

Oracle® Deal Management

User's Guide

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Oracle Deal Management User's Guide, Release 12 (12.1)

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Send Us Your Comments

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Preface

Intended Audience

Welcome to Release 12 (12.1) of the *Oracle Deal Management User's Guide*.

See Related Information Sources on page viii for more Oracle Applications product information.

TTY Relay Access to Oracle Support Services

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Structure

- 1 Introduction to Oracle Deal Management
- 2 Using the Deal Management Workbench

Related Information Sources

Oracle Deal Management Implementation Guide

Do Not Use Database Tools to Modify Oracle Applications Data

Oracle STRONGLY RECOMMENDS that you never use SQL*Plus, Oracle Data Browser, database triggers, or any other tool to modify Oracle Applications data unless otherwise instructed.

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

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

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

Introduction to Oracle Deal Management

This chapter covers the following topics:

- Overview of Oracle Deal Management

Overview of Oracle Deal Management

Oracle Deal Management provides essential decision support tools to help you achieve maximum profits for your deal negotiations. Oracle Deal Management is integrated into the deal management process so existing information from your Oracle applications can be analyzed to improve profitability.

Oracle Deal Management provides a Deal Management Workbench to assist sales representatives and pricing analysts to negotiate a deal with a customer.

Note: The pricing analyst helps the sales representative determine an effective price and terms.

Using the Deal Management Workbench in Oracle Deal Management, you can manage the process from the moment the sales representative enters a pricing request into the system. (The pricing request contains information about the deal.) You can analyze the proposed prices, view the pricing score, and compare the proposed prices across the segment to which they belong. You can also examine the effect of potential modifications to the deal, view margin impact of terms, view overall margin, and view customer background and history. You must submit a deal for approval if there are pricing exceptions.

Note: All pricing exceptions have to be approved before a sales representative can accept a deal.

When the deal is accepted, the source document (order or quote) is updated with the approved prices and terms.

Using Oracle Deal Management you can:

- Control price erosion, page 1-2
- Maximize profitability during negotiation, page 1-2
- Optimize the deal process, page 1-3

Control Price Erosion

Oracle Deal Management enforces corporate pricing policies integrated into the quote and order process by controlling price erosion and unprofitable deals.

Enforcing Pricing Policies Prevents Unprofitable Deals

Oracle Deal Management enforces pricing policy compliance in Oracle Quoting and Oracle Order Management. To prevent unprofitable deals from going unnoticed, quotes and orders that violate policies are put into *Pending Pricing Approval* status that require additional approvals before proceeding. Pricing policies can be set at different levels of pricing such as Invoice Price, Pocket Price and Pocket Margin, to enable companies to protect overall profitability.

Pricing Segments: Oracle Deal Management provides the flexibility to define pricing policies for different pricing segments. This enables companies to implement targeted, segmented pricing strategies instead of a *one price fits all* approach.

Escalation and Approval Workflow for Managing Price Exceptions

Oracle Deal Management uses a workflow process to automate and manage the deal approval process to ensure that the deals are approved by the right decision makers. As the deal details and terms need to be approved from the appropriate decision-makers, the status of the deal is tracked and maintained throughout the approval process.

Maximize Profitability During Negotiation

Oracle Deal Management provides deal information and the ability to model scenarios that help your company maximize profitability for each deal negotiation.

Metrics and Price Scoring Information

Oracle Deal Management provides key deal metrics that enable you to make decisions beyond simply the original quote or order information. The Deal Summary view provides a detailed understanding of the deal's profitability and insight about the complete deal picture such as the overall pocket margin, price score, and identifies corporate policies.

The Deal Analysis Region provides detailed information on each deal line for both simple and configured products: quantity, price, on-invoice adjustments, off-invoice adjustments, pocket margin, product cost, and price score. Information about each line shows how it compares to the corporate policies: target ceiling, floor and pocket price, as well as any information on the competitor and their price. The waterfall graph displays profit erosion for each deal line.

