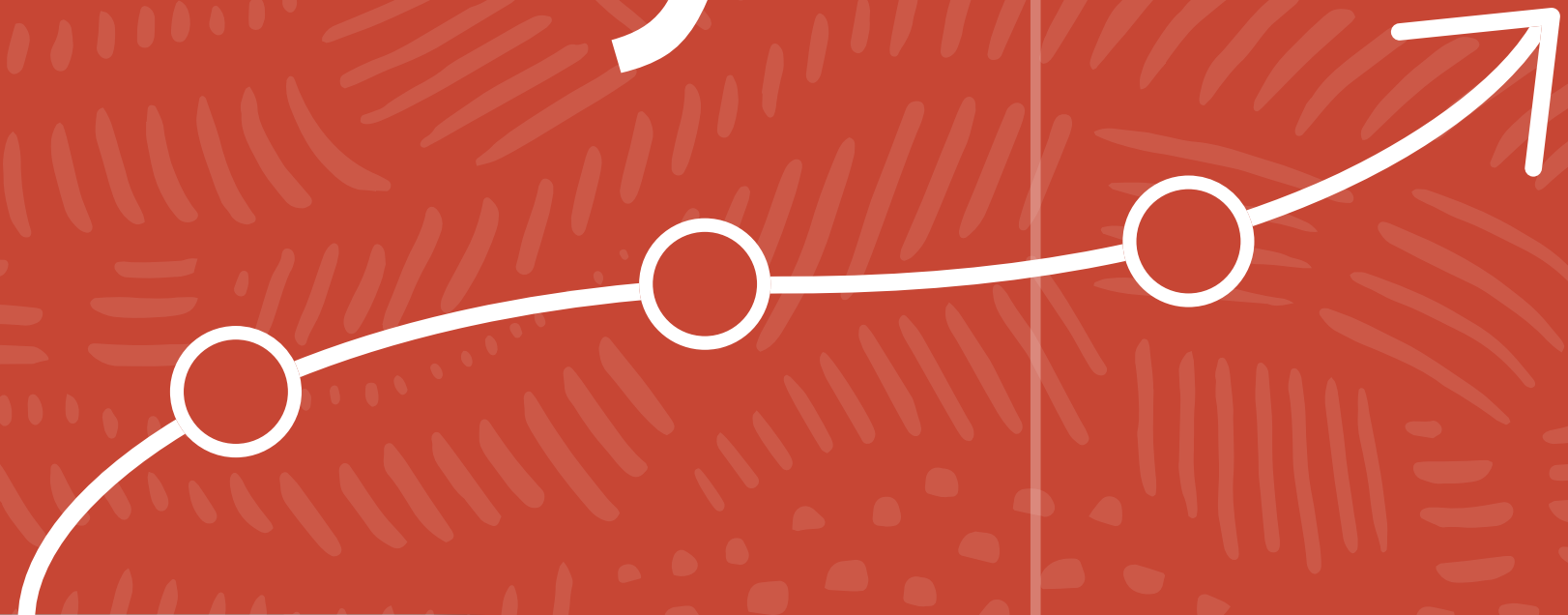ORACLE

# Oracle Playbook

## Operational Excellence

How we're using Oracle Cloud
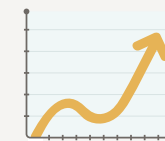to power our own financial success

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

Just like you, we at Oracle face tremendous economic, market, talent, and other challenges. And while it might seem incredibly difficult, over the past 20 years we have continuously succeeded in reducing costs while growing revenue.

Even as we've developed the industry's most complete technology stack, opened dozens of data centers (more than any other cloud provider), and acquired hundreds of companies, we've been able to increase efficiency, improve our customer experience, and achieve 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? We call it the Oracle Playbook, our strategy for relentlessly focusing on our people, processes, and systems so we can achieve more with less. This strategy, enhanced by our all-in move to Oracle Cloud Applications and Oracle Cloud Infrastructure, enables us to achieve new efficiencies, benefit from greater intelligence, become more agile, and deliver better experiences.

For example, thanks to our move to Oracle Fusion Cloud HCM and related process improvements, we can now onboard new employees in less than 24 hours. Our move to Oracle Fusion Cloud ERP and EPM has allowed us to close our books and release earnings faster than any other company on the S&P 500, and our move to Oracle Fusion Cloud SCM has enabled us to slash our supply chain planning cycles. More on these and other results later.

