

ORACLE®



Optimize Fulfillment

Presenter's Name

Presenter's Title

Safe Harbor Statement

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Agenda

- Leadership in Complex Electronic Equipment
- Innovative Capabilities In Fulfillment
- Results Achieved by Oracle Customers



Oracle in High Technology

Did You Know?



All of the top 25 Electronic OEMs run Oracle Applications



7 of the top 10 Semiconductor companies run Oracle Applications (and **9 of top 10** Fabless Semiconductor co.)



22 of the top 25 Software companies run Oracle Applications



14 of the top 25 High Tech Distributors run Oracle Applications



5 of the top 10 Electronic Manufacturing Services (EMS) companies run Oracle Applications

The Challenges We're Hearing

Commercialize New Technology

"How do I rapidly introduce next-generation equipment to the market?"

"Innovation that matters" is, finally, central to IBM's identityinnovation is increasingly what businesses seek, in response to a "flattening world" of ever more intense global competition"

Samuel J Palmisano, IBM's Chairman & CEO

Software Integration

"How do I integrate innovative software technologies with the system solution?"

"Key factor in our success is the degree of innovation in our software portfolio... it helps customers simplify the complexity of managing their data and achieve storage utilization rates of twice the industry norm"

Dan Warmenhoven, CEO, Network Appliance

Non-Systems Revenue

"How do I leverage the installed base for post-sales revenue? "

"Increased equipment installs drive more usage...which fuel growth of supplies and service. This translates into "post-sales revenue" which represents about 70% of Xerox's total revenue"

Anne M. Mulcahy, Chairman and CEO, Xerox

The Challenges We're Hearing

Mid-Market Growth

" How do I build the fast-growing mid-market segment? "

"Mid-market is growing phenomenally.. people are spending money on technology, and that spending is accelerating over time"

AMR Research

Global Operations

" How do I enable direct order fulfillment in my global supply chain? "

"The first key component to further establishing NCR as a great company is ... to improve our efficiency and productivity, especially in areas that relate to "cost of goods sold," such as supply chain and manufacturing costs"

William Nuti, CEO, NCR

Acquisitions

"How do I assimilate new acquisitions? "

"High technology companies use acquisitions as a strategic tool to get new technologies or to enter new markets"

Express Computer, IT Business Weekly

The Operations Challenge

Global Operations

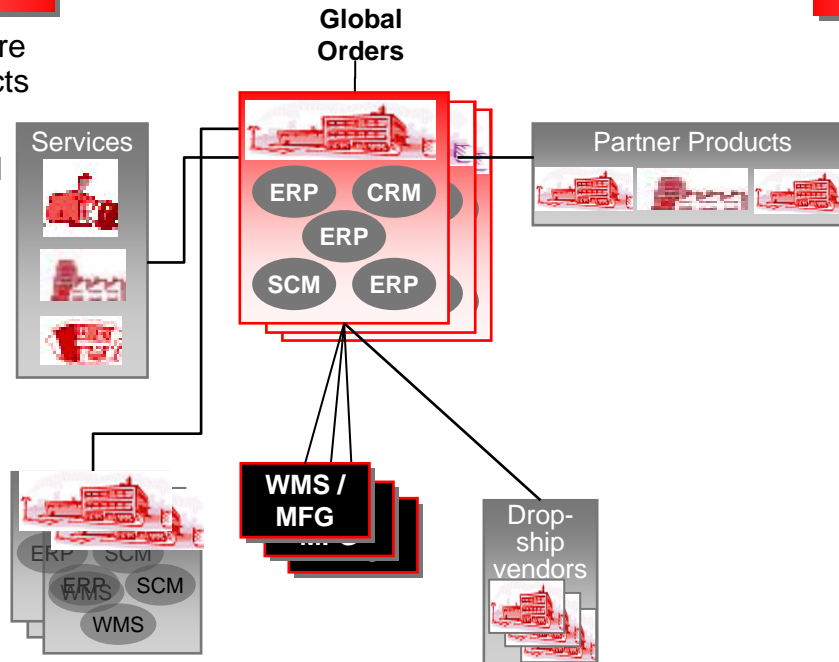
" How do I enable direct order fulfillment in my global supply chain? "

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William Nuti, CEO, NCR

Current Environment

- More and more companies are starting to sell partner products or services globally
- Most companies have several fulfillment systems
 - Including partial or no integration
 - Often with limited data standardization
- More and more companies outsource a large part of fulfillment process globally
- Market consolidation and acquisitions are more and more prevalent



Business Problems

- Increasing Inventories
- Lengthening average cycle times
- Increasing number of errors in order fulfillment
- Increasing fulfillment costs
- Increasing lead times to introduce fulfillment processes for new product offerings
- Decreasing customer satisfaction rates

Agenda

- Leadership in Complex Electronic Equipment
- **Innovative Capabilities In Fulfillment**
- Results Achieved by Oracle Customers



Optimize Fulfillment

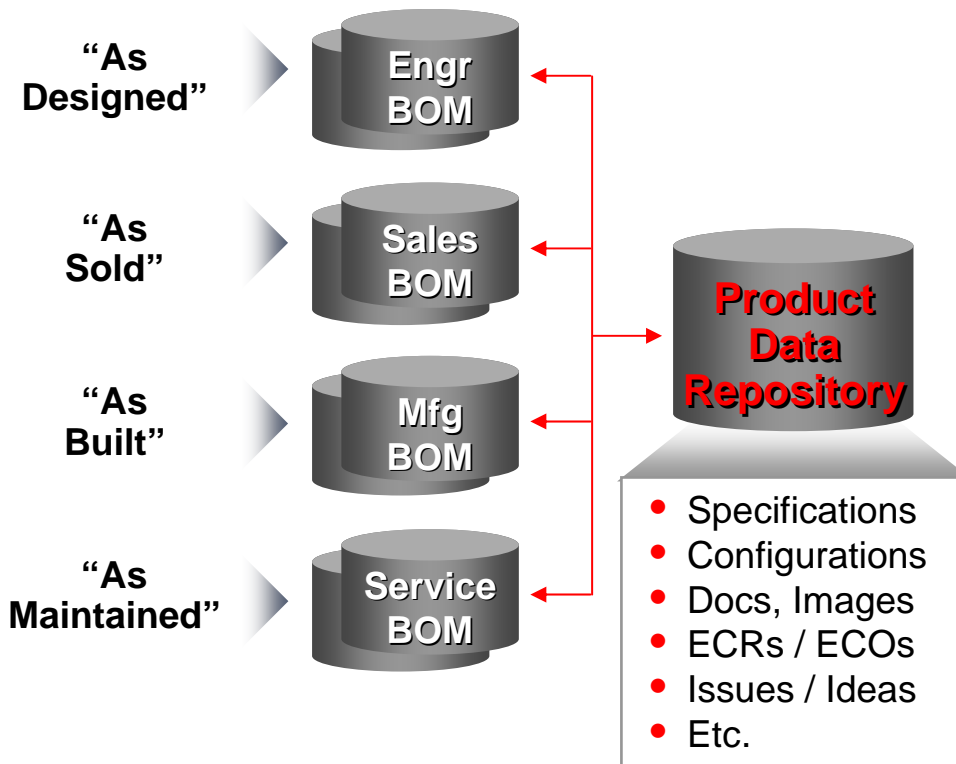
Requirement		Oracle Capability		The Oracle Difference
Automatically generate error-free mfg. BOMs from customer orders	➔	Configurator	➔	Only configurator that automatically generates manufacturing BOMs from customer orders
Plan and track long lead time ASICs	➔	Demand Planning, SNO, IO	➔	Most robust planning solution uniquely determines optimal inventory location, level, and type
Respond quickly to changes in customer configurations	➔	Direct Order Fulfillment, Collaborative Planning, Fusion Middleware	➔	Only direct order fulfillment orchestrator solution offered through standards-based middleware

