Be Able to React to Change Quickly!
Integrated Business Planning Overview

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Value Chain Planning
Safe Harbor Statement

The following is intended to outline our general product direction. It is intended for information purposes only, and may not be incorporated into any contract. It is not a commitment to deliver any 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 remains at the sole discretion of Oracle.
Program Agenda

1. Introductions
2. Why Institute Integrated Business Planning
3. What is Integrated Business Planning
4. Overview of Oracle’s Integrated Business Planning Solution
5. Customer Value Realized
6. Questions and Answers
As the CFO, how fast can your plans respond to change?

Corporate Strategy

- CFOs just don't own the business plans
  - They need to continually refine it to respond to disruptive threats and competitive opportunities.
  - How flexible is your business model?
As the VP of Financial Planning, are you able to accurately plan and forecast in today’s volatile environment?

Planning and Forecasting

- Manage the entire enterprise planning process
  - including detailed planning for projects, workforce and assets.
  - Forecast with certainty and plan for profitable growth.
As the VP of Financial Systems, Is maintaining metadata in multiple systems unpredictable

Enterprise Data Governance

• Enable Business users to manage:
  – Changes
  – Maintain dimension and hierarchy integrity across your financial systems.
Significant Opportunity to Improve Planning

46% rely on spreadsheets, only 15% have advanced IBP technology.
Connect Finance and Operations
Challenge: misalignment between financial and operational plans

Financial Planning
1. Financial plans do not reflect operational realities
2. Revenue forecast is unreliable as it not adjusted to reflect operating forecast
3. Strategic financial plans lack bottom up validation

Sales and Operations Planning
1. Operating plan not directly aligned to financial targets
2. Impact of demand and supply changes not visible to finance
3. Operating plan has little top-down validation and decisions made without considering financial impact
Bridge the Planning Gap
Links Strategy to a One Number IBP and Annual Plan

Strategic Business Objectives
Vision, Mission, Value Proposition, Competitive Priorities, Values & Guiding Principles

2 to 5 Year Strategies Financial & Operational Plan

24 Month Rolling Plan

Annual Planning Projects & Tasks
Top Benefits From Integrated Business Planning
Less than 25% report a high level in any of these capabilities

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Current</th>
<th>Expected</th>
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<tbody>
<tr>
<td>Ensure Execution of Strategies</td>
<td>18.7%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Synchronizing Operating Strategies</td>
<td>14.8%</td>
<td>5.4%</td>
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<tr>
<td>Single Forecast Drives All Plans</td>
<td>13.2%</td>
<td>13.2%</td>
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<tr>
<td>Hit Financial Targets</td>
<td>13.6%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Lower Costs thru Single Forecast</td>
<td>18.7%</td>
<td>10.9%</td>
</tr>
<tr>
<td>Inventory Reduction</td>
<td>13.6%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Meeting Customer Requirements at Lowest Cost</td>
<td>19.5%</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

- Small Opportunity
- In-Between
- Large Opportunity
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The Integrated Business Planning Process
Connect your financial and operation plan to react to change

- Financial Review
- Management Business Review
- Product Review
- Supply Review
- Demand Review
How to Get There

Oracle Planning focuses on key planning problems

Business process and integrated planning platform for end-vision

Start
- Measure progress & metrics
  - Return on net assets
  - Customer service levels
  - Cash conversion cycle
  - Gross margin
  - Aggregate forecast accuracy

Automate
- Automate process and eliminate spreadsheets
  (Integrated Planning Technology)

Evolve
- Mature the process
- Create financially viable plan, operationally feasible plan
- Collaborate with all stakeholders

Best-in Class
- Expand the process to complete IBP
- Design for agility
- Event driven simulation

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Characteristics of Integrated Business Planning
In the 21st century

**People**
- Led by Senior Management
- Strategic Decision Making
- Products/Demand/Supply/Finance
- Meeting to Review Projects

**Processes**
- Monthly Cycle
- 24 Month Horizon
- Single Plan
- Allocate Resources to Achieve Goals

**Technology**
- Real-time Visibility
- Consolidated Information
- Planning at All Levels
- Forward Looking Scenario Planning
Empowered People
Empower knowledge workers to improve the business

Provide insight for action and improvement

**Actionable**
- Empower knowledge workers with access to live performance analytics
- Give executives insightful dashboards of performance to monitor the finance and business operations

**Collaborate**
- Share business insight and collaborate internally and externally with key business stakeholders

**Decide Quickly**
- processing to make better decisions faster
- Access key information when needed via mobile devices
Performance Driven Processes
Align your plans and operations for results

Integrated Business Planning driving to Corporate Goals

**Align**
- Develop consensus operational plan by matching supply, demand and capacity profitably
- Engage all key decision makers