# Our framework for driving business success

## How have we done this?

As mentioned earlier, the core of the Oracle Playbook is a laser focus on three major vectors: people, processes, and systems. Each area is absolutely critical.

People

Oracle
Playbook

Processes

Systems
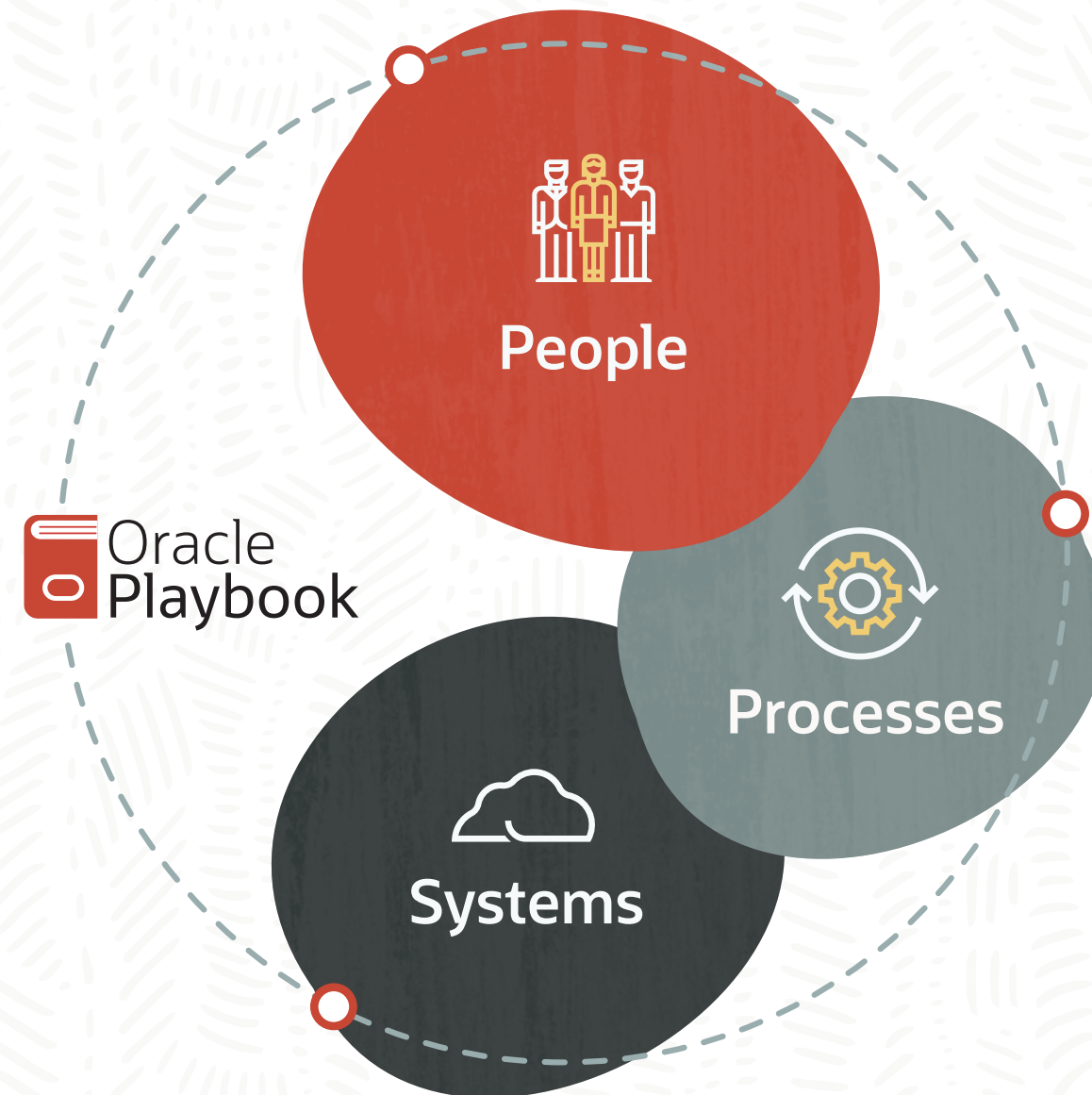
# People

Our people power our success, so we start by aligning each team member with our strategy. We establish common goals, and then 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 North Star. As a result, all our teams' goals are lined up to help customers achieve their goals while driving Oracle's continued financial success. Of course, each line of business has its own specific KPIs, but the important point here is that our teams also take a broader view, beyond their own metrics, tracking their impact on our customer experience and financial health.

