Oracle Financials Cloud
Using Revenue Management

19C
# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preface</strong></td>
<td>i</td>
</tr>
<tr>
<td><strong>1 Overview</strong></td>
<td>1</td>
</tr>
<tr>
<td>Overview of Revenue Management</td>
<td>1</td>
</tr>
<tr>
<td><strong>2 Manage Revenue Management</strong></td>
<td>3</td>
</tr>
<tr>
<td>Manage Customer Contracts</td>
<td>3</td>
</tr>
<tr>
<td>Manage Standalone Selling Prices</td>
<td>18</td>
</tr>
<tr>
<td><strong>3 Recognize Revenue</strong></td>
<td>21</td>
</tr>
<tr>
<td>How Revenue Recognition Is Processed</td>
<td>21</td>
</tr>
<tr>
<td>Guidelines for Accounting in Revenue Management</td>
<td>23</td>
</tr>
<tr>
<td><strong>4 Integrating Revenue Management with Other Applications</strong></td>
<td>25</td>
</tr>
<tr>
<td>Guidelines for Integrating Revenue Management with Oracle E-Business Suite</td>
<td>25</td>
</tr>
<tr>
<td>Guidelines for Integrating Revenue Management with Oracle ERP Cloud</td>
<td>27</td>
</tr>
<tr>
<td><strong>5 Revenue Management Reporting</strong></td>
<td>31</td>
</tr>
<tr>
<td>Revenue Contract Account Activity Report</td>
<td>31</td>
</tr>
<tr>
<td>Standalone Selling Price Report</td>
<td>31</td>
</tr>
<tr>
<td>Open Performance Obligation Report</td>
<td>32</td>
</tr>
</tbody>
</table>
# Define Revenue Management

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source Document Types</td>
<td>35</td>
</tr>
<tr>
<td>System Options</td>
<td>35</td>
</tr>
<tr>
<td>Performance Satisfaction Plans</td>
<td>36</td>
</tr>
<tr>
<td>Contract Identification Rules</td>
<td>37</td>
</tr>
<tr>
<td>Performance Obligation Identification Rules</td>
<td>38</td>
</tr>
<tr>
<td>Performance Obligation Templates</td>
<td>38</td>
</tr>
<tr>
<td>Pricing Dimension Structures and Value Sets</td>
<td>39</td>
</tr>
<tr>
<td>Create a Pricing Dimension Structure and Value Sets</td>
<td>40</td>
</tr>
<tr>
<td>Pricing Dimensions</td>
<td>43</td>
</tr>
<tr>
<td>Pricing Dimension Bands</td>
<td>44</td>
</tr>
<tr>
<td>Item Groups</td>
<td>46</td>
</tr>
<tr>
<td>Standalone Selling Price Profiles</td>
<td>47</td>
</tr>
<tr>
<td>Standalone Sales Pool Exclusion Rules</td>
<td>47</td>
</tr>
<tr>
<td>FAQs for Define Revenue Management</td>
<td>48</td>
</tr>
</tbody>
</table>
Preface

This preface introduces information sources that can help you use the application.

Using Oracle Applications

Using Applications Help

Use help icons 🟢 to access help in the application. If you don’t see any help icons on your page, click your user image or name in the global header and select Show Help Icons. Not all pages have help icons. You can also access Oracle Applications Help.

Watch: This video tutorial shows you how to find help and use help features.

You can also read Using Applications Help.

Additional Resources

- **Community:** Use [Oracle Cloud Customer Connect](https://www.oracle.com) to get information from experts at Oracle, the partner community, and other users.

- **Guides and Videos:** Go to the [Oracle Help Center](https://www.oracle.com) to find guides and videos.

- **Training:** Take courses on Oracle Cloud from [Oracle University](https://www.oracle.com).

Conventions

The following table explains the text conventions used in this guide.

<table>
<thead>
<tr>
<th>Convention</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>boldface</strong></td>
<td>Boldface type indicates user interface elements, navigation paths, or values you enter or select.</td>
</tr>
<tr>
<td><strong>monospace</strong></td>
<td>Monospace type indicates file, folder, and directory names, code examples, commands, and URLs.</td>
</tr>
<tr>
<td>&gt;</td>
<td>Greater than symbol separates elements in a navigation path.</td>
</tr>
</tbody>
</table>

Documentation Accessibility

For information about Oracle’s commitment to accessibility, visit the [Oracle Accessibility Program website](https://www.oracle.com).

Videos included in this guide are provided as a media alternative for text-based help topics also available in this guide.
Contacting Oracle

Access to Oracle Support
Oracle customers that have purchased support have access to electronic support through My Oracle Support. For information, visit My Oracle Support or visit Accessible Oracle Support if you are hearing impaired.

Comments and Suggestions
Please give us feedback about Oracle Applications Help and guides! You can send an e-mail to: oracle_fusion_applications_help_ww_grp@oracle.com.
1 Overview

Overview of Revenue Management

Revenue Management is a centralized, automated revenue management product that enables you to address the ASC 606 and IFRS 15 accounting standard Revenue from Contracts with Customers. Revenue Management provides a configurable framework to automate the identification and creation of customer contracts and performance obligations, their valuations, and the resulting accounting entries. It also lets you recognize revenue over time or at a point in time.

Import Data into Revenue Management

Revenue Management works with any source application and is integrated with Oracle Financials Cloud, Project Financial Management Cloud, and Oracle E-Business Suite Release 12.1.3 or higher. Revenue Management also provides robust integration with third party applications through a file-based data import integrated workbook.

There are three types of integrated data in Revenue Management:

- Contract-related information such as sales order lines.
- Billing-related information, such as sales invoices.
- Satisfaction-related information such as product shipment and fulfillment, or project milestone completion.

Data from the various source systems is processed and managed centrally in Revenue Management.

Manage Standalone Selling Prices

Revenue Management automatically calculates observed standalone selling prices based on:

- Imported standalone sales pool.
- Pricing dimensions you defined

You verify the suggested values and decide whether to establish them as revenue prices for any specific period.

You can also manually upload standalone selling prices or estimated selling prices using an integrated workbook.

Manage Contracts

You can easily ensure compliance with the new ASC 606 and IFRS 15 accounting standards using the Revenue Management centralized repository that stores imported and processes sales data. Revenue Management analyzes the data, and uses user-defined rules to automatically group the data into performance obligations and customer contracts.

After the contract and performance obligations are identified, Revenue Management performs the following ASC 606 and IFRS 15 explicit steps:

- Determines the transaction price for each accounting contract.
• Allocates the transaction price using a relative allocation based on standalone selling prices across performance obligations in an accounting contract.

• Recognizes revenue when each performance obligation is satisfied either at a point in time or over time, based on satisfaction events or revenue satisfaction plans.

Accounting

Revenue Management is fully integrated with the Subledger Accounting rules engine. In Subledger Accounting, the Revenue Contract event class uses initial performance events to generate the appropriate accounting entries. Initial performance events can be either billing events or satisfaction events:

• Billing events: Revenue Management uses the earlier of the billing event or initial performance event to accrue performance obligation liabilities.

• Satisfaction events: Revenue Management uses satisfaction events to determine whether or not the accrual is extinguished and revenue is recognized.

Related Topics

• Guidelines for Integrating Revenue Management with Oracle E-Business Suite

• Guidelines for Integrating Revenue Management with Oracle ERP Cloud

• Pricing Dimensions

• Customer Contracts

• Guidelines for Accounting in Revenue Management
Manage Revenue Management

Manage Customer Contracts

Customer Contracts

A customer contract is an agreement between two or more parties that creates enforceable rights and obligations. The contract may exist in the form of a paper document signed by both parties or it can be a contract that is agreed to orally by both parties.

The Accounting Standards Codification (ASC) standard ASC 606 and the International Financial Reporting Standards (IFRS) standard IFRS 15:

- Define an eligible contract very specifically. See IFRS 15, paragraphs 9 though 16, or ASC 606, paragraphs 625-10-25-1 through 625-10-25-8 for details.
- Require that in certain circumstances, you must combine contracts. See IFRS 15, paragraph 17 or ASC 606, paragraph 625-10-25-9.
- Require that you review the transaction at inception and identify your promises to the customer as performance obligations, using the criteria of distinctness. See IFRS 15, paragraph 22, and ASC 606, paragraph 625-10-25-14.
- Require you to determine at inception whether revenue can be recognized either over time (limited to three circumstances) or at a point in time (all other circumstances). See IFRS 15, paragraph 32 and ASC 606, paragraph 625-10-25-24.

Identify Contracts in Revenue Management

In Oracle Fusion Revenue Management, customer contracts are made up of a series of source lines. These source lines represent different portions of the contract.

For example, if a customer signs a contract to supply computer hardware and also to provide technical support for one year from the date of installation, then the portion of the contract related to the supply of computer hardware is captured as a sales order and the portion of the contract related to technical support is captured as a service contract.

The individual documents are extracted from these applications at different points of time and are interfaced with Revenue Management as source documents. In Revenue Management, these documents are identified as belonging to one customer contract. The Customer Contract document is created with lines of these documents.

To combine multiple source document lines into a single customer contract automatically, there must be a common link between these documents. This common link can be:

- An identifier that is captured on all the source documents or source document lines, for example, a customer’s purchase order number.
- A specific time period. In other words, all source document lines were created for a customer within a short span of time.

For example, multiple source document lines created for the same customer within 30 days should form part of one accounting contract for revenue recognition purposes.
A single invoice can, from a revenue recognition standpoint, represent the following three scenarios:

- All of the items in the invoice were purchased independently and the invoice must be split into ten customer contracts.
- All of the items were purchased as one bundle and the entire invoice is identified as one customer contract.
- Some of the items in the invoice are related, and the invoice must be split into multiple contracts with related items added to one contract.

In this case, the invoice will result in more than one, but fewer than eleven customer contracts.

An organization can also enter into multiple independent customer contracts with the same customer that are fulfilled simultaneously over a period of time. A customer contract can be represented in the upstream applications as source documents in many ways:

- One accounting contract is represented as one source document.
- One accounting contract is represented as multiple source documents from the same or different applications.
- Multiple accounting contracts are represented as one source document.

**Related Topics**

- Contract Identification Rules

**Performance Obligations**

A performance obligation is a distinct promise in the customer contract to transfer goods or services to the customer. A customer contract can have one or more performance obligations. The source document lines that are included in a contract are grouped into performance obligations.

