SCM Cloud

Using Deductions and Settlement

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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

- Rebates for customer annual co-op programs

- Rebates for customer promotion programs

- Tiered rebates for annual volume programs and customer volume programs

- Lump sum payments

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

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

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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.
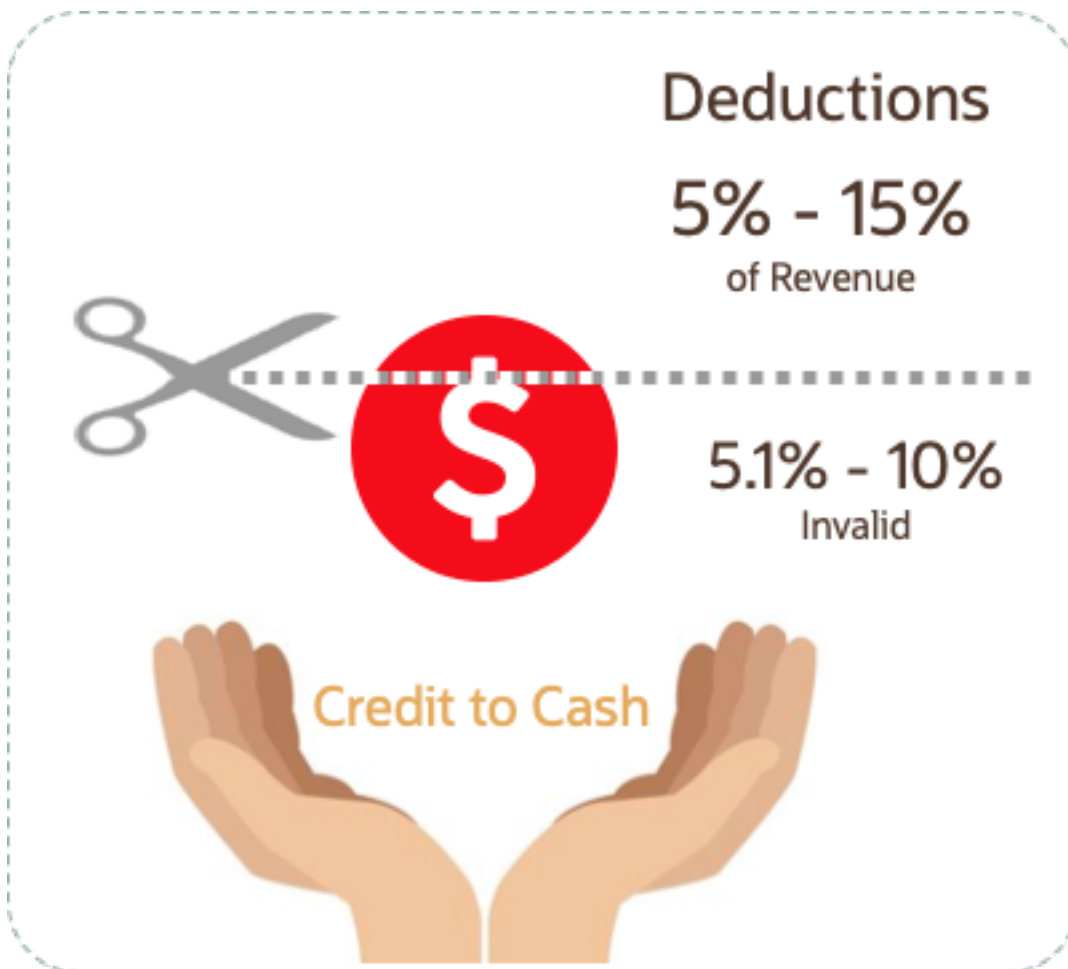
According to market surveys, deductions can represent 5 to 15 percentage of revenue, depending on the industry. Of that number, 5.1 to 10 percent are invalid or unauthorized. In some industries it can be a lot higher.

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
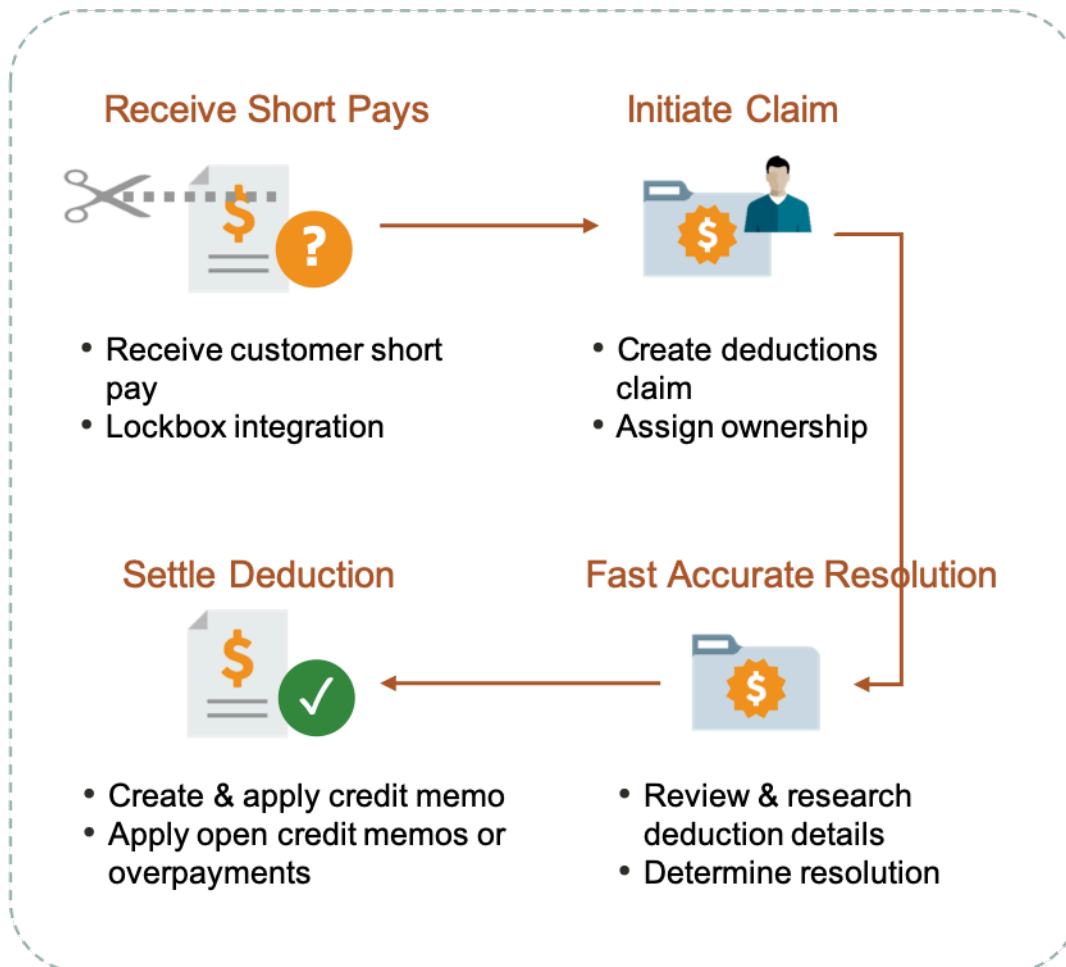
When a customer short pays you, the flow is:

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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- o Creating manual claims

- o Assigning claim owners

- o Setting up aging methods

- Resolve deductions by:

  - o Associate promotional accruals

  - o Creating credit memos

  - o Applying open credit memos and open overpayments

  - o Applying write-offs

  - o Applying chargebacks only for invoice deductions

- Resolve overpayments by:
  - o Creating invoices.

  - o Applying open deductions.

