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# Oracle Fusion Financials: Next Generation Financial Management Solution

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## Executive Overview

We have seen dramatic changes in technology since the last generation of enterprise applications. Social commerce, mobility and search technologies have revolutionized daily communications and changed the way people work. Simultaneously, the business environment has witnessed extreme change and volatility fueled by globalization, social media, geo-political upheaval, macro-economics (sovereign debt), and accounting and regulatory changes. While change has always been a constant, the scale and velocity of what is happening now in the business landscape sets a different tone.

Oracle has developed the next generation of enterprise applications, Oracle Fusion Applications, to respond to these changes in business and technology. Oracle Fusion Financials is a comprehensive and integrated financial management solution that provides highly automated financial processing, effective management control, and real-time visibility to financial results. It provides everything organizations need to make better decisions, meet financial compliance and improve their bottom line.

## Introduction

Over the years, financial management systems have delivered proven value through integrated business functions, streamlined processes, and increased efficiency, but there are a number of shortcomings. The proprietary nature of their code and approach to technology has created severe limitations and increased costs. At the same time, they have been transactions-based, resulting in pages not optimally designed for the most effective user experience. In terms of flexibility, it has often been difficult to change the software to accommodate business changes, such as acquisitions, business process changes, and global expansion. And most importantly, it can be challenging to get timely, accurate information to help employees make better decisions.

What's the solution?

"When combined with improved and efficient processes, innovative technologies have the ability to deliver quick and simple advantages. For example the continual integration of operational and finance systems with redefined processes can greatly enhance the speed at which information flows throughout the organization and may enable the CFO to better manage inefficiencies or regulatory penalties."

**The New Digital Economy - How It Will Transform Business** Oxford Economics 2011

## Introducing Oracle Fusion Financials

Oracle Fusion Financials is a complete and integrated suite. It offers all of the core functions you would expect in a complete finance system, such as a general ledger to process journals and allocations, accounts payable to process and pay supplier invoices, accounts receivables to invoice customers and receive payments, and so on.

But Oracle Fusion Financials is different. It goes beyond the traditional financial systems that collect, process, and report on data with decision support and business intelligence as an afterthought. Oracle Fusion Financials fundamentally changes how finance users work, interact with data, and make decisions.

### Why Oracle Built Fusion Applications

Today's enterprise users are more demanding. They have grown accustomed to using applications at work, at home and wherever they go. The rich user experience that they experience with Amazon.com, Facebook, iTunes, etc. is expected in their enterprise applications. Rather than think of applications as a way of executing their decisions, they think of them as a means of making better decisions.

#### **Oracle realized it was time to think differently about enterprise applications.**

When Oracle designed Fusion Applications, Oracle made a huge commitment to develop Fusion in a whole new way using a user-centric approach. Oracle spent thousands of hours observing users work day to day, watching how they spend time on every page to determine if that information really needs to be there and why users need to log into a separate application, such as an employee directory or third-party application. The result is a Web 2.0 "Facebook-like" user interface that brings all the relevant information and actions users need to take into close alignment with the actual business flows.

When Oracle built Fusion, they wanted to make the software easily adaptable to any kind of change that is happening in the world and to ensure those changes lived on during upgrades. Oracle took a business process flow approach and leveraged BPEL (Business Process Execution Language) for workflow and SOA (Service-Oriented Architecture) for extensibility that are both embedded in Fusion Middleware, the foundation from which Fusion Applications are built. Together these standards-based technologies allow customers to tailor their business processes very easily without worrying about

migrating or re-implementing them during upgrades. In other words, customers can make changes to business processes that will survive upgrades.

### **How is this possible?**

Oracle Fusion Middleware is delivered as part of Oracle Fusion Applications. Oracle Fusion Middleware provides meta data layers that are reserved specifically for customers' use to allow them to tailor and extend their applications as they see fit. A simple way to think about this is Oracle Fusion Middleware provides a stack of drawers in a 50-drawer chest, and specific drawers have been reserved for customers to do with as they please. Oracle never touches the customers' drawers even during upgrades. For example, if customers need to make a business process change to adapt to IFRS changes or new industry regulations, or a company gets acquired by another and needs to completely revamp its processes, the configurable Web Services and BPEL allow companies to do so easily and very cost-effectively. If Oracle subsequently changes a business process in a future release that may conflict with the changes customers have already made in their dedicated drawers, then those changes will be flagged so that customers can decide how they want to address them.

