

ORACLE

Oracle Playbook

Financial Excellence

Becoming a Predictive
Powerhouse with Oracle Cloud



TABLE OF CONTENT

Introduction 03

Part 1: Our framework for driving financial excellence.....05

Part 2: How we close our books and release earnings in less than 10 workdays 11

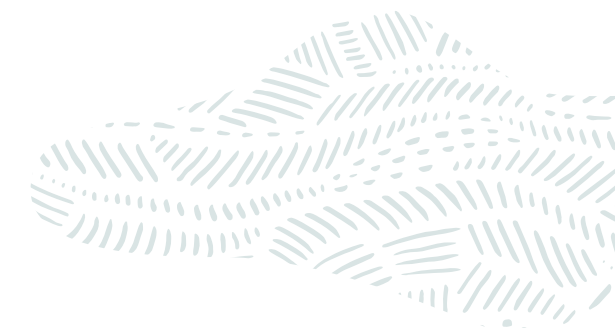
Part 3: How we accelerated financial planning by nearly 30%13

Part 4: How we improved cash management and optimized working capital 15

Part 5: How we saved millions of employee and manager hours processing expense reports17

Part 6: How we automated nearly 35% of the procure-to-pay process 19

Part 7: The broader benefits we've achieved with Oracle Cloud 21



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

If there's one thing the past few years have taught us, it's that we never know what's coming around the corner—whether it's a pandemic, inflation, a war, or an emerging technology that has the potential to transform how organizations operate.

It's no wonder that amid all this uncertainty, a focus on growth at any cost has been replaced with a focus on profitability, efficiency, and operational excellence.

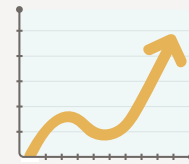
Just like you, our finance team faces this reality daily, and it has made their role more critical than ever. Whereas in the past they focused on the financial health of our company, reporting, and compliance, now their role is much broader and includes business strategy and digital transformation. They have become strategic catalysts of company growth, partnering with our CEO to influence our future direction and advising other departments in a variety of areas, including product development and human capital management.

Our finance team now focuses on helping everyone at Oracle make the right decisions and get the best outcomes every day. Their specific goal is to become a predictive powerhouse—using data and sharing insights to help us anticipate and head off problems, plan for emerging opportunities early, and prepare for unforeseen events.

Whether by identifying ways to become more efficient, determining the right investment opportunities, or evolving our business model to better meet customer needs, our finance team helps us reduce costs while simultaneously growing revenue. Even as Oracle has transformed from a product to a service-oriented company, developed the most complete cloud technology stack, opened dozens of data centers, and acquired many strategic companies, we have achieved an industry-leading non-GAAP operating margin of more than 40%.

We've been able to achieve an industry-leading non-GAAP operating margin of more than

40%



How has our finance team accomplished this? We call it the Oracle Playbook for Financial Excellence. The Oracle Playbook goes way beyond technology and is our strategy for relentlessly focusing on our people, processes, and systems so we can achieve more with less. It details how we improved our financial processes, including how we gained the ability to close the books and release earnings in less than 10 workdays, accelerated financial planning by nearly 30%, slashed the time wasted on expense reports, and automated nearly 35% of the procure-to-pay process.

