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ORACLE APPLICATIONS & TECHNOLOGY USERS GROUP

NexInfo
Accelerating Operational Excellence

Leveraging Oracle EPM Predictive Cash Flow for GAAP, Non-GAAP Reporting & Cash Forecasting

Prakash Malmarugan
Manager – EPM and Analytics
NexInfo Solutions, Inc

- About NexInfo
- Why Oracle EPM Cloud?
- Customer Case Study
- EPM PCF Application
- Forecasting Methods and Use Cases
- Summary and Q&A

About NexInfo

NexInfo is a leading consulting company with extensive experience in leading software-based business transformations for small, medium and large organizations.

NexInfo Solutions uses a blend of Business Process and Software Consulting Services to help achieve Operational Excellence.

FOUNDED: 1999 || 26th YEAR OF ORACLE EXCELLENCE || 500+ EMPLOYEES || 500+ ORACLE CUSTOMERS

Domain Expertise

HR and Payroll (HCM)
Supply Chain Mgmt. (SCM)
Product Lifecycle Mgmt. (PLM)
Warehouse Management (WMS)
Enterprise Performance Mgmt. (EPM)
Financials (ERP)
Integrated Business Planning (IBP)
Sales Order Management (OM)
Quality Management
Customer Experience (CX)
Predictive Data Analytics Security & Compliance
System Integration & Extensions
Validation & SQA

Locations

United States
Orange County, CA,
Redmond, WA,
Chicago, IL,
Bridgewater, NJ
Cary, NC

Canada
Toronto, ON

Europe
Dublin, Ireland

India
Chennai,
Bangalore,
New Delhi

Software Expertise

Implement | Integrate | Support

Awards

Featured In

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About Presenter

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Prakash Malmarugan

Manager – Budgeting Planning and Analytics

NexInfo Solutions, Inc.

I am deeply enthusiastic about harnessing cutting-edge technologies to address business challenges, drive tangible outcomes, and establish a thriving enterprise by optimizing processes.

Core Area

Data Analytics
Data Warehouse
Enterprise Performance Management
Project Management Practitioner

Experience & Expertise

- Over 12 years of experience in Oracle Hyperion, EPM Cloud, and Analytics
- Expertise in delivering comprehensive solutions to streamline financial planning, reporting, and analysis processes
- Strong technical proficiency and deep understanding of the Oracle EPM suite
- Ability to effectively optimize performance management systems
- Drive data-driven decision-making and unlock actionable insights
- Committed to helping organizations achieve their financial goals
- Empowering teams with advanced analytics capabilities

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Oracle Enterprise Performance Management (EPM) Cloud Offering

- Financial Consolidation & Close
- Account Reconciliation
- Narrative Reporting
- Planning, Budgeting and Forecasting
- Profitability & Cost Management
- Enterprise Data Management
- Tax Reporting

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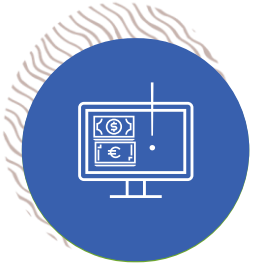
Predictive Cash Forecasting

Oracle Cloud EPM

Typical Challenges with Cash Forecasting in Spreadsheets

Disconnected Systems

Manual, Resource Intensive



Lack of Actionable Insight

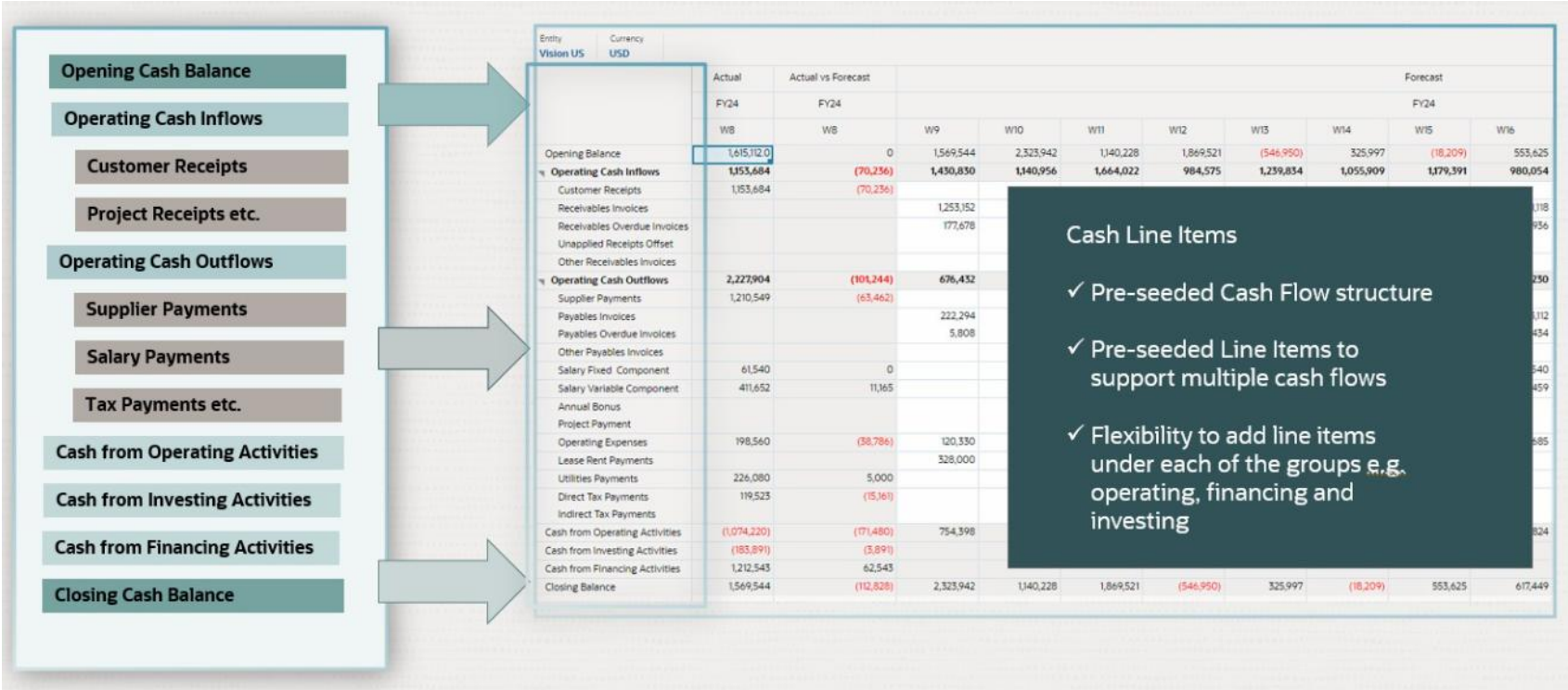
Difficult to take timely action on issues

