

# INFORMATION CONNECTS

Oracle Supply Chain Management





**ORACLE IS THE INFORMATION COMPANY**

## Build and Operate Information-Driven Value Chains

Oracle supply chain management solutions extend your reach around the globe. You can collaborate with partners across geographic regions, manage complex supplier networks, and quickly adapt to changing global business conditions.

We live in a world of incredible bounty and speed where any product can be delivered anywhere on earth. However, our world is also filled with challenges for business—where volatility, uncertainty, risk, and chaos are our daily companions. As we begin the twenty-first century, the twin influences of globalization and interconnectivity are driving an accelerating rate of change.

To prosper amid the realities of this new world, organizations cannot rely on old strategies; they need new business models. First, globalization and instant communications demand greater operational flexibility. Second, the emergence of global supply chains has elevated the management of risk and compliance to a central concern. And finally, the speed of today's business requires continuous innovation to keep from falling behind the global competition.

Oracle supply chain management applications help you use information to improve key supply chain processes—from design, planning, and procurement to manufacturing and fulfillment. With Oracle Applications, you can create information-driven value chains that enable you to predict market requirements and risks, adapt and innovate in response to volatile market conditions, and align the value chain across global networks to meet your business goals.

Oracle provides the information-driven solutions to power today's extended supply chains.

Fact: Oracle was named “Best Supply Chain Management System” in the *Intelligent Enterprise* 2007 Readers’ Choice Awards.

“Value Chain—The set of extended business functions, systems, and processes that senses and adaptively translates actual demand at the customer from the outside in into profitable, perfect orders to meet customer demand. The source end of the demand-driven Value Chain is the point of use or consumption at the customer. Actual demand translation into value through product development, supplier, supply, and external partner operations and business processes to the customer and stakeholders is the immediate priority of the demand-driven Value Chain.”

Source: AMR Research, Roddy Martin, *Stages of Transformation: The Demand-Driven Journey Begins With the End*, May 2007

### The New Framework for Supply Chain Management

“Value chain” is an especially useful term in supply chain management because it

- Expressly accounts for demand at the customer level
- Does not assume or imply direct ownership or operating responsibilities in the processes needed to fulfill market demand
- Is inclusive of the role innovation plays in increasing, creating, or shaping demand

## Predict Market Requirements and Risks

Building and operating world-class value chains depends on a clear understanding of how demand changes as markets, consumers, and competitors change. Unfortunately, many organizations make a “best guess” at demand by using limited and inaccurate information from internal legacy applications. The resulting inaccuracies drive higher inventories and lower fulfillment rates, and impact negatively on margin, asset utilization, and customer satisfaction.

You can get a better understanding of your environment by combining multiple data sources with advanced technologies to predict market requirements and risk. Oracle supply chain management solutions help you predict and shape demand, optimize price and promotions planning, and reduce risk.

### Predict and Shape Demand with Best-in-Class Demand Management

Rapid response to changing market demand depends on the ability to receive demand signals at a very granular level—close to the point of consumption. Oracle’s Demantra Demand Management lets you sense demand from multiple data sources, including shipment and order history, distribution-center withdrawals, customer collaboration, points-of-sale, and marketing data. Because it maintains data at the lowest level, it provides better, more-reliable demand visibility and can use the unique characteristics of each demand stream to generate more-accurate, forward-looking forecasts.

With Demantra Demand Management, you can move beyond simply sensing and reacting to demand. Built-in analytics and adaptable business process automation capabilities enable day-to-day decision-making based on real-time demand intelligence—so you can proactively manage promotions, sales incentives, and the timing of changes to your product mix in order to shape demand and maximize profitability.

### Optimize Pricing and Plan Promotions

Escalating trade spending is leading many companies to rethink their approach to trade promotion management. While most systems can help streamline the administration of promotions and sales incentives, they do little to address key strategic issues. Demantra Predictive Trade Planning and Demantra Trade Promotion Optimization are the first trade promotion planning solutions designed from the ground up on an analytics platform that addresses strategic issues such as promotion effectiveness, on-shelf availability, and category growth. They provide robust capabilities for account planning, sales forecasting, and promotion optimization that help you control spending, exceed sales targets, and maximize the return on investment (ROI) of your promotions.

“The Demantra product has been outstanding for us. It has been an incredible success. We have seen direct cost savings through reduced freight charges, greater staff efficiency, and an increase in quality.”

