

Oracle Fusion Cloud Financials

Using Revenue Management

25A



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Get Help

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Get Help in the Applications

Some application pages have help icons  to give you access to contextual help. 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. If the page has contextual help, help icons will appear.

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Thanks for helping us improve our user assistance!

1 Overview

Overview of Revenue Management

Oracle 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.

The accounting standard provides a core principle for recognizing revenue: Recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue Management automates revenue processing tasks, thus minimizing manual interventions, allowing organizations to comply efficiently and consistently with the ASC 606 and IFRS 15 core principles:

- Identify the contracts with the customer
- Identify the separate performance obligations
- Determine the transaction price
- Allocate the transaction price
- Recognize revenue when a performance obligation is satisfied.

Manage Contracts

You can easily ensure compliance with the ASC 606 and IFRS 15 accounting standards using the Revenue Management centralized repository that stores imported and processed 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 contracts 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 relative percentage of the total transaction price to the total for the standalone selling prices in the contract. Applies the allocation percentage across the 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.

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 standalone selling prices for any specific period. You can also manually upload standalone selling prices or estimated selling prices using an integrated workbook.

You can pass standalone selling prices on the individual transactions or for new product offerings by assigning the standalone selling price using the residual method.

Accounting

Revenue Management is fully integrated with the Oracle Subledger Accounting rules engine. In Subledger Accounting, Revenue Management uses business events to trigger when to create the corresponding accounting events.

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

- Initial performance events: Initial performance events are events when either party acts and can be either a billing event or a satisfaction event.
- Billing events: Billing events reduce the contract asset balance and track the discount allocation at performance obligation level.
- Satisfaction events: Revenue Management uses satisfaction events to determine whether the accrual is reduced and revenue is recognized.
- Revisions and return events: Sales order or subscription service changes due to price, quantity, or returns of goods and services that impact the existing value of the performance obligation where retrospective or prospective accounting treatment is invoked.

Import Data into Revenue Management

Revenue Management works with any source application and is integrated with these products:

- Oracle Fusion Cloud Financials
- Oracle Fusion Cloud Project Management
- Oracle Fusion Cloud Order Management
- Oracle Fusion Cloud Subscription Management
- 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.

Related Topics

- [Guidelines for Integrating Revenue Management with Oracle E-Business Suite](#)
- [Guidelines for Integrating Revenue Management with Enterprise Contracts and Project Billing](#)
- [Pricing Dimensions](#)
- [Customer Contracts](#)
- [Overview of Revenue Management Accounting](#)

2 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's 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 through 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 Revenue Management, customer contracts are made up of a series of source lines. These sources 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's 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

- [How Revenue Basis Import Data Is Processed](#)
- [Contract Identification Rules](#)
- [Guidelines for Reviewing Contracts That Require Attention](#)

Update the Freeze Date for Revenue Accounting Contracts

The freeze date is the date when the revenue accounting contract includes all of the performance obligations and is ready for the application to determine the transaction price.

To update the freeze date:

- Update the freeze date manually in the Edit Customer Contract page.
- Select multiple contracts in the Manage Customer Contracts page and select the **Freeze** action to update the freeze date for all of the selected contracts. When you update the freeze date for multiple contracts, all contracts are set to the same freeze date.

You can update the freeze date for open revenue accounting contracts for up to 1000 contracts in a single request quickly and efficiently. Search for contracts in the Manage Customer Contracts page that are pending allocation or that have an allocation pending reason of Awaiting Contract Freeze. Further refine your search results by using the various search criteria available in the Manage Customer Contracts page.

Freeze open contracts in bulk and then process them during period-end processing when there are large numbers of contracts that are closed before the contract freeze date.

You can update the freeze date to either the current date or a future date.

- Select the current date to:
 - Freeze the selected contracts immediately.
 - Process the contracts to determine the transaction price.
 - Allocate the transaction price across the performance obligations.

- Recognize revenue.
- Perform additional accounting procedures.
- Change the freeze date to a date in the future when you expect that all of the performance obligations will be finalized. The selected contracts will freeze on this date.

The contract identification rule that you used to create the revenue contract determines the freeze date based on freeze period. The contract is ready for processing when the application determines the final transaction price and the freeze date is on or before the current date.

Update the Contract Freeze Date for Multiple Contracts

This example shows you how to update the freeze date for multiple contracts.

1. Navigate to the Manage Customer Contracts page.
2. Search for contracts that are pending allocation and that have the allocation pending reason Awaiting Contract Freeze.
3. Click the check box next to each individual contract you want to update the freeze date for or click the **Select All** check box to update the freeze date for all contracts.
4. In the Actions menu, click **Freeze** to display the Freeze Contracts window.
5. Select the date you want to use as the freeze date of the selected contracts.
 - Select the current date to freeze the selected contracts immediately, process the contracts to determine the transaction price, allocate the transaction price across performance obligations, recognize revenue, and perform additional accounting tasks.
 - Select a future date as the freeze date, depending on when you expect all of the performance obligations to complete. The selected contracts will freeze on this date.

You can see the statistics for the selected contracts, the contracts that are eligible for an updated freeze date, and the contracts that aren't eligible for an updated freeze date.

6. Click **OK** to freeze the contract date.

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. Use performance obligation identification rules and performance obligation templates to configure these obligations.

Implied Performance Obligations

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

Implied performance obligations:

- Aren't captured in the upstream applications
- Can be added automatically in customer contracts using the Implied Performance Obligation templates

Performance Obligation Satisfaction

Satisfaction methods, together with satisfaction measurement models, specify when and how the application satisfies performance obligations and recognizes revenue. The satisfaction method defines at what level of satisfaction completeness a performance obligation is to be satisfied before revenue can be recognized, either Require complete or Allow partial.

The satisfaction measurement model defines the way each of the performance obligation's promises are satisfied, either Quantity, Percentage Complete, or Period.

The application defines and assigns the satisfaction method during the performance obligation identification process based on the configuration of the performance obligation rule or template used to create the performance obligation.

When creating the performance obligation identification rules or templates, select the satisfaction method as either:

- Require complete: Revenue is recognized only after the obligation is fully satisfied, that is, when all promises in the performance obligation are fulfilled.
- Allow partial: Revenue is recognized when at least one of the promises in the performance obligation is fulfilled.

The satisfaction measurement model is assigned based on the type of goods or services being provided and the event that defines satisfaction of that promise when passing the transaction (revenue data) to Revenue Management.

If Revenue Management doesn't receive the satisfaction measurement model with the transaction data, it uses the default value defined in the Manage Source Document Types page.

Each performance obligation uses one or more satisfaction events that specify what proportion of the promised detail is satisfied. The application processes satisfaction events according to the assigned satisfaction measurement model.

Revenue Management provides the following satisfaction measurement models:

Satisfaction Measurement Model	Description
Measure Quantity Satisfied	Use this model when the customer is promised a specified quantity of goods or services as part of the performance obligation. When you use this model, the source application sends the satisfaction events to Revenue Management as and when the satisfaction happens. 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.
Measure Percentage Satisfied	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 application creates the performance obligation satisfaction record to specify the percentage of the work completed. Revenue is recognized in the same proportion as the work completed.

Satisfaction Measurement Model	Description
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 period is satisfied and the proportionate revenue for the period. When you select this model you must also provide: - The satisfaction plan to be used to create the revenue recognition distributions for the promise providing the total number of periods and the proportionate revenue to record for each period. - The satisfaction plan start and end date for the 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.

The satisfaction status of a performance obligation indicates the degree to which revenue is recognized for the performance obligation.

You can view the satisfaction status for performance obligations and promised details in the Edit Customer Contract page. Available statuses are:

Satisfaction Status	Description
Fully satisfied	Revenue is recognized in full for the performance obligation.
Extent satisfied	Revenue is partially recognized for the performance obligation. This status relates to over time revenue recognition, such as subscription services.
Not started	No revenue has been recognized.

The source application can send the satisfaction measurement model along with the revenue basis data. If Revenue Management doesn't receive the satisfaction measurement model it uses the default value defined in the Manage Source Document Types page.

The satisfaction status of a performance obligation indicates whether revenue is recognized for the performance obligation. Available statuses are:

- Extent satisfied: Revenue is partially recognized for the performance obligation. This relates to over time revenue recognition, such as subscription services.
- Fully satisfied: Revenue is recognized in full for the performance obligation.
- Not started: Revenue isn't recognized for the performance obligation.

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 contract. 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 Reinstatement.
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:

Satisfaction Plan Type	Extended by
Fixed Schedule or Variable Schedule	Number of periods
Daily Rates Partial Periods or Daily Rates All Periods	Number of days

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's 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.

Related Topics

- [How can I correct contract document errors?](#)

Revenue Recognition for Additional Satisfaction Events

You can define rules to recognize revenue based on specific conditions or contingencies such as customer acceptance, proof of delivery and payment received.

Revenue Management recognizes revenue primarily based on satisfaction events such as fulfillment and the passage of time. However, when you want to only recognize revenue when primary and additional events are satisfied, you can define these events and conditions in the Create Additional Satisfaction Event Rule page.

The two types of satisfaction events differ in the following ways:

- Primary satisfaction event: the fulfillment of a performance obligation is based on the terms of the contract.
- Additional satisfaction event: the fulfillment of a performance obligation is based on additional events such as customer acceptance, proof of delivery, or payment as dictated by the internal revenue recognition policies of the business.

An additional satisfaction event is assigned to a performance obligation based on the configuration in the Create Additional Satisfaction Event Rule page. When the application creates a performance obligation, it applies rules and assigns additional satisfaction events based on these rules. The application doesn't recognize revenue until the assigned additional satisfaction events are fulfilled.

You can import the fulfillment of additional satisfaction events using the VRM_SOURCE_DOC_ADDL_SUBLINES tab in the Revenue Basis Data Import template. Run the Validate Customer Contracts process to validate the additional satisfaction event data. You can view and correct validation and data errors using the Correct Contract Document Errors spreadsheet.

After importing the fulfillment of your additional satisfaction events, the Validate Customer Contract Source Data process validates the additional sublines and displays any errors in the output. Correct any errors and import the revised additional sublines.

In the case of a contract modification, the application reevaluates and assigns the additional satisfaction events to all the revenue lines of the contract based on the additional satisfaction event rules. Similarly, for returns, the revenue lines are reevaluated for the additional satisfaction event rules.

The additional satisfaction events are assigned to each promised detail line. You can view information on your additional satisfaction events in the Edit Customer Contract page in the Performance Obligations tab and the Promised Details tab:

- Performance Obligations tab
 - Additional Satisfaction Event column: indicates whether the performance obligation or any line of the performance obligation has at least one additional satisfaction event assigned to it.
 - Satisfaction Status of Additional Event column: indicates the satisfaction status of all the additional events on the performance obligation. Expected values are Fully satisfied, Extent satisfied, and Not started.
- Promised Details tab
 - Additional Satisfaction Event: indicates whether the promised detail line has at least one additional satisfaction event assigned to it.
 - Satisfaction Status of Additional Event: indicates the satisfaction status of all the additional events assigned to the promised detail line. Expected values are Fully satisfied, Extent satisfied and Not started.
 - Additional Satisfaction Events subtab in the Details section: displays summary and detail information about the additional satisfaction event.

Related Topics

- [Additional Satisfaction Event Rules](#)
- [Guidelines for Importing Additional Satisfaction Events](#)

Guidelines for Importing Additional Satisfaction Events

Import the fulfillment of additional satisfaction events using the VRM_SOURCE_DOC_ADDL_SUBLINES tab in the Revenue Basis Data Import file-based data import (FBDI) template.

Each row represents the fulfillment of the additional satisfaction event for the source document line. This table shows the data used for recording the fulfillment of the additional satisfaction events:

Column	Description	Required
Record Type	Enter A for additional satisfaction events.	Yes
Source Document Type Code	Enter the code that identifies the type of source document being imported, for example, sales orders and receivables transactions.	Yes
Source Document Additional Satisfaction Event Subline Unique Identifier Number and Character columns	Use to define the unique identifiers for the additional satisfaction subline record.	Yes
Source System	Enter the code that identifies the application you are importing data from, for example, EBIZ or FUSION.	Yes

Column	Description	Required
Source Document Line Unique Identifier Number and Character columns	Use to identify the unique source document line associated with the additional subline.	Yes
Additional Satisfaction Event	Enter the type of additional satisfaction event being imported, for example, customer acceptance, payment, or proof of delivery.	Yes
Satisfied Quantity	Enter the quantity that's fulfilled for the additional satisfaction event when the additional satisfaction event is Customer acceptance or Proof of delivery and the satisfaction measurement model is Quantity.	No
Satisfied Percent	Enter the percentage of fulfillment of the additional satisfaction event when the additional satisfaction event is Customer acceptance or Proof of delivery and the satisfaction measurement model is Percent.	No
Amount Applied	Enter the amount received and applied to the related invoice. This attribute is populated when the additional satisfaction event is Payment.	No
Fulfillment Date	Enter the date the additional satisfaction event is fulfilled.	No

Guidelines for Working with Additional Satisfaction Events

Keep the following points in mind when working with additional satisfaction events:

- During inception, the Identify Customer Contracts process assigns the revenue lines with additional satisfaction events based on the configuration.
- The Recognize Revenue of Customer Contracts process holds revenue recognition until both the primary and additional satisfaction events are fulfilled.
- When the satisfaction measurement model is Period, import only the fulfillment date for the additional satisfaction event types Customer acceptance and Proof of delivery.
- When the additional satisfaction event is Payment, the application calculates the revenue recognized using the formula $((\text{Amount Applied}/\text{Line Amount}) * \text{Allocated Amount})$.
- When both the primary and additional satisfaction events of a performance obligation are fulfilled, you recognize revenue based on your policies that reflect the ASC 606 and IFRS 15 accounting standards.
- A revenue line can have more than one additional satisfaction event assigned to it depending on your configuration.
- When you discard a contract, all the revenue lines are reevaluated for the additional satisfaction events. The additional sublines are reprocessed like new source document additional sublines.
- You can also configure revenue to be recognized for an additional satisfaction event assigned to a performance obligation once a defined number of days has been reached.
- Additional satisfaction events aren't assigned to an implied performance obligation.

How Revenue Basis Import Data Is Processed

You can use the import process to import revenue-related data such as sales orders.

This data reflects promises made to customers and is used to create contracts and performance obligations in Revenue Management. You also use the import process to import data that reflects revisions, terminations, and satisfaction of obligations for customer contracts.

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:

Spreadsheet Tab	Description
Instructions and DAT Generation	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.
VRM_SOURCE_DOCUMENTS	Enter the source document header information.
VRM_SOURCE_DOC_LINES	Enter information about the source document lines, such as the quantity, unit selling price, and line amount.
VRM_SOURCE_DOC_SUB_LINES	Enter information about satisfaction events.

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_SOURCE_DOCUMENTS worksheet and the VRM_SOURCE_DOC_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
 - 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

Load the Data

1. After you finish preparing the data in the parent and child worksheets, click the **Generate DAT File** button. The process generates a Zip file that contains the DAT file.
2. Click **Navigator > File Import and Export**.
3. Click the **Plus** icon in the Search Results table.
4. Browse and upload the Zip file that has been generated.
5. Select fin/revenueManagement/import as the account.
6. Click **Save and Close** so that the file is placed in the SFTP server or UCM.
7. Navigate to the Scheduled Processes page and click **Schedule New Process**.
8. Select the **Load Interface File for Import** process.
9. Select **Import Revenue Basis Data** as the import process.
10. Select the data file that was placed in the server.
11. Submit the process to load the data into the interface tables.
12. Review the results of the process.

Correct Load Errors and Regenerate and Load the DAT File

If the load of the DAT file fails on any row, the Load Interface File for Import process ends in error and the Load File to Interface child process ends in either warning or error. All rows that were loaded from the DAT file are deleted, even those rows that loaded successfully. This lets you edit the problematic data in the spreadsheet and resubmit it without having to separate the successful rows from the rows that need modification.

1. Review the log and output files of the Load File to Interface child process for information about the data that caused the failure.

2. Correct the data in the template you used as part of the steps outlined in the Load the Data section.
3. Repeat steps 1 and 2 in the Load the Data section.
4. Repeat all of these steps until all data is loaded successfully.

Recommendations for Loading Data

You can generate the DAT file using either of these methods:

- Populate the revenue data in the template.
- Use SQL, ODI, or any similar tool to extract revenue data into a DAT file similar in structure to the DAT file generated by the template.

After importing your revenue data, you must:

1. Run the Validate Customer Contract Source Data process to validate the revenue data.
2. Correct any errors from the Validate Customer Contract Source Data process using the Correct Contract Document Errors spreadsheet.
3. Run the Identify Customer Contracts process to create or reflect any revisions to your customer contracts and performance obligations within Revenue Management.

Override Currency Conversion Details for Revenue Contract Lines

When you're required to use the conversion rate type specified in the source document, you can provide currency conversion details in the Revenue Basis Data Import template.

The application uses the conversion details provided on the source document instead of applying the conversion details defined in the Manage System Options for Revenue Management page.

Enter currency conversion details in these three columns in the VRM_SOURCE_DOCUMENTS worksheet:

Column	Description
Conversion Rate Type	• Used to convert the entered selling amount and the extended standalone selling price to the ledger currency. • The default value is blank, which means that when converting currency, the application uses the conversion rate type specified on the Manage System Options for Revenue Management page with the accounting contract date as the conversion date
Conversion Date	• The application uses the conversion date and the conversion rate type to convert the entered selling amount and the extended standalone selling price to the ledger currency. • The default value is blank, which means that the application sets the conversion date to the source document date if the Conversion Rate Type is provided by the source. When no conversion rate type is provided by the source, the application uses the conversion rate type specified in the Manage System Options for Revenue Management page and sets the conversion date to the accounting contract date.
Conversion Rate	• Used to convert the entered selling amount and the extended standalone selling price to the ledger currency. • Applies only when the conversion rate type is User. For other conversion rate types, the application ignores the conversion rate.

When the conversion rate type information is available on the source document worksheet, the application converts the entered selling amount and the extended standalone selling price using the source document information instead of the information specified in the Manage System Options for Revenue Management page.

Note: Make sure that you use the same conversion details for the invoice to offset the revenue clearing account.

Use the Correct Contract Document Errors spreadsheet to correct any conversion information you entered in the Revenue Basis Data Import template that failed validation. After you correct the errors, upload the corrected lines for further processing.

Related Topics

- [System Options](#)
- [How Currency is Converted in Accounting Contracts](#)
- [Disable Override from Source Option](#)
- [How can I correct contract document errors?](#)

How Currency is Converted in Accounting Contracts

Revenue Management supports one currency per accounting contract. In other words, within an accounting contract, only source lines with the same entered currency are grouped into the same accounting contract.

Currency conversion in Revenue Management is done at the performance obligation level. All components within a performance obligation use the same conversion rate type, date, and rate. However, the performance obligations within a contract can have varying currency conversion details.

For implied performance obligations, ensure that they:

- Use the same currency conversion rate type, date, and rate as the source or parent performance obligation.
- Have the same entered currency as their parent.

For contract revisions:

- When you add promises to an existing performance obligation, the added source lines must have the same currency conversion rate type, date, and rate as the modified performance obligation.
- When the conversion details vary, the application creates one or more new performance obligations.
- When adding performance obligations to an existing accounting contract, the application creates the new performance obligations with the currency conversion details as specified on the source document or default setup that was done in the Manage System Options for Revenue Management page.
- The application first applies the conversion details provided on the source line. If no conversion details are provided, then the application automatically applies the conversion details defined in the Manage System Options for Revenue Management page by default.

Related Topics

- [System Options](#)
- [Disable Override from Source Option](#)

Invalid Line Handling Options

You can specify how to handle invalid source document lines during the contract creation process by selecting one of the following options in the Invalid Line Handling field on the Manage System Options for Revenue Management page:

- **Reject line:** ignores the invalid source document lines and creates the contract with only the valid source document lines.
- **Reject contract:** suspends the contract creation until all the source document lines are valid (corrected and error free).

Invalid source document lines are lines that have failed the Oracle Revenue Management data validation process.

- Select **Reject contract** when all the lines for the source document are to be in the same accounting contract.
- Select **Reject line** when all the lines for the source document don't need to be in the same accounting contract.

Note: The default option for the Invalid Line Handling field is blank, which means Reject line. If you make any changes, they apply at the time they are saved and apply to all processing from that point forward.

How Invalid Source Document Lines are Processed

Oracle Revenue Management provides the Contract Document Correction spreadsheet to correct and purge invalid source document data. Access the spreadsheet via the Correct Contract Document Errors in Spreadsheet task on the Revenue Management Overview page.

Using the spreadsheet, you can:

- Correct invalid source data.
- Identify source data rejected due to duplicates.
- Delete invalid and rejected source data.

Use the Document Line Errors tab in the Contract Document Correction spreadsheet to correct and reprocess the source document lines containing invalid source document data.

For more information, refer to this topic: [How can I correct contract document errors?](#)

Revenue Management processes source document data based on the value you specify in the Invalid Line Handling field.

When you set the Invalid Line Handling field to **Reject line** or leave it blank:

- Only invalid source document lines display on the spreadsheet.
- The application executes the contract creation process for all valid source document lines, regardless of whether there are related contract lines in error status.
- Once you correct the related invalid source document lines, the corrected lines are created as a new contract if the existing contract is frozen.

When you set the Invalid Line Handling field to **Reject contract**:

- Both valid and invalid source document lines display on the spreadsheet.

- The application suspends the contract creation process for source documents with invalid source document lines until all the invalid source document lines are corrected and error free.
- The application assigns a related line error to the valid source document lines, indicating that the line is valid but not processed, due to associated source document lines that contain data errors.
- The Validate Customer Contract Source Data process identifies contracts and assigns a unique contract ID string, which is the unique contract identifier assigned to the source document line during the contract identification rule evaluation process. When a source document line cannot be assigned a contract ID string, the line displays with a contract ID string error.
- Once you correct the invalid source document lines and upload the updates in the spreadsheet, the application executes the Validate Customer Contract Source Data process to reprocess the invalid source document lines.

Related Topics

- [How can I correct contract document errors?](#)

Invalid Line Handling Considerations

When using the Invalid Line Handling option, consider the following:

- The default option for the Invalid Line Handling field is blank, which means Reject line. If you make any changes, they apply at the time they are saved and apply to all processing from that point forward.
- The Validate Customer Contract Source Data process identifies and assigns unique contract ID strings to contracts.
- When the application reprocesses lines, it applies the latest active contract identification rules when determining the contract ID string for the line.
- If the source document line status is Unprocessed and the contract ID string isn't blank, the application updates the contract ID string with the new value and sets the source document line status based on the source document line status of the revised contract ID string.
- If the contract ID string is blank for a line, the line contains a status of Unprocessed and the application assigns a contract ID string error.
- Use the Contract Document Correction spreadsheet to correct invalid or missing contract ID strings.
- Change the Data Transformation Status from **Unprocessed** to **Purge** or **Reject** so that the invalid line can be excluded, and processing can continue.
 - After lines are reprocessed, invalid lines with a status of Purge are deleted from the table and lines with a status of Reject are ignored.
- After you save and upload the spreadsheet, the application reevaluates and processes corrections to the line and all other lines with the same contract ID string value. Rerun the Identify Customer Contracts process so the corrected lines are grouped into contracts and performance obligations.
- When you change the Invalid Line Handling field from **Reject line** to **Reject contract**:
 - Changes apply from that point forward.
 - Changes apply only to new lines and unprocessed lines, once they are corrected.
 - Lines are eligible for further contract creation processing only when all lines with the same contract ID string are in a status of Processed.
 - The application processes source document lines in a status of Processed that have the same contract ID string.
- When you change the Invalid Line Handling field from **Reject contract** to **Reject line**:

- Changes apply only to new and corrected lines.
- After lines are reprocessed, the application converts any line with the same contract ID string in a status of Processed into a contract, regardless of whether there are other lines with the same contract ID string in a status of Unprocessed.

Overview of the Source Document Lines REST API

Use the Source Document Lines Rest API to edit data from source document lines imported from Fusion source applications.

You can use the service to change or add data on the source document line to help allocation and revenue recognition treatment.

With this service, you can update attributes such as:

- The unit standalone selling price
- Attributes to trigger prospective accounting
- Attributes to add lines to existing contracts

This feature is applicable to all cloud source document types.

To use the Source Document Lines REST API to update source document line data for a source document type, you must first enable the Allow updates from REST service option for your source document type in the Manage Source Document Types page.

When you enable the Allow updates from REST service option for a cloud source document type, the application assigns a temporary data transformation status of FUSION_REST_UPDATE to the source document lines. All the source document lines with a data transformation status of FUSION_REST_UPDATE are available in the REST API and you can update the eligible attributes.

Query the source document lines using attributes such as the source document number, item, customer purchase order number, and source document line unique identifiers. You can then update the eligible attributes in each source document line using the REST API. After updating the required attributes, set the source document line's data transformation status attribute to FUSION_REST_INIT. The line is now eligible for further processing by the application.

Run the Validate Customer Contract Source Data process to validate the source document lines updated by the REST API to ensure the changes are correct. Any lines that don't pass the validation are eligible for correction using the Correct Contract Document Errors spreadsheet.

Enable and Use the Source Document Lines REST API

To validate your updated source document lines:

1. Navigate to the Setup and Maintenance work area.
2. Search for the Manage Source Document Types task.
3. In the Manage Source Document Types page, enable the **Allow Updates from REST Service** checkbox for the source document type you want to update.
4. Import the data from Cloud Applications into Oracle Revenue Management.
5. Run the Validate Customer Contract Source Data process.
6. Query the required source document lines and update the necessary attributes using the Source Document Lines REST API.
7. Update the Data Transformation Status of all the source document lines to FUSION_REST_INIT.

8. Run the Validate Customer Contract Source Data process.
9. If there are any errors, correct them using the Correct Contract Document Errors spreadsheet.
10. Run the Validate Customer Contract Source Data process to validate that the source document lines that were corrected in the spreadsheet.
11. Run the Identify Customer Contracts process.

Note: You can also use the Revenue Basis Data Import file-based data import (FBDI) template to update these attributes for revenue basis data of third-party sources.

See the Using Revenue Management guide for information about how to import revenue data using the Revenue Basis Data Import file-based data import template.

