

# WHY SUPPLY CHAIN LEADERS ARE MOVING TO THE CLOUD



Discover a Secure  
and Rapid Way  
to Build a Modern  
Supply Chain





## THE RULES OF THE GAME ARE CHANGING—YOUR SUPPLY CHAIN MUST, TOO

Good supply chain management is essential to your operational efficiency, customer centricity, compliance, carbon footprint, and ultimately, your overall success. If handled correctly, your supply chain should improve customer service—along with the reputation of your brand—and boost your bottom line. But, as with many areas of business, the rules of the game are changing.

What's changing? Well, everything. New regulations, increased buyer expectations, shorter product lifecycles, fluctuations in demand, new market entrants, more ethical supplier management, poor visibility of globalized supply chains—all these things, and more, are testing the limits of the traditional supply chain model. The simple truth is that the way things used to be done, and the solutions that enabled it, are no longer up to the job.

Today, organizations need levels of flexibility, integration, and visibility that are beyond what those systems were designed to deliver.

## CAN TRADITIONAL SUPPLY CHAINS KEEP UP WITH THE WORLD TODAY?

A traditional supply chain can add unnecessary expense to innovation, and may lack the flexibility needed to respond appropriately and quickly to a changing business landscape. In fact, it's no exaggeration to say that supply chain rigidity may not just hinder growth, but can in fact jeopardize an organization's survival altogether. The only choice is to modernize your supply chain so it's more agile and adaptive.

Many established organizations are finding that the demands of their supply chains are increasing at the same time that IT budgets are being reduced. The result is that too much money is spent on maintenance and upgrades—keeping the lights on and making them shine brighter—rather than driving innovation.

That's not to say things are any easier for new businesses. The large upfront investments involved in building an effective supply chain can be daunting—or even out of reach for many startups.

What's needed is a new approach: a new way of driving innovation and differentiation, and a new way of delivering solutions that can be scaled up based on incremental value and business need.



## MODERN BUSINESS HAS NO PLACE FOR RIGIDITY

The pace of change in business continues to accelerate, and shows no sign of slowing down. Customers expect more, products are updated and introduced faster than ever, new companies enter the market daily—there are so many things to keep up with that a lack of agility and scalability can cost an organization dearly.

When new market entrants are automatically starting with a more scalable, agile approach to their supply chain, traditional spreadsheets and manual processes become a disadvantage.

Upgrading to the latest software versions and taking advantage of new functionalities to keep up with competitors can be time-consuming and expensive. But finding a way to embrace new levels of agility isn't optional. The only alternative is to be left behind.

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## YOU CAN'T CHANGE WHAT YOU CAN'T SEE

The modern supply chain is global. This creates a number of challenges, but none more difficult than gaining visibility into the many activities that make up your supply chain—visibility that's essential for managing risk, reducing costs and ensuring profitability.

A lack of integration between numerous systems and siloed information can, at times, make this challenge seem insurmountable. But at what cost? Well, without complete, accurate, real-time visibility, almost every area of your business can be affected, from product design and production costs to quality, compliance, and customer satisfaction.





## THE MODERN, END-TO-END SUPPLY CHAIN

So just how important is effective supply chain management? Consider that supply chain innovators have 60 percent better profit margins and 65 percent better earnings per share than their competitors<sup>1</sup> and the impact becomes clear.

These supply chain innovators have identified the shortcomings of their rigid, legacy applications, and have moved toward building a modern, flexible, end-to-end supply chain that's more suited to the dynamic challenges of today's business world.

This means a move to the Cloud. Fast becoming the dominant IT model, Cloud computing provides a wealth of benefits including low upfront investment, secure access, faster deployments, simplified integration, continuous upgrades and effortless scalability.

<sup>1</sup> Manufacturing Executive Research Services  
"Value Chain Innovation" whitepaper, 2012



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competitors<sup>1</sup>



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# KEY CHARACTERISTICS OF SOFTWARE SOLUTIONS SUPPORTING A MODERN, END-TO-END SUPPLY CHAIN

## AGILITY

Modern end-to-end supply chains offer greater scalability and agility—with more IT flexibility to allow for easier expansion and contraction.

The ability to respond to rapidly changing demands is essential for the modern business, and supply chain management in the Cloud enables you to quickly and securely deploy new services and capabilities and easily scale to meet demand.

## EASE OF USE

Supply chain management in the Cloud both speeds deployments and allows the outsourcing of management, maintenance, and upgrades. That means the time and resources spent keeping the lights on can instead be directed towards innovation.

