e Procurement

The Integrated Suite That Dramatically Cuts All Supply Management Costs

Sandeep Bangia

Director , Oracle India

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Oracle At-a-Glance

Founded in 1977. Headquarters in Redwood Shores, CA with operations in 145 countries.

- 275,000 total customers
- 220,000 database customers
- 30,000 applications customers
- 19,000 SMB apps customers
- 30,000 middleware customers

- 17,700 partners
- 60,000 employees
- 14,000 developers
- 7,000 support staff

Globally…

#1 in Supply Chain Management

#1 in Database

#1 in Customer Relationship Mgmt

#1 in Human Capital Mgmt

#1 in Industries

- Public Sector
- Communications
- Retail
- Professional Services
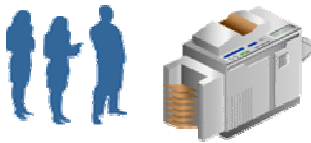- Financial Services

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eProcurement At-a-Glance

← **Manage Contracts, Categories & Suppliers** →

- Supplier Performance
- Expirations & Renewals

Source
- Supplier selections
- Negotiations
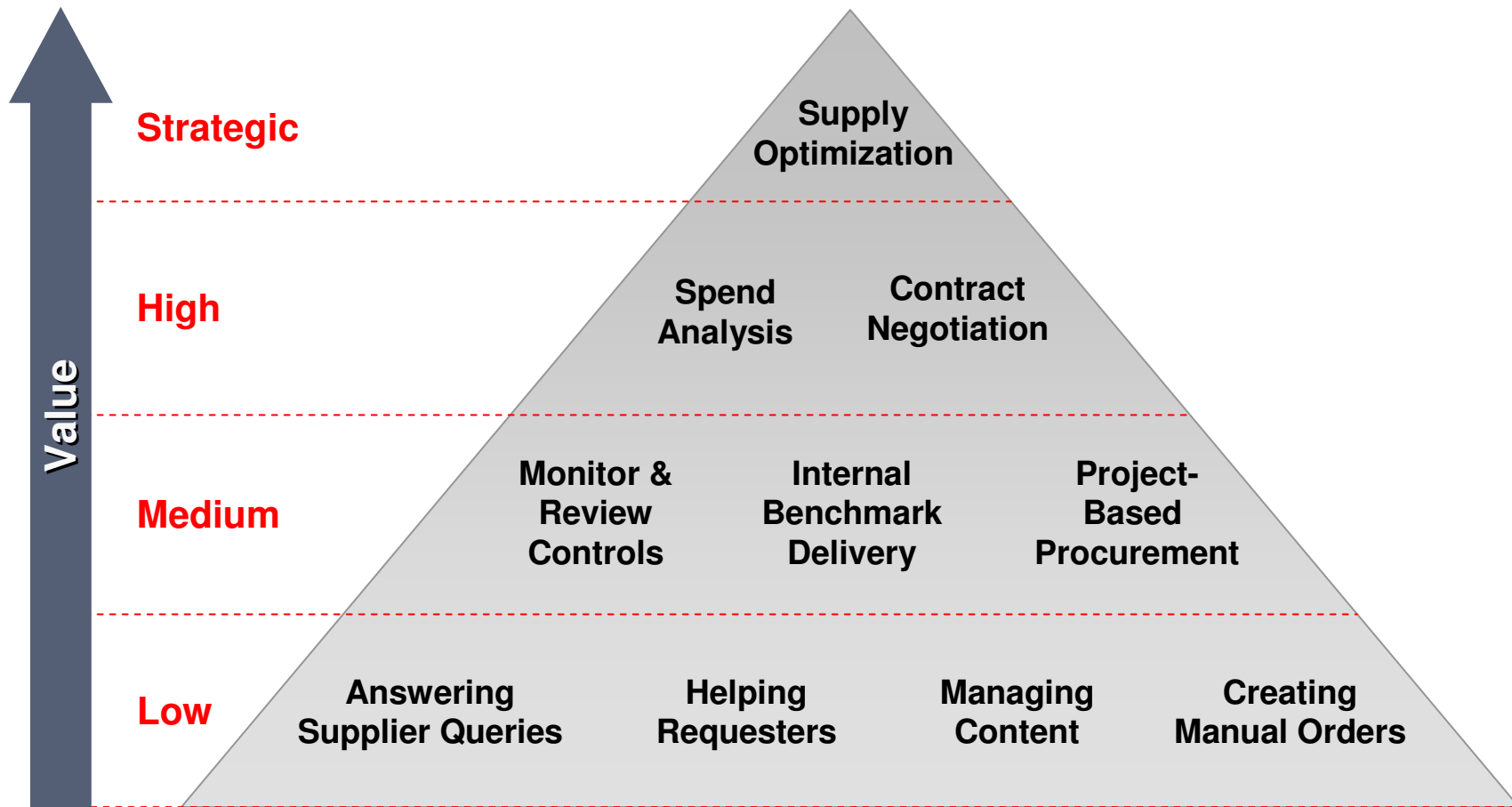
Purchase
- Requisitions
- Approvals & Orders

Settle
- Receiving
- Payments

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Why Are Cost Savings Hard to Achieve?
Routine Tasks Hinder Strategic Activities

Value →

Strategic — Supply Optimization

High — Spend Analysis · Contract Negotiation

Medium — Monitor & Review Controls · Internal Benchmark Delivery · Project-Based Procurement

Low — Answering Supplier Queries · Helping Requesters · Managing Content · Creating Manual Orders

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Goal: Achieve World Class Procurement
Drive 60% Higher Savings from Procurement

Performance Indicator	Typical Purchasing Organization	World Class Purchasing Organization	Comparison Summary
FTE per $Billion of Spend	104	54	**48% Less Staff**
Total Cost of Procurement (as % of Spend)	1.03%	0.72%	**30% Lower Costs**
Suppliers Per $Billion of Spend	7,805	3,512	**More Buying Power**
Technology Investment per $Billion spend	**$1.1 Million**	**$1.4 Million**	**Better Information**

