ORACLE SPEND CLASSIFICATION

- Integration with Procurement and Spend Analytics 7.9.6
- Knowledge Base Creation and Incremental Updates
- Multiple Knowledge Bases
- Easy to Use User Interface
- Export and Import to Excel
- Ability to Classify Data into Multiple Taxonomies
- In-line Commodity Classification

- Intelligence based learning system
  - Learns from you spend data
  - Improves its capability with your feedback
  - Enrich the system to increase the accuracy
- On-Premise Installation
  - Integrated with OBIA -P&SA
  - No transfer to service provider involved
- On Demand With Services
  - Fast Deployment
  - Quick ROI
- Assisted Classification
  - With Oracle Data Mining a proven data mining tool
  - Accurate information for manual entry
- In-Line option
  - Correct data at document creation
  - Integrated with Non-Catalog Request in iProcurement

Oracle Spend Classification is a new module of the Oracle BI Applications family of products that helps procurement departments categorize spend into target taxonomy. Featuring a knowledge base that analyzes an organization's buying patterns, Oracle Spend Classification uses Oracle Data Mining for machine learning and other predictive techniques to automatically categorize spend. As a companion to Oracle Procurement and Oracle Spend Analytics, Oracle Spend Classification helps sourcing managers gain a clearer picture of spending across the organization, better identify cost savings opportunities, and increase negotiation leverage with suppliers.

Figure 1 : Oracle Spend Classification: Classification Summary Page

Integration with Procurement and Spend Analytics 7.9.6

Oracle Spend Classification is integrated with Oracle Procurement and Spend Analytics 7.9.6 (P&SA), a component of Oracle BI Applications. It processes data from OBIA tables for invoice, purchasing, and requisition information. After Oracle Spend Classification predicts purchasing categories for spend lines, it reassigns categories in P&SA where it has a high confidence rating of a successful match.

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Knowledge Base Creation and Incremental Updates

Oracle Spend Classification uses a sample of existing and accurately categorized spend data to learn successful categorization based on a wide range of an organization's data. The product allows the users to enrich the knowledge base with incremental data as data evolves to increase classification accuracy over time.

Multiple Knowledge Bases

Oracle Spend Classification provides functionality to create a standard knowledge base that can predict categories at various levels of the purchasing category hierarchy.

Oracle Spend Classification uses Oracle Data Mining as its engine for predictive analytics. Advanced users may use Data Mining to create any of the alternate supported Data Mining knowledge bases and then reference these knowledge bases from Oracle Spend Classification to process future spend data.

Easy to Use User Interface

Oracle Spend Classification uses Oracle Business Intelligence Enterprise Edition, a component of Fusion middleware, for its user interface. Pages provide dynamic sorting of data, column level search, and filters. Users can drill down to segments of data directly from various Key Performance Indicators (KPIs) defined for classification results.
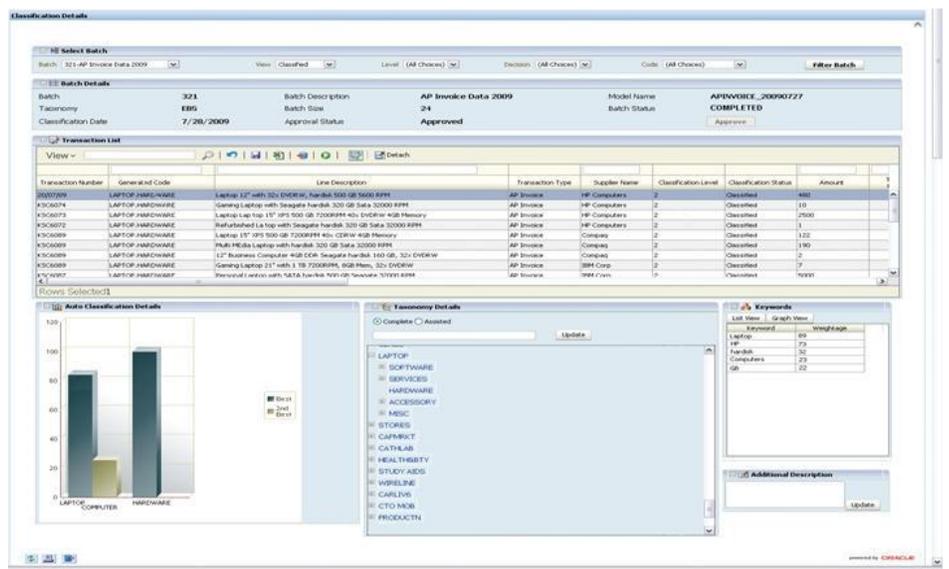

