

ORACLE

Oracle Playbook

Corporate
Development
Excellence

Oracle's M&A Success, Powered by Oracle Cloud



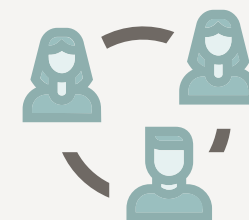
Our strategy for relentlessly focusing on our people, processes, and systems so we can achieve more with less

For many companies, mergers and acquisitions (M&A) are a key strategy for competing in the marketplace and meeting long-term growth objectives. But deals that look great on paper can fail to meet business goals if integration isn't completed quickly.

At Oracle, our corporate development team has played a central role in how we've grown revenue while reducing costs. Even as we've invested more than US\$110 billion to purchase over 150 companies in the last 20 years, we've increased operational efficiency, improved the experience we deliver to our customers, and achieved an industry-leading non-GAAP operating margin of more than 40%.

150+

companies acquired
and integrated

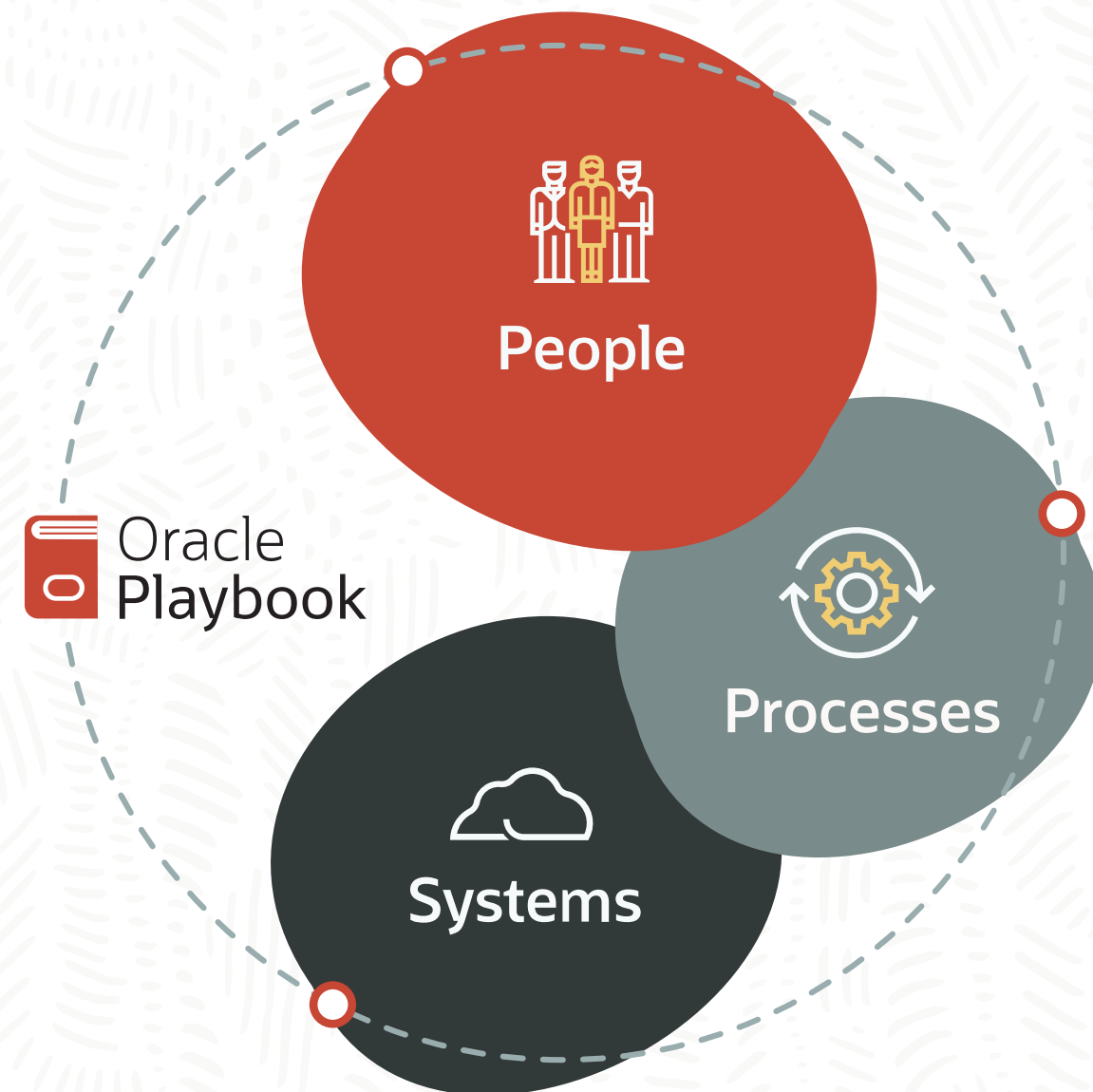


How have we accomplished this? Our strategy, which we call the Oracle Playbook for Corporate Development, focuses on people, processes, and systems. In other words, it encompasses much more than technology, although Oracle Cloud Applications and Oracle Cloud Infrastructure (OCI) are key elements of how we achieve more with less.

Our playbook has enabled us to achieve the business goals associated with our M&A deals while expanding the solutions we provide to meet customer needs. It has also enabled the one-third of our workforce who has joined us through M&A to work productively, seamlessly collaborate, and make better decisions, faster.

Our framework for driving business success

As mentioned, we focus on three areas: people, processes, and systems. Each area is critical.



People

No matter what we do, our people power our success, so we start by aligning acquired team members with our strategy and ensuring they understand how their roles at Oracle help us achieve our common goals. In addition, we organize for success, and we instill a culture of continuous innovation.

Goals

When we align our teams with our goals, we align directly with the top. Oracle Chairman Larry Ellison and CEO Safra Catz clearly communicate, at every possible opportunity, that customer success is our true north. As a result, our teams focus on helping customers achieve their goals while driving Oracle's continued financial success. Of course, each acquisition has its own strategy and key performance indicators (KPIs), but these are connected to our broader company strategy and goals for driving customer success.

At an individual level, we're thoughtful about how we align every new employee with a role at Oracle. In most cases, these employees will have the same role they had at the acquired company, although at times it may be within a different group or with a different direction that's aligned with our common goals.

