

Deloitte.



Understanding the journey to cloud for E&C

2017 Engineering and Construction Conference
June 26-28, 2017

Agenda

Module/Topic

Why Cloud?

Paths to Cloud

Oracle and SAP Cloud Footprints

Cloud Tax Footprint

Pre-Configured Cloud SolutionPrint

The Cloud Transition Lab

Q&A

CNL Financial Group

Why Oracle Cloud?

[CNL Financial Group](#)

Why Cloud

What does Cloud have to offer E&C companies?

Current Trends in the ERP Landscape

Cloud is a major driver in the ERP marketplace based on new capabilities and continuous innovation

The infographic consists of six rounded rectangular callouts arranged in two columns. The left column has three callouts in shades of grey, and the right column has three callouts in shades of blue and teal. Each callout contains a trend number, a description, and a small icon.

- TREND 1** Embracing Software as a Service (SaaS)
- TREND 2** The move towards a tiered strategy
- TREND 3** Enhanced flexibility in applications
- TREND 4** Increased focus on analytics
- TREND 5** Innovative application user interface
- TREND 6** Leveraging wireless and mobile technology

Source: Deloitte Tech Trends 2014

Industry trend to cloud is accelerating

47% of Organizations plan to move to Cloud in next 5 years–Gartner

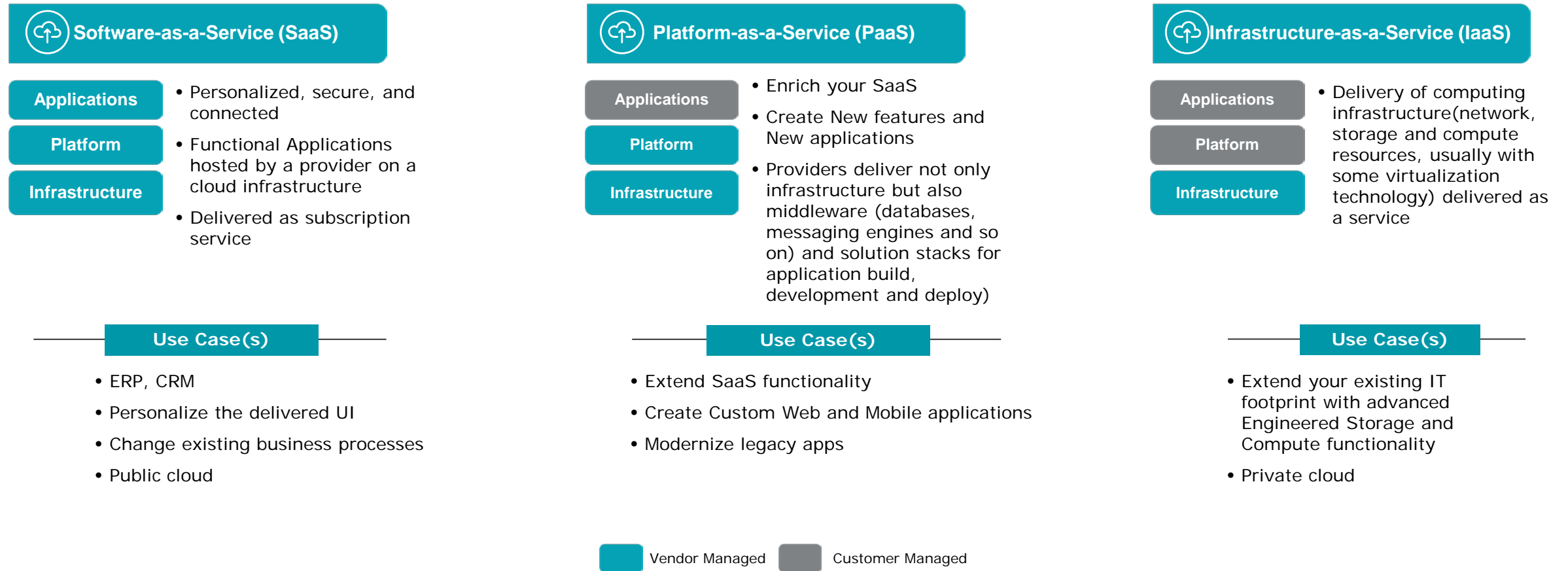
\$18B SaaS to grow from \$49B in 2015 to \$67B by 2018–TBR Inc.

\$66.3B PaaS to grow from \$1.7B in 2014 to \$68B by 2026–WRS.

As used in this document, "Deloitte" means Deloitte & Touche LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte USA LLP, Deloitte LLP and their respective subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

What is Cloud?

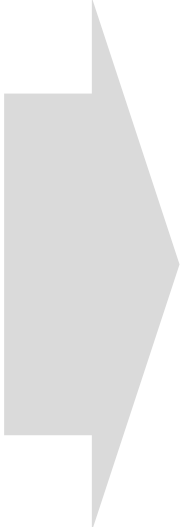
Cloud comes in several flavors and varying levels of flexibility



What Do Clients Expect of the Cloud?

Our clients have clear expectations of the value a cloud solution will provide to the organization

-  Lower total cost of ownership
-  Extensibility (upgrade friendly)
-  Unlimited elasticity and scalability
-  Modularity and choice of adoption
-  Ongoing innovation and upgrades
-  Social collaboration, contextual business intelligence, role-based dashboards, mobile applications
-  Completeness of solution
-  Standard practices, vanilla mandate, data isolation and protection

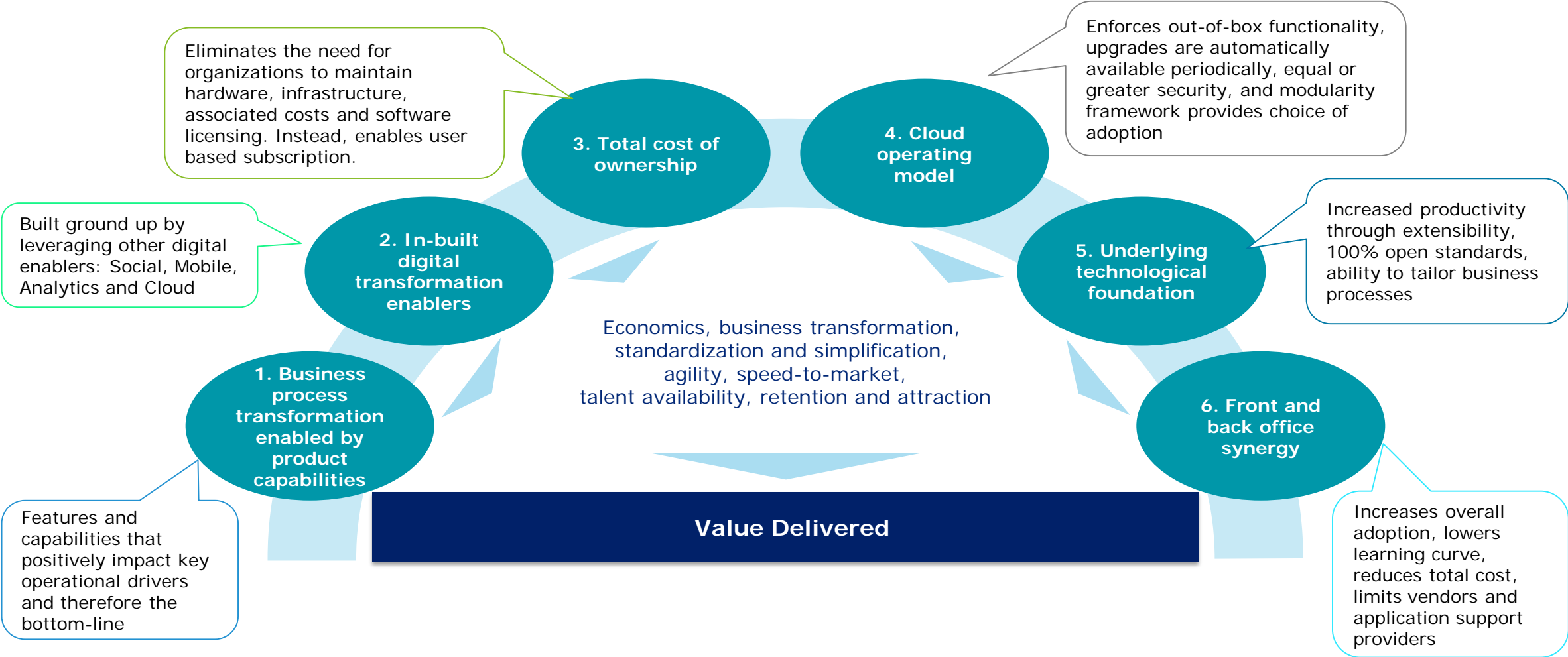


Companies leverage a Cloud model for ERP to advance business objectives:

