

Looking ahead – a hybrid approach to EPM



Rich Wilkie
Oracle EPM Product Management
June 2019

Program Agenda

- 1 Why Change Now
- 2 Migration Considerations
- 3 Product Considerations
- 4 Total Cost of Ownership
- 5 Q&A

What are the benefits of the cloud



**REDUCE
TOTAL COST OF
OWNERSHIP**



**LEVERAGE
BEST PRACTICES**



**ENABLE
A MORE AGILE
ORGANIZATION**



REDUCE TOTAL COST OF OWNERSHIP

Software License & Support \neq SaaS Subscription:

- ✓ Hardware costs
- ✓ IT cross-charge for support of hardware
- ✓ Upgrade costs
- ✓ Opportunity costs of not having the latest efficiency-saving features



LEVERAGE BEST PRACTICES

- Elevate your process to best in class
- Take advantage of innovations that provide long-term gains and competitive advantage
- Promote collaboration to improve the human element of EPM processes



FACILITATE A MORE AGILE ORGANIZATION

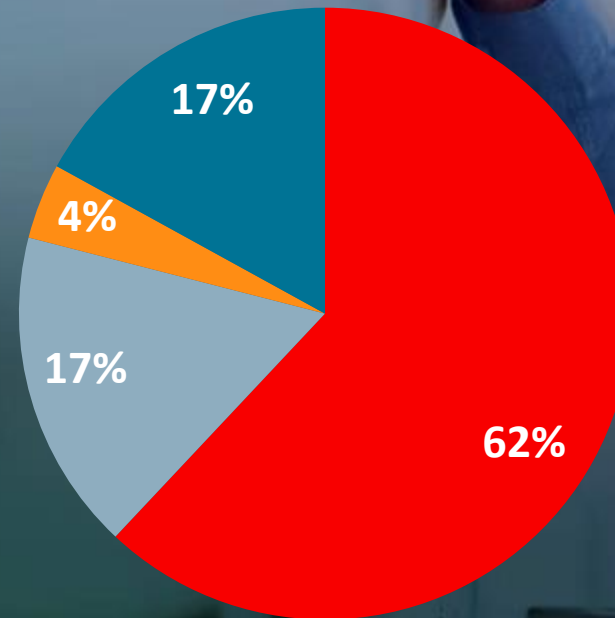
- Oracle EPM Cloud represents a paradigm shift – not just incremental change
- Empower business users in a way that was not previously practical
- Provides a ‘*connected architecture*’ that better aligns financial and operational processes

Program Agenda

- 1 Why Change Now
- 2 Migration Considerations**
- 3 Product Considerations
- 4 Total Cost of Ownership
- 5 Q&A

EPM IN THE CLOUD IS THE NEW STATUS QUO

DO YOU HAVE EPM PROCESSES IN THE CLOUD?

