Oracle Transportation Management (OTM)

Kerry Wigginton
Director, Logistics Solutions
What is OTM?

• G-Log: #1 Ranked Transportation Management System

• Elevator Pitch:
  • Oracle’s Transportation Management (OTM) solution is a single platform, web-architected transportation management system that supports local and global requirements from a central repository of information. This allows our customers to **Reduce** freight spend, **Lower** inventory levels, **Increase** customer satisfaction while **Driving** continuous improvement across the extended logistics network.
TMS Basics…

TMS Matches Carrier Invoices with Services Delivered
TMS Provides Comprehensive Metrics & Reporting
TMS Receives Orders...

Itineraries

Schedules

Locations

$ $ $

£ ¥ ¥

TMS Basics…
OTM: Why It Works

Why TMS?
- Crude oil forecast at $200+/barrel
- Diesel cost per gallon: $8-$10/gallon
- Shipment/order/item visibility
- #1 Value: cost control

Why OTM?
- Multi-Tenant
- Global Capabilities
- Inbound, Outbound, Inter-facility
- Ease of use
- Multiple Deployment Options
- Low Risk
Why *global* companies use OTM....

- High Performance Optimization
- Logistics Collaboration and Execution
- Logistics Automation with Exception Management
- Complete Logistics Network Visibility and Analytics

Global Control
Local Execution
High Performance Optimization

Logistics Automation with Exception Management

Complete Logistics Network Visibility and Analytics

Global Control Local Execution

Port

Supplier

Drayage

Vessel

DC

Detroit

New York

Rotterdam

Germany
Shipment BCL-00947 - HAS NOT CLEARED CUSTOMS
Shipment BCL-00947 - VESSEL HAS NOT BEEN LOADED
Shipment BCL-00947 - VESSEL HAS NOT SAILED
Shipment BCL-03602 PICK UP HAS BEEN MADE
High Performance Optimization
Logistics Collaboration and Execution

Logistics Automation with Exception Management

Global Control Local Execution

Shipments Optimization and Planning

Order Created

Yes

Full TL?

No

International?

Yes

Optimize Routing

No

Bulk Optimization

Shipments Created

Carriers

Planners

Shipments Created

Planners
### Carrier KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>Actual</th>
<th>Target</th>
<th>Variance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>% On Time Pickup</td>
<td>49.91</td>
<td>0.97</td>
<td>-38.94</td>
<td>Green</td>
</tr>
<tr>
<td>% On Time Delivery</td>
<td>45.45</td>
<td>0.27</td>
<td>-44.18</td>
<td>Green</td>
</tr>
<tr>
<td>% Tender Acceptance</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>Green</td>
</tr>
<tr>
<td>Average Hours Outside Pickup Time</td>
<td>2.10</td>
<td>0.00</td>
<td>-2.10</td>
<td>Yellow</td>
</tr>
<tr>
<td>Average Hours Outside Delivery Time</td>
<td>0.45</td>
<td>0.00</td>
<td>-0.45</td>
<td>Yellow</td>
</tr>
<tr>
<td>% Claims</td>
<td>9.09</td>
<td>0.00</td>
<td>-9.09</td>
<td>Yellow</td>
</tr>
</tbody>
</table>