Figure 2 : Oracle Spend Classification: Classification Details Page

Export and Import to Excel

Oracle Spend Classification integrates seamlessly with Microsoft Excel. It allows users to export all data to Excel in order to do offline processing. If manual updates are made in Excel, the Excel file can be uploaded into OBIA. For example, this might be used in cases where the user decides to manually reassign categories

Ability to Classify Data into Multiple Taxonomies

Oracle Spend Classification can categorize spend data into different category

taxonomies. Category taxonomies that are supported include:

- The category setup in a source financials system

- UNSPSC

- Three additional custom category taxonomies

There is no restriction on the number of levels defined for a category hierarchy.

In-line Commodity Classification

At times, requesters may need to order off catalog and create a Non-Catalog Request. When requesters describe the purchase, there is a high likelihood of it not being classified into an existing commodity hierarchy. This increases mis-classification of spend information, contract leakage, lower compliance and internal controls.

In R12.1.1 onwards, requesters creating Non-Catalog Requests will have the option of category being predicted for the purchase being made. After the requester clicks on "Add to Cart" they will be able to view a "suggested best fit" category with a list of categories that could be alternate possibilities. The same window can also be used to parse the complete Category hierarchy. This approach uses the Oracle Spend Classification in real-time to assess the category of what the requester is ordering. The requester merely picks the purchasing category and continues checking out. This capability allows even unstructured requests to be categorized appropriately, aiding downstream spend analysis.

Summary

One of the biggest benefits from business intelligence applications that analyze spend derives from the consolidation of spend data from multiple sources. Whether from many sources, or just one, it is generally true that spending data is inadequately categorized for use by procurement.   In most organizations, a majority of spend data is not categorized, categorized incorrectly, or categorized as miscellaneous. This leads to a skewed picture of the breakdown of spend, resulting in poor visibility to identify saving opportunities.

Oracle Procurement and Spend Analytics (P&SA) includes adaptors that load data from many sources, including E-Business Suite 11i9, 11i10, R12, Oracle PeopleSoft Enterprise 8.9, 9.0, legacy, and other sources.

Oracle Spend Classification processes the data contained in P&SA and predicts appropriate category information for each invoice line. To be able to do the predictions, Oracle Spend Classification uses existing categorized data from PS&A to create a knowledge base. Features in Oracle Spend Classification allow data stewards to test and validate the learning performance, ensuring the knowledge base is performing classification at adequate levels. Once the knowledge base has been built, the product can be used to classify spend data residing in P&SA to get more accurate picture of avenues to improve supplier relations and increase savings.

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ABOUT ORACLE BI APPLICATIONS

RELATED PRODUCTS

Oracle BI Applications provide complete, real-time, and enterprise wide insight for all users, enabling fact-based actions and intelligent interaction. Tailored for more than 20 different industries and designed for rapid deployment at a low cost of ownership, Oracle BI Applications are prebuilt solutions that start with the customer, embrace any existing corporate data source, and are seamlessly integrated with Oracle's transactional solutions to increase effectiveness across the entire customer life cycle. Additional information about Oracle BI Applications is available at http://www.oracle.com/goto/obia

Oracle Procurement & Spend Analytics, part of the Oracle BI Applications product line, enable organizations to optimize their supply side performance by integrating data from across the enterprise value chain and enabling increased visibility into the Corporate Spend and complete procure-to-pay process.

Oracle Data Mining, an Option to the Oracle Database EE, provides powerful data mining functionality that enables you to discover new insights and to leverage your data investment in Oracle technology. Business users can discover patterns and insights hidden in their data for competitive advantage.

http://www.oracle.com/technology/products/bi/odm/index.html

RELATED SERVICES

The following services are available from Oracle Support Services:

• Product Support Services
• Oracle On-Demand

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For more information about Oracle Spend Classification, please visit oracle.com or call +1.800.ORACLE1 to speak to an Oracle representative.

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