

Delivering Value with Oracle E-Business Suite Financials Release 12.1

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Delivering Value in Uncertain Times: Oracle E-Business Suite Financials Release 12.1

Financial outperformers are making bolder plays. These companies anticipate more change, and manage it better. They are also more global in their business designs, partner more extensively and choose more disruptive forms of business model innovation.

**The Enterprise of the Future
IBM Global CEO Study Executive
Summary, 2008**

EXECUTIVE OVERVIEW

Long before these recessionary and uncertain times, finance organizations have been on a path to transform themselves into a more strategic partner to the business. To combat the affects of globalization, organizations have been driving towards centralization and standardization, which will result in simplification. Globalization is an inescapable force in doing business today, whether it's about pursuing new markets and customers or responding to a new set of global competitors or standards. The global economy offers a tremendous opportunity for growth, but at the same time presents management with some tough challenges. Finance is no exception, as it faces diverse financial reporting and tax standards, increased regulatory and security requirements, and a push to locate goods and services in lower cost markets.

The severity of the current global recession is creating extraordinary uncertainty among business executives across all industries and geographies. Executives are looking for ways to cut costs and IT budgets are under the microscope. No better time exists than during a recession to challenge mindsets about managing operations, even finance operations and practices. Establishing a strategic agenda that will help drive the business through these recessionary times should be a priority and coming out of the recession stronger is a worthy goal for every company. Organization should seek to create a strategic agenda that will result in driving efficiency and productivity while reducing complexity across the enterprise without hindering future growth opportunities. This strategic agenda should seek cost reductions and make selected investments that inherently support these objectives.

Oracle's latest release, Oracle E-Business Suite Financials Release 12.1, supports these objectives by offering a global solution for effective financial management. Delivering a global business platform that drives standardization and simplification throughout the enterprise for long-term benefits, Oracle E-Business Suite Financials Release 12.1 automates business processes, reduces operational costs and increases efficiency, continually defining and leveraging industry best practices.

With Oracle E-Business Suite Release 12.1, Oracle delivers on its Applications Unlimited commitment, the long-term plan to provide continuing enhancements to existing investments in Oracle applications. Oracle E-Business Suite Financials Release 12.1 is based on extensive customer feedback, industry best practices, analysts' research and Oracle's own commitment to thought leadership.

This whitepaper is intended to provide guidance in regards to the types of benefits that may be realized through an upgrade or implementation of Oracle E-Business Suite Financials Release 12.1. For those customers that are considering a move from an 11i implementation directly to Release 12.1, this whitepaper also calls out the significant value add enhancements from Financials Release 12. For customers who are not planning an upgrade within the next 12 months, this paper also highlights the value of solutions that they can leverage in an 11i10 environment.

“Oracle customers have increasingly expressed the importance of achieving rapid return on their IT investment, in addition to the need to standardize and simplify processes globally throughout the enterprise. With Oracle E-Business Suite Release 12.1, we wanted to provide options for all organizations to choose the focus that made the most sense for them strategically. We have addressed this with the approach of standalone solutions and, new features within the global enterprise platform.”

**Cliff Godwin
SVP Oracle Applications Development**

INTRODUCTION

In this ever changing and uncertain environment, it is important to understand the key drivers behind Oracle E-Business Suite Release 12.1. In the subsequent pages, the business benefits of key capabilities in Release 12.1 are discussed with reference to the following key business drivers:

- Achieve rapid return today
- Invest in ways to standardize and simplify with a global business platform

The first driver focuses on the opportunity to achieve rapid return today.

Feedback from CIOs tells us that they are looking for strategic investments that will have a six to nine month return or payback in this environment. These solutions would be considered part of an organization's strategic agenda or IT roadmap. Companies can achieve rapid value by implementing stand-alone solutions that complement an existing 11i or Release 12 environment. Customers can take advantage of these rapid value solutions without having to upgrade to this latest release.

The second driver is the need that companies have to standardize and simplify, whether from the cost pressures from globalization or because of merger and acquisition activity. Organizations today can't afford the luxury of having redundant, duplicate or inefficient systems with expensive integrations. So the opportunity to standardize and simplify on a common global business platform is a way to eliminate costs, reduce complexity and be more efficient in this environment.

Only Oracle has the thought-leadership and development resources to continue to offer the world's broadest and deepest financial solutions that address these two drivers and deliver significantly more value on an organization's IT investment.

BUSINESS BENEFITS OF RELEASE 12.1

The following sections focus on the business benefits that might be realized by either implementing rapid value standalone solutions in an 11i environment or upgrading/implementing Oracle E-Business Suite Financials Release 12.1. They are not meant to be the only benefits available, but highlight some of the main enhancements and where organizations should look to realize these benefits.

“In today’s economy, customers may not be inclined to implement large-scale upgrades of their core operational systems. The ability to recognize rapid value in the near term without requiring an upgrade could be viewed as an effective way to build a strategic IT roadmap and lay the ground work for long-term success.”

