

Automating the Quote-to-Cash Process

An Oracle White Paper
June 2009

Table Of Contents

EXECUTIVE SUMMARY	3
GLOBAL SUPPLY CHAINS AND THE LSP INDUSTRY.....	3
The Current IT Situation	4
THE QUOTE-TO-CASH PROCESS AT AN LSP TODAY	6
Current State Process Overview	6
Issues with the Current Quote-to-Cash Process	7
Key Business Impacts	9
ORACLE'S END-TO-END SOLUTION	9
Oracle Application Integration Architecture	9
Why is Oracle AIA important for an LSP?	9
Key Components of AIA	10
TRANSFORMING, AUTOMATING AND INTEGRATING THE QTC PROCESS	11
Optimizing Quoting and Order Management	12
Integrating Order Management and Transportation Management	12
Effective Planning and Execution of Transportation Management	13
Integrating Transportation Management and Driver Management	14
Integrating Transportation and Financial Management	15
BENEFITS OF QUOTE-TO-CASH AUTOMATION AND INTEGRATION	16
KEY CONSIDERATIONS FOR IMPLEMENTATION	16
CONCLUSION	18
CONTACT US.....	18

EXECUTIVE SUMMARY

Global marketplaces have spurred the growth of global supply chains, making them hotly contested areas for business. However, as the business environment continues to evolve, companies are rethinking these long, thin supply chains. Businesses today realize that the sourcing and manufacturing strategies that they adopted over the last two decades have also brought in a great deal of uncertainty and cost.

Recent years have seen logistics costs as a percentage of GDP increasing considerably. Companies lean heavily on their Logistics Service Provider (LSP) partners to gain a competitive edge. In turn, leading LSPs understand that the key to providing a broad portfolio of services that shippers need, is to make Information Technology (IT) a central pillar of corporate strategy. The fact is, today, the *timely and accurate information about a shipment is as important as the shipment itself*.

Leaders in the LSP industry will adopt a “platform strategy” to get enterprise visibility to customers, orders, shipments and suppliers. With a platform strategy, LSPs will be able to deliver multiple services to multiple clients across the globe on a single IT platform, increasing visibility, agility and adaptability. Adopting a platform strategy will allow LSPs to integrate and streamline business processes across the enterprise.

A critical example of a process for LSPs is the Quote-to-Cash (QtC) process. This process today is almost 100% siloed; does not pass on information from one function to the other; and has no single version of truth. In an industry where 3%-5% profit margins are frequently the norm, independent third-party research has shown that **up to nine percent of all revenue is lost in services companies due to the Quote-to-Cash process being manual and disconnected**.

This white paper examines the challenges asset and non-asset based LSPs face with their QtC processes. The paper identifies issues and offers an overview of the Quote-to-Cash solution set. Oracle’s solution set for the industry helps LSPs automate, integrate and optimize the QtC process using Oracle Applications Integration Architecture, the leading platform to integrate enterprise applications.

GLOBAL SUPPLY CHAINS AND THE LSP INDUSTRY

At roughly 12%–14% of the collective global GDP, the logistics industry exerts a critical influence on the bottom line of all major industries. Globalization, the expansion of businesses from country and regional footprints to a global footprint, often involving the strategic migration of manufacturing to China, India and other emerging market economies — has been a key driver for the strong growth of logistics and the LSP industry. The migration of manufacturing to lower cost locations and the expansion of product sales to markets around the globe have made supply chain effectiveness and efficiency the critical strategic differentiator.

However, the volatility and the degree of change we have experienced in the global economy have led experts to question some of the core tenets of globalization. Many of the assumptions, or facts, that led businesses to move manufacturing to regions far from the intended final point of sale have been altered to such a degree that companies are re-visiting the entire idea of global supply chains. Even with vast improvements in technology and processes (Lean Logistics, Six Sigma, JIT) the percentage of global GDP associated with transportation and logistics has been going up due to lengthy global supply chains and rapidly escalating transportation and warehousing costs. Global supply chains are more complicated, much more vulnerable to disruption, and today, represent a higher percentage of total cost of goods sold than they did a few years ago. Currency fluctuations, increasing wage rates in developing economies and volatile fuel costs are significantly changing the total landed costs for raw materials and finished goods. Costs are also rising for managing returns, repairs, and products rejected because of hazardous materials or contamination. Customs regulations driven by supply chain security concerns require additional and timelier document submissions for imports and exports. Lack of infrastructure investment continues to result in delays and inefficiencies at transportation interchange points such as ports and intermodal terminals.

