Oracle SCM Cloud
Using Inventory Management
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Preface

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

Using Oracle Applications

Using Applications Help

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

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

You can also read Using Applications Help.

Additional Resources

- **Community:** Use Oracle Cloud Customer Connect to get information from experts at Oracle, the partner community, and other users.
- **Guides and Videos:** Go to the Oracle Help Center to find guides and videos.
- **Training:** Take courses on Oracle Cloud from Oracle University.

Conventions

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

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

Documentation Accessibility

For information about Oracle’s commitment to accessibility, visit the Oracle Accessibility Program website.

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

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

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

Review Item Supply and Demand

Review Item Supply and Demand: Explained

Use the Review Item Supply and Demand page to view a quick summary of on-hand quantity, incoming supply, and outgoing demand on products. This page gives you a time-phased look at on-hand quantity as well as details on all types of demand and supply to quickly assess and take action for your organization.

Access this page from the Review Item Supply and Demand task in the Inventory Management work area.

Note: The Review Item Supply and Demand page displays on-hand quantities as the first row in the table, followed by the supplies and demand in chronological order.

Important features of the Review Item Supply and Demand page include:

- Quantities to include
- Supply types
- Demand types

Quantities to Include

You can filter the quantities to include in your search results.

The following table explains the choices you have for the Quantities to Include search field.

<table>
<thead>
<tr>
<th>Quantities to Include</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>This includes quantities that are both available and not available for fulfilling demand, as well as quantities that are available to promise.</td>
</tr>
<tr>
<td>Nettable only</td>
<td>Search results include only nettable quantities. This includes only quantities available for fulfilling demand.</td>
</tr>
<tr>
<td>ATP only</td>
<td>Search results include only available to promise quantities. This includes only quantities that are part of a company’s inventory and planned production, which are available for future orders.</td>
</tr>
</tbody>
</table>

Supply Types

The available supply types include:

- On-hand quantity
- Purchase order quantity in Oracle Fusion Receiving
- Purchase orders
• Purchase requisitions
• In-transit shipments
• Transfer orders
• Transfer order quantity in Oracle Fusion Receiving
• Work order assembly

All supply types, except for on-hand quantity and transfer orders, increment the available quantity. Transfer orders can increment the available quantity only if there are no in-transit shipments associated with the transfer order.

### Demand Types

The available demand types include:

• Sales orders
• Transfer orders
• Transfer order shipment lines
• Shipment lines
• Outside processing orders
• Return to supplier orders
• Return to supplier orders from outside processing manufacturing
• Sales order reservations
• Transfer order reservations
• Work order reservations
• User-defined reservations
• Account reservations
• Account alias reservations
• Cycle count reservations
• Movement request transfer demand
• Movement request issue
• Work order components

Outside processing orders, user-defined reservations, movement request transfer demands, movement request issues, and work order components always decrement the available quantity. Sales order reservations, transfer order reservations, and work order reservations only decrement the available quantity when the supply is not on hand. Also, sales orders and transfer order shipment lines only decrement the available quantity when there are no reservations. Finally, transfer orders lines only decrement the available quantity when there are no shipment lines.

### FAQs for Review Item Supply and Demand

**What's the difference between nettable and nonnettable quantities for on-hand quantity and availability calculations?**

Nettable quantities are quantities available for fulfilling demand. Nettable quantities are included in the on-hand quantity and available quantity calculations for the Review Item Supply and Demand page. An item quantity is nettable when the subinventory, locator, and lot for that quantity are nettable for their associated material statuses.
Nonnettable quantities are quantities not available for fulfilling demand. Nonnettable quantities are not included in the on-hand quantity and available quantity calculations for the Review Item Supply and Demand page.

Manage Pending Inventory Balances: Procedure

A pending transaction is either a transaction that is waiting to be executed, or a transaction that has been executed, but has resulted in an error.

For pending cycle counts, physical counts, and material status, do the following:

1. Open the scheduled process interface from the Navigator
2. Search for and run the Manage Inventory Balances Process.

For cycle count, physical count, and material status errors, do the following:

1. Click Manage Inventory Balance Messages in Spreadsheet from the Inventory task list in the Inventory Management work area.
2. Edit the errors.
3. Upload the data.

To do this task you need an Excel add-in. From the Navigator, click the Download Desktop Integration to install the add-in.

FAQs for Managing Item Quantities

What's the difference between primary quantity and secondary quantity?

Primary quantity is the quantity of items in the primary unit of measure.
Secondary quantity is the quantity of items in the secondary unit of measure.

What's an owning party?

The party with the financial liability of the consigned inventory.

Can I store both consigned and owned material in the same location?

Yes, the application allows you to store both consigned and owned material in the same material location (commingling), but it should be avoided.
2 Manage Inventory Transactions

Create Subinventory Transfer

Subinventory Transfers: Explained

Use a subinventory transfer to transfer material within your current organization between subinventories, or between two locators within the same subinventory. Examples of subinventory transfers are transferring between asset and expense subinventories, and transferring between tracked and non-tracked subinventories.

Availability Types: Explained

Availabitlity types denote quantities of items that are available to transfer, and that are on hand.

You can view quantities in the following availability types:

- Available
- Secondary Available Quantity
- On Hand
- Secondary On-hand Quantity

Available

The quantity that is available to transfer based on the unit of measure you specify, which is the quantity on hand less all reservations for the item. This amount could include the amount that you have reserved if you enter a transaction source that has reservations against it. The available quantity includes reservations against the current transaction source, and is specific to the revision level, lot number, source subinventory, and source locator that you specify for the transfer.

Secondary Available Quantity

The quantity that is available to transfer in the secondary unit of measure. This value displays if the item is under dual unit of measure control.

On Hand

The current on-hand quantity for the item, based on the unit of measure you specify. The on-hand quantity is specific to the revision, lot number, source subinventory, and source locator you specify for the transfer. On-hand includes quantities for pending transactions.

Secondary On-Hand Quantity

The current on-hand quantity of the item in the secondary unit of measure. This value displays if the item is under dual unit of measure control.
FAQs for Creating Subinventory Transfers

How can I immediately transfer material between subinventories?
Use the Create Subinventory Transfer page to create a subinventory transfer. Subinventory transfers occur immediately after you create and submit them.

How can I create a subinventory transfer for consigned inventory transactions?
Enter a value for the owning party on the Create Subinventory Transfer page.

Create Miscellaneous Transaction

Miscellaneous Transactions: Explained

A miscellaneous transaction is a transaction, such as a miscellaneous issue or miscellaneous receipt, that you can use to issue material that does not have or require documentation support.

The following aspects are important when creating miscellaneous transactions:

- Examples
- E-signatures for approval

Examples

In your organization, you can create miscellaneous transactions to:

- Perform manual adjustments to the general ledger by receiving material from one account to inventory, then issuing that material from inventory to a different account
- Load all on-hand items at the beginning of the Oracle Fusion Inventory Management implementation process
- Issue items to individuals, departments, or projects
- Receive items that were acquired without purchase orders
- Enter adjustments and corrections to system quantities outside of performing cycle counting or physical inventory counting, due to theft, vandalism, loss, shelf life expiration, or inaccurate record keeping
- Issue damaged items to expense accounts, such as scrap

E-Signatures for Approval

If miscellaneous transactions are configured for approval using e-signatures, the E-Signature page opens when you create a miscellaneous transaction and click Submit for Approval. Use the page to approve the transaction.

The e-signature IDs are recorded and available on the Review Completed Transactions and Review Completed Transaction Details pages.

For information about e-signatures, see the Oracle SCM Using E-Signatures and E-Records guide, available on the Oracle Help Center.

For information about how to configure e-signatures for supply chain management transactions, see the Oracle SCM Cloud Implementing Manufacturing and Supply Chain Materials Management guide, available on the Oracle Help Center.
FAQs for Creating Miscellaneous Transactions

What's a miscellaneous transaction?
A miscellaneous transaction is a transaction, such as a miscellaneous issue or miscellaneous receipt, that you can use to issue material that does not have or require documentation support. You can create miscellaneous transactions to make ad-hoc adjustments to on-hand quantities, or to issue material to individuals or projects that are not in inventory or receiving, such as a research and development group or an accounting department.

How can I receive material that does not have a purchase order number?
Create a miscellaneous transaction of type miscellaneous receipt.

How can I issue material without creating a movement request?
Create a miscellaneous issue on the Create Miscellaneous Transaction page. Access this page from the task pane of the Inventory Management work area.

What's Enter Cost Details?
You can click Enter Cost Details to specify a cost for the transaction that is other than the default. If you do not specify a cost, the default current cost of the item is used.

How can I enter the unit cost for miscellaneous transactions?
Enter unit costs on the Create Miscellaneous Transaction page or through the Transaction Manager service.

How can I create miscellaneous transactions against a specific owning party for consigned inventory items?
Enter a value for the owning party on the Create Miscellaneous Transaction page.

Create Interorganization Transfer

Interorganization Transfers: Explained
Interorganization transfers enable you to transfer material between inventory organizations, which can be necessary if you define multiple inventories, warehouses, and manufacturing facilities as distinct inventory organizations.

In addition to being able to transfer one or more items in a single transaction, you can transfer partial quantities of the same item to different subinventories and locators in a single transaction. The items that you transfer must exist in both the source and destination organizations.

You can create the following types of interorganization transfers:

- Direct interorganization transfers
- In-Transit interorganization transfers
Direct Interorganization Transfers
Direct interorganization transfers move items directly between inventory organizations. The destination organization receives the material immediately when you submit the transaction.

In-Transit Interorganization Transfers
In-transit interorganization transfers move items directly from the source organization to in-transit inventory. You usually transfer material to in-transit inventory when transportation time is significant.

FAQs for Creating Interorganization Transfers

How can I create an interorganization transfer for consigned inventory transactions?
Enter a value for the owning party on the Create Interorganization Transfer page. Interorganization transfers trigger consumption (ownership change) by default. If you want the material to remain consigned, you must set up a consumption rule to specify that consumption does not occur with interorganization transfers.

How can I prevent my interorganization transfer from triggering an ownership change?
Set up a consumption rule to specify that consumption does not occur with an interorganization transfer. Otherwise, the interorganization transfer triggers consumption (ownership change) by default.

Manage Movement Requests

Movement Requests: Explained
Movement requests are requests for the movement of material within an inventory organization such as a warehouse or facility. The following types of movement requests exist:

- Requisition movement requests
- Replenishment movement requests
- Shop floor movement requests

Requisition Movement Requests
Requisition movement requests are manually created, and can be used for subinventory transfers and account issues. Once a movement request has been submitted, the movement request is ready to be sourced and transacted.

A movement request creates instructions to pick or move material for warehouse personnel. You can create a requisition movement request to manually relocate stock within a warehouse. You can also create a requisition movement request to issue material out of a certain location. For example, you might want to issue out stock for damaged goods, or to a certain project.
Replenishment Movement Requests
Replenishment movement requests are requests that are generated by min-max planning to replenish material when a minimum quantity for a specific item is reached. Replenishment movement requests replenish material that is sourced from a different location within the same inventory organization. For example, a requisition movement request can be generated to move material from a bulk locator to a fast pick locator.

Shop Floor Movement Requests
Shop floor movement requests are requests to perform replenishment for components needed for manufacturing and maintenance work orders. Shop floor movement requests move materials either to WIP supply locations or directly to the work order from the warehouse locations.

You can create a pick request to inventory for one or more multiple work orders. Warehouse personnel pick the components from warehouse locations in the same manner as is done for sales orders, transfer orders and replenishment requests.

Movement Request Process Flow: Example
When you fully transact a movement request, you perform the complete process required to request movement of material, physically move material, and confirm physical movement of material.

Scenario
You are charged with performing the entire movement request process flow.
The movement request process flow includes creating a movement request, running the Print Movement Request Pick Slip Report, physically picking material, and confirming pick slips, as illustrated in the following diagram:

1. Create a movement request
2. Run the Print Movement Request Pick Slip Report
3. Physically move material
4. Confirm pick slips

To perform the movement request process flow:

1. Manually create a requisition movement request on the Manage Movement Requests page.

Give the pick slips to the warehouse operator.
Note: Set the Release Approved Lines parameter on the Print Movement Request Pick Slip Report to Yes to eliminate the need to perform the pick in the Reservations and Picks pages.

3. Physically move material according to the Movement Request Pick Slip Report’s specifications.
4. Confirm pick slips.
   To confirm pick slips, verify that you have moved the material according to the Movement Request Pick Slip report, and confirm the items to be shipped on the Confirm Pick Slips page.
   If necessary, you also enter discrepancies such as changing the quantity of items that you picked.

Setting Up Replenishment Movement Requests: Example

This example illustrates the prerequisites that you need to perform to set up the generation of replenishment movement requests.

Scenario

You are charged with performing the prerequisites necessary to set up the generation of replenishment movement requests. You perform the following:

1. Set up min-max planning on the subinventory level.
   On the Create Subinventory or Edit Subinventory page:
   - Select item sourcing options
   - (Optional) Specify lead times

2. Set up min-max planning on the item subinventory level.
   On the Add Item to Subinventory page or Edit Item Subinventory page:
   - Select Min-Max planning.
   - Specify minimum and maximum quantities.
   - (Optional) Specify the desired fixed lot multiple value or minimum and maximum order quantities.
     You only need to specify these values if supplier constraints affect replenishment.
   - Select Subinventory for the item sourcing option, as well as the source subinventory.
   - (Optional) Specify lead times.

3. In the Print Min-Max Planning Report Enterprise Scheduler Service program, select Subinventory for the planning level.
   The Min-Max Planning Report generates movement requests to replenish material for the items and subinventories for which you set up min-max planning.

4. Run the Print Min-Max Planning Report Enterprise Scheduler Service program.

Manage Pending Transactions
Pending Transactions: Explained

A pending transaction is either a transaction that is waiting to be executed, or a transaction that has been executed, but has resulted in an error.

For miscellaneous receipts, miscellaneous issues, subinventory transfers, inter-organization transfers, and user-defined transactions that are waiting to be executed or have errors, do the following:

1. Click Manage Pending Transactions from the Inventory task list in the Inventory Management work area.
2. Edit the errors.
3. Click Add All to Process Schedule.

For pending cycle count adjustment transactions do the following:

1. Open the scheduled process interface.
2. Search for and run Import Count Sequences.

For cycle count adjustment errors, do the following:

1. Download the Review Count Interface Records spreadsheet from the Counts task list in the Inventory Management work area.
2. Edit the errors.
3. Upload the data.

To do this task you need an Excel add-in. From the Navigator, click the Download Desktop Integration to install the add-in.

FAQs for Managing Pending Transactions

What's the difference between the validated and staged transaction states?
The Validated transaction state denotes an inventory transaction that is created in the Oracle Fusion Inventory Management application.
The Staged transaction state denotes a transaction whose record is in the transaction open interface table. Usually, Staged transactions are created in external applications.

What happens when I add a transaction to the Process Schedule?
The transaction is submitted. The transaction will be executed when the Transaction Manager runs the next time.

Manage Transfer Orders

Transfer Orders: Explained

Transfer orders represent demand and supply in a single document. Transfer orders support interorganization, intraorganization, and intercompany transfers.

You can perform the following actions on transfer orders:

- Pick, ship, receive, put away, and return against a transfer order document
- View shipments and receipts associated with the transfer order
• Update attributes such as source organization, requested delivery date, and requested quantity on the transfer order
• Monitor the transfer order line status, fulfillment status, and interface status

Transfer Types: Explained
Transfer types determine how to transfer material between two inventory organizations. Transfer types apply to both interorganization and intraorganization (intersubinventory) transfers, and are applicable to both inventory and expense destination transfers.

Transfer types apply to:
• Inventory destination transfers
• Expense destination transfers

Inventory Destination Transfers
Inventory destination transfer orders require movement to a destination inventory warehouse location. With inventory destination transfers, you have a shipment in the source organization that decrements the source location's inventory, and a put away transaction in the destination organization that increments the destination location's inventory.

Transfer types include:
• Direct transfer type
• In-transit transfer type

Direct interorganization transfers move items directly between inventory organizations. The destination organization receives the material immediately when you submit the transaction. Direct intersubinventory transfers move inventory directly from the shipping subinventory to the destination subinventory within an organization. In both cases, the transfer of material is immediate and no receipt is required by the requesting organization.

In-transit interorganization transfers move items directly from the source organization to in-transit inventory. In-transit intersubinventory transfers move inventory from the shipping subinventory to the in-transit inventory. Receipts are required for in-transit transfer types and you must specify the receipt routing.

Receipt routing options include:
• **Standard**: Receive the item first, and then deliver without inspection.
• **Direct**: At receipt, deliver this item directly to its location.
• **Inspection**: Receive the item first, inspect it, and then deliver the item.

With in-transit transfer types, you can track the inventory until it arrives at the destination organization. You usually transfer material to in-transit inventory when transportation time is significant.

Expense Destination Transfers
Expense destination transfer orders transfer material from an inventory warehouse location directly to the buyer’s location for immediate usage. With expense destination transfers, there is no put away transaction in Inventory since the item is expensed, and the destination inventory is not incremented.

You must indicate whether or not a receipt is required in the destination inventory organization for expense destination transfers going to that destination location. If you select this option, a receipt is required on interorganization expense destination transfer orders between the from and to organizations. If you do not select this option, then the transfer order is considered received and delivered at the time of shipment. This field is available for Expense destination types only.
If the **Receipt Required at Expense Destination** option is set, you must specify the receipt routing.

Receipt routing options include:

- **Standard**: Receive the item first, and then deliver without inspection.
- **Direct**: At receipt, deliver this item directly to its location.
- **Inspection**: Receive the item first, inspect it, and then deliver the item.