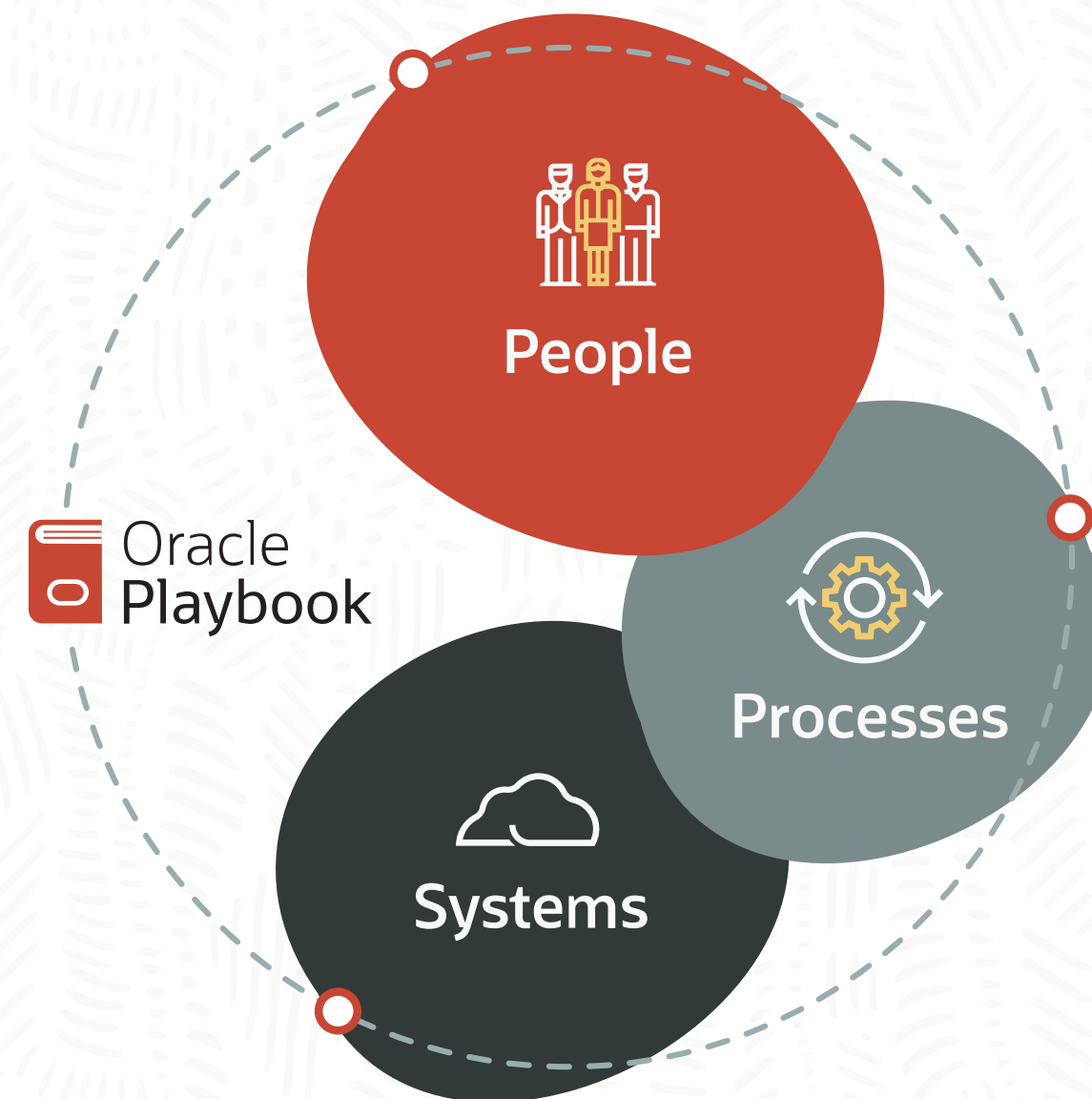
We felt that sharing our experiences and the lessons we've learned might help our customers facing similar challenges—in the same way that we learn from our customers and are inspired by them every day. So here's how we did it and how we strive to keep getting better.



Our framework for driving financial excellence

How have we done this?

As we mentioned, we focus on three areas: people, processes, and systems. Before we go into the detailed financial examples, we want to take you through this methodology, which we use to drive success across the business.



People

We start with people because it's arguably the most challenging of the three areas we'll discuss. No matter what we do, it's our people who power our success.

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. To support this alignment, our finance team has done two things to help drive the right actions and outcomes across the organization.

The first is to collaborate with each line of business to help define the right metrics to track across our company to ensure we're all focused on the right activities and achieving our customer success goals. The second is to connect our finance team's specific goal of becoming a predictive powerhouse to our corporate focus on customer success. The team does more than help us reduce costs, optimize finance processes, and "keep score." They also help us navigate uncertainty, deliver better customer experiences, and drive our business forward. Instead of simply gathering and reporting on data, they have become partners to our business leaders, sharing insights and helping them make the best decisions.

Organization

Another critical element is how we organize our teams. We have established global process and solution owners within each functional area, including finance, 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, one GPO is responsible for continuously improving the expenses experience, paying close attention to the way it affects the broader employee and manager experiences. 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 Oracle Cloud Infrastructure (OCI).