The factors highlighted above are triggering a strategic shift from the region-centric model to a “build-where-you-sell, sell-where-you-build” model — with increased focus on managing total distributed costs rather than lowering initial manufacturing costs.

Emerging market dynamics are having a significant impact on the LSP industry as well. While the industry continues to consolidate and grow through mergers and acquisitions, changes to customer supply chains are triggering changes to the logistics networks LSPs have evolved and the types of services they provide. Manufacturers, wholesalers and retailers are consolidating, and are leveraging their purchasing power to negotiate better deals and consolidate the number of LSPs they deal with. This “core carrier” phenomenon is leading to more and more freight being controlled by a smaller group of select global LSPs with complex service portfolios and global logistics networks. These LSPs rely on a growing set of Tier 2 LSPs that specialize in a specific region or a set of logistics services. The LSP industry has seen and will continue to see significant changes in the coming years as supply chains transform. What has not changed and will continue to be critical is the role of information technology in the LSP industry and in global supply chains.

The Current IT Situation

IT systems in the LSP industry have predominantly evolved as custom home-grown applications — mostly addressing specific business needs and operating in silos. LSPs today have a complex technology environment with a mix of enterprise resource planning, best-of-breed, and custom-developed applications, multiple hardware platforms, point-to-point integrations and multiple data repositories. A common fallout

of growth through mergers and acquisitions is that the acquired entity continues to run the same operational systems resulting in siloed non-standard business processes, lack of enterprise visibility and a complex operational environment.

Multiple legacy systems and a complex applications and technology infrastructure forces LSPs to spend 80% of their IT budgets maintaining existing applications leaving just 20% for enhancements or new applications that support re-engineered business processes or new services.

With multiple operational platforms, each with its own customer, shipment, and other master data, LSPs have to wrestle with data inconsistencies. Especially with them being spread across customer markets transcending continents, addressing the customer as a single entity — determining profit margins for all products and services as well as providing all stakeholders with a single version of the truth — has become very challenging. Siloed information, manual processes, disintegrated functionalities across the enterprise only compound the challenge of delivering the right information to the right stakeholders at the right time.

Instead of business requirements driving IT, at most LSPs, IT drives what the business can or cannot do. This is a key limitation for LSPs who want to change their business process or bring a new product or service to market. Simply stated, IT has become an inhibitor to innovation and agility.

The Need of the Hour

To make IT the engine for innovation and agility, LSPs need to adopt a new IT strategy. LSPs need to adopt an IT strategy that is open, industry standards-based so that they can easily inter-operate with other entities in the supply chain. The strategy needs to:

- Support integration across the enterprise
- Allow for near real-time data capture and sharing with both internal and external customers
- Provide a highly secure and scalable environment
- Enable business agility to quickly and easily implement structural changes that will not require fundamental changes to the existing infrastructure and platform.

Developing a scalable, configurable, standards-based IT platform will be a differentiator. It will empower the LSP to re-engineer and standardize business processes, integrate business functions and islands of information. A good example of this re-engineering can be extended to the critical “Quote-to-Cash” process.

THE QUOTE-TO-CASH PROCESS AT AN LSP TODAY

The QtC process, as shown in *Figure 1*, denotes the set of processes an LSP executes — beginning with a quote to the customer for a service; planning and executing the service; billing and collecting payment from the customer; and finally paying suppliers for the services they provided.

Quote-to-Cash Process



Fig. 1

The QtC process is by far, the single-most important end-to-end process as it drives the customer experience, revenues and margins. LSPs need to manage multiple quote-to-cash processes as they adapt their core process for new service offerings, client-IT restrictions, client-contract requirements, and the applications (order management, transportation management, and financial management) they use to support the QtC process. As an example, the section below describes each sub-process in the QtC process flow for an LSP that provides freight forwarding services.

Current State Process Overview

Quote

- LSP provides “spot” quote for new customers and existing ones that need a special shipment transportation service.
- Quotes are computed manually by sales personnel or quoting specialists.
- Quotes are sent by e-mail and expiry dates are tracked manually.

Order

- Quote gets converted to a booking or service order upon customer acceptance.
- Order is created in the operational system at the origin facility after the freight is picked up by the LSP.

Plan

- The mode for the shipment and the manner in which the first leg of the multi-leg shipment will be handled is decided.
- Load planners handle subsequent legs as the shipment moves through its itinerary from origin to destination.

Execute

- LSP personnel pick-up the shipment from the customer.
- Shipment documentation is created.
- The shipment is moved from the origin to destination, and finally delivered to the consignee, subsequent to which a proof-of-delivery is obtained.

