

Review Article

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Streamlining Payment Process in Cloud Enterprise Resource Planning Application

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ABSTRACT

In the current landscape of the organization, multiple disparate payables applications are used to manage and execute payments directly to banks, leading to significant challenges in tracking, organizing, accounting, and reporting on payables invoices and payment transactions. This fragmented approach results in inefficiencies and inaccuracies, hindering effective financial management and decision-making. To address these issues, the organization aims to streamline its payment process by centralizing all payables invoices from various systems into the Oracle Cloud Enterprise Resource Planning (ERP) application via an integrated Platform as a Service (iPaaS) middleware. By consolidating the payment process within the Oracle Cloud Payment system, the organization expects to achieve significant improvements in operational efficiency. This centralized approach will provide a single source of truth for all payment-related data, facilitating better tracking and control of financial transactions. The streamlined process will enhance the organization's ability to generate accurate and timely financial reports, ensure compliance with regulatory requirements, and improve overall financial governance. Additionally, the Oracle Cloud ERP's robust reporting and analytics capabilities will enable better decision-making by providing comprehensive insights into the organization's financial health. This strategic initiative will enable the organization to improve financial reporting, enhance compliance, and reduce the risks associated with managing multiple payment channels. This also eliminates the inefficiencies associated with multiple payment systems, reducing operational risks, and establishing a scalable, future-proof financial infrastructure that can support the organization's growth and evolving business needs.

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INTRODUCTION

In today's fast-paced business environment, managing financial operations efficiently is critical to an organization's success. However, many organizations, particularly those that have grown rapidly or operate in complex environments, face significant challenges in maintaining streamlined financial processes. One such challenge is the management of payables, which, when handled through multiple disparate systems, can lead to inefficiencies, inaccuracies, and difficulties in financial reporting and compliance.

Currently, the organizations is grappling with a fragmented payables system, where multiple applications are used to process payments directly with banks. This decentralized approach has created a series of operational bottlenecks, making it increasingly difficult to track, organize, account for, and report on payables invoices and payment transactions. The lack of a unified system not only impedes visibility into financial operations but also increases the risk of errors, delays, and non-compliance with financial regulations.

To address these issues, the organization is embarking on a strategic initiative to streamline its payment processes by centralizing all

payables within the Oracle Cloud Enterprise Resource Planning (ERP) application. The proposed solution involves integrating all payables invoices from various systems into Oracle Cloud ERP using an integrated Platform as a Service (iPaaS) middleware. This middleware will serve as a conduit for seamless data transfer between the existing disparate systems and the Oracle Cloud ERP, ensuring consistency and accuracy across the organization's financial processes.

By consolidating payments through the Oracle Cloud Payment system, the organization aims to establish a single source of truth for all payment-related data. This centralized approach will facilitate better tracking and control of financial transactions, enabling the organization to generate accurate and timely financial reports, ensure compliance with regulatory requirements, and improve overall financial governance. Moreover, the robust reporting and analytics capabilities of Oracle Cloud ERP will provide valuable insights into the organization's financial health, empowering leaders to make more informed decisions.

This article delves into the strategic importance of streamlining the payment process within Oracle Cloud ERP, exploring the benefits of a centralized financial system and how it can transform the organization's approach to managing payables, driving efficiency, and supporting sustainable growth.

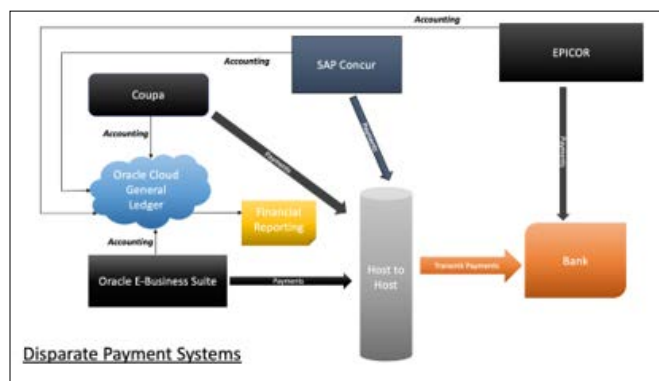


Figure 1: This Flow Represents the Disparate Payments Systems.

