FI$Cal
Wave 1 and 2 – Contracts/Products and Product Groups Configuration Workshop - BUSN224b

November 6, 2014
Department Configuration Workshop - Objectives and Outcome

Objectives

• Define configuration values to support FI$Cal Wave 1 and 2 functionality
• Produce configuration data entry spreadsheets for each configuration build work unit
• Configuration consists of project-defined and department-defined values
• Validate configuration data entries with key business users, project management, and where applicable, department stakeholders

Outcome

• Configuration build will be the basis for what configuration values will be loaded into the FI$Cal system for Wave 1 and 2.

Configuration:
Set-up values within the application.

Agenda

• Overview
• Products
• Contracts Milestones
• Billing and Revenue Templates
• Renewal Template
• Next Steps
• Questions
• Appendix
Overview

- The Customer Contracts module is used to manage billing and revenue processes.
- Grants must use Contracts for billing and revenue recognition, including creating Letter of Credit draws.
- Non-Grants related goods and services will also use Contracts for billing and revenue recognition.
Products

- FI$Cal will use the Contracts module to facilitate billing or recognizing revenue for Grants and other non-Grants goods or services. Products are the goods or services that make up the contract lines.

- Required.
Products

Steps for defining Products:

1. Define the Product.
2. Define Product Rate Defaults.
Products

Step 1: Define Product Attributes, such as:

- Product price type
- Revenue method
- Whether the product is a third-party product or renewable
- If the price type is percentage, the percentage amount and calculation method
- To take advantage of the highest level of automation that is available for Contracts, assign revenue/billing plan templates and billing plan detail templates to products by using the Product Definition pages
- Update the Products Definition Worksheet
## Products

<table>
<thead>
<tr>
<th>Price Type</th>
<th>Revenue Recognition Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount or Percent</td>
<td>Milestone, Percent Complete, Apportionment, Billing Manages Revenue</td>
</tr>
<tr>
<td>Rate</td>
<td>As Incurred</td>
</tr>
<tr>
<td>Recurring</td>
<td>Billing Manages Revenue</td>
</tr>
</tbody>
</table>
Products

Product Price Types:

• Apportionment: Recognize a fixed amount of revenue over a predefined period of time.

• As Incurred: Manage revenue on an as-needed basis manually or using scheduled processes. This is the only method used for rate-based contract lines.

• Billing Manages Revenue: Have PeopleSoft Billing, not PeopleSoft Contracts, manage the revenue for a contract line. Only fixed-amount and recurring contract lines can use this method. You must always use this method with recurring price types.

• Milestone: Recognize a fixed amount of revenue spread over time and triggered as each milestone is met.

• Percent Complete: Recognize revenue based on a manually entered percentage of completion.
Products

Step 2: The pricing for a service-based product is tied directly to a set of rates that are defined by using rate set and rate plans. After you define the rate sets and rate plans that are used to price transactions for service products, the next step is to associate products with rate sets or rate plans. Use this page to associate a product rate default with a service-based product.

Optional: If you do not associate a default rate set or rate plan with a product, you have to manually associate a rate set or rate plan at the contract line level. If you do associate a default rate set or rate plan with a product, the rate set or rate plan on the contract line defaults to this value, but it can still be overridden at the contract line level.

• Update the **Product Rate Defaults** Worksheet.
Product Groups

Description:

• A Product Group is a high-level grouping of products. Product groups enable you to categorize products based on a business model.

• Product Groups are optional.

• Enables you to associate products for reporting, defining additional attributes, and defining distribution sets.
Product Groups

Steps for defining products and product groups:

Product Groups

Steps for defining Product Groups:

1. Define a Product Group Table and identify it as a Contract Product Group Type.
2. Define Contract Attributes for the product group.
3. Define the Product.
4. Associate a Product to a Product Group and Type.
5. Define Product Rate Defaults.
Product Groups

Step 1: Define a Product Group ID, and associate it with a product group type.

• Update the **Product Group Table** Worksheet

![Product Group Table](image-url)
Product Groups

Step 2: This step is completely optional, but enables you to establish an additional level in the default hierarchy for the amount-based products.