Optimize Fulfillment

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Configurator For Complex Equipment

Automatically Generate Error-free Mfg. BOMs From Customer Orders

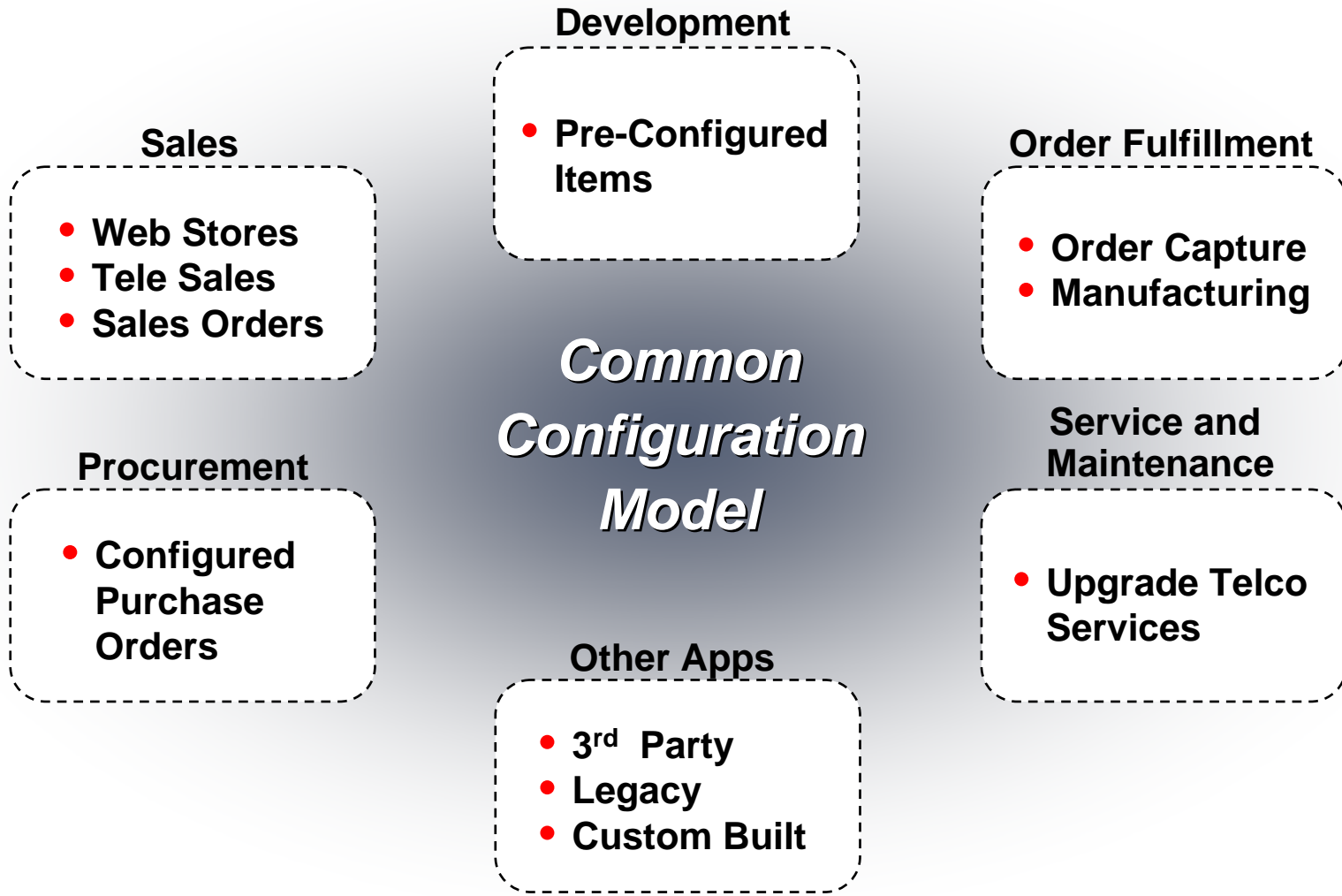


*Bill of Materials

- **Convert configured product information as products evolve through lifecycle**
 - Create sales BOM from engr BOM and use for guided selling via online Configurator
 - Converts sales BOMs to mfg. BOMs automatically
 - Track device serialization and genealogy for TQM, ISO, and RoHS compliance
 - Associate installed base failures with original product designs for root-cause analysis
 - Track designs through EOL
- **Manage complex, multi-dimensional data (item types, location, platform, etc.)**

Unified Configurator For Complex Equipment

A Single Model for ALL Business Functions...

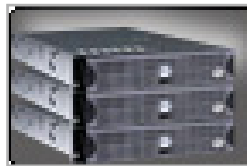


Enable Complex Equipment Manufacturing

Configurator accommodates Multiple Manufacturing / Fulfillment Modes



Make-to-Order



Example:
Servers,
Storage &
Network

Configure-to-Order (CTO)