**Goal Driven**
- Align financial and operational plans
- Continuously monitor and measure operations with operational and financial metrics

**Scenario Driven**
- Evaluate and compare alternative scenarios
- Assess the most profitable strategic decisions
- Review impacts of short term disruptions and determine the best mitigation scenario
Simple Integrated Business Planning Process
Financial Planning for financial reconciliation to Operation Plans

- Revenue less than expected
- Publish consensus revenue, promotion expenses and COGS to Finance
- Publish Financial Plan to Demand
- Assess supply constraints
- Simulate adjusted or new promotion to Increase revenue

* Coming in Demantra 7.3
Oracle Integrated Tools allows a Simple Start
Connect financial and operational plans to your forecasting process

Financial Plan
Hyperion
- Financial Planning
- Annual Budgeting
- Periodic Forecasting
- Variance Management

Sales & Operation Planning
Oracle Demantra RTS&OP
- Demand and Supply Balance
- Consensus Planning
- Monitor Performance
- S&OP “Hub”
Achieve Integrated Business Planning Excellence
Providing a single operation number that is agile to change
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The Portfolio is the Life Blood of an Organization

Oracle Product Lifecycle Management

- Accelerate innovation and drive revenues
- Contain costs and focus resources
- Improve quality and raise customer satisfaction
- Empower knowledge workers to deliver better results
Calculate Demand, Trends and Sales Opportunities
Oracle Demantra Demand Management

- Develop consensus demand management
- Evaluate planned volume, price and gross profit
- Understand market opportunities and risks
- Empower knowledge workers to deliver better results
Incorporate Supply Chain Risk into the process
Oracle Value Chain Supply Solutions

- Develop capital investment plans
- Evaluate supply changes, supply /inventory / network
- Simulate planned and unplanned supply chain events
- Empower knowledge workers to deliver better results
Linking Strategy, Finance and Operation (single plan)

Create consensus plan through collaboration

Tie executive level goals (Strategic) and Integrated Business Planning (Tactical)

Identify large opportunities for revenue and savings

Empower knowledge workers to deliver better results
Linking Strategy, Finance and Operation (single plan)
Oracle Advanced Analytics

- Focus on a summary by family and sub-family
- Review gap closing proposals to improve equity and value
- Alignment to business plans to strategy
- Execute the decision that are made
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**Top Objectives and Challenges**

- Complex S&OP report requirements in APCC using Demantra data, ASCP plan data and legacy data
- Multiple products lines: Surgery, Healthcare Systems, Life sciences, Medical Diagnostics and Healthcare IT
- Elimination of Excel and MS Access disparate reporting; replace old MRP
- Division specific custom reporting needs for various management reporting, inventory tracking and analytical purposes

**Solution and Products**

- Demantra Demand Management, Advanced Supply Chain Planning, Advanced Planning Command Center
- ERP backend: Oracle EBS

**Results**

- Ability to generate complex reports comparing both past and future data
- Significant reduction of time required to generate executive reports involving financial and operational metrics
- Built business specific reports in APCC, creating a common report repository

**Key Benefits Achieved**

- Common S&OP process
- Improved forecast accuracy
- Reduced planning cycle time
- Reduced inventory and improved fill rates
- Corporate visibility and a unified reporting solution
Top Objectives and Challenges
- Vertically integrated supply chain synchronization in an enterprise with no centralized ERP backbone
- Enable S&OP Initiative to improve predictability & reliability of the supply chain
- Applied lean manufacturing concepts to S&OP initiative deployment model
- Improve planning to reduce working capital and free up cash
- Establish an Integrated Business Planning (IBP) process where the strategic plan established in Hyperion sets the business objectives and S&OP in Demantra drives execution and feeds financial projections

Solution and Products
- Demantra Demand Management, Demantra Real-Time Sales and Operations Planning

Results
- EBIT Margins improved 51%
- Generated over $2 B in cash from operations and divestitures
- Increased focus on core businesses
- Improved Sales and Operations Planning process

Key Benefits Achieved
>$2bn Cash generated from operations

Oracle, MarketSphere and Oliver Wight have enabled us to transform our planning systems to next-generation sales and operations planning that support significantly improved decision making.”

Randall Wood, Staff Vice President, Business System Office
Benefits of Oracle Integrated Business Planning
Reported customer results

- **40%** Reduction in Inventory
- **100%** Average Cash Conversion Cycle
- **25%** Improve Forecast Accuracy
- **15%** Increase Sales Revenue
- **5%** Improvement in Gross Margins
- **40%** Customer Service Level Improvement
Empower Modern Integrated Business Planning
Core planning strategies to drive transformation

- Drive growth through a one number consensus plan
- Control costs through a responsive finance & supply chain
- Execute strategy through integrated business planning
- Empower knowledge workers to deliver better results