Corporate Finance Series
PROFITABILITY &
COST MANAGEMENT

Pebble Age
Performance Management **Solutions**

Oracle Hyperion Profitability & Cost Management (HPCM)

Value Propositions

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Towards Profitability Analysis Workflow

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Metadata Management → **Allocation Model Definition** → **Cost & Revenue Allocation Calculations** → **Profitability & Cost Analysis**

Manage Dimension Hierarchies

Create & Manage Business Model

Allocation Rules

Automated Calc Script Generation

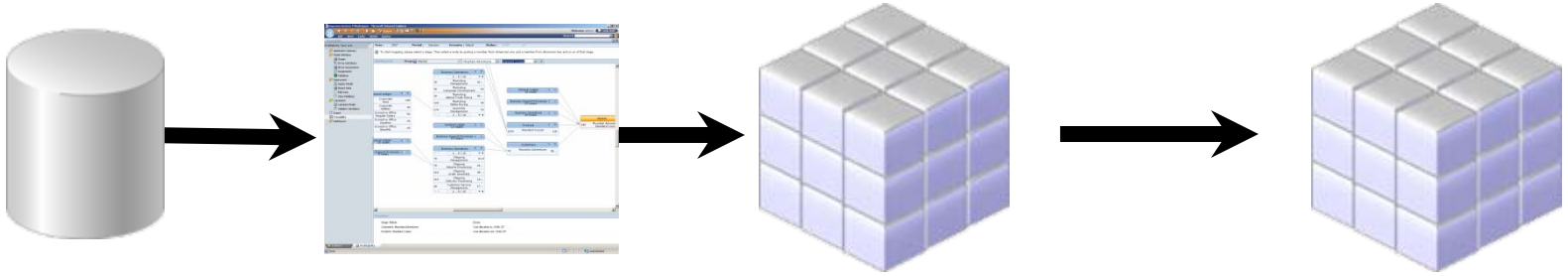
Store Cost, Revenue & Driver Data

Calculate Model & Store Results

S9 BI+, Web Analysis, Financial Reporting

Profitability Analysis

Cost & Revenue Contribution Analysis



Enterprise Performance Management Architect

RDBMS
SQL Server
Oracle
DB2

Essbase Calculation Cube

Reporting Cube with Allocation Genealogy

Value Proposition 1

LEVERAGES many Oracle EPM suite Components

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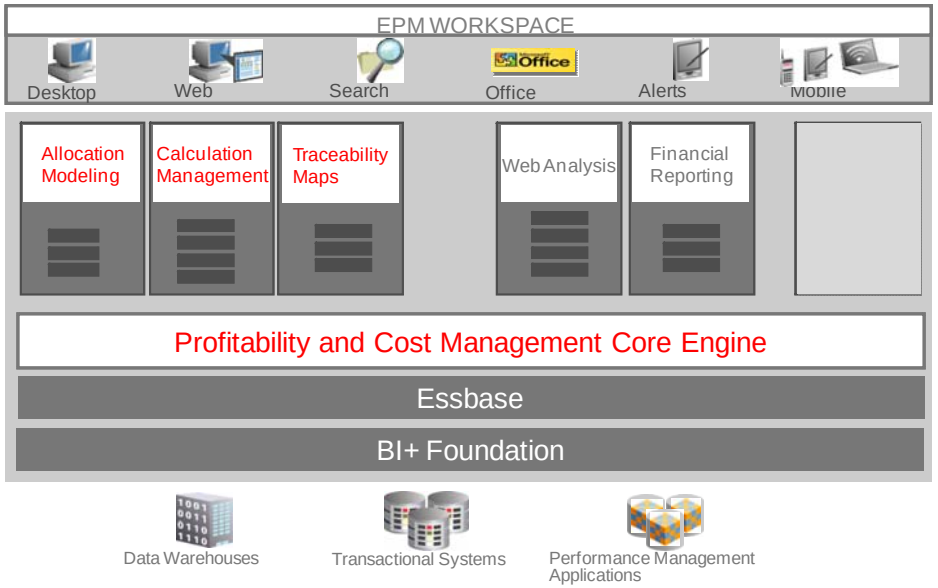
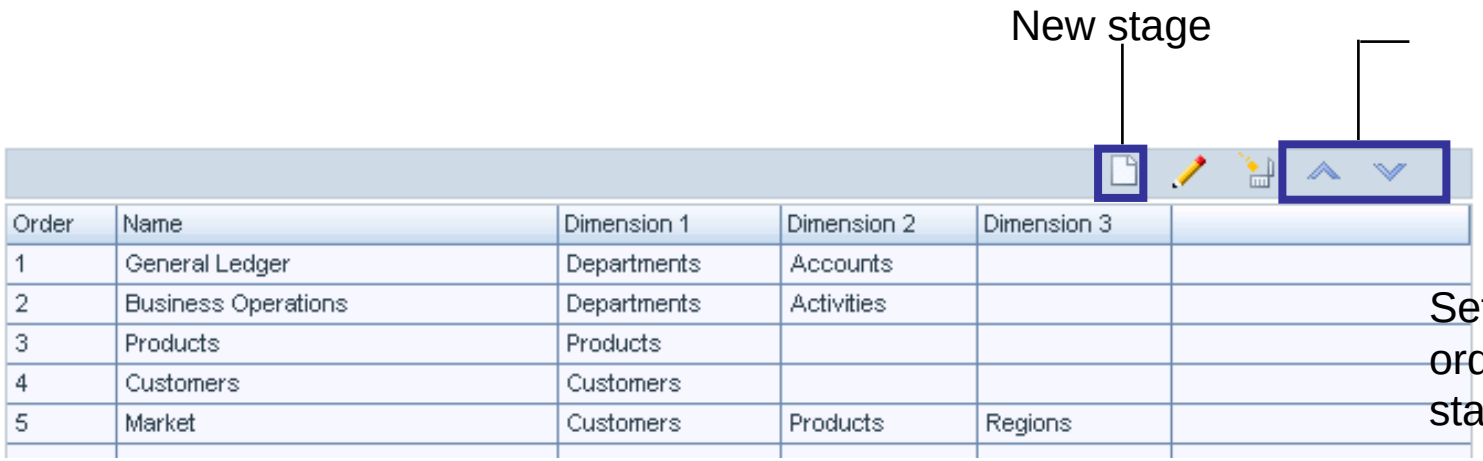
- Part of EPM platform, **integrated with Hyperion financial applications**
  - **BPMA**, Centralized metadata management
  - BPMA, Data synchronization
  - FDQM, Data Load
  - Planning, Driver Based Planning
  - **HFM** , Allocations, Tax Reporting
  - **HSF**, Key profitability drivers

- **Leverages** Oracle EPM Suite BI+ Components:
  - **Essbase**