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. While most people say they like change, the reality is most don't. And if people don't believe change is needed, don't join in solving the problem, or don't make it a priority, you won't succeed in driving transformational improvements.

At Oracle, our approach is to prepare our people for continuous change and to always be looking for ways to challenge the status quo. Each one of us is a problem solver, an innovator, and a part of the solution. For example, the global teams responsible for the customer buying experience—including sales operations, legal, finance, and corporate systems—meet regularly to review feedback and metrics. With CEO Safra Catz as the executive sponsor, there's no question about the urgency of continuously making it easier to do business with Oracle and improving sales rep productivity. Week after week, month after month, the teams review customer and employee input, analyze relevant data, and consider the new innovations coming out of Oracle Cloud Applications and OCI to determine which improvements we can make now and gather more-transformative ideas for how we can disrupt the way we operate.



An example of how this approach has helped us change the customer buying experience is our updated approvals process.

While our approvers play a critical role, they don't need to review every order. In fact, the opposite is true—approvers need to review only the exceptions or the orders that present some sort of risk to our company. We also don't need multiple layers of review. We simply need a subject matter expert to determine whether it's an order we're willing to accept.

To accelerate the process, improve the customer experience, and boost our own operational efficiency

we've reduced the number of order approvers by

20%



This tweak has shaved days, and sometimes weeks, off the buying process.

Processes

We continuously review the end-to-end business processes that underlie the experiences we deliver to our customers, employees, and partners.

Streamline

Our first step is to streamline the journey for those we serve, including customers and employees. We start with the person we serve in mind and the outcomes they are trying to achieve, and we back into the simplest possible process for each one.

Empower

Next we focus on how we can empower employees and customers to complete tasks even faster—without manual intervention. It's not enough to have a simple process. To maximize efficiency and deliver the best possible experience, we realized we needed to remove people from our internal processes. People slow processes, introduce errors, and behave in inconsistent ways.

Delight

Finally, we look for ways to delight customers and employees so they can not only successfully complete their activities and processes quickly but also enjoy the experience. People want to move quickly, but they also want to achieve exceptional outcomes. One example of how we help them do this is providing proactive guidance and easily accessible information or assistance throughout each process.

Systems

Our final focus area in our ongoing pursuit of financial excellence is our systems.

Centralize applications

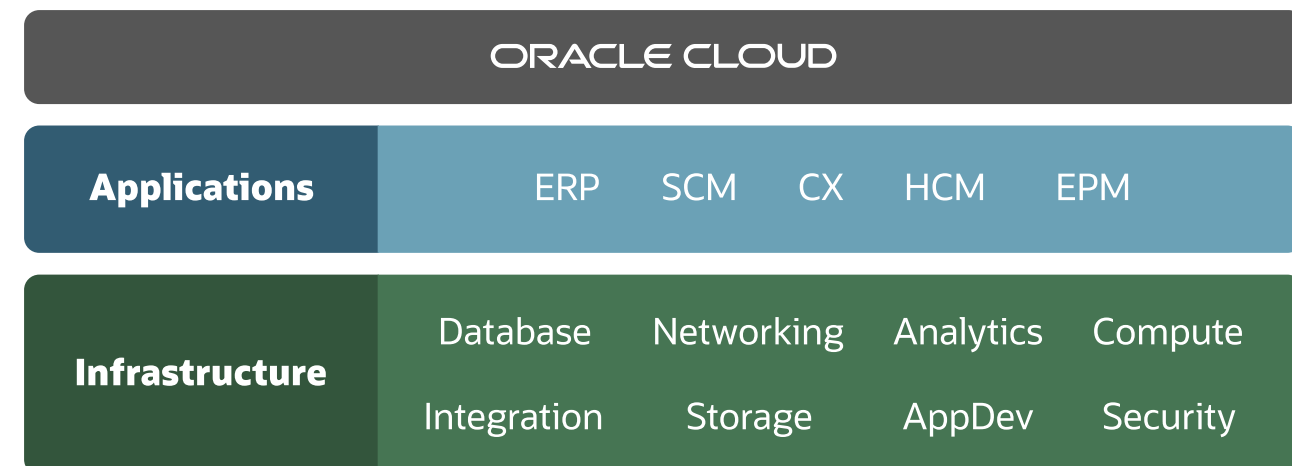
One key to our success has been centralizing our finance applications, thereby reducing complexity and costs. As such, whenever we acquire a new company we quickly move the acquired business onto our centralized systems.