Predictive Cash Forecasting

Oracle Predictive Cash Forecasting for effectively managing cash positioning and forecasting needs with effective collaboration across cash managers, controllers and treasury

- ✓ Entity/Unit level as well as Regional/HQ/Global level visibility
- ✓ Enhanced granularity – Weekly / Daily Rolling Cash Forecasting
- ✓ Prediction at Cash Flow Line Item level
- ✓ Blended Forecast Methods to pre-seed / improve forecasts
- ✓ FVA Analysis to provide visibility in to identifying opportunities for improving Forecast Accuracy
- ✓ Flexibility to use multiple levers to optimize cash utilization, for example:
  - *update customer / supplier level invoice projections with effective collaboration across functions*
  - *change of Forecast Method for collections to improve cash position*
  - *Deferring payment utilizing maximum pay term*
  - *Insights to identity over forecasting bias in Opex payments and anomalies in supplier payments*
  - *New cash collections strategies to increase inflows*
  - *Project level milestone visibility to incorporate delays*
  - *Defer external borrowing and leveraging inter unit fund transfer*
  - *Deploy excess cash in Market Securities*

Pre-seeded Cash Line Items



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Customer Use Case

Oracle Cloud EPM + Oracle Footprint

ESS – Oracle Cloud EPM Journey

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Digital Transformation Case Study

About ESS Inc.
ESS Inc. manufactures low-cost, long-duration iron flow batteries for commercial and utility-scale energy storage applications requiring 4+ hours of flexible energy capacity.

Replaced
QuickBooks

Cloud Modules Implemented in 6 months
Oracle Cloud ERP, EPM, Supply Chain Implementation, Order Management, Procurement, CX

Top Customer Challenges

1. Incorporating Oracle Cloud modules to streamline processes and ensure seamless end-to-end functionality.
2. Implementing effective training programs to empower users and reduce dependency on external assistance.
3. Lack of visibility and control in project management capabilities like project accounting, procurement tracking, and expense management processes.
4. Streamlining processes to increase efficiency and reduce manual intervention, leading to cost savings and improved productivity.

Deployment Location: North America
Industry: Renewable Energy, Battery Manufacture

- Streamlined business operations using standard Fusion functionality. Increased system adoption and process automation. Seamless flow of cross functional / cross departmental processes.
- Increased operational efficiencies of about 20% - in the first 3 months of engagement
- Improved process efficiency and reduction in time required financial closing processes by 30%.

Top Solutions Implemented

- Implementation of Financial modules like Expenses, Projects, Quality and EPM.
- Enabled smart view reporting and custom reports/dashboards for finance and supply chain applications.
- Streamlined month process with improved reporting, variance reporting and re-conciliation

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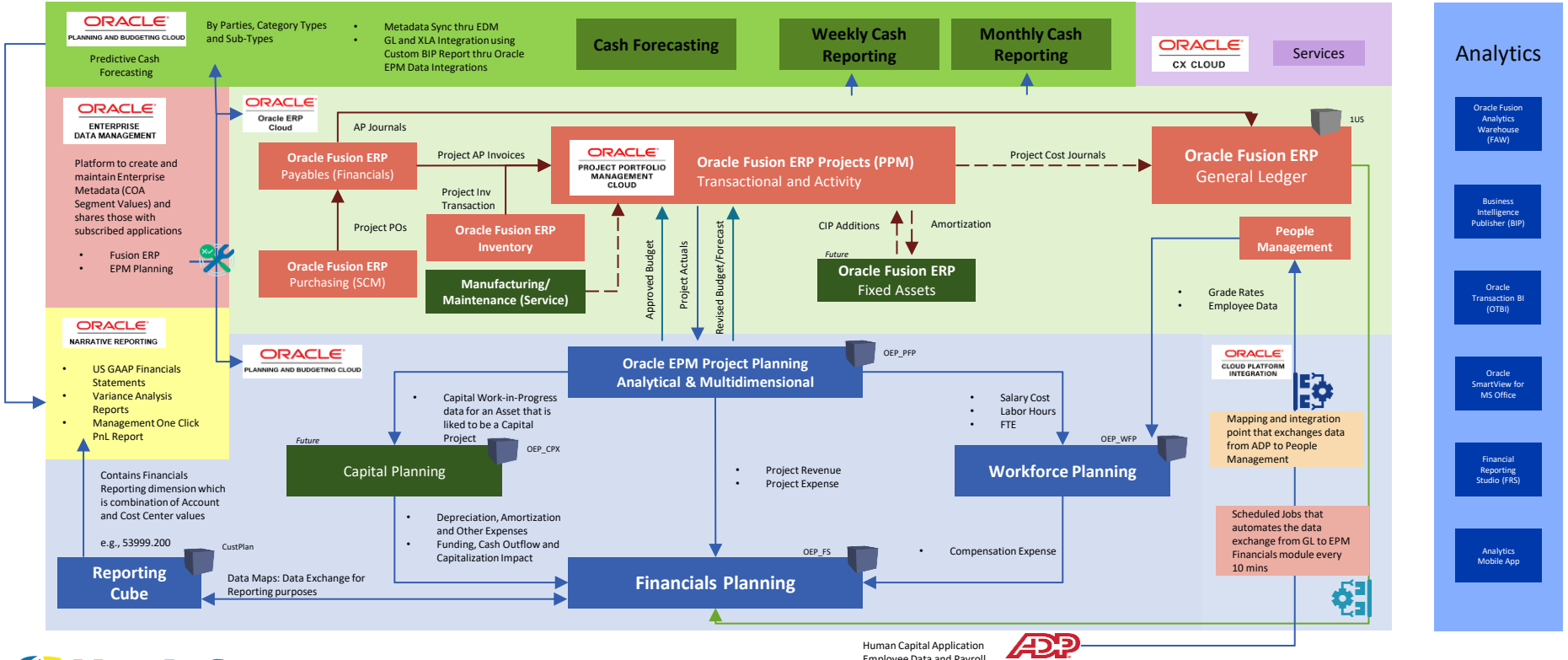
Oracle Footprint – Bird-Eye View



