



An Oracle White Paper
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Replacing Oracle Hyperion Enterprise: What are the Options?

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Executive Overview

Faster, broader and more detailed financial reporting has become a mandatory requirement worldwide. The current financial reporting systems used by some companies - whether spreadsheet-based or point solutions like Oracle Hyperion Enterprise - are likely to fall short when faced with these stricter demands being made across the entire regulator and stakeholder communities. This white paper describes the newest requirements in financial reporting, identifies limitations and concerns with existing systems, and helps you understand the advantages of Oracle Hyperion Financial Management, Oracle's market leading world-class financial consolidation, reporting and operational analysis solution.

Introduction

Compliance and reporting regulations, such as the U.S. Sarbanes-Oxley Act, Canada's Continuous Disclosure Obligations, International Financial Reporting Standards (IFRS), along with investor demands for reporting on non-financial metrics and corporate sustainability initiatives are demanding new reporting functionality that includes the following:

- More detailed disclosures
- Combined financial and operational results
- Centralization and enhanced collaboration
- More detailed audit trails
- Fraud prevention and auditing
- Electronic filing in XBRL and iXBRL formats

- Error prevention
- Electronic certification of results
- Links to internal controls
- Ability to handle multiple reporting standards simultaneously
- Specific industry regulation and reporting like Solvency II for Insurance

Furthermore, for a number of years, CFOs and their teams have been asked to become more than basic scorekeepers. They must be strategic thinkers who will evaluate new opportunities, drive business efficiencies, and directly deliver improved business performance. To achieve this they need easy access to a wide range of information and to spend less time 'crunching the numbers' and more time on analysis.

Although Oracle Hyperion Enterprise had addressed some of these more difficult requirements, Oracle Hyperion Financial Management has purpose-built features to address all of them. Launched in September 2000, Oracle Hyperion Financial Management now boasts more than 2,500 customers. It is a proven, packaged solution that uses modern Web technology and built-in process management to help organizations meet even the strictest reporting and compliance requirements while also providing a deeper level of operational analysis.

Limitations of Older Reporting and Consolidations Systems

With new demands on organizations for rapid, reliable, detailed, and auditable reporting, older systems and approaches are leading to increased risk. Some of these older systems and their limitations are described here:

- Spreadsheet-based solutions are difficult to maintain and do not provide an audit trail. Auditors agree that spreadsheets are insufficient for financial consolidation and reporting today.
- Point solutions do not scale or address common operational or management accounting requirements. Many of these point solutions were built only for the statutory financial reporting process and are generally used by only a limited number of employees in the accounting department. Point solutions for statutory reporting are generally being phased out by software vendors.
- Enterprise Resource Planning (ERP) based solutions are dependent on particular transaction systems and require significant IT support.
- ‘All-in-one’ Enterprise Performance Management (EPM) applications focus on many different business processes and, as a result, many lack the depth in functionality of a market leading consolidation and reporting application.
- Data warehouse solutions do not contain the specific financial and regulatory reporting functionality and therefore require significant IT support, plus they are not integrated with other enterprise performance management (EPM) processes.

In line with many other old client/server point solutions, Oracle Hyperion Enterprise is moving off Oracle Premier Support in May 2013. This means there will be no new updates, fixes, security alerts, data fixes, critical patch updates, new tax, legal, and regulatory updates, upgrade scripts, certification with new third-party products/versions and certification with new Oracle products.

Oracle Hyperion Enterprise

In the early 1980s, Hyperion (IMRS at the time) introduced Micro Control - the first PC-based point solution for consolidation and statutory reporting. Then, in the 1990s, Hyperion Enterprise (now Oracle Hyperion Enterprise) was launched and widely adopted across the globe. Since the launch of Oracle Hyperion Financial Management in 2000, many Oracle Hyperion Enterprise customers have switched to that solution and the Oracle Hyperion Enterprise client base is fairly small now.

