

Maximizing outcomes: Leveraging Oracle's Cloud for Digital Finance



70%

Business Leaders see digital technologies as an opportunity to enhance operational efficiency.



68%

of CEOs see Data and Analytics generate the greatest return.



Cloud computing can drive efficiency, increase agility, and reduce costs for companies.



38%

Savings of **38%** through moving to Oracle Cloud from an on-premise solution.



More than 70% of the business leaders taking part in PwC's latest global CEO survey see digital technologies as an opportunity to enhance operational efficiency, customer experience, innovation capacity and brand reputation.

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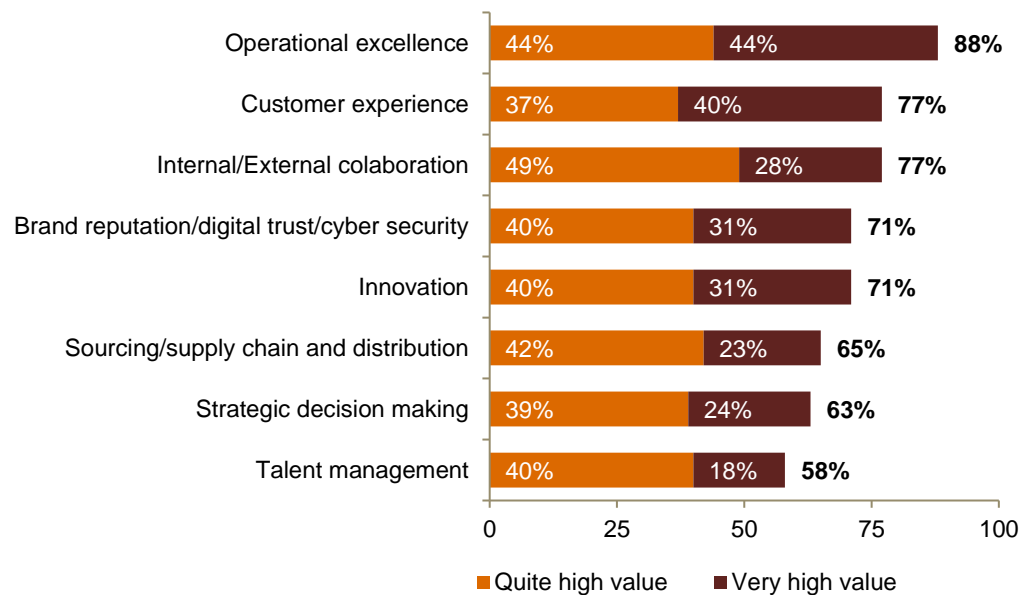




Foreword: Enabling Digital Finance and CFO priorities with Oracle Cloud

For today's CFO, moving a company's financial operations to the Cloud is perhaps one of their biggest open questions and potential challenges. There are dramatic benefits offered to Cloud adopters such as efficiency and global flexibility. But there are also significant hurdles like process standardization and internal role changes that implementation often requires. Yet more than 70% of the business leaders taking part in PwC's latest global CEO survey see digital technologies as an opportunity to enhance operational efficiency, customer experience, innovation capacity and brand reputation (See Figure 1). A focus on these same goals are often a CFOs driving force behind transitioning their company's operations to the Cloud.




Figure 1: Digital opportunities



Source: 1322 CEOs interviewed for PwC's 18th Annual Global CEO Survey (www.pwc.com/ceosurvey)

As outlined in the PwC white paper “Leading from the front: Redesigning finance for the digital age”, there are some key value drivers to achieving the benefits of these digital opportunities

Those key value drivers are:

	Insight
<ul style="list-style-type: none">• Strategic decision support aligned with internal and external customers• Simplified flows of data, information and analysis• Predictive, forward looking insight• Timely and actionable information	
	Efficiency
<ul style="list-style-type: none">• Cost effective back office processes and structure• Increased capacity for value added activities• Scalable service delivery models to support business growth	
	Compliance and control
<ul style="list-style-type: none">• Greater transparency and accountability• Embedded culture of controls awareness• Improved risk management	

This white paper will outline how Oracle Cloud and PwC are helping CFO’s succeed on the path to Digital Finance by providing fully integrated, cloud based solutions to support each of these key drivers.





