ORACLE DATA SHEET

Oracle Outsourced Manufacturing

ORACLE E-BUSINESS SUITE 12

ORACLE OUTSOURCED MANUFACTURING

KEY BENEFITS

- Gain full visibility into the overall health of outsourced manufacturing
- Quickly view and analyze financial transactions related to subcontract orders
- Track quality issues related to supplied components and finished products
- Monitor sales and procurement activities to meet on-time customer delivery
- Collaborate effectively with approved suppliers and contract manufacturers
- Analyze and negotiate service level agreements and pricing to optimize costs
- Mitigate risks related to inventory bottlenecks across manufacturing partners

Oracle Outsourced Manufacturing enables original equipment manufacturers (OEMs) to manage and track the overall health of their outsourced manufacturing business with one or many manufacturing partners (MPs).

Oracle Outsourced Manufacturing provides manufacturers the ability to model various industry standard outsourced manufacturing business flows within the E-Business Suite instance. It also provides support to setup and execute outsourcing of standard and configured assemblies to external manufacturers and/or to internal affiliated companies with compete visibility into the health of their outsourced operations related to inventory balances, financial positions and production details such as delays, material shortages and quality issues with respect to their contract manufacturers.

This enables buyers or executives responsible for outsourcing operations with real-time actionable information to take proactive actions to mitigate potential risks to customer commitments.

Support for modeling industry standard outsourced manufacturing business flows

Oracle Outsourced Manufacturing supports the following flavors of modeling Outsourced Manufacturing scenarios within the OEM's EBS instance.

Chargeable (Shikyu) Outsourcing: In this model, the OEM retains the ownership of the components but makes a virtual sale of the components to the MP. The reason it is a virtual sale is because the MP does not pay for the components. The MP charges the OEM for the value of the components as well as the service provided. Since the OEM owns the components, AP/AR netting is mandatory for the OEM to pay the MP just for the service provided. This practice is prevalent in countries like Japan, Korea, and Taiwan.

Buy/Sell Outsourcing: In this model, the OEM sells the components to the MP after an optional price markup and buys the finished product from the MP. The MP charges the OEM the total value of the components as well as the service provided. There is an explicit selling and buying transaction between OEM and MP.

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KEY FEATURES

Model industry standard outsourced manufacturing business processes

- Chargeable (Shikyu) Outsourcing
- Buy/Sell Outsourcing
- Full (non-chargeable) Outsourcing for both Discrete and Process Industries

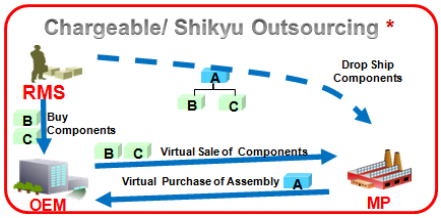
Comprehensive Outsourcing modeling

- Configure and Outsource Assemblies
- Internal Toll (Outsourcing to Affiliated companies)
- Lot and Serial Genealogy
- Drop/Direct ship Component and Assemblies
- Complete out of the box integration with various EBS applications to automate orchestration of material and financial transactions between OEM and manufacturing partners
- Subcontracting orders for outsourced assemblies
- Replenishment sales orders and purchase orders for components
- ASCP integration for managing demand and supply for assemblies and components
- Financials integration for AP/AR netting between purchase order and sales order invoices
- Quality integration for defect tracking
- Discrete manufacturing integration to simulate the work order for the outsourced assembly
- Process manufacturing integration to simulate the batch for the outsourced product
- Purchasing integration for sourcing rules and purchase order creation for assemblies and components
- Order Management integration for component sales orders
- Inventory integration for tracking material quantity and value on-hand and in transit

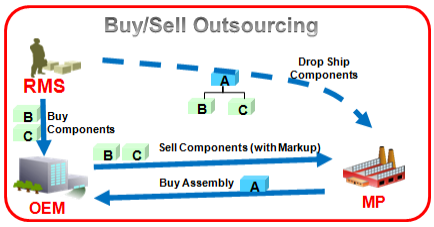
Complete, real-time visibility into the overall health of the outsourced manufacturing business using Endeca presentation layer

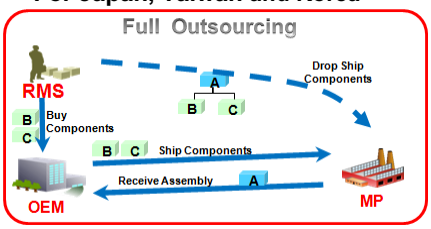
- Subcontracting order status
- Inventory balances
- Financial positions
- Quality issues

Full (Non-chargeable) Outsourcing: In this model, the OEM retains the ownership of the components and ships them to the MP. The MP charges the OEM only for the service provided. This improves Inventory visibility and accuracy.



