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Oracle Joint Venture Management

A complete and integrated solution that enables advanced management of multiple joint ventures to help ensure that financial transactions are distributed to partners according to each partner's share of ownership as defined in the joint operating agreement.

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Transform the way you manage your joint ventures

Oracle® Joint Venture Management enables companies to shorten the financial close window with automated joint venture processing, improve cash flow with accurate and auditable partner invoicing, minimize dispute resolution costs with a transactions audit trail, gain real-time visibility into the financial state of joint ventures, and help ensure compliance with the joint operating agreement.

Joint Venture Management enables you to continue managing your business with global partners without the need to change your existing business processes. For example, if you generate invoices in your partners' currencies, you can continue to do so with the capability of Joint Venture Management to process invoices in multiple currencies.

Joint Venture Management is used by companies in many industries including Engineering and Construction, Oil and Gas, Healthcare, Utilities, and Real Estate.

Key business benefits

> ✓ **Flexibility to store, track, and control joint operating agreement terms and conditions**
>
> ✓ **Shorten the time to close the financial books**
>
> ✓ **Engage in joint ventures with global partners**
>
> ✓ **Improve cash flow with accurate and auditable partner invoicing**
>
> ✓ **Minimize dispute resolution costs with transactions audit trail**
>
> ✓ **Accurate project capitalization and reporting for the managing partner**
>
> ✓ **Ensure joint operating agreement compliance through automated retroactive billing adjustments**
>
> ✓ **Increased visibility into joint venture operations**
>
> ✓ **Improve productivity with automated/touchless transaction processing and reporting**
>
> ✓ **Improved decision making through operational reporting**
>
> ✓ **Easily track and report on carried interest agreements**

Seamless and integrated solution

Oracle Joint Venture Management within Oracle Fusion Cloud Financials simplifies compliance with joint operating agreements by seamlessly linking financial transactions with joint ventures and partners, helping to ensure uninterrupted operations.

Joint Venture Management gives you a central place to easily define joint ventures according to the terms and conditions of your joint operating agreements. There is minimal setup because Joint Venture Management works with your existing Oracle Financials implementation. For example, you can quickly identify partners that are defined as customers and suppliers in Oracle Financials and associate them with one or more joint ventures as joint venture partners (stakeholders).

Joint Venture Management calculates each partner's percentage share of each transaction based on each partner's defined percentage of ownership and creates Receivables invoices, Payables invoices, and internal transfer journals to manage the share of costs and revenue for the partners.

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Key features

- Manage operated and nonoperated joint ventures
- Manage partner contributions – request, transfer, close, cancel, and issue refund
- Capture operational measures and states
- Process allocations
- Calculation of overhead charges
- Manual joint venture source transactions
- Identification of distributable transactions
- Calculation of each partner's share by transaction
- Receivables invoice generation for partners in a joint venture
- Receivables invoice adjustments with partner contributions
- Payables invoice generation for partners in a joint venture
- Journal entries for partners in a joint venture
- Joint venture adjustments to Oracle Fusion Project Costing
- Carried interest tracking and reporting
- Retroactive billing adjustments
- Reverse joint venture transactions and individual distributions for stakeholders
- JADE reporting, joint interest billing reporting, operational reporting and stakeholder reporting
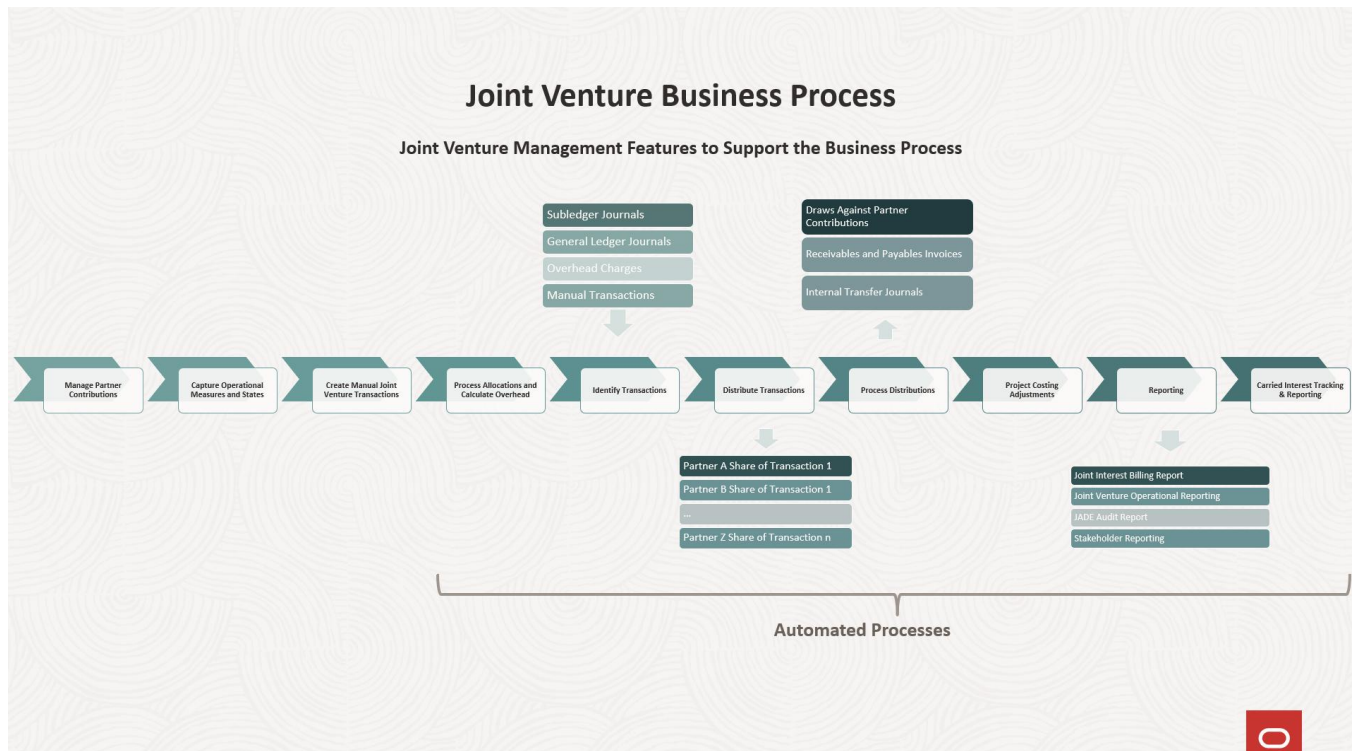
How does Joint Venture Management work