**Eric Clark**, Vice President, Business Systems and Technology, Jack of All Games



Although pricing is one of the most important business activities and can have a much greater direct impact on profitability than cost control, it rarely receives the same level of management attention and analysis. Oracle price management solutions can drive bottom-line results by helping you evaluate pricing decisions within a broad business context, providing analysis and control to shape demand and maximize revenue.

#### **Reduce Risks with Strategic Supply Chain Design**

Today's rapidly changing global conditions require supply networks that are designed for resiliency with optimal resource placement and adequate redundancy. Oracle Strategic Network Optimization handles both tactical and strategic tasks, and enables you to design your entire supply network with resiliency and agility in mind. The solution delivers the tools you need to rationalize your capital assets, optimize your product and customer mix, and develop strategies and contingency plans by simulating changing business conditions. Additionally, you can generate the optimal sourcing strategies and feed them to downstream supply and inventory planning processes to ensure your operational plans implement the best balance between responsiveness and cost.

### **Adapt to Volatile Markets**

Companies that can predict demand and risks can drive significant improvements and create a competitive advantage. But today's advantage can be a momentary one, because variables such as delivery, product, and process requirements can shift at a moment's notice. Your logistics networks, sources of supply, products, and processes must all adapt to market requirements. By using Oracle supply chain management solutions to drive your value chains, you can optimize supply and logistics management, accelerate product innovation, and create adaptable business processes.

#### **Optimize Supply Management and Logistics with Best-in-Class Solutions**

Organizations must not only focus on optimizing their manufacturing processes, but must also address their supply and transportation functions. With globalization, transportation management is becoming increasingly complex and costly. And although it may be tempting to conclude that operational excellence is all that is required for maximum profitability, companies must aggressively manage supplier relationships and the value delivered as well.

#### **Sense, Shape, and Respond to Demand**

Oracle's Demantra Demand Management uses a patented Bayesian analytical-forecast engine that offers the most-accurate forecasts possible.

Automated algorithms consider 15 industry-standard and proprietary forecasting models, each geared to different demand patterns. Self-learning and self-adapting algorithms combine the different models to maximize predictive accuracy (rather than historic fit) and to respond to changing market conditions.



“The obvious benefit of Oracle across the organization is seeing everything going on at the same time. Everybody’s making decisions from the same data. The visibility allows us to optimize across the entire business.”

**Stephen Printz**, Chief Information Officer, Pella Corporation

Organizations that wish to maximize returns on shareholder investment must adopt aggressive supply management strategies across all categories. Oracle Advanced Procurement is an integrated suite of applications that helps you dramatically cut all supply management costs. With Oracle Advanced Procurement, you can reduce spend on goods and services, streamline procurement processes, and enforce policy compliance.

Using Oracle Transportation Management and Oracle Logistics Inventory Visibility, you can plan, manage, and control the flow and storage of goods from the point of origin to the point of consumption. These capabilities help you meet customer requirements at the lowest possible cost. Moreover, you can automate logistics for all processes, modes, and geographies with Oracle Transportation Management. From order management through financial settlement of freight costs, this solution delivers a complete, integrated logistics management solution with the ability to

- Consider current resource availability when planning
- Make informed decisions on rates, routing, price-versus-transit time, and contract commitments
- Recognize options and constraints and lock in optimal delivery plans
- Include trading partners in your processes with proactive exception management conducted over the internet

#### **Accelerate Innovation and Response to Market Demands**

Concurrent engineering of new products and manufacturing processes creates higher-quality products that can be released to market faster. It can also streamline the hand off between product development and manufacturing. However, companies have typically managed product development within departmental silos, which has contributed to longer product lifecycles, delayed product launches, and eventual loss of market share.

Oracle’s Agile Product Lifecycle Management solutions enable you to manage all aspects of a product’s lifecycle, so you can accelerate new product introductions, manage costs, and bring high-quality products to market faster. The solution uses the enterprise product record to capture the rich information that uniquely defines all aspects of a product, including the information required across a global product network to conceptualize, design, source, build, sell, service, and dispose of the product at each stage in its lifecycle.



Fact: Oracle was named the “Supply Chain Software Award Winner” of the Supply Chain Asia Logistics Awards 2007.

Agile Product Lifecycle Management solutions offer global visibility and secure, timely control of product information. This improved access to information lets you better manage product costs through early and real-time cost visibility; improve product quality and customer satisfaction by integrating customer, product, quality, and regulatory information within a closed-loop corrective action system; and allow users to share product data and manage change across the global product network. The results are reduced costs, increased innovation, and accelerated time to revenue.

