Driver Based Planning and Budgeting solution
Using
Oracle Enterprise Planning and Budgeting

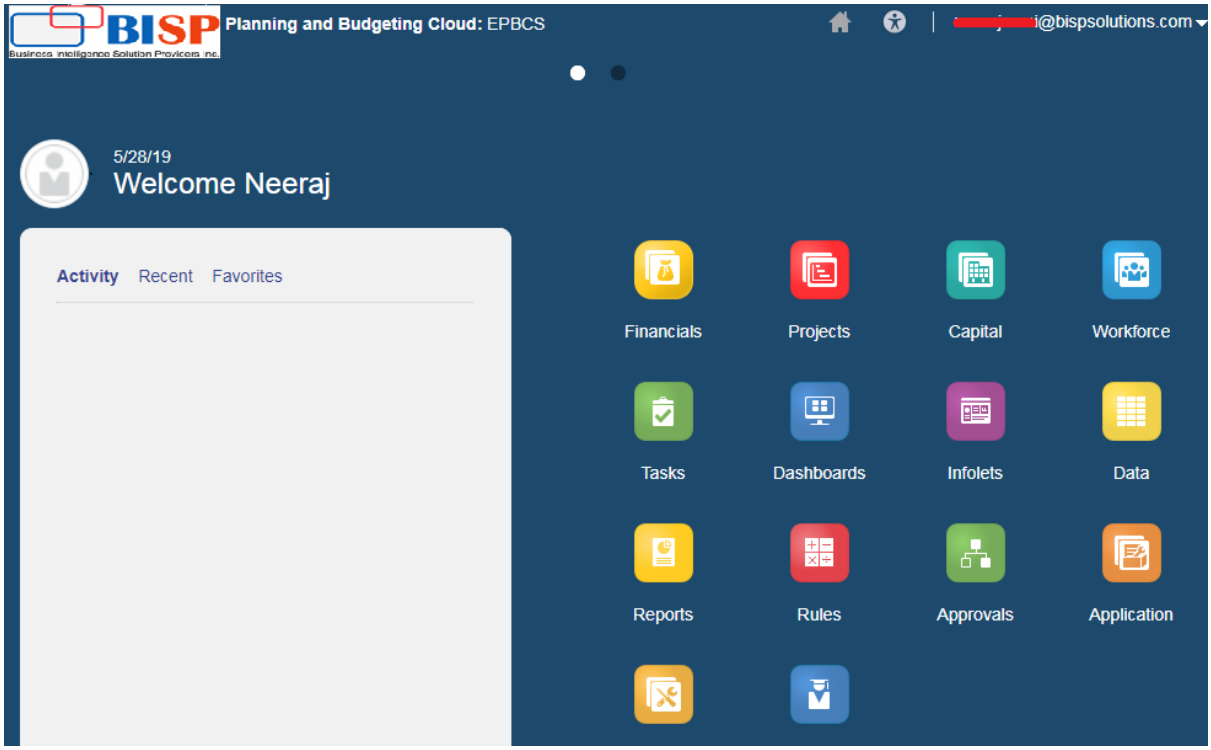
Version History

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



Defining Drivers in Oracle EPBCS

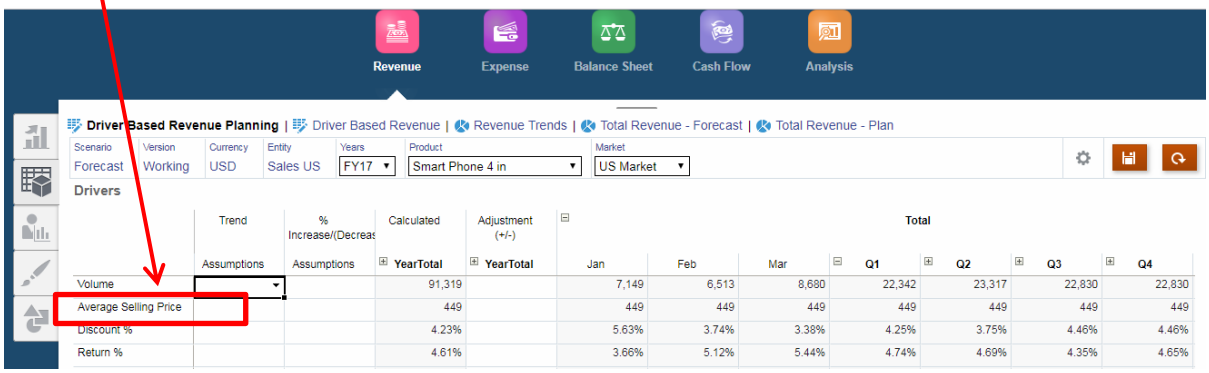
Oracle Enterprise Planning and budgeting facility planners to assign standard and custom defined drivers. These driver values later define to adjustment revenue numbers, i.e Product Return % entails defective product % over all products in order to measure quality of product supply. This parameter has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

