Why Supply Chain Leaders Are Moving to the Cloud: Six Top Reasons

In supply chain management, the rules of the game are changing. From new regulations, to dramatically increased buyer expectations, to shorter product lifecycles, the traditional supply chain model is being challenged from every angle. Today, organizations need levels of agility, integration, and visibility that are beyond what traditional supply chain systems were designed to deliver.

Here are six top reasons why supply chain leaders are moving to the cloud…

In IDC's 2018 *Supply Chain Survey*, 75% of companies felt that the cloud was a critical element to delivering supply chain excellence both today and into the future.[1]

[1]IDC, Making Supply Chain Operations More Effective and Efficient by Moving to the Cloud with Oracle SCM Cloud, June 2018.

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Innovation is a key priority for organizations, but often a lack of alignment between corporate strategy and execution can stifle the ability to successfully innovate, develop, and commercialize products.

And it's not just strategy that suffers from poor alignment. Product data is often scattered in silos across the supply chain, so there's no centralized single version of the truth. That makes it very difficult to make informed investment decisions and create a balanced product portfolio.

The results can affect everything from profitability to quality and compliance —which, in turn, can have a severe impact on reputation, especially in an age where customer expectations are higher than ever before.

Cloud-based supply chain management provides the organizational alignment and complete visibility into the financial and strategic data needed to select and invest in the products and services with the most potential for profit.

End-to-end visibility across the entire supply chain means you can bring those products to market faster while controlling cost and risk. Couple this with the tools needed to monitor and improve future decision-making, based on a single version of the truth, and you have the ability to continuously drive innovation and profitability.

> "At Moose Toys, we source ideas from around the world, and Oracle Innovation Management Cloud Service helps us gather, evaluate, select, and develop the best ideas quickly and effectively. It will complement our other Oracle systems, and allow us to streamline processes from ideation to supply chain."
>
> —Ben Dart, Chief Operating Officer, Moose Toys

Powering Innovation With Oracle

An international manufacturer of high-technology products subscribed to Oracle Innovation Management Cloud to better capture and refine ideas for innovations, and develop concepts of profitable new products and services based on customer requirements.

With cloud-based innovation, design and development processes, the company can:

- Collaborate on products easily across global teams

- Use secure social networks to accelerate review and approval processes

- Optimize investment decisions and ensure that strategy and execution are fully aligned

Should You Innovate, Develop, and Commercialize in the Cloud?

Ask yourself the following questions to see if your design stage would benefit from a cloud-based infrastructure:

Q1 Do you have a comprehensive view of potential investments — from ideas, requirements, concepts, and business proposals to the portfolio?

Q2 Is it easy to find product information quickly across the enterprise?

Q3 Can you evaluate products during development for supply risk, cost, quality, and environmental compliance?

Q4 How effective and efficient is the change management of your product information?

Q5 Do you find it's easier to come up with good ideas for new offerings than it is to actually put them into place?

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Order

Capturing and fulfilling orders is essential for customer satisfaction and meeting contractual requirements. But doing it successfully requires the ability to accurately track and react (or better yet, act proactively) to day-to-day activities across a broad, multinational supply chain.

With orders placed across a range of systems and coming from various geographies, all with different time zones and regulatory demands, this requires incredible foresight and flexibility. And because of the size and scope of today's supply chain, one error or delay can have serious effects on the ability to meet commitments, which in turn can lead to disappointed customers.

The challenge grows further when you consider the impact digital disruption has had on every industry. Customers expect to be able to order from anywhere at any time, and track and trace their order throughout its entire journey—so it's no longer just you who has to know where things are.

Moving your order management to the cloud provides two crucial benefits. First, you have the flexibility needed to quickly respond to changes in demand, by adding new capabilities or scaling up and down rapidly.

Second, by connecting all of the disparate elements of your supply chain, you have the complete visibility necessary to deliver personalized service on a global scale. You and your customers will always know where orders are, and any mistakes or hold-ups can be spotted quickly enough to minimize their impact.