Digital driver 1: Insight through data and analytics

Insight through data and analytics is a key value driver in a successful Digital Finance transformation.

PwC's recent Global CEO Survey found that 68% of CEOs see data and analytics as the connecting technologies that generate the greatest return in terms of engagement with wider stakeholders

Using Oracle Cloud reporting and analytics tools, **the right information is delivered to the right people at the right time** to allow them to make critical decisions. They provide functional users greater accessibility to real-time information, which provides them the ability to create new, valuable insights. All users of a company's Cloud ERP system will find data analytics available and transformable to their specific needs. The tools are robust, providing macro-level insights and allowing for problem-spot inspection to be as granular as specific transactions. At a current PwC client utilizing Oracle Cloud reporting tools, we are seeing **productivity increase by 25%-30%** for functional end users.

These reporting tools enable the simplification of the construction, administration and distribution of analyses. Users have direct access to data analysis tools and predefined reports and data models. The security functionality allows business to control who can view and manipulate data. Users can build and query individual reports

directly and **distribute to individuals or groups through social features.**

A global manufacturer's current business unit structure left functional users struggling to gather and report on meaningful data. They also had a rigorous month-end schedule with four disparate systems that all needed to comply. There was inconsistent standards across divisions with no clear source system leading to data integrity issues.

By working together, PwC, Oracle, and the client created a new business unit structure that was able to effectively utilize the reporting tools. By using delivered reporting and not building custom reports, the client saved hundreds of thousands of dollars in post-project development and maintenance costs. To address the month-end close issues, PwC provided knowledge around effectively using the Close Dashboard. As a result, the client was able to shave hours away from non-value add close activities.

In some cases, the members of the Finance organization were using different tools to analyze data, leading to data integrity issues. Having the same data source and thus speaking the same language, collaboration across the organization was now possible. Overall, **good design principles and improved analytics tools allowed the client to have better access and insight into their financial performance.**

Reporting functions are supported and integrated across every module. Importing and reporting on data from external sources is easily accomplished. Data is readily shared within the organization, creating a more transparent and cooperative environment. With the embedded tools, users can not only analyze data but also have the ability to seamlessly drill back to the subsystems from the ledger.

A global, alternative asset management company wanted a system that could bridge their three investment groups in an efficient and cost-effective manner. They were looking for their reporting to be based on one version of data and then reconcile to each source system.

PwC worked with the client on a solution to provide management, operational, and statutory reporting in a seamless manner. PwC designed this user experience to enable the client's cost optimization efforts around total cost of finance. Flexible data models allow the company's reporting tools to accurately reflect their specific business. Standard data definitions across the company provides consistent report delivery. The ease of ability to drilldown to the subsystems allows efficiency to reconcile. Having a good design, one single source of truth for all data, and utilizing enhanced reporting tools, PwC was able to help the client efficiently gather relevant, timely information and gain a better understanding of their financials.

Digital driver 2: Efficiency and agility

Cloud computing has the ability to drive process efficiency, increase agility, and reduce costs for companies. This is accomplished through standardizing processes, simplifying implementation models, and utilizing a modern technology platform. There are three main categories of efficiency driven by Cloud ERP:

 Process conformance	 Cost efficiency	 Technology modernization
<p>Process standardization, inherent within the solution-and template-driven approach, along with embedded features drives business and IT process simplification and a streamlined service delivery model</p>	<p>Maintenance tasks associated with an on-premise ERP solution are either reduced or eliminated in a cloud-based solution</p>	<p>Modular and scalable systems with faster implementation time, and quicker upgrade cycles ensures access to latest technology across user-base</p>

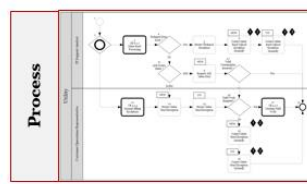
Process conformance

Oracle Cloud enables process standardization and an improved service delivery model. By creating an environment where Finance has much more visibility to all business operations, It allows for unprecedented levels of enterprise collaboration and agility. In turn, scaling up is turnkey instead of engineered. The efficiencies that result from utilizing the same standard processes and data sets across organizations can **turn a weeks-long close into a matter of days**. Adding new legal entities and other configurations are straightforward.