- Resolve Manual Claims by:
  - o Credit Memo - On Account

  - o Check

  - o Payables Default Payment

- 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. In case of manual claims, settlement can be done in Receivables or Payables. 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 (including promotional settlement)
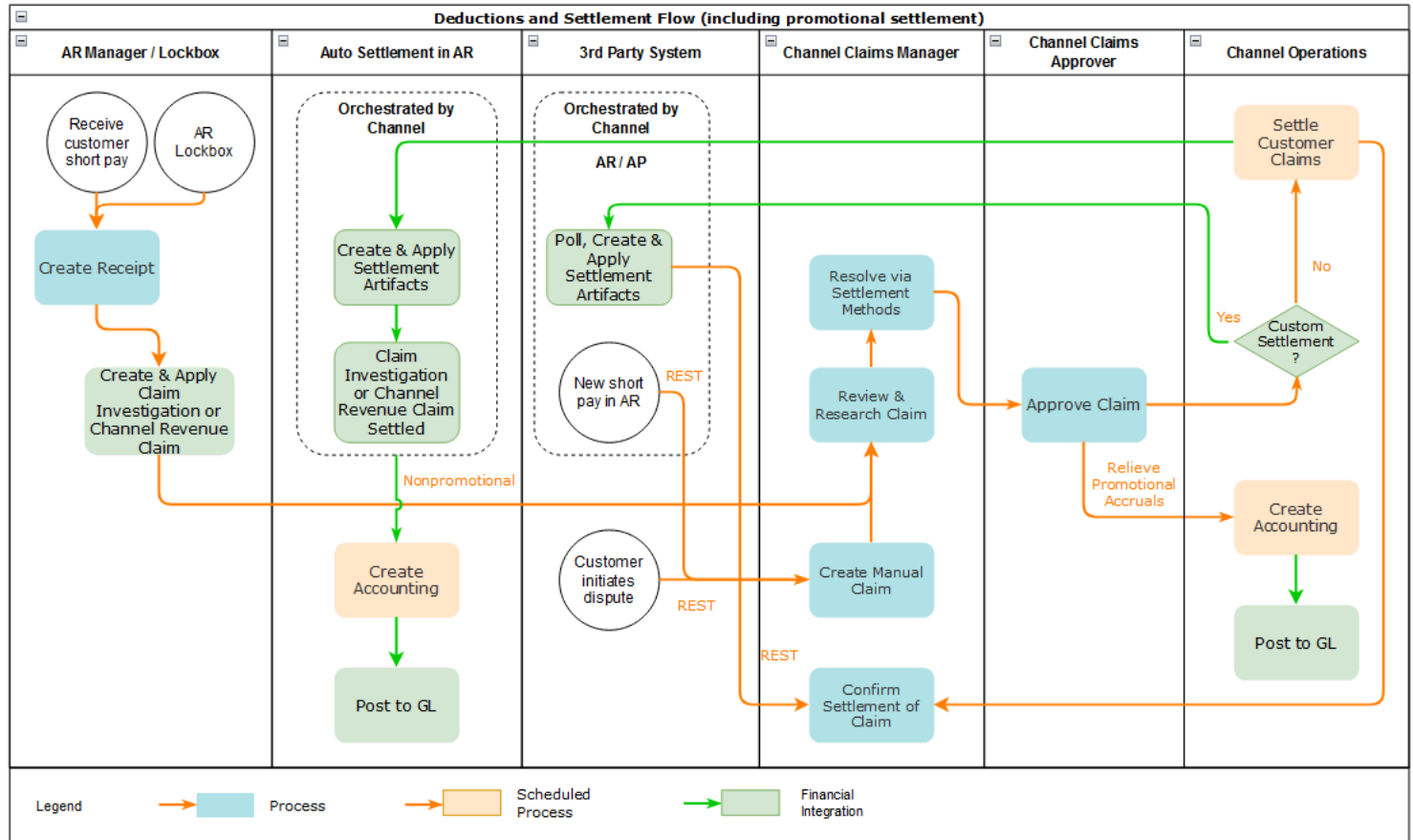
How Deductions and Settlement Works with Receivables and Payables

Here's how Deductions and Settlement works with Receivables and Payables 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:

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

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Customer Action	Action Taken by Customer Analyst or Lockbox Integration	Claim Source in Channel Revenue Management
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.
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.

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6. If the entire short pay wasn't resolved, and the remaining amount is greater than the write-off threshold amount, then a child claim is created 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.

In case of manual claims, settlement can be done in Receivables or Payables. The settlement method for Receivables is Credit Memo - On Account and for Payables the settlement methods are Check or Default Payment Payable. If you select a Payables settlement method, then the application creates an invoice in Payables with the information used to settle the claim. To do this, the application uses the Import Payables Invoices scheduled process and the payment details are updated in the claim when you run the Settle Customer Claims scheduled process.

Accounting

The accounting for nonpromotional 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.

The accounting for promotional settlement is handled by Channel Revenue Management's integration with Subledger Accounting.

For more information about accounting events, see Accounting Event Details for Customer Accruals in the Implementing Channel Revenue Management guide.

Related Topics
- Create Claim Investigations
- Manage Customer Claim Sources and Settlement Methods
- Process Receipts Through Lockbox Execution Report
- Channel Revenue Management Claim Creation and Settlement for Lockbox Receipts

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.
     - 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	Open Credit Memos Open Overpayments

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Receivables Action	Claim Source	Settlement Method	Apply Open Transactions
		Auto Write-off Chargeback	
Create Channel Revenue Claim	Invoice Overpayment	Invoice	Open Deductions
N/A	Manual Claim	Credit Memo on Account Check Payables Default Payment Custom Settlement Method	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. A Receivables analyst can only cancel a claim that originates from Receivables, 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.

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In case of manual claims, settlement can be done in Receivables or Payables. Credit memos and invoices have Channel Revenue Management as the transaction source.

- 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 Programs

Overview of Customer Programs

Program managers are sales representatives for channel customers with an arsenal of program types to incentivize channel sell through.

You can use annual programs such as annual co-op and annual volume programs, which are built into the unit cost, to drive customer loyalty. Additionally, you can use shorter, more targeted programs such as customer promotions and volume programs. Use lump sum programs to promote marketing activities and behaviors, which aren't predicated on purchases.

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 programs in Channel Revenue Management provide:

- Centralized promotions for channel customers.

- 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.

The following table provides a comparative of the available customer programs. See *Roadmap for Setting up Customer Channel Management* for details on how to complete the set up for the various customer programs.

Program Feature	Customer Annual Co-op Program	Customer Annual Volume Program	Customer Promotion Program	Customer Volume Program	Customer Lump Sum Program
Typical program duration	Jan – Dec Entire Year	Jan – Dec Entire Year	4-8 weeks	4-8 weeks	One time, no duration
Eligibility attributes	Customers (All)	Customer (1 or more, All not allowed)	- Customer - Bill To - Ship To - Order Type - Order Line Type - Salesperson - Warehouse - Custom Qualifiers	- Customer - Bill To - Ship To - Order Type - Order Line Type - Salesperson - Warehouse - Custom Qualifiers	Customer (only 1)
Eligibility date context attributes	- Actual Ship Date - Invoice Date - Order Date - Requested Arrival Date - Requested Ship Date	- Actual Ship Date - Invoice Date - Order Date - Requested Arrival Date - Requested Ship Date	- Actual Ship Date - Invoice Date - Order Date - Requested Arrival Date - Requested Ship Date	- Actual Ship Date - Invoice Date - Order Date - Requested Arrival Date - Requested Ship Date	Not applicable
Additional Mandatory Conditions (AND condition)	No	No	Yes	Yes	No
Program qualification	To check eligibility and create accruals, run the **Create Accruals**	To check eligibility and create accruals, run the **Create Accruals**	Pricing Algorithms are used to check program eligibility.	Pricing Algorithms are used to check program eligibility.	No eligibility check performed.

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Program Feature	Customer Annual Co-op Program	Customer Annual Volume Program	Customer Promotion Program	Customer Volume Program	Customer Lump Sum Program
	for Co-op Programs scheduled process.	for Volume Programs scheduled process.	To create accruals, run the **Create Accruals for Channel Batch** scheduled process.	To create accruals, run the **Create Accruals for Channel Batch** scheduled process.	One time accrual creation and settlement for selected customer.
Tiers	No	Yes	No	Yes	No
Accrual record for each order line or aggregation	Accrual is calculated based on rebate type and rebate amounts defined on program's product rules and are aggregated based on Program, Business Unit, Customer account, Bill To, Item, UOM, Currency and Period.	Accruals are calculated based in tiers defined on Program and are aggregated based on Program, Business Unit, Customer account, Bill To, Item, UOM, Currency , Tiered rebate and Period.	Accrual is calculated based on rebate type and rebate amounts defined on program's product rules. One accrual is created for each order line	Accrual is calculated based on tiers defined on Program and one accrual is created and for each order line	One accrual record is created for each product distribution added on the Program.
Beneficiary support for accrual	Yes	No	Yes	Yes	No
Product category	Yes	Yes	Yes	Yes	No
Category exclusion	Yes	Yes	Yes	Yes	No
Calculation method	Not Applicable	Retrospective	Not Applicable	Retrospective Stepped	Not Applicable
Tier prequalification for customer	No	Yes	No	No	No
Customer rule and product rule start and end dates	No	No	Yes	Yes	No
Manual adjustments	Yes	Yes, but attainments are unchanged	Yes	Yes, but attainments are unchanged	Yes

Customer Annual Co-op Program

Co-op advertising is an annual arrangement between a manufacturer or distributor and their channel partners. With co-op programs, you can accrue rebates based on your sales, spanning the effective date of the program. This program is a variation of an annual program. It applies to all customers and you can define rebates for each product rule. You can define product eligibility by item, category, or for all items. Product eligibility supports exclusions by item or category. Eligible sales are obtained from sales orders, which are imported through a CSV file. You can also use the Load Transactions scheduled process to load invoiced sales orders from Receivables and Order Management into Channel Revenue Management.

The program provides the ability to:

- Streamline and automate tracking and payment of co-op marketing funds.

- Improve financial visibility to volume program liabilities.
- Improve differentiation and channel awareness of the manufacturers or distributors products and services.

