ORACLE INTEGRATED MARGIN PLANNING

KEY FEATURES AND BENEFITS

FEATURES

- Margin planning models capturing operational detail related to materials, production and transportation costs
- Dynamic planning of costs and margins based on operational and financial drivers
- Packaged solution content covering predefined models, calculation logic, planning templates and reports
- Predefined integration with Oracle Hyperion Planning and Oracle business intelligence solutions

BENEFITS

- Improved predictability in attaining margin performance targets
- Rapid time-to-value through fast implementation
- Significant improvements in planner productivity
- Improved collaboration and alignment across finance and operations

Oracle Integrated Margin Planning is a performance management application that enables businesses to predictably manage margins and cost of goods sold (COGS) using detailed cost modeling based on operational drivers and assumptions. This prepackaged solution incorporates granular models of key COGS elements such as materials, labor and transportation costs, enables rich modeling and driver-based planning of margins and costs, and helps align operational performance with top-down financial targets. It empowers managers and analysts in finance and operations to proactively manage margins even in the face of extreme variability related to cost and revenue drivers.

Margin Planning: The Business Challenge

Finance executives and managers in every business are under tremendous pressure to make realistic and achievable projections on key financial metrics such as revenues, COGS, and gross margins. In the face of today’s extreme business volatility, they are struggling to capture the impact of rapid changes in costs and operational drivers, and to incorporate them into their financial planning process in a timely manner to support proactive decisions.

In the industrial goods sector, prices of raw materials such as steel or aluminum typically have a high impact on COGS and margins. Similarly, grain prices affect the performance of food manufacturers, and petrochemical inputs have a huge impact on consumer product businesses. Given the dramatic swings in the prices of these commodities in recent years, it has become critical for finance managers to make informed assumptions on their prices, translate them into financial impact, and prepare recommendations for proactive plan revisions. They also need to couple these and other costs with the fluctuations in demand—including volume revisions, mix shifts across products, regions and channels, and pricing changes—and translate all these key operational drivers and assumptions into financial impact.

Existing planning solutions in finance and operations provide little value in addressing the margin planning challenge. While supply chain solutions address demand and supply planning complexities, they are quite weak in translating these operational plans into financial impact. Financial planning solutions do not incorporate adequate depth in COGS modeling and are typically based on high level assumptions such as standard costs at the product family level. As a result, financial planners typically struggle with offline spreadsheet models to manually piece
together a reasonable picture of costs and margins, resulting in substantial value loss from ineffective margin management and poor productivity.

**Integrated Margin Planning: The Right Solution**

Oracle Integrated Margin Planning is a purpose-built solution designed to effectively address the margin planning challenge. It uniquely combines *operational intelligence with financial intelligence* to provide granular cost models that enable margin and COGS planning based on operational drivers.

The key elements of the integrated margin planning solution approach are:

- Provide in depth operational models based on bills of materials, plant capacity and labor resources, and transportation networks, to capture materials, production and transportation costs in a bottom up fashion.
- Link granular operational drivers and assumptions to the above models and incorporate detailed financial calculations to translate changes in drivers into financial metrics.
- Provide the ability to perform what-if analysis typically covering the following steps:
  a. Forward-looking changes to operational drivers.
  b. Assessment of the resultant financial impact.
  c. Identification of margin and revenue gaps relative to financial plan targets.
  d. Evaluation of plan revisions such as pricing changes, cost reductions and volume plan revisions to help close the performance gaps.

**Packaged Solution Content**

Oracle Integrated Margin Planning leverages Oracle Integrated Operational Planning technology for cross-functional modeling, impact analysis, and scenario management. It delivers a rich set of out-of-the-box solution content covering the
following key areas:

- Predefined cubes, dimensions, and measures for COGS modeling and financial alignment.
- Prebuilt operational models for materials, capacity, labor and transportation, and associated calculation logic for material requirements (MRP) and rough cut capacity calculations.
- Packaged templates for margin planning and scenario analysis.
- Prebuilt reports, charts and dashboards using Oracle business intelligence technology.
- Predefined integration with Oracle Hyperion Planning to capture financial plans and planning assumptions, as well as data interface tables for integration with operational systems.

Predefined dashboards and reports based on Oracle business intelligence technology

**Rapid Business Value**

Oracle Integrated Margin Planning takes guesswork out of COGS and margin planning and enables financial planners and executives to attain predictable performance. It helps them to make more timely and impactful decisions even in the face of extreme business variability. By eliminating the patchwork of spreadsheet models, it delivers significant improvements to planner productivity. In addition, with shared models for cross functional planning and impact analysis, it provides a robust platform for improved collaboration and alignment across finance and operations. The pre-packaged solution content substantially reduces solution deployment timeframes, delivering rapid value and lower cost of ownership.
Oracle's performance management applications comprise a modular suite of integrated applications that support a broad range of strategic and financial performance management processes to enable management excellence. Part of Oracle's enterprise performance management system, these applications can be quickly deployed out of the box, extended with Oracle's business intelligence product family, or tailored to meet your organization's specific needs.

Prepackaged solution content for rapid time to value

Contact Us
For more information about Oracle Integrated Margin Planning, please visit oracle.com or call +1.800.ORACLE1 to speak to an Oracle representative.