Example:
Notebook &
Desktops

Pick-to-Order



Example:
Handhelds

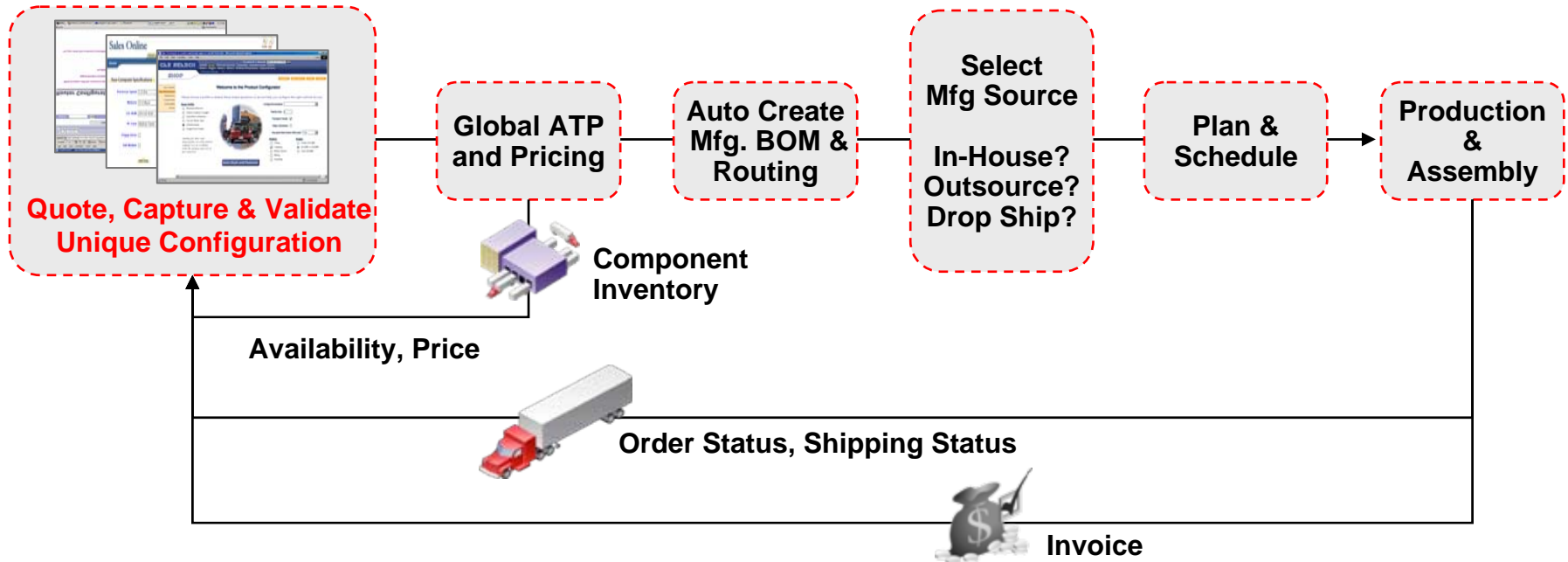
Purchase-to-Order



Example:
Peripherals

Enable CTO for Complex Equipment

Fulfill Unique Customer Orders



Automated

- Validation of orders at point-of-sale
- Order promising based on: material availability, mfg / supplier / transportation capacity
- Creation of BOMs and routings
- Materials allocation

What Analysts are Saying...

Oracle Configurator is the only application rated "Positive" in Gartner's '06 Configuration MarketScope Report

	RATING				
	Strong Negative	Caution	Promising	Positive	Strong Positive
Access Commerce			X		
BigMachines		X			
Blue Martini Software		X			
Cincom			X		
Click Commerce	X				
Comergent Technologies			X		
Firepond		X			
Oracle				X	
Oracle JD Edwards CRM		X			
Oracle PeopleSoft CRM	X				
Pivotal	X				
SAP			X		
Selectica			X		
Siebel Systems			X		
SSA Global		X			
Tacton Systems		X			
TDCI		X			
Webcom		X			

Gartner MarketScope for Sales Configuration, 2Q06, Robert P. DeSisto, April 2006



Agilent Fulfills 5000+ Order Configurations Using Oracle's Integrated Configurator

COMPANY OVERVIEW

- Leader in test devices, chemical analysis tools, and semiconductors
- \$7.18B revenue in FY04; customers in 120+ countries; 29K employees

CHALLENGES / OPPORTUNITIES

- Complex products with high number of SKUs
- Tiered supply chain in an ATO/CTO environment

SOLUTIONS

- Live on EBS 11i
- Configurator
- Quoting
- Advanced Pricing
- Order Management
- iStore
- Adv SC Planning
- Mfg Scheduling
- Purchasing
- iSupplier Portal
- Mobile SC Apps
- Financials

CUSTOMER PERSPECTIVE

The integrated environment enabled real time flow of information from business centers to the Manufacturing factories. Customers can track orders through the entire processing life cycle.

RESULTS

- 5,000+ configurations available for sale across multiple, global divisions
- Met over 4,500 business requirements without any customizations
- Enterprise-wide implementation of Oracle Applications planned for:
 - 37+ manufacturing sites
 - 3 financial center
 - 4 distribution centers 6 customer service centers
- Supports global 24x7 operations
- 15K named users, 5K concurrent users, 100K concurrent requests daily for complex, multi-level ATO and PTO models (procuring built configurations from contract manufacturers)

Optimize Fulfillment

Requirement

Oracle Capability

The Oracle Difference

Automatically generate error-free mfg. BOMs from customer orders



Configurator



Only configurator that automatically generates manufacturing BOMs from customer orders

Plan and track long lead time ASICs



Demand Planning, SNO, IO



Most robust planning solution uniquely determines optimal inventory location, level, and type

Respond quickly to changes in customer configurations



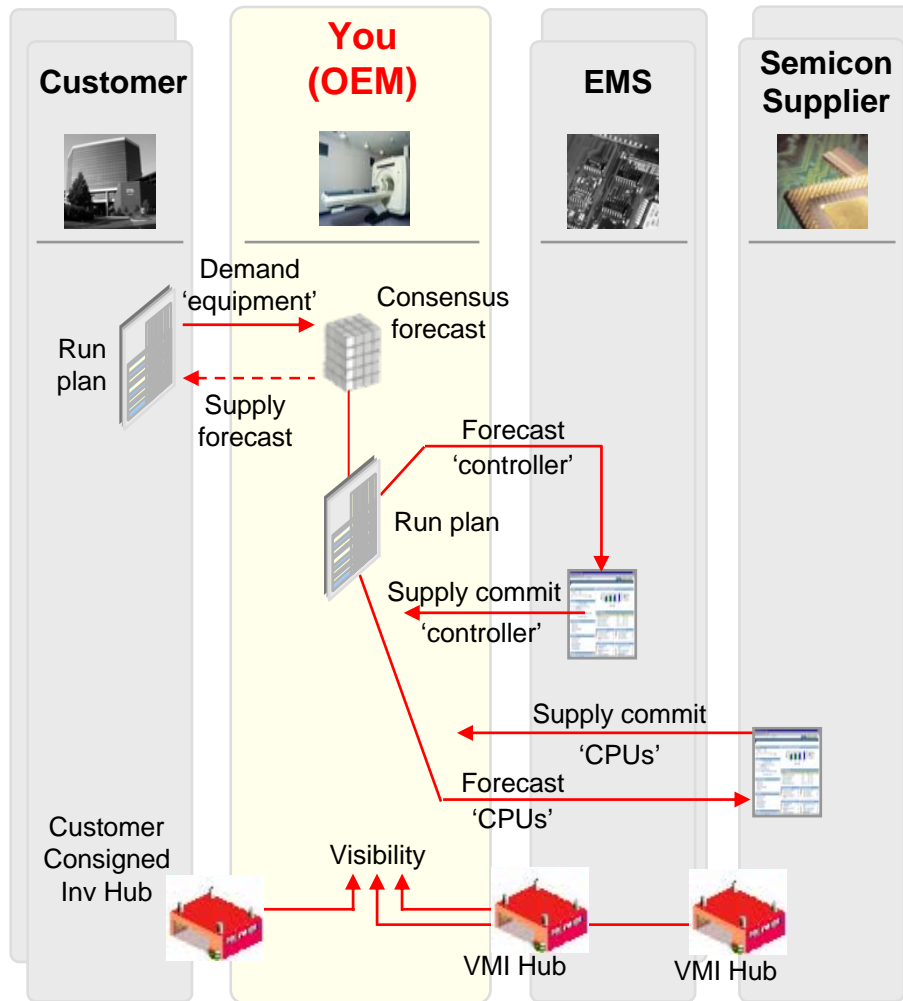
Direct Order Fulfillment, Collaborative Planning, Fusion Middleware



Only direct order fulfillment orchestrator solution offered through standards-based middleware