Customer Annual Volume Program

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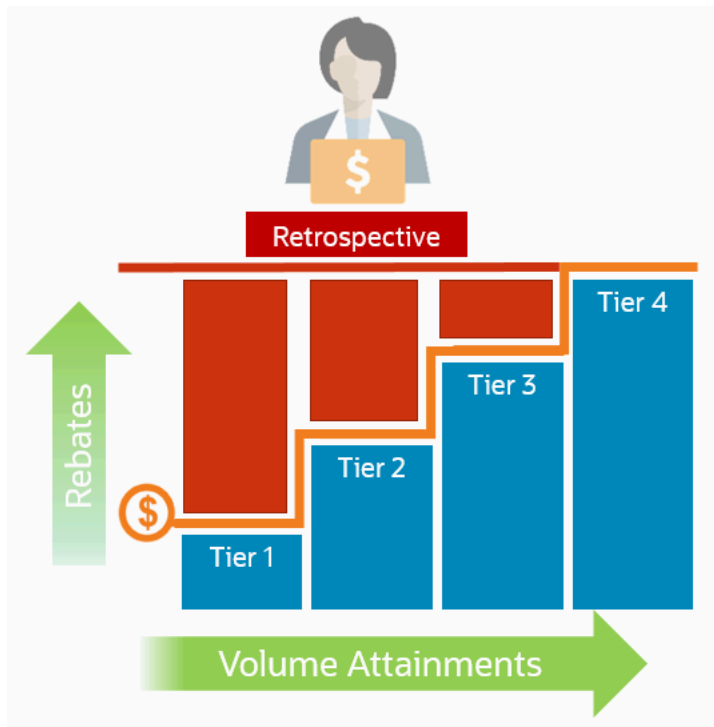
These programs are critical to promoting loyalty from channel partners because higher rebates are provided for more annual buying; and this reduces the risk of customers defecting to competitors.

Annual volume accruals are summarized and calculated on a periodic basis; not for each sales transaction. If you want volume rebates for each eligible sales transactions, then use customer volume programs.

This feature provides wholesalers, distributors, and manufacturers the ability 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.

Additionally, this program enables you 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 including invoice date which is most typically used.
- Prequalify customers with a proven track record to start at a higher tier.

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- Eligible sales are obtained from sales orders, which are imported through a CSV file. You can also use the Load Transactions scheduled process to load invoiced sales orders from Receivables and Order Management into Channel Revenue Management.

- 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 using Checkbook.

- Post channel transactions to General Ledger.

- Support rules based subledger accounting.

Customer Promotion Program

Use customer promotion programs to define the rules of a promotional agreement with your customers. Use configurable templates to create multiple program types. Define customer eligibility based on the customer, bill-to, or ship-to qualifiers. Define additional conditions based on an order type or a salesperson. Define product eligibility based on item, category, user-defined attributes (UDA), or all items. You can specify rebate amounts in terms of the percentage or the amount per unit, as required. Additionally, you can apply exclusions at the item or category levels. The item category in the product rule can be at any level of the category hierarchy.

This feature benefits wholesalers, distributors, and manufacturers to incentivize channel sales by offering rebates on eligible sales transactions.

This program provides the ability to:

- Negotiate and activate customer promotions.

- Define customer and product eligibility.

- Define accruals by amount or percentage.

Customer Volume Program

Use customer volume programs to accrue volume rebates based on cumulative sales volumes across orders.

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Define product eligibility based on item, category, or all items. Additionally, you can apply exclusions at the item or category levels. The item category in the product rule can be at any level of the category hierarchy.
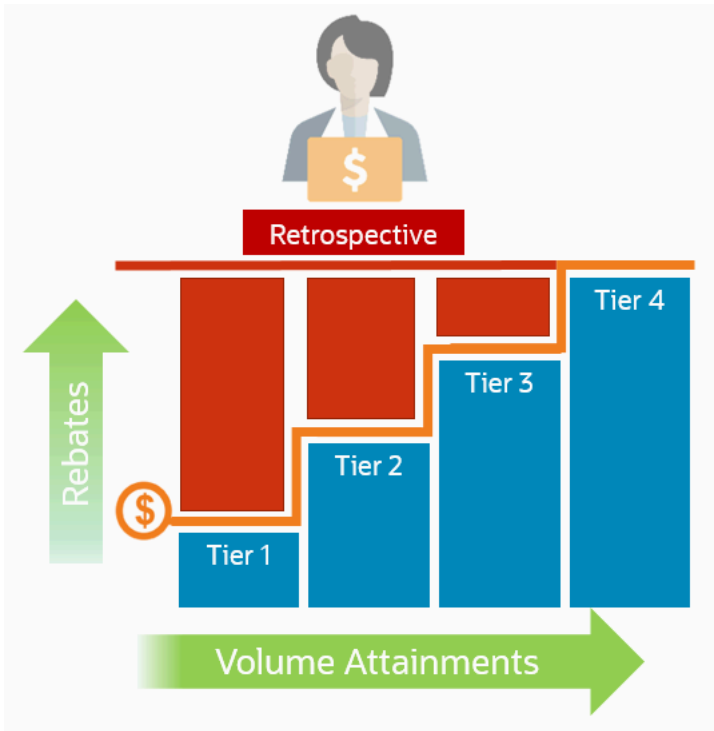
The program encourages the desired channel purchasing behavior within a specific time frame and increases the channel sell-through.

The program provides the ability to:

- Incentivize channel customers to reach predefined purchasing volume levels, and to track these rebates on each eligible sales transaction.

- Streamline and automates tracking and payment of volume rebates.

- Improve financial visibility to volume program liabilities.

Customer 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.

This program 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

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- Create, track, and pay immediate accruals including slotting fees, marketing incentives, and other non-transactional incentives.

Related Topics
- Roadmap for Setting up Customer Channel Management
- Elements of a Customer Annual Co-op Program
- Elements of a Customer Annual Volume Program
- Elements of a Customer Promotion Program
- Elements of a Customer Volume Program
- Elements of a Customer Lump Sum Program

How Customer Programs Work

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

Use Customer Channel Management to activate customer programs that incentivize channel purchase behavior for a specific time frame, thus increasing the channel sell-through.
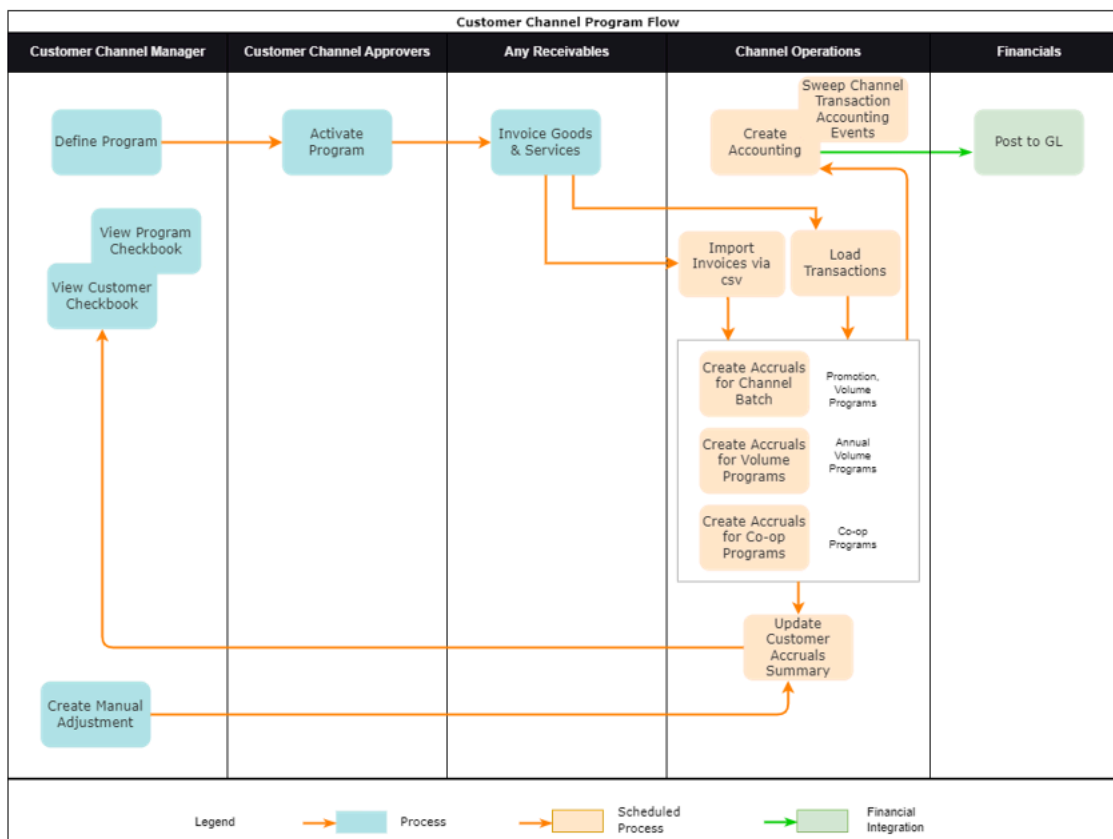
1. Operational administrators create program types representing channel business processes.
2. Channel sales managers negotiate and activate the programs based on configured program types.