	Drive Process Standardization		Reduce Costs		Change Customization Mindset		Increase Speed to Deliver
---	-------------------------------	---	--------------	---	------------------------------	---	---------------------------

Forces Driving the Value of Modern ERP

The Modern Enterprise Cloud transforms back office business and IT operations and there are six key value drivers to consider



When should clients consider the cloud?

There are three primary drivers that cause clients to begin evaluating cloud options

Business transition points

- Business unit consolidation
- Acquisition
- Divestiture/spin off
- Significantly changed business model
- Preparation for IPO
- Business transformation mandate (e.g., increase working capital)

System transition points

- Losing support on an old version or eliminating a burning IT platform
- Alternative to costly upgrade
- Reduce maintenance on highly customized applications
- Systems consolidation (e.g., HCM, expenses, procurement, projects)
- Data center consolidation and support cost reduction
- Avoid new IT infrastructure costs

Business value

- Cost reduction through business process automation, lower total IT cost of ownership, self service operations etc.
- Revenue growth through greater customer insight, improved pricing, etc.
- Revenue growth through enhanced customer experience and customer satisfaction.
- Improved working capital, enhanced cash flow or better asset efficiency

Is the value real?

Let's take an example of two similar projects

	Private Cloud (IaaS)	Public Cloud (SaaS/PaaS)
Modules	GL, KK, AP, PO, AR, AM, BI, TR, T&E, Grants, Project Costing and Billing, Contracts, SS, ePro, eSupplier	GL, AP, PO, AR, OTBI, CE, Expenses, Grants, Project Costing and Billing, Project Contracts, Financial Reporting Center
Finance Transformation	COA Re-design	COA Re-design and Merger of Over 50 State Organizations
Technical Development	26 Reports	67 Reports
	16 Interfaces	44 Interfaces
	19 Conversions	33 Conversions
	33 Enhancements	2 Enhancements
	94 Total	145 Total
Change Management	No Training Responsibilities OCM Lead/Comm Lead	Full OCM team Full Training Materials and Delivery
Security	Full Security Responsibilities	Full Security Responsibilities
PMO	Standard PMO Approach/Team	Standard PMO Approach/Team
Testing	Limited Test Management Responsibilities	Full Test Management Responsibilities

The implementation benefits are tangible

SaaS ERP implementations are faster and more agile than private cloud and on premise approaches

	Private Cloud (IaaS)	Public Cloud (SaaS/PaaS)	SaaS Benefit
Procure to Pay	Full Procurement Capabilities Supporting 10,000 Users	Full Procurement Capabilities Supporting 65,000 Users	6.5x more users
Project/Grants	200 Grants 400 Active Projects	8,000 Grants 30,000+ Active Projects	20x more grants 75x more projects
Technical Development Hours/Object	263 hours/object	192 hours/object	25% decrease in hours/object
US/Offshore Mix	52%/48%	28%/72%	50% greater offshore leverage
Engagement Hours	58K	72K	25% increase in hours (additional scope)
Duration	19 months	12 months	25% shorter time
Hourly Rate	\$129/hour	\$110/hour	15% lower hourly rate

What About After Go Live?

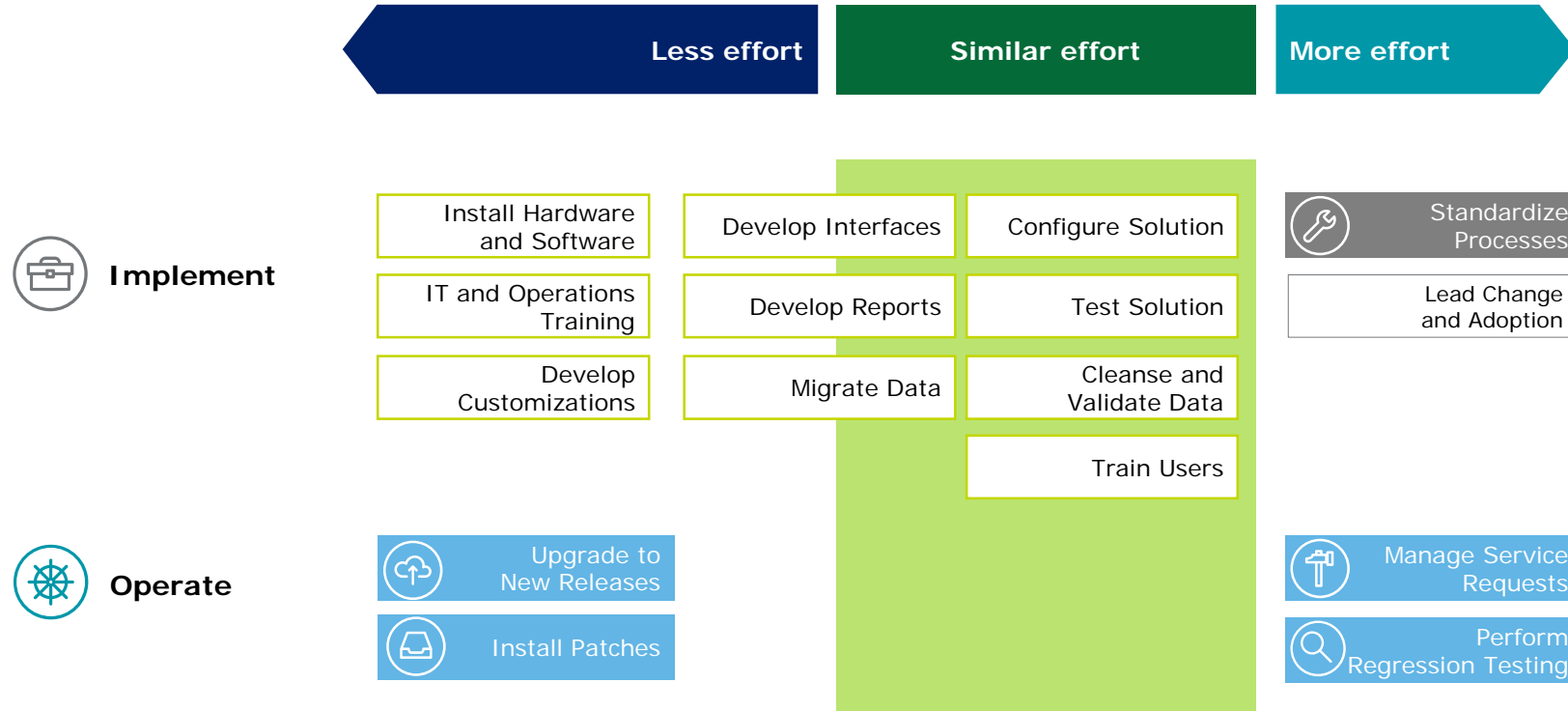
Notwithstanding the reduced maintenance overhead, SaaS solutions continue to deliver cost savings while allowing continuous innovation

Private Cloud (IaaS) - PeopleSoft		
Timeline and Release	External Hours of Support	Life of Solution
Initial Go-live 2005		6 Years
Upgrade to Release 9.1 2011	111,625 Hours	5 Years
Upgrade to Release 9.2 2016	41,338 Hours	Estimated 5 Years
Totals	152,963 Hours	16 total Years
9,560 Ave Hours Per Year		

Public Cloud (SaaS/PaaS)—Oracle ERP Cloud		
Timeline and Release	External Hours of Support	Life of Solution
Initial Go-live 2015		6 Months
Upgrade to R10 2015	2,000 Hours	6 Months
Upgrade to R11 2016	800 Hours	6 Months
Totals	2,800 Hours	18 Months
2,100 Ave Hours Per Year		

Where is the Effort?

