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Oracle Fusion Applications
The New Standard for Business
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Executive Overview

The pace of innovation in business and technology continues to accelerate. Since the last generation of enterprise applications was developed, competition has become more global, consumers’ power has grown, and the way people work has changed forever. Social commerce, mobility and search technologies have revolutionized daily patterns of communication. Everyone – from consumers to professionals – now expects to complete complex tasks on-line without training or support. As they evaluate future investments in enterprise applications, companies likewise demand solutions that visualize their problems, propose solutions, and empower them to achieve results.

As IT organizations mobilize to fulfill ever-increasing demands for innovation, they continue to face intense pressure to reduce operating costs. To remain competitive, they must cut system implementation, maintenance, upgrade and data center operating costs. Cloud computing, virtualization and service-oriented architectures built on the latest technology standards offer companies flexibility and choice of IT solutions, but the previous generation of applications only partially benefits from these advances in IT infrastructure.

Oracle has developed a new generation of applications to respond to business challenges, creating a new standard for innovation and choice. Built to work with other enterprise and industry applications, Oracle Fusion Applications automate business processes and support better decision making, while preserving customer choice of solutions and reducing IT costs. With Oracle Fusion Applications, companies can deploy advanced technology to tackle their most critical application problems without disrupting their overall IT strategy.

Introduction

Oracle’s strategy is to offer complete solutions while preserving customer choice. Leading companies around the world have selected Oracle’s comprehensive portfolio of enterprise and industry applications to run their businesses. Through a breakthrough program called Applications Unlimited, Oracle protects customers’ investments in their choice of applications by continuing to support and enhance all product lines, rather than forcing customers to migrate to a particular solution.

Oracle’s current enterprise applications are strong. Many dominate analyst evaluations and license sales for their segments. Yet Oracle also recognized the need to develop a next-generation application suite to keep pace with changes in business and technology. Called Oracle Fusion Applications, these new products are now available to customers in all markets.

Why did Oracle decide to build a new application suite from the ground up? What are the benefits of this new application technology and what innovative business practices does it support? How can a company best take advantage of Oracle Fusion Applications as they are released? How will they work with and extend the value of existing investments? This paper will answer each of these questions.
Business and Technology Forces Behind the New Generation

Enterprise application suites are the cathedrals of the 21st century. They are a massive undertaking, requiring the efforts of thousands of people over several years. Considering the investment that software providers and customers make in their enterprise applications, only fundamental changes in business practices or technology can justify building a new suite from scratch.

Such fundamental shifts come about roughly once per decade:

- In 1990, business leaders introduced enterprise applications as the catalyst for reengineering their business practices and organizations. A new generation of client-server technology and graphical user interfaces supported employees in their reengineered roles.
- In 2000, the Internet dominated both business and technology development. Companies sought a new generation of Internet-capable enterprise applications to provide consumers with self-service access, conduct procurement, and reach employees’ desktops within and outside the workplace.

Oracle was a leader of both of these revolutions in the enterprise applications market.

2011 brings us to a new inflection point, in which forces have converged to redefine the nature of business and technology. These forces demand radical changes in the application user experience, a redesigned applications platform, and new options for technology adoption.

Converging Forces Demand Next-Generation Applications

Growing Expectations of New Users

Today’s enterprise users have grown up using applications at work, at home and wherever they go. They expect the richness of user experience in their work environment that they take for granted in consumer technologies such as Facebook, iTunes and Halo. Rather than thinking of applications as a
way of executing their decisions, they think of them as a means of making better decisions. They want these applications at their fingertips – any place, any time.

To support these users, a next-generation enterprise application must be highly visual, operate on a wide variety of devices and support casual, untrained users. To some extent, current applications are evolving to support those requirements. But two other changes – Web 2.0 collaboration and embedded business intelligence – are more disruptive, and require applications to be redesigned from scratch.

