



Epicor® Enterprise  
Resource Planning

# Financial Management

# Epicor ERP Diagram





# Financial Management



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Epicor Financial Management offers a refreshing new approach to business. A suite of accounting applications built for insight, automation, and compliance in an increasingly global business world, it is built around a series of “global engines” that support effective financial management and control anywhere.

Our goal is to help every business go beyond sound financial management and control to efficiently deliver real value. Epicor Financial Management gives you access to real-time fiscal information and provides the modern platform you need to support business around the world.

## Global Engines

Epicor Financial Management is built around a series of unique global engines, which in turn support the global nature of business today, enabling effective operations in existing and new markets—as necessary. At the heart of the Epicor solution, Epicor global engines are designed to add accounting agility and flexibility to your business while simultaneously allowing you to meet the local financial and legal compliance requirements of individual markets. Complete functionality includes:

- ▶ Rules-based posting engine
- ▶ Configurable tax engine
- ▶ Legal numbering engine
- ▶ Multicurrency engine
- ▶ Rounding engine

## General Ledger

Epicor General Ledger (GL) is the heart of Epicor Financial Management, processing and posting all accounting transactions created throughout Epicor applications, as well as entries made directly within the ledger. The information and controls which flow from the General Ledger system enable an organization to operate efficiently, comply with fiscal regulations, underpin strong corporate governance, and drive enterprise performance. This powerful GL application provides the accounting controls and system security necessary to help ensure the integrity of your company's financial data. Complete functionality includes:

## Multiple Books

At the core of the General Ledger, Epicor Financial Management provides flexible financial accounting representations through multiple book functionality, which flows all the way through to financial reports and statements. "Multiple Books" allows the establishment of unlimited financial books to support a wide variety of financial requirements, such as budgeting and forecasting, statutory and government accounting versus management accounting

(for example, US GAAP and non-GAAP, etc.), and comprehensive consolidations. Epicor Financial Management provides the tools to seamlessly handle the accounting representations from your various subsidiaries while at the same time giving you a consolidated view of the one version of the financial truth for your organization.

Key highlights and benefits of using Multiple Books within your company:

**Chart of Accounts:** Create different chart of accounts by book, post transactions to different accounts within different books simultaneously using the posting engine.

**Reporting Currency:** Have a different reporting currency tied to each book and even, if ever needed, assign a different period calendar to each book. This flexibility allows users with a single journal to process both the management accounts and the statutory accounts at the same time without the need for multiple transaction entry.

**Multiple Closing Calendars:** As businesses acquire new businesses there is often a need to maintain different calendars for "stub" periods or for example up to 18 months to bring the acquired company in line with the fiscal calendar of the acquiring business. Each established book can operate a completely independent fiscal calendar as applicable.

**Calendar Adjustment Period:** General Ledger has built-in support for an additional year-end period to be defined as a part of your calendar that will be used for year-end adjusting entries.

## Chart of Accounts

Epicor Financial Management allows up to 20 user-definable segments within the chart of accounts (COA). These can be used for accounting and reference purposes providing the ability to record, store, allocate and report on important financial data at a highly granular level. With a total of

200 characters available, Epicor gives you the flexibility to manage your financial operations exactly as you need.

## Balance Controls

Epicor Financial Management allows users to define the frequency at which balances on accounts are captured and stored. Often used to facilitate the calculation of Average Daily Balances, this flexibility enables the user to update account balances as frequently as required by the organization: by hour, by day, by week, or by month.

## Consolidations and Eliminations

Epicor Financial Management meets the needs of businesses today through integral financial consolidation at either a summary or detailed transaction level, providing the flexibility to consolidate from different books and/or companies within a defined relationship.

- ▶ Merge balances (and underlying transactions) from one or more books into a single consolidated view of financial information, from which financial reports may be prepared, while at the same time creating the supporting elimination journal entries as a result of the process.
- ▶ Re-measure accounting transactions and financial results based on the differences in the consolidated currencies using differing rates types (e.g., spot fixed, etc.).

## Advanced Allocations

Automation and control of repetitive processes is one of the major benefits of using a Financial Management Suite. Manual processes such as monthly allocation and accrual entries slow down closing cycles and introduce multiple points of inaccuracy or error. Epicor Advanced Allocations automatically computes cost and revenue allocations and the resulting

journal calculations, streamlining processes, increasing relevance and improving accuracy. This results in shorter close cycles and more accurate financial statements. Advanced Allocations allows for sophisticated allocation of cost and revenue to multiple projects or departments or locations—ultimately to any entity represented in your corporate financial accounting structure. GL Allocations helps your finance staff to create, execute, retain, and reuse allocations to greatly simplify what can be an otherwise time-consuming and error-prone task.