Performance obligations can be either explicit or implied.

You can configure your setup to identify performance obligations automatically using any of the following:

- Performance obligation identification rules
- Performance obligation templates
- Implied performance obligation templates

**Explicit Performance Obligations**

Explicit performance obligations are the goods or services that are explicitly stated in the contract.

**Implied Performance Obligations**

Implied performance obligations include promises that are implied by an entity’s customary business practices or published policies. These promises are not explicitly stated in the contract.

Implied performance obligations:

- Are not captured in the upstream applications
- Can be added automatically in customer contracts using the Implied Performance Obligation templates
- Can be added manually
Performance Obligation Satisfaction

Satisfaction methods together with satisfaction measurement models specify how a performance obligation is satisfied. Performance obligations can be satisfied at a point in time or over time.

Satisfaction of performance obligations is tracked at the promised detail level and then summarized at the performance obligation level. Performance obligations have one or more promised details lines. Promised details specify what products or services will be provided to the customer and the consideration expected from the customer. Within a performance obligation, all promised details:

- Belong to a single legal entity
- Are in the same currency as the performance obligation

Each performance obligation uses one or more satisfaction events that specify what proportion of the promised detail is satisfied. Satisfaction events are created according to the selected satisfaction measurement model. The satisfaction measurement model specifies how satisfaction will be measured and recorded for a promised detail.

Each promised detail uses one of the following satisfaction measurement models:

<table>
<thead>
<tr>
<th>Satisfaction Measurement Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure Quantity Satisfied</td>
<td>Use this model when the customer is promised a specified quantity of goods or services as part of the performance obligation. When this model is used, Revenue Management creates a performance obligation satisfaction event when a quantity of goods or services are delivered or satisfied. A performance obligation can have multiple satisfaction events if partial quantities are delivered.</td>
</tr>
<tr>
<td>Measure Percentage Satisfied</td>
<td>Use this model when the performance obligation satisfaction is measured as a percentage of the work completed. Revenue Management creates satisfaction events based on satisfaction information received from the source applications. The performance obligation satisfaction record is created to specify the percentage of the work completed. Revenue will be recognized in the same proportion as the work completed.</td>
</tr>
</tbody>
</table>
| Measure Period Satisfied                        | Use this model when the performance obligation satisfaction is measured in terms of time periods satisfied. Revenue Management creates the satisfaction event to specify what time period is satisfied and the proportionate revenue for the time period. When this model is selected you must also provide:  
  - The satisfaction plan that specifies the total number of periods and the proportionate revenue for each period  
  - The start date and optionally the end date of the time period over which the performance obligation will be satisfied  
  - If the satisfaction plan is a variable period schedule, the number of periods for the schedule |

Import Additional Satisfaction Events for Revenue Contracts

In some circumstances, you may need to import additional satisfaction events into a contract.

For example, let’s say that a customer has a telecommunication contract that includes a device with a talk and text plan for a period of 24 months. After nine months, the customer requests a temporary suspension of the contract for three months while she travels abroad.
Suspend Revenue Recognition
You can temporarily suspend revenue recognition for a contract without canceling it and creating a new. Here’s how:

1. Open the Revenue Basis Data Import file-based data import template.
2. Click the **VRM_SOURCE_DOC_SUB_LINES** worksheet tab.
3. In the **Period Satisfaction Event Action Type** column, enter Reverse.
4. In the **Period Satisfaction Event Effective Date** column, enter the date when the contract suspension begins (the date when the application stops recognizing revenue).
5. Enter any additional required information.
6. Submit the template and the import process reverses the satisfaction events and the revenue recognized beginning in the period in which the period satisfaction event effective date falls.

Resume Revenue Recognition
At the end of the three-month suspension period, you want the contract to resume revenue recognition. Here’s how:

1. Open the Revenue Basis Data Import file-based data import template.
2. Click the **VRM_SOURCE_DOC_SUB_LINES** worksheet tab.
3. In the **Period Satisfaction Event Action Type** column, enter Reinstate.
4. In the **Period Satisfaction Event Effective Date column**, enter the effective date of the reinstatement, which is the day after the suspension ends.
5. Enter any additional required information.
6. Submit the template and the import process creates satisfaction events for that service and recognizes revenue beginning in the period in which the period satisfaction event effective date falls.

After you reinstate revenue recognition, the contract is automatically extended for an additional three months, which is the amount of time the contract was suspended. Contracts are extended by periods or days, depending on the satisfaction plan type:

<table>
<thead>
<tr>
<th>Satisfaction Plan Type</th>
<th>Extended by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Schedule or Variable Schedule</td>
<td>Number of periods</td>
</tr>
<tr>
<td>Daily Rates Partial Periods or Daily Rates All Periods</td>
<td>Number of days</td>
</tr>
</tbody>
</table>

Correct Spreadsheet Errors
If any lines fail during the import process, use the Correct Contract Document Errors spreadsheet to correct the errors.

Validation Considerations
Keep these points in mind when suspending and resuming revenue recognition:

- The Create Contract Renewal Source Data process doesn’t create a renewal contract if revenue recognition of the base contract was put on hold and hasn’t yet resumed.
- The values sent for new attributes are ignored if the corresponding line is renewed.
- If you suspend and reinstate a base contract before the contract is renewed, then the Create Contract Renewal Source Data process creates the renewed contract with a start date that is the effective plan end date of the base contract plus 1.
Let's look at an example: Your customer has a base contract with a service that has a start date of 1 May 2018 and an end date of 31 July 2018. The service is suspended from 16 June 2018 and resumed on 1 July 2018. When your customer resumes this service, the effective plan end date is 15 August 2018. The Create Contract Renewal Source Data process creates a renewal contract for this base contract with a plan start date of 16 August 2018.

- If you process a subline with a Reinstate action and there's no earlier corresponding subline with a Reverse action, then the subline fails validation and appears in the error correction spreadsheet.
- The process ignores period sublines with an Immaterial change type of Immaterial.
- The process ignores sublines with Reverse or Reinstate actions that correspond to a devolved performance obligation.
- When you discard a contract using the Discard Customer Contracts process, any period sublines related to the contract are reset and are then available for reprocessing by the Identify Customer Contracts process.

**How Revenue Basis Import Data Is Processed**

Use the Revenue Basis Data Import template to enter the revenue data that will be imported into Revenue Management. The template contains a detailed instruction worksheet on how to prepare and upload your revenue data. The template also provides field-level bubble help to help you with entering your data.

You can use the import process to import revenue data or promises to the customers, which are then grouped into performance obligations and contracts.

**Settings That Affect the Revenue Basis Data Import Process**

The Revenue Basis Data Import template contains an instructions tab, plus three tabs that represent the tables where the data is loaded:

<table>
<thead>
<tr>
<th>Spreadsheet Tab</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructions and CSV Generation</td>
<td>Contains instruction information about preparing and loading data, the format of the template, submitting the Validate Customer Contract Source Data process, and correcting import errors.</td>
</tr>
<tr>
<td>VRM_SOURCEDOCUMENTS</td>
<td>Enter the source document header information.</td>
</tr>
<tr>
<td>VRM_SOURCEDOC_LINES</td>
<td>Enter information about the source document lines, such as the quantity, unit selling price, and line amount.</td>
</tr>
<tr>
<td>VRM_SOURCEDOC_SUB_LINES</td>
<td>Enter information about satisfaction events.</td>
</tr>
</tbody>
</table>

When entering data in the Revenue Basis Data Import template, ensure the following:

1. The values for the following columns should be the same in the VRM_SOURCEDOCUMENTS worksheet and the VRM_SOURCEDOC_LINES worksheet of the Revenue Basis Data Import template for related rows:
   - Source document type code
   - Source document unique identifier 1 through 5
   - Source document unique identifier character 1 through 5
   - Date of source document
Oracle Financials Cloud
Using Revenue Management

Chapter 2
Manage Revenue Management

- Bill-to customer site reference in the source system
- Ship-to customer site reference in the source system
- Bill-to customer reference in the source system
- Ship-to customer reference in the source system
- Customer classification of a bill-to customer
- Source system

2. The values for the following columns should be the same in the VRM_SOURCE_DOC_LINES worksheet and the VRM_SOURCE_DOC_SUB_LINES worksheet of the Revenue Basis Data Import template for related rows:
   - Source document type unique identifier
   - Flexible source document line reference 1 through 5
   - Flexible source document line unique identifier character 1 through 5

How Revenue Data Is Processed
After importing your revenue data, you must:

1. Run the Validate Customer Contract Source Data process to validate the revenue data.
3. Run the Identify Customer Contracts process to identify your contracts and performance obligations.

Related Topics
- File-Based Data Import for Oracle Financials Cloud

Guidelines for Reviewing Contracts That Require Attention
The Revenue Management Overview page lists all contracts that require attention. Contracts that require attention are listed in three categories:

- Pending Review
- Pending Allocation
- Pending Revenue Recognition

Contracts Pending Review
The following table lists the possible reasons a contract is pending review and actions that you can take:

<table>
<thead>
<tr>
<th>Causes</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review individual contracts by clicking the link for the specific contract. At the contract level, you can review a contract and mark it as reviewed, and it will no longer appear in this tab. The accounting contract becomes available for further processing by Revenue Management.</td>
<td></td>
</tr>
<tr>
<td>If you need to review additional information, you can view the contract history, and the performance obligation, promised detail, and satisfaction event details.</td>
<td></td>
</tr>
</tbody>
</table>
Contracts Pending Allocation
The following table lists the possible reasons a contract is pending allocation and actions that you can take:

<table>
<thead>
<tr>
<th>Causes</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting contracts that were manually set to Hold.</td>
<td>Review individual contracts by clicking the link for the specific contract. Within each contract, you can view information about what is missing for each promised detail line. For example, the promised detail line may be missing the standalone selling price. Once the missing information is uploaded, you can run the Identify Customer Contracts program to allocate the transaction price.</td>
</tr>
</tbody>
</table>

Contracts Pending Revenue Recognition
The following table lists the possible reasons a contract is pending revenue recognition and actions that you can take:

<table>
<thead>
<tr>
<th>Causes</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting contracts with missing standalone or estimated selling prices at the promised detail level or at the performance obligation level. Accounting contracts with performance obligations in foreign currencies where the conversion rate is not available.</td>
<td>Review each individual contract by clicking the link for the specific contract. Within each contract, click on the Promised Details tab and check each of the promised details to determine which promised details are missing revenue attributes. Update the required missing attributes. The accounting contract becomes available for further processing by Revenue Management.</td>
</tr>
</tbody>
</table>

Points to remember about satisfaction plans:
- The plan start date is required for all satisfaction plans.
- For satisfaction plans of type Fixed or Variable, the application derives the Satisfaction Plan Duration from the Scheduling Rules setup and you cannot enter the Plan End date.
- If the satisfaction plan is of type Daily Rate, then the Plan End Date is required and you cannot enter the Satisfaction Plan Duration.

