

Buying and Managing Services in Oracle Procurement R12

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Agenda

- Who's on or upgrading to R12?
- Problem Statement
- What's New in R12 for Procurement Services?
- Walk through the basic steps of a complex work procurement transaction
- Set up requirements

Release 12

- Already running R12?
- In-process of upgrading?
- Thinking about it?

Problem Statement

- Many companies struggle with managing complex service transactions such as construction or highly engineered items. The complexity is in managing those items outside of price and delivery:
 - Retainage
 - Financing
 - Progress Payments
- Previous versions of Oracle left these pieces of the transaction to be managed manually and typically at the payment end of the process

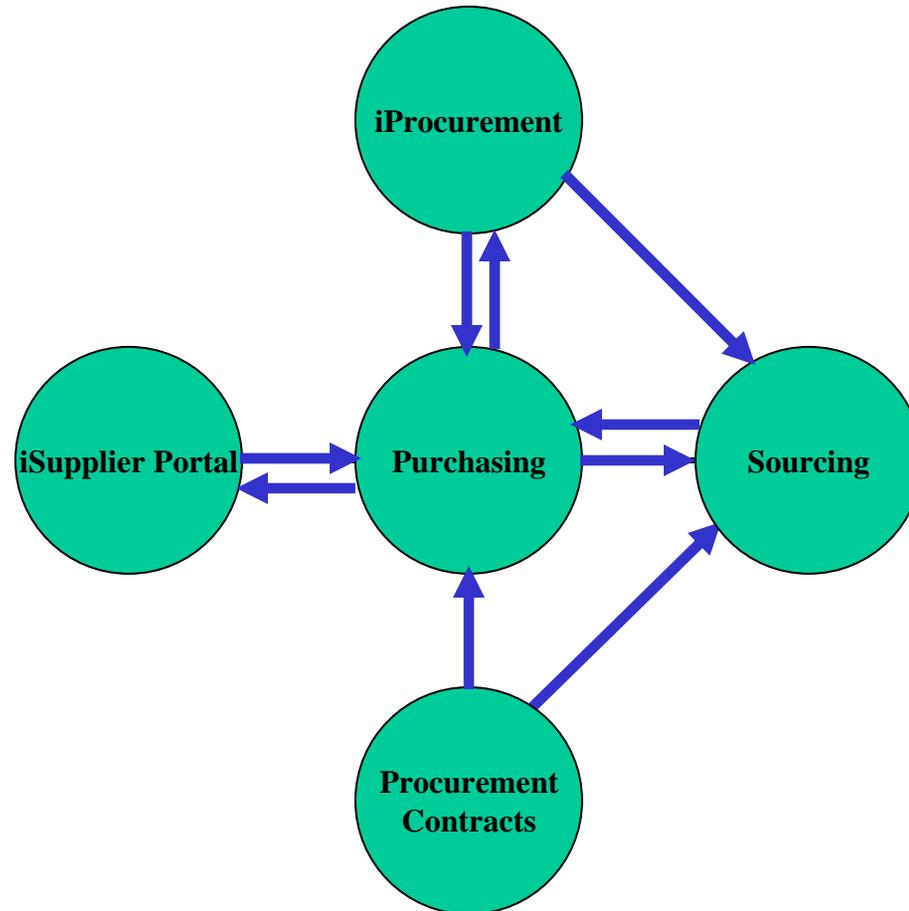
Complex Work Procurement in R12

- What's new?
 - Introduction of Complex Work within the procurement suite
- How?
 - Negotiate contracts with financing and progress payments embedded
 - Progress schedules are defaulted or defined on the purchase order
 - Collaborate with the supplier by tracking work progress
 - Process payment requests with less effort because retainage, financing, and approvals are calculated automatically.

