter an alphanumeric profile number.
3. Enter the profile description.
4. Select the party from the list of values.
5. Select the customer account for the given party from the list of values.
6. Select the bill to address for the given customer account from the list of values.
7. Enter the media from the list of values that is used to support billing.
8. Enter the billing interval from the list of values, for example, month.
9. If billing is to occur in "arrears" of the billing interval, select the Arrears check box.
10. If billing is to occur in "advance" of the billing interval, select the Advance check box.
11. Enter the interval that billing is to be offset.
12. Enter the standard message that is to be included on all invoices.
13. Save your work.

Guidelines

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

3.14 Defining Service Availability

Service availability is used to define the available services for service programs, warranties and extended warranties. For party and for product, it lists exceptions. The Generally Available check box determines whether the entries in Product and Party tabs are inclusions or exclusions. By selecting the Generally Available check box for a service, all products and parties listed will be excluded from receiving that service. By leaving the Generally Available check box unselected, the products and parties listed will be the only ones eligible to receive that service.

Prerequisites

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

Steps

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract > Service Availability.**
2. Select a service item from the LOV.
3. Access the Party tab and select the Generally Available check box (if applicable).
4. Enter the effective dates.
5. Select a Party from the LOV.
6. Enter the start and end dates.
7. Access the Product tab and select the Generally Available check box (if applicable).
8. Enter the effective dates.
9. Select a Product from the LOV.
10. Enter the low and high revision numbers (if applicable).
11. Enter the start and end dates.
12. Save your changes.

3.15 Defining Service Cotermination

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

Service cotermination can be applied at the party or system level. The system level is defined in Customer Support.

Prerequisites

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

Steps

1. From the Navigator, choose **Service Contracts Manager > Setup > Contract >Service Cotermination.**
2. Select a Party from the LOV. The corresponding customer account is displayed.
3. Enter the cotermination day.
4. Enter cotermination month.
5. Save your work.
6. From the Navigator, choose **Customer Support > Installed Base > Maintain Systems.**
7. Select System from the LOV.
8. Enter cotermination day.
9. Select cotermination month.
10. Save your work.

3.16 Setting Up Service Pricing and Billing

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

Transaction Type Setup

Setting Up Batch Transaction Sources

Setting Up Transaction Flexfield Segments

For more information on service pricing, refer to:

Pricing Service and Usage.

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

- Service Contracts Main Billing: According to pricing attributes set up in the contract and billing schedule, detailed transactions are generated in OKS billing interface table regardless of how the billing profile is set up, such as summarized or detailed billing, Main Billing now utilizes Invoice Level Loading, a parallel program to assign groups of invoices to different concurrent programs. The program first determines the COUNT for all of the contract lines that qualify for the master request submission. If the COUNT is greater than the threshold value (currently set to 500) the program splits up the master request into subrequests

- Autoinvoice Import Program: The billing transactions are then imported into AR.

Prerequisites

You must define the following:

Transaction Types (AR)
Credit Memo Batch Sources (optional) (AR)
Grouping Rules (optional) (AR)
Service items Inventory (Inventory)
Applicable service items must be included on one or more price lists (Order Management)
Party and customer accounts must be defined (AR)

3.16.1 Transaction Type Setup

Transaction types are used to define the accounting for the debit memos, charge backs, commitments, and invoices you create in Receivables. Transaction types also determine whether your transaction entries update your customer's balances and whether Receivables posts these transactions to your general ledger. In order to bill from OKS, invoices from OKS must be defined. This is case sensitive and must be entered using the exact case.

Steps

1. From the Responsibilities menu, choose **Receivables Manager > Setup > Transactions > Transaction Types.**
2. Enter a transaction name: Invoice-OKS (this OKS transaction type is case sensitive and must be entered as "Invoice-OKS"). Optionally enter a description.
3. Select "Invoice" as transaction class for this transaction type.
4. Select Open Receivable check box. This updates your customer balances each time you create a complete debit memo, chargeback, or on–account credit with this transaction type. Receivables also includes these transactions in the standard aging and collection processes.
5. Select the Post To GL check box to be able to post transactions with this type to your general ledger.

6. Choose a default Printing Option for transactions with this transaction type. Select Print or Do Not Print. You can override this value when entering transactions.

7. Choose a Transaction Status of Open, Closed, Pending, or Void. Use these statuses to implement your own invoice approval system.