How Billing Data Import Data Is Processed
Use the Billing Data Import process to enter billing data into Revenue Management for your revenue data. The template contains a detailed instruction worksheet on how to prepare and upload your billing data. The template also provides field-level bubble help to aid you with entering your data.

You can then use the import billing data process to import the billing data.
To access the template, complete the following steps:

1. Navigate to the File-Based Data Import for Oracle Financials Cloud guide.
2. In the Table of Contents, click **File-Based Data Imports**.
3. Click **Billing Data Import**.
4. In the File Links section, click the link to the Excel template.

Follow these guidelines when preparing your data in the worksheet:

- Enter the required information for each column. Refer to the tool tips on each column header for detailed instructions.
- Do not change the order of the columns in the template.
- You can hide or skip the columns you do not use, but do not delete them.

### Settings That Affect the Billing Data Import Process

The Billing Data Import template contains an instructions tab and a tab that represents the table where the billing lines are loaded:

<table>
<thead>
<tr>
<th>Spreadsheet Tab</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructions and CSV Generation</td>
<td>Contains instruction information about preparing and loading data, the format of the template, submitting the Import Billing Data process, and correcting import errors.</td>
</tr>
<tr>
<td>Billing Line Details</td>
<td>Enter information about the billing lines to be imported from the billing application for the revenue lines.</td>
</tr>
</tbody>
</table>

When entering data in the Billing Data Import template, ensure the following:

1. The value of the following column should be the same in the Billing Line Details worksheet of the Billing Data Import template and all of the tables (worksheets) of the Revenue Basis Data Import template for all related rows:
   - Source document type code

2. The value for the following columns should be the same in the Billing Line Details worksheet of the Billing Data Import template and the VRM_SOURCE_DOC_LINES and VRM_SOURCE_DOC_SUB_LINES worksheets of the Revenue Basis Data Import template for related rows:
   - Source document line unique identifier 1 through 5
   - Source document line unique identifier character 1 through 5
   - Source system

### How Billing Data Is Processed

After loading your billing data, you must:

1. Run the Import Billing Data process to match the billed amount to each corresponding promised detail line.
2. Run the Recognize Revenue of Customer Contracts process to generate the journal entries to account for the billing of the performance obligation.

Once your billing data is processed, you can then review the billed amount at the promised detail, performance obligation, and contract header levels.
Related Topics

- File-Based Data Import for Oracle Financials Cloud

Classify Contract Revisions

The ASC 606 and IFRS 15 accounting standards disclosure requirements require entities to distinguish between revisions to contract data that reflect estimation accounting and those that reflect true contract modifications.

Revision Intent Type

The two categories of revision are as follows:

<table>
<thead>
<tr>
<th>Revision Intent Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Consideration Estimation Correction (Estimate Correction)</td>
<td>Estimate corrections occur when an organization originally estimates contract terms at the inception of the contract, and later the organization needs to adjust the initial estimate.</td>
</tr>
<tr>
<td>Contract Modification</td>
<td>Contract modifications occur when an organization and their customer agree to a change in the scope or price of the contract. For example, the customer may want to purchase additional goods or services that were not originally agreed upon.</td>
</tr>
</tbody>
</table>

In support of the reporting requirement, use the revision intent type to indicate the classification of the revision by:

- Including the revision intent type value in the Revenue Basis Data Import file-based data import worksheet to capture the intent from your upstream source systems.
- Specifying a default revision intent type based on the source type on the Manage Source Document Types page to automatically assign when processing a contract revision.
- Manually assigning the revision intent type using the Manage Customer Contracts page.

Assign the Revision Intent Type in Upstream Source Applications

If your upstream source application enables you to assign and provide the revision classification for contract revision lines, you can use the Revision Intent attribute in the Revenue Basis Data Import FBDI worksheet to capture the revision intent type. Use the Correct Source Document Line Errors integrated workbook to correct any errors.

Assign the Revision Intent Type Based on the Source Document Type

If you are not able to assign a revision classification in the upstream source applications, you can systematically assign a default revision classification to the revision line based on the source of the line in the Manage Source Document Types page.

Revenue Management includes predefined revision intent values for the following source document types:

<table>
<thead>
<tr>
<th>Source Document Name</th>
<th>Predefined Default Revision Intent Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPQ Cloud</td>
<td>Contract Modification</td>
</tr>
<tr>
<td>DOO Sales Order</td>
<td>Contract Modification</td>
</tr>
<tr>
<td>Oracle Fusion Contracts</td>
<td>Contract Modification</td>
</tr>
</tbody>
</table>
Update the Revision Intent Type

You can update the revision intent type on the Manage Customer Contracts page, regardless of whether the revision intent type was originally assigned:

- By the source application.
- By default based on the source document type.

Discard Customer Contracts

When reviewing customer contracts and their associated performance obligations, you may decide to discard the customer contracts. A contract in any status is eligible for discard.

这笔注意: 你只能丢弃你有权限的账簿中的合同。

To discard customer contracts and their performance obligations, run the Discard Customer Contracts process. The process:

- Sets the status of those contracts to Discarded
- Sets the transaction price to zero
- Reverses the accounting entries, if any were created previously

After the customer contracts are discarded, you can modify your system configuration and then submit the Identify Customer Contracts process to reprocess the source document lines of the discarded customer contracts. The source document lines are processed as if they are newly received source document lines.

View Discarded Contracts

You can view discarded customer contracts by selecting the Discarded status on the Manage Customer Contracts page. Discarded contracts are available in read-only format. You cannot update discarded contracts.

Guidelines for Renewing Revenue Contracts Automatically

You can automatically renew customer contracts when the initial period ends. When you use this feature, designated customer contracts can be rolled over or converted to new periodic contracts (for example, month-to-month contracts) when the original contract term ends.
For example, a customer signs up for a two-year wireless contract. After the two-year wireless services are completed, the completed contract becomes a month-to-month contract, until the customer explicitly terminates the contract.

Accounting contracts created in Revenue Management consist of one or more performance obligations. Performance obligations contain promised detail lines that represent the item or service that is promised to the customer. Promised detail lines, or service lines, are created from source document lines.

To be eligible for renewal, contracts must meet the following criteria:

- Contract must have promised detail lines that are designated as recurring.
- Allocation status is Allocated, Exempted or Not Required.
- Freeze date is earlier than or equal to the current processing date.

Promised detail lines that are eligible for renewal processing must have the following characteristics:

- Promised detail line is recurring.
- Satisfaction measurement model is Period.
- Revenue Rule type of the satisfaction plan is Daily Rate, Partial Periods.

Promised detail lines are identified as recurring by the following attributes:

- Recurring indicator
- Recurring frequency
- Recurring pattern
- Recurring amount

When the recurring promised detail lines of eligible accounting contracts reach their satisfaction plan end date, the Create Contract Renewal Source Data process generates new source document headers and lines based on the recurring attributes. On the next execution of the Validate Customer Contract Source Data and Identify Customer Contracts processes, the lines are identified into new recurring accounting contracts.

Considerations for Processing Actions

The processing actions you can perform on accounting contracts that contain recurring promised detail lines are restricted based on whether they are performed during the initial accounting contract term or the recurring term.

You can perform the following actions during the initial term of the original accounting contract:

- Modify recurring attributes
  
  You can change any of the recurring attributes on the promised detail line before the contract freeze date on the original accounting contract. However, once the original accounting contract is frozen or billing is applied to the recurring promised detail line, you cannot modify the Recurring indicator of the promised detail line.

- Modify promised detail lines
  
  You can change the quantity, amount, and satisfaction plan date using a contract revision. Contract revisions are either material or immaterial. Perform promised detail line modifications as source document line revisions.

You can perform the following actions after the initial term of the recurring promised detail line expires and the promised detail line is part of a recurring contract:

- Termination of the contract
  
  Termination is the only action allowed once the promised detail lines have been renewed. The automatic renewal of the service promised detail line continues each periodic cycle until the customer explicitly terminates the contract.
To terminate the service, you must send a revision line for the original order line to Revenue Management with the effective termination date.

Create a Recurring Service Line

In this example, you create a recurring service line.

Let’s say your organization is offering a promotional service plan. The plan consists of a one-year wireless contract that converts to a month-to-month contract after the one-year wireless services are completed on May 31, 2019. The rates for the month-to-month contract are:

- $60 for talk and text
- $40 for unlimited data

The services are renewed each month until your customer explicitly terminates the contract.

In this example, there are three lines:

- Device
- Talk and text service
- Unlimited data service

Identify Recurring Service Attributes

1. Open the Revenue Basis Data Import file-based data import template to import your order lines or sales data from your source application.
2. Populate the required fields in the Source Documents and Source Document Lines tabs.
3. Enter these values in the Talk and Text line:

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring Indicator</td>
<td>Y</td>
</tr>
<tr>
<td>Recurring Frequency</td>
<td>1</td>
</tr>
<tr>
<td>Recurring Pattern</td>
<td>MO</td>
</tr>
<tr>
<td>Recurring Amount</td>
<td>60.00</td>
</tr>
</tbody>
</table>

4. Enter these values in the Unlimited Data line:

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring Indicator</td>
<td>Y</td>
</tr>
<tr>
<td>Recurring Frequency</td>
<td>1</td>
</tr>
<tr>
<td>Recurring Pattern</td>
<td>MO</td>
</tr>
<tr>
<td>Recurring Amount</td>
<td>40.00</td>
</tr>
</tbody>
</table>
5. On the Instructions and DAT Generation tab, click **Generate DAT File**.

### Create Recurring Service Lines

After importing your order lines into Revenue Management:

1. Run the Validate Customer Contract Source Data process to validate the revenue data.
3. Run the Identify Customer Contracts process to identify your contracts and performance obligations.
4. Once you successfully upload and process the recurring source document lines, view the resulting recurring promised detail lines on the Edit Customer Contract page on the Promised Details tab.