An Allocation History Tracker keeps a detailed history of allocation runs which provides a comprehensive view of each Allocation run and all GL transactions created grouped by batches and tiers. The application allows for allocation reversal directly from the Allocation History Tracker.

Advanced Allocations allows you to:

- ▶ Allocate an amount in a single account to one or more accounts.
- ▶ Allocate balances or transactions using static or dynamic calculations.
- ▶ Pool accounts for allocation using a direct update or offset account.
- ▶ Make allocations based on statistical data
- ▶ Base allocations on Business Activity Query (BAQ)- derived dynamic data such as monthly revenue, help desk service calls per month, etc.
- ▶ Structure hierarchical or tiered allocations to run sequentially.
- ▶ Create and post allocation journals or simply use the output of the calculations elsewhere within the system.
- ▶ Maintain allocation history for reuse, review, and analysis.
- ▶ Reverse allocations where required by simply selecting the original allocation and flagging it for reversal with a user-defined apply date.

### Financial Planning

Epicor Financial Planner (EFP) is a fully cloud based solution for financial planning and

analysis. EFP features a web interface with a clear design that is available from multiple mobile devices, while the Microsoft Excel add-in helps with a more sophisticated data entry using the functions, conditional formatting or even charting for representing data. All the models, budget plans, scenarios and the data extracted from the ERP system are stored on highly reliable cloud servers. By being connected to the data in your ERP system, EFP has the ability to pull in information—such as previous actuals—in order to carry out comparisons and utilizes them in the spreading function. This makes it incredibly simple and intuitive for planners tasked with carrying out budgeting tasks, freeing them to concentrate on value added tasks. Optional packages extend EFP with cash flow analysis, capital expenditure (CAPEX), profitability analysis, consolidation, sales budgeting and more.

- ▶ Microsoft Excel toolset
- ▶ Integrated budget approval workflow
- ▶ Pre-built templates
- ▶ In-built security
- ▶ Real time collaboration
- ▶ Live forecast
- ▶ Financial and operational models
- ▶ Drill down and drill through

### Accounts Receivable

Accounts Receivable (AR) provides a comprehensive set of tools to manage your invoicing, credit, cash management, and customer management needs. With Accounts Receivable, you know who is buying what and who is paying their bills on time.

### Invoice Entry

Enter multiple shipments for an order on a single invoice, and write unlimited comments. Invoice entry supports advance/ progress billing deposits, credit memos, and standard invoices.

### Debit Notes

Ability to record Debit Notes (Chargebacks) sent from the customer. Debit Notes may now be entered as part of the AR cash

receiving process, and will then have their value applied as part of the settlement process. The Debit Notes may be related to specific invoices or remain unassigned.

The new Debit Note will remain as an open receivable until matched to a credit memo or subsequently paid. In addition, Debit Notes sent by customers can be recorded independently of the cash receipt process - for example, electronically received payments. They can then either be applied or produce an unapplied cash value.

### Interest Invoices

Create and apply interest invoices to manually charge an interest amount to an overdue or late-paid invoice. Select a customer and choose the single or multiple invoice lines against which to generate the interest invoice. Additionally, finance charges on invoices can be generated against a customer's overdue invoice balance. Users have the ability to include or exclude the impact of credit memos when calculating finance charges.

### Multiple Payment Instruments

Track the different types of credit instruments such as Promissory Notes and post-dated checks and their corresponding status, from initial generation or receipt through to clearance/ settlement. Track the movements of the payment instruments and generate status change updates within the Accounts Payable and Receivable applications, these changes can be reflected in the General Ledger to properly record to the financial status of the asset or liability. You can track how your customer credit is maintained through the life of the payment instrument reflecting the available credit based on the status and final settlement of the payment instrument. By using this functionality, you can be assured that complex, settlement-related taxes are correctly handled when payment is made via payment instruments.

### Invoice Logging and Numbering

Logging allows the recording of invoice details with applicable input tax while the invoice is in the process of review and approval. This allows you to reclaim the input tax in a timely fashion, where such practices are allowed. When an invoice is created, users have the flexibility to allow the system to automatically generate invoice numbers or you can manually enter numeric or alphanumeric invoice numbering schemes at the invoice type level.

