



Standardizing Billing and Revenue Management on Oracle for Online Advertising

Presentation for NorCal OAUG Training Day

Date: January 17th, 2008

Track: Order Management

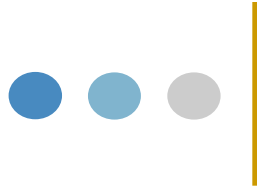
Presented By:

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Managing Partners @ aquarius consulting group llc.



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Agenda

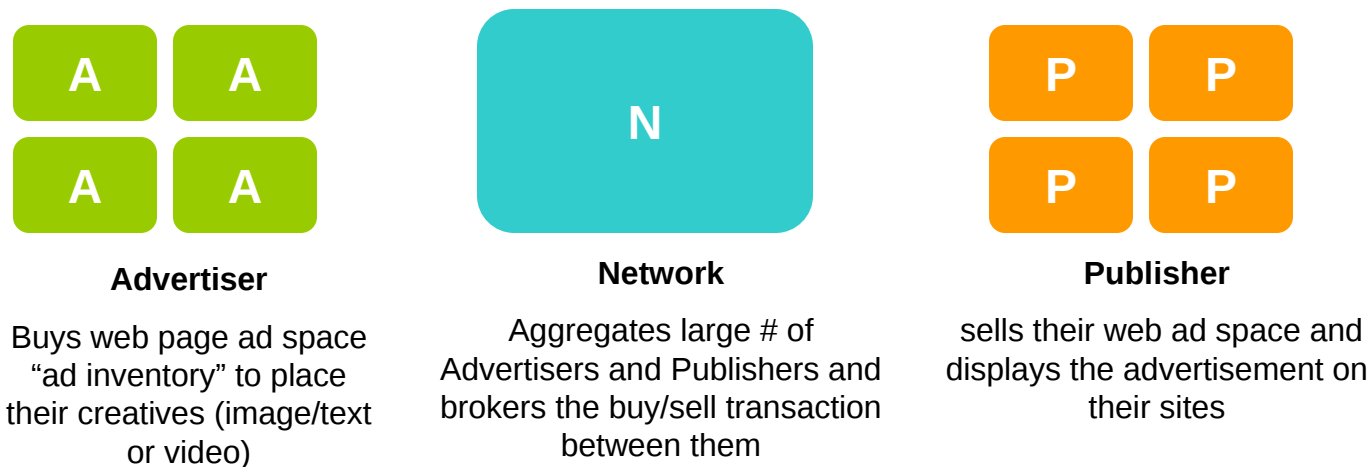
- ▶ Industry Trends and Overview
- ▶ Solution Overview
- ▶ About us



Industry Trends and Overview

Online Advertising | Value Chain

- ▶ Advertising paradigm has changed with migration of revenue from old media to new media (online) and the proliferation of complex distribution channels as a result of technology



- ▶ The complexity in this value chain creates significant operational challenges in the advertising lifecycle – from managing sales, inventory to accurate revenue and collections management



Online Advertising | Trends

Online Ad Spending to touch \$28 Billion in 2008 – up 29% from last year

Source: eMarketer2008

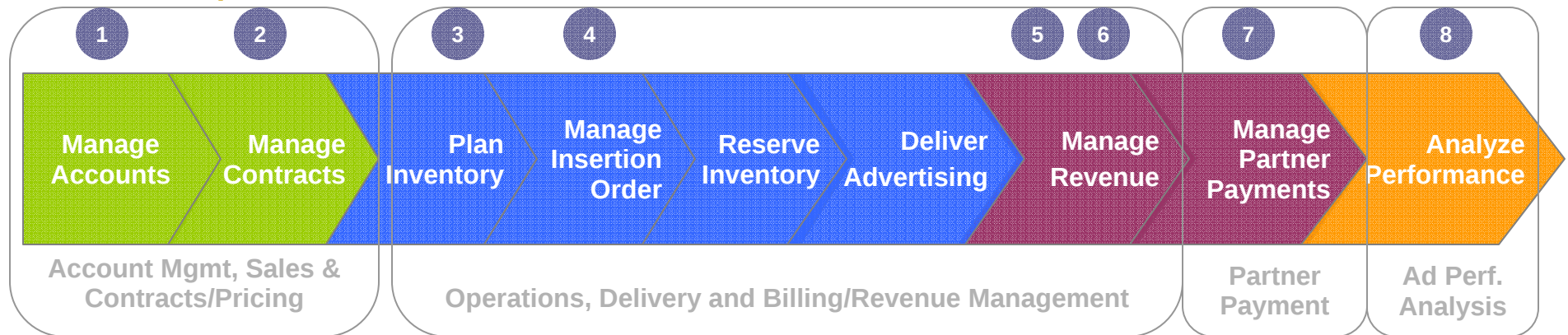
Advertisers will continue to focus on the web due to its inherent measurability

