

Understanding and Implementing Oracle Advanced Collections R12

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Introduction

With the advent of Oracle E-Business Suite R12, customers are challenged with the question of whether to continue the use of legacy collections bundled with AR or Advanced Collections. In this paper, features of Oracle Advanced Collections are explained and contrasted against legacy collections. Tips, techniques and the criteria to be adopted when making this decision will be presented. Differences between Dunning plans and Collections strategies and pointers in selecting the best implementation method will be discussed.

Collections in Receivables 11i

The Collections Workbench delivered with Oracle Receivables 11i was intended for AR clerks who performed collections activities. These clerks performed account management, cash application, transaction management and other accounting related activities in the receivables department.

The Collections Workbench comprises several related Oracle functions which helps the AR clerk to “**Pull**” information from Oracle and make specific, targeted decision on how to handle the specific customer account or transaction. From the Workbench users could:

- Schedule Customer Call through the Scheduler Screen
- Record Customer Call
- View Aging by Account
- View Communications (Calls, Statements and Dunning Letters)
- View Transactions

Oracle Receivables based collections,

- Did not include any decision-making capabilities
- Did not aid in corporate wide strategy for collections
- Required the users to navigate to different screens to understand the overall state of the customer account
- Did not support Metrics (think DSO)
- Was a “Pull” based mechanism where the agents had to request data from the system
- Where the Dunning letters were report based
- Needed switching responsibilities for multi-org access

What did Release 12 bring?

Release 12 obsoletes the legacy collections workbench and the enhanced functionality required for:

- Providing Collectors with accurate and complete data about transactions and delinquencies
- Prioritizing the Collectors workload by targeting high dollar, highly delinquent customers and transactions
- Pushing tasks to the collections agent is the new paradigm in Release 12.

Release 12 Advanced Collections provides the following features:

- Integrated Collections Flow

- Work Prioritization using Universal Work Queue
- Simpler access to transaction entry like electronic payment processing, Promise to Pay
- Better monitoring of collections delinquencies, broken promises etc.
- Provides two broad implementation options for customers to select from. Each providing better ways of managing collections activities.

The integrated Collections Agent flow is shown in Figure 1.