Provide Insight into Deal Profitability, Segment Position, and Customer History

Oracle Deal Management provides critical information about the customer history for

each deal. Reviewing historical information provides insight into the customer's relationship with your company, and enables you to compare the transaction (such as a sales order) with others in its segment. Recognizing the difference between an opportunistic customer who is just shopping for the best deal, or a highly valued customer with a long, strong relationship, helps you determine whether you should give a lower price.

The customer history provides an overview of the customer's current credit worthiness and other metrics such as outstanding account receivables. Additionally, Oracle Deal Management provides comparison reports on how this deal compares to past deals for this product against other deals in the segment. Other reports such as Pocket Margin Trend and Selling Price Trend are available.

If you do not want to change the price, you can change deal terms such as shipment, freight or payment terms as other incentives to the customer. If you are unsure what price to start with, Oracle Deal Management also provides the Recommend Price for each line to indicate how the Revised Price compares to the recommended price.

Oracle Deal Management maintains a repository of all historical and current deals. You can contrast a deal to several other deals and analyze side-by-side metrics and the deal waterfalls to determine how the deals compares.

Modelling Scenarios and Price Recommendations

Oracle Deal Management enables you to create *what-if* scenarios to model pricing and terms to help you determine the most profitable final price. You can edit the deal pocket margin goal which causes line level changes for the deal. You can also change individual lines by varying, margin, off-invoice, price, or unit cost to see how changes affect the line and overall deal profitability.

Optimizing the Deal Process

Oracle Deal Management is integrated into Oracle's Quoting and Order Management applications to automate and optimize the deal management process.

Integration with Oracle Applications

Oracle Deal Management is integrated with Oracle applications to enable your company to making profit improving business decisions. Oracle Deal Management accesses master data in Oracle's TCA, Inventory, Bill of Material, Human Resource Management, Costing and Accounts Receivable systems, so companies do not have to replicate, synchronize, and manage changes to master data.

Note: Oracle Deal Management also provides open-API's to use information from other non-Oracle applications.

Deal Management Workbench and Transaction Workflows Enable Collaborative Decision-Making Across the Organization

Oracle Deal Management provides approval workflow, comments sections, and versioning capabilities. Deals can be worked on collaboratively while creating an audit trail of each person's decision making. The deal history (accessed from the deal

management workbench) can be later reviewed to determine how the deal got approved.

Oracle Deal Management Administration

Use the *Oracle Deal Management Administrator* responsibility to implement and administer Oracle Deal Management. With this responsibility, you can complete the following tasks: define how you want to extract, transform, and load data; assign users; and fine-tune certain aspects of deal management.

For more information, see the *Oracle Deal Management Implementation Guide*.

Using the Deal Management Workbench

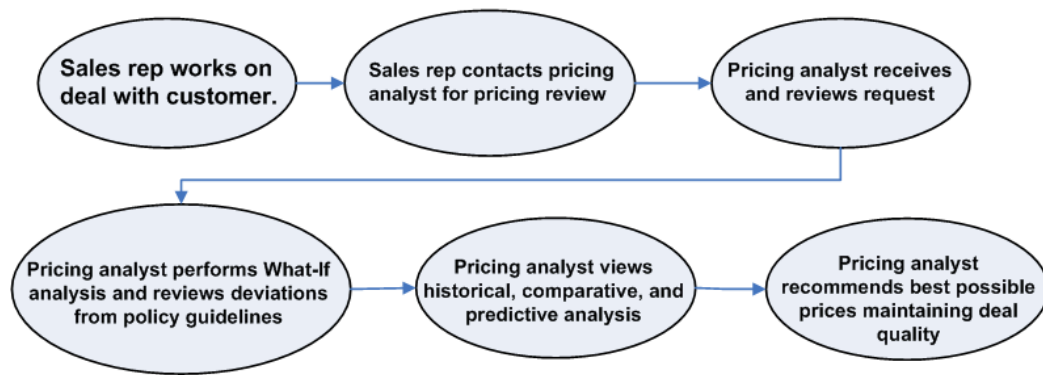
This chapter covers the following topics:

- Overview of the Deal Management Workbench
- Using the Deal Management Workbench
- Deal Summary
- Deal Analysis
- Segment Comparison
- Customer History
- Approving Deal Requests

Overview of the Deal Management Workbench

The deal management workbench is a pricing tool in Oracle Deal Management that helps you to align your organization's entire pricing process with its revenue goals.

