Oracle® Project Portfolio Analysis

User Guide

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Oracle Project Portfolio Analysis User Guide, Release 12.1

Part No. E13622-02

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Preface

Intended Audience

Welcome to Release 12.1 of the *Oracle Project Portfolio Analysis User Guide.*

This guide contains the information you need to understand and use Oracle Project Portfolio Analysis.

You can choose from many sources of information, including online documentation, training, and support services, to increase your knowledge and understanding of Oracle Projects.

See Related Information Sources on page xi for more Oracle Applications product information.

TTY Relay Access to Oracle Support Services

To reach AT&T Customer Assistants, dial 711 or 1.800.855.2880. An AT&T Customer Assistant will relay information between the customer and Oracle Support Services at 1.800.223.1711. Complete instructions for using the AT&T relay services are available at http://www.consumer.att.com/relay/tty/standard2.html. After the AT&T Customer Assistant contacts Oracle Support Services, an Oracle Support Services engineer will handle technical issues and provide customer support according to the Oracle service request process.

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Structure

1 Overview of Oracle Project Portfolio Analysis

Oracle Project Portfolio Analysis uses financial criteria, strategic goals, and information about available funds to help you evaluate, prioritize, and select the right projects to match your business objectives.

2 Creating a Portfolio

This chapter describes how to create a portfolio and the basic portfolio information.

3 Creating a Planning Cycle

This chapter describes how to create a portfolio planning cycle, and the planning cycle attributes.

4 Collecting Project Information

This chapter describes project configuration, how to collect projects, and planning cycle exceptions.

5 Creating and Managing Scenarios

This chapter describes scenarios, scenario components, and how to create and manage scenarios.

6 Approving a Portfolio Plan

This chapter describes the portfolio approval process, how to reject a portfolio plan, and how to close a planning cycle.

A Formulas and Calculations

This appendix describes the formulas and calculations for the financial metrics in Oracle Project Portfolio Analysis.

Glossary

Related Information Sources

Integration Repository

The Oracle Integration Repository is a compilation of information about the service endpoints exposed by the Oracle E-Business Suite of applications. It provides a complete catalog of Oracle E-Business Suite's business service interfaces. The tool lets users easily discover and deploy the appropriate business service interface for integration with any system, application, or business partner.

The Oracle Integration Repository is shipped as part of the E-Business Suite. As your instance is patched, the repository is automatically updated with content appropriate for the precise revisions of interfaces in your environment.

Online Documentation

All Oracle Applications documentation is available online (HTML or PDF).

- **PDF** - PDF documentation is available for download from the Oracle Technology Network at http://otn.oracle.com/documentation.

- **Online Help** - Online help patches (HTML) are available on My Oracle Support.

- **About Documents and Release Notes** - Refer to the About Document or Release Notes for the mini-pack or family pack that you have installed to learn about new documentation or documentation patches that you can download. About Documents and Release Notes are available on My Oracle Support.

- **My Oracle Support Knowledge tab** - The My Oracle Support Knowledge tab lets you browse the knowledge base by technology, industry, integration, application, documentation, training, and services, to find all documents for a product area. Use the Knowledge Home to search for release-specific information, such as FAQs, recent patches, alerts, white papers, troubleshooting tips, and other archived documents.

- **Oracle eBusiness Suite Electronic Technical Reference Manuals -** Each Electronic Technical Reference Manual (eTRM) contains database diagrams and a detailed description of database tables, forms, reports, and programs for a specific Oracle Applications product. This information helps you convert data from your existing applications and integrate Oracle Applications data with non-Oracle applications, and write custom reports for Oracle Applications products. Oracle eTRM is available on My Oracle Support as part of Online Documentation.

Guides Related to All Products

Oracle Applications User's Guide

This guide explains how to enter data, query, run reports, and navigate using the graphical user interface (GUI) available with this release of Oracle Projects (and any other Oracle Applications products). This guide also includes information on setting user profiles, as well as running and reviewing reports and concurrent programs.

You can access this user's guide online by choosing "Getting Started with Oracle Applications" from any Oracle Applications help file.

Oracle Projects Documentation Set

Oracle Projects Implementation Guide

Use this guide to implement Oracle Projects. This guide also includes appendixes covering function security, menus and responsibilities, and profile options.

Oracle Projects Fundamentals

Oracle Project Fundamentals provides the common foundation shared across the Oracle Projects products (Project Costing, Project Billing, Project Resource Management, Project Management, and Project Portfolio Analysis). Use this guide to learn fundamental information about the Oracle Projects solution.

This guide includes a Navigation Paths appendix. Use this appendix to find out how to access each window in the Oracle Projects solution.

Oracle Project Billing User Guide

This guide shows you how to use Oracle Project Billing to define revenue and invoicing rules for your projects, generate revenue, create invoices, and integrate with other Oracle Applications to process revenue and invoices, process client invoicing, and measure the profitability of your contract projects.

Oracle Project Costing User Guide

Use this guide to learn detailed information about Oracle Project Costing. Oracle Project Costing provides the tools for processing project expenditures, including calculating their cost to each project and determining the General Ledger accounts to which the costs are posted.

Oracle Project Management User Guide

This guide shows you how to use Oracle Project Management to manage projects through their lifecycle - from planning, through execution, to completion.

Oracle Project Resource Management User Guide

This guide provides you with information on how to use Oracle Project Resource Management. It includes information about staffing, scheduling, and reporting on project resources.

Oracle Projects Glossary

The Oracle Projects glossary provides definitions of terms that are shared by all Oracle Projects applications. If you are unsure of the meaning of a term you see in an Oracle Projects guide, please refer to the glossary for clarification. You can find the glossary in the online help for Oracle Projects, and in *Oracle Projects Fundamentals*.

User Guides Related to This Product

Oracle Assets User Guide

In Oracle Assets, you can post capital project costs to become depreciable fixed assets. Refer to this guide to learn how to query mass additions imported from Oracle Projects to Oracle Assets and to review asset information. Use this guide to understand the implementation steps required for application use, including defining depreciation books, depreciation method, and asset categories. It also contains information on setting up assets in the system, maintaining assets, retiring and reinstating assets, depreciation, group depreciation, accounting and tax accounting, budgeting and budgetary control, online inquiries, impairment processing, and Oracle Assets reporting. This guide also includes a comprehensive list of profile options that you can set to customize application behavior.

Oracle U.S. Federal Financials Implementation Guide

This guide provides information on how to implement Oracle U.S. Federal Financials. Use this guide to learn about the steps required to set up account codes, Federal reporting, subledger accounting, and other features used by U.S. Federal agencies and businesses that work with U.S. Federal agencies.

Oracle U.S. Federal Financials User Guide

This guide gives instructions for using Oracle U.S. Federal Financials. This product provides the basis for an integrated financial management solution for Federal agencies, providing features such as budgetary control, fund accounting, online funds checking, cost accumulation and allocation, United States Standard General Ledger (US SGL) accounts, Treasury cash accounts, regulatory and ad hoc reporting, multiple fund receivables accounting, and multiple organization capabilities.

Oracle Financials Implementation Guide

This guide describes how to implement the Oracle Financials E-Business Suite. It takes

you through the steps of setting up your organizations, including legal entities, and their accounting, using the Accounting Setup Manager. You can find information on intercompany accounting and sequencing of accounting entries with relevant examples.

Oracle General Ledger Implementation Guide

This guide provides information on how to implement Oracle General Ledger. Use this guide to understand the implementation steps required for application use, including how to set up Accounting Flexfields, Accounts, and Calendars.

Oracle General Ledger User's Guide

This guide provides you with information on how to use Oracle General Ledger. Use this guide to learn how to create and maintain ledgers, ledger currencies, budgets, and journal entries. This guide also includes information about running financial reports.

Oracle Grants Accounting User Guide

This guide provides you with information about how to implement and use Oracle Grants Accounting. Use this guide to understand the implementation steps required for application use, including defining award types, award templates, allowed cost schedules, and burden set up. This guide also explains how to use Oracle Grants Accounting to track grants and funded projects from inception to final reporting.

Oracle HRMS Documentation Set

This set of guides explains how to define your employees, so you can give them operating unit and job assignments. It also explains how to set up an organization (operating unit). Even if you do not install Oracle HRMS, you can set up employees and organizations using Oracle HRMS windows. Specifically, the following manuals will help you set up employees and operating units:

- **Oracle HRMS Enterprise and Workforce Management Guide**

  This user guide explains how to set up and use enterprise modeling, organization management, and cost analysis.

- **Oracle HRMS Workforce Sourcing, Deployment, and Talent Management Guide**

  Use this guide to find out about setting up employees and managing your people resources.

Oracle Internet Expenses Implementation and Administration Guide

This guide explains how to configure Oracle Internet Expenses and describes its integration with other applications in the E-Business Suite, such as Oracle Payables and Oracle Projects. It describes the implementation steps required for application use, including how to set up policy and rate schedules, credit card policies, audit automation, and the expenses spreadsheet. You can also learn about the client

extensions that you can use to extend the Oracle Internet Expenses functionality.

Oracle Inventory User's Guide

If you install Oracle Inventory, refer to this manual to learn how to define project-related inventory transaction types and how to enter transactions in Oracle Inventory. This manual also describes how to transfer transactions from Oracle Inventory to Oracle General Ledger.

Oracle Payables Implementation Guide

This guide provides you with information on how to implement Oracle Payables. Use this guide to understand the implementation steps required for how to set up suppliers, payments, accounting, and tax.

Oracle Payables User's Guide

This guide describes how to use Oracle Payables to create invoices and make payments. In addition, it describes how to enter and manage suppliers, import invoices using the Payables open interface, manage purchase order and receipt matching, apply holds to invoices, and validate invoices. It contains information on managing expense reporting, procurement cards, and credit cards. This guide also explains the accounting for Payables transactions.

Oracle Payments Implementation Guide

This guide describes how Oracle Payments, as the central payment engine for the Oracle E-Business Suite, processes transactions, such as invoice payments from Oracle Payables, bank account transfers from Oracle Cash Management, and settlements against credit cards and bank accounts from Oracle Receivables. This guide also describes how Oracle Payments is integrated with financial institutions and payment systems for receipt and payment processing, known as funds capture and funds disbursement, respectively. Additionally, the guide explains to the implementer how to plan the implementation of Oracle Payments, how to configure it, set it up, test transactions, and how to use it with external payment systems.

Oracle Project Manufacturing Implementation Manual

Oracle Project Manufacturing allows your company to associate manufacturing costs and inventory with a project and task. Use this manual as your first source of information if you are implementing Oracle Project Manufacturing.

Oracle Property Manager Implementation Guide

Use this guide to learn how to implement Oracle Property Manager and perform basic setup steps such as setting system options and creating lookup codes, contacts, milestones, grouping rules, term templates, and a location hierarchy. This guide also describes the setup steps that you must complete in other Oracle applications before

you can use Oracle Property Manager.

Oracle Property Manager User Guide

Use this guide to learn how to use Oracle Property Manager to create and administer properties, space assignments, and lease agreements.

Oracle Public Sector Financials User Guide

Oracle Public Sector Financials is an overlay of features that extend the existing functionality of Oracle Financials for the specific needs of the public sector. This guide provides information about setting up and using Oracle Public Sector Financials. These features include multi-fund accounts receivable, encumbrance reconciliation reports, Governmental Accounting Standards Board (GASB) 34/35 asset accounting, enhanced funds available inquiry, the Funds Available Detail report, and the Funds Check API.

Oracle Purchasing User's Guide

This guide describes how to create and approve purchasing documents, including requisitions, different types of purchase orders, quotations, RFQs, and receipts. This guide also describes how to manage your supply base through agreements, sourcing rules, and approved supplier lists. In addition, this guide explains how you can automatically create purchasing documents based on business rules through integration with Oracle Workflow technology, which automates many of the key procurement processes.

Oracle Receivables User Guide

This guide provides you with information on how to use Oracle Receivables. Use this guide to learn how to create and maintain transactions and bills receivable, enter and apply receipts, enter customer information, and manage revenue. This guide also includes information about accounting in Receivables. Use the Standard Navigation Paths appendix to find out how to access each Receivables window.

Oracle Subledger Accounting Implementation Guide

This guide provides setup information for Oracle Subledger Accounting features, including the Accounting Methods Builder. You can use the Accounting Methods Builder to create and modify the setup for subledger journal lines and application accounting definitions for Oracle subledger applications. This guide also discusses the reports available in Oracle Subledger Accounting and describes how to inquire on subledger journal entries.

Oracle Time & Labor Implementation and User Guide

This guide describes how to capture work patterns such as shift hours so that this information can be used by other applications such as Oracle General Ledger and Oracle Projects.

Installation and System Administration

Oracle Applications Concepts

This book is intended for all those planning to deploy Oracle E-Business Suite Release 12, or contemplating significant changes to a configuration. After describing the Oracle Applications architecture and technology stack, it focuses on strategic topics, giving a broad outline of the actions needed to achieve a particular goal, plus the installation and configuration choices that may be available.