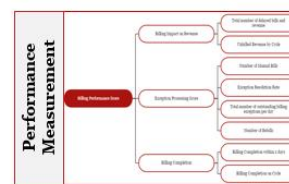
PwC has tailored our interactive “**Leap**” tool to align to the Oracle Cloud processes and ensure an even higher level of efficiency in implementation by bringing PwC’s collective knowledge about our clients’ industry best practices in a target operating model. It contains standardized processes, KPI’s/metrics, technology architecture diagrams, and organization hierarchies.



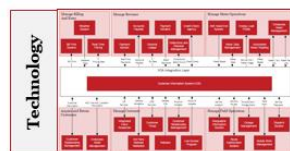
> 400 auto-generated diagrams



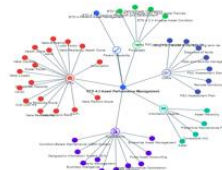
>1600 integrated process maps. Now to Level 4!



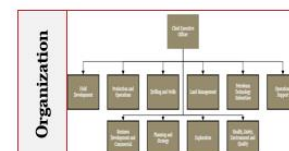
> 1000 KPIs, metrics and CMMs



Technology architecture diagrams



Intelligent navigation and graphics







Dynamic org chart hierarchies

A major franchise restaurant company had shifted its business model and needed to update their processes and technology. They knew they needed to move to the Cloud but as a large, dispersed organization the transition had to be done right. Through PwC's Leap and 'Fit to Cloud' approach, we are delivering a **flexible and scalable Oracle Cloud-based system that supports their organizational goals**. The detailed fit assessment and use of accelerators to learn and analyze on the front end of the project, enable streamlined processes and a smoother implementation. The new system is saving time and expense and allowing Finance to focus on the complexities inherent in bringing multiple brand entities under one Finance roof.

Cloud ERP systems also provides a variety of collaboration and workflow tools that make business communication more interactive and efficient for customers and partners, which in turn streamlines internal processes. These efficiency gains **drive the time savings that deliver huge gains from utilizing the Cloud**. Some of the new features in Oracle are:



A few examples of a business functions that have greatly benefited from the new Oracle Cloud platform are:

Process	Improvements	Business outcomes
<p>Budgeting and planning</p> 	<ul style="list-style-type: none"> • Powerful out-of-the-box reporting tools, like OTBI, BI Publisher, Financial Reporting, and Smartview • Automated approval workflows and attachment capabilities remove the need to print journals and supporting details for reviews • Approvals and reports available via any device 	<ul style="list-style-type: none"> • At a recent client, they made great strides towards their vision for a completely paperless company and have seen a 50% reduction of paper use in accounting
<p>Procurement</p> 	<ul style="list-style-type: none"> • Improved supplier management to qualify and assess suppliers • Negotiated pricing and terms are automatically leveraged to realize maximum savings • Integrated with Oracle BI 	<ul style="list-style-type: none"> • Insight for better spending decisions • Automation of workflow and reconciliations to save time
<p>Fixed Assets</p> 	<ul style="list-style-type: none"> • Ability to set up multiple corporate and tax books with different depreciation policies • Assets can be copied from one book to another reducing manual work • Calculate depreciation for a large number of assets in a fast and consistent manner for corporate and tax reporting • Pre-built PwC reports that can be used as accelerators, such as the asset register for physical inventories, which contains pre-populated information and columns to capture uniform data 	<ul style="list-style-type: none"> • An average US company with 1 Corporate book, and 3 tax books, can reduce the # of hours performing manual calculations from 15-20 hours down to 1 hour or less. International efficiencies can be much greater • Physical inventories report eliminates the need to go back to staff for more information after the fact, increasing efficiency by 15-20%
<p>Project Management/ Project Accounting</p> 	<ul style="list-style-type: none"> • Fully integrated project and resource management, forecasting, cost collection, invoicing, etc. • Utilize the social function to streamline interactions and more efficiently communicate problems and set expectations • Integrated with Oracle BI, enabling everyone to get a complete picture of a project's health 	<ul style="list-style-type: none"> • Increased speed of decision-making • At a current global manufacturing client, PwC is collapsing three different project management (PSA) solutions into the integrated Oracle Cloud

All of these factors (standardized processes, delivered implementation models, improved collaboration, and enhanced workflows) greatly reduce the client time commitment to monitor, evolve, and support their application, thereby enabling the Finance team to improve their value added service delivery.



