

INFORMATION GENERATES VALUE

The Cornerstone for Sustainable Compliance and Growth

Oracle E-Business Suite Financials



ORACLE IS THE INFORMATION COMPANY

Information-Driven Finance

The financial applications in the Oracle E-Business Suite improve visibility, control, and efficiency while serving as a foundation for good governance and consistent growth.

Today's chief financial officers face a constant balancing act. On the one hand, they must comply with increasingly stringent financial reporting regulations, which entail constant information gathering and disclosure requirements. On the other, they must help guide the enterprise to a profitable future, investing in new opportunities while mitigating risks.

How do they keep the scales in balance? It all begins with accurate information.

Oracle Financials, part of Oracle E-Business Suite, helps financial officers create an information-driven enterprise that synchronizes data centrally from all systems—including third-party systems—so financial information is consistently collected, calculated, analyzed, and stored, ensuring data integrity while reducing costs. This approach improves visibility into business, financial, and compliance performance across the enterprise; strengthens your control to enforce compliance with company and regulatory policy; and increases operational efficiency.

Having accurate, consolidated information improves the quality and timeliness of business and financial reporting, helping managers stay abreast of all facets of the business. With the right information delivered to the right place at the right time, CFOs can help guide the performance of the enterprise and act as an advisor or change agent within the company.

Oracle can also help you create a standardized financial platform that accelerates financial processes, enforces compliance, and frees up resources to grow your business. Armed with integrated financial information, you can weigh burgeoning needs against scarce resources and chart a path for sustained growth.

Fact: Approximately 75 percent of today's companies still rely on multiple finance systems for management and regulatory reporting, limiting visibility into financial results and exposing them to error, fraud, and the risk of noncompliance.

“The obvious benefit of Oracle across the organization is seeing everything going on at the same time. Everybody makes decisions from the same data. The visibility allows us to optimize the entire business.”

Stephen Printz, Chief Information Officer, Pella Corporation

Visibility – Deliver Better Business Information

Streamline Your Enterprise

Oracle Financials, Oracle's integrated family of financial applications, helps you

- Establish global processes and accessibility to data
- Hasten incorporation of new business units
- Gain global visibility into business operations
- Enforce a single source of truth for all analysis activities

Centralize Financial Activities to Streamline Your Operation

Established companies must often contend with numerous information systems, from homegrown software programs to packaged applications to legacy data sources. Combining and reconciling all this information is a big job. Due to inherent differences in how data is maintained, managers lack visibility into the overall workings of the enterprise, making it difficult to respond to new opportunities or to consistently update plans and budgets.

Oracle has an antidote. All Oracle applications are built on the Oracle Information Architecture, which offers a single source of financial and management data for reporting, ad-hoc inquiry, and performance analysis. This cohesive architecture improves visibility into all facets of the financial enterprise, helping everyone from senior officers to line-of-business managers make better decisions.

The applications in Oracle Financials use a unified data model that allows you to store information—including transactions, business intelligence, and financial assets—in one place. This ensures a “single version of the truth” for both production operations and business intelligence activities. Additionally, having a single data source bolstered by standardized, automated compliance processes makes it easier to weather corporate acquisitions, business restructurings, and employee turnover.

Eliminate Data Silos and Improve Data Quality

CFOs must drive financial performance and improve management decision-making by maintaining accurate forecasts and establishing visibility into relevant management information. By eliminating information “silos” and centralizing information, results can be consistently calculated, reconciled, and shared among business units.

“As CFO, the big things for me were the management information systems and finding a wide-reaching single, integrated application. Oracle was the only vendor that seemed to have an integrated solution for enterprise information systems reporting.”

Warren Maslin, CFO, Solid Energy Coals of New Zealand

To achieve this goal, companies can choose to leverage a single global instance of Oracle Financials or use Oracle Financial Consolidation Hub. Oracle Financial Consolidation Hub is a unique data store that consolidates information from disparate sources and automates the production of consolidated financial statements. It shortens the close process by allowing you to roll up results from subsidiaries as if you were managing a single company.