Multi-Tier Planning For Complex Equipment

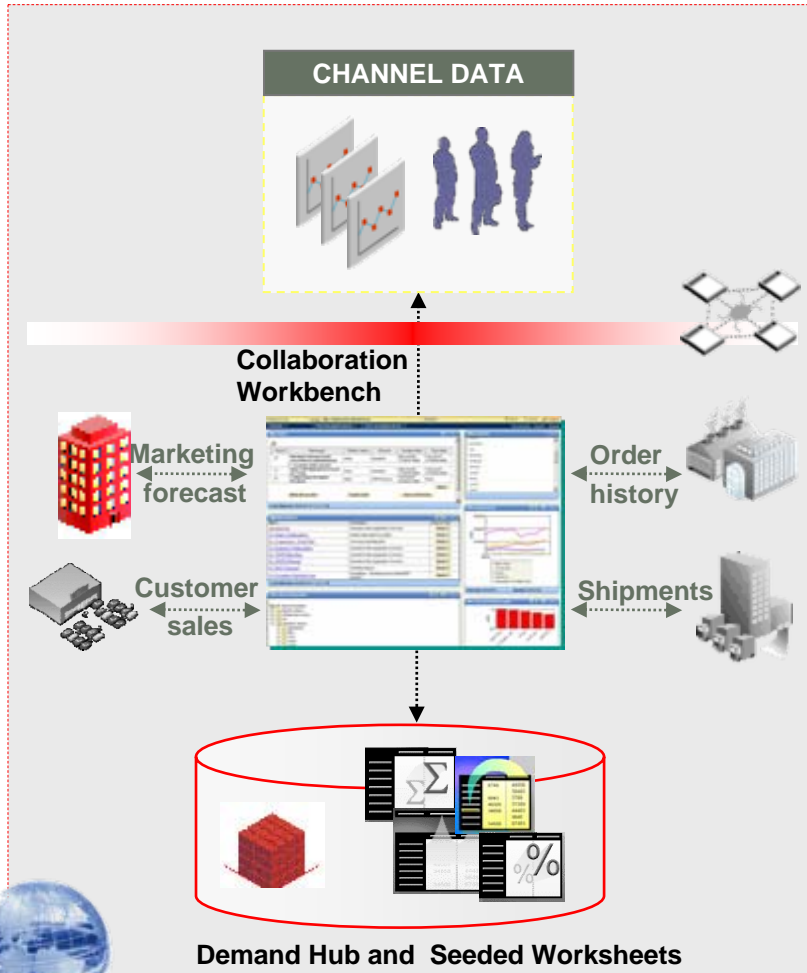
Plan and Track Long Lead Time ASICs



- **Extend Visibility to Multiple Tiers**
 - Communicate requirements to all suppliers
 - Replenish and maintain inventories at customer sites on a consignment basis
- **React Faster to Supplier Constraints**
 - Get visibility to supplier capacity
 - Reallocate key components
 - Make alternate sourcing decisions
- **Reduce Obsolescence**
 - Understand impact of BOM changes to your CM or Supplier
- **Reduce Non-Value Added Costs and Exception Overload**
 - User-configurable exceptions
 - Automated exception handling via workflow

Demand Planning For Complex Equipment

Plan and Track Long Lead Time Asics



- **Sense demand real-time**

- Capture demand more frequently, closer to the point of consumption
- Capture demand and forecast at more granular level (store, shelf, attributes, product characteristics)
- Achieve consensus demand number more quickly by involving all constituents at the same time, including customers
- Quickly identify and react to demand changes and exceptions

- **Evolve to real-time S&OP**

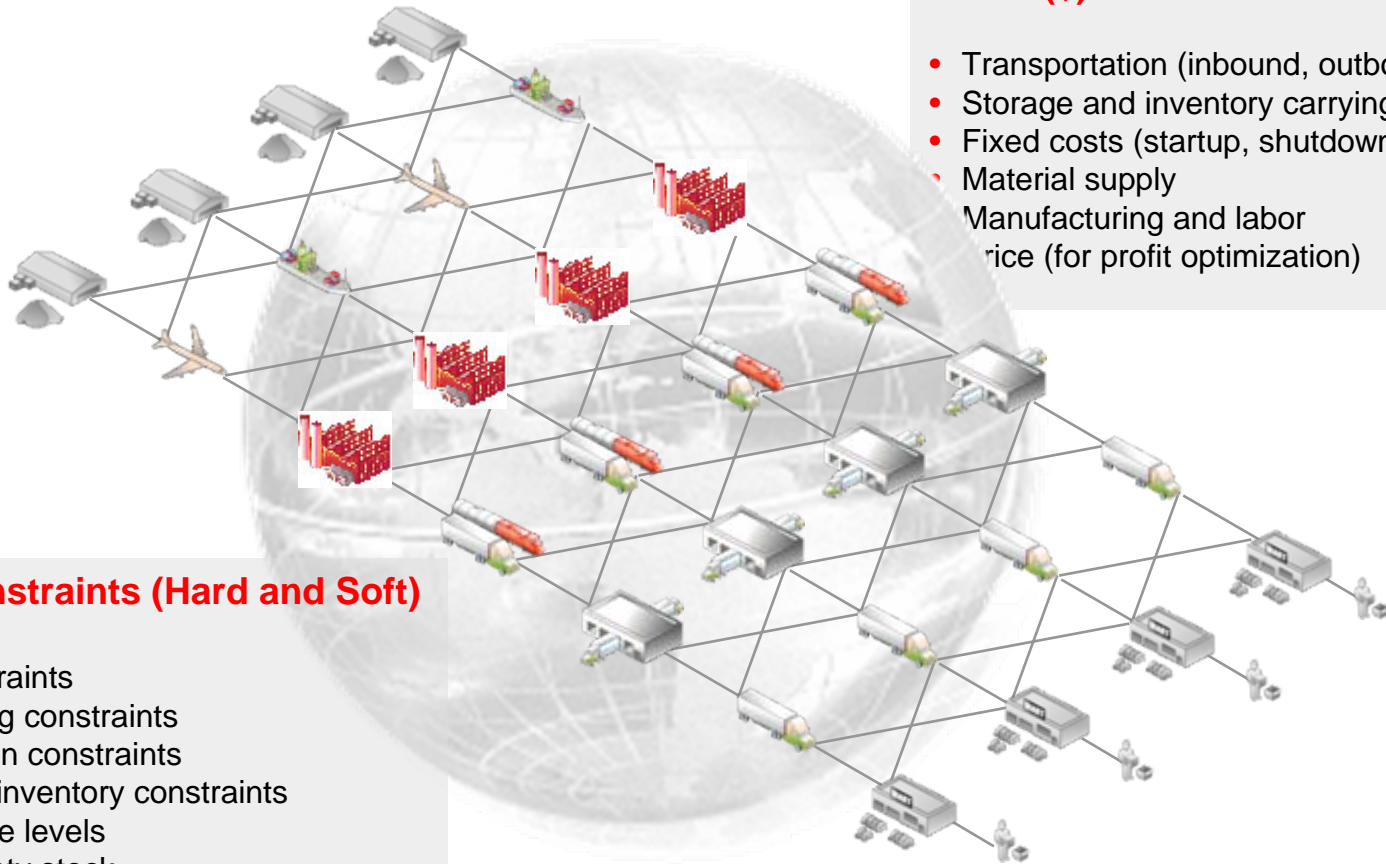
- Profitably balance supply, demand, and budgets
- Align strategic and tactical plans
- Role based process, proactively managed via workflow

- **Improve forecast accuracy**

- Leverage statistics for more accurate demand number
- Use any combination of quantitative or qualitative data to establish your base line forecast
- High precision statistical forecasting,
- Forecast based on attributes and characteristics
- Leverage Advanced Forecast Modeling for promotion lift decomposition and causal analysis