Source: Hackett Group & Oracle

✓ Shift Investment in Procurement to Higher-Value Activities

✓ Reduce Staff by Swapping Labor for Technology

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How

ORACLE®

Delivers

Oracle Advanced Procurement
The Integrated Suite that Dramatically Cuts All Supply Mgmt Costs
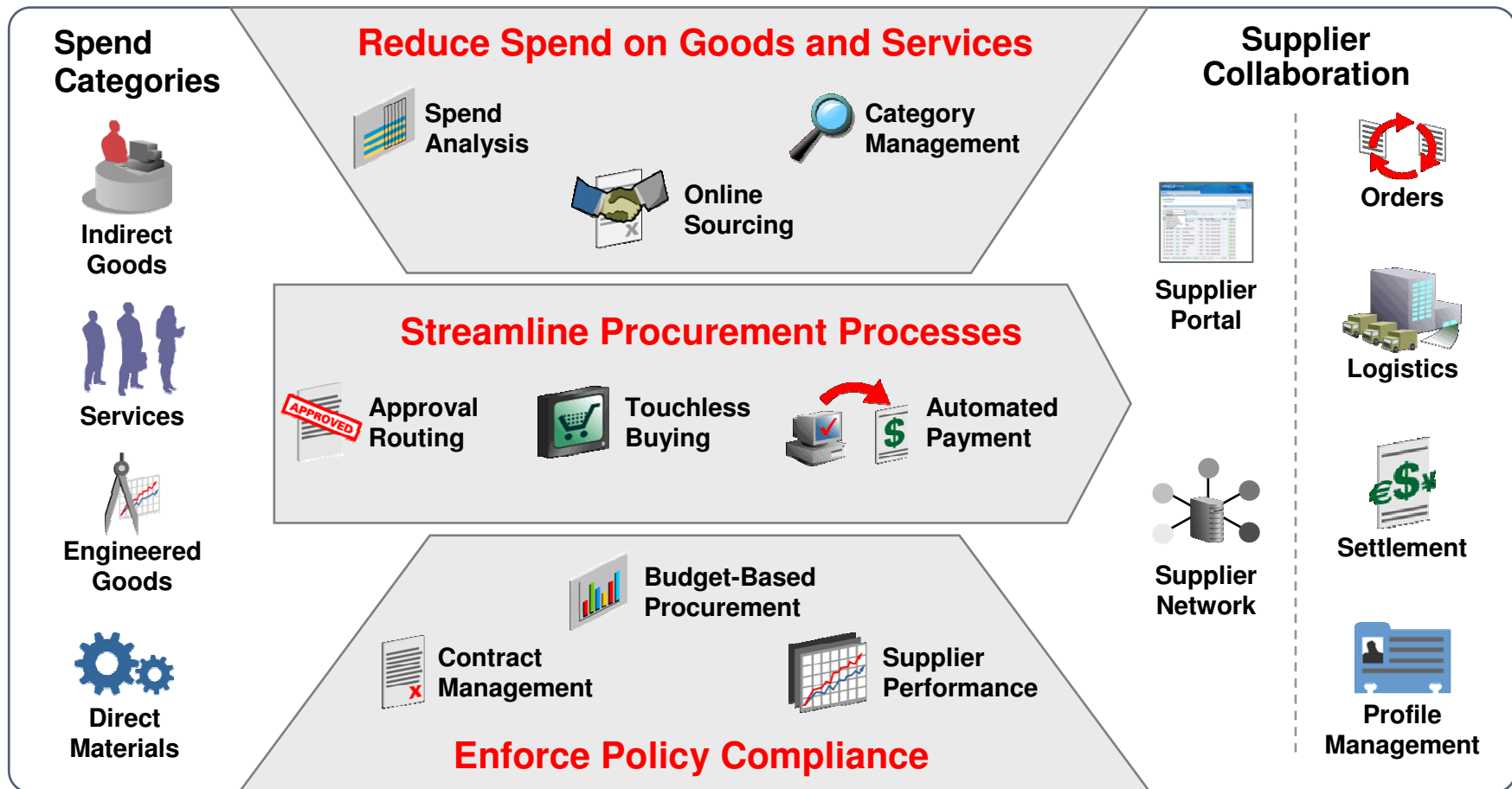
Spend Categories

- Indirect Goods
- Services
- Engineered Goods
- Direct Materials

Reduce Spend on Goods and Services

- Spend Analysis
- Online Sourcing
- Category Management

Streamline Procurement Processes

- Approval Routing
- Touchless Buying
- Automated Payment

Budget-Based Procurement

- Contract Management
- Supplier Performance

Enforce Policy Compliance

Supplier Collaboration

- Supplier Portal
- Supplier Network
- Orders
- Logistics
- Settlement
- Profile Management

Role-Based Access to Dashboards
Provide Decision Makers With Immediate Access to Information

Role-Based Access
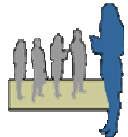
CPO — Supplier Mgmt

Budget Holder — Cost Center Spend Mgmt

Vendor Manager — Supplier Scoring

Commodity Manager — Sourcing

ORACLE Supplier Management

As Of Date **31-May-2005** | Period Rolling 30 Days | Compare To Prior Period | Supplier Advanced Network De

30 days left in Q2 FY05

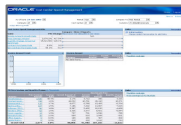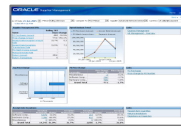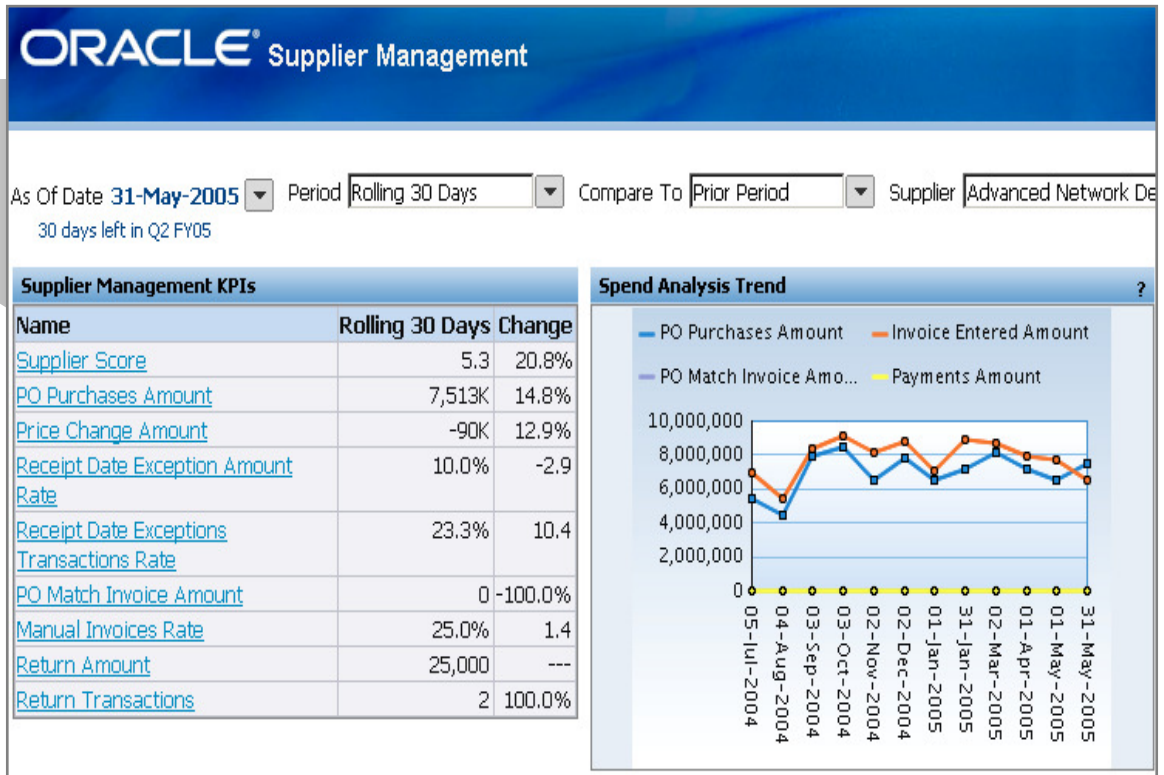#### Supplier Management KPIs

Name	Rolling 30 Days	Change
Supplier Score	5.3	20.8%
PO Purchases Amount	7,513K	14.8%
Price Change Amount	-90K	12.9%
Receipt Date Exception Amount Rate	10.0%	-2.9
Receipt Date Exceptions Transactions Rate	23.3%	10.4
PO Match Invoice Amount	0	-100.0%
Manual Invoices Rate	25.0%	1.4
Return Amount	25,000	---
Return Transactions	2	100.0%

Spend Analysis Trend

Legend: PO Purchases Amount — Invoice Entered Amount — PO Match Invoice Amo... — Payments Amount

Y-axis: 0; 2,000,000; 4,000,000; 6,000,000; 8,000,000; 10,000,000

X-axis: 05-Jul-2004, 04-Aug-2004, 03-Sep-2004, 03-Oct-2004, 02-Nov-2004, 02-Dec-2004, 01-Jan-2005, 31-Jan-2005, 02-Mar-2005, 01-Apr-2005, 01-May-2005, 31-May-2005