### Transfer Order Statuses: Explained

Transfer order statuses represent the current state of the internal material transfer.

Statuses for transfer orders include:

- Transfer order status
- Transfer order line status
- Transfer order fulfillment status
- Transfer order interface status

#### Transfer Order Status

The following tables shows the transfer order statuses.

<table>
<thead>
<tr>
<th>Transfer Order Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open</td>
<td>Transfer order open for shipping and receiving.</td>
</tr>
<tr>
<td>Closed</td>
<td>Transfer order when all lines are fully received or canceled.</td>
</tr>
</tbody>
</table>

#### Transfer Order Line Status

The following table shows the transfer order line statuses.

<table>
<thead>
<tr>
<th>Transfer Order Line Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open</td>
<td>Transfer order line open for shipping and receiving.</td>
</tr>
<tr>
<td>Closed</td>
<td>Transfer order line when all lines are fully received.</td>
</tr>
<tr>
<td>Canceled</td>
<td>Transfer order line canceled for shipping and receiving operations.</td>
</tr>
</tbody>
</table>

#### Transfer Order Fulfillment Status

The following tables shows the transfer order fulfillment statuses.

<table>
<thead>
<tr>
<th>Transfer Order Fulfillment Status</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partially shipped</td>
<td>Transfer order line is shipped partially from the source organization. For this status, less than 100 percent of the requested quantity is shipped.</td>
</tr>
</tbody>
</table>
Transfer Order Fulfillment Status | Description
--- | ---
Shipped | Transfer order line is shipped completely from the source organization. For this status, 100 percent of the requested quantity is shipped.
Shipped and partially received | Transfer order line is shipped completely from the source organization, but received partially in the destination organization. For this status, 100 percent of the requested quantity is shipped, but less than 100 percent of the quantity is received.
Partially shipped and partially received | Transfer order line is shipped partially from the source organization and received partially in the destination organization.
Shipped and received | Transfer order line is shipped completely from the source organization and received completely in the destination organization.
Awaiting fulfillment | Transfer order line awaiting fulfillment from the source organization. In this status, the line is created, but shipping has not yet begun.

Transfer Order Interface Status
The following table shows the transfer order interface statuses.

Transfer Order Interface Status | Description
--- | ---
Awaiting interface to Order Management | Transfer order is awaiting interface to Oracle Fusion Order Management.
Awaiting interface to Shipping | Transfer order is awaiting interface to Oracle Fusion Shipping.
Interfaced to Order Management | Transfer order is communicated to Oracle Fusion Order Management.
Interfaced to Shipping | Transfer order is communicated to Oracle Fusion Shipping.
Order Management interface error | Transfer order encountered an error during the interface to Oracle Fusion Order Management.
Shipping interface error | Transfer order encountered an error during the interface to Oracle Fusion Shipping.

Transfer Orders: How They Are Processed
Transfer orders transfer inventory for interorganization, intraorganization, and intercompany flows. You can transfer material to inventory destinations or expense destinations.

Settings That Affect Transfer Order Processing
The settings that affect transfer order processing include:

- Inventory destination transfer type
• Receipt routing
• Transfer order required
• Receipt required at expense destination

The following table describes the parameters for transfer order processing.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Description</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory Destination Transfer Type</td>
<td>Determine how material should be transferred between two inventory organizations. Specify either direct or in-transit transfer types.</td>
<td></td>
</tr>
<tr>
<td>Receipt Routing</td>
<td>Specify the receipt routing for in-transit transfer types. Receipt routing options include Standard, Direct, and Inspection. You can specify a separate receipt routing option for inventory destination transfers and expense destination transfers.</td>
<td></td>
</tr>
<tr>
<td>Transfer Order Required</td>
<td>Indicate whether a transfer order is required for each transfer.</td>
<td></td>
</tr>
<tr>
<td>Receipt Required at Expense Destination</td>
<td>Indicate whether or not a receipt is required in the destination inventory organization for expense destination transfers going to that destination location. If you select this option, a receipt is required on interorganization expense destination transfer orders between the from and to organizations. If you do not select this option, then the transfer order is considered received and delivered at the time of shipment. This field is available for Expense destination types only.</td>
<td></td>
</tr>
</tbody>
</table>

**How Transfer Orders Are Processed for Inventory Destination Transfers**

Use the Manage Intersubinventory Parameters setup task to configure parameters for transferring material between two subinventories within an organization. When material is transferred between subinventories, intersubinventory parameters determine the transfer type and receipt routing.

For an in-transit transfer type, intersubinventory transfers move material to in-transit inventory before reaching the destination subinventory. Receipts are required for in-transit transfer types. For the direct transfer type, intersubinventory transfers move your material directly from the shipping subinventory to the destination subinventory.

Use the Manage Interorganization Parameters setup task to specify how material should be transferred between two inventory organizations. Also, indicate whether a transfer order is required for each transfer.

When creating transfer orders from Oracle Fusion Planning, min-max planning, and as supply orders in back-to-back situations, the transfer order also has an inventory destination.

Transfer orders with an inventory destination must be delivered to a subinventory and locator.

**How Transfer Orders Are Processed for Expense Destination Transfers**

For expense destination transfers, when selecting the Expense Destination type on the Manage Intersubinventory Parameters page, you must set the Receipt Required at Expense Destination option. If a receipt is required, you must also choose the receipt routing. You can optionally enter the source subinventory.

If you enter a source subinventory for an Expense destination type, then the parameters on this row apply to all intraorganization expense destination transfer orders sourced from the entered subinventory. If a subinventory is not entered, than the parameters on this row become the default parameters for the organization, and the parameters are applied to
any intraorganization expense destination transfer order that is sourced from a subinventory that does not have a specific intersubinventory parameter row defined.

Note: If the source subinventory for a intraorganization expense destination transfer order is not found on an intersubinventory parameter row at shipping time, and a default parameter row has not been setup, then the Receipt Required at Expense Destination option is automatically set to not selected, and the transfer order is considered received and delivered at the time of shipment.

When creating transfer orders from Oracle Fusion Self Service Procurement, the Manage Item Quantities page, spreadsheet upload, and the Supply Order web service, you can create either inventory or expense destination transfers.

Transfer orders with an expense destination must be delivered to a location.

Related Topics
- Intersubinventory Parameters: Explained

Transfer Order Billing Details for Requisitions: Explained

For transfer orders sourced from requisition lines, you can view distribution details and change the requested quantity and amount at the distribution level. You can also have multiple distributions of the line level quantity spread across different accounts.

The following fields on the Edit Transfer Order page enable you to view and edit the billing details.

- Distribution
- Charge Account
- Requested Quantity (%)
- Requested Quantity (each)
- Amount
- Delivered Quantity

These fields provide a detailed breakout of accounting distribution details for the associated transfer order line on transfer orders created from requisitions.

Note: If you are using budgetary control or encumbrance accounting, you can also view the budget date and fund status.

Transfer Order Supply Sources: Explained

Use sourcing tools to manually create internal material transfer requisition lines in Oracle Self Service Procurement, as well as create supply requests from the Manage Item Quantity page. To identify the source organization for a transfer order request, you can initiate the rule-driven Select Supply Source page by clicking the Select Supply Source button. The sourcing tools provide a default source organization and enable use of source organization rankings and available to promise quantities. Source organization rankings are based on pre-established rules.

The individual source organization alternatives are displayed along with available inventory quantities at those organizations. If the item is not a planned item, then the ranking is performed using the distance values that are set up for the given from and to organization pairs on the Manage Interorganization Parameters setup page.
Notes on Transfer Orders: Explained

You can add notes to transfer orders on the Manage Transfer Order page. The two types of notes include:

- Notes to supplier
- Notes to receiver

Notes to Supplier
Enter notes to the supplier to provide instructions for shipping and receiving personnel. You can add information in the Notes to Supplier field that prints as shipping instructions on the packing slip and bill of lading.

Notes to Receiver
You can add notes in the Notes to Receiver field that display on receiving pages. This gives the receiving clerk additional information at receiving time.

Transfer Order Change Management: How It Is Calculated

Many rules apply to changing transfer orders. Transfer orders can be changed by many different people including a warehouse manager and a preparer of requisitions. Transfer order change rules also depend on the transfer order destination type.

Settings That Affect Transfer Order Change Management
Parameters that affect transfer order change management include who is performing the change and the transfer order destination type. Combinations include:

- Preparer for expense destination transfers
- Preparer for inventory destination transfers
- User with access to source organization for expense destination transfers
- User with access to source or destination organization for inventory destination transfers
- Users with access to source or destination organization for inventory and expense destination transfers

An additional parameter that affects transfer order change management is whether the transfer order goes directly to Oracle Fusion Shipping without passing through Oracle Fusion Order Management, or if the transfer order passes through Order Management.

Update Rules for Transfer Orders
Updates to transfer order can be received through a service or from the Manage Transfer Order pages. Updates are applied immediately, may cause repricing, and are communicated to downstream applications in the transfer order process. These general rules that apply to updating transfer orders:

- You can update shipping attributes, such as the shipping method and shipping priorities, for lines that directly interface to Oracle Fusion Shipping up until the shipped quantity is recorded against the line.
  These lines go directly to Shipping without passing through Oracle Fusion Order Management.
• You can update the requested delivery date for lines that are directly interfaced to Shipping until the shipped quantity is recorded against the line.

These lines go directly to Shipping without passing through Oracle Fusion Order Management.

• You can update the **Note to Receiver** and **Note to Supplier** field from the Manage Transfer Order pages until the shipped quantity has been recorded against the line.

• The tables in the following sections note that the quantity can be decreased with the phrase "Allowed, system permitting." Here are the rules for all transfer orders regardless of the transfer order source:

  o You can decrease the quantity without any limitations if the line has not had any shipping activity.

  o If the order is going through Oracle Fusion Order Management, then the only quantity decrease that you can perform after a partial shipment, is to update the quantity to that of the shipped quantity.

  You cannot make any other changes to the quantity after the transfer order has been shipped. You can cancel the remaining quantity by setting the quantity to that of the previously shipped quantity.

  o If the order is not going through Oracle Fusion Order Management, then you can decrease the quantity after a partial shipment, as long as the quantity does not go below the previously shipped quantity.

### Changes Made by the Preparer for Expense Destination Transfers

Here are the rules for changes made by the preparer for expense destination transfers. These rules apply to transfer orders linked to requisitions only. The following table includes the type of change and whether or not the change is allowed.

<table>
<thead>
<tr>
<th>Type of Change</th>
<th>Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity increase</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Quantity decrease</td>
<td>Allowed, system permitting</td>
</tr>
<tr>
<td>Destination Subinventory (does not apply for expense destination)</td>
<td>Not available</td>
</tr>
<tr>
<td>Charge Account</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Distribution Quantity, Amount, and Percentage</td>
<td>Decrease allowed, system permitting (Increase not allowed and decrease cannot be reduced lower than delivered quantity.)</td>
</tr>
<tr>
<td>Adding a distribution</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Deleting a distribution</td>
<td>Not allowed. Distribution quantity can be set to 0</td>
</tr>
<tr>
<td>Update of source organization (only for lines directly interfaced to Shipping)</td>
<td>Not allowed</td>
</tr>
</tbody>
</table>

### Changes Made by the Preparer for Inventory Destination Transfers

Here are the rules for changes made by the preparer for inventory destination transfers. These rules apply to transfer orders linked to requisitions only. The following table includes the type of change and whether or not the change is allowed.

<table>
<thead>
<tr>
<th>Type of Change</th>
<th>Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity increase</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Quantity decrease</td>
<td>Allowed, system permitting</td>
</tr>
<tr>
<td>Destination Subinventory (does not apply for expense destination)</td>
<td>Not available</td>
</tr>
<tr>
<td>Charge Account</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Distribution Quantity, Amount, and Percentage</td>
<td>Decrease allowed, system permitting (Increase not allowed and decrease cannot be reduced lower than delivered quantity.)</td>
</tr>
<tr>
<td>Adding a distribution</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Deleting a distribution</td>
<td>Not allowed. Distribution quantity can be set to 0</td>
</tr>
<tr>
<td>Update of source organization (only for lines directly interfaced to Shipping)</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Type of Change</td>
<td>Allowed</td>
</tr>
<tr>
<td>--------------------------------------</td>
<td>----------------------------------------------</td>
</tr>
<tr>
<td>Quantity increase</td>
<td>Allowed, until shipped quantity is recorded</td>
</tr>
<tr>
<td>Quantity decrease</td>
<td>Allowed, system permitting</td>
</tr>
<tr>
<td>Destination Subinventory</td>
<td>Allowed, until shipped quantity is recorded</td>
</tr>
<tr>
<td>Charge Account</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Distribution Quantity, Amount, and Percentage</td>
<td>(The preparer does not make changes here. Since there is a single distribution on inventory destination transfers, the application does this automatically when change is allowed at the line level.)</td>
</tr>
<tr>
<td>Adding a distribution</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Deleting a distribution</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Update of source organization (only for lines directly interfaced to Shipping)</td>
<td>Allowed, until shipped quantity is recorded</td>
</tr>
</tbody>
</table>

### Changes Made by the User with Access to the Source Organization for Expense Destination Transfers

Here are the rules for changes made by a user who has access to the source organization for expense destination transfers. These rules apply to transfer orders linked to requisitions, as well as to transfer orders coming in from the spreadsheet upload and supply order web service. The following table includes the type of change and whether or not the change is allowed.

<table>
<thead>
<tr>
<th>Type of Change</th>
<th>Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity increase</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Quantity decrease</td>
<td>Allowed, system permitting</td>
</tr>
<tr>
<td>Destination Subinventory</td>
<td>Not available</td>
</tr>
<tr>
<td>Charge Account</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Distribution Quantity, Amount, and Percentage</td>
<td>Decrease allowed, system permitting (increase not allowed and decrease cannot be reduced lower than delivered quantity.)</td>
</tr>
<tr>
<td>Adding a distribution</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Deleting a distribution</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Update of source organization (only for lines directly interfaced to Shipping)</td>
<td>Not Allowed for requisition-based expense destination transfers. Allowed until shipped quantity is recorded for expense destination transfers not sourced from requisitions.</td>
</tr>
</tbody>
</table>
### Changes Made by the User with Access to the Source or Destination Organization for Inventory Destination Transfers

Here are the rules for changes made by a user who has access to the source or destination organization for inventory destination transfers. These rules apply to transfer orders linked to requisitions, as well as to transfer orders coming in from the spreadsheet upload and supply order web service. The following table includes the type of change and whether or not the change is allowed.

<table>
<thead>
<tr>
<th>Type of Change</th>
<th>Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity increase</td>
<td>(Destination) Allowed, until shipped quantity is recorded</td>
</tr>
<tr>
<td>Quantity decrease</td>
<td>(Both) Allowed, system permitting</td>
</tr>
<tr>
<td>Destination Subinventory</td>
<td>(Destination) Allowed, until shipped quantity is recorded</td>
</tr>
<tr>
<td>Charge Account</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Distribution Quantity, Amount, and Percentage</td>
<td>Decrease allowed, system permitting for requisition-sourced transfer orders (Increase not allowed and decrease cannot be reduced lower than delivered quantity.) Not available for transfer orders not sourced from requisitions.</td>
</tr>
<tr>
<td>Adding a distribution</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Deleting a distribution</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Update of source organization (only for lines directly interfaced to Shipping)</td>
<td>(Destination) Allowed, until shipped quantity is recorded</td>
</tr>
</tbody>
</table>

*Note:* "Destination" in the previous table means that the user with access to the destination organization can make changes, but the user with access to the source organization cannot. “Both” means that the user with access to the destination organization or the source organization can make changes.

### Changes Made by the User with Access to the Source or Destination Organization for Inventory and Expense Destination Transfers

Here are the rules for changes made by a user who has access to the source or destination organization for inventory and expense destination transfers. These rules apply to transfer orders from sources other than requisitions, spreadsheet upload, and the supply order web service. The following table includes the type of change and whether or not the change is allowed.

<table>
<thead>
<tr>
<th>Type of Change</th>
<th>Allowed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity increase</td>
<td>Allowed, until shipped quantity is recorded</td>
</tr>
<tr>
<td>Type of Change</td>
<td>Allowed</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Quantity decrease</td>
<td>Allowed, system permitting</td>
</tr>
<tr>
<td>Destination Subinventory</td>
<td>Allowed on inventory destination transfers until shipped quantity is recorded. Not applicable for expense destination transfers.</td>
</tr>
<tr>
<td>Charge Account</td>
<td>Not allowed</td>
</tr>
<tr>
<td>Distribution Quantity, Amount, and Percentage</td>
<td>Decrease allowed, system permitting (increase not allowed and decrease cannot be reduced lower than delivered quantity.)</td>
</tr>
<tr>
<td>Adding a distribution</td>
<td>Not available</td>
</tr>
<tr>
<td>Deleting a distribution</td>
<td>Not available</td>
</tr>
<tr>
<td>Update of source organization (only for lines directly interfaced to Shipping)</td>
<td>Allowed, until shipped quantity is recorded</td>
</tr>
</tbody>
</table>

Creating an Ad-Hoc Transfer Order Request: Explained

You can create ad-hoc internal material transfers directly from the Manage Item Quantities page. Select the Request Transfer Order item from the Actions menu to request an ad-hoc transfer of goods. This initiates the Create Supply Request page where you can enter your transfer order details, create the transfer order, and submit it for processing.

If you previously selected an item on the Manage Item Quantities page, that item is prepopulated when you access the Create Supply Request page. You can add additional items to the transfer order request directly from the Create Supply Request page. You can also select the Request Transfer Order action without first selecting an item. This enables you to create a transfer order for any item, even if it does not currently have a balance history in inventory.