With accelerated innovation cycles and faster timelines, the effort has shifted in implementing and sustaining the ERP

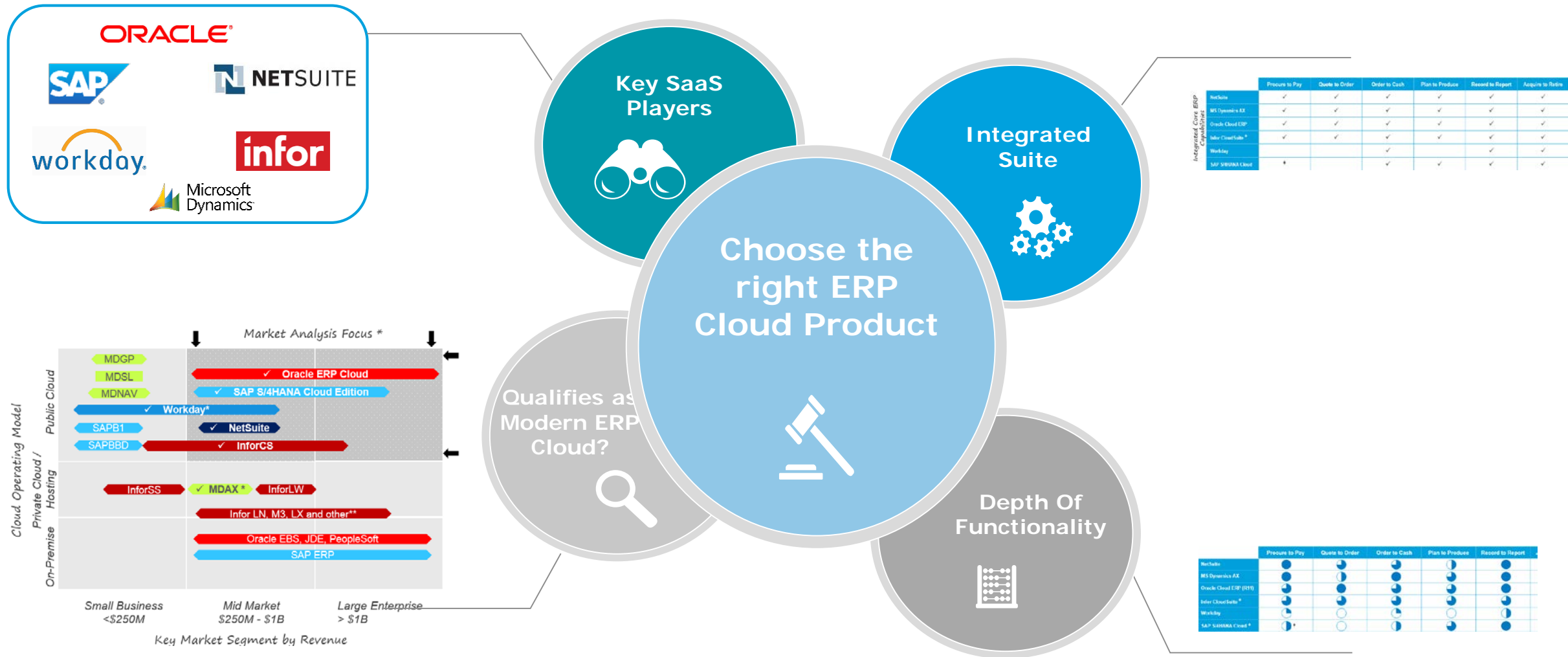


Paths to Cloud

How do I move my company towards Cloud?

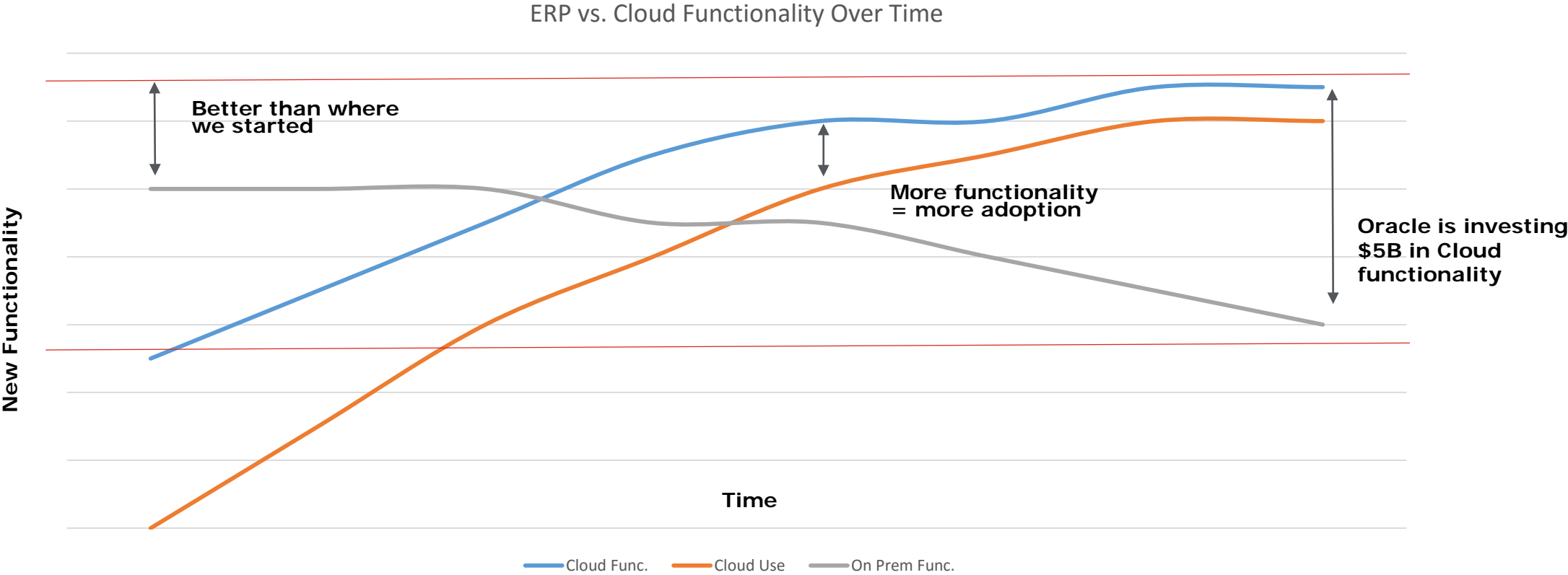
Cloud Marketplace and Products

ERP Cloud Market has more than 25 different named products with different cloud flavors and depth of functionality



