SCM Cloud

Using Deductions and Settlement

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F88795-02

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1 Overview of Deductions and Settlement

Channel Flows: Buy Side vs Sell Side

Channel Revenue Management supports multiple channel flows and categorizes them as either buy side or sell side flows. Each has its own separate user interface for their transactional users.

A sell side channel flow centers around a customer account and typically involves rebates offered to customers. Deductions is part of the sell side flow. A buy side channel flow centers around a supplier site and involves administering rebates from suppliers.

On the sell side we support:

- Deductions and Settlement

  For more information about Deductions and Settlement, see Oracle SCM Cloud: Using Deductions and Settlement guide.

  Analysts can access Deductions and Settlement from the Order Management work area.

- Rebates to channel customers

- Royalty payments

  For more information about Customer Programs, see Oracle SCM Cloud: Using Customer Channel Management guide.

- Lump sum payments

- Tiered rebates for annual volume programs

On the buy side we support:

- Rebates from your suppliers.

- Annual rebates from your suppliers.

- Ship and debit rebates from your suppliers.

- Direct collaboration with suppliers to administer programs.

Supplier Channel Management that encompasses buy side flows:

- Analysts and administrators can access Supplier Channel Management from either the Procurement or Order Management work areas.

- Supplier contacts can access Supplier Channel Management from the Supplier Portal.

For more information, see Oracle SCM Cloud: Using Supplier Channel Management guide.

Related Topics

- Starting an Implementation

Overview of Deductions and Settlement

Deductions and Settlement

Deductions originally started in consumer goods where powerful retailers would short pay invoices based on their understanding of the trade terms or agreements.

This has spread across all industries, and deductions are a common practice not only for collecting promotions, but also for any kind of dispute or misunderstanding, whether it's a pricing error, transportation related, damages, and so on. This is also the hardest challenge for the receivables departments to resolve because of the need for approval from outside receivables, like sales or shipping. The customer may short pay based on their own policies and procedures. It's up to you to resolve these claims.
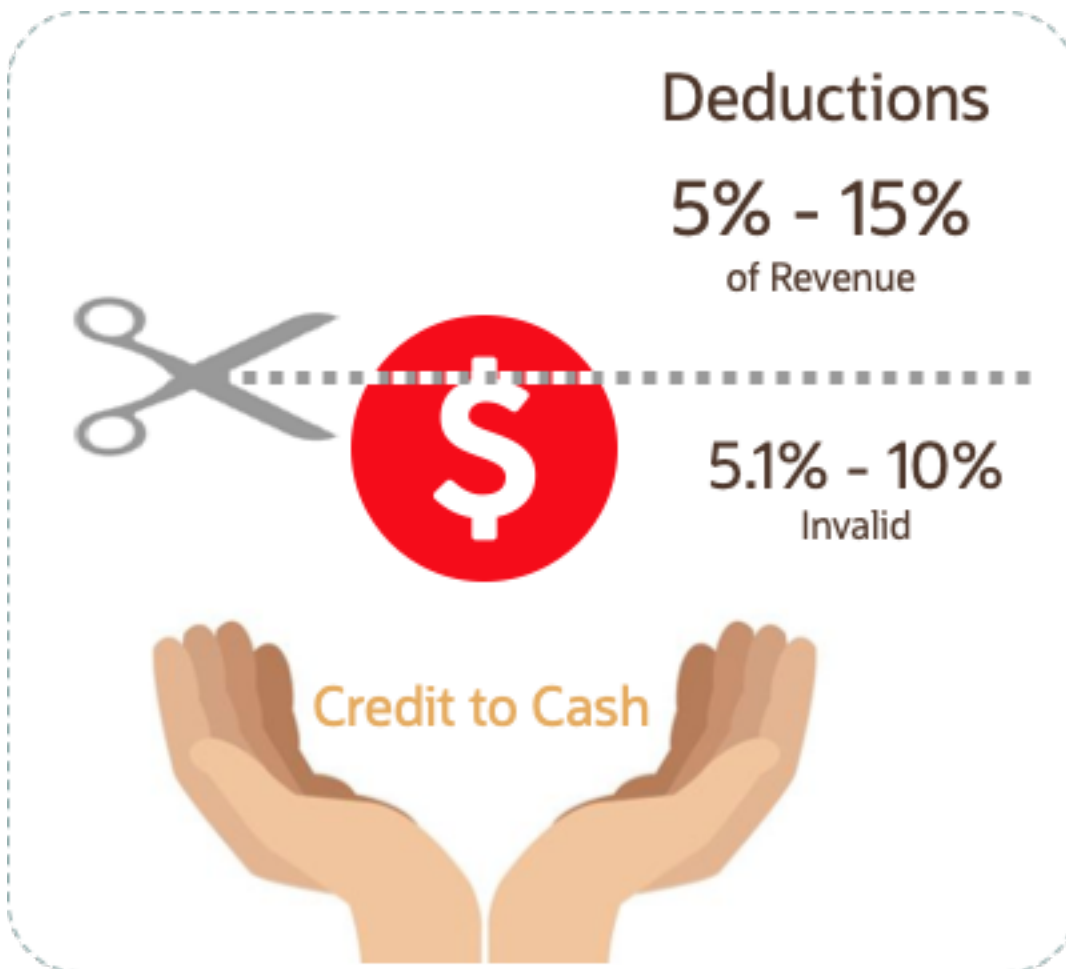
According to market surveys, deductions can represent 5 to 15 percentage of revenue, depending on the industry. Of that number, 5.1 to 10 percent are invalid or unauthorized. In some industries it can be a lot higher.

Deductions and Settlement in Channel Revenue Management enables you to take back control, and provides:

- Centralized deductions directly from Receivables.

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- Accurate and fast resolution of customer short pays.

- Resolution with accountability and transparency, which enables root cause analyses.

- Settlement of deductions in Receivables.

How Deductions and Settlement Works

Overview
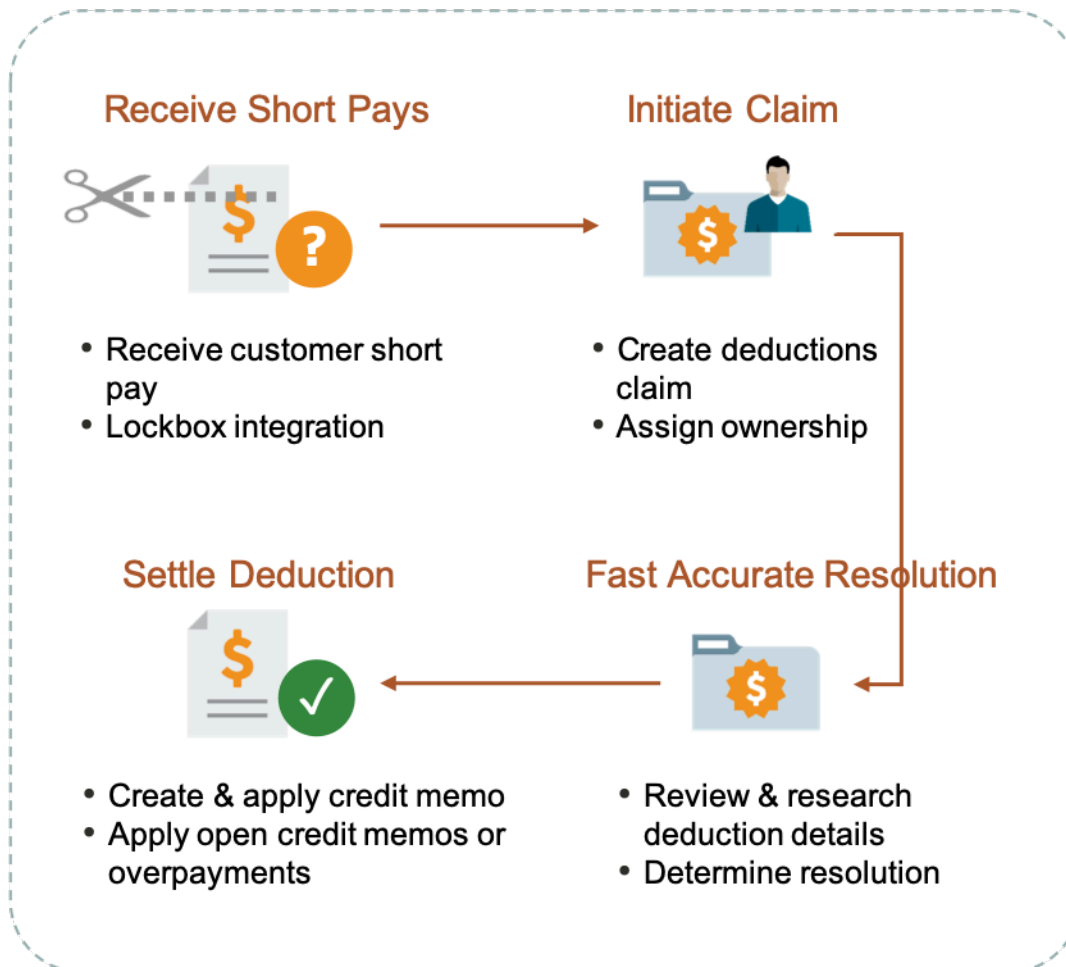
When a customer short pays you, the flow is:

1. Receive a short pay from a customer, including from the Receivables lockbox.
2. Create a claim from Receivables for the short pay difference within the receipt.
3. Assign ownership of the claim.
4. Research and resolve deductions quickly and accurately.
5. Settle the claim.

With Deductions and Settlement you can:

- Centralize deductions and overpayments, with accountability and aging by:
  - Supporting lockbox

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- ○ Creating manual claims

- ○ Assigning claim owners

- ○ Setting up aging methods

- Resolve deductions by:

   - ○ Associate promotional accruals

   - ○ Creating credit memos

   - ○ Applying open credit memos and open overpayments

   - ○ Applying write-offs

   - ○ Applying chargebacks only for invoice deductions

- Resolve overpayments by:
   - ○ Creating invoices.

   - ○ Applying open deductions.

- Approve your claims.

- Schedule the **Settle Customer Claims** process periodically to settle the claims in Receivables in a ready-to-use and tightly integrated manner. The settlement details are brought back to Channel Revenue Management to complete the flow.

- Analyze the root causes behind deductions, with the help of claim types and claim reasons assigned while resolving the claim.

- Proactively analyze write-off thresholds through occasional review of claim write-offs.

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Business Process Flow

Deductions and Settlement Flow

Receivables Manager or Lockbox	Automatic Settlement in Receivables	Channel Claims Manager	Channel Deductions Approver	Channel Operations

Orchestrated by Deductions and Settlement

- Receive customer short pay
- Receivables Lockbox
- Create Receipt
- Create and Apply Claim Investigation or Channel Revenue Claim
- Create and Apply Settlement Artifacts
- Claim Investigation or Channel Revenue Claim Settled
- Create Accounting
- Post to GL
- Resolve Deduction via Settlement Methods
- Review and Research Deduction
- Create Manual Claim
- Confirm Settlement of Claim
- Approve Deduction
- Settle Customer Claims

REST API

3rd Party Application — Customer initiates dispute

Legend: Process | Scheduled process | Financial Integration

How Deductions and Settlement Works with Receivables

Here's how Deductions and Settlement works with Receivables to provide transparent, integrated settlement.

Receivables Analyst Claim Creation

At the end of the day, a short pay or deduction represents any kind of dispute or misunderstanding between you and your customer. These disputes manifest themselves as short pays in customer remittances, and can take multiple forms:

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Customer Action	Action Taken by Customer Analyst or Lockbox Integration	Claim Source in Channel Revenue Management
Customer short pays a receipt while marking invoices as paid in full	Create Claim Investigation	Deduction
Customer overpays a receipt on account	Create Claim Investigation	Overpayment
Customer short pays a specific invoice	Create Channel Revenue Claim	Invoice Deduction
Customer overpays a specific invoice	Create Channel Revenue Claim	Invoice Overpayment
Customer communicates a dispute	N/A	Manual Claim

Based on the action of the customer, the Receivables analyst in the Edit Receipt UI or through the lockbox integration, will behind the scenes, initiate the creation of a customer claim accordingly in Deductions and Settlement. This typically defaults to a deduction claim type and an unknown claim reason. It's part of the resolution process to determine the true claim type and reason.

For a non-invoice based deduction or overpayment, a Receivables activity is applied to the receipt in the amount of the short pay or overpayment. The receipt is updated with a reference to the created claim number.

For an invoice specific deduction or overpayment, claim details are applied to an invoice application line of the receipt in the amount of the short pay or overpayment, and the invoice application line is updated with claim details. The created invoice claim takes on the amount outstanding, the currency, and the business unit of the invoice.

Note: Claim creation will fail if a default claim type and default claim reason isn't specified in the claim source setup.

Claim Creation Through Lockbox

Many enterprises leverage lockbox banking services for the receipt of payment from customers. Create claims automatically for deductions and overpayments from the **Process Receipts Through Lockbox** process in Receivables. This reduces deduction creation time and improves processing efficiency. The lockbox receives payments and automatically creates an invoice-related claim in Channel Revenue Management for underpayments and overpayments to the invoice's outstanding balance and non-invoice related overpayment claim for any remaining unapplied amount on the receipt post applications.

Claim Settlement

After a channel manager resolves the deduction and it's approved, the **Settle Customer Claims** process can be run to create the artifacts of settlement in Receivables. A deduction can encompass one or multiple settlement methods. The process is typically scheduled by the Channel Operations user.

During the settlement of a claim, the schedule process:

1. Creates credit memos in Receivables with applicable taxes, if credit memo lines are present in the resolution of the claim. Credit memos on account are then applied to the receipt. Credit memos on invoice are applied to the invoice. Similarly, for an overpayment, an invoice is created and applied to the receipt.
2. The Fusion Tax application or supported partner tax applications are supported.
3. Reverses the original claim investigation activity in the receipt.

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4. Applies any open transactions that are part of resolution to the receipt if settling on account or to the invoice if settling on invoice.
5. Auto write-offs are only applicable to short pays. If the entire short pay wasn't resolved, and the remaining amount is below the write-off threshold, then this write-off amount is applied to the receipt or invoice.
6. If the entire short pay wasn't resolved, then the remaining amount results in a child claim in Deductions and Settlement. This child claim is also applied to the receipt.

Note: While settling a claim, the Claim Amount Includes Tax field indicates whether the amount settled is inclusive of taxes. If the override is allowed at the controls at status and tax rate levels, then the application will check this field.

Accounting

The accounting for settlement is handled by Receivables. Settlement artifacts are created as Receivables transactions and activities according to the Channel setups. For credit memos and invoices, Receivables performs the subledger accounting based on the Receivables transactions and activities created by Channel Revenue Management settlement.

- Claim Type setup for a deduction includes a one to one mapping to a Receivables credit memo transaction type. This is used when a credit memo is created in Receivables. A standard credit memo is always created for a credit memo on invoice.

- Claim Type setup for an overpayment includes a one to one mapping to a Receivables invoice transaction type. This is used when an invoice is created in Receivables.

- Claim Reason setup for a deduction includes a one to one mapping to a Receivables credit memo reason. This is used when a credit memo is created in Receivables.

The accounting for a claim investigation is derived from the Receivables Activity associated with the claim investigation application.

In the Manage Channel Settings page, there are two settings under the category Settlement by Credit Memo - On Invoice that drive the settlement in Receivables. A receivables method to reverse accounting entries, and a receivables method to credit installments.

Related Topics
- Create Claim Investigations
- Process Receipts Through Lockbox Execution Report

How Claims Are Processed

There are 4 stages in the life cycle of a customer claim.

1. **Creation**
   Claims can be created by the following methods:
   - A claim investigation activity, initiated in Receivables by a receivables manager, creates a claim in Channel Revenue Management.
     - Deduction claim: From short payments in a receipt
     - Overpayment claim: From over payments in a receipt
   - A channel revenue claim, initiated in Receivables by a receivables manager against an invoice application line of a receipt creates a claim in Channel Revenue Management.

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- Invoice Deduction claim: From short payments against the invoice
- Invoice Overpayment claim: From over payments against the invoice
- Claims can be created through Receivables lockbox.
- A manual claim can be created directly in Deductions and Settlement.
- A manual claim initiated by a 3rd party application can be created through a REST service.

Once created, the claim is assigned to a claim owner. A claim owner can be assigned at various levels: business unit, customer, account, or bill site. The deductions analyst assigned to the claim will investigate and resolve the claim.

> **Note:** Multiple non-invoice related claim investigation applications can be performed per receipt, as long as the sum of application amounts is equal to the receipt amount.

2. **Resolution**

This table lists the available settlement methods for each claim source and the action that created the claim.

Receivables Action	Claim Source	Settlement Method	Apply Open Transactions
Create Claim Investigation	Deduction	Credit Memo - On Account Manual Write-off Auto Write-off	Open Credit Memos Open Overpayments
Create Claim Investigation	Overpayment	Invoice	Open Deductions
Create Channel Revenue Claim	Invoice Deduction	Credit Memo on Account Credit Memo on Invoice Manual Write-off Auto Write-off	Open Credit Memos Open Overpayments
Create Channel Revenue Claim	Invoice Overpayment	Invoice	Open Deductions
N/A	Manual Claim	Credit Memo on Account	None

- A deduction can be resolved by creating a credit memo on account or invoice, or by applying existing credit memos or overpayments.
- An overpayment can be resolved by creating an invoice or by applying existing deductions.
- When existing deductions or overpayments are applied, these claims are reserved so that they can't be accidentally applied again.

