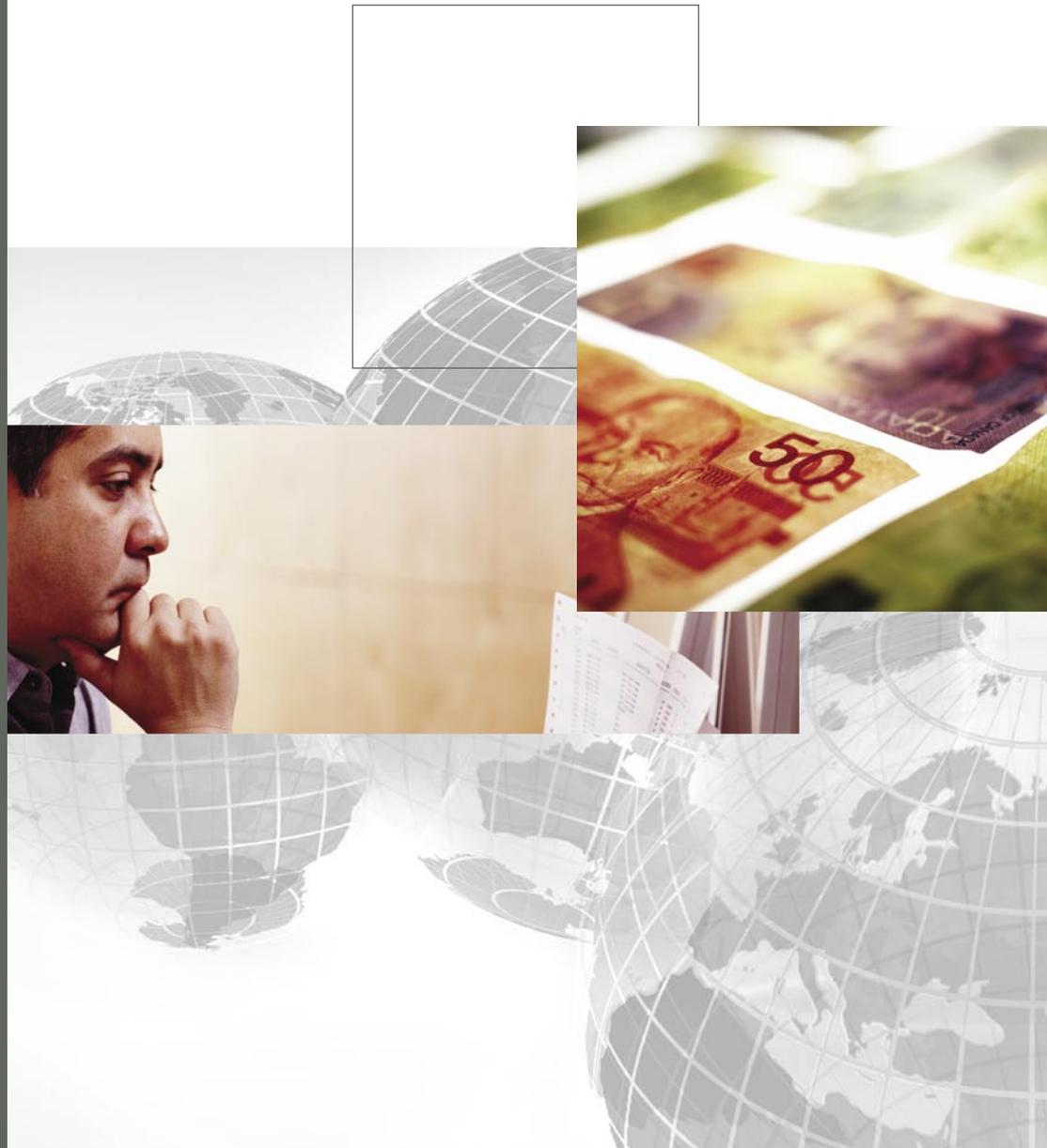


Oracle Advanced Procurement



REDUCE SPEND, STREAMLINE PROCUREMENT PROCESSES, AND ENFORCE COMPLIANCE

Every year organizations are spending more and more with suppliers, soaring to a current average of 47.6 percent of total purchases.* Purchasing departments have responded and are already delivering the savings needed to improve the use of working capital and boost profitability.