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3. Channel customers purchase products through orders that are fulfilled and invoiced, and expect a rebate if eligible.

4. Operational administrators ensure that the import of sales data is either through CSV using the Import Management Framework, or run the Load Transactions scheduled process with Invoiced Sales Orders as the source if the orders are processed through Fusion Order Management's Auto Invoicing. Process these transactions to create accruals as follows:

    ○ Use the **Create Accruals for Channel Batch** process to create accruals for customer promotion and customer volume programs.

    ○ Use the **Create Accruals for Volume Programs** process to create accruals for customer annual volume programs.

    ○ Use the **Create Accruals for Co-op Programs** process to create accruals for customer annual co-op programs.

5. Create, update, view, or delete manual accrual adjustments to correct missed accruals, reverse invalid accruals, and to create starting balances for customer rebate, lump sum, and co-op programs.

6. Earned accruals are then tracked in the customer checkbook and program checkbook and posted to GL.

7. Channel claim analysts investigate claims and settle them as promotional against available program accruals.

8. Associated accruals in a claim are relieved in GL.

Related Topics
- How Deductions and Settlement Works with Receivables and Payables
- Load Transactions
- Create Accruals for Channel Batch
- Create Accruals for Volume Programs
- Create Accruals for Co-op Programs

How Customer Programs are Executed Against Invoiced Sales Orders

Here's how customer programs are executed against invoiced sales orders:

You can import invoiced sales orders through a CSV file using the Import Management framework or run the **Load Transactions** scheduled process with **Invoiced Sales Orders** as the source if the orders are processed through Fusion Order Management's Auto Invoicing. Eligible rebates are calculated according to the terms of the program 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 in the open status. You can view details of this batch on the Manage Batches page. The batch name is the same as the import activity name that you entered.

- The successful run of the **Load Transactions** scheduled process with **Invoiced Sales Orders** as the source creates a batch of transactions for processing in the open status. You can view details of the batch on the Manage Batches page. The application stamps the date and time of the batch creation in the **Batch Name** field.

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- The following processes check 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.

  - **Create Accruals for Channel Batch**: This process checks the eligibility of the batch lines and creates accruals for eligible customer promotion and customer volume programs.
  - **Create Accruals for Volume Programs**: This process checks the eligibility of the batch lines and creates accruals for eligible customer annual volume programs.
  - **Create Accruals for Co-op Programs**: This process checks the eligibility of the batch lines and creates accruals for eligible customer annual co-op programs.

After creation, you can:

- Track customer program accruals.

- View the performance of your customer programs using the customer and program checkbooks.

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.

> **Note:** No eligibility check is performed for customer lump sum programs, hence, you don't need to run any of the above scheduled processes for these programs.

Related Topics
- Overview of Managing Manual Adjustments
- Handling Import of Channel Data for Sell Side Flows
- How do I import data?
- How do I map import fields?
- Load Transactions

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 Settlement 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	Integration with Oracle Receivables happens when you run the Settle Customer Claims (scheduled process). Integration with Oracle Payables happens when you run the Import Payable Invoices (scheduled process) and the settlement is done using the Settle Customer Claims

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Flows	Program Administration	Inbound Integrations	Claims Administration	Outbound Integrations
				(scheduled process) for manual claims.
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 for Customer Promotions and Customer Volume programs) • Create Accruals for Volume Programs (scheduled process for Customer Annual Volume programs) • Create Accruals for Co-op Programs (scheduled process for Customer Annual Co-op programs) • Manual adjustments	Claims UI Create Manual Claims UI	Integration with Oracle Receivables happens when you run the Settle Customer Claims (scheduled process). Integration with Oracle Payables happens when you run the Import Payable Invoices (scheduled process) and the settlement is done using the Settle Customer Claims (scheduled process) for manual claims. Create Accounting (scheduled process) Sweep Channel Transaction Accounting Events (scheduled process)

Overview of Managing Manual Adjustments

You can manage manual adjustments to:

- Enable creation of starting balances in implementations.

- Improve robustness of the solution to handle missed and invalid accruals.

You can use the Programs page or the Channel Customer Manual Adjustments REST API to:

- Create, update, view or delete manual accrual adjustments to correct missed accruals, reverse invalid accruals, and to create starting balances for customer rebate, lump sum, and co-op programs.

- Create necessary adjustment accruals using the **Submit** action.

Note: Channel REST APIs are available under the Order Management Tasks.
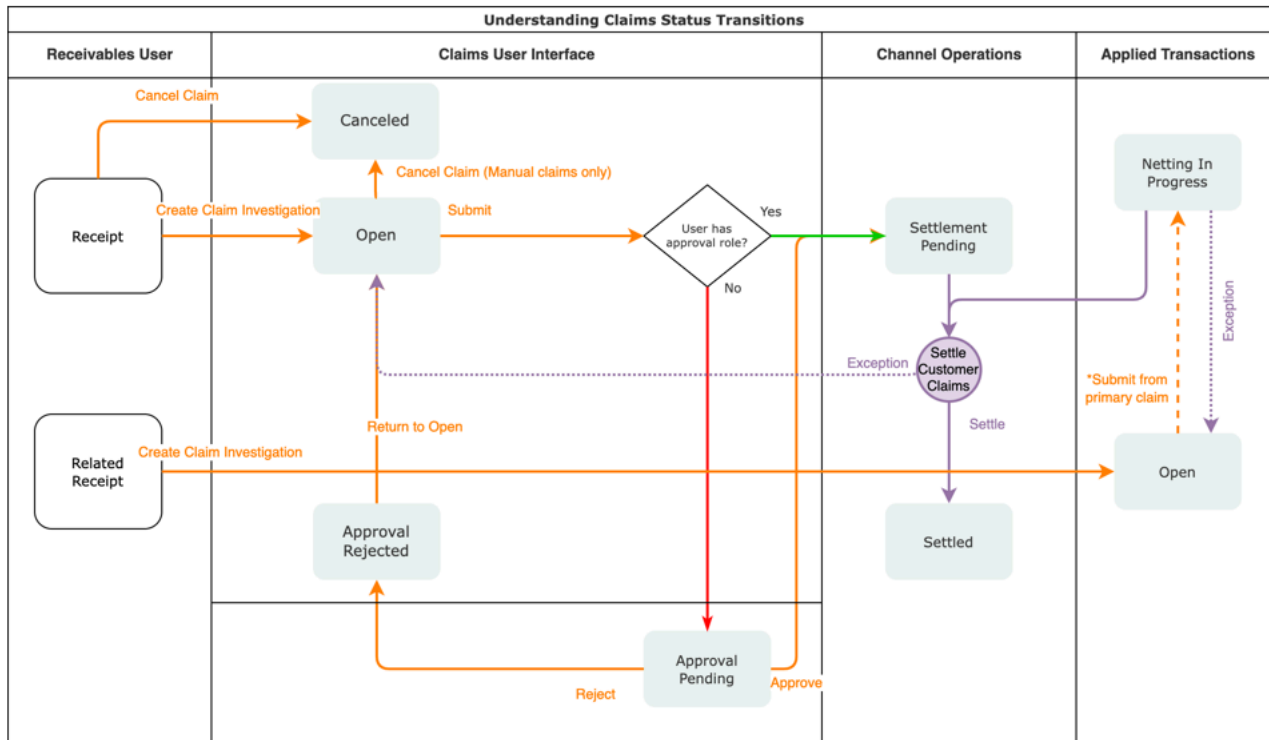
Related Topics
- Create a Manual Adjustment
- REST API for Oracle Fusion Cloud SCM

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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.

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.

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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 Chargeback 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 Custom Settlement Method Check (AP) Payables Default Payment (AP)	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.

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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.

