



# Oracle R12 for Social Media and Online Ad Industry

Presenters

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# Agenda

- Introduction - Infovity
- Social Media and Online Advertising Industry
  - Challenges
  - Solutions
- Oracle R12 Financials - Best Practices
  - Highlights
  - Ledger and Chart of Accounts (COA) Design
  - Translation
  - Consolidation and Financial Reporting
  - Cash Reconciliation
- Customer Speak
- Q&A

# Introduction - Infovity

- Established in 2006
- Consulting
  - Oracle - E-Business Suite, Business Intelligence and Fusion Middleware
  - SOA and Web Services
  - eCommerce Platform
- Managed Services
  - On-Demand Support Model
  - Located in Silicon Valley
  - Personalized and Flexible
- Partial List of Clients:
  - Yelp!
  - LinkedIn
  - Walmart.COM
  - Fox Interactive Media
  - Equinix
  - Fujitsu Computer Systems

# Industry Challenges

Product & Pricing



Billing & Revenue



Integration & Change

# Challenge 1: Product & Pricing

- **Core Products**
  - Subscriptions
  - Online Ads
    - ☐ Impressions
    - ☐ Clicks
- **Pricing**
  - Time based pricing e.g. per Month
  - Unit based pricing e.g. per Unit
  - Auction based pricing
  - Agency Fees
  - Discounts

# Challenge 2: Billing & Revenue

- **Billing**

- Billing Frequency: One time, Monthly, Quarterly, Yearly etc.
- Invoicing Rule: Advance or Arrears
- Free Months (Trial)
- Make Good scenarios
- Cap: Period, Amount, Quantity

- **Revenue Management**

- Amortized revenue for the billing period
- Delivery based revenue
- Immediate on actual billing

# Challenge 3: Integration & Change

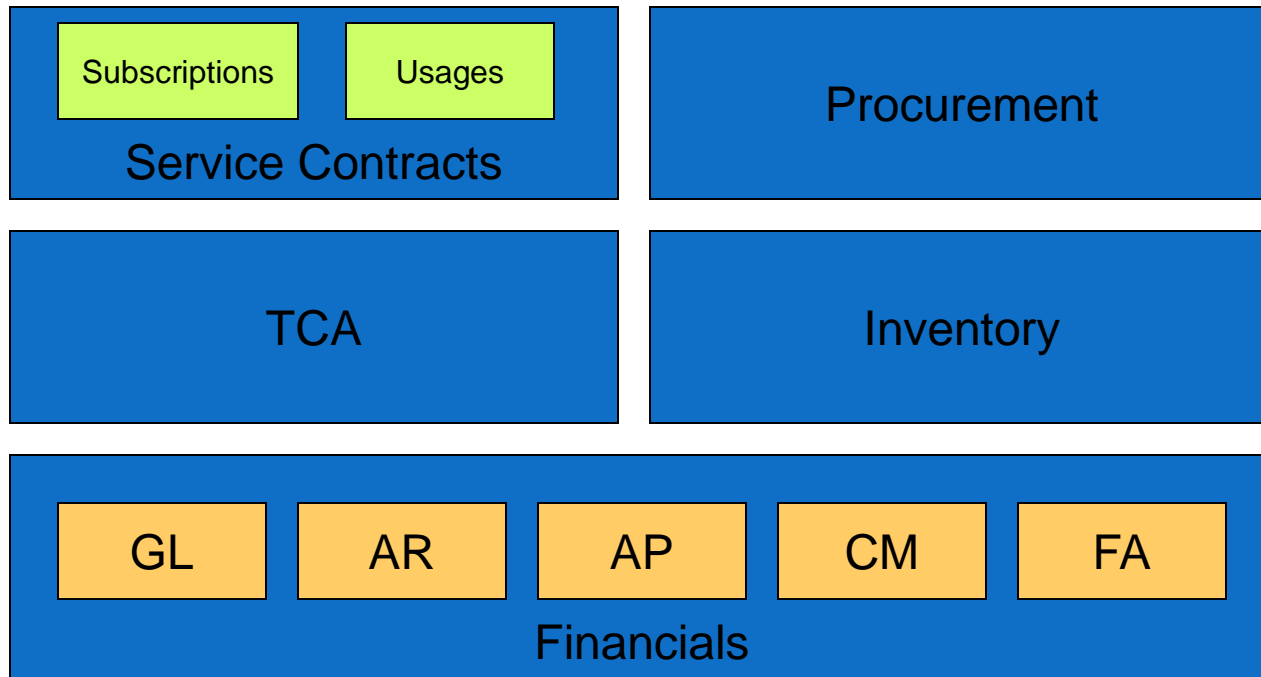
- **Integration**

- Ad Server (Flight Ads, Inventory Management)
- 3<sup>rd</sup> Party System (Actual Deliveries/Clicks)
- CRM (Salesforce.com) and ERP (AR, AP, GL)
- Portal (Online Website)
- Payment Processor

