



LEVERAGING DIGITAL FINANCE IN ORACLE JD EDWARDS

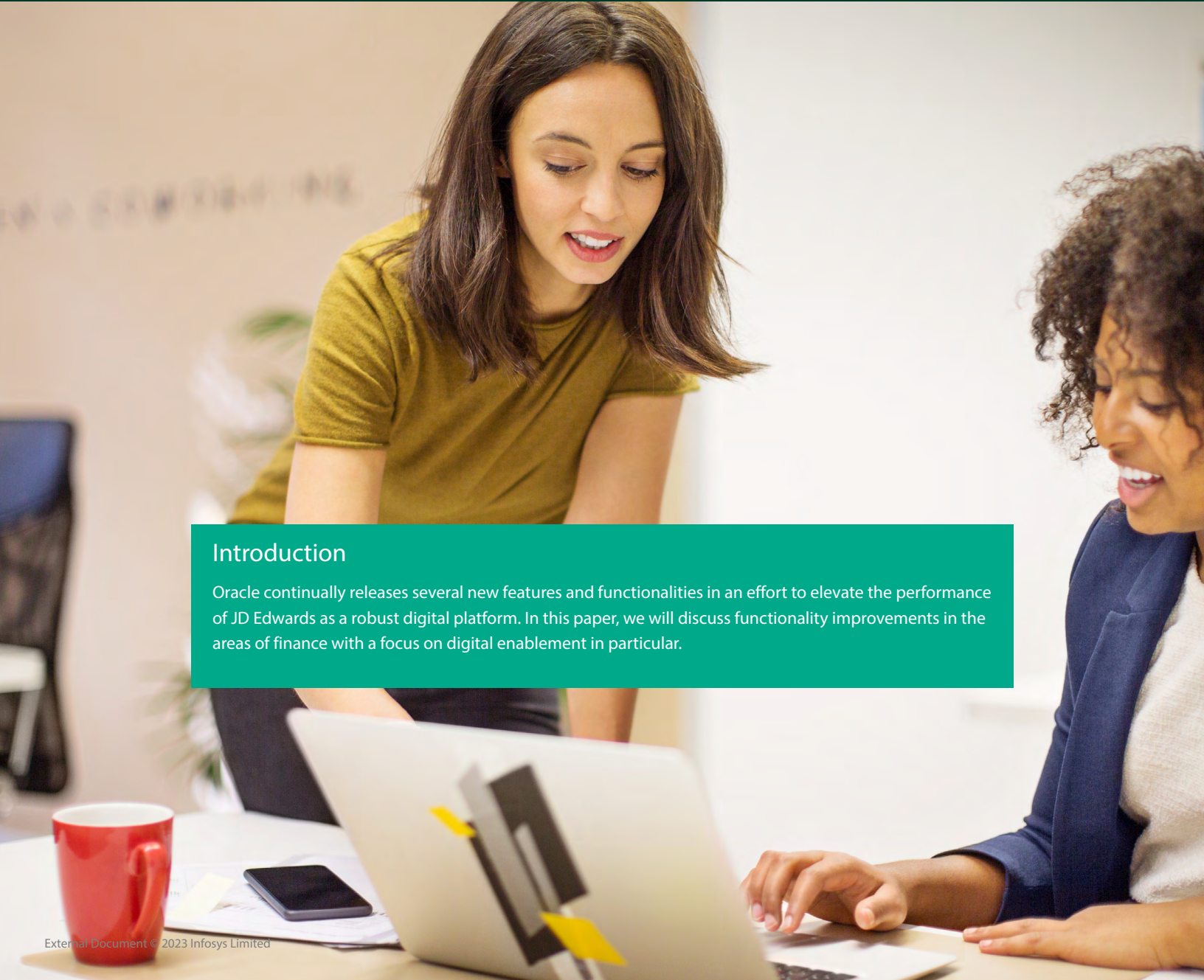
Abstract

Enterprise resource planning (ERP) is at the core of any digital transformation. Organizations are exploring every process area such as supply chain, warehousing, and shop floor controls for digital enablement to enhance efficiencies, speed of operations, and customer satisfaction.

Today, digitally driven finance operations are a business imperative with core finance operations in every area requiring greater consistency, transparency, standardization, and automation. This paper discusses how the latest features in Oracle JD Edwards (JDE) can support digital enablement for finance departments and help achieve error-free and fast financial results with improved close cycles.

