

Project Driven Supply Chain

“Timing is Everything”

The old adage “Timing is Everything” certainly holds true in the fast paced global marketplace of the 21st century. For many organizations, excellence in project management is fundamental to their success. In other industries, skillful orchestration of a complex supply chain is the way to achieve a competitive advantage.

Both are challenging business models by themselves but worlds collide when a projects business has a heavy reliance on the supply chain or when a supply chain business is dependent on project management to deliver turnkey solutions to their customers. Entirely new management techniques are needed to smoothly coordinate project and supply chain activities, delivering products and projects on time.

Old Methods Fall Short

How many projects go exactly as originally planned? During the course of a project many unexpected events occur which cannot be controlled. The quantity and severity of these events is directly proportional to the length and complexity of the project. That is why effective project managers aggressively manage the events that can be controlled, freeing up time to handle the unexpected.

Project delays due to material shortages are far more likely when there is a heavy dependency on the supply chain. In order to reduce the risk of delays, project managers often order materials far earlier than needed and in larger quantities so that the project will have sufficient materials even if deliveries are late or supply becomes constrained.



Unfortunately when there are multiple concurrent projects ordering materials in this manner, the negative impact on cash flow, carrying costs, storage fees and inventory dollars is significant. There is also the added risk of materials becoming lost, stolen or obsolete.

A better approach is to balance the risk of project delays and late fees with the bottom line impact to the supply chain and the enterprise. This requires close collaboration between project

management, supply chain, engineering and finance.

The Right Tool For The Job

Managing the dissimilar business models of Projects and Supply Chain in a collaborative manner is no small task. It requires integrating best in class project and program management tools (Oracle Primavera) with best in class supply chain applications. (Oracle VCP)

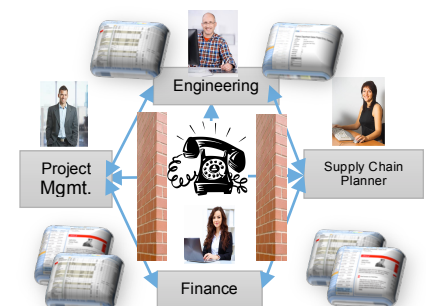
THE RIGHT TOOL CAN DETERMINE SUCCESS OR FAILURE



COMMON ISSUES BETWEEN PROJECTS & SUPPLY CHAINS

- Projects have no knowledge of mfg. or material issues
- Inability to manage resources (*people, equipment and materials*) throughout the enterprise
- Project late penalty fees incurred because of late material deliveries
- Material quantities and request dates do not reflect status of project plan
- Supply Chain has zero visibility of project issues and priorities

COMMUNICATION CHALLENGES



ORACLE

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PDSC Collaboration Benefits

Everyone benefits when robust program and project management processes extend into the supply chain. There are also substantial benefits to be derived from extending best in class supply chain methodologies into the project management business model.

Project Manager



Having visibility to supply chain issues within the project plan enables the project manager to evaluate their impact and proactively take corrective action. Material availability can now be considered in contingency plans and risk assessment. Integrated what-if capability provides tremendous value during the project bidding process. Knowing the availability of supply before submitting a bid can reduce the risk of late penalties and missed customer expectations.

Engineering



Engineering can create and maintain an item master and a project BOM in a single tool. ECO updates can be reliably incorporated into project and supply chain plans, avoiding costly errors. The ability to update tasks and activities via a mobile device simplifies the demands on engineering and provides better project status to all.

Finance



Visibility to the actual status of all projects enables finance to accurately predict and minimize late penalty fees, analyze the financial impact of what-if scenarios, and incorporate milestone based revenue predictions into the S&OP process. Invoices can also be automatically authorized upon the completion of revenue milestones.

Supply Chain Planner



Associating materials to activities within a project plan provides visibility to the dates and quantities when supply will be consumed based on the latest project status. This enables the supply chain planner to make project driven prioritization and allocation decisions, project order slotting, and procurement schedules. Supply availability is fed directly into the project plan, closing the loop and ensuring that what-if and slot planning are also in lock step with current project plans.

Customer Profile

- Large, complex projects and supply chains with projects that span a period of months to years
- Projects that have a high dependence on supply chain for materials (manufactured or purchased)
- Significant amount of common materials across projects.
- Multiple, concurrently active Projects

PROJECT PHASES

BID ASSESSMENT & PROJECT INITIATION

- Quickly assess project opportunities with COLLABORATIVE project & supply chain simulations
- Improve efficiencies and control with enterprise project management

DESIGN AND ENGINEERING

- Increase discipline and efficiencies with material resource library
- Improve plan performance with integrated engineering plans
- Develop and attach project BOM's

MANUFACTURING AND PROCUREMENT

- Improve ability to deliver with supply chain planning
- Improve on-time deliveries by proactively managing disruptions
- Automatically communicate capability and status to project manager

DELIVERY AND INSTALLATION

- Proactively optimize and shape revenue through integrated business planning
- Include operations, planning, and finance in the planning process
- Identify opportunities to manage projects to meet revenue targets

TIMING IS EVERYTHING