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Cubes and Key Dimensions

OEP_All Category	All Category
L1_Assets	Assets
L1_Bank	Bank
L2_B_Check	Check
L2_B_Fees	Fees
L2_B_FX	FX
L2_B_Interest	Interest
L2_B_Transfer	Transfer
L2_B_Wire	Wire
L1_Capital	Capital
L1_Cost Accounting	Cost Accounting
L1_Deferred Revenue	Deferred Revenue
L1_Expense	Expense
L1_Financing	Financing
L2_F_ESPP	ESPP
L2_F_Options	Options
L2_F_RSU	RSU
L1_Inventory	Inventory
L1_Payroll	Payroll
L2_P_Additional Earnings	Additional Earnings
L2_P_Salary	Salary
L2_P_Payroll Taxes	Payroll Taxes
L2_P_Benefits	Benefits
L1_Receipt Accounting	Receipt Accounting
L2_R_Accrual	Accrual
L2_R_Expense	Expense
L2_R_Expense accrual	Expense accrual
L2_R_Interorganization payable	Interorganization payables
L2_R_Invoice price adjustment	Invoice price adjustment
L2_R_Receiving inspection	Receiving inspection
L2_R_Trade clearing	Trade clearing
L1_Revenue	Revenue
L1_Warrants	Warrants

All Type	All Type
[redacted]	[redacted]
ST_Construction	Construction
ST_Engineering	Engineering
Board	Board
[redacted]	[redacted]
ST_Facilities	Facilities
ST_Janitorial	Janitorial
ST_Operations	Operations
ST_Safety	Safety
ST_Utilities	Utilities
ST_Waste	Waste
[redacted]	[redacted]
[redacted]	[redacted]
ST_BOM	BOM
ST_Capital Equipment	Capital Equipment
ST_External Party	External Party
ST_Freight	Freight
ST_R&D	R&D
ST_Rental Equipment	Rental Equipment
ST_Services	Services
ST_Supplies	Supplies

OEP_All Customers	All Customers
OEP_Top Customers	Top Customers
CU_United States	United States
CU_OR	OR
CU_CO	CO
CU_VA	VA
CU_CA	CA
CU_185029	[redacted]
CU_003505	[redacted]
CU_003507	[redacted]
CU_003509	[redacted]
CU_369051	[redacted]
CU_369052	[redacted]
CU_082016	[redacted]
CU_094021	[redacted]
CU_014003	[redacted]
CU_023003	[redacted]
CU_024003	[redacted]
CU_033003	[redacted]
CU_DC	DC
CU_OH	OH
CU_PA	PA

OEP_RCSH	Reporting - ASO
OEP_DCSH	Daily Cash Forecasting - Hybrid BSO
OEP_PCSH	Periodic Cash Forecasting - Hybrid BSO

OEP_All Suppliers	All Suppliers
OEP_Top Suppliers	Top Suppliers
All Other	
Board Member - ESS Board of Directors	
Contract Employee	
Direct Material - Plumbing, Fabricated/Machined parts,	
Discretionary	
Employee	
Employee Reimbursements	
Facilities	
Freight/Logistics - Freight, logistics and 3PL	
SU_10076	[redacted]
SU_10093	[redacted]
SU_10102	[redacted]
SU_10103	[redacted]
SU_10138	[redacted]
SU_10293	[redacted]
SU_10465	[redacted]
SU_10563	[redacted]
SU_10662	[redacted]
SU_10965	[redacted]
SU_10987	[redacted]
SU_10996	[redacted]
SU_10997	[redacted]
SU_11313	[redacted]
SU_11336	[redacted]
SU_11395	[redacted]
SU_11551	[redacted]
SU_11661	[redacted]
SU_11705	[redacted]
SU_11721	[redacted]
SU_11821	[redacted]
SU_11867	[redacted]
Indirect Material - Office/safety supplies, Lab/Capital e	
Payroll	
Services	

CashFlow Indirect Hierachy
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH
Net cash used in operating activities
A_Net Income(Shared)
Depreciation and amortization
Non-cash interest (income) expense
Non-cash lease expense
Stock compensation expense
Inventory write-downs and losses on noncancellable purchase commitments
Net (gain) loss on investments
Change in fair value of warrant liabilities
Loss on fixed asset disposal(Gain)
Accounts receivable
Inventory
Prepaid expenses and other current assets
Accounts payable
Accrued and other current liabilities
Accrued product warranties
Deferred revenue
Operating lease liabilities
Net cash provided by (used in) investing activities
Purchases of property and equipment
Sales of trading securities
Net cash provided by financing activities
Proceeds frm issuance of comn stock & comn stock warrants, net of issuance costs
Repurchase of shares from employees for income tax withholding purposes
Principal payments on notes payable
Debt premium payments
Proceeds from stock options exercised
Proceeds from warrants exercised
Proceeds from contributions to Employee Stock Purchase Plan
Other
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD

Cubes and Key Dimensions (contd..)