Strategic Network Optimization

Optimize Your Entire Supply Chain Network for Rapid Fulfillment



Costs (\$): Variable and Fixed

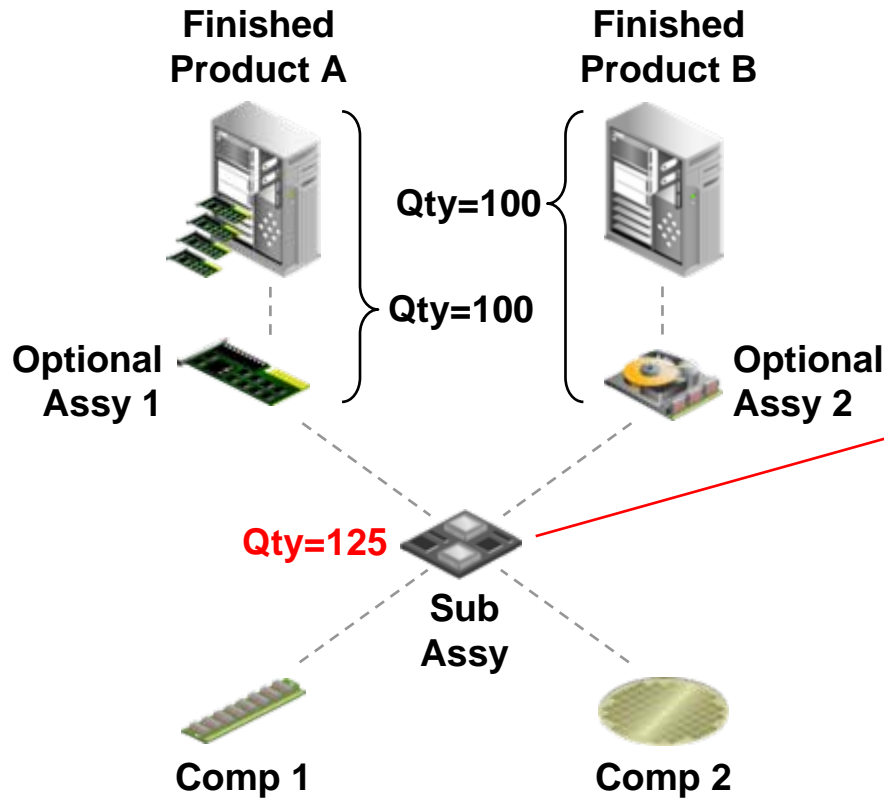
- Transportation (inbound, outbound)
- Storage and inventory carrying costs
- Fixed costs (startup, shutdown, operating)
- Material supply
- Manufacturing and labor
- Price (for profit optimization)

Capacity Constraints (Hard and Soft)

- Supply constraints
- Manufacturing constraints
- Transportation constraints
- Storage and inventory constraints
- Target service levels
- Dynamic safety stock

Risk Pooling For Complex Equipment

Uniquely Determine Optimal Inventory Location, Level and Type



Use Planned Inventory Points that Enable Flexibility

Risk is “pooled” because a lower quantity of a common sub-assy is required to meet a given service level

- **Reduce inventory without sacrificing customer service**
- **Use analysis tools to determine:**
 - Where to optimally hold inventory (stage & location)
 - What quantities to hold
 - What safety stock to keep
- **Evaluate KPIs to assess service levels, postponement strategies, revenues, costs...**

Vtech Optimally Plans the Supply Chain using Oracle Demantra



COMPANY OVERVIEW

- VTech is one of the world's largest suppliers of corded and cordless phones and a leading supplier of Electronics learning products. Founded in 1976, Vtech manufacturers innovative, high quality consumer Electronics products, and distributes them to markets worldwide in the most efficient manner.

CHALLENGES/OPPORTUNITIES

- Legacy systems a hodge-podge of incompatible hardware and software
- Inefficient planning and execution leading to rising costs
- Excess inventory; poor response to market requirements

SOLUTIONS

- Real-time Sales and Operations Planning and Demand Management

CUSTOMER PERSPECTIVE

Demantra's solution allows us to collaborate with our customers in a single, consistent planning environment where changes in forecasts dynamically update replenishment and shipment plans. This next generation CPFR solution allows VTech to maintain its lead in the consumer Electronics business by delivering the highest possible service levels, while reducing current inventory levels.

Nick Delany, Senior Vice President
VTech Telecommunication Products
Business

RESULTS

- Increased order fill rate from 55% to over 95%
- Increased inventory turns from 3x to 6x per year
- Reduced logistics costs by 65%
- Reduced retail compliance fines by 85%
- Reduced price protection claims by 40%
- Rapid time-to-benefit with implementation in 90 days



Agilent Optimally Plans the Network Using Inventory Optimization

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CUSTOMER PERSPECTIVE

A multi-echelon supply chain network with 20-30% improvement in service level for the same inventory investment.

RESULTS

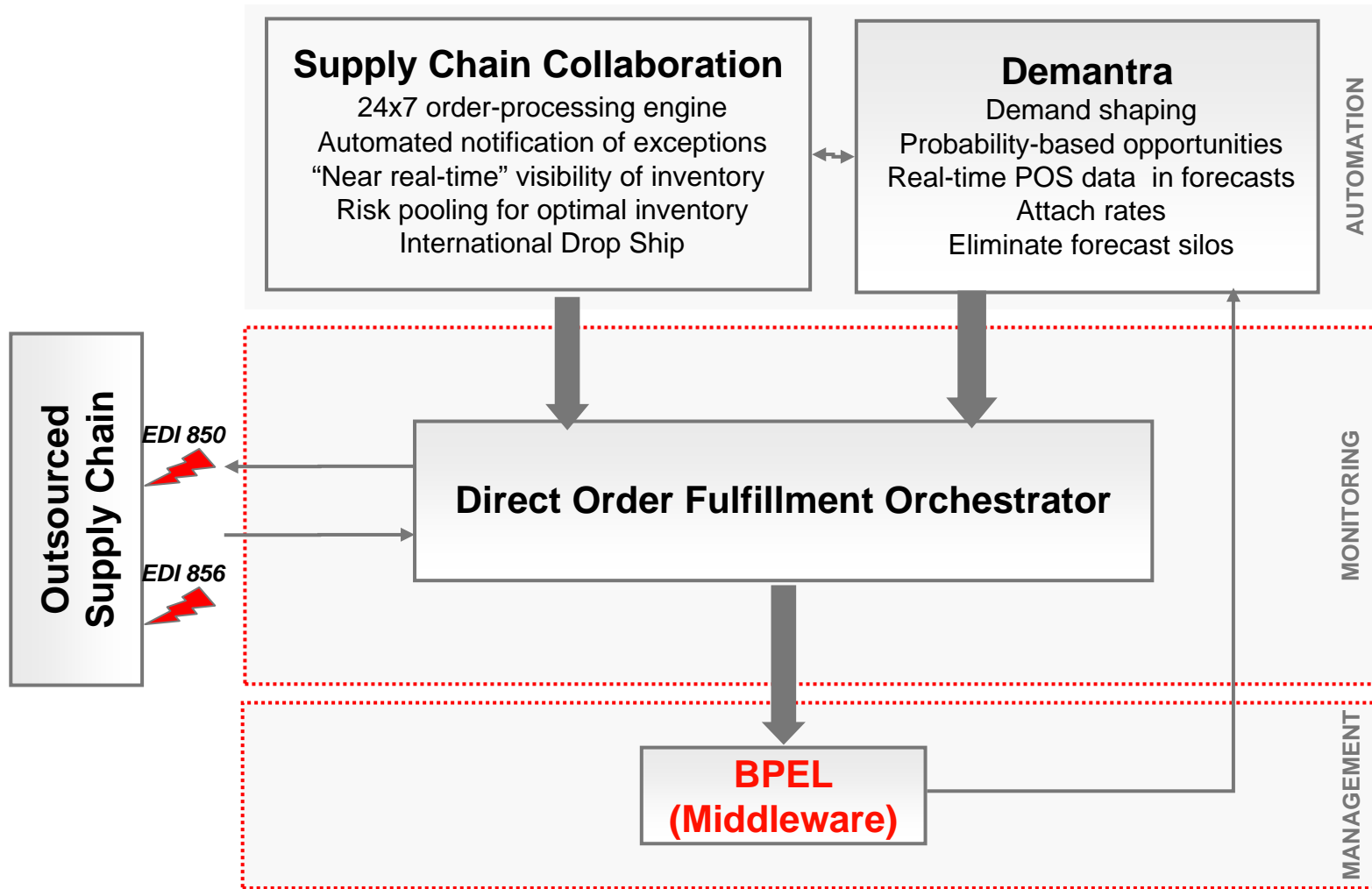
- Deployed for one product family (700 products, 5000 items) since May 2006
- Multi-echelon supply chain network (14 levels deep)
- Improved forward visibility and understanding of impact of inventory on service level
- Part of S&OP process: quantitative understanding of inventory investment to achieve sales upside
- 20-30% improvement in service level for the same inventory investment