The deal management workbench is designed for pricing analysts who work with sales representatives to achieve the best price for a deal. It enables you to respond to requests for pricing assistance from sales representatives who are negotiating a deal. The pricing request contains information about the deal. Using the deal management workbench, you can analyze the proposed prices, view pricing scores, compare proposed prices across the pricing, examine the effect of potential modifications to the deal, view margin impact of terms, view overall margin, and view customer background and history. Finally, you can make pricing recommendations and send them back to the sales representative.



Deal Management Definitions

- Pricing analyst: Person assigned to evaluate deal pricing for an organization. Can be a sales manager, finance employee or operations person.
- Deal: A quote or order that is being evaluated by a customer for purchase.
- Deal request: A deal management request from a sales representative asking for assistance in determining quote pricing.

Using the Deal Management Workbench

Quotes and sales orders enter the deal management workbench from Oracle Quoting or Oracle Order Management. These quotes and orders are deal requests that are submitted by sales representatives for review by pricing or product managers. The request is visible to all users who have approval privileges as set up in Oracle Approvals Management (AME). After the deal request is assigned, the pricing analyst can open the request and view product, volume, and price information about the deal from the sales representative.

On the Deal Management Workbench page, you can search for available deals using simple or advanced search criteria. From your search results, you can compare multiple deal requests to evaluate different measures, or duplicate an existing deal by creating a scenario.

Using the Deal Management Workbench to Respond to a Pricing Request

Responding to a pricing request begins on the main deal management workbench page. The Results table lists the deal request number and basic information about the deal request. The following steps outline the review and approval process, and the actions you can complete on the Deal Management Workbench page:

1. Deal request submitted: the sales representative submits a request to have a quote or order reviewed from Oracle Quoting or Oracle Order Management.
2. Review the deal request, page 2-3.
3. Compare deal requests, page 2-3.
4. Review deal lines information, page 2-5.
5. Compare segment trends, page 2-11.
6. Review customer history, page 2-13.

To review details about a deal request:

Click the request number to review details about the deal and the products included in the deal. For more information on viewing deal details, see Deal Summary, page 2-5.

To mark a favorite scenario:

From the Deal Search results section, you can select or deselect a scenario as *Favorite*. You can then use the favorite scenario as a benchmark scenario when you compare deals.

To duplicate a deal request:

Click Duplicate to create a duplicate scenario of the selected deal request. You can create a scenario and use it to model different deal parameters.

To edit a deal request (performing a what-if analysis):

Performing a *what-if analysis* enables you to model different pricing scenarios by changing a single value of the proposed deal to see the impact of such a change. For analysis purposes, you can also update any shipping, or payment terms for each of the lines of the originating quote.

Click Edit to perform a what-if analysis or to update terms for a selected deal request. For more information, see Performing a What-If Analysis, page 2-8.

To compare deal requests:

You can compare up to five deal requests to evaluate measures of overall deals and products:

1. Search for the deal requests, then from the search results, select the deal requests to be compared.
2. From the *Select Requests and* list, select Compare, and click Go.

3. Select the criteria you want to measure such as Gross Revenue or List Price from the Product Level Measures box, then click the Move right arrow to move the selected criteria into the Selected Measures box.
4. Click Continue to view a side-by-side comparison of multiple deals. You can also view a deal waterfall graph of one deal at a time. For more information, see waterfall graph, page 2-5.

Some measures you can compare include the following:

Overall Measures

- Total Pocket Revenue: Total revenue based on the pocket price.
- Total Pocket Margin: The total pocket margin that results after all discounts are taken from the original price.
$$\text{Revenue} - \text{Unit Cost} * \text{Revised Quantity}.$$
- Percent Pocket Margin: This Pocket Margin Trend report shows percent pocket margin over time. Pocket margin is the margin that results after all discounts are taken from the original price. When you scroll over a point on the graph, a text box appears showing the selected dimension, the point in time, and the percent pocket margin.
$$(\text{Pocket Margin Amount} / \text{List Revenue}) * 100$$
- Overall Pricing Score: For a definition of pricing score, see Deal Summary, page 2-5.