* For Japan, Taiwan and Korea





Setup and Execution of outsourced manufacturing business processes within E-Business Suite instance

The OEM and MP are modeled as Inventory Organizations. Oracle ASCP is the planning engine that manages demand and supply of components and assemblies between the OEM and MP based on the forecast or customer demand for the assembly in the OEM organization. The MP organization is a simulation organization only to track and plan inventory for the components at the MP site and has no costing and financial significance. OEMs can flexibly model an assembly's BOM to include components like software and supplier (manufacturing partner) supplied components which do not need physical shipment from the OEM's side but need to be tracked in the BOM for costing and planning purposes.

A subcontracting order is a standard purchase order that is created by the OEM organization for an outsourced assembly against the MP. The components needed by the MP to produce the assembly are shipped from the OEM organization using sales orders (referred to as Replenishment orders). A discrete manufacturing work order is created in the MP organization to simulate the manufacturing process at the MP's end. The movement of material and corresponding financial transactions between the OEM and MP organizations are managed by several automated processes. This eliminates the need for any manual intervention to manage the outsourced manufacturing process. Reconciliation processes periodically reconcile the inventory at manufacturing partner site.

Support for Internal Toll, Configured to Order and Lot & Serial Genealogy in Outsourced Manufacturing

Oracle Outsourced Manufacturing also supports outsourcing of various assemblies like standard, ATO/CTO along with lot and serial control and maintains lot and serial genealogy.

Internal Toll Manufacturing: OEMs can outsource their assemblies to Internal Organizations (affiliated companies) and those affiliated companies can still act as OEMs for other assemblies, utilizing its unused capacity in a productive manner.

ORACLE OUTSOURCED MANUFACTURING

RELATED PRODUCTS

- Oracle Order Management
- Oracle Procurement
- Oracle Inventory
- Oracle Discrete Manufacturing
- Oracle Process Manufacturing
- Oracle Advanced Supply Chain Planning

Oracle Outsourced Manufacturing Command Center

The Oracle Outsourced Manufacturing Command Center provides dashboards empowering buyers and subcontracting supervisors to gain actionable insights that help manage the outsourcing business efficiently to meet the customer commitments, resolve component replenishment issues, quick visibility into outsourced assembly quality issues and material adjustments, and manage financial status. With tools and visualizations such as actionable indicators, tag clouds, interactive charts, and consumer-like search and filters, users can browse and drill on whatever captures their attention, revealing new information on which to base next discovery steps. Through this "information-driven navigation", users can quickly narrow in on priority transactions and take immediate, informed action.

The Oracle Outsourced Manufacturing Command Center is available at no additional cost to licensed users of Oracle Outsourced Manufacturing, Release 12.2.4 and above

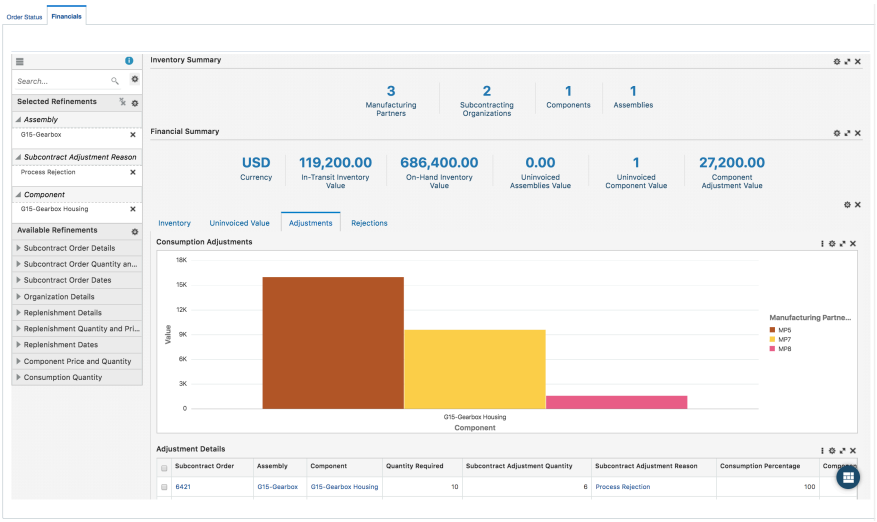


Figure 3: Financials Dashboard in Oracle Outsourced Manufacturing Command Center

Oracle E-Business Suite: The Complete Solution

Oracle E-Business Suite enables companies to efficiently manage customer processes, manufacture products, ship orders, collect payments, and more—all from applications that are built on unified information architecture. This information architecture provides a single definition of your customers, suppliers, employees, and products—all important aspects of your business. Whether you implement one module or the entire Suite, Oracle E-Business Suite enables you to share unified information across the enterprise so you can make smarter decisions with better information.

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Hardware and Software, Engineered to Work Together

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