Oracle Applications Installation Guide: Using Rapid Install

This book is intended for use by anyone who is responsible for installing or upgrading Oracle Applications. It provides instructions for running Rapid Install either to carry out a fresh installation of Oracle Applications Release 12, or as part of an upgrade from Release 11*i* to Release 12. The book also describes the steps needed to install the technology stack components only, for the special situations where this is applicable.

Oracle Applications Maintenance Utilities

Use this guide to help you run the various Applications DBA (AD) utilities, such as AutoUpgrade, AutoPatch, AD Administration, AD Controller, AD Relink, License Manager, and others. It contains how-to steps, screenshots, and other information that you need to run the AD utilities. This guide also provides information on maintaining the Oracle Applications file system and database.

Oracle Applications System Administrator's Guide Documentation Set

This documentation set provides planning and reference information for the Oracle Applications System Administrator. *Oracle Applications System Administrator's Guide - Configuration* contains information on system configuration steps, including defining concurrent programs and managers, enabling Oracle Applications Manager features, and setting up printers and online help. *Oracle Applications System Administrator's Guide - Maintenance* provides information for frequent tasks such as monitoring your system with Oracle Applications Manager, administering Oracle E-Business Suite Secure Enterprise Search, managing concurrent managers and reports, using diagnostic utilities including logging, managing profile options, and using alerts. *Oracle Applications System Administrator's Guide - Security* describes user management, data security, function security, auditing, and security configurations.

Oracle Alert User's Guide

This guide explains how to define periodic and event alerts to monitor the status of your Oracle Applications data.

Oracle Applications Developer's Guide

This guide contains the coding standards followed by the Oracle Applications development staff. It describes the Oracle Application Object Library components needed to implement the Oracle Applications user interface described in the *Oracle Applications User Interface Standards for Forms-Based Products*. It also provides information to help you build your custom Oracle Forms Developer forms so that they integrate with Oracle Applications. In addition, this guide has information for customizations in features such as concurrent programs, flexfields, messages, and logging.

Other Implementation Documentation

Oracle Applications Multiple Organizations Implementation Guide

This guide describes how to set up and use Oracle Projects with the Multiple Organization feature for Oracle applications, so you can define and support different organization structures when running a single installation of Oracle Projects.

Oracle Workflow Administrator's Guide

This guide explains how to complete the setup steps necessary for any Oracle Applications product that includes workflow-enabled processes, as well as how to monitor the progress of runtime workflow processes.

Oracle Workflow Developer's Guide

This guide explains how to define new workflow business processes and customize existing Oracle Applications-embedded workflow processes. It also describes how to define and customize business events and event subscriptions.

Oracle Workflow User's Guide

This guide describes how Oracle Applications users can view and respond to workflow notifications and monitor the progress of their workflow processes.

Oracle Applications Flexfields Guide

This guide provides flexfields planning, setup and reference information for the Oracle Projects implementation team, as well as for users responsible for the ongoing maintenance of Oracle Applications product data. This guide also provides information on creating custom reports on flexfields data.

Oracle Applications User Interface Standards for Forms-Based Products

This guide contains the user interface (UI) standards followed by the Oracle Applications development staff. It describes the UI for the Oracle Applications products

and tells you how to apply this UI to the design of an application built by using Oracle Forms.

Oracle iSetup User Guide

This guide describes how to use Oracle iSetup to migrate data between different instances of the Oracle E-Business Suite and generate reports. It also includes configuration information, instance mapping, and seeded templates used for data migration.

Oracle XML Publisher Administration and Developer's Guide

Oracle XML Publisher is a template-based reporting solution that merges XML data with templates in RTF or PDF format to produce outputs to meet a variety of business needs. Outputs include: PDF, HTML, Excel, RTF, and eText (for EDI and EFT transactions). Oracle XML Publisher can be used to generate reports based on existing Oracle Applications report data, or you can use Oracle XML Publisher's data extraction engine to build your own queries. Oracle XML Publisher also provides a robust set of APIs to manage delivery of your reports via e-mail, fax, secure FTP, printer, WebDav, and more. This guide describes how to set up and administer Oracle XML Publisher as well as how to use the Application Programming Interface to build custom solutions.

Oracle XML Publisher Report Designer's Guide

Oracle XML Publisher is a template-based reporting solution that merges XML data with templates in RTF or PDF format to produce a variety of outputs to meet a variety of business needs. Using Microsoft Word or Adobe Acrobat as the design tool, you can create pixel-perfect reports from the Oracle E-Business Suite. Use this guide to design your report layouts.

Oracle E-Business Suite Diagnostics User's Guide

This guide contains information on implementing, administering, and developing diagnostics tests in the Oracle E-Business Diagnostics framework.

Oracle E-Business Suite Integrated SOA Gateway User's Guide

This guide describes how users can browse and view the integration interface definitions and services that reside in Oracle Integration Repository.

Oracle E-Business Suite Integrated SOA Gateway Implementation Guide

This guide explains the details of how integration repository administrators can manage and administer the entire service enablement process based on the service-oriented architecture (SOA) for both native packaged public integration interfaces and composite services - BPEL type. It also describes how to invoke Web services from Oracle E-Business Suite by working with Oracle Workflow Business Event System, manage Web service security, and monitor SOAP messages.

Training and Support

Training

Oracle offers a complete set of training courses to help you and your staff master Oracle Projects and reach full productivity quickly. These courses are organized into functional learning paths, so you take only those courses appropriate to your job or area of responsibility.

You have a choice of educational environments. You can attend courses offered by Oracle University at any of our many Education Centers, you can arrange for our trainers to teach at your facility, or you can use Oracle Learning Network (OLN), Oracle University's online education utility. In addition, Oracle training professionals can tailor standard courses or develop custom courses to meet your needs. For example, you may want to use your organization structure, terminology, and data as examples in a customized training session delivered at your own facility.

Support

From on-site support to central support, our team of experienced professionals provides the help and information you need to keep Oracle Projects working for you. This team includes your Technical Representative, Account Manager, and Oracle's large staff of consultants and support specialists with expertise in your business area, managing an Oracle server, and your hardware and software environment.

Do Not Use Database Tools to Modify Oracle Applications Data

Oracle STRONGLY RECOMMENDS that you never use SQL*Plus, Oracle Data Browser, database triggers, or any other tool to modify Oracle Applications data unless otherwise instructed.

Oracle provides powerful tools you can use to create, store, change, retrieve, and maintain information in an Oracle database. But if you use Oracle tools such as SQL*Plus to modify Oracle Applications data, you risk destroying the integrity of your data and you lose the ability to audit changes to your data.

Because Oracle Applications tables are interrelated, any change you make using an Oracle Applications form can update many tables at once. But when you modify Oracle Applications data using anything other than Oracle Applications, you may change a row in one table without making corresponding changes in related tables. If your tables get out of synchronization with each other, you risk retrieving erroneous information and you risk unpredictable results throughout Oracle Applications.

When you use Oracle Applications to modify your data, Oracle Applications automatically checks that your changes are valid. Oracle Applications also keeps track of who changes information. If you enter information into database tables using database tools, you may store invalid information. You also lose the ability to track who

has changed your information because SQL*Plus and other database tools do not keep a record of changes.

1

Overview of Oracle Project Portfolio Analysis

Oracle Project Portfolio Analysis uses financial criteria, strategic goals, and information about available funds to help you evaluate, prioritize, and select the right projects to match your business objectives.

This chapter covers the following topics:

- Introduction to Oracle Project Portfolio Analysis
- Portfolio Planning Process Flow
- Integration with Oracle Project Management
- Predefined Workflow Processes

Introduction to Oracle Project Portfolio Analysis

Oracle Project Portfolio Analysis is part of the Oracle Enterprise Project Management solution. It serves as the initial planning tool for prioritizing and selecting the most beneficial projects for your company. Using Oracle Project Portfolio Analysis you can define your organization's strategic and financial objectives, such as target ranges for return on investment and net present value. This enables you to leverage project financial data, including costs and revenue, to select projects for funding.

This chapter discusses the key benefits and features of Oracle Project Portfolio Analysis.

Benefits

With Oracle Project Portfolio Analysis, you can select projects that are achievable within the available budget into a portfolio that is aligned with the organization's business objectives. This application enables you to analyze investments consistently. When you build a portfolio, you can specify the projects to be evaluated by portfolio, total project and portfolio cost, and strategic objectives. In an active portfolio you can execute real-time strategy changes, thus increasing your competitive advantage.

Oracle Project Portfolio Analysis accelerates your portfolio planning process by using automated workflow for planning and approvals. It increases your ability to evaluate projects by allowing you to compare proposed plans with delivered projects.

You can compare scenarios in a portfolio and fund only those projects that add financial value to the organization. You can create and compare multiple scenarios, conduct *what if* evaluations to identify risky projects, and fund only those projects that meet your organization's goals.

Features

Oracle Project Portfolio Analysis provides a solution for your company to maximize return on project spending by aligning your project investment portfolios with your financial and strategic goals.

Key capabilities of Oracle Project Portfolio Analysis include:

- Managing portfolios: You can create portfolios to manage groups of projects. You build multiple scenarios to compare different approaches to project funding. You can view the funds allocated, which are updated whenever you change your funding approach. You can balance scenarios in portfolio plans based on the investment mix. You can set target scores to define goals for portfolio plans and project assessment. You can monitor the progress of the portfolio plan process using the checklist, page 3-3.

- Managing planning cycles: You can create planning cycles to gather project proposals, analyze portfolios, and make portfolio decisions. You can capture strategic and financial evaluation criteria for new and existing projects.

- Assessing portfolio projects: You can score and rank projects in a portfolio. Graphs and charts are available to evaluate scenarios and compare scenarios.

- Calculating financial measures: The system calculates financial measures such as net present value, return on investment, planned benefit, internal rate of return based on project financial plan information. You can refresh financial information for more accurate portfolio analysis using current cost and planned benefit estimates.

- Automated workflows, page 1-6: You can use workflows to collect project information, recommend scenarios, obtain portfolio plan approval, and keep users informed of the planning cycle status.

- Project Filters: You can use advanced filters to search for projects based on selected metrics to create a prioritized list of projects. The prioritized list helps you to determine which projects to recommend or reject.

Common Terms

The following table describes some important terms used in Oracle Project Portfolio Analysis:

Term	Description
Portfolio Plan	A portfolio plan consists of one or more scenarios for a portfolio. A portfolio analyst submits the portfolio plan, including recommended scenarios, for approval. A portfolio approver selects a scenario and approves the portfolio plan.
Scenario	A scenario is a set of projects considered for funding, modeled to demonstrate a potential business scenario. A scenario serves as a planning instance for a portfolio planning cycle to support funding approval decisions.
Planning Cycle	A planning cycle is a series of activities aimed at examining active projects and new project proposals, with the goal of selecting projects to fund. The planning cycle begins when a portfolio analyst initiates the planning cycle and ends when the portfolio plan is approved. A portfolio plan has only one current planning cycle.

Predefined User Roles

Portfolio roles are used to control user access to portfolios. The system-defined portfolio roles are:

- **Portfolio Approver**: A portfolio approver can view portfolios and their submitted scenarios and can approve or reject submitted scenarios and portfolio plans.

- **Portfolio Analyst**: A portfolio analyst can create, view and update portfolios, create, initiate and close planning cycles, collect projects, build and recommend scenarios and submit portfolio plans for approval.

- **Portfolio Owner**: A portfolio owner has all of the above abilities and is the default portfolio approver.

Related Topics

Portfolio Roles, page 2-2

Portfolio Planning Process Flow

The following diagram shows the portfolio planning process flow activities:
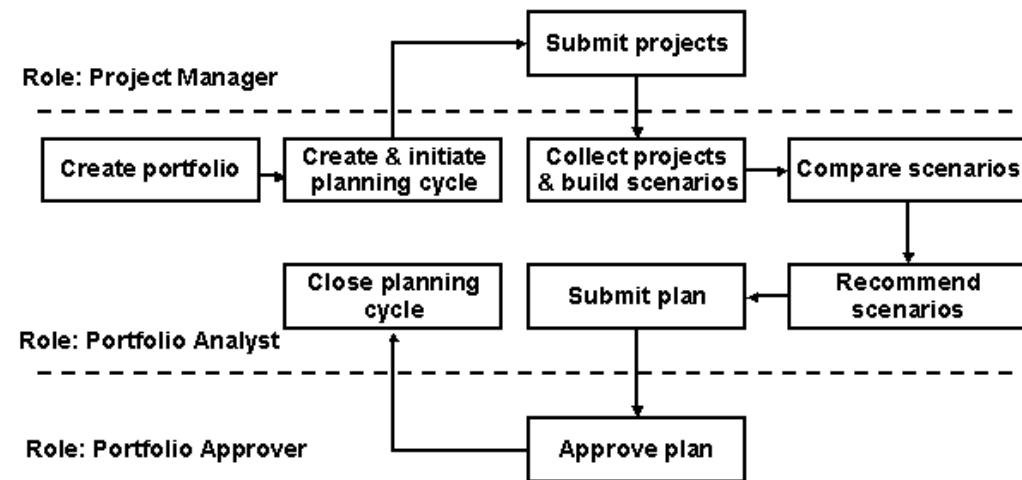
The portfolio planning process generally follows these steps:

1. Creating a portfolio: When you create a portfolio, you specify information about the portfolio that helps to determine the projects that can be included in the portfolio. You also grant access to specific users by assigning roles to them.