Example:
Supplier Management

- PO purchases amount
- Price change amount
- PO match invoice amount
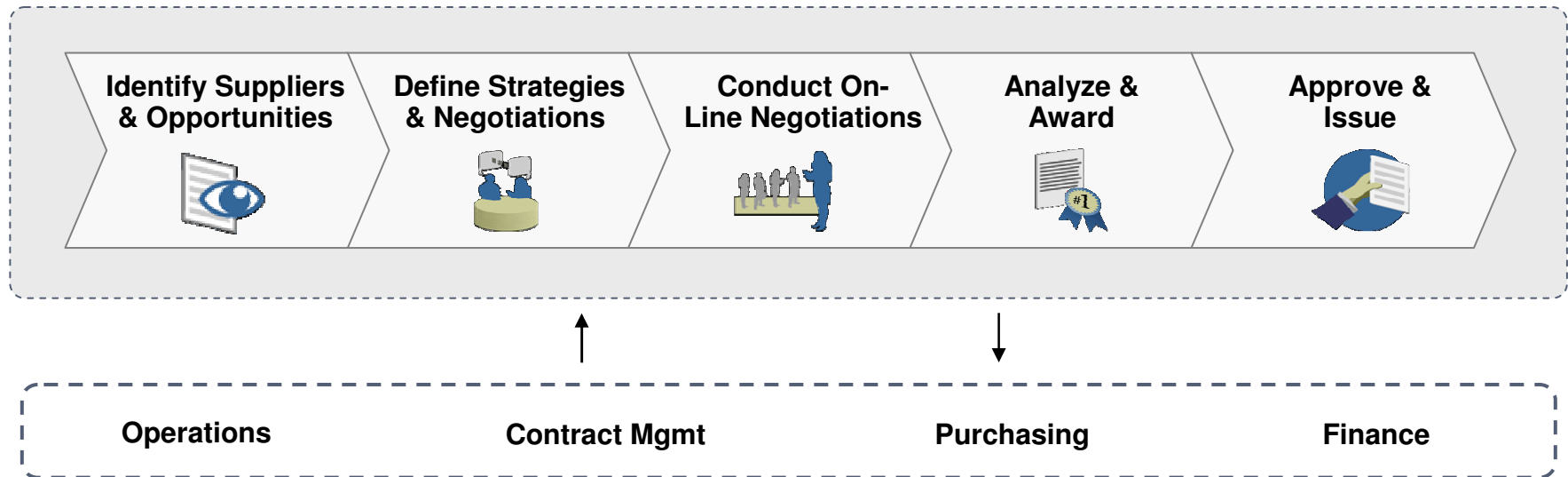- Manual invoices rate
- Return transactions

Oracle Sourcing & Sourcing Optimization

**Source More
of Your Spend**

**Source for
Lowest Total Cost**

**Create Immediate &
Long-Term Savings**

Identify Suppliers & Opportunities	Define Strategies & Negotiations	Conduct On-Line Negotiations	Analyze & Award	Approve & Issue

Operations	Contract Mgmt	Purchasing	Finance

Increase the Effectiveness & Efficiency of Strategic Sourcing

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Efficient Online Negotiations
Slash Cycle Time by Eliminating Manual Processes

ORACLE Sourcing

Home Logout Preferences Help Diagnostics

Requisitions | Negotiations | Intelligence

Search Published Negotiations [Number ▼] [   ] [Go] Advanced Search

Published Negotiations

[Full List]

Number	Title	Type	Time Left	Role	Responses	Monitor
35614 ❚❚	Lease Renewal for Atlanta, GA Store	RFQ	15 hours 17 minutes	Owner	0	
35612-2	Equipment Renewal for Georgia Sites	RFQ	22 hours 31 minutes	Owner	0	
35616	Equipment Purchase for HQ Stress Test	Auction	4 days 21 hours	Member	3	
35617	Equipment Renewal for California Sites	RFQ	17 days 22 hours	Owner	1	
35612	Equipment Renewal for Georgia Sites	RFQ	0 minutes	Owner	0	

❚❚ Negotiation has been paused. Only draft responses can be creat...

Drill into individual sourcing events

View responses and monitor bidding activity in real-time

		Templates	Reusable Lists
• RFI	• Drafts	• RFI	• Invitation
• RFQ	• Events	• RFQ	• Attribute
• Auction	• Deliverables	• Auction	• Requirement
• Copy	• Draft Surrogate Responses		• Cost Factor
• Event	• Supplier Research		

Draft Negotiations
35621:Store Construction
35620:Health Care for 2008
35619:HQ Printer Mainte...

Unread Messages
02-Feb-2007:thanks!
02-Feb-2007:Can you explain h...
02-Feb-2007:Can I define the ...
02-Feb-2007:When do you need ...
02-Feb-2007:Why is my bid bee...

Incomplete Tasks
02-Feb-2007:Define Price Brea...
06-Feb-2007:Award business
06-Feb-2007:Assign weights to...

View new incoming supplier messages and incomplete tasks

Requisitions Negotiations Intelligence Home Logout Preferences Help Diagnostics

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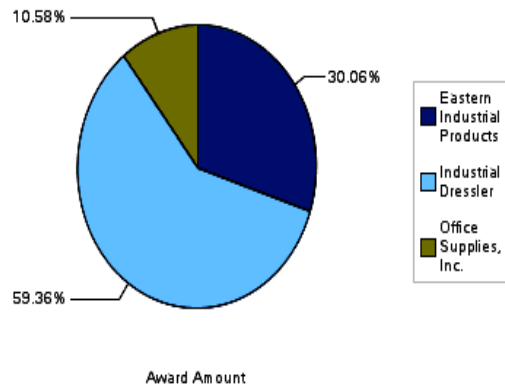
Facilitated Online Bid Comparison
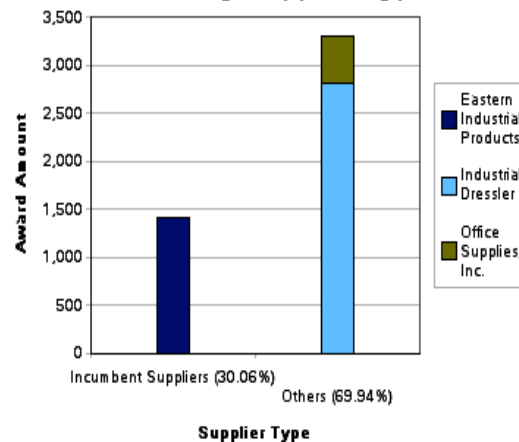*Make Faster Award Decisions*

Award Scenario 3: Optimization Results (RFQ 280703)

Title	Computer accessories and peripherals
Scenario Name	30% to incumbent supplier
Objective	Maximize Award Quantity and Minimize Award Amount
Cost Factors	Transform supplier responses
Internal Note	

Award Optimization | **Update**

Currency	USD
Last Updated	15-Sep-20
Updated By	Baker, Ms.
Last Optimized	15-Sep-20

Award to All Suppliers

Award Amount

10.58%
30.06%
59.36%

Eastern Industrial Products
Industrial Dressler
Office Supplies, Inc.

Award by Supplier Type

Incumbent Suppliers (30.06%)
Others (69.94%)
Supplier Type

Eastern Industrial Products
Industrial Dressler
Office Supplies, Inc.

- **Use Bid Data to Reduce Manual Effort**
  - Knock-out criteria enforcement
  - Automatic bid scoring
  - Side-by-side comparison

- **Analyze Online for Faster, Better Awards**
  - Enable selection of suppliers, lots, or specific lines through flexible awards
  - Enforce policy compliance (e.g., multi-source rqmts, MBWE suppliers)

- **Use Award Summary & Recommendation**
  - View award details
  - Award approval by workflow

