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An Oracle Solution Brief
October 2012

Enhancing the Customer Experience:

The Promise of BPM Technology for
Retailers

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Introduction: Rethinking the Customer Experience	4
Use Case #1: Web-Based Self Service	5
Use Case #2: Supply Chain Management and Order Processing ..	6
Use Case #3: ARTS Compliance for Payment Processing	7
Applying Oracle BPM Suite	8
Integration with SOA.....	8
Conclusion	9

Introduction: Rethinking the Customer Experience

While traditional retail strategies segmented customers based on channel-specific purchase cycles, today's retailers must contend with a multitude of overlapping touch-points including social, digital, direct, in-store, mobile, and call center. The burgeoning e-commerce industry has received a decisive boost from these multi-channel interactions, accelerating some retail strategies and disrupting others. To survive in this environment, both traditional brick-and-mortar retailers and e-tailers need to rethink the fundamental aspects of customer experience management.

Customers demand consistency—online, on the go, and in the store. If a customer puts a product in her shopping cart using a smart phone, she expects it to be there when she resumes the session on her PC. If the shopping experience is difficult or disjointed, chances are she will click over to your competitor. Many fundamental retail business processes are too rigid and disjointed to adapt to these new demands. For example, if your systems for capturing and fulfilling orders aren't integrated across channels and systems, and if the associated business processes can't access up-to-the-second data about each customer's history, then you will most likely experience revenue leakage from purchase abandonment midway through the sales cycle.

Despite many new market forces, some fundamental market principles haven't changed. Ensuring positive customer experiences is what enables a business to attract, retain, and delight shoppers. According to a survey conducted by Harris Interactive, 86% of consumers will pay more for a better customer experience and 89% of consumers say they will shift to a competitor following a poor customer experience.¹ According to Jupiter Research, 47% of customers give a retailer up to one week to respond to a customer service questions before they break off the relationship. The stakes are higher than ever. Previously if a customer was not happy with your product or service they could call you back or ask for a refund. Now they can amplify their dissatisfaction with a post on Twitter, Facebook, Yelp, and other social networks.

Meeting customer needs requires innovative technology that extends beyond the most comprehensive packaged or custom-built business applications. Processes that originally resided within an application have begun to extend beyond traditional application boundaries. These business processes are not confined to one set of data or one discrete information system. They are better described as multifaceted implementations of real-world activities—logically organized into steps that span multiple IT systems, departments, channels, and

¹ Harris Interactive Customer Experience Impact (CEI) Survey, September 2011.

touchpoints. Some activities are automated and performed by machines; others are manual and performed by people, both inside and outside of the company.

To create new business processes and improve existing ones, many retailers are deploying Oracle Business Process Management (BPM) Suite, a set of tools that enables the efficient management of all types of business processes. This solution brief explains how retail business processes can be improved and process gaps can be closed with Oracle BPM technology.

Use Case #1: Web-Based Self Service

A reputation for excellent customer service can differentiate your brand and drive revenue. Astute retailers earn that reputation by transforming their online self-service processes into highly interactive, branded customer experiences. They lavish attention on essential customer-facing business processes such as ordering, online support, returns and field service.

Most enterprises install packaged applications that focus on the data surrounding customers and the company's interaction with those customers. However, these apps don't always address the process elements associated with predicting and taking action, automating those actions, integrating with social networks, and a host of other activities. Unfortunately, process inconsistencies across lines-of-business, customer channels and product/service offerings sometimes makes it difficult to offer a unified customer experience that enforces standardized methodologies. While many of customer-facing activities are automated with these modern software applications, some business processes extend outside of application boundaries, such as when a supervisor needs to approve a return or a field service technician opts to replace rather than repair a faulty unit. It is precisely at these hands-offs between applications and overlaying processes that BPM technology can help by structuring an alternate workflow, escalating an issue, or triggering a related process.

For example, you might depend on a packaged application such Oracle RightNow Web Self Service to expedite customer queries and queue up automated responses from a knowledgebase, Oracle Siebel to manage customer data, and Oracle Financials to manage customer accounts. Can customers who connect to your website or other channels take advantage of the same automated workflows, and obtain a consistent experience? Oracle Business Process Management helps you make connections, integrate with legacy systems, ensure consistent underlining processes across channels and trigger automatic alerts if an unusual situation arises or an issue gets delayed. Built in audit capabilities let you record and review multi-step workflows, so you can make sure all customers receive exceptional treatment, and no service request goes unresolved.