Cost efficiency



The savings are multifold with the Cloud. There is reduced IT infrastructure, lower development and integration costs, and reduced internal support requirements, among other savings that all combine to have a powerful effect on business capabilities.

A multi-national organization estimates savings of 38% through moving to Oracle Cloud from an on-premise solution, primarily through: reduction in upgrade/migration costs, reduction in maintenance labor, and elimination of hardware maintenance labor and infrastructure software for the ERP system, over a five year period

From an IT and infrastructure perspective, the use of the Cloud **significantly reduces internal IT costs and resource requirements**. As a result, the upfront investment can lead to long term cost reduction. It also allows technical staff to be redeployed towards other value added activities.

Oracle's Cloud solution provides a **fully-integrated software system** with more delivered capabilities than its competitors. Many of the integrations are out of the box, meaning companies do not need to deal with third party integrations for costly build-outs. Ultimately, this can lead to lower development costs for the company in the long run.

In addition to IT infrastructure cost savings, a client was able to centralize account reconciliations, manual journal entries, invoicing, and requisitions and save ~\$1.5M annually by shifting many people to a shared services center.

In addition, ongoing maintenance is improved, as Oracle Cloud **upgrades are delivered twice a year** and can be scheduled by the client. This eliminates the need for costly, time consuming in-house system upgrades. This is a **key differentiator for Oracle over its competitors**. Because Oracle is single-tenant, you have control over when you upgrade within the cycle, not a forced date like its competitors. PwC helps companies optimize this window.



Technology modernization

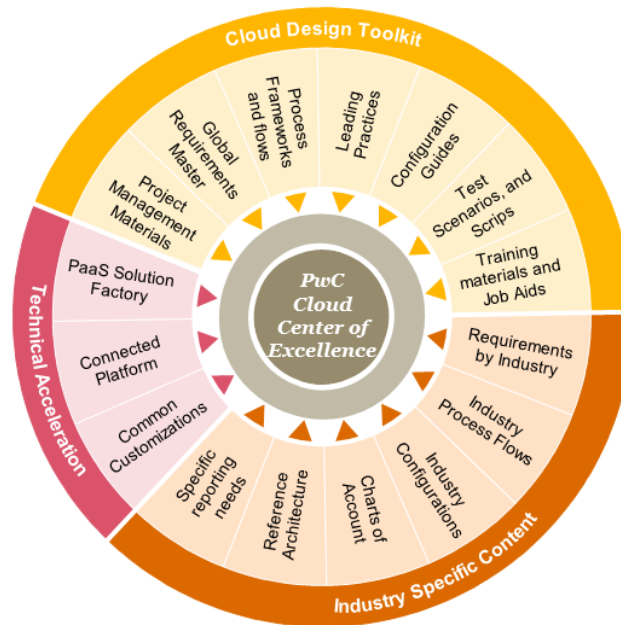


Modular and scalable systems with faster implementation time, and quicker upgrade cycles ensure access to latest technology across user-base.



Oracle Cloud has automated patching, which ensures you are always up-to-date from a functionality and security perspective, and therefore better able to keep up with the constantly changing demands of your business. While this requires more rigorous change management, once the processes around testing and validation are in place, the benefits to your business are immense.

Meanwhile, businesses will no longer be limited by in house technologies and investments. With the Cloud, **the ability to grow the platform is easy and efficient**. With one phone call, Cloud vendors can provide additional server capacity to handle higher transaction volumes, etc. In addition, PwC has created a library of accelerators (functional and technical), and industry based content to quickly implement and enhance Cloud applications:



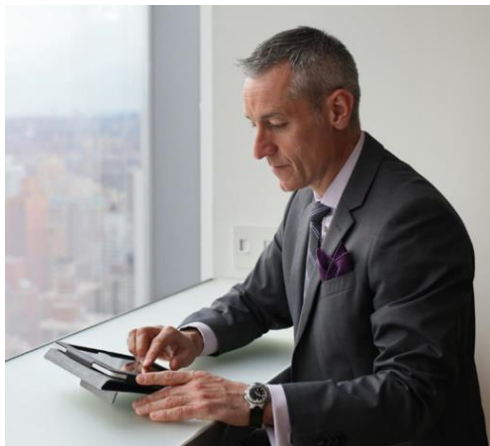
Finally, the concern about cybersecurity risk is often raised by CFOs regarding how their data will be protected by moving to the Cloud. The average data breach cost U.S. companies \$7 million for each occurrence, according to a study by the Poneman Institute and IBM released in June. As the leading Cloud finance delivery platform, **Oracle builds solutions that secure far above industry standard**. Oracle meets or exceeds the new European Data Privacy Standards and, notably, Oracle is the only finance cloud application that is FINRA certified, making it preferred for asset management. Oracle’s Cloud finance works to mitigate risk by establishing standard industry best practices out of the box. Also, as mentioned previously, the software receives regular updates so companies will always have the latest solutions and don’t run the risk of ever getting behind security patches.



Digital driver 3: Controls and compliance

Embedded controls

Many clients may not have upgraded their Risk and Control matrices since the onset of the Sarbanes Oxley legislation in the early 2000's. Most existing Oracle ERP customers chose to perform "technical upgrades" versus re-implementations when moving between releases. In doing so, they have missed opportunities to take advantage of new functionality and embedded automated controls inside their ERP investment, and have retained more time intensive and laborious manual controls.



The advent of Oracle Cloud ERP presents that opportunity anew. As our clients are re-designing processes to meet the new functionality delivered in the Cloud, they are deciding to re-evaluate their control universe

during their implementation project. Controls specialists are present during design workshops identifying, then superimposing controls into new process flows and revamping key control matrices. This allows them to utilize the **increased number of control points and automation available** in their Cloud ERP.

In one recent implementation, PwC assisted a large asset management company to integrate controls into their new Oracle Cloud ERP. Our specialists led workshops working with the client to design the controls into business processes via the technology. By plotting control points across the client's various business process flows and creating new risk and controls matrices, PwC helped the client demonstrate their readiness to both their external auditor and the marketplace. They were also able to **reduce the net cost of compliance** by turning controls that were previously time intensive and manual in nature into controls that were automated and systematic. As a result, resources were then diverted to more value based activities.

Additionally, Oracle recently released their Risk Management Cloud solution. Amongst other things, it predominantly acts as a documentation and testing repository that houses an Organization's various compliance requirements and associated controls. Oracle

plans to introduce the more tactical Advanced Financial Controls product soon. That solution will focus on monitoring erroneous transactions and will help detect user access violations (segregation of duties). In due course, we anticipate many Oracle Cloud ERP customers will take a closer look at these solutions to further enhance their control environment. It will be interesting to see how Organizations adopting a co-existence strategy, with Cloud and on premise solutions, will react to the product release as they invoke their various Cloud roll-outs.

Data security

The ability to visualize and interpret the transactional and setup access afforded to end users inside Cloud ERP has been greatly enhanced compared to its predecessors. **The multi-tiered complexity of the security structure however remains**, and many of the delivered roles in the system arrive with inherent Segregation of Duties conflicts. In the past, the simple answer would be for client's to consider creating fully custom roles to reduce the associated risk. However, the solution is not as simple with Oracle Cloud ERP. With the extent of change being delivered every time Oracle releases a new version, clients are being forced to ask themselves whether creating a mass of custom roles will become a maintenance nightmare down the road. If new functionality is released, an assumption can be made that Oracle will redesign the associated roles allowing access to that functionality. If the client has customized their Oracle Cloud ERP roles, it will require recurring analysis and maintenance. While not insurmountable, it will introduce another step and more effort in the release management strategy.

For clients who do not wish to go down the path of custom roles, the alternative is the **creation of monitoring controls** that would detect end users performing unauthorized activities that their roles are allowing them to. Many clients are implementing these detection analytics. When Oracle releases the aforementioned

Advanced Financial Controls product, we predict this will be a very successful effort for them, i.e. continuous monitoring of erroneous or disallowed transactions.