### **Best of the Best Capabilities**

When Oracle designed and built Oracle Fusion Financials, they took the best of the best capabilities from their acquisitions over the years to deliver a world class financials suite. They took the compelling features from E-Business Suite, PeopleSoft, Hyperion, and JD Edwards and included them in Fusion. In many cases, Fusion Financials provides additional capabilities that didn't exist in any of Oracle's Financials products or even in the marketplace.

## **The New Standard for Reporting**

The Office of Finance is considered the gatekeeper of information and is under increasing pressure to provide accurate and reliable information faster and more efficiently to both internal and external stakeholders to help them make better decisions.

Oracle Fusion Financials delivers a unique reporting platform that provides real-time access to financial information with exceptional reporting and analytics capabilities. What makes the reporting platform unique is its embedded multi-dimensional data model that leverages Oracle Essbase, the market leading online analytical processing (OLAP) server. There are several benefits with this approach:

- It allows large quantities of data to be stored and organized in a very efficient way that can be accessed and analyzed quickly for intuitive and immediate decision support.
- It provides excellent query performance especially for queries that require summary level data.
- It allows users to quickly analyze data from different perspectives from the same system that is used for entering transactions and generating financial and management reports.
- It provides business users with a highly interactive user experience when manipulating and analyzing data.

- It provides the foundation to manage complex calculation models that are typically needed to perform sophisticated allocations.

The multi-dimensional data model is seamlessly embedded inside Fusion General Ledger. At the moment users create their chart of accounts or ledger, the corresponding Essbase cube is created. If users create a new version of a date-effective hierarchy, such as adding a new cost center, the corresponding cube hierarchy is also updated at the same time. Then as transactions are posted, the balances are also updated simultaneously and pre-aggregated at every possible summarization level, making reports, online queries and multi-dimensional analysis extremely fast because no computations or summarizations need to be done at runtime. In fact, all reports and queries work off the same up-to-the-minute, live data to ensure that all the roles in your company, regardless of the type of report they need, will be making decisions based on the most relevant and accurate information.

**Bottom Line:** Because one system supports all financial management and analysis needs, customers have fewer systems to support and maintain, less data to move around, and faster access to numbers. Users no longer need to worry about reconciling the reporting system against the financial management applications because essentially both systems are fused into one.

### Easy to Use Report Writer

Many of today's transactional finance systems have reporting tools that are based on outdated technologies that are hard to use, inflexible and geared towards programmers. If users have ad hoc requests or custom reporting needs, it often requires IT help that could take weeks or months.

Oracle Hyperion reporting tools have long been considered the gold standard for financial and management reporting. Oracle Fusion Financials leverages Hyperion's reporting tools, such as Hyperion Financial Reporting, to create boardroom quality financial reports based on live data that support drilldowns to the original transactions. The reports can be delivered in a variety of formats (including HTML, PDF, and Microsoft Office). Using a standard Web browser, users can interact with the report data by changing report selections, page members, and navigation options.

Additionally, the report results can be refreshed on-the-fly within the Microsoft Office products. For example, CFOs can export financial statements to MS Office products, such as PowerPoint, Excel or Word, and then refresh results as needed directly from those desktop applications with a single click to obtain the most up-to-the-minute results.