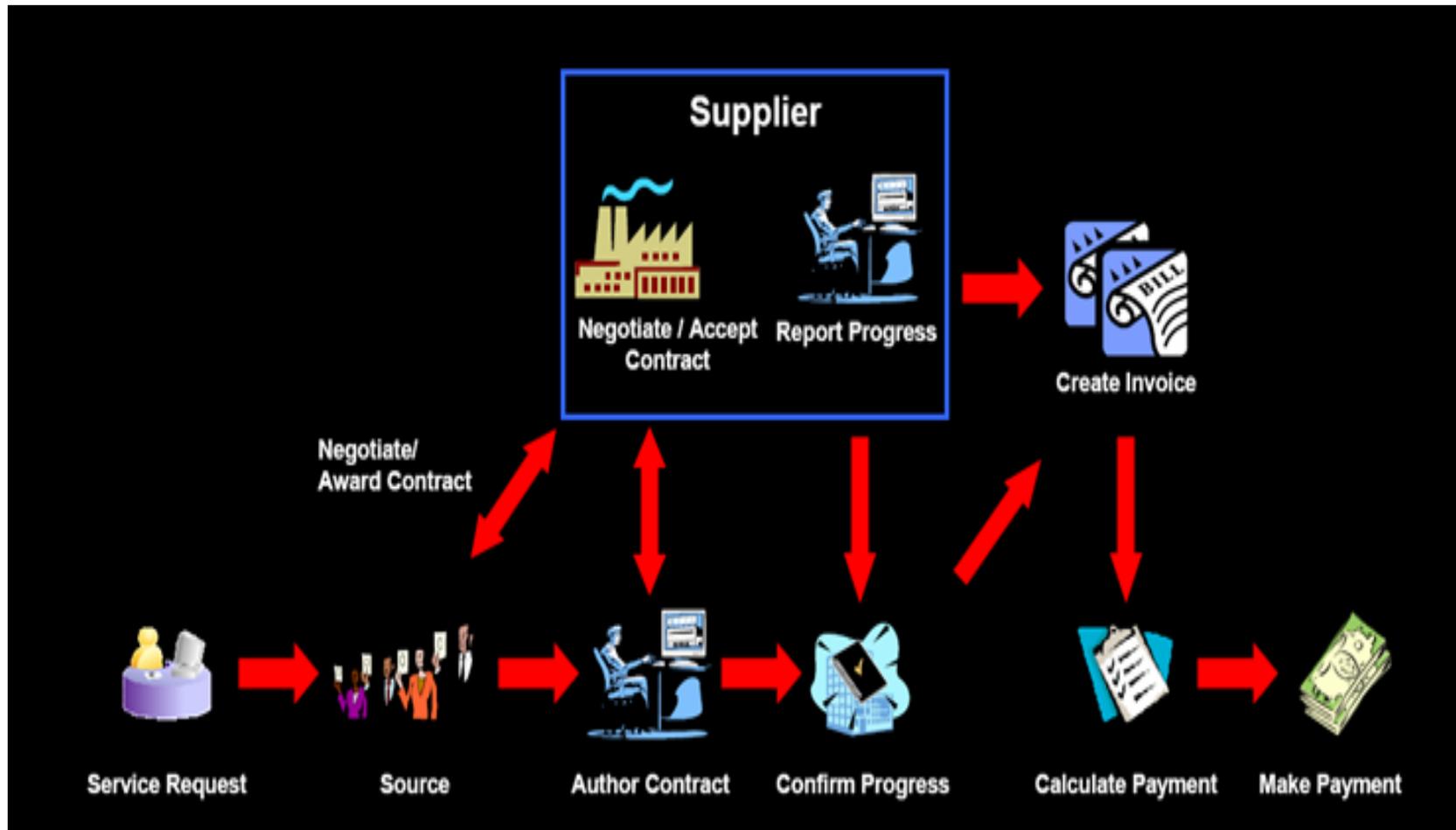
Which applications are involved?