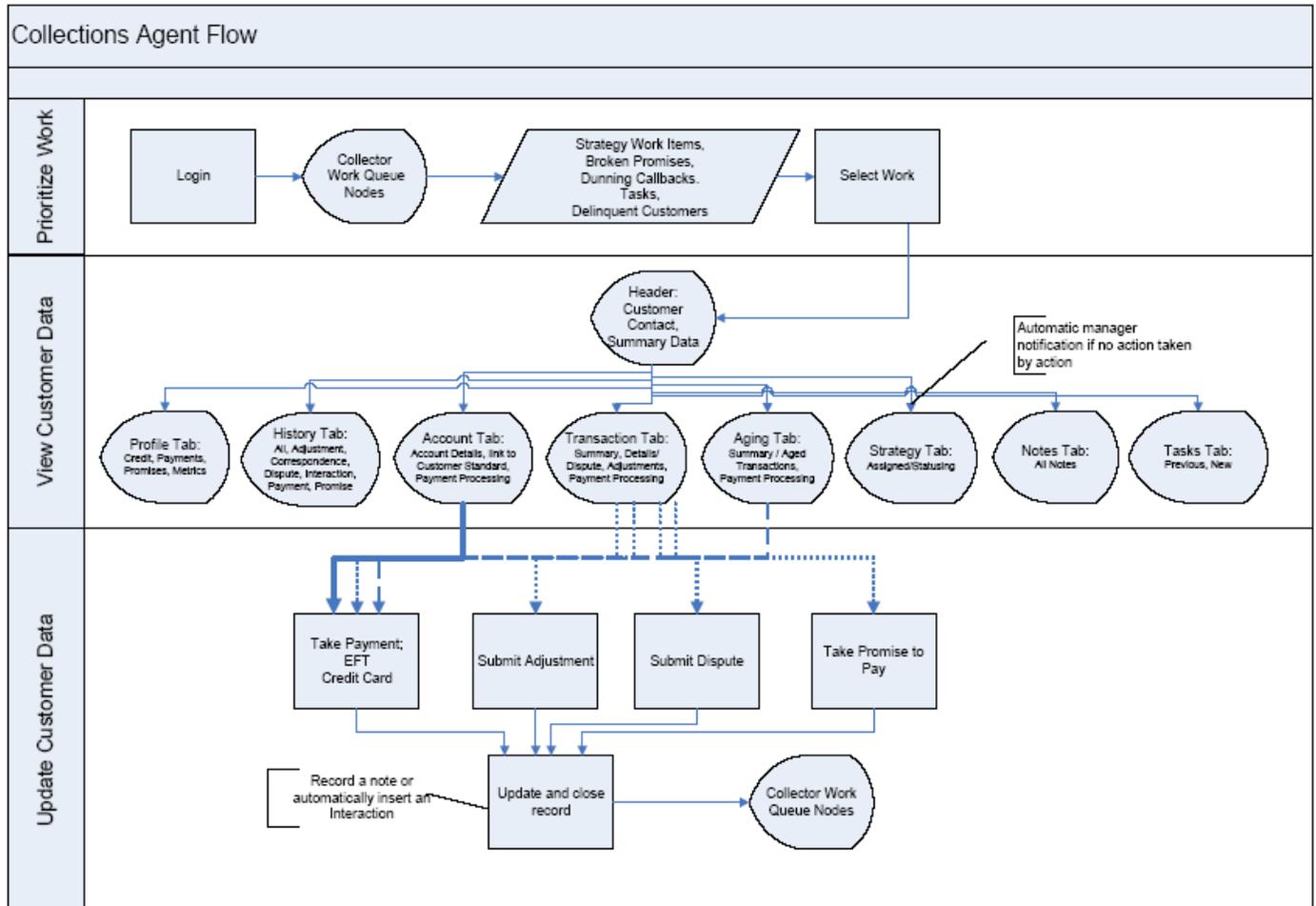


Figure 1. Integrated Collections Agent Flow

Work Prioritization

Universal Work Queue: The Collector’s work queue or the Universal Work Queue provides a single screen access to all Collector’s work items like Tasks, Customer and Transaction delinquencies and strategy work items.

The Universal Work Queue nodes are configurable through Profile options (IEU) that can be set at user level and the metadata functionality allows for sorting, rearranging the columns without the need for deep technical expertise. From the Universal Work Queue, a user can double click and go to the relevant section in the Collector’s workbench. A screen capture of Universal Work Queue is shown in Figure 2.

Delinquent Customers	15/4	Customer	Score	Amount Overdue	Delinquencies	Address	City	State
Marketing Lists - Manual A...		5T Roadways Inc.	95	330.46	1	6411 Hillman Gle...	Houston	TX
Delinquent Accounts	0	A & L Supply		350.00	1	5601 PASCHALL...	PHILADEL...	PA
Delinquent Bill To	0	A ACTIVE FREE SHIP	95	577.80	1	2305 NW 107TH ...	DORAL	FL
Delinquent Transactions	1904	A J C INTERNATIONAL		2,485.57	4	5188 ROSEWEL...	ATLANTA	GA
		A STUCK CO			1	2600 NEVILLE R...	PITTSBUR...	PA
		AAE COMPANY	95	785.00	1	10300 ORMSBY ...	LOUISVILLE	KY
		ACCELAEXPRESS INC		687.60	3	6030 Commerce ...	SAVANNAH	GA

Figure 2. Universal Work Queue

Collector's Workbench

The Collector's Workbench provides a 360° view of the customer information as related to collections. The workbench provides seamless integration to e-Business Center for Collector's to change customer, address and Contact information. When a Collector is setup with a Sales role and assigned the required permissions, double clicking on the Organization Name field takes the user to the e-Business Center.

The Customer's Collection status, Score as determined by the Collection strategy and scoring engine as well as the overall customer exposure is shown in this screen. By the setting Profile Options, the default tab which opens with the Collector's workbench can be set. In the next few sections, some salient features of the Collector's workbench are discussed. Collector's workbench and the Profiles tab is show in Figure 3.