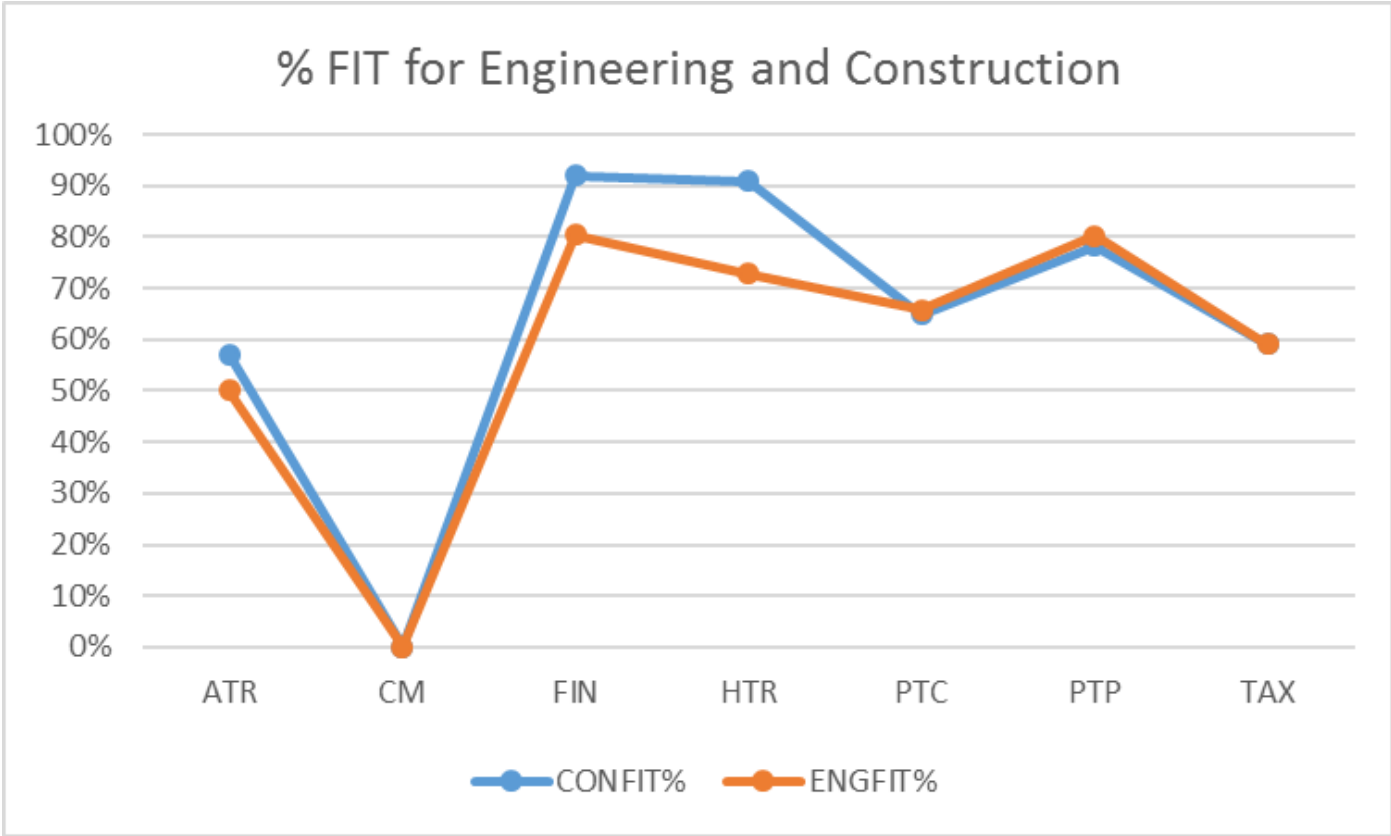
How Well Does Oracle ERP Cloud Fit E&C Organizations?

Functionality continues to grow in Cloud and vendors providing less functionality in On-Premise



How Well Do Oracle ERP Cloud Fit E&C Organizations?

Cloud solutions have come into their own in terms of product maturity; however, functionality is still evolving to support E&C companies. Best of breed can be used to fill gaps



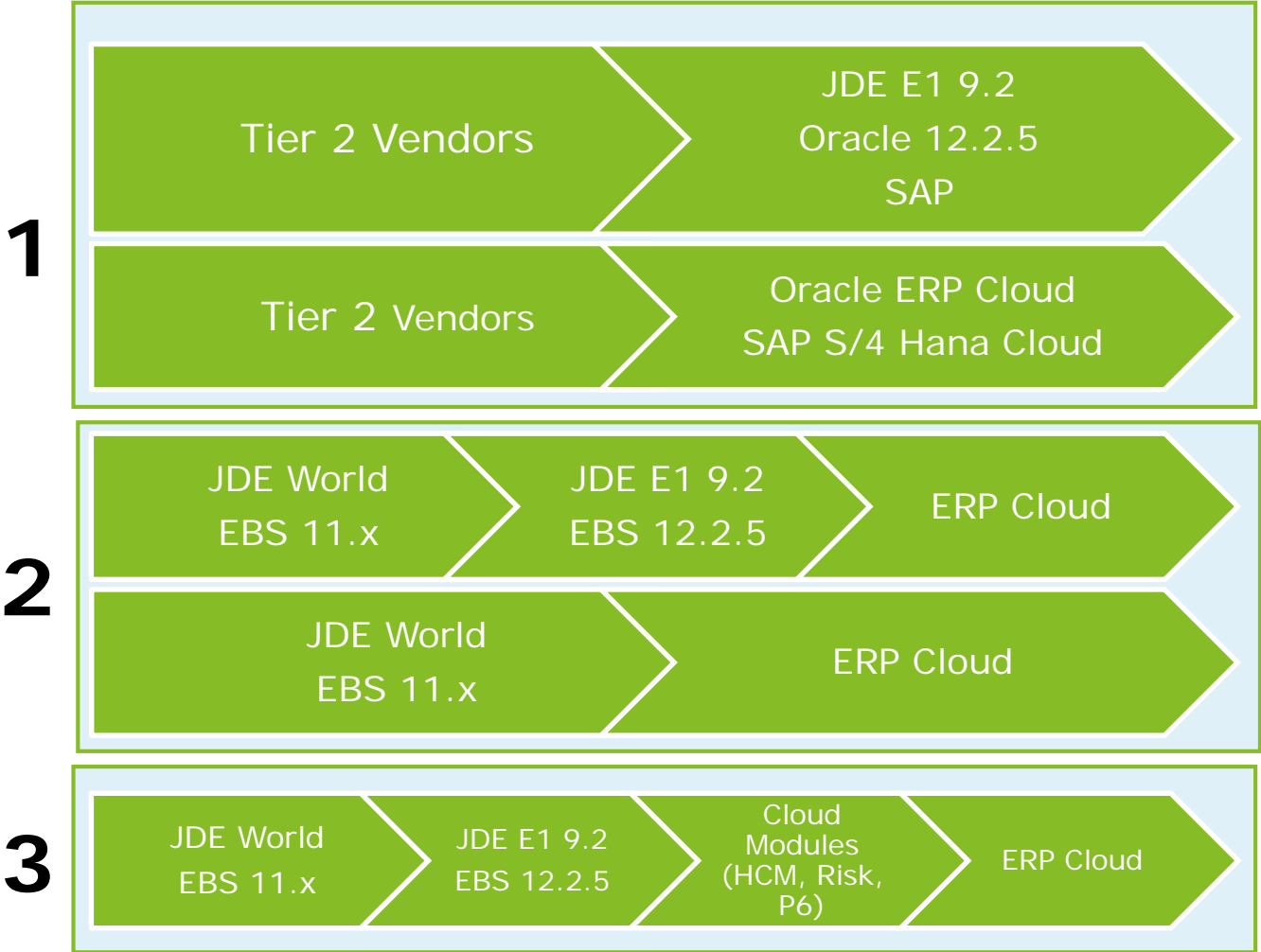
Core finance, procurement, and human resource capabilities meet the needs of most companies but projects, billing, equipment and union payroll continue to evolve

- ATR- Acquire to Retire (Assets and Equipment)
- CM- Change Order Management
- FIN- General Ledger, Record to Report, Budget
- HTR- Hire to Retire
- PTC- Project to Close, Billing, AR
- PTP- Procurement to Payables
- TAX- Indirect (sales & use) and Direct

