

Profitable Innovation

Innovate to Compete. Innovate Profitably to Win.



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Advances in technology are frequent and often disruptive. Good ideas are quickly copied, and the pressure to devise new offerings has intensified. In this fast-changing environment, how can you keep pace with your customers' evolving needs—before your competitors? The answer? You must constantly innovate to compete.

While the conventional view is that innovation alone can ensure success, this approach fails to recognize that superb innovation— in and of itself—cannot guarantee financial rewards. Remember the Betamax format for recording video? Or the Newton handheld computer? How about online auctioneer Onsale? Contrast these examples with the consistent success of General Electric or Dell. These cases illustrate that while innovation is an essential component, a company's success is predicated upon its ability to produce consistently profitable innovation.

Profitable Innovation Challenges

Ensuring consistently profitable innovation is becoming increasingly difficult across all industries. For example:

- In life sciences, the rate of growth in the investment required to bring a drug to market is outpacing growth in the return on marketed drugs.
- In consumer electronics, it is not uncommon for lifecycles to be as short as a few months, with extremely narrow product introduction windows—a delay in product introduction could have significant impact on company performance.
- In complex manufacturing industries, as the outsourcing trend accelerates, ensuring consistency and secure collaboration across company and geographic boundaries becomes a prerequisite to on-time, on-cost product delivery.

Profitable innovation is also increasingly a challenge in service industries, as customer expectations have evolved and competition has intensified. To maintain and grow profit margins, service industries must not only understand customer needs, but also the total cost to serve their customers. This information would allow service industries to tailor their offerings and service levels to capture maximum profit—a capability few companies have today.

What Constitutes Profitable Innovation?

Place the Right Bets

Profitable innovation requires that you identify and prioritize the most important strategic investments from among a huge number of potential opportunities. It demands that you “place the right bets” with your resources on a consistent basis—for instance, choosing which compounds to move into pre-clinical testing or choosing how to allocate your R&D resources for new chip development.

Make Important Trade-Off Decisions

Profitable innovation forces you to evaluate dynamic customer needs and make difficult trade-off decisions between time to market and product performance. Does your company understand market needs and tailor your offerings accordingly, or are you building products and services hoping customers will come? Did your competitor beat you to market and steal your window of opportunity because you gave your engineers extra time to tweak their designs?

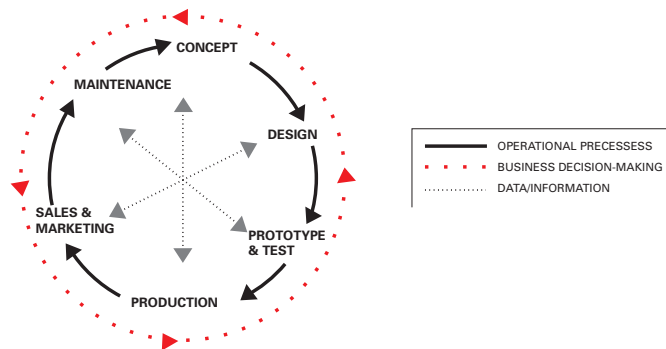
Optimize Resource Allocation

Enabling profitable innovation entails deploying your resources against your highest potential projects, unwaveringly tracking their performance and ensuring that all parts of the extended enterprise are working together to extract the most value from your products and services. Reacting to these many challenges requires managing the full lifecycle of your company’s products and services across their value chains, from concept to retirement.

Lifecycle Management

Lifecycle management is the process of meeting all of the challenges discussed, including prioritizing strategic opportunities, extracting maximum value from your products and services and simultaneously managing a balanced portfolio across a mix of development stages, offering types and markets served.

LIFECYCLE MANAGEMENT



Managing the lifecycle of an offering requires robust information and analytics to inform your business decision-making—from understanding the true cost to serve your customers to improving re-use of component parts to determining when to retire a product and upgrade your installed base. Consistent, real-time data from across your organization is necessary to improve your decision-making capabilities, get your offerings to market sooner and allow you to extract maximum value from your company’s products and services.