Organization

Another critical element is how we organize our teams. We've established global process and solution owners within each functional area, which gives us the benefits of clearly defined areas of focus and accountability.

Global process owners (GPOs) are responsible for determining the most efficient process for their focus area, but that's not all. For example, our GPO for recruiting pays close attention to the recruiting experience as well as the way that experience affects the broader employee and manager experiences. In addition, that GPO is closely connected with the global solution owner (GSO) for the same area, who is responsible for automation using Oracle technologies. This partnership helps align our business and IT functions, and by working together these two individuals can continually simplify, standardize, and improve our operations, leveraging innovations delivered by Oracle Cloud Applications and OCI.

From an M&A standpoint, we generally aim to align acquired companies with our standard processes. However, our GPOs examine each acquired company's operations to determine if it makes sense to leverage some elements of the acquired company's processes or even adopt them fully as a new best practice.



Culture

The final element of the people side of the equation is building a culture that embraces innovation based on an understanding of the psychological impact change can have. This is a massive part of what our leadership focuses on.

If people don't believe change is needed, don't join in solving the problem, or don't make it a priority, the organization won't succeed in driving improvements. Sure, you'll see incremental improvements, but you'll never see transformational ones or succeed with the M&A integration.

At Oracle, we prepare our people for continuous change by building a culture of innovation. We're always learning and looking for ways to improve, better serve our customers, and become more efficient. We don't just look for small fixes. We look for ways to disrupt ourselves.

Of course, we're thoughtful as we integrate, improve, and innovate. Especially in M&A, where team members, as well as customers and partners, fear what might change, we're careful not to break the experiences we deliver or simply check boxes as we merge the acquired company into our operations. And even as we move quickly to eliminate the distraction that uncertainty can create, we try to make the changes as seamless as possible, providing guidance to every constituent at every step.

Processes

When it comes to processes, we always ask ourselves the same question: How can we further optimize our business operations and deliver better experiences to those we serve?