Migration paths to ERP cloud

Customers need clear migration paths to Cloud

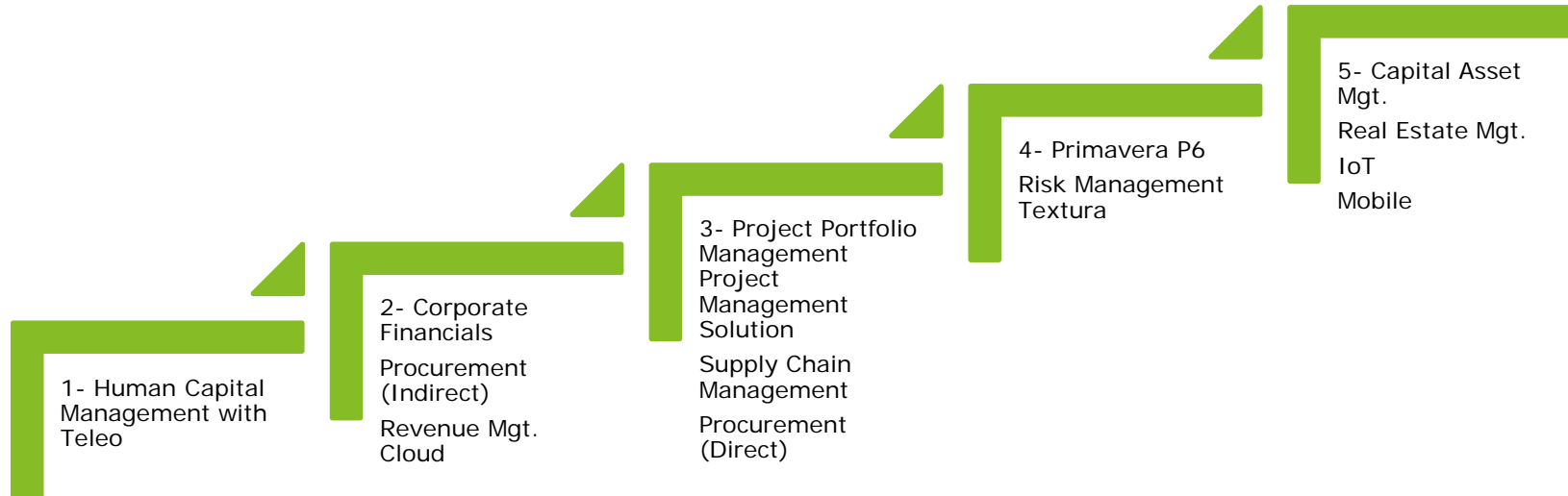
- Customers on Tier 2 can move to On-Premise or Cloud
- Customers on older On-Premise can upgrade On-Premise or Cloud
- Customers on any On-Premise can adopt a Hybrid Cloud model



ERP Cloud Hybrid Model

The Hybrid model allows customers to migrate from On-Premise to Cloud over time by both adding functionality and mitigating gaps

- Implement Human Resources Cloud with no impact on On-Premise financials or projects
- Implement Cloud for financials and revenue recognition
- Implement Project Management and Supply Chain for projects, billing and direct materials procurement and vendor management
- Implement added functionality for schedule, risk, and subcontract management
- Implement Capital Asset Management for equipment, devices and mobile *



* Since Capital Asset Management functionality is not in the Cloud, this could be integrated to earlier

Oracle Cloud High Tech Manufacturing

Challenges and Objectives

Acquisition of two subsidiaries
 Multiple processes/systems and manual operations
 Inconsistent reporting and governance
 Mandate to achieve growth and synergy objectives

Company Overview

Global high tech manufacturing leader
 \$15B in annual revenue
 20+ countries
 75,000 employees

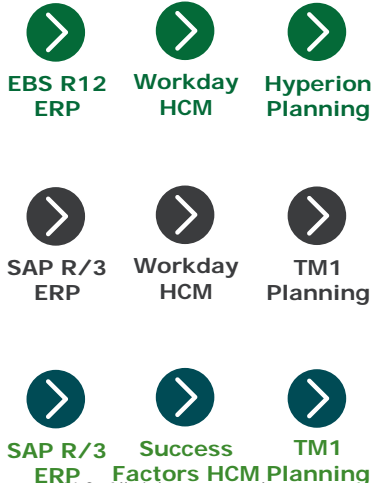
Relevance to You

Consolidating and standardizing operating companies
 Migration to shared services
 Mandate for single finance platform and corporate consolidation
 Establishing a platform for future acquisition growth

Modernization Roadmap

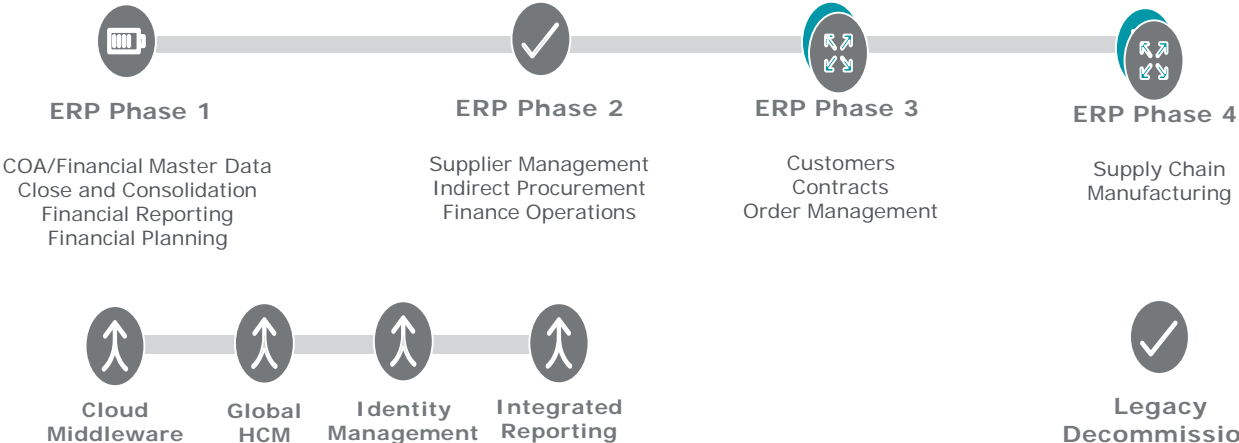
INITIAL STATE

Multiple systems and disparate processes
 (representative examples below)



PHASED PROGRAM

Options: Standardize on one existing platform or establish new platform
Approach: Build a foundation first, defer new area risks (operations)
Key components: Operating model implementation, process standardization, systems consolidation, data cleanup/governance



Oracle Cloud HSBC



Company Overview

- World's fourth largest bank
- Total assets of US \$2.67 trillion

Consolidating and standardizing operating companies
Staggered approach, heavy dependency on Oracle Projects

Challenges and Objectives

- Establish a new operating model enabled by:
 - New ERP solution
 - Re-engineered processes
 - Migration of activities to global service centers
 - Ability to meet regulatory needs