### Statistics KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>Actual</th>
<th>Target</th>
<th>Variance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Actual Cost</td>
<td>167,924.51</td>
<td>2,417.85</td>
<td>-165,506.66</td>
<td>Red</td>
</tr>
<tr>
<td>Total Weight</td>
<td>43,410.60</td>
<td>6,596.57</td>
<td>-36,814.03</td>
<td>Red</td>
</tr>
<tr>
<td>Total Volume</td>
<td>2,440.83</td>
<td>2,657.31</td>
<td>-216.48</td>
<td>Green</td>
</tr>
<tr>
<td>Total Shipments</td>
<td>22</td>
<td>22</td>
<td>0</td>
<td>Green</td>
</tr>
<tr>
<td>Total Distance</td>
<td>296,975.03</td>
<td>292,941.00</td>
<td>4,034.03</td>
<td>Yellow</td>
</tr>
<tr>
<td>Average Weight/Shipments</td>
<td>1,977.64</td>
<td>1,977.64</td>
<td>0</td>
<td>Green</td>
</tr>
<tr>
<td>Average Volume/Shipments</td>
<td>111.02</td>
<td>111.02</td>
<td>0</td>
<td>Green</td>
</tr>
<tr>
<td>% Accepted Claims</td>
<td>91.37</td>
<td>91.37</td>
<td>0</td>
<td>Green</td>
</tr>
</tbody>
</table>

### Financial KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>Actual</th>
<th>Target</th>
<th>Variance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Per Shipment</td>
<td>8,727.00</td>
<td>6,321.76</td>
<td>-2,405.24</td>
<td>Red</td>
</tr>
<tr>
<td>Cost Per Distance</td>
<td>0.55</td>
<td>0.47</td>
<td>-0.08</td>
<td>Green</td>
</tr>
<tr>
<td>Cost Per Lane</td>
<td>6,727.00</td>
<td>6,321.76</td>
<td>-405.24</td>
<td>Red</td>
</tr>
<tr>
<td>Cost Per CWT</td>
<td>340.71</td>
<td>340.71</td>
<td>0</td>
<td>Green</td>
</tr>
</tbody>
</table>

### Utilization KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>Actual</th>
<th>Target</th>
<th>Variance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weight Utilization</td>
<td>0.94</td>
<td>0.97</td>
<td>0.03</td>
<td>Red</td>
</tr>
<tr>
<td>Volume Utilization</td>
<td>0.58</td>
<td>0.97</td>
<td>-0.39</td>
<td>Red</td>
</tr>
</tbody>
</table>

### Cost Benefits KPIs

<table>
<thead>
<tr>
<th>KPI</th>
<th>Actual</th>
<th>Target</th>
<th>Variance</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sell Shipment Profit</td>
<td>3,778.00</td>
<td>4,812.87</td>
<td>-1,034.87</td>
<td>Red</td>
</tr>
<tr>
<td>Order Consolidation Savings</td>
<td>-32,265.15</td>
<td>-20,582.00</td>
<td>-11,683.15</td>
<td>Red</td>
</tr>
<tr>
<td>Order Profit</td>
<td>3,778.00</td>
<td>4,812.87</td>
<td>-1,034.87</td>
<td>Red</td>
</tr>
</tbody>
</table>
What’s next for OTM?

- **Asset/Fleet Management**
  - Manage transportation using your assets or 3rd party assets (drivers, trucks, trailers, containers, totes, etc)

- **Global Trade and Transportation**
  - Manage all aspects of fulfilling cross-border transactions

- **Environmental Sustainability (Green Logistics)**
  - Measurement and minimization of impacts
Proof Point: TMS Validation

"Netting it all out, we typically see companies reducing transportation overhead between 10-30%, depending on factors related to centralization. We also see a reduction in freight spend of between 5 to 15%".

Source: Supply Chain Digest, June 15, 2008 Where is the ROI in Transportation Management Systems.
“If you can’t get a TMS justified now, good luck.”

Dan Gilmore, Supply Chain Digest, May 15, 2008
http://www.supplychaindigest.com/assets/FirstThoughts/08-05-15.php
## Sample CG Customers using OTM

<table>
<thead>
<tr>
<th>Tootsie</th>
<th>Pella</th>
<th>Emerson</th>
</tr>
</thead>
<tbody>
<tr>
<td>OH</td>
<td>Land Lakes</td>
<td>Coca-Cola</td>
</tr>
<tr>
<td>Electrolux</td>
<td>Newell Rubbermaid</td>
<td>Dostocil</td>
</tr>
<tr>
<td>Mercury</td>
<td>Dairy Crest</td>
<td>Kraft</td>
</tr>
</tbody>
</table>