> An established company with multiple order systems and order-fulfillment processes in place wanted to modernize its supply chain. Ripping and replacing everything was not a viable option due to risk and time concerns. Moving these processes to the cloud enabled this company to **modernize processes without causing disruption**, with new elements smoothly integrating with legacy elements. An agile and business-rules oriented central order management dashboard is now able to orchestrate orders, while **preserving margin and maintaining customer satisfaction.**

Would You Benefit from Managing Your Orders in the Cloud?

Ask yourself the following questions to see if your order management would benefit from a cloud-based infrastructure:

Q1 Do you and your customers have complete visibility of order and product inventory status?

Q2 Are your customers satisfied with your service, or are they demanding change?

Q3 Do you have channel-centric order-management processes?

Q4 Where will your organization be in five years if things remain the same?

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Plan

Supply chain planning relies on your ability to accurately calculate demand and balance it against the available supplies across multiple, multinational sites. To get it right, it's essential to identify the right KPIs and conduct accurate what-if analysis.

But with various best-of-breed solutions across the supply chain that don't share data (either at all or not in a timely manner) and don't communicate with each other, what should be simple calculations can become a stab in the dark.

> By 2020, approximately 80% of supply chain interactions will happen across cloud-based commerce networks.[2]

With supply chain planning in the cloud, you can plan quickly and accurately from anywhere, adapting to changing needs as required with real-time visibility into KPIs and performance analytics.

Seamless integration across all tiers of the supply chain means standalone systems are a thing of the past, along with time-consuming and inaccurate manual processes. And that means you can finally plan at the speed of demand.

Unify Supply and Demand Planning With Oracle

A mid-size high-tech manufacturer was seeking a solution to help better manage demand and inventory. Cloud-based planning enables companies to respond quickly and decisively to today's manufacturing and materials management challenges, by allowing them to:

- Plan demand, inventory, and supply both inside and outside the enterprise
- Monitor exceptions with advanced analytics
- Respond to late orders, material shortages, and other issues by prioritizing and releasing supply recommendations to other applications

Would You Benefit from Carrying Out Your Supply Chain Planning in the Cloud?

Ask yourself the following questions to see if your supply chain planning would benefit from a cloud-based infrastructure:

Q1 Do you know the KPIs you need to make the best decisions for your organization?

Q2 How long does it take you to run a single MRP plan?

Q3 How highly do you rate the predictive insights you're currently capable of?

Q4 How quickly can you react to changes in the business landscape?

[2]Supplychain Dive, "4 Supply Chain Predictions for 2018", January 2018.

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Source

Controlling procurement spend, and sourcing strategically to manage supplier risk and sustainability are key challenges for those in procurement. With so many variables in risk, cost, regulatory compliance, and sustainability across the globe, it can be very hard to accurately measure costs and manage risk. In fact, 79% of CPOs cite reducing costs as their number one priority.[3]

A cloud-based procurement solution can provide the automation, analytics, and social collaboration you need to streamline your source-to-settle process, control costs, and achieve higher margins. Operations are simplified, time-to-value is shortened, and collaboration is easier due to seamless integration. Complete visibility means risk (business, regulatory, and environmental) is dramatically reduced, supplier performance is easy to see, and unnecessary costs can be axed.

50% of CPOs reported a significant resurfacing of procurement risk in 2017[4]

"Oracle Procurement Cloud shortened our sourcing time from one week to three days, and reduced our sourcing costs and time-management costs. It improved the entire factory supply-chain system, enabling us to achieve an objective and impartial supplier performance evaluation and a better business process."

—Zhujun Jiang, Sales Manager, BUYDEEM

Can You Afford Not to Carry Out Your Procurement in the Cloud?

Ask yourself the following questions to see if your procurement would benefit from a cloud-based infrastructure:

Q1 Do you have full visibility into your procurement spend, and do you think those costs could be reduced?

Q2 Are you able to drive insights and help R&D and manufacturing teams design, manufacture, and service new or existing parts in better ways?

Q3 Do you have the KPIs needed to manage your suppliers comprehensively on an ongoing basis? How confident are you in their ability to deliver (reliably, cost- effectively, and sustainably), both now and in the future?

