

ORACLE



Oracle Cloud ERP Value Realization Report



Business Outcomes Achieved by Oracle Customers

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For purposes of this report, each business benefit was collected from primary sources including customer interviews and engagements. All customer data from participating Oracle Cloud customers is blinded and aggregated. All value benefits and process improvements listed here are intended for information purposes only and may not be incorporated into any contract. It is not a commitment to deliver any service, material, code, or functionality, and should not be relied upon in making purchasing decisions. The development, release, and timing of any features or functionality described for Oracle’s products remain at the sole discretion of Oracle.



INTRODUCTION

As part of Oracle's ongoing commitment to our customers' success with moving to the Cloud, we work with them to help unlock the full potential value from their Cloud investments. The Oracle Value Realization team works collaboratively with our customers to identify, capture and analyze their specific business outcomes from Oracle Cloud application investments.

“ *Technology projects typically report on-time and on-budget as key measures. Equal consideration must be given to the value and outcomes achieved by the business from these projects.*”

– Erik Mlincek, Oracle Group VP of Business Value Services

This report is designed for business, functional and IT leaders responsible for the creation and delivery of business capabilities. We present data collected directly from customer interviews and post go-live value assessments. The Value Realization Reports provide readers with evidence-based insight into the benefits customers are achieving from the implementation and adoption of Oracle's Cloud Applications.

Research for this paper involved collecting business value and benefit data from Oracle customers who have been live and in production on Oracle's Cloud solution's for more than six months. Primary data is collected from 1:1 customer value realization interviews with key business and IT leaders. Improvements in business benefits are collected from all participating customers, and then aggregated across the dataset to arrive at the estimated percentage improvement for each business benefit. The customers interviewed represent a cross section of industries, as well as across diverse company sizes ranging from large global enterprises to small/medium businesses.

EMBRACING UNCERTAINTIES

Businesses that have successfully navigated shifting market conditions know the only constant is change, and therefore the ability to adapt and adjust as an organization is critical for sustainability. It is an imperative driven by factors such as changing customer expectations, economic disruption, the pace of innovation, and continued regulatory mandates. Organizations should be looking for initiatives to help provide fast payback to shore up their operations. Accelerating a digital transformation will make companies stronger and more competitive, while also adding resiliency for the next crisis or economic downturn...and a platform for future growth. Recent studies by Gartner, echoed by the customers we spoke to, showed that to be more agile and competitive, companies should assess the cost, complexity, and rigidity of their existing legacy applications. By developing an enterprise Cloud strategy with embedded modern best practices, companies will benefit from functional, technical, agility, and financial advantages over their competition. Oracle Cloud ERP investments can empower businesses with the speed, agility and adaptability necessary to get and stay ahead of the market shifts.

This report is an updated version of the Oracle Cloud ERP Report v1.0 published in July 2018. In this updated version, apart from highlighting the key benefits data collected through customer value assessments, the reader will also discover key insights and critical success factors for successful Oracle Cloud ERP transformations as well as customers' perception of Oracle Cloud ERP attributes and capabilities that drive value.

MODERN FINANCE TRANSFORMATION

The finance function of the future is driven by new technologies that are promising and in some cases, already delivering opportunities to liberate the finance team, help drive and realize new business models, automate manual and non-value add tasks and augment the human capabilities with intelligence to drive superior outcomes. Finance transformation teams need to be able to manage performance nimbly, constantly monitoring what is working and what is not working and redeploying resources to where the returns or opportunities are best.

To support this continual change, the finance functions within the business must continue to innovate and evolve. It is no longer enough to be efficient in terms of timeliness and cost. Finance must also continue to add value in terms of greater transparency, deeper business insight, and improved decision-making. Today, finance is in a unique position to drive the shift to an agile business.

Finance teams are using technology to move to a new operating model – one of greater efficiency, better information, and more influence.

Finance needs to balance 'operational efficiency', which focused on cost and quality with 'business agility' which focuses on perfecting the transactional processing and workflow. Finance can drive and balance the further improvement of process efficiency, while at the same time securing the skillset needed to partner with the business. Armed with features which are embedded with cutting edge tools and a delivery model that engenders constant innovation, finance can uncover insights and help guide the business forward, changing behavior and optimizing investments.

Based on ongoing conversations and discussions with several customer executives, two benefits stood out and were of particular interest:

- ▶ The key capability that derived the greatest value for customers with an Oracle Cloud ERP implementation was 'Improvements in Financial Close'.
- ▶ The business benefits achieved the soonest with Oracle Cloud ERP were 'Improvements in Accounts Payables Processes'.