#### **Create Flexible, Adaptable Business Processes**

Over time, as a result of mergers and acquisitions or localized requirements, organizations deploy numerous, diverse applications. Then, to create the cross-functional business processes required, they must integrate the applications and commit substantial resources to maintain the integrations. Leading companies are tackling the complexity of their application and information technology (IT) environments with service-oriented architecture (SOA), which enables the development of modular business services that can be easily integrated and reused. The SOA approach to design exposes the applications as reusable services and integrates them through the use of standards-based communication protocols. Rather than building business applications from scratch, this allows the creation of reusable and composite business assets built from existing services.

Oracle SOA Suite gives you a better way of integrating and unifying applications so that your internal, nonexpert IT personnel can maintain and evolve these integrations rapidly and cost-effectively. Additionally, it improves your ability to predict change by giving you real-time visibility into events in the business environment. Further, it lets you respond to change by developing and optimizing business processes rapidly.

Oracle SOA Suite simplifies the IT environment because IT staff can provision, deploy, monitor, and manage the environment as a single cohesive infrastructure. Because Oracle SOA Suite is modular, open, and extensible, you can use it in a heterogeneous environment without removing or replacing existing systems. A comprehensive, end-to-end business platform, it enables you to develop the business processes you need while leveraging your existing investments.

Fact: Oracle was named “Best Supply Chain Software Solution Provider” at the Supply Chain Excellence Awards organized by SCMLogistics World 2006.



## Align the Value Chain to Your Business Goals

Organizations should have a consistent set of goals, and rational plans to achieve them. These plans should include internal operations, supply and demand sources, and the intermediaries that connect them. Yet most organizations are made up of groups segregated in silos, with conflicting incentives, disparate technologies, and no commonality in the information they use to make critical decisions. Worse still, there are few consistent methods to gather and disseminate information across relevant entities. With such obstacles, it is almost impossible to translate dynamic corporate objectives into day-to-day production and distribution plans.

Oracle solutions provide the computing power to gather, analyze, and use information in ways that translate strategy into action. With Oracle supply chain management solutions, you can achieve your financial goals with predictable business plans based on advanced decision support, synchronize plans and actions with real-time sales and operations planning, and drive trading-partner alignment with multienterprise business-process orchestration.

### **Achieve Financial Goals with Predictable Business Plans**

Typically, business plans are built from the top down, driven by a desired growth rate in revenue and profits. However, without good information about the true capabilities of the extended value chain, a planning exercise can produce a “wish list” rather than a truly achievable operational plan. Oracle Advanced Supply Chain Planning enables you to create and implement holistic plans that span short-term, detailed schedules to long-term, aggregate plans. These plans can include multiple manufacturing processes (lot-based, process, discrete, configure-to-order, and project-based) and all organizations across a virtual supply chain.

As a comprehensive solution for distribution, supply chain, and manufacturing planning, the plans you develop with Oracle Advanced Supply Chain Planning are based on a single supply chain model, a single planning engine, and a single setup. Yet its flexible configuration capabilities enable you to define different, coexisting models—such as hub-and-spoke planning and single plan—so your plans can evolve over time without requiring the creation of a new planning environment.

Additionally, you can perform simultaneous material and capacity planning across multiple manufacturing facilities, distribution facilities, and time horizons in a single planning run, while accounting for the latest consensus forecast, sales orders, production status, purchase orders, and inventory policy recommendations. And because the integrated planning tools in Oracle Advanced Supply Chain Planning don't have the latency of traditional, disconnected planning processes, you can create a dynamic model of the entire value chain and implement plans that predictably produce results and meet financial goals.

“Implementing the Oracle solution in our service business has given us a solid and scalable ‘end-to-end’ foundation, tightly linked with our product and customer data. We will build, on this foundation, a high-value, customer-specific service capability that will enable our customers’ success with the Cisco Intelligent Information Network.”

**Jim Reily**, Vice President, Global Service Operations, Cisco Systems



### **Synchronize Plans and Actions Across Functions**

Today’s businesses are moving toward becoming truly demand-driven, with tighter links between sales planning and operations planning. Demantra Real-Time Sales and Operations Planning helps you implement a comprehensive, integrated sales- and operations-planning process that profitably balances demand, supply, and budgets. It moves you from a reactive, periodic process to a combined, collaborative, real-time process that extends demand-driven, adaptive planning across your enterprise.