- **iProcurement** - Make service requests
- **Sourcing** - Source, negotiate, and author contract terms
- **Purchasing** - Manage agreements and schedules
- **iSupplier Portal** - Confirm work and progress prior to payment request

Increased Integration



Complex Work Procurement: Business Flow



iProcurement

- Create service requests
- Non-Catalog requisition
- Item Type of Goods or Services Billed by Amount
- Potentially use Smart Forms
- Use Approvals Management Engine to gain the appropriate authorization.

iProcurement

Shopping Cart Home Logout Help Preferences Diagnostics

Shop Requisitions Receiving

Stores | Shopping Lists | Non-Catalog Request

Non-Catalog Request

* Indicates required field

*** Item Type** Goods or services billed by amount

* Item Description Huge Construction Project

* Category 10101002

* Amount 200,000.00

Currency USD

Suggested Supplier

Supplier Name New Construction R US

Site TBD

Contact Name Sales Man

Phone 8675309

Supplier Item

Shopping Cart

Your cart is empty.

Sourcing

- Sourcing now includes the ability to negotiate and output a complex procurement document.
- Complex documents can include additional items such as financing, pay items, and retainage.
- Bonus: It is really flexible!

Sourcing – create a complex doc.

ORACLE Sourcing Home Logout Preferences Help Diagnostics

Requisitions Negotiations Intelligence Administration

Header Create RFQ 34653: Header

* Indicates required field

Buyer Baker, Ms. Catherine

* Operating Unit Vision Operations

Outcome

- Standard Purchase Order
- Blanket Purchase Agreement
- Complex Services Purchase Agreement
- Complex Services Purchase Order**
- Contract Purchase Agreement
- Standard Purchase Order

Cancel Apply Template Online Discussions Save as Draft Review

* Title

Negotiation Style Standard Negotiation

Quote Style Blind

Event

Security Level Public

Sourcing Project

Description

Collaboration Team

Select Members: Notify

Select All Select None

Sourcing – manage financing

ORACLE Sourcing Home Logout Preferences Help Diagnostics

Requisitions Negotiations Intelligence Administration

Header **Create RFQ 34653: Lines**

Display Rank As:
 Ranking:
 Cost Factors:

Suppliers can modify Pay Items

Financing		Retainage	
Financing Attributes	Negotiable	Retainage Attributes	Negotiable
Advance Amount	<input type="checkbox"/>	Maximum Retainage Amount	<input type="checkbox"/>
Recoupment Rate (%)	<input type="checkbox"/>	Retainage Rate (%)	<input type="checkbox"/>

Actions:

Select Line	Item, Rev	Category	Unit	Quantity	Add Line	Requisition	Update	Delete
No results found.								

Sourcing

- Create “Pay Items” during the RFQ process – A schedule of service delivery
 - Milestone: Needs to be fully completed before payment is release (recurring and non-recurring)
 - Rate of work: payment on units completed (install x number of items)
 - Lumpsum: partial payments against a particular item (construction task)

Sourcing – Create pay items

Home Logout Preferences Help Diagnostics

Requisitions Negotiations Intelligence Administration

Lines: Create Line 1 (RFQ 34653)

* Indicates required field

Line Type:
 Currency: **USD**

Price Precision: **Any decimal places**

Item:

Rev:

* Description:

* Category:

Unit of Measure:

* Quantity:

* Ship-To Address:

Default Owner:

Start Price:

Target Price:

Display To Suppliers

Current Price:

Need-By From:

(example: 21-Jul-2007 19:45:00)

Need-By To:

Financing **Retainage**

Advance Amount:
 Maximum Retainage Amount:

Recoupment Rate (%):
 Retainage Rate (%):

Default Project Information

Project:
 Expenditure Organization:

Task:
 Expenditure Item Date:

Expenditure Type:

Pay Items

*Pay Item Type	*Description	Target Price	Need-By Date	Update	Delete
<input type="text" value="1"/> Milestone	<input type="text" value="Design"/>	<input type="text" value="2000"/>	<input type="text" value="28-Aug-2007 12:47:21"/>	<input type="button" value="✎"/>	<input type="button" value="🗑"/>
<input type="text" value="2"/> Milestone	<input type="text" value="Execution"/>	<input type="text" value="5000"/>	<input type="text" value="28-Aug-2007 12:47:21"/>	<input type="button" value="✎"/>	<input type="button" value="🗑"/>
<input type="text" value="3"/> Milestone	<input type="text" value="Clean Up"/>	<input type="text" value="3000"/>	<input type="text" value="28-Aug-2007 12:47:21"/>	<input type="button" value="✎"/>	<input type="button" value="🗑"/>

