An Oracle White Paper
October 2012

Overcoming Order Management Complexity in Global Organizations

Reduce Costs, Improve Service and Increase Margins with Oracle Fusion Distributed Order Orchestration
Disclaimer

The following is intended to outline our general product direction. It is intended for information purposes only, and may not be incorporated into any contract. It is not a commitment to deliver any material, code, or functionality, and should not be relied upon in making purchasing decisions. The development, release, and timing of any features or functionality described for Oracle’s products remains at the sole discretion of Oracle.
Contents

Executive Summary ..........................................................................................................4

Introduction: The High Cost of Imperfect Orders ..........................................................5

Why Is Order Management so Complex? .......................................................................5

Many Systems, Many Problems .......................................................................................6

Efforts to Create a Single View Have Not Worked ...........................................................6

A Transformational Solution: Oracle Fusion Distributed Order Orchestration ............8

How it Works .......................................................................................................................9

Far-Reaching Business Benefits ......................................................................................13

Summary ..........................................................................................................................14

Further Resources ............................................................................................................14
Executive Summary

For most large organizations today, order management complexity creates problems including escalating supply chain costs, inaccurate promise dates, and higher-than-needed inventory. The difficulty of managing orders efficiently and accurately has been caused by increasing globalization, M&A activity, multiple channels to market, and complex supply chains – factors that are here to stay.

This paper introduces a transformational solution to a problem that’s not going away, and which, if left untended, will likely get worse. Oracle Fusion Distributed Order Orchestration (DOO) cuts through order management complexity to create a centralized view of orders. It enables order management personnel to apply rules and processes enterprise-wide, and identify and rectify problems before they become an issue for customers.

In doing so, Oracle Fusion DOO represents a major opportunity for large, complex organizations to streamline order management processes for lower costs, higher margins, and greatly improved customer service.
Introduction: The High Cost of Imperfect Orders

Order management complexity is a huge problem for large companies. As a result of organic growth and M&A activity, organizations can amass multiple order capture and order fulfillment systems, which are often poorly integrated or not integrated at all.

That patchwork of disparate systems makes it difficult – if not impossible – to:

- Gain an enterprise-wide view of orders – and enterprise-wide control over the order book
- Apply global rules that ensure orders are fulfilled in the most efficient manner
- Give customers accurate promise dates and information about order status

Until now, attempting to improve order management processes has been a daunting and disruptive task – often with very little success. This paper introduces a new and transformational solution: Oracle Fusion Distributed Order Orchestration (DOO).

Over the next few pages, we review the scale of the challenge for large companies and explore why current approaches to order orchestration have not worked. We then introduce Oracle Fusion DOO as an elegant, future-proof solution that works with existing systems to streamline and normalize order fulfillment processes across the organization.

Why Is Order Management so Complex?

Order capture and fulfilment – the whole process of order orchestration – is becoming an increasingly complex discipline in most large companies, due to four main factors:

- **Globalization:** Businesses with operations in multiple countries often run different order capture and fulfilment systems in different locations. Industry studies have shown that a single company typically has 4-5 systems for order capture and a similar number for order fulfilment.

- **M&A activity:** Companies that grow by merger and acquisition tend to end up with a patchwork of ERP systems, all with different processes and rules for handling orders, and providing no single view of – or control over – the global order book.

- **Multiple channels to market:** Many companies sell both directly and indirectly, making it extremely difficult to orchestrate orders efficiently across channels.

- **Complex supply chains:** Businesses that outsource all or part of their order fulfilment operations become saddled with highly complex order management ecosystems as a result.
Many Systems, Many Problems

The existence of multiple, poorly-integrated order capture and fulfilment systems, multiple channels to market and no enterprise-wide oversight or control over orders causes many problems:

**High Costs:** Maintaining multiple, disparate systems results in high IT costs to keep each one running, conduct upgrades when needed, and integrate heterogeneous applications to try to create a single order orchestration architecture.

With no single view of orders, there's no opportunity to make cost/benefit decisions about, for example, which orders to prioritize, which party is best placed to fulfil the order, or where to source the inventory in order to get it to the customer fastest and/or at lowest cost.

In addition, the inability to get a global view of orders and inventory inevitably results in the need to hold more stock than is required in order to meet potential demand.

**Barriers to growth:** When there are already multiple, disparate systems for order capture and fulfilment, adding new channels or partners is a slow and frustrating process. Integrating merged or acquired companies creates process breakdowns and the inability to fulfil orders efficiently. The high cost of fulfilment eats into profit margins, reducing the business's ability to invest in growth initiatives. Finally, the IT costs involved in keeping existing systems running reduces the budget available to invest in new, transformational IT systems that can support innovation and growth.