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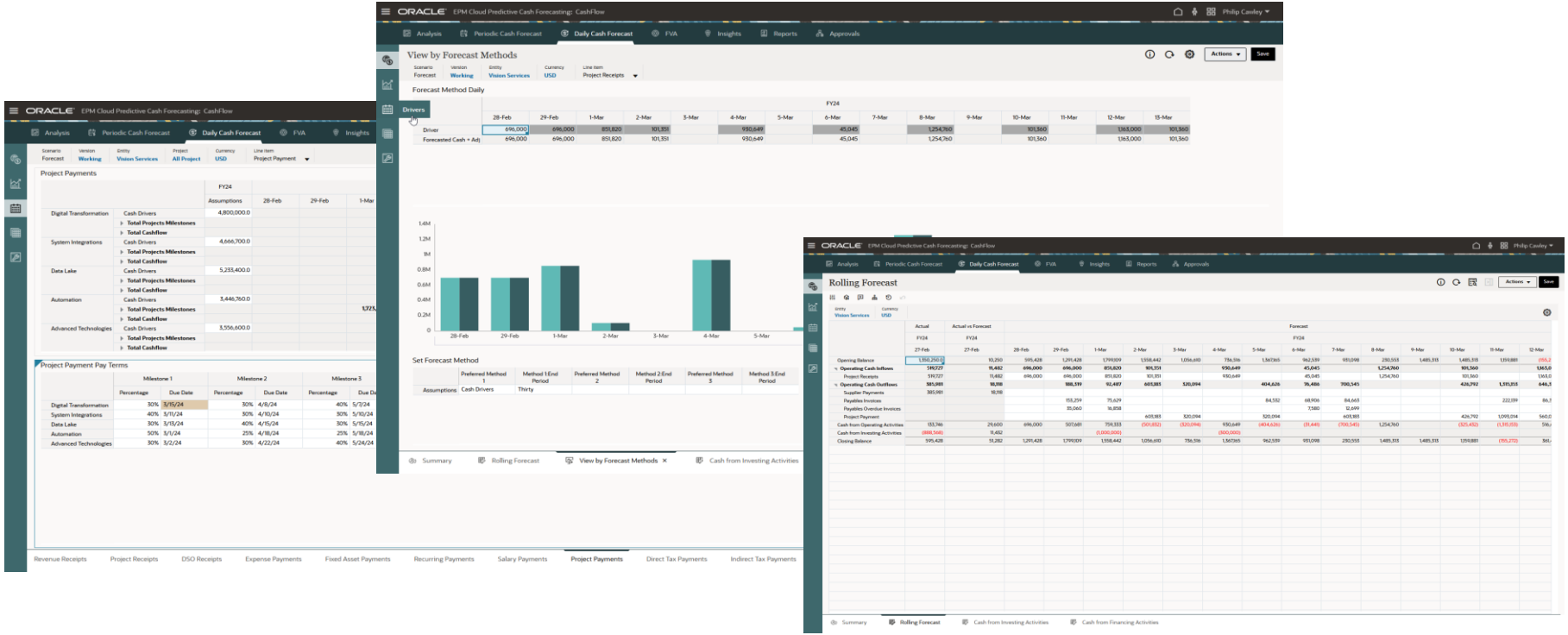
Dimension	Dimension Details
Currency	Mandatory, Standard
Entity	Mandatory, Standard
Forecast Method	Mandatory, Provided
Line Item	Mandatory, Standard
Period	Mandatory, Standard
Scenario	Mandatory, Standard
Version	Mandatory, Standard
Years	Mandatory, Standard
Bank	Mandatory, Provided
Business Unit	Optional, Provided
Category	Mandatory, Provided
Custom 1/Type	Optional, User defined
Party	Optional, Provided

Enable	Description
Time Granularity	Daily, Periodic or both Periodic – Monthly or Weekly Daily – 2 year rolling forecast Optional - Quarters and Months in the hierarchy
Driver Based Forecasting	To forecast cash inflows and outflows
Trend Based Forecasting	Plan periodic cash using different trend-based methods
Predictive Forecasting	Statistical Time Series – based on historical data Machine Learning Summary – predict using provided ML models
Data Sources	Integration with Fusion ERP, requires Party and Business Unit dimensions

Sample Data Forms



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Sample Report Outputs

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Periodic Cash Forecast Report

Report run date: Jun 4, 2025 6:09 PM
Report run by: Prakash Malmarugan

	Actual FY24 Jan	Actual FY24 Feb	Actual FY24 Mar	Actual FY24 Apr	Actual FY24 May	Actual FY24 Jun	Actual FY24 Jul	Actual FY24 Aug	Actual FY24 Sep	Actual FY24 Oct
CASH FLOWS FROM INVESTING ACTIVITIES:										
Net loss										
Adjustments to reconcile net loss to net cash used in operating activities:										
Depreciation and amortization										
Non-cash lease expense										
Stock compensation expense										
Change in fair value of warrant liabilities										
Changes in operating assets and liabilities:										
Accounts receivable										
Inventory										
Prepaid expenses and other current assets										
Accounts payable										
Accrued and other current liabilities										
Accrued product warranties										
Deferred revenue										
Operating lease liabilities										
Changes in Restricted Cash Non-Current										
Net cash used in operating activities										
CASH FLOWS FROM INVESTING ACTIVITIES:										
Purchases of property and equipment										
Net cash provided by (used in) investing activities										
CASH FLOWS FROM FINANCING ACTIVITIES:										
Net cash provided by financing activities										
NET INCREASE (DECREASE) IN CASH, S-T RESTRICTED CASH, & S-T INVESTMENTS										
BEGINNING CASH, S-T RESTRICTED CASH, & S-T INVESTMENTS										
ENDING CASH, S-T RESTRICTED CASH, & S-T INVESTMENTS										

Cash Flow Non-GAAP Management Trend Report

Report run date: Jun 4, 2025 6:10 PM
Report run by: Prakash Malmarugan

CASH FLOWS FROM OPERATING ACTIVITIES:	Actual FY24 Jan	Actual FY24 Feb	Actual FY24 Mar	Actual FY24 Apr	Actual FY24 May	Actual FY24 Jun
Mgmt. Net loss						
Net loss prior to adjustments						
Stock compensation expense						
32100.000-APIC - Stock Comp..Default CC						
Depreciation and amortization						
NRV Expense						
Non-Cash COGS Adjustment						
Interest Expense (Income)						
Interest income (expense)						
Adjustments to reconcile net loss to net cash used in operating activities:						
Non-cash lease expense						
Change in fair value of warrant liabilities						