**Bruce Richardson
AMR Research Chief Research Officer**

Achieving Rapid Return Today

Technology has a role to play in helping organizations manage through an economic crisis and emerge stronger than ever – especially when you target your technology investments in the right areas. Recent research by McKinsey shows that targeted IT investments which make operations more efficient or increase revenues can deliver larger returns than simple cost-cutting measures typically do.¹

Increased Visibility Drives Greater Shareholder Value

Oracle BI Applications are complete, prebuilt solutions. By providing a single, integrated view of enterprise information and enabling greater insight and alignment across business functions, Oracle BI Applications help people at all levels of the organization better understand how their business is performing. Oracle delivers pre-built adapters and ETL (Extraction, Transformation and Loading) maps for E-Business Suite Release 12.1, 12 and 11i10. Oracle BI Applications uniquely support E-Business Suite releases with tight integrations, including support for E-Business Suite SSO (Single Sign On) and E-Business Suite specific security at the user, object and data layers. Additionally, Oracle BI Applications leverage E-Business Suite Flexfields and have pre-built "Action Links" allowing Oracle BI Apps users to securely access appropriate content and drill to transactional detail within E-Business Suite applications, automatically.

For E-Business Suite Financials customers, Oracle Financial Analytics, part of the Oracle BI Applications family, provides organizations with better visibility into the factors that drive revenues, costs, and shareholder value. Tight integration with other applications in the Oracle BI Applications family delivers robust financial information across the company value chain to enhance customer, supplier, and workforce analysis. For example, Oracle Financial Analytics enables better insight into the General Ledger to better understand product or customer profitability or highlights how staffing costs and employee or supplier performance correlate with increased revenue and customer satisfaction.

Oracle Financial Analytics provides hundreds of powerful financial metrics, alerts, reports, and dashboards to financial professionals, executives and line of business managers, enabling them to gain insight and take appropriate actions. Moreover, Oracle Financial Analytics helps reduce the time it takes to generate reports for regulatory compliance (e.g., Sarbanes-Oxley) or periodic financial statements.

¹ McKinsey September 2008 research, “Managing IT in a Downturn”, authored by James Kaplan, Roger Roberts, and Johnson Sikes.

Oracle Financial Analytics provides more detailed reporting at a greater frequency and to a broader range of users. Managers and front-line professionals also receive timely information on costs and revenue at levels of detail such as by product, geography, region, and customer. This then allows them to fine-tune strategy and improve performance. Traditional solutions require users to wait days or even weeks for specific reports, often requiring them to wait until the books close to determine how their business performed. With Oracle BI Applications, E-Business Suite users obtain the right information at the right time, so that corrective actions can be taken before issues escalate.

Drive Greater End User Productivity

Oracle User Productivity Kit (UPK) provides a comprehensive content and training platform that simplifies the deployment process by facilitating and promoting end user adoption—the biggest barrier to enterprise application success. Supporting applications from Oracle E-Business Suite, Oracle UPK allows organizations to achieve a much faster ROI from their software. Whether it's a new implementation or an upgrade, Oracle UPK adds value through all phases of the software ownership lifecycle.

With the ability to produce multiple outputs through a single recording session, Oracle UPK reduces content development time and cost. Users can rapidly produce interactive transaction simulations, classroom and web-based training materials, and in-application performance support. With the creation of user test scripts, system transactions can be defined and tested before go-live, providing the necessary materials to ensure user adoption. Oracle UPK is key to increasing productivity and reducing overall software implementation costs.

Starting with Release 12, Oracle delivers 6 UPK modules for Oracle E-Business Suite Financials, which consists of over 320 pre-delivered topics. Prior to Oracle delivering UPK content for E-Business Suite, many 11i customers have experienced the value UPK brings to an organization by developing custom content.

Manage Changes to Policies and Controls

Oracle Governance, Risk, and Compliance (GRC) Solutions allow you to consolidate multiple requirements and address these with a single platform, automate risk and compliance activities, and embed preventive controls in the context of business operations. With Oracle GRC you can manage multiple requirements from a single platform. Our core policy and content management capabilities allow you to align multiple requirements with the same superset of controls and report on those controls in details. This cuts down on duplication of documents, duplication of effort, and provides the basis for a comprehensive view into GRC initiatives and how well these are performing. With Oracle GRC you can also automate critical GRC tasks. Oracle automates critical cross-industry GRC processes like the documentation and communication of your policies and

“With the Oracle User Productivity Kit, we dramatically increased training efficiency, reduced costs, and rolled out effective end user training in record time. This played a major role in the implementation’s success.”

Peter Murray

Vice President and Chief Information Officer, University of Maryland, Baltimore

It would have taken more than 6 months of application customization and easily cost a couple of million dollars to create the 200 controls we implemented in only 8 weeks.”

**Ravi Mahajani
ERP Solution Expert,
Agilent Technologies**

procedures; the assessments of your risks and controls; the remediation of control violations, as well the certification process across the multiple levels of your organization. Lastly, Oracle GRC embeds controls into standard business processes. By embedding controls into your daily business operations, Oracle can prevent control exceptions within the context of the business transaction itself. So for example, a coarse-grained control might be to prevent a purchasing agent from creating a new vendor and issuing payment to that vendor. Oracle goes a step further with fine-grained controls that could prevent the purchasing agent from creating a new vendor and issuing payment to that same vendor.