Update Source Document Line Attributes

Use the Source Document Lines REST API to update eligible attributes in each source document line.

This table lists the source document line attributes that can be updated using the REST API.

Source Document Line Attributes

Attribute Name	Column Name
Immaterial Change Type	IMMATERIAL_CHANGE_CODE
Contract Revision Date	CONTRACT_MODIFICATION_DATE
Termination Date	TERMINATION_DATE
Add to existing contract	ADD_TO_CONTRACT_FLAG
Action code for adding new line to existing contract	ADD_TO_CONTRACT_ACTION_CODE
Document Type Code of the Parent Line	INITIAL_DOCUMENT_TYPE_CODE
Parent source document line unique identifier number 1 to 5	INITIAL_DOC_LINE_ID_INT_1 to 5
Parent source document line unique identifier character 1 to 5	INITIAL_DOC_LINE_ID_CHAR_1 to 5
Parent Line Source System	INITIAL_SOURCE_SYSTEM
Unit SSP	UNIT_SSP
Data Transformation Status	DATA_TRANSFORMATION_STATUS

After you update the attributes as required, set the Data Transformation Status attribute to FUSION_REST_INIT to enable the line for further processing.

For more information, see the REST API for Oracle Fusion Cloud Financials guide.

Purge Unprocessed or Rejected Source Records

Improve the performance of processing your source data by removing rejected and unprocessed records from your interface tables.

When there's an issue with the unique identifiers or a duplicate line in your source data, the Validate Customer Contracts process marks the lines as Rejected. The rejected lines aren't eligible for correction using the Correct Contract Document Errors spreadsheet. To correct or eliminate these lines, you must first purge them from the interface tables. Once purged, you can reload the corrected data from your upstream source system or the Revenue Basis Data Import template.

Use the Correct Contract Document Errors spreadsheet to remove the rejected lines by selecting the rejected or unprocessed records and changing the record status to Purged. After upload, the Validate Customer Contract Source Data process deletes the records with a status of Purged from the interface tables.

Here are a couple of things to keep in mind:

- Unprocessed lines are lines that failed at least one data validation during the Validate Customer Data process.
- Rejected lines are rejected because they're duplicates or contain invalid keys.
- Purged records are listed in the output file of the Validate Customer Contract Source Data process for audit tracking. If your company needs a record of the purged records, you can download the Validate Customer Contract Source Data process output file, which captures the records purged. You can use the purged record information for audit purposes, if necessary.
- Rejected or unprocessed source data is selected and processed separately at each level (Source Document, Source Document Line, and Source Document Subline).

Related Topics

- [How Revenue Basis Import Data Is Processed](#)

Example of Purging Unprocessed or Rejected Source Records

This example demonstrates how to purge source data records that are either unprocessed or rejected using the Correct Contract Document Errors spreadsheet.

Line	Line Status	Line Errors	Line Status	Source Document Number
1				
2				
3				
4		*Business Unit		
5		Source Document Type		
6		Worksheet Status		
7		Last Downloaded	07 Jun 2021 11:35:09 PM	
8		Last Uploaded		
9		Line Status	Third party line not processed	
10				
11				
12		* Required ** At least one is required		
13				
14	Changed	Status	Line Errors	Line Status
15			1. The UOM code is invalid for the item (ITEM_NUMBER) in the given inventory organization. You must provide a valid UOM code.	Third party line not processed
16			1. The UOM code is invalid for the given inventory organization. You must provide a valid UOM code.	Financials Cloud line not processed
17			1. The UOM code is invalid for the given inventory organization. You must provide a valid UOM code.	Rejected

Purge Source Records

1. In the Overview page in Revenue Management, click the **Correct Contract Document Errors in Spreadsheet** task.
2. In the Correct Contract Document Errors spreadsheet, select the Document Line Errors tab.
3. Select the business unit.
4. Set the line status to the type of records to be purged, and click **Search**. Set the line status to one of these values:

Line Status Value	Description
Third party line not processed	Select this value to retrieve the unprocessed lines for non-Oracle sources.
Financials Cloud line not processed	Select this value to retrieve the unprocessed lines for Oracle sources.
Rejected	Select this value to retrieve the rejected lines for all sources.

5. After you retrieve the records, set the line status to **Purge** for all records that you want to remove.
6. Click **Upload**. When you click Upload, the Validate Customer Contract Source Data process launches automatically, and the records are purged.

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:

Causes	Actions
Contracts pending review include: • Accounting contracts with a total transaction price that's greater than the user-defined threshold amount you defined in your system options. Contracts in this list are significant value contracts. • Accounting contracts that were manually set to Hold. • Accounting contracts in which the Manual Review Required attribute is set to Yes for at least one of its revenue lines.	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. If you need to review additional information, you can view the contract history, and the performance obligation, promised detail, and satisfaction event details.

Contracts Pending Allocation

The following table lists the possible reasons a contract is pending allocation and actions that you can take:

Causes	Actions
Contracts pending allocation include: • 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 isn't available.	Review individual contracts by clicking the link for the specific contract. Within each contract, you can view information about what's 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.

Contracts Pending Revenue Recognition

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

Causes	Actions
Contracts that are pending revenue recognition include accounting contracts missing required revenue attributes, such as: • Satisfaction plan • Satisfaction plan start date • Satisfaction plan end date • Satisfaction plan duration	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. 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 can't enter the Plan End date. • If the satisfaction plan is of type Daily Rate, then the Plan End Date is required and you can't enter the Satisfaction Plan Duration.

How Billing Data Import Data Is Processed

You can import billing data into Revenue Management to offset the contract asset accounts for your revenue contracts.

Use the Billing Data Import template to enter billing data into Revenue Management for third party billing applications. 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.
- Don't change the order of the columns in the template.
- You can hide or skip the columns you don't use, but don't 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:

Spreadsheet Tab	Description
Instructions and DAT Generation	Contains instruction information about preparing and loading data, the format of the template, submitting the Import Billing Data process, and correcting import errors.
Billing Line Details	Enter information about the billing lines to be imported from the billing application for the revenue lines.

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

Load the Data

1. After you finish preparing the data in the worksheet, click the **Generate DAT File** button. The process generates a Zip file that contains the DAT file.
2. Click **Navigator > File Import and Export**.
3. Click the **Plus** icon in the Search Results table.
4. Browse and upload the Zip file that has been generated.
5. Select fin/revenueManagement/import as the account.
6. Click **Save and Close** so that the file is placed in the SFTP server or UCM.
7. Navigate to the Scheduled Processes page and click **Schedule New Process**.
8. Select the Load Interface File for Import process.
9. Select Import Billing Data as the import process.
10. Select the data file that was placed in the server.
11. Submit the process to load the data into the interface tables.
12. Review the results of the process.

Correct Load Errors and Regenerate and Load the DAT File

If the load of the DAT file fails on any row, the Load Interface File for Import process ends in error and the Load File to Interface child process ends in either warning or error. All rows that were loaded from the DAT file are deleted, even those rows that loaded successfully. This lets you edit the problematic data in the spreadsheet and resubmit it without the need to separate the successful rows from the rows that need modification.

1. Review the log and output files of the Load File to Interface child process for information about the data that caused the failure.
2. Correct the data in the template you used as part of the steps outlined in the Load the Data section.

3. Repeat steps 1 and 2 in the Load the Data section.
4. Repeat all these steps until all data is loaded successfully.

Recommendations for Loading Data

You can generate the DAT file using either of these methods:

- Populate the billing data in the template.
- Use SQL, ODI, or any similar tool to extract billing data into a DAT file similar in structure to the DAT file generated by the template.

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.

If the bill lines fail any validations during processing, they're deleted from the interface tables. In this case, you need to correct the errors and reimport the corrected bill lines.

Once your billing data is processed, you can then review the billed amount at the promised detail, performance obligation, and contract header levels. You can also view the accounting for a specific contract by navigating to the Edit Customer Contracts page and selecting View Accounting.

Related Topics

- [How Revenue Basis Import Data Is Processed](#)

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:

Revision Intent Type	Description
Variable Consideration Estimation Correction (Estimate Correction)	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.
Contract Modification	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 weren't originally agreed upon.

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're 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:

Source Document Name	Predefined Default Revision Intent Type
CPQ Cloud	Contract Modification
DOO Sales Order	Contract Modification
Oracle Fusion Contracts	Contract Modification
Oracle Fusion Receivables	Contract Modification
Project Billing	Estimate Correction
Receivables	Contract Modification
Sales Orders	Contract Modification

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.

Update Descriptive Attributes without Invoking Contract Modifications

You can update descriptive attributes on revenue contracts without invoking contract modifications using the Revenue Basis Data Import template.

There's no impact on existing contracts or performance obligations when you revise the descriptive attributes that are used in setups such as contract identification rules and performance obligation rules. The application uses only the revised attributes if the existing contract is discarded and reprocessed.

When you use the descriptive attributes to derive account segment values, the application applies descriptive attribute revisions only from that point forward and not retrospectively. Any final accounted entries stay the same.

The template contains these record types:

Record Type	Description
U	Updates or deletes descriptive attributes that are stored in the extensible attributes for source document lines. Record Type U applies to these attributes on the VRM_SOURCE_DOC_LINES worksheet: • Extensible Line Character Attribute 1 to 60 • Extensible Line Number Attribute 1 to 20 • Extensible Line Number Date 1 to 10
V	Updates or deletes descriptive attributes that are stored in the extensible attributes for source documents. Record Type V applies to these attributes on the VRM_SOURCE_DOCUMENTS worksheet: • Extensible Header Character Attribute 1 to 60 • Extensible Header Attribute Number Attribute 1 to 20 • Extensible Header Number Date 1 to 10

To update or delete the descriptive attributes using the Revenue Basis Data Import file:

- Enter record type V to update the descriptive attributes in the VRM_SOURCE_DOCUMENTS worksheet. Provide the unique identifiers to identify the source document on which you are updating descriptive attributes.
- Enter record type U to update the descriptive attributes in the VRM_SOURCE_DOC_LINES worksheet. Provide the unique identifiers to identify the source document line on which you are updating descriptive attributes.
- Enter the value #NULL in the descriptive attribute to remove existing values from attributes.

The Validate Customer Contract Source Data process performs certain key validations for lines with record types U and V. The update record returns an error in these circumstances:

- The unique identifiers provided are invalid.
- The unique source document or unique source document line doesn't exist.
- The extensible attributes to be updated belong to a contract that was automatically renewed.

You must use the record types U and V to update the extensible attribute columns.

When you run the Validate Customer Contract Source Data process, it automatically generates the Validate Customer Contract Source Data Execution Report. The report:

- Displays the summary of the records that aren't updated due to validation errors.
- Lists the records that aren't updated along with the error messages.
- Uses the Revenue Basis Data Import file to correct the errors and import the revised lines for further processing.

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. You can discard contracts only in ledgers that you have access to.

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're 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 can't 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's 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're 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.

Related Topics

- [Create a Recurring Service Line](#)

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:

Field	Value
Recurring Indicator	Y
Recurring Frequency	1
Recurring Pattern	MO
Recurring Amount	60.00

4. Enter these values in the Unlimited Data line:

Field	Value
Recurring Indicator	Y
Recurring Frequency	1
Recurring Pattern	MO
Recurring Amount	40.00

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.
2. Correct any errors from the Validate Customer Contract Source Data process using the Correct Contract Document Errors spreadsheet.
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.

Terminate a Recurring Service Line

To terminate a recurring service line, complete these steps:

1. In the Revenue Basis Data Import file-based data import template, enter the date you want to terminate the recurring service line in the Termination Date field on the original source document line.
Note: Ensure that you populate only the Termination Date attribute and that you don't update any other attributes.
2. Run the Create Contract Renewal Source Data process. When you run this process, the application creates a version line indicating that the contract is to be terminated.
3. Run the Identify Customer Contracts process. When you run this process, the application terminates the recurring contract and stops the creation of any future recurring contracts.

Note: These steps are applicable only when you use a third-party source to import revenue data.

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 aren't tagged as discarded.
- Revenue has been fully recognized.
- Promised detail lines weren't 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:

Field	Value
Document Date	Earliest plan start date
Recurring Header Sequence Number	Incremented by one on each copy

- The following columns in the SOURCE_DOC_LINES table are updated as follows:

Field	Value
Document Date	Satisfaction plan end date plus one day
Quantity	Recurring amount divided by the unit selling price
Line Amount	Recurring Amount

Field	Value
Satisfaction Plan Start Date	Satisfaction plan end date plus one day
Satisfaction Plan End Date	Satisfaction plan end date is incremented by the recurring frequency and recurring pattern
Version Number	1
Version Indicator	N
Contract Modification Date	Blank
Revision Intent Type	Blank
Add to Contract Indicator	Blank
Add to Contract Action Code	Blank
Recurring Line Sequence Number	Incremented by one on each copy
Contract Group Number	If blank, the line document number is concatenated with the customer contract number. Otherwise, the original contract group number is used.
Line Creation Date	System date

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

You can configure Revenue Management to automatically create a billing line with an amount of zero.

In this case, when you import a revenue source document line with a unit selling price of zero into Revenue Management, the application automatically creates a billing line with an amount of zero. 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.

Business Events for Managing Revenue Contracts

You can manage contracts by subscribing to business events, which signal when a contract is created, updated or deleted in bulk. A business event is a definable logical occurrence in a business scenario.

Some examples of business events are:

- A high-level occurrence event such as a contract creation.
- A specialized event such as a status change.

Use business events to perform operations in other applications based on public events in the application.

Note: Your application administrator must enable business events before you can use them.

Whenever a business event occurs, the application sends a signal, along with a business event payload containing specific information pertaining to the business event. Use callback services to retrieve additional information from the application.

You can subscribe to business events from the Oracle Integration Cloud using the Oracle ERP Cloud Adapter. Then, use the information in the payload to configure event handlers that perform business operations.

For more information, refer to Oracle ERP Cloud Adapter Capabilities and Developing Integrations with Oracle Integration Cloud Service.

This table describes the business events currently supported by Revenue Management.

Supported Business Event	Description	Enable by Default	Call Back Service
RevenueContractBatchCreated	Signals when revenue contracts were created in bulk.	No	REST Service: Revenue Contracts Method: Get all revenue

To be notified whenever the application creates a contract, enable the Generate Public Events on Revenue Contract Batch Created feature.

- For example, if you want to send an email notification whenever the application creates a contract, you must enable this feature.

- Integration developers must create event handlers that subscribe to these signals and send an email notification whenever the status of a deliverable changes to completed.

This table lists and describes the attributes in the payload.

Attribute	Description
Request ID	Unique identifier of the request
Job Name	Process Name
Business Context	Business condition for the event

This table lists and describes the business context available for this business event's payload.

Business Context	Description
Contract Creation	The revenue contracts that are created by the Identify Customer Contracts process.

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, document sublines, and document additional 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're 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

Overview of Standalone Selling Prices

The standalone selling price is the price that a vendor expects to receive if the promised good or service is sold on its own to a customer.

The best evidence of a standalone selling price is the observable price of a good or service when you sell that good or service separately in similar circumstances and to similar customers. A contractually stated price or a list price for a good or service may be, but isn't presumed to be, the standalone selling price of that good or service.

The standalone selling price is used to allocate the contract value (transaction price) to each performance obligation. The intent in allocating the transaction price to the individual performance obligations is to assign each performance obligation an amount of consideration that the entity would expect to be entitled to for fulfilling that portion of the contract and for the product discount being given. The standalone selling price isn't the valuation of the transaction. It's the basis of the allocation.

A discount exists if the sum of the standalone selling prices of the goods or services in the contract exceeds the consideration payable by the customer. A discount is allocated on a proportionate basis to all performance obligations in the contract, unless there is observable evidence that the discount is attributable to only some performance obligations in a contract. This might be the case if a contract is for the supply of three goods, and two of these are frequently sold together at a discount from the total of the two standalone selling prices.

Revenue Management can't allocate pricing on customer contracts without standalone selling prices.

If a standalone selling price isn't directly observable, an entity must estimate it. When estimating a standalone selling price, an entity:

- Considers all information (including market conditions, entity-specific factors, and information about the customer or class of customer) that's reasonably available to the entity.
- Maximizes the use of observable inputs.
- Applies estimation methods consistently in similar circumstances.

The ASC 606 standard includes a list of suitable methods for estimating the standalone selling price of a good or service including, but not limited to, the following:

- Adjusted market assessment approach. An entity could evaluate the market in which it sells goods or services and estimate the price that a customer in that market would be willing to pay for those goods or services.
- Expected cost plus a margin approach. An entity could forecast its expected costs of satisfying a performance obligation and then add an appropriate margin for that good or service.
- Residual approach. An entity may estimate the standalone selling price by reference to the total transaction price minus the sum of the observable standalone selling prices of other goods or services promised in the contract.

Note: An entity can use a residual approach to estimate the standalone selling price of a good or service only if one of the following criteria is met:

- The entity sells the same good or service to different customers (at or near the same time) for a broad range of amounts (that is, the selling price is highly variable because a representative standalone selling price isn't discernible from past transactions or other observable evidence).
- The entity hasn't yet established a price for that good or service, and the good or service hasn't previously been sold on a standalone basis (that is, the selling price is uncertain).

Revenue Management provides these standalone selling price representation types for defining and assigning standalone selling prices:

- Percentage of Base Unit Price
- Discount Percentage of Unit List Price
- Gross Margin
- Unit Price

You manage and assign your standalone selling prices using one of these methods:

- Upload standalone selling prices using the Create Standalone Selling Prices spreadsheet, which you access from the Edit Standalone Selling Price Profile page.
- Manage the standalone selling prices externally and provide the standalone selling price on the source document line using the Unit SSP attribute on the Revenue Basis Data Import template.
- Run the Calculate Observed Standalone Selling Prices process to calculate standalone selling prices based on a set of standalone sales for a defined range of periods.
- Use the residual approach to estimate standalone selling prices.

The Revenue Basis Data Import template provides these fields, which are used to derive standalone selling price values based on the representation type:

- Unit list price: Used in calculation to derive the Discount Percentage of Unit List Price SSP value.
- Base price: Used in calculation to derive the Percentage of Base Unit Price SSP value.
- Cost Amount: Used in calculation to derive the Gross Margin SSP value.

You also have the option to define your standalone selling prices using a single reference currency, which means that all your prices are defined in one currency within Revenue Management. This eliminates the need to define standalone selling prices for each currency you do business in. When the source document line is in a currency other than the reference currency, the reference currency standalone selling price is converted into the source document line currency before it's assigned.

For example, if the reference currency is USD and the source document line is in CAD, the USD reference currency standalone selling price is converted into CAD.

During the revenue allocation process, the application uses the following logic to identify the standalone selling price to be used:

1. It determines whether the standalone selling price was imported with the source document line.
2. If the standalone selling price isn't imported with the source document line, the application attempts to assign it from the standalone selling prices repository based on the representation type and the combination of pricing dimension, currency, effective period, and unit of measure.
3. If there's no standalone selling price in the repository, the application displays an error stating that the standalone selling price is missing for the line.

When using the out-of-the-box integration with other Oracle applications such as Subscription Management, the Unit SSP is populated with the unit list price.

Related Topics

- [How You Upload Standalone Selling Prices Using a Spreadsheet](#)
- [How You Assign Standalone Selling Prices Using the Revenue Basis Data Import Template](#)
- [Overview of Observed Standalone Selling Prices](#)
- [Standalone Selling Price Profiles](#)
- [Reference Currency for Standalone Selling Prices](#)

How You Upload Standalone Selling Prices Using a Spreadsheet

You can upload standalone selling prices using the Create Standalone Selling Prices spreadsheet, which you access from the Edit Standalone Selling Price Profile page.

Standalone selling price profiles contain the details Revenue Management uses to derive the standalone selling price for an item, item group, memo line, or performance obligation template. You assign each item, item group, memo line, or performance obligation template to a standalone selling price profile before uploading standalone selling prices through the Create Standalone Selling Prices spreadsheet.

You can upload standalone selling prices directly through the Create Standalone Selling Prices spreadsheet without assigning the items to a profile. When you upload the standalone selling price of an item, item group, memo line, or performance obligation template that isn't previously assigned to a standalone selling price profile, the application automatically assigns the profile you initiated the Create Standalone Selling Prices spreadsheet from.

The application uses the standalone selling price for the effective period in which the contract date falls to determine which standalone selling price is assigned for the source document line.

Standalone selling prices must exist for the combination of pricing dimension, currency, effective period, unit of measure, and item. If standalone selling prices aren't available for the effective period, an error message appears on the performance obligation or promised detail line on the customer contract stating that the standalone selling price is missing.

Related Topics

- [Standalone Selling Price Profiles](#)

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

Spreadsheet	Use
Create Standalone Selling Prices	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.
Manage Standalone Selling Prices	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 aren't yet being used in the revenue recognition process. Note: You can update standalone selling prices only if they were uploaded through the Create Standalone Selling Prices spreadsheet. Observed standalone selling prices can't 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.

How You Assign Standalone Selling Prices Using the Revenue Basis Data Import Template

For third-party order systems, you can import the unit standalone selling price directly with your source document information when loading the source document lines through the Revenue Basis Data Import template.

If you import unit standalone selling prices on the source document lines through the template, the application won't validate, calculate, or assign the standalone selling price for the line. The application bypasses the following standalone selling price configuration setups:

- Manage Standalone Selling Price Profiles
- Manage Pricing Dimensions Value Sets
- Manage Pricing Dimension Structures
- Manage Pricing Dimension Assignments
- Manage Pricing Dimension Bands
- Manage Standalone Sales Pool Exclusion Rules and
- Manage Item Groups

When you renew a contract using the Create Contract Renewal Source Data process, the process copies the value of the unit standalone selling price imported on the original source document line.

When using the Revenue Basis Data Import template, keep these points in mind:

- You can revise the value of the unit standalone selling price sent through the Revenue Basis Data Import template only until the contract is frozen.
- The imported value for the Unit SSP attribute must be an absolute value, regardless of whether it's a percentage or a price.
- The unit standalone selling price imported along with the source document line is used only for that line. This value won't be used for any other source document line even if the line has the same item, pricing dimension, unit of measure, currency, and effective period.

If you need to correct an imported standalone selling price on a source document line that has already been identified into a revenue contract, the method you use depends on the status of the contract:

- When the revenue contract is allocated, you must first discard the contract and then import a version line with the correct standalone selling price.
- When the revenue contract isn't yet allocated, import a version line with the corrected standalone selling price.

To correct standalone selling prices on allocated contracts, perform these steps:

1. Run the Discard Customer Contracts process with the Submit Identify Customer Contracts parameter set to **No**.
2. Import version lines with the revised standalone selling prices.
3. Run the Validate Customer Contract Source Data process.

4. Run the Identify Customer Contracts process.

You can use this method of importing standalone selling prices along with other methods. For example, you can import the unit standalone selling price for a particular item or classification of items through the Revenue Basis Data Import template and use the observed standalone selling price or estimated selling price for others.

Related Topics

- [How Revenue Basis Import Data Is Processed](#)

Overview of Observed Standalone Selling Prices

Oracle Revenue Management provides two methods for managing and calculating observed standalone selling prices:

- Use the Manage Observed Standalone Selling Prices to manage and automatically calculate observed standalone selling prices. You create them by submitting the Calculate Observed Standalone Selling Prices process.
- Use the Manage Standalone Selling Prices spreadsheet to query, review, and edit standalone selling prices. You can access the spreadsheet from the task pane in the Revenue Management Overview page.

Standalone sales represent single item sales that can be used to calculate observed standalone selling prices for that item. A logical grouping of standalone sales forms the basis for the calculation of an observed standalone selling price. The grouping is done by running the Calculate Observed Standalone Selling Prices process.

How Observed Standalone Selling Prices Are Calculated

Revenue Management groups the calculated observed standalone selling prices into observed standalone selling price value sets based on the effective period and the item classification. Consider the following:

- The Item classification identifies the goods and services, such as hardware, software, hardware support, or software support.
- The Effective Price Period is the range of dates when the standalone selling prices are valid.
- The Coverage Period is the date range of the qualified standalone sales that were included in the observed standalone selling price calculation. It may or may not be overlapping with the Effective Price Period, depending on your company policy.

You can exclude certain categories of standalone sales from observed standalone selling price calculation, such as internal sales, and then rerun the calculation to see how this immediately impacts your observed standalone selling prices.

You can review the individual observed standalone selling prices within a data set and make the decision to establish or not to establish the price for the data set. The application provides the following data points for each observed standalone selling price:

- The standalone sales transactions used to calculate the observed standalone selling price. This pool is referred to as Qualified Standalone Sales. Note that any revenue contract that contains only one performance obligation is considered a standalone sale.
- The standalone sales excluded from the qualified standalone sales pool and the exclusion reason.

- The pricing dimension values. A product can have multiple prices depending on factors like the profile of the customer, the value purchased, the geographic region, and where the product is sold. These factors are configured as pricing dimension values. Observed standalone selling prices for a product are computed separately for each pricing dimension value combination.
- The standalone selling price profile used. The standalone selling price profile defines the criterion that a valid observed standalone selling price should satisfy, such as the minimum number of standalone sales lines required to compute an observed standalone selling price.
- The observed standalone selling price for the previous effective period for comparison.

The observed standalone selling price calculation results in the following:

- Observed price status:
 - Suggested Valid status indicates the value met the criteria of the standalone selling price profile.
 - Suggested Invalid status indicates the value didn't meet the criteria of the standalone selling price profile.
- Statistical information for the standalone selling price value, such as the median, tolerance range coverage, and sales count.
- Two analytical graphs for reviewing the calculation: The bell-curve distribution and the trend analysis. These two graphs provide you with insight into the nature of sales being included in the calculation.

Based on the observed price status, you can choose to either establish or not to establish the value. Once the observed standalone selling prices have been automatically calculated, they appear under one of two tabs in the Observed Standalone Selling Prices Requiring Attention section in the Overview page:

- Pending Establishment tab: Review the observed standalone selling prices displayed in this tab by clicking the **Details** icon and approve them by clicking **Establish**. If you require more information before approving the observed standalone selling price, change the review status to **Pending Research**.
- Pending Research tab: Review the observed standalone selling prices displayed under this tab to determine whether the sales are relevant or if some sales aren't relevant. If you want to exclude some lines, you can highlight those lines and click **Exclude**. The application automatically recalculates the observed standalone selling prices.

