Capital Planning Module Tips and Tricks

Session #39740

Capital Expense Planning

- Purpose of the Capital Planning Module
- Initialization Methods
- "Out of the Box" Functionality and Objects
- Tips and Tricks for Common Requirements

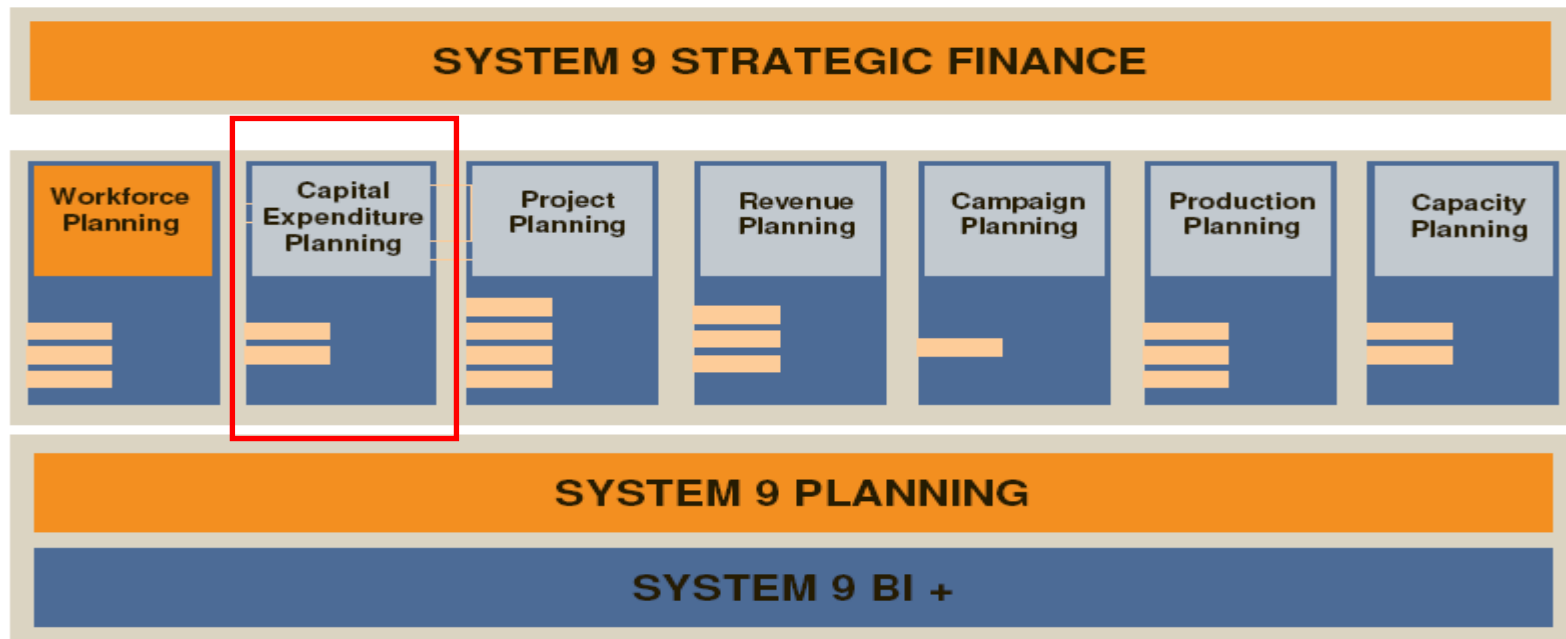# About Capital Expense Planning

- The Capital Expense Planning Module:
  - Integrates capital expense plans with other financial plans (similar to Workforce Planning) under Oracle Hyperion System 9.3
  - Provides a generic module for a capital expense plan process
  - Comes with pre-built, core components to drive users through the basic build and submission of capital plans