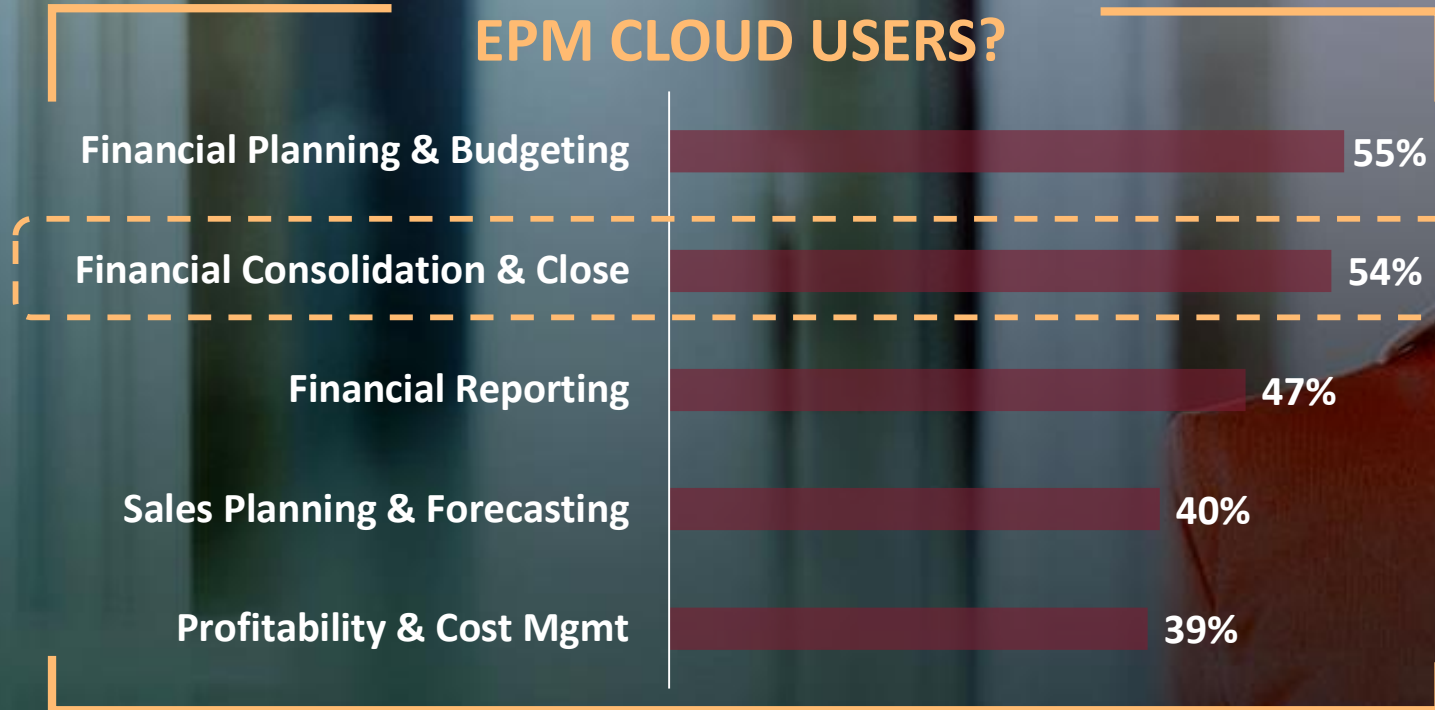


- Have now or will within 12 months
- Not yet, but we plan to over the next 2 years
- Not yet, but we plan to after 2 years
- No plans for EPM process in the cloud

79 PERCENT INDICATE THEY HAVE PLANS FOR EPM IN THE CLOUD WITHIN THE NEXT TWO YEARS, VERSUS 65 PERCENT IN LAST YEAR'S SURVEY

THE NEXT BIG THING

WHAT'S NEXT FOR EPM CLOUD USERS?



FINANCIAL CONSOLIDATION AND CLOSE HAS RISEN IN IMPORTANCE TO THE NEXT SIGNIFICANT AREA TO MOVE TO CLOUD. IT RANKED IN SECOND PLACE, UP FROM 5TH PLACE JUST A FEW YEARS AGO.

The Cloud Journey has many Paths

Migrate Business Processes

Replace existing on-premise software (Oracle and 3rd party) with Oracle EPM Cloud solutions:

- Account Reconciliations replaces BlackLine
- Financial Consolidation & Close replaces HFM
- Profitability & Cost Management replaces ERP Allocations

Augment Business Processes

EPM Cloud can augment existing on-premise software:

- Close Manager & SDM complement HFM
- Enterprise Planning & Hyperion Planning co-existence
- Tax Reporting for Country by Country Reporting along side Thomson Reuters Onesource for Tax Provision

Connect Business Processes

Connect processes and people in ways that were not previously possible/practical:

- Enterprise Planning addresses Operational LOBs that may still be using spreadsheets and connects them with Finance
- Enterprise Performance Reporting enables collaboration across teams for all internal and external reporting

Re-Invent Reporting

Faster Reporting, More Collaboration, Less Moving Parts

- Introduce Narrative Collaboration (EPRCS)
- Leverage the new Management Reporting (MR) capability
- Reporting integrated into EPM Cloud
 - ✓ Advanced dashboarding across EPM
 - ✓ Essbase ASO cubes in Enterprise Planning
 - ✓ Strategic Modeling for financial & operational scenarios
 - ✓ Smart View

