

**Things to Consider When
Considering an Oracle Hyperion
Financial Management
Implementation or Upgrade**

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About the Author

Mike Arnoldy has over twenty years of experience in all phases of design, development, and implementation of financial applications. He has exceptional problem solving and architecting skills with a strong technical background. He specializes in financial consolidation applications that include complex calculations, foreign currency translation, inter-company/equity eliminations and varied reporting requirements to satisfy both external and management reporting needs. Mike is also a Certified Public Accountant.

About TopDown Consulting

Founded in 2000, TopDown Consulting is the preferred Hyperion/EPM solution partner for many of the largest and best performing Global 2000 companies. TopDown's repeatable, scalable engagement methodology specifically considers an organization's unique business requirements and accommodates them through technology, process, and best practices gathered from years of working with leading companies across all industries. As an Oracle Certified Advantage Partner, TopDown Consulting is a recognized leader in strategy, assessment, implementation, and optimization of Hyperion solutions. TopDown's exclusive focus on client self-sufficiency and commitment to client success is why hundreds of industry leaders consider TopDown Consulting to be trusted advisor and indispensable partner for addressing all EPM challenges.

Executive Summary

Detailed and up-to-the-minute financial reporting has become a mandatory requirement worldwide. To meet these stricter demands, companies often look to upgrade or implement a consolidation tool, such as Oracle Hyperion Financial Management (“HFM”). As with any large undertaking, this decision requires some consideration to help determine if you are ready to upgrade or implement HFM, a world-class financial reporting and operational analysis tool.

While every company has distinct priorities, there are a myriad of topics arise during the evaluation process that are similar for many organizations. While not a complete list, some of these considerations include resource efforts, efficiency gains, reporting requirements, and maintenance once the consultants have left the building.

The following pages include examples and topics provided through the eyes of Mike Arnoldy, a Certified Public Accountant and HFM consultant with over 20 years experience in all phases of design, development, and implementation of financial applications. These chapters are not meant to be all-encompassing discussions, instead they provide insight to and offer questions for decision-makers to consider when assessing the consolidation needs of the company.

In “Hyperion Financial Management—Living the Dream”, Arnoldy talks about the comfort of the predecessor to HFM, Hyperion Enterprise. He addresses some of the benefits gained as the result of an upgrade from Enterprise to HFM, and why his own “nostalgia” proves fleeting.

In his discussion, “Hyperion Financial Management Implementations—How Long Will It Take?”, Arnoldy reviews the most common question raised by a project sponsor, and he addresses some of the considerations regarding the project life-cycle, he outlines some of the factors that make a project successful and what activities can derail even the most thought out project timeline. Commitment of resources coupled with a disciplined approach to project scope are discussed as success factors, but decisions related to that seemingly harmless activity of data validation can create an unsuspecting project “minefield”.

“SmartView and Financial Reporting—Frenemies?” discusses two reporting tools and provides high-level pros and cons for each. One of the most important aspects of an HFM implementation is getting reliable data out of the system. While there are “rival” solutions to reporting, Arnoldy provides examples from two companies and outlines the benefits and constraints that each tool provided in each instance.

HFM handles translation activities with “out-of-the-box” functionality that is easy to setup and use. However, as any Accounting group will attest, this doesn’t cover all translation requirements in one fell swoop. Arnoldy provides insight into two approaches in “Currency Translations in Financial Management — Historical Rates versus Dollar Overrides.” Decision makers will benefit from Arnoldy’s implementation experience in this quick overview of two methods for addressing this translation requirement, including the level of maintenance required for each.

And finally, Arnoldy has not lost sight of the audience and owner of the application once Go Live is established and the consultants and implementation team have completed their tasks. One of the competitive criticisms of HFM has been the Rules file. While this component of HFM provides a great deal of functionality and flexibility, it can be a bit daunting when seen by an Accountant for the first time. In the discussion, “Falling in Love with Oracle Hyperion Calculation Manager”, Arnoldy identifies with the comfort of a VBScript-type Rules file and how he overcame his initial reticence to move to the GUI interface component, “Calc Manager” available in the latest version release of HFM.