Drive Greater Business Agility

Business agility is often associated with being able to quickly assimilate new solutions or acquisitions into an organization. The quicker this happens, the greater the opportunity for a rapid return on the investment. Oracle's E-Business Suite customers now have immediate access to solutions that have the opportunity to quickly bring value to their organizations.

The tight integration between the Hyperion EPM applications and Oracle E-Business Suite will enable Oracle customers to shorten their closing and planning cycles, improve business agility, and extend operational excellence to management excellence."

**John O'Rourke
VP EPM Product Marketing, Oracle"**

Integration to Enterprise Performance Management

Oracle Hyperion Financial Management (HFM) is a financial consolidation and reporting application used and maintained by the finance organization. It provides financial managers the ability to rapidly close and report financial results across heterogeneous environments, meet global regulatory requirements and reduce the cost of compliance, all with complete confidence in the numbers.

In addition to consolidating and reporting financial data, finance organizations need to ensure the quality of internal controls and reporting processes. To meet this need, you need a source-to-report view of financial data. Oracle Hyperion Financial Data Quality Management (FDM) allows business analysts to develop standardized financial data management processes and validate data from any source system—all while reducing costs and complexity. Fully integrated with Oracle's performance management applications, Oracle FDM is the only enterprise-class system for managing the quality of financial data.

Oracle E-Business Suite 11i10 customers can integrate with Oracle Hyperion Financial Data Quality Management easily allowing them to bring data from Oracle E-Business Suite General Ledger and other sources into Enterprise Performance Management (EPM) applications. When the user drills into EPM applications like Hyperion Financial Management (HFM), Hyperion Planning, Oracle Essbase, or Hyperion Strategic Finance, they will have an option to drill all the way back to Oracle E-Business Suite General Ledger to see account balances and drill further to the transaction data. Integration will soon be available for customers on E-Business Suite Release 12.

“With Oracle Imaging and Process Management, it’s much easier to locate invoices during processing. Vendors get paid on time more often, and electronic invoice approval and routing helps time-sensitive invoices make it through the system quicker.”

**Sean Murphy
Technology Administrator, Coca-Cola
Bottling Co. Consolidated**

Integration with Oracle Imaging and Process Management

Oracle Imaging and Process Management (Oracle I/PM) offers a productized integration with Oracle E-Business Suite Financials to optimize process automation, by coupling document capture and imaging technology with advanced workflow and process monitoring. By enabling financial departments to take paper out of high transaction operations such as invoice processing or expense management, Oracle I/PM helps to dramatically decrease costs and cycle times, while increasing process visibility and strengthening financial controls.

Oracle I/PM is an enterprise-wide imaging and workflow platform that content-enables not only Oracle E-Business Suite, but also custom and third party applications on a single image repository. The unique benefit to this approach is that customers can begin by image-enabling an E-Business Suite application such as Oracle Payables, and then move on to other applications such as Oracle Internet Expenses, Oracle Receivables or Oracle Contracts as it fits their needs. In effect, the ROI associated with Oracle I/PM increases over time as more applications and processes are image-enabled. Being image-enabled increases ROI as financial departments are able to continue to decrease costs and cycle times without increasing the cost of their imaging solution.

Oracle I/PM delivers a seamlessly integrated user experience to Oracle E-Business Suite customers. Exposing imaged documents as standard attachments and leveraging existing hot keys and menus to maintain a familiar user experience, improves the productivity of heads-down functions like data entry. On the back end, Oracle I/PM requires minimal hooks to integrate with Oracle E-Business Suite, ensuring that ongoing maintenance and future system upgrades will not require high consulting costs or service disruptions.

The Oracle I/PM integration is made possible via the Oracle E-Business Suite Adapter for I/PM, an out-of-the box integration that has been certified with E-Business Suite Release 11i10, 12, and 12.1.

Lower Costs with Standardized Accounting

Oracle Financials Accounting Hub (FAH) efficiently creates detailed, auditable, reconcilable accounting for external or legacy source systems. FAH includes an accounting transformation engine with extensive validations plus accounting and rules repositories. The transformation engine consistently enforces accounting policies. The repositories provide centralized control and detailed audit trails, while simultaneously meeting diverse corporate, management and reporting requirements.

If you are an existing Oracle Financials customer you have the license for Oracle Subledger Accounting. If you have non-Oracle systems, in addition to Oracle Financials you probably have had to create custom integrations to bring the resulting accounting transactions into your Oracle Financials system. Instead of continuing to maintain costly integrations, you may want to consider licensing

Oracle Financials Accounting Hub, as it provides the ability to integrate non Oracle source systems with the centralized accounting engine. Within FAH you can register your source systems as well as new types of transactional information to store with the Subledger Accounting entries. The original transactions are still stored in the source systems. You can, however, track transaction information as part of the accounting rules within FAH. You can store as a source and can track the values at either the journal header and/or line level or as a supporting reference.

Standardize and Simplify with a Global Business Platform

Today's organizations continue to face a host of challenges in this global economy. Working across multiple geographies with multiple systems and rules, and according to local standards, call for global business processes and work flows that can span applications, divisions and regions. This need is particularly evident in the area of global financial management. With ever more compliance and governance mandates, organizations are centralizing critical finance operations in order to enhance control and visibility. Oracle E-Business Suite Release 12.1 enables you to stay competitive by giving you the ability to operate globally while meeting local compliance requirements. For example, Release 12.1 offers:

Increased Operational Control and Efficiency

Oracle E-Business Suite Financials Release 12.1 centralizes accounting, tax, payment, and banking functions to provide greater efficiency and control with unparalleled flexibility. Implementing or upgrading to Oracle E-Business Suite Financials Release 12.1 gives you the chance to standardize business processes across your business units and achieve real-time insight into your business.

