ORACLE FUSION REVENUE MANAGEMENT

Oracle® Fusion Revenue Management is a centralized, automated revenue management solution that allows you to recognize revenue accurately as soon as it is appropriate, using multiple methods for revenue recognition, and separately from the billing process. Oracle Fusion Revenue Management, a seamless and comprehensive business solution that enhances consistency and compliance in a highly regulated and complex area, is part of Oracle’s Fusion Financials.

Fusion Revenue Management is an integrated solution that enables customers to manage revenue compliance, automate revenue re-allocation for multiple element arrangements based on fair market value (Vendor Specific Object Evidence (VSOE), Third Party Evidence (TPE) or Best Estimate of Selling Price (BESP)), and configure and automate revenue scheduling for complex revenue recognition. By implementing Fusion Revenue Management, enterprises can maximize return on capital by automating the revenue compliance process thus reducing errors and manual intervention.

Accounting standards for revenue recognition are complex and frequently changing. In order to determine the changes needed to enable the judgments and estimates required under the new standard, and capture the appropriate data needed for the new disclosures, companies will need to re-evaluate their business processes and systems. Fusion Revenue Management meets both the requirements of today, and has the infrastructure to address the new common revenue accounting standard in the future.

Fusion Revenue Management is part of Fusion Applications and has the capability to co-exist with any source applications particularly Oracle E-Business Suite. Revenue Management stores and manages revenue information centrally, using source transactional data such as sales orders, service contracts, projects and invoices.

**Automated, Efficient Compliance with Key Revenue Recognition Standards**

Revenue is an important benchmark of a company’s financial performance and consequently is subject to considerable scrutiny and regulation, with complex revenue recognition guidance for different geographies and industries. Ensuring compliance with requirements on the timing and recognition of that revenue can present challenging accounting and audit risks.

Fusion Revenue Management can automate revenue processing tasks, reducing the time and error that arises from manual interventions, and allowing organizations to comply efficiently and consistently with multiple revenue requirements.

**Automate Revenue Compliance**

For sales arrangements with multiple elements - like a high-tech company with hardware, software licences, professional services, support, etc - fair value (VSOE, TPE, BESP) must be used to determine the value of individual items in order to recognize partial revenue before the entire contract is fulfilled. Problems in identifying multiple element arrangements, fulfillment of elements, or fair market values can limit the ability to recognize revenue in timely manner,
with a direct impact on the bottom line.

Fusion Revenue Management is the central revenue repository for source systems such as E-Business Suite Order Management, Service Contracts, Receivables and Projects. It will analyze the source transaction data for arrangements and obligations, and automatically generate Multiple Element Arrangements as needed utilizing user configurable rules. The elements of an arrangement are compared to the established fair market value and appropriate revenue reallocations are calculated and accounted based on the residual, relative, or two-step method.

Fusion Revenue Management automates the calculation of Fair Market Value based on user configurable rules for Vendor-Specific Objective Evidence (VSOE) and at the same time enables upload of Third Party Evidence and Best Estimated Selling Price. Organizations can utilize different fair values based on how they price and stratify their customer data. For example fair values can vary by region, deal size, customer type, etc. Fusion Revenue Management offers up to thirty dimensions to stratify and maintain fair values.

![Figure 1: Review automatically-generated Multiple Element Arrangements](image)

**Actionable and Auditable Control of the Revenue Lifecycle**

As a result of the automated identification and pricing of arrangements and obligations in Fusion Revenue Management, the basis for compliance with all the revenue recognition guidelines is built in. Once the key elements of the revenue lifecycle have been identified accurately and consistently, Fusion Revenue Management will value the elements to generate revenue and deferred revenue accounting entries, recognize revenue when appropriate, and publish data to the General Ledger.

In addition to the productivity benefits of an automated process, Fusion Revenue Management provides capabilities for manual review and override of revenue, allowing for complete adaptability while still maintaining complete control of the process. Fundamental to the control of revenue processing, Fusion Revenue Management provides a full audit trail of the lifecycle of revenue activities offering visibility and continual monitoring for all aspects of the revenue recognition process.

The Revenue Document, introduced by Fusion Revenue Management, contains complete revenue information including revenue plan, carve-out adjustments and revenue schedules. The revenue information is derived from source applications that feed in transaction data and revenue plans to Fusion Revenue Management; this internal document is then used to
schedule and account revenue centrally and consistently for all revenue sources across the financial applications. Revenue Management supports the complete accounting cycle by posting the accounting entries to the General Ledger.

Figure 2: Manage all revenue documents centrally in Fusion Revenue Management

Fusion Revenue Management supports automatic event based revenue recognition in accordance with the removal of revenue contingencies; revenue will be scheduled according to the assigned revenue scheduling rules. One or more contingencies can be applied to a revenue line; they can be provided by the upstream systems or derived using predefined contingency assignment rules.

Fusion Revenue Management supports manual revenue adjustments as well as system initiated adjustments, such as manually releasing revenue or manually expiring contingencies which trigger the system to schedule revenue.

A key use of the revenue adjustment feature is for revenue compliance adjustments. These adjustments are system initiated when the compliance process has been completed. Examples of the compliance adjustments are carve-out or carve-in, and revenue deferral due to incomplete information for a multiple element arrangement.

The separation of revenue from billing ensures that revenue recognition can be managed and processed separately, and billing can be generated or revenue recognized according to independent business rules. The flexibility of separate revenue and billing cycles ensures that revenue recognition processes are compliant with regulations and consistent with business practices.

Increase Productivity and be More Efficient

Fusion Revenue Management provides a centralized workarea that provides a holistic view of all revenue compliance and accounting tasks that require attention and user action from a central location. Users are notified about the status of transactions without having to navigate to multiple pages. For example, identify VSOE values that need to be established, multiple element arrangements that require review, revenue adjustments that require approval, revenue lines that require scheduling or contingency expiration, and more. Eliminate the need to run multiple queries or search for data; users know exactly what they need to do the moment they log on.

Additionally, productivity tools such as extensive spreadsheet integration, embedded collaboration tools, and embedded transactional intelligence ensure increased efficiency within the revenue department. Organizations are able to analyze and manage their fair values working in a familiar tool that is highly efficient. Additionally, utilizing a standard bell curve to analyze sales data to visually assist users when determining whether to establish VSOE
values speeds up establishment and provides assurance on those establishments.

Figure 3: Immediate access to all revenue related activity

**Oracle Fusion Applications**

Oracle Fusion Revenue Management is part of Oracle Fusion Applications, which are completely open, standards-based enterprise applications that can function in the cloud via a web browser. Customers are adopting cloud computing in many different ways. Oracle's strategy is to offer customer choice and flexibility with the broadest, most complete portfolio of cloud services and products that enable the cloud. The applications and databases deployed in the Oracle Cloud are portable and can be easily moved to/from a private cloud or on-premise environment. Designed as a complete suite of applications, Oracle Fusion Applications help you improve performance, lower IT costs, and get better results. Whether you choose one module, a product family, or the entire suite, Oracle enables you to gain the benefits of Oracle Fusion Applications at a pace that matches your business needs.
Contact Us
For more information about Oracle Fusion Revenue Management visit oracle.com or call +1.800.ORACLE1 to speak to an Oracle representative.

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Hardware and Software, Engineered to Work Together