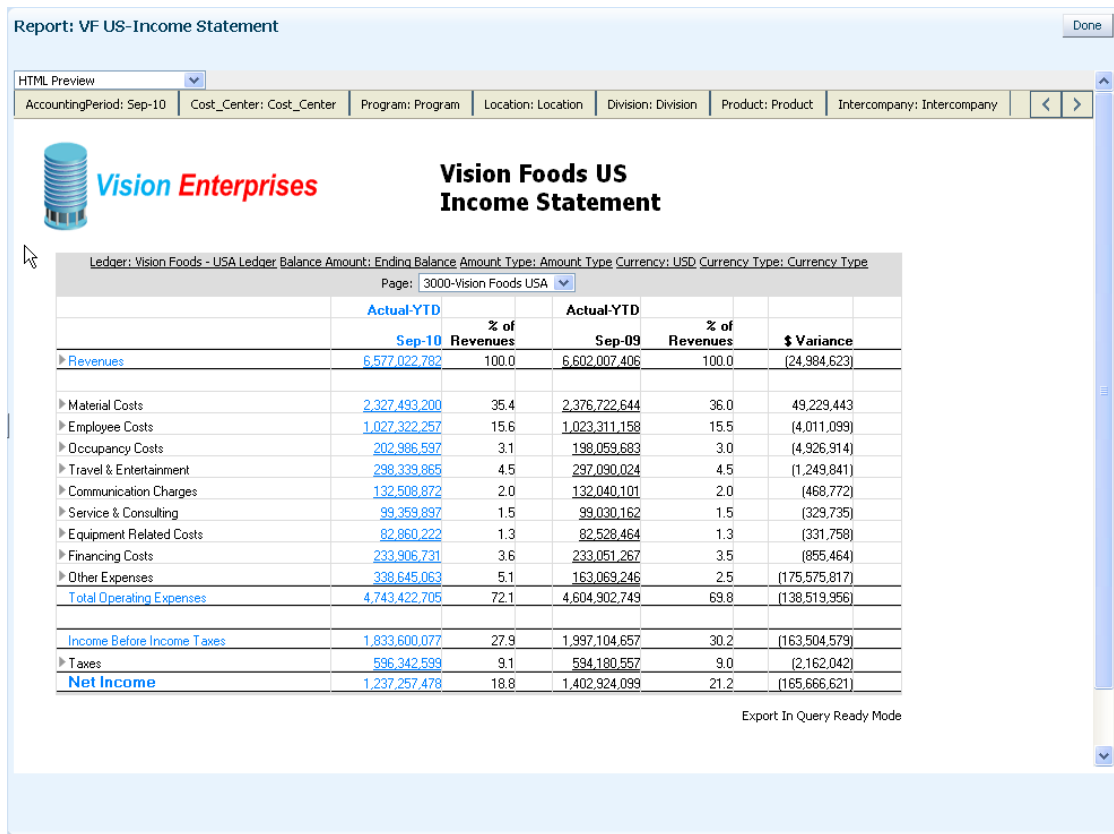


Figure 1. Boardroom quality financial statement from Oracle Fusion Financials

### Interactive Analysis on Live Data

For accountants and financial analysts who need to have an interactive conversation with their data, Oracle Fusion Financials provides two solutions:

- For those users who prefer spreadsheets, Oracle Fusion Financials leverages Oracle Hyperion Smart View to interactively investigate live data within Excel where users can begin shaping and altering the grids of data and drilldown to the original transaction to explain how account balances from certain cost centers, lines of business, product lines or regions were formed.
- For users who prefer to work in a web environment, Oracle Fusion Financials has the Account Inspector. The Account Inspector supports multi-dimensional analysis, pivoting, dragging and dropping of page level dimensions to further slice and dice results with drilldowns to original transactions—all within a web page.

Because these queries work from the same live, pre-aggregated data, users can quickly change query criteria and instantly refresh results on-the-fly without running a batch program.