Click **Save** to change the status from Pending Research to Pending Establishment.

This table shows you the status and actions you can take after reviewing observed standalone selling prices:

Status and Actions

Tab	Observed Price Status	Actions to Take
Pending Establishment	Suggested Valid	• Mark as Invalid • Establish Price • Don't Establish Price • Require Investigation
Pending Establishment	Suggested Invalid	• Mark as Valid • Establish Price • Don't Establish Price • Require Investigation

Tab	Observed Price Status	Actions to Take
Pending Establishment	Marked Valid	- Establish Price - Mark as Invalid - Don't Establish Price - Require Investigation
Pending Establishment	Marked Invalid	- Establish Price - Mark as Valid - Don't Establish Price - Require Investigation
Pending Research		- Mark as Invalid - Establish Price - Don't Establish Price

Related Topics

- Standalone Selling Price Profiles

Standalone Selling Price Estimation Using the Residual Approach

You can estimate the standalone selling price for performance obligations using the residual approach in accordance with the Revenue from Contracts with Customers accounting standard (ASC 606 and IFRS 15).

Using the residual approach to estimate the standalone selling price of a promised good or service is appropriate only when a promised good or service is sold at a broad range of prices or when the standalone selling price isn't yet established.

The residual approach lets you:

- Identify the performance obligation for which a standalone selling price must be estimated using the residual method. The application creates the performance obligation using a performance obligation identification rule or a performance obligation template.
- View the computed residual standalone selling price for the performance obligation in the Manage Customer Contracts page.

When the Residual Approach is Used to Estimate the Standalone Selling Price

Revenue Management estimates the standalone selling price for a performance obligation when an order line within the obligation consists of the Use Residual Approach designation or it is identified in a performance obligation template with the Use Residual Approach designation.

This table shows the two residual approach methods you can use:

Residual Approach Methods

Residual Approach Method	Navigation	Details
Revenue Basis Data Import template	In the VRM_SOURCE_DOC_LINES tab of the Revenue Basis Data Import template, enter Y in the Use Residual Approach column, which indicates whether the order line should use the residual approach when estimating the standalone selling price.	When the Use Residual Approach column for the order line within the obligation equals Y, the application: - Estimates the standalone selling price using the residual approach. - Excludes the order line from existing standalone selling price validations. - Ignores the unit standalone selling price provided on the transaction line. - When the Use Residual Approach column equals Y for one or more promised detail lines within a performance obligation, the application estimates the extended standalone selling price for the performance obligation using the residual approach. Note: The Derive Pricing Dimension Combination functionality on the Create Performance Obligation Template page is used only as a secondary grouping mechanism and has no impact on the residual estimate calculation.
Create Performance Obligation Template page	In the Create Performance Obligation Template page, click the Use Residual Approach check box.	When the Use Residual Approach check box is enabled, the application: - Estimates the standalone selling price using the residual approach. - Excludes the performance obligation from standalone selling price validations. Note: The Derive Pricing Dimension Combination functionality on the Create Performance Obligation Template page is used only as a secondary grouping mechanism and has no impact on the residual estimate calculation.

How the Standalone Selling Price Is Estimated Using the Residual Approach

When you submit the Identify Customer Contracts process, the process estimates the standalone selling price for the resulting performance obligation if one of these points is true:

- The performance obligation consists of at least one order line with a Use Residual Approach designation.
- The performance obligation is identified in a performance obligation template designated as Use Residual Approach.

The computed residual standalone selling price represents the extended standalone selling price that Revenue Management estimated using the residual standalone selling price estimation method. The Unit SSP is calculated as: Computed Residual SSP/Quantity.

Revenue Management calculates the residual standalone selling price as the total transaction price minus the sum of the known standalone selling price of other goods or services promised in the contract. When two or more performance obligations within the contract require that the standalone selling price be estimated using the residual approach, the computed residual standalone selling price is allocated to the obligations based on the selling price of the individual obligations.

The extended standalone selling price is set to the computed residual standalone selling price and is used to allocate the contract revenue across the performance obligations. If the computed residual standalone selling price is negative, the negative result is displayed in the Computed Residual SSP column in the Edit Customer Contract page, and the extended standalone selling price is set to zero.

How Revenue Management Derives the Extended Standalone Selling Price

Oracle Revenue Management uses these formulas to derive the extended standalone selling price (SSP) based on the SSP representation type you use:

Formulas

SSP Representation Type	Formula
Discount Percentage of Unit List Price	$\text{Extended SSP} = \text{Quantity} * \text{Service Duration} * (100 - \text{Discount \% provided in SSP}) * \text{Unit List Price in Source document lines} / 100$
Gross Margin Percentage	$\text{Extended SSP} = (100 * \text{Cost Amount in Source document lines}) / (100 - \text{Margin \% provided in SSP})$
Percentage of Base Unit Price	$\text{Extended SSP} = \text{Quantity} * \text{Service Duration} * (\% \text{ of Base unit price provided in SSP}) * \text{Base Price in Source document lines} / 100$
Unit Selling Price	$\text{Quantity} * \text{Service Duration} * \text{Unit Selling Price}$

Note: If the service duration isn't provided for the source document line, the application excludes the service duration from the formula.

Related Topics

- [Standalone Selling Price Profiles](#)
- [Subscription Duration and Price Periodicity](#)

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 aren't 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 can't 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 haven't 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**.

Related Topics

- [Create Standalone Selling Prices Using a Spreadsheet](#)

Reference Currency for Standalone Selling Prices

You can designate a single reference currency to evaluate and assign pricing dimensions and standalone selling prices to all of your accounting contracts, regardless of the associated entered or accounted currency of the source document line.

Define a reference currency to designate:

- A single reference currency for standalone selling prices applicable across all ledgers configured within your instance.
- An application-wide reference currency for standalone selling prices applicable to all source document lines, regardless of the source application.
- The rate type and date for translating source document lines to reference currency equivalents when evaluating amount pricing band segment value assignments.

Using a reference currency for standalone selling prices lets you:

- Evaluate and assign pricing dimension amount band segments based on the reference currency equivalent amount of the source document line.

- View the standalone selling price for the performance obligation and underlying promises in both the reference and entered currencies in the Edit Customers Contract page.
- Simplify and reduce the ongoing maintenance of establishing and maintaining standalone selling prices and pricing dimension bands in multiple currencies.

When you define a reference currency, the application uses:

- The currency selected in the Currency field as the lookup currency when assigning standalone selling prices instead of the source document line currency.
- The rate from the rate type and date for the selected currency to convert the applicable entered currency amounts from the source document line to the reference currency.

After you define a reference currency on the Manage System Options for Revenue Management page, you can then create and maintain standalone selling prices in one single currency for each unique combination of the following items for the SSP Representation Types you are using:

- Item
- Memo line
- Performance obligation template and item group
- Pricing dimension combination
- Effective period
- Unit of measure

You only need to upload standalone selling prices in the defined reference currency rather than creating and maintaining standalone selling prices based on currencies you entered in your source transaction lines.

Once the application assigns the pricing dimension combination to the performance obligation or promised detail line, the application assigns the standalone selling price. The application:

- Selects the standalone selling price to assign to the performance obligation or promised detail line based on the combination of attributes listed previously in this topic.
- Uses the same logic, except when looking up the standalone selling price. In those instances, the application uses the reference currency instead of the entered currency of the source transaction line.

You can assign the item, memo line, performance obligation template, or item group to a standalone selling price profile using an standalone selling price representation unit price type. The application:

- Translates the standalone selling price back to the currency of the source transaction line that you entered before stamping the standalone selling price.
- Uses the inverted value of the reference currency conversion rate to determine the entered currency unit price standalone selling price.

You can also assign the item, memo line, performance obligation template, or item group to a standalone selling price profile using any of these standalone selling price representation types if the reference currency unit standalone selling price is represented by one of these percentage types:

- Percentage of Base Unit Price
- Discount Percentage of Unit List Price
- Gross Margin

In these instances, the application uses the percentage as defined for the reference currency. The application doesn't complete a conversion back to the line's entered currency before stamping the standalone selling price on the performance obligation or promised detail line.

You can view the reference currency unit standalone selling price assigned to the accounting contract in the Edit Customer Contract page. The Reference Currency Unit SSP column in the Performance Obligations and Promised Detail tabs in the Edit Customer Contract page displays the reference currency code value used at the contract's inception to assign the pricing dimension segment values and standalone selling prices for the contract. The value represents a unit price or percentage, depending on the standalone selling price representation type of the standalone selling price profile that is assigned to the line. You can view the unit standalone selling price in both the reference and entered currency for the line.

Guidelines for Using a Reference Currency for Standalone Selling Prices

Keep in mind these tips and considerations when using a reference currency:

- The reference currency is an application-wide setting and applies to all ledgers defined within Revenue Management.
- You can enable or disable the option at any time. Changes to the settings apply to new and unprocessed lines beginning with the change date.
- The application uses reference currency attributes assigned to a contract at the time of contract creation throughout the contract's life cycle, in addition to any additional activities such as contract modifications.
- Use the Discard Customer Contract process to clear a contract's assigned pricing dimension combination and standalone selling price. If you run the Identify Customer Contracts process again, the application determines the pricing dimension combination and standalone selling price using the current reference currency settings.
- For source document lines, if the application obtains the unit standalone selling price from the source application, Revenue Management uses that unit standalone selling price for the line, regardless of the reference currency settings.
- The application assigns standalone selling prices to implied performance obligations based on the standalone selling price profile of the implied obligation's item or memo line. When you enable the Enable Reference Currency option, the application uses the reference currency rate date of the implied obligation's related line when evaluating and assigning pricing dimension amount band segment values.
- When you use the immaterial change function to add a new performance obligation to an existing contract, the application uses the reference currency rate date on the new source document line or its header, when available. If the reference currency rate date isn't available, the application uses the contract revision date of the source document line as the reference currency rate date.

Define a Reference Currency for Standalone Selling Prices

This example shows you how to define a reference currency for your standalone selling prices on the Manage System Options for Revenue Management page.

The Reference Currency for Standalone Selling Prices settings are applicable only when assigning pricing dimension combinations and standalone selling prices. The application doesn't use the settings when it converts foreign currency source document lines to the ledger currency.

1. Navigate to the Manage System Options for Revenue Management page.
2. In the Reference Currency for Standalone Selling Prices section, click the Enable Reference currency check box.
3. Select the currency to be used as the reference currency.

4. Select the rate type that you want to use to convert revenue line amounts to the reference currency. For example, Corporate or Daily Exchange Rate.
5. Select the rate date of the rate that you want to use to convert amounts to the reference currency.
 - a. Contract Date: the date associated with the revenue management accounting contract.
 - b. Reference Currency Rate Date: the date shown on the source document header or source document line from your upstream applications.
6. Click Save.

Reference Currency for Pricing Dimension Bands

You can use a reference currency to help simplify the creation and maintenance of your pricing dimension bands.

After you define your reference currency, you don't need to define and maintain pricing bands for each entered currency. Instead, you only need to create and maintain pricing dimension bands in a single currency for pricing dimension amount segments using pricing bands.

You can also use amount bands to segment your pricing dimension structures. You can define amount bands for several attributes, such as the selling amount, list price amount, and base price amount, along with any amount defined within an extensible numeric attribute.

When you define a reference currency, Revenue Management uses the applicable pricing dimension amount's reference currency equivalent when evaluating and assigning the segment band value of the pricing band amount.

To determine the reference currency equivalent amount:

1. Convert the source document line's applicable amount to the reference currency using the reference currency conversion rate information.
2. Evaluate this reference currency equivalent amount against the pricing bands, which are assigned to the standalone selling price profile defined in the reference currency.

The application then stamps the resulting pricing band segment on the performance obligation or promised detail line.

Resolve Reference Currency Errors

Use the reference currency-specific error messages to resolve data issues when using a reference currency.

The application requires rate information to convert amounts. If the rate information is missing, the Identify Customer Contracts process can't assign the pricing dimension combination or standalone selling prices to the performance obligation or promised detail line. In this case, the application displays line-level error messages containing reference currency-specific error messages.

When the application can't obtain the reference currency rate from the General Ledger Daily Rates table, it marks the promised detail line and displays an error message in the Edit Customer Contract page stating that the reference currency conversion rate is missing.

The application changes the contract to a status of Pending allocation and an allocation pending reason of Reference currency conversion rate not available.

When you fix the error and then run the Identify Customer Contracts process again, when the application locates the missing rate, it updates the error message and allocation status accordingly.

Subscription Duration and Price Periodicity

Use the subscription duration and price periodicity information to assign standalone selling prices to services.

- Price periodicity refers to the periodicity at which the service is priced. Examples of price periodicity are Year, Month, Week, or Day.
- Service duration is the duration of the service in terms of price periodicity.

You can capture the service duration and price periodicity for services created from:

- Oracle Fusion Cloud Subscription Management
- Oracle E-Business Suite Order Management and Service Contracts
- Third-party applications

When Revenue Management is enabled with Subscription Management, Subscription Management provides the actual unit selling price, service duration, and price periodicity with the required subscription details for the revenue line.

For subscription lines, the unit selling price of an item represents the price per unit of measure of the item and per price periodicity. The line amount represents the quantity * service duration * unit selling price.

For example, a customer purchased a three-year extended warranty for five laptops. The price is 100 USD per laptop per year. In this case, the revenue line is represented as:

Field	Value
Unit of Measure	Each
Price Periodicity	Year
Quantity	5
Service Duration	3

The source application sends the line amount as Quantity * Service Duration * Unit Selling Price, which is equal to $5 * 3 * 100 = 1500$ USD.

The unit selling price of an item represents the price per unit of measure of the item and per price periodicity.

If there's a change in the service duration and price periodicity on the service that impacts the service duration and price periodicity, the source application sends the change as a revision line to Revenue Management.

As a default, for subscription charges, Subscription Management assigns the unit list price for the subscription change as the unit standalone selling price.

When E-Business Suite Order Management and Service Contracts is enabled with Revenue Management, the applications send the service duration and price periodicity into Revenue Management, along with the service details as the revenue basis data.

For third-party source applications, you can provide the service duration and price periodicity for the lines using the Revenue Basis Date Import template.

The Service Duration and Price Periodicity attributes are optional. You can continue to receive service data from source applications without the service duration and price periodicity. In such cases, the line amount is represented as Quantity * Unit Selling Price. The selling price and the extended standalone selling price is calculated as Quantity * Unit SSP.

You can view the service duration and price periodicity on the contract in the Promised Details tab of the Edit Customer Contract page. You can also view revisions to the Service Duration attribute within the Line Reference Details tab for the promised detail line.

When adding an implied performance obligation with a satisfaction measurement model of Period, you can optionally provide the service duration and price periodicity to be used in the Edit Customer Contract page. You can enter these fields only on contracts that aren't frozen. Once the contract is frozen, you can't make any edits to these two attributes.

You can also use the service duration and price periodicity as segments in your pricing dimension structures. You can also define the attributes in pricing bands to facilitate the assignment of unit standalone selling prices based on the service duration.

When the Validate Customer Contracts Source Data process identifies an invalid value for the service duration and price periodicity, it's displayed in and can be corrected on the Correct Contract Document Errors spreadsheet.

Service Duration and Price Periodicity Impact on Existing Contracts

You may or may not see the service duration and price periodicity on your revenue contracts, depending on whether the revenue contract was created before or after you began using the feature:

- Contracts created before you begin providing the service duration and price periodicity for services: the application displays the contracts without the service duration and price periodicity.
- Contracts created after you begin providing the service duration and price periodicity for services: the application displays the contracts with the service duration and price periodicity, if these values are populated by the integrated application.
- Contracts created before you begin providing the service duration and price periodicity for services but revised after you began using this feature: the application displays the base contract without the service duration and price periodicity.
 - When you perform revisions to existing contracts, for the service duration and price periodicity values on services not previously provided for the line, if the integrating application is Subscription Management, Revenue Management uses the value in the Extensible line character attribute 30 column to determine how to treat the new service duration and price periodicity values.

The Subscription Management user populates the Extensible line character attribute 30 column and Revenue Management processes the line as follows:

Source Application	Scenario	Extensible Line Character Attribute 30	Revenue Management Treatment
Subscription Management	When you override the values of Quantity, Unit Selling Price, or Unit Standalone Selling Price using Service Mapper.	Equal to CUSTOM	The application processes the version line as it was received from Subscription Management. The revenue line is displayed with the service duration and price periodicity.

Source Application	Scenario	Extensible Line Character Attribute 30	Revenue Management Treatment
Subscription Management	When you don't override the values of Quantity, Unit Selling Price, or Unit Standalone Selling Price using Service Mapper.	Not equal to CUSTOM	- If you override the values of Quantity, Unit Selling Price, or Unit The application ignores the service duration and price periodicity populated in the version lines. - The application calculates the unit selling price as Unit Selling Price * Service Duration on the revenue contract. - The application copies the unit standalone selling price of the base revenue line to the version line as well. - The promised service is represented as if it was imported from Subscription Management without the service duration and price periodicity.
All other sources		Not applicable	The invalid version line is displayed in the Correct Contract Document Errors spreadsheet. Remove the values for the two attributes and reprocess the line.

Refer to Using Oracle Subscription Management for more information.

Guidelines for Using the Service Duration and Price Periodicity Attributes

Here are some key considerations to keep in mind when using the service duration and price periodicity option:

- Subscription Management lets you opt out of using the Service Duration and Price Periodicity feature. To opt out, enable the look up RMCS_DURATION_UOM_OPT_OUT in Subscription Management.
- Subscription Management doesn't include the service duration and price periodicity for one-time and usage charges. However, to support using the service duration and price periodicity in your pricing dimension structure for all items, Subscription Management populates:
 - The price periodicity as One Time and the service duration as 1 for one-time charges.
 - The price periodicity as Usage Charge and the service duration as 1 for usage charges.

Use the Subscription Management Service Mapper to set the Extensible line character attribute 30 attribute to CUSTOM for service version lines when:

- You want to process service version lines without recalculating the unit selling price.
- You're customizing the values of the attributes Unit Selling Price, Quantity, or Unit Standalone Selling Price using Service Mapper.

- You're not using the out of the box integration process for Subscription Management with Revenue Management.

Standalone Selling Price Ranges

You can specify standalone selling price ranges that the Identify Customer Contracts process uses to automatically determine whether the stated selling price for goods and services sold falls within or outside of the standalone selling price range.

You can determine standalone selling price range test results in one of these ways:

- Specify a specific low and high point for the range: You upload the specific low and high points as the acceptable range of your standalone selling prices using the Create Standalone Selling Prices spreadsheet. The Identify Customer Contracts process then compares the selling price with the standalone selling price range to determine whether the selling price is below the low point, in range, or above the high point.
- Automatically calculate the standalone selling price range: You upload a standalone selling price midpoint and tolerance percentage values using the Create Standalone Selling Prices spreadsheet. The Identify Customer Contracts process then automatically calculates the standalone selling price low and high points using the midpoint and tolerance percentage.

You define the policy where you specify the unit standalone selling price that is used to allocate the transaction price in each scenario.

Standalone Selling Price Policy for Ranges

The standalone selling price policy for ranges determines the rules you follow each time the Identify Customer Contracts process compares the selling price with the standalone selling price low and high points.

You upload this policy to determine the standalone selling price that is used for allocation when you use standalone selling price ranges. Your standalone selling price policy must specify how the Identify Customer Contracts process handles selling prices for these three scenarios:

Scenario	Description
Below low point	The selling price falls below the standalone selling price low point.
In range	The selling price falls between the standalone selling price low and high points (the low and high points are inclusive).
Above high point	The selling price falls above the standalone selling price high point.

For these three scenarios, you must choose one of the following values:

- SSP Low Point
- SSP Midpoint
- SSP High Point
- Selling Price

- **Sales Point:** The sales point represents the price published by the business as the published sales point of an item or service.

For example, if you enter SSP Low Point for the Below Low Point attribute, it means that the standalone selling price will be the value you entered for the SSP Low Point attribute when the selling price falls below the low point.

Standalone Selling Price Type

The SSP type determines whether the unit standalone selling price is the observed value or estimated value.

You specify the SSP type when you upload standalone selling prices through the Create Standalone Selling Prices spreadsheet. You can specify either of these values for the SSP Type when you upload standalone selling prices or a standalone selling price range:

- **User Estimated SSP:** Indicates that the user estimated the standalone selling price.
- **User Observed SSP:** Indicates that the user observed the standalone selling price outside of the application.

Note: The SSP Type of the unit standalone selling price observed by the application is displayed as Observed SSP.

Standalone Selling Price Range Attributes

The Create Standalone Selling Price spreadsheet includes these attributes, which you use to enter your ranges:

Attribute	Description
SSP Type	Specifies whether the unit standalone selling prices or ranges being uploaded are user observed or user estimated.
SSP Low Point	The low and standalone selling price point that the selling price is compared with when you use standalone selling price ranges.
SSP High Point	The high standalone selling price point that the selling price is compared with when you use standalone selling price ranges.
SSP Midpoint	The midpoint of the acceptable standalone selling price ranges. Used by the application to calculate the standalone selling price low and high points.
SSP Tolerance	The tolerance percentage in accordance with the Standalone Selling Price policy of your business. Used by the application to calculate the standalone selling price low and high points.
Sales Point	Specifies the published sales point of the item.
Below Low Point	Specifies the business policy when the selling price falls below the standalone selling price low point.
In Range	Specifies the business policy when the selling price falls between the standalone selling price low and high points.
Above High Point	Specifies the business policy when the selling price falls above the standalone selling price high point.

Note: The Unit SSP attribute isn't a required attribute when you use standalone selling price ranges to derive the unit standalone selling price.

Upload Standalone Selling Price Ranges

This example shows you how to upload standalone selling price ranges using the Create Standalone Selling Prices spreadsheet.

1. Navigate to the Manage Standalone Selling Price Profiles task.
2. Open the Standalone Selling Price profile.
3. In the Edit Standalone Selling Price Profile page, click **Create SSP**.
4. Enter the effective period that you want to upload standalone selling prices for.
5. Enter USD as the default currency.
6. On the Create Standalone Selling Prices spreadsheet, enter these values for the item that you want to upload SSP ranges for:

Field	Value
Unit of Measure	Each
Pricing Dimension	US-Telecom
SSP Type	User Observed SSP

7. Under SSP Ranges, enter these values:

Field	Value
SSP Low Point	30%
SSP Midpoint	35%
SSP High Point	40%
Sales Point	33%

8. Under Policy for SSP Ranges, enter these values:

Field	Value
Below Low Point	SSP Low Point
In Range	Selling Price
Above High Point	SSP High Point

9. Click the **Create Standalone Selling Prices** menu and click **Upload** to upload your spreadsheet.

Modify Standalone Selling Price Ranges

This example shows you how to modify standalone selling price ranges and the standalone selling price policy for ranges using the Manage Standalone Selling Prices spreadsheet.

You can edit values for standalone selling price ranges and policies for standalone selling price ranges in the Manage Standalone Selling Prices spreadsheet. You can update these values only if they were never used to allocate the transaction price of a contract.

1. In the Overview page, click **Manage Standalone Selling Prices in Spreadsheet** in the task pane.
2. Click **OK**.
3. In the Manage Standalone Selling Prices spreadsheet, select an item number you uploaded. For example, select the item number of the item you uploaded in the Upload Standalone Selling Price Ranges example.
4. Click the **Manage Standalone Selling Prices** menu and click **Search**.
5. Under SSP Ranges, change the SSP Low Point to 28.00%.
6. Change the SSP High Point to 42.00%.
7. Click **Upload**.

View Standalone Selling Price Range Results in a Contract

When you use standalone selling price ranges and range policies, the Identify Customer Contracts process checks whether the stated selling price of each good or service falls within or outside of the standalone selling price range.

To view how the process applies your range settings in a contract:

1. Navigate to the Edit Customer Contract page.
2. Search for a contract that uses standalone selling price ranges.
3. Scroll to the SSP Range Test Result column: This value shows whether the result of the comparison of the selling price with the standalone selling price low and high points is Below the Low Point, In Range, or Above the High Point.
4. Scroll to the SSP Range Value Applied column: This value shows the range value that was applied based on the test result. The value is either SSP Low Point, SSP Midpoint, SSP High Point, Selling Price, or Sales Point.

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's 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.

Satisfaction Method	Description
Require Complete	Revenue is recognized for the performance obligation when all promised details in the performance obligation have been completely satisfied.
Allow Partial	Revenue is recognized for the performance obligation incrementally as each portion of the obligation is satisfied.

Satisfaction Measurement Model

Use the satisfaction measurement models 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:

Satisfaction Measurement Model	Description
Measure Quantity Satisfied	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. A performance obligation can have multiple satisfaction measurement events if partial quantities are delivered.
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 aren't 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.

Obligations	Selling Amount	Allocated Percentage	Allocated Revenue	Revenue Recognized	Satisfaction Date	Satisfaction Status as on 30-Jun-2016	Satisfaction Method
PO722-Handset	299.99	29.37	668.06	668.06	1-Jan-16	Fully Satisfied	Require Complete
PO740-Data Plan	1014.96	36.04	819.97	204.14	31-Dec-17	Extent Satisfied	Allow Partial
PO681-Talk and Text	960.00	34.59	786.92	195.91	31-Dec-17	Extent Satisfied	Allow Partial
Total	2274.95		2274.95	1068.11			

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.

How Revenue Is Recognized for an Implied Performance Obligation

The application recognizes revenue for implied performance obligations based on the satisfaction measurement model:

- Quantity or percentage: You must create satisfaction events manually in the Satisfaction Events section of the Customer Contract page. The application recognizes revenue based on the satisfaction events you create. You can discard any satisfaction events that were created erroneously.
- Period: The application creates satisfaction events automatically at every period end. The application recognizes revenue every period end for the duration of the plan.

Can Revenue Management receive different versions of sublines or satisfaction events?

No, but the source application can send additional satisfaction events, either positive or negative, to make any adjustments to the satisfied quantity. Note that the sublines are applicable only to those revenue lines with a satisfaction measurement model of Quantity.