  - **Smartview XL add-In**
  - Web Analysis
  - **Financial Reporting**
  - More in the future…



Value proposition 2

Custom Cost & Revenue Allocations is now possible not only ABC/ABM methods !



Order	Name	Dimension 1	Dimension 2	Dimension 3	
1	General Ledger	Departments	Accounts		
2	Business Operations	Departments	Activities		
3	Products	Products			
4	Customers	Customers			
5	Market	Customers	Products	Regions	

- Up to 9 free allocation Stages
- Support for **any allocation methodology**
  - Cascading service department allocations
  - Activity Based Costing, Time Based ABC
  - Revenue sharing & promotions allocations

Value Proposition 3

95% of Allocations made with generic Formula Types
no more programming !

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- The formula variables available for a driver depend on the formula type you select.
- There are eight Standard formula types.

Formula Type	Formula
Simple	CalculatedDriverValue = FixedDriverValue
Simple Weighted	CalculatedDriverValue = FixedDriverValue * Weight
Variable	CalculatedDriverValue = Rate * Quantity
Variable Weighted	CalculatedDriverValue = Rate * Weight * Quantity
Fixed and Variable	CalculatedDriverValue = FixedDriverValue + (Rate * Weight * Qtity)
Even	CalculatedDriverValue = 1
Percentage	CalculatedDriverValue = FixedDriverValue; TotalDriverValue=100
Custom	CalculatedDriverValue = User-defined formula

Value Proposition 4

Cost & Profitability Model Validations embedded !