Additionally, as a result of customer evidence, benefits achieved from Oracle Cloud ERP fall into the following two categories:

- ▶ **Transform Business Operations**
- ▶ **Enhance Business Agility**

“ We wanted to modernize our systems by moving to the cloud, but we also wanted a single, unified solution that addressed a wide range of business areas, with room to grow.”

– VP of Business Solutions, Regional Healthcare Organization



“ Oracle Cloud Applications enabled us to modernize our financial systems so we could quickly and easily embrace industry best practices, connect disparate applications and data sets and improve productivity.

– VP of Transformation, Fortune 500 Hospitality Company

TRANSFORM BUSINESS OPERATIONS

Finance teams recognize that to help their companies adapt to rapid and constant changes, they need to lower operating costs, reduce time spent on processing transactions and improve the quality of financial information. By moving to Oracle Cloud ERP, customers interviewed revolutionized processes and productivity by automating routine tasks – helping reduce response time, lower costs, and enabling finance to focus on more value-added strategic tasks.

- ▶ **Improved Reporting Productivity (Efficiency)** – Customers interviewed were able to **improve reporting productivity by an average of 31%** through Oracle Cloud’s single-data model, standardized automated reporting capabilities, streamlined sub ledger accounting, and utilizing real-time data to perform ad-hoc reporting with Oracle Cloud ERP. A national electric co-op realized a 90% reporting time savings by leveraging standard reports via Oracle Cloud ERP, what used to take 2 hours now takes minutes.
- ▶ **Reduced Legacy System Maintenance Costs** – With the move to Oracle Cloud ERP, **IT maintenance staff and infrastructure costs dropped by an average of 23%**. Customers were able to reduce customizations and save on application support and upgrade costs. A large global leader in the hospitality industry realized savings of 80% in hosting costs – a \$12M savings – after moving to Oracle Cloud ERP.
- ▶ **Increased Staff Productivity** – With Oracle Cloud ERP, customers interviewed saved both time (effort) and FTEs; **increasing staff productivity by an average of 35%** and **reducing headcount by an average of 11%** by automating routine finance activities, enabling staff to have a greater focus on strategic activities. A public sector organization saw an 88% improvement in staff productivity; through greater access to information and standardized processes.

Transform Business Operations – Key Results

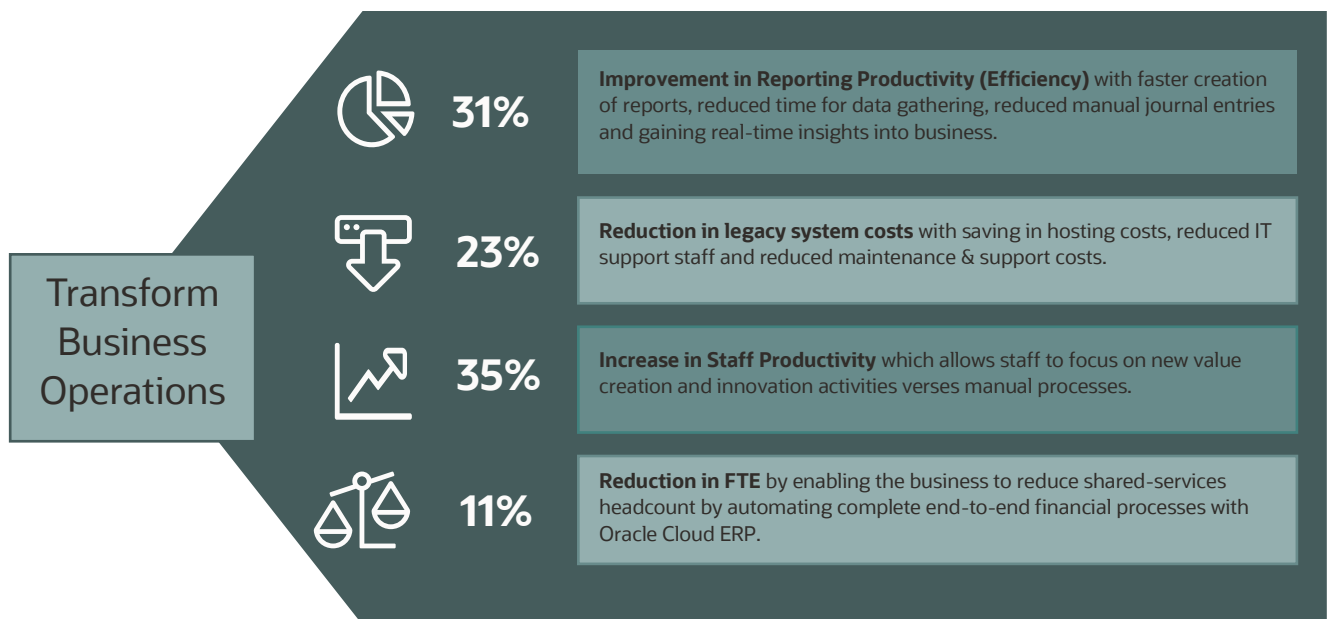


Figure 1 represents business benefits related to transforming business operations