- **Change Management**

- Product Upgrade/Downgrade, Add-Ons
- Extension and Renewals
- Termination
- Credits/Refund
- Price Changes
- Update Run Time
- Re-Allocation of impressions

# Solution - Service Contracts



Financials – GL, AP, AR, CM, FA

Procurement – REQ, PO

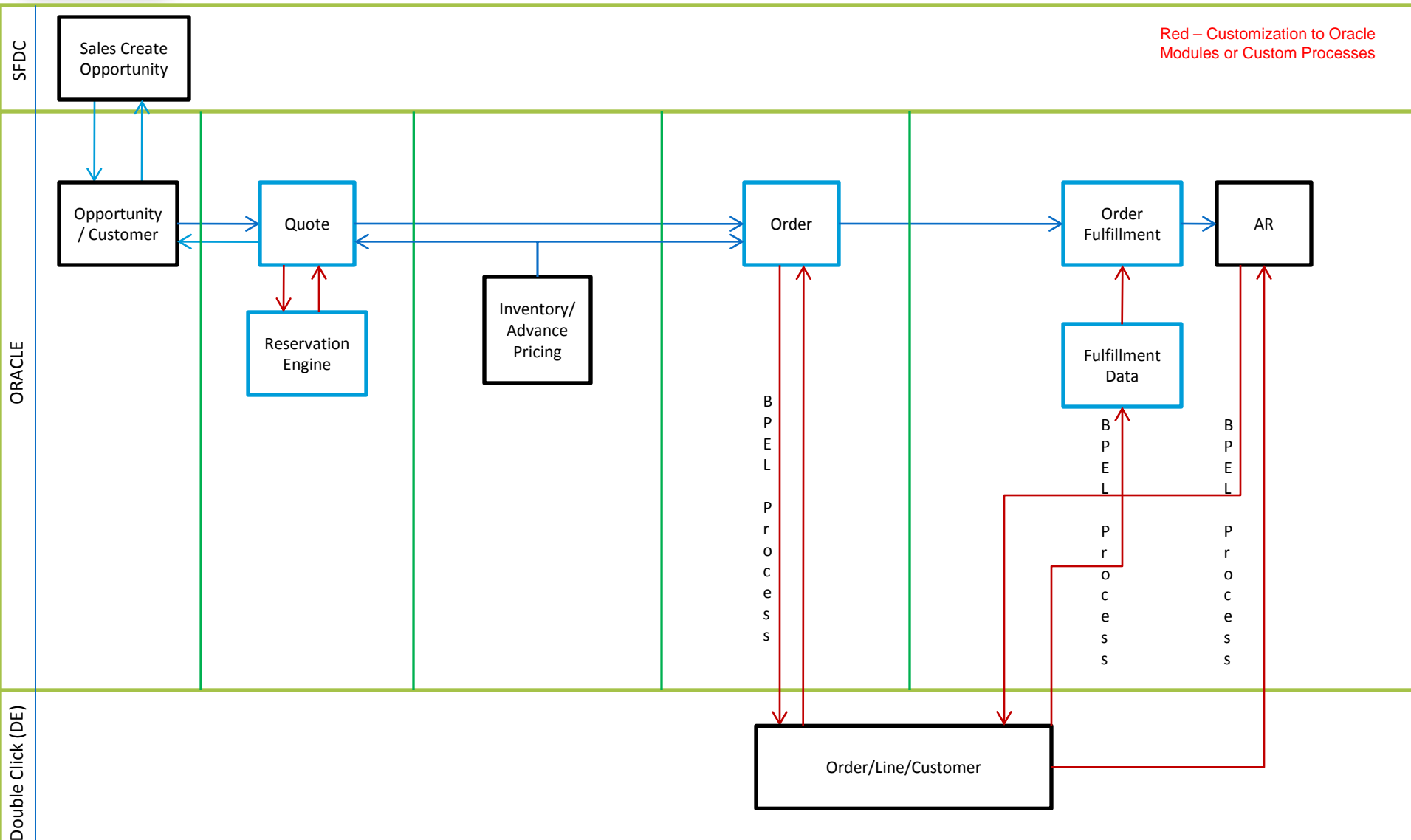
Service Contracts – Subscriptions, Usages

TCA – Customers, Vendors

Inventory



# Solution – Order Management



# Oracle R12 Financial Highlights – Yelp!

- Discovery Workshops to “Go Live” in 15 weeks
- Release 12.1.3 → GL, AP, AR, Cash Management and HRMS
- Financials Blueprint for international rollout of expanded modules
- Migrate GL balances from legacy system
- ADI Upload and Excel Macros for *Account mapping* and *loading*
- Close FY2010 Financial Books in Oracle