For the end user there are numerous efficiency benefits, including a simple and intuitive user experience, quick access to accurate and timely analytics, social collaboration tools, and much more—all of which can be accessed anywhere, at any time, and from virtually any device.

## COMPLETENESS AND CONNECTIVITY

One of the biggest challenges of a traditional supply chain management model is the potential difficulty in integrating systems to ensure that information is consistent and easily accessible throughout the enterprise.

Supply chain management in the Cloud demands open and seamless integration with all manner of IT solutions (such as financial systems, mobile devices, RFID, and IoT devices - e.g. sensors - etc.) in order to enable the real-time collaboration and comprehensive visibility into a single version of the truth that has a tangible impact on efficiency and productivity.

## COST AND EFFICIENCY

Cloud-based supply chain management solutions can offer numerous financial advantages to both established and new organizations. Low upfront investments and subscription-based pricing are appealing to organizations because they negate the capital necessary for a large initial outlay, whereas more affordable upgrades and new capability rollouts make adapting to changes far less expensive than a huge IT overhaul.

## SECURITY

Your supply chain data is critical, so when you put your data in the Cloud you need to be confident it will remain secure. For this to happen, your Cloud solution must support best-in-class security features, such as encryption, virus scanning and whitelist support, and your data center must offer embassy-grade physical and logical security.

## FAST, FLEXIBLE AND SAFE DEPLOYMENT

The biggest benefit of supply chain management in the Cloud is that there's no need to transform your entire supply chain at once. By offering a flexible path to the Cloud, where you select those elements that will deliver the greatest value, you can prioritize your migration and implement at the right pace for your organization, ensuring a seamless, incremental transition to a more effective operation.



## SIX STEPS OF SUPPLY CHAIN MADE SIMPLE...

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# DESIGN

Innovation is a key priority for organizations, but often a lack of alignment between corporate strategy and execution can stifle the ability to successfully innovate, develop and commercialize products.

And it's not just strategy that suffers from poor alignment. Product data is often scattered in silos across the supply chain, so there's no centralized single version of the truth. That makes it very difficult to make informed investment decisions and create a balanced product portfolio.

The results can affect everything from profitability to quality and compliance—which in turn can have a severe impact on reputation, especially in an age where customer expectations are higher than ever before.

Cloud-based supply chain management provides the organizational alignment and complete visibility into the financial and strategic data needed to select and invest in the products and services with the most potential for profit.

End-to-end visibility across the entire supply chain means you can bring those products to market faster while controlling cost and risk. Couple this with the tools needed to monitor and improve future decision-making, based on a single version of the truth, and you have the ability to continuously improve innovation and profitability.

## POWERING INNOVATION WITH ORACLE

An international manufacturer of high-technology products subscribed to Oracle Innovation Management Cloud to better capture and refine ideas for innovations, and develop concepts of profitable new products and services based on customer requirements.

With Cloud-based innovation, design and development processes, the company can:

- Collaborate on products easily across global teams
- Use secure social networks to accelerate review and approval processes
- Optimize investment decisions and ensure that strategy and execution are fully aligned

## ARE YOU READY TO INNOVATE, DEVELOP AND COMMERCIALIZE IN THE CLOUD

Ask yourself the following questions to see if your design stage would benefit from a Cloud infrastructure:

- Q1** Do you have a comprehensive view of potential investments—from ideas, requirements, concepts, and business proposals to the portfolio?
- Q2** Is it easy to find product information quickly across the enterprise?
- Q3** Can you evaluate products during development for supply risk, cost, quality, and environmental compliance?
- Q4** How effective and efficient is your product information change management?
- Q5** Do you find it's easier to surface good ideas for new offerings than it is to actually put them in place?

# 2



## ORDER

Capturing and fulfilling orders is essential for customer satisfaction and meeting contracts, but doing it successfully requires the ability to accurately track and react (or better yet, act proactively) to day-to-day activities across a broad, multinational supply chain.

With orders placed across a range of systems and coming from various geographies, all with different time zones and regulatory demands, this requires incredible foresight and flexibility. And because of the size and scope of today's supply chain, one error or delay can have serious effects on the ability to meet commitments, which in turn can affect customer satisfaction.

The challenge grows further when you consider the impact digital disruption has had on every industry. Customers expect to be able to order from anywhere

at any time, and track and trace their order throughout its entire journey—so it's no longer just you who has to know where things are.

Moving your order management to the Cloud provides two crucial benefits. Firstly, you have the flexibility needed to quickly respond to changes in demand, by adding new capabilities or scaling up and down almost instantly.