But every success makes the next year harder, as purchasing is asked to meet more-ambitious savings targets—on already-trimmed spend—with fewer resources. To deliver repeatable savings and create lasting strategic value, purchasing organizations must exploit every sourcing opportunity, eliminate manual processing, and find new ways to influence spending outside of their traditional realm of control.

Oracle Advanced Procurement, part of Oracle E-Business Suite, was built with these challenges in mind. An integrated suite of applications, it dramatically cuts all supply management costs and gives you tools to conduct procurement as a strategic discipline. Offering the industry's most robust purchasing solution, strategic sourcing, employee and supplier self-service, contract management, and complete procure-to-pay automation, Oracle Advanced Procurement provides sustainable savings—year after year.

* Center for Advanced Purchasing Studies, *Report of Cross-Industry Standard Benchmarks*, August 2004

“Using Oracle Advanced Procurement and Oracle Financials has enabled us to transform the purchasing department to a value-added organization, resulting in over \$74 million in documented cost savings.”

— RALPH MAIER
DIRECTOR OF PURCHASING SERVICES
University of Pennsylvania

Since 1996, when the University of Pennsylvania first implemented Oracle applications, it has saved US\$74 million on purchases of products and services. In 2002, the university launched an integrated procurement and financials system based on Oracle E-Business Suite. Invoice-processing time has been reduced by 40 percent and invoice-processing costs by up to 98 percent. Approximately 1,700 people use the university's online marketplace and requisitioning system, which has lowered procurement prices by as much as 35 percent.

REDUCE SPEND ON GOODS AND SERVICES

From spotting and exploiting new savings opportunities to enforcing contract pricing, Oracle Advanced Procurement drives down unit costs at every stage of the procurement process. Comprehensive spend analysis helps you quickly spot savings opportunities. Online sourcing lets you exploit more savings opportunities, while purchasing integration ensures that you actually get negotiated savings in every order.

Spot Savings Opportunities Immediately

Are you leveraging volume discounts on your most-used commodities? Where is “maverick” spending occurring? Are automatic price increases on “evergreen” contracts costing you money? To improve procurement performance, you need timely and complete answers to questions like these.

Oracle Advanced Procurement offers powerful spend analysis. Information from all procurement processes across all lines of business is rolled up into Oracle Daily Business Intelligence by commodity, supplier, organization, buyer, geography, time, contract type, and more.

The intelligence capabilities in Oracle Advanced Procurement help you monitor pricing trends, contracts commodity performance, and buyer workload to give you the full benefit of your agreements and help you exploit savings opportunities. Supplier-performance tracking ensures consistent quality, captures data to support nonperformance penalties, and provides critical data for negotiating future agreements. Oracle Advanced Procurement consolidates information from Oracle and non-Oracle data sources to give you the complete visibility you need to keep saving on goods and services.

Drive More and Better Sourcing with Online Negotiation and Collaboration

Because strategic sourcing is traditionally time-consuming and complex, many organizations lose millions to unsourced spending. With Oracle Sourcing, a component of Oracle Advanced Procurement, sourcing professionals can exploit more savings opportunities—and capture more value from each transaction.

“We conservatively expect our Oracle iProcurement initiative to reduce our maintenance, repair, and operating spend by ten percent, resulting in millions of dollars in savings and a substantial positive impact on earnings.”

— BILL LAWSON
CHIEF INFORMATION OFFICER
AMETEK, Inc.