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3. **Submission**

   After resolving the claim, the analyst submits it for approval and settlement.

   - If the analyst has been assigned the approval role, then the claim goes straight to Settlement Pending status, awaiting processing by the **Settle Customer Claims** scheduled process.
   - If the analyst doesn't have the approval role, then the claim will move to Approval Pending status, awaiting approval. The approver can either approve or reject the claim.
   - Rejection puts the claim in Approval Rejected status, and the deductions analyst can move it back to Open status to correct the claim. Only a Receivables analyst can cancel the claim, from the receipt.

4. **Settlement**

   On a periodic basis, you can schedule the **Settle Customer Claims** process, which performs the creation of the resolution artifacts or settlement methods in Receivables, and then applies them to the appropriate receipt. These credit memos and invoices will have the transaction source as Channel Revenue Management.

   - If applicable, taxes are calculated and applied to the claim.

   - If there is any remaining unsettled amount which is below the set threshold, it's written off.

   - If there is any remaining unsettled amount and write-offs don't apply, a child claim is automatically created and applied to the receipt.

   - The original claim investigation is reversed in the receipt.

   If an invoice deduction claim is settled with a settlement method other than Credit Memo - On Invoice, the following happens during settlement:

   - Unapplies the invoice application on the receipt and reapplies the invoice application on the receipt for the original application amount plus the amount settled.

   - Applies the Receivables transaction created as the settlement document to the receipt.

   - The dispute on the invoice is removed to the extent of the settlement amount.

Customer Promotion

Customer Promotion

Deductions started in consumer goods where retailers would short pay invoices based on their understanding of customer promotions.

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To combat invalid or unauthorized deductions, customer promotion in Channel Revenue Management provides:

- Centralized promotions for channel customers.

  You can:

  - Negotiate and activate customer promotions.
  - Define customer and product eligibility.
  - Define accruals by amount or percentage.

- Automated eligibility of channel incentives against sales transactions.

  This leads to fast and accurate accruals.

- Automated accrual tracking.

  This provides real time visibility of liabilities.

- Centralized claims processing.

  This helps reduce margin leakage and reduce your DDO (Days Deductions Outstanding).

- Automated channel accounting.

  This configurable integration reduces time to implement and cost of ownership.

How Customer Promotion Works

Customer promotions works on top of Deductions and Settlement providing centralized deductions and settlement in Receivables, and provides promotional settlement of claims.

You can use Customer Channel Management to activate channel promotions, and once sales orders or invoices are imported, the application calculates accruals for eligible customers.

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Customer Channel Program Flow
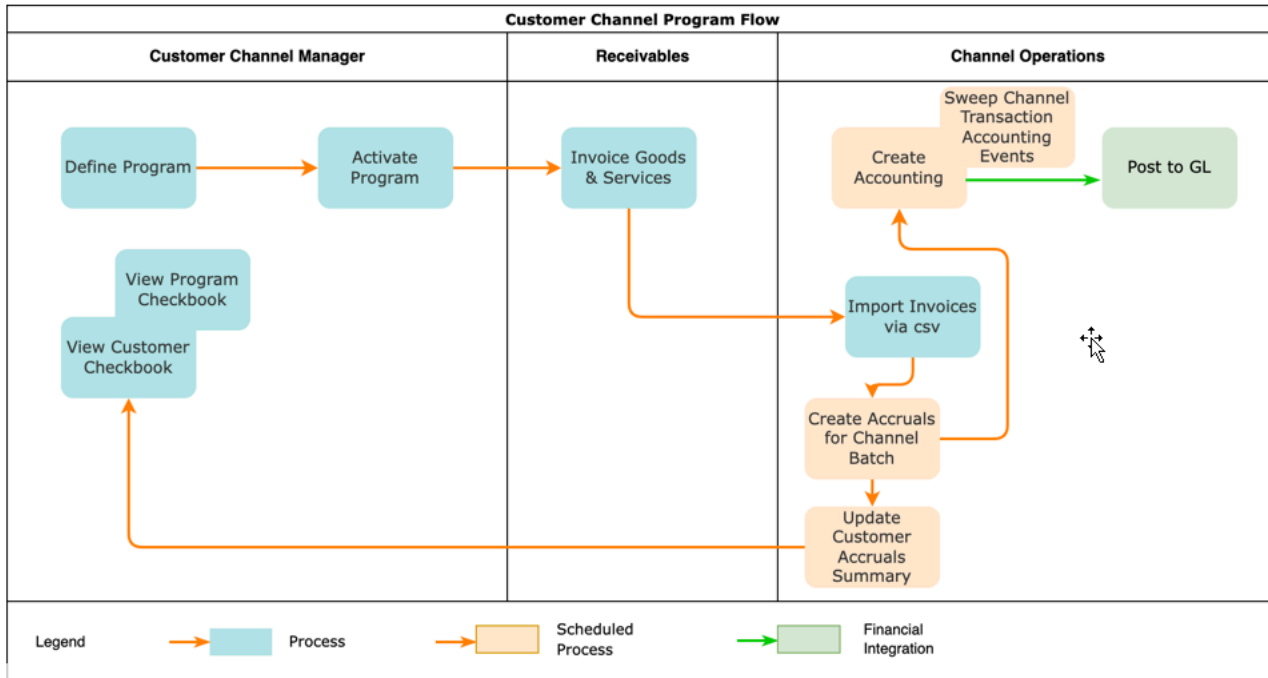
1. Negotiate a promotion with channel customers and activate the program.
2. The customer makes purchases.
3. Upload your sales data, then process these transactions to create accruals.
4. Earned accruals are then tracked and posted to GL.
5. Short pays from Receivables are centralized as claims. Optionally, manual claims can be created on demand.
6. Claims are investigated. Promotional deductions can be matched with available accruals to resolve a claim.
7. Approved claims can be settled by creating various transactions in Receivables including credit memos.

Related Topics
- How Deductions and Settlement Works with Receivables

How Customer Promotion Works with Imported Sales Orders and Invoices

Here's how customer promotion works with imported sales orders and invoices:

The Import Management framework can be used to import sales orders and invoices using CSV. Customer rebates are calculated according to the terms of the program with the customer, and accrued.

- A set of validations are in place to identify any errors during import.
- The successful upload of the CSV file creates a batch of transactions for processing.
- The **Create Accruals for Channel Batch** process checks the eligibility of the batch lines and creates accruals for the eligible ones. A supply chain application administrator can create the channel accruals on demand or schedule it as a periodic batch process.

Consideration: If you import sales orders and invoices via the CSV file (Batch Transaction Type = ORA_SALES_ORDER_CSV), then you must first import the CSV file, and only then schedule the processes to create accruals (Create Accruals for Channel Batch).

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Related Topics
- Import Customer Invoices
- How do I import data?
- How do I map import fields?
- Create Accruals from Imported Sales Orders and Invoices

Lump Sum Program

Lump Sum Program

A customer lump sum program is an agreement which pays out an previously agreed-to amount and may require a customer to carry out certain trade promotion activities.

For example, an advertising campaign, on behalf of a manufacturer. You can create a lump sum program to capture the terms of the agreement. The incentive is accrued up front when the program is activated and available for immediate payment.

Channel Revenue Management enables you to:

- Define trade promotion activities agreement and terms that:
    - Pay out a previously agreed-to amount
    - May require a customer to carry out certain trade promotion activities on behalf of the manufacturer or wholesaler
- Create, track, and pay immediate accruals including slotting fees, marketing incentives, and other non-transactional incentives.

How Lump Sum Program Works

Customer lump sum works on top of Deductions and Settlement.

You can use Customer Channel Management to activate lump sum programs that incentivize manufacturers or wholesalers for carrying out certain trade promotion activities. Promotional payments arising out of lump sum programs are accrued as soon as the program becomes active. Lump sum programs are customer-specific and they target only one customer at a time.

1. Create the lump sum program.
    - Select the customer.
    - Enter the lump sum ammount.
    - Add products and distributions.
2. Activate the program. Accrual is earned immediately after program approval.
3. Associate the earning and settle the claim.

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Customer Annual Volume Program

Customer Annual Volume Program

Use customer annual programs to accrue rebates based on cumulative sales volumes across orders.
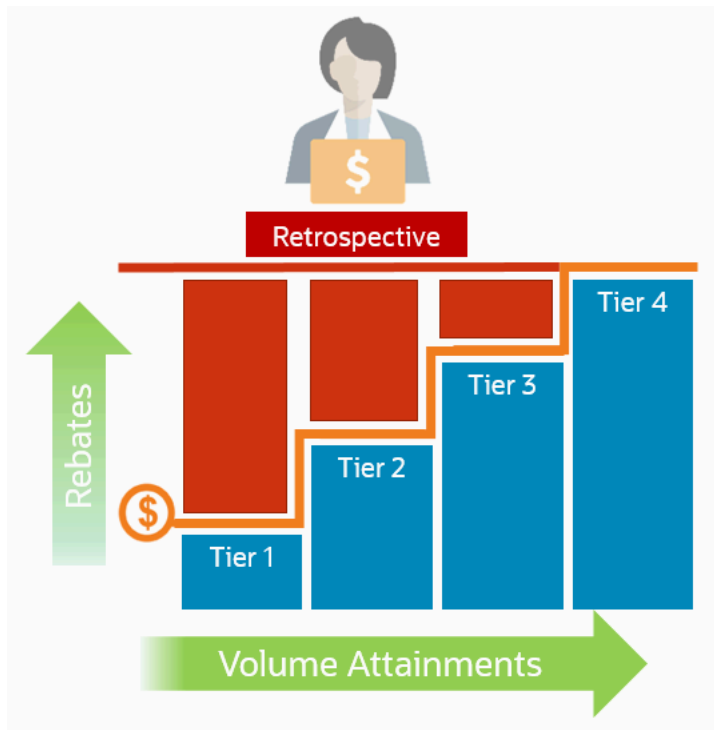
These programs are critical to promoting loyalty from channel partners because higher rebates are provided for more annual buying; and this reduces the risk of customers defecting to competitors.

To that end, you can define volume rules, each with tiered rebates, as a percentage of sales or as a flat amount per unit; and a set of eligible products or categories with exclusions. Eligibility can be defined based on dates including invoice date which is most typically used. For customers with a proven track record, you can prequalify them from the start at a higher tier.

This feature provides the ability to:

- Define volume rules for tiered rebates as a percentage of sales revenue or an amount per unit for eligible products or exclusions.
- Define eligibility based on dates.
- Prequalify customers with a proven track record to start at a higher tier.
- Import sales transactions via CSV file.
- Execute annual volume agreements with channel customers with the ability to aggregate and track cumulative sales revenue or quantity across orders for a period and to calculate retrospective volume rebates on periodic basis.
- Track accruals via the Customer Checkbook and the Program Checkbook.

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- Post channel transactions to General Ledger.

- Support rules based subledger accounting.

This feature benefits wholesalers, distributors, and manufacturers to:

- Promote greater loyalty from channels.

- Improve customer satisfaction.

- Reduce cost of ownership.

- Reduce invalid deductions.

- Reduce Days Deductions Outstanding (DDO).

- Improve visibility to annual incentives and liabilities for programs, customers, and the business unit.

How Customer Annual Volume Program Works

Customer annual volume programs work on top of Deductions and Settlement providing centralized deductions and settlement in Receivables, and provides promotional settlement of claims.
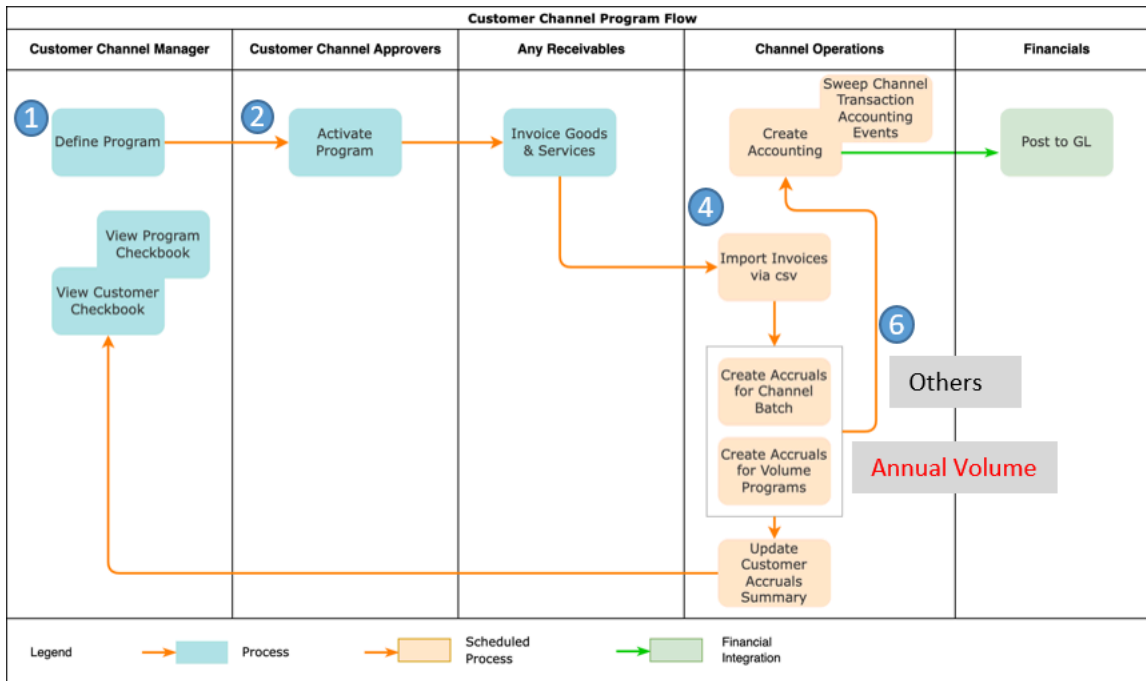
You can use Customer Channel Management to activate customer annual volume programs and once sales orders or invoices are imported, the application then calculates accruals for eligible customers.

1. Operational administrators create and activate a customer annual program type representing channel annual business processes.
2. Channel sales managers negotiate and activate a customer annual program.
3. Channel customers purchase products and expect an annual rebate.
4. Operational administrators ensure sales transactions are imported via CSV or the FOM integration loads invoiced sales transactions on a periodic basis based on a year or fiscal calendar.
5. Channel customers deduct referencing an annual rebate believed owed.
6. Channel claim analysts investigate a customer deduction claim and settle it as promotional against accruals of a customer annual program.

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7. Financial analysts review the financial status of each channel customer to see the liabilities by customer and program.

How Customer Annual Volume Program Works with Imported Sales Orders and Invoices

Here's how customer annual volume program works with imported sales orders and invoices:

The Import Management framework can be used to import sales orders and invoices using CSV. Customer rebates are calculated according to the terms of the program with the customer, and accrued.

- A set of validations are in place to identify any errors during import.

- The successful upload of the CSV file creates a batch of transactions for processing.

- The **Create Accruals for Volume Programs** process checks the eligibility of the batch lines and creates accruals for the eligible ones. A supply chain application administrator can create the channel accruals on demand or schedule it as a periodic batch process.

Consideration: If you import sales orders and invoices via the CSV file (Batch Transaction Type = ORA_SALES_ORDER_CSV), then you must first import the CSV file, and only then schedule the processes to create accruals (Create Accruals for Channel Batch).

Related Topics
- Import Customer Invoices
- How do I import data?
- How do I map import fields?

Solution Components of Sell Side Flows

Here you'll learn about the solution components of Deductions and sell side flows.

The following table summarizes the solution components of Deductions and sell side flows.

Flows	Program Administration	Inbound Integrations	Claims Administration	Outbound Integrations
Deductions and Settlement (Nonpromotional settlement)	N/A	Claims from Oracle Receivables	Claims UI Create Manual Claims UI	Synchronously to Oracle Receivables upon claim approval Settle Customer Claims (scheduled process) Create Accounting (scheduled process) Sweep Channel Transaction Accounting Events (scheduled process)

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Flows	Program Administration	Inbound Integrations	Claims Administration	Outbound Integrations
Customer Promotions (Promotional settlement)	Programs UI Customer Checkbook UI Update Customer Accruals Summary(scheduled process)	Claims from Oracle Receivables Import Management for CSV Sales Orders Create Accruals for Channel Batch (scheduled process)	Claims UI Create Manual Claims UI	Synchronously to Oracle Receivables upon claim approval Settle Customer Claims (scheduled process) Create Accounting (scheduled process) Sweep Channel Transaction Accounting Events (scheduled process)
Lump Sum	Programs UI Customer Checkbook UI	Claims from Oracle Receivables	Claims UI Create Manual Claims UI	Synchronously to Oracle Receivables upon claim approval Settle Customer Claims (scheduled process) Create Accounting (scheduled process) Sweep Channel Transaction Accounting Events (scheduled process)
Customer Annual Volume Program	Programs UI Customer Checkbook UI	Claims from Oracle Receivables Import Management for CSV Sales Orders Create Accruals for Volume Programs (scheduled process)	Claims UI Create Manual Claims UI	Synchronously to Oracle Receivables upon claim approval Settle Customer Claims (scheduled process) Create Accounting (scheduled process) Sweep Channel Transaction Accounting Events (scheduled process)

Overview of Managing Customer Programs

Here you'll learn about managing customer programs.