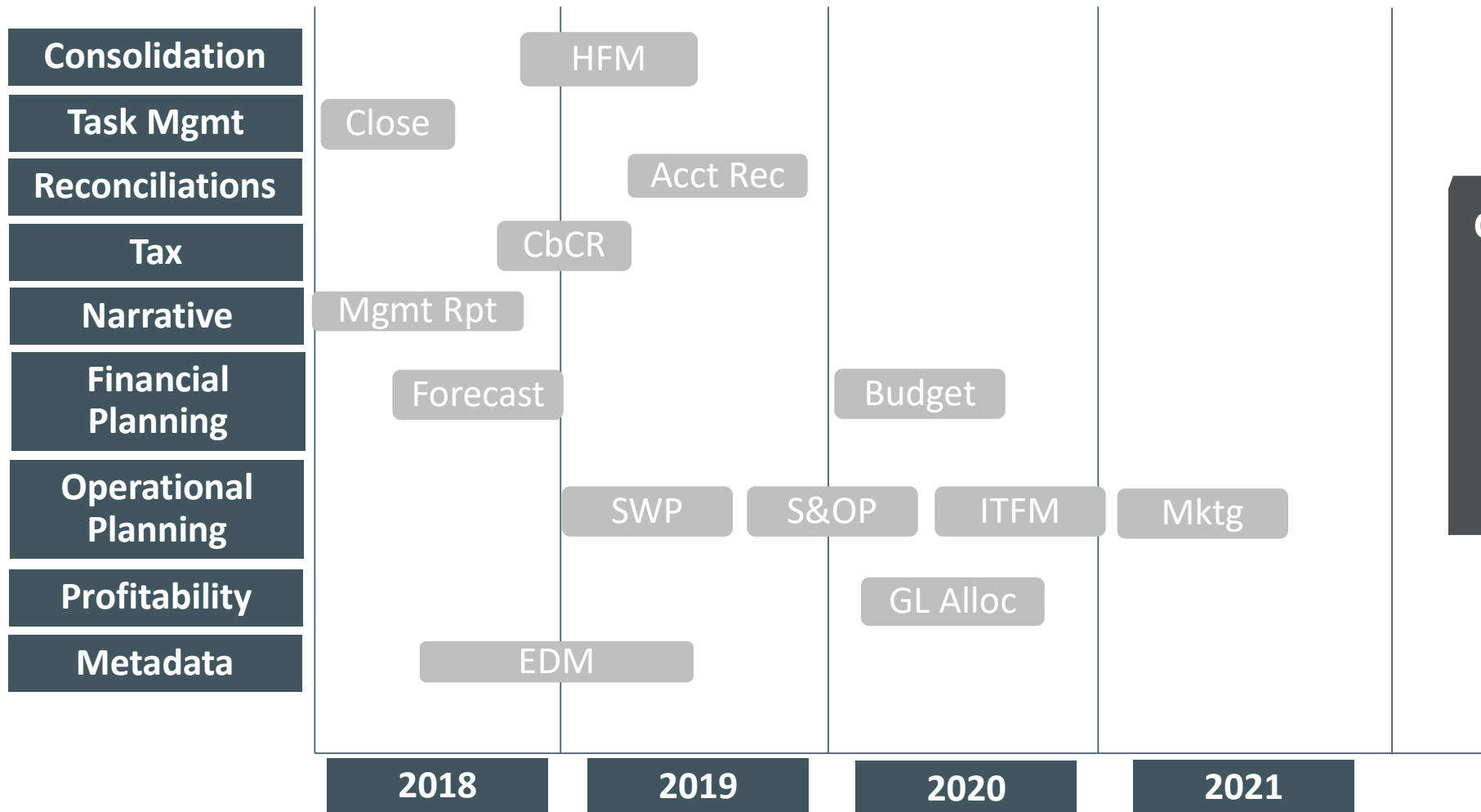


Don't Waste an Opportunity

Consider Cloud Migration vs. On-Premise Upgrade

- On-premise software upgrade often involves hardware refresh
- IT resources and budget for upgrades could deliver better value with cloud migration
- Investments in on-premise upgrades become a financial obstacle to cloud roadmap

Create a Cloud Roadmap



Considerations:

- Business priorities
- Strategic Initiatives
- Risk tolerance
- On-prem upgrades
- Oracle roadmap
- 3rd party contracts

Program Agenda

- 1 Why Change Now
- 2 Migration Considerations
- 3 Product Considerations**
- 4 Total Cost of Ownership
- 5 Q&A

EPM Cloud Adoption by On-premises Customers:

Emerging Patterns

1. **Aggressive Migration** of all EPM on-premises applications to cloud

2. **Cloud First** strategy for all new EPM initiatives. Leave existing apps on-premises.