Challenges Faced by Organizations with Disparate Payment Systems

Organizations that rely on multiple disparate payables applications and process payments directly with banks encounter a variety of challenges that can significantly hinder their financial operations. These challenges stem from the inherent complexities and inefficiencies of managing a decentralized and fragmented payables system. Below are the key issues that such organizations typically face. Fig. 1. shows the disparate source systems with financial transactions and payment processing.

Difficulty in Tracking and Organizing Payments

In a fragmented payables system, each application operates in isolation, often with its own unique interface, data formats, and processes. This lack of standardization makes it exceedingly difficult to track and organize payment transactions across the organization. Without a unified view, finance teams struggle to monitor the status of payments, leading to potential delays, missed payments, and confusion over which invoices have been settled. The absence of a centralized tracking system also makes it challenging to enforce consistent payment policies and procedures, further complicating financial management.

Complex Accounting and Reconciliation Processes

When payments are processed through multiple applications, the resulting data is often fragmented, making it difficult to reconcile accounts accurately. The lack of a unified ledger or accounting system means that finance teams must manually consolidate data from various sources, increasing the risk of errors and discrepancies. This manual effort is not only time-consuming but also prone to mistakes, which can lead to inaccurate financial records and potential compliance issues. Furthermore, the reconciliation process becomes more complex when discrepancies arise, as identifying the root cause often requires sifting through multiple systems and data sources.

Inefficiencies in Financial Reporting

The decentralized nature of a fragmented payables system creates significant challenges in generating accurate and timely financial reports. With data scattered across multiple applications, compiling reports becomes a labor-intensive process, often requiring manual data extraction and integration. This not only slows down the reporting process but also increases the likelihood of errors, leading to unreliable financial statements. Additionally, the lack of a consolidated view hampers the organization's ability to perform in-depth financial analysis, limiting the insights that can be drawn from the data and making it difficult to make informed business decisions.

Increased Risk of Errors and Non-Compliance

Operating multiple payables systems increases the risk of errors in data entry, processing, and reporting. Inconsistent data formats, duplication of records, and manual interventions all contribute to the potential for mistakes. These errors can lead to significant financial and legal repercussions, particularly when they affect tax reporting, vendor payments, or regulatory compliance. The decentralized approach also makes it more challenging to implement and enforce compliance measures uniformly across the organization, increasing the risk of non-compliance with financial regulations and standards.

Operational Bottlenecks and Delays

The complexity of managing multiple payables applications often results in operational bottlenecks that slow down the entire payment process. Each application may have its own processing times, approval workflows, and communication protocols, leading to delays in payment execution. These bottlenecks can strain relationships with vendors, who may experience delays in receiving payments, and can also disrupt cash flow management within the organization. The lack of integration between systems exacerbates these delays, as information must be manually transferred and validated between applications, further slowing down operations.

Lack of Real-Time Data Validation

One of the most significant challenges of a fragmented payables system is the lack of visibility into the organization's overall financial health. With no centralized platform to consolidate data, finance teams lack real-time insights into cash flow, outstanding liabilities, and payment statuses. This limited visibility makes it difficult to manage liquidity, forecast financial needs, or identify potential financial risks. The inability to access comprehensive and up-to-date financial information hampers strategic decision-making and can lead to missed opportunities or financial mismanagement.

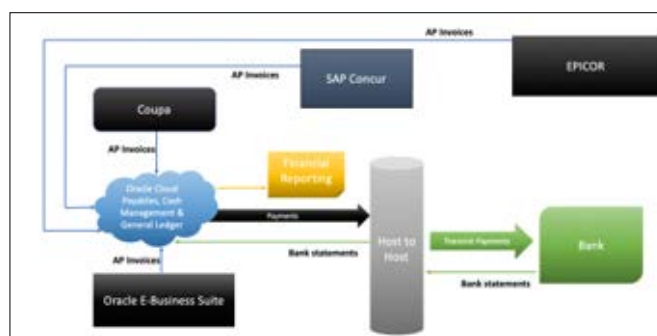


Figure 2: This figure represents the high-level flow for streamlining the payment systems.