PwC was recently engaged at a healthcare company to help design roles that were right-sized for their particular Cloud environment. Instead of creating fully customized roles or relying fully on delivered out of the box roles, PwC helped the Client risk assess those business transactions that are absolutely required to be segregated from each other. After building a transactional access matrix and working through it with key stakeholders, PwC built custom roles only where necessary to mitigate the risks that the Client prioritized. It ensured that the Client would **gain a clean bill of health by their auditors upon go-live whilst also reducing the risk of fraud and erroneous transactions being processed in the system**. The Client also avoided significant overhead from a role maintenance sustainment perspective.

Revenue recognition compliance

Revenue recognition is one area where companies have **new regulatory requirements to comply with**. The new revenue recognition standard was issued by the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) in May 2014. This 5 step principles-based standard replaces industry-specific guidance, improving comparability across industries, within industries and throughout global capital markets. The extent of the impact on companies will vary depending on the complexities of revenue contracts, but all companies will see some level of change. These include requirements for additional estimates and judgments, needs for new business processes and controls, and increased amount of disclosures. The impacts of the new standard extend far beyond technical accounting. The change to the way revenue is recognized will have broader impacts on other areas of the business,

including go-to-market strategies, income taxes, compensation arrangements and debt covenants, among others. **Automating these efforts as much as possible inside of a technology represents a critical success factor.**

The majority of companies have already started their journey to adoption of the new revenue recognition standard by assessing their revenue models and determining how revenue will be recognized in the future. The results of the assessment drive changes in company's accounting policies as well as highlights operational insufficiencies of the existing processes, systems and data. As a result of this, companies realize the need to change the existing processes and systems and introduce a higher level of automation.

There are a number of revenue automation solutions in the market. Each have their benefits in regards to adoption as well as satisfaction of various flavors of revenue recognition requirements under the new standard. Oracle will soon release their Revenue Management module. This will

complement the existing functionality available in Oracle Cloud ERP. **Revenue Management will help companies automate complex revenue accounting and revenue management processes based on the new revenue standard requirements.**

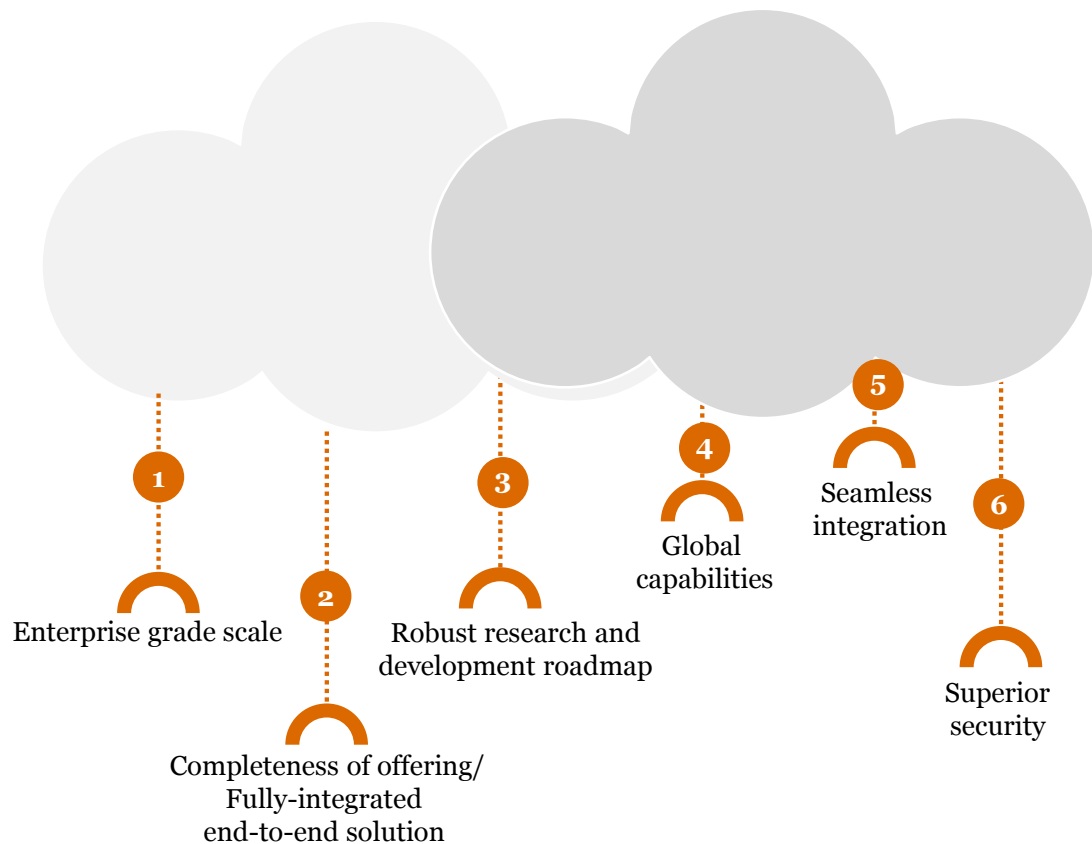
Integration and data availability constitute the most critical components of the implementation. **Revenue automation solutions are extremely dependent on the availability, reliability and details of the data** that is generated and housed in systems supporting the company's quote-to-cash process. It often proves the most critical factor to enable revenue management solution's automated functionality. Oracle Cloud ERP modules for the quote-to-cash process today are designed to be easily integrated with the new Revenue Management module and supply required data points driving higher degree of revenue management automation. Therefore, many companies have been waiting for this solution and are excited to see what it can do to help with the adoption of the new revenue recognition standard.