8. Select the Allow Freight check box to allow freight to be entered for transactions with this transaction type.

9. Select the Tax Calculation check box to let Receivables calculate tax for transactions with this transaction type.

10. Choose a Creation Sign. The default is Positive Sign for transaction types with a class of either Guarantee or Deposit. If you are using the Cash Basis accounting method, your transaction's creation sign must be either Positive or Negative. You cannot update this field after you enter transactions with this type.

11. If this transaction type's class is not Deposit or Guarantee and you want to restrict the direction in which items with this transaction type can be updated by applications entered against them select the Natural Application Only check box. If you select this box, Receivables sets Allow Overapplication to No. You cannot update this option after you save this transaction type.

12. Enter an Application Rule Set for this transaction type or select one from the list of values (optional). An Application Rule Set determines the default payment steps when you use the Applications window or AutoLockbox to apply receipts to transactions using this type. If you do not enter a rule set, Receivables uses the rule set in the System Options window as the default.

13. If this transaction type's class is not Deposit or Guarantee, and you did not select the Natural Application Only check box, choose whether to Allow Overapplication against items with this transaction type by selecting or deselecting this box. If you select this check box, Receivables sets Natural Application to No and you cannot update it after you save this transaction type. If you use the Cash Basis accounting method, the default value is No and you cannot change it.

14. Enter the Receivable Account for transactions with this transaction type. Receivables uses this information, along with your AutoAccounting definition, to determine the receivable accounts for transactions with these types. Receivables creates a transaction record using this account so you can transfer to your general ledger and create a journal entry if the Post To GL check box is selected for this transaction type.

15. Enter a Freight Account for transactions with this transaction type. Receivables uses this information, along with your AutoAccounting definition to determine the freight account for transactions with this transaction type. Receivables skips this field if this transaction type's class is Deposit or Guarantee or if the Allow Freight check box is not selected.

16. Enter a Revenue Account for transactions with this transaction type. Receivables skips this field if the Allow Freight is not selected. Receivables uses this information, along with your AutoAccounting definition, to determine the revenue account for transactions with this transaction type.

17. If this transaction type's class is Invoice or Debit Memo, enter a Clearing Account for transactions with this transaction type. Receivables uses this account to hold any difference between the revenue amount specified for the Revenue Account and the selling price times the quantity for imported invoice lines. Receivables only uses the Clearing Account if you have enabled this feature for transaction sources that you use for your imported transactions.

18. If this transaction type's class is Invoice or Credit Memo, enter an Unbilled Receivable Account. When you use the Bill In Arrears invoicing rule, Receivables uses this information, along with your AutoAccounting definition, to determine the Unbilled Receivable account for transactions with this transaction type.

19. If this transaction type's class is Invoice or Credit Memo, enter an Unearned Revenue Account. Receivables uses this information, along with your AutoAccounting definition, to determine the unearned revenue account for transactions with this transaction type. Receivables only uses this account when your transaction's invoicing rule is Bill In Advance.

20. If this transaction type's class is Invoice, Credit Memo, or Debit Memo, enter a Tax Account. Receivables uses this information along with your AutoAccounting definition to determine the tax account for transactions with this transaction type.

21. If this transaction type's class is either Deposit or Guarantee, enter the Invoice Type to use for invoices entered against commitments or deposits with this transaction type. When you enter an invoice against either a deposit or a guarantee with this transaction type, the value you enter here is the default invoice transaction type.

22. If this transaction type's class is Deposit, Guarantee, Debit Memo, or Invoice, enter the Credit Memo Type to use when crediting items with this transaction type (optional). When you enter a credit memo against an invoice with this

transaction type, the value you enter here is the default credit memo transaction type.

23. Enter the range of dates that this transaction type will be active. The default Start Date is today's date, but you can change it. If you do not enter an End Date, this transaction type will be active indefinitely.

24. Save your work.

3.16.2 Setting Up Batch Transaction Sources

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

You can define two types of transaction batch sources:

- Manual: Use manual batch sources with transactions that you enter manually in the Transaction and Transactions Summary windows.
- Imported: Use imported batch sources to import transactions into Receivables using AutoInvoice.

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

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

Steps

1. From the Responsibilities menu, choose **Receivables Manager > Setup > Transactions > Sources.**
2. Select the **Batch Source** tab.
3. Enter OKS_CONTRACTS as the name.
4. Select Imported as the type.
5. Enter a description.

6. Enter the range of Effective Dates for this source. The Start date is the current date, but you can change it. If you do not enter an end date, this transaction batch source will be active indefinitely.