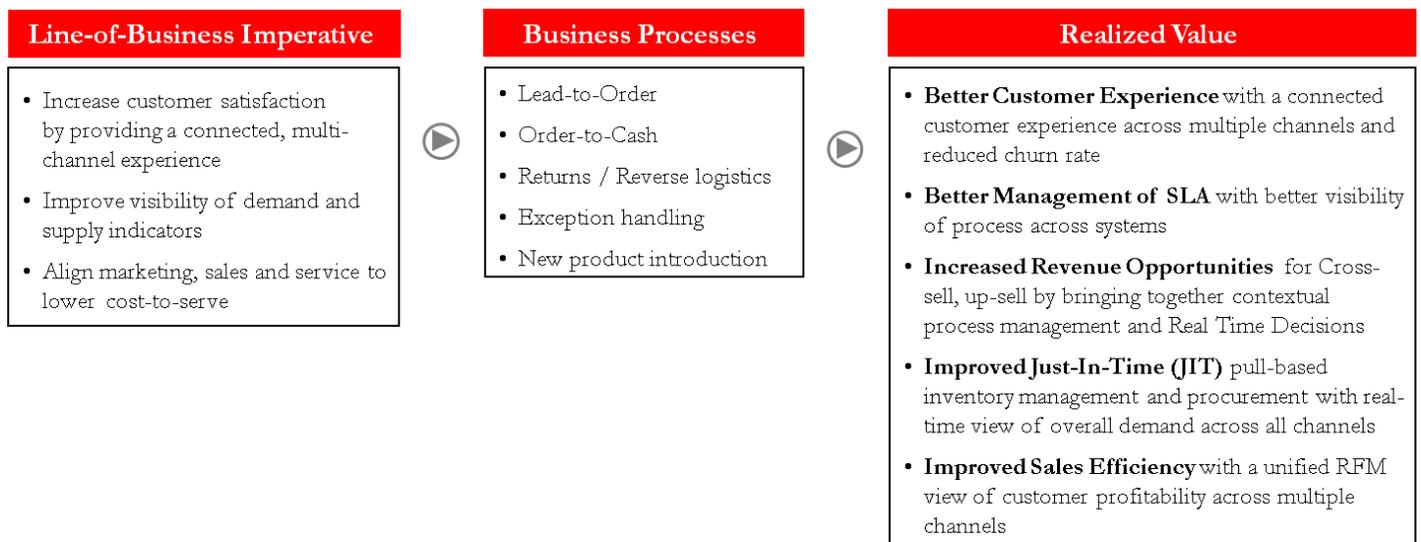


Figure 1. BPM can drive improvements in Lead-to-Order, Order-to-Cash and other fundamental retail processes.

Use Case #2: Supply Chain Management and Order Processing

As supply chains become more global and interconnected, many retailers are turning to BPM technology to reduce their exposure to shocks and disruptions across the value chain. Today's retailers must compete in increasingly fluid markets. As margins shrink, the winners learn to create more efficient processes to leverage real-time performance information, to provide visibility into their inter-connected business cycles, and to generate actionable business intelligence to hold members accountable to their service level agreements. In many cases, performance metrics are derived from the Supply-Chain Operations Reference-model (SCOR), a cross-industry diagnostic tool for supply chain management. SCOR enables retailers to address, improve and communicate supply chain management practices within and between interested parties—from the supplier's supplier to the customer's customer.

With or without SCOR models, today's supply chains require a change of focus: from managing individual functions to integrating activities into supply chain processes. BPM helps organizations to share information and optimize visibility as you create, manage, and audit these end-to-end process activities.

For example, *Order fulfillment* is the term most commonly used to describe the complete process that extends from point-of-sale inquiry to delivery of product to the end customer. It commonly includes sub-processes such as Engineer-to-Order (for large construction projects and one-off products); Build-to-Order (where the product is based on a standard design but component production and manufacture of the final product is linked to the order placed by the final customer's specifications); Assemble-to-Order (the product is built to customer specifications from a stock of existing components); and Build-to-Forecast (the product is built against a sales forecast, and sold to the customer from finished-goods stock).

