# STRATEGIC APPLICATION OF ORACLE FINANCIALS IN RETAIL INDUSTRY

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## Abstract

*Retail Industry, which has seen a significant transformation in the recent years is one of the most competitive industries, and they need to have seamless operation to thrive and succeed in the market. Oracle EBS is a complete package with wide range of modules that provides an edge to businesses. With their industry leading database and rounded modules ranging from supplier maintenance, invoicing, payments, and ledgering, it acts as a one stop shop for all of the business solutions. Armed with some specialized tools, Oracle can be a best fit for planning, inventory management and support. Also, the ease of customization, each organization can modify or develop custom targeted solution suited for their business.*
*This article provides a detailed overview of the modules that Oracle provide that can be used in any retail environment for supporting their business activities. It also provides pointers on how to identify the right modules to execute the businesses.*

*Index Terms – Oracle in Retal, Invoice matching, Customer and Supplier Maintenance, Record to Report, Purchase to Pay, Inventory Management*

## I.   INTRODUCTION

Retail industry, by definition, is any business that does B-to-C transactions, i.e., sells items to end customers (as opposed to B-to-B which sells to other businesses). This industry, over the past couple of decades has seen a significant transformation in the way they do business, from predominantly brick and mortar to online shopping. We the advent of online shopping, the playground has been levelled in terms of customer accessibility and almost every store is available everyone who is looking. Hence, to stay relevant in the market, retail industry, line any other industry has largely depended on technology to streamline their business and reach to more and more customers and Oracle EBS is one such product that can cater to almost every need of this industry, from on-boarding a supplier or a customer, managing payments and everything in between and more.

In this hyper competitive market, the last thing any business need is incompatible application or software that would hinder their operations and intern affecting their business. Oracle's modules are tested, tired and proven solution which are a perfect fit for any business. With their various localization options and the ability to customize, it provides scope for creating solutions that are a perfect fit for the organization. This coupled with the all-powerful Oracle database is precisely what the business needs not only for their day-to-day operations, but for research and strategize for their future growth and sustainability.

## II.    ORACLE EBS IN RETAIL

Let us ask the question, why Oracle ERP? There are several major and minor players in the market who provide ERP solutions and there are more coming in every day. So, the question, why should one choose Oracle and how is it best suited for retail industry is quite relevant. The answer is, it is a complete packaged solution that is designed to handle every aspect of business, along with unmatched scalable and extensible abilities. Most ERPs in the market focus or one or few areas, such as customer experience or reporting or services, however, Oracle ERP with its comprehensive modules focuses on every part of the business.

### A. Supplier and Customer Management

Retail industry, as mentioned earlier, is model of buying goods and services in bulk from manufacturers or wholesale vendors and sell it to end customers. Every potential supplier is scrutinized and validated that it is the best for reliability, consistency and financially beneficial before getting onboarded, Once the relationship is established, there needs to seamless interaction with them for procuring materials and making payments. Similarly, customers need to be effectively maintained and tracked to ensure timely and proper sale and receive payments. Any mismanagement of suppliers or customers, wither in terms of service or security not only might cause serious damage financially and to reputation, but also face legal consequences.

Supplier and customer management in Oracle ERP is a clearly defined hierarchical structure where every last detail of the customer and supplier related to business can be captured. Oracle's Trading Community Architecture (TCA) acts as a common pool for all parties that the company can potentially interact, which can be converted to supplier or customers and be used for that specific flow. There are configurations that can be made at either supplier level or each location which defines the use and capabilities of the location. For instance, a supplier site can be defined as purchase only site, which means the site from a company's standpoint is used for a very specific task. Also, each site can be restricted to a specific operating unit or country, thereby providing access restrictions as needed so that the customer or supplier details are not accessed by any unauthorized users.

Additionally, Oracle provides tools such as Oracle Business Network (OBN), that provides the much-needed edge to retail industry by seamlessly perform electronic transaction and documents. They come with the pre-loaded set of suppliers, with whom the organization can easily establish connection and perform transactions.

iSupplier portal is yet another provision that comes with Oracle EBS, which is exposed to suppliers where they have a direct peak into the supplier's orders, invoices and payments and plan accordingly instead of waiting for email or raising service requests.

### B. Inventory Management

Inventory is another key piece of retail or any industry for that matter. An efficient inventory maintenance along with real-time on hand information is vital for retail industry. Having a centralized inventory monitoring system in place would help the business in making timely purchases and commitments, and failing to do so, will result in several unnecessary overheads, inventory shortages or unwanted surplus. With more and more shopping happening online, it is ever critical to have an accurate on hand inventory to accept orders and deliver them.

Oracle Inventory module is a well-designed solution that checks all the boxes above and more. Using Oracle, the business can clearly define inventories, sub inventories, and categorize it as

preferred such as warehouses or bins or plants and what also restrict what items are stored, like raw materials or finished goods, etc. It also provides the ability of track and report inventory movements at each location level and at company level, thereby providing value insight to buyers and planning team to take short term and long-term decisions for the growth of the business.

### C. Sales and Purchasing

Now that trading partners are set-up and inventories defined, next comes creating transactions. Transaction, in a business sense, is the transfer of goods or services for payment or other benefits between two parties. The efficiency and precision of the transaction determines the efficiency of the overall organization. Performance recognitions such as CMMI , SIGMA factors in the accuracy of the transactions for their certifications. While pretty much every movement within the outside the company can be considered as transaction, Purchase Orders and Sales Orders are key contributors of P&L.