Web 2.0 Collaboration

Today’s workforce relies on on-line collaboration to get their work done. Whether they use chat, discussion forums or web conferencing to communicate and come to decisions, Web 2.0 collaboration technologies have previously been disconnected from enterprise applications. Integrating Web 2.0 Collaboration directly within the application has several benefits:

- **Productivity**: Instead of searching for the relevant employee in a separate on-line directory, initiating a session through a separate Web 2.0 application, a Web 2.0-aware enterprise application can provide a direct link to the other participants in the decision, and single-click access to on-line communications with them.

- **Context**: A Web 2.0-aware application can integrate the business context with the discussion, and capture the decision details for future reference.

- **Security**: The channels that the application offers directly are sanctioned and secure, in contrast to the third-party programs that employees commonly use for non-professional communications.

Embedded Business Intelligence

As companies automate more of their processes, the nature of employees’ work changes. Professionals in cubicles replace data entry clerks in call centers. While transaction accuracy remains important, the effectiveness of decisions brings real competitive advantage.

IT organizations have built enterprise data warehouses to complement their enterprise applications. Fronted by business intelligence tools, their analytics and reports are an essential resource for knowledge workers. But most business intelligence is still delivered out-of-context, in a separate environment using yesterday’s (or last week’s) data. To inform every decision with advanced analytics, BI must include up-to-the-minute data, and be embedded directly within the transactional application.

Embedded BI is contextual, task-oriented, and real-time, in contrast to management dashboards that provide a broad point-in-time overview of the business. To support embedded BI, enterprise application screens must be designed to accommodate visual data elements, navigation, and sharing of context data between transactional and analytical components. These include the following:

- **Intelligent Business Processes** that inform users what occurred, why it happened, who is involved and how issues be resolved as an integrated part of the user experience

- **Pre-built solution content** that enables rapid deployment of new business solutions
• **A modular design** that offers immediate value and provides a foundation for expansion to other users or areas of the business

**Rapidly Evolving Business Needs**

Even the largest businesses see the need to become more agile; rapidly evolving their business practices to meet the changing demands of the marketplace. Given the major role enterprise applications play in executing business strategies, the performance and flexibility of the applications platform can either contribute to the success of the business that deploys it, or undermine it. By leveraging standards and Service-Oriented Architecture, a next-generation application platform can facilitate rather than hamper change.

**Leveraging Standards**

Enterprise applications run on a common technology platform that manages user sessions, security, on-screen presentation, integration, workflow, status monitoring and many other underlying capabilities of the system. Past enterprise applications have had to construct their technology platform from scratch, using mostly proprietary methods. In some enterprise applications, everything from the programming language to the data store is non-standard, requiring special training, and reducing the ability to use skills gained in other IT projects.

Over the past 10 years, standards have matured across the technology platform. Some examples include the Java programming language, Extensible Markup Language (XML) for metadata and Business Process Execution Language (BPEL) for workflow. All of these standards are well established and in broad use.

By combining the use of these standards with dozens of others, it is now feasible to create a fully standards-based applications platform. The benefits include improved availability of IT talent, lower implementation costs, a choice of technology vendors. But perhaps most importantly, a standards-based platform simplifies extension and integration with other applications. It is a foundation that can stand the test of time, rather than become a footnote in IT history.

**Fulfilling the Promise of Service-Oriented Architecture**

Service-oriented architecture (SOA) divides a business problem into a set of discrete services, which can be called from many different processes. Applications based upon SOA are more modular and can be extended and reconfigured with minimum impact on upgradeability.

Previous generations of applications have been built as a single unit: a tightly integrated set of processes and data, with services wrapped around the outside. As a result, only high-level interactions between applications are possible, because individual tasks or process steps depend upon direct access to data and supporting code. Any extensions usually require customizations to the code and data model that are rarely upgradeable.

The maximum benefits of SOA can only be gained by placing services at the heart of an application that takes a modular approach to module and process design. That way, processes can be reconfigured to meet the evolving requirements of the business at a detailed level. Any extensions can be developed
as additional services, enriching the core process without touching the source code of the core application.

