



NUCLEUS
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GUIDEBOOK
ORACLE CLOUD FOR
FINANCE

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THE BOTTOM LINE

Oracle's accounting and finance cloud solution delivers full visibility of an enterprise's financial position, reducing the amount of time spent managing accounts and allowing more time devoted to strategic decision making. In examining the

experience of users, Nucleus found that Oracle Cloud for Finance has scalability that allows companies of any size to consolidate ledgers into single chart of accounts, providing tools to monitor a firm's financial health across multiple subsidiaries. The cloud deployment model also eases the burden on IT departments by delivering a consistent upgrade schedule, lowering costs, and preventing complicated customizations.

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THE SITUATION

As many firms confront the end of life for their current finance and accounting solutions, they are looking for new solutions that simplify complex business accounting processes and are adaptable to changing business needs. Firms are looking for solutions that can leverage the interconnected chart of accounts using big data and analytics, while facilitating the move to mobile and real-time financial management.

The challenges facing enterprise financial planners stem from the complexity of accounting and reporting. Increasingly, accounting departments need the flexibility to deliver reporting based on domestic and international accounting rules, and consolidate accounts in multiple currencies and from multiple entities. As a result, accounting departments need solutions that provide as much visibility as possible and deliver data that can be easily interpreted and manipulated.

Decision makers need accounting solutions with the power to automate much of the reconciliation process, manage by exception, and reduce manual data processing. Additionally, customers want to integrate across departments that impact finance and accounting, such as human resources and procurement. CFOs need tools to help them get out in front of problems such as built-in budgeting tools that track payables and receivables and alert users to issues as they develop. Finally, as part of the accounting process, decision makers want analytics that test the business model and value proposition of a decision.

THE SOLUTION

ORACLE CLOUD FOR FINANCE

Oracle Cloud for Finance offers a number of product modules for customers to deploy as bolt-on point solutions or as an integrated suite. Oracle's products are designed to automate and streamline financial management from end to end, doing away with cumbersome manual process and Excel spreadsheets.

The suite includes the following modules:

- Financials Cloud
- Procurement Cloud
- Project Portfolio Management Cloud
- Planning and Budgeting Cloud
- Enterprise Planning Cloud
- Financial Consolidation and Close Cloud
- Account Reconciliation Cloud

Oracle's platform also offers a social tool to increase collaboration, mobile functionality, and embedded analytics that provide firms with insights in real time.

Nucleus analyzed the experience of customers and found that Oracle's cloud applications for finance deliver functionality and visibility that help companies manage their financial position. By leveraging the end-to-end visibility and automating many steps of the consolidation process, accounting departments and chief financial officers save time, increase efficiency, and lower costs.

WHY ORACLE CLOUD FOR FINANCE

Customers chose Oracle Cloud for Finance over other solutions for several reasons, including functionality and integration, lower IT expenditures, and deployment speed and flexibility.

FUNCTIONALITY AND INTEGRATION

When some customers were making the switch to a cloud solution, they were looking for a vendor that provided the functionality to meet their business needs. For those customers, Oracle Cloud for Finance offered the product capabilities they required, including Enterprise Resource Planning and Enterprise Performance Management.

Additionally, customers were looking for financial management tools that were interconnected out of the box, so managers could immediately gain full visibility of the chart of accounts.

FAMILIARITY WITH ORACLE SOLUTIONS

Customers who had been on an Oracle on-premise system opted to go with Oracle again for their financial planning tools in the cloud. Customers considered other vendors for their transition to the cloud but stayed with Oracle based on their prior experience working with Oracle products.

REDUCED IT EXPENDITURES

Some customers opted to deploy Oracle Cloud for Finance in order to slim their IT departments. By choosing a cloud solution, customers avoided buying expensive hardware and reduced the number of IT administrators needed to manage the system. Customers also knew that Oracle could support their business needs as they grew and they weren't at risk of outgrowing their solution. As one customer said: *"We looked at some other solutions and even looked at on-premise solutions. We found that the cloud was drastically cheaper moving forward."*

SPEED AND FLEXIBILITY OF DEPLOYMENT

The speed with which customers could deploy Oracle's cloud applications for finance and go live was another factor that helped customers choose Oracle. Customers reported having implementation partners who helped with the deployment that operated on the customer's timeline, which were typically much shorter than traditional on-premise deployments. The shorter deployments meant less consulting costs and faster time to value.

Additionally, customers were able to implement in phases based on their needs and what tools were most pressing for their business. For instance, one customer selected cloud modules on a case-by-case basis as their operations developed and changed. As one customer said: *"We knew we could go down the long [on-premise] road or take a risk and go with the cloud."*

KEY BENEFITS

Nucleus found that Oracle Cloud for Finance enabled customers to transform business processes and streamline their financial management. The primary benefits include increased visibility and simplified compliance, improved procurement management, improved cash management, and improve technology management.

IMPROVED PROCUREMENT MANAGEMENT

By linking general ledger with procurement, receivables, and budgeting, customers are able to avoid overbuying and shrinking inventories. Customers leveraged Oracle's cloud applications to coordinate across business lines and centralize inventory visibility in real-time, ensuring that inbound inventories better matched outbound sales, thereby increasing inventory turnover. One customer said: *"Streamlining our procure-to-pay process is a great example of [the benefits], as we have been able to improve relationships with our suppliers and minimize touch points."*

IMPROVED CASH MANAGEMENT

Customers can use the cash management capabilities of Oracle Cloud for Finance to gain a comprehensive view of their cash position and make forecasts across all accounts. Additionally, financial managers are alerted to specific gaps or errors when reconciling accounts and take quick action to rectify issues, shortening the firm's days sales outstanding (DSO) period. One customer said: *"Our CFO says we could never have done what we've done without Oracle."*

Based on the experience of customers, Nucleus estimates that Oracle Cloud for Finance could increase manager productivity by 12.5 percent through streamlined processes and automation. Nucleus also found that customers could expect to shrink their quarterly close time by up to 80 percent.