## Organization

Another critical element is how we organize our teams. We have established global process and solution owners within each functional area, dictating clear accountability and focus areas.

Global process owners (GPOs) determine the most efficient process for their focus area, but that's not all. For example, our GPO for recruiting pays close attention not only to the recruiting experience but also to the way it affects the broader employee and manager experiences. In addition, that GPO is closely connected with the global solution owner (GSO) in the same area. GPOs and GSOs across Oracle continually work together to simplify, standardize, automate (where possible), and improve operations using Oracle Cloud Applications and Oracle Cloud Infrastructure.

# Culture

The final element is building a culture of innovation, understanding the psychology that goes along with change.
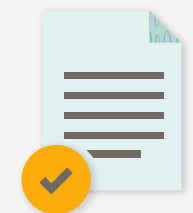
At Oracle, we prepare our people for continuous change and to always be looking for ways to challenge the status quo. For example, the global teams responsible for the customer buying experience—including sales operations, legal, finance, and corporate systems—meet regularly to review feedback and metrics. With 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, the teams review customer and employee input, analyze data, and consider new innovations coming out of Oracle Cloud Applications and Oracle Cloud Infrastructure to determine which improvements we can make now and gather more 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 Oracle's approvers play a critical role, they should only review orders that present risk to our company. Also, we don't need multiple layers of review.

**To accelerate the process, improve the customer experience, and boost our own operational efficiency, we've reduced the number of order approvers by** **20%**

# 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, and we back into the simplest possible process for each party.

## Empower

Then 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 both successfully complete their activities and processes quickly and 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 use of Oracle Cloud Applications and Oracle Cloud Infrastructure is critical to our success. This involves three principles.
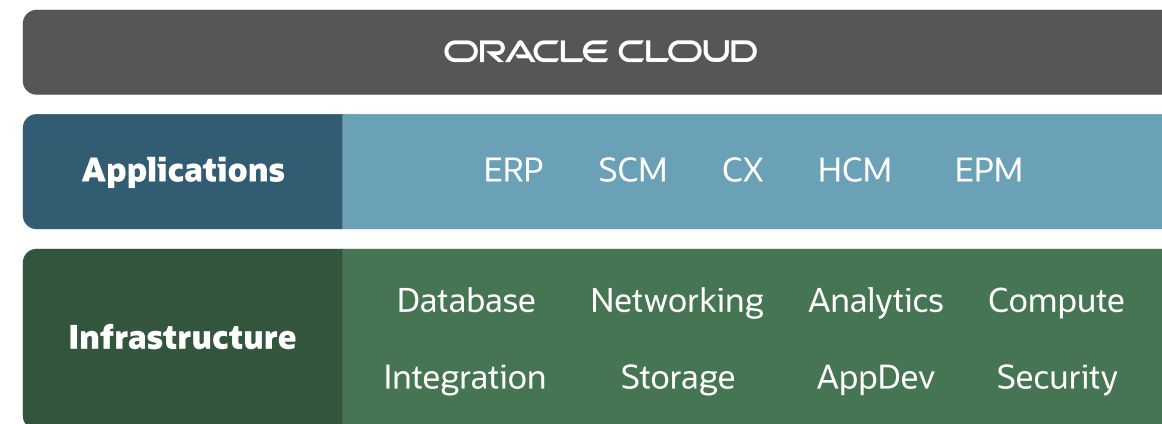
## Centralize applications

Centralizing corporate applications has been key to our success. This has helped us reduce complexity, costs, and obstacles that impeded our agility and ability to deliver exceptional customer and employee experiences. As such, whenever we acquire a business, we aim to quickly integrate it into our centralized systems.

## Continuously innovate

In addition, the use of Oracle Cloud Applications and Oracle Cloud Infrastructure has been critical to our success. We leverage end-to-end automation and embedded AI to create seamless and exceptional experiences, and we use the innovation that is continuously released from Oracle Cloud to improve on an ongoing basis.