Customer Details:

- Organization: 5T Roadways Inc.
- Address: 7000 Glen Circle...Hc
- Email: mike@5tcorp.com
- Phone: 1 610 555 5555

Collection Statistics:

- Collections Status: Delinquent
- Score: 95
- Amount Overdue: 330.46 USD
- Net Balance: 2,313.22 USD
- DSO: 70
- Delinquencies in Past Year: 6
- Delinquent Invoices: 1

Profile Tab Metrics:

Metric Name	Metric Value	R:
Average Days Late	99	
Customer Collections Effectiveness Index	-433	
Customer Conventional DSO	39655	
Customer Credit Limit	Not Applicable	
Customer Deduction	0.00	

Figure 3. Collector's Workbench

Profile Tab: Profile tab displays metrics as well as data from the Customer Profiles setup in Oracle Receivables. Advanced Collections R12 is supplied with several seeded Metrics but additional Metrics can be created with SQL functions. Metrics can be created at Customer, Accounts and Bill to levels. Metrics can be created and updated in the Collections Administrator responsibility. Metrics once created can be tested by passing a parameter on the Setup screen and validated for accuracy.

Metrics are updated using the IEX: Refresh Metric Summary Table program. This program should be run periodically to update the metric values. A screen capture of Metrics definition screen access from Collections Administrator responsibility is shown in Figure 4.

The screenshot shows the 'Update Metric: Average Days Late' configuration screen. Key elements include:

- Name:** Average Days Late
- Description:** Average Days Late
- Type:** Customer
- Value:** CALL iex_coll_ind.get_avg_days_late(:party_id,null,null) BINTO :x_ret
- Function:** Function
- Enabled:** Enabled
- Display Order:** [Empty field]
- Rating Table:** A table with columns 'Rating', 'Range Low', and 'Range High'. Rows include Low, Medium, and High.
- Buttons:** Test, Cancel, New, Apply

Figure 4. Metrics creation screen

History Tab: The History tab displays customer Interactions, Disputes, Adjustments, Payment, Promise and Correspondence previously initiated from the Collector’s workbench. The History tab in effect displays all Post Invoice/Credit Memo transactions. The Type of transaction to be displayed as default as well as the date range can be configured using profile options or by using the setup checklist on the Collections Administrator responsibility.

Profile Option Name	Purpose	Example
IEX: Default Date Range Span	Defines the number of days of history to display	
IEX: Default End Date Range Span	Defines the end date of the history	To show all history through today, enter 0 and for history till the previous month, enter 30.
IEX: Default History Type	Defines the type of history to display by default	“Promise” will display only promise transactions

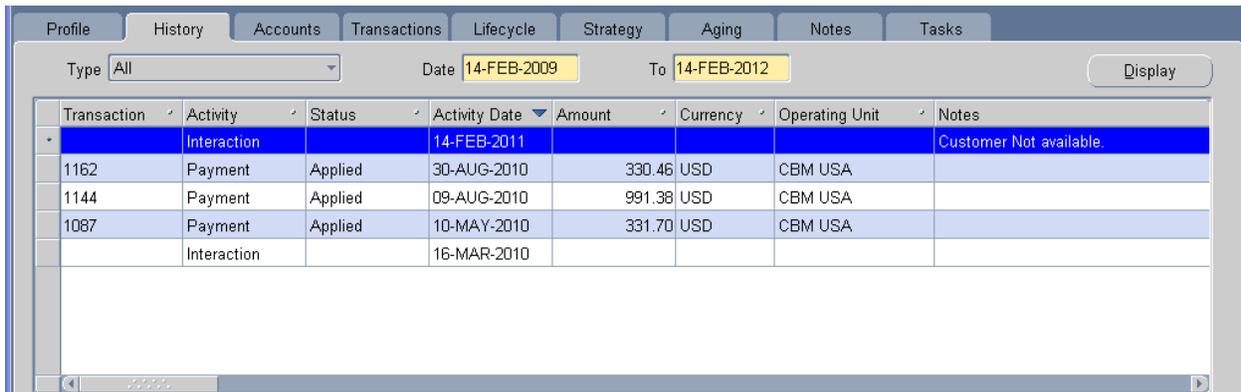


Figure 5. History Tab on Collector's workbench

Transactions Tab: The Transaction tab on the Collector's workbench is shown in Figure 6. The Transactions tab displays the Customer Transactions originating from Oracle Receivables module. The type of transaction that will default when navigating to the tab can be set by the profile option IEX: Default Transaction Type or through the setup checklist.