### How Contract Renewal Source Data Is Processed

You can renew eligible expired recurring promised detail lines by running the Create Contract Renew Source Data process.

The process:

- Scans the existing promised detail lines of your performance obligations to determine which lines have reached their plan end date.
- Determines renewal eligibility of the promised detail line and contract.
- Locates the latest source document header and line version for the eligible promised detail line.
- Creates new source document headers and lines by using the latest source document version line, and then updates the data to reflect the new plan period and amount or termination.
- Writes the new source document header and lines to the source document tables for further processing.

After the process is complete, submit the Validate Customer Contract Source Data and Identify Customer Contracts processes to process any newly received source documents.

### Settings That Affect Contract Renewal Source Data

When you run the Create Contract Renewal Source Data process, the process considers only the promised detail lines of valid accounting contracts. Valid accounting contracts have the following settings:

- The allocation status is one of the following:
  - Allocated
  - Not Required
  - Exempted
- The freeze date is earlier than or the same as the system date.

For valid accounting contracts, recurring promised detail lines with the following conditions are eligible for renewal:

- Termination date is blank or later than the system date.
- Promised detail lines are not tagged as discarded.
- Revenue has been fully recognized.
• Promised detail lines were not already processed for renewal.
• Data Transformation Status is processed.
• Promised detail lines have no outstanding unprocessed return lines.

How Contract Renewal Source Data Is Processed
Using the original (parent) source document header and line of the recurring promised detail line as a basis, the process generates a new source document to reflect the new service period. The new source documents are copies of the latest version of the source document lines used to create the promised detail lines with the following modifications:

• The following columns in the SOURCE/Documents table are updated as follows:

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Document Date</td>
<td>Earliest plan start date</td>
</tr>
<tr>
<td>Recurring Header Sequence Number</td>
<td>Incremented by one on each copy</td>
</tr>
</tbody>
</table>

• The following columns in the SOURCE/Doc/Lines table are updated as follows:

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Document Date</td>
<td>Satisfaction plan end date plus one day</td>
</tr>
<tr>
<td>Quantity</td>
<td>Recurring amount divided by the unit selling price</td>
</tr>
<tr>
<td>Line Amount</td>
<td>Recurring Amount</td>
</tr>
<tr>
<td>Satisfaction Plan Start Date</td>
<td>Satisfaction plan end date plus one day</td>
</tr>
<tr>
<td>Satisfaction Plan End Date</td>
<td>Satisfaction plan end date is incremented by the recurring frequency and recurring pattern</td>
</tr>
<tr>
<td>Version Number</td>
<td>1</td>
</tr>
<tr>
<td>Version Indicator</td>
<td>N</td>
</tr>
<tr>
<td>Contract Modification Date</td>
<td>Blank</td>
</tr>
<tr>
<td>Revision Intent Type</td>
<td>Blank</td>
</tr>
<tr>
<td>Add to Contract Indicator</td>
<td>Blank</td>
</tr>
<tr>
<td>Add to Contract Action Code</td>
<td>Blank</td>
</tr>
<tr>
<td>Recurring Line Sequence Number</td>
<td>Incremented by one on each copy</td>
</tr>
<tr>
<td>Contract Group Number</td>
<td>If blank, the line document number is concatenated with the customer contract number. Otherwise, the original contract group number is used.</td>
</tr>
</tbody>
</table>
The Identify Customer Contract process processes the newly created recurring source document line using the original recurring source document line identification value, and bypasses the Contract Identification Rule logic. The contract is then assigned a freeze date equal to the document date plus one day, regardless of the freeze rule of the original contract identification rule.

When a contract is first renewed, if no contract group number is assigned to the original accounting contract, the Identify Customer Contract process assigns a contract group number to the contract. The system-generated contract group number consists of the document number concatenated with the contract number of the parent accounting contract. The same contract group number is used for subsequent renewals.

**Billing Lines for Free Goods or Services**

Some contracts may contain goods or services that are free. To account for these free services, you can configure Revenue Management to automatically create a billing line with an amount of zero when you import a revenue source document line with a unit selling price of zero into Revenue Management. The Revenue Management-created bill line can then be applied to the performance obligation value, clearing the right to bill.

When a zero-priced transaction line is fully satisfied, Revenue Management generates a zero bill line only if no zero bill line was received from the source system to clear the balances in the contract asset and allocated discount accounts.

If you revise the full satisfaction status of a zero-priced transaction line, Revenue Management discards the previous zero bill line and the associated accounting, and creates a new zero bill line based on the revised full satisfaction date.

In the event that the source application subsequently sends in a zero bill line after Revenue Management created the zero bill line, the Revenue Management-created bill line is replaced with the source system bill line. The Revenue Management-created zero bill line is discarded and its accounting is reversed and replaced with the appropriate account for the source application bill line.

**FAQs for Manage Customer Contracts**

**How can I correct contract document errors?**
Correct contract document errors by using a spreadsheet provided by Revenue Management.

Correct errors using the following steps:

1. From the Overview page, click the Correct Contract Document Errors in Spreadsheet panel tab and download the Correct Contract Document Errors spreadsheet.
2. From the Summary sheet, review the count of error records for documents, document lines, and document sublines.
3. Review and correct the errors in the respective areas based on the error message displayed on each line.
4. After correcting the records on all tabs, click Upload.

**What’s an implied performance obligation?**
Implied performance obligations are obligations that are implied by customary business practices or published policies outside of the contract. Although implied performance obligations may or may not be defined in a contract, they are
considered part of the contract and must be satisfied to meet the contract requirements. For example, common implied obligations are warranties that are associated with software licenses, repair services that are packaged with installation of servers, and customer support associated with implementation of business applications.

Manage Standalone Selling Prices

Create Standalone Selling Prices Using a Spreadsheet

This example shows you how to manually upload new standalone selling prices to Revenue Management. The following steps are covered in this example:

- Downloading the Create Standalone Selling Prices spreadsheet.
- Entering standalone selling prices for the item, item group, memo line, or performance obligation template.
- Uploading the entered standalone selling prices into Revenue Management.
- Verifying that the uploaded standalone selling prices are registered in the application using the Manage Standalone Selling Prices spreadsheet.

Create Standalone Selling Prices

Your company has just launched a new hardware product in August 2016. The product is targeted at only large and medium enterprise customers in the US market. The product has never been available to the general public before and therefore, there are no standalone selling prices. No other competitors sell similar or comparable products. The revenue manager has worked with the sales director who owns this product and the internal compliance team and obtained an approved selling price list on August 14, 2016.

Tools

<table>
<thead>
<tr>
<th>Spreadsheet</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>Create Standalone Selling Prices</td>
<td>Enables you to enter standalone selling prices directly into Revenue Management. The spreadsheet facilitates data entry by populating the list of items, item groups, memo lines, and performance obligation templates defined for a selected Standalone Selling Price Profile.</td>
</tr>
<tr>
<td>Manage Standalone Selling Prices</td>
<td>Enables you to query existing established standalone selling prices in Revenue Management. You can also update standalone selling prices directly using this spreadsheet if the standalone selling prices are not yet being used in the revenue recognition process.</td>
</tr>
</tbody>
</table>

Note: You can update standalone selling prices only if they were uploaded through the Create Standalone Selling Prices spreadsheet. Observed standalone selling prices cannot be updated in this spreadsheet. Observed standalone selling prices are standalone selling prices that were calculated by the Calculate Observed Standalone Selling Prices process.

Note: It is assumed that the standalone selling prices were approved offline before uploading.

1. On the Setup and Maintenance page, enter Define Observed and Estimated Standalone Selling Prices in the Search field and click the **Search** icon.
2. Click the **Define Observed and Estimated Standalone Selling Prices** link.
3. Click the Manage Standalone Selling Price Profiles link.
4. On the Manage Standalone Selling Price Profiles page, enter Hardware Business in the Name field and click Search.
5. Click the Hardware Business link in the Search Results table.
6. On the Edit Standalone selling Price Profile page, scroll down to the Assignments section and select the first item in the search results table.
7. Click the Create SSP button.
8. On the Create Standalone Selling Prices popup window, enter the current period for the Effective Period, and USD as the Default Currency.
9. Click Save and then click Open.
10. Enter user name and password.
11. On the Create Standalone Selling Prices spreadsheet, notice that the application has populated the Item ID, description, and other relevant information. Enter all required information and any additional information in the optional columns, such as the unit of measure or pricing dimension.
12. Once completed, click Create SSP and click Upload. Note that you may be prompted to reenter your user name and password again if you work on the spreadsheet for too long.
13. In the Upload Options dialog box, accept the default option and click OK.
14. Verify the status of the standalone selling price for each row in the Status column to confirm that each row was inserted successfully.
15. Verify the standalone selling prices you have uploaded using the Manage Standalone Selling Prices in Spreadsheet task.

Manage Standalone Selling Prices Using a Spreadsheet

This example shows you how to review and manually edit standalone selling prices in Revenue Management.

Use the Manage Standalone Selling Prices spreadsheet for the following:

- Review all standalone selling prices in a given period.
- Analyze standalone selling prices for a given item (good or service) across periods.
- Change existing standalone selling prices that were manually uploaded but are not yet being used in the revenue recognition process.

Review and Edit Standalone Selling Prices

1. From the Revenue Management Overview page, click the Manage Standalone Selling Prices in Spreadsheet panel tab.
2. Click Yes to connect to the server.
3. Enter your user name and password.
4. In the Manage Standalone Selling Prices spreadsheet, enter the previous period as the Effective Period.
5. Click Search.
6. The search results return standalone selling prices for all items, item groups, memo lines and performance obligation templates that are already established for the given period.

You cannot make any changes to the observed standalone selling prices calculated by the Calculate Observed Standalone Selling Prices process. The User Defined column indicates if the standalone selling price was entered manually by the user or calculated by the application. You can make changes to any manually entered standalone selling prices as long as they have not yet been used by the revenue recognition processes.

Notice the list of all standalone selling prices for all items that have already been established.
7. Make the required changes to your standalone selling prices.
8. When you are finished, click the Manage SSP tab, then click Upload.
3 Recognize Revenue

How Revenue Recognition Is Processed

Each accounting contract can have one or more performance obligations. Revenue is recognized based on satisfaction of the performance obligations.