Revenue Accounts

Actions | Save | Close

Category: Product Revenue | Component: Product Revenue Drivers

Name	Alias(Default)	Time Balance	Data Storage	Data Type	Smart Lists	Action
OFS_Volume	Volume	Flow	Store	Non Curren	None	...
OFS_Avg Selling Price	Average Selling Price	Average	Store	Non Curren	None	...
OFS_Discount %	Discount %	Average	Store	Percentage	None	...
OFS_Return %	Return %	Average	Store	Percentage	None	...
Product_Revenue_By_Store		Flow	Store	Non Curren	None	...

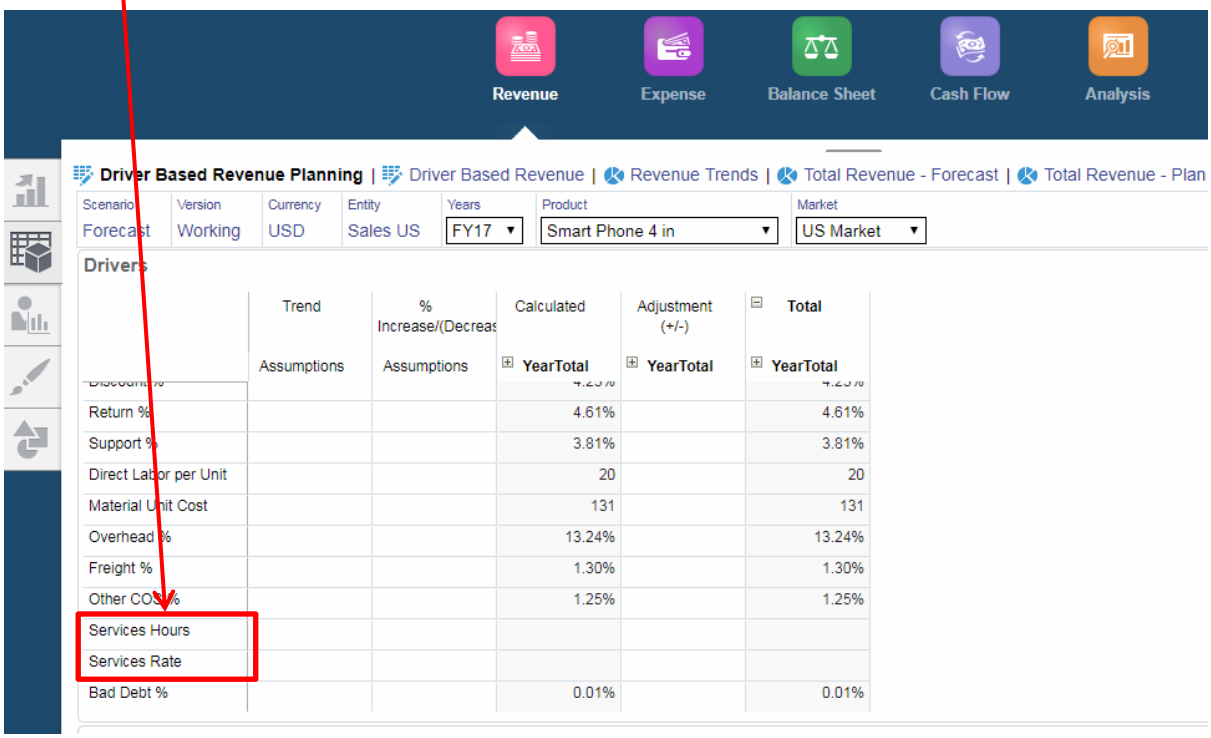


Revenue Accounts

Actions | Save | Close

Category: Services Revenue | Component: Services Revenue Drivers

Name	Alias(Default)	Time Balance	Data Storage	Data Type	Smart Lists	Action
OFS_Services Hours	Services Hours	Flow	Store	Non Curren	None	...
OFS_Services Rate	Services Rate	Average	Store	Non Curren	None	...



