

# Frequently Asked Questions

## Oracle Financial Services Profitability Management

### Introduction

This document provides answers to pertinent questions for Oracle Financial Services Profitability Management.

### Questions and Answers

#### Scope

Q: What is the product value proposition?

A: Oracle Financial Services Profitability Management enables financial services institutions to calculate profitability by products, channels, segments, and even individual customers. These profitability calculations are adjusted for risk, and they drive Risk-Adjusted Performance Management (RAPM).

Q: What are the market drivers for Profitability Management?

A: The key market drivers for Profitability Management are:

- Multidimensional, risk-adjusted performance analytics
- Customer account-level and customer relationship-level performance analytics
- Seamless integration of historical and forecast performance and profitability
- Support for pricing models

#### Product

Q: What are the key capabilities of Profitability Management?

A: Oracle Financial Services Profitability Management can deliver enterprise wide profitability by product, by organizational unit, or by any combination of dimensions of interest (line of business, geography, channel, customer, segment, etc). In addition, the application can generate results at the management ledger level, at the customer account level, or at both levels simultaneously. OFS Profitability Management can also allocate components of profitability (e.g. activity costs) across dimensions, to the individual customer account level, or directly to the customer level.

Q: What are the key features of Profitability Management?

A: - Multidimensional modeling and profitability analysis  
 - Single data model and platform  
 - Rich allocation features  
 - Auditability with visual trace of allocation history  
 - Customer profitability calculations, adjusted for risk  
 - Unlimited attributes, hierarchies and dimensions  
 - Integration of Risk, Performance Management, Customer Insight, and Financial Compliance

Q: What are the key benefits of Profitability Management?

A: - Analyze and report profitability along any dimension  
 - Deploy any costing methodology for any industry  
 - Prioritize customers by value and profitability  
 - Achieve the scale and performance needed to compute customer risk adjusted profitability  
 - Easily understand how results were derived  
 - Streamline multiple disparate systems and integrate with the broader OFSAA stack

Q: Can the application be integrated with third party applications?

A: Profitability Management can be deployed either in conjunction with other OFSAA applications or by itself. As a stand-alone application, Profitability Management can utilize funds transfer pricing results or activity-based unit costs that are generated by third party applications and final results can be integrated with third party reporting tools.

#### Competitive Position

Q: What are the key differentiators?

##### **Integration with ERM and other EPM applications:**

Ability to share component building blocks with Profitability Management and across all OFSAA applications

##### **Ability to utilize multiple levels of business fact data:**

Transaction data, customer account "point-in-time" instrument data, ledger level data, multiple levels of statistical data

**Enterprise Scale and Performance:** Ability to generate profitability and performance at multiple levels of granularity

**Integrated Risk and Management Framework:** Allows banks to seamlessly determine regulatory as well as economic capital and compute risk adjusted returns for measuring business lines

Q: How does the product work with the rest of the OFSAA suite/platform?

A: As part of the OFSAA suite of products, Oracle Financial Services Profitability Management is able to bring together information from other Oracle Financial Services Analytical Applications, such as Oracle Financial Services Asset Liability Management and Funds Transfer Pricing, to generate accurate, risk-adjusted profitability. By leveraging a single, transparent data model and platform, users have the ability to share component building blocks across different applications.

Oracle Financial Services Profitability Management along with Oracle Financial Services Enterprise Financial Performance Analytics and Oracle Financial Services Institutional/Retail Performance Analytics deliver world-class, enterprise-wide analytics. Results can be generated at the management ledger level, at the customer account level, or most commonly, at both levels simultaneously leveraging these performance analytic products. The various Performance Analytics products within OFSAA

draw upon results generated by Oracle Financial Services Profitability Management to deliver a fully loaded view of Profitability along with multi-dimensional Risk Adjusted Performance Management (RAPM) reporting so you can answer questions such as:

- Which lines of business, relationship managers, or products are truly generating value for my company?
- How does the risk-adjusted profitability of my new business compare with the total portfolio for each product or line of business?
- How will my risk-adjusted results change over time as loan products re-price or mature?

Q: What are the business pains that this application addresses?

A: **Implementation and Maintenance:** Financial institutions require ease of implementation and maintenance as well as sustainability and consistency.

**Transparency:** Banks require transparency of methodologies used within the customer's solution to achieve acceptance across the enterprise.

**Integration:** Financial institutions require integration with other risk and finance applications and a centralized infrastructure stack.



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#### Hardware and Software, Engineered to Work Together

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