*Image credit: ORACLE*
Proof Point: Kraft Foods

COMPANY OVERVIEW
• Kraft Foods is the #1 food company in the US and #2 in the world (behind Nestle). Kraft has existed for over 100 years and currently serves consumers and retailers in 155 countries. Seven of Kraft's brands have more than US$1 billion in annual revenues; more than 50 top US$100 million in annual revenues. Kraft has 159 manufacturing and processing facilities worldwide.
• Kraft became a fully independent company on 30 March 2007
• Public, NYSE: KFT, website: www.kraft.com
• Founded in 1909
• 2006 Revenues: US$34.4 billion
• 2006 Net Income: US$3.0 billion
• Approx. Employees: 90,000+
• HQ: Northfield, IL, USA; Operations: Global
• Industry: Consumer Products (Food & Beverage) Manufacturing

WHY ORACLE
Kraft Foods views Oracle as a strategic partner to provide a single, global, scalable, multi-country, multi-mode transportation instance able to plan and execute across common carriers and private fleet to reduce transportation costs while improving service levels.

CHALLENGES/OPPORTUNITIES
• Sought transportation cost reductions through long-term planning within a dense network
• Manage operations across common carriers and private fleet
• Operate globally across many currencies, languages and transportation modes
• Transport dry, refrigerated and frozen goods

SOLUTIONS
• Oracle Transportation Management (OTM)
• OTM Transportation Operational Planning
• OTM Transportation Cooperative Routing
• OTM Freight Payment, Billing and Claims

RESULTS
• Transportation cost savings (10-15% cost reduction on key lanes) through strategic planning and execution of cooperative routes
• Improved operations and analytics with a single global instance
• Improved carrier performance via long-range capacity forecasts

January 2008
COMPANY OVERVIEW
- Doskocil Manufacturing is the nation’s leading manufacturer and marketer of both plastic pet carriers and structural foam doghouses, as well as a leading supplier of cat products, soft pet bedding and feeding and watering systems
- Doskocil Manufacturing has been very acquisitive in the 2000’s
- Private, website: www.doskocil.com
- Founded in 1961
- Estimated 2006 Revenues: US$450 million
- Approx. Employees: 750
- HQ: Arlington, TX, USA; Operations: Global
- Industry: Consumer Products Manufacturing

CHALLENGES/OPPORTUNITIES
- Needed to streamline/centralize planning
- Enforce business rules and provide cost visibility
- Improve communications with carriers
- Maximize trailer volume utilization and operational loading

SOLUTIONS
- Oracle Transportation Management (OTM)
- Implemented Oracle E-Business Suite (EBS) in 1999 (financials, order management, advanced pricing, purchasing, manufacturing, inventory management, mobile applications)

RESULTS
- Reduced overall transportation costs by 12% within 6 months
- Mode shifted 10% of their freight from LTL to TL and Rail modes
- Reduced dedicated headcount from 2 logistics planners to 1
- Increased transportation and inventory visibility has led to process and productivity improvements

CUSTOMER PERSPECTIVE
“Leveraging Oracle Transportation Management (OTM), we have the peace-of-mind that we’re reducing transportation spend, improving the productivity of our operations and passing along those savings and benefits to our customers.”

Susan Richman, CFO

November 2007
Who to speak with:

**VP- Supply Chain/Operations**
- Reduce risk
- Increase visibility

**CIO**
- Elimination of multiple vendors/solutions
- TCO

**VP/Director/Manager Transportation**
- Reduce operating costs
- Automation
OTM Qualifying Questions

1. What is your annual transportation spend?
   - Outbound Spend (domestic and international)
   - Inbound Spend (domestic and international)
   - Spend by Mode (Truck, Rail, Air, Parcel, etc)
   - **Best Fit: Over $25M spend on multiple modes**

2. How are you managing transportation today?
   - Manually, In-house system, Point solution (i2, Manugistics/JDA, etc)
   - Outsourced or In-house
   - **Best Fit: Manual or in-house**

3. How is your transportation team organized?
   - Centralized planning and execution?
   - Decentralized management? (people at each plant/DC)
   - **Best Fit: Decentralized**
What to Listen For

• Are they using a point solution for their TMS?