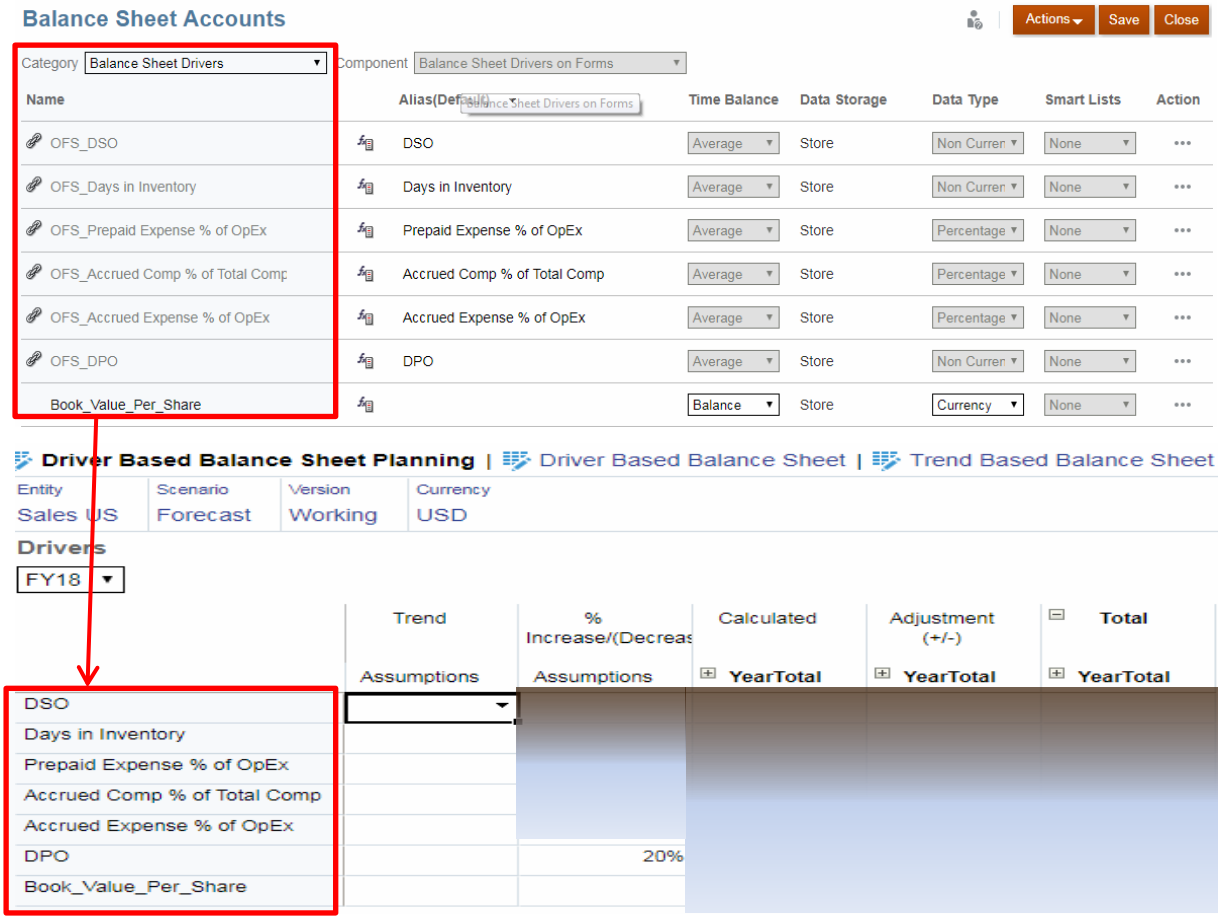
Balance Sheet Drivers

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

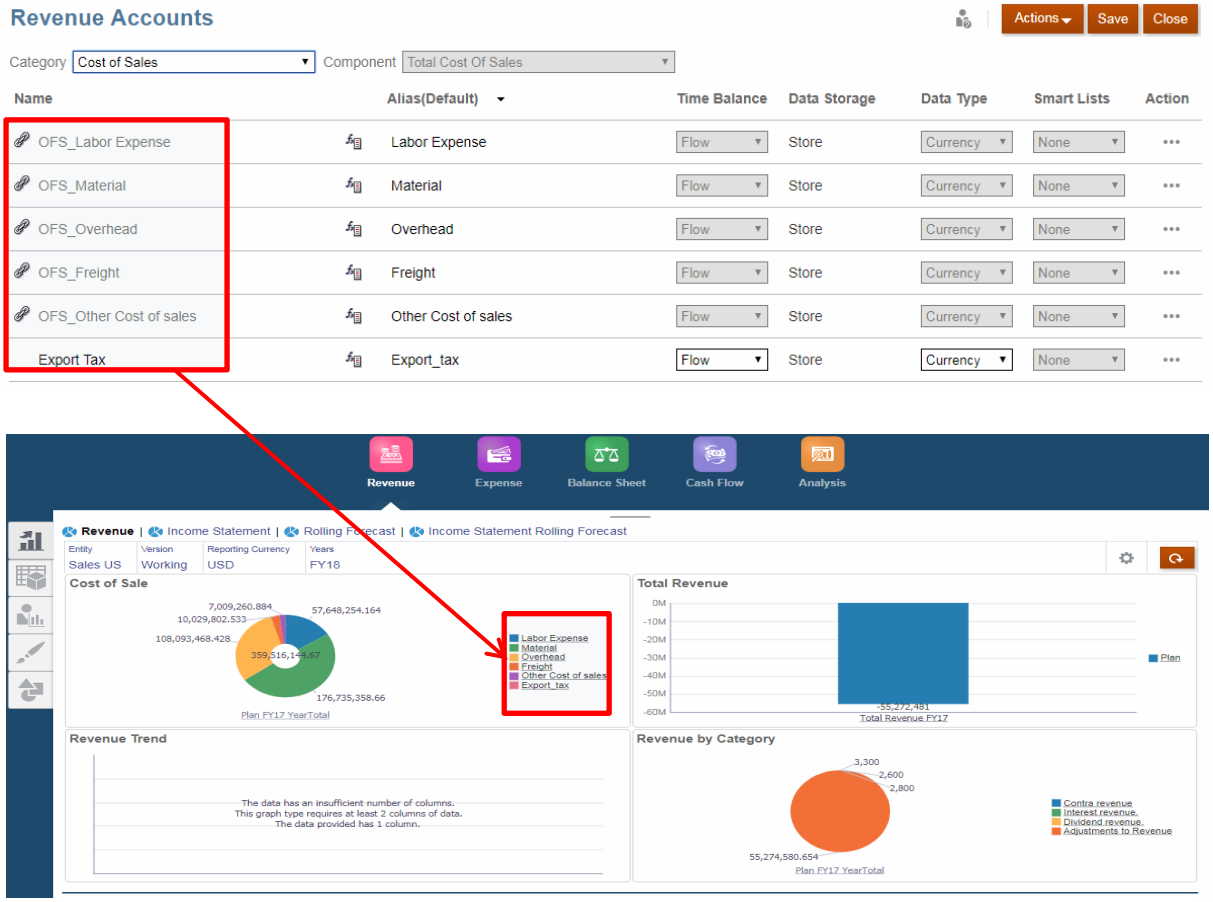
Days of Account Receivable = 365/A/c Receivable Turnover

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



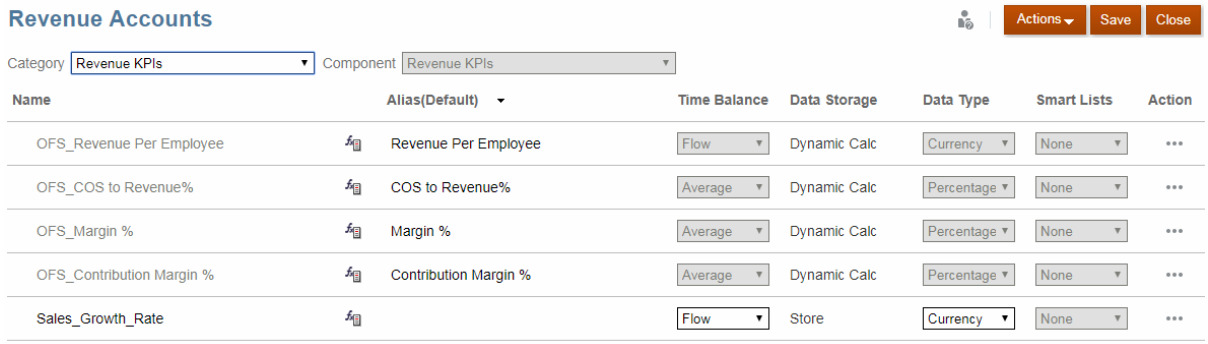
Cost of Sales

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



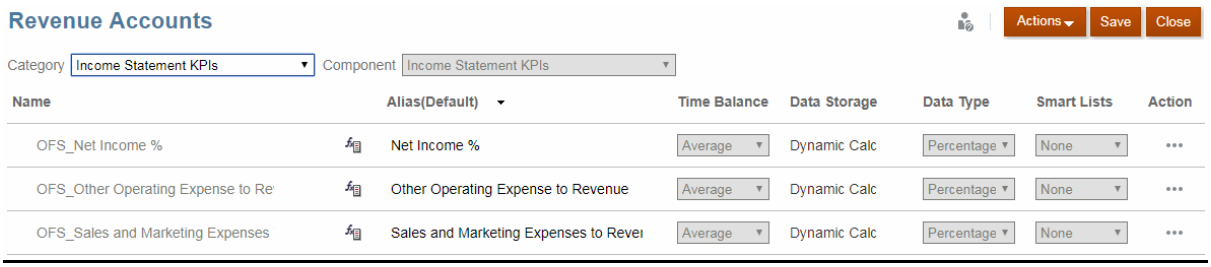
Revenue KPIs

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.



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:



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