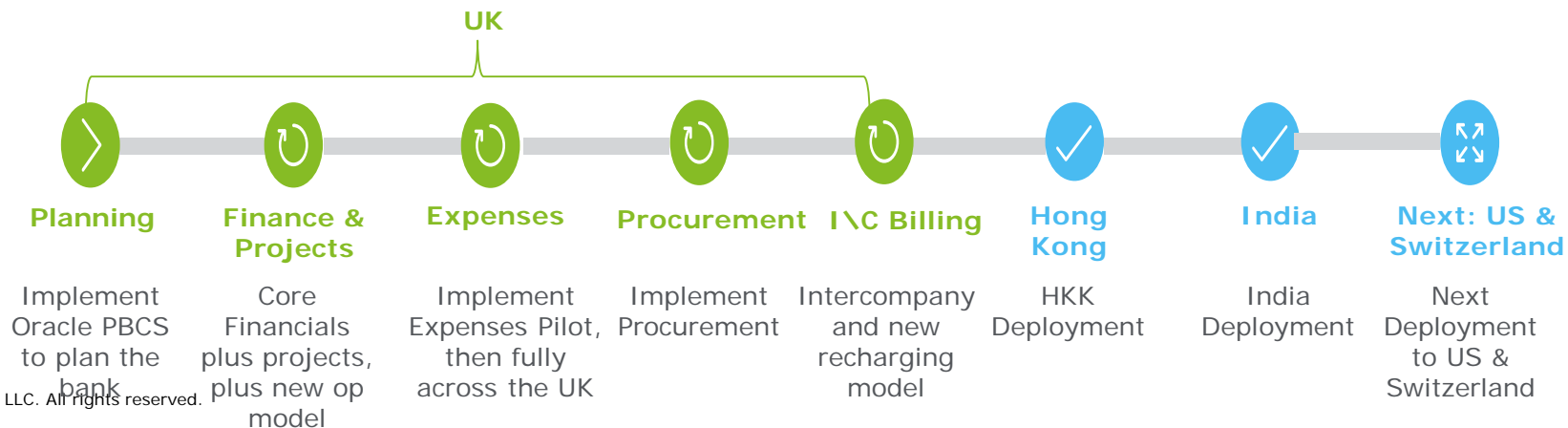
Deloitte Partnership

Why the Cloud

- Enhanced transparency, governance and cost control
- Platform for standardized processes
- Scalable model accommodating additional services
- Integrated technology solution
- Improved compliance with regulatory requirements

DELIVERING RESULTS

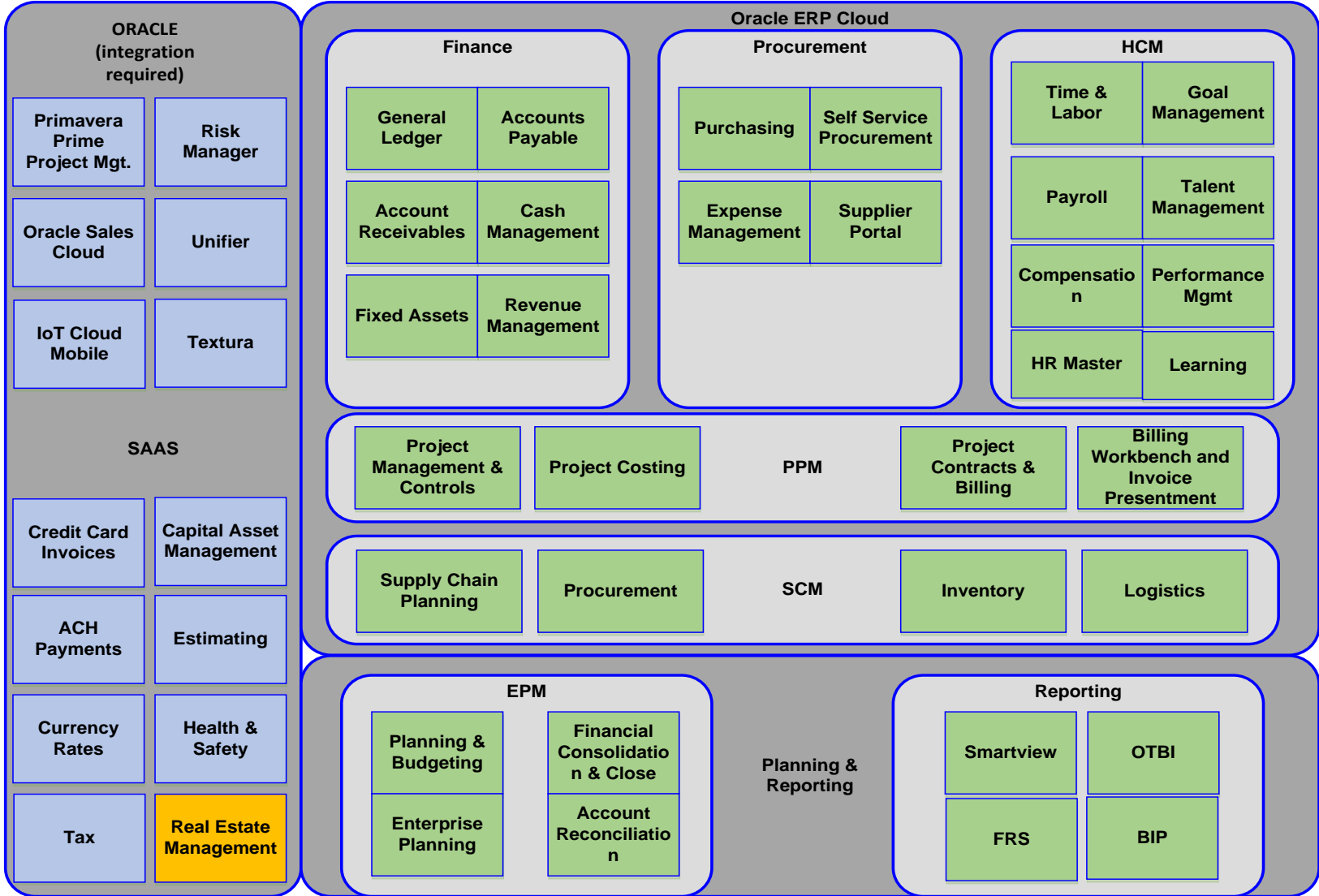
- Global operations shared services, with streamlined processes
- Platform that supports:
 - 300 Legal entities
 - 12,000 Profit centers
 - 40,000 intercompany transactions
 - 2,000 Finance users
 - 20,000 Procurement users
 - 60,000 Expenses users