## Deploy out of the box

As we moved our processes to the cloud, we leveraged the best practices and functionality already built into Oracle Fusion Cloud Applications. As a rule, we eliminated customizations, which has enabled us to reduce overhead and IT support. Without customizations, we quickly adopt the new features released every 90 days through our cloud applications. This has helped us future-proof our processes and operations as product updates and advancements become available.

| ORACLE CLOUD | | | | | |
|---|---|---|---|---|---|
| **Applications** | ERP | SCM | CX | HCM | EPM |
| **Infrastructure** | Database | Networking | Analytics | Compute | |
| | Integration | Storage | AppDev | Security | |

## One simple example is our improvement of the expense report process.

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.

If 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. To fix this, our global process owner for expenses is always looking for ways to improve this process. For example, when we were moving to the cloud, she took the opportunity to reassess the experience and brainstorm ways we might further streamline, empower, and delight.

So what exactly did we do? We started by reducing expense categories and eliminating unnecessary requests for information. And then, as we explored the functionality of our Oracle Fusion Cloud Applications, we determined that 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, 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.

**The result:** less employee time spent on administrative tasks, more time innovating and focusing on our customers.

# Our path to cloud success

We've discussed our playbook for operational excellence, but we haven't hit on our reasons for moving to Oracle Cloud.

Our reasoning was simple: We wanted to achieve the same benefits as our customers from Oracle's end-to-end automation, touchless transaction processing, intelligent recommendations, conversational user interfaces, and continuous innovation. We also wanted to benefit from our own cloud infrastructure to improve the performance, security, and reliability of all our systems across all our operations.

When it came to defining our path to the cloud, we considered two migration approaches: a big bang approach that would have been a complete move to the cloud all at once and a coexistence model with a phased move to the cloud and where cloud and on-premises technologies would coexist. After carefully considering both options, we adopted a coexistence strategy to minimize disruption and manage risk, and we prioritized implementations based on our business needs and priorities.

## Establish a foundation

Like building a house, we decided to start by **establishing a strong foundation and a single data model**. For us that meant standardizing on a global chart of accounts for financial consolidation and reporting, and we did that with Oracle Accounting Hub, part of the Oracle Fusion Cloud Applications Suite.

## Build on the foundation

Next, **we moved to Oracle Fusion Cloud HCM** to enable us to plan, manage, and optimize global people processes with one common data source. With our people on the cloud application, we could make better decisions, personalize the employee experience, create approval workflows using the HR hierarchy, and leverage the highly configurable workflows to scale and localize as needed. The rollout of Oracle Fusion Cloud HCM delivered benefits for our employees and managers, as well as for our HR and IT teams, enabling all of them to be more productive and focus on higher-value activities.
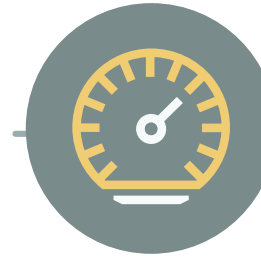
## Optimize the business from end to end