Current Oracle Hyperion Enterprise customers should be re-evaluating their use of Oracle Hyperion Enterprise given the change in product status. As noted above, in May 2013, Oracle Hyperion Enterprise will move off Oracle Premier Support. Please see Oracle’s lifetime support policy by searching on “Lifetime Support Applications” on www.oracle.com and looking up Oracle Hyperion Enterprise 6.5.x.

Oracle Hyperion Enterprise customers have less than one year to create a replacement plan for Oracle Hyperion Enterprise, before it comes off Oracle Premier Support. This is an issue that customers should be addressing in 2012.

Have You Outgrown Oracle Hyperion Enterprise?

Common indicators that organizations have outgrown Oracle Hyperion Enterprise include the following:

- **Dimensionality limitations.** Oracle Hyperion Enterprise customers sometimes add product, channel, or tax-related details into entity or account dimensions, causing the application size to increase exponentially. Account or entity lists exceeding 1,000 can become difficult to navigate and consolidate. Dimensionality limitations might also force organizations to use multiple applications for legal, management, IFRS and tax reporting. Considerable extra maintenance and reconciliation work is required to keep all applications synchronized.
- **Multiuser scalability limitations.** For larger numbers of users Oracle Hyperion Enterprise requires multiple regional applications with feeds to one headquarters application and results in extra maintenance and reconciliation work.
- **Audit trails and Sarbanes-Oxley support limitations.** Oracle Hyperion Enterprise has more-limited audit trails, lacks certification workflow and only supports detective controls. Also, Oracle Hyperion Enterprise cannot be easily integrated with compliance solutions. This all adds to the cost of compliance.
- **Budgeting and planning limitations.** Oracle Hyperion Enterprise has limited budgeting and planning features. Separate applications and very large account or entity hierarchies can result when budget details for product, segment or business unit details are added to Oracle Hyperion Enterprise.
- **Ad hoc, drill, and pivot reporting limitations.** Forcing dimensionality into entity and account structures in Oracle Hyperion Enterprise causes poor drill and pivot functionality; therefore, advanced dashboard tools cannot be supported.
- **Difficulty managing distributed e-mail-based maintenance.** Customers who distribute Oracle Hyperion Enterprise CDs and applications to remote locations, and then use e-mail as the data collection method for the monthly/quarterly close cycle, might have concerns about completeness and accuracy. In addition, this process slows down the close and overburdens the e-mail system.
- **Difficulty integrating with other Oracle Hyperion applications.** Oracle Hyperion Enterprise does not integrate easily with newer Oracle Hyperion Enterprise Performance Management applications, especially planning applications and business intelligence solutions.

Over the past 10 years, customers who wanted to address today's more demanding requirements in an easier and more complete way have moved to Oracle Hyperion Financial Management - and the pace of adoption is increasing as Oracle Hyperion Enterprise customers begin to understand the coming support change.

Oracle Hyperion Financial Management

Oracle Hyperion Financial Management leverages more than 30 years of leadership in the financial consolidation and reporting market. Oracle Hyperion Financial Management is a comprehensive, Web-based application that delivers global collection, consolidation, reporting, and analysis in a single, highly scalable solution. Oracle Hyperion Financial Management uses today's most advanced technology, yet can be owned and maintained by the enterprise's finance team.

Oracle Hyperion Financial Management is very effective in streamlining financial consolidation and reporting. It is part of a modular suite of enterprise performance management applications that provides comprehensive support for strategic, financial, and operational management processes with the fastest time to benefit in the market today (Figure 1). Oracle Hyperion Financial Management is a key component of Oracle's Enterprise Performance Management (EPM) system that allows organizations to achieve management excellence by becoming smart, agile, and aligned. These applications can be used independently to address specific requirements, but together they support an end-to-end, closed-loop management process.