2. Creating and initiating a planning cycle: In the planning cycle, you can set the strategic targets, funding, investment mix criteria, and investment targets. After you define the planning cycle, you initiate it to collect projects into scenarios. You can submit projects to a portfolio plan after you initiate the planning cycle.

3. Submitting projects to the planning cycle: Project managers receive notification that the current planning cycle is ready to receive projects into an initial scenario. Project managers are responsible for confirming that their projects meet the requirements of the planning cycle. Projects that do not qualify are not included in the planning cycle.

4. Collecting projects to build scenarios: After you collect projects into an initial scenario, you can add projects to it, and then use the initial scenario as a basis to build additional scenarios. You can modify the scenarios by adding and removing projects.

5. Managing scenarios: You can compare and rank the projects, and also compare the scenarios with each other. This enables you to identify the projects and scenarios that best match your organization's financial and strategic goals. You can select the best scenarios for approval.

6. Submitting the portfolio plan: You submit the portfolio plan to the portfolio approver for review and approval. Following a careful review of the portfolio plan, the portfolio approver either approves or rejects the plan.

7. Closing a planning cycle: The portfolio analyst closes the planning cycle after all of the planning cycle activities are completed. After the cycle is closed, you can view a historical version of the portfolio plan and review the scenarios and projects.

Related Topics

Creating a Portfolio, page 2-4

Overview of Planning Cycles, page 3-1

Integration with Oracle Project Management

After you gather projects into a portfolio and obtain approved funding, you can use Oracle Project Management to initiate and manage your projects. Oracle Project Management enables project managers to propose projects for consideration in portfolios.

Oracle Project Portfolio Analysis has the following direct integration points with Oracle Project Management:

- **Project Creation**: Project managers create projects and project proposals in Oracle Project Management for inclusion in Oracle Project Portfolio Analysis.

- **Project Scores**: Project managers score the projects for strategic objectives and the system calculates the weighted scores for the projects in Oracle Project Management. You can view the weighted scores in Oracle Project Portfolio Analysis.

- **Project Financial Information**: You can use the baseline financial plan information (cost, for example) from Oracle Project Management to calculate financial measures, such as return on investment, net present value, and internal rate of return, for your portfolios. Budgets, actuals, and forecasts are reported to Oracle Project Portfolio Analysis with current project information.

- **Project Information**: You can use Oracle Project Portfolio Analysis to view project performance information, such as the project health information, from Oracle Project Management.

- **Project Sets**: An Approved Project Set (named after each portfolio plan and planning cycle), which includes all approved projects in the portfolio plan, is automatically created when a portfolio plan is approved. Oracle Project Management users can then view and analyze the project sets. You can use the project set to track key performance areas such as status, cost, and profitability for

all approved projects in your portfolio.

- **Project Funding**: Project funding decisions that are made in Oracle Project Portfolio Analysis are displayed in Oracle Project Management.

Related Topics

Project Scorecard, page 4-4

Refreshing Financial Information, page 5-9

Impact on Project Sets, page 6-4

Predefined Workflow Processes

Oracle Project Portfolio Analysis uses a default planning cycle status change workflow process called Project Portfolio Analysis Workflow. The workflow routes actions sequentially for each stage of the portfolio plan to those users who are included on the distribution list. Participants who receive notifications include the portfolio analysts, portfolio owners, and portfolio approvers.

The following table lists the project portfolio analysis workflow processes and their descriptions:

Workflow Process	Description
PJP Initiate Planning Cycle Process	Initiates the planning cycle
PJP User Force Collection	Collects projects into the initial scenario
PJP Main Workflow Process	Main workflow process containing the submit and approve processes
PJP Submit Plan	Submits the portfolio plan for approval
PJP Approve Plan	Approves the portfolio plan
PJP Close Planning Cycle	Closes the planning cycle after the portfolio plan is either approved or rejected

Related Topics

Workflow Processes, *Oracle Projects Implementation Guide*

2

Creating a Portfolio

This chapter describes how to create a portfolio and the basic portfolio information.

This chapter covers the following topics:

- Overview of a Portfolio
- Basic Portfolio Information
- Creating a Portfolio
- Deleting a Portfolio

Overview of a Portfolio

A portfolio is a set of projects that have common financial objectives, strategic objectives, and funding source. In Oracle Project Portfolio Analysis, you can create what-if scenarios for your portfolios in planning cycles. The scenarios facilitate effective analysis, funding, and management of your projects.

A portfolio can include new projects and on-going projects. You can use one of the following approaches to create portfolios for your company:

- Create overall company portfolios that reside as peers to each other without any sharing structure, such as one overall IT portfolio and an R&D portfolio for the entire company.

- Create internal department portfolios that reside in a shared organization hierarchy, such as multiple internal IT portfolios for each department in the company.

Basic Portfolio Information

You initially select projects into a portfolio by defining two attributes, the Portfolio Selection Class Category and Portfolio Organization Hierarchy.

Portfolio Selection Class Category

The portfolio selection class category is a class category that you use to select which projects belong to which portfolios. All the portfolios automatically contain the portfolio selection class category that was defined by your implementation team. When you create a portfolio, you enter a unique class code for the portfolio. All portfolio projects must contain the portfolio selection class category that is defined for your company.

Example

Vision Services has a class category named *Business Objective*. You can designate the class category as the portfolio selection class category. Only one portfolio in Vision Services can have the portfolio selection class category value as *Business Objective*.

The system administrator or a member of the implementation team can define class codes (for this category) such as Capital Spending, IT Governance, and Marketing Investments. You can assign one of the class codes to a portfolio in Vision Services. Any person or role who creates a project is responsible for entering that class category and class code on projects that they want to include in the portfolio. The projects with a class code for the *portfolio selection class category* that matches the class code for a portfolio are eligible to be in the portfolio.

Portfolio Organization Hierarchy

You use an organization hierarchy to control which projects can belong to individual portfolios. Only projects that are within a portfolio's start organization or below it in the organization hierarchy can be a part of that portfolio.

If your implementation team defined a *Portfolio Organization Hierarchy* in Oracle Project Foundation, you can specify a start organization within a portfolio to indicate which branch of the organization hierarchy Oracle Project Portfolio Analysis will recognize as the top of your hierarchy. Projects with a start organization that matches the portfolio's start organization or reside below it in the organization hierarchy can be included in the portfolio. If you want to use the entire organization hierarchy to select eligible projects, enter the top organization as the portfolio start organization.

If you do not specify a start organization, the portfolio will select all the projects within the operating unit.

Example

Vision Services contains two project-owning organizations: Services - East and Services - West. Because the start organization is Vision Services, all the projects residing in Services - East and Services - West are eligible to be included in the portfolio.

Portfolio Roles

You can secure portfolio access by granting one of the following predefined roles to users:

• Portfolio Analyst

- Portfolio Approver

- Portfolio Owner

A user can have different roles for different portfolios. For example, you can be a portfolio approver for one portfolio, and a portfolio analyst for a different portfolio. A user may also have different roles for the same portfolio. For example, you can play a dual role of a portfolio analyst and a portfolio owner for a single portfolio.

Portfolio Analyst

The portfolio analysts can create portfolios, planning cycles and scenarios, and typically perform the what-if analysis on portfolios.

A portfolio analyst can perform the following actions:

- Create portfolios

- Create and initiate planning cycles

- Collect projects and create scenarios

- Compare scenarios

- Recommend scenarios

- Submit the portfolio plan

- Close the portfolio plan

Portfolio Approver

The portfolio approver reviews the planning cycle and either approves or rejects the portfolio plan. The portfolio approver is typically a senior manager in your organization who is responsible for making the funding decisions.

A portfolio approver can perform the following actions:

- View the portfolio

- View planning cycles

- Compare scenarios

- Approve or reject a portfolio plan

Portfolio Owner

A portfolio creator is the portfolio owner. The portfolio owner has all of the functions available to the portfolio analyst and is the default portfolio approver. There can only

be one portfolio owner for a portfolio.

Related Topics

Implementing Oracle Project Foundation, *Oracle Projects Implementation Guide*

Implementing Oracle Project Portfolio Analysis, *Oracle Projects Implementation Guide*

Creating a Portfolio

The first step in the portfolio planning flow is to create a project portfolio. A project can belong to only one portfolio and one planning cycle at a time. However, a project can belong to multiple scenarios within the planning cycle. There is only one active planning cycle for a portfolio.

When you create a portfolio, you define a basic set of information that helps determine the projects that can be included in the portfolio. You also grant access to specific users by assigning them to the roles of portfolio analyst, portfolio approver, and portfolio owner.

To create a portfolio:

1. Open the *Create Portfolio* page.

2. Enter the portfolio name, a class code for the unique portfolio selection class category, and the name of the portfolio owner. You can optionally enter a start organization from the portfolio organization hierarchy and a description for the portfolio.

3. Define portfolio access by entering the names of additional users that you want to have access to the portfolio, including the portfolio approver and portfolio analyst. You can assign more than one person to these roles.

4. Apply your changes.

On the *Create Portfolio* page, you can access the approved and closed portfolio plans from the previous planning cycles under the planning cycle history.

Deleting a Portfolio

You can delete a portfolio only if you have not created a planning cycle for it.

To delete a portfolio:

1. Open the portfolio to be deleted. Check to see if there are any planning cycles in the portfolio because if there is a planning cycle, you cannot delete the portfolio.

2. Delete the portfolio.

3

Creating a Planning Cycle

This chapter describes how to create a portfolio planning cycle, and the planning cycle attributes.

This chapter covers the following topics:

- Overview of Planning Cycles
- Defining a Planning Cycle
- Planning Cycle Statuses

Overview of Planning Cycles

A portfolio planning cycle is a series of activities that are dedicated to examining and approving a set of projects. During a planning cycle, you decide which projects to fund based on the strategic and financial goals of your company.

You can create a planning cycle whenever a business change occurs or a periodic review process takes place. For example, you might create a planning cycle during your company's annual planning and budgeting cycle.

Example
The Vision Corporation creates planning cycles during their annual planning and budgeting cycles. This organization is required to develop formal plans for the type of work they will perform for each fiscal year. The formal planning process can include:

- Developing documentation of the planned work

- Periodically updating a capital investment portfolio to reflect the current year's budget

- Conducting a performance review of the prior period

You can use Oracle Project Portfolio Analysis to prepare, perform, and track each step in the process, and use the planning cycle to determine which projects to fund.

Planning Cycle Activities

During a planning cycle, the portfolio analyst and portfolio owner develop and analyze scenarios, and then recommend scenarios for approval. The portfolio approver is responsible for approving a single scenario and the portfolio plan. You can create a new planning cycle for a portfolio after the portfolio plan is approved and closed.

> **Note:** Only one planning cycle can be active in a portfolio. You can create a new planning cycle for an existing portfolio after the prior planning cycle has been closed.

Planning cycle activities include:

- Creating and initiating the planning cycle

- Submitting projects to the planning cycle

- Collecting projects and developing scenarios

- Comparing scenarios

- Recommending scenarios for approval

- Submitting the portfolio plan for approval

- Approving a scenario and a portfolio plan

- Closing the portfolio plan

Defining a Planning Cycle

When you create a planning cycle, you specify the following objectives:

- Investment criteria

- Targets for financial metrics

- The investment mix (how funds will be allocated between the investment class codes in the portfolio)

You define the following attributes for a planning cycle:

- Basic information, including the investment class category, planning cycle period details, and the planning cycle currency

- Investment criteria that are used to evaluate projects by scores against your strategic objectives, and target score ranges for strategic groups

- Financial information, including the portfolio discount rate, funds available, and a display factor for the portfolio. You also define acceptable target ranges for the portfolio's financial metrics, which are:

    - Net Present Value

    - Internal Rate of Return

    - Payback Period

    - Return on Investment (ROI)

    - The percentage of funds to be allocated to each investment mix (Investment Class Code)

- A distribution list of users and roles that receive notifications of planning cycle activities, and a due date on which eligible projects can be automatically collected into the portfolio.

To create a planning cycle:

1. Open the *Create Planning Cycle* page.

2. Enter the planning cycle name and description. You can choose to save the planning cycle at this point by applying the changes.

3. Enter the details for the planning cycle attributes, which are: Investment Criteria, Basic Information, Financial Information, and the Distribution List.