### Aging Information and Customer Reminder

View aging information on the screen or print it in one of several formats. Accounts Receivable offers Customer Reminder features that allow companies to track the history of their customers' AR balances together with the option to issue them user-defined reminder letters.

### Automatic Finance Charges

Finance charge invoices can now be generated against a customer's overdue invoice balance. These finance charges are automatically calculated based on rules defined within the Finance Charge Maintenance program. The charges can also be reviewed before they are posted.

### Bill-To Customer

Provides the ability for a customer to maintain a list of allowed Alternate Bill-to (Alt-BT) customers, optionally with one set as a default. This will default onto the Quote/Order/Direct Invoice and can be changed by the user to a different authorized bill-to customer prior to posting the invoice. If no alternates have been set up then the Alt-BT customer is the sold-to customer (but using the 'Bill-to address' on that customer).

### Manual Selection of Invoices

A manual selection option to get Invoices and Recurring Invoices is available within Invoice Entry. This allows the selection of particular or multiple invoices or recurring

invoices for posting instead of selecting all available items at once.

### Credit Manager Workbench

Easily view all credit-related information surrounding a customer. The credit manager workbench provides a single point from which to manage credit status, order credit status and account management, with drilldown to all associated information.

### National Accounts (HQ Accounts)

The National Accounts (HQ Accounts) feature provides the ability to create customer relationships, either hierarchical or the more traditional parent/child type, within Accounts Receivable. This functionality allows customers within a National Account group to accept invoice payments from any customer within the relationship. The functionality also permits extensive credit checking across the National Account group with credit available to be split across levels with or without variable pooling.

### Flexible Tax Engine

Epicor Financial Management contains a feature-rich flexible Tax Engine which allows businesses to configure Epicor applications for local and international financial reporting standards, as well as unique local tax jurisdictions. Tax tables within the Tax Engine include the ability to define or override rate effective dates. The Sales Tax Register lists invoice totals and tax amounts by customer for codes on file.

### Settlement Currencies

You can record currency gains and losses at the time of settlement. Through this functionality, you post amounts correctly when you invoice in one currency but are paid by the customer in another currency.

### Settlement Discounts

The application contains two methods for handling early settlement discounts on sales and tax values. The settlement amount is taken by the customer on the AR invoice.

The potential discount is then included in the tax values calculated for VAT.

### Terms and Conditions

Epicor supports all of the most common business practice terms and conditions within Accounts Payable and Receivable. This feature also affords great flexibility for the definition of creative receipt and payments terms within countries where this functionality is not necessarily demanded but may offer a competitive advantage. Terms and Conditions are user defined, but typically include; End of month plus n days, End of following month, Specific due dates in a month, 2% 10 days and Net 20 days.

### Electronic Report Formats and Transmission

Submit various legal reports electronically, which are based on existing reports such as the EU Sales List, Intrastat and Tax Reporting. You can then reformat generic reports to meet your local requirements.

Complete functionality includes:

- ▶ Cash receipts
- ▶ Interest invoices
- ▶ Invoice GL account definition
- ▶ AR transaction adjustments
- ▶ Deferred revenue
- ▶ Consolidated invoicing
- ▶ Automatic credit holds
- ▶ Invoice/statement forms
- ▶ Invoice-based sales commission payment
- ▶ Multi-format sales analysis
- ▶ Credit card management and authorization
- ▶ Settlement currencies
- ▶ Settlement discounts
- ▶ User-friendly invoice and customer tracker
- ▶ General Ledger interface
- ▶ Cash management interface
- ▶ Reconciliation report

### Credit Card Processing

The Epicor ERP Credit Card Processing module gives access to several components that cover credit card processing

needs—available directly with Epicor ERP. These components are:

- ▶ Cloud Retail Environment (CRE)
- ▶ Epicor Payment Gateway
- ▶ Epicor Payment Exchange (EPX)

Cloud Retail Environment (CRE) is a new payment application. It provides a service that receives the transaction information from Epicor and then sends the request to the Epicor Payment Gateway.

The Epicor Payment Gateway service connects Epicor ERP to the credit card processing network in the cloud and transmits the requests of a credit card payment transaction to the gateway.

