Performance Driven by Data

Enterprise Performance Management Applications – Oracle's Hyperion Financial Management

Disclaimer

This document is intended to provide general information about enterprise performance management applications in general and Oracle's suite of EPMA products. This document is meant for information purposes only and should not be used to make a purchase decision.

Overview

Financial reporting and process controls, both accounting and IT controls have become a requirement worldwide. Having the right data at the right time is the key for success. Efficient management of KPIs (Key performance indicators) is very important for the growth and planning in an organization. The close times have been reduced to days from weeks over the years implementing Oracle's Hyperion Financial Management. This paper discusses the benefits of replacing your current consolidation system whether spreadsheet based or in Hyperion Enterprise with Oracle's Hyperion financial Management.

A single source of truth eliminates the time spent on reconciling data. Without proper and relevant data, there is no clear path for where an organization can go or grow. Performance management applications play a clear role in finding the right data and delivering the results entangled in the myriad of the transactional data of an organization.

Compliance and Audit Trail

Oracle's EPM applications offer a highly scalable platform to take the organization into the future along with the compliance required with a complete footprint and are SOX compliant. Audit trail enables the sanctity of data with minimal user interaction. Oracle's FDQM (Financial data quality management) can be used to move the data from the existing consolidation system into HFM .It offers a white box approach where the mappings can be maintained by the end users and can be reused. HFM also enables a drill down of the consolidated data all the way to the source GL via FDQM.

The data takes a ride from its source, from the time the transaction happens until it reaches the CFO of an organization via a canned financial report. Enterprise performance applications take them through the journey with a clear footprint. Score carding and traffic lighting techniques give the CFO and the senior line manager's access to key data. It helps an organization to be proactive and be prepared rather than react to the challenges of the business in this competitive world.

Data from a transactional ERP system goes all the way to the operational data store and into consolidation systems. Oracle's FDQM allows for validation, submission and re-submission of data into HFM from any ledger with ease and efficiency. It also offers web based certification process once the data is submitted. HFM enables end users to drill down to the ledger from the consolidation system to be able to analyze transaction level detail.

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Single Source of Truth

Enterprise Performance management applications play a key role when it is time to acquire a new business, to re-structure the organization or merge with another global organization. A global organization goes through numerous re-orgs through the course of its life. Data may be lost every time re-orgs happen, which means loss of valuable data. Enterprise Performance management applications make re-orgs seamless and to combine new business with the organizations core business.

Oracle's MDM (Master Data Management) can be used to maintain the metadata and can be shared between the consolidation (HFM), planning (Oracle's Hyperion Planning) and other analysis applications (Essbase) in the organization. A single source of truth can be maintained with version control. Oracle's EPM architect offers a graphical interface to create and manage applications in HFM and Planning.

Oracle Hyperion Financial Management

Oracle Hyperion Financial Management is a comprehensive web based application that delivers consolidation, reporting and analysis solution. Oracle HFM uses the most advanced technology but can be maintained by the enterprise's finance team. Oracle HFM is a three-tier system detailed in the figure below.

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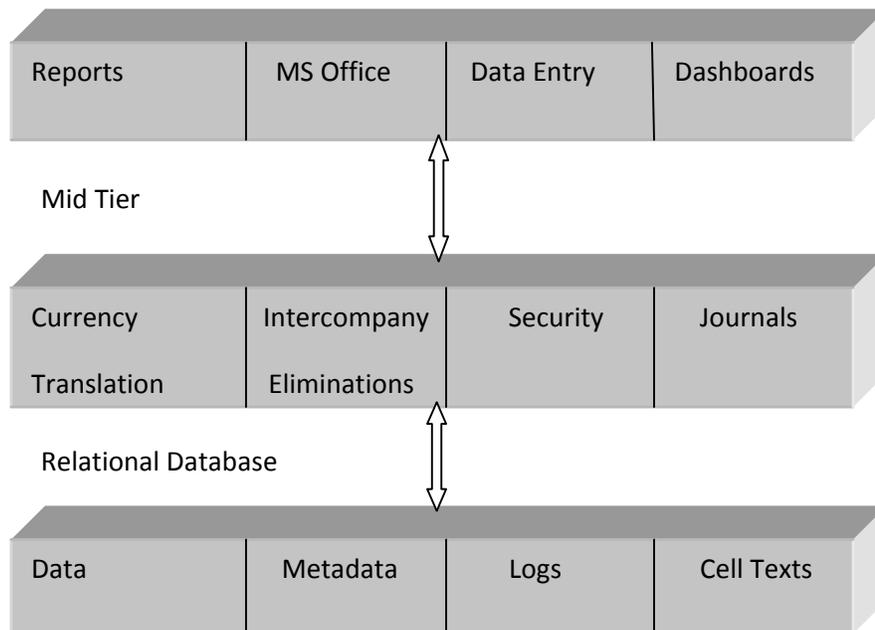**(847) 993-1300 Phone (847)-995-1305 Fax**

Client

Figure - Oracle Hyperion Financial Management is a robust financial consolidation, reporting, and analysis solution that integrates data from multiple transaction systems.