# Implementation Options

## 1. Single versus Multiple Chart of Accounts

- ☐ Unified Chart of Accounts for all entities
- ☐ All segments are shared
- ☐ Low maintenance

## 2. Legal Entity to Ledger Mapping ( M:1 and 1:1)

- ☐ Each Legal Entity is mapped to a Ledger to accommodate legal requirements
- ☐ Assign Balancing segment to Legal Entity (secure transaction entry)
- ☐ Define Intercompany Relationships between Legal entities
- ☐ Debated mapping of many Legal Entities to a Single Ledger

# Chart of Accounts

## Best Practices

- Global Design leads to low maintenance
- Accommodate management/reporting/legal requirements
- Handle current business as well as future growth
- Manageable size leads to easier entry/maintenance and performance
- Plan number of Segments. Adding new segments can be fun!
- Assign account range with buffer for new accounts
- Plan Parent Child Hierarchies from a Reporting perspective

## Key Drivers

- Know the subsidiaries, how they interact (Intercompany)
- Industry/Regional considerations (segment for VAT)
- Track Department level costs and Assets

# Legal Entity – Ledger Mapping

1 Ledger : 1 Legal Entity	1 Ledger : Many Legal Entities
Secure transactions by Ledger	Secure Transactions by Company Code (Balancing Segment Value)
Open and close periods for each Ledger	Fewer Ledgers and less maintenance
May need additional Consolidations	Simpler Reporting and fewer Consolidations
Run Translation for every EUR Ledger (EUR to USD)	Run Translation once (EUR to USD)
No Impact on Intercompany. Each Country is represented as a Legal Entity in both models	

# Ledger Architecture

- Each entity has its own ledger
- Local currency is the primary/functional currency
- Assign Legal Entity to Ledger, assign unique Balancing segment Value for each Legal Entity (eliminates Segment Security rules)
- International entities are translated to multiple reporting currencies
  - Example: UK (GBP) to EUR and USD balances
- Reporting currencies are created automatically during Translation
- Ledger sets group Ledgers for (geographical) Segment reporting
- All USD Balances transferred to Consol. Ledger for Consolidations

# Translation

- Translation to be performed from current financial year (2011)
- Initialize prior year end translated balances
- Perform Translation from 1<sup>st</sup> month of current year
  - ❑ Prior year balances are used to compute the current period activity
- Use Historical rates for Equity related accounts
- Translation using Current Rate method
- Ledger sets to streamline translation runs across multiple ledgers

# Consolidation and Financial Reporting

## International

### Ledger Sets with Financial Statement Generator

- Consolidate and report using Ledger Sets; no need to run Consolidation processes
- Ledger sets to group Ledgers by Chart of Accounts and Calendar
- Run USD Translation for all the International ledgers in a single step
- Build FSG to report on all International entities and consolidated amounts
  - ❑ Use Column set for each Ledger, last column set uses Ledger set



# Consolidation and Financial Reporting

## Global

### **Consolidation processes (Transfer) and FSGs**

- Transfer US Financials to Consol. Ledger
- International USD Balances loaded to Consol. Ledger using ADI
- Book Intercompany Eliminations on a separate Balancing Segment
- Report Consolidated Financials after adjusting for I/C Eliminations
- Generate (FSG) reports Entity wise Financial Statements ( P&L, B/S)
- Generate entity specific financial reporting (P&L, B/S, Cash flow, Expense Analysis)

# Cash Reconciliation

## Initial Phase

- Reconcile all Payments automatically
- Manually reconcile Cash/Miscellaneous receipts
- Wire Payments made outside the system are reconciled manually ( reconciled to a dummy payment booked in Oracle)
- Ignore Sweep in/ Sweep out transactions
- Convert all remaining Bank Statement lines to Journal entries
- Manually reconcile the journal lines to Bank Statement lines
- This process ensures all Bank statement lines are accounted in Oracle

## Next Phase

- Create Cash flows from Bank Statement lines (using Cash Flow Mapping)
- Auto-reconcile Cash flows to Bank Statements

# Customer Speak

“Infovity has been a great partner throughout our Oracle Financials and HRMS implementation. Their team of experts ensured that we went live in 15 weeks - on-time and under budget, without compromising on any functionality. Their attention to detail and willingness to listen to our needs was extremely important to Yelp. We look forward to a successful long term partnership with Infovity”

**-- Vlado Herman, CFO, Yelp**

“I recommend Infovity for customers who want high quality work from very experienced resources without the glossy presentations and hierarchical structure. Their simple approach and focus on getting the job done was a refreshing change from their larger more "corporate" counterparts.”

**-- Kent Buller, Controller, LinkedIn**

# Thank You - Q&A

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