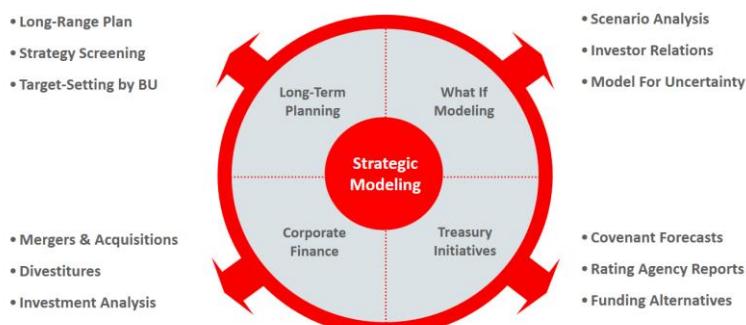


Oracle Strategic Modeling in the Cloud

Finance users require powerful and agile tools to analyze the effects of fast-changing business circumstances and uncertainties inherent in long-range financial forecasts. Many finance departments rely on customized spreadsheets to do financial modeling and impact analysis for these forecasts. Such customized spreadsheet solutions are difficult to manage, lack data transparency and integrity, do not integrate with operational plans, and are not efficient at handling treasury and financial modeling activities.

Strategic Modeling is new financial modeling functionality within Oracle Enterprise Planning and Budgeting Cloud (EPBCS) that addresses this problem. It enables users to quickly create long-range forecast models for fast-changing business dynamics using built-in sophisticated scenario modeling capabilities and debt and capital structure management features.

Strategic Modeling is built within the Oracle EPM Cloud platform, and users can work within the familiar Smart View and Web Interface.



Replaces Multiple-Spreadsheet Environment

Figure 1: Strategic Modeling provides out-of-the-box capabilities to handle all aspects of long-range financial modeling

MODEL FOR UNCERTAINTY

In a fast-changing business climate within shifting political landscapes, Strategic Modeling is an ideal solution for what-if modeling of business risks. Users spend time simulating long-term alternative strategies, developing contingent scenarios, and stress testing financial models, rather than building or auditing those models in spreadsheets or other non-dedicated systems. Using the built-in scenario modeling capabilities within Strategic Modeling, users proactively and effectively respond to changing industry and economic dynamics. Strategic Modeling allows users to create numerous distinct scenarios for each business unit. Users can also evaluate sensitivity to key performance drivers and run periodic “goal-seek” checks to determine the performance level needed to achieve specific financial objectives.

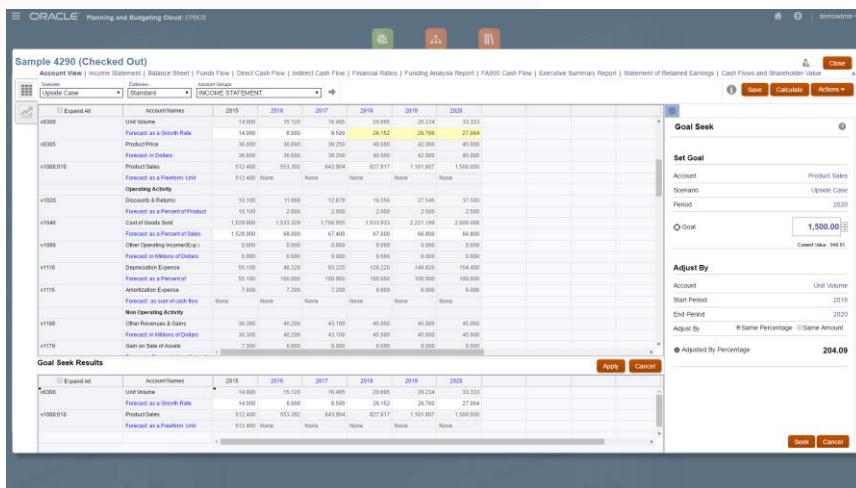


Figure 2: Strategic Modeling comes out of the box with built-in scenario modeling features like goal-seek. Iterative calculation logic, instant calc and undo capabilities are built-in.

Align Strategy With Plans

Financial models reveal the impacts of strategic decisions on an organization's bottom line, balance sheet, cash flow, and shareholder value. Within Strategic Modeling, financial modelers can use built-in financial intelligence to assess the impact of their what-if strategic scenario models on financial statements. Modelers consolidate various what-if models for different lines of business, or legal entities or planned projects to give an enterprise view of the long-range financial plan. These plans form the basis for setting targets for the bottom-up operational plans. Similarly, operational changes in the approved bottom up forecast feeds into the long-range models, thus ensuring the integrity of the closed loop planning cycle. Strategic Modeling aligns strategy with operational plan by setting meaningful targets, performing quick financial impact analysis, and presenting focused financial information for informed decision-making.

