

JD EDWARDS WORLD PRODUCT COSTING/MANUFACTURING ACCOUNTING



Effectively manage manufacturing and procurement costs.

Improve profitability analysis.

Easily adapt costing methods to changing requirements.

The Issue: Cost It Right to Manage Return on Investment

In the past, standard costing has done an adequate job of providing a reasonable estimate of product profitability. But this traditional method falls short of the mark when product or costs change significantly and often. As a result, your business faces inaccurate and incomplete valuation of inventory, material price and usage, production costs, and overhead. Keeping excess unprofitable stock or using inappropriate methods of costing on key inventory items can quickly impact your profits.

If you use commodities, operate in inflationary economies, or serve volatile markets, you especially need to monitor your actual manufacturing costs closely. This ideal is also true for the increasing number of enterprises that are moving from mass production to mass customization. With such “market-of-one” strategies, product line, or even single products, can change from one production run to the next. These issues often make standard costing an unrealistic method of deriving realistic cost of goods sold.

The Solution: Optimize Profitability by Using a Choice of Costing Options

Oracle’s JD Edwards World Product Costing/ Manufacturing Accounting moves beyond standard costing methods to highlight the true profitability of your business.

The solution offers:

- Cost reporting (what the item actually costs to produce)
- Variance reporting (actual versus standard costs)
- Product and job costing:
 - Materials
 - Labor
 - Machine
 - Overhead
- User-defined cost add-ons such as freight, taxes, duty, and electricity.

Access to real and detailed costing information plays a significant role in a manufacturing environment—and becomes even more important when your manufacturing is multi-mode (such as process, discrete, rate-based, and repetitive).

Effectively Manage Costs and Profitability

With product costing, accounting, and reporting capabilities, Manufacturing Accounting allows you to select the method that makes the most sense for effective cost and profitability management—at any time during the product lifecycle. You

are able to establish the costing detail necessary to adequately maintain acceptable margins based on who's buying the product, as well as its components and manufacturing location.

Is a standard cost for the item sufficient across the company? Is visibility into average item cost at individual branches or locations required? Or do you need to track the actual cost for each item lot? With Product Costing/ Manufacturing Accounting, all these options are available.

Depending on your business requirements, you can select one or both of these:

- Standard costing: When there is so little variance from run to run that it adds little value to assess actual product component and manufacturing costs.
- Weighed average costing: Where the cost of components or ingredients changes frequently.

Product Costing/Manufacturing Accounting also allows you to modify the cost accounting method for a product at a moment's notice. You can take immediate action on temporary disruptions in supply, as well as react to periodic and long-term cost trends.

Perform Product Costing and Reporting at Desired Level and Detail

At your discretion, you can maintain cost and reporting information at the branch/plant level to allow for different costs at different locations for identically manufactured items.

After costs are established, Product Costing/Manufacturing Accounting further tracks those costs, reports on the variances (such as engineering, planned, and actual), and posts manufacturing transactions automatically to the general ledger.

Through product costing and reporting, you will be able to store and retrieve cost information. Product Costing/Manufacturing Accounting also provides informational inputs to your company's business plan. Furthermore, you can evaluate the following manufacturing processes to determine the impact to your company's bottom line:

- Manufacturing budgets (direct labor, indirect labor, and overhead)
- Product design (design and manufacturing engineering)
- Accounting (gross margin by product line or item)

Clearly, using a single costing method is inadequate in global, multimode manufacturing environments. Factors that influence how manufacturing costs are captured include regulatory reporting and contract requirements, as well as component cost fluctuations and process variability. With Oracle's JD Edwards World Product Costing/ Manufacturing Accounting, you get product costing, reporting, and accounting at the level and precision you need to improve process performance and effectively manage manufacturing and procurement costs.

A Strategic Partner for Your Long-Term Needs

A solution is only as good as the company that stands behind it. That is why we are committed to innovation, superior value, and customer satisfaction. Our singular

goal is to help make you stronger, enabling you to solve your most important business challenges. We make you stronger by dedicating ourselves to continually enhancing the value of our solutions, not only with software research and development but also with superior consulting, education, and training support. As your long-term business partner, we will work with you to help ensure that our solutions grow and change with your business—making your technology investment an asset that increases in value over time.

Feature/Function Highlights

- Item cost level options:
 - Company-wide
 - Branch/plant
 - Location and lot number
- Item cost method options:
 - Standard
 - Weighted average
- Cost by multiple categories:
 - Material
 - Labor, direct and indirect
 - Machine
 - Overhead
 - Cost extras
- Cost rollup, level by level
- Cost simulation
- Scrap, shrink, and yield measurements
- Budgeted costs by work order/rate schedule
- Automatic creation of journal entries
- Variance to standard analysis
- Operate in multimode manufacturing environments

Solution Integration

- Financial Management
- Human Capital Management
- Financial and Supply Chain Analytics
- Supplier Relationship Management
- Supply Chain Management

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