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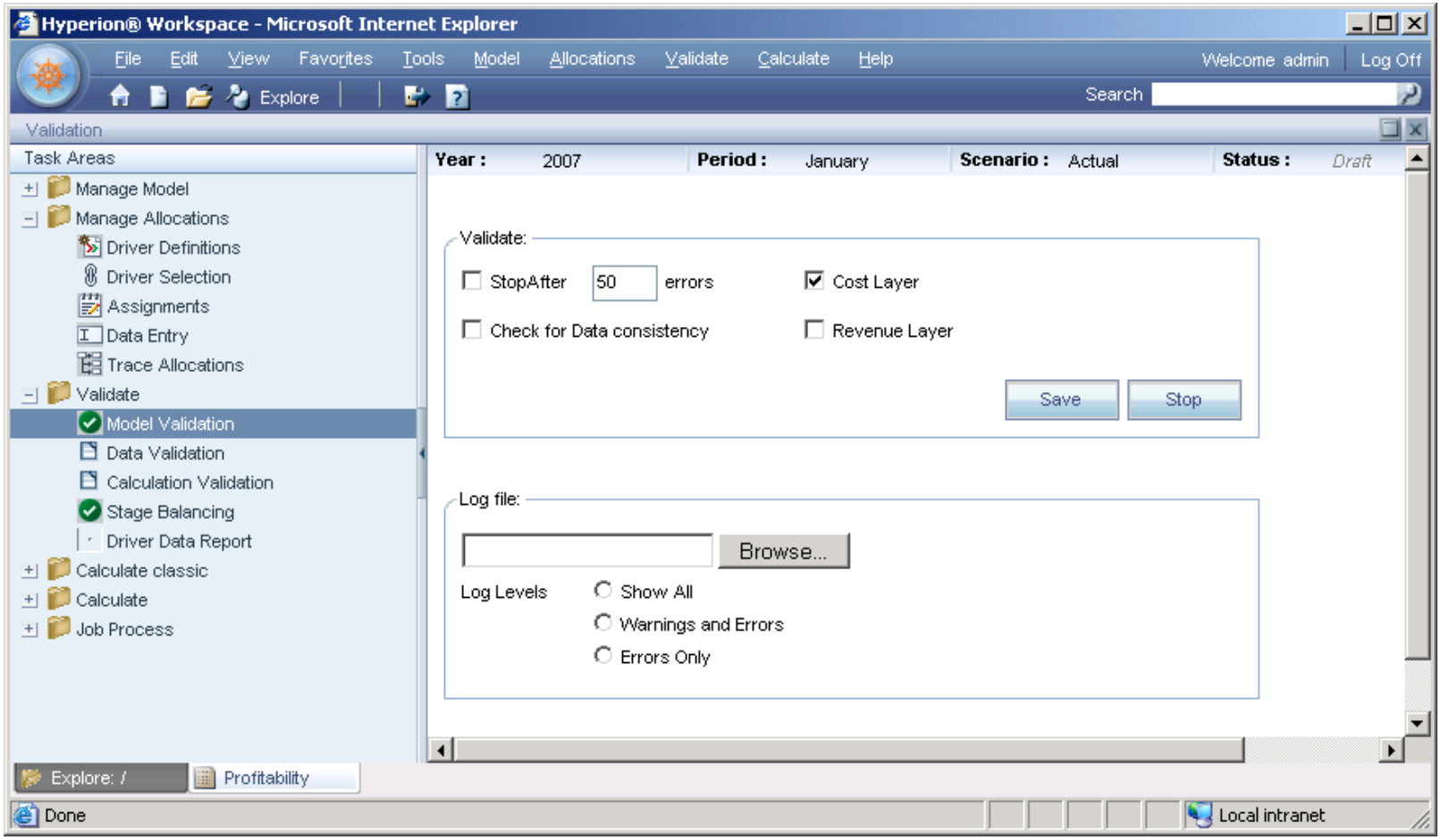

Value Proposition 5

Tracing Cost & revenues, do you prefer this way … ?