The Value of a Lifecycle Management Application

Access Information & Analytics Essential for Decision-Making

An effective lifecycle management application reaches across all functions and systems within your company to gather and organize data in a meaningful way to drive business decision-making. It provides you with the capability to test and compare the potential returns of your offerings in a consistent and standardized way, leading to quicker and better decision-making.

Optimize Product & Project Portfolios

With a robust lifecycle management tool, you can evaluate hundreds of project opportunities quickly along a set of criteria that you determine and optimize your investments based on project potential. You are able to monitor progress simultaneously across all projects throughout the extended enterprise, allowing you to allocate your human capital according to priority and project needs. Finally, you can analyze when your products or services yield diminishing returns and improve end-of-life decisions.

Customize for Profit Maximization

Key to “placing the right bets” is your ability to discern what customers need—and what they will pay for. As the market requires increasing customization, your ability to provide choice in a cost-effective manner will, in large part, determine your company’s success. Imagine having the capability to ascertain which product or service attributes can be provided profitably—and to provide these options to customers who then configure their “own” offerings. Or imagine being able to tailor prices, options and service levels to your most profitable customers.

Drive Down Product Costs & Improve Speed to Market

Achieving profitable innovation also requires that your organization drive down costs throughout the value chain – from design to manufacturing to sales to customer service. By improving collaboration across the value chain and throughout the extended enterprise, a lifecycle management application should pull information from all of your systems together to improve speed to market, reduce re-work and foster innovation. This enhanced collaboration drives more efficient and effective execution, resulting in better products that can be launched sooner. For example, a design engineer should have quick access to a catalog of re-usable parts and service information as his global team designs the next generation printer. A customer service representative should be able to instantly retrieve a customer’s complete profile, enabling decisions on routing, quick resolution to the customer’s issues and potential identification of cross-selling opportunities.

The Oracle Advantage

Manage Your Offerings from Concept to Retirement

In order to support effective lifecycle management, an application needs to have the end-to-end capabilities to help you make decisions at every stage of the lifecycle, from concept to retirement, and across the entire portfolio of offerings. Oracle’s Product Lifecycle Management (PLM) offering provides this integrated, complete support for both manufacturing and service industries. You can be sure that you will have the information and analysis you need to place the right bets and maximize the value capture from your products and services.

Access the Analytics You Need

With Oracle Product Lifecycle Management, you can better support each step along the innovation process. You can optimize your product and project portfolios, strategically allocate your resources and make smart decisions across the lifecycle of your offerings. Oracle’s advanced analytics, collaboration tools and manufacturing modules work with industry-specific applications to enable you to collaborate across the extended enterprise, reduce costs throughout the value chain and increase your speed to market.

Meet Customer Needs – Profitably

Oracle also allows you to configure your products to meet customer needs – and to maximize profits while doing so. Costing analytics provide the information to make decisions about which product attributes you will offer, and the configuration capabilities provide customers and designers with a “catalog” of available – and profitable – options.

Reduce Your IT Costs – The Architecture Advantage

Oracle also provides superior integration capabilities, made possible by Oracle’s ability to consolidate information from all your systems (Oracle and non-Oracle), providing a single definition of customers, suppliers, partners, products, services and employees. With this single source of information, your entire organization works off the same, up-to-the second data. Moreover, you can protect your intellectual property with role-based views – that is, you decide which employees and partners can access which information. Oracle’s unique architecture lays the foundation for the most cost-effective and most secure application suite available in the market today.

Lifecycle Management in Specific Industries

At Oracle, we recognize that every industry has its own requirements and priorities; therefore we have tailored our PLM suite to meet your industry’s needs. We have dedicated industry teams with deep domain expertise, ready to work with you to unleash the innovation engine in your company. If you would like to know more about the application of Oracle Product Lifecycle Management in a specific industry, please use the links below or contact one of our industry experts directly. We look forward to helping you meet the profitable innovation challenge.

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**To learn more about Oracle PLM go to: Oracle.com/start, Key word: PLM
Or please call Oracle Direct at: 1.800.633.0517**



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