



Driver Based Planning and Budgeting solution Using

Oracle Enterprise Planning and Budgeting

Version History

Version	Date (dd / mmm / yyyy)	Modification	Author
0.1	20 / Mar / 2019	Initial document	Amit Sharma

Introduction

Driver based planning and budgeting solution is new generation model designed to accommodate changes based on business conditions i.e internal or external economic factors. Using a driver based approach allows us to adjust our numbers more quickly. Effective budgeting and planning processes pay vital role between strategy and execution for enterprises. Driver-based budgeting and planning drive future financial results constructed from key operational activity linked to the operating plan.

Enterprise Planning Home Screen

Busiress Intelligence Solution Providers inc	BCS	# (€ ;	i@bispsolutions.com ~
Welcome Neeraj				
Activity Recent Favorites				
	Financials	Projects	Capital	Workforce
	Ż	!!		
	Tasks	Dashboards	Infolets	Data
			H	P
	Reports	Rules	Approvals	Application
	×	M		

Defining Drivers in Oracle EPBCS

Oracle Enterprise Planning and budgeting facility planners to assign standard and custom defined drivers. These driver values later define to adjustment revenue numbers, i.e Product Return % entails defective product % over all products in order to measure quality of product supply. This parameter has direct relationship with revenue and significant impact on complete planning and budgeting process.

Revenue Accounts

Actions - Save Close

Category Product Revenue	▼ Compone	Product Revenue Drivers	v				
Name		Alias(Default) 👻	Time Balance	Data Storage	Data Type	Smart Lists	Action
OFS_Volume	£	Volume	Flow v	Store	Non Curren *	None 🔻	
OFS_Avg Selling Price	ħ	Average Selling Price	Average •	Store	Non Curren *	None 🔻	
OFS_Discount %	£	Discount %	Average •	Store	Percentage *	None •	
OFS_Return %	£	Return %	Average •	Store	Percentage *	None v	
Product Revenue_By_Store	£		Flow •	Store	Non Curren ▼	None 🔻	•••

						1	<u>⊼•</u> ∡	(A)		<u>.</u>			
					Revenue	Expense	Balance Sheet	Cash Flo	w Ana	lysis			
11	Scenario	Version		ntity Years	ed Revenue &	Revenue Trei	nds 🚷 Total Rev Market	enue - Forecas	t 🔇 Total Rev	enue - Plan		-	
	Forecast	Working	USD S	ales US FY17	Smart Pho	one 4 in	 US Market 	•				¢	e G
ΗY	Drivers												
N _{IL}			Trend	% Increase/(Decrease)	Calculated	Adjustment (+/-)				То	tal		
			Assumptions	Assumptions		YearTotal	Jan	Feb	Mar	□ Q1	± Q2	⊞ Q3	⊕ Q4
0 ¹¹	Volume			र	91,319		7,149	6,513	8,680	22,342	23,317	22,830	22,830
	Average Se	lling Price		-	449		449	449	449	449	449	449	449
C	Discount %				4.23%		5.63%	3.74%	3.38%	4.25%	3.75%	4.46%	4.46%
	Return %				4.61%		3.66%	5.12%	5.44%	4.74%	4.69%	4.35%	4.65%

Revenue Accounts	3			n _o	Actions - Save	Close
Category Services Revenue	Component Services Revenue Drivers	Ŧ				
Name	Alias(Default) 👻	Time Balance	Data Storage	Data Type	Smart Lists	Action
OFS_Services Hours	A Services Hours	Flow •	Store	Non Curren v	None •	•••
OFS_Services Rate	Services Rate	Average •	Store	Non Curren *	None •	•••

				l	Revenue	Expense	Balance Sheet	Cash Flow	Analys
					Revenue	Expense	Dalance Sheet	Casil Flow	Analys
🖐 Driver B	ased Reve	enue Plann	ing 🐺 Dri	ver Base	ed Revenue 🐰	Revenue Tre	nds 🔇 Total Reve	enue - Forecast 🔇	Total Reven
Scenario	Version	Currency	Entity	Years	Product		Market		
Forecast	Working	USD	Sales US	FY17	Smart Ph	one 4 in	 US Market 	•	
Drivers									
		Trend	%		Calculated	Adjustment	Total		
			Increase	/(Decrea		(+/-)			
		Assumption	ns Assump	otions					
-Discourte 70-					4.2.370		4.2J/U		
Return %					4.61%		4.61%		
Support %					3.81%		3.81%		
Direct Labor	r per Unit				20		20		
Material Uni	t Cost				131		131		
Overhead	5				13.24%		13.24%		
Freight %					1.30%		1.30%		
Other COS	6				1.25%		1.25%		
Services Ho		1							