⚠️ Note: You must implement the Manufacturing and Supply Chain Materials Management offering to create ad-hoc order requests.

Inventory and Expense Destinations
You can enter both inventory destination and expense destination transfers on the Create Supply Request page, as well as interorganization and intraorganization transfer orders.

Select Supply Source
To identify the source organization for the transfer order request, use the rule-driven Select Supply Source page by clicking the Select Supply Source button. This page ranks the different source organizations based on previously-established sourcing rules set up in Oracle Fusion Global Order Promising. The individual source organization alternatives are displayed along with available inventory quantities at those organizations. If the item is not a planned item, then ranking is performed using the distance values that are set up for the given from and to organization pairs on the Manage Interorganization Parameters setup page.
Supply Details

To enter additional details for the transfer order request, click the **Supply Details** icon on the detail line. This enables you to:

- Manually enter a source organization.
- Change the destination type between inventory and expense.
- Enter a source subinventory.
- Enter a destination location for expense destination transfers.

Related Topics

- Create Supply Request: Overview
- Creating an Ad Hoc Supply Request: Procedure

Canceling Quantities on Transfer Orders: Explained

You can cancel quantities on transfer orders by using the cancel action or by updating the transfer order and reducing the requested quantity. You can cancel an entire transfer order line, cancel the remaining portion of a line after a partial shipment has already been made against the line, or just decrease the requested quantity on a transfer order line.

How you can cancel quantities on transfer orders depends on the following scenarios:

- Canceling quantities from the Manage Transfer Orders pages
- Canceling quantities from applications outside of Oracle Fusion Inventory
- Canceling quantities when the transfer order passes through Oracle Fusion Order Management
- Canceling quantities from the Print Cancel Transfer Order Report process
- Canceling quantities when the automatically cancel transfer order backorders option is set

Canceling Quantities From the Manage Transfer Orders Pages

When canceling quantities from the Manage Transfer Orders pages, you must decrease the requested quantity if there has already been a partial shipment. You can reduce the requested quantity down to the previously shipped quantity. You can only use the cancel option if there has not been a partial shipment against the line.

Canceling Quantities From Applications Outside of Inventory

When canceling quantities from applications outside of the Manage Transfer Order page, the cancel action:

- Cancels the line if there has been no shipping activity.
- Automatically reduces the quantity to the shipped quantity if there has been shipping activity.

You can cancel transfer order quantities from requisitions sourced from Oracle Fusion Self Service Procurement and Oracle Fusion Planning. You can also cancel transfer order quantities from the spreadsheet upload or web service in Oracle Fusion Supply Chain Management.

Canceling Quantities When the Transfer Order Passes Through Order Management

If the transfer order passes through Order Management, you must reduce the requested quantity to the previously shipped quantity. The requested quantity then equals the previously shipped quantity. You cannot reduce the requested quantity...
to a quantity greater than or less than the previously shipped quantity if the transfer order has been partially shipped in this situation.

**Canceling Quantities From the Print Cancel Transfer Order Report Process**

When canceling quantities from the Print Cancel Transfer Order Report process, the cancel action:

- Cancels the line if there has been no shipping activity.
- Automatically reduces the quantity to the shipped quantity if there has been shipping activity.

**Canceling Quantities When the Automatically Cancel Transfer Order Backorders Option is Set**

During pick release, pick confirm, and ship confirm time, you can automatically cancel the remaining quantities on transfer orders that cannot be fulfilled. The decision to cancel the backordered quantities is determined based on a hierarchy of options set up at the subinventory, interorganization parameter, and inventory organization levels.

When canceling quantities with the **Automatically cancel transfer order backorders** option is set, the cancel action:

- Cancels the line if there has been no shipping activity.
- Automatically reduces the quantity to the shipped quantity if there has been shipping activity.

**Automatically Cancel Backordered Transfer Order Lines: Explained**

During pick release, pick confirm, and ship confirm time, you can automatically cancel the remaining quantities on transfer orders that cannot be fulfilled.

Many organizations do not want to maintain requests with shortages when goods are not available or completely available at the time the replenishment is being fulfilled. In these situations, the remaining quantity not fulfilled will either be picked up in the next replenishment cycle or fulfilled from another source. Processing automatically cancels any remaining quantities that cannot be fulfilled.

Set up this option to cancel backordered quantities at the inventory organization, interorganization parameter, or subinventory level. You also have the option to override this setup parameter.

- Setup
- Overrides

**Note:** The automatic cancel of backordered transfer order lines does not apply to transfer orders that pass through Oracle Fusion Order Management.

**Setup**

You can set the option to automatically cancel the remaining quantities on transfer orders at the subinventory, interorganization parameter, and inventory organization level. The cancel decision is based on a hierarchy of options.

The decision to cancel the backordered quantities is determined based on a hierarchy of options set up at the following levels:

- Subinventory

At the destination subinventory level, select the appropriate option for the **Cancel Backorders** setting. This option specifies whether the cancel decision is made at this level for transfer orders that are being delivered to a specific destination subinventory. Use the Manage Subinventories and Locators task to set this option.
Options for this setting include:

- Cancel remaining quantities
- Do not cancel remaining quantities
- Use next level in hierarchy

If you select the Use next level in hierarchy, the inventory organization is used for intraorganization transfer orders, and the interorganization parameter is used for interorganization transfer orders.

- Interorganization parameter

At the interorganization parameters level, select the appropriate option for the **Cancel Backorders** setting. This option specifies whether the cancel decision is made at this level for interorganization transfer orders where the option was not applied at the subinventory level. Use the Manage Interorganization Parameters task to set this option.

Options for this setting include:

- Cancel remaining quantities
- Do not cancel remaining quantities
- Default to source inventory organization level

- Inventory organization

At the source inventory organization level, select the **Automatically cancel transfer order backorders** check box to indicate the cancel decision in cases where the lower levels in the hierarchy have defaulted up to the inventory organization level. Use the Manage Inventory Organizations task to set this option.

**Note:** You can override these rules manually on the Confirm Pick Slips page or from the Manage Shipments, Manage Shipment Lines, Edit Shipments, and Edit Shipment Lines pages.

**Overrides**

You have the ability to override the setting to automatically cancel a backordered transfer order. There are situations where a short pick at pick confirm or a short ship at ship confirm are due to issues outside of shortages. In these cases, you can create a backorder to take the quantity and process it back through the pick release process. This enables you to override the automatic cancellation in a situation where you know the full order quantity can be filled, but you need to release the line again in order to process it. This gives you the ability to allocate, pick, and ship product that is available in the warehouse.

You can override backorder processing in these three areas:

- **Reservations and Pick pages**

  Select the **Backorder** action from the **Action Type** menu.

- **Pick confirm**

  If you select a Short Pick exception reason code when picking a line short, then automatically canceling backordered lines is not initiated. In this situation, the status on the delivery line is moved to a Ready to Release status.

  **Note:** This creates a split delivery line in a Ready to Release status, and not a Backorder status.

- **Shipping**
The automatic cancellation of backordered transfer order lines can be overridden from the action menus on the Shipping pages (Manage Shipments, Edit Shipments, Manage Shipment Lines, and Edit Shipment Lines). Select the **Backorder** or **Cycle Count** actions from the **Action Type** menu.

## Automatically Cancel Backordered Transfer Order Lines: Examples

If the automatic cancellation of backordered transfer orders setting is set, processing automatically cancels the quantity that cannot be filled on a transfer order at pick release time, when confirming pick slips, and when confirming shipments.

### Example at Pick Release

If a transfer order with an order quantity of 100 is pick released and only 95 are available, then the remaining 5 are automatically canceled.

For pick release, if the automatic cancellation of backordered transfer orders setting is set, and the full quantity on the transfer order line cannot be filled, then any remaining quantities will be canceled.

### Example at Pick Confirm

If a transfer order with an order quantity of 100 has the full 100 pick released, but only 95 are picked, then the 5 that are not picked are canceled when recording the pick confirm results.

When confirming pick slips any action that creates a backorder goes through the processing to determine if any generated backorders should be canceled.

### Example at Shipping

If a transfer order with an order quantity of 100 has the full 100 pick released and pick confirmed, but at shipping time only 95 are ship confirmed, then the remaining 5 are automatically canceled.

Once the picked quantities are pick confirmed and moved into the ship staging area they can be ship confirmed. On the shipping pages, when selecting the Ship Confirm button or Ship Confirm action type, processing is initiated to determine if any generated backorders should be canceled. If the automatic cancellation of backordered transfer orders setting is set, then the backorder is always canceled when processing the Ship Confirm function.

## Transfer Order Status Report: Explained

The transfer order status report provides visibility into transfer order status details.

Use the **Print Transfer Order Status Report** scheduled process to initiate the report. You must enter a source organization, destination organization, or a requisition business unit to run the scheduled process and create the report.

You can print the transfer order status report using either one of two provided report formats:

- Requisition view
- Transfer order view
Requisition View
The Requisition shows the transfer order information from a requisition focused point of view. Budget status, budget dates and distribution accounts are shown on this report format. This gives a view into open orders for use in period end processing at sites using budgetary control and encumbrance accounting.

Transfer Order View
The Transfer Order view shows the information more from a warehouse manager’s point of view. This format shows details of key transfer order attributes, and enables reporting of orders inactive for a given number of days.

Print Cancel Transfer Order Report: Explained
The Print Cancel Transfer Order Report process enables you to perform a mass cancellation of the remaining quantities on transfer order lines. The remaining quantity is the difference between the requested quantity and the shipped quantity on the transfer order lines. This mass cancellation of transfer orders can be more convenient than canceling one order at a time on the Manage Transfer Orders page.

You can still perform an immediate cancel of backorders at pick release, pick confirm, and ship confirm time. However, this process provides you with an alternative method to automatically cancel remaining quantities on transfer orders. The Print Cancel Transfer Order Report process provides an option to print a report and cancel the transfer order lines based on entered selection criteria. If you do not select the cancel option, the report still prints, and the report shows what would be canceled if the cancel option was selected.

Use the Print Cancel Transfer Order Report scheduled process to initiate the report. You must enter a source organization, destination organization, or a requisition business unit to run the scheduled process and create the report.

You can print the print cancel transfer order report using either one of two provided report formats:

- Requisition view
- Transfer order view

Requisition View
The Requisition view shows transfer order information from a requisition focused point of view. The current status of open transfer orders, including details specific to the transfer orders sourced from Oracle Fusion Self-Service Procurement, are shown in this report format.

Additionally, budget status, budget dates, and distribution accounts are shown providing a listing of transfer orders for use in period-end processing at sites using budgetary control and encumbrance accounting.

Transfer Order View
The Transfer Order view shows the current status of transfer order information oriented from the warehouse manager’s point of view. This format provides details of the on-going status of transfer orders coming from many different transfer order sources without the budgetary control fields. The Transfer Order view is the default view.

Print Cancel Transfer Order Report: How It Is Processed
The Print Cancel Transfer Order Report process enables you to perform a mass cancellation of the remaining quantities on transfer orders based on selection criteria entered when initiating the process.
The process provides many options such as canceling based on the percentage filled on transfer orders that are partially shipped, days of inactivity, or days past due based on the scheduled ship date. You also have the option to cancel backordered transfer orders only.

The Print Cancel Transfer Order Report process prints a report showing the order being canceled. When you run the process, you have the option to just print the report, or to perform the cancel and print the report. Printing the report only, provides a chance for some fine tuning prior to actually initiating any activity canceling transfer orders.

**Settings That Affect the Print Cancel Transfer Order Report Process**

Important parameters that affect the Print Transfer Order Report process include:

- Percentage filled
- Date type
- Date offset
- Backordered transfer orders only
- Cancel transfer orders
- Include in-process orders
- Number of days without activity

In addition to these parameters, you can choose values for many other attributes such as the source and destination organization, item number, and transfer order origin.

Attributes tied to self-service requisitions are also available providing support in budgetary control environments to clean up orders that need to be canceled during period end preparations. This includes attributes such as requisition numbers, budget dates, and charge accounts.

**Percentage Filled**

Use this value to optionally determine whether or not transfer orders meeting the selection criteria should be canceled. This option enables you to cancel based on the percentage filled on the transfer orders that are partially shipped. For example, if 95% of an order is shipped, then you can cancel the remaining quantity on the transfer order.

The percentage fill is the rate determined by dividing the Shipped Quantity by the Requested Quantity. If the calculated percentage filled is greater than or equal to the entered value, then the process selects the orders for cancellation. This default value is zero.

**Date Type**

Specify a date type value of None, Scheduled Ship Date, or Requested Delivery Date. The default value is None.

**Date Offset**

This option allows you to cancel transfer orders for a specified number of days after either the scheduled ship date or the requested delivery date. This value defaults to zero.

**Backordered Transfer Orders Only**

Set this value to indicate whether or not you want to include only transfer orders that have a backordered line. If this option is selected, then in addition to meeting all the other selection criteria, the transfer order line also needs to have quantities in a backordered status.
Note: There may be some quantities in a backorder status and other quantities that are not. If any backorder was created for the transfer order line, then the transfer order line is eligible to be canceled.

Cancel Transfer Orders

If you select the **Cancel Transfer Orders** option, any orders meeting selection criteria that are not an exception, are canceled.

The process cancels the remaining quantity on transfer order lines. This reduces the quantity on the transfer order line down to the previously shipped quantity. This process also then cancels delivery lines in shipping associated with that transfer order line. All processing that occurs when a quantity on a transfer order line is reduced or canceled from the Manage Transfer Orders page is performed when canceling or reducing the quantity using the Cancel Transfer Order Report process. This includes updating budget dollars, as well as closing completely shipped or canceled orders.

You can cancel transfer order lines in the following situations:

- Transfer order lines meeting selection criteria with no current fulfillment activity.
  This enables you to cancel all lines with no activity.
- Transfer order lines meeting selection criteria including those with released lines.
  This includes transfer orders with lines in a Released to Warehouse or Staged status.
- Transfer order lines with backordered quantities only.
  This enables you to cancel transfer orders that have gone through pick release processing and have had a backorder created for them.

When canceling quantities from the Print Cancel Transfer Order Report process, the cancel action:

- Cancels the line if there has been no shipping activity.
- Automatically reduces the quantity to the shipped quantity if there has been shipping activity.

If you do not select the **Cancel Transfer Orders** option, the process prints the report only without canceling any transfer orders.

Include In-Process Orders

Specify whether or not you want to cancel orders that have lines in the Released to Warehouse or Staged status. If this option is set to No, then transfer order lines with a line in either of these two statuses cannot be canceled.

The process still extracts and reports on these lines, but if you selected the **Cancel Transfer Orders** option, then these lines receive a warning message on the report letting you know that the transfer order line could not be canceled because it is in the process of being picked and shipped.

Number of Days Without Activity

Enter a value for the **Number of Days Without Activity** field to cancel transfer orders that meet this requirement. For example, if you enter a value of 10 in this field, the process cancels transfer orders that have had no activity for 10 or more days.

Cancel Results

The Print Cancel Transfer Order report displays the results of the cancel process. The following table explains the three possible values for the Cancel Results column.
<table>
<thead>
<tr>
<th>Value</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success</td>
<td>The cancel processing was successful.</td>
</tr>
<tr>
<td>Error</td>
<td>You may receive an error message in cases where the cancel processing is rejected by shipping. For example, this can happen when a line is shipped, but the shipped quantity has not yet been interfaced. The transfer order line level will not be correct until the transaction is posted. In this situation, the line appears on the report along with an error message from shipping explaining the issue.</td>
</tr>
<tr>
<td>Submitted</td>
<td>The transfer order is being processed through Oracle Fusion Order Management and the cancel request has been submitted to Order Management. To later verify that the transfer order line has been canceled, you can view it from the Manage Transfer Orders page.</td>
</tr>
</tbody>
</table>

**Oracle Social Network for Transfer Orders: Explained**

Social objects are records within a business application that are mapped into the Oracle Social Network. With social networking, you can share an aspect of your application, such as transfer orders, with everyone who plays a part in getting the job done. Oracle Social Network uses conversations, or online discussions, as the central point of collaboration. Conversations can include messages, replies, documents, and links. You can also mark messages to initiate a discussion among members.

Important aspects for transfer order social objects include:

- Transfer order attributes
- Transfer order conversations
- Requirements
- Authorized users

The Oracle Social Network is common to most Oracle Fusion applications. For details about the social network, see the Social Network chapter of the Oracle SCM Cloud: Using Common Features for Applications Cloud guide. Also, see the Oracle SCM Cloud: Using Oracle Social Network guide.

**Transfer Order Attributes**

A social object exists for transfer orders. You can share the transfer order social object and create conversations for transfer orders on the Edit Transfer Order page.

Anyone on the Oracle Social Network can reference a transfer order that has been shared on the Oracle Social Network. However, you can only access the transfer order user interface from the Oracle Social Network, and take further actions on a transfer order, if you have the authorized privileges for the Edit Transfer Order page.

Here are the transfer order attributes available on the Oracle Social Network conversation:

- Transfer Order
- Transaction Origin Type
- Description
- Status
Transfer Order Conversations
Select the Social button on the Edit Transfer Order page to share the transfer order social object for the social network conversation. If the transfer order social object has already been shared, clicking this button enables you to access the related social discussion.

Requirements
The following requirements must have already been met to use the transfer order social object:
- Configure Oracle Social Network for Oracle Fusion Applications
- Enable the transfer order for Oracle Social Network tracking as a social object
- Set up the transfer order for manual sharing

Authorized Users
Authorized users include:
- Warehouse manager
- Inventory manager
- Receiving agent

Related Topics
- Social Networking: Highlights

FAQs for Managing Transfer Orders

What's an internal material transfer?
An automated or manual transfer request of materials within or between organizations. Transfer orders transfer inventory for interorganization, intraorganization, and intercompany flows. The transfer order serves as the orchestration document representing demand and supply for an internal material transfer.

