

Oracle Financial Services Profitability Management



Oracle Financial Services Profitability Management enables financial institutions have an enterprise-wide view of profitability drivers, risk-adjusted performance, and performance across multiple dimensions like Product, Channel and even Individual customers. Oracle Financial Services Profitability Management is fully integrated with Oracle's Financial Services Analytical Applications (OFSAA) and leverages a single, transparent data model and platform with the ability to share component building blocks across the various applications.

KEY FEATURES

- Multi-dimensional modeling and profitability analysis
- Single data model and platform
- Rich allocation features
- Auditability with visual trace of allocation history
- Customer profitability calculations, adjusted for risk
- Unlimited attributes, hierarchies and dimensions
- Integration of Risk, Performance Management, Customer Insight, and Financial Compliance

KEY BENEFITS

- Analyze and report profitability along any dimension
- Deploy any costing methodology for any industry
- Prioritize customers by value and profitability
- Achieve the scale and performance needed to compute customer risk adjusted profitability
- Easily understand how results were derived
- Streamline multiple disparate systems and integrate with the broader OFSAA stack

Gain an Enterprise-Wide View of Profitability

True profitability of an instrument or a customer or a product depends on not just analyzing the direct revenue or expense that is typically available from all major product processors but ensuring the analysis includes a fully loaded view of profitability that accounts for the various indirect revenue or expenses that includes all corporate allocations.

Oracle Financial Services Profitability Management's open allocation engine allows you to mix-and-match your preferred methodologies, from the simple to the complex, to generate profitability results. This provides the flexibility needed to build both top-down and bottom-up allocations. Its allocation engine can use transaction, customer relationship, or management ledger data. Built on the scalable Oracle database and applications framework, Oracle Financial Services Profitability Management accepts data from multiple sources, supports multiple currencies, and provides confidence in your results by reconciling inputs to source systems of record.

Oracle Financial Services Profitability Management's flexible, multi-dimensional data model generates profitability results along any dimensions you choose to implement, including, but not limited to: product, customer, channel, business unit, geography, relationship manager, or line of business. This application supports strategic and operational decision-making by enabling banks answer questions about your business, such as:

- How much does it cost to serve my customers?
- Which customers, products, or channels are the most profitable?
- Where are the best opportunities to reduce costs?
- What products or services should we invest in or divest?

Oracle Financial Services Profitability Management leverages a sustainable, repeatable, and integrated performance measurement process that generates profitability and performance information at multiple levels of granularity. The performance

RELATED PRODUCTS

The following products are also available from Oracle Financial Services Analytical Applications:

- Oracle Financial Services Funds Transfer Pricing
- Oracle Financial Services Asset Liability Management
- Oracle Financial Services Pricing Manager
- Oracle Financial Services Balance Sheet Planning
- Oracle Financial Services Institutional Performance Analytics
- Oracle Financial Services Retail Performance Analytics
- Oracle Financial Services Enterprise Financial Performance Analytics
- Oracle Financial Services Analytical Applications Infrastructure

measurement process also drives risk-adjusted performance throughout the enterprise for an integrated view. With this application, financial institutions have the ability to utilize multiple levels of business fact data, such as transaction data, customer account “point-in-time” instrument data, ledger level data, and statistical data.

Dimension	Value	Description
Organizational Unit	ALL	ALL
General Ledger Account	ALL	ALL
Common Chart of Accounts	ALL	ALL
Product	ALL	ALL
Strategy Name	ALL	ALL
Customer	ALL	ALL

Figure 1. Allocation Specification Edit Screen

Build Sophisticated Profitability Models

Oracle Financial Services Profitability Management’s multi-dimensional approach takes advantage of the richness of your detailed data. By breaking down informational silos, you can leverage a combination of aggregate balance data, detailed customer-level instrument data, and transaction level detailed data to build profitability models. Oracle Financial Services Profitability Management uses attributes, hierarchies, dimensions, and filters to precisely define business rules. Armed with this information, you are able to make solid, supportable decisions about your customers, your products, as well as your business policies and processes.

Delivering accurate profit and performance measures for an entire business is an enormous task. The differences that exist in business lines, regional locations, types of customers, and delivery channels only add to the complexity of your business. Oracle Financial Services Profitability Management is both a flexible and powerful tool. You tailor the application to your specific needs, enabling you to determine the level of complexity that best fits your business. With Oracle Financial Services Profitability Management you can manipulate general ledger data, customer account data, and customer transactional data to perform the numerous types of financial and statistical allocations.

Leverage the Oracle Financial Services Analytical Applications Infrastructure

As part of the Oracle Financial Services Analytical Applications suite of products, Oracle Financial Services Profitability Management is able to bring together information from

other Oracle Financial Services Analytical Applications, such as Oracle Financial Services Asset Liability Management and Funds Transfer Pricing, to generate accurate, risk-adjusted profitability. By leveraging a single, transparent data model and platform, users have the ability to share component building blocks across different applications.

The underlying set of tools in the Oracle Financial Services Analytical Applications Infrastructure assists with processing, categorizing, selection, and manipulation of data. This helps control data quality as well as manages the metadata, computations and rules underlying Oracle's Financial Services Analytical Applications. In addition, the infrastructure functionality can be used for loading and cleansing raw data, scheduling batch processes, and sharing implementation building blocks such as dimension members, hierarchies, hierarchy filters, data filters, and expressions.

Oracle's Financial Services Analytical Applications are integrated solutions based on industry best practice components. Solutions can be deployed with confidence because all of the pieces fit together: data, analytics, business rules, hierarchies, and reporting. Although the suite was designed to be delivered on an integrated basis, each of these product components can:

- Stand on its own as a best-of-breed solution
- Undergo implementation on either a simple or sophisticated basis, and support ongoing evolution of analytical methodologies
- Undergo implementation in any order

All of this analytical power and flexibility is of no use if the results cannot be widely disseminated across the enterprise to enable managers to act. Oracle Financial Services Profitability Management along with Oracle Financial Services Enterprise Financial Performance Analytics and Oracle Financial Services Institutional/Retail Performance Analytics deliver world-class, enterprise-wide analytics. Results can be generated at the management ledger level, at the customer account level, or most commonly, at both levels simultaneously leveraging these performance analytic products. The various Performance Analytics products within OFSAA draw upon results generated by Oracle Financial Services Profitability Management to deliver a fully loaded view of Profitability along with multi-dimensional Risk Adjusted Performance Management (RAPM) reporting so you can answer questions such as:

- Which lines of business, relationship managers, or products are truly generating value for my company?
- How does the risk-adjusted profitability of my new business compare with the total portfolio for each product or line of business?
- How will my risk-adjusted results change over time as loan products re-price or mature?

About Oracle Financial Services Analytical Applications

Oracle Financial Services Analytical Applications bring financial institutions best-of-breed capabilities to proactively manage Financial Crime, Compliance, Risk, Treasury, Finance and the Front Office. The applications are built upon a commonly available analytical infrastructure consisting of a unified financial services data model, analytical computations, a Metadata driven "R" modeling platform, and the industry-leading Oracle Business Intelligence platform.

A single, unified data model and infrastructure provides one version of the analytical





"truth" to business users throughout the entire enterprise. This enables financial services institutions to confidently manage performance, governance, risk and compliance. Shared data, metadata, computations and business rules enable institutions to meet emerging business and regulatory requirements with reduced expenses and the unified platform helps financial institutions to leverage existing investments.



CONTACT US

For more information about Oracle Financial Services Profitability Management, visit oracle.com/financialservices or call +1.800.633.0738 to speak to an Oracle representative.

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Hardware and Software, Engineered to Work Together

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