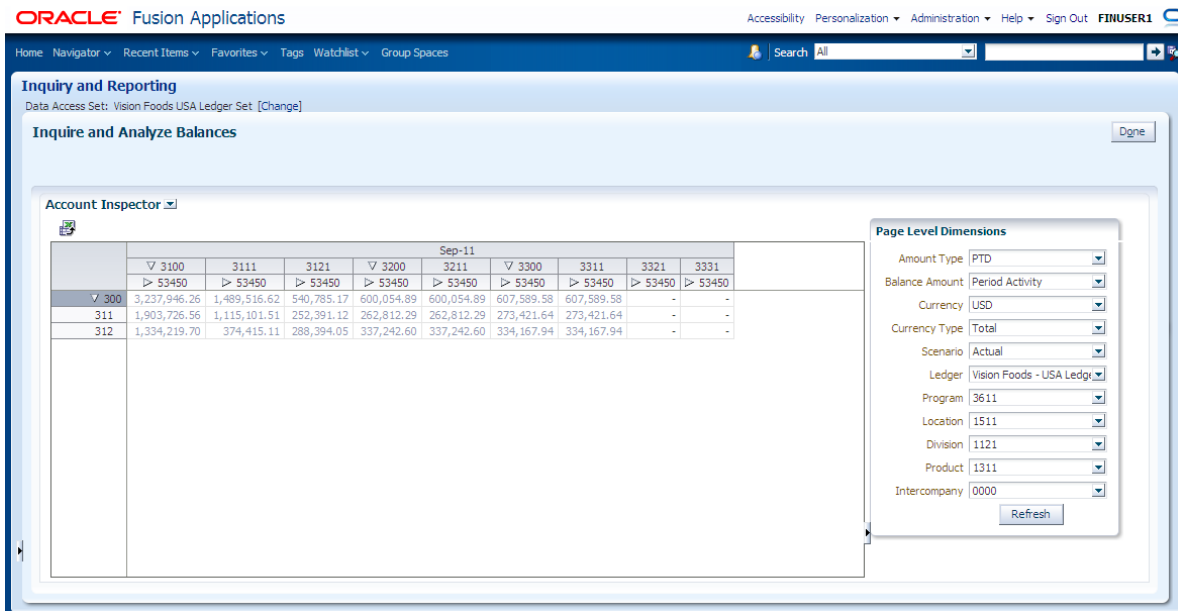


Figure 2. The Account Inspector: Web-based multi-dimensional analysis of ledger balances

### Account Balances that Monitor Themselves

Often times when anomalies in account balances are identified, it is too late to take corrective actions and influence future outcomes.

Oracle Fusion Financials delivers self-monitoring accounts that automatically detect sudden spikes or drops in account balances based on thresholds that you define. For example, you can define the accounts you want the system to monitor and the threshold amounts, such as a 10 percent increase in travel costs from the previous quarter or a 20 percent decrease in hardware revenues from the previous year. You can view both current and comparative balances as well as their percentage change to assess whether the variance is favorable or unfavorable. To investigate the root cause of the exception, you can quickly drill down through multiple levels of summarized balances, view different perspectives of the balance, and drill further to the originating transaction. Because the balances are based on the same live, multi-dimensional data, the system monitors the changes in real-time so that you can take proactive action sooner rather than later.

### Self-Service Access to Reports

Instead of depending on others such as IT to deliver reports, users have self-service access to any financial or management report they are authorized to view. The Fusion Financial Reporting Center provides a central place to securely distribute static snapshots of reports at specific points in time or live reports based on real-time accounting information, complete with drilldowns to live transactions.

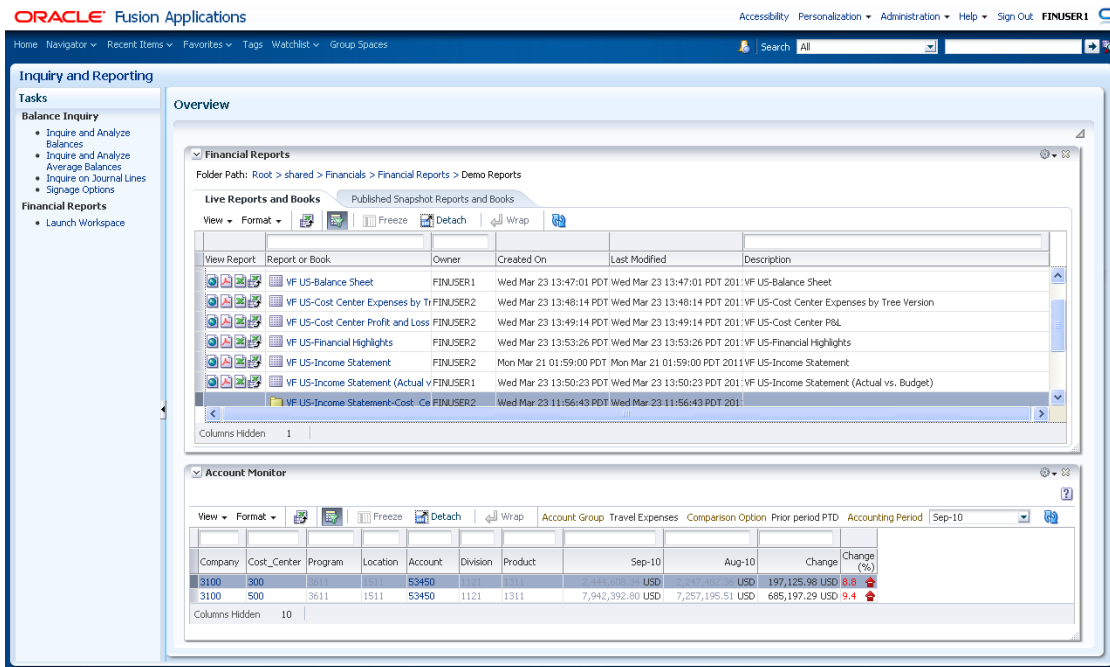


Figure 3. Fusion Financial Reporting Center: Centralized Report Distribution and Access

