
RESILIENCE:

THE NEW IMPERATIVE FOR

SUCCESSFUL SCM TRANSFORMATION





Resilience can mean the capacity to recover quickly from difficulties or disruptions to a plan. In the case of a substance or object, it means elasticity. When describing supply chains, resilience means both of these and more; for example, recovering from unplanned events such as catastrophic weather events and being elastic enough to strategically manage risks.

Specifically, a resilient supply chain is:



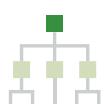
Versatile and agile to support faster, simpler, and more efficient demand sensing and shaping, as well as able to effectively respond to changing business and market circumstances. The overarching goal is to meet agreed service levels under all circumstances.



Scalable to ensure efficient business growth, margin retention, and resource reallocation when business needs change.



Quick to completely recover without waste and cycle time implications following disruption or adversity.



Unified, and networked with highly integrated software, processes, and data that support end-to-end analytics, execution, collaboration, control, and visibility internally and externally.

Organizations face the constant threat of falling behind as a result of technology-driven disruption and innovation (for example, a new product or concept enabled by technology that disrupts competitors or services, e.g., a drone-based delivery system). This persistent threat requires businesses to adequately manage risk in critical supply chains as they could be impacted by catastrophic or even smaller-but-critical interruptions and disruptions.

From a big-picture point of view, supply chains must build resilience capabilities by transforming to support an outside-in, demand-driven, customer-centric business operating model rather than a push-driven supply model based on forecasts. Instead of reacting to inaccurate forecasts, supply chains must be responsive to meet demand and supply changes while still meeting agreed customer service levels.

To achieve this, organizations need end-to-end integration of systems, processes, people, and data so that they can use advanced analytics, collaboration and execution processes that leverage data and insights to quickly sense change, adapt, and remain competitive.

One overarching SCM cloud architecture and cloud process capabilities are quickly emerging as a technology enabler to achieving end-to-end business agility and resilience.

Resilience ensures success (and even survival) for supply chains in a business environment characterized by change, complexity, unpredictability, and risk.

CLOUD SCM: A GAME-CHANGING INNOVATION FOR SUPPLY CHAIN RESILIENCE



Does the outside-in business model transformation require that supply chains use a single SCM technology vendor as well as cloud-based platforms, for example, to support visibility or analytics?

Both are best and the most likely scenario because the reality is that many businesses can't switch all of their SCM technology and past investments at once. The business must plan a path to a cloud-based SCM architecture and then take an incremental approach to cloud deployment and adoption, and phasing out of on-premises applications. The limited supply chain improvements that businesses can make with existing on-premises technology alone usually does not necessarily deliver the desired resilience and agility capabilities. This is simply because of complexity, disconnects, and a lack of end-to-end processes that impact core capabilities such as sensing and visibility.

Legacy SCM software and heterogeneous architectures are complex and limit transformation because it can take months or even years to customize applications and update them to add new capabilities. This "stable" state must also then be maintained as it continually changes as vendors and technologies change. The result is that users and IT often are out of step, unsynchronized, and unprepared to cost-effectively and efficiently support dynamic supply chain and business environments.

Another limitation is that vendors often package, sell, and deploy legacy SCM solutions by function or product, and then deploy them in separate projects

based on siloed business cases. This project-based approach is the opposite of what an outside-in model—and real-world businesses—need because it is difficult to synchronize the management of multiple projects to deliver end-to-end supply chain capabilities. Project-based environments focus on the on-time and on-budget project delivery rather than adapt and adjust to meet improved performance as business situations change.

To be resilient, a supply chain needs to be integrated into one overarching cloud-based process architecture from end-to-end; that is, from customer back to supplier so that events impacting performance are quickly seen and addressed.

Finally, implementation of legacy solutions can be long, disruptive, risky, and expensive, especially across distributed multi-unit, global, or multi-company businesses. In addition, vendors often incorporate cutting-edge features into cost-prohibitive, premium-tier packages instead of making incremental cost-effective deployment of new features and capabilities possible.