Here's what you can do:

- Create a program.
- Edit a draft program.
- Submit and activate a program.
- Edit active programs.

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- Terminate active programs, locking them down from update and further application to sales orders or invoices.

How Customer Claims Are Processed

Here you'll understand how customer claims are processed in Channel Revenue Management.

There are 4 stages in the life cycle of a customer claim.
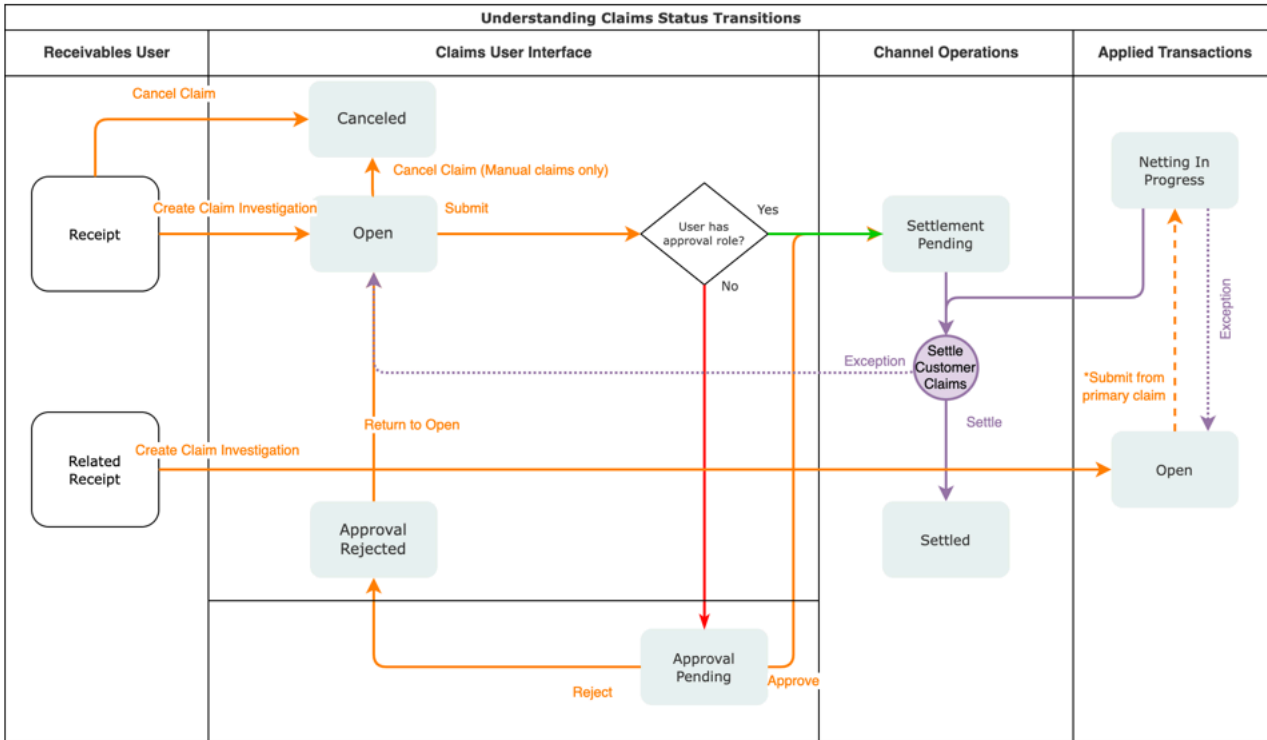
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Understanding Claims Status Transitions

1. **Creation**

   Claims can be created by the following methods:

   ○ A claim investigation activity, initiated in Receivables by a receivables manager, creates a claim in Channel Revenue Management.

   - Deduction claim: From short payments in a receipt
   - Overpayment claim: From over payments in a receipt

   ○ A channel revenue claim, initiated in Receivables by a receivables manager against an invoice application line of a receipt creates a claim in Channel Revenue Management.

   - Invoice Deduction claim: From short payments against the invoice
   - Invoice Overpayment claim: From over payments against the invoice

   ○ Claims can be created through Receivables lockbox.

   ○ A manual claim can be created directly in Deductions and Settlement.

   ○ A manual claim initiated by a 3rd party application can be created through a REST service.

   Once created, the claim is assigned to a claim owner. A claim owner can be assigned at various levels: business unit, customer, account, or bill site. The deductions analyst assigned to the claim will investigate and resolve the claim.

   > **Note:** Multiple non-invoice related claim investigation applications can be performed per receipt, as long as the sum of application amounts is equal to the receipt amount.

2. **Resolution**

This table lists the available settlement methods for each claim source and the action that created the claim.

Receivables Action	Claim Source	Settlement Method	Apply Open Transactions
Create Claim Investigation	Deduction	Credit Memo - On Account Manual Write-off Auto Write-off	Open Credit Memos Open Overpayments
Create Claim Investigation	Overpayment	Invoice	Open Deductions
Create Channel Revenue Claim	Invoice Deduction	Credit Memo on Account Credit Memo on Invoice Manual Write-off Auto Write-off	Open Credit Memos Open Overpayments
Create Channel Revenue Claim	Invoice Overpayment	Invoice	Open Deductions
N/A	Manual Claim	Credit Memo on Account	None

- o A deduction can be resolved by creating a credit memo on account or invoice, or by applying existing credit memos or overpayments.
- o An overpayment can be resolved by creating an invoice or by applying existing deductions.
- o When existing deductions or overpayments are applied, these claims are reserved so that they can't be accidentally applied again.

3. **Submission**

After resolving the claim, the analyst submits it for approval and settlement.

- o If the analyst has been assigned the approval role, then the claim goes straight to Settlement Pending status, awaiting processing by the **Settle Customer Claims** scheduled process.
- o If the analyst doesn't have the approval role, then the claim will move to Approval Pending status, awaiting approval. The approver can either approve or reject the claim.
- o Rejection puts the claim in Approval Rejected status, and the deductions analyst can move it back to Open status to correct the claim. Only a Receivables analyst can cancel the claim, from the receipt.

4. **Settlement**

   On a periodic basis, you can schedule the **Settle Customer Claims** process, which performs the creation of the resolution artifacts or settlement methods in Receivables, and then applies them to the appropriate receipt. These credit memos and invoices will have the transaction source as Channel Revenue Management.
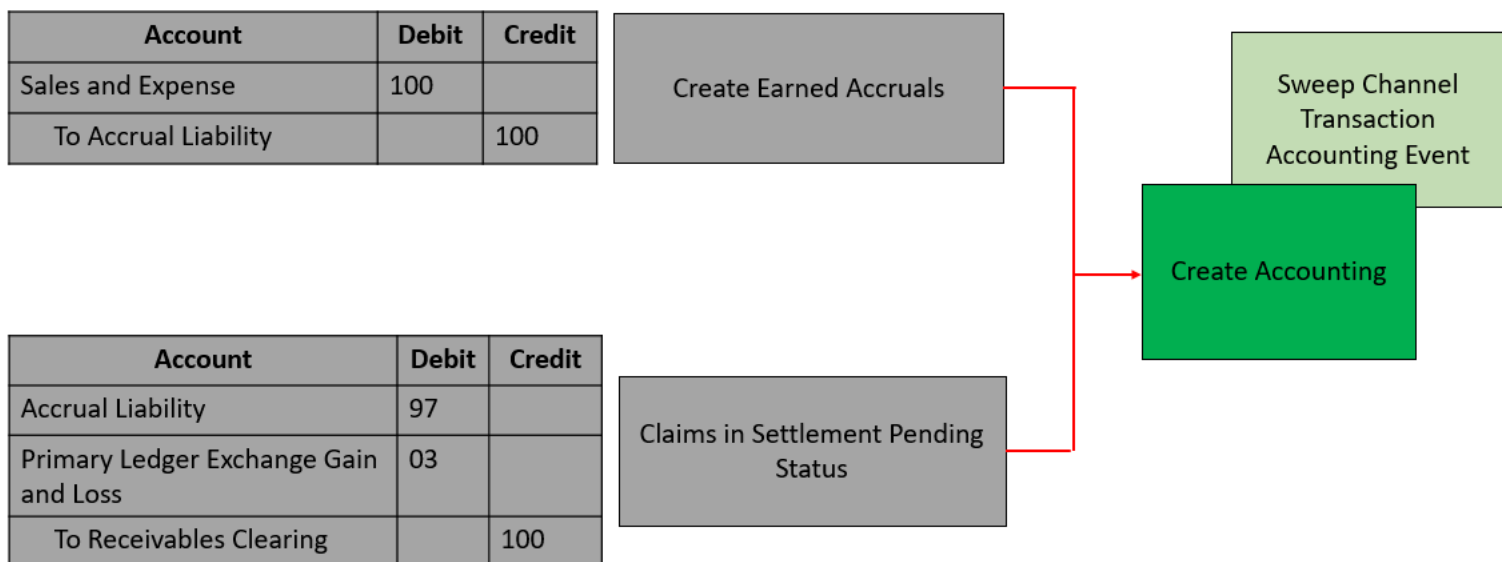
   - If applicable, taxes are calculated and applied to the claim.

   - If there is any remaining unsettled amount which is below the set threshold, it's written off.

   - If there is any remaining unsettled amount and write-offs don't apply, a child claim is automatically created and applied to the receipt.

   - The original claim investigation is reversed in the receipt.

   If an invoice deduction claim is settled with a settlement method other than Credit Memo - On Invoice, the following happens during settlement:

   - Unapplies the invoice application on the receipt and reapplies the invoice application on the receipt for the original application amount plus the amount settled.

   - Applies the Receivables transaction created as the settlement document to the receipt.

   - The dispute on the invoice is removed to the extent of the settlement amount.

How Customer Accruals are Accounted

Here you'll understand how customer accruals are accounted in Channel Revenue Management.

Account	Debit	Credit
Sales and Expense	100	
To Accrual Liability		100

Account	Debit	Credit
Accrual Liability	97	
Primary Ledger Exchange Gain and Loss	03	
To Receivables Clearing		100

Create Earned Accruals

Claims in Settlement Pending Status

Sweep Channel Transaction Accounting Event

Create Accounting

Accrue Earned Customer Channel Incentives

1. Customer Promotions: After channel sales are uploaded, eligible channel incentives can be captured using the **Create Accruals for Channel Batch** process.
2. A supply chain application administrator can create these accruals on demand or schedule it as a periodic batch process.

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3. After an accrual is earned, it can be posted to the general ledger.

4. A general accounting manager can post earned accruals to the general ledger on demand or schedule it on a periodic basis. The integration to general ledger supports the Subledger Accounting architecture to drive the accounting.

Relieve Customer Channel Accruals

1. Customer claims create in from the Receivables and Lockbox integration. Optionally, manual claims can be created.

2. After the **Settle Customer Claims** scheduled process, associated accruals from promotional claims are relieved by posting to the general ledger.

3. A general accounting manager can post earned accruals to the general ledger on demand or schedule it on a periodic basis. The integration to general ledger supports the Subledger Accounting architecture to drive the accounting.

4. Sweep the unprocessed channel journal entries from closed accounting periods to open or future enterable periods using the **Sweep Channel Transaction Accounting Events** process. Run the **Create Accounting** process to post these to GL.

Sign in to Channel Revenue Management

You must sign in to Channel Revenue Management to access its various features.

1. From your administrator, get the following details:

   o URL to access Channel Revenue Management.

   o User account with the required privileges to manage the different features of Channel Revenue Management along with the password.

2. After signing in, select the navigator.

   o To access the supplier features of Channel Revenue Management, select Supplier Channel Management under Order Management or Procurement.

   o To access claim settlement and deduction features, select Deductions and Settlement under Order Management.

   o To access centralized rebate features for channel customers, select Customer Channel Management.

   > **Note:** If you have the Manage Customer Programs or the View Customer Programs privilege, then you can see the Customer Channel Management icon on the Fusion home page.

   o To access promotional and nonpromotional claims settlement features in Redwood, opt into the following:
      - Deductions and Settlement
      - Manage Deduction Claims Using Redwood Pages
      - Customer Channel Management

        > **Note:** The opt into Redwood pages feature will expire in 23D, after which all implementations of Deductions and Settlement will be in Redwood.

On the buy-side, your supplier contacts can access Channel Revenue Management through the supplier portal:

1. From your administrator, get the following details:

- URL to access the Supplier Portal.

- User account with the required privileges to manage the Supplier Portal along with the password.

2. After signing in, select the navigator. To access the channel programs, select **Supplier Portal** under Supplier Portal. From the Supplier Portal dashboard, select **Tasks**, select **Channel Programs**, and then select **Manage Supplier Programs**.

2 Create Claims in Receivables

Create Claim Investigations

Customers short pay for various reasons, for example, to claim compensation for shipping errors, pricing errors, to claim promotional earnings, and so on. Overpayment claims are created when customers over pay, though far less frequently.

A Receivables analyst receives a short pay or overpay. They create a receipt, marking invoices as paid in full, typically. The short pay is recorded as a claim investigation, which is applied on the receipt. Saving the receipt generates the claim in Channel Revenue Management, and saves the claim number in the receipt.

How to Create Non-invoice Related Deductions and Overpayments

1. From the Edit Receipt page, in the Receipt Details section, click **Actions** > **More** > **Create Claim Investigation**.
2. Enter the claim details in the Create Claim Investigation dialog box on the Receipt page, and save the receipt.

Field	Description
Receivables Activity	The receivables activity that will be used to derive accounting information for the claim.
Claim Amount	The claim amount. Enter a negative amount to create a deduction claim, and a positive amount to create an overpayment claim.
Application Reference Reason	Reason for the claim investigation.
Customer Reason	You can use this field to enter a descriptive customer reason for the short pay or overpay.
Customer Reference	Enter additional information from the receipt or the debit memo reference.

Note: Once created, deductions can be canceled only from Receivables, by clicking **Unapply Application** for the claim investigation line, or through the reversal of the receipt. You can't reverse the receipt or unapply the claim investigation activity if the linked deduction or overpayment is in any of these statuses: approval pending, settlement pending, netting in progress, or settled.

Related Topics
- Channel Revenue Management Non-Invoice-Related Claim Investigations

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Create Channel Revenue Claims

If the short pay or overpay is specific to an invoice, you can create a claim investigation for the amount in the **Amount Due** field after an invoice is applied to the receipt.

How to Create Invoice Related Deductions and Overpayments

1. Select **Create Channel Revenue Claim** from the **Actions** drop-down button on the Applications tab of the Receipt Details section of the receipt.
2. Enter the claim details in the Create Channel Revenue Claim dialog box on the Receipt page, and save the receipt. Upon saving, the **Application Reference Number** field gets populated with the claim number that has been created.

Field	Description
Transaction Business Unit	Populated by default with the business unit of the invoice.
Claim Amount	Populated by default with the amount outstanding on the invoice. You can't edit this amount. Invoice related claims take the currency and business unit of the invoice.
Application Reference Reason	Select from the reference reasons configured in Channel Revenue Management for a claim.
Customer Reason	Enter any additional feedback regarding the customer reason for the claim.
Customer Reference	Enter any additional reference information related to the claim.

3. The details of the Channel Revenue Management deduction or overpayment claim are displayed in the invoice application line of the receipt in the Edit Receipt page.

Related Topics
- How Deductions and Settlement Works with Receivables
- Channel Revenue Management Invoice-Related Channel Revenue Claims

Create Claims from Lockbox

You can create claims automatically for deductions and overpayments from the Process Receipts Through Lockbox process in Receivables.

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After receiving payments, the lockbox automatically:

- Creates invoice related claims in Channel Revenue Management for short pays and overpays to the invoice's outstanding balance.

- Creates non-invoice related claims in Channel Revenue Management for any remaining unapplied amount on receipts post applications.

To enable this, you must select the **Create claims** check box on your lockbox page.

Related Topics
- Channel Revenue Management Claim Creation and Settlement for Lockbox Receipts
- Manage Claims for Lockbox Receipts with Invalid Transaction References

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3 Manage Customer Claims

Manage Customer Claims

The Manage Claims page summarizes all the claims from the business units you have access to. The claim number generated is based on the Claim Source setup.

- A positive claim investigation or channel revenue claim line in a Receivables receipt creates an overpayment in Channel Revenue Management.
- A negative claim investigation or channel revenue claim line in a Receivables receipt creates a deduction in Channel Revenue Management.

