

Oracle PeopleSoft Cost Management

Oracle's PeopleSoft Cost Management provides the control and flexibility that you need to manage costs throughout your supply chain. Using powerful features that support multiple cost methods, comprehensive analysis, and accurate accounting and reporting, PeopleSoft Cost Management enables you to model your business exactly as you require.

Flexible Accounting Model

PeopleSoft Cost Management supports multiple industries with an accounting model that you can tailor to your business. Whether it's simply purchasing and expensing material, managing a multiple business unit distribution chain, or a complex manufacturing environment, Cost Management provides the flexibility to determine, monitor, and analyze costs throughout your company

Multiple Cost Reporting Methods

To support the need for financial, governmental, and management reporting, you can maintain multiple costs and cost books within a PeopleSoft Inventory business unit that buy and sell inventory with no manufacturing. For items in each cost book, you define a profile that consists of a receiving cost method, a cost flow, and a depleting cost method to value inventory transactions. The costing approach you choose can be independent of how the inventory is physically moved. For example, you can use first in, first out (FIFO) picking methods for inventory shipments, but cost the transactions using another cost method. PeopleSoft Cost Management supports these cost methods:

- Non-cost
- Standard.
- FIFO and LIFO actual.
- By specific Lot or Serial ID
- Perpetual weighted average
- Periodic weighted average
- Retroactive perpetual average

Manufacturing environments support all the preceding costing methods except for Periodic Weighted Average and Retroactive Perpetual Average.

Key Features

- Multiple costing methods
- Accurate accounting and comprehensive analysis
- Control of financial, government and management reporting needs
- Flexible transaction accounting setup
- Optionally include landed costs in inventory value
- Support complex transfer price calculations
- Tools that assist with inventory and accrued liability reconciliation
- Calculate production costs based on standard, weighted, average, or actual item costs
- Monitor business processes to ensure that all period costs are accurately calculated and captured

Key Benefits

- Support simple and complex accounting models
- Provide multiple methods to determine and analyze costs
- Allow multiple cost books for financial, managerial, and government reporting

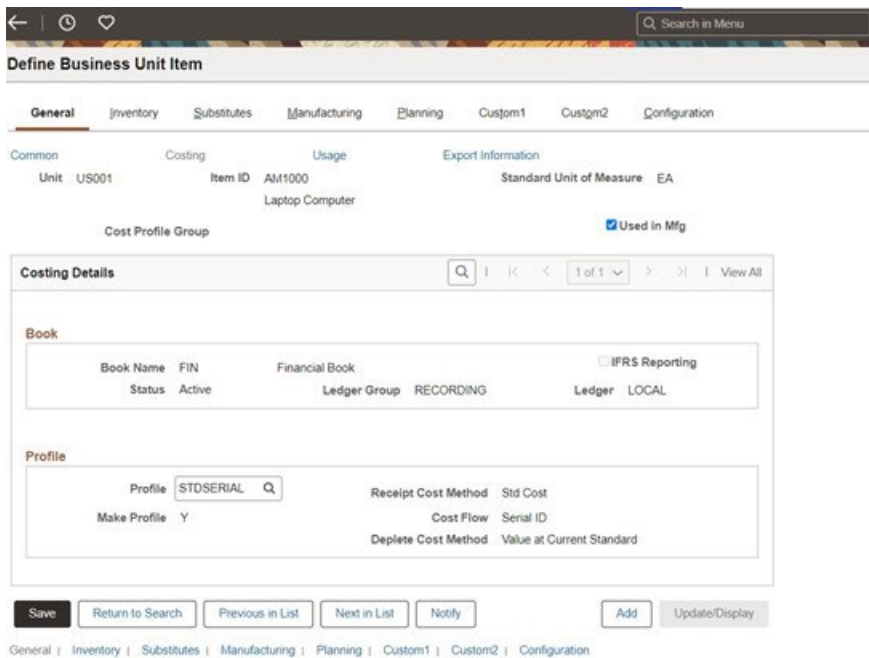


Figure 1. Flexible setup allows multiple cost books per item.

Inventory Accounting

Choose from standard, weighted average, or actual costing methods on an item-by-item basis in PeopleSoft Inventory and Manufacturing. Accounting entries are defined for each inventory transaction and you can choose the accounts based on specific items, item groups, distribution types, or even by cost element. Accounting entries can be posted to PeopleSoft General Ledger or a third-party general ledger system. You can easily select and view accounting entries, accounting entry details, and item cost history. Drill-down and drill-back capability is provided, enabling you to analyze financial transactions originating in the general ledger and drilling to the individual transactions, or starting at a transaction and drilling to the general ledger account to which it is ultimately posted.

Simplified Cost Foundation Setup

Within a Manufacturing environment, an easy cost foundation setup is provided so you can define unlimited cost types including standard, weighted average, forecasted, current, activity-based and more. For purchased items, you can select the purchase price option to base costs to facilitate simulations and what-if analysis. Cost versions help maintain a history of the different costs calculated, and allow you to compare costs using the different methods. You have ultimate flexibility in calculating conversion costs using labor, or machine times and rates, as well as multiple means of applying overhead.

Cost Rollups

Related Products

The following PeopleSoft products leverage the functionality in Oracle PeopleSoft Cost Management:

- Purchasing
- Inventory
- Manufacturing
- Payables
- General Ledger

Related Services

The following services support Oracle PeopleSoft Cost Management:

- Update Subscription Services
- Product Support Services
- Professional Services

Within our standard costing environment, the cost of manufactured items, engineering changes, and configured items are automatically calculated based on an items' bill of material structure, routing, and applicable rates for the manufacturing business unit. You can perform cost rollups for a single item, a range of items, a group of items, or all items within a business unit, as well as for any cost type. You can compare cost versions to determine the impact of changes to an item's cost. Rollups can be performed on production and engineering BOM's, which allows you to analyze costs prior to putting them into production. You can view errors encountered in the cost rollup, such as looping BOMs that make items with no BOMs or routings, or purchased items with no purchase costs, so corrective actions can be taken prior to moving costs into production.

Production Performance Management

PeopleSoft Cost Management enables you to efficiently manage and evaluate production cost performance. You can value work-in-process inventory on demand, by viewing the cost of material, labor, machine, and overhead components. You can generate detailed reports that analyze the cost ramifications of production. You can analyze production variances prior to order close, to ensure all costs are properly collected.

Event-Driven Solutions

The PeopleSoft alerts and warnings framework monitors your business processes so you can take preventive actions to avoid downstream problems. For example, you can notify your cost accounting team when inventory transactions are not costed or accounted for, thereby preventing inventory reconciliation issues at period end. In a manufacturing environment, you can proactively monitor production variances so they are investigated before the production order closes.

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