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Oracle Fusion Accounting Hub:
Integration with Oracle Financial Solutions

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Executive Overview

To succeed in today's global economy organizations need access to accurate and timely information to respond to new threats and opportunities as well as to remain competitive. Managers cannot afford to wait for days to help influence outcomes; they need to know where the business stands right now to quickly respond to unpredictable events.

The gatekeeper of this information is the Office of Finance. They are under increasing pressure to provide more timely and insightful information and reports across the enterprise. With the myriad of information sources or silos across the enterprise, Finance is challenged to provide enterprise-wide visibility, analytical acuity, and near real-time reporting essential in helping the organization make better decisions.

Oracle Fusion Accounting Hub (FAH) helps users at all levels of the organization make better decisions on a day-to-day basis with real-time access to financial information across heterogeneous ledger and source systems.

Fusion Accounting Hub offers a flexible approach to system adoption:

- As a reporting platform, FAH offers E-Business Suite and PeopleSoft customers exceptional reporting and analytics with minimal disruption to their current financial processes.

- As an accounting integration platform, FAH standardizes the accounting from non-Oracle third party transactional systems to efficiently create detailed, auditable, and reconcilable accounting to any general ledger system.

This white paper is intended to describe the business value of integrating Oracle Fusion Accounting Hub with your existing software investments.

Introduction

Most businesses support numerous enterprise resource planning applications, both purchased and built in house or acquired through acquisitions. Studies have shown that companies can support anywhere from six to over 100 applications depending on the size and type of business. IT infrastructure is often complicated with a diversity of application platforms,

including aging and brittle systems that are highly risky to replace, yet provide little maneuverability for modernization. The situation is worsened as global businesses try to meet more complex and stringent global accounting standards and new internal controls legislation.

In addition to multiple applications, companies may also have multiple reporting tools that each look at different data sources. For example, some users may save reports in spreadsheets on their hard drive. Other users may need to wait for the data mart or data warehouse to refresh to get the latest numbers or wait for IT to respond to ad hoc requests. Thus, business users may not receive timely and accurate information, making it difficult for companies to act quickly and create competitive advantage.

At the same time, organizations need to make their enterprise more efficient without huge investments or disruption to their businesses. This leads to tough questions about consolidating and/or replacing systems. Is it better to replace heterogeneous and legacy systems? Is it better to integrate these systems to a data warehouse for reporting? Or can organizations get more value and efficiency from leveraging what is already in place by reusing existing applications?

Some organizations have no choice but to continue using aging operational applications, leaving a heterogeneous landscape, because the risks and costs of upgrading applications are too great. In the absence of a "rip and replace" strategy, organizations are challenged to maximize the utility of their current IT investments.

What's the solution?

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.

Co-existence with Fusion Accounting Hub

Co-existence is the notion of having Fusion Applications exist with Oracle Applications without having to perform a full scale upgrade to Fusion Applications. A key component of this co-existence strategy is Oracle Fusion Accounting Hub.

Fusion Accounting Hub provides integration to both Oracle E-Business Suite (EBS) and PeopleSoft General Ledgers as part of Oracle's Application Strategy. This integration provides current EBS and PeopleSoft customers the opportunity to leverage Fusion Accounting Hub's exceptional reporting and analytics platform with minimal implementation effort and without disruption to their current financial

Oracle Fusion Accounting Hub: Oracle E-Business Suite and PeopleSoft Integration

management processes. There are two primary benefits to leveraging this co-existence strategy. First, it reduces customer risk. For example, customers can continue to use their E-Business Suite and PeopleSoft applications for their procure-to-pay and the credit to collections processes with no disruptions. Transactions can continue to be accounted in the E-Business Suite and PeopleSoft General Ledgers without any required changes to their accounting treatments.

Second, the co-existence strategy allows customers to take advantage of the next generation of Oracle applications with minimal costs. Customers can continue to use their current applications with Fusion Accounting Hub and immediately achieve a positive return on their investment by using the expanded reporting and analytical capabilities of Fusion Accounting Hub.

Together, these products deliver "speed-of-thought" decision-making with real-time access to financial data. These capabilities could previously only be achieved by using multiple systems and custom integrations. As such, you can avoid extra processing, resources, maintenance, data duplication, data reconciliation, and lag time with Fusion Accounting Hub.