Optimize Fulfillment

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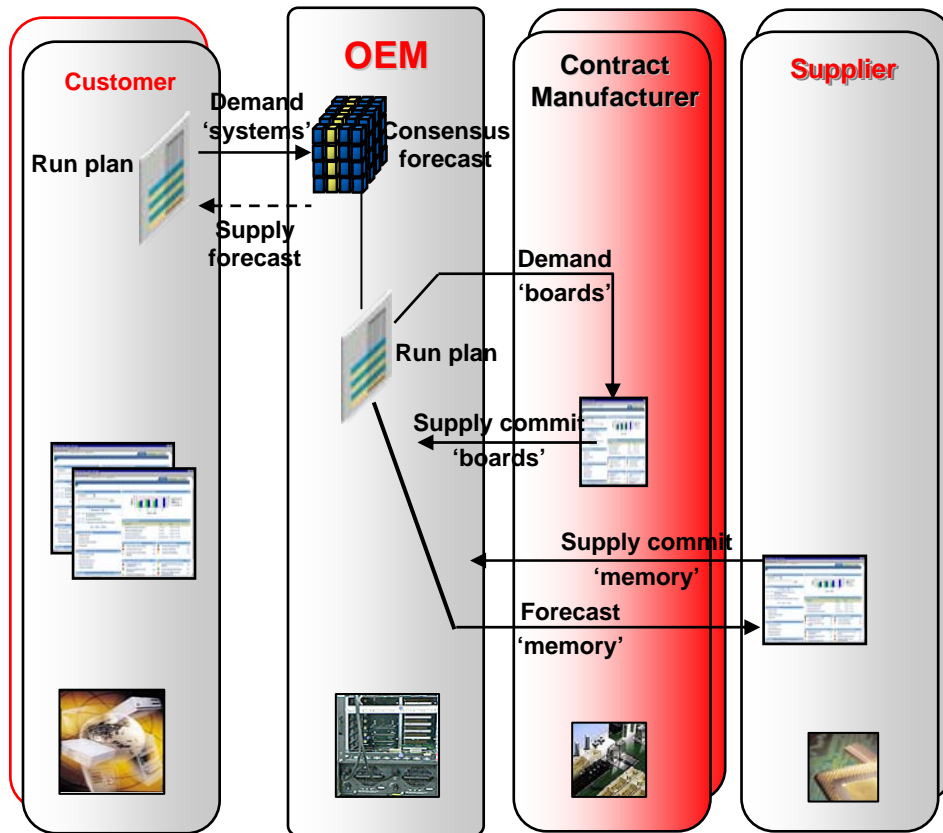
Direct Order Fulfillment, Fusion Middleware

Respond Quickly to Changes in Customer Configurations



Collaborative Planning With Suppliers

Respond Quickly to Changes in Customer Configurations



• Plan your extended supply chain

- Web based collaboration portal
- Share forecasts with customers and suppliers
- Share supply commits with customers and suppliers
- Get visibility to supplier capacity
- Demand collaboration with customers
- Supply collaboration with suppliers

• React quickly to supply chain exceptions

- User-configurable exceptions and notifications
- Automated exception handling via workflow
- Automated transactions for exceptions
- Supply/Demand mismatch notifications

Alcatel Reduces Inventory And Cycle Times



COMPANY OVERVIEW

- Telecom Equipment vendor, with over \$15B sales (global)
- Alcatel eND: Networking and Telephony Division
 - \$400 M (data networking, formerly Xylan)
 - \$700M (voice)

CHALLENGES/OPPORTUNITY

- Vertically integrated - 100% outsourcing
- Maintain ownership and control of data (yet outsource operations)
- Preference for EDI gateway
- Transitioning from a small firm (Xylan) to a larger entity
- Planning: legacy, spreadsheets

SOLUTIONS

- Business case for Outsourcing
- Demos on ASCP, ODP, SCX
- Buys the deal: ASCP, ODP, GOP, CP
- Goes live on CP in Feb 2003)
- Improved visibility for balancing supply and demand
- Integrated custom data streams and aggregates

CUSTOMER PERSPECTIVE

“We have all of our core back office activities directly linked to the front-end systems that support our new direct order fulfillment model.”

Saeed Hosseiniyar, VP of IT

RESULTS

- **Inventory reduction of 65% through Direct Order fulfillment, leading to \$15M annual saving**
- **Planning Cycle time reduced by 75%**
- **Lead Time reduced from 4 weeks to 5 days**
- **Product Quality improved from 1000 parts/Mil to 400 parts/Mil**

Oracle Complex Electronic Equipment Solutions Summary

Configurator

- Only configurator that automatically generates manufacturing BOMs from customer orders