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.



PART 2

How we close our books and release earnings in less than 10 workdays

Imagine if your finance team didn't have to spend any time on reporting. Imagine if the reports were always available and the data was always updated, like the score of a sports game. That's our goal.

As we focus on achieving a continuous close, our GPO for reporting continuously looks for ways to streamline our processes and empower and delight our people, leveraging the intelligent automation capabilities of Oracle Fusion Cloud ERP and EPM to achieve our business goals.

For example, before adopting Oracle Cloud ERP, our GPO standardized the mapping of more than 30 different charts of accounts, enabling us to deploy a single global chart of accounts. The result? We can now run a single report in Oracle Cloud ERP across all reporting entities in a standard format and tie out intercompany balances in just 90 minutes—80% faster than before.

Our GPO also identifies ways we can take advantage of our ERP and EPM applications to eliminate manual intervention. So far, we've reduced manual accounting by nearly 60%, a percentage that's increasing every quarter.

For instance, by taking advantage of the intelligent automation capabilities embedded in Oracle Cloud ERP, 97% of our hundreds of thousands of banking transactions per quarter are automatically reconciled. This means our finance team doesn't need to spend valuable time identifying, deciphering, and matching the transactions passing through our bank accounts. Similarly, 94% of our balance sheet reconciliations are on Fusion Cloud EPM, of which 25%, and climbing, automatically reconcile with no human touch.

This really is a game changer. Practically, this means our finance team is more productive. And while other companies are still busy preparing backward-facing reports, our team can look forward and help drive our business strategy for cost savings, innovation, and growth. Plus, each quarter our finance team can better prepare for earnings announcements because we have the time to review actuals versus expectations, adjust if anything looks out of the ordinary, and conduct additional analyses that might enable us to improve our guidance.

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



PART 3

How we accelerated financial planning by nearly 30%

As we've discussed, the role of the finance team has expanded beyond closing the books and reporting results to also helping drive business strategy using data.

For example, when we decide to build a new data center for our cloud customers—a high-stakes call we've made more than 40 times in more than 20 countries—our finance team pulls sales pipeline data that indicates the demand for services by geography; they get expense data that shows the cost to build and run a new facility; and then they draw all that and much more data into a model that predicts how soon Oracle will make money from a new data center.

But no one can do planning like this and stay ahead of change if they're bogged down by data and spreadsheets.

So we set out to accelerate and modernize the planning process using our tried-and-true focus on people, processes, and systems. Here's an example of how we applied that approach to provide Oracle leadership with a clear, real-time view of our business by improving our financial planning process.

The GPO responsible for this process developed a single methodology for revenue modeling and expense forecasting. By standardizing on a single approach globally, we've been able to eliminate more than 100 spreadsheets that were previously used for manual forecasting.

But our GPO didn't stop there. We had previously relied on two applications for planning—one for budgeting and one for forecasting—which duplicated efforts and complicated the planning process, leading to errors and days of manual reconciliation. To eliminate these inefficiencies, we standardized on one system for both forecasting and budgeting, saving us more than 80,000 hours of work per year while ensuring alignment between forecasting and long-range planning.

To further improve the financial planning process, we used Oracle Cloud EPM to automate revenue modeling and expense forecasting. This automation has enabled us to plan more effectively while also eliminating errors, manual work, and handoffs. For instance, we eliminated the human touch previously needed to adjust revenue in cases such as the departure of a sales rep along with the subsequent need to reclassify revenue to the appropriate line of business. And for financial accounts, such as headcount, travel and entertainment, and benefits, we leverage AI to help us predict how these expenses will materialize in the coming quarters so we can better prepare or preemptively take the appropriate actions to reduce costs.

Because all our teams use Oracle Cloud Applications, our finance team has access to an enterprise-wide dataset that includes not just financial data but also critical operational data. Information on customer relationships, supplier relationships, and human capital is not on our balance sheet, but it's very important that our finance team has visibility into this data.