   In addition you can also use the **Settle Customer Claims** scheduled process to settle your manual claims in Payables.
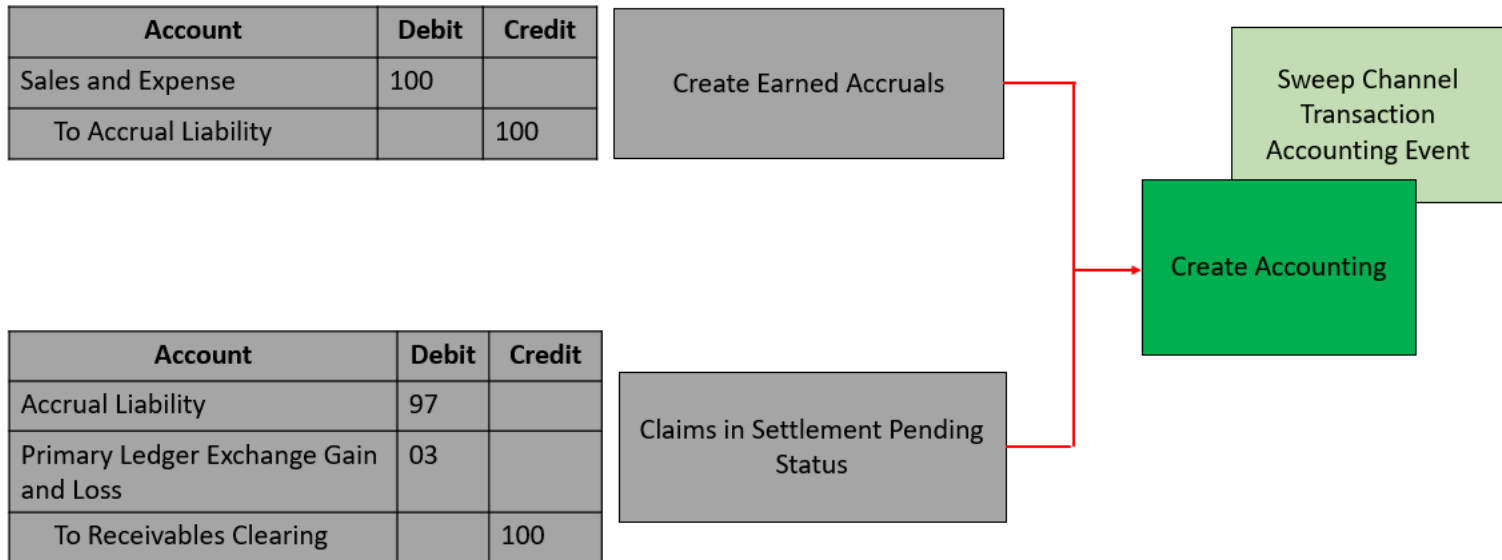
   - If applicable, taxes are calculated and applied to the claim.
   - If there is any remaining unsettled amount which is below the set threshold, it's written off.
   - If there is any remaining unsettled amount and write-offs don't apply, a child claim is automatically created and applied to the receipt.
   - 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.

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Account	Debit	Credit
Sales and Expense	100	
To Accrual Liability		100

Create Earned Accruals

Sweep Channel Transaction Accounting Event

Create Accounting

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

Claims in Settlement Pending Status

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.
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.

Related Topics

- Create Accruals for Channel Batch
- Schedule the Accounting of Channel Accruals and Relief of Accruals to General Ledger

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Indirect Sales

## Overview of Indirect Sales Management

Indirect Sales Management is the process by which a manufacturer validates requests, and manages trade promotion activities are executed indirectly through retailers and wholesalers (or dealers and distributors).

Special Price Agreement

Manufacturers and distributors use channels to move products and services to their end customers. To compete in these channels, distributors offer retailers retrospective discounts wherein the retailer pays the distributor for products at selling price and afterward the distributor pays the retailer some of it back in the form of rebates upon meeting certain conditions. In addition to promoting products through channels, distributors can also request special pricing. There are 3 types of distributor requests:

1. **Bid Request**: Use this request type to set up this program when a partner wants to win a deal for a specific customer. In this case, the end customer information must be specified. After the request is approved, the manufacturer or vendor can create a Special Price Request program.
2. **Blanket Request**: Use this request type to set up this program when partners have inventory in the warehouse and haven't been able to sell it, they can ask for a discount to clear the unsold inventory. The partners might want a special price to increase sales and offer new discounts to the customers. In this case, neither the Competitor's information nor the End Customer's information is required. These requests are shipped from stock by default.
3. **Meet Competitor Price**: Use this request type to set up this program when partners want to match a competitor's price and ask you to reduce the price to complete a sale. In this case, the competitor's information can be tracked and the end-customer information must be specified. After the request is approved, the vendor can create a Special Price Agreement program.

Special price agreements enable you to manage special price requests from partners to support competitive sales deals, specific end-customer deals, and to clear existing inventory in the partner's warehouse. You can review and approve the special price request, import POS data, and validate partner claims. You can also settle claims using a check or credit memo.
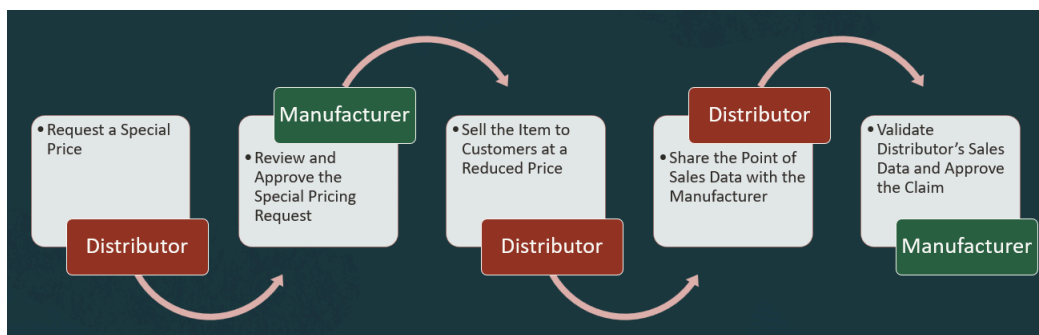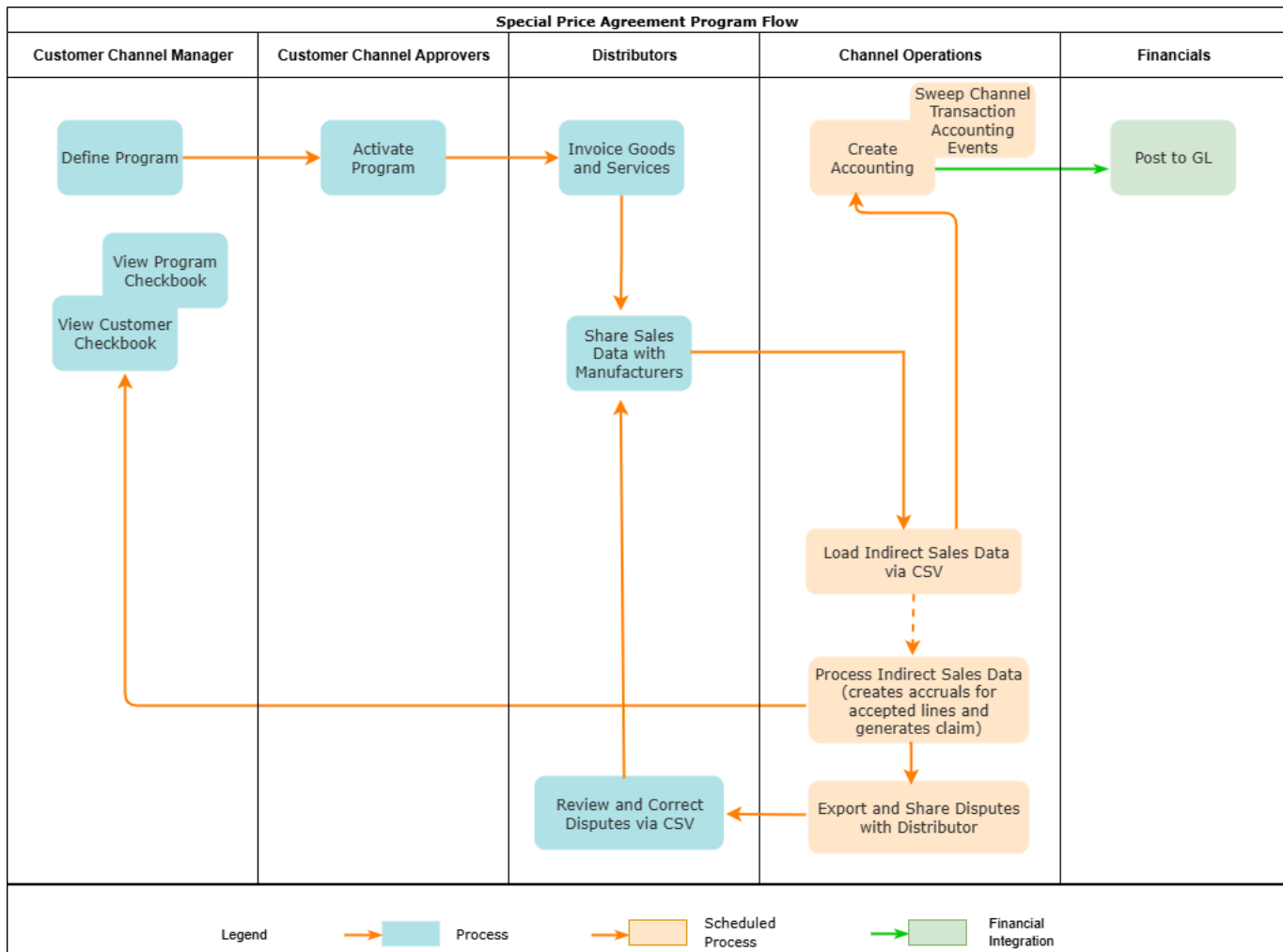

The distributor may request a special price or discount for items they have already purchased. The request is reviewed and approved by the manufacturer or the entity that sold the products to the distributor. Once approved, the distributor sells the products to their customers and then submits a claim for the discount amount by providing proof of sale.