7. If this is a Manual source, and you want to automatically number new batches you create using this source, select the Automatic Batch Numbering check box and enter a Last Number. For example, to start numbering your batches with 1000, enter 999 in the Last Number field. If you are defining an Imported transaction batch source, Receivables automatically numbers the batch with the batch source name – request ID.

8. Select the Automatic Transaction Numbering check box and enter a Last Number to automatically number new transactions you create using this source. You can use automatic transaction numbering with both Imported and Manual sources.

9. Select the Copy Document Number to Transaction Number check box (optional) to use the same value for both the document number and the transaction number for transactions assigned to this source.

10. Enter Invoice-OKS as the Standard Transaction Type for this batch source. When you choose a batch source during transaction entry, this is the default transaction type. You can define new transaction types in the Transaction Types window.

11. Select the **AutoInvoice Options** tab.

12. Specify how you want AutoInvoice to handle imported transactions that have Invalid Tax Rates. An invalid tax rate is one in which the imported transaction's tax rate does not match its tax code. Enter "Correct" if you want AutoInvoice to automatically update the tax rate that you supplied to the one that you defined previously for the tax code. Enter "Reject" if you want AutoInvoice to reject the transaction.

13. Specify how you want AutoInvoice to handle imported transactions with Invalid Lines by entering either "Reject Invoice" or "Create Invoice".

14. Specify how you want AutoInvoice to handle imported transactions that have lines in the Interface Lines table that are in a closed period. To have AutoInvoice automatically adjust the GL dates to the first GL date of the next open or future enterable period, enter "Adjust" in the GL Date in a Closed Period field. This attribute is called "GL Date in a Closed Period". Enter "Reject" to reject these transactions.

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

you supply when you submit AutoInvoice. If Oracle Inventory is installed, this must be selected.

24. Select “Id” to indicate that AutoInvoice validates your Payment Terms for this batch source using identifiers.
25. Select “Percent” to indicate that AutoInvoice validates your Revenue Account Allocation data for this batch source.
26. Select the **Other Information** tab.
27. Select “Id” to validate other data except for Agreement, Sales Territory, and Related Document.
28. Select the **Sales Credit Validation** tab.
29. Select “Id” for first two options to validate information using identifiers for this batch source.
30. Select Percent to validate sales credits based on percent.
31. Save your work.

3.16.3 Setting Up Transaction FlexField Segments

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

The table below shows the values for the transaction flexfields.

Column Name	Segment Name	Value Set	Req
INTERFACE_LINE_ATTRIBUTE1	CONTRACT_ NUMBER	OKS_K_ NUMBER	Y
INTERFACE_LINE_ATTRIBUTE2	CONTRACT_ MODIFIER	OKS_K_ NUMBER	N
INTERFACE_LINE_ATTRIBUTE3	INSTANCE_NO	CE_ NUMBER30	Y
INTERFACE_LINE_ATTRIBUTE4	BILLED_FROM	CE_DATE	Y
INTERFACE_LINE_ATTRIBUTE5	BILLED_TO	CE_DATE	Y

Column Name	Segment Name	Value Set	Req
INTERFACE_LINE_ATTRIBUTE6	AMOUNT	CE_ NUMBER30	Y

Steps

1. From the Responsibilities menu, choose **System Administrator > Application > FlexField > Descriptive > Segments.**
2. Select Oracle Receivables as the application and Line Transaction Flexfield for the Title.
3. Deselect the Freeze Flexfield Definition check box (otherwise you cannot create a new record).
4. Select OKS CONTRACTS in the Context Field Values region.
5. Click Segments to edit the definition.
6. Enter the values listed in the above table. NOTE: These must be entered in upper case.
7. Compile the flexfield by selecting the Compile button.
8. Select the Freeze Flexfield Definition check box to freeze the definition.

3.17 Setting up System Profile Options

Use this list to identify profile options you need to change for your implementation. You can set these profile options in any order you like. You can access the profile option window by navigating **Service Contracts Manager > Control > Profile Option.**

To change profile options, please follow the standard procedure outlined in the *Oracle Applications Users Guide.*

Option	Sample Values	Required	Description
OKC: Batch size		N	Determines the number of records to be updated before they are saved in the database (this parameter should be fine-tuned by the database administrator).