Periodic Cash Forecast Report

Report run date: Jun 4, 2025 11:13 AM
Report run by: System

	Forecast W13	Forecast W14	Forecast W15	Forecast W16	Forecast W17	Forecast W18	Forecast W19	Forecast W20	Forecast W21
	496	(417,595)	35,938	(336,113)	297,140	189,197	384,835	104,160	726,246	257,163
	788	827,219	1,051,248	1,004,692	813,522	1,233,044	820,488	1,014,443	826,885	1,283,904
	788	827,219	1,051,248	1,004,692	813,522	1,233,044	820,488	1,014,443	826,885	1,283,904
	-	-	-	-	-	-	-	-	-	-
Total Receipts	1,508,938	1,281,109	1,377,862	1,108,788	827,219	1,051,248	1,004,692	813,522	1,233,044	820,488	1,014,443	826,885	1,283,904
Total Receipts & Bank Balance	772,991	1,191,048	622,266	1,100,496	(417,595)	35,938	(336,113)	297,140	189,197	384,835	104,160	726,246	257,163
Payments													
Supplier Payments	224,691	426,877	714,089	366,008	234,234	537,710	225,076	222,769	603,870	225,076	222,769	603,870	225,076
Payables Invoices	222,294	399,073	691,781	366,008	234,234	537,710	225,076	222,769	603,870	225,076	222,769	603,870	225,076
Payables Overdue Invoices	2,397	26,804	22,308	-	-	-	-	-	-	-	-	-	-
Salary Payments	-	871,441	-	305,544	-	370,708	-	552,999	-	372,245	-	484,357	-
Salary Fixed Component	-	61,540	-	61,540	-	61,540	-	61,540	-	61,540	-	61,540	-
Salary Variable Component	-	392,301	-	244,004	-	309,168	-	491,459	-	310,706	-	422,817	-
Annual Bonus	-	417,600	-	-	-	-	-	-	-	-	-	-	-
Tax Payments	-	419,588	-	677,700	-	-	-	-	-	-	-	-	-
Direct Tax Payments	-	419,588	-	-	-	-	-	-	-	-	-	-	-
Indirect Tax Payments	-	-	-	677,700	-	-	-	-	-	-	-	-	-
Other Payments	466,192	132,934	185,540	1,277,632	139,452	514,886	146,358	146,695	433,636	503,842	169,888	206,736	176,102
Lease Rent Payments	328,000	-	-	-	-	328,000	-	-	-	328,000	-	-	-
Utilities Payments	-	-	-	202,320	-	-	-	-	226,080	-	-	-	-
Travel Payments	30,518	24,198	65,304	31,762	25,164	64,761	32,148	25,699	64,041	32,427	28,172	63,320	32,636
Other Payments	107,674	108,736	120,237	130,351	114,288	122,124	114,211	119,996	143,415	143,415	141,716	143,416	143,466
Fixed Asset Payments	-	-	-	913,200	-	-	-	-	-	-	-	-	-
Total Payments	690,883	1,849,859	899,629	2,626,881	373,686	1,423,304	371,434	921,464	1,037,406	1,101,163	392,357	1,294,963	401,177
Period Activity	818,055	-568,750	478,233	-1,518,093	453,533	-372,056	633,258	-107,942	195,638	-280,675	622,086	-469,078	882,727
Closing Balance	1,191,046	622,266	1,100,496	(417,595)	35,938	(336,113)	297,140	189,197	384,835	104,160	726,246	257,163	1,139,890

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Cash Planning and Methods

Forecast Methods

Cash Planning Time Horizons

Cash positioning

- Rolling ~10 business days
- Short term liquidity planning; no idle balances on non-interest or low-interest-bearing accounts
- Commonly used tools: ERP cash management module, treasury station

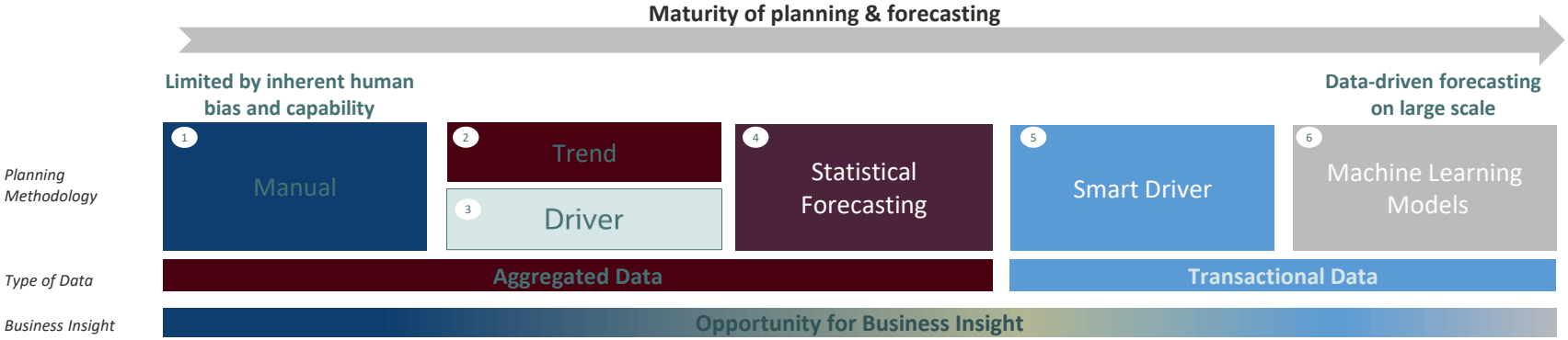
Cash forecasting

- ~3-6 months / 13-18 weeks
- Interest & debt reduction; covenant & key date visibility; liquidity risk management; working capital optimization
- Commonly used tools: spreadsheets, email, phone calls