## New Standard for Decision-Making

Workers and organizations are nearing the point of information overload and are wasting time sifting through the vast amounts of information stored in their email, ERP system, instant messages, meeting requests, etc. Studies have shown that a typical information worker spends up to 30 percent of his or her day just searching for the right information to complete a task<sup>1</sup>, and half the time that information has no value. This leads to faulty decisions, duplicated efforts, lost productivity, and missed opportunities. Instead of trying to do everything, finance users should be laser beam focused on doing the right things.

## Role-Based Dashboards Deliver Work to You

Oracle Fusion Financials delivers information-driven dashboards that are tailored for the different roles in finance to help finance users know what they need to do, what they need to know, and who to contact (if they have questions) the moment they log onto the system. These configurable dashboards consolidate information from a variety of sources, actively monitor processes, and push exceptions to

<sup>1</sup> "Managers Say the Majority of Information Obtained for Their Work Is Useless, Accenture Survey Finds," *Accenture*, January 4 2007, [http://newsroom.accenture.com/article\\_display.cfm?article\\_id=4484](http://newsroom.accenture.com/article_display.cfm?article_id=4484)

users so they are only working on tasks that are important. Because all this information is displayed on a single page, users no longer need to perform time-wasted searches, access multiple transaction pages or run multiple reports to understand their priorities for that day.

For example, the General Accounting Dashboard allows the Accounting Manager to view their self-monitoring accounts that were mentioned previously, journals requiring attention, such as those requiring approval or having errors, intercompany transactions that need to be addressed, and the close status across ledgers and subledgers. At any time she can perform actions and drill down to transactions directly from her dashboard.