Monitor

- The LSP monitors the movement of the shipment from origin to destination.
- Shipment statuses are updated as the shipment is processed at the forwarder facility.
- Monitoring is predominantly manual, especially for small and medium-sized forwarders. For shipment processing on carriers, the forwarder relies on status messages from the carrier.

Settle

- The LSP bills the customer for the shipment along with support documentation.
- Shipment revenue is computed by rating the shipment using the quote provided or at contracted rates.
- Payables to carriers are accrued through the shipment lifecycle and carrier invoices are paid through either manual processing or automated matching of accruals and invoices in financial systems.

Issues with the Current Quote-to-Cash Process

Seamless and structured as they may seem, the steps involved in the QtC process run into a number of challenges, owing to the number of geographies and lines of business involved. The QtC processes are largely customized to accommodate specific client requirements and are predominantly manual and siloed. Another significant lacuna is that the QtC process has often, no single owner, despite sales, operations and finance playing key roles. Following is an overview of major issues that LSPs face with key QtC processes:

Quoting: The lack of a centralized repository for customer contracts and quotes leads to the inability to track customer requests, quote status, quote expiry dates and conversions of quotes to orders. Analysis of wins and losses; strategic decisions on pricing, promotions, or product offerings also becomes challenging. Quotes are not standardized as each region or facility tends to follow local procedures or guidelines and the turn-around time for quotes tends to be dependent on the availability of specialized personnel. Quotes are managed and tracked primarily through e-mail and faxes, so the potential for incorrect billing is high.

Planning: The operational platforms used by LSPs do not provide optimization engines for shipment routing and shipment consolidation. Consequently, shipment routes and consolidations tend to be sub-optimal as LSP personnel do not have the time or tools to explore multiple options. Shipments are also routed one leg at a time, so downstream LSP stations are unable to plan ahead for manpower or support equipment. This results in higher “cost-to-serve” as LSPs are unable to ensure that they fully utilize volume discounts from carriers. Disconnected quoting and shipment planning processes lead to the shipment transportation plan being different from what was quoted originally, thereby resulting in the actual shipment profitability being significantly different to what was anticipated at the time of quoting.

Execution: LSPs place very strong emphasis on execution as they play mission-critical roles for their customers. Shipments that do not reach their desired destinations in time can result in manufacturing downtime, lost sales at retail stores, or unhappy customers when orders are delivered late. A key challenge LSPs face with execution is the lack of a centralized order repository that links quotes to customer orders, shipment plans and status. This restricts the LSP from ensuring that shipments are planned and executed based on the service-level a customer has paid for, while also complying with all the specific requirements a customer has intimated at the time of the order. Compliance with standard operating procedures for each customer is a challenge for LSPs as compliance is driven manually by operations personnel, and there is no automated workflow process in place to ensure compliance. Limited visibility to current and forecasted order volumes, order status and the availability of resources across the network leads to service failures, higher than expected costs to process an order and customer dissatisfaction.

Accruals: LSPs, especially non-asset based LSPs have to carefully manage the costs they incur to process an order. LSPs estimate costs to process an order, often after extensive negotiations between their internal operating units on cost transfers. The estimates and actual costs incurred are tracked manually using paper contracts. The process is labor-intensive and results in large amounts of internal accounting transactions to ensure costs are appropriately accrued across various P&Ls. LSPs face a real challenge tracking accessorial charges because of inadequate data capture systems for activities executed in-transit or at customer sites, and inadequate compliance with LSP processes. LSPs are also unable to pro-actively manage order profitability because of delays in getting and consolidating cost data from various LSP units.

Billing: LSPs typically have high DSOs, and revenue leakages due to disconnected QtC processes. Multiple customer data repositories and operational platforms that track accessorial charges and other costs make it difficult for LSPs to accurately bill customers. This results in invoices being disputed by shippers or their representative freight audit companies. Often, the LSPs have to settle these disputed invoices because of inadequate documentation of quotes, order changes and accessorial services that the LSP provided resulting in its loss of revenue.

Did You Know?

- **24 of the top 25** North American 3PLs run Oracle
- **10 of the top 10** North American trucking companies run Oracle

Key Business Impacts

Siloed QtC processes result in revenue leakage because of inefficient quoting and order management processes; higher cost-to-serve because of inefficient planning and execution of orders; and increased working capital requirements driven by billing errors, delayed payments from customers and proactive collections from carriers. A study by the Aberdeen Group shows that a strong focus on a subset of the QtC process — contract management could result in significant benefits. Research also establishes that best-in-class companies experience a 21% reduction in DSOs because of improved contract management, increased compliance with service-level agreements and increased customer satisfaction.