Fusion Accounting Hub Components

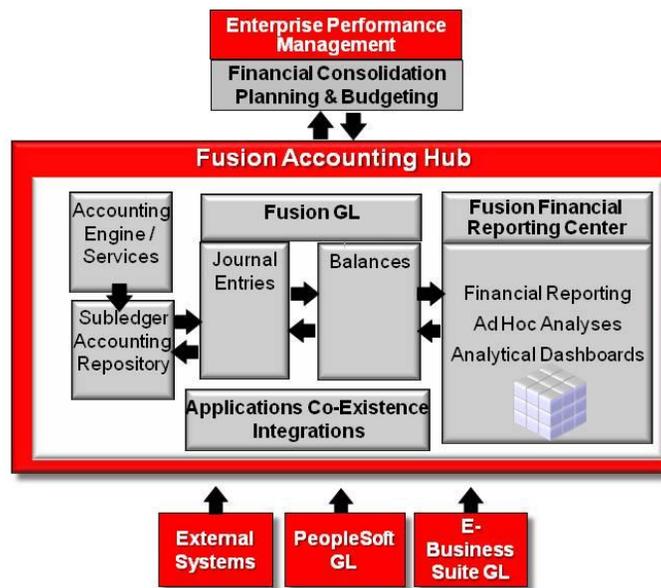The following shows the components of Fusion Accounting Hub:

Figure 1: Oracle Fusion Accounting Hub Components

Fusion Accounting Hub as a Reporting Platform

How much time do you spend collecting and analyzing data? Can you instantly perform multi-dimensional analysis on your operational data? Do you have immediate access to your complete financial picture?

Fusion Accounting Hub's reporting platform provides real-time access to financial information with exceptional reporting and analytics capabilities to all users. 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. The purpose of embedding the Essbase cube within this reporting platform is twofold: First, it allows you to store large quantities of data in a way that can be accessed rapidly. Second, it allows you to manage and organize this data for fast and powerful retrieval for immediate decision support.

When Fusion Accounting Hub is integrated with either an E-Business Suite or PeopleSoft General Ledger, customers can apply a chart of accounts mapping to convert chart of accounts values to a corporate or other standardized reporting structure. In this case, the E-Business Suite or PeopleSoft General Ledger can continue to serve as the local book that is used for journal posting, period close, and other accounting processing, while Fusion General Ledger can serve as the corporate book where you perform real-time reporting and analytics throughout the accounting period.

The following describes the components of the reporting and analytics platform in more detail:

Fusion General Ledger:

Fusion Accounting Hub leverages Fusion General Ledger. Fusion General Ledger combines traditional general ledger functionality with embedded Oracle Essbase. At the time users create their chart of accounts, the Oracle Essbase cube is created. If a cost center is added or a date-effective hierarchy is modified, Fusion General Ledger automatically creates or modifies the corresponding cube hierarchy in Essbase. Then as transactions or journals are posted, Fusion General Ledger automatically updates the multi-dimensional balances to ensure that balances are always in sync and up-to-the-minute accurate. Unlike a data warehouse, no batch programs need to be run to populate the multi-dimensional balances; it is all happening in real-time whenever a journal or transaction is posted.

Fusion General Ledger also pre-aggregates balances at every possible summarization level across each dimension of the chart of accounts and accounting periods for multiple date-effective hierarchies. The result: extremely fast reports and queries. Reports and analytics can be refreshed on-the-fly without having to run a process or program because the balances have already been pre-calculated. Multi-dimensional analysis is also instantaneous. Users can quickly slice and dice data across dimensions and drill up, down, and sideways on any parent level.

Intelligence and analytics have also been embedded within the context of a business transaction, a journal in Fusion General Ledger's case, to help users complete journal entry. For example, before users post a journal, the system will tell them the impact the journal will have on an account's balance. This eliminates the need to have to navigate to a separate page to run a query or run a report. This helps users make smarter decisions faster while remaining in context of the transaction and staying focused on completing the task at hand.

Fusion Financial Reporting Center:

Fusion Financial Reporting Center provides a single point of access to securely distribute live and pre-published financial reports for self-service access. Users can access any report they are authorized to view with the ability to perform multi-dimensional analysis and drill down from any of the live reports.