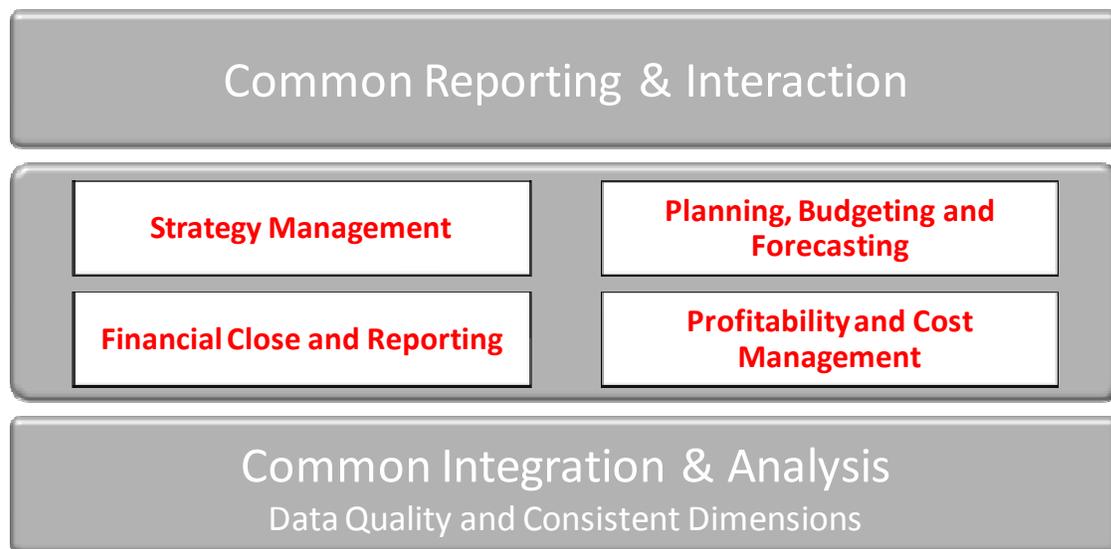


Figure 1: Oracle's EPM system supports the complete management lifecycle.

A Three-Tier System

As shown in Figure 2, Oracle Hyperion Financial Management is a three-tier web architected system with a relational repository - Oracle RDBMS, MS-SQL, and IBM-DB2 are all supported. This is a superior architecture compared to 1990s client-heavy applications like Oracle Hyperion Enterprise where the applications, calculations, consolidations and user interaction are handled on the user's PC desktop. This architecture causes the application to be very sensitive to PC operating system updates. For example, periodic Windows updates and security patches often occur especially when customers have policies that require automatic Windows operating systems updates. Or it often happens that an end user may decide to update their PC's operating system on their own. Because of the sensitivity of

client-heavy applications to operating system updates, these updates can cause applications like Oracle Hyperion Enterprise to have problems. Windows client updates are one of the main causes of support requests for Oracle Hyperion Enterprise, and support for the testing of new operating system updates and patches is being discontinued in May 2013 as noted earlier.

With a three-tier web application, the web/relational architecture is in full control of the IT department – Windows operating system updates on the PC desktop have no effect on the functioning of the application.

In addition, a relational repository provides full 24/7 support and is the favored IT approach for mission-critical data, because it includes inherent integration with all leading security mechanisms, plus provides failover and load-balancing technologies. This means the system can be updated even when the application is being used. In addition, the relational repository allows organizations to store documents and text, line item details, and detailed audit trails.