Option	Sample Values	Required	Description
OKC: Change Request Approver		N	Default change request approver and overrides the workflow approver
OKC: Contract Approver	Sysadmin	N	Default contract approver and overrides workflow approver
OKC: Public Group Creator		N	Privilege to create a public group in Oracle Contracts
OKC: Renewed Contract Identifier	R	N	This identifier will be a prefix attached to the system date and shown as a modifier of the renewed contract
OKC: Schedule Rule Alert Window		N	The number of days before a due task, the user is notified of upcoming task
OKC: Schedule Rule Escalate		N	Escalate number of days after task has missed due date when escalation begins
OKC: Time UOM Class	Time	Y	Limits the units in the Map Time Units window
OKS: Default Time Zone	EST	N	Defines default time zone for a given coverage (not required, but recommended).
OKS: Default Line Style		Y	Defines the default line style of a service contract
OKS: Default QA Checklist		Y	The QA checklist specified in this profile option is used as the default when authoring new contracts. This is different from the default QA checklist defined in the Global Defaults form, since this QA checklist would be used to approve the renewed contract, whereas the profile option is for new contracts, created during authoring.
OKS: Day UOM Code	Day	Y	Defines the day unit of measure.
OKS: Month UOM Code	MTH	Y	Defines the month unit of measure.

Option	Sample Values	Required	Description
OKS: Quarter UOM Code	QTR	Y	Defines the quarter unit of measure.
OKS: Week UOM Code	WK	Y	Defines the week unit of measure.
OKS: Year UOM Code	YR	Y	Defines the year unit of measure.
OKS: UOM code	Each		
OKS: Enable Sales Credit		N	Defines whether sales credit distribution is enabled.
OKS: Contract Group for Warranties / Ext. Warranty	Contracts	Y	Defines default contract group for warranties and extended warranties.
OKS: Enable Install Base Integration Messages		N	Determines if notifications is enabled when a warranty or extended warranty has been created or updated.
OKS: User Name to Send Install Base Integration Messages		N	Identifies the e-mail address of the person to be notified whenever a warranty or extended warranty has been created or updated.
OKS: Tolerance Allowed for Counter Base Reading		N	Defines the tolerance for counter base readings when using the QA checklist.
OKS: Minimum Service Duration		N	Defines the minimum duration of a service for Order Management.
OKS: Minimum Service Period		N	Defines the minimum period of a service for Order Management.
OKS: Summary Transactions	Yes	Y	If not specified at the billing profile level, this determines if the summary or detailed transactions are sent to AR.
Sequential Numbering	Partially	Y	Sequential Numbering assigns numbers to documents created by forms in Oracle financial products and provides a method of checking whether documents have been posted or lost. This profile option must be set to “Always Used”.

Option	Sample Values	Required	Description
OKS: Revenue Type Dist		N	This is used for setting the credit percentage for a salesrep. Required only if OKS Enable Sales Credit = “Y”.
OKS: Revenue Type		N	This Profile Option is for setting the Sales Credit type for creating the sales credits during renewal.Required only if OKS Enable Sales Credit = "Y".
OKS: Use JTF		N	This Profile Option determines whether to use JTF Resources to get the salesrep. If set to "N", the sales rep is retrieved from OKS:Sales Person Id.
OKS: Vendor Contact Role		N	This Profile Option sets the contact role for creating contacts during Renewal.Required only if OKS Enable Sales Credit = “Y”.
OKS: Sales Person		N	This Profile Option sets the default sales person for sales credits. If OKS: Use JTF = "Y", the sales rep is retrieved from JTF resources.
OKS: Sales Credit Distribution	Full	N	This defines whether sales credit distribution is enabled.
OKS: Credit Card Privileges		N	Contract authoring UI will use these values to display credit card number.
OKS: Credit Processing QA Level		N	QA uses this to determine checksum or authorize.
OKS: Payment Method for Credit Card Transactions		N	Mode of payment required for AR interface.
OKS: Minimum Authorized Amount		N	Minimum amount to block if QA level is authorize.
OKS: Default Pricing Date	Subline start date	N	Defines the date to be used during pricing. May be sysdate, contract start date, service start date or covered level start date. If not defined, sysdate will be used.