Ensure Consistency with Centralized Accounting

Control and monitor every accounting entry from a single setup with Oracle's rules-based accounting engine, Subledger Accounting. By applying standard accounting rules to all business transactions, whether they're generated in Oracle E-Business Suite or third-party, custom, or legacy applications, Subledger Accounting ensures consistent financial reporting. Exceptions can only be done through secure overrides, providing high levels of control and greater adherence to company policies. Configurable accounting rules enable compliance with multiple legislative, industry or geographic requirements concurrently in a single instance.

A single business transaction can receive different accounting treatments simultaneously based on rules defined for that Legal Entity. For example, a transaction can be accounted for according to US GAAP principles in one ledger based on corporate accounting policies, and French Plan Comptable principles in a secondary Ledger based on local accounting policies, using the rules defined centrally in the accounting engine, which offers greater control.

"We implemented a unified business management system based on Oracle E-Business Suite Release 12 to support our expanding domestic and international operations. The system has helped us improve financial, human resource and supply chain management."

Ding Tao

IT Manager, Department of Science and Information, Beijing Guohua Electric Power Corporation

The accounting treatment (or detail) is maintained for every business event, with balanced and detailed Subledger Accounting entries and different summarization options in the General Ledger. Subledger Accounting delivers full auditability and improved subledger to general ledger reconciliation. Subledger Accounting offers a wealth of features to make reconciliation simpler and more efficient.

Subledger Accounting provides a universal and consistent transaction accounting definition structure and user interface across all subledgers. The data model increases transparency and enables full auditability of transaction and accounting information. A universal posting engine streamlines the close process, so that all subledger modules can transfer data to the General Ledger using a standard, auditable, reviewable process.

Reports and inquiries analyze data across subledgers and support drill down to underlying transactions so you can better understand root causes and take immediate action. These capabilities are critical to providing the context for greater financial and management insight.

Simplified Tax Compliance

Reduce the cost and complexity of complying with multiple tax authorities using Oracle E-Business Tax, a comprehensive infrastructure for managing transaction tax rules and transactions. This centralized tax engine delivers consistent tax services to all E-Business Suite business flows through one application interface, simplifying tax configuration. It also integrates with external tax vendors for maintaining country-specific tax content.

Oracle E-Business Tax enables central setup and maintenance by your tax or accounting personnel. An internal (or multi-entity) subscription model allows the tax rules to be shared across Legal Entities, along with the ability to apply business rules that enforce company-wide tax content. You can define business rules to comply with local regulations, supporting sophisticated tax compliance without the need for workarounds or customizations. The tax rules business flow makes it easy to change existing tax rules and rates or create new rules and rates. An online tax simulator models the impact of your tax setup, allowing you to confirm the accuracy of your changes. Tax setup is further streamlined with the option to integrate with content providers (such as Vertex and Taxware in the United States) to load tax rates.

Tax content such as tax jurisdictions, tax rates and tax rules are stored centrally. A tax determination engine uses these rules to calculate transaction taxes (sales, use, VAT, etc.) based on the place of supply, the parties involved and other applicability rules. Tax lines capture all relevant information used to determine applicable taxes. Tax transactions and all noteworthy tax information for each transaction are recorded in a central Tax Repository that can be used by management and tax authorities for managing, auditing and reporting purposes.

The automation of tax processing through a central integrated engine improves operational efficiency and reduces errors. It also decreases the cost of integration and provides visibility and consistency of information across the E-Business Suite.

In addition to the centralization of the existing tax setup and processing across the E-Business Suite, E-Business Tax also supports several global tax requirements in Oracle E-Business Suite Financials Release 12.1, including:

- Deferred Tax in Payables
- Enhanced handling of tax on freight
- Sales and Use Tax in Procurement
- Cash and Accrual Basis reporting for Tax
- Tax on Intercompany movements
- Multiple Tax Registrations for the same party
- Tax Reporting Types and Codes

Streamlined Intercompany and Reconciliation

Spend less time reconciling intercompany transactions at period-end close with Oracle Advanced Global Intercompany System (AGIS). AGIS streamlines the intercompany trading and reconciliation process across Ledgers by driving balanced intercompany transactions for the global enterprise.

Oracle AGIS allows companies to comply not only with local regulations but also with corporate standards for processing intercompany transactions between related legal entities of an enterprise. It also provides interactive reconciliation reporting which allows drill-down to the details of Intercompany Account Balances in order to quickly identify the source of any discrepancies in trading partner account balances.

Other highlights of the Advanced Global Intercompany System for Oracle E-Business Suite Financials Release 12.1 include:

- *Intercompany Invoicing*: Enables automatic creation of Intercompany Payables and Receivables invoices for intercompany trading partners in situations where local statutory compliance requires physical invoices for intercompany transactions
- *Multi-party intercompany transactions*: Creates a single intercompany batch supporting multiple recipient transactions across different ledgers, currencies and calendars, which will be automatically submitted to all recipients for approval. Optional prorating of the distribution amounts based on the proportion of the transaction can be allocated to each recipient.
- *Intercompany reconciliation*: Performs reconciliation between any pair of Legal Entity trading partners whether they are in the same or different Ledgers.