Retail Industries can strategically leverage Oracle Purchasing capabilities to handle their procurement operations. Based on the type of orders, in time and critically, appropriate orders can be created and processed. For instance, for bulk orders they can plan to create contracts with the suppliers and create Blanket Purchase Agreements, with a pre-defined price and amount limit for a certain period and submit releases as and when needed based on the planning and inventory on hand, hence ensuring a buy based on negotiated price. For ad hoc items or services, a standard purchase orders can be raised. Other key feature that Oracle provides is the punchout option, where Oracle is directly connected to the supplier's ordering page and place orders. These can be used for quick turnaround items, since punchout leverages the American Standard Item codes, which is common across the country and this process eliminates the hassle of creating Purchase Orders and communicating the same to the suppliers. Also, using iSupplier portals or OBN, the suppliers can provide Advance Shipment Notification (ASN), which provides the shipping details to the receiving location, so that they can be prepared and avoid any delay after the item arrival.

Oracle Order Management, on the other hand is another module which is used in sales and delivery to customers. This module is tightly integrated with Inventory with real-time on hand information which enables to accept and process orders. All necessary validations, such as customer validity, item, payment methods are performed at the time order acceptance and imitates the transaction.

Similar to Purchasing, Sales orders can also be appropriately configured and incorporated into business operations. The ability of Oracle Order management to seamlessly integrate with POS and online systems can be effectively leveraged to balance and accept orders using conventional stores and omnichannel. The scalability and extensibility of Oracle can he used to create ordering rules and promotions anywhere from corporate level to channel or store level and even manage the volume of orders that can be accepted in each channel. For instance, the organization can announce certain discounts or for Online orders only, however having a restriction on number of orders that can be accepted to ensure not all inventory is consumed by the promotion and plan to extend it to stores based on the success. This provides business with power and flexibility to plan, market  and execute promotions or camps there by maximizing sales.

Also, for bulk orders, the retail industries can use the High-Volume-Order-Processing (HVOP), for quickly and effectively processing them. Since HVOP works effectively with both basic and advanced pricing, it makes it an effective option when dealing with large influx of orders, which is

especially useful when the organization uses a third-party customer interface with interfaces to Oracle Order management which is used for fulfilment.

### D. Invoicing and Payments

Invoicing and Payments are the financial transactions of the organization, which eventually determines the value of the company. Hence, it is essential to have a robust financial application that delivers a smooth cash flow. In Retail, the organization needs to deal with very high volume of such transactions. Any disruptions in the invoicing or payment might result in dire consequences. Unlike other domains such as manufacturing or healthcare, retail industry has very leeway to having problems in financial transactions. It might result in losing the reputation and confidence of suppliers and customers and by extension their business.

Oracle EBS Financials in the best in the market. Invoices can either be for purchase orders which would be a payable to supplier or for sales orders, where payment will be received from the customer. Oracle has extensive inbuilt functionalities to generate invoices, share the documents with the suppliers and customers, and request or release payments. Also, the cash management module in Oracle is an effective reconciliation provision. Post payment, the disbursement can be reconciled using the bank statements to have an accurate view of money movements.

When it comes to payments, any retail company should have the ability to pay or accept various forms of payments, such as cash, checks, wire, credit card, online wallets or any other forms of payments that is available in the market. Oracle Financials comes prebuilt with several modes of payments, which the organizations can use to make financial transactions. Also, the scalability and extensibility feature of Oracle provides the ability to easily implement or integrate any new modes that might be needed to support the business. Also, since Oracle can be configured to work either compartmentalized or in a global fashion, the organizations can either extend the payment modes to the entire organization or for a specific store. For instance, a retain company can decide to cashless, but in a phased manner. The company can easily make a custom change to restrict the payment mode to certain stores before rolling out globally. Similarly, when it is decided to adopt a new payment mode, it can easily set-up and make it available of all locations and channels.

Oracle Application's reporting is another piece that retail industries can use to their advantage. There are several reports pre-built that the company can run to generate a user-friendly detailed report to have a summarized or detailed information. The reports such as un-invoiced receipt report, open invoice report, aging report to track the outstanding receipts or invoices and take actions accordingly.

### E. Financial Reporting

Financial reporting is the process of publishing the company's financial data for its stake holders based on the transactions in a given period of time. The accuracy of these report is extremely important since it can cause substantial impact in the market in terms of share value, investor confidence, etc.

Oracle EBS's financial reporting ability is a best fit, not just for Retail, but for any domain. It has an effectively streamlined process that tracks and accounts every transaction in the system bucketed under its respective accounting string for easy access and reporting. These features, along with the plethora of built in reports provides finance team with abundance of options and provisions to analyze and present financial data with ease.

In addition to internal accounting, the ability of Oracle EBS to easily integrate with other third-

party systems means that Oracle Financials can be used as the source of truth or reporting hub for the entire organization.

**F. Other Features**

The abilities detailed above are only a few of the many that Oracle EBS Financials provides that any retail industry can use to enable their operations. In addition to the functional features, the technical capabilities, such as XML Gateway or WebADI and many more, can be strategically used as part of the business processes to ensure smooth operations.

Although Oracle by itself has products such as Oracle Retail and Merchandising System (RMS), ReSA, etc., the comprehensive modules that Oracle EBS has and the flexibility it provides is something that makes Oracle stand apart and allows the application to be designed as per the organization's need, instead of making the business adopt to the product.

## III.    CONCLUSION

In a widely unforgiving market, retail industry definitely is one of the domains that need to be on its toes to stay competitive. For the business to grow, the company needs to focus their resources on capturing the market share instead of worrying about their operating capabilities. Oracle EBS is one such product which has lasted the test if time and has proven to be a great partner and asset that retail organization can use to manage their operations. With Oracle's continuous stive for excellence, every new release comes with better features and capabilities, which the retail industry can implement in the right way to optimize and streamline their operations..

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