What's the difference between inventory and expense destination transfer orders?
Expense destination transfer orders transfer material from an inventory warehouse location directly to the buyer’s location for immediate usage. With expense destination transfers, there is no put away transaction in inventory since the item is
expensed, and the destination inventory is not incremented. Returns are not allowed, and serial and lot numbers are not
tracked in receiving.

Inventory destination transfer orders require movement to a destination inventory warehouse location. With inventory
destination transfers, you have a shipment in the source organization that decrements the source location’s inventory, and a
put away transaction in the destination organization that increments the destination location’s inventory.

What’s a transfer order requester?
The person creating the transfer order for transfer orders manually created from other sources. The transfer order requester is
the person entered on the requisition for transfer orders sourced from a requisition.

Process Discrete Manufacturing Sourced Inventory
Transactions

Discrete Manufacturing Sourced Inventory Transactions: Explained

Oracle Fusion Inventory Management interfaces with Oracle Fusion Discrete Manufacturing to process work in process (WIP)
inventory transactions.

Here are the process flow steps for WIP inventory transactions:

1. Discrete Manufacturing initiates the processing of WIP transactions.
2. Discrete Manufacturing generates inventory transactions in the Inventory Interface tables.
3. Discrete Manufacturing calls the Inventory Transaction Manager to process the WIP inventory transactions.
4. Inventory Transaction Manager process returns a response to the Discrete Manufacturing application.
5. Handling of WIP inventory transactions errors.
6. Review completed inventory transactions.

Discrete Manufacturing Initiates the Processing of WIP Transactions

Discrete Manufacturing processes transactions within the WIP application. You can enter WIP transactions through user
interfaces, or you can batch them in transaction tables and process them in a background mode.

Discrete Manufacturing Generates Inventory Transactions in the Inventory Interface Tables

Discrete Manufacturing determines which inventory transactions to pass to inventory, and then generates these transactions
in the Inventory Transaction Interface tables. The transferred information includes core transaction details such as transaction
type, inventory item, quantity, UOM, subinventory, locator, and so forth.

The interface supports the following WIP transactions:

- Work in Process Material Issue
- Work in Process Material Return
- Work in Process Product Completion
- Work in Process Return
- Work in Process Negative Material Issue
- Work in Process Negative Material Return
Discrete Manufacturing Calls the Inventory Transaction Manager to Process WIP Transactions

Discrete Manufacturing initiates the processing of the Inventory Transaction Manager. This process validates WIP transactions, applies necessary options, and updates inventory tables. The process deletes transactions that pass validation from the inventory transaction interface tables and updates on-hand balances and lot and serial details in the core inventory tables.

Inventory Transaction Manager Returns a Response to Discrete Manufacturing

Once processing of designated transactions is complete, the Inventory Transactions Manager process returns either a success or failure status to the calling Discrete Manufacturing application.

Handling of WIP Inventory Transaction Errors

If an error is found, the calling application in Discrete Manufacturing makes the appropriate error message available to the user for resolution. Note that the transaction is cleared out of the inventory interface table and must be resolved in the Discrete Manufacturing application that originated the WIP inventory transaction. Once the error is resolved, the originating application can resubmit the transaction for processing.

Review Completed Inventory Transactions

You can view successfully processed inventory transactions using the Review Completed Inventory Transactions user interface.

Work in Process Negative Material Return Transactions: Explained

We have two types of Work in Process Negative Material Return Transactions. These include:

- Work in Process Negative Material Issue
- Work in Process Negative Material Return

Work in Process Negative Material Issue

The Work in Process Negative Material Issue transaction type enables you to recover byproducts from the manufacturing processes. This transaction provides a way to remove components from a final assembly that must be replaced or upgraded, and places the components back into inventory. The Work in Process Negative Material Issue transaction issues components from jobs and schedules to inventory to fulfill negative material requirements.

Work in Process Negative Material Return

The Work in Process Negative Material Return transaction type reverses the Work in Process Negative Material Issue transaction. This transaction enables components that are put back into inventory using the Work in Process Negative Material Issue, to be issued back to the original rework work order when the original transaction was done in error.

This transaction returns components to jobs and schedules from inventory to fulfill negative material requirements. A WIP negative material return reverses a WIP negative material issue.

\[\text{Note:}\] If you perform a negative material return transaction to return components that are under lot, serial, or lot and serial number control, you must identify the lots and serial numbers to perform the transaction.
Rework Work Orders and Serial Numbers: Explained

When performing a Work in Process Material Issue transaction for a lot or serialized assembly item into a rework work order, the lot or serial number is not required.

Lot and serial numbers are not required for the following Work in Process transaction types:

- Work in Process Material Issue
- Work in Process Material Return
- Work in Process Product Completion
- Work in Process Return

However, lot and serial numbers are required for these two Work in Process transaction types:

- Work in Process Negative Material Issue
- Work in Process Negative Material Return

FAQs for Processing Discrete Manufacturing Sourced Inventory Transactions

What happens if I perform a negative material return transaction for lot or serial controlled items?

You must identify the lots and serial numbers to perform Work in Process Negative Material Issue and Work in Process Negative Material Return transactions.

Manage Lots and Serial Numbers

Selecting Lot Number Uniqueness Control: Critical Choices

Select one of the following lot number uniqueness control options to apply to the items in your inventory organization:

- No uniqueness control
- Across items

No Uniqueness Control

You can assign the same lot number to multiple items in the same inventory organization and across inventory organizations. The following table provides an example of how lot numbers are generated when uniqueness control is not applied, both within and across inventory organizations.
Within Inventory Organization | Across Inventory Organizations
---|---
Item AS101 (laptop computer) / Lot LN100 | Item AS101 (laptop computer) / Lot LN100

Across Items
You can only assign a unique lot number to a single item in one inventory organization. If the same item is also in a different inventory organization, you must assign that item a unique lot number. The following table provides an example of how lot numbers are generated when uniqueness control is applied across items, both within and across inventory organizations.

Within Inventory Organization | Across Inventory Organizations
---|---
Item AS100 (printer) / Lot LN100 | Item AS100 (printer) / Lot LN300
Item AS101 (laptop computer) / Lot LN200 | Item AS101 (laptop computer) / Lot LN400

Selecting Serial Number Uniqueness Control: Critical Choices
Select one of the following serial number uniqueness control options to apply to the items in your inventory organization:

- Unique within items
- Unique within organization
- Unique across organizations

Unique Within Items
You cannot assign the same serial number to the same item, regardless of whether that item exists in the same or a different inventory organization.

For example, if you assign serial number SN100 to item A, you cannot assign serial number SN100 to any other instance of that item in any inventory organization. You could, however, receive a different item with serial number SN100 in any inventory organization.

The following table provides an example of the serial numbers that are generated for two separate items when serial number uniqueness is set to be within items.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Item</th>
<th>Serial Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1</td>
<td>AS100 (Printer)</td>
<td>SN100</td>
</tr>
<tr>
<td>M1</td>
<td>AS101 (Laptop Computer)</td>
<td>SN100</td>
</tr>
</tbody>
</table>
Unique Within Organization

The same serial number uniqueness rules apply as when you set serial number uniqueness control to be within items. Additionally, setting serial number uniqueness control to be within an organization prevents the same serial number from existing multiple times within the same inventory organization.

For example, if you assign SN100 to item A in a particular inventory organization, you cannot receive item B with serial number SN100 in the same inventory organization. You can, however, receive item B with serial number SN100 in any other inventory organization.

The following table provides an example of the serial numbers that are generated for two separate items when serial number uniqueness is set to be within an organization.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Item</th>
<th>Serial Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1</td>
<td>AS100 (Printer)</td>
<td>SN100</td>
</tr>
<tr>
<td>M1</td>
<td>AS101 (Laptop Computer)</td>
<td>SN101</td>
</tr>
</tbody>
</table>

Unique Across Organizations

The same serial number uniqueness rules apply as when you set serial number uniqueness rules to be within an organization. Additionally, setting serial number uniqueness control to be across organizations prevents the same serial number from being assigned to more than one item, regardless of the inventory organization.

For example, if you assign SN100 to item A, you cannot receive item B with the serial number SN100 in any inventory organization. In this example, SN101 and SN100 belong to different inventory organizations.

When you assign a particular inventory organization's serial number uniqueness control to be across organizations, serial number uniqueness is similarly restricted for all inventory organizations.

The following table provides an example of the serial numbers that are generated for two separate items when serial number uniqueness is set to be across organizations.

<table>
<thead>
<tr>
<th>Organization</th>
<th>Item</th>
<th>Serial Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1</td>
<td>AS100 (Printer)</td>
<td>SN100</td>
</tr>
<tr>
<td>M2</td>
<td>AS101 (Laptop Computer)</td>
<td>SN101</td>
</tr>
</tbody>
</table>

Serial Number Recording: Explained

When recording serial numbers for inventory, receiving, and shipping transactions, you have the option to enter a single serial number, a range of multiple serial numbers, or a multiple serial numbers that are not in a range.

On the Record Serials page, select from three actions to record your serial numbers:
FAQs for Managing Lots and Serial Numbers

What happens to an inactive lot?
When a lot’s status becomes inactive, the lot is still included in available-to-transact, available-to-promise, and available-to-reserve calculations.

Additionally, the lot:

- Is included as on-hand supply when you are performing min-max or reorder point planning calculations.
- Is included as on-hand inventory in all inquiries and reports, including the inventory valuation report.
- Can be transacted.
- Can be reserved.

What happens when a lot expires?
When a lot expires, the lot is not considered on-hand supply when the user is performing min-max or reorder point planning calculations.

Additionally, an expired lot:

- Cannot be reserved for a date beyond the expiration date.
- Is included in on-hand quantities, and can be transacted.
- Is included in a cycle count; cycle count entry and adjustments are allowed.

What happens if I allow different lot statuses in an organization?
Select **Yes** to allow new lot quantities to inherit the status of the existing lot. Select **No** to disallow transacting of new lot quantities into existing lots. Select **With Exception** to allow transacting of lot quantities if the on-hand balance of the destination organization is zero.

What happens if I select different lot generation options for lot control?
Select **At item level** to generate lot numbers using the starting lot number prefix and the lot number of the predefined item. Select **At organization level** to generate lot numbers using the lot name generation options for prefix, zero pad suffix, and total length. Select **User defined** for users to define lot numbers at item receipt.
What's the difference between creating lot UOM conversions automatically and creating lot UOM conversions as a result of user confirmation?
When lot UOM conversions are created automatically, lot-specific UOM conversions are created using the parameters of the lot quantities received.
When lot UOM conversions are created as a result of user confirmation, lot-specific UOM conversions are created using the lot quantities received.

Can I record lot and serial numbers for consigned transactions?
Yes, select lot and serialized items for a specific owning party when executing consigned inventory transactions.

How can I enter multiple serial numbers when they are not in a range?
On the Record Serials page, select the Record Serial Numbers button. This takes you to the Select: Serials page where you can select and add multiple serial numbers even when they are not in a range.
This action is not available when generating serial numbers.

FAQs for Reservations and Picks

What's a reservation?
A reservation links a supply source (such as on-hand inventory or a purchase order) to a demand source (such as an account, cycle count, or user-defined demand source), and guarantees allotment of material to the demand source. You can reserve material at the subinventory, locator, and if applicable, lot and serial number level.

What's a pick?
A pick is a manually- or automatically-created suggestion to honor a reservation when on-hand inventory is available. Picks can be created for material at the subinventory, locator, lot, and serial number levels.

What's a cycle count reservation?
A cycle count reservation is a reservation with the demand document type of cycle count.
You can create a cycle count reservation if, during picking or shipping, you have determined missing material and you want to ensure that no one else tries to use or pick the missing material. Cycle count reservations are deleted when you perform a cycle count of the item in the specified location.
What happens to reservations when I make changes to supply sources?

Reservations against the following supply sources are changed accordingly:

- **On hand**: After on-hand supply has been issued against a specified demand, the same material cannot be issued against another demand.

- **Purchase order**: If you reduce the quantity of material in or cancel a purchase order that is reserved against a demand, the corresponding reservation is modified or canceled.

  Any other changes to the purchase order that affect the expected quantity also trigger changes to the associated reservation.

- **Requisition**: If you reduce the quantity of material in or cancel a requisition that is reserved against a demand, the corresponding reservation is modified or canceled.

  Any other changes to the purchase order that affect the expected quantity also trigger changes to the associated reservation.

- **Transfer order**: If you reduce the quantity of material in or cancel a transfer order that is reserved against a demand, the corresponding reservation is modified or canceled.

  Any other changes to the purchase order that affect the expected quantity also trigger changes to the associated reservation.

- **Transfer order return**: If you cancel a transfer order return that is reserved against a demand, the corresponding reservation is canceled.

- **Work order**: If you reduce the quantity of material in or cancel a work order that is reserved against a demand, the corresponding reservation is modified or canceled.

  Any other changes to the purchase order that affect the expected quantity also trigger changes to the associated reservation.

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**Confirm Pick Slips**

**Overview**

You use the Confirm Pick Slips page to enter details of picked material and confirm a pick slip.

You can do the following as part of confirming a pick slip:

- Enter details of picked material
- View and modify details of picks on a pick slip
- Enter multiple lot and serial number for picked material, if required
- Enter the transaction date for each pick
- Evaluate pick slip discrepancies
To confirm a pick slip, select **Navigator > Inventory Management**, and then click the **Confirm Pick Slips** task from the task panel.

**Enter Serial Numbers at Pick Confirmation: Overview**

To enter a serial number at pick confirmation, an item must be configured to create and assign serial numbers at pick confirmation. If you enter serial numbers at pick confirmation, your shipping personnel do not need to scan or enter serial numbers during the ship confirm process. This results in efficient processing of outbound shipments.

> **Note:** If required, you can override the serial number entered at pick confirmation at shipment confirmation.

**Related Topics**
- Capturing Serial Number at Pick Confirmation: Overview
- Item Inventory Specifications

**FAQs for Confirming Pick Slips**

**What happens if I confirm a pick slip and navigate to ship confirm?**
You can continue with processing the shipment and then ship confirming it as an integrated flow.

**What are the inventory transactions that support entering serial numbers at pick confirmation?**
You can enter serial numbers at pick confirmation for inventory transactions such as sales order pick, transfer order pick, transfer order return pick, and movement request issue. For internal material transfers, you can enter serial numbers between two inventory organizations (interorganization transfer) including for expense destinations. For internal material transfers between two subinventories (intraorganization or intersubinventory transfer) you cannot enter serial numbers except for destination type expense.

**What happens if I select the Close movement request lines at pick confirmation check box?**
This selection automatically closes replenishment movement requests from min-max planning that are partially filled at pick confirmation time.

**FAQs for Manage Inventory Transactions**

**UOM Conversions for Inventory, Receiving, and Shipping Transactions: Explained**

UOM conversions enable you to view different units of measure set up for an item in inventory transactions. With UOM conversions, you can order items in one unit of measure, and convert and fulfill the items in a different unit of measure.
The UOM conversions option is hidden by default. Enable UOM conversions by selecting the UOM Conversions item from the View menu on the following applicable pages:

- Receive Expected Shipments
- Put Away Receipts
- Manage Transfer Orders
- Create Subinventory Transfers
- Create Interorganization Transfers
- Confirm Pick Slips
- Return Receipts
- Cycle Count - Record Count Sequences
- Physical Count - Record Physical Inventory Tags
- Create Miscellaneous Transactions
- Manage Shipment Lines
- Manage Item Quantities
- Manage Movement Requests

Select the **UOM Conversions** icon to access the View UOM Conversions page. On the View UOM Conversions page, you can view the UOM conversion between the transaction UOM and other item-specific defined UOMs.

> **Note:** You can use UOM conversions if you have defined interclass and intraclass UOM conversions for your items.

**Related Topics**

- Defining Unit of Measure Standard Conversions: Examples
- What’s a unit of measure standard conversion
3 Manage Consigned Inventory From Supplier

Consumption Advice: Explained

A consumption advice is a periodic summary report of consumption transactions that reports the usage of consigned inventory to the supplier based upon a consumption advice frequency. The consumption advice stores the details needed to communicate information to the supplier such as item quantity and value of the inventory consumed in the warehouse. The consumption advice also serves as the document to initiate financial settlement for the consumed material.

Create Consumption Advice Process: Explained

The Create Consumption Advice process consolidates consumption transactions over a period of time and groups them together to create the consumption advice.

The consumption advice is a report to the supplier that indicates that the consigned inventory has been consumed and that ownership has transferred from the supplier to the buyer. The consumption advice is created on a periodic basis agreed upon between the supplier and buyer and is used for billing purposes.

Important factors regarding consumption advices include:

- Process parameters
- Communication methods
- Consumption advice summary
- Consumption advice generation frequency

Process Parameters

You can define the following parameters when setting up the Create Consumption Advice process:

- **Supplier** (optional): used to filter transactions for generating advices. If you do not specify a supplier, the application generates consumption advices for all suppliers in the organizations that have ownership changes.
- **Supplier Site** (optional): used to further filter transactions for generating consumption advices. If you specify a supplier site, you must also select a supplier.
- **Include Transaction Type**: you can group consumption advices by transaction type.
- **Display Lot and Serial Number**: specify whether or not to include lot and serial number details on the consumption advice.