ENHANCE BUSINESS AGILITY

Organizations today are expected to constantly deliver increased efficiency while adapting quickly to change. To do this, they need to stay agile while automating, to increase speed and efficiency across the business. With Oracle Cloud ERP, finance teams automated and synchronized processes to improve process quality and increase efficiency while gaining the flexibility to scale easily and adjust to business dynamics.

- ▶ **Improved Closing Process** – Customers interviewed were able to **improve closing processes by an average of 27%** through a single data model and connected, streamlined sub ledger accounting, enabling companies to implement best practices and close books in days instead of weeks to gain real-time insight into financial performance. A global technology service provider saw a reduction to their monthly close by 29%, closing in 5 days vs. 7 days, by implementing best practices with Oracle Cloud ERP to enable finance users quickly process transactions, such as invoices payments, through a single interface.
- ▶ **Increased Efficiency & Effectiveness in A/P Processes** – Customers improved account payables processes and reduced inefficiencies with improvements in transaction processing and vendor invoice processing, **improving their account payables processes by an average of 24%**. A national real estate developer experienced a 35% reduction in payables invoice processing time after deploying Oracle Cloud ERP.
- ▶ **Improved Procurement Process** – With Oracle Cloud ERP's web-enabled, self-service procurement management, customers interviewed were able to improve control by ensuring that procurement policies and preferred pricing agreements with vendors were reflected in every purchasing transaction, thus **improving the procurement processes by an average of 35%**.
- ▶ **Increased Efficiency & Effectiveness in A/R Processes** – With Oracle Cloud ERP customers were able to improve client relationships and financial precision with the ability to invoice rapidly and better visibility into transactions, **improving the account receivables processes by an average of 11%** (e.g.: reduce # of invoices uploaded manually). A telecommunications conglomerate realized an 83% effectiveness improvement through reduced collections times and journal entries after deploying Oracle Cloud ERP.
- ▶ **Increased Efficiency & Effectiveness of Financial Management Processes** – Customers interviewed reduced transaction processing costs and data entry errors, maximized productivity with automated workflows, centralized and consolidated functions with Oracle Cloud ERP. Customers saw improvements in time and effort; increasing **effectiveness [time] and efficiency [effort] by an average of 30% with Oracle Cloud ERP**. With Oracle Cloud ERP, a large regional healthcare provider realized a 75% improvement in effectiveness [time] and efficiency [effort] automating allocations.