4 Revenue Management Accounting

Overview of Revenue Management Accounting

Oracle Revenue Management integrates with Oracle 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 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.
- 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 Recognize Revenue of Customer Contracts process, the process 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

For material contract revisions and returns, the application performs retrospective accounting. In the current open period the application reverses the accounting related to the satisfaction events on the original accounting date and creates new accounting entries based on the new satisfaction events. The application creates new accounting entries based on the new satisfaction events.

For immaterial contract revisions, the application performs prospective accounting. The application doesn't reverse the accounting related to the satisfaction events up to the contract revision date. The application creates new accounting from the contract revision date forward for the new satisfaction events.

IFRS 15 and ASC 606 Revenue Standards

The core principle of revenue standard ASC 606 and IFRS 15 is that a business recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the payment the business expects to receive in exchange for those goods or services.

Revenue standards ASC 606 and IFRS 15 establish the principles that a business can use to report useful information in financial statements regarding the nature, amount, timing, and uncertainty of revenue and cash flows included in a customer contract.

Revenue standards ASC 606 and IFRS 15 are revenue recognition standards that affect all businesses that enter into contracts with customers to transfer goods or services, including public, private, and non-profit entities.

ASC 606 and IFRS 15 improve accounting for contracts with customers by:

- Providing a robust framework for addressing issues as they arise
- Increasing compatibility across industries and capital markets
- Requiring better disclosure

Five Key Steps to Revenue Recognition

There are five revenue recognition steps provided by FASB and IASB.

1. Identify contracts with customers.

The definition of the accounting contract in the accounting standard is a little different than the definition of a legal contract in law. The step applies to each contract that has been agreed upon with a customer and meets specified criteria. In some cases, it requires you to combine contracts and account for them as one contract. It also provides requirements for the accounting for contract modifications.

2. Identify performance obligations in contracts.

A contract includes promises to transfer goods or services to a customer. If those goods or services are distinct, the promises are performance obligations and are accounted for separately. A good or service is distinct if the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer. Your promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

3. Determine the transaction prices.

The transaction price is the amount of consideration in a contract that you expect to be entitled to in exchange for transferring promised goods or services to a customer. The transaction price can be a fixed amount of customer consideration, but it may sometimes include variable consideration or consideration in a form other than cash. The transaction price also is adjusted for the effects of the time value of money if the contract includes a significant financing component and for any consideration payable to the customer.

If the consideration is variable, an entity estimates the amount of consideration that it is entitled to in exchange for the promised goods or services. The estimated amount of variable consideration is included in the transaction price only to the extent that it's probable that a significant reversal in the amount of cumulative revenue recognized doesn't occur when the uncertainty associated with the variable consideration is subsequently resolved.

4. Allocate transaction prices.

You typically allocate the transaction price to each performance obligation based on the relative standalone selling prices of each distinct good or service promised in the contract. If a standalone selling price isn't observable, you estimate it. Sometimes, the transaction price includes a discount or a variable amount of consideration that relates entirely to a part of the contract. The requirements specify when an entity allocates the discount or variable consideration to one or more, but not all, performance obligations or distinct goods or services in the contract.

5. Recognize revenue when performance obligations are satisfied.

You recognize revenue when or as it satisfies a performance obligation by transferring a promised good or service to a customer, which is when the customer obtains control of that good or service. The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied

- At a point in time: typically for promises to transfer goods to a customer.
- Over time: typically for promises to transfer services to a customer.

For performance obligations satisfied over time, an entity recognizes revenue over time by selecting an appropriate method for measuring the entity's progress toward complete satisfaction of that performance obligation.

Accounting in Revenue Management

The basic accounting document in Oracle Revenue Management is a revenue contract. A revenue contract specifies different performance obligations that are committed in the contract.

Revenue Management creates accounting for the various accounting events that occur in the performance obligations.

Revenue Management supports three types of satisfaction measurement models based on which revenue it recognizes and which accounting it creates:

- **Period Based:** For example, if the contract is an annual subscription service, the obligation is to provide the service for 12 months. The application recognizes revenue from this service every month. The last day of the month is specified as the accounting date.
- **Quantity Based:** For example, if the contract states that 10 laptops will be delivered to the customer, the obligation is to deliver the 10 laptops. The application generates a satisfaction event whenever the seller delivers a laptop.
- **Percentage Based:** For example, if the contract is to build a bridge, the obligation is to meet 100 percent of the specifications in the contract. The application recognizes revenue in proportion to the percentage of completion of the bridge.

Initial Performance Event

The application creates an initial performance event to indicate that some activity occurred in the company against the contract. For example, either the company begins satisfying the contract or the company receives advance payment for the contract. At this point, the application books the entire amount of the performance obligation against the contract asset and contract liability using an initial performance event. In other words, an initial performance event is always against a performance obligation.

The accounting for an initial performance event looks like this:

Initial Performance Event

Debits	Credits
Contract Asset account	
	Contract Liability account

Satisfaction Event

The application moves the amount from the Contract Liability account to the Contract Revenue account whenever the performance obligation is fulfilled or satisfied. This means that you can begin booking revenue upon satisfaction of a performance obligation.

The accounting for a satisfaction event looks like this:

Satisfaction Event

Debits	Credits
Contract Liability account	
	Contract Revenue account

Billing Event

When your company generates a bill for an obligation, the application creates a billing event. Once the bill is applied to the contract, the amount is moved from the Contract Asset account to the Revenue Clearing account. If the contract includes discounts, the discounts are also accounted for at this stage.

The accounting for a billing event looks like this:

Billing Event

Debits	Credits
Contract Revenue Clearing account	
Contract Discount Clearing account	
	Contract Asset account

Reversal of Initial Performance Event

The application reverses the initial performance event accounting when the original initial performance event needs to be reversed. This generally occurs when an earlier satisfaction event or billing event is imported into Revenue Management after an initial performance event was created.

For example, if the performance obligation is to deliver 10 laptops and the first satisfaction event (subline) for one laptop is imported on 01-FEB-2020, the application creates an initial performance event with an accounting date of 01-FEB-2020. But at a later point in time, if another satisfaction event or billing event is imported into Revenue

Management with a date of 10-JAN-2020, the application reverses the earlier initial performance event and a creates a new initial performance event for 10-JAN-2020.

The accounting for a reversal an initial performance event looks like this:

Reversal of Initial Performance Event

Debits	Credits
Contract Liability account	
	Contract Asset account

Reversal of Satisfaction Event

The application reverses the accounting of a satisfaction event when a negative satisfaction is imported into Revenue Management that negates the original satisfaction event.

For example, if the performance obligation is to deliver 10 laptops, and the first satisfaction event (subline) for one laptop is imported on 01-FEB-2020, the application creates a satisfaction event for one laptop with an accounting date of 01-FEB-2020. But at a later point in time, if another satisfaction event is imported with a negative quantity (-1), the application creates a reversal of a satisfaction event to reverse the original satisfaction event.

The accounting for a reversal of a satisfaction event looks like this:

Reversal of Satisfaction Event

Debits	Credits
Contract Revenue account	
	Contract Liability account

Reversal of Billing Event

The application reverses the accounting of a billing event when you perform a contract modification due to which the billing events must be reversed and recreated in the application.

The accounting for a reversal of a billing event looks like this:

Reversal of Billing Event

Debits	Credits
Contract Asset account	
	Contract Revenue Clearing account
	Contract Discount Clearing account

Contract Asset and Contract Liability Accounts

The presentation section of the revenue standards requires that when either party to a contract has performed, an entity must show the contract in a financial statement as a contract asset or a contract liability.

Whether the contract is shown as a contract asset or a contract liability depends on the relationship between the entity's performance and the customer's payment.

The entity must present any unconditional rights for payment separately as a receivable. To achieve this, the business must provide the following two balance sheet accounts:

- Contract asset account
- Contract liability account

These accounts are the elements that are offset to represent the contract asset and liability described previously and are generally consistent with the debit or credit side of the trial balance. These accounts represent:

- Contract asset: The entity's right to payment in exchange for goods or services that the entity has transferred to a customer.
- Contract liability: The entity's obligation to transfer goods or services to a customer

You can:

- Process the accrual and revenue entries at the performance obligation level.
- Recognize the consideration in the asset account at the invoice level.
- Control revenue posting at the performance obligation level. You can break it down in revenue accounts by detail.

Contract Asset Account

The Contract Asset account represents an entity's right to request payment once the entity transfers previously nontransferred goods and services to customers, and when either party has already performed.

The contract asset account tracks an initial accrual for the right to request payment for all accrued goods and services promised in the contract at their revenue values. The account is:

- Debited by the recognition of either party's initial performance against relevant performance obligations.
- Credited when the business issues invoices or other instruments integrated with Revenue Management that represent the customer's unconditional acceptance of a payable.

Invoices and performance obligations don't necessarily have the same values. The performance obligation valuation amount is based on the relative method of allocation (the total transaction price when compared to the total of standalone selling prices for a contract) across performance obligations.

Contract Liability Account

The Contract Liability account represents an entity's liability to transfer goods and services to customers against which either party has performed.

The account tracks an initial accrual to complete the transfer of the goods or services to the customer at their revenue values

The Contract Liability account is:

- Credited when previously unaccrued performance obligations are accrued after either party initially performs.
- Debited by the obligation settlement when goods and services are transferred to customers and the goods and services are satisfactorily recognized as revenue.

All transactions in the Contract Liability account are valued at revenue values.

Allocation Discount Account

When contract assets are accrued as a right to invoice at the performance obligation values, but invoicing occurs at customer facing transaction values, the application provides the Allocation Discount account to help match the two values.

The allocation discount refers to the difference between the allocated amount and the invoice amount of a performance obligation. The application:

- Debits the Allocation Discount account in the case of a discount. In this case the allocated amount is more than the invoice amount.
- Credits the Allocation Discount account in the case of a premium. In this case the allocated amount is less than the invoice amount.

When an invoice corresponds to a performance obligation in every attribute except valuation, the application:

- Marks the right to invoice for that asset as exercised.
- Transfers the difference to the Discount Allocation account.

Subsequent invoices eliminate the difference, and the end of the contract shows a zero balance.

Contract Clearing Account

You can integrate Oracle Revenue Management with many different billing systems. To accommodate this integration, Revenue Management provides the Contract Clearing account.

You use this account to credit your invoices. Revenue Management receives data indicating that an invoice has been issued. The application then credits the asset account and debits the clearing account.

The balance should always be zero. If an entity issues an invoice that doesn't meet the criteria for a receivable in ASC 606-10-45-4 and IFRS 15-108, it's impossible to match that invoice to an asset because none exists.

In this case, transfer the invoice to a contra receivables account, offsetting the receivables. The clearing account should always be zero once all the processes complete.

Revenue Write-Off Account

Use the Revenue Write-Off account to address small differences that arise on contract accounts due to long-term accounting, division, and rounding.

Oracle Revenue Management accommodates prospective accounting issues in business cases that are immaterial, resulting in additional small differences.

To write off these types of balances, you must set up the Revenue Write-Off account in the Manage System Options for Revenue Management page. Revenue Management posts these types of balances to the Revenue Write-Off account.

You can then set up this account as a revenue account on the Profit and Loss statement. You can also attribute it so that it's distinct from, included in, or related to regular revenue accounts.

Basic Accounting Entries in Revenue Management

This topic describes the sequence of accounting events that can occur, depending on whether the first action is fulfillment or invoicing.

This table shows the sequence of accounting events when the first action performed on a performance obligation is fulfillment:

Accounting Event Sequence Beginning with Fulfillment

Event	Description	Debit	Credit
Initial performance event	Accounting for the initial performance event.	Contract Asset account	Contract Liability account
Fulfillment	Recognize revenue.	Contract Liability account	Contract Revenue account
Invoicing	Accounting for billing and the allocation discount when the allocated amount is more than the invoice amount.	Contract Clearing account Contract Discount account	Contract Asset account
Invoicing	Accounting for billing and the allocation discount when the allocated amount is less than the invoice amount.	Contract Clearing account	Contract Asset account Contract Discount account

This table shows the sequence of accounting events when the first action performed on a performance obligation is invoicing:

Accounting Event Sequence Beginning with Invoicing

Event	Description	Debit	Credit
Invoicing	Accounting for the initial performance event.	Contract Asset account	Contract Liability account
Invoicing	Accounting for billing and the allocation discount when the allocated amount is more than the invoice amount.	Contract Clearing account Contract Discount account	Contract Asset account
Invoicing	Accounting for billing and the allocation discount when the allocated amount is less than the invoice amount.	Contract Clearing account	Contract Asset account Contract Discount account
Fulfillment	Accounting to recognize revenue.	Contract Liability account	Contract Revenue account

Example of Accounting Before ASC 606 and IFRS-15

In this example, John enters into a 12-month telecommunications plan with the local mobile operator ABC.

The terms of the plan are as follows:

- Performance Obligation 1: John's monthly fixed fee is USD 100 (for talk, data, text, and network services).
- Performance Obligation 2: John receives a free mobile phone at the inception of the plan.

ABC sells the same mobile phones for 300 USD and the same monthly prepayment plans without the mobile phone for USD 80 per month. These prices are the unit standalone selling prices.

Before the introduction of the ASC 606 and IFRS-15 accounting standards, the accounting would typically have produced the following accounting entries:

Initial Accounting Entry

Account	Debit	Credit	Description
Cash	1200		Booked on the day the payment is received.
Revenue		1200	Booked on the day the invoice is created.

You create an invoice and receipt in Receivables. The accounting entry for the invoice looks like this:

Invoice Accounting Entry

Account	Debit	Credit
Receivables	1200	

Account	Debit	Credit
Revenue		1200

When you create the receipt and apply it to the invoice, the accounting entry looks like this:

Accounting Entry for Receipt Applied to the Invoice

Account	Debit	Credit
Cash	1200	
Receivables		1200

The net result is:

Net Result

Account	Debit	Credit
Cash	1200	
Revenue		1200

Example of ASC 606 and IFRS-15 Accounting

In this example, John enters into a 12-month telecommunications plan with the local mobile operator ABC. This example uses ASC 606 and IFRS-15 accounting.

ASC 606 and IFRS-15 accounting employs the five key revenue recognition steps:

1. Identify the Contract: Provide 12-month plan to John.
2. Identify the performance obligations in the contract:
 - Obligation 1: Deliver a mobile phone.
 - Obligation 2: Provide network services over a one-year period.
3. Determine the transaction price: With a monthly charge of 100 USD, the transaction price for one year is 1200 USD.

4. Allocate the transaction price to the performance obligations in the contract:

Performance Obligation Allocation

Performance Obligation No.	Performance Obligation	Selling Amount	SSP	% of Total	Revenue Amount (Ratio of SSP * Transaction Price = 1200)	Satisfaction Date	Plan Start Date	Plan End Date
1	Mobile phone	0 USD	300 USD	$=300/1260*100 = 23.8\%$	$23.8\%*1200 = 285.60$	01-JAN-2022		
2	Network services	$100*12 = 1200$ USD	$80*12 = 960$ USD	$= 960/1260*100 = 76.4\%$	$76.4\% * 1200 = 914.40$		01-JAN-2022	31-DEC-2022
Total		1200 USD	1260 USD	100%	1200 USD			

5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The revenue from the sale of the mobile phone, 285.60 USD, is recognized on 01-JAN-2022. The revenue from the sale of the network services is recognized at a rate of 76.40 (= 914.40/12) USD per month, at the end of every month.

This table shows the satisfaction event and billing event entries for the network services through February 2022, but these satisfaction and billing event entries will continue to occur through the end of December 2022. At the end of the life of the contract the discount clearing account balance will net to zero ($23.80 \times 12 = 285.60$).

Note: In this table, a positive amount indicates a debit and a negative amount (in parentheses) indicates a credit.

Satisfaction Event and Billing Event Entries

Accounting Date	Event	Performance Obligation Number	Product	Receivables	Contract Asset	Contract Liability	Discount Clearing	Revenue Clearing	Revenue
01-JAN-2022	Initial performance event (shipment)	1	Revenue Management		285.60	(285.60)			
01-JAN-2022	Satisfaction event	1	Revenue Management			285.60			(285.60)
10-FEB-2022	John receives a zero-dollar bill.	1	Revenue Management		(285.60)		285.60		

Accounting Date	Event	Performance Obligation Number	Product	Receivables	Contract Asset	Contract Liability	Discount Clearing	Revenue Clearing	Revenue
31-JAN-2022	Receivables invoice (billing)	2	Receivables	100				(100)	
31-JAN-2022	Initial performance event (satisfaction)	2	Revenue Management		914.40	(914.40)			
31-JAN-2022	Satisfaction event	2	Revenue Management			76.40			(76.40)
31-JAN-2022	Billing event (imported from Receivables)	2	Revenue Management		(76.40)		(23.80)	100	
28-FEB-2022	Receivables invoice (billing)	2	Receivables	100				(100)	
28-FEB-2022	Satisfaction event	2	Revenue Management			76.40			(76.40)
28-FEB-2022	Billing event (imported from Receivables)	2	Revenue Management		(76.40)		(23.80)	100	

Clear Residual Account Balances on Fully Satisfied Contracts

You can identify and automatically write off residual account balances for fully satisfied and expired contracts or for contracts that are fully satisfied due to early termination.

Residual balances in the Contract Asset, Contract Liability, and Contract Discount accounts may arise due to differences in the billing amounts, reallocation due to immaterial change processing, or rounding.

To write off the residual account balances, you first need to identify which contract and accounts have residual balances and then create and post an accounting journal to clear these balances. Once a contract with residual account balances has been written off by this process, the contract is closed for further activity. You can no longer discard, modify, or

apply additional billing to the contract. Any future source document version or billing lines applied to the contract will be rejected. Therefore, when identifying which contracts to process, ensure no further billing or activity will occur.

If your organization managed write-off of residual balances externally before enabling this feature and residual balances on a series of contracts were already written off manually, you can exclude these contracts from automatic write-off processing. To exclude these contracts set the Exclude from Automatic Write-Off option to **Yes** on the Edit Customer Contract page and the contract and its residual balance are excluded from processing.

Only revenue contracts with residual balances that meet the following criteria are eligible for processing by the Residual Account Balance Write-Off process:

- The contract is fully satisfied and has undergone an early immaterial termination, or the contract is fully satisfied and has expired naturally.
- The residual balance adjustment status is Eligible for final adjustment.
- The Exclude from Automatic Write-Off option is set to **No** or blank in the Edit Customer Contract page.

The Residual Balance Adjustment Status on the Edit Customer Contract page indicates a contract's eligibility for processing by the Residual Account Balances Write-Off process:

- Not eligible for final adjustment: Initial status upon contract identification.
- No residual balance: A contract is marked No residual balance when it's fully satisfied and doesn't have a residual balance in the Contract Asset, Contract Liability, or Contract Discount accounts.
- Eligible for final adjustment: A contract is marked Eligible for final adjustment when it's fully satisfied. A contract is fully satisfied when all the performance obligations in the contract are fully satisfied.
- Final adjusted: A contract is marked Final adjusted after the Residual Account Balances Write-Off process creates write-off journals for the contract.

The Revenue Write-Off account enables you to track the impact of clearing the account balances on revenue. The process uses this account as the offset to the clearing entry for the residual balances. You can then use subledger account rules to identify which General Ledger account you want to post the balances to, such as the Revenue account.

To enable the residual account balance write-off functionality, define the Revenue Write-Off account in the Manage System Options for Revenue Management page. Once completed, you can run the Residual Account Balance Write-Off process.

Related Topics

- [System Options](#)

Residual Account Balance Write-Off Process

Use the Residual Account Balance Write-Off process to identify contracts with residual balances and generate write-off balances for the identified contracts by automatically creating adjustment journal entries.

Navigate to the Scheduled Processes page to run this process. This table lists the parameters for the process:

Parameter Name	Description	Required
Ledger	Select the ledger name on which you want to execute the process.	Yes

Parameter Name	Description	Required
Residual Balance Threshold	Define the threshold of the account's residual balance amount that's qualified for write off. The application selects contracts for processing where the residual balance amount in either the Contract Asset, Contract Liability, or Contract Discount account is less than or equal to the predefined threshold.	Yes
Latest Contract Activity Date	The date the latest activity was performed on the contract. This process picks up contracts with the latest activity up to the predefined date.	Yes
From Full Satisfaction Date	From date of the full satisfaction date range.	Yes
To Full Satisfaction Date	To date of the full satisfaction date range.	Yes
From Contract Number	Beginning contract identification number of the contract number range.	No
To Contract Number	Ending contract identification number of the contract number range.	No
Action	Mode of processing of the Residual Account Balance Write-Off process: - Review Draft: generates a list of eligible contracts selected and displays the details of the residual balances that would be written off. This is the default value for this parameter. - Perform Final Adjustment: identifies the list of eligible contracts based on the processing parameters, creates write-off journals for the contracts listed, and updates the contract's Residual Balance Adjustment status to Final adjusted.	Yes
Accounting Date	Date used for the residual balance adjustment journal. The accounting date is required only when you run the process in Perform Final Adjustment mode.	Conditional
Write-Off Contracts	Identifies the contracts that will be written-off by the Residual Account Balance Write-Off process. - Fully Satisfied: Includes only those contracts that are fully satisfied. - Terminated with Immaterial Change: Includes only those contracts that are fully satisfied and are terminated with immaterial an change.	Yes

Contract Residual Account Balance Write-Off Report

When the Residual Account Balance Write-Off process completes, the process generates the Contract Residual Account Balance Write-Off report, which displays all the eligible contracts based on the parameters.

The report also displays the balances to be written off for the Contract Asset, Contract Liability, and Contract Discount accounts, with the offset applied to the Revenue Write-Off account.

The report displays this information

- List of contracts
- Full satisfaction date of each contract
- Latest contract activity date of each contract
- Balance of the Contract Clearing account
- Balance of the Contract Revenue account
- Balance of the Contract Asset account
- Balance of the Contract Liability account
- Balance of the Contract Discount account

Use this report to validate the contracts and balances to be written off.

Residual Balance Adjustment Status

View the residual balance adjustment status of your customer contracts in the Edit Customer Contract page.

When a contract's residual balances are written off by the process, the Residual Balance Adjustment Status for the contract is set to Final Adjustment.

The Edit Customer Contract page contains the following attributes in the header:

Attribute Name	Description
Residual Balance Adjustment Status	Read-only status displayed for each contract. • Not eligible for final adjustment: Initial status upon contract identification. • No residual balance: A contract is marked No residual balance when it's fully satisfied and doesn't have a residual balance in the Contract Asset, Contract Liability, or Contract Discount account. • Eligible for final adjustment: A contract is marked Eligible for final adjustment when it's fully satisfied. A contract is fully satisfied when all the performance obligations in the contract are fully satisfied. • Final adjusted: A contract is marked Final adjusted after the Residual Account Balances Write-Off process creates write-off journals for the contract.
Exclude from Automatic Write-Off	Set to Yes if you're managing your write-off outside of Revenue Management and you want to exclude the contract from the Residual Account Balances Write-Off process. If you set this option to Yes, the process ignores this contract even if it's eligible for processing.

Considerations for Clearing Residual Account Balances

Keep these tips and considerations in mind when deciding whether to clear residual account balances on fully expired contracts:

- When a contract has a status of Final adjusted, the contract is no longer eligible for further processing such as discarding, contract modification, or bill application.
 - The Validate Customer Contracts Data process rejects any revision lines received from the source for a final adjusted contract. The process displays the error lines in the Correct Contract Document Errors spreadsheet.
 - The Import Billing Data process rejects any billing lines received from the source for a final adjusted contract. The process displays the error lines in the log in the Import Billing Data process.
- You can view the accounting of the revenue adjustment journal in the View Accounting report, Contract Activity Detail report, and Revenue Contract Account Activities report.

Immaterial Contract Changes

Immaterial contract changes are contract modifications and variable consideration estimate corrections that involve small amount changes.

These changes can be:

- Termination of a line of an existing contract.
- Addition of a new line to an existing contract.
- Both termination of a line and addition of a new line to an existing contract.

For example, for telecommunications companies, immaterial contract changes include upgrading the data plan, adding additional devices that share the data plan, or early termination of services. You can make immaterial changes to both ledger and nonledger denominated accounting contracts.

For immaterial contract changes, the application reallocates the remaining unrecognized allocated revenue across the existing open and new performance obligations. The application uses prospective accounting treatment for the change rather than retrospective accounting.

When you use the immaterial change feature to terminate a performance obligation, you maintain the revenue recognized in past periods and the application applies the change only to revenue in the current and future periods.

- The revenue that has been recognized until the termination date, which is one day less than the contract revision date, remains intact. It doesn't get reversed or adjusted.
- Any revenue recognized after the termination date is reversed.
- The unrecognized allocated revenue is reallocated among the existing open and new performance obligations as of the contract revision date.

A performance obligation is deemed open if the amount of revenue recognized for that obligation is less than its allocated amount. The amount of unrecognized allocated revenue to be redistributed to the remaining open performance obligations and new performance obligations is the difference between the new total transaction price and the revenue recognized up to the termination date.

For the allocation of this new consideration, the application uses the standalone selling price as of the date of contract inception for all of the existing open performance obligations. For new lines, the application uses the standalone selling price as of the contract revision date.

When the unit standalone selling price is imported from the source application, it's used for allocation of revenue. The imported unit standalone selling price can't be revised once the contract is frozen. The changes take effect as of the contract revision date. As a result, the contract revision date is set to the termination date plus one day.

When performing an immaterial change on a nonledger-denominated accounting contract when you are using the default conversion type for your currency translations, enable the Disable Override from Source option in the Manage System Options for Revenue Management page. This ensures that only the default conversion type as defined in the Manage System Options for Revenue Management page is used.

Note: This feature is applicable only when the Satisfaction Measurement Model of the performance obligation is Period and the Satisfaction Plan is Daily Rate Partial Periods.

Refer to the Disable Override from Source Option section for information on how immaterial changes for nonledger accounting contracts are processed.

How Revenue Is Allocated Due to Immaterial Changes

When performing immaterial contract changes, the application redistributes unrecognized allocated revenue to the remaining open performance obligations only.

The change in revenue impacts only the current and future periods and doesn't impact revenue that has already been recognized.