Share Real-Time Insight to Sustain Profitable Growth

As part of the Oracle Financials family, Oracle Daily Business Intelligence for Financials includes prebuilt, daily management reports that encompass the entire enterprise, including key performance indicators such as revenue, expenses, and profit margins. These reports help managers at every level of the organization identify the right markets, the right customers, and the right product mix to sustain profitable growth. By storing summary data and transaction details in a single system—accessible via real-time, role-based executive dashboards—managers can quickly understand the root cause of problems and take appropriate action. Oracle offers easy-to-use reporting tools that allow nontechnical users to analyze data and create professional-quality financial reports.

Establish Closed-Loop Processes to Monitor Performance and Improve Planning

Oracle applications enforce closed-loop processes for planning, budgeting, transacting business, and measuring results. For example, Oracle Enterprise Planning and Budgeting integrates with Oracle General Ledger and Oracle Financial Consolidation Hub so you can constantly monitor revenues, expenses, and balances against budgets. This ongoing analysis provides timely and critical feedback into budgets versus actuals, as well as sales versus forecasts. Managers can use this information to continually update plans and budgets, realign strategic goals, address problems, and take immediate advantage of opportunities.

Fact: Companies using an ad-hoc approach to compliance may spend between six and ten times more than their counterparts who take a proactive approach to managing all their regulatory requirements.

ViewSonic: Case in Point

Using a single, global financial-management system, ViewSonic reduced its global close time from an average of two weeks to just three days.

ViewSonic's Oracle-based system has improved visibility into financial information and is boosting performance across its worldwide manufacturing and sales operation, giving managers throughout the company immediate access to performance data.

“Silicon Image just recently received our clean opinion from the auditors for our 404 Certification, and I believe a lot of that was a result of the embedded controls within Oracle.”

Krista Ladd, Oracle Applications Manager, Silicon Image

Control – Strengthen Financial Discipline and Achieve Sustainable Compliance

Meeting Regulatory Mandates

The corporate-compliance landscape is getting more and more difficult to navigate with each passing year. The United States has Sarbanes-Oxley, HIPAA, USA PATRIOT Act, and FDA 21 CFR. Europe has the EU Transparency and Data Privacy Directives, along with 21 national corporate governance codes. All countries face worldwide regulations such as IFRS, Basel II, and a raft of new corporate social responsibility standards from the ISO.

AMR Research estimates that global spending on compliance initiatives will reach US\$80 billion between 2005 and 2009—partly as a result of the haphazard methods used to meet the requirements. To reduce the costs, CFOs should create sustainable compliance processes with embedded controls, governed by integrated workflows that require minimal manual intervention.

Enforce Financial Control to Ensure Good Governance

Good corporate governance is quickly becoming a lens through which internal and external stakeholders view a company’s reputation, financial performance, and investment appeal. Investing in a sustainable compliance architecture will help you meet regulatory mandates so you can minimize risk, control spending, and enforce better financial discipline.

While more-accurate and transparent financial reporting is a by-product of complying with government regulators, it is difficult to attain without complete control over the processes that create financial information. Most companies have responded to each new compliance mandate as an individual project, rather than as part of a comprehensive program based on repetitive, sustainable processes. This ad-hoc approach costs more in the long run and exerts a heavy toll on corporate resources.

It takes discipline to gain control over this situation, which is precisely what Oracle helps you impose. Step 1 is to identify the business requirements you need to meet your organization’s compliance mandates. Step 2 is to automate as many of those business processes as possible to make them auditable and repeatable.

Maximize Control Through Automated Processes and Controls

Each application in the Oracle Financials product family uses embedded controls to automate process flows and enforce compliance across the organization, such as cross-validation rules for master data; centralized journal processing to prevent inaccurate entries or invalid account combinations; 2-, 3-, and 4-way purchase-order matching; sequential numbering; and the ability to centrally set quantity and price-tolerance limits during invoice processing. This automated approach reduces risk by enforcing business rules and simplifies auditing activities by making it easier to test controls.

Faced with demanding regulators and investors, astute companies are acquiring Oracle technology to improve financial transparency and disclosure. Oracle’s integrated financial applications and automated process workflows address key regulatory-compliance mandates while protecting data. Additionally, Oracle provides an adaptable infrastructure to support new guidelines that may arise in the future.