We then built on that success by **moving to Oracle Fusion Cloud ERP, EPM, SCM, and Customer Experience (CX)**. Throughout that journey, we determined our roadmap based on an analysis of benefits versus risks and velocity versus value. And even as we made these moves one after another, we benefited from new innovations by adopting quarterly application updates after each go-live.
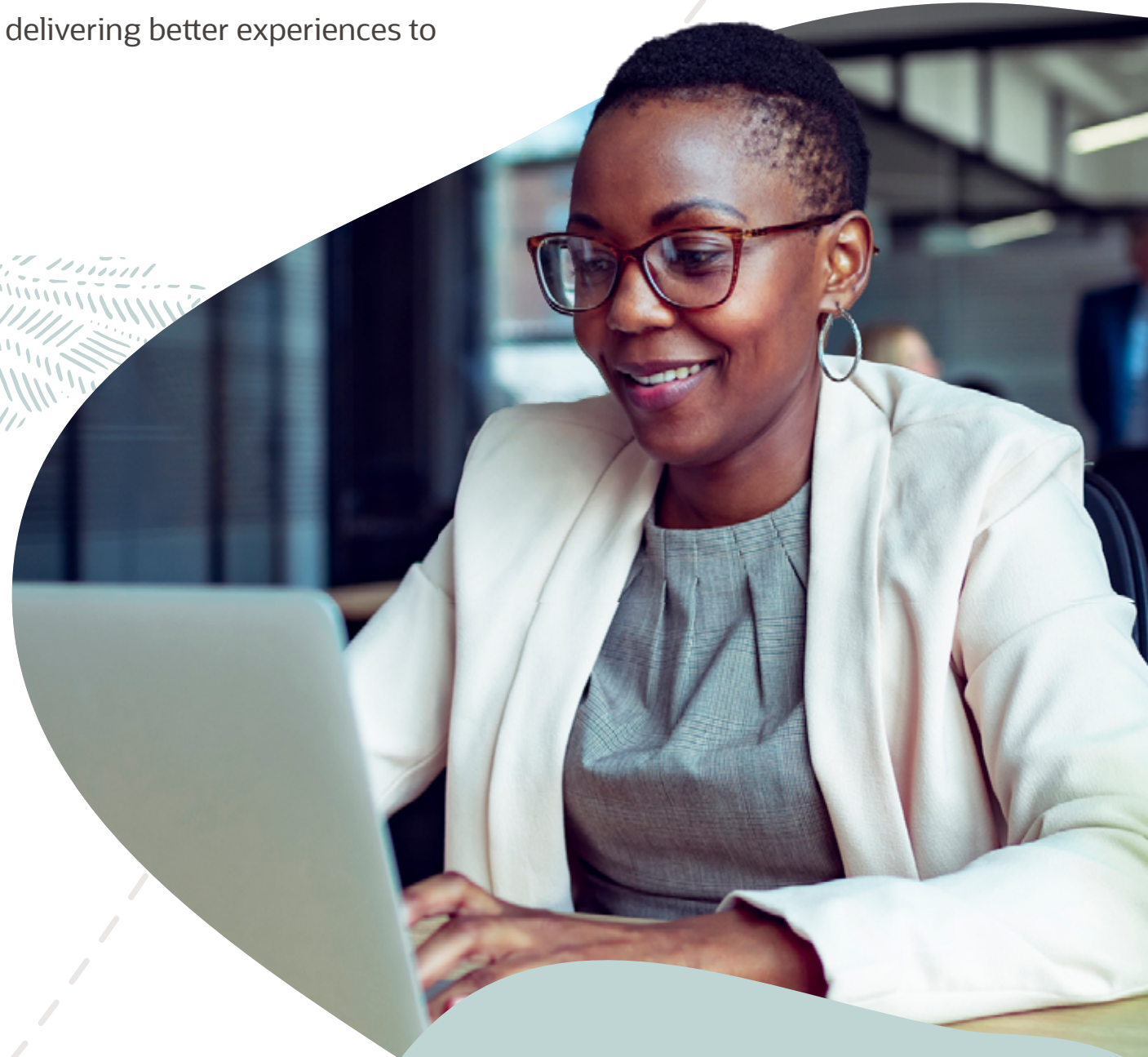
**Continuously innovating with quarterly updates**

**Customers often ask:**

How do you manage the hundreds of new features that are released every 90 days? There are three secrets to our success.

**01** **Because we've been able to automate** so many activities with our cloud applications and infrastructure, our IT teams have become much more productive. The automation has enabled them to shift their focus from running and maintaining our systems to helping us continuously improve and innovate.

**02** **Our GPOs and GSOs have a standard process** for jointly reviewing the new features and determining which ones we should adopt immediately and which ones we should adopt later on in line with modifications to our people and/or processes.

**03** **Because we generally adopt our solutions out of the box,** we're able to simplify testing, focusing only on key flows and new features versus testing entire processes and multiple use cases.

# The benefits we have achieved with Oracle Cloud

Among the broad benefits of our move to the cloud, we connected our business from end to end, automated many operational processes, increased employee productivity, and gained a real-time view of our business. This has enabled us to anticipate and respond faster to changes while delivering better experiences to our customers.

## Oracle Cloud Infrastructure

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

With Oracle Autonomous Database, our IT team is saving significant time—80% in fact—on administrative tasks, such as database management. As a result, the team now has more time to focus on innovation and continuous improvement.