• Evaluating cost cutting initiatives

• Green Initiatives

• Need to improve customer service (internal and external)

• Compliance issues
Differentiated Benefits of OTM

• Pre-Integrated to EBS, E1 (SAP coming soon)
• Global Capabilities
• Ease of Use
• Embedded Workflow/Event Management
• Upcoming Fleet Management/Global Trade Management
What’s in it for you?

• Implementation
  • 6 – 24 month engagements
  • Multi-phase, multi-geography

• Process Change Management

• Business Process Outsourcing
Additional Information?

OTM Solution Factory: (PIN: yes2otm)
   http://launch.oracle.com

OTM on Oracle.com

OTM on OPN
OTM Contacts

- Steve Smith: OTM Account Sales Manager for CPG
  - Steve.smith@oracle.com

- Kerry Wigginton: Director, Logistics Solutions
  - Kerry.wigginton@oracle.com
Oracle Transportation Management Footprint

- Transportation Sourcing
- Cooperative Route Planning
- Buy/Sell Contract Management

- Transportation Order Management
- Transportation Planning
- Transportation Execution
- Freight Payment, Billing and Claims

- Global Visibility
- Supply Chain Event Management
- Business Intelligence (Analytics & Reporting)
- Freight Forwarding and Brokerage
Typical Installation

- **Transportation Sourcing**
  - Transport Order Management
  - Transport Planning
  - Freight Payment, Billing and Claims

- **Cooperative Route Planning**
  - Global Visibility

- **Buy/Sell Contract Management**
  - Supply Chain Event Management

- **Freight Forwarding and Brokerage**
  - Business Intelligence (Analytics & Reporting)

**Key Features**

- 100% Web-Based
- Highly Configurable
- Global Business Support

**Modules**

- Orders
- Product Location
- Item Master

- Planned Shipment
- Confirmed Shipment

- Payment Vouchers
- Invoice Check and Match

**Integration**

- Standard integration to EBS and JDE

**Service Providers & Trading Partners**

- Planned Shipment
- Order Status
- ASN
- Order / Release Information

**Order Mgmt & Purchase Orders**

- Warehouse & Inv Mgmt

**Financials**

- Service Providers
- Trading Partners
Oracle Transportation Management (OTM)


The Magic Quadrant is copyrighted January 2, 2008 by Gartner, Inc. and is reused with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period. It depicts Gartner’s analysis of how certain vendors measure against criteria for that marketplace, as defined by Gartner. Gartner does not endorse any vendor, product or service depicted in the Magic Quadrant, and does not advise technology users to select only those vendors placed in the “Leaders” quadrant. The Magic Quadrant is intended solely as a research tool, and is not meant to be a specific guide to action. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

Note: “This Magic Quadrant graphic was published by Gartner, Inc. as part of a larger research note and should be evaluated in the context of the entire report. The Gartner report is available upon request from Oracle.”
Oracle Transportation Management (OTM)

© 2008, Forrester Research, Inc. All rights reserved. Forrester, Forrester Wave, RoleView, Technographics, TechRadar, and Total Economic Impact are trademarks of Forrester Research, Inc. All other trademarks are the property of their respective companies. Forrester clients may make one attributed copy or slide of each figure contained herein. Additional reproduction is strictly prohibited. For additional reproduction rights and usage information, go to www.forrester.com. Information is based on best available resources. Opinions reflect judgment at the time and are subject to change. To purchase reprints of this document, please email resourcecenter@forrester.com.