Settings That Affect Revenue Recognition

Performance obligations are satisfied either at a point in time or over time.

- Point in time: All revenue for the performance obligation is recognized at the point in time when it’s fully satisfied.
- Over time: Revenue is recognized incrementally as each portion of the obligation is satisfied.

Two key attributes determine the timing and amount of revenue that is recognized for each performance obligation.

Satisfaction Methods

Revenue Management provides two satisfaction methods, which work in combination with the satisfaction measurement model of a performance obligation to determine when to recognize the revenue.

<table>
<thead>
<tr>
<th>Satisfaction Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Require Complete</td>
<td>Revenue is recognized for the performance obligation when all promised details in the performance obligation have been completely satisfied.</td>
</tr>
<tr>
<td>Allow Partial</td>
<td>Revenue is recognized for the performance obligation incrementally as each portion of the obligation is satisfied.</td>
</tr>
</tbody>
</table>

Satisfaction Measurement Model

Revenue Management allows you to:

- Identify how a performance obligation will be satisfied.
- Record the satisfaction measurements in the application when it’s actually satisfied.

Revenue Management uses these satisfaction measurements to measure satisfaction events. Satisfaction events are used to recognize revenue.

Revenue Management provides three satisfaction measurement models:

<table>
<thead>
<tr>
<th>Satisfaction Measurement Model</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measure Quantity Satisfied</td>
<td>Use this method when a customer is promised a specified quantity of goods or services as part of the performance obligation. The application creates a performance obligation satisfaction measurement event whenever a quantity of goods or services is delivered.</td>
</tr>
</tbody>
</table>
Satisfaction Measurement Model | Description
--- | ---
Measure Percentage Satisfied | Use this model when performance obligation satisfaction is measured as a percentage of the work completed. The application creates a performance obligation satisfaction event to specify the percentage of work that has been completed. Revenue is recognized in the same proportion as the work completed.

Measure Period Satisfied | Use this model when performance obligation satisfaction is measured by time periods satisfied. The application creates the performance obligation satisfaction event to specify the time period that was satisfied and the proportionate revenue for that time period.

When you use this model, the source application provides:
- The satisfaction plan that specifies the total number of periods and the proportionate revenue for each period.
- The plan start date and optionally, the plan end date of the time period over which the performance obligation will be satisfied.
- The number of periods for the satisfaction plan if the satisfaction plan is variable.

The Recognize Revenue process creates the satisfaction measurement events for all of the periods in the satisfaction plan in advance.

Satisfaction Measurement Events
Satisfaction measurement events record the satisfaction progress of promised details. To recognize revenue, satisfaction measurement events must be created for the promised detail.

- When the satisfaction measurement model is Measure Quantity Satisfied or Measure Percentage Satisfied, then satisfaction measurement events are created by source applications. For example, your order management application can send events based on the quantity shipped and accepted.
- When the satisfaction measurement model is Measure Period Satisfied, then Revenue Management creates the measurement events using the satisfaction plan and the plan start and end dates provided by the source application on the promised detail. Revenue Management creates one satisfaction measurement event for each period in the satisfaction plan. If the satisfaction plan and dates are not provided by the source application when the promised detail is linked to Revenue Management, then you must provide this information manually in the Manage Customer Contracts page.

How Revenue Is Recognized
Revenue is recognized when a performance obligation is fully satisfied (if the satisfaction method is Require Complete) or when it’s partially satisfied (if the satisfaction method is Allow Partial).

The following table shows an example of three performance obligations and their details for a mobile phone plan.
In the example, assume the date is June 30, 2016. As of this date:

- The satisfaction status for the Handset performance obligation is Fully Satisfied, because the satisfaction method is Require Complete, and all of the allocated revenue of $668.06 for the handset was recognized on the original transaction date of January 1, 2016.

- The satisfaction status of the Data Plan performance obligation is Extent Satisfied, because the data plan has a satisfaction method of Allow Partial. This means that only $204.14 of the allocated amount of $819.97 has been satisfied as of June 30, 2016.

- Similarly, the Talk and Text performance obligation has a satisfaction method of Allow Partial and the satisfaction status is currently Extent Satisfied. The revenue recognized amount of $195.91 is only a portion of the allocated revenue of $786.92.

### Guidelines for Accounting in Revenue Management

Revenue Management integrates with Oracle Fusion Subledger Accounting, which is a rule-based accounting engine that centralizes accounting across applications. Subledger Accounting acts as an intermediate step between Revenue Management and Oracle Fusion General Ledger. Subledger Accounting enables you to create accounting in draft and final modes.

You can create multiple accounting representations for a single business event, which enables your enterprise to meet both corporate and local fiscal accounting requirements using primary and secondary ledgers.

Revenue Management:

- Derives balance sheet accounts from Revenue Management System Options setup.
- Derives revenue accounts in the following hierarchy:
  - Item or memo line
  - Bill-to site customer reference at the source document line
  - Bill-to site customer reference at the source document header
- Derives appropriate accounts based on predefined events.
- Performs accounting at the performance obligation level.
- Uses conditional accounting to determine the balance sheet account offsets.
• Tracks the difference between the billed amount and the allocated amount at the performance obligation level in a Discount Allocation Liability account.

Accounting for Customer Contracts and Performance Obligations
When you run the Revenue Recognition program, the program determines whether there are any eligible business events and creates any corresponding accounting events.

The following types of business events trigger the creation of accounting events:

• Initial performance events
• Satisfaction events
• Billing events
• Revisions and return events
4 Integrating Revenue Management with Other Applications

Guidelines for Integrating Revenue Management with Oracle E-Business Suite

Revenue Management enables you to automate end-to-end revenue compliance and revenue recognition processes for your enterprise. You can integrate Oracle E-Business Suite products with Revenue Management to import source document lines from upstream sales cycle systems into Revenue Management.

Use this feature to integrate the following Oracle E-Business Suite products with Revenue Management:

- Receivables: All transactions in a status of Completed are integrated into Revenue Management based on the start date and transaction sources specified on the System Options page. Fulfillment of contingencies in Oracle E-Business Suite Receivables are sent to Revenue Management as satisfaction events for revenue recognition.
- Order Management: All sales orders and returns in a status of Booked are integrated into Revenue Management based on the start date and transaction sources specified on the System Options page. The Extract Revenue Basis Data process sends satisfaction events to Revenue Management based on fulfillment of orders.
- Service Contracts: All approved service contracts are integrated into Revenue Management based on the start date and transaction sources specified on the System Options page. Oracle E-Business Suite Service Contracts manages billing schedules and Revenue Management manages revenue schedules. Revenue Management creates document versions to track terminations and changes to price and service duration. Revenue Management supports contract terminations and changes to price and service duration.
- General Ledger: The accounting entries created in Revenue Management for the transactions extracted from Oracle E-Business Suite products can be integrated back into Oracle E-Business Suite General Ledger.

The start date can be any date on or after January 1, 2014. During the transition phase, you can:

- Import historic revenue and billing data into Revenue Management.
- Run all of the required processes to create and value customer contracts.
- Allocate the transaction price across performance obligations in the contract.
- Create accounting entries.

During this phase, you can discard the derived contracts, change contract and performance obligation identification rules, and rerun the processes to create the contracts based on your latest configuration.

Before integrating your data with any of these products, you must complete the required integration setup steps. For further information, see Revenue Management Cloud Service solution for Oracle E-Business Suite (2244173.1) on My Oracle Support at https://support.oracle.com.
Extract Data from Oracle E-Business Suite Applications

To import data from Oracle E-Business Suite Receivables, Order Management, and Service Contracts into Revenue Management, complete the following steps in Oracle E-Business Suite:

1. Run the Extract Revenue Basis Data process from the Oracle E-Business Suite application that you want to extract data from.
2. Run the Create Revenue Management Data Export File process from the Oracle E-Business Suite application that you want to extract data from.
3. Run the Create Billing Data File process to create the billing data file from Oracle E-Business Suite Receivables.

The Create Revenue Management Data Export File process and the Create Billing Data File process trigger the Fusion File Transfer, ESS Job Loader process, which transfers the files to Oracle Fusion Receivables. This process initiates the File Import and Export process in Oracle Fusion Applications and the files are imported into the Revenue Management tables.

After the Data is Imported from Oracle E-Business Suite Applications

After extracting the data from Oracle E-Business Suite, complete the following steps in Revenue Management:

1. Validate and correct the source data in Revenue Management:
   o Run the Validate Customer Contract Data process.
   o Correct validation errors using the Correct Contract Document Errors in Spreadsheet task.
2. Run the Identify Customer Contracts process to identify and create contracts and to recognize revenue.

Transfer Data to Oracle E-Business Suite General Ledger

The Create Accounting process creates accounting entries for performance obligations in accounting contracts in Revenue Management based on the sales cycle data imported from Oracle E-Business Suite Order Management, Service Contracts, and Receivables. You can transfer the accounting entries from Revenue Management to Oracle E-Business Suite General Ledger through a flat file.

To create the accounting entries and transfer them to Oracle E-Business Suite General Ledger, complete the following steps:

1. Within Oracle Financials Cloud, navigate to the Manage Profile Options task.
2. Set the Enable Transfer to Oracle EBS GL profile option to Yes.
3. Navigate to the Manage Subledger Accounting task from Setup and Maintenance. For the subledger Revenue Management, set the transfer option to Oracle EBS GL.
4. Run the Create Accounting process. The process posts the accounting entries to a flat file. The file is available for further processing in Oracle E-Business Suite General Ledger.

Extract Additional Data Elements from Oracle E-Business Suite

The Create Revenue Management Data Export File process extracts all required and commonly used data elements.

To extract additional data elements not captured by the standard process, use the transformation hook provided by the Create Revenue Management Data Export File process. With this transformation hook you can extract:

- Additional data elements from within Oracle E-Business Suite
- Additional data elements from external locations such as legacy applications and data warehouses
The transformation hook then populates the values in the interface tables.

You can use company-defined code to select values from the specified table or view and populate the values in the generic columns. These additional data elements can be used in Revenue Management as configurable attributes in defining rules.

**Note:** User interface pages don’t display this information by default. You can use descriptive flexfields to display the information.

### Import Customers and Items

Before importing customers and items, create identical copies of the customers and items in Oracle Trading Community Architecture and Oracle Product Information Management using the file-based data import tools. In the file-based data import spreadsheets, provide the Oracle E-Business Suite account and site identifiers as cross reference values for customers and the numbers in Oracle E-Business Suite used to identify the items as cross reference values for items. Revenue Management derives the values using the cross reference records.