Integrated Cloud Applications & Platform Services

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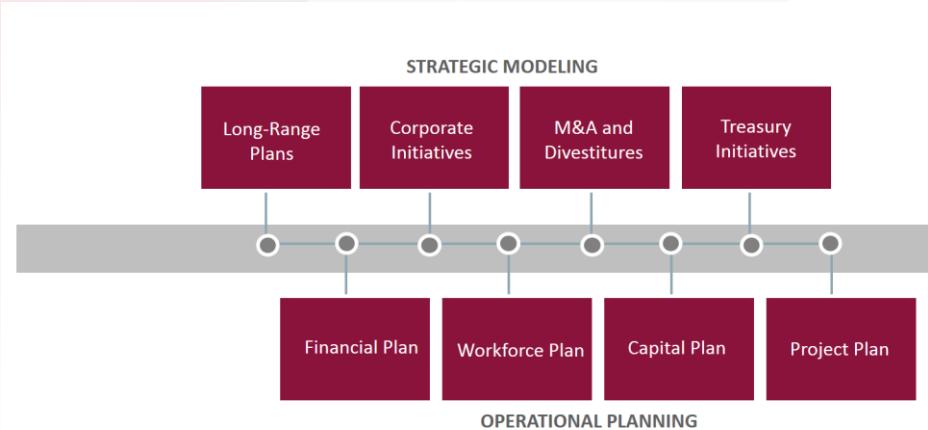


Figure 3: Strategic Modeling integrates closely with bottom-up operational plans to close the loop between top-down and bottom-up financial planning.

Optimize Capital Structure

Cash flow and balance sheet forecasting are critical elements in any planning environment. Strategic Modeling delivers financial intelligence that links all aspects of financial performance -- from earnings potential through working capital management to capital expenditures, taxes, and the capital structure -- to support the organization. With Strategic Modeling, users can address the complex iterative nature of funding, the impact of strategies on credit ratings, and capital structure optimization. Strategic Modeling offers special features like treasury planning, allowing value creation and reducing an organization's cost of capital.

Save Time and Money with Prebuilt Financial Tools

Unlike spreadsheets, Strategic Modeling delivers easy-to-use, built-in financial modeling tools. Users do not need to spend time writing sophisticated financial logic from scratch. Instead, using the packaged capabilities in Strategic Modeling, finance managers can effortlessly add complex what-if modeling to their financial planning process.

Inherent within these value propositions are features that act as powerful enablers:

Analyze Trail

The analyze trail feature provides an understanding of the logic of a model. By presenting the most complex relationships in numbers and words, the information in the model becomes transparent to all participants in the strategic planning process. Instead of following countless different "auditing arrows," users have an elegant and intuitive way to view the assumptions and calculations in the model.

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Figure 4: Strategic Modeling works within Microsoft Office Interface with out of box financial features. Shown here is an audit trail to trace any calculated values

Funding Options

Funding options is a sophisticated but easy-to-use feature that helps optimize capital structure and treasury strategies, thereby lowering financing costs. It provides a variety of methods for specifying the way cash surpluses and deficits are treated in the model, such as debt borrowing and repayments, dividend payments and share issues or repurchases.

Debt Scheduler

Debt scheduler is an innovative feature that allows users to create fixed or variable-rate debt instruments, such as bonds and term loans, and update all financial statements accordingly, in just a few seconds. Whether monthly, quarterly, or any other time frequency of interest and principal payments, users can automatically obtain accurate calculations of the current debt and accrued interest, as well as the amortization of bond premiums, discounts, and issuance expenses.

Deal Period

The deal period feature simulates the effects that mergers, acquisitions, or divestitures will have on the organization based on the timing of the transactions.

Consolidation

The consolidation feature consolidates entities following the rules for financial consolidation, including minority Interest, equity, and cost methods of accounting for subsidiaries. It allows for consolidation over specific time horizons, or excluding specific groups of accounts, allowing for accounting eliminations. The product allows cross-scenario consolidations. For example, a scenario from one entity can be combined with another scenario from a second entity to give the 'most likely' scenario in the parent entity. Using extended analytics, Strategic Modeling allows users to move this data, the consolidation roll up, and percentages for each scenario to an external data store for corporate reporting needs.

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The screenshot shows the Oracle Strategic Modeling interface. At the top, there's a ribbon with various tabs like Home, Insert, Page Layout, Formulas, Data, Review, View, Strategic Modeling, and a search bar. Below the ribbon is a toolbar with icons for Save, Print, Refresh, and various reporting and modeling tools. The main area is a spreadsheet titled 'Summary Financial Data & Ratios' with data for the period 2018. The data includes columns for Exported, Upside, Variance, Recession, and Variance. A 'Report List' dialog box is open, showing a list of reports like 'Report List for the current open model', 'Report List for the current open model', 'Report List for the current open model', and 'Report List for the current open model'. The right side of the interface shows a 'Smart View' pane with a tree structure of shared connections and a 'New Smart' checkbox.

Figure 5: Strategic Modeling comes with out of the box financial statements and provides the ability to design and interact with any custom financial report, within both Excel and the Web.

Integrated & Free Form Reporting

With its user-friendly reporting environment, Strategic Modeling lets users create professional quality reports and graphs. In addition, because the reports are self-contained in the financial models themselves, users are able to work on full models offline.

IN SUMMARY

In today's rapidly changing environment, relying on customized spreadsheets for financial modeling and impact analysis is less than optimal and puts unnecessary burden on the finance team. Solutions like Strategic Modeling in the cloud enable finance organizations to stay agile and remain one-step ahead.

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