3. **Opportunistic Migration** to cloud instead of on-premises upgrades

4. **Stay On-premises** for foreseeable future, except for targeted cloud pilots

Managing Hybrid EPM Deployments

- Hybrid Cloud and On-premises EPM is a reality for most organizations
- Emerging best practices for Coexistence:
 - Master Data Management
 - Security
 - Data Integration
- One size doesn't fit all
 - Be creative and tweak best practices to suit your needs

9 Common 'Obstacles' to Cloud Adoption

#	Obstacle	Question	Answer
1	Commercial Considerations	EPM Cloud pricing is not cost effective for scaling horizontally (e.g. numerous planning applications).	1. EPM Cloud pricing simplified to match customer business processes
2	Workspace	The cloud does not have a 'workspace' concept, and therefore users must log into each application separately. Will this be a burden on my users?	The "Integrated Business Process" feature seamlessly connects EPM Cloud and far surpasses the usability of the workspace concept.
3	New User Interface	The new 'SUI' user interface is a change for my users. Is it as robust as 'classic' user interface?	SUI no longer supported on premises in 11.2. The SUI interface performs better, has far faster form rendering, supports mobile, includes more modern dashboards, and is easier to use...

Common 'Obstacles' to Cloud Adoption *(continued)*

#	Obstacle	Question	Answer
4	Managing Monthly Updates	How can we handle the frequency of updates? We formerly only needed to manage this once every few years.	<ol style="list-style-type: none">1. Updates are smaller, more manageable. So, easier to handle incremental changes2. Testing can be automated3. Most new features deployed in 'off' mode4. 1000's of customer already successful. Best practices have emerged.
5	Data Integration	I need to integrate to on-premise sources. How can I seamlessly move data to the cloud?	Changes to current integration process are necessary. However, the same 'hooks' can be leveraged in the cloud. Additionally, for Oracle ERP customers, integration will be far easier in the cloud.
6	Metadata Management	How can I manage metadata across multiple cloud apps and on-premise systems, both EPM and ERP?	EDM Cloud available now to address this need

Common 'Obstacles' to Cloud Adoption *(continued)*

#	Obstacle	Question	Answer
7	User Security	How can I maintain user security across all cloud applications?	EPM Cloud supports single sign-on (SSO) and users can easily navigate across services. Passwords across all of EPM deployments – Cloud/on-prem - can be centrally managed through local or third party IdP similar to on-prem.
8	Smart View	It's difficult to coordinate Smart View releases across On-Prem & Cloud	Newer releases of Smart View are <u>always</u> backward compatible to all supported providers, regardless of on-prem or cloud. The Extension framework also isolates functional updates from core Smart View.
9	Reporting Across Services	I can't report across multiple EPM Cloud services.	Management Reporting provides a centralized advanced toolset that can report from EPM Cloud, ERP Cloud and Essbase in OAC.

Data Management






Migration Considerations

Migration Considerations

Data Migration in the EPM Cloud

- Customers using FDMEE may easily register their EPM cloud apps in FDMEE
 - Focus on cloud EPM rather than re-implementation of integration design
- Implementation in a PAAS environment requires a VPN connection to any on-prem sources
- Data Management is the cloud version of FDMEE
 - Same features as FDMEE except scripting and on-prem adapters not supported
- Integration tools like Data Integration Platform Cloud and ICS also applicable
- More certified integrations on roadmap (sales cloud, projects cloud, etc.)

Data Integration

#	Function	Effort	Comments
1	Hybrid with on-prem FDMEE		Register cloud EPM app in FDMEE, existing setup unchanged
2	FDMEE implemented in PAAS		Maintains hybrid approach, but with FDMEE in the cloud
3	Data Management - Load		Same features as on-prem except for scripting and on-prem source adapters. Direct integration with GL cloud, HCM cloud and Netsuite
4	Data Management - Sync		Easily move data between EPM cloud services; same as EPMA
5	Data Management - Extract		Extract data from cloud EPM for on-prem usage; EPM Automate



