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RESEARCH NOTE ORACLE DELIVERS SUPPLY CHAIN MANAGEMENT VISIBILITY

THE BOTTOM LINE

In a global supply chain, it's all about visibility. With its latest product releases, Oracle attacks key moving parts of the supply chain such as supply, demand, and production — enabling greater visibility and reduced costs for both Oracle and non-Oracle customers.

SUPPLY CHAIN APPROACH: ORACLE VERSUS SAP

SAP and Oracle have taken different approaches to the development and sales of their supply chain management (SCM) and other related applications:

- For the most part, SAP has grown organically by developing a suite of tightly integrated SCM applications in house or with contract partners. In many cases, the company crafted the software with the biggest manufacturers and suppliers in the world. Historically, the applications are feature rich but tend to be rigid, and integrating them with non-SAP systems is difficult.
- Oracle's supply chain applications have been developed on a wide variety of platforms and target customers of different sizes and industries. Oracle's supply chain portfolio has grown by acquisition, and includes E-Business Suite as well as applications from PeopleSoft, JD Edwards, Retek, and Demantra.

As integration is critical to linking and automating the supply chain from demand to supply to product, both vendors have invested in integration tools and technologies.

In recent years, SAP has made strides to open up its SCM and manufacturing software to other platforms through NetWeaver. However, SAP has a long way to go before customers can easily integrate SAP with other third-party systems — and companies don't typically install SAP supply chain management into non-SAP ERP environments.

Oracle's approach has been different. While continuing to enhance the supply chain functionality of its different applications, it also leveraged Oracle Fusion Middleware and its Service-Oriented Architecture (SOA) Suite, as well as data integration tools, to support flexible business workflows across multiple organizations and, more importantly, multiple platforms. Because Oracle's innovations have focused on supporting open standards and linking disparate systems, companies can deploy supply chain applications without disrupting existing systems — and continue to maximize value while reducing deployment

TOPICS

Enterprise Applications

Supply Chain
ManagementBusiness Intelligence &
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risk. Companies that run SAP or other non-Oracle ERP systems have widely deployed Oracle SCM software with success.

FOUR NEW REASONS TO CONSIDER ORACLE

As part of its strategy to optimize and connect supply, demand, and product management applications, Oracle released four new applications in May: Oracle Advanced Planning Command Center, Oracle Service Parts Planning, Oracle Manufacturing Operations Center, and Oracle Demand Signal Repository.

Oracle Advanced Planning Command Center

The Oracle Advanced Planning Command Center application relies on Oracle Business Intelligence Suite Enterprise Edition (OBIEE) and Business Process Execution Language (BPEL) to deliver an extensible library of key performance indicators, dashboards, and analytic tools. Designed to be the management umbrella over multiple planning applications, the command center enables a user to take a top-down approach to business scenario planning and simulation analysis and then drill down as needed into the different planning application details.

The Oracle Advanced Planning Command Center is priced on a cost of goods sold model and customers already using multiple Oracle planning components can reasonably expect to deploy the application within a few months. The short-term benefit to customers will be the reduced need to run and reconcile multiple reports and systems to identify areas of potential improvement (often a burdensome job for supply chain analysts and IT today). The long-term benefit is broad visibility across the supply chain that enables executives and managers to make quick decisions based on timely, accurate information.

Oracle Service Parts Planning

Companies looking to deliver cost-effective service quality must actively plan and manage their spare parts operations. Oracle Service Parts Planning allows service organizations to accurately predict parts needs so they can balance their investment in parts inventory against required service levels. Service Parts Planning leverages the Demantra forecasting engine and will enable Oracle's existing large industrial clients with aftermarket service parts requirements to optimize the use of working capital in the service parts business while increasing customer satisfaction. It is priced on a cost of goods sold model.

Oracle Manufacturing Operations Center

Although manufacturing shop floors are often heavily instrumented to capture a variety of equipment and production data, it has traditionally been too difficult to integrate them with enterprise systems. The Oracle Manufacturing Operations Center uses a standard database model and an Oracle Fusion Middleware-based integration infrastructure including data integration tools and Web services to link enterprise applications with automation and control equipment and Manufacturing Execution Systems (MES) and facilitate information transfer, increasing visibility across the entire product chain.

The application takes in real-time data feeds from shop floor manufacturing equipment, data historians, and manufacturing execution systems, and combines it with ERP system-sourced data. The consolidated information is stored in an industry standard reference model to provide business context.

The manufacturing operations center module is priced on a cost of goods sold basis. Benefits include the ability to quickly respond to exceptions and demand spikes in production and to monitor and improve overall equipment effectiveness, and for many companies, reduced manual data entry and review. Using Web services, the application can be integrated with any ERP and MES system; Oracle leverages its data integration tools for integration and is certifying a number of shop floor communication providers such as Kepware Technologies, Matrikon, and ILS Technologies. Oracle is also developing relationships with automation and MES providers such as Mitsubishi and GE Fanuc which should further accelerate deployment.

Oracle Demand Signal Repository

The Oracle Demand Signal Repository is designed for manufacturers that need to collect and study sales and inventory-related demand information down to the individual retail store level. It takes sales information from retailer extranets and EDI transactions and aggregates it in real time so users can analyze the data to better understand product demand.

Replacing the traditional one-to-one data collection methods with a standardized solution that handles a wide set of customers and methods, Demand Signal Repository was built as a composite application using Web services, and has prebuilt integration with Demantra Demand Management. Data cleansing and analysis capabilities enable users to establish and group information using their own product categories to better support demand planning, trade promotion analysis and optimization, sales and operations planning, and retail execution processes.

Immediate benefits for customers will likely come from a better ability to analyze sales trends, monitor promotion performance, and identify out-of-stock items; long-term benefits include the ability to better respond to retail cycles and, ultimately, increased profits.

CONCLUSION

Given its cross-platform strategy and the ongoing investment it makes in its various product lines, it is in Oracle's best interest to make sure its applications support standards-based integration. The composite applications in this mix — Manufacturing Operations Center and Demand Signal Repository — aim to deliver on the Oracle Fusion Applications strategy by enabling non-Oracle customers to leverage Oracle technology at key supply and demand touch points. This is where composite applications, in fact, make the most sense, as most manufacturers have struggled to link disparate systems in a scalable and meaningful way.

Service Parts Planning and the Advanced Planning Command Center focus on other key areas where companies have traditionally had limited real-time visibility, and given the relatively short deployment timelines and COGS-based pricing model, are likely to be very attractive to many existing Oracle customers.

Oracle's approach will appeal to companies that have inherited multiple legacy systems or don't want to be locked into one vendor's platform, regardless if they have standardized on Oracle's ERP or not. Making incremental investments is less

disruptive and risky than a broad migration, and customers comparing SAP and Oracle will find that being able to cherry pick narrow functionality or technologies with relative ease and speed isn't possible with SAP.

Generally, SAP lacked an incentive to develop its applications on an open platform, because its strength is in being highly integrated and having all its applications interdependent. If SAP is able to meet all a company's global needs, then that approach works. However, no single vendor can provide everything, and companies must recognize they have diverse needs and that they must add new technologies quickly to remain competitive. As Oracle continues to challenge SAP's position as ERP market leader, it is giving customers more reasons to consider it as the vendor of choice for their ever-changing SCM needs, as well.

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