Sourcing – Contracts

- Sourcing is fully integrated with Procurement Contracts
 - Pick a standard template to utilize
 - Use contract expert for detailed additional clauses
 - Manage contract deliverables
- Get the supplier to give you a bid based on your terms and conditions first!
- Manage negotiations on-line

Sourcing – Add contract terms

Home Logout Preferences Help Diagnostics

Requisitions Negotiations Intelligence Administration

Header
Lines
Controls
Contract Terms
Suppliers

Create RFQ 34653: Define Contract Terms

Cancel Online Discussions Save as Draft Review

Contract Terms

Contract Administrator
Legal Contact

Contract Source **Structured Terms**
Contract Template **Vision Operations RFQ Terms**

Actions Validate Go

Clauses Deliverables

Select Terms: Add Clause Add Section Move | Renumber Use Contract Expert

Select All Select None Expand All Collapse All

Select	Focus	Title	Non-Standard	Mandatory	Contract Expert	Select Alternate	Update	Delete
<input type="checkbox"/>		Contract Terms						
<input type="checkbox"/>		1. Bidding Instructions						
<input type="checkbox"/>		2. Bidder's Qualifications & Award						
<input type="checkbox"/>		3. Contract Definitions						
<input type="checkbox"/>		4. Deliverables						

Cancel Online Discussions Save as Draft Review

Sourcing – Manage Contract Deliverables

RFQ 6001: Create Deliverable

* Indicates required field

<p>* Deliverable Name <input type="text" value="Quarterly report"/></p> <p>Deliverable Type <input type="text" value="Contractual"/></p> <p>Responsible Party <input type="text" value="Supplier Organization"/></p> <p>Description <input type="text" value="This is to create a deliverable that is due every Month - Safety Report"/></p>	<p>Internal Organization ATC LLC</p> <p>Internal Contact <input type="text" value="Marines, Gary"/></p> <p>Requester <input type="text" value="Mikulak, Andrew J"/></p> <p>Comments <input type="text" value="Please review"/></p>
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<p>Due Date</p> <p><input type="radio"/> Fixed Date <input type="text"/></p> <p><input checked="" type="radio"/> Relative Date (example: 29-Feb-2008)</p> <p>Event <input type="text" value="Purchase Order Signed"/></p> <p>Before/After <input type="text" value="After"/></p> <p>Period <input type="text" value="1"/> <input type="text" value="Months"/></p> <p>Repeat Information</p> <p><input type="radio"/> One Time Deliverable</p> <p><input checked="" type="radio"/> Repeating Deliverable</p> <p>Frequency <input type="text" value="1"/> <input type="text" value="Weeks"/></p> <p>Repeat on <input type="text" value="Monday"/></p>	<p>Notifications</p> <p><input checked="" type="checkbox"/> Prior to Due Date <input type="text" value="2"/> <input type="text" value="Days"/></p> <p><input checked="" type="checkbox"/> Status Change</p> <p><input checked="" type="checkbox"/> Deliverable Is Overdue</p> <p><input checked="" type="checkbox"/> Escalate After Due Date <input type="text" value="5"/> <input type="text" value="Days"/></p> <p>Escalation Contact <input type="text" value="Mikulak, Andrew J"/></p>
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Sourcing

- During the quote submission process the Supplier may have the ability to update, change, or add pay items and finance information.
- It depends on how the buyer set up the RFQ.

Sourcing – Supplier responds

Create Quote: 13166 (RFQ 34653)

Title Complex Services

Time Left 2 days 1 hour
Close Date 07-Aug-2007 15:04:31

Header Lines

RFQ Currency USD Quote Currency USD
Price Precision Any

Line	Update	Ship-To	Rank	Start Price	Target Price	Quote Price Unit	Target Quantity	Quote Quantity	Promised Date
1 <u>Complex Work Job</u> @		V1- New York City	Blind			<input type="text"/> EA	1	1	<input type="text"/>

@ Indicates more information requested. Click the Update icon.