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```
Sub Allocate()
    POV_ValueMember = UCase(HS.Value.Member())
    POV_EntityMember = UCase(HS.Entity.Member())
    'Call WriteToFile(POV_ValueMember)
    If POV_ValueMember = "<ENTITY CURRENCY>" Then
        lstBaseOperatingExpenses = HS.Account.List("500000", "[Base]")
        For lngBaseOperatingExpenseAccount = LBound(lstBaseOperatingExpenses) to UBound(lstBaseOperatingExpenses)
            'Call WriteToFile("Starting Segment Allocation")
            'Call WriteToFile("504100 = " & HS.GetCell("A#504100.C1#[None].C2#[None].C2#[None].C3#[None].C4#[None]"))

            If HS.GetCell("A#" & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".C1#[None].C2#[None].C2#[None].C3#[None].C4#[None].W#Periodic") <> 0 Then
                lstBaseSegments = HS.Custom1.List("AllSegments", "[Base]")

                For lngSegmentLoop = LBound(lstBaseSegments) to UBound(lstBaseSegments)
                    If lstBaseSegments(lngSegmentLoop) <> "[None]" Then
                        'If Segment has revenue, then allocate the amounts by those values, otherwise
                        'just divide evenly over all segments
                        If HS.GetCell("A#SegmentRevPct.C1#Total") <> 0 Then
                            'Call WriteToFile(lstBaseSegments(lngSegmentLoop) & " Rev pct = "
                            '& HS.GetCell("A#SegmentRevPct.C1#" & lstBaseSegments(lngSegmentLoop) & ".C2#[None].C3#[None].W#Periodic") / 100)
                            'Call WriteToFile("Amount to allocate = " & HS.GetCell("A#504100.C1#[None].C2#[None].C3#[None].W#Periodic"))
                            lngSegmentRevPct = HS.GetCell("A#SegmentRevPct.C1#" & lstBaseSegments(lngSegmentLoop)
                            & ".C2#[None].C3#[None].W#Periodic") / 100

                            HS.Exp "A#" & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount)
                            & ".C1#" & lstBaseSegments(lngSegmentLoop) & ".C2#Allocation.C3#[None].W#Periodic = " & A#"
                            & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".C1#[None].C2#[None].C3#[None].W#Periodi " & lngSegmentRevPct
                        Else
                            'Call WriteToFile(CLng(UBound(lstBaseSegments)-1) & " Base Segments")
                            'Call WriteToFile("Current Segment = " & lstBaseSegments(lngSegmentLoop))
                            HS.Exp "A#" & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".C1#" & lstBaseSegments(lngSegmentLoop)
                            & ".C2#Allocation.C3#[None].W#Periodic = " & "A#" & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount)
                             & ".C1#[None].C2#[None].C3#[None].W#Periodic / " & (CLng(UBound(lstBaseSegments)) - 1)
                        End If
                    End If
                Next 'lngSegmentLoop
                HS.Exp "A#" & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".C1#[None].C2#Allocation.C3#[None].W#Periodic = A#"
                & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".C1#[None].C2#[None].C3#[None].W#Periodic * -1"

            End If 'lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".C1#[None] <> 0

            If POV_EntityMember = "FUNCTION" Then
                'take total cost center costs and allocate them out to the sales entities
                HS.Alloc "E#Administration.A#" & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".C1#Total.C2#[None].C3#[None].W#Periodic",
                "E#Sales.A#" & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".C1#[None].C2#Allocation.W#Periodic", "[Base]",
                "A#411100.C1#Total.C2#[None].C3#[None].W#Periodic / E#Sales.A#411100.C1#Total.C2#[None].C3#[None].W#Periodic", ""