For immaterial changes, the application:

- Uses the standalone selling prices on the contract revision date to reallocate unrecognized allocated revenue to new performance obligations.
- Uses the standalone selling prices on the contract inception date to reallocate unrecognized contract revenue to existing open obligations.
- Doesn't adjust or reverse recognized revenue for performance obligations that are fully satisfied as of the contract revision date.
- Prospectively accounts for revisions of performance obligations when the satisfaction measurement model is Period and the satisfaction plan name is Daily Revenue Rate, Partial Periods.
- Retrospectively allocates revisions for accounting contracts that were generated based on performance obligation templates.
- Retrospectively allocates revisions for accounting contracts that were allocated based on residual standalone selling price performance obligations.
- Retrospectively accounts revisions of performance obligations when the satisfaction measurement model is Quantity or Percent and the satisfaction plan name is Fixed or Variable Revenue Rate, Daily Rate, All Periods.
- Reverses or adjusts initial performance accounting entries for terminated obligations and other open obligations on the contract revision date.
- Books and adjusts accounting entries related to billing of immaterial revisions when billing amounts are imported into Revenue Management.

If most of your contract changes for a particular source document type are immaterial in nature, you can assign an application default value in the Manage Source Document Types page. Set the Immaterial Change Type to Immaterial. You can override the immaterial change type on the Revenue Basis Data Import template when importing revisions from your source applications. This setting applies for both the ledger and nonledger currency denominated revision lines.

Let's look at the attributes you need to populate to process an immaterial change. Enter values for these attributes in the Customer Contract Source Document Lines table:

Attribute	Value
Termination Date	The date the line was terminated and will no longer recur automatically.
Immaterial Change Type	Immaterial
Contract Revision Date	The date on which the customer contract was revised.

Use the Revenue Basis Data Import template to import revisions to your order lines or sales data from your source application to reflect the contract modifications to be applied.

After performing an immaterial change, review the immaterial change calculations in the Edit Customer Contract page. Click the Performance Obligations or Promised Details tab and view the calculations in the Immaterial Revision Details subtab in the Details section. The Immaterial Revision Details subtab displays only contract revision details associated with immaterial changes.

Guidelines for Performing Immaterial Changes

When you perform an immaterial change on an accounting contract, keep these points in mind:

- The application processes the entire contract as an immaterial change if all of the changes processed at the same time are marked as immaterial.
- The application processes the entire contract as a material change if the revisions to the existing contract consist of a mix of material and immaterial changes.
- If you process multiple revisions at the same time, the application sets the contract revision date to the earliest revision date for the purpose of revenue reallocation.
- Accounting contracts with immaterial changes aren't eligible for processing by the Discard Customer Contracts process.

Example of an Immaterial Change Due to Termination

This example illustrates how to populate the immaterial change-related attributes to terminate a performance obligation line in an existing contract.

The customer has purchased a phone, a two-year voice plan, and a two-year data service plan. With this offer, the customer receives the phone at a discount. This order translates into an initial accounting contract that consists of three performance obligations:

- Phone
- Voice plan
- Data plan

After one year, the customer decides to terminate the data plan. The termination is to be accounted using prospective accounting. The immaterial change functionality applies prospective accounting treatment by:

- Calculating the amount of recognized revenue for the data plan up to the termination date.
- Reallocating any unrecognized allocated revenue for the data plan to the remaining existing open performance obligation.
- Recognizing any remaining unrecognized revenue in the current or future periods only.

To process the immaterial change successfully, ensure that you include the following attributes with the source document line data in the Revenue Basis Data Import template:

Termination Line Details

Attribute	Expected Value
Quantity	Revised line quantity
Unit Selling Price	Unit selling price of revised line
Line Amount	Revised line amount
Performance Satisfaction Plan End Date	Revised performance plan end date
Termination Date	Line termination date
Immaterial Change Option	Immaterial
Contract Revision Date	Termination date + 1 day
Version Line	Y
Version Line Number	Greater than the earlier version number

Example of an Immaterial Change Due to an Upgrade

This example illustrates how to populate the immaterial change-related attributes to reflect an upgrade to a plan by terminating an existing plan and adding a new plan.

The initial customer contract has three performance obligations for telephone, voice plan, and data plan. The phone is subsidized, and the voice and data plans cover a 24-month subscription period. The data plan is upgraded from 5 gigabytes to 10 gigabytes starting from the beginning of the fourth month.

The company wants to treat this as an immaterial change and:

- Terminate the initial 5-gigabyte data plan performance obligation.

- Add a new performance obligation to the existing contract for the new 10-gigabyte plan.
- Calculate the amount of recognized revenue for the data plan up to the termination date.
- Reallocate any unrecognized allocated revenue for the data plan to the remaining existing open performance obligation.
- Recognize any remaining unrecognized revenue in the current or future periods only.
- Reallocate unrecognized revenue using the standalone selling price basis as of the contract revision date for new performance obligations and the contract inception date for existing open performance obligations.
- Recognize any remaining unrecognized revenue in the current or future periods only.

To process the immaterial changes successfully for the upgrade, ensure that you include the following attributes with the source document data in the Revenue Basis Data Import template:

Termination Line Details

Attribute	Expected Value
Quantity	Revised line quantity
Unit Selling Price	Unit selling price of revised line
Line Amount	Revised line amount
Performance Satisfaction Plan End Date	Revised performance plan end date
Termination Date	Line termination date
Immaterial Change Option	Immaterial
Contract Revision Date	Termination date + 1 day
Version Line	Y
Version Line Number	Greater than earlier version number

New Line or Upgraded Line Details

Attribute	Expected Value
Quantity	New line quantity
Unit Selling Price	Unit selling price of new line
Line Amount	New line amount
Performance Satisfaction Plan Start Date	New performance plan start date
Performance Satisfaction Plan End Date	New performance plan end date
Performance Satisfaction Plan Duration	New performance plan duration
Termination Date	Not applicable
Immaterial Change Option	Immaterial
Contract Revision Date	Date contract is being revised

Attribute	Expected Value
Add to Existing Contract	Y
Action code for adding new line to existing contract	CREATE NEW PO
Version Line	N

Prospective Accounting for Immaterial Price Changes

Use prospective accounting to reflect minor unit selling price changes for performance obligations.

Performance obligations can be recognized over a given time period or at a specific point-in-time. For these immaterial price changes, you can reflect the change in revenue for current and future periods by reallocating the unrecognized revenue on the open performance obligations of the contract. This doesn't impact the revenue that's already recognized.

Prospective Accounting for Over-Time Performance Obligations

Prospective accounting for immaterial price changes for over-time performance obligations is applicable only:

- To data imported through third-party sources.
- To over-time performance obligations with a satisfaction measurement model of Period and a satisfaction plan of Daily rates partial periods.
- When the application identifies the performance obligations in a customer contract through performance obligation identification rules and not through a performance obligation template. When the application identifies the performance obligations through a performance obligation template, the application performs retrospective accounting on the customer contract.

If the price change is for only part of the service period, you must split the revenue line into two lines. In this case, the application:

- Updates the original line with the revised plan dates and the existing unit selling price.
- Sends a new line for the remaining period with the new unit selling price. This new line must be sent along with the Add-to contract attributes so that the line is added to the same customer contract.

This table shows the attributes and expected values you enter in the Revenue Basis Data Import file-based data import (FBDI) template when you create a revision line that triggers prospective accounting:

Attribute	Expected Value
Quantity Note: Revise this attribute only if you don't use the service duration as a separate attribute.	Revised line quantity
Unit Selling Price	Revised unit selling price of the line

Attribute	Expected Value
Service Duration Note: Revise this attribute when the unit selling price applies to a specified service duration.	Revised service duration
Line Amount	Revised line amount
Plan Start Date	Revised plan start date
Plan End Date	Revised plan end date
Immaterial Change Option	Immaterial
Contract Revision Date	Value is either: - Plan start date - Plan end date (only when the plan end date is revised)

This table shows the attributes and expected values you enter in the Revenue Basis Data Import template when you create a new line because of a price change to the original revenue line, which triggers prospective accounting:

Attribute	Expected Value
Quantity	Quantity of the new line
Unit Selling Price	Unit selling price of the new line
Service Duration	Service duration of the new line
Line Amount	Line amount of the new line
Plan Start Date	Plan start date of the new line
Plan End Date	Plan end date of the new line
Add to Existing Contract	Y
Action Code for Adding New Line to Existing Contract	CREATE NEW PO
Immaterial Change Option	Immaterial
Contract Revision Date	Plan Start Date

Prospective Accounting for Point-in-Time Performance Obligations

Prospective accounting for immaterial price changes for point-in-time performance obligations includes immaterial changes in quantity, unit selling price, or the unit list price of an obligation with a satisfaction measurement model of Measure Quantity Satisfied or Measure Percentage Satisfied.

These changes apply to current and future periods only and don't impact the revenue that was already recognized. The changes are reflected from the contract revision date.

In addition, when you add a new point-in-time performance obligation to an existing contract, this addition is an immaterial change that triggers prospective accounting.

Prospective accounting for immaterial price changes for point-in-time performance obligations is applicable only:

- To data imported through third-party sources.
- To immaterial changes in quantity, unit selling price, or unit list price of an obligation with a satisfaction measurement model of Measure Quantity Satisfied or Measure Percentage Satisfied.
- When you add a new point-in-time performance obligation to an existing contract.
- When the application identifies the performance obligations in a customer contract through performance obligation identification rules and not through a performance obligation template. When the application identifies the performance obligations through a performance obligation template, the application performs retrospective accounting on the customer contract.

This table shows the attributes and expected values you enter in the Revenue Basis Data Import file-based data import (FBDI) template when you create a revision line that triggers prospective accounting, and the immaterial change is in the unit selling price:

Attribute	Expected Value	Expected Value if New Line Added
Quantity	No change	Quantity of new line
Unit Selling Price	Revised unit selling price	Unit selling price of new line
Unit List Price	No change	Unit list price of new line
Line Amount	Revised line amount	Line amount of new line
Immaterial Line Option	Immaterial	Immaterial
Contract Revision Date	Date on which the contract revision occurred	Date on which the contract revision occurred
Add to Existing Contract	Not applicable	Y
Action Code for Adding New Line to Existing Contract	Not applicable	CREATE NEW PO

This table shows the attributes and expected values you enter in the Revenue Basis Data Import file-based data import (FBDI) template when you create a revision line that triggers prospective accounting, and the immaterial change is in the quantity:

Attribute	Expected Value	Expected Value if New Line Added
Quantity	Revised quantity	Quantity of new line
Unit Selling Price	No change	Unit selling price of new line
Unit List Price	No change	Unit list price of new line

Attribute	Expected Value	Expected Value if New Line Added
Line Amount	Revised line amount	Line amount of new line
Immaterial Change Option	Immaterial	Immaterial
Contract Revision Date	Date on which the contract revision occurred	Date on which the contract revision occurred
Add to Existing Contract	Not applicable	Y
Action Code for Adding New Line to Existing Contract	Not applicable	CREATE NEW PO

This table shows the attributes and expected values you enter in the Revenue Basis Data Import file-based data import (FBDI) template when you create a revision line that triggers prospective accounting, and the immaterial change is in the unit list price:

Attribute	Expected Value	Expected Value if New Line Added
Quantity	No change	Quantity of new line
Unit Selling Price	No change	Unit selling price of new line
Unit List Price	Revised unit list price	Unit list price of new line
Line Amount	Revised line amount	Line amount of new line
Immaterial Change Option	Immaterial	Immaterial
Contract Revision Date	Date on which the contract revision occurred	Date on which the contract revision occurred
Add to Existing Contract	Not applicable	Y
Action Code for Adding New Line to Existing Contract	Not applicable	CREATE NEW PO

Example of Prospective Accounting for Over-Time Immaterial Price Changes

This example shows a customer contract with three services. One of the services undergoes a price change, which triggers prospective accounting.

First, populate the Source Document Lines tab in the Revenue Basis Data Import file-based data import (FBDI) template with the revenue basis data.

This table shows the attribute values you enter for each of your three services:

Item Number	Quantity	Unit Selling Price	Service Duration	Price Periodicity	Line Amount	Plan Start Date	Plan End Date	Version Line	Version Number
Service A	5	225.00	6	Month	6750.00	01-Jan-23	30-Jun-23	N	1

Item Number	Quantity	Unit Selling Price	Service Duration	Price Periodicity	Line Amount	Plan Start Date	Plan End Date	Version Line	Version Number
Service B	5	50.00	3	Month	750.00	01-Jan-23	31-Mar-23	N	1
Service C	5	100.00	12	Month	6000.00	01-Jan-23	31-Dec-23	N	1

After importing the data in the FBDI template into Revenue Management and running the Identify Customer Contracts process, the process creates a customer contract with three performance obligations, which correspond to the three services:

- Performance obligation 1: Service A
- Performance obligation 2: Service B
- Performance obligation 3: Service C

This table shows the values populated in the contract for each performance obligation on the Promised Details tab in the Edit Customer Contract page:

Item	Quantity	Entered Unit Selling Price	Service Duration	Price Periodicity	Selling Amount	Unit SSP	Extended SSP	Promised Detail Amount	Plan Start Date	Plan End Date
Service A	5	225.00	6	Month	6750.00	375.00	11250.00	8265.31	1-Jan-23	30-Jun-23
Service B	5	50.00	3	Month	750.00	75.00	1125.00	826.53	1-Jan-23	31-Mar-23
Service C	5	100.00	12	Month	6000.00	100.00	6000.00	4408.16	1-Jan-23	31-Dec-23
Total	NA	NA	NA	NA	13500.00	NA	18375.00	13500.00	NA	NA

At the beginning of March 2023, service 3 undergoes a price change where the unit selling price is revised to 105 USD. In this case, you must split the revenue line into two lines:

- Revise the existing revenue line with a new plan end date of 28-Feb-2023, a new service duration of 2 months, and a new line amount.
- Populate the version line with the attributes that trigger prospective accounting.
- Send a new line with the new unit selling price for the rest of the plan period from March 2023 to December 2023. This new line must also be populated with the attributes that trigger prospective accounting.

Upon further processing, the application adds this new line as a new performance obligation to the existing contract.

This table shows the attribute values you enter in the Revenue Basis Data Import template after the revision:

Note: In the example shown in this table, all services have a quantity of 5 and a price periodicity value of Month.

Item Number	Unit Selling Price	Service Duration	Line Amount	Plan Start Date	Plan End Date	Version Number	Immaterial Change Type	Add to Contract	Action Code	Contract Revision Date
Service A	225.00	6	6750.00	1-Jan-23	30-Jun-23	1	NA	NA	NA	NA
Service B	50.00	3	750.00	1-Jan-23	31-Mar-23	1	NA	NA	NA	NA

Item Number	Unit Selling Price	Service Duration	Line Amount	Plan Start Date	Plan End Date	Version Number	Immaterial Change Type	Add to Contract	Action Code	Contract Revision Date
Service C	100.00	2	1000.00	1-Jan-23	28-Feb-23	2	Immaterial	NA	NA	1-Mar-23
Service C	100.05	10	5250.00	1-Mar-23	31-Dec-23	1	Immaterial	Y	Create New PO	1-Mar-23

When the immaterial price changes are imported into Revenue Management, the Identify Customer Contracts process calculates the revenue that's recognized on all performance obligations until the day before the contract revision date. This recognized revenue is reduced from the new transaction price.

In this example, 01-Mar-2023 is the contract revision date. This table shows the revenue recognized a day before the contract revision date (through 28-Feb-2023):

Performance Obligation	January-23	February-23	Performance Obligation Total
1	1377.55	1377.55	2755.10
2	275.51	275.51	551.02
3	367.35	367.35	734.69
Total	2020.41	2020.41	4040.82

This table shows the values that are populated in the Promised Details tab in the Edit Customer Contract page after you process the price changes using prospective accounting:

Obligation	Item Number	Quantity	Entered Unit Selling Price	Service Duration	Price Periodicity	Selling Amount	Unit SSP	Extended SSP	Plan Start Date	Plan End Date
1	Service A	5	225.00	6	Month	6750.00	375.00	11250.00	01-Jan-23	30-Jun-23
2	Service B	5	50.00	3	Month	750.00	75.00	1125.00	01-Jan-23	31-Mar-23
3	Service C	5	100.00	2	Month	1000.00	100.00	1000.00	01-Jan-23	28-Feb-23
4	Service C	5	105.00	10	Month	5250.00	100.00	5000.00	01-Mar-23	31-Dec-23
Total	NA	NA	NA	NA	NA	13750.00	NA	18375.00	NA	NA

This table shows the revenue recognized and the allocated amounts:

Performance Obligation	Revenue Recognized	Revenue to be Recognized	New Allocated Amount	Total Allocated Amount
1	2755.10	NA	5655.84	8410.94
2	551.02	NA	282.79	833.81
3	734.69	NA	0.00	734.69

Performance Obligation	Revenue Recognized	Revenue to be Recognized	New Allocated Amount	Total Allocated Amount
4	NA	NA	3770.56	3770.56
Total	4040.82	9709.18	9709.18	13750.00

Note: For immaterial price changes or price changes due to indexation, the revenue reallocation impacts only current and future periods. Revenue that was recognized up to the contract revision date isn't impacted.

Example of Prospective Accounting for Point-in-Time Immaterial Price Changes

This example shows a customer contract with three performance obligations.

Two of the performance obligations have a satisfaction measurement model of Measure Quantity Satisfied and one has a satisfaction measurement model of Measure Period Satisfied.

This table shows key values you entered in the initial customer contract, along with the allocated amount and recognized amount:

Item Number	Quantity	Unit Selling Price	Line Amount	Promised Detail Amount	Revenue Recognized to Current Period	Unit SSP	Extended SSP	Plan Start Date	Plan End Date	Measurer Model	Version Line	Version Number
Service A	6	165.00	990.00	1005.37	167.56	300.00	1800.00	01-Feb-24	31-Jul-24	Period	N	1
Item 1	10	500.00	500.00	4580.00	0.00	820.00	8200.00			Quantity	N	1
Item 2	15	135.00	2025.00	2429.63	0.00	290.00	4350.00			Quantity	N	1
Total			8015.00	8015.00								

There's a change in the unit selling price of item 1 from 500 USD to 525 USD, with a contract revision date of 16-Feb-2024. You import the contract modification with an immaterial change type of Immaterial. The Identify Customer Contracts process triggers prospective accounting.

This table shows the contract after prospective accounting:

Item Number	Quantity	Unit Selling Price	Line Amount	Promised Detail Amount	Revenue Recognized to Current Period	Unit SSP	Extended SSP	Plan Start Date	Plan End Date	Measurer Model	Version Line	Version Number
Service A	6	165.00	990.00	1034.34	170.11	300.00	1800.00	01-Feb-24	31-Jul-24	Period	N	1

Item Number	Quantity	Unit Selling Price	Line Amount	Promised Detail Amount	Revenue Recognized to Current Period	Unit SSP	Extended SSP	Plan Start Date	Plan End Date	Measurer Model	Version Line	Version Number
Item 1	10	525.00	5250.00	4724.42	0.00	820.00	8200.00			Quantity	Y	2
Item 2	15	135.00	2025.00	2506.25	0.00	290.00	4350.00			Quantity	N	1
Total			8265.00	8265.00								

This table shows the immaterial price revision details:

Contract Revision Date	Quantity	Service duration	Entered Unit Selling Price	Selling Amount	Plan Start Date	Plan End Date	Unit SSP	Extended SSP	Allocated Amount
15-Feb-24	6		165.00	990.00	01-Feb-24	31-Jul-24	300.00	1800.00	1005.37
16-Feb-24	0.517	1	165.00	85.34	01-Feb-24	15 Feb-24	300.00	155.17	86.67
16-Feb-24	5.483		165.00	904.66	16-Feb-24	31-Jul-24	300.00	1644.83	947.67

Notice that the revenue recognized until 15-Feb-2024 (the day before the contract revision date) is intact while the reallocation of the new transaction price takes place from the contract revision date. The details of the allocation before and after the contract revision date are displayed in the Immaterial Revision Details subtab in the Edit Customer Contract page.

This table shows the allocated amounts of each obligation when the contract modification triggers retrospective accounting:

Item	Quantity	Unit Selling Price	Line Amount	Unit SSP	Extended SSP	Plan Start Date	Plan End Date	Allocated Amount
Service A	6	165.00	990.00	300.00	1800.00	01-Feb-2024	31-Jul-24	1036.72
Item 1	10	525.00	5250.00	820.00	8200.00			4722.86
Item 2	15	135.00	2025.00	290.00	4350.00			2505.42
Total			8265.00					8265.00

Note: For immaterial changes in the volume or price of point-in-time performance obligations, the revenue reallocation impacts only current and future periods. Revenue that was recognized up to the contract revision date isn't impacted.

Sweep Subledger Transactions to Another Period Process

Run the Sweep Subledger Transactions to Another Period process to sweep transactions with unresolved errors from a previous accounting period to the next accounting period.

This process can sweep either Oracle Revenue Management or Oracle Receivables transactions to a future accounting period. The sweep lets you resolve open issues in the future accounting period. To run the process for Revenue Management transactions, select Revenue Management for the Subledger Transactions parameter.

Use the Sweep Subledger Transactions to Another Period process to:

- Identify and act on the invalid transactions, unposted transactions, and unbalanced journal entries.
- Help with timely closure of the Revenue Management accounting period.

Use this process with other period close processes, activities, and reports to close a Revenue Management accounting period.

Invalid transactions include:

- Invalid distributions
- Unposted distributions
- Unbalanced journal entries

You can optionally run the process in Review mode first to review invalid transactions. Run the process in Sweep mode, with or without review, to sweep invalid transactions to another accounting period.

Note: You must have the Manage Revenue Management Period Close Exceptions privilege to run this process.

Sweep Transactions to Another Period

This task shows you how to sweep transactions with unresolved errors to another period.

1. Navigate to **Tools > Scheduled Processes** to open the Scheduled Processes page.
2. Click the **Schedule New Process** button to open the Schedule New Process dialog box.
3. Search for and select Sweep Transactions to Another Period to open the Process Details dialog box.
4. Complete the parameters shown in this table:

Parameter	Value
Subledger Transactions	Revenue Management
Ledger	Select the ledger for the process run. The parameter's list of values displays the ledgers you have access to.

Parameter	Value
From Period	Select the close pending accounting period from which you want to sweep the invalid transactions.
To Period	Select the open or future enterable accounting period to which you want to sweep the invalid transactions.
Execution Type	Select the type of process run: - Review: Preview the invalid transactions from the selected close pending accounting period without sweeping them to the selected open or future enterable accounting period. - Sweep: Sweep the invalid transactions from the selected close pending accounting period to the selected open or future enterable accounting period.

- Click **Submit**. The process generates the Sweep Distributions to Another Period Report, which you can use to view the transactions that are eligible for sweep.

5 Integrate Revenue Management with Other Applications

Overview of Revenue Management Integration

Integrate Oracle Revenue Management with other applications to help you manage your revenue based on your company's policies, to address the ASC 606 and IFRS 15 accounting standards.

You can integrate Revenue Management with:

- Oracle Fusion Cloud applications:
 - Oracle Order Management
 - Oracle Cost Management
 - Oracle Subscription Management
 - Oracle Enterprise Contracts and Oracle Project Billing
 - Oracle Receivables
 - Oracle General Ledger
- Oracle E-Business Suite applications:
 - Order Management
 - Service Contracts
 - Receivables
 - General Ledger
- Third-party applications

Using Revenue Management integration you can automatically:

- Identify and create accounting contracts and performance obligations with revenue data from diverse sources.
- Determine and allocate transaction prices.
- Recognize revenue at a point in time or over time.
- Create accounting entries.

Related Topics

- [Guidelines for Integrating Revenue Management with Order Management and Cost Management](#)
- [Guidelines for Integrating Revenue Management with Subscription Management](#)
- [Guidelines for Integrating Revenue Management with Enterprise Contracts and Project Billing](#)
- [Guidelines for Integrating Revenue Management with Oracle E-Business Suite](#)

Guidelines for Integrating Revenue Management with Order Management and Cost Management

You can integrate Oracle Revenue Management with Oracle Order Management and Oracle Cost Management.

This integration automates revenue recognition based on your company's policies to address IFRS 15 and ASC 606 accounting standards for sales orders from Order Management that represent contracts with customers.

With this integration you can easily recognize the associated cost of goods sold in Cost Management in the same period and in proportion to the revenue recognized in Revenue Management.

Use this feature to:

- Automatically import order lines for shippable and non-shippable goods and services.
- Manage changes throughout the sales order life cycle, such as revisions to the order quantity or selling price, as well as return orders.
- Apply the billing lines generated in Receivables to the accounting contracts, and offset the corresponding contract asset balance.
- Integrate Cost Management to recognize the associated cost of goods sold in the same period and the same proportion to the revenue recognized in Revenue Management.
- Provide complete revenue and cost of goods sold information from Cost Management to help you perform detailed gross margin analysis.

Sales Order and Accounting Contract Creation

Order Management integrates sales order transactions and order fulfillment information to:

- Revenue Management for revenue processing
- Cost Management for cost of goods sold processing
- Receivables for invoice processing

You run the Extract Sales Orders for Revenue Management process to upload sales orders, return orders, order revisions, and fulfillment information to Revenue Management. You can schedule this process to run once or at regular intervals.

Revenue Management applies user-configurable rules to identify the accounting contracts and their performance obligations. One accounting contract may contain one or more sales orders from various source systems. Conversely, one sales order with multiple order lines may result in one or more accounting contracts. Each sales order line becomes a promised detail line in Revenue Management.

Order Fulfillment and Revenue Recognition

When an order line is shipped, fulfilled, or successfully transferred to the customer, Order Management relays the fulfillment information, such as the fulfilled quantity, amount, and date, to Revenue Management. This enables Revenue Management to record the satisfaction events and recognize revenue accordingly. Order Management supports multiple shipments (system splits) of an order line. Revenue Management maintains the presentation of multiple shipment order lines. One order line in Order Management corresponds to one promised detail line in Revenue Management.

For service orders, Revenue Management automatically recognizes revenue over the service duration based on the satisfaction plan assigned. Satisfaction plans are assigned to the order lines as revenue scheduling rules. The default satisfaction plan uses the daily rate in revenue calculation.

Order Fulfillment and Receivables Recognition

Typically, Order Management immediately transfers fulfilled sales order lines to Receivables. With this integration, Receivables generates invoices that debit the Receivables account and credit the Revenue Clearing account.