We're also giving our employees easy access to the financial information they need to make smart decisions without having to rely on our finance team for assistance. We did this by unifying our forecast datasets and making them available in the tools our teams use every day.

This enabled us to provide employees with real-time access to data while also eliminating

~~2,000~~ hours per month 

of manual data-gathering activities that were previously completed by our finance team

Another example of how we're empowering our employees is how we use Oracle Analytics Cloud and its interactive visualizations of financial and operational information. We also use AI embedded in Oracle Cloud for automated anomaly and hidden correlation detection, as well as predictive trending. These detailed business insights help our finance team conduct root cause analyses; so, for example, they can understand why some business units outperform or underperform others and then develop best practices or lay out the appropriate mitigation plans. In addition, our finance team can scenario plan and conduct profitability analyses so we can understand what might happen if we adjust pricing and better understand areas such as data center profitability.

PART 4

How we improved cash management and optimized working capital

Just like any other organization, we need to have real-time visibility into our cash positions to optimize working capital and accurately forecast cash requirements.

To make this possible, we focused on our people first, then our processes, and then finally used Oracle Cloud ERP to automate key processes from end to end.

It might seem strange to ask our finance team to focus on customers, but that's precisely what we've trained all our teams to do, whether they interact directly with customers or not. Even when our credit and collections team engages with a customer to resolve a dispute, they've been trained to focus on the customer's challenges and needs and the ways we can help. Happy customers are more likely to expand and deepen their relationships with us.

While the strategy at some organizations is to hire the lowest-cost people, we've gone in the opposite direction. For example, we're upleveling our credit and collections analysts, focusing on finding the best talent with the right skills. We did this because we expect these individuals to be resourceful and work effectively across business process teams to address a spectrum of customer concerns. When they're able to do that, we can eliminate multiple handoffs and ensure a positive customer experience.



We didn't stop there. We set progressively higher goals for our teams each year and aligned our teams with specialty areas, such as small and medium-sized businesses or state and local organizations.

After focusing on our people, we looked at our processes. For example, we created one global standard template to support invoicing worldwide. This standard approach not only enabled us to eliminate almost 100 variations of invoice templates, but it also made it simpler to comply with local and country requirements. We also reduced the time it takes to resolve customer disputes by eliminating handoffs and improving tracking and reporting.

Finally, we used Oracle Fusion Cloud Applications to automate our end-to-end processes. By moving our order-to-cash functions to the cloud and using the intelligence embedded in our applications, we've fully automated key processes, such as invoice delivery. In addition, we're using the AI embedded in our applications suite to validate our customers' order documents.

Decreasing the number of touchpoints throughout our systems and business processes enables us to operate more efficiently and scale. Each year we analyze almost 40,000 credit reports and deliver almost 1.5 million invoices to more than 400,000 customers across 175 countries. We also collect US\$42 billion each year, processing almost 650,000 cash receipts from customers. Processing all our accounts receivable activities using Oracle Cloud Applications enables us to close more than 100 AR subledgers in less than 24 hours. That in turn enables us to make better decisions faster.

On top of all these benefits, the guided user experience of our applications enables our finance team to move faster and drive better results.

 **The result**

90% of customer orders book automatically, and we've cut the time to process them by 25%



How we saved millions of employee and manager hours processing expense reports

In the past, employees might spend hours collecting receipts, making copies, uploading receipts, and submitting the reports. Managers then spent valuable time reviewing the reports, asking for additional information, consulting policy documents, and approving the requests. And then to top it all off, our back-office teams spent hours reviewing the submissions.

All that adds up. At Oracle, if our more than 160,000 employees each spend even two hours per quarter on these tasks, that comes to an incredible 1.3 million hours a year—a huge waste of our incredible talent. When we were moving to the cloud, our GPO for expenses took the opportunity to reassess the experience and brainstorm ways to revamp the process.

We started by reducing expense categories and eliminating unnecessary requests for information. And then, as we explored the functionality of our cloud applications, we determined we could leverage automation to classify key corporate card transactions, such as payments for accommodations, airfare, car rental, and fuel, further reducing the amount of information employees need to provide.