Epicor Payment Exchange (EPX) connects to full merchant services and credit processing businesses to perform credit card authorization, settlement and reporting, as well as credit, debit and PIN debit operations. American Express and Discover cards are supported and it is PCI Compliant. EPX is fully integrated with Epicor ERP and offers higher security, easier compliance, daily batch reconciliation, and streamlined processes.

CRE combined with the Epicor Payment Gateway stores all of the credit card data encrypted securely in the cloud, therefore the Payment Card Industry Data Security Standard (PCI DSS) scope for Epicor ERP users is reduced.

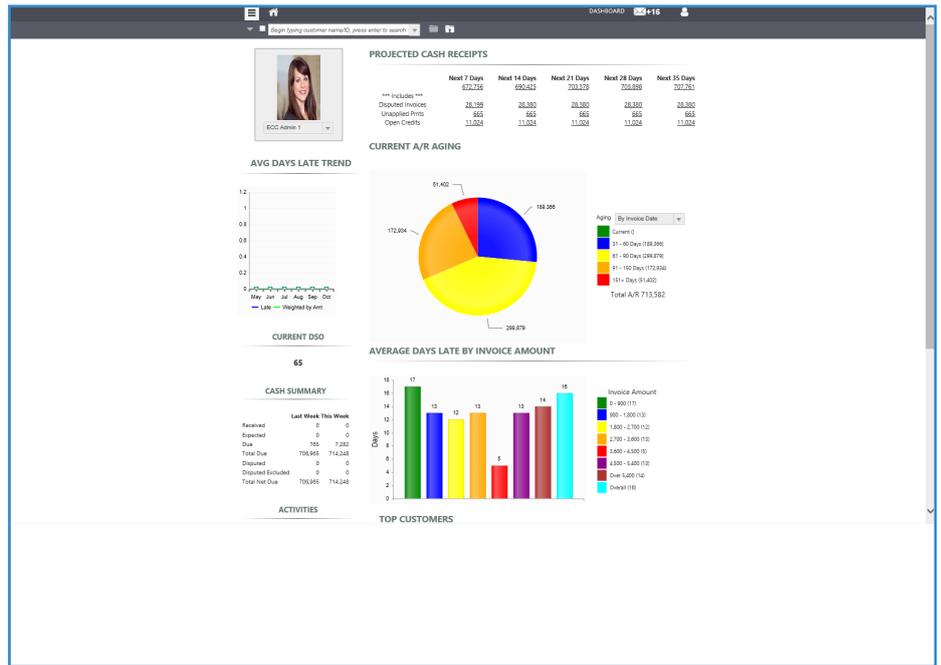


Figure 10.1 Credit and Collections—Improve cash flow and reduce receivables balances.

For processing transactions in Canada, Australia, and New Zealand, the Epicor Payment Gateway connects with PayFlow Pro (PayPal). The EPX service is only available to U.S. customers.

(See figure 10)

### Credit and Collections

Accounts Receivable is one of the largest assets of any company, and it's typically one of its most fluid. Most businesses, however, have to write-off four percent of this asset every year. This is a substantial cost to the business that can be greatly reduced with better management. Take control of your outstanding receivables and reduce days

sales outstanding (DSO) through automated AR management. Complete functionality includes:

- ▶ Collection management
- ▶ Centralized activities
- ▶ Collection templates

(See figure 10.1)

### Accounts Payable

Accounts Payable (AP) allows you to enter supplier invoices for purchases that you make, and then create payments for the invoices you want to pay. The system can generate payments for all invoices due, those for a particular supplier, or only for specific invoices. If a supplier calls you to discuss an invoice, you will have complete information at your fingertips, and that history can be kept indefinitely.

AP allows you to update both purchase orders in Purchase Management as well as actual job costs. Adjustments are created if the purchase price does not match the invoiced price. With AP, you will know how much you owe and when it is due.

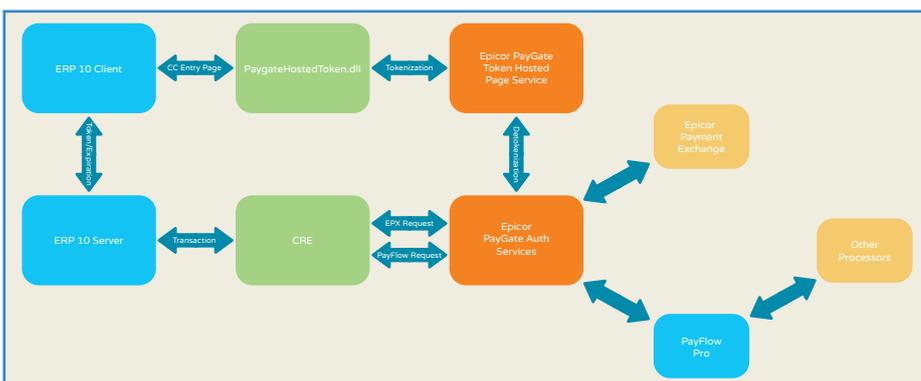


Figure 10 ERP 10 Credit Card Process Flow.