Less Effort → More Effort

Enterprise Planning







Migration Considerations

Migration Considerations

Enterprise Planning

- **Shared DNA** –Cloud and on-premise planning solutions share a common core and facilitate a more seamless transition to the cloud.
- **Hybrid** - Enterprise Planning Cloud is very well-suited for hybrid deployments (e.g. Hilton), avoiding need for ‘big bang’ migration (e.g. move all apps at once).
- **Best Practice Frameworks** – use best practices frameworks for long-term value and easier administration
- **Dimensionality & Best Practices** – New innovations have resulted in new best practices (see “*Best Practices Design, Troubleshooting & Monitoring*” on the ‘Enterprise Planning & Budgeting’ forum in Oracle Cloud Customer Connect).
- **Evaluate Strategic Modeling** – Leverage SM for long-range, top-down planning and “true modeling”; Migrations from Strategic Finance are relatively seamless
- **Groovy** – Give life to your old calcscrips. Look for common use cases where groovy can add value (see “*Enterprise PBCS - Using Groovy.doc*”).

Implementation Effort – Enterprise Planning







#	Function	Effort	Comments
Enterprise Planning Frameworks			
1	Planning Accounts		Easily re-use your current chart of accounts with Financials
2	All other dimensions		Re-use existing dimensions; Leverage valid intersections for better user experience and more efficient form maintenance
3	Calculated members & CalcScripts		Need to review for any member changes
4	Workforce Planning		Higher effort, but major benefits from upgraded platform
5	Project Financial Planning		Need to review for any member/dimension changes
6	Capital Asset Planning		Very seamless migration for existing Strategic Finance customers



Less Effort → More Effort








Implementation Effort – Enterprise Planning (cont.)

#	Function	Effort	Comments
Planning (e.g. standard BSO/ASO cubes)			
1	LCM Migration		Applicable in lift and shift scenarios. Makes implementation much faster.
2	Application Creation		Swift process with excel based app creation for dimensions, security and data.
3	Forms, Dashboards and Rules		Forms and rules use the same skills as on-prem applications and the same best practice can be followed
4	Integration and Automation		Similar integration tools as in on-prem with more automation and flexibility
5	Approvals, Tasks and Navigation Flows		Create custom navigation flows to tailor interface to needs of users and groups and build approvals and task flows consistent with on-prem.
6	Built In Reporting		ASO cubes are built within the same application and with smart push capabilities instant reporting and analysis can be implemented within the same application



Implementation Effort – Enterprise Planning (cont.)

#	Function	Effort	Comments
Strategic Modeling			
1	Model Creation & import		Model creation is a matter of minutes. Existing models can be imported from local files using Smart View. Models come with a built out set of accounts and sub accounts
2	Building out the Models		Using subaccounts and user defined accounts, free form account forecasts, scenarios, funding options and reports we can build a model pretty rapidly
3	Model and Consolidation hierarchy		Once the required models have been built out, model structure and consolidation hierarchy are a quick process based on desired hierarchy
4	Closed Loop Integration		Navigation flows can be used to collate the models along side other planning artifacts to give a unified application wide viewpoint. Groovy script based business rules and data maps* (Q1 2018) can be used to move data between planning and strategic models and between strategic models and reporting cubes.
5	Assign Access		Access permissions for users of strategic models can be set to be different from the access rights for these users in an operational planning context. Users who only need access to strategic models don't need to be given access to operational planning.

Less Effort → More Effort



Consolidation & Close

Migration Considerations

Migration Considerations

Consolidation & Close

- **Optimize** – Many HFM applications are bloated with metadata and rules no longer needed or in use. Perfect opportunity to clean up and optimize.
- **Co-existence** – New acquisitions or projects? Leverage FCCS instead of expanding HFM footprint
- **SDM** – More data means more complexity: let SDM manage IFRS 16/17, footnotes, disclosures and other reporting data.
- **Task Manager** – Manage on-premise and cloud systems all from one central place. Every business needs improved close process orchestration.
- **Best Practices** – Financial Close has built-in best practices from thousands of HFM and Enterprise customers. Why reinvent the wheel...