Communication Methods

There are several different methods to communicate the consumption advice to the supplier. Communication methods include:

- Print
- Fax
- Email
• Publish to Supplier Portal

Consumption Advice Summary
You can produce consumption advices at different summary levels. For example, you may want to produce a single consumption advice for each organization and item. The consumption advice summary option is carried on the consignment agreement. The Create Consumption Advice process uses this value to determine how to generate the consumption advices. The consumption advice summary options include:

• A single consumption advice for inventory organization, item, and transaction date.
• A single consumption advice for inventory organization and item.
• A single consumption advice for inventory organization.
• A single consumption advice for all inventory organizations.

Consumption Advice Generation Frequency
For consigned inventory, the buyer and supplier agree upon a consumption advice generation frequency. The consumption advice generation frequency indicates the frequency at which the Create Consumption Advice process runs to consolidate consumption transactions for a defined period of time. When the Create Consumption Advice process is run, the application generates a consumption advice which sends consigned inventory transaction information from the buyer to the supplier.

The consumption advice generation frequency is determined by adding the consumption advice frequency (Daily, Weekly, or Monthly) to the closing date of the billing cycle.

Consumption Advice Generation Frequency: How It's Calculated
The consumption advice generation frequency indicates the frequency at which the Create Consumption Advice process runs to consolidate consumption transactions for a defined period of time.

Conditions That Affect the Consumption Advice Generation Frequency
Two factors affect the consumption advice generation frequency:

• Consumption advice frequency: Daily, Weekly, or Monthly
• Billing cycle closing date
How Consumption Advice Generation Frequency Is Calculated

The consumption advice generation frequency is determined by adding the consumption advice frequency (Daily, Weekly, or Monthly) to the closing date of the billing cycle.

In addition, consumption advices for item consumption are generated only after the billing cycle has ended (the closing date has passed). Each consumption advice reports transactions that were created in that billing period only.

Each time the consumption advice is generated, the billing cycle closing date resets (moves forward) for the next billing cycle.

Example

If you set the consumption advice frequency to Weekly and the billing cycle closing date to November 7, 2014, then you produce the following billing periods:

- November 1, 2014 - November 7, 2014
- November 8, 2014 - November 14, 2014
- November 15, 2014 - November 21, 2014

Here’s how the Create Consumption Advice process runs on the following dates:

- November 2, 2014: no consumption advice is generated.
- November 7, 2014: consumption advice is generated and next closing date is set to November 14, 2014.
- November 10, 2014: no consumption advice is generated.
- November 14, 2014: consumption advice is generated and next closing date is set to November 21, 2014.

Consigned Inventory: Explained

Consigned inventory refers to items that are in the possession of one party, but remain the property of another party by mutual agreement.
The process of consigned inventory follows steps between the buyer and seller. You start with a consignment agreement and end with paying the supplier. The following figure shows the steps of the consigned inventory process flow.

Consignment Agreement

The consigned inventory process starts with a buyer entering into a consignment agreement with a supplier. The consignment agreement carries the terms related to the consignment arrangement between the trading partners, items to be purchased on consignment, and the price associated with the items.
Consignment Order
The buyer periodically generates consignment orders requesting the supplier to ship goods.
The consignment order uses the terms and conditions of the consignment agreement and specifies the delivery details, quantities, locations, and dates for the consigned goods to be delivered.

Ship and Receive Items
Once the supplier ships goods, and the inventory has been received, the inventory is held as consigned stock. The inventory is in the possession of the buyer. However, the ownership of the inventory remains with the supplier.

Note: For regular (nonconsigned) inventory, once goods are received, the ownership changes to the buying party.

Consumption Advice
When the inventory is consumed, a consumption advice is generated based upon a frequency agreed upon between the buyer and supplier. The consumption advice communicates to the supplier the consumption transactions that occurred within a given period of time.

Invoice and Pay Supplier
The consumption advice serves as the document to initiate financial settlement for the consumed inventory. You also have the option to pay-on-use to pay your supplier immediately upon usage of the consigned inventory.

Consigned Inventory Aging: Explained
Consigned inventory aging is an agreed upon period of time where at the end of the aging period, the ownership of the inventory transfers from the supplier to the buyer.

The following aspects are important regarding consigned inventory aging:

- Aging process
- Aging period
- Aging onset point
- Transfer to Owned transaction

Aging Process
When a buyer and supplier enter into a consignment agreement, they agree to a specified aging period and aging onset point. When the aging period expires, the buyer takes ownership of the consigned inventory. The inventory manager performs a manual Transfer to Owned transaction (ownership change) that transfers the material from supplier owned to buyer owned.

Now that the consigned inventory has been consumed, a consumption advice is generated based upon the frequency agreed upon between the buyer and supplier. The consumption advice communicates to the supplier the consumption transactions that occurred within a given period of time and it also serves as the document to initiate financial settlement for the consumed goods.
Aging Period
The aging period indicates the maximum number of days the material may be on consignment. You specify the aging period on the consignment agreement. Oracle Fusion Inventory uses this value to determine if consigned inventory has aged and what appropriate action should be taken. Once the buyer takes ownership of the consigned material, the aging period is no longer tracked since the material is no longer consigned.

Note: The aging period is not reset when inventory transactions for the item do not involve an ownership transfer.

Aging Onset Point
The aging onset point indicates the mutually agreed event point at which consigned material begins to age. Values can be Receipt or Shipment. You specify the aging onset point on the consignment agreement. Oracle Fusion Inventory uses this term to determine whether to begin aging when the consigned goods are shipped by the supplier or when they are received at the buying organization.

If the aging onset point value is Receipt, then the date of receipt is used to start the aging period calculation. If the aging onset point is defined as Shipment, then the application uses the ship date specified on the advance shipment notice (ASN) to start the aging period calculation.

Transfer to Owned Transactions
The change in ownership (Transfer to Owned transaction) typically occurs when the buyer uses the product or when the aging period has expired.

Consigned Inventory Consumption: Explained
Ownership changes from the supplier to the buyer when the buying organization consumes the consigned inventory. This process is referred to as consumption.

These factors are important regarding the consumption of consigned inventory:

- Ownership change
- Explicit or implicit transaction
- Lot and serial
- Consumption transaction pricing

Ownership change
You can define consumption rules to specify whether the transfer of consigned inventory between two inventory locations triggers an ownership change (consumption). When you execute a transfer between organizations, your previously defined consumption rules determine whether or not the transfer results in an ownership change.

There are two types of consigned inventory transactions:

- Transfer to Owned: Transfers consigned inventory to owned inventory. This transaction transfers the ownership of the inventory from the supplier to the internal organization.
- Transfer to Consigned: Transfers ownership of the inventory from the internal organization to the supplier.
Explicit or Implicit Transaction

You can choose to perform consumption transactions both explicitly and implicitly.

With explicit consumption, you specify the external owning party whose goods will be transferred to the internal organization.

With implicit consumption, consumption is a result of an inventory transaction such as a sales order issue. Most transactions occur through implicit consumption. You can configure the transaction types that trigger consumption through the setup of consumption rules.

For implicit consumption, the application generates two separate inventory transactions. The first transaction represents the consumption (change in ownership). This table shows a Transfer to Owned transaction. This transaction records the change in ownership between the original owning party (Allied Supplier) and the new owning party (Organization M1).

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Item</th>
<th>Quantity</th>
<th>Owning Party</th>
<th>Owning Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer to Owned</td>
<td>100C</td>
<td>10</td>
<td>Allied Supplier</td>
<td>Organization M1</td>
</tr>
</tbody>
</table>

The second transaction represents the movement of inventory. This table shows the transaction to record the movement of inventory. The consumption rules indicate that ownership changes when Item 100C transfers from source subinventory FGI to destination subinventory Stores.

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Item</th>
<th>Quantity</th>
<th>Source Subinventory</th>
<th>Destination Subinventory</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subinventory Transfer</td>
<td>100C</td>
<td>10</td>
<td>FGI</td>
<td>Stores</td>
</tr>
</tbody>
</table>

The two, separate transactions allow the segregation of transactions involving the change in ownership and the movement of material.

Lot and Serial

You can select lot and serial controlled items for a specific owning party when executing consigned inventory transactions.

Consumption Transaction Pricing

When the consumption transaction takes place, the application uses the terms of the associated consignment agreement to calculate the price that is in effect at the time of consumption. The calculated price is based on the date of consumption since this represents the point when ownership transfers from the supplier to the internal organization. Oracle Fusion Inventory Management interfaces with Oracle Fusion Purchasing to determine the current price from the consignment agreement.

Related Topics

- Consumption Rules: Explained

Consigned Inventory Lifecycle: Explained

The lifecycle of consigned inventory spans several tasks and products from creating the consignment agreement in Oracle Fusion Purchasing through the final step of paying the supplier in Oracle Fusion Payables.
The consigned inventory lifecycle includes these tasks and products:

- Creating consignment agreement and consignment order (Oracle Fusion Purchasing)
- Receiving consigned material (Oracle Fusion Receiving)
- Calculating cost (Oracle Fusion Cost Management)
- Consuming material and creating consumption advice (Oracle Fusion Inventory Management)
- Generating invoice and paying supplier (Oracle Fusion Payables)

The following figure shows the lifecycle of consigned inventory and the products responsible for each task.
Creating Consignment Agreement and Consignment Order

Purchasing enables the creation of the consignment agreement and consignment order. The buyer and supplier negotiate the terms of the consignment arrangement and these details are captured on the consignment agreement.

Demand often originates from an inventory system. Purchase orders are created by the system in response to requisitions originating from sources such as min-max planning. For example, a min-max threshold can be set so that when the on-hand quantity dips below 100, a requisition is automatically created, followed by a purchase order. The consigned inventory process then follows.

Receiving Consigned Material

The Receiving application allows receiving personnel to receive and put away goods into inventory. Once consigned inventory is received, the goods are in the physical possession of the buying organization, but the supplier still retains ownership of the goods.

Calculating Cost

The Cost Management application allows you to generate the necessary cost accounting to take ownership of the material. Cost Management does not accrue payable liability or record consigned inventory received as an asset owned by the company. Instead, it allows the value of consigned inventory to be tracked in a separate account so that it is not considered as owned goods for financial reporting.

Consuming Material and Creating Consumption Advice

Consumption takes place in Inventory Management. Consumption represents the event point where ownership of the inventory is transferred from the supplier to the buyer. The buyer periodically generates a consumption advice to inform the supplier about the quantity of inventory consumed.

Generating Invoice and Paying Supplier

Oracle Payables processes invoices for the consignment order and makes payments to suppliers. Before making the payment, the invoice must be matched to the consumption advice lines. Every invoice has a one-to-one relationship with a consumption advice number. Also, if you set up the pay on use option on the consignment agreement, you can pay your supplier immediately upon usage of the consigned inventory.

Consumption Advice Errors and Exceptions: Explained

Consigned inventory transactions can result in errors during the processing of ownership transfers. For example, if the consignment agreement associated with the consumption transaction is no longer valid, the process results in an error. When errors occur, the consumption transactions aren’t included on the consumption advice. You must correct the transactions and resubmit them for processing.

Here are the steps to find and resolve errors and exceptions for consigned inventory transactions:

- Resolve error
- Resubmit transaction for processing
Resolve Error
You can search for consigned inventory related transactions that resulted in errors during processing on the Review Consumption Advice Exceptions page. You can also search for pending transactions that resulted in an ownership transfer error. Once you identify the pending transactions, you can review and resubmit the transaction for processing. Access the Review Consumption Advice Exceptions page from the Inventory Management work area.

Resubmit Transaction for Processing
Once you correct the consigned inventory transaction, the Create Consumption Advice process automatically processes the corrected transaction in the next run of the consumption advice. The process gives the corrected transaction a different consumption advice number. This number is for internal reference only, and is not exposed to the supplier.

Returning Consigned Inventory: Examples
You can return consigned material in various statuses such as Put Away and Consumed. Use the Transfer to Consigned transaction type to transfer consigned material that has been consumed implicitly or explicitly back to a Consigned status.

The following examples illustrate return scenarios based on material status:

- Material received and not yet put away to inventory
- Material received and put away to inventory
- Material consumed and consumption advice not yet generated
- Material consumed and consumption advice generated

Material Received and Not Yet Put Away to Inventory
You can search for and return consigned material in this status. If the material is lot or serial controlled, you can provide the lot and serial numbers while initiating the return. You cannot create a debit memo for this type of return transaction.

Material Received and Put Away to Inventory
You can search for and return consigned material in this status. If the material is lot or serial controlled, you can provide the lot and serial numbers while initiating the return. You can perform either a single or two-step return. With the single step return, you return directly to the supplier. With the two-step return, you first return to receiving, and then return to supplier. You cannot create a debit memo for this type of return transaction.

Material Consumed and Consumption Advice Not Yet Generated
The material ownership has changed from supplier to buyer, but the consumption advice has not yet been created. Since the consumption advice has not communicated the detail of ownership change to the supplier, you may prefer to return the
material to the supplier as consigned rather than as owned inventory. In order to do this, you must first perform a Transfer to Consigned transaction for the item and quantity.

The Transfer to Consigned transaction changes the status of the material back to Consigned. If the item is not lot or serial controlled, the application uses FIFO logic to determine the exact transaction line or lines whose status must be changed from regular to consigned. If the item is lot or serial controlled, you can narrow down the specific transaction line.

Once the material changes status from Owned to consigned, the material is available for return to supplier. Since the ownership has passed back to the supplier, debit memos are not needed.

Material Consumed and Consumption Advice Generated

The material ownership has changed from supplier to buyer, and the consumption advice has been created. Since, the consumption advice has communicated the detail of ownership change to the supplier, you need to return the material to supplier as owned rather than consigned inventory.

Since the ownership is with the buyer, when the return to supplier transaction is created, a debit memo is generated if the invoice has been created based on the consumption advice.

If the material is lot or serial controlled, you can provide the lot and serial numbers while returning. Once the supplier receives the material, they process a credit note against the invoice for the consignment order line.

FAQs for Manage Consigned Inventory

How can I transfer consigned inventory to owned inventory when the aging period expires?

Select the **Transfer to Owned** button on the Manage Consigned Inventory Aging page.

What's the difference between transfer to owned and transfer to consigned transactions?

A Transfer to Owned transaction transfers consigned inventory to owned inventory. This transaction transfers the ownership of the material from the supplier to the internal organization or buyer.

A Transfer to Consigned transaction transfers consigned material that has been consumed back to a Consigned status. This transfers the ownership of material from the internal organization or buyer back to the supplier.

Can I return material to consigned status after the generation of a consumption advice?

Yes, you can return the material. The application creates an automatic debit memo since the consumption advice was already generated.
How can I resolve consumption advice errors?

Search for consigned inventory transactions that resulted in errors during processing on the Manage Pending Transactions page. Once you identify the pending transactions, you can review and resubmit the transaction for processing.

What's the consumed quantity?

The quantity consumed or returned on consignment. The consumed quantity represents the sum of the inventory transactions (positive if transferred to owned and negative if transferred to consigned) that were converted into purchase order quantity units of measure.

Can I pay on use for consigned inventory?

Yes, you can set up the pay on use option on the consignment agreement. This enables you to pay your supplier immediately upon usage of the consigned inventory.
4 Understand Back-to-Back Processing

Back-to-Back Fulfillment: Explained

In the back-to-back fulfillment process flow, supply is received at a warehouse and then shipped directly to the customer. This flow is best suited for fulfillment of high-cost or slow-moving products where stock is not maintained in inventory. For example, you might want to use back-to-back fulfillment for items that are too expensive to maintain as on-hand inventory. Or, you might want to use back-to-back fulfillment when you don’t want to use warehouse space to stock items that rarely sell.

Supply in back-to-back fulfillment is procured and received at a warehouse only after a sales order is entered and scheduled. The sales order demand triggers the supply creation, and a link is established between the sales order and the supply. The supply is reserved against the sales order until shipping.

Back-to-back fulfillment is a fully automated order fulfillment process that includes:

- Automated selection of source of supply, internal or external
- Reservation of supply until fulfillment
- Automated response to supply and demand changes

Related Topics

- Back-to-Back Fulfillment: Overview
- Back-to-Back Fulfillment: How It Works

Reservations Handling in Back-to-Back Fulfillment: Explained

The backbone of the back-to-back fulfillment flow is the reservation that ties a sales order with the supply document. After the supply document is created in the supply execution application, Oracle Fusion Supply Chain Orchestration initiates the creation of a reservation in inventory to tie both demand and supply together. The reservation is managed dynamically and is updated whenever there are demand-side or supply-side changes. This reservation improves fulfillment accuracy and timeliness by ensuring that demand-specific supplies are reserved and prevents misallocation of supply to other demand sources.

You can search for and view reservations in the Manage Reservations and Picks page, which provides detailed information about both demand and supply documents.
Change Management in Back-to-Back Fulfillment: Explained

The back-to-back fulfillment flow supports change management that handles change initiated from the demand side as well as the supply side. This automatic change management prevents excess inventory buildup by matching supply to demand and circumvents the need for manual intervention, except to address an exception. For any exceptions in the flow, the order fulfillment manager is notified to take appropriate action, and precludes delays that could occur because of human intervention.

For successful demand and supply changes in the back-to-back fulfillment flow, the reservation is updated to reflect the changes. Demand changes that are supported include changes in quantity (both increase and decrease), total cancellations, and changes to the requested date. Such demand-side changes are orchestrated to Supply Chain Orchestration to keep the supply documents updated with the changed demand picture. Similarly, supply-side changes that are supported include quantity decrease, supply delays, and supply document cancellations (for example, transfer order cancellation by the source organization).

FAQs for Back-to-Back Processing

What's a back-to-back transfer order?