Source: eMarketer2008

Targeted Advertising will have the lions share in 2008 while other forms of social networking marketing ex: search, widgets will draw attention

Source: eMarketer2008

Online Advertising | Key Challenges



- 1 Managing accounts by brand, corporate hierarchy and Ad Agencies (AOR)
- 2 Pricing/Re-pricing and Contract management by account/AOR
- 3 Ad Inventory Planning and Pricing Optimization
- 4 Insertion Order and Ad Server Integration
- 5 3rd Part Billing and Complex Revenue Recognition
- 6 Credits and adjustments
- 7 Affiliate partner payments
- 8 Integrate account performance with impression metrics (click, impressions...)



Solution Overview

- ▶ Order-to-Cash: Key Scenarios & Pain Points
- ▶ Solution & Systems Integration Overview
- ▶ Case Study: Streamline Billing & Rev Rec for Online Media Business





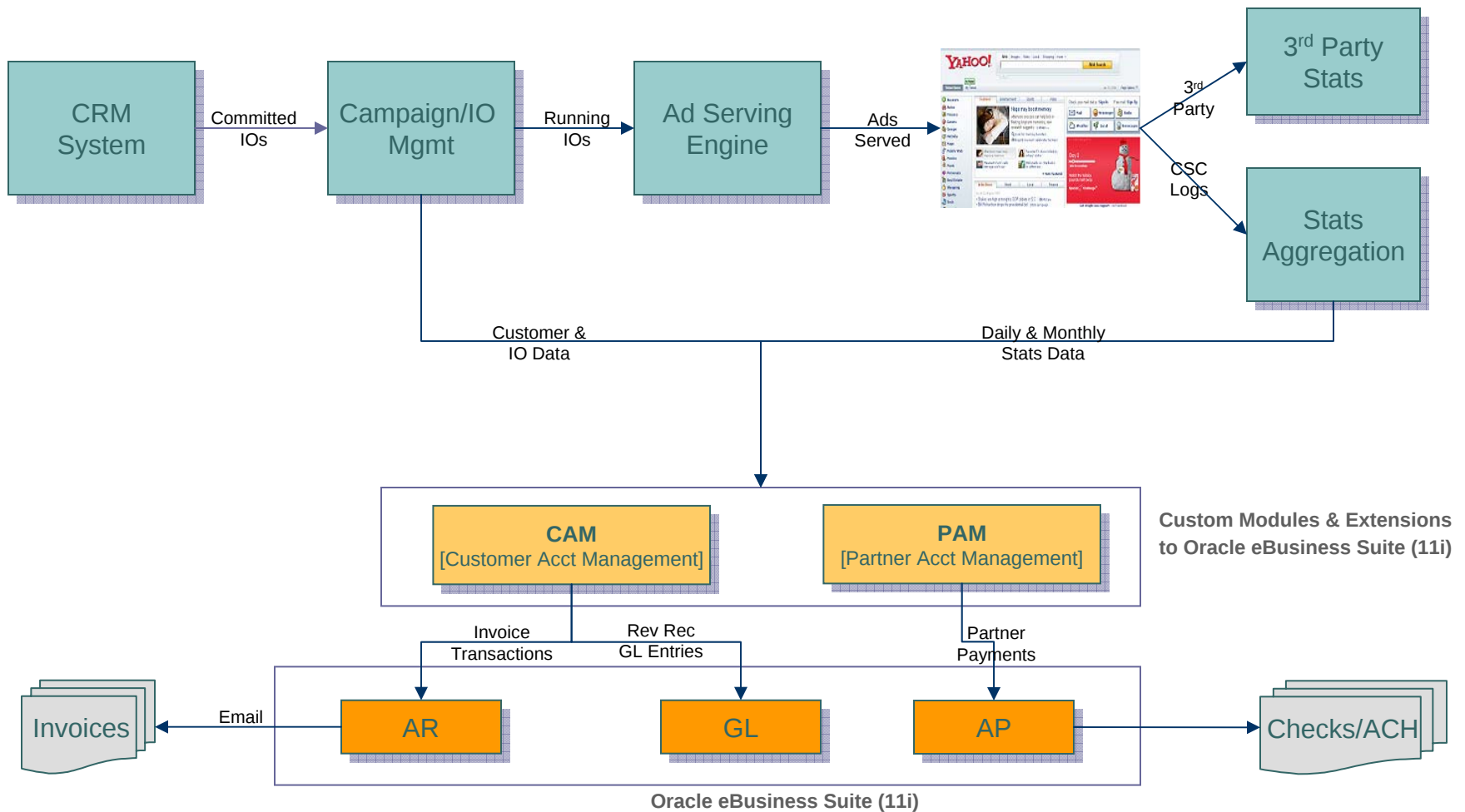
Order-to-Cash: Key Scenarios & Pain Points