**Evolving Models of Technology Adoption**

Companies want more flexibility in choosing where, when and how they deploy their solutions. Some applications contain sensitive data that must be kept in-house, while other processes may benefit from a “public cloud” implementation that shares resources and costs among several companies. Competition, new government regulations, acquisitions or divestitures may necessitate modifications in some parts of the business, but not in others. Companies want to manage their applications environment as a long-term investment – maintained, extended and renewed as required so it can continue to deliver value to the business. New models of technology adoption – Software as a Service and modular deployment – can help better match application capabilities to business needs.

**Software as a Service (SaaS)**

Business issues such as operating costs, information security, intellectual property and process maturity should determine whether a system is implemented in-house, hosted by a third party, or operated in a hybrid mode. Yet until now, the technical limitations of the application determined the deployment model. Many applications can only operate on-premise, in the company’s data center, while others only offer subscriptions to a hosted, multi-tenant service. Companies want to take advantage of the ease of implementation and potential cost savings of a SaaS solution, while not losing the flexibility to keep some resources in-house. Oracle Fusion applications are the first suite that supports on-premises, “private cloud” (dedicated hosted environment) and “public cloud” (shared software as a service) implementations in a single code base, giving customers the freedom to choose where to deploy their applications.

**Modularity**

Enterprise application suites may contain hundreds of specific product modules, but a company usually cannot pick just one or two modules and deploy them alongside the rest of their applications. Each module depends on information configured elsewhere in the suite, resulting in a much larger project.

To implement an individual business process, some have turned to standalone applications from independent software vendors, which may not align with the corporate IT strategy or integrate well with the rest of the application portfolio. To preserve their existing IT investments, while satisfying changing business requirements, companies want to deploy enterprise applications incrementally.

By applying contemporary design principles and advanced configuration tools, application developers can create modular solutions that minimize cross-application dependencies. However, due to the massive numbers of dependencies and proprietary technologies built into earlier applications, it is not feasible to retrofit modularity onto an existing integrated application suite.
Oracle Fusion Application Architecture and Capabilities

Oracle Fusion Applications include over 100 modules across seven core enterprise application product areas:

- Financial Management
- Procurement
- Project Portfolio Management (PPM)
- Customer Relationship Management (CRM)
- Supply Chain Management (SCM)
- Human Capital Management (HCM)
- Governance, Risk, and Compliance (GRC)

Oracle Fusion Application Modules (Summary)

Customers drove the selection priority of applications for Oracle Fusion Applications initial release, Oracle Fusion Applications 11g Release 1 (R1).. They include the core Financials, HCM and CRM functionality that virtually any company would need, but also offer new modules that complement and extend Oracle's existing product lines.

Customers were equally influential in determining what Oracle Fusion Applications 11g R1 does not include. Oracle has recently delivered dozens of new, industry-specific applications for retail, communications, public sector, utilities and other industries. Customers want to build upon those recent investments, so Oracle Fusion Applications 11g R1 does not include industry-specific applications.
Best Practices Combined from Oracle’s Enterprise Portfolio

Oracle Fusion Applications benefit from the lessons learned in the tens of thousands of person-years spent developing Oracle’s other application product lines. Some decisions were obvious – such as basing the Financials on Oracle E-Business Suite, Customer Relationship Management on Oracle Siebel and Human Capital Management on Oracle PeopleSoft. Others are more subtle. For example, Oracle Fusion Applications leverage PeopleSoft’s way of modeling hierarchies (called “trees”) throughout all applications. The payment engine adapted from E-Business Suite has similarly been generalized so it can be accessed not only by A/P, but by other Oracle Fusion Applications as well. The order promising engine in Oracle Fusion Distributed Order Orchestration, a component of Oracle Fusion Supply Chain Management, derived many of its features from a product in the Oracle JD Edwards portfolio.

The result is a unified data model that spans ERP, SCM, CRM and HCM, and combines “best-of-the-best” business practices and features from each.