Product Level Measures

- Proposed Price: For a definition of proposed price, see Deal Summary, page 2-5.
 - Pocket Price: Pocket price is the final price after all on-invoice and off-invoice discounts are taken off the original price.
 - Pocket Revenue: Revenue after freight and discounts are subtracted.
 - Pocket Margin: Pocket margin is the margin that results after all discounts are taken from the original price.
 - Pricing Score: For a definition of pricing score, see Deal Summary, page 2-5.
5. Click Finish to return to the main Deal Management Workbench page.

Related Topics

Deal Summary, page 2-5

Deal Analysis, page 2-8

Comparing Deal Requests, page 2-3

Segment Comparison, page 2-11

Customer History, page 2-13

Approving Deal Requests, page 2-13

Deal Summary

The Deal Summary page provides a complete overview of the selected deal request, its profitability, and pricing score. The *price waterfall* provides a graphical representation about the deal including details about list revenue, on-invoice adjustments, off-invoice adjustments, pocket revenue, and pocket margin.

Important: If you reached the Deal Summary by clicking a request number in the Deal Management page, then you can only view but not change information on the Deal Summary page.

After you have reviewed the deal information, you can change deal values temporarily for the purpose of analysis, or you can update the deal terms, and send your recommendation back to the sales representative.

On the Deal Summary tab

To view the price waterfall report:

The price waterfall report provides a graphical representation of all elements that lead to price erosion, starting from list price revenue to pocket price revenue and finally to the pocket margin. Use this report to analyze and identify the critical erosion elements that need to be contained to increase product margins and revenue. For more information, see Viewing the Price Waterfall Report, page 2-5.

To view deal compliance and approver details:

The Compliance Details region displays the approval rules violated, pending approvers, and approval history.

Viewing the Price Waterfall Report

The Price Waterfall report shows a graphical representation of all elements that lead to price erosion, starting from list price revenue to pocket price revenue and finally to the pocket margin. This information helps you analyze and identify the critical erosion elements that need to be contained to increase product margins and revenue.

The following price erosion indicators are used in the waterfall report (the actual indicators that appear in the waterfall report may vary depending on the type of waterfall report you are viewing):

Note: The Deal Price Waterfall report displays the same information as the Deal Level Summary Waterfall report but does not show break up and policy overlays.

Price Erosion Indicators

Term	Description
List Revenue	Projected invoice revenue based on list price.
On-Invoice Adjustments	All adjustments (discounts) that were applied on the transactions before invoicing.
Invoice Revenue	Invoice revenue after on-invoice adjustments.
Off-Invoice Adjustments	All adjustments (discounts) that were applied after the invoice was issued. Oracle Deal Management supports the following off-invoice adjustments: Shipping costs, cash discounts, rebates provided through credits in Oracle Accounts Receivable.
Pocket Revenue	Revenue after freight and discounts are subtracted.
All Costs	Cost of goods sold. Product cost.
Pocket Margin	Pocket Revenue minus the cost of goods sold.

Selecting Waterfall Views

You can select a summary or detail view to view a breakdown of on-invoice discounts, off invoice discounts, and total cost:

- Summary View: Displays the aggregated values.
- Detail View: Displays a breakdown of on-invoice discounts, off-invoice discounts, and total cost.
- Select a deal line number from the *View For* list to see the waterfall view for a deal line.

Viewing Discounting Limits and Pricing Policies in the Waterfall Report

The waterfall report uses colored bands to identify discounting limits and pricing policies such as corporate, regional, and field policies. Move your cursor over a colored band to view the associated policy or limit.

You can view the following limits and pricing policies:

- Target Policy, page 2-7
- Field Policy, page 2-7
- Corporate Policy, page 2-7
- Ceiling Policy, page 2-7
- Regional Policy, page 2-7
- GSA Policy, page 2-7

Target Policy

Target Limit: Policy enforcement tool that defines a suggested guideline on price, discount, or margin. Target is usually specified along with a ceiling and a floor. While there is usually one ceiling, there can be several floor limits.