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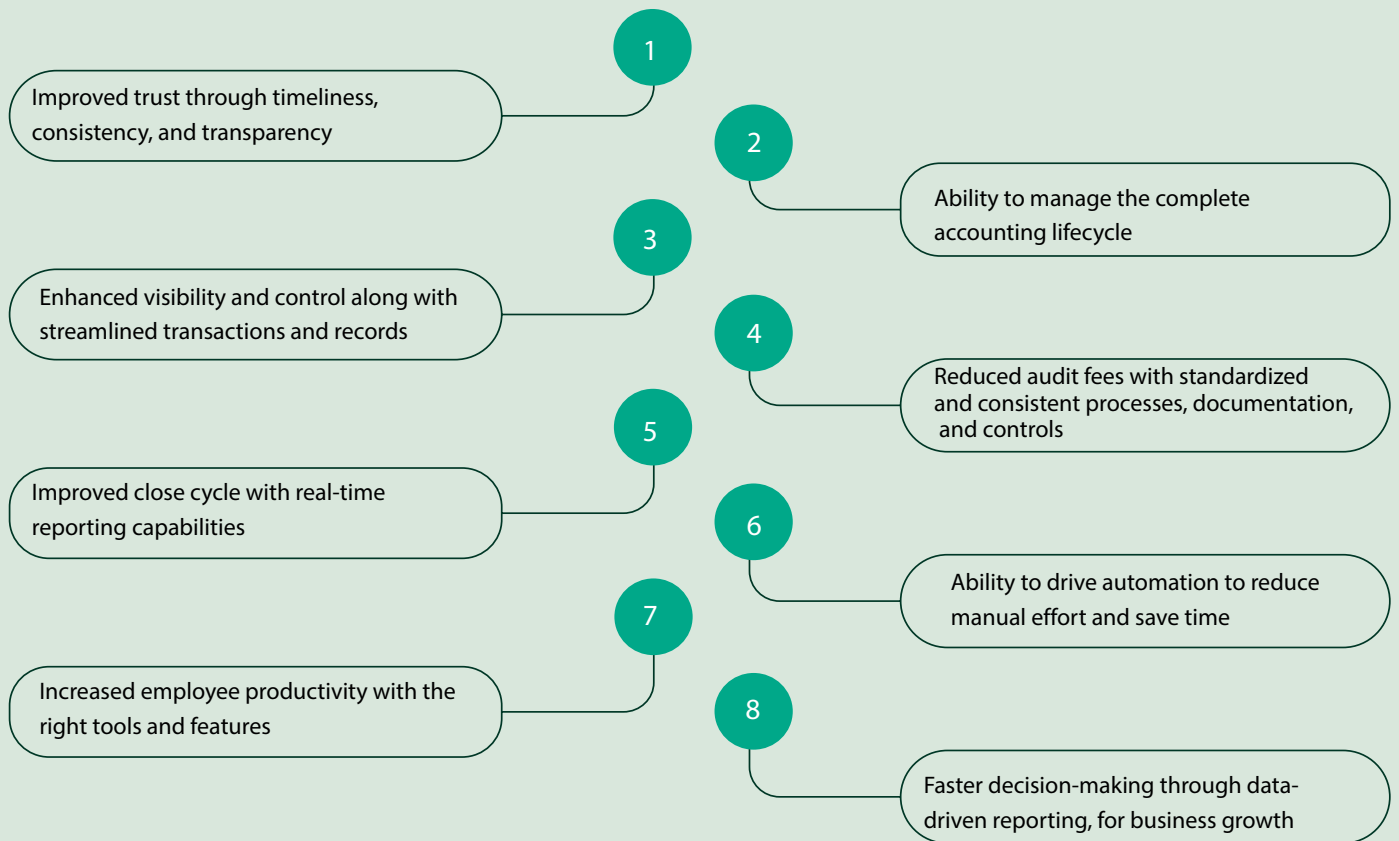
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Introduction

Oracle continually releases several new features and functionalities in an effort to elevate the performance of JD Edwards as a robust digital platform. In this paper, we will discuss functionality improvements in the areas of finance with a focus on digital enablement in particular.

Business benefits of digital finance



Enabling digital finance is a journey with a roadmap for continuous adoption of JDE's rich feature set to make the financial system strong, robust, and easy-to-use with intuitive capabilities.

Framework Adoption for Internal Controls

The financial modules in JDE incorporate the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework for internal controls. The COSO framework enables organizations with internal controls that help prevent fraud or malpractices, facilitate early detection, and enable quick responses to effectively address the damage caused by internal fraud.