**Poor customer service:** With no overall view or control of orders, the company is powerless to identify potential delays and problems, and can't intervene to resolve or prevent them. As a result, customers often receive orders later than promised, or receive only part of an order on the promise date. This can have a serious impact on their own costs, delivery timescales and customer satisfaction, and ultimately can result in customer defection.

In summary, order management complexity not only creates inefficiencies and unnecessary costs, it can also have a material impact on the business's ability to succeed, grow, and evolve with the times.

Efforts to Create a Single View Have Not Worked

Companies have generally taken one of three approaches to overcoming the problems caused by multiple, disparate order capture and fulfilment systems. All of them have serious downsides and few have successfully delivered a single, efficient system for enterprise-wide order orchestration.

**“Swivel chair” integration:** Where no middleware exists to integrate the different systems, personnel are employed to copy and paste data manually from one system to another. This approach is expensive and prone to error – resulting in botched orders and frustrated customers.

It also means data remains siloed in the different systems, so there's no way of getting an overarching view of demand, inventory levels, or order progress. It's impossible to make cost/benefit decisions about which orders to fulfil as a priority, it's hard to provide accurate shipping dates, and there's no way for customers to track order status.
**Point to point integration:** One of the most common workarounds is to code ‘point to point’ integrations between different systems. The advantage is that order data flows automatically from the front-end order capture system into the back-end ERP system for fulfilment, speeding up the order management process and reducing the risk of error.

However, this approach also has serious disadvantages:

- It results in a lot of bespoke code to implement, manage and maintain – at a high cost to the organization – and a lot of potential points of failure.
- There’s still no way of getting a single, global view of orders, order progress and available inventory to match to those orders.
- It becomes very difficult to modify order management processes or to re-route orders to different systems to expedite fulfilment.
- It makes it a difficult and slow process to alter channel strategy – e.g. to bring a new distribution centre online or to introduce a new channel such as e-commerce.

*Rip and replace:* Companies that have grown by merger and acquisition, or where individual business functions and country operations have had a lot of autonomy over IT decisions, are particularly prone to system complexity. Many such companies attempt to overcome this issue by rationalizing the number of heterogeneous systems in place and standardizing globally on a single instance of a given application.
While this approach can work to simplify the applications environment – it has certainly worked at Oracle – it also has its drawbacks:

- It can be extremely time-consuming, expensive and disruptive to implement a standardized worldwide system, especially when you take into account all the time required for user training and overcoming user resistance to change.

- It’s the kind of ambitious IT project that requires strategic direction and executive sponsorship at the highest level, otherwise it’s likely to fall prey to political pressure from individual countries and business units.

- It may mean replacing existing systems that work well and have loyal users.

Each of these approaches resolves the problem of order management complexity to a certain extent, but none offers the “killer” combination of flexibility, cost-effectiveness, speed of implementation, and future-proofing that today’s fast-moving global business environment demands.

A Transformational Solution: Oracle Fusion Distributed Order Orchestration

Over the past few years, Oracle has worked closely with a number of large, global businesses to develop an elegant and lasting solution for the problem of order management complexity. The result, Oracle Fusion Distributed Order Orchestration, gives business managers complete control over order management processes, enabling them to monitor order progress, review issues, resolve problems, and modify fulfilment processes as the business evolves.

Oracle Fusion DOO sits as a management layer over existing order capture and fulfilment systems, so there’s no need to rip and replace what you have today. It’s a simple, fast, and efficient remedy for the order management headaches that are holding so many businesses back today.
Overcoming Order Management Complexity in Global Organizations

How it Works

Oracle Fusion Distributed Order Orchestration (DOO) is an ERP-agnostic, browser-based application that works with existing order capture and fulfilment systems to integrate order data, normalize order management processes, and provide a single, actionable view of the global order book.

Oracle Fusion DOO simplifies and streamlines integration between different order capture and fulfilment systems

By integrating data from different source systems – both Oracle and non-Oracle – and creating a single set of order orchestration rules and processes that can be applied across the whole enterprise, Oracle Fusion DOO delivers significant benefits, including:

- Centralized order monitoring and exception management
- Centralized promising
- Unprecedented control over order processes
- Efficient handling of complex orders

Centralized Order Monitoring and Exception Management: While Oracle Fusion DOO provides extensive business rules and process management that can process most orders without user intervention, it also provides an interactive workbench that gives order expeditors a centralized view of fulfilment operations, allowing them to view order status, see an overview of exceptions by customer, product, or supplier, and to drill into the data to view additional details. Jeopardy alerts proactively identify orders that may not meet promise dates, allowing organizations to identify issues before the order is past due, in time to prevent disruptions with strategic customers.
Overcoming Order Management Complexity in Global Organizations

Centralized Promising: An optional component of Oracle Fusion DOO, Oracle Fusion Global Order Promising collects key supply information from disparate systems and applies sourcing and promising rules to select the best availability options for the customer and for the enterprise. It also helps to manage supply and demand jeopardy conditions by allowing users to view exceptions, drill into the details, view alternate options, and perform what-if simulation to make trade-offs between service levels and costs, or between competing customer orders.