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Total Cost and Complete Bid Analysis
Balance Cost, Quality, Risk, and Innovation
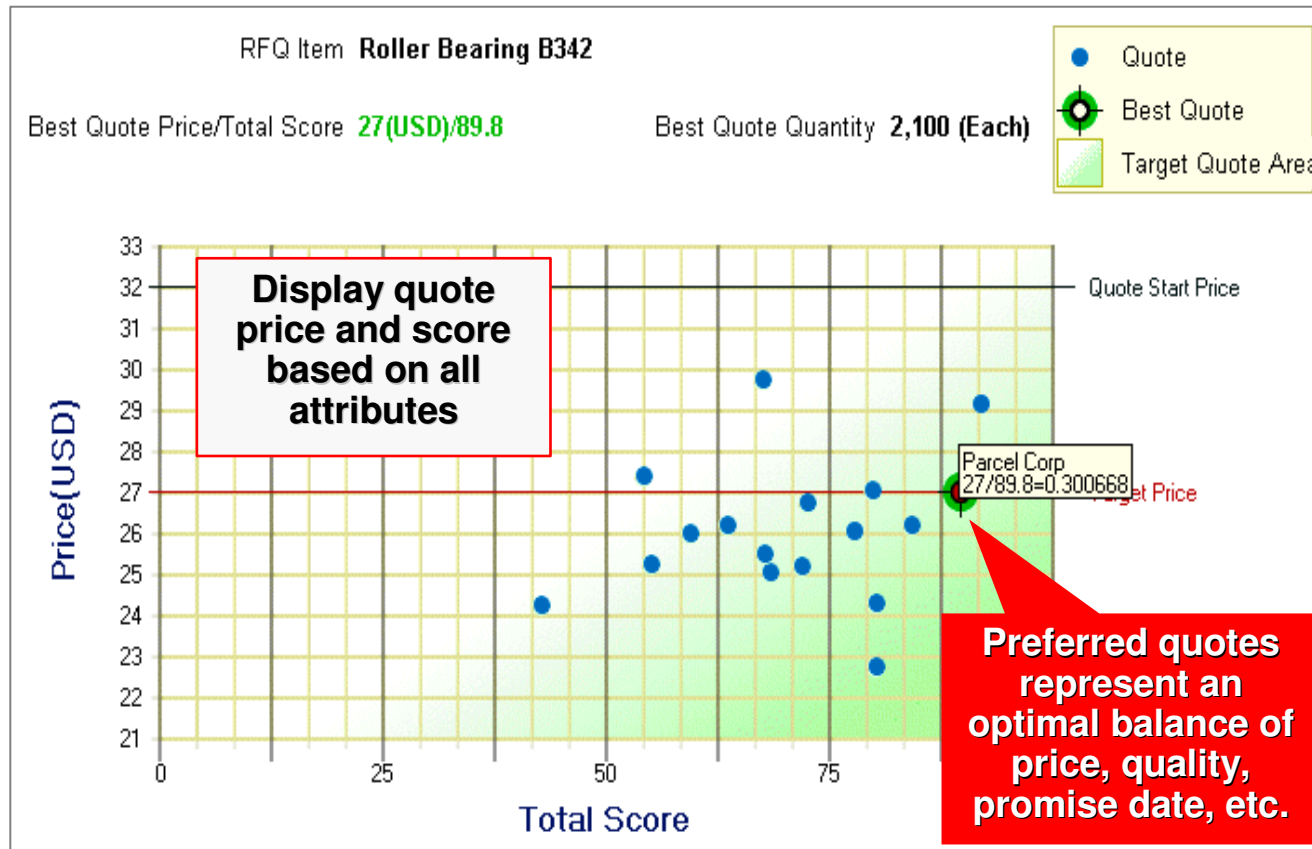
RFQ Item **Roller Bearing B342**

Best Quote Price/Total Score **27(USD)/89.8**

Best Quote Quantity **2,100 (Each)**

- ● Quote
- ◉ Best Quote
- ▫ Target Quote Area

Display quote price and score based on all attributes

Quote Start Price

Parcel Corp
27/89.8=0.300668
Target Price

Preferred quotes represent an optimal balance of price, quality, promise date, etc.

Price(USD)

Total Score

Integration to Sourcing Dashboard
Exploit the Best Sourcing Opportunities and Track Results

As Of Date **05-Feb-2006** ▼ Period |Week| ▼ Compare To |Prior Period| ▼ Commodity |All| ▼ Currenc

&DAYS

Performance Indicators

Opportunity Indicators

Sourcing Management KPIs

Name	Week	Change
Percent Purchases Negotiated	45.6%	45.6
PO Purchases Amount	60K	279.5%
Awarded Amount	126K	613.5%
Average Cycle Time (Days)	0.1	0.1
Projected Savings		
Amount	2,020	-54.1%
Rate	7.2%	-12.8
Per Line	505	-54.1%
Realized Savings Amount	2,000	-

Negotiated Purchases Trend   ?

■ Negotiated   ■ Non-Negotiated

In Thousands: 140, 120, 100, 80, 60, 40, 20, 0

13-Nov-2005, 20-Nov-2005, 27-Nov-2005, 04-Dec-2005, 11-Dec-2005, 18-Dec-2005, 25-Dec-2005, 01-Jan-2006, 08-Jan-2006, 15-Jan-2006, 22-Jan-2006, 29-Jan-2006, 05-Feb-2006

Savings Projections

Sourcing Summary

Category	Awarded Amount (K)	Projected Savings				Average Cycle Time (Days)	Change
		Amount	Change	Rate	Change		
Miscellaneous (MISC.MISC.)	64	2,020	-54.1%	7.2%	-12.8	0.1	0.1
Monitors (PRODUCTN.MONITOR.)	22	-	-	-	-	0.0	-