Balance Sheet Drivers

It is a critical piece of information CFOs expect in order draw planning and budgeting scenarios for future periods. i.e DSO Days Sales Outstanding (DSO) is a calculation that shows – how good a company is in collecting its dues from its debtors. Other drivers play significant role in drawing Balance Sheet Planning.

A/c receivable Turnover = Revenue/Average Receivable

Days of Account Receivable = 365/A/c Receivable Turnover

I.e. Days of Account Receivable = Average A/c Receivable/ (Revenue/365)

Balance S	heet Accounts	S							Actions 🚽 Save	Close
Category Balance	e Sheet Drivers	۲	Componen	Balance Sheet D)rivers on Forms 🔹]				
Name			,	Alias(Defattlinces	heet Drivers on Forms	Time Balance	Data Storage	Data Type	Smart Lists	Action
Ø OFS_DSO			£	DSO		Average •	Store	Non Curren *	None v	
P OFS_Days in Inventory Days in Inventory						Average •	Store	Non Curren *	None •	•••
OFS_Prepaid Expense % of OpEx Prepaid Expense % of OpEx					% of OpEx	Average •	Store	Percentage •	None •	
@ OFS_Accrue	d Comp % of Total Com	пр	£	Accrued Comp %	of Total Comp	Average •	Store	Percentage *	None •	
P OFS_Accrue	d Expense % of OpEx		£	Accrued Expense	% of OpEx	Average •	Store	Percentage V	None v	
Ø OFS_DPO			£	DPO		Average •	Store	Non Curren V	None 🔻	
Book_Value	Per_Share		<i>5</i>			Balance •	Store	Currency •	None •	
Entity Sales US	Scenario Forecast	Versio Wor	on	Currency USD	Driver Based	Dalance	Sheet -y	Tiend Dase	d Dalance	one
Drivers FY18 ▼										
			т	rend	% Increase/(Decrea	Calcula	ted A	djustment (+/-)	🗆 Tota	I
				rend					□ Tota ★ YearTo	
DSO					Increase/(Decrea	s		(+/-)	1014	
Days in Inve	-			Imptions	Increase/(Decrea	s		(+/-)	1014	
Days in Inve Prepaid Exp	ense % of OpE			Imptions	Increase/(Decrea	s		(+/-)	1014	
Days in Inve Prepaid Exp Accrued Co	ense % of OpE mp % of Total C	comp		Imptions	Increase/(Decrea	s		(+/-)	1014	
Days in Inve Prepaid Exp Accrued Co Accrued Ex	ense % of OpE	comp		Imptions	Increase/(Decrea	e YearT		(+/-)	1014	
Days in Inve Prepaid Exp Accrued Co Accrued Ex DPO	ense % of OpE mp % of Total C	comp		Imptions	Increase/(Decrea	e YearT		(+/-)	1014	

Cost of Sales

User can define driver from application configuration screen and base on the value assigned to it, the dashboard renders. Below screen shot shows how <u>Cost of Sales</u> defined. Oracle EPBCS application is built on core idea of defining driver and tune budget & plan numbers based on its driver values.

Revenue Accounts					1 0	Actions 🚽 Save	Close
Category Cost of Sales	 Compone 	Total Cost Of Sales	Ŧ				
Name		Alias(Default) 👻	Time Balance	Data Storage	Data Type	Smart Lists	Action
<pre>Ø OFS_Labor Expense</pre>	£	Labor Expense	Flow •	Store	Currency •	None 🔻	
<pre>@ OFS_Material</pre>	£	Material	Flow •	Store	Currency *	None 🔻	•••
<pre>Ø OFS_Overhead</pre>	£	Overhead	Flow •	Store	Currency •	None 🔻	
<pre>@ OFS_Freight</pre>	£	Freight	Flow •	Store	Currency *	None 🔻	•••
OFS_Other Cost of sales	£	Other Cost of sales	Flow •	Store	Currency •	None 🔻	
Export Tax	5.	Export_tax	Flow •	Store	Currency •	None 🔻	