The reconciliation process has the flexibility to be executed at any time for open or closed periods and run at different levels of detail.

- *Inter/Intracompany Balancing:* When a transaction with multiple balancing segment values is entered, the automatic Balancing Process will generate the intra- or inter-company accounting entries, depending on whether the balancing segments are in the same legal entity or different legal entities.

Faster Payment Cycles

Process payments and collect faster using a single payment engine that manages disbursements and receipts with Oracle Payments, the single central source for all payment processing in Oracle E-Business Suite Release 12.1. The centralized payment engine along with a newly structured Bank Account Model enables centralized payments and collections to be processed more efficiently.

The payments engine serves Payables, Receivables and other products for funds disbursement and capture. The highly configurable centralized engine enables straight-through processing based on industry standard protocols, with a dashboard for process visibility and management. The ability to make a single payment run spanning operating units, currencies, payment methods and bank accounts dramatically increases efficiency.

“Oracle E-Business Suite Release 12 has significantly enhanced our financial and inventory processes, reduced errors, and improved productivity,”

**John Livingston
Vice President of Operations, Cortina
Systems, Inc.**

Faster, simpler period end processing

Many organizations have made significant progress in reducing the time to close their books. Unless companies continue to focus on streamlining the close process, recent gains could well be erased by the increasing demands of new financial reporting regulations. Growth through acquisitions or geographic expansion also adds complexity to financial reporting processes. Oracle E-Business Suite Release 12.1 makes parallel financial reporting easier and streamlines period-end processing.

Simplified Dual Accounting

Enterprises often have multiple reporting requirements. These enterprises and their subsidiaries may need to satisfy the accounting and reporting requirements for multiple countries or jurisdictions in addition to those of the parent or controlling enterprise. This can involve accounting in accordance with different accounting principles, in different currencies, charts of accounts and/or calendars.

Oracle E-Business Suite Financials Release 12.1 makes it easier for companies to support diverse regulatory and reporting requirements. Ledgers are used to maintain multiple representations of the same data. The new centralized Subledger Accounting engine posts subledger data into these ledgers simultaneously, preserving the integrity of both corporate accounting standards and local compliance in a single consistent business process.

Ledgers can be either a Primary Ledger or Secondary Ledger. The Primary Ledger stores the primary accounting representation for one or more legal entities. An alternate accounting representation (which may use a different Chart of Accounts, Currency, Calendar and/or Accounting Method) can optionally be created in a Secondary Ledger for local fiscal reporting, or for separate management accounts. This secondary representation is independent of the primary representation (i.e., based directly on the transactions themselves) and may be used to support the following scenarios:

- Subsidiary's local reporting requirements require subledger transaction level detail that is difficult to obtain from a secondary representation created by consolidation
- Corporate accounting policies are defined without having to take into account the many small local requirements that will be encountered during the global implementation.

Increased Efficiency for Processing and Reporting Across Ledgers

Ledger Sets allow processing and reporting to be performed on multiple ledgers at the same time, including the ability to view and report, open and close periods, create journal entries, and perform allocations across Ledgers. In addition to increased processing efficiencies, Ledger Sets provide greater visibility and control across all Ledgers assigned to a Ledger Set. Ledgers sharing the same Chart of Accounts, Calendar and Period Type can be combined into a Ledger Set.

Simplified Maintenance and Streamlined Processing

You can now define, maintain and review accounting-related setup across all applications through one interface. In Oracle E-Business Suite Financials Release 12.1, the Accounting Setup Manager acts as the central location for maintaining the relationships between ledgers, legal entities and operating units. Within the accounting setup process, the definition of legal entities and their accounting context includes the ledgers that will contain the accounting data for each legal entity. Multi-Org is integrated into the Accounting Setup Manager so the user can define operating units and their relationships to ledgers. For each operating unit, users will also be able to select a legal entity to provide a default legal context during transaction processing. This centralized setup simplifies the inquiry and maintenance of these relationships and offers a single, clear view of your accounting implementation. An online checklist of accounting setup steps ensures complete and accurate setup.

More Productive Shared Service Operations

Shared Services provide a proven way for governments and businesses to gain better control of their finance operations and streamline redundant processing and

systems.² A Shared Services model of operations drives cost savings and increases information quality. Organizations are increasingly consolidating non-revenue generating, administrative tasks in Shared Service Centers as a way to focus on their core competencies, increase efficiencies, and better manage and access information. Additionally, they can cut operating costs by eliminating redundant processes, leveraging self-service, automating processes, and standardizing common business practices.

Oracle E-Business Suite Financials 12.1 includes a number of capabilities for increasing the efficiency of shared service centers.

Improved Productivity

You can increase the productivity of your shared service personnel with role-based access to various organizations in your corporate structure. Multi-Organization Access Control (MOAC) enables shared services personnel to enter transactions, process data, view information, and run reports on behalf of other divisions or business units within the enterprise.