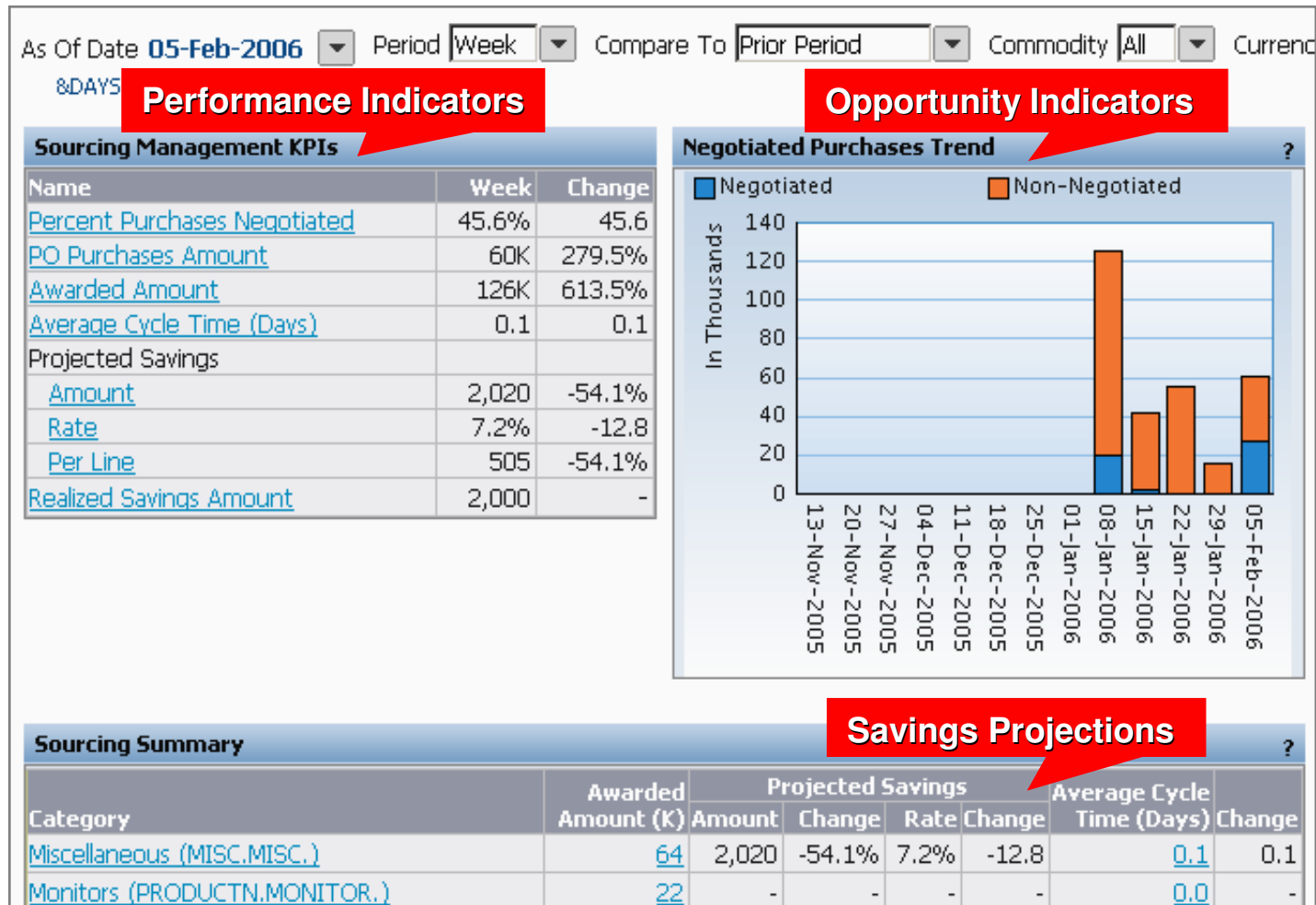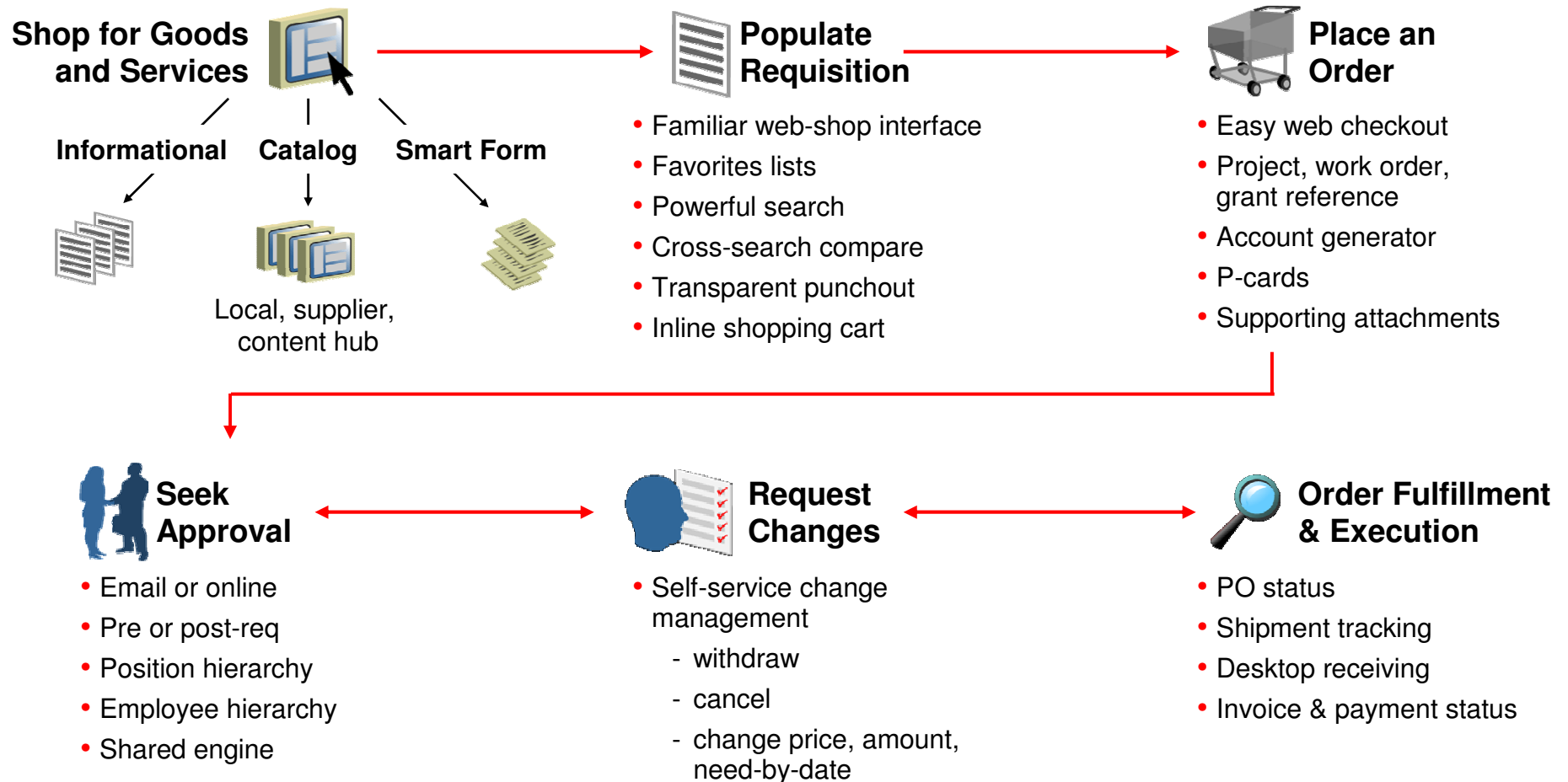ORACLE

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Oracle iProcurement

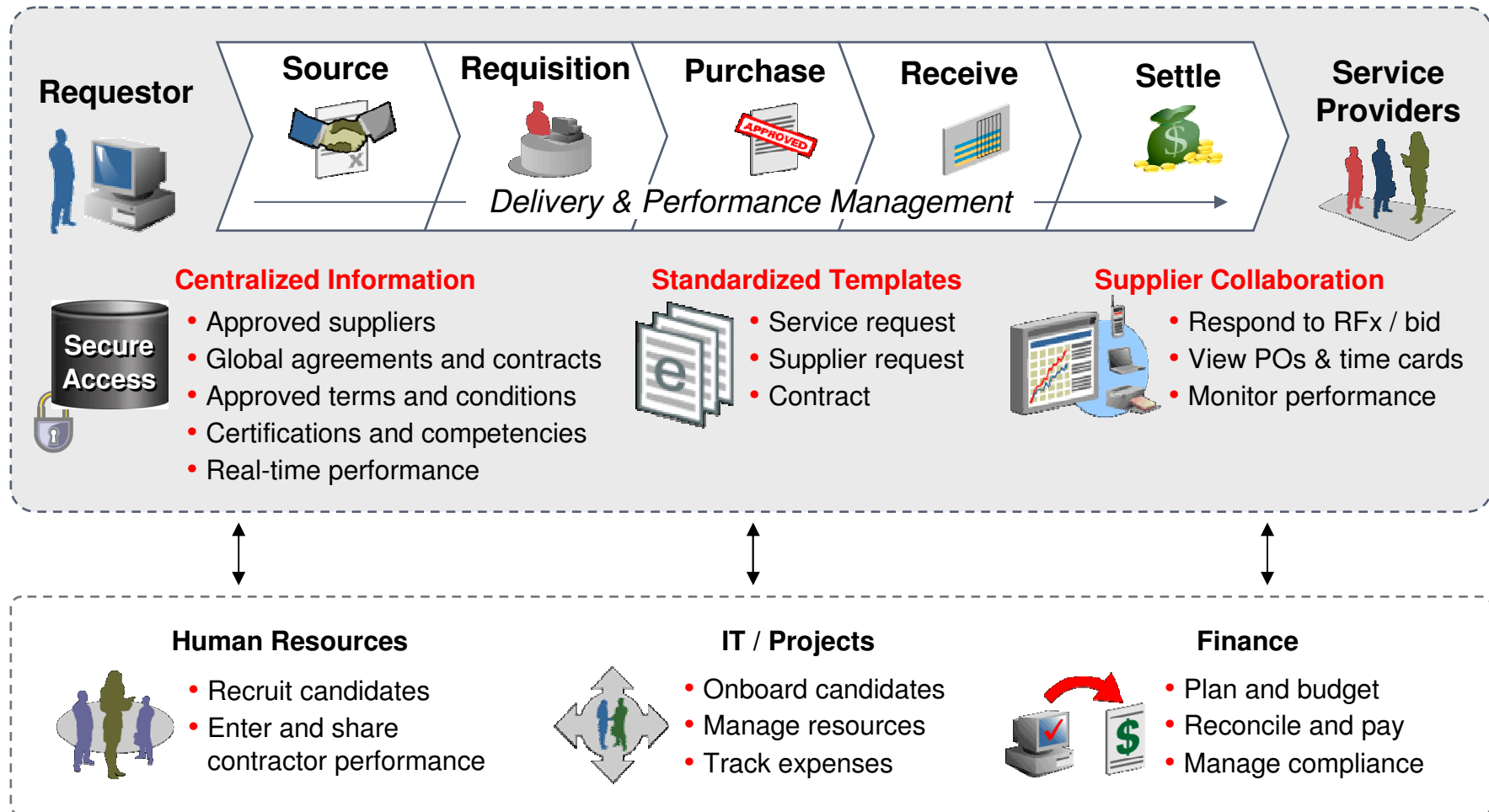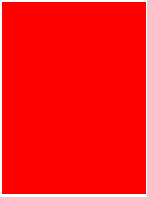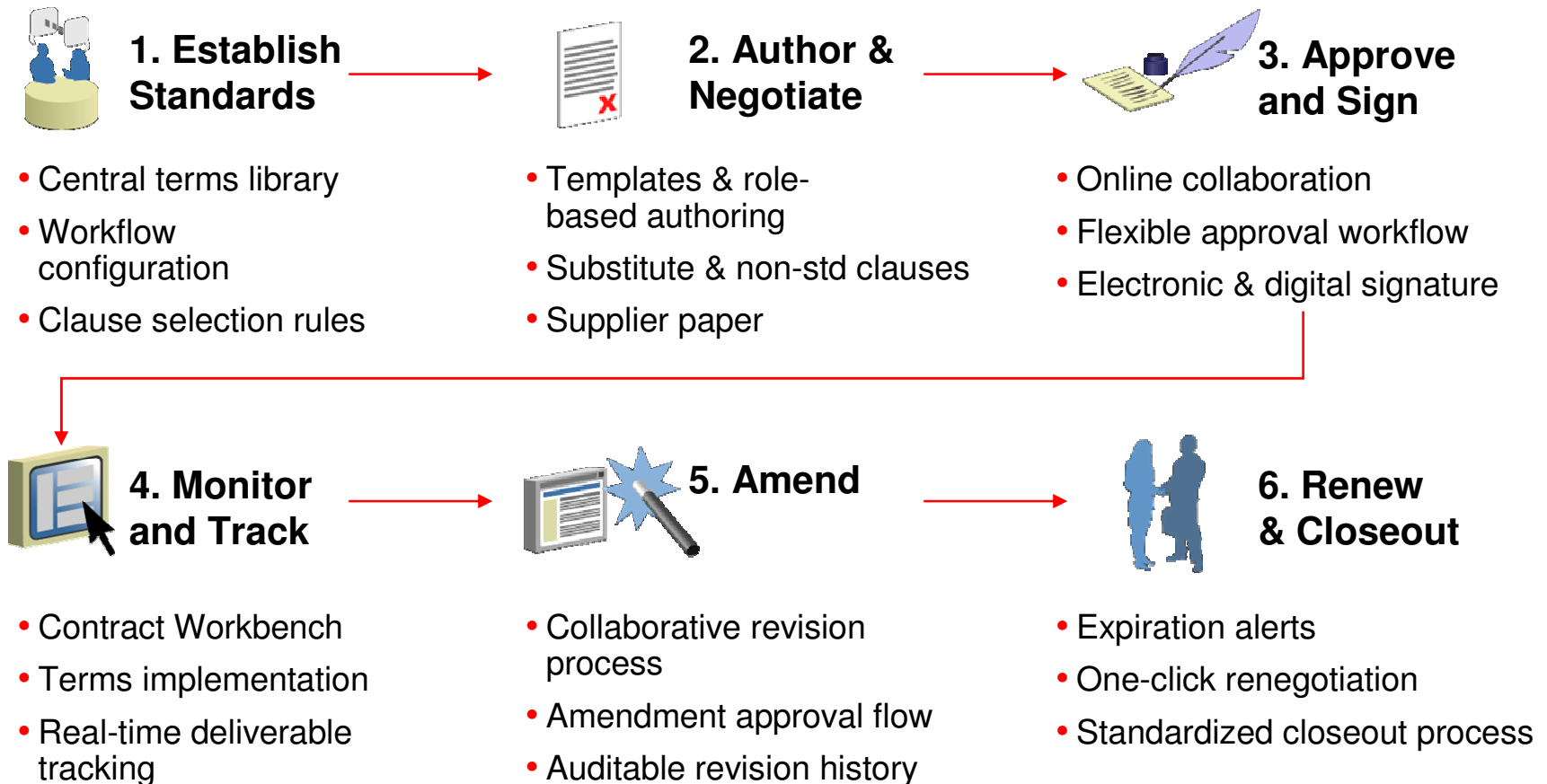*Enforce Organizational Policies and Enable User Self-Service*