4. Save your work.

Planning Cycle Elements

When you create a planning cycle, you assign financial, strategic, and general details to it that assist with project analysis, project evaluation, and the selection of projects that will be collected into the planning cycle.

Checklist

You can use the planning cycle checklist to perform the actions in the following table:

Action	When You Can Perform This Action
Review Strategic and Financial Criteria	The planning cycle status is *Created* or *Null*

Action	When You Can Perform This Action
Initiate Planning Cycle	The icon is enabled when the planning cycle is created, but not initiated
Collect Projects	After the planning cycle is initiated, until one of these events has occurred: • The deadline (due date) for submitting projects has passed • All project owners have submitted projects to the planning cycle • The portfolio analyst has forced project collection
Develop Scenarios	After projects are collected into the initial scenario, until you submit a scenario for approval
Submit Plan for Approval	After a scenario is recommended for approval
Approve Plan	After a scenario is approved, and the planning cycle status is *Submitted*
Close Planning Cycle	After the planning cycle is created

Investment Criteria

Investment criteria help portfolio analysts evaluate project investments. Oracle Project Portfolio Analysis uses a combination of financial and non-financial (strategic) criteria. Portfolio analysts evaluate both types of criteria when reviewing projects that are being considered for funding in a planning cycle.

You define the Investment Criteria in a planning cycle to execute the following functions:

• Define weights of strategic objectives for each strategic group

• Define weights of strategic groups for calculating the weighted strategic score

• Define target scores for the weighted strategic score of strategic groups and criteria

Strategic Groups and Objectives

Strategic groups and objectives are shared throughout your organization for every planning cycle. Portfolio analysts can select the strategic criteria to use for planning cycles. You select the strategic criteria for each planning cycle by determining the relevance of each strategic group and objective for a planning cycle, and assigning weights (as percentages) to the criteria. Oracle Project Portfolio Analysis uses the weights when calculating the weighted strategic score for projects, investment class codes, and scenarios.

Example

Vision Corporation analyzes projects in terms of risk, for which a strategic group named Risk Assessment has been created. Individual strategic criteria focused on Risk Assessment have been created for that group. Within the Risk Assessment group, the implementation team can define criteria to measure the risk to the company's schedule, cost, or resources. A portfolio analyst creating a planning cycle determines the importance of risk to the planning cycle, and assigns a weight to the Risk Assessment group and all of its subordinate strategic criteria.

Target Scores

Portfolio analysts enter target values for financial and strategic criteria in planning cycles. Target scores enable you to define internal standards for a portfolio and for project assessment. After setting the target scores, you can track how well organizations are aligning with the investment criteria defined for your company.

You enter overall target score ranges for the planning cycle's financial and strategic criteria. Within the strategic criteria, you assign target scores for each strategic group. You can enter target scores for the financial criteria when defining the financial information for a planning cycle.

Weights

To evaluate a project based on multiple criteria, you can score a project, investment class code, or scenario using a set of strategic groups and objectives. Oracle Project Portfolio Analysis combines the results to calculate a single weighted strategic score for each project. The weights used are the percentages you assign to the strategic criteria for the planning cycle.

At the investment class code and scenario levels, the weighted strategic score is calculated as the average weighted score for all approved projects in the scenario or investment class code, weighted by the planned cost of those projects. Oracle Project Portfolio Analysis requires that the total sum of weights be 100 percent for:

- Financial criteria versus strategic criteria

- All strategic groups

- All strategic objectives within a strategic group, even if a value of zero percent is assigned to a specific strategic group

Related Topics

Targets and Financial Metrics, page 3-9

Implementing Oracle Project Portfolio Analysis, *Oracle Projects Implementation Guide*

Basic Information

You define basic information for a planning cycle such as the investment mix, calendar, and currency attributes. If a planning cycle that is in *Closed* status exists for your portfolio, certain attributes from that planning cycle appear as default values on the *Basic Information* page. These values are:

- Investment Class Category

- Calendar

- Period Type

- Currency Code

- Currency Conversion Rate Type

- Currency Conversion Rate Date

You can override the default values for a new planning cycle.

Investment Class Category

A portfolio analyst assigns an investment class category to the planning cycle, which helps to select projects for the planning cycle. Project managers are responsible for assigning that investment class category and one of its class codes to the projects they plan to submit to the planning cycle. If a project does not contain the investment class category that is assigned to a planning cycle, it is not eligible to be collected in the planning cycle.

Oracle Project Portfolio Analysis calculates the aggregate net present value, return on investment, internal rate of return, and payback period for each investment class code assigned to the projects in a planning cycle.

Planning Cycle Calendar

The planning cycle calendar defines the range of time for which you are planning. To do this, specify the following information for the planning cycle:

- Calendar

  Select a calendar that is defined in Oracle General Ledger. You can use different calendars for each planning cycle. Therefore, if there is a default calendar value in the field, verify that it is the one you want to use for the current planning cycle.

- Effective Period To

    Select a period for Oracle Project Portfolio Analysis to use as the last period for calculating the total cost, net present value, internal rate of return, and return on investment for your planning cycle. The default value is the last period defined in Oracle General Ledger for the selected calendar.

- Funding Periods

    Select the range of periods during which funds available and funds required are to be considered for the planning cycle.

    > **Note:** Some projects may extend beyond the "Funding Period To" period. For those projects, only costs that are scheduled to occur within the range defined by the "Funding Period From" and "Funding Period To" periods are considered.

    You can align your portfolio planning with your company's budget cycle processes by setting the funding periods to coincide with the time allotted for your budgeting period.

Planning Cycle Currency

As a portfolio analyst, you can configure the currency attributes for your planning cycle. You specify values for the Currency Code, Conversion Rate Type, and the Conversion Rate Date.

Related Topics

Implementing Oracle Project Foundation, *Oracle Projects Implementation Guide*

Implementing Oracle Project Portfolio Analysis, *Oracle Projects Implementation Guide*

Investment Class Category in Oracle Project Management, page 4-2

Funds Available, page 3-8

Financial Information

A portfolio analyst can define the following financial information for a planning cycle:

- Discount rate

- Funds available

- Display factor

- Target values for the financial metrics

- The distribution of funds (as percentages) among the class codes for the selected

investment class category

As a portfolio analyst, you define ideal target ranges for each financial metric. These target values enable you to define internal standards for the projects in your planning cycle. After setting the target scores and collecting projects into scenarios, you can track the performance of each project by comparing it to the acceptable target values of the financial metrics.

Discount Rate

The discount rate is the minimum acceptable rate of return on an investment. You specify the annual discount rate to be used for calculating net present value and the payback period for planning cycles and scenarios. The default value for the discount rate is automatically applied to the scenarios in the planning cycle. However, you can change the value for each scenario.

Funds Available

Funds are available to spend for the funding period defined for a planning cycle. You enter the total funds available for the portfolio plan, and enter percentages in the investment mix to define the funds distribution to each investment class code. The total percentage of available funds for the investment class codes must equal 100 percent.

The funds available amount that you enter for the planning cycle is the default funds available amount for each scenario. However, you can adjust the value for each scenario in the planning cycle. The funds available amount that you specify is also used to calculate the funds allocated to scenario projects.

Display Factor

The portfolio analyst selects a display factor, which is a divisor for displaying numeric values in a planning cycle. The display factor does not change the amounts, only the way they are displayed. You can choose to display amounts as their original value, or by thousands, millions, or billions. Displayed amounts roll up from the project level, to investment class category level, to the scenario level.

Example
A planning cycle named 2006 Capital Spending Plan contains projects A, B, and C. The funds available for the projects are listed in the following table:

Project	Funds Required (in USD)
Project A	1400.49
Project B	299.51
Project C	300.00

- If the portfolio analyst selects to display the amounts as the original values, the funds available for the investment class category is displayed as 2000 (1400 + 300 + 300).

- If the portfolio analyst selects to display amounts as thousands, the funds available for the investment class category is displayed as 1 (1 + 0 + 0).

- If the portfolio analyst selects to display amounts by a factor higher than thousands, a value of 0 is displayed.

The display factor that you select is used to display funds required, funds available, funding variances, costs, benefits, and other financial attributes of a planning cycle.

Targets and Financial Metrics

Oracle Project Portfolio Analysis provides a set of standard financial criteria to assist portfolio analysts with evaluating the projects in a planning cycle. The financial criteria are:

Net Present Value

The net present value is the discounted cash amount of the expected net gain or loss from an investment. This is calculated by discounting all expected future cash inflows and outflows to the present time. Oracle Project Portfolio Analysis calculates net present value at the project level, and rolls it up to the investment class code and scenario levels.

The net present value of a project is the discounted cash amount of the expected net gain or loss from a project. Oracle Project Portfolio Analysis calculates this value by discounting all future revenues and costs for the project to the present point in time, based on the planning cycle discount rate.

The net present value of an investment class code or scenario is the sum of the discounted cash amount of the expected net gain or loss from all approved projects in the investment class code or scenario. Oracle Project Portfolio Analysis calculates this amount by discounting all future revenues and costs for the approved projects in the investment class code or scenario.

Oracle Project Portfolio Analysis only considers the expected costs and revenue from periods that are within the planning cycle's funding periods, from the *Effective Period From* period to the *Effective Period To* period.

Internal Rate of Return

The internal rate of return is the discount rate at which the present value of future revenues of a project, investment class code, or scenario is equal to the present value of future costs of that project, investment class code, or scenario. If you use the internal rate of return as the discount rate, the net present value of the project, investment class code, or scenario is zero.

Oracle Project Portfolio Analysis calculates the internal rate of return at the project, investment class code and scenario levels.

The internal rate of return for a project is the discount rate at which the present value of

the future revenues of the project equals the present value of the future costs of the project, such that the net present value of the project is zero when using the internal rate of return as the discount rate.

The internal rate of return for an investment class code or scenario is the discount rate at which the net present value for all projects with a recommended Funding Approval Status of *Approved* is zero when using the internal rate of return as the discount rate. Projects that have a recommended Funding Approval Status of *Rejected* or *On Hold* are not considered when calculating the internal rate of return.

Oracle Project Portfolio Analysis only considers the expected costs and revenue from periods that are within the planning cycle's funding periods, from the *Effective Period From* period to the *Effective Period To* period.

Payback Period

The payback period is the amount of time it takes to recover the initial amount invested, without regard to the time value of money. Oracle Project Portfolio Analysis calculates payback period at the project, investment class code, and scenario levels.

The payback period of a project, investment class code or scenario is calculated as the number of months that it takes to recover the total cost of the project, investment class code, or scenario from the beginning of the funding period.

Return on Investment

The return on investment is an index that is used to evaluate projects for which net present values have been determined. Projects with high return on investment numbers are beneficial to the organization. The return on investment for a project, investment class code, or scenario is determined by dividing its net present value by its total cost.

Investment Mix

The investment mix represents the intended distribution of funds in a portfolio among the investment class codes. You enter a percentage for each investment class code according to how you want Oracle Project Portfolio Analysis to distribute the funds.

Distribution List

The distribution list is a list of Oracle Projects users or roles that are notified when a planning cycle status changes. You can define the distribution list by role or by person.

Distribution List by Role

You can select send notifications of planning cycle activities to all users that are assigned to a specific role in Oracle Projects. For example, if you specify *Project Manager* in the distribution list, all users that have a role of project manager on any project in Oracle Projects receive notifications pertaining to your planning cycle.

> **Note:** If you add a role to the distribution list, all of the individuals in your company who are assigned to the role receive notifications of the planning cycle activities, even if they are not performing work related

to your planning cycle.

Distribution List by Person

You can select any individual who is defined in Oracle Human Resources Management Systems to receive notifications of planning cycle activities. This option enables you to specify named individuals to participate in the portfolio planning process who are not assigned to a project role.

Distribution List and Oracle Workflow

When you create a distribution list for your planning cycle, Oracle Workflow sends notifications to the specified roles or people when the following activities occur:

• You initiate a planning cycle

• The portfolio approver approves a planning cycle

The users that you specify, and the individuals assigned to the roles that you specify, receive workflow notifications requesting them to manually submit their projects to be considered for inclusion in the planning cycle. The notification contains these details about the portfolio and the planning cycle:

• Portfolio name

• Planning cycle name

• Portfolio selection class category and class code

• Investment class category

• Cost and benefit financial plan types defined for Oracle Project Portfolio Analysis

Oracle Workflow also sends notifications of planning cycle activities to portfolio analysts and portfolio approvers. Portfolio analysts receive notifications when a portfolio plan is initiated, approved, rejected, or closed. Portfolio approvers receive notifications when a portfolio plan is submitted or closed.

Planning Cycle Due Date

You can optionally enter a planning cycle due date to specify a date for Oracle Project Portfolio Analysis to automatically collect projects into the initial scenario of your planning cycle. The automatic project collection can occur only after you initiate the planning cycle.

Initiating a Planning Cycle

After you define a planning cycle, you initiate it to collect projects into a scenario. You initiate a planning cycle after you enter and save the required planning cycle details,

and the planning cycle status is *Created*. When you initiate the planning cycle the status changes to *In Collection*.