Within months of our initial go-live date, we determined we could further improve and accelerate the process by leveraging Oracle Fusion Cloud Applications updates, including chatbot functionality, so our employees can simply take a photo of a receipt, text or email it in, and let the system automatically handle the rest. And next, we're automating the process even more so our employees won't even need to submit expensed items. Rather, when they use their credit cards, the expenses will be submitted directly through Oracle Cloud ERP for approval and payment.



 **The result**

Our employees spend less time on administrative tasks and more time innovating and focusing on our customers



How we automated nearly 35% of the procure-to-pay process

Our global procurement team, which provides sourcing, supplier management, and contract negotiation services, is responsible for more than US\$3 billion of indirect spend, 35,000 active suppliers, and 10,000 purchasing contracts.

And while some organizations might hire an army of people to manage these volumes, we've relied on the full suite of Oracle Fusion Cloud Applications to simplify supplier onboarding, streamline the buying experience for our employees, automate transaction processing, and reduce risk.

Before jumping to automation, our GPO always starts by looking for ways to simplify. We standardized hundreds of country-specific transaction processes, creating one global process, and developed a single set of purchasing categories with a standard chart of accounts. We also standardized our B2B payment format, which lets us batch payments globally and submit them 15% faster while eliminating complexity and reducing cost.



We then used Oracle Cloud to increase our control of supplier expenditures by including category managers in the requisition approval workflow, which has helped us save more than US\$130 million annually. Oracle Cloud also enables us to automate and accelerate processes. For example, 98% of our suppliers are qualified and onboarded online. In addition, more than 70% of our total purchase order volume and more than 65% of our invoice volume is fully automated. When taken together, nearly 35% of our procure-to-pay transactions are touchless from start to finish.

And we're not done yet. We continuously innovate as we take full advantage of our cloud applications' quarterly updates. For example, our GPO has started to plan how we'll use our applications' AI capabilities to identify opportunities to save money across suppliers, and we're planning to roll out a procure-to-pay digital assistant for our employees. Just like the chatbot for expenses, this will reduce the time our teams spend on low-value, administrative tasks.

The broader benefits we've achieved with Oracle Cloud

The headline is that by moving to the cloud, we've been able to connect our business from end to end, automate many operational processes, increase employee productivity, and gain a real-time view of our business. This has allowed us to anticipate and respond faster to changes while delivering better customer experiences.

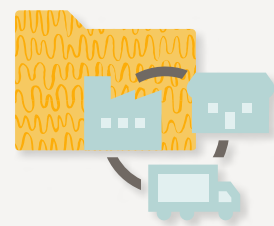


In this playbook, we've explained how Oracle Cloud has been a game changer for our finance team. Looking beyond our finance team, Oracle Autonomous Database has enabled our IT team to reduce the time it spends on administrative tasks, such as database management, by 80%. With Oracle Fusion Cloud HCM, we're onboarding new employees—more than 20,000 each year—in less than 24 hours rather than the weeks, even months, it used to take.

In supply chain operations, we're reducing supply chain planning cycles—so far by 70%. That improvement not only accelerates long-term planning cycles but also allows us to make incremental changes in a matter of hours. In sales, service, and marketing, we're automating the transactions we complete with our customers so they can get started and begin realizing value right away. We've fully automated more than 75% of those customer transactions so far.

Oracle Fusion Cloud SCM

70% faster supply chain planning cycles



Oracle Cloud Infrastructure

30% performance improvement for Fusion Applications, with industry-leading 99.9% availability



As another example, by moving Oracle Fusion Cloud Applications to OCI, we improved the performance of Fusion Applications by 30%—which has meant even faster access to data, intelligent insights, and recommendations. But the benefits don't stop there. The system performance improvements have translated into benefits for our customers and employees 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 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.

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

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

CONNECT WITH US

Copyright © 2023, Oracle and/or its affiliates. This document is provided for information purposes only, and the contents hereof are subject to change without notice. This document is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. We specifically disclaim any liability with respect to this document, and no contractual obligations are formed either directly or indirectly by this document. This document may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without our prior written permission.

Oracle®, Java, MySQL, and NetSuite are registered trademarks of Oracle and/or its affiliates. Other names may be trademarks of their respective owners.