Figure 1.This figure depicts the features in Joint Venture Management solution to support the joint venture business process.

Manage partner contributions

Partner contributions are cash advances from joint venture partners to the managing partner to cover costs incurred by a joint venture. They represent the funding or capital contributions into a joint venture. The managing partner can request partner contributions throughout the life of the joint venture as outlined in the joint operating agreement. Joint Venture Management tracks the balances of each partner contribution as the distributions for costs are drawn against it. It also provides the ability to calculate new partner contribution amounts, create partner contributions, create and track partner contribution invoices, and issue refunds while closing partner contributions that are no longer needed.

Capture operational measures and states

Operational measures provide statistics for the activities associated with the joint venture such as units of production, water usage, equipment hours, or employee hours. Joint venture operational measures provide a single source of truth for the measures you track for your joint venture helping to ensure data accuracy when reviewing key metrics for your joint venture for accurate financial allocations, planning, and reporting. Operational states enable the tracking of a joint venture according to its phase, activity, or other type of status providing visibility to the distinct phases in its lifecycle.

Process allocations

You record statistics for joint venture operations using joint venture operational measures. The recorded operational measures can then be used to create statistical journal entries within Oracle General Ledger as a basis for processing allocations for your joint ventures.

Calculate overhead

Overhead charges are indirect costs that are not directly tied to the production of a product or service. Overhead charges and management fees are a means for the managing partner to recoup some of the costs incurred by them to manage the joint venture. The joint operating agreement outlines the specific method for calculating charges or fees. These calculations will be done, usually as part of the month-end close process, to determine the charges and to invoice the joint venture partners for their agreed share of these charges. Joint Venture Management enables companies to define rules to calculate overhead and ensures accurate calculation, distribution, and invoicing of overhead charges and management fees.

Automatically identify joint venture transactions

Joint Venture Management automatically identifies transactions for joint ventures from Oracle Fusion Cloud Financials Management. To help minimize any manual aspects of processing transactions, you set up rules to determine which accounts and related transactions are distributable to joint venture partners. With predefined rules, the managing partner can automatically and periodically identify eligible transactions for distributions. This removes the burden of categorizing each transaction as distributable, ensuring accurate and timely processing. Within Joint Venture Management, you can review and manage the transactions that have been identified for joint venture processing.

Automatically distribute transactions

Joint Venture Management calculates each partner's share of each transaction. Based on the date-effective stakeholder ownership percentages, Joint Venture Management automatically calculates the split and creates a distribution entry for each partner. Distribution entries contain information for audit and traceability purposes, including partner information, original transaction amount, project information, and the transaction date, which represents the date of service for the original transaction. It also includes other important details that help with

troubleshooting issues or resolving disputes over distribution amounts. Within Joint Venture Management, you can review and manage the distributions that represent each partner's share of each transaction.

Automatically process distributions

Joint Venture Management automatically creates invoices to partners for cost and revenue distributions. An option is available to create internal transfer journal entries for the partners instead of an invoice. Before invoicing joint venture cost distributions, partner contributions, if available, are drawn against to cover the distributions. Distributions for costs not covered by draws from partner contributions are billed to the partners through Receivables invoices and internal transfer journal entries. Distributions for revenue are processed as Payables invoices and internal transfer journal entries. With the automatic creation of invoices and internal transfer journal entries, companies can reduce the time and effort needed to process joint venture cost and revenue distributions for both internal and external stakeholders.

Create project costing adjustments

Joint Venture Management can send information to Project Costing. The reimbursable amounts invoiced to joint venture partners are sent to Project Costing, enabling the project manager to accurately budget and forecast gross and net amounts as well as realize accurate capitalized costs for a project.

Rebilling

During the lifecycle of a joint venture, there might be back-dated changes to the ownership percentage associated with the partners, transactions processed through Joint Venture Management in error, or partner disputes of costs that were billed to them. In situations when it is required to reprocess some of the transactions that have already been invoiced to partners, Joint Venture Management efficiently performs retroactive rebilling and reversals. It helps eliminate error-prone and time-consuming manual entries through automatic generation of partner credits and additional invoices.

Reporting

Joint ventures require timely reporting of information internally and to the joint venture partners. Take advantage of the available reporting tools to generate reports for reconciliation, auditing, operational information, stakeholder reporting, and other purposes.

Carried interest tracking and reporting

Joint Venture Management enables you to maintain the terms and conditions of carried interest agreements, their associated carried interest ownership definitions, process transactions based on the carried interest ownership definition, and also track and report on the amounts that consenting stakeholders are carrying for nonconsenting stakeholders.

Related products

- Oracle Fusion Cloud Financials
- Oracle Project Management
- Oracle Receivables
- Oracle Payables

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