Oracle and SAP Cloud Footprints

What Oracle and SAP offer to run your business in the Cloud

Oracle ERP Cloud Solution for E&C



SAP S4/HANA Solution for E&C

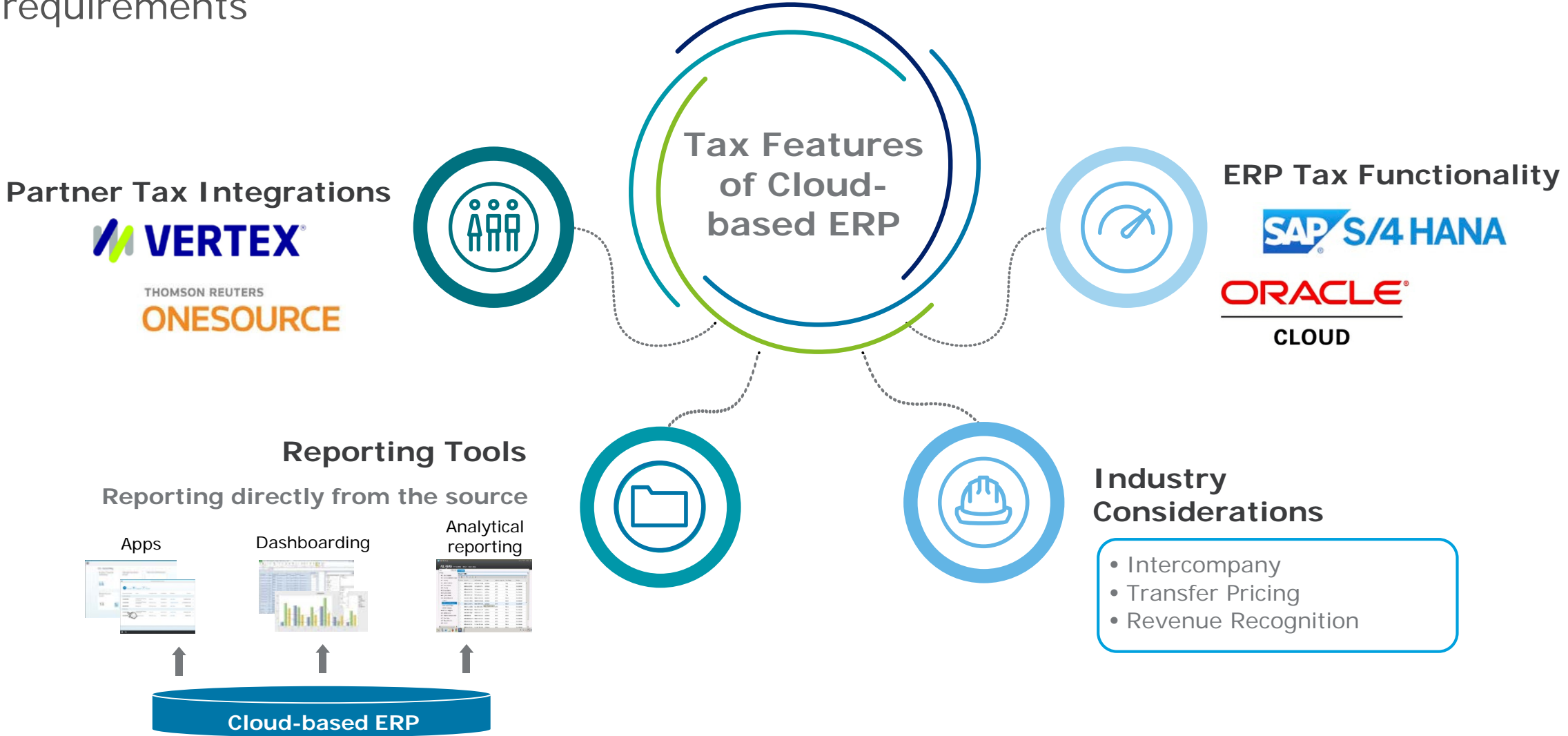


Cloud Tax footprints

A variety of solutions and benefits in the
Cloud

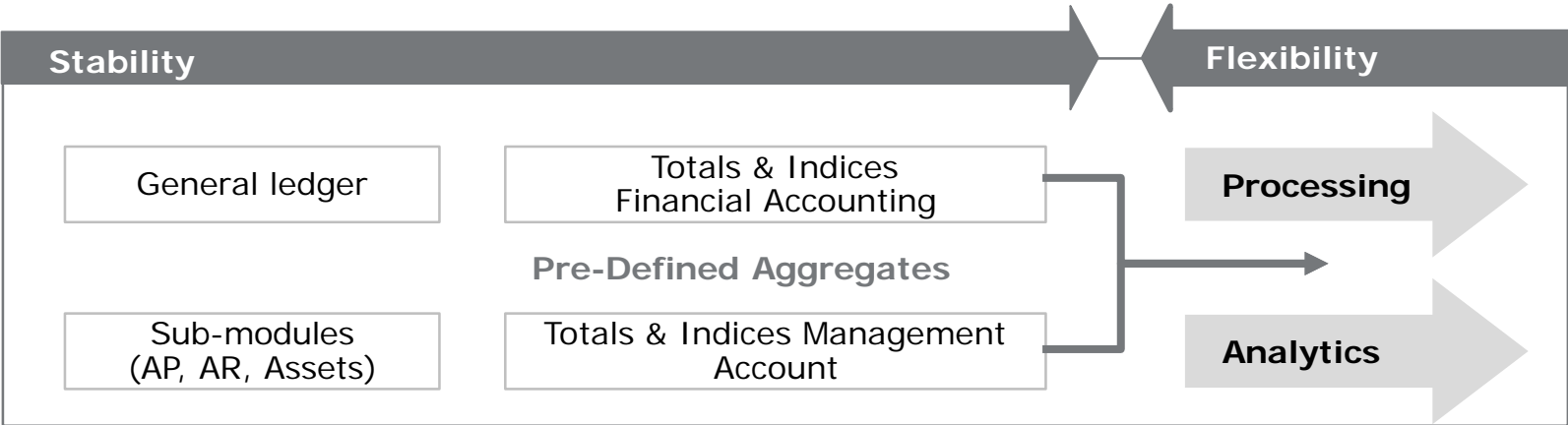
Understanding Cloud-based ERP and Tax

Cloud-based ERPs offer a variety of solutions to fit your company's most stringent tax requirements

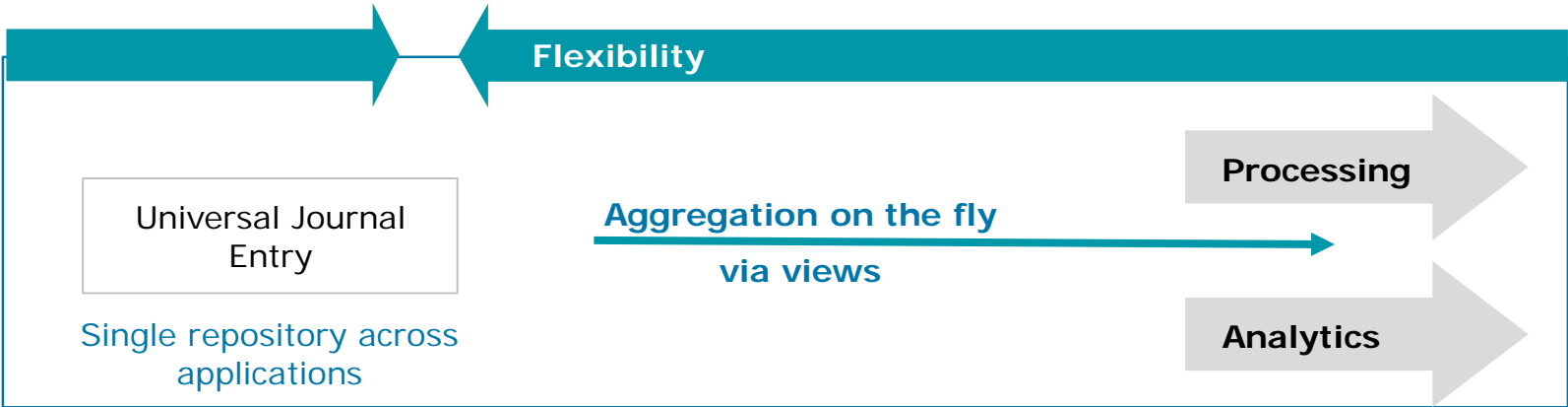


Tax Benefits of switching to a Cloud-based ERP

Legacy ERP



Cloud-based ERP



Tax opportunities of cloud-based ERP

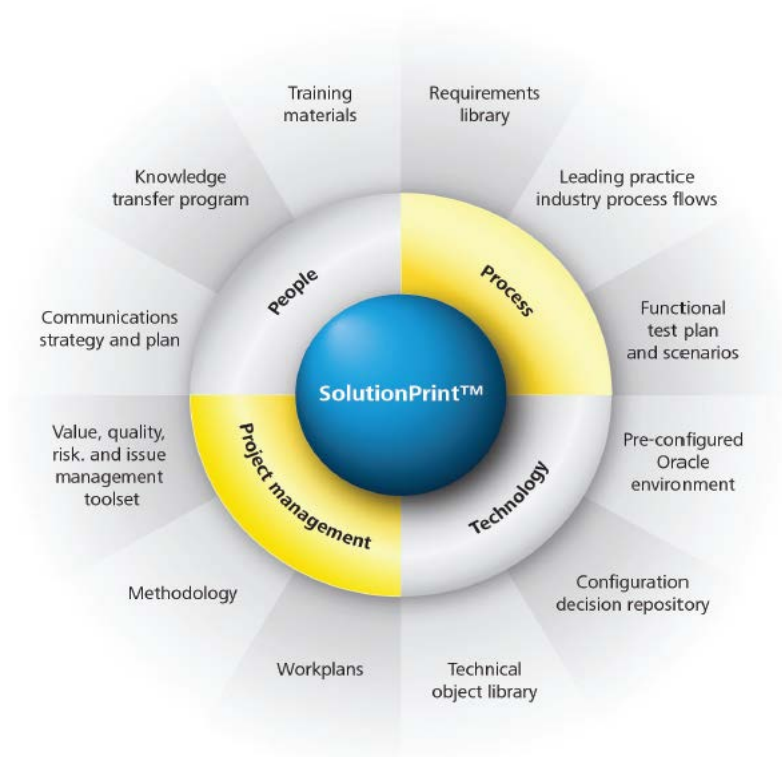
- Ability to drill down to transactional data
- Less time spent gathering and validating data
- Reduced reconciliation effort
- Capture key attributes through extensions to the code block
- Gain efficiency through redesign of business processes
- Automation of intercompany processes, insightful analytics, and transfer pricing automation
- Higher flexibility in reporting and analysis

Pre-configured solution

Introduction to the new Oracle ERP Cloud
SolutionPrint for E&C

What is SolutionPrint™?