Deploying some of the JDE features that closely align with the COSO framework will greatly help organizations manage their internal controls. Some of the measures are:

- Mask bank account numbers to protect sensitive data and provide comprehensive data security
- Enable fully-integrated JDE ERP system between financials and supply chain, and within financial modules such as sub-ledgers and general ledgers
- Enable required workflows and approvals with notification capability
- Maintain ledger and system audit trails for transactions



- Enable data change tracker in the database to know who updated or changed financial records by providing the before and after image of the records
- Set alert capabilities based on business rules
- Implement the batch status history tracker



SOX Act Compliance

JDE also complies with the Sarbanes-Oxley (SOX) Act in the areas of internal controls. Sec. 404 of SOX Act requires external/independent auditors to issue an opinion on internal controls. Strengthening the following capabilities in your JDE system will ensure a satisfactory review and audit of the company's internal controls:

- a. Collaboration – Extend JDE business processes with external partners
- b. Monitoring – Create business KPIs and monitor their performance. Adopt watchlist capabilities to the maximum
- c. Documentation – Enable the attachment of important documents/proofs over the master/transaction records for verification
- d. Security – Ensure that authorized personnel can access the correct level of data as per role definitions. Activate maximum use of business unit, row security, and other security features set up in JDE to achieve this
- e. Accounting standards – Specify how transactions and other events are to be recognized, processed, and reported in the system. While JDE adheres to most global accounting standards, it also ensures compliance with local standards
- f. Financial integrity – in the integrated environment, sub-ledgers and general ledgers should tally well and be maintained in balance

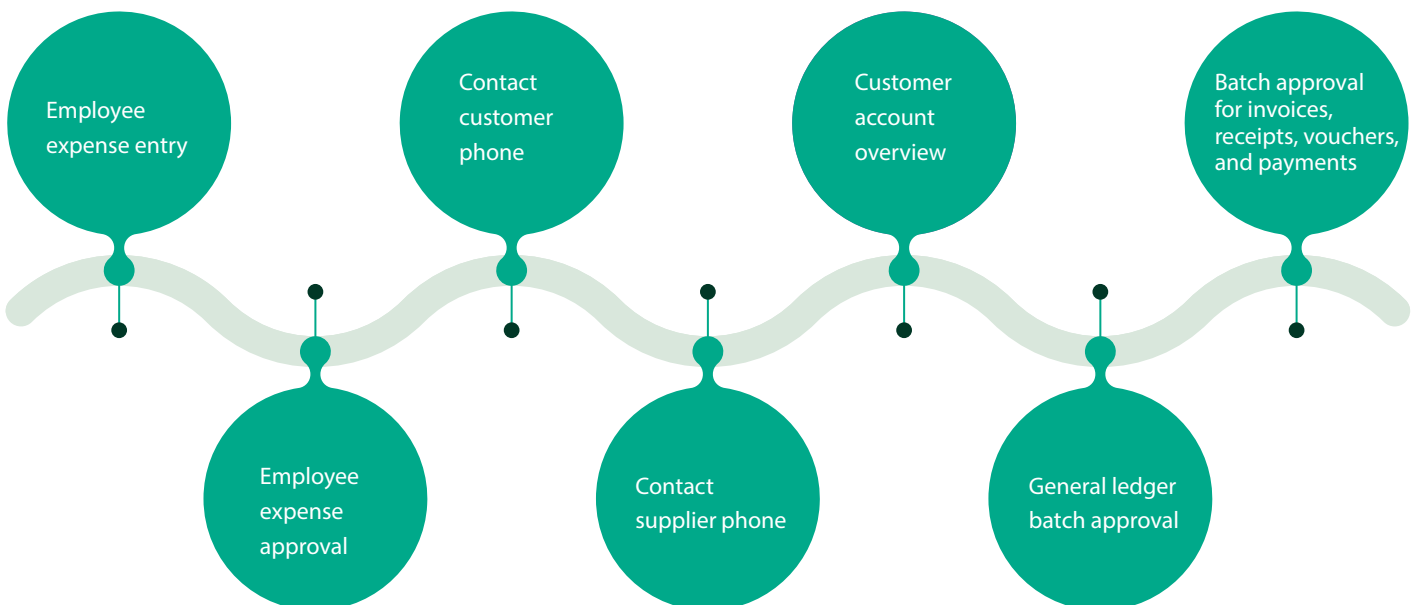
Functionality Automation

Automation increases efficiency, reduces errors, frees up employees from repetitive tasks, and enables them to focus on strategic activities. JDE finance modules include the following automated features that can take organizations further on their digital journey:



Mobile Finance on Smartphones and Tablets

Mobile enablement enables businesses to respond faster to customer needs, leading to greater customer satisfaction. Oracle encourages customers to utilize their front-end development tools which connect to JDE via orchestrators to deliver mobile solutions of choice. Widely used finance-related mobile apps include:



Electronic Invoice Processing

JDE has built-in capability for European Union Electronic Invoice processing (G74EU) and can generate electronic invoices in the Core Invoice (EN16391) template, which enables country-specific versions. EnterpriseOne localization for European Union allows customers to generate the required electronic invoices in XML-based EN16391 standards using a common template.

Most countries are moving towards electronic invoice processing where all invoices and debit/credit notes need to be processed as electronic invoices. Such regulations require:

1. All invoices and debit/credit notes to be interfaced to the tax authority or Government portal
2. Provision for local authorities to validate and approve all invoices and debit/credit notes in the e-invoice portal, before sending to customers

The JDE invoicing module can support the following requirements:

- Ability to convert invoices to electronic format and send to customers as per local guidelines
- JDE system integration with e-invoice portal to ensure invoices processed in JDE are interfaced to portal for validation and approval
- Provision to use the local template for language/formatting requirements of invoices
- Ability to auto-email the invoice to customers after approval

Controls in Manual Journal Creation

ERP systems should restrict manual journal creation in the general ledger (GL) module to avoid audit and compliance challenges later.

- Activate form security in the GL for journal entry creation. This can protect direct manual creation or update to Journal Entries in GL
- Create journals from subledger modules and integrate with JDE. If journals are created by external systems, enable integration into JDE
- Create allocation rules in JDE such that redistribution and reclassification of entries are automated

Host-to-host Payment Set-up in Accounts Payable Module

Host-to-host is a payment solution a company adopts to automate electronic payment to suppliers through the bank interface. This provides secure electronic data exchange between companies and the bank, lowers the risk associated in payments, and streamlines the payment process end-to-end.

- On creating the payment file, use BSSV/RTE to integrate the data to middleware
- Bank services can securely process the payment data received
- Optionally, payment approval can be done on bank portal before the final remittance

Digitalization of Asset Management

Asset management plays a critical role in realizing value from the assets owned by a company. Upgrading asset management to utilize digital capabilities provided by JDE will reduce audit challenges and drive business excellence by reducing procurement and maintenance expenses. Advantages of digital asset management include the ability to:

- Streamline asset lifecycle management and improve asset tracking
- Identify performing and non-performing assets, implement a flexible approach to revaluation, and retire assets at the appropriate time
- Set up a digital repository to track the insurance status of assets and set up periodic scans to track inventory
- Improve the performance of assets by integrating with asset maintenance and service management modules and periodically performing preventive/corrective maintenance

One View Reporting

Accurate reporting provides the leadership team with instant visibility to take data-driven and actionable decisions. Strong reporting capabilities involve features such as real-time reporting, dashboards, reports with drill-down capability, customizable reports in multiple formats (PDF, CSV, MS Excel), and support for graphs/charts in user-friendly layouts.

One View Reporting In JDE provides a One View Financial Statement (OVFS) which enables businesses to select account groupings, time frames, and balances to include in financial statements and to format the financial statement output. OVFS empowers finance departments to create their own reports as per their needs without depending on IT specialists for layout designs.

Strengthening the reporting capability in JDE will move businesses closer to their digital finance goals. Some of the built-in reports in OVFS include:

- Balance sheet statement – simple and consolidated
- Income statement - simple and consolidated
- Cash flow statements
- Customer aging
- Supplier payment due

Case Study

Client is a leading UK based global beauty company, a global manufacturer and one of the world's largest direct sellers of cosmetics, beauty products, household, and personal care in nearly 100 countries around the world. 10 Manufacturing facilities, 50 Distribution facilities, 150+ million Orders per day. Since their financial modules were implemented several years ago, the system has very limited features and many transactions happen outside the system or manually on paper.