Shop for Goods and Services

Informational   **Catalog**   **Smart Form**

Local, supplier, content hub

Populate Requisition

- Familiar web-shop interface
- Favorites lists
- Powerful search
- Cross-search compare
- Transparent punchout
- Inline shopping cart

Place an Order

- Easy web checkout
- Project, work order, grant reference
- Account generator
- P-cards
- Supporting attachments

Seek Approval

- Email or online
- Pre or post-req
- Position hierarchy
- Employee hierarchy
- Shared engine

Request Changes

- Self-service change management
  - withdraw
  - cancel
  - change price, amount, need-by-date

Order Fulfillment & Execution

- PO status
- Shipment tracking
- Desktop receiving
- Invoice & payment status

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Oracle Services Procurement

Requestor

Source → Requisition → Purchase → Receive → Settle

Delivery & Performance Management

Service Providers

Secure Access

Centralized Information
- Approved suppliers
- Global agreements and contracts
- Approved terms and conditions
- Certifications and competencies
- Real-time performance

Standardized Templates
- Service request
- Supplier request
- Contract

Supplier Collaboration
- Respond to RFx / bid
- View POs & time cards
- Monitor performance

Human Resources
- Recruit candidates
- Enter and share contractor performance

IT / Projects
- Onboard candidates
- Manage resources
- Track expenses

Finance
- Plan and budget
- Reconcile and pay
- Manage compliance

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Procurement Contracts Process Flow

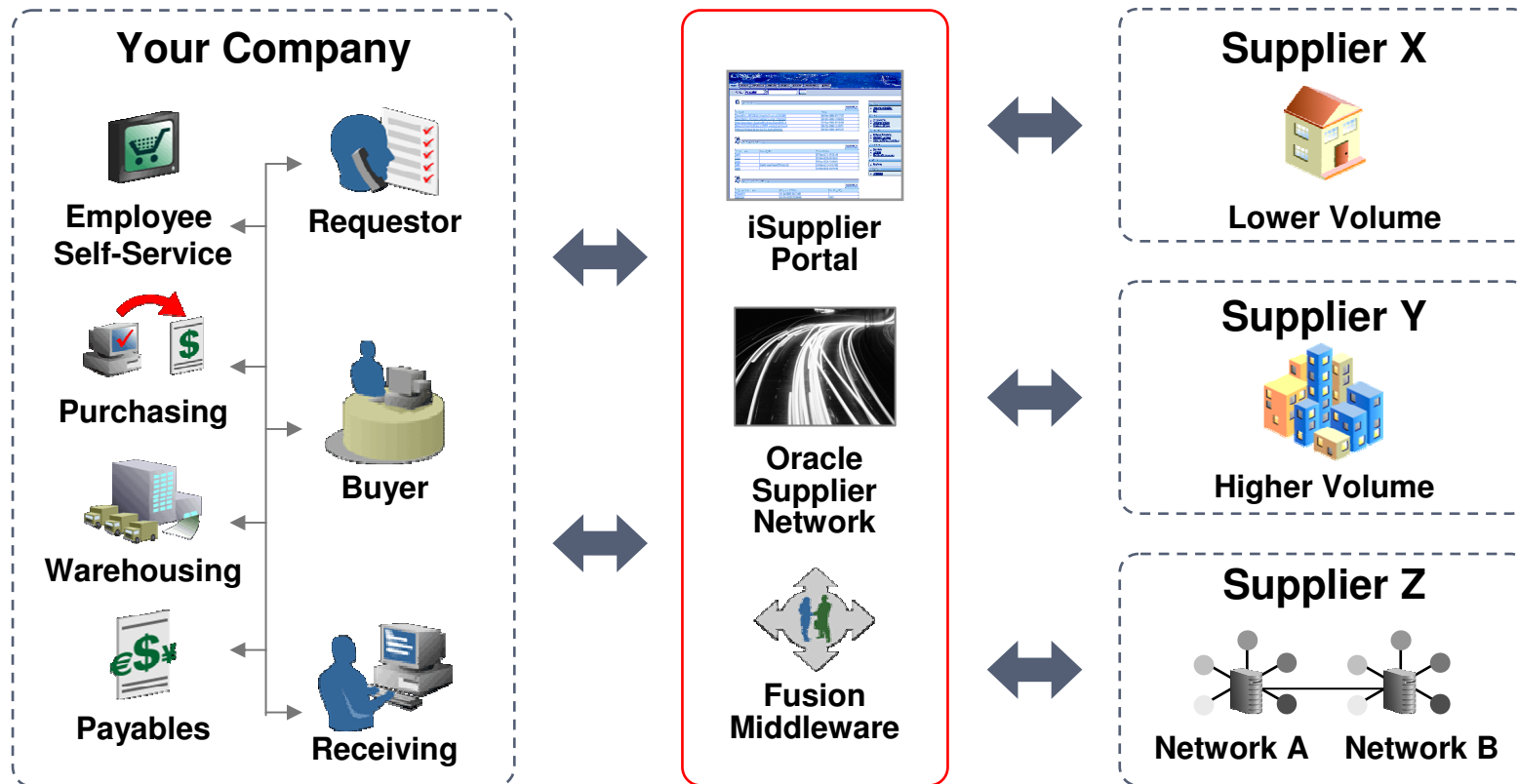*Standardize Terms, Accelerate Negotiation, Drive Compliance*