These discussions are snippets of information that provide guidance for project sponsors, or assessment teams, as they evaluate and assess the tools available to give their organization a more competitive edge. The goal is to provoke discussion and questions that help teams determine what they need and how HFM can meet the consolidation requirements of their company.

Hyperion Financial Management—Living the Dream

It has been nearly 10 years since Hyperion Financial Management was first released. Yet, after all this time, many companies are still using Hyperion Enterprise. During the past year, I have consulted at several of them. Now I admit feeling nostalgic over seeing my old Enterprise friend again. But the magic quickly fades and I am once again reminded why I actually prefer Financial Management.

1. With Financial Management, I have the ability to put any dimension, in any order on a data grid. It is easy to drill into a number and see exactly where it comes from. If I need to see data in a different way, I can just change the grid. In Enterprise a data grid is a data grid—no changes allowed. In Financial Management, I get to look at accounts in rows and periods in the columns, or vice versa
2. Financial Management allows me to worry (in a good way) over what to do with all of the custom dimensions. The possibilities are unlimited. I can designate a dimension that lets me track data by source such as different types of adjustments and/or data that is loaded versus data that is calculated. I can put in product detail, roll-forward detail, function or customers. In Enterprise, my worry focused on what I had to compromise to capture the required detail. Sure, you can build some of this using entities or subaccounts, but the Financial Management options are far more robust.
3. Financial Management allows me to dream of ways to write the rules, in as few lines as possible, using loops, variables, and all sorts of wonderful things. I admit that when I first saw the rules, they were more than a little intimidating. But I have found that with Financial Management, I can write dynamic rules that utilize account labels to drive the calculations. There is incredible flexibility and power with the VBScript. And with the new Calculation Manager, there is now a graphical interface that makes that scary looking code easy to read even for accountants. In Enterprise, I had to laboriously write the same line over and over changing perhaps one account per line. And the maintenance is much more intensive as you make changes to your application.

Now Enterprise has made some advances over the years—allowing SmartView access helped address some of the reporting differences. There is also some web functionality now that has improved from the first attempts. But Enterprise is still living in the past while Financial Management is heading toward the future. Someday, probably soon, Enterprise will join its predecessor, MicroControl and I don't think I will miss either.

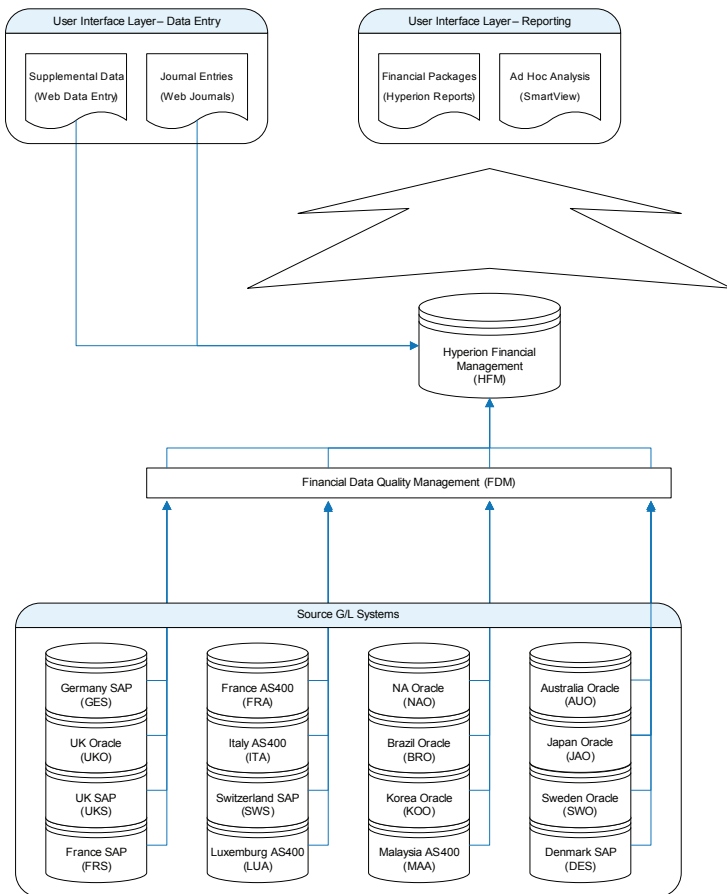
Data Transformation Specification						
Data File: Actuals from source G/L systems (Oracle, SAP, AS400)						
File Format: Delimited text file or fixed-length fields, no column headers required						
Column Order: The value column should be last. The ordering of the other columns does not matter.						
Periodic/YTD Balance: All data should be YTD only						
Historical Requirements: No history required.						
Go-Forward File Requirements: One month of data per file						
Go-Forward Frequency: Ideally once per month. Based on correction it may require 2-3 times per month.						
Selection Criteria: Exclude all zero values; include only local currency values						
Required Fields (Order not important, except value columns should be last; additional columns/fields will be ignored)						
Plant	Cost Center	Accounts	ICP	Product Group	Movement	Value
Sample Data Records from Oracle CAD Trial Balance Dec 06 - Canadian Set of Books						
Acct	Description	Accounting Flexfield		Beginning Balance	Period Activity	Ending Balance
4501010	Exchg Loss/Gain-Oth-	300.00000000	4501010.000.0000.0000007.000	138,698.15	910,490.79	1,049,188.94
4501010	Exchg Loss/Gain-Oth-	300.00000000	4501010.000.0000.0000008.000	(1,013,129.99)	0.00	(1,013,129.99)
Plant	Cost Center	Accounts	ICP	Product Group	Value	