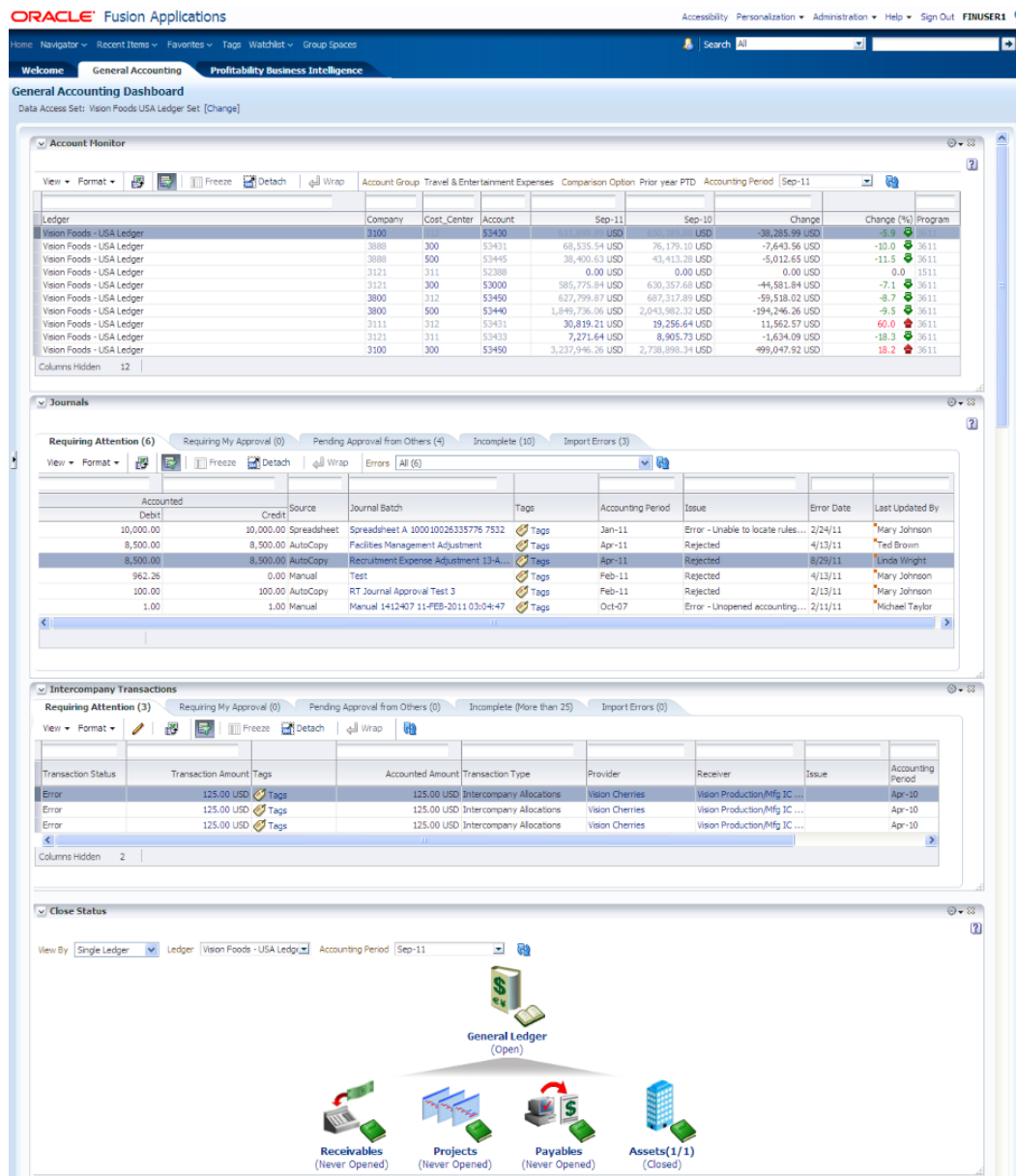


Figure 4. General Accounting Manager Dashboard

Another example is the Payables' Manager Dashboard. A Payables Manager typically has to run multiple reports or queries to identify invoice hold and approval issues and access multiple screens to resolve problems. Oracle Fusion Payables provides a Payables Manager Dashboard that pushes exceptions that occurred from automated invoice and payment processing, such as missing exchange rates on a foreign currency invoice or issues with the payment information. It also tracks the status of supplier invoices, such as invoices requiring approval, invoices on hold, suppliers on hold, and more—all from a consolidated page. The Payables Manager can then take action directly from the dashboard to resolve issues.

All delivered dashboards can be tailored on-the-fly by adding or removing regions, resizing and removing columns, sorting columns, applying saved searches, etc. for the most productive user experience.

### Intelligence Embedded within Transactions

When a knowledge worker needs to touch a transaction that could not be automatically processed, he or she needs the right information at the right time in the current context, directly applicable to the transaction at hand.

To support these professionals, Oracle Fusion Financials provides embedded intelligence that is displayed in the same page or window where users process transactions so they do not have to drill down or navigate to a separate page or application. The embedded intelligence comes in various forms to give advice on how to complete work and in some cases offer suggestions or provide visual cues to guide users to certain actions. A simple example is displaying the projected account balance during journal entry to show what the change to the account balance will be once the journal is posted. A more complex example pertains to the manual application of customer receipts. Typically, customer receipts are processed automatically via a bank lockbox and applied to open invoices. If the system could not automatically match the receipts to invoices, a user has to manually apply them. Oracle Fusion Receivables helps users in this process by offering recommendations of the most likely invoices that should be matched and prioritizes them using a reference score and reason based on matching rules users define. The system maintains a history of the past reasons why receipts were not automatically applied, such as customers taking unearned discounts, to allow you to update your matching rules to teach the system and improve the future hit rate to automatically match receipts to open invoices.

### New Standard for Productivity

As the Office of Finance continues to drive down costs and do more with fewer resources, Oracle Fusion Financials supports a wide variety of productivity tools to dramatically lower the costs of resource-intensive tasks.

## Do More with Less

Companies aim to automate as many processes as possible to eliminate human touch points, but Oracle realizes there are times when users must process transactions manually.

To help finance efficiently perform high-volume data entry, Oracle Fusion Financials provides extensive spreadsheet integration across most finance functions. The spreadsheets act as natural extensions to the transactional pages because they provide drop-down lists and online validation of data with one-click processing. You can enter journals, correct journal import errors found in the open interface, enter or update currency exchange rates, enter supplier invoices, correct invoice import errors, process cash receipts, enter employee expense reports, add assets and more—all from a spreadsheet.