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Special price agreements enable you to:

- Increase efficiency and reduce administrative costs of receiving, reviewing, and managing special pricing requests.

- Increase partner loyalty by helping them win more deals thereby increasing their revenue.

- Increase vendor revenue by responding more quickly and intelligently to special pricing situations than your competitors therefore closing more sales.

- Enable the vendor to ensure legal compliance with regulations governing special pricing activity (applicable in the U.S.).

- Optimize product pricing analysis and strategy by gaining visibility into competitive selling situations.

How Special Price Agreement Works

Use Customer Channel Management to activate special price agreement programs to support competitive sales deals, specific end-customer deals, and to clear existing inventory in the partner's warehouse.

1. Operational administrators create program types representing channel business processes.
2. Customer Channel managers define the special price agreement program based on configured program types.

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3. Distributors request a special price.
4. Customer Channel Approvers activate the special price agreement program.
5. Distributors share sales data for goods and services with the manufacturer.
6. Operational administrators ensure that the import of sales data is done through CSV using the Import Management Framework. The Load Indirect Sales Data Via CSV process triggers the **Process Indirect Sales Data** process automatically and this process creates the Channel Batch, accruals for eligible records, and updates the checkbook.

   During implementation, you can choose to generate separate claims for each special price agreement or to generate a single claim for a distributor across all special price agreements.

   Additionally, you can choose how to handle disputes. A discrepancy between what is claimed versus calculated is a dispute. You can choose to support a business process where claim analysts must review generated claims with any disputes, or to submit a claim for undisputed rebates immediately. If you have a strategic customer, you may claim immediately so their validated rebates are paid as soon as possible. You can decide how you want to treat disputed batches in general and at the distributor level. These disputes can be exported and sent back to the distributor for correction. Corrected CSV files are imported and processed as new batches in the system.
7. Earned accruals are then tracked in the customer checkbook and program checkbook and posted to GL.
8. Channel claim analysts review the special price agreement claims and settle them as promotional against the accruals.
9. Associated accruals in a claim are relieved in GL.

Related Topics
- Roadmap for Setting up Indirect Sales Promotions
- Schedule the Accounting of Channel Accruals and Relief of Accruals to General Ledger
- Sweep Channel Transaction Accounting Events
- Overview of Customer Claims

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:
   - URL to access Channel Revenue Management.
   - 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.
   - To access the supplier features of Channel Revenue Management, select Supplier Channel Management under Order Management or Procurement.
   - To access claim settlement and deduction features, select Deductions and Settlement under Order Management.
   - 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.

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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. If the linked deduction or overpayment and any of their child claims are in approval pending, settlement pending, netting in progress, or settled statuses, then you can't reverse the receipt or unapply the claim investigation activity.

Related Topics

- Channel Revenue Management Non-Invoice-Related Claim Investigations
- Channel Revenue Management in Receivables

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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 and Payables
- 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** checkbox 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

Search Customer Claims

Here you'll learn how to search customer claims.

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 (name and email address)
- 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 (predefined filter)
- Open (predefined filter)
- Status (predefined filter)
- Business Unit

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- Claim Type

- Claim Reason

- Claim Source

- Claim Date

- Invoice Date Range

- Claim Age - displays the most recent claims first

- Unassigned - displays all claims that don't have an associated owner

Create Manual Claims

Here you'll learn how to create manual claims.

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 **Claim Number**.
    - 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**.
    - Optionally, enter the **Source Claim System**. This is the name of the third-party system from which the claim is generated.
    - Optionally, enter the **Source Claim Number**. This is the claim number in the third-party system from which the claim is generated. If you don't add a number, the application automatically generates a number when you save your claim.
    - 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.

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Related Topics
- Elements of a Customer Claim

Manage Special Pricing Claims

Here you'll learn how to manage special pricing claims.

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 drill down to individual claims to resolve them.

1. On the Claims search page, you can use keyword search and smart filters to quickly search for your special pricing claims. Use the program type filter to identify your special price agreement claims. These are typically in Settlement Pending or Settled status because they are generated during batch processing.
2. Use the General tab to view the details of the claim.
3. Use the Settlement tab to view the settlement method and association details.
4. Use the Notes and Attachments tab to upload attachments and add notes, to capture additional information if necessary.
5. 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.
Business Unit	The Business Unit associated with the claim.
Claim Source	The source from which the claim is created. For special price claims, this is Special Pricing 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.
Contact	The contact for the distributor.
Bill to	The bill-to account, site, customer, and address details.
Ship to	The customer, site, and address details.
Reference	Reference details provided by the distributor. These details include: • Customer Reference: This is the Distributor Claim Number from the CSV file. • File Name: This is the name of the CSV file.

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Field	Details
	• Agreement: This is the name of the Special Price Agreement.
Additional Information	Descriptive flexfields with a global context.
Settlement summary	The summary for the settlement. This details include Claim Type, Claim Reason, Remaining Amount, Submitted Date, Submitted By, Approved Date, Settlement Date, Settled Amount, Accounted Settled Amount, Accounting Date.

Settlement - Promotional Tab

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

Field	Details
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.
Comments for Approvers	You can add comments for approvers in this field.
Settlement Method	The settlement method for the special price agreement. It could be Credit Memo - On Account, Check, and Payables Default Payment.
Credit Memo on Account	The details for the settlement method such as Bill To, Account and Site, Address, Contact, Transaction Type, Reason, Override Transaction Date, Accounting Date, and Transaction Salesperson.
Check	Enter the details for the settlement method such as Supplier, Site, Override Transaction Date, and Accounting Date. These fields are enabled only if you selected a Payables related accounting method. This settlement method is applicable only for Manual Claims and Special Pricing Claims.
Payables Default Payment	Enter the details for the settlement method such as Supplier, Site, Override Transaction Date, and Accounting Date. These fields are enabled only if you selected a Payables related accounting method. This settlement method is applicable only for Manual Claims and Special Pricing Claims.
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.

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.

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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:
	
	• 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.

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Status	What happens with the claim

	• 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.

- 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 enter 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.
Business Unit	The Business Unit associated with the claim.
Claim Source	The source from which the claim is created.
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.

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Field	Details
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.
Source Claim System	The name of the third-party system from which the claim is generated.
Source Claim Number	This is the claim number in the third-party system from which the claim is generated. If you don't add a number, the application automatically generates a number when you save your 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 field 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. **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.

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Field	Details
	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.
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.
Comments for Approvers	You can add comments for approvers in this field.
Add Settlement Method	Choose the settlement method. You can choose from Credit Memo - On Account, Check, and Payables Default Payment.
Credit Memo on Account	Enter the details for the settlement method such as Pay Unrelated Customer, Bill To, Account and Site, Address, Contact, Transaction Type, Reason, Override Transaction Date, Accounting Date, Claim Amount Includes Tax, and Transaction Salesperson.
Check	Enter the details for the settlement method such as Supplier, Site, Override Transaction Date, and Accounting Date. These fields are enabled only if you selected a Payables related accounting method. This settlement method is applicable only for Manual Claims.

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Field	Details
Payables Default Payment	Enter the details for the settlement method such as Supplier, Site, Override Transaction Date, and Accounting Date. These fields are enabled only if you selected a Payables related accounting method. This settlement method is applicable only for Manual Claims.
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.

Splits Tab

This tab displays a list of claims that were split from the current claim. The following table gives the details of some of the fields in the Splits tab:

Field	Details
Remaining Amount	The amount remaining in the claim.
Split Total	The total amount used in the split. The split claim amount or the sum of the split claim total amount is always less than or equal to the parent claim amount.
Copy attachment from source claim	If this is selected when the split claims are initially saved, then all attachments from the parent claim are copied to the child claim.
Split Claim	Click this to create a split.
Delete	Select a split and click this to delete the split claim. You can't delete a split claim after generating the split claim number.
Claim Number	The claim number is automatically generated when you save the claim and you can't edit this field.
Claim Type	Select an option. If you leave this field blank, then the type of the parent claim is defaulted.
Claim Reason	Select an option. If you leave this field blank, then the reason of the parent claim is defaulted.
Amount	Enter the amount for the split claim. This is a required field.
Reference	Enter customer reference information such as debit memo number.
Automatic split	This is read only and displays for system generated splits.
Status	Displays the claim status.

Confirmation Tab

Receivables

Field	Details
Settlement Method	The name of the settlement method used to settle the claim. For example, Credit Memo - On Account.
Open Transaction Number	Displays for netting scenarios such as open overpayment, open deductions, and open credit memo.
Original Amount	The original amount that you entered to settle the claim.
Type	The type of instrument that is created in Receivables as part of the settlement. For example, Invoice.