Oracle E-Business Suite Release 12.1 allows this to be done more efficiently now with the ability of a single application responsibility to access, process and report on multiple operating units. For example, users no longer need to switch responsibilities in order to enter invoices, view consolidated requisitions, perform collection tasks, and receive or drop-ship goods for multiple operating units. Users can run reports either for all operating units within a Ledger to which a user has access, or for selected operating units that belong to the user's security profile. You control who can perform which tasks through security profiles that define each user's access to a specified group of operating units.

Efficient Payment Handling

Spend less time managing bank account information with the Bank Account Model in Oracle E-Business Suite Financials Release 12.1. The Bank Account Model provides a single access point for defining and maintaining bank account information for Oracle Payables, Oracle Receivables, Oracle Payroll, Oracle Cash Management and Oracle Treasury. This model along with the centralized payment engine and the enhancements to Multi-Org Access delivers significant efficiency to shared service centers that perform collections and disbursements. For example, a single responsibility can process invoices across multiple operating units producing separate payments, all with a single bank instruction.

Improved Bank Account Maintenance

In Oracle E-Business Suite Financials Release 12.1, each internal bank account is assigned to a Legal Entity. Any or all operating units associated with that legal

² Shared Services: Enabling Finance Mastery and High Performance, Accenture 2005.

entity are permitted to use that bank account. This new architecture eliminates the need to maintain as well as reconcile multiple account records.

Greater Consistency with Supplier and Customer Bank Accounts

Oracle E-Business Suite Release 12.1 provides a centralized repository for suppliers' and customers' bank account and credit card information. All data is stored in one, secure place, providing shared service centers and collection departments' consistent information that they need.

"Oracle E-Business Suite Release 12 streamlined our order-to-cash cycle. With Oracle, we have an integrated solution for sales, order management, and financials, along with a solid technology platform that supports integration with other systems. This is essential to supporting our rapid growth around the world."

Kunal Malik
Director of IT, Facebook, Inc.

Reduced Cost of Ownership

Historically, implementing and managing applications that cross operating units or geographic entities have taken considerable time and effort. Oracle E-Business Suite Release 12.1 makes it easier and less expensive to implement, manage and scale global applications. For example, Oracle E-Business Suite Release 12.1 offers a streamlined user experience, leveraging the best user experience practices from existing and acquired products. A new user interface helps ensure maximum employee productivity.

Increased User Productivity with New User Experience

Oracle made a focused effort to enhance the user experience in Oracle E-Business Suite Release 12.1. Over 120 user experience professionals, many from Apple, Yahoo, Google and Microsoft, performed extensive out-of-the-box usability tests on released products leveraging focus groups and eye-tracking studies. Results include a reduced overall number of pop-ups and duplicate screens, re-designed and streamlined workflows, a reduced number of steps to complete key tasks, and an improved overall look and feel and visual style. By designing business processes intelligently, eliminating manual steps, and leveraging technology, people can work faster and smarter.

Flexible System Connectivity

Connecting disparate systems and processes has long been a business priority and IT challenge. With an updated web services repository and process management tool, Oracle E-Business Suite Release 12.1 enables lowering the cost of integrations with third party applications and adaptable business processes.

Comprehensive Web Services Integration Repository

Oracle E-Business Suite Release 12.1 has hundreds of services so that IT can easily integrate the E-Business Suite into cross-business, cross-product business flows. It includes web services, public java & PL/SQL APIs, business events and batch interfaces. The Integration Repository enables key integration types including business-to-business, enterprise application integration, business process management, and business activity monitoring. Industry-standard messages and standards-based XML documents are supported. A user-friendly interface makes searching and viewing available integration points easy. Maintenance is simplified

by functionality that automatically keeps in step with source code via standard patching.

Simplified Integration

Oracle Business Process Execution Language (BPEL) Process Manager offers organizations the ability to manage processes spanning heterogeneous applications. Oracle, 3rd party, and legacy applications can be integrated to extend process automation. A graphical user interface facilitates the process of quickly integrating applications and a web-based console is used to manage system performance. Prepackaged, standard interfaces for applications and legacy systems are used to connect systems, reducing the integration effort and shortening time to value. In addition, the Process Manager is built on widely adopted industry standard language (BPEL).

Oracle Fusion Middleware Certification

Oracle E-Business Suite Release 12.1 is certified on Oracle Fusion Middleware, a comprehensive, hot-pluggable family of middleware products. This certification enables you to more easily leverage a portfolio of leading security, integration, and business intelligence solutions among others. For example, Oracle built cross-application flows between Oracle Retail and Oracle Financials in Oracle E-Business Suite Release 12.1. You can extend the capabilities of your E-Business Suite implementation by creating your own cross-application business flows.

“Upgrading to Oracle E-Business Suite Release 12 increased our efficiency and improved our overall ability to remain competitive and pursue aggressive growth goals in the challenging technology market”

Robin Shirley
Vice President of Finance, Apricorn, Inc.

TOP FIVE REASONS TO UPGRADE

With a focus on simplification, standardization and centralization, this release applies to all customers, regardless of size or industry, from the large multi-national to the small to medium sized business. When considering an upgrade to this latest release, it is important to understand the return on the investment of the upgrade.

