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Hyperion Strategic Finance: Introduction and Update

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Product Manager

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Global Domain Expert



Agenda

- Solution overview
- Customer examples
- Demonstration
- Q&A



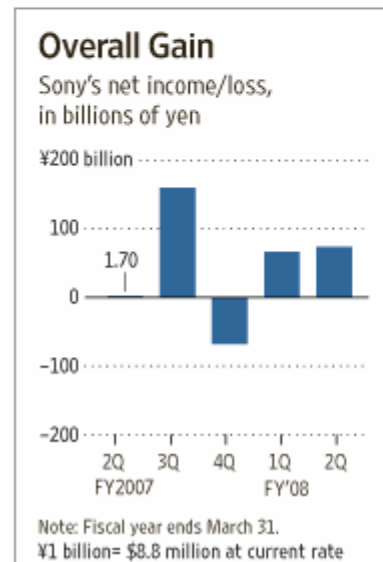
Imagine This Scenario...

Sony's Net Jumps Despite Drag From Struggling PlayStation 3

By YUKARI IWATANI KANE

October 26, 2007; Page B2

TOKYO -- Strong electronics sales helped drive a sharp rise in Sony Corp.'s net profit in the fiscal second quarter, but wider losses in its videogame unit reflected the company's continued struggle to sell its key PlayStation 3 consoles.

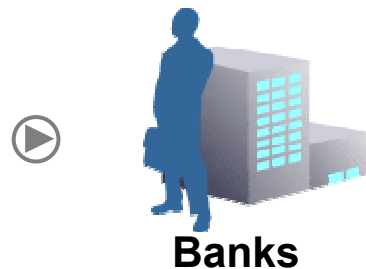


The PS3, which is packed with sophisticated technologies like a Blu-ray disc player and a powerful processor, is Sony's most important new product in years. Sales have been disappointing because of its high price and lack of compelling games.

Hoping to jump-start demand during the holiday season, Sony earlier this month lowered the starting price for the PS3 in the U.S. by \$100 to \$399 by offering a model with a smaller hard drive. It also made similar moves in Japan and Europe, but that comes with a cost.

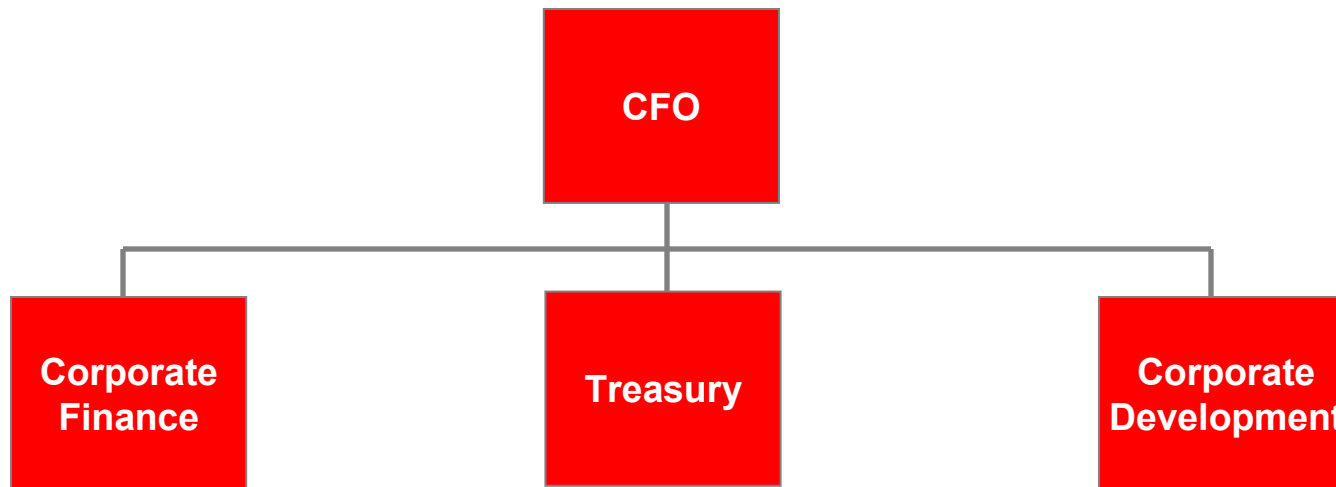
The company said the PlayStation unit's quarterly loss widened to 96.7 billion yen (\$846.6 million) from 43.5 billion yen a year earlier, in part because some of the extra losses it will incur from the recently lowered price were reflected in its July-September results.

