



Oracle Cloud EPM: Transform financial consolidation practices and meet IFRS standards

Evolving regulatory landscapes pose various challenges to CFO offices around the globe, demanding robust systems for compliance, data protection, and balancing ethical considerations. Cybersecurity threats and digital transformation further complicate financial operations. The ongoing digital transformation requires CFOs to adapt to new technologies and innovate financial processes to stay competitive in today's dynamic business environment.

These challenges are impacting all finance processes:

- **Financial consolidation:** Changes to the International Financial Reporting Standards (IFRS) are impacting financial reporting and compliance across operations and regions. Adapting to new standards and reconciling consolidated financials with management reports is challenging, especially for large corporations. The introduction of IFRS 18, in response to investors' demand for increased transparency regarding financial performance, will drive companies to redefine their income statement and cash flow statement and enhance their disclosures, e.g., requiring the addition of management-defined performance measures (MPMs).
- **Environmental, social, and governance (ESG) and sustainability:** Many countries are introducing new ESG guidelines and mandates that demand corporate transparency regarding ESG impacts. Companies must integrate ESG into their strategies, addressing risks to avoid reputational harm and regulatory penalties. ESG is also seen as a driver for innovation and competitive edge.
 - Some of these mandates include:**
 - Business Responsibility and Sustainability Report (BRSR)
 - Canadian Standards Association (CSA)
 - Corporate Sustainability Reporting Directive (CSRD)
 - Global Reporting Initiative (GRI)
 - Streamlined Energy and Carbon Reporting (SECR)
 - Sustainable Finance Disclosure Regulation (SFDR)
- **Tax reporting:** Multinational enterprises must quickly adapt to the Organization for Economic Co-operation and Development's BEPS Pillar 2 rules, setting a global minimum tax rate to curb profit shifting and tax avoidance. This aligns with international tax norms and addresses the challenge of digitalization. Finance and tax teams must prepare for material impacts and data collection for timely compliance.

- **Financial planning and analysis (FP&A):** Corporations face hurdles in data consolidation, affecting access to accurate data for analysis and forecasting. Volatility requires refined models for reliable predictions and strategic decision making. FP&A must navigate regulatory changes, ensuring accuracy and adherence to stringent reporting standards.

As the existing financial tools – such as Hyperion – used to manage these challenges are becoming obsolete, forward-thinking organizations are replacing them with comprehensive solutions like Oracle Cloud EPM, which offers scalability, flexibility, cost-effectiveness, and integration capabilities. Oracle Cloud EPM's features include:

- **Cloud-native architecture:** Simplifies maintenance and updates, providing accessibility and scalability.
- **Cost effectiveness:** Reduces long-term costs through SaaS pricing models.
- **Out-of-the-box capabilities:** Includes functionalities like cash flow management and foreign currency exchange.
- **Embedded AI and automation:** Enhances decision-making and automates tasks.
- **Continuous innovation:** Monthly updates ensure access to the latest features.
- **Integration and interoperability:** Seamless integration with other cloud applications and systems.

Financial consolidation in detail

Oracle Cloud EPM excels in financial consolidation, addressing the evolving requirements of IFRS, including IFRS 18. The tool supports complex consolidation processes, such as investment eliminations, minority interest calculations, and goodwill adjustments. The cash flow automation feature is a significant advantage, offering predefined, semi-automated cash flow reporting templates that can be customized as needed. The multi-GAAP dimension provides an array of opportunities for accommodating and processing various accounting GAAPs seamlessly within a singular application framework.

Oracle's IFRS starter kit facilitates compliance with various IFRS standards. The consolidation module effectively handles eliminations and consolidations up the entity tree, translating foreign currencies and automating these processes through dimensionality without the need for extensive coding.

The seamless integration with other modules, such as tax reporting and ESG, enhances data reconciliation and reporting accuracy. Features like the data discovery tool aid in understanding complex calculations, while customizable navigation flows improve user experience across the EPM Cloud portfolio.

Oracle Cloud EPM is highly recommended for large corporations for its robustness, flexibility, and comprehensive capabilities, ensuring compliance with CSRD, IFRS, BEPS Pillar 2, and other evolving regulations. It maintains the legacy of Hyperion as the gold standard in enterprise performance management, but in the cloud environment of the future.



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