Challenges

- Business expansion not aligned with growth plan
- Poor data governance and alignment to processes
- Weak and loosely coupled technology stack
- Silo-ed working and manual activities leading to increased re-work

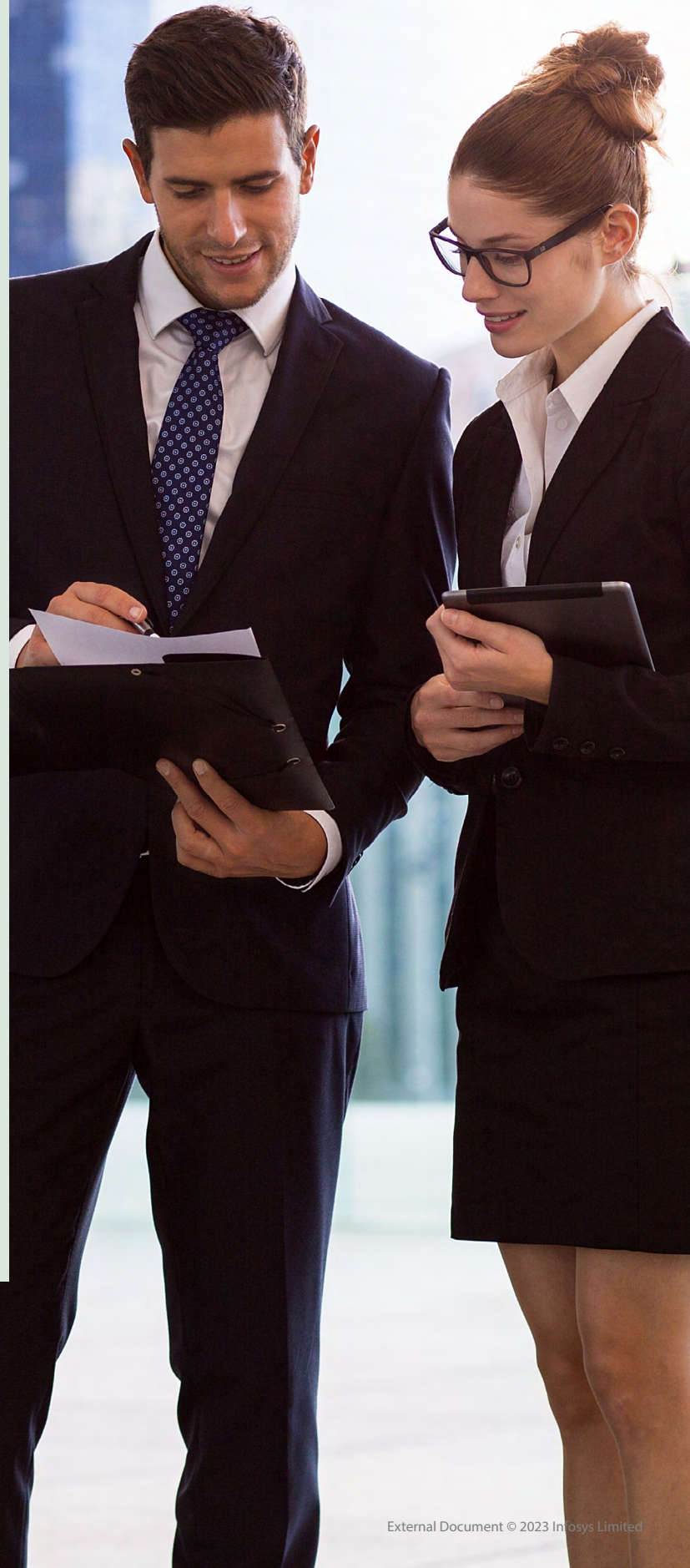
Solution

Most of the client's challenges were solved by upgrading the JDE financials module and digitalizing the system. To achieve this, the Infosys team:

- Conducted digital blueprinting to map the top 5 strategic pillars in order to build resilience and growth
- Optimized their processes and deployed the latest features and functionalities
- Improved the user experience leading to a high user adoption rate
- Revamped loosely coupled areas using Orchestrator-based automation and integration thereby lowering management and operational costs
- Improved data integrity and application security, resulting in improved financial controls
- Upgraded to the latest JDE tools and enhanced the collaboration and reporting layers

Business Benefits

- Reengineered Process and added functionalities in finance area achieved standardization and ease of use.
- 10% YoY productivity improvement due to added automations.
- Improved financial close timelines due to higher visibility and controls
- Financial Shared Service able to function effectively, as many of their manual tasks are reformed systematically





Conclusion

With the move towards digital transformation of all aspects involved in running an enterprise, finance operations too can help organizations reap immense benefits by adopting digital technologies. Oracle JDE provides several native digital capabilities that can be easily integrated with the ERP system to provide seamless operations between the business and finance teams. Implementing these features can transform the finance department into a proactive and agile team empowered with speed and control for greater efficiency.

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