Long range cash planning

- ~1-5 years, depending on industry
- Cash impacts of strategic business scenarios (e.g. M&A, new market entry, etc.); focus on key liquidity ratios/debt covenant thresholds
- Commonly used tools: spreadsheets

Ensemble of Multiple Forecast Methods



1. **Manual :** Manual is entering cash flows directly when it cannot be modeled e.g. Equity Inflow, Tax Payments
2. **Trend :** Trend allows for driving the forecast based on historical actual or forecast data e.g. Labor payments, Lease Payments etc.
3. **Driver-based:** Business drivers are entered manually or loaded as operational assumptions that calculates a cash forecast (e.g. Avg DSO or Payterm for Expense), where Sales Revenue, Expense, Salary or Capital Expense cash drivers are loaded while the forecast is calculated based on the defined payterm assumptions)
4. **Statistical Forecasting:** Statistical trends based on aggregated account balances (e.g. predict cash based on historical patterns of bank account balances by legal entity)
5. **Smart Driver/Heuristic Model:** An approach to forecast problem-solving that applies general assumptions/rules to transactional data:
   - Smart Drivers (e.g. use payment scheduled due dates for accounts receivable and or payable)
   - Apply an 'average delay' by legal entity to all transactions
   - Use 'delivery date' for sales orders or purchase orders
   - Etc.
6. **ML Model:** Machine-generated forecast based on historical patterns or relationships in the various input variables (e.g. delay in cash receipts correlated with payment terms)

Forecast Method
Blend Forecast Methods

Vision NA	Week 1-3	Week 4-7	Week 8-13
Customer Receipts	Smart Drivers	Predictive Planning	
Project Receipts	Driver based		
Equity Inflows	Manual		
Salary Payments	Driver based	Predictive Planning	
Supplier Payments	Smart Drivers	Predictive Planning	Trend
Rent Payments	Trend		
Tax Payments	Driver based	Manual	

Blend Forecast Methods:

- ✓ Different Forecast Methods for different Line Items
- ✓ Blend Forecast Methods by Line Items and Period Ranges
- ✓ What-ifs to pick the forecast method that gives best accuracy over the periods
- ✓ Forecast Methods can vary for different entities

Forecast Methods

Driver based methods

Cash Inflow Drivers:

1. Revenue Receipts
2. Project receipts
3. DSO receipts

Cash Outflow Drivers:

4. Expense pay terms
5. Capital payments
6. Recurring payments
7. Salary payments
8. Project payments
9. Direct Tax payments
10. Indirect Tax payments
11. DPO payments

Concepts:

- ✓ Each method is a driver category with pre-seeded calculations
- ✓ Example line items will be seeded without prefix, can be used by customers or removed
- ✓ You can add line items for each of the driver category
- ✓ Comes with the cash flow form and in most cases a supporting driver form
- ✓ Each cash inflow or outflow has a corresponding driver input and cash flow members in the forecast method dimension
- ✓ Custom dimensions relevant for drivers can be assigned in Enable features

Driver based forecasting

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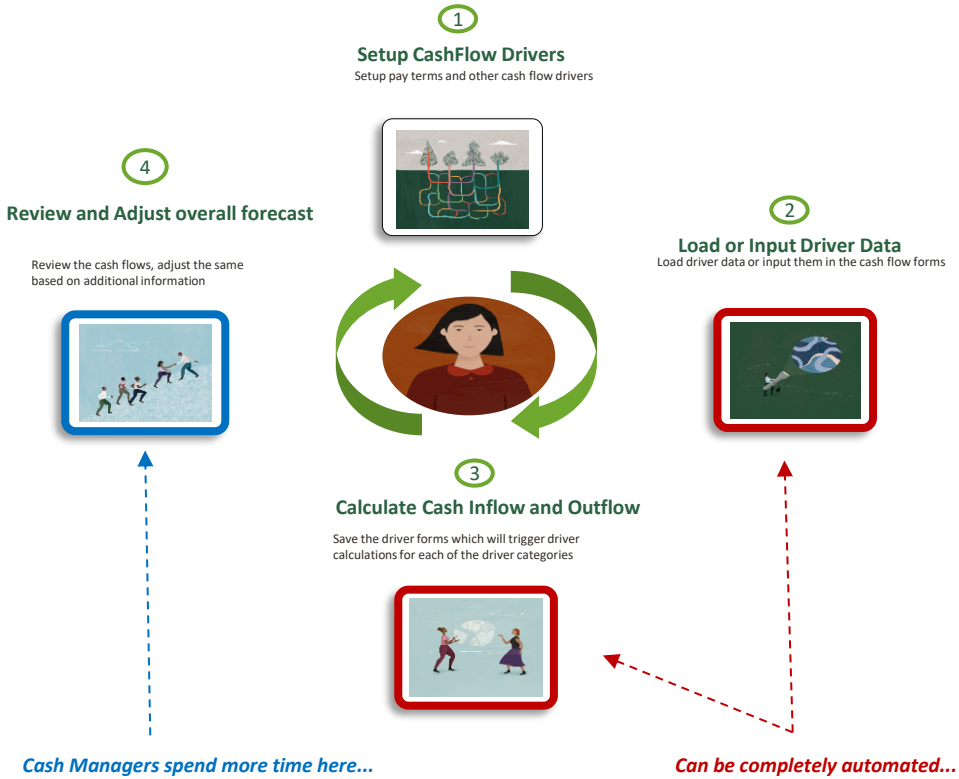
- ✓ Setup cash flow drivers that best fits each of the line items
- ✓ Load driver data from other planning or source systems – automate this step
- ✓ Spend more time in reviewing and taking action, rather than data manipulation
- ✓ Choose from number of driver based forecasting methods for inflows and outflows



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1. Revenue Receipts

PCF Driver Based Methods : Cash Inflow Drivers

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Use case:

Drive cash inflow from product or service revenue using pay terms.