Import multiple customer data in Oracle Fusion Receivables. For more information about customer data, see the Oracle Financials Cloud Implementing Receivables Credit to Cash guide.

Import multiple items in Oracle Fusion Product Information Management. For more information about items, see the Oracle SCM Cloud Implementing Product Management guide.

### Guidelines for Integrating Revenue Management with Oracle ERP Cloud


### Import Data from Enterprise Contracts and Project Billing

You can import contract data from Enterprise Contracts and Project Billing into Revenue Management. Before you begin importing data into Revenue Management, Enterprise Contracts and Project Billing continue to recognize revenue. After the start date, accounting entries for revenue, contract assets, and contract liabilities are generated by Revenue Management.

To integrate Enterprise Contracts and Project Billing data with Revenue Management, complete the following steps:

1. Define the start date for integrating Enterprise Contracts and Project Billing Cloud data in the Manage Systems Options for Revenue Management page. The start date can be any date on or after January 1, 2014.

   **Note:** The start date is disabled after the first extraction of data into Revenue Management. All contract data that is created on or after the start date is imported into Revenue Management.

2. Run the Extract Revenue Basis Data from Oracle Fusion Applications process for the document type Oracle Fusion Contracts. This process extracts the revenue basis data.

3. Run the Validate Customer Contract Source Data process to validate the imported data.

4. Run the Identify Customer contracts process to identify and create contracts and performance obligations.

5. Run the Import Billing Data from Oracle Fusion Receivables process to import billing data.
After you complete the steps, the following occurs:

- The Extract Revenue Basis Data from Oracle Fusion Applications process:
  - Imports sales cycle data from Enterprise Contracts and Project Billing into Revenue Management.
  - Imports events from Enterprise Contracts and Project Billing to record satisfaction events and book revenue in Revenue Management.

- The Revenue Management application:
  - Identifies contracts and performance obligations.
  - Assigns values to the contracts.
  - Allocates and recognizes revenue.

- The Identify Customer Contracts process:
  - Generates accounting entries for the performance obligations.
  - Imports contract revisions from Enterprise Contracts and Project Billing. The contract revisions are then reallocated and accounted again in Revenue Management.

### Import Data from Receivables

You can import revenue basis data and billing data from Receivables into Revenue Management.

#### Importing Revenue Basis Data

Import invoice and credit memo transactions from Receivables into Revenue Management by running the Extract Revenue Basis Data from Oracle Fusion Applications process in Revenue Management. Run the process using the document type Oracle Fusion Receivables. The process imports Receivables transactions as source documents and fulfillment of contingencies as satisfaction events.

After you run the import process:

- Revenue Management imports the transactions based on the transaction source.
- When you enable a transaction source for integration with Revenue Management on the System Options page, all the transactions created with that source in Receivables are imported into Revenue Management.
- The source documents are interfaced with Revenue Management tables for further processing and creation of accounting contracts.

You enter the start date for a transaction source on the System Options page in Revenue Management. The start date:

- Determines the time when transactions are transferred to Revenue Management.
- Refers to the transaction creation date and not the transaction date.
- Determines the time when the revenue for these transactions is managed in Revenue Management.

**Note:** After you enter and save the start date, you cannot update it. You can enter an end date if you want Receivables to manage the revenue for the transaction source. If you enter an end date, Revenue Management no longer manages the revenue.

The start date can be any date on or after January 1, 2014. During the transition phase, you can:

- Import historic revenue and billing data into Revenue Management.
• Run all of the required processes to create and value customer contracts
• Allocate the transaction price across performance obligations in the contract.
• Create accounting entries.

During this phase, you can discard the derived contracts, change contract and performance obligation identification rules, and rerun the processes to create the contracts based on your latest configuration.

Importing Billing Data:

You can import billing data into Revenue Management by running the Import Billing Data from Oracle Fusion Receivables process. This process imports the billing information of the imported source documents. You can schedule the process to run periodically.

Related Topics

• How Revenue Basis Import Data Is Processed
• How Billing Data Import Data Is Processed
5 Revenue Management Reporting

Revenue Contract Account Activity Report

Use the Revenue Contract Account Activity report to analyze account balances by accounting contract and performance obligation.

Use the information in this report to:

- Support audit processes.
- Perform detailed analysis of various accounts.
- Analyze customer, item, and source document information.

Run the report using Oracle Business Intelligence Publisher (BI Publisher). The underlying extract for the Revenue Contract Account Activity Report contains additional information related to the accounting contracts and performance obligations. To add or delete columns in the BI Publisher report template, use Microsoft Word or Microsoft Excel to modify the columns.

Export the report data into one of the following formats for further analysis:

- Excel: In Excel, use Excel Pivot Table functionality to group and summarize data by account class, account, and period
- Flat file format.
- An analytical tool such as Essbase during the transition period, to support analysis of the data for restatement or disclosure purposes.

Standalone Selling Price Report

The Standalone Selling Price Report lists a summary of standalone selling prices. Use the report to analyze your standalone selling prices for a selected effective period or range of selected effective periods. The report aids you in analyzing how the standalone selling prices were calculated, by providing a drill down to the standalone sales transaction data used to derive the standalone selling prices.

You can filter the report output by attributes such as item, item group, memo line, item classification, performance obligation template, pricing dimension, SSP Profile, and SSP Representation.

You can also copy the report and use it as a starting point to create a report that will meets your own unique reporting needs.

For more detailed information drill down to the Observed SSP Details report, which provides details of the individual sales used to systematically derive the observed standalone selling price.

Key Insights

You can use the summary information or for more detailed information, drill down to the Observed SSP Details report, which provides details of the individual sales used to systematically derive the observed standalone selling price.
Frequently Asked Questions

The following table lists frequently asked questions about the Standalone Selling Price Report.

<table>
<thead>
<tr>
<th>FAQ</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do I find this report?</td>
<td>From the Reports and Analytics pane, navigate to Shared Folders &gt; Financials &gt; Revenue Management &gt; Standalone Selling Price.</td>
</tr>
<tr>
<td>Who uses this report?</td>
<td>Revenue Manager</td>
</tr>
<tr>
<td>When do I use this report?</td>
<td>When I want to understand how a standalone sales price was derived.</td>
</tr>
<tr>
<td>What can I do with this report?</td>
<td>Analyze the standalone selling prices for a selected effective period or a range of selected effective periods.</td>
</tr>
<tr>
<td>What type of report is this?</td>
<td>Oracle Transactional Business Intelligence</td>
</tr>
</tbody>
</table>

Related Subject Areas

This report uses the Revenue Management - Standalone Selling Price Real Time subject area.

Open Performance Obligation Report

This topic includes details about the Open Performance Obligation Report.

Overview

The Open Performance Obligation Report lists open performance obligations. Use the Oracle Transactional Business Intelligence (OTBI) Open Performance Obligation Report to analyze the open performance obligations for a selected ledger. You can filter the report output by attributes such as legal entity and customer name.

You can also copy the report and use it as a starting point to create a report that will meet your own unique reporting needs.

Key Insights

Use the report to analyze open performance obligations and their expected settlement and revenue recognition for the selected ledger.

Frequently Asked Questions

The following table lists frequently asked questions about the Standalone Selling Price Report.
FAQ | Answer
---|---
How do I find this report? | From the Reports and Analytics pane, navigate to **Shared Folders > Financials > Revenue Management > Revenue Recognition**.
Who uses this report? | Revenue Manager or Revenue Analyst
When do I use this report? | When I need information about the expected settlement and revenue recognition for existing open obligations.
What can I do with this report? | Analyze open performance obligations and their expected settlement and revenue recognition by ledger.
What type of report is this? | Oracle Transactional Business Intelligence

Related Subject Areas

This report uses the Revenue Management - Customer Contracts Real Time subject area.
6 Define Revenue Management

Source Document Types

The source document type represents the source of the originating document that is imported into Revenue Management. Document types can include sales orders, service contracts, receivable invoices, and more.

Source document types are used to:

- Identify the external applications and Oracle Cloud applications from which the data is imported. The downstream Revenue Management processing uses the internal identifier to identify the original source.
- Assign a satisfaction measurement model.
- Assign a satisfaction plan when the satisfaction measurement model is set to Period.
- Assign the default satisfaction measurement model, revision intent, and performance satisfaction plan modeling attributes.

Revenue Management contains predefined source document types for the Oracle Applications Cloud and Oracle E-Business Suite Applications applications that can be integrated with Revenue Management. You can also define additional source document types. For example, you can use a source document type to identify documents that come from your order management application.

System Options

Revenue Management system options define key configuration, integration and accounting options at the application level, including currency conversion rate types, source document and transaction source extraction start dates, and revenue accounting and thresholds.

On the Manage Revenue Management System Options page, you can define system options for the following:

- Currency conversion
- Integration
- Revenue accounting and thresholds

Currency Conversion

Use the following system option to define the currency conversion rate:

<table>
<thead>
<tr>
<th>System Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conversion Rate Type</td>
<td>Defines the conversion rate type to be used by Oracle Fusion General Ledger to convert the local currency line transaction amounts into ledger currency amounts.</td>
</tr>
</tbody>
</table>
Integration

Use the following system options to specify the source applications that are integrated with Revenue Management:

<table>
<thead>
<tr>
<th>System Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source Document Type</td>
<td>Defines the type of source documents to be imported into the application, along with:</td>
</tr>
<tr>
<td></td>
<td>• The revenue clearing account to be used when creating the revenue clearing journal entry for the source document.</td>
</tr>
<tr>
<td></td>
<td>• The start date of integration for a source document type. This is the date data will begin being imported into Revenue Management.</td>
</tr>
<tr>
<td>Oracle Fusion Receivables Transaction Sources</td>
<td>Defines the Receivables transaction source to be imported into Revenue Management. The start date of integration for a transaction source is the date on which data will begin being imported into Revenue Management.</td>
</tr>
</tbody>
</table>

Revenue Accounting and Thresholds

Use the following system options to specify accounting and thresholds.