Sourcing – Negotiate finance/pay items

Create Quote 13166: Line 1 (RFQ 34653)

* Indicates required field

Description **Complex Work Job**

Unit **EA**

Start Price

Target Price

Quote Price

Target Quantity **1**

Quote Quantity **1**

Close Date **07-Aug-2007 15:04:31**

Quote Currency **USD**

Rank **Blind**

Ship-To **V1- New York City**

Need-By Date **28-Aug-2007 14:47:21 to 28-Aug-2007 14:47:21**

Promised Date

Financing

Advance Amount **0**

Recoupment Rate (%) **0**

Retainage

Maximum Retainage Amount **3000**

Retainage Rate (%)

Pay Items

TIP Total pay item amount must add up to the line amount.

*Pay Item Type	*Description	Quote Price	Promised Date	Attachments	Delete
<input type="text" value="1"/> Milestone	<input type="text" value="Design"/>	<input type="text"/>	<input type="text"/>	+	
<input type="text" value="2"/> Milestone	<input type="text" value="Execution"/>	<input type="text"/>	<input type="text"/>	+	
<input type="text" value="3"/> Milestone	<input type="text" value="Clean Up"/>	<input type="text"/>	<input type="text"/>	+	

Notes

Note to Buyer

Attachments

Purchasing

- After an award is made, the information from the RFQ defaults onto the PO that is generated.
- Purchasing can be used to manage the pay items (author and update), but hopefully that is not necessary.

Purchasing – Pay items default on PO

Requisitions | Orders | Agreements | Deliverables | Negotiations | Suppliers

Orders >

Update Complex Services Purchase Order 5423

* Indicates required field

Cancel Actions Delete Go Save Approval Options Submit

Search

Header | Lines | Pay Items | Distributions

Operating Unit: Vision Operations Status: Incomplete Total: 9,200.00 USD

Line	*Pay Item	*Type	*Description	Qty	Unit	Value (%)	*Price	Amount	Need-By Date	Actions
1	1	Milestone	Design	1	EA	20.652	1900	1,900.00	28-Aug-2007	
1	2	Milestone	Execution	1	EA	48.913	4500	4,500.00	28-Aug-2007	
1	3	Milestone	Clean Up	1	EA	30.434	2800	2,800.00	28-Aug-2007	

Cancel Actions Delete Go Save Approval Options Submit

iSupplier Portal

- When the PO has been approved, iSupplier Portal becomes a major source of communication and collaboration for the supplier.
 - View the PO
 - Submit progress status
 - View approved work so that invoicing can occur
 - See what's left

iSupplier Portal

The screenshot shows the iSupplier Portal interface. At the top, there are navigation tabs: Home, Orders, Shipments, Planning, Finance, Product, Intelligence, and Admin. Below these are sub-tabs: Purchase Orders, Work Orders, Agreements, Purchase History, **Work Confirmations** (highlighted with a red box), RFQ, Deliverables, and Timecards. The main content area is titled 'Purchase Orders' and includes buttons for 'Multiple PO Change' and 'Export'. A 'Views' section contains a dropdown menu set to 'All Purchase Orders' and a 'Go' button, along with an 'Advanced Search' button. Below this is a 'Select Order:' section with buttons for 'Acknowledge', 'Request Cancellation', 'Request Changes', and 'View Change History'. A table of purchase orders is displayed below, with the first row highlighted by a red box. The table has columns for Select PO Number, Rev, Operating Unit, Document Type, Description, Order Date, Buyer, Currency, Amount, Status, Acknowledge By, and Attachments.