Field Policy

Field Limit: Policy enforcement tool that defines how low a price, discount, or margin a field representative can offer.

Corporate Policy

Corporate Limit: Policy enforcement tool that defines how low a price, discount, or margin a particular person in the Sales Representative hierarchy can offer.

Ceiling Policy

Ceiling Limit: Policy enforcement tool that suggests an upper bound on price, discount, or margin. It is typically used in a cost-plus model, where there is no formal list price.

Regional Policy

Regional Limit: Policy enforcement tool that you can use to control how low a price, discount, or margin a particular person in the Sales Representative hierarchy can offer.

GSA Policy

GSA Limit: Policy enforcement tool that prevents items on the GSA price list from being sold to commercial customers for a price equal to or less than the U.S. government price.

Related Topics

Using the Deal Management Workbench, page 2-2

Deal Analysis, page 2-8

Comparing Deal Requests, page 2-3

Segment Comparison, page 2-11



Customer History, page 2-13

Approving Pricing Requests, page 2-13

Deal Analysis

On the Deal Analysis page, you can view an analysis of the selected deal request and related deal lines to evaluate the deal profitability. The following details about the deal and deal lines are provided (selected fields described):

Important: If you reached the Deal Analysis page by clicking a deal request number in the Deal Management page, then you can only view (but not change) the information on the Deal Analysis page.

Name	Description
UOM	Unit of measure of the item.
Proposed Price	Price the sales representative is proposing in this pricing request.
Revised Volume	Volume of product you recommend selling at the revised price.
Revised Price	Price a pricing analyst recommended in response to a pricing request from a sales representative.
	Price Indicator: Indicates the difference between the revised price and the recommended price. <ul style="list-style-type: none">An <i>up</i> arrow appears if the revised price is more than or equal to the recommended price.A <i>down</i> arrow appears if the revised price is less than the recommended price.
	
Recommended Price	The recommended price for the Revised Volume appears for every deal line.

Name	Description
Invoice Revenue	Total revenue at unit sales price.
Total Off-Invoice Adjustments	For a definition, see Price Waterfall, page 2-5.
Pocket Revenue	Revenue based on the pocket price.
Pocket Margin Amount	Pocket Revenue <i>minus</i> Unit Cost * Revised Quantity
Pocket Margin Percent	For a definition, see Pocket Margin Trend, page 2-11.
Pricing Score	<p>Indicates the desirability of the deal that is being negotiated. The system computes the score for every deal line and the overall deal.</p> <p>A low score indicates that the requestor violated policies when proposing a price to the pricing manager. Scores are based on weightages that the administrator sets.</p>

To update terms:

For analysis purposes, click Update Terms to update shipping or payment terms for each of the lines of the originating deal.

Note: For the selected term, the average historical cost is retrieved based on the pricing segment and the deal product.

To modify deal measures (performing a what-if analysis):

You can perform a *what-if analysis* to model different pricing scenarios. You can change a single value of the proposed deal and review the results of your changes. If you are satisfied with your changes, click Apply to save your changes.

- From the Modify list, select the measure you want to change:
 - Revised Volume
 - Revised Price
 - Unit Cost

- Pocket Margin Percent
- Invoice Revenue
- On-Invoice Adjustment Percent

Note: At the deal level, the *what-if* analysis is supported for three measures:

- On-invoice Adjustment Percent
- Invoice Revenue
- Pocket Margin Percent

The specified value at the deal level will be allocated to the lines after the what-if analysis.

2. Enter a revised value for the selected measure. For example, if you selected *Revised Volume*, enter a revised value in the Revised Volume field.
3. Click Recalculate to view the revised scenario.

The system recalculates the dependent measure values based on the changed values you entered. You can also perform a what-if analysis at the dummy line level. This level contains the aggregated values of all child lines. When you perform an analysis at the dummy line level, the system allocates the changes to the child lines.