From the Claim summary page, you can:

- Search for claims directly, or with multiple parameters using filters. Use Search to search through the filtered claims displayed on the page. You can create saved searches and select one of them as your default search option. You can filter using the following parameters:
    - Age
    - Amount
    - Bill-to Account
    - Bill-to Customer
    - Business Unit
    - Claim Number
    - Claim Reason
    - Claim Source
    - Claim Type
    - Currency
    - Customer Reference
    - Invoice
    - Invoice Date
    - Mass Settlement Number
    - Open Claims
    - Owner
    - Ship-to Customer
    - Specify an Owner
    - Status
- Create manual claims.
- Assign claim owners.
- Review write-off claims to validate your set thresholds periodically.

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- Export the filtered claims to a spreadsheet. If the number of rows is less than or equal to 500, then the spreadsheet is available immediately, and your browser downloads it directly. If the number of rows is greater than 500, then the spreadsheet is generated in the background and is available in the Notifications area of the application.

Note: For more information about implementation setups related to Deductions and Settlement, see Implementing Channel Revenue Management guide.

How to Assign a Claim Owner

Claim owners are responsible for processing claims assigned to them. You can auto-assign claims using the following setups:

- At the business unit level using the Manage Channel Settings page.

- At the customer, account, or site level using the Manage Customer Trade Profiles page.

You can directly update claim owners from the Manage Claims page, or from the Claim details page. If the claim doesn't have an owner at the time of scheduling the **Settle Customer Claims** process, the user who schedules the process is assigned as the claim owner.

Mass Assign Customer Claims

The claims supervisor can assign multiple claims to a single owner.

1. Navigate to the Manage Claims page.
2. Filter and select the claims for which you want to reassign the ownership.
3. From the **Actions** menu, select **Assign Claims**.
4. The Assign Selected Claims To dialog box opens. Select the owner from the **Owner** list.
5. Click **OK**.

How to Assign Thresholds for Auto Write-offs

The research and resolution of customer claims can be a very labor-intensive proposition. Write-offs are important to ensure a return on the investment of time and resources working on claims. While Receivables implements write-off thresholds by user, Deductions and Settlement write-off thresholds can be set at the business unit, customer, account, or bill-to site level. Auto write-off can happen in 2 situations:

- Upon claim creation, if a claim is under the threshold, it's automatically written off and pushed to Settlement Pending status available for settlement.

- During settlement, if a claim after tax has a remaining amount under the threshold, it will be automatically written off and settled.

A claims analyst can set a customer, account, or bill-to site level threshold for write-offs in the Customer Trade Profile. The administrator sets the business unit level threshold, but it's displayed in the Manage Customer Trade Profiles page.

To deter customers from short paying under the threshold, you can proactively review the auto write offs in 1 of 2 methods. You will usually review write offs for a specific customer account or bill to only. A supervisor can temporarily lower the threshold of a specific customer account or bill to and investigate these claims. If the investigations show that these claims are valid, then the threshold can be reinstated. It is less likely, however, you can review all auto write offs for a business unit. This review process, in the context of current claims identified for auto write-offs, can be performed

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periodically to understand how customers are using your thresholds. A supervisor can use the Manage Claims page to review Eligible for Write-Off claims and assign these claims to others for further investigation.

1. An administrator sets an owner to review eligible write-off claims by enabling the Write-off Reviewer channel setting. After it's enabled, auto write-off claims remain in the Open status, awaiting review.
2. The reviewer must have the Review Claim Write-Offs privilege to approve the write-offs. If you have this privilege, the **Write-Off** button appears in the **Action** menu of the claim pages.
3. In the Manage Claims page, filtered by status Open, and with the **Eligible for Write-Off** column displayed, the reviewer can see claims with write-offs and review them.
4. The reviewer can mark specific claims and assign them for further investigation. This can be performed in mass in the Manage Claims page or in the detailed claims pages.
5. The reviewer can approve the write-off and make it available for settlement. Settlement can be done in mass and individually from the Manage Claims page or in the detailed Claims page through the **Action** menu and selecting **Write-Off**.
6. Adjust thresholds accordingly based on the outcome of investigations.
7. When the review is complete, don't forget to go back to disable the Write-off Reviewer channel setting.

How to do manual write-offs

There are 2 write-off flows. A threshold-driven write-off approach focuses on not investigating claims based on a balance between the cost of investigating a claim versus writing it off. Deduction write-off is an auditable process with approvals to close disputed claims after proper investigation.

1. You determine a write-off threshold, and claims under that threshold will be automatically written off and processed without any user intervention or approval. There is a review process that can be engaged periodically to review claims under the threshold.
2. A claim analyst determines that a deduction is invalid but the customer disagrees and refuses to pay it back. If the deduction is still in dispute after a long period of time, it needs to be written off.
   - You can take the defaulted receivables activity, or specify a different one if applicable, and submit for approval.
   - After approvals, it is in Settlement Pending status.
   - The resolution is noted on the Resolution tab.
   - After approval, the settlement is done in Receivables and after the **Settle Customer Claims** scheduled process is run, the claim is settled.
   - You can see the settled claim with the write-off adjustment number in the Confirmation tab.

Update Multiple Claims

Deduction departments might be responsible for resolving millions of deductions each year. A single dispute or issue might have hundreds or thousands of related deductions. The Mass Update capability provides you with the ability to:

- Search and select multiple customer claims.
- Confirm you have selected the correct claims.
- Update the selected claims.

Updatable attributes include:

- Claim type
- Claim Reason
- Status

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- Owner
- Descriptive flexfields with a global context
- Notes and attachments.

The **Mass Update Claims** scheduled process is launched automatically to ensure a responsive user experience.

Settle Multiple Claims

Deduction departments might be responsible for resolving millions of deductions each year. A single dispute or issue might have hundreds or thousands of related deductions. Mass Settlement allows claim analysts to quickly and efficiently resolve and submit multiple related open deductions together, rather than settle each claim separately. Each related claim is given a unique Mass Settlement Number that serves as a tracking number for that single dispute.

The Mass Settle capability provides you with the ability to:

- Search and select multiple customer claims, limited to manual, deduction, and invoice deduction claims.
- Confirm you have selected the correct claims.
- Resolve selected claims either by credit memo with a single item, single memo line description, or as a manual write-off with a receivables activity.

The **Mass Settle Claims** scheduled process is launched automatically to ensure a responsive user experience.

The table below summarizes what claim sources can be resolved, how claims can be resolved, and the resulting Receivables transaction in each use case.

Selected Claim Sources	Resolve by	Settlement via Receivables Transaction
Invoice Deduction	Credit Memo • With single item • With single-line description	Credit Memo - On Invoice
Invoice Deduction	Write-off • With receivables activity	Write-Off Adjustment
Manual Claim	Credit Memo • With single item • With single-line description	Credit Memo - On Account
Deduction	Write-off • With receivables activity	Receipt Write-Off

When you mass settle claims, you specify a settlement method (either Credit Memo or Manual Write-off). Optionally, you can provide a unique Mass Settlement Number or let the application generate one for you. You can also specify:

- Claim type and claim reason
- Owner
- Notes and attachments.

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- Descriptive flexfields with a global context.

You can also search claims by the Mass Settlement Number, Claim Source, and the Invoice Date Range.

Related Topics
- How to Set Up Write-offs
- Manage Channel Settings

Create Manual Claims

Instead of short paying when there is a dispute, a customer may reach out directly. In this situation, you can create a manual claim against the customer bill-to account. These claims can be settled with Credit Memo - On Account.
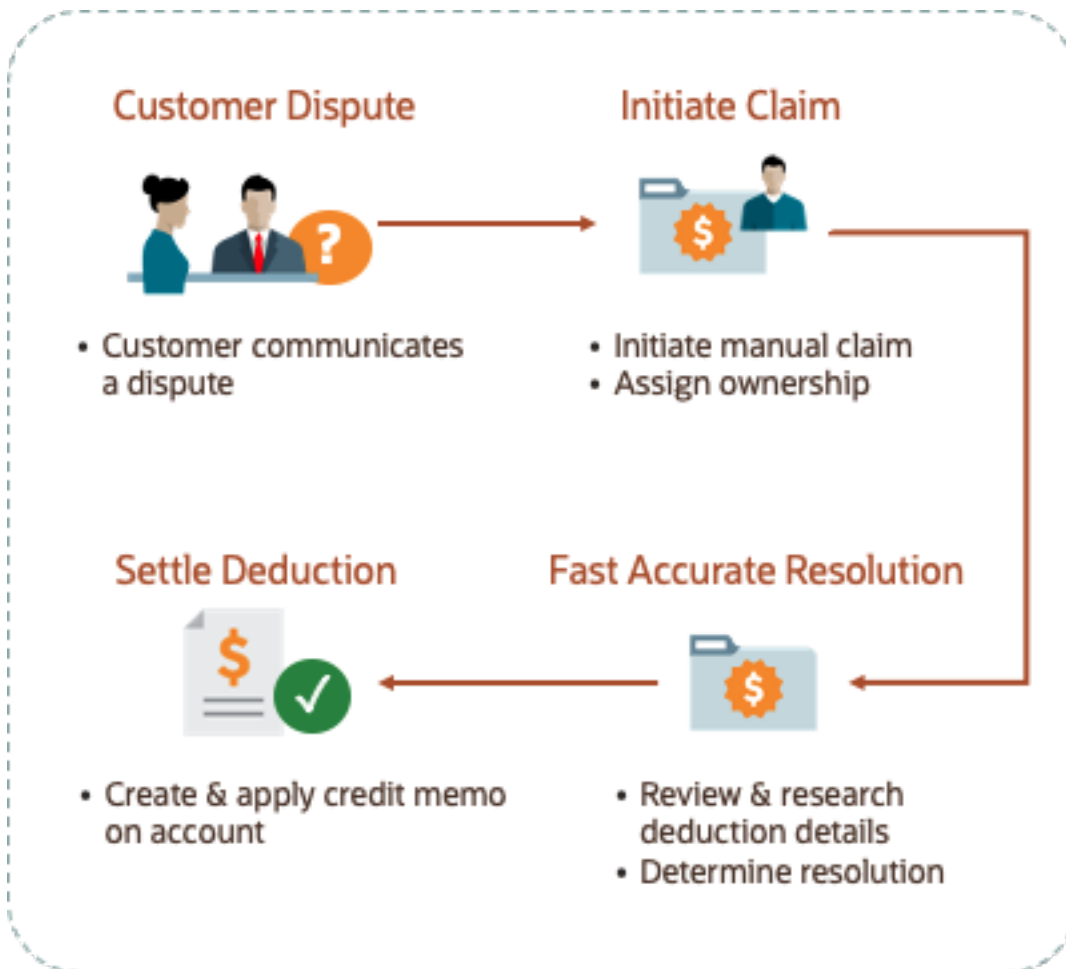
How to Create Manual Claims

1. From the Navigator, click **Deductions and Settlement** under Order Management.
2. From the Manage Claims page, click the **Create Claim** icon. Alternatively, select **Create Claim** from the **Tasks** panel.

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3. From the **Business Unit** drop-down list, select the business unit for the claim. If your role has access to only one business unit, it's selected by default.

4. Enter the amount of the claim in the **Claim Amount** field.

   Note: The amount must be more than 0.

5. Select the currency of the claim amount. If the currency is different from the ledger currency of your BU, you can select the conversion rate using the **Conversion Rate Type** icon.

6. Enter the billing information of the customer for which you're creating this claim in the Bill To section.

   Note: You can only select customers belonging to the same business unit.

7. Enter the shipping information in the Ship To section, if required.

8. Click **Save and Continue**. This creates the claim, and you can continue with reviewing and resolving it.

Note: You can directly cancel manual claims that are in the Open or Approval Rejected status from the edit page.

Related Topics
- Resolve Nonpromotional Claims

Update Multiple Claims

Deduction departments might be responsible for resolving millions of deductions each year. A single dispute or issue might have hundreds related deductions.

You can select and update multiple open claims, deductions, and overpayments at a time. The Mass Update capability provides you with the ability to:

- Search and select multiple customer claims.
- Confirm you have selected the correct claims.
- Update the selected claims.

How to Update Multiple Claims

To update multiple claims, do the following:

1. On the Claims page, search and select multiple open claims, deductions, and overpayments.
2. Click **Update**.
3. On the Mass Update Claims page, update the following attributes, as required:
   - **Claim Type**
   - **Claim Reason**
   - **Status**
   - **Owner**
   - **Additional Information**: descriptive flexfields with a global context
   - **Notes**

○ **Attachments**

4. Click **Submit** to start the mass update. The **Mass Update Claims** scheduled process is initiated automatically to ensure a responsive user experience.

Settle Multiple Claims

Deduction departments might be responsible for resolving millions of deductions each year. A single dispute or issue might have hundreds of related deductions.

Mass Settlement allows claim analysts to quickly and efficiently resolve and submit multiple related open deductions together, rather than settle each claim separately.

You can mass settle deductions, invoice deductions or manual claims with a nonpromotional credit memo. The manual write off settlement method is supported for deductions and invoice deductions. After claims are mass settled, you can search for them by mass settlement number.

The Mass Settle capability provides you with the ability to:

- Search and select multiple customer claims, limited to manual claims, deduction, and invoice deductions.
- Confirm you have selected the correct claims.
- Resolve selected claims either by credit memo with a single item, single memo line description, or as a manual write-off with a receivables activity.

The table below summarizes what claim sources can be resolved, how claims can be resolved, and the resulting Receivables transaction in each use case.

Selected Claim Sources	Resolve by	Settlement via Receivables Transaction
Invoice Deduction	Credit Memo • With single item • With single-line description	Credit Memo - On Invoice
Invoice Deduction	Write-off • With receivables activity	Write-Off Adjustment
Deduction	Credit Memo • With single item • With single-line description	Credit Memo - On Account
Manual Claim	Credit Memo • With single item • With single-line description	Credit Memo - On Account
Deduction	Write-off • With receivables activity	Receipt Write-Off

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How to Settle Multiple Claims

To settle multiple claims, do the following:

1. On the Claims page, search and select multiple customer claims, limited to manual, deduction, and invoice deduction claims.
2. Click **Settle**.
3. On the Mass Settle Claims page, update the following attributes, as required:
   - **Settlement Method**: You can choose from **Credit Memo** or **Manual Write-off**.
   - **Claim Type**
   - **Claim Reason**
   - **Mass Settlement Number**: Optionally, provide a unique Mass Settlement Number or let the application generate one for you.
   - **Owner**
   - **Additional Information**: descriptive flexfields with a global context
   - **Notes**
   - **Attachments**
4. Click **Submit** to start the mass settle. Make a note of the **Mass Settlement Number** for future reference at this time. The **Mass Settle Claims** scheduled process is initiated automatically to ensure a responsive user experience.

Key Features

Claim Statuses

Use claim statuses to monitor your claims. Each status indicates the progress of the claim from creation to settlement.

Optionally, a user defined status can be assigned to a claim system status to further track the progress of the claim, based on your business practices.

Status	What happens with the claim
Open	The claim is in the open status when: • The claim investigation is newly created in Receivables. • An exception occurs during claim settlement with the **Settle Customer Claims** process. • An approval rejected claim is returned to the open status for updates or corrections.
Approval Pending	Claim research is complete, with the corresponding claim reason applied. The claim analyst has submitted the claim for approval, but isn't yet approved. • Claim is read-only in this status. • You can update only the user status and claim owner.

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Status	What happens with the claim
Approval Rejected	Claim is rejected internally by the claim analyst. • Claim is read-only in this status. • You can update only the user status and claim owner. • You can move the claim back to the open status by clicking **Return to Open** from the **Actions** drop-down button. > **Note:** > • **For chargebacks:** If you move the claim from approval rejected to open status, then you must clear the chargeback type and reason selected to settle the claim with other settlement methods. > • **For write-offs:** If you move the claim from approval rejected to open status, then you must clear the write-off activity selected to settle the claim with other settlement methods.
Settlement Pending	Claim has been approved and submitted, and is pending settlement. • Claim is read-only in this status. • You can update only the user status and claim owner. Upon claim creation, if a claim is under the write-off threshold, it's systematically written off and pushed to Settlement Pending status, and is available for settlement.
Settled	The **Settle Customer Claims** process completes successfully, and the claim is updated with settlement details in the Confirmation tab. • Claim is read-only in this status. • You can update only the user status and claim owner.
Canceled	When the claim investigation is unapplied from the receipt in Receivables or the receipt is reversed, claims get canceled. This action is irreversible.

Netting In Progress	The status of deductions or overpayments selected for settlement, for the following settlement methods:
	
	• Non-invoice-based deductions settled with open overpayments
	
	  ○ Overpayments that are selected for settlement are moved from Open to Netting In Progress to prevent them from getting selected for another settlement, or to prevent users from manually settling them.
	  ○ These overpayments will be read-only.
	  ○ You can update only the user status and claim owner.
	
	• Non-invoice-based overpayments settled with open deductions
	
	  ○ Deductions that are selected for settlement are moved from Open to Netting In Progress, to prevent them from getting selected for another settlement, or to prevent users from manually settling them.
	  ○ These deductions will be read-only.
	  ○ You can update only the user status and claim owner.

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Status	What happens with the claim
Update in Progress	For mass settle upon submit, the claims are put into Update In Progress during the background process, and advanced to Approval Pending status. In case of failed validation in mass settlement, failed claims will be returned to the Open status in their original state. Valid claims will proceed forward in the process.