An internal material transfer order to transfer supply from the source location to the destination location to fulfill a back-to-back sales order. The back-to-back transfer order is automatically reserved against the associated back-to-back sales order by Oracle Fusion Supply Chain Orchestration. When the transfer order is received and put away at the destination location, the supply-side of the reservation is automatically moved from the transfer order to the new on-hand inventory. This action maintains the reservation of the supply against the back-to-back sales order until shipping.

What's the difference between a regular transfer order and a back-to-back transfer order?

A back-to-back transfer order is processed in the same manner as a regular transfer order, except for the following points:

- The transfer order supply is automatically reserved to the originating back-to-back sales order by Supply Chain Orchestration when the order is created.
- The back-to-back transfer order is monitored by Supply Chain Orchestration to ensure the original supply required to fulfill the back-to-back sales order is not at risk. As quantities and dates change on the transfer order, Supply Chain Orchestration performs exception handling to fulfill the back-to-back sales order. In addition, Supply Chain Orchestration is notified when the supply is shipped from the source organization as well as when it is put away in the destination organization.
5 Plan Inventory Replenishment

Min-Max Planning: Explained

Use min-max planning to maintain inventory levels for all of your items or for selected items. Min-max planning requires specification of minimum quantity and maximum quantity inventory levels for your items. When you print the Min-Max Planning report, the inventory level for an item, on-hand quantities plus on-order quantities, is considered. If the inventory level is below the minimum quantity defined for the item, min-max planning suggests a new purchase requisition or movement request to bring the inventory level back up to the maximum quantity. You perform min-max planning at the inventory organization level or at the subinventory level.

You perform the following actions for min-max planning:

- Define min-max planning attributes when setting up items, item subinventories, or inventory organizations.
- Print the Min-Max Planning report.

Note: The min-max planning calculations exclude any items and item subinventories configured with the Supplier Managed inventory planning method. See the Oracle SCM Cloud: Using Supply Chain Collaboration guide for more information.

Define Min-Max Planning Attributes

To use min-max planning you set the attributes used by min-max planning. The following attributes are used by min-max planning calculations:

- Min-max minimum quantity
- Min-max maximum quantity
- Fixed lot multiple
- Minimum order quantity
- Maximum order quantity
- Round reorder quantity

To use min-max planning at the organization level, you set the attributes used by min-max planning when you manage items. First, you set the Inventory Planning Method attribute to min-max planning. When you define min-max parameters at the organization level, you also have the option to define sourcing rules to generate purchase requisition information for buy items. You can also generate transfer order or work order requests. For work order requests, you must first set the Build in WIP attribute for the item.

To use min-max planning at the subinventory level, you set the attributes used by min-max planning when you manage item subinventories. First you enable min-max planning for the item subinventory. When you define min-max parameters at the subinventory level, you also have the option to define sourcing rules to generate purchase requisition information or movement requests for the suggested replenishment quantities. You can also generate transfer order requests.

At the subinventory level, min-max planning generates either a transfer order or movement request based on the following rules:

- If the source type is Organization, and you are using the same organization to which the subinventory belongs, then min-max planning generates an intraorganization transfer order (subinventory transfer).
• If the source type is Subinventory, then min-max planning generates a movement request.

Print the Min-Max Planning Report
Print the Min-Max Planning report to show planning information for all min-max planned items in an organization or subinventory or for items with on-hand balances either below or above their assigned minimum or maximum on-hand quantities. When you submit the Min-Max Planning report, the first parameter you specify is the planning level parameter to specify organization level or subinventory level.

Note: Supply order requests for purchase requisitions, transfer orders, and work orders go into the Supply Chain Orchestration Interface table. You must run the Process Supply Chain Orchestration Interface process in Oracle Fusion Supply Chain Orchestration to create the actual supply orders in the destination systems. If you do not have Oracle Fusion Manufacturing and Supply Chain Materials Management installed, you must run the Requisition Import process to create requisitions. A default item source may be defined at the organization, subinventory, or item level. Min-max planning uses the information from the lowest level to determine the source from which to requisition the item. The ascending hierarchy is:

1. Item in a subinventory
2. Source in a subinventory
3. Item in an organization
4. Source in an organization

Min-Max Planning Report Parameters: Points to Consider
When you run the Min-Max Planning report, you set many parameters to specify the results you want for the current submission of the report.

Min-Max Planning Report Parameters
This table lists the parameters you specify when you run the min-max planning report and explains the options you select for each parameter.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization</td>
<td>Specify the organization to run the report for.</td>
</tr>
<tr>
<td>Sort By</td>
<td>Select one of the following to specify how you want the report output sorted:</td>
</tr>
<tr>
<td></td>
<td>• Item</td>
</tr>
<tr>
<td></td>
<td>• Category</td>
</tr>
<tr>
<td></td>
<td>• Buyer</td>
</tr>
<tr>
<td>From Item and To Item</td>
<td>Enter a range of items to restrict the report to one or more items.</td>
</tr>
<tr>
<td>Planning Level</td>
<td>Specify whether min-max planning will be performed for the entire organization or for a specific subinventory.</td>
</tr>
<tr>
<td>Item Selection</td>
<td>Specify whether min-max planning will include only items under minimum quantity, only items over maximum quantity, or all min-max planned items.</td>
</tr>
<tr>
<td>Parameter</td>
<td>Options</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Subinventory</td>
<td>Enter the subinventory for which you want to run the report.</td>
</tr>
<tr>
<td>Lot Control</td>
<td>Specify whether min-max planning will include lot controlled items, non-lot controlled items, or both.</td>
</tr>
<tr>
<td>Demand Cutoff Date</td>
<td>Enter the demand cutoff date. The report includes demand on or before this date.</td>
</tr>
<tr>
<td>Demand Cutoff Date Offset</td>
<td>Enter the demand cutoff date offset</td>
</tr>
<tr>
<td>Supply Cutoff Date</td>
<td>Enter the supply cutoff date. The min-max planning calculation includes open supply orders on or before this date.</td>
</tr>
<tr>
<td>Supply Cutoff Date Offset</td>
<td>Enter the supply cutoff date offset</td>
</tr>
<tr>
<td>Restock</td>
<td>Enter yes or no to indicate whether to generate purchase requisition information or movement request orders.</td>
</tr>
<tr>
<td>Ship-to Location</td>
<td>Enter the ship-to location to be specified on any requisition records created during the Min-Max Planning process.</td>
</tr>
<tr>
<td>Net Unreserved Orders</td>
<td>Enter yes or no to specify whether to include unreserved order quantity in min-max planning calculations.</td>
</tr>
<tr>
<td>Include Interface Supply</td>
<td>Enter yes or no to indicate whether to include interface supply as supply quantity.</td>
</tr>
<tr>
<td>Net Reserved Orders</td>
<td>Enter yes or no to specify whether to include reserved order quantity in min-max planning calculations.</td>
</tr>
<tr>
<td>Include Nonnettable Subinventories</td>
<td>Enter yes or no to specify whether to include nonnettable subinventories.</td>
</tr>
<tr>
<td>Display Format</td>
<td>Choose one of the following:</td>
</tr>
<tr>
<td></td>
<td>• Display all information.</td>
</tr>
<tr>
<td></td>
<td>The report displays all columns.</td>
</tr>
<tr>
<td></td>
<td>• Do not display supply and demand details.</td>
</tr>
<tr>
<td></td>
<td>The report does not display the Minimum Order Quantity, Maximum Order Quantity, and Multiple Order Quantity columns.</td>
</tr>
<tr>
<td>Display Item Description</td>
<td>Enter Yes or No to indicate whether to display item description.</td>
</tr>
<tr>
<td>Include Purchase Order Supply</td>
<td>Enter yes or no to indicate whether to include purchase order supply.</td>
</tr>
<tr>
<td>From Category and To Category</td>
<td>Enter a range of categories to restrict the report to one or more categories.</td>
</tr>
<tr>
<td>From Buyer and To Buyer</td>
<td>Enter a range of buyers to restrict the report to one or more buyers.</td>
</tr>
</tbody>
</table>
Min-Max Planning Replenishment Quantities: How They Are Calculated

Min-max planning calculates whether the total available quantity is less than the minimum quantity to decide whether to suggest a new order. When min-max planning decides to suggest a new order, another calculation is used to determine the order quantity to suggest.

Settings That Affect Min-Max Planning

The settings that affect min-max planning fall into one of the following two categories:

- Attributes you define for items, item subinventories, or inventory organizations.
- Parameters you specify when printing the Min-Max Planning report

The attributes you define include the following min-max planning attributes and order quantity modifier attributes:

- Min-max minimum quantity
- Min-max maximum quantity
- Minimum order quantity
- Maximum order quantity
- Fixed lot multiple

How Min-Max Planning Is Calculated

The definitions of the variables used in the min-max planning calculations depend upon whether you perform min-max planning at the organization level or at the subinventory level. The following table provides the definitions for the variables at each level.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Organization Level Definition</th>
<th>Subinventory Level Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity on Hand</td>
<td>Nettable Quantity on Hand: The sum of quantities on-hand for the item across all the nettable subinventories within your organization. Non-nettable quantities may optionally be included.</td>
<td>The quantity in the subinventory you specify when you submit the Min-Max Planning report.</td>
</tr>
<tr>
<td>Variable</td>
<td>Organization Level Definition</td>
<td>Subinventory Level Definition</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>On Order</td>
<td>The sum of open purchase orders and requisitions.</td>
<td>The sum of open purchase orders, purchase requisitions, and subinventory transfer movement requests scheduled for receipt at the specified subinventory on or before the supply cutoff date.</td>
</tr>
<tr>
<td></td>
<td>Supply orders referencing a different subinventory, or with no subinventory specified, are not included.</td>
<td></td>
</tr>
</tbody>
</table>

| Open Demand    | The sum of reserved and unreserved sales orders, inventory reservations, account issue movement requests. | The sum of inventory reservations (including reserved sales orders), account issue movement requests, and subinventory transfer movement requests scheduled to ship from the specified subinventory on or before the demand cutoff date. |
|                | Inventory reservations referencing a different subinventory, or with no subinventory specified, are not included. |

<table>
<thead>
<tr>
<th>Minimum Quantity</th>
<th>Minimum quantity defined for the applicable item.</th>
<th>Minimum quantity defined for the applicable item subinventory.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order Quantity Modifiers</td>
<td>Order quantity modifiers defined for the applicable item.</td>
<td>Order quantity modifiers defined for the applicable item subinventory.</td>
</tr>
</tbody>
</table>

Min-Max planning uses the following three calculation steps:

1. Calculate the total available quantity.

   The equation used to calculate total available quantity depends upon a combination of the min-max planning level and what you select for the net demand options. The following table provides the equation used to calculate total available quantity for each combination of min-max planning level and net demand option.

<table>
<thead>
<tr>
<th>Min-Max Planning Level</th>
<th>Net Demand Options Selected</th>
<th>Total Available Quantity Equation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organization</td>
<td>No for all of the net demand options</td>
<td>Nettable Quantity On Hand + On Order</td>
</tr>
<tr>
<td>Organization</td>
<td>Yes for any of the net demand options</td>
<td>Nettable Quantity On Hand + On Order - Open Demand</td>
</tr>
<tr>
<td>Subinventory</td>
<td>No for all of the net demand options</td>
<td>Quantity On Hand + On Order</td>
</tr>
<tr>
<td>Subinventory</td>
<td>Yes for any of the net demand options</td>
<td>Quantity On Hand + On Order - Open Demand</td>
</tr>
</tbody>
</table>

2. Suggest a new order if: total available quantity < minimum quantity.

3. Calculate order quantity using the equation: order quantity = maximum quantity - total available quantity, adjusted for order quantity modifiers.
The order quantity modifiers are used to adjust the order quantity as follows:

- If the order quantity is less than the minimum order quantity, the order quantity is revised up to the minimum.
- If the order quantity is greater than the maximum order quantity, the order quantity is revised down to the maximum.
- If revision is necessary for the order quantity to be a multiple of the fixed lot multiple, the order quantity is revised accordingly.

Min-Max Planning Example

The following example shows how Oracle Fusion Inventory Management uses the item attributes and the Min-Max Planning Report parameters to perform min-max planning to determine whether an order should be placed, and how min-max planning calculates the quantity to order. For this example, assume the item has the following quantity values and item attribute settings:

- Nettable quantity on hand = 25
- Open supply quantity = 50 with all supply within the supply cutoff date
- Open reserved sales order quantity = 90 with all demand within the demand cutoff date
- Min-max minimum quantity = 100
- Min-max maximum quantity = 500

Using this scenario, when you run the Min-Max Planning report for the organization level with No specified for the Net Reserved Orders parameter, the following calculations are performed:

1. Total available quantity: 25 + 50 = 75
2. Below minimum quantity check: 75 < 100
   - The total available quantity is less than the min-max minimum quantity, so an order is suggested.
3. Maximum quantity less total available quantity: 500 - 75 = 425
   - To bring the quantity available back to the min-max maximum, min-max planning will suggest an order with the quantity to order = 425.

Using the previous scenario, when you run the Min-Max Planning report for the organization level with Yes specified for the Net Reserved Orders parameter, the following calculations are performed:

1. Total available quantity: 25 + 50 - 90 = -15
2. Below minimum quantity check: -15 < 100
   - The total available quantity is less than the min-max minimum quantity, so an order is suggested.
3. Maximum quantity less total available quantity: 500 - (-15) = 515
   - To bring the quantity available back to the min-max maximum, min-max planning will suggest an order with the quantity to order = 515.
Rounding the Reorder Quantity: How It Affects Min-Max Planning Reorder Calculations

When you specify to round reorder quantities, min-max planning reorders for item subinventories are automatically rounded up or down.

Settings That Affect Rounding the Reorder Quantity

Reorder quantities for an item subinventory are calculated based on:

- The setting that you select for the Round Order Quantity parameter on the Manage Inventory Organization Parameters page, General tab, of the inventory organization containing the item subinventory
- The value that you specify for the Fixed Lot Multiple text box on the Add Item to Subinventory window

How Rounding the Reorder Quantity Affects Min-Max Planning Reorder Quantity Calculations

If you enable rounding the reorder quantity for the inventory organization, and specify the fixed lot multiple for the item subinventory, the reorder quantity is rounded up. If you disable rounding the reorder quantity for the inventory organization, and specify the fixed lot multiple for the item subinventory, the reorder quantity is rounded down.

Note: To round reorder quantities, you must specify a fixed lot multiple.

Example: Rounding the Reorder Quantity

Assume that the reorder quantity is 24. If you enable rounding the reorder quantity and specify 10 for the fixed lot multiple, the reorder quantity is rounded up to 30. If you disable rounding the reorder quantity and keep the fixed lot multiple at 10, the reorder quantity is rounded down to 20.

Specifying the Fixed Lot Multiple: How It Affects Min-Max Planning Reorder Calculations

The fixed lot multiple setting specifies fixed numeric multiples in which items are transacted. Min-max planning uses the fixed lot multiple setting to calculate reorder quantities for item subinventories.
Settings that Affect Fixed Lot Multiple Specifications

Reorder quantities for an item subinventory are calculated using:

- The value that you specify for the **Fixed Lot Multiple** text box on the Add Item to Subinventory window
- The setting that you select for the **Round Order Quantity** parameter on the Manage Inventory Organization Parameters page, General tab, of the inventory organization containing the item subinventory

How Specifying the Fixed Lot Multiple Affects Reorder Quantity Calculations

To round reorder quantities, you must specify a fixed lot multiple. If you specify the fixed lot multiple for the item subinventory and enable rounding the reorder quantity for the inventory organization, the reorder quantity is rounded up. If you specify the fixed lot multiple for the item subinventory and disable rounding the reorder quantity for the inventory organization, the reorder quantity is rounded down.

**Example: Specifying the Fixed Lot Multiple**

Assume that the reorder quantity is 24. If you specify 10 for the fixed lot multiple and enable rounding the reorder quantity, the reorder quantity is rounded up to 30. If you disable rounding the reorder quantity, the reorder quantity is rounded down to 20.

**Setting up Min-Max Planning: Procedure**

To set up min-max planning for an item, complete steps at the organization, item-subinventory, and inventory profile option levels.

**Organization**

1. On the Specifications tab of the Create Item page in Oracle Fusion Product Information Management, set the **Inventory Planning Method** to **Min-Max planning**.
2. Specify the min-max quantities of the item.

**Item-Subinventory**

1. In the Setup and Maintenance work area, go to the following:
   - Offering: Manufacturing and Supply Chain Materials Management
   - Functional Area: Inventory Management
   - Task: Manage Subinventories and Locators
2. In the Select Organization dialog box, select an organization and then click **OK**.
3. On the Manage Subinventories page, click **Manage Item Subinventories**.
4. On the Manage Item Subinventories page, edit or add an item to subinventory.
5. Select **Min-Max planning** and then specify the min-max quantities of the item.
Inventory Profile Option

1. In the Setup and Maintenance work area, select the Manufacturing and Supply Chain Materials Management offering.
2. On the Setup: Manufacturing and Supply Chain Materials Management page, click Inventory Management and then click the Manage Inventory Profile Option task.
3. Enter INV_MINMAX_REORDER_APPROVED in the Profile Option Code field and click Search.
4. In the INV_MINMAX_REORDER_APPROVED: Profile Values table, select a value for the Profile Value field.
   The profile value determines the requisition status for min-max generated requisitions. Options include:
   - Preapproved: requisition is created in Preapproved status
   - Incomplete: requisition is created in Incomplete status

Calculating the Min-Max Quantities of an Item Automatically: Explained

To automatically calculate the min-max quantities of an item:
1. Set up the item for min-max planning at the organization level or at the item-subinventory level.
   You do not have to enter min-max quantities.
2. Define classifications to associate similar categories with a classification.
3. Create policy profiles to define policy parameters.
4. Assign policy profiles to the classifications.
5. Run the Calculate Min-Max Planning Policy Parameters scheduled process.
   Running the process updates the organization-level and item-subinventory level min-max quantities.