Path forward

The world's breakneck advances in technology necessitate a pace of change unheard of before in business. The risk of getting left behind is real for companies that take a "wait and see" approach. The Oracle Cloud is robust and gives those who leverage it correctly a competitive edge and enables the Finance organization to strategically lead their company into the future.

As companies consider moving to the Cloud, there are many vendor choices. In considering this move, your SaaS vendor should be selected carefully. In summary, Oracle Cloud is a clear leader based on some key differentiators from its competitors (i.e. SAP, Workday, etc.)





PwC's checklist to Oracle Cloud

1 *Embrace holistic, positive change*

- Moving to the Cloud is more than new Finance software, it's an entirely new, end-to-end process for your Finance organizations and overall business.
- Capabilities expand dramatically as do possibilities. Understand the configurations needed for your business.
- An experienced approach provides a redesign that evaluates all the end to end process steps before, during, and after they interface with the new system. PwC ensures the implementation doesn't just fit a system process but is all-encompassing for your business to maximize benefit from the Cloud.



2 *The wheel is round, keep it that way*

- The “we can change this” temptation is easy to succumb to but the costs can be enormous as you reinvent your systems to work with the Cloud.
- Industry standard models and implementation tools have been developed to leverage across engagements to streamline the process. PwC guides the change management and process integration from experience, creating a new environment markedly better than before making the move to Cloud.



3 *Protect your house*

- Your systems will be more secure in the Cloud if you implement systemic change across the board. Understanding that the weakest link in the chain is often outside your Cloud system but how you interface with it is crucial.
- As PwC conducts a Cloud Integration, each data source and its architecture is analyzed for weak points and risk mitigation measures are built into the new system.

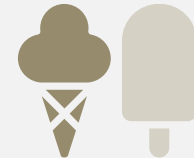




PwC's checklist to Oracle Cloud

4 *Vanilla tastes good, but there are other flavors*

- The Oracle Cloud Fusion PaaS application allows for the creation of configurable, customizable apps within the Cloud.
- In implementation, PwC has pre-built apps in this process to streamline and provide high-level adaptability for clients. Thousands of hours of development time is saved with each engagement.



5 *Run the marathon not the sprint*

- Consider the move to the Cloud from the macro level. This is the opportunity to revisit legacy procedures that were ineffective and inefficient.
- Data conversion without systemic change can result in employee and consultant hour burn heading to the cloud. Often jumping to conversion before considering change of processes results in burn out and a dreaded “start over.”
- By studying current processes from the perspective of experience, PwC helps clients build better business systems for efficiency and dramatic time savings.



6 *Best practices reinforced, installed*

- Discipline is the hallmark of a prosperous and sound business, Oracle Cloud takes your business to that next level.
- The Cloud requires twice-yearly updates so your business is constantly working with best practices.
- A governance and structural change management plan are key to fully-success Cloud integrations. PwC has industry-leading expertise in transforming companies with highly-competitive, thoroughly modern business systems.