Example:

Revenue from Stores revenue in retail will have fixed pattern of 70% received in 3 days and 30% in 5 days

Drivers:

Pay terms

- Due Period – payment days / week or months
- %age - % expected for each pay terms

Driver Input:

- Product or Service Revenue or user defined line item

Calculation Logic:

Cash inflow is calculated by applying the pay term %age on the driver input and posting the cash inflow to the period buckets based on the due date

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2. Project Receipts

PCF Driver Based Methods : Cash Inflow Drivers

Use case:

Drive cash inflow from projects revenue and pay terms

Example:

Revenue from contracts or IT projects driven by milestones and pay terms

Drivers:

Milestones for a Project

- Due Date
- %age Completion

Pay terms for a Project

- Due Period
- %age

Driver Input:

- Project Revenue by Project

Calculation Logic:

Cash flow is calculated applying the pay term on the milestone amount for the project. Milestone amount are derived on milestone %age for each project. The drivers are captured by project and the cash flow is calculated on the project

3. DSO Receipts

PCF Driver Based Methods : Cash Inflow Drivers

Use case:

Drive cash inflow considering the average Days Outstanding on the Revenue, this could be by party or at entity level.

Example:

When pay terms are very dynamic, DSO based approach is used for cash inflow. Indirect channel revenue cash inflow could be through DSO method

Drivers:

Average DSO

- Assumptions : average across year
- Period buckets: average for the period

Driver Input:

- Revenue or any line item

Calculation Logic:

Cash flow is calculated applying the average DSO for the period on the period revenue or it takes the average DSO across the year if the DSO by period does not exist

4. Expense Payments

PCF Driver Based Methods : Cash Outflow Drivers

Use case:

Drive cash outflow considering the expense and pay terms

Example:

Certain Operational expenses cash outflow can be determined based on a regular pay term for them

Drivers:

Pay terms

- Due Period – payment days / week or months
- %age - % expected for each pay terms

Driver Input:

- Any Expenses e.g. Travel, Hotel, Utilities etc..

Calculation Logic:

Cash outflow is calculated by applying the pay term %age on the driver input and posting the cash inflow to the period buckets based on the due date

5. Fixed Asset Payments

PCF Driver Based Methods : Cash Outflow Drivers

Use case:

Drive cash outflow considering the fixed asset spends and pay terms

Example:

Fixed assets payments are determined based on pay terms which could be set by asset class or specific other dimensions

Drivers:

Pay terms

- Due Period – payment days / week or months
- %age - % expected for each pay terms

Driver Input:

- Fixed Asset Spends

Calculation Logic:

Cash outflow is calculated by applying the pay term %age on the driver input and posting the cash inflow to the period buckets based on the due date

6. Recurring Payments

PCF Driver Based Methods : Cash Outflow Drivers

Use case:

Drive cash outflow for certain expenses that have payments on a recurring basis

Example:

Lease rental payments occurs on a regular basis, this can be modelled as a recurring payment.

Drivers:

Pay basis – Annual, Monthly or Weekly

Pay period – this is the starting period from when recurring payments should begin

Recurring option – this will indicate the recurring frequency i.e.. every pay cycle or every 2, 3 pay cycles

Number of occurrences – how many number of recurring payments to be posted

Driver Input:

- Any Expense that has recurring pattern

Calculation Logic:

Cash outflow is calculated based on the recurring schedule that is defined which is by a combination of pay basis, pay period (starting period), recurring frequency and number of occurrence. It will apply the amount defined in the assumption.

7. Salary Payments

PCF Driver Based Methods : Cash Outflow Drivers

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Use case:

Drive cash outflow for salary and payroll related payments

Example:

Salary or other related expenses that are paid out to be considered

Drivers:

Salary basis – Annual, Monthly

Salary incidence – Drives when cash flow occurs Begin of Period, End of Period, Semi-monthly or Bi-weekly

Annual Salary Due Date – For annual payment, when is the salary due

Pay terms – if payment is in multiple payments, this is defined by %age and due periods

Driver Input:

- Salary or related expenses

Calculation Logic:

Cash outflow is calculated based on salary basis and posted to respective periods based on salary incidence, due date and pay terms.

The driver input can be provided as assumption, in which case its divided by number of periods and posted to appropriate periods. Additionally driver input can be loaded into period bucket, in which case that amount would be considered.

8. Project Payments

PCF Driver Based Methods : Cash Outflow Drivers

Use case:

Drive cash inflow from projects expense and pay terms

Example:

Project expense cash outflow for material, labour or other project related costs can be modelled

Drivers:

Milestones for a Project

- Due Date
- %age Completion

Pay terms for a Project

- Due Period
- %age

Driver Input:

- Project Expense by Project

Calculation Logic:

Cash flow is calculated applying the pay term on the milestone amount for the project. Milestone amount are derived on milestone %age for each project. The drivers are captured by project and the cash flow is calculated on the project

9. Direct Tax Payments

PCF Driver Based Methods : Cash Outflow Drivers

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Use case:

Drive cash outflow for direct tax payments

Example:

Direct Tax payments to different regulatory or Govt. agencies

Drivers:

Tax Instalments captured for every fiscal year

- %age of instalments
- Due date

Driver Input:

- Annual Direct tax payments

Calculation Logic:

Cash outflow is calculated based on the annual tax liability and the instalment %age and due dates. The annual tax is cumulative and any change in the annual tax amount is adjusted for considering the incremental / decreased amount posted in the future instalments

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10. Indirect Tax Payments

PCF Driver Based Methods : Cash Outflow Drivers

Use case:

Drive cash outflow for indirect tax payments

Example:

Indirect tax payments such as GST, Sales Tax etc. that are payable to regulatory agencies

Drivers:

Tax basis – Annual, Monthly

Payment incidence – Same Period /Next Period (applicable only for periodic model)

Pay terms

- %age and due periods

Indirect Taxes Due date – mainly for annual taxes

Driver Input:

- Indirect taxes such as GST, Sales Tax or other Annual Indirect taxes

Calculation Logic:

Cash outflow is calculated based on the indirect tax liability, tax basis, payment incidence (to be paid in same period or next period) and payment terms. The driver input is usually recorded in respective periods and that is taken and cash flow is calculated based on the same.