To initiate a planning cycle:

1. Open the planning cycle *Checklist*.

2. Select *Initiate Planning Cycle*.

Planning Cycle Statuses

You can view the planning cycle status from the *My Portfolios* page, and from the planning cycle pages of a portfolio.

The following table describes the planning cycle statuses:

Planning Cycle Status	Description
Created	The planning cycle is created and the portfolio analyst is entering data.
In Collection	The portfolio analyst has initiated the planning cycle, and Oracle Workflow has sent notifications to the users on the planning cycle distribution list. The users can submit projects to the planning cycle.
In Analysis	Oracle Project Portfolio Analysis has collected projects into the initial scenario. The portfolio analyst can review the submitted projects, assign project scores against strategic objectives, and create additional scenarios. Projects can be added to the scenarios. New projects are automatically added to the initial scenario.
Submitted	The portfolio analyst has submitted the plan for approval.
Approved	A scenario and planning cycle are approved. Further analysis is allowed, but the plan cannot be resubmitted.
Closed	The planning cycle is closed and no further changes can be made.

You can have only one planning cycle for a portfolio in an active status at any time. All

of the statuses except *Closed* are active statuses.

4

Collecting Project Information

This chapter describes project configuration, how to collect projects, and planning cycle exceptions.

This chapter covers the following topics:

- Overview of Collecting Project Information
- Project Configuration
- Collecting Projects
- Planning Cycle Exceptions

Overview of Collecting Project Information

Integration with Oracle Project Management enables Oracle Project Portfolio Analysis to determine the costs and benefits of the projects that are included in a planning cycle. Project owners submit projects to planning cycles by configuring the projects to meet planning cycle requirements. Projects that qualify to be included in a planning cycle can be automatically collected by Oracle Project Portfolio Analysis, or manually collected by a portfolio analyst.

Project Configuration

After the portfolio analyst initiates a planning cycle, Oracle Workflow sends notifications to the Oracle Projects users defined on the distribution list, asking them to submit projects to the planning cycle. Project managers perform the following actions to make a project eligible to be included in a planning cycle:

- Select a project-owning organization.
- Enter the portfolio selection class category and class code.
- Enter the investment class category and class code.

- Enter a project manager for the project.

- Create and approve baseline versions of the cost and revenue financial plan types that are used by Oracle Project Portfolio Analysis.

- Set the project funding approval status to *Proposed*.

- Optionally complete the project scorecard.

This section provides more information about these actions.

Related Topics

Organizations, *Oracle Projects Fundamentals*

Project Team Definition, *Oracle Projects Fundamentals*

Portfolio Selection Class Category in Oracle Project Management

To be included in a planning cycle, a project must contain the portfolio selection class category and class code that were selected for the portfolio. Project managers assign this class category and class code to projects in order for the projects to be eligible for collection in the planning cycle. Oracle Workflow sends a notification to project managers when the planning cycle is initiated that contains the name of the portfolio selection class category and class code.

Related Topics

Portfolio Selection Class Category, page 2-2

Investment Class Category in Oracle Project Management

When configuring projects for a planning cycle, project managers must assign the investment class category that is used for the planning cycle to their projects. The name of the investment class category is included in the workflow notification that is sent to project managers after the portfolio analyst initiates the planning cycle.

Related Topics

Investment Class Category, page 3-6

Using Financial Plans

Oracle Project Portfolio Analysis collects cost and benefit information from the approved baseline versions of cost and revenue financial plans of portfolio projects. Your implementation team specifies financial plan types that are used for portfolios, and project managers are responsible for completing those financial plans on the projects that they plan to submit to a planning cycle.

Oracle Project Portfolio Analysis uses the financial plan information to calculate the net present value, return on investment, internal rate of return, and payback period. The following table lists the planning cycle metrics and their calculations:

Name of Metric	Description
Total Cost	The sum of Estimate to Complete and Sunk Costs. The total cost does not include any costs that occur after the planning cycle funding period.
Sunk Cost	The sum of costs that occurred prior to the planning cycle funding period. Sunk cost includes both actual costs and committed costs of projects.
Planned Benefit	The estimated revenue amount of a project when the project is complete. This amount is calculated at the project level, and is rolled up to the investment class code and scenario levels for approved projects in a scenario. Planned benefit amounts do not include estimated revenue from outside of the funding period.
Funds Required	The pool of money that is required in the planning cycle funding period. Funds required for a project is the sum of project costs scheduled to occur during the funding period. Oracle Project Portfolio Analysis calculates Funds Required for scenarios and investment class codes in scenarios.

Project managers frequently make changes or updates to financial plans during the life of a project. If new baseline versions of financial plans are approved after a project is collected into a planning cycle, portfolio analysts can refresh the project data in Oracle Project Portfolio Analysis to ensure that the planning cycle contains current and accurate financial data.

Related Topics

Implementing Oracle Project Portfolio Analysis, *Oracle Projects Implementation Guide*

Budgeting and Forecasting, *Oracle Project Management User Guide*

Project Funding Approval Status

The project funding approval status is a system-defined project status that indicates the decision that has been made about funding a project. The following table shows the available project funding approval statuses:

Project Funding Approval Status	Description
Proposed	The project is under consideration for approval in the current planning cycle.
Approved	The project was approved for funding in the previous planning cycle.
On Hold	The project was placed on hold in the previous planning cycle.
Rejected	The project was rejected for funding in the previous planning cycle.

Only projects with a funding approval status of *Proposed* or *Approved* can be collected into a planning cycle.

Project Scorecard

The project scorecard enables project managers to evaluate and score projects based on the company's strategic criteria. You can access the project scorecard from the *Project Setup* page in Oracle Project Management if the project meets the following criteria:

- The project funding approval status is *Proposed* or *Approved*

- A portfolio selection class category and class code are assigned to the project

- A planning cycle is initiated for the portfolio that contains the portfolio selection class code that is assigned to the project

The value of the score you enter is dependent on the target scores assigned to the planning cycle. The portfolio analyst can override the scores entered by the project manager after the project is collected into a planning cycle.

You can view and change the scores on the *Project Details* page in a planning cycle, but any changed values are not updated on the project scorecard in Oracle Project Management.

After the project manager enters data on the project scorecard, Oracle Project Portfolio Analysis automatically calculates new weighted scores for each strategic group and

strategic objective.

To enter or change a score on the project scorecard:

1. Verify that the project funding approval status of your project is *Proposed* or *Approved.*

2. Enter a score for the strategic objective. If required, you can enter comments for the score.

3. You can recalculate to obtain the weighted scores for the project.

> **Note:** Oracle Project Portfolio Analysis can collect a project into a planning cycle if data is not entered on the scorecard, provided that it qualifies to be included in the planning cycle.

Collecting Projects

After the portfolio analyst initiates a planning cycle, qualified projects are collected into the initial scenario of a planning cycle. The initial scenario contains a set of projects that meet the criteria for the planning cycle.

The methods of collecting qualified projects into the initial scenario are:

- Projects are collected automatically when all users defined in the distribution list submit their projects and respond to the workflow notification that was sent when the planning cycle was initiated.

- Projects are collected automatically on the planning cycle due date.

- The portfolio analyst manually forces project collection.

Automatic Project Collection

There are two approaches used for automatic project collection. Oracle Project Portfolio Analysis automatically collects qualified projects into the initial scenario when all of the Oracle Projects users who received a workflow notification when the planning cycle was initiated respond to the notification or submit projects to the planning cycle.

Oracle Project Portfolio Analysis also automatically collects projects that meet the requirements for the planning cycle on the planning cycle due date that is entered on the *Distribution List* page. After the system collects projects into the initial scenario, you can begin the analysis and comparison of projects, and build additional scenarios to determine the best projects to fund for your company.

Manual Project Collection

You can manually force project collection into the initial scenario while the planning cycle status is *In Collection*. To collect projects manually into the initial scenario:

1. Navigate to the *Checklist* page of the planning cycle.

2. Select *Collect Projects* to open the *Monitor Collection Status* page.

3. Select *Force Project Collection*, and select *Yes* to collect projects.

You can use this method to manually collect projects prior to the planning cycle due date while the planning cycle status is "In Collection."

Reviewing Project Collection

From the *Monitor Collection Status* page, you can review the project collection status for a planning cycle. This page also provides a list of Oracle Projects users that were notified that the planning cycle was initiated.

Planning Cycle Exceptions

You can view exceptions in a planning cycle to review the projects that were accepted and rejected in a planning cycle. The *Validations: Collect Projects* page informs you of each project that was successfully submitted to the planning cycle, or supplies warning messages for projects that were rejected, with the reason for rejection.

To view planning cycle exceptions:

1. Open the planning cycle.

2. Select *Exceptions* to open the *Validations: Collect Projects* page.

3. Review the list of collected and rejected projects.

If a planning cycle rejects a project, the portfolio analyst can communicate the reason for rejection to the project manager. After the exception has been resolved, the portfolio analyst can add the project to the planning cycle.

Related Topics

Adding Projects to Scenarios, page 5-8

5

Creating and Managing Scenarios

This chapter describes scenarios, scenario components, and how to create and manage scenarios.

This chapter covers the following topics:

- Overview of Scenarios
- Creating a Scenario
- Managing a Scenario

Overview of Scenarios

A scenario is a collection of projects that serves as a planning instance for a planning cycle to support funding approval decisions. Projects that are eligible to be included in the portfolio are collected into the *initial scenario* of the planning cycle. You use the initial scenario as a basis to create additional scenarios. A project can belong to more than one scenario in the current planning cycle, but cannot belong to more than one portfolio.

As a portfolio analyst, you can build multiple scenarios to compare the projected financial results of funding different project combinations. You can add projects to scenarios. You can remove projects that are not good matches for the planning cycle, if their funding status is *Proposed* or *On Hold*.

Example

The Vision Corporation organization contains a portfolio named *Plan for Capital Spending*. The portfolio is used for the management of capital spending across the enterprise for each fiscal year.

The *Plan for Capital Spending* portfolio contains the following scenarios:

- *Initial Scenario* includes all R&D projects that were collected when the planning cycle was initiated.

- *Expand the Business* includes all R&D projects targeted at expanding the business

line and service offerings.

- *Increase Margin* includes all R&D projects targeted at sustaining the existing output and revenue targets.

- *Acquisition Planning* includes all R&D projects that should be pursued if the acquisition of the Vision Services company receives shareholder approval.

The portfolio analysts at Vision Corporation can perform a what-if analysis of the scenarios to determine which scenario projects to fund. Alternatively, projects from different scenarios can also be mixed to perform the what-if analysis.

Projects that are not successfully pulled into a scenario are displayed on the *Planning Cycle Exceptions* page.

Related Topics

Scenario Components

From a scenario, you can access a summary of the financial and strategic metrics of the projects in charts, graphs, and lists. From each scenario, you can obtain information that helps you to make project funding decisions.

Scenario Charts and Graphs

The scenario charts and graphs enable you to compare the performance of a scenario with the planning cycle targets. The following table shows information about the scenario charts and graphs, including the scenario regions or scenario pages where each of them can be viewed:

Chart / Graph Name	Scenario Region or Scenario Page	Type of Illustration	Description
Investment Map - Risk by Value	Summary	Chart	Compares the return on investment to the risk assessment for each approved project in the scenario

Chart / Graph Name	Scenario Region or Scenario Page	Type of Illustration	Description
Total Scores versus Targets	Summary, Strategic Alignment, Strategic Objectives (Compare Scenarios page)	Graph	Compares a scenario's total score to the target score ranges defined for each strategic objective. This graph can also be used to compare total scores of multiple scenarios with their target scores.
Funding Variance	Summary, Financial Justification, Financial Metrics (Compare Scenarios page)	Graph	Shows funds available, funds required, and funding variance for each investment class code defined for the scenario
Investment Mix	My Portfolios	Pie chart	Displays the percentage of the sum of total cost for approved projects as contributed by each investment class category
Funds Required	Summary, Financial Justification	Pie chart	Shows the percentage of required funds that has been met for each of the scenario's financial metrics

Chart / Graph Name	Scenario Region or Scenario Page	Type of Illustration	Description
Risk Map	Investment Ranking	Graph	Can be configured to display either the funds required or net present value of the scenario projects by selecting the metrics for the x-axis and the y-axis. For the x-axis you can select risk percentile, organization, and portfolio. For the y-axis you can select user rank, investment index, financial percentile, and strategic percentile.
Risk versus Targets	Strategic Alignment	Graph	Compares the target risk score, target score, and risk score for the scenario projects
Risk Analysis	Strategic Objectives (Compare Scenarios page)	Chart	Compares the weighted strategic scores (investment index) to the risk assessment for each project in the scenario. Bubbles represent scenario projects. The size of each bubble is related to the level of risk for the project.
Percentage of Target Value	Financial Metrics (Compare Scenarios page)	Graph	Shows the target value percentage that has been met for each scenario's financial metrics

Viewing Scenario Charts and Graphs

To view the scenario charts and graphs:

1. Open the scenario from the current planning cycle.

2. You can review the charts and graphs from different regions of the scenario. For example, you can review the Risk versus Targets and Total Scores versus Targets graphs from the *Strategic Alignment* region of a scenario.