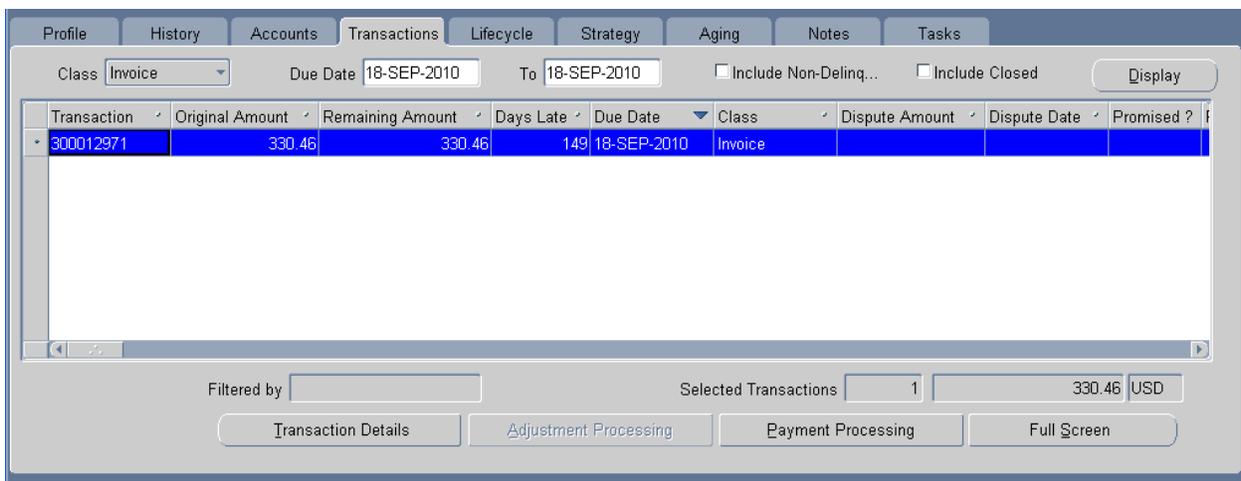


Figure 6. Transaction Tab on Collector's workbench

From this tab, users can open the Transaction Details and also record Payment through Payment Processing window. From Advance Collections, payment can be received through Credit Card through integration with Oracle Payment module. For non-electronic transactions, promise to pay can be entered using the Payment processing screen.

Promise to Pay: Collections users can enter Promise to pay through the Payment Processing window. The Payment processing screen is shown in Figure 7. Two modes of Promise-to-Pay entries are possible: Mass Promise or Individual Transaction level Promise. The user is required to enter a Promise to Pay date and amount. Optionally a Promise confirmation letter can be defined and sent through Fax, Email or Print to the customer during Promise-to-Pay entry. Promise confirmation letter is defined using Oracle BI Publisher.

A promise is considered broken if the Promise to pay date is past. The customer is also given a grace period beyond the Promise date as defined in the Profile Option IEX: Promise Grace Period.

The following profile options control the Promise to Pay functionality:

Strategy Tab: The strategy tab shows the strategy work items, complete strategy related tasks, send Dunning letters and change strategies if setup to all strategy changes.

Aging Tab: The aging tab shows an overview of the customer’s aging with collectible amount by Aging buckets. From here, users can drill down to the transactions view screen. The Aging tab is shown in Figure 8.