Secondly, by connecting all of the disparate elements of your supply chain, you have the complete visibility needed to deliver personalized service on a global scale. You and your customers will always know where orders are, and mistakes or hold-ups can be spotted quickly enough for them to have minimal impact.

**An established company with multiple order systems and order-fulfillment processes in place wanted to modernize its supply chain, but there was no question of ripping and replacing everything due to the risk and time concerns. Moving these processes to the Cloud enabled this company to modernize processes without causing disruption, with new elements smoothly integrating with legacy elements. An agile and business-rules oriented central order-management dashboard is now able to orchestrate orders while preserving margin and maintaining customer satisfaction.**

### ARE YOU READY TO MANAGE YOUR ORDERS IN THE CLOUD?

Ask yourself the following questions to see if your order management would benefit from a Cloud-based infrastructure:

**Q1** Do you and your customers have complete visibility of order and product inventory status?

**Q2** Are your customers satisfied with your service or are they demanding change?

**Q3** Do you have a technology-Cloud roadmap for digital transformation?

**Q4** Where will your organization be in five years if things remain the same?



# 3



## PLAN

Supply chain planning relies on your ability to accurately calculate demand and balance it against the available supplies across multiple, multinational sites. To get it right, it's essential to identify the right KPIs and conduct accurate what-if analysis.

But with various best-of-breed solutions across the supply chain that don't share data (quickly, at least) and don't communicate with each other, what should be simple calculations can become a stab in the dark.

With supply chain planning in the Cloud, you can plan quickly and accurately from anywhere, adapting to changing needs on the fly with real-time visibility into KPIs and performance analytics.

Seamless integration across all tiers of the supply chain means standalone systems are a thing of the past, along with time-consuming and inaccurate manual processes. And that means you can finally plan at the speed of demand.

**80 percent** of companies see room for improvement in the integration of planning and execution processes<sup>2</sup>

<sup>2</sup> Source: Supply Chain Digest—Supply Chain Planning Benchmark study 2014



### UNIFY SUPPLY AND DEMAND PLANNING WITH ORACLE

A mid-size high-tech manufacturer was seeking a solution to help better manage demand and inventory. Cloud-based planning enables companies to respond quickly and decisively to today's manufacturing and materials management challenges, by allowing them to:

- Plan demand, inventory, and supply both inside and outside the enterprise
- Monitor exceptions with advanced analytics
- Respond to late orders, material shortages and other issues by prioritizing and releasing supply recommendations to other applications

#### ARE YOU READY TO CARRY OUT YOUR SUPPLY CHAIN PLANNING IN THE CLOUD?

Ask yourself the following questions to see if your supply chain planning would benefit from a Cloud-based infrastructure:

**Q1** Do you know the KPIs you need to make the best decisions for your organization?

**Q2** How long does it take you to run a single MRP plan?

**Q3** How highly do you rate the predictive insights you're currently capable of?

**Q4** How quickly can you react to changes in the business landscape?



# 4



## SOURCE

Controlling procurement spend, and sourcing strategically to manage supplier risk and sustainability are key challenges for those in procurement. With so many variables in risk, cost, regulatory compliance, and sustainability across the globe, it can be very hard to accurately measure costs and manage risk. In fact, 69 percent of CPOs say they need to improve procurement process efficiencies.<sup>3</sup>

A Cloud-based procurement solution can provide the automation, analytics and social collaboration you need to streamline your source-to-settle process, control costs, and achieve higher margins. Operations are simplified, time-to-value is shortened, and collaboration is easier due to seamless integration. Complete visibility means risk (business, regulatory, and environmental) is dramatically reduced, supplier performance is easy to see, and unnecessary costs can be axed.

**25 percent of procurement functions only have a basic level of maturity around risk management<sup>4</sup>**

<sup>4</sup> Source: KPMG

**“Oracle Procurement Cloud enabled us to work more effectively with our suppliers in 100 different locations. The verified financial savings and cost avoidance achieved by our source-to-pay program includes cash cost savings of US\$14 million. We project cash cost savings of US\$40 million by the end of 2018.”**

**—Joe Dabat, Senior Director, Delivery, Land O’Lakes**

### CAN YOU AFFORD NOT TO CARRY OUT YOUR PROCUREMENT IN THE CLOUD?

Ask yourself the following questions to see if your procurement would benefit from a Cloud-based infrastructure:

**Q1** Do you have full visibility into your procurement spend and do you think those costs could be reduced?

**Q2** Are you able to drive insights and help R&D and manufacturing teams design, manufacture and service new or existing parts in better ways?

**Q3** Do you have the insight needed to manage your suppliers comprehensively on an ongoing basis? How confident are you in their ability to deliver (reliably, cost-effectively and sustainably), both now and in the future?