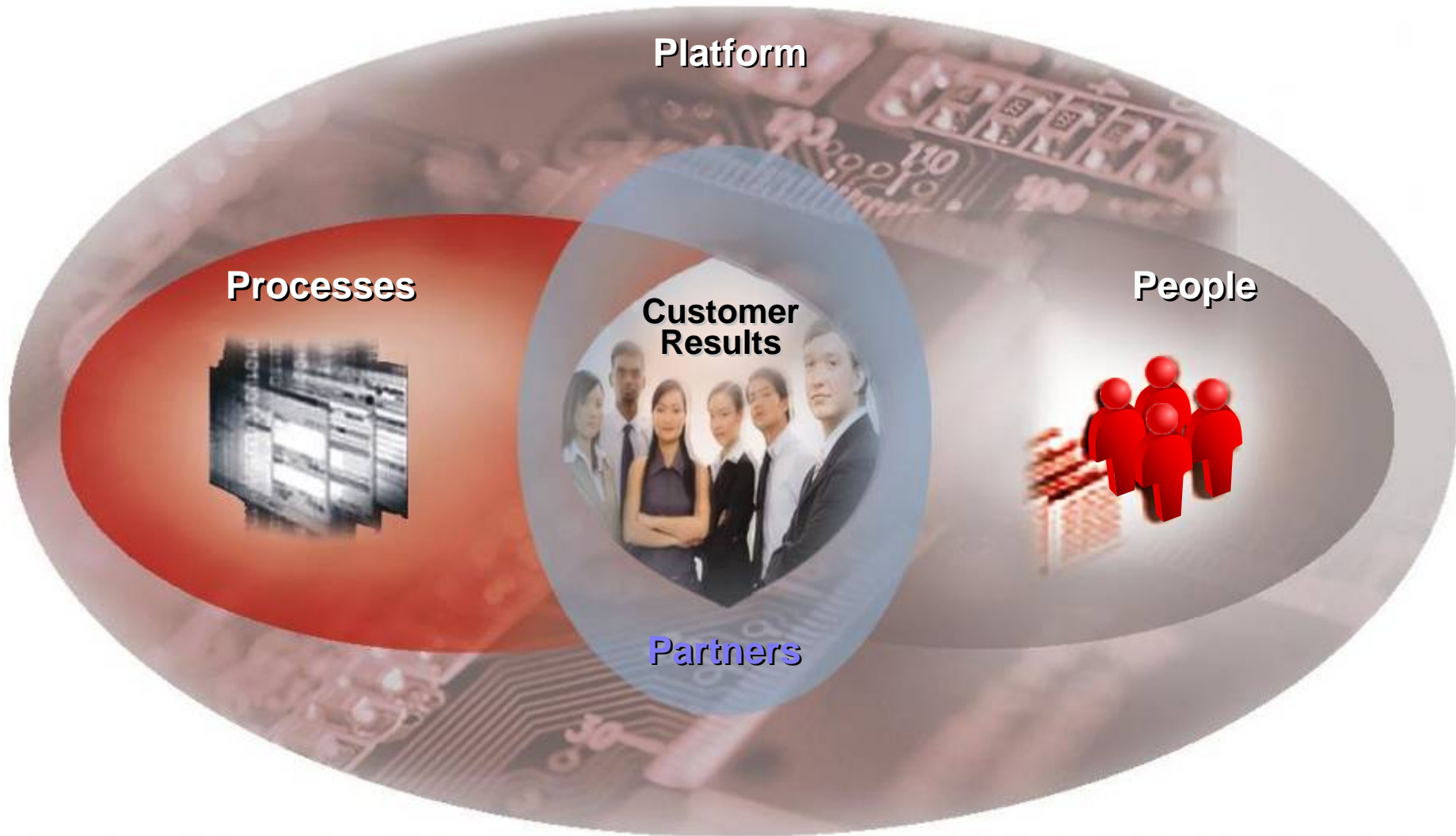
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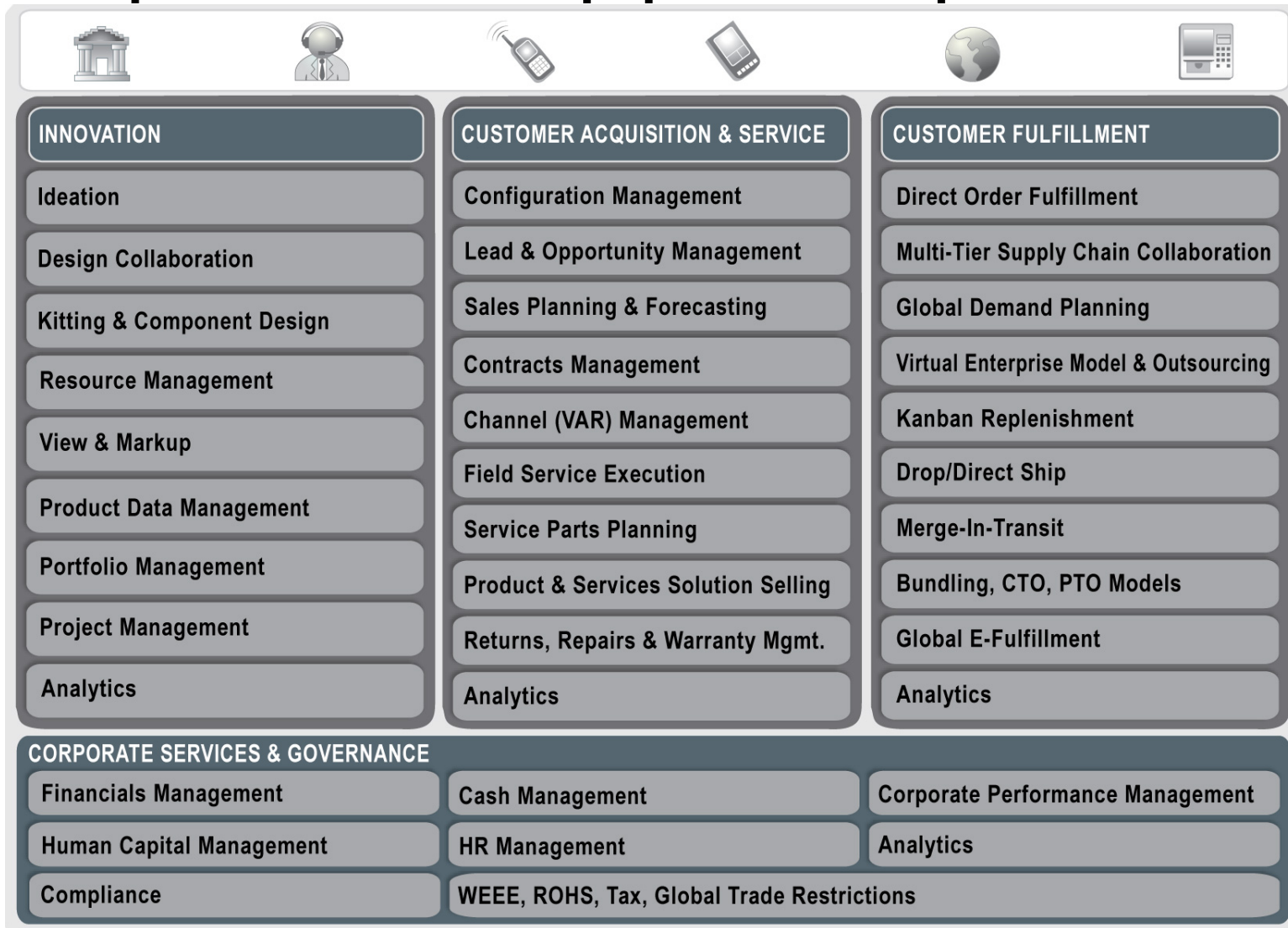
Direct Order Fulfillment, Collaborative Planning,

- Only direct order fulfillment orchestrator solution offered through standards-based middleware

The Only *Complete* Complex Electronic Equipment Solution



Complex Electronic Equipment Footprint



Market-Leading Middleware Platform

Best-Selling

- 32,000+ Customers Deployed
- 70% of World's 50 Largest Firms
- \$1B+ Business

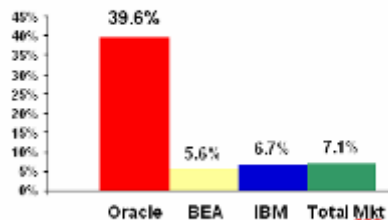
#1 Middleware – APS Market Share



Source: Gartner's "Market Share: Application Integration and Middleware and Portal Software, Worldwide 2005."