<table>
<thead>
<tr>
<th>System Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>Defines the general ledger’s contract liability, contract asset, price variance, contract discount account, and revenue clearing account to be used when creating journal entries for Revenue Management.</td>
</tr>
<tr>
<td>Threshold Amounts</td>
<td>Define the lower limit amount to be applied in determining the transaction price, discount allocation exemptions, and whether a contract’s transaction price requires manual review:</td>
</tr>
<tr>
<td></td>
<td>• Transaction Price Exemption: Used to automatically exempt a customer contract from transaction price allocation if the contract’s total transaction price is less than or equal to the threshold amount.</td>
</tr>
<tr>
<td></td>
<td>• Discount Exemption: Used to automatically exempt a customer contract from transaction price allocation if the discount amount is less than or equal to the threshold amount.</td>
</tr>
<tr>
<td></td>
<td>• Transaction Price Review: Used to automatically set the contract status to a status of Review Required when the contract’s total transaction price is equal to or greater than the threshold amount. When applied, the contract will be allocated only after manual review is completed by the revenue analyst or manager, and the status of the contract is Mark as Reviewed.</td>
</tr>
</tbody>
</table>

Note: The discount amount is the absolute amount of the difference between the billing amount and the allocated amount of the performance obligation.
Performance Satisfaction Plans

Create satisfaction plans to determine the number of periods and the amount of revenue to recognize in each period for a performance obligation.

There are four types of satisfaction plans that you can create when the satisfaction measure model is Period.

<table>
<thead>
<tr>
<th>Performance Satisfaction Plan Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daily revenue rate, all periods</td>
<td>Prorate revenue recognition using a daily rate for all periods. This rule type requires that the rule start date and end date be specified in the transaction data. For example, if a performance obligation is for a 12-month cloud subscription service starting January 1, 2017, the satisfaction plan will use the following daily rates revenue recognition schedule: January = 31 days, February = 28 days, March = 31 days, April = 30 days, and so forth until the end of December 2017.</td>
</tr>
<tr>
<td>Daily revenue rate, partial periods</td>
<td>Prorate revenue recognition using a daily rate only for partial periods. The whole periods are prorated evenly. This rule type requires that the rule start date and end date be specified in the transaction data.</td>
</tr>
<tr>
<td>Fixed schedule</td>
<td>Prorate revenue recognition over a predefined number of periods and predefined percentages of the revenue amount. For example, you can specify three periods for 30 percent, 30 percent, and 40 percent. When you use this rule, the application derives the duration from the rule.</td>
</tr>
<tr>
<td>Variable schedule</td>
<td>Prorate revenue recognition over a number of periods. This rule type requires that the rule start date and end date be specified in the transaction data.</td>
</tr>
</tbody>
</table>

Note: The number of days in a period depends on the accounting calendar defined in General Ledger.

Note: Immaterial contract modifications are not applicable to fixed or variable satisfaction plan schedules.

Contract Identification Rules

Use contract identification rules to create contracts based on source data imported from multiple source applications. Configure rules to determine which source document types should be processed by the rule and how the data should be grouped into an accounting contract. For example, data can be grouped by customer party, time frame, customer purchase order number, or other common identifiers such as opportunity ID or salesperson.

Revenue Management provides three predefined contract identification rules:
Rules are executed in the order of priority.

To ensure that the Identify Customer Contracts program can process all lines correctly, all lines in the unprocessed pool and every source document line are part of a customer contract. These contracts can be either newly identified customer contracts or existing customer contracts.

Note: You cannot deactivate the predefined rules.

### Performance Obligation Identification Rules

A performance obligation is a distinct promise in the contract to transfer goods or services to the customer. Revenue recognition is based on the satisfaction of a contract’s performance obligations rather than billing. It is important to correctly identify and create performance obligations for revenue recognition.

Revenue Management uses performance identification rules to determine how to automatically group source document lines into performance obligations within an accounting contract. The rules specify the matching attributes that provide a common link for grouping the source document lines into performance obligations. The rules also determine how revenue recognition is handled, including the satisfaction method and allocation exemption that will be used.

Revenue Management provides three predefined performance obligation identification rules:

<table>
<thead>
<tr>
<th>Rule</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify performance obligation based on item</td>
<td>This rule groups source document lines as a performance obligation based on the item number on the line.</td>
</tr>
<tr>
<td>Identify performance obligation based on item classification</td>
<td>This rule will group source document lines as a performance obligation based on the item classification on the line.</td>
</tr>
<tr>
<td>Identify performance obligation based on source document line</td>
<td>This rule identifies each source document line as performance obligation.</td>
</tr>
</tbody>
</table>

Rules are executed in the order of priority.
Performance Obligation Templates

Use performance obligation templates to group items together which are sold in bundles.

For example, if you normally sell a set of goods or services as a standard bundle, you can enter all of these goods or services in a performance obligation template. Then all of the items in the standard bundle are automatically associated with the appropriate standalone selling price profile. You calculate or load standalone selling prices at the template level, instead of by individual items within a template.

For each performance obligation template, a priority number is assigned, which determines the order in which the template is applied. Because performance obligation templates are specific to each business, there are no predefined performance obligation templates.

Pricing Dimension Structures and Value Sets

You can segregate standalone sales into sets of similar transactions called pricing dimensions. You identify the pricing dimensions by analyzing the pricing policies of your goods and services. The pricing policy takes into account multiple factors when determining customers' discount eligibility, such as the deal size and customer type. Pricing dimensions are used to categorize the standalone selling prices.

After you identify your pricing dimensions, you group them as segments of a pricing dimension flexfield structure. Define as many pricing dimension structures as you need by creating unique groups of pricing dimensions. Pricing dimension structures are shared by all of the goods and services that use the pricing dimensions included in the structure.

The pricing dimension values are included by default in all sales transactions imported into Revenue Management. The combination of pricing dimension values assigned to a transaction is called a pricing dimension combination. Pricing dimension combinations are used to group the transactions into one set for calculation and establishing the standalone selling price.

When determining the standalone selling price for a transaction that is part of a performance obligation, Revenue Management first assigns the pricing dimension combination to the transaction and then derives the standalone selling price based on the pricing dimension combination.

⚠️ Note: A good or service can have multiple standalone selling prices if the standalone sales pool of the good or service contains multiple pricing dimension combinations.

Example:

The following table shows an example of a pricing dimension structure with three pricing dimensions:

<table>
<thead>
<tr>
<th>Geographic Region</th>
<th>Customer Type</th>
<th>Deal Size</th>
<th>Standalone Selling Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>Government</td>
<td>1,000,000 USD to 4,999,999 USD</td>
<td>17%</td>
</tr>
<tr>
<td>North America</td>
<td>Government</td>
<td>5,000,000 USD to 9,999,999 USD</td>
<td>21%</td>
</tr>
</tbody>
</table>
In the example, each pricing dimension must have a set of pricing dimension values. The table shows that the Customer Type pricing dimension has two unique values: Commercial and Government. The standalone selling price is established using a 17% discount for the following pricing dimension combination:

- Geographic region: North America
- Customer type: Government
- Deal size: 1,000,000 USD to 4,999,999 USD

Similarly, standalone selling prices are established for the other four pricing dimension combinations.

### Create a Pricing Dimension Structure and Value Sets

The Pricing Dimension Structure in Revenue Management allows organizations to model pricing dimensions as a flexfield structure for use in establishing standalone selling prices.

The price of a product can vary based on factors like:

- Geographic location
- Selling quantity
- Type of customer

These factors typically influence how the company determines or sets the selling price of the product. An organization with multiple lines of business may use different sets of dimensions for each line of business.

An organization should analyze how products are priced in each of its lines of business and compile the list of unique groups of pricing dimensions used. Each unique group of pricing dimensions should be defined as a pricing dimension structure.

Consider the following when determining the structures you need:

- Analyze pricing policies across all your products and services and identify all of the pricing dimensions being used.
- Identify the price bands you need for the pricing dimensions.
- Identify distinct groupings of price dimensions.
- Define a pricing dimension flexfield structure for each distinct grouping of pricing dimensions.
- Assign segment labels to the dimensions that have price bands.
- Create only one structure instance for each pricing dimension flexfield structure.

Identify Source Document Attributes:

- Use pricing dimension combinations to help determine standalone selling prices for a source document line.
• Use pricing dimension assignments to help you to enter the pricing dimension values automatically for the document lines imported into Revenue Management.
• Identify the document attributes that capture the pricing dimension values.
• Assign the document attributes to the pricing dimensions for each source document.

Your organization has three tiers of pricing for hardware drives and software licenses:
• Tier 1 hardware and software products that are available to non-US customers.
• Tier 2 hardware and software products that are only available to customers in the US.
• Tier 3 software products that are specific to only Japan and the United Kingdom.

Define Value Sets and Assign Values

The following table provides an example of how you would configure the pricing dimension structure and assign the value sets:

<table>
<thead>
<tr>
<th>Pricing Structure Name</th>
<th>Value Set Name</th>
<th>Segment Order</th>
</tr>
</thead>
<tbody>
<tr>
<td>WG_VRM_Structure</td>
<td>Customer Classification</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Quantity Band</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Geographic Region</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Country</td>
<td>You assign values but do not assign it as a segment.</td>
</tr>
</tbody>
</table>

1. Based on the table, create the value set Customer Classification.
2. Assign the following values for Customer Classification:
   - Tier 1
   - Tier 2
   - Tier 3
3. Create the value set Quantity Band.
4. Assign the following values for Quantity Band:
   - 1-100
   - 101-500
   - 500-999,999
5. Create the value set Geographic Region.
6. Assign the following values for Geographic Region:
   - Europe
   - North America
   - Asia Pacific
7. Create the value set Country
8. Assign the following values for Country:
   - US
   - Canada
   - UK
   - Japan

9. Create a structure, name it WG_VRM_Structure, and assign the following segments:
   - Segment 1: Customer Classification
   - Segment 2: Quantity Band
   - Segment 3: Geographic Region

10. Compile the structure and click **Save and Close**.

11. Create Pricing Dimension Assignments using the following table for each of the documents:

<table>
<thead>
<tr>
<th>Document</th>
<th>Segment 1</th>
<th>Segment 2</th>
<th>Segment 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects</td>
<td>Customer Classification</td>
<td>Line Quantity</td>
<td>Bill-to Customer</td>
</tr>
<tr>
<td>Sales Orders</td>
<td>Customer Classification</td>
<td>Line Quantity</td>
<td>Bill-to Customer</td>
</tr>
<tr>
<td>Service Orders</td>
<td>Customer Classification</td>
<td>Line Quantity</td>
<td>Bill-to Customer</td>
</tr>
<tr>
<td>Receivables</td>
<td>Customer Classification</td>
<td>Line Quantity</td>
<td>Bill-to Customer</td>
</tr>
</tbody>
</table>

12. Create Pricing dimension bands for the following:
   - Quantity band for hardware
   - Quantity band for software
   - Set band and select countries and region

13. Create the following items:
   - Hard drives
   - Licenses

14. Create the standalone selling price profile and select the following:
   - Structure
   - Representation Type (discount percentage)
   - Pricing Dimension Assignments
   - Band Assignments:
     - For item licenses assign software quantity band
     - For item hard drives assign hardware quantity band

**Related Topics**
- Overview of Value Sets
- Considerations for Planning Value Sets
- Key Flexfield Structures
Pricing Dimensions

Organizations use multiple pricing models to sell their goods and services. Each good or service has a specific pricing model, applied consistently to all sales of that good or service. The goods or services are categorized by different dimensions for the purpose of pricing. These categorization are called pricing dimensions.