• At the Contracts Product Group level, you can:
  – Enable deferred revenue for the product group.
  – Define a default Unbilled AR distribution code.

• Update the Product Group Options Worksheet
Product Groups

Step 3: Define Product Attributes, such as:

• Product price type
• Revenue method
• Whether the product is a third-party product or renewable
• If the price type is percentage, the percentage amount and calculation method
• To take advantage of the highest level of automation that is available for Contracts, assign revenue/billing plan templates and billing plan detail templates to products by using the Product Definition pages
• Update the Products Definition Worksheet
Step 4: Use this page to associate the product with a Product Group and Group Type. When a product is selected onto a contract, any attributes that are associated with the product group appear by default on the product line, according to the Contracts default hierarchy.

When assigning the product to a product group type, you are limited to assigning it to only one contract product group type. The reason is that contract product groups contain default attributes, such as deferred revenue processing indicators and unbilled AR distribution codes.

- Update the **Assign Product Group** Worksheet.
Product Groups

Step 5: The pricing for a service-based product is tied directly to a set of rates that are defined by using rate set and rate plans. After you define the rate sets and rate plans that are used to price transactions for service products, the next step is to associate products with rate sets or rate plans. Use this page to associate a product rate default with a service-based product.

• Update the *Product Rate Defaults* Worksheet.
Contracts Milestones

Milestone functionality in PeopleSoft Contracts enables you to associate billing and revenue recognition with reaching a milestone; upon reaching that milestone, Application Engine processing is triggered. Set up generic milestone templates when structuring the PeopleSoft Contracts system. At the individual contract level, you create specific milestones for specific contracts. Steps for defining Contracts Milestones:

1. Contract Milestone Classification
2. Milestone Templates
Contracts Milestones

Step 1: Defining milestone classifications enables you to associate your milestones with a set of permission lists. By setting up milestone security, you can limit the ability to manage specific milestones to users who belong to one of the primary permission lists specified on the Milestone Classification page.

• Update the *Contracts Milestones Class* Worksheet
Contracts Milestones

Step 2: Define Milestone Templates.

• Update the following Worksheets:
  • Milestone Template
  • Milestone Definition Template
  • Milestone Condition
Billing and Revenue Templates

Billing and Revenue plans store terms for billing and revenue recognition – for example, schedules, invoice formats, payment terms. To help automate the setup of these plans, FI$Cal can use the following templates:

- Billing Plan Detail templates.
- Revenue/Billing Plan templates.
Billing and Revenue Templates

• Provide default detail billing information to assist in the Billing Plan setup and enable you to automate much of the process that you need to complete before generating invoices.

• Billing Plan Detail Templates can be attached to Products. When the Product is selected for a Contract line the Billing Plan Detail Template values will automatically populate the Contract’s Bill Plan.

• Update the Bill Plan Detail Templates Worksheet.
Billing and Revenue Templates

• Revenue/Billing Plan Templates enable you to automate much of the Billing and Revenue plan setup that is required for the Contract Lines.

• For example, you can select template options that automatically set the Bill Plan and Revenue Plan to Ready status when you:
  – Activate a Contract
  – Process an Amendment
  – Approve a Renewal
  – Ready a prepaid

• Update the Revenue Billing Plan Template Worksheet.
Renewal Plan Templates are an option that help automate the creation of renewable contract lines:

- Define the renewal plan and cycles, and then attach them to products.

- When the product is assigned to a contract line, the renewal schedule and cycles are automatically created by the system.