When you apply invoices to the revenue accounting contracts using the Import Billing Data from Receivables process, Revenue Management debits the Revenue Clearing account and credits the Contract Asset account.

Order Revision and Contract Modification

At times you need to revise orders once or multiple times before fulfilling a sales order. Let's say you need to update the selling price or ordered quantity. This change may result in an increased or decreased transaction price. Revenue Management automatically revises the corresponding accounting contracts to reflect the order changes.

Once an order is fulfilled, you must issue a return material authorization (RMA) in Order Management to revise an order. An RMA can include a partial or full shipment return, price reduction, or early termination of subscription services with recurring billing. Revenue Management automatically processes the RMA as a contract modification.

Revenue and Matching the Cost of Goods Sold

Once revenue is accounted for, Revenue Management relays the revenue information to Cost Management to recognize the cost of goods sold in the same period and in the same proportion as the revenue recognized in Revenue Management. In addition, the revenue and the cost of goods sold information available enables entities to perform detailed gross margin analysis in Cost Management.

Configuration Steps

Follow these steps to configure your integration with Order Management and Cost Management:

1. Define the lookup code VRM_COSTING_INTEGRATION under the lookup type ORA_AR_FEATURES in the Manage Receivables Lookups page.
2. Configure Revenue Management System Options:
 - Assign the Extraction Start Date for the Source Document Type DOO Sales Order. The first data extract may have historical sales transactions submitted up to 90 days prior to the current date.
 - Assign the currency conversion type. The currency conversion type assigned to the order line takes precedence over the default system option value.
 - Assign contract accounts.
 - Assign review and exemption thresholds.
 - Assign the IFRS 15 and ASC 606 adoption period.
3. Define pricing dimension structures for standalone selling prices according to the entity's pricing policy for sales order items.

Related Topics

- [Contract Identification Rules](#)
- [Performance Obligation Identification Rules](#)
- [Performance Satisfaction Plans](#)
- [Overview of Integrating Order Management with Revenue Management](#)
- [Integrate Order Management with Revenue Management](#)

Guidelines for Integrating Revenue Management with Subscription Management

You can automate your entire revenue recognition process by integrating Oracle Revenue Management with Oracle Subscription Management.

Using this integration you can:

- Automatically import subscription lines for subscriptions and usage-products.
- Automatically import subscription changes as revisions from Subscription Management, which Revenue Management treats as contract revisions in Revenue Management.
- Automatically import various revenue events from Subscription Management throughout the life cycle of the contract.
- Import subscription billing from Receivables to Revenue Management to clear contract asset balances.

To configure your integration with Subscription Management, follow the steps in the Oracle CX Implementing Oracle Subscription Management guide. Note that the Extraction Start Date isn't required for the Oracle Subscription Management source document type and will be disabled.

After you complete your configuration:

1. Run the Send Subscription Revenue Information to Oracle Revenue Management Cloud process from Subscription Management.
2. In Revenue Management, run the Validate Customer Contract Source Data process and Identify Customer Contracts process.

Related Topics

- [Integration Overview](#)
- [Integration Setup Steps](#)
- [Examples of Subscription Impact on Revenue Management](#)

Prospective Accounting for Immaterial Price Changes in Subscription Products

You can use prospective accounting to reflect minor unit selling price changes for subscription products imported from Oracle Subscription Management.

Use this feature when processing immaterial price changes that don't significantly alter the initial terms and the net consideration of the contract, such as price changes due to indexation. The impact on the price change impacts only current and future periods. This enables you to record the price changes without the need to restate any previously recognized revenue.

While performing price adjustments for a particular period of a subscription's recurring charge in Subscription Management, select Prospective as the Revenue Accounting option. When you select this option, Subscription Management sends:

- A revision line with the revised plan end date (the date until which the initial selling price is applicable).
- A new line with the new unit selling price and the start and end dates in which the new price is in effect.
- A second new line with the initial selling price for the remainder of the subscription.

For example, let's say there's customer contract with one subscription from 01-Jan-2023 to 31-Dec-2023 at a selling price of 100 USD per month, which is 1200 USD for the entire year. For an immaterial price decrease of 5 USD performed for March 2023, Subscription Management:

- Revises the initial revenue line with a line amount of 200 USD and an end date of 28-Feb-2023.
- Sends a new revenue line for March 2023 for the same item with a unit selling price of 95 USD, line amount of 95 USD, start date of 01-Mar-2023, and end date of 31-Mar-2023.
- Sends another new revenue line for the rest of the subscription period with a unit selling price of 100 USD, line amount of 900 USD, start date of 01-Apr-2023, and end date of 31-Dec-2023.

Because the price change is set to initiate prospective accounting, after processing these lines, Revenue Management performs prospective accounting on the customer contract where the transaction price is reallocated only from the contract revision date. Revenue recognized before the contract revision date remains intact.

In addition to price changes, you can also choose Prospective as the Revenue Accounting option in Subscription Management when performing these actions:

- Close: terminates a subscription.

Subscription Management sends a revision line revising the plan end date. Revenue recognized until the termination date remains intact and the remaining transaction price on the customer contract in Revenue Management is reallocated among the open performance obligations.

- Amend: implies modifying a subscription by adding a new subscription product to it or by changing the attributes of a subscription product. In the case of the latter, the subscription product is closed and a new subscription product line is created with the revised attributes.

Based on your setup, Subscription Management either:

- Sends the new subscription as a new revenue line, which is created as a new customer contract in Revenue Management.

- Sends the new subscription to be added to an existing customer contract.

Revenue Management performs prospective accounting by reallocating the new transaction price from the contract revision date among the new and open performance obligations.

- Suspend: suspends a subscription.

Subscription Management sends a revision line revising the plan end date. Revenue recognized until the suspension date remains intact and the remaining transaction price on the customer contract in Revenue Management is reallocated among the open performance obligations.

- Renewal: renews a subscription.

Upon renewal, Subscription Management creates a new subscription. Based on your setup, Subscription Management either:

- Sends the new subscription as a new revenue line, which is created as a new customer contract in Revenue Management.
- Sends the new subscription to be added to the existing customer contract.

Revenue Management performs prospective accounting by reallocating the new transaction price from the contract revision date among the new and open performance obligations.

- Pricing Term

Whenever there's a change in the rate adjustment, Subscription Management sends a revision line for that pricing term with the new unit selling price. Revenue Management performs prospective accounting by reallocating the new transaction price among the open performance obligations from the contract revision date. Revenue recognized until a day before the contract revision date remains intact.

Guidelines for Using Prospective Accounting with Subscription Products

Keep the following points in mind when you use prospective accounting in Oracle Subscription Management to reflect minor unit selling price changes:

- Subscription Management lets you use prospective accounting only for recurring charges. Price revisions of one-time and usage charges are always sent using retrospective accounting.
- Revenue Management supports prospective accounting only when the satisfaction plan is Daily rates partial periods. Because the satisfaction plan is defaulted from the Manage Source Document Types page, you must set the default value of the satisfaction plan to Daily rates partial periods for the source document type Subscription Management.
- Any revisions performed as a one-time charge trigger retrospective accounting on the customer contract.
- A new one-time charge added to an existing contract triggers retrospective accounting on the customer contract.
- If any of the revenue lines with a satisfaction measurement model of Quantity or Percent aren't fully satisfied in the contract, this scenario always triggers retrospective accounting on the customer contract.

- If you perform a backdated price adjustment on a customer contract on which the application previously performed prospective accounting, the backdated price adjustment triggers retrospective accounting on the customer contract.

Integration with Distributed Order Orchestration Integrated Subscriptions

You can streamline your Oracle Revenue Management processing for revenue recognition for sales orders and services originating from Oracle Order Management and serviced by Oracle Subscription Management.

These are the key configuration steps you complete when using this integration.

- Enable the Integrate Order Management with Subscription Management to Process Subscriptions feature in Order Management.
- Configure Revenue Management System Options:
 - Assign the Extraction Start Date and Revenue Clearing Account for the Source Document Type DOO Sales Order.
 - Assign the Revenue Clearing Account for the Source Document Type Oracle Subscription Management.

With this integration:

- When the sales order is submitted, Order Management sends order lines for items and services to Revenue Management to establish the accounting contract.
- When an item is fulfilled in Order Management:
 - Standard item: Order Management sends the fulfillment information to Revenue Management where revenue is recognized to the extent of fulfillment. Order Management also sends the order details to Oracle Receivables, which creates the invoice for the order.
 - Service and Subscription items: Order Management sends the coverage service details to Subscription Management when the covered item is fulfilled in Order Management. Order Management sends the subscription details to Subscription Management as per the order orchestration process.
- Subscription Management creates a subscription for the service or subscription and manages its life cycle after this point.
- For subscriptions and other services, Order Management also sends the service duration and price periodicity information to Revenue Management.
- Revenue Management recognizes revenue in accordance with the satisfaction plan based on the integrated service duration and price periodicity.
- Any changes to the sales order lines before fulfillment are communicated to Revenue Management as revision lines. The revised transaction price is reallocated among the performance obligations for every revision.
- Returns and revisions of standard items are extracted and sent to Revenue Management from Order Management for further processing.

Management of Services and Subscriptions from Subscription Management

When Oracle Subscription Management receives the service and subscription information from Oracle Order Management, Subscription Management manages all subsequent lifecycle changes for the subscription and takes ownership of sending those changes to Oracle Revenue Management.

When the subscription is activated, Subscription Management sends this subscription information to Revenue Management as a revision line, regardless of whether there are any revisions to the line sent earlier by Order Management. If there's no change to any of the revenue impacting attributes from the time the order line was sent to Revenue Management up to the time the subscription is activated by Subscription Management, then there's no reallocation of revenue triggered by Revenue Management for the corresponding accounting contract.

Any subsequent subscription changes performed in Subscription Management after activation are sent to Revenue Management as revision lines.

When an order manager initiates termination of a service or subscription in Order Management, Order Management sends this information to Subscription Management. Subscription Management then sends the revised or new revenue lines to Revenue Management.

When using Subscription Management with Order Management, Subscription Management manages the invoicing for services and subscriptions with Oracle Receivables. When the billing data is imported from Receivables into Revenue Management, the Import Billing Data process matches the invoices sent by Subscription Management with the revenue basis data sent by Order Management to Revenue Management when it's booked.

Refer to Guidelines for Integrating Revenue Management with Order Management and Cost Management in the Using Revenue Management guide for detailed configuration steps.

Related Topics

- [Guidelines for Integrating Revenue Management with Order Management and Cost Management](#)
- [Guidelines for Integrating Revenue Management with Subscription Management](#)

Guidelines for Using Distributed Order Orchestration Integrated Subscriptions to Support Revenue Recognition

When you automate revenue recognition for integrated subscriptions that originate from Oracle Order Management and are managed by Oracle Subscription Management, keep these points in mind:

- The Extract Sales Orders for Revenue Management process extracts the sales orders initiated in Order Management and sends them to Oracle Revenue Management when the order is booked. This includes all orders except internal sales orders.
- Order Management sends the service duration and price periodicity for revenue lines with service or subscription items only when Order Management to Subscription Management integration is enabled.
- You use the Oracle Receivables line transaction flexfield Oracle DOO Integrated Subscriptions to generate invoices in the integrated subscription flow.
- The invoices created from Subscription Management in this integrated flow use the Receivables transaction source Oracle DOO Integrated Subscriptions.

- Subscription Management also sends the satisfaction plan and base price information to Revenue Management in this integrated flow.
- Order Management sends all the multiple charges to Revenue Management upon submission of an order in this integrated flow. In the base Order Management integration with Revenue Management, only the primary charge is sent to Revenue Management.
- Order Management doesn't send usage charges to Revenue Management in this integration. Subscription Management sends the usage charges directly to Revenue Management.

Related Topics

- [Guidelines for Integrating Revenue Management with Order Management and Cost Management](#)
- [Guidelines for Integrating Revenue Management with Subscription Management](#)

Guidelines for Integrating Revenue Management with Enterprise Contracts and Project Billing

You can import contract data from Oracle Enterprise Contracts and Oracle Project Billing into Oracle 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's 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.

Related Topics

- [How Revenue Basis Import Data Is Processed](#)
- [How Billing Data Import Data Is Processed](#)

Guidelines for Integrating Revenue Management with Receivables

You can import revenue basis data and billing data from Oracle Receivables into Oracle 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 can't 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 Billing Data Import Data Is Processed](#)
- [How Revenue Basis Import Data Is Processed](#)

Guidelines for Integrating Revenue Management with Oracle E-Business Suite

Oracle 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.

CAUTION: Once you enable a transaction source, you can't disable it. Therefore, before integrating your data with any of these products, review and complete the required integration setup steps as detailed in the Revenue Management Cloud Service solution for Oracle E-Business Suite Documentation Note (2244173.1) on My Oracle Support at <https://support.oracle.com>.

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 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.

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 Receivables. This process initiates the File Import and Export process in Oracle Fusion Cloud 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:
 - Run the Validate Customer Contract Data process.
 - 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.
5. Run the EBIZ GL: Import Journal Entries from Fusion Subledger Accounting process in Oracle E-Business Suite General Ledger to trigger the accounting entries to be posted into 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 codes 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 Receivables. For more information about customer data, see the Oracle Financials Cloud Implementing Receivables Credit to Cash guide.

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

6 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.

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

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.

Revenue Management Subject Areas, Folders, and Attributes

To create real-time analyses for Revenue Management, you should be familiar with subject areas, folders, and attributes.

Subject Areas

To create an analysis, you begin by selecting a subject area. Then open folders within the subject area to find the columns to include in your analysis.

Subject areas are based on a business object or fact. Revenue Management provides two specific subject areas:

- Revenue Management - Customer Contracts Real Time
- Revenue Management - Standalone Selling Price Real Time

For example, to create an analysis of your standalone selling prices, you begin by selecting the Revenue Management - Standalone Selling Price Real Time subject area.

Folders

Each subject area has one fact folder and a number of dimension folders. Fact folders contain attributes that can be measured, meaning that they are numeric values like average standalone selling price and unit standalone selling price.

Fact folders are usually named after the subject area. Dimension folders contain attribute and hierarchical columns like standalone selling price type, unit of measure and standalone selling price status.

Some folders appear in more than one subject area. These are referred to as common folders or common dimensions.

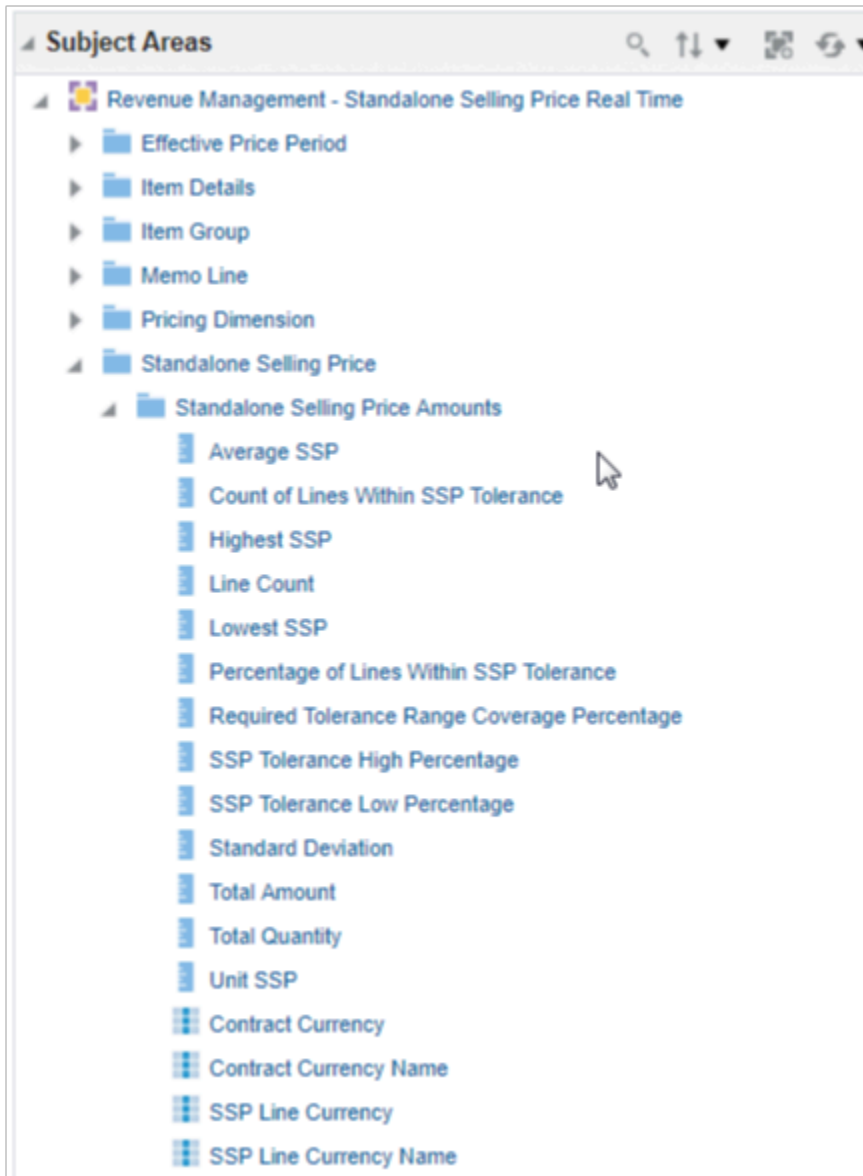
Each folder within a subject area may have a different level of granularity. For example:

- The Pricing Dimensions folder has various pricing dimension attributes.
- The Standalone Selling Price folder contains subfolders and attributes within the Standalone Selling Price Amounts and Standalone Selling Price Details subfolders.

Attributes

Finally, each dimension folder contains attributes (columns), such as Pricing Dimension Structure Instance Name, Tolerance Range Coverage and Minimum Line Count.

This figure illustrates the structure of subject areas, folders, and facts:



The figure shows the following components:

- Subject area: Revenue Management - Standalone Selling Price Real Time
- Dimension - Presentation Folder: Standalone Selling Price
- Fact - Presentation Folder: Standalone Selling Price Amounts
- Fact - Measures: Average SSP, Count of Lines within SSP Tolerance, Highest SSP, Line Count, Lowest SSP, Percentage of Lines Within SSP Tolerance, Required Tolerance Range Coverage Percentage, SSP Tolerance High Percent, SSP Tolerance Low Percentage, Standard Deviation, Total Amount, Total Quantity, Unit SSP

7 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 processing, 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 System Options for Revenue Management page, you can define system options for the following:

- Processing
- Currency conversion
- Reference currency for standalone selling prices
- Integration
- Revenue accounting and thresholds

Processing

Use the following system option to define how to handle invalid source document lines when identifying the contract:

System Option	Description
Invalid Line Handling	Defines how to handle invalid source document lines:

System Option	Description
	- Reject line: Used to ignore invalid source document lines and create a contract with only valid source document lines. - Reject contract: Used to suspend the contract creation until all the source document lines are valid (corrected and error free).

Currency Conversion

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

System Option	Description
Conversion Rate Type	Defines the conversion rate type to be used in Oracle General Ledger to convert the local currency line transaction amounts into ledger currency amounts.
Disable Override from Source	Defines whether to use the conversion rate type, date, and rate that were imported with the source document line or the conversion rate type defined in the Manage System Options for Revenue Management page. When selected, the application ignores the conversion information on the source document lines.

Reference Currency for Standalone Selling Prices

Use the following system options to define the reference currency used for standalone selling prices:

System Option	Description
Enable Reference Currency	Enables you to define a single reference currency for standalone selling prices applicable across all ledgers configured within your instance.
Currency	Defines the currency to be used as the reference currency.
Rate Type	Defines the rate type that you want to use to convert revenue line amounts to the reference currency. For example, Corporate or Daily Exchange Rate.
Rate Date	Defines the date of the rate that you want to use to convert amounts to the reference currency, either the contract date or the reference currency rate date.

Integration

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

System Option	Description
Source Document Type	Defines the type of source documents to be imported into the application for a primary ledger, along with: The revenue clearing account to be used when creating the revenue clearing journal entry for the source document.

System Option	Description
	The start date of integration for a source document type. This is the date data will start being imported into Revenue Management.
Oracle Receivables Transaction Sources	Defines the Receivables transaction source to be imported into the application for a ledger. The start date of integration for a transaction source is the date on which data will start being imported into Revenue Management. Use this option when a Receivables transaction source is imported into Revenue Management as a source for both the revenue basis line and billing.

Revenue Accounting and Thresholds

Use the following system options to specify accounting and thresholds.

System Option	Description
Primary Ledger	Specifies the primary ledger you're using for revenue accounting and defining thresholds. The primary ledger is the main record keeping ledger defined in your accounting configuration.
Allocation Currency Basis	Specifies the revenue contract currency to be used to allocate and recognize revenue for the ledger, either transaction (Entered) currency or ledger (Accounted) currency.
Revenue Management Ledger	Defines the ledger you're using as the Revenue Management ledger. The Contract Activities report refers to this ledger to report on contract account activity.
Adoption Period	Specifies the accounting period from which you want to recognize and account revenue according to the Accounting Standards International Financial Reporting Standard 15 and the Accounting Standards Codification 606.
Adoption Date	This date is defaulted automatically as the first day of the adoption period.
Revenue Management Accounts	Defines the Revenue Management accounts used when creating journal entries to General Ledger: - Contract Liability - Contract Asset - Price Variance - Contract Discount - Revenue Write-Off
Threshold Amounts	Define the lower limit amount to be applied in identifying the transaction price, discount allocation exemptions, and whether a contract's transaction price requires manual review: Transaction Price Exemption: Used to automatically exempt a contract from transaction price allocation if the contract's total transaction price is less than or equal to the threshold amount.

System Option	Description
	- Discount Exemption: Used to automatically exempt a contract from transaction price allocation if the discount amount is less than or equal to the threshold amount. Note: The discount amount is the absolute amount of the difference between the selling amount and the allocated amount of the performance obligation. - 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. The revenue analyst or manager reviews the contract and sets the contract to Mark as Reviewed. Note that the contract is allocated only after it's set to Reviewed.

Related Topics

- [Disable Override from Source Option](#)
- [Invalid Line Handling Options](#)
- [How Invalid Source Document Lines are Processed](#)
- [Reference Currency for Standalone Selling Prices](#)

Disable Override from Source Option

Set the Disable Override from Source option in the Currency Conversion section of the Manage System Options for Revenue Management page to control currency conversion.

To enable this option, check the Disable Override from Source option in the Currency Conversion section of the Manage System Options for Revenue Management page. Enabling this option ensures that the application applies only the default conversion type and conversion date when converting foreign currency revenue contract lines to the ledger currency.

If you enable the Disable Override from Source option, the application:

- Uses the conversion rate type defined in the Manage System Options for Revenue Management page.
- Uses the associated Revenue Management accounting contract date as the conversion rate date.
- Ignores the currency conversion rate type, rate, and date data provided on the source document.
- Uses the inversion rate for the conversion rate to convert the ledger currency allocated amount to the entered currency allocated amount.
- Bypasses the currency conversion validations in the Validate Customer Contract Source Data process.

If you don't enable the Disable Override from Source option and the source document line is a new source document line with a source document header, the application:

- Uses currency conversion attributes that were imported and appear on the new line's source document header.
- Uses the conversion rate type and date from the source document header to look up the conversion rate in the GL Daily rates table. The application uses this information to convert the source document line's entered currency amount to the ledger currency accounted amount for the accounting contract.

- When the source document header has a conversion rate type of User, the application uses the rate in the conversion rate attribute on the header as the rate to convert the source document line's entered currency amount to the ledger currency accounted amount.

When Disable Override from Source isn't enabled and the source document line is a new source document line with no source document header or the source document header has no currency conversion details, the application:

- Uses the conversion rate type defined in the Manage System Options for Revenue Management page.
- Uses the contract revision date from the new source document line as the conversion rate date.
- Uses the application default conversion rate type and the new source document line's contract revision date as the rate date to look up the conversion rate in the GL Daily rate table. The application uses this information to convert the entered currency amount of the source document line to the ledger currency accounted amount.
- Applies the defaults, regardless of whether the conversion rate type is a user or nonuser type, on the referencing parent source document line's source document header.

Note: Any changes you make to the setting apply to new and unprocessed lines beginning with the change date.

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 categorize standalone sales. The transactions are segregated in the standalone sales pool using the pricing dimension combinations. All transactions in the sales pool that have the same pricing dimension combination are grouped into one set for calculation and establishing the standalone selling price.

When determining the standalone selling price for a transaction that's 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:

Geographic Region	Customer Type	Deal Size	Standalone Selling Price
North America	Government	1,000,000 USD to 4,999,999 USD	17%
North America	Government	5,000,000 USD to 9,999,999 USD	21%
North America	Commercial	1,000,000 USD to 4,999,999 USD	17%
North America	Commercial	5,000,000 USD to 9,999,999 USD	21%
North America	Commercial	10,000,000 USD or more	32%

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.

Related Topics

- [Create a Pricing Dimension Structure and Value Sets](#)

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:

Pricing Structure Name	Value Set Name	Segment Order
WG_VRM_Structure	Customer Classification	1
	Quantity Band	2
	Geographic Region	3
	Country	You assign values but don't assign it as a segment.

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:

Document	Segment 1	Segment 2	Segment 3
Projects	Customer Classification	Line Quantity	Bill-to Customer
Sales Orders	Customer Classification	Line Quantity	Bill-to Customer
Service Orders	Customer Classification	Line Quantity	Bill-to Customer
Receivables	Customer Classification	Line Quantity	Bill-to Customer

- 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

- [Pricing Dimension Bands](#)
- [Overview of Value Sets](#)
- [Considerations for Planning Value Sets](#)
- [Key Flexfield Structures](#)
- [How Flexfields and Value Sets Work Together](#)

Pricing Dimensions

Organizations use pricing dimensions to categorize their goods or services for the purpose of pricing.

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, such as the amount sold or the total value of the transaction.

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 aren't 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 isn't 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

When setting up quantity and amount bands, you must ensure that there are no gaps between the ranges. For example, if your low value band is 0 to 100, the medium band should begin at 100. If you set up bands with a gap, such as a low value band of 0 to 100 and a medium value band of 101 to 1000, and the quantity of a line is 100.1, the pricing dimension combination won't be derived because the amount falls between the two ranges.

