

Oracle Hyperion Profitability and Cost Management

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**ENTERPRISE PERFORMANCE
MANAGEMENT SYSTEM**

KEY BUSINESS BENEFITS

- Identify sources and attributes of profitability with multidimensional analysis
- Accurately allocate costs with a flexible allocation engine that supports any methodology
- Gain confidence in cost allocations and revenue flows with graphical traceability maps
- Strategically allocate resources with accurate profitability and cost information
- Improve marketing programs through product and customer segmentation analysis
- Delivers a management reporting environment as a companion to ERP and financial reporting applications

Understanding profitability and cost is fundamental to improving organizational performance. Oracle Hyperion Profitability and Cost Management is a performance management application that provides actionable insights into cost and profitability. As part of Oracle's Hyperion performance management applications, Oracle Hyperion Profitability and Cost Management drives organizational performance by discovering drivers of cost and profitability, empowering users with visibility and flexibility to improve resource alignment.

Discover the Drivers of Cost and Profitability

With increasing global competition and economic uncertainty, finance, sales, and marketing are focusing on accurately understanding the drivers of cost and profitability in their organizations. In fact, obtaining this insight is becoming a leading practice across industries and is increasingly a critical component of EPM implementations. Using Oracle Hyperion Profitability and Cost Management, users are able to identify the value added by the activities they perform to support their products and services, establish benchmarks and enable process improvement.

Oracle Hyperion Profitability and Cost Management leverages Oracle Essbase—the industry's leading online analytical processing (OLAP) server—for faster, easier, powerful multi-dimensional analysis and scenario modeling. Support for both revenue adjustments and cost allocations provide an accurate and complete understanding of all revenue and cost values.

Empower Users with Visibility and Flexibility

Oracle Hyperion Profitability and Cost Management offers a flexible allocations platform for any method, including activity-based costing (ABC) and time estimation. Traceability maps and audit trail capabilities provide new levels of transparency for greater confidence in the analysis, reported results and the business rules underlying them.

Improve Resource Alignment

Oracle Hyperion Profitability and Cost Management shares a common foundation and is integrated with the other Hyperion performance management and ERP applications from Oracle. As such, results from Oracle Hyperion Profitability and Cost Management can be easily shared with Oracle Hyperion Planning and other applications. This data can then be leveraged into strategic, more aligned decisions to improve business performance, such as pricing strategy or resource allocations. Also, with HPCM's

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KEY FEATURES

- Business user-driven profitability modeling
- Flexible allocation platform
- Traceability maps
- Business rules engine
- Model validation reporting
- Hierarchy and dimension management
- Multi-dimensional calculations
- Detailed cost and profitability calculations
- Powerful analysis and reporting
- Integration with other performance management applications

Management Ledger allocation models, ERP systems remain focused on transaction processing and statutory reporting because they are not burdened with the extra requirements of management reporting like a multitude of dimensions, operationally granular data, and the processing of many scenarios.

Differentiating Features of Hyperion Profitability and Cost Management

The following features differentiate Oracle Hyperion Profitability and Cost Management from other solutions on the market:

Business User Driven Profitability Modeling

With an open, flexible, and easy-to-visualize modeling environment, business users can follow a suggested path—or create their own process—to create, maintain, and deploy their cost and profitability models. This offers a huge advantage over traditional “black box” cost and profitability solutions, which required specialist analysts and intensive use of IT resources to develop models.

Flexible Allocation Platform

Accurately measuring and allocating both cost and revenue is the key to calculating profitability. Oracle Hyperion Profitability and Cost Management’s allocation platform supports organizations’ cost and revenue modeling approaches, whether they use cascading allocations, custom calculations, sequence dependent calculations, ABC, standard costing, time estimation, or industry-specific revenue adjustments. Multiple allocation methodologies can also be combined to form a custom allocation methodology.

Business Rules Engine

The business rules engine in Oracle Hyperion Profitability and Cost Management allows business personnel to drive application design and rapid iterations. An intuitive interface makes it easy to build dimensions, hierarchies, metrics, and scenarios.

Traceability Maps

Traceability maps—graphical depictions of allocations—provide a new level of transparency into cost and revenue allocations through multiple steps. Using traceability maps, users can verify that business rules have correctly applied the allocations. Traceability maps can serve as documentation, so that independent reviewers are able to comprehend and, if desired, duplicate the allocation algorithm to validate the profitability model.