Hyperion Financial Management Implementations—How Long Will It Take?

The previous chapter, Hyperion Financial Management—Living the Dream, outlines the HFM possibilities available to you and your team. It is the perfect stepping stone for moving out of the comfort of Hyperion Enterprise and into the future of HFM and all the functionality and flexibility that it will provide. Next up is consideration of the reality associated with upgrading your monthly consolidation activities, and then the questions begin.

When a company begins looking at a Hyperion Financial Management implementation, one of the first questions they ask is how long it will take. Well, I don't have a crystal ball that will tell me how long their implementation will take, but I can give them some insight into what I have seen during numerous implementations.

I have had projects that have taken only three months from design to Go Live. I have also had projects flounder for a year and not Go Live. Most projects fall somewhere between these extremes.



So why is one project quick and successful and another never ending? There are numerous variables that go into the equation.

Commitment – Successful projects have this, and I mean really have it. Everyone says they are committed to the project. They will make the resources available when needed. But then, monthly and quarter closes impact the schedule. Other corporate initiatives impact the schedule and the next thing you have is delays. For example, I have had projects where the project team can only work on the project for one or two weeks a month. Without resources, the project does not get done. Often, the projects that I have done in three months were the result of a merger. The company had no alternative to report their earnings if they did not complete the project by a certain date. In these cases I had real commitment. I had a dedicated project team working in a war room the entire time. The team members didn't have a cubicle outside of the war room during the project. Completing the project on time was literally their sole focus and only task.

Scope- Successful projects always have a tightly defined scope that is strictly adhered to during the project. These scopes are absolutely not without flexibility though. To accommodate things that come up during a project while adhering to the scope, the overriding question related to everything in scope is "Do we need this to Go Live?" is continually asked. If we do not need it, it is deferred. Utilizing this approach will often lead to a Phase 2 and Phase 3 following Go Live. These additional phases are where the items not necessary for Go Live, but are nice to have items, get accommodated. The best part about this approach is that it creates a sense of accomplishment and a point where the team can celebrate after each phase is complete.

Data Validation – Data validation is the single worst task in an implementation—in other words, one big minefield. The effort required is always underestimated in that many companies have grand ideas about how many years of history they want to load without considering the effort to validate it. For example, at an Enterprise implementation, the client thought they would load five or six years of history. After we started and the reality of the time to validate that data came to light, it didn't happen. A few years later, I implemented Financial Management. When I asked the question, "How much historical data do you want to load?", they replied, "Last year only." They'd learned their lesson. In sum, to do your reporting, you need this year and last year for comparisons. These two years should be the only historical data you should plan on loading. Period. Adding to the above, there are really two things that impact how difficult the data validation will be:

1. Your current consolidation system—if it is Excel, we will find every single error in your spreadsheets. And there will be errors. Generally, the validation is easier if Enterprise is your current consolidation tool.
2. How much is changing in the application as it migrates to Financial Management. This is where the complexity comes in. If the level of detail is changing or the hierarchies are changing significantly, it is more difficult to find common points that should tie together. Examples are loading data in local currency during the implementation, or changing the intercompany process. Both of these add complexity and time to the validation effort. In the next chapter there is a discussion about the use of SmartView vs. Financial Reports. Data validation is a good activity to consider where these tools can provide some benefit to the project team during implementation and not just after Go Live.