You can, for instance, categorize transactions based on:

- Country
- Customer type
- Quantity sold
- Total deal value

The price of the same good or service varies based on the category. Categorization parameters are not fixed. They vary from organization to organization, and within an organization, they vary from good to good or service to service.

For the purposes of standalone selling price analysis (either calculated standalone selling price or estimated selling price), pricing consistency is checked within each pricing dimension value. Therefore, the standalone selling price for a good or service also needs to be established separately for each pricing dimension value.

Pricing Dimension Structure

Pricing dimensions are implemented using the key flexfield infrastructure. You can define multiple structure definitions for the Pricing Dimension key flexfield. Pricing dimensions are captured as segments in the pricing dimension structure.

Pricing dimension structures:

- Can have up to 30 segments
- Are assigned to a standalone selling price profile
- Can vary from item to item

Each segment of the key flexfield represents a pricing dimension.

Standalone Selling Prices

Standalone selling prices for a good or service are calculated for each combination of segment values of the pricing dimension structure. For example, if a pricing dimension structure assigned to the good or service has three segments and each segment has five values, then the good or service can have up to 125 standalone selling prices.

Values for pricing dimensions can be individual values or a range of values. For example, a pricing dimension named Country will have individual values such as:

- United States
- Canada
- France
- Germany
A pricing dimension named Quantity Sold will typically have different value ranges, such as:

- 0 to 100
- 101 to 500
- 501 to 1000

Each range is a value for the segment. Pricing dimension structures support both individual values and ranges of values to determine the standalone selling price. Pricing dimensions flexfield segments with either individual values or a range of values use a value set of type Independent. In the second case, each range is defined as a value in the value set, and the range details are stored separately as pricing dimension bands.

### Assign Pricing Dimension Values

When you run the Identify Customer Contracts process, it extracts source data from the source applications, then automatically runs the Assign Pricing Dimension subprocess. This subprocess analyzes source data and assigns values for the pricing dimensions.

Based on the item in the transaction line, the pricing dimension structure is derived from the standalone selling price profile. The pricing dimension values are analyzed and attached to this line.

Pricing dimension value assignments are based on the user defined attribute mapping. The assignment of values is required for each applicable segment of the pricing dimension structure for every transaction line. If a value for a segment is not available, then a default value, if defined, is assigned.

For pricing dimensions that are of type Range, Revenue Management reads the detail value provided and assigns the applicable parent value to the pricing dimension.

You can review and update the pricing dimension values assigned by the Assign Pricing Dimension subprocess.

### Pricing Dimension Bands

Price bands are assigned as pricing dimension segment values to the document lines and help in categorizing the sale for the purposes of establishing standalone selling prices.

Revenue Management provides the following three types of pricing bands:

- Quantity band
- Amount band
- Set band

#### Quantity Band

Use the quantity band when the price of the product depends on the number of products sold.

The following example shows a sample pricing policy that has four quantity bands and the corresponding list price per unit.

<table>
<thead>
<tr>
<th>Quantity Band</th>
<th>List Price Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 99</td>
<td>USD 1000</td>
</tr>
<tr>
<td>100-499</td>
<td>USD 900</td>
</tr>
</tbody>
</table>
You should also use the quantity band when the discount percentage is based on the quantity sold, rather than on the list price.

Revenue Management uses the quantity of the transaction line to determine the band the quantity falls in, and automatically assigns the band name as the pricing dimension value.

**Amount Band**

The amount band is similar to the quantity band, except that the amount band is used when the price of the product depends on the total value sold rather than the quantity sold.

The following example shows a sample pricing policy that has four amount bands and the corresponding list price per unit.

<table>
<thead>
<tr>
<th>Amount Band</th>
<th>List Price Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-9,999</td>
<td>USD 100</td>
</tr>
<tr>
<td>10,000-49,999</td>
<td>USD 90</td>
</tr>
<tr>
<td>50,000-99,999</td>
<td>USD 80</td>
</tr>
<tr>
<td>100,000 or more</td>
<td>USD 70</td>
</tr>
</tbody>
</table>

You should also use the amount band when the discount percentage is based on the total value sold, rather than on the list price.

Revenue Management uses the line amount of the transaction line to determine the band the amount falls in, and automatically assigns the band name as the pricing dimension value.

**Set Band**

Use the set band type of pricing dimension when you want to assign set names as the pricing dimension value instead of individual values within the set. For example, you can use the set band to assign pricing dimension values by geographic region.

You can define sets and their individual values. You can configure your setup to automatically determine the set name for a transaction using any attribute value of the transaction as the detail value.

The following example shows a set band that is being used for geographic regions:

<table>
<thead>
<tr>
<th>Document Attribute</th>
<th>Document Attribute Value</th>
<th>Geography Dimension Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bill-to Customer</td>
<td>Germany</td>
<td>Europe</td>
</tr>
</tbody>
</table>
In the example, the Bill-to Customer document attribute stores the host country name of the customer who is buying your products. In this case, you configure Revenue Management to use the Bill-To Customer Country attribute value as the basis to determine the value of the Geography pricing dimension. For example, if the bill-to customer country for a transaction is Germany, then Revenue Management automatically assigns Europe as the value of the Geography pricing dimension.

**Item Groups**

If you have large numbers of items that share common pricing policies, then you can group those items into item groups and establish standalone selling prices at the item group level. All of the items in a group share the value established at the group level.

You can group items into an item group if they satisfy two conditions:

- All items in the group share a common pricing policy.
- The standalone selling price for each item is usually established in the form of a percentage. For example, a discount percentage.

For example, InFusion Company has the following hardware systems price list for its commercial customers:

<table>
<thead>
<tr>
<th>Product Description</th>
<th>Model</th>
<th>Price Per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big Data Appliance</td>
<td>1187</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Super Cluster</td>
<td>1902</td>
<td>175,000</td>
</tr>
<tr>
<td>Database Appliance</td>
<td>1243</td>
<td>250,000</td>
</tr>
<tr>
<td>Virtual Computer Appliance</td>
<td>1150</td>
<td>55,000</td>
</tr>
<tr>
<td>Storage Appliance</td>
<td>1102</td>
<td>125,000</td>
</tr>
</tbody>
</table>

InFusion’s discount policy states that they offer automatic discounts based on the total value purchased in a single order, as shown in the following table:

<table>
<thead>
<tr>
<th>Order Size Range</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1,000,000</td>
<td>8 percent</td>
</tr>
</tbody>
</table>
### Order Size Range and Discount Table

<table>
<thead>
<tr>
<th>Order Size Range</th>
<th>Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000,000 to 4,999,999</td>
<td>10 percent</td>
</tr>
<tr>
<td>5,000,000 to 9,999,999</td>
<td>12 percent</td>
</tr>
<tr>
<td>10,000,000 or more</td>
<td>15 percent</td>
</tr>
</tbody>
</table>

In the example, all of the items in the list:
- Use the discount pricing policy
- Have the same eligibility criterion for discounts
- Use the Discount Percentage of Unit List Price as the revenue price representation type

Because the hardware products satisfy all of these conditions, you can group them into an item group and establish the standalone selling price at the item group level.

### Standalone Selling Price Profiles

Standalone selling price profiles are user-configurable profiles. The profiles contain the details Revenue Management uses to derive the standalone selling price for the item, item group, memo line, or performance obligation template.

Use standalone selling price profiles to define the following for the item, item group, memo line, or performance obligation template:

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricing dimension assignments</td>
<td>Specifies the pricing dimension assignment to which the standalone selling profile is attached.</td>
</tr>
<tr>
<td>Minimum standalone sales</td>
<td>Assesses whether the observed standalone selling price calculated by the application is valid, based on whether the minimum number of standalone sales is met.</td>
</tr>
<tr>
<td>Item classifications</td>
<td>Defines the category of the item, memo line, or performance obligation template.</td>
</tr>
<tr>
<td>Price tolerances</td>
<td>Specifies the standalone selling price tolerance usage, which can be Median, High, or Low.</td>
</tr>
<tr>
<td>Coverage</td>
<td>Specifies the number of months covered for the calculation of observed standalone selling price.</td>
</tr>
<tr>
<td>Effective period range</td>
<td>Specifies the effective start and end period for the item, item group, memo line, or performance obligation template that is assigned to the standalone selling price profile.</td>
</tr>
</tbody>
</table>
Standalone Sales Pool Exclusion Rules

Revenue Management uses standalone sales pool exclusion rules to automatically exclude standalone sales lines from the sales pool used to calculate observed standalone selling price values.

The Calculate Observed Standalone Selling Prices program uses these rules to determine if any sales pool lines are to be excluded from the calculation of the standalone selling price.

For example, a supplier may want to single out some older versions of computer accessories, such as printers and headsets, and place them for sale at a low price. The supplier may decide not to include these sales in the calculation of observed standalone selling prices.

FAQs for Define Revenue Management

What's an item group?

An item group identifies a group of items that share the same pricing policies and a common standalone selling price. Items inherit the standalone selling price from the item group if they are assigned to an item group. Usage of item groups is recommended when the representation type is Discount Percentage.

Item groups allow you to establish standalone selling prices for groups of items, which allow you to substantially reduce the number of standalone selling prices you need.

What's an implied performance obligation template?

Implied performance obligation templates are templates you use to define rules for creating implied performance obligations. The rules are used to automatically create implied performance obligations in customer contracts.