ORACLE'S END-TO-END SOLUTION

The complexities of the QtC process and their broader impact on enterprise processes can be addressed with a scalable, configurable and integrated IT platform. LSPs need to rationalize and modernize the applications that support the business; and standardize the integration between these applications so they can reduce IT costs, decrease the time and effort required to modify applications, and drive business innovation through IT.

Oracle Application Integration Architecture

Oracle Application Integration Architecture (AIA) is a pre-built, open, integrated and complete architecture for deploying industry-specific business processes across applications, leveraging existing enterprise IT assets. Oracle's AIA provides the tools, framework, and pre-built components LSPs need to integrate disparate applications and link cross-departmental business processes.

"To improve our global competitiveness, we needed an IT solution that supported extensive process reengineering. Over the last three years, we replaced our legacy systems with a range of Oracle Applications and reviewed our accounting, finance, customer management, human resources, and planning processes. The changes are expected to yield significant business benefits from 2008."

Yang In-mo

Managing Director and CIO
Hanjin Shipping

Why is Oracle AIA important for an LSP?

Oracle's AIA addresses several key issues LSPs face and provides compelling benefits. It offers LSPs the best of both worlds — the ability to leverage existing IT investments and the flexibility to incorporate new applications that can support the evolving business needs. AIA will help LSPs address key strategic areas such as:

Speed Innovation: LSPs will be able to bring new services to market much faster as the time and effort to integrate applications and to develop new business workflows will be reduced.

Service Consistency: LSPs will be able to proactively monitor business processes so that potential service failures are prevented. And, if a service failure still occurs, all stakeholders are promptly informed and the service failure is addressed promptly.

Automate-to-Scale: LSPs can leverage pre-built best practice workflows and automate their key workflows. Increased automation of

workflows will allow LSPs to grow their business without adding head count.

Total Cost of Ownership: AIA’s pre-defined business objects (See *Figure 2*) and services coupled with integration architecture and tools significantly reduce the time and effort required to re-engineer existing custom integrations and build new composite business processes.

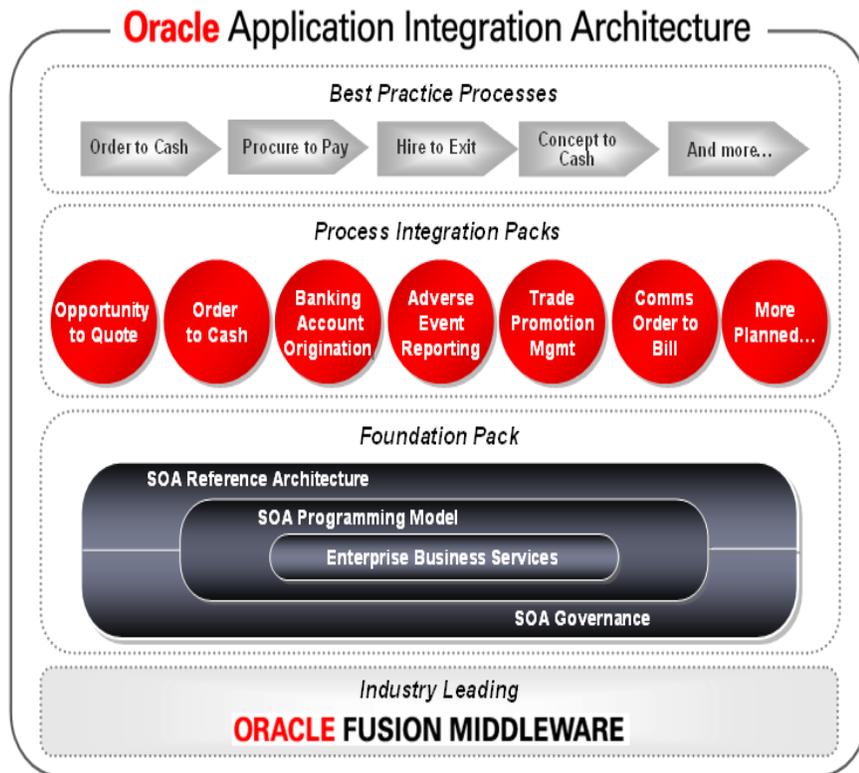


Fig. 2

Key Components of AIA

Oracle’s AIA is powered by Oracle Fusion Middleware, a proven, scalable, high-performance, comprehensive middleware suite. Oracle’s Fusion Middleware includes comprehensive suites for developing, deploying, and managing SOA applications, business process workflows, enterprise content and business intelligence. The AIA Foundation Pack provides a complete framework, suite of pre-built components and development tools for enterprises to build their own standardized integrations between applications. These applications could be custom applications, commercially available non-Oracle applications or Oracle applications. For key industry processes such as opportunity-to-quote, order-to-cash, and trade promotion management, Oracle offers PIPs with pre-built integrations to relevant Oracle applications. If an LSP prefers to use an existing application instead of an Oracle application, the PIP can still be leveraged to connect to the existing application leveraging all the pre-built components in the PIP. PIPs come with best-

practice processes built-in significantly reducing the time and effort involved to integrate and automate Oracle and non-Oracle applications.