Oracle Sourcing slashes manual effort and greatly increases the percentage of sourced spend. Online collaboration and negotiation tools take advantage of built-in templates to run RFI, RFP, RFQ, and bid processes in record time. Buyers can even use one-click renegotiation to instantly clone expiring agreements into new sourcing events. Oracle Sourcing accelerates and improves award decisions with bid-comparison analytics and award rules. And once you negotiate an agreement, you can immediately include its terms in Oracle Procurement Contracts, Oracle Purchasing, and employee self-service. So you not only source more of your procurement spend, you realize the resulting savings sooner.

Enforce Contracted Pricing with Embedded Terms and Conditions

Even the best pricing agreements have little worth if they are not consistently enforced. Oracle Advanced Procurement helps you implement and enforce purchasing agreements by directing spending to preferred suppliers, automatically implementing negotiated pricing in purchasing transactions, and tracking internal and external compliance with supplier contracts.

Employee self-service requisitions placed online in Oracle iProcurement automatically use preferred suppliers and preferred pricing. Agreements negotiated in Oracle Sourcing are seamlessly executed throughout the entire suite of procurement products, while Oracle Procurement Contracts includes built-in monitoring of contract deliverables. Oracle Purchasing Intelligence delivers up-to-date visibility into contract utilization and compliance.

STREAMLINE PROCUREMENT PROCESSES

Traditional purchasing processes are often manual and inefficient, requiring paper catalogs, phone calls, e-mails, and faxes to get the right products from approved suppliers. Oracle Advanced Procurement slashes transaction costs by streamlining all your procurement processes. With a robust purchasing transaction backbone and complete finance integration, the software provides complete procure-to-pay automation. Touchless buying for routine transactions makes buyers more productive and frees procurement professionals to focus on the most-strategic activities.

AMETEK, Inc. manufactures electronic instruments and electric motors. The company implemented Oracle Advanced Procurement to standardize and streamline procurement processes. Today, employees use Oracle Advanced Procurement to handle approximately US\$80 million in spend—reducing procurement costs in some cases by as much as 14 percent. Overall, the company expects Oracle Advanced Procurement to reduce its maintenance, repair, and operating spend by 10 percent.

“Oracle Procurement Contracts, coupled with Oracle iSupplier Portal, will provide us with the tools to manage and collaborate with our suppliers on open purchase orders and service requisitions. Our use of Oracle is instrumental in helping us source the most effective deal at the best value.”

— GARY CONCANNON
BUSINESS TECHNOLOGY MANAGER
Sandia National Laboratories

Sandia National Laboratories is a nuclear research and engineering facility with more than US\$600 million in annual purchasing. Sandia uses Oracle iSupplier Portal to link buyers directly with suppliers, bringing new efficiencies to its procurement spending. Sandia also uses Oracle iProcurement to provide self-service requisitioning to its employees. Self-service ordering has freed up Sandia's procurement staff—providing an 83 percent increase in buyer productivity—and helps its employees get the supplies they need faster so they can focus on the science and engineering aspects of their jobs.

Free Staff for High-Value Activities

Oracle Advanced Procurement increases the value of procurement professionals and the procurement organization by releasing staff from routine tasks such as creating manual orders and answering supplier and requester inquiries—so they can then concentrate on high-value activities such as spend analysis, sourcing, and contract negotiation.

Oracle Advanced Procurement helps you define suppliers and agreements and automates your entire procurement cycle from PO creation to settlement. Advanced capabilities, such as Oracle Purchasing's professional procurement workbench, turn demand into POs with the least possible manual work. Buyers have full visibility and control over their work queues. They also save countless hours by leveraging Oracle Purchasing's powerful AutoCreate capability, which gathers lines from multiple requisitions to generate purchasing or negotiation documents. Touchless buying takes buyers out of repetitive transactions entirely, with configurable sourcing rules that allow the system to automatically process and validate incoming demand, determine allocation, and create POs. The system routes POs for approvals and optional budget checks and delivers them to suppliers, so you increase efficiency while exception-based enforcement keeps you in control.