Related Topics
- Classifications in Min-Max Planning: Explained
- Policy Profiles in Min-Max Planning: Explained
- Policy Profile Assignments in Min-Max Planning: Explained
- Classifications, Policy Profiles, and Policy Profile Assignments: How They Work Together in Min-Max Planning

FAQs for Inventory Replenishment

What's inventory organization-level min-max planning?

Inventory organization-level min-max planning replenishes a particular item in an inventory organization. When you use inventory organization-level min-max planning, inventory balances, purchase requisitions, inbound transfer orders, and work orders are treated as supply, whereas sales orders, outbound transfer orders, and account issue movement requests are treated as demand.
To set up organization-level min-max planning, navigate to the Create Item page, Specifications tab in Oracle Fusion Product Information Management. Select Min-Max Planning for the inventory planning method, then specify minimum and maximum levels.

What's subinventory-level min-max planning?

Subinventory-level min-max planning replenishes items in a subinventory using the minimum and maximum inventory levels and fixed lot multiple value that you specify for a particular item subinventory. When you use subinventory-level min-max planning, inventory balances, inbound transfer orders, purchase requisitions, and movement requests are treated as supply.

What happens if I select the Supplier item sourcing type for replenishment?

Items are replenished from an external supplier.
6 Perform Cycle Counting

Cycle Counting: Explained

Cycle counting is an inventory accuracy analysis technique where inventory is counted on a cyclic schedule rather than once a year to ensure the accuracy of inventory quantities and values.

Cycle counting enables you to keep inventory records accurate by correcting errors between the on-hand (perpetual) and actual on-hand (physical) quantities. Cycle counting can also be a valuable tool to help identify patterns in the errors found. Analysis of these patterns can suggest and help to prioritize improvements in training, tools, and processes. Over a period of time these improvements may increase the average level of inventory record accuracy.

Accurate on-hand quantities are essential for managing supply and demand, maintaining high service levels, and planning production. Most effective cycle counting procedures require the counting of a certain number of items every workday with each item counted at a prescribed frequency. You can perform cycle counting instead of taking complete physical inventories, or you can use both techniques side-by-side to verify inventory quantities and values.

Create and Manage Cycle Counts

Cycle Count Creation: Overview

Creating a cycle count includes specifying schedules, approvals, parameters, classes, and items to include in a cycle count. The process includes five train stops:

- Enter primary details
- Define schedules and approvals
- Define parameters
- Define classes and items
- Review

Enter Primary Details

On the Create Cycle Count: Enter Primary Details page, choose the subinventories to include in the cycle count. Also, specify ABC assignment groups and ABC assignment group synchronization options.

You can automatically add items to a cycle count by selecting an ABC assignment group. In this case, all of the ABC assignment group’s items are added to the cycle count.

Define Schedules and Approvals

On the Create Cycle Count: Define Schedules and Approvals page, define the schedule for the cycle count. Also, specify whether and when approval is required for variances between the actual counted quantity and on-hand quantity.
Define Parameters
On the Create Cycle Count: Define Parameters page, specify count parameters, serial number options, and count accuracy values for the cycle count.

Enter the required fields and save your count definition in order to enable the Define classes and Items stop enabled. This only applies if ABC assignment groups are selected.

Define Classes and Items
On the Create Cycle Count: Define Classes and Items page, select the ABC classes and items to use in the cycle count.
Manually add items to a cycle count by searching for and selecting the desired individual items on this page.

Review
On the Create Cycle Count: Review page, review the selections made on previous pages. You can click the Subinventories to Count link to display the subinventories to be included in the count.

Adding Items to a Cycle Count: Explained
When you add items to a cycle count, you specify the items that you want to include in the cycle count.
You can:

- Manually add items to a cycle count
- Automatically add items to a cycle count

Note: To be able to add an item to a cycle count, you must set the item’s Cycle Count Enabled attribute to Yes.

Manually Adding Items to a Cycle Count
Manually add items to a cycle count by searching for and selecting the desired individual items on the Define Classes and Items page.

Automatically Adding Items to a Cycle Count
Automatically add items to a cycle count by selecting an ABC assignment group on the Enter Primary Details page. All of the ABC assignment group’s items are added to the cycle count. The ABC assignment group’s ABC classes are also added to the current cycle count classes, and classifications are maintained for the included items.

You can choose to synchronize class information for existing items in the cycle count based on the new ABC assignments. You can also choose to have any items that are no longer in the ABC group automatically deleted from the cycle count item list. To be able to change classifications of items in a cycle count independently of ABC classes, choose the None option for the synchronization mode.
Cycle Count Approval Tolerances: How They Are Calculated

This topic discusses how cycle count approval tolerances are calculated.

**Settings That Affect Approval Tolerances**

You specify values for the following settings on the Define Classes and Items and Define Schedules and Approvals pages:

- **Quantity Tolerance Percentage** and **Negative Quantity Tolerance Percentage**: Limits that you define for the positive and negative difference between the actual cycle count quantity and the tracked on-hand quantity.
- **Positive Adjustment Value Tolerance** and **Negative Adjustment Value Tolerance**: Limits that you define for the total value of a cycle count adjustment.

**How Approval Tolerances Are Calculated**

Approval tolerances are first calculated using class- and item-level values that you specify on the Define Classes and Items page. If you do not specify values on the class and item level, approval tolerances are calculated using values that you specify on the Define Schedules and Approvals page.

**Example: Calculating Approval Tolerances**

The following table provides examples of values for quantity variance and adjustment value tolerances for one item in a cycle count.

<table>
<thead>
<tr>
<th>Item Attributes</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Item Standard Cost</td>
<td>$10.00</td>
</tr>
<tr>
<td>Positive Quantity Tolerance</td>
<td>5%</td>
</tr>
<tr>
<td>Negative Quantity Tolerance</td>
<td>10%</td>
</tr>
<tr>
<td>Positive Adjustment Value Tolerance</td>
<td>$200</td>
</tr>
<tr>
<td>Negative Adjustment Value Tolerance</td>
<td>$250</td>
</tr>
</tbody>
</table>

Using the values from the previous table, the following table provides examples of four different count scenarios for the item, and the tolerances that each different scenario violates.

<table>
<thead>
<tr>
<th>Application On-Hand Quantity</th>
<th>Count Quantity</th>
<th>Quantity Variance</th>
<th>Adjustment Quantity</th>
<th>Adjustment Value</th>
<th>Tolerance Exceeded</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>106</td>
<td>+6%</td>
<td>+6</td>
<td>+$60</td>
<td>Positive Quantity Percentage</td>
</tr>
<tr>
<td>100</td>
<td>88</td>
<td>-12%</td>
<td>-12</td>
<td>-$120</td>
<td>Negative Quantity Percentage</td>
</tr>
</tbody>
</table>
Perform Cycle Counting

<table>
<thead>
<tr>
<th>Application On-Hand Quantity</th>
<th>Count Quantity</th>
<th>Quantity Variance</th>
<th>Adjustment Quantity</th>
<th>Adjustment Value</th>
<th>Tolerance Exceeded</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>122</td>
<td>+22%</td>
<td>+22</td>
<td>+$220</td>
<td>Positive Quantity Percentage and Positive Adjustment Value</td>
</tr>
<tr>
<td></td>
<td>100</td>
<td>-27%</td>
<td>-27</td>
<td>-$270</td>
<td>Negative Quantity Percentage and Negative Adjustment Value</td>
</tr>
</tbody>
</table>

Related Topics
- Specifying Quantity Tolerance Percentages: Explained

FAQs for Cycle Counts

What are positive and negative hit and miss percentages?
Positive and negative hit and miss percentages define the positive and negative tolerances for the percentage difference between the system tracked on-hand quantity and the actual cycle count quantity. A count is considered to be a hit if it is within these tolerances, and a miss if it is outside them. The hit and miss tolerances are used to evaluate the accuracy of cycle counting procedures, rather than the accuracy of inventory.

What happens if I select Adjust if Possible for serial number adjustments?
If a serial number discrepancy exists between the count quantity and system quantity, or if the entered serial numbers do not correspond to the serial numbers already in the specified location, adjustments are attempted if the adjustment variance and value are within tolerances. These adjustments consist of receipts and issues of the appropriate serial numbers to and from the specified location and are applicable only to instances in which new serial numbers or shipped serial numbers are counted.

How does the cycle count handle consigned inventory?
The cycle count includes the consigned current on-hand value and consigned current on-hand quantity.

FAQs for Creating Manual Count Schedules

Why would I create a manual count schedule?
You can create a manual cycle count schedule in addition to, or instead of, creating an automatic cycle count schedule. You can create a manual schedule to add an additional count for a particular item if you want to count the item more frequently than the automatically scheduled counts require. Additionally, you can create a manual schedule for specific subinventories, locators, and items, and set the count for any inventory date. For example, you could create a manual schedule to count item A wherever it can be found in subinventory X. You could also create a manual schedule to count all item quantities in subinventory Y, locator B-100.
Generate Count Schedules

Cycle Count Schedules: How They Are Generated

This topic discusses how cycle count schedules are generated.

Settings That Affect Cycle Count Schedule Generation

Cycle counts are generated using the automatic schedule parameters that you set on the Define Schedules and Approvals page. On this page, you must enable automatic scheduling to generate cycle counts. Additionally, you must set the Cycle Count Enabled item attribute to Yes for each item you want to include in a cycle count.

How Cycle Count Schedules Are Generated

Cycle count schedules are generated at the frequency that you define. For example, if the frequency is weekly, cycle counts are scheduled for all items that need to be counted on all of the workdays in the current week. If the frequency is daily, cycle counts are scheduled for items that are due for counting on the current date.

A cycle count request is generated for each item number, revision, lot number, subinventory and locator combination for which on-hand quantities exist. Cycle count requests are ordered first by subinventory and locator, then by item, revision, and lot. A unique sequence number is assigned to each cycle count request, and can be used for reporting, querying, and rapid count entry.

Generate Count Sequences

Cycle Count Sequences: How They Are Generated

This topic discusses how cycle count sequences are generated.

Settings That Affect Count Sequences

Count sequences are generated using the automatic schedule parameters that you define on the Define Schedules and Approvals page, and the manual schedule parameters that you define on the Manage Manual Count Schedules page.

How Count Sequences Are Generated

Count sequences are generated for each item number, revision, lot number, subinventory and locator combination for which on-hand quantities exist. Count sequences are ordered first by subinventory and locator, then by item, revision, and lot. A unique sequence number is assigned to each count sequence. You can use this sequence number for reporting, querying and rapid count entry.

Example 1: Count Sequence Generation

Assume that an inventory organization has the following on-hand quantities:

- Locator B1.1.1: 100 EA
- Locator: B1.1.2: 10 EA
• Locator: B1.1.3: Does not include any on-hand quantities

Assume that the cycle count schedule has the following information:

• Item: PLT100
• Subinventory: BULK
• Count Zero Quantity: No
• No locator is specified at the schedule level

Using the on-hand quantities and cycle count scheduling information described, the count sequences generated are:

• Item: PLT100; Subinventory: BULK; Locator: B1.1.1; Suggested Quantity: 100 EA
• Item: PLT100; Subinventory: BULK; Locator: B1.1.2; Suggested Quantity: 10 EA

Note that cycle count sequence generation would differ if the following changes existed:

• For a lot- or revision-controlled item, generation of cycle count schedules would result in different count sequences for different revisions and lots, depending on whether the item is lot-, revision-, or lot/revision-controlled).
• If the item is serial number-controlled, the serial number options that are defined in the cycle count properties determine that either different cycle count sequences are generated for each serial number, or one cycle count sequence is generated for multiple serial numbers.

Example 2: Count Sequence Generation

Assume that an inventory organization has the following on-hand quantities:

• Locator B1.1.1: 100 EA
• Locator: B1.1.2: 10 EA
• Locator: B1.1.3: Does not include any on-hand quantities

Assume that the cycle count schedule has the following information:

• Item PLT100
• Subinventory: BULK
• Count Zero Quantity: Yes
• No locator is specified at the schedule level
• The Item/locator combination exists between Item PLT100 and all of the locators in the BULK subinventory

The count sequences generated would be the following:

• Item: PLT100; Subinventory: BULK; Locator: B1.1.1; Suggested Quantity: 100 EA
• Item: PLT100; Subinventory: BULK; Locator: B1.1.2; Suggested Quantity: 10 EA
• Item: PLT100; Subinventory: BULK; Locator: B1.1.3; Suggested Quantity: 0 EA

FAQs for Generating Count Sequences

When should I generate count sequences?

Generate count sequences just before you want to count the physical material, since count sequences are generated for balances that are on hand at the moment that you generate count sequences.
Approve Count Sequences

FAQs for Approving Count Sequences

How can I approve count sequences for counts that are associated with consigned inventory?

Change the value in the **Status** field on the Approve Count Sequences page. Enter your comments or reason for approval. The **Owning Party** field is displayed when the count is for a consigned item.

Import Count Sequences

Integrating Cycle Counting With an External Application: Explained

This topic discusses how to integrate cycle counting with an external application.

You can:

- Import count sequences
- Export count sequences
- Review count interface records

Importing Count Sequences

You can import an external application's count sequence records to process them in Oracle Fusion Inventory Management using the Cycle Count Open Interface. You might want to do this if, for example, your company runs Oracle Fusion applications, but your company's inventory organizations are managed by a third-party warehouse that uses a different system.

After the records are imported to the Cycle Count Open Interface’s tables, cycle count adjustments can be processed using an open API, a concurrent program such as `GenerateCountSchedules` or `GenerateCountSequences`, or the Oracle Fusion Inventory Management cycle counts user interface.

Exporting Count Sequences

You can export count sequences to populate an ADFdi-enabled Excel spreadsheet. You can use this spreadsheet to:

- Review count interface records.
- Serve as the data source for importing count sequence records from Oracle Fusion Inventory Management to an external application's database.

After the records are imported, you can edit count sequence data using the third-party application.
Reviewing Count Interface Records

When you review count interface records, you view and make changes to cycle count sequences in an ADFdi-enabled spreadsheet rather than in the Oracle Fusion Inventory Management cycle counting user interface.

Note: Before you can review count interface records, you must first export count sequences.
7 Perform Physical Inventory Count

Manage Physical Inventories

Specifying Quantity Tolerance Percentages: Explained

When you specify quantity tolerance percentages, you set the positive or negative difference between the physical tag count and on-hand quantity that, when exceeded, requires an adjustment approval.

You can specify:

- Positive quantity tolerance percentage
- Negative quantity tolerance percentage

Positive Quantity Tolerance Percentage

The value that you enter for the positive quantity tolerance percentage specifies the positive percentage difference between the physical tag count and on-hand quantity that, when exceeded, requires an adjustment approval.

For example, you enter 10 as the positive quantity tolerance percentage. The physical tag count is 111, and the on-hand quantity is 100. Because the physical tag count is at least 10% greater than the on-hand quantity, the adjustment resulting from this count requires approval.

Negative Quantity Tolerance Percentage

The value that you enter for the negative quantity variance tolerance percentage value specifies the negative percentage difference between the physical tag count and on-hand quantity that, when exceeded, requires an adjustment approval.

For example, you enter 10 as the negative quantity tolerance percentage. The physical tag count is 89, and the on-hand quantity is 100. Because the physical tag count is at least 10% less than the on-hand quantity, the adjustment resulting from this count requires approval.

Tag Generation Sequence: How It Is Calculated

The tag generation sequence defines the sequence in which tags are generated.

Settings That Affect Tag Generation Sequence

Define the tag generation sequence using the Tag Generation Sequence choice lists: Sequence 1, Sequence 2, Sequence 3, and Sequence 4.

Note: You do not need to select values for all four sequences.

How Tag Generation Sequence Is Calculated

Tags are generated in numeric and alphabetic order using the tag generation sequence that you specify.
Example: Default Tag Generation Sequence

This example lists the sequence of tags that are generated from the default tag generation sequence:

1. Sequence 1: Subinventory
2. Sequence 2: Locator
3. Sequence 3: Item
4. Sequence 4: Revision

The following sequence of tags is generated:

1. Tag 1: Subinventory 1, Locator A, Item AS54888
2. Tag 2: Subinventory 1, Locator B, Item CM11911
3. Tag 3: Subinventory 1, Locator C, Item CM11222
4. Tag 4: Subinventory 1, Locator D, Item MEC_123
5. Tag 5: Subinventory 1, Locator D.1, Item MEC_123-A
6. Tag 6: Subinventory 2, Locator W, Item 100-3456-200
7. Tag 7: Subinventory 2, Locator X, Item Gr2_11234
8. Tag 8: Subinventory 2, Locator Y, Item 346-2210
10. Tag 10: Subinventory 2, Locator Z.1, Item AS54888-A
11. Tag 11: Subinventory 3, Locator 1.0, Item VC_103
12. Tag 12: Subinventory 3, Locator 1.0.1, Item VC_102
13. Tag 13: Subinventory 3, Locator 1.0.2, Item VC_101
14. Tag 14: Subinventory 3, Locator 1.1, Item AS54888
15. Tag 15: Subinventory 3, Locator 1.2, Item CM11222
16. Tag 16: Subinventory 3, Locator 1.3, Item AS55888

Example: User-Defined Tag Generation Sequence

This example uses the same subinventories, locators, items, and revisions as the default tag generation sequence example and lists the sequence of tags that are generated from the following user-defined tag generation sequence:

1. Sequence 1: Item
2. Sequence 2: Revision
3. Sequence 3: Subinventory
4. Sequence 4: Locator

The following sequence of tags is generated:

1. Tag 1: Item 100-3456-200, Subinventory 2, Locator W
2. Tag 2: Item 346-2210, Subinventory 2, Locator Y
3. Tag 3: Item AS54888, Subinventory 1, Locator A
4. Tag 4: Item AS54888, Subinventory 2, Locator Z
5. Tag 5: Item AS54888-A, Subinventory 2, Locator Z.1
6. Tag 6: Item AS54888, Subinventory 3, Locator 1.1
7. Tag 7: Item AS55888, Subinventory 3, Locator 1.3
8. Tag 8: Item CM11222, Subinventory 1, Locator C
9. Tag 9: Item CM11222, Subinventory 3, Locator 1.2
10. Tag 10: Item CM11911, Subinventory 1, Locator B
11. Tag 11: Item Gr2_11234, Subinventory 2, Locator X
12. Tag 12: Item MEC_123, Subinventory 1, Locator D
13. Tag 13: Item MEC_123-A, Subinventory 1, Locator D.1
14. Tag 14: Item VC_101, Subinventory 3, Locater 1.0.2
15. Tag 15: Item VC_102, Subinventory 3, Locater 1.0.1
16. Tag 16: Item VC_103, Subinventory 3, Locater 1.0

FAQs for Managing Physical Inventories

What happens if I select different approval type options for physical inventories?
Select Always to require approval of all physical inventory adjustments. Select If out of tolerance to hold for approval those counts that are outside the limits of the positive and negative quantity tolerance percentages or value tolerances. Select Never to allow any adjustment to post without approval.