So how long will your Financial Management implementation take? I can't give you a definite answer, but I can give you some things to think about as you begin to plan the project that will impact how long and how successful that project will be.

SmartView and Financial Reporting—Frenemies?

Companies implementing Financial Management always get excited about SmartView. Most of the users are accountants after all. Excel is their answer to everything; it is a spreadsheet, word processor, database, so they see SmartView and think, “Now Excel can be my report writer for Financial Management.” Everybody knows how to use Excel, so training will be minimal. They are in heaven!

Well not so fast. In my experience there is no one tool that is the perfect for all reporting. Each has strengths and weaknesses. I have recently worked with two companies, I’ll call them Company A and Company B, who initially went down the “SmartView for everything” path but later retreated to and now see that Financial Reporting has its place. Let’s look at their experiences.

Company A

The Company A had been live on financial management for several years. But within the organization, Financial Management was seen only has a tool for the corporate decision makers. This company had not built many reports in Financial Reporting. Users In the divisions had access to the application, had been trained on SmartView, but just did not use Financial Management. Why? When we talked with the users, we really found out they did not understand the dimensions in Financial Management. SmartView requires that the users understand all of the dimensions to build a reports. Without that knowledge, it is very difficult to create a report. New or casual users do not have that familiarity.

Our solution was to build a set of financial statements using basic Financial Reporting functionality that would let a user “Explore” their data. These reports were built both with expansions and related content so users could drill into a number. Users could get to various, alternate views of a number. All of this was possible without users having to have complete knowledge of all of the dimensions. The point of view, “POV”, was designed so that the correct members were selected. Users only needed to choose a company, period and year. The results were that users in the divisions now actually use Financial Management. There is less off line reporting compiled and everyone is actually looking at one version of the truth.

Company B

Company B is a company that initially thought SmartView would be their primary reporting tool. They went live with Phase 1 of their application and were nearing the rollout out of Phase 2. Users were reporting that there was no way to get the reporting the way they needed. They were literally at the point where two years into the project, they might need to stop and do a redesign/rebuild.

This company had all of the information they needed in their accounts and custom dimensions, but the combinations of these required for the reporting was just too complex for SmartView. It was a challenge in Financial Reporting, but prototypes to prove out the design were built in a few days. This company now has a better understanding that Financial Reporting does have its strengths. They are currently expanding their catalog of reports.

When developing your reporting strategy, keep in mind that there is no perfect reporting tool. Financial Reporting is great for your standard formatted reporting package. It is also very useful for new or casual users since you can limit the dimensions that users have to set. SmartView is good for the more advanced users who are familiar with all of the dimensions. It is also good for quick, ad hoc reporting and analysis.

See, even rival reporting solutions can find a way to be friendly, making reporting easier for everyone.

Currency Translations in Financial Management — Historical Rates versus Dollar Overrides

We move from “rival” reporting tools to “rival” translation techniques in HFM. Both obtain the same outcome, but which one is best for you? One of the best times to look for improvements in your Financial Management application is during an upgrade. A good place for global companies to start is how the application is handling translations for multiple local currencies. Recent experience has shown me that companies can realize immediate benefits by taking a second look at currency translations and how they are set up.

Hyperion Financial Management, for example, does a great job with out-of-the-box functionality to perform currency translations. Generally, the balance sheet is translated at the end of month rate, and the income statement using an average rate. Set up is easy—assign a currency to your entities, enter the rates, and the system does the translating.

What happens, though, when you run into translation requirements that are outside of the capabilities of the out-of-the-box functionality? For example, accounts primarily in the balance sheet. The activity in these accounts is always translated on the date of the transaction at the spot rate. The translated amount is then added to the translated beginning balance to get the new translated ending balance. These accounts usually have little activity—maybe a few transactions per year if any—hence this type of activity is one that is handled differently.