Even in our M&A activities, we ask this question so that we don't make the mistake of blindly integrating companies, not leveraging best practices for our global processes, losing out on efficiencies, or delivering subpar experiences.

To answer this question, we use a three-step methodology.

Streamline

Our first step is to streamline the journey for our customers, employees, and partners. We start here because processes can become very complex when organizations try to solve every possible scenario or edge condition. So we begin with the person we serve in mind and the desired outcomes, and then we back into the simplest possible process for that individual to achieve those outcomes.

Empower

The second step we focus on is how we can empower our stakeholders to complete tasks even faster—ideally without manual intervention. To maximize efficiency and deliver the best possible experience, we look to automate internal processes to speed things up, reduce errors, and drive consistency and effectiveness.

Delight

Finally, we look for ways to delight customers, employees, and partners so they can complete their activities or processes quickly as well as enjoy the experience and achieve exceptional outcomes.



✓ **The result**

Our operations are standardized on best practices across geographies and lines of business, and then we make adjustments to ensure we comply with legal and regulatory requirements.

When it comes to the integration of acquired companies and their processes, our GPOs apply this same streamline-empower-delight methodology as they evaluate how we either pull the acquired companies into our standard processes or develop new best practice processes where we didn't previously have them. For example, in 2022 when we acquired Cerner—a supplier of health IT services, devices, and hardware—we moved them to Oracle's standard HR processes, including recruiting, onboarding, talent management, and payroll. However, we adjusted our quality and compliance processes to align with Cerner's because of new requirements we faced as a result of serving a new constituent group—patients.



Systems

Our final focus area in our ongoing pursuit of business success is the systems part of our people, process, and systems approach.

Centralize applications

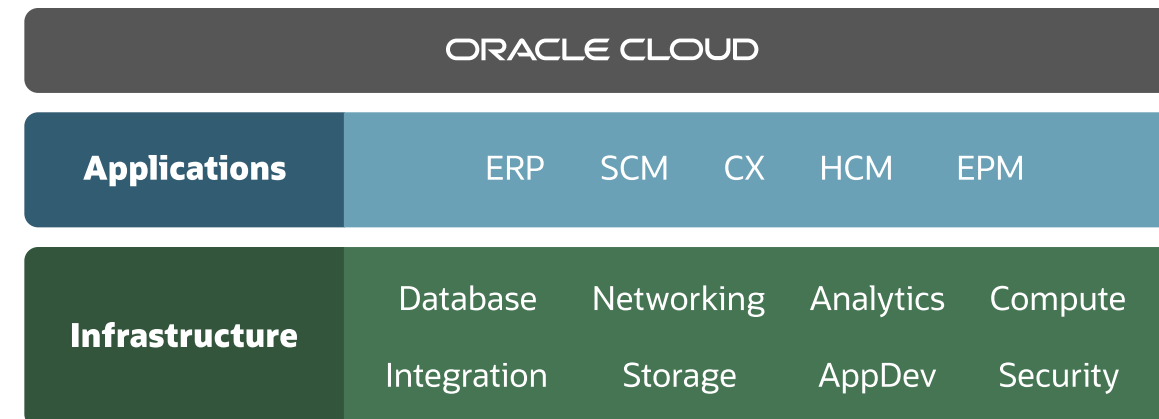
One key to our success has been centralizing corporate applications, which has helped us reduce complexity, costs, and obstacles that impeded our agility and ability to deliver exceptional customer, employee, and partner experiences.


Continuously innovate

In addition, we leverage the end-to-end automation and embedded AI of Oracle Cloud Applications and OCI, and we use the innovation that is continuously released via Oracle Cloud updates to improve on an ongoing basis.

Deploy out of the box

As a rule, we've also eliminated application customizations, which has enabled us to reduce overhead and IT support.





In keeping with our systems approach, whenever we acquire a new company, we aim to quickly integrate the acquired business into our centralized systems and move custom applications to OCI—to reduce complexity and costs. We also eliminate applications and data centers that are no longer needed. This creates a unified customer experience as well as significant operating leverage as we continue to grow.