## Invoices, Debit Memos, Payments

Record and post all payables instruments easily, including supplier or vendor vouchers and invoices, debit memos, automated check runs, and manual payments.

## Payment Instruments

Track the different types of credit instruments such as Promissory Notes and post-dated checks and their corresponding status, from initial generation or receipt through to clearance/ settlement. Track the movements of the payment instruments and generate status change updates within the Accounts Payable and Receivable applications, these changes can be reflected in the General Ledger to properly record to the financial status of the asset or liability. You can track how your customer credit is maintained through the life of the payment instrument reflecting the available credit based on the status and final settlement of the payment instrument. By using this functionality, you can be assured that complex, settlement-related taxes are correctly handled when payment is made via payment instruments.

## Bank Electronic Payments

The ACH functionality in Epicor ERP helps to automate cash flow between your bank and the banks of strategic suppliers and main customers. Electronic Fund Transfers (EFT) through ACH contribute to eliminate check fraud to a great extent.

The ACH functionality is currently only available in the U.S. and Canada. The standard (domestic and international) and the Wells Fargo formats are not licensed and available for all users. It works with the Positive Pay capability in Epicor ERP, supporting the Bank of Boston, Chase, Fleet, Union Bank, and Wells Fargo systems.

By customizing the standard formats, it is possible for any Epicor ERP users to maintain and update the automated payment mechanism easily and quickly, decreasing the time and cost needed for professional services. Multiple banks are supported,

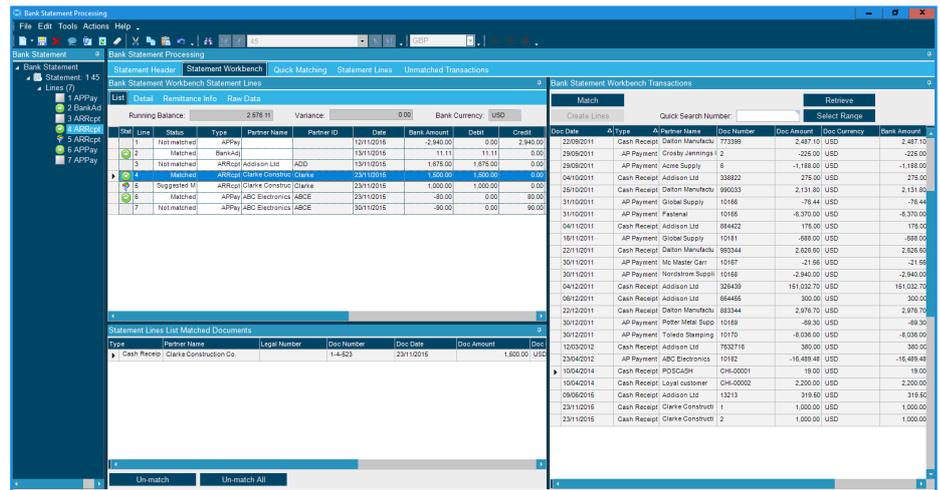


Figure 10.1 Cash Management—Manage, report, and distribute financial information securely.

allowing to further reduce costs by using different banks for the domestic and the international transactions.

The ECH functionality supports direct debit operations that allow your company to collect either single or recurring payments from your customers in an automated way.

ACH is compatible with the Epicor ERP Payroll module, so transfers to employees, such as expense reimbursements, government benefits, tax refunds, interest payments it's fully automated.

## AP Terms and Conditions

Epicor supports all of the most common business practice terms and conditions within Accounts Payable and Receivable. This feature also affords great flexibility for the definition of creative receipt and payments terms within countries where this functionality is not necessarily demanded but may offer a competitive advantage.