Automate and Control Employee Buying

Oracle Advanced Procurement relieves purchasing professionals of the burden of employee requisitions and drives self-service with easy Web-shop ordering. Employees can place and track their own requisitions in Oracle iProcurement from any Web browser. The purchasing department completely controls the products and services employees see, and orders are automatically directed to preferred suppliers. “Punch-out” provides access to supplier-maintained catalog sites, while Oracle's patented Transparent Punch-Out lets employees order from supplier sites without ever leaving the familiar Oracle iProcurement interface. Self-service tracking allows employees to monitor shipments and request changes online, eliminating inefficient status requests to the purchasing department. Approved changes trigger automatic PO revisions and supplier notifications, driving order accuracy and real-time status visibility. Even receiving and returns are self-service, saving the purchasing department time and money.

“We required a transaction delivery network service that could support our high volume of transactions. Oracle Supplier Network provides us with that solution and reinforces what others have come to expect from us: swift results.”

— ADAM J. BOCZKOWSKI
ARCHITECT, CHIEF
INFORMATION OFFICER
Reuters

Reduce Process Errors, Manual Effort, and Information Lag Time with Complete Supplier Enablement

Oracle Advanced Procurement makes you and your suppliers more efficient with a complete and flexible solution for electronic supplier communication.

Efforts to improve procurement efficiency can be frustrated by a one-size-fits-all approach to supplier enablement. To be fully successful, the organization’s procurement strategies must drive the organization’s supplier-enablement strategies. Oracle offers the flexibility, completeness, and openness needed to support any approach to supplier enablement.

The best purchasing organizations cultivate relationships with the best suppliers in the healthiest supply markets and refuse to accept arbitrary limits on the boundaries of trading communities. With Oracle Advanced Procurement, buying enterprises are free to connect any networks, for any commodity, in any corner of the globe.

Purchasing organizations can boost the accuracy and efficiency of transactions with high-volume suppliers by automatically exchanging the latest information about POs, delivery, and payment information through Oracle Supplier Network. Suppliers with lower transaction volumes or less sophisticated IT infrastructure can leverage the same powerful collaboration capabilities via Oracle iSupplier Portal using a simple Web browser.

Electronic integration of receiving and payables saves time and money. Oracle Advanced Procurement can ensure that you’ll get early-payment discounts by supporting the Evaluated Receipt Settlement (ERS) process—automatically creating an invoice in Oracle Payables upon receipt, to guarantee prompt payment. Vendor-Managed Inventory (VMI) and consignment processes allow authorized suppliers to manage inventory for you—enabling them to access your forecasts, stock levels, and in-process shipments to replenish items as needed.

Ingersoll-Rand is a leading innovator and solutions provider for major global manufacturing markets. Ingersoll-Rand implemented Oracle Advanced Procurement to streamline and, where possible, eliminate buyer effort in the procurement process. Oracle iSupplier Portal has brought real-time speed and improved accuracy to the company’s interaction with suppliers and reduced its administrative burden. Calls for basic supplier support have been reduced by 75 percent, buyer and planner productivity has improved by as much as 50 percent, and order cycle time has been cut in half.

“Oracle Procurement has helped reduce the number of calls from the Pella division's corporate purchasing department and vendors by as much as 95 percent.”

— TRACEY BUCK
COORDINATOR OF
FACILITIES MANAGEMENT
Pella Corporation

ENFORCE POLICY COMPLIANCE

Paper-based procurement processes are not only slow and expensive, they create barriers to enforcing purchasing policy. Oracle Advanced Procurement provides the compliance mechanisms for exception-based enforcement and true procurement reform. Budget-based procurement reins in cost overruns, while intelligence capabilities help you monitor compliance in real time.