Lack of Visibility into Financial Operations

One of the most significant challenges of a fragmented payables system is the lack of visibility into the organization's overall financial health. With no centralized platform to consolidate data, finance teams lack real-time insights into cash flow, outstanding liabilities, and payment statuses. This limited visibility makes it difficult to manage liquidity, forecast financial needs, or identify potential financial risks. The inability to access comprehensive and up-to-date financial information hampers strategic decision-making and can lead to missed opportunities or financial mismanagement.

Scaling with Growth

As organizations expand through mergers and acquisitions, the addition of more systems makes it increasingly challenging to

scale effectively. As the IT ecosystem grows, inefficiencies and potential process breakdowns become more likely. This scalability challenge can impede the organization's ability to efficiently integrate new systems or expand its operations.

Solution Approach to Streamline the Payments with Oracle Cloud ERP

The challenges associated with managing multiple disparate payables applications are significant and far-reaching, impacting everything from day-to-day operations to long-term financial stability. Addressing these issues requires a strategic approach that centralizes and streamlines payment processes, enabling the organization to gain better control, improve accuracy, and ensure compliance across its financial operations. Transitioning to a unified system, such as Oracle Cloud ERP, can provide the necessary tools and infrastructure to overcome these challenges and support the organization's growth and success.

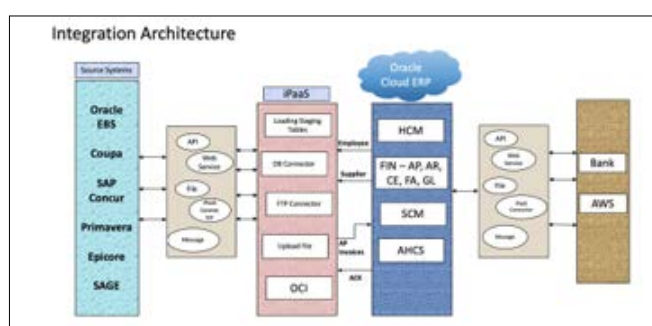


Figure 3: This Figure Shows the Detailed Architecture of the Source to Oracle Cloud ERP.

Extract Payables Invoices from Source System

In this use case the Oracle E-Business Suite (EBS) will be the source system used in the discussion. Other source systems can follow the similar approach. From Oracle EBS only accounted, validated and unpaid invoices are considered for extraction. Fig. 2. shows the high-level sequence of flows in the process. All Payables systems will send the open invoice data to Oracle Cloud ERP vis iPaaS middleware. Following custom staging tables created in Oracle EBS will have the extracted invoices stored.

1. XX_AP_INV_HDR_STG
2. XX_AP_INV_LINES_STG

Load the Extract to Stage in Source

Payables invoice header critical information listed below will be loaded to XX_AP_INV_HDR_STG table in the custom schema.

- Invoice Number
- Invoice Amount
- Currency
- Vendor
- Vendor Site
- Operating Unit
- Payment Terms
- Currency

Invoice lines information listed below will be loaded to XX_AP_INV_LINES_STG,

- Line Number
- Line Amount
- Distribution Expense/Clearing Account
- Tax Code
- DFF Values
- PO Details

- Project Details
- GL Accounting Date

The invoices loaded to these custom staging tables will have the status as 'New'.

Interface the data to PaaS

The next step in the process is to transfer the invoice data to the iPaaS middleware. Below custom tables will be created in the middleware.

1. XX_AP_INV_HDR_SOURCE_STG
2. XX_AP_INV_LINES_SOURCE_STG
3. XX_AP_INV_HDR_TGT_STG
4. XX_AP_INV_HDR_TGT_STG

Initially the data from the source systems will be loaded to source staging tables (XX_AP_INV_HDR_SOURCE_STG & XX_AP_INV_LINES_SOURCE_STG). Fig. 3. represents the architecture of the integration form source systems to Oracle Cloud ERP vis iPaaS layer.

Transform the Data

After the data is imported to the source staging tables, it will undergo a series of transformations to convert the legacy values to Oracle Cloud ERP values in the iPaaS layer. Primarily the charts of accounts (COA) structure and values will be transformed from the old COA to new COA. The old to new COA values mapping will be housed in the table XX_GL_OLD_NEW_COA. There can be other transformations like Payment Terms, Tax Code etc. based on each of the organization's requirements. Another critical transformation will be the supplier and supplier site code. There will be vendor cross reference table in the middleware which will have the mapping of source system vendor information to target system (Oracle Cloud ERP) vendor details. These are the critical transformations performed in the iPaaS layer for a payables invoice integration.