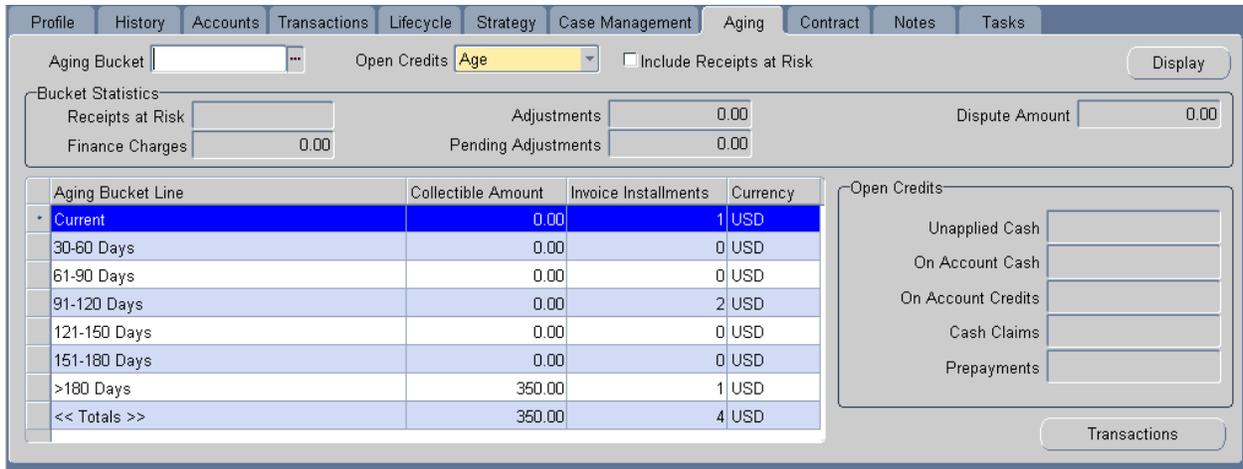


Figure 8. Aging Tab on Collector’s Workbench

Notes Tab: Provides the view to all historical notes attached to the specific customer as well as notes associated with the customer account, organization, strategy work items etc. This area leverages the Oracle CRM Foundation Notes module. Notes tab is shown in Figure 9.

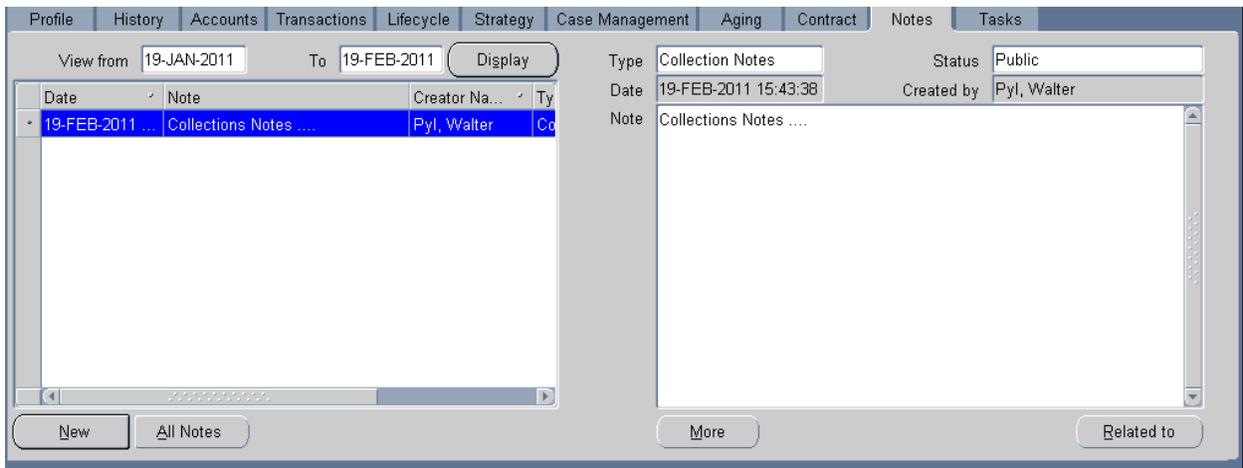


Figure 9. Notes Tab on Collector’s Workbench

Tasks Tab: The Tasks tab leverages Oracle CRM Foundation tasks functionality which can be used for managing strategy related tasks, as well recording and monitoring other collections related activities like customer call back, manual generation of dunning letters, reminder letters etc.