Fusion Financial Reporting Center also offers the following features:

- **General Accounting Dashboard** tells users exactly what to do, where to go, and who to contact as soon as they log into the application. The dashboard tracks the status of self-monitoring processes to help users quickly resolve exceptions, garner approvals and focus on analyzing results. For example, the General Accounting Dashboard alerts accounting managers to exceptions, such as posting errors, journal import errors, and pending journal approvals. In addition, it provides a centralized close process manager to monitor the close status across ledgers.

- **Account Monitor** allows accountants and managers to actively monitor specific account balances in real-time throughout the accounting period to quickly react to anomalies and influence future outcomes. Users simply need to specify the accounts and threshold limits to have the system automatically detect sudden spikes or drops in account balances as they occur. For example, if a particular expense account increases by more than 10% or a cash account falls below a certain threshold, the system will immediately highlight that exception so users can take immediate action. Users can view both current and comparative balances as well as their percentage change to assess whether the variance is favorable or unfavorable. Because the Account Monitor is working off of the same multi-dimensional balances as the reports, users can quickly drill down through multiple levels of the hierarchy or a specific level of the hierarchy—all the way to the original transaction to identify the root cause of the issue.

- **Account Inspector** allows financial analysts and accountants to quickly perform ad hoc ledger queries, multi-dimensional analysis, pivoting, and drill down--all within a web page. Because it works off the same multi-dimensional balances that stores pre-aggregated balances at all levels, slicing and dicing data is extremely fast. Any changes you make to your query criteria are instantaneously refreshed to ensure you are working with the most up-to-date information to make the most informed decisions.

- **Oracle Hyperion Financial Reporting (FR) Studio** offers a robust financial report writer to create boardroom-ready financial statements without the need for IT involvement. All reports support multiple output options, such as HTML, PDF, and Excel and can be exported to MS Word and PowerPoint where they can be instantly refreshed from those desktop products.

- **Oracle Hyperion Smart View** allows accountants and analysts to perform ad hoc balance queries within a familiar Excel spreadsheet environment. Smart View accommodates data from multiple data sources into the same worksheet. For example, users can report and query on data from the Oracle Essbase cubes as well as budget data from Oracle Hyperion Planning. All of the queries are live and their results can be refreshed on-the-fly without having to run a batch program. Financial Analysts love this because they can interactively investigate, slice and dice data, and also drill down to the originating transaction directly from the spreadsheet where they spend most of their time.

Calculation Manager:

In the area of allocations, Fusion General Ledger leverages Hyperion's Calculation Manager to design, validate, deploy and administer sophisticated calculations (business rules) in a graphical environment. The graphical, wizard-driven rule designer makes creating allocation formulas very easy in a step-by-

step fashion. And because the Calculation Manager uses the same multi-dimensional balances embedded in Fusion General Ledger to create fast and powerful allocations, you can be assured that the basis of your allocation formulas will always be accurate and up-to-date. Finally, the allocation formulas generate a physical journal entry for auditing and control.

Integration with Oracle General Ledgers

Integration between Oracle General Ledgers (E-Business Suite and PeopleSoft) and Oracle Fusion Accounting Hub has three main components:

1. Synchronization of charts of accounts, calendars, and ledgers.

2. Transfer of data and financial results from Oracle General Ledgers to Fusion Accounting Hub's Ledger.

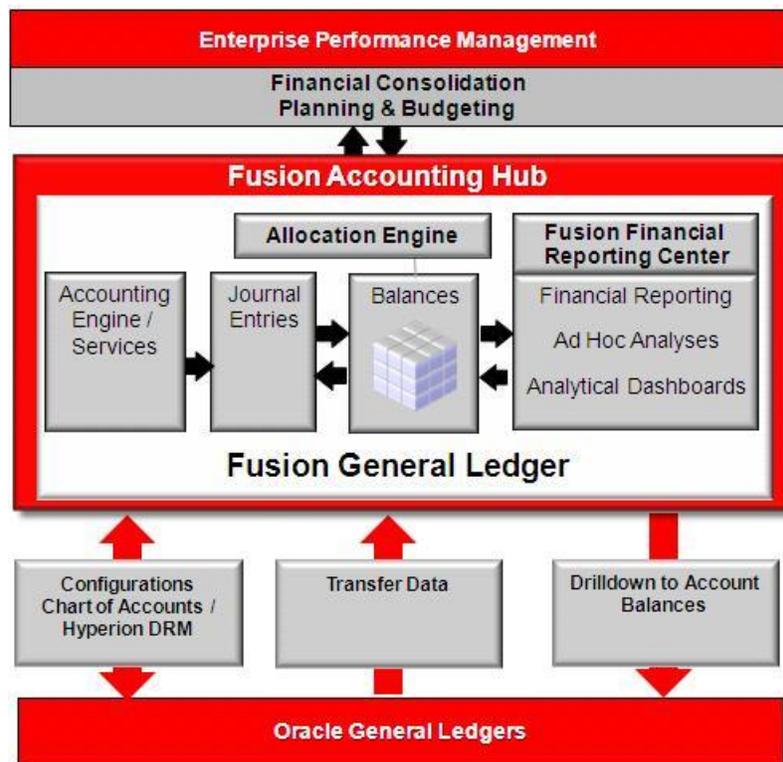3. Drilldown from Fusion Accounting Hub to Oracle General Ledgers.

Figure 2: Fusion Accounting Hub and E-Business Suite and PeopleSoft General Ledger Integration

Co-existence with Oracle General Ledgers and Fusion Accounting Hub includes the following features:

- Synchronization of chart of accounts values between Oracle General Ledgers and Fusion Accounting Hub

Oracle Hyperion Data Relationship Management (DRM) propagates any updates to chart of accounts values from Oracle E-Business Suite General Ledger to Fusion Accounting Hub. DRM is a change management platform built specifically to support complex financial reference data. With DRM's robust security and rich hierarchy management features, you can enforce high-level standards and controls over chart of accounts synchronization between Oracle General Ledgers and Fusion Accounting Hub.

For the PeopleSoft General Ledger, a one-time chart of accounts load will synchronize the charts of accounts from the PeopleSoft General Ledger and Fusion General Ledger.

- Relationships between Oracle GL ledgers and ledgers in Fusion General Ledger

  The data transfer programs use these relationships to route financial results to the appropriate Fusion ledgers. You can map multiple Oracle GL ledgers to the same Fusion ledger to consolidate accounting results as needed.

- Programs to transform chart of accounts values

  You can map disparate ledgers to a uniform corporate or reporting chart of accounts. Each chart of accounts mapping between an Oracle GL ledger to a Fusion ledger can be different.

- Programs to transfer accounting information

  You can transfer data from the Oracle GL ledgers to the Fusion ledger. Online reports can be used to verify the success of the transfer process and to manage exceptions. During the transfer process, the data transfer programs perform the following:

    o Route the balances to the appropriate Fusion ledger

    o Create journal entries to record the balances in the appropriate Fusion ledger

    o Store routing information to support drilldowns from the ledger in Fusion Accounting Hub to the Oracle GL ledgers

- Drilldowns from Fusion Accounting Hub to the Oracle GL ledgers

  You can drill down on data from Fusion Accounting Hub to the Oracle GL ledger where the data originated.

Fusion Accounting Hub as an Accounting Integration Platform

Fusion Accounting Hub receives data from multiple third party transactional systems and then applies business rules to transform transaction information into standardized, consistent accounting entries to meet virtually any accounting requirement.

Fusion Accounting Hub is very efficient and user-friendly and delivers optimum performance. For example, the user interface makes defining rules intuitive with minimum navigation required. Business users will find that defining rules is easy with the ability to enter freeform text using non-technical language. And lastly, there is extensive Excel integration.

The following describes the components of the accounting integration platform in more detail:

Accounting Rules and Transformation Engine

Fusion Accounting Hub includes a robust, centralized accounting engine with user-configurable accounting rules. Its highly configurable rules engine transforms transaction information from diverse industry applications, such as billing systems for telecommunications, core banking platforms, or claims systems for insurance, into accurate, detailed, auditable accounting entries into Oracle and non-Oracle general ledger systems.