1. Establish Standards

- Central terms library
- Workflow configuration
- Clause selection rules

2. Author & Negotiate

- Templates & role-based authoring
- Substitute & non-std clauses
- Supplier paper

3. Approve and Sign

- Online collaboration
- Flexible approval workflow
- Electronic & digital signature

4. Monitor and Track

- Contract Workbench
- Terms implementation
- Real-time deliverable tracking

5. Amend

- Collaborative revision process
- Amendment approval flow
- Auditable revision history

6. Renew & Closeout

- Expiration alerts
- One-click renegotiation
- Standardized closeout process
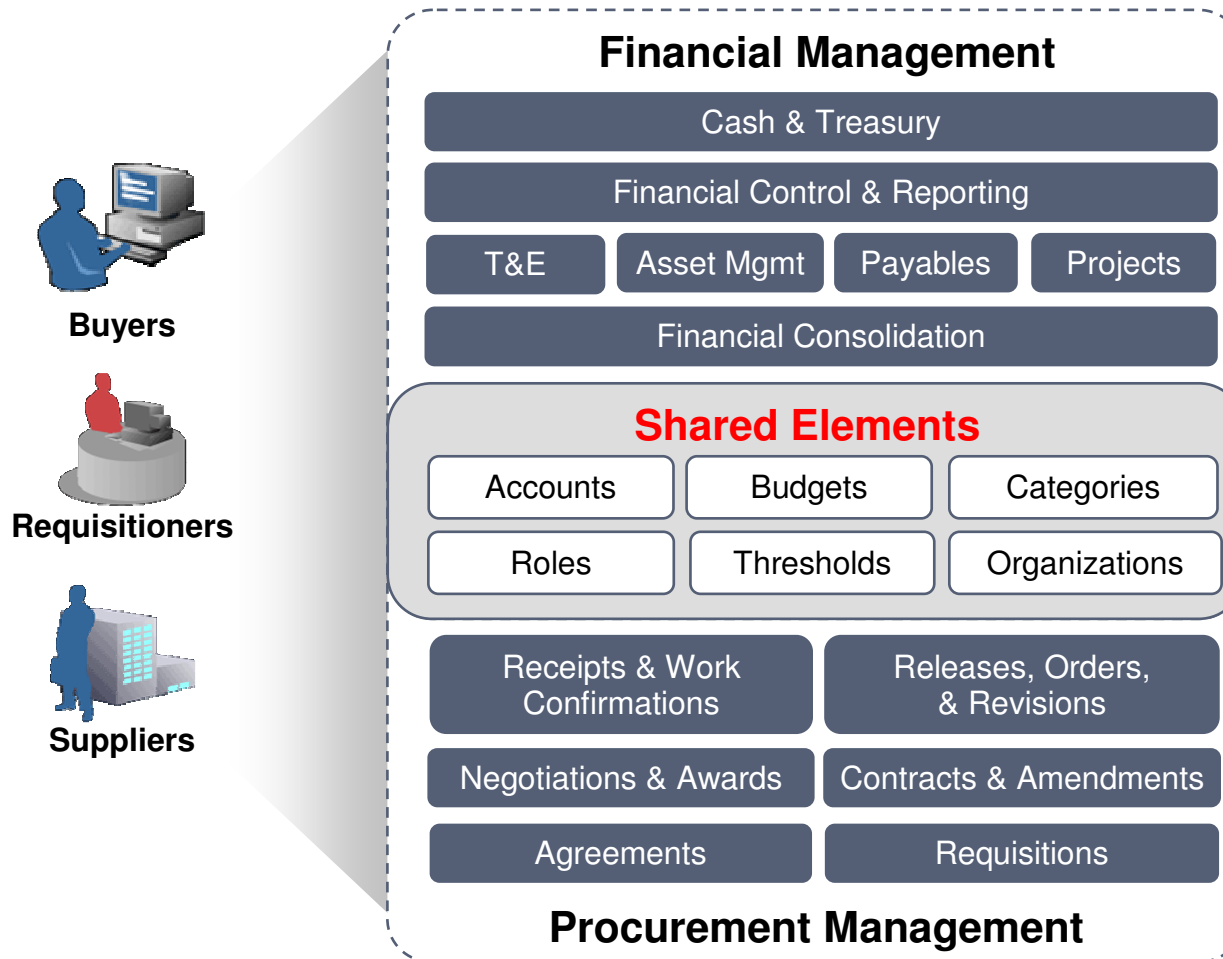
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Supplier Collaboration
Lower Costs & Improve Service Through Structured Communication

Your Company

Employee Self-Service

Requestor

Purchasing

Buyer

Warehousing

Payables

Receiving

iSupplier Portal

Oracle Supplier Network

Fusion Middleware

Supplier X

Lower Volume

Supplier Y

Higher Volume

Supplier Z

Network A   Network B

Control Entire Procurement Process and Supplier Lifecycle

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Professional Buyer's Work Center
Enable Command & Control for the Procurement Professional

Professional Buyer's Work Center

- Exceptions
- Agreements
- Performance Analysis

Negotiations	Contracts & Agreements	Requisitions	PO Execution	Supplier Management	Invoicing & Payment

- View exceptions across multiple applications and operating units
- Create, implement, and execute agreements
- Analyze performance of procurement & suppliers

Single Access Point for All Responsibilities

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Fiscal Governance Architecture

Impose Fiscal Discipline On Procurement Processes

Buyers

Requisitioners

Suppliers

Financial Management

Cash & Treasury

Financial Control & Reporting

T&E	Asset Mgmt	Payables	Projects

Financial Consolidation

Shared Elements

Accounts	Budgets	Categories
Roles	Thresholds	Organizations

Receipts & Work Confirmations	Releases, Orders, & Revisions
Negotiations & Awards	Contracts & Amendments
Agreements	Requisitions

Procurement Management

- Subject all expenditures to financial controls

- Retain complete audit-trail of sign-off & commitment

- Embed controls in self-service applications for every role

- Maintain complete accounting for all expenditures

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Oracle eProcurement
Complete Coverage Across All Purchasing Categories

Spend Categories

Indirect Goods · Services · Engineered Goods · Direct Materials

Complete Category Management

Marketing
- Advertising and Print
- Shows and Promotions

Self-Service
- Office Supplies
- Contingent Labor
- Travel and Entertainment

Project Management
- Capital Expenditures
- Building & Construction
- Fleet Purchases

Information Technology
- Hardware, Software
- Leasing & Financial Services
- Professional Services
- Networking, Wireless

Production
- Raw Materials
- Components
- Assemblies

Facilities
- HVAC
- Janitorial
- Landscaping
- Utilities
- Furniture & Fixtures

Logistics
- Full truck, LTL, Parcel, etc.
- Ocean, Air & Rail
- Warehouse/Logistics Svcs
- Fleet & Maintenance Svcs

Maintenance
- Repair Supplies
- Replacement Parts
- Equipment
- Tooling

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Implement Based on Procurement Priorities
Adopt Applications On Demand or On Premises