New Applications that Complement Existing Suites

Over twenty of the application modules in Oracle Fusion Applications 11g R1 are completely new, reflecting breakthrough thinking about how to address 21st century business needs. While opportunities to add significant incremental business value span the entire suite, here are highlights of four of them:

- **Oracle Fusion Accounting Hub** (Oracle Fusion Financials)
- **Oracle Fusion Talent Review** (Oracle Fusion Human Capital Management)
- **Oracle Fusion Territory Management** (Oracle Fusion Customer Relationship Management)
- **Oracle Fusion Distributed Order Orchestration** (Oracle Fusion Supply Chain Management)

All of these modules are strong examples of Oracle’s co-existence strategy, because they have been designed to be used in conjunction with existing enterprise applications.

Oracle Fusion Accounting Hub

Companies increasingly rely on financial systems to understand and manage their business, yet the complexity of their accounting infrastructure limits their potential. This is especially true of multinational companies and organizations that have grown through mergers and acquisitions. Multiple financials applications, intercompany recognition errors and stale data in offline analysis tools frustrate executives who need make decisions based upon a complete and current view of their business.

Oracle Fusion Accounting Hub consolidates accounting transactions and analysis across the enterprise. It combines postings from multiple financial systems, allocates revenue and cost throughout the organization and addresses issues with individual transactions to produce interactive, boardroom-quality financial statements. Executives can analyze performance across any segment of the business, working with live data in spreadsheets, reports, analytics or advanced planning tools to develop effective profit or growth strategies.
Here’s how it works: Oracle Fusion Accounting Hub protects existing investments in financial applications by integrating with E-Business Suite, PeopleSoft and third party financial systems. It collects transactions from each, and simultaneously posts them to both the general ledger and an analytical cube. As a result, balances are always synchronized between transactional and analytical views. Behind the scenes, the Oracle Essbase OLAP engine pre-aggregates data to all hierarchy levels, providing instant access for allocation, reporting, and multidimensional drilldowns. Out-of-the-box connections with the Hyperion SmartView Excel add-in, Oracle BI and Hyperion Enterprise Performance Management applications maximize the options for decision making and reporting.

**Oracle Fusion Talent Review**

Employees are a company’s most valuable assets, so it is no wonder that organizations with strong competency management rate 35 to 45 percent higher in business impact than those without.

Oracle’s Fusion Human Capital Management solutions give companies the tools to identify the talent within their organization, align employee objectives with strategic goals, and manage the performance, compensation and ongoing development of the talent pool. Innovative applications such as Oracle Fusion Network at Work leverage Web 2.0 social networking features to engage employees in the process.

Talent review is a critical component of talent management. The review places employees on a matrix of performance and potential, helping managers make organizational decisions, plan future employee assignments, recommend promotions and identify development gaps.

With Oracle Fusion Talent Review, managers can focus on their decisions, rather than with data collection and correlation. They can also take advantage of unique visualization and predictive intelligence capabilities – such as depicting the risk and impact of losing specific employees. As a result, companies can take talent reviews to a deeper level of their organization, and take action to ensure the continuity and growth of their business. And because Oracle Fusion HCM is pre-integrated with PeopleSoft and Oracle E-Business Suite, companies can preserve their current investments in payroll and other HR applications but still take advantage of advanced talent management capabilities.
Oracle Fusion Territory Management

Even a small increase in sales performance can drive a large increase in revenue, yet many companies struggle to improve the effectiveness of their sales teams. The challenges begin with territory management, which must balance geography, resources and time. Managers need to assign territories that maximize sales coverage, and set quotas and incentive compensation plans that best meet sales goals. Monitoring sales forecasts as closely as possible, they continue to refine territory assignments as business conditions evolve.

Too often, sales managers lack good pipeline visibility or decision support tools, so their territory assignments depend upon past experiences or personal relationships. As a result, they may miss potential market opportunities, and overlook sales performance problem spots.