Here are the top five reasons to consider an upgrade:

1. Enhanced support for global shared service centers
2. Increased operational efficiency across finance with centralized business functions
3. Improved end user productivity
4. Greater flexibility in producing IFRS comparative reporting
5. Access to new capabilities and the latest technologies

Enhanced support for global shared service centers

Finance can achieve significant cost savings by consolidating routine processes into a shared services environment that is located in a low-cost country. Even more substantial savings can be gained when companies use this as an opportunity to consolidate finance systems, standardize processes, and identify global process owners to eliminate redundancies. By designing better controls into the processes,

companies can improve governance and reduce audit costs. In addition, shared service organizations often provide better customer service and more timely and consistent information.

The heart of Release 12.1 for Financials enables businesses to work globally, whether this is across applications, divisions, or regions. The global business foundation enables businesses to standardize accounting and tax rules with centralized setup and maintenance that is also highly flexible to meet diverse global financial reporting requirements. Secondly, as globalization shifts work around the world, companies must address the different accounting and reporting requirements in countries in which they operate. This requires producing multiple sets of financial statements to satisfy local, statutory, and parent company reporting needs. Together with Oracle General Ledger, Oracle's centralized Subledger Accounting enables compliance with multiple accounting requirements concurrently.

Increased operational efficiency across finance with centralized business functions

Oracle E-Business Suite Release 12.1 offers greater efficiency and flexibility with many new centralized and standardized key business functions. The new centralized architecture not only improves support for shared services it standardizes and simplifies the financial infrastructure across your enterprise. This release supports the centralization of the following key business functions:

- Accounting policies are standardized across the entire enterprise with Subledger Accounting—ensuring that everyone adheres to the same set of rules.
- Financial results are stored and easily accessible with Ledgers and Ledger Sets—supporting faster and simpler period end closing.
- Legal entities easily model legal corporate structures and tie all related components together with Legal Entity Configurator.
- Banks and bank accounts are centrally managed providing a single point of access for internal bank accounts across Oracle applications.
- Payments are centrally disbursed and captured with Oracle Payments—automating and streamlining integration with external financial institutions.
- Transaction taxes are consistently managed and processed with E-Business Tax—offering consistent support and control of complex transactional tax requirements across the enterprise.
- Inter- and Intra-company relationships and accounts are centrally defined with Advanced Global Intercompany System—improving period end reconciliation.

Improve end user productivity

Employee productivity continues to be a top concern for most organizations as well as a key aspect for purchasing new applications. Simplistic, convenient and efficient are qualities customers are looking for when it comes to boosting the productivity of transaction flows and end-to-end business processes. Oracle E-Business Suite Release 12 leveraged intellectual property from several acquisitions and made a significant investment in the overall user experience. New pages introduced in Release 12 were designed with a completely different approach to simplify the user experience. End users will experience dashboards, step-by-step check lists, wizard-like pages, and consolidated single-page setups. Here are a few examples:

- Collections
- Payments
- Accounting Setup
- Tax

Greater flexibility in producing IFRS comparative reporting

Companies transitioning to IFRS will inevitably find themselves having to capture data in new ways or gathering additional information. They may need to use new accounting definitions and valuations for certain balance sheet and income statement lines, obtain more comprehensive reporting from overseas operations, provide more detailed segment reporting, or comply with wider disclosure obligations. The challenge will be to honor a fundamental tenet of IFRS, which is consistency in definition and in depth of detail. Each reporting entity must report a financial item, such as revenue as recognized, in the same way, according to the same definition. If your organization has standardized data definitions for customer, employee, supplier, product, and management organization, then you have a head start. The next step is to define corporate accounting policies centrally and implement controls to ensure that the rules are applied consistently across the enterprise.

Not only does management need to respond to the specific accounting policies and procedures laid down in IFRS, but it also needs to keep firm control of all of the other statutory requirements relevant to the group at the same time. It is this “multi-GAAP” view of the world that makes IFRS so challenging. If the U.S. moves forward with IFRS, public companies will need to support both U.S. GAAP and IFRS during a transition period, referred to as comparative reporting.

Oracle applications provide an adaptable infrastructure to support diverse legal and business requirements worldwide. Oracle E-Business Suite has an architecture designed to ensure strict control over the accounting for subledger transactions with Subledger Accounting. It uses a common data model to store subledger transactions centrally and ledgers to capture legal entity accounting treatments. By simultaneously populating multiple legal entity ledgers from a single business

transaction, companies can achieve consistency across all subledgers while satisfying numerous reporting requirements.