Cloud-based applications support a radically different approach to how firms purchase, configure, deploy, manage, and upgrade their SCM capabilities. Cloud SCM is relatively simple and safe to implement because there is one common overarching architecture that supports all functions and processes across the business operations. This is less complex than traditional data-centric, on-premises applications,



which often are sourced from multiple specialist vendors and thus often have gaps and overlaps. These often must be addressed with specialist customization or integration projects.

A common end-to-end architecture in the cloud enables more resilient supply chain and business operations that support and transform business capabilities.

Cloud SCM users get affordable access to advanced SCM capabilities in a modular solution designed to allow firms to select only the capabilities they need, and then map them to business processes and capabilities and deploy them as part of a transformation journey. This maximizes business flexibility at less cost and minimizes the risk of complex integration and customization projects.

A significant benefit of cloud SCM is that processes can be extended to support data exchange, visibility, and collaboration inside and outside the organization (i.e., to contract manufacturers, partners, and suppliers) via PaaS (Platform-as-a-Solution). This same capability is complicated to achieve in multi-vendor, on-premises, heterogeneous architectures of systems with multiple applications and databases.

PaaS allows companies to develop their own innovative and differentiating offerings without losing the benefits of a standard product and harmonized

business processes. At the same time, users get comprehensive business scalability that is seamless and virtually instantly deployable.

By contrast, integrations are complex with an on-premises, data-centric solution with multiple vendors. To add complexity, frequent and regular updates from vendors require synchronized management of software updates. In contrast, regular cloud-based updates and improvements give users leading-edge capabilities with less complexity.

Finally, the cloud offers the business a path to transition from capital expenditure—based spending to operations expenditure spending—a trend that many businesses prefer because of its flexibility to support faster roll out improvements and adjustments.

The bottom line is that cloud-based architecture permits a much higher level of end-to-end supply chain resilience in a much more cost-effective way. In addition, cloud-based application platforms are flexible enough to be used together with less-flexible on-premises application platforms. For legacy SCM solution users, this means the benefits of a cloud-based SCM solution are not out of reach because cloud based applications and on-premises investments can co-exist. It does however mean that a path to the cloud strategy needs to be thoroughly architected and the journey planned.



ORACLE SCM CLOUD: SUPPLY CHAIN RESILIENCE WITH UNIQUE CAPABILITIES

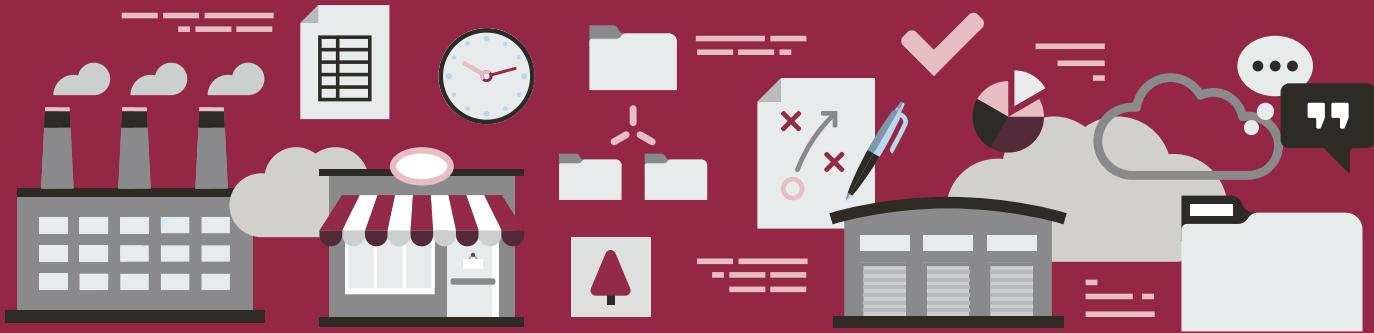
Oracle SCM Cloud combines the technology and process benefits of the cloud with additional unique capabilities that can help build supply chain resilience: data migration, design thinking-based methodologies, and systems and technology integration expertise. These are supported by an experienced global partner network consisting of smaller and larger classical management consulting and system-integration partners.

The Oracle solution has been validated and accredited by market share, industry reputation, leading analysts, and an extensive cross-industry client list. Oracle has specialized SCM expertise and cloud-based capabilities across many business functions in the supply chain, including transportation and global trade management; warehouse management; procurement; human capital management; customer relationship management; traditional ERP functions; product lifecycle and data management; and manufacturing, including maintenance, quality, product data quality, planning, sales and operations planning, and demand and trade planning.