Status Transition for Customer Claims

The following figure shows the status transitions that can happen in a claim.
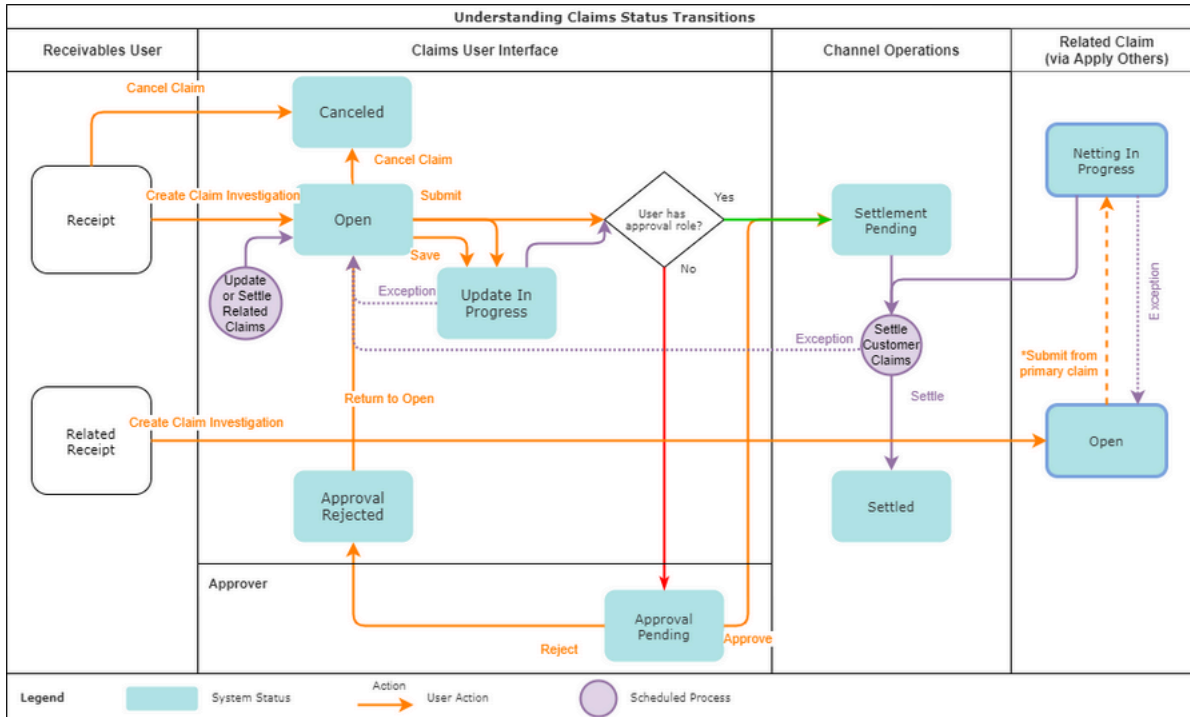
Related Topics
- User Statuses

Elements of a Customer Claim

You can see the details of your claims in the Claim page under the various tabs available.

- You can review and research a claim, assessing the claim type and reason.
- Use the General tab to upload attachments and add notes, to capture additional information if necessary.
- Resolve the claim through the Resolution tab and submit.
- Confirm settlement using the Confirmation tab after the claim is settled.

The following table gives the details of some of the fields in the claim:

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Field	Details
Bill-to Account	The bill-to account, site, and customer details are from the receipt.
Ship To	• Non-invoice related deductions and overpayments: During claim creation, the filed is blank. You can update to any customer ship-to locations in the same BU of the claim. • Invoice related deductions and overpayments: You can update to any customer ship-to locations in the same BU of the claim. However, for the settlement method Credit Memo - On Invoice, the ship to information of the deduction must be the same as that of the source invoice.
Claim Reason	The standardized claim reason if this customer's trade profile has the customer reason codes mapped. If the customer reason code isn't mapped, then this is the reason entered as the Application Reference Reason while creating the claim investigation line. If this wasn't entered, then you see the default claim reason assigned in the claim source setup. You can update the reason while resolving the claim, when it's in the open status.
Mass Settlement Number	Each related claim is given a unique number that serves as a tracking number for that single dispute and is autogenerated when you click Settle to complete a mass settle of a claim.
Descriptive Flexfields	Descriptive flexfields with a global context.
Claim Type	The default claim type assigned in the claim source setup. You can update the claim type while resolving the claim, in the open status.
Attachments	To include additional information as attachments to the claim.
Notes	Add notes to capture additional information about the claim.
Receipt	Receipt number with quick link to Receivables. **Note:** If your administrator has enabled the Receipt descriptive flexfield (Channel Revenue Management integration), then you can view additional details of a receipt application line without having to drill down to the Receivables receipt.
Invoice	Invoice number with quick link to Receivables.
Transaction Type (Credit Memo: Details section of the Resolution tab)	Defaults from the mapped transaction types configured for the claim type. You can update this while resolving the claim.
Reason (Credit Memo: Details section of the Resolution tab)	Defaults from the mapped transaction reason configured for the claim reason. You can update this while resolving the claim.

Dates in a Claim

These are the important date fields in the claim, and what they mean:

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Date Field	Description
Date	Deduction or overpayment creation date.
Resolved Date	Date when claim is resolved and submitted for approval. This gets updated every time you make a submission.
Approved Date	Date when the claim is approved. Same as the resolved date if your role allows for direct claim approval.
Settlement Date	Date when the claim is updated to the Settled status.
Accounting Date	Claim's accounting date. Defaults to the system date when the status changes to Settlement Pending. You can update this in the Resolution tab.
Receipt Date	Date of the receipt, in Receivables.
Override Transaction Date	Date you want to use as the Receivables transaction date for credit memos and invoices. If you don't enter a date here, the settlement date will be used by Receivables as the transaction date for credit memos and invoices. You can enter a past date, current date, or a future date which is less than a year from the current date.
Invoice Date	Date of the invoice in Receivables. Available only in invoice-related claims.

Note: If your role has access, you can navigate to the Receivables transactions directly from the claim.

Resolve Nonpromotional Claims

This table summarizes the resolution of claims in Channel Revenue Management.

Summary of Deductions and Settlement

Claim Source	Settlement Method	Apply Open Transactions	Settlement in Receivables
Deduction	Credit Memo - On Account • with item lines • with memo lines • with non-item based line (description only) • optionally tax inclusive Manual Write-off Auto Write-off	Open credit memos Open overpayments	Receivables Transactions: • Credit Memo: Integrated with Receivables for tax calculation for credit memos. • Receipt Write-off: Any remaining unsettled amount which is below the set threshold is written off. Applies receivables transaction to AR Receipt.

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Claim Source	Settlement Method	Apply Open Transactions	Settlement in Receivables
			Split remaining amount to child claims if above the write-off threshold.
Deduction	Settle multiple related claims to: • Credit Memo - On Account • Manual Write-off	Open credit memos Open overpayments	Receivables Transactions: • Credit Memo: Integrated with Receivables for tax calculation for credit memos. • Receipt Write-off: Any remaining unsettled amount which is below the set threshold is written off. Applies receivables transaction to AR Receipt. Split remaining amount to child claims if above the write-off threshold.
Overpayment	Invoice • with item lines • with memo lines • with non-item based line (description only) Driven by invoice setup: Claim type mapped to Receivables invoice transaction type.	Open deductions	Receivables Transactions: • Invoices: Integrated with Receivables for tax calculation for invoices. Applies receivables transaction to Receivables receipt. Split remaining amount to child claims.
Invoice Deduction	Credit Memo - On Invoice ♂ with item lines ○ with memo lines ○ with non item based line (description only) Credit Memo - On Account ♂ with item lines ○ with memo lines ○ with non item based line (description only) ○ optionally tax inclusive Manual Write-off Auto Write-off Chargeback	Open credit memos Open overpayments	Receivables Transactions: • Credit Memo • Write-off Adjustment • Receipt Write-off Applies receivables transaction to Receivables Receipt. Split remaining amount to child claims. Use the chargeback settlement method to close the original invoice that has been partially paid, and create a chargeback for the remaining amount. This settlement method is used to settle invalid invoice deductions. Chargebacks can't be combined with other settlement methods.

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Claim Source	Settlement Method	Apply Open Transactions	Settlement in Receivables
Invoice Deduction	Settle multiple related claims to: • Credit Memo - On Invoice • Manual Write-offs	Open credit memos Open overpayments	Integrated with Receivables for tax calculation for: • Credit Memo • Write-off Adjustment • Receipt Write-off Applies receivables transaction to Receivables Receipt. Split remaining amount to child claims.
Invoice Overpayment	Invoice ⚲ with item lines ○ with memo lines ○ with non item based line (description only)	Open Deductions	Integrated with Receivables for tax calculation for invoices. Applies receivables transaction to Receivables Receipt. Split remaining amount to child claims.
Manual Claim	Credit Memo - On Account • with item lines • with memo lines • with non-item based line (description only) Driven by credit memo setup: • Claim type mapped to Receivables credit memo transaction type • Claim reason mapped to Receivables credit memo reason	N/A	Integrated with Receivables for tax calculation for credit memos. Any remaining unsettled amount which is below the set threshold is auto written off. Split remaining amount to child claims.
Manual Claim	Settle multiple related claims to: • Credit Memo - On Account	N/A	Integrated with Receivables for tax calculation for credit memos. Any remaining unsettled amount which is below the set threshold is written off. Split remaining amount to child claims.

You can search for and review open claims, and decide on the appropriate resolution prior to approval.

1. From the Navigator, click **Deductions and Settlement** under **Order Management**.
2. On the Manage Claims page, search and select the open claim that you want to resolve.
3. The Claim page opens. Click the Resolution tab.

> **Note:** The open deductions and open overpayments available to you for settlement will be from the same BU and currency as the claim.

Deductions

Multiple settlement methods can be used to resolve a deduction:

Settlement Method	Steps

Credit Memo - On Account	In the Credit Memo section:
	
	 1. Select the settlement method as **Credit Memo - On Account**.
	
	 > **Note:**
	 > The settlement method is selected by default if it's configured in the claim source setup.
	
	 2. Enter the details of the credit memo that you're creating against the deduction.
	 3. Enter the amount for the credit memo.
	
	    o If you select an item, the last invoiced price of the item is displayed under Amount.
	
	    o If you directly enter the amount, then the quantity is populated as 1, and the unit price becomes the amount you entered.
	 4. In the Credit Memo: Details section, select a **Transaction Type**.
	
	 > **Note:**
	 > The transaction type is selected by default if it's configured in the claim type setup.
	
	 5. Enter these remaining fields, if required.
	
	    o **Reason**: The credit memo reason to be used when the credit memo is created in Receivables.
	
	    o **Override Transaction Date:** Date to be used as the Receivables transaction date for the credit memo.
	
	    o **Accounting Date:** Accounting date for the claim.
	
	 6. Click **Save**.
	 If the amount selected for the credit memo is less than the deduction amount:
	
	 • A new child deduction is created after the **Settle Customer Claims** process completes, with the remaining amount.
	
	 • A new claim investigation line is added with this amount to the receipt.

Manual Write-Off	From the **Actions** menu, select **Submit Write-Off**. By default, the Submit Write-Off dialog box displays the receivable activity configured in the claim type setup. You can select any other receivable activity as required. Click **Submit** to write-off the claim. > **Note:** You can't combine manual write-offs with any other settlement method. Manual write-offs apply to the entire claim amount.
Open Credit Memo	In the Apply Others section:

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Settlement Method	Steps
	1. Select **Open Credit Memo** as the settlement method. 2. From the **Open Transaction Number** list, select the existing credit memo that you want to apply on the deduction. 3. Enter the amount. 4. Click **Save**. If the amount selected is less than the deduction amount: • A new child deduction is created after the **Settle Customer Claims** process completes, with the remaining amount. • A new claim investigation line is added with this amount to the receipt.
Open Overpayment	In the Apply Others section: 1. Select **Open Overpayment** as the settlement method. The overpayment can be invoice or non-invoice related. 2. From the **Open Transaction Number** list, select the existing overpayment that you want to apply on the deduction. 3. Enter the amount. 4. Click **Save**. If the amount selected is less than the deduction amount: • A new child deduction is created after the **Settle Customer Claims** process completes, with the remaining amount. • A new claim investigation line is added with this amount to the receipt. If the overpayment amount used in the deduction for settlement is less than the total value of the overpayment: • A new child overpayment claim is created after the **Settle Customer Claims** process completes, with the remaining amount. • For a non-invoice related overpayment, a new claim investigation line is added with this amount to the receipt that initiated the overpayment claim. For invoice related overpayment, the overpayment invoice gets applied on the overpayment receipt with the updated amount.

Invoice Deductions

Multiple settlement methods can be used to resolve an invoice deduction.

Settlement Method	Steps
Credit Memo - On Account	In the Credit Memo section: 1. Select the settlement method as **Credit Memo - On Account**. **Note:** The settlement method is selected by default if it's configured in the claim source setup.

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Settlement Method	Steps
	2. Select a line type from the **Type** list. ○ Item: Select an item from the list. ○ Memo Line: Select a memo line from the list. ○ <Blank>: Select a description from the list. 3. Enter the remaining details of the credit memo that you're creating against the deduction. 4. Enter the amount for the credit memo. ○ If you select an item, the last invoiced price of the item is displayed under Amount. ○ If you directly enter the amount, then the quantity is populated as 1, and the unit price becomes the amount you entered. 5. In the Credit Memo: Details section, select a **Transaction Type**. **Note:** The transaction type is selected by default if it's configured in the claim type setup. 6. Enter these remaining fields, if required. ○ **Reason**: The credit memo reason to be used when the credit memo is created in Receivables. ○ **Override Transaction Date:** Date to be used as the Receivables transaction date for the credit memo. ○ **Accounting Date:** Accounting date for the claim. 7. Click **Save**. If the amount selected for the credit memo is less than the deduction amount, a new child deduction is created for the latest invoice dispute amount after the **Settle Customer Claims** process completes.
Credit Memo - On Invoice	In the Credit Memo section: 1. Select the settlement method as **Credit Memo - On Invoice**. **Note:** The settlement method is selected by default if it's configured in the claim source setup. 2. Select a line type from the **Type** list. ○ Item: Select an item from the list. ○ Memo Line: Select a memo line from the list. ○ Tax: To select tax, the source invoice should have a tax component. ○ Freight: To select freight, the source invoice should have a freight component. ○ <Blank>: Select a description from the list. 3. Enter the remaining details of the credit memo that you're creating against the deduction. 4. Enter the amount for the credit memo. ○ If you select an item, the last invoiced price of the item is displayed under Amount. ○ If you directly enter the amount, then the quantity is populated as 1, and the unit price becomes the amount you entered. ○ If you selected tax or freight, the pending tax or freight amount from the source invoice is displayed under Amount.

Settlement Method	Steps

	5. In the Credit Memo: Details section, select a **Transaction Type**.
	
	Note:
	The transaction type is selected by default if it's configured in the claim type setup.
	
	6. Enter these remaining fields, if required.
	
	  o **Override Transaction Date:** Date to be used as the Receivables transaction date for the credit memo.
	  o **Accounting Date:** Accounting date for the claim.
	
	7. Click **Save**.
	If the amount selected for the credit memo is less than the deduction amount, a new child deduction is created for the latest invoice dispute amount after the **Settle Customer Claims** process completes.

Manual Write-off	From the **Actions** menu, select **Submit Write-Off**. By default, the Submit Write-Off dialog box displays the receivable activity configured in the claim type setup. You can select any other receivable activity as required. Click **Submit** to write-off the claim. **Note:** You can't combine manual write-offs with any other settlement method. Manual write-offs apply to the entire claim amount.
Chargeback	From the **Actions** menu, select **Submit Chargeback**. By default, the Submit Chargeback dialog box displays the transaction type and reason based on the configuration in the claim type and claim reason settings. You can change these values as required. Click **Submit** to initiate the chargeback. **Note:** You can't combine chargebacks with any other settlement method. Chargebacks apply to the entire claim amount.
Open Credit Memo	In the Apply Others section: 1. Select **Open Credit Memo** as the settlement method. 2. From the **Open Transaction Number** list, select the existing credit memo that you want to apply on the deduction. 3. Enter the amount. 4. Click **Save**. If the amount selected is less than the deduction amount, a new child deduction is created after the **Settle Customer Claims** process completes, with the remaining amount.
Open Overpayment	In the Apply Others section: 1. Select **Open Overpayment** as the settlement method. The overpayment can be invoice or non-invoice related. 2. From the **Open Transaction Number** list, select the existing overpayment that you want to apply on the deduction. 3. Enter the amount. 4. Click **Save**. If the amount selected is less than the deduction amount, a new child deduction is created after the **Settle Customer Claims** process completes, with the remaining amount.

Settlement Method	Steps
	If the overpayment amount used in the deduction for settlement is less than the total value of the overpayment: • A new child overpayment claim is created after the **Settle Customer Claims** process completes, with the remaining amount. • For a non-invoice related overpayment, a new claim investigation line is added with this amount to the receipt that initiated the overpayment claim. For invoice related overpayment, the overpayment invoice gets applied on the overpayment receipt with the updated amount.