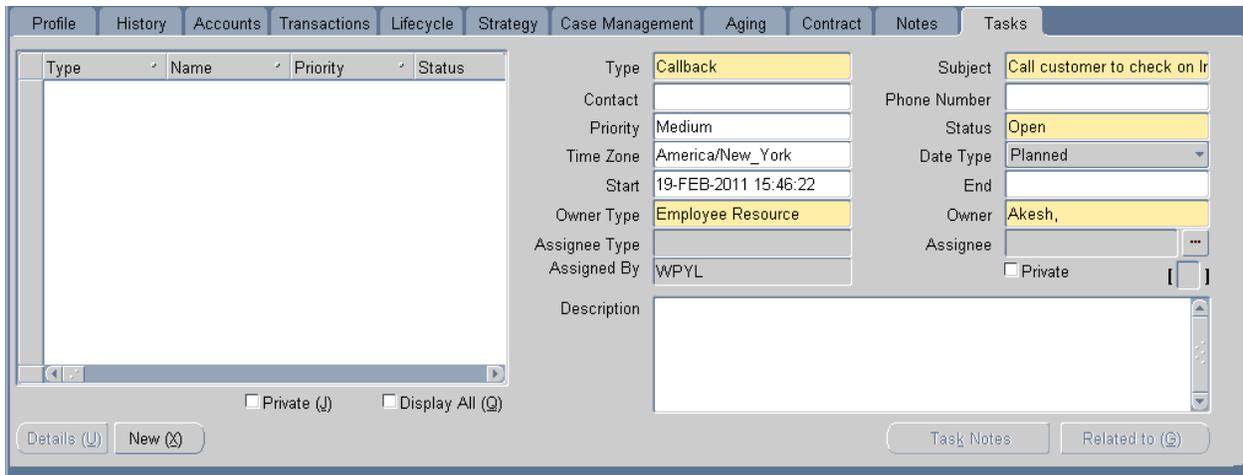


Figure 10. Notes Tab

Implementation Options

Oracle Advanced Collections provides two major implementation options: Dunning Plan and Collections Strategy. Before we discuss the mechanics of these options, an understanding of Scoring Engine and Scoring Components is essential.

Scoring Components: Scoring Components are used to score a specific object (Transaction, Customer, Account or Bill to). The Scoring Component is simply a Select statement that gathers information from the Object and reports a score or a numeric value back.

For example, a scoring component for a customer account can be the number of delinquent transactions. In this case, the Object being scored on is the Customer Account. The scoring component can also include database functions to return a value.

It is important to notes that the Scoring Component is applied against a specific Object. To refresh the scoring tables, it is imperative to run concurrent programs for each of the object being scored on.

Advanced Collections Release 12 has several seeded scoring components, which in general is deemed adequate for a typical implementation, but additional scoring components can be created as needed. Creating Scoring components requires a fair amount of SQL and PL/SQL knowledge. Scoring Components are created using the Collections Administrator responsibility.

Update Scoring Component

Personalize Table Layout: (ScoringCompTblLyt)
 Personalize Default Double Column: (MainRN)

* Name: Enabled

Description: * Type:

Value Type:

Personalize Default Double Column: (ValueRN)

Value:

Figure 11. Scoring Component Screen

Scoring Engine: Scoring engines are used to score either a customer or delinquency and aids in the selection of an appropriate Dunning Plan or Collections Strategy. A scoring engine consists of one or more scoring components each with an assigned weight.

Let us say the requirement is to score a customer account on three different components:

- Customer Since: where one would want to consider how long the customer has been doing business with the organization and treat them differently based on the length of the relationship.
- Number of delinquent transactions: where the count of delinquent transactions is considered in determining the appropriate collection action.
- Delinquent amount due: where the amount of delinquent transactions is considered in determining the collection action.

For example, consider the following setup of a scoring engine called Global Scoring Engine, the first step is to determine the range of values and the score associated with the range.

Setup of number of delinquent transactions is shown below:

Range Low	Range High	Value
0	6	100
7	20	50
21	999999999	1

Setup of Customer Since is shown below:

Range Low	Range High	Value
-999999999	1950	100
1950.1	1975	75
1975.1	1990	50
1990.1	99999999	1

Delinquency Amount for account setup is shown below:

Range Low	Range High	Value
-999999999	0	100
1	1000	90
1001	5000	80
5001	25000	70
25001	50000	60

Range Low	Range High	Value
50001	75000	50
75001	100000	40
100001	500000	30
500001	1000000	20
1000001	99999999	1

The next step is to assign a weight for each of the Scoring Components:

Scoring Component	Weight
Customer Since	0.1
Number of delinquent transactions	0.4
Amount due (delinquent amount)	0.5

Scoring is done based on the above scores and weights. Consider the following customer scenario:

Customer	Component	Value	Value*Weight	Component Score	Total Customer Score
ABC Corporation	5 Delinquencies	100	100*0.4	40	
	Customer Since 1996	1	1*0.1	0.1 (round down to 0)	
	\$55,000 in delinquent amount	50	50*0.5 = 25	25	65

The score computed for the customer is used to derive the appropriate Dunning Plan or Collection Strategy. We will now discuss these two implementation options.