Select PO Number	Rev	Operating Unit	Document Type	Description	Order Date	Buyer	Currency	Amount	Status	Acknowledge By	Attachments
5423	0	Vision Operations	Standard PO		05-Aug-2007 14:30:40	Baker, Catherine	USD	9,200.00	Open		

iSupplier Portal – View available info

ORACLE iSupplier Portal Home Logout Preferences Help Diagnostics

Home **Orders** Shipments Planning Finance Product Intelligence Admin

Purchase Orders | Work Orders | Agreements | Purchase History | Work Confirmations | RFQ | Deliverables | Timecards

Orders: Purchase Orders >

Complex Services Purchase Order: 5423, 0 (Total USD 9,200.00)

Currency=USD Actions: Request Changes [Go] [Export]

Order Information

<p>General</p> <p>Total 9,200.00</p> <p>Supplier Border States Electric</p> <p>Supplier Site SAN FRANCISCO</p> <p>Address 1007 Muir Woods San Francisco, CA 94114</p> <p>Buyer Baker, Catherine</p> <p>Order Date 05-Aug-2007 14:30:40</p> <p>Description</p> <p>Status Open</p> <p>Note to Supplier</p> <p>Operating Unit Vision Operations</p> <p>Sourcing Document 34653</p> <p>Supplier Order Number</p> <p>Attachments View</p>	<p>Terms and Conditions</p> <p>Payment Terms 45 Net (terms date + 45)</p> <p>Carrier</p> <p>FOB NONE</p> <p>Freight Terms Due</p> <p>Shipping Control</p> <p>Work Location</p> <p>Address 90 Fifth Avenue New York, NY 10022-3422</p> <p>Bill-To Location</p> <p>Address 90 Fifth Avenue New York, NY 10022-3422</p>
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Summary

Total	9,200.00
Approved	0.00
Billed	0.00
Advance Billed	0.00
Progress Payment	0.00

PO Details

[Show All Details](#) | [Hide All Details](#)

Details Line	Type	Item/Job	Supplier Item	Description	UOM	Qty	Price	Amount	Billed	Advance Amount	Advance Billed	Status	Attachments	Reason
<input type="checkbox"/> Hide 1	Services			Complex Work Job	EA	1	9200	9,200.00				Open		

Progress Payment

Pay Item	Type	Description	Work Location	Owner	UOM	Qty	Value (%)	Price	Amount		Promised Date	Need-By Date	Payment Status	Status	Split	Reason	Attachments
									Ordered	Billed							
1	Milestone	Design	V1- New York City		EA	1	21	1900	1,900.00		09-Aug-2007 13:31:09	28-Aug-2007 14:47:21		Open			
2	Milestone	Execution	V1- New York City		EA	1	49	4500	4,500.00		15-Aug-2007 13:35:53	28-Aug-2007 14:47:21		Open			
3	Milestone	Clean Up	V1- New York City		EA	1	30	2800	2,800.00		30-Aug-2007 13:36:56	28-Aug-2007 14:47:21		Open			

iSupplier Portal – Communicate work progress

Home | Orders | Shipments | Planning | Finance | Product | Intelligence | Admin

Purchase Orders | Work Orders | Agreements | Purchase History | **Work Confirmations** | RFQ | Deliverables | Timecards

Orders: Purchase Orders > View Order Details >

Create Work Confirmation (Complex Work Prg Paymt: 5423)

* Indicates Required Field
Currency=USD

Ordered **9,200.00** Description
Approved **0.00**

* Work Confirmation Period of Performance To
(example: 21-Jul-2007)

Cancel Back Save Preview Submit

Work Confirmation Details

Add Pay Item

Line	Pay Item	Description	Need-By Date	UOM	Ordered	Previously Requested/Delivered	Requested/Delivered	Material Stored	Progress (%)	Attachments	Delete
1	1	Design	28-Aug-2007 14:47:21	EA	1	0	<input type="text" value="1"/>		<input type="text" value="100"/>		

Cancel Back Save Preview Submit

iSupplier Portal – Work confirmation status

Confirmation
Your Work Confirmation Mile1 has been submitted.