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Field	Details
Credit Memo Customer	The name of the customer on the credit memo. This field is displayed when the claim or deduction uses a Credit Memo on Account settlement method.
Number	The instrument number created in Receivables as part of the settlement.
Date	The instrument date created in Receivables as part of the settlement.
Total	The total instrument amount including tax.
Tax	The amount of tax applied.

Payables

Field	Details
Settlement Method	The name of the settlement method used to settle the claim. For example, Check.
Type	The type of instrument. For example, Invoice.
Number	The instrument number.
Date	The date of the instrument.
Instrument Amount	The amount in the instrument.
Instrument Payee	The name of the supplier for whom this instrument is created.
Instrument Status	The status of the instrument. For example, APPROVED.
Payment Type	The type of payment in the instrument. For example, Check.
Payment Number	The payment number in the instrument. For example, the check number.
Payment Date	The payment date in the instrument.
Payment Amount	The payment amount in the instrument.
Payment Payee	The name of the supplier who receives this payment.
Payment Status	The payment status in the instrument. For example, NEGOTIABLE.

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.

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Date Field	Description
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.

Claim Policy Advisor

Use generative AI as a claim policy advisor to help analysts navigate policy and procedure during claim settlement.

AI agents enable you to get information on claims policies such as documentation requirements, procedures for evaluating and approving claims, guidelines on identifying and handling potential fraud, and instructions on adhering to relevant laws, regulations, and internal controls. Use natural language to ask questions and the AI agent fetches relevant answers from your knowledge base documentation.

Split Claims

Split claims enables you to split a claim into multiple separate claims and facilitates the process of research and settlement.

Splitting claims is enabled for manual clams, deductions, and overpayments. You can split claims only when the claim is in the Open status. You can create a maximum of a 100 splits. Split claims use the parent claim number, with the addition of a suffix as an identifier. When you split a claim, you can view the remaining amount and the split total assigned to the new claims. If you don't allocate the entire amount of the claim to the split claims, then the unassigned balance remains on the parent claim.

When you split a claim, you can:

- Settle a part of a claim, for example, a customer submits a claim for $50,000, but you can validate only $10,000. You can split this claim into two claims, validate and settle one of them, and leave the remaining claim open for further investigation.

- Facilitate the investigation of a claim caused by multiple reasons, for example, a customer submits a claim for $100,000 that's based on an audit of their records. After the initial investigation, you determine that this amount comprises of three earlier claims that the customer believes they never received payment for. To further investigate the claim, you can split it into three claims to investigate each reason separately.

- Settle only the valid portion a claim. For example, a customer may submit claims where only a part of the claim is valid. You can split such claims, verify, and settle the part you have verified. The other part of the claim may be left open for further investigation, or it may be charged back to the customer. For example, a customer submits a claim for a short shipment and to claim promotional discount. The promotional discount part is valid,

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but the short shipment part requires further investigation. You can split the claim into two claims, settle the one for the promotional discount, and leave the other claim open for further investigation.

The following table shows an example of how to split a claim with multiple reasons. You send an invoice to a customer for $200,000. You receive a check for $40,000 that includes a deduction for $160,000. However, the customer hasn't provided a reason for the deduction, hence, you can create a deduction using the reason Unknown.

After investigation, you determine that the customer has deducted $60,000 for promotions, $80,000 due to damages, and $20,000 due to duplicate billing. You can split the claim one in any of the following ways:

Number	Status	Amount	Reason
DED2024	Canceled	0	Unknown
DED2024_1	Open	60,000	Promotions
DED2024_2	Open	80,000	Damages
DED2024_3	Open	20,000	Duplicate Billing

Number	Status	Amount	Reason
DED2024	Open	60,000	Promotions
DED2024_1	Open	80,000	Damages
DED2024_2	Open	20,000	Duplicate Billing

Each claim number uses the parent claim number, with the addition of a suffix as an identifier such as DED1_1 in the example above. Receivables uses this number for tracking.

> **Note:** After a claim is split, the parent and the child claim are treated as separate claims during claim research. The fund balances in a child claim can't be modified.

Resolve Nonpromotional Claims

Here you'll learn how to resolve nonpromotional claims.

Claim Source	Settlement Method	Apply Open Transactions	Settlement
Deduction	Credit Memo - On Account (Nonpromotional) • with item lines • with memo lines • with non-item based line (description only)	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.

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Claim Source	Settlement Method	Apply Open Transactions	Settlement
	• optionally tax inclusive Manual Write-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 Chargeback Manual Write-off Auto Write-off	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) • with item lines	N/A	Integrated with Receivables for tax calculation for credit memos.

Claim Source	Settlement Method	Apply Open Transactions	Settlement
	• with memo lines • with non-item based line (description only) Custom Settlement Method Check • with item lines • with non-item based line (description only) Payables Default Payment • with item 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. Integrated with Payables for tax calculation for Check and Payables Default Payment settlement methods. 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.

Settlement Method	Steps
	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 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 Credit Memo	1. Select **Open Credit Memo** as the settlement method. 2. In the Apply open transactions section, enter the following: ◦ From the **Open Transaction Number** list, select the existing credit memo that you want to apply on the deduction. ◦ 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: ◦ From the **Open Transaction Number** list, select the existing overpayment that you want to apply on the deduction. ◦ 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.

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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. 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.

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Settlement Method	Steps
	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**. 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.

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Settlement Method	Steps
	3. Enter the amount. 4. Enter these fields, if required. ○ **Override Transaction Date:** Date to be used as the Receivables transaction date for the credit memo. ○ **Transaction Salesperson:** Enter the name of the salesperson for the transaction. 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: ○ From the **Open Transaction Number** list, select the existing deduction that you want to apply on the overpayment. ○ 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 **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 directly enter the amount, then the quantity is populated as 1, and the unit price becomes the amount you entered.

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Settlement Method	Steps
	4. The transaction type configured in the claim type setup is used for creating invoice in receivables. 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.
Custom Settlement Method	1. Select the configured custom settlement. **Note:** If the settlement method is configured in the claim source setup and the **Default** checkbox is selected, then the settlement method is displayed by default. 2. If the selected custom settlement is linked to Payables in the claim source setup, then optionally select the **Supplier** and **Supplier Site** details. The **Supplier** and **Supplier Site** details are defaulted if they are configured in the customer trade profile. 3. Enter these fields for the custom settlement method, if required : ○ **Override Transaction Date**: Date to be used as the transaction date for the settlement method. ○ **Accounting Date**: Accounting date for the claim. ○ **Transaction Salesperson**: Select the name of the salesperson for the transaction. This field is available only if the custom settlement is linked to Receivables in the claim source setup. ○ **Claim Amount Includes Tax**: This is available only if the custom settlement is linked to Receivables in the claim source setup and it's a non-promotional settlement. 4. If it's a non-promotional settlement, then select a line type from the **Type** list: ○ **Item**: Select an item from the list. ○ **Description**: Select a description from the list. ○ **Memo Line**: Select a memo line from the list. This is available only if the custom settlement is linked to Receivables in the claim source setup. ○ Enter the **Quantity** and **Unit Price** or the **Amount**. 5. If it's a promotional settlement: ○ Enter the amount to associate and click **Associate**. 6. Click **Save**.
Check	1. Select the settlement method **Check**. **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. Enter the following details as required: ○ **Supplier:** If the default supplier is configured in the Customer Trade Profile, then that supplier displays here. You can select another supplier. ○ **Site**: The supplier site for the default supplier displays here. ○ **Override Transaction Date:** Date to be used as the Payables transaction date for the check. ○ **Accounting Date:** Accounting date for the claim. **3.** Click **Save**.
Payables Default Payment	**1.** Select the settlement method **Payables Default Payment**. **Note:** The settlement method is selected by default if it's configured in the claim source setup. **2.** Enter the following details as required: ○ **Supplier:** If the default supplier is configured in the Customer Trade Profile, then that supplier displays here. You can select another supplier. ○ **Site**: The supplier site for the default supplier displays here. ○ **Override Transaction Date:** Date to be used as the Payable transaction date for the Payables Default Payment. ○ **Accounting Date:** Accounting date for the claim. **3.** Click **Save**.

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. If your channel customer deducts based on invoice or item, then use the **Invoice and Item** view to associate accruals at program, invoice and item level. To enable this view, you must first filter by one of the following: program, invoice, or item, and execute the search. Then click on **Invoice and Item view**.

  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.

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

- The Program view displays the **Program**, **Customer**, **Transaction Currency**, **Earned**, **In Progress or Paid**, **Available**, **Amount to Associate**. Click **Action** to add a value for the **Amount to Associate**.

  > **Note: Pay Over Earnings** is supported only in the Program view.

  If you are associating accruals for a program where the Group Accruals for Claim Accounting checkbox is enabled, then the associated accrual lines are grouped during the claim settlement, before passing them to Subledger Accounting (SLA), instead of passing individual lines. This is supported only in the Program view.