One of the most significant benefits of the rules engine is its flexibility to create the appropriate accounting entries to meet multiple accounting requirements. For example, one company may record expenses against the cost center that ordered the goods while another company may record expenses to the cost center where the goods are shipped. One company might want the transaction number, transaction type and customer name included in the description of the journal entry for reporting or ease of identification, while another company may want the transaction amount, currency exchange rate and the user who entered the transaction recorded in the journal description. There is no end to the variations and preferences that companies have when it comes to how accounts should be derived and the type of information that should be captured in journal entries for management and financial reporting purposes.

When an accounting system is not flexible enough to handle these requirements, users frequently resort to building expensive customizations to achieve the desired result. They may also resort to entering adjusting journal entries to 'fix' the accounting that is generated by the system. This could result in user errors with no audit trail to the source system transactions.

Fusion Accounting Hub offers maximum flexibility in generating accounting entries by making it possible for users to configure accounting rules based on any attribute of a transaction. For example, the expense account for a payables invoice could be based on the item type or purchase order distribution. The liability account can be based on the supplier or broken out into multiple liability accounts by supplier site. A deferred revenue account on a receivables transaction can be broken out by different lines of business based on the nature of the revenue. No matter how many variations a company may have, Fusion Accounting Hub can address these dynamic and multifaceted business requirements in a very controlled and standardized fashion.

Another benefit of the rules engine is its ability to generate multiple accounting representations (e.g., IFRS, local GAAP, industry, regulatory) for a single subledger transaction. You can define the rules centrally and then deploy them to multiple source systems to ensure consistent accounting treatment. This prevents the need to have to update the accounting rules in every source system individually.

Additionally, you can define date-effective accounting rules that can be defined in advance to anticipate changes in accounting treatment. For example, you can change your accounting rules to anticipate changes in development costs from being expensed in U.S. GAAP to being capitalized in IFRS. This is especially useful in today's environment as accounting standards are converging and changing.

As mentioned previously, Fusion Accounting Hub can create detailed subledger journal entries that can be transferred to either Oracle or non-Oracle general ledgers. Out-of-the-box, Oracle provides integration to create accounting entries directly to Fusion Accounting Hub.

If customers want to transfer accounting entries to other general ledgers, customers can take advantage of FAH's integration with DRM to synchronize their chart of accounts values. They can also consider using Oracle's market leading integration tools, such as Oracle Data Integrator or GoldenGate to complete journal transfers. Oracle used such tools to build integration from the E-Business Suite and PeopleSoft general ledgers to Fusion Accounting Hub.

Integration with Oracle Hyperion Financial Management

Enterprise Performance Management applications such as Oracle Hyperion Financial Management (HFM) can integrate data from Fusion Accounting Hub and other sources for global financial consolidation and corporate reporting for legal and statutory purposes.

An important distinction to make between Fusion Accounting Hub and HFM is that Fusion Accounting Hub deals with transactional details and is intended for day-to-day operational reporting and analytics. HFM deals with period-end balances, not transactional details, and is generally not used as an intra-period reporting system.

Fusion Accounting Hub and Hyperion Financial Management – Better Together

Fusion Accounting Hub has been built to optimize centralized accounting and transactional reporting and can be used for operational, analytic and period-end reporting if you have fairly simple consolidation requirements. For example, companies with simple legal entity structures, infrequent mergers and acquisitions, and homogeneous ledger systems on one or two instances can use Fusion Accounting Hub for their consolidation needs.

However, there are many benefits to integrating Fusion Accounting Hub with Oracle Hyperion Financial Management. Oracle Hyperion Financial Management is a powerful consolidation solution that consolidates period-end balances from disparate general ledger systems with the ability to collect other non-financial information used in quarterly and annual reports. For example, it can collect period-end headcount information from HR systems, inventory and operational metrics, as well as sustainability metrics to record an organization's energy and water usage, carbon footprint, and social metrics.

Companies that have more sophisticated consolidation requirements, legal entity structures with partial ownerships, frequent acquisitions and mergers, heterogeneous ledger systems on multiple instances, cross-ownership (i.e. one company owning another within the same corporation), aggressive tax policies leading to cross-ownership or minority interests etc. should use Hyperion Financial Management, or Fusion Accounting Hub in conjunction with Hyperion Financial Management for their consolidation needs as:

- Oracle Hyperion Financial Management can reduce and replace manual control procedures with automated and preventative controls that ultimately reduce your processing and auditing costs and support fast group- and division-level reporting. Oracle Hyperion Financial Management is now also integrated with the new Oracle Hyperion Disclosure Management application for streamlined creation of regulatory reports including embedded XBRL.