Dunning Plans

Dunning Plans are relatively “simpler” way of implementing Advanced Collections. If Dunning letters are used as part of the standard collection process, the Dunning Plans in Release 12 helps achieve the same result but adds more functionality by combining the score calculated using the scoring engine to pick the correct Dunning letter format. This implementation option also lets users create call back tasks in addition to sending the Dunning letters.

Dunning Letters in Release 12 are defined in the BI Publisher. Figure 12 is an example dunning plan showing the link between the aging bucket, the score and the Dunning letter template to be used in each scenario. Call back tasks with scheduled delay can be defined with this setup.

In the example below, if a customer transaction is between 61-90 aging bucket, and the score as determined by the scoring engine is say 85, the “Dunning Soft Letter 1” is sent to the customer, through Print. Since callback is not defined a callback task is not created. If the Customer score is say, 65 as in the example of ABC Corporation, the Dunning Hard Letter 1 is sent to the printer and a callback task is created 10 days after the Dunning letter is printed.

Select	*Range	*Score Low	*Score High	*Method	*Template	Callback	Callback Days
<input type="checkbox"/>	61-90 Days	80.01	100	Print	Dunning Soft Letter 1	<input type="checkbox"/>	
<input type="checkbox"/>	61-90 Days	50.01	80	Print	Dunning Hard Letter 1	<input checked="" type="checkbox"/>	10
<input type="checkbox"/>	61-90 Days	1	50	Print	Dunning Hard Letter 2	<input checked="" type="checkbox"/>	10
<input type="checkbox"/>	91-120 Days	80.01	100	Print	Dunning Hard Letter 1	<input checked="" type="checkbox"/>	10
<input type="checkbox"/>	91-120 Days	50.01	80	Print	Dunning Hard Letter 2	<input checked="" type="checkbox"/>	10
<input type="checkbox"/>	91-120 Days	1	50	Print	Dunning Hard Letter 3	<input checked="" type="checkbox"/>	10

Figure 12. Dunning Plan setup

Collection Strategies

Collection Strategy provides a very robust method for setting up collections operations by combining the scoring engine and work items or tasks that allows users to really tailor the actions that best suits the specific customer situation. A strategy is in effect an assemblage of automated and manual tasks that will be executed in sequence to influence the customer in paying the delinquent invoice(s). The backbone of Collections Strategy is the work items which will be discussed in the next section.

Work Items: Work Items can be simple tasks such as calling a customer to more complex activities like triggering a workflow. Several seeded work items are provided with Oracle Advanced Collection R12 and more can be added as required.

Work Items can be generally classified into Automatic, Manual or Workflow. The table below shows the Work Item type and Category type associated with the work item type.

The work type can either be mandatory or optional and can be preceded and following by execution wait times.

Work Item Type	Category Type	Work Item Type Description
Automatic	Email Print Fax	This is used mainly for sending reminder and dunning letters delivered by one of the category types.
Manual	Personal Visit Phone Call	These create tasks on the Collector’s workbench for the Collector to execute.

	Review	
Workflow	Workflow	Used when complex workflow has to be launched. This is used to trigger special approval processes as a result of the delinquency.

Strategy Setup: As explained previously, strategies are an assemblage of work items and it provides a sequence in which to execute the strategy based on score and segmentation. Segmentation is a concept introduced here for the first time – this simply means one can execute collection processes for specific segments of customer population. For example, a separate strategy could be used for customers in US (with US address) or customers in the Chemical Industry sector. The segments are created using SQL queries mainly through views on the Oracle TCA tables.

The following table shows the setup of a strategy and how it links to the work items and scoring engine.

Strategy Name	Scoring Engine	Scoring Components	Lowest Applicable Score	Work Items
Customer Soft Collections Strategy	Global Scoring Engine	Customer Since Number of delinquent transactions Delinquent amount	80	Call Customer Send reminder Email
Customer Medium Collections Strategy	Global Scoring Engine	Customer Since Number of delinquent transactions Delinquent amount	50	Send Medium Dunning Letter Call Customer Send reminder email
Customer Hard Collections Strategy	Global Scoring Engine	Customer Since Number of delinquent transactions Delinquent amount	0	Send Hard Dunning letter Call Customer Send legal notice letter

Based on the score for Customer ABC Corporation, with a score of 65, the “Customer Medium Collections Strategy” will be assigned and the appropriate work items are executed automatically or manually.