An accelerator and delivery model that expedites implementations by use of Deloitte's collective industry and Oracle expertise in the form of a pre-built, end-to-end solution



Process flows

100's of industry-specific detailed flows covering key process areas (OTC, PTP, PTM, RTR, etc.)

Requirements

1000's industry-specific requirements linked to the associated process steps

Project plan

Single ~4000-line project plan encompassing all threads and phases of the implementation

Technical objects

~100 objects typically leveraged in implementations

Configurations

Tested and industry-pertinent configurations of all modules within the solution

Increased quality

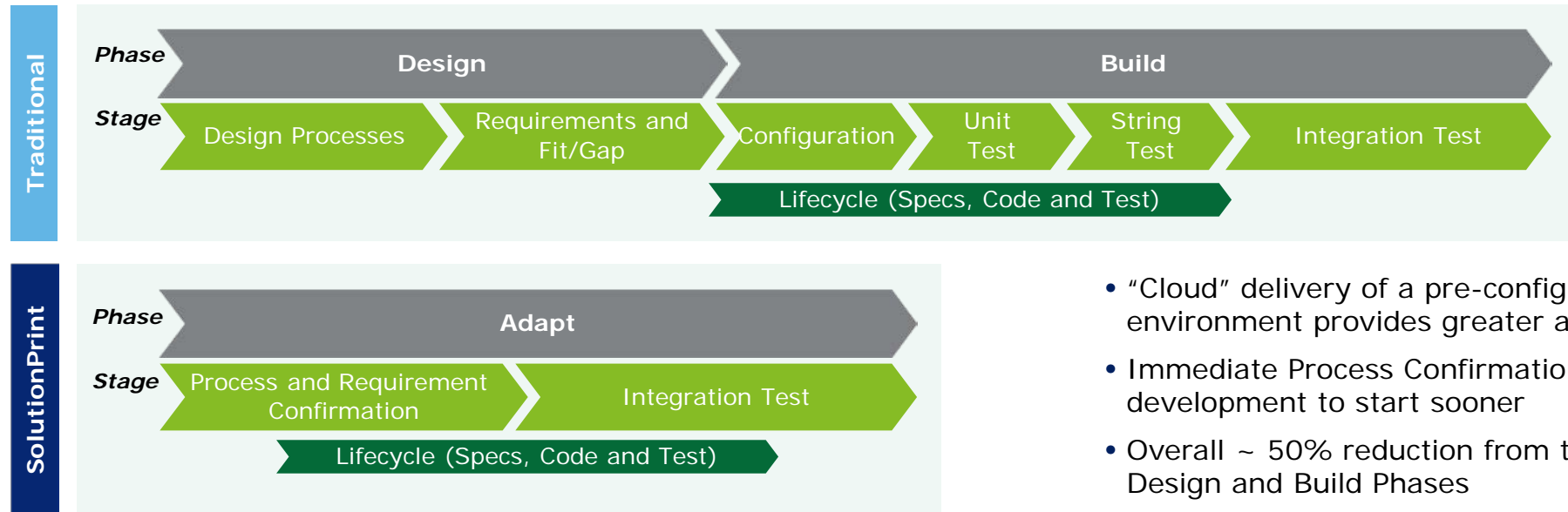
Time to value

Project affordability

Reduced risk

The SolutionPrint™ Difference

Traditional “Design and Build” phases are collapsed into an “Adapt” phase to accelerate decision making by focusing on exception based design



- “Cloud” delivery of a pre-configured environment provides greater agility
- Immediate Process Confirmation allows development to start sooner
- Overall ~ 50% reduction from traditional Design and Build Phases

SolutionPrint differentiators

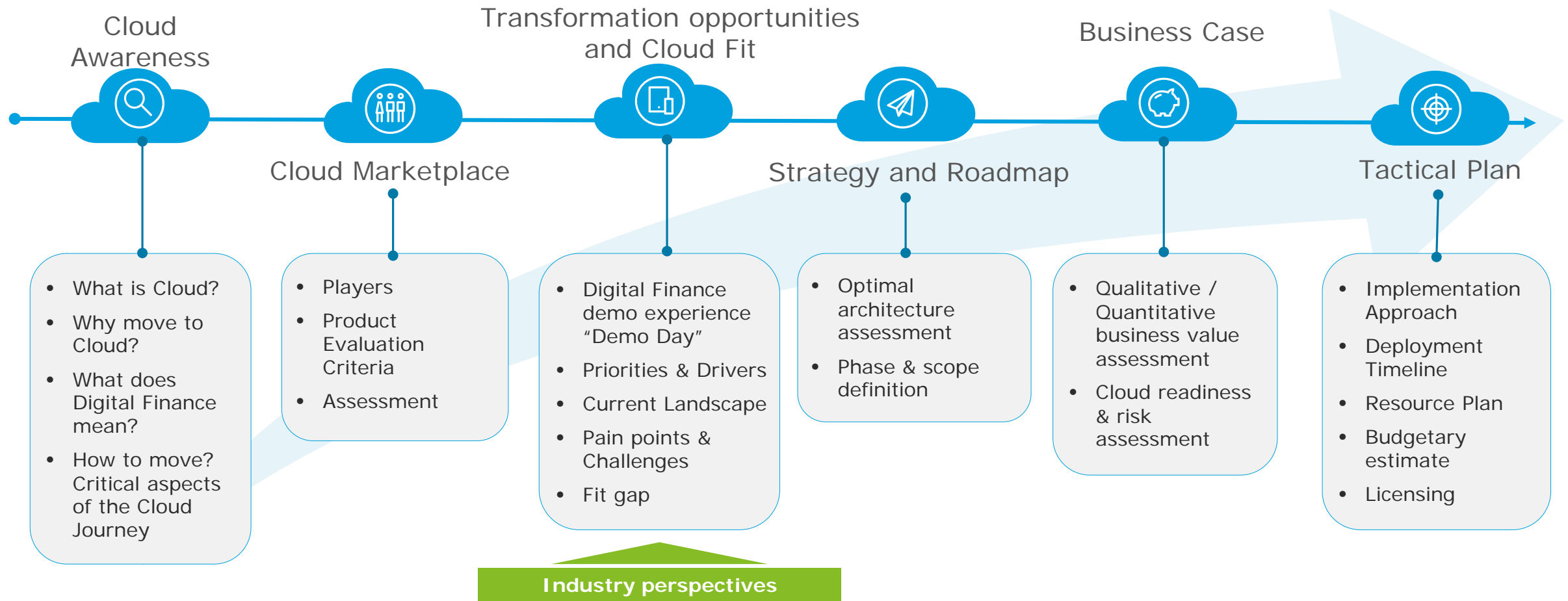
Leverage industry specific best-practice processes	Minimize configuration, unit testing and string testing stages
Leverage industry specific system as part of design confirmation	Jump directly into integration testing
Early identification and head start on development and data	Timely Oracle knowledge transfer to client due to early system exposure

The cloud transition lab

A structured framework for organizations to assess and prepare for Cloud

What is a Cloud Transition Lab (CTL)?

A structured and comprehensive framework to help organizations assess and prepare for cloud a transition that is focused on business value and balancing risk



Q&A



Official Professional Services Sponsor

Professional Services means audit, tax, consulting, and advisory.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.