Rethinking Supply-Chain Resilience: Independent Perspectives

- Gartner Magic Quadrant for Warehouse Management Systems
- Gartner Magic Quadrant for Transportation Management Systems





The incremental deployment model for Oracle SCM Cloud can be adapted for specific customer needs and resources, and because of the inherent one-SCM cloud architecture, it can be deployed to accommodate different business priority scenarios. The Oracle solution goes above and beyond competing SCM solutions to address the needs and pain points of current SAP users by providing:



Access to an integrated, best-of-breed cloud-based analytics platform without a forced upgrade to SAP's HANA platform to enhance speed and efficiency.



Seamless integration with SAP ERP—integration that has already been proven by thousands of successful integrations.



A cloud-based application architecture that supports an end-to-end business operating model. By contrast, SAP requires multiple systems to achieve the same result. The resulting integration from many system requirements add cost and complexity, and can impact overall system performance.



A broad and innovative partner ecosystem that delivers rapid, flexible, methodology-based and scalable implementations that offer a path to the cloud from an on-premises software architecture.



Oracle SCM Cloud supports both outside-in and inside-out architectures and business capabilities, as well as enabling the pivot from inside-out to outside-in. SAP is still based on a traditional supply-driven ERP architecture at the core.

The most important point for SAP ERP users to remember is that Oracle SCM Cloud implementation and migration offers SAP users a less-complex and low-risk path to deploy an end-to-end cloud-based SCM.

“Oracle Transportation Management Cloud enabled us to optimize our shipments through consolidation, enhance our in-transit visibility, automate our freight settlement, and leverage the application’s embedded analytics to improve our operational efficiency.”

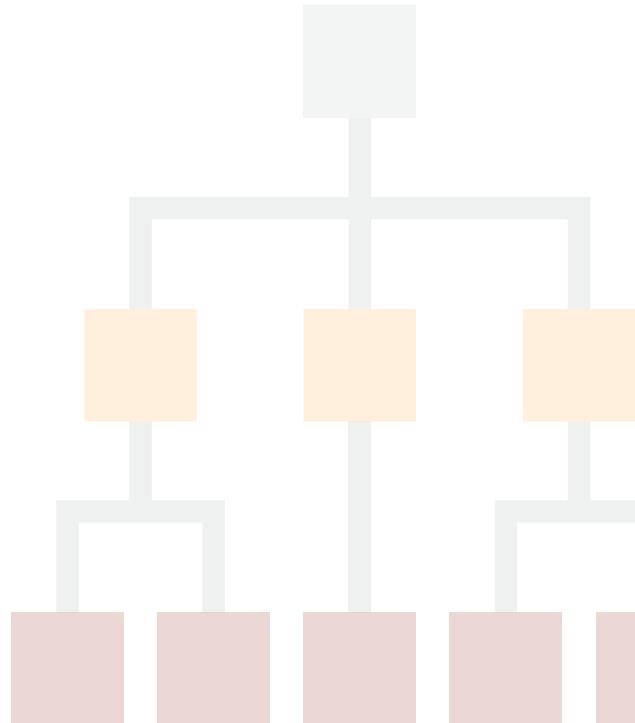
— Sam Hanieh, Manager of Global Logistics at Panduit



ORACLE SCM & SAP ERP: A SUSTAINABLE PLAN FOR SUPPLY CHAIN RESILIENCE

Running Oracle SCM Cloud alongside existing SAP systems is a highly sustainable approach; SAP-based customers drive innovation using Oracle SCM Cloud, while keeping SAP resources on-task and efficiently supporting back-office business processes. This approach provides an exit strategy if a firm decides to transition away from its reliance on expensive and complex SAP investments.

Open, multi-vendor environments featuring both Oracle and SAP elements are a reality in countless organizations. In fact, more than two-thirds of all midsize-to-large enterprise SAP customers in every industry run Oracle databases with all major operating systems. Today and in the future, Oracle SCM Cloud will remain a secure choice for gaining the greatest value and the most forward-looking supply chain capabilities from your SAP investments.



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