Scenario Regions

Every scenario contains detailed information that is organized into regions on the *Scenarios* page. For example, all project-related information is present in the *Project Status* region of a scenario.

To access the various regions of a scenario:

1. Open the *Scenarios* page.

2. Access the scenario for which you want to view the regions.

3. You can view the following regions for a single scenario: summary, investment ranking, strategic alignment, financial justification, project status, and basic information.

4. You can review and modify the information of the scenario regions.

You can use the default view, or you can personalize your view of project details to display any of the scenario information.

Summary

The summary region displays charts and financial information for each project in the scenario. The following table shows some examples of the information in the summary region:

Metric	Description
Projects by Classification	A listing of each project, ordered by the Investment Class category
Planned Benefit	Sum of revenues that occur within *Funding Period From* and *Effective Period To*

Metric	Description
Total Score versus Targets	A chart comparing the target scores with the actual scores for the strategic objective of each metric
Payback Period (months)	The number of months starting from the Funding Period From date, that it takes to recoup the total cost
User Rank	Ranks given to projects to recommend them for approval

Investment Ranking

The following table shows examples of some of the charts and graphs in the investment ranking region:

Metric	Description
Risk Map	Configurable chart displaying (as a bubble) funds required or net present value for a scenario
Strategic Criteria	Prime measures for scoring a project
Investment Index	Overall percentile of the project investment
Current Financial Data	Enables you to view the status of the existing financial information. Refreshing the financial information, page 5-9 enables you to obtain the latest financial information from Oracle Project Management.

Strategic Alignment

The strategic alignment region displays charts for the strategic investment metrics and financial and strategic details for each project in the scenario. The following table shows some examples of the information in the strategic alignment region:

Metric	Description
Risk, Strategic, and Business Assessment	Strategic objective groups that are used to score projects

Metric	Description
Performance Goals and Measures	System defined strategic criteria that will enable increased utilization
Risk Versus Targets	Graph comparing the target risk score, target score, and risk score

Financial Justification

The financial justification region displays strategic metrics charts and financial and strategic details for each project in the scenario. The following table shows some examples of the information in the financial justification region:

Metric	Description
Total Cost	Sum of costs incurred prior to *Effective Period To*
Sunk Cost	Sum of costs incurred prior to *Funding Period From*
Net Present Value	Sum of present value for all periods between *Funding Period From* and *Effective Period To*
Funds Allocated	Indicator that projects will receive or will not receive funding

Project Status

The project status region displays project metrics for each project in the scenario. The following table shows some examples of the information in the project status region:

Metric	Description
Overall Performance Status	Project overall performance indicator
Financial, Schedule, and Health Indicator	Indicator of project details

Basic Information

The basic information region displays project metrics for each project in the scenario. The following table shows some examples of the information in the basic information region:

Metric	Description
Start and Finish Date	Project starting and ending dates
Priority	Project priority value
Project Number and Project Manager	All details of a project such as the project manager's name and the project number
Return on Investment	Index that evaluates projects for which net present values have been determined

Related Topics

Formulas in Oracle Project Portfolio Analysis, page A-1

Creating a Scenario

You can build scenarios to review and compare the financial, strategic, organizational, and technical fit of the projects in the portfolio. You can define the funds available for scenarios so that the proposals stay within the available funds.

To create a scenario:

1. Access *Scenarios* to open the list of scenarios for the planning cycle.

2. Open the *Create Scenarios* page.

3. Enter a scenario name. You can optionally enter a scenario description. You can create a scenario by copying an existing scenario and then correcting information as necessary (such as discount rate and funds available). When you copy a scenario, all the projects, including their project scores and funding approval statuses, are copied into the new scenario. If you do not copy the proposed projects when you create a scenario, you can add the proposed projects later.

4. Apply the changes.

After you create a new scenario, you cannot manually add projects to the initial scenario. As you add projects to new scenarios, they are automatically added to the

initial scenario. The initial scenario contains all projects in the portfolio.

You cannot delete a scenario after it has been created. However, you can create another scenario and use other project combinations to satisfy your business requirements.

Adding Projects to Scenarios

You can add projects to a scenario if the scenario has not yet been recommended for approval. If the scenario has been previously recommended for approval, you can withdraw the scenario to cancel the recommendation. You can modify the withdrawn scenario and resubmit it for approval.

To add a project to a scenario:

1. Open the list of scenarios for the current planning cycle.

2. Select the scenario that should contain the new project.

3. Select *Add Projects*.

4. Enter the project search criteria. You can choose to include in the search other projects that were submitted for the current planning cycle, or projects from the initial scenario.

5. Select the projects that you want to add to the scenario. When you add a project to a scenario, the project is also added to the initial scenario.

Refreshing Financial Information

When you refresh financial information, the project's cost and benefit information is updated from the current baseline versions of the financial plan types from Oracle Project Management.

To refresh the financial information of a project:

1. Access the *Scenarios* page and open a scenario.

2. From the *Current Financial Data* column you can view the projects that have or do not have the latest financial information.

3. Select the project for which you want to refresh the financial information.

4. Select *Refresh*.

You cannot refresh the project financial information in the following situations:

• After a scenario is recommended

• After a scenario is approved

• When a planning cycle is in *Closed* status

Removing Projects from a Scenario

You can remove projects whose Recommended Funding Approval Status is *Proposed* or *On Hold* from a scenario if they do not satisfy your organization's business objectives.

To remove a project from a scenario:

1. Open the scenario.

2. Select the project that you want to remove from the scenario.

3. Choose *Remove*.

    > **Important:** After a scenario is recommended and the portfolio plan is approved, projects that were removed from the scenario maintain their *Proposed* or *On Hold* status in Oracle Project Management.

Viewing Projects in a Scenario

The portfolio analyst can open a scenario and review project details that are stored in Oracle Project Management. You can view the project details, such as the project scorecard, page 4-4, and a summarized overview.

To view projects in a scenario:

1. Open the scenario whose projects you want to view.

2. Access the *Projects* section in the scenario.

3. From the list of projects, select and open the project to view the project details.

Managing a Scenario

After you build scenarios, you can analyze the scenario contents. You can compare and rank the projects, and you can compare the scenarios.

Ranking Projects

When you rank projects, you develop a prioritized list of projects in the scenario. Ranking projects helps you identify which projects to recommend for approval.

The portfolio analyst can review the weighted strategic scores and financial details of projects in a scenario and measure the overall benefit of each project for the funding period. You can then prioritize the projects, and choose how to rank them based on the

financial performance and the weighted strategic scores.

To rank a project:

1. Compare the weighted strategic scores, financial criteria, and available charts for each project to determine the best investments for your organization.

2. Open any region of the scenario, such as the Project Status region.

3. Enter a value for the user rank of each project based on the financial and strategic measures of the projects. Assign a unique rank to each project.

> **Note:** When you view the *Scenario* page, you can sort projects on selected metrics, including the assigned rank. The system allocates funds based on the latest order (sort) of projects.

Project ranking is an analysis tool that you can use to augment the strategic criteria values. For example, you can assign a high score to a project in one scenario based on one of the project's strategic objectives, but assign a lower score to it in another scenario based on a different strategic objective.

You can change the rank of your projects from the Investment Ranking, Strategic Alignment, Financial Justification, or Project Status regions of the scenario.

Example

The following table compares some financial and strategic metrics for the projects Vision Medical, Vision Aerodynamics (Vision AD), and Vision Hydraulics:

Project	Funds Required	Planned Benefit	Weighted Strategic Score	ROI	Net Present Value	User Rank
Vision Medical	194	495	83.4	0.6	265	3
Vision AD	1,076	3,049	83.9	1.5	2,042	2
Vision Hydraulics	110	550	91.5	1.7	190	1

Portfolio analysts can assign ranks to projects based on different criteria. Vision Hydraulics has the highest return on investment, which might seem attractive to certain portfolio analysts and prove a good match for their business needs. In this example, the portfolio analyst has assigned Vision Hydraulics the highest user rank due to an attractive weighted strategic score and return on investment.

Recommending Projects

After you analyze projects in a scenario, you can recommend the favorable projects for funding approval.

To select the recommended funding approval status:

1. Open the scenario. You can select the *Recommended Funding Approval Status* from any of the following regions in the scenario:

   • Investment Ranking

   • Strategic Alignment

   • Financial Justification

   • Project Status

   • Basic Information

2. Select a project.

3. Choose to recommend the project, reject the project, or place the project on hold.

The available portfolio funds are automatically allocated after you select the *Recommended Funding Approval Status*. The available funds are allocated to *Approved* projects for the specified funding period of the planning cycle. Graphical indicators in the scenarios enable you to identify which projects will receive funding with the current funds available for each scenario. The funding process identifies the projects that can be pursued using the planning cycle's available funds.

> **Note:** Funding in Oracle Project Portfolio Analysis considers only the costs that will occur in the funding periods, and does not consider benefit or revenue amounts. The funds allocated do not need to be within the baseline budget amount.

Recommended Funding Approval Statuses

The following table lists the statuses available for recommending funding approval:

Status	Description
Approved	The project is recommended for approval in the scenario and funds are allocated. (The name of the status is *Approved*, but you select the *Recommend* action.)

Status	Description
On Hold	The project is placed on hold in the scenario and funds are not allocated. Projects in this status are collected in the next planning cycle.
Rejected	The project is not recommended for approval in the scenario and funds are not allocated.

Comparing Scenarios

You can compare scenarios to determine which scenario best fits the financial metrics and strategic objectives of the planning cycle. You can use charts, graphs, and tables to compare the financial and strategic performance of the scenarios in a planning cycle.

To compare scenarios:

1. Access the *Scenarios* page.

2. Select and open a scenario.

3. Select *Compare Scenarios* to access the *View Comparisons* page.

4. Select up to three scenarios for comparison.

The *View Comparisons* page contains graphical measures of the strategic objectives and financial metrics of the selected scenarios. The scenarios that you selected for comparison are displayed together in the graphs to help you select the scenario that best meets your organization's objectives.

Strategic objectives enable you to compare non-financial metrics of the selected scenarios with their targets. Financial metrics enable you to compare financial metrics and funding information of the scenarios with their targets. You can view the scenarios that require extra funds and those that meet the financial targets.

Exception indicators show which scenarios are within the target ranges for weighted strategic scores against defined objectives, return on investment, and net present value. After you perform an analysis of the scenarios and the projects in each scenario, you can make a decision about which scenario to recommend to the portfolio approver for approval.

Recommending Scenarios

After comparing the scenarios, a portfolio analyst can recommend the scenarios that are beneficial for the organization.

To recommend a scenario:

1. Access the *Scenarios* page of a portfolio.

2. Select the scenario you want to recommend.

3. Select *Recommend*.

4. Repeat as necessary to recommend additional scenarios.

Related Topics

Approving a Portfolio Plan, page 6-3

Withdrawing Scenarios

A portfolio analyst can withdraw a scenario and return it to unapproved status. When you withdraw a scenario, the *Recommended* status is removed. The scenario is not removed from the planning cycle. You can make changes to the scenario after the recommended status is removed.

You can choose to withdraw scenarios if you want to do any of the following:

• Add or remove projects from the scenario

• Make any changes to the projects in a scenario. For example, to change the rank or status of projects in the scenario after it has been recommended for approval. You can recommend the scenario for approval again after you make the changes to the scenario.

To withdraw a scenario:

1. Open the list of scenarios.

2. Select the scenario.

3. Select *Withdraw* from the list of options.

6

Approving a Portfolio Plan

This chapter describes the portfolio approval process, how to reject a portfolio plan, and how to close a planning cycle.

This chapter covers the following topics:

- Overview of the Approval Process

- Submitting a Portfolio Plan

- Approving a Portfolio Plan

- Rejecting a Portfolio Plan

- Closing a Planning Cycle

Overview of the Approval Process

A portfolio plan is a collection of one or more scenarios that are used to perform what-if analysis to decide which projects to fund. A portfolio analyst submits the portfolio plan that includes the recommended scenarios for approval. Oracle Workflow sends a notification to the portfolio approver that the portfolio plan is ready for review and approval.