Lack of Integrated Modeling to Assess Financial Impact of Corporate Strategy



- Complex spreadsheet models
- Spreadsheets are error prone
- Limited accounting integrity
- Lack of integrated models make scenario analysis cumbersome
- Long simulation times

Integrated Financial Modeling to Manage Corporate Value



- Top-Down Target Setting
- Contingency Planning
- Strategy Screening
- Covenant/Ratio Analysis
- Funding Alternatives
- Rating Agencies
- Mergers & Acquisitions
- Valuation Analysis
- Divestitures

Oracle's Enterprise Performance Management System

EPM Workspace

Performance Management Applications

BI Applications

Business Intelligence Foundation

Fusion Middleware



OLTP & ODS
Systems



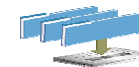
Data Warehouse
Data Mart



OLAP



SAP, Oracle, Siebel,
PeopleSoft, Custom

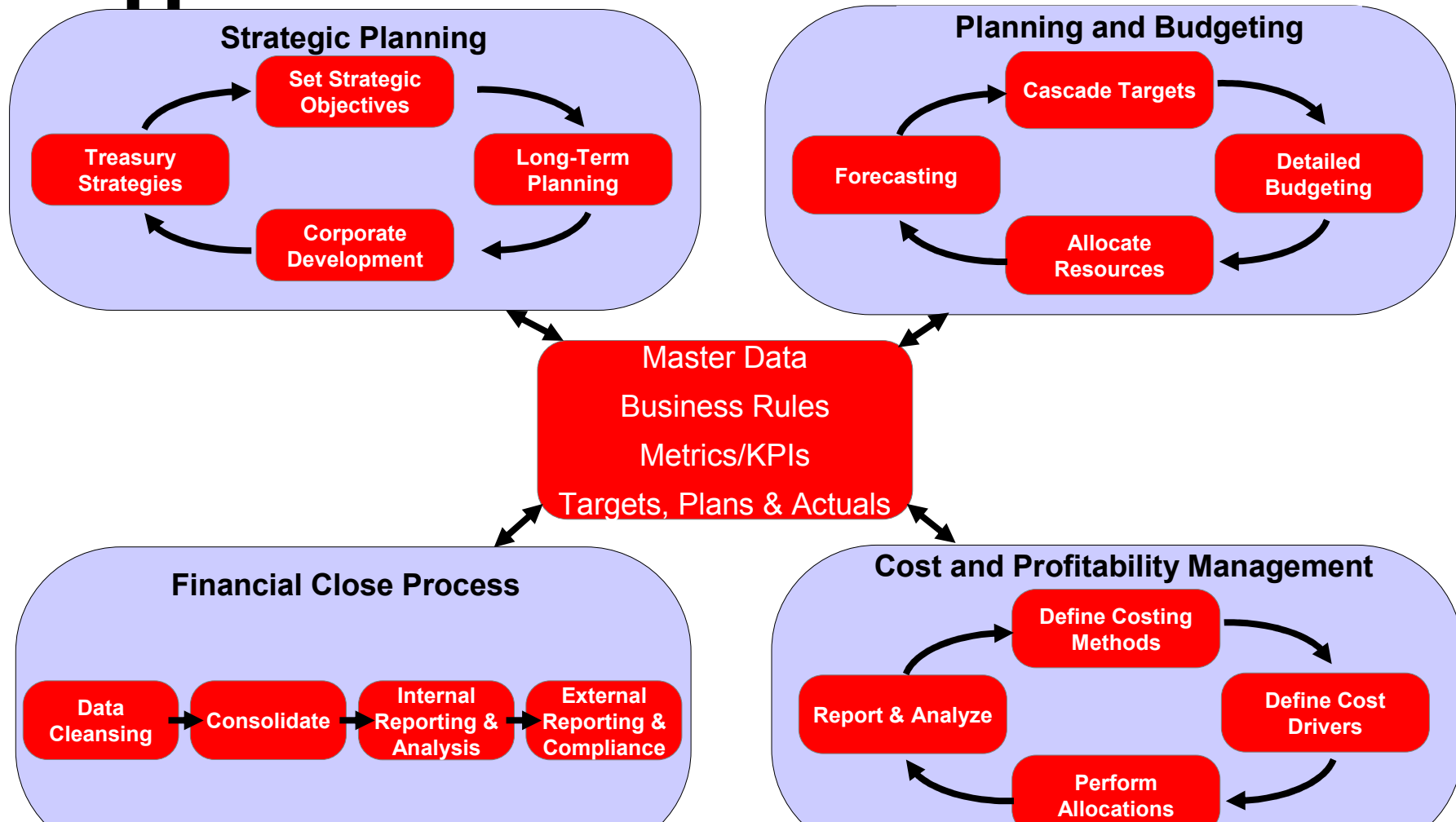


Excel
XML



Business
Process

Part of Most **Comprehensive** Suite of Performance Management Applications



Primary Business Users

Finance Organization		
CFO		
Accounting Dept	Finance Dept	Other Dept
<ul style="list-style-type: none"> - VP Accounting - Controller - Director or Manager of Accounting - Accounting Analyst 	<ul style="list-style-type: none"> - VP Finance - Director of Finance - Manager of Financial Planning & Analysis (FP&A) - Budget Manager - Financial Analyst 	<ul style="list-style-type: none"> - Treasurer - VP or Director of Mergers & Acquisitions (M&A) - VP or Director of Strategic Planning - Director of Investor Relations

Built-in Corporate Finance Logic

Accounting Integrity and Modeling Speed



- Analyze Trail Feature
 - Visualize model logic
- Consolidation Intelligence
 - Complex entity structures
- “Deal Period” Functionality
 - Create M&A simulations
- Debt Scheduler
 - Cashflow implications of debt