Overpayments and Invoice Overpayments

An overpayment can be either invoice related, or non-invoice related. Multiple settlement methods can be used to resolve an overpayment claim:

Settlement Method	Steps
Invoice	In the Invoice section: 1. Select the settlement method as **Invoice**. 2. Enter the details of the invoice that you're raising against the overpayment. 3. Enter the amount. 4. In the Invoice: Details section, select a **Transaction Type**. 5. Enter these remaining fields, if required. ○ **Override Transaction Date:** Date to be used as the Receivables transaction date for the credit memo. ○ **Accounting Date:** Accounting date for the claim. 6. Click **Save**. If the amount selected for the invoice is less than the total overpayment amount: • A new child overpayment is created after the **Settle Customer Claims** process completes, for the remaining amount. • For a non-invoice related overpayment, a new claim investigation line is added with this amount to the receipt. For invoice related overpayment, the overpayment invoice gets applied on the overpayment receipt with the updated amount.
Open Deduction	In the Apply Others section: 1. Select **Open Deduction** as the settlement method. The deduction can be invoice or non-invoice related. 2. From the **Open Transaction Number** list, select the existing deduction that you want to apply on the overpayment. 3. Enter the amount. 4. Click **Save**. If the amount selected is less than the overpayment amount: • A new child overpayment is created after the **Settle Customer Claims** process completes, with the remaining amount. • For a non-invoice related overpayment, a new claim investigation line is added with this amount to the receipt. For invoice related overpayment, the overpayment invoice gets applied on the overpayment receipt with the updated amount. If the deduction amount used for settlement is less than the total value of the deduction,

Settlement Method	Steps
	• A new child deduction claim is created after the **Settle Customer Claims** process completes, with the remaining amount.
	• For a non-invoice related deduction, a new claim investigation line is added with this amount to the receipt that initiated the deduction claim. For invoice related deduction, the deduction invoice gets applied on the deduction receipt with the updated amount.

Manual Claims

Settlement Method	Steps
Credit Memo - On Account	In the Credit Memo section: 1. Select the settlement method as **Credit Memo - On Account**. > **Note:** > The settlement method is selected by default if it's configured in the claim source setup. 2. Enter the details of the credit memo that you're creating against the deduction. 3. Enter the amount for the credit memo. ○ If you select an item, the last invoiced price of the item is displayed under Amount. ○ If you directly enter the amount, then the quantity is populated as 1, and the unit price becomes the amount you entered. 4. In the Credit Memo: Details section, select a **Transaction Type**. > **Note:** > The transaction type is selected by default if it's configured in the claim type setup. 5. Enter these remaining fields, if required. ○ **Reason**: The credit memo reason to be used when the credit memo is created in Receivables. ○ **Salesperson**: The salesperson associated with the claim. ○ **Override Transaction Date:** Date to be used as the Receivables transaction date for the credit memo. ○ **Accounting Date:** Accounting date for the claim. 6. Click **Save**. If the amount selected for the credit memo is less than the claim amount, a new child claim is created for the remaining amount after the **Settle Customer Claims** process completes.

Multiple Settlement Methods

You can settle individual deduction and overpayment claims using multiple settlement methods.

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Related Topics

- Manage Supplier Claim Sources and Settlement Methods
- Manage Supplier Claim Types
- Manage Supplier Claim Reasons

Approve Claims

Here you approve claims in Channel Revenue Management.

A claim analyst with appropriate roles assigned can select the following options from the Actions drop-down button after analyzing each claim:

- **Submit**: the claim moves to Settlement Pending status.
- **Return to Open**: This moves a rejected claim to the open status for further investigation.

If the analyst doesn't have the appropriate role assigned which allows to approve claims, the claim moves to Approval Pending status after submission. A claim approver with appropriate roles assigned can select the following options from the **Actions** drop-down button:

- **Approve**: the claim moves to Settlement Pending status.
- **Reject**: the claim moves to Approval Rejected status.

Note: You can't delete a claim. It can only be moved to the canceled status by unapplying the claim investigation line or reversing the receipt.

Related Topics

- Data Security
- Privileges

Settle Customer Claims

After you submit a claim, it moves into the settlement pending status. These claims can now be settled using the **Settle Customer Claims** process.

- Oracle Fusion Tax calculates and applies any applicable taxes, as part of the settlement process for credit memos and invoices. Taxes aren't applicable to settlement methods from the Apply Others section.
- If there is any unsettled amount remaining in the claim which is below the write-off threshold, the write-off amount is applied to the receipt or adjusted on the invoice.
- If there is any unsettled amount remaining and no write-off is applicable, then the remaining amount is automatically moved to a child claim.
- The claim is updated to the Settled status.

Confirmation of Settlement in Claim

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After the process completes, the claim summary is updated to reflect the actual settlement and the Confirmation tab becomes available for the claim. The claim summary shows the credit memos or invoices inclusive of tax and write-offs, if found to be applicable during settlement. The Confirmation tab gives the details of the settlement from Receivables.

- If a child claim was generated, the child claim number and amount is displayed at the top of the Confirmation tab.

- You can see the user entered resolution details on the left side of the table.

- The right side gives the details of the settlement. This can be different from what you submitted because of taxes or write-offs.

- You can drill down directly to the settlement documents in Receivables through the quick links on the credit memo or invoice.

Automatic Settlement in Receivables

The **Settle Customer Claims** process performs the automated creation of the resolution artifacts in Receivables, and applies them to the appropriate receipts and invoices. These credit memos, invoices, and chargebacks will have the transaction source as Channel Revenue Management. Settlement is available through the Application tab of the receipt. A full audit trail to document the life cycle of the claim is available through the Activity tab of the receipt. Invoice related artifacts like credit memos on invoice or invoice-specific write-offs are available through the Transaction Activities of the invoice.

Settlement of Claim Investigation

1. A credit memo, invoice, or chargeback is created in Receivables and applied on the receipt, if part of the resolution.
2. Any open credit memos or open overpayments are applied to the receipt, if part of resolution.
3. For a deduction claim, if the settlement amount is less than the claim amount, a new claim investigation line is applied on the receipt for the balance amount. This will have the child deduction number.

   For an overpayment claim, if the settlement amount is more than the claim amount, a new claim investigation line is applied on the receipt for the balance amount. This will have the child overpayment number.
4. Write-offs are created as Receipt Write-Offs, if applicable.
5. The original claim investigation line is unapplied from the receipt.

Settlement of Channel Revenue Claim

1. A credit memo or invoice is created in Receivables and applied on the receipt, if part of the resolution.
2. Any open credit memos or open overpayments are applied to the receipt, if part of resolution.
3. The original invoice application line (with a channel revenue claim) on the receipt is unapplied.
4. The dispute amount on the invoice is updated based on the settlement amount.
5. The invoice is applied on the on receipt with the updated amount.
6. Write-offs are created as Write-Off Adjustments, if applicable.

Related Topics
- Schedule the Settlement of Customer Claims
- Miscellaneous Receipts
- Overview of Define Tax Configuration

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How Netting Works

When you settle a deduction with existing overpayments, the selected overpayments are moved to the status Netting in Progress, when the deduction moves to Approval Pending or Settlement Pending.

- This prevents the overpayments from getting selected for another settlement, or from users manually settling them.
- In this status the overpayments are read-only. You can update only the user status and claim owner.
- The deduction from where the netting originated gets added to the Apply Others section of the overpayment.
- Settlement method of the overpayment is defaulted to Open Deduction.

When you settle an overpayment with existing deductions, the selected deductions are moved to the status Netting In Progress, when the overpayment moves to Approval Pending or Settlement Pending.

- This prevents the deductions from getting selected for another settlement, or from users manually settling them.
- In this status the deductions are read-only. You can update only the user status and claim owner.
- The overpayment from where the netting originated gets added to the Apply Others section of the deduction.
- Settlement method of the deduction is defaulted to Open Overpayment.

Related Topics
- Claim Statuses

How Update in Progress Works

You can select thousands of claims to settle them, hence claims are put into the Update In Progress status and a scheduled process is launched automatically to either update multiple claims or to settle multiple claims. These processes are the **Mass Update Claims** and the **Mass Settle Claims** scheduled processes.

When the **Mass Update Claims** process runs, the claims are put into Update In Progress and returned to Open status when the update is finished.

When the **Mass Settle Claims** process is run for mass settle upon submit, the claims are put into Update In Progress during the run and advanced to Approval Pending status upon completion. Most claim analysts may not have the approval privilege; otherwise the status would change to Settlement Pending. In case of failed validation in mass settlement, failed claims are returned to the Open status in their original state. Valid claims proceed forward in the process.

If claims are in the Update In Progress status for a long time, then the process may stall. You can rerun the **Mass Update Claims** scheduled process to reprocess stalled claims. You can run the **Mass Settle Claims** scheduled process to reprocess stalled claims in mass settle.

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4 Manage Customer Claims in Redwood

Manage Customer Claims

Here you'll learn how to manage customer claims in Redwood.

The Claims page summarizes all the claims from the business units you have access to. The claim number generated is based on the Claim Source setup.

You can create a manual claim that isn't based on a short pay in Receivables. You can:

- Drill down to individual claims to resolve them.
- Resolve multiple claims.

On the Claims search page, you can use keyword search and smart filters to quickly search for your claims.

Keyword Search

Keyword search supports additional searchable attributes. The application shows you automatic search suggestions based on your recent search history. You can refine your search results by adding more than one keyword, which enables you to search on the following:

- Claim Number
- Currency
- Owner (owner's user name)
- Account
- Bill-to Customer
- Customer Reference
- Invoice
- Receipt
- Mass Settlement Number

Smart Filters (Chips)

Smart filter-enabled pages include a single search field at the top of the page with filters that display as suggestion chips. The smart filters may include the count showing the number of applicable results for the suggested chip.

The following smart filters are available:

- My Claims
- Open
- Status
- Business Unit
- Claim Type
- Claim Reason

- Claim Source
- Claim Date
- Invoice Date Range

Create Manual Claims

Here you'll learn how to create manual claims in Redwoods.

1. From the Navigator, click **Deductions and Settlement** or **Customer Channel Management** under **Order Management**.
2. From the Claims page, click **Create**.
3. On the New Claim page that appears, enter the following details:
   - Select a **Business Unit**. If your role has access to only one business unit, that business unit is selected by default.

     > **Note:** If your role has access to multiple business units and the default business unit is defined in the Default Business Unit profile option, then the default business unit defined is displayed when you create a new claim. You can select another business unit to which you have access, if required.

   - Optionally, enter a date.
   - Select a **Currency**.
   - Enter the **Claim Amount**.
   - Optionally, enter the **Customer Reference**.
   - Optionally, enter the **Customer Reference Date**.
   - Enter the **Customer Reason**.
   - Select a **Claim Type**.
   - Select a **Claim Reason**.
   - In the Bill To section, enter the billing information of the customer for which you're creating this claim.
   - In the Ship To section, enter the shipping information.
4. Click **Create**.

> **Note:** You can cancel manual claims.

Related Topics
- Elements of a Customer Claim

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Key Features

Claim Statuses

Here you'll learn about claim statuses.

Use claim statuses to monitor your claims. Each status indicates the progress of the claim from creation to settlement.

Status	What happens with the claim
Open	The claim is in the open status when: • The claim investigation is newly created in Receivables. • An approval rejected claim is returned to the open status for updates or corrections.
Approval Pending	Claim research is complete, with the corresponding claim reason applied. The claim analyst has submitted the claim for approval, but isn't yet approved. • Claim is read-only in this status. • You can update only the user status and claim owner.
Approval Rejected	Claim is rejected internally by the claim analyst. • Claim is read-only in this status. • You can update only the user status and claim owner. • You can move the claim back to the open status by clicking **Return to Open**.
Settlement Pending	Claim has been approved and submitted, and is pending settlement. • Claim is read-only in this status. • You can update only the user status and claim owner.
Settled	The Settle Customer Claims process completes successfully, and the claim is updated with settlement details in the Confirmation tab. • Claim is read-only in this status. • You can update only the user status and claim owner.
Canceled	When the claim investigation is unapplied from the receipt in Receivables or the receipt is reversed, claims get canceled. This action is irreversible.
Netting in Progress	This status is used in either of the following scenarios:

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Status	What happens with the claim
	• Deductions are settled with open overpayments. When you settle a deduction with an open overpayment, and then submit the claim, the following statuses change: ○ The deductions status changes to approval pending or settlement pending ○ The overpayment status changes to Netting in progress **Note:** This is done to prevent the overpayment from being selected for another settlement or from being manually settled. • Overpayments are settled with open deductions. When you settle an overpayment with an open deduction, and then submit the claim, the following statuses change: ○ The overpayments status changes to approval pending or settlement pending ○ The deductions status changes to Netting in progress **Note:** This is done to prevent the deduction from being selected for another settlement or from being manually settled.
Update in Progress	When you initiate the mass settlement or the mass update process, the application automatically initiates a concurrent process, and the status of the claim changes to Update in progress. Once the concurrent process is complete: • For mass update, the status of the claim changes to open. • For mass settlement, the status of the claim changes to settlement pending or approval pending.

Elements of a Customer Claim

Here you'll learn about the elements of a customer claim in Redwood.

- You can review and research a claim, assessing the claim type and reason.
- Use the General tab to enter details of the claim.
- Use the Settlement tab to details of the settlement.
- Use the Notes and Attachments tab to upload attachments and add notes, to capture additional information if necessary.
- Use the Confirmation tab to view the confirmed settlement.

General Tab

The following table displays the details of some of the fields in the General tab:

Field	Details
Status	The status of the claim.

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Field	Details
Business Unit	The Business Unit associated with the claim.
Claim Source	The source used to settle the claim.
Owner	The owner (username) of the claim.
Claim Number	The claim number. If left blank, a unique claim number is automatically generated.
Date	The claim date.
Age in Days	The age of the claim.
Claim Amount	The total claim amount.
Parent Claim	The parent claim number, if applicable.
Contact	The contact for the customer.
Salesperson	The salesperson associated with the claim.
Broker	A broker is an Organization customer in TCA with a Broker relationship with the Bill-to customer on the claim.
Bill to	The bill-to account, site, customer, and address details are from the receipt **Note:** For manual claims, you must enter this information. For Deductions and Overpayments, this information is derived from Receivables.
Ship to	The customer, site, and address details. • Non-invoice related deductions and overpayments: During claim creation, the filed is blank. You can update to any customer ship-to locations in the same BU of the claim. • Invoice related deductions and overpayments: You can update to any customer ship-to locations in the same BU of the claim. However, for the settlement method Credit Memo - On Invoice, the ship to information of the deduction must be the same as that of the source invoice. **Note:** For manual claims, you must enter this information.
Reference	Reference details provided by the customer during short payment or overpayment. These details include customer reference, customer reason, and customer reference date.
Additional Information	Descriptive flexfields with a global context.
Settlement summary	The summary for the settlement. This details include Claim Type, Claim Reason, Remaining Amount, Mass Settlement Number, Submitted Date, Submitted By, Approved Date, Approved By, Settlement Date, Settled Amount, Accounted Settled Amount, Accounting Date, Child Claim, Split Amount, and Accounted Split Amount.
Receipt	Receipt number with quick link to Receivables. You can view the Receipt Date, Receipt, Receipt Amount, Receipt Reference, Invoice Date, Invoice, Invoice Amount, and the Invoice Salesperson. **Note:** Note: If your administrator has enabled the Receipt descriptive flexfield (Channel Revenue Management integration), then you can view additional details of a receipt application line without having to drill down to the Receivables receipt.

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Field	Details
	Note: This section is available only if the claim source is deductions, invoice deductions, overpayment, or invoice overpayment.
Additional receipt information	Descriptive flexfields with a global context.
Claim Reason	The standardized claim reason if this customer's trade profile has the customer reason codes mapped. If the customer reason code isn't mapped, then this is the reason entered as the Application Reference Reason while creating the claim investigation line. If this wasn't entered, then you see the default claim reason assigned in the claim source setup. You can update the reason while resolving the claim, when it's in the open status.
Mass Settlement Number	Each related claim is given a unique number that serves as a tracking number for that single dispute and is autogenerated when you click Settle to complete a mass settle of a claim.
Descriptive Flexfields	Descriptive flexfields with a global context.
Claim Type	The default claim type assigned in the claim source setup. You can update the claim type while resolving the claim, in the open status.
Attachments	To include additional information as attachments to the claim.
Receipt	Receipt number with quick link to Receivables. **Note:** If your administrator has enabled the Receipt descriptive flexfield (Channel Revenue Management integration), then you can view additional details of a receipt application line without having to drill down to the Receivables receipt.

Settlement Tab

The following table gives the details of some of the fields in the Settlement tab:

Field	Details
Select a type	Choose between Promotional and Nonpromotional.
Claim Type	The default claim type assigned in the claim source setup. You can update the claim type while resolving the claim, in the open status.
Claim Reason	The standardized claim reason if this customer's trade profile has the customer reason codes mapped. If the customer reason code isn't mapped, then this is the reason entered as the Application Reference Reason while creating the claim investigation line. If this wasn't entered, then you see the default claim reason assigned in the claim source setup. You can update the reason while resolving the claim, when it's in the open status.
Add Settlement Method	Choose the settlement method.