Note: Look for future PwC White Papers where Revenue Recognition and Leasing in the Cloud will be fully evaluated.

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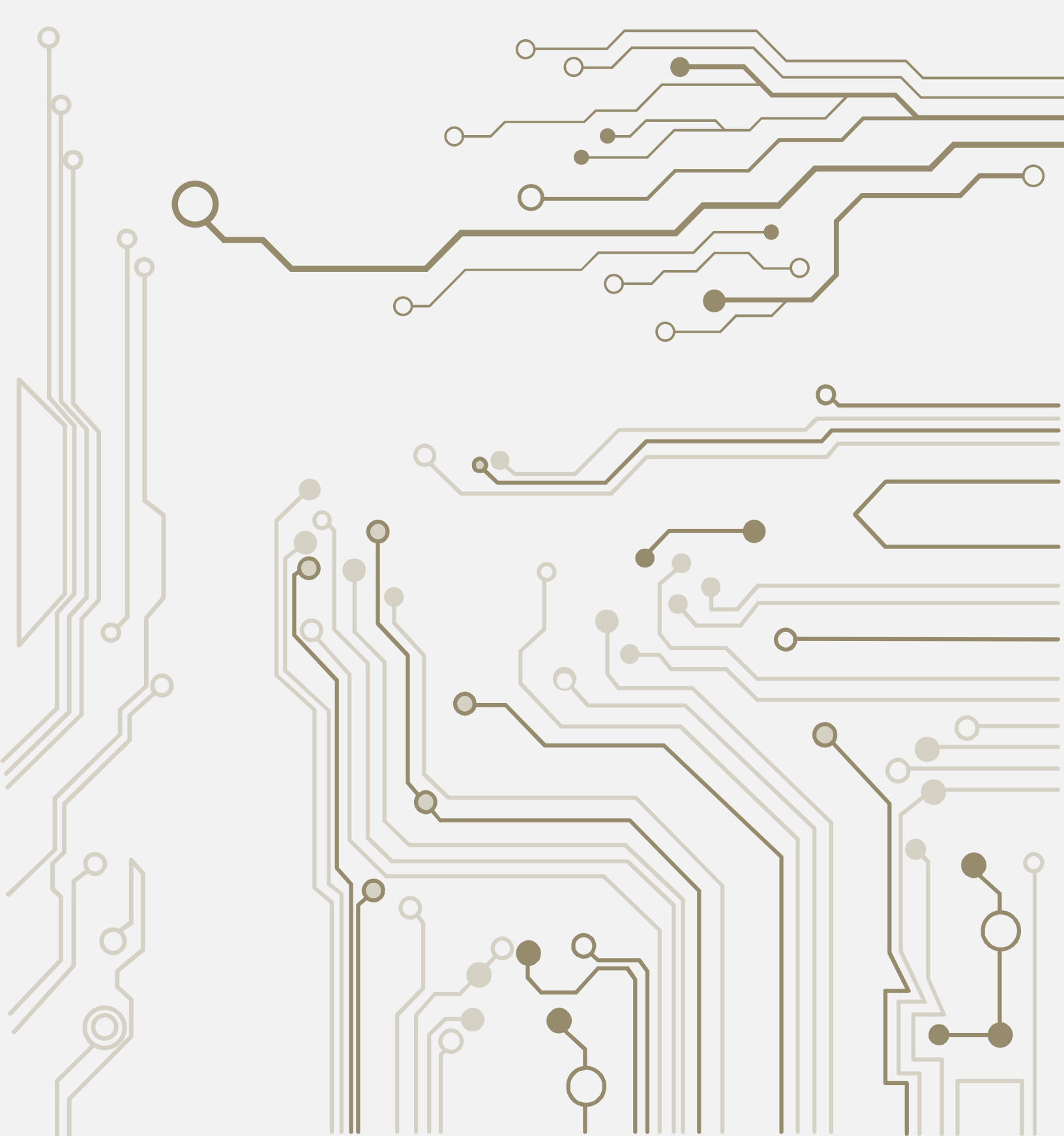
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