                HS.Alloc "E#Administration.A#" & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".C1#Total.C2#[None].C3#[None].W#Periodic", "E#Administration.A#"
                & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".C1#[None].C2#Allocation.W#Periodic", "[Base]", A#" &
                lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & "_R.C1#Total.C2#[None].C3#[None].W#Periodic / A#"
                & lstBaseOperatingExpenses(lngBaseOperatingExpenseAccount) & ".E#Administration.C1#Total.C2#[None].C3#[None].W#Periodic", ""
            End If
        Next 'lngBaseOperatingExpenseAccount
    End If 'Value member = Entity Currency
End Sub 'Allocate
```

Value Proposition 5

…Or that way ?

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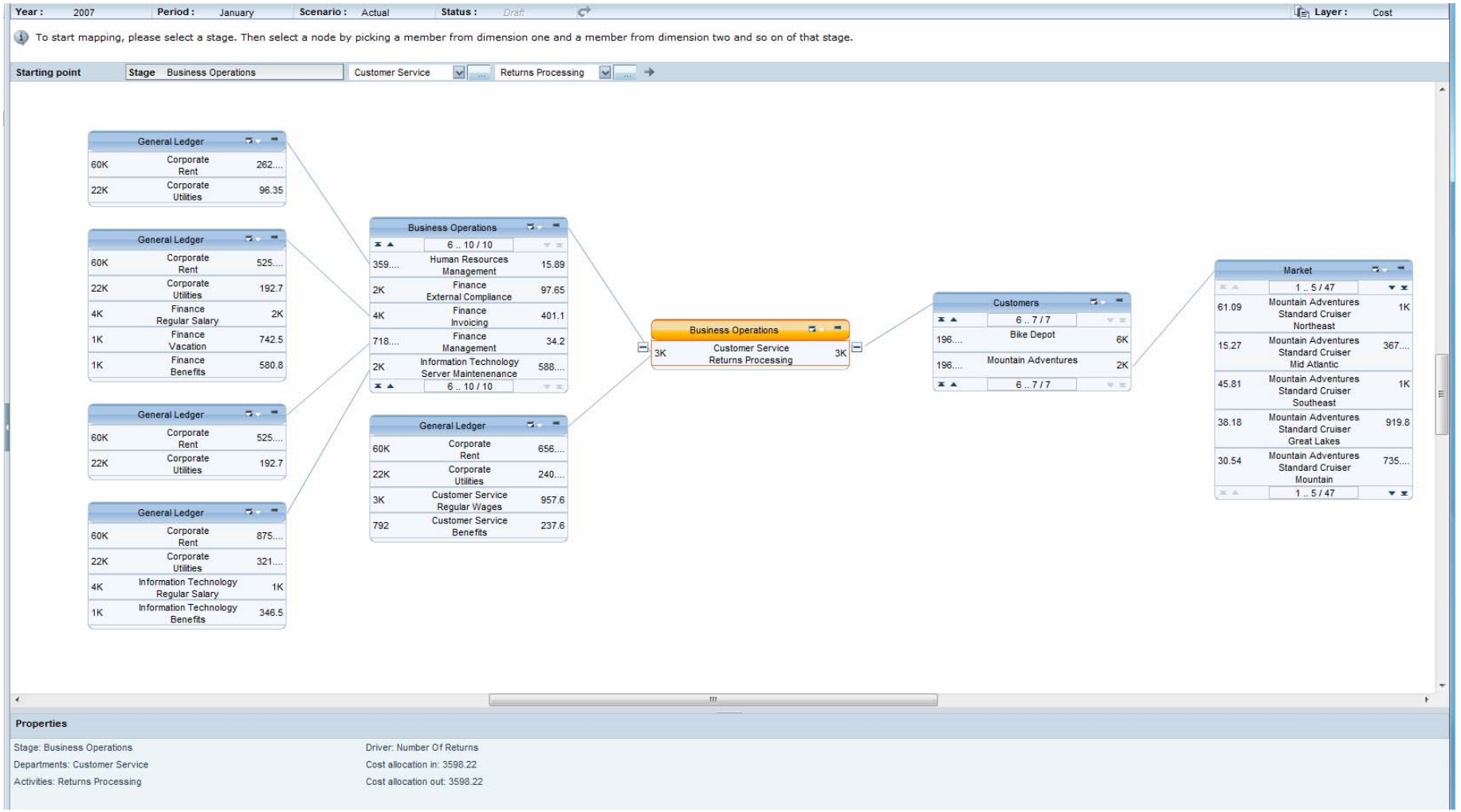

Value Proposition 6

Managing Calculations …and much more with full Essbase Profitability Datamart capabilities

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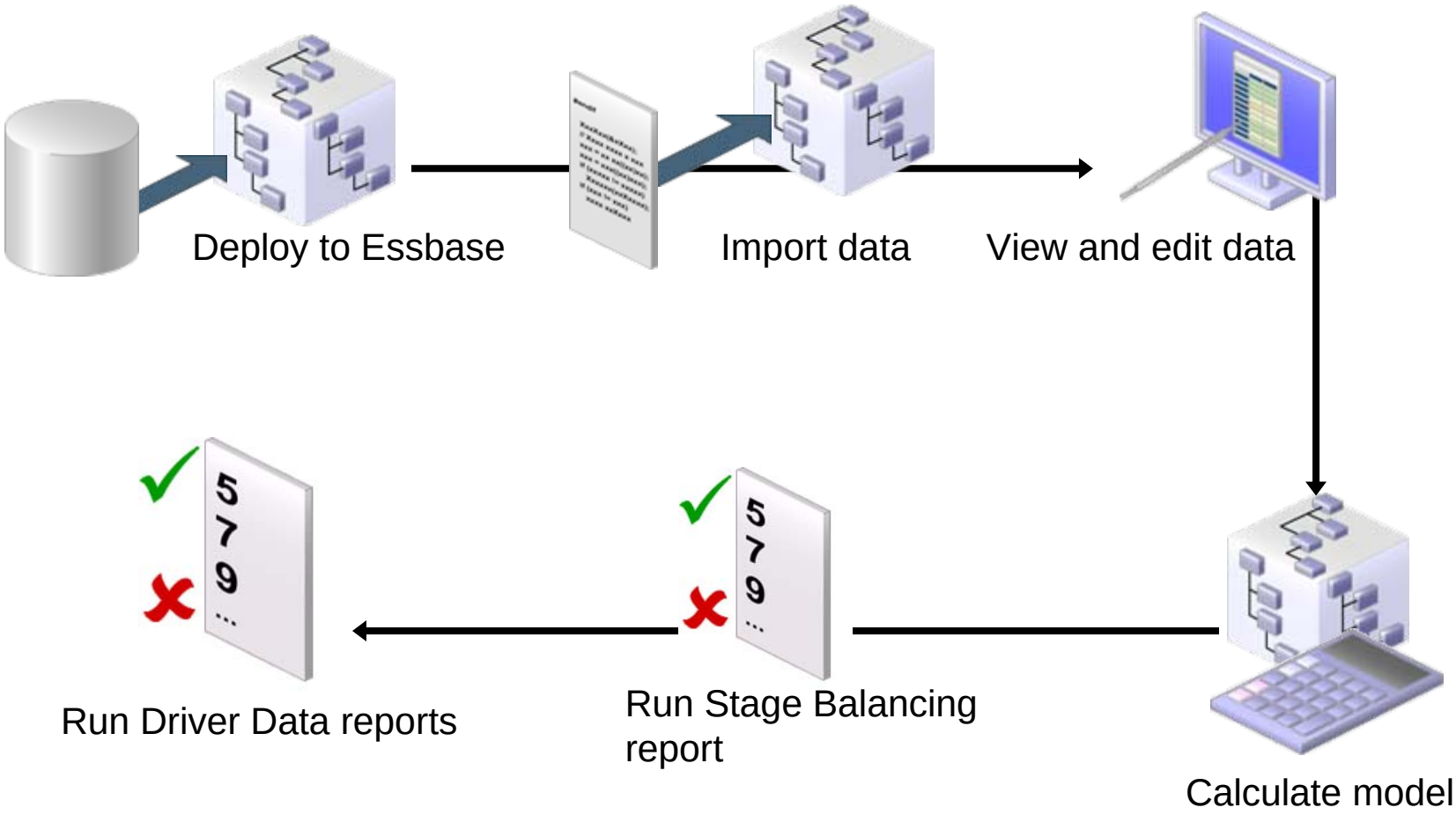