- With Oracle Hyperion Financial Management you can combine financial and nonfinancial results for insight into performance metrics and can locate new profitability sources at company, product, brand, and customer levels

- Oracle Hyperion Financial Management reduces "control risk" with complete audit trails, workflows, internal review and certifications, controls, and validations so you can be confident in your numbers. Also, with expanded text handling and document attachment capabilities, Oracle Hyperion Financial Management acts as an "electronic binder" for all your financial-close related documents.

- Oracle Hyperion Financial Management leverages the powerful Oracle Hyperion Financial Data Quality Management tool for pulling information out of Fusion Accounting Hub. Hyperion Financial Data Quality Management includes workflow, validations, and audit trail capabilities to ensure complete and accurate mapping and integration of financial results.

In addition, both products leverage common components like Oracle Essbase, Oracle Hyperion Financial Reporting Studio, Oracle Hyperion Smart View, and Hyperion's Calculation Manager making maintenance and support of these applications even easier.
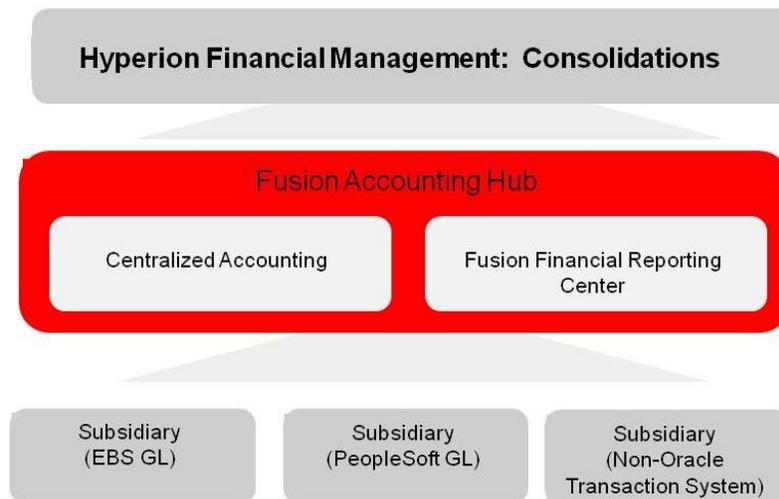
Figure 3: Fusion Accounting Hub and Oracle Hyperion Financial Management

Flexible Delivery Options

When it comes to system adoption, 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 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 today's rapidly changing global environment, organizations demand up-to-the-minute access to high quality, consistent financial information to help drive business decisions. The Office of Finance is moving away from being just a scorekeeper that reports on past results to becoming a valued business partner trusted to provide ongoing business insight to improve performance and influence future outcomes.

Oracle Fusion Accounting Hub helps users at all levels of the organization to make better decisions on a day-to-day basis with real-time access to financial information. As an integration platform, Fusion Accounting Hub integrates data from multiple source systems to provide ultimate flexibility in creating standardized, consistent accounting entries to meet virtually any accounting requirement.

As a reporting platform, Fusion Accounting Hub extends the reporting and analytics capabilities of Oracle General Ledgers and allows customers to adopt Fusion in an evolutionary manner without major disruption to their current financial processes.

Oracle Enterprise Performance Management applications can integrate data from Fusion Accounting Hub and other sources to perform corporate financial consolidations and reporting and enterprise-wide planning and budgeting.

Fusion Accounting Hub demonstrates Oracle's commitment to provide customers with choices through continuous investment and innovation in current applications offerings.

About Oracle Fusion Applications

Oracle Fusion Applications leverage industry standards and technologies to transform organizations into next-generation enterprises. Oracle Fusion Applications are service-enabled, enterprise applications that can be easily integrated into a service-oriented architecture and made available as software as a service.

For more information about Oracle's Fusion Accounting Hub, please contact us today at 800-273-9913. To learn more about Oracle Fusion applications, please visit oracle.com/fusion.

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Hardware and Software, Engineered to Work Together