Oracle Fusion Customer Relationship Management addresses territory management challenges by integrating territory management with incentive compensation, quota management and sales forecasting. Beginning with a multidimensional territory model, Oracle Fusion Territory Management models multiple what-if territory scenarios across sales teams. It provides intelligent recommendations to optimize territory alignment based on past, current and predicted opportunities, using fair distributions of customers, prospects, compensation and other variables. As the plan is revised, the application maintains each version and uses effective dates to simplify territory and resource realignment. Oracle Fusion Territory Management may be used with an existing Oracle Siebel CRM on premise or Oracle CRM On Demand installation to set up and manage territories for the sales team while leaving the rest of their sales automation solution in place.

Oracle Fusion Distributed Order Orchestration

Global customers often place orders that cross product lines, regions, sales channels and delivery models. Many companies struggle to fulfill these orders, relying on manual processes and custom integration among their delivery systems. Oracle Fusion Distributed Order Orchestration (DOO) is an application that helps companies gain control of their order management processes. It links multiple order capture and fulfillment systems so users can manage distributed orders as a single unit.

With DOO, companies can promise delivery dates based upon actual availability, capacity and profitability across multiple systems, rather than by using standard lead times. DOO also manages the status of distributed orders, highlighting and prioritizing those in jeopardy for rapid intervention. It assesses the impact of any revisions to order quantities or delivery dates, and makes the changes in the affected system(s). A centralized dashboard presents users with an up-to-date timeline on the progress of every order.

The benefits of DOO include faster order cycle times and increased customer satisfaction from better status reporting and more reliable delivery to complex customer requirements. Out-of-the-box integration with Siebel Order Capture and Oracle E-Business Order Management simplify deployment.

Next-Generation Technologies

Many of the innovations that Oracle Fusion Applications bring to users, administrators and systems integrators derive from its advanced application platform. New standards-based technologies
transform the experience of using, configuring, integrating and upgrading an enterprise application. All modules leverage Oracle Fusion Middleware to deliver quantum leaps in usability, flexibility and performance.

- **Role-based User Experience:** Oracle Fusion Applications define each business role that participates in a process, and tailor the information and activities presented to their perspective. As users perform their daily tasks, Oracle Fusion Applications guide them with:
  - *What they need to know* (prioritized events, exceptions and trends)
  - *What they need to do* (contextual choice of transactions, approvals, escalations, etc.)
  - *Who can help* (identification of and on-line communication with relevant users)
  - *How to get it done* (visualization of process steps and progress to completion)

The impact of this approach is dramatic. For example, a usability study of Oracle Fusion Financials users found that they completed common tasks 42 percent faster than users of conventional applications.

- **Intelligent Business Processes:** With Oracle Fusion Applications, the process diagrams that business analysts draw ultimately become an executable part of the application. A graphical business process designer defines the sequence of steps, the services called, any user roles and decision points, exceptions, repetitions and time limits. This visual design approach not only improves communication between business and IT; it allows processes to be adapted rapidly without code changes.

- **Services:** There are 11,000 services across the Oracle Fusion Applications suite, built natively using SOA concepts, standards and technologies. These services are not only accessible to the Oracle Fusion Application business processes; they are also available for integration with other systems. This comprehensive services layer expands the possibilities for
process change. For example, if a company wants to insert an additional credit check before shipment for higher risk customers, they can call an individual service rather than spending the time and resources to write another credit-checking procedure.

- **Unified Information:** Having a unified business object model across the full application suite does not just eliminate data duplication and integration effort; it enables new kinds of processes. For example, the accounts payable application can be aware of the approvals hierarchy for invoices based upon the organizational structure in the HCM application. The product list for the consumer catalog comes from the same source as the order management application uses. And, account managers can link sales, supply chain and financial status to provide a 360 degree view of their customers.

**Adoption Strategies and Recommendations**

Regardless of the business case, most companies are not prepared to replace their entire set of enterprise applications. The replacement cycle for an individual application can vary from five to twenty five years. Meanwhile, new categories of applications continue to arise. Most companies introduce new applications incrementally, tackling one core business process at a time.

Oracle Fusion Application were designed to be adopted as business needs warrant, yielding incremental value from existing investments by promoting co-existence with other enterprise applications.