With Oracle AIA, LSPs will be able to deliver customer-specific services to each client without customizing the applications that are used to support the customer. This is especially true for the QtC process that tends to be unique for each line of business and each customer. To transform the QtC process, LSPs need a configurable, scalable, and functionally rich suite of applications and tools. The following sections illustrate how LSPs can transform their QtC process using the QtC and other Process Integration Packs (PIP) developed by Oracle.

Transforming, Automating and Integrating the QtC Process

LSPs can transform, automate and integrate the end-to-end quote-to-cash process by:

- Standardizing and automating the quoting process, and streamlining order management
- Integrating order management and transportation management
- Effective transportation management
- Integrating transportation and human capital management
- Integrating transportation and financial management

The LSP PIPs address three critical sub-processes in the QtC cycle — Quote and Order Capture, Driver Management and Financial Management. The PIPs integrate multiple Oracle applications such as Siebel Order Management, Oracle Transportation Management and E-Business Suite Financial Management. *Figure 3* below shows how Oracle’s products and processes integrate.

Transforming the Quote-to-Cash Process

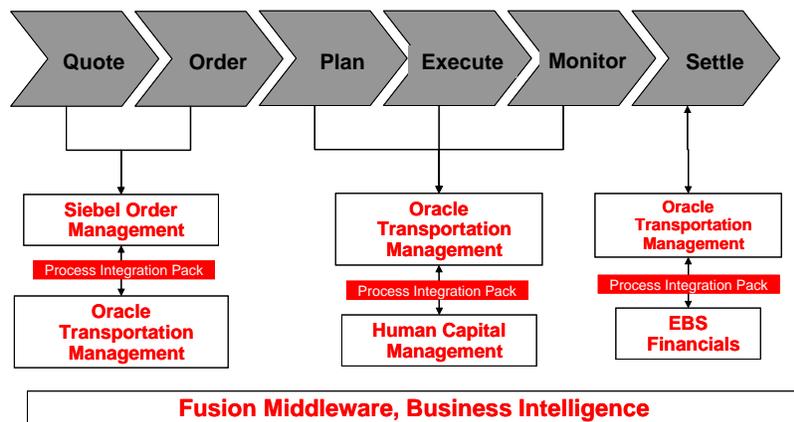


Fig. 3

Optimizing Quoting and Order Management

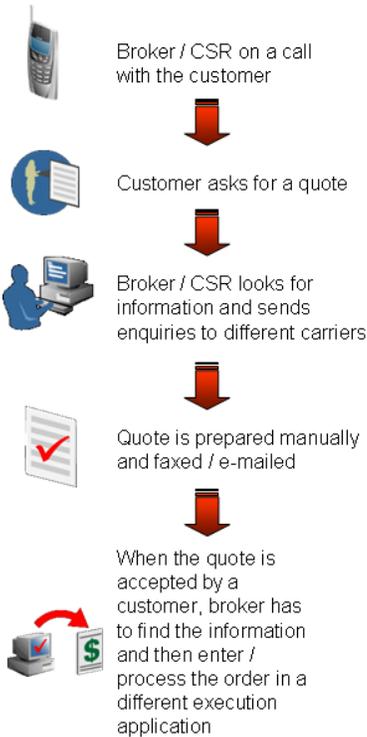
The quote process directly impacts the growth of an LSP as it drives revenue, margins and the customer experience. An effective quoting process can result in a more inquiries being converted into orders, leveraging the capacity imbalances to increase the profit margin and enabling customers to meet their service-level expectations at the lowest possible cost.

Oracle's solution integrates the best-in-class Customer Relationship Management (CRM) capabilities and the information from transportation planning and execution system into a seamless process.

LSPs can leverage the CRM capabilities available in Oracle's Siebel applications for customer management and sales enablement. LSPs can target promotions to specific customer segments or trade lanes and improve their return on marketing investments. The information collected from these marketing campaigns can be leveraged for detailed analysis — conversion by broker, branch, customer and performance in different lanes or modes.

