



Deloitte.

DELOITTE AND ORACLE:

Tap the value of joint ventures in oil and gas

Technology and innovation are woven into the DNA of the oil and gas sector, an industry with ever-present risk. And in the capital-intensive world of exploration, joint ventures (JVs) are a common vehicle to help reduce the financial and operational risks of standing up new projects. How can you tap into ERP innovations to manage the complexity of accounting records, partner reports and financial transparency? Deloitte can help optimize the modern Oracle Financial Cloud solution to speed implementation and bolster your organization's ability to grow. As Oracle application stewards, Deloitte applies industry-specific leading practices to help clients increase utilization, reduce costs, and gain analytical insights that drive results.

Untangle the financial web of JVs

In addition to managing the overall venture, JV operators must perform numerous back-office functions such as remitting expenses, collecting revenues, and distributing them to the various partners according to their respective agreements. But when it comes to effectively managing this complex financial web, many of today's technology solutions fall short.

Niche solutions frequently don't provide complete financial management capabilities, and they often lack the latest innovations such as analytics, artificial intelligence and machine learning

capabilities for automating key processes for finance, supply chain, indirect procurement, and human resources.

Meanwhile, enterprise-level solutions can be expensive and time-consuming to implement, which is especially burdensome for mid-sized operators. And, they often fall short in delivering the full range of essential JV-specific services that operators need.

Tap Oracle Joint Venture Management Cloud

Oracle Joint Venture Management Cloud—part of the latest release of Oracle Financial Cloud—helps operators address these shortcomings and provide a modern ERP backbone. And Deloitte can optimize implementation of the out-of-the-box, pre-configured Oracle solution that is poised to deliver continuous innovation. This modern ERP delivers a single application through which operators can drive compliance with the terms of joint operating agreements, seamlessly link financial transactions to JVs, and automatically process both incoming and outgoing JV transactions.

The result? More timely financial closes, more accurate calculations of JV partners' shares of expenses and revenues, and improved abilities to research and resolve questions or disputes.

Key features of the solution include:

1 Retroactive rebilling and redistribution

Operators can automatically comply with changes in joint operating agreements through automated processes and billing adjustments. The solution also provides an audit trail to help work out any disputes regarding invoices or partner contributions. This helps to reduce manual errors while significantly accelerating month-end closes.

3 Project capitalization and progress management

Oracle JV Management Cloud enables operators to track key project information from each original transaction and account for each partner's share of the cost. This vastly improves visibility into costs that can be capitalized for the project, helps monitor work in progress, and tracks asset creation. In addition, the automation of key processes—powered by AI and machine learning—enables financial teams to process month-end transactions faster and more accurately.

2 Partner contribution management

Using date-effective JV contributions, operators can identify accounts receivable invoices for JV partners and request advanced payment to fund the costs.

This helps to ensure that partners only request payments for costs not already covered by their contributions, and it provides them with better visibility into how their draws are being used. By automating processes, it once again reduces the risk of manual error while accelerating month-end transaction processing.

4 Joint venture accounting manager dashboard

With the click of a mouse, finance teams can now view key metrics for JVs, including the volume and status of transactions and distributions (see figure 1). Furthermore, the solution's powerful analytics capability enables managers to drill down and analyze any areas of concern, while providing the visibility necessary to resolve issues.

As a software as a service (SaaS) solution, Oracle Joint Venture Management Cloud delivers the speed, scalability, and agility that JV operators need to continually innovate as their markets and projects evolve. And because it's highly configurable, the solution can be implemented quickly, with minimal involvement from IT.



Figure 1: The Joint Venture Accounting Manager Dashboard provides an instantaneous view of key financial metrics across the JV.

Get there with Deloitte and Oracle

Deloitte is well-equipped to help JV operators realize the full potential of Oracle Joint Venture Management Cloud as part of Oracle Financials, bringing all the capabilities of a modern ERP application that can be scaled up as your business grows without breaking the bank. A recognized leader in providing Oracle implementation services, Deloitte distinguishes itself in the marketplace by bringing multi-disciplinary capabilities to each engagement. In addition to our implementation capabilities, we have developed several out-of-the-box integrations that enable organizations to connect Oracle JV Management Cloud with common applications and point solutions that already exist within their technology ecosystems. This helps to drive more value, more quickly.

In addition, our relationship with Oracle spans more than two decades. We've been recognized by industry analysts as a leading provider of Oracle Cloud-based digital transformation. And we've worked with clients around the world to deliver services, perspectives and solutions that empower people to realize their potential and drive shareholder value.

What perhaps distinguishes us the most, however, is our ability to unite that experience with a deep understanding of the challenges facing today's oil and gas industry. We've worked with dozens of organizations operating in the sector, from super majors and trading businesses to independents. We understand the oil and gas business from front to back, including how JVs work and why they're vital to the industry. We have the experience to help JVs succeed and we know the pitfalls that can sometimes stand in the way.

To support your JV with Deloitte and Oracle, contact us today.

Contact US

Kulvinder Grewal

Partner
Deloitte Inc.
ksinghgrewal@deloitte.ca

Kevin Lanes

Consulting Senior Manager
Deloitte Inc.
klanes@deloitte.ca

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.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