Fastest Growing Middleware

2005 Growth Rates



Source: Gartner's "Market Share: Application Integration and Middleware and Portal Software, Worldwide 2005."

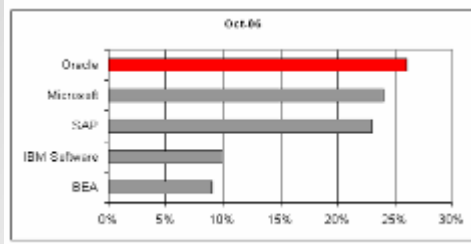
Highest Rated

Only vendor in Gartner and Forrester leader quadrants for *all* Middleware components.



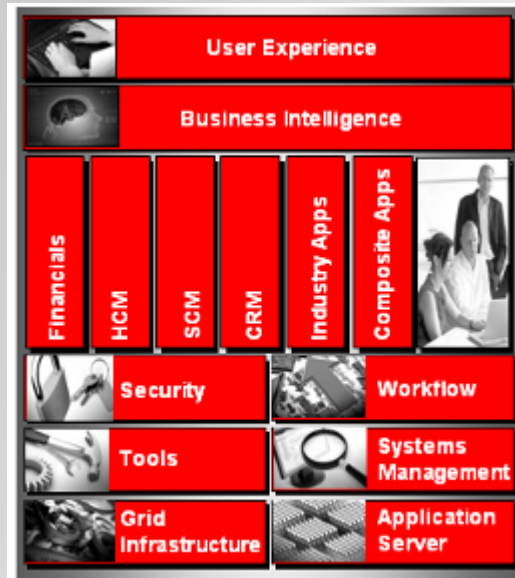
Source: Forrester Research ranking of Application Platform Servers, April 2005

SOA Vendor of Choice



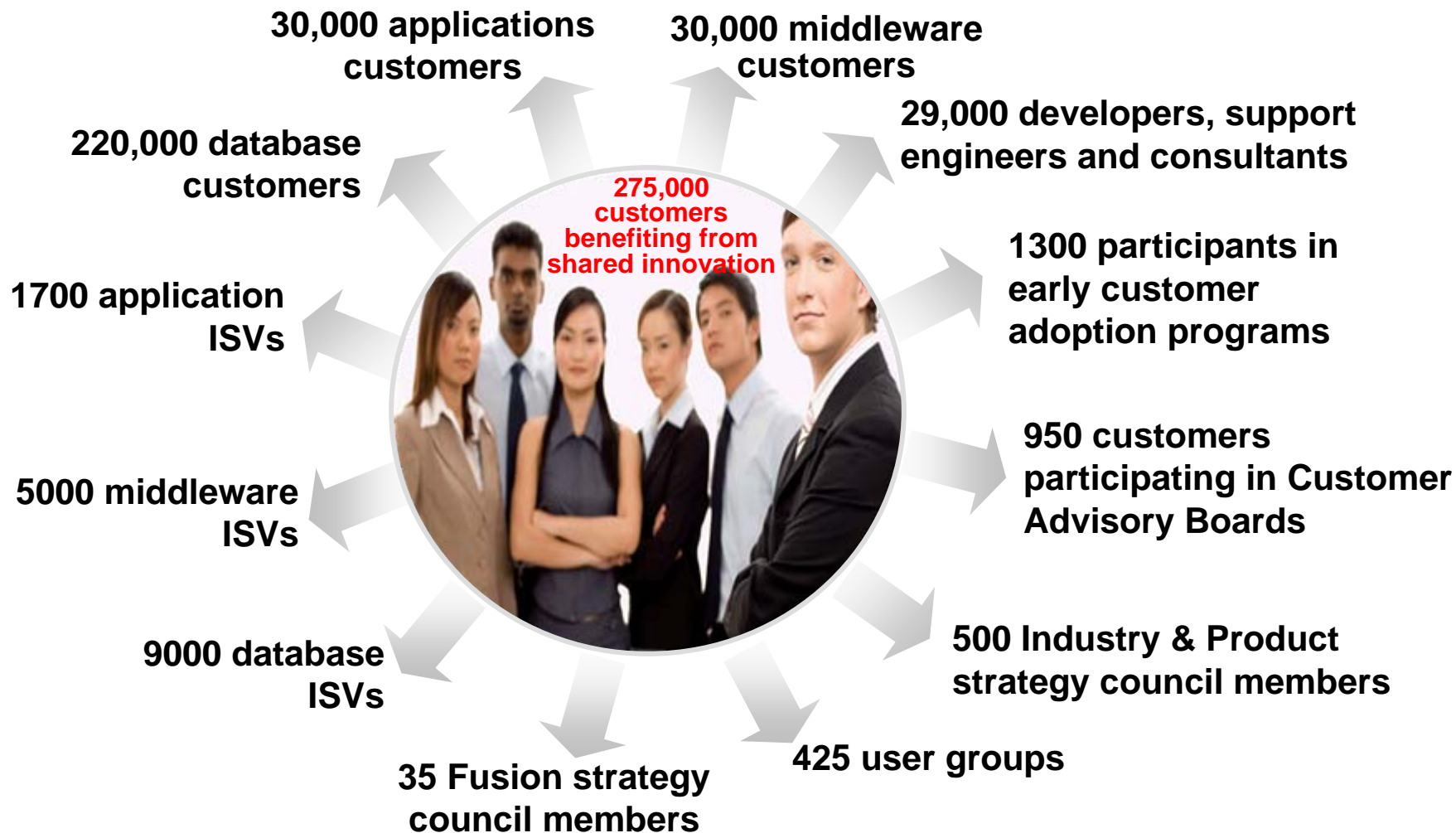
Source: Gartner's "SOA Spending Survey"

Most Comprehensive



	Oracle	BEA	IBM	SAP
J2EE Server & Dev. Tools	●	●	●	●
Enterprise Service Bus	●	●	●	○
Portal, Collab, Content Mgmt	●	●	●	○
BPEL Process Management	●	○	●	○
Business Activity Monitoring	●	○	●	○
Business Rules Engine	●	○	●	○
SOA Management	●	○	●	○
Business Intelligence	●	○	○	○
Identity Management	●	○	●	○

Oracle's People Advantage



Agenda

- Leadership in Complex Electronic Equipment
- Innovative Capabilities In Fulfillment
- Results Achieved by Oracle Customers



What Customers are Achieving With Optimized Fulfillment...



decreased planning cycle time by 75% using Oracle Advanced Planning Solution



reduced cost of ongoing IT and retired legacy by standardizing on Oracle E-business Suite



enabled sale of 5,000+ configurations with Oracle Configurator



reduced engineering change order cycle to under two days using Oracle BOMs and Change Management

Industry Quotes



“Oracle’s demand management .. can model complex and stressful demand planning situations as well as (the) BI vendors, but with a significantly better understanding of the business processes that need to be formalized enterprise wide.”

AMR Research

“Oracle has the highest ranked network optimization solution based on functionality.”



“Firms in high tech manufacturing, where customer service spans both front- and back-office processes, should consider Oracle, especially if they have already made investments in other Oracle modules, like financials.”

The Oracle Difference

Only Oracle...

- Only configurator that automatically generates manufacturing BOMs from customer orders
- Most robust planning solution uniquely determines optimal inventory location, level, and type
- Only direct order fulfillment orchestrator solution offered through standards-based middleware