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Field	Details
Credit Memo on Account	Enter the details for the settlement method such as Override Transaction Date, Accounting Date, Claim Amount Includes Tax, and Transaction Salesperson.
Associated Accruals	This section displays all associated accruals for the claim. Search for programs from the Available programs to associate section, enter amounts to associate, and associate them to the claim.

Dates in a Claim

These are the important date fields in the claim, and what they mean:

Date Field	Description
Submitted Date	Date when claim is resolved and submitted for approval. This gets updated every time you make a submission.
Approved Date	Date when the claim is approved. Submitted date and approved date is the same if the claim creator has approval privilege.
Rejected Date	Date when the claim is rejected.
Settlement Date	Date when the claim is updated to the Settled status.
Accounting Date	Claim's accounting date. Defaults to the system date when the status changes to Settlement Pending.
Receipt Date	Date of the receipt, in Receivables.
Invoice Date	Date of the invoice in Receivables. Available only in invoice-related claims.

Note: If your role has access, you can navigate to the Receivables transactions directly from the claim.

Resolve Nonpromotional Claims

Here you'll learn how to resolve nonpromotional claims in Redwood.

Claim Source	Settlement Method	Apply Open Transactions	Settlement in Recievables
Deduction	Credit Memo - On Account (Nonpromotional) • with item lines • with memo lines	Open credit memos Open overpayments	Receivables Transactions: • Credit Memo: Integrated with Receivables for tax calculation for credit memos. • Receipt Write-off: Any remaining unsettled amount

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Claim Source	Settlement Method	Apply Open Transactions	Settlement in Recievables
	• with non-item based line (description only) • optionally tax inclusive Manual Write-off		which is below the set threshold is written off. Applies receivables transaction to AR Receipt. Split remaining amount to child claims if above the write-off threshold.
Overpayment	Invoice • with item lines • with memo lines • with non-item based line (description only) Driven by invoice setup: Claim type mapped to Receivables invoice transaction type.	Open deductions	Receivables Transactions: • Invoices: Integrated with Receivables for tax calculation for invoices. Applies receivables transaction to Receivables receipt. Split remaining amount to child claims.
Invoice Deduction	Credit Memo - On Invoice (Nonpromotional) ⚲ with item lines ○ with memo lines ○ with non item based line (description only) Credit Memo - On Account (Nonpromotional) ⚲ with item lines ○ with memo lines ○ with non item based line (description only) ○ optionally tax inclusive Manual Write-off Auto Write-off Chargeback	Open credit memos Open overpayments	Receivables Transactions: • Credit Memo • Write-off Adjustment • Receipt Write-off Applies receivables transaction to Receivables Receipt. Split remaining amount to child claims. Use the chargeback settlement method to close the original invoice that has been partially paid, and create a chargeback for the remaining amount. This settlement method is used to settle invalid invoice deductions. Chargebacks can't be combined with other settlement methods.
Invoice Overpayment	Invoice ⚲ with item lines ○ with memo lines ○ with non item based line (description only)	Open Deductions	Integrated with Receivables for tax calculation for invoices. Applies receivables transaction to Receivables Receipt. Split remaining amount to child claims.
Manual Claim	Credit Memo - On Account (Nonpromotional)	N/A	Integrated with Receivables for tax calculation for credit memos.

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Claim Source	Settlement Method	Apply Open Transactions	Settlement in Recievables
	• with item lines • with memo lines • with non-item based line (description only)		Any remaining unsettled amount which is below the set threshold is auto written off. Split remaining amount to child claims.

You can search for and review open claims, and decide on the appropriate resolution prior to approval.

1. From the Navigator, click Deductions and Settlement or Customer Channel Management under Order Management.
2. On the Claims page, search and select the open claim that you want to resolve.

Note: The open deductions and open overpayments available to you for settlement will be from the same BU and currency as the claim.

Deductions

Multiple settlement methods can be used to resolve a deduction:

Settlement Method	Steps

Credit Memo - On Account	1. Select the settlement method as **Credit Memo - On Account**.
	
	Note:
	The settlement method is selected by default if it's configured in the claim source setup.
	
	2. Enter the details of the credit memo that you're creating against the deduction.
	3. Enter the amount for the credit memo.
	
	   o If you directly enter the amount, then the quantity is populated as 1, and the unit price becomes the amount you entered.
	4. The credit memo transaction configured in the claim type setup is used while creating the credit memo in Receivables.
	5. Enter these fields, if required.
	
	   o **Override Transaction Date**: Date to be used as the Receivables transaction date for the credit memo.
	   o **Accounting Date**: Accounting date for the claim.
	
	   o **Claim Includes Tax**: By default, the application calculates taxes as inclusive or exclusive based on your tax configuration. Alternatively, you can select **Yes** to include all taxes in the line amount. If you do this, then Oracle Fusion Tax calculates all taxes as inclusive taxes overriding the tax configuration.
	   o **Transaction Salesperson**: Select the name of the salesperson for the transaction.
	
	6. Click **Save**.
	If the amount selected for the credit memo is less than the deduction amount:
	
	• A new child deduction is created after the **Settle Customer Claims** process completes, with the remaining amount.
	
	• A new claim investigation line is added with this amount to the receipt.

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Settlement Method	Steps

Open Credit Memo	1. Select **Open Credit Memo** as the settlement method.
	2. In the Apply open transactions section, enter the following:
	  o From the **Open Transaction Number** list, select the existing credit memo that you want to apply on the deduction.
	  o Enter the amount.
	3. Click **Save**.
	If the amount selected is less than the deduction amount:
	
	• A new child deduction is created after the **Settle Customer Claims** process completes, with the remaining amount.
	• A new claim investigation line is added with this amount to the receipt.

Open Overpayment	In the Apply Others section:
	
	1. Select **Open Overpayment** as the settlement method. The overpayment can be invoice or non-invoice related.
	2. In the Apply open transactions section, enter the following:
	  o From the **Open Transaction Number** list, select the existing overpayment that you want to apply on the deduction.
	  o Enter the amount.
	3. Click **Save**.
	If the amount selected is less than the deduction amount:
	
	• A new child deduction is created after the **Settle Customer Claims** process completes, with the remaining amount.
	• A new claim investigation line is added with this amount to the receipt.
	If the overpayment amount used in the deduction for settlement is less than the total value of the overpayment:
	
	• A new child overpayment claim is created after the **Settle Customer Claims** process completes, with the remaining amount.
	• For a non-invoice related overpayment, a new claim investigation line is added with this amount to the receipt that initiated the overpayment claim. For invoice related overpayment, the overpayment invoice gets applied on the overpayment receipt with the updated amount.

Invoice Deductions

Multiple settlement methods can be used to resolve an invoice deduction.

Settlement Method	Steps
Credit Memo - On Account	1. Select the settlement method as **Credit Memo - On Account**. **Note:** The settlement method is selected by default if it's configured in the claim source setup.

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Settlement Method	Steps
	2. Select a line type from the **Type** list. ○ **Item**: Select an item from the list. ○ **Memo Line**: Select a memo line from the list. ○ **Description**: Select a description from the list. 3. Enter the remaining details of the credit memo that you're creating against the deduction. 4. Enter the amount for the credit memo. ○ If you directly enter the amount, then the quantity is populated as 1, and the unit price becomes the amount you entered. 5. The transaction type configured in the claim type setup is used during instrument creation. 6. Enter these fields, if required. ○ **Override Transaction Date:** Date to be used as the Receivables transaction date for the credit memo. ○ **Accounting Date:** Accounting date for the claim. ○ **Claim Includes Tax**: By default, the application calculates taxes as inclusive or exclusive based on your tax configuration. Alternatively, you can select **Yes** to include all taxes in the line amount. If you do this, then Oracle Fusion Tax calculates all taxes as inclusive taxes overriding the tax configuration. 7. Click **Save**. If the amount selected for the credit memo is less than the deduction amount, a new child deduction is created for the latest invoice dispute amount after the **Settle Customer Claims** process completes.
Credit Memo - On Invoice	1. Select the settlement method as **Credit Memo - On Invoice**. **Note:** The settlement method is selected by default if it's configured in the claim source setup. 2. Select a line type from the **Type** list. ○ **Item**: Select an item from the list. ○ **Memo Line**: Select a memo line from the list. ○ **Tax**: To select tax, the source invoice should have a tax component. ○ **Freight**: To select freight, the source invoice should have a freight component. ○ **Description**: Select a description from the list. 3. Enter the remaining details of the credit memo that you're creating against the deduction. 4. Enter the amount for the credit memo. ○ If you directly enter the amount, then the quantity is populated as 1, and the unit price becomes the amount you entered. ○ If you selected tax or freight, the pending tax or freight amount from the source invoice is displayed under Amount. 5. The transaction type configured in the claim type setup is used during the instrument creation. 6. Enter the **Accounting Date** if required. This is the accounting date for the claim. 7. Click **Save**. If the amount selected for the credit memo is less than the deduction amount, a new child deduction is created for the latest invoice dispute amount after the **Settle Customer Claims** process completes.
Chargeback	Select **Chargeback** as the **Settlement Method**.

Settlement Method	Steps
	By default, the transaction type and reason displays values based on the configuration in the claim type and claim reason settings. You can change these values as required. Click **Submit** to initiate the chargeback. **Note:** You can't combine chargebacks with any other settlement method. Chargebacks apply to the entire claim amount.

Open Credit Memo	1. Select **Open Credit Memo** as the settlement method.
	2. In the Apply open transactions section, enter the following:
	  o From the **Open Transaction Number** list, select the existing credit memo that you want to apply on the deduction.
	  o Enter the amount.
	
	3. Click **Save**.
	If the amount selected is less than the deduction amount, a new child deduction is created after the **Settle Customer Claims** process completes, with the remaining amount.

Open Overpayment	1. Select **Open Overpayment** as the settlement method. The overpayment can be invoice or non-invoice related.
	2. In the Apply open transactions section, enter the following:
	  o From the **Open Transaction Number** list, select the existing credit memo that you want to apply on the deduction.
	  o Enter the amount.
	
	3. Click **Save**.
	If the amount selected is less than the deduction amount, a new child deduction is created after the **Settle Customer Claims** process completes, with the remaining amount.
	
	If the overpayment amount used in the deduction for settlement is less than the total value of the overpayment:
	
	• A new child overpayment claim is created after the **Settle Customer Claims** process completes, with the remaining amount.
	
	• For a non-invoice related overpayment, a new claim investigation line is added with this amount to the receipt that initiated the overpayment claim. For invoice related overpayment, the overpayment invoice gets applied on the overpayment receipt with the updated amount.

Overpayments and Invoice Overpayments

An overpayment can be either invoice related, or non-invoice related. Multiple settlement methods can be used to resolve an overpayment claim:

Settlement Method	Steps

Invoice	1. Select **Invoice** as the settlement method.
	2. Enter the details of the invoice that you're raising against the overpayment.
	3. Enter the amount.
	4. Enter these fields, if required.
	
	  o **Override Transaction Date:** Date to be used as the Receivables transaction date for the credit memo.
	  o **Transaction Salesperson:** Enter the name of the salesperson for the transaction.

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Settlement Method	Steps
	5. Click **Save**. If the amount selected for the invoice is less than the total overpayment amount: • A new child overpayment is created after the **Settle Customer Claims** process completes, for the remaining amount. • For a non-invoice related overpayment, a new claim investigation line is added with this amount to the receipt. For invoice related overpayment, the overpayment invoice gets applied on the overpayment receipt with the updated amount.
Open Deduction	**1.** Select **Open Deduction** as the settlement method. The deduction can be invoice or non-invoice related. **2.** In the Apply open transactions section, enter the following: o From the **Open Transaction Number** list, select the existing deduction that you want to apply on the overpayment. o Enter the amount. **3.** Click **Save**. If the amount selected is less than the overpayment amount: • A new child overpayment is created after the **Settle Customer Claims** process completes, with the remaining amount. • For a non-invoice related overpayment, a new claim investigation line is added with this amount to the receipt. For invoice related overpayment, the overpayment invoice gets applied on the overpayment receipt with the updated amount. If the deduction amount used for settlement is less than the total value of the deduction, • A new child deduction claim is created after the **Settle Customer Claims** process completes, with the remaining amount. • For a non-invoice related deduction, a new claim investigation line is added with this amount to the receipt that initiated the deduction claim. For invoice related deduction, the deduction invoice gets applied on the deduction receipt with the updated amount.

Manual Claims

Settlement Method	Steps
Credit Memo - On Account	**1.** Select the settlement method as **Credit Memo - On Account**. > **Note:** > The settlement method is selected by default if it's configured in the claim source setup. **2.** Enter the details of the credit memo that you're creating against the deduction. **3.** Enter the amount for the credit memo. o If you directly enter the amount, then the quantity is populated as 1, and the unit price becomes the amount you entered. **4.** The transaction type configured in the claim type setup is used for creating invoice in receivables.

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Settlement Method	Steps
	5. Enter these fields, if required. ○ **Override Transaction Date:** Date to be used as the Receivables transaction date for the credit memo. ○ **Accounting Date:** Accounting date for the claim. ○ **Claim Includes Tax**: By default, the application calculates taxes as inclusive or exclusive based on your tax configuration. Alternatively, you can select **Yes** to include all taxes in the line amount. If you do this, then Oracle Fusion Tax calculates all taxes as inclusive taxes overriding the tax configuration. ○ **Transaction Salesperson**: Select the name of the salesperson for the transaction. 6. Click **Save**. If the amount selected for the credit memo is less than the claim amount, a new child claim is created for the remaining amount after the **Settle Customer Claims** process completes.

Multiple Settlement Methods

You can settle individual deduction and overpayment claims using multiple settlement methods.

Resolve Promotional Claims

Here you'll learn how to resolve promotional claims.

After research, if you identify a claim or deduction as promotional, then you can associate one more program accruals to the claim. Hence, you settle the claim to pay the accruals that are created from these programs.

- On the Settlement tab, select **Promotional** as the type.

- The Available programs to associate section automatically displays all the programs for the claim customer that are applicable for the associated business unit.

  Based on your channel settings, this section displays available programs to associate and also displays programs with zero balances. The setting that control these displays are Automatically Show Available Programs to Associate and Automatically Include Programs with Zero Balances.

  If Pay Over Earnings is enabled, then this section also lists programs that may not have earned accruals as yet.

- You can search for specific accruals by year in the Results by Program section.

- In the Filters section, you can search for specific accruals by:
  - **Show active programs**
  - **Exclude zero balances**
  - **Program**
  - **Program Type**
  - **Item**
  - **Invoice**
  - **Accruals Before**
  - **Relationship**

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- ○ **Related customer**
- ○ **Group By**

- If Pay Over Earnings is enabled in the Customer Trade Profile or in the Channel Settings, then you can associate accruals for more than the available amount. If Pay Over Earning is enabled, then the threshold type and values are mandatory and restrict the amount of unearned payments as follows:
  - ○ **Amount**: Indicates that the threshold is a currency amount.
  - ○ **Percentage**: Indicates that the threshold is a percentage of the earnings.
  - ○ **Unconditional**: Indicates that the threshold is infinite. Claims go through the regular claim approval process.

    > **Note:** The implementation must decide whether to instigate a different workflow inside the claim approval process based on whether a pay over is enabled and whether the pay over is unconditional or not. This is part of the payload sent to BPM and is up to each implementation to decide if their approvals use this information in their claims approval process.

- The eligible settlement method for promotional customer claim is **Credit Memo - On Account**.

Claim Source	Settlement Method
Deduction	Credit Memo - On Account
Invoice Deduction	Credit Memo - On Account
Manual Claim	Credit Memo - On Account

Pay Over Earnings

Pay over earnings for a customer account are supported only for settlement by Credit Memo on Account and are available in any of the following scenarios:

- The program has or had any accrued amounts for the customer.
- The program contains the customer as the qualifier without any accruals and the program doesn't have any beneficiary at the header level.
- The customer is added as a beneficiary for the program at the header level.

The following list enumerates some of the salient features of pay over earnings:

- Pay over earnings are available only for accrual association when you select **Program** as the **Group By** parameter in the **View**.
- Pay over earnings aren't available if you apply the **Item**, **Invoice** or the **Accruals Before** filters.
- The application evaluates the pay over eligibility when earnings are associated to a claim at the time of saving the claim or at the time of association of the claim.
- Pay over earnings are available for customer rebate and customer annual volume programs. Pay over isn't available for lump sum programs without spread.
- Pay over earnings are also available for related customer accrual associations. In this case, pay over settings of the related customer are evaluated based on the setup in Customer Trade Profile or Channel Settings.

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- Pay over is available only when the program is in active status. The application also validates if the customer qualifier date to ensure that the qualifier is active as on the pay over date.

- The application evaluates the pay over threshold limit based on the total earned amount.