Demantra Real-Time Sales and Operations Planning supports a continuous simulation and analysis process to simulate demand and supply strategies. You can use it to analyze multiple business scenarios, collaborate internally to achieve a consensus on plans, and generate and analyze exceptions. And you can automate the entire process with workflows tailored to meet your unique requirements. You gain more-precise forecasts, increased organizational collaboration, and a robust consolidation of disparate sources of demand information. The end result is a demand-driven, consensus forecast you can use to make better business decisions.

### **Drive Trading Partner Alignment with Multienterprise Collaboration**

As a growing number of companies outsource more of their manufacturing processes, the next logical step in collaboration becomes working together to efficiently manage business processes that cross organizations. Oracle Collaborative Planning is an internet-based collaboration solution that rapidly and significantly improves supply chain performance by providing advanced capabilities for collaborative demand, supply, and inventory planning across your virtual supply chain.

Key issues and constraints in your supply chain often come from further down the chain than your immediate suppliers, so you need visibility into every level of your supply chain. With Oracle Collaborative Planning, you gain early visibility into committed supply and can make your suppliers aware of any order-forecast changes, letting you quickly streamline cross-enterprise planning and operations. The solution also helps you collaborate securely with trading partners, reduce planning cycle time, and identify and react quickly to supply chain exceptions. You can use Oracle Collaborative Planning to implement vendor-managed and consigned inventory processes and gain better global supply visibility. Oracle Collaborative Planning is a better way to orchestrate business processes across organizations—so you can increase forecast accuracy, reduce supply shortages, and lower expediting costs.



“Replacing inventory with information—that’s what it’s all about. An information-driven supply chain means that there is less need to rely upon forecasting, so we can truly be executing actual orders and responding to immediate demands.”

**Craig Kerney**, Manager, Enterprise Business System, Supply Chain, and Manufacturing Systems, North American Rolled Products Division, Alcoa

### **Integrate and Automate All Key Supply Chain Processes**

Oracle supply chain management applications include the following components:

- Product lifecycle management
- Advanced supply chain planning
- Strategic network optimization
- Inventory optimization
- Demand management
- Collaborative planning
- Predictive trade planning
- Real-time sales and operations planning
- Order management
- Global order promising
- Production scheduling
- Procurement
- Asset and service lifecycle management
- Discrete manufacturing
- Process manufacturing
- Manufacturing execution system
- Warehouse management
- Transportation management

## **Become Information-Driven**

Oracle supply chain management is the only complete solution that powers information-driven value chains. With Oracle supply chain management solutions, you can build and operate world-class value chains for profitable growth. Oracle supply chain applications can give you the ability to predict market requirements and risks, adapt and innovate in response to volatile market conditions, and align operations across global networks.

Leveraging best-in-class capabilities that span product development, demand management, sales and operations planning, manufacturing, transportation, and supply management, Oracle helps you run your business using demand-driven principles to manage increasingly complex, global supply chains. Only Oracle offers an industry-leading business platform—based on open, complete, and standards-based architecture—that enables process orchestration, allows for pervasive intelligence, and provides actionable information for the twenty-first-century enterprise.

Join the customers who are using Oracle supply chain management solutions to drive a transformation to information-driven value networks.

### **CONTACT US**

To learn more about Oracle supply chain management solutions, please call **+1.800.ORACLE1** to speak to an Oracle representative or visit **[oracle.com/applications](https://oracle.com/applications)**

Outside North America, visit **[oracle.com/corporate/contact](https://oracle.com/corporate/contact)** to find the phone number for your local Oracle office.





**Oracle Corporation**

***Worldwide Headquarters***

500 Oracle Parkway  
Redwood Shores, CA  
94065  
U.S.A.

***Worldwide Inquiries***

Phone

+1.650.506.7000

+1.800.ORACLE1

Fax

+1.650.506.7200

[oracle.com](http://oracle.com)

Copyright © 2008 Oracle Corporation and/or its affiliates. All rights reserved. Published in the U.S.A. This document is provided for information purposes only, and the contents hereof are subject to change without notice. This document is not warranted to be error-free, nor is it subject to any other warranties or conditions, whether expressed orally or implied in law, including implied warranties and conditions of merchantability or fitness for a particular purpose. We specifically disclaim any liability with respect to this document, and no contractual obligations are formed either directly or indirectly by this document. This document may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without our prior written permission.

C16142-01

Oracle is a registered trademark of Oracle Corporation and/or its affiliates. Other names may be trademarks of their respective owners.  
07007452