Let's say you create a quantity band of 0-100 and another quantity band that's 100-500. If the value is 100, it falls in the lower band. If the value is 100.1 or higher, it falls in the next 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.

Quantity Band	List Price Per Unit	Explanation
0 - 100	USD 1000	Any value up to and including 100 falls in this range.
100-500	USD 900	Any value above 100 and including 500 falls in this range.
500-1000	USD 800	Any value above 500 and including 1000 falls in this range.
1000 or more	USD 700	Any value above 1000 falls in this range.

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 identify 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.

Amount Band	List Price Per Unit	Explanation
0-10,000	USD 100	Any value up to and including 10,000 falls in this range.
10,000-50,000	USD 90	Any value above 10,000 and including 50,000 falls in this range.
50,000-100,000	USD 80	Any value above 50,000 and including 100,000 falls in this range.
100,000 or more	USD 70	Any value above 100,000 falls in this range.

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 identify 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 identify 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's being used for geographic regions:

Document Attribute	Document Attribute Value	Geography Dimension Value
Bill-to Customer	Germany	Europe
Bill-to Customer	France	Europe
Bill-to Customer	Canada	North America
Bill-to Customer	United States	North America

In the example, the Bill-to Customer document attribute stores the host country name of the customer who's buying your products. In this case, you configure Revenue Management to use the Bill-To Customer Country attribute value as the basis to identify 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.

Related Topics

- [Create a Pricing Dimension Structure and Value Sets](#)

Create Standalone Selling Price Effective Periods

Standalone selling prices are calculated periodically, for example, once every three months or six months, depending on your business practices. The calculated unit standalone selling price is effective for a defined period, such as a quarter or half year.

You must create standalone selling price effective periods before creating your contracts and before calculating or uploading unit standalone selling prices.

The application uses the contract date to derive the standalone selling price effective period of the contract. The unit standalone selling prices of the derived effective period are used to allocate the transaction price of the contract across its performance obligations.

To create standalone selling price effective periods:

1. Navigate to **Setup and Maintenance > Manage Standalone Selling Price Effective Periods**.
2. Define effective periods by providing start and end dates.

Standalone Selling Price Profiles

Standalone selling price profiles are user-configurable profiles that combine all the key pricing attributes into one place.

Use standalone selling price profiles to create or calculate standalone selling prices.

You can have as many standalone selling price profiles as your business requires. A best practice is to set up standalone selling price profiles by like products and services. For example, you can create a standalone selling price profile for each of these types of products and services:

- Telecommunication machines
- Devices
- Services
- Maintenance

Header Information

The header information in standalone selling price profiles includes:

- Name and Description: Choose a name and description that accurately represents the types of items for this standalone selling price profile.
- SSP Representation:
 - Unit price: Standalone selling price is represented as an absolute value, the price at which the good or service is normally sold in a separate and standalone sale.
 - Discount percentage of unit list price: Standalone selling price is based on the standard price list for your goods and services and a standard discount policy based on one of the following: volume purchased, deal size, customer category, any other factor relevant to your business.

- Gross margin percentage: Standalone selling price is represented as a markup percentage on the cost amount for the item.
- Percentage of base unit price: Standalone selling price is defined as a percentage of the selling price of a related product. The selling price of the related product is the base price.
- Pricing Dimension Assignment: Select the pricing dimension assignment appropriate for the type of standalone selling price profile you're defining.
- Cover effective period: Specify whether transaction periods in the effective period are to be included. Used for the automatic calculation of observed standalone selling prices.

After you select the pricing dimension assignment for the standalone selling price profile, the details of the document types and pricing dimension segments that you specified in the Manage Pricing Dimension Assignments for Revenue Management page are populated automatically in the Segment Assignment section.

Default Assignment Attributes

The Default Assignment Attributes are mainly used for the automatic calculation of observed standalone selling prices. Each item has price attributes that default from the Default Assignment Attributes. These attributes control:

- Minimum standalone sales: Assesses whether the observed standalone selling price calculated by the application is valid, based on whether the minimum number of standalone sales is met. Revenue Management identifies an observed standalone selling price regardless of whether the minimum number of standalone sales exist. The application assigns a status of Suggested Invalid if the standalone sales are below the minimum number defined in the standalone selling price profile. You can then choose to either establish or not establish the observed standalone selling price.
 - If the observed standalone selling price is established, it's used in the allocation process for the relevant effective period.
 - If the standalone selling price is set to Don't Establish Price, the standalone sales are released to the standalone sales pool.
- Months Covered: Specifies the number of months that become the covered period used to calculate the observed standalone selling price.
- Item Classification: Defines the category of the item, memo line, or performance obligation template. The item classification is used as a filtering parameter when running the Calculate Observed Standalone Selling Prices process.
- SSP Tolerance Usage: Specifies the observed standalone selling price tolerance usage, which can be Median, High, or Low.
- Coverage: Specifies the percentage of standalone sales that should fall between the low tolerance value and the high tolerance value in the qualified standalone sales pool.
- High Tolerance Range and Low Tolerance Range: Specifies when you want the application to consider the observed standalone selling price as valid by defining the high and low tolerance range percentages along with the minimum coverage percentage required.
- Price Bands: If you use price bands, this information is defaulted from your pricing dimension assignments.

Default Policy for SSP Ranges

The Default Policy for SSP Ranges section lets you define default values for the SSP tolerance percentage and the policy for SSP ranges for a standalone selling price profile. These values default to all the items assigned to the SSP profile. You can override the values at the item level according to your business practices.

- SSP Tolerance: Specifies the tolerance percentage in accordance with the Standalone Selling Price policy of your business. Used by the application to calculate the standalone selling price low and high points.
- Below Low Point: Specifies the business policy when the selling price falls below the standalone selling price low point.

- **In Range:** Specifies the business policy when the selling price falls between the standalone selling price low and high points.
- **Above High Point:** Specifies the business policy when the selling price falls above the standalone selling price high point.

Assignments

The Assignments section lists the items, item groups, memo lines, or performance obligation templates that share this profile and that need to establish standalone selling prices. Click **Create SSP** to access the Create Standalone Selling Prices spreadsheet where you can create your standalone selling prices. You can add additional items to the standalone selling price profile. When you click **Create SSP**, the spreadsheet displays all the items that are assigned to the profile.

Price Bands

The Price Bands section is used to override the price band that is defaulted at the standalone selling price profile level for individual items that are assigned to that profile.

Related Topics

- [Overview of Observed Standalone Selling Prices](#)
- [How Observed Standalone Selling Prices Are Calculated](#)
- [Standalone Selling Price Policy for Ranges](#)
- [Pricing Dimension Bands](#)

Automatically Assign Items to a Standalone Selling Price Profile

This example demonstrates how to upload standalone selling prices without assigning the items to standalone selling price profiles and verify that after the upload, the items are assigned automatically to the standalone selling price profile.

Create Standalone Selling Prices

1. In Setup and Maintenance, navigate to the **Manage Standalone Selling Price Profiles** link under Revenue Management.
2. On the Manage Standalone Selling Price Profiles page, enter Hardware Business in the **Name** field and click **Search**.
3. Click the **Hardware Business** link in the Search Results table.
4. On the Edit Standalone selling Price Profile page, scroll down to the Assignments section and select the first item in the search results table.
5. Click the **Create SSP** button.
6. On the Create Standalone Selling Prices dialog box, enter the current period for the Effective Period, and USD as the Default Currency.
7. Click Save.
8. Click **Open**.
9. Enter your user name and password when prompted.

10. On the Create Standalone Selling Prices spreadsheet, notice that the application has populated the items, memo lines, item groups and performance obligations that are already assigned to this standalone selling price profile. Enter the new item, memo line, item group, or performance obligation.
11. Enter all required information.
12. Once completed, 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 uploaded using the **Manage Standalone Selling Prices in Spreadsheet** task.
16. Now, verify the item assignments section of your standalone selling price profile. You can see that the new item you uploaded the standalone selling price for is now assigned to this profile.

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.

Performance Satisfaction Plan Type	Description
Daily revenue rate, all periods	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. Note: The number of days in a period depends on the accounting calendar defined in General Ledger.
Daily revenue rate, partial periods	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.
Fixed schedule	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.
Variable schedule	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.

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

Contract Identification Rules

A customer contract is an agreement between two or more parties that creates enforceable rights and obligations.

A customer contract:

- May not always result in a single revenue contract in Revenue Management.
- Represents the obligations, valuation, and the allocation of the valuation of the customer contract for revenue recognition.
- May consist of multiple revenue contracts.

The Identify Customer Contracts process identifies sales orders for inclusion in revenue contracts in Revenue Management using contract identification rules. Within the contract identification rule, you define the sales order attributes to be used to indicate how the orders are to be differentiated into a single revenue contract.

Revenue Management provides predefined contract identification rules. However, if these rules don't meet your company's needs, you can create a rule specific to your company.

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 these three predefined contract identification rules. However, if these rules don't meet your company's needs, you can create a rule specific to your company.

Rule	Description
Identify customer contract based on party (and time duration)	This rule identifies all source documents created for a party within a 30-day time frame as a customer contract.
Identify customer contract based on source document	This rule groups all lines of a source document into a single accounting contract.
Identify customer contract based on source document line	This rule identifies each source document line as an individual accounting contract.

Rules are executed in the order of priority.

To ensure that the Identify Customer Contracts process 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 can't deactivate the predefined rules.

Extensible Attributes

If you need to create a new contract identification rule because the identifier you're using isn't a named attribute, you can use an extensible attribute.

Note: Be careful when using extensible attributes, particularly if your Revenue Management setup also uses other Oracle data sources. To ensure that your rules are compatible across all of your data sources, both Oracle and non-Oracle sources, use extensible attributes 41 through 60.

Create a Contract Identification Rule

This example demonstrates how to create a contract identification rule, which you use to determine how to group order documents into revenue contracts in Revenue Management.

In this example, let's say your company is a telecommunications company that sells mobile phones and plans. In the telecommunications industry, the customer contract typically is represented by a sales order for the purchase of a phone, along with either a talk and text service plan, a data plan, or both. The sale can take place either within a retail store or through a website. The order detail is captured and processed through an order management system.

Typically telecommunication companies use the customer account number (phone number) as the common identifier across order documents. The customer account number is unique across all outlets and regions, so using the customer account number as the identifier to group order documents from the order management system ensures that you don't overvalue revenue by failing to connect an associated relevant discounted sale. Alternatively, you can use identifiers such as the bill-to customer party identifier and customer purchase order. Your business requirements determine the appropriate identifiers to use.

In this example, since the required identifier isn't a named attribute in the Revenue Management source document or source document line, you use an extensible attribute to pass the customer account number to Revenue Management. You then refer to the extensible attribute when defining your contract identification rule. Create a contract identification rule that identifies your sales order lines to be included in a revenue contract based on the customer's account number (phone number), which is provided in the extensible line character attribute number 41.

Create the Rule

1. Navigate to the Manage Contract Identification Rules page.
2. Click the **Add Row** icon to create a new contract identification rule.
3. Enter the listed values in these header fields:

Field	Value	Description
Name	By Customer and Extensible Line Char 41	The customer's account number.
Priority	20	The lower the value, the higher the priority. In other words, rules with lower values are applied first.

Field	Value	Description
Enabled	Yes	Indicates that the rule is complete and is ready for use.
Freeze Period	2	The number of days from the contract date that the contract is available for new order documents or lines to be added to the revenue contract. Once the period has elapsed, Revenue Management freezes the contract and then allocates the revenue. In this case, all related order documents must be completed and passed to Revenue Management by the end of the second day.
Description (optional)	Customer Account Number	The customer's account number.

4. In the Grouping Attributes section, click the **Add Row** icon and enter the listed values for matching group 1:

Field	Value	Description
Source Document Type	Third Party	The source document type that you're defining the grouping attribute for. You can define multiple source document types in one rule.
Source Document Attribute Name	Bill-to Customer Party Identifier	The name of the attribute to be used as the grouping attribute.
Matching group	1	You can use multiple matching criteria for source lines to be grouped into a single contract.
Copy to Reference	Disable	When you enable this option for a grouping attribute in the rule, the value of the grouping attribute is populated in the Reference field in the Manage Customer Contracts page. When using the Copy to Reference feature, you can: - Enable only one source document attribute name per matching group. - Enable the Copy to Reference option only when you create the rule.

Field	Value	Description
		No longer update the Copy to Reference and Reference Prefix fields once the rule is in use.
Use as Contract Group Number	Disable	When you enable this option, the customer account number is used as a contract group number. This lets you view accounting for all related contracts using the Contract Activities Detail Report.

5. In the Grouping Attributes section, click the **Add Row** icon again and enter the listed values for matching group 2:

Field	Value	Description
Source Document Type	Third Party	The source document type that you're defining the grouping attribute for. You can define multiple source document types in one rule.
Source Document Attribute Name	Extensible line character attribute 41	The name of the attribute to be used as the grouping attribute.
Matching group	2	You can use multiple matching criteria for source lines to be grouped into a single contract.
Copy to Reference	Enable	When you enable this option for a grouping attribute in the rule, the value of the grouping attribute is populated in the Reference field in the Manage Customer Contracts page. When using the Copy to Reference feature, you can: - Enable only one source document attribute name per matching group. - Enable the Copy to Reference option only when you create the rule. - No longer update the Copy to Reference and Reference Prefix fields once the rule is in use.
Use as Contract Group Number	Disable	When you enable this option, the customer account number is used as a contract group number. This lets you view accounting for

Field	Value	Description
		all related contracts using the Contract Activities Detail Report.

- Click **Save and Close** to create the contract identification rule.

When you run the Identify Customer Contracts process, it identifies which orders are to be grouped into the revenue contract, creates the contract, and sets the contract freeze date.

View Consolidated Account Activity for a Revenue Contract Group

You can view the consolidated accounting activities associated with all revenue contracts within a contract group or for an individual contract.

To use this feature, you need to assign contracts to a contract group. You can enable the Use as Contract Group Number attribute on the Create Contract Identification Rule page or allow the contract group number to be assigned automatically by the application.

You then indicate the grouping attribute value to be used to assign the contract group number on the Create Contract Identification Rule page. For example, the customer purchase order number.

When the application creates contracts during the Identify Customer Contracts process, it assigns the contract group number using the attribute selected as Use as Contract Group Number in the Contract Identification Rule. If no attribute is designated and the contract is a recurring contract, the application assigns a contract group number when the contract renews as a new recurring contract.

Contract Activity Detail Report

Use the Contract Activity Detail Report to view consolidated account activity for your revenue contract group.

To view the report perform one of these steps:

- Click View Contract Activities on the Manage Customer Contracts page after selecting the row with the appropriate Contract Group Number.
- Select the View Contract Activities option in the Action window on the Edit Customer Contract page for the individual contract.

The Contract Activity Detail report displays the consolidated account activity for all of the contracts within the assigned contract group. If the contract doesn't belong to a contract group, the Contract Activity Detail report displays the accounting activity for the individual contract only.

The report lists the contract account balances by accounting date, accounting event, performance obligation, and promised detail line for each contract within the contract group.

Related Topics

- [Contract Identification 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.

Performance obligation identification rules are similar to contract identification rules except that they're used to indicate how to group order lines into distinct performance obligations within a revenue contract. The rules specify the matching attributes that provide a common link for grouping the source document lines into performance obligations. You can use any of the common attributes, such as purchase order number or item classification, as a matching attribute. You can also use descriptive attributes as matching attributes. The rules also determine how revenue recognition is handled, including the satisfaction method and allocation exemption that will be used.

When creating performance obligation identification rules, you should ask yourself whether:

- Contract lines represent distinct obligations.
- Parts of a bundled obligation are represented as individual lines.
- There are implied obligations that aren't included on a line.

Revenue Management provides three predefined performance obligation identification rules. However, if these rules don't meet your company's needs, you can create a rule specific to your company.

Rule	Description
Identify performance obligation based on item	This rule groups source document lines as a performance obligation based on the item number on the line.
Identify performance obligation based on item classification	This rule groups source document lines as a performance obligation based on the item classification on the line.
Identify performance obligation based on source document line	This rule identifies each source document line as performance obligation.

Rules are executed in the order of priority.

Extensible Attributes

If you need to create a new performance obligation identification rule because the identifier you're using isn't a named attribute, you can use an extensible attribute.

Note: Be careful when using extensible attributes, particularly if your Revenue Management setup also uses other Oracle data sources. To ensure that your rules are compatible across all of your data sources, both Oracle and non-Oracle sources, use extensible attributes 41 through 60.

Create a Performance Obligation Identification Rule

This example shows you how to create a performance obligation identification rule, which you use to decide how to group order lines into distinct performance obligations within a revenue contract.

In this example, your company is a telecommunications company that sells mobile phones and talk and text plans. The smartphone and plan services are listed as separate item numbers but are priced and sold as a combined service with its own item number.

A performance obligation rule is assigned a satisfaction method for the obligations, which means you need to determine a grouping attribute that lets you distinguish between goods and services that have a pattern of delivery at a point in time or over time. This is important because it drives when the application recognizes revenue for the obligation, and only goods and services with the same pattern of delivery are combined into the same performance obligation.

On further analysis of your inventory item structure and sales order data, you determine that using your inventory item category as a grouping attribute will result in the appropriate performance obligation representation. However, the item category isn't a named attribute in the Customer Contract Source Document lines. You work with your data team and agree that you can provide the item category in an extensible attribute. The Revenue Basis Data Import template passes the item category to Revenue Management using Extensible Line Attribute Character 43.

Using the telecommunication example, create a performance obligation identification rule that identifies your sales order lines to be included as performance obligations based on an item category, which is provided in the Extensible Line Attribute Character 43. However, you don't want to include fees within your performance obligations (fees are treated separately and you will create a separate rule for fees). As a result, the rule will contain an exclusion condition.

Fees aren't to be included in the allocation of revenue, however, you want the fees to appear on the accounting contract as exempt performance obligations. You excluded the fee order lines from your previous rule, so you need to create a second rule so that the application uses fee order lines to create performance obligations that are exempted from allocation.

Create Rule for Devices, Text, and Data Plans

1. Navigate to the Manage Performance Obligation Identification Rules page.
2. Click the **Add Row** icon to create a new performance obligation identification rule.
3. Enter the listed values in these header fields:

Field	Value	Description
Name	Device, Text and Data Plans	Describes the type of performance obligation the rule is being created for.
Priority	30	The lower the value, the higher the priority. That is, rules with lower values are applied first.
Enabled	Yes	Indicates that the rule is available for use.

Field	Value	Description
Exempt from Allocation	No	Indicates if the performance obligation is to be included in the allocation process.
Satisfaction Method	Allow Partial	Indicates when revenue is to be recognized.
Devolve Performance Obligation	No	If you enable this value the application automatically devolves a performance obligation into a series of performance obligations.

4. On the Grouping Attributes section click the **Add Row** icon to enter the listed values for matching group 1:

Field	Value	Description
Source Document Type	Third Party	The source document type the grouping attribute is being defined for. You can have multiple source document types defined in one rule.
Source Document Attribute Name	Bill-to Customer Party Identifier	The name of the attribute to be used as the grouping attribute.
Matching group	1	You can use multiple matching criteria for source lines to be grouped into a single contract.
Copy to Reference	Disable	When you enable this option for a grouping attribute in the rule, the value of the grouping attribute is populated in the Reference field in the Manage Customer Contracts page. When using the Copy to Reference feature, you can: - Enable only one source document attribute name per matching group. - Enable the Copy to Reference option only when you create the rule. - No longer update the Copy to Reference and Reference Prefix fields once the rule is in use.

5. On the Grouping Attributes section, click the **Add Row** icon again to enter the listed values for matching group 2:

Field	Value	Description
Source Document Type	Third Party	The source document type the grouping attribute is being defined for. You can have multiple source document types defined in one rule.
Source Document Attribute Name	Extensible line character attribute 43	The name of the attribute to be used as the grouping attribute.
Matching group	2	You can use multiple matching criteria for source lines to be grouped into a single contract.
Copy to Reference	Enable	When you enable this option for a grouping attribute in the rule, the value of the grouping attribute is populated in the Reference field in the Manage Customer Contracts page. When using the Copy to Reference feature, you can: - Enable only one source document attribute name per matching group. - Enable the Copy to Reference option only when you create the rule. - No longer update the Copy to Reference and Reference Prefix fields once the rule is in use.

6. In the Excluded Conditions section, click **Add Condition**.

7. Enter the value in this table:

Field	Value	Description
Conditions	Extensible line character attribute 43 Equals Fees	Your company offers several different types of product offerings and services, including phones, services, data plans, and fees. Fees should not be included as performance obligations. The excluded condition prevents fees from being included.

8. Click **Save and Close** to create the performance obligation identification rule.

Create Rule for Fees

1. Navigate to the Manage Performance Obligation Identification Rules page.
2. Click the **Add Row** icon to create a second performance obligation identification rule.
3. Enter the listed values in these header fields:

Field	Value	Description
Name	Telecommunications Fees	Describes the type of performance obligation the rule is being created for.
Priority	65	The lower the value, the higher the priority. In other words, rules with lower values are applied first.
Enabled	Yes	Indicates that the rule is complete and is ready for use.
Exempt from Allocation	Yes	Indicates if the performance obligation is to be included in the allocation process.
Satisfaction Method	Allow Partial	Indicates when revenue is to be recognized.
Devolve Performance Obligation	No	If you enable this value the application automatically devolves a performance obligation into a series of performance obligations.

4. On the Grouping Attributes section click the **Add Row** icon to enter the listed values for matching group 1:

Field	Value	Description
Source Document Type	Third Party	The source document type the grouping attribute is being defined for. You can have multiple source document types defined in one rule.
Source Document Attribute Name	Bill-to Customer Party Identifier	The name of the attribute to be used as the grouping attribute.
Matching group	1	You can use multiple matching criteria for source lines to be grouped into a single contract.

Field	Value	Description
Copy to Reference	Disable	When you enable this option for a grouping attribute in the rule, the value of the grouping attribute is populated in the Reference field in the Manage Customer Contracts page. When using the Copy to Reference feature, you can: - Enable only one source document attribute name per matching group. - Enable the Copy to Reference option only when you create the rule. - No longer update the Copy to Reference and Reference Prefix fields once the rule is in use.

5. On the Grouping Attributes section, click the **Add Row** icon again to enter the listed values for matching group 2:

Field	Value	Description
Source Document Type	Third Party	The source document type the grouping attribute is being defined for. You can have multiple source document types defined in one rule.
Source Document Attribute Name	Extensible line character attribute 43	The name of the attribute to be used as the grouping attribute.
Matching group	2	You can use multiple matching criteria for source lines to be grouped into a single contract.
Copy to Reference	Enable	When you enable this option for a grouping attribute in the rule, the value of the grouping attribute is populated in the Reference field in the Manage Customer Contracts page. When using the Copy to Reference feature, you can: Enable only one source document attribute name per matching group.

Field	Value	Description
		- Enable the Copy to Reference option only when you create the rule. - No longer update the Copy to Reference and Reference Prefix fields once the rule is in use.

6. In the Excluded Conditions section, click **Add Condition**.

7. Enter the value in this table:

Field	Value	Description
Conditions	Extensible Line Character Attribute 43 Not Equals Fees	Indicates that in this rule, any item categories that aren't equal to fees are ignored. The application processes only lines with an item category of Fees. The application then identifies these lines as performance obligations that are exempted from allocation.

8. Click **Save and Close** to create the performance obligation identification rule.

Devolve Performance Obligations Associated with Revenue Contracts

You can devolve a performance obligation into a series of performance obligations over time.

This is useful for situations in which you want to limit your contract liability to one month (period) at a time on your books, for example, with service-based revenue contract lines. In this case, you can devolve a performance obligation into a series of performance obligations over time.

To use this feature set the Devolve Performance Obligation option to Yes on the Edit Performance Obligation Identification Rule page or the Edit Implied Performance Obligation Template page. When you enable this option, the application:

- Automatically devolves a performance obligation into a series of performance obligations based on your setup on the Manage Performance Obligation Identification Rules page.
- Automatically devolves implied performance obligations into a series of performance obligations based on setup in the Manage Implied Performance Obligation Template page.
- Devolves performance obligations by the accounting period defined in General Ledger.
- Displays the automatically devolved performance obligations on the Performance Obligations tab in the Edit Customer Contract page.
- Displays the logically split obligations for each accounting period along with the performance obligation amount, allocation amount, revenue recognized amount, and initial performance amount on the Performance Obligations tab in the Edit Customer Contract page.

- Creates the initial performance event for each obligation in the performance obligation series with the current date as the first day of the accounting period.
- Uses the Daily Rate, Partial Periods rule to calculate the amounts displayed on the Series subtab.
- Recalculates performance obligation series when contracts are revised or when products are returned.

After devolving your performance obligations, you can review the newly devolved performance obligations on the Performance Obligations tab in the Edit Customer Contract page. The devolved performance obligations appear in the Series subtab in the Details section.

Performance Obligation Templates

When goods or services are priced and sold as a package, use performance obligation templates to identify your performance obligations.

Performance obligation templates allow you to identify which goods or services are to be grouped together and assigned standalone selling prices based on their package pricing. For example, if you normally sell a set of goods or services as a standard package, you can define these goods or services in a performance obligation template. Upon processing, the goods or services are automatically grouped into one performance obligation and associated with the appropriate standalone selling price for the package of services.

Standalone selling prices for templates are defined based on the template definition and assigned at the performance obligation level instead of by individual goods or services within the template. Like individual goods or services, you:

- Assign performance obligation templates to a standalone selling price (SSP) profile.
- Assign the unit SSP for performance obligation templates by:
 - Using the **Create SSP** option in the Create or Edit Standalone Selling Price Profile page.
 - Running the Calculate Observed Standalone Selling Prices process to calculate the unit SSP for this performance obligation template.

For each performance obligation template, a priority number is assigned, which determines the order in which the template is applied when identifying source document lines into performance obligations. Templates with a lower priority number are evaluated first over templates with higher priority number assignments. Because performance obligation templates are specific to each business, there are no predefined performance obligation templates.