Option	Sample Values	Required	Description
OKS: Billing Schedule Level	Top Level	N	Default level for billing schedule.
OKS: Discounting Privileges	Full	N	Defines the discounting privileges for the user.
OKS: Mass Change Security Level	Basic	Y	Defines the list of update levels available to the user when making the mass change. (Basic: Contract contract group. Advanced: All levels.)
OKS: Service Request Creator			
OKS: Valueset Lookup Filter	Yes		
OKS: Unit Price Precision Type			
OKS: Enable Negative Billing			
OKS: Reprice Warning Message Y / N	Yes		Used to suppress warning message while repricing or manually overriding the final price. If set to NO, warning message “This action is irreversible. Do you wish to Continue? will be surprised. Seeded default value is YES

Option	Sample Values	Required	Description
OKS: Use QP for Manual Adjustment	Yes		Used to control the integration with QP for manual override of the final price. If NO, QP will not be used to create or derive price adjustments. Whatever final price is entered will be stored and no adjustments will be recorded. If YES, QP will be used to derive price adjustments. All adjustments will be stored in OKS, and can be viewed through pricing adjustment window. No manual override is possible if the service item is not priced in the price list. Seeded default value is yes.

3.18 Setup for Service Key Flexfields

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

Key Flexfield Registration

Steps

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

9. Enter the Table Name: MTL_SYSTEM_ITEMS_B
10. Enter the Unique ID Column: INVENTORY_ITEM_ID
11. Enter the Structure Column: ORGANIZATION_ID
12. Deselect the Dynamic Inserts Feasible check box.
13. Select the Check Allow ID Value Sets check box.
14. Save your work.

Default Segment Structure

Steps

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

Bug #1408962

Follow this procedure to avoid Bug #1408962

Steps

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

4. Select **View > Query by Example > Run.**
5. Deselect the Freeze Flexfield Definition check box.
6. Select the Freeze Flexfield Definition check box.
7. Select the Compile button.

3.19 Setting Up Renewal Rule Defaults

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

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

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

Steps

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

3. Select PO Required check box to specify that a purchase order is required during the renewal process. If selected, the renewal cannot be sent for approval without a purchase order.
4. Select the pricing method from the drop down list. This determines how pricing is to take place in contracts during renewals. The valid values are:
   - Price Book: Renewal pricing is based on the current price list.
   - Index: Renewal pricing is based on a markup percentage (%) and a cap price list. For example last year's negotiated markup% is subject to cap list price.
   - Manual: Renewal pricing uses last year's negotiated price.
5. If either the Price Book or Index Pricing methods are selected, then the Price List field is enabled. Select the Price List from the list of values.
6. If the Index Pricing Method is selected, then the Markup% field is enabled. This represents the percentage that is to be used to markup or markdown the contract lines during contract renewal. The value may be entered as a positive or negative percent.
7. Select the approval workflow. This workflow will be used to approve the renewed contract.
8. Select the QA Checklist. This QA Checklist will be used to QA the renewed contract.
9. Select the Role from the list of values. The valid values include:
   - Customer
   - Licensee
   - Licensor
   - Third party
10. Select a group from the LOV for New Order within the Contract Group region
11. Select a group from the LOV for Renewal.
12. Enter the percentage revenue for Estimated% within the Revenue region. This is estimate to be achieved for the renewed contract.
13. Enter Duration. This represents the duration before the expiration of the contract for when it is predicted the percentage revenue will be achieved.
14. Select the period from the list of values.

15. Navigate to the **Organizations > Renewal Rules** tab. This tab is used to specify the renewal and pricing attributes at the organization level.
16. Select the organization number from the list of values. The organization name is automatically displayed.
17. Enter the effective start and end dates for the organization. These fields are mandatory. The end date must be greater than the start date.
18. Select the renewal rules per Global defaults. In this tab, the renewal and pricing rules are optional.
19. Navigate to the **Organizations > Admin tab.** The organization name and effective start and end dates are displayed as "display only".
20. Select the QA Checklist, Approval Workflow Role. These values are optional.
21. Navigate to the **Organizations > Revenue tab.** The organization name and effective start and end dates are display only.
22. Select the estimated percent, duration and period. These values are optional.
23. Navigate to the **Parties > Renewal Rules** tab. This tab is used to specify the renewal and pricing attributes at the party level.
24. Select the Organization Number from the list of values. The Organization Name is automatically displayed.
25. Enter the effective start and end dates. These dates are mandatory. The end date must be greater than the start date.
26. Select the Renewal Type and Pricing Method. These values are optional.
27. Navigate to the **Parties > Admin** tab. This tab has the same administration attributes as the Organization > Admin tab. The Organization Name and effective start and end dates are "display only".
28. Select the QA checklist, Approval Workflow and Role. These values are optional.
29. Navigate to the **Parties > Revenue tab.** The organization name and effective start and end dates are display only.
30. Select the estimated percent, duration and period. These values are optional.
31. Save your work.