The Oracle solution provides the key decision-support information on shipper and carrier contracts rates, available carrier capacity, and factors impacting demand / supply to the broker / CSR. The brokers can then easily compare different complex rate structures and create a competitive quote that helps improve the bid-offer spread. Quite often, the customer is looking for real-time response rather than the cheapest quote. Oracle's solutions are used to create and send the quote automatically by fax / e-mail, as per the customer's preference. Further to the customer's confirmation, the quote can be turned over as an order, giving the broker / CSR lead time to focus more on customer interactions, rather than on follow-up.

Quote-to-Cash Process



Integrating Order Management and Transportation Management

Transportation management involves inbound / outbound / returns / service logistics and inter-warehouse or inter-plant moves depending on where the movement occurs in the supply chain. LSPs invest considerable effort in on-boarding customers, but they still face challenges in accessing order information at the right stage from the customer's Purchase Orders, Sales Orders or corresponding documentation. LSPs have to manually key in order changes, validate orders and in some cases, change information in downstream data elements such as shipments, tenders and bills of lading.

The **Order Management Integration Pack** synchronizes customer, and product master data between the order management platform and the transportation management platform. It also evaluates orders to generate an order execution plan that meets desired delivery dates while minimizing the cost to process the order. The integration pack also

supports data and process integration with financial management systems by triggering billing for orders that have been fulfilled.

Oracle recognizes the importance of data capture from the source and its management — be it a purchase order, sales order or an inter-branch order. Oracle's solutions support order receipt via EDI or through a Web portal. Once orders are validated and released, Oracle Transportation Management generates the order execution plan based on business rules and optimization models for combining orders to create shipments and to route shipments to meet desired service levels and cost targets. Any subsequent order changes are propagated automatically considering the corresponding status. This integrated and automated process can be used by LSPs today to provide materials management, service logistics and other such integrated services to their customers.

Effective Planning and Execution of Transportation Management

The ability to optimize shipments using advanced planning engines is a key driver for volume growth and cost reduction. LSPs face the challenge of optimizing orders from multiple customers across various lines of business. LSPs need solutions that can optimize shipments and maximize asset utilization across a diverse set of orders at the lowest cost while meeting specified service levels and all other constraints.

Very often, planning engines are part of a separate application and it is difficult to translate real-world constraints into planning inputs and modify the output so it can be implemented. Oracle's solutions integrate the best-of-breed capabilities in quoting / order management with planning and execution. The constraints and information from quotes and orders are passed on and considered for building shipments. Similarly, the Oracle solution offers multiple ways to modify the planned shipment based on actual shipment information from the warehouse.

For multiple lines of businesses and customers, the solution can plan shipments automatically at different points in time. Emergency orders can be processed immediately; while non-emergency orders are consolidated based on business rules and planning logic applicable to the business. OTM's consolidation models include multi-stop, multi-leg, continuous move, pool distribution, network trucking and others as relevant for the geography and volumes. Consolidation also includes planning for transport handling units, carrier-service selection, and load configuration (sequence of loading). Consolidation rules can be configured based on business rules applicable to items, equipment, locations, service providers, calendars and additional key components used in the supply chain.

In addition to being able to model carrier and customer tariffs with innovative structures on cost basis such as rate structures and accessorials; LSPs also need the ability to rate and route shipments based on different combinations of modes, services, carriers, equipment,

commodities and tariffs. From a distribution or LSP perspective, the LSP can also execute shipments based on customer-specific carrier tariffs

In addition to rating based on tariffs, OTM provides LSPs the ability to manage spot quoting and rating. LSPs have the ability to communicate with carriers for spot quotes and add the rate to the tariff, if applicable.

Effectiveness planning and optimization of shipments drives successful execution. Oracle's solution provides for effective two-way carrier communication ranging from booking and tendering, to pickup and delivery. The workflow engine provides the ability to provide alerts and notifications to involved parties, and can also trigger additional processes within OTM such as the re-computation of future stop times. Recent studies of shippers such as *The State of Logistics Outsourcing: 2008 Third-Party Logistic*, the Thirteenth Annual 3PL study, show that customers are concerned with the gap between expected and actual service levels. In addition to optimized planning and execution, customers seek complete visibility of their shipments. The ability to receive pro-active notifications and advanced information on potential delays is mission-critical, especially in the world of Just-in-time manufacturing.

Oracle's quote-to-cash solution set provides LSPs visibility to the status of orders and shipments, shipment revenues and cost accruals. The rules driving alerts, revenue and cost computations can be configured based on your contracts, business rules and processes. Oracle's solution will allow LSP customers to have the increased access and visibility through portals, customer integration and mobile devices. OTM's proactive supply chain event management features allow for monitoring one or many shipments against profiles and proactively alerting involved parties.