	🙆 Revenu	e I 🚱 Incor	ne Statement 🔇	Bolling F	Revenue	Expense	Balance St		Cash Flow	Analysis				
乱	Entity	Version	Reporting Currency	Years	beaut I with	onio otatomont i	toning r orocust							
	Sales US	Working	USD	FY18										9
	Cost of S	ale						Total R	evenue					
• <u>•</u> •		10,0 108,093,	7,009,260.884 129,802.533 468.428 559,516,1 Plan FY17 Y	176,735,3		Mate Ove Frei	r <u>head</u> a <u>ht</u> er Cost of sales	0M -10M -20M -30M -40M -50M -60M			-55,272,481 Total Revenue Fr	12		Plan
	Revenue	Trend						Revenu	ue by Categor	у				
			This graph typ	pe requires at	It number of colum least 2 columns of 6 has 1 column.				55,2	74,580.654 Plan FY17 Y	3,300 2,600 2,800 carTotal		Contra rever Interest reve Dividend rev Adjustments	nue. enue.

Revenue KPIs

Whether your business is a successful Fortune 1000 enterprise or an ambitious startup, your success depends on generating revenue and responsibly managing your finances. Your success is greatly depends on your ability to define and measure your financial goals.

Revenue Accounts			Ac	tions- Save Close
Category Revenue KPIs	Component Revenue KPIs	V		
Name	Alias(Default) 👻	Time Balance Data Storage	Data Type	Smart Lists Action
OFS_Revenue Per Employee	A Revenue Per Employee	Flow The Dynamic Calc	Currency •	None 🔻 🚥
OFS_COS to Revenue%	f COS to Revenue%	Average	Percentage V	None 🔻 🚥
OFS_Margin %	ீட Margin %	Average	Percentage *	None v
OFS_Contribution Margin %	f Contribution Margin %	Average	Percentage *	None 🔻 🚥
Sales_Growth_Rate	л _і	Flow • Store	Currency •	None •••

Income Statement KPIs

FP&A figures out the total revenues company retains once accounted for all the direct costs that come with producing or delivering your company's offering. Direct costs and subtract them from your total revenue to get your gross profit. Then, calculate what percentage of your revenue is left after paying those expenses. The metrics that will feed into your gross profit / gross profit margin calculations are:

Revenue Accounts		Actions - Save Close
Category Income Statement KPIs	Component Income Statement KPIs v	
Name	Alias(Default) 👻 Time Balance	Data Storage Data Type Smart Lists Action
OFS_Net Income %	★ Net Income % Average ▼	Dynamic Calc Percentage * None * ····
OFS_Other Operating Expense to Re	t G Other Operating Expense to Revenue Average ▼	Dynamic Calc Percentage None
OFS_Sales and Marketing Expenses	Sales and Marketing Expenses to Revei Average *	Dynamic Calc Percentage V None V

List of Drivers, Assumptions and KPIs

Financials

Revenue

- a. Service Revenue (i.e Services Hours, Service Rate)
- b. Revenue KPIs (i.e Revenue Per Employee%, Margin %)
- c. Income Statement KPIs (i.e Net Income%, Sales and Marketing Expenses to Revenue)
- d. Product Revenue (i.e Discount %, Return %, Avg Selling Price)

Expenses

- a. Compensation (i.e Headcount, Avg Salary, Overtime %, Bonus % Car Allowance %)
- b. Facility Expenses (i.e Utility %, Repair & Maintenance % ansd Cost Per Square Foot).
- c. Travel and Entertainment (i.e Avg Airfare Per Trip, Hotel Per Night)
- d. Marketing (i.e Number of campaigns, Cost per Advertisement)
- e. Selling (i.e Sales Calls, Cost Per Call)
- f. Outside Services (i.e Temp Help Hours, Temp Help Rate)
- g. Any other KPIs being tracked.

Balance Sheet

- a. DSO
- b. Days in Inventory
- c. Prepaid Expenses % of Operating Expense
- d. Accrued Expenses % of Operating Expense
- e. Return on Equity

Cash Flow Accounts (KPIs)

- a. Discount Rate
- b. Discount Factor
- c. PV of Cash Flow