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## Overview and Frequently Asked Questions

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### Overview

#### **Oracle Buys Automated Applications Controls Leader LogicalApps: To Strengthen Oracle's Governance, Risk and Compliance (GRC) Suite with Real-time Policy Enforcement**

On October 9, 2007, Oracle announced that it has entered into an agreement to acquire LogicalApps, a leading provider of automated Governance, Risk, and Compliance (GRC) controls for enterprise applications. The acquisition is expected to extend Oracle's GRC application suite by integrating real-time policy enforcement for critical business processes. The transaction closed on October 26, 2007.

Managing compliance and risk is one of the highest priorities in the current global business environment. While Sarbanes-Oxley has driven the need to implement GRC controls for financial processes, it is only one of many mandates that impact firms around the world. An increasing number of regulations such as HIPAA, FFIEC, Gramm-Leach Bliley, Basel II, MiFID, RoHS-WEE, CFR Part 11 and many others, have required companies to broaden their view of risk and compliance.

LogicalApps is a leading provider of solutions for automating GRC controls and ensuring business process integrity. Its technology enables customers to automate GRC activities, such as enforcing proper segregation of duties in enterprise applications, reducing fraud with continuous monitoring of business transactions, and providing defensible evidence of a proper control environment. LogicalApps is one of the industry's first solutions to automate controls beyond finance to all major business processes, including

Order to Cash, Procure to Pay, Reconcile to Report and Hire to Retire. With LogicalApps, organizations are better able to enforce corporate policies in real-time by embedding granular controls and monitors directly into their business applications.

LogicalApps' solutions already are optimized for Oracle Applications, with hundreds of successful deployments. In addition, Oracle continues to be committed to plans for building a comprehensive, open and integrated enterprise GRC application suite designed for heterogeneous environments including Oracle E-Business Suite, PeopleSoft Enterprise, JD Edwards, Hyperion, Siebel, SAP, custom and other non-Oracle applications.

With LogicalApps' automated control capabilities, Oracle plans to extend its GRC application suite to deliver a closed-loop solution that manages both enterprise-wide GRC processes and enforcement of automated controls within one system.

## Customer Benefits

The acquisition of LogicalApps is expected to extend Oracle's GRC application suite to deliver enterprise class GRC controls management. The combined solution is expected to deliver a closed-loop solution that manages both enterprise-wide GRC processes and enforcement of automated controls within one system. With the combined solution, customers are expected to be able to:

- Effectively manage regulatory compliance on a global basis
  - Reduce cost and complexity by managing global mandates within one system
  - Align policies and processes with best-practice risk mitigating controls
  - Rely on tamper-proof chain of evidence for all compliance processes
- Proactively monitor enterprise risk and enhance corporate governance
  - Control user access and enforce segregation of duties with business-driven rules
  - Reduce risk of fraud with continuous monitoring and enforcement of business policies
  - Optimize business decisions with greater accountability and transparency

## Partner Benefits

Oracle and LogicalApps partners are expected to benefit from working with a single vendor to address customer needs for GRC. In addition:

- Oracle partners are expected to benefit by drawing upon LogicalApps' best-in-class solutions for automated controls management into new business opportunities
- LogicalApps partners' investment and experience with LogicalApps products are planned to be preserved. LogicalApps partners are expected to benefit from Oracle's increased investment in LogicalApps and Oracle GRC products, worldwide resources and partner ecosystem, and expanded opportunities to partner

- Both companies' partners will be able to offer customers a closed-loop solution that manages both enterprise-wide GRC processes and enforcement of automated controls within one system

## Product Overview And Strategy

### What products does LogicalApps currently develop and support?

LogicalApps develops and supports Active Governance™, a comprehensive and integrated portfolio of control management modules that include:

- The ACTIVE Access Governor™ ensures appropriate application access and enforces segregation of duties controls to reduce risk across a customer's enterprise application user base. Capabilities include both preventive and detective controls, emergency access provisioning and monitoring capabilities, and a point-and-click simulation tool to preview and implement access changes
- The ACTIVE Data Governor™ protects critical data assets by controlling and auditing data changes in real-time. When changes are allowed, Data Governor creates a detailed audit trail of what, when and why changes were made, and who made them. In addition, it provides auditable workflows for overriding normal data access policies
- The ACTIVE Policy Governor™ monitors business transactions, master data, and application setups to identify patterns or out-of-policy conditions that could indicate operational error or fraud. It provides continuous controls monitoring to streamline the audit process and collects detailed evidence for control certifications
- All ACTIVE Governance™ modules leverage an extensive library of best-practice controls and process workflows that cover access, setups, and transaction management for critical business process areas (Order to Cash, Procure to Pay, Reconcile to Report, and Hire to Retire). The library includes preventive and detective controls, as well as monitors to test the effectiveness of controls
- LogicalApps also provides IT Governance solutions with the Integra™ product line for application setups and change management