Work Confirmations

[Export](#)

Views

[Advanced Search](#)

View [Go](#)

Select Work Confirmation: [Update](#) [Cancel](#)

Select	Work Confirmation	Request Date	Period From	Period To	PO Number	Currency	Ordered	Previously Requested	Previously Delivered	Requested	Delivered	Progress (%)	Status
<input type="radio"/>	Mile1	05-Aug-2007 15:11:52	05-Aug-2007	05-Aug-2007	5423	USD	9,200.00	0.00	0.00	1,900.00	0.00	21	Processing

[Export](#)

Work Confirmation

- Buyer side approval of work
 - Receive notifications
 - Utilize approval management engine to send to the appropriate approver
 - Much like a receipt, except you are being notified that the work has occurred rather than searching for the information to perform the receipt
 - If needed work confirmations can be entered from Purchasing on behalf of the supplier

Work Confirmation – iProcurement

Shop Requisitions Receiving Contractors

Receiving | Work Confirmations

Work Confirmations

Export

Views

Advanced Search

View: Work Confirmations To Approve Go

Select Work Confirmation: Respond

Select	Work Confirmation	Request Date	Operating Unit	PO Number	Supplier	Supplier Site	Currency	Ordered	Previously Requested	Previously Delivered	Requested	Delivered	Progress (%)	Status
<input type="radio"/>	number2	11-Apr-2007 07:35:43	Vision Operations	5380	Staffing Services Inc.	STAF-SERV MAIN	USD	1,000.00	200.00	0.00	200.00	0.00	40	Pending Approval
<input type="radio"/>	Week 15	02-Apr-2007 15:17:13	Vision Operations	5380	Staffing Services Inc.	STAF-SERV MAIN	USD	1,000.00	100.00	0.00	100.00	0.00	20	Pending Approval

Export

Work Confirmation – Approval

Shop | Requisitions | Receiving | Contractors

Receiving | **Work Confirmations**

Receiving: Work Confirmations > Work Confirmation: number2 (Complex Work Prg Paymt: 5380) >

Respond to Work Confirmation: number2 (Complex Work Prg Paymt: 5380)

Currency=USD Cancel Submit

Ordered 1,000.00 Approved 100.00 Total 200.00 Status Pending Approval Comments <input type="text"/>	Supplier Staffing Services Inc. Supplier Site STAF SERV MAIN Description Period From 03-Apr-2007 Period To 10-Apr-2007
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Work Confirmation Details

Approve All | Reject All

Pay Line Item	Description	Need-By Date	UOM	Price	Ordered	Previously Requested/Delivered	Previously Requested/Delivered	Material Stored	Total	Balance Remaining	Progress (%)	Attachments	Actions	Comments
1 1	Bull Dozer Action	27-Apr-2007 00:00:00	Hour	10.00	100	20	20		200.00	600.00	40		<div style="border: 1px solid red; padding: 2px;"> <input type="button" value="Approve"/> <input type="button" value="Reject"/> <input type="button" value="Cancel"/> <input type="button" value="Submit"/> </div>	

iSupplier Portal – View approved work

Order Information

<p>General</p> <p>Total 1,000.00 Supplier Staffing Services Inc. Supplier Site STAF SERV MAIN Address 65780 Bunker Hill Rd Los Angeles, CA 90021 Buyer Baker, Catherine Order Date 27-Mar-2007 21:45:11 Description Status Open Note to Supplier Operating Unit Vision Operations Sourcing Document 34621 Supplier Order Number Attachments None</p>	<p>Terms and Conditions</p> <p>Payment Terms 45 Net (terms date + 45) Carrier FOB Origin Freight Terms Due Shipping Control</p> <p>Work Location</p> <p>Address 90 Fifth Avenue New York, NY 10022-3422</p> <p>Bill-To Location</p> <p>Address 90 Fifth Avenue New York, NY 10022-3422</p>	<div style="border: 1px solid red; padding: 5px;"> <p>Summary</p> <p>Total 1,000.00 Approved 300.00 Billed 0.00 Advance Billed 0.00 Progress Payment 0.00</p> </div>
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PO Details

[Show All Details](#) | [Hide All Details](#)

Details	Line	Type	Item/Job	Supplier Item	Description	UOM	Qty	Price	Amount	Billed	Advance Amount	Advance Billed	Status	Attachments	Reason
Show	1	Services			Bull Dozer Action	Hour	100	10	1,000.00				Open		

[Return to Receiving: Work Confirmations](#)

Actions

iSupplier Portal – View details

Information
This notification does not require a response.