Collector Assignment

Collections data like customer accounts, delinquencies and strategy items can be displayed either globally or only to assigned collectors. Advanced Collections module is independent of how collectors are assigned. The collector assignments can either be through Territory management or through Customer profiles.

Territory Management is not discussed at length in this paper, however it should be noted that if the Organization’s collection strategy is at the customer level, then territory management is the only option to assign collectors as the Customer screen in AR does not allow collector assignment at customer (or Party) level.

Some Additional Features

Oracle Telesales Integration: Advanced Collections integrates with Oracle Telesales to provide seamless integration from Collector's workbench. Hence Oracle Telesales product should be installed for Advanced Collections to work correctly. The collector's also have to defined with the appropriate roles to access e-Business Center.

Skills based strategy assignment: Strategy items can be assigned to specific collectors using skills defined in Oracle HRMS.

Oracle Payment Integration: Through integration with Oracle Payments, Credit Card and EFT payments can be received and processed from the Collector's workbench.

Automatic Fulfillment: Through integration with Fax server and email integration, communication like Dunning letters and Invoice copies can be sent to customers automatically.

Implementation Consideration

With Advanced Collections R12, users of Oracle e-Business Suite are challenged with several questions: Is Advanced Collections really required? Should I use Dunning Plans or Collections Strategy? Should I automate my correspondence? In this section, we will touch upon these topics to give a general guideline on what to look for and the general criteria in making the best possible decision.

Advanced Collections vs. Legacy Collections

Criteria	Advanced Collections	Legacy Collections
Our Collector's are spending too much time looking for information	<input checked="" type="checkbox"/>	
Unable to track Metrics	<input checked="" type="checkbox"/>	
Aging Reports in Oracle Receivables does not give me all the information and hard to modify	<input checked="" type="checkbox"/>	
Our Receivables is growing and we have a large number of customers	<input checked="" type="checkbox"/>	
We spend too much time in processing Dunning letters	<input checked="" type="checkbox"/>	
Our Collections activities are falling through the cracks, we do not know who to call and when.	<input checked="" type="checkbox"/>	
We have a very small customer base		<input checked="" type="checkbox"/>
Our customer relationship is strong and we are constantly in touch with our		<input checked="" type="checkbox"/>

Criteria	Advanced Collections	Legacy Collections
customer through other channels (Project Managers on site etc.)		
Scoring Engine etc. may be overkill for us.		<input checked="" type="checkbox"/>

Dunning Plan vs. Collections Strategy

Business Process	Dunning Plan	Collections Strategy
Our Collections process is rather simple, we send only Dunning letters now.	<input checked="" type="checkbox"/>	
We follow a uniform policy for collections determining by Aging alone.	<input checked="" type="checkbox"/>	
We would like to evolve into using strategies	<input checked="" type="checkbox"/>	
We would like treat our strategic and loyal customers differently		<input checked="" type="checkbox"/>
We need the ability to tailor our collection processes by allowing our Collectors to add and remove tasks from a list as they deem fit.		<input checked="" type="checkbox"/>

Other Considerations

The other most frequently discussed question is whether to use automated methods of delivering correspondence like Dunning letters. This decision is based on volume and the stability of the Collections process. If scoring can be trusted to deliver predicable results and the data quality is pristine, then Automation can be implemented. In general, customers prove out processes before moving to automated means of delivering letters.

Also, scoring engine needs some real customer data to test and refine. In several occasions, this could be an iterative process. Once setup the scoring may have to be revised to adapt to current business and market conditions.

Conclusion

In this paper, some salient features of Oracle Advanced Collections were discussed. Though this paper does not delve into all the features of the product, attempt has been made to highlight the important features based on past implementation experience. As Oracle moves towards a new generation of applications, the features in Advanced Collections will become the de-facto standards and the limited function available in Oracle Receivables will be obsolete. Customers of Oracle e-Business suite should consider this when deploying Oracle R12 + in their organizations.