Access to new capabilities and the latest technologies

New features and enhanced functionality delivered in Oracle E-Business Suite Financials Release 12.1 were designed based on extensive customer feedback, industry best practices, analyst research, and our own commitment to improve our applications. With a planned upgrade path to Fusion, Oracle E-Business Suite Financials Release 12.1 delivers the first benefits of Fusion planning and development. Leveraging “early” Fusion fundamentals, organizations can get comfortable with architecture and technology changes while planning a long-term applications roadmap. Enhancements throughout the release demonstrate that Oracle offers the most comprehensive and adaptable global business platform to support business growth at lower cost with more control and flexibility. Below is just a sample of the over 300 features and enhancements from Release 12 and 12.1:

- Replacement for disabled accounts
- Invoice line level entry and approval
- Partial period revenue recognition
- COGS and revenue matching
- Line level cash applications
- Conversion of delinquent receivables to payment plans
- Funds optimization with cash pooling and zero balancing
- Enable Reconciliation at the Payment Group Level
- Bank account-level reconciliation options and tolerances
- Rollback on select assets with Automatic Depreciation Rollback
- Streamlined receipts management with receipts tracking and receipts missing capabilities

PLANNING YOUR UPGRADE

Oracle knows that continually upgrading and maintaining your current enterprise application investment can be challenging and costly. In addition to hundreds of cross-industry capabilities to help you manage the complexities of global business environments, Oracle E-Business Suite Release 12.1 was also designed to make the upgrade process easier.

There are a number of technology and process improvements delivered with Oracle E-Business Suite Release 12.1 that will greatly improve the upgrade process. Whether it's the parallel infrastructure for distributing workloads during large table updates, scheduling improvements, or optimizer dynamic sampling, the Release 12.1 upgrade process is far more streamlined than prior upgrades.

Many clients are evaluating whether to upgrade from Oracle E-Business Suite 11i to Release 12 or wait for the larger Fusion release. There are significant application and architecture changes in Release 12. Upgrading now will help build the foundation to prepare for Fusion—maximizing business value while mitigating risk.

Sean Malinski,
Accenture Partner, Global Business
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This release has undergone more upgrade and system testing than any prior E-Business Suite release. It also requires fewer pre- and post-upgrade steps. Additionally, Oracle E-Business Suite Release 12.1 gives you unprecedented continuity and choice. For example, you will be able to run your business the same way as before once you upgrade, even with the new financials architecture. While Sets of Books become Ledgers and Ledger Sets, the Subledger Accounting engine performs accounting from the subledgers into the General Ledger, and *Operating Units* are used to segregate transaction data, your accounting results won't change. Release 12.1 uses the same business rules from your 11i environment to account for transactions and manage user access to operating units.

With Oracle E-Business Suite Release 12.1, *you* decide when you want to leverage the new features. For example, you may want to use this upgrade as an opportunity to move to a single chart of accounts in order to take full advantage of Ledger Sets, which provide a highly flexible framework for meeting corporate and local financial reporting requirements and processing, managing and analyzing global transactions. Likewise, you may want to look at rationalizing the number of responsibilities with the new user access model designed to improve productivity in shared services environments.

Upgrading to Oracle E-Business Suite Release 12.1 may be the right opportunity for your organization to evaluate consolidating ERP instances in order to reduce IT and compliance costs, improve information quality and facilitate faster M&A integration. By moving to standardized processes and systems, you will be able to make the most of the many capabilities delivered in Oracle E-Business Suite Release 12.1.

CONCLUSION

Organizations desiring to be stronger after this recession will create a strategic IT plan that incorporates solutions that provide value to their organizations today. If a large scale upgrade is not part of the current IT budget, organizations should evaluate the stand-alone solutions that complement an existing 11i or Release 12 environment. Customers can take advantage of these rapid value solutions without having to upgrade to the latest release and achieve rapid value today. On the other hand, if organizations are committed to continuing their focus of transforming their finance organizations through reducing cost and driving out complexity, upgrading to the latest release allows them to standardize and simplify on a global business platform.

Oracle E-Business Suite Release 12.1 was designed to help organizations achieve rapid value today, as well as standardize and simplify their infrastructure and business processes for long-term results.

With an enhanced user experience, hundreds of new, cross-industry capabilities for improving productivity and efficiency, and Fusion Middleware for lower cost integrations, organizations can expect a lower total cost of ownership with this

release. Additionally, Oracle E-Business Suite Release 12.1 demonstrates Oracle's continuing commitment to the Applications Unlimited program, the long-term plan to enhance current Oracle Applications while delivering innovative, next-generation solutions.

FOR MORE INFORMATION

Find out more about Oracle E-Business Suite Financials Release 12.1 from the following resources:

- [Release 12.1 Information Center](#) on My Oracle Support
- Release Content Documents for Oracle E-Business Suite Release 12.1 (Doc ID: [561580.1](#))
- Release Value Proposition for Oracle E-Business Suite Financials Release 12.1: Release Value Propositions describe the value associated with the new features and enhancements in Oracle E-Business Suite Release 12.1. They are intended to help you assess the business benefits of Release 12.1 and plan your information technology (IT) projects and investments. (Doc ID: [804373.1](#))
- Oracle Advisor Webcasts: Metalink: Knowledge > Tools and Training > Training (Web Seminars) > Advisor Webcasts; OR Headlines > Programs & Training > Advisor Webcasts – Product Related and select Current Schedule (Doc ID: [398877.1](#))
- Best Practices for Adopting Oracle E-Business Suite, Release 12 (Doc ID: [580299.1](#)).
- Oracle Financials & Oracle Procurement Release 12 Functional Upgrade Guide: Release 11i to Release 12 on My Oracle Support
- Oracle E-Business Suite Release 12.1 on Oracle.com (<http://www.oracle.com/applications/e-business-suite-release-12-1.html>)



Delivering Value in Uncertain Times: Oracle E-Business Suite Financials Release 12.1

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