We always start by determining how much we want to bring over to Oracle Cloud. Just like when moving from one home to another, you likely don't need to bring everything with you. Once we identify the data we need, we map that data from the legacy systems to Oracle Cloud systems and migrate the bulk of the data before go-live. We know that we can catch up with any remaining data that needs to be moved after go-live. Before we launch the new systems, we test them. Not just each one or each process individually. We test the end-to-end flow—for example, transactions from lead all the way to cash.

Finally, as we move and eliminate legacy systems, we archive data and move it to OCI for retention purposes related to local regulations. These best practices have been critical to driving accelerated and successful system integrations across each of our acquisitions.



The path to M&A systems integration success

Our path to success starts with moving employees of acquired companies to the tools used by the rest of the Oracle team.

This begins with Oracle Fusion Cloud Human Capital Management (HCM), which helps new employees collaborate seamlessly and work productively, while also making our global people processes more efficient. With our people on HCM, we are able to do the following:

- ✔ **Create approval workflows** using the HR hierarchy and leverage those highly configurable workflows to scale and localize as needed.
- ✔ **Help our employees and managers become more productive** because they can complete administrative tasks, such as updating an address or promoting an employee, quickly and without intervention from the HR team.
- ✔ **Enable HR to focus on more strategic activities**, such as workforce planning, talent management, and employee engagement.
- ✔ **Let our IT team focus on strategic initiatives** alongside ongoing innovation, rather than on routine maintenance and support.

When onboarding new employees, wherever possible we streamline the process to avoid repeating administrative tasks that were already done at the acquired company, such as background checks and I-9 verification. We also use Oracle Cloud to share strategic updates with acquired team members, even before they're onboarded to Oracle. That way, they have the information they need throughout the transition and can feel prepared to start with Oracle on Day 1.

Along with moving employees to HCM, we migrate them to our applications for expenses and procurement. This also helps our acquired team members work more productively and benefit from a more seamless experience than if they were conducting these activities outside our centralized systems.

One great example of using our people, processes, and systems approach to moving acquired team members to HCM, expenses, and procurement applications is Cerner, where we migrated 18,000 employees within about 100 days.

18,000
employees

**migrated to Oracle
corporate applications
within about 100 days**



After moving our employees to the systems for Oracle Cloud HCM, expenses, and procurement, we shift our focus to migrating the rest of the acquired company's operations to Oracle Fusion Cloud Applications for ERP, EPM, supply chain, and CX. We generally do this all together. We don't need to create integrations between systems because Oracle's Cloud Applications suite is integrated out of the box. Moving all the lead-to-cash systems at once also eliminates the need for interim processes that serve only to elongate the time to reduce costs and complexity.

After the systems integration date (what we view as Day 1), we take advantage of the innovation provided by Oracle Cloud Applications' quarterly updates to automate more of our operations and improve the experiences we deliver.

As mentioned above, the centralization of corporate applications helps us reduce complexity, costs, and obstacles that impede agility and the ability to deliver exceptional experiences to those we serve. Centralization also helps us scale and achieve synergies between Oracle and the acquired company.

Oracle Fusion Cloud Applications Suite, which runs on OCI, brings us consistent processes, modern user experiences, and a central data repository across our business. The suite enables us to maximize efficiency, make fast decisions, and take advantage of the hundreds of new features released every 90 days.

For other applications that acquired companies will retain, we always look to move them to OCI, taking into account their age and underlying infrastructure as well as the investment required to move them versus rewriting them on OCI. As such, we consider whether to simply "lift and shift" the applications to OCI, improve them on OCI, or build the applications again as cloud native on OCI.

The broader benefits we've achieved with Oracle Cloud

Over the past 20 years, through our acquisition of more than 150 companies, Oracle has shut down an estimated 5,000 acquired applications and nearly 50 data centers as we moved those companies to Oracle Cloud Applications and OCI. The result is a successful M&A integration practice that has enabled us to reduce costs, increase efficiencies, and improve security and agility, all while helping us serve our customers better and grow our business. But the benefits of moving to Oracle Cloud extend beyond the Corporate Development team to our entire business.