- A renewable product is defined as a product that is licensed to a customer for a set period of time with the option to extend the license on a regular basis.
Renewal Template - continued

- Only fixed-fee products can be defined as renewable.
- Renewable contract lines must be associated with start and end dates.
- A renewable contract line must be associated with a renewal cycle for it to be renewed.
- Update the *Renewal Plan Template* Worksheet
Renewal Template

Contract Renewals Processing

- Original Contract
- Renewable Contract Line
- Renewal Plan
  - Cycle 1
  - Cycle 2
  - Cycle 3
- Renewal Cycle Processing
  - New Renewed Contract Line
    - Target Contract

Next Steps

• Complete Department Configuration Task in Workshop
• Validate Department Configuration values during Department Configuration Validation Testing
Questions
# Appendix - Products

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Rate-Based Product</th>
<th>Amount-Based Product</th>
<th>Recurring Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price type</td>
<td>Rate</td>
<td>Amount, percentage</td>
<td>Recurring</td>
</tr>
<tr>
<td>Revenue methods</td>
<td>As incurred</td>
<td>Milestone, percent complete, apportionment, billing manages revenue</td>
<td>Billing manages revenue</td>
</tr>
<tr>
<td>Revenue distribution(AR)</td>
<td>Project Costing accounting rules</td>
<td>Distribution sets</td>
<td>Distribution sets</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>N/A</td>
<td>Indicated at the business unit options, product group, and contract line levels</td>
<td>Indicated at the business unit options, product group, and contract line levels, but processed by Billing</td>
</tr>
<tr>
<td>Unbilled accounts receivable (AR)</td>
<td>Project Costing accounting rules</td>
<td>Indicated at the contracts business unit, product group, and contract line</td>
<td>N/A</td>
</tr>
<tr>
<td>Product pricing</td>
<td>Rate sets, rate plans, tiered pricing templates</td>
<td>Assign product list price, Enterprise Pricer</td>
<td>Assign product list price, Enterprise Pricer</td>
</tr>
<tr>
<td>Renewable</td>
<td>N/A</td>
<td>Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Can be part of a product kit</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Tax parameters</td>
<td>Can define at the product level, product group level</td>
<td>Can define at the product level, product group level</td>
<td>Can define at the product level, product group level</td>
</tr>
</tbody>
</table>
## Appendix – Billing Method by Price Type

<table>
<thead>
<tr>
<th>Billing Method</th>
<th>Description</th>
<th>Events</th>
<th>Available with Price Types</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milestone</td>
<td>Billing is triggered by a milestone event.</td>
<td>Required</td>
<td>Amount, Percent</td>
</tr>
<tr>
<td>Percent complete</td>
<td>Billing is tied to a completion percentage of a project or a contract product. Events can be triggered automatically or can be manually created and managed.</td>
<td>Required</td>
<td>Amount, Percent</td>
</tr>
<tr>
<td>Immediate</td>
<td>Billing can occur as soon as the billing plan is activated.</td>
<td>N/A</td>
<td>Amount, Percent</td>
</tr>
<tr>
<td>As incurred</td>
<td>Billing occurs based on transactions that are accumulated in Project Costing for rate-based contract lines.</td>
<td>Optional</td>
<td>Rate</td>
</tr>
<tr>
<td>Value-based</td>
<td>Billing occurs based on user-defined events that are defined in Contracts, but the contract line is rate based.</td>
<td>Required</td>
<td>Rate</td>
</tr>
<tr>
<td>Recurring</td>
<td>Billing occurs based on a defined billing schedule.</td>
<td>N/A</td>
<td>Recurring</td>
</tr>
</tbody>
</table>
Accounting Entries – Billing and Revenue

**Billing Processes are Run:**

PeopleSoft Contracts Sends the Following Accounting Information to Billing:

- Unbilled AR
- 1000

PeopleSoft Billing Creates the Following Entry:

- Accounts Receivable
- 1000

**Revenue Processes are Run:**

PeopleSoft Contracts Creates the Following Balanced Entries:

- Unbilled AR
- 1000
- Revenue
- 1000
## Appendix – Prepaids Accounting Entries

<table>
<thead>
<tr>
<th>Event</th>
<th>Accounts Receivable</th>
<th>Deferred Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Prepaid Billing for 50,000</td>
<td>50000</td>
<td>50000</td>
</tr>
<tr>
<td>Voucher billed for 1,000</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>Billing Utilization Occurs</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>Billed Transaction Data is sent to General Ledger</td>
<td>1000</td>
<td>1000</td>
</tr>
<tr>
<td>Utilization Data is sent to General Ledger</td>
<td>1000</td>
<td>1000</td>
</tr>
</tbody>
</table>