Retail organizations continually strive to streamline the unique sequence of activities associated with these fundamental business processes. Information shared between supply chain partners can only be fully leveraged through process integration. For example, the purchasing department places orders as requirements become known. The marketing department, responding to customer demand,

communicates with several distributors and retailers as it attempts to determine ways to satisfy this demand.

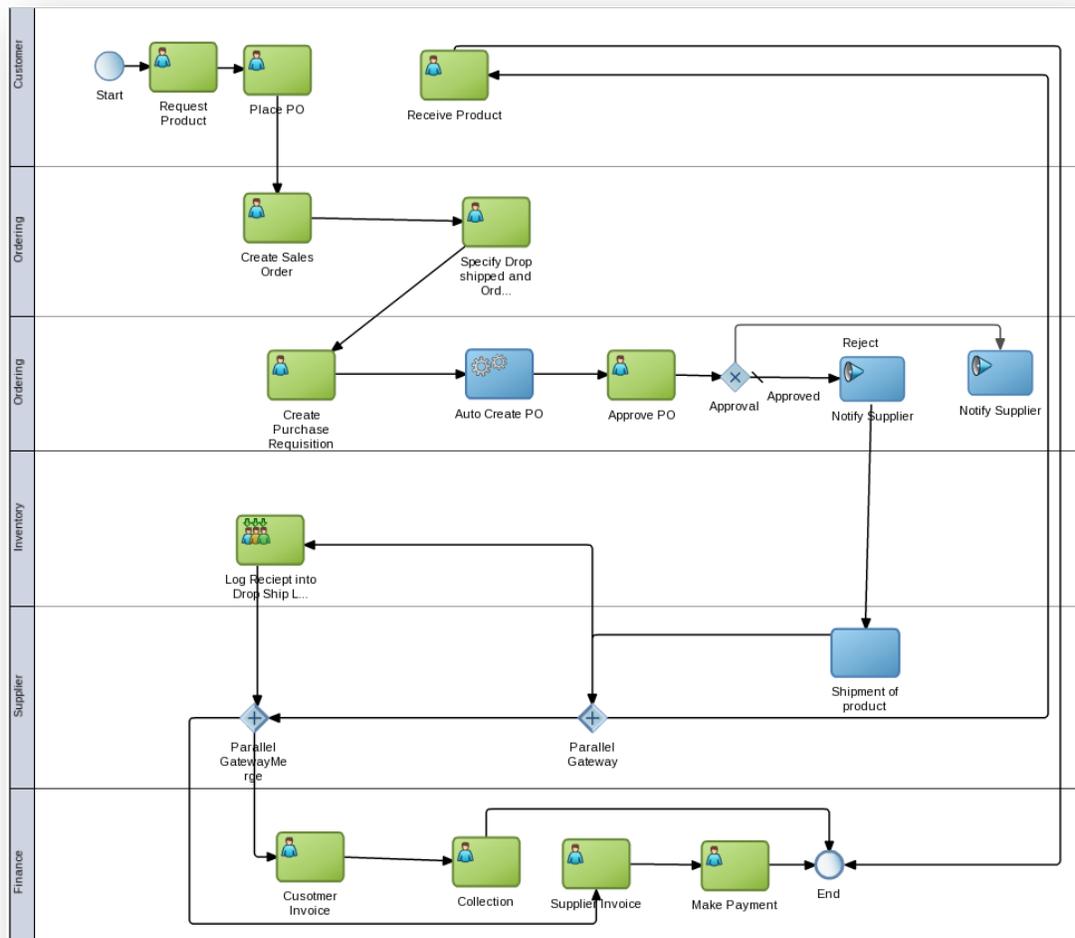


Figure 2. BPM workflow illustrating the Drop shipment Order process.