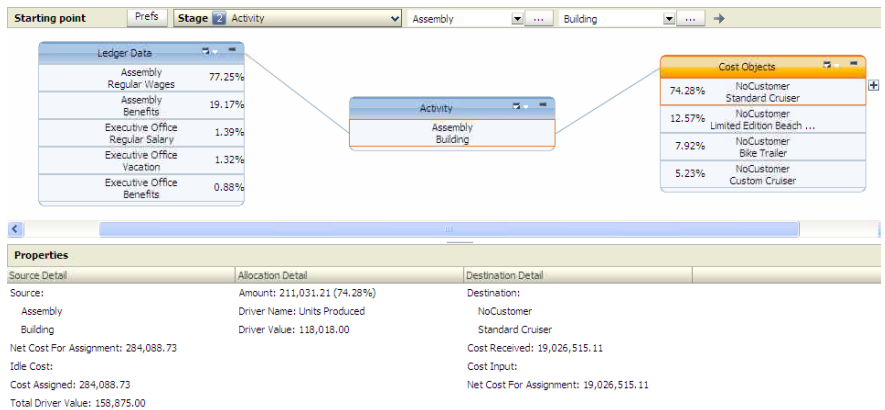


Figure 1: Traceability maps provide transparency into revenue and cost allocations. From any point in the model, users can trace backwards or forwards, easily visualizing the defined process flow for validation and knowledge transfer.

Model Validation Reporting

Oracle Hyperion Profitability and Cost Management provides users with stage-by-stage cost and revenue assignment validation reports for testing the completeness of their cost and profitability models and reduces the time required for troubleshooting. This “accounting report” provides a summary level detail of the distribution of cost and revenue allocations, stage by stage. Any unassigned or idle amounts are listed, making it easy to see if the model is mathematically balanced.

Genealogy Reporting

Oracle Hyperion Profitability and Cost Management includes a process to create genealogy data for all the allocations in the model while maintaining the relationship between the allocations. The genealogy data creation process calculates the allocation detail for source and destination intersections that do not have a direct assignment but instead have an indirect relationship downstream. Users can analyze allocations through multi-stage contribution paths and determine how values from one stage contribute to results in a later stage. This gives users visibility into the intermediate stages through which those values have passed.

These calculation processes, together with the embedded traceability maps and validation reports, support complex analysis and reporting of causes and effects within the model.

Year: 2012		Period: January		Scenario: Actual : Draft			
Source Database:		Reporting		Run			
#	Stage Name	Assigned Input	Total Input	Activity	Cost Objects	Profitability	Total Output
1	Ledger Data		42,886,700.00	19,646,700.00	22,997,321.50		42,644,021.50
2	Activity	19,646,700.00	19,646,700.00		19,646,700.00		19,646,700.00
3	Cost Objects	42,644,021.50	42,644,021.50			42,644,021.50	42,644,021.50
4	Profitability	42,644,021.50	42,644,021.50				0.00

Figure 2: Model validation reporting helps ensure completeness of models. Stage balancing reports follow the inputs and allocated outputs and include idle capacity and unassigned amounts.

ORACLE ENTERPRISE PERFORMANCE MANAGEMENT APPLICATIONS

Oracle enterprise performance management applications are an integrated, modular suite that supports a broad range of strategic and financial performance management processes and helps unlock business potential.

RELATED PRODUCTS

Oracle enterprise performance management applications provide the following capabilities:

- Strategy Management
- Financial Close and Reporting
- Planning, Budgeting and Forecasting
- Profitability and Cost Management
- Enterprise Data Governance

Highlighted balance values within the Stage Balancing Report provide links for further drill-through analysis for both validation and reporting. The links launch Oracle Hyperion Smart View for Office, providing flexible reporting and ad-hoc capabilities.

Hierarchy and Dimension Management

The dimension and hierarchy management capabilities synchronize metadata across Hyperion performance management applications. Users can graphically design their profitability application using existing artifacts from the common performance management library in Oracle Hyperion Enterprise Performance Management Architect. Dimensions and attributes defined for one model can be used in multiple models.

Multidimensional Calculations

Oracle Hyperion Profitability and Cost Management is the only packaged profitability application that leverages Oracle Essbase for faster, easier, powerful multidimensional analysis. One point of maintenance makes it easy for an administrator to manage business rules.

Detailed Cost and Profitability Calculations

The detailed profitability features of Oracle Hyperion Profitability and Cost Management will help organizations that need to improve their understanding of cost and profitability across large volumes of products, services and customers. Costs and revenues can be allocated at a very granular level to enable improved insights into how customer-driven interactions across channels impact profitability and to help support more precise decision-making about product and service offerings. The detailed profitability calculations can use multidimensional cost pools, activity rates and unit costs to develop a P&L for each high-volume target, such as individual subscriber, account, asset, project or order.

Powerful Analysis and Reporting

The data generated by Oracle Hyperion Profitability and Cost Management delivers powerful insights for decision-making. Business users can visualize multi-dimensional information in a highly intuitive manner through user-directed query and analytic capabilities.

Integration with Other Enterprise Performance Management Applications

Oracle Hyperion Profitability and Cost Management shares a common foundation and is integrated with the other Hyperion performance management applications. This enables a single point of maintenance for reduced cost of administration and ownership versus non-integrated point solutions. And as part of the enterprise performance management processes, Oracle Hyperion Profitability and Cost Management enables faster, better decision making and allows organizations to allocate resources more strategically.



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