### How will this acquisition impact the on-going development of LogicalApps solutions?

Oracle plans to continue the roadmap and direction for LogicalApps products, and to support and protect customers' investments in LogicalApps applications. Research and development investments in LogicalApps solutions are expected to increase as it will then be able to share in Oracle's \$2.1B R&D budget.

### How does LogicalApps fit into Oracle's overall GRC strategy?

The combination of Oracle and LogicalApps is expected to extend Oracle's open GRC application suite and create a best-in-class, closed-loop GRC solution:

- Oracle GRC Manager provides a central repository and workflow capabilities to document business processes, policies, risks and related controls
- LogicalApps' controls management applications enable companies to embed and execute those GRC controls directly within business processes
- The combination is expected to deliver a closed-loop solution that is not currently available out-of-the-box and is highly valued by customers. A closed-loop solution allows customers to ensure and prove that the controls they have documented are being executed according to policy. Any violations or exceptions are tracked for timely remediation and resolution
- The combination of Oracle and LogicalApps is expected to deliver a strong combination of heterogeneous support and preventive real-time controls for access, setup, and transaction control management
- LogicalApps' identity management adaptor is planned to deliver compliant provisioning to the Oracle Identity Management Suite and is expected to strengthen the integration between Oracle Fusion Middleware and Oracle Applications – thereby lowering integration costs for customers
- The combined solution is planned to be broadly applicable to all Oracle Applications customers (Oracle E-Business Suite, PeopleSoft Enterprise, JD Edwards, Siebel and Hyperion), and is expected to support non-Oracle applications as well

### Will Oracle continue to support customers running LogicalApps solutions on non-Oracle databases?

Oracle plans to continue to support LogicalApps' products on alternative databases to serve customer needs.

### Will Oracle continue to support customers running LogicalApps solutions with non-Oracle ERP and CRM applications?

Oracle plans to continue to support LogicalApps' solutions with alternative ERP and CRM applications to serve customer needs.

### How compatible are LogicalApps' products with Oracle's products?

LogicalApps and Oracle solutions are highly compatible. LogicalApps will bring to Oracle a complementary set of industry standards-based solutions that are already integrated with Oracle Applications, Oracle Database and Oracle Fusion Middleware technology.

### How does Oracle plan to maintain LogicalApps' industry and domain expertise?

The goal of the combination is to complement Oracle's offerings. LogicalApps employees are expected to join Oracle, where their domain expertise will continue to be critical to the GRC business within Oracle.

## Customers and Partners

### How is the combination of Oracle and LogicalApps expected to benefit LogicalApps customers?

LogicalApps and Oracle have complementary products and a shared focus on providing a best-in-class GRC management application. LogicalApps customers are expected to benefit in a number of ways:

- Increased R&D investment in LogicalApps products
- Investment protection, extension and enhancements as LogicalApps and Oracle provide better integration of their complementary solutions
- Access to Oracle's global support and services organizations

### How will customers' investments in LogicalApps solutions be protected by Oracle?

Customer investments in LogicalApps solutions (including Integra solutions) are expected to be supported and protected.

LogicalApps' current product plans and support plans continue. In addition, Oracle plans to continue development of LogicalApps' solutions on an ongoing basis.

With LogicalApps, Oracle plans to:

- Make the LogicalApps solution the foundation for GRC controls in the Oracle Applications portfolio
- Continue to sell and support LogicalApps products in "standalone" situations and integrated with both Oracle and non-Oracle environments

Oracle's plans for LogicalApps are expected to provide customers with:

- A stronger, more strategic partner community
- Continuity in roadmap and strategic direction
- Assurance of a smooth transition without interruption
- Improved service and support through the breadth and scale of Oracle's field sales, service and customer support organization, including a global 24x7 distribution and support network

### As an Oracle customer or a prospect, how can I benefit from LogicalApps' products and services? What capabilities will I gain?