Integrating Transportation Management and Driver Management

For asset-based LSPs, managing fleet and drivers is a critical part of transportation planning and execution. Asset-based LSPs such as truckload companies need to optimize deployment of fleets and drivers and optimize the assignment of drivers to loads so that asset and driver utilization is maximized and empty miles are kept at a minimum. Asset-based LSPs also need to meet regulatory requirements for driver certification and working hours. This is best accomplished by integrating the human capital management solution.

To optimize fleet and driver planning, and execution while meeting regulatory requirements for drivers, asset-based LSPs need to integrate their human capital management systems with their Transportation Management Systems (TMS). Oracle supports this need with the **Driver Management Process Integration Pack (PIP)**. The PIP integrates critical driver information from HR platforms such as Oracle E-Business Suite HRMS, which tracks drivers across their employment lifecycle from on boarding to training, promotions, termination, sick leave and vacations. The integration ensures that the TMS only assigns drivers with appropriate certifications and availability to loads. The PIP also

provides critical inputs from the TMS platform to the HR system so the driver's pay can be computed correctly. Oracle's OTM provides miles driven and information relating to each dispatch, while Oracle Incentive Compensation sends the driver's work invoice for payment.

Some of the key benefits of utilizing this integration pack are improved accuracy and timeliness of driver payments resulting in higher driver satisfaction and reduced driver turnover. Additional benefits include lower headcount for processing driver payroll; computational support for complex payment rules when driver pay is a composite of base pay, bonus and activity-based compensation; better utilization of information used to drive activity-based pay calculation; ability to differentiate what is payable to driver versus chargeable to customer; ability to pay employee drivers via company payroll and to pay external parties for independent contractors.

Integrating Transportation and Financial Management

Days Sales Outstanding (DSO) is a key metric monitored by LSP CFOs. Accurate and timely billing for services is critical for lowering DSO. With multiple execution systems and information replicated across many applications, LSPs often have huge problems with receivables, payables and their reconciliation against customer bills and supplier invoices.

With Oracle's QtC solution set, shipments are automatically rated based on customer quotes and contracts. Any changes are captured in the Transportation Management platform, which provides the ability to update any new accessorials or charges that accrue as part of execution. This information is then used as the basis for payables to carriers and billing to the customer, thereby improving the accuracy of payables and receivables.

Oracle's **Financial Management Integration Pack** streamlines the accounts payable and accounts receivable processes. The integration pack facilitates correct billing and auto payments by synchronizing data between Oracle Transportation Management and Oracle E-Business Suite Financials. The integration pack supports supplier synchronization, integrated freight payment, customer billing and accruals. Oracle's solution also supports automatic payments of carrier invoices. If the carrier EDI invoice matches the accrual within defined tolerances, the invoice gets approved for payment. This zero-touch automated process allows for 100% freight audit instead of a sampling approach adopted by LSPs or freight audit service providers.

Customer bills are created automatically and capture any accessorials that are set up to flow from execution. This eliminates a key reason for revenue leakage.

Key benefits of utilizing the financial management integration pack include automated revenue recognition and accurate cost accruals; single source of truth for supplier profiles and payments; and automated customer billing processes supporting complex business rules.

BENEFITS OF QUOTE-TO-CASH AUTOMATION AND INTEGRATION

In this paper, we have discussed the state of the LSP industry, the critical importance of the QtC process, the issues LSPs face with their current QtC process, and have proposed a set of applications to transform the QtC process. To summarize, an integrated quote-to-cash process will allow the LSP to:

- Quote the right price
- Execute as quoted and planned
- Bill the right price to the customer for services rendered
- Pay the correct price to the carrier for services provided.

While this may sound simple, they are particularly difficult to achieve for LSPs given their diverse customer requirements and the complex set of systems that drive their processes.

Oracle's solutions will allow LSPs to reap the following benefits by integrating and automating their QtC process:

- Have a single view of the customer across the enterprise
- Reference the proper rates and contract when quoting
- Document the quote
- Document when and what exactly the customer accepts
- Seamlessly feed to operations what the customer is expecting
- Follow the planning and execution process
- Document any changes from what was quoted
- Document approvals when changes to original quote do happen
- Allow both the LSP and the customer to monitor the transaction
- Pass seamlessly to billing exactly what services were quoted and what was performed
- Bill accurately
- Document any issues and settle quickly.

Each and every one of these benefits would be very valuable as stand-alone benefits. Taken together they may mean the difference between a profit and a loss.

