Joint Venture Management Solution Overview

ORACLE JOINT VENTURE MANAGEMENT TRANSFORMS THE WAY YOU MANAGE YOUR JOINT VENTURES

Oracle® Financials Cloud Joint Venture Management is a complete and integrated solution that enables advanced management of multiple joint ventures to ensure that costs and revenue are distributed to partners according to each partner’s share of ownership as defined in the joint operating agreement. Joint Venture Management enables companies to shorten the financial close window with automated joint venture processing, improve cash flow with accurate and auditable partner invoicing, minimize dispute resolution costs with a transaction audit trail, gain real-time visibility into the financial state of joint ventures by automating transaction processing and introducing role-based processes to manage exceptions and ensure compliance with the joint operating agreement.

Joint Venture Management enables you to continue to manage your business with global partners without the need to change your existing business processes. For instance, it provides invoicing in multiple currencies, giving you the option to generate invoices in your partners’ currencies.

SEAMLESS AND INTEGRATED SOLUTION

As a functional area within Oracle Financials Cloud, Joint Venture Management enables companies to comply with the terms and conditions of joint operating agreements, seamlessly linking financial transactions with joint ventures and joint venture partners to ensure operations of the joint venture continue to work with minimal interruptions.

Joint Venture Management gives you a central place to easily define joint ventures according to the terms and conditions of your joint operating agreements. There is minimal setup because Joint Venture Management works with your existing Oracle Financials Cloud. For example, you can quickly identify partners that are defined as customers and suppliers in Financials and associate them to one or more joint ventures as joint venture partners (stakeholders).

Oracle Joint Venture Management is used by companies in a multitude of industries including Engineering and Construction, Oil and Gas, Healthcare, and Real Estate, to name a few. Oracle Joint Venture Management splits transactions based on each partner’s defined percentage of ownership, and creates Receivables invoices or internal transfer journals to recoup the costs.
HOW DOES JOINT VENTURE MANAGEMENT WORK

**Manage Partner Contributions**
Partner contributions are cash advances from joint venture partners to the managing partner to cover costs incurred by a joint venture. They represent the funding or capital contributions into a joint venture. The managing partner can request partner contributions throughout the life of the joint venture as outlined in the joint operating agreement. Joint Venture Management tracks the balances of each partner contribution as they are drawn against to cover cost distributions. It also provides the ability to calculate new partner contribution amounts, create partner contributions, and create and track partner contribution invoices.

**Calculate Overhead**
Overhead costs are indirect costs that a managing partner incurs that are not directly tied to the production of a product or service. The managing partner can recoup these types of costs from joint venture partners by means of overhead charges and management fees. The joint operating agreement will specify how these charges or fees are to be calculated. These calculations are typically performed during the month-end close process to determine the charges and invoice the joint venture partners for their agreed share of these charges. Joint Venture Management enables companies to define rules to calculate overhead and ensures accurate calculation, distribution, and invoicing of overhead charges and management fees.

**Automatically Identify Joint Venture Transactions**
Joint Venture Management automatically identifies transactions for joint ventures from Oracle Cloud Financials. To help minimize any manual aspects of processing transactions, you set up rules to determine which accounts and related

**Key Features:**
- Manage partner contributions
- Calculation of overhead charges
- Identification of distributable transactions
- Calculation of each partner’s share by transaction
- Receivable invoice adjustments with partner prepayments
- Receivable invoice generation for partners in a joint venture
- Journal entries for internal partner shares
- Joint venture adjustments to Project Costing
- Retroactive billing adjustments
transactions are distributable to the joint venture partners. With predefined rules, the managing partner can automatically and periodically identify eligible transactions for distribution. This removes the burden of categorizing each transaction as distributable, ensuring accurate and timely processing. Within Joint Venture Management, you can review which transactions in Financials have been identified for joint venture processing and manage how these transactions will be processed.

**Automatically Distribute Transactions**
Joint Venture Management calculates each partner’s share of each transaction. Based on the date effective stakeholder ownership percentages, Joint Venture Management automatically calculates the split and creates a distribution entry for each partner. Distribution entries contain information for audit and traceability purposes, including partner information, original transaction amount, project information, and the transaction date, which represents the date of service for the original transaction. It also includes other important details that help troubleshoot issues or resolve disputes over distribution amounts. Within Joint Venture Management, you can review and manage the distributions that represent each partner’s share of each transaction.

**Automatically Process Distributions**
Joint Venture Management automatically creates invoices to partners for distributions. An option is available to create internal transfer journal entries for internal partners instead of an invoice. If partner contributions are available, they are drawn against to cover joint venture cost distributions before invoices are created. Distributions not covered by draws from partner contributions are billed to the partners through Receivables invoices. With the automatic creation of invoices and internal transfer journal entries, companies can reduce the time and effort needed to process joint venture cost distributions for both internal and external stakeholders.

**Project Costing Adjustments**
Joint Venture Management can send information to Project Costing. The reimbursable amounts invoiced to joint venture partners are sent to Project Costing, enabling the Project Manager to accurately budget and forecast gross and net amounts as well as realize accurate capitalized costs for a project.

**Rebilling**
During the lifecycle of a joint venture, there might be back-dated changes to ownership percentages associated with the partners. For transactions that have already been invoiced to partners, Joint Venture Management efficiently performs retroactive rebilling. This eliminates error prone and time-consuming manual entries through automatic generation of partner credits and additional invoices.

**Key Business Benefits**
- Shorten the time to close financial books
- Engage in joint ventures with global partners
- Improve cash flow with accurate and auditable partner invoicing
- Minimize dispute resolution costs with a transaction audit trail
- Ensure joint operating agreement compliance through automated retroactive billing adjustments
- Enable accurate project budgeting and forecasting with Project Costing integration