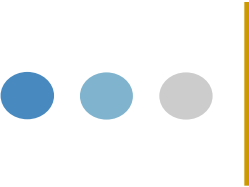
- ▶ Order/Insertion Order (IO) Management:
 - Stop & Transfer an IO line – Impacts Billing & Revenue
 - Cross-Border IOs – Impacts Billing, Revenue & Inter-Company
 - Straight Credits – Impacts Billing & Revenue
 - Make Good – No impact to Billing & Revenue
 - IO Cancellation – Impacts Billing & Revenue
 - RON (Run-of-Network) IO Lines – Impacts Revenue & Rev Distribution

- ▶ Billing/Invoicing:
 - BIA – Billing In Arrears (based on certified stats/logs)
 - Static Billing – Custom Schedule, Calendar Pre-Bill, Calendar Post-Bill etc.
 - Over delivery & CAP adjustments
 - Line Level Details & Electronic Distribution of Invoices
 - Billing based on 3rd party stats – 3rd party stats providers include DART, Atlas etc.

- ▶ Revenue Recognition:
 - Time Based – straight line based rev rec
 - Impression Based – actual delivery based rev rec
 - Over & Under Delivery – Lesser of Cumulative straight line or delivery based rev rec
 - Revenue Distribution for Run-of-Network
 - Revenue Distribution for Cross-Border IOs
 - Revenue Estimation & Forecasting

Solution & Systems Integration Overview





Case Study: Streamline Billing & Rev Rec for Online Display Advertising Business (\$1.5Bil/Yr)

client profile:

- \$6b+ global internet media company
- Advertising business units include Display and Search advertising

key challenges:

- Compliance risks due to homegrown and semi-automated legacy system to process revenue recognition, billing & month-end reconciliation
- Revenue recognition is based on estimation and adjustments (accrual) instead of actual for a month
- Complex and rapidly evolving rev rec rules due to emerging business models (ad exchange etc.)
- Managing IO changes in real-time (stop & transfers, straight credits, cancellation)
- Duplication of Customer records impacting credit and collections processes
- Very difficult to integrate newly acquired businesses on to the existing legacy platform
- Campaign/IO mgmt system is unavailable to Sales for 2-3 days for month-end processing

proposed solution

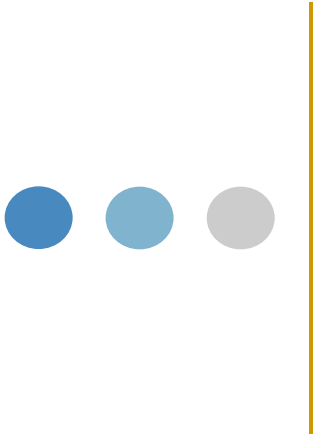
the proposed solution is to standardize and streamline revenue recognition and billing processes on a scalable platform (Oracle) to support the rapidly growing and evolving display advertising business (~\$2Bil in 2008)

► key capabilities:

- Automated and flexible revenue recognition and billing engine (built as extensions to Oracle)
- Revenue recognition is based on actuals
- Single global customer master with consolidated credit and global aging/collections visibility
- Month end close process is much shorter and doesn't impact campaign mgmt (24x7 globally)
- Standardized APIs to enable easier integration of future acquisitions for rev rec and billing

expected benefits

- Compliance risks minimized and mitigated
- Finance team's productivity increased
- Accuracy of revenue reporting improved
- Campaign mgmt is uninterrupted (24x7)
- Scalable platform to support future growth
- Flexibility to enable next-gen business models
- Single source of truth for financials - Oracle



How do we help



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How do we help?

1. **Streamline Billing & Rev Recognition** for Online Media Businesses implementing industry best practices
2. **Streamline Partner Payments** for Online Media Businesses implementing industry best practices
3. **Program Management** of global & cross-functional initiatives including M&A integration
4. **Implement Core Financials & Procure-to-Pay** processes for Online Media Businesses implementing industry best practices



firm quick facts

aquarius | consulting
group

Offices:

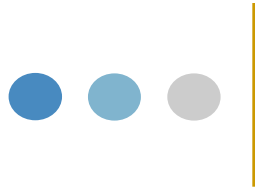
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- ▶ **Founded in late 2006 by experienced professional consulting executives and entrepreneurs**
- ▶ **Boutique, full services consulting firm**
- ▶ **Practice Areas:**
 - **Campaign to Cash solutions for Online Media/Software & Internet Services**
 - **Program Management (ePMO)**
 - **Post M&A Integration**
- ▶ **Industry expertise:**
 - **Online Media**
 - **Software and Internet Services**
- ▶ **Referencable industry leading clients**
- ▶ **Global delivery capability**



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