Load the Target Tables and Import to Cloud

After the transformations are completed, the transformed data will be published. to the target staging tables (XX_AP_INV_HDR_TGT_STG & XX_AP_INV_LINES_TGT_STG). This will be the final data that will be loaded to the Oracle cloud ERP. Custom Oracle Cloud Integration (OCI) process will be triggered and the data from the target staging tables with status 'New' will be converted into a specific file format (FBDI) that will be accepted by the Oracle Cloud ERP. This file created will be zipped and imported to Oracle Cloud Payables Interface. Cloud Process 'Import Payables Invoices' will import the invoice data in the interface to Cloud base tables. If there are any errors in the invoice data, those invoices will be errored in the interface and manual intervention from business or IT will be required to clear the interface errors.

Payment Process

Once the invoices are successfully imported to Oracle Cloud Payables, the invoices are validated, accounted and then payments are initiated for those invoices that are due. Fig. 3. shows the end to end flow of streamlining the payment process from various source systems. Payment files are generated and transmitted to banks. After the payments are completed, an acknowledgment back from the Oracle Cloud ERP will be sent back to the source systems and these invoices will be marked as paid in the source systems. This completes the full cycle for consolidating the invoices form various source systems and performing the payment process out of Oracle Cloud ERP.

Impact

By reducing the reliance on multiple, disparate systems, the organization will minimize the risk of errors, delays, and inconsistencies that currently plague its payables process. This will lead to greater operational efficiency, as redundant processes are eliminated, and manual interventions are reduced. The streamlined process will also facilitate better compliance with regulatory requirements, as a centralized system allows for more consistent application of financial controls and policies across the organization.

Scope

The process of streamlining the payment process in Oracle Cloud ERP system is in the scope of this article. This article focuses solely on the moving the open invoices from various source systems to Oracle Cloud and performing the payments via Oracle Cloud ERP.

Conclusion

The challenges posed by a fragmented payables system, where multiple applications manage payments directly with banks are not only significant but also have far-reaching implications for an organization's overall financial health and operational efficiency. This decentralized approach to managing payables has resulted in numerous issues, including difficulties in tracking, organizing, accounting for, and reporting on payables invoices and payment transactions. The lack of a unified system creates operational bottlenecks, increases the likelihood of errors, and complicates compliance with financial regulations, all of which can undermine the organization's ability to manage its finances effectively.

To address these challenges and optimize financial operations, the organization must transition to a streamlined payment process by centralizing its payables management within the Oracle Cloud Enterprise Resource Planning (ERP) system. By leveraging an integrated Platform as a Service (iPaaS) middleware, all payables' invoices from disparate systems can be funneled into Oracle Cloud ERP, ensuring a consistent and reliable flow of data. Payments can then be managed exclusively through the Oracle Cloud Payment system, providing a single, unified platform for handling all payment transactions.

This strategic shift to a centralized system will bring several key benefits. First, it will significantly enhance the organization's ability to track and manage its payables, as all financial data will be consolidated in one place, providing a single source of truth. This centralization will improve visibility into financial operations,

making it easier to monitor cash flow, outstanding liabilities, and payment statuses in real-time. Additionally, the organization will be better equipped to generate accurate and timely financial reports, which are essential for internal decision-making and external compliance.

In the long term, this centralized approach will provide the scalability needed to support the organization's growth. As the organization continues to expand, whether through organic growth or mergers and acquisitions, the Oracle Cloud ERP system will provide the flexibility and robustness needed to integrate new payables systems seamlessly and manage them effectively. This will enable the organization to continue its growth trajectory without being hindered by the limitations of a fragmented IT ecosystem. In conclusion, transitioning to a centralized payables management system within Oracle Cloud ERP is not just a solution to the current challenges but a strategic investment in the organization's future. By streamlining the payment process, the organization will achieve greater efficiency, accuracy, and compliance, while also laying the groundwork for sustainable growth and enhanced financial governance. This initiative will empower the organization to operate more effectively, respond to financial challenges with agility, and maintain a strong position in an increasingly competitive market.

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