In my experience, there are two methods available to handle this type of translation:

1.	Historical rates
2.	Dollar overrides

Historical rates require that you set up additional rate accounts and add rules so that target accounts will use the historical rate accounts during translation. A blended rate is calculated for every point that a translation needs to occur. The blended rate will need to be updated for any transactions that occur.

Dollar overrides require that you set up an account for each one that will require translation at a rate other than the end-of-month rate. Instead of entering a rate in these accounts, the actual amount in dollars is entered. You then need to add rules to override the amount that is translated using the default translation rates with this dollar amount.

So which is better? It is tough to say. However, given the struggles I’ve witnessed clients undergo when it comes to updating the blended rates every time an entity hierarchy changes, a new transaction occurs, or when you want to force a translation into dollars at a new point on the hierarchy, my vote stays with the dollar overrides. Here’s why: If the hierarchy changes, the dollar override accounts still have the proper amounts that will aggregate and be available wherever the translation is done. You can build the process so that new overrides can be added with only a metadata change, no changes to the rules required. And you can set up overrides so that the override amount will roll from period to period automatically and only be updated when a transaction occurs.

Whether your preference is dollar overrides (as mine is) or the historic rate approach, understanding the maintenance considerations associated with each as well as who will “own” the system after Go Live will help you determine which is best for your company.

Falling in Love with Oracle Hyperion Calculation Manager

The recent release of Hyperion 11.1.2.1 means that it is once again time to consider an upgrade of your current Hyperion application (s). For companies using older versions of Hyperion Financial Management (HFM), the EPMA and Calculation Manager platforms are topics that come up during the consideration process. Just as the previous chapter described differing translation approaches, Calc Manager is another way to provide functionality within HFM that may be a better fit for your company than the VBScript-type Rules file. Many years ago when I first heard rumors that a GUI interface for writing rules was being developed, I was very skeptical. I knew that Hyperion's competitors viewed the HFM rules as a weakness, wanting Hyperion to have to "show the rules" during a sales cycle. Clients I had were all excited about the possibilities of this tool. I, on the other hand, was very comfortable using VBScript. However, after working with Enterprise, I found I loved the freedom I had to do virtually anything with the HFM rules. I was able to teach accountants to understand the rules, and yes, they even learned to write rules. After this experience, I had fears that I would lose my newfound freedom.

When System 11 was released, I did take advantage of several opportunities to build applications from the beginning using only calculation manager for the rules. I have to say that at first it was very, very painful. I described it as having to write rules with my hands tied—very slow and very frustrating.

I hated it... for about a week....

Then, I quickly found that I could do all of the things I could do in VBScript. At first, it took some time to discover how to do it. But literally everything I would normally put in rules—Cash Flow, USD Overrides, special consolidation rules, "write-to-file"—I could do in Calculation Manager. And, the accountants I worked with loved it.

Calculation Manager has a very nice flow chart representation of the rules. Depending upon how it is used, it breaks the rules file into individual rules. Opening up one of these rules, you see a flow chart that shows exactly what the rule is doing. Click on an object in the flow chart, and you get the details. You can even see the entire rule as VBScript. This is a great way to validate what you are building in Calculation Manager for those who are familiar with the old VBScript.

My fears over losing in System 11 what I'd gained in Enterprise were gone.

If you decide to convert to Calculation Manager, I would suggest building a separate test application to try it out, because once you upgrade an application, there is no turning back. In System 11, there are utilities that will convert your current rules, but the early versions did a poor job of this conversion.

You can determine which is the right approach based on the specific needs of your company and the sophistication level of your users and power-users. Only you can determine which of these differing means for obtaining the same functionality in HFM best fits your requirements.



Summary

Oracle Hyperion Financial Management is a powerful consolidation tool, but as you have read in provided discussions, there is no one-size-fits-all approach to the implementation. Questions arise with every project—e.g., how long it will take, which reporting tool is the right one for you, do we need Calc Manager. Regardless, the discussions are designed to help you initiate the framework to address specific consolidation needs and the right tool for your company.



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