A portfolio approver can perform the following actions with a portfolio plan:

- Review the recommended scenarios

- Approve a scenario

- Approve or reject both the portfolio plan and the scenario

The following diagram shows the portfolio approval process:
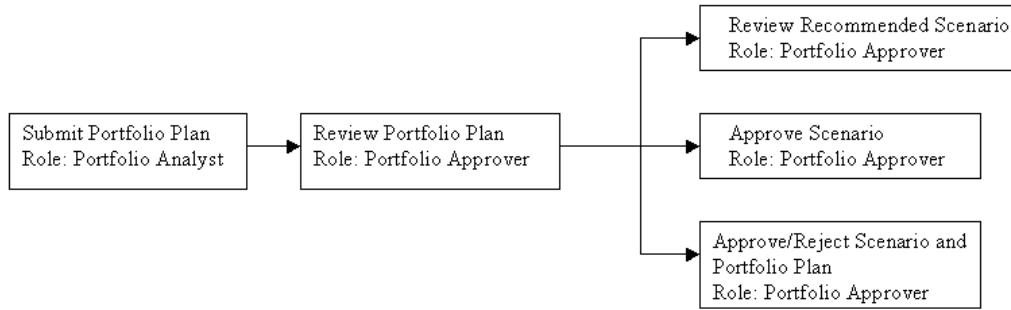
```
                                              ┌────────────────────────────┐
                                         ┌──→ │ Review Recommended Scenario│
                                         │    │ Role: Portfolio Approver   │
                                         │    └────────────────────────────┘
┌──────────────────────┐    ┌──────────────────────┐    ┌────────────────────────┐
│ Submit Portfolio Plan│──→ │ Review Portfolio Plan│──→ │ Approve Scenario       │
│ Role: Portfolio Analyst│  │ Role: Portfolio Approver│ │ Role: Portfolio Approver│
└──────────────────────┘    └──────────────────────┘    └────────────────────────┘
                                         │    ┌────────────────────────┐
                                         └──→ │ Approve/Reject Scenario and│
                                              │ Portfolio Plan          │
                                              │ Role: Portfolio Approver│
                                              └────────────────────────┘
```

Related Topics

Submitting a Portfolio Plan

As a portfolio analyst, after you recommend one or more scenarios, you submit the portfolio plan for approval. You can view the metrics of the first recommended scenario of a portfolio plan on the *My Portfolios* page.

To submit a portfolio plan:

1. Access the *Checklist* region of the portfolio.

2. Select *Submit Plan for Approval*.

3. Choose to submit the plan.

You cannot make updates to a portfolio plan or scenarios after they are submitted for approval. However, if the portfolio approver rejects or cancels recommendation for the portfolio plan, you can make changes to the portfolio plan and resubmit it for approval.

When the portfolio analyst recommends a portfolio plan for approval, Oracle Workflow uses the PJP Submit Plan process to perform the following actions:

• Change the planning cycle status to *Submitted*.

• Send a notification to the portfolio approvers and portfolio analysts to inform them that the portfolio plan was submitted for approval. The notification contains the name of the planning cycle that is ready for review and approval.

Related Topics

Workflow Processes, *Oracle Projects Implementation Guide*.

Approving a Portfolio Plan

A portfolio approver can view the scenario summary page of a portfolio, which provides an overview of key financial and strategic measures for all scenarios, including recommended scenarios. The portfolio approver can review each scenario, and evaluate the performance and recommended funding approval status of each project in the scenario.

As portfolio approver, during the review of the planning cycle you can determine how well the recommended scenarios fit the organization's financial and strategic objectives. You can also review the impact of your decision on projects already in progress, including visibility of sunk costs that occurred prior to the portfolio planning cycle start date. For example, in the project summary region you can see which projects would be rejected, placed on hold, or approved based on your decision.

When deciding whether to approve or reject a portfolio plan, you can review criteria such as:

- Net Present Value

- Return on Investment

- Payback Period

- Internal Rate of Return

After careful examination of the recommended scenarios, the portfolio approver approves or rejects a scenario, and approves or rejects the portfolio plan. The portfolio approver can approve a scenario and portfolio plan separately or together.

To approve a scenario, or a scenario and portfolio plan together:

1. Open the *Scenarios* page of the current planning cycle.

2. Select the scenario that you want to approve, and select *Approve*.

3. Choose to approve only the scenario or both the scenario and the portfolio plan. If you approve only the scenario, you can approve the portfolio plan later from the planning cycle *Checklist*.

To approve a portfolio plan after you approve the scenario:

1. Open the planning cycle *Checklist*.

2. Select *Approve Plan* to approve the portfolio plan.

3. Choose to approve the portfolio plan.

After you approve the portfolio plan, Oracle Workflow uses the PJP Approve Plan process to perform the following actions:

•   Change the planning cycle status to *Approved*

•   Send a notification to the project managers and project owners that a planning cycle has been approved or rejected

The approval of a portfolio plan automatically changes the project funding approval status of projects that are included in the approved scenario to *Approved*. You can review the funding approval status from the project in Oracle Project Management or from the *View Project Details* page in a scenario.

Impact on Project Sets

Oracle Project Portfolio Analysis automatically creates a project set in Oracle Project Management that contains projects that were collected in the initial scenario of the planning cycle. The project set is named after the portfolio and the planning cycle. For example, for a portfolio plan named Vision Portfolio containing a planning cycle named Statistics Planning Cycle, the project set name would be Vision Portfolio - Statistics Planning Cycle.

Project sets enable project managers to review and monitor projects that belong to a portfolio. Two project sets are created during the lifecycle of a portfolio plan:

•   Submitted Project Set: includes those projects that have been submitted in the portfolio plan for approval.

•   Approved Project Set: includes those projects in a portfolio plan that has been approved.

Oracle Project Portfolio Analysis automatically creates a second project set after the portfolio plan is approved. Both the project sets remain available for comparison or later reference, but are no longer used or maintained.

Example

The Acquisition Services portfolio plan contains Acquisition Planning as the planning cycle. The planning cycle contains four projects: IT, Power Supply, Aerodynamics, and Hydraulics. All projects have been submitted for approval. However, the Hydraulics project does not get approved. The project set, Acquisition Portfolio - Acquisition Planning - Submitted Projects contains all four projects. However, the project set Acquisition Portfolio - Acquisition Planning - Approved Projects contains only the approved projects, which are the IT, Power Supply, and Aerodynamics projects.

Related Topics

Project Sets, *Oracle Projects Fundamentals*

Project Funding Approval Status, page 4-4

Managing a Scenario, page 5-10

Oracle Project Portfolio Analysis Workflow, *Oracle Projects Implementation Guide*

Rejecting a Portfolio Plan

You can reject a portfolio plan if it does not fit your business requirements. Only after approving a scenario, the portfolio approver can reject the portfolio plan from the *Checklist* region of the planning cycle.

To reject a portfolio plan:

1. Access the planning cycle *Checklist*.

2. Select to approve the portfolio plan.

3. Then, *Reject* the portfolio plan.

After you reject the portfolio plan, Oracle Workflow uses the PJP Approve Plan process to perform the following actions:

- Change the planning cycle status to *In Analysis*

- Withdraw the approval recommendation for the scenarios in the planning cycle

- Send a notification to the portfolio analyst and request the portfolio analyst to recommend scenarios for approval

The portfolio analyst can return to the portfolio plan and develop additional scenarios or make changes to the current scenarios, recommend a scenario and resubmit the plan for approval.

A portfolio analyst cannot withdraw the request to approve a portfolio plan. If the approval request needs to be withdrawn, the portfolio analyst must request the portfolio approver to reject the portfolio plan.

Closing a Planning Cycle

The portfolio analyst can close a planning cycle at any time. You close a planning cycle after it serves the purpose you have built it for or if you want to create a new planning cycle with different criteria. You cannot make changes to a portfolio plan after the planning cycle is closed. However, you can create another planning cycle and build scenarios with new projects. The new planning cycle copies attributes from the closed planning cycle.

To close a planning cycle:

1. Open the current planning cycle of your portfolio.

2. Select *Close Planning Cycle* from the planning cycle *Checklist* to close the planning cycle.

Oracle Workflow uses the PJP Close Planning Cycle process to perform the following actions:

- Change the planning cycle status to *Closed*

- Send notification to portfolio analysts and portfolio approvers that the planning cycle is closed

After the planning cycle is closed, you can view a historical version of the portfolio plan and review the scenarios and projects. Alternatively, if the business objectives have changed or there is a need to replan, you can also create a new planning cycle for the same time period.

Planning Cycle History

The planning cycle history provides details of all previous planning cycles. You can use the planning cycle history region to navigate to any of the scenarios in a planning cycle.

To access the planning cycle history:

1. Access the *My Portfolios* page.

2. Select the portfolio for which you want to view the history.

3. Select *Planning Cycle History*.

4. Select the planning cycle for which you want to view the history.

After the portfolio plan is closed, you can review the planning cycle and details for the approved scenario, which include:

- Investment Criteria

- Financial Information

- Weighted Strategic Scores

- Funds Required

- Funds Available

Related Topics

Planning Cycle Activities, page 3-2

A

Formulas and Calculations

This appendix describes the formulas and calculations for the financial metrics in Oracle Project Portfolio Analysis.

This appendix covers the following topics:

- Formulas in Oracle Project Portfolio Analysis

Formulas in Oracle Project Portfolio Analysis

Oracle Project Portfolio Analysis uses formulas to calculate the financial metrics that it uses to analyze portfolios. This appendix describes the financial metrics in the product, and explains the formulas that are used to determine their values.

financial percentile

The financial percentile for a project is determined by: (1) ranking the projects, highest to lowest by net present value, and then (2) performing this calculation:

Financial percentile = $(((A-B)/A)*100)$

In this formula, A represents the total number of projects and B represents the project rank.

funding variance

The funding variance for a scenario or investment class code is calculated using this formula:

Funding variance = funds required - funds available

funds required

The funds required for a project are the sum of costs that are scheduled to occur within the funding periods of a planning cycle.

Period	Cost
Year 0	1500
Year 1	500
Year 2	600
Year 3	800
Year 4	700
Year 5	600
Year 6	1000

In this planning cycle, Year 1 is the Funding Period From period, and Year 2 is the Funding Period To period.

Using the formula, Funds required = 500 + 600 = 1100

internal rate of return

The internal rate of return is the discount rate at which the present value of future revenues of a project, investment class code, or scenario is equal to the present value of future costs of the project, investment class code, or scenario.

The following example displays the periods, revenue, and present values for projects in the scenario Increase Margin:

Period	Income	Present Value at 5% Discount Rate	Present Value at 6% Discount Rate
Year 0	-1000	-1000	-1000
Year 1	200	190.48	188.68
Year 2	200	181.41	178
Year 3	200	172.77	167.92
Year 4	200	164.54	158.42

Period	Income	Present Value at 5% Discount Rate	Present Value at 6% Discount Rate
Year 5	200	156.71	149.45
Year 6	200	149.24	140.99
Total	200	15.14	-16.54

Using an annual discount rate of 6%, the project investment's present value is less than zero. Using an annual discount rate of 5%, the project investment's present value is greater than zero. A discount rate between 5 and 6 percent returns a present value of zero.

investment index

The investment index for a project is calculated using the following formula:

Investment index = (strategic weight) * (strategic percentile) + (financial weight) * (financial percentile)

The following example describes the calculation of the investment index for a project.

For the planning cycle Annual Capital Spending Plan, the weight assigned to the strategic criteria is 30%, and the weight assigned to the financial criteria is 70%. If a project with a strategic percentile of 33% and a financial percentile of 67% belongs to a scenario in that planning cycle, the investment index for the project is calculated as:

Investment index = (33*.3) + (67*.7) = 56.8

net present value

The net present value of a project is the discounted cash amount of the expected net monetary gain or loss from a project. It is calculated by discounting all future revenue and costs to the present point in time, and discounting their value using based on the discount rate.

The net present value of an investment category or scenario is the sum of the discounted cash amount of the expected net monetary gain or loss from all approved projects in the investment category or scenario. It is calculated by discounting all expected future revenues and costs to the present point in time, using the discount rate.

Oracle Project Portfolio Analysis calculates the net present value of a project by (1) determining the future value of each period within the planning cycle funding periods, and (2) calculating the present value of a period within the planning cycle.

The future value of a project (S) within a planning cycle period is determined by this formula:

S = (period revenue - period costs)

After the future value is calculated, the following formula calculates the net present value for a project within a period:

Net present value = S/(1+r)*d

In this formula, S represents the future value of the project, r represents the discount rate per day, and d represents the total number of days. The total number of days is counted from the first day of the period to the present.

payback period

The payback period for a project is the total number of months starting at the Funding Period From that it takes to recover the total cost, or to attain a net present value equal to or greater than zero.

There are two approaches for calculating the payback period. If the cash flow per period is the same every year for the duration of the project, the following formula calculates the payback period:

Payback period = investment / cash flow per year

The following example describes the calculation of payback period when the cash flow per period is the same for every year of the project.