To view price waterfall details:

The Price Waterfall report shows a graphical representation of all elements that lead to price erosion, starting from list price revenue to pocket price revenue and finally to the pocket margin. For more details, see Price Waterfall report, page 2-5.

Related Topics

Using the Deal Management Workbench, page 2-2

Deal Summary, page 2-5

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Segment Comparison

In the Segment Comparison page, you can select reports to compare price, volume, revenue, and margin information for all customers in the same pricing segment (such as Hi-Tech) as the current customer.

You can select from the following seeded reports:

Report Name	Description
Price Volume Scatter	<p>The Price Volume Scatter report plots how the current deal compares to historical deals for the segment and the competitor's price. A regression line is also displayed that visually displays the recommended price for this deal.</p> <p>When you scroll over a point on the graph, a text box appears indicating the ordered quantity and the unit selling price. The price determination (regression line) indicates the recommended price for the revised volume.</p> <p>A ordered quantity band is a range on the x-axis.</p> <ul style="list-style-type: none">• Ordered Quantity: Shows quantity ordered from low to high.• Invoice Price: Invoice price per order.
Deal Segment Comparison Waterfall	<p>Shows deal profitability for the deal at individual product level and overall at deal level. It also draws a comparable waterfall for the entire pricing segment. To see the overall waterfall, see the bottom of the Deal Summary page.</p>
Selling Pricing Trend	<p>Shows selling price over time. It is available for each individual product. It also plots the trend at the segment level for comparison.</p>
Pocket Margin Trend	<p>Shows the distribution of pocket margin over time.</p> <p>You can display margin trend information for each product individually or for all products in the deal. The report also plots the trend at the pricing segment level for comparison.</p>

The report scope (listed at the top of each report) shows the set of selection criteria that is used in the query. For example:

- Sales Representative: All Sales Reps
- Pricing Segment: Hi-Tech Customers
- Geography: ALL GEOGRAPHIES

- Customer: ALL CUSTOMERS
- Product: All Products
- Organization: All Organizations
- Sales Channel: All Sales Channels
- Time: 2007

To refine selections:

Click the Refine Selections button to view or update the dimensions defined for the report scope such as Time, Product, or Customer. For each dimension, you can view or update step types that match the condition that you want to create. Oracle Deal Management runs the queries in the order in which they appear. You can change the order of the dimensions by selecting Move Up or Move Down.

Note: For seeded reports, the scope, or set of selection criteria included in the query, is already defined.

You can refine the selection process by:

- Creating, editing, or deleting selection steps.
- Specifying which steps to include in the selection process.
- Specifying the sequence of the steps.

You can add new selections, change existing selections, or add a previously saved selection to your query.

To reset selections:

To remove changes and to restore the report to its default selections, click the Reset Selections button. The report is reset as long as you do not save it before clicking Reset Selections.

Related Topics

Using the Deal Management Workbench, page 2-2

Deal Summary, page 2-5

Deal Analysis, page 2-8

Comparing Deal Requests, page 2-3

Customer History, page 2-13

Customer History

The Customer History tab provides information about the customer who is party to the deal. You can analyze historical transactions to understand customer behavior, such as a customer's tendency to pay invoices late and the volume of orders. Review a customer's history to understand the importance of the customer in the segment and to determine whether a customer is an opportunistic buyer or a loyal customer.

The price waterfall graph shows price erosion associated with this customer. You can change the scope of the report using Refine Selections. For more information, see Price Waterfall, page 2-5.

The crosstab reports shows the volume, invoice revenue, and pocket margin for the deal customer and average for all the customers in the pricing segment (selected in the scope). This report enables you to understand the customer buying behavior with respect to the other customers in the same pricing segment.

The textual hints above the waterfall show the contribution of the customer to the segment volume, revenue, and margin. The Detailed Sales report shows the line level transactions details for the customer for the past orders.

Related Topics

Using the Deal Management Workbench, page 2-2

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Approving Deal Requests

The deal management workbench integrates with AME (Oracle Approvals Management) to manage the approval process for deal requests.

Note: The approval is supported only at the deal header level even if there are rules based on line level attributes.