Enhance Business Agility – Key Results

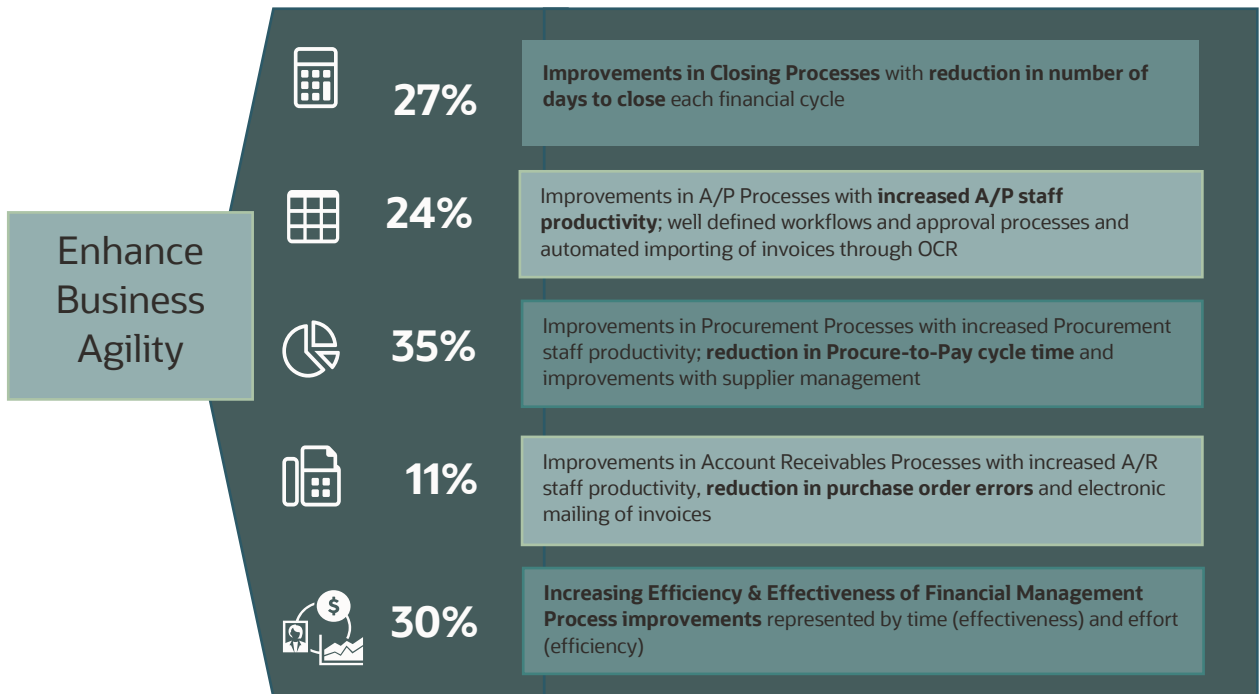


Figure 2 represents business benefits related to enhancing business agility

Business wants finance to be a strong partner to drive and support dynamic and changing business models. Enterprises today need to innovate faster, drive business-process efficiency and accelerate transformation. With Oracle Cloud ERP, finance teams realized their vision of adding more value to the company through more strategic thinking with insight-driven analysis for better, quicker decision-making.

“ With Oracle Cloud ERP we have been able to consolidate applications, automate key financial workflows and radically improve productivity. Oracle has been the catalyst for change and is pivotal in our digital transformation journey.

– CIO, Fortune 500 Technology Company

IMPROVEMENT RESULTS AND CLOUD CAPABILITIES (1 OF 2)

Business Benefit	¹ % Improvement Estimates	² Cloud Capabilities	Related Key Performance Indicators (KPIs)
Improved Reporting Productivity (Efficiency)	31%	<ul style="list-style-type: none"> ▪ Automated and flexible reporting within Oracle Cloud ERP allows users to create their own reports with no IT assistance. ▪ Leverage batch-bursting to bundle reports to be scheduled and delivered to stakeholders, speeding distribution and improving efficiency. ▪ Utilize premade templates within Oracle Cloud ERP to reduce the number of manual journal entries required during the financial reporting process. ▪ Quick generation of reports to improve collaboration between Finance and Operations with Oracle Cloud ERP. 	<p><i>Reduce # of finance reports generated manually</i></p> <p><i>Reduce % of Time Taken for Data Gathering, Consolidation & Reporting</i></p>
Reduced Legacy System Maintenance Costs	23%	<ul style="list-style-type: none"> ▪ Minimize required customizations and reduce costs associated with maintenance, support, patching, and upgrades with Oracle Cloud ERP. ▪ Lower TCO and Standardize applications on Oracle Cloud ERP to reduce complexity and the volume of resources required to manage different applications 	<p><i>Reduce annual cost of application support</i></p> <p><i>Reduce application upgrades, IT staff, and infrastructure costs</i></p>
Increased Staff Productivity	35% - Effectiveness 11% - FTE Reduction	<ul style="list-style-type: none"> ▪ Eliminate manual processes with Oracle Cloud ERP to move staff to new value creation and innovation activities ▪ Use role-based intuitive dashboards to present real-time financial information at a glance enabling Finance staff to spend more time on analysis 	<p><i>Reduce # of IT FTEs supporting financials</i></p> <p><i>Reduce % of time spent on routine finance activities vs. % time spent on strategic activities</i></p>
Improve Closing Processes	27%	<ul style="list-style-type: none"> ▪ Reduce the time and effort involved in manual data gathering and the report preparation required for financial close with Oracle Cloud ERP's pre-built dashboards and reports. ▪ Implement best practices for financial close and consolidation with Oracle Cloud ERP, such as intercompany balance eliminations and complex ownership calculations for accurate and efficient close and reporting. ▪ Seamlessly integrate multiple third-party systems with Oracle Cloud ERP and enable Finance users to quickly process transactions in a single interface. 	<p><i>Reduce # of days required for financial close</i></p> <p><i>Reduce # of Employees Involved in Period Close Reporting Activities</i></p>

IMPROVEMENT RESULTS AND CLOUD CAPABILITIES (2 OF 2)

Business Benefit	¹ % Improvement Estimates	² Cloud Capabilities	Related Key Performance Indicators (KPIs)
Increased Efficiency & Effectiveness in A/P Processes	24%	<ul style="list-style-type: none"> Take advantage of pre-defined workflows and automated approvals within Oracle Cloud ERP to save time and effort with Account Payables. Scan supplier invoices with intelligent document recognition and automatically complete, validate, approve, and pay with no user intervention. 	<p><i>Reduce # of payments processed per A/P FTE</i></p> <p><i>Reduce average processing costs per payment</i></p> <p><i>Reduce A/P dispute resolution costs</i></p>
Improved Procurement Processes	35%	<ul style="list-style-type: none"> Reduce the time needed to create purchase orders, secure approvals, issue requisitions, and send to suppliers with streamlined and automated procurement processes with Oracle Cloud ERP. Leverage purchase order and agreement approval rules to ensure compliance and enforce pricing terms from supplier agreements, limiting costs associated with negotiations. 	<p><i>Reduce average Purchase Order Cycle Time</i></p> <p><i>Reduce # of Purchase Orders Processed per Procurement-related FTE</i></p>
Increased Efficiency & Effectiveness in A/R Processes	11%	<ul style="list-style-type: none"> Automatically generate customer invoices and credit memos based on business rules with Oracle Cloud ERP. Standardize and automate receivable processes by leveraging features such as electronic billing, to save time and effort. 	<p><i>Reduce # of invoices processed per A/R FTE</i></p> <p><i>Reduce average processing costs per invoice</i></p>
Increased Efficiency & Effectiveness of Financial Management Processes	30%	<ul style="list-style-type: none"> Process expense reports with online submission and approval workflow processes. Streamline routine tasks such as; generating customer invoices, creating invoices, and producing purchase orders from approved requisitions automatically. Reduce manual data entry and utilize pre-built workflows to consolidate and centralize key functions within Oracle Cloud ERP. 	<p><i>Reduce # of Expense Reports Processed per Finance FTE</i></p> <p><i>Reduce # of Payments Processed per A/P-related FTE</i></p> <p><i>Reduce # of invoices Processed per A/R-related FTE</i></p> <p><i>Improvement % of time to produce financial reports</i></p>

¹ Customer evidence is based on KPIs collected during the customer interview process, and reflect benefits achieved post-go-live and are indicated for cross-industry & company size. Actuals may vary based on each customer, participating in the interview process.

² Cloud capabilities listed here do not reflect a 1:1 direct mapping with the business benefit or % improvement, but instead indicate customers' perception of Oracle Cloud attributes/characteristics/capabilities that were essential in delivering value.

“ Our enterprise portfolio of businesses and investments needs a strong, common foundation to efficiently integrate our diverse properties and future acquisitions. Oracle’s Cloud solutions provide global employees with human capital management, finance, and planning capabilities that will allow them to better communicate and execute their jobs.”

– VP of Finance, Fortune 50 Media Conglomerate

The improvement metrics detailed enables customers to quantify performance, compare the organization to others, identify performance gaps, and define the actions necessary to close those gaps. Companies use this improvement data holistically to:

- ▶ Measure current performance
- ▶ Set baselines for process improvements
- ▶ Track and trend performance over time
- ▶ Identify strengths and rectify weaknesses

CONCLUSION

Finance organizations are expected to be a key strategic player in decision-making and therefore require access to more information across the enterprise, greater analytical acuity, and real-time reporting that results in better business decisions.

Transforming finance systems is an important first step. Oracle is committed to helping customers optimize their financial business processes with Oracle Cloud ERP, resulting in reduced risks, improved controls, and delivering faster, more accurate insights to all stakeholders.

We hope this study provides some insight into the kind of value customers could expect from Oracle Cloud ERP and the kind of metrics customers may want to use to gauge success.

If you would like to learn more about this report, other available reports, or if you are a current Oracle Cloud customer who is in taking advantage of the Oracle Value Realization Program, please get in touch with us at:

customer_value_realization_ww_grp@oracle.com.

Wherever you may be in your cloud journey, Oracle can help.

Oracle is committed to helping plan, measure, and optimize business value at each stage of the customer journey. From pre-sale to go-live and optimization. We provide quantifiable insights that help our customers make financially justified business investments.

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