“With Oracle Internal Controls Manager, we’re laying the groundwork for the next phase of governance, which is all around risk and fraud. Adhering to the COSO ERM framework is a corporate priority for Loral, and we plan on using Oracle Internal Controls Manager as the foundation for that effort going forward.”

Barry Goldfeder, Sr. Director; Business Controls, Systems, and Processes; Loral Space & Communications

Fact: When *CFO Magazine* asked CFOs to design their dream systems for compliance and performance management, their wish lists included a common database, dashboard capabilities, and embedded business intelligence—three key attributes of Oracle Financials applications.

Reduce Compliance Costs with Automated Compliance Processes

The right information systems can help your company comply with regulatory policies in a sustained, repeatable fashion—ensuring accuracy, security, and reliability of all financial data. With Oracle Information Architecture, the technology you need is woven into your fundamental business processes, daily operations, and policies, allowing managers to enforce compliance through automated business rules, workflows, and budget controls.

Oracle enforces the electronic exchange of information and encourages self-service business processes so line-of-business managers can play an active role in entering and maintaining financial records. By relying on Oracle’s preintegrated Oracle Financials applications, you can devise consistent methods for dealing with suppliers, customers, and financial institutions. Automated workflow processes help you reduce errors, eliminate repetitive entries, and enforce approval procedures.

Additionally, Oracle Internal Controls Manager, part of the Oracle Financials product family, provides a risk-management framework for managing internal control and financial, operational, or environmental audits. It streamlines all compliance activities, including documenting, testing, monitoring, and certifying processes and controls and managing enterprise risk. Oracle Internal Controls Manager catalogs and tracks risk factors that might affect financial statements. It lets you submit audit findings, issue audit reports, and review the status of financial statements, reconciliations, and overall enterprise compliance.

Obtaining a unified view of enterprise compliance helps you manage risk and lower external audit-verification costs. Oracle Internal Controls Manager also continuously monitors segregation of duties and embedded controls within Oracle applications. Accountability holds people responsible for their conduct. Oracle Internal Controls Manager can help enforce accountability and strengthen compliance by enabling business-process owners to identify, document, and monitor internal controls for which they are responsible.

Fact: Banking giant UBS Switzerland runs the world's largest general ledger on an Oracle application platform. It generates a daily balance sheet of 500 million entries in just 23 minutes, and posts more than 11 million journals per hour.

"Particularly in the world of banking, high performance and reliability are critical system requirements. Our benchmark test shows that Oracle software can reliably deliver one of the world's largest general ledgers and still fulfill our stringent requirements for performance—an impressive result."

Thierry Schaffluetzel, Project Director, GEAR CH, UBS Switzerland

Efficiency – Improve Business Processes and Drive Down Costs

Proof Positive

Of 22 Oracle customers surveyed by Nucleus Research:

- 48 percent said they had increased user productivity.
- 65 percent achieved a positive return on their investment.
- 90 percent expected a positive ROI within a five-year time frame.

(Nucleus Research, April 2004)

Automate Finance Operations by Deploying Consistent, Integrated Applications

Saddled with a labyrinth of dissimilar information systems and manual integration processes, market-leading companies are simplifying their information systems so they can more easily produce transparent and consistent data. For many of them, Oracle is the answer. The Oracle Financials family is carefully integrated to streamline communication and optimize resources. This not only boosts efficiency for finance personnel, but also improves collaboration among the finance department and other parts of the business.

Without this level of integration, finance departments typically become less efficient as accounting demands increase. This is partially a result of growing disparity among business units: each division deals independently with suppliers, customers, and financial institutions, making it difficult to share data. There is too much manual processing of information, whether in the form of paper invoices, faxes, telephone calls, or checks. Accounting, procurement, and budget data often reside in separate systems, and many business units send results via spreadsheets. This fractured approach can lead to poor cash management, missed discounts, premature payments, unintentional and costly overdrafts and borrowing, and—bottom line—higher total costs and overlooked opportunities.

Link Critical Business Functions Along the Financial Value Chain

All Oracle E-Business Suite applications use consistent integration points to speed up the flow of transactions—both internally and among trading partners. Oracle integrates fragmented processes along the financial value chain to simplify information sharing among business functions such as trade execution, invoice management, payment, and cash management. For example, Oracle's electronic invoice processing and payment (EIPP) system automatically collects invoices, matches them against purchase orders, spots discrepancies, and issues payments. With Oracle General Ledger, you can set up journal processes to run automatically according to a predetermined schedule, or to automatically generate reversing journal entries.