The acquisition of LogicalApps is expected to extend Oracle's GRC application suite to deliver enterprise class GRC controls management. Customers are expected to benefit from the combined solution by being able to:

- Effectively manage regulatory compliance on a global basis
  - Reduce cost and complexity by managing global mandates within one system
  - Align policies and processes with best-practice risk mitigating controls
  - Rely on tamper-proof chain of evidence for all compliance processes

- Proactively monitor enterprise risk and enhance corporate governance
  - Control user access and enforce segregation of duties with business-driven rules
  - Reduce risk of fraud with continuous monitoring & enforcement of business policies
  - Optimize business decisions with greater accountability and transparency
- The combined solution is expected to deliver the first closed-loop solution that manages both enterprise-wide GRC processes and enforcement of automated controls within one system. It is expected to enable customers to:
  - Understand risks from an enterprise-wide perspective
  - Deploy intelligent GRC controls to mitigate those risks
  - Raise the visibility and results of control tests
  - Create a continuous feedback loop to improve processes
  - Embed controls directly into business processes within Oracle Applications
- With LogicalApps, Oracle plans to offer its customers open, comprehensive, and pre-integrated GRC solutions capabilities for:
  - Segregation of Duties (SOD) - real-time monitoring and proactive enforcement of crucial access controls to ensure proper SOD
  - Public Sector (OMB A-123) Compliance - allow government and educational institutions to cost-effectively meet today's regulatory and governance requirements
  - Financial Period Close - alleviates the issues that lead to lengthy period closes by automating tasks currently handled via manual and fragmented processes

### How is the proposed transaction expected to benefit partners?

Oracle and LogicalApps partners are expected to benefit by working with a single vendor to address customer needs for GRC. Oracle partners are expected to benefit by leveraging LogicalApps' best-in-class solutions for automated controls management into new business

opportunities. LogicalApps partners' investment and experience with LogicalApps products are planned to be preserved. LogicalApps partners are expected to benefit from Oracle's increased investment in LogicalApps and Oracle GRC products, worldwide resources and partner ecosystem, and expanded opportunities to partner. Both companies' partners will be able to offer customers a closed-loop solution that manages both enterprise-wide GRC processes and enforcement of automated controls within one system.

### **How will Oracle continue to support and broaden relationships with LogicalApps partners?**

Oracle plans to continue to:

- Provide partner resources and expanded opportunities through Oracle PartnerNetwork
- Accelerate go-to-market capabilities with LogicalApps' partners
- Work with key System Integrators and audit firms to drive further innovation in GRC

### **How is this acquisition expected to impact any existing project, deployment, or services engagements?**

It is not expected that this transaction will impact any existing project, deployment or services engagement.

### **How will Oracle provide for a smooth integration of the two companies?**

Oracle is very focused on customer satisfaction and plans to provide for a smooth transition without customer disruption. Oracle is experienced with integrating companies quickly and efficiently. We expect to provide dedicated personnel from key functional areas for integration and utilize proven templates and processes for repeatable success in integration. In addition, we plan to communicate regularly throughout this process to keep our customers and employees well informed.

## **Business Continuity**

### **Can I still purchase LogicalApps products?**

Yes. Please contact your LogicalApps sales representative to assist you, or visit [www.LogicalApps.com](http://www.LogicalApps.com) for contact information.

### **Should LogicalApps customers continue to call the LogicalApps customer support?**

Yes. LogicalApps customers will continue to receive support and services from LogicalApps, and should continue to use existing LogicalApps contacts for support, professional services, and sales to address immediate and ongoing needs. We will communicate all changes and transitions occurring well in advance through these familiar channels.

### **Should LogicalApps customers continue to contact their LogicalApps sales representative?**

Yes. Until further advised, customers should continue to rely on existing relationships.

### **Will training on LogicalApps products continue?**

Yes. We currently plan to combine the LogicalApps training program with Oracle University. We want to ensure that our customers provide the best possible service for their organizations using our software, and we know excellent training is critical to reach that goal.

### **Will the LogicalApps leadership and employees be retained?**

The goal of this combination is to complement Oracle's offerings. The acquisition of LogicalApps significantly increases Oracle's commitment to GRC. LogicalApps' employees have significant domain expertise in GRC and will be an integral part of the GRC business within Oracle for the combined companies.

### **What is the acquisition integration timeline?**

The transaction closed on October 26, 2007. We will provide details on future integration plans to our customers when those details become available.

### **Where can I find out more information about the proposed Oracle and LogicalApps combination?**

For more information, please visit [Oracle.com/LogicalApps](http://Oracle.com/LogicalApps).

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