Implementation Effort – Consolidation & Close

Rich

#	Function	Effort	Comments
1	Dimension – Entities		Define Legal, Statutory, Management and other hierarchies including shared member
2	Dimension – Accounts		Use OOB accounts, or map existing accounts to OOB parents
3	Cash Flow/Movements		Use OOB and add additional. Output is Cash Flow by entity
4	Intercompany Eliminations		Define plug accounts and I/C entities and system handles rest
5	Translations/CTA		Automatic f/x translation and CTA calc. Overrides as needed.
6	Security		Need to review for any member/dimension changes
7	Webforms		Design how users interact with data
8	Dashboards / Reports		Significantly improved user experience
9	Custom Calculations/Consolidations		Augment OOB content with custom rules. Requires scripting knowledge and consolidation structures



Less Effort → More Effort

Program Agenda

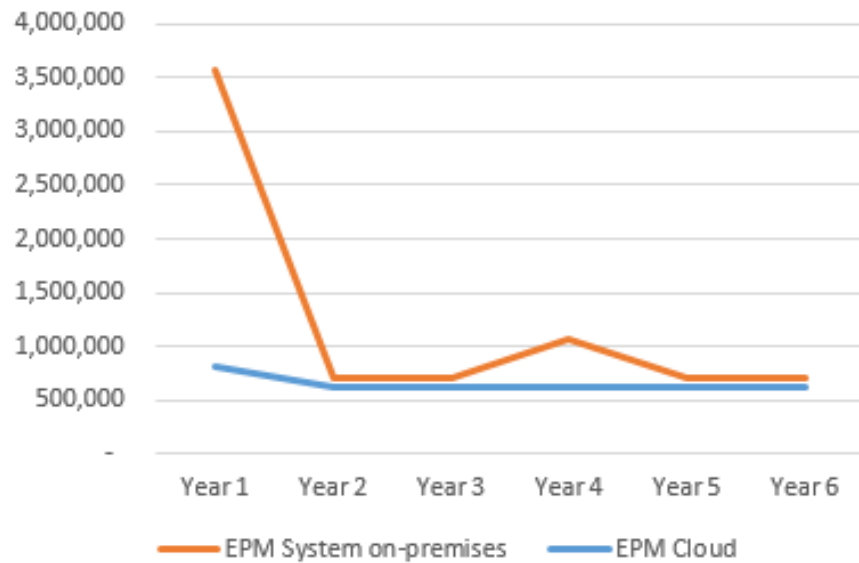
- 1 Why Change Now
- 2 Migration Considerations
- 3 Product Considerations
- 4 Total Cost of Ownership**
- 5 Q&A

TCO Calculator Example

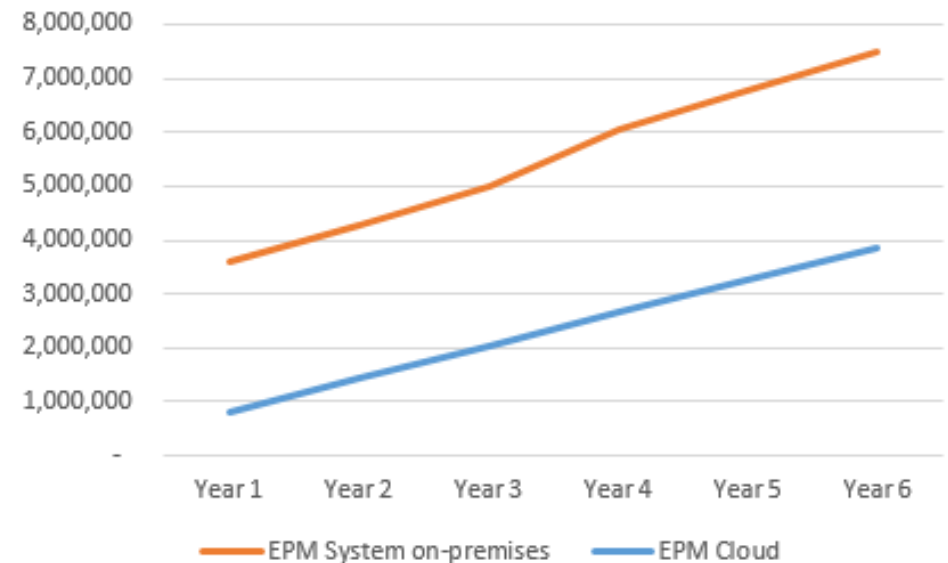
ORACLE ENTERPRISE PERFORMANCE MANAGEMENT On-Premises to Cloud Migration TCO Calculator

TCO Comparisons (Including non-recurring expenses)

Annual Expense - On-premises vs Cloud



Cumulative Expense - On-premises vs Cloud





Integrated Cloud

Applications & Platform Services