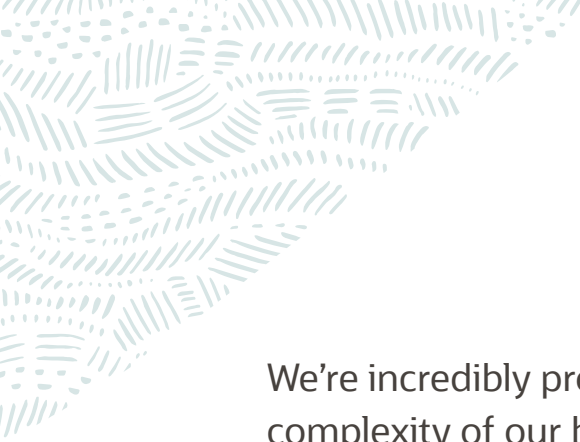
With Oracle Autonomous Database, our IT team has reduced the time it spends on administrative tasks, such as database management, by 80%. By moving Oracle Fusion Cloud Applications to OCI, we improved the performance of those applications by 30%—which has meant even faster access to data, intelligent insights, and recommendations. But the benefits don't stop there.

Oracle Autonomous Database

80% reduction in the time IT spends on administrative activities, such as database management



The system performance improvements have translated into benefits for our customers, employees, and partners as we went from 99.7% service level availability to an industry-leading 99.9%. That means less downtime every year, which for an organization of more than 160,000 employees means we've gained almost 1.5 million hours of employee productivity.



We're incredibly proud of these results, especially considering the size and complexity of our business. Our employees serve more than 400,000 customers across 175 countries. Because of our focus on people, processes, and systems—grounded in our use of Oracle Cloud Applications and OCI—we're achieving what some might say is impossible.

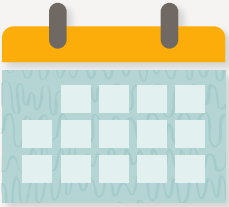
For example, we're closing our books and releasing earnings in less than 10 workdays—nearly 60% faster than average and faster than any other S&P 500 company. How do we do that? With the intelligent automation and AI built into our Fusion Cloud Applications.

97% of our hundreds of thousands of banking transactions per quarter are automatically reconciled as our Oracle Fusion Cloud ERP system identifies, deciphers, and matches the transactions passing through our bank accounts.

Oracle Fusion Cloud EPM then drives further efficiencies. 94% of our balance sheet reconciliations are on Fusion Cloud EPM, of which 25%, and climbing, automatically reconcile with no human touch. While other organizations continue to spend their time looking back and manually reconciling, matching, and creating reports, our team looks forward and helps us steer our business. That's a game changer.

Oracle Fusion Cloud ERP and EPM

<10
workdays **to close our books and release earnings, faster than any other company on the S&P 500**



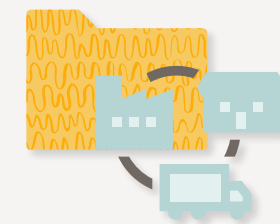


It's not just in finance though. We're onboarding new employees—more than 20,000 each year—in less than 24 hours, compared with the weeks or longer it took before we used Oracle Fusion Cloud HCM. And we're using AI internally to assist employees with inquiries or issues that come up in their day-to-day work and reducing the amount of time required to complete repetitive tasks, such as expense reports. Less time spent on lower-value activities means more time innovating and focusing on our customers.

Our move to Oracle Fusion Cloud SCM lets us reduce planning cycles—so far by 70%—and enables us to make incremental changes in a matter of hours. For example, when COVID-19 struck, we quickly adjusted demand plans in response to global lockdowns, demand fluctuations, and budget changes.