The approval conditions are based on customer requirements and are defined in AME using the seeded deal attributes. For example:

Condition 1

- When On Invoice discounting limit violation = Yes

AND

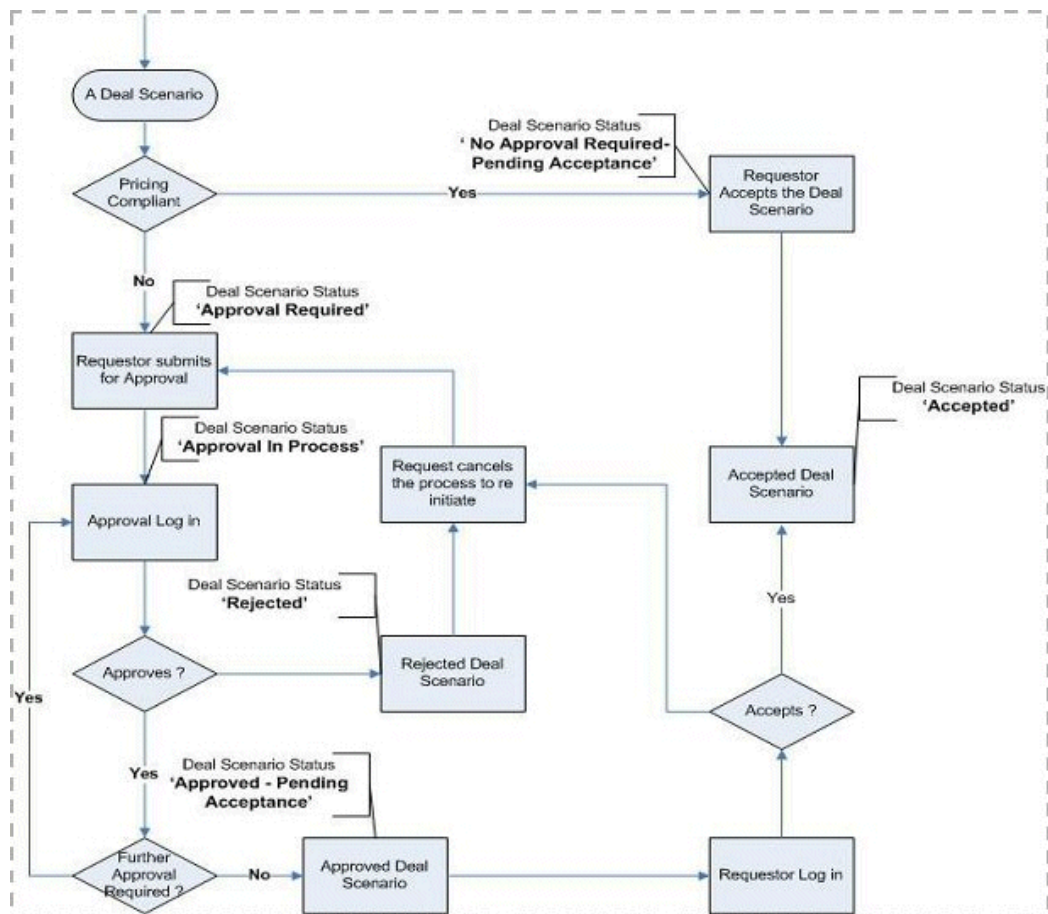
- Floor pocket margin violation = Yes

Condition 2

- When Deal Score is less than 5

Oracle Approvals Management returns the appropriate approvers if any rule is violated. You can initiate the approval process by clicking the Submit for Approval button. Approvers can then approve or reject the deal request.

The following diagram shows the Deal Approval Process:



No Approval Required – Pending Acceptance

None of the approval rules are violated for the deal scenario. It requires acceptance by the requestor.

Approval Required	When any of the approval rules are violated and it requires approval.
Approval in Process	Approval rules were violated, the scenario was submitted for approval, and approval is in process.
Approved – Pending Acceptance	Approval rules were violated, the scenario has been approved, and waiting for requestor acceptance.
Rejected	Approval rules were violated and the scenario was submitted for approval and rejected by one of the approvers.
Accepted	The requestor has accepted the scenario.

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