INCREASED PRODUCTIVITY

Oracle Cloud for Finance digitizes and simplifies many processes that were previously done manually, such as data entry and paper-based purchase order sign-off. With standardized and centralized data, shadow bookkeeping systems tracking transactions and purchase orders are no longer needed. As a result, customers experience increased productivity across numerous departments. Customers said:

- *"Purchase orders that used to take six weeks to complete, now take one week or less."*
- *"It now takes 20 days to close a quarter. With accounting and finance online and automated, it will shrink down to a matter of days."*

Customers reported the capabilities of Oracle's cloud applications to be transformational for their business processes. Incredibly labor intensive processes such as a manual financial close is moved online and automated, allowing financial planners to do more planning and strategic decision making. Customers said:

- *"The ability to adopt Oracle applications in the cloud has enabled us to begin the evolution of our business."*

- *"Oracle's cloud applications have enabled us to utilize embedded workflows, mobile capabilities, and business critical analytics that help our executive team make the best decisions for our organization in real time."*

INCREASED VISIBILITY AND SIMPLIFIED COMPLIANCE

Before switching to Oracle Cloud for Finance, customers using legacy solutions or manual processes for accounting and financial planning had decentralized data streams and shadow management systems, leading to information duplication and errors. Instead of enterprise accounting consisting of a number of separate accounts and ledgers managed with spreadsheets, Oracle's cloud applications give finance departments a holistic view of the financial situation. Customers are able to automate accounting processes, avoid errors, and streamline the reporting and compliance measures. One customer said: *"Arguably the best business benefit we have experienced on account of adopting these solutions is that the company has become so much more efficient by operating on one common platform."*

Additionally, Oracle's cloud applications give users a simplified interface and easy, user-specific process configuration tools. Following the Dark Cockpit Principles, Oracle's user interface directs users to their most immediate task and automates processes that were previously time consuming and tedious (Nucleus Research *q14 – Oracle weds cloud UI with simple and flexible*, January 2016).

IMPROVED TECHNOLOGY MANAGEMENT

By deploying a cloud solution, customers are able to do more with less, allowing finance and accounting teams to be smaller and nimbler. The integrated chart of accounts across the enterprise eliminates data siloing and ensures better quality data, saving time and money by reducing errors. Oracle's cloud applications for finance give customers functionality that can lead to efficiencies through process improvements. Based on customer interviews, Nucleus estimates that IT managers can save up to five hours per week due to simplified management and lowered upkeep requirements. One customer said: *"The analytics on top of the finance solution is where we get a lot of value. Through intelligence views we have an immediate view of the entire position of the company."*

As a cloud product, Oracle Cloud for Finance scales with the customer's needs. Customers avoid costly hardware, IT managers, and maintenance. In past analysis, Nucleus found that cloud ERP customers typically experience payback much faster than on premise deployments (Nucleus Research, *Cloud ERP gets 43 percent faster payback*, June 2016). For Oracle Cloud for Finance customers, Nucleus expects the payback period to be less than one year. In addition to faster time to value, the life

of the deployment is extended through simplified upgrades and snap on modules that deliver additional functionalities.

BEST PRACTICES

Nucleus identified a number of best practices based on customer experiences with Oracle Cloud for Finance:

USE AS DESIGNED

We found customers want to tailor part of their finance and accounting solution to accommodate their accounting department. However, in retrospect customers recommended preserving the out-of-the-box utilization of the modules rather than modifying processes. Avoiding special configurations reduces deployment costs and simplifies upgrades.

Oracle Cloud for Finance can be configured in numerous ways that make it upgrade-safe, and can be extended with Oracle PaaS, Oracle's platform-as-a-service offering, which supports application development in Java and several other languages. As a result, customers do not need to rely on a vendor's proprietary extension tools with limited functionality to achieve the configuration they want.

EMBRACE SYSTEM OVERHAUL

Deploying Oracle's cloud applications for finance should not be a reimplementing of prior accounting solutions. It can be a complete revamp of accounting and financial planning processes. Through centralization and automation, decision makers can spend less time managing the day-to-day finances and more time strategically planning. Nucleus found that some business processes were accomplished in completely new ways, eliminating shadow management systems and streamlining tasks.

LEVERAGE CLOUD FOR PHASED IMPLEMENTATION

While customers benefit from embracing changes in how they accomplish tasks, Nucleus found that customers could deploy Oracle's cloud applications in a stepwise manner, establishing the critical systems first. The flexibility of the cloud allows companies to undergo a phased implementation of their cloud applications, which was impossible with comprehensive, time-consuming on premise deployments. Customers can quickly stand up the applications they need most immediately in order to keep their business running smoothly. Customers can then initiate a second phase of implementation at their discretion, adding additional depth to the functionality of the deployment. Even though customers benefit from the system

overhaul inherent with a cloud deployment, they do not have to implement all modules at the same time.

CONCLUSION

Oracle Cloud for Finance helps customers undergo transformations in their business processes. Centralized and comprehensive visibility of the company's financial position in real-time gives decision makers the information they need to make strategic business decisions. Additionally, employees are able to change how they do their jobs, eliminating shadow management systems and cumbersome manual processes. Customers are also able to leverage business intelligence tools and analytics to extract more value out of Oracle's cloud applications for finance. As a result, Oracle customers are able to run more efficiently and be more responsive to events that impact the company bottom line.