11. DPO Payments

PCF Driver Based Methods : Cash Outflow Drivers

Use case:

Drive cash outflow considering the average Days Outstanding on the Expense, this could be by supplier or at entity level.

Example:

When pay terms are very dynamic, DPO based approach is used for cash outflow for certain payments. E.g. consumables

Drivers:

Average DPO

- Assumptions : average across year
- Period buckets: average for the period

Driver Input:

- Expense or any line item

Calculation Logic:

Cash flow is calculated applying the average DPO for the period on the period expense or it takes the average DPO across the year if the DPO by period does not exist

Forecast Methods
Trend based methods

Concepts:

- ✓ Trend Methods can be used for any Line items where the cash forecast can be determined based on historical trends.
- ✓ Trend based methods are only considered for Periodic forecast
- ✓ As you select the trend, the data seeds based on the logic of the method. You can apply an increase / decrease on top of that to determine the future forecast

Trend based methods

Different methods based on the data and line item…

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#	Trend based method	Description	Example
1	Current Year Actual Average	Calculates the average for an account (cash line item) for the Current Fiscal Year	Bank charges
2	Current Period Actual	Last period Actuals is taken for the forecast periods	Utilities
3	Prior Year Actual	Takes the prior year actual for corresponding periods	Marketing or Service Revenue
4	Prior Year Actual Average	Calculates the average for an account for the year prior to the Current Fiscal Year. For example, if the Current Fiscal Year is FY22, the prior year is FY21.	Travel
5	Forecast Average	Calculates the average of forecast for the current fiscal year	Labour
6	Seasonalization	Applies the seasonality of last year actual for forecast periods to current year actual average in this methodology, current year actual average rate is calculated first. Thereafter, forecast is calculated as per following formula. Forecast = Prior year actual amount for the period * sum of forecast amount (as per Current Year Actual Average method) for remaining periods of current year / Sum of prior year actual data for same remaining periods.	Trade Spends
7	Year over Year Inc/ Dec	Applies a % increase or decrease to the prior year's value.	Rent
8	Periodic Growth	Calculates year over year change for a line item using current year and prior year as the basis to calculate the growth.	Variable Compensation

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Forecast Methods: Smart Drivers

Concepts:

- ✓ Forecasting based on underlying connected ERP operational data – Fusion ERP AR and AP
- ✓ Combination of Due Dates, Promise Dates, Discounts and other important information that drives the cash forecast data
- ✓ Automated flow of data to derive reliable cash forecast accuracy

Forecast Methods:

Predictive Planning – Statistical and ML Model based

Concepts:

- ✓ Predictive Planning can be used for any line items based on the data available for certain line items
- ✓ Predictive forecasting uses time series based algorithms to predict future forecast
- ✓ Predictive forecasting based on ML Regression and Classification Models using operational AR and AP data
- ✓ This capability is built in the application and customers can do this through the UI or using Auto Predict

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Data Integration

Pipeline and Automation

Oracle Fusion GL and XLA Integration with Oracle EPM PCF

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Oracle Fusion ERP

Custom BIP Report

Bank Transactions

Account Analysis GL and SLA

Trial Balance

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Weekly

Periodic

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Daily and Periodic Forecast Data Pipelines

DailyForecast : 17-04-2024 08:42:36, Status: SUCCESS

no.reply@oraclecloud.com
To

If there are problems with how this message is displayed, click here to view it in a web browser.

EPM Cloud:

Pipeline: '**DailyForecast**' completed with status **SUCCESS**

Stage Name	Job Type	Job Name	Job ID	Status	End Time	Log File	Output File
Update Metadata	EPM Platform Job	Update Metadata	15	SUCCESS	17-Apr-24 08:37	Download	
Load Data	EPM Platform Job	Load Bank Balances	16	SUCCESS	17-Apr-24 08:37	Download	
Load Data	EPM Platform Job	Load Actuals	17	SUCCESS	17-Apr-24 08:37	Download	
Load Data	EPM Platform Job	Load Forecast Drivers	18	SUCCESS	17-Apr-24 08:37	Download	
Process Data	Business Rule	Proces Actual Daily	19	SUCCESS	17-Apr-24 08:38	Download	
Process Data	Business Rule	Proces Forecast Daily	20	SUCCESS	17-Apr-24 08:40	Download	
Process Data	Business Rule	Rollup Entity Daily	21	SUCCESS	17-Apr-24 08:41	Download	
Push to Reporting	Plan Type Map	Cash To Reporting Daily	22	SUCCESS	17-Apr-24 08:42	Download	

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Summary

Oracle EPM PCF

Summary

- ✓ Cash visibility across all entities as well as by each entity
- ✓ Enhanced granularity – Weekly / Daily Rolling Cash Forecasting
- ✓ Ease of use and Analytical – Easy navigations, Analysis dashboards and SmartView
- ✓ Prediction at Bank Account level and Cash Flow Line Item level
- ✓ Blended Forecast Methods to pre-seed / improve forecasts
- ✓ FVA Analysis to provide visibility in to identifying opportunities for improving Forecast Accuracy
- ✓ Flexibility to use multiple levers to optimize cash utilization, for example:
    - *change of Forecast Method for collections to improve cash position*
    - *Insights help identity over forecasting bias in Opex payments etc.*
    - *Plan for financing cash deficit with shortfall*

Cash Forecasting
Key Takeaways from user goals

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Familiarity

New system needs to account for current workflow for smooth transition

User Input

Contextual information is a subtle yet critical component of a Cash forecast

Priority

The experience needs to focus on ‘most important’ in the vast expanse of data

Collaboration

Cash forecasts builds on information from multiple sources to serve a wide range of users

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Next Step?

SCHEDULE YOUR DEEPER DIVE

- Complimentary 2-hour introductory course
- Expert-led guidance
- Eligible Topics:
  - Oracle EPM Product Demo
  - Reporting Tools Walkthrough
  - Integration Tools Walkthrough

Promotion End Date: Nov 30, 2025

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