Cut Unit Cost While Streamlining Processes

Deploy Self Service To Free-up Staff

Create Savings, Drive Value, & Enforce Compliance

Procurement Objectives Over Time

Strategic Sourcing

Procure-to-Pay

Supplier Enablement

Employee Self-Service

Contract Management

Spend Analysis
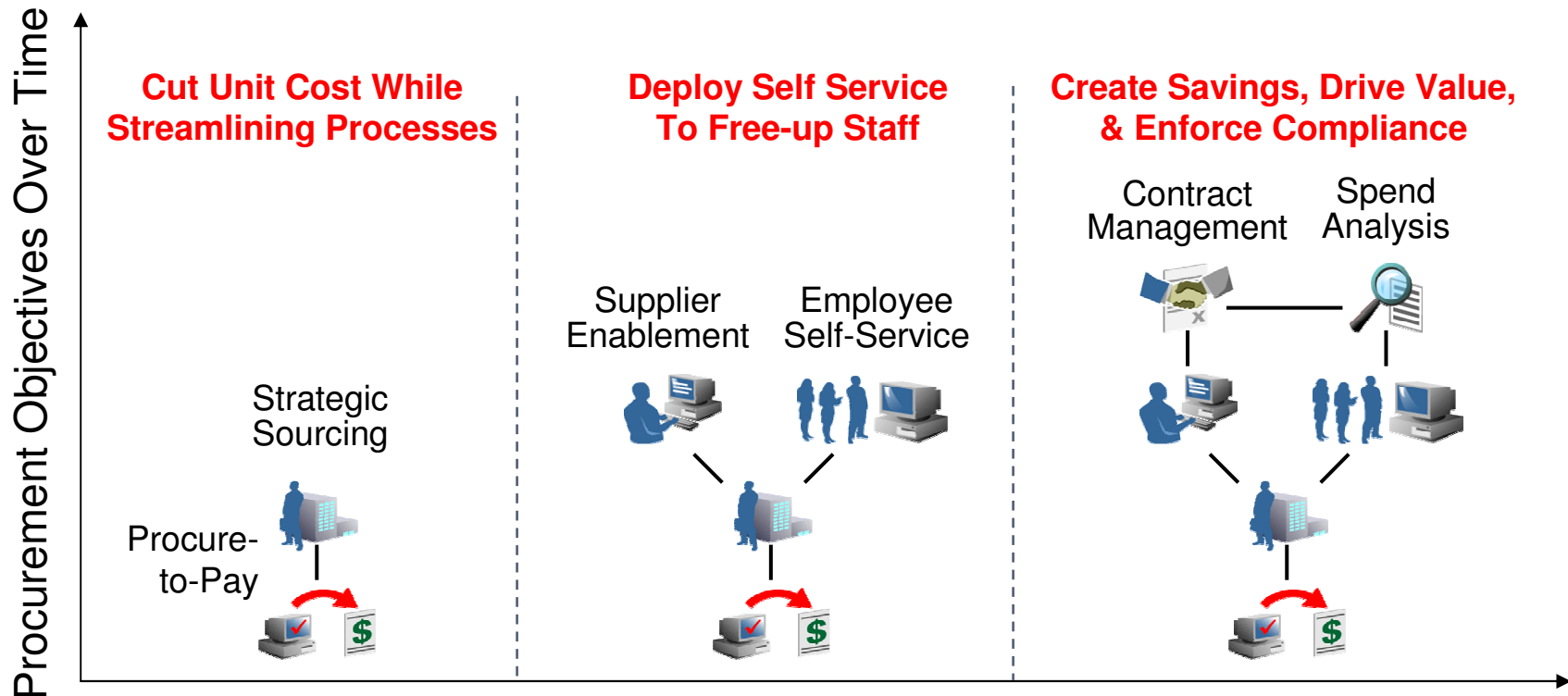
- Focus early wins and ROI

- Operate fully integrated or stand alone

- Lower the time & cost to implement& maintain applications

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All Supported by Leading Technology

ORACLE FUSION
         MIDDLEWARE

ORACLE® DATABASE **10**g

- J2EE Application Server
- Development Tools
- Process Orchestration
- Business Intelligence
- Collaboration Tools
- Data Hubs
- Security / Identity Mgmt
- Enterprise Portal
- Web Services Mgmt

- Real Application Clusters
- Partitioning
- Advanced Security
- Data Mining
- Spatial Data
- OLAP
- Warehouse Builder
- Enterprise Management
- Secure Backup

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Lower Total Cost of Ownership (TCO)

Run on a Single Global Instance
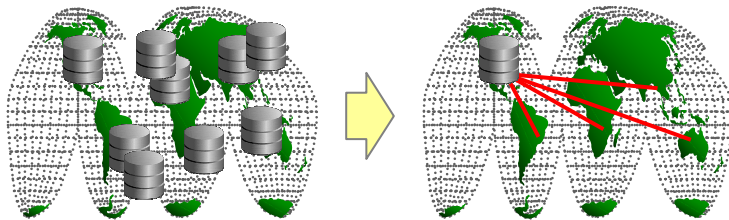
Consolidate Data Centers
and Databases

E-Business On Demand

Roles:	Needs:	You Manage:	Oracle Manages:
App Admin	Availability		50% Lower Cost
DB/AS Admin	Security		50% Better Svc
Sys Admin	Performance		Core Competence
HW Admin	Change		Predictable Cost
	Problems		

Low Cost Linux Hardware

- 3x Faster, 5x Cheaper
- Easy to Automate en Mass
- Highly Reliable

Oracle's Experience with Linux

Production Midtiers	100% Linux
Production DB	RAC Cluster (Unix)
Demo Environments	100% Linux
Development	100% Linux
Outsourced Customers	90% Linux

Standardized Open Integration Platform

Integration Services

E-Business Suite

OAS 10g

Customers, Suppliers, Products, …

Web Svcs

Data Quality Services
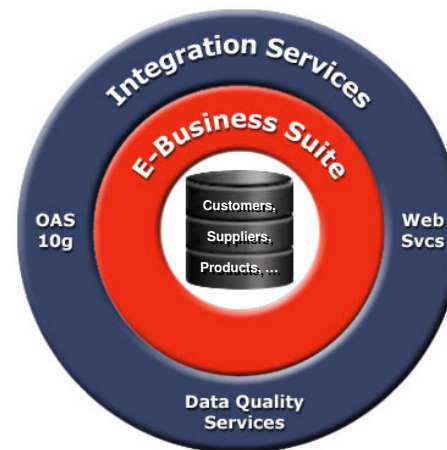
- Business Events Infrastructure
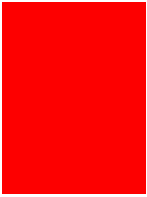- Industry Standard Protocols
- Centralized Integration Repository

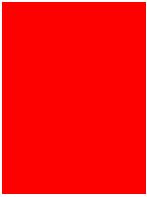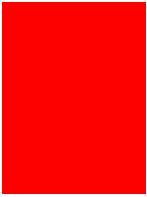Simplify B2B Integration, Application Connectivity, and Process Management

Customer
Case Studies

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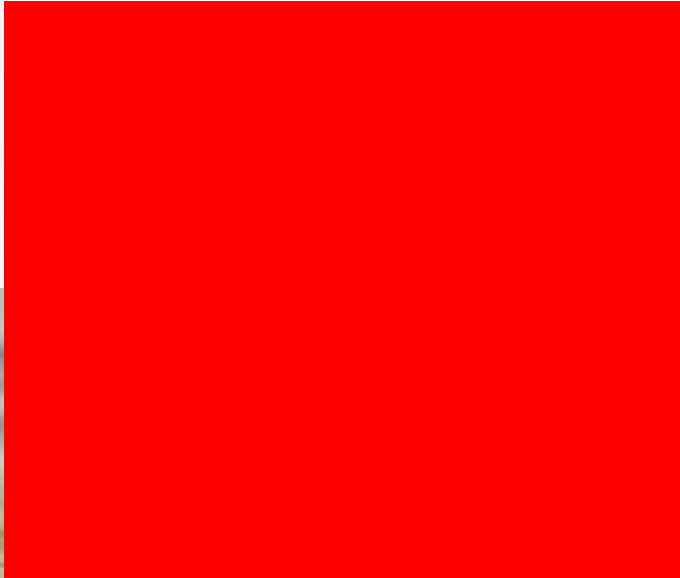
Oracle e Procurement

Reduce Spend on Goods and Services

Streamline Procurement Processes

Enforce Policy Compliance

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