KEY CONSIDERATIONS FOR IMPLEMENTATION

Re-engineering the QtC process as outlined above will offer tremendous benefits but the transformation can be a real challenge. Transforming this critical process will require employees across the enterprise (front-

office, back-office and operations) to adapt to new business processes and learn how to work with new IT applications. Recognizing and managing this change is critical — LSPs that do, will succeed in the transformation with minimal impact to daily operations, increased employee satisfaction and empowerment, and enhanced customer satisfaction.

The QtC transformation needs to be an enterprise initiative with executive sponsorship. An executive steering committee with the CFO, COO, and CIO needs to set the direction, monitor progress and resolve critical issues. The core project team should include experienced personnel from operations, finance, sales and IT. A project office needs to drive planning and execution of all the initiatives — business process re-engineering, applications development and implementation and change management.

The specific sequence of projects will be unique to each LSP, driven by the specific issues each LSP faces, the applications footprint, resource availability and budgets. *Figure 4* provides a sample transformation plan.

Five Phases in Quote-to-Cash Transformation

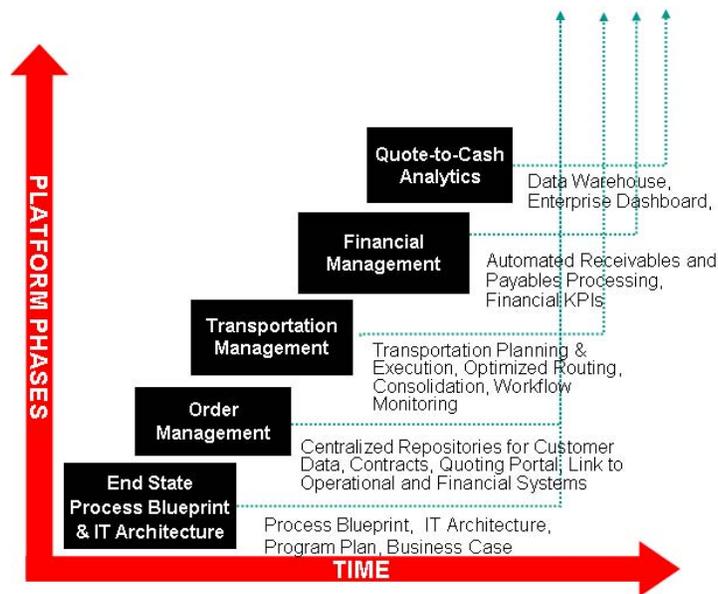


Fig. 4

Phase 1: Determine what the transformed QtC process will be, the end-state IT architecture, the business case, and a detailed transformation plan. This phase is fundamental and should be the first phase for every LSP considering QtC transformation.

Phase 2: Transform the order management process creating a centralized customer repository, contracts repository, an intranet portal for quoting and a customer self-service portal. Streamlined quoting, customer on-boarding and order management truly enhance the customer experience at the end of this phase.

Phase 3: Transform transportation management with new applications for planning and execution. Optimized shipment planning, routing and consolidation yield bottom-line benefits. If managing assets and drivers, integrate transportation management and human capital management.

Phase 4: Streamline receivables and payables processing with the operational platform computing revenues and payables for each shipment. Productivity is greatly improved and DSO is reduced through significantly faster and more accurate billing.

Phase 5: Implement business analytics and develop an enterprise dashboard for monitoring QtC metrics.

Executive sponsorship, change management and rigorous project management are critical success factors. Adopting the best practices outlined in this section will minimize risk and ensure successful transformation of the QtC process.

CONCLUSION

LSPs have typically focused on growing revenues by expanding their client base or growing their presence in existing clients. Integrating and automating the quote-to-cash process will allow LSPs to grow revenues with their existing client base, reduce costs and reduce time-to-market for new service offerings. Oracle's market-leading CRM, TMS, financial management applications and the QtC solution set will be the key differentiators for LSPs focused on enhancing the customer experience, optimizing operations, empowering the workforce and scaling the business. Over time, this could well become the deciding factor between LSPs that *stay* in business and those that do not.

CONTACT US

To learn more, call +1.800.ORACLE1 to speak to an Oracle representative or visit oracle.com/industries/travel_transportation

Outside North America, visit oracle.com/corporate/contact to find the phone number for your local Oracle office.



Automating the Quote-to-Cash Process
June 2009

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

Worldwide Inquiries:
Phone: +1.650.506.7000
Fax: +1.650.506.7200
oracle.com

Copyright © 2009, Oracle. All rights reserved.

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 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. Oracle, JD Edwards, PeopleSoft, and Siebel are registered trademarks of Oracle Corporation and/or its affiliates. Other names may be trademarks of their respective owners.