- If the associated amount is greater than the available amount, then the association is considered as a pay over earning. The application first uses the available accrual amount and considers the additional amount as pay over adjustment. The application first uses the earliest accrued amounts, if available, and if there is any remaining balance, then a paid adjustment is created to cover the remaining amount. Ensure you create the pay over earnings record as adjustments using the predefined adjustment type Pay Over Earnings.

- Once you complete a pay over earning for an offer and a customer using a program, then going forward that program is considered the same as any other program with accruals for that customer.

- If a program has positive earnings in previous years, then pay over association isn't available for the current year. The application displays a message indicating that accruals exist from previous years for that program. All existing accruals for the program must be used before you can associate pay over earnings.

- If you use a partial pay over, that is, you use the threshold amount partially, then you can use only the remaining threshold limit for a further pay over. For example, consider that the available balance is 0 and the threshold amount is $100. If you use a partial pay over association for $50, then you can use only up to $50 for the next pay over association else the pay over will cross threshold limit of $100.

Approve Claims

Here you'll learn how to approve claims in Redwood.

Here you approve claims in Channel Revenue Management.

> **Note:** After 24B, you must approve claims with the Approve Customer Claims Using BPM Workflow feature.

> **Note:** You can use privilege-based approvals only if you haven't opted into the Approve Customer Claims with BPM Workflow feature.

A claim analyst with appropriate roles assigned can select the following options from Actions after analyzing each claim:

- **Submit**: claim moves to the Settlement Pending status.

- **Return to Open**: moves a rejected claim to the open status for further investigation.

If the analyst doesn't have the appropriate role assigned which allows to approve claims, the claim moves to Approval Pending status after submission. A claim approver with appropriate roles assigned can select the following options from **Actions**:

- **Approve**: claim moves to the Settlement Pending status.

- **Reject**: claim moves to the Approval Rejected status.

> **Note:** You can't delete a claim. A deduction or overpayment can only be moved to the canceled status by unapplying the claim investigation line or reversing the receipt. You can cancel a manual claim from the Claim page.

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Approve Customer Claims Using BPM Workflow

When a user submits a claim for approval, the application uses BPM workflow-based approvals business rules to process and route the approval to the designated approvers.

> **Note:** You can use business rules in BPM workflow-based approvals to process and route the approval to the designated approvers if you have opted in to the Approve Customer Claims with BPM Workflow feature.

If you are a claim approver, you will receive a workflow notification to take action. You can request additional information and approve or reject claims. You can also easily reassign approvals. This process captures approval history, so you can view who has already approved and how many more approvers are yet to approve the claim.

The following graphic describes how you can approve a claim.
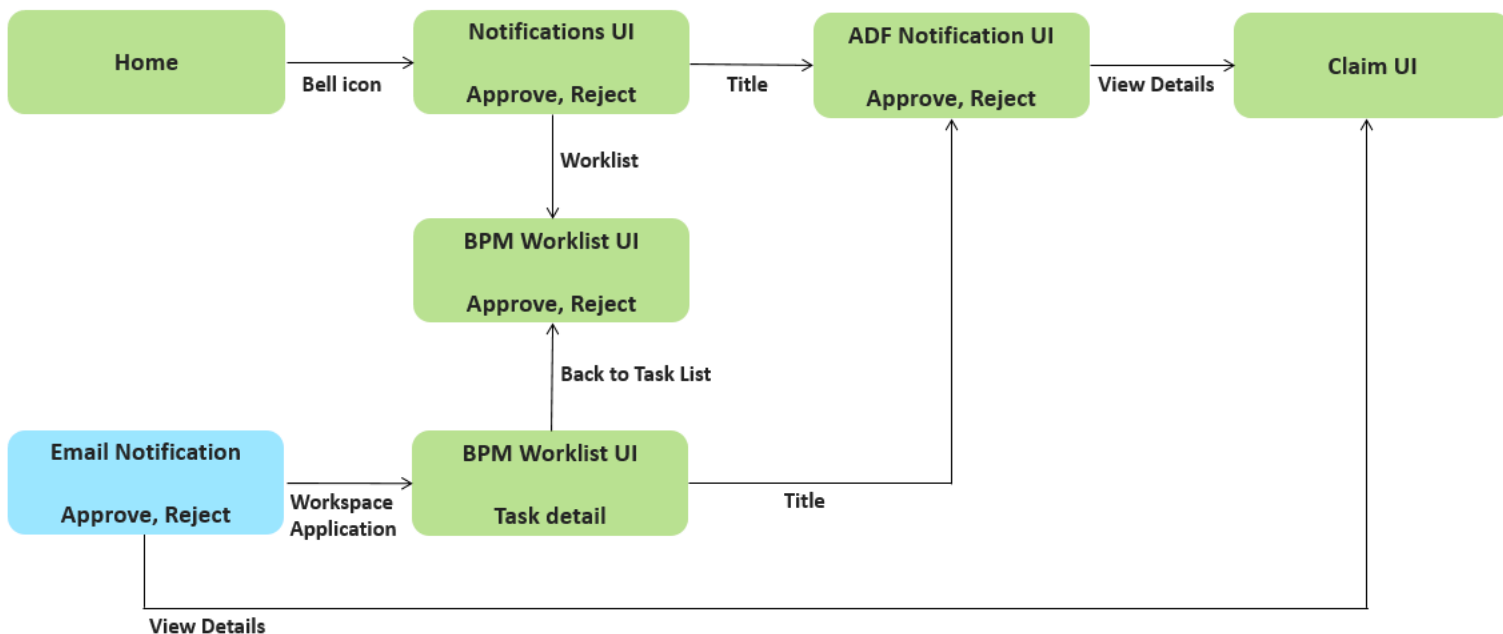
When a claims analyst submits the claim for approval, the claim moved into **Approval Pending** status. Depending on the rules defined for approvals, the application automatically notifies the claim approvers. Depending on the permissions you have, you can:

Action	Description
Approve	Click **Approve** to approve the claim.
Reject	Click **Reject** to reject the claim.
Request Information	Select **Request Information** from the **Actions** menu to ask the task creator or any of the previous approvers for more information.
Reassign	Select **Reassign** to reassign the task to another person.

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Action	Description
Create Subtask	Select **Create Subtask** to create a child task to be completed as part of the original task.
Escalate	Select **Escalate** to escalate the task to the manager of the assignee.
Skip Current Assignment in Task	Select **Skip Current Assignment in Task** to reassign the task to the next approver.
Suspend	Select **Suspend** to put the task on hold until it's resumed. In the interim, the task isn't assigned to anyone.
Resume	Select **Resume** to revive a suspended task and continue working on it.
Withdraw	Select **Withdraw** to remove the task from the workflow. You can do this only if you created the task.
Save	Select **Save** to save the Comments and Attachments.

Settle Customer Claims

Here you'll learn how to settle customer claims in Redwood.

After you submit a claim, it moves into the settlement pending status. These claims can now be settled using the **Settle Customer Claims** process. You can:

- Identify available accruals by program
- Associate accruals to a claim
- Issue a credit memo on account

The claim analyst submits it for approval. Anything left over on the claim is automatically split to another claim. When the credit memo is issued successfully in Receivables, the details are brought back into the claim to confirm settlement.

The claim is updated to the Settled status.

How Netting Works

Here you'll learn how netting works in Redwood.

When you settle a deduction with an existing overpayment and the deduction moves to Approval Pending or Settlement Pending, then the selected overpayment is moved to the Netting In Progress status.

- This prevents the overpayments from getting selected for another settlement, or from users manually settling them.
- In this status the overpayments are read-only. You can update only the user status and claim owner.
- The deduction from where the netting originated gets added to the Apply Others section of the overpayment.
- Settlement method of the overpayment is defaulted to Open Deduction.

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When you settle an overpayment with existing deductions, the selected deductions are moved to the status Netting In Progress, when the overpayment moves to Approval Pending or Settlement Pending.

- This prevents the deductions from getting selected for another settlement, or from users manually settling them.

- In this status the deductions are read-only. You can update only the user status and claim owner.

- The overpayment from where the netting originated gets added to the Apply Others section of the deduction.

- Settlement method of the deduction is defaulted to Open Overpayment.

Note: This is applicable only for Nonpromotional claims.

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5 Manage Customer Trade Profiles

Profile Levels

Customer trade profiles enable you to capture the preferences of a customer and process claims accordingly.

You can use customer trade profiles to create and manage the claim owner and set the write-off deduction threshold, for your customer at the customer, account, and account site levels. The order of precedence is from highest to lowest, where the higher-level value overrides a lower-level value, as follows:

- Bill-to site
- Account
- Customer
- Business unit: Set up using the Functional Setup Manager, in the Manage Channel Settings page.

You can also configure pay over earnings at the account and customer levels. The order of precedence is from highest to lowest, where the higher-level value overrides a lower-level value, as follows:

- Account
- Customer

Create Customer Trade Profiles

You can create customer trade profiles from the Manage Customer Trade Profiles page. This is an optional setup.

1. From the Navigator, click **Deductions and Settlement** or **Customer Channel Management** under **Order Management**.
2. You can navigate to the Manage Customer Trade Profiles page as follows:
   - **Deductions and Settlement**: The Claims page opens. Select the Administration tab to open the Administration page. Select **Manage Customer Trade Profiles** from the What do you want to do or manage? section.
   - **Customer Channel Management**: The Checkbook page opens. Select the Administration tab to open the Administration page. Select **Manage Customer Trade Profiles** from the What do you want to do or manage? section.
1. From the **Business Unit** drop-down list, select the business unit for which you want to set up the trade profiles. You can see the claim owner assigned at the BU level in the setup Manage Channel Settings here.

   > **Note:** If your role has access to only one business unit, it's displayed by default.

2. Click the **Add** icon to create a profile for your customer.
3. From the **Customer** list, select the customer.
4. Select the **Customer**, **Account**, **Site**, and **Address**, if required.
5. Select the **Enable** check box to enable the trade profile.
6. If you're assigning the claims to a default owner, select this owner from the **Claim Owner** list.
7. To set a deduction threshold, enter the amount in the **Deduction Threshold** field.
8. Select a value from the list in the **Pay over Earnings** field.

- **Null**: Indicates that the customer may or may not be eligible for Pay Over Earning depending on the setup in the Channel Settings. This is the default value.
- **Allow**: Indicates that unearned payments are always allowed for this customer. This setting overrides the Channel Settings.
- **Disallow**: Indicates that the customer isn't eligible for unearned payments for programs. This setting overrides the Channel Settings.

9. Select a value from the list in the **Threshold Type** field.

- **Amount**: Select this to use currency amount as the threshold.
- **Percentage**: Select this to use a percentage of the earnings as the threshold.
- **Unconditional**: Select this if the threshold is infinite. No special approval is required for overriding this type of unearned payments threshold. Claims go through the regular claim approval process.

10. Enter a value in the **Threshold Value** field.

- If you selected **Amount** as the type, then enter the threshold as a currency amount. For example, if you enter 50 in the threshold field, then the threshold limit is $50, assuming your currency is U.S. dollars. Hence, if the customer has earned $3000, and your threshold amount is $50, then you can pay up to $3050.
- If you selected **Percentage** as the type, then enter the threshold as a percentage of the earnings. For example, if you enter 20 in the threshold field, then the threshold is 20% of the earnings. Hence, if the customer has earned $3000, and your threshold percentage is 20%, then you can pay up to $3,600. Note that this threshold type isn't applicable if the program has 0 or no earnings.
- If you selected **Unconditional** as the type, then the threshold is infinite. No special approval is required for overriding the unearned payments threshold. Claims go through the regular claim approval process.

11. You can select a value from the list in the **Override Threshold** field only when the **Pay Over Earnings** is set to **Allow** and the **Threshold Type** is **Percentage** or **Amount**.

a. **Yes**: If you select this and the unearned payment exceeds the threshold amount, then the claim settlement process is initiated, but must go through a special approval first.

b. **No**: If you select this and the unearned payment exceeds the threshold amount, then the claim settlement process can't be initiated.

The **Override Threshold** field is disabled when the value for the **Pay Over Earnings** is set to **Null** or **Disallow**. This field is also disabled when the **Threshold Type** is Unconditional.

> **Note:** Pay over earnings are applicable only at the account and customer levels, not at the site level.

12. Click **Save**.
13. The **Mapping** icon becomes active after saving for profiles defined at the customer and account levels. Click this icon to create a mapping between your claim reasons and your customer's reason codes.

a. On the Mapping page, click the **Add** icon.

b. In the **Customer Reason** field, enter your customer's reason name or code that you want to map to your internal claim reason.

c. Add a description for this reason in the **Reason Description** field, if required.

d. From the **Claim Reason** list, select the claim reason to which you're mapping your customer's reason.

e. Click **Save**.

> **Note:** You can create, view, and update customer trade profiles. You can disable them, but they can't be deleted after saving.

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Standardize Customer Claim Reasons

Your customers could have their own set of reason codes for raising a dispute or short paying you. These customer reason codes are different from the internal reason codes that your organization uses.

You can standardize these customer claim reasons by translating the reason for the dispute provided by your customers to a standard set of reason codes. If these codes are mapped, then whenever a customer submits a claim, the customer's original reason is captured and automatically converted to the internal claim reason. This simplifies the claim research process.

Customer Reason - Claim Reason mappings can be defined at these levels:

- Account (higher precedence)
- Customer

How Mapping Works

The following table describes how the mapping works for claims created from various sources:

Source	Logic
Receivables Receipt UI (deduction and overpayment claims)	Only customer reason is entered in the Receipt UI: • If you enter only the customer reason without entering the internal claim reason (Application Reference Reason), then the corresponding internal claim reason is populated during deduction or overpayment creation based on the customer reason code mapping defined in the customer trade profile. • If the customer reason code hasn't been mapped in the customer trade profile, then the application takes the default claim reason from the claim source setup. Both customer reason and internal claim reason are entered in the Receipt UI: • If a mapping has been created for the customer code in the customer trade profile, then this takes precedence and is used during the creation of the deduction or overpayment, instead of the claim reason entered in the Receipt UI. • If the customer reason code hasn't been mapped, then the application uses the claim reason entered in the Receipt UI. Only the internal claim reason is entered in the Receipt UI: • If you enter only the internal claim reason, then the customer reason field will be blank in the deduction or overpayment.
Receivables Lockbox (deduction and overpayment claims)	• During the deduction or overpayment creation, the claim reason is populated based on the customer reason code provided in the lockbox and the customer reason - internal claim reason mapping defined in the customer trade profile. • If customer reason codes haven't been mapped, then the application takes the default claim reason from the claim source setup.
Manual Claim	• If you enter only the customer reason without entering the claim reason, then based on the customer reason - internal claim reason mapping defined in the customer trade profile, the application populates the corresponding claim reason.

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Source	Logic
	• Subsequent updates to the customer reason doesn't have any impact on the already populated claim reason.

Related Topics
- Manage Channel Settings

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6 Manage Deductions and Settlement Operations

Schedule the Settlement of Customer Claims

The **Settle Customer Claims** process initiates the claim settlement process and retrieves the credit memo, invoice, or write-off details created in Receivables. It then updates the claim with the payment details and marks it as settled.

> **Note:**
> - For settlement, the claim must be approved and submitted, moving it to the status: Settlement Pending. After the process completes successfully, the claim is updated to the status: Settled.
> - If there are errors during this process, the claim is moved back to the Open status.

Parameter	Description	Required
Business Unit	The business unit to filter the customer claims. The list of values shows the business units for which you have access. Claims can't cross business units.	Yes
Bill-to Account	The bill-to accounts with the bill-to account sites used in the selected BU. Use this parameter to settle claims for a specific account.	No
Claim	Use this parameter to settle a specific claim by specifying its claim number. The claim should belong to the BU and the bill-to account selected.	No

Related Topics
- Settle Customer Claims
- What are scheduled processes?
- Submit Scheduled Processes and Process Sets
- Statuses of Scheduled Processes

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Mass Update Claims

The **Mass Update Claims** process automatically kicks off when you perform a mass update of claims.

You can select a maximum of 1000 claims for a single mass update, hence the claims are moved to the Update In Progress status and this scheduled process is launched to update multiple claims. The claims are returned to Open status when the update is complete.

> **Note:** If claims are discovered in the Update In Progress status for a long time, then the process may have stalled. Rerun the **Mass Update Claims** process to reprocess claims that may have stalled in the mass update.

Parameter	Description	Required
Name	Mass Update Claims	Yes

Mass Settle Claims

The **Mass Settle Claims** process automatically kicks off when you perform a mass settlement of claims.

You can select a maximum of 1000 claims for a single mass settlement.

For mass settle upon submit, claims are put into the Update In Progress status during the background process, and advanced to the Approval Pending status. Most claim analysts might not have the approval privilege. If claim analysts don't have the approval privilege, then the claim moves to the Settlement Pending status. In case of failed validations in mass settlement, failed claims are returned to the Open status in their original state. Valid claims proceed forward in the process.

> **Note:** If claims are discovered in the Update In Progress status for a long time, then the process may have stalled. Rerun the **Mass Settle Claims** process to reprocess claims that may have stalled in the mass settlement.

Parameter	Description	Required
Name	Mass Settle Claims	Yes

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