When configuring your performance obligation templates, you can:

- Mark the resulting performance obligation as exempt from allocation. When a revenue contract is created consisting of the marked performance obligation, the performance obligation is excluded from the allocation of the contract's total transaction price.
- Assign a default classification.
- Duplicate an existing template to add new or remove items.
- End date a template that's no longer valid for performance obligation identification.

Considerations for Using Performance Obligation Templates

Keep the following points in mind when creating and updating performance obligation templates:

- Once a performance obligation template is in use, you can only update the Effective End Date field. The Exempt from Allocation, Default Classification, and Effective Start Date fields are read only.
- If you need to update an existing performance obligation template, you must first duplicate it. You can then use the effective start and end dates to indicate when to begin using the new template and when to stop using the old template.
- Templates are eligible for use in the identification process when they:
 - Have an effective start date that's on or later than the Revenue Management accounting contract date and earlier than or on the template's effective end date.
 - The Enabled field = **Yes**.
- When performance obligations are reidentified while performing material contract modifications, the application applies the template in use at the time of the original contract creation, even if the template was subsequently end dated or disabled.
- If you want to apply a new performance obligation template definition for a contract, you must first discard the contract using the Discard Customer Contracts process. Then when the source document lines for the discarded contract are reidentified, the application uses the current set of enabled and active templates.

Performance Obligation Template Attributes

This table shows the attributes available when creating performance obligation templates:

Attribute Name	Description	Required
Name	Unique name you enter for the template.	Yes
Description	Description of the template.	No
Satisfaction Method	Method used to satisfy performance obligations. Valid values are: • Allow Partial • Require Complete	Yes
Priority	Processing priority of the template when evaluating source document lines. The lowest numeric value takes priority.	Yes
Enabled	Indicates whether the template is eligible for use in the identification process. Valid Values are: • Yes	No

Attribute Name	Description	Required
	- No - Blank. Blank equals No.	
Exempt from Allocation	Indicates if the resulting performance obligation is exempted from revenue allocation. Valid values are: - Yes - No - Blank. Blank equals No.	No
Effective Start Date	Date from which the template is eligible for consideration in the identification process. Used when the Enabled attribute is set to Yes. The effective start date can be any past or future date.	No
Effective End Date	Date the template is no longer eligible for consideration in the identification process. Used when the Enabled attribute is set to Yes. The effective end date can be any past or future date but can't be before the effective start date.	No
Default Classification	You can use the predefined values listed or you can configure additional classification types as necessary for your business: - Hardware - Software license - Professional services - Software subscription - Post obligation customer support	No
Derive pricing dimension combination	When checked, only source document lines with the same pricing dimension combination are included in the performance obligation.	No
Use Residual Approach	When checked, the standalone selling price for the performance obligation is derived using the Residual SSP method.	No
Allocation Basis	When Derive pricing dimension combination is enabled, this value indicates how to distribute performance obligation allocated revenue to the performance obligation promised detail lines. Valid values are: - Extended SSP amount - Selling amount	No
In use	Indicates whether the performance obligation template is in use by the application. When checked, the template is in use and can't be deleted or modified. Only The template Effective End Date or Enabled attributes can be modified.	No

Example of Creating a Performance Obligation Template

This example shows you how to configure a performance obligation template to create performance obligations for new product offerings with insufficient sales history to establish a standalone selling price.

The performance obligation is for a new bundle service with no pricing (sales) history. As a result, the residual standalone selling price method is used to assign a standalone selling price to the performance obligation.

To create a performance obligation template:

1. Navigate to the task Manage Performance Obligation Templates.
2. Click the **Add** icon to create a new template.
3. On the Create Performance Obligation Template page, in the header section enter these values:

Field	Value
Name	PC-Bundle
Satisfaction Method	Allow partial
Priority	30
Enabled	Yes
Exempt from Allocation	No
Effective Start Date	Current date
Effective End Date	Blank
Description	This field is optional.
Default Classification	Hardware
Derive pricing dimension combination	Enabled
Use Residual Approach	Enabled
Allocation Basis	Blank

4. Click **Save** and **Close**.
5. Run the Identify Customer Contracts process. The performance obligation template definition is used to identify performance obligations during the Identify Customer Contracts process.

Note: Only material contract modifications are allowed on a performance obligation created through this setup. Immaterial change settings are ignored.

Duplicate a Performance Obligation Template

You can duplicate an existing performance obligation template and use the duplicate to update the template definitions and settings and add or remove items.

To duplicate an existing performance obligation template, complete these steps:

1. In the Manage Performance Obligation Templates page, search for the template you want to duplicate.
2. Highlight the row containing the performance obligation template to be duplicated.
3. Under the Actions menu, click **Duplicate** or click the **Duplicate** icon to display the Create Performance Obligation Template dialog box.
4. Enter the name of the new template. The application defaults the name of the new template with the name of the template being duplicated preceded by an underscore.

Note: If you want to change the name of the template, you must change it here before clicking Save and Close. Once you save the template, you can't update the name.

5. Optionally enter a description.
6. Enter an effective start date if it's different from the default date entered by the application. By default, this date is the effective end date of the source template plus one day or the current date.
7. Click **Save and Close**. When you click **Save and Close**, the application creates an exact copy of the selected template using the new name, description, and effective start date as entered in the dialog box. All other existing performance obligation attributes and item assignments are copied from the original template except for these attributes, which are assigned as follows:

Attribute Name	Assignment
Name	The same as what was entered in the Create Performance Obligation Template dialog box.
Description	The same as what was entered in the Create Performance Obligation Template dialog box.
Priority	The priority number of the original template priority plus one (until the new template reaches an unused value).
Effective Start Date	The end date of original template plus one or the current date.
Effective End Date	Blank
Enabled	No
In use	Not enabled

8. After the original template is duplicated, the Edit Performance Obligation Template page opens automatically and displays the new duplicated template.
9. Make any necessary changes to the template definition. You can change any of the attributes except for the name of the template.
10. Click **Save and Close**.

Delete a Performance Obligation Template

This task shows you how to delete a performance obligation template that's not yet in use.

1. In the Manage Performance Obligation Templates page, search for the template you want to delete.
2. Highlight the row containing the performance obligation template to be deleted.
3. Under the Actions menu, click **Delete**.
4. In the Warning dialog box:
 - Click **Yes** to delete the performance obligation template and return to the Manage Performance Obligation Template page. Note that once you delete the template, it can't be undone.
 - Click **No** to cancel the request.

Note: You can't delete performance obligation templates that are in use, that is, templates previously used to create performance obligations. If the template is no longer to be used in the identification process, set the Enabled attribute to **No** or set an effective end date.

Implied Performance Obligation Templates

Use an implied performance obligation template to automatically create performance obligations in a customer contract that are implied in nature. These implied performance obligations aren't captured in any upstream application as source document lines.

Define rules for creating implied performance obligations in the template. The application then uses these rules to create implied performance obligations automatically in customer contracts.

For example, a phone dealer may run a special promotion that includes a free car charger with any phone purchase. In this case, the phone dealer must modify the phone order management application to implement the promotion:

- The phone dealer defines an implied performance obligation template to create the additional performance obligations automatically for the car charger.
- The application can then allocate revenue to the implied performance obligations when it allocates the total transaction price across all of the performance obligations in the accounting contract.

Create an Implied Performance Obligation Template

This example shows you how to configure an implied performance obligation template.

To create an implied performance obligation template:

1. Navigate to the task Manage Implied Performance Obligation Templates.
2. Click the **Add** icon to create a new template.

3. On the Create Implied Performance Obligation Template page, in the header section enter these values:

Field	Value
Name	Free Car Charger with Phone
Satisfaction Method	Require complete
Enabled	Yes
Currency	USD
Description	Car charger implied with phone
Default Classification	Phones

4. On the Promised Details tab, enter these values:

Field	Value
Item	Car Charger
Satisfaction Measurement Model	Quantity
UOM	Each
Quantity	1

5. On the Included Conditions tab, click **Add Condition** and enter the following values:

Field	Value
Left Hand Expression:	
Expression Type	Attribute
Operand Name	Item Number
Operator	Equals
Right Hand Expression:	
Operand Value	Mobile Phone A

6. Click **OK**.
7. Click **Save and Close**.

To process implied performance obligations:

1. Run the Validate Customer Contracts and Identify Customer Contracts processes. After the processes complete successfully with no errors, the application automatically generates a contract with performance obligations, including the implied performance obligation.
2. Create the satisfaction events manually in the Manage Customer Contracts page to enable Revenue Management to recognize revenue for the implied performance obligation. For over time implied performance

obligations with a satisfaction measurement model of Period, you must update the plan start and end dates manually in the Manage Customer Contracts page.

Note: To fully automate the integration from the source applications to Revenue Management without manually adding satisfaction events, import the implied promise as a source document line data with the appropriate quantity and a unit selling price of 0 (zero). Import any satisfaction events for those implied promises when they are satisfied. Import any satisfaction events for those implied promises when they are satisfied.

Additional Satisfaction Event Rules

Additional satisfaction event rules specify conditions that must be fulfilled to assign an additional satisfaction event to a revenue line.

Define your additional satisfaction event rules on the Create Additional Satisfaction Event Rule page using these key attributes:

Field	Description	Required
Name	Name of the additional satisfaction event rule.	Yes
Additional Satisfaction Event	Additional satisfaction event type. Select one of the following: - Customer Acceptance - Proof of Delivery - Payment	Yes
Basis for Fulfillment Date	The basis for the fulfillment date in the case of automatic fulfillment of an additional satisfaction event. Select one of the following: - Contract date - First fulfillment date - Fully satisfied date	No
Days After Basis Date	Number of days after the basis for fulfillment date on which the additional satisfaction event is fulfilled.	No
Priority	Processing priority of the event rule. The lowest numeric value takes priority.	Yes

Allocate Revenue Based on Extended Standalone Selling Prices

If you use performance obligation templates, you can optionally use component selling prices (the price of an item or service when its sold as part of a bundle) to allocate revenue within a performance obligation using the extended standalone selling price amount.

To allocate revenue based on component selling prices:

1. Enable the **Derive pricing dimension combination** option in the Create Performance Obligation Template page.
2. Select Extended SSP amount for the allocation basis. The Identify Customer Contract process distributes the performance obligation-level allocated revenue to the underlying promised detail lines for the obligation using the ratio of the promised detail line's component selling prices.

You must then upload the component selling prices for a performance obligation template and item combination, for a particular pricing dimension, effective period, and currency.

Additional Considerations

When using this feature you can modify the Allocation Basis option. Note that:

- The default value is blank.
- The Allocation Basis option changes take effect from the time the changes are saved, and are applied to all processing from that point forward.
- Changes aren't applied retrospectively.

If you change the Allocation Basis option from blank or Selling amount to Extended SSP amount:

- The Identify Customer Contracts process applies the new logic from that point forward.
- Changes apply only to new performance obligations created for the template.
- The Identify Customer Contracts process distributes performance obligation revenue to promised detail lines based on the ratio of the component selling prices.
- For each line associated with a bundle, the value in the Unit SSP column represents the component selling price and not the standalone selling price of the item or service.
- For performance obligations with promised detail lines in which the component selling price can't be assigned or is missing, the Identify Customer Contracts process:
 - Marks the promised detail line as Missing SSP.
 - Sets the Contract Allocation Status to Not Allocated with an Allocation Pending Reason of SSP Not Available.

If you change the Allocation Basis option from Extended SSP amount to Selling amount or blank:

- The Identify Customer Contracts process applies the new logic from that point forward.
- Changes apply only to new performance obligations created for the template.

- The Identify Customer Contracts process ignores the component selling prices on the promised detail lines.
- The Identify Customer Contracts process distributes performance obligation revenue to promised detail lines based on the ratio of the promised detail line selling amount.

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:

Product Description	Model	Price Per Unit
Big Data Appliance	1187	1,200,000
Super Cluster	1902	175,000
Database Appliance	1243	250,000
Virtual Computer Appliance	1150	55,000
Storage Appliance	1102	125,000

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:

Order Size Range	Discount
Less than 1,000,000	8 percent
1,000,000 to 4,999,999	10 percent
5,000,000 to 9,999,999	12 percent
10,000,000 or more	15 percent

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.

Item Relationships

You must set up item relationships in the Oracle Product Information Management application if you're importing revenue basis data from third-party source applications.

You can do this in one of two ways:

- Update the details of the referenced item and the spoke system in the Spoke System Items subtab. When you set up an item relationship for a spoke system, the value you enter in the Spoke System field must be the same as the code value you populate in the Source System attribute in the Revenue Basis Data Import template.
- Update the details of the item to be referenced in the Cross-References subtab.

See the Manage Item Relationships topic in Using Product Master Data Management.

Example of Setting Up an Item Relationship for a Spoke System

This example shows you how to set up an item relationship in the Spoke System Items subtab on the Manage Items page:

1. Click **Navigator > Product Management > Product Information Management**.
2. On the task pane, click **Manage Items** under Item Management.
3. Enter AS54888 in the Item field and click **Search**.
4. Click the link associated with the item AS54888 in the appropriate inventory organization.
5. In the Edit Item page, click the Relationships tab and then click the Spoke System Items subtab.
6. Click the **Add** icon and enter these values:

Field	Value
Spoke System	EBIZ
Spoke System Item	AS54888 (Enter the related item that is used in the third-party application. This can be the same or different from the item created in Product Information Management.)
Start Date	System date

7. Click **OK**.

8. Ensure the information you added appears in the Spoke System Items sub tab.
9. Click **Save and Close**.

Example of Setting Up a Cross-Reference Item Relationship

This example shows you how to set up an item relationship in the Cross-References subtab on the Manage Items page:

1. Click **Navigator > Product Management > Product Information Management**.
2. On the task pane, click **Manage Items** under Item Management.
3. Enter AS54888 in the Item field and click **Search**.
4. Click the link associated with the item AS54888.
5. In the Edit Item page, click the Relationships tab and then click the Cross-References subtab.
6. Click the **Add** icon and enter these values:

Field	Value
Type	Old Item Number
Value	AS54888 (Enter the related item that is used in the third-party application. This can be the same or different from the item created in Product Information Management.)
Apply to	All Organizations

7. Click **OK**.
8. Ensure the information you added appears in the Cross-References tab.
9. Click **Save and Close**.

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.

Revenue Management Profile Options

Set profile options to specify how Oracle Revenue Management controls access to and processes data.

Set profile options in Revenue Management to control:

- The number of requests you can run in parallel
- The processing unit size

Number of Processes

This profile option helps you to set up the number of child processes that should be triggered by a process. Using this profile option helps to improve performance because the number of lines are equally distributed and processed by each child process.

Profile Option Display Name	Default Value	Effect
Number of Processes	8	The value indicates the number of child processes that should be triggered by a process. Use this profile option along with the Processing Unit Size profile option to determine the number of batches and the number of child processes for a process.

Processing Unit Size

This profile option helps you to group your lines into batches. Using this profile option helps to improve performance because the number of lines are equally distributed and processed by each child process.

Profile Option Display Name	Default Value	Effect
Processing Unit Size	1000	This value indicates the number of lines that are grouped into a batch. Use this profile option along with Number of Processes profile option to determine the number of batches and the number of child processes for a process.

This table lists the recommended number of processes and the recommended processing unit size, based on the number of revenue lines:

Profile Option	Up to 200,000	Above 200,000 and Below 500,000	Above 500,000 and Below 1,000,000	Above 1,000,000 and Below 1,500,000	Above 1,500,000
Number of Processes	10	15	20	40	50+
Processing Unit Size	100	250	500	500	1000

Extensible Attribute Values in Customer Contracts

You can configure the application to display extensible attributes you defined in descriptive flexfields in the Edit Customer Contract page.

You set up descriptive flexfields when your business process requires additional extensible attributes to help identify your customer contracts and performance obligations, or to simply support management reporting. Set up your descriptive flexfields at the source document header level, source document line level, or both.

- **Source document header level:**
Extensible attributes defined at the header level are typically used when defining contract identification rules to group source data into a contract based on a specific type of source data such as the quote number.
- **Source document line level:**
Extensible attributes defined at the line level are typically used in performance obligation identification rules to group some source document lines into a single performance obligation or to uniquely identify certain source document lines as distinct performance obligations.

View both header level and line level attributes in the Line Details section of the Promised Details tab in the Edit Customer Contract page.

View Extensible Attribute Values in Customer Contracts

This example shows you how to configure the application so that you can view your user-defined descriptive flexfields in your customer contracts.

In this example, you previously created a descriptive flexfield named Quote Number for your Oracle Subscription Management source documents. Follow these steps to display the extensible attribute for the quote number in the Edit Customer Contract page.

1. Navigate to the Manage Descriptive Flexfields page.
2. Enter VRM Source Document in the Name field and click **Search**.
3. Click the VRM Source Document row.
4. In the **Actions** menu, click **Edit**.
5. In the Edit Descriptive Flexfield page, click **Manage Contexts**.
6. In the Manage Contexts page, click **Search**.
7. Highlight the FUSION_OSS row.
8. In the **Actions** menu, click **Edit**.
9. In the Context Sensitive Segments section in the **Actions** menu, click **Create**.
10. In the Create Segment page, enter these values:

Field	Value
Name	Quote Number
Description	Quote Number

Field	Value
Code	Automatically populated: Quote Number
API Name	Automatically populated: quoteNumber
Enabled	Yes
Data Type	Character
Table Column	SRC_ATTRIBUTE_CHAR41
Value Set	30
Prompt	Quote Number
Display Type	Text Box
Display Size	15

11. Click **Save and Close**.
12. In the Manage Descriptive Flexfields page, click **Deploy Flexfield**.
13. To view your extensible attributes in a contract, sign out and then sign in again.
14. Open your customer contract in the Edit Customer Contract page and navigate to the Line Details section of the Promised Details tab. The quote number for the source document captured in the descriptive flexfield is displayed.

Note: You can also configure and display extensible attributes at the source document line level. In this case, you need to enter VRM Source Document Lines in the Name field in step 2 and then follow the rest of the steps shown in the example. Like extensible attribute values at the source document level, your extensible attribute values at the line level will appear in the Line Details section of the Promised Details tab in the Edit Customer Contract page.

Revenue Recognition and Allocation in the Transaction Currency

When engaged in commerce in currencies other than your local currency, you can create revenue contracts in the order's transaction currency. The transaction currency amounts are then used as the basis for revenue allocation and recognition for the revenue contract.

The transaction price and standalone selling prices in the transaction currency are used to drive the allocation of revenue. The revenue contract is modeled and displayed in the transaction currency. Then, when you create the accounting for the revenue contract, the application converts the amounts in the entered currency to the ledger currency using the applicable conversion rate type, date, and rate.

If terms and conditions dictate that payment for goods and services are to be made in full in advance, you've the option to designate the foreign currency treatment to be used on the performance obligation as monetary or nonmonetary. This designation indicates that a performance obligation's contract liability is converted using either:

- Current rates (monetary)

- Historic rates (nonmonetary)

Allocation Currency Basis Option

Use the Allocation Currency Basis option in the Manage System Options for Revenue Management page to enable the option to use transaction currency revenue allocation and recognition for your revenue contract process.

This option is a ledger-based option and designates the allocation currency basis to be used to drive revenue allocation and recognition calculations for revenue contracts created within the ledger. Once you select and save your preferred method, this method is applied to new and unprocessed lines from that point forward. Contracts created before the change will continue to be processed using the basis in effect at the time of contract creation for the life cycle of the contract.

Set the Allocation Currency Basis option to either Entered or Accounted:

- **Entered:** When you set this option to Entered, the application models the revenue contracts and underlying performance obligations using the transaction currency amount of the source document lines as the driving values for the allocations. The application establishes and allocates the contract and performance obligations in the transaction currency amounts. This applies to both ledger and nonledger currency-denominated transactions for the selected ledger.
- **Accounted:** When you set this option to Accounted, nonledger currency-denominated contracts are converted to the ledger currency at contract inception. In this case, the application establishes the contract consideration in the ledger currency. This amount is used as the basis for revenue allocation and recognition.

Related Topics

- [System Options](#)

Performance Obligation Foreign Currency Treatment Attribute

Use the Performance Obligation Foreign Currency Treatment attribute to indicate whether a performance obligation is to be accounted for as monetary or nonmonetary. The assignment is performed during the Performance Obligation Identification process.

Set the Foreign Currency Treatment option for the rule as either Monetary or Nonmonetary in the Manage Performance Obligation Identification Rules page.

- **Nonmonetary:** Nonmonetary performance obligations are paid in full up front and the amount of revenue to be recognized is fixed and not subject to fluctuation in changes in currency conversion rates. In this case, the application converts all the accounting distributions for the performance obligation's contract liability to the accounted currency using the conversion rate as of the performance obligation's initial performance date, regardless of the date of occurrence.
- **Monetary:** Monetary performance obligations aren't paid in full up front. In this case, the contract liability account balances are converted as of the transaction date.

You then select the extensible attribute as a grouping attribute within the identification rule to assign the foreign currency treatment.

Note: The Foreign Currency Treatment option affects the accounting of the contract liability accounts and revenue entries only. Invoicing and billing transactions are always converted using rates as of the transaction date.

You can view the Foreign Currency Treatment designation for performance obligations within a revenue contract in the Edit Customer Contract page.

Related Topics

- [Performance Obligation Identification Rules](#)

Conversion Rate Type and Rates

When you create the accounting distributions for a revenue contract, the application uses the existing settings for the Conversion Rate Type and the Disable Override from Source option that you specified on the Manage System Options for Revenue Management page.

The application uses the conversion rate types and rates defined and maintained within the Oracle General Ledger daily rates structure.

When you run the Recognize Revenue for Customer Contracts process, the process creates accounting distributions and converts them, if necessary. If no conversion rate is defined in the General Ledger daily rates table for the conversion rate type and date, the process doesn't convert the accounting distributions and generates a warning message in the output file of the process. The next time you run the process, the application reprocesses the unprocessed distributions until it finds a rate to convert the distribution. The unprocessed distributions are then eligible for processing by Oracle Subledger Accounting and posting to General Ledger.

Thresholds

You can set up three types of thresholds in Oracle Revenue Management:

- Transaction Price Exemption
- Discount Exemption
- Transaction Price Review

Revenue Management displays the revenue contracts that meet the thresholds in the applicable Revenue Management work area tab.

If you've thresholds defined when using this approach, threshold application and evaluation is based on the applicable accounted amount of the contract derived using the conversion rate at contract inception. The amount entered in the threshold column represents the ledger currency equivalent of the threshold amount.

Related Topics

- [System Options](#)

Accounting for Revenue Recognition and Allocation in the Transaction Currency

When you use the transaction currency as the basis for revenue allocation and recognition for revenue contracts, consider the following:

- Subledger accounting source: Foreign Currency Treatment Indicator

Use the performance obligation-level Foreign Currency Treatment indicator Subledger Accounting source to configure your accounting rules to choose which contract liability balance sheet account your monetary and nonmonetary journal entries are booked to. This enables you to direct your accounting distributions to a separate contract liability account in Oracle General Ledger in support of the Revaluation process. This is because the contract liability balances of nonmonetary performance obligations are converted at a fixed rate.

- Billing price variance

The application calculates the difference between the conversion rate on a performance obligation before allocation and the conversion rate after allocation. This difference is called price variance. However, this price variance isn't to be booked as a foreign currency conversion gain and loss accounting entry. This is because it's a measurement of the prerecognition changes due to foreign exchange on the obligation before the allocation valuation is done, when creating the obligation and asset. As such, it's out of the scope of ASC 830 or IAS 21 for foreign exchange gain or loss accounting.

- Foreign currency gains and losses

The Internal Revenue Service and other tax authorities don't authorize the inclusion of realized gains and losses for revenue and contract assets in the deductible realized gain number for tax reporting. As a result, this calculation isn't required within Oracle Revenue Management or its supporting accounting. The General Ledger Revaluation process handles the calculation of foreign currency gains and losses and the necessary accounting.

How the General Ledger Revaluation Process Works for Revenue Recognition

When using the transaction currency as the basis for revenue allocation and recognition for revenue contracts, you must also configure and use the Revaluation process in Oracle General Ledger.

Revaluation is the process of adjusting the accounted value of foreign currency-denominated balances. The purpose of revaluation is to true up the liability or asset accounts that might be materially understated or overstated at period end using a month-end conversion rate.

Revaluation adjustments represent the difference in the value of the balance due to changes in conversion rates between the date of the original journal entry and the revaluation date. The adjustments are then posted through journal entries to the underlying account with the offset posted to an unrealized gain or loss account.

The Revaluation process operates at the portfolio (general ledger account balance) level, and its foreign currency conversion entries are visible only in General Ledger.

Related Topics

- [Revaluation Process](#)

Guidelines for Recognizing Revenue in the Transaction Currency

When evaluating whether to recognize revenue in the transaction or accounted currency, keep these tips and considerations in mind:

- If you're unsure which approach will work best to achieve your revenue policies, you can run a test data set of contracts in a test environment, and then switch the setting and discard and reprocess the contracts. This enables you to compare the accounting results between the two different approaches and decide which is more aligned with your needs without impacting your existing contracts, because the change is only applied to new and unprocessed lines. Contracts created before you begin using this approach will continue to be processed under the original method you were using until the end of their life cycle or when you discard the contracts.
- If a contract has undergone an immaterial change and then later receives a transaction that's dated earlier than the immaterial change date, the transaction is applied as a current-dated transaction against the current contract value.
- For nonmonetary performance obligations:
 - The application uses the conversion rate as of the established initial performance event date. Once the initial performance event date is established, this rate is used to convert the contract liability distributions for the life of the performance obligation.
 - The conversion rate doesn't change due to receiving an earlier dated billing or satisfaction event.
- Ledger and nonledger currency-denominated revenue contracts that have previously undergone an immaterial change action aren't eligible for processing by the Discard Customer Contracts process.
- Returns are processed as material changes. The transaction is reflected and converted as of the transferred source document line date or if blank, the system date.
 - This date is used as the rate date when the performance obligation is monetary.
 - The application creates a negative satisfaction event to undo any recognized revenue for the returned item and the revenue converted using the conversion rate for that date.
 - The corresponding applicable credit memo is converted as of the credit memo date.
- Performance obligations: Performance obligations created from templates are treated as monetary.

Related Topics

- [Performance Obligation Identification Rules](#)
- [Create a Performance Obligation Identification Rule](#)

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.