JD EDWARDS ENTERPRISEONE ADVANCED COST ACCOUNTING

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PRODUCT HIGHLIGHTS

- Accurately identify your most profitable products and customers.
- Analyze costs at the level of detail required to improve performance.
- Allocate overhead costs with greater precision

The Issue: Fiscal Accountability in a Complex Marketplace

In a globally competitive marketplace, companies must exercise fiscal accountability and make better-informed decisions to ensure peak performance. Failure to do so can erode competitive advantages and impact a company's long-term health.

Market competition and globalization add complexity to business management and coordination, requiring additional cross-departmental support activities. For companies that use traditional accounting methods, the costs of these activities are difficult to identify and even harder to control. What is required is greater granularity in analyzing these costs in order to improve company-wide profitability.

The Solution: Flexible, Easy-to-Implement Cost Accounting

Oracle's JD Edwards EnterpriseOne Advanced Cost Accounting provides the framework and features to obtain relevant and valuable financial information that is not generally available through traditional accounting methods. It enables a business to:

- Identify value-added and nonvalue-added processes and activities
- Target and eliminate waste and inefficiency
- Improve overhead allocation methods
- Precisely analyze and control costs
- Evaluate profitability by customer and product line
- Project future results based on assumptions
- Reduce overhead expense
- Increase revenues

Advanced Cost Accounting enables you to analyze profitability by using a combination of traditional managerial accounting and activity-based costing (ABC). You gain greater flexibility in determining the exact level of cost detail that you require to optimize your business. And, because the system adds value to your business immediately, you realize the fastest return on your investment.

Identify Products, Customers, and Processes that Add the Most Value

Net income is an important measure of your company's performance, but identifying the components of net income can be tricky. A typical income statement includes revenue and expenses by category, such as salaries or shipping expenses. But high-cost, cross-functional areas that need improvement might remain hidden.

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Advanced Cost Accounting highlights these areas by automatically capturing—in an integrated system—cost and revenue allocations at the cost object level. Advanced Cost Accounting helps you identify which customers, products, activities, and internal processes add value— and which do not. With this understanding, you can capitalize on value-added processes and streamline or eliminate nonvalue-added processes for maximum bottom-line results.

Immediately Improve Cost Accounting Accuracy

With Advanced Cost Accounting, direct revenue and costs are captured automatically, so you realize benefits instantly. You can easily assign indirect costs by using managerial accounting and derive fully allocated, profit-and-loss reporting by customer and product hierarchies. And, because Advanced Cost Accounting fully supports indirect cost allocation, activity-based costing, cost driver definition, and automated rate calculations, your finance personnel can begin taking advantage of more accurate allocation functionality—immediately. Plus, you can capture financial information within the cost analyzer table for detailed analysis, track and assign transactions by using cost objects, and reassign costs based on cost drivers.

Expand Cost Allocation Capabilities Flexibly and Easily

As you complete more in-depth ABC analysis in selected areas, you can allocate indirect costs with greater precision—and enhance your cost information without any additional programming. Use activity-based costing to define cost objects, activities, and processes—and create relationships between them. Cost object matching allows you to directly assign transactions to their original cost objects— the lowest level at which costs are tracked—whether by customer, item number, or sales number. By using the integrated cost analyzer, you can capture, arrange, and analyze managerial accounting information without affecting your financial accounting information. And, you are able to use automatic journal entries to capture detailed product, material, labor, or overhead costs.

Finally, Advanced Cost Accounting creates a separate set of records that you can manipulate for what-if analysis. The integrity of the original financial records is maintained while you evaluate the profitability of scenarios based on different assumptions. Scenario allocations are performed by using indirect cost pools that assign all revenues and expenses for a complete profit center level analysis. This process provides the understanding of profitability needed to drive strategic decisions about product lines, customer value, marketing campaigns, and reorganization projects.

Feature/Function Highlights

- Managerial accounting

- Activity-based costing

- Cost object tracking

- Multiple cost object types

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- Cost object edit rules

- Cost analyzer

- Multiple views

- Automatic cost drivers

- Cost assignments

- Automated direct revenue and cost capture

Solution Integration

This module is designed to be integrated with these JD Edwards EnterpriseOne products across your operations using common tools and a Pure Internet Architecture:

- JD Edwards EnterpriseOne Financial Management

  - General Ledger

  - Accounts Payable

  - Accounts Receivable

  - Fixed Asset Accounting

- JD Edwards EnterpriseOne Supply Management (Procurement)

  - Procurement and Subcontracts Management

- JD Edwards EnterpriseOne Supply Chain Execution (Logistics)

  - Inventory Management

  - Transportation Management

- JD Edwards EnterpriseOne Manufacturing

  - Manufacturing Management (includes Manufacturing Accounting)

- JD Edwards EnterpriseOne Capital Asset Management

  - Capital Asset Management

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