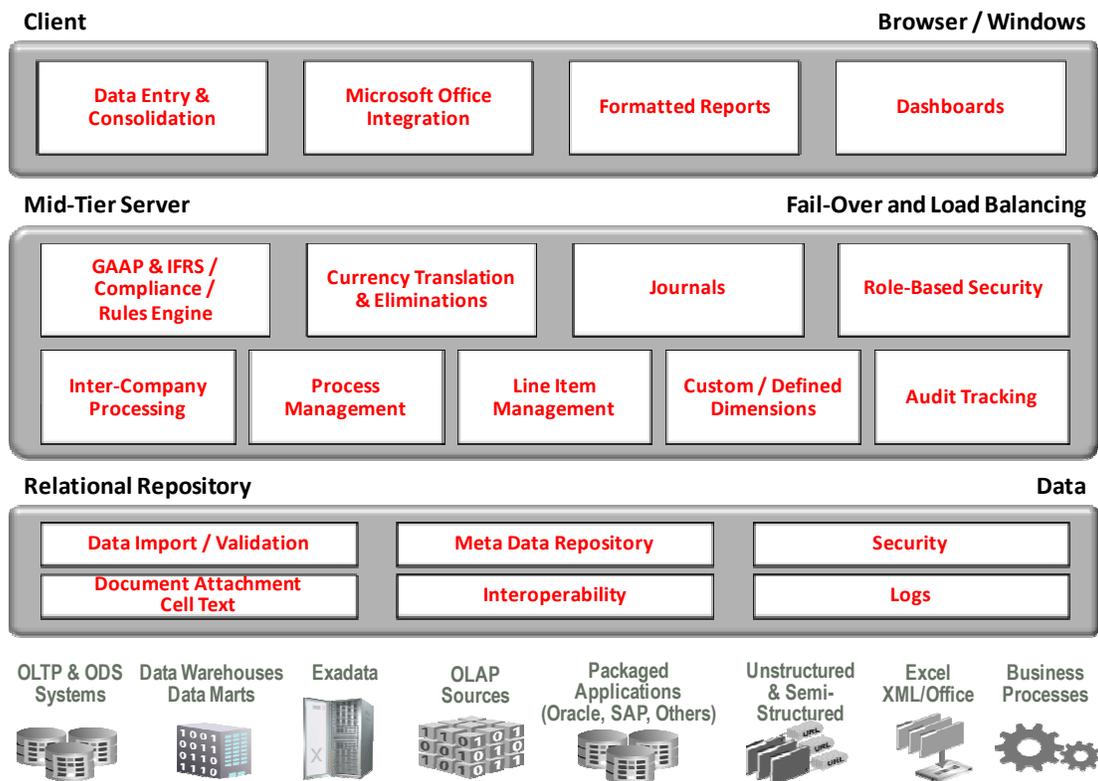


Figure 2: Oracle Hyperion Financial Management is a robust financial consolidation, reporting, and analysis solution that integrates information from multiple transaction systems.

The mid-tier server handles the following financial processes quickly and efficiently:

- Multiple accounting standards simultaneously: Generally accepted accounting principles (GAAP)/IFRS and management consolidations

- Complex currency translations
- Intercompany eliminations, both at a balance and a transaction level
- Multidimensional analysis
- Scalability to hundreds or even thousands of concurrent users

At the client or user interface level, Oracle Hyperion Financial Management includes prepackaged Web forms and features that can be used out of the box quickly and cost effectively over standard internet infrastructures. These include

- Robust data integration with ERPs, general ledger systems, and governance risk and compliance solutions
- Graphical drag-and-drop administration of the chart of accounts, dimensional hierarchies, and business rules
- Productivity features that can help trim days and weeks off the close cycle and support fast close best practices
- Preventive financial control mechanisms and sophisticated process management with automatic e-mail alerts
- End user defined line-items and text annotations for added analysis and collaboration
- Nested dimension forms with drill and pivot features for ease of navigation
- High-volume and preformatted reports and graphics
- Built-for-the-Web functionality for ease of use and no PC client installation for end users
- Flexible business rules and powerful allocation rules for activity-based costing that are created and maintained by the finance team
- Full integration with Microsoft Office technologies (Excel, Word, PowerPoint, and Outlook)
- Support for Extensible Business Reporting Language (XBRL and iXBRL) reporting through integration with Oracle Hyperion Disclosure Management
- Support for both 32Bit and 64Bit technologies for flexibility and performance

Oracle Hyperion Financial Management and the Fast Close

The primary business benefit of Oracle Hyperion Financial Management is to speed the organization's financial close and reporting cycle while providing more-detailed information about business performance for the month or quarter. Why is a fast close so important? From an external perspective, speedy and high-quality financial reporting is an indicator of good governance and is viewed favorably by shareholders. Internally, management will always want to know how results are tracking against expectations as soon as possible. A faster close maximizes the time available for managers to analyze strategies and possibly alter them.