Complete functionality includes:

- ▶ Recurring entries
- ▶ Deferred expenses
- ▶ Voided numbers
- ▶ Online cost updates
- ▶ Exchange rate at payment entry
- ▶ Supplier tracker
- ▶ Supplier statements
- ▶ General Ledger interface

- ▶ Cash management interface
- ▶ Checks
- ▶ Electronic funds transfer (EFT)
- ▶ Multiple remit-to
- ▶ Three-way match

## Rebates

The optional Rebates module provides you with a way to enter, update, and review any rebate program that your company runs with your customers. Use this module to define the active rebate programs for your company, generate rebate transactions, and pay rebate amounts to your customers through either an invoice check or a credit memo. Complete functionality includes:

- ▶ Rebate transaction process generation
- ▶ Get rebates
- ▶ Rebate-to-AP invoices/memo
- ▶ Rebate contract entry
- ▶ Rebate transaction adjustment
- ▶ Tracker programs

## Tax Connect and Tax Global

Collecting and remitting sales and use tax is a government-required, compulsory activity. It doesn't drive revenue, and it doesn't reduce expenses, so any time or money spent on tax compliance is—by nature—non-profitable. There are more than 14,500 United States and Canadian tax jurisdictions alone, and the rates, rules, and boundaries change relentlessly. Keeping up with all of the tax changes is an operational

distraction and a drag on the efficiency of your organization. Epicor Tax Connect gives Epicor ERP the option of determining sales taxes automatically based on the origin and destination of the sales transaction. It integrates to a constantly updated, comprehensive, online database of tax rules where each tax transaction can also be stored for historical and reporting purposes.

Tax Connect Global helps to determine sales tax in international business relations. Transactions in all directions between the United States and the European Union member states can take the advantage of tax determination thus making business easier and making tax compliance less taxing. Tax Connect Global also runs in a number of other geographies.

### Cash Management

Improve cash management through the automatic handling and reporting of discounts available, payment due dates, and payment selection methods. This module also allows you to specify the number and type of bank for each of your accounts—including currency—and reconcile your bank statement with entries generated in AR, AP, and payroll. Upload electronic bank statements and automatically reconcile them with transactions in the ERP system as well as performing manual allocations. Complete Cash Management functionality includes:

- ▶ Bank statement processing
- ▶ Fuzzy logic automated reconciliation
- ▶ Soft formats for EFT
- ▶ Petty cash management
- ▶ Cash flow dashboards
- ▶ Credit card processing
- ▶ Integration with industry-leading providers
- ▶ Supports industry standards to reduce fraud
- ▶ Flexible configuration
- ▶ Transaction flexibility
- ▶ Reauthorize reservation transactions
- ▶ Transaction reports

(See figure 10.1)

### Asset Management

Asset Management helps you record, track, and depreciate your fixed assets for optimal utilization. Asset Management also automates the tracking and management of the asset throughout its useful life—from acquisition to disposition. Using a unified source of asset data, standard asset management tasks—such as asset transfers, disposals, reclassifications, and adjustments—can be streamlined. Complete Asset Management functionality includes:

- ▶ Mass maintenance management
- ▶ Asset registers
- ▶ Asset valuations
- ▶ Asset relationships
- ▶ Maintenance
- ▶ Multicurrency management
- ▶ Asset depreciation methods
- ▶ Asset integrations
- ▶ Grants
- ▶ Asset locations
- ▶ Asset import
- ▶ Retroactive adjustments

### Advanced Financial Reporting

Epicor Advanced Financial Reporting (AFR) allows the creation and distribution of professional financial reports to company stakeholders. AFR fully supports both cloud and on-premises Epicor ERP deployments and works natively with Microsoft SQL Server Reporting Services (SSRS). It allows the management and viewing of financial data in a user-friendly environment. Financial reports are different from other reports, because each line has to be defined in terms of account ranges or sets for which a certain total needs to be calculated—versus other types of reports which do not require definitions of such complex groups. AFR simplifies report creation by exposing an intuitive interface which speaks to the user in familiar financial terms. Because the reports are parameter driven, the viewer can generate the report at any time by selecting the parameters of time, company, book or organizational element as required without the need for intervention by the financial team. Complete Advanced Financial Reporting functionality includes:

- ▶ Flexible graphical report designer
- ▶ Easily tailor vertical and horizontal report elements
- ▶ Visual representation of reporting hierarchy is available with the reporting tree
- ▶ Report against single book or multiple books
- ▶ Consolidation of enterprise-wide data
- ▶ Drill down into operational summarizations of key business units; drill down all the way to the transaction level
- ▶ Report viewer
- ▶ Non-financial data support

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