Identify and Rectify Policy Violations with Exception-Based Enforcement and Reporting

Every organization suffers the ill effects of uncontrolled spending. Oracle Advanced Procurement reforms spending behavior by building policy enforcement into every transaction, from requisition through payment. Complete control of content and workflow provides the ability to constrain users' choices to approved contracts, while ensuring purchasing's responsiveness to end users. Configurable approval flows ensure that every purchase receives correct approvals for the amount, requester, department, and project. Compliant requests receive fast approval, while exceptions are automatically flagged for further examination. Exception-based enforcement lets purchasing professionals recoup time previously spent ensuring compliant requisitions, allowing them to focus primarily on problem areas or new savings opportunities.

Align Financial and Procurement Policies with Budget-Based Procurement

Oracle Advanced Procurement provides budget-based procurement with support for key accounting methods—including budget, encumbrance, projects, and grants—to ensure correct fiscal control. This gives purchasing and finance departments the capability to “close the loop,” creating unprecedented levels of control and visibility. Administrators can set up tolerances for commitments against a budget. Requesters can allocate costs to one or more projects or grants and validate funds availability in real time. With built-in policy enforcement, routine compliance is improved and exceptions are flagged for management by purchasing professionals, eliminating costly budget overruns. Seamless integration with Oracle Projects and Oracle Financials provides a complete view of budgets and costs, ensuring that savings will hit the bottom line.

"Our supply chain review and internet-based procurement system have helped us save over \$5.4 million in the first three years. This is a considerable amount when you consider that our annual spend is about \$19 million."

— ROBIN SKEGGS
CFO AND GENERAL MANAGER OF
SUPPORT SERVICES
Waitemata District Health Board

Manage Supplier Performance with Total Procurement Visibility

Traditionally, supplier performance management has been spotty at best, leaving organizations blind to problems that negatively impact the bottom line. Oracle Advanced Procurement supports real-time performance management, driving full visibility and ensuring clear accountability.

Contract deliverables can be assigned to internal and external owners, with automatic alerts to ensure that everyone is aware of potential problems. Buying professionals can access the complete record of purchase documents and interactions related to a contract. They can track deliverables, view POs, and drill down to relevant supporting documents. Decision makers can review current spend and real-time key performance indicators, including contract leakage, noncontract purchases, and purchasing trends. Once alerted to the potential of performance problems, buyers and suppliers can agree to corrective actions and define key deliverables needed to get back on track. You'll know how all of your suppliers and users are performing, as measured against the agreements they have signed.

ORACLE ADVANCED PROCUREMENT

Oracle Advanced Procurement is an integrated suite of software that dramatically cuts all supply management costs. It adapts to your purchasing processes, supporting any combination of procurement models. It leverages Oracle's extensive applications capabilities, robust development and operating platform, and award-winning global support. Thousands of companies in diverse industries—including professional services, government, asset-intensive sectors, and manufacturing—rely on Oracle Advanced Procurement to deliver billions in savings year after year.

Oracle Advanced Procurement includes the following applications:

- *Oracle Purchasing* helps buying professionals streamline PO processing while strengthening compliance.
- *Oracle Sourcing* improves the effectiveness and efficiency of strategic sourcing.
- *Oracle iProcurement* controls employee spending and streamlines ordering through a familiar Web-store interface.
- *Oracle Services Procurement* enables complete control and oversight for services spending.
- *Oracle Procurement Contracts* creates and enforces better purchasing contracts.
- *Oracle iSupplier Portal* structures all supplier communications through a secure, internet-based portal with online PO collaboration and paperless fulfillment and payment.
- *Oracle Supplier Network* is an electronic transaction service that automates delivery of purchasing and payment documents.

THE ORACLE DIFFERENCE

Oracle Advanced Procurement is part of Oracle E-Business Suite, an integrated family of business applications that collects, processes, and shares information from all lines of business; automates business processes so that information is shared across departments instantly; and puts all your business information in one place. Whether you implement one module at a time or the complete suite, you'll make more-informed decisions and improve your business operations—while reducing expenses.

For more information about Oracle Advanced Procurement, please visit oracle.com/applications/procurement or call +1.800.ORACLE1.

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