- The Invoice and Item view displays **Program**, **Customer**, **Invoice**, **Item**, **UOM**, **Earned Quantity**, **Transaction Currency**, **Earned**, **In Progress or Paid**, **Available**, **Amount to Associate**. Click **Action** to add a value for the **Amount to Associate**.

- 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 methods for promotional customer claims are:

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

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Claim Source	Settlement Method
	Custom Settlement Method
	Check
	Payables Default Payment

Pay Over Earnings

Pay over earnings is applicable for promotional settlement only. Pay over earnings for a customer account are supported for settlement by Credit Memo on Account, Check and Payables Default Payment, 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 annual co-op, customer annual volume, customer promotion, and customer 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.
- 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.

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Pay Related and Unrelated Customers

In this topic, you'll learn about how you can pay related or unrelated customers.

You can select a related customer as a payee when you settle a deduction or a manual claim with a credit memo. Customers are related on the basis of Bill-to customer relationships specified in Accounts Receivable. The relationship is configured in AR and based on the applicable set for the claim business unit, values are rendered in Channel Revenue Management. Additionally, for manual claims, you can select an unrelated customer as the payee.

Pay Related Customer

You may want to settle claims or deductions for accounts that are related to your customer and issue a credit memo to them.

- When you select Credit Memo On Account as the settlement method, you can select a related customer account for both promotional and non-promotional claims.

- If you select a related customer account, then the receivable credit memo is created for the related customer and the related customer is used as the bill-to for the credit memo.

- The Bill-to field lists all the accounts related to the claim or deduction bill-to customer based on the claim business unit and the applicable AR Reference Data that's configured.

- The confirmation tab displays the credit memo customer details based on your selection. If you selected a related customer, then these details are displayed. If you didn't select a related customer, then this tab displays the claim or deduction customer.

Pay Unrelated Customer

Sometimes you may also want to settle claims or deductions for accounts that are unrelated to your customer and issue a credit memo to them. The ability to pay unrelated customers is available from manual claims, not from deduction claims.

- For manual claims, select the Pay Unrelated Customer switch that enables you to select and pay an unrelated customer.
  - By default, the Pay Unrelated Customer switch is deselected. When you use the Credit Memo on Account settlement method and this switch is deselected, then the claim Bill-to is automatically defaulted to the Bill-to section of the Credit Memo region.
  - When you select the Pay Unrelated Customer switch, the existing Bill-to values are retained, and you can select any Bill-to under the business unit.

- Select the related Bill-to from the list of values and save it.

- Select the claim Bill-to customer to revert the Credit Memo Bill-to back to the claim Bill-to customer.

Approve Claims

Here you'll learn how to approve claims.

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Here you approve claims in Channel Revenue Management.

> **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.

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.

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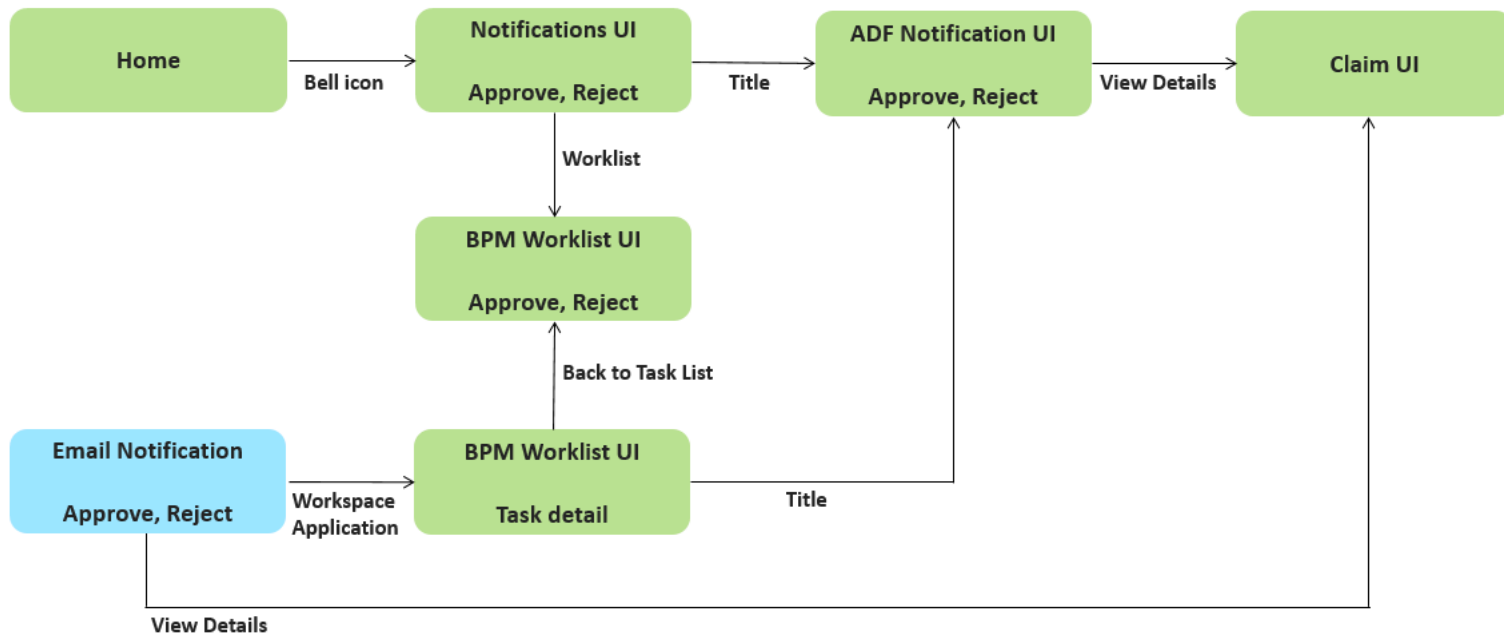
When a claims analyst submits the claim for approval, the claim moved into **Approval Pending** status. Depending on the rules defined for approvals, the application automatically notifies the claim approvers. Depending on the permissions you have, you can:

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.
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.

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Settle Customer Claims

Here you'll learn how to 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. You can:

- Identify available accruals by program

- Associate accruals to a claim

- Issue a credit memo on account, or a check, or a Payables default payment.

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.

If a claim fails settlement in Receivables or Payables, then the Settle Customer Claims process reopens the claim.

> **Note:** To diagnose failures in AR or AP, examine the logs in the Settlement Customer Claims scheduled process.

How Netting Works

Here you'll learn how netting works.

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.

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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4 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 **Supplier** to default this supplier as the configured supplier when the settlement method is Check or Payables for Payment Default.
6. Select the **Site** to select the supplier site for the default supplier.

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7. The **Address** of the selected supplier site is displayed.

8. Select the **Enable** checkbox to enable the trade profile.

9. If you're assigning the claims to a default owner, select this owner from the **Claim Owner** list.

10. In the **Settlement by Write-Off** section, enter the amount in the **Deduction Threshold** field to set a deduction threshold.

11. In the **Pay Over** section, enter the following values:

    a. Select a value from the list in the **Pay over Earnings** field. You can configure this setting at either the customer or account levels:

       - **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.

    b. Select a value from the list in the **Threshold Type** field. You can configure this setting at either the customer or account levels:

       - **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.

    c. Enter a value in the **Threshold Value** field. You can configure this setting at either the customer or account levels:

       - 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.

    d. 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**. You can configure this setting at either the customer or account levels:

       i. **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.

       ii. **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. In the **Payables Integration** section:

    a. Enter select the **Supplier** to default this supplier as the configured supplier when the settlement method is Check or Payables Default Payment.

    b. Select the **Site** to select the supplier site for the default supplier.

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      c. The **Address** of the selected supplier site is displayed.

13. In the **Indirect Sales** section:

      a. Select a value in the **Special Price Batch Processing Mode** field. You can configure this setting at either the customer or account levels:

            - **Immediate Claim**: Select this to indicate whether claims should be created automatically for the valid lines.

            - **Review and Claim**: Select this to indicate whether claims should be created manually after reviewing the batch.

      b. Select a value in the **Distributor Contact for Batch** field. You can configure this setting at either the customer or account levels:

      c. Select a value **Special Price Agreement Batch Export Report** field. You can configure this setting at either the customer or account levels:

14. In the **Automatic Payment** section, select a **Settlement Method** from the list. You can choose from **Check**, **Credit Memo - On Account**, or **Payables Default Payment**. You can configure this setting at either the customer or account levels:

15. Click **Save**.

16. 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. You can configure this setting at either the customer or account levels:

      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.

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:

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

Related Topics
• Manage Channel Settings

5   Manage Deductions and Settlement Operations

Overview of Deductions and Settlement Scheduled Processes

You can set up scheduled processes to do tasks for you. Following are the business processes that you can complete using scheduled processes.

Business Process	Scheduled Process Name
Settle customer claims	*Settle Customer Claims*
Reprocess stalled mass update claims	*Mass Update Claims*
Reprocess stalled mass settle claims	*Mass Settle Claims*

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

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