About Capital Expense Planning

- The predefined structure is a generic model built to:
  - Establish Global Assumptions (drivers)
  - Manage Tangible Assets
  - Manage Intangible Assets
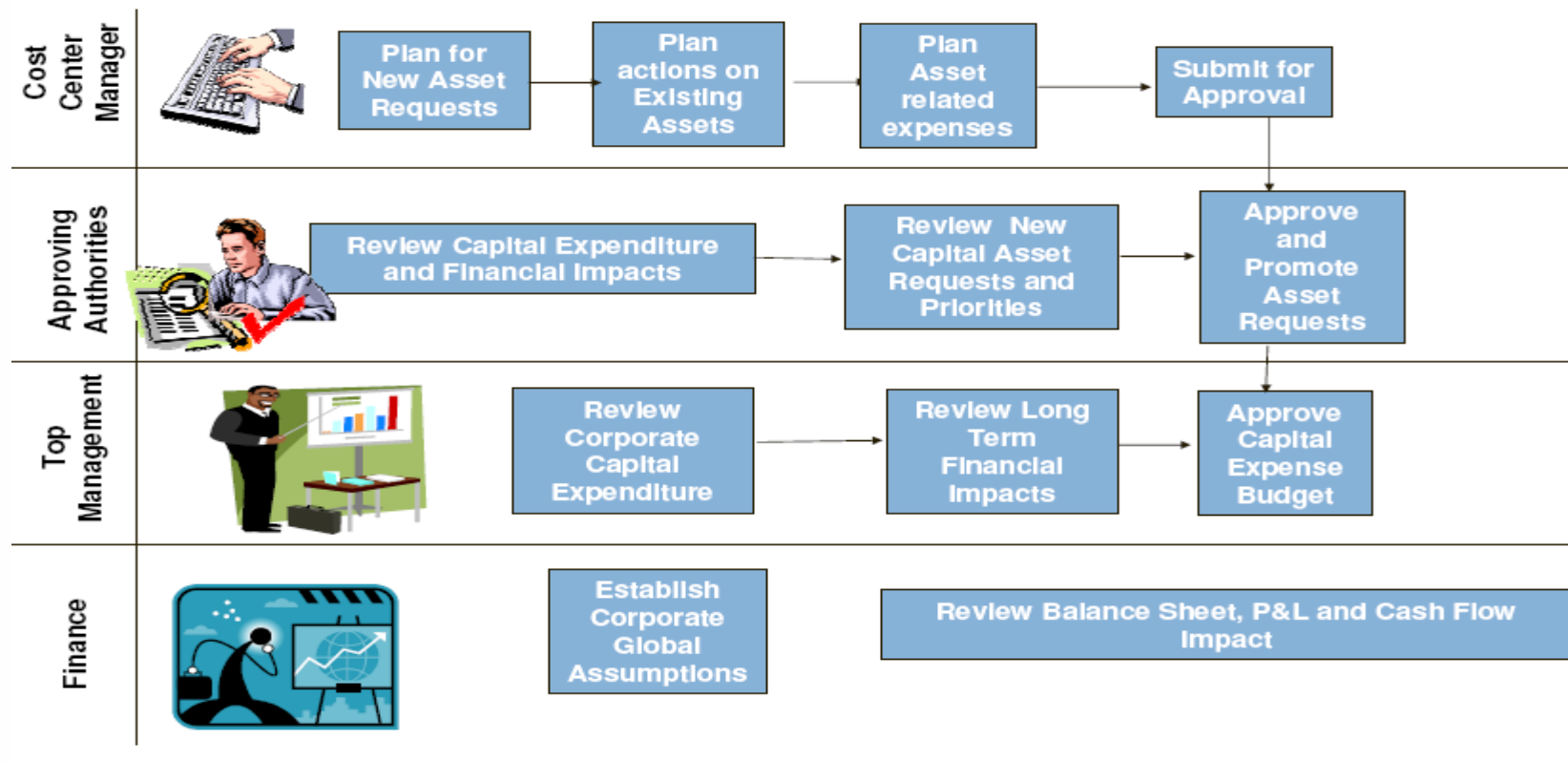 - Reviewing the Financial Impact of Capital Expenses

Integration Under System 9.3

- Adds capital planning application database

Capital Planning Process

Capital Expense Planning Process

Questions to Ask Before Implementing

- What is your current budget process

- Do you budget Intangibles

- How do you currently track Capital Projects and Fixed Assets

- What calculations are required (basic or more complex)
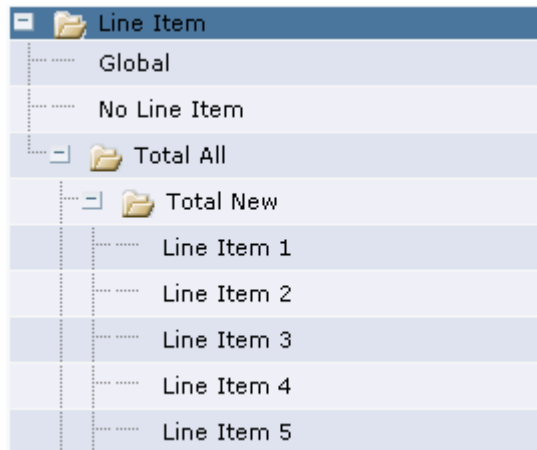
Initialization Methods

- Initializing a new Planning Application (Classic)
  - Activate "Cap Ex" during the application build
  - Initialize Capital Expenditure Planning in the Workspace Menu (adds "out of the box" forms, rules, etc.)
  - Refresh to Essbase

- Initializing a new Planning Application (BPMA)
  - Create Import Profile in BPMA
  - Import Dimensions
  - Import Load File into BPMA which includes all other "out of the box" objects (file from the Hyperion Download Center)
  - Create Application View and Deploy to Planning

"Out of the Box" Objects and Functionality

- Line Items (New Dimension)

- Asset Classes (New Dimension)

- Accounts

- Data

- Business Rules

- Smart Lists

- Menus

- Variables

"Out of the Box" Line Items

- New Assets (30 default)

		Asset Descr	Asset Units	Asset Rate	Basic Cost
	Line Item 1	Office Chair	3	300	900
Furniture and Fixtures	Line Item 2	Sample	1	5,000	5,000
	Line Item 3	Sample	1	5,000	5,000

"Out of the Box" Line Items (cont.)

- Existing Assets (SP, IM SP, Unspecified, and Adj SP)

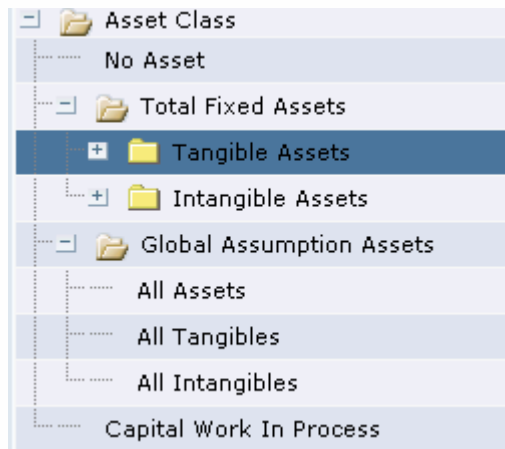| Line Item |
| --- |
| Global |
| No Line Item |
| Total All |
| Total New |
| Total Existing |
| Total Specified |
| SP1 |
| Base SP1 |
| IM1 SP1 |

Line Item
Global
No Line Item
Total All
Total New
Total Existing
Total Specified
Total Unspecified
Unspecified
Adj SP1
Adj SP2

Line Item
Global
No Line Item
Total All
Total New
Total Existing
Total Specified
Total Unspecified
Base SPs
Base SP1(Shared)
Base SP2(Shared)

		Asset Descr	Asset Units	Asset Rate	Basic Cost
Furniture and Fixtures	Base SP1	Office furnit	1	75,000	75,000
Computers	Base SP1	Laptops	4	4,500	18,000
Tangible Assets	Total Specified				93,000

"Out of the Box" Asset Classes

- 45 Asset Classes Total
- Tangible, Intangible, CIP, and Global Assets
- Can be modified, deleted, or added to

```
- Asset Class
     No Asset
   - Total Fixed Assets
     + Tangible Assets
     + Intangible Assets
   - Global Assumption Assets
     All Assets
     All Tangibles
     All Intangibles
     Capital Work In Process
```

"Out of the Box" Accounts

- Account Groupings

"Out of the Box" Accounts (cont.)

- Most Accounts are "Capital Assumptions"
  - Capital Driver Assumptions (Useful Life, Depreciation Method, Cash Flow Incidence, etc.)
  - Asset Properties (ID, Description, CAR#, etc.)
  - Asset Control Properties (Status, Dates, etc.)
  - Other Statistical Accounts (Freight, Installation, Acquisition Costs, etc.)

"Out of the Box" Forms

- **Assumption Input**
  - 01. Global Capital Assumptions

- **Asset Input**
  - 02. New Asset Requests
  - 03. Manage Existing Specified
  - 04. Manage Existing Unspecified

"Out of the Box" Forms (cont.)

- Intangible Input
  - 05. New Intangible Asset Requests
  - 06. Manage Existing Intangibles Specified
  - 07. Manage Existing Intangibles Unspecified

"Out of the Box" Forms (cont.)

- **Review Forms**
  - **08. Capital Expenditure Summary**
  - **08A. Capital Expenditure Summary – Line Item Details**
  - **09. Intangible Expenditure Summary**
  - **10. Profit and Loss Impact**
  - **11. Balance Sheet Impact**
  - **12. Cash Flow Impact**
  - **13. Depreciation Summary**
  - **14. Amortization Summary**

"Out of the Box" Business Rules

- **Assets**
  - **Add Asset**   **- AddExistAsset**
  - **Improve Asset**   **- Remove Asset**
  - **Retire Asset**   **- RollupAsset**
  - **Transfer Asset**   **- TransferExistAsset**
  - **RollupAssetEntities**

- **Depreciation**
  - **CalcDepr**
  - **CalcExistDepr**

"Out of the Box" Business Rules (cont.)

- **Intangibles**
  - Add Intangible   - AddExistIntangible
  - ImpairIntangible   - Retire Intangible
  - Transfer Intangible - TransferExistIntangible

- **Amortization**
  - CalcAmort
  - CalcExistAmort

"Out of the Box" Smart Lists

- **Asset/Depreciation**
  - **Asset Status** - **Action**
  - **Asset Priority** - **Asset Unit of Measure**
  - **Physical Location** - **Purchase Reason**
  - **Depreciation Convention** - **Depreciation Method**
  - **End Reasons** - **Impairment Options**
  - **Retirement Options**

"Out of the Box" Smart Lists (cont.)

- **Intangibles/Amortization**
  - Amortization Method
- **Cash Flow Impact**
  - Cash Flow Incidence

"Out of the Box" Menus

- **AmortSummaryMenu**
- **CapitalExpenseSummaryMenu**
- **DeprSummaryMenu**
- **ExistingIntangibleMenu**
- **ExistingSpecifiedMenu**
- **IntangibleExpSummaryMenu**
- **NewAssetMenu**
- **NewIntangibleMenu**

"Out of the Box" Variables

- AcquisitionCost
- AdditionalCharges
- AllAssetClass
- AssetCAR
- AssetClass
- AssetClassInt
- AssetDesc
- AssetRate
- AssetUnits

- DepartmentFrom
- DepartmentTo
- Freight
- Hidden_Scenario
- Hidden_Version
- InserviceDate
- Installation
- Justification

"Out of the Box" Variables (cont.)

- LineItem
- NumAsset
- PhyLocation Priority
- PurchaseDate
- RetirementCosts
- RetirementObs
- SalvageValue
- TaxesPct
- TransferDate

"Out of the Box" Process

- Input global assumptions
- Add new tangible and intangible capital assets
- Plan improvements, retirements, transfers and impairments
- Calculate depreciation and amortization
- Plan capital related expenses (repairs, maintenance, etc.)
- Analyze P/L, Balance Sheet and Cash Flow impact

Tips and Tricks

- Pre-defined menus can be deleted if unused without impacting predefined calculations

- Validate calculations based upon Smart Lists when additions or changes are made

- If data is already in the system, recommend adding new entries to Smart Lists rather than renaming to avoid data updates

- When planning transfers, ensure that users have appropriate access permissions to the source and destination entities

Tips and Tricks (cont.)

- Salvage value either set to at least 1% or rules must be modified to produce correct depreciation calculations

- Forms and rules only handle purchased and capitalization of a single asset based on a "Capitalization Date" and "In Service Date" inputs; may need a way to spread capitalization over a longer time period

Summary

- Capital Planning must be initialized for the "out of the box" objects and functionality to appear

- Capital Planning is a pre-built module that requires some customization to meet an individuals company's needs

- Most companies will not utilize all objects and functionality

Review

Feature/Functionality	Benefits
▪ Pre-built functionality - Detailed capital asset & related expense planning	▪ Simpler implementation ▪ Reduced maintenance ▪ Improve plan accuracy and predictability
▪ Flexible configuration	▪ Address all capital asset expense planning requirements
▪ Direct linkage to System 9.3 Planning	▪ Real-time impact analysis
▪ Interface with external fixed asset systems	▪ Faster & easier transfer of actual capital asset data

Automate Planning Process & Reduce Planning Cycle Time

Q&A