According to BPM International, the fastest-closing organizations in the private sector complete the monthly consolidation and analysis process within the first week after the month's end. This compares to typical organizations whose closing cycle speed is average and takes an additional week or more. Slow-closing companies often take a full month to report.¹ The very fastest closing companies using Oracle Hyperion Financial Management can close and report internally in a single workday. From an external reporting perspective, companies who adopt the fast close usually announce earnings early in the second week after the quarter's end - a six to eight day close cycle.

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Best Practices for a Fast Close

How do organizations achieve world-class financial close and reporting performance? The fastest-closing organizations achieve success by implementing best practices that integrate EPM processes, improve accessibility, improve efficiency, and maximize information using Oracle Hyperion Financial Management.

Integrate Management Processes

Organizations that integrate EPM processes realize performance gains:

- Integrate financial reporting with planning, balanced scorecards, and financial modeling systems for speedy forecasting
- Realign processes to incorporate financial information for continuous performance management

"Organizations that have implemented Performance Management more broadly are nearly four times more likely to be among the most competitive organizations in their industry."

Source: Brian McDonough, Research Manager, Analytics and Data Warehousing Software, IDC, Financial Performance and Strategy Management: Survey of Buyer Priorities for 2011, Doc # 226261, Dec 2010.

Improve Accessibility

By improving accessibility to information, organizations are able to:

- Empower the finance department with ownership of the data loading and mapping process
- Equip remote reporting sites to map, validate, and correct data as they load it to the common chart of accounts
- Enable Web-based reporting of internal results making self-service finance a reality
- Enable electronic submissions to external stakeholders via XBRL and iXBRL

¹ "Close Cycle Rankings 2010 Top 30 Country and Industry Rankings", BPM International 2010

Improve Efficiency

Organizations that quickly close their books display the following efficiencies:

- Regularly close systems that feed into general ledgers, rather than waiting until the period's end
- Reconcile intercompany balances frequently, rather than waiting until the quarter's end
- Make top-line adjustments in a financial consolidation system, rather than going back and correcting local general ledgers and then reprocessing

Maximize Information

Adopting a next-generation financial consolidation and reporting solution allows organizations to extend the value of information:

- Collect unstructured data related to financial information (such as variance descriptions, reconciliations and other qualitative information) as trial balances are collected
- Sub-certify results along with trial balances; survey responses, testing results, and reconciliation documents submitted with the trial balances can improve confidence
- Conduct flash reporting on key performance indicators (KPIs) throughout the reporting period using the financial consolidation system, performance dashboard, or scorecard system

The fastest-closing organizations achieve success by implementing best practices that integrate management processes, improve accessibility, improve efficiency, and maximize information.

Oracle Hyperion Financial Management has purpose-built features for all of these fast close requirements. Yet, Oracle Hyperion Financial Management is owned and deployed by the finance department - just like Oracle Hyperion Enterprise.

Multidimensional analysis is a key method for deep analysis and reporting, but financial users can easily be overwhelmed by the amount of data in a standard relational data model. Oracle Hyperion Financial Management's unlimited multiple dimension functionality prevents data confusion and helps the user identify new sources of profitability and cash flow - including financial budgeting, forecasting, and historical dimensions for product line, customer segment, and distribution channel.

In addition, the multiple dimension functionality in Oracle Hyperion Financial Management has helped hundreds of global customers transition from their local GAAPs to International Financial Reporting Standards (IFRS) with ease. Now as new standards, including IFRS, come to the United States, Canada, Japan, and other countries, Oracle Hyperion Financial Management's multiple dimension functionality and best practice approaches are available to help these customers as well.²

² "Oracle's Financial Management Solutions: Preparing U.S. Companies for the Transition to IFRS" for more information on this important topic: <http://www.oracle.com/us/solutions/ent-performance-bi/resource-library-wp-063992.html>

The reporting tools that are included with Oracle Hyperion Financial Management are built with the finance team in mind. Object-oriented dashboards, formatted reports, and Microsoft Office documents, presentations, and spreadsheets are quick and easy to create—with no custom code required.