**Q4** To what extent are you able to enforce contracts set up with your preferred vendors?



<sup>3</sup> Deloitte Global ICPO Survey 2013.

# 5



## MAKE

Optimizing the manufacturing process relies on complete, accurate and up-to-date data on supply and demand, along with the ability to manage master data and work orders. It also means understanding the true cost of your overall operations. But this can be all but impossible when those operations are managed in dispersed, manual systems.

The first step is gaining visibility. Then, sharing the information with everyone across the extended supply chain is what puts you in a position to react to disruption and changing markets. Accuracy and agility are key.

For many organizations, disjointed solutions and outdated spreadsheets are still the go-to tools, and manufacturing systems are often unconnected to planning systems.

A Cloud-based solution allows you to integrate planning and manufacturing quickly and cost-effectively while gaining full visibility into all areas of production. What's more, the Cloud will act as a gateway to new technologies that can revolutionize manufacturing processes, such as the Internet of Things (IoT).

**“In order for manufacturers to have a comprehensive IoT strategy, they will need to consider four main areas: connectivity, Cloud, big data and analytics. Leading manufacturers are already way ahead of the game, and have recognized and built their IoT strategy to include these four areas because they understand the impact of IoT, and are well on their way to building their factory of the future.”<sup>5</sup>**

### POWERING PLANNING AND MANUFACTURING WITH ORACLE

In order to be more competitive, a midsize industrial manufacturer realized that it needed greater visibility into and control over its planning and manufacturing processes. Because it wanted a rapid return on investment, the company also demanded a solution with a short implementation time. With Cloud-based planning and manufacturing, companies can:

- Ensure visibility throughout their extended supply chains
- Manage and execute production processes, both internal and contract manufacturing
- Increase and ensure margins and revenue
- Drive down costs and improve on-time deliveries

### ARE YOU READY TO SUPPORT YOUR MANUFACTURING WITH A CLOUD-BASED SOLUTION?

Ask yourself the following questions to see if your manufacturing would benefit from a Cloud infrastructure:

- Q1** How do you schedule activities across your extended supply chain?
- Q2** How do you capture work-order costs and variances?
- Q3** Is your cash flow where you want it to be?
- Q4** What capital resources do you need to hit your targets?
- Q5** Do you miss gross-margin targets due to lack of visibility into your supply chain?

<sup>5</sup> The Factory of the Future Enabled by the Internet of Things, Oracle, 2015.

# 6



## DELIVER

There's no shortage of challenges facing today's logistics managers. Increasingly demanding customers want fast, convenient service; a shortage of drivers adds extra pressure to be carrier-friendly; transportation costs are spread so far across the industry they're impossible to accurately calculate.

If you combine these factors with pressure from new market entrants, increasingly complex regulatory demands, and the anticipated impact of new disruptive technologies like drone deliveries, then you can see how a management headache could fast become a migraine.

Moving your transportation and global trade management to the Cloud will give you the visibility needed to manage all transportation and trade worldwide—increasing efficiency, reducing costs, and ensuring compliance.

It's the simplest way to manage one of the most complicated aspects of your business. And with a single view of your most important data, you can see all your vital transportation and trade information at any time and from any device.



### ARE YOU READY TO SUPPORT YOUR LOGISTICS WITH A CLOUD-BASED SOLUTION?

Ask yourself the following questions to see if your logistics would benefit from a Cloud solution:

- Q1** Have your transportation and trade processes remained constant in recent years, or are they becoming more complex?
- Q2** Do you have the right solutions in place to manage growing transportation and trade complexity?
- Q3** Do you have the financial and physical visibility of all transportation and trade aspects of your supply chain?
- Q4** Are you able to access the detailed cost and revenue figures for your transportation and trade activities?
- Q5** Are you able to react quickly to the dynamic demands of everyday transportation and trade processes?

**"Oracle Transportation Management Cloud allows us to optimize cost, service level, and the supply chain network to efficiently deliver the most trusted customer experience."**  
—Sam Hanieh, Manager of Global Logistics, Panduit





## CREATE A MORE ADAPTABLE SUPPLY CHAIN

Cloud technology is fast becoming the go-to IT model for business leaders. For your supply chain, it offers the flexibility and visibility you need to spot opportunities for growth and profit, and then take full advantage of them quickly, securely and cost-effectively. It also puts companies in better positions to take advantage of new and future technology enabled through the Internet of Things. What's more, your employees and your business partners can be more efficient, more accurate, and more collaborative in their work—helping them deliver better business results.

# READY TO MAKE THE MOST OF THE CLOUD?

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