Client Tier

All the end user interaction with the system happens in the client tier. Data entry happens through HFM web, MS Excel and data retrieval via Reports. In the client tier, prepackaged data entry forms and data grids can be used for data analysis and data entry. End users can create their own data forms based on their close needs. Full integrations of MS office enable the users to use Smart view in Excel for data analysis and data load.

Mid Tier

The mid tier handles the following processes. All the functionalities below can be customized based on the client's needs by writing custom business rules using VB script

- Currency Translation
- Calculation/Consolidation
- Intercompany eliminations

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Data Tier

This tier has the relational databases like Oracle, MS-SQL and DB2. This would be the data repository for HFM. This is where the data, metadata and documents related to the HFM application reside.

Reduced Close Time

The close times are considerably reduced using Oracle HFM due the seamless data submissions from the ledgers. Reduced close times are important to deliver the results faster. It enables and gives managers more time to analyze the data, to see how their numbers fare against their expectations. A faster close cycle displays better governance and is a good display to the shareholders'. Earnings can be reported as early as the second week after the quarter end.

Outgrowing Your Current System

Key indicators that determine if you are outgrowing your current consolidation system

- ➢ Limitations on the number of dimensions

- ➢ Audit trails and Sarbanes Oxley limitations

- ➢ Difficulty managing a distributed system

- ➢ Difficulty integrating with the other leading BI applications

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Customer Case studies

Fortune 500 Credit Card/Banking Company

A global credit cards company operating in over 130 countries with revenues over 3 billion dollars a quarter. With a global presence comes more responsibility. Data from disparate GLs spread across the globe feed the consolidation system in Hyperion Enterprise. The close times were 10 days with the existing consolidation system.

Limitations of The Existing Reporting and Consolidation System

The existing financial consolidation application in Hyperion Enterprise was not robust enough to meet the stricter demands of worldwide financial reporting. The data fed by the different legacy systems needs to be consolidated in one final application which means extended close periods with minimal controls. The company needed something that would reduce the financial reporting cycle.

Solution

Although Hyperion enterprise can handle most of the financial requirements, Oracle's Hyperion Financial Management has tailor made features to handle and deliver the requirements. A staging area was built for all the data from different legacy systems and was fed to the financial consolidation application in HFM 3.5. A custom access database was created to move the historical data from Enterprise in to HFM. The financial reports were built in Hyperion Reports using the data in HFM. External reporting now had one source to pull data from. Hyperion analyzer was used to run any reconciling reports off the staging area and also to drill data seamlessly from HFM to the data in the staging area using Hyperion Analyzer. This has reduced the close time to under a week.

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Food Services Industry

They operate globally in over 150 countries with annual revenues of 42 billion dollars. More than 40 brands generating revenues of over 100 million dollars. The company runs its business with disparate ledgers spanning across the globe. The existing consolidation application was in Hyperion Enterprise.

Challenges

The existing consolidation system had some inherent limitations. There are limitations on the number of dimensions that can be used that means multiple applications for legal, management, IFRS and tax reporting. The existing financial consolidation process involves using multiple regional level applications that feeds to one headquarters application, which means extra maintenance and extra reconciliation work. The need for more visibility and governance was becoming a requirement.

Solution

The financial consolidation application in Hyperion enterprise was replaced with Oracle's Hyperion financial management application. The application was rolled out in phases for every region of the business. With HFM only one application will be used for consolidation purposes as opposed to apps being used in every region. Oracle's FDM was used to map the ledger data and load data into HFM by the end users providing a complete audit trail right from the ledger to the consolidation system.

Also HFM is a web-based application, which makes it easier for being used globally. Newer compliance and reporting regulations including the Sarbanes Oxley Act were met using this new system. The data footprint is clear from the beginning to the end without any human intervention, which results in detailed disclosures.

HFM is a proven packaged solution that uses the web technology with process checks that helps meet the strictest compliance and reporting requirements. It also enables operational data analysis and score carding with Performance Scorecard.

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Cost Effectiveness

Enterprise performance management applications can leverage the existing applications and reporting tool s to maintain the COA, security in a single location to reduce the cost of maintenance and ownership. The consolidation applications and the planning applications can share the dimensions and COA from one source thus reducing the maintenance efforts and to have one source of truth.

Benefits of Implementing Oracle HFM

- ➢ Reduced close periods

- ➢ Compliance and transparency in process

- ➢ More time can be spent on strategy and analysis

- ➢ Web based consolidation system

- ➢ Seamless integrations of new businesses with Core business

Training and Support

The success of an HFM implementation ends with quality training to the end users. Training and re-training during parallel closes is necessary. Proper training is the key to an efficient close process and analysis of data. Data in its raw form isn't worth anything unless it reaches the right people at the right time. Canned reports from Hyperion Reports or ad-hoc reports generated via Web analysis with annotations and automatic email capabilities can be automatically generated on a timely basis to keep the stakeholders well informed.

What We Do

We specialize in implementing business performance solution using Oracle's EPM products especially HFM. We understand and deliver consolidation, planning, budgeting, forecasting and reporting solutions. We have successfully implemented Oracle's performance management solutions. Business intelligence is what we do and specialize in, starting from the analysis, design, implementation and support of a global consolidation application.

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