Fact: Shared service centers enforce consistent business practices on a worldwide basis, ensuring that all parts of the organization conform to corporate standards and make efficient use of IT resources.

Consolidate Information to Improve Accuracy and Efficiency

With Oracle Financial Consolidation Hub, you can bring together financial information from disparate sources to create a single, global view of financial information across the entire enterprise. In addition to enforcing enterprisewide consistency, this data repository serves as the linchpin for maintaining efficiency. Carefully structured workflows guide financial transactions through the approval process and prevent intercompany accounts from getting out of balance.

With Oracle Financials applications, you can align your entire organization using best practices and eliminate duplicate or redundant infrastructure—with no language, currency, or legislative boundaries.

Improve Effectiveness and Enforce Standards with Shared Service Centers

To further streamline operations, Oracle supports shared service centers. These data centers consolidate key functional areas—for example, they allow you to centrally manage finance functions such as purchase orders and invoices—to help you boost efficiency through economies of scale as you establish worldwide standards for your financial operation. Standardized business processes ensure that all parts of the organization conform to corporate objectives. Shared service centers lower operating expenses and minimize risks by reducing the number of control points for corporate governance.

Implement Self-Service Business Processes to Further Automate Operations

With Oracle *i*Supplier Portal, Oracle *i*Receivables, and Oracle *i*Procurement—Oracle's self-service portals—you can expedite orders and invoice processing while providing relevant information to interested third parties. Oracle has automated these self-service processes to a high degree, yet financial officers still have plenty of flexibility and control. For example, Oracle *i*Receivables allows customers to make payments, but Oracle Receivables recognizes revenue according to time-based, event-based, or rule-based recognition policies set by the Finance department. Automating customer interactions doesn't mean you have to give up control.

Maximize Your Investment with Oracle Services

Oracle Consulting has the experience to meet your needs, with results-oriented strategic planning and rapid, low-risk implementations.

Oracle University provides comprehensive Oracle E-Business Suite education for your organization's unique requirements.

Oracle Support delivers technical and operational expertise to help you get the most out of your Oracle solutions.

Oracle Financing offers affordable, flexible, and predictable payment options.

Fact: Oracle delivers a complete information architecture that includes control-based business and compliance applications, content and records management, and security technologies.

An Integrated Family of Financial Management Applications

Lower Your Total Cost of Ownership

Why divert your scarce IT resources to routine maintenance tasks? Oracle On Demand, a complete software-management service, can help you reduce your IT costs to a predictable and low monthly fee.

As part of this service, Oracle manages your software to keep your applications available, secure, and up to date—making your organization more productive. Access to the latest capabilities unlocks the value of your IT investments while freeing your own IT personnel to focus on strategic projects.

The Oracle Financials family of applications automates and streamlines all your financial business processes—to improve visibility, enforce control, and increase operational efficiency.

Financial Business Process

Oracle Products

Financial Control and Reporting

General Ledger
Financial Consolidation Hub

Governance and Compliance

Internal Controls Manager

Financial Analytics

Balanced Scorecard
Financial Analyzer, Sales Analyzer
Financials Intelligence
Performance Analyzer
Activity-Based Management
Enterprise Planning and Budgeting

Procure-to-Pay

Payables

Credit-to-Cash

Credit Management
Receivables
Bill Presentment Architecture
Advanced Collections
Loans
*i*Receivables

Asset Lifecycle Management

Assets
*i*Assets
Property Manager

Cash and Treasury Management

Cash Management
Treasury
*i*Payment

Travel and Expense Management

Internet Expenses

CONTACT US

For more information on how your organization can leverage the power of Oracle Financials, please visit oracle.com/applications/financials or call +1.800.ORACLE1 to speak to an Oracle representative.



Oracle Corporation

Worldwide Headquarters

500 Oracle Parkway
Redwood Shores, CA
94065
U.S.A.

Worldwide Inquiries

Phone

+1.650.506.7000

+1.800.ORACLE1

Fax

+1.650.506.7200

oracle.com

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