Work Confirmation number2 has been approved

From Baker, Catherine
To GMARINES@O2WORKS.COM
Sent 05-Aug-2007 18:21:50
ID 2720981

Work Confirmation number2

Period From	03-Apr-2007	Purchase Order	5380
Period To	10-Apr-2007	Description	
Total	200.00	Ordered	1,000.00
Currency	USD	Approved	300.00
Comments			

Line	Pay Item	Description	Need-By Date	UOM	Price	Ordered	Previously Requested/Delivered	Total	Progress (%)	Attachments	Comments
1	1	Bull Dozer Action	27-Apr-2007 02:00:00	Hour	10.00	100	20	200.00	40		good job

Related Applications

[View Work Confirmation Details Framework Region](#)

[Return to Worklist](#)

iSupplier Portal - invoicing

- Reduce the workload of the accounts payable team by:
 - Automatically calculating retainage and finance information.
 - Pay on receipt of work confirmation instead of invoicing
- This allows the AP group to manage exceptions instead of bulk transactions

iSupplier Portal - Create invoice with auto retainage info

Summary Tax Lines

Calculate

Summary Tax Line Number	Tax Regime Code	Tax Status Code	Tax Jurisdiction Code	Tax Rate Code	Tax Rate	Tax Amount	Line Status
No results found.							

Items

PO Number	Line	Shipment	Item Description	Supplier Item Number	Ship To	Available Qty	Quantity To Invoice	UOM	Unit Price	Amount
110	1	2	Pole Foundations		Headquarters	0				1250.00
110	1	1	Pole Foundations		Headquarters	0				3750.00

Shipping and Handling

Charge Type	Items	Amount
Freight	Items	5000.00
	Less Retainage	-500.00
	Freight	200.00
	Miscellaneous	0.00
	Tax	0.00
	Total (USD)	4700.00

Invoice Summary

Items	5000.00
Less Retainage	-500.00
Freight	200.00
Miscellaneous	0.00
Tax	0.00
Total (USD)	4700.00

Calculate Total

Cancel Save Back Step 3 of 4 Next Submit

iSupplier Portal – Auto financing also manages advances/financing

Quantity To Invoice	UOM	Unit Price	Amount
30.00	Hour	10.00	300.00

Items	300.00
Less Retainage	0.00
Freight	0.00
Miscellaneous	0.00
Tax	0.00
Subtotal	300.00
Less Advances and Financing	0.00
Total (USD)	300.00

[Printable Page](#)
[Create Another](#)

Key Set Up

- Set the Enable Services Procurement Profile Option to “yes”
- Work confirmations require receiving transaction processor to run
 - Set a schedule. Typically once or twice a day, but can be more.

Key Set Up

- Document Styles – enable the features needed to manage complex document output.

Create Document Style
* Indicates required field

* Name
Description
Status

Document Types

Enable Type	Display Name
<input checked="" type="checkbox"/> Standard Purchase Order	<input type="text"/>
<input type="checkbox"/> Contract Purchase Agreement	<input type="text"/>
<input type="checkbox"/> Blanket Purchase Agreement	<input type="text"/>

Commodities

Purchase Bases Goods
 Services
 Temp Labor

Line Types

Complex Payments

Advances
 Retainage
 Progress Payments

Summary

- Oracle has introduced a truly integrated set of functionality that allows organizations to:
 - Negotiate needs up front and by doing so will free up the sourcing team to control more of the company's spend.
 - Significantly automate down stream transactions and allow the associated departments to focus on strategic transaction needs rather than bulk.
 - Increase collaboration with suppliers by giving both parties a 360 degree view and communication path.

THANK YOU

Questions and Answers