Generate Physical Inventory Snapshot

Generate Physical Inventory Snapshot: Explained

A snapshot represents the on-hand quantity of items in all subinventories of a physical inventory at a specific time. Item counts captured in a snapshot are the basis for all physical inventory adjustments.

The snapshot is the baseline from which physical counts are reconciled. Therefore, you must manually stop inbound and outbound activities while taking a snapshot. Oracle Fusion Inventory Management does not restrict inventory transactions when you take the snapshot.

Generating a Physical Inventory Snapshot: Procedure

To generate a physical inventory snapshot, do the following:
1. Click Manage Physical Inventories from the Counts task list in the Inventory Management work area.
2. Search for and select an inventory and click Actions>Generate Physical Inventory Snapshot.
3. In the Scheduled Processes work area, search for the process ID and download the physical inventory snapshot attached in the Log and Output section.

Generate Physical Inventory Tags

Generate Physical Inventory Tags: Explained

You generate and print physical inventory tags for counting inventory items.

Physical inventory tags represent actual paper tags that some companies use to count inventory items. A tag contains the count for a group of a given item.

Oracle Fusion Inventory Management generates one tag for every unique combination of item, subinventory, locator, lot, serial, and revision for which the application has on-hand quantity not equal to zero.
The tag generation process does not print physical tags. It generates electronic records of tags. You must run the Physical Inventory Tags report to print physical inventory tags. For a specified physical inventory, you can print all tags or ranges of tags for a single subinventory or all subinventories.

The Generate Physical Inventory Snapshot scheduled process must complete successfully before you can generate physical inventory tags.

Printing Physical Inventory Tags: Procedure

To generate and print physical inventory tags, do the following:

1. Click Manage Physical Inventories from the Counts task list in the Inventory Management work area.
2. Search for and select a physical inventory and click Actions > Generate Physical Inventory Tags.
   
   Note the process ID.
3. In the Scheduled Processes work area, search for the process ID and download the physical inventory tags document from the Log and Output section.

Record Physical Inventory Tags

Record Physical Inventory Tags: Overview

You use physical inventory tags to record the physical counts of inventory items. Although you can record only one item on a tag, multiple tags can reference the same item, with each tag referring to a unique physical location for an item.

To record tags, you can create a single dynamic tag for a physical inventory to enter counts for any item without a pre-generated tag number. You can also create dynamic tags for unexpected item count entries, and default tags, blank tags, or both for counting miscellaneous items.

Recording Physical Inventory Tags: Procedure

To record physical inventory tags, do the following

1. Click Record Physical Inventory Tags from the Counts task list in the Inventory Management work area.
2. Search for and select a physical inventory.
3. Click Actions and then click one of the following:
   
   Create Dynamic Tag
   Record Blank Tags
4. Click Save and Close.
FAQs for Recording Physical Inventory Tags

What should I do with unused tags?
Void unused default and blank tags. Typically, companies are required to track the status of each inventory tag that is generated. For this reason, you should void unused tags to alleviate the chances of unused tags being reported as missing or lost. When you void a default tag (such as a tag that identifies a stock-keeping unit for which there is system on-hand quantity), the quantity in that location is adjusted to zero. Voiding the tag indicates that you did not use the tag in question, presumably because the stock-keeping unit corresponding to the tag did not exist.

When should I create dynamic tags?
Create dynamic tags when you are performing a physical inventory count and find items for which tags have not been generated. Use dynamic tags to record counts for these items.

How can I record physical inventory tags for a consigned inventory item?
Enter a value for the owning party on the Record Physical Inventory Tags page.

How can I create a dynamic or blank tag for a consigned inventory item?
Enter a value for the owning party on the Record Physical Inventory Tags page.

Manage Physical Inventory Adjustments

Manage Physical Inventory Adjustments: Overview
You can approve, reject, or reset the status of physical inventory adjustments to pending approval. The adjustments are determined by the approval option you define for your physical inventory. If you approve an adjustment, Oracle Fusion Inventory Management adjusts your inventory balance by that quantity. If you reject an adjustment, Inventory Management does not change the on-hand quantity. Physical inventory adjustments do not occur until they are posted.

Managing Physical Inventory Adjustments: Procedure
To manage a physical inventory adjustment, do the following:

1. Click Approve Physical Inventory Adjustments from the Counts task list in the Inventory Management work area.
2. On the Approve Physical Inventory Adjustments page, search for and select a physical inventory, and click Actions and select one of the following:
   - Approve
   - Reject
   - Reset to Pending
Note: You must either reject or approve all adjustments for a physical inventory before you can start processing your adjustments.

3. Click Save and Close.

FAQs for Managing Physical Inventory Adjustments

How can I approve physical inventory adjustments for consigned inventory items?
Enter a value for the owning party on the Approve Physical Inventory Adjustments page.

Post Physical Inventory Adjustments

Post Physical Inventory Adjustments: Explained

When you post physical inventory adjustments, Oracle Fusion Inventory Management creates a material transaction, adjusting the item quantity and debiting or crediting the adjustment account that the user specifies for the physical inventory.

If the count of an item matches the snapshot on-hand quantity, no adjustment transaction is posted.

After inventory adjustments are posted, users cannot make any changes to the physical inventory. They cannot generate new tags or update tag counts.

Posting Physical Inventory Adjustments: Procedure

To post an inventory adjustment, do the following:

1. Click Manage Physical Inventories from the Counts task list in the Inventory Management work area.
2. Search for and select an inventory and click Actions > Post Physical Inventory Adjustments.
3. Enter the Adjustment Date and click OK.
   Note the process ID.
4. In the Scheduled Processes work area, search for the process ID to view the status of the posted adjustment.

FAQs for Post Physical Inventory Adjustments

What happens when I post physical inventory adjustments?

When you post physical inventory adjustments, a material transaction is created that adjusts the item quantity and debits or credits the adjustment account that you specify for the physical inventory. If the count of an item matches the snapshot system on-hand quantity, there is no adjustment transaction posted. After adjustments are posted, you cannot generate tags, update tag counts, or make any changes to that physical inventory. Physical adjustments are not posted if any are pending approval; you must approve or reject all of your adjustments before you can post them.
Purge Physical Inventory

Purge Physical Inventory: Explained

Organizations typically retain several years of inventory data for various business reasons. However, you may sometimes need to purge a physical inventory for database performance or other reasons. You can choose to purge a physical inventory or only physical inventory tags.

Purging a Physical Inventory: Procedure

To purge the information of a physical inventory:

1. Click Manage Physical Inventories from the Counts task list in the Inventory Management work area.
2. Search for and select an inventory and click Actions > Purge Physical Inventory.
3. In the Purge Physical Inventory box, select All or Tags only and click OK.

FAQs for Purge Physical Inventory

What happens when I purge physical inventory information?

Oracle Fusion Inventory Management deletes all information associated with the physical inventory. However, the purge does not affect any adjustments or adjustment transactions made using the physical inventory. If a purge is done mistakenly, the user can decide to purge only tags for a physical inventory, or perform the physical count from the beginning again.
8 Integrate with External Systems

Inventory Transaction Interface

Use the Inventory Transaction Interface to automatically create inventory transactions from another system. You can also use the interface to view, edit, and correct transactions.

Run both the Create Inventory Transactions Interface and the Manage Inventory Transactions Interface by selecting the Manage Pending Transactions task from the Tasks pane of the Inventory Management work area.

Before launching this interface, you must:

- Load import data to the Inventory Transaction Interface tables (INV_TRANSACTIONS_INTERFACE, INV_TRANSACTION_LOTS_INTERFACE, and INV_SERIAL_NUMBERS_INTERFACE). For more information on each interface table, see Oracle Enterprise Repository for Oracle Fusion Applications.

  You can load data to interface tables using predefined templates and the Load Interface File for Import scheduled process, which are both part of the External Data Integration Services for Oracle Cloud feature. For other implementations, optionally use this feature only if you have SFTP configured for it.

- Establish parent-child relationships for the following Inventory Transaction Interface tables:
  - INV_TRANSACTIONS_INTERFACE
  - INV_TRANSACTION_LOTS_INTERFACE
  - INV_SERIAL_NUMBERS_INTERFACE

Count Sequence Interface

Use the Count Sequence Interface to create a new cycle count sequence, or to modify an existing cycle count sequence. You can also use the Count Sequence Interface to import and export cycle entries to and from external systems.

Run the Count Sequence Interface by selecting the Review Count Interface Records task from the Tasks pane of the Inventory Management work area.

Before launching this interface, you must:

- Load import data to the Count Sequence Interface table (INV_CC_ENTRIES_INTERFACE). For more information on the interface table, see Oracle Enterprise Repository for Oracle Fusion Applications.

  You can load data to interface tables using predefined templates and the Load Interface File for Import scheduled process, which are both part of the External Data Integration Services for Oracle Cloud feature. For other implementations, optionally use this feature only if you have SFTP configured for it.

- Establish parent-child relationships for the Count Sequence Interface table (INV_CC_ENTRIES_INTERFACE).
Reservation Interface

Use the Inventory Reservation Manager to view, process, and delete reservation requests in the Oracle Fusion Inventory INV_RESERVATION_INTERFACE table. These reservation requests include unprocessed requests, and process requests which did not successfully complete. Requests that complete successfully disappear from the interface table. You can also submit and resubmit reservation requests for processing.

Run the Reservation Interface by selecting the Manage Reservation Interface task from the Tasks pane of the Inventory Management work area.

Before launching this interface, you must:

- Load import data to the Reservation Interface table (INV_RESERVATION_INTERFACE). For more information on the interface table, see Oracle Enterprise Repository for Oracle Fusion Applications.
  - You can load data to interface tables using predefined templates and the Load Interface File for Import scheduled process, which are both part of the External Data Integration Services for Oracle Cloud feature. For other implementations, optionally use this feature only if you have SFTP configured for it.
- Establish parent-child relationships for the Reservation Interface table (INV_RESERVATION_INTERFACE).

External System Inventory Balances Integration: Explained

Using Oracle Fusion Inventory Management inventory balances integration capabilities, you can outsource warehousing and manufacturing processes to efficiently lower costs, service local markets, reduce cycle times, and so on.

A central integration framework across Oracle Purchasing Cloud, Oracle Fusion Order Management, and Inventory Management tracks interactions between the various external systems. You can receive inventory balance details from external systems, such as third-party logistics providers, warehouse management systems, or contract manufacturers and use this information to reconcile inventory balances. Inventory on-hand details can include subinventory, locator, lot, serial number, and external packing unit.

The inventory balances integration feature enables you to:

- Use the Inventory Balance Transactions service to post inventory balance messages from an external system
- Import inventory balance messages in bulk using a SaaS spreadsheet
- Enable users to resolve any processing exceptions
- Purge inventory balance messages periodically

⚠️ Note: This feature is automatically available and is included with the shipped job roles (warehouse manager and inventory manager).

Use the following processes and task to interface with external systems to improve tracking and visibility across your supply chain, including partners:

- Manage Inventory Balances Processes
- Manage Inventory Balance Messages in Spreadsheet (ADFdi)
- Manage Inventory Transaction Process
• Purge Inventory Balance Messages Process

Manage Inventory Balances Process
This scheduled process processes the imported inventory balance messages in the interface tables.

Manage Inventory Balance Messages in Spreadsheet (ADFdi)
Use this task, in the Inventory Management work area in the Manufacturing and Supply Chain Materials Management offering, to review and resolve any exceptions while processing the inventory balance messages.

Manage Inventory Transaction Process
This scheduled process processes the necessary adjustment transactions to reconcile the inventory balances.

Purge Inventory Balance Messages Process
Use this scheduled process to purge the historical balance inventory messages collected over time in the interface tables. Using the processing status parameter, you can purge error, successful, or all messages between a date range.

Third-Party Logistics and Warehouse Management Systems: Explained

A third-party logistics (3PL) provider typically specializes in integrated operation, warehousing, and transportation services that can be scaled and configured to customer need based on market conditions. A warehouse management system (WMS) is a software application designed to support warehouse or distribution center management and staff. This application facilitates management of available resources to move and store materials into, within, and out of a warehouse, while supporting staff in material movement and storage.

Oracle Fusion Applications provide a central integration framework that coordinates communication with a 3PL system or WMS to support purchase order receipts, returns to suppliers, internal material transfers, inventory transactions, and sales order shipments. Using Simple Object Access Protocol (SOAP)-based web services, Oracle Fusion Inventory Management communicates receiving advice and shipment requests to a 3PL provider or external WMS for processing. After completion of processing in the 3PL system or WMS, Inventory Management accepts receipt confirmations, shipment confirmations, and inventory transactions from the 3PL system or WMS.

Inventory Management Integration with 3PL and Warehouse Management Systems: Overview

Oracle Fusion Inventory Management supports a central integration framework for working with third-party logistics (3PL) providers and warehouse management systems (WMS). The inventory management suite of products include Oracle Fusion Receiving, Oracle Fusion Inventory Management, and Oracle Fusion Shipping.
The following figure illustrates how Inventory Management integrates with 3PL and WMS systems. The subsections following the figure provide more detail for this integration.

Receiving Integration

Receiving integration addresses the following points:

- Sends a receipt advice to the WMS for the various documents, such as purchase order (POs), advanced shipment notices (ASNs), and return material authorizations (RMAs).
- Receives and processes receipt confirmations to acknowledge the receipt of material, updates the source documents and on-hand details for quantities and other related information, such as lots, serials, and external packing units, and the return of rejected material.

Shipping Integration

Shipping integration addresses the following points:

- Sends the shipment requests to the WMS for the various documents, such as sales orders and transfer orders.
- Receives and processes shipment confirmations to acknowledge the shipment of material and updates the source documents.
- Updates the on-hand details for quantities and other related information, such as lots and serials and splitting of the unfulfilled portions.
Inventory Management Integration

Inventory Management integration addresses the following points:

- Receives and processes various inventory transactions that can happen within a WMS that might affect the material location and on-hand details. Such inventory transactions include adjustments, miscellaneous receipts and issues, and transfers.
- Receives and processes inventory balance updates for solving inventory reconciliation challenges.

Related Topics

- Inventory Management Integration with 3PL and Warehouse Management Systems Process Flow: Explained
Glossary

3PL
third-party logistics. A buyer and supplier association with a third party outsourced for product delivery services and supply chain expertise.

ASN
Abbreviation for advance shipment notice. Electronic data interchange (EDI) or Extensible Markup Language (XML) from a supplier that informs the receiving organization that a shipment is in transit. ASNs speed the receiving process by enabling the receiver to check in entire shipments without entering individual line information. The ASN may contain details including shipment date, time, and identification number; packing slip data; freight information; item detail including cumulative received quantities; country of origin; purchase order number; and returnable packing unit information.

consigned inventory
Items that are in the possession of one party (such as customers or contract manufacturers), but remain the property of another party (such as the manufacturer), by mutual agreement.

consignment agreement
Agreement that carries the terms related to a consignment arrangement between a buyer and seller, items to be purchased on consignment, and the price associated with the items.

consumption advice
A periodic report of consumed consigned inventory generated by the buyer and sent to the seller.

FIFO
Abbreviation for first in, first out. A material control technique of rotating inventory stock so that the earliest inventory units received or produced are the first units used or shipped. The ending inventory therefore consists of the most recently acquired goods.

item subinventory
An association of an item with a subinventory that is created when you add an item to a subinventory.

maximum quantity
The suggested maximum quantity to maintain as on-hand inventory. This maximum displays on the Min-Max Planning report, indicating that any order placed should not force the on-hand quantity of the item to exceed this quantity.

minimum quantity
The minimum on-hand quantity at which to place an order.

subinventory
A physical or logical grouping of inventory such as raw material, finished goods, defective material, or a freezer compartment.
WIP

Abbreviation for Work in Process. A product or products in various stages of completion, including all material from raw material that was released for initial processing up to completely processed material awaiting final inspection and acceptance as finished goods.

WMS

warehouse management system. A system that supports warehouse or distribution center personnel with warehouse processes and activities, such as receiving, picking, and shipping.