The company Vision Services is considering the implementation of a software application that costs $150,000 and will generate $50,000 in revenue for four years. Using the above formula, the payback period is calculated as:

Payback period = 150,000 / 50,000 = 3 years

A different approach is used to determine the payback period if the initial investment is spread out over several years, or if the benefits change over time. Under these conditions, the system uses this formula to calculate the payback period:

Payback period = last year with a negative net cash flow + (absolute value of net benefits same year / total cash flow the following year)

In the next example, Vision Services is considering the implementation of a software application that costs $150,000. However, instead of an equal annual cash flow, the amount of the annual cash flow varies from year to year. The annual cash flow per year is represented below:

Year	Benefit
1	60,000
2	60,000

Year	Benefit
3	40,000
4	20,000

The first step in the equation is to determine the net benefits. The net benefit is equal to the benefit minus any initial or remaining costs. The net benefit for each year is displayed in the following table:

Year	Benefit	Initial Costs	Remaining Costs	Net Benefit
1	60,000	150,000		-90,000
2	60,000		-90,000	-30,000
3	40,000		-30,000	10,000
4	20,000		10,000	30,000

In this example, year (or period) 2 has a negative net cash flow of -$30,000 and is the last year with a negative net cash flow. The payback period is:

Payback period = 2 + (30,000/40,000) = 2.8 years

return on investment (ROI)

The return on investment for a project, investment class code, or scenario is calculated with this formula:

Return on investment = net present value (benefits)/present value (total costs)

risk percentile

The risk percentile for a project is determined by (1) ranking the projects in a scenario, highest to lowest by risk score, and then (2) performing this calculation:

Risk percentile = $(((A-B+1)/A)*100)$

In this formula, A represents the total number of projects, and B represents the project rank.

strategic percentile

The strategic percentile for a project is determined by (1) ranking the projects in a scenario, highest to lowest by weighted strategic score, and then (2) performing this calculation:

Strategic percentile = (((A-B)/A)*100)

In this formula, A represents the total number of projects, and B represents the project rank.

sunk cost

Sunk costs are the sum of costs that occurred before the planning cycle funding period. Sunk costs include both actual and committed costs.

The following example lists the periods and costs for the scenario project Q1 Capital:

Period	Cost
Year 0	1500
Year 1	500
Year 2	600
Year 3	800
Year 4	700
Year 5	600
Year 6	1000

In this example, the funding periods are from Year 1 through Year 5. The sunk cost for this project is equal to 1500 (the costs that occurred before Year 1).

total cost

In Oracle Project Portfolio Analysis, the total cost for a project is the sum of estimate to complete and the sunk costs. Total cost is calculated using the formula:

Total cost = estimate to complete + sunk cost

The following example displays the periods and costs for a project for planning cycle Annual Capital Spending Plan:

Period	Cost
0	1,500
1	500
2	600
3	800
4	700
5	600
6	1,000

In this example, Year 1 is the Funding Period From period, and Year 5 is the Funding Period To period. The total cost for this project is:

In this example, Year 1 is the Funding Period From period, and Year 5 is the Funding Period To period. The total cost for this project is:

Estimate to complete = 500 + 600 + 800 + 700 + 600 = 320

Total cost = 3200 + 1500 = 4700

weighted strategic score

The weighted strategic score of a project is the weighted score across strategic groups within the project. The formula used to calculate the weighted score of a strategic group is:

Weighted score of a strategic group = (score for objective 1 * weight for objective 1) + (weighted score of strategic group N * weight for objective N)

After determining the weighted score for the strategic groups, the following formula calculates the weighted strategic score for the project:

Weighted strategic score of a project = (weighted score of strategic group 1 * weight for strategic group 1) + (weighted score of strategic group N * weight for strategic group N)

The following example describes the calculation of weighted strategic score for the project Q1 Capital.

The strategic group named Risk contains the strategic objectives Project Longevity and Expected Improvement. The scores and weights of these two objectives for project Q1 Capital are:

	Project Longevity	Expected Improvement
Score	9	8
Weight	35%	65%

To calculate the weighted score for the Risk, insert the values into the formula. The weighted score = (9*.35) + (8*.65) = 8.35.

The same project has weighted scores for a total of four strategic groups. The strategic objectives and scores are:

	Risk	Operation Impact	Technical Fit	Market Fit
Score	8.35	8	9.6	7.8
Weight	20%	5%	10%	65%

Insert the values into the formula that calculates the weighted strategic score for the project. The weighted strategic score = (8.35*.2) + (8*.05) + (9.6*.1) + (7.8*.65) = 8.1.

Glossary

discount rate

The minimum acceptable rate of return on an investment. It can also be described as the expected return for an investment of comparable risk. You can specify an annual discount rate to be used for calculating net present value and payback period for each portfolio planning cycle and scenario.

financial percentile

The percentile rank of the investment on the financial metric. To see the formula used to calculate the financial percentile, see financial percentile, page A-1 in the Formulas and Calculations appendix.

funding

In Oracle Project Portfolio Analysis, the process of allocating available funds to projects for the specified funding periods. The purpose of the funding process is to identify projects that can be executed using available funds. The funding process considers only the costs that will occur during the funding periods, and does not consider revenue amounts. Oracle Project Portfolio Analysis does not require that the funds allocated be within the baseline budget amount, and therefore does not do a funds check.

funding periods

The range of periods during which funds available and funds required are considered. The funding periods are configured on a planning cycle with the parameters Funding Period From and Funding Period To. For projects that run beyond the funding periods, only costs that are scheduled to occur within the funding periods are considered when calculating Funds Required.

funding variance

Net funds needed to spend for a specified duration. Funding variance represent the pool of money required minus available funds within the funding periods for a portfolio plan. The system recalculates funding variance for a scenario as well as for each investment class code in the scenario, based on the set of projects that have been recommended.

Funding variance is a tool for scenario development. If the funding variance is a positive amount, funds are overspent (the approved projects require more funds than the amounts available). If the funding variance is negative, then there are available funds to spend.

To see the calculation method for funding variance, see funding variance, page A-1 in the Formulas and Calculations Appendix.

funds allocated

A system-defined indicator that shows if there is money available from the pool to allocate to all projects in a scenario. Users can specify any metric as a parameter to rank the projects for allocations of funds. The value of funds allocated is determined by (1) ranking all approved projects, highest to lowest, by the metric specified, and then (2) performing funds allocation from the pool of money available by the funds required, in the order of the project ranking.

funds available

Funds available to spend for a specified duration for a portfolio plan. You enter funds available for the portfolio plan and the percentage of funds available for each investment class code. You can adjust and compare funds available for each scenario in the plan. The funds available value is used to calculate funds allocated.

funds required

Funds needed for a specified duration. The funds required figure represents the pool of money needed within the funding periods for a portfolio plan. The funds required value for a project is calculated as the sum of project costs scheduled in the funding periods. Funds required do not include costs outside the funding periods. The system calculates funds required for a scenario as well as for each investment class code in the scenario, based on the set of projects that have been recommended.

internal rate of return

The discount rate at which the present value of future revenues of a project, investment class code, or scenario is equal to the present value of future costs of the project, investment class code, or scenario.

Note: The net present value of the project, investment class code, or scenario is zero when you use the internal rate of return as the discount rate.

To see the calculation method for internal rate of return, see internal rate of return, page A-2 in the Formulas and Calculations Appendix.

investment class category

A class category used to analyze and balance the distribution of cost and benefit for a scenario among the class codes for that category. A project must have a class code value for the investment class category in order to be collected into a planning cycle. The

aggregate net present value, return on investment, internal rate of return, and payback period are calculated for each investment class code.

investment class code

A class code defined in the investment class category.

investment index

The overall percentile rank of the project investment.

To see the formula used to calculate the investment index, see investment index in the Formulas and Calculations appendix.

investment mix

The funds allocated to a project portfolio, shown by percentage allocated to each investment class code.

net present value

The present value of the future net cash flow of a project, investment class code, or scenario using the discount rate defined for the portfolio planning cycle. Net present value of a project is calculated by discounting all future revenues and costs for the project to the present time, and discounting their value based on the discount rate. Net present value for an investment class code or a scenario is calculated by discounting all future revenues and costs for all approved projects in the investment class code or scenario.

To review the formulas used to calculate net present value for projects, investment class codes, and scenarios, refer to net present value, page A-3 in the Formulas and Calculations appendix.

payback period

The length of time it takes to recoup the initial amount invested, without regard to the time value of money. Payback period of a project, investment class code, or scenario is calculated as the number of months it takes to recoup total cost. Payback period of a project, investment class code, or scenario is calculated as the number of months it takes to recoup total cost.

To review the formulas used to calculate payback period, refer to payback period, page A-4 in the Formulas and Calculations appendix.

percentile

The percentage of scores in a distribution that a specific score equals or exceeds. Percentile is always a number between 1 and 100. A percentile conveys the rank of a score, rather than its value. For example, if project A scores 88% on a strategic metrics, and 95% of the other projects score the same or lower, then project A's stratic percentile is 95 (project A scored in the 95th percentile).

Oracle Project Portfolio Analysis uses the following percentile measures: financial percentile, strategic percentile, risk percentile, and investment index. You cannot roll up the percentiles of projects to the scenario level.

planned benefit

The estimated revenue amounts at the completion of a project. Planned benefit is defined at the project level and can be rolled up to the investment class and scenario levels for approved projects.

portfolio plan

A set of one or more scenarios for a portfolio. At the end of a planning cycle, a portfolio analyst chooses one or more scenarios to recommend and then submits the plan for approval. A portfolio approver chooses which scenario to approve and then approves the overall plan.

portfolio planning cycle

A series of activities to proactively examine active projects and new project proposals, with the aim of selecting projects to fund, based on an alignment with organizational strategic objectives and financial and resource constraints. A portfolio planning cycle begins when a portfolio analyst initiates the planning cycle, and ends when the plan is approved and closed.

portfolio selection classification

A class category that is selected by the implementation team to select projects into portfolios. The PJP: Portfolio Selection Class Category profile option is used to specify the portfolio selection classification.

project

A unit of work that requires resources to produce measurable results. A project can be broken down into one or more tasks. A project is the unit of work for which you specify revenue and billing methods, invoice formats, a managing organization and project manager, and bill rate schedules. You can charge costs to a project, and you can generate and maintain revenue, invoice, unbilled receivable, and unearned revenue information for a project.

project funding approval status

A system-defined, project-level status (distinct from project status). Project funding approval status represents the decision that was made about a project in the approved scenario in the most recently approved plan. The project funding approval statuses include: Proposed, Approved, On Hold, Rejected, and Null (funding not required).

Users can manually change a project to Proposed or Null status on the project setup page. All other status changes are driven by plan approval actions.

project portfolio

A collection of projects that are grouped together to facilitate effective analysis, funding, and management. The projects can be related or independent of each other. The projects typically share the same strategic objectives and the same resources.

recommended funding approval status

A recommendation for the decision that is made about funding a project in a scenario.

return on investment (ROI)

An index used to evaluate projects for which net present values have been determined. The higher the number, the more financially attractive the projects are. Return on investment (ROI) of a project, investment class code, or scenario is determined by dividing the net present value of the project, investment class code or scenario by its total cost.

To review the formula used to calculate return on investment, refer to return on investment, page A-5 in the Formulas and Calculations appendix.

risk percentile

The percentile rank of the investment on the risk metric.

To see the formula used to calculate the risk percentile, see risk percentile, page A-5 in the Formulas Appendix.

risk score

The weighted strategic score measured against risk. You can define and nominate a group of strategic objectives to measure risk.

scenario

A set of projects considered for funding, typically modeled to examine a potential business scenario. A scenario is a planning instance for a portfolio planning cycle to support funding approval decisions. You can model multiple scenarios simultaneously during a portfolio planning cycle.

scenario project

A project that is being considered as part of a scenario. A scenario includes or excludes a project by adding or removing a scenario project. The same project can be included in multiple scenarios.

strategic percentile

The percentile rank of the investment on the strategic metric.

To review the formula used to calculate the strategic percentile, see strategic percentile,

page A-6 in the Formulas and Calculations appendix.

sunk cost

Investment of capital and efforts before a decision is made to undertake or continue a project. Both actual costs and committed costs of a project are included in sunk cost. The sum of costs that occur before the Funding Period From date are sunk cost. Sunk cost is included in total cost.

To view how sunk costs are determined in Oracle Project Portfolio Analysis, refer to sunk cost, page A-6 in the Formulas and Calculations appendix.

total cost

In Oracle Project Portfolio Analysis, total cost is the sum of estimate to complete plus sunk cost. Total cost disregards any cost after the Effective Period To date.

Total cost is defined at the project level and can be rolled up to the investment class code and scenario levels.

Total cost of an investment class code or scenario is the sum of total cost for all projects whose recommended funding approval status is set to Approved.

To view the formula used to calculate total cost, refer to total cost, page A-6 in the Formulas and Calculations appendix.

weighted strategic score

The score for a project, investment class code, or scenario when compared with a set of strategic groups. Weighted Strategic Score of a project is weighted by the percentages defined for the strategic objectives and groups during planning cycle setup. At the investment class code and scenario levels, the weighted strategic score is calculated as the average weighted score across all approved projects within the scenario or investment class code, weighted by the planned costs of those projects.

To review the formulas used to calculate weighted strategic score, refer to weighted strategic score, page A-7 in the Formulas and Calculations appendix.

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