Q4 Are you currently able to enforce internal spend compliance?

Q5 To what extent are you able to enforce contracts set up with your preferred vendors?

[3]Deloitte, "Growth: The Cost and Digital Imperative", The Deloitte Global CPO Survey 2017.

[4]Ibid.

5. Make

Optimizing the manufacturing process relies on complete, accurate, and up-to-date data on supply and demand, along with the ability to manage master data and work orders. It also means understanding the true cost of your overall operations. But this can be all but impossible when those operations are managed in dispersed, manual systems.

The first step is gaining visibility. Then, sharing the information with everyone across the extended supply chain is what puts you in a position to react to disruption and changing markets. Accuracy and agility are key.

For many organizations, disjointed solutions and outdated spreadsheets are still the go-to tools, and manufacturing systems are often unconnected to planning systems.

A cloud-based solution allows you to integrate planning and manufacturing quickly and cost-effectively, while gaining full visibility into all areas of production.

What's more, the cloud will act as a gateway to new technologies that can revolutionize manufacturing processes, such as the Internet of Things (IoT).

> Currently, 66% of manufacturing companies from 17 countries are already using cloud implementation for two or more applications. It is predicted that cloud-hosted services will account for almost half of all organization-level software usage among manufacturers by 2023.[5]

Would You Benefit from Supporting Your Manufacturing With a Cloud-Based Solution?

Ask yourself the following questions to see if your manufacturing would benefit from a cloud-based infrastructure:

Q1 How do you schedule activities across your extended supply chain?

Q2 How do you capture work-order costs and variances?

Q3 Is your cash flow where you want it to be?

Q4 What capital resources do you need to hit your targets?

Q5 Do you miss gross-margin targets due to lack of visibility into your supply chain?

[5]Stephen Ezell and Bret Swanson, "How Cloud Computing Enables Modern Manufacturing", June 2017.

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Deliver

There's no shortage of challenges facing today's logistics managers. Increasingly demanding customers want fast, convenient service; a shortage of drivers adds extra pressure to be carrier-friendly; and transportation costs are spread so far across the industry that they're impossible to accurately calculate.

If you combine these factors with pressure from new market entrants, more and more complex regulatory demands, and the anticipated impact of new disruptive technologies like drone deliveries, then you can see how a management headache could fast become a migraine.

> "Oracle Transportation Management Cloud allows us to optimize cost, service level, and the supply chain network to efficiently deliver the most trusted customer experience."
>
> —Sam Hanieh, Manager of Global Logistics, Panduit

Moving your transportation and global trade management to the cloud will give you the visibility needed to manage all transportation and trade worldwide—increasing efficiency, reducing costs, and ensuring compliance.

It's the simplest way to manage one of the most complicated aspects of your business. And with a single view of your most important data, you can see all your vital transportation and trade information at any time and from any device.

Would You Benefit from Supporting Your Logistics With a Cloud-Based Solution?

Ask yourself the following questions to see if your logistics would benefit from a cloud solution:

Q1 Are you still trying to manage the complex trade and transportation processes of today using solutions built for how things worked in the past?

Q2 Have you ended up with multiple transportation and trade solutions across your business?

Q3 Do you have the financial and physical visibility of all transportation and trade aspects of your supply chain?

Q4 Can you accurately account for how transportation and trade impacts on "cost to serve" and "profitable to serve" metrics?

Q5 Are your trade and transportation processes aligned to cope with the dynamic demands of the modern supply chain?

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Create a More Adaptable Supply Chain

Cloud technology is fast becoming the go-to IT model for business leaders. For your supply chain, it offers the flexibility and visibility you need to spot opportunities for growth and profit, and then take full advantage of them quickly, securely, and cost-effectively. It also puts companies in better positions to take advantage of new and future technology enabled through the Internet of Things. What's more, your employees and your business partners can be more efficient, more accurate, and more collaborative in their work—helping deliver better business results.

Learn more about supply chain management in the cloud.

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