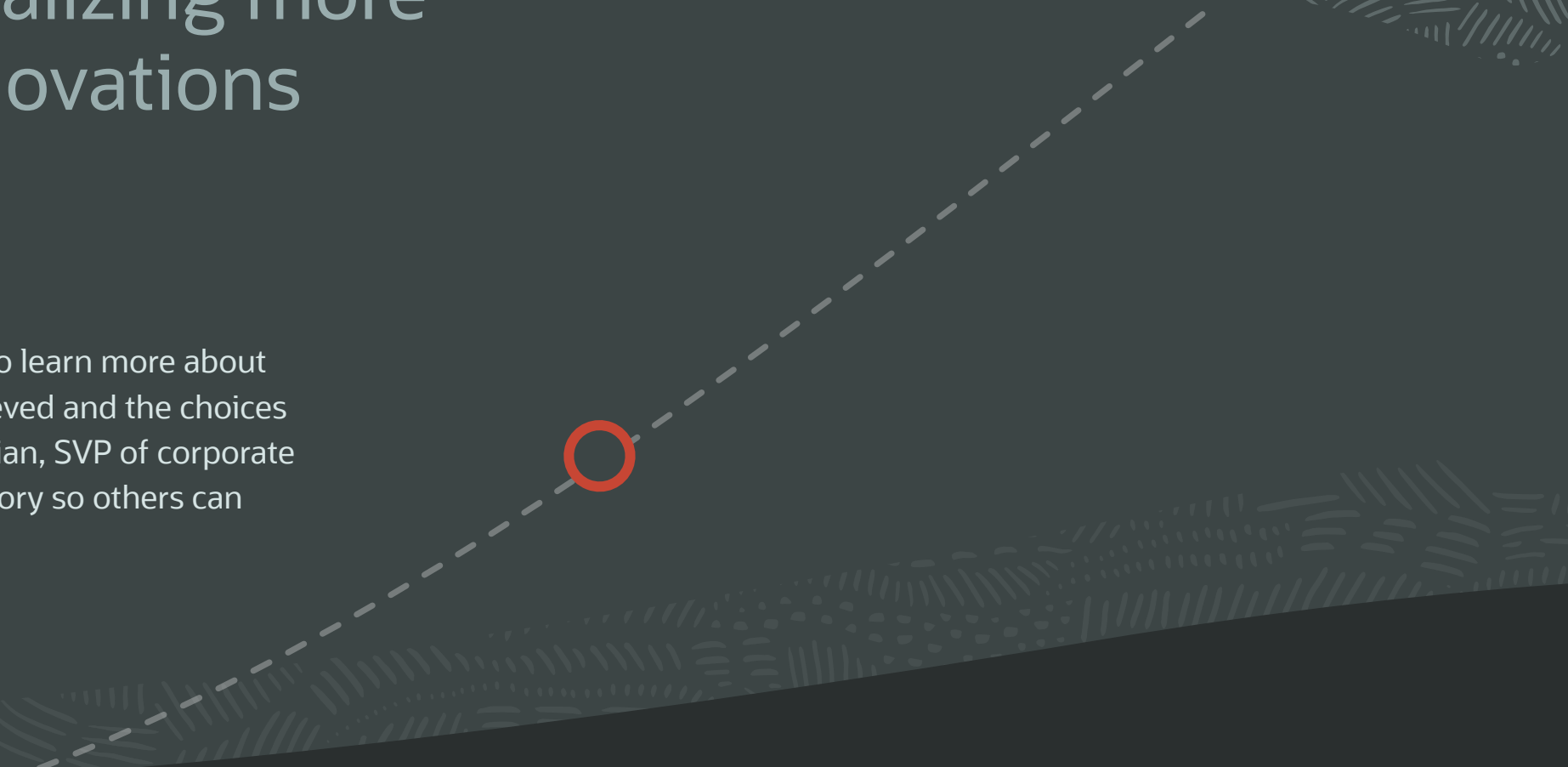
Oracle Fusion Cloud SCM

70% faster supply chain planning cycles



Finally, with Oracle Fusion Cloud CX, we've fully automated more than 75% of customers' transactions so they can begin realizing value right away.

With each passing day, we're realizing more and more benefits from the innovations coming out of our technology



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We've learned quite a bit on our journey with each acquisition. If you'd like to learn more about the obstacles we faced and how we overcame them or the benefits we achieved and the choices we made every step of the way, please let us know. Just email Leah Yomtovian, SVP of corporate operations strategy, at leah.yomtovian@oracle.com. We love to share our story so others can achieve the same outcomes and avoid some of the same pitfalls.

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