Oracle is the only software vendor to provide out-of-the-box imaging integration of supplier invoices. Once you scan supplier invoices, our market-leading intelligent character recognition technology will read the invoice, extract the necessary invoice information and pre-populate the invoice data. The system routes the invoices to the Payables Specialist based on rules you define for workload balancing. For example, invoices can be routed to specific Specialists based on invoice amount or supplier name. When the Payables Specialist logs into his or her Work Area, he will see a queue of invoices waiting for completion. After the Specialist verifies the information is correct and marks the invoice complete, the invoice is routed for approval and payment processing. This helps companies dramatically reduce invoice processing costs, reduce data entry errors and eliminate the need for costly third-party solutions.

## Accelerate the Close

In many financial systems, defining allocations can often be very complicated and unintuitive and can consume system performance due to long-running calculations.

Oracle Fusion Financials makes defining allocations more intuitive with excellent performance. It does this by leveraging the Allocation Manager, a tool provided by Oracle Enterprise Performance Management. The Allocation Manager delivers a graphical wizard that guides users through the step by step process of creating complex formulas. Its highly sophisticated allocation engine supports complex formulaic calculations to distribute revenue and costs throughout the organization with resulting calculations automatically generated as journal entries. Because this tool leverages the same multi-dimensional reporting platform that was discussed earlier, and its calculations are made on the pre-aggregated balances, the Allocation Manager is extremely fast.

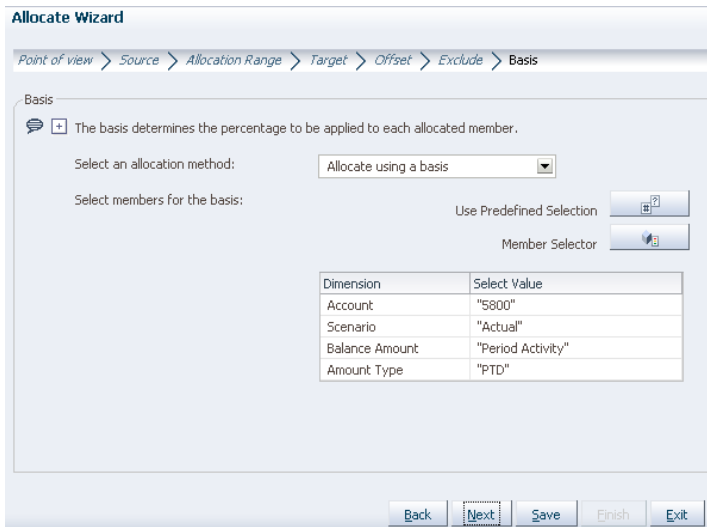


Figure 5. Allocation Wizard Define Basis

Reconciling transactions can also be a very time-consuming, manual process. Oracle Fusion Financials expedites the reconciliation process with interactive reconciliation reports that compare open receivables and open payables balances to the corresponding balances in Fusion General Ledger. If differences exist, it performs the labor-intensive process of matching each transaction to its respective accounting entry and automatically finds all transactions and accounting entries that contribute to the out-of-balance situation. Accountants can then quickly drill down to the transactions to investigate discrepancies.

Payables to Ledger Reconciliation Report						
Data Extraction Attributes						
Request Number	Extraction Date	Ledger	Accounting Period	Include Intercompany Transactions	Include Bills Payable	Business Unit
S5759	3/11/2011 6:56:23 PM	Vision Operations (USA)	Feb-11	Yes	Yes	Vision Operations
<a href="#">Edit</a> - <a href="#">Refresh</a> - <a href="#">Print</a> - <a href="#">Export</a>						
Payables to Ledger Reconciliation Summary						
	Payables Amount (USD)	Accounting Amount (USD)	Difference (USD)			
Accounting Begin Balance		(281,890,605,184.77)				
(Non-Payables Begin Balance)		(332,150,857.41)				
<b>Payables Begin Balance</b>	<b>281,565,088,150.38</b>	<b>(281,558,454,327.36)</b>	<b>6,633,823.02</b>			
Invoices	(1,165,005,035,554.28)	1,165,005,036,914.85	1,360.57			
Payments	(14,395,594.78)	14,395,594.78	0.00			
Prepayments	(2,656,417.89)	2,656,417.89	(0.00)			
Payables Variance	(4.99)	7,612,979.80	7,612,974.81			
<b>Payables End Balance</b>	<b>(883,456,999,421.56)</b>	<b>883,471,247,579.96</b>	<b>14,248,158.40</b>			
Non-Payables Begin Balance		(332,150,857.41)				
Non-Payables Journals		55,687,082,211.92				
Other Accounting		42,123.00				
(Not Transferred to General Ledger)			0.00			
(Not Posted in General Ledger)			1,139,097.92			
Accounting Variance			(7,612,874.80)			
<b>Accounting End Balance</b>		<b>938,817,469,084.75</b>				
<a href="#">Edit</a> - <a href="#">Refresh</a> - <a href="#">Print</a> - <a href="#">Export</a>						