Value Proposition 7

New Performance Management reporting with full Oracle BI+ capabilities

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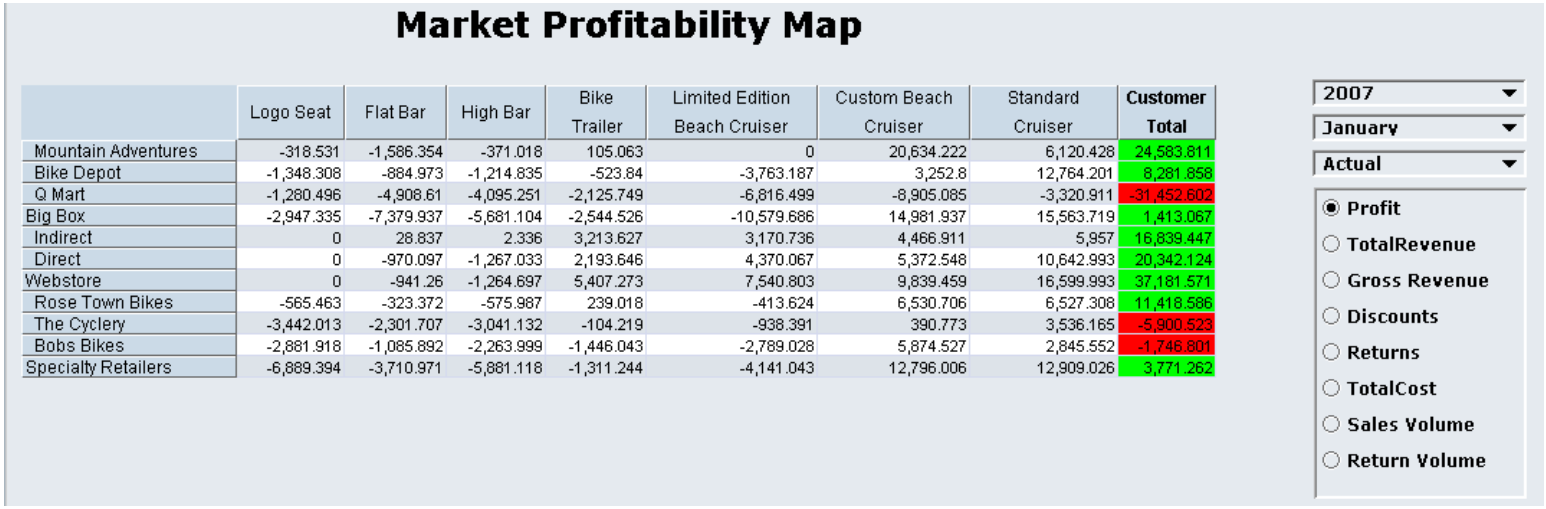
- Profitability measurement of each business segment
  - Who are the most and least profitable customers?
  - What products contribute the most to the bottom line?
  - Does customer or product profit vary by region?



Market Profitability Map

	Logo Seat	Flat Bar	High Bar	Bike Trailer	Limited Edition Beach Cruiser	Custom Beach Cruiser	Standard Cruiser	Customer Total
Mountain Adventures	-318.531	-1,586.354	-371.018	105.063	0	20,634.222	6,120.428	24,583.811
Bike Depot	-1,348.308	-884.973	-1,214.835	-523.84	-3,763.187	3,252.8	12,764.201	8,281.858
Q Mart	-1,280.496	-4,908.61	-4,095.251	-2,125.749	-6,816.499	-8,905.085	-3,320.911	-31,452.602
Big Box	-2,947.335	-7,379.937	-5,681.104	-2,544.526	-10,579.686	14,981.937	15,563.719	1,413.067
Indirect	0	28.837	2.336	3,213.627	3,170.736	4,466.911	5,957	16,839.447
Direct	0	-970.097	-1,267.033	2,193.646	4,370.067	5,372.548	10,642.993	20,342.124
Webstore	0	-941.26	-1,264.697	5,407.273	7,540.803	9,839.459	16,599.993	37,181.571
Rose Town Bikes	-565.463	-323.372	-575.987	239.018	-413.624	6,530.706	6,527.308	11,418.586
The Cyclery	-3,442.013	-2,301.707	-3,041.132	-104.219	-938.391	390.773	3,536.165	-5,900.523
Bobs Bikes	-2,881.918	-1,085.892	-2,263.999	-1,446.043	-2,789.028	5,874.527	2,845.552	-1,746.801
Specialty Retailers	-6,889.394	-3,710.971	-5,881.118	-1,311.244	-4,141.043	12,796.006	12,909.026	3,771.262

2007
January
Actual

- (•) Profit
- ( ) TotalRevenue
- ( ) Gross Revenue
- ( ) Discounts
- ( ) Returns
- ( ) TotalCost
- ( ) Sales Volume
- ( ) Return Volume

Value Proposition 8

Driver Based Profitability …
The next step for Enterprise Planning

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By focusing attention on

the key operational activities and

drivers that truly drive results,

businesses are becoming more agile

and adaptive.