Use Case #3: ARTS Compliance for Payment Processing

Since 1993, the Association for Retail Technology Standards (ARTS) has been delivering application standards exclusively to the retail industry. Oracle Business Process Management helps retailers to build shared processes that leverage ARTS standards. For example, processing payments has become more challenging due to increased numbers and types of payments, operational challenges such as complex systems and organizational silos, and a lack of visibility into semi-automated processes. By modeling payment processes as a succession of events that are triggered and invoked by different systems, business analysts can establish a chronological view of the payments flow and unify payments systems across internal and external interfaces. Oracle BPM Suite 11g is very conducive to these top-down, business-driven process models since it includes both a business modeling tool (Business Process Composer) and an IT-oriented tool (BPM Studio). Support for the BPMN 2.0 standard makes it easy to break processes into sub-processes and tasks.

While payment processes are typically managed via packaged applications, BPM adds visibility so retailers can provide more consistent, personalized experiences for customers. Retailers know precisely what

channels those customers have used, which products they have researched, what they have consumed in the past. They can leverage that knowledge to provide relevant information during each new interaction, whether on the phone, in the store, or online.

Applying Oracle BPM Suite

Oracle BPM Suite 11g is ideal for modeling, simulating, executing, and optimizing, business processes across divisions, systems, and applications. It includes the technology you need to create, document and modify business processes quickly and drive process changes in a nontechnical, business-friendly manner, along with technology for implementing, executing, and monitoring end-to-end processes.

Oracle's comprehensive BPM technology enables complete introspection into business processes so analysts can predict, architect, and enable interactions in ways that don't slow down the cycle or interrupt the flow. They can model processes by defining the logical structure and sequence of the process itself, rather than its underlying technical implementation—without any technical knowledge of SOA, Web services, or XML.

Oracle developed a unified process foundation that simplifies and removes complexity from process development, deployment, monitoring, and execution. In addition, Social BPM interaction simplifies collaboration by incorporating the latest in social computing technologies and enabling a wide choice of communications channels, enabling continuous improvement as shown below.



Figure 3. Continuous improvement across multiple channels via Oracle BPM Suite

This unique BPM toolset enables retailers to lower the risk of process “gaps” within common business processes including order-to-cash, returns, account creation, and customer support.

Integration with SOA

Service-oriented architecture (SOA) has become a popular method for linking legacy applications across many different departments, thereby enabling a single end to end process and improving efficiency. SOA interoperates with all parts of the IT architecture to integrate business applications, moving them on to a common service bus and a common workflow engine. It brings reusability to the IT infrastructure, but

how can you leverage this IT infrastructure efficiently while accommodating human intervention and introspection at key junctures within the business process?

This is where BPM technology comes in. It is the vehicle that business analysts use to optimize a process, improve visibility, check statistics, perform activity monitoring, combine elements of social collaboration, and a host of other tasks.

Oracle BPM Studio works with Oracle SOA Suite to create end to end business processes that can be triggered, executed, and monitored from browser-based Web interfaces. Another browser-based application, called BPM Composer offers insight into BPM process definitions and enables business analysts to document and edit these definitions online.

Analyzing and modeling business processes with these Oracle tools can lead to a seamless implementation of process activities through services and human tasks. Execution of process instances is centrally coordinated and monitored—allowing for real-time insight into exceptions and bottlenecks as well as on-the-fly intervention and improvements within the process flow.

The combination of Oracle Business Process Management Suite 11g and Oracle SOA Suite 11g provides everything organizations need to implement, execute, and monitor end-to-end business processes as well as individual sub-processes and tasks. As part of the Oracle Fusion Middleware family, these products are based on industry standards and provide “design time at runtime” support to allow for dynamic, business-driven, on-the-fly reconfiguration and restructuring of business processes.

Conclusion

Online, mobile and social commerce paradigms have empowered consumers to make organized and informed purchase decisions while enabling anytime, anywhere transactions. Customers want simple, consistent, and relevant experiences across all channels, touch-points, and devices. Creating a great customer experience means delivering quality and consistency across the entire lifecycle, from initial contact to lifelong support. Exceptional customer experiences create the loyalty, advocacy, and repeat business that drives success.

The promise of greater efficiency, visibility, and agility in process management is driving many retailers to invest in BPM software. Oracle BPM removes complexity from process development, deployment, monitoring, and execution with a unified process engine and pre-integration of process subsystems. It enables organizations to rethink the way IT supports the business, by focusing on modeling business processes that span roles, departments, and enterprise resources. Oracle helps retailers transform their business processes to deliver a differentiated customer experience across the customer lifecycle.



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