Figure 6. Subledger to General Ledger Reconciliation Report

To gain greater visibility and control of the close process, the Close Status allows you to monitor the close status across Fusion subledgers, such as Projects, Payables, Receivables, Assets, and ledgers in General Ledger. Authorized users also have direct access to the period status pages to open and close periods to control transaction entry.

## Flexible Approach to Software Adoption

Only Oracle provides a flexible approach to system adoption that allows customers to retain their current investments and have them coexist with new applications where it makes sense and where they can achieve significant business value. Oracle Fusion Applications can coexist with other Oracle Applications without forcing customers to perform a full scale upgrade to Oracle Fusion Applications.

**A key component of this co-existence strategy is the Oracle Fusion Accounting Hub.**

The Fusion Accounting Hub provides integration to both Oracle E-Business Suite and PeopleSoft Enterprise General Ledgers. This integration provides current E-Business Suite and PeopleSoft customers the opportunity to adopt Fusion Financials in an evolutionary manner with minimal implementation effort and without disruption to their current financial management processes. If companies have third party feeder systems, the Fusion Accounting Hub can also be used to create the appropriate accounting entries to meet statutory, corporate, regulatory, and management reporting needs in a very controlled and consistent fashion.

Oracle Fusion Accounting Hub provides many of the innovations that are in Oracle Fusion Financials, such as the unique reporting and analytics platform, role-based dashboards, spreadsheet integration, a robust allocation engine, and the best of the best capabilities across our Applications Unlimited portfolio and Fusion Middleware.

## Flexible Delivery Options

Oracle offers customers the choice to choose between different delivery methods. We find that customers vary in terms of how rapidly they wish to move to or adopt cloud or SaaS solutions. Because of this, Oracle offers a choice as to how customers may consume software and technology with cloud computing. Beyond traditional on-premise models, customers can build their own private clouds or use a third party provider like Oracle to manage their IT for them as managed services. And then there are Public Clouds, where hardware and computing resources are shared amongst customers and there is no hardware at all to buy or software to manage – your technology is delivered as a subscription-based service. Oracle customers have the flexibility to adopt on-premise, private clouds, public cloud services, or a hybrid approach at a pace that fits their business.

## Conclusion

In recent years, we have seen significant changes in technology that have changed the way people work forever. Today's users are more savvy and demanding and expect the richness of user experience in their work environment that they are used to in the consumer technologies they use.

We've also seen significant changes in the business environment with increased global competition, regulations, accounting changes, M & A activity, geopolitical upheaval, macro-economic issues, natural disasters that affected supply chains, social media, and so on.

To support these users, a next-generation enterprise application must be highly visual, information rich, intuitive and highly adaptable. But most importantly, it must help users make better decisions, not just execute on those decisions. For knowledge workers to truly fulfill their potential as catalysts in transforming information to knowledge assets, timely access to relevant information is crucial.

Oracle Fusion Financials is the next generation financial management system that is part of Oracle Fusion Applications, a 100 percent open, standards-based platform leveraging the latest advances in technology, such as web services, service-oriented architecture (SOA), object-oriented design, and Web 2.0 collaboration. Oracle Fusion Financials is a complete, comprehensive, and integrated suite of applications that improves the way users work, access information, and make decisions.

Oracle Fusion Financials is a complete financial management system that integrates with Oracle Fusion Governance, Risk, and Compliance (GRC) and Oracle Enterprise Performance Management (EPM). Its integration with Oracle Fusion Governance, Risk, and Compliance helps you streamline all GRC activities—from documentation, testing, remediation, and certification of end-to-end processes and controls to managing enterprise risk. Its integration with Oracle EPM enforces closed-loop processes for planning, budgeting, transacting, and measuring results.



Introducing Oracle Fusion Financials  
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**Hardware and Software, Engineered to Work Together**