Control over Order Processes: Oracle Fusion DOO is designed to enable business users to define and manage order fulfilment rules and processes without the help of IT. For example, users can define how long each step in the fulfilment process should take, so proactive alerts are created when a specific promise to a customer risks falling behind schedule. Users can also define which policy should be used in which circumstances.
View and resolve exceptions such as fulfillment bottlenecks

**Efficient Handling of Complex Orders:** Many companies struggle to handle complex orders that cross organizational, product, or country boundaries. With Oracle Fusion DOO you can decompose multi-part orders, provide accurate promise dates for each element, identify the country operation, division or partner that is best placed to fulfil each one and assign fulfillment operations accordingly.
Decompose complex orders for most-efficient fulfillment and accurate promising
Far-Reaching Business Benefits

For organizations in the high-tech, manufacturing, retail and consumer goods sectors particularly, Oracle Fusion DOO is a faster, less expensive and less disruptive solution to the problem of integrating multiple order capture and order fulfilment systems. It also provides real, demonstrable business advantages that traditional integration approaches don’t deliver:

**Reduce costs:** With Oracle Fusion DOO, orders are orchestrated efficiently and intelligently, so that the cost of fulfilment goes down – a major benefit considering that for today’s complex, global companies, fulfilment costs are typically as much as 50% of supply chain costs.

**Improve service:** With Oracle Fusion DOO, you can make accurate shipping promises even on the most complex orders – and with a single view of order progress you can provide customers with detailed, accurate information on their order status. The alerting and exception handling capabilities enable order management personnel to identify potential issues and intervene to resolve them, often without the customer even realizing there is a problem.

**Increase margins:** Oracle Fusion DOO provides proactive control over the entire order book and fulfilment operations, enabling orders to be fulfilled in ways that incur the least cost (for example by enabling an order received in one country to be fulfilled from existing inventory available in another).

**Create agility:** With Oracle Fusion DOO in place, new order capture and fulfilment systems can be added quickly and easily into the overall order orchestration framework. It’s faster to deploy and manage new channels, faster to integrate new acquired companies, and faster to expand into new territories.

**Be ready for the future:** Globalization and M&A activity mean the supply chain infrastructure for most large businesses is only going to get more complex. With Oracle Fusion DOO that complexity can be swiftly accommodated and is not a barrier to business success.

### Benefits of Oracle Fusion Distributed Order Orchestration

- Accept orders that cross organizational, geographic or product line boundaries
- Fulfil more orders, faster, at lower cost
- Increase profitability per order
- Promise orders more accurately
- Provide more accurate order status
- Reduce volumes of inbound customer calls
- Decrease IT costs and gain control over IT complexity
- Reduce inventory carried and inventory cost
- Adapt quickly to new business needs
- Improve customer satisfaction and retention
Summary

The complex array of order capture and fulfilment systems present in most large enterprises is a problem that is unlikely to go away – in fact, it’s probably only going to get worse. Traditional methods of integrating these different systems to gain a single, global view of orders – and centralize control over order management – have not worked to the extent that most enterprises would like. As a result, enterprises run the risk of high fulfilment costs, high IT costs, inefficient order management processes, and ultimately, dissatisfied customers.

Oracle Fusion Distributed Order Orchestration is a transformational solution that Oracle has developed to address these specific problems within large, complex organizations. It works with existing systems to create a centralized view of all orders, enables order management personnel to define and apply enterprise-wide order orchestration rules and processes, and allows delays and other problems to be identified and rectified before the customer even becomes aware of them.

In doing so, Oracle Fusion DOO represents a major opportunity for large, complex organizations to streamline order management processes for lower costs, higher margins and greatly improved customer service.

Further Resources

Podcasts

Introducing Oracle Fusion Distributed Order Orchestration
Unify Sales & Fulfilment across Multiple Channels in Retail

Videos

Introducing Oracle Fusion Distributed Order Orchestration
Customers Talk About Their Experiences with Oracle Fusion DOO

Datasheet

Oracle Fusion Distributed Order Orchestration