**Adoption Alternatives**

Companies have three alternatives for adopting Oracle Fusion Applications:

1. **Module Co-Existence:**
   Some companies will implement an individual Oracle Fusion Application module to complement or extend the functionality in their current applications. Oracle Fusion Applications have been integrated Oracle’s other enterprise applications to deliver more than a dozen out-of-the-box co-existence scenarios.

2. **Pillar Co-Existence:** Other companies may choose to replace a suite of applications in a functional area with Oracle Fusion Application. Oracle Fusion Financials, Human Capital Management and Customer Relationship Management are all full featured suites that can co-exist with other enterprise applications.
3. **Applications Unlimited:** Some companies may choose not to implement Oracle Fusion Applications at all, and simply continue working with Oracle’s current applications. Oracle’s Applications Unlimited policy assures that these applications will continue to be supported and enhanced into the future.

**Co-Existence Case Study Scenario: Eaton Corporation**

Eaton Corporation is a diversified power management company and global technology leader. Their products and services include:

- Electrical components
- Systems for power quality, distribution and control
- Hydraulics components, systems and services for industrial and mobile equipment
- Aerospace fuel
- Hydraulics and pneumatic systems for commercial and military use
- Truck and automotive drivetrain and powertrain systems

Headquartered in Cleveland, OH, Eaton sells its products to customers in over 150 countries.

Like many global companies, Eaton has multiple order capture systems and ERP solutions, many of which are connected through various custom integrations. Eaton wants to improve consistency of order processing by establishing a single integrated solution that manages the distribution of order lines across multiple ERP systems. The benefits of this improved consistency include more accurate order promising, order status management, and streamlined business rules.

Eaton is now implementing Oracle Fusion Distributed Order Orchestration and Oracle Fusion Global Order Promising to establish this single integrated solution. Their current pilot involves a single operation and a select set of products, with plans for adding other business lines to the DOO/GOP infrastructure in future phases and upon a successful pilot completion. By unifying the order orchestration process, this initiative will enable Eaton to consolidate their order entry systems independent of their ERP consolidation.

**Key Recommendations**

What next steps should a company take as Oracle Fusion Applications are released? Here are three recommendations:

1. **Upgrade to the latest Oracle Applications release.**
   
   Oracle offers migration to Oracle Fusion Applications from the most recent releases of Oracle’s other applications, so upgrading now maximizes your company’s options and best positions it for the future – regardless of your timeframe. More importantly, major enhancements in recent releases of Oracle’s enterprise applications can significantly improve your business’s performance, often justifying the upgrade without even considering the longer term implications.

   ![Latest Releases Table](image)
2. **Adopt standards-based technology.**
   Oracle Fusion Applications and many of Oracle’s other enterprise products leverage Oracle’s standards-based middleware, business intelligence and application development technologies. By implementing these technologies now, you can develop an experience base and operate more of your IT environment on a common technology foundation. The incremental value you receive today from moving to a common BI platform, SOA approach, Enterprise 2.0 and common security model can deliver business gains and IT efficiencies today.

3. **Extend business value with co-existence opportunities.**
   Ultimately, the needs of the business should dictate your IT priorities, not technology concerns. Deploying new capabilities incrementally, co-existing with your previous investments is a strategy that applies not only to Oracle Fusion Applications, but to Oracle’s Hyperion enterprise performance management, BI applications, industry applications, supply chain “edge” applications and other enterprise products. With Applications Unlimited, you can take advantage of the products bring the most business value. There is no planned obsolescence or forced migration with Oracle’s approach.

**Conclusion**

Revolutionaries usually insist on overthrowing their predecessors. They bring dramatic change, but often leave a wake of destruction. Oracle Fusion Applications take a different path. By introducing revolutionary technology and next-generation processes that can co-exist with existing applications, they preserve current investments while enabling companies to accelerate and achieve significant value today. The result is a new standard for business.

*For more information visit [www.oracle.com/fusion](http://www.oracle.com/fusion)*