## Oracle Autonomous Database

**80%** reduction in the time IT spends on administrative activities, such as database management
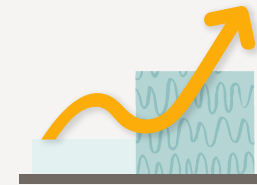
In addition, as we moved Oracle Fusion Cloud Applications to Oracle Cloud Infrastructure (OCI), we improved the performance of the applications by 30%—that is, application workloads process 30% faster than before—which means even faster access to data, insights, and recommendations. The move to OCI also improved service-level availability, from 99.7% to an industry-leading 99.9%. That means less downtime and, yes, you guessed it, improved efficiency and productivity.

We are incredibly proud of these results, especially when you consider the size and complexity of our business. Our more than 160,000 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 Oracle Cloud Infrastructure, we're achieving what some might say is impossible.

**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**
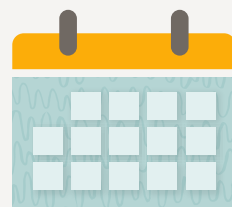
As we mentioned, we're closing our books and releasing earnings much faster than before—now in less than 10 workdays. That's nearly 60% faster than the average for companies on the S&P 500.

About 97% of our hundreds of thousands of banking transactions per quarter are automatically reconciled as our Oracle Fusion Cloud ERP system identifies, deciphers, and automatically matches the transactions passing through our bank accounts. Oracle Fusion Cloud EPM has allowed us to automate 94% of our balance sheet reconciliations, of which 25%—and climbing—automatically reconcile with no human touch. So while other organizations continue to spend their time looking back and manually reconciling, matching, and creating reports, our team is looking forward and helping us steer our business. That's a game changer.

As we also touched on, we're onboarding new employees—more than 20,000 new faces each year—in less than 24 hours, whereas it used to take weeks or longer before we adopted Oracle Fusion Cloud HCM. Meanwhile, we're using the application suite's AI capabilities to assist employees with inquiries that come up in their day-to-day work and to reduce the amount of time required to complete administrative tasks, like we did in the expense report example. Less time spent on low-value activities means more time innovating and focusing on customers.

Our move to Oracle Fusion Cloud SCM has not only allowed us to reduce our supply chain planning cycles—so far by 70%—but it has also enabled us to make incremental changes in a matter of hours. For example, when COVID-19 struck, we were able to quickly and frequently adjust demand plans in response to global lockdowns, demand fluctuations, and budget changes.

**Oracle Fusion Cloud SCM**

# 70%
**faster supply chain planning cycles**
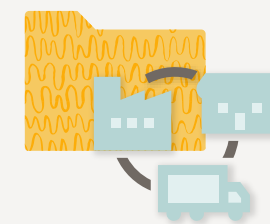
# Oracle customers are leveraging our playbook to achieve their goals

Hearst has grown from their foundation in newspapers and magazines, such as the San Francisco Chronicle, Esquire, and Cosmopolitan, to include ownership of, or interests in, more than 360 businesses. Consistent with the Oracle Playbook Hearst is using Oracle Fusion Cloud Applications and the AI embedded in the application suites to bring consistency to their business processes, improve data analysis, find new opportunities to manage spending, accelerate the onboarding of acquisitions, and improve their employee experience.

"One of the things that we realized early on was that this is a different type of relationship with a software company. It wasn't just selling software to us. It was about developing a long-term relationship."

**Debra Robinson, SVP and CIO of Oracle Technology and Operations at Hearst**

Securitas is a leading provider of physical security services, protecting millions of people across 47 countries. In 2019, the company began using Oracle Fusion Cloud ERP, EPM, SCM, and HCM, plus OCI, to improve various aspects of the business, consistent with the Oracle Playbook. For example, with Oracle Fusion Cloud HCM, Securitas has reduced the time it takes to hire a new employee by 70%, and with Oracle's ERP/EPM solutions, reports that once took three weeks to complete now take two minutes. All these improvements mean Securitas team members can focus more time on their mission of protecting customers rather than dealing with administrative tasks. Plus, Securitas leaders can make better decisions much faster.

"In the old world, we were putting things together and it took weeks, if not months, to get to answers. The game changer was, now I see everything."

**Rod Musser, EVP of Human Resources at Securitas**

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

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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.

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