- Funding Options
 - Optimize capital structure
- “What-If” Analysis Toolkit
 - Unlimited scenarios

Overcome a Major Liquidity Crisis



\$22 Billion global provider of power and automation technologies

Before

- Lost investment-grade credit rating
- Needed recapitalize balance sheet
- No cash flow modeling capability
- No simulations at the divisional or business unit level



After

- Credit rating back to investment grade
- \$4 Billion debt restructuring
- Simulate capital structure and cash flow
- 3% accuracy in net income projection

Funding Options Optimize Capital Structure

Borrow/Repay Debt, Issue/Repurchase Shares

Funding Options

Common Standard Target Capital Structure

	Name	Type	Surplus	Deficit
2010.00.000	Marketable Securities	Asset	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2015.00.000	Excess Marketable Securities	Asset	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2460.00.000	Long-Term Funding Asset	Asset	<input type="checkbox"/>	<input type="checkbox"/>
2518.00.000	New Bank Term Loan	Term Debt	<input type="checkbox"/>	<input type="checkbox"/>
2519.00.000	Short Term Debt	Revolving Debt	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2520.00.000	Intercompany payable	Revolving Debt	<input type="checkbox"/>	<input type="checkbox"/>
2652.00.000	New Jr. Subordinated Debt	Term Debt	<input type="checkbox"/>	<input type="checkbox"/>
2654.00.000	New Senior Subordinated Notes	Term Debt	<input type="checkbox"/>	<input type="checkbox"/>
2660.00.100	7 1/2% Senior Notes	Term Debt	<input type="checkbox"/>	<input type="checkbox"/>
2660.00.200	Sr. Subordinated Debt	Term Debt	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2660.00.300	Jr. Subordinated Debt	Term Debt	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Apply Cash Surplus to...