TABLE 1. ORACLE HYPERION FINANCIAL MANAGEMENT OFFERS MANY ADVANTAGES OVER ORACLE HYPERION ENTERPRISE

| ORACLE HYPERION ENTERPRISE | ORACLE HYPERION FINANCIAL MANAGEMENT |
|---|---|
| Built for the consolidation and reporting process with a focus on regulatory filings only | Built to unify financial and operating results and designed to handle the detail driven by operational analysis |
| Four fixed dimensions | Unlimited dimensions |
| Client/server architecture limit of 150 users | Scalability to 1,000s of users, as benchmarked by Intel |
| Windows-architecture with distributed deployment and limited Web features | Web architected and designed for the internet |
| Built for a single GAAP standard at a time | Built to manage multiple GAAP standards simultaneously including IFRS |
| Offline maintenance and backup | 24/7 support |
| HTML programming required | Easy to customize Web user interface |
| Script-based report writer | Object-oriented report writer |
| No process workflows | Process workflow |
| Some controls and audit trails | Robust controls and audit trails that help with Sarbanes-Oxley compliance |
| No online analytical processing tools | Multidimensional online analytical processing tool |

Oracle Hyperion Financial Management is built for the Web, so users can quickly, easily, and securely input and access global financial information from any location with a standard Web browser. The reporting tools that are included with Oracle Hyperion Financial Management are built with the finance team in mind. No knowledge of complex business intelligence reporting is needed. Object-oriented dashboards, formatted reports, and Microsoft Office documents, presentations, and spreadsheets are quick and easy to create - with no custom code required.

Customer Success Stories

When moving from simple scorekeeper to business partner, Oracle Hyperion Financial Management allows customers to leverage all the advantages shown in Table 1 and deliver in-depth financial analysis that supports smarter and faster management decisions. In addition, Oracle Hyperion Financial Management generates reports for internal management and external legal and regulatory bodies. This single, centralized financial information system also helps with compliance costs. The stories of customers that have implemented Oracle Hyperion Financial Management can be found on our website by clicking on the links below:

[Jotun A/S Standardizes Accounting Globally, Streamlines Operations](#)

[Savills plc Accelerates Financial Reporting and Gains Greater Insight into Performance Metrics](#)

[Toshiba Medical Systems Europe Expands Reporting Options for More Informed Business Decisions](#)

[WSP Group Integrates Statutory and Internal Reporting on a Single, Flexible, Scalable Intelligence Platform](#)

[Vaisala Oyj Enhances Subsidiary Reporting Functions with Effective Financial Management System](#)

[Tessenderlo Group Improves Financial Management with Enhanced Data, Reporting, and Forecasting](#)

[Grupo WTorre Achieves Account Closing Consolidation in Five Days for Its 150 Companies](#)

[Grupo Unicomer Consolidates Financial Information and Accelerates Account Consolidation by 30%](#)

[The State Accounting Office of Georgia Integrates Financial Information, Shortens Financial Closings and Streamlines Reporting across 175 Organizations](#)

[BrightPoint Streamlines Global Financial Reporting with Oracle Hyperion](#)

[Podcast: Replacement of Outlooksoft \(SAP BPC\) with Oracle EPM at Brady Corporation](#)

[Podcast: Improving Finance Department Productivity at BorgWarner](#)

The 'Extended' Financial Close

As organizations have become more sophisticated in executing and managing their financial close and reporting process they have come to realize that financial consolidation and reporting are just part of the overall process. See figure 3.

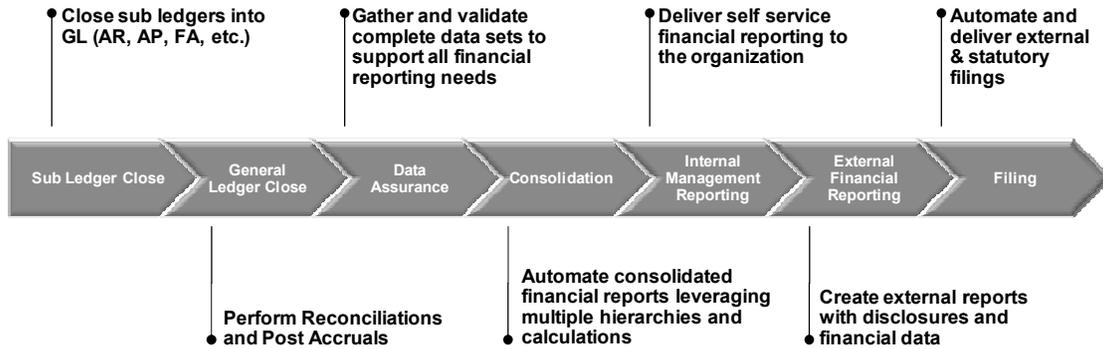


Figure 3: The 'Extended Financial Close Process.

At Oracle we have also recognized this and have developed and released, over the last few years, additional modules as part of what we describe as our Oracle Hyperion Financial Close Suite of applications. Oracle Hyperion Financial Management forms a self-contained but integrated part of this overall solution. For Oracle Hyperion Enterprise customers they can choose to purchase and implement it with the assurance that as their needs expand to other aspects of the close process they will be able to acquire these additional modules with confidence that they will integrate and work out of the box with the module(s) they already have.

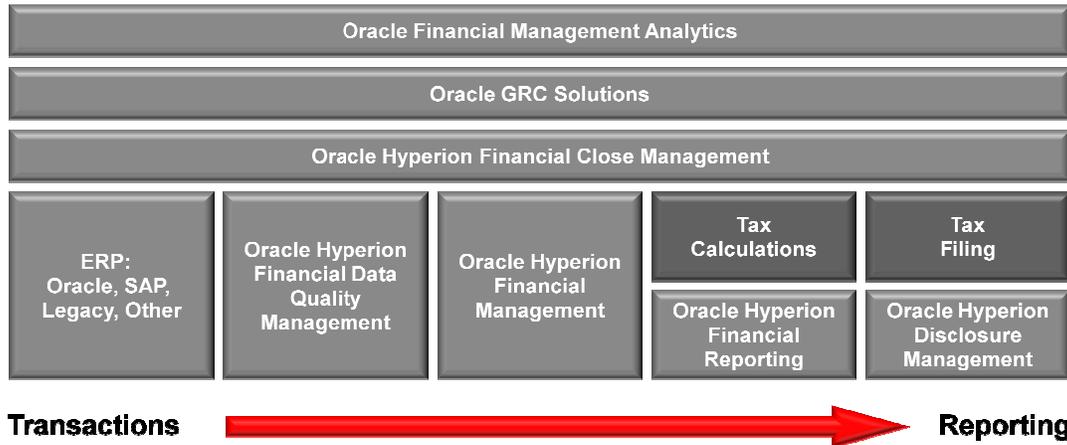


Figure 4: The Oracle Hyperion Financial Close Suite

More information on the Oracle Hyperion Financial Close Suite can be found here:
<http://www.oracle.com/us/products/applications/hyperion-finance-close-suite-brief-516621.pdf>

Conclusion

More than 2,500 companies worldwide have implemented Oracle Hyperion Financial Management to address their global financial consolidation and reporting requirements, and more than half of these customers formerly used Oracle Hyperion Enterprise. Companies that have implemented Oracle Hyperion Financial Management have achieved a number of benefits, including:

- Faster period-end closing and reporting cycles
- Improved internal and external transparency
- Reduced compliance costs
- High return on investment
- Efficient multi-GAAP reporting for the transition to IFRS

For more information about Oracle Hyperion Financial Management and to assess the benefits your company can achieve, please contact your local Oracle Enterprise Performance Management account team or a certified Oracle partner.



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