1	Short Term Debt
2	Jr. Subordinated Debt
3	Sr. Subordinated Debt
4	Common Shares Issued
Last	Marketable Securities

Fund Cash Deficits with...

1	Marketable Securities
Last	Short Term Debt

Excess Marketable Securities

Long-Term Debt: Excess

OK Cancel Inputs... Help

Select financial instruments

How to use cash surplus

How to finance cash deficits



Ray Fulcher
Manager of Financial Analysis
Northrop Grumman

“provide financial statements and analyses to upper management illustrating the impact of financing choices and different offer prices within minutes”

Simulate Effects of Mergers & Acquisitions

Hyperion System 9 Strategic Financial - [Target - Blue.ac - [Synergies]]

File: Target - Blue.ac: Last Calculs

Balance Sheet for Target Blue

Author: Corporate Development
SIC Code: 0
Scenario: Synergies
Thousands of Dollars

	Jun06	Jul06	Aug06	Sep06.CLOSING	Sep06.DEAL	Sep06	Oct06	Nov06	Dec06	2006	2007	2008	2009	2010
Transaction Goodwill	0	0	0	0	264,270	264,270	264,270	264,270	264,270	264,270	264,270	264,270	264,270	264,270
Transaction Fees	0	0	0	0	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500
Investments: Equity Method	750	750	750	750	750	750	750	750	750	750	750	750	750	750
Total Non-Current Assets	58,050	59,051	60,049	61,061	333,831	333,831	335,305	336,791	338,254	338,254	361,639	387,924	416,759	447,794
Total Assets	136,191	139,134	142,242	145,452	368,178	368,178	370,565	373,089	376,172	376,172	419,155	464,606	511,494	560,011
LIABILITIES:														
Accounts Payable	60,095	60,114	60,132	60,151	60,151	60,151	60,171	60,190	60,282	60,282	64,217	66,662	68,275	69,701
Notes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	60,095	60,114	60,132	60,151	60,151	60,151	60,171	60,190	60,282	60,282	64,217	66,662	68,275	69,701
New Senior Notes	0	0	0	0	81,137	81,137	81,137	81,137	81,137	81,137	81,137	81,137	81,137	81,137
Long-Term Debt Scheduled	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000	36,000
Total Long-Term Debt	36,000	36,000	36,000	36,000	117,137	117,137	117,137	117,137	117,137	117,137	117,137	117,137	117,137	117,137
Deferred Income Taxes														
Other Liabilities	860	860	860	860	860	860	860	860	860	860	860	860	860	860
Total Liabilities	97,413	97,513	97,617	97,722	178,859	178,859	178,964	179,071	179,257	179,257	184,269	188,133	191,566	195,265
EQUITY:														
Common Stock (Par Value)	13,660	13,660	13,660	13,660	0	0	0	0	0	0	0	0	0	0
New Common Stock	0	0	0	0	189,319	189,319	189,319	189,319	189,319	189,319	189,319	189,319	189,319	189,319
Retained Earnings	26,110	28,961	31,960	36,070	0	0	2,282	4,700	7,596	7,596	45,568	87,154	130,610	175,427
Total Equity	38,778	41,621	44,625	47,730	189,319	189,319	191,601	194,019	196,915	196,915	234,886	276,472	319,929	364,746
Total Liabilities & Equity	136,191	139,134	142,242	145,452